

Hello Colorado Wheat.

Does it feel like a new year? OK, here's a tougher question: Does it feel like it will be a good year?

If you have a kinda normal growing season (whatever that is) which leads to maybe at least normal yields (whatever those are...) then do these prices allow you make money, however that is defined...and stay in business (that seems easiest to define to me)?

I'm showing a KC Dec wheat (Z), Dec corn, and Nov (X) beans on the table now, so we can ask the question more specifically: at \$6.62 KC Z wheat, \$4.94 Dec corn and \$12.09 Nov beans...can you make a profit, or a living, or etc? **BECAUSE IF YOU CAN, MAYBE WE SHOULD LOCK IT IN WHILE WE CAN.**

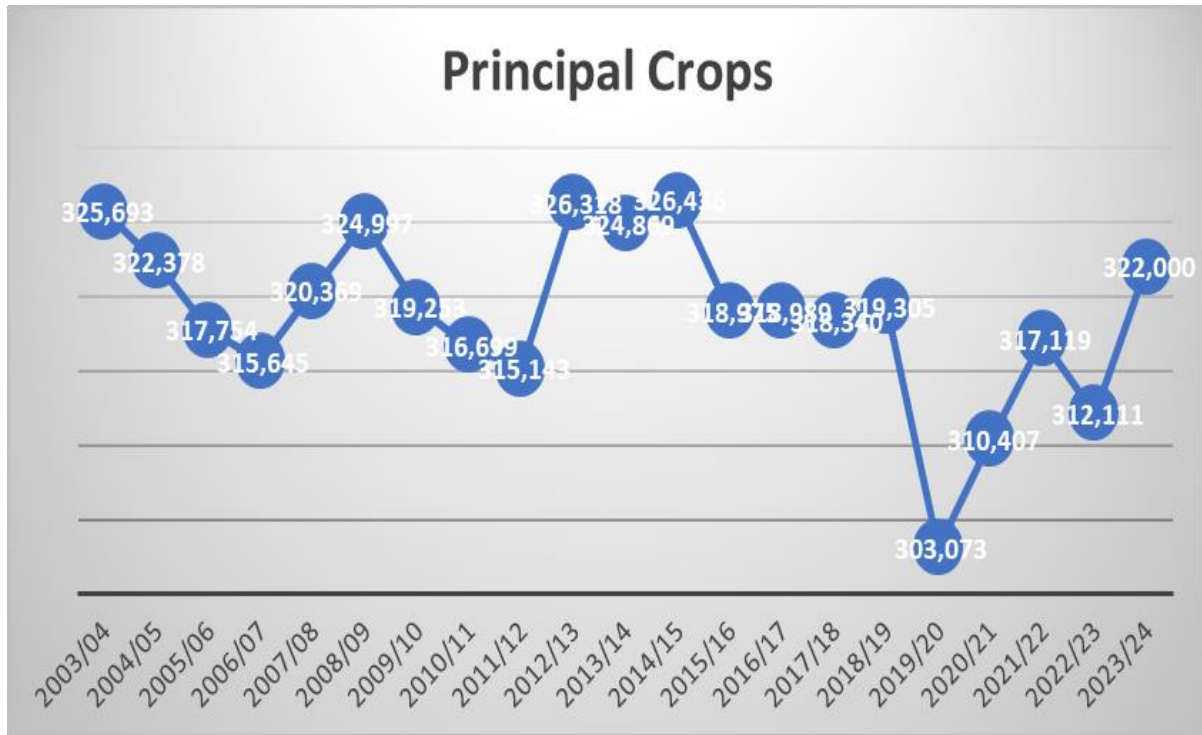
KC wheat down 14c for the week, with corn down a dime and setting a new Red number and beans down 42c and also setting a new Red number. Farmers don't like selling downticks, but...

