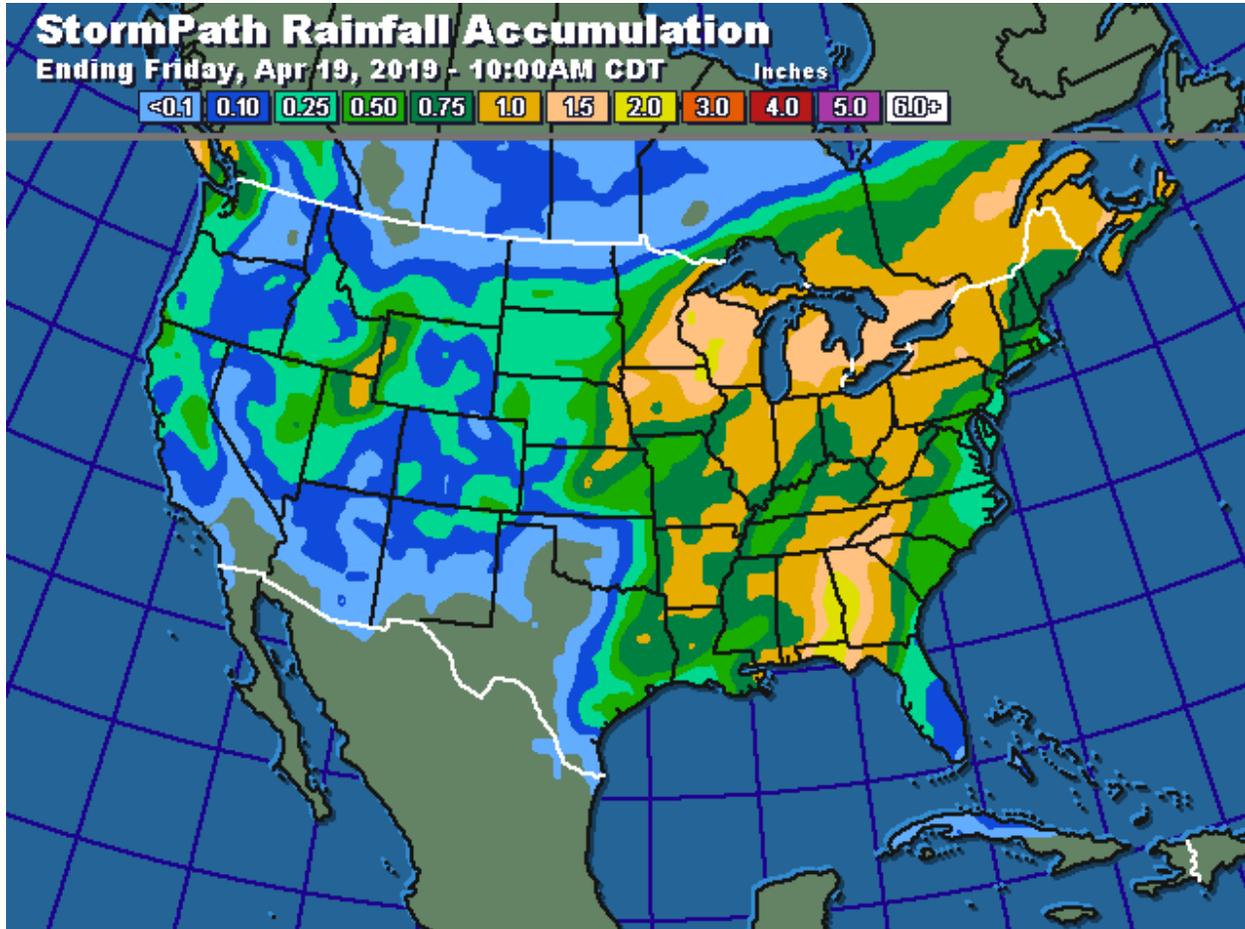


Hello Colorado Wheat.

The April WASDE update was bearish as expected, although most markets didn't move a lot, and KC futures actually bounced a little compared to corn and Chgo wheat. Every dog has his day...and make no mistake, KC wheat futures continue to be the textbook example of dog.

Look at the Sunday night openings... KC down 3c, corn up a penny. This forecast is not good for corn planting, and it's not too far of a stretch to suggest this year's winter wheat is "made".



