

Hello Colorado Wheat.

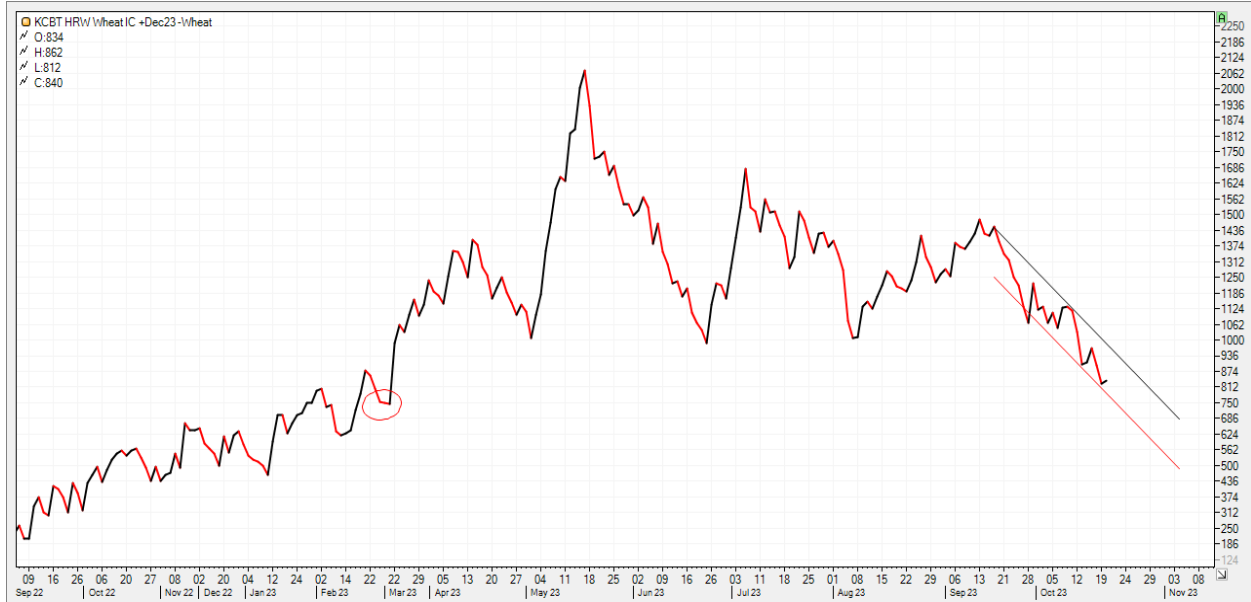
The weekly Closing Table shows net changes for the week were muted. KC wheat closed nominally higher (a penny), while Chgo wheat gained 6c. Spring wheat was 9c higher. Corn is still above the \$4.90, and as the old weekly high close is rolling off the table, Friday's \$4.96 (rounded up from the \$4.955) will become the new Blue number, and we'll draw it that way on the chart (typically think of a Blue number as resistance until it's very apparent it's not a ceiling anymore). Soybeans kept a 20c gain or so, and closed above \$13.00. I think USA bean exports are doing better than expected and am still peeved by the USDA reducing their bean export forecast). Crude oil...still supported by the Middle East powder keg, which...is among the factors weighing on the stock market, where we see a new Red number, which we'll treat as support until we know it's not (spoiler alert...a Price Count Down looks...bad.)

| | 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 |
| 10/20 | \$6.70 | \$6.88 | \$4.96 | \$5.22 | \$5.86 | \$7.31 | \$13.02 | \$13.51 | \$87.08 | \$4248 |
| 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 |
| Year ago | \$8.01 | \$8.01 | \$5.93 | \$5.93 | \$7.70 | \$9.79 | \$13.40 | \$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

Weekly export sales showed some more soft red to China, although soft white wheat led the classes, and both of those helped Chgo wheat eat into KC's premium again. Also weighing on KC is the perception that Russian wheat is available cheaper than any official Russian quoted price.

So we see KC Z wheat closed at 84c over Chgo. I identified some potential support at 75c.



