



# CASH WHEAT REPORT

## Cash Wheat Market

There has been more trade in the HRW/SRW market as harvest winds down in many areas & shippers need to sell a few cars and/or sell deferred positions to lock in cash carry. Anyone who has storage will carry wheat into the fall & determine then whether they need to make space. However, record grower sales has left everyone long cash wheat & with no reason to push their basis to buy wheat from anyone.

The question is what does the market do with this low protein HRW? The HRW b/s needs to compete for the 11%-12% dry matter protein markets they saw last year; Algeria/Morocco/Tanzania/Egypt. Growers have sold 70%+ of the crop & the MM funds bought the hedges. How do they get out of this long if HRW is non-competitive & the shippers are willing to carry this wheat into J/F/M or later?

Gulf HRW has been looking for bids in the nearby, especially for low protein wheat. There were a few trades in the August & forward positions for low protein wheat. The domestic mills have been showing interest for 11.5% protein as they try to keep their pipeline full rather than pay the cash carry to buy deferred positions, with 11.5% protein closing up 8-10 ct/bu today. The SRW CIF market saw several trades today at the bid side of the market, while the domestic market is not well defined with 10-20 ct/bu bid/offer spread. The domestic spring wheat market closed on a weaker tone with fewer cars offered for sale today. PNW exporters have Japan & Taiwan scheduled tenders this week for August/September positions total 165+kmt. PNW basis is called unchanged has exporters wait with hope & prayer the grower will sell these high prices, similar to the gulf.

Wheat stocks grew just 0.155 mbu at the KCBT last week. Gains of 2.616 mbu and 1.201 mbu were seen at the CBOT and MGEX respectively.

Deliverable Stocks as of July 14, 2017				
Date	14-Jul	Wk Ago	Change	YR Ago
KCBT	123,435	123,280	155	107,818
CBOT	93,783	91,167	2,616	78,145
MGEX	19,281	18,080	1,201	22,321

## Hard Red Winter

Harvest is winding down & a few elevators find they need to sell some cash wheat to make space or deferred basis to lock in cash carry & reduce risk. Grower sales have been 70%+ & there hasn't been evidence of a lot of cash trade. The majority of the market is willing to be



long the basis & carry forward. Since there are not a lot of deferred bids for low protein they're forced to carry rather than sell what they believe to be a very low fob elevator bid.

O/N/D and J/F/M low protein HRW trains traded at +25 the option today. 11's traded at +65 KWU for August. J/F/M 12% pro trains traded at +150 KWH as well.

Gulf Track HRW 12% protein: July 145/155 KWU, Aug+145/155 KWU, Sep +150/160 KWU, O/N/D +150/NO KWZ, J/F/M +145/155 KWH8, A/M +135/150 KWK8. 11% protein Jul +50/65 KWN, A/S +50/65 KWU, J/F/M +60/70 KWH.

The KC spot market closed up a dime for 11.4's and up 8 ct/bu for 11.6's.

	Premium		Change		Premium		Change	
ord	7	to 17	0	0	12.60	105 to 115	0	0
11.00	50	to 60	0	0	12.80	150 to 160	0	0
11.20	60	to 70	0	0	13.00	180 to 190	0	0
11.40	70	to 80	10	10	13.20	180 to 190	0	0
11.60	73	to 83	8	8	13.40	180 110 190	0	0
11.80	80	to 90	0	0	13.60	180 to 190	0	0
12.00	95	to 105	0	0	13.80	180 to 190	0	0
12.20	95	to 105	0	0	14.00	190 to 200	0	0
12.40	95	to 105	0	0				

Yesterday was the last day of the delivery period. The final results show SG Americas delivered a net 200 contracts and ABN Amro stopped 194, with a myriad of other deliveries and stops of much smaller quantities by other players. The table below shows the cumulative deliveries, with the differences between deliveries stopped and deliveries issued shown in the right hand column, where red (negative) difference indicates they delivered the receipts and a black (positive) difference indicates they stopped the receipts.

