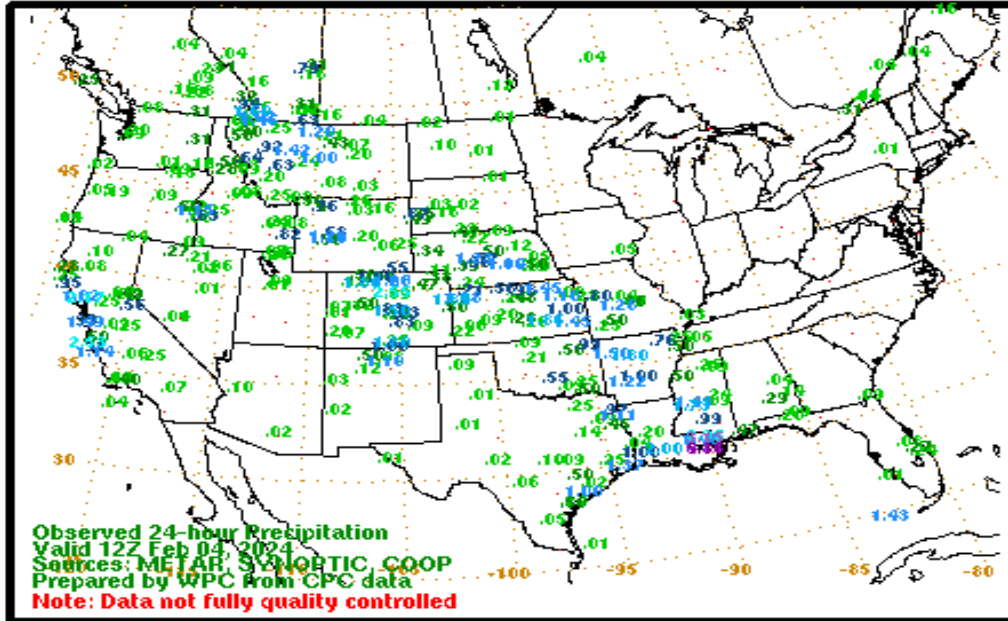
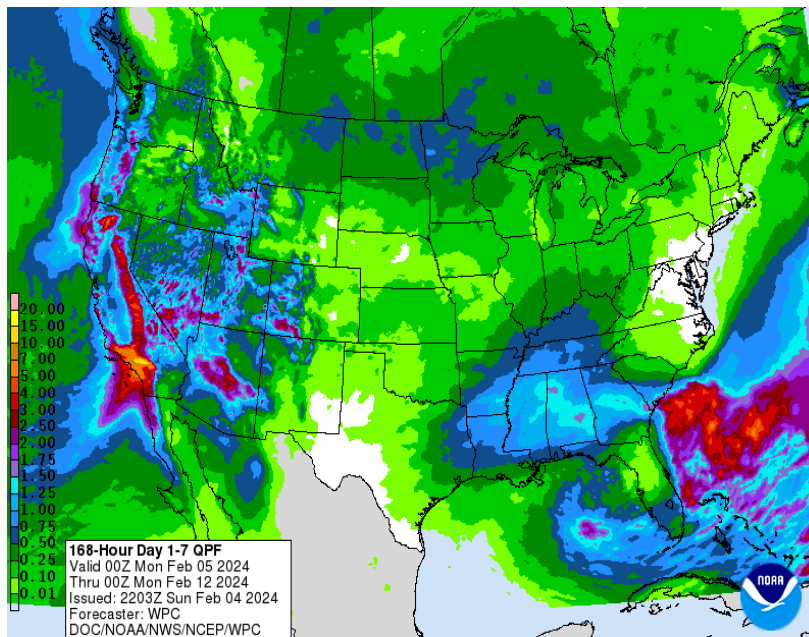


Hello Colorado Wheat.

Did the Groundhog see his shadow? Is Groundhog's Day a real holiday? Does the market care about the Groundhog's Prediction? No, I don't think so. Did the Great Plains get wet? Does the market care about that? Yes, I believe it does indeed.



Does the Great Plains have a chance at getting wet again? Yes. Does the market care? Probably yes.



*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***

I'm looking at early Sunday night action (02/04/24), and see KC wheat is down 6c across the board, which maybe doesn't yet affect the old-crop as much as it does the new-crop...because if we would close the week with KC Z'24 down 6c, it would be a new red number, and a downside breakout below a double-bottom. So far, beans and corn are maybe kinda steady this Sunday night, maybe cheap enough to await South American weather developments...and possibly some new fundamental inputs from the Feb WASDE update, which will be issued this Thursday.

