

Hello Colorado Wheat.

I'll be finished with Thanksgiving leftovers by the time you read this. Winning!!

Wheat wasn't a winner, printing new contract lows but beans bounced, and the Stock Market climbed the Wall of Worry. Again.

	KC MAR	July 25	March	July 25	Chgo H	Springs	JAN'25	July	Crude	S&P
	HRW	HRW	CORN	CORN	wheat	MAR (H)	BEANS	BEANS	oil	(Z)
<i>CLOSE</i>	KWH25	KWN25	CH25	CN25	WH25	MWH25	SF25	SN25	CRD24	ES24
11/29	\$5.41	\$5.56	\$4.33	\$4.42	\$5.48	\$5.92	\$9.90	\$10.21	\$68.00	\$6052
11/22	\$5.66	\$5.80	\$4.35	\$4.46	\$5.65	\$6.01	\$9.84	\$10.18	\$71.27	\$5987
11/15	\$5.52	\$5.69	\$4.35	\$4.47	\$5.54	\$5.91	\$9.99	\$10.34	\$67.02	\$5897
11/08	\$5.78	\$5.96	\$4.44	\$4.55	\$5.88	\$6.17	\$10.30	\$10.68	\$70.38	\$6025
11/01	\$5.80	\$6.00	\$4.29	\$4.42	\$5.88	\$6.23	\$9.94	\$10.38	\$69.49	\$5758
10/25	\$5.86	\$6.04	\$4.30	\$4.42	\$5.89	\$6.28	\$9.98	\$10.36	\$71.78	\$5846
10/18	\$5.96	\$6.13	\$4.19	\$4.31	\$5.93	\$6.38	\$9.83	\$10.23	\$69.22	\$5906
10/11	\$6.21	\$6.39	\$4.33	\$4.48	\$6.22	\$6.65	\$10.21	\$10.61	\$75.56	\$5860
10/04	\$6.15	\$6.32	\$4.42	\$4.55	\$6.13	\$6.60	\$10.56	\$10.96	\$74.38	\$5800
09/27	\$5.92	\$6.07	\$4.35	\$4.51	\$6.00	\$6.30	\$10.83	\$11.16	\$68.18	\$5791
09/20	\$5.78	\$5.90	\$4.20	\$4.38	\$5.88	\$6.30	\$10.30	\$10.68	\$71.00	\$5762

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

Last Wednesday Trump said he'd put 25% tariffs on everything we import from Canada and Mexico, and an additional 10% on Chinese imported goods. <https://www.reuters.com/world/us/trump-promises-25-tariff-products-mexico-canada-2024-11-25/> And on Saturday he said he'd place 100% tariffs on BRICS countries if they come up with a currency to replace the US

dollar...<https://www.msn.com/en-us/money/markets/trump-threatens-100-tariff-on-brics-countries-if-they-pursue-creating-new-currency/ar-AA1v33Bf?ocid=BingNewsSerp>

