

Hello Colorado Wheat.

Last week disseminated lots of information, along with some disinformation as well. The week settled defensively with KC setting a new Red Number below the double-bottom of support, which ...will continue to bring in new selling on new lower weekly closes, as did corn, also taking out a double-bottom of support. KC wheat and corn are locked in a Death Spiral.

Chgo wheat hanging around \$5.75, while spring wheat moved a dime higher. There will come a day of reckoning for spring wheat, but right now...it's enjoying the lack of apparent selling interest.

Beans were a little lower, although this week is being hyped as super important for Brazil's weather in Mato Grosso.

Crude oil... what the...set a new Red Number, which maybe allowed the stock market to move higher...

	Dec '23 HRW	July '24 HRW	Dec'23 corn	July '24 corn	Chgo Z wheat	Springs Dec (Z)	JAN'24 soybean	July '24 Soybean	Crude oil	S&P
CLOSE	KWZ23	KWN24	CZ23	CN24	WZ23	MWZ23	SF24	SN24	CRD23	ES23
11/10	\$6.40	\$6.64	\$4.64	\$4.98	\$5.75	\$7.31	\$13.48	\$13.74	\$77.17	\$4431
11/03	\$6.44	\$6.70	\$4.77	\$5.10	\$5.73	\$7.21	\$13.52	\$13.84	\$80.51	\$4376
10/27	\$6.43	\$6.70	\$4.81	\$5.09	\$5.76	\$7.20	\$13.20	\$13.54	\$85.54	\$4138
10/20	\$6.70	\$6.88	\$4.96	\$5.22	\$5.86	\$7.31	\$13.20	\$13.51	\$87.08	\$4248
10/13	\$6.69	\$6.88	\$4.93	\$5.22	\$5.80	\$7.22	\$13.00	\$13.33	\$87.69	\$4357
10/06	\$6.74	\$6.92	\$4.92	\$5.20	\$5.68	\$7.21	\$12.85	\$13.20	\$82.79	\$4342
09/29	\$6.64	\$6.81	\$4.77	\$5.06	\$5.42	\$7.09	\$12.95	\$13.27	\$90.79	\$4326
09/22	\$7.11	\$7.11	\$4.77	\$5.06	\$5.80	\$7.71	\$13.14	\$13.33	\$90.03	\$4361
09/15	\$7.47	\$7.36	\$4.76	\$5.04	\$6.04	\$7.89	\$13.56	\$13.70	\$90.77	\$4498
09/08	\$7.32	\$7.23	\$4.84	\$5.10	\$5.96	\$7.71	\$13.78	\$13.85	\$87.51	\$4462
09/01	\$7.23	\$7.18	\$4.82	\$5.09	\$5.96	\$7.60	\$13.83	\$13.88	\$85.55	\$4522
08/25	\$7.65	\$7.54	\$4.88	\$5.15	\$6.22	\$7.76	\$13.99	\$14.00	\$80.25	\$4422
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

KCBT wheat set a new red line at \$6.40, and did see more selling Friday. The chart shows there are old spike lows down near \$6.25, which looks like the next target.



The chart shows the Blue line will drop 18c to \$7.47, but no one cares about that.

We see there was a midweek spike up to \$6.61 when a Russian missile hit a vessel in Odessa, <https://www.bbc.com/news/world-europe-67360440> but that was quickly forgotten. We will have to assume no one cares about that either.

The USDA's November WASDE update made small changes to the USA wheat balance sheet. USA wheat imports were increased again, this month by 10 mil bu , adding 5 mil bu to HRW, HRS and SRW, but reducing durum imports 5 mil bu.

Right on time, Bloomberg ran a story about a French wheat vessel heading to the States...<https://www.admis.com/global-ag-news-for-nov-10-23/> (that's not the official Bloomberg link, which requires a Bloomberg Terminal subscription, but the ADMIS link quotes it verbatim).

