



CASH WHEAT REPORT

Cash Wheat Market

Cash basis remain firm in HRW & SRW despite the expansion of harvest. Despite 85 ct/bu break in futures in the past week, US wheat still isn't competitive & exporters are not seeing many queries from buyers. We have narrowed the gap against other origins but we're still \$\$15-\$20+/mt away from being competitive. Black Sea wheat values have broken \$14-\$18/mt but KWN8 futures have broken \$30+/mt but the basis has rallied \$5+/mt.

We've narrowed the spread, but this chart doesn't take into consideration the freight spreads:

19-Jun-2018
@bwfm8-(@kwn8+140)*.367437
La= -27.413
NC= 2.067



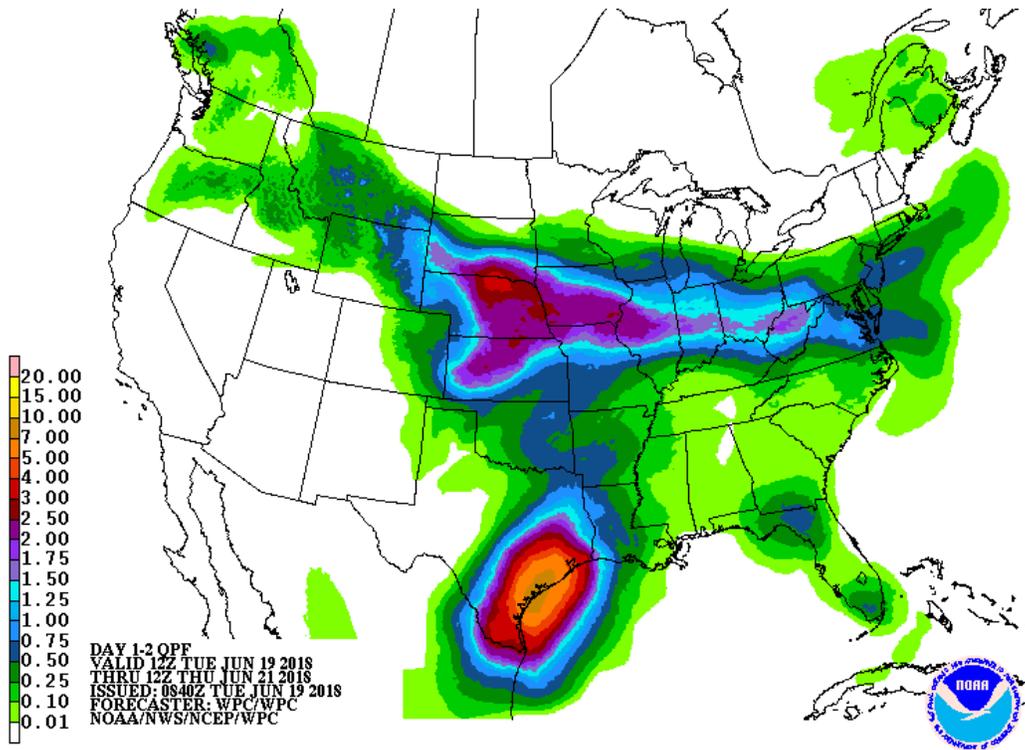
Someone may have better freight rates than we're showing, but the 1st thing we have to do is compete into Mexico. Russian wheat is still cheapest, they've been willing to pay some premium for CWRS, & maybe we're close to stopping the French wheat.

Mexico	HRW	HRW	CWRS	Russian	Russian	French	SRW
Veracruz	11.0%	11.50%	12.50%	11.50%	12.50%	Soft	
Basis	140	155	75			0	85
Futures	483	483	560.5			171.75	477.75
Currency	====	====				1.167	
fob \$/mt	\$228.91	\$ 234.42	\$ 233.51	\$ 195.00	\$ 200.00	\$ 200.43	\$ 206.78
Frt	\$ 12.00	\$ 12.00	\$ 20.00	\$ 21.00	\$ 21.00	\$ 19.00	\$ 12.00
Tax							
c&f	\$240.91	\$ 246.42	\$ 253.51	\$ 216.00	\$ 221.00	\$ 219.43	\$ 218.78

Rain will soon stop the HRW harvest, but no one is concerned about quality issues. However, traders are concerned about low test weight & falling numbers in SRW. There hasn't not been concerns about fusarium in the Ohio River valley area at this time.



Wet weather will stretch across the central Plains, Midwest, and Atlantic states which could total 2-4 inches. The 6-10 day weather outlook is expecting above to near normal temperatures across the CONUS accompanied by below-to-near normal rainfall in the West, South, and northern tier. This will contrast with above-normal precipitation across the central Plains and Atlantic states.



Total wheat stocks rose 6,796 mbu at the KCBT, 4,906 mbu at the CBOT, and 0,628 mbu at the MGEX last week.

