

Hello Colorado Wheat.

Most ag markets bounced notably last week, led by oversold wheat. Corn and beans followed.

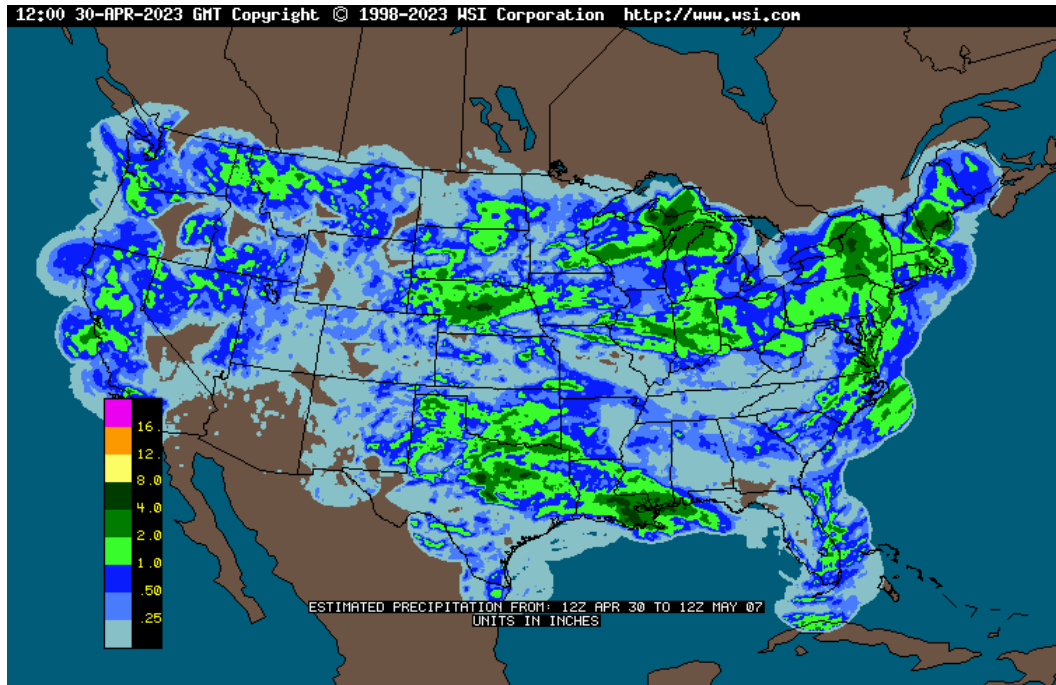
KC July settled up 57c last week. Notice the Z was only up 44c, a narrowing of the KC calendar spreads...a pattern I expect we'll see all year long. Ever tighter inter-market spreads, that will erratically and unpredictably collapse from time-to-time...wash hands and repeat. Fortunes will be made, and lost in the calendars, and in the inter-commodity spreads as well. Minny Z (spring wheat) was up 30c, and Chgo Z wheat...**actually LOST 3c**. Corn was up a dime, plus or minus, depending on which flavor, and beans gained 15c or so. Crude oil set back a bit, and the stock market flopped around, to settle a touch lower.

	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
05/05	\$8.33	\$8.21	\$5.97	\$5.38	\$6.60	\$8.44	\$14.37	\$12.80	\$71.34	\$4150
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
Year ago		\$8.01		\$5.93	\$7.70	\$9.79		\$13.40	\$75.57	\$4762

