

Hello Colorado Wheat.

From a pal this week... "Do we have any more upside in these markets, or does a guy need to take the money and run now?"

I replied "yes".

Taking the money and running...makes cents... if we technically focus on KC wheat bouncing into previously expected tough overhead resistance around \$4.70, shown in this daily KC Dec wheat chart:



The \$4.70ish resistance was from the early July highs, followed by a 40c drop by the end of July, and then climbed back all of August. This week set a new 11-week closing high (new blue line), which most of the time turns out to be resistance, and thus selling wheat here seems prudent.

The problem is, of course...the dotted trend lines show a good uptrend, and IF the \$4.70 resistance could be penetrated and turn into a bit of a floor, this thing could move on up to \$5.00.

AND CORN AND BEANS ALL HAVE SIMILAR CHARTS.

It might be the weather is too dry; a couple weeks ago I said the August WASDE NASS production estimates were likely the highest official estimates we'll see. And one thing we know for sure is China has indeed been a steady buyer.

Viva la resistance !!, but I WOULD NOT be shorting this stuff. Not yet.

**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 60# of N at planting, and 15# of sulfur, and in the spring, apply 30 more # of N; and if it's a wet spring, re-apply another 30# about three weeks later 3. don't sell your wheat unless you have discussed protein premiums and considered why you're not seeing any**

Here's a Nov bean chart; with same uptrend working and a new 11-week closing high. A couple weeks ago I said, "say hello to my little \$10 dollar friend". That's only 50c away.



Here's a Dec corn chart; same uptrend, same new 11-week closing highs.



\$3.68 area shows resistance from last March.

All of these charts are identical. What's behind that? Dry weather and Chinese buying were enough to catch someone's attention.

There's a new Sheriff in town. Big Money showed up.

Here's how the week ended:

CLOSE	KWZ20	KWN21	CZ20	CN21	WZ20	MWZ20	MWN21	SX20	CRD20	ES20
<b>08/28</b>	<b>\$4.72</b>	<b>\$4.98</b>	<b>\$3.59</b>	<b>\$3.80</b>	<b>\$5.49</b>	<b>\$5.39</b>	<b>\$5.66</b>	<b>\$9.51</b>	<b>\$43.29</b>	<b>\$3505</b>
08/21	\$4.57	\$4.57	\$3.41	\$3.41	\$5.35	\$5.29	\$5.29	\$9.05	\$42.34	\$3392
08/14	\$4.36	\$4.36	\$3.38	\$3.38	\$5.10	\$5.12	\$5.12	\$8.99	\$42.31	\$3362
08/07	<b>\$4.27</b>	<b>\$4.27</b>	<b>\$3.21</b>	<b>\$3.21</b>	\$5.04	<b>\$5.11</b>	<b>\$5.11</b>	\$8.68	\$41.49	\$3345
07/31	\$4.53	\$4.53	\$3.27	\$3.27	\$5.39	\$5.28	\$5.28	\$8.93	\$40.57	\$3264
07/24	\$4.61	\$4.61	\$3.35	\$3.35	<b>\$5.45</b>	\$5.28	\$5.28	<b>\$8.99</b>	<b>\$41.30</b>	\$3204
07/17	\$4.60	\$4.60	\$3.40	\$3.40	<b>\$5.41</b>	\$5.27	\$5.27	\$8.95	<b>\$40.75</b>	<b>\$3214</b>
07/10	\$4.64	\$4.64	\$3.45	\$3.45	<b>\$5.39</b>	\$5.38	\$5.38	\$8.91	<b>\$40.73</b>	\$3179
07/03	\$4.47	\$4.47	<b>\$3.54</b>	<b>\$3.54</b>	\$5.00	\$5.24	\$5.24	<b>\$8.97</b>	<b>\$40.36</b>	\$3116
06/26	<b>\$4.41</b>	<b>\$4.41</b>	<b>\$3.25</b>	<b>\$3.25</b>	<b>\$4.84</b>	<b>\$5.24</b>	<b>\$5.24</b>	<b>\$8.61</b>	\$38.65	<b>\$3007</b>
06/19	<b>\$4.50</b>	<b>\$4.50</b>	\$3.45	\$3.45	<b>\$4.94</b>	<b>\$5.46</b>	<b>\$5.46</b>	<b>\$8.81</b>	<b>\$39.83</b>	\$3060
06/12	\$4.70	\$4.70	\$3.43	\$3.43	\$5.17	\$5.39	\$5.39	\$8.80	<b>\$36.51</b>	\$3035

Big Money has been buying crude oil and the stock market for weeks, and also bought the Metals.

