

Hello Colorado Wheat.

Extreme volatility persists in the futures markets, and probably will persist until we get through corn pollination weather. Markets opened higher again Sunday night on dry weather concerns in much of Corn country.

In the meantime, even though KC was up 24c last week, it lagged the other markets and KC wheat futures have become everyone's favorite whipping boy...We've seen that before, and unfortunately...it probably has to get worse before it gets better.

The week closed like this, with spring wheat rocketing 85c higher! New crop beans set a new 11-week closing high (old-crop beans almost did) as did crude oil and the stock market. But new-crop (Z) corn's 46c move was impressive too. The USA Corn Belt...needs another rain.

CLOSE	KWN21	KWZ21	CN21	CZ21	WN21	MWN21	SN21	SX21	CRD21	ES21
6/04	\$6.37	\$6.55	\$6.83	\$5.92	\$6.88	\$8.13	\$15.84	\$14.36	\$69.62	\$4228
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

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

Some examples of KC lagging include this updated Minny July - KC July. Last week we talked about a recommendation I saw about buying spring wheat futures against your sold winter wheats, and I said if you did that, use about +130 as your decision point on whether to get out of it or not. That spread went to +190 or so over, although it's currently wobbling around the +180.



I'd go ahead and move that resting sell-stop up from +130 to +160.

There is quite a bit of commission-house type nonsense talk about this spread centering around nothing but low protein HRW coming and spring wheat will be needed to offset that.

I don't believe a word of it. I suspect there was plenty of Nitrogen applied to the winter wheat and all week long will be dry and 90* in KS and CO, which will stop all the "turning to mush" thoughts. And adding to the confusion is the weather maps (and my phone's weather app) actually show good chances for moisture in ND, MT and Canada. There is a big Fund long in MGEX, and when he finally decides to take profits, who is going to want spring wheat futures at the big premium to KC HRW?

In my opinion...no one.

We do see the Gulf raising their 12 pro bids:

GULF date	12 pro	ords	diff
6/4/2021	165	102	63
5/28/2021	157	110	47
5/21/2021	160	110	50
5/14/2021	160	115	45

I wrote last week that HRW with good protein will be desirable this year, although frankly I'm not convinced it should be stored.

The KC N-Z calendar spread has indeed widened, but still pays less than 4c/month for storage...



If I had really high protein new-crop HRW, MAYBE...it would be a play to see if you can get better protein premium scale, but...that's a gamble. If you want to gamble on the flat price, there are easier ways to do it than storing it just because you have some empty bins.

I think the best thing to do with this year's crop is sell it and be done with it. This is a KC July chart with the 4-week closing lows (red dotted line) at \$6.13, which is a suggested sell-stop. Most of you have some wheat on the books already, and thus we can hope this bounce extends. I drew an ellipse around the \$6.80 area, from late April, early May which might be a good "target" area to get caught up on sales if you didn't get some sold earlier.



These posted bids show mixed directions on the basis, but mainly unchanged. Flat price is good, although a dollar off the highs.

Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
06/04	\$6.12-\$6.37	\$6.27	\$5.97-\$6.07	\$5.62-\$5.93	\$6.17-\$6.67
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

BASIS	SE Colorado	Chey. Wells	Burlington	Holyoke	Roggen area
06/04/(N)	-25, -00	-10	-40, -30	-75, -45	-20, +30
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

Date	Concordia	Salina	Hutch/Wichita	Ark City
06/04(N)	-10	-11, -05	-31, -05	-15
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

I want to show this updated KC N wheat – July corn because it points out that corn is only nominally supportive to KC wheat, when KC is so stinkin' cheap it's ridiculous. -40 is support. Omega.



So if when KC is 40c under corn, it finally finds support ...the scary thing then is...

this KC Z wheat – Dec corn:



KC wheat dropped a buck vs Z corn from Late Feb to April, bounced 60c, and then dropped a dollar again. Maybe KC Z is due for a bounce against the Z corn (maybe), but again, the chart above shows “support” exists at -40, which if that’s true, KC Z has another dollar drop coming.

