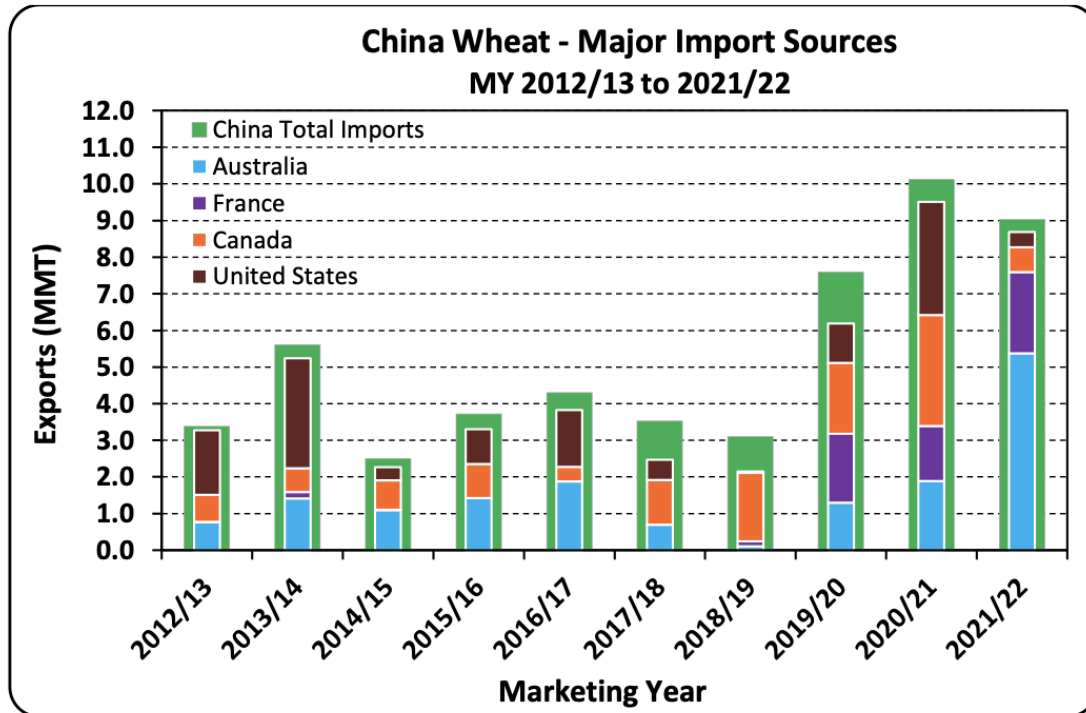


Hello Colorado Wheat.

I asked this question in Salina at the Kansas Commodity Classic... “How many datapoints does it take to define a trend?”

Australia issued this chart of Chinese annual wheat imports, and we see the last 3 years are much different than the previous 7 years. So...do you think China will import 10 million tonnes of wheat next year?

Figure 5 – China Wheat Imports– MY 2012/13 to 2021/22



Source: Australia Bureau of Statistics

I think answering a question by asking a question is a guaranteed way to irritate my wife... but:

Is three years enough to define a trend?

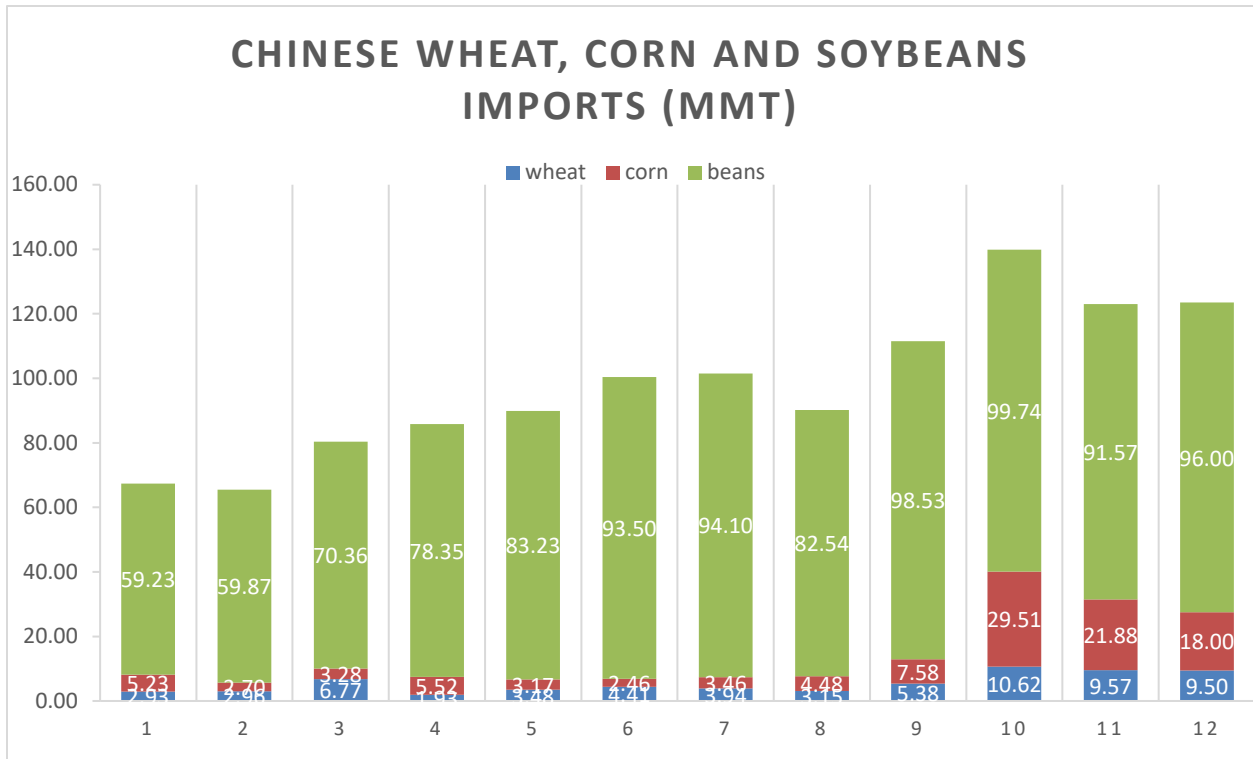
Can you make a prediction based on 3 data points?