French wheat is often viewed as soft wheat, but it's hard to pencil out how French soft wheat imports makes sense/cents, as in the following table, if we assume French soft wheat requires no upgrade charge, and \$40 vessel freight and a \$10 handling charge...French wheat would be \$282/mt delvd USA, which works out to be +192 Chgo Z, compared to assuming Toledo milling SRW is available at a basis of +50 WZ, plus 40c bu Laker freight = +90 Chgo Z delvd New York... which would be a buck cheaper than imported French "soft wheat".

	11/10/2023
MATIF Sept futures	232
upgrade	0
freight	40
handle	10
sum \$/mt	\$ 282
bu conversion	\$ 7.67
Chgo futures	\$ 5.75
impied basis at Albany basis Chgo Z	\$ 1.92
possible freight X Toledo	\$ 0.40
implied basis, delv New York for USA SRW	\$ 0.90

So I don't think that's a good math comparison.

The problem is, which many may want to ignore, is that France makes their baguettes, which are loaves of bread, out of French wheat. My point is...French wheat may not be as "soft" as we like to assume. Why do I say that? Because it makes a loaf of bread.

Let's try to compare the French wheat to maybe 11% protein, out of approximately Salina, KS.

We will assume we have to add in the \$25/mt upgrade to convert French wheat futures to a "milling" European wheat.

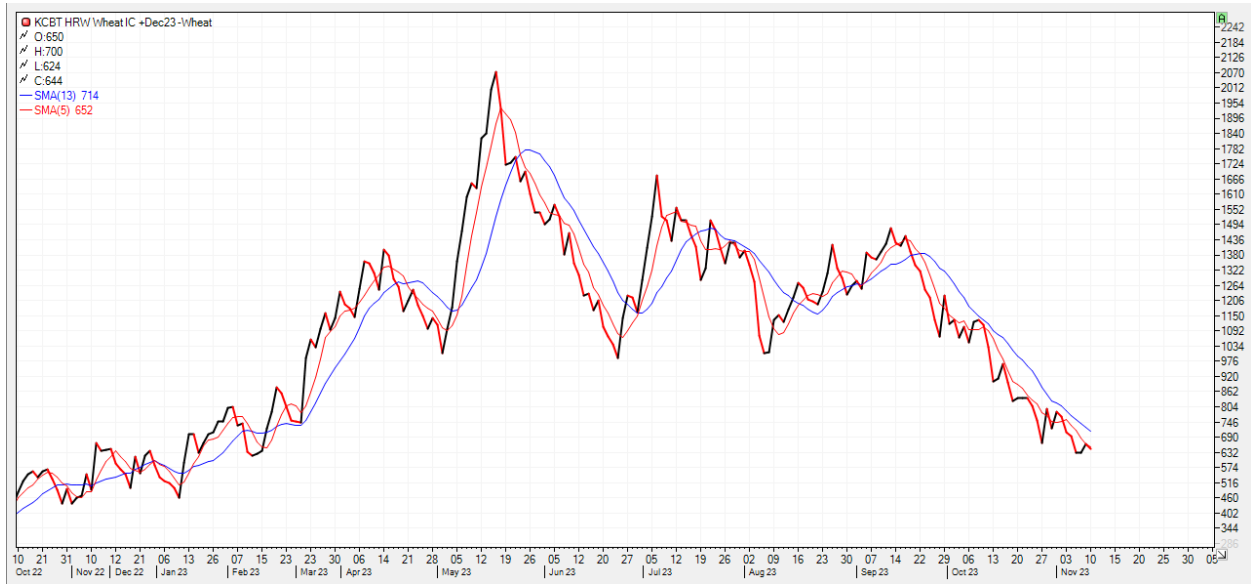
The best posted ords bid in Salina is -20 KC Z; I'm assuming 11's are a 20c premium, and I'm assuming someone would load a train for a 40c premium over the bid, which makes it +40 KC Z FOB Salina, and I'm assuming big train freight to a USA Atlantic coast port is \$1.90/bu, so the delivered cost of USA wheat is +230 KC Z, which...is still a 34c premium over European wheat delivered to a USA Atlantic coast port.

