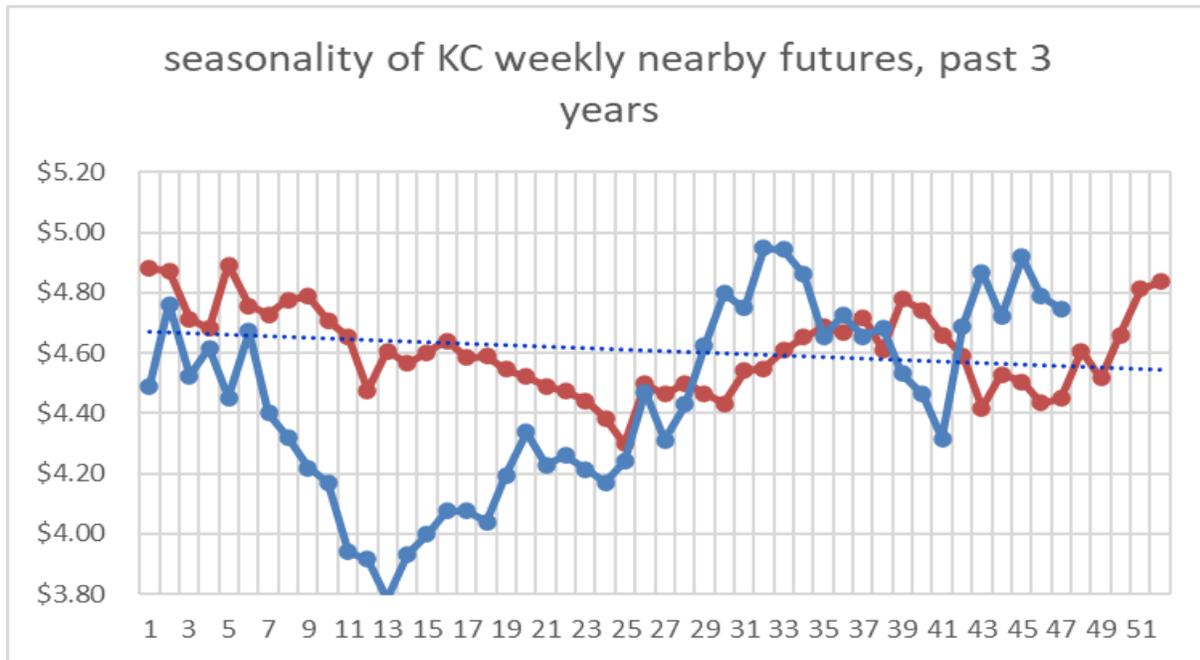


Hello Colorado Wheat.

Another week, another epic fail on KC July futures turning the \$5.00 ceiling into a \$5.00 floor. There might come another chance, as it's not wet in Russia yet, and they are talking about an export cap again, but a seasonal study I did for this wire showed KC futures "in a low-price environment" climb a bit into the year-end. Here's my "seasonal" on KC nearby wheat futures, with the three-year average "seasonal" in red and this year's weekly closes overlaid in blue; it looks to me like this year has been ahead of the pace of the seasonal, rather than lagging it, which is concerning, as maybe we've already seen the rally.



