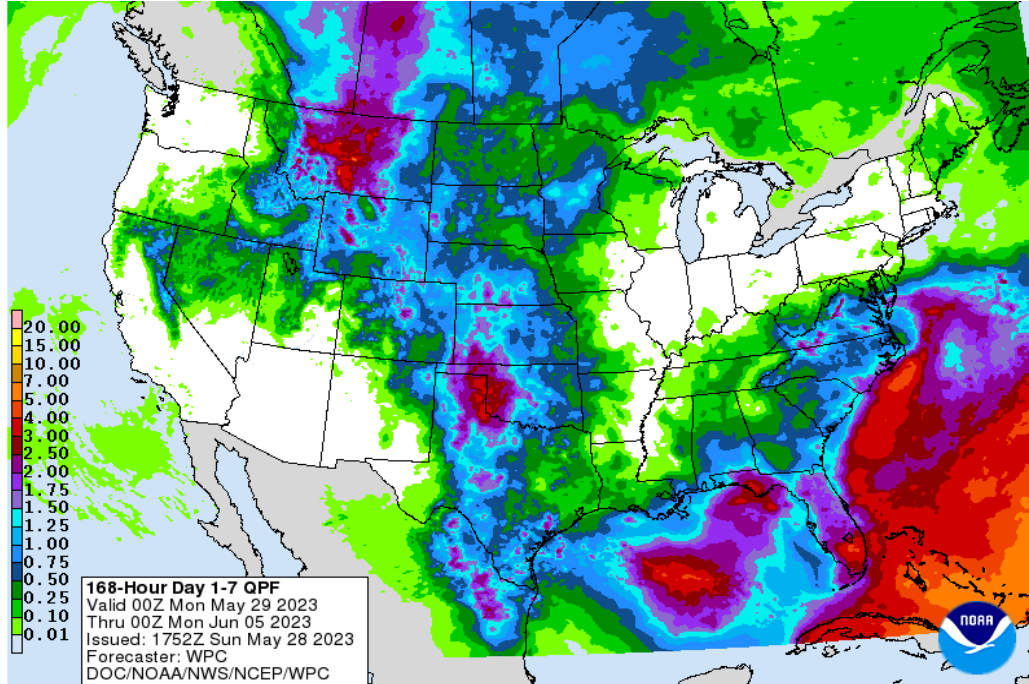


Hello Colorado Wheat. . I hope you had a good Memorial Day.

Ok, I'd say this Dec corn chart finally quit going down and has at least gone sideways. Might even be looking at a "Giddy up!!" although previous support which became a floor... \$5.50 will be tough.