	MAR '24	DEC '24	MAR'24	DEC '24	Chgo H	Springs	MAR'24	NOV '24	Crude	S&P
	HRW	HRW	corn	corn	wheat	MAR (H)	soybean	Soybean	oil	
CLOSE	KWH24	KWZ24	CH24	CZ24	WH24	MWH24	SH24	SX24	CRD23	ES23
01/05	\$6.28	\$6.62	\$4.61	\$4.94	\$6.16	\$7.12	\$12.56	\$12.09	\$73.81	\$4735
12/29	\$6.42	\$6.70	\$4.71	\$5.04	\$6.28	\$7.24	\$12.98	\$12.46	\$71.65	\$4820
12/22	\$6.23	\$6.58	\$4.73	\$5.05	\$6.17	\$7.14	\$13.06	\$12.58	\$73.56	\$4805
12/15	\$6.43	\$6.75	\$4.83	\$5.12	\$6.29	\$7.31	\$13.32	\$12.76	\$71.43	\$4768
12/08	\$6.61	\$6.90	\$4.86	\$5.12	\$6.32	\$7.30	\$13.23	\$12.70	\$71.23	\$4608
12/01	\$6.47	\$6.82	\$4.85	\$5.14	\$6.03	\$7.30	\$13.46	\$12.82	\$74.07	\$4601
11/24	\$6.12	\$6.52	\$4.83	\$5.11	\$5.77	\$7.15	\$13.49	\$12.80	\$75.54	\$4568
11/17	\$6.28	\$6.62	\$4.85	\$5.12	\$5.76	\$7.32	\$13.57	\$12.83	\$75.89	\$4528
11/10	\$6.51	\$6.87	\$4.79	\$5.07	\$5.99	\$7.43	\$13.61	\$12.80	\$77.17	\$4431
11/03	\$6.55	\$6.92	\$4.92	\$5.18	\$5.99	\$7.40	\$13.67	\$12.97	\$80.51	\$4376
10/27	\$6.56	\$6.93	\$4.95	\$5.12	\$6.03	\$7.38	\$13.33	\$12.74	\$85.54	\$4138
10/20	\$6.79	\$7.10	\$5.09	\$5.20	\$6.14	\$7.53	\$13.31	\$12.68	\$87.08	\$4248
LY	\$8.88		\$5.93		\$7.92	\$9.39	\$15.19		\$80.26	\$3861
% vs LY	72.2%		79.4%		73.9%	77.1%	85.5%		89.3%	124.8%

*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***

We'll use these tables to help get a broad picture.

The United States has a limited amount of acres to plant Principal Crops. We'll see the final Annual Crop Production this Friday, so the last data point on this chart will be revised then.



What will be the Planted Acres this new year for Principal Crops (corn, sorghum, oats, barley, rye, winter wheat, Durum wheat, other spring wheat, rice, soybeans, peanuts, sunflowers, cotton, dry edible beans, chickpeas, potatoes, canola, proso millet and sugar beets)? This is 7 years of historical data.

2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	
46,052	47,815	45,485	44,450	46,740	45,738	49,575	wheat
90,167	88,871	89,745	90,652	93,252	88,579	94,868	corn
90,162	89,196	76,100	83,354	87,195	87,450	83,600	beans
5,629	5,690	5,265	5,880	7,305	6,325	7,180	milo
232,010	231,572	216,595	224,336	234,492	228,092	235,223	sum
318,340	319,305	303,073	310,407	317,119	312,111	322,000	USA
14.5%	15.0%	15.0%	14.3%	14.7%	14.7%	15.4%	wheat
28.3%	27.8%	29.6%	29.2%	29.4%	28.4%	29.5%	corn
28.3%	27.9%	25.1%	26.9%	27.5%	28.0%	26.0%	beans
1.8%	1.8%	1.7%	1.9%	2.3%	2.0%	2.2%	milo
72.9%	72.5%	71.5%	72.3%	73.9%	73.1%	73.1%	Of USA

Does price have anything to do with what is planted? How about estimated \$/acre revenue? Wheat \$/acre revenue was down \$55/acre last year, so some might think wheat acres planted will be lower this year, but corn estimated \$/acre was down about \$85/ac, and beans were down about \$59/ac.

