

Hello Colorado Wheat.

I hope you had a good Memorial Day. Maybe plans were modified, but we remember the sacrifices made by family members no longer with us, and I would raise a glass to them. May they rest in peace.

While we're raising a glass in remembrance, might as well have one for corn, and another for soybeans. The weekly closing 11-week table shows new red numbers in both old-crop corn and beans.

CLOSE	KWN20	KWZ20	CN20	CZ20	WN20	MWN20	MWZ20	SN20	CRD20	ES20
05/22	\$4.45	\$4.64	\$3.18	\$3.33	\$5.09	\$5.13	\$5.38	\$8.33	\$33.77	\$2989
05/15	\$4.52	\$4.71	\$3.19	\$3.32	\$5.00	\$5.06	\$5.31	\$8.39	\$29.43	\$2847
05/08	\$4.80	\$4.99	\$3.19	\$3.36	\$5.22	\$5.16	\$5.38	\$8.51	\$24.74	\$2929
05/01	\$4.83	\$5.00	\$3.19	\$3.37	\$5.17	\$5.07	\$5.31	\$8.50	\$22.29	\$2822
04/24	\$4.83	\$5.00	\$3.23	\$3.37	\$5.31	\$5.13	\$5.38	\$8.40	\$16.94	\$2830
04/17	\$4.85	\$5.02	\$3.29	\$3.44	\$5.34	\$5.20	\$5.42	\$8.42	\$25.03	\$2870
04/10	\$4.99	\$5.16	\$3.37	\$3.51	\$5.58	\$5.44	\$5.64	\$8.71	\$28.82	\$2780
04/03	\$4.79	\$5.00	\$3.37	\$3.51	\$5.45	\$5.36	\$5.55	\$8.60	\$30.90	\$2483
03/27	\$4.92	\$5.10	\$3.52	\$3.64	\$5.57	\$5.46	\$5.64	\$8.85	\$25.15	\$2524
03/20	\$4.73	\$4.91	\$3.50	\$3.63	\$5.36	\$5.30	\$5.51	\$8.65	\$22.63	\$2289
03/13	\$4.39	\$4.61	\$3.69	\$3.73	\$5.07	\$5.18	\$5.54	\$8.56	\$32.59	\$2696
03/06	\$4.54	\$4.76	\$3.79	\$3.82	\$5.17	\$5.35	\$5.58	\$9.00	\$41.51	\$2964

Wheat is alive, barely, but I'm not sure it will fully recover in a very long while. Spring wheat is the most interesting of the three right now.

Crude oil theoretically has doubled in price in a month, although looks can be deceiving, and how about that stock market? It printed a new 11-week high... If a guy was gonna park money for the next decade, where would he put it? Other than farmland, probably the stock market.

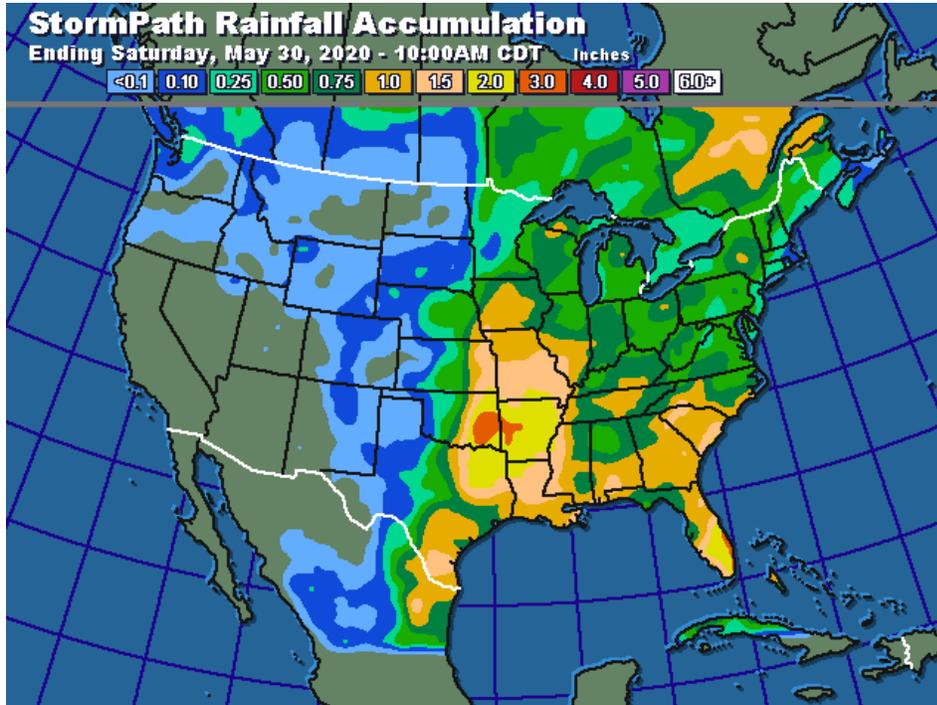
What's the good news for corn and bean farmers? Government money continues to flow. Applications for the Coronavirus Food Aid Program (CFAP) are being accepted today, Tuesday 5/26. The details are complicated; this DTN article is helpful.