Chgo wheat is down 5c Sunday night, threatening to take out the double bottom of \$6.00 support, and Mpls spring wheat's support looks under attack as well.

So to me, it's pretty obvious the market is indeed watching the wetter weather, and better wheat conditions, and ...is expecting bigger yields.

Here's how we closed last week, which for grains was either lower, or shakily unchanged at best.

	MAR '24 HRW	DEC '24 HRW	MAR'24 corn	DEC '24 corn	Chgo H wheat	Springs MAR (H)	MAR'24 soybean	NOV '24 Soybean	Crude oil	S&P
CLOSE	KWH24	KWZ24	CH24	CZ24	WH24	MWH24	SH24	SX24	CRD23	ES23
02/02	\$6.25	\$6.44	\$4.43	\$4.77	\$6.00	\$7.00	\$11.89	\$11.71	\$72.28	\$4980
01/26	\$6.25	\$6.51	\$4.46	\$4.76	\$6.00	\$7.04	\$12.09	\$11.85	\$78.01	\$4916
01/19	\$6.08	\$6.43	\$4.46	\$4.76	\$5.93	\$6.96	\$12.13	\$11.91	\$73.25	\$4870
01/12	\$6.15	\$6.49	\$4.47	\$4.82	\$5.96	\$7.00	\$12.24	\$12.02	\$72.68	\$4816
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

Crude oil acts like Iran and the USA have agreed to figure out how to whack the Houtis without starting WW3 (which is a good thing, imo) and again...how 'bout that stock market? New highs after stronger economic data, which erased most ideas of a nearby interest rate cut, but...the data was too good to shrug off. Psychologically, the S&P at 5000...is a "big number" of expected resistance, but...the only sell signal is it's...uh, gone up forever.

The problem with the North American weather...is it's hard not to expect bigger wheat yields.

Like maybe...SIGNIFICANTLY BETTER WHEAT YIELDS...especially in Kansas, Colorado, Oklahoma and Nebraska...PLUS...surely the per cent harvested would be SIGNIFICANTLY BETTER as well:

YIELD	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
bu/ac										
KS	37.0	57.0	48.0	38.0	52.0	45.0	52.0	37.0	35.0	
CO	37.0	48.0	43.0	36.0	49.0	27.0	37.0	25.0	41.0	
NE	38.0	54.0	46.0	49.0	57.0	41.0	49.0	32.0	42.0	
OK	26.0	39.0	34.0	28.0	40.0	40.0	39.0	28.0	28.0	
TX	30.0	32.0	29.0	32.0	34.0	30.0	37.0	30.0	37.0	
SD	44.0	58.0	40.0	48.0	52.0	58.0	38.0	52.0	47.0	
ND	44.0	48.0	37.0	43.0	53.0	49.0	33.0	60.0	56.0	
MT	41.0	49.0	42.0	50.0	50.0	51.0	31.0	33.0	51.0	
CA	70.0	78.0	64.0	77.0	50.0	75.0	82.0	73.0	80.0	
9 state avg	40.8	51.4	42.6	44.6	48.6	46.2	45.7	45.7	45.7	
USA	42.5	55.3	50.2	47.9	53.6	50.9	50.2	47.0	50.6	
% harvested										
KS	95%	96%	91%	95%	94%	95%	96%	90%	71%	
CO	89%	93%	90%	87%	93%	80%	85%	73%	79%	
NE	81%	96%	91%	92%	91%	92%	91%	84%	78%	
OK	72%	70%	64%	57%	65%	61%	67%	57%	54%	
TX	58%	56%	50%	39%	46%	42%	36%	25%	33%	
SD	68%	93%	57%	80%	90%	95%	89%	88%	76%	
ND	95%	92%	50%	82%	82%	83%	67%	90%	94%	
MT	94%	96%	91%	95%	95%	96%	89%	88%	91%	
CA	33%	40%	40%	29%	26%	22%	25%	21%	25%	
9 state avg	79%	82%	75%	74%	77%	73%	73%	66%	61%	

What does this mean?