Firm #	Firm Name	HRW Deliveries		Difference
		Issued	Stopped	
39	CHS	10	10	0
140	E.M. Combs	195	195	0
159	ED&F Man Cap	19	19	0
197	UBS	1	0	(1)
365	ED&F Man Capita	1	1	0
405	Intl FC Stone	82	60	(22)
685	R.J. O'Brien	2	2	0
737	Advantage	184	166	(18)
800	Rosenthal	25	55	30
895	Cunningham	393	405	12
905	ADM	155	155	0
125	ABN Clr Chgo	203	203	0
150	Dorman Trd	3	3	0
314	Shatkin Arbor	18	18	0
363	Wells Fargo	609	608	(1)
690	ABN Amro Clr	43	237	194
714	SG Americas	280	80	(200)
878	Phillip Capital	48	48	0
660	JP Morgan	0	6	6
<b>BALANCE</b>		<b>2,271</b>	<b>2,271</b>	



KCBT total wheat stocks were little changed last week, with gains in Salina (306 kbu) and Wichita (298 kbu) mostly offset by a reduction in Hutchinson stocks (546 kbu).

KCBT Deliverable Wheat Stocks				
Date	14-Jul	Wk Ago	Change	YR Ago
Hutchinson	29,733	30,279	(546)	30,993
KC	12,026	11,929	97	9,624
Salina	37,727	37,421	306	29,596
Wichita	43,949	43,651	298	37,605
<b>Total</b>	<b>123,435</b>	<b>123,280</b>	<b>155</b>	<b>107,818</b>

Daily received/load-out from Kansas City (reported by CME, close of business 7/17):  
Hutchinson: 21.839/0.716 kbu, KC: 71.0/17.432 kbu, Salina: 46.517/4.308 kbu, Wichita:  
509.871/133.827 kbu.

## Soft Red Winter

There were several trades today in the nearby cif market with afloat trade +37 WU7, July traded +39-40 WU, & August traded +42 – 43 WU7. October was close at +53-55 WZ7. The domestic market was dead since everyone has been able to buy all the excellent quality they want at harvest. Mills had shown some interest for deferred months at values +10-25 over delivered their mill, with Fostoria at +10 the option (they're closest to Toledo warehouses)

CIF barge bid/offer: Jul +37/40 WU, Aug +40/47 WU, Sep +50/NO WU, Oct +50/NO WZ, Nov +50/NO WZ, Dec +50/NO WZ, J/F/M +45/NO WH, J/J +30/NO WN8.

Elevator/Mill Bids: NW Ohio mill bids: Jul/Aug/Sep +10 WU; Chicago elevator: Jul -20 WU, Aug/Sep -15/-10 WU; Toledo elevator: Jul/Aug -15 WU, Sep -15 WU; Eastern Indiana mill: Jul +25 WU, Aug +25 WU, Sep +35 WU.

Yesterday was the last day of the delivery period. The final results show JP Morgan delivered a net 162 contracts, Wells Fargo stopped 128, and ABN Amro stopped 34. The table below shows the cumulative deliveries, with the differences between deliveries stopped and deliveries issued shown in the right hand column, where red (negative) difference indicates they delivered the receipts and a black (positive) difference indicates they stopped the receipts.



Firm #	Firm Name	SRW Deliveries		Difference
		Issued	Stopped	
363	Wells Fargo	51	179	128
385	Wedbush	49	49	0
685	R.J. O'Brien	3	3	0
690	ABN Amro	61	95	34
800	Rosenthal	197	197	0
905	ADM	98	98	0
140	E.M. Combs & Son	16	16	0
159	ED&F Man	107	107	0
210	Term Comm	7	7	0
405	Intl FC Stone	117	117	0
407	Straits Fin LLC	10	10	0
660	JP Morgan	249	87	(162)
100	Century Group	34	34	0
314	Shatkin Arbor	60	60	0
737	Advantage	5	5	0
135	Rand Financial	4	4	0
<b>BALANCE</b>		<b>1,068</b>	<b>1,068</b>	

CBOT total wheat stocks grew 2.616 mbu last week, with all delivery points seeing additions.

CBOT Deliverable & Non-Deliverable Wheat Stocks				
Date	14-Jul	Wk Ago	Change	YR Ago
<b>Chicago</b>	8,811	8,730	81	8,963
<b>Miss. River</b>	20,435	20,249	186	14,994
<b>NW Ohio</b>	12,847	12,212	635	11,530
<b>Ohio River</b>	21,279	20,395	884	18,709
<b>St. Louis</b>	5,083	4,951	132	4,036
<b>Toledo</b>	25,328	24,630	698	19,913
<b>Total</b>	<b>93,783</b>	<b>91,167</b>	<b>2,616</b>	<b>78,145</b>
<b>Non-Deliver</b>	<b>7,651</b>	<b>7,578</b>	<b>73</b>	<b>14,685</b>
<b>Net-Deliver</b>	<b>86,132</b>	<b>83,589</b>	<b>2,543</b>	<b>63,460</b>

