

Hello Colorado Wheat.

For about 36 hours over the weekend... when Prigozhin was doing his Russian coup, which became only a mutiny...which ultimately became “oh never mind”... I dreamed we would have something to talk about other than USA corn (and bean) growing weather. Prigozhin, the leader of the Wagner group of Russian mercenaries had taken over Rostov-on-Don, which besides hosting a large military base, and suspected “tactical nuclear weapons”...is a large commodity export hub. Novorossiysk, about 200 miles south of Rostov-on-Don is more modern, and handles bigger vessels, but the idea of shutting down a chunk of Russian wheat exports made me think we could talk about all the European wheat would now be going to other countries than the USA...filling in for lost Russian wheat exports.



BUT...some type of deal was worked out, and Prigozhin apparently stopped his March on Moscow, and instead retreated to Minsk, Belarus...and now we're again reduced to talking about...the weather, and the idea of USA wheat becoming something more than a residual supply... faded to the back burner.

Which is too bad, as USA corn growing weather isn't really a disaster yet and is probably only a rain or two away from producing a huge crop, and back to the doldrums.

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

Z Corn ended the week defensively, down about a dime, although we see Dec wheats in KC, Chgo and Mpls printed new blue numbers (new 11-week Closing Highs).

Beans moved, but not in tandem, as the old-crop July gained 30c or so, while the new-crop lost 30c or so.

Crude oil set a new red number (new 11-week Closing Low), and the stock market eased a little.

	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
<i>CLOSE</i>	KWN23	KWZ23	CN23	CZ23	WZ23	MWZ23	SN23	SX23	CRD22	ES22
06/23	\$8.59	\$8.63	\$6.31	\$5.88	\$7.62	\$8.80	\$14.95	\$13.10	\$69.16	\$4389
06/16	\$8.42	\$8.37	\$6.40	\$5.98	\$7.16	\$8.69	\$14.67	\$13.42	\$71.78	\$4454
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
<i>Year ago</i>		\$8.01		\$5.93	\$7.70	\$9.79		\$13.40	\$75.57	\$4762

Whether we like it or not, most bids for cash grain have moved to the September futures, and The Funds (whomever they are...) have definitely moved to the September or even further out.

SO...THE TABLE BELOW is the one we'll use from now on, with the Sept as the lead month (August in beans). The change is subtle for KC wheat, although we see this week the KC Sept did print a new blue number, but the changes are dramatic for corn (45c lower than the N) and beans (90c lower than the N).

