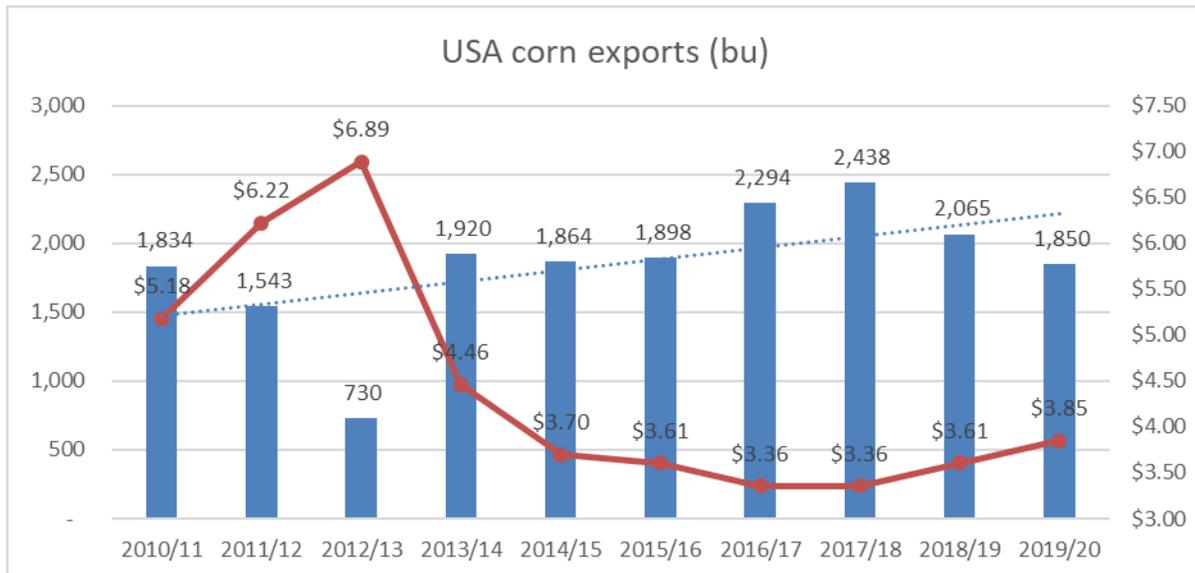


Hello Colorado Wheat.

The United States eliminated an Iranian General Thursday night and the grain markets took a breather. I think we were getting top-heavy anyway, as export demand hasn't noticeably increased, yet, although it still seems China will sign Phase 1 of the trade agreement on Jan. 15, and everyone is hopeful this is the beginning of a new era, exporting \$40 billion in USA agricultural products to China annually.

Besides turning the calendar on a new year, we began a new decade. In that regard, I thought I could put together a quick 10-year review, and easily point out the trends that shaped "The Teens" or whatever we're calling the past 10 years as we head into "The Twenties"...but looking at piles of charts and tables, finding "trends" was not as easy as I expected. Lots of things in the last 10 years have been "range bound". "Highs" exist, and offer "resistance", and then whatever we're looking at heads lower, until it gets so "low", it stalls out and "support" develops, and then we repeat the process.

Here's an example: USA corn exports, shown as the blue columns. The red line connects the National Average Farm Price of that marketing year. There appears to be a negative correlation between price and total exports.



