

Hello Colorado Wheat.

The first week of calendar year 2023 was not kind to the Ag markets, putting it mildly. The 11-Week Closing Table shows KC wheat dropped more than 50c. A few snowflakes fell in NW KS and NE CO, but wowzers. What if we get a rain this spring?? Also contributing... wheat export inspections were maybe the worst in recorded history, ever...and wheat export sales weren't good either. Corn was down more than 20c. Beans managed to close above Fifteen Bucks again. If they can do that again this week, that would be more than just a little supportive. (The January '23 WASDE update will be released this Thursday am).

Crude oil dropped about \$6.50/bbl (although USA gasoline prices didn't follow yet) and the stock market bounced a little higher.

	Mar'23 HRW	July '23 HRW	Mar'23 corn	July '23 corn	Chgo wheat	Springs	Mar'23 soybean	N '23 Soybean	Crude oil	S&P
<i>CLOSE</i>	KWH23	KWN23	CH23	CN23	WH23	MWH23	<b>SH23</b>	SN23	CRD22	ES22
<b>01/06</b>	<b>\$8.32</b>	<b>\$8.24</b>	<b>\$6.54</b>	<b>\$6.48</b>	<b>\$7.44</b>	<b>\$9.02</b>	<b>\$15.02</b>	<b>\$15.02</b>	<b>\$73.77</b>	<b>\$3915</b>
12/30	\$8.88	\$8.77	\$6.79	\$6.72	\$7.92	\$9.39	<b>\$15.24</b>	<b>\$15.33</b>	\$80.26	\$3868
12/23	\$8.75	\$8.62	\$6.66	\$6.58	\$7.76	\$9.32	\$14.85	\$14.93	\$79.56	\$3868
12/16	\$8.44	\$8.32	\$6.53	\$6.48	\$7.54	\$9.10	\$14.83	\$14.90	\$74.30	\$3872
12/09	<b>\$8.33</b>	<b>\$8.22</b>	<b>\$6.44</b>	<b>\$6.41</b>	<b>\$7.34</b>	<b>\$9.02</b>	<b>\$14.87</b>	<b>\$14.96</b>	<b>\$71.02</b>	<b>\$3932</b>
12/02	<b>\$8.71</b>	<b>\$8.59</b>	<b>\$6.46</b>	<b>\$6.44</b>	<b>\$7.61</b>	<b>\$9.21</b>	\$14.48	\$14.59	\$80.05	<b>\$4075</b>
11/25	<b>\$9.12</b>	<b>\$8.94</b>	\$6.71	\$6.65	<b>\$7.97</b>	<b>\$9.57</b>	\$14.40	\$14.53	<b>\$76.28</b>	\$4033
11/18	\$9.24	<b>\$9.11</b>	\$6.70	\$6.63	<b>\$8.22</b>	\$9.52	\$14.33	\$14.42	\$80.37	\$3974
11/11	\$9.39	\$9.29	<b>\$6.63</b>	<b>\$6.58</b>	\$8.35	\$9.46	\$14.56	\$14.60	\$88.16	\$4000
11/04	<b>\$9.51</b>	<b>\$9.40</b>	<b>\$6.87</b>	<b>\$6.82</b>	<b>\$8.67</b>	\$9.55	<b>\$14.70</b>	<b>\$14.78</b>	<b>\$91.45</b>	<b>\$3780</b>
10/28	\$9.25	\$9.19	<b>\$6.87</b>	\$6.81	\$8.49	\$9.45	<b>\$14.08</b>	<b>\$14.20</b>	\$87.90	\$3911
10/21	\$9.47	<b>\$9.40</b>	<b>\$6.91</b>	<b>\$6.84</b>	<b>\$8.70</b>	<b>\$9.62</b>	\$14.09	<b>\$14.23</b>	\$85.05	<b>\$3764</b>
<i>Year ago</i>	<b>\$8.01</b>		<b>\$5.93</b>		<b>\$7.70</b>	<b>\$9.79</b>	<b>\$13.40</b>		<b>\$75.57</b>	<b>\$4762</b>

Much of this week's action was related to "front running" the 'expected re-balancing'...where some Funds (or probably Big Specs) want to buy something so they can sell it to the Big Funds...who looking at this table, would be expected to sell Ag commodities and Crude oil and buy something else, like maybe the stock market. The better question is what about after it's over? but they will worry about that later.

