

Hello Colorado Wheat.

Happy Memorial Day. We remember those who served in the military and have passed on before us and are thankful for them.

and I'm pretty sure...the Russian wheat crop wasn't hurt by their recent freeze/frosts as the market is trading...BUT WHO CARES?

Look at this wheat rally extending, printing new Blue Numbers , up almost 60c in KC!

I've sold 50% of my expected this year's wheat production, which is my self-imposed limit until "harvest" ... which is getting closer. Is it close enough to sell some more of this "wheat on the way"? Should I? might be the better question.

All these Blue wheat numbers mean more Fund buying comes in on more Blue numbers. Why sell now? It might just keep going! Let's take a look; maybe we'll formulate a plan.

|              | <b>JULY'24</b><br>HRW | <b>DEC '24</b><br>HRW | <b>JULY'24</b><br>corn | <b>DEC '24</b><br>corn | Chgo <b>N</b><br>wheat | Springs<br><b>JULY (N)</b> | <b>JULY'24</b><br>beans | <b>NOV 24</b><br>beans | Crude<br>oil   | S&P<br>(M)    |
|--------------|-----------------------|-----------------------|------------------------|------------------------|------------------------|----------------------------|-------------------------|------------------------|----------------|---------------|
| <i>CLOSE</i> | KWN24                 | KWZ24                 | CN24                   | CZ24                   | WN24                   | MWN24                      | SN24                    | SX24                   | CRD23          | ES23          |
| <b>05/24</b> | <b>\$7.21</b>         | <b>\$7.53</b>         | <b>\$4.65</b>          | <b>\$4.88</b>          | <b>\$6.97</b>          | <b>\$7.53</b>              | <b>\$12.48</b>          | <b>\$12.20</b>         | <b>\$77.72</b> | <b>\$5322</b> |
| 05/17        | \$6.62                | \$6.97                | \$4.53                 | \$4.77                 | \$6.51                 | \$7.12                     | \$12.28                 | \$12.03                | \$80.06        | <b>\$5327</b> |
| 05/10        | <b>\$6.73</b>         | <b>\$7.05</b>         | <b>\$4.70</b>          | <b>\$4.92</b>          | \$6.64                 | <b>\$7.20</b>              | \$12.19                 | \$12.06                | \$78.26        | <b>\$5246</b> |
| 05/03        | <b>\$6.50</b>         | <b>\$6.83</b>         | <b>\$4.60</b>          | <b>\$4.83</b>          | <b>\$6.23</b>          | <b>\$7.15</b>              | <b>\$12.15</b>          | <b>\$12.01</b>         | <b>\$78.11</b> | \$5155        |
| 04/26        | <b>\$6.54</b>         | <b>\$6.85</b>         | \$4.50                 | \$4.74                 | <b>\$6.22</b>          | <b>\$7.04</b>              | \$11.77                 | \$11.75                | \$83.85        | \$5132        |
| 04/19        | \$5.83                | \$6.12                | \$4.43                 | <b>\$4.66</b>          | \$5.67                 | \$6.53                     | <b>\$11.66</b>          | <b>\$11.61</b>         | <b>\$82.22</b> | <b>\$5004</b> |
| 04/12        | \$5.87                | \$6.17                | \$4.47                 | \$4.72                 | \$5.71                 | <b>\$6.50</b>              | \$11.87                 | \$11.76                | \$85.66        | <b>\$5168</b> |
| 04/05        | \$5.80                | \$6.11                | \$4.47                 | \$4.73                 | \$5.82                 | \$6.57                     | \$11.97                 | \$11.85                | <b>\$86.91</b> | \$5253        |
| 03/29        | \$5.80                | \$6.09                | <b>\$4.55</b>          | <b>\$4.78</b>          | \$5.76                 | \$6.53                     | \$12.05                 | \$11.86                | <b>\$83.17</b> | <b>\$5308</b> |
| 03/22        | \$5.85                | \$6.13                | \$4.52                 | \$4.75                 | \$5.70                 | \$6.66                     | \$12.06                 | \$11.87                | \$80.63        | <b>\$5293</b> |
| 03/15        | <b>\$5.60</b>         | <b>\$5.87</b>         | \$4.49                 | \$4.71                 | <b>\$5.44</b>          | \$6.54                     | <b>\$12.13</b>          | <b>\$11.91</b>         | <b>\$81.04</b> | \$5183        |
| 03/08        | \$5.74                | \$5.98                | \$4.52                 | \$4.72                 | <b>\$5.50</b>          | \$6.66                     | \$11.96                 | \$11.74                | <b>\$78.01</b> | \$5193        |