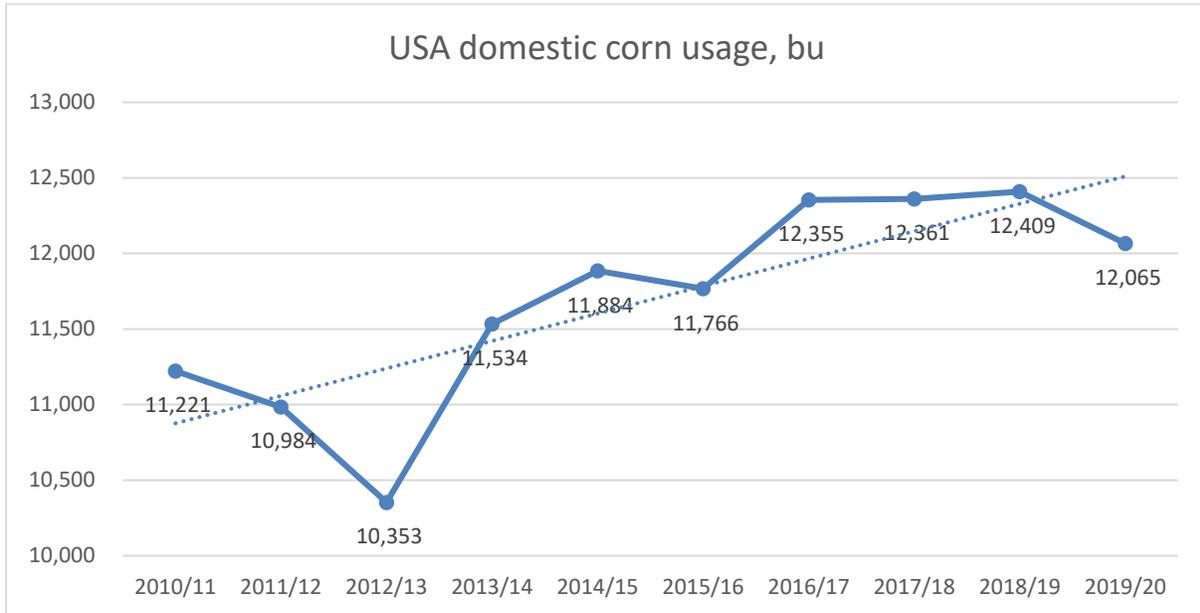
The computer drew in a (slowly) rising trendline, which at least offers some hope. We've noted repeatedly the current pace of USA corn exports is not fast enough to meet the USDA's current target.

The USDA will issue their January WASDE update this coming Friday, Jan. 10, and with a third of the year past us, I don't see how they can delay lowering their USA corn export forecast much longer, which would be a bearish fundamental.

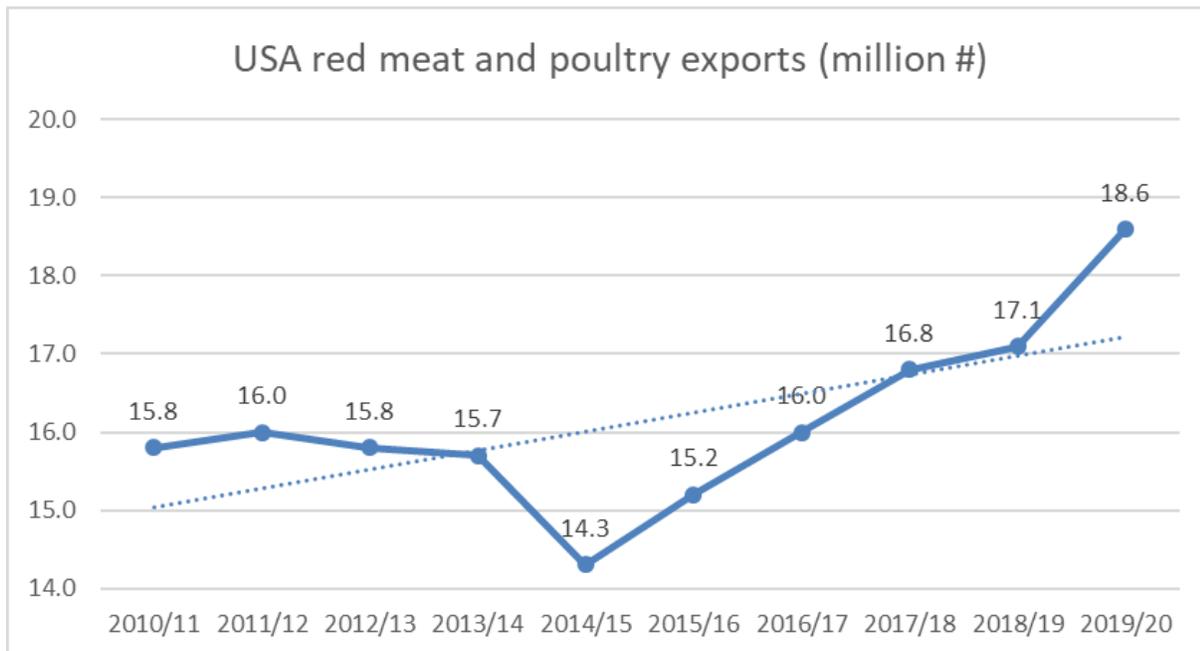
The good news is this 10-year trendline is pointing higher.

