

Hello Colorado Wheat.

For a while, it looked like the End of the Wheat Bear Move had indeed finally occurred, but Friday's shin-kicking has us back to wondering.

The week ended with KC wheat slightly lower, but Chgo and Mpls wheats both reversed course and finished down hard, making new Red Numbers, while corn and beans closed a dime or so higher. Friday felt like Funds were willing to buy corn and beans, and sell wheat, so we have to be cautious about saying it's over.

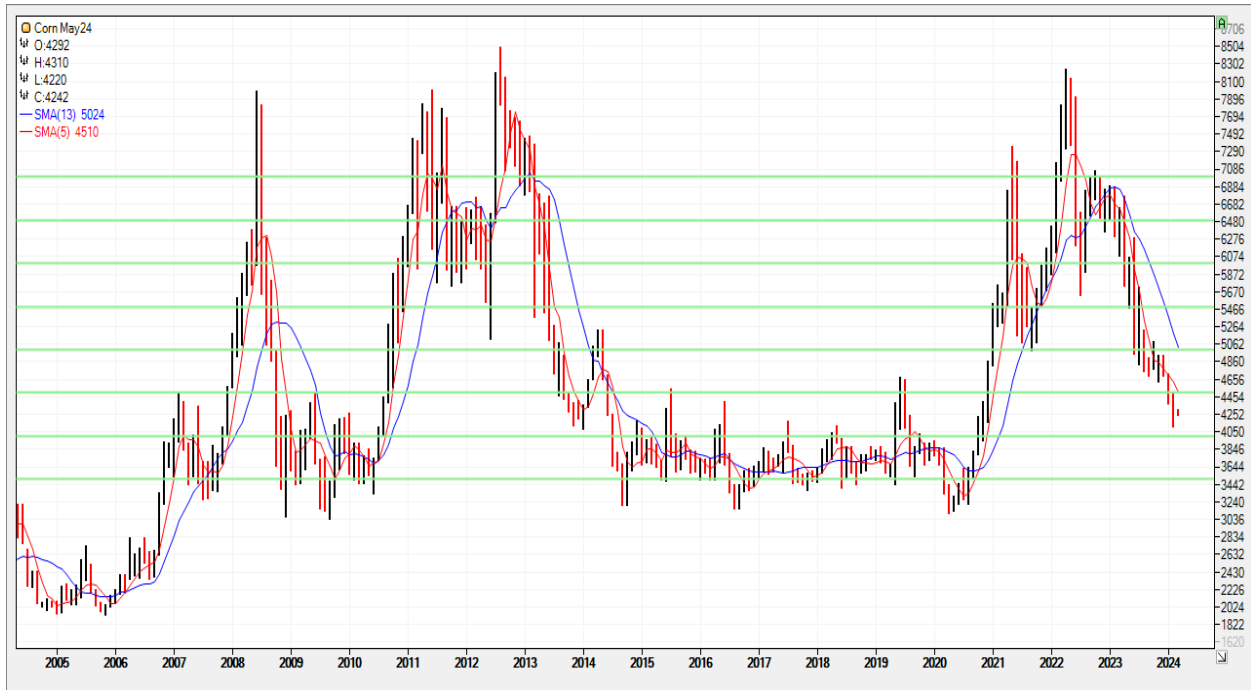
Crude jumped again, now back flirting with \$80, while the Stock Market moved higher again, setting a new Blue Number, again, although the close shown here (\$5208) is actually a June futures month close. The March on Friday settled at \$5146, which would also have been a blue number.)

