

Hello Colorado Wheat.

Last week I said “the price path of least resistance is lower” ... which proved to be true, as prices continued their collapse.

When talking about Dec corn, I said “I believe Dec corn is headed to that \$5.20 area”. Friday’s low was \$5.215, although I admit I didn’t expect it to happen immediately.

New red numbers in wheats and corn (KC dropped 50c, and corn was down 30c, etc.) Old-crop beans didn’t make a new red number as the late Friday rally prevented that, but...this past week grains were generally crushed.

We’re probably due for some stabilization, and need to get the corn actually planted before this massive Bear slide re-gains momentum, but like I said last week, the market is saying it thinks the corn will indeed get planted. Brutal.

	July '23 HRW	DEC '23 HRW	July'23 corn	DEC '23 corn	Chgo Z wheat	Springs Dec (Z)	July'23 soybean	NOV '23 Soybean	Crude oil	S&P
CLOSE	KWN23	KWZ23	CN23	CZ23	WZ23	MWZ23	SN23	SX23	CRD22	ES22
04/28	\$7.76	\$7.77	\$5.85	\$5.28	\$6.63	\$8.15	\$14.19	\$12.64	\$76.78	\$4189
04/21	\$8.26	\$8.21	\$6.15	\$5.48	\$6.98	\$8.49	\$14.49	\$12.85	\$77.87	\$4157
04/14	\$8.63	\$8.57	\$6.36	\$5.60	\$7.18	\$8.72	\$14.67	\$13.02	\$82.52	\$4164
04/07	\$8.46	\$8.44	\$6.20	\$5.57	\$7.20	\$8.71	\$14.63	\$13.10	\$80.70	\$4142
03/31	\$8.62	\$8.59	\$6.36	\$5.67	\$7.35	\$8.98	\$14.76	\$13.20	\$75.67	\$4137
03/24	\$8.34	\$8.33	\$6.23	\$5.60	\$7.28	\$8.59	\$14.06	\$12.73	\$69.26	\$4001
03/17	\$8.23	\$8.26	\$6.18	\$5.61	\$7.43	\$8.58	\$14.61	\$13.14	\$66.74	\$3947
03/10	\$7.89	\$7.97	\$6.07	\$5.58	\$7.17	\$8.28	\$14.95	\$13.58	\$76.68	\$3863
03/03	\$8.09	\$8.19	\$6.28	\$5.71	\$7.44	\$8.67	\$15.06	\$13.73	\$79.68	\$4050
02/24	\$8.28	\$8.35	\$6.39	\$5.77	\$7.50	\$8.68	\$15.09	\$13.74	\$76.32	\$3976
02/17	\$8.83	\$8.83	\$6.66	\$5.96	\$8.03	\$9.01	\$15.14	\$13.85	\$76.34	\$4088
02/10	\$8.82	\$8.84	\$6.67	\$5.96	\$8.21	\$8.98	\$15.23	\$13.79	\$79.72	\$4100
Year ago		\$8.01		\$5.93	\$7.70	\$9.79		\$13.40	\$75.57	\$4762

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**

This is Dec corn, with very early Sunday's "penny higher, but leaking" action. The new red line is 20c lower than the old red line...no messing around!

