

Hello Colorado Wheat.

Ok, the Tariffs are finally here. Now what? That's the tricky part. What dance is unfolding before our eyes? Canada and Mexico slap retaliation tariffs, while we can only hope someone has more than a concept of a plan on these things. Kansas sang it best back in 1977, when they wondered "How long? How long, to the point of no return?" My hope is one day we won't have to cue up "Dust in the Wind" when we talk about the USA grain business.

Last week ended this way. Wheat had a good week, up 19c in KC and 21c in Minny, but corn's streak of setting new Blue numbers came to a halt, and soybeans' old-crop/new-crop inverse changed to a carrying charge market. Crude oil eased a bit, as did the stock market.

	KC MAR HRW	DEC 25 HRW	March CORN	DEC 25 CORN	Chgo H wheat	Springs MAR (H)	MAR'25 BEANS	NOV BEANS	Crude oil	S&P (H)
CLOSE	KWH25	KWZ25	CH25	CZ25	WH25	MWH25	SH25	SX25	CRD24	ES24
01/31	\$5.79	\$6.27	\$4.82	\$4.60	\$5.60	\$6.16	\$10.42	\$10.51	\$72.53	\$6067
01/24	\$5.60	\$6.08	\$4.87	\$4.61	\$5.44	\$5.95	\$10.56	\$10.49	\$74.66	\$6133
01/17	\$5.49	\$5.97	\$4.84	\$4.56	\$5.39	\$5.84	\$10.34	\$10.28	\$77.39	\$6034
01/10	\$5.52	\$5.99	\$4.71	\$4.51	\$5.31	\$5.84	\$10.25	\$10.31	\$75.75	\$5866
01/03	\$5.39	\$5.86	\$4.51	\$4.41	\$5.29	\$5.78	\$9.92	\$10.08	\$73.96	\$5990
12/27	\$5.55	\$6.00	\$4.54	\$4.41	\$5.47	\$5.95	\$9.90	\$10.05	\$70.60	\$6027
12/20	\$5.45	\$5.90	\$4.46	\$4.38	\$5.33	\$5.90	\$9.79	\$9.87	\$69.46	\$6002
12/13	\$5.57	\$6.01	\$4.42	\$4.39	\$5.52	\$5.99	\$9.95	\$10.06	\$71.09	\$6056
12/06	\$5.54	\$5.97	\$4.40	\$4.37	\$5.57	\$5.97	\$9.99	\$10.05	\$67.20	\$6099
11/29	\$5.41	\$5.86	\$4.33	\$4.32	\$5.48	\$5.92	\$9.96	\$10.11	\$68.00	\$6052
11/22	\$5.66	\$6.08	\$4.35	\$4.36	\$5.65	\$6.01	\$9.92	\$10.09	\$71.27	\$5987

Sunday nite action shows corn and beans down 6 to 7c, with KC wheat down 2 to 3c and Minny up a couple, and poor old oats up 17 to 23c! The USA oat industry is in for some rough times.

Don't look Ethel (but it was too late) said Ray Stevens back in 1974, probably singing about the stock market, which is currently down 100 points. I think it was mooned.