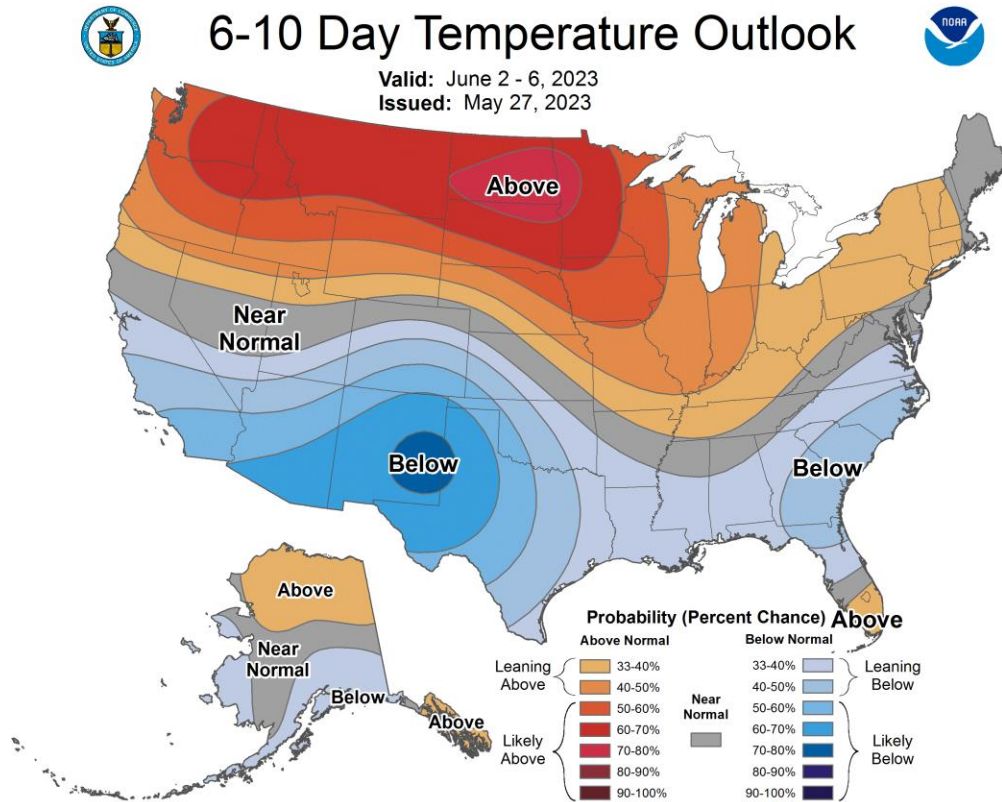


Why last week's bounce? Main reason seems to be the weather forecast, turning drier for Iowa, Illinois, Indiana, and Ohio.



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

Last week's Corn Crop Progress showed 81% planted and 52% emerged. Corn has not entered into pollination stage, and these temps are not yet a problem for corn, but El Nino "chatter" has certainly increased on twitter, etc:



UNFORTUNATELY...New-crop corn Demand isn't really showing an uptick, although the only way of judging that is reported export sales, which were only 2 mil bu.

Old-crop loadings were decent for corn and wheat. Beans are in trouble:

| WEEK ENDED (05/18/23) | Weekly loadings | Accumulated in season (FGIS) | Estimated fudge factor | Total loaded est* | USDA projection | Amount needed | Weeks to go | Bu per week needed |
|-----------------------|-----------------|------------------------------|------------------------|-------------------|-----------------|---------------|-------------|--------------------|
| Corn | 52.1 | 1077.7 | 60 | 1120 | 1,775 | 655 | 15 | 43.7 |
| Soybeans | 5.7 | 1771.0 | 30 | 1792 | 2,015 | 223 | 15 | 14.9 |
| All wheat | 15.0 | 703.4 | 45 | 747 | 775 | 28 | 01 | 28.0 |
| Milo | 4.6 | 64.4 | 5 | 68 | 90 | 22 | 15 | 1.5 |
| LAST WEEK | | | | | | | | |
| Corn | 46.2 | 1025.6 | 60 | 1067 | 1,775 | 708 | 16 | 44.3 |
| Soybeans | 5.4 | 1763.9 | 30 | 1784 | 2,015 | 231 | 16 | 14.4 |
| All wheat | 8.9 | 687.6 | 45 | 731 | 775 | 44 | 02 | 22.0 |
| Milo | 2.1 | 59.8 | 5 | 63 | 90 | 27 | 16 | 1.7 |

Old-crop July Corn led the way this week, up almost 50c, and new-crop corn was up 35c.

| | 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 |
| 05/26 | \$8.19 | \$8.10 | \$6.04 | \$5.35 | \$6.48 | \$8.25 | \$13.37 | \$11.90 | \$72.67 | \$4213 |
| 05/19 | \$8.24 | \$8.07 | \$5.55 | \$5.00 | \$6.36 | \$8.11 | \$13.07 | \$11.76 | \$71.55 | \$4205 |
| 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 |
| Year ago | | \$8.01 | | \$5.93 | \$7.70 | \$9.79 | | \$13.40 | \$75.57 | \$4762 |

Assuming some old-crop corn exists, the Blue Line at \$6.36 is a double-top, which I expect to hold if we can get up there:

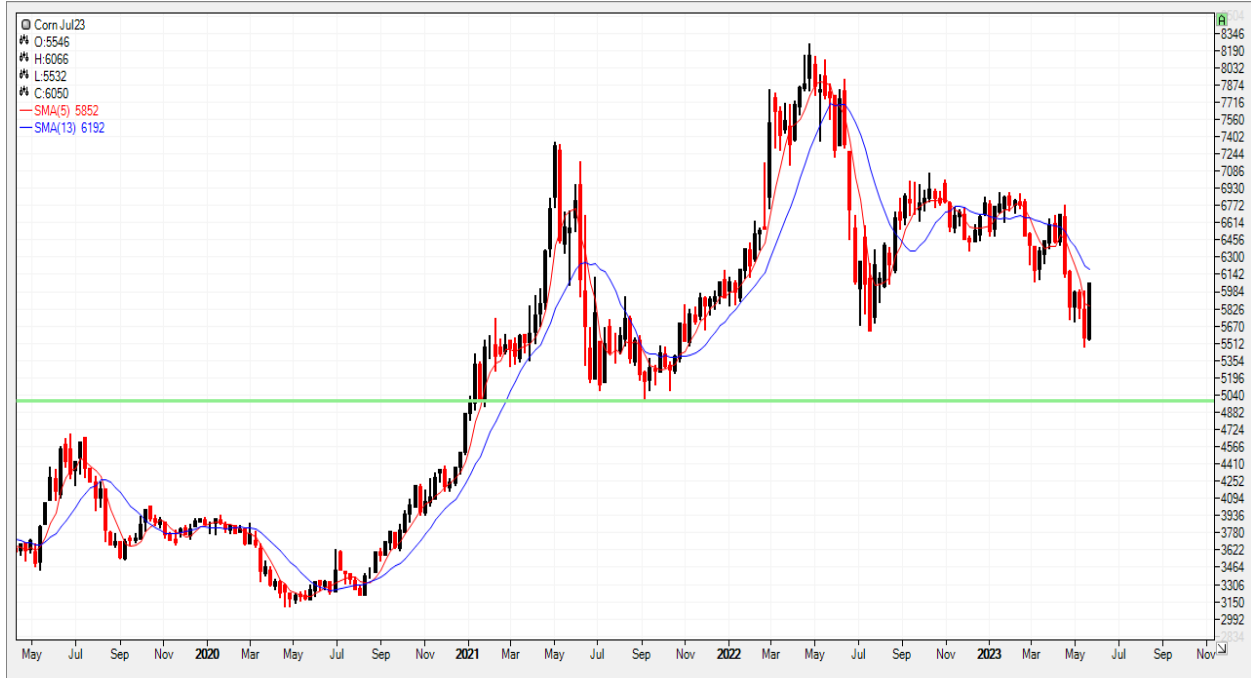


It's possible the \$6.36 double-top caves in, and becomes a floor, and old-crop corn just skyrockets back to previous levels, but...I wouldn't bet on it.

This is July corn – Dec corn...that 77c Blue Line of resistance will be tough to get through.



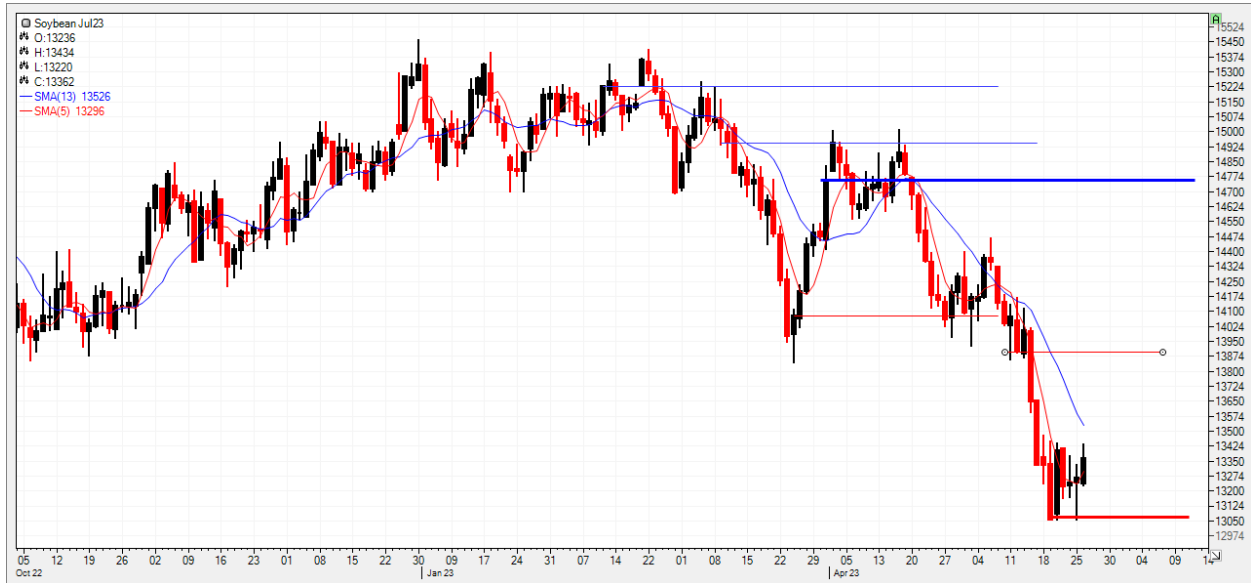
A weekly continuous corn chart, shown next, looks to me like the main feature is the market will be moving focus to new-crop, and the key support at \$5.00:



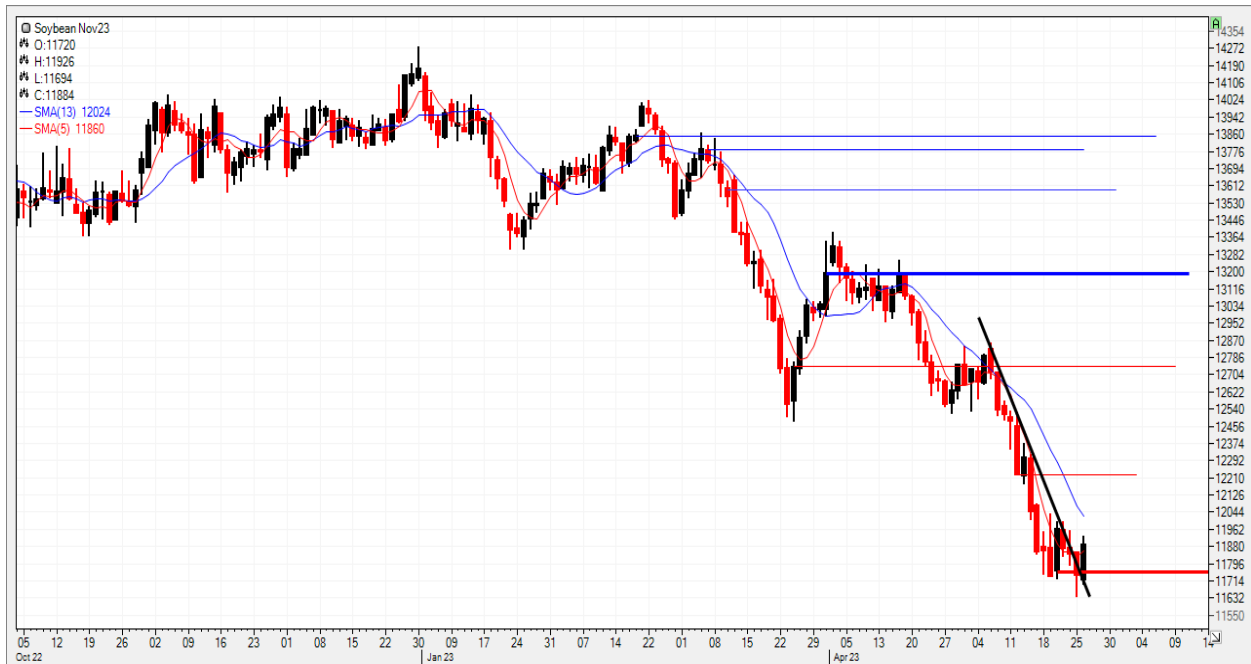
But there is no denying the next couple of weeks will be interesting, and the market's attention will be on corn.

The soybean action isn't quite as intense. The Export Pace showed beans limping badly, with consecutive weeks of less than 6 mil bu total loaded. A big week of export loadings would help change that...we'll soon see.

Old-crop July beans trying to go sideways...but probably fighting a losing battle as South American new-crop beans become more easily accessed:



And the new-crop Nov beans, also with a lower new Blue line, maybe going sideways. This week's new-crop export sales were almost nothing, which was disappointing after last week's 24 mil bu. China is definitely trying to wait this one out.



Wheat is trying to calm down...after last week's hoopla. I like that word. In 1985, Starship released an album called "Knee Deep in the Hoopla", which featured the song "We Built This City"...after an original member of Jefferson Starship left the group which was formed from Jefferson Airplane. Legal battles ensued.

Where were we? Oh yes. Hoopla. Last week's Wheat Tour and then Bloomberg's article about imported European Hard Red Winter...created plenty of hoopla.

About the only thing known with any certainty is...the market will sort it out, although that's not good news.

Putin's illegal invasion of Ukraine started this mess, and the killer drought in the Great Plains of the USA compounded it, or maybe it was the other way around, but...it's not normal.