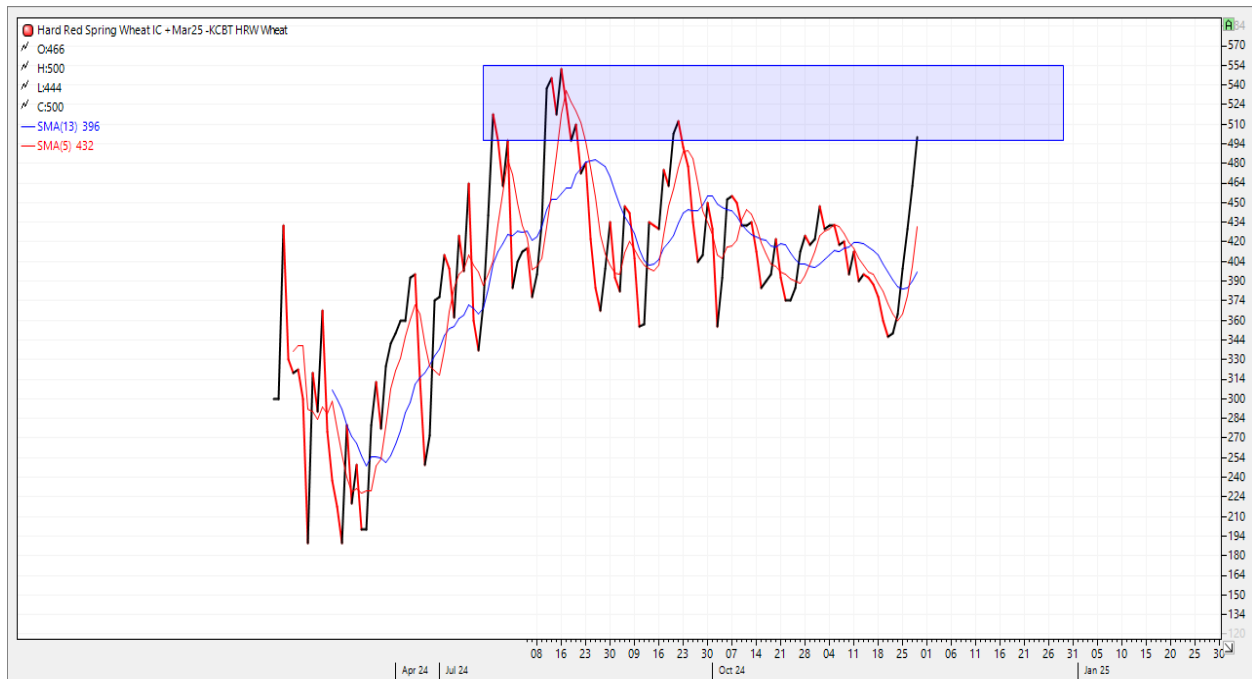
The grain markets had a couple days to digest the North American tariff threat, and judging by the 11-Week Closing Table on page 1...decided those threats are merely the beginning of negotiations, or something, and ignored it. And I suspect the latest Trump Tariff Threat will be ignored too.

One day...these Tariff Threats might become more than a threat, but... trying to front-run the markets is certainly not risk free.

We know the United States imports about 60 mil bu of Canadian spring wheat annually.

USA	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
HRS imports	66	48	67	88	67	52	47	43	56	63	60
HRS production	556	568	491	384	587	520	531	297	446	468	503

So with a 25% increase in the cost of Canadian wheat, those imports would shrink to 30 million (only half a year remaining), and the market seems to want to assume...that will be friendly the inter-market hard wheat spread, Minny – KC, shown here, bouncing last week up into previous overhead resistance above 50c:



Will this continue, on up into new highs? Is it really that easy??!!

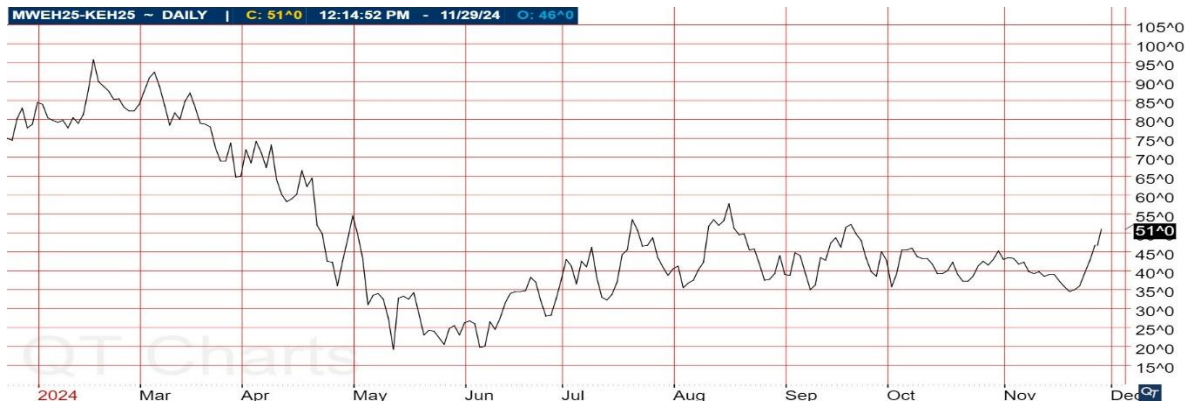
If so, everyone in the world should buy in all their short Minny spring wheat hedges, and put them into KC, and have on a massive spread.

