

Hello Colorado Wheat.

Not a good week for any unsold grain ...shown by the 11-Week Closing table...with new Red Numbers all over the place.

The USDA Outlook Forum didn't show anything we didn't already know. Wheat carryout stocks will build, and likely so will soybeans and corn with anything but a summer disaster. It seems the market is on a mission to increase USA grain exports next season, which we know is a brutal race to the bottom. World demand can only increase relatively slowly, either through increased population or a "better" diet (which usually means more meat consumption) whereas world supply can quickly shift into a burden with decent rainfall, and in that regard, world grain stocks would be expected to build as well.

We also note the stock market took a break from their moon shot. Eyeballing the S&P column says a 4-week Closing low is 4980. If that doesn't hold, expect noticeable "profit-taking". And wondering if crude oil can get up thru \$80, does it go on to test \$90?

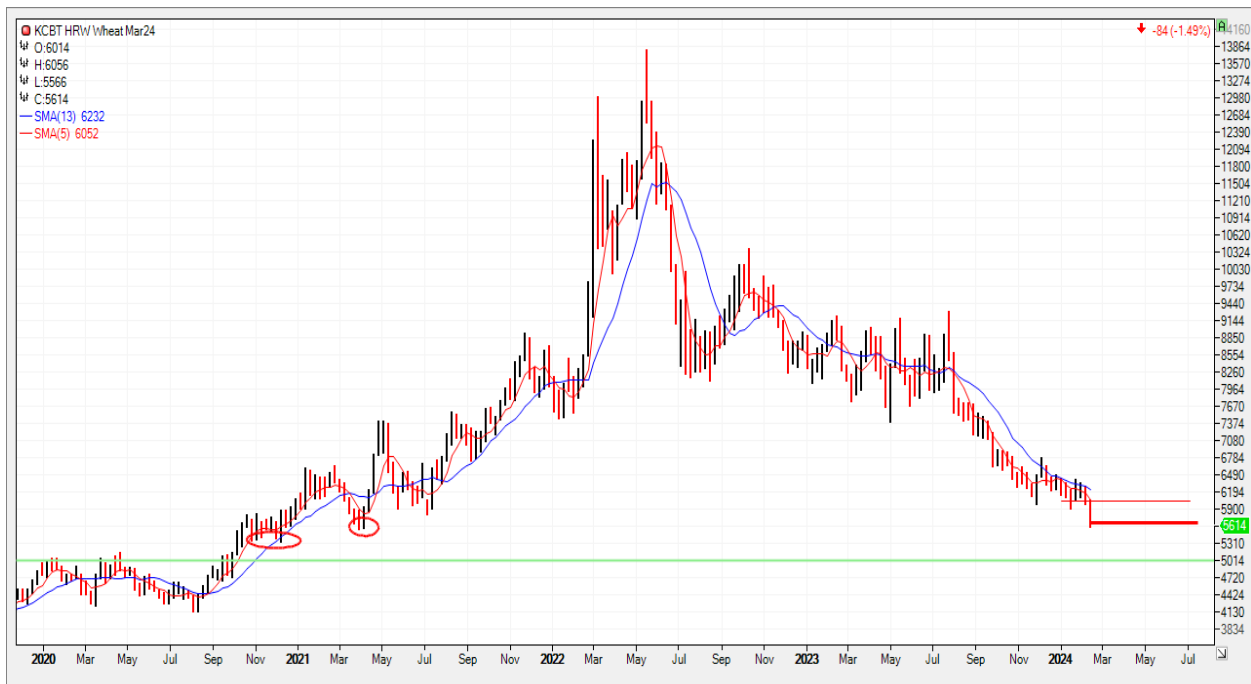
	MAR '24 HRW	DEC '24 HRW	MAR'24 corn	DEC '24 corn	Chgo H wheat	Springs MAR (H)	MAR'24 soybean	NOV '24 Soybean	Crude oil	S&P
CLOSE	KWH24	KWZ24	CH24	CZ24	WH24	MWH24	SH24	SX24	CRD23	ES23
02/16	\$5.67	\$5.83	\$4.17	\$4.59	\$5.61	\$6.55	\$11.72	\$11.49	\$79.19	\$5019
02/09	\$6.02	\$6.21	\$4.29	\$4.68	\$5.97	\$6.84	\$11.84	\$11.64	\$76.84	\$5044
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

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

The KC March daily chart shows KC wheat completely erased all ideas of hanging on to a \$6.00 floor; the Red Line is now down to \$5.67, searching for a bottom.