Deliverable Stocks as of June 15, 2018				
Date	15-Jun	Wk Ago	Change	YR Ago
KCBT	113,501	106,705	6,796	105,136
CBOT	67,104	62,198	4,906	79,640
MGEX	16,563	15,935	628	18,890

Hard Red Winter

HRW harvest has missed the rain so far & growers are nearing completion of harvest in Oklahoma & southern Kansas, & over 50% complete in central Kansas. In areas that are finishing harvest, elevators say the past 2 days have been their biggest procurement days, despite the sharp break in futures. Yields reports continue to be 35-40 bpa in KS, but the protein is dropping into the 12% area as harvest moves west. There is some concern the harvested area may be less than USDA forecast in OK & KS.



Domestic mills reportedly were pricing some flour today but they're still holding off on procurement of cash wheat until they see the quality of NW Kansas, Colorado & Nebraska harvests. Mills are not certain what quality specifications they'll grind until they see the quality of the HRW. There will be blending of lower old crop protein with the high protein harvest, & they want to see how that bakes. They're concerned they may continue to blend some spring wheat with HRW, depending upon the bake. The narrow MGEX/KCBT & lower NS/DNS basis makes HRS competitive.

There is a wide bid/offer spread but we believe the market is closer to the offer than the bid. Shippers continue to be the best buyers of gulf trains. They realize the delivered offers are the cheapest wheat they can buy. They'll hold their own stocks for storage revenue & basis appreciation. Elevator bids were up 5-10 ct/bu in OK/TX/KS again today with shuttle loaders bidding 15-25+ over KWN8. Warehousemen bids are +15 KWN8 at Salina, +20 KWN8 Hutchinson & Wichita & trades say they are paying more when offered. Traders are questioning will there be any deliveries against KWN8 other than the 336 old receipts that should be delivered? It is a good question, but the delivered bids are for the higher protein old crop, but the -16 ct/bu value of the 10.5% protein would allow for the local mills to load out & blend this wheat with the high protein new crop. Some folks expect additional deliveries & others question how the warehousemen could justify this to CFTC.

Cash basis remains firm with shippers the best buyers. Shippers are paying such huge basis values to buy wheat & attract storage, they acknowledge they're not position to ship wheat before they have time to blend old/new crop stocks. Plus the market is paying them to carry forward & without a storage problem why should they ship anything before they know the size of the fall harvest & if they need to make space?

Gulf basis is called unchanged:

Gulf Track HRW 12% protein: Jul +160/170 KWN, Aug/Sep +153/160 KWU, O/N/D +145/160 KWZ, J/F/M +138/150 KWH, and A/M +135/140 KWK. 11% protein: J/J +135/NO KWN, A/S +130/145 KWU, O/N/D +125/140 KWZ, J/F/M +115/125 KWH, A/M +110/120 KWK. 10% protein: J/J +105/NO KWN and A/S +100/NO KWU, O/N/D 95/NO, J/F/M 95/NO.

The KC spot market closed up 5-9 ct/bu today.

ord	Premium			Change			Premium			Change	
	101	to	116	5	5		12.60	155	to	170	5
11.00	123	to	138	8	8	12.80	155	to	170	5	5
11.20	123	to	138	8	8	13.00	169	to	184	9	9
11.40	130	to	145	8	8	13.20	169	to	184	9	9
11.60	140	to	155	5	5	13.40	169	to	184	9	9
11.80	140	to	155	0	0	13.60	169	to	184	9	9
12.00	150	to	165	5	5	13.80	169	to	184	9	9
12.20	150	to	165	5	5	14.00	169	to	184	9	9
12.40	150	to	165	5	5						

The table below highlights the wide range of HRW protein encountered thus far in harvest and shows how much better the average is than last year.

