

## Hello Colorado Wheat

KC Z couldn't bust on up thru the \$5.05ish resistance, so again, "if you can't buy it, better sell it" mentality prevailed, and wheat dropped 30c. Rains moved across KC, but that was about it, with very little where they actually grow the stuff...and similarly, Ukraine got a shower too, but east of there (Volgograd, etc.) it's drier than a bone.

But new-crop winter wheat harvest is a long time from here and in the meantime, fall grains (spring wheat up north, corn, milo, white proso millet, sunflower seeds, soybeans plus oats, barley, canola, field peas, dry edible beans, chick peas, lentils, sugar beets, rice, peanuts, and cotton...what did I miss? Flax and rye; hemp?) harvest gains momentum, so I'll save my bullish winter wheat thoughts for another day, as right now, thinking like that just costs money.

Too bad. Here is KC July new crop, which you are planting right NOW...speaking of costing money, did you plant a fungicide treated certified seed while applying 60 pounds of Nitrogen and 15 pounds of Sulfur? Omega, how much does all that stuff cost? A small fortune no doubt; no doubt.):

KC July, still giving a chance to lay something off at \$5.00 or so, although I admit if I'm bullish on Russian dryness, hedging new-crop at \$5.00 might not seem too great, especially on a 27c downtick; ouch. I've drawn in a little support line at \$4.96, which is the current 4-week closing low. That looks like important support which needs to hold THIS WEEK.



**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 if you are growing wheat to be sold to the milling market, or export wheat market, I believe you should buy certified, fungicide treated seed, and 1. Be willing to store your wheat, if it's the right thing to do 2. Apply 60 # of Nitrogen and 15# of Sulfur at planting, and in the spring, apply another 30# of N; and if it's a wet spring, re-apply another 30# of N about 3 weeks later, and 3. Don't sell your wheat without discussing protein premiums**

Here's how the week ended, falling with Fall grains pressure; beans down 40c...

CLOSE	KWZ20	KWN21	CZ20	CN21	WZ20	MWZ20	MWN21	SX20	CRD20	ES20
<b>09/25</b>	<b>\$4.75</b>	<b>\$5.00</b>	<b>\$3.65</b>	<b>\$3.83</b>	<b>\$5.44</b>	<b>\$5.30</b>	<b>\$5.60</b>	<b>\$10.03</b>	<b>\$41.51</b>	<b>\$3287</b>
09/18	<b>\$5.04</b>	<b>\$5.27</b>	<b>\$3.79</b>	<b>\$3.96</b>	<b>\$5.75</b>	<b>\$5.51</b>	<b>\$5.78</b>	<b>\$10.44</b>	\$41.61	\$3316
09/11	\$4.71	\$4.96	<b>\$3.69</b>	<b>\$3.88</b>	\$5.42	\$5.32	\$5.61	<b>\$9.96</b>	<b>\$38.08</b>	\$3334
09/04	<b>\$4.73</b>	\$4.97	\$3.58	\$3.79	<b>\$5.50</b>	\$5.43	\$5.66	<b>\$9.68</b>	\$40.59	\$3418
08/28	<b>\$4.72</b>	<b>\$4.98</b>	<b>\$3.59</b>	<b>\$3.80</b>	<b>\$5.49</b>	\$5.39	\$5.66	<b>\$9.51</b>	<b>\$43.29</b>	<b>\$3505</b>
08/21	\$4.57	\$4.83	\$3.41	\$3.66	\$5.35	\$5.29	\$5.57	<b>\$9.05</b>	<b>\$42.34</b>	<b>\$3392</b>
08/14	\$4.36	\$4.60	\$3.38	\$3.63	\$5.10	\$5.12	<b>\$5.44</b>	<b>\$8.99</b>	<b>\$42.31</b>	<b>\$3362</b>
08/07	<b>\$4.27</b>	<b>\$4.55</b>	<b>\$3.21</b>	<b>\$3.48</b>	\$5.04	<b>\$5.11</b>	<b>\$5.45</b>	<b>\$8.68</b>	<b>\$41.49</b>	<b>\$3345</b>
07/31	\$4.53	\$4.78	\$3.27	\$3.52	\$5.39	\$5.28	\$5.59	\$8.93	\$40.57	<b>\$3264</b>
07/24	\$4.61	\$4.85	\$3.35	\$3.59	<b>\$5.45</b>	\$5.28	\$5.60	<b>\$8.99</b>	<b>\$41.30</b>	\$3204
07/17	\$4.60	\$4.83	\$3.40	\$3.61	<b>\$5.41</b>	\$5.27	\$5.60	\$8.95	<b>\$40.75</b>	<b>\$3214</b>
07/10	\$4.64	\$4.87	\$3.45	\$3.66	<b>\$5.39</b>	\$5.38	\$5.68	\$8.91	<b>\$40.73</b>	<b>\$3179</b>