	11/10/2023
MATIF Sept futures	232
upgrade	25
freight	40
handle	10
sum \$/mt	\$ 307
bu conversion	\$ 8.36
KC futures	\$ 6.40
impied basis at USA port (over KC Z)	\$ 1.96
possible freight X Salina (bu)	\$ 1.90
fob Salina, 11 pro	\$ 0.40
implied basis, HRW, delv USA port	\$ 2.30

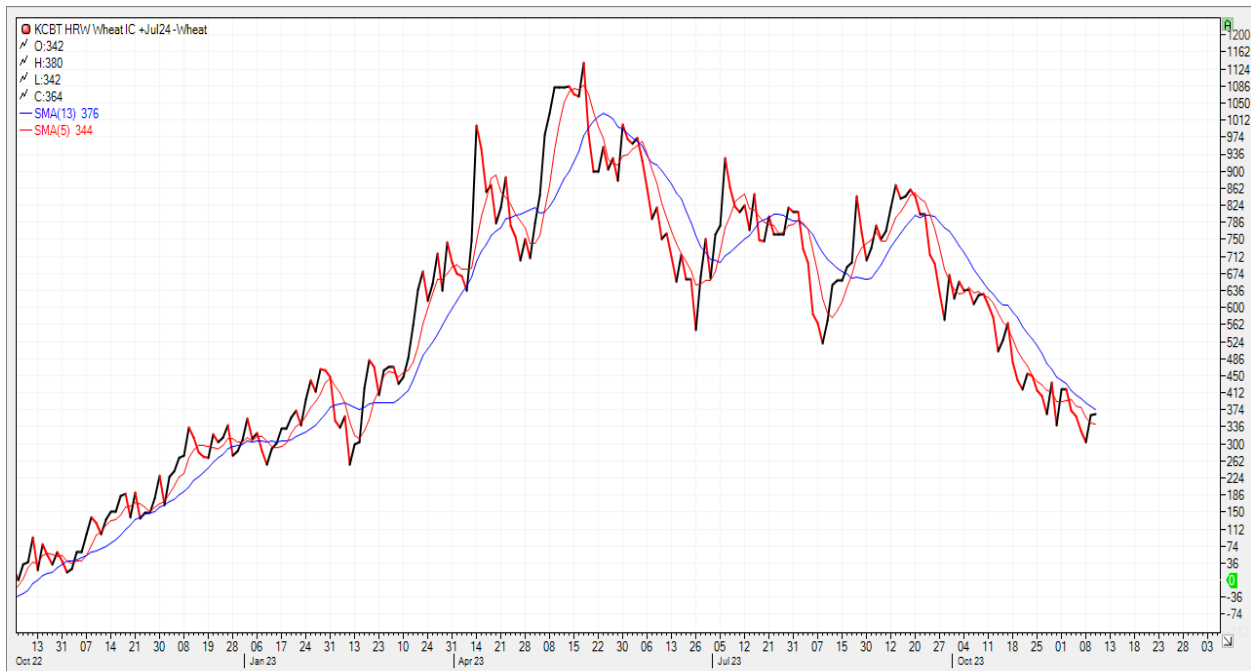
Which means...if the KC Z futures – MATIF Z wheat futures narrows another \$10/tonne, European wheat will finally be priced out of coming into the States. That’s about another 35c/bu.

There are lots of assumptions in the above math. Because we don’t readily see MATIF futures quotes, let’s make another assumption, in that Chgo wheat mirrors MATIF futures, and then that leads to the assumption that if KC narrows another 35c/bu on Chgo wheat futures, European wheat is priced out.

This is KC Z – Chgo Z, settling at about 65c/bu. Another 35c drop takes it down to about +30.



Another 35c drop in KC losing to CVhgo...seems hard to believe, BUT...when we look at new-crop, KC July – Chgo N, we see the spread is already at about +35c!



What am I saying?

I'm saying the days of European wheat flowing into the USA Atlantic Coast points are about over, and there's a pretty good chance Euro wheat doesn't come into the States next year at all.

FINALLY...I believe the end is in sight.

