

Hello Colorado Wheat.

Last week seemed almost news-free... the corn and soybean price slide continued, although Chgo wheat bounced a little, which allowed KC to gain a couple cents. March corn settled at \$4.00, and beans moved closer to \$11.00 (yikes!)



In 11 weeks, KC Dec wheat has dropped more than a dollar, old-crop corn is down 85c or so, and March beans have lost almost Two Dollars!

This article from a couple days ago sums up the dismal state of the grain markets fairly well...unsold grain inventories now underwater (unprofitable) facing relatively tepid demand...https://finance.yahoo.com/news/us-farmers-face-harsh-economics-110657453.html?fr=sycsrp_catchall

Unfortunately, crystal balls are hazy at best when it comes to predicting the future, and most of them pretty much forecast "more of the same", which is relatively bleak for an extended period.

Tighten our belts indeed... Michael Hirtzer's Bloomberg article about Agco making old tractors go high tech...seems timely. https://finance.yahoo.com/news/old-farm-tractors-high-tech-120000976.html?fr=sycsrp_catchall

*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***

Grain markets ended weakly again, although Chgo wheat is maybe possibly forging out a bottom. Crude oil couldn't get up and through \$80, while the Stock Market moved higher.

	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
02/23	\$5.69	\$5.85	\$4.00	\$4.50	\$5.74	\$6.42	\$11.33	\$11.30	\$76.49	\$5101
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

Speaking of the stock market, here's a Price Count higher did back in late November, with the 4th Tier target reached last week, which usually only happens about 5% of the time. IF for some reason I was smart enough to have bought the stock market breakout, this would be a good reason to go to the bank:



Back to the grains...

First notice day is upon us, so we will be rolling the 11-week table nearby March contracts to the May contracts, shown here:

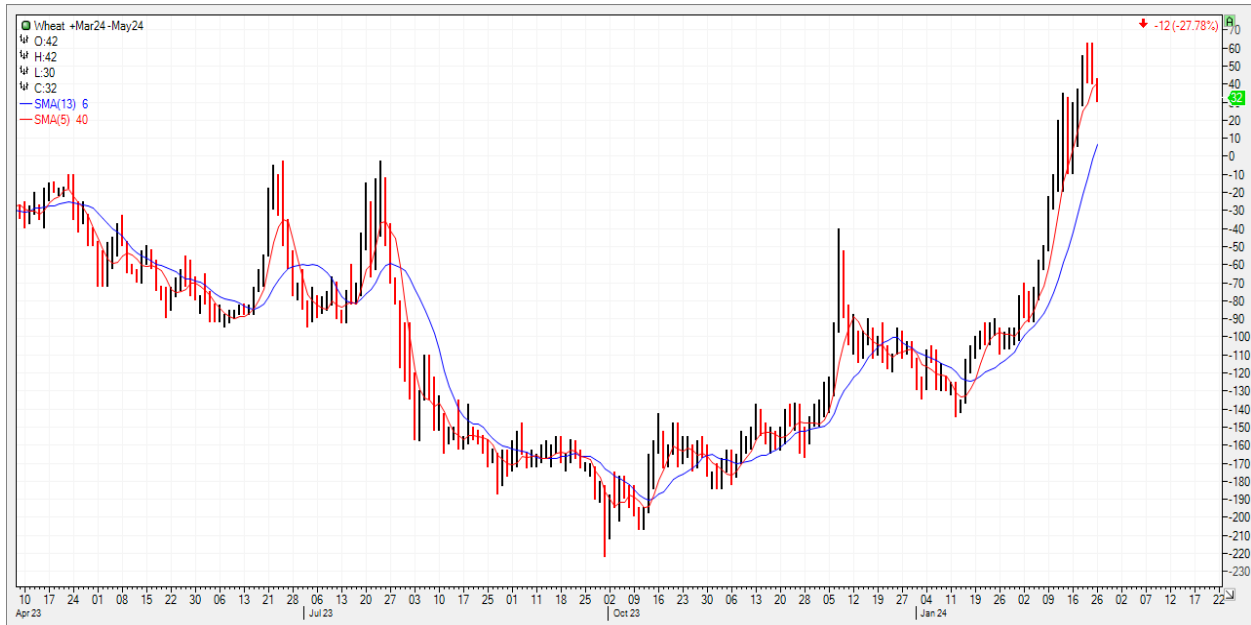
	MAY '24 HRW	DEC '24 HRW	MAY'24 corn	DEC '24 corn	Chgo K wheat	Springs MAY (K)	MAY'24 soybean	NOV '24 Soybean	Crude oil	S&P
<i>CLOSE</i>	KW K 24	KW Z 24	CK24	C Z 24	WK24	MWK24	SK24	SX24	CRD23	ES23
02/23	\$5.66	\$5.85	\$4.14	\$4.50	\$5.69	\$6.47	\$11.42	\$11.30	\$76.49	\$5101
<i>02/16</i>	\$5.62	\$5.83	\$4.30	\$4.59	\$5.59	\$6.56	\$11.76	\$11.49	\$79.19	\$5019
<i>02/09</i>	\$6.00	\$6.21	\$4.43	\$4.68	\$5.99	\$6.83	\$11.90	\$11.64	\$76.84	\$5044
<i>02/02</i>	\$6.23	\$6.44	\$4.54	\$4.77	\$6.08	\$7.02	\$11.98	\$11.71	\$72.28	\$4980
<i>01/26</i>	\$6.25	\$6.51	\$4.56	\$4.76	\$6.11	\$7.06	\$12.16	\$11.85	\$78.01	\$4916
<i>01/19</i>	\$6.12	\$6.43	\$4.56	\$4.76	\$6.04	\$7.02	\$12.23	\$11.91	\$73.25	\$4870
<i>01/12</i>	\$6.20	\$6.49	\$4.59	\$4.82	\$6.10	\$7.09	\$12.36	\$12.02	\$72.68	\$4816
<i>01/05</i>	\$6.32	\$6.62	\$4.73	\$4.94	\$6.28	\$7.20	\$12.64	\$12.09	\$73.81	\$4735
<i>12/29</i>	\$6.44	\$6.70	\$4.84	\$5.04	\$6.40	\$7.33	\$13.07	\$12.46	\$71.65	\$4820
<i>12/22</i>	\$6.27	\$6.58	\$4.86	\$5.05	\$6.28	\$7.24	\$13.17	\$12.58	\$73.56	\$4805
<i>12/15</i>	\$6.48	\$6.75	\$4.95	\$5.12	\$6.40	\$7.40	\$13.43	\$12.76	\$71.43	\$4768
<i>12/08</i>	\$6.67	\$6.90	\$4.98	\$5.12	\$6.41	\$7.38	\$13.37	\$12.70	\$71.23	\$4608

Some prices aren't much different, as KC H and KC K are about even money. Chgo H/K wheat went from a big fat carry to an inverse the past few weeks. Corn is in a wide carrying charge market, and we'd probably expect the May corn to erode down to the March corn levels, and I would say the same thing about May beans sinking to the March bean levels.

Does Chgo wheat bouncing 13c mean anything, or is it just a dead cat bounce?

This is the Chgo March – May wheat calendar spread, shown in a bar chart format. The move from a 14c CARRY to a 6c INVERSE was quite impressive, but driven almost solely by a short Fund position that frankly appears to have got stubborn and/or greedy and/or stupid, as they could have moved that big short position at a 6c/carry/month during the entire month of January, but didn't.

Whoever "they" are...clearly misplayed their hand, and gave back a chunk of the dough they made last summer.



