

Hello Colorado Wheat.

I received a note from a wheat farmer last week, which said he sold a chunk of his corn...I've been suggesting selling your corn on this rally as corn bumps up into resistance, so I obviously I think he's doing the right thing...BUT you never really know.

Anyway...we DID INDEED see very good USA corn Export Sales this week, including a chunk to China. Corn export **sales** were 62.7 million bu, which you can see in the Export Pace scorecard, is about 17 million more than needed EVERY WEEK for the next 31 weeks...but no doubt it was a good week for corn sales. Actual corn Export Loadings...on the other hand, were beyond crummy, at less than 21 mil bu.

SO...**IF China** keeps coming back and buying USA corn, THEN...we would have a shot at reaching the current USDA's corn export expectations of 1.925 billion bu...That's a **huge** IF there. We will get an updated idea on what the USDA is expecting this Wednesday, on the Feb WASDE update. My expectation is...the USDA is going to lower their USA corn export forecast, although... it's possible they wait to see how Argentina's corn production plays out. We'll soon see.

WEEK ENDED (01/26/23)	Weekly loadings	Accumulated in season (FGIS)	Estimated fudge factor	Total loaded est*	USDA projection	Amount needed	Weeks to go	Bu per week needed
Corn	20.8	473.9	60	498	1,925	1427	31	46.0
Soybeans	68.2	1322.4	30	1334	1,990	656	31	21.2
All wheat	16.4	485.8	45	516	775	259	17	15.2
Milo	0.0	19.5	5	21	100	79	31	2.5
LAST WEEK								
Corn	28.6	453.1	60	476	1,925	1449	32	45.3
Soybeans	66.3	1253.0	30	1264	1,990	726	32	22.7
All wheat	12.3	468.9	45	498	775	277	18	15.4
Milo	2.9	19.4	5	21	100	79	32	2.5

I doubt the USDA changes their current USA wheat or milo export forecasts (both are just squeaking by), BUT surely they will revise upward their soybean export forecast, won't they? The answer is...maybe a little. USA soybean export sales were 27 million this week, but I stated in Salina that the USDA hates to publish a USA soybean balance sheet with less than 200 million bu of ending stocks...which means, if that's true...the USDA could increase USA soybean exports 10 million bu to an even 2 billion bu, leave everything else unchanged, and then USA ending stocks this crop year would be 200 mil bu.

I think this WASDE update will be fairly tame, with "the trade" focusing on South American production.

*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***

Besides USA corn exports, I don't expect the USDA to change corn feeding or the amount of corn used to make ethanol. The bulls would like to see ethanol exports to India truly develop into a robust demand category; the bears want to talk about Electric Vehicle reducing gasoline demand. I suspect the USDA leaves these categories unchanged.

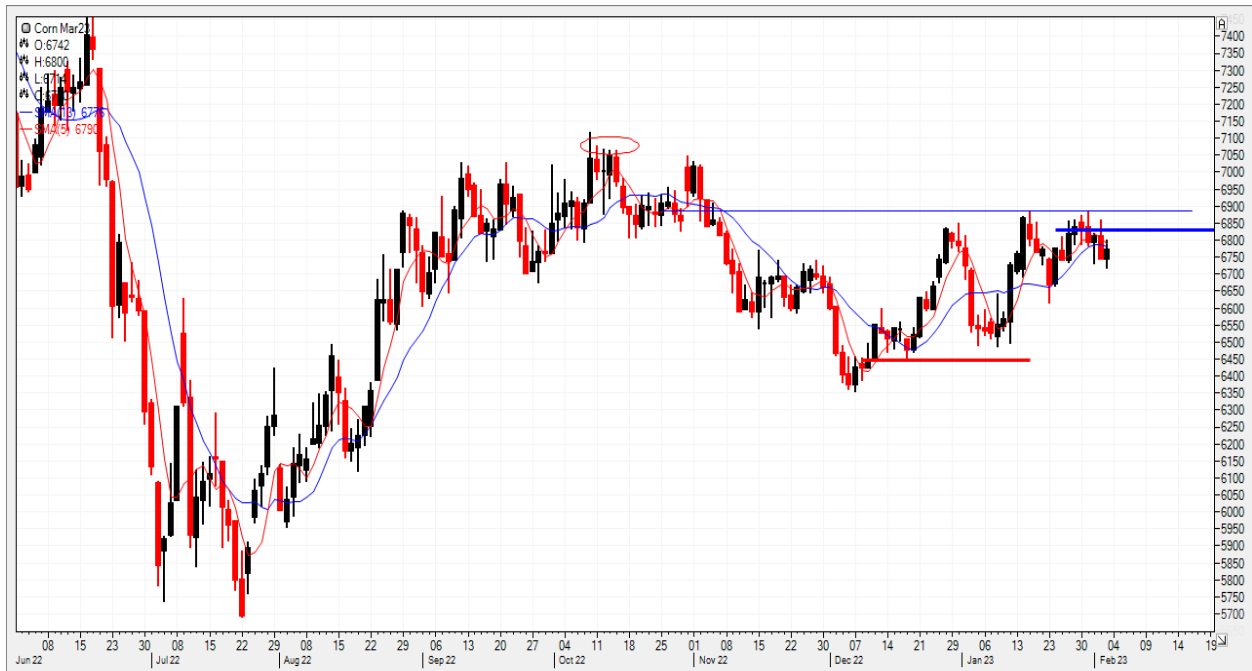
The Farm Bureau published a report on the proposed new minimums used for renewable fuels Jan.31, which does increase those minimums a little; here's their report: <https://www.fb.org/market-intel/epa-proposes-renewable-fuel-standards-for-2023-2024-and-2025>