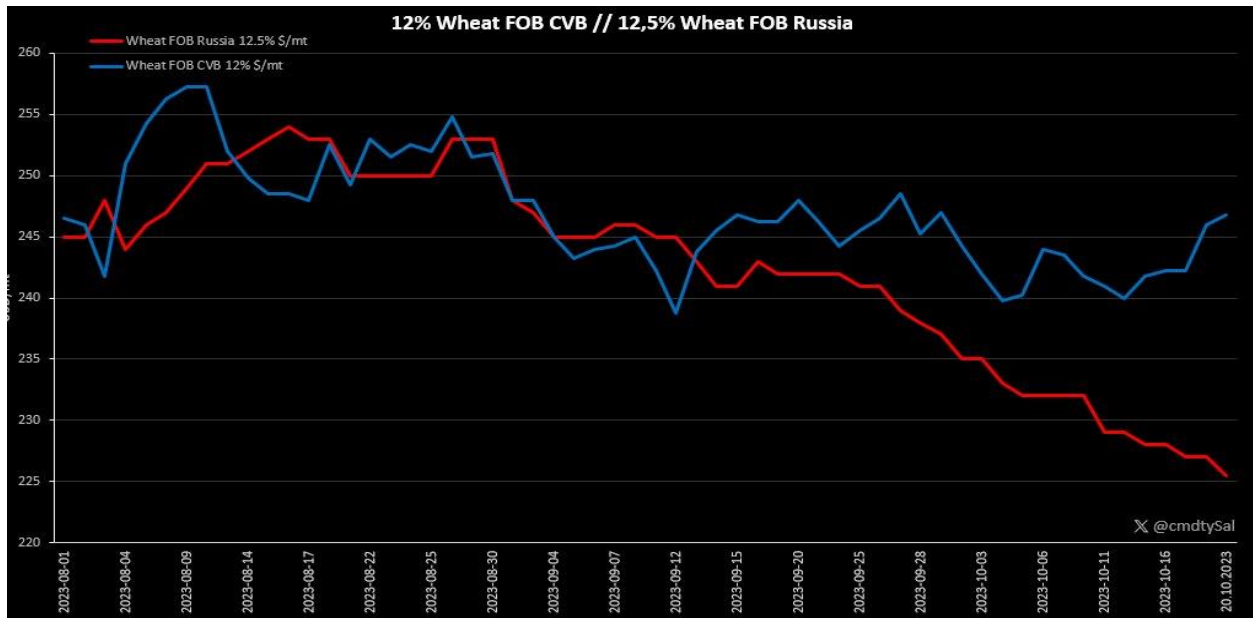
What KC wheat needs is...some export business. In that regard, 12 pro HRW delivered to the PNW is \$7.20/bu, which is only a 5c premium over soft white PNW bids. I'm hopeful that China will start to think USA HRW is a relative bargain, but one class of USA wheat taking business away from another class of USA wheat...doesn't really add to the overall USA wheat situation.

The issue with getting more export business is...it's a very competitive dog-eat-dog world market, and it currently feels like Black Sea wheat needs homes worse than anyone. And it's not just Ukrainian wheat flooding into local European wheat markets, its Russian wheat.

This chart came from Sal @cmdtySal, on X(twitter), who says he is a commodity trader with focus on grain (eastern Europe/Black Sea Region).

His spread chart, shows FOB Russian wheat prices being offered down to \$225/mt, compared to FOB CVB, which stands for the Romanian port of Constanta, which is handling Romanian and Ukrainian wheat, which is offered at \$247/mt...