Those recent KC Z weekly closes \$4.71, \$4.73, and \$4.72 defines the box in the sand:



Nov beans...I think need to hold \$9.96, which is the 4-week closing low:



Even more ominously is Dec corn...Friday's close at \$3.65 is the current 4-week closing low:



IF these grains are going to hold, they need to do it this week, or...or else "harvest pressure" will be blamed for the next 30c in corn and 70c in beans, and wheat won't be able to ignore it, dry planting weather or not.

This week's Export loading pace was not good, but we're not seeing any reason yet to change the USDA's export forecast targets.

WEEK ENDED (09/17/20)	Weekly loadings	Accumulated in season	Estimated fudge factor	Total loaded est*	USDA projection	Amount needed	Weeks to go	Bu per week needed
Corn	33.3	78.5	60	138.5	2,325	2186.5	49	44.6
Soybeans	47.1	130.1	30	160.1	2,125	1964.9	49	40.1
All wheat	17.2	299.2	35	334.2	975	640.8	36	17.8

This week we do get some fundamental inputs from the Grain Stocks in all positions, which will be the final carryouts for crop year 2019/20 corn and beans, which of course becomes this year's carry in. The Small Grain Summary is usually the final production numbers for wheat. Both reports come out Wednesday. These reports are not expected to be big market movers, but I admit I think we could see bearish surprises easier than seeing bullish surprises, especially in corn. How much was fed? Did ethanol usage slip more than expected?

Gulf wheat bids are still hanging in there:

date	12 pro	ords	diff
9/25/2020	155	140	15
9/18/2020	154	140	14
9/11/2020	160	137	23
9/4/2020	141	128	13 <b>Z</b>
8/28/2020	145	130	15 <b>U</b>

As is the wheat-by-class export loading pace:

WEEK ENDED (09/17/20)	Weekly loadings	FUDGED in season (estimate)	USDA projection	Amount needed	# of weeks remaining	Bu per week needed
HRW	5.9	138.9	410.0	271.1	36	7.5
HRS	6.0	91.4	270.0	178.6	36	5.0
SRW	2.4	35.9	85.0	49.1	36	1.4
LAST WEEK						
HRW	7.7	133.0	410.0	277	37	7.5
HRS	2.9	85.4	270.0	184.6	37	5.0
SRW	2.6	33.5	85.0	51.5	37	1.4

And posted wheat basis bids in the country are steady, although the flat price is down not quite 30c, and we note the high side of the Roggen area is up a dime, probably to the milling market:

Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
<b>09/25</b>	<b>\$4.25-\$4.45</b>	<b>\$4.50</b>	<b>\$4.25-\$4.35</b>	<b>\$4.11-\$4.35</b>	<b>\$4.45-\$4.85</b>
09/18	\$4.54-\$4.74	\$4.79	\$4.54-\$4.64	\$4.40-\$4.64	\$4.74-\$5.04
09/11	\$4.21-\$4.41	\$4.46	\$4.21-\$4.31	\$4.02-\$4.31	\$4.41-\$4.71
09/04	\$4.23-\$4.43	\$4.48	\$4.23-\$4.33	\$4.04-\$4.33	\$4.43-\$4.73
08/28	\$4.17-\$4.47	\$4.42	\$4.17-\$4.27	\$4.02-\$4.22	\$4.42-\$4.72