Except for one little nagging thought...**what if it's ALL A NEGOTIATION TACTIC?**

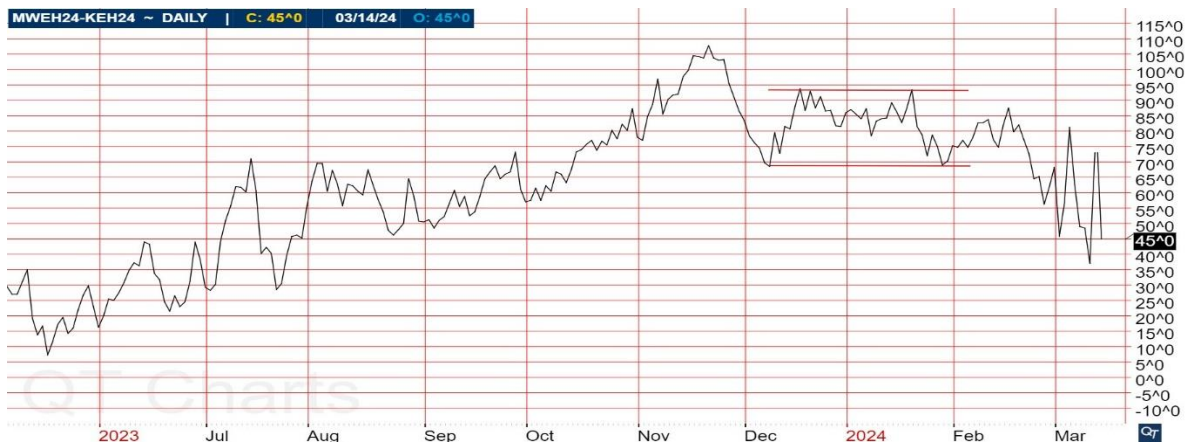
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I'm switching formats for consistency...these 3 are QT Market Center charts:

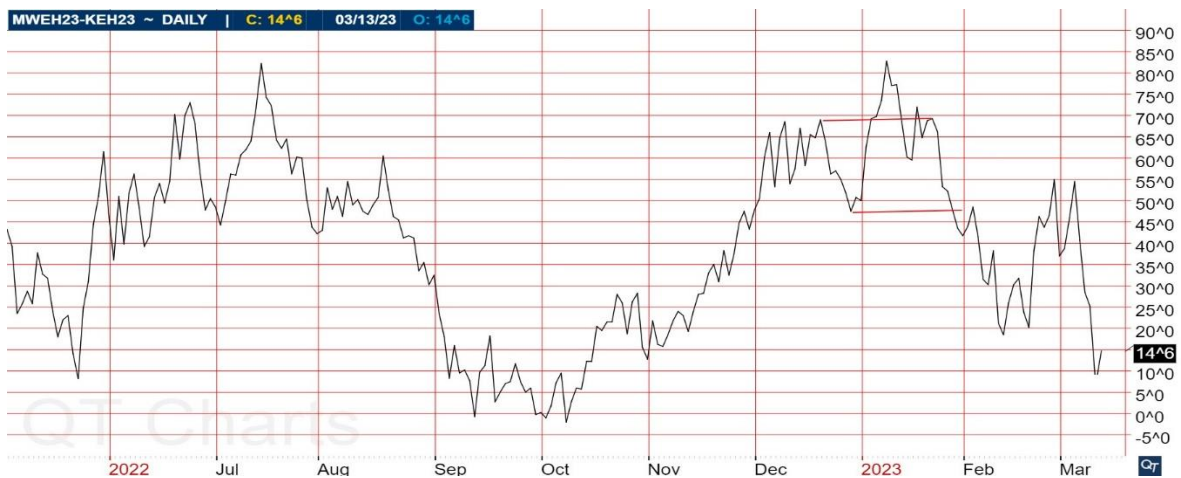
Current Mpls H 25- KC H 25, rallied 15c last week, the last week of November:



Last year's Mpls H 24 – KC H 24, rallied about 25c in early December, but broke hard later:



and also the year before that... Mpls H 23 – KC H 23, which saw a 15c chop in first half of December, and then break, but followed by a 30c rally first 2 weeks of January, then broke 60c:



Previous 2 years, that spread rallied and faded. January closed on previous lows and continued breaking down.