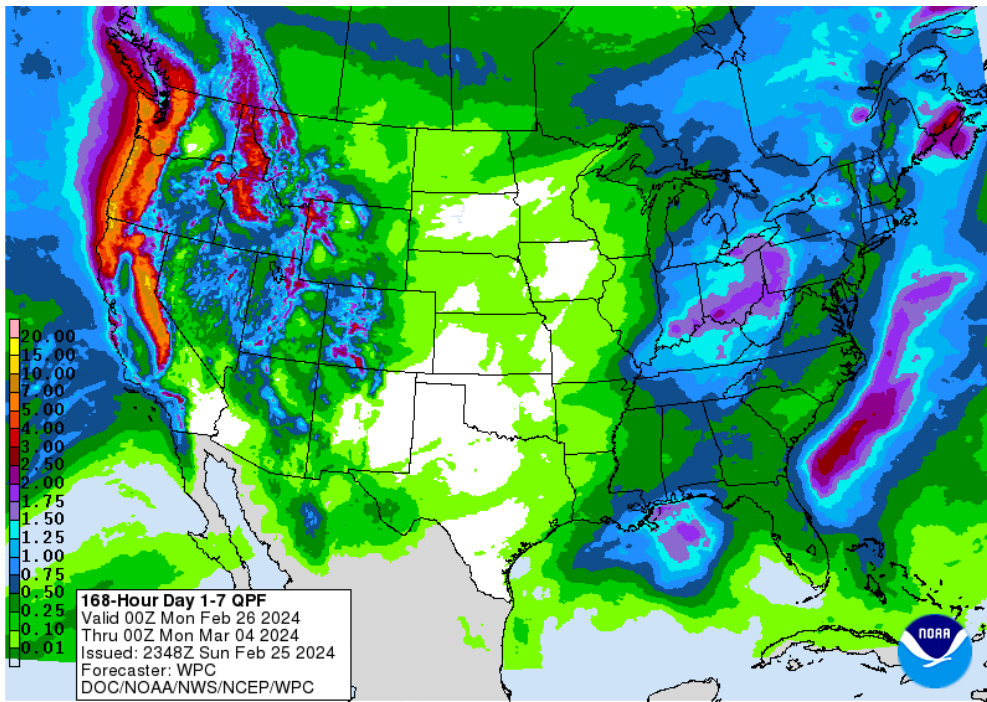
This is the Chgo May wheat chart. I think it's too early to say wheat has bottomed.



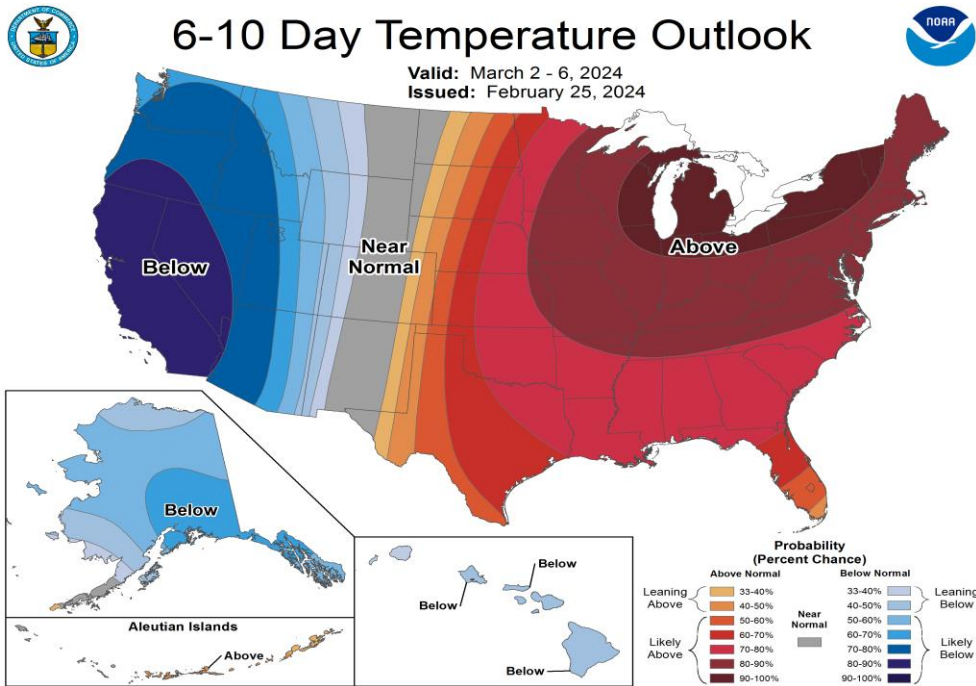
Kansas City May wheat...similarly to the Chgo K wheat chart...looks hopeful the bear move is finished, but not conclusively yet. The Blue Line is at \$6.47; the Red line is \$5.62. There is a possibility some moving averages are going to cross, and some more short-covering will occur, but again, I think it's too early to feel good about saying the bear move is finished.