**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, if it's the right thing to do 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 and considered why you're not seeing any**

Here's a domestic corn usage chart in the USA; it includes ethanol usage (about 5 million bushels annually). This chart shows corn feeding is also increasing too, at a faster rate than USA corn exports.



This chart of USA red meat and poultry exports might be a reason why corn feeding is increasing.



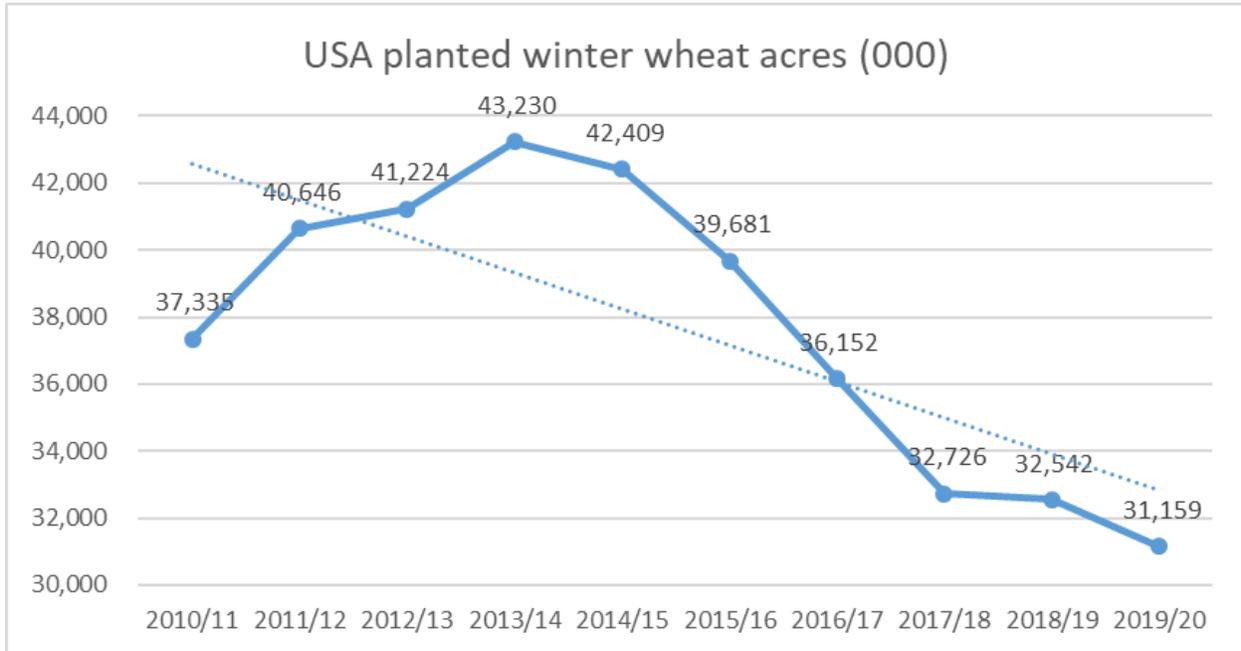
AS the world's economy improves, and standards of living increase, meat becomes more affordable.

Of course, a key assumption is World War III doesn't break out.