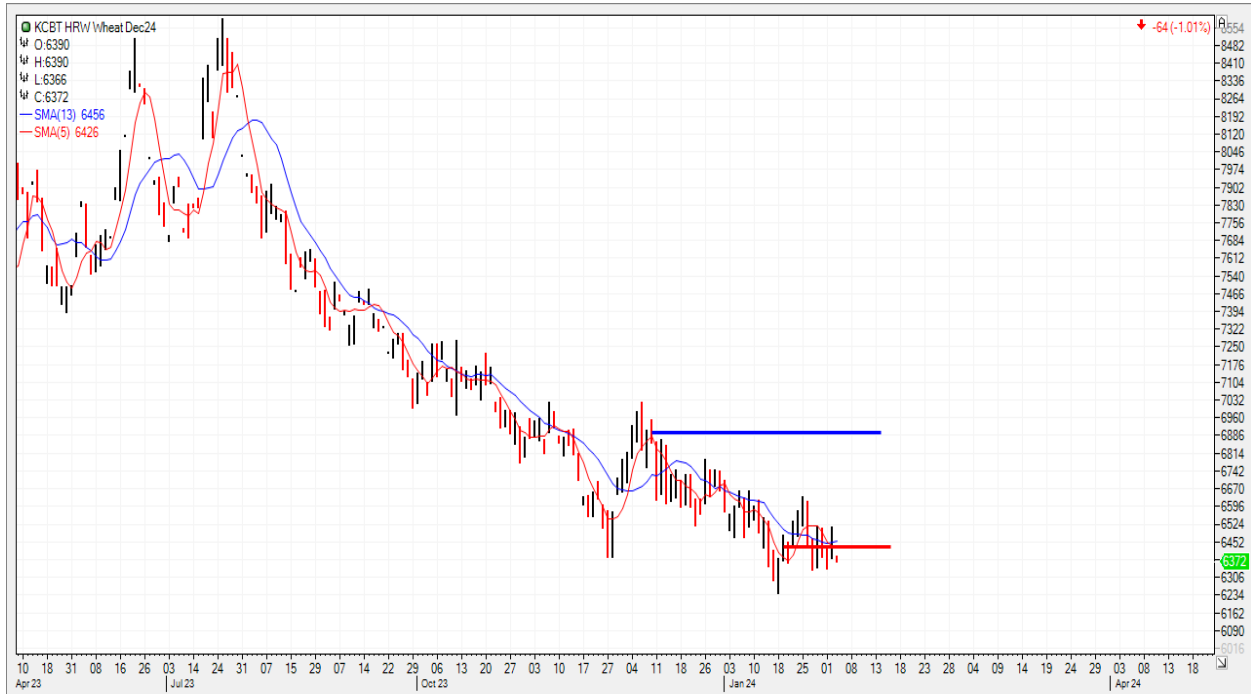
EVEN THOUGH on January 12, '24 we saw Seeded Winter Wheat acres "were down 6%"...using those acres from the Jan report, BUT using HARVESTED % from 2016/17, and YIELDS from 2019/20... we might see a JUMP of 300 MILLION BUSHELs in Hard Red Winter Wheat production.

2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	production
321.9	467.4	333.6	277.4	348.4	281.3	364.0	244.2	201.3	376.2	KS
79.2	105.1	86.9	70.2	98.0	41.0	69.6	35.8	74.6	91.3	CO
46.0	70.7	46.9	49.5	55.3	34.0	41.2	26.2	37.0	56.7	NE
98.8	136.5	98.6	70.0	110.0	104.0	115.1	68.6	68.6	120.4	OK
106.5	89.6	68.2	56.0	71.4	61.5	74.0	39.0	77.7	112.3	TX
42.7	63.8	20.8	31.7	40.0	34.8	27.0	38.0	32.9	45.6	SD
8.4	5.8	1.3	3.0	3.7	1.6	2.0	5.7	8.1	7.1	ND
91.0	105.4	66.8	78.5	95.0	76.0	53.6	59.4	85.7	90.8	MT
10.5	13.3	9.9	8.5	5.0	6.4	7.4	5.1	6.4	6.0	CA
804.9	1,057.5	732.9	644.8	826.8	640.60	753.74	521.96	592.23	906.42	total

Do you think the KC Z wheat futures have already priced in a 300 million bu production increase in HRW?