I’m not certain it will work out like that, but that is the main reason why I do not think storing wheat now to be sold next spring is a good plan at all. Looking at Volgograd’s weather on my phone...showed it was raining earlier and the next 6 of 10 days have a 50% chance for moisture, with temps in the 70’s...

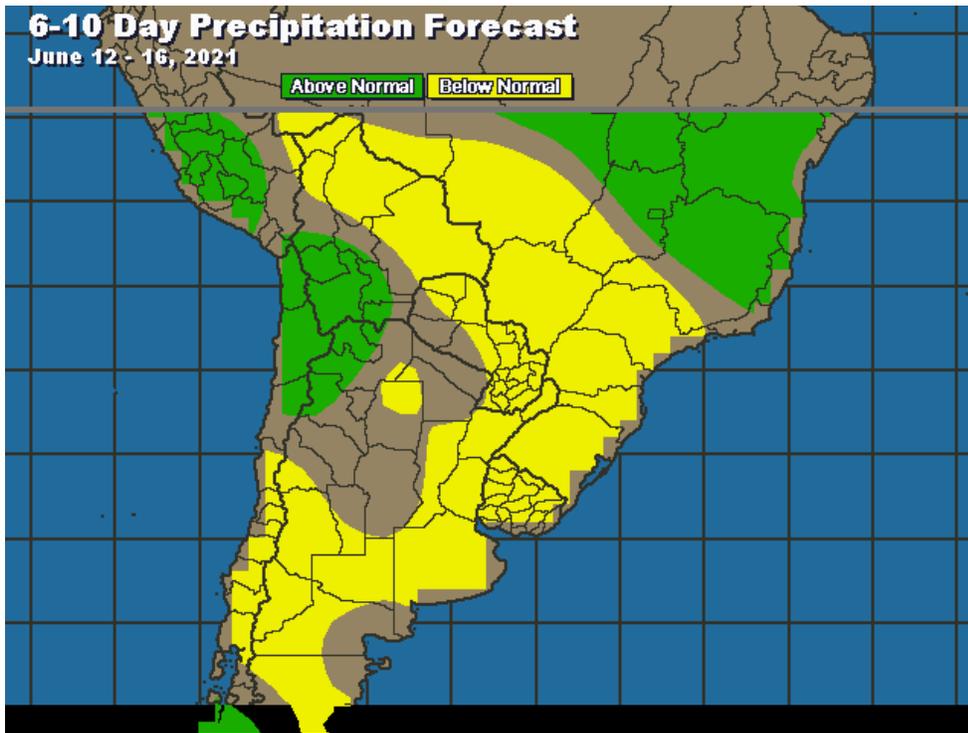
I do not think Russia’s wheat is burning up.

So...spring wheat doesn’t support winters very well, and corn only does when wheat is too cheap, and Russia’s crop looks pretty good, and 4c a month is not a great storage return...so my conclusion is...sell it when you cut it (if not sooner) and haul it to town and be done with it.

