

Hello Colorado Wheat,

The June WASDE came and went; for the most part, it's already forgotten, although of course I'll have to re-visit the high points ("low points" might be more accurate) as we all know...if you get paid to write, you better write something.

We'll also take a look at the June NASS Crop production update, which still focused only on USA Winter Wheat. It was moderately interesting...surprises were subtle. Next month's NASS report will be more inciteful, as besides a Winter Wheat update, we'll also see the first official Other Spring Wheat production estimate. For the record, we'll get a look at USA Barley and Oat production, but only the nerdiest of the nerdy will know or care.

After Friday's June WASDE update, we closed the week this way, with KC losing 14c. Corn was down a bit, but beans bounced more than 30c:

|          | July '23<br>HRW | DEC '23<br>HRW | July'23<br>corn | DEC '23<br>corn | Chgo Z<br>wheat | Springs<br>Dec (Z) | July'23<br>soybean | NOV '23<br>Soybean | Crude<br>oil | S&P    |
|----------|-----------------|----------------|-----------------|-----------------|-----------------|--------------------|--------------------|--------------------|--------------|--------|
| CLOSE    | KWN23           | KWZ23          | CN23            | CZ23            | WZ23            | MWZ23              | SN23               | SX23               | CRD22        | ES22   |
| 06/09    | \$7.98          | \$7.93         | \$6.04          | \$5.31          | \$6.58          | \$8.18             | \$13.87            | \$12.04            | \$70.17      | \$4305 |
| 06/02    | \$8.12          | \$8.04         | \$6.09          | \$5.41          | \$6.52          | \$8.12             | \$13.53            | \$11.84            | \$71.74      | \$4288 |
| 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 |
| 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

Here's an update on European wheat value into The States calculations...US Wheat Associates published this letter about the imported European Hard Winter Wheat,  
<https://www.uswheat.org/wheatletter/war-disruptions-and-logistics-incentivize-imported-european-wheat/>

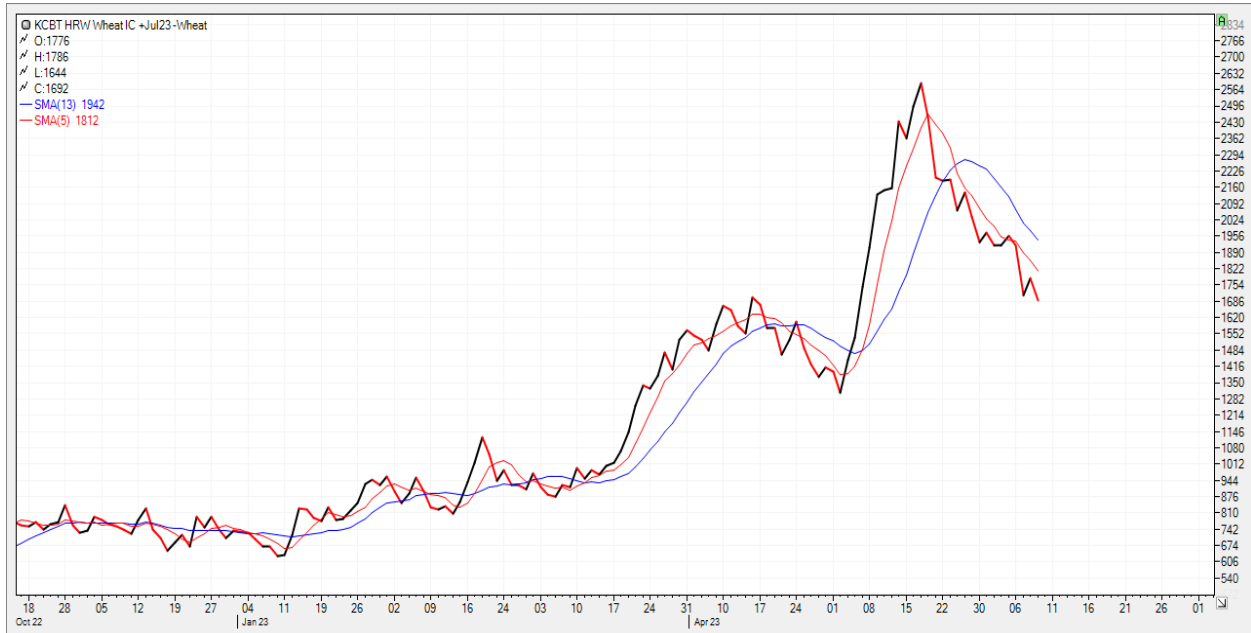
and Vince Peterson correctly noted the spread has narrowed. This is the way I see things, which may not be perfectly accurate, but I think it's close:

|                                      | <b>5/26/2023</b> | <b>6/9/2023</b> | <b>diff</b> |
|--------------------------------------|------------------|-----------------|-------------|
| <b>MATIF Sept futures</b>            | \$ 225           | \$ 235          | \$ 10       |
| <b>upgrade</b>                       | \$ 25            | \$ 25           | \$ -        |
| <b>freight</b>                       | \$ 40            | \$ 40           | \$ -        |
| <b>handle</b>                        | \$ 10            | \$ 10           | \$ -        |
| <b>sum \$/mt</b>                     | \$ 300           | \$ 310          | \$ 10       |
|                                      |                  |                 |             |
| <b>bu conversion</b>                 | \$ 8.16          | \$ 8.44         | \$ 0.27     |
| <b>KC July futures</b>               | \$ 8.19          | \$ 7.98         | \$ (0.21)   |
| <b>impied basis at USA port</b>      | \$ (0.03)        | \$ 0.46         | \$ 0.48     |
| <b>possible freight to "KC" (bu)</b> | \$ 1.00          | \$ 1.00         | \$ -        |
| <b>implied basis, delv KC</b>        | \$ 0.97          | \$ 1.46         | \$ 0.48     |
|                                      |                  |                 |             |
| <b>posted KC high side, 12 pro</b>   | \$ 1.60          | \$ 1.40         | \$ (0.20)   |
| <b>posted Gulf "to-arrive"</b>       | \$ 1.40          | \$ 1.00         | \$ (0.40)   |

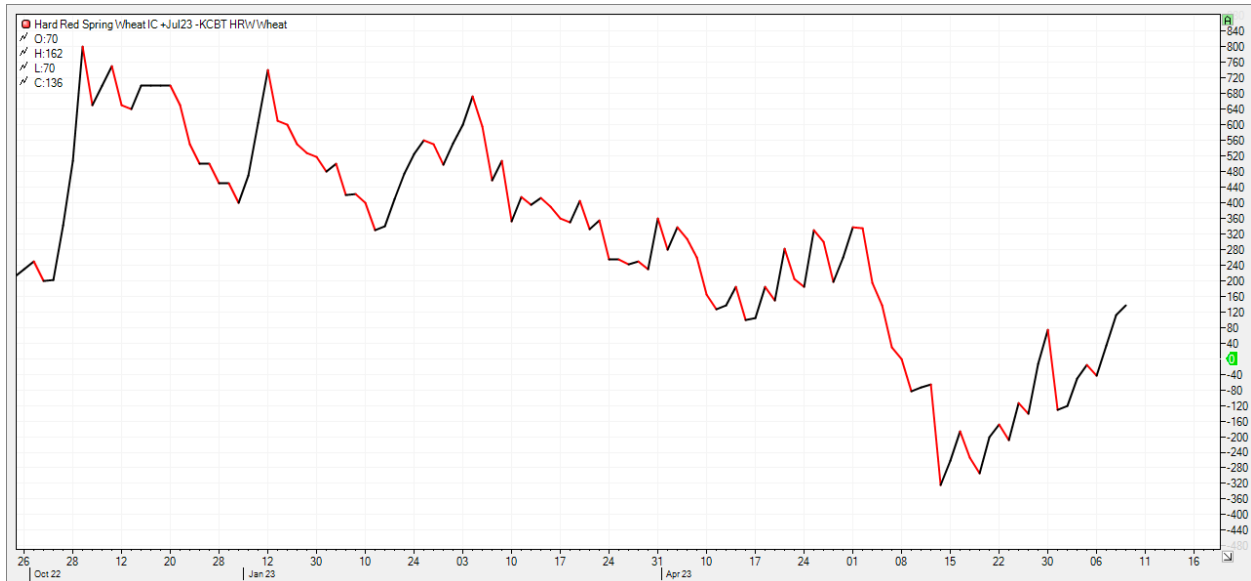
This shows the basis to the USA port has gone up 48c, and in the meantime, the US Gulf "to-arrive" 12 pro bid dropped 40c, and the posted KC milling high side basis dropped 20c, which means...the Market is indeed working to minimize the amount imported.

