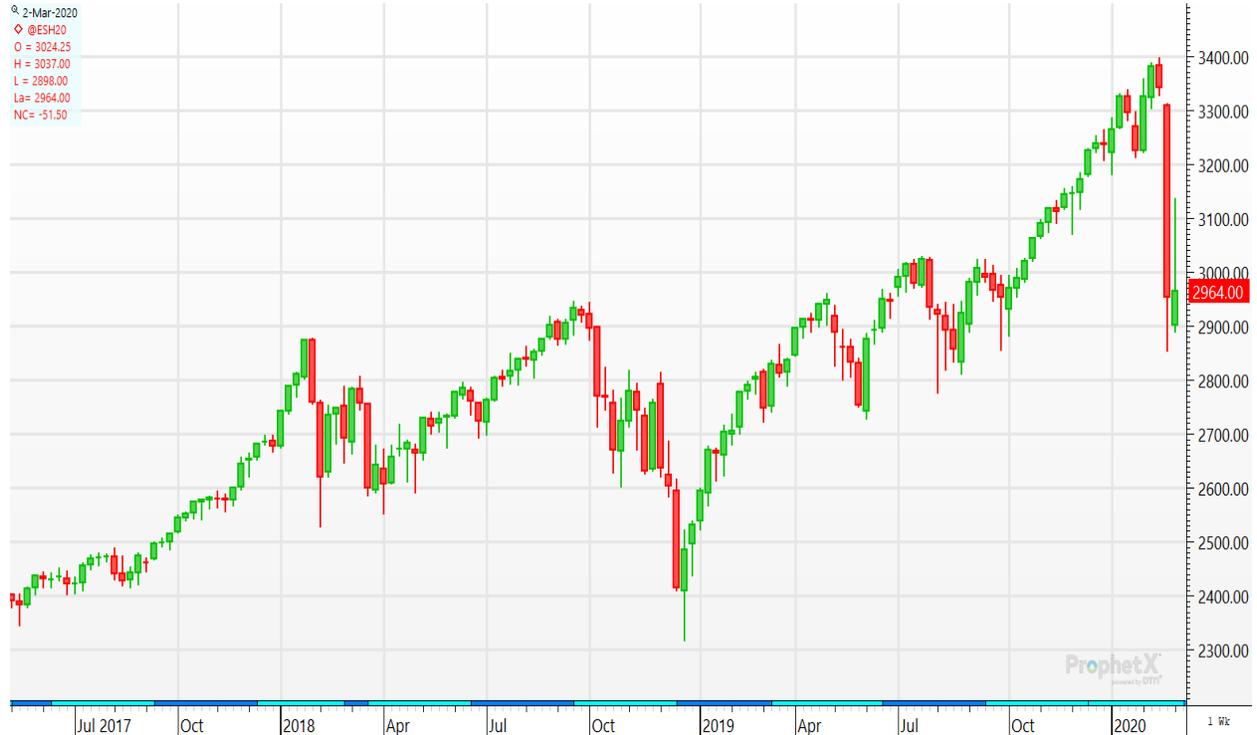


Hello Colorado Wheat.

Let's get this out of the way...on Feb. 13 I moved a chunk of my money out of the stock market into cash and am now considering if/when to "get back in".

The USA stock markets actually finished a little higher last week; the "fear of missing out" exists.

This is a weekly chart of the e mini S&P 500 futures contract:



I personally don't think there is a hurry to get it all bought...as I think the fear of the virus is worse than the actual virus, and I doubt we've hit full panic mode yet.

Here's a Barron's article which does a pretty good job of looking at how the markets have behaved historically; I'm not sure, but I think it suggests waiting another 6 weeks is prudent. You can read it and see if you agree with my interpretation. I wish everyone nothing but the best in your personal financial decisions.

https://www.barrons.com/articles/time-to-buy-stocks-history-offers-a-guide-51583637721?mod=hp_INTERESTS_coronavirus&refsec=hp_INTERESTS_coronavirus

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.

KC wheat closed down about 7c last week, although corn closed UP about 7c.