*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***

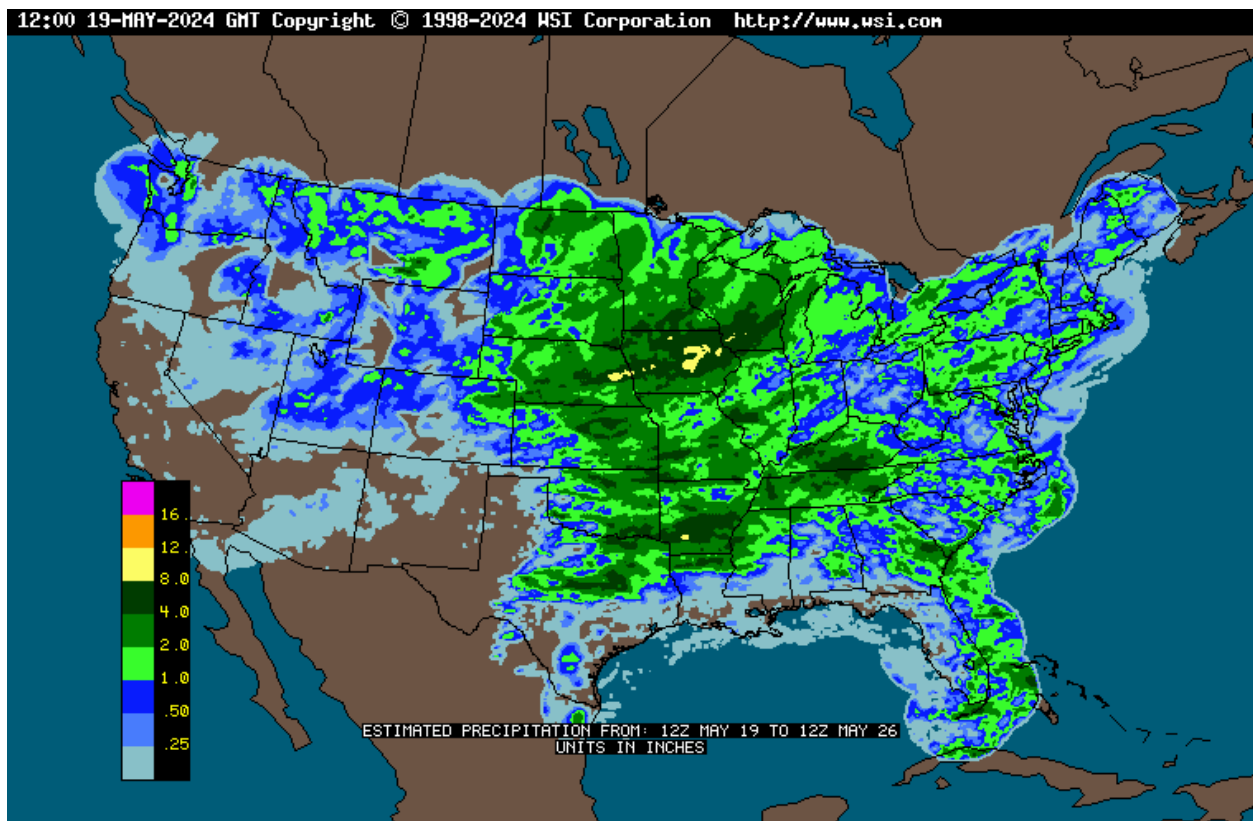
I'd like to start with a reputable story from the Russian government about their wheat crop...but there isn't one. Those guys are professional liars.

You guys know I've been tracking that Indian wheat new-crop for months. Stories from India seem to indicate that...they did indeed have a big crop. This story says the Indian government has not quite met its procurement goals, but...Government-owned wheat stocks are now ample enough to continue their free food program (remember their wheat stocks got down to the almost panic level), and states that "several farmers are holding on to their stock, hoping for higher prices".

