

Hello Colorado Wheat.

So far...last week's Russian export tax decision has apparently turned out to be either a "buy the rumor, sell the fact" cliché, or fundamentally a "we'll worry about that later; in the meantime, we're currently swimming in it" dose of reality...Either way, KC wheat closed down 12c for the week. Corn, on the other hand...moved higher, setting a new contract high, as export loadings took a noticeable uptick, and beans... well, beans are like the stock market. They never go down...

Speaking of the stock market...well, it never goes down, and crude oil doesn't either I guess, especially if one can ignore the periodical crashes that might lead to a desire to jump off a tall building, but other than those, pretty much straight up, mostly always.

Here's how the week ended:

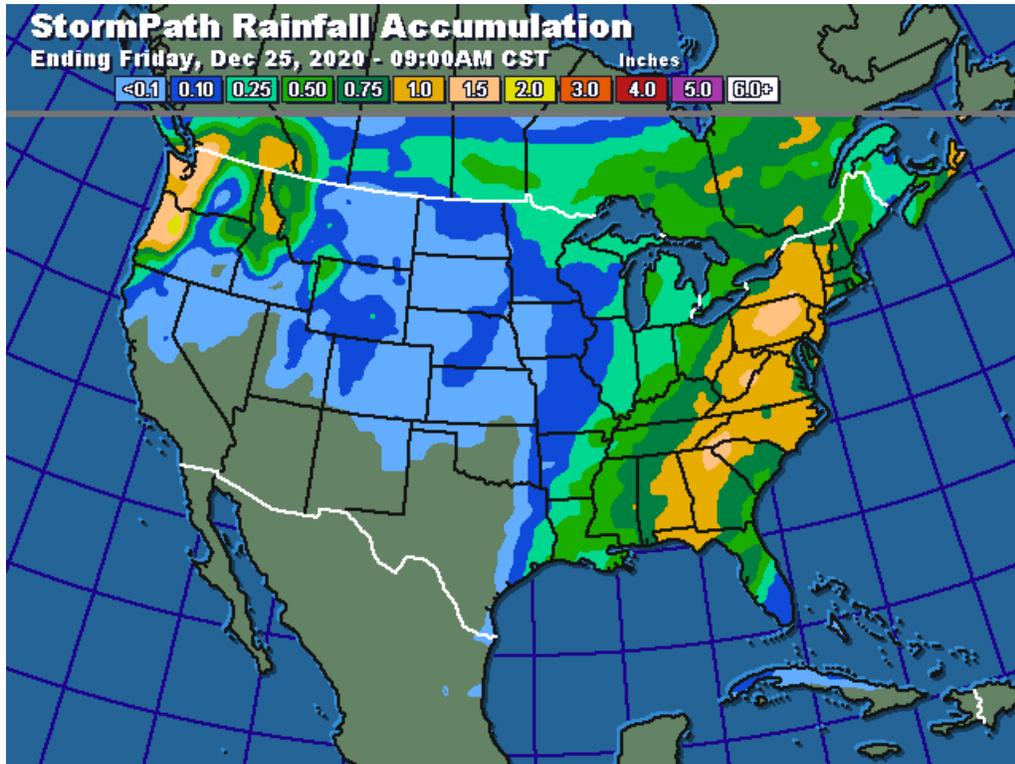
CLOSE	KWH21	KWN21	CH21	CN21	WH21	MWH21	MWN21	SF21	CRD20	ES20
12/18	\$5.69	\$5.76	\$4.38	\$4.40	\$6.08	\$5.69	\$5.85	\$12.20	\$47.24	\$3706
12/11	\$5.81	\$5.85	\$4.24	\$4.28	\$6.15	\$5.70	\$5.86	\$11.61	\$46.87	\$3661
12/04	\$5.43	\$5.52	\$4.21	\$4.24	\$5.76	\$5.51	\$5.66	\$11.63	\$46.42	\$3699
11/27	\$5.65	\$5.75	\$4.34	\$4.37	\$6.06	\$5.70	\$5.86	\$11.92	\$45.74	\$3636
11/20	\$5.59	\$5.70	\$4.28	\$4.31	\$6.00	\$5.61	\$5.78	\$11.81	\$42.42	\$3554
11/13	\$5.61	\$5.71	\$4.20	\$4.26	\$6.02	\$5.70	\$5.84	\$11.48	\$40.40	\$3582
11/06	\$5.63	\$5.72	\$4.14	\$4.20	\$6.09	\$5.72	\$5.84	\$11.02	\$37.14	\$3501
10/30	\$5.48	\$5.58	\$4.03	\$4.07	\$6.00	\$5.65	\$5.75	\$10.56	\$36.15	\$3264
10/23	\$5.77	\$5.85	\$4.20	\$4.20	\$6.33	\$5.87	\$5.96	\$10.81	\$39.85	\$3452
10/16	\$5.66	\$5.76	\$4.07	\$4.09	\$6.24	\$5.72	\$5.85	\$10.50	\$41.12	\$3462
10/09	\$5.45	\$5.55	\$4.02	\$4.10	\$5.98	\$5.59	\$5.76	\$10.66	\$40.91	\$3473
10/02	\$5.19	\$5.31	\$3.89	\$3.99	\$5.80	\$5.45	\$5.63	\$10.25	\$37.34	\$3339