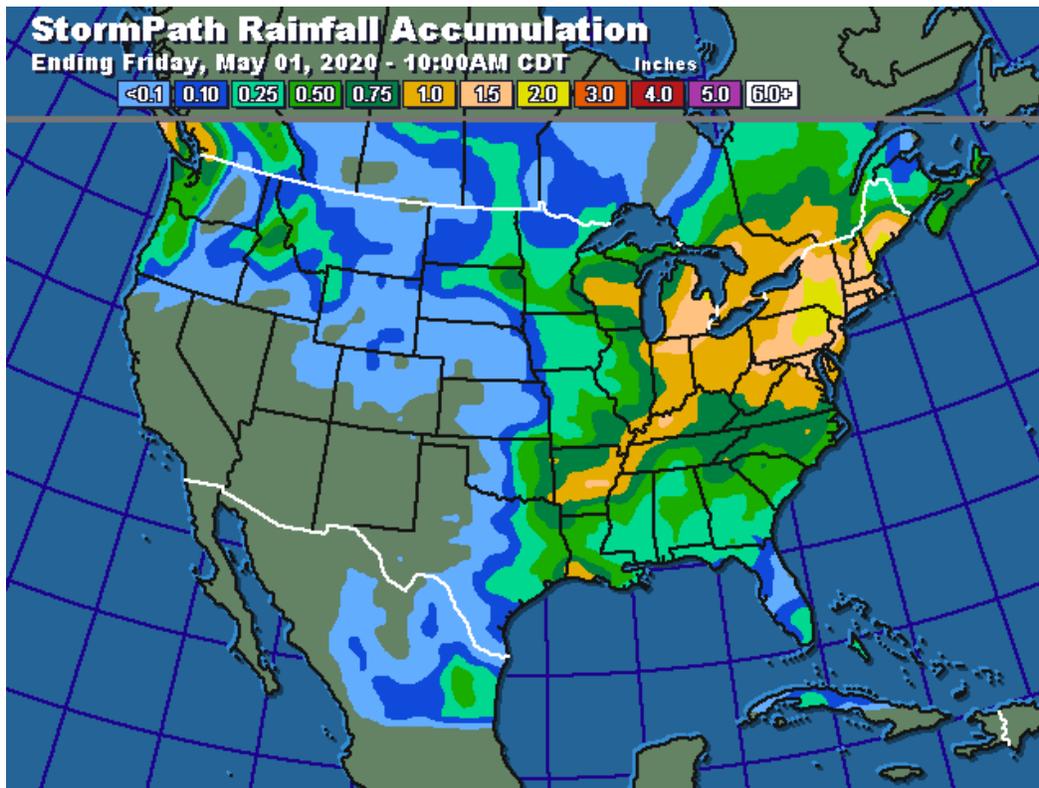
Anyway...there are 5 weeks remaining in this wheat crop year. Besides the Russian issues, weather over here in HRW wheat country has been too dry, and the recent freeze did some damage. I like this K-State extension update on the damage, because it has some good pictures, and even though it focuses on Kansas, it's applicable to Colorado, and Nebraska too. (I don't think Oklahoma or Texas was impacted.)

https://webapp.agron.ksu.edu/agr_social/article_new/preliminary-wheat-injury-assessment-from-the-april-13-17-freeze-events-in-kansas-384-1

The conclusion is...a big rain would make things so very much better. If we get a rain, we won't hear much about the freeze damage again.

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.

Is it going to rain? Looks like “not this week” ...



So...we’re probably not done talking about the freeze damage. There was a similar freeze in April of 2013, and this table maybe gives an idea of potential yield implications:

YIELD (bu/ac)				
	2012/13	2013/14	2019/20	7 year avg
KS	42.0	38.0	52.0	47.0
CO	34.0	25.0	49.0	38.6
NE	41.0	35.0	57.0	46.8
OK	36.0	31.0	40.0	36.0
TX	32.0	29.0	34.0	32.6
SD	50.0	39.0	52.0	49.8
ND	55.0	43.0	53.0	48.6
MT	39.0	43.0	50.0	43.6
CA	85.0	80.0	50.0	71.8
total				
USA	47.2	47.3	53.6	49.7

The “easy” conclusion is this year’s yields will be “average”, not great. A couple weeks ago, I used those average yields, and projected a 672 million bushel USA HRW production, which I have since scaled back

a little to a 656 million bu USA HRW crop. With no Wheat Quality Council “Crop Tour” this year, we’re not quite sure what to expect on the coming May 12 Crop Production release, which is the first official look at the 2020/21 wheat crop, and on the same date, we’ll get the May WASDE update, and the first wheat balance sheet of the new crop year.

This is my projected USA wheat balance sheet; in a couple weeks, we’ll compare notes to see how I did.

