

Hello Colorado Wheat.

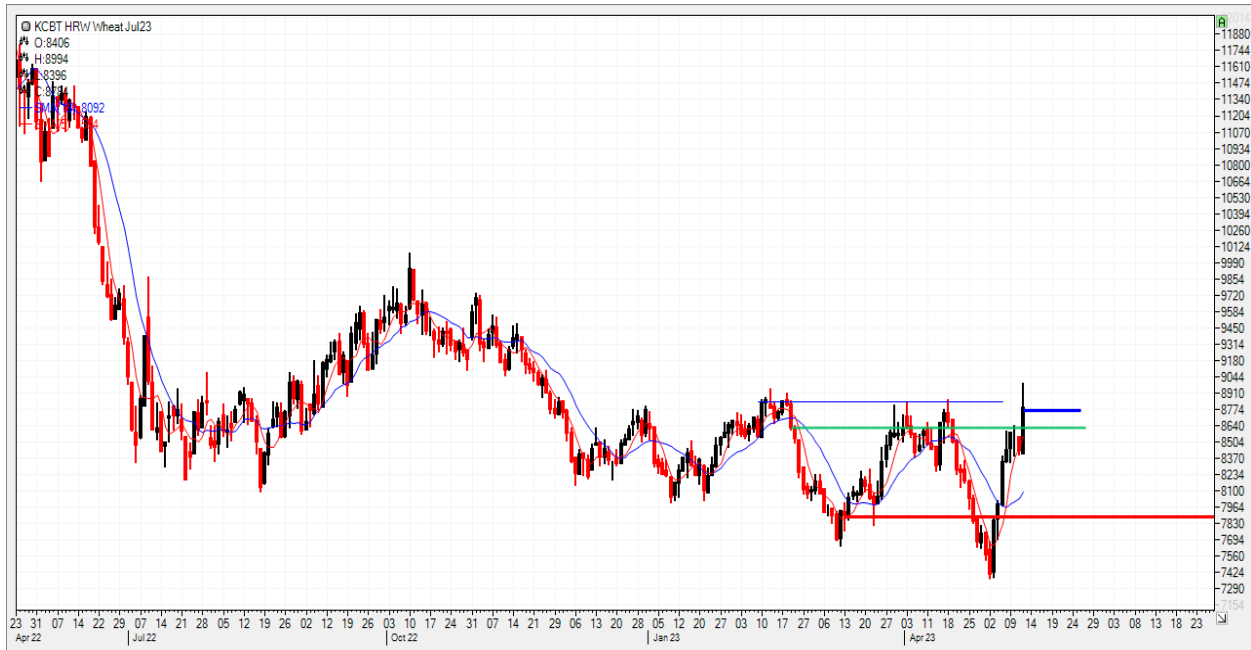
The big May WASDE and NASS Crop Production reports have been released, and out of the way. I view these as “a place to start”, although for KC wheat futures specifically, I wonder if we are nearing a “place to end”. What I mean by that is the Wheat Quality Council’s Hard Red Wheat Tour is this week, and the Wednesday night meeting in Wichita...might very well offer the “high tick” selling opportunity of the coming new annual crop year, as I tend to think **the reports from that day’s travels will be beyond bleak.**

The week ended with KC posting new Blue numbers, and new-crop corn and beans posting new Red numbers. Taking the other side of that trade will one day put you in the movies, but in the meantime, probably put you in the poor house.

