

Hello Colorado Wheat.

Last week, KC wheat closed higher again. The way I keep score, Managed Money is long KC wheat futures. What does that mean to a wheat farmer?

Managed Money WILL CONTINUE to buy wheat futures as long as they are getting buy signals. New highs mean new buying, which leads to higher prices. It feeds on itself.

When they quit getting buy signals, they don't buy more until the rally resumes, and new buy signals appear. Conversely, when they start getting sell signals, they will start selling out some of their long positions. If they get more sell signals, they will sell more, and eventually, will go short.

On Friday we saw a slew of USDA reports (new fundamental inputs) and this is how we closed the week:

CLOSE	KWH20	KWK20	KWN20	CH20	CK20	CN20	WH20	MWH20	MWN20	SH20
<b>01/10</b>	<b>\$4.95</b>	<b>\$5.02</b>	<b>\$5.10</b>	<b>\$3.86</b>	<b>\$3.93</b>	<b>\$4.00</b>	<b>\$5.65</b>	<b>\$5.58</b>	<b>\$5.74</b>	<b>\$9.35</b>
01/03	\$4.75	\$4.83	\$4.90	\$3.87	\$3.93	\$3.99	\$5.55	\$5.48	\$5.65	\$9.31
<b>12/27</b>	<b>\$4.80</b>	<b>\$4.88</b>	<b>\$4.96</b>	\$3.90	\$3.97	\$4.03	<b>\$5.56</b>	\$5.54	\$5.69	\$9.30
12/20	<b>\$4.62</b>	<b>\$4.70</b>	<b>\$4.78</b>	\$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	<b>\$3.77</b>	<b>\$3.83</b>	<b>\$3.86</b>	\$5.25	\$5.12	\$5.30	\$9.04
11/29	<b>\$4.47</b>	<b>\$4.55</b>	\$4.61	\$3.81	\$3.86	\$3.90	<b>\$5.42</b>	\$5.15	\$5.33	<b>\$8.91</b>
11/22	\$4.33	\$4.41	\$4.48	<b>\$3.79</b>	<b>\$3.84</b>	<b>\$3.89</b>	\$5.19	<b>\$5.07</b>	<b>\$5.27</b>	<b>\$9.11</b>
11/15	<b>\$4.26</b>	<b>\$4.33</b>	<b>\$4.41</b>	\$3.81	\$3.87	\$3.93	\$5.06	<b>\$5.19</b>	<b>\$5.41</b>	\$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	<b>\$3.99</b>	<b>\$4.05</b>	<b>\$4.10</b>	\$5.22	\$5.48	\$5.67	<b>\$9.49</b>
10/25	\$4.36	\$4.45	\$4.53	\$3.98	\$4.04	\$4.10	\$5.24	\$5.51	\$5.68	\$9.47

KC continues to lead, up 20c for the week, with a new 11-week closing high. Chgo wheat was up a dime, with a new blue number too. The Minny spring wheat numbers are blue, because the 10/18 week rolled off the table. I think Corn and Bean positions are about flat and waiting for new signals.

The new signals may very well come this week, one way or the other, as the Chinese Trade delegation is expected to sign the new agreement as early as this Wednesday.

With all of the USDA reports out of the way, it's easy for me to say...this week, it's all about China.

**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**

The USDA reports were certainly not bullish, but they weren't super bearish either.

The current export pace is bearish though, and Chinese purchases, and more importantly, actual shipments to China, are needed to turn this table around.

This table shows the USDA acknowledged corn exports were overstated, and they dropped them 75 million bu. You can see even after the 75 mil bu reduction, the corn pace needs to double the current pace. To hit the new target, I show we need to load not quite 42 million bushels of corn every week for the next 34 weeks. That will not be easily accomplished.

<b>WEEK ENDED (01/02/20)</b>	Weekly loadings	Accumulated in season (estimate)	USDA projection	Amount needed	# of weeks remaining	Bu per week needed
Corn	20.3	350.0	<b>1,775</b>	1425.0	<b>34</b>	41.9
Soybeans	41.1	807.0	<b>1,775</b>	1006.3	<b>34</b>	28.8
All wheat	12.9	532.8	<b>975</b>	455.1	<b>21</b>	20.7

The USDA did not change their overall wheat export forecast even though wheat is still lagging the needed pace, nor did they change their soybean exports forecast, even though currently soybeans are well ahead of what is needed to hit the USDA target.

They did slightly fine-tune their wheat-by-class export outlook. HRW exports were cut by 5 million bu, and Hard Amber Durum exports were increased by 5 million. Springs and soft wheat export forecasts were unchanged. Hard Red winter's export forecast, while not as out-of-reach as corn's forecast, still looks very difficult to achieve.