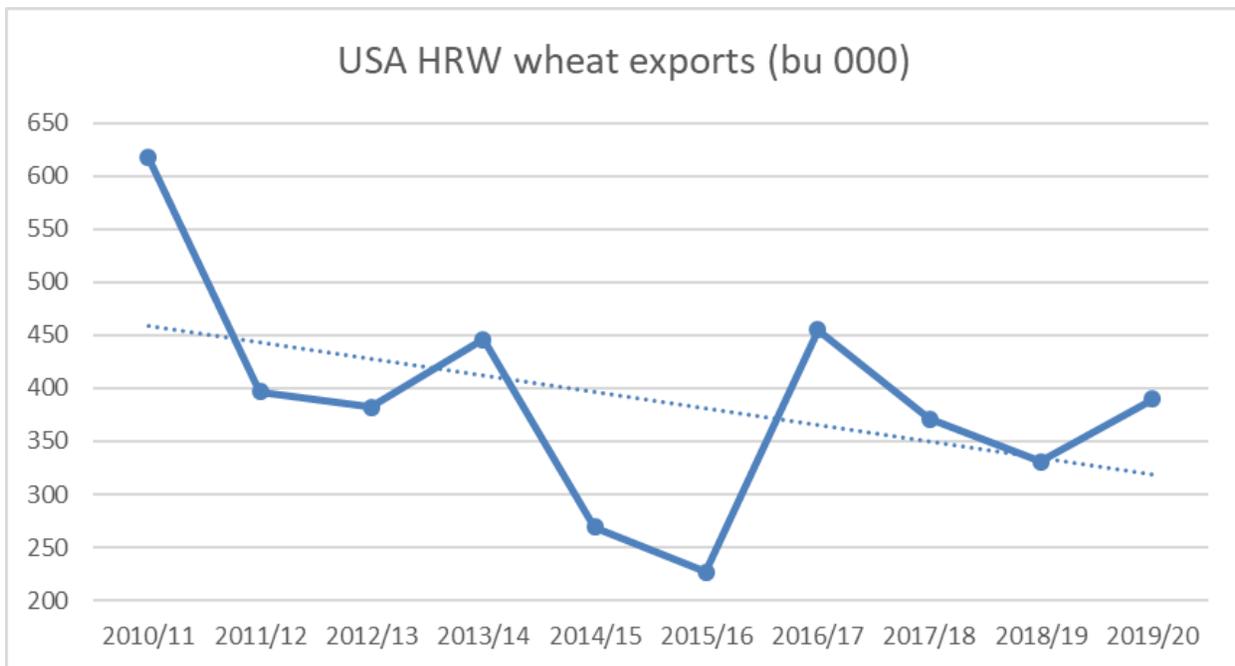
Besides looking at corn demand fundamentals, we might get some more clues on this year's corn (and soybean) production here in The States.

OR, we might not. Maybe the USDA waits until the Grain Stocks report is issued at the end of January, and then we get a “final final” corn production number from the February WASDE.

