

Hello Colorado Wheat.

It's St. Patty's Day, which means most of my buddies are thirsty...and usually...the USA HRW wheat crop could use a drink too.

This article says winter wheat is behind normal in development due to cold soil temps, and says a lot of fields have had plenty of moisture...

<https://www.dtnpf.com/agriculture/web/ag/news/crops/article/2019/03/15/cool-wet-spring-delays-winter-wheat>

The phrases "cool, wet, delayed spring" and "topdressing wheat with nitrogen should be number one priority" ... make me think one thing, almost involuntarily it pops into my brain: "Here comes a low protein year".

Which leads immediately to "The basis is too high".

(This table shows the Gulf broke 7 to 9c this week, although it's still historically high.)

GULF date	12 pro	ords	diff	
3/15/2019	162	145	17	
3/8/2019	173	152	21	
3/1/2019	172	150	22	K
2/22/2019	170	152	18	

But I'd also like to look again at this article Bill Spiegel wrote a couple weeks ago:

<https://www.agriculture.com/crops/wheat/how-this-oklahoma-farmer-grew-112-bushel-wheat>

112 bushel dryland wheat; omega.....The farmer said he made 4 passes with nitrogen, and other treatments...and he said it cost him" a little more money".

With wheat prices barely above corn prices, and an export market facing expected increasingly difficult price competition as the world's new-crop becomes available...growing 112-bushel wheat seems like a good strategy to me.

Charts and discussions follow, with the goal of giving you useful information to help you with your business. My disclaimer remains the same: these are my sometimes rapidly changing opinions, but I believe you should: 1.be willing to store your wheat, 2. apply 30# of N at planting, and if it's a wet spring, re-apply 30# 3. don't sell your wheat unless you have discussed protein premiums

The data behind the strategy is along the lines of ...”say it costs you \$200/ac to put in a wheat crop that yields 55 bu/ac, but for another \$50/ac, you could hit 112 bushel wheat...OR, you could try to cut costs as much as possible, and raise 30 bushel wheat, that only costs \$100/ac to put in.

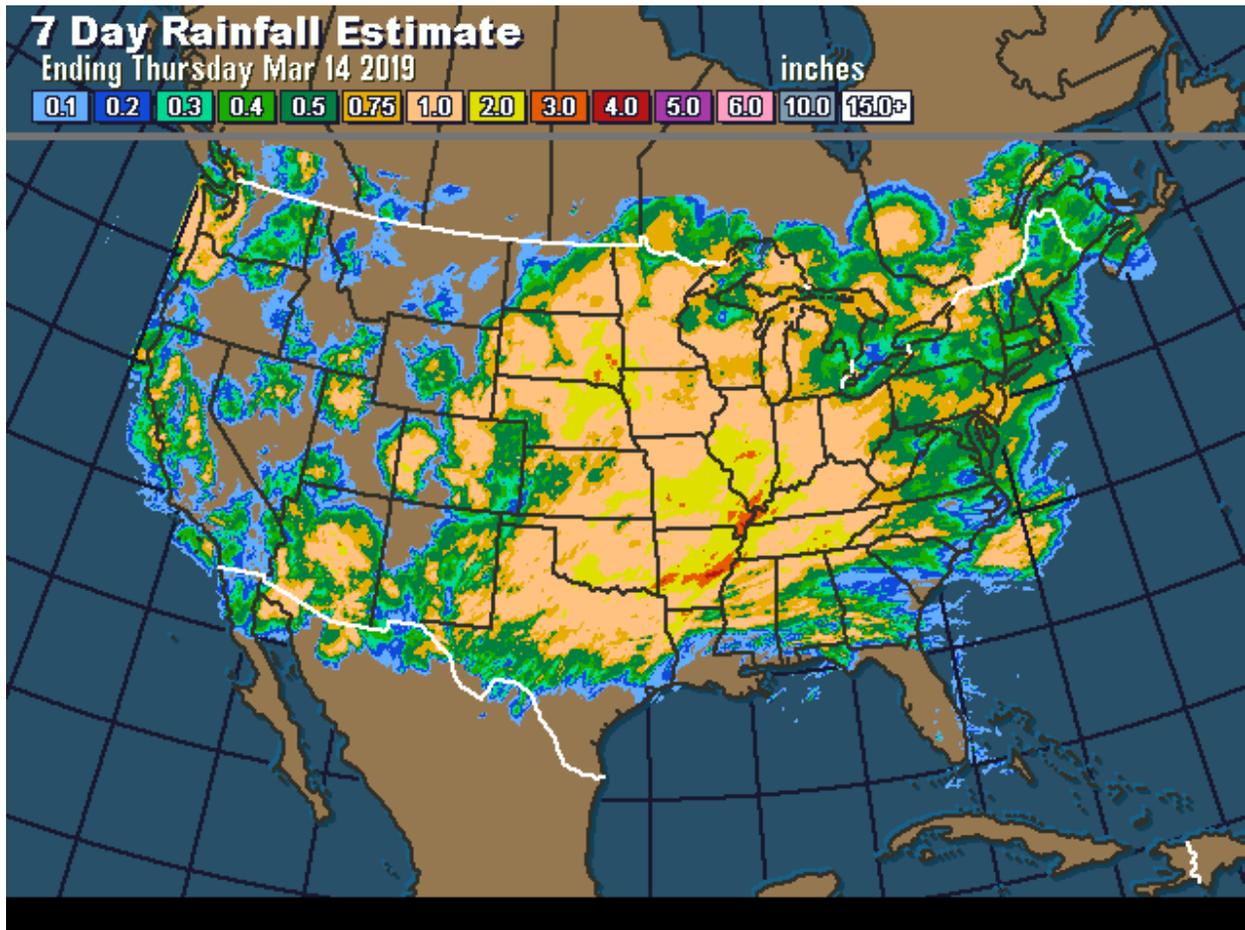
What should you do?