On a somewhat related (?) note...for the record, The United States Air Force officially opposed allowing China to build a new wet corn mill close to their big base in Grand Forks, North Dakota. <https://www.military.com/daily-news/2023/02/02/air-force-opposes-chinese-owned-corn-plant-north-dakota.html> In that regard, I think the Chinese "spy balloon" incident was bad timing (or worse), and will contribute to the sentiment against allowing the Chinese to build this facility.

Before we look at an updated corn chart, here's how the market ended the week, with KC wheat up 4c, but corn unable to set another new 11-week Closing High. Although we see soybeans did set a new blue number, AND the "e mini" S&P 500 index did too:

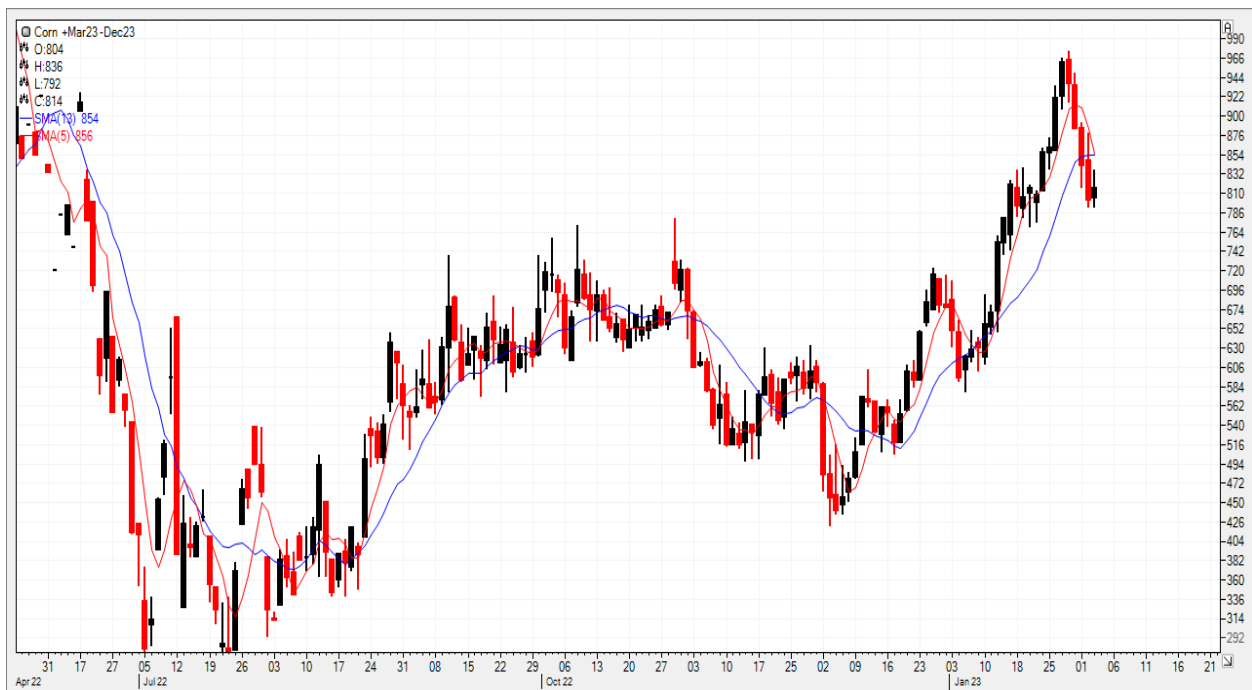
	Mar'23 HRW	July '23 HRW	Mar'23 corn	July '23 corn	Chgo wheat	Springs	Mar'23 soybean	N '23 Soybean	Crude oil	S&P
<i>CLOSE</i>	KWH23	KWN23	CH23	CN23	WH23	MWH23	SH23	SN23	CRD22	ES22
02/03	\$8.73	\$8.58	\$6.78	\$6.65	\$7.57	\$9.22	\$15.32	\$15.17	\$73.39	\$4148
01/27	\$8.69	\$8.53	\$6.83	\$6.66	\$7.50	\$9.22	\$15.10	\$14.96	\$79.68	\$4084
01/20	\$8.48	\$8.36	\$6.76	\$6.64	\$7.42	\$9.13	\$15.07	\$14.93	\$79.86	\$4018
01/13	\$8.44	\$8.35	\$6.75	\$6.64	\$7.44	\$9.12	\$15.28	\$15.25	\$79.86	\$4018
01/06	\$8.32	\$8.24	\$6.54	\$6.48	\$7.44	\$9.02	\$14.92	\$15.02	\$73.77	\$3915
12/30	\$8.88	\$8.77	\$6.79	\$6.72	\$7.92	\$9.39	\$15.24	\$15.33	\$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	\$8.33	\$8.22	\$6.44	\$6.41	\$7.34	\$9.02	\$14.87	\$14.96	\$71.02	\$3932
12/02	\$8.71	\$8.59	\$6.46	\$6.44	\$7.61	\$9.21	\$14.48	\$14.59	\$80.05	\$4075
11/25	\$9.12	\$8.94	\$6.71	\$6.65	\$7.97	\$9.57	\$14.40	\$14.53	\$76.28	\$4033
11/18	\$9.24	\$9.11	\$6.70	\$6.63	\$8.22	\$9.52	\$14.33	\$14.42	\$80.37	\$3974
<i>Year ago</i>	\$8.01		\$5.93		\$7.70	\$9.79	\$13.40		\$75.57	\$4762

So here's the current March corn futures chart, showing plenty of overhead resistance:



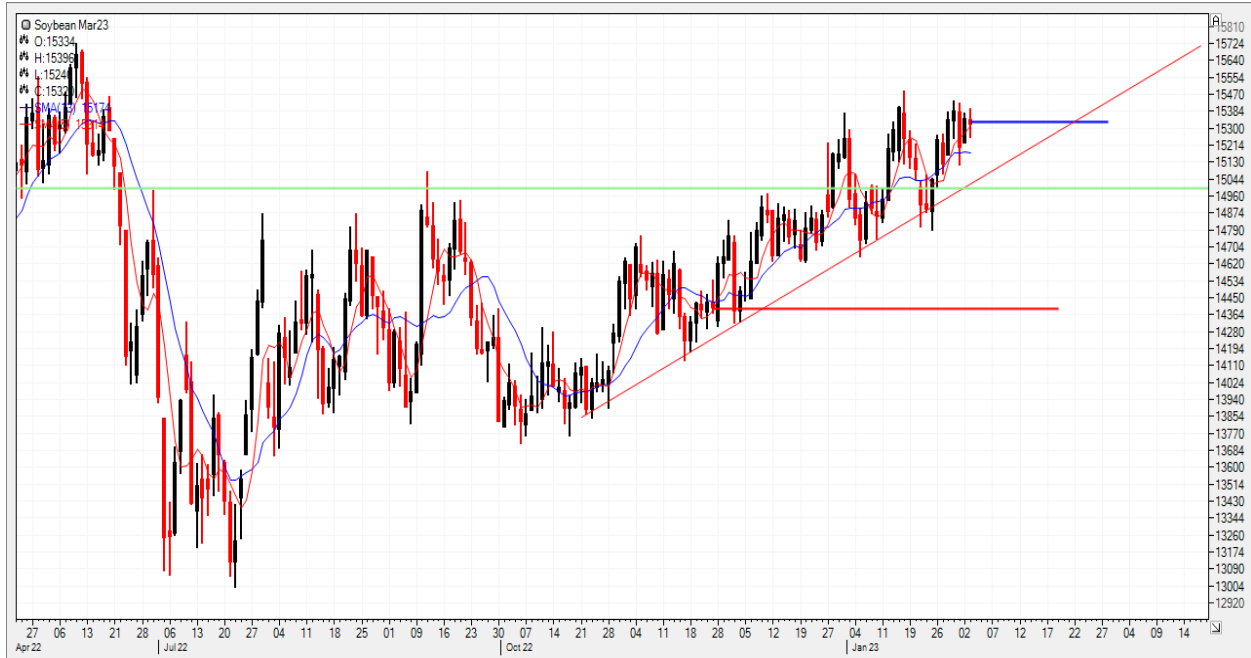
To move up through and above that resistance, it will take steady Chinese buying, triggered by further reductions to the Argentina corn crop. The current Argentina corn export forecast is 41 million tonnes; the USA's current corn export forecast is not quite 55 million tonnes.

If I was a producer with unsold corn inventory, I would force myself to recognize that downside risk exists, as defined by the March-Dec (old-crop/new-crop) futures spread, currently near 82c inverse, well off the peak, and I'd be nervous about the moving averages crossing:



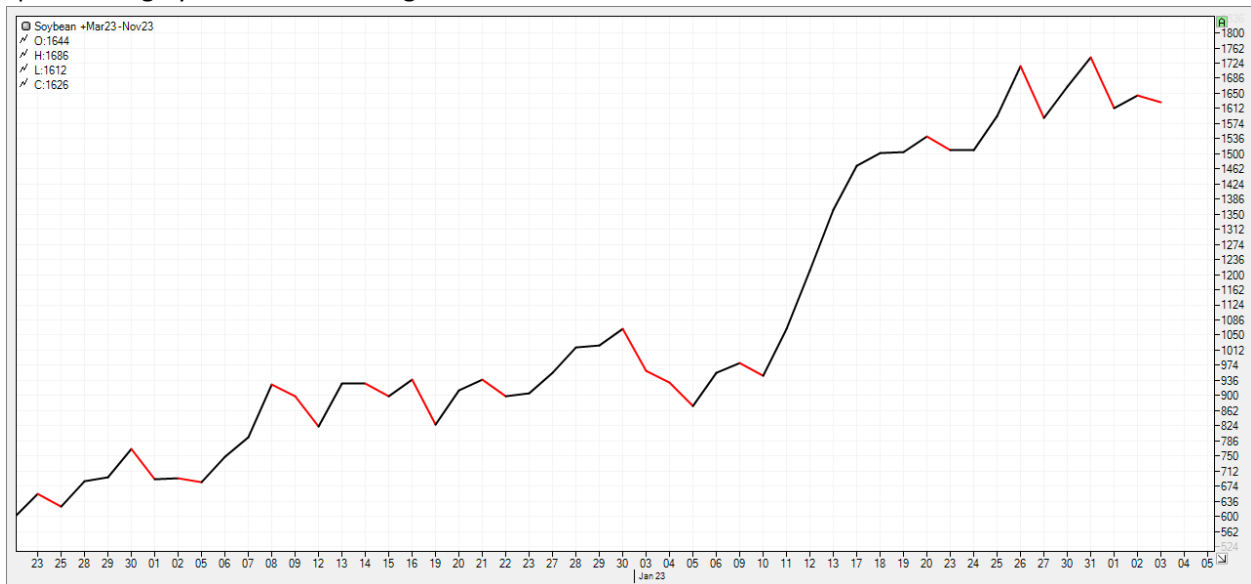
March Soybeans...on the other hand...once again set a new 11-week Closing High. I think most guys have indeed sold some beans, but I still like selling corn instead of beans. There's still so much buzz about all the "new capacity" (which may or may not come to fruition), and while we saw even the USDA expects the current export pace to come to a crash...it hasn't yet. HOWEVER, for the record, viewing blue lines as "resistance" and a selling opportunity is generally the better way to play.