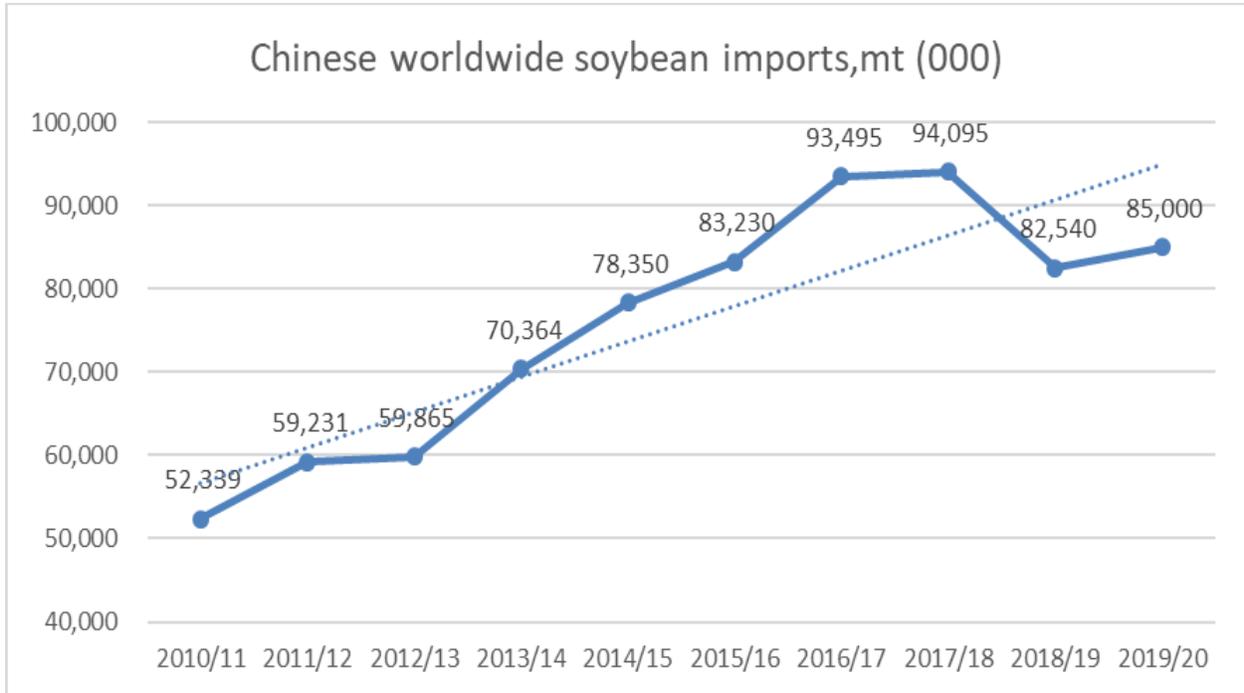
Also at the end of this week, same day as the January WASDE, we’ll get Winter Wheat Seedings, and I think we’re all familiar with this chart. I do think the trend has slowed down but there is no denying USA winter wheat planted acres have declined over the past 10 years.



I also think USA HRW wheat exports have turned the corner, but competition is keen. And their quality has improved. I think they (Russia) are now exporting an 11.8 protein regularly.



Just to finish up...the Big Elephant in the room is China, and the Trade agreement is important. This chart of worldwide Chinese soybean imports is startling in how fast and vertical demand decreased, yet demand appears to have dropped. Diseases have cut Chinese animal production numbers, and herds take a while to rebuild.



More than likely as China switches to more GMO crops, their domestic yields and production will increase, but we don't know if that will decrease their import demand.

<https://www.reuters.com/article/us-china-gmo-crops/china-plans-to-issue-biosafety-certificates-to-domestic-gm-soybean-corn-idUSKBN1YY0MO>

Anyway...we keep track of our total USA export pace, which no doubt would rise quickly IF China increased USA imports as much as hoped. The current pace for corn and wheat needs a boost. Beans could slow down a bit and still hit the forecast.

THIS WEEK'S (12/26)	Weekly loadings (12/26)	Accumulated in season (estimate)	USDA projection	Amount needed	# of weeks remaining	Bu per week needed
Corn	17.6	329.7	1,850	1520.3	35	43.4
Soybeans	39.6	768.7	1,775	1006.3	35	28.8
All wheat	12.5	519.9	975	455.1	22	20.7

This wheat-by-class export pace is looking more ominous, but the holidays are over...

<b>THIS WEEK's (12/19)</b>	Weekly loadings (12/19)	Accumulated in season (estimate)	USDA projection	Amount needed	# of weeks remaining	Bu per week needed
HRW	3.9	199.1	390.0	190.9	22	8.68
HRS	4.0	144.4	260.0	115.6	22	5.25
SRW	.3	56.3	100.0	43.7	22	1.99
<b>LAST WEEK</b>						
HRW	6.5	195.2	390.0	194.8	23	8.46
HRS	6.9	140.4	260.0	119.6	23	5.20
SRW	1.4	56.0	100.0	44.0	23	1.91

The Gulf bids haven't weakened.

GULF date	12 pro	ords	diff	
1/3/2020	165	122	43	
12/27/2019	165	120	45	
12/20/2019	165	120	45	
12/13/2019	165	120	45	H
12/6/2019	162	120	42	Z
11/29/2019	169	110	59	
11/22/2019	178	120	58	

And these posted bids are steady; down about a nickel with the futures but a little better in some spots, and some low-end bids jumped a nickel at the Central Kansas Terminals.