	Sept '23 HRW	Dec '23 HRW	Sept'23 corn	Dec '23 corn	Chgo Z wheat	Springs Dec (Z)	Aug'23 soybean	Nov '23 Soybean	Crude oil	S&P
CLOSE	KWU23	KWZ23	CU23	CZ23	WZ23	MWZ23	SQ23	SX23	CRD22	ES22
06/23	\$8.62	\$8.63	\$5.85	\$5.88	\$7.62	\$8.80	\$14.04	\$13.10	\$69.16	\$4389
06/16	\$8.39	\$8.37	\$5.94	\$5.98	\$7.16	\$8.69	\$14.08	\$13.42	\$71.78	\$4454
06/09	\$7.94	\$7.93	\$5.25	\$5.31	\$6.58	\$8.18	\$12.96	\$12.04	\$70.17	\$4305
06/02	\$8.07	\$8.04	\$5.36	\$5.41	\$6.52	\$8.12	\$12.63	\$11.84	\$71.74	\$4288
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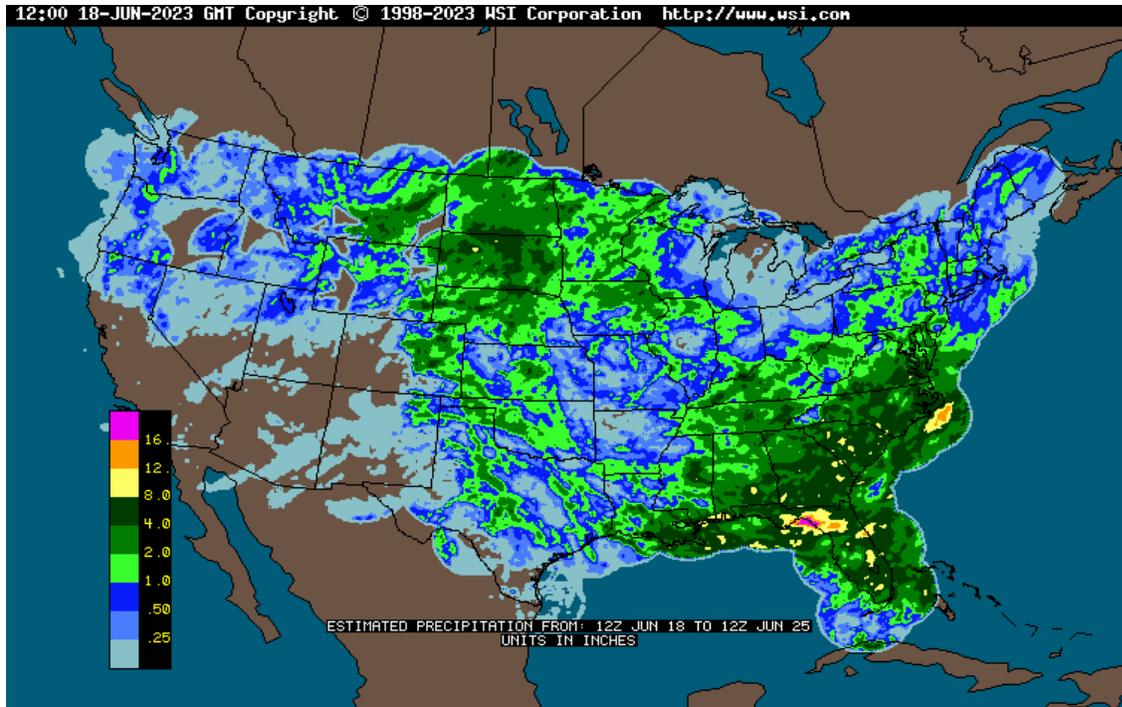
As a quick reminder, blue numbers should be treated as expected resistance, unless they can be closed through (above) which THEN would lead to expected fund buying, especially when we get consecutive blue numbers, and conversely, red numbers should be viewed as support, until they cave in and then the market moves lower, with sell-stops.

One bad thing about trend-following systems is it can be difficult to determine when the trend has reversed. A friend is letting me fool around with the QT Market Center platform, which has a proprietary Price Count system. I don't have enough experience with it yet, BUT I will say when it's been "right"..., it's been very right, and frankly, I am excited about the opportunity to mess with it.