Wikipedia says the phrase "*horror vacui*" was postulated by Aristotle, usually interpreted nowadays as "Nature abhors a vacuum". To me, it means... "the market does not care". Basically, if European wheat delivered to the Atlantic Coast is cheaper than US wheat delivered to that same Atlantic Coast because of abnormal events, the price spread will indeed eventually revert to "normality" and put a stop to the "abnormality".

Like always...timing is the tricky part, and it won't be painless.

As an example of "a moving picture", consider this MGEX spring wheat – KC hard Red Winter wheat price spread chart, shown as a daily candlestick:



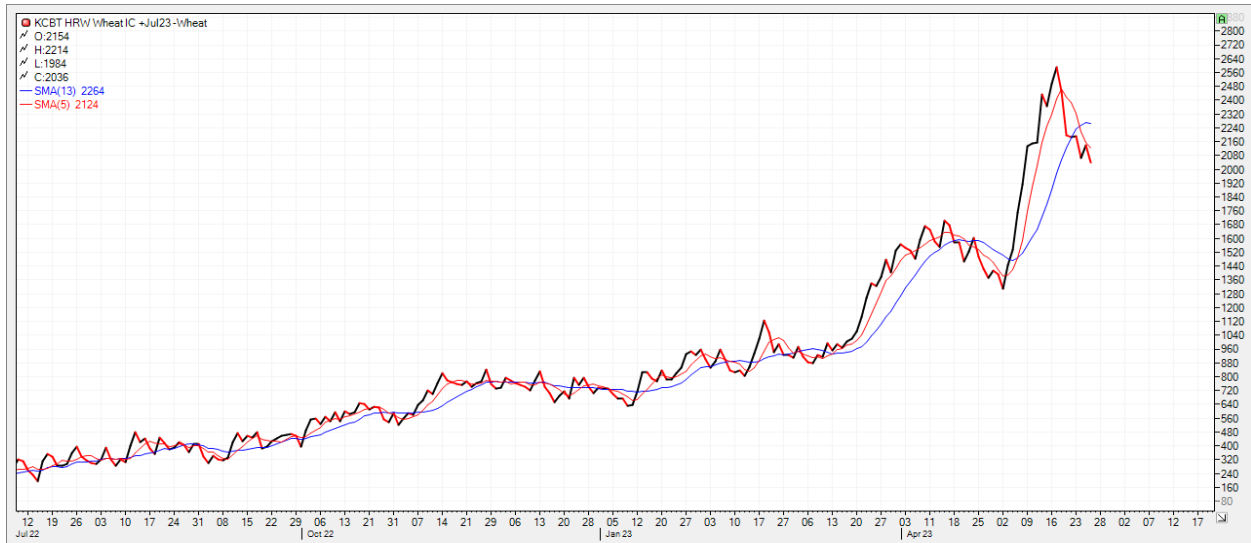
When spring wheat futures are 40c under KC, that is an abnormality, and assuming spring wheat is available from the Dakotas, or Montana, or Canada... it will flow into the vacuum created by HRW's absence. Since then, the hot temps shown on the 6-10 day forecast on page 2 rallied that spread about 40c, and that particular "vacuum" might not exist.

And that's spring wheat, which is relatively easy to track as far as prices go.