Fundamentally, if Canadian wheat imports are cut by 30 mil bu...we know the domestic miller will not run out of wheat but would pay whatever it takes to buy USA domestic spring wheat (possibly a **little** more HRW could be used) and keep running. The “basis” would do much of that work.

At the same time, will Canada do nothing? or will they look aggressively for new business (by weakening their Vancouver, BC or Thunder Bay export basis)?

And then of course... if the domestic spring wheat basis goes up a lot, and the Canadian export basis goes down, what will the USA spring wheat export basis do?

I’m not sure, but that sounds a bit tricky for them.

I would expect USA spring wheat exports then to tail off from the expected 265 mil bu...

USA	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
HRS exports	270	252	319	229	259	269	284	209	214	235	265

If the USA HRS exports fall off by 30 mil bu, that would offset the 30 mil bu not imported.

Anyway...this is tricky. Maybe some speculative potential both ways, up and down.

And/But/What... Not again, what if it’s all just a negotiation tactic?

We believe the new Mexican President Sheinbaum and Trump had a recent phone call:

<https://www.reuters.com/world/americas/mexican-president-says-did-not-discuss-tariffs-call-with-trump-2024-11-28/>

and we believe the Canadian Prime Minister Trudeau recently visited Trump in Florida:

<https://www.npr.org/2024/11/30/g-s1-36254/canadian-prime-minister-trudeau-florida-meet-trump-tariffs>

The fundamentals for Hard Amber Durum, which is used for spaghetti noodles and other pasta are tougher, as we import more Canadian durum than we overall export durum :

USA	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
HAD imports	50	34	30	52	52	41	37	41	51	45	45
HAD exports	37	29	25	18	22	42	28	15	23	27	25

And a 25% tariff on imported oats... would be chaotic.

USA	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
oats imports	109	86	90	89	86	92	85	81	84	74	74
oats production	70	90	65	50	56	53	66	40	58	57	68
oats exports	2	2	3	2	2	2	3	3	2	2	2

Please don’t force me to start ranting about **The Oatification of the Wheat Market.** again.

Anyway...expect some volatility in that Minny – KC spread, and ...it might not do what you expect.

What about corn? We sell a BUNCH of corn to Mexico. This paragraph is from <https://fas.usda.gov/sites/default/files/2024-11/grain.pdf>

In 2023/24 (Oct-Sep), the United States exported a record 24.5 million tons of corn to Mexico, far exceeding the 16.8 million tons exported to Mexico 2 years ago. Moreover, U.S. market share in Mexico reached 99 percent, the highest level in almost a decade. U.S. corn volume to Mexico in 2023/24 is the largest single-year trade volume to any destination in history and accounted for just over 40 percent of total U.S. corn exports.

Mexican USA corn imports are already “strained” due to a GMO potential ban, although so far that hasn’t been a real trade blocker.

And soybeans? We sell a BUNCH of soybeans to China, although not as much as we used to, because they have been able to source soybeans from Soth America.