The more I look at this table, the more I think wheat's inability last week to close higher probably means very little. Why?

We all know a rising tide floats all boats.

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

Too bad that “rising tide” truism is just a metaphor, as the forecast looks like the chances of The Great Plains having a White (wet) Christmas are about zero; hopefully this dry pattern changes...I read a little town in New York got 42 inches of snow last week. I bet that would help a winter wheat crop...



This is a KC wheat chart, which has simplified itself into only 2 lines. The blue line at \$5.81 is last Friday’s close, and the red line at \$5.43 is the previous week’s close! The 11-week closing high and 11-week closing low are only one week apart. That’s a rare deal. I’d say, “go with a breakout.”



Basis, spreads, export pace, Chinese demand...all are important, but moisture here and over there...(Volograd) are what determines where we will be a few months from now. A 10% yield reduction in USA and Russian winter wheat would be hard to ignore. Assuming planted/harvested area remains about the same, then a 10% yield drop would lead to a 10% production cut:

	all wheat production;mmt										@ -10%
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
USA	54.2	61.3	58.1	55.1	56.1	62.8	47.4	51.3	52.6	49.7	44.7
Russia	56.2	37.7	52.1	59.1	61.0	72.5	85.2	71.7	73.6	84.0	75.6
sum	110.4	99.0	110.2	114.2	117.1	135.3	132.6	123.0	126.2	133.7	120.3

A 10% yield reduction doesn't seem impossible. Who would pick it up? India and Australia had big crops this year; can they pop out a record wheat crop again? Probably not Canada if the USA drops 10%, probably all of North America would be dry. The most likely candidate for a big wheat crop rebound is Europe, as their wheat crop this year was down 10%.

A big USA corn crop would offset a 10% drop in wheat production, but...

Before we leave this table, consider USA and Russia's wheat production averaged "even steven" the first 3 years of the table, and then look what happened the last 7 years. That's the main reason we added Volograd to our phone's weather screen.

Wheat loadings were not great, and HRW continues to struggle. China did load a big HRW boat X the PNW and Mexico took the other 1/3, but new sales were missing, and Brazil remains on the sidelines. China did buy a big boat of springs.

WEEK ENDED (12/10/20)	Weekly loadings	FUDGED in season (estimate)	USDA projection	Amount needed	# of weeks remaining	Bu per week needed
HRW	4.0	207.9	395.0	187.1	24	7.8
HRS	2.9	151.3	270.0	118.7	24	4.9
SRW	.2	47.8	75.0	27.2	24	1.1
SWW	1.7	105.7	215.0	109.3	24	4.6
LAST WEEK						
HRW	7.1	203.9	395.0	191.1	25	7.6
HRS	6.4	148.4	270.0	121.6	25	4.9
SRW	.8	47.6	75.0	27.4	25	1.1
SWW	4.6	104.0	215.0	111.0	25	4.4

Even though the export pace wasn't good, the Gulf bids firmed noticeably, so maybe things are picking up.