Would a trend with more data points offer a better prediction? What if things have changed recently?

And for the record, the USDA says total Chinese wheat imports in 2019/20 were only 5.38 mmt, not 7.2, which brings up another question...how accurate is the data?

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

Anyway...here's a chart with USDA issued data I put together:



And of course, all I can see are more questions...Are Chinese corn imports in a downtrend? Can we assume Chinese soy imports have peaked?

And is this 26-story hog barn in Ezhou a bit “scary”? It’s near the Yangtze River.



This is a link to a New York Times article; I hope you can open it (it might be behind a paywall). The article says another identical 26-story hog barn will open soon. The article also says China consumes HALF of the world's pork production. <https://www.nytimes.com/2023/02/08/business/china-pork-farms.html>

More questions...is China's declining population really a threat to ag demand?
<https://www.cfr.org/blog/chinas-population-decline-not-yet-crisis-beijings-response-could-make-it-one#:~:text=China's%20population%20is%20now%20declining,declines%20in%20Chinese%20fertility%20rates.>

Or right to the heart of the matter...Is the USA-China "relationship" able to withstand the recent "spy balloon", and what if China starts supplying "lethal aid" to Russia to help the Russians in their invasion of Ukraine? <https://www.ft.com/content/48258368-df63-4ec6-8077-697dd48b8e88>

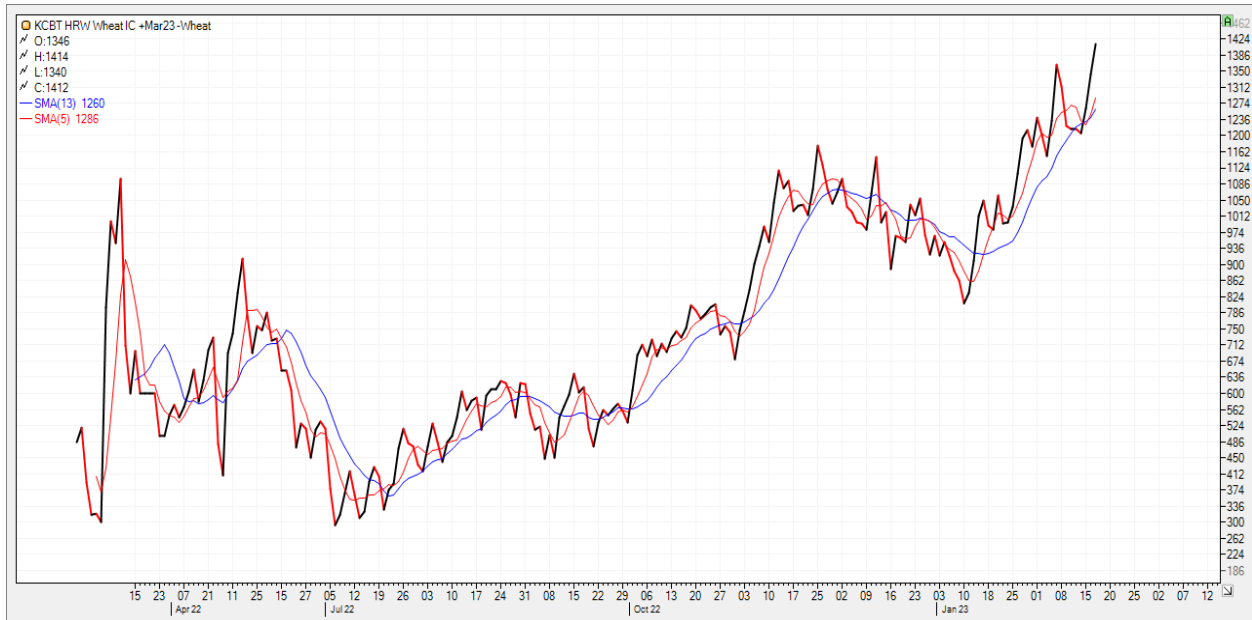
And of course, Taiwan is always in the background...