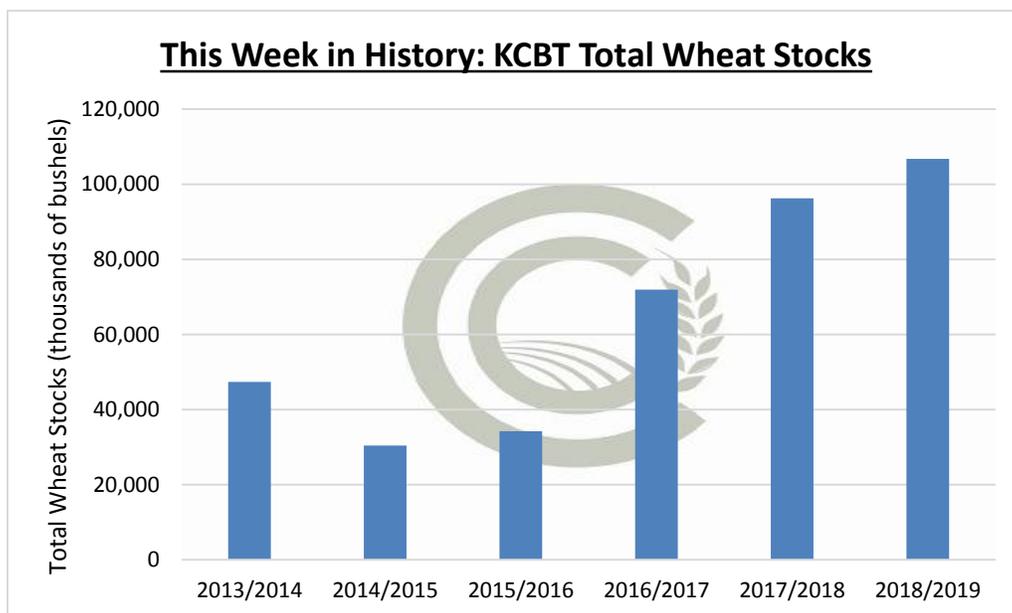


Kansas HRW Protein Test Results						
<u>Area</u>	Average 2018	High 2018	Low 2018	Average 2017	High 2017	Low 2017
C	12.57%	13.41%	12.12%	10.56%	11.82%	9.26%
SC	13.02%	15.02%	11.71%	10.11%	11.39%	7.70%
SE	11.73%	12.93%	10.26%	10.30%	11.34%	9.60%
Texas HRW Protein Test Results						
<u>Area</u>	Average 2018	High 2018	Low 2018	Average 2017	High 2017	Low 2017
Panhandle	12.80%	14.34%	11.46%	12.03%	14.23%	10.11%
NC	11.64%	14.29%	10.04%	11.01%	13.08%	8.86%
Oklahoma HRW Protein Test Results						
<u>Area</u>	Average 2018	High 2018	Low 2018	Average 2017	High 2017	Low 2017
NW	13.81%	16.26%	12.52%	10.93%	12.39%	9.80%
SW	12.53%	15.10%	10.35%	10.62%	12.56%	9.59%

KCBT total wheat stocks grew 6,796 mbu last week, as harvest bushels move into the delivery markets, with Salina showing the largest increase (3,179 mbu).

KCBT Deliverable Wheat Stocks				
Date	15-Jun	Wk Ago	Change	YR Ago
Hutchinson	26,851	24,371	2,480	28,314
KC	9,617	9,715	(98)	10,060
Salina	33,917	30,738	3,179	27,877
Wichita	43,116	41,881	1,235	38,885
Total	113,501	106,705	6,796	105,136

Total wheat stocks are up about 8% from a year ago, at 113,501 mbu.





Daily received/load-out from Kansas City (reported by CME, close of business 6/18): Hutchinson: 1,269.558/19.632 kbu, KC: 28.549/0 kbu, Salina: 2,079.855/0 kbu, Wichita: 483.718/0 kbu.

Soft Red Winter

The SRW cash markets are firm and unchanged following yesterday's CIF trades of +68 WN for July. Chicago traded at +25 the option to domestic mills last week for J/J/A/S, which would be equivalent to around +40 fob Bellevue! SRW is very difficult to buy, as offers remain elusive. Warehousemen want to fill all of their available space before offering any of it for sale, and yields have been disappointing. Terminals along the Mississippi River are bidding +15 to +20 WN. Furthermore, no one wants to stick their neck out and guarantee quality when there is widespread test weight issues. Unfortunately, there is more rain in the forecast, up to 3.00" or more in the next seven days, for areas north of I-70 through Illinois, Indiana & Ohio, which could lead to sprout damage & lower falling numbers.

Cash bids are above delivery value everywhere except on the river in Chicago. The WN-WU spread settled at 43.5% of full carry today.

CBOT Wheat Delivery Calculations

<i>Price=USD</i>	Ohio River	MTCT	Chicago (river)	St. Louis	Chicago (domestic)	Toledo / Bellevue	NW OH
Delivery Differential	0.00	20.00	0.00	10.00	0.00	0.00	-10.00
Del. Loadout Charge	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Misc. Costs	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Delivery Value	8.00	28.00	8.00	18.00	8.00	8.00	-2.00
Barge Freight	365%	315%	440%	320%	NA	NA	NA
Tariff	12.00	9.40	17.30	12.00	NA	NA	NA
Barge Freight (c/bu)/ Lakes	43.80	29.61	76.12	38.40	NA	NA	NA
Delivered Value	51.80	57.61	84.12	56.40	8.00	8.00	-2.00
Delivered Gulf / FOB Elevator	68.00	68.00	68.00	68.00	15.00	15.00	15.00
Cash vs. Delivery	16.20	10.39	-16.12	11.60	7.00	7.00	17.00
# of Days in Storage	31	31	31	31	31	31	31
Storage Cost	11.32	11.32	11.32	11.32	11.32	11.32	11.32
Futures	477.75	477.75	477.75	477.75	170.00	170.00	170.00
Interest Cost	1.78	1.78	1.78	1.78	170.00	1.78	1.78
TTL Est. Carry Cost	13.09	13.09	13.09	13.09	181.32	13.09	13.09
Cash vs. Delivery	3.11	-2.70	-29.21	-1.49	-174.32	-6.09	3.91

The bid side of the market is showing about a seven ct/bu/month carry through April.