The KC wheat vs corn spread is more than a little troubling. Let's take another look at it, because right now, I got a bad feeling...

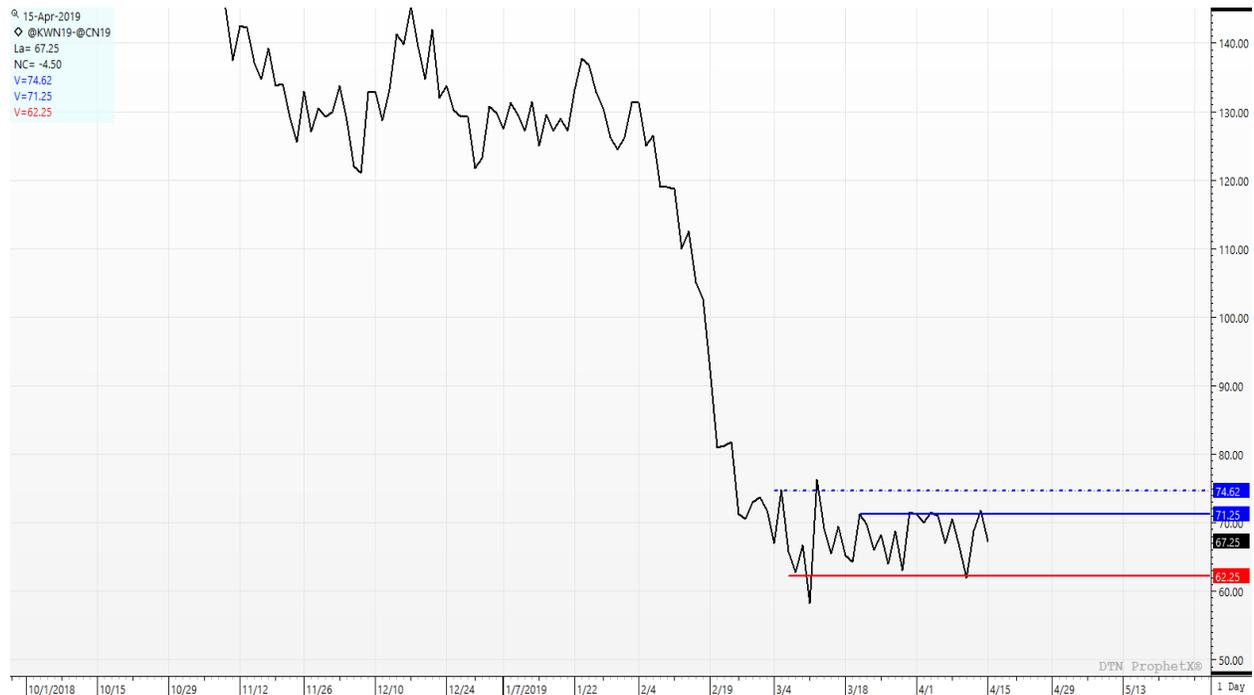
Charts and discussions follow, with the goal of giving you useful information to help you with your business. My disclaimer remains the same: these are my sometimes rapidly changing opinions, but I believe you should: 1. be willing to store your wheat, 2. apply 30# of N at planting, and if it's a wet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

This is the KC K – K corn; still remaining in a tight little 10c range, nominally +74 to +64.



The problem is this spread is out of time. Many “hedge funds” have rules which get them out of nearby months heading into expiration starting the 5th business day of the month, etc., so this means we watch the KC July – July corn, although some will watch the KC Dec wheat – Dec corn.

Here is the KC N (July) wheat – N corn; I’m showing it in a tight 9c range, about +71 to +62:



The weather forecast map and various DTN stories about weather and crop conditions point out the concerns to being long wheat and short corn. I subscribe to DTN's Prophet X, and these DTN excerpts come from that service...:

DTN Senior Ag Meteorologist Michael Palmerino said "... the potential start of any spring fieldwork is being pushed further back, he said. Seeing how things are developing and what's coming in over the next seven days, fieldwork might be pushed into May, Palmerino said.

*However, an area that appears to be doing well is the winter **wheat** crop in the Southern Plains.*

"It's doing well. Clearly we see that by the crop ratings that keep on going up every week over the last few weeks," he said. Palmerino added the crop is breaking dormancy under very favorable moisture conditions. For example, Kansas soil moisture, compared to a year ago, is 1% short on the topsoil -- last year it was 70% short.