<https://www.msn.com/en-in/news/other/wheat-purchases-sufficient-for-food-security-needs-but-may-miss-target-data/ar-BB1n3vGA?ocid=BingNewsSerp>

I consider this story a bit of a Red Flag. It's possible the Indian wheat harvest was big enough to prevent the expected imported wheat tariff reduction, and possibly India avoids importing wheat. I think it's too early to tell, but...I am wondering if maybe India dodged a disaster, and if so, the chances of big Russian wheat exports to India are now not a sure thing.

Last week's USA precipitation didn't completely miss Western KS. The TX Panhandle was dry, but OK, NE, MT and the Dakotas probably added bushels. So I think USA weather is also a bit of a Red Flag for wheat.



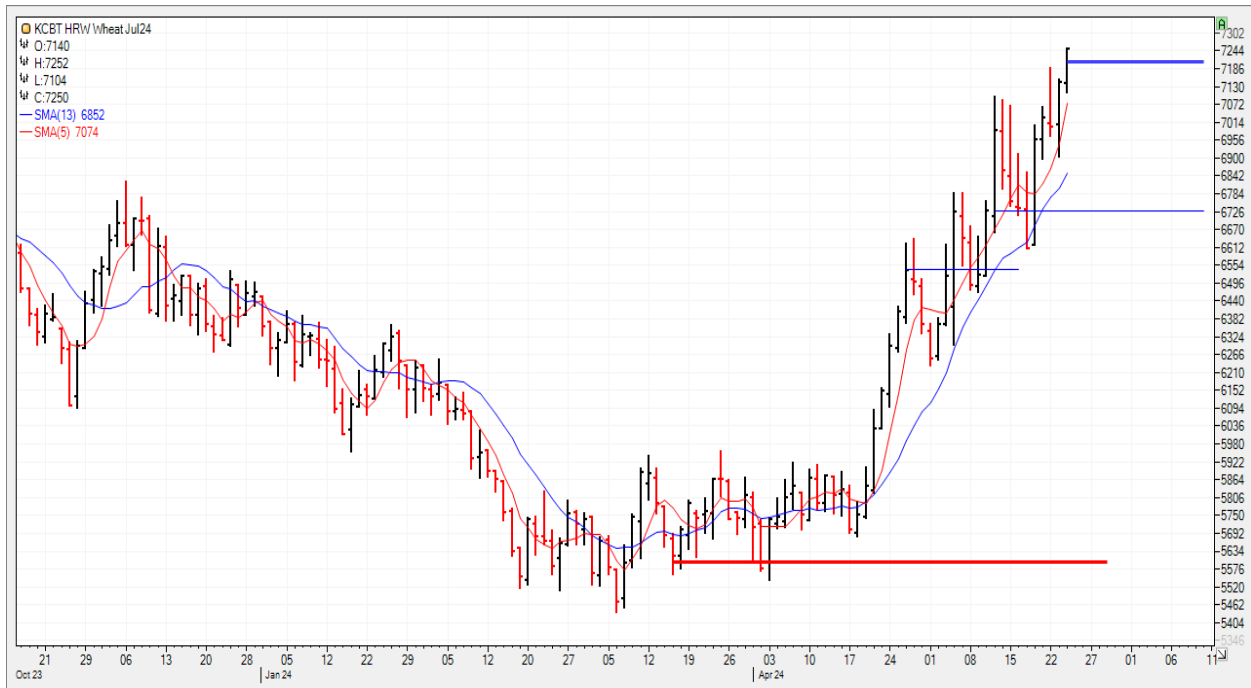
Another bit of a red flag...is posted to-arrive US Gulf bids for 11's are down another dime (down 25c in 3 weeks):

| GULF date | 12 pro | 11's | diff |
|-----------|--------|------|------|
| 5/24/2024 | 105    | 70   | 35   |
| 5/17/2024 | 105    | 80   | 25   |
| 5/10/2024 | 105    | 95   | 10   |
| 5/3/2024  | 105    | 95   | 10   |

Obviously with me pointing out these red flags...I'm saying I'm nervous about not getting more wheat sold and missing this rally. FOMO (Fear of Missing Out!)

