

Hello Colorado Wheat.

I hope you had a Happy Memorial Day; we remember those who went before us.

This issue of my weekly update is from my new computer; I'm not sure it spells better than the last one... and I'm having some issues with my ProphetX (getting the charts to look normal, and find some weather maps, but on Memorial Day, no one is in the office to answer questions...)

Anyway...here's how the week ended, with KC wheat down not quite a dime, corn slightly lower and beans slightly higher...spring wheat, on the other hand, moved up not quite 30c! (+27c actually) and we probably better take a look at that. I saw a farm advisor, with many readers...recommending buying one MWU (a Minny Sept) for every KC or Chgo wheat contract previously sold. I assume he said Minny Sept (instead of July) because he knows the Index Rolls will get rolling in a week, and he's hoping for more time to allow his recommendation to work.

Minny U closed at \$7.335, up 28c for the week, but for easy math...we'll just look at the Minny N – KC N, which settled at not quite +\$1.15. So in effect, the advisor recommended buying the spread at +115.

Wowzers! I think I wanna party with that guy! (although I'm keeping my wallet in my pocket.)

CLOSE	KWN21	KWZ21	CN21	CZ21	WN21	MWN21	SN21	SX21	CRD21	ES21
5/28	\$6.13	\$6.32	\$6.57	\$5.46	\$6.64	\$7.28	\$15.31	\$13.73	\$66.98	\$4191
5/21	\$6.24	\$6.40	\$6.60	\$5.47	\$6.75	\$7.01	\$15.26	\$13.61	\$63.58	\$4152
5/14	\$6.58	\$6.71	\$6.44	\$5.43	\$7.07	\$7.41	\$15.86	\$14.01	\$65.36	\$4169
5/07	\$7.37	\$7.47	\$7.32	\$6.37	\$7.62	\$7.98	\$15.90	\$14.34	\$64.88	\$4225
4/30	\$7.04	\$7.13	\$6.73	\$5.64	\$7.35	\$7.64	\$15.34	\$13.40	\$63.14	\$4175
4/23	\$6.81	\$6.94	\$6.33	\$5.51	\$7.12	\$7.26	\$15.16	\$13.42	\$61.72	\$4172
4/16	\$6.16	\$6.32	\$5.74	\$5.12	\$6.55	\$6.71	\$14.23	\$12.74	\$63.19	\$4176
4/09	\$5.94	\$6.11	\$5.63	\$4.97	\$6.41	\$6.61	\$13.98	\$12.63	\$59.35	\$4120
4/02	\$5.72	\$5.89	\$5.45	\$4.85	\$6.11	\$6.09	\$13.97	\$12.64	\$61.35	\$4010
3/26	\$5.75	\$5.91	\$5.36	\$4.67	\$6.09	\$6.23	\$13.91	\$12.07	\$60.98	\$3926
3/19	\$5.91	\$6.05	\$5.39	\$4.72	\$6.19	\$6.36	\$14.03	\$12.20	\$61.31	\$3900
3/12	\$6.09	\$6.23	\$5.29	\$4.79	\$6.32	\$6.42	\$14.03	\$12.44	\$65.36	\$3948

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 that current Minny N – KC N spread; at least he's recommending buying strength, rather than picking a top, but...how much upside is left in this thing?



This is the weekly continuous Minny – KC going back a few years, and it looks to me like most of the time, this spread stalls at about +130 (another 15c or so...) ALTHOUGH in 2017, it went thru that +130 like berries thru a goose and moved another 130(!), which theoretically could happen again:



I was in Wichita, KS that week, right at 4th of July in 2017, and it was explosive fireworks, to say the least.

Early Monday nite action (market was closed Sunday night and Monday) has Minny advancing strongly again, so IF someone bought in some Minny against their previously sold new-crop winter, he's in the chips, at least for now. But I'd personally watch that thing like a hawk, and if it goes up, and then crashes back below that +130, I would think about taking it off.

One thing I would mention, as we continue to see more spring wheat planted in CO, NE and KS...is the main risk a grower has when spring wheat is such a premium...is getting paid for the wheat at spring wheat price, rather than winter wheat price, and the handler faces the same issue. If he buys your spring wheat as spring wheat, but has to sell it as winter wheat, I assume he will never do that again... so in that regard, good communication between buyer and seller is super important.

Besides Volgograd, and Cuiaba, and Sinop, another exotic place I watch is Bottineau, North Dakota...and this is the phone forecast, basically hot (really warm...) and dry:



Anyway...if you did what he recommended, or you're growing some spring wheat in HRW country... I wish you the best of luck, and again, make sure your initial handler knows what's going on. And watch that Minny – KC spread for clues concerning when it's over.

Besides Memorial Day...it was the end of the USA wheat marketing year, and some fiscal end-of-years for quite a few in the biz, so Happy New Year!

There will be one more week of data coming, but you can see there will be some minor wheat-by-class changes coming to the 20/21 crop year. We won't get an official look at wheat-by-class exports for 21/22 until the July WASDE. With spring wheat at a big price premium, things will be a little different next year, although the big swing factor is I doubt wheat will be cheaper than corn, and thus wheat as feed to China will struggle.