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

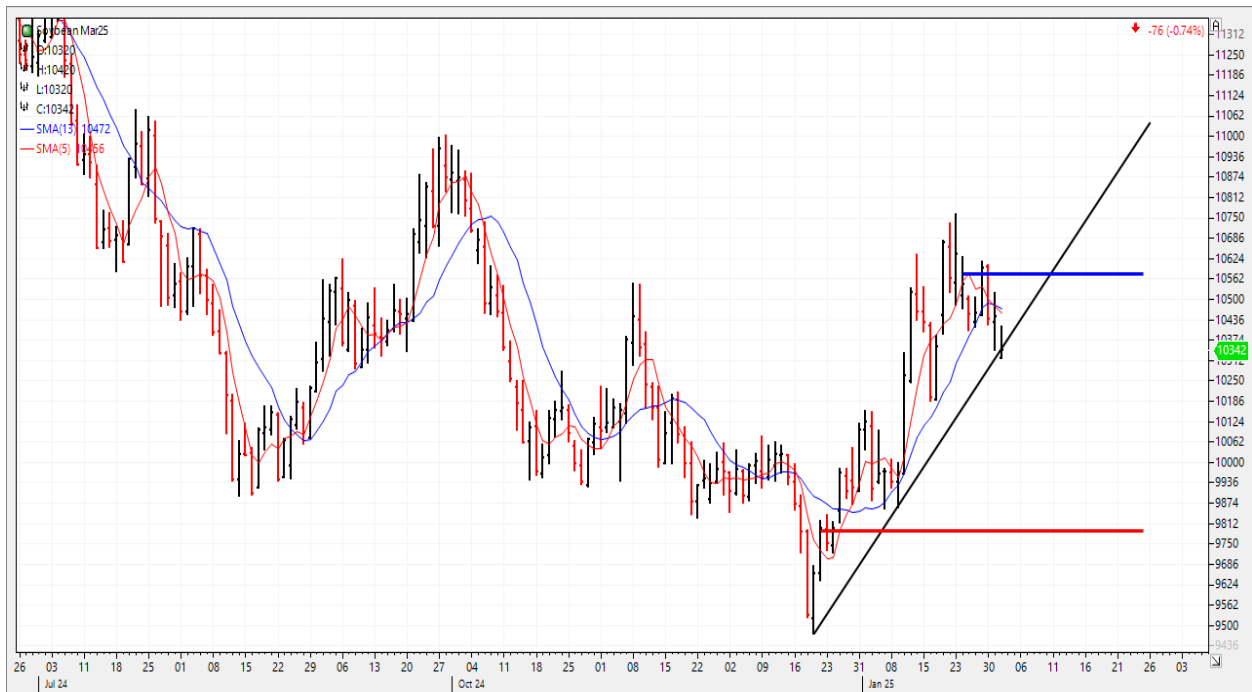
Before we get into it deeper, for the record, my favorite Ray Stevens tune was Gitarzan, about a guitar player in the jungle, with his wife Jane doing back up vocals, and their pet monkey banging the bongos... “On a Saturday night...Jane gets right and the monkey gets tight and their voices unite in the pale moon light, and it sounds alright. It’s dynamite! It’s outta sight...”

Anyway...

Here’s the March-Nov old-crop/new-crop soybean spread:



China was “only” dinged a 10% tariff, and Brazil soybean harvest continues to very slowly progress through rain delays, but this March soybean chart looks top heavy, currently testing that uptrend line. We’ll see how the week finishes, but it’s not starting very good.



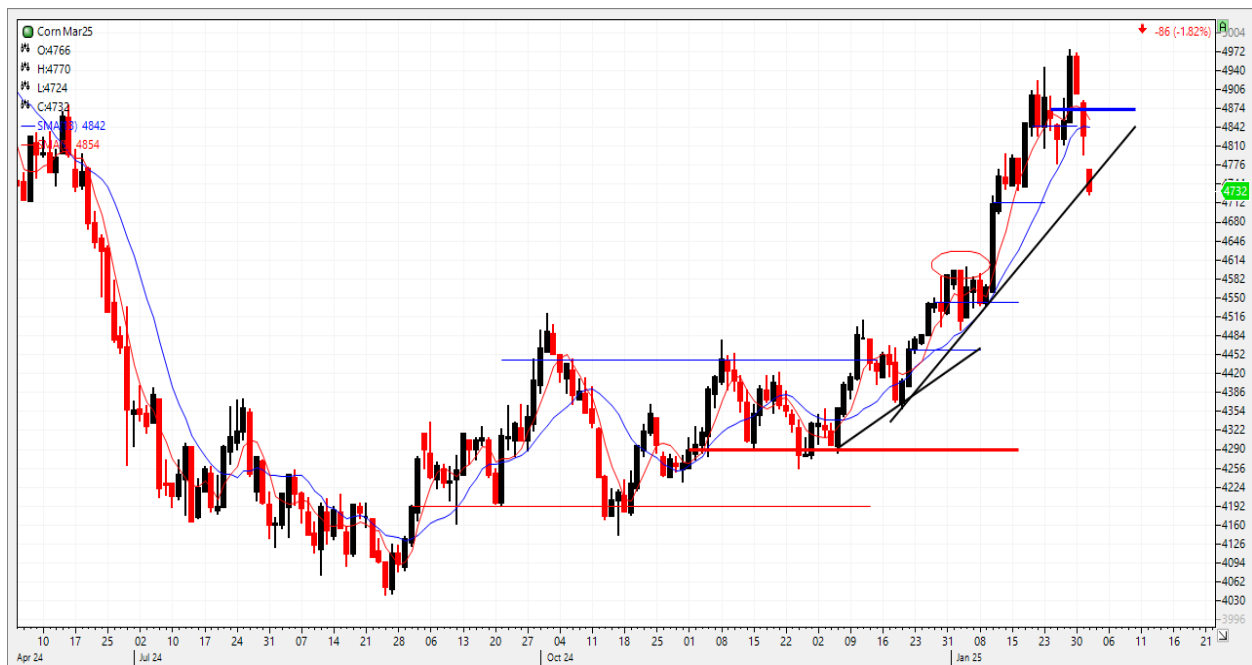
One thing possibly supportive to USA soybeans is the tariff on Canada includes their canola oil, although I assume USA soyoil exports will find increased competition from Canadian canola oil.