At least relatively to Chgo wheat. The world wheat WASDE updates net effects were minimal. World wheat production dropped 1.5 million tonnes, but the beginning carry-in stocks were increased, so the net supply went up a ½ million tonnes, and that carried all the way out to this year's projected ending stocks. The world production numbers were kinda interesting, even though the net only changed .5 mmt. Russia's wheat production increased 5 mmt to 90 mmt, but Argentina's dropped 1.5 mmt and they took India's down 3 mmt.

Unfortunately, I'm not willing to say corn is ready to help put in a flat price bottom overall and the flat price end is in sight. Last week I talked about next year's potentially gigantic carryout...and that was compounded by last week's November WASDE update, which...unexpected by about everyone, saw almost a 2 bu/ac yield gain which translated into a 170 million bu production increase. Where the disinformation comes in play...(in my opinion) is the 120 million bu increase in demand, and the net is only a 50 mil bu increase in this year's carryout.

I find the demand increase hard to believe, but you know...my bearish nature. And it doesn't matter a whole lot right now, although it might at the end of next summer.

We'll look at corn, but...spoiler alert: This thing is all about soybeans. The Chinese are going to buy the beans. Will South America raise as much as expected? If not, China has to come to the States for more than expected, and if so...the market will "help", no doubt.

The November WASDE showed Brazil will raise 163 mmt of soybeans and export 97.5 mmt of them. China will import 100 mmt. The ratio is almost exactly 1:1. One bushel of Brazilian bean exports = 1 bushel of Chinese imports.

I know it's not that simple. Ending stocks can be drawn down. Brazil could draw ending stocks down 13 mmt, China could let them draw down 3 mmt, and Argentina could also live with about a 7 mmt ending stocks draw down. That's 23 mmt.

Will South American soybean production drop further than the current estimate? If so, how much?

Consider this table:

	21/22	22/23	23/24 est.
Brazil	131	158	163
Argentina	44	24	48
sum	175	182	211

A 23 mmt reduction would put Brazil/Argie bean production at 188 mmt, which was 6 mmt more than 22/23.

Keep in mind the most recent Brazilian soybean production estimate by CONAB is 162 mmt, so the USDA and CONAB are currently in total agreement. <https://brownfieldmagnews.com/news/conab-increases-brazil-soybean-crop-guess-2/>

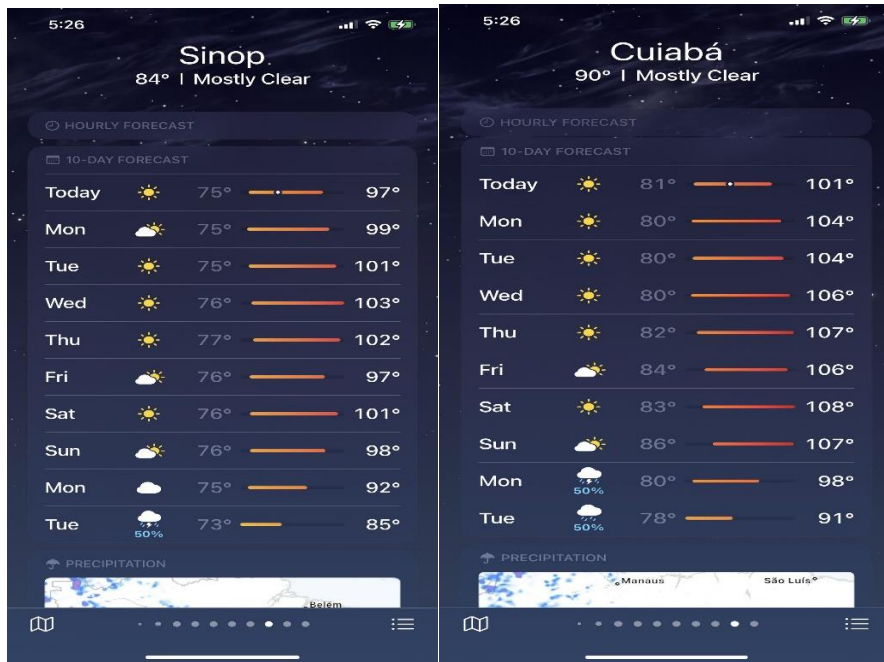
Jan beans here, with a new lower, closer to the market...Blue line at \$13.83:



The USDA took off some of the heat by increasing the USA yield 3/10's of a bu. The resulting 25 mil bu increase to supply went directly to the carryout, as nothing else changed, including the National Average Farm Price.