<b>WEEK ENDED (01/02/20)</b>	Weekly loadings	Accumulated in season (estimate)	USDA projection	Amount needed	# of weeks remaining	Bu per week needed
HRW	3.1	202.3	<b>385.0</b>	182.7	<b>21</b>	8.70
HRS	6.0	150.4	260.0	109.6	<b>21</b>	5.22
SRW	1.6	57.9	100.0	42.1	<b>21</b>	2.00
LAST WEEK						
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

So far, the most encouraging thing about the USA HRW export pace is Gulf bids haven't backed off.

GULF date	12 pro	ords	diff	
1/10/2020	164	122	42	
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	
11/15/2019	180	126	54	
11/8/2019	180	130	50	Z

Thus these posted bids are able to track higher with the futures:

Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
<b>01/10</b>	<b>\$4.25-\$4.50</b>	<b>\$4.58</b>	<b>\$4.35-\$4.40</b>	<b>\$4.19-\$4.34</b>	<b>\$4.62-\$4.70</b>
01/03	\$4.05-\$4.30	\$4.38	\$4.15-\$4.20	\$4.00-\$4.14	\$4.42-\$4.50
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
BASIS	SE Colorado	Chey. Wells	Burlington	Holyoke	Roggen area
<b>01/10(H)</b>	<b>-70, -45</b>	<b>-37</b>	<b>-60, -55</b>	<b>-75, -62</b>	<b>-33, -25</b>
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
Date	Concordia	Salina	Hutchinson	Wichita	Ark City
<b>01/10(H)</b>	<b>-25</b>	<b>-15, -10</b>	<b>-32, -10</b>	<b>-16, -10</b>	<b>-25</b>
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

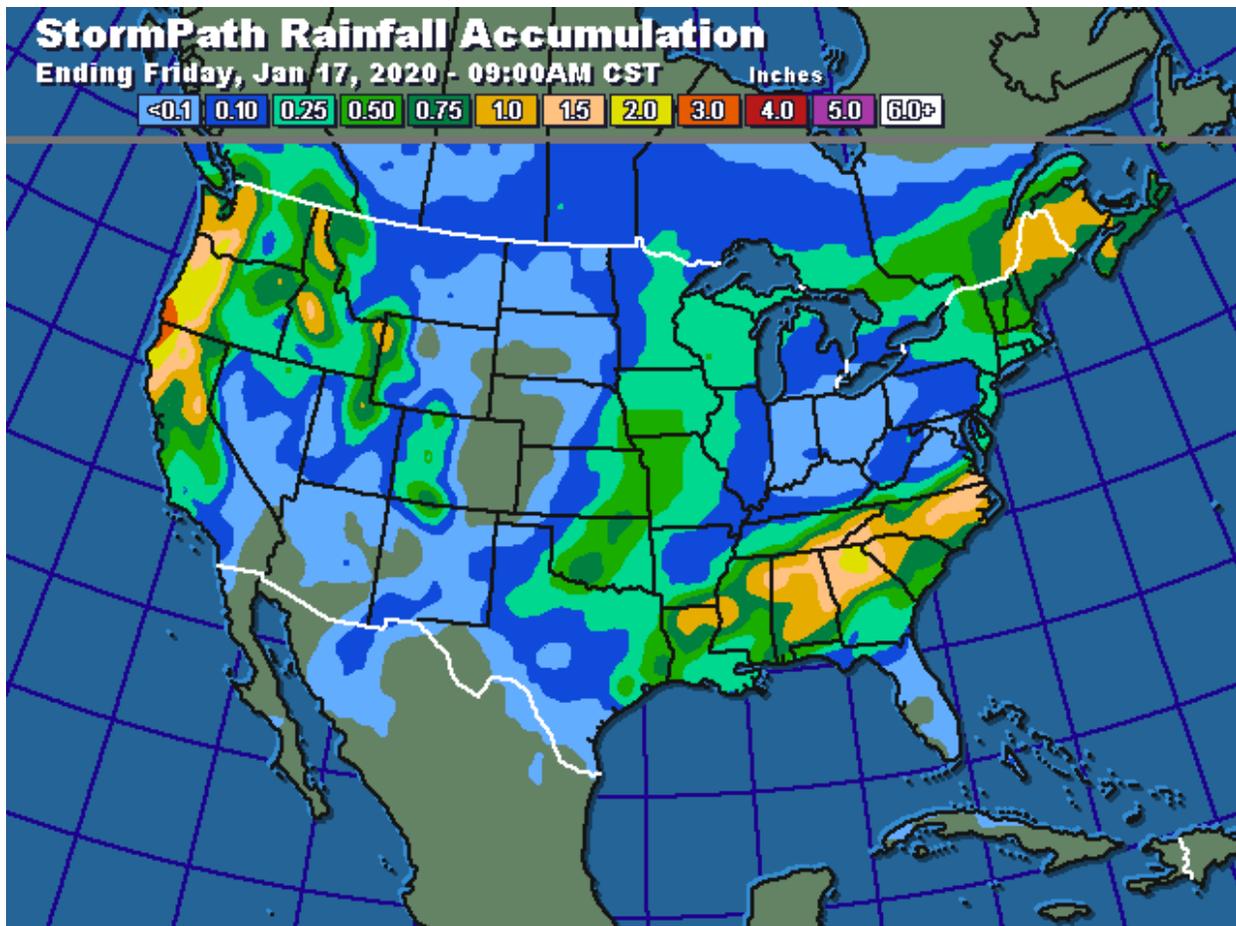
These posted bids are the highest flat price we've seen all crop year and are about 20c from last calendar year's peak in early February of 2019, which was followed by more than a dollar break in 3 months. The fact that last year broke a buck from early Feb to early May should not be overlooked. I'm not sure it will happen again, but it could.