<https://www.dtnpf.com/agriculture/web/ag/news/business-inputs/article/2020/05/19/usda-spells-payment-details-formula>

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 markets tend to view Government Cash as a bearish input, thinking most guys will hang on to what they haven't sold, but eventually will have no choice but to move it, so might as well be at lower prices.

The last crop conditions/progress report, way back on 5/18/20, showed nationwide corn 80% finished. The market views corn as planted, with Iowa and Illinois expected to get an inch of rain this week:



Here's a July corn chart; the market continues to slowly grind lower. The \$3.20 support area is trying to not become an insurmountable area of resistance...



The blue line at \$3.79 disappears this week, and \$3.69 disappears next week, but \$3.52 resistance will be with us quite a while.

The corn export pace isn't really an albatross anymore, although they don't appear to be strong enough to create a price rally **yet**. Beans...on the other hand, still show the very slow pace of Chinese demand.

WEEK ENDED (05/14/20)	Weekly loadings	Accumulated in season (estimate)	USDA projection	Amount needed	# of weeks remaining	Bu per week needed
Corn	49.7	1050.1	1,775	724.9	15	48.3
Soybeans	18.4	1290.1	1,675	384.9	15	25.7
All wheat	13.5	851.1	970	118.9	02	59.5

The Phase 1 Trade Agreement will not be met; so far, enforcement has been kicked down the road, but one day, both parties are going to have to admit the agreement was a pipe dream. That may not be super bearish, as more than likely, it will be renegotiated, again. And probably again.

Negotiators like to negotiate. That's what they do.

Anyways...July beans shown here...are at a "critical junction". The \$8.40ish support gave way to a new red line at \$8.33 this week. The trendline has been very strong, and beans haven't been able to close above it, and the path of least resistance has been lower. Maybe it changes this week, but maybe not. The risk is we move lower, and \$8.40ish is resistance rather than support...for a long time.



The \$9.00 blue number from the table disappears this week and will be replaced by the blue line shown at \$8.85.

A week ago beans were 53% planted nationwide. I tend to think the bean crop is made.

We glossed over the weak wheat export pace. Wheat exports limped to the finish line of the 2019/20 crop year. Here's the wheat by class pace, with two weeks to go. Last week I mentioned there were some Chinese boats for wheat at the PNW; apparently they were still there, because as of May 14 they had not loaded. Brazil did load a HRW boat at the Gulf, but 2019/20 will not go down as a big year for USA HRW to Brazil. Mexico, by far, was the single biggest buyer of US HRW. Japan and Nigeria were next, but they both took less than half of what Mexico took. (This table would look much worse, but it includes 15 million HRW and 10 million each in SRW and HRS that don't make the weekly reports, and soon, the year will start over.)