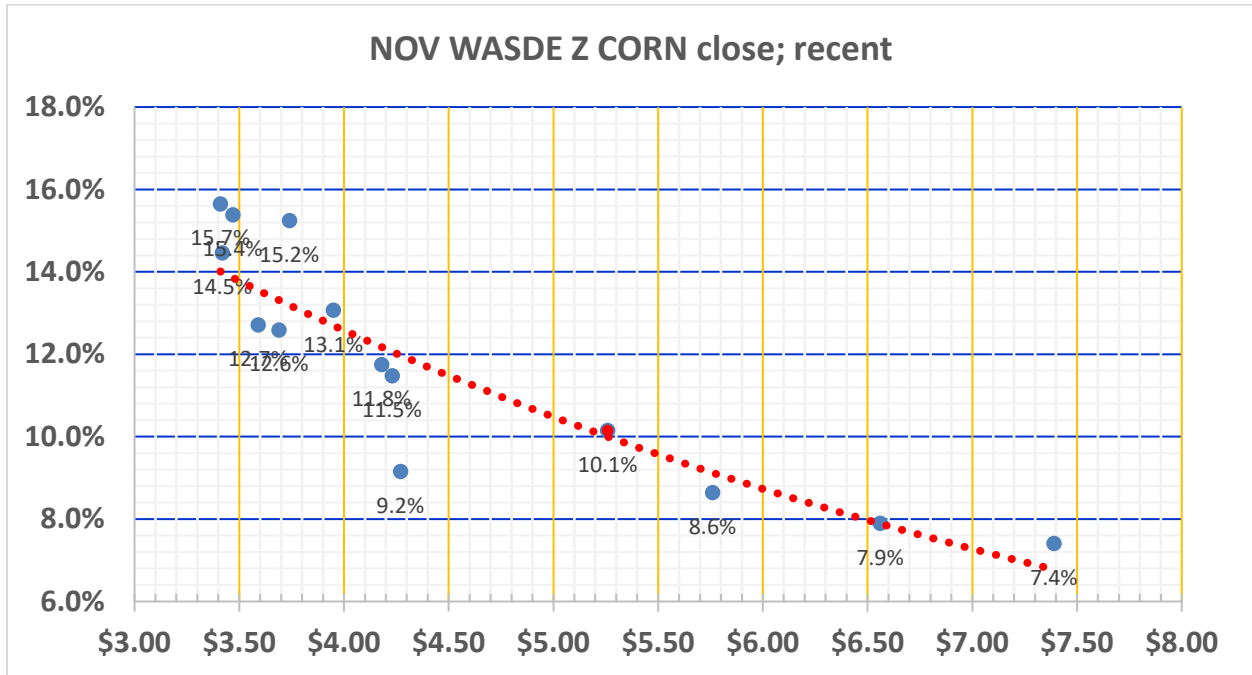


To put it into perspective, this weekly continuous corn chart shows a 30c box (roughly \$5.30 to \$5.00), centered on \$5.15...which I think WILL HOLD until we get more planting data.

The chart is troubling...as to me it says if the box does not hold, then...the previously unthinkable...becomes thinkable, and that is...a return to \$4.50 corn, although the **next 25c would first be the \$5.00 area, followed by the \$4.75 area...**



We've used this graph before as an attempt to correlate previous ending stocks/usage ratios with Dec corn futures, and it looks like \$4.75 Z corn futures = 11% ending stoz/use.