Struggling to find expected support on this longer-term weekly chart suggests the \$5.53 area from late March/early April of 2021 is possible, with better support expected 20c or so below that, and the risk of course is the magnetic pull of Big Numbers, which is the green line shown at \$5.00.



Egypt's GASC bought 180,000 mt of wheat this week from Romania and Ukraine, which points out posted Russian wheat prices are not cheap enough to do Egyptian biz. And Russian wheat conditions look favorable enough for many analysts to expect another big Russian wheat crop on the way <https://www.agricensus.com/Article/Russia-s-wheat-production-in-2024-25-may-exceed-last-year-s-figures-33591.html>

This APK Inform article is from last week, but it is estimating Russia's wheat production was 92.7 mmt, compared to the USDA's estimate of 91.0 mmt, and also quotes SovEcon's comments about Jan.1 wheat stocks of 36.5 mmt, "a new record" (up 1% from last year). <https://www.apk-inform.com/en/news/1539591>

Anyway...the Russians are swimming in wheat and probably have another big crop coming.

Are we headed to Five Bucks? It's not impossible, and maybe not unlikely. I see KC July \$5.00 puts traded at 11c...

Back in "the day" ...The USA used to sell a lot of Soft Red Winter wheat to Egypt. This spread chart shows KC July is currently a 7c discount to Chgo futures.



Do we think that just because USA HRW KC futures are cheaper than Chgo futures we'll soon be selling a lot of Hard Red Winter to Egypt? I'm leaning towards "No".

Is it possible USA HRW is getting cheap enough to entice Chinese buyers. Theoretically maybe, but we will assume we need to get closer to USA wheat harvest to get serious about where basis levels will be on new-crop Soft Red and how cheap Ords will be at the Gulf.

Possibly a more interesting question is...does KC at -7 to Chgo, or what price? ...does it take to convert those existing 55.6 mil bu Chinese SRW sales to HRW.

The latest US Wheat Associates price letter says US SRW fob Gulf is \$245/mt, and USA HRW ords are \$267/mt, so...I'm leaning towards "No, those SRW sales are not going to be converted to HRW unless that spread loses about 60c/bu (assuming bases stay unchanged)."

Hmm. That's not encouraging. How about a European comparison. We haven't looked at one in a while. Are current USA HRW prices at least cheap enough to shut off any possibility of European wheat coming into USA ports like we saw last year?

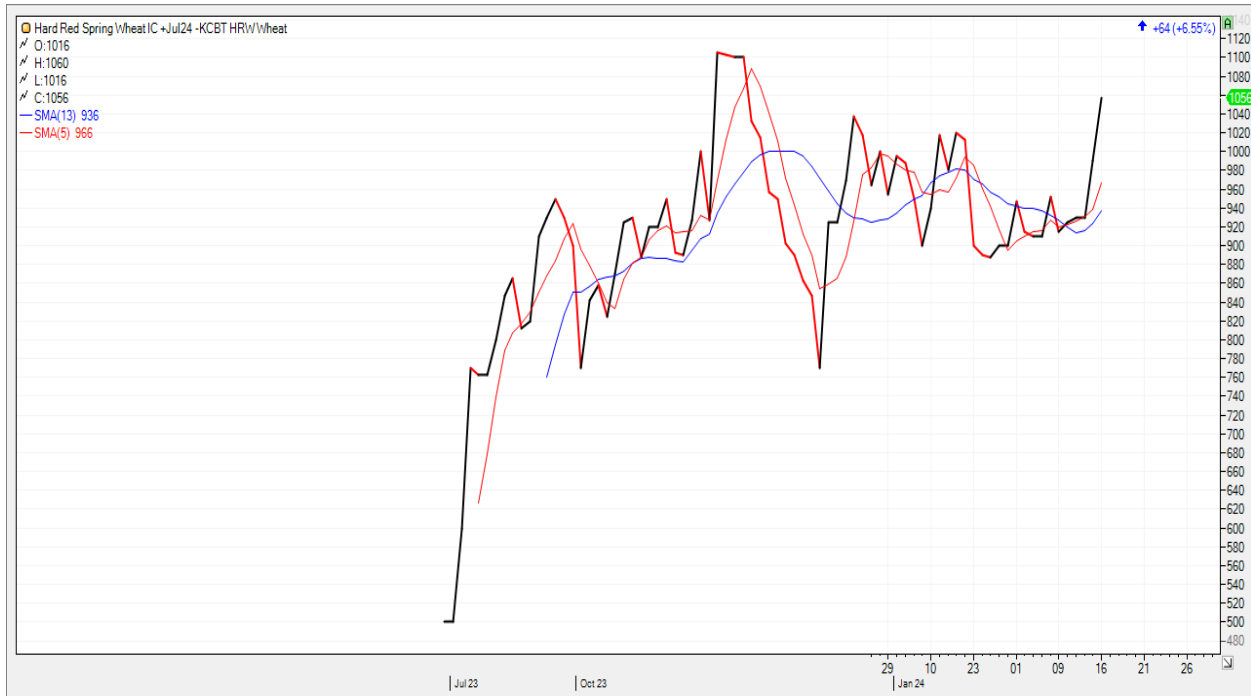
I show European wheat (12% protein) floats into a USA port at about +191 over KC H, and if Salina still is available at +40, and estimated freight is still \$1.90/bu, then that's +230 over KC...so, hmm, that's not too great either, and would expect to see some new-crop Euro wheat and HRW imports this coming season.

