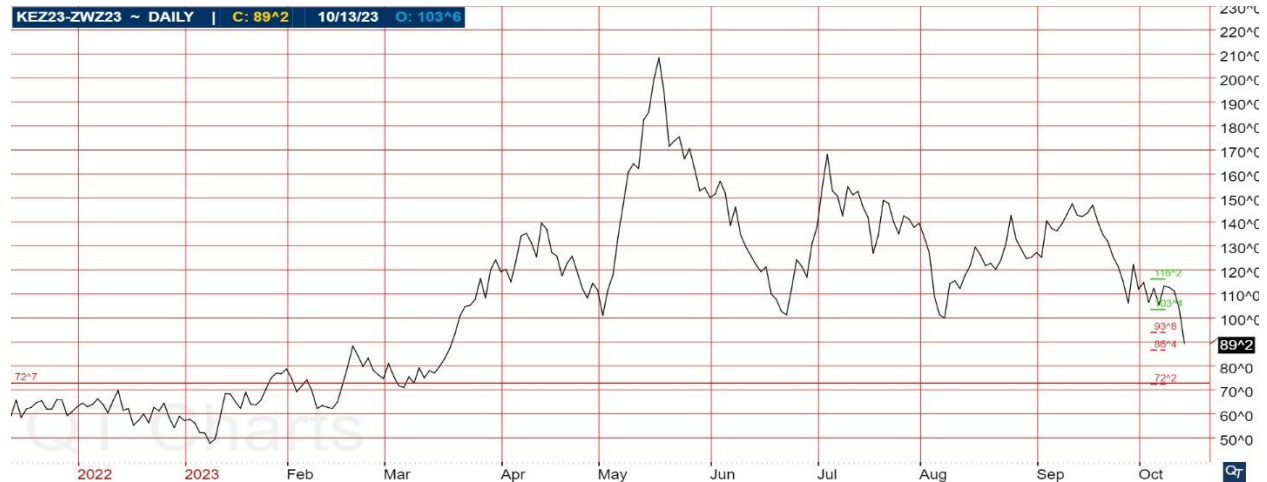


Hello Colorado Wheat.

After Thursday's October release, Friday's action gave us some clues about sentiment. And in that regard, it wasn't a good Friday the 13<sup>th</sup> for KC HRW wheat futures.

This is a KC Z– Chgo Z wheat spread chart, cratering to a new recent closing low, with a Price Count lower suggesting about 73c is a good stopping point, which would also coincide with some closing lows in early March, before KC took off and went straight up to the Two Dollar Moon. The good news ...it suggests some relative support is only about 16c away. The bad news is... relative spread support only 16c away...doesn't mean flat price support is only 16c away.



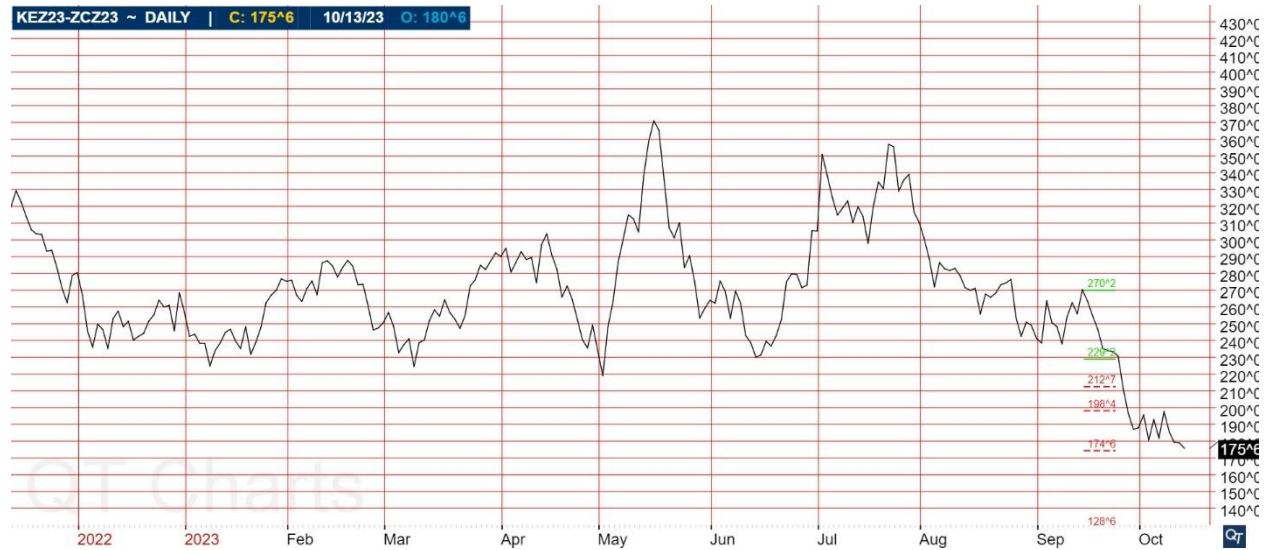
This is KC Dec wheat by itself, and support...yikes. It's hard to find it here.