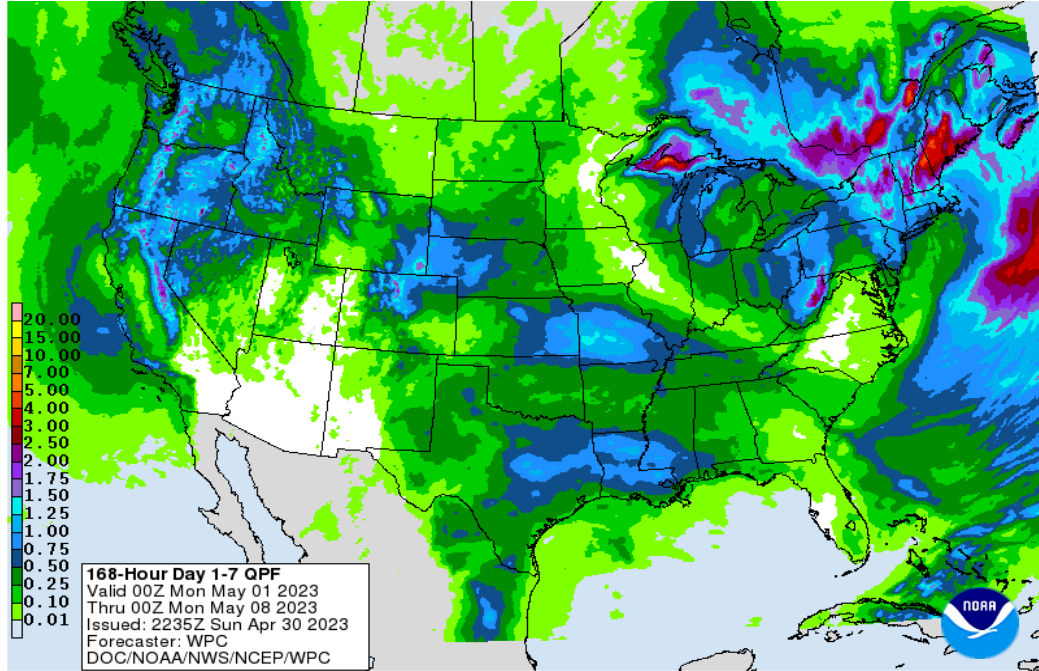


We'll get the important May WASDE, which gives us the first official look at what the USDA thinks about next year... on May 12, and it kinda feels like this is what we might see:

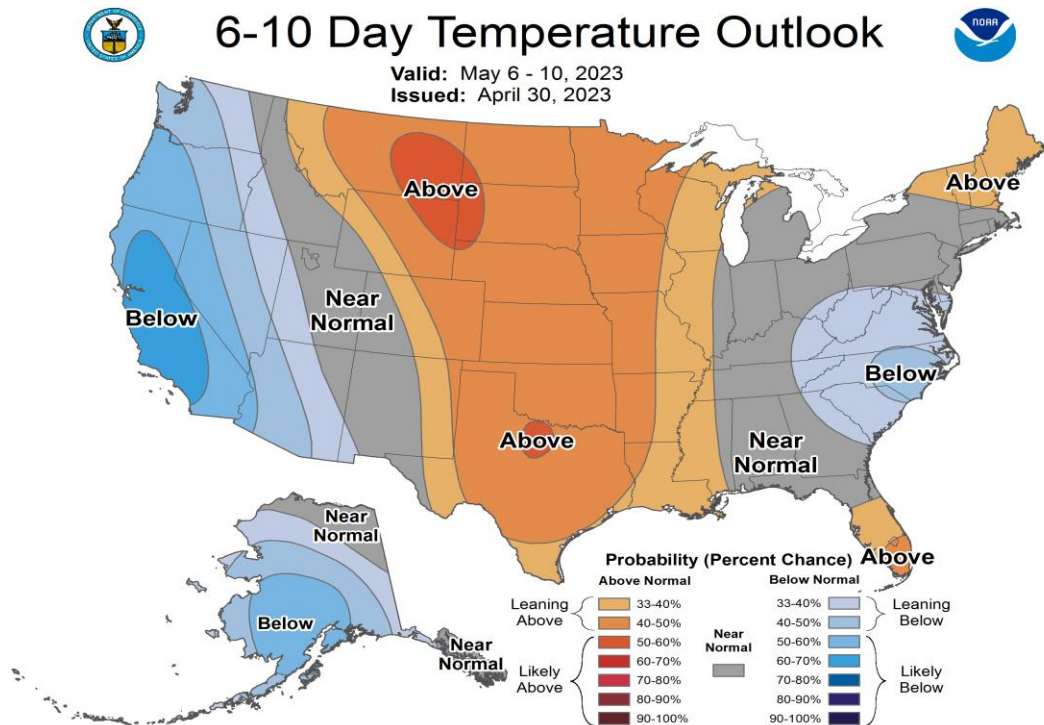
corn	1	2	3	4	5	6	7*	pp
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
area planted	94.0	90.2	88.9	89.7	90.7	93.3	88.6	92.0
area harvested	86.7	82.7	81.3	81.3	82.3	85.3	79.2	84.0
yield	0.923	0.917	0.915	0.907	0.908	0.914	0.894	0.913
beginning stocks	1,737	2,293	2,140	2,221	1,919	1,235	1,377	1,342
production	15,148	14,609	14,340	13,620	14,111	15,074	13,730	14,843
imports	57	36	28	42	24	24	40	50
total supply	16,942	16,938	16,508	15,883	16,054	16,333	15,147	16,235
feed and residual	5,470	5,304	5,429	5,900	5,607	5,718	5,275	5,605
food, seed and industrial (includes ethanol & by-products)	6,885	7,057	6,793	6,286	6,467	6,766	6,680	6,755
total domestic use	12,355	12,361	12,222	12,186	12,074	12,484	11,955	12,360
exports	2,294	2,438	2,066	1,777	2,747	2,471	1,850	2,200
total use	14,649	14,799	14,288	13,963	14,821	14,955	13,805	14,560
ending stocks	2,293	2,140	2,221	1,919	1,235	1,377	1,342	1,675
stox/use	15.65%	14.46%	15.54%	13.74%	8.33%	9.21%	9.72%	11.50%
NAFP	\$ 3.36	\$ 3.36	\$ 3.61	\$ 3.56	\$ 4.53	\$ 6.00	\$ 6.60	\$ 4.75