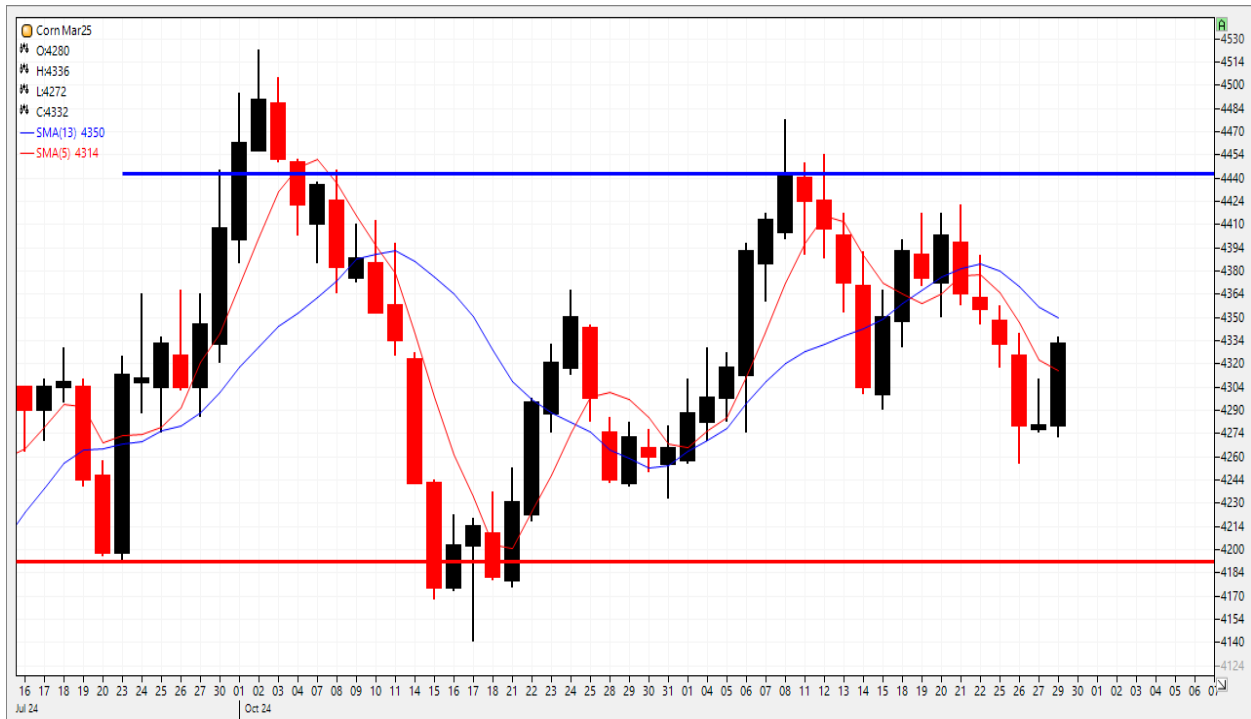
And do tariffs violate the current USMCA (United States Mexico Canada Agreement) which in 2018 was implemented in 2018 under the then Trump administration to replace the North American Free Trade Agreement (NAFTA) from 1998.

Anyway...we don’t really know ow any of this will shake out.

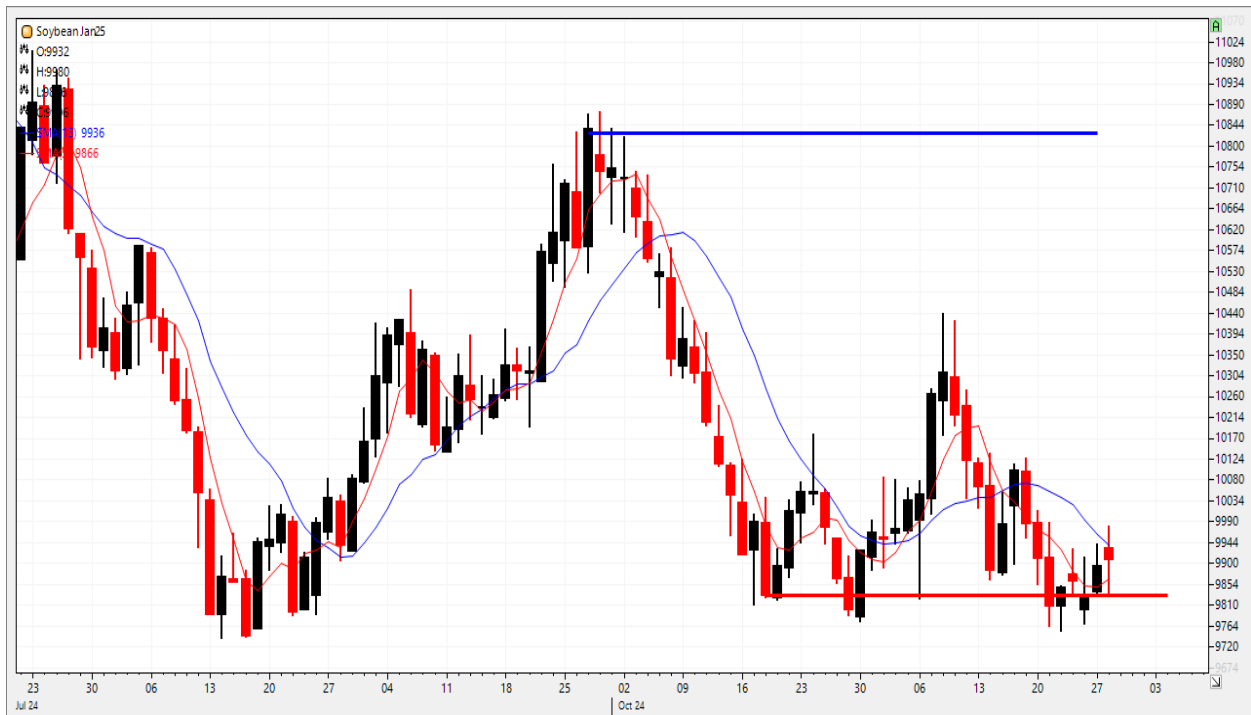
Here’s what we do know...so far, the USA Export Pace on soybeans is very fast, so we expect a huge slow down coming, although this week’s soybean export sales were HUGE at 91.5 mil bu. The corn export pace is lagging but is expected to increase soon as soybeans wane. However last week’s corn export sales were NOT good (less than 42 mil bu). Wheat export pace is also lagging what is needed to reach the current USDA all wheat export forecast, but had a decent week of export sales (13.5 mil bu).