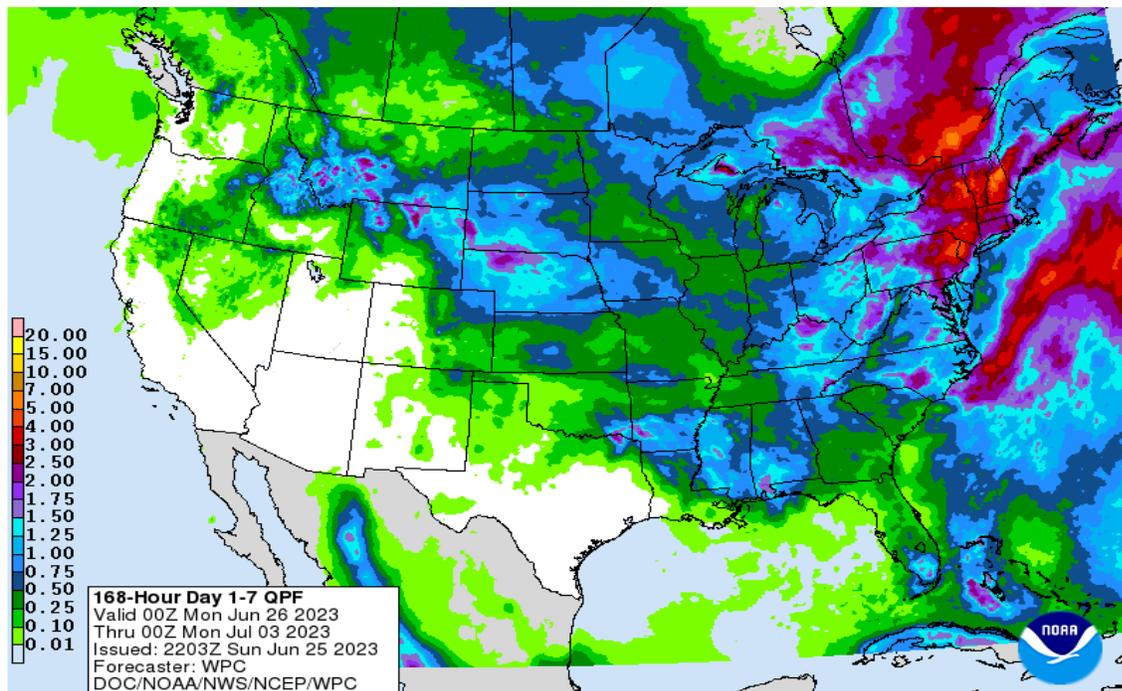
The QT Market Center platform has a LOT of info, and there is a learning curve for this Old Dog, no doubt, so we'll see if he can learn any new tricks.

This week, I am incorporating some of the QT Market Center's price charts, and you guys are my guinea pigs (again). If you like, or don't like... the way the new charts look, let me know. (The QT Market center platform has weather and news and etc...but I'll stick with some of my old stuff until I get better with the new.)

I usually get last week's precipitation from The Weather Underground site...wunderground.com, and we can see that the Dakotas, Minnesota, Nebraska and Iowa got wet, and central Kansas and northeastern Colorado weren't shut out. (I know some wheat harvest delays in Kansas weren't too welcome, but I'll assume their other crops benefitted.)



I use the NOAA's 7-day precipitation forecast, and most everyone is expected to get something, with Nebraska expected to be "the big winner", but this is not a generally wet forecast.



I need to point out the USDA will be releasing Grain Stocks and Planted Acreage THIS FRIDAY, which could of course be market movers.

With all of that in mind, including the weekend Russian event...Sunday night saw wheat up about 8c, corn down a few cents, and beans about unchanged.

This is Dec corn; I like the new format, although the Blue Line...should be blue. I'll work on that.



For the record...we see there was an intra-week spike high, up to \$6.30. Last week I wrote *"We've sold 35% of our new-crop corn at about \$5.45, which is 50c under this week's close. I'm putting in "resting paper" to sell 15% of expected corn production on a rally to the electric blue box at around \$6.25. That's not quite 30c higher than Friday's close."*

SO...on my farm, I am indeed saying I sold another 15% at \$6.25, which brings my average up to \$5.69.

If you haven't sold half of your expected production with futures only, you could do it right now and be 19c or so ahead of me.

IF you have a good local basis bid for new-crop corn, you could just sell your corn and not have to do futures only, but if for some reason you absolutely know your current local new-crop corn basis bid is historically too cheap, then use futures only.

This corn chart is bounded by the blue line at \$5.98, and the red line at \$5.00, basically Six Bucks to Five Bucks. On the following chart, which tries to tie in the fundamental "ending stocks/usage ratio"... we'd get a range of about 9% ending stoX/use at Six Bucks to about 10.5% at Five Bucks.



The June WASDE showed a 2023/24 ending stocks at 2.257 billion bu, and total usage at 14.485 billion bu, for a 15.58% ratio, which would give a price co-ordinate of about \$3.50/bu. The USDA gave us a National Average Farm Price of \$4.80. Yield was 181.5 bu/ac.

SINCE then...we've seen weekly corn crop conditions are not as good as they were last year at this time, and thus, rightfully so, expectations are the USA WILL NOT reach the trendline yield this year. A couple more rains will alter that thought, but so would an absence of rain.