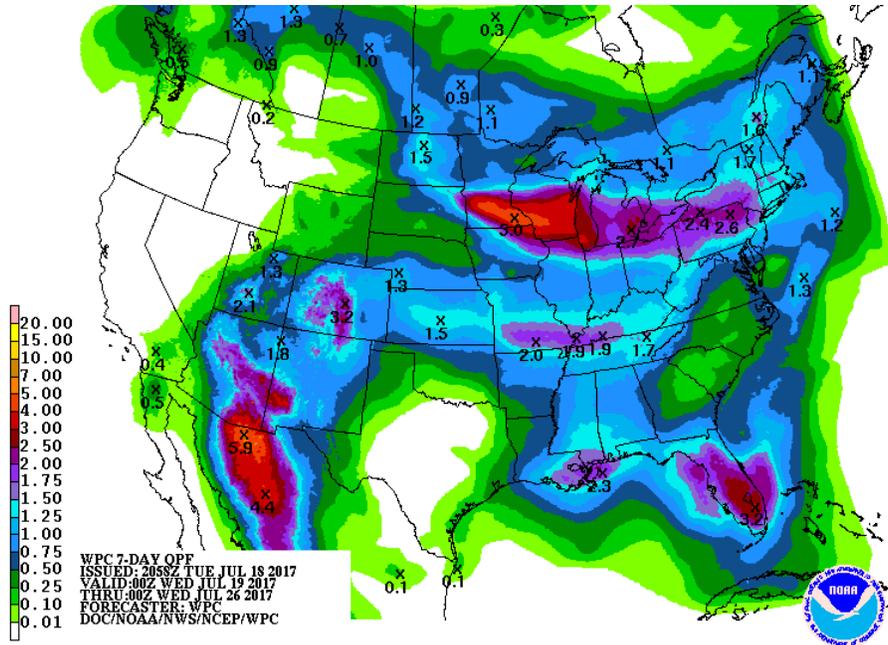
Daily received/load-outs from Chicago (reported by CME, close of business 7/17): Chicago: 14.374/0 kbu, MS River: 81.691/142.081 kbu, NW Ohio: 109.246/2.511 kbu, OH River: 241.058/215.299 kbu, St. Louis: 181.766/64.952 kbu, Toledo: 398.674/0.212 kbu.

## Hard Red Spring

There were 38 singles and two trains for sale on the spot market today. 14% protein cars traded unchanged on the low side at +80 MWU and down 4 ct/bu at +115 MWU on the high side. 14.5% pro cars were traded down 15 ct/bu at +95 MWU on the low side and up 2 ct/bu on the high side at +120 MWU. 15% pro singles were bid up 5 ct/bu at +130 MWU on the low side and traded down 30 ct/bu at +155 MWU on the high side.



Central and eastern North Dakota could see over an inch of rain this week.



Yesterday was the last day of the delivery period. The final results reveal Wells Fargo delivered 500 contracts, JP Morgan delivered 86, CHS stopped 559, and ADM stopped 27. The table below shows the cumulative deliveries, with the differences between deliveries stopped and deliveries issued shown in the right hand column, where red (negative) difference indicates they delivered the receipts and a black (positive) difference indicates they stopped the receipts.

Firm Name	HRS Deliveries		Difference
	Issued	Stopped	
CHS	414	973	559
Wells Fargo	500	0	(500)
ADM	137	164	27
Wedbush	3	3	0
SG Americas	313	313	0
Rosenthal	48	48	0
JP Morgan	86	0	(86)
	0	0	0
<b>BALANCE</b>	<b>1,501</b>	<b>1,501</b>	



MGEX total wheat stocks rose 1.201 mbu, led by a 1.495 mbu increase in Duluth/Superior.

MGEX Deliverable Wheat Stocks				
Date	14-Jul	Wk Ago	Change	YR Ago
Mpls	3,504	3,798	(294)	8,580
Duluth	15,777	14,282	1,495	13,741
<b>Total</b>	<b>19,281</b>	<b>18,080</b>	<b>1,201</b>	<b>22,321</b>

Daily received/load-out from Minneapolis & Duluth (reported by MGEX, close of business 7/17):  
Minneapolis: 18/9 kbu, Duluth: 513/83 kbu.