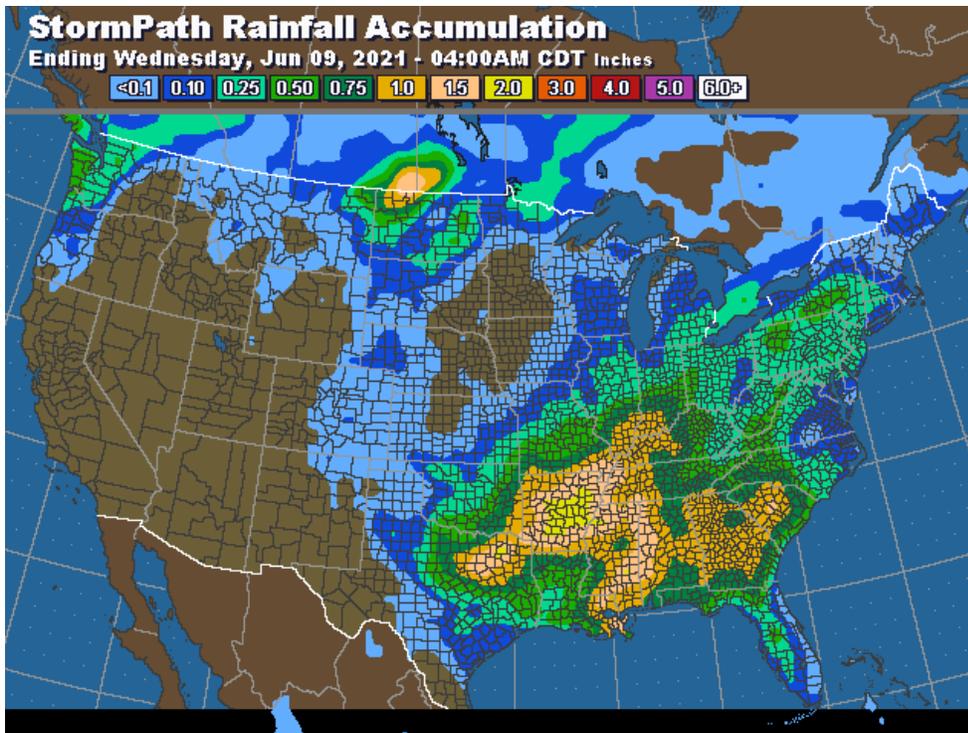
Hopefully this bounce will continue and you’ll get more \$ than the current bids.

The dry weather has forced the market rather quickly to install some weather protection.

South America is still too dry for a big second corn crop...



And the USA Corn Belt's forecast looks like MN, NE, IA get missed:



Thus we see Z corn gapping higher early Sunday nite, and maybe thinking about re-visiting the old blue line at \$6.37 from 05/07/21. The dotted line around \$5.47 is 3 consecutive 4-week closing lows and has turned out to be good support.



New-crop beans...well, the newly planted beans probably could use a drink too, but with crude oil and the stock market and “good thing there’s no inflation” talk...what the heck, we know beans can go higher just because they can.

Nov beans set a new 11-week closing high; new highs will bring in new buying, and we saw a gap higher Sunday :



I think some new-crop corn and beans have been sold, but I doubt it's more than 25% of expected production, and right now, that's probably plenty.

Will show old-crop corn and beans mainly just because...and that's also probably the main "because" ...explaining why a lot of new-crop corn and beans remains unsold, and probably is not in any hurry to get sold either.

N corn, making a run back to \$7.00...double-bottom support on the 4-week closing lows around \$6.57-\$6.60 looks solid right now.



And N beans, gapping higher Sunday night, up through the 11-week closing high at \$15.90 from almost a month ago.



Old-crop beans at \$16.00 and \$7.00 old-crop corn don't encourage new-crop sales.

Corn export loadings are solidly above what is needed to hit the USDA's export forecast:

WEEK ENDED (05/27/21)	Weekly loadings	Accumulated in season	Estimated fudge factor	Total loaded est*	USDA projection	Amount needed	Weeks to go	Bu per week needed
Corn	83.8	2018.2	60	2078.2	2,775	696.8	13	53.6
Soybeans	8.1	2111.5	30	2141.5	2,280	138.5	13	10.7
All wheat	8.9	894.6	45	939.6	965	25.4	0	25.4
Milo	9.3	242.8	5	247.8	305	57.2	13	4.4
LAST WEEK								
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

There will be a June WASDE issued this Thursday, but I expect revisions to be minor fine-tuning.

Last week's crop progress report showed lots of corn, beans and especially milo remains to be planted in the Great Plains.

Have a good week; keep plugging.

Stay Safe.