And now they moved into The Ags, although they started buying beans a few weeks ago.

SO...does a guy really need to sell his wheat?

Selling resistance almost always is a good thing, but these charts all show a working uptrend, and as I'd PERSONALLY rather sell on the way down, I think I would wait until those uptrends falter.

For whatever reason, China and the USA at least verbally are playing nice, with both sides agreeing that Phase One is intact.

SO Big Money has decided that if China is going to keep buying this stuff, might as well make 'em pay for it. It's a very long time until new-crop South American crops get harvested again.

Another way to play this wheat market is look at new-crop July 2021 KC futures, making a run at \$5.00. If you plant some wheat, and put 60# of Nitrogen and 15# of Sulfur and some Phosphorous, and it emerges, and is not dead, in effect you are working on being long 2 wheat crops...so maybe go ahead and lay off some KC N to get started. And then when the uptrends falter, lay off another chunk, and when it finally you get a hard rain here, and in Argentina and in Russia...go ahead and lay off enough to where you have sold one full crop.

That's my plan. I hope it's a good one.

Gulf wheat bids remain strong and moved higher, shown still posted over the Sept (U) for September delivery, but will all be basis the Z probably Monday; the ords bid of +130 U is the highest posted Friday basis bid since early November 2019.

GULF date	12 pro	ords	diff	Z
9/4/2020				Z
8/28/2020	145	130	15	U
8/21/2020	135	118	17	
8/14/2020	135	120	15	
8/7/2020	140	116	24	
7/31/2020	145	122	23	
7/24/2020	145	119	26	

And these posted bids are still shown basis the U, although will all be basis the Z by the time you read this...we see some strength in SE Colorado (also I did see SW KS moved up a nickel).

Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
<b>08/28</b>	<b>\$4.17-\$4.47</b>	<b>\$4.42</b>	<b>\$4.17-\$4.27</b>	<b>\$4.02-\$4.22</b>	<b>\$4.42-\$4.72</b>
08/21	\$4.01-\$4.21	\$4.26	\$4.01-\$4.11	\$3.84-\$4.06	\$4.26-\$4.56
08/14	\$3.80-\$4.00	\$4.05	\$3.80-\$3.90	\$3.65-\$3.85	\$4.05-\$4.35
08/07	\$3.71-\$3.91	\$3.96	\$3.71-\$3.81	\$3.56-\$3.75	\$4.29-\$4.40
07/31	\$3.96-\$4.18	\$4.23	\$3.93-\$4.07	\$3.79-\$3.95	\$4.23-\$4.33
<b>BASIS</b>	<b>SE Colorado</b>	<b>Chey. Wells</b>	<b>Burlington</b>	<b>Holyoke</b>	<b>Roggen area</b>
<b>08/28(U)</b>	<b>-45, -15</b>	<b>-20</b>	<b>-50, -35</b>	<b>-60, -40</b>	<b>-20, -10</b>
08/21(U)	-45, -25	-20	-50, -35	-67, -40	-20, -10
08/14(U)	-45, -25	-20	-50, -35	-65, -40	-20, -10
08/07(U)	-45, -25	-20	-50, -35	-65, -40	-20, -10
07/31(U)	-45, -25	-20	-50, -35	-63, -48	-20, -10
<b>Date</b>	<b>Concordia</b>	<b>Salina</b>	<b>Hutch/Wichita</b>	<b>Ark City</b>	
<b>08/28(U)</b>	<b>-20</b>	<b>-10, -07</b>	<b>-35, -10</b>	<b>-29</b>	
08/21(U)	-20	-10, -07	-35, -10	-29	
08/14(U)	-20	-10, -07	-35, -10	-29	
08/07(U)	-20	-10, -07	-35, -10	-29	
07/31(U)	-20	-10, -10	-31, -17	-29	

Generally, a high basis and a rally in the futures...these are the highest flat priced wheat bids we've seen since late May, but like I said...I'd rather sell a downtick.