With the 1.1 Billion (!) increased production (almost 5 million more harvested acres and a 3.4 bu/ac additional yield), but demand only increasing 755 million bu, ending stocks increase 330 mil bu or so, and we get the ending stox/use ratio up to 11.5%.

This week's precipitation forecast looks like mainly Missouri gets wet



And the 6-10 day temps suggest corn planting should go hard:



I'm pretty sure there is lots and lots of unsold (unplanted?) corn, and even talking about \$4.75 corn like it's quite likely is irritating to many, but...that's what the market is saying.

The problem with \$4.75 corn is...\$8.00 wheat is way too expensive for anything but minimum usage, and even though now we're looking at \$7.75 wheat...it's still relatively very expensive.

The best posted corn bids are currently +150 July corn, which is \$7.35 bu. These are the posted wheat bids, where the average Colorado wheat bid is \$7.44 bu., or basically just whatever the minimum premium over corn it takes to keep wheat from being fed. That's the main takeaway here. The flat price of hard winter wheat only has to stay above the flat price of corn in the western feedlots.

Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
04/28	\$7.21-\$7.51	\$7.87	\$7.26-\$7.36	\$7.21-\$7.52	\$7.16-\$7.87
04/21	\$7.61-\$7.91	\$8.21	\$7.91-\$8.01	\$7.71-\$7.86	\$7.91-\$8.46
04/14	\$7.99-\$8.49	\$8.59	\$8.29-\$8.39	\$8.17-\$8.38	\$8.44-\$8.83
04/07	\$7.85-\$8.35	\$8.45	\$8.15-\$8.25	\$8.10-\$8.24	\$8.30-\$8.66
03/31	\$7.98-\$8.48	\$8.58	\$8.28-\$8.38	\$8.23-\$8.28	\$8.43-\$8.82
BASIS	SE Colorado	Chey. Wells	Burlington	Holyoke	Roggen area
04/28(N)	-55, -25	+11	-50, -40	-55, -24	-60, +11
04/21(K)	-80, -50	-20	-50, -40	-70, -55	-50, +05
04/14(K)	-80, -30	-20	-50, -40	-62, -41	-35, +04
04/07(K)	-80, -30	-20	-50, -40	-55, -41	-35, +02
03/31(K)	-80, -30	-20	-50, -40	-55, -50	-35, +04
Date	Concordia	Salina	Hutch/Wichita	Ark City	
04/28(N)	-20	-10, -05	-36, +26	-08	
04/21(K)	-35	-25, -15	-36, -05	-39	
04/14(K)	-36	-21, -15	-36, -05	-39	
04/07(K)	-33	-20, -15	-36, -05	-39	
03/31(K)	-30	-20, -15	-36, -05	-39	

You can see these basis bids moved erratically, which means some of these bids are wrong.

I'm not sure the AMS is picking up the bids correctly, because some bids were still posted over the May futures, which frankly is just being lazy, as no grain originator would be willing to still place a short hedge in the K futures against a cash purchase.

The basis should have increased 15c rolling from basis the May to basis the July if the bids were unchanged.

The Gulf, which normally I assume to be more seasoned traders...did NOT help clarify things, as they just left their bids unchanged, against the K.

LAZY. If they were working for me, I'd light 'em up.