These are NATIONAL estimates		1	2	3	4	5	6	7
	2016/17	2017/18	2018/19	2019/20	2020/21	2023/24	2022/23	2023/24
wheat yield	52.7	46.4	47.6	51.7	49.7	44.3	46.5	48.6
wheat NAFF	\$3.89	\$4.72	\$5.16	\$4.58	\$5.05	\$7.63	\$8.83	\$ 7.30
gross	\$205.00	\$218.82	\$245.56	\$236.60	\$250.99	\$338.31	\$410.60	\$354.78
less fert and seed/acre	50	50	50	50	50	95	120	120
adjusted	\$155.00	\$168.82	\$195.56	\$186.60	\$200.99	\$243.31	\$290.60	\$234.78
corn yield	174.6	176.6	176.4	167.5	171.4	176.7	173.4	174.9
corn NAFF	\$ 3.36	\$ 3.36	\$ 3.61	\$ 3.56	\$ 4.53	\$ 6.00	\$ 6.54	\$ 4.85
gross	\$586.79	\$593.38	\$636.80	\$ 596.12	\$776.44	\$1,060.20	\$1,134.04	\$848.27
less fert and seed/acre	185	185	185	185	185	235	310	310
adjusted	\$401.79	\$408.38	\$451.80	\$411.12	\$591.44	\$825.20	\$824.04	\$538.27
beans yield	51.9	49.3	50.6	47.4	51.0	51.7	49.5	49.9
beans NAFF	\$ 9.47	\$ 9.33	\$ 8.48	\$ 8.57	\$ 10.80	\$ 13.30	\$ 14.20	\$ 12.90
gross	\$491.49	\$459.97	\$429.09	\$ 406.22	\$550.80	\$ 687.61	\$ 702.90	\$643.71
less fert and seed/acre	85	85	85	85	85	135	160	160
adjusted	\$406.49	\$374.97	\$344.09	\$321.22	\$465.80	\$552.61	\$542.90	\$483.71

How about this year? This table uses a little better yields, and a reduction in input prices, with CURRENT new-crop futures (KC Z, CZ and SX):

These are NATIONAL estimates	8
	2023/24
wheat yield	52
wheat NAFF	\$ 6.60
gross	\$343.20
less fert and seed/acre	\$110.00
adjusted	\$233.20
corn yield	177
corn NAFF	\$ 4.90
gross	\$867.30
less fert and seed/acre	\$280.00
adjusted	\$587.30
beans yield	51.5
beans NAFF	\$ 12.05
gross	\$620.58
less fert and seed/acre	\$150.00
adjusted	\$470.58

IF that last table is accurate, I'd expect UNCHANGED WHEAT ACREAGE, HIGHER CORN ACREAGE as corn revenue increases next year, and LESS PLANTED SOYBEANS.

IF I think wheat acres will be 15% of the total 320 million planted acres, and corn will be 30% of those acres, and beans slide to 25%, we'd get a table for this year looking like:

2022/23	2023/24		2024/25
45,738	49,575	wheat	48,000
88,579	94,868	corn	96,000
87,450	83,600	beans	80,000
6,325	7,180	milo	8,000
228,092	235,223	sum	232,000
312,111	322,000	USA	320,000
14.7%	15.4%	wheat	15.0%
28.4%	29.5%	corn	30.0%
28.0%	26.0%	beans	25.0%
2.0%	2.2%	milo	2.5%
73.1%	73.1%	Of USA	72.5%