"It couldn't be any different in terms of all the moisture that crop has to develop."

And the world wheat conditions, with the exception of western Northern Africa, currently look good to great too:

Mostly favorable weather for winter wheat in Ukraine, west and south Russia at this time. Recent warmth has helped to bring wheat out of dormancy in central areas while in the south wheat is in vegetative growth. Soil moisture is favorable but a recent drying trend in eastern Ukraine is being watched.

Late fall/early winter rain and above normal temperatures and above normal rain during March helped to improve soil moisture in previously very dry winter wheat areas in and near Germany. Wheat is vegetative to greening in central and northern Europe, vegetative to near reproduction in the south. Dryness in Spain, Italy and the Balkan states has been a concern during recent weeks. An increase in shower activity at this time will favor wheat in Spain and north Italy.

Winter wheat areas of the North China Plain had moderate to locally heavy showers early this week. Winter wheat in China is mostly irrigated but the added rain at this time will favor vegetative to reproductive wheat at this time, likely improving prospects.

Possibly the only thing that has a chance of helping that wheat-corn spread is the potential for a giant USA corn crop, IF it gets planted, as overall foreseeable corn demand seems stagnant. If the corn gets planted, and pollinated this summer, corn futures would start moving lower faster than wheat futures.

Here's the closing 11-week futures table, showing KC gained a few cents. And everything other than spring wheat lost a few cents:

| CLOSE | KWK19 | KWN19 | KWZ19 | CK19 | CN19 | CZ19 | WK19 | MWK19 | MWZ19 | SK19 |
|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 04/12 | \$4.34 | \$4.41 | \$4.75 | \$3.61 | \$3.70 | \$3.89 | \$4.65 | \$5.31 | \$5.60 | \$8.95 |
| 04/05 | \$4.31 | \$4.38 | \$4.70 | \$3.63 | \$3.71 | \$3.90 | \$4.68 | \$5.23 | \$5.57 | \$8.99 |
| 03/29 | \$4.30 | \$4.38 | \$4.70 | \$3.57 | \$3.66 | \$3.85 | \$4.58 | \$5.55 | \$5.74 | \$8.84 |
| 03/22 | \$4.45 | \$4.54 | \$4.85 | \$3.78 | \$3.88 | \$4.00 | \$4.66 | \$5.72 | \$5.86 | \$9.04 |
| 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 |

The table also shows KC wheat has wider carrying charges than corn, which puts the KC Dec wheat out to an 86c premium over corn, which means the owning deferred wheat over corn costs an extra 15c. I don't like the looks of the KC Z – Z corn chart, but it could change for the better, IF the corn gets planted.



Here was last Monday's planting progress and crop conditions:

Winter Wheat conditions

good +excellent total %

| week ended | 3/31/2019 | 4/7/2019 |
|------------|-----------|----------|
| KS | 55 | 58 |
| CO | 66 | 70 |
| NE | 69 | 74 |
| OK | 69 | 76 |
| TX | 41 | 47 |
| SD | 38 | 46 |
| ND | - | - |
| MT | 62 | 70 |
| CA | 100 | 95 |

National corn planting only showed 2%, which is "normal", and the truth is corn planting MAINLY happens in May, so we wouldn't expect to see much corn planted normally on Monday's report, but the "buzz" is corn planting could get delayed. In the short term, the "buzz" is all that matters.

Shifting gears, a look at export loading pace...HRW had a good week, but in a surprise move, the USDA increased their HRW export projection in the April WASDE. If last week I doubted the export projection would be met, I REALLY doubt it now. Wowzers.

| THIS WEEK's (04/04) | Weekly loadings | Accumulated in season (estimate) | USDA projection | Amount needed | # of weeks remaining | Bu per week needed |
|----------------------------|-----------------|----------------------------------|-----------------|---------------|----------------------|--------------------|
| HRW | 7.143 | 230.4 | 330.0 | 99.6 | 8 | 12.5 |
| HRS | 5.926 | 201.2 | 260.0 | 58.8 | 8 | 7.35 |
| SRW | 3.090 | 88.3 | 130.0 | 41.7 | 8 | 5.2` |
| LAST WEEK | | | | | | |
| HRW | 6.107 | 223.1 | 320.0 | 96.9 | 9 | 10.8 |
| HRS | 4.236 | 195.3 | 275.0 | 79.7 | 9 | 8.9 |
| SRW | 3.215 | 85.2 | 130.0 | 44.8 | 9 | 4.9 |

The USDA did cut their USA spring wheat export projection, as expected. Soft red exports were left unchanged, although white wheat and durum export forecasts were both reduced.