yield/ac		55		112		30
cost/ac to put in	\$	200.00	\$	250.00		100
\$/bu cost	\$	3.64	\$	2.23	\$	3.33

Obviously...raising 112 bu-dryland wheat would be the thing to do.

I don't know if it's too late to get that 4th pass in, but the math might support it if you could.

The weather forecast looks nicer than it's been; this map is last week's precipitation. Most of USA farm country got over an inch ...



All that rain and cool temps are causing acreage ideas to shift to..." more bean acres, less corn acres"

In addition to the weather pattern, this updated look at a new-crop futures prices table suggests bean prices stayed relatively high.

	KC N19	Corn Z19	Beans X19	KC - corn	beans - KC	Beans - corn	MGEX U19	beans - MGEX
3/15/2019	\$ 4.52	\$ 3.96	\$ 9.43	\$ 0.56	\$ 4.91	\$ 5.47	\$ 5.65	\$ 3.78
11/30/2018	\$ 5.22	\$ 4.03	\$ 9.39	\$ 1.19	\$ 4.17	\$ 5.36	\$ 5.97	\$ 3.42
11/23/2018	\$ 5.11	\$ 3.95	\$ 9.31	\$ 1.16	\$ 4.20	\$ 5.36	\$ 5.93	\$ 3.38
11/16/2018	\$ 5.29	\$ 3.98	\$ 9.37	\$ 1.31	\$ 4.08	\$ 5.39	\$ 5.97	\$ 3.40
11/9/2018	\$ 5.34	\$ 4.03	\$ 9.37	\$ 1.31	\$ 4.03	\$ 5.34	\$ 6.00	\$ 3.37
11/2/2018	\$ 5.49	\$ 3.97	\$ 9.33	\$ 1.52	\$ 3.84	\$ 5.36	\$ 6.11	\$ 3.22
10/26/2018	\$ 5.49	\$ 4.03	\$ 9.10	\$ 1.46	\$ 3.61	\$ 5.07	\$ 6.09	\$ 3.01
10/19/2018	\$ 5.60	\$ 4.00	\$ 9.18	\$ 1.60	\$ 3.58	\$ 5.18	\$ 6.17	\$ 3.01
10/12/2018	\$ 5.67	\$ 4.05	\$ 9.32	\$ 1.62	\$ 3.65	\$ 5.27	\$ 6.19	\$ 3.13
10/5/2018	\$ 5.64	\$ 4.01	\$ 9.35	\$ 1.63	\$ 3.71	\$ 5.34	\$ 6.22	\$ 3.13
9/28/2018	\$ 5.50	\$ 3.91	\$ 9.12	\$ 1.59	\$ 3.62	\$ 5.21	\$ 6.09	\$ 3.03
9/21/2018	\$ 5.61	\$ 3.94	\$ 9.13	\$ 1.67	\$ 3.52	\$ 5.19	\$ 6.16	\$ 2.97
9/14/2018	\$ 5.53	\$ 3.90	\$ 8.92	\$ 1.63	\$ 3.39	\$ 5.02	\$ 6.10	\$ 2.82
9/7/2018	\$ 5.48	\$ 3.97	\$ 8.99	\$ 1.51	\$ 3.51	\$ 5.02	\$ 6.09	\$ 2.90
8/31/2018	\$ 5.81	\$ 3.95	\$ 8.98	\$ 1.86	\$ 3.17	\$ 5.03	\$ 6.26	\$ 2.72
8/24/2018	\$ 5.80	\$ 3.93	\$ 9.00	\$ 1.87	\$ 3.20	\$ 5.07	\$ 6.22	\$ 2.78
8/17/2018	\$ 5.97	\$ 4.05	\$ 9.29	\$ 1.92	\$ 3.32	\$ 5.24	\$ 6.48	\$ 2.81