USA all wheat										4/9/2020	maltby
year	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	
carry in	862	743	718	590	752	976	1181	1099	1080	970	
production	1999	2266	2135	2026	2062	2310	1741	1885	1920	1700	
imports	113	122	169	149	113	117	157	135	105	105	
total supply	2974	3131	3022	2765	2927	3403	3079	3119	3105	2775	
food	941	945	951	958	957	949	965	955	955	955	
seed	76	73	77	81	67	61	63	59	60	60	
feed/residual	163	388	228	120	152	154	51	90	135	50	
domestic use	1180	1406	1256	1159	1176	1164	1079	1104	1150	1065	
exports	1051	1007	1176	854	775	1055	901	936	985	975	
total demand	2231	2413	2432	2013	1951	2219	1980	2040	2135	2040	
carryout	743	718	590	752	976	1184	1099	1079	970	735	
stox/use	33.3%	29.8%	24.3%	37.4%	50.0%	53.4%	55.5%	52.9%	45.4%	36.0%	

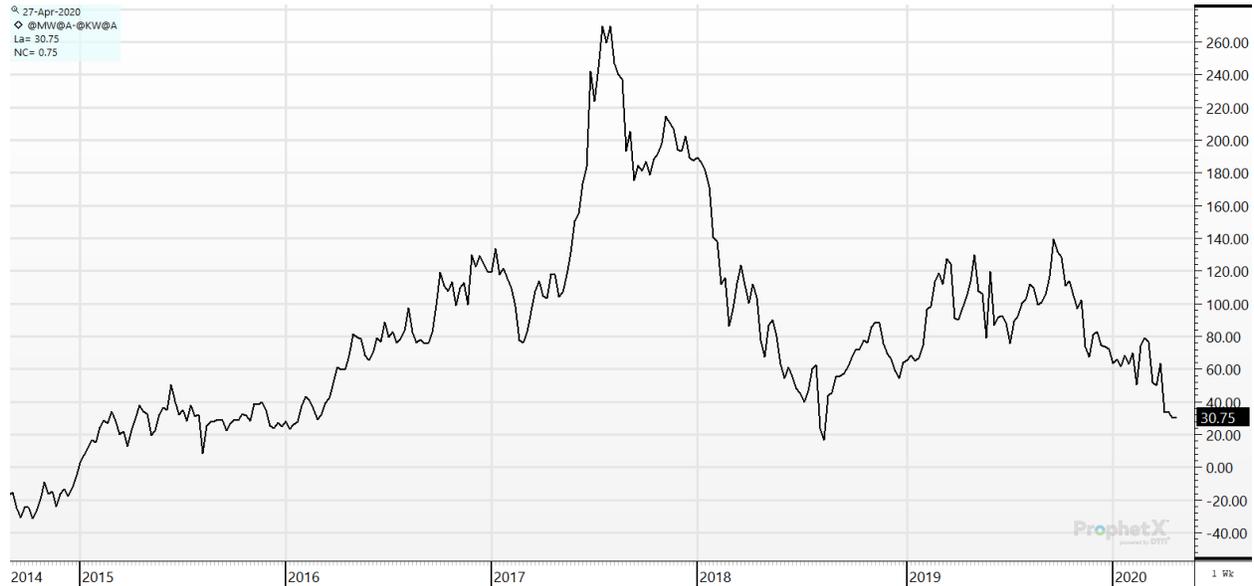
I didn’t drop exports much; I did crater feed demand. My production estimate is down 220 from last year (my production estimates include 656 HRW, down 177 from last year and 499 HRS down, 23 from last year. I dropped SWW 20 million, and left SRW and HAD unchanged compared to last year.), and we start out this crop year with 110 less than we started 19/20.

A 36% stox/use is fairly tight, which is the main reason we don’t have to be super concerned we won’t be feeding much wheat.