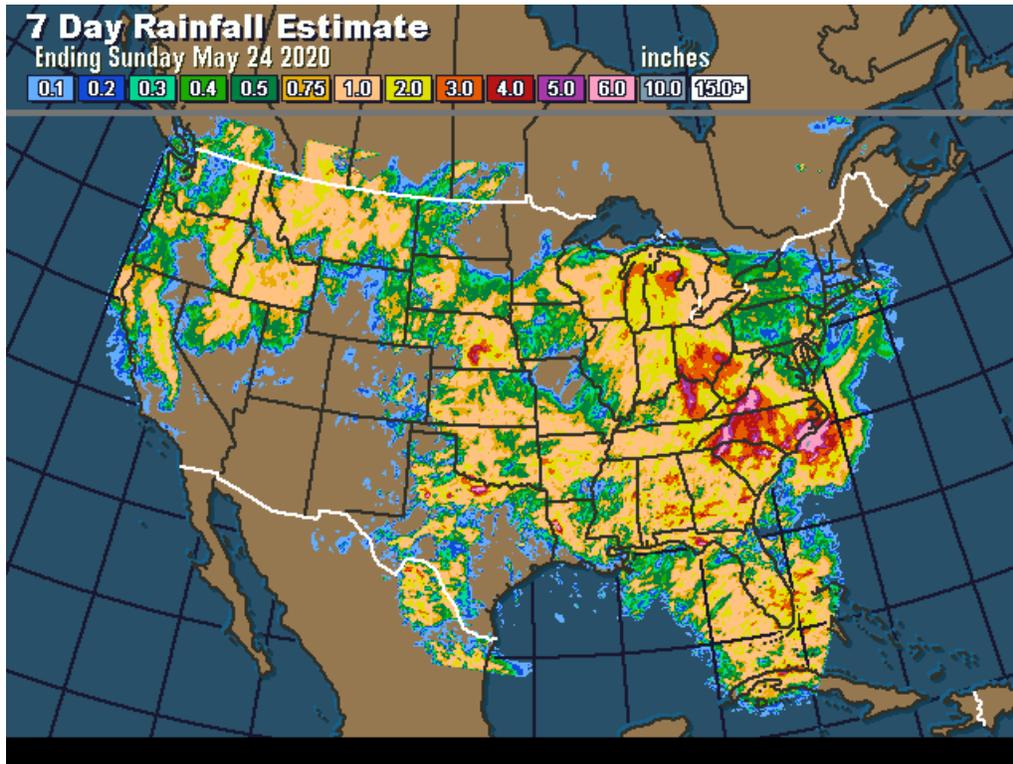
WEEK ENDED (05/14/20)	Weekly loadings	FUDGED in season (estimate)	USDA projection	Amount needed	# of weeks remaining	Bu per week needed
HRW	4.7	337.2	370.0	37.5	02	16.4
HRS	5.1	255.8	275.0	19.2	02	9.6
SRW	.4	92.9	95.0	2.1	02	1.0
LAST WEEK						
HRW	6.5	332.5	370.0	37.5	03	12.5
HRS	2.0	250.7	275.0	24.3	03	8.1
SRW	.6	92.4	95.0	2.6	03	.86

Here's the updated KC July chart. KC closed 7c lower for the week, but did NOT set a new red number:



KC wheat futures were supported by The Virtual Wheat Tour, reporting a KS crop of 284 million bu vs the USDA's May guess of 306 million, and Colorado's 52.4 million estimate, compared to the USDA's May estimate of 61.1.

Crop conditions dropped a couple points in Kansas, and Colorado saw a big 7-point drop. Offsetting that was an 8-point gain in Montana... I think last week's rain, shown here, was beneficial to USA HRW...



Speaking of last week's crop conditions...this led off the report:

NASS Survey Update! In the first two weeks of June, NASS will gather information about this season's crop production, supplies of grain in storage, and livestock inventory. The information will help producers, suppliers, traders, buyers and others make informed business decisions. The results will be available on June 25 in the Hogs and Pigs report and on June 30 in the Acreage and Grain Stocks reports. Farmers should watch for their surveys and be sure to respond. Your information matters!

Anyway, these surveys are important. I assume some guys hate to fill them out, but your input is needed.