With Dec corn futures trading at \$5.90, the graph would indicate the market is trading about an 9% stoX/use, WHICH MEANS...IF DEMAND hasn't changed, the market is currently trading about a 170 bu/ac yield, which is 94% of the June WASDE estimate.

Current corn crop conditions were 55% good or better, compared to last year's 70% good or better, and last year's national yield was 173.3 bu/ac.

What does this mean? We really don't know much yet. We know it's been dry, but not truly a killer drought, yet. We know we need rain, but we continue to get some.

We know very little about demand, ALTHOUGH...so far...new-crop corn sales have been crummy. There are only 3 million tonnes of new-crop corn on the books; last year at this time there 6.25 million tonnes on the books. Keep in mind the USDA is projecting corn sales for the new year to INCREASE by 9.5 million tonnes.

Updated Export Pace shows old-crop corn loadings were way down last week. Beans continue to slip...look for another decrease to the USA soybean export forecast for 22/23 on the July WASDE. Wheat is meh at best.

WEEK ENDED (06/08/23)	Weekly loadings	Accumulated in season (FGIS)	Estimated fudge factor	Total loaded est*	USDA projection	Amount needed	Weeks to go	Bu per week needed
Corn	34.5	1259.0	60	1306	1,725	419	11	38.0
Soybeans	6.8	1801.5	30	1825	2,000	175	11	15.9
All wheat	8.7	20.4	45	22	725	703	50	14.0
Milo	.05	70.1	5	74	90	16	11	1.5
LAST WEEK								
Corn	46.0	1224.5	60	1270	1,725	455	12	37.9
Soybeans	5.2	1794.5	30	1818	2,000	182	12	15.2
All wheat	9.1	11.6	45	12	725	713	51	14.0
Milo	2.3	70.0	5	74	90	16	12	1.3

Finishing corn...this EPA announcement last Wednesday wasn't what Big Ethanol wanted to see; bio-diesel didn't like the numbers either. <https://iowacapitaldispatch.com/2023/06/21/epa-opts-for-status-quo-ethanol-blend-requirements/>

Current gasoline demand is running about 3% behind 2019 (pre-pandemic), and the growing market for electric vehicles threatens further gasoline usage reductions.

AMYWAY...I'm 50% sold on my expected corn production. I'm nervous about yield dropping further, so I'm not selling more right now, although I'm nervous about demand too.

New-crop soybeans...Nov (X) beans shown here:



Similarly to corn, last week I wrote ***“I hate getting in front of a freight train, but I hate not going to the bank too. I am putting in “resting paper” to SELL ANOTHER 10% of expected soybean production at \$13.75.”*** and we see there was indeed an intra-week spike high to \$13.80, so I’m “counting it”. That puts me at 35% sold, averaging \$13.36 bu.

In the “old days” selling beans at \$13.36 would have made anyone feel great about it, but this weekly continuous bean chart says since October of '21, front month beans have roughly been in a range of \$12.00 to \$17.50...so \$13.36 doesn't seem so fancy. I'm going to wait before selling more.



What about wheat? KC Sept wheat is bumping into a lot of previous resistance from \$8.80 to \$9.00



The Russian thing is indeed a cause for concern...and there will almost certainly be a “halt” to the Grain Corridor, although it’s hard to say what that means, as we know Russia needs to export a LOT of wheat. Why should they get to export wheat, if Ukraine doesn’t? is a question I’d like to ask NATO...

BUT, MATIF futures last traded at \$247/mt (\$8.76/bu), up \$12/mt (32c/bu) since we last looked at the calculation comparison, whereas KC wheat is up 64c/bu...which means ...the basis on imported European wheat appears 32c/bu CHEAPER. That’s not good.

I **think** selling your wheat, if you have any to sell, after fulfilling your previous sales obligations...is the right thing to do. I’m 50% sold of expected production, which means, theoretically, I’ll have some to sell, and I’m probably not going to sit on it. I read the Grain Corridor is set to expire on July 18, so that’s still a couple weeks away, and I’m hopeful we’ll stay up here.