I'm sure you already know I don't have the answers to these questions.

The markets ended a bit defensively last week. KC was a freckle lower, but Chgo wheat was down 20c. Corn was down 3c and beans dropped about 16c.

	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
02/17	\$9.07	\$8.83	\$6.78	\$6.66	\$7.66	\$9.30	\$15.27	\$15.14	\$76.34	\$4088
02/10	\$9.09	\$8.82	\$6.81	\$6.67	\$7.86	\$9.30	\$15.43	\$15.23	\$79.72	\$4100
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
<i>Year ago</i>	\$8.01		\$5.93		\$7.70	\$9.79	\$13.40		\$75.57	\$4762

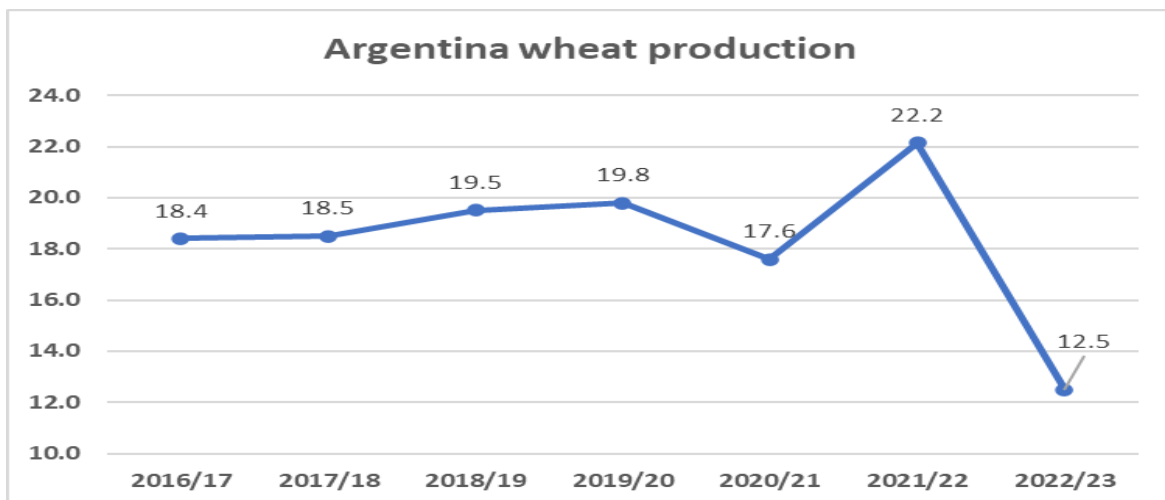
This is the updated KC March wheat – Chgo wheat, closing on new highs. It's quite possible somebody has gotten creamed on this spread.



My opinion is...it's very overpriced. BUT technically, the chart sure looks strong.

Why has this spread been so strong?

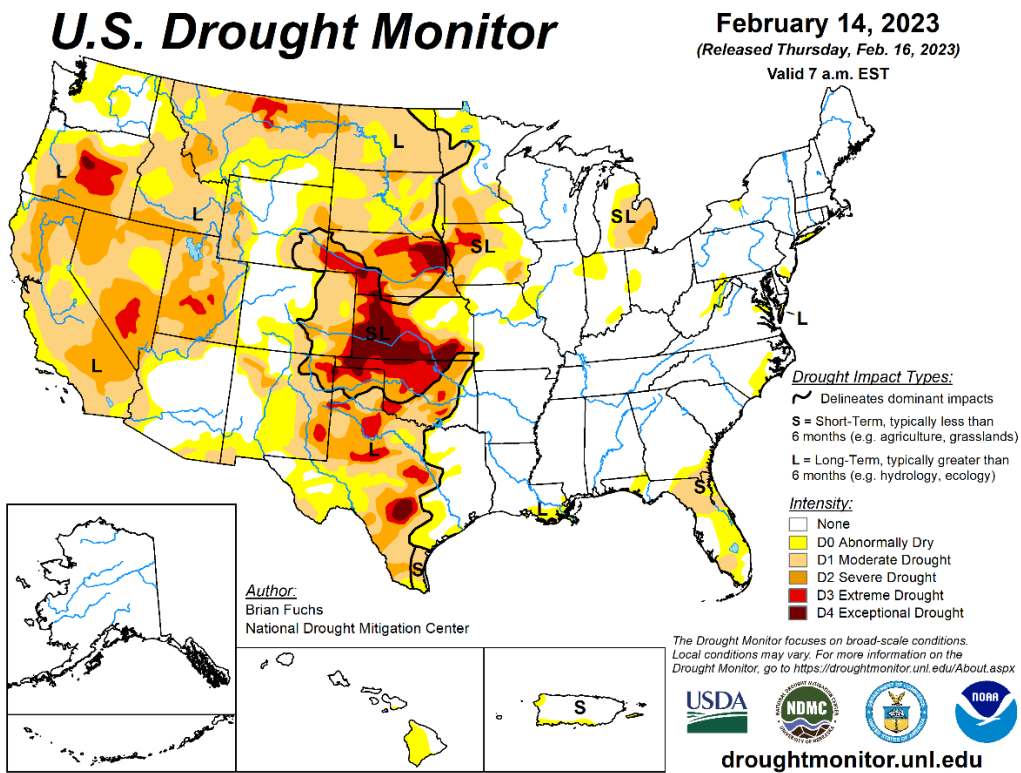
Who knows? Shorts stayed too short for too long, and the Index Roll didn't help them. I suspect the long KC was helped by a strong domestic basis, and possibly the drought in Argentina (Argentina definitely raises Hard Red Winter) supported the idea that Brazil (Argentina's biggest wheat customer by far) would need to source Hard Red from another source, namely the USA.