Here's March beans, with a new (slightly, by 4c) higher blue line, and a revised higher red line too:



I show the uptrend is still intact, as is the green line at \$15.00.

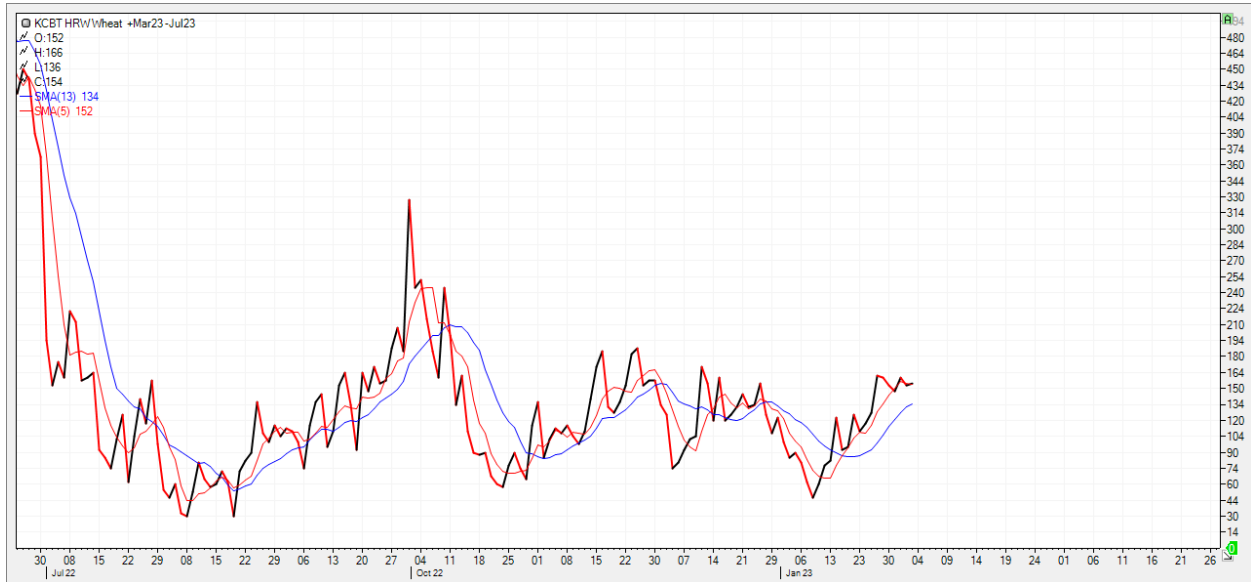
Does downside in beans exist? Yes, of course, and similarly to corn, the old-crop/new-crop (H-X) bean spread is highly inverted...showing a \$1.62 inverse.