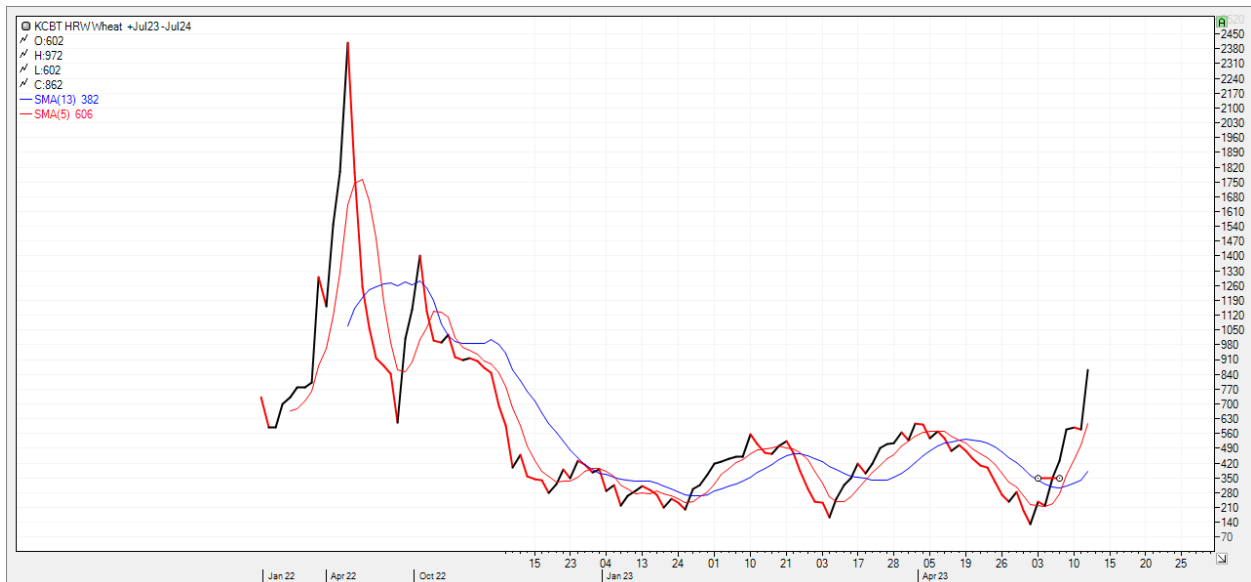
	July '23 HRW	DEC '23 HRW	July'23 corn	DEC '23 corn	Chgo Z wheat	Springs Dec (Z)	July'23 soybean	NOV '23 Soybean	Crude oil	S&P
CLOSE	KWN23	KWZ23	CN23	CZ23	WZ23	MWZ23	SN23	SX23	CRD22	ES22
05/12	\$8.77	\$8.47	\$5.86	\$5.09	\$6.64	\$8.51	\$13.90	\$12.24	\$70.04	\$4138
05/05	\$8.33	\$8.21	\$5.97	\$5.38	\$6.60	\$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
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