SRW	Jun	Aug	Oct	Dec	Feb	Apr
Basis ct/bu	57.00	50.00	60.00	65.00	60.00	50.00
Futures ct/bu	477.75	489.50	509.25	509.25	527.75	540.00
Flat Price	534.75	539.50	569.25	574.25	587.75	590.00
Barge Freight	-43.80	-49.80	-67.80	-37.80	-36.00	-30.00
FOB Shipper	490.95	489.70	501.45	536.45	551.75	560.00
Cash Carry	Storage Revenue ct/bu					
Jun-Aug		-1.25				
Jun-Oct			10.5			
Jun-Dec				45.50		
Jun-Feb					60.80	
Jun-Apr						69.05
Cash Carry	Monthly Storage Revenue ct/bu					
Jun-Aug		-0.63				
Jun-Oct			2.6			
Jun-Dec				7.58		
Jun-Feb					7.60	
Jun-Apr						6.91

FOB Bellevue bid/offer indications: Jul/Aug +25/35 WU, O/N/D +25/45 WZ.

CIF barge bid/offer: Jun +57/72 WN, Jul +63/75 WN, Aug +50/NO WU, Sep +60/NO WU, O/N/D +60/NO WZ, J/F/M +55/70 WH, A/M +50/NO WK, J/J 2019 +45/NO WN9.

FOB NOLA indications: Jul +85 WN, Aug +75 WU, Sep +80 WU, O/N/D +95 WZ.

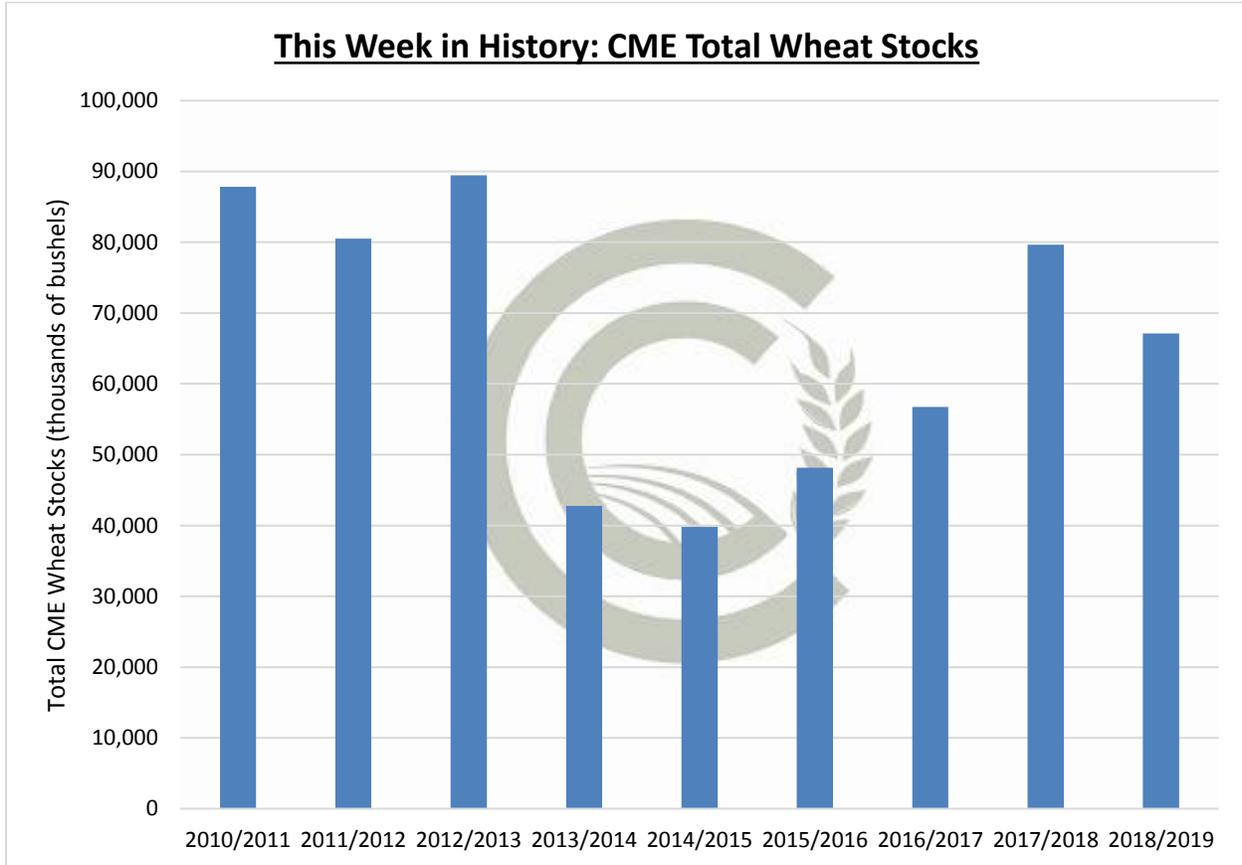
Elevator/Mill Bids: NW Ohio mills: Jun/Jul +15 WN, Aug/Sep +5 WU, O/N/D +10/+15/+15, Chicago warehouse: Jun -10 WN, Jul -5 WN, Aug/Sep -15 WU; Toledo warehouse: Jun/Jul +10 WN, Aug +0 WU; Toledo mill: Jun/Jul +15 WN, Aug/Sep +5 WU; Eastern Indiana mill: Jun +15 WN, New Crop +20 WN, Aug/Sep +15/25 WU.