BUT, like my buddy told me a few weeks ago "it ain't going down, Dan"....And he's been right. The KC July wheat chart is NOT showing a sell signal. **If anything, we know a higher close this Friday will bring in more buying.**

KC July with the third Blue Line, saying... "maybe we should wait for a sell signal".



I listed some red flags which make me nervous about the coming crash in wheat... which is indeed coming. But like always...the timing is the tricky part.

So...the other side is...here are some red flags for the Bears, and they do exist.

This article pretty well sums up the Indian situation, and mentions the FAS (a branch of the USDA) India Grain and Feed Annual report, which was released on March 29, well before the USDA published their May WASDE, which said India would need to import 2 mmt of wheat.

<https://www.fortuneindia.com/macro/why-india-imports-wheatdespite-record-production/116906>

This article says the local Indian domestic millers are asking for the removal of the wheat import duty. <https://www.msn.com/en-in/news/India/wheat-processors-calls-for-removal-of-import-duty-to-ease-supply-shortage/ar-BB1mNDob?ocid=BingNewsSearch>

I think the take-away on India is...they might have had a big crop, but they are going to use it all, so even though farmers are holding on to a lot of wheat, it's not necessarily bearish this minute.

On the Russian wheat situation, the latest "news" from a semi-trusted source, RusGrain Union, says...the Russian Ag Ministry is planning to introduce a Federal state of emergency. That sounds plenty scary, although this article only specifically mentions fruit trees...

<https://interfax.com/newsroom/top-stories/102686/>

Last week, IKAR, a Russian consultancy firm, in their weekly report, lowered their Russian wheat production estimate to 83.5 mmt, from their previous estimate of 86 mmt (we know the USDA's May Russian wheat production estimate was 88 mmt. Apparently NOW (last night) their newest estimate is 81.5 mmt. Which I would tend to discount (and maybe not even mention...) EXCEPT...Europe's wheat futures were up about \$8 on this. Here's a link to that futures contract:

Matif link <https://live.euronext.com/en/product/commodities-futures/EBM-DPAR>

And here's a Reuters article (from a third party as I think you have to pay to get the direct Reuters feed) mentioning IKAR's estimate is down to 81.5, and mentions the European wheat contract : <https://www.brecorder.com/news/40305497>

What's all this mean?

It means were going to open higher tonight, and if it stays higher for the week, a new Blue number would be created, and that...would bring in more buying.

So **we're NOT going to sell anymore wheat right now**, although we're plenty nervous.

Will wheat support corn? This article references Karen Braun's article, which mainly points out corn is a lot cheaper than wheat, so if it's going to be fed to animals...feeders probably would buy corn. Which I doubt anyone would argue with that logic.

<https://www.thestar.com.my/business/insight/2024/05/23/russian-wheat-shortfall-possible-boon-to-us-exporters-of-corn>

This is KC Dec wheat – Dec corn...showing about a \$2.66/bu premium.



What does that mean? It means the USDA’s May WASDE, for this new crop year ‘24/25, showing 100 mil bu of USA “Feed and Residual”, which is 10 mil bu more than last year...IS overstated, probably by 25 million bushels.

I don’t think that’s a big deal, yet, but one of these WASDEs will be a bearish input. Another concern, of course, on the USA wheat balance sheet, is will we really get wheat exports up to 775 mil bu? In the old days (before 2022/23), that would have been easy, but...nowadays, nothing is easy. Anyway...European wheat concerns, and Black Sea wheat concerns...suggest we should hit the 775 mil bu wheat export forecast. That’s 15 mil bu every week.

The current loading pace is good for corn, while wheat finishes the year, and beans...are limping in. Yucky. Speaking of yucky, Export Sales were horrible in wheat, corn, beans and milo. The world buyer...is hoping this Russian wheat thing fizzles out.