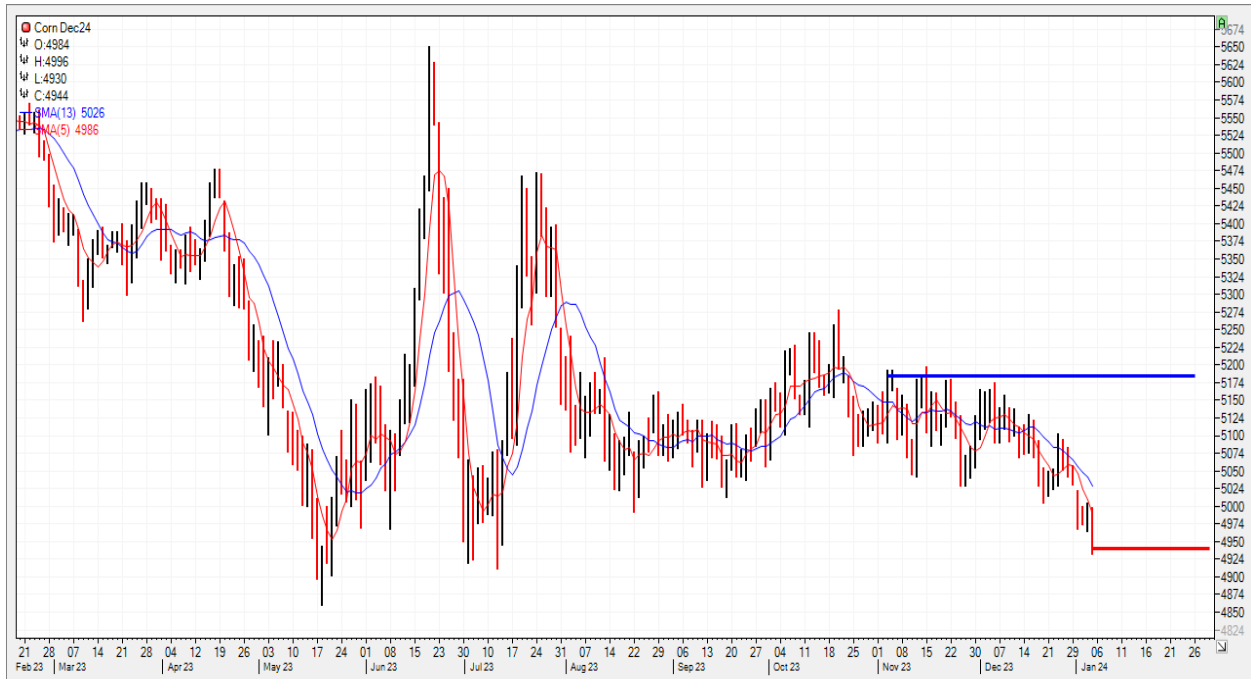
And some balance sheet projections might look like:

	USA ALL WHEAT		USA CORN		USA SOYBEANS	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
planted acres	49.6	48	94.9	96	83.6	80
harvested acres	37.3	38.4	87.1	87.36	82.75	79.2
yield	48.6	52	174.9	177	49.9	51.5
carry in	582	660	1361	2130	268	246
production	1813	1997	15234	15463	4129	4079
imports	145	120	25	25	30	25
total supply	2540	2777	16620	17618	4427	4350
domestic use	1155	1160	12390	12500	2426	2425
exports	725	800	2100	2400	1755	1700
total use	1880	1960	14490	14900	4181	4125
carry out	660	817	2130	2718	246	225
stox/use	35.1%	41.7%	14.7%	18.2%	5.9%	5.4%
NAFP	\$ 7.30	\$6.62	\$ 4.85	\$4.94	\$ 12.90	\$12.09