CBOT total wheat stocks were up 4.906 mbu last week, thanks in large part to 4.553 mbu of harvest bushels moving to the Mississippi River.

CBOT Deliverable & Non-Deliverable Wheat Stocks				
Date	15-Jun	Wk Ago	Change	YR Ago
Chicago	8,987	8,975	12	8,839
Miss. River	14,021	9,468	4,553	17,759
NW Ohio	8,309	8,577	(268)	8,624
Ohio River	11,613	11,107	506	16,138
St. Louis	2,620	2,463	157	4,397
Toledo	21,554	21,608	(54)	23,883
Total	67,104	62,198	4,906	79,640
Non-Deliver	5,296	4,703	593	6,607
Net-Deliver	61,808	57,495	4,313	73,033



Total CBOT wheat stocks are down 15.7% (12.536 mbu) from a year ago, at 67.104 mbu.



Daily received/load-outs from Chicago (reported by CME, close of business 6/18): Chicago: 3.642/0 kbu, MS River: 1,777.876/246.771 kbu, NW Ohio: 0/26.45 kbu, OH River: 1,803.167/297.517 kbu, St. Louis: 669.684/228.444 kbu, Toledo: 2.489/4.544 kbu.

Hard Red Spring

There were 14 singles and five trains offered on the spot market today, which is huge volume compared to what we've been seeing. Five cars averaging 12.54% protein traded at +80 MWN. A train averaging 13.04% protein was bid +85 against and offer of +90 MWN, but no official trade was reported before the close. A train averaging 13.53% protein was bid +105 against an offer of +110, but no trade was reported. A train averaging 14.22% protein traded at +150 MWN, which is where nine cars averaging 14.28% protein traded as well. Two trains, one averaging 15.11% protein and the other averaging 15.23% protein, traded at +175 MWN to different bidders.

The collapse in board prices has shut off grower sales and producers are looking out at a very promising spring wheat crop. Traders/mills keep expecting them to sell & break the basis, but this may take another 30 days before growers throw in the towel.



MGEX total wheat stocks increased 628 kbu last week, with an 835 kbu increase in Duluth/Superior partially offset by a 207 kbu decline in Minneapolis. Total wheat stocks are down 12% from a year ago (2.327 mbu), at 16.563 mbu.

MGEX Deliverable Wheat Stocks				
Date	15-Jun	Wk Ago	Change	YR Ago
Mpls	1,296	1,503	(207)	3,996
Duluth	15,267	14,432	835	14,894
Total	16,563	15,935	628	18,890

Daily received/load-out from Minneapolis & Duluth (reported by MGEX, close of business 6/18):
Minneapolis: 8/24 kbu, Duluth: 0/109 kbu.

PNW

We had said Taiwan will tender this week, but the tender isn't until June 26th. Sri Lanka is tendering for Aug-Sep SWW tonight & Japan tenders tomorrow for 91.188 kmt. Grower sales have shut off with the break in flat price, but shippers have made some basis sales of SWW today at +100 WU8 for Aug/Sep & +90 WZ8 for O/N/D to exporters who were short flat price.

PNW wheat is in excellent condition & exporters expect to find some harvest pressure & cheaper basis during the late July – August harvest period.

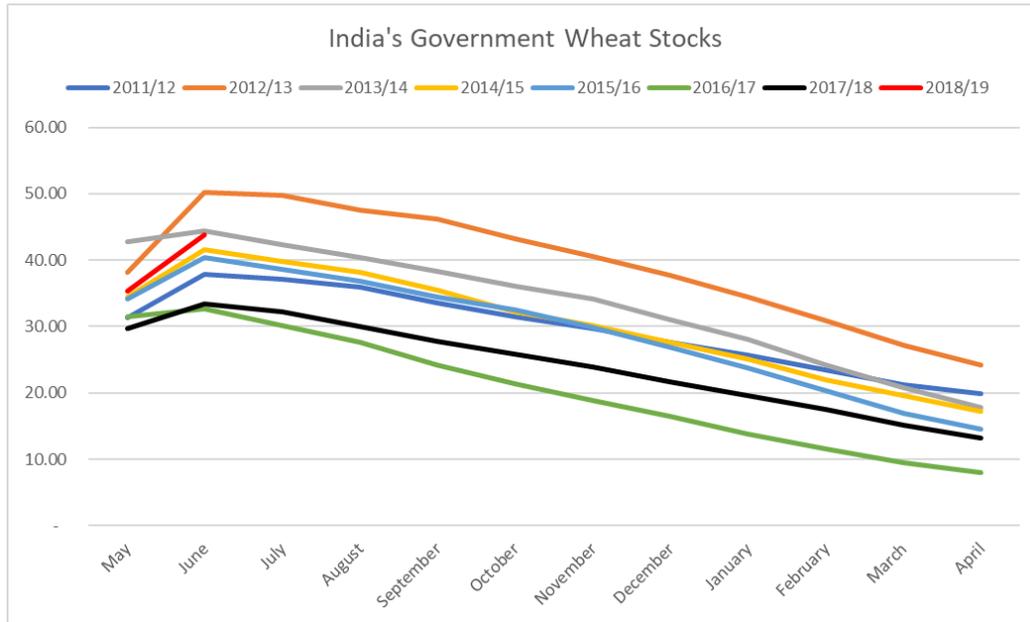
There is a 10+ ct/bu range of bids between exporters for wheat. The following represents the line bids, with some 5-10 ct/bu above or below these values.