*Charts and discussions follow, with the goal of giving you useful information to help you with the business of marketing your crops. My disclaimer remains the same: these are my sometimes rapidly changing opinions. ALSO, USE THE BEST MANAGEMENT PRACTICES YOU CAN. STUDIES SHOW GOOD MANAGEMENT ADDS AN AVERAGE OF 13 BU/ACRE; IT PAYS FOR ITSELF*

That whole re-balancing this is overrated, in my opinion, but...in general, peeps who are paid to write about stuff need things to write about.

Anyway...let's start with the continued bad news. Corn export inspections remain slow, and corn export sales are not giving much hope this situation is about to turn around. (Corn inspections from last week were revised about 3 million bu higher.) Wheat export inspections have been minimal all year long, and export sales suggest that is not going to change, but this week's wheat export inspections were only ONE BOAT! Mexico took a big train or two, but only ONE BOAT was loaded, and adding insult to injury...that boat was mainly durum. Omega. I assume last week's wheat inspections will be revised a little higher. Surely another boat was loaded somewhere...(??!!)

Beans inspections were ok, but the pace is indeed slower. Beans export sales were enough to keep hitting the current USDA soybean export forecast...but it looks to me like we could see another USA corn export forecast reduction this week, and...possibly the wheat export forecast sees a little whacking.

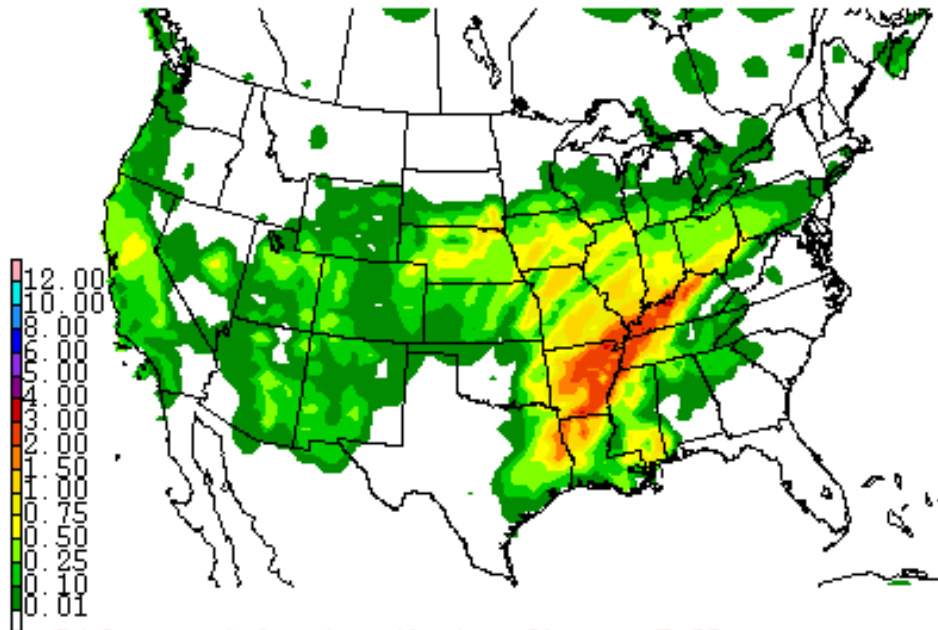
<b>WEEK ENDED (12/29/22)</b>	Weekly loadings	Accumulated in season (FGIS)	Estimated fudge factor	Total loaded est*	USDA projection	Amount needed	Weeks to go	Bu per week needed
Corn	26.3	<b>377.3</b>	<b>60</b>	397	<b>2,075</b>	1678	<b>35</b>	<b>47.9</b>
Soybeans	53.8	<b>1051.5</b>	30	1061	<b>2,045</b>	984	<b>35</b>	<b>28.1</b>
All wheat	3.1	<b>435.0</b>	45	462	<b>775</b>	313	<b>21</b>	<b>14.9</b>
Milo	.1	<b>16.0</b>	5	18	<b>175</b>	157	<b>35</b>	<b>4.5</b>
LAST WEEK								
Corn	33.7	<b>348.1</b>	<b>60</b>	367	<b>2,075</b>	1708	36	<b>47.4</b>
Soybeans	64.4	<b>997.0</b>	30	1006	<b>2,045</b>	1039	36	<b>28.9</b>
All wheat	10.3	<b>430.7</b>	45	457	<b>775</b>	318	22	<b>14.5</b>
Milo	1.7	<b>15.9</b>	5	18	<b>175</b>	157	36	<b>4.4</b>

Corn export sales this week were less than 13 million bu. Chinese demand is slow, even as the media reports widely how they are coming out of the Covid lockdown period, which so far, apparently has not translated into more food demand.

