

Hello Colorado Wheat.

The July WASDE blew in and out, leaving just a little chaos in its wake Wednesday, and the market had a couple days to sort things out and deal with the numbers. Here's the aftermath...KC wheat up 11c, but corn grabbed a 20c gain, and soybeans kept more than a 50c gain and printed new Blue numbers.

	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
07/14	\$8.29	\$8.34	\$5.07	\$5.14	\$6.81	\$8.90	\$14.80	\$13.71	\$75.42	\$4537
07/07	\$8.18	\$8.20	\$4.87	\$4.94	\$6.67	\$8.55	\$14.28	\$13.18	\$73.86	\$4434
06/30	\$8.00	\$8.00	\$4.89	\$4.95	\$6.69	\$8.27	\$14.42	\$13.43	\$70.64	\$4488
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
05/26	\$8.14	\$8.10	\$5.29	\$5.35	\$6.48	\$8.25	\$12.61	\$11.90	\$72.67	\$4213
05/19	\$8.16	\$8.07	\$4.95	\$5.00	\$6.36	\$8.11	\$12.48	\$11.76	\$71.55	\$4205
05/12	\$8.61	\$8.47	\$5.11	\$5.09	\$6.64	\$8.51	\$13.18	\$12.24	\$70.04	\$4138
05/05	\$8.24	\$8.21	\$5.37	\$5.38	\$6.60	\$8.44	\$13.74	\$12.80	\$71.34	\$4150
04/28	\$7.74	\$7.77	\$5.29	\$5.28	\$6.63	\$8.15	\$13.62	\$12.64	\$76.78	\$4189
Year ago		\$8.01		\$5.93	\$7.70	\$9.79		\$13.40	\$75.57	\$4762

Crude oil bouncing up into resistance, and the stock market bubbled up and set a new Blue number, and no one is on board. No one.

AND we see Spring wheat...also set a new Blue number. I highlighted that last week, and while this week still looks dry up there, Eh...but the MGEX/KC spread made a spike high intra-week move to 63c and started backing off a bit, leaving things feeling like +60 might be plenty for now.

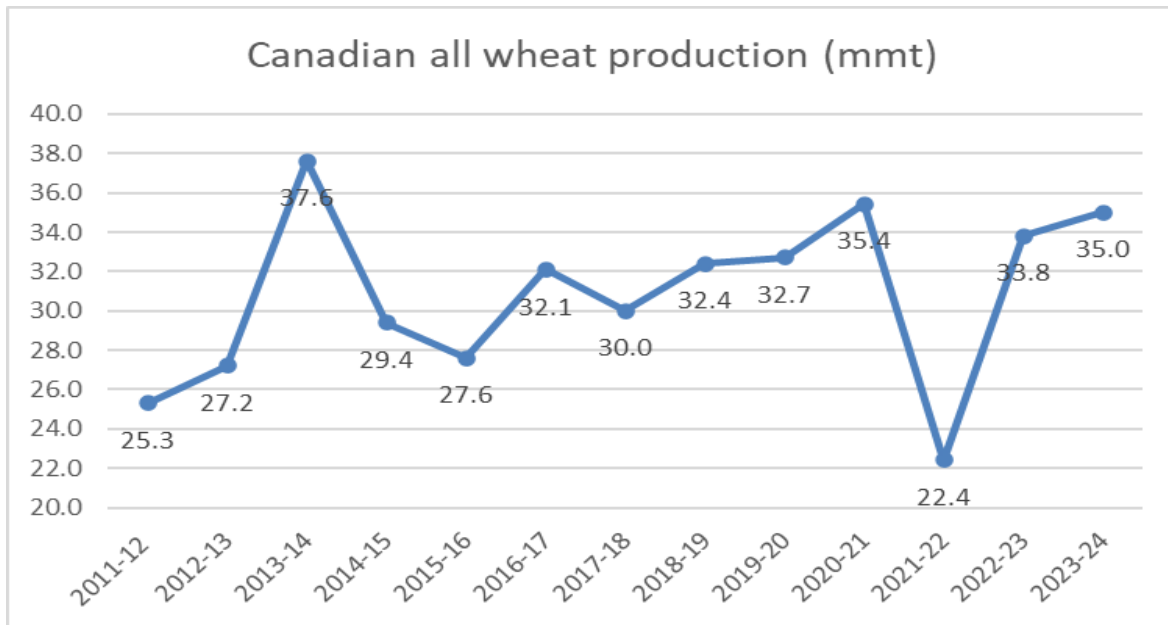
This year's HRW crop appears to be mainly high protein...making one ask the question...is 14 protein springs really worth 60c/bu premium over 13 protein HRW? Personally...I lean towards...60c/bu is enough to make a buyer ask if he really needs it.