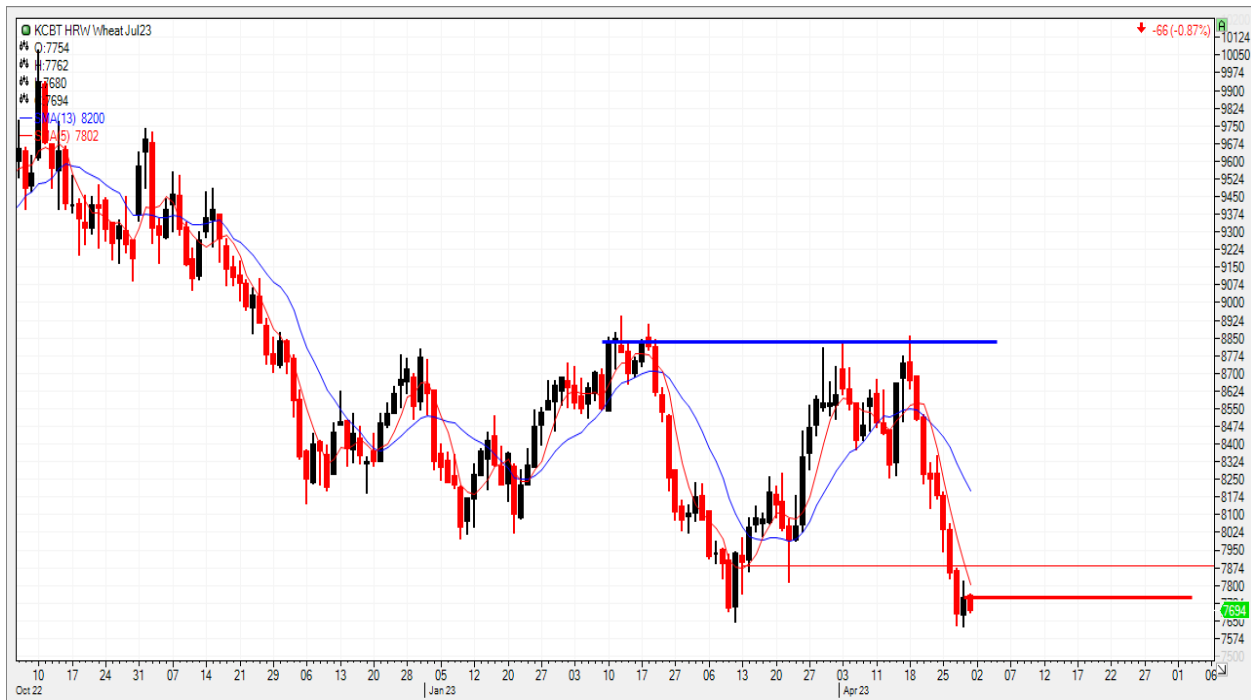
GULF				
date	12 pro	ords	diff	
4/28/2023	152	150	2	K
4/21/2023	152	150	2	K
4/14/2023	158	150	8	
4/7/2023	160	150	10	

I guess when times are slow, the temptation is to get out of the office early on a Friday. I'll assume they were going to an NFL Draft Party.

Anyway...all these bids, both Gulf and country...will be against the July next week.

If you do end up with unsold wheat, make sure you call around. Based on the posted bids, mill bids are running 35 to 40c above export bids.

Here's a KC July wheat chart, with a new red line, 13c below the old red line:



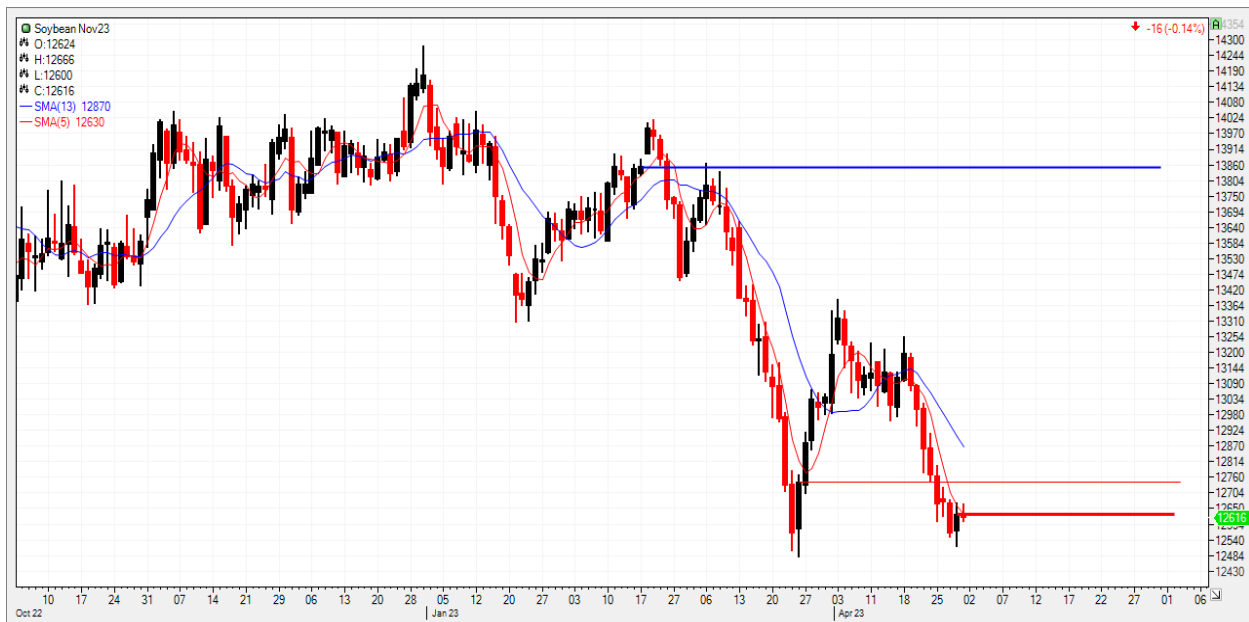
To finish the wheat/corn thought...with wheat only doing what it takes to stay above corn...we said the current cash corn bid is +150 the July corn. Dec corn is about 60c BELOW July corn. IF the corn basis eventually becomes +150 the Z corn, then that flat price would be 60c lower, IMPLYING KC wheat could drop that 60c, and still be just enough above corn to prevent it from being fed.

The point is...even though we all know this Hard Red crop has serious problems, that IS NOT ENOUGH REASON to start thinking wheat prices can't go lower, especially IF...North American spring wheat, USA and Canada, gets planted.

Spring wheat planting progress is indeed behind normal, but looking at that 6-10 day temperature outlook makes me think planting progress in 2 weeks will be finished.

When we get the May WASDE, we'll get a look at a USA "by class" breakdown, plus we'll see what the USDA thinks about Canada, Europe, Russia and an early look at Australia's prospects too. Plus India, Argentina and Ukraine. AND...we'll see what they think about the possibility of China importing 10 million tonnes of wheat again, when wheat is NOT cheaper than corn.

New-crop Nov soybeans shown here...set a new lower red line by a dime:



Corn export loadings were not good.

WEEK ENDED (04/20/23)	Weekly loadings	Accumulated in season (FGIS)	Estimated fudge factor	Total loaded est*	USDA projection	Amount needed	Weeks to go	Bu per week needed
Corn	36.0	880.3	60	918	1,850	932	19	49.0
Soybeans	13.8	1728.7	30	1748	2,015	267	19	14.1
All wheat	13.4	656.5	45	697	775	78	05	15.6
Milo	2.1	51.4	5	54	90	36	19	1.9
LAST WEEK								
Corn	47.8	843.4	60	880	1,850	970	20	48.5
Soybeans	19.3	1714.7	30	1733	2,015	282	20	14.1
All wheat	8.8	642.6	45	682	775	93	06	15.5
Milo	2.3	49.2	5	52	90	38	20	1.9

Corn export sales were only 15.7 mil bu, well under the 49 mil bu needed to keep the USDA from seriously considering dropping their old-crop corn export forecast.

Neither corn nor beans reported export sales for next year; again troubling, with the 60c corn inverse and \$1.55 soybean inverse.

Wheat...just meh. Export loadings were ok; new export sales, both old-and new-crop, were not good.

World wheat news last week was subdued.

Switching gears...If a guy had any guts, or was young...he'd be buying that stock market.

Interesting story on the water battle brewing in The West... "is the (Imperial Irrigation District) going to be allowed to grow alfalfa hay and export it while 10 million people in Los Angeles go without?"... Is not an easy question to answer, as old water rights and old laws do exist.

<https://www.washingtonpost.com/climate-environment/2023/04/16/colorado-river-crisis-imperial-valley-california/>

Have a good week. Stay Safe. Slow Down.