**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**

Is there really that much HRW that it's burdensome? Well...just like that spread...it's all relative.

We saw that while KC has weakened against Chgo wheat, it's still 89c over Chgo, and while it's weakened quite a bit against corn...this chart shows it's still +175 over...which is far from even money (although that particular Price Count lower intriguingly suggests a price target was hit, and maybe it's due for a pause.)



I was asked about wheat feeding...by someone probably hoping that corn could maybe finally support wheat. The answer is...yes, in some spots, although it's not widespread yet. The best posted bid for corn in SW Kansas is +30 CZ, or \$5.23/bu, and the worst posted wheat bid in western Kansas is -80 KC Z, which is \$5.89/bu. If you throw in some discounts for low test weight and maybe some possible sprout damage, you could see that some wheat would get fed, although how much sprout was out there?

It's more intriguing in NE Colorado. There the best posted corn bid is +80 CZ, which is \$5.73/bu, and the worst posted wheat bid is -115 KC Z, which is \$5.54/bu. It's not that black and white, though, as there is a posted milling wheat bid not that far away at -20 KC Z, which is \$6.49/bu.

If a guy has good quality HRW milling wheat, and his transportation costs to a mill bid are "reasonable", then I doubt it gets fed this year.

Good quality Soft Red winter wheat in Southern Illinois is bid at -55 Chgo Z, or \$5.25/bu, compared to best posted corn bids there at -20 CZ, or \$4.73/bu...

Maybe out West...as there was low test weight soft white. Spot PNW soft white terminal bids are \$7.15/bu, and spot terminal corn is bid @ +215 CZ, or \$7.08/bu.

SO, it doesn't look to me like cash corn bids support cash wheat bids right now, but if the wheat/corn futures spreads keep narrowing, then one day the equations might be closer to working.

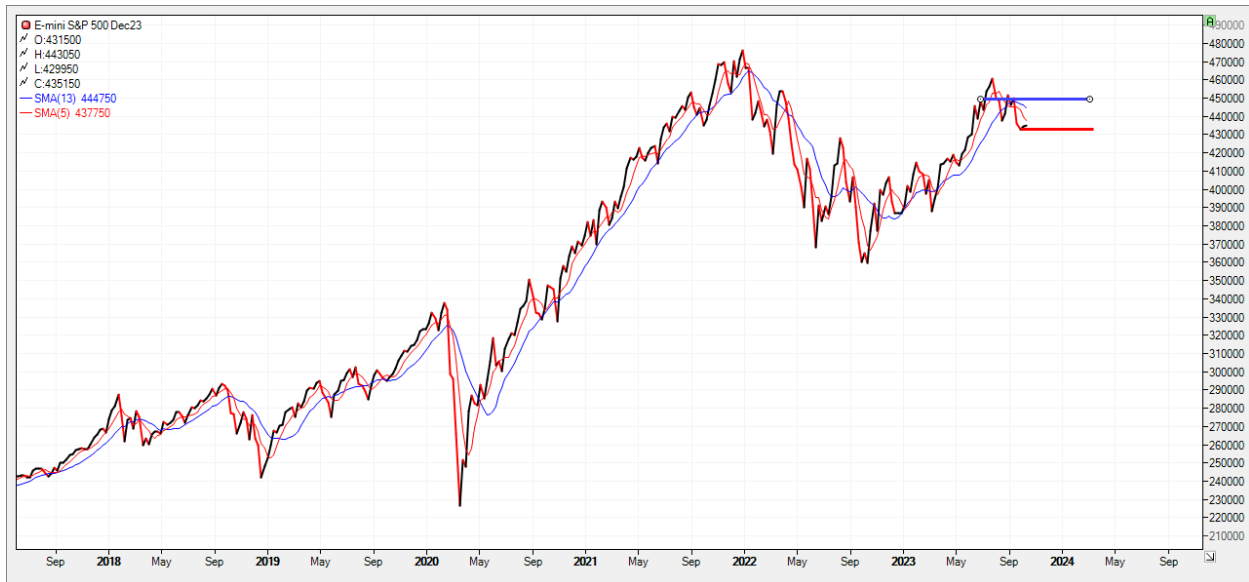
After they rang the Closing Bell Friday...we can see even though the intra-week moves were big, the actual week's movement wasn't a lot.