We're basically back to watching the weather, and I know there are a lot of fancier, better (?) more expensive weather services out there, but...I use my phone.

Here's the 10-day for Sinop and Cuiaba, both in Matto Grosso, Brazil, which is Hot and Dry for the next week, and then a 50% chance of rain. I'd say most, if not all, of that is in the market, and for the most part, future price direction depends on if those rains show up, how heavy were they, and then...what's coming the week after?



Ok, now back to corn.

We said the USDA increased USA corn production by 170 mil bu with a 2 bu yield increase, but raised feeding demand 50 mil bu, increased ethanol demand 25 mil bu, and popped up USA corn exports by 50 million bu, so net carryout only increased 45 mil bu, and the NAFP only went down a dime.

This is recent USA corn feed and residual:

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
feed and residual	5,470	5,304	5,429	5,900	5,607	5,726	5,549	5,650

The 5,650 mil bu forecast for this year is not a record, but it would be an increase of 100 mil bu from last year. The problem I have with this number is this table, showing estimated less red meat and poultry production estimates. How can we feed more if we're raising less animals?

	2022	2023	2024
red meat and poultry (million pounds)	107,067	106,204	106,122

Increased Ethanol production is possible. Maybe Electric vehicle production is ramping up slower than the hype...?

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
(includes ethanol & by-products)	5,432	5,605	5,378	4,857	5,028	5,320	5,177	5,325

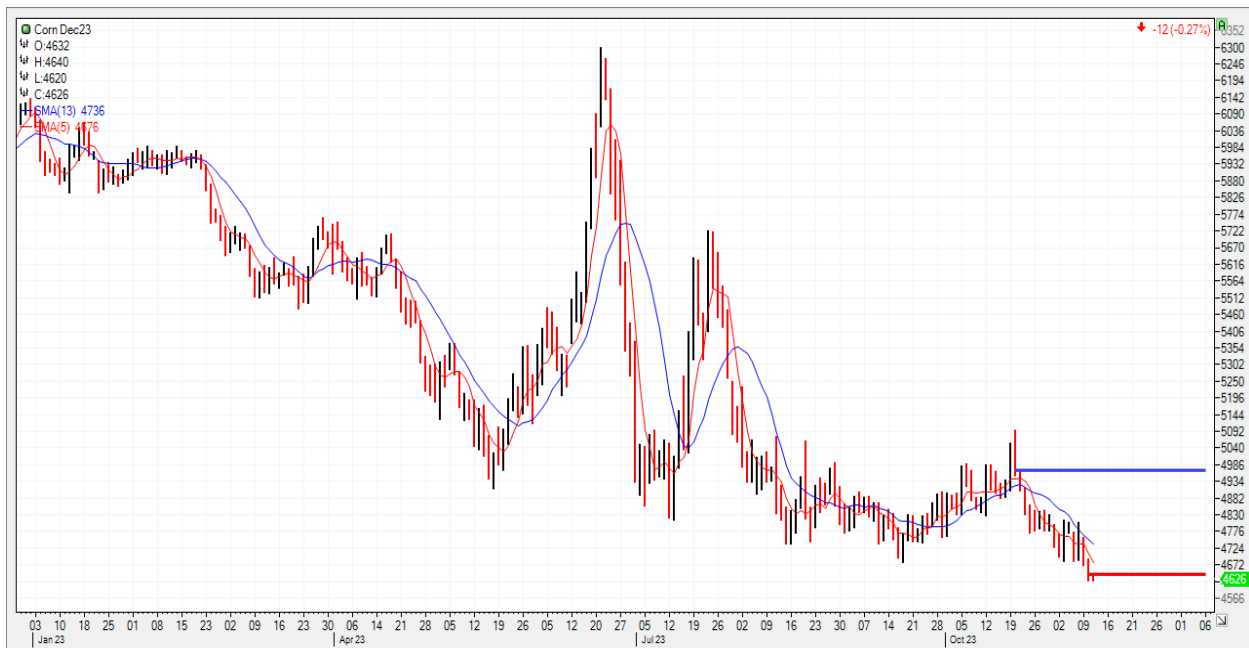
USA corn exports...this table suggests there is indeed plenty of upside:

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
exports	2,294	2,438	2,066	1,777	2,747	2,472	1,661	2,075
NAFP	\$ 3.36	\$ 3.36	\$ 3.61	\$ 3.56	\$ 4.53	\$ 6.00	\$ 6.54	\$ 4.85

BUT...this Export Pace shows USA corn exports need a shot in the arm, now needing 39.2 million bu of weekly exports, which of course could easily happen if the expected poor South American weather hype actually develops. Corn export sales were 40 million bu this week. We're 9 weeks into the corn marketing year and the pace exported is 122.8% of last year, which is almost what the new forecast shows, as corn exports this year are now expected to be 125% of last year. **The reality is the most bearish corn input is next year, but that's a long way away, especially as we watch South American weather.**

WEEK ENDED (10/26/23)	Weekly loadings	Accumulated in season (FGIS)	Estimated fudge factor	Total loaded est*	USDA projection	Amount needed	Weeks to go	Bu per week needed
Corn	21.1	216.1	175	391	2,075	1684	43	39.2
Soybeans	76.6	448.2	60	508	1,755	1247	43	29.0
All wheat	2.6	264.3	100	364	700	336	30	11.2
Milo	1.6	19.3	5	23	255	232	43	5.3
LAST WEEK								
Corn	20.9	194.7	175	370	2,025	1655	44	37.6
Soybeans	69.5	365.6	60	426	1,755	1329	44	30.2
All wheat	6.9	261.4	100	361	700	339	31	10.9
Milo	2.6	17.7	5	23	255	232	44	5.3

This is the Dec corn chart, with a new Red line. If demand falters, or South American weather turns out to be decent enough to not cause major issues, this bearish chart will keep sinking as the market starts to shift focus to next year, which will probably lead to another increase in carryout.



Finishing the Export Pace update ...Soybeans show we only need to export 29 mil bu weekly to hit the USDA's forecast of 1.755 bil bu. We loaded over 75 mil last week, and export sales were not quite 40 mil bu. I think we'll see the USDA increasing their soybean forecast.

Speaking of shot in the arm...wheat exports are now only 73% of last year, while the forecast is for them to be 92% of last year. We need to load 11 mil bu weekly. Export sales were 13 mil bu.

Posted Gulf bids at the US Gulf for to-arrive HRW are unchanged:

GULF date	12 pro	ords	diff
11/10/2023	120	85	35
11/3/2023	120	85	35
10/27/2023	120	85	35
10/20/2023	120	80	40
10/13/2023	80	80	0
10/6/2023	80	80	0