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 Minny Sept – KC Sept, in candlestick format, rather than a line chart, so I could show the spike high, and...early Sunday night action is showing a gap lower. IF I was smart enough to be long this spread, I'd be noticing the warning signs and move to lighten the load.



In fairness, the USDA did indeed shave 2 million tonnes off the previous Canadian all-wheat production estimate, now down to 35 mmt. This chart is far from a disaster, but...they could use a rain, no doubt.



In other world wheat production estimate updates, the USA gained the 2 mmt Canada lost, so it was a push for North America, but Europe and Argentina both lost a couple million tonnes from the June estimate.

Speaking of European wheat...a quick update on the comparison...shows the posted KC domestic milling basis has dropped 60c/bu in 3 weeks, which certainly cools off the talk about European wheat flowing in to The States other than just to the ports, and also on a side note, the domestic milling basis drop makes Canadian wheat not quite the bargain it was, in addition to the Minny-KC futures spread moving 60c.

	5/26/2023	6/9/2023	6/23/2023	7/14/2023
MATIF Sept futures	\$ 225	\$ 235	\$ 247	\$ 232
upgrade	\$ 25	\$ 25	\$ 25	\$ 25
freight	\$ 40	\$ 40	\$ 40	\$ 40
handle	\$ 10	\$ 10	\$ 10	\$ 10
sum \$/mt	\$ 300	\$ 310	\$ 322	\$ 307
bu conversion	\$ 8.16	\$ 8.44	\$ 8.76	\$ 8.36
KC futures	\$ 8.19	\$ 7.98	\$ 8.62	\$ 8.29
impied basis at USA port	\$ (0.03)	\$ 0.46	\$ 0.14	\$ 0.07
possible freight to "KC" (bu)	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
implied basis, delv KC	\$ 0.97	\$ 1.46	\$ 1.14	\$ 1.07
posted KC high side, 12 pro	\$ 1.60	\$ 1.40	1.86	1.25
posted Gulf "to-arrive"	\$ 1.40	\$ 1.00	0.65	0.73

Without a significant basis gain to the KC posted high side, I doubt we'll hear much more about the Euro wheat coming to town.

Other world wheat production was posted this way...even though Argentina, the EEU and Canada were down from the June estimate, you can see these are still more than last year's production. And those China and India numbers are huge, BUT unchanged from the June estimates.

wheat production	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
USA wheat bushels	2,308	1,741	1,885	1,932	1,828	1,646	1,650	1,739
USA tonnes	62.8	47.4	51.3	52.6	49.8	44.8	44.9	47.3
Russia	72.5	85.2	71.7	73.6	85.4	75.2	92.0	85.0
EU-27	131.0	136.7	123.1	138.8	126.7	138.2	134.3	138.0
Canada	32.1	30.4	32.4	32.7	35.4	22.4	33.8	35.0
Australia	31.8	20.9	17.6	14.5	31.9	36.2	39.7	29.0
Argentina	18.4	18.5	19.5	19.8	17.6	22.2	12.6	17.5
Ukraine	26.8	27.0	25.0	29.2	25.4	33.0	21.5	17.5
China	133.2	134.2	131.4	133.6	134.3	137.0	137.7	140.0
India	87.0	98.5	99.9	103.6	107.9	109.6	104.0	113.5

The reports weren't really wheat focused. But before we leave wheat, the Kansas estimate was raised to 208 million bu, up from 191, a 17 million bu increase. (My estimate from the Wheat Tour was 205...just saying.) Both Colorado and Oklahoma production estimates increased about 16 million bu. Both Texas and Montana increased about 4 mil bu.