<b>Date</b>	<b>SE Colorado</b>	<b>Chey. Wells</b>	<b>Burlington</b>	<b>Holyoke area</b>	<b>Roggen area</b>
<b>01/03</b>	<b>\$4.05-\$4.30</b>	<b>\$4.38</b>	<b>\$4.15-\$4.20</b>	<b>\$4.00-\$4.14</b>	<b>\$4.42-\$4.55</b>
12/27	\$4.10-\$4.35	\$4.40	\$4.20-\$4.25	\$4.05-\$4.19	\$4.45-\$4.55
12/20	\$3.92-\$4.17	\$4.22	\$3.92-\$4.07	\$3.84-\$4.00	\$4.27-\$4.37
12/13	\$3.73-\$3.98	\$4.03	\$3.73-\$3.88	\$3.65-\$3.81	\$4.08-\$4.18
12/06	\$3.61-\$3.86	\$3.91	\$3.61-\$3.76	\$3.53-\$3.71	\$3.96-\$4.01

BASIS	SE Colorado	Chey. Wells	Burlington	Holyoke	Roggen area
01/03(H)	-70, -45	-37	-60, -55	-75, -62	-33, -25
12/27(H)	-70, -45	-40	-60, -55	-75, -62	-35, -25
12/20(H)	-70, -45	-40	-70, -55	-78, -62	-35, -25
12/13(H)	-70, -45	-40	-70, -55	-78, -62	-35, -25
12/06(H)	-70, -45	-40	-70, -55	-78, -60	-35, -30
Date	Concordia	Salina	Hutchinson	Wichita	Ark City
01/03(H)	-25	-20, -15	-32, -10	-16, -10	-25
12/27(H)	-30	-20, -15	-37, -10	-21, -10	-25
12/20(H)	-30	-20, -15	-37, -10	-21, -10	-25
12/13(H)	-30	-20, -15	-37, -10	-21, -10	-25
12/06(H)	-30	-20, -15	-37, -10	-21, -15	-25

Here's how the week ended. I mentioned it closed defensively.