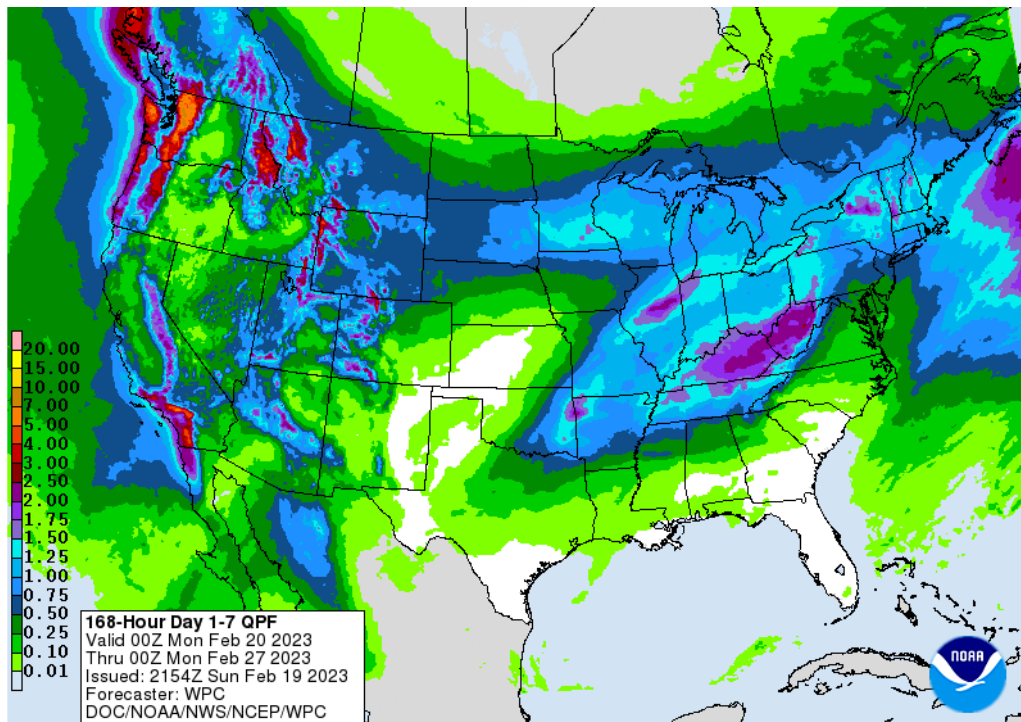
And the talk that the "Grain Corridor" in the Black Sea will not be renewed probably helped the long KC position too, although...Reuters reported renewal talks should begin soon:

<https://www.reuters.com/world/europe/talks-extending-black-sea-grain-deal-start-week-ukraine-2023-02-17/>

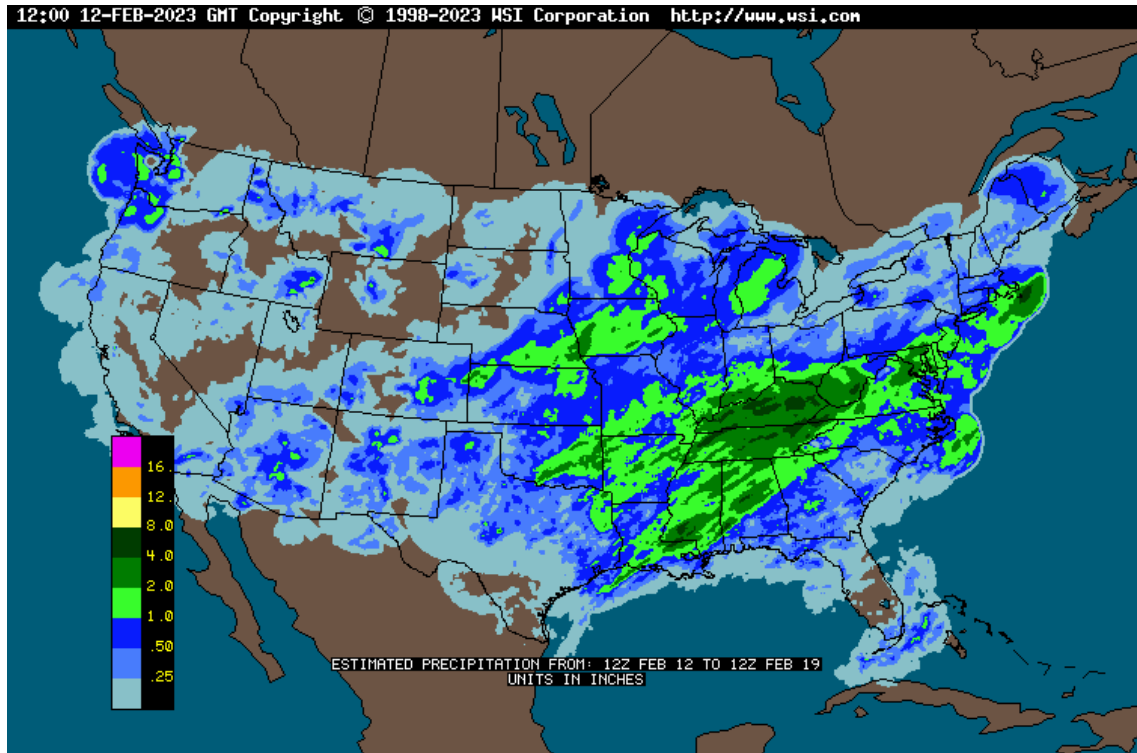
And finally, we all know too well it has NOT been a wet winter in The Great Plains, as the updated drought monitor map points out quite clearly:



Nor will this week be wet (about everywhere else, but not in biggest HRW country):



Last week wasn't completely dry, and maybe was a reason why KC only closed a couple c higher...



BUT...I lean towards KC is too expensive compared to Chgo.

Usually, I almost never bring up the USA domestic milling basis, as I think it has zero correlation with the posted bids you see, but it weaker, and should at least be mentioned.

KC posted "high side" domestic basis				
date	1/27/2023	2/3/2023	2/10/2023	2/17/2023
ords	177	175	161	143
12's	190	196	175	143

We normally track the posted Gulf bids, which continue to soften a little, although they haven't dropped almost 50c in a month...

GULF				
date	12 pro	ords	diff	
2/17/2023	150	148	2	
2/10/2023	152	150	2	
2/3/2023	155	150	5	
1/27/2023	155	150	5	
1/20/2023	155	150	5	
1/13/2023	165	160	5	

And we do see some weakness in a few posted basis bids in the country, noting (probably) the mill bid in North Central CO is down 40c! and the weaker bids in the KS Central Terminals:

Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
02/17	\$8.27-\$8.87	\$8.87	\$8.52-\$8.62	\$8.47-\$8.57	\$8.78-\$9.03
02/10	\$8.29-\$8.89	\$8.89	\$8.54-\$8.64	\$8.54-\$8.59	\$8.89-\$9.44
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

BASIS	SE Colorado	Chey. Wells	Burlington	Holyoke	Roggen area
02/17(H)	-80, -20	-20	-55, -45	-60, -50	-28, -03
02/10(H)	-80, -20	-20	-55, -45	-55, -50	-20, +35
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

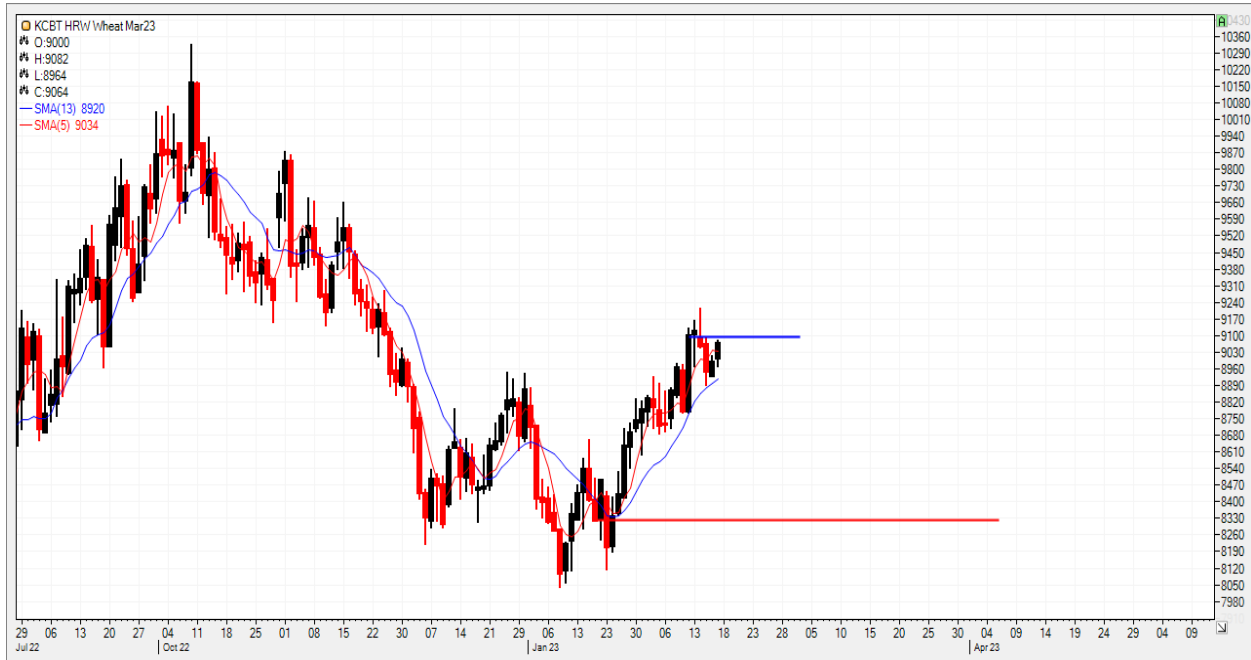
Date	Concordia	Salina	Hutch/Wichita	Ark City
02/17(H)	-30	-20, -12	-36, -12	-39
02/10(H)	-25	-15, -12	-36, -05	-39
02/03(H)	-25	-15, -12	-36, -05	-39
01/27(H)	-25	-15, -12	-36, -05	-39