I think the importance is Russian/Romanian wheat prices were even money, but started diverging mid-September, and now he says Russian wheat is currently a \$22/mt discount:

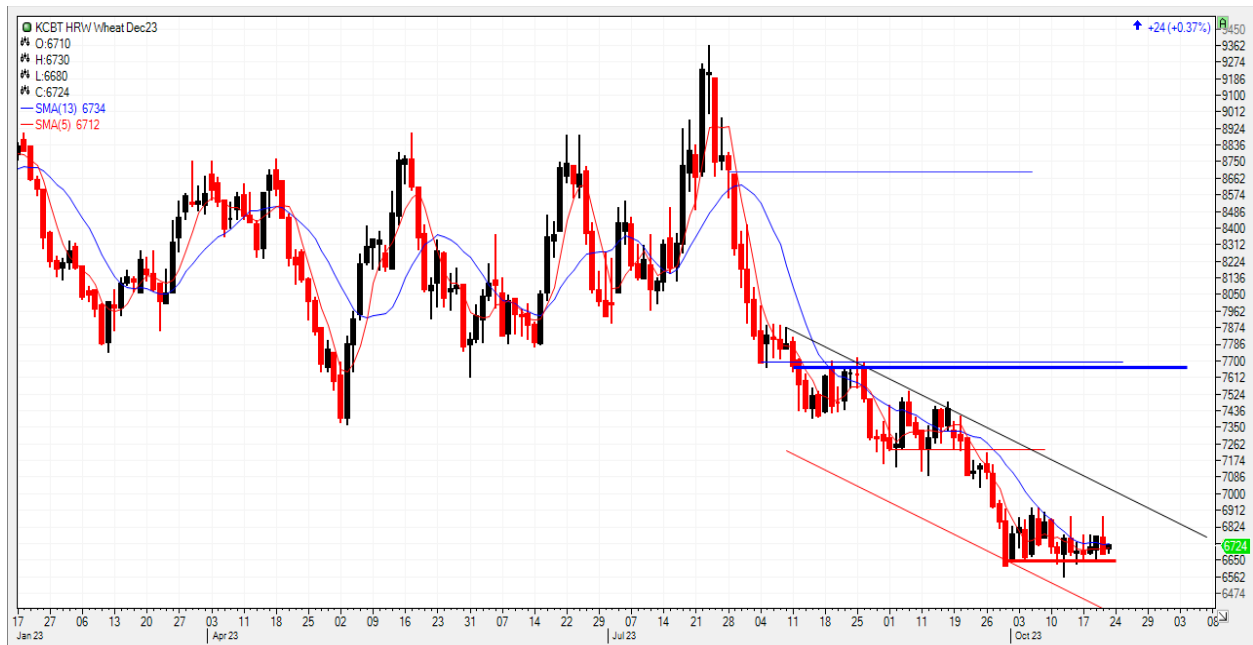


For the record, the MATIF futures settled Friday at \$240/mt (which equals \$6.53/bu). KC futures at \$6.70/bu plus 80c basis bid = \$7.50/bu, which is \$275.58/mt. That's before fobbing costs, etc, and the vessel freight and other costs to get wheat to a destination...but it mainly points out that Russian wheat at \$225 mt (\$6.12/bu)...is currently the cheapest wheat. That's pretty clear.

However...other world wheat news is...more confusing.

The Bear side gets help from recent Aussie rains...keep in mind the USDA dropped their Aussie crop forecast to 24.5 mmt on the October WASDE, but this article makes me think we've seen the low tick in production estimates...<https://www.reuters.com/article/australia-crops-idAFL1N3BQ08U>

Anyway, we get a KC Dec wheat chart that is going sideways, which is better than going straight down:



The Bull side of the wheat market ...is still in the development stage.