## PNW

PNW exporters have Japan & Taiwan scheduled tenders this week for August/September positions total 165+kmt. PNW basis is called unchanged has exporters wait with hope & prayer the grower will sell these high prices, similar to the gulf.

Japan MAFF tender is in seeking 89.443 kmt of wheat from US and Australia. The tender includes 14.5 kmt WW, 10.11 kmt HRW, 32.03 kmt DNS, and 29.85 kmt ASW. Taiwan has also issued a tender for two cargos for Sep-Oct shipment.

## PNW Track/barge bids:

Shipment Period	DNS 14%	HRW 11.5%	WW 10.5%
July	+120 MWU	+95 KWU	\$5.45/bu
Aug/Sep	+120/125 MWU	+95/95 KWU	\$5.45/\$5.55/bu
Oct/Nov	+130/135 MWZ	+85/85 KWZ	\$5.60/\$5.65/bu

## World Wheat News

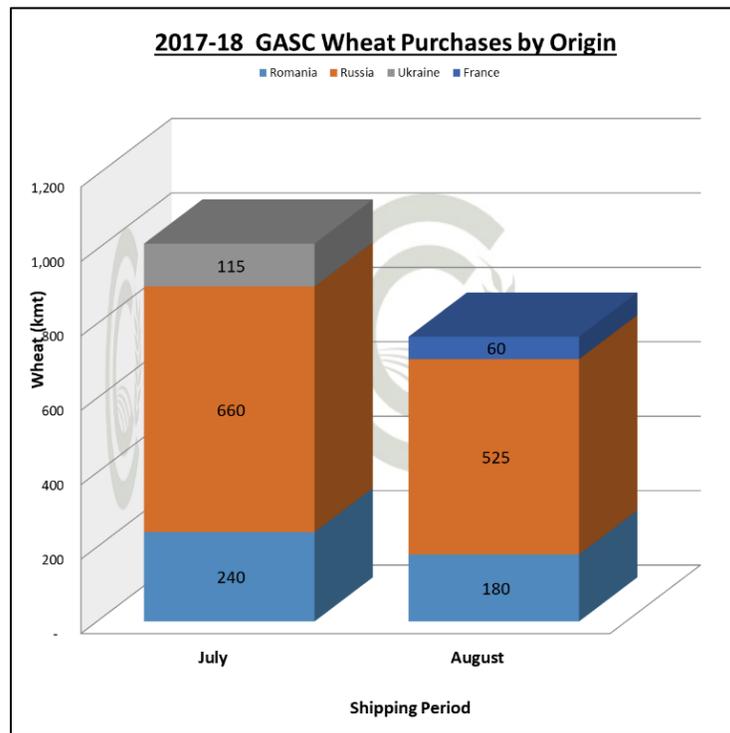
GASC purchased 300 kmt of wheat for August 21-31 shipment. The consignment included 120 kmt of Russian wheat at \$219.60-219.70/mt C&F, 120 kmt Romanian at \$219.60-219.70/mt C&F, and 60 kmt of French at \$220.85/mt C&F.

GASC purchased 300 kmt of wheat for August 21-31, 2017 Shipment						
Company	Aston	Constanta	Constanta	Solaris	Cassilo	Average
Origin	Russian	Romanian	Romanian	Russian	French	
Price	\$ 203.45	\$ 204.60	\$ 206.08	\$ 204.94	\$ 203.00	<b>\$204.41</b>
Quantity	60	60	60	60	60	
Freight	\$ 16.15	\$ 15.00	\$ 13.62	\$ 14.76	\$ 17.85	<b>\$ 15.48</b>
C&F	\$ 219.60	\$ 219.60	\$ 219.70	\$ 219.70	\$ 220.85	<b>\$219.89</b>