PNW Track/barge bids:

Shipment	DNS 14%	HRW 11.5%	SWW 10.5%
Jun/Jul	135/130 MWN	135/130 KWN	595/590/bu
Aug/Sep	115/120 MWU	115/120 KWU	585/585 ct/bu
O/N/D	125/130/135 MWZ	115/120/125 KWZ	590/594/598 ct/bu

World Wheat News

- Morocco's cereal output will reach 7 million MT in 2019 according to the central bank governor Abdellatif Jouahri. This compares to USDA at 8.2 million MT.
- India's June wheat stocks stand at 43.755 million MT, up from 35.345 million last month and 33.44 million a year ago. Statewide procurement totaled 35.5 million MT, surpassing the government's target.



- Taiwan flour millers tender to buy 95.35 kmt of wheat from the US in two consignments. The first consignment for 48.575 kmt of wheat sought for August 8-22 shipment and the second for 46.775 kmt sought for August 25-September 8 shipment. Tender deadline is June 26.

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%	11.50%	12.50%	11.00%	10.20%	11.00%	11.00%	10.20%
Protein (12% mb)	11.00%	11.00%	11.00%	10.12%	11.00%	9.68%	9.00%	9.68%	9.68%	9.00%
Jul	\$197	\$209	\$209	-	\$229	\$225	\$224	\$199	\$227	\$207
Aug	\$199	\$212	\$209	\$255	\$231	\$227	\$226	\$201	\$228	\$207
Sep	\$201	\$209	\$207	\$258	\$235	\$231	\$230	\$202	\$220	\$209
Oct	\$204	\$212	\$209	\$258	\$240	\$236	\$235	\$206	\$221	\$220

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%
Jul	\$254	\$269	\$249	-	-	-	-	-	\$240	\$250
Aug	\$254	\$269	\$249	\$227	\$231	\$226	\$250	\$252	\$241	\$250
Sep	\$254	\$269	\$249	\$229	\$233	\$228	\$252	\$254	\$241	\$250
Oct	\$254	\$269	\$249	\$234	\$238	\$229	\$259	\$261	\$246	\$255



South America

Origin	Month	Quality	Bid/Offer (\$USD/MT)
Argentine Upriver	Dec	10.5% pro	Seller \$194
Argentine Upriver	July/Aug/Dec/Jan	11.5% pro	Seller \$255/255/196/200
Argentine Upriver	Dec/Jan	12.0% pro	Seller \$202/204

\$1 USD= AR \$27.57 Pesos \$1 USD= R \$3.74 Reales

Canada

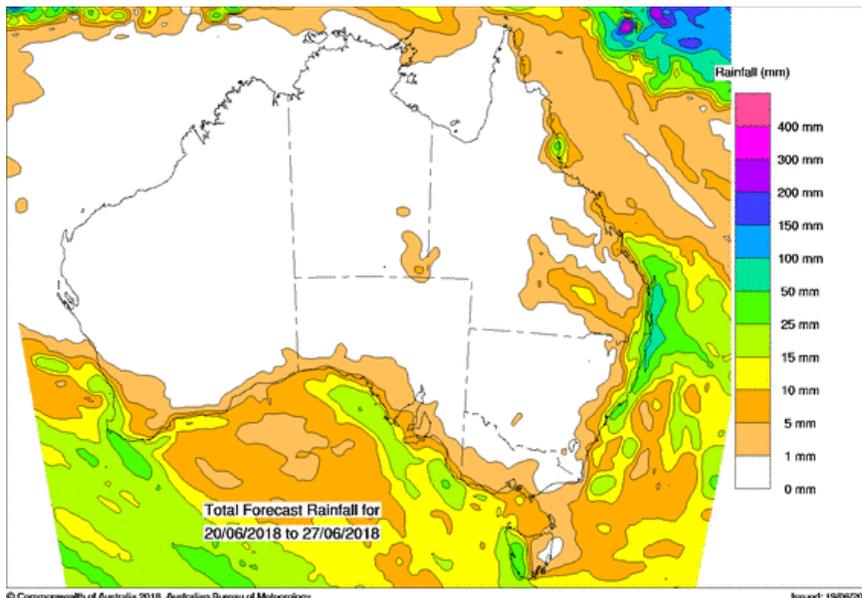
#2 CWRS fob Vancouver quotes Aug/Sep/Oct: 12.5% protein +60/70/65, 13.0% protein +65/72/75, 13.5% protein /95/95/95, and around a +25 cent premium for 13.8% protein.