It was a Big week for wheat export loadings, and corn was decent too, although not enough to make anyone believe the USDA will be raising their corn export forecast in their March WASDE update:

WEEK ENDED (02/20/27)	Weekly loadings	Accumulated in season (estimate)	USDA projection	Amount needed	# of weeks remaining	Bu per week needed
Corn	34.8	566.1	1,725	1168.9	26	45.0
Soybeans	25.6	1088.1	1825	736.9	26	28.3
All wheat	23.8	671.2	1000	328.8	13	25.3

Here is the wheat-by-class picture, which includes 15 million bu in HRW, and 10 million bu each in HRS and SRW in the “fudged” category...

WEEK ENDED (02/20/20)	Weekly loadings	FUDGED in season (estimate)	USDA projection	Amount needed	# of weeks remaining	Bu per week needed
HRW	8.9	265.9	390.0	124.1	13	9.5
HRS	6.6	202.2	275.0	72.8	13	5.6
SRW	2.3	81.2	100.0	18.8	13	1.4
LAST WEEK						
HRW	3.8	257.0	390.0	133.0	14	9.5
HRS	5.6	195.6	275.0	79.4	14	5.7
SRW	0.7	78.9	100.0	21.1	14	1.5

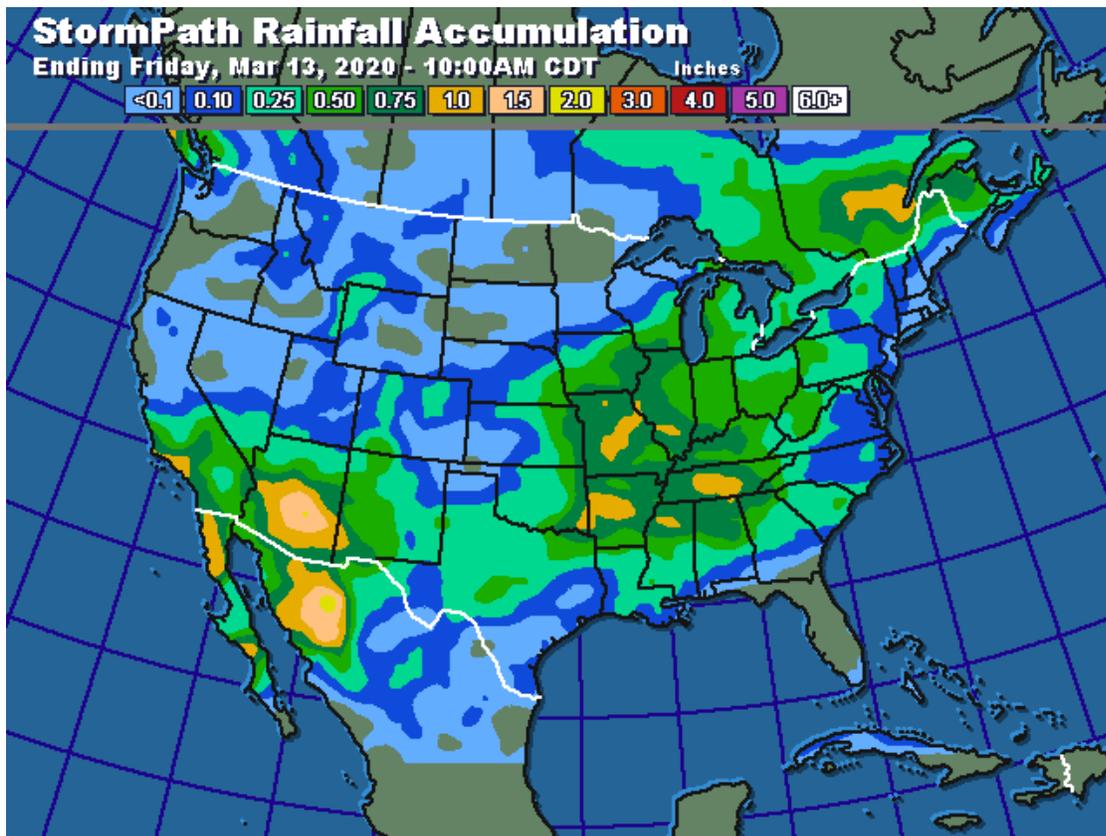
I don't think the USDA will change their current USA wheat export forecasts this Tuesday either, although IF spring wheat stays on this pace, we could see an increase in springs next month. This Bloomberg article says Canadian export backlogs exist; theoretically at a minimum, some spring wheat demand could be shifting to the USA's PNW.