The USA Export Loading Pace for wheat (and corn) just plods along, and unfortunately, the widely expected soybean slowdown seems to be gaining momentum:

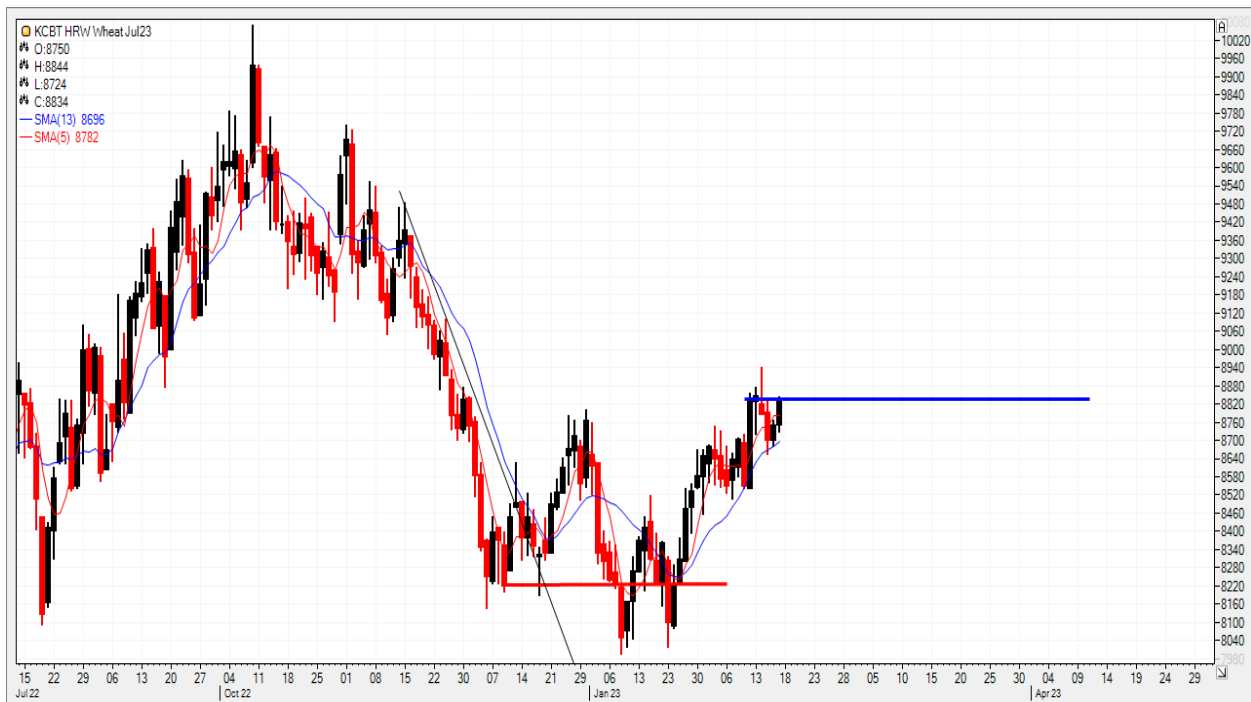
WEEK ENDED (02/09/23)	Weekly loadings	Accumulated in season (FGIS)	Estimated fudge factor	Total loaded est*	USDA projection	Amount needed	Weeks to go	Bu per week needed
Corn	20.1	514.1	60	540	1,925	1385	29	47.8
Soybeans	57.1	1452.9	30	1466	1,990	524	29	18.1
All wheat	17.4	524.9	45	557	775	218	15	14.5
Milo	0.0	19.6	5	22	90	68	29	2.3
LAST WEEK								
Corn	20.8	493.4	60	519	1,925	1406	30	46.9
Soybeans	68.2	1392.6	30	1405	1,990	585	30	19.5
All wheat	16.4	505.6	45	537	775	238	16	14.9
Milo	0.0	19.6	5	22	90	68	30	2.3

Export Sales...weren't too rosy either. All wheat saw sales of almost 19 million bu, which was an improvement, but not enough to change the forecast yet. Corn, on the other hand, had export sales of only 40 mil bu; not good at all. Beans were 18.8 mil bu.

Old-crop KC March...the table on page 3 suggests a double-top of resistance and a double-bottom of support exists. Unsold old-crop wheat...has stalled out is my strong opinion.