This coming week won't be "wet" in the bulk of HRW Wheat Country, but it won't be bone-dry either.



It will be warmer than normal...



Currently, most winter wheat still looks pretty good. St. Patty's Day is 3 weeks away, and that's when we really start keeping score. **We'll see...is the best answer, in my opinion.**

The May corn chart looks horrible. Yes, it's probably "oversold", but that's like saying "we have them right where we want them...rich and over-confidant."



And May soybeans...look really bad too. I can almost hear this chart asking “where is all that new crush capacity when we need it?”



This article about the poor economic outlook for Chinese pork production is a couple weeks old, but...it’s still timely: <https://www.msn.com/en-au/money/markets/china-s-lunar-new-year-pork-gloom-exposes-deep-economic-trouble/ar-BB1hH2LV>

USA export pace didn’t change much. The corn pace slipped a little more, and export sales were only 32 mil bu, so the lower prices haven’t been able to swing export demand to the States yet. Bean loadings were great, but new soybean export sales were **bad**, only 2 mil bu, a marketing year low. New Milo sales were almost zero.

WEEK ENDED (02/15/24)	Weekly loadings	Accumulated in season (FGIS)	Estimated fudge factor	Total loaded est*	USDA projection	Amount needed	Weeks to go	Bu per week needed
Corn	36.2	713.3	175	888	2,100	1212	28	43.3
Soybeans	43.6	1174.7	60	1235	1,720	485	28	17.3
All wheat	14.0	444.3	100	544	725	181	15	12.1
Milo	12.4	130.2	5	135	255	120	28	4.3
LAST update								
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

Wheat bids at the Gulf are unchanged:

GULF				
date	12 pro	11's	diff	
2/23/2024	150	125	25	
2/16/2024	150	125	25	
2/9/2024	145	125	20	
2/2/2024	145	120	25	

And posted basis bids in the country didn't move either:

Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
02/23	\$4.74-\$4.94	\$4.89	\$4.74-\$4.84	\$4.70-\$4.84	\$4.84-\$5.49
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
02/23(H)	-95, -75	-80	-95, -85	-99, -85	-85, -20
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	
02/23(H)	-30	-25, -20	-45, -15	-48	
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	

Markets are not great.

Last week's Wheat Quality Council meeting was good, although not a market mover.

I heard something about a "digital results" category in the National Wheat Yield contest, which would be on a 20 acre plot, and take data from the combine, which sounds much more "real world" to me.

Romullo gave a presentation which said more N gives an average of 8 bu yield and better protein. A friend told me he thinks that costs \$40/ac, so the math is tough, as \$5.00 bu on 8 more bu/ac = \$40/ac, but the better protein might be worth something, and it would definitely save you from protein discounts, which are almost surely coming this new-crop harvest.

I met a farmer from down by Wichita, who said his management practices are for 90 bu/acre dryland wheat. I know that part of the country usually gets good moisture, but I'd like to hear more from him on how he does that. When I do the math, 90 bu dryland wheat is a LOT better than 40 bu dryland wheat, even if it costs him more money upfront.

There was quite a bit of talk about "better" digestive fiber in wheat and the health benefits, but...I suspect a concern is higher fiber might lead to lower protein content.

Lucas Haag's Extension update was good; I liked his talk about thinking of crops as a system, which helped explain why planting spring wheat instead of going fallow, even if yields are reduced might make economic sense. He privately told me he's been messing with some field peas, and liked how that's going. If I spilled the beans, I'm sorry Lucas. His buzzword phrase is "separating knowledge from the noise." I like that; and might have to steal it.

And always questions about protein and lack of protein premiums...hard to make all of that make sense in one sentence, so we'll save it for another day.

Have a good week. Stay Safe.

Slow Down.