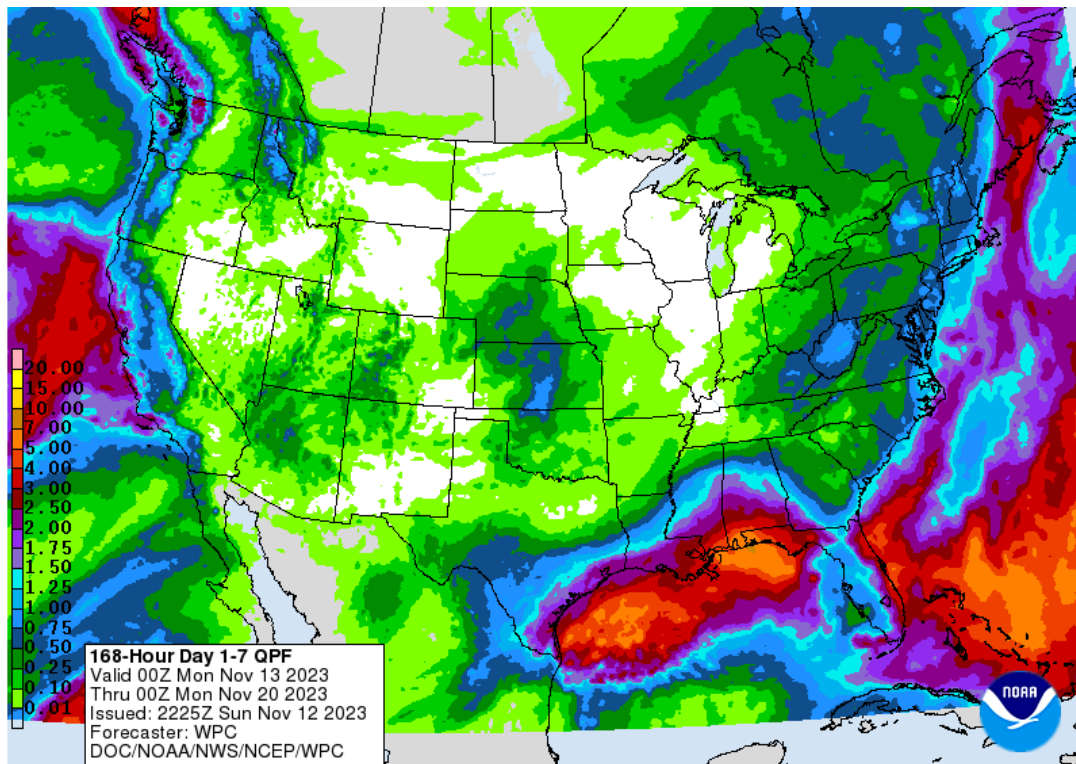
Posted basis bids in the country are unchanged:

Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
11/10	\$5.49-\$5.84	\$5.59	\$5.44-\$5.54	\$5.24-\$5.43	\$5.54-\$6.19
11/03	\$5.53-\$5.88	\$5.63	\$5.48-\$5.58	\$5.28-\$5.47	\$5.58-\$6.23
10/27	\$5.53-\$5.88	\$5.63	\$5.48-\$5.58	\$5.28-\$5.47	\$5.58-\$6.23
10/20	\$5.75-\$6.15	\$5.90	\$5.75-\$5.85	\$5.55-\$5.74	\$5.85-\$6.50
BASIS	SE Colorado	Chey. Wells	Burlington	Holyoke	Roggen area
11/10(Z)	-95, -85	-80	-95, -85	-115, -96	-86, -20
11/03(Z)	-95, -85	-80	-95, -85	-115, -96	-86, -20
10/27(Z)	-95, -55	-80	-95, -85	-115, -96	-86, -20
10/20(Z)	-95, -55	-80	-95, -85	-115, -96	-86, -20
Date	Concordia	Salina	Hutch/Wichita	Ark City	
11/10(Z)	-50	-35, -20	-45, -15	-53	
11/03(Z)	-50	-35, -20	-45, -15	-53	
10/27(Z)	-50	-35, -20	-45, -15	-53	
10/20(Z)	-50	-35, -20	-45, -15	-53	

There was quite a bit of negative hype about “winter wheat” conditions improving last week. The reality is Hard Red winter wheat conditions didn’t improve much, as Montana’s decrease offsets Nebraska’s improvement, but the media seemed to focus on Oklahoma and Texas.

	11/05/23	10/30/23
Kansas	31%	32%
Colorado	63%	63%
Oklahoma	49%	42%
Texas	44%	41%
Nebraska	50%	41%
South Dakota	66%	59%
Montana	66%	76%

This forecast, if realized, however looks like improvements are coming, and early Sunday night action shows KC wheat once again the weakest thing on the board, down a nickel. As said earlier, a lower weekly close this coming Friday will bring in more selling. For the record, my phone is NOT showing these big rains.



Corn is down a penny Sunday night, but soybeans are up 7c or so. South American weather forecasts are the focus.

Have a good week. Stay Safe. Slow Down.