Anyway, I think the corn export forecast will face downward pressure. South American weather is not great, but it's not bad enough to spook more buying this way, yet. South American politics aren't bringing buying this way either.

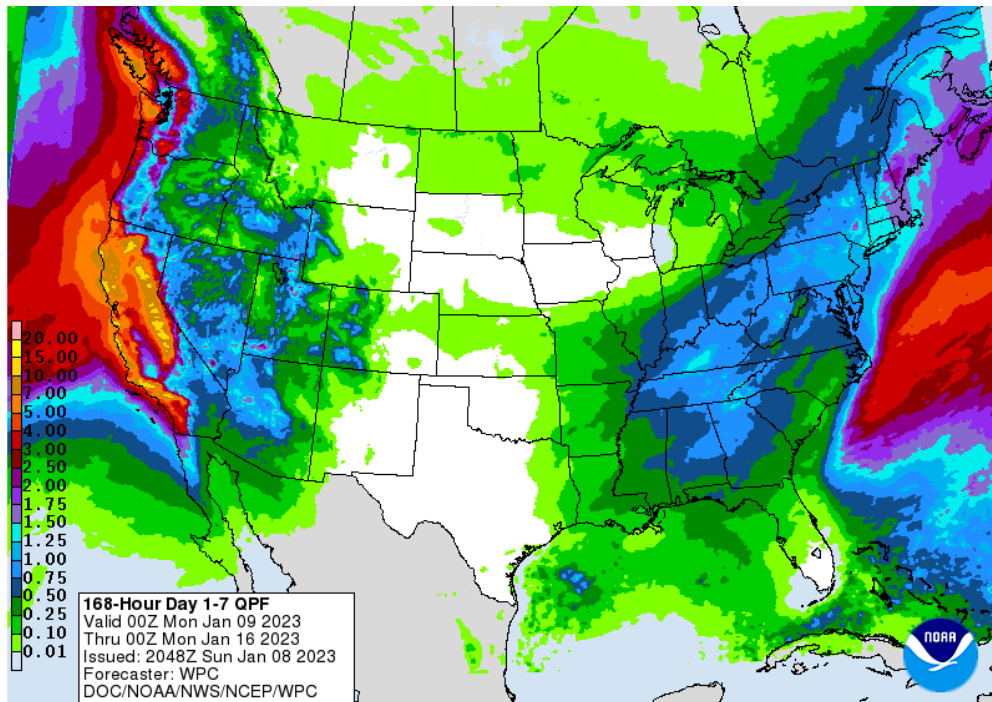
USA wheat demand...well, so far, the prospects of a sharply reduced Argentinian crop have not led to Brazil aggressively seeking USA wheat, and Australia's record sized wheat crop is laying on most Southeast Asian possibilities. And the big Russian wheat crop, including a chunk of stolen Ukrainian wheat, continues to flow to Egypt, Turkey, Syria, etc. and even Nigeria.

This was last Tuesday's precip map, which helped wheat break 50c last week...looks like there was a quarter-inch in a few spots in CO and KS, although Nebraska definitely benefitted.