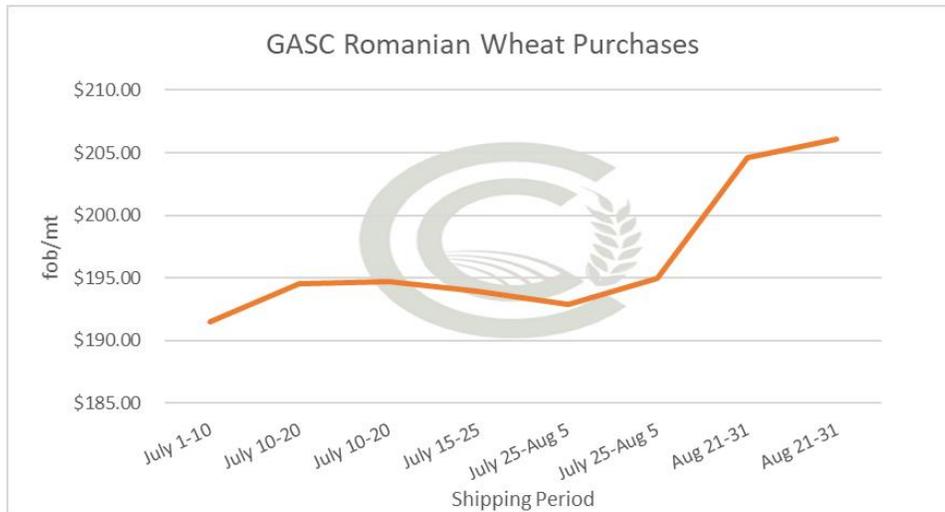
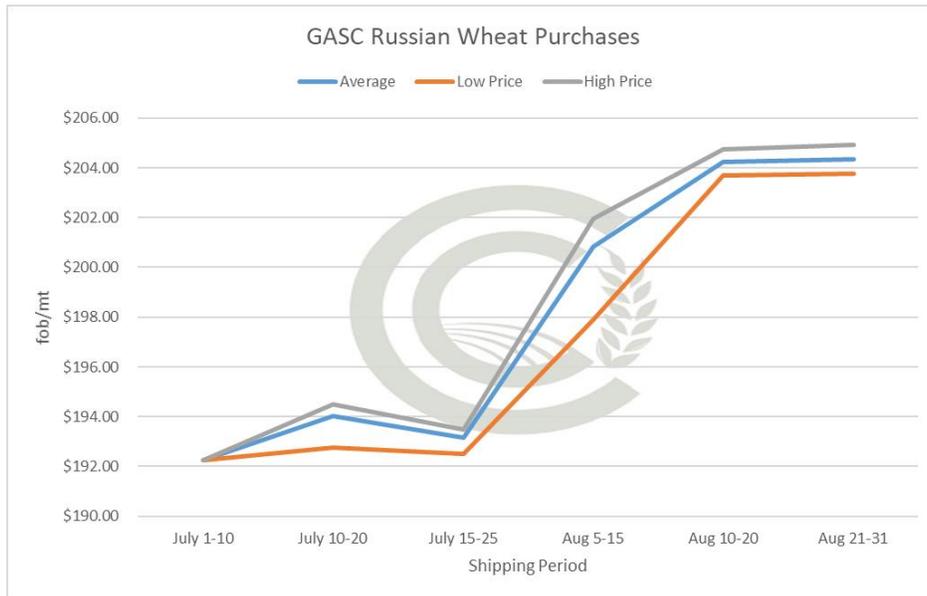


GASC Line Up of Best FOB Offers for August 21-31, 2017 Shipment								
	Amount			Amount			Amount	
Russia	(kmt)	Price	Romania	(kmt)	Price	French	(kmt)	Price
Olam	60	\$207.50	ADM	60	\$204.75	Casillo	60	\$204.99
ADM	60	\$207.35	ADM	60	\$210.25	Glencore	60	\$206.75
GTCS	60	\$208.00	Ameropa	60	\$206.71			
Solaris	60	\$206.55						
Aston	60	\$203.45						
Tamman	55	\$210.75						
<b>Average</b>		<b>\$207.27</b>	<b>Average</b>		<b>\$207.24</b>	<b>Average</b>		<b>\$205.87</b>
<b>Spread</b>		<b>\$ 7.30</b>	<b>Spread</b>		<b>\$ 5.50</b>	<b>Spread</b>		<b>\$ 1.76</b>

GASC has purchased 1.78 mmt for 2017/18 MY which is illustrated by origin and shipping month below.



Russian and Romanian FOB wheat GASC purchase price is illustrated in the graph below.