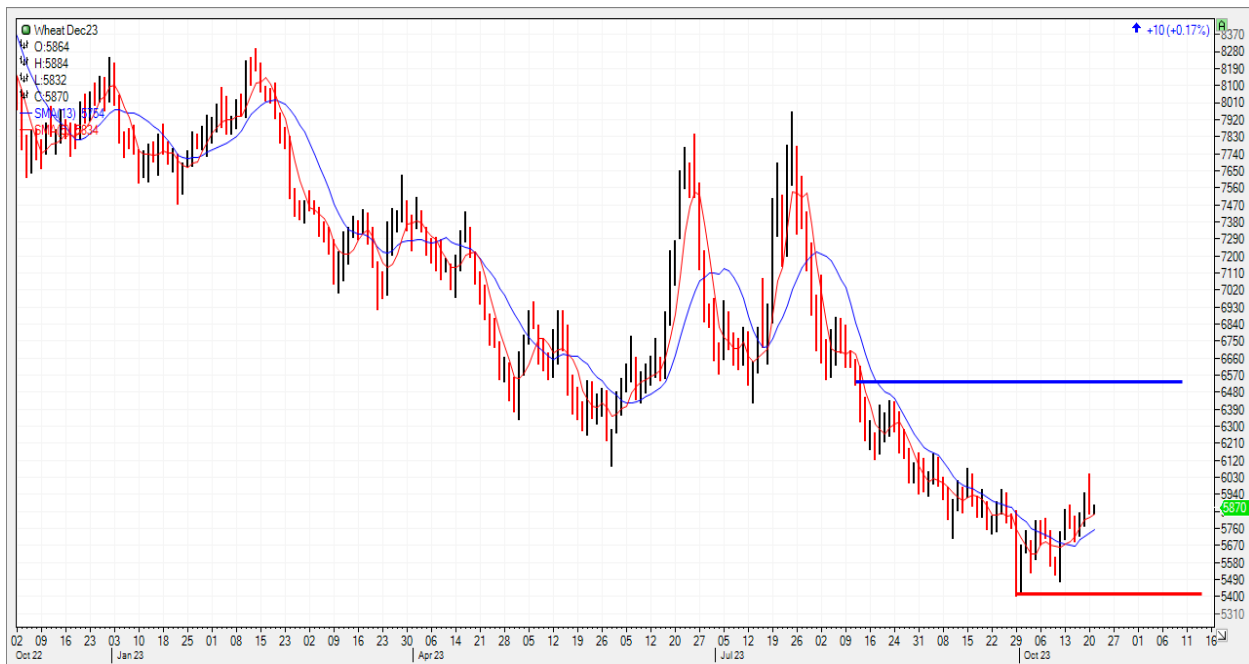
Recent Chinese wheat purchases from many countries, including the USA have been widely reported.

Indian domestic wheat prices are at an 8-month high, even though they raised a record wheat crop. To encourage more wheat planting this season, the Indian government is increasing the minimum support price by 7% <https://www.goodreturns.in/news/india-raises-wheat-purchase-price-by-7-to-boost-farming-despite-market-disparity-1307091.html>

The article mentions lower than expected grain stocks, and suggests wheat may need to be imported, but that will not happen until India reduces its current 40% import tax.

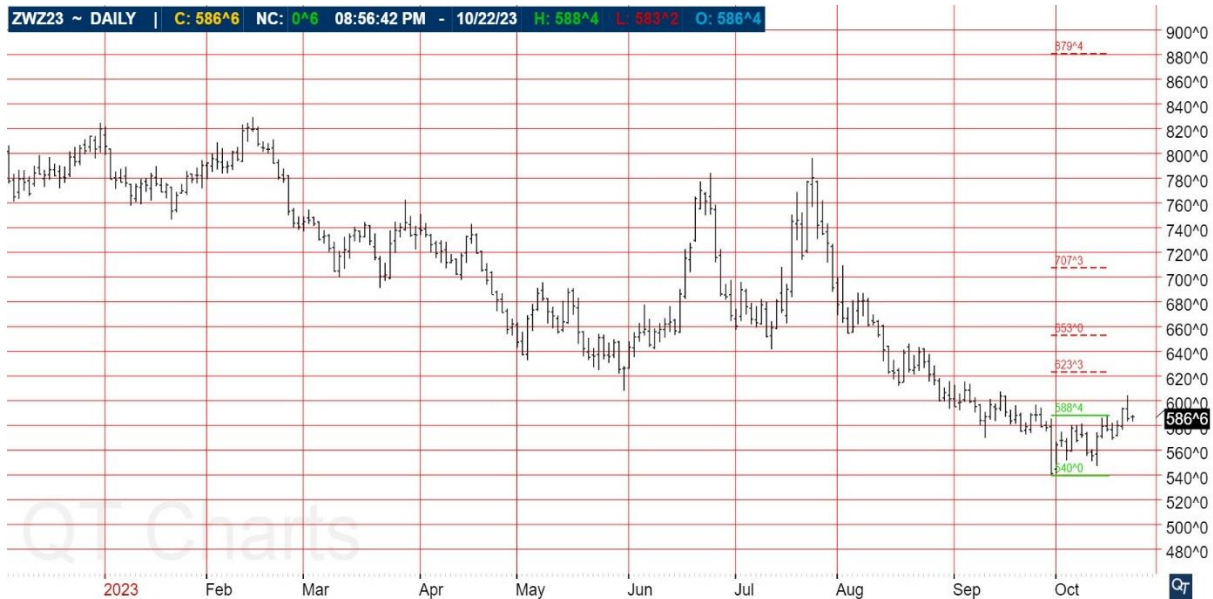
Similarly, this Reuters article says Brazil will be raising their minimum wheat support price, quite substantially. <https://www.reuters.com/article/brazil-wheat-idUSKBN31I26N>