Corn was a penny or two higher, while KC lost a nickel (but did NOT print a new Red number), and Chgo wheat gained 12c.

Soybeans did NOT print a new Red number, and crude oil, while higher, did not print a new Blue number. (I saw USA crude oil hit a new production high...interesting . <https://www.msn.com/en-us/money/markets/us-oil-production-rises-to-all-time-high/ar-AA1i7znD> ) I think we are seeing some upside price protection in crude oil due to the events in the Middle East, that hopefully, will soon dissipate.

	Dec '23 HRW	July '24 HRW	Dec'23 corn	July '24 corn	Chgo Z wheat	Springs Dec (Z)	Nov'23 soybean	July '24 Soybean	Crude oil	S&P
CLOSE	KWZ23	KWN24	CZ23	CN24	WZ23	MWZ23	SX23	SN24	CRD23	ES23
10/13	\$6.69	\$6.88	\$4.93	\$5.22	\$5.80	\$7.22	\$12.80	\$13.33	\$87.69	\$4357
10/06	\$6.74	\$6.92	\$4.92	\$5.20	\$5.68	\$7.21	\$12.66	\$13.20	\$82.79	\$4342
09/29	\$6.64	\$6.81	\$4.77	\$5.06	\$5.42	\$7.09	\$12.75	\$13.27	\$90.79	\$4326
09/22	\$7.11	\$7.11	\$4.77	\$5.06	\$5.80	\$7.71	\$12.96	\$13.33	\$90.03	\$4361
09/15	\$7.47	\$7.36	\$4.76	\$5.04	\$6.04	\$7.89	\$13.40	\$13.70	\$90.77	\$4498
09/08	\$7.32	\$7.23	\$4.84	\$5.10	\$5.96	\$7.71	\$13.63	\$13.85	\$87.51	\$4462
09/01	\$7.23	\$7.18	\$4.82	\$5.09	\$5.96	\$7.60	\$13.69	\$13.88	\$85.55	\$4522
08/25	\$7.65	\$7.54	\$4.88	\$5.15	\$6.22	\$7.76	\$13.88	\$14.00	\$80.25	\$4422
08/18	\$7.61	\$7.50	\$4.93	\$5.19	\$6.39	\$8.18	\$13.53	\$13.70	\$81.25	\$4382
08/11	\$7.66	\$7.66	\$4.87	\$5.15	\$6.54	\$8.30	\$13.08	\$13.25	\$83.19	\$4481
08/04	\$7.69	\$7.67	\$4.97	\$5.23	\$6.60	\$8.38	\$13.33	\$13.42	\$82.82	\$4498
07/28	\$8.69	\$8.33	\$5.30	\$5.51	\$7.28	\$9.07	\$13.83	\$13.74	\$80.58	\$4607
Year ago	\$8.01	\$8.01	\$5.93	\$5.93	\$7.70	\$9.79	\$13.40	\$13.40	\$75.57	\$4762

I see the Blue number will be rolling off the E mini (S&P) column, replaced by a blue number 100 points lower, now putting the Blue and Red lines in a very, very narrow 170 point range. This is a WEEKLY continuous E mini chart, and I admit this thing looks pretty heavy to me, as high interest rates, virtually political chaos, and more than just a little bit concerning world events have Big Money looking for safety:



Anyway...back on the “is the HRW situation burdensome?” question, which seems hard to imagine with a Kansas wheat crop that barely made 200 mil bu (although Colorado was 2x last year’s crop). This table shows ending stocks and the stox/use ratios of a few years back, and exports:

USA HRW	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
ending stocks mil bu	589	581	516	506	428	376	234	279
stox/use	62.5%	75.9%	70.5%	59.0%	57.8%	46.7%	34.5%	48.4%
exports	453	373	332	378	339	317	224	145

So NO, HRW stocks are not “burdensome”, but they did increase this year, and that is a significant increase in the ending stocks/usage ratio...but of course we can see what the problem is...USA HRW exports are extremely low.