**World Wheat FOB Comparisons:**

		World Wheat FOB Comparisons									
Origin		Russian	German	Baltic	Argentina	HRW	HRW	HRW	French	UK	SRW
Protein (dmb)		12.50%	12.50%	12.50%	12.00%	12.50%	12.00%	11.50%	11.00%	11.00%	11.40%
Protein (12% mb)		11.00%	11.00%	11.00%	10.50%	11.00%	10.50%	10.00%	9.68%	9.68%	10.00%
Aug		\$194	\$204	\$201	NA	\$212	\$201	\$201	\$197	\$205	\$210
Sep		\$196	\$208	\$204	NA	\$212	\$201	\$201	\$199	\$206	\$212
Oct		\$197	\$210	\$206	NA	\$225	\$214	\$214	\$207	\$207	\$224
Nov		\$199	\$212	\$209	NA	\$225	\$214	\$214	\$209	\$209	\$226
Dec		\$201	\$214	\$211	\$190	\$225	\$214	\$214	\$210	\$209	\$226



		World Wheat FOB Comparisons								
Origin	APW	AH2	ASW	HRW PNW	HRW PNW	SWW	NS	NS	CWRS	CWRS
Protein (dmb)	11.80%	12.90%	10.10%	12.00%	13.10%	12.00%	15.30%	15.90%	15.50%	15.90%
Protein (local)	10.50%	11.50%	9.00%	10.50%	11.50%	10.50%	13.50%	14.00%	13.50%	13.80%
Aug	NA	NA	NA	\$223	\$232	\$208	\$330	\$333	\$309	\$312
Sep	\$265	\$275	\$260	\$223	\$232	\$208	\$333	\$337	\$309	\$312
Oct	\$265	\$275	\$260	\$232	\$242	\$219	\$344	\$347	\$314	\$316
Nov	\$270	\$280	\$265	\$232	\$242	\$219	\$344	\$347	\$314	\$316
Dec	\$270	\$280	\$265	\$232	\$242	\$219	\$344	\$347	\$314	\$316

## South America

There was a report of a frost/freeze in Brazil's wheat areas last night, but the damage is thought to be minimal.

Origin	Month	Quality	Bid/Offer (\$USD/MT)
Bahia Blanca	Aug or Sep	11.5% pro	Seller 190
Argentine Upriver	Aug/Sep	11.5% pro	Seller 186/188
Argentine Upriver	New Crop Dec/Jan/Feb	12.0% pro	Seller 194/196/200
Argentine Upriver	New Crop Dec/Jan/Feb	11.5% pro	Seller 184/186/190

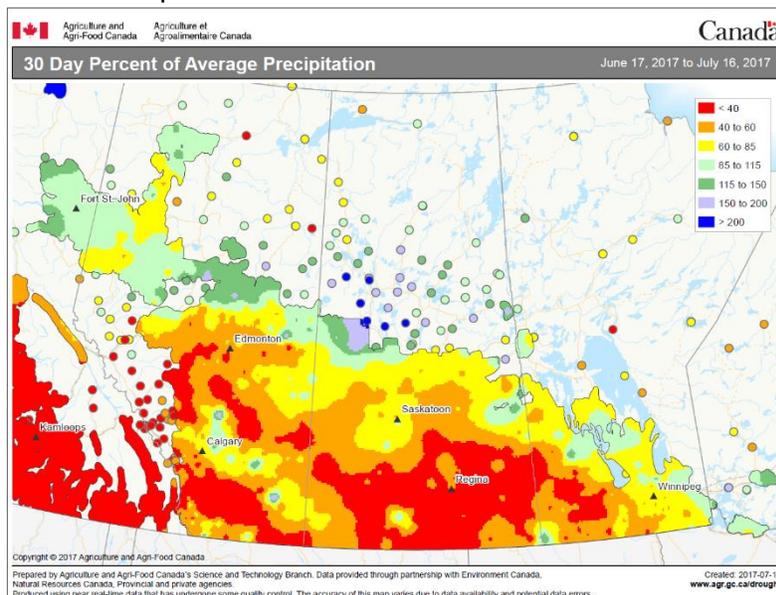
\$1 USD= AR \$17.06 Pesos

\$1 USD= R \$3.15 Reales

## Canada

Indications for CWRS 13.5% pro fob Vancouver are around +75 MWZ for Aug/Sep and +85 MWZ for O/N/D, with a 6 cent premium for 13.8% protein and 10 cent discount for 13.0%.