I doubt the market can shut it off completely this year, as the basis delivered the Ports for European wheat will more than likely stay significantly cheaper than for USA (or Canadian) wheat delivered the Ports, because of rail freight from North American "track" pricing points to the Ports, obviously, but...there's no denying a 48c basis move in 2 weeks is rather dramatic.

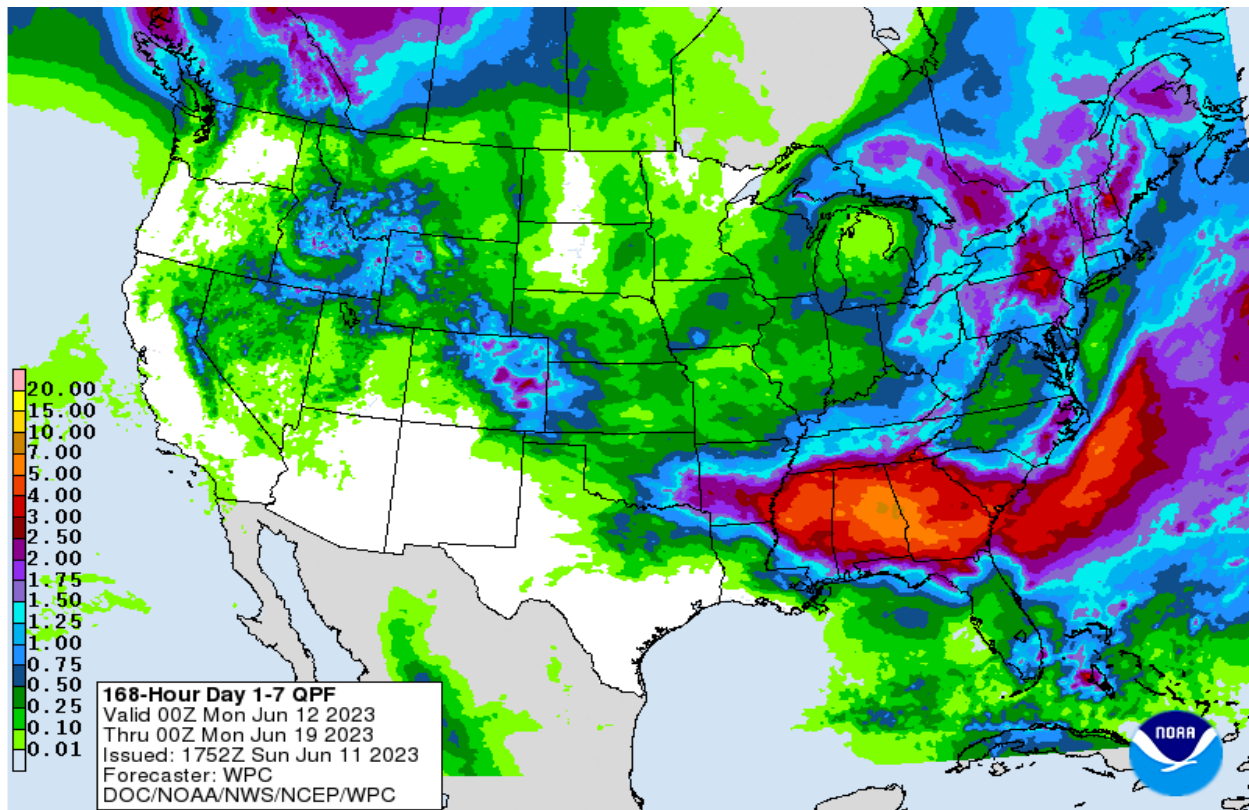
We looked at this KC July – Chgo July wheat spread a couple weeks ago as a “quick and dirty” way to judge import (or substitution) potential, and noted “the spread had moved 70c off it’s high” ...since then, KC lost another 30c to Chgo, and looks like more is coming:



Another substitute, of course is spring wheat, which has gained 15c or so on KC HRW... I think this spread is running into resistance but “Canadian Wildfires!”...:



Some of that spring wheat relative strength is due to the “CANADIAN WILDFIRES” media buzz. which...the 7-day precip forecast points out Alberta and Ontario are maybe due for some welcome rain:



The map **DOES NOT YET** show the Eastern Corn Belt gets soaked but isn't completely dry. I would have thought this forecast would be at least mildly supportive to corn, BUT we saw **NEGATIVE NEW-CROP CORN** export sales, as Mexico cancelled (sold back) a chunk. I'm not sure if this has anything to do with the ongoing spat with Mexico about no GMO corn sales, but maybe. Can Mexico truly source corn cheaper from Europe than the USA (like what wheat is dealing with?) Anyway...Dec corn shown here:



The Dec corn chart looks a little heavy to me; I'm not sure Bulls like the moving averages action. I've sold 35% of next year's corn...and am waiting to sell more, nervously.

Old-crop corn only lost a nickel, on a bearish June WASDE update, as this year's corn export forecast was reduced 50 mil bu. We note USA corn imports were reduced 15 mil bu, so the net was "only" a 35 mil bu increase to the carry-out. "My" old-crop corn was sold by 11/11/23 this year; prices were 60c better.

The June WASDE update showed no net changes to the USA old-crop wheat balance sheet, but the USA soybean export forecast was cut 15 mil bu.

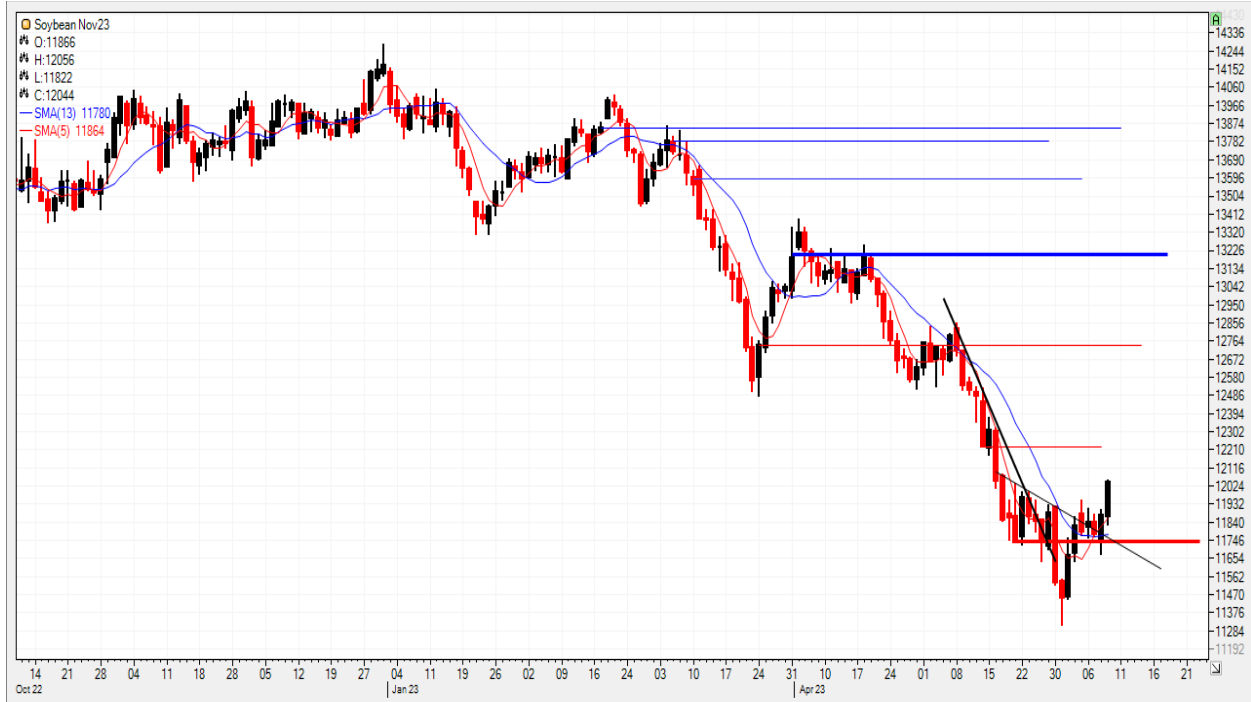
Updated Export Pace scorecard here, and we note that the Wheat cumulative for the year has already switched to the new crop year. Another note is the USDA must be expecting current year corn exports to come to a halt, similar to soybean loadings, which have averaged only 7 mil bu the past 4 weeks.