Last week's USA soybean export pace was the lowest since last end of September, and soybean export sales were only 16 mil bu.

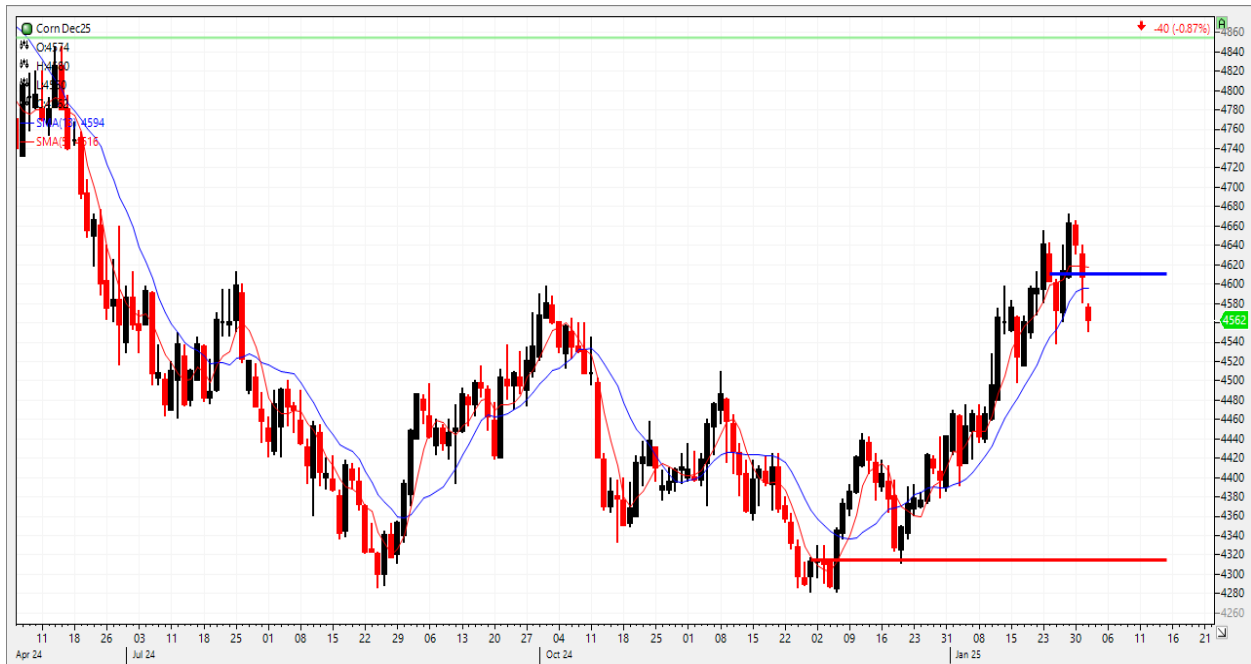
WEEK ENDED (01/23/24)	Weekly loadings	Accumulated in season (FGIS)	Estimated fudge factor	Total loaded est*	USDA projection	Amount needed	Weeks to go	Bu per week needed
Corn	49.1	806.9	243	1050	2,450	1400	32	43.8
Soybeans	26.8	1213.8	52	1266	1,825	559	32	17.5
All wheat	17.8	505.7	19	525	850	325	19	17.1
Milo	0.03	54.4	5	59	220	161	32	5.0
LAST update								
Corn	60.7	758.8	243	1002	2,450	1448	33	43.9
Soybeans	35.8	1186.7	52	1239	1,825	586	33	17.8
All wheat	9.6	487.9	19	507	850	343	20	17.2
Milo	0.4	54.4	5	59	220	161	33	4.9

Corn loadings and sales weren't too bad, but surely the market is nervous about continued Mexican corn business. Total USA corn commitments (loadings + sales) are 1.7 bil bu, and Mexico is 37% of that. The longer this Trade War drags out, the incentive for Mexico to buy South American corn increases.

Here's March corn, also testing an uptrend line, but with a nasty looking "gap lower"...



I don't have any old-crop corn to sell, but if I did, I'd hate that gap lower. I haven't sold any of next year's corn, as my \$4.85 Dec corn wasn't triggered last week, and this Dec corn (new-crop) chart isn't exactly confidence inspiring:



The “good news” is South American “second season” corn planting season has been delayed in Brazil because it’s too wet, and in Argentina corn crop conditions are too dry.