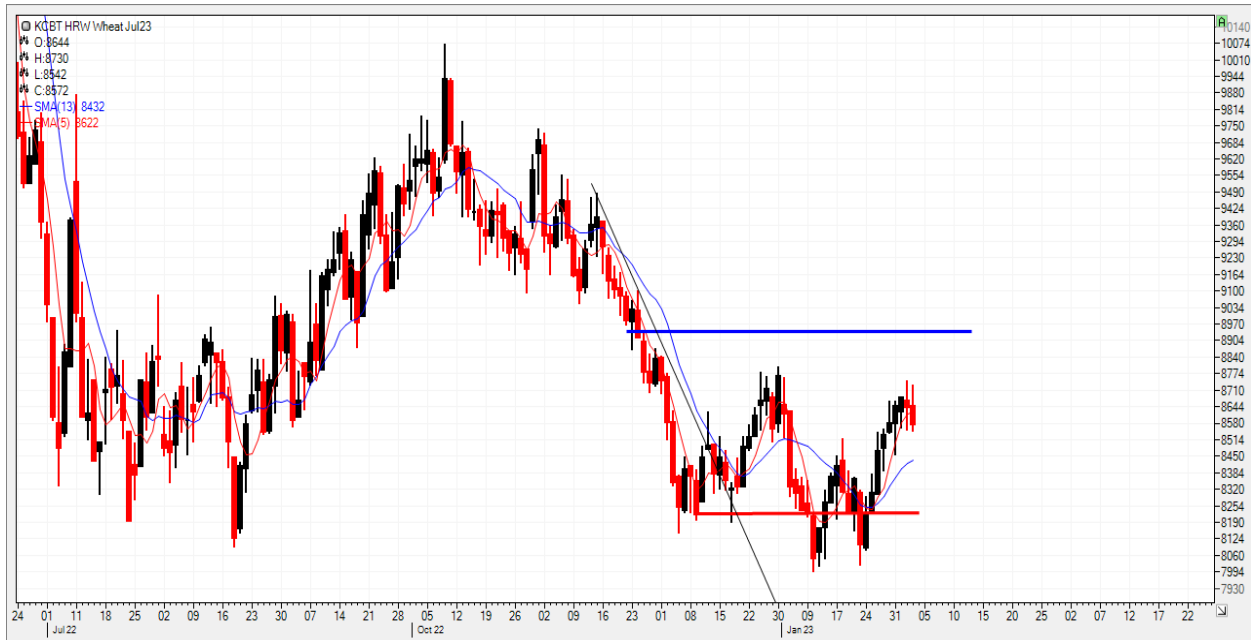
Keep in mind...ultimately...Inverses Destroy Wealth.

Also...the widely advertised GS Index Roll, where long positions held by an Index Fund, will be rolled into the next available contract