

Hello Colorado Wheat.

Last night (Sunday 1/26/20), markets opened very defensively on more coronavirus reported cases.

Re-reading last week's wire, I made a big deal about H corn closing this week out of the extremely narrow 4c range of \$3.90 to \$3.86. To me, the way I keep score, it would either be a new 11-week high with massive buying, or a new 4-week low, with quite noticeable selling. SO...what happened?

The table shows H corn closed inside that 4c range! Corn is either making a heckova top, with steep impenetrable resistance or a heckova bottom with solid support.

The problem is...the other grains are NOT in agreement, as Chgo wheat put in a new 11-week high, up 3c for the week, but H soybeans put in a new 4-week low, and dropped 28c, and are threatening to test the old 11-week low. KC wheat lost 8c, and MGEX spring wheat, after setting a new 11-week high last week, dropped 12c to the previous 4-week low, threatening more serious damage coming.

CLOSE	KWH20	KWK20	KWN20	CH20	CK20	CN20	WH20	MWH20	MWN20	SH20
01/24	\$4.86	\$4.94	\$5.01	\$3.87	\$3.93	\$3.98	\$5.74	\$5.48	\$5.65	\$9.02
01/17	\$4.94	\$5.02	\$5.09	\$3.89	\$3.95	\$4.01	\$5.71	\$5.60	\$5.75	\$9.30
01/10	\$4.95	\$5.02	\$5.10	\$3.86	\$3.93	\$4.00	\$5.65	\$5.58	\$5.74	\$9.46
01/03	\$4.75	\$4.83	\$4.90	\$3.87	\$3.93	\$3.99	\$5.55	\$5.48	\$5.65	\$9.42
12/27	\$4.80	\$4.88	\$4.96	\$3.90	\$3.97	\$4.03	\$5.56	\$5.54	\$5.69	\$9.42
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

So...let's try it again. IF March'20 corn closes this week outside of that 4c range bounded by \$3.90 to \$3.86, I think it will be a big deal. But as we just saw, it might stay in that 4c closing range longer than we think possible. I can't help but feel it's more than just a little interesting.

**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 the March corn chart. The solid blue line at \$3.90 is the 11-week closing high, which should be treated as resistance until we see a Friday close above it. You might notice the intra-week high was \$3.94, well above the \$3.90, but you know that means almost nothing to me. It's not how I keep score. (I will use intra-week highs or lows to draw trend-lines, but that's about it.) And the solid red line is \$3.77, the 11-week closing low, which is solid support, for now... and I drew in a dotted red line at \$3.86, which is current support at the 4-week closing low. I ALSO drew in black dotted trend lines because it appears higher intra-week lows and higher intra-week highs are in effect, and corn is trending higher, but looks can be deceiving. The table on page 1 says corn has done nothing in the last 6 weeks, and that's more along the lines of what I actually think has happened, rather than the apparent trendlines marching higher.



BUT...we will see.

Along the lines of what we know...is the corn export pace is horrendous. I know many commission house analysts are talking up the weekly export sales, but you know that to me, export loadings, not export sales, are how I keep score. Export sales are merely paper. Corn loading were down 6 million bu vs last week, and now to hit the USDA target of only 1.775 billion bu, corn exports would have to be almost 3x what we loaded this week, consistently for the next 32 weeks.

WEEK ENDED (01/16/20)	Weekly loadings	Accumulated in season (estimate)	USDA projection	Amount needed	# of weeks remaining	Bu per week needed
Corn	15.4	386.8	<b>1,775</b>	1388.2	<b>32</b>	43.4
Soybeans	38.7	890.1	<b>1,775</b>	884.9	<b>32</b>	27.7
All wheat	19.3	569.0	<b>975</b>	406.0	<b>19</b>	21.4

Wheat loadings weren't bad; they ALMOST hit the required target. We do see a friendly input in the Gulf bids, as 12's are bid 2c higher, although ords are unchanged:

GULF				
date	12 pro	ords	diff	
1/24/2020	166	122	44	
1/17/2020	164	122	42	
1/10/2020	164	122	42	
1/3/2020	165	122	43	
12/27/2019	165	120	45	
12/20/2019	165	120	45	H

And the firm bids are keeping the KC H-K calendar spread quite tight, although the opening of the Sunday night session shows the trendline needs to hold...