We won’t see a “wheat by class” estimate until the July WASDE, but this is mine:

US HARD RED WINTER WHEAT											4/9/2020	maltby
year	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	
carry in	385	387	317	343	237	294	445	589	581	516	503	
production	1006	783	998	747	739	830	1082	750	662	833	656	
imports	1	0	18	19	10	6	5	8	5	5	5	
total supply	1392	1170	1333	1109	986	1130	1532	1347	1248	1354	1164	
food	359	404	404	370	370	391	394	362	366	367	365	
seed	32	33	33	34	32	30	27	25	25	27	25	
feed/residual	-3	19	171	22	20	37	67	7	10	76	15	
domestic use	388	456	608	426	422	458	488	394	401	470	405	
exports	617	397	382	446	269	227	455	371	331	380	375	
total demand	1005	853	990	872	691	685	943	765	732	850	780	
carryout	387	317	343	237	295	445	589	582	516	504	384	
stox/use	38.5%	37.2%	34.6%	27.2%	42.7%	65.0%	62.5%	76.1%	70.5%	59.3%	49.2%	

A 49% HRW stoх/use projects historically about \$4.90 KC Dec futures. KC Dec right now is \$5.00, not too out of whack. Which is why on page 1 I said..." there might come another chance." Besides the Russian, and European crops needing rain, North American spring wheat could provide some excitement. Currently, spring wheat is super cheap compared to hard winter but has the potential to change things dramatically. The 2017 drought peaked around the 4th of July, and those short-lived fireworks were worth 40c to winter wheat IF a guy acted quickly and sold his wheat. This is a weekly Minny vs KC chart.



The other side of that is...current fundamentals do NOT suggest we need to rally significantly and the current commodity environment in general is beyond crummy.

The papers are full of stories about hog farmers killing their herds as packing plants shut down to deal with covid-19 virus outbreaks, and almost daily we see additional ethanol plants shutting down, nor do we have real belief that the crude oil market debacle is any better, and that's not completely virus induced, as the Saudis have decided to regain lost market share.

World currency markets continue to reel, making the US dollar stronger relatively, even though the USA is printing money (literally jillions) to buy our way out of this recession.

Things are a mess and will stay quite messy for a long time.

Here's the weekly closing table, with new red numbers in corn, soybeans and spring wheat, again. Just a quick glance at the table provides a "reason" to make one nervous about KC wheat. If everything else is a dog, why is KC a horse?

KC July's Friday close of \$4.83 will be the 4-week-low benchmark for this coming week.

CLOSE	KWK20	KWN20	KWZ20	CK20	CN20	CZ20	WK20	MWK20	MWN20	SK20
04/24	\$4.75	\$4.83	\$5.00	\$3.16	\$3.23	\$3.37	\$5.27	\$4.99	\$5.13	\$8.32
04/17	\$4.79	\$4.85	\$5.02	\$3.22	\$3.29	\$3.44	\$5.34	\$5.07	\$5.20	\$8.33
04/10	\$4.92	\$4.99	\$5.16	\$3.32	\$3.37	\$3.51	\$5.57	\$5.33	\$5.44	\$8.64
04/03	\$4.72	\$4.79	\$5.00	\$3.31	\$3.37	\$3.51	\$5.49	\$5.25	\$5.36	\$8.54
03/27	\$4.87	\$4.92	\$5.10	\$3.46	\$3.52	\$3.64	\$5.71	\$5.37	\$5.46	\$8.82
03/20	\$4.69	\$4.73	\$4.91	\$3.44	\$3.50	\$3.63	\$5.39	\$5.21	\$5.30	\$8.63
03/13	\$4.32	\$4.39	\$4.61	\$3.66	\$3.69	\$3.73	\$5.06	\$5.08	\$5.18	\$8.49
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

Here's the KC July chart; bulls need to see the trend line hold, and I think \$4.83 is important this Friday.



The Gulf basis bounced back a bit this week:

GULF date	12 pro	ords	diff
4/24/2020	149	116	33
4/17/2020	145	116	29
4/10/2020	145	115	30
4/3/2020	145	115	30 K
3/27/2020	150	124	26
3/20/2020	160	125	35

Even though the export pace slowed. We'll have another week's data before the May WASDE update, but it appears like HRW exports need to be reduced again.