	11/10/2023	2/16/2024
MATIF Sept futures	232	203.5
upgrade	25	25
freight	40	40
handle	10	10
sum \$/mt	\$ 307	\$ 279
bu conversion	\$ 8.36	\$ 7.58
KC futures	\$ 6.40	\$ 5.67
impied basis at USA port (over KC Z)	\$ 1.96	\$ 1.91
possible freight X Salina (bu)	\$ 1.90	\$ 1.90
fob Salina, 11 pro	\$ 0.40	\$ 0.40
implied basis, HRW, delv USA port	\$ 2.30	\$ 2.30

What about elsewhere in the world?

India's coming wheat crop looks big too, and perceived low prices during harvest, which will start in 4 to 5 weeks (soon!) led to big farmer protests this week; this article says teargas was used on those farmers... <https://www.abc.net.au/news/2024-02-15/india-farmers-protests-explainer/103470732>

It's still too dry in the Canadian Prairies to assume every wheat growing nation will have bumper wheat crops, but...A. the wheat should at least get planted quickly and early, and B. spring wheat is already a dollar over KC new-crop futures...as seen in this spread chart of Minny N – KC N:



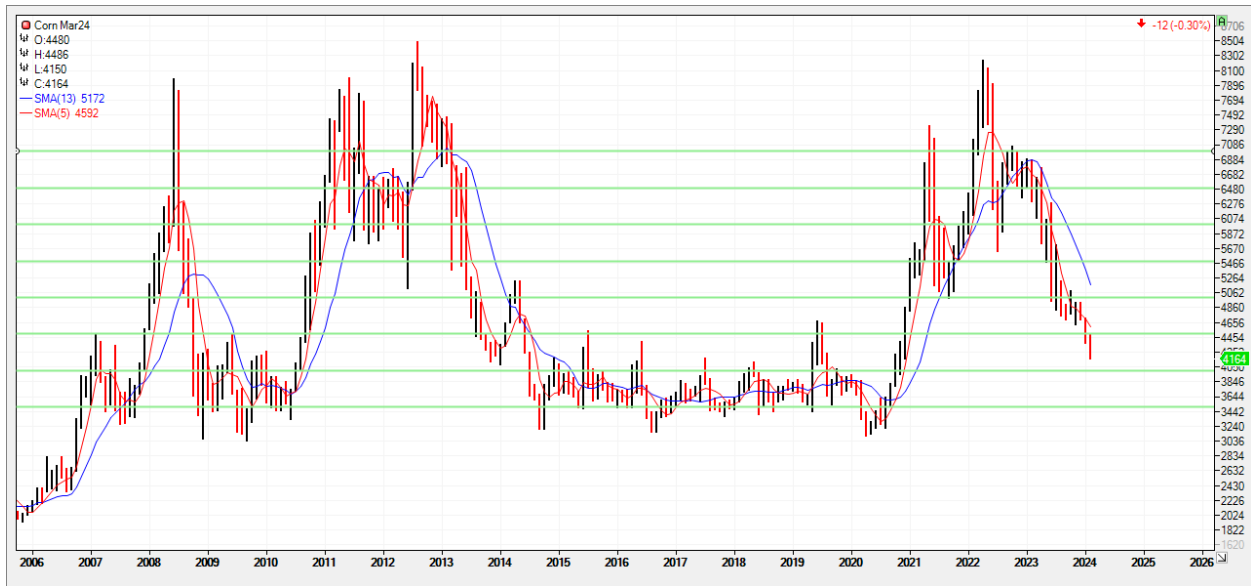
Speaking of Canada...Agriculture and Agri-Food Canada released their Feb.16,'24 update Outlook for Principal Crops, showing an increase of 2 mmt for all wheat in 24/25 (8% better yields on 1.7% fewer acres). They showed exports increasing .9 mmt, and domestic usage increasing .5 mmt, with about a .6 mmt increase to their carryout.