| WEEK ENDED (06/01/23) | Weekly loadings | Accumulated in season (FGIS) | Estimated fudge factor | Total loaded est* | USDA projection | Amount needed | Weeks to go | Bu per week needed |
|-----------------------|-----------------|------------------------------|------------------------|-------------------|-----------------|---------------|-------------|--------------------|
| Corn                  | 46.5            | <b>1177.5</b>                | 60                     | 1223              | <b>1,725</b>    | 502           | 13          | <b>38.6</b>        |
| Soybeans              | 7.9             | <b>1788.3</b>                | 30                     | 1811              | <b>2,000</b>    | 189           | 13          | <b>14.5</b>        |
| All wheat             | 10.7            | <b>2.1</b>                   | 45                     | 3                 | <b>725</b>      | 722           | 52          | <b>13.9</b>        |
| Milo                  | 2.0             | <b>67.7</b>                  | 5                      | 71                | <b>90</b>       | 19            | 13          | <b>1.5</b>         |
| LAST WEEK             |                 |                              |                        |                   |                 |               |             |                    |
| Corn                  | 51.7            | <b>1129.5</b>                | 60                     | 1173              | <b>1,775</b>    | 602           | 14          | <b>43.0</b>        |
| Soybeans              | 8.8             | <b>1780.3</b>                | 30                     | 1802              | <b>2,015</b>    | 213           | 14          | <b>15.2</b>        |
| All wheat             | 14.0            | <b>718.6</b>                 | 45                     | 764               | <b>775</b>      | 11            | 00          | <b>28.0</b>        |
| Milo                  | 1.3             | <b>65.7</b>                  | 5                      | 69                | <b>90</b>       | 21            | 14          | <b>1.5</b>         |

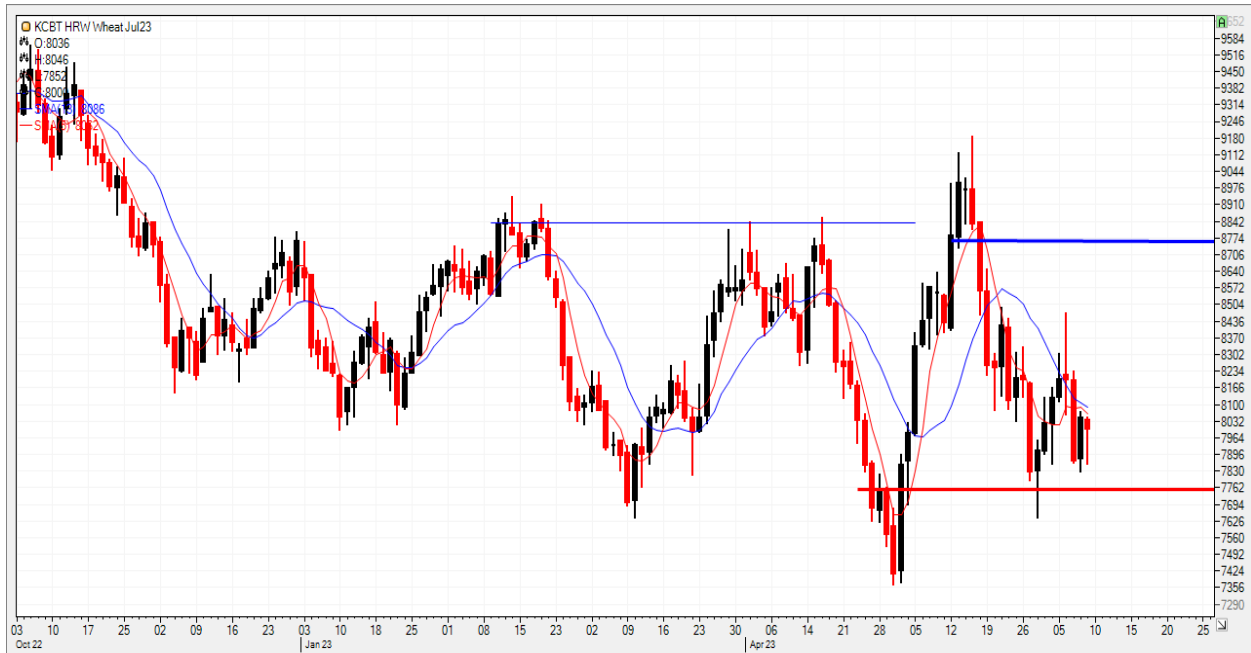
This is old-crop beans, bouncing 30c into expected previous resistance...