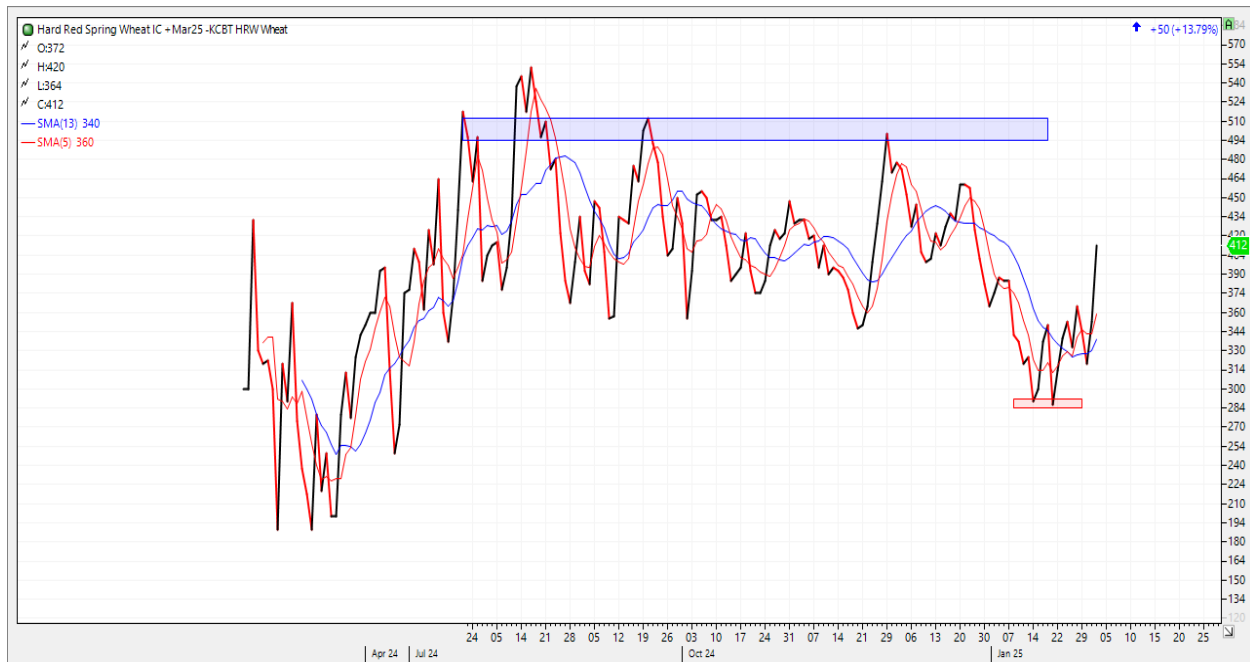
The FAS branch of the USDA issued a GAIN report on Jan. 24 on Argentina: Grain and Feed update where the USDA Ag Attache dropped their corn estimate to 49 mmt ; the current USDA WASDE estimate is 51 mmt so I suspect the Feb WASDE will give us a South American revised slightly lower estimate...

https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Grain%20and%20Feed%20Update_Buenos%20Aires_Argentina_AR2025-0001.pdf

The calendar says we’ll be talking about USA corn planting in a couple months, and with some luck we’ll be done talking about tariffs on Mexico by then.

In a couple months, the wheat market will be talking about spring wheat planting too, but USA HRW conditions will have dominated the headlines for quite a while by then. Right now, the crop is dormant, and so is the new-crop market buzz. What the current buzz of course is tariffs and Canada, including oats, and spring wheat.

We see the MIAx spring wheat – KC HRW futures spread moving up past 40c in early Sunday night action, now half way between “too cheap” and “too expensive’... :



USA millers have been slow to admit any concerns about their spring wheat grind, which is composed of about 25% Canadian wheat nationwide on average, so the USA wheat millers might have to do a little scrambling, but I doubt we'll see any panic.