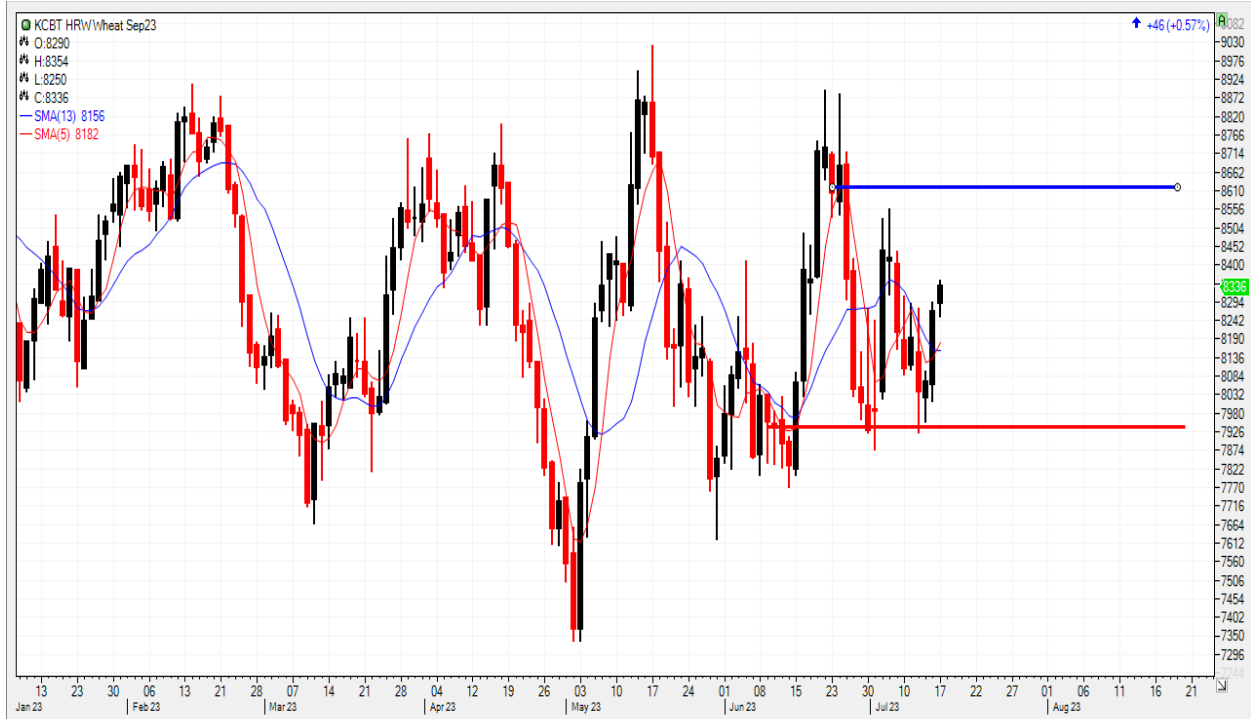
Posted Gulf to-arrive bids are unchanged...third week at +73...

GULF date	12 pro	ords	diff
7/14/2023	73	73	0
7/7/2023	73	73	0
6/30/2023	73	73	0
6/23/2023	65	65	0 U
6/16/2023	100	100	0

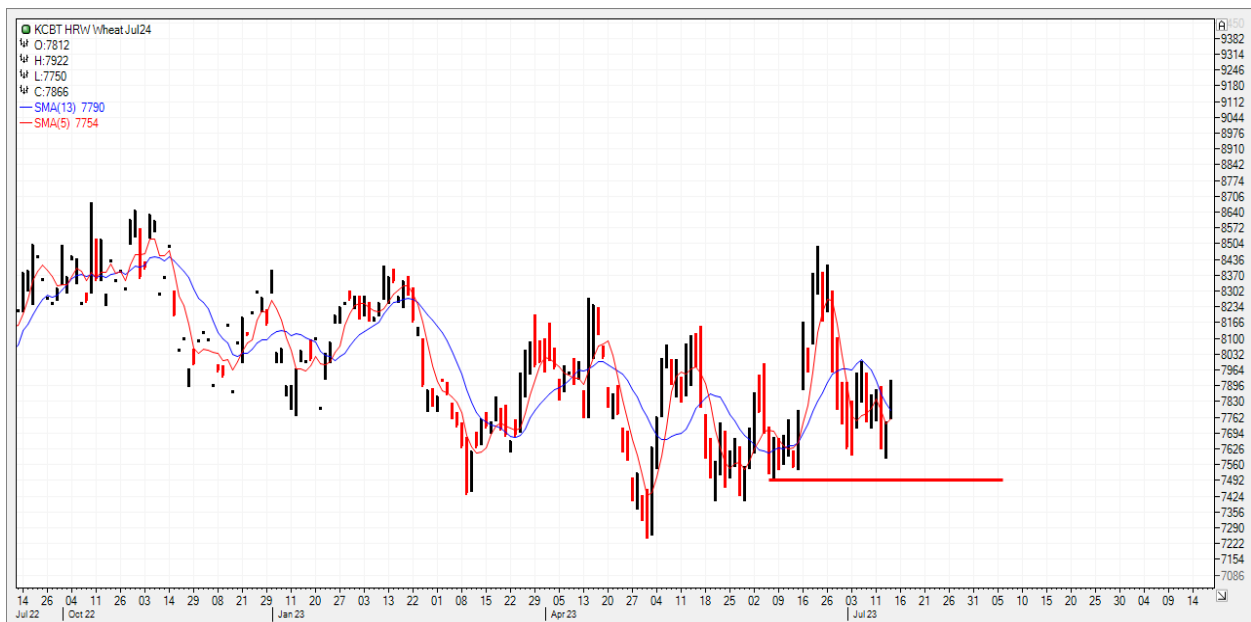
Posted basis bids in the country were mainly unchanged:

Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
07/14	\$7.64-\$7.69	\$7.89	\$7.69-\$7.79	\$7.54-\$7.64	\$7.84-\$8.09
07/07	\$7.53-\$7.68	\$7.78	\$7.48-\$7.58	\$7.43-\$7.53	\$7.73-\$7.98
06/30	\$7.35-\$7.66	\$7.61	\$7.30-\$7.40	\$7.25-\$7.40	\$7.55-\$7.80
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
BASIS	SE Colorado	Chey. Wells	Burlington	Holyoke	Roggen area
07/14(U)	-65, -60	-40	-60, -50	-75, -65	-45, -20
07/07(U)	-65, -50	-40	-70, -60	-75, -65	-45, -20
06/30(U)	-65, -34	-39	-70, -60	-75, -60	-45, -20
06/23(U)	-65, -48	-43	-70, -60	-75, -60	-45, -20
06/16(N)	-68, -40	-35	-73, -63	-68, -43	-48, -23
Date	Concordia	Salina	Hutch/Wichita	Ark City	
07/14(U)	-30	-15, +05	-41, -05	-45	
07/07(U)	-31	-10, +05	-41, -05	-45	
06/30(U)	-29	-7, +06	-29, -05	-44	
06/23(U)	-28	-13, -03	-33, -08	-48	
06/16(N)	-20	-10, -00	-30, -05	-40	

The updated KC wheat futures chart includes early Sunday night action (up about a nickel) shows some constructive moving average action, but getting up and through that Blue line won't be easy. **I note the Red line has moved up to \$7.94, which means IMPORTANTLY...this is the sell-stop for any unsold wheat.**



Last week I talked about next year's wheat...saying I'd use a sell-stop for July '24 at \$7.50 and put in resting paper to get started at \$8.00. This is KC July '24; I am leaving the sell-stop in place at \$7.50, **BUT am removing the resting paper at \$8.00, hoping for something a little better.**



Corn...I expected fireworks, but...bottom line...corn numbers were pretty much a dud.

Acres went up 2 million, and yield came down 4 bu/ac...and ALL demand categories were left exactly unchanged...net effect, compared to the June WASDE, was corn ending stocks increased by only 5 million bu ! That's fairly incredible. In effect, the July WASDE for USA corn was a Nothing Burger!

Here's a Dec corn chart, with Sunday night's +5c action ...Blue Line basically at \$6.00, and Red line, basically a \$5.00 double bottom, and moving out of this dollar range...is NOT going to happen this week is my bet. **Wow. I did not expect to be talking about an unchanged balance sheet.**



World corn numbers did not change at all either.