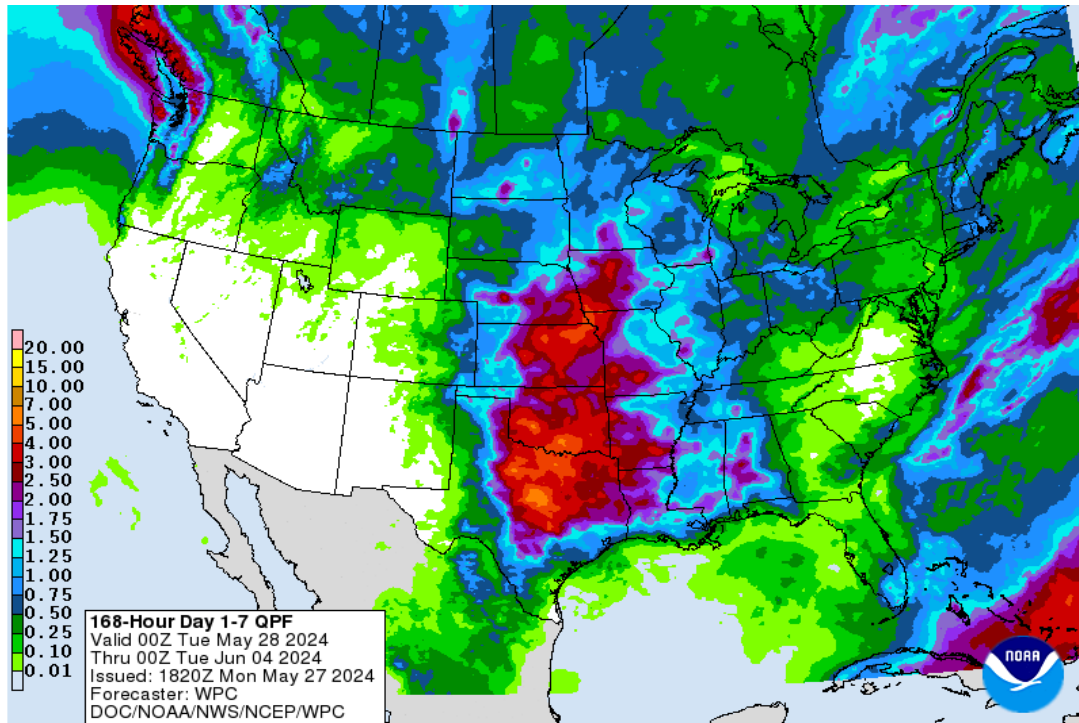
| WEEK ENDED (05/09/24) | Weekly loadings | Accumulated in season (FGIS) | Estimated fudge factor | Total loaded est* | USDA projection | Amount needed | Weeks to go | Bu per week needed |
|-----------------------|-----------------|------------------------------|------------------------|-------------------|-----------------|---------------|-------------|--------------------|
| Corn                  | 47.7            | <b>1386.2</b>                | <b>175</b>             | 1561              | <b>2,150</b>    | 589           | <b>15</b>   | <b>39.3</b>        |
| Soybeans              | 6.8             | <b>1460.5</b>                | <b>60</b>              | 1521              | <b>1,700</b>    | 179           | <b>15</b>   | <b>11.9</b>        |
| All wheat             | 7.6             | <b>656.6</b>                 | <b>100</b>             | 757               | <b>720</b>      | <b>-37</b>    | <b>02</b>   | <b>0.0</b>         |
| Milo                  | 4.9             | <b>190.7</b>                 | <b>5</b>               | 196               | <b>255</b>      | 59            | <b>15</b>   | <b>3.9</b>         |
| LAST update           |                 |                              |                        |                   |                 |               |             |                    |
| Corn                  | 39.6            | <b>1335.9</b>                | <b>175</b>             | 1511              | <b>2,150</b>    | 639           | 16          | <b>39.9</b>        |
| Soybeans              | 14.9            | <b>1452.8</b>                | <b>60</b>              | 1513              | <b>1,700</b>    | 187           | 16          | <b>11.7</b>        |
| All wheat             | 13.5            | <b>648.5</b>                 | <b>100</b>             | 749               | <b>720</b>      | <b>-29</b>    | 03          | <b>0.0</b>         |
| Milo                  | 5.5             | <b>185.8</b>                 | <b>5</b>               | 191               | <b>255</b>      | 64            | 16          | <b>4.0</b>         |

This is Dec corn, torn between a nagging feeling that it's been too wet, yet just as nagging is the feeling that so far, corn has been immune to the Russian wheat mess/hype/situation:



I am still “unable” on selling the remaining 15% to get me to 50% sold on new-crop corn.