What's all that mean? I think it means all wheat everywhere has reasons to either stay cheap, or get cheaper, and I don't think corn will be wildly supportive to wheat either.

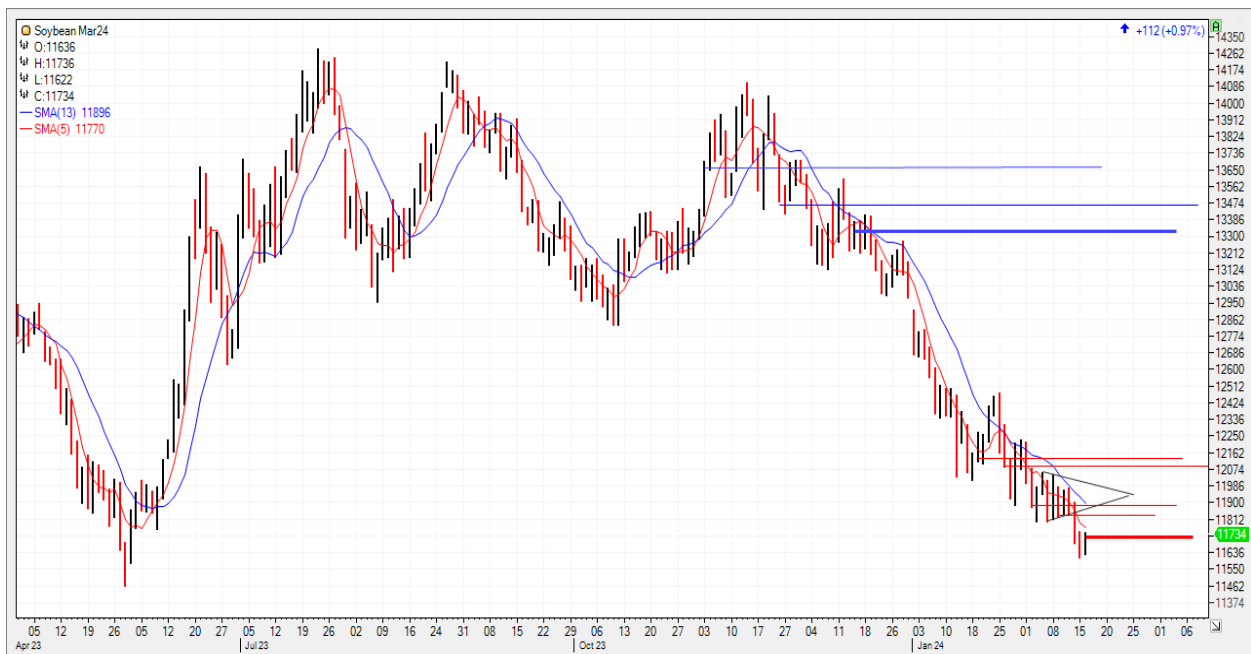
March corn set another new Red line...



Long-term corn, with horizontal lines 50c apart; the next lower line is \$4.00.



March soybeans...also posted another new lower Red Line...with the chart showing last week's Bear Flag did indeed break to the downside.