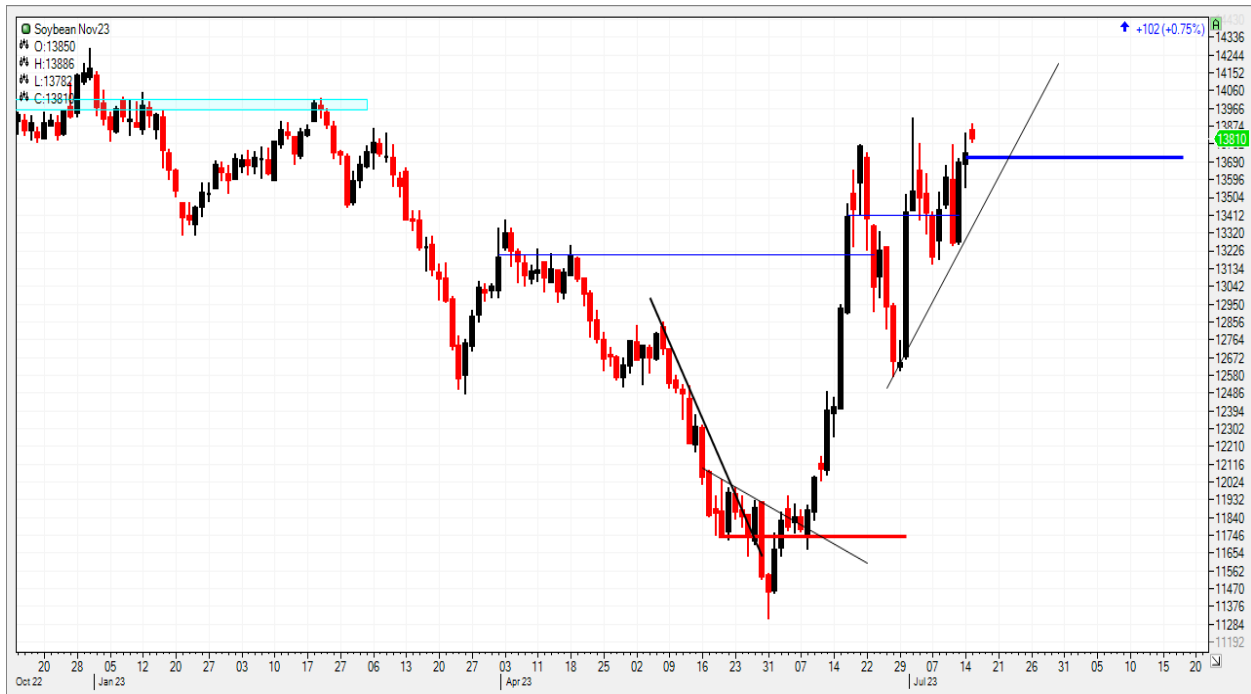
So...for corn, we're going to have to wait for SOMETHING, ANYTHING...to change.

Soybeans...did see some changes, but they weren't as crazy as they could have been.

USA production dropped 210 million bu, due to the 4 million less planted acres we saw on the June Acreage report, but yield stayed unchanged. Beginning stocks were raised 25 mil bu, and the USDA felt the need to reduce demand by 135 mil bu, and 125 mil bu of that reduction was in the export forecast. The net effect was ending stocks only went down by 50 million bu from the June WASDE, and the National Average Farm Price was only raised 30c to \$12.40.

Even though the actual July WASDE for soybeans wasn't as bullish as expected, it did help Nov beans print a new Blue number, at \$13.71. The old Blue line was a double-top at \$13.42...and thus now becomes a key support (the ceiling became a floor), so that could be used as a sell-stop, which I will use for 15% of expected production, which would pit me at 50% if it gets triggered. I hope it does not get triggered, and get to sell beans higher, but I'm putting in the order.

Here's the chart; Sunday night saw beans up a dime or so...