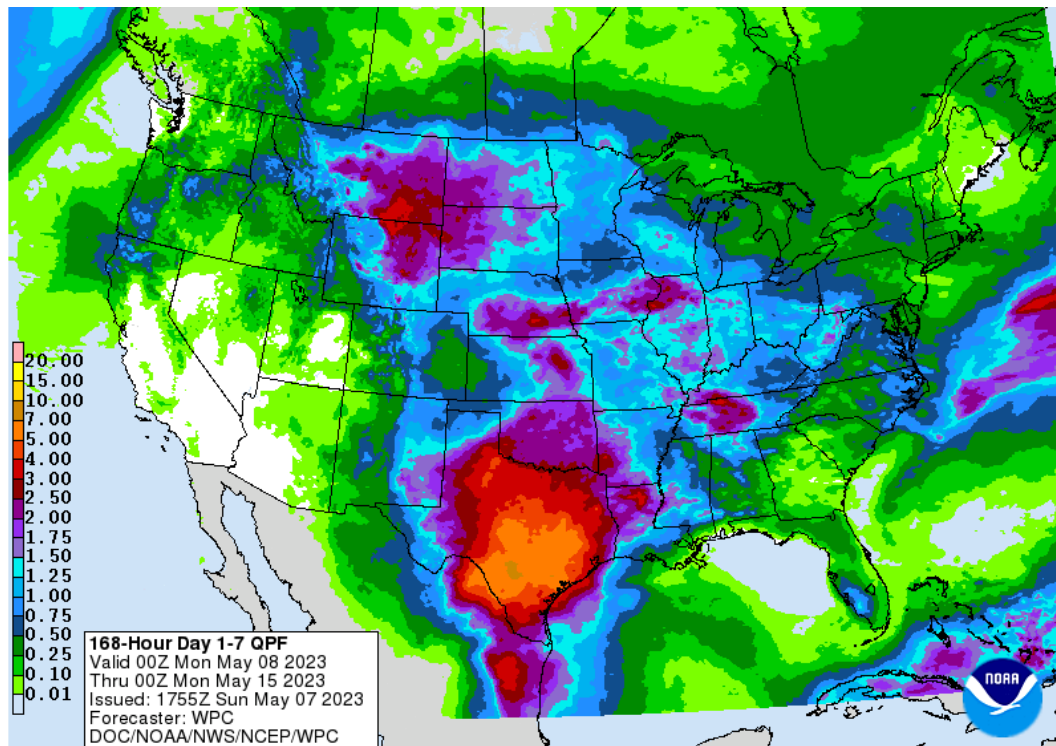
Continuing those rebounds this week will be more difficult as the market will “even up” going into Friday’s (May 12) big May WASDE update and first official look at the coming crop year, domestically and world-wide.

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 last week's precipitation; going into this, USA corn planting progress was at right at the recent 5-year average of 26%. I expect Missouri almost finished planting, and Kansas and Colorado moved along, but I don't think Nebraska, Indiana or Wisconsin made a lot of progress.



And this week looks ...wet. I think corn planting progress concern has increased, which probably helped Z corn gain the dime.



At first glance, corn export loadings were really good, at almost 60 million bu, and could easily be assumed to be why old-crop corn moved up, BUT export SALES showed China cancelled (sold back) 29 million bu! New-crop corn sales were less than 5 million bu. I don't think the USDA will change their USA old-crop export forecasts on this May WASDE; getting demand projections for next year will be important. Soybeans finally saw a boat of new-crop sold.

WEEK ENDED (04/27/23)	Weekly loadings	Accumulated in season (FGIS)	Estimated fudge factor	Total loaded est*	USDA projection	Amount needed	Weeks to go	Bu per week needed
Corn	59.8	941.0	60	980	1,850	870	18	48.3
Soybeans	14.8	1743.5	30	1763	2,015	252	18	14.0
All wheat	13.2	670.5	45	712	775	63	04	15.8
Milo	4.3	55.7	5	59	90	31	18	1.7
LAST WEEK								
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

Wheat saw about 11 million bu of new-crop wheat sold. **52 weeks of 11 million bu = only 572 million** USA all wheat exports for next year. I doubt the USDA will show a number that low,

USA wheat exports	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	1,051	906	937	969	992	800	775	?

but the point is the current price spreads, with Hard Red such a premium to Soft Red...are NOT conducive to a big USA wheat export program. The new-crop wheat sales this week were for soft red, going to China.