And while I personally don't track open interest, some futures brokers do, and I saw one who said "managed money is short 104,407 Chgo wheat contracts, which is 20.24% of the open interest". I'm not too excited about that, as the Chgo Dec-March wheat spread is at a 27c carry (9c/month!), so those shorts can just be rolled forward quite easily. But we do get a Chgo Z wheat chart that (maybe) looks a little better than the KC Z wheat chart:



Looking back at the Closing Table on page 1, we see Chgo's \$5.86 close was a new 4-week Closing High, which took out a "mini" double-top at \$5.80, so this was a buy signal for some of the "quicker" type of funds.

Because I feel there was a small buy-signal given on Chgo Z wheat (new 4-week Closing High), I can then do a Price Count Higher (using QT's Market Center) and get some projections, giving me a 65% chance of seeing \$6.53, and a 35% chance of seeing \$7.07 :



A Chgo wheat rally would help drag KC higher, although I'd expect it to lag the pace.

Speaking of pace...it looks like there were some revisions to the previous week's export inspections, again, and I'm not really 100% sure what the real numbers are, but this Export Pace scorecard cumulative totals are what the weekly FGIS Grains Inspected report says they are...and it implies that the previous week's corn exports were 10 mil bu higher than we thought, and soybeans were 13 mil bu higher than reported on the revised report.

ALSO...take a look at last week's soybean inspections...almost 74 mil bu, right on time with last year's big uptick in bean inspections.

| WEEK ENDED (10/12/23) | Weekly loadings | Accumulated in season (FGIS) | Estimated fudge factor | Total loaded est* | USDA projection | Amount needed | Weeks to go | Bu per week needed |
|-----------------------|-----------------|------------------------------|------------------------|-------------------|-----------------|---------------|-------------|--------------------|
| Corn | 17.1 | 154.8 | 175 | 330 | 2,025 | 1695 | 46 | 36.8 |
| Soybeans | 73.9 | 198.6 | 60 | 259 | 1,755 | 1496 | 46 | 32.5 |
| All wheat | 13.0 | 247.5 | 100 | 347 | 700 | 353 | 33 | 10.7 |
| Milo | 3.0 | 15.0 | 5 | 20 | 255 | 235 | 46 | 5.1 |
| LAST WEEK | | | | | | | | |
| Corn | 21.7 | 127.7 | 175 | 303 | 2,025 | 1722 | 47 | 36.6 |
| Soybeans | 38.1 | 111.1 | 60 | 171 | 1,755 | 1584 | 47 | 33.7 |
| All wheat | 14.6 | 233.6 | 100 | 334 | 700 | 366 | 34 | 10.8 |
| Milo | 2.2 | 12.0 | 5 | 17 | 255 | 238 | 47 | 5.0 |

Corn export sales of 35 mil bu were about what's needed to hit the USDA's export forecast. Bean sales of 50 mil bu were big. Wheat sales of 24 mil bu were relatively big too.