Wheat export loadings rebounded sharply, supporting the strong Gulf basis:

WEEK ENDED (08/20/20)	Weekly loadings	FUDGED in season (estimate)	USDA projection	Amount needed	# of weeks remaining	Bu per week needed
HRW	9.9	111.9	405.0	293.1	40	7.3
HRS	5.2	67.8	270.0	202.2	40	5.0
SRW	2.3	26.4	90.0	63.6	40	1.6
LAST WEEK						
HRW	3.8	102.0	405.0	303.0	41	7.4
HRS	3.9	62.5	270.0	207.5	41	5.0
SRW	1.2	24.1	90.0	65.9	41	1.6

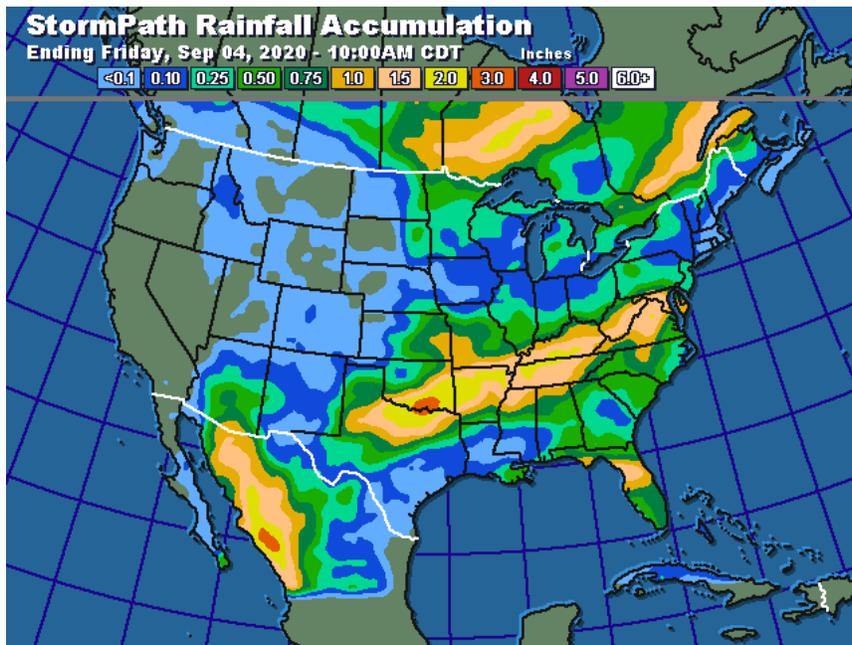
And the overall grains pace is good except for corn; I suspect the heavier Chinese corn loadings will be new-crop, but the risk is we run out of time to hit next year's big export target if the pace takes too long to get up to speed.

WEEK ENDED (08/20/20)	Weekly loadings	Accumulated in season (estimate)	USDA projection	Amount needed	# of weeks remaining	Bu per week needed
Corn	37.0	1,659.7	1,795	135.3	01	135.3
Soybeans	46.9	1,588.8	1,650	61.2	01	61.2
All wheat	23.8	222.3	975	752.7	40	18.8

One thing we'll get a better handle on is the "fudge factor" needed for corn and beans. I think my fudge estimate of 35 million bu in wheat is pretty close.

We get the September WASDE update in a couple weeks on September 11.

Soaking rains are not expected in The Great Plains this week, although the TX Panhandle might get wet...



I don't have a super good way to look at the forecast for Russia, but on my phone's weather, I have entered Volgograd...as I think it's in winter wheat country over there, and my phone says they are expected to have 10 days of sun and no rains, although day-time high temps drop down to the low 80's.

If you have some spots other than Volgograd you look at, let me know!

That's it; kinda short wire this week. Futures are at expected resistance, but I hate picking a top when those trend lines are working. And it feels to me like Big Money is finally playing in The Ags again, so I'm hesitant to get in their way.

Have a good week. Stay safe.