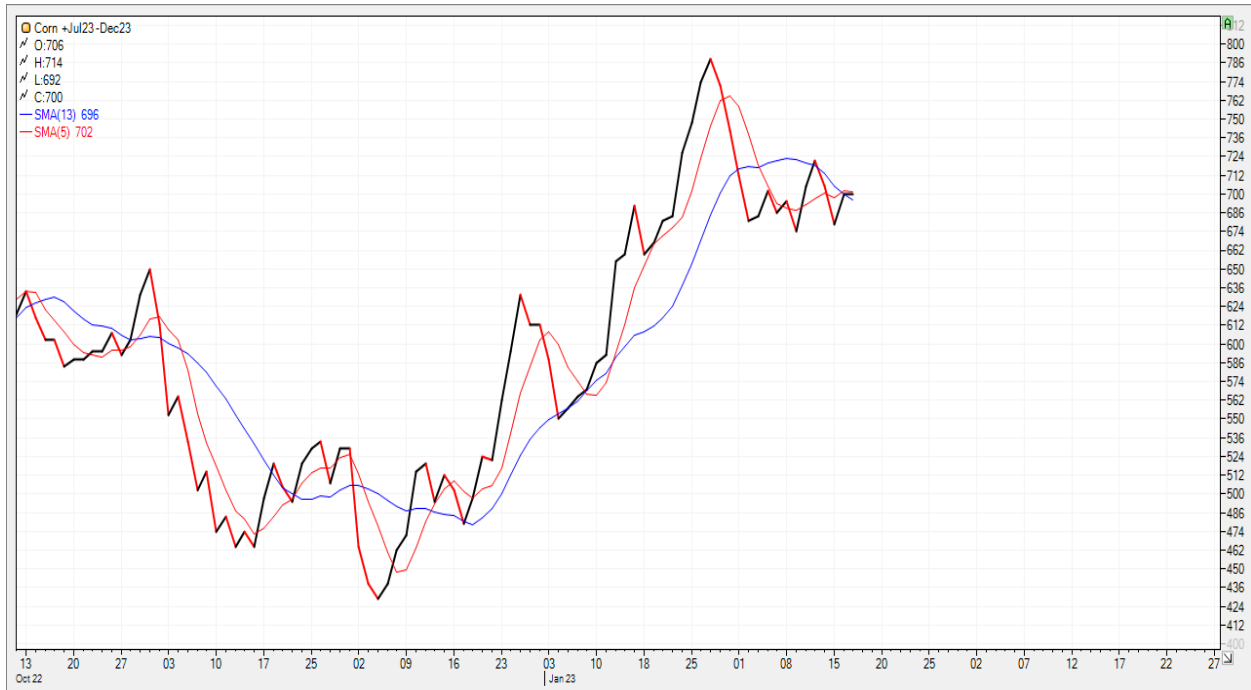
And similarly, the new-crop KC July table basically shows a double-top of resistance and a double-bottom of support, and the chart nominally raised the blue line a penny:



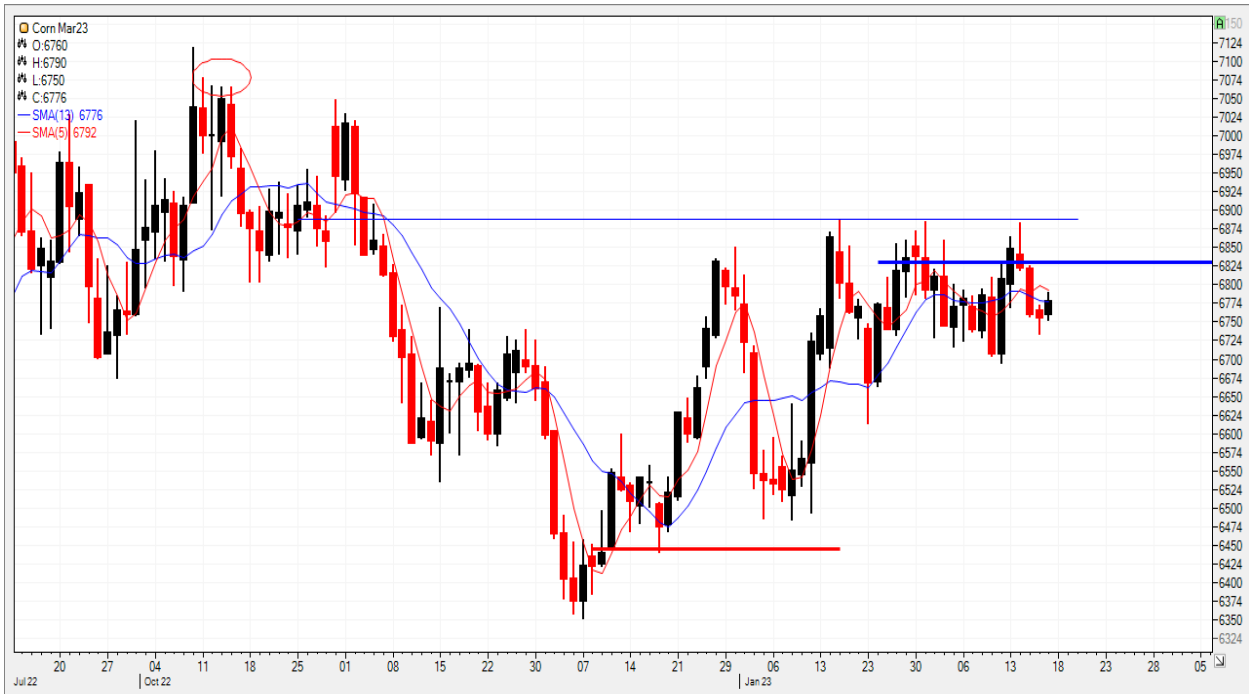
I like having some new-crop on the books. I know prices have been higher, but ...this longer-term weekly continuous KC chart shows prices have been lower too.