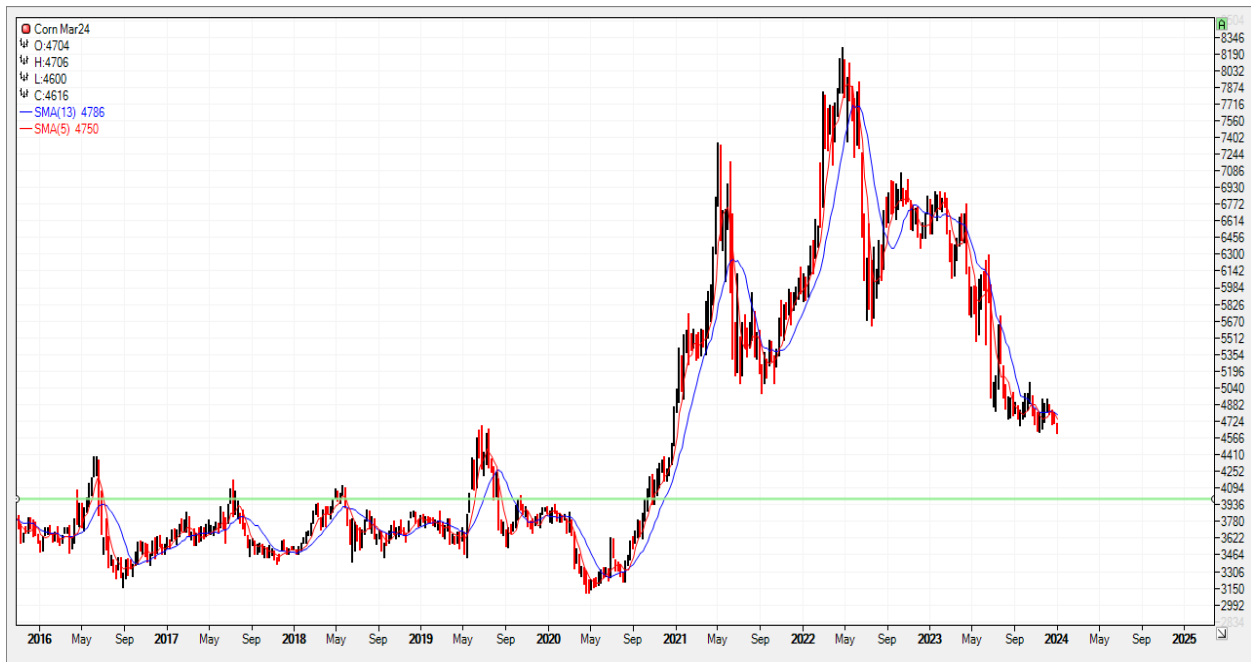
What's all this mean?

I think Dec corn is overpriced, Dec wheat is about right, and Nov beans are kinda cheap.

So...looking at a Dec corn chart, sitting on a new Red line...the chart does NOT look good, BUT...farmers don't like selling downticks, even though...fundamental analysis suggests that Dec corn is OVERPRICED.



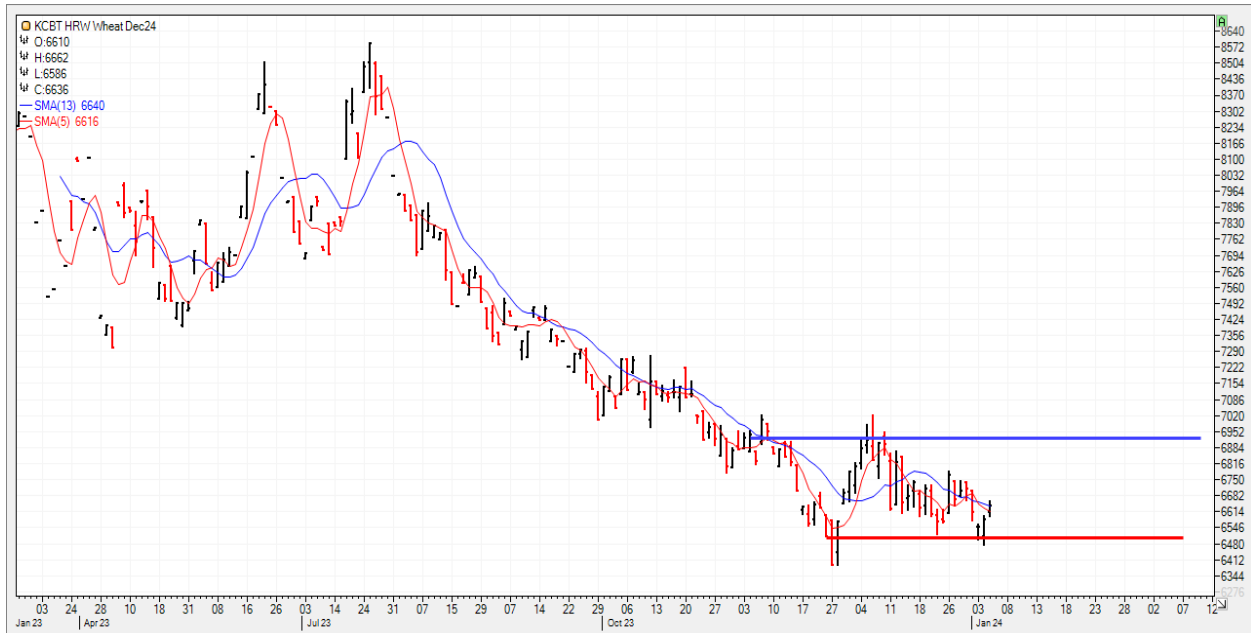
This is a long term weekly continuous corn chart...I drew in a horizontal line at \$4.00, because I think that's where new-crop corn is headed. I sold my remaining old-crop corn on the opening Tuesday morning because I don't think old-crop corn has a case for not just continuing to sink.