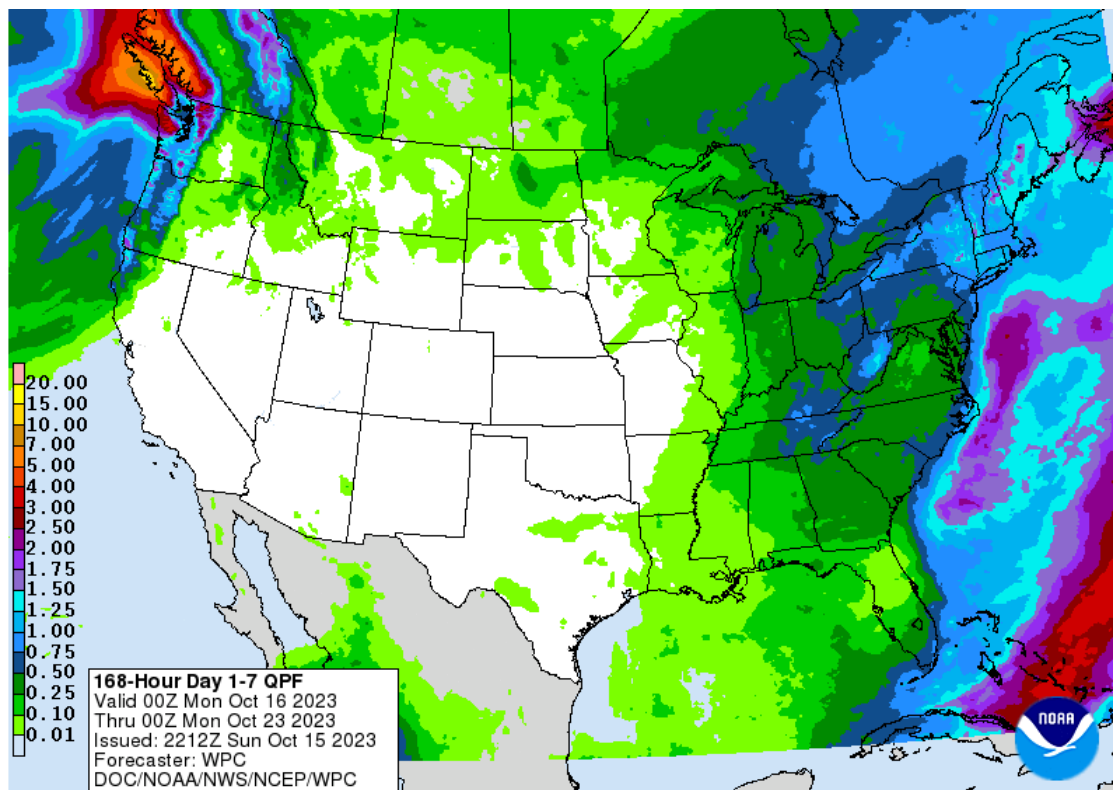
We did see the USDA increase their HRW IMPORT estimate by 5 mil bu on the Oct WASDE.

We haven’t compared prices in a while, but here we see in the past 2 months MATIF futures are unchanged, while KC futures have dropped 90c/bu. The table shows there’s no chance of European wheat flooding into the USA interior, although the implied basis of +180 at a port on the Atlantic is probably still cheaper than where USA wheat reaches an Atlantic port.