All these Ag charts look the same...trending lower, trying to get cheap enough to say "ok, now we found support". Not yet...is what it looks like to me.

Posted Gulf bids are up a nickel on 12's:

GULF date	12 pro	11's	diff
2/16/2024	150	125	25
2/9/2024	145	125	20
2/2/2024	145	120	25
1/26/2024	145	120	25

Posted basis bids in the country are steady:

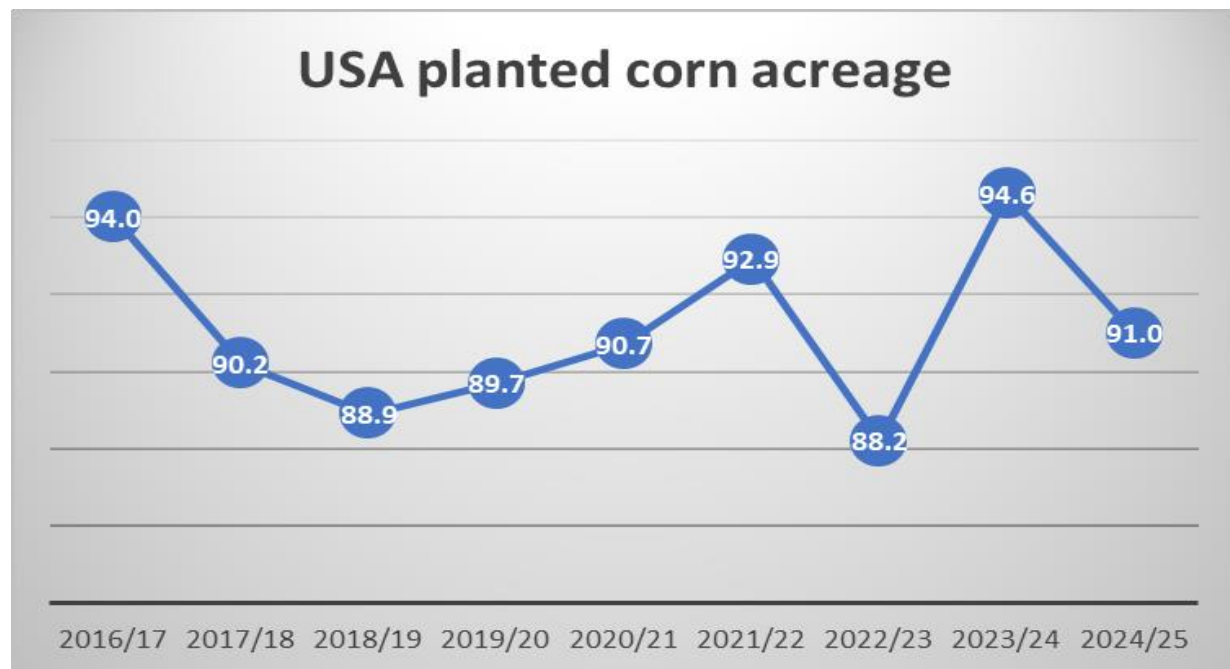
Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
02/16	\$4.72-\$4.92	\$4.87	\$4.72-\$4.82	\$4.68-\$4.82	\$4.82-\$5.47
02/09	\$5.07-\$5.27	\$5.22	\$5.07-\$5.17	\$5.03-\$5.17	\$5.17-\$5.82
02/02	\$5.30-\$5.50	\$5.45	\$5.30-\$5.40	\$5.26-\$5.40	\$5.40-\$6.05
01/26	\$5.30-\$5.50	\$5.45	\$5.30-\$5.40	\$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
BASIS	SE Colorado	Chey. Wells	Burlington	Holyoke	Roggen area
02/16(H)	-95, -75	-80	-95, -85	-99, -85	-85, -20
02/09(H)	-95, -75	-80	-95, -85	-99, -85	-85, -20
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
Date	Concordia	Salina	Hutch/Wichita	Ark City	
02/16(H)	-30	-25, -20	-45, -15	-48	
02/09(H)	-30	-25, -20	-45, -15	-48	
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	

Updated Export Pace scorecard; not much change. Corn...seems difficult to hit the USDA's forecast, whereas apparently soybeans will need to come to a crashing halt.