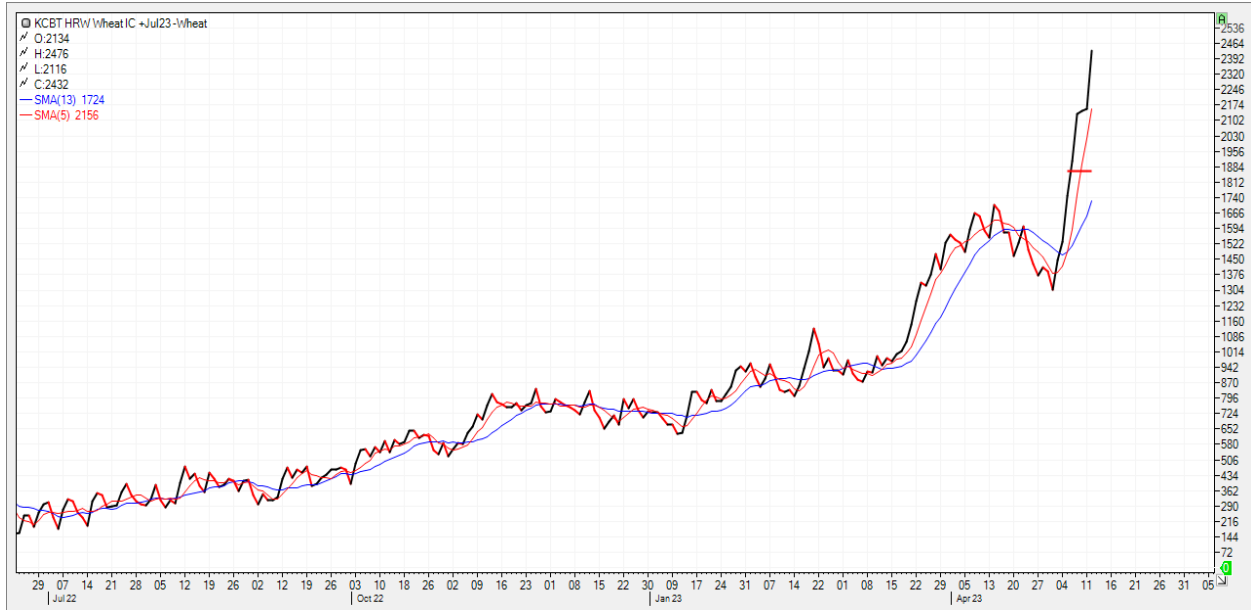
This is KC July wheat, showing the new Blue Line down to \$8.77, as the \$8.83 old blue line rolled off the 13-week Closing Table. I also added a green line at the \$8.62-63 area, as the table shows in effect a double-bottom of support there, which is useful. The new blue line is resistance, but the moving averages aren't showing any concern, and the old blue line is very near...**so I think the path of least resistance is actually...higher.** If I was a spec, or a trader (with plenty of margin money), I'd buy this KC July, and use the green line as my sell-stop. As a wheat producer...I've sold 50% of my expected production and would be in no hurry to add to those sales, and for many of you, the concern will be having actual bushels to fill those existing sales.



Last week I said if I was a mill buyer running a hedge desk, I showed this KC N23- KC N24 calendar spread chart and said I'd close my eyes and buy it (at 33), even though I wouldn't like it...and you can see this spread moved another 52c THIS WEEK! Omega. Double yikes, etc.



The final technical look at wheat ...is KC moving ANOTHER 60c over Chgo wheat. There is no real way to explain this, other than admitting KC HRW IS AN ISLAND all by itself.



Fundamentally...we saw some clues this week as to the Why, although nothing fundamentally yet as to the How this situation resolves itself.