	5/26/2023	6/9/2023	6/23/2023	7/14/2023	7/28/2023	8/11/2023	10/13/2023
MATIF Sept futures	\$ 225	\$ 235	\$ 247	\$ 232	248	237	237
upgrade	\$ 25	\$ 25	\$ 25	\$ 25	25	25	25
freight	\$ 40	\$ 40	\$ 40	\$ 40	40	40	40
handle	\$ 10	\$ 10	\$ 10	\$ 10	10	10	10
sum \$/mt	\$ 300	\$ 310	\$ 322	\$ 307	\$ 323	\$ 312	\$ 312
bu conversion	\$ 8.16	\$ 8.44	\$ 8.76	\$ 8.36	\$ 8.79	\$ 8.49	\$ 8.49
KC futures	\$ 8.19	\$ 7.98	\$ 8.62	\$ 8.29	\$ 8.56	\$ 7.56	\$ 6.69
implied basis at USA port	\$ (0.03)	\$ 0.46	\$ 0.14	\$ 0.07	\$ 0.23	\$ 0.93	\$ 1.80
possible freight to "KC" (bu)	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 2.00
implied basis, delv KC	\$ 0.97	\$ 1.46	\$ 1.14	\$ 1.07	\$ 1.23	\$ 1.93	\$ 3.80
posted KC high side, 12 pro	\$ 1.60	\$ 1.40	1.86	1.25	0.80	0.90	1.05
posted Gulf "to-arrive"	\$ 1.40	\$ 1.00	0.65	0.73	0.73	0.90	0.80

So the wheat conclusion is...Meh, at best. HRW is not cheap enough for big feeding and we're not expecting a lot of support just yet from Chgo wheat, let alone corn, and while there is no need for massive European wheat imports...the USDA is not expecting USA HRW exports to improve in a meaningful way (if at all, as on the October WASDE, they actually lowered their USA HRW export estimate 10 mil bu).

And no one is excited about the current dry forecast, as...spring time is a long time from now:

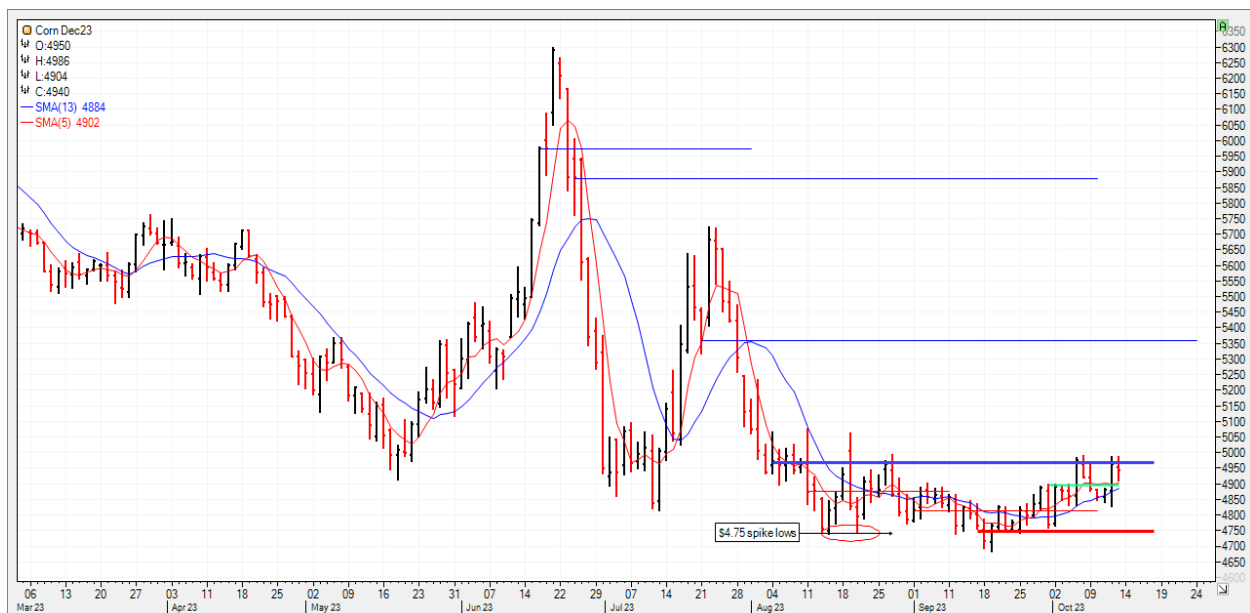


I haven't sold any more of my newly planted new-crop wheat in a while...and am feeling a bit like a deer in the headlights. If I was going to sell some July wheat futures, I'd probably rather sell Minny July instead, at more than an 80c premium to KC , but that's more speculative than normal.