This is KC July – Chgo July wheat, settling with KC at a \$1.63 bu premium, and moving up to +180 Sunday:



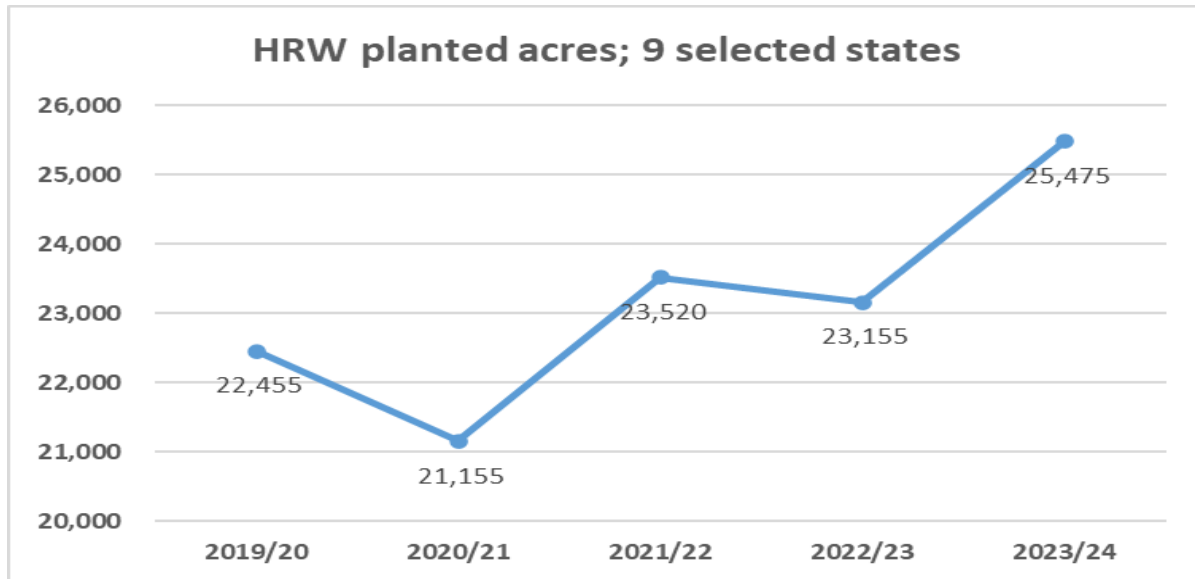
We WILL NOT get an official “by class” outlook on USA new-crop wheat this Friday, but with KC a \$1.80 over Chgo, it will be a look at trying to get to minimal demand projections anyway.

In other words, the USA wheat supply could be way down, but I think the USA demand picture could be way down as well. My bias is USDA will choose to show a relatively non-threatening wheat S&D balance sheet to begin the year. We may not end up that way at all, but that’s how I think we start.

We won’t get a “by class” look, but we will get a May Winter Wheat Production report from NASS.

We KNOW USA HRW production in Kansas and Colorado is struggling, and NE, OK and TX aren’t great. Montana, on the other hand, probably indeed is in great shape.

If we take the reported planted acres from the Perspective Plantings report...(remember this chart?):



and

then use lowest harvested percentage in recent history, multiplied with lowest yields in recent history (except for Montana and South Dakota), we might get a table like this:

					2023	2022
USA HRW	planted	% harvested	harvested	yield	production	
KS	8,100	82.0%	6,642.0	28.0	186.0	244.2
CO	2,250	70.0%	1,575.0	21.0	33.1	35.8
NE	1,150	81.0%	931.5	32.0	29.8	26.2
OK	4,600	53.0%	2,438.0	22.0	53.6	68.6
TX	6,700	24.0%	1,608.0	24.0	38.6	39.0
SD	930	88.0%	818.4	58.0	47.5	38.0
ND	130	91.0%	118.3	60.0	7.1	5.7
MT	2,000	96.0%	1,920.0	52.0	99.8	59.4
CA	330	20.0%	66.0	82.0	5.4	5.1
total	26,190		16,117.2		500.9	521.96

501 million bu of USA HRW compared to last year's 521 million bushels...doesn't sound like much of a disaster.