month...is expected to begin this Tuesday, 2/7/23. That means some long positions in March corn, beans and wheat will be liquidated.

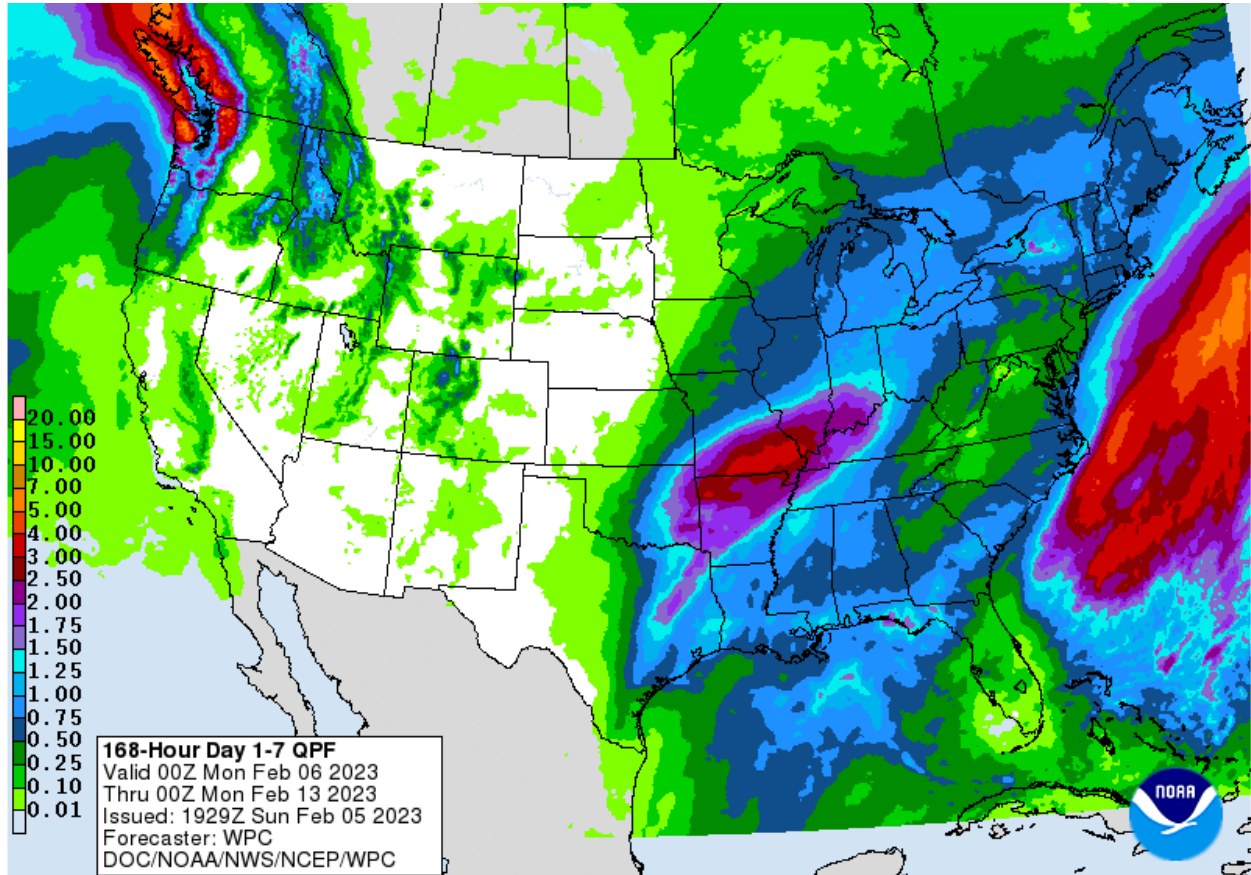
KC March-July wheat is inverted as well, but only by about 16c:



Since I believe all wheat should have been sold a long time ago, and the market's focus is clearly and rightfully centered on the new-crop...here's the KC July wheat chart, with the Blue line newly revised down to \$8.94 (now just under \$9.00):



Wheat fundamentals...revolve mainly around the USA's spring weather. It's hard to predict how it will turn out; this week's forecast shows big rains to the East of us. If those rains were centered over Dodge City, I suspect KC would be limit down, but they're not, so we don't have to worry about it. I guess that's the good news...



We saw the wheat export pace continues limping along, and thus these posted Gulf bids do so too:

GULF				
date	12 pro	ords	diff	
2/3/2023	155	150	5	
1/27/2023	155	150	5	
1/20/2023	155	150	5	
1/13/2023	165	160	5	
1/6/2023	162	160	2	

Posted basis bids in the country didn't move:

Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
02/03	\$7.93-\$8.53	\$8.53	\$8.18-\$8.28	\$8.18-\$8.23	\$8.53-\$9.08
01/27	\$7.89-\$8.49	\$8.49	\$8.14-\$8.24	\$8.14-\$8.19	\$8.49-\$9.04
01/20	\$7.68-\$8.28	\$8.28	\$7.93-\$8.03	\$7.93-\$7.98	\$8.28-\$8.83
01/13	\$7.64-\$8.24	\$8.24	\$7.89-\$7.99	\$7.89-\$7.94	\$8.24-\$8.79

BASIS	SE Colorado	Chey. Wells	Burlington	Holyoke	Roggen area
02/03(H)	-80, -20	-20	-55, -45	-55, -50	-20, +35
01/27(H)	-80, -20	-20	-55, -45	-55, -50	-20, +35
01/20(H)	-80, -20	-20	-55, -45	-55, -50	-20, +35
01/13(H)	-80, -20	-20	-55, -45	-55, -50	-20, +35
01/06(H)	-80, -20	-20	-55, -45	-57, -50	-20, +35

Date	Concordia	Salina	Hutch/Wichita	Ark City
02/03(H)	-25	-15, -12	-36, -05	-39
01/27(H)	-25	-15, -12	-36, -05	-39
01/20(H)	-25	-15, -12	-36, -05	-39
01/13(H)	-25	-15, -12	-36, -05	-39
01/06(H)	-25	-15, -12	-36, -05	-39

Wheat news was limited last week. The war drags on, and Russia keeps exporting a lot of wheat, mainly to Turkey, as Ukrainian exports have slowed.

India has began selling stockpiles of wheat to flour millers (they aren't messing around either, offering a million tonnes at a crack), and domestic Indian wheat prices have indeed dropped

<https://www.reuters.com/world/india/indian-wheat-prices-drop-after-modi-releases-grain-flour-millers-2023-01-30/>

Ok...down the deep wheat rabbit hole...I think this at least semi-moderately interesting...as it gets into the debate about whether wheat varieties should be awnless...or not! <https://phys.org/news/2023-02-evolution-wheat-spikes-neolithic-revolution.html> Personally, I like the awns.

Have a good week; WASDE update is Wednesday.

Stay Safe; Slow down!!

Thanks for the emailed feedback this week; send more whenever ya feel like it.