This week’s forecast looks wet for Texas, Oklahoma, the eastern half of KS, and SW IA, but I’m not sure this forecast is very supportive anymore.



Nov Soybeans did print a new Blue number, and have now closed above Twelve Bucks four consecutive weeks. **The market has to consider \$12 a “floor” and would use a Friday close below \$12 as a sell signal.**

If beans can keep extending (with wheat’s help), I’m showing an old gap would be filled at \$12.45, which seems like a likely target:



Posted wheat basis bids in the country are mixed, still shrugging off the weaker Gulf 11 pro bids.

| Date         | SE Colorado        | Chey. Wells        | Burlington        | Holyoke area   | Roggen area        |
|--------------|--------------------|--------------------|-------------------|----------------|--------------------|
| 05/24        | \$6.26-\$6.66      | \$6.36             | \$6.16-\$6.26     | \$6.16-\$5.36  | \$6.31-\$7.01      |
| 05/17        | \$5.67-\$6.07      | \$5.77             | \$5.62-\$5.72     | \$5.57-\$5.77  | \$5.72-\$6.42      |
| 05/10        | \$5.78-\$6.18      | \$5.88             | \$5.73-\$5.83     | \$5.68-\$5.88  | \$5.83-\$6.77      |
| 05/03        | \$5.55-\$6.00      | \$5.70             | \$5.50-\$5.60     | \$5.45-\$5.70  | \$5.60-\$6.40      |
| 04/26        | \$5.56-\$6.04      | \$5.66             | \$5.54-\$5.64     | \$5.41-\$5.66  | \$5.61-\$6.26      |
| <b>BASIS</b> | <b>SE Colorado</b> | <b>Chey. Wells</b> | <b>Burlington</b> | <b>Holyoke</b> | <b>Roggen area</b> |
| 05/24(N)     | -95, -55           | -85                | -105, -95         | -105, -85      | -90, -20           |
| 05/17(N)     | -95, -55           | -85                | -100, -90         | -105, -85      | -90, -20           |



|                 |                  |                 |                      |                 |          |
|-----------------|------------------|-----------------|----------------------|-----------------|----------|
| 05/10(N)        | -95, -55         | -85             | -100, -90            | -105, -85       | -90, +04 |
| 05/03(N)        | -95, -50         | -80             | -100, -90            | -105, -80       | -90, -10 |
| 04/26(K)        | -90, -42         | -80             | -92, -82             | -105, -80       | -85, -20 |
| <b>Date</b>     | <b>Concordia</b> | <b>Salina</b>   | <b>Hutch/Wichita</b> | <b>Ark City</b> |          |
| <b>05/24(N)</b> | <b>-30</b>       | <b>-25, -15</b> | <b>-35, -10</b>      | <b>-45</b>      |          |
| 05/17(N)        | -35              | -25, -15        | -35, -05             | -45             |          |
| 05/10(N)        | -35              | -25, -15        | -35, -05             | -45             |          |
| 05/03(N)        | -35              | -25, -22        | -52, -20             | -45             |          |
| 04/26(K)        | -30              | -25, -17        | -45, -15             | -45             |          |

SO ...basically I'm not selling more wheat yet, and very nervous, and still have an order in to sell more new-crop corn, and I'm nervous about that too. It's hard to win around here...

I am watching my phone's weather app (mine is the normal app that comes with the phone) and have Volgogord as my Russian wheat indicator. Right now, it's showing another 10 days of dry weather. **If it changes and starts showing rain instead of cloudy (starting Thursday), the market won't like it, so if you still haven't sold any new-crop wheat, make sure you're comfortable with that thought.**

Before we go...let me venture into the Abyss, and my disclaimer is...do not try this at home after a couple of beers.