	<b>MAY '24</b>	<b>DEC '24</b>	<b>MAY'24</b>	<b>DEC '24</b>	Chgo <b>K</b>	Springs	<b>MAY'24</b>	<b>NOV 24</b>	Crude	S&P
	HRW	HRW	corn	corn	wheat	MAY (K)	beans	beans	oil	now
<i>CLOSE</i>	KWK24	KWZ24	CK24	CZ24	WK24	MWK24	SK24	SX24	CRD23	ES23
<b>03/01</b>	<b>\$5.65</b>	<b>\$5.83</b>	<b>\$4.25</b>	<b>\$4.59</b>	<b>\$5.58</b>	<b>\$6.44</b>	<b>\$11.51</b>	<b>\$11.40</b>	<b>\$79.97</b>	<b>\$5208</b>
02/23	\$5.66	\$5.85	<b>\$4.14</b>	<b>\$4.50</b>	<b>\$5.69</b>	\$6.47	<b>\$11.42</b>	<b>\$11.30</b>	<b>\$76.49</b>	\$5101
02/16	<b>\$5.62</b>	<b>\$5.83</b>	\$4.30	\$4.59	<b>\$5.59</b>	\$6.56	\$11.76	\$11.49	\$79.19	\$5019
02/09	<b>\$6.00</b>	<b>\$6.21</b>	\$4.43	\$4.68	\$5.99	\$6.83	\$11.90	\$11.64	\$76.84	\$5044
02/02	\$6.23	\$6.44	<b>\$4.54</b>	\$4.77	\$6.08	\$7.02	<b>\$11.98</b>	<b>\$11.71</b>	\$72.28	<b>\$4980</b>
01/26	\$6.25	\$6.51	<b>\$4.56</b>	<b>\$4.76</b>	\$6.11	\$7.06	<b>\$12.16</b>	<b>\$11.85</b>	<b>\$78.01</b>	<b>\$4916</b>
01/19	<b>\$6.12</b>	<b>\$6.43</b>	<b>\$4.56</b>	<b>\$4.76</b>	\$6.04	<b>\$7.02</b>	<b>\$12.23</b>	<b>\$11.91</b>	\$73.25	<b>\$4870</b>
01/12	\$6.20	<b>\$6.49</b>	<b>\$4.59</b>	<b>\$4.82</b>	\$6.10	<b>\$7.09</b>	<b>\$12.36</b>	<b>\$12.02</b>	\$72.68	\$4816
01/05	\$6.32	\$6.62	<b>\$4.73</b>	<b>\$4.94</b>	\$6.28	<b>\$7.20</b>	<b>\$12.64</b>	<b>\$12.09</b>	\$73.81	<b>\$4735</b>
12/29	<b>\$6.44</b>	<b>\$6.70</b>	<b>\$4.84</b>	<b>\$5.04</b>	<b>\$6.40</b>	<b>\$7.33</b>	<b>\$13.07</b>	<b>\$12.46</b>	<b>\$71.65</b>	\$4820
12/22	\$6.27	\$6.58	<b>\$4.86</b>	<b>\$5.05</b>	\$6.28	\$7.24	<b>\$13.17</b>	<b>\$12.58</b>	\$73.56	\$4805
12/15	<b>\$6.48</b>	<b>\$6.75</b>	<b>\$4.95</b>	<b>\$5.12</b>	<b>\$6.40</b>	<b>\$7.40</b>	<b>\$13.43</b>	<b>\$12.76</b>	<b>\$71.43</b>	\$4768

Anyway...these Ag closes are interesting. It's way too early to go long anything, but I think we'll see why it's ok to say the Time of Easy Money from the big Bear Slide is indeed over.

*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*

Let's look at corn first, starting with the long-term monthly chart. This is the chart with the 50c lateral lines, and we see we got pretty close to the \$4.00 line, which ...is probably cheap enough.



Keep in mind that monthly chart has already switched “top step” months, where the May contract is shown as the nearby.

IN FACT, when we zoom in on the expiring March contract, we see last Monday’s intra-day spike low of \$3.945 was indeed well under \$4.00. This is the March chart:



**I'm ok saying corn went to Four Bucks, and that's cheap. Does that mean "straight up from here"? NO.**

On that chart with lateral lines every 50c apart, you could build a decent case for saying lateral lines also exist every 25c apart, which means...let's see how we handle \$4.25, and indeed, when we look at the May corn chart, with a black lateral line drawn in at \$4.25, we can see it is an area of interest:

This is May corn; the Blue line is \$4.84 from the end of December. The Red line is last week's close at \$4.14. We do see some moving averages potentially closing. Also, I drew in a Green line at \$4.30, which we see in the Table on page 1 is the current Four Week Closing High.



**For anyone to feel good about saying the corn market has bottomed and is moving higher, I suspect they will need a new 4-Week Closing High, which would be a close this week above \$4.30.**

It could happen. There is a NEW WASDE update coming out this Friday, 3/08/24, so the timing is right. I think this week's action is important for corn.

There are rumors we'll see increased domestic USA ethanol usage, although we won't see changes on domestic feeding until after the Grain Stocks report at the end of the month.

(Of course everyone will immediately look at South American production numbers for corn and beans.)