We see a big change in reported Gulf to-arrive wheat bids. The 12's for November are now being quoted at +120. Technically, 11's are bid at +80, and ords might not be...but because these are new changes, we'll let them sort out a week or two before we change our headings...

| GULF | | | | |
|------------|--------|------|------|--|
| date | 12 pro | ords | diff | |
| 10/20/2023 | 120 | 80 | 40 | |
| 10/13/2023 | 80 | 80 | 0 | |
| 10/6/2023 | 80 | 80 | 0 | |
| 9/29/2023 | 80 | 80 | 0 | |

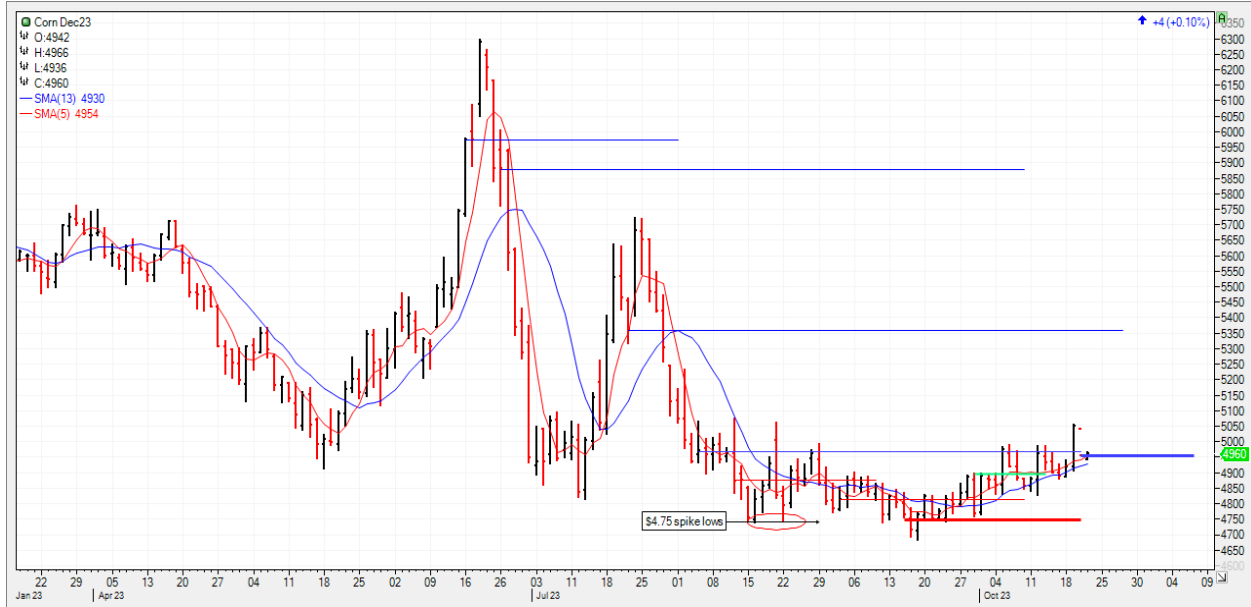
Anyway, that 40c pop for protein is probably real. We note that Minny Z spring wheat futures are still quoted at more than a 60c/bu premium to KC futures.

Posted bids in the country do show a 30c pop in a Colorado bid...