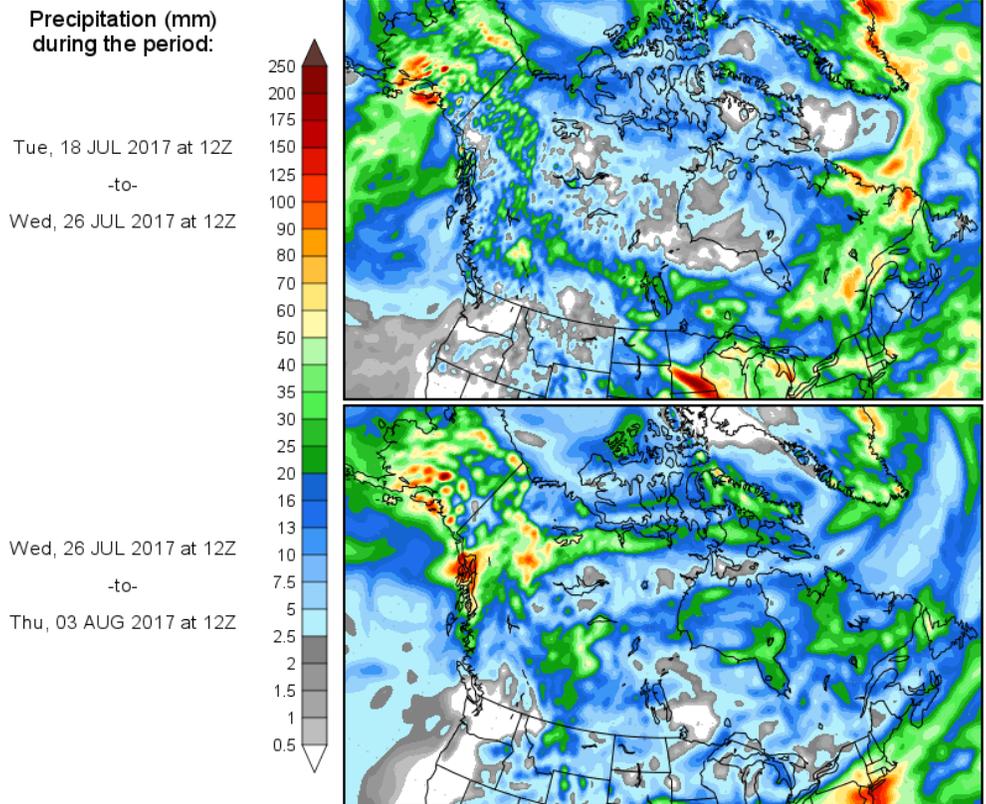
The 30-day percent of average precipitation map below shows the severe areas of concern in the Canadian Prairies in red, where they received less than 40% of the average precipitation for their area.





Some of the areas in northern Alberta and Saskatchewan, as well as southern Manitoba, with up to an inch of total accumulation over the next week.