GULF date	12 pro	ords	diff	
12/18/2020	152	125	27	
12/11/2020	146	118	28	
12/4/2020	146	115	31	
11/27/2020	146	115	31	H
11/20/2020	155	128	27	Z

Posted bids mainly followed the board down 12c, but we see the bids near the big Denver mill are higher and a KS Terminal bid up a nickel on the basis:

Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
12/18	\$5.19-\$5.39	\$5.44	\$5.24-\$5.34	\$5.05-\$5.24	\$5.49-\$5.74
12/11	\$5.31-\$5.51	\$5.56	\$5.36-\$5.46	\$5.17-\$5.36	\$5.59-\$5.81
12/04	\$4.93-\$5.13	\$5.18	\$4.93-\$5.03	\$4.79-\$4.98	\$5.23-\$5.38
11/25	\$4.94-\$5.14	\$5.24	\$4.94-\$5.04	\$4.80-\$5.04	\$5.14-\$5.34
11/20	\$5.00-\$5.20	\$5.30	\$5.00-\$5.10	\$4.86-\$5.10	\$5.20-\$5.50
BASIS	SE Colorado	Chey. Wells	Burlington	Holyoke	Roggen area
12/18(H)	-50, -30	-25	-45, -35	-64, -45	-20, +05
12/11(H)	-50, -30	-25	-45, -35	-64, -45	-22, -00
12/04(H)	-50, -30	-25	-50, -40	-64, -45	-20, -05
11/25(Z)	-50, -30	-20	-50, -40	-65, -40	-30, -10
11/20(Z)	-50, -30	-20	-50, -40	-65, -40	-30, +00
Date	Concordia	Salina	Hutch/Wichita	Ark City	
12/18(H)	-30	-20, -18	-40, -15	-32	
12/11(H)	-30	-20, -18	-40, -20	-32	
12/04(H)	-30	-20, -18	-40, -20	-32	
11/27(Z)	-25	-16, -15	-40, -15	-32	
11/20(Z)	-25	-16, -15	-40, -15	-32	

I doubt there's a lot of unsold old-crop but maybe some marketing plans sell so much every month, or quarter, and if so, with soybeans doing what they're doing, might as well keep watching.

New-crop July keeps flirting with \$6.00, and up there, historically, that's a great price. But it's hard to pull the trigger when it's so stinkin' dry.

The overall export pace saw corn get a little better, but really, this thing is all about soybeans. Far as I'm concerned, corn is just along for the ride, and the needed weekly amount got bigger, again. One of these days, either corn will finally load what's needed, or the USDA, etc. will be forced to admit things were not what they seemed.

Milo had a good week.

Beans continue to amaze. They could load nothing for a month and still make the current export forecast.

WEEK ENDED (12/10/20)	Weekly loadings	Accumulated in season	Estimated fudge factor	Total loaded est*	USDA projection	Amount needed	Weeks to go	Bu per week needed
Corn	38.0	474.5	60	534.5	2,650	2115.5	37	57.2
Soybeans	95.1	1190.7	30	1220.7	2,200	979.3	37	26.5
All wheat	8.8	483.6	45	528.6	985	456.4	24	19.0
Milo	13.0	63.3	5	68.3	275	206.7	37	5.6
LAST WEEK								
Corn	28.1	436.5	60	496.5	2,650	2153.5	38	56.7
Soybeans	98.9	1095.6	30	1125.6	2,200	1074.4	38	28.3
All wheat	20.3	474.9	45	519.9	985	465.1	25	18.6
Milo	.1	50.3	5	55.3	275	219.7	38	5.8

This is the March corn chart. The red line is up to \$4.02 now, and the 4-week closing low is roughly a double bottom around \$4.21 to \$4.24...



In fairness, Brazilian rains continue to be less than forecast, although this week the buzz was about Argentina. A friend up here pointed out Argentina produces +50 million tonnes of corn annually and 35 to 37 mmt is exported.

We'll finish with a look at soybeans.

I could build a case where you might have some beans unsold, or maybe sunseeds, or way up North, canola as the beans chart never set off any 4-week closing lows sell-stops, and the way I remember it, is we got on the "let 'em ride" train early, but maybe you don't remember it that way.

Anyway...early Sunday night action is not included here, which last time I looked was higher (although my phone sure looks like Sinop and Cuiaba are expected to get wet...

The 4-week closing low is a double bottom around \$11.61. so if you still have beans, keep that area in mind.



That's about it; wheat is watching soybeans, like a desperado waiting on a train, or maybe a rain.

Have a good week; it will be a short one, as the markets are closing early, and I will take this time to wish you all a very Merry Christmas.

Stay Safe.