New-crop beans bounced 20c...maybe Canadian canola weather is a concern, or maybe the Spanish olive drought...maybe the USA national average conditions of 62% good or better were not viewed bearishly. Anyway, this is a weather market for sure. Nov beans here, showing an upside breakout from the bear slide, leading to at least a sideways market. We have a lot of new-crop beans to sell.



KC July wheat here, slipping back below \$8.00, barely. The discussion on page 2 makes me think KC wheat can go sideways until we get new inputs.



We earlier alluded to the continued break in the Guld bids...now down 45c in a month.

GULF

| date      | 12 pro | ords | diff |
|-----------|--------|------|------|
| 6/9/2023  | 100    | 100  | 0    |
| 6/2/2023  | 115    | 115  | 0    |
| 5/26/2023 | 140    | 135  | 5    |
| 5/19/2023 | 145    | 140  | 5    |

Posted Colorado basis bids in the country are a little weaker with the Gulf and KC track market declines, but certainly not able to follow 1:1 lower; the Central Terminals' basis (delivery markets) were about unchanged:

| Date            | SE Colorado          | Chey. Wells     | Burlington           | Holyoke area         | Roggen area          |
|-----------------|----------------------|-----------------|----------------------|----------------------|----------------------|
| <b>06/09</b>    | <b>\$7.33-\$7.57</b> | <b>\$7.78</b>   | <b>\$7.39-\$7.49</b> | <b>\$7.29-\$7.54</b> | <b>\$7.54-\$7.79</b> |
| 06/02           | \$7.57-\$7.77        | \$7.77          | \$7.62-\$7.72        | \$7.62-\$8.50        | \$7.67-\$7.92        |
| 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        |
| BASIS           | SE Colorado          | Chey. Wells     | Burlington           | Holyoke              | Roggen area          |
| <b>06/09(N)</b> | <b>-65, -41</b>      | <b>-20</b>      | <b>-59, -49</b>      | <b>-69, -44</b>      | <b>-44, -19</b>      |
| 06/02(N)        | -55, -35             | -35             | -50, -40             | -50, +38             | -45, -20             |
| 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             |
| Date            | Concordia            | Salina          | Hutch/Wichita        | Ark City             |                      |
| <b>06/09(N)</b> | <b>-10</b>           | <b>-10, -00</b> | <b>-30, -05</b>      | <b>-40</b>           |                      |
| 06/02(N)        | -10                  | -05, -00        | -30, +00             | -40                  |                      |
| 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                  |                      |

A quick review of the NASS HRW crop production showed Colorado, Texas and Oklahoma improving, while the other 5 HRW states stayed unchanged. I did see some pictures posted on twitter from Colorado seed trial plots, and in my opinion, those plots looked pretty good (much better than I expected to see.)

|    | May '23 yield | June '23 yield |
|----|---------------|----------------|
| KS | 29            | 29             |
| CO | 30            | 32             |
| NE | 34            | 34             |
| OK | 23            | 25             |
| TX | 28            | 30             |
| SD | 46            | 46             |
| ND | 54            | 54             |
| MT | 44            | 44             |
| CA | 80            | 80             |

So...harvest is starting for some of you. Hopefully you have enough bushels to fill what we sold last September (50% of expected production), and now MAYBE even have some extra bushels to sell.