Gulf bids are steady, to a freckle better:

GULF				
date	12 pro	ords	diff	
5/22/2020	130	99	31	
5/15/2020	128	99	29	N
5/8/2020	132	105	27	
5/1/2020	142	111	31	K

And basis bids in the country are fully steady, to a freckle better too. Harvest is still a month away:

Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
05/22	\$3.85-\$4.10	\$4.10	\$3.80-\$3.89	\$3.75-\$3.87	\$4.10-\$4.10
05/15	\$3.92-\$4.17	\$4.17	\$3.87-\$3.97	\$3.82-\$3.94	\$4.17-\$4.18
05/08	\$4.20-\$4.45	\$4.40	\$4.15-\$4.17	\$4.10-\$4.22	\$4.42-\$4.45
05/01	\$4.38-\$4.48	\$4.43	\$4.17-\$4.20	\$4.13-\$4.33	\$4.45-\$4.48
04/24	\$4.00-\$4.40	\$4.45	\$4.10-\$4.17	\$4.10-\$4.25	\$4.45-\$4.50

BASIS	SE Colorado	Chey. Wells	Burlington	Holyoke	Roggen area
05/22(N)	-60, -35	-35	-65, -55	-70, -58	-35, -35
05/15(N)	-60, -35	-35	-65, -55	-70, -58	-35, -34
05/08(N)	-60, -35	-40	-65, -63	-70, -58	-38, -35
05/01(N)	-45, -35	-40	-66, -63	-70, -50	-38, -35
04/24(K)	-75, -35	-30	-65, -58	-65, -50	-30, -25

Date	Concordia	Salina	Hutchinson	Wichita	Ark City
05/22(N)	-25	-10, -05	-26, -10	-16, -08	-18
05/15(N)	-25	-10, -10	-26, -10	-16, -10	-21
05/08(N)	-25	-10, -10	-26, -10	-16, -10	-21
05/01(N)	-29	-15, -10	-29, -06	-13, -13	-30
04/24(K)	-20	-05, -05	-28, -05	-12, -05	-21

Those strong bids at Salina and Wichita are preventing the KC calendar spreads from widening.

As there is no automatic increase of storage charges in the KCBT contract anymore, it's up to the VSR mechanism to force an increase in allowable storage charges for delivery wheat.

The "observation period" is underway, and so far, the KC July -Sept calendar spread (currently at -7.25c) is running about 60% of financial full carry (which is about -12.4c/bu).

For storage charges to widen, the spread must average above 80% of financial full carry, or -9.75c/bu, by my calculations.

This is the KC N-U spread chart, with a red line at -9.75. Can the spread break another 2.5c? That doesn't seem like a lot, but with high side of Salina at -5, it's FAR from a sure bet.



Why is this important to you? IF the calendar spreads can't widen, they would provide little help in paying for you to store wheat on your farm in your own bin or bag, LET ALONE paying commercial storage charges.

What that means is choosing to store wheat becomes purely a gamble on the futures market going higher. The chart on page 4 is not showing me strong buy signals...

We've seen a couple times in recent history when spring wheat catches a rally and gives KC a pop. Can that happen this year? Maybe. Spring wheat planting is behind normal, ALTHOUGH the map on page 2 suggests North Dakota will dry out some this week.

This is MGEX December wheat. The data on page 1 says there is a mini-triple top at \$5.38 (dotted blue line), so that's what I'm using as the "thermometer" to determine if it's heating up.



This MGEX Z shows a couple instances of intra-week rallies failing badly, to close below the \$5.38, so to me, the Friday close is important.

But key overhead resistance is \$5.64, and I think that will require some serious problems in Canadian weather to take that out. So far...that's merely back-burner thoughts.

The reality of the wheat markets is...corn drives the grain train, and until we get new survey data, or satellite data, or something...giving us a reason to believe we won't be looking at a 15 billion bu production this fall, it's hard to get bullish.

Get your CFAP applications turned in, and if you sold some cattle in the mid-Jan to mid-April period, there's some significant money available for those cows.

Good luck with finishing corn and bean planting, and your milo too. The Chinese are buying milo. When I convert the milo \$/cwt bids into a corn/bu price, it looks to me like milo is worth more than corn...but maybe that just points out how bad the corn bids are.

At this relationship, do we see HRW wheat acreage increase this fall, at the expense of corn acres? A buddy told me "no, but we will see corn acres switch to cotton". All I could think was "yikes."

Have a good week. Stay Safe.