**24-hr Precipitation (in.) Ending at 7:00 A.M. E.S.T.**

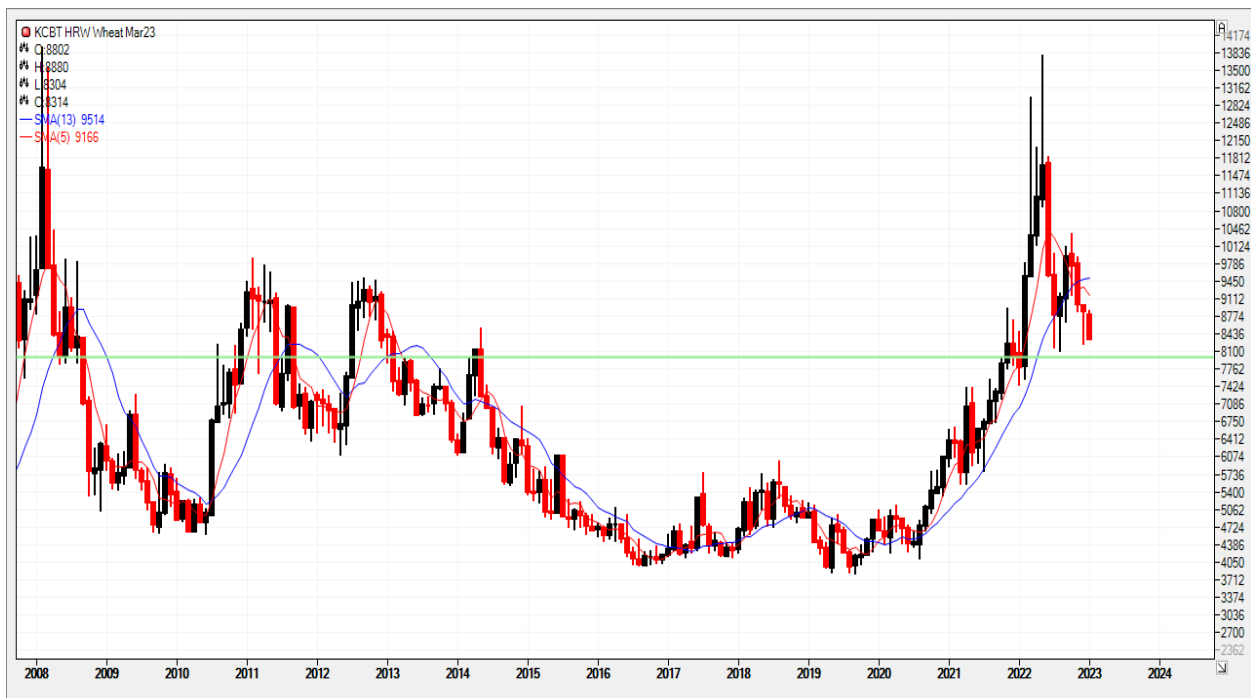
The continued storms hitting the West Coast are NOT expected to send much (any?) moisture to the Great Plains this coming week, so based just on that, I'd not look for another 50c wheat break this week.



This is the updated KC July wheat futures chart, with Friday's close of \$8.24 only 2c above the Red line of support at \$8.22, from the 12/09 close:

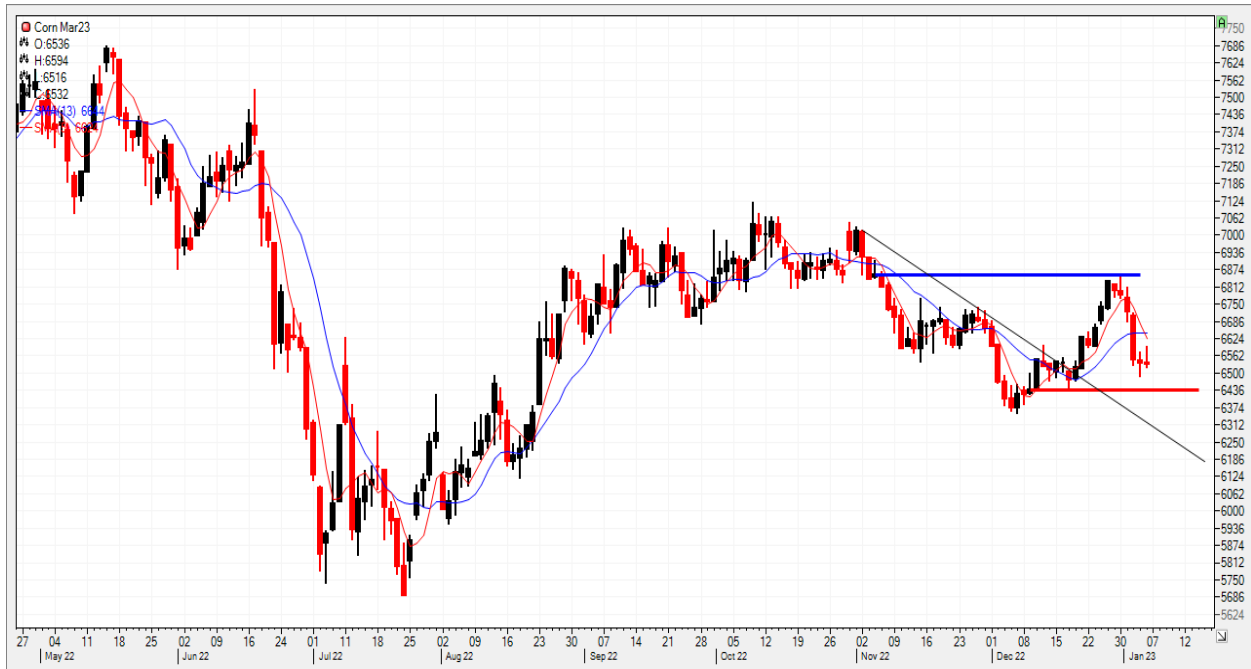


If the Red Line support can't hold, the Big Number of \$8.00 seems like a likely target, which is the green line on this monthly continuous KC wheat chart:



We sold "our" old-crop wheat long ago, and 50% of next year's crop as well. The charts suggest more sales will be made, but unfortunately the actual condition of the wheat crop won't allow me to do that.

The March corn chart suggests the USA corn export forecast reduction is coming and wants to see how the support just below \$6.50 (double bottom at \$6.44) handles the pressure.



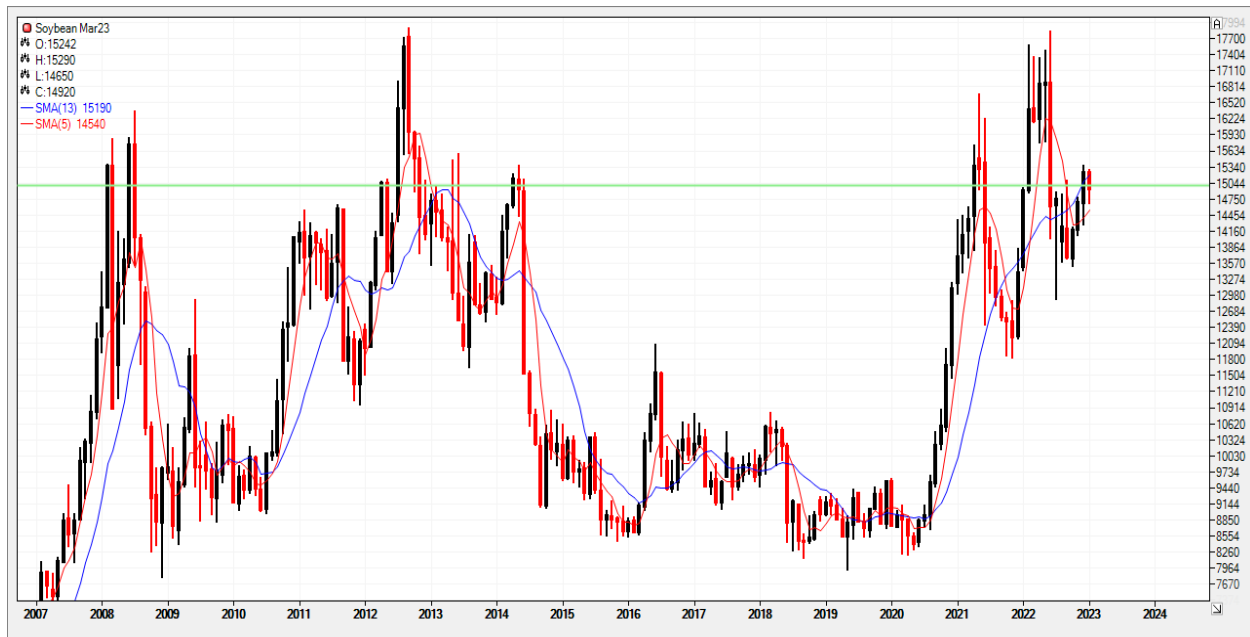
I don't think the \$6.50 corn area stimulated USA corn export sales and I expect corn to probe lower looking for business. I recommended selling all your corn on 11/11. Prices did move higher after that, so I hope you did better than I did, although current prices are below that area now.