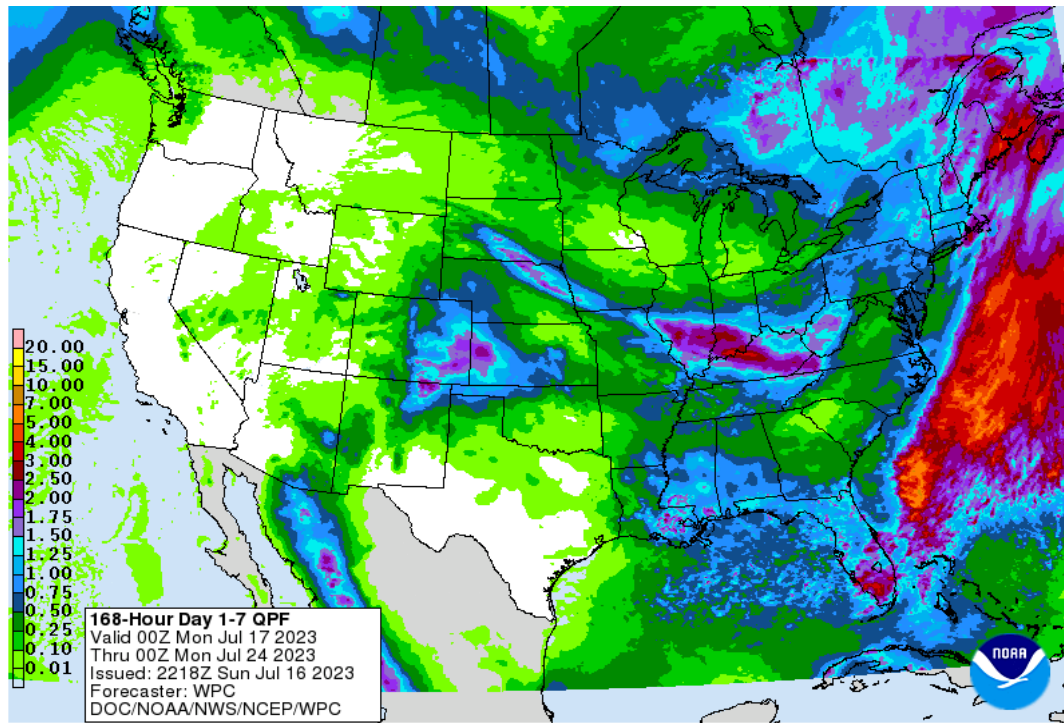
That new sell-stop of \$13.42 would probably get hit if beans reverse and break thru to the downside of that uptrend line.

This is the updated Export Pace Scorecard. Old-crop bean exports were reduced 20 mil bu to 1,980 and old-crop corn exports dropped 75 mil bu to 1,650. BUT even so, this week's loadings weren't enough to give confidence in hitting the new reduced targets. Wheat had a good week.

WEEK ENDED (07/06/23)	Weekly loadings	Accumulated in season (FGIS)	Estimated fudge factor	Total loaded est*	USDA projection	Amount needed	Weeks to go	Bu per week needed
Corn	13.4	1318.9	60	1369	1,650	281	08	35.1
Soybeans	8.7	1825.0	30	1850	1,980	130	08	16.3
All wheat	15.4	55.8	45	60	725	665	47	14.1
Milo	0.0	72.9	5	77	90	13	08	1.6
LAST WEEK								
Corn	25.3	1304.2	60	1354	1,725	371	09	41.2
Soybeans	9.2	1815.8	30	1841	2,000	159	09	17.7
All wheat	12.4	40.2	45	44	725	681	48	14.2
Milo	0.3	72.9	5	77	90	13	09	1.4

The soybean export forecast for next year was reduced to 1,850, which is 25.5/week, and the new-crop corn export forecast was unchanged at 2,100, which is 40.4/week. New-crop bean export sales were only 7.7 mil bu, and new-crop corn export sales were only 18.5 mil bu. Wheat sales were 14.5 mil bu. SO FAR...wheat seems on target to hit the export target of 725 million, which seemed impossible when we first heard of the European wheat being imported.

This week's rain forecast looks good for Southern Illinois and Southern Indiana, and maybe Saskatchewan gets wet, which might explain the early Sunday weakness in spring wheat. If those rains actually do come to Illinois, the sell-stops in beans could easily come into play.



And...while they might maybe cause some July'24 KC wheat sell-stops also...I'd take the rain gladly, although I know some of you guys STILL have wheat to cut (slowest harvest ever?), and probably wish the rain would hold off a few more days.

Before we go, the Grain Corridor is officially going to expire July 18, but you know I expect it to be resurrected at a late hour, to Russia's benefit. I almost wish Russia would let it expire and make a big deal of it, because I'd love to give NATO a reason to put some Naval power in the Black Sea...but I don't think Russia is that stupid.

Have a good week. Stay Safe; Slow Down.

PS...updates Monday am...Headlines are blaring about Russia pulling out of the Grain Corridor. My opinion is this is typical Russian BS, with the goal of getting reduced sanctions.

Looking again at the wheat chart on page 5 points out the expected resistance near \$8.85...certainly as KC nears \$9.00. I do NOT think we'll be able to get up through it. If I had remaining wheat to sell, I'd put in a resting sell order at \$8.85 for half of that wheat.