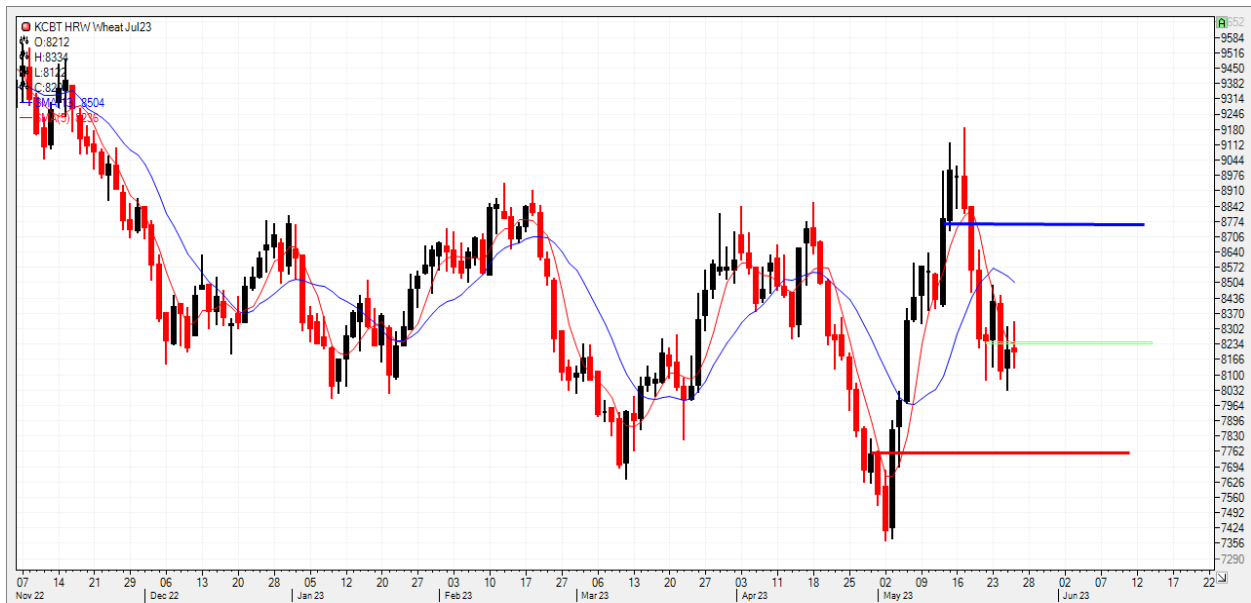
Tracking European wheat prices, fob Europe, or fob Black Sea, and then vessel freight to The States...and then omega...rail freight after that to interior mills...(It's possible)...isn't as easy.

BUT the mechanism works the same...the price spread must do what's needed to fill the vacuum.

A guy could try to correlate Black Sea prices and quoted vessel freight, or maybe look at the MATIF futures contract prices...but sometimes simpler is about as good, and in that regard, we notice the KC July wheat – Chgo July wheat price spread...has narrowed, now more than 70c/bu off the peak, although still...KC wheat futures are extremely historically relatively...expensive.



This is KC July wheat futures. We've sold 50% of expected production, which would have been expected to be less than average even last fall when we sold it...so maybe, hopefully...some of you will have some wheat to sell at harvest, and maybe some of you are thinking "my wheat HAS to go to the moon"...but...keep in mind one thing : *horror vacui*. Blue line at \$8.77, set 2 weeks after the Red line at \$7.76; \$8.26 is exactly half way:



Theoretically having some wheat to sell...I'm going to keep waiting, letting the hoopla die out and hopefully will get a crack at selling that Blue line, and not having to puke it on the Red line.

Posted Colorado basis bids show some strength on wheat tributary to the Denver mills, but Central Kansas KCBT delivery terminals are showing some defensive posture on the Hutch/Wichita area, which is where the best looking wheat in Kansas is centered:

| Date | SE Colorado | Chey. Wells | Burlington | Holyoke area | Roggen area |
|--------------|----------------------|---------------|----------------------|----------------------|----------------------|
| 05/26 | \$7.39-\$7.94 | \$7.99 | \$7.84-\$7.94 | \$7.69-\$7.81 | \$7.74-\$7.99 |
| 05/19 | \$7.44-\$7.99 | \$8.04 | \$7.89-\$7.99 | \$7.71-\$7.86 | \$7.56-\$8.04 |
| 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 |

| BASIS | SE Colorado | Chey. Wells | Burlington | Holyoke | Roggen area |
|-----------------|-----------------|-------------|-----------------|-----------------|-----------------|
| 05/26(N) | -80, -25 | -20 | -35, -25 | -50, -38 | -45, -20 |
| 05/19(N) | -80, -25 | -20 | -35, -25 | -54, -38 | -69, -20 |
| 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 |

| Date | Concordia | Salina | Hutch/Wichita | Ark City |
|-----------------|------------|-----------------|-----------------|------------|
| 05/26(N) | -10 | -05, -00 | -30, +00 | -34 |
| 05/19(N) | -10 | -05, -00 | -25, +05 | -34 |
| 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 |

Gulf bids down another nickel; the hoopla is **not** bullish on USA HRW export potential.

| GULF date | 12 pro | ords | diff | |
|--------------|--------|------|------|----------|
| 5/26/2023 | 140 | 135 | 5 | |
| 5/19/2023 | 145 | 140 | 5 | |
| 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 |
| 4/14/2023 | 158 | 150 | 8 | |
| 4/7/2023 | 160 | 150 | 10 | |

And in fairness, the hoopla is bit of a cooler on Canada's spring wheat export potential as well, as apparently Europe could have a big wheat crop, according to Bloomberg's story this morning about "Lush wheat fields across Europe are keeping food costs in check"...