This export pace scorecard shows corn had a bad week, with loading down 10 million bu from previous week, and the USDA dropped their corn export forecast by 75 million bushels. All wheat exports were reduced by 20 million bushels; the soybean export projection was left unchanged.

| THIS WEEK's (04/04) | Weekly loadings | Accumulated in season (estimate) | USDA projection | Amount needed | # of weeks remaining | Bu per week needed |
|----------------------------|-----------------|----------------------------------|-----------------|---------------|----------------------|--------------------|
| Corn | 38.7 | 1,221.3 | 2,300 | 1078.7 | 21 | 51.4 |
| Soybeans | 32.7 | 1,135.1 | 1,875 | 739.9 | 21 | 35.2 |
| All wheat | 21.6 | 690.8 | 945 | 254.2 | 8 | 31.8 |

The USA all-wheat export still looks very difficult to achieve, even after the reduction, and the same could be said about corn.

Besides dropping USA corn exports and all wheat exports, corn feed usage was cut by 75 million bu, and wheat feeding was cut by 10 million bu. Ending stocks for this season's corn were projected 200 million bushels higher; wheat ending stocks climbed by almost 30 million.

It was a very bearish corn report. My opinion is the delayed planting buzz is indeed building a risk premium into corn prices, or this week's price decline would have been worse.

The decrease in corn feeding could coincide with a decrease in USA beef consumption. This interesting Mpls StarTrib article points out that while beef consumption is trending lower in the USA, it is growing in China, and like so many commodities...it boils down to Chinese consumption.

<http://www.startribune.com/as-alternatives-to-beef-rise-in-the-u-s-demand-for-beef-is-surg-ing-elsewhere/508542922/>

If you didn't find that article interesting, perhaps you will like this one...

<http://www.startribune.com/why-scientists-are-starting-to-listen-to-ufo-believers/508277172/>

Ok, back from the interstellar travel...we see cash basis bids didn't move much, although 2 spots gained a bit. The USDA's continued willingness to expect big export loadings well into the early summer implies new-crop bids won't drop aggressively until later than normal...

| Date | SE Colorado | Chey. Wells | Burlington | Holyoke area | Roggen area |
|-----------------|----------------------|-----------------|----------------------|----------------------|----------------------|
| 04/12 | \$3.74-\$4.04 | \$4.17 | \$3.92-\$3.99 | \$3.96-\$4.05 | \$4.29-\$4.34 |
| 04/05 | \$3.71-\$4.01 | \$4.14 | \$3.89-\$3.96 | \$3.93-\$3.97 | \$4.26-\$4.28 |
| 03/29 | \$3.70-\$4.00 | \$4.10 | \$3.88-\$3.95 | \$3.87-\$3.96 | \$4.22-\$4.27 |
| 03/22 | \$3.83-\$4.13 | \$4.23 | \$4.01-\$4.08 | \$3.95-\$4.08 | \$4.35-\$4.48 |
| 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 |
| BASIS | SE Colorado | Chey. Wells | Burlington | Holyoke | Roggen area |
| 04/12(K) | -60, -30 | -17 | -42, -35 | -38, -29 | -05, -00 |
| 04/05(K) | -60, -30 | -17 | -42, -35 | -38, -35 | -05, -03 |
| 03/29(K) | -60, -30 | -20 | -42, -35 | -43, -35 | -08, -03 |
| 03/22(K) | -60, -30 | -20 | -42, -35 | -48, -35 | -08, +05 |
| 03/15(K) | -60, -30 | -20 | -42, -35 | -48, -35 | -08, +05 |
| 03/08(K) | -52, -30 | -25 | -42, -35 | -53, -35 | -14, -00 |
| Date | Concordia | Salina | Hutchinson | Wichita | Ark City |
| 04/12(K) | -10 | -00, +10 | -26, -00 | -10, -00 | -10 |
| 04/05(K) | -10 | -00, +10 | -26, -00 | -10, -00 | -12 |
| 03/29(K) | -10 | -00, +10 | -26, -00 | -10, -00 | -12 |
| 03/22(K) | -10 | -00, +10 | -26, -14 | -10, -05 | -12 |
| 3/15(K) | -15 | -10, +10 | -29, -14 | -13, -10 | -12 |
| 3/08(K) | -25 | -15, -13 | -29, -14 | -13, -10 | -15 |

The Gulf bids for 12's were a little higher.