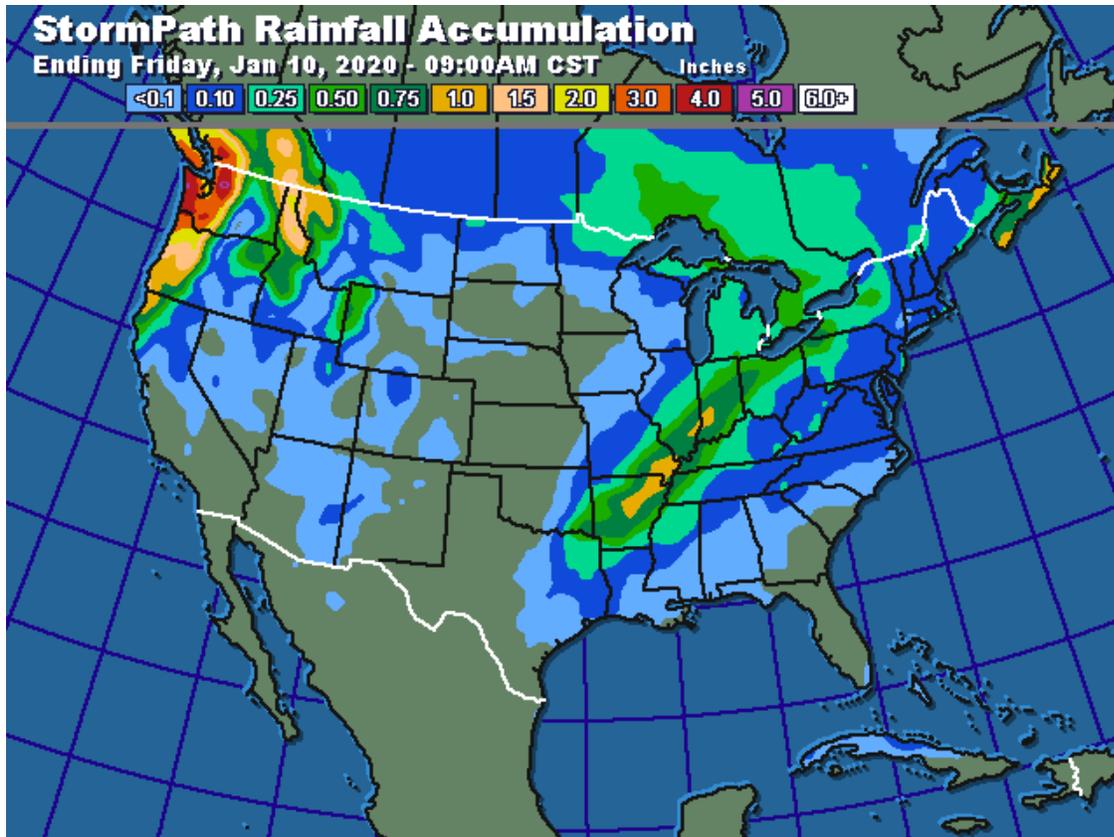
CLOSE	KWH20	KWK20	KWN20	CH20	CK20	CN20	WH20	MWH20	MWN20	SH20
01/03	\$4.75	\$4.83	\$4.90	\$3.87	\$3.93	\$3.99	\$5.55	\$5.48	\$5.65	\$9.31
12/27	\$4.80	\$4.88	\$4.96	\$3.90	\$3.97	\$4.03	\$5.56	\$5.54	\$5.69	\$9.30
12/20	\$4.62	\$4.70	\$4.78	\$3.88	\$3.94	\$4.00	\$5.42	\$5.37	\$5.53	\$9.38
12/13	\$4.43	\$4.51	\$4.57	\$3.81	\$3.88	\$3.94	\$5.33	\$5.26	\$5.43	\$9.22
12/06	\$4.31	\$4.40	\$4.48	\$3.77	\$3.83	\$3.86	\$5.25	\$5.12	\$5.30	\$9.04
11/29	\$4.47	\$4.55	\$4.61	\$3.81	\$3.86	\$3.90	\$5.42	\$5.15	\$5.33	\$8.91
11/22	\$4.33	\$4.41	\$4.48	\$3.79	\$3.84	\$3.89	\$5.19	\$5.07	\$5.27	\$9.11
11/15	\$4.26	\$4.33	\$4.41	\$3.81	\$3.87	\$3.93	\$5.06	\$5.19	\$5.41	\$9.31
11/08	\$4.31	\$4.38	\$4.46	\$3.87	\$3.94	\$4.00	\$5.14	\$5.35	\$5.55	\$9.44
11/01	\$4.39	\$4.48	\$4.56	\$3.99	\$4.05	\$4.10	\$5.22	\$5.48	\$5.67	\$9.49
10/25	\$4.36	\$4.45	\$4.53	\$3.98	\$4.04	\$4.10	\$5.24	\$5.51	\$5.68	\$9.47
10/18	\$4.46	\$4.55	\$4.63	\$4.03	\$4.10	\$4.15	\$5.37	\$5.58	\$5.74	\$9.59

I don't see any new blue numbers (no new 11-week highs), but no new red numbers either. I don't see a reason managed Money would have done much last week. Friday's sell-off was not a red number, nor was it even a new 4-week low. I show Funds would be long KC and Chgo wheat. Some Funds might be a little bit long corn, but most are probably even. I think they are flat beans as well.

A nearby KC wheat chart looks like this. I think sell-stops would appear on a Friday close below \$4.60. New buy-stops would come in on a Friday close above \$4.80.



The weather forecast is dry, but it's too early for much concern.



A corn chart looks flat to me. This week's WASDE might move it, but maybe not.



March soybeans...unable to take out previous resistance (blue line), and act very tired, waiting on the Chinese. I need to point out that if Friday closes below \$9.30, the way the table works...is it would be a new 4-week low, and some Funds will go short on that, so be alert.