<https://www.bloomberg.com/news/articles/2023-05-27/lush-wheat-fields-across-europe-are-keeping-food-costs-in-check#xj4y7vzkg> The story is behind a paywall, but this youtube link seems to read the story to you, and show the graphs... <https://www.youtube.com/watch?v=OW8dNbAyHCo>

And this Reuter's story says India's wheat survived the hot temps...and might be a record crop:

<https://www.reuters.com/world/india/india-likely-harvest-record-wheat-crop-2023-despite-rains-hailstorms-2023-05-25/>

The point is...**horror vacui**. The market seeks substitutes. And so far, it appears the world has plenty of substitutes.

Have a good week; I hope we get the rain.

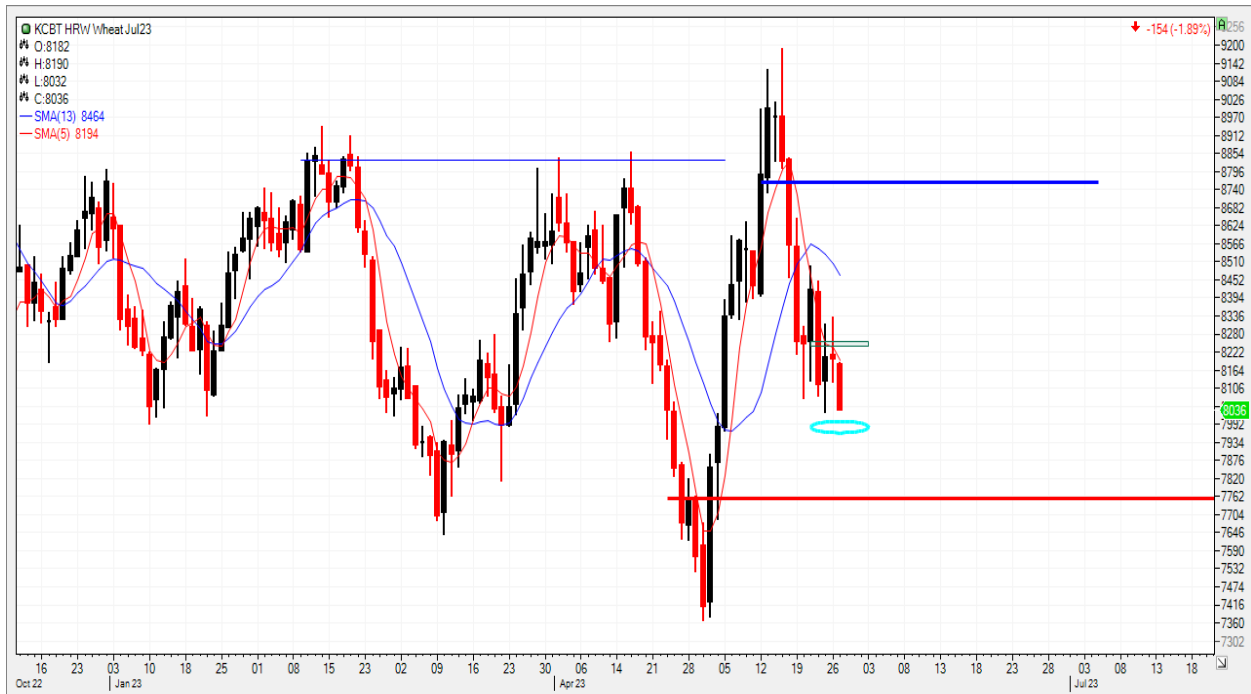
Stay Safe. Slow Down.

PS with an update after the holiday; Monday night saw Dec corn trading about unchanged...will assume the weather forecasts are not too sure about much of anything really bad, or really good.

But KC wheat is in trouble. Spring wheat is too, but lagging the pace downward.

This was KC July updated after Monday night open...yucky. Down 15c and trying to get below \$8.00 which is the electric blue ellipse on this chart.

Cheap European wheat is a problem. MATIF futures are \$225/mt tonight; add \$25 for milling specs, \$40 vessel freight and \$10 to handle it...you get \$300/mt landed USA East Coast, which divided by 36.744 is \$8.16/bu, or a basis of +12 KC N after Monday night's down 15c, and...**that is omega cheap.**



Not good.