My take-away from this is the market needs to start building in some risk-premium to corn, and soybean downside action could still a huge sleeper.

The Funds are quite short wheat and corn, and this week's 11-week Closing Friday Futures Table shows they were unable to print new closing lows, and some evening-up occurred.

CLOSE	KWK19	KWN19	KWZ19	CK19	CN19	CZ19	WK19	MWK19	MWZ19	SK19
03/15	\$4.43	\$4.52	\$4.83	\$3.73	\$3.82	\$3.96	\$4.62	\$5.55	\$5.77	\$9.09
03/08	\$4.31	\$4.40	\$4.73	\$3.64	\$3.74	\$3.89	\$4.40	\$5.49	\$5.70	\$8.96
03/01	\$4.45	\$4.53	\$4.83	\$3.73	\$3.82	\$3.94	\$4.57	\$5.58	\$5.77	\$9.12
02/22	\$4.66	\$4.74	\$4.87	\$3.85	\$3.93	\$4.02	\$4.92	\$5.65	\$5.87	\$9.24
02/15	\$4.85	\$4.93	\$5.23	\$3.83	\$3.91	\$3.99	\$5.07	\$5.67	\$5.87	\$9.22
02/08	\$5.01	\$5.09	\$5.37	\$3.82	\$3.90	\$3.99	\$5.20	\$5.69	\$5.93	\$9.29
02/01	\$5.17	\$5.26	\$5.50	\$3.87	\$3.95	\$4.02	\$5.28	\$5.79	\$6.03	\$9.32
01/25	\$5.20	\$5.29	\$5.55	\$3.89	\$3.97	\$4.03	\$5.27	\$5.78	\$6.01	\$9.39
01/18	\$5.15	\$5.25	\$5.53	\$3.90	\$3.97	\$4.04	\$5.24	\$5.79	\$6.05	\$9.30
01/11	\$5.16	\$5.26	\$5.54	\$3.87	\$3.94	\$4.02	\$5.25	\$5.74	\$6.01	\$9.24
01/04	\$5.18	\$5.28	\$5.57	\$3.91	\$3.98	\$4.04	\$5.23	\$5.76	\$6.03	\$9.35

Everything, corn, wheat and beans, bounced but stalled out at the 03/01 week closes. With hindsight, the 2-week old highs are tough resistance, and will have to be dealt with before the rally can extend.

Besides the normal 11-week red-line lows as support, and 11-week highs as blue line resistance, I added a 2-week resistance dotted blue line on the following charts:

May corn. With the 2-week resistance at \$3.73:



May beans, with the 2-week resistance at \$9.12:



And KC K wheat, with the 2-week resistance at \$4.45:



And all the above is making this KC K wheat- May corn look more and more like there is no hurry to own wheat against corn, unfortunately for me as a small spec.