Speaking of the Sunday night session, as I write, corn and beans are down about a nickel, Chgo wheat is down a dime, and KC and Minny are down 6c. All that looks and sounds ominous, but...the way I keep score is how we close this coming Friday.

The spreading coronavirus out of China is scary stuff, and not a friendly input, but more importantly, China is not showing up as an official buyer of USA wheat and corn, and certainly not actually loading wheat or corn. We did see more "unknown destinations" sales of spring wheat, and I think China did buy another boat of spring wheat last week, but...it's NOT loading yet.

The virus has taken the bloom off the stock markets as well.

KC wheat closed down 8c for the week, but not low enough to trigger some expected sell-stops below the 4-week closing low of \$4.75. These posted bids mainly followed the 8c drop in KC March, although the Holyoke area bids were finetuned:

Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
<b>01/24</b>	<b>\$4.16-\$4.41</b>	<b>\$4.49</b>	<b>\$4.26-\$4.31</b>	<b>\$4.16-\$4.26</b>	<b>\$4.53-\$4.61</b>
01/17	\$4.24-\$4.49	\$4.57	\$4.34-\$4.39	\$4.19-\$4.36	\$4.61-\$4.69
01/10	\$4.25-\$4.50	\$4.58	\$4.35-\$4.40	\$4.19-\$4.34	\$4.62-\$4.70
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

BASIS	SE Colorado	Chey. Wells	Burlington	Holyoke	Roggen area
<b>01/24(H)</b>	<b>-70, -45</b>	<b>-37</b>	<b>-60, -55</b>	<b>-70, -60</b>	<b>-33, -25</b>
01/17(H)	-70, -45	-37	-60, -55	-75, -58	-33, -25
01/10(H)	-70, -45	-37	-60, -55	-75, -62	-33, -25
01/03(H)	-70, -45	<b>-37</b>	-60, -55	-75, -62	<b>-33, -25</b>
12/27(H)	-70, -45	-40	<b>-60, -55</b>	<b>-75, -62</b>	-35, -25

Date	Concordia	Salina	Hutchinson	Wichita	Ark City
<b>01/24(H)</b>	<b>-20</b>	<b>-15, -10</b>	<b>-32, -10</b>	<b>-16, -10</b>	<b>-25</b>
01/17(H)	-20	-15, -10	-32, -10	-16, -10	-25
01/10(H)	-25	<b>-15, -10</b>	-32, -10	-16, -10	-25
01/03(H)	<b>-25</b>	-20, -15	<b>-32, -10</b>	<b>-16, -10</b>	-25
12/27(H)	-30	-20, -15	-37, -10	-21, -10	-25

On a side note, you know I live up in The Twin Cities (Minnesota); last week I was buying some office supplies, while wearing an old K-State sweatshirt, and a guy stopped me, and said “hey look at this!”, and showed me his K-State sweatshirt. I asked him where he’s from and he said “Sublette” and asked me if I had heard of it. I replied “of course, and it’s a basing point for wheat prices I refer to”.

He said “yeah, they still grow wheat out there”, but then he asked me what I thought of corn prices, and I asked him if they grew dryland corn out there, even though it’s dry, and he of course said “yes!”.

Anyway...possibly that helps explain why I talk about corn in a wheat wire.

The genie has been out of the bottle for a long time, and she ain’t going back.

Here’s a KC wheat chart, showing early Sunday night action, trying to gap below apparent trend-line support.

The dotted red line is the 4-week closing low of \$4.75. and that is key for this Friday's close. Blue line, 11-week closing high resistance is \$4.95



Besides the coronavirus which is almost causing a world-wide panic...while USA export loadings had a good week, we need to see that trend continue. Besides no officially announced sales to China, Brazil hasn't bought or shipped any USA HRW in a couple of months. It's safe to assume new-crop Argy wheat is flowing to Brazil, and this Reuters article from Successful Farming says Argentina will be shipping a lot of wheat to Asia, replacing Aussie sales.