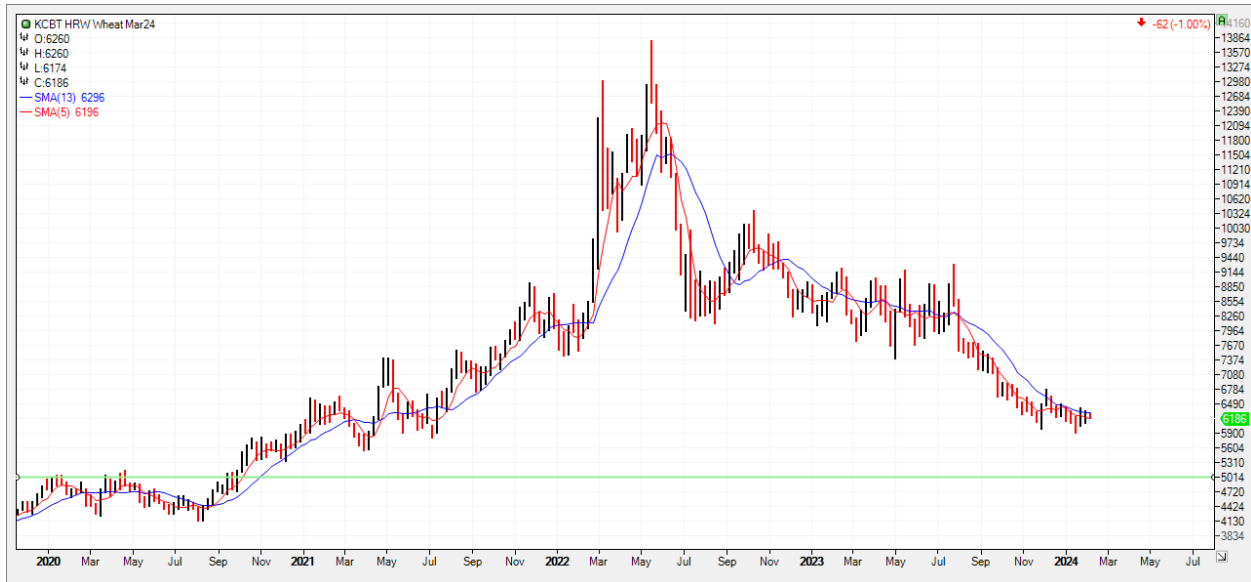
Unfortunately...I'm leaning towards, NO, the market has NOT already priced in a 300 mil bu production increase.

This is a KC Z (Dec) '24 wheat chart. The Red line is at \$6.43. A close below that this Friday would be a sell signal, and I will sell another 25% of my expected production if that happens. That would bring me up to 50% sold of the new-crop wheat, currently dormant, but looking pretty good.



Obviously we might not get that additional 300 million in production, and hopefully we'd be able to export half of that increase, and I think we'd probably shut off those pesky HRW imports we saw last season, BUT STILL...the 2024/25 carry out could easily approach 450 million bu (up from 280 this year), and the ending stoX/use ration would balloon up to 62% compared to this year's 48%...

This is a longer term weekly continuous KC chart, showing downside does indeed exist, even though we saw on the KC Z chart the market is already \$2 Bucks off its peak. The Green Line here is at \$5.00.



A concern I have is... those big yields require a LOT of Nitrogen to keep protein levels at 11%.

These current posted Gulf to-arrive bids are for 11's and 12's.

GULF date	12 pro	11's	diff
2/2/2024	145	120	25
1/26/2024	145	120	25
1/19/2024	145	120	25
1/12/2024	145	120	25
1/5/2024	145	120	25
12/29/2023	140	120	20
12/22/2023	133	113	20

I think it would be a mistake to assume 10.5's, let alone 9.5's can be sold at the same price.

IF enough N is not added to get those protein levels...then if we have to feed that wheat, it will have to compete with corn, and as KC Z wheat is currently \$1.62 over Z corn...some downside exists before we find support from corn. The currently best high milo basis is +40, and the best posted wheat bid is -60, so that could eat a dollar of it, but still, there's at least 50c downside in a deferred wheat/corn spread.

Will this week's Feb WASDE update show us any bullish wheat numbers?

I doubt it.

The current export loading pace for wheat is about on target, and last week's export sales of 11.8 mil bu make me think we won't see any changes to the USA wheat export picture, and you can see why increasing next year's wheat export sales by 150 mil bu because production might be up 300 mil bu WILL NOT BE EASY.