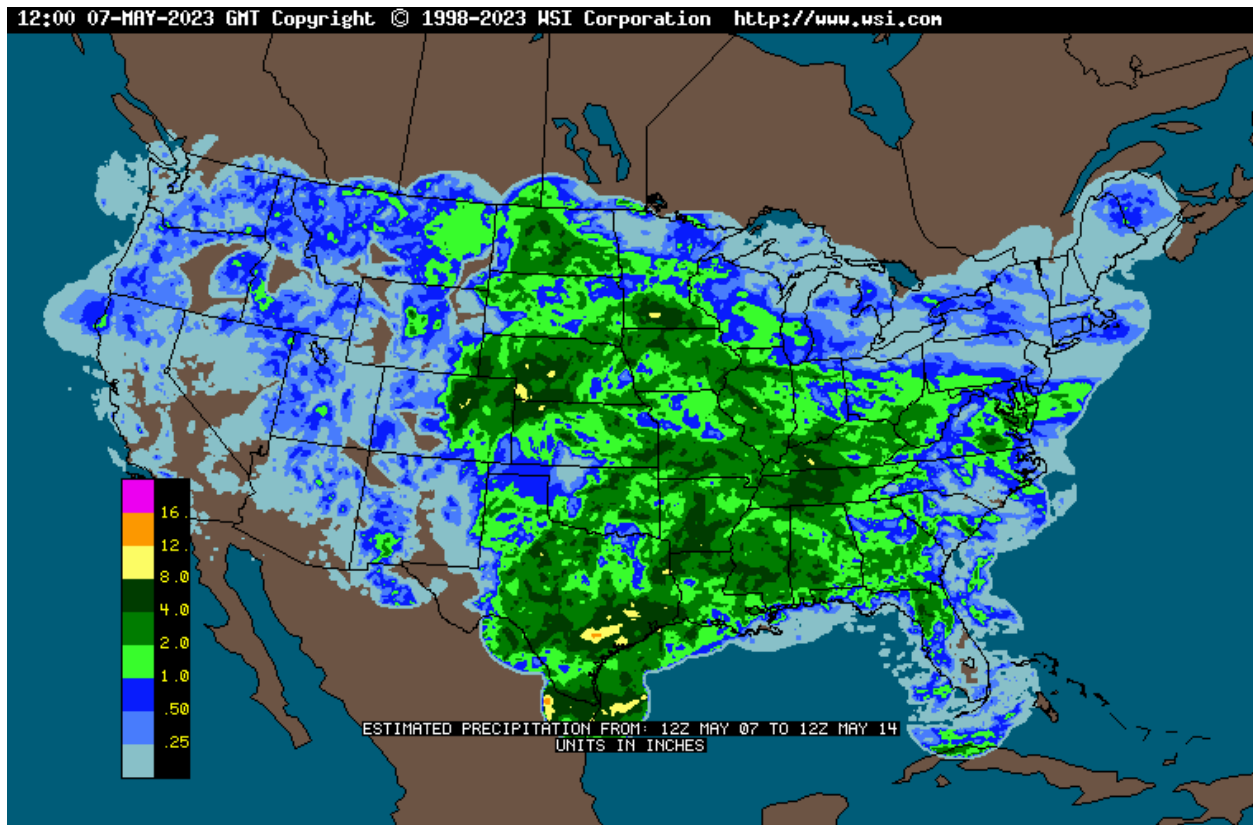
I've used the concept of "minimums" recently; this table compares the recent NASS Crop production with the "minimums" we've seen since 2005/06...

	2023/24				worst year		worst year		worst year		worst year	
	harvested	harvested			harvested		harvested		yield		production	
	acres	%	yield	production	acres		%		yield		production	
KS	6600	81.5%	29.0	191.4	6250	20/21	81.5%	23/24	28.0	14/15	191.4	23/24
CO	1650	73.3%	30.0	49.5	1430	22/23	70.9%	13/14	24.0	05/06	35.8	22/23
NE	970	84.3%	34.0	33.0	820	22/23	81.2%	15/16	32.0	22/23	26.2	22/23
OK	2150	46.7%	23.0	49.5	2150	23/24	46.7%	23/24	17.0	14/15	47.6	14/15
TX	2000	29.9%	28.0	56.0	1300	22/23	24.5%	13/14	24.0	06/07	33.6	06/07
SD	750	80.6%	46.0	34.5	520	17/18	51.5%	14/15	36.0	06/07	20.8	17/18
ND	110	84.6%	54.0	5.9	33	20/21	63.8%	23/24	33.0	21/22	13.0	17/18
MT	1750	87.5%	44.0	77.0	1490	20/21	87.5%	22/23	31.0	21/22	53.6	21/22
CA	95	28.8%	80.0	7.6	70	22/23	20.6%		50.0	19/20	5.0	19/20
total	16075			504.37	14063							