There are some huge distortions in this table of where things are... compared to where they will be. There will be fortunes made ...and maybe lost...in the next 18 months.

|        |        |        |        |        |        |        |        |        |        |        |        |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| KCN24  | KCZ24  | KCN25  | KCZ25  | WN24   | WZ24   | WN25   | WZ25   | MWN24  | MWZ24  | MWN25  | MWZ25  |
| \$7.21 | \$7.53 | \$7.53 | \$7.55 | \$6.97 | \$7.39 | \$7.44 | \$7.50 | \$7.53 | \$7.77 | \$7.82 | \$7.50 |
|        |        |        |        |        |        |        |        |        |        |        |        |

There are 12 closing prices shown from last Friday. 7 of them are 6c either side of \$7.50. Assume that half **of these prices have a wide to very wide bid/ask spread.**

Assume there is a very likely chance that if you do anything either way using these prices, you will be "married to it" and getting a divorce will cost you much more than you hoped.

Vaya con Dios, mi Amigo.

One other thing...if we revisit our old math comparing European wheat delivered USA East Coast (or Gulf) port to assumed available wheat X Salina, KS to the same East Coast port (lots of



assumptions...) we see that USA wheat is ALMOST, not quite...same price as the assumed available Euro wheat at the assumed premiums...

IS USA wheat too cheap? , or is European wheat too expensive? And keep in mind, this comparison uses the Euronext futures being up \$8 tonight, and KC wheat futures unchanged from last Friday's close...LOTS and lots of assumptions. But the point is...USA wheat might maybe possibly get fairly competitive this year.

|  | 11/10/2023     | 2/16/2024      | 3/1/2024       | 4/12/2024      | 5/27/2024      |
|--|----------------|----------------|----------------|----------------|----------------|
| <b>MATIF futures</b>                         | <b>232</b>     | <b>203.5</b>   | <b>184.75</b>  | <b>203.5</b>   | <b>268</b>     |
| <b>upgrade</b>                               | <b>25</b>      | <b>25</b>      | <b>25</b>      | <b>25</b>      | <b>25</b>      |
| <b>freight</b>                               | <b>40</b>      | <b>40</b>      | <b>40</b>      | <b>40</b>      | <b>40</b>      |
| <b>handle</b>                                | <b>10</b>      | <b>10</b>      | <b>10</b>      | <b>10</b>      | <b>10</b>      |
| <b>sum \$/mt</b>                             | <b>\$ 307</b>  | <b>\$ 279</b>  | <b>\$ 260</b>  | <b>\$ 279</b>  | <b>\$ 343</b>  |
| <b>bu conversion</b>                         | <b>\$ 8.36</b> | <b>\$ 7.58</b> | <b>\$ 7.07</b> | <b>\$ 7.58</b> | <b>\$ 9.33</b> |
| <b>KC futures</b>                            | <b>\$ 6.40</b> | <b>\$ 5.67</b> | <b>\$ 5.65</b> | <b>\$ 5.90</b> | <b>7.21</b>    |
| <b>implied basis at USA port (over KC Z)</b> | <b>\$ 1.96</b> | <b>\$ 1.91</b> | <b>\$ 1.42</b> | <b>\$ 1.68</b> | <b>\$ 2.12</b> |
| <b>possible freight X Salina (bu)</b>        | <b>\$ 1.90</b> | <b>\$ 1.90</b> | <b>\$ 1.90</b> | <b>\$ 1.90</b> | <b>\$ 1.90</b> |
| <b>fob Salina, 11 pro</b>                    | <b>\$ 0.40</b> | <b>\$ 0.40</b> | <b>\$ 0.40</b> | <b>\$ 0.40</b> | <b>\$ 0.40</b> |
| <b>implied basis, HRW, delv USA port</b>     | <b>\$ 2.30</b> | <b>\$ 2.30</b> | <b>\$ 2.30</b> | <b>\$ 2.30</b> | <b>\$ 2.30</b> |
| <b>spread</b>                                | <b>\$ 0.34</b> | <b>\$ 0.39</b> | <b>\$ 0.88</b> | <b>\$ 0.62</b> | <b>\$ 0.18</b> |

**Here's KC July after the gap higher Monday nite. If this gap persists all week, it's bullish. If it fills in itself, then...it's tricky to say.**



Have a good week. I hope you can finish planting in good shape.

Stay Safe. Slow Down is probably the best way to do that.