Australia

Australian values have been reluctant to follow the futures market lower, but they reportedly traded down \$3/mt today at \$251/mt for August 18-September 17 loading fob Kwinana. This is much cheaper than the indicative offers of \$257/mt quoted for July-August shipment.

Traders/analyst are writing of the NSW crop since there is no rain in the forecast for the next 2 weeks. It is getting to late to plant more area & one source says it would take a miracle to get decent yields in the south. East Coast values would allow imports from WA for the domestic market. WA & SA are looking good & VIC has some potential according to our source. Crop estimates are 20-21 mmt with 2.0-3.0 mmt downside without fall rains.

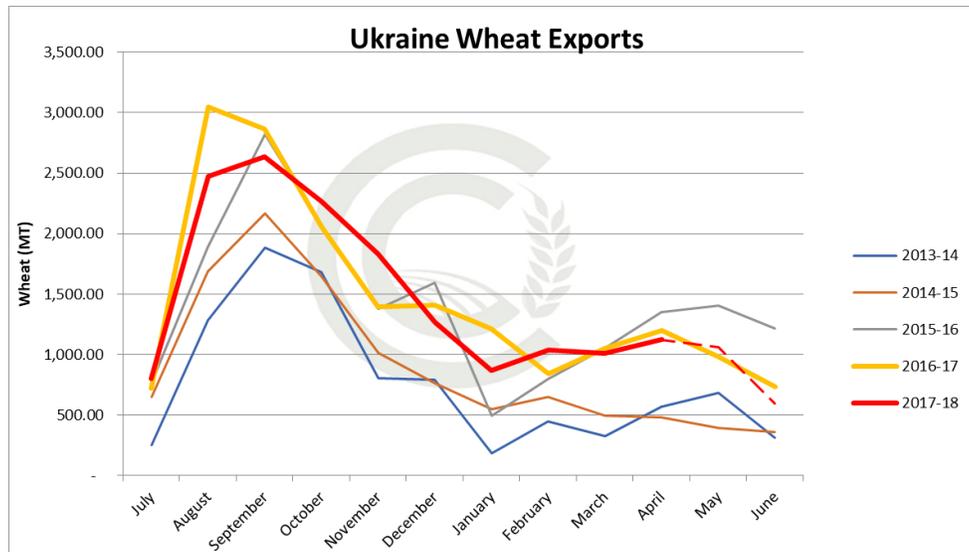
Australia markets are steady to firmer with limited rainfall in the forecast. NSW production estimates continue to decline as the planting window closes and no precipitation on the horizon. Consumer buying remains strong as feed grain supply dwindle, but export demand remains slow since they're not price competitive.





Black Sea & EU

- ADM Investor Services Int. concluded a crop tour of Russia and Ukraine. In Russia, ADMISI concluded the southern crop showed signs of an average wheat crop whilst conditions in central Russia indicated above average potential. 2018/19 Russian planted area for winter at 26.46 m/ha and spring at 12.25 m/ha compared to Russian AgMinistry at 11.98 m/ha. Winter wheat production is estimated at 54.73 million MT and spring wheat at 18.62 million MT. The company pegged Ukraine wheat production at 24.945 million MT.
- UkrAgroConsult pegged Ukraine crop at 25.5 million MT with a 16.0 million MT export program, down 1.0 million from its May forecast.
- Ukraine wheat exports July-April totaled 15.32 million MT. May-June vessel lineups show an additional 1.66 million MT, on pace to meet USDA's 17.2 million MT export forecast.



- Strategie Grains reduced Finland soft wheat average yield estimates from 3.92 t/ha to 3.77 t/ha trimming production 30 kmt to 690 kmt. EU soft wheat production is now estimated at 139.906 million MT.
- GASC purchased 240 kmt of Romanian wheat for August 1-10 shipment. The cheapest Romanian wheat offer was \$5.55/mt discount to the cheapest Russian offer. The lowest Romanian wheat offer was also \$7.74/mt discount to last week's cheapest Romanian offer. Total wheat purchases for this marketing year have reached 660 kmt, including 360 kmt Romanian and 300 kmt Russian.