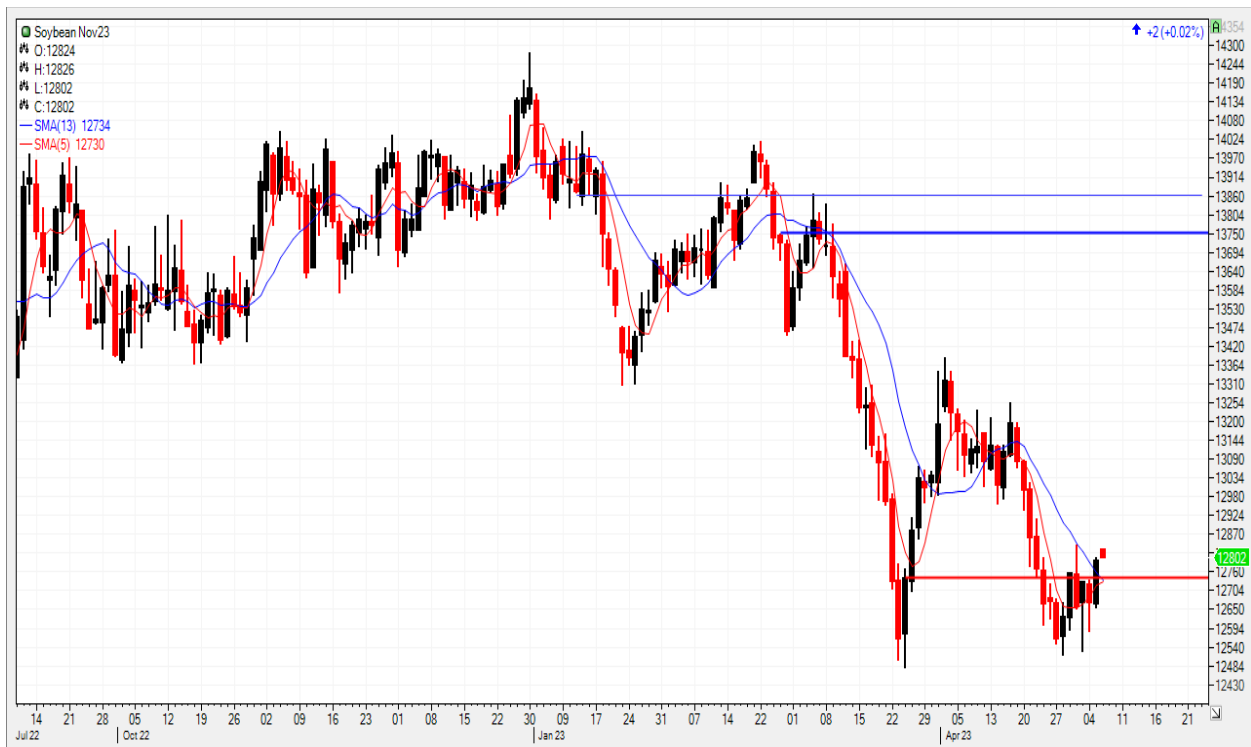
Soft red acres were up 7% and have enjoyed perfect weather.

Spring wheat acres on the Prospective Plantings report were down 2.5%, and planting is delayed, but what if the weather stays nice? What if Montana goes back to a 38 bu/ac yield, like they had in 20/21, instead of last year's 25 bu/ac? Spring wheat production could almost be unchanged.

My point is the May WASDE WILL NOT be seen as super bullish wheat, even though right now you might be wondering how you're going to have enough bushels to cover what you've already sold.