WEEK ENDED (04/16/20)	Weekly loadings	FUDGED in season (estimate)	USDA projection	Amount needed	# of weeks remaining	Bu per week needed
HRW	7.4	313.9	380.0	66.1	06	11.1
HRS	5.3	236.1	275.0	38.9	06	6.5
SRW	1.2	88.6	95.0	6.4	06	1.1
LAST WEEK						
HRW	8.0	306.5	380.0	73.5	07	10.5
HRS	8.2	230.8	275.0	44.2	07	6.3
SRW	1.4	87.5	95.0	7.5	07	1.1

The boat to Brazil did not load and sail yet, nor did the 4 big Chinese boats, but as the Gulf rebounded, I interpret that as the boats are still expected.

Posted country bids are generally steady, but we see some wavering:

Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
04/24	\$4.00-\$4.40	\$4.45	\$4.10-\$4.17	\$4.10-\$4.25	\$4.45-\$4.50
04/17	\$4.04-\$4.44	\$4.49	\$4.14-\$4.21	\$4.14-\$4.35	\$4.54-\$4.54
04/10	\$4.17-\$4.57	\$4.59	\$4.27-\$4.34	\$4.27-\$4.42	\$4.64-\$4.64
04/03	\$3.97-\$4.37	\$4.39	\$4.07-\$4.14	\$4.07-\$4.22	\$4.44-\$4.44
03/27	\$4.12-\$4.52	\$4.52	\$4.22-\$4.29	\$4.22-\$4.37	\$4.57-\$4.59

BASIS	SE Colorado	Chey. Wells	Burlington	Holyoke	Roggen area
04/24(K)	-75, -35	-30	-65, -58	-65, -50	-30, -25
04/17(K)	-75, -35	-30	-65, -58	-65, -44	-25, -25
04/10(K)	-75, -35	-33	-65, -58	-65, -50	-28, -28
04/03(K)	-75, -35	-33	-65, -58	-65, -50	-28, -28
03/27(K)	-75, -35	-35	-65, -58	-65, -50	-30, -28
Date	Concordia	Salina	Hutchinson	Wichita	Ark City
04/24(K)	-20	-05, -05	-28, -05	-12, -05	-21
04/17(K)	-20	-05, -05	-28, -05	-12, -05	-21
04/10(K)	-20	-10, -05	-28, -07	-12, -07	-21
04/03(K)	-20	-10, -05	-28, -07	-12, -07	-21
03/27(K)	-20	-10, -07	-28, -07	-12, -07	-21

Recapping wheat...price rallies should be viewed as selling opportunities, even though I personally probably would wait until the combine is moving. By then, we'll know all we need to about the Russians, and we'll know a lot about spring wheat, and as I don't expect carrying charges to widen enough to change my mind, they get it all at harvest time. Store nothing until you're paid to do it.

A quick look at corn...is yucky. The "good news" is the 11-week closing highs (blue line) will start steadily decreasing, and one day may allow corn to rally, although that day may be a year or three away...



Beans look like that corn chart, although **maybe** putting in a narrow double bottom until beans are planted:



That's enough on the grains. Still feel wheat has no easy time getting up above \$5.00 and staying there, and still not a believer Chinese purchases of anything are about to suddenly make it all great again.

Switching gears...

I know you don't live in Minnesota...but this article is morbidly fascinating. Minnesota covid-19 deaths so far have been drastically less than expected, and the "Minnesota" model the governor used to decide to lockdown the state is woefully overstating the predicted deaths. The "Washington" model so far has been much more accurate. The article looks at both models and then asks the "opposing teams" to justify their models. We haven't heard the end of this; unfortunately I suspect politics are involved...

<https://www.startribune.com/360-deaths-or-22-000-why-minnesota-s-covid-19-models-are-so-different/568966211/>

Have a good week; Stay Safe. Good luck with your spring row crop planting season.