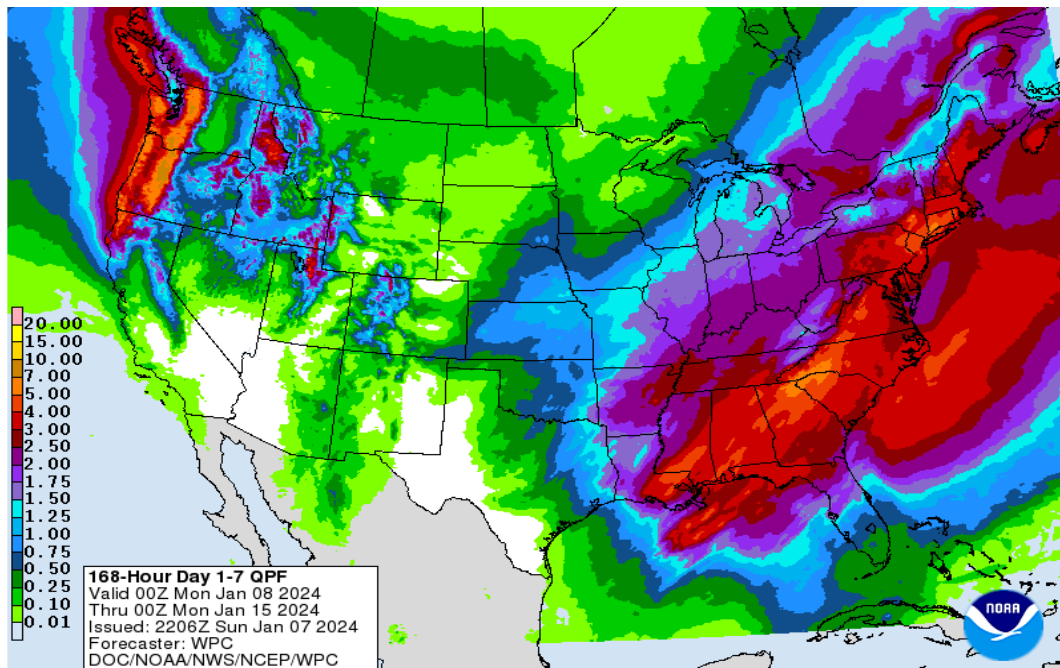
I am selling another 25% of expected 2024/25 corn production on tonight's opening. This will get me to 35% sold on new-crop corn.

I have previously sold 25% of my new-crop wheat more than a dollar higher...shoulda sold more. But my fundamental analysis suggests \$6.60 wheat isn't grossly overpriced.