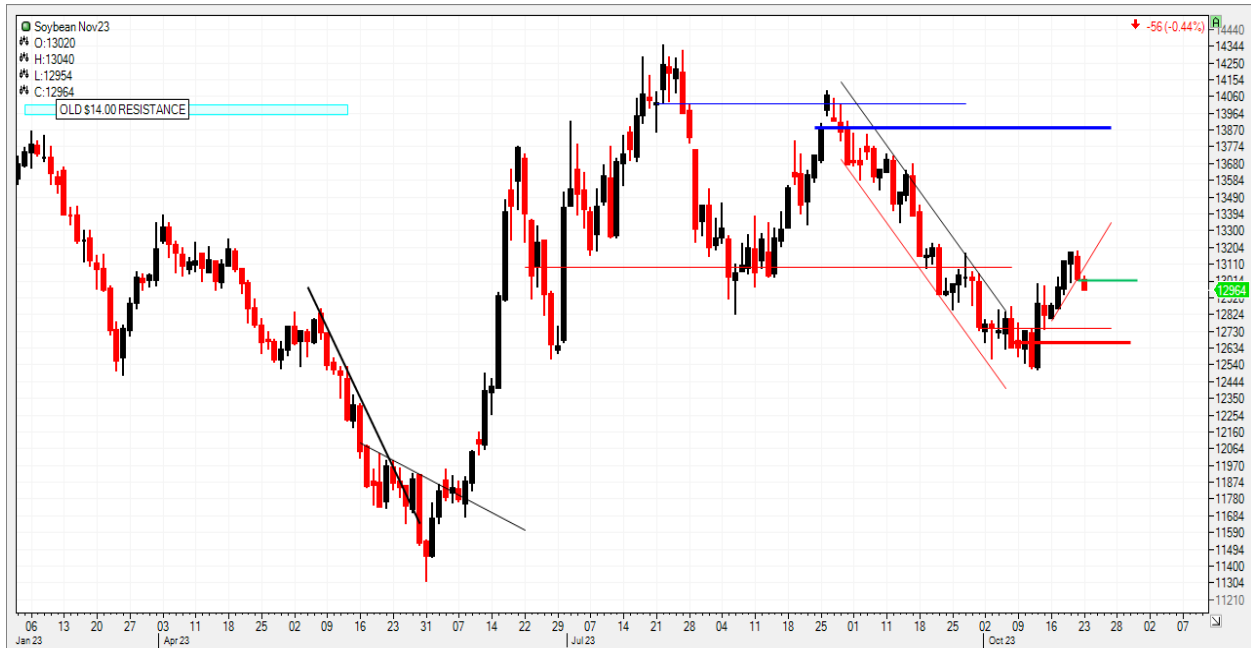
| Date | SE Colorado | Chey. Wells | Burlington | Holyoke area | Roggen area |
|-----------------|----------------------|-----------------|----------------------|-----------------------|----------------------|
| 10/20 | \$5.75-\$6.15 | \$5.90 | \$5.75-\$5.85 | \$5.545-\$5.75 | \$5.85-\$6.50 |
| 10/13 | \$5.74-\$5.84 | \$5.89 | \$5.74-\$5.84 | \$5.54-\$5.73 | \$5.84-\$6.49 |
| 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 |
| 10/20(Z) | -95, -55 | -80 | -95, -85 | -115, -96 | -86, -20 |
| 10/13(Z) | -95, -85 | -80 | -95, -85 | -115, -96 | -86, -20 |
| 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 | -115, -96 | -86, -20 |
| Date | Concordia | Salina | Hutch/Wichita | Ark City | |
| 10/20(Z) | -50 | -35, -20 | -45, -15 | -53 | |
| 10/13(Z) | -50 | -35, -20 | -45, -15 | -53 | |
| 10/06(Z) | -50 | -35, -20 | -45, -17 | -53 | |
| 09/29(Z) | -50 | -35, -20 | -45, -17 | -53 | |
| 09/22(Z) | -50 | -35, -20 | -49, -17 | -53 | |
| 09/15(Z) | -50 | -35, -20 | -49, -17 | -53 | |

Last week when we were discussing feeding, I said the best posted corn bid was +80 in NE Colorado, and this week that bid has dropped 30c to +50CZ.

Speaking of corn...this Z corn chart is still bubbling higher, and we have a new blue line, 1c lower, to \$4.96, which was Friday's close. So...IF corn can close higher this week, I'd expect some Fund buying.