WEEK ENDED (11/21/24)	Weekly loadings	Accumulated in season (FGIS)	Estimated fudge factor	Total loaded est*	USDA projection	Amount needed	Weeks to go	Bu per week needed
Corn	35.6	394.8	243	638	2,325	1687	40	42.2
Soybeans	77.2	723.4	52	775	1,825	1050	40	26.2
All wheat	13.2	392.6	19	412	825	413	27	15.3
Milo	4.7	35.0	5	40	220	180	40	4.5
LAST update								
Corn	32.3	356.8	243	600	2,325	1725	41	42.0
Soybeans	79.6	642.4	52	694	1,825	1131	41	27.6
All wheat	7.2	379.4	19	399	825	426	28	15.2
Milo	2.5	30.3	5	35	220	185	41	4.5

Net of all this info and unknown info is...we get a March corn chart going sideways:



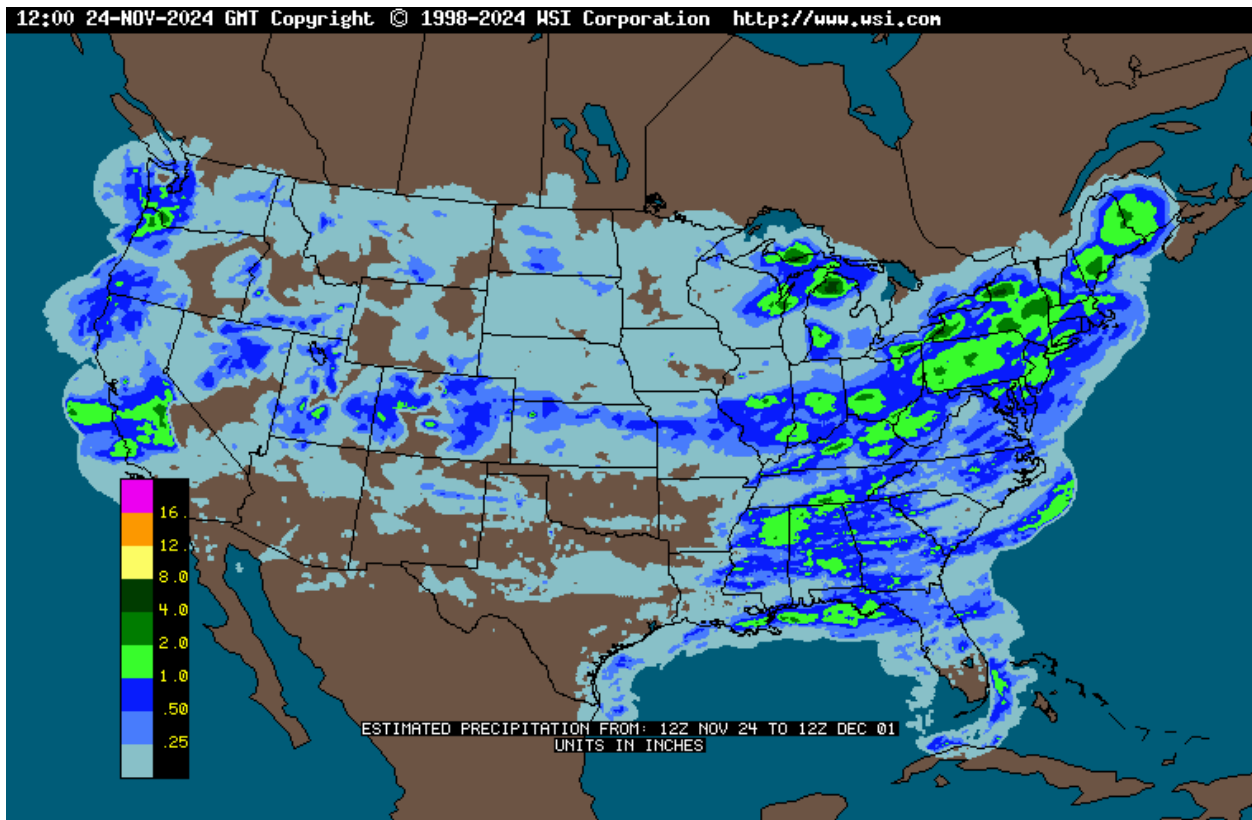
and a January soybean chart trying to not go significantly lower:



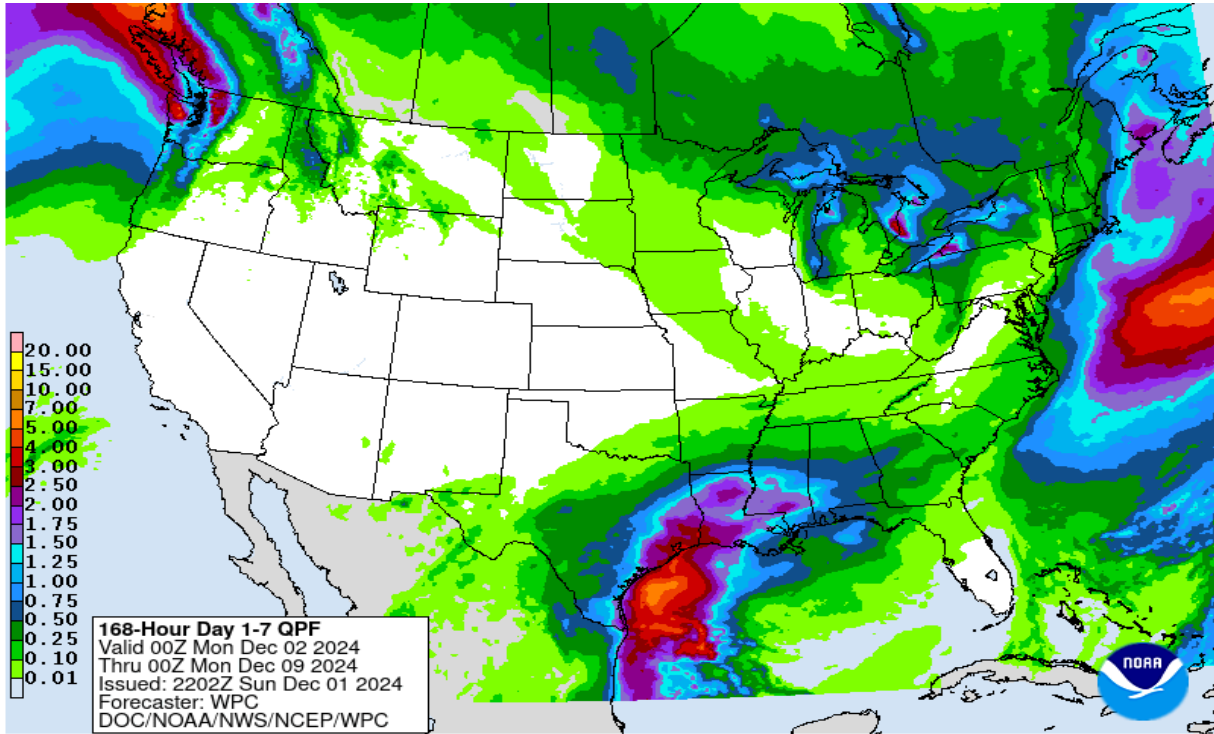
And the old-crop KC March chart...setting a new lower red line.