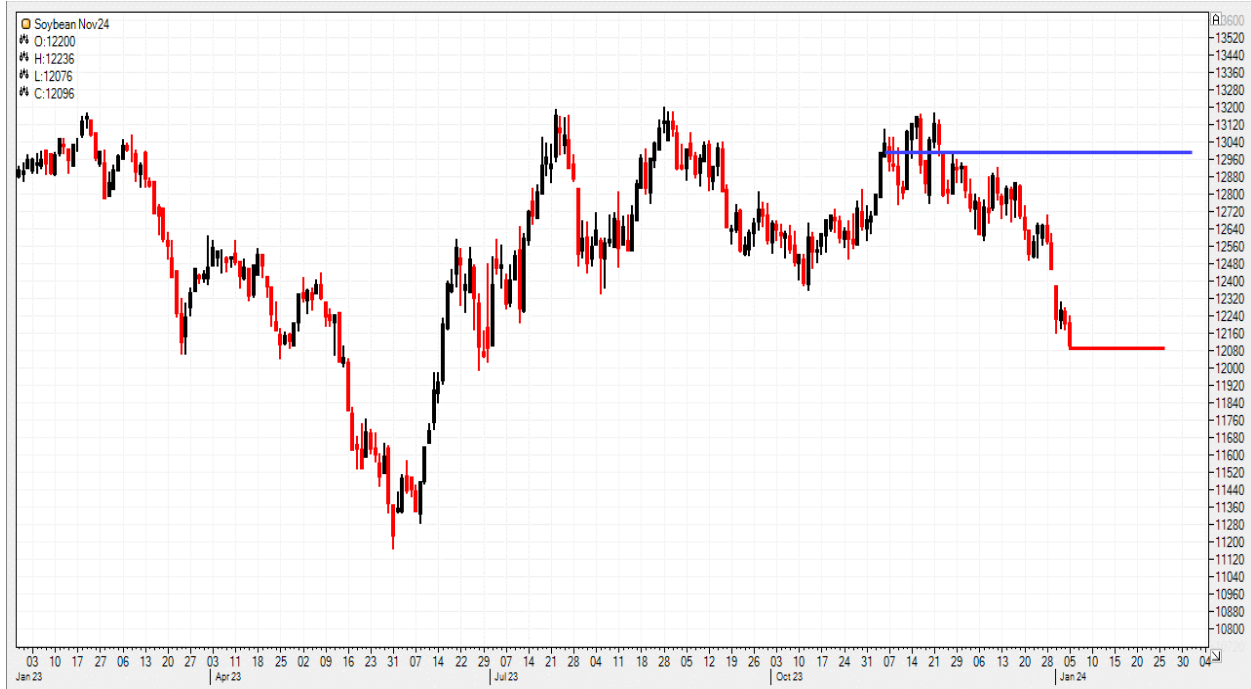
This is KC Dec '24 wheat; the chart doesn't look great. My analysis suggests wheat at \$6.60 isn't too far out of whack, so I'll wait until we get a better signal. If we could get a rally on this expected "rebalancing" up to near the Blue line, I'd sell it, so I am putting in a resting sell order "sell 25% at \$6.95".



I think it's hard for wheat to rally when we get another weekly forecast that looks like this:



I haven't sold any new-crop beans, and will not now at \$12.00. This is a Nov beans chart, closing barely above \$12.00, and looks horrible, but...my fundamental analysis says "beans are cheap". That's unfortunate, because this chart of Nov beans doesn't really agree with that. The chart's momentum is clearly pointing lower.



My phone's weather for Cuiaba and Sinop, Matto Grosso, Brazil still look pretty wet. Not as wet as last week's 10 days, but still...pretty wet.

The updated Export Pace scorecard shows last week was a very bad week for USA bulk grain exports. Part of that was due to Christmas, but still...it was not good at all, especially for corn.