WEEK ENDED (01/25/24)	Weekly loadings	Accumulated in season (FGIS)	Estimated fudge factor	Total loaded est*	USDA projection	Amount needed	Weeks to go	Bu per week needed
Corn	35.5	615.6	175	791	2,100	1309	31	42.2
Soybeans	32.7	1016.6	60	1077	1,755	678	31	21.9
All wheat	9.7	403.8	100	504	725	221	18	12.3
Milo	2.5	105.6	5	111	255	144	31	4.6
LAST update								
Corn	28.1	578.8	175	723	2,100	1347	32	42.0
Soybeans	42.7	983.0	60	1043	1,755	712	32	22.2
All wheat	11.6	394.0	100	494	725	231	19	12.1
Milo	3.1	103.1	5	108	255	147	32	4.6

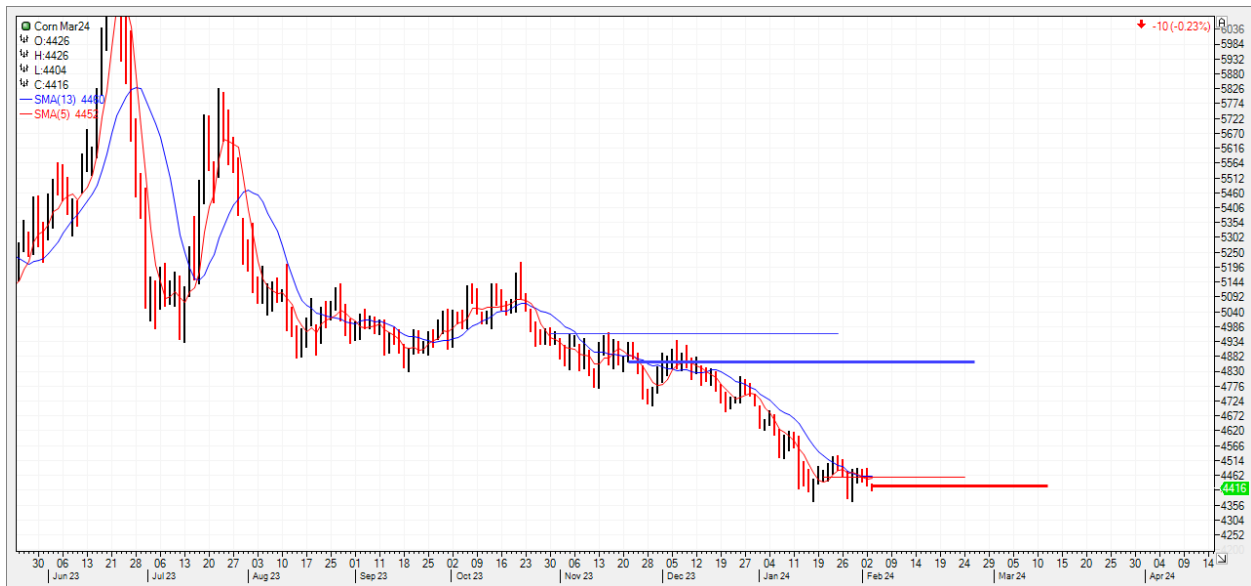
Corn sales were good at 47.5 mil bu last week, but soybeans WERE ONLY 6 mil bu!. Yikes...

I think I read ethanol usage increased in January, but offsetting that might be a decrease in corn feeding as the latest cattle herd size report showed a 2% decrease, and the smallest herd size since 1951...<https://kiwaradio.com/news/ag-news/u-s-cattle-herd-smallest-since-1951/>