I showed a corn balance sheet last week with an ending stoxx/use ratio projecting a \$4.75 NAFFP, and based on planting slowing down, maybe the National Average Farm Price will be \$5.00, and soybeans...who knows? Acres are up, yields will be good, demand will probably be good, BUT the problem is Brazil is supposed to have a gigantic crop coming.

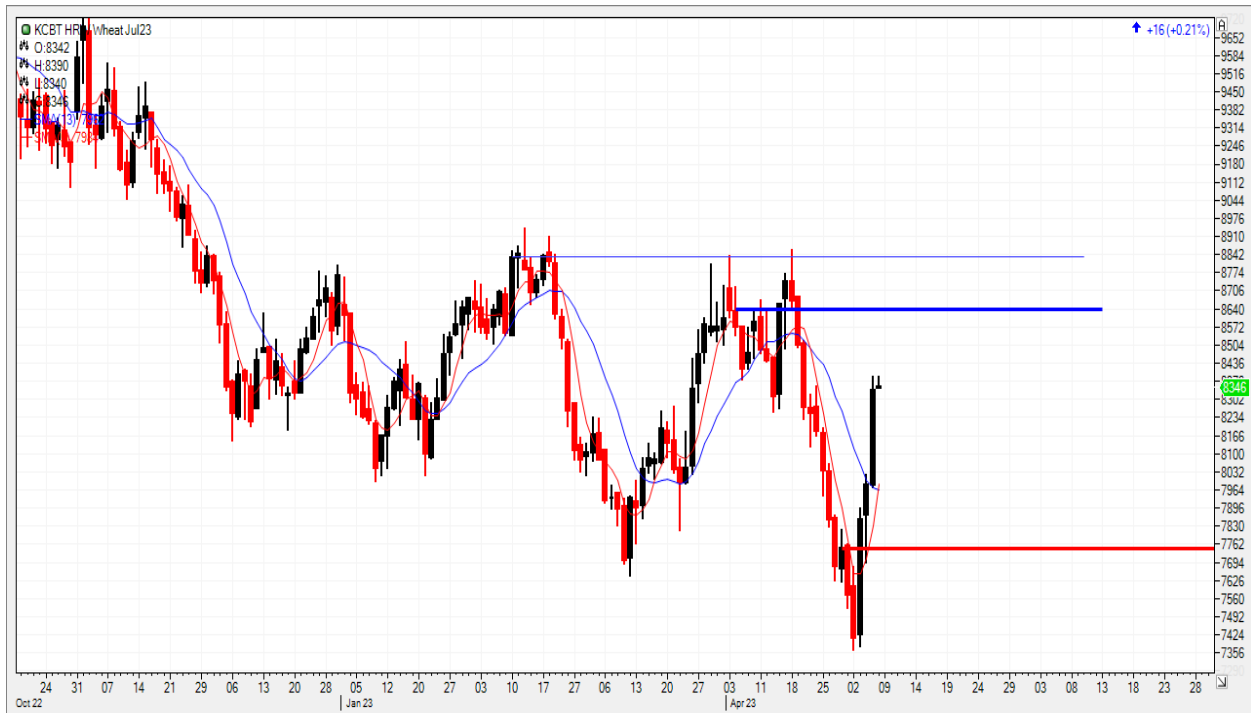
November soybeans here; the new blue line is down to \$13.75. Looks like some moving averages may be crossing. I've sold 25% of my new-crop beans and am willing to wait.



Dec corn here. Note the blue line is now down to \$5.77; red line unchanged at \$5.28. Basically in a 50c range, with a potential moving average cross. Like soybeans, I've sold 25% of my new-crop corn, and with the continuing damp weather, I'm not selling more right now. I'd feel better about that if we were seeing good new-crop corn export sales, which we are not.



And KC July wheat, relatively very expensive (we looked at the KC – Chgo wheat spread earlier), but...it is IMPORTANT to note there is a new blue line, down to a double-top at the \$8.63 area.