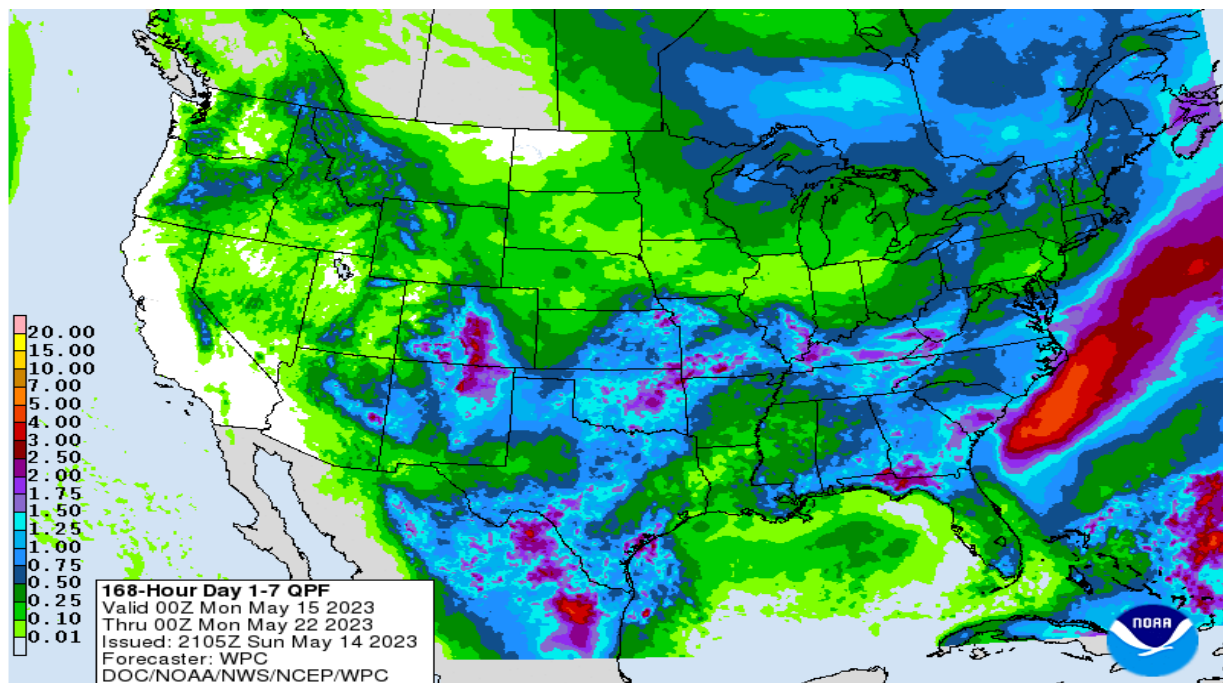
You can see there is room for things to indeed get worse, although the current report is pretty bad. BUT...can things get better than the May NASS Crop production report?

It's indeed possible.

This is last week's precipitation, which was the week AFTER the report:



And this is the forecast for this week, and Oklahoma looks to get wet:



And with the idea of “minimums”, this is the initial official look at the wheat balance sheet, and for the record, you can see my guesses were pretty good. We’ll assume their NAFP of \$8.00 was heavily influenced by Chgo’s cheap futures price.

wheat	1	2	3	4	5	6	7 WASDE	maltby	
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2023/24
area planted	50.1	46.1	47.8	45.5	44.5	46.7	45.8	49.9	49.8
area harvested	43.8	37.6	39.6	37.4	36.8	37.1	35.5	37.1	37.8
	0.87	0.81	0.83	0.82	0.83	0.80	0.78	0.74	0.76
yield	52.7	46.4	47.6	51.7	49.7	44.3	46.5	44.7	42
beginning stocks	976	1,181	1,099	1,080	1,028	845	698	598	598
production	2,308	1,741	1,885	1,932	1,828	1,646	1,650	1,659	1590
imports	118	157	135	104	101	95	125	135	165
total supply	3,402	3,079	3,119	3,116	2,957	2,587	2,473	2,392	2,353
food	949	964	954	962	961	972	975	977	980
seed	61	63	60	61	64	58	70	65	70
feed/residual	160	47	88	95	95	59	55	70	16
domestic use	1,171	1,074	1,102	1,118	1,120	1,089	1,100	1,112	1,066
exports	1,051	906	937	969	992	800	775	725	725
total use	2,222	1,980	2,039	2,087	2,112	1,889	1,875	1,837	1,791
ending stocks	1,181	1,099	1,080	1,029	845	698	598	555	562
stox/use	53.1%	55.5%	52.9%	49.3%	40.0%	36.9%	31.9%	30.2%	31.4%
NAFP	\$3.89	\$4.72	\$5.16	\$4.58	\$5.05	\$7.63	\$8.90	\$8.00	\$8.50

I think their feed/residual category is overstated, and their imports guess is understated, but certainly their export estimate is the definition of “minimum”, or at least I think it is.