<https://www.agriculture.com/markets/newswire/asia-set-for-record-volume-of-argentine-wheat-in-feb-march-traders>

WEEK ENDED (01/02/20)	Weekly loadings	Accumulated in season (estimate)	USDA projection	Amount needed	# of weeks remaining	Bu per week needed
HRW	7.8	214.0	385.0	171.0	19	9.00
HRS	6.3	160.7	260.0	99.3	19	5.23
SRW	1.1	62.3	100.0	37.7	19	1.98
LAST WEEK						
HRW	4.0	206.2	385.0	178.8	20	8.94
HRS	4.0	154.4	260.0	105.6	20	5.28
SRW	3.3	61.1	100.0	38.9	20	1.95

In other words, we are not seeing a steady stream of friendly fundamental inputs.

March soybeans shown here, mimicking the stock market as much as anything fundamental in the bean market, although Brazil weather has greatly improved, which is a negative input.

<https://www.reuters.com/article/brazil-grains/brazil-farmers-see-higher-soybean-yields-in-mato-grosso-as-harvest-kicks-off-crop-tour-idUSL1N29R115>

Surely no one believes the bigger South American crops won't make their way to China, no matter if Phase 1 of the US-China Trade Agreement was signed or not.

Anyway, the soybean chart shows the 11-week closing low support of \$8.91 from late November is under attack.

You can see clearly how the market reacted to going through the 4-week closing low of \$9.30.

I think red-line \$8.91 support will again hold, but things DO NOT feel good.



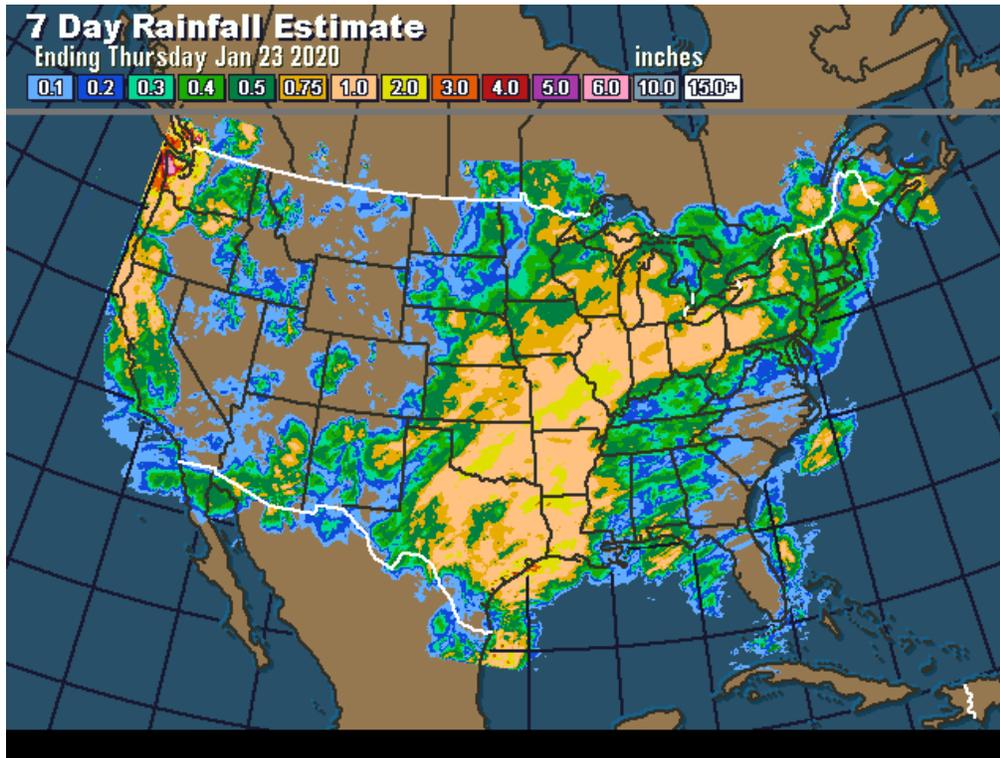
The latest news on the virus ...and the article says China officials say the worst is yet to come...