As far as USA old-crop corn (and beans) export demand, we don't see much reason for changes, at least when we look at the updated Export Pace scorecard. Corn loadings were good, actually slightly more than what's needed to hit the current USDA target, and corn Sales of 42.6 million were

good too. Wheat is on pace, and milo was starting to look like an issue, but China bot more than 17 mil bu last week.

If there is a concern, it's soybeans. Soybean shipments have slowed and export Sales were less than 6 mil bu last week, but I think we'll see all USA export targets unchanged this Friday.

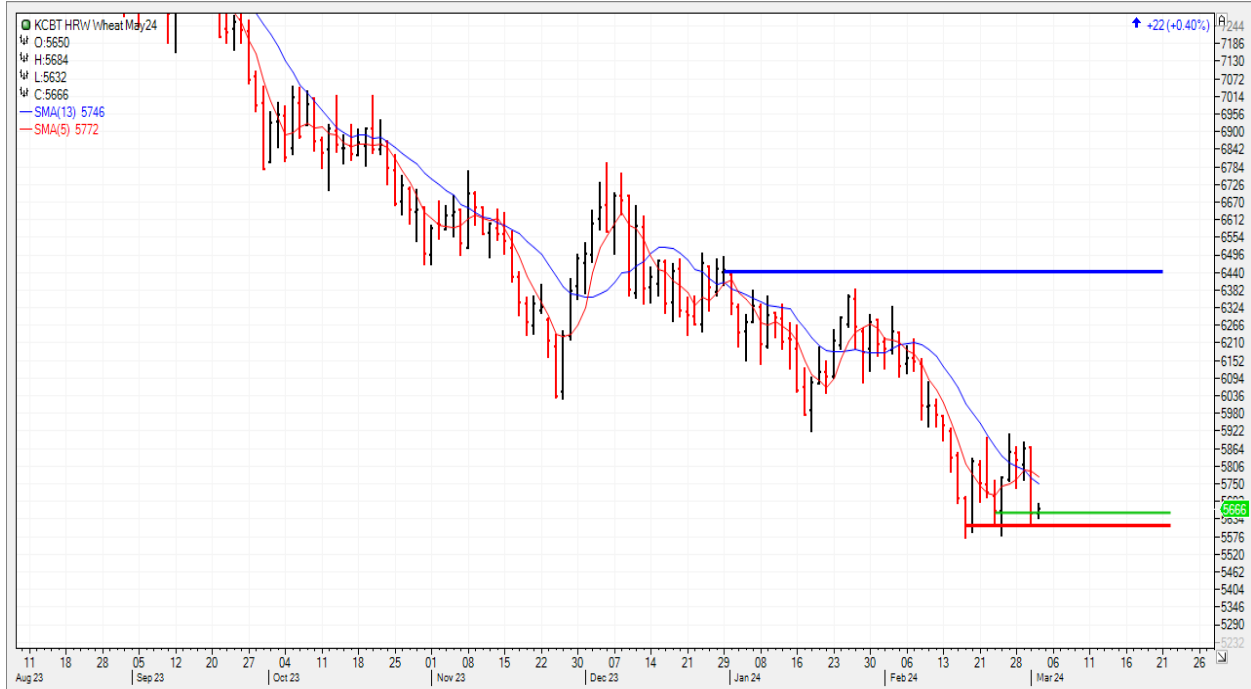
WEEK ENDED (02/15/24)	Weekly loadings	Accumulated in season (FGIS)	Estimated fudge factor	Total loaded est*	USDA projection	Amount needed	Weeks to go	Bu per week needed
Corn	48.9	<b>767.4</b>	<b>175</b>	942	<b>2,100</b>	1158	27	<b>42.9</b>
Soybeans	35.8	<b>1214.4</b>	<b>60</b>	1274	<b>1,720</b>	446	27	<b>16.5</b>
All wheat	17.7	<b>463.4</b>	<b>100</b>	563	<b>725</b>	162	14	<b>11.6</b>
Milo	5.0	<b>135.2</b>	<b>5</b>	140	<b>255</b>	115	27	<b>4.3</b>
LAST update								
Corn	36.2	<b>713.3</b>	<b>175</b>	888	<b>2,100</b>	1212	28	<b>43.3</b>
Soybeans	43.6	<b>1174.7</b>	<b>60</b>	1235	<b>1,720</b>	485	28	<b>17.3</b>
All wheat	14.0	<b>444.3</b>	<b>100</b>	544	<b>725</b>	181	15	<b>12.1</b>
Milo	12.4	<b>130.2</b>	<b>5</b>	135	<b>255</b>	120	28	<b>4.3</b>

The May soybean chart looks hopeful, in that a new Red line was not printed this week...I drew in a green line at \$11.76, which will be the 4-week Closing High, and what I think we need to see closed above to say that the Soybean bear slide is over. We do see some potential moving average crosses.