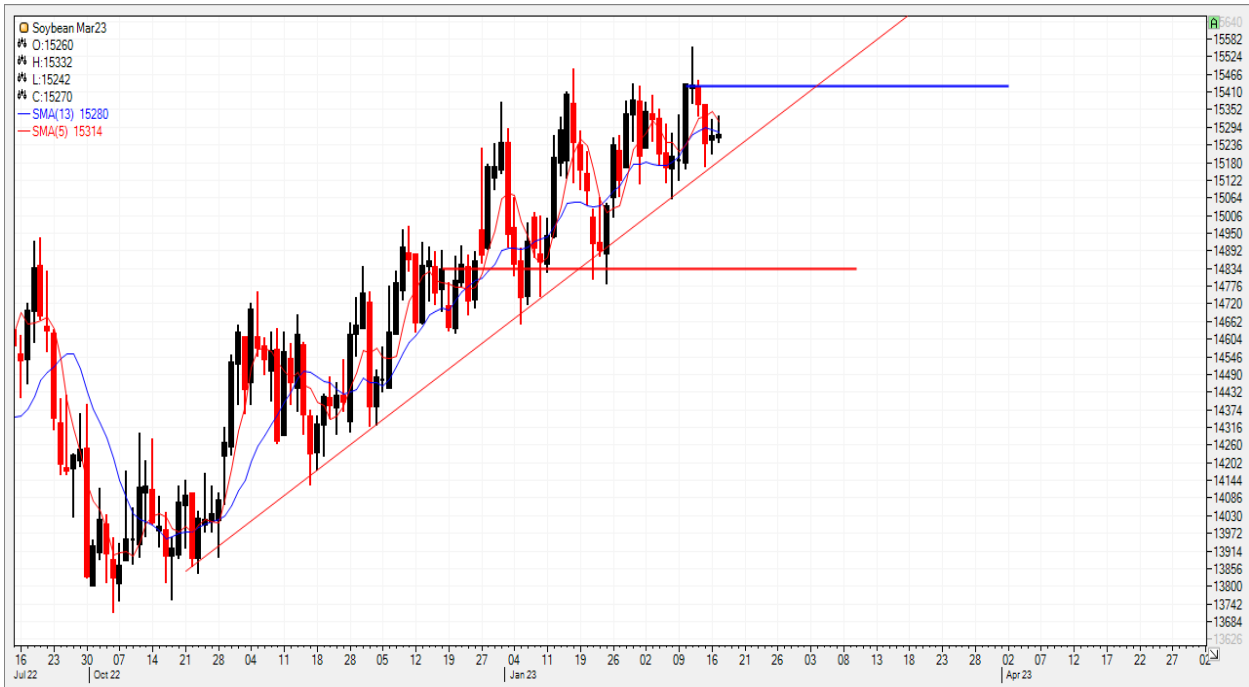
Right now, wheat moved away from corn so there is no concern about it getting fed, although new-crop wheat...depending on how the spring moisture goes, might very well see wheat feeding come back into play. With the best corn bids running around +140, the flat price of new-crop wheat would have 70c of downside, and that's BEFORE we start thinking about Ju8ly corn being a 70c premium over new-crop Dec corn; the July -Dec corn spread shown here...



The March corn chart didn't change the blue or red lines this week. I don't mind being sold out of my corn.



Nor did the March soybean chart change, although the trendline might be coming into play. I'd want at least 25% of my beans sold, and if that trendline collapses, I'd get up to 50% sold.



I admit all those unanswered questions leave me feeling a bit uneasy, and when that happens, I get more defensive.

I believe everyone likes to talk about Offense in these days of Fantasy sports, but what wins the title is...Defense.

Speaking of defense...the International Maize and Wheat Improvement Center for published this story about an easy way to increase wheat yields in India...plant it 4 weeks earlier than what they are used to. <https://www.cimmyt.org/news/a-deceptively-simple-hack-boosts-wheat-yields-in-bihar/>

That reminds me of what that young farmer up by Colby told me he did to improve his corn yields...he plants it 2 weeks later. The goal is to avoid the “terminal heat” period.

Anyway, India is a wild card. Current new-crop wheat prospects look good; some are forecasting a record crop. <https://www.reuters.com/world/india/india-harvest-record-wheat-rapeseed-crop-2023-2023-02-14/>

We'll see is all I know...but you know I like having some new-crop wheat on the books.

Have a good week. Stay Safe, and the best way to do that is...Slow Down.