IF the NASS HRW production number is less than 500 million bu, KC will probably go through the Blue Line resistance, but to do that, NASS will be using lowest yields in recent history, and a very low harvested percentage.

What we will see on the may WASDE is the projected USA wheat Supply and Demand, and here's mine, and it is based on what I think are the demand minimums...

wheat	1	2	3	4	5	6	7	8
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
area planted	50.1	46.1	47.8	45.5	44.5	46.7	45.8	49.8
area harvested	43.8	37.6	39.6	37.4	36.8	37.1	35.5	37.8
	0.87	0.81	0.83	0.82	0.83	0.80	0.78	0.76
yield	52.7	46.4	47.6	51.7	49.7	44.3	46.5	42
beginning stocks	976	1,181	1,099	1,080	1,028	845	698	598
production	2,308	1,741	1,885	1,932	1,828	1,646	1,650	1590
imports	118	157	135	104	101	95	125	165
total supply	3,402	3,079	3,119	3,116	2,957	2,587	2,473	2,353
food	949	964	954	962	961	972	975	980
seed	61	63	60	61	64	58	70	70
feed/residual	160	47	88	95	95	59	55	16
domestic use	1,171	1,074	1,102	1,118	1,120	1,089	1,100	1,066
exports	1,051	906	937	969	992	800	775	725
total use	2,222	1,980	2,039	2,087	2,112	1,889	1,875	1,791
ending stocks	1,181	1,099	1,080	1,029	845	698	598	562
stox/use	53.1%	55.5%	52.9%	49.3%	40.0%	36.9%	31.9%	31.4%
NAFP	\$3.89	\$4.72	\$5.16	\$4.58	\$5.05	\$7.63	\$8.90	\$8.50

You can see I took the Feed/residual category down about 40 million bu, and I dropped exports 50 million bu., down to 725 mil bu, which is about 14 million export loadings or sales per week.

Posted Gulf bids are doing nothing:

GULF date	12 pro	ords	diff	
5/5/2023	151	149	2	N
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	
3/31/2023	160	150	10	

Bids in the country aren't doing much either. Some are still adjusting to the KCK-KCN inverse:

Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
05/05	\$7.53-\$8.08	\$8.13	\$7.83-\$7.93	\$7.78-\$8.25	\$7.73-\$8.28
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
BASIS	SE Colorado	Chey. Wells	Burlington	Holyoke	Roggen area
05/05(N)	-80, -25	-20	-50, -40	-55, -08	-60, -05
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
Date	Concordia	Salina	Hutch/Wichita	Ark City	
05/05(N)	-15	-05, -00	-32, +00	-34	
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	

Those Kansas terminal bids (into the delivery points) are quite firm, probably enough of a signal to move KC short hedges out into next year's July.

This is KC July 23- KC July 24, and if I was running a Commercial Hedge Desk, I'd close my eyes and buy this spread, even though I'd hate doing it.



I think this will be a difficult year for anyone in the wheat business. Inverses destroy wealth. Spreads firm, and firm, and firm... and then suddenly collapse. The basis does too.

Switching gears...last week I ran another story about the Colorado River water fight; this story is kind of the opposite, showing Chicago agreed to sell water to Joliet, IL for the next 100 years.

<https://www.chicagotribune.com/politics/ct-chicago-water-deal-with-joliet-council-2023-20230419-mpb635xftvgudf54vfw43322eu-story.html>

Two weeks ago I referenced the StatsCan report, which said Canadian spring wheat yields may be challenged by dry weather; this story talks about wildfires very near Edmonton, called an "unprecedented crisis"... <https://www.theweathernetwork.com/en/news/weather/severe/out-of-control-wildfires-unprecedented-crisis-says-alberta-premier> although the map we saw back on page 2 shows they are expecting some rain this week.

Have a good week; I hope your planting season is going well. I know it's stressful, so Slow Down...is my advice.

Big reports Friday; should be interesting.