Posted cash bids are mainly up 12c with the futures, with mixed basis movement, but look at that Roggen area bid, now at “overs”, and Salina, KS high-side bid, up 23c in a week.

Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
03/15	\$3.83-\$4.13	\$4.23	\$4.01-\$4.08	\$3.95-\$4.08	\$4.35-\$4.48
03/08	\$3.80-\$4.01	\$4.07	\$3.89-\$3.96	\$3.78-\$3.96	\$4.18-\$4.31
03/01	\$3.93-\$4.15	\$4.21	\$3.78-\$4.10	\$3.87-\$4.10	\$4.31-\$4.32
02/22	\$3.79-\$4.29	\$4.34	\$4.14-\$4.24	\$3.98-\$4.29	\$4.49-\$4.54
02/15	\$3.97-\$4.47	\$4.52	\$4.32-\$4.42	\$4.16-\$4.47	\$4.67-\$4.72
02/08	\$4.14-\$4.64	\$4.74	\$4.49-\$4.54	\$4.33-\$4.65	\$4.84-\$4.84
02/01	\$4.29-\$4.79	\$4.89	\$4.51-\$4.69	\$4.48-\$4.75	\$4.99-\$4.99
BASIS	SE Colorado	Chey. Wells	Burlington	Holyoke	Roggen area
03/15(K)	-60, -30	-20	-42, -35	-48, -35	-08, +05
03/08(K)	-52, -30	-25	-42, -35	-53, -35	-14, -00
03/01(K)	-52, -30	-25	-67, -35	-58, -35	-14, -13
02/22(H)	-80, -30	-25	-45, -35	-61, -29	-10, -05
02/15(H)	-80, -30	-25	-45, -35	-61, -29	-10, -05
02/08(H)	-80, -30	-20	-45, -40	-61, -29	-10, -10
02/01(H)	-80, -30	-20	-58, -40	-61, -34	-10, -10
Date	Concordia	Salina	Hutchinson	Wichita	Ark City
3/15(K)	-15	-10, +10	-29, -14	-13, -10	-12
3/08(K)	-25	-15, -13	-29, -14	-13, -10	-15
3/01(K)	-30	-20, -13	-33, -09	-17, -12	-20
2/22(H)	-20	-20, -10	-29, -05	-13, -08	-15
2/15(H)	-20	-20, -10	-29, -10	-13, -08	-15
2/08(H)	-20	-10, -10	-29, -10	-13, -08	-15
2/01(H)	-25	-15, -10	-34, -10	-18, -10	-15

I’m not sure how much Roggen/Byers, or Denver is looking for, but if I was sitting on old-crop wheat that could work that way, I would look into it. August 2013 was the last time we saw “overs” (instead of “unders” on a posted Colorado bid.

Have a good week. Should be interesting to see if that 2-week resistance can be overcome. And I hope you have some success in pushing wheat yields. Do what you can while you still have some time to increase yields.

Before we go, we'll look at the updated export pace scorecard:

THIS WEEK'S (03/01)	Weekly loadings	Accumulated in season (estimate)	USDA projection	Amount needed	# of weeks remaining	Bu per week needed
HRW	12.092	203.5	320.0	116.5	12	9.70
HRS	3.876	183.7	275.0	91.3	12	7.61
2 WEEKS AGO (03/01)	Weekly loadings	Accumulated in season (estimate)	USDA projection	Amount needed	# of weeks remaining	Bu per week needed
HRW	8.286	191.4	320.0	128.6	13	9.89
HRS	4.850	179.8	275.0	95.2	13	7.32

Hard Red Winter wheat loadings were HUGE this week; that's the most HRW loaded in one week in a long time. It's not like the "Rock and Roll 20 million a week" days of 1983, but for this modern age, 12 million in a week is big.

The spring wheat loadings of sub-4 million were not huge, BUT they do include a spring wheat boat to China, which is the first USA spring wheat to China since the Trade Wars began late last summer.

If either of these developments would repeat themselves, it would be fairly easy to penetrate that 2-week resistance and kick in further short-covering.

As you know...IF is a bif=ing word.

See ya.