GULF

| date | 12 pro | ords | diff |
|-----------|--------|------|------|
| 4/12/2019 | 165 | 142 | 23 |
| 4/5/2019 | 162 | 144 | 18 |
| 3/29/2019 | 175 | 146 | 29 |
| 3/22/2019 | 175 | 146 | 29 |
| 3/15/2019 | 162 | 145 | 17 |
| 3/8/2019 | 173 | 152 | 21 |
| 3/1/2019 | 172 | 150 | 22 K |

Current business already on the books to Iraq combined with plenty of soil moisture is starting to widen protein spreads at the Gulf. That pattern could easily intensify.

This KC May wheat chart looks heavy to me. The good wheat weather is the major input for the future.



Corn looks a little different than wheat. There is NOT a bullish corn demand picture brewing at all, but some planting concerns are enough to prevent further weakness until more is known.

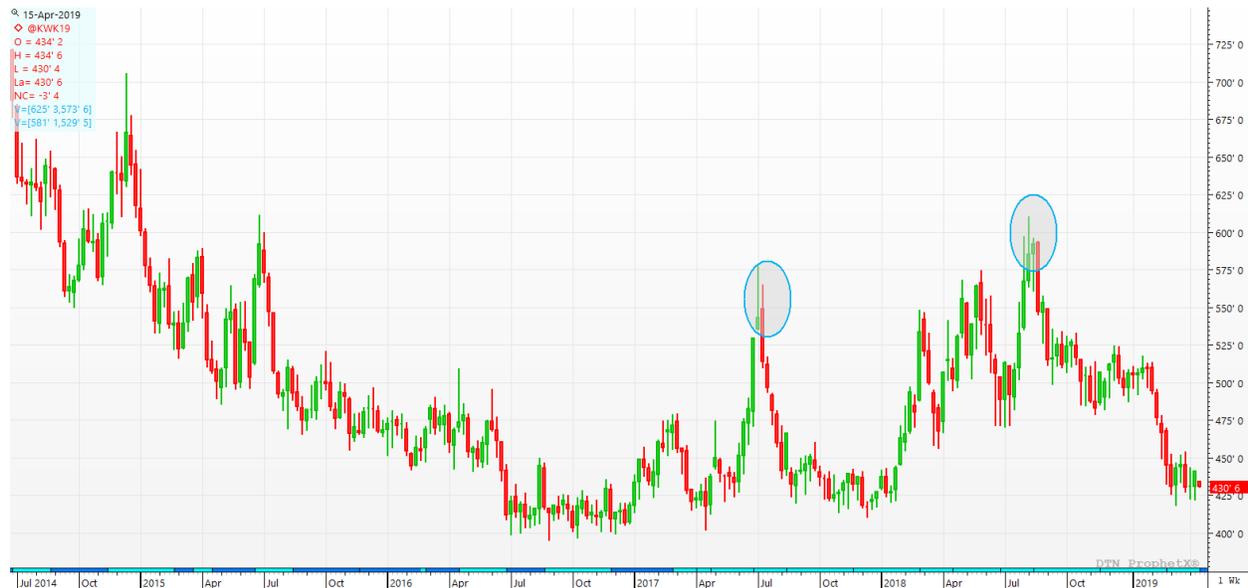


And soybeans also have gone into a holding pattern, torn between late corns acres flipping into beans, but yet continued potential dialogue between Trump and China offers some hope.



The main conclusion I'm drawing is wheat is the easiest thing to push lower.

I doubt much new-crop wheat has been sold. The only real opportunity was to sell all your old-crop AND your next year's new-crop that you were thinking about planting...last August This weekly continuous KC chart shows the last 2 years were given a (very) brief opportunity provided by spring wheat scares.



Maybe we'll get one again. Without one, it will be a long year in the wheat business.

Have a good week.