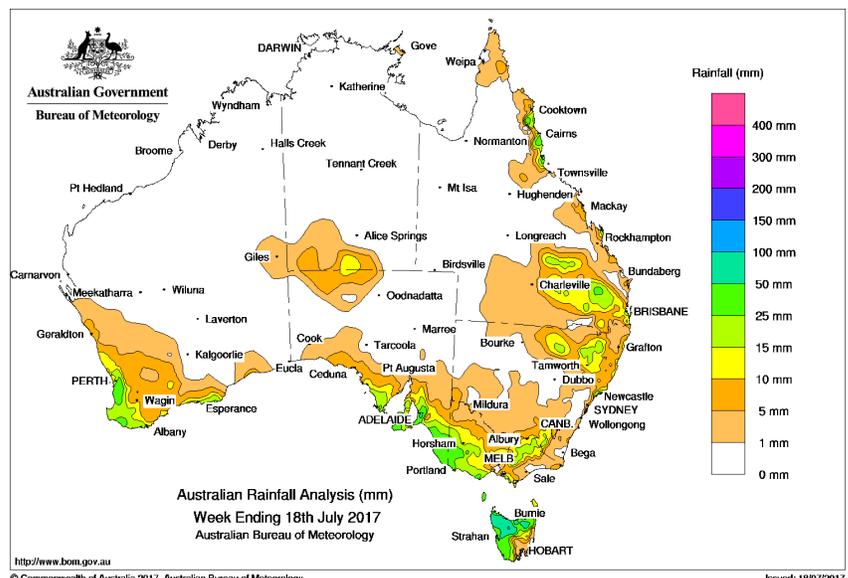
## Precipitation Forecasts

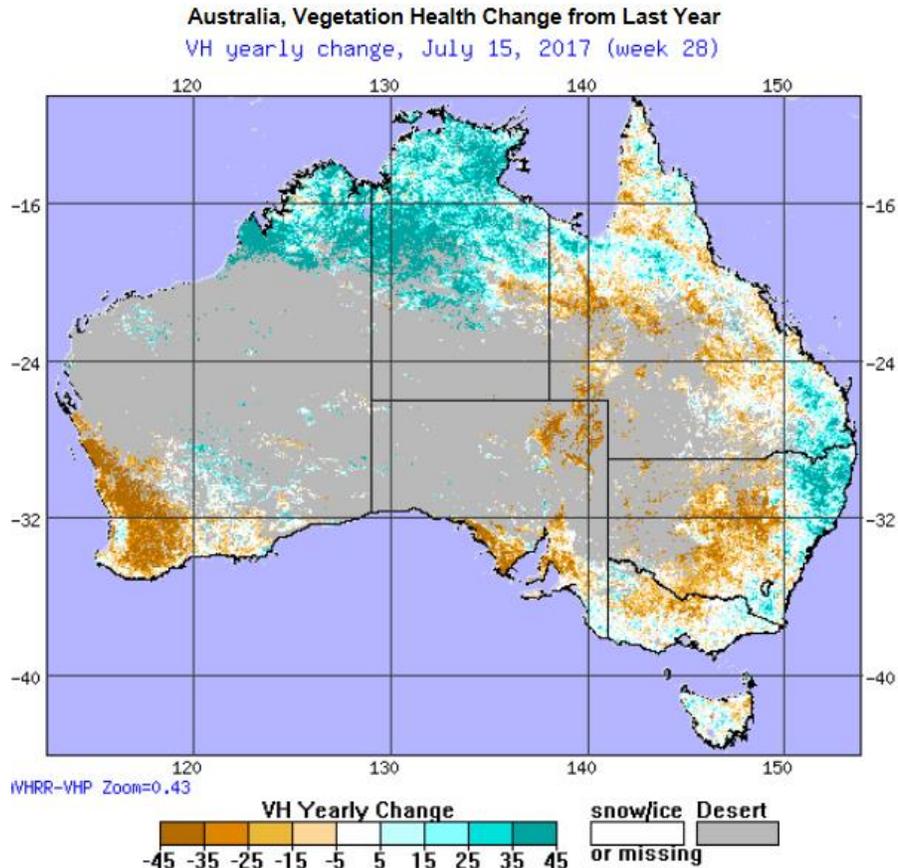


## Australia

Indicative offers for APW are around \$265/mt for Sep/Oct and \$270/mt for Nov/Dec shipment FOB WA, with around a \$5/mt discount for ASW and around a \$10/mt premium for AH2. SA quotes are around \$2-3/mt discount to WA.

Australia's wheat growing regions saw very little rain over the last week. The VHI map on the next page shows the difference in conditions from a year ago.





## Black Sea & Europe

The Matif was closed down 0.25€ at 172.25€ for the September contract. FOB quotes Aug/Sep/Oct for Russian 12.5% pro: \$194/196/197/mt, French 11% pro: \$197/199/207/mt, German 12.5% pro: \$204/208/210/mt, Baltic 12.5% pro: \$200/205/207/mt.

French wheat captured some Egyptian GASC business for the 1<sup>st</sup> time in several tenders. This certainly confirms some better quality / protein harvest & lower moisture than last year's harvest. It also suggests French growers/exporters will be more competitive & Russian wheat is no longer cheapest wheat.

Preliminary reports out Russia indicate harvest is finding lower protein wheat than last year, with more wheat coming in at around 11.5% pro, down 0.5% from a year ago with none of the 14% protein.



## Pending Tenders

Jul 26: Bangladesh tenders for 50 kmt of 12.5% protein wheat. Offers must remain valid up to August 9th with shipment 40 days after signing contract.

## Futures Comments

After trading higher overnight, wheat futures worked their way lower during the day session to settle 2.25 cents down in Chicago and 3.75 cents lower in Kansas City. Minneapolis futures, on the other hand, held onto a 13.25 cent gain after making a gap in the chart overnight. The structure of the market will weigh on KC & Chicago for some time, as the managed money funds see no reason to maintain their net long position. Minneapolis will continue to be volatile before, during, and after the myriad of crop tours cycle across North Dakota, Montana, and Canada over the next two weeks. These tours will be critical in evaluating spring wheat yields and USDA typically adopts a yield estimate similar to the average yield the official Wheat Quality Council tour calculates.

Best regards,

Al, Emily & Jason Conway

Comments, questions & criticism welcomed!