The slow export pace is a concern, but the basis remains firm.

Somewhat supportive was Friday's Winter Wheat Seedings report, which showed fewer hard winter wheat acres went in last fall. Kansas and Oklahoma acres were estimated unchanged, and Texas was higher, but other states dropped enough to create a net reduction of 645,000 acres:

PLANTED WINTER WHEAT ACRES (1000 ac)								9/11/2019	
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2020/20	2020/21	
KS	9,500	9,600	9,200	8,500	7,600	7,700	6,900	6,900	
CO	2,300	2,750	2,450	2,350	2,250	2,250	2,150	1,900	
NE	1,470	1,550	1,490	1,370	1,120	1,100	1,070	900	
OK	5,600	5,300	5,300	5,000	4,500	4,400	4,200	4,200	
TX	6,200	6,000	6,100	5,000	4,700	4,500	4,500	4,900	
SD	1,300	1,210	1,420	1,180	910	830	860	700	
ND	215	870	200	130	70	85	85	75	
MT	2,000	2,500	2,350	2,250	1,750	1,650	2,000	1,600	
CA	620	490	450	425	385	380	390	340	
total	29,205	30,270	28,960	26,205	23,285	22,895	22,155	21,515	
USA winter wheat	43,230	42,409	39,681	36,152	32,726	32,542	31,159	30,804	
	68%	71%	73%	72%	71%	70%	71%	70%	

It's too early to watch the forecast, but we still do:



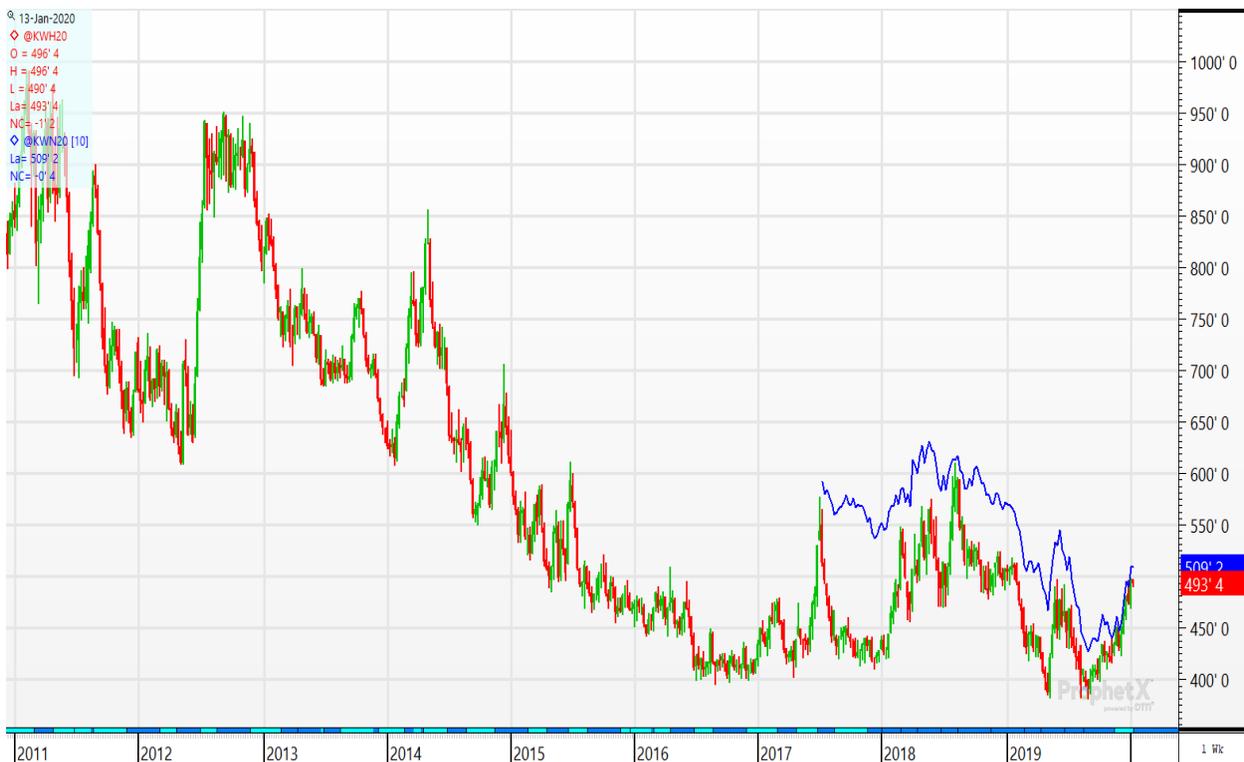
Mid-March is when the weather starts meaning something.

