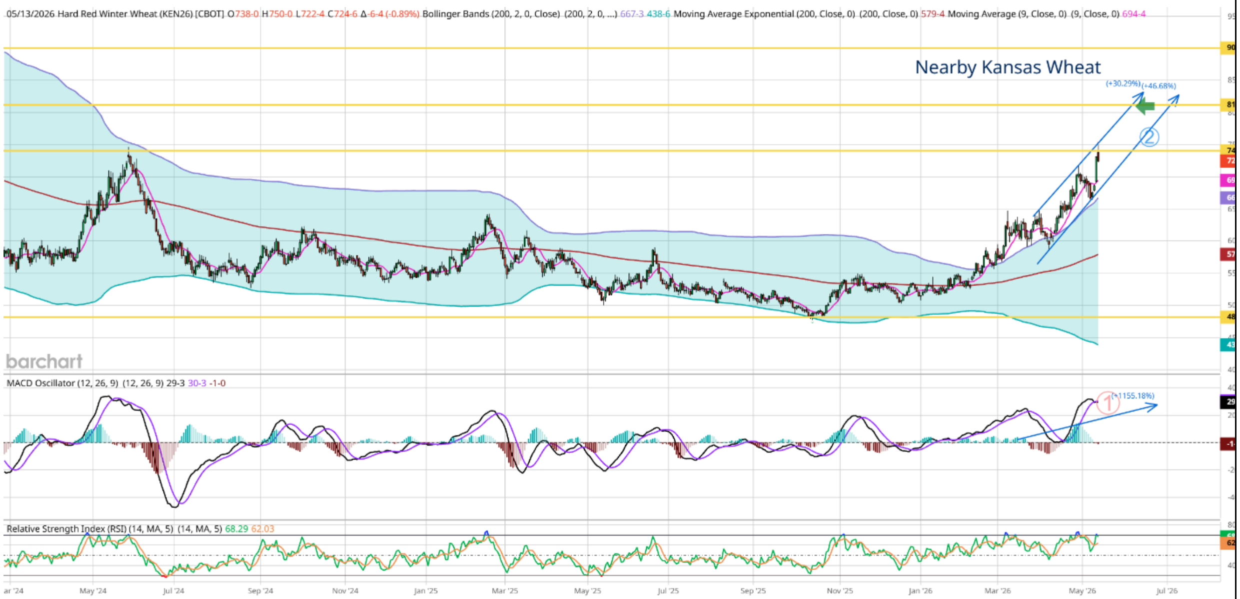
COMMODITY: KANSAS WHEAT

Wednesday, May 13, 2026

CHART: ***HARD RED WINTER WHEAT DEC '26 (KEZ26)***



On the Technical side of things.
Bullish breakout in progress.

Kansas Wheat has broken out of a multi-year downtrend and is forming a new **upward channel (2)**. Price is currently at ~725 with strong momentum.

Next target: **811** (clearly marked on chart, ~+12% from here)
Further potential: 900+ zone if momentum continues

Technicals are supportive (price above key MAs, bullish MACD, RSI not yet overbought).

Overall: Strong reversal setup with good upside potential in the near term, provided it holds above the breakout zone (~680-700).

Technicals (December 2026 KC HRW Wheat futures – KEZ26)

December contract settled around **$7.54–$7.58/bu** on May 13 (trading near $7.54–$7.62 intraday, following a strong rally on May 12 with limit-up moves in nearby contracts on the USDA report). Prices had surged from the $6.00–$6.80 area in April to over $7.50 on crop concerns.

- **Key Support and Resistance**: Support at $7.20–$7.30 (recent breakout area), then $7.00 and $6.80–$7.00. Resistance near $7.60–$7.70 initially, with potential targets $8.00+ if momentum continues.
- **Recent Trend**: Strong **uptrend** in the short term. Prices broke higher on fundamental shocks, showing higher highs and lows.
- **Notable Breakouts/Breakdowns**: Major bullish breakout and limit-up moves (especially May 12) following the USDA production cuts. No breakdowns; strength dominated.
- **Long-term vs Short-term Structure**: Short-term bullish surge. Longer-term (from early 2026 lows), a clear recovery and uptrend shift driven by tightening supplies.
- **Chart Patterns**: Bullish impulse/breakout from prior consolidation. Potential flag or continuation patterns resolving higher on news.
- **Moving Averages**: Price well above key short- and intermediate-term MAs (e.g., 20/50-day), confirming the uptrend.
- **RSI/Momentum**: Likely elevated/approaching overbought after the sharp rally, but momentum remains supportive of bulls in the near term.
- **Volume Behavior**: Elevated volume on upside breakout days, reflecting strong participation on crop news.

Overall technical bias: Bullish, with upside continuation potential, though near-term pullbacks/consolidation possible after the violent move higher.

FUNDAMENTALS:

Crop conditions remain critically poor, with the USDA releasing sharply lower production forecasts.

- **Crop Conditions and Yield Expectations**: Kansas winter wheat rated **21% very poor, 30% poor, 32% fair, 16% good, 1% excellent** (week ending May 10). Nationally, ~40% poor/very poor. Kansas-specific: ~51% poor/very poor. Wheat Quality Council tour (ongoing) showed low yield estimates (e.g., ~38 bpa in northern Kansas on day 1, well below average).

- **USDA Reports/Revisions**: May 12 Crop Production report: U.S. winter wheat production forecast at **1.048 billion bu** (down 25% from 2025). All-wheat production **1.561 billion bu** (down 21%, smallest in decades). HRW hardest hit (lowest since 1957 in some metrics). Kansas production ~214.6 million bu (vs. ~347 million last year), yield ~37 bpa. High abandonment rates.

- **Global Demand/Exports**: Tight U.S. supplies supportive, though competition exists. Exports likely to be lowered due to smaller crop.

- **Carryout and Ratios**: U.S. ending stocks projected tighter (e.g., ~762 million bu for 2026/27 vs. higher prior). Low stocks-to-use ratio bullish.

- **Macro/Currency**: Weather, USD, and global production (e.g., Black Sea, Australia) remain factors. Recent rally priced in U.S. tightness.

Fundamentals: Strongly bullish due to severe domestic supply reduction from drought and freeze damage.

THOUGHTS:

Market sentiment: Strongly **bullish**. The market is pricing in a significantly smaller U.S. crop, higher abandonment, and tighter new-crop balances, with a risk premium for further weather deterioration.

The sharp rally (limit moves) reflects the shock from USDA numbers and tour feedback.

Divergence: Price action has aligned well with deteriorating fundamentals, though global supplies or weather relief could cap gains.

Risk factors: Improved rainfall forecasts, better global crops, or demand rationing at higher prices.

Upcoming catalysts: Continued Wheat Quality Council tour results, weekly crop progress, weather patterns into summer, and export sales data.

Recommendations

Futures accounts: These fast-moving markets are highly risky. With the potential for a further rally a long passion would be less risky than a short position.

Elevator Contracts / Timeframes: Producers may consider **Futures only Contracts as basis is wide.**

30/60 days: Bullish bias likely to hold into summer on weather dependency.

90/120 days: Monitor for harvest pressure or new information; fundamentals favor strength but volatility high. Basis opportunities key locally.

Markets are highly weather-sensitive and volatile—stay updated with real-time USDA reports, charts, and local conditions. This reflects data available as of May 13, 2026.