WEEK ENDED (02/08/24)	Weekly loadings	Accumulated in season (FGIS)	Estimated fudge factor	Total loaded est*	USDA projection	Amount needed	Weeks to go	Bu per week needed
Corn	34.6	676.6	175	852	2,100	1248	29	43.0
Soybeans	48.7	1130.5	60	1190	1,720	530	29	18.3
All wheat	15.0	430.3	100	530	725	195	16	12.2
Milo	7.6	117.8	5	123	255	132	29	4.5
LAST update								
Corn	24.6	641.2	175	816	2,100	1284	30	42.8
Soybeans	52.4	1069.8	60	1130	1,720	590	30	19.7
All wheat	9.8	414.2	100	514	725	211	17	12.4
Milo	4.5	110.1	5	115	255	140	30	4.7

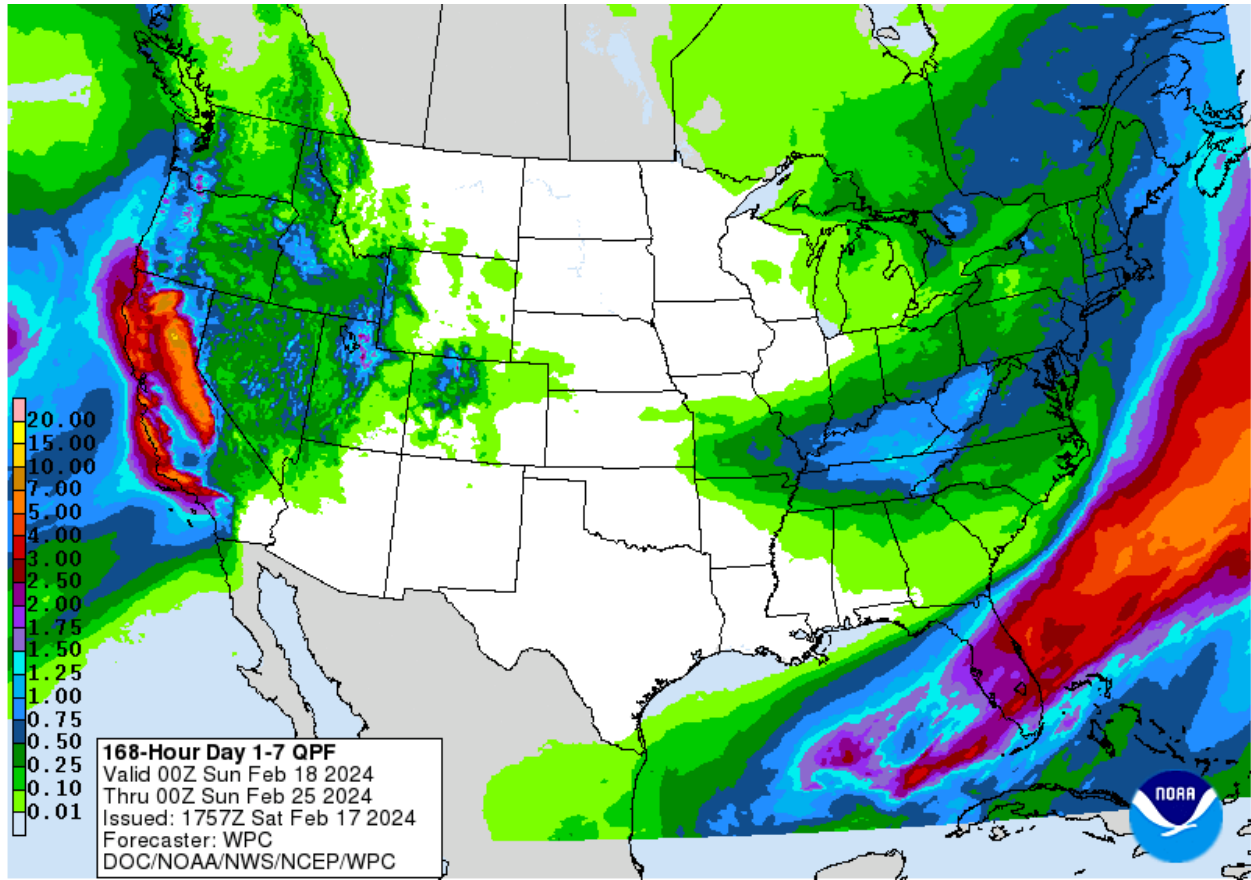
Export sales were good for corn, at 51.5 mil bu, which gives hope the USDA corn export target is reachable. Bean sales were only 13 mil bu, which...might show that crashing halt is indeed coming. Milo sales were negative...yikes. What's up with that China?