WEEK ENDED (12/28/23)	Weekly loadings	Accumulated in season (FGIS)	Estimated fudge factor	Total loaded est*	USDA projection	Amount needed	Weeks to go	Bu per week needed
Corn	22.4	470.5	175	645	2,100	1455	35	41.6
Soybeans	35.3	854.7	60	915	1,755	840	35	24.0
All wheat	10.0	354.1	100	454	725	271	22	12.3
Milo	4.4	81.4	5	86	255	169	35	4.8
LAST update								
Corn	42.6	442.3	175	617	2,100	1483	36	41.2
Soybeans	39.3	817.6	60	878	1,755	877	36	24.4
All wheat	15.8	342.9	100	443	725	282	23	12.3
Milo	10.3	77.0	5	82	255	173	36	4.8

And worse...were Export Sales.

Corn sales were only 14.5 mil bu, a marketing year low. Beans were only 7.4 mil bu. Wheat was less than 5 mil bu.

Which points out...in the table of projected possible balance sheets for next year on page 4, notice I increased wheat exports for next year by 75 mil and increased corn exports by 300 mil bu. **IF THAT DOESN'T HAPPEN, THOSE ENDING STOX/USE RATIOS WILL SWELL EVEN MORE.**

Gulf to-arrive bids are higher for 12 protein, again:

GULF date	12 pro	11's	diff
1/5/2024	145	120	25
12/29/2023	140	120	20
12/22/2023	133	113	20
12/15/2023	133	113	20
12/8/2023	133	113	20
12/1/2023	120	105	15 H

Posted basis bids in the country for HRW did not move:

Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
01/05	\$5.33-\$5.53	\$5.48	\$5.33-\$5.43	\$5.29-\$5.38	\$5.43-\$6.08
12/29	\$5.47-\$5.67	\$5.62	\$5.47-\$5.57	\$5.43-\$5.52	\$5.57-\$6.22
12/22	\$5.28-\$5.38	\$5.43	\$5.23-\$5.33	\$5.24-\$5.33	\$5.38-\$6.03
12/15	\$5.48-\$5.58	\$5.63	\$5.43-\$5.53	\$5.44-\$5.53	\$5.58-\$6.23
BASIS	SE Colorado	Chey. Wells	Burlington	Holyoke	Roggen area
01/05(H)	-95, -75	-80	-95, -85	-99, -90	-85, -20
12/29(H)	-95, -75	-80	-95, -85	-99, -90	-85, -20
12/22(H)	-95, -85	-80	-100, -90	-99, -90	-85, -20
12/15(H)	-95, -85	-80	-100, -90	-99, -90	-85, -20
Date	Concordia	Salina	Hutch/Wichita	Ark City	
01/05(H)	-35	-25, -20	-45, -15	-53	
12/29(H)	-35	-25, -20	-45, -15	-53	
12/22(H)	-40	-30, -20	-45, -15	-53	
12/15(H)	-40	-30, -20	-45, -15	-53	

Other news last week was light; seemed like everyone everywhere was on vacation.

India is indicating their wheat crop was closer to 114 million tonnes (USDA has been tracking 110.55), which seems kinda strange considering the gyrations they went through this marketing season. We'll see if USDA bumps them up Friday. <https://www.indiatvnews.com/business/news/india-wheat-output-may-touch-new-record-of-114-million-tonnes-in-2023-24-crop-year-rabi-crop-food-ministry-food-corporation-of-india-2024-01-04-910246>

Here's an interesting story about perennial rye trying to get going Down Under...<https://www.theguardian.com/australia-news/2024/jan/07/beer-bread-and-beyond-the-mind-blowing-potential-of-australias-mountain-rye-and-other-perennial-grains> I have no idea if this will take off more than kernza. The idea of perennial grains is akin to the Fountain of Youth.

WASDE and a lot of reports will come out this Friday. I'm selling more new-crop corn, mainly because I think new-crop corn is overpriced, and thus one can't be too bullish about wheat. If you are sitting on a lot of unsold grain, old/and or new...be alert.

Have a good week.

Stay Safe. Slow Down.