Even the Trump Tariff Threat has not been able to outweigh the decent prospects for new-crop winter wheat. Last week wasn't completely bone dry...



Although this week will be very dry:



Posted Gulf HRW bids were rolled to the March, quite firmly, only down a nickel when the actual KC Z-H spread was at least a dime wide, before collapsing with more deliveries than expected:

GULF date	12 pro	11's	diff	
11/29/2024	120	115	5	H
11/22/2024	125	120	5	Z
11/15/2024	125	120	5	
11/8/2024	125	120	5	
11/1/2024	125	120	5	
10/25/2024	105	100	5	
10/18/2024	105	100	5	

Here's that KC Dec -March calendar spread; I can only suspect some longs overstayed their hand:



Posted bids in the country for the most part rolled to the March. Some of these bids are higher with the Gulf. We'll learn more this week.

Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
11/29	\$4.51-\$4.71	\$4.41	\$4.41-\$4.41	\$4.08-\$4.36	\$4.73-\$5.21
11/22	\$4.74-\$4.94	\$4.59	\$4.59-\$4.59	\$4.44-\$4.54	\$4.94-\$5.34
11/15	\$4.60-\$4.80	\$4.45	\$4.45-\$4.45	\$4.30-\$4.40	\$4.80-\$5.20
11/08	\$4.84-\$5.04	\$4.69	\$4.68-\$4.69	\$4.54-\$4.64	\$5.04-\$5.44
BASIS	SE Colorado	Chey. Wells	Burlington	Holyoke	Roggen area
11/29(H)	-90, -70	-100	-100, -100	-133, -105	-68, -20
11/22(Z)	-80, -60	-95	-95, -95	-110, -100	-60, -20
11/15(Z)	-80, -60	-95	-95, -95	-110, -100	-60, -20
11/08(Z)	-80, -60	-95	-95, -95	-110, -100	-60, -20
Date	Concordia	Salina	Hutch/Wichita	Ark City	
11/29(H)	-58	-41, -36	-50, -21	-45	
11/22(Z)	-50	-30, -25	-39, -10	-50	
11/15(Z)	-50	-30, -25	-39, -10	-50	
11/08(Z)	-50	-30, -25	-39, -10	-50	

World wheat news...

India will be selling about a month's supply of government held wheat, according to this article. <https://www.zawya.com/en/world/indian-sub-continent/india-to-sell-25mln-t-wheat-from-state-stocks-to-flour-millers-xeuw4yqy> I think the article says they will sell it for 23,250 rupees/ton when the cash market is paying 32,000 rupees/ton. Sounds like someone...will do ok.

A couple weeks ago we read some Indian farmers were unable to find enough fertilizer.

This article says they're now struggling with Pink stem borer. <https://www.msn.com/en-in/news/India/hit-by-pink-stem-borer-infestation-farmers-in-several-malwa-districts-re-sow-wheat/ar-AA1v5DdZ?ocid=BingNewsSerp>

We'll try to wrap things up here.

Russia is tightening their wheat export controls, amid other price controls on vegetables and other staples. <https://www.bworldonline.com/agribusiness/2024/12/02/638443/russia-cuts-wheat-exports-in-move-to-contain-inflation/>

The idea of rising wheat prices seems incongruous when we look at the KC wheat chart on page 7, posting new lows, and trading down another 3c Sunday night. BUT...when we think of Russian wheat priced in Rubles/ton, they are getting more rubles per ton than almost ever, so ...all those rubles contribute to inflation of anything priced in local Rubles as currency, which is ...vegetables and other staples. And any trading partner holding Rubles, such as China, is not enjoying it. <https://www.newsweek.com/russian-ruble-plunge-hurting-chinese-companies-report-1993656>

Another article on the Russian ruble. <https://www.msn.com/en-us/money/other/ruble-collapse-will-it-have-impact-on-russia-s-war-in-ukraine/ar-AA1v1ku9?ocid=BingNewsSerp>

Enough.

I know where I hid the last piece of pie.

Have a good week. Stay Safe. Slow Down.

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