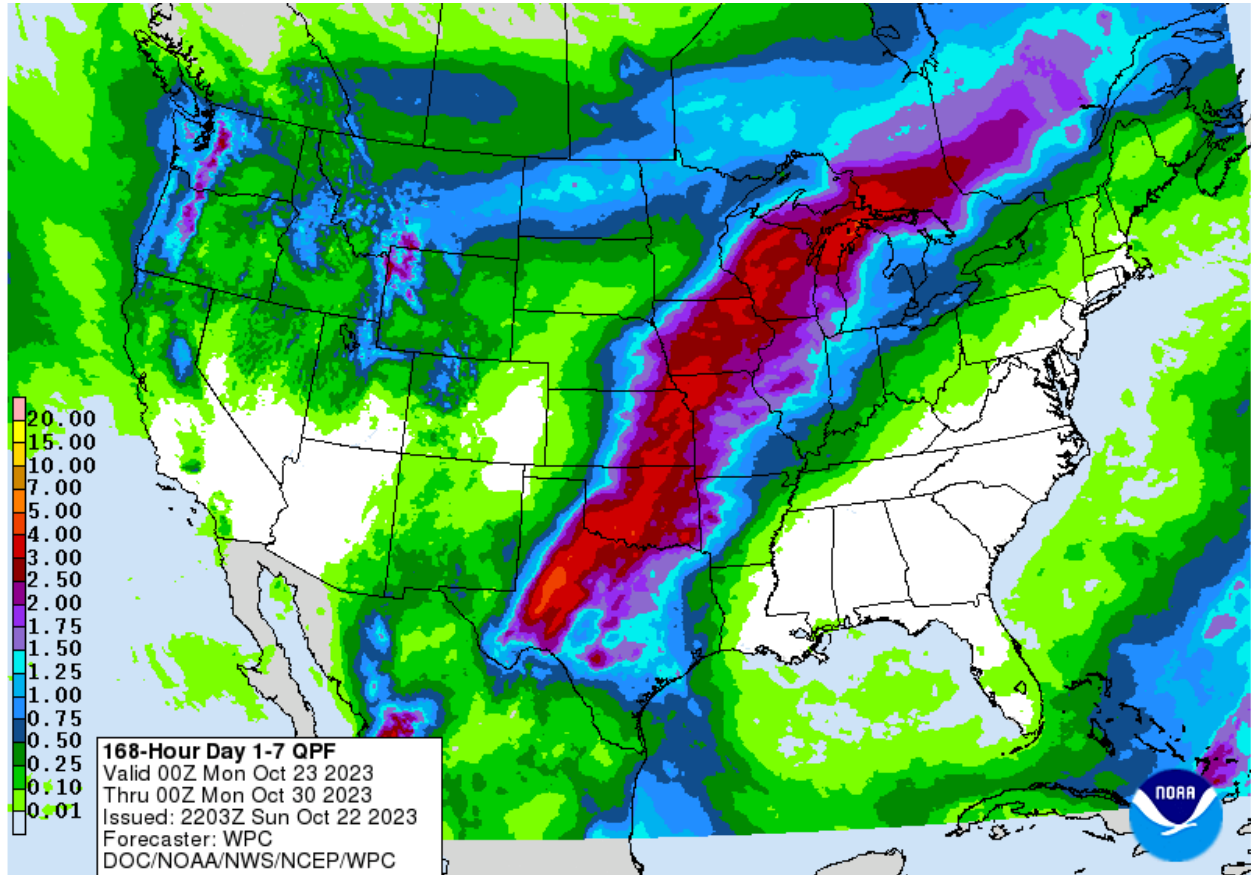
November beans...went up to \$13.00 and set back. But Friday's \$13.02 close was a new 4-week Closing High, so I drew in a green line there, and a better close this week would get a little more buying.



Soybeans are facing pressure from expected better rains in South America.

Also, canola harvests and especially sunflower harvests are turning out better than expected. I read the Russian sunflower crop is 17 mmt, which would be a new record.

This week's forecast currently looks wet in the areas that have the most beans and corn still standing...



Have a good week. I'm not selling anything this week, and "hope" the mini buy signals (4 week closing highs) in Chgo wheat, corn and beans can create some upside momentum, and drag KC up in the process.

Stay Safe. Slow Down.