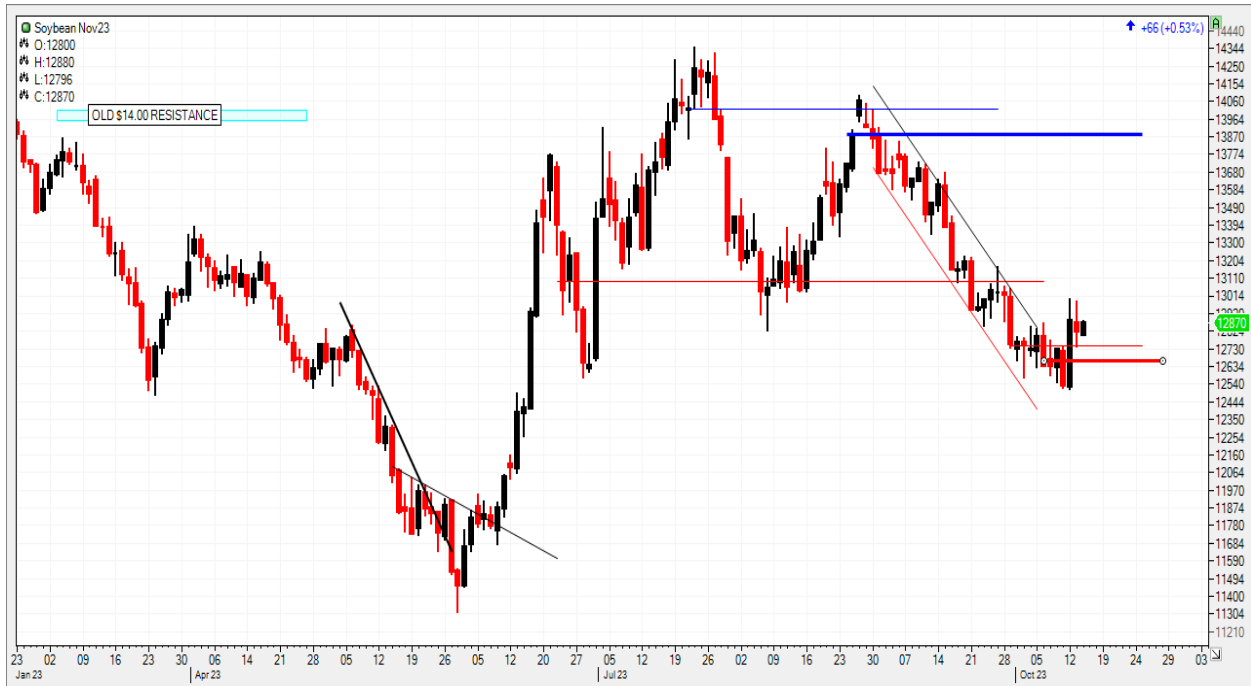
Here's the updated Export Pace score card; the USDA dropped their corn export forecast 25 mil bu and dropped their bean export forecast 10 mil bu, which wasn't shocking, although I didn't expect them to do it. Corn loadings need to pick up pretty soon. They will...this week's export sales were 36 mil bu. Beans had a good week of loadings, and a good week of sales at 38.8. I believe the USDA will need to increase their bean forecast. Wheat loadings were NOT good, but wheat had 24 mil bu of export sales (including a chunk of Soft Red to China).

WEEK ENDED (09/28/23)	Weekly loadings	Accumulated in season (FGIS)	Estimated fudge factor	Total loaded est*	USDA projection	Amount needed	Weeks to go	Bu per week needed
Corn	21.7	<b>127.7</b>	<b>175</b>	303	<b>2,025</b>	1722	<b>47</b>	<b>36.6</b>
Soybeans	38.1	<b>111.1</b>	<b>60</b>	171	<b>1,755</b>	1584	<b>47</b>	<b>33.7</b>
All wheat	14.6	<b>233.6</b>	<b>100</b>	334	<b>700</b>	366	<b>34</b>	<b>10.8</b>
Milo	2.2	<b>12.0</b>	5	17	<b>255</b>	238	<b>47</b>	<b>5.0</b>
LAST WEEK								
Corn	24.6	<b>103.9</b>	<b>175</b>	279	<b>2,050</b>	1771	48	<b>36.9</b>
Soybeans	24.4	<b>72.5</b>	<b>60</b>	133	<b>1,790</b>	1657	48	<b>34.5</b>
All wheat	14.6	<b>222.7</b>	<b>100</b>	323	<b>700</b>	377	35	<b>10.8</b>
Milo	.1	<b>7.3</b>	5	12	<b>255</b>	243	48	<b>5.0</b>