<https://www.bloomberg.com/news/articles/2020-03-04/losses-mount-for-canadian-grain-shippers-with-sales-stalling>

We might be seeing that in the markets. This is a MGEX July spring wheat – KC July wheat spread chart:



I suspect it's getting a bit overheated, and +80c is midpoint of a broad trading range from +100 down to +60. The weather will be a big factor in how this spread plays out, as spring wheat planting season nears, yet HRW coming out of dormancy needs water. This week looks dry in HRW country.



Here's how the grains closed the week. New red numbers in all wheats, showing new 11-week closing lows, widely interpreted as sell-signals, YET we see corn bounced, while beans are hovering barely above expected sell-stops. Beans need to see more Chinese buying. We did see China buying USA grain sorghum (milo) this week, and that could have supported corn futures a bit.

CLOSE	KWK20	KWN20	KWZ20	CK20	CN20	CZ20	WK20	MWK20	MWN20	SK20
03/06	\$4.46	\$4.54	\$4.76	\$3.76	\$3.79	\$3.82	\$5.16	\$5.25	\$5.35	\$8.91
02/28	\$4.53	\$4.60	\$4.83	\$3.68	\$3.73	\$3.77	\$5.25	\$5.28	\$5.37	\$8.93
02/21	\$4.76	\$4.82	\$5.02	\$3.81	\$3.84	\$3.86	\$5.52	\$5.38	\$5.48	\$8.99
02/14	\$4.72	\$4.79	\$4.98	\$3.82	\$3.86	\$3.89	\$5.42	\$5.36	\$5.44	\$9.03
02/07	\$4.79	\$4.85	\$5.05	\$3.89	\$3.92	\$3.94	\$5.57	\$5.46	\$5.54	\$8.95
01/31	\$4.73	\$4.80	\$5.00	\$3.87	\$3.91	\$3.91	\$5.53	\$5.43	\$5.52	\$8.87
01/24	\$4.94	\$5.01	\$5.19	\$3.93	\$3.98	\$3.98	\$5.73	\$5.57	\$5.65	\$9.16
01/17	\$5.02	\$5.09	\$5.29	\$3.95	\$4.01	\$4.03	\$5.71	\$5.69	\$5.75	\$9.43
01/10	\$5.02	\$5.10	\$5.28	\$3.93	\$4.00	\$4.03	\$5.67	\$5.67	\$5.74	\$9.59
01/03	\$4.83	\$4.90	\$5.09	\$3.93	\$3.99	\$4.01	\$5.58	\$5.57	\$5.65	\$9.55
12/27	\$4.88	\$4.96	\$5.13	\$3.97	\$4.03	\$4.04	\$5.59	\$5.62	\$5.69	\$9.55
12/20	\$4.70	\$4.78	\$4.94	\$3.94	\$4.00	\$4.02	\$5.46	\$5.45	\$5.53	\$9.51

Here's a May corn chart, bounced off 11-week low up into previous 11-week lows:



This July corn-Dec corn calendar spread is very tight, and the cash corn basis remains very high.



I imagine anyone with unsold corn will at least wait until the new crop is planted and emerged.

And that dynamic is reflected in this picture of KC July wheat trying to stabilize compared to July corn:



Which...of course leads into the Wheat Feeding Rabbit Hole, where I've spent days, only to emerge thinking what a long strange trip it's been.

I admit I have an agenda. If we all joined "The 100 Bushel Wheat Club"...we'd have a bigger wheat Supply, that would like to find Demand. Wheat Exports are the usual place we look for increased Demand, but surely we all know how difficult that is to accomplish...

And USA Food usage is flatter than a pancake.

To the best of my knowledge, wheat is not used to make ethanol here in The States.