The KC July futures chart on page 6 is NOT a bullish looking chart. The June WASDE showed an 11 million tonne production gain compared to the May WASDE, coming from Europe, Russia, Ukraine and India. I think the USA is still improving a little. Canada ...I'm not sure. The potential for a much bigger crop exists, but the "Canadian Wildfires!" are a concern. Australia ...too early to see if El Nino hurts it. But the main point is...the big European wheat crop has the ability to limit a wheat rally. The wheat chart is in a dollar range from \$8.77 to \$7.77; halfway back is \$8.27 and I think that would be a good target to sell. A new red line below \$7.77 would be a signal to just let it go and get on with life. Barring a nuclear exchange, even if the "Black Sea Corridor" goes missing, Russia's invasion has lost wheat rallying power.

We haven't sold any of next year's crop yet; we'll wait on that. I hope we get a rally to \$8.00 on KC July '24, and we sell and then it rains for 2 weeks straight, but...I doubt it will be that easy.

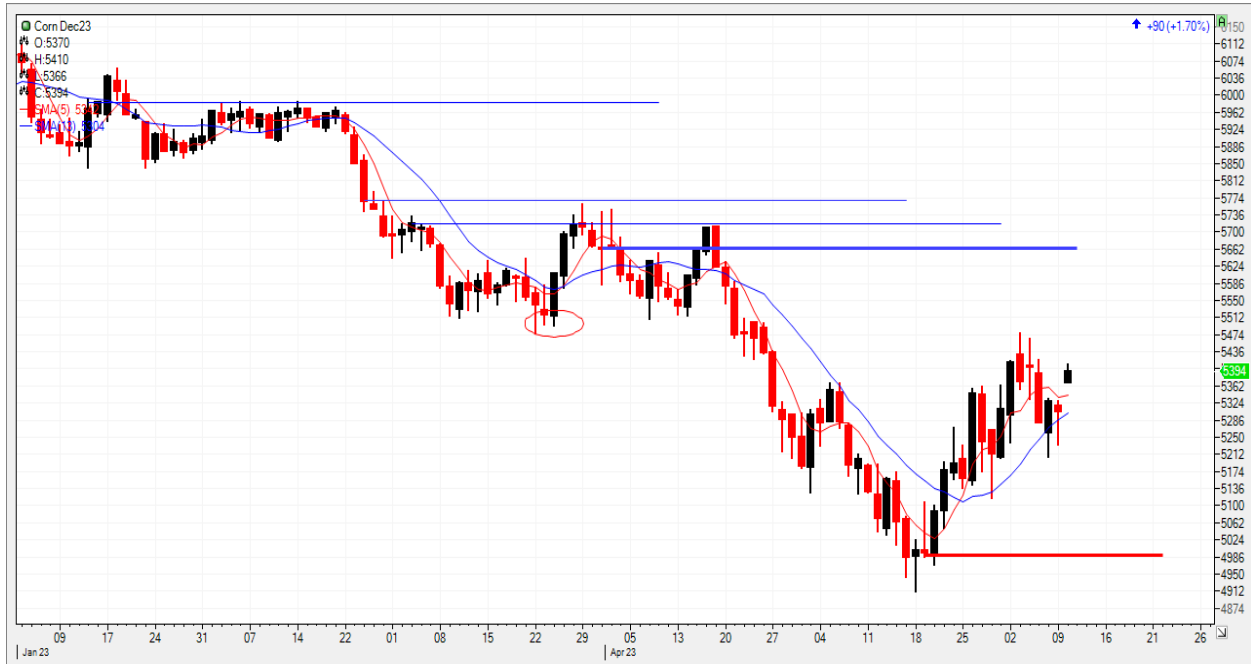
Have a good weekend.

Stay Safe; Slow Down.



Sunday night opening...fairly boring except Dec corn gapped higher. I'll assume the precipitation chances decreased for the week.

Here's Z corn with the gap. Serious resistance is expected around \$5.50, IF...the rally extends.



See ya; dm.