WEEK ENDED (05/20/21)	Weekly loadings	FUDGED in season (est)	USDA projection	Amount needed	# of weeks remaining	Bu per week needed
HRW	5.0	318.8	335.0	16.2	1	16.2
HRS	6.0	275.6	275.0	(0.6)	1	—
SRW	0.9	72.9	65.0	(7.9)	1	—
SWW	6.8	234.3	260.0	25.7	1	25.7
LAST month						
HRW	4.8	300.8	345.0	44.2	4	11.0
HRS	8.7	257.9	285.0	27.1	4	6.8
SRW	1.7	68.8	75.0	6.2	4	1.6
SWW	7.2	221.7	250.0	28.3	4	7.1

While we're looking at USA exports, here's the bigger picture, and we see USA corn exports are still humming along nicely, and with the big Chinese corn purchases already on the books for next year, we can expect to keep humming corn tunes for a long time, like Blake Shelton's "Corn"...

WEEK ENDED (05/20/21)	Weekly loadings	Accumulated in season	Estimated fudge factor	Total loaded est*	USDA projection	Amount needed	Weeks to go	Bu per week needed
Corn	72.8	1934.4	60	1994.4	2,775	780.6	14	55.8
Soybeans	10.8	2103.3	30	2133.3	2,280	146.7	14	10.5
All wheat	19.4	885.6	45	930.6	965	34.4	1	34.4
Milo	7.6	234.7	5	239.7	305	65.3	14	4.7
LAST WEEK								
Corn	88.2	1861.6	60	1921.6	2,775	853.4	15	56.9
Soybeans	12.3	2092.5	30	2122.5	2,280	157.5	15	10.5
All wheat	20.9	866.2	45	911.2	965	53.8	2	26.9
Milo	2.4	227.1	5	232.1	305	72.9	15	4.9

"... corn in the truck, corn in the field, corn in the bottom of a moonshine still..."

Where were we?

Anyway, can spring wheat futures support winter wheat futures? Maybe, kinda...although that spread chart does point out that recently, Minny and KC were even money...

One thing a wide spread MIGHT do is...widen HRW protein spreads, making 12's worth more, and...making ords worth a little less, although these current posted Gulf bids aren't acting overly concerned about anything yet:

GULF			
date	12 pro	ords	diff
5/28/2021	157	110	47
5/21/2021	160	110	50
5/14/2021	160	115	45
5/7/2021	160	115	45
4/30/2021	160	115	45
4/23/2021	140	115	25 N

BUT take a look at the basis movement; big changes higher shown SE Colorado, (and SW KS Scott City and Sublette area, not shown here), but the big KS terminals maybe weaker...

Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
05/28	\$5.88-\$6.13	\$6.03	\$5.73-\$5.83	\$5.38-\$5.68	\$5.93-\$6.33
05/21	\$5.99-\$6.14	\$6.14	\$5.84-\$5.94	\$5.49-\$5.79	\$6.04-\$6.44
05/14	\$6.27-\$6.42	\$6.42	\$6.18-\$6.28	\$5.83-\$6.13	\$6.38-\$6.63
05/07	\$7.03-\$7.27	\$7.18	\$6.97-\$7.07	\$6.62-\$6.92	\$6.97-\$7.18
04/30	\$6.73-\$6.94	\$6.88	\$6.63-\$6.73	\$6.29-\$6.59	\$6.84-\$7.05
BASIS	SE Colorado	Chey. Wells	Burlington	Holyoke	Roggen area
05/28(N)	-25, -00	-10	-40, -30	-75, -45	-20, +20
05/21(N)	-25, -10	-10	-40, -30	-75, -45	-20, +20
05/14(N)	-31, -10	-16	-40, -30	-75, -45	-20, +05
05/07(N)	-34, -10	-19	-40, -30	-75, -45	-20, +05
04/30(N)	-31, -09	-16	-41, -31	-75, -45	-20, +01
Date	Concordia	Salina	Hutch/Wichita	Ark City	
05/28(N)	-10	-15, +00	-31, -05	-25	
05/21(N)	-05	-15, +05	-31, -05	-25	
05/14(N)	-05	-15, +05	-29, -05	-27	
05/07(N)	-10	-15, +05	-29, -05	-27	
04/30(N)	-10	-15, +00	-39, -10	-27	

Does corn support KC wheat futures? Maybe, kinda, maybe at best...as shown in this spread chart, when KC is about 40c under corn...what the?? Who woulda ever thought...?



The good news (?) is old-crop July corn seems to be holding a little better, shown here:



We're watching that 4-week low (red dotted line at \$6.44), not because we have old-crop corn for sale, but because we think KC is possibly supported at 40c under corn.

KC July shown here, looking like maybe enough has been enough...?



Friday's close was a new 4-week closing low (another sell signal), but I think this chart says getting KC July below \$6.00 won't be easily accomplished.

Besides the spring wheat action, the most interesting development has been the 4-week closing lows in Dec corn acting like a solid floor. When we look at the table on page one, we see the last 3 weeks closing at \$5.46, \$5.47 and \$5.43, obviously supported by the huge new-crop sales to China. Z corn here:



As long as those parallel dotted lines are the floor, we won't worry about selling more new-crop corn.

New-crop beans...we'd watch the 4-week closing low from a week ago at \$13.61:



Some of you will start harvest in 3 weeks; make sure you know what your protein content is, as I suspect this year, protein will be worth something. A couple weeks ago I was convinced everyone would have protein in their HRW, but the rain needs to stop, and spring wheat at +130 over, or what ever it is...suggests to me 13 pro winters, if they exist, might really be worth something special.

Stay Safe. Last week's progress report said a lot of corn and a huge amount of milo was unplanted, but getting in a hurry is not a good solution.

Take a deep breath.

Have a good week.