A quick glance at the mainly bearish Forum numbers...shows corn as actually the least bearish of all the numbers, as their NAFP only drops 40c/bu next year Why? Because the USDA is showing a 3.6 million acre decrease to corn planted acres.



Yields increase to 181 bu/ac, but production drops 300 mil bu, and thus carryout only increases 360 mil bu. The corn balance sheets will change many times before we get to next January..

The weather forecast says this week will be dry in The Plains, but maybe we'll get some of that California storm next week, maybe.



Someone asked me...“yeah, but what about El Nino?”



The most recent IRI plume indicates a transition to ENSO-neutral during spring 2024, with La Niña potentially developing during summer 2024 [Fig. 6]. Even though forecasts made through the spring season tend to be less reliable, there is a historical tendency for La Niña to follow strong El Niño events. The forecast team is in agreement with the latest model guidance, with some uncertainty around the timing of transitions to ENSO-neutral and, following that, La Niña. Even as the current El Niño weakens, impacts on the United States could persist through April 2024 (see [CPC seasonal outlooks](#) for probabilities of temperature and precipitation). In summary, a transition from El Niño to ENSO-neutral is likely by April-June 2024 (79% chance), **with increasing odds of La Niña developing in June-August 2024 (55% chance; [Fig. 7])**

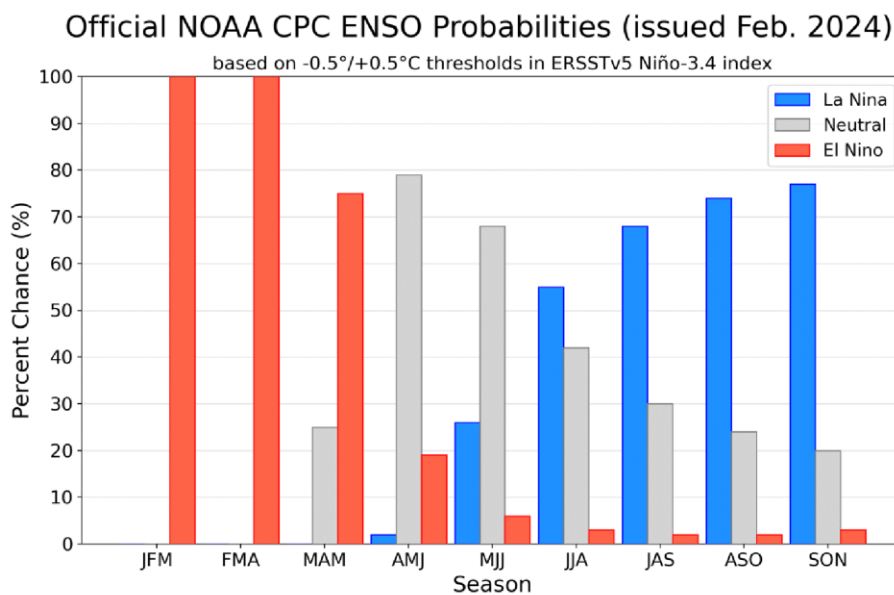


Figure 7. Official ENSO probabilities for the Niño 3.4 sea surface temperature index (5°N - 5°S , 120°W - 170°W). Figure updated 8 February 2024.

55% chance of increasing La Niña in June-August. Hmm...well, somehow all that makes me wonder is about Minny- KC...and we saw on page 5 it's already a buck over. At a buck over, do I buy it? First rain those Prairies get makes that spread nervous, and the second one takes it to even money...BUT we all know...one year (2017?) it never did rain, and that spread went to Minny +280 over!

Mিনny U 2017 – KC U 2017 (yikes!):



Anyway...I don't want drought anywhere. I say "take the bushels. Bushels beats price." Well. Ok, not always.

I see we're on page 11. What the...? Chatty Cathy says "enough!"

Have a good week. Stay Safe.

Slow Down.

PS; Wheat Quality Council meeting in KC this coming week; I hope to see some of you there.