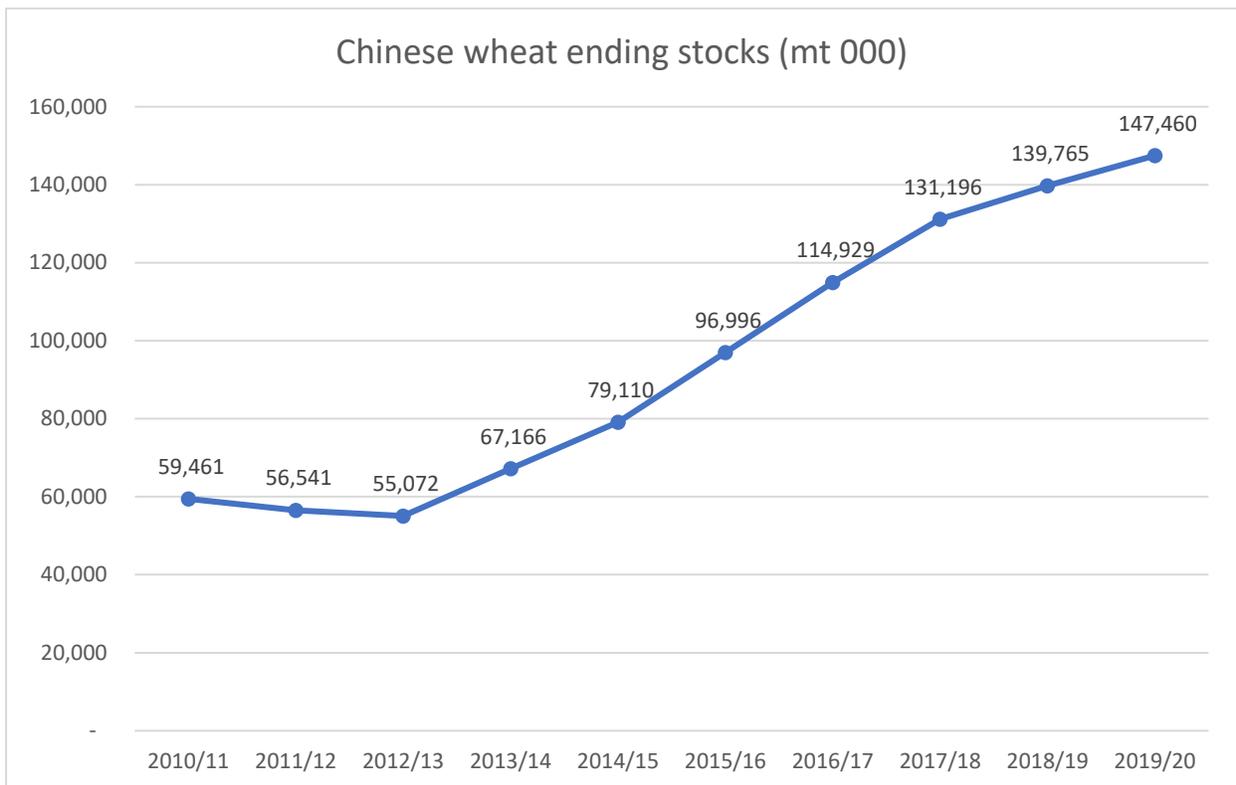


That's a risk of the Friday WASDE, and then soon after is the expected Chinese signing of the Trade Agreement Phase 1, and that could turn out to be a "sell the fact".

If the USDA doesn't increase their USA soybean export forecast with the strong pace we've seen, some might view that as a bearish input.

I'm going to show one more 10-year chart, even though I almost didn't because I find it so baffling. I admit things I don't understand I find a bit scary.

This is China's ending wheat stocks (annual carryout).



Are they truly sitting on almost 150 million tonnes of wheat? That's about the annual total production of the USA, Russia, and Ukraine combined.

Why are they doing this? And why would they import 4 to 5 million more tonnes from us after they sign the Trade Agreement?

If anyone has the answer, drop me a note.

Thanks, and have a great week. Friday will be "interesting" I'm sure.

Stay Safe.