Anyway...the KC futures market will do whatever it can get away with to ration demand, until it’s apparent to most everyone that demand has been reduced, and then we’ll see the definition of a “crowded trade” as all the spreads we looked at... rapidly without warning reverse themselves and collapse.

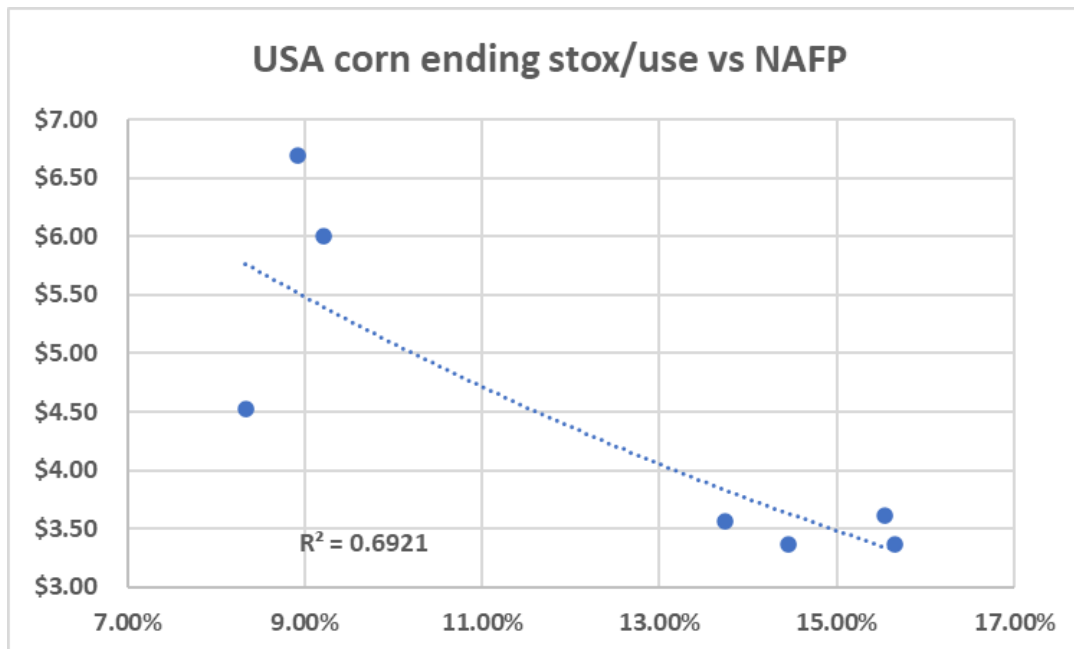
It will be a year when fortunes are made, and lost, repeatedly.

The WASDE World Wheat situation initially is not expected to change very much at all. Production increases in Europe, Argentina, India and China offset decreases in Australia, Russia and Ukraine. Because corn will be much cheaper than wheat, domestic wheat feeding in the world will decline, and the net is ending world wheat stocks nominally decline 2 million tonnes. We’ll re-visit these numbers many times as the year progresses, but for now, the initial world wheat outlook was a non-event.