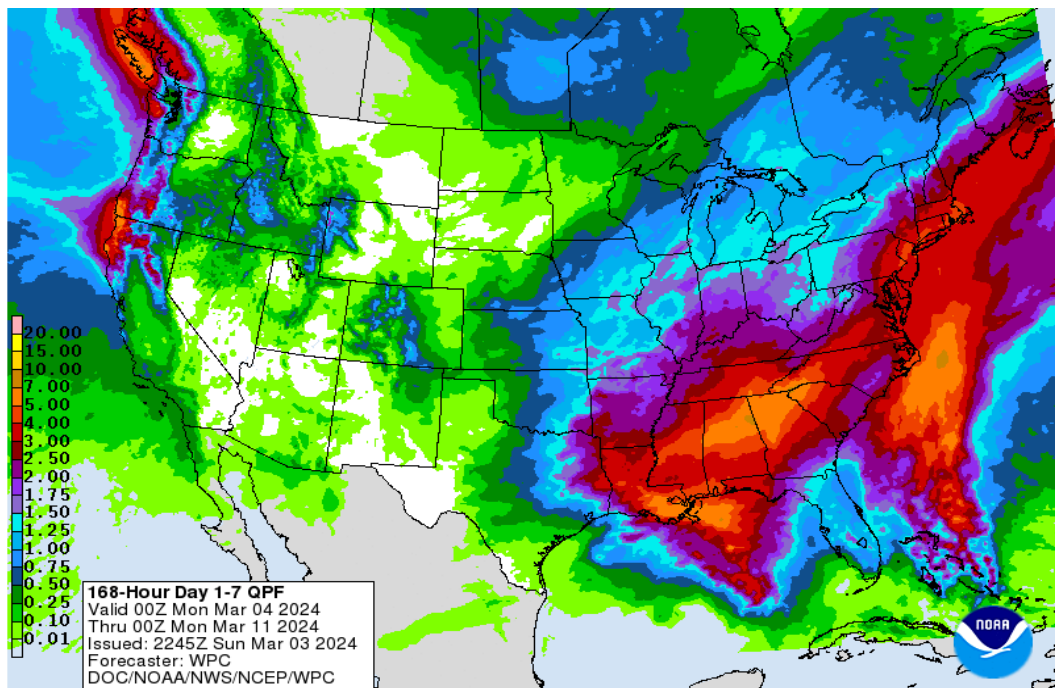


Again, the main thing we can say here is the easy money from the down move is likely past.

This is the May KC wheat chart. It did NOT set a new Red line. In fact, the Red Line is now from 2 weeks ago. I drew in a Green line, which is the 4 week-closing high, at \$5.66, which is basically where we are currently, so there is a good chance we could see some buying this week, if it's apparent we'll close the week above that \$5.66. But since there's a report Friday, I doubt we know conclusively until later in the week.



It's quite possible that how this forecast plays out will affect the weekly wheat close. This forecast is not bone dry, but not exactly wet either, especially in the west:



St. Patty's Day is in 2 weeks, and that's when I really start keeping score on moisture. There's no denying for the most part, the new-crop wheat looks great to pretty good, BUT...it's a long ways to harvest.

Posted Gulf bids rolled to the May (K) at even money, even though the H-K spread was inverted, which really means these posted Gulf bids are LOWER.

GULF date	12 pro	11's	diff	
3/1/2024	150	125	25	K
2/23/2024	150	125	25	H
2/16/2024	150	125	25	
2/9/2024	145	125	20	

But Posted basis bids in the country are mostly mixed:

Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
03/01	\$4.85-\$5.00	\$4.85	\$4.75-\$4.85	\$4.70-\$4.95	\$4.80-\$5.45
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
BASIS	SE Colorado	Chey. Wells	Burlington	Holyoke	Roggen area
03/01(K)	-80, -65	-80	-90, -80	-95, -69	-85, -20
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
Date	Concordia	Salina	Hutch/Wichita	Ark City	
03/01(K)	-20	-25, -15	-40, -10	-43	
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	

A pal asked me this week “Is our wheat competitive?” I replied “competitive with what?”