If a guy had unsold old-crop wheat, he could let it go right now, at the crop year high, or maybe...he waits until he, like the Managed Money, sees a sell signal, WHICH would be a Friday close below \$4.74

week	date	close	action	action	position
1	1/10/2020	\$ 4.95	new 11 week high	bot 1	3
2	1/3/2020	\$ 4.75			0
3	12/27/2019	\$ 4.80	new 11 week high	bot 1	2
4	12/20/2019	\$ 4.62	new 11 week high	bot 1	1
5	12/13/2019	\$ 4.43			0
6	12/6/2019	\$ 4.31			0
7	11/29/2019	\$ 4.47	new 11 week high	bot 1	0
8	11/22/2019	\$ 4.33			-1
9	11/15/2019	\$ 4.26	new 4 week low, but not 1/2 N		-1
10	11/8/2019	\$ 4.31	new 4 week low	sold 1	-1
11	11/1/2019	\$ 4.39			0
12	10/25/2019	\$ 4.36			0

Sell it now, at crop-year highs, or wait for a 21c lower close, while hoping it continues to move higher...only you can decide what you're comfortable with.

What about new-crop? This long-term weekly continuous KC wheat chart with KC July added as a line shows we're still in a low-price environment (which I define as futures less than \$6.50), so I don't see a hurry to lay off a bunch of new-crop, although one has to acknowledge Managed Money will sell KC N on about a 20c lower weekly close. (A 20c lower close would be a new 4-week closing low.)



Because we're still in a low-priced environment, I think one can wait a bit and see how the weather goes, or if China actually buys some wheat, or something else happens.

The BEST thing one can do about new crop wheat is to try to grow 100 bushels an acre of it, and in that regard, Bill Spiegel's article in Successful Farming about this Okie is fascinating.

<https://www.agriculture.com/crops/wheat/a-game-plan-for-high-wheat-yields>

For the 2018 crop, he made four nitrogen applications:

1. **In the row at planting, 15-gallons of 10-34-0.**
2. **After planting but before winter, 10 gallons of 28-0-0 urea plus 5 units of sulfur, applied during a herbicide pass.**
3. **About a month prior to wheat breaking dormancy in the spring.**
4. **A final pass about mid-March.**

Anyway, looks to me like there are 2 nitrogen applications still to be done, pretty soon. He said he tries to get between 130 and 140 nitrogen units on his fields in total. (The article doesn't say what his protein content was. Bill, if you happen to read this, I'd like to know.)

A quick look at a KC March futures chart; I drew in the Cascading Highs, because we don't see them very often in wheat! Still showing an uptrend, and as mentioned earlier, a new 4-week closing low would cause "profit-taking", on a Friday close below \$4.75, maybe even needs to be below \$4.74.



I doubt China will buy much (any actually) USA HRW, but if they start buying USA spring wheat, it will help. A rising tide floats all boats.

The March corn chart is fully sideways, waiting while in a very narrow 22 range...



and soybeans, which some reports indicate are most desired by the Chinese, along with DDGS and grain sorghum and meat, both pork and chicken, are so very ready to blow up through the upside, seemingly at the slightest provocation. We'll see if they can get the signal.



Should be an interesting week. It's all about China!

Have a good week; Stay Safe.