[https://www.washingtonpost.com/world/asia\\_pacific/coronavirus-china-latest-updates/2020/01/26/4603266c-3fa8-11ea-afe2-090eb37b60b1\\_story.html](https://www.washingtonpost.com/world/asia_pacific/coronavirus-china-latest-updates/2020/01/26/4603266c-3fa8-11ea-afe2-090eb37b60b1_story.html)

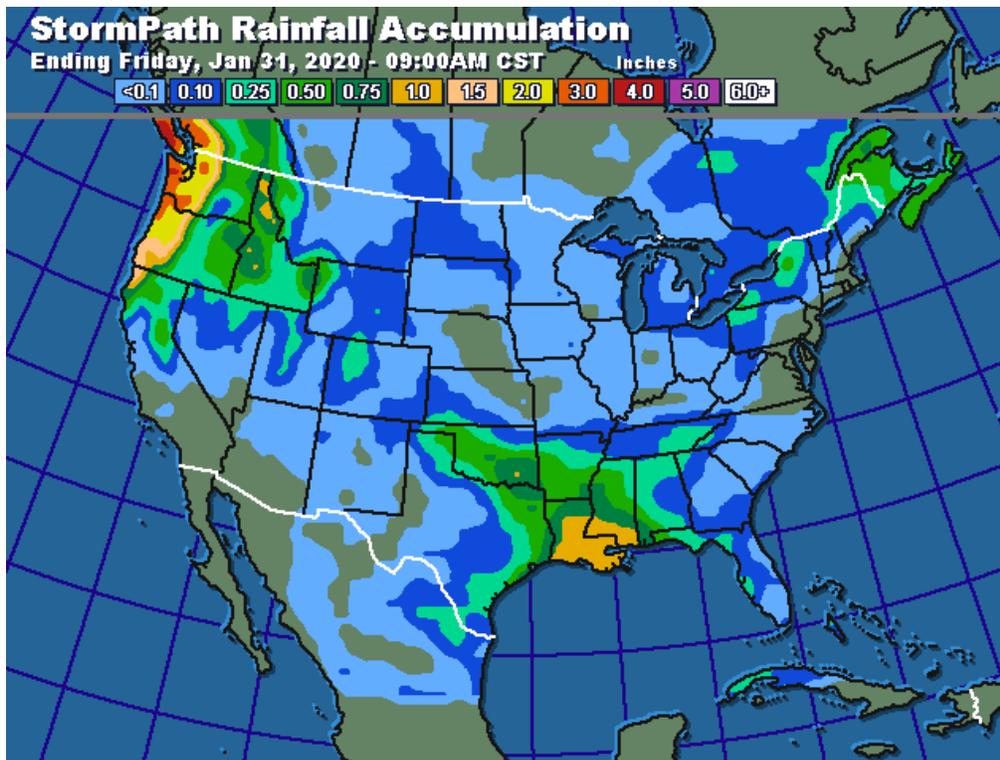
We'll close with a look at the weather in The Great Plains.

**Colorado Wheat Weekly Wire #420 [danmaltby.riskmgmt@gmail.com](mailto:danmaltby.riskmgmt@gmail.com) 01/24/20 pg. 6**

last week was wet (although Eastern Colorado missed it):



and this week is expected to favor Oklahoma:



We're starting the week on a rough note and sell-stops in wheat, corn and beans will come into play if we don't get a good rebound by Friday.

The current Monday morning update shows grains haven't recovered the losses yet.

PS; A friend asked me about the wheat situation with Pakistan, as they will have to import 300,000 mt, after being an exporter the past 2 years ( <https://www.reuters.com/article/us-pakistan-economy-wheat/pakistan-to-import-300000-tonnes-of-wheat-to-meet-flour-crises-idUSKBN1ZJ0X5>) and I replied "I'm sorry, but I do not think that wheat will be coming from the USA."

Have a good week; Stay Safe.