I haven't "sold" beans, but \$15 beans are surely profitable. This March soybean chart shows the trendline under attack, but still intact with the close just above \$15.00



Just because \$15.00 beans are a rare price, I'd go ahead and get 25% of my beans sold.

This monthly continuous soybean chart shows how rare \$15 beans really are. I suspect beans are moving into a new historical price paradigm, but still...would feel good about selling some up here.



I'll be speaking at the Kansas Commodity Classic on Jan. 27 <https://www.kansascommodityclassic.com/> and surely the soybean price paradigm is worth talking about. In fact, it may be the major topic that determines future acreage shifts, but in the meantime...let's get some \$15 beans on the books.

Goodyear has been using some soyoil in some of their tire production since 2017, but this article suggests Goodyear will be increasing the soyoil content of their tires...

<https://www.autoevolution.com/news/goodyear-s-90-sustainable-material-demo-tire-is-the-prologue-to-a-70-commercial-tire-207918.html>

yahoo finance ran an article this week too, quoting the Goodyear CEO...

<https://finance.yahoo.com/news/goodyear-tires-corn-soybean-oil-130226138.html>

Admittedly I haven't seen real data on how much less rubber is being used at the expense of increased soyoil. Maybe it's not very much, but it's apparently enough to talk about. The last article says Goodyear's stock price was down 53% this year; we'll assume the CEO would rather talk about anything other than that...

Finishing up with the cash wheat markets...we see the Texas posted US Gulf HRW bids basis bids are a few c higher this week...maybe Brazil will show up as a USA wheat buyer one day soon...?

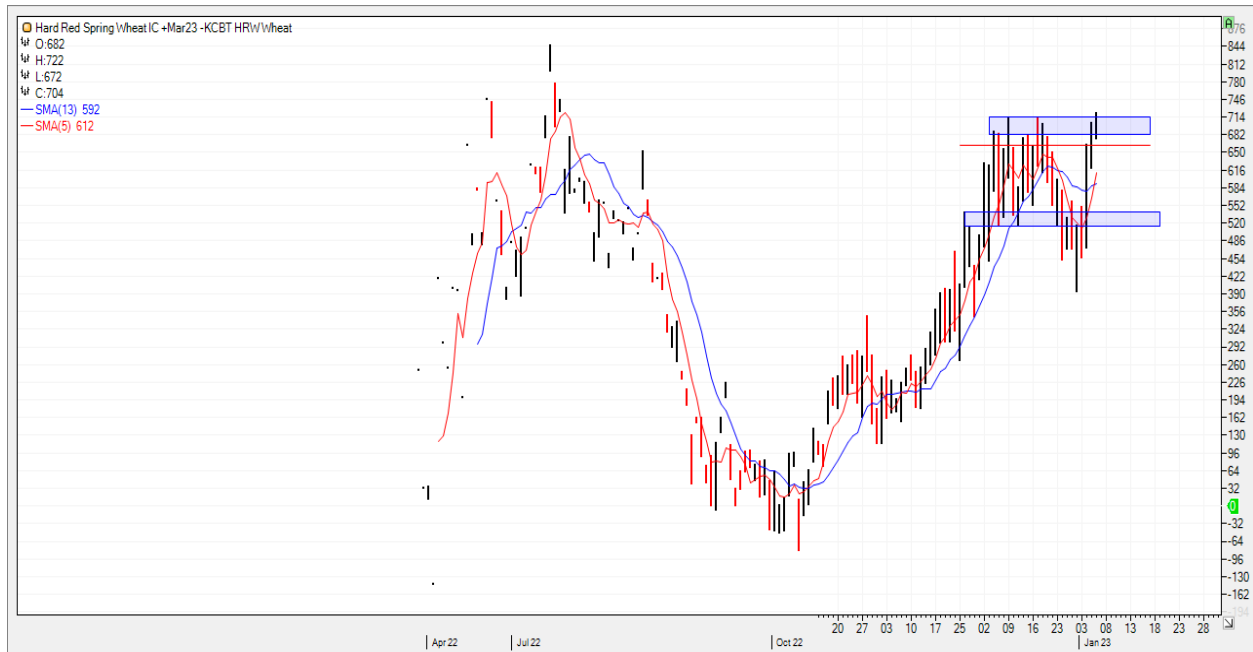
GULF				
date	12 pro	ords	diff	
1/6/2023	162	160	2	
12/30/2022	157	153	4	
12/23/2022	157	153	4	
12/16/2022	159	155	4	
12/9/2022	159	155	4	
12/2/2022	160	156	4	H

Posted basis bids in the country didn't move much, although I did see a spot in southeastern Colorado popped up 20c. Maybe it was a typo...we'll see if it stands all this week...