He said Russian wheat is offered at \$212/mt. <https://www.nasdaq.com/articles/russian-wheat-export-prices-drop-to-lowest-since-2020-analysts-say>

Are we competitive with that?

I sensed his frustration. KC wheat futures are \$207/mt. The average Colorado posted bid is \$4.91/bu. That’s about \$180/mt. I’m sure all USA HRW wheat growers think that’s plenty cheap enough, yet...they have a nagging sensation in the pit of their stomach...wondering if wheat is cheap enough.

Is it “competitive” with Russian wheat, going to Turkey? No. Why? Many reasons, including politics. And freight (transportation costs). Russia is in close proximity to Turkey, so freight is cheap.

But European wheat futures have recently nose dived while USA futures markets are relatively about unchanged. MATIF futures traded down to \$184.75/mt (down almost \$20/mt since last time we looked), whereas KC futures in the same period when the matif dropped 51c/bu, KC futures only dropped 2c/bu.

	11/10/2023	2/16/2024	3/1/2024
<b>MATIF Sept futures</b>	<b>232</b>	<b>203.5</b>	<b>184.75</b>
<b>upgrade</b>	<b>25</b>	<b>25</b>	<b>25</b>
<b>freight</b>	<b>40</b>	<b>40</b>	<b>40</b>
<b>handle</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>sum \$/mt</b>	<b>\$ 307</b>	<b>\$ 279</b>	<b>\$ 260</b>
<b>bu conversion</b>	<b>\$ 8.36</b>	<b>\$ 7.58</b>	<b>\$ 7.07</b>
<b>KC futures</b>	<b>\$ 6.40</b>	<b>\$ 5.67</b>	<b>\$ 5.65</b>
<b>implied basis at USA port (over KC Z)</b>	<b>\$ 1.96</b>	<b>\$ 1.91</b>	<b>\$ 1.42</b>

MATIF wheat gives us an indication what world buyers are looking at when Ukrainian or Romanian wheat comes into play, going into Nigeria, or God forbid please, Mexico. We do NOT want to lose any biz in our own “backyard”.

Is USA wheat competitive?

This story says the USA , Canada and Australia recently sold some wheat to South Korea. <https://www.nasdaq.com/articles/south-korea-bought-172300-t-wheat-from-u.s.-canada-australia> That certainly sounds like we’re “competitive” to me.

(This article from 1933 has about the same percentages of a big wheat trade...Canada, Australia, Argentina, USA and Russia... does nothing ever change?...maybe only the spreads. <https://time.com/archive/6751577/international-wheat-quotas/>)

Anyway...is USA wheat competitive on a delivered basis? It depends on where it is going, because freight costs matter, and freight is a completely separate market, that for the most part, frankly, we can really do very little (nothing?) about it. Freight costs matter more than we like and generally, the previously mentioned frustration increases when we start talking about freight costs.

Ok, is the wheat growing out in my field competitive...with the feed lot?

I see the best milo (or corn) bid is posted at +50 CK, which is about \$4.75/bu, and with the average Colorado wheat bid at about \$4.91, then NO, I don't think wheat is currently competitive with corn or milo as far as being fed. Does that matter? **Unfortunately, It MIGHT this summer.**

BUT...Possibly, **merely the idea** of being "competitive" is what really matters.

Consider India. India grows 110 million tonnes of wheat, second only to China's 136 mmt wheat production (All of Europe grows about same 135 mmt as China).

India's wheat is super cheap but is 100% consumed domestically, each year. At least until it's unavailable. Like NONE can be found. Because India's ending wheat stox/usage ratio is about 8%, whereas here in the States we have a 35% stox/use ratio, **with a concern it might approach 40%** this coming season.

So when we look at this story about the possibility that India's wheat crop might not be as huge as expected... due to a possible March heat wave ...<https://www.msn.com/en-us/weather/topstories/india-s-weather-office-forecasts-above-average-temperatures-for-march/ar-BB1ja9lt> does that raise the possibility that USA wheat exports will increase? I'm leaning towards "No." But could affect my wheat price? It certainly could.

Maybe one could argue that since the MATIF dropped almost 50c/bu last week, while Chgo wheat dropped only 11c... now the MATIF is a good buy vs Chgo wheat futures. ...it's just a "spread".

Anyway...IF KC wheat, or May corn, or May beans can close above those green lines, which are the 4-week Closing highs...then finally we can say the bottom might finally be in, and if that happens, we will at least start assuming...we are competitive.

Have a good week!

Stay Safe. Slow Down.