The USA corn picture was more bearish than I expected, although my NAFP guess was almost perfect. The USDA used a bigger yield than I did, and their export forecast was lower than I thought, but...I admit I did NOT think they would decrease this year's corn exports by 75 million bu. This is what they came up with, compared to what I showed 3 weeks ago, and for the record, **IF THEIR ENDING STOX/USE RATIO OF 15.34% IS CORRECT, CORN IS HEADED MUCH LOWER.**

corn	1	2	3	4	5	6	7	8	maltby
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2023/24
area planted	94.0	90.2	88.9	89.7	90.7	93.3	88.6	92.0	92.0
area harvested	86.7	82.7	81.3	81.3	82.3	85.3	79.2	84.1	84.0
yield	0.923	0.917	0.915	0.907	0.908	0.914	0.894	0.914	0.913
beginning stocks	1,737	2,293	2,140	2,221	1,919	1,235	1,377	1,417	1,342
production	15,148	14,609	14,340	13,620	14,111	15,074	13,730	15,265	14,843
imports	57	36	28	42	24	24	40	25	50
total supply	16,942	16,938	16,508	15,883	16,054	16,333	15,147	16,707	16,235
feed and residual	5,470	5,304	5,429	5,900	5,607	5,718	5,275	5,650	5,605
food, seed and industrial	6,885	7,057	6,793	6,286	6,467	6,766	6,680	6,735	6,755
(includes ethanol & by-products)	5,432	5,605	5,378	4,857	5,028	5,326	5,250	5,300	5,275
total domestic use	12,355	12,361	12,222	12,186	12,074	12,484	11,955	12,385	12,360
exports	2,294	2,438	2,066	1,777	2,747	2,471	1,775	2,100	2,200
total use	14,649	14,799	14,288	13,963	14,821	14,955	13,730	14,485	14,560
ending stocks	2,293	2,140	2,221	1,919	1,235	1,377	1,417	2,222	1,675
stox/use	15.65%	14.46%	15.54%	13.74%	8.33%	9.21%	10.32%	15.34%	11.50%
NAFP	\$ 3.36	\$ 3.36	\$ 3.61	\$ 3.56	\$ 4.53	\$ 6.00	\$ 6.60	\$ 4.80	\$ 4.75

An ending stox/use ratio above 15% would project a NAFP UNDER \$4.00:

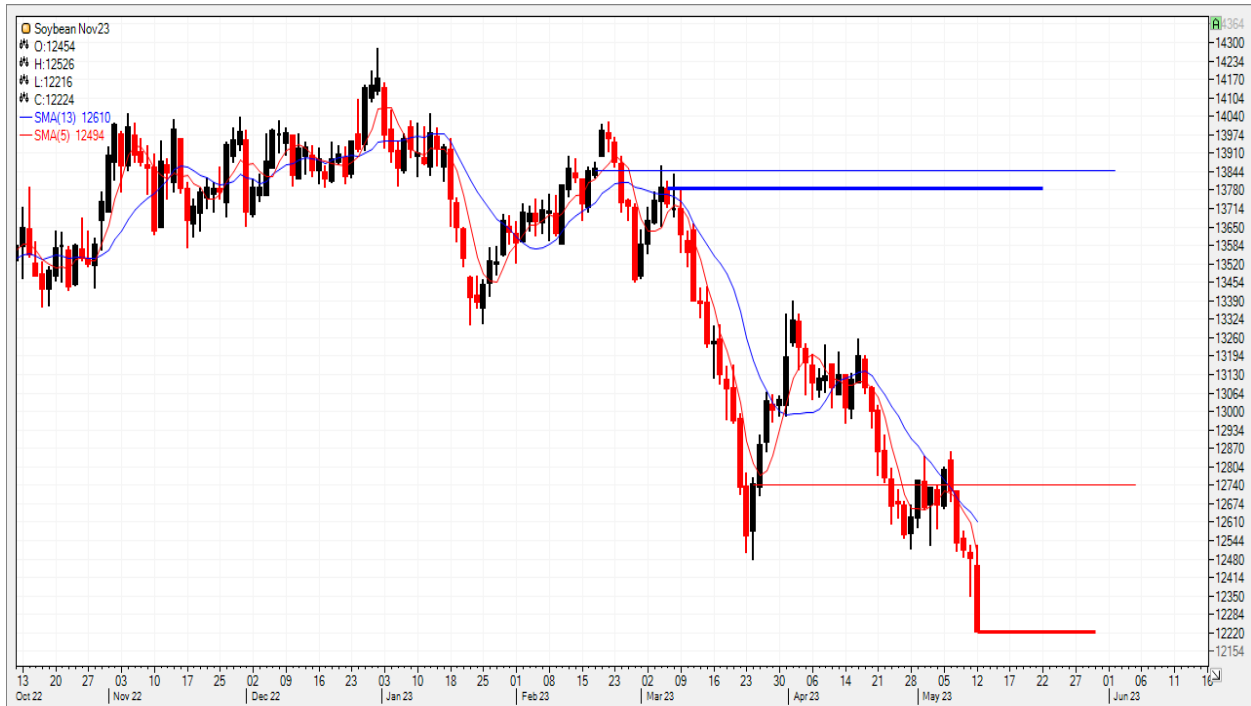


This is Dec corn, with a new lower Blue line, again, but more importantly is the new Red line, down to \$5.09, and make no mistake, this is a really bad looking chart:



Based on the fundamental analysis, which I interpret as very bearish, and I strongly believe the USDA is being optimistic on their NAFP, **I recommend selling another 10% of expected corn production, which will bring me up to 35% sold.**

The new-crop bean chart looks as bad as the new-crop corn chart but I'm hesitant to sell more.



Finishing up...Gulf wheat basis bids are weaker:

GULF date	12 pro	ords	diff
5/12/2023	145	140	5
5/5/2023	151	149	2 N
4/28/2023	152	150	2 K
4/21/2023	152	150	2 K

And we're seeing some recognition in the country that they will either be handling a wheat crop, or maybe not, but they are not going to publicly chase a non-existent being.

Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
05/12	\$7.98-\$8.52	\$8.57	\$8.27-\$8.37	\$8.16-\$8.47	\$8.21-\$8.57
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

BASIS	SE Colorado	Chey. Wells	Burlington	Holyoke	Roggen area
05/12(N)	-80, -25	-20	-50, -40	-61, -30	-56, -20
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

Date	Concordia	Salina	Hutch/Wichita	Ark City
05/12(N)	-10	-05, -00	-32, +00	-34
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

The WASDE report revised this year's corn exports sharply lower, down 75 million bu (which all went to the carryout). Corn loadings will now "only" need to average 44.5 mil bu weekly, which probably won't be easy. This week's corn sales were 10.2 million, which isn't great, but at least they weren't negative. Unfortunately, new-crop corn sales were zero. I'm leaning towards the Chinese think they can wait to buy corn cheaper, as they can read a balance sheet as well as anyone.

Beans are on target, but that's it. Old-crop sales are almost non-existent, and I saw no mention of new-crop sales either.

Wheat is limping home, with only 3 weeks remaining in the marketing year. There will probably be a slightly lower revision for this year coming. Next year's export target according to the new WASDE will only be 725 million, which is not quite 14 million bu weekly. This week's reported new-crop wheat sales were 12.3 mil bu.

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	37.9	979.0	60	1019	1,775	756	17	44.5
Soybeans	14.5	1758.4	30	1778	2,015	237	17	13.9
All wheat	7.7	678.2	45	720	775	55	03	18.3
Milo	1.9	57.8	5	61	90	29	17	1.7
LAST WEEK								
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

If a guy was absolutely sure he had extra wheat bushels to sell, this might be the week to do it, but I'd go back and look at that wheat chart on page 2 and that use the green line as a sell-stop.

Have a good week; Stay Safe, and Slow Down. I mentioned last week I knew this is a stressful time of year, and a pal replied... "What's stressful about planting a corn crop into ground that's so dry it won't grow a wheat crop?" I didn't have a good answer.

I plan on making the Wichita meeting this Wednesday. If you see me, come say Hi. I'll get the first round.