Conversely, a bit surprisingly, I saw some western Kansas basis bids moved lower, if they moved at all:

Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
<b>01/06</b>	<b>\$7.52-\$8.12</b>	<b>\$8.12</b>	<b>\$7.77-\$7.87</b>	<b>\$7.75-\$7.82</b>	<b>\$8.12-\$8.67</b>
12/30	\$8.08-\$8.68	\$8.48	\$8.33-\$8.43	\$8.31-\$8.38	\$8.68-\$9.23
12/23	\$7.95-\$8.55	\$8.35	\$8.20-\$8.30	\$8.18-\$8.25	\$8.55-\$9.10
12/16	\$7.74-\$8.24	\$8.04	\$7.89-\$7.99	\$7.87-\$7.94	\$8.24-\$8.79
12/09	\$7.53-\$8.13	\$7.93	\$7.78-\$7.88	\$7.76-\$7.83	\$8.13-\$8.68
BASIS	SE Colorado	Chey. Wells	Burlington	Holyoke	Roggen area
<b>01/06(H)</b>	<b>-80, -20</b>	<b>-20</b>	<b>-55, -45</b>	<b>-57, -50</b>	<b>-20, +35</b>
12/30(H)	-80, -20	-40	-55, -45	-57, -50	-20, +35
12/23(H)	<b>-80, -20</b>	-40	-55, -45	-57, -50	-20, +35
12/16(H)	<b>-70, -20</b>	-40	-55, -45	-57, -50	-20, +35
12/09(H)	-80, -20	-40	-55, <b>-45</b>	-57, -50	-20, <b>+35</b>
Date	Concordia	Salina	Hutch/Wichita	Ark City	
<b>01/06(H)</b>	<b>-25</b>	<b>-15, -12</b>	<b>-36, -05</b>	<b>-39</b>	
12/30(H)	-25	<b>-15, -12</b>	-36, -05	-39	
12/23(H)	-25	<b>-17, -15</b>	<b>-36, -05</b>	-39	
12/16(H)	-25	-22, -15	-39, -05	-39	
12/09(H)	<b>-25</b>	<b>-22, -15</b>	<b>-39, -05</b>	<b>-39</b>	

One of the reasons we might see Brazil come looking for wheat besides the advertised Argentine drought (Keep in mind the USDA dropped the Argie crop 3 mmt in the Dec WASDE down to 12.5 mmt) is the widening spread between KC HRW and MGEX spring wheat futures, now threatening to move up through previous resistance. I'm not sure spring wheat is really "worth" 70c more than KC, but we know this spread can get out of whack rather easily. It's very directionally oriented, which means MGEX lags KC on the way up, and on the way down, and KC definitely moved lower last week.



In other wheat related news...the John Innes Center in Norwich, England says they have found the wheat gene that will allow wheat yields to increase due to "climate change"...who knows? So far, finding data about Argentina's GMO wheat yields is difficult. I'd treat this study as a "maybe" at best <https://www.theguardian.com/environment/2023/jan/07/holy-grail-wheat-gene-discovery-could-feed-our-overheated-world>

Jim Cramer said wheat prices are cheap...<https://www.cnbc.com/2023/01/03/charts-suggest-oil-natural-gas-and-wheat-could-be-due-for-a-boom-jim-cramer-says.html> Frankly, I think that story is as credible as the previous one...and the following one about beginning food riots in Pakistan might be a little suspect as well...

Pakistani's scramble for cheap flour is the exact thing that scares China more than anything, and probably India too. Food riots in China would be the definition of chaos.

<https://www.hindustantimes.com/videos/world-news/pak-armed-men-give-out-flour-bags-in-balochistan-wheat-becomes-headache-for-sharif-watch-101673193090891.html>

Have a good week! Stay Safe! Slow Down!

And if ya can, come to Salina on Jan. 27 and stop in and say Hi.