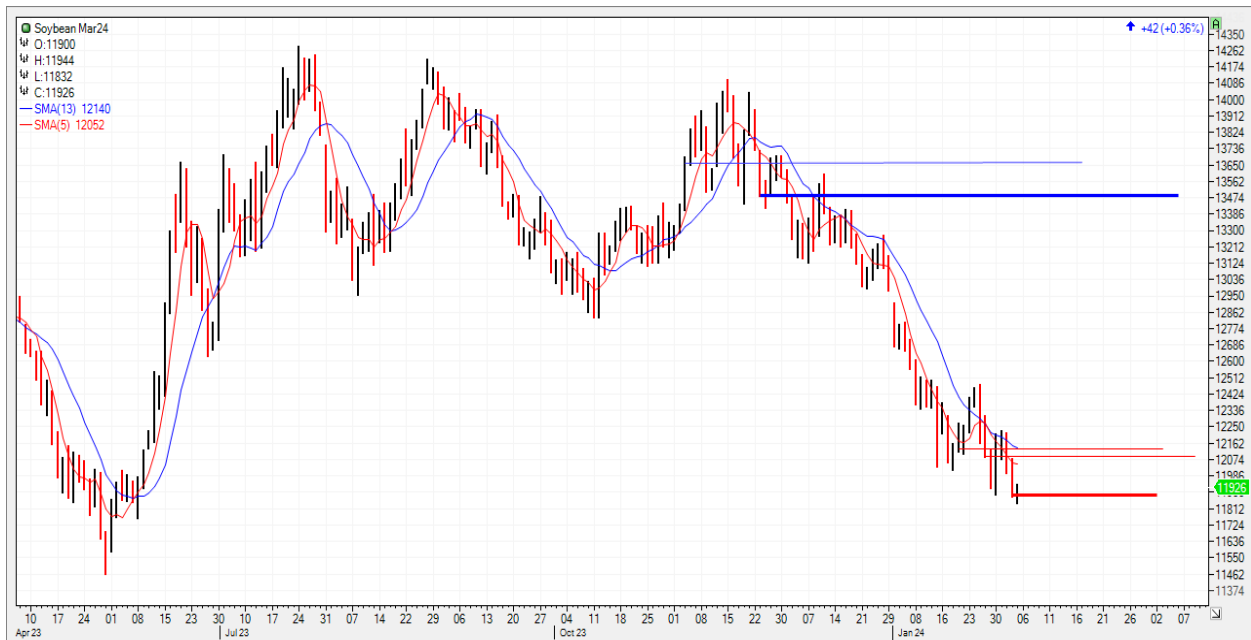
Anyway...I'm sure most eyes will immediately go to South American corn and bean production estimates, which will be lower, but I don't know if they will be low enough.

World wheat productions numbers might not change; I think we'll get an update on Australia.

Here's old-crop March corn by a few cents...Death by 1000 paper cuts...



And March soybeans giving up any hope of \$12.00 holding...those export sales were truly bad.



I'm sold out of my old-crop corn and beans a while ago, but only sold 35% new-crop (unplanted) corn and haven't sold any new-crop (unplanted) beans, and more than likely will be bringing new-crop wheat sales up to 50%.

I probably should be thinking really hard at selling some new-crop beans.

Posted wheat basis bids in the country didn't do anything...

Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
02/02	\$5.30-\$5.50	\$5.45	\$5.30-\$5.40	\$5.26-\$5.40	\$5.40-\$6.05
01/26	\$5.30-\$5.50	\$5.45	\$5.30-\$5.40	\$5.26-\$5.40	\$5.40-\$6.05
01/19	\$5.13-\$5.33	\$5.28	\$5.13-\$5.23	\$5.09-\$5.23	\$5.23-\$5.88
01/12	\$5.20-\$5.40	\$5.35	\$5.20-\$5.30	\$5.16-\$5.25	\$5.30-\$5.95
01/05	\$5.33-\$5.53	\$5.48	\$5.33-\$5.43	\$5.29-\$5.38	\$5.43-\$6.08
BASIS	SE Colorado	Chey. Wells	Burlington	Holyoke	Roggen area
02/02(H)	-95, -75	-80	-95, -85	-99, -85	-85, -20
01/26(H)	-95, -75	-80	-95, -85	-99, -85	-85, -20
01/19(H)	-95, -75	-80	-95, -85	-99, -85	-85, -20
01/12(H)	-95, -75	-80	-95, -85	-99, -90	-85, -20
01/05(H)	-95, -75	-80	-95, -85	-99, -90	-85, -20
Date	Concordia	Salina	Hutch/Wichita	Ark City	
02/02(H)	-30	-25, -20	-45, -15	-53	
01/26(H)	-30	-25, -20	-45, -15	-53	
01/19(H)	-30	-25, -20	-45, -15	-53	
01/12(H)	-35	-25, -20	-45, -15	-53	
01/05(H)	-35	-25, -20	-45, -15	-53	

Shifting gears...I think the term “sustainable” hasn’t really resonated with consumers...so now we’re seeing something simpler, easier to understand... “Climate Friendly” is the new buzz. And proving, or disproving that phrase...will be hard to do, but...I think it will have better legs than “sustainability”.
https://news.yahoo.com/meat-milk-companies-racing-ease-223947049.html?fr=sycsrp_catchall

It’s all about The Spin.

Have a good week. WASDE Feb update comes out Thursday at 11:00 am.

Stay Safe. Slow Down.