BASIS	SE Colorado	Chey. Wells	Burlington	Holyoke	Roggen area
<b>09/25(Z)</b>	<b>-50, -30</b>	<b>-25</b>	<b>-50, -40</b>	<b>-65, -40</b>	<b>-30, +10</b>
09/18(Z)	-50, -30	-25	-50, -40	-65, -40	-30, -00
09/11(Z)	-50, -30	-25	-50, -40	-70, -40	-30, -00
09/04(Z)	<b>-50, -30</b>	<b>-25</b>	<b>-50, -40</b>	<b>-70, -40</b>	-30, -00
08/28(U)	-45, <b>-15</b>	-20	-50, -35	<b>-60, -40</b>	-20, -10

Date	Concordia	Salina	Hutch/Wichita	Ark City
<b>09/25(Z)</b>	<b>-30</b>	<b>-20, -16</b>	<b>-40, -20</b>	<b>-34</b>
09/18(Z)	-30	-20, -16	-40, -20	-34
09/11(Z)	-30	-20, -16	-40, -20	-34
09/04(Z)	-30	-20, <b>-16</b>	<b>-40, -20</b>	<b>-34</b>
08/28(U)	-20	-10, -07	-35, -10	-29

We've talked about expected more wheat acres coming, especially in soft red country. Here's another article, this one from Kentucky calling for more wheat right after the beans are cut:

<https://www.lanereport.com/131057/2020/09/grain-markets-favoring-wheat-and-double-crop-soybeans/>

I referenced a farmdocdaily article a week or 2 ago talking about double-crop wheat on beans in Illinois, and a pal told me his dad went crazy on SRW acres in Indiana... all of that makes me bearish wheat futures, and leads back to those comments about laying off some wheat in KC July at \$5.00 or so... I was wondering how serious this thing could be.

We won't see winter wheat acreage ideas until January...but MAYBE this table gives us some ideas of what we might see then, although maybe not...:

soft red acres planted											
	11	12	13	14	15	16	17	18	19	20	21
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
IL	800	660	875	740	540	520	500	600	650	570	?
IN	430	350	470	390	290	330	290	310	330	360	?
KY	540	580	700	630	560	510	480	450	460	530	?
MO	790	790	1100	880	760	690	640	740	550	480	?
OH	880	500	690	620	520	580	460	490	500	530	?
sum	3440	2880	3835	3260	2670	2630	2370	2590	2490	2470	0
USA soft red production											
	457.5	419.8	568.5	454.5	359.1	345.2	293.2	285.6	239.2	276.9	
implied yield	133.0	145.8	148.2	139.4	134.5	131.3	123.7	110.3	96.1	112.1	
last Friday in September											
WZ	\$ 6.09	\$ 9.03	\$ 6.83	\$ 4.74	\$ 5.08	\$ 4.02	\$ 4.48	\$ 5.09	\$ 4.87	\$ 5.44	
SX	\$ 11.79	\$ 16.01	\$ 13.20	\$ 9.10	\$ 8.89	\$ 9.54	\$ 9.68	\$ 8.45	\$ 8.83	\$ 10.02	
CZ	\$ 5.93	\$ 7.56	\$ 4.54	\$ 3.23	\$ 3.89	\$ 3.37	\$ 3.55	\$ 3.56	\$ 3.72	\$ 3.65	
KWZ	\$ 7.04	\$ 9.28	\$ 7.32	\$ 5.64	\$ 5.00	\$ 4.16	\$ 4.43	\$ 5.11	\$ 4.08	\$ 4.75	
USA hard red production											
	780.1	1000.0	747.4	738.7	830.4	1082.0	750.1	662.2	833.2	695.4	

The implied yield is merely all USA SRW production divided by those acres from those 5 states...

I look at this table and ask “why would soybean acres ever decrease?” ...

and then I really start wondering “why the heck is Chgo N at a 58c premium to KC N?”

(That one might cost me some dough. Again.)



Have a good week. Please Stay Safe. Good luck with your fall grains and winter wheat planting.