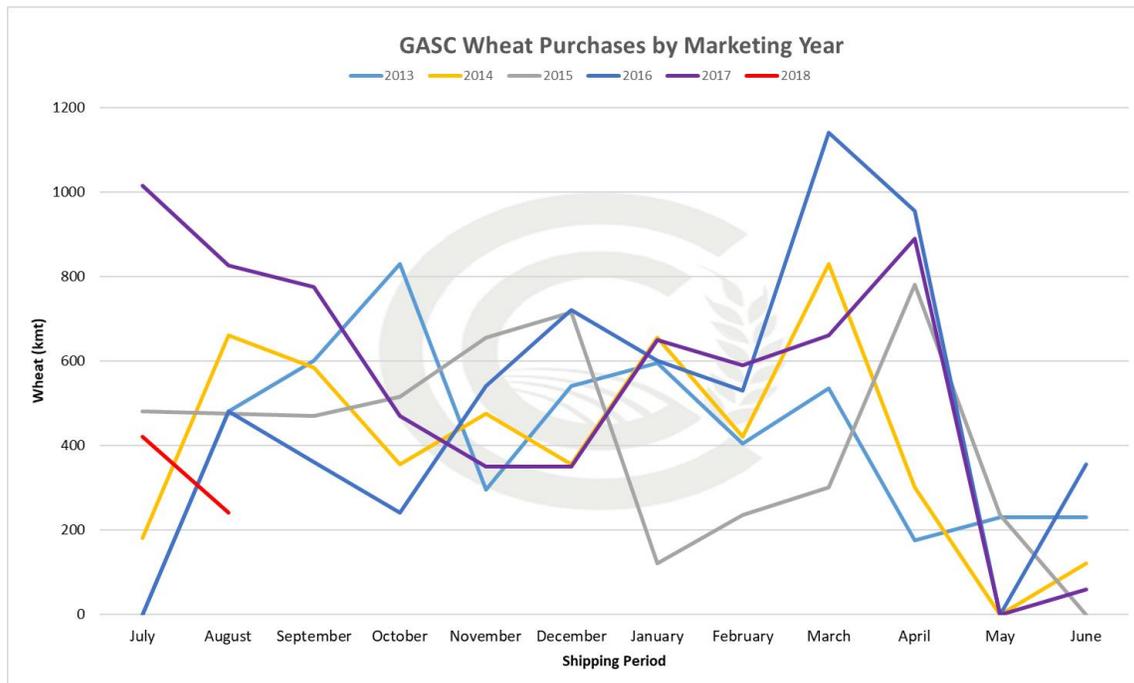


GASC Lineup of Best FOB Offers for August 1-10, 2018 Shipment					
	Amount			Amount	
Russia	(kmt)	Price	Romania	(kmt)	Price
ADM	55	\$ 209.50	ADM	60	\$ 203.95
Cofco	55	\$ 210.69	Ameropa	60	\$ 206.79
Daewoo	55	\$ 206.20	Cofco	60	\$ 209.49
Orsett	60	\$ 206.75	Cargill	60	\$ 206.25
Aston	60	\$ 206.85	CHS	60	\$ 204.74
Average		\$ 208.00	Average		\$ 206.24
Spread		\$ 4.49	Spread		\$ 5.54
Previous Tender					
Average		\$ 210.79	Average		\$ 215.31
Spread		\$ 3.00	Spread		\$ 9.81

Total purchase summary:

GASC purchased 240 kmt of wheat August 1-10, 2018 Shipment				
Company	ADM	CHS	Cargill	Average
Origin	Romanian	Romanian	Romanian	
Price	\$ 203.95	\$ 203.95	\$ 203.95	\$ 203.95
Quantity	120	60	60	
Freight	\$ 14.15	\$ 14.15	\$ 14.15	\$ 14.15
C&F	\$ 218.10	\$ 218.10	\$ 218.10	\$ 218.10

GASC wheat purchases by marketing year and shipping period:





Pending Tenders

- June 20: Philippines tenders to buy 40 kmt feed wheat for Sept-October arrival.
June 21: Japan seeks 91 kmt of optional origin milling wheat for August shipment.
June 26: Taiwan flour millers tender to buy 95.35 kmt of wheat from the US.
July 2: Syria tenders to purchase 200 kmt of wheat from Russia, Romania, or Bulgaria for August 1-September 30 shipment.
July 27: Thailand tenders for 55 kmt of feed wheat for FH August shipment.

Futures Comments



U.S. wheat futures prices fell heavily under the enormous weight of Trump tweets again today, but climbed back from the lows on reports that Trump's administration was supposedly going to find a way to defend producers from retaliatory Chinese tariffs. September contracts finished the day down 12.25 cents in Chicago, 16.00 cents in Kansas City, and 11.50 cents in Minneapolis. KC has been leading the way lower this week due to the long market structure and reports of

better than expected Russian crops. The cash HRW basis continues to firm each day, which is keeping KC calendar spreads afloat. Likewise, the SRW cash basis is firm, as folks fight to fill space, however the rally in the nearby Chicago calendar spread cannot be explained simply by the cash markets. The WN-WU spread traded 34,672 contracts today and the spread narrowed into a 10.00 cent carry (37.6% of full carry) before settling at 11.75 cents. Since KC has been leading wheat futures lower, KC-Chicago spreads are down 10-15 cents already this week, and Minneapolis – KC spreads are up 14-15 cents.

Best regards,

Al, Emily & Jason Conway

Comments and questions are welcomed

Contact our office at (503) 631-7578 or email aconway@cashwheatreport.com