The only demand category remaining is Feed/Residual. The Residual is the official name of The Fudge Factory. The numbers eventually work out and make sense. In the short term, the Unexplained happens, and The Residual covers it.

BUT, can we learn anything about the actual Feed part?

It does occur. That I believe.

And even though it always is happening in a small quantity (wheat millfeed is always fed.), massive quantity wheat feeding is rarer.

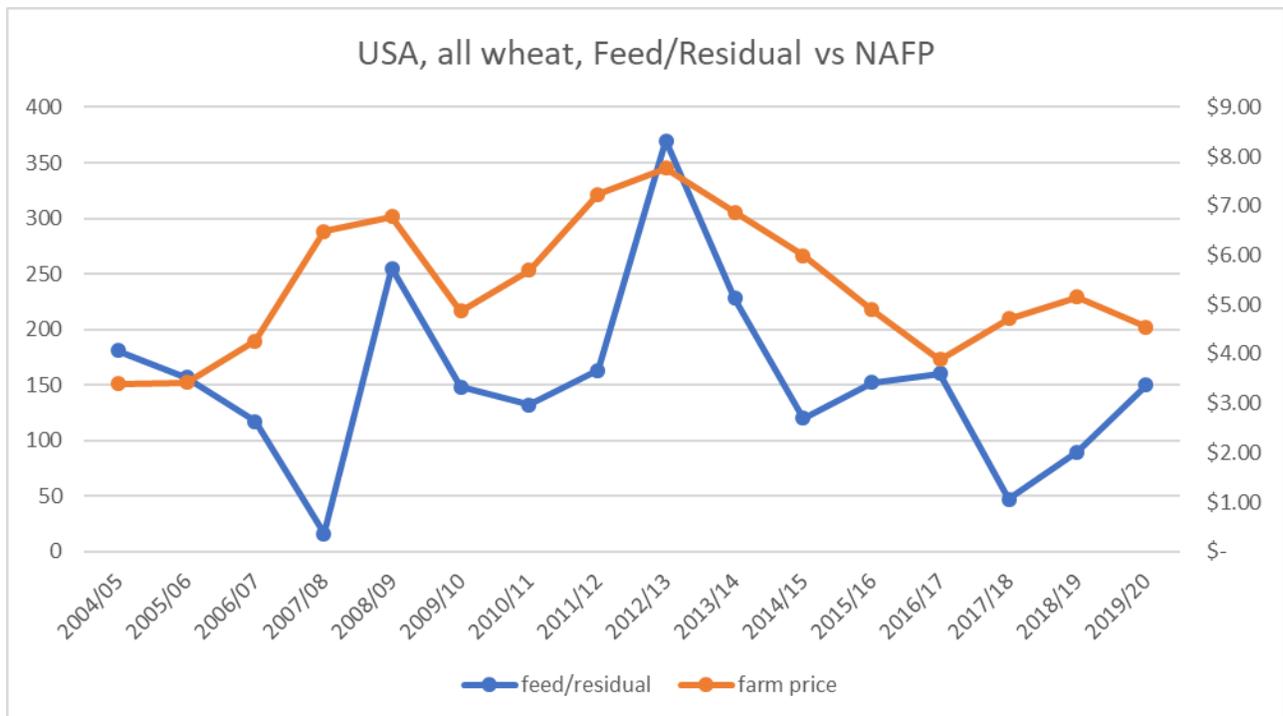
A friend asked me if I can show wheat seasonality in feeding. I replied, "good question".

How much is fed locally? When? Why? Will it happen again?

True numbers are hard to get. I'm NOT YET ready to answer those questions...although I believe the posted bids shown below impact the answers to those questions, BUT ONLY IN A RELATIVE WAY.

What I mean by that is the price of wheat has almost nothing to do with how much wheat is fed.

This table suggests the highest ever amount of wheat feeding in the USA occurred when wheat prices were almost \$8.00/bushel.



I think what matters is the price of wheat COMPARED to the price of corn, and maybe milo, and other factors too, including functionality and possibly buyer's preference. Ultimately, the buyer has to make the decision, and it may not be solely based on price.

Posted bids are well under \$8.00, but nobody thinks we're currently feeding a massive amount of wheat.

Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
03/06	\$3.71-\$4.06	\$4.11	\$3.81-\$3.88	\$3.79-\$3.96	\$4.16-\$4.18
02/28	\$3.78-\$4.13	\$4.16	\$3.86-\$3.91	\$3.80-\$3.96	\$4.21-\$4.21
02/21	\$3.99-\$4.29	\$4.39	\$4.09-\$4.13	\$4.03-\$4.14	\$4.44-\$4.44
02/14	\$3.96-\$4.26	\$4.36	\$4.06-\$4.10	\$4.01-\$4.11	\$4.41-\$4.41
02/07	\$4.03-\$4.33	\$4.43	\$4.13-\$4.17	\$4.03-\$4.13	\$4.48-\$4.48
01/31	\$3.96-\$4.26	\$4.29	\$4.06-\$4.10	\$3.96-\$4.10	\$4.33-\$4.41

BASIS	SE Colorado	Chey. Wells	Burlington	Holyoke	Roggen area
03/06(H)	-75, -40	-35	-65, -58	-67, -50	-30, -28
02/28(H)	-75, -40	-37	-67, -62	-73, -57	-32, -32
02/21(H)	-70, -40	-30	-60, -55	-65, -55	-25, -25
02/14(H)	-70, -40	-30	-60, -55	-65, -55	-25, -25
02/07(H)	-70, -40	-30	-60, -55	-70, -60	-25, -25
01/31(H)	-70, -40	-37	-60, -55	-70, -56	-33, -25

Date	Concordia	Salina	Hutchinson	Wichita	Ark City
02/28(K)	-20	-10, -07	-28, -00	-12, -07	-21
02/28(K)	-22	-10, -07	-35, -07	-19, -07	-27
02/21(H)	-15	-05, -00	--28, +00	-12, -00	-20
02/14(H)	-15	-05, -00	--28, +00	-12, -00	-23
02/07(H)	-15	-05, -00	-31, -04	-15, -04	-23
01/31(H)	-20	-10, -00	-31, -04	-15, -04	-23

Looks like Basis strength about everywhere...although Gulf ords are trying to maybe start working lower.

GULF				
date	12 pro	ords	diff	
2/28/2020	150	118	32	K
2/21/2020	155	122	33	
2/14/2020	155	122	33	
2/7/2020	162	120	42	
1/31/2020	166	125	41	
1/24/2020	166	122	44	
1/17/2020	164	122	42	

Here's a KC May wheat futures chart, with a new red line...



A weekly KC wheat chart suggests \$4.00 is not impossible (I think it will take spring rains to get there, but for the record, it usually rains in the spring in Kansas and Colorado)



Soybeans need some more Chinese buying. We know a new 11-week closing low (red line at \$8.87) brings in new selling, BUT if this Friday could close above \$8.99, it would be a new 4-week closing high,

which would be expected to bring in a little buying. May soybeans shown here:



Tuesday's WASDE might give us new inputs this week, and of course coronavirus developments are important too. We know the number of reported new cases in China have dramatically declined, although we don't really know if that means anything.

We'll make more progress on the Wheat Feeding Rabbit Hole, but I want to (hopefully) tantalize you a little bit and leave you with this table, which shows MY CALCULATIONS show 63 million bu of wheat was fed LOCALLY in Kansas and Colorado in June 2012 through November 2012. That's a lot. Some years that total might only be 6 million. How much did we feed this year? How much will we feed next year?

Uh, good questions. I'll get back to you on that. In the meantime... Have a Good Week. Stay Safe.

	3/1/2012	6/1/2012	9/1/2012	12/1/2012	3/1/2013	6/1/2013
reported stocks, KS & CO	250	158	445	360	282	178
production, KS & CO		452				362
imports						
supply	250	610	445	360	282	540
food; est.	37	55	38	55	37	54
seed		15				17
feed/res	2	41	22	5	10	6
exports; est	39	45	32	34	57	77
demand	78	156	92	94	104	154
expected ending stocks	171	454	354	266	178	386
act reported ending stocks	158	445	360	282	178	389
diff	13	9	-6	-17	0	-3