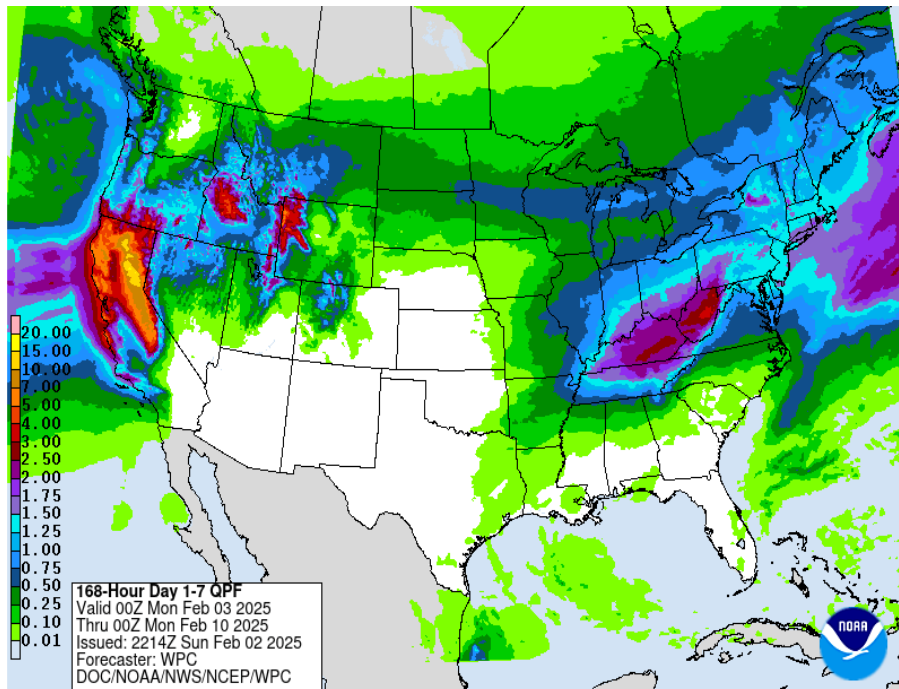
I'm not certain USA oat millers can avoid panic, though as the averages indicate about 86% of oats ground in The States come from Canada.

I don't expect to see any panic from USA wheat exporters either, although maybe they should. Mexico is BY FAR the single largest USA wheat customer, accounting for about 18% of USA wheat exports.

Here's KC March wheat trying to keep working in an up-trending "channel", but you can see a lot of previous resistance at the \$5.90 area:



Besides government actions, we know weather is a market mover, but when wheat's sleeping, it's hard to get excited about a dry weekly forecast. Six weeks from now, the focus will be different.



Texas Gulf HRW basis bids are snoozing too:

GULF date	12 pro	11's	diff
1/31/2025	125	115	10
1/24/2025	125	115	10
1/17/2025	125	115	10
1/10/2025	125	115	10

As are the posted basis bids in the country, although we do see a better bid in SE Colorado, but a weaker bid in a SE Kansas Tedrminal:

Date	SE Colorado	Chey. Wells	Burlington	Holyoke area	Roggen area
01/31	\$4.84-\$5.09	\$4.84	\$4.79-\$4.84	\$4.64-\$4.84	\$5.11-\$5.59
01/24	\$4.65-\$4.90	\$4.60	\$4.60-\$4.60	\$4.45-\$4.65	\$4.92-\$5.40
01/17	\$4.54-\$4.79	\$4.49	\$4.49-\$4.49	\$4.34-\$4.54	\$4.81-\$5.29
01/10	\$4.57-\$4.82	\$4.52	\$4.52-\$4.52	\$4.37-\$4.57	\$4.84-\$5.32
01/03	\$4.44-\$4.69	\$4.39	\$4.39-\$4.39	\$4.24-\$4.34	\$4.71-\$5.19
BASIS	SE Colorado	Chey. Wells	Burlington	Holyoke	Roggen area
01/31(H)	-95, -70	-95	-100, -95	-115, -95	-68, -20
01/24(H)	-95, -70	-100	-100, -100	-115, -95	-68, -20
01/17(H)	-95, -70	-100	-100, -100	-115, -95	-68, -20
01/10(H)	-95, -70	-100	-100, -100	-115, -95	-68, -20
01/03(H)	-95, -70	-100	-100, -100	-115, -105	-68, -20
Date	Concordia	Salina	Hutch/Wichita	Ark City	
01/31(H)	-60	-40, -30	-50, -20	-55	
01/24(H)	-60	-40, -30	-50, -20	-50	
01/17(H)	-60	-40, -30	-50, -20	-50	
01/10(H)	-60	-40, -30	-50, -20	-50	
01/03(H)	-60	-40, -30	-50, -20	-50	

How long before the point of no return? We don't know. If things get worked out soon, rallies will resume. If things don't get worked out for a while, and uncertainty increases, then all usa markets will start probing for a bottom.

World wheat news is basically watching to see how this Tariff Trade War plays out.

Switching gears...

We all make bad trades from time to time. I saw this tall office building in downtown Minneapolis, MN sold for \$6.25 million. The owners bought it in 2016 for \$200 million... they lost \$194 million on one building. Yikes. <https://bringmethenews.com/minnesota-business/after-being-bought-for-200m-in-2016-minneapolis-office-tower-sells-for-reported-6-25m>

Have a good week. Stay Safe. Slow Down.