This is the updated Dec corn chart. Last week I showed a Price Count higher, as I thought there was a buy signal with the close above \$4.90 (green line). So far...that hasn't made any money, but it hasn't lost money yet either. It's important to note that the table on page 3 shows there is a new blue line, all the way down to \$4.97 (from 08/04). I think this will be an important week for corn.



November beans didn't change any lines, and appear to be going sideways, and MAYBE interested in moving up a bit:



The Closing Table on page 3 shows that IF Nov beans close higher this week, it would be a new 4-week Closing High, and some quicker Funds would buy some.

If Hamas wouldn't have attacked Israel, the Funds would definitely be getting out of more of their long oil, short Ags, but...I'm not sure they're ready to get out of crude oil longs, with Iran supposedly sending out warnings... <https://www.marketwatch.com/story/oil-prices-in-spotlight-as-iran-warns-of-escalation-of-israel-hamas-war-cce5ba12>

Gulf wheat bids are flat:

GULF date	12 pro	ords	diff
10/13/2023	80	80	0
10/6/2023	80	80	0
9/29/2023	80	80	0
9/22/2023	80	80	0



Posted basis bids in the country are mainly steady with just a freckle of interest popping up:

Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
<b>10/13</b>	<b>\$5.74-\$5.84</b>	<b>\$5.89</b>	<b>\$5.74-\$5.84</b>	<b>\$5.54-\$5.73</b>	<b>\$5.84-\$6.49</b>
10/06	\$5.79-\$5.89	\$5.94	\$5.79-\$5.89	\$5.59-\$5.78	\$5.89-\$6.54
09/29	\$5.69-\$5.79	\$5.84	\$5.69-\$5.79	\$5.49-\$5.68	\$5.78-\$6.44
09/22	\$6.16-\$6.26	\$6.31	\$6.16-\$6.26	\$5.96-\$6.15	\$6.25-\$6.91
09/15	\$6.52-\$6.62	\$6.67	\$6.52-\$6.62	\$6.32-\$6.51	\$6.61-\$7.27
BASIS	SE Colorado	Chey. Wells	Burlington	Holyoke	Roggen area
<b>10/13(Z)</b>	<b>-95, -85</b>	<b>-80</b>	<b>-95, -85</b>	<b>-115, -96</b>	<b>-86, -20</b>
10/06(Z)	-95, -85	-80	-95, -85	-115, -96	-86, -20
09/29(Z)	-95, -85	-80	-95, -85	-115, -96	-86, -20
09/22(Z)	-95, -85	-80	-95, -85	-115, -96	-86, -20
09/15(Z)	-95, -85	-80	-95, -85	<b>-115, -96</b>	<b>-86, -20</b>
Date	Concordia	Salina	Hutch/Wichita	Ark City	
<b>10/13(Z)</b>	<b>-50</b>	<b>-35, -20</b>	<b>-45, -15</b>	<b>-53</b>	
10/06(Z)	-50	-35, -20	-45, -17	-53	
09/29(Z)	-50	-35, -20	<b>-45, -17</b>	-53	
09/22(Z)	-50	-35, -20	-49, -17	-53	
09/15(Z)	<b>-50</b>	-35, -20	-49, -17	-53	

World wheat news was slow last week. The WASDE did drop Aussie wheat production 1.5 mmt, and Kazakhstan's wheat production estimate dropped 2 mmt. Argentina was unchanged, but Brazil went down a little (.5 mmt). Speaking of Argentina, I heard a US Wheat team will be going there soon, to discuss the GMO drought trait with BioCeres. I admit I'm skeptical they will learn anything, as you know I question the Argie data, but ...we'll see.

The USDA did NOT increase China's wheat import forecast. Nor did they increase China's corn or soybean imports forecast.

Have a good week. I think this week will give us some real clues about corn, and possibly beans, and I'm hoping China comes back for some more USA SRW, as eventually, one of these days...that will help KC HRW wheat futures too.

Stay Safe. Slow Down. Keep plugging.