It won’t be easy.

Posted Gulf bids dropped ANOTHER 35c.

GULF date	12 pro	ords	diff
6/23/2023	65	65	0
6/16/2023	100	100	0
6/9/2023	100	100	0
6/2/2023	115	115	0
5/26/2023	140	135	5
5/19/2023	145	140	5

The domestic milling basis went the other way, and rose 20c.

Since I first ran the calcs on 5/26/23, the Gulf posted bid has dropped 75c/bu, while the KC high-side (domestic milling basis) has GONE UP 26c.

Based on where I THINK the railroad would move wheat up Northward from the Gulf...there appears to be 70c/bu profit, if a re-seller could sell European wheat to a domestic miller at the posted high side, which...is impossible, as no US miller will pay high side for that wheat. But when I did the calc on 6/09/23, the spread was about even money.

This points out 2 things:

1. IF you have wheat to sell, make sure you’re shopping it around. At least make one extra phone call. Some US millers will not buy European wheat at any price and may need your wheat.
2. KC wheat futures, and especially the posted KC high-side basis...are relatively expensive, and subject to great volatility.

Here’s an updated rough and dirty calculation on Euro wheat into The States:

	5/26/2023	6/9/2023	6/23/2023
MATIF Sept futures	\$ 225	\$ 235	\$ 247
upgrade	\$ 25	\$ 25	\$ 25
freight	\$ 40	\$ 40	\$ 40
handle	\$ 10	\$ 10	\$ 10
sum \$/mt	\$ 300	\$ 310	\$ 322
bu conversion	\$ 8.16	\$ 8.44	\$ 8.76
KC futures	\$ 8.19	\$ 7.98	\$ 8.62
impied basis at USA port	\$ (0.03)	\$ 0.46	\$ 0.14
possible freight to "KC" (bu)	\$ 1.00	\$ 1.00	\$ 1.00
implied basis, delv KC	\$ 0.97	\$ 1.46	\$ 1.14
posted KC high side, 12 pro	\$ 1.60	\$ 1.40	1.86
posted Gulf "to-arrive"	\$ 1.40	\$ 1.00	0.65

Maybe vessel freight has increased a little, and maybe the \$25/mt "upgrade" fee isn't enough, and selling the KC high-side is very difficult, but...this is a perilous situation.

Posted basis bids in the country are steady to lower:

Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
06/23	\$7.97-\$8.14	\$8.19	\$7.92-\$8.02	\$7.87-\$8.02	\$8.17-\$8.42
06/16	\$7.74-\$8.02	\$8.07	\$7.69-\$7.79	\$7.74-\$7.99	\$7.94-\$8.19
06/09	\$7.33-\$7.57	\$7.78	\$7.39-\$7.49	\$7.29-\$7.54	\$7.54-\$7.79
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
06/23(U)	-65, -48	-43	-70, -60	-75, -60	-45, -20
06/16(N)	-68, -40	-35	-73, -63	-68, -43	-48, -23
06/09(N)	-65, -41	-20	-59, -49	-69, -44	-44, -19
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
06/23(U)	-28	-13, -03	-33, -08	-48
06/16(N)	-20	-10, -00	-30, -05	-40
06/09(N)	-10	-10, -00	-30, -05	-40
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

I think if I was finished with wheat harvest today, and had extra bushels, I'd get "em sold. The major risk to selling wheat is from Russia. I mentioned the Grain Corridor extension is due to expire July 18, and worse, the Ukrainians are saying Russia will stage an "accident" and blow up the Zaporizhzhia nuclear power plant, which hopefully is just a bluff, but a nuclear accident would be Chernobyl all over again, but worse, and the wheat markets would be limit bid for days. How do you handicap those odds? Omega.

Have a good week; Stay Safe. Slow Down.

I'll work on some of the kinks in the new price charts.

PS; KC wheat is up 17c Monday morning. "Yikes"...comes to mind.