



CASH WHEAT REPORT

CASH WHEAT MARKET

Following up from yesterday's discussion, we looked at percent planted and emergence progress by key states at the end of November. Crop progress was flagged if pace was greater than 4% below the 5-year average. Kansas and Oklahoma emergence as of November 25th were both 9% behind of the 5-year average. Kansas emergence at 87% is the second lowest on record dating back to 1990. In 1992, 100% of the crop was planted and 85% had emerged. In 2010, 95% of the crop was planted and 88% of the crop had emerged. Rainfall during September-November 2009 totaled 8.29 inches compared to 9.99 inches in 2018 and in March-May 2010 rainfall totaled 8.76 inches. In March-May 2010, the CPC declared a weak El Nino weather pattern, like conditions this year. Conditions for Oklahoma are also like the 2010-11 crop with 95% planted at the end of November and 85% of the crop emerged compared to 87% this year. Rainfall during September-November 2018 totaled 13.1 inches compared to 12.3 inches in 2009. Rainfall during March-May 2010 was 9.5 inches with weak El Nino conditions. The point of all this is conditions leading up to the 2010-11 crop year for key HRW states are similar to this year's crop. What is even more shocking about this information is HRW percent harvested was 84% with a 42.3 bpa average yield compared to the 10-year average of 77% harvest and a trend yield of 41.1 bpa! FWIW, if we were to assume the same 2010 % harvested and average yield, our HRW crop would be 792 mbu, up 91 mbu from our previous forecast. We will do this same study for SRW states tomorrow but if we were to assume 2010 % harvested and yield our SRW crop would be 249 mbu compared to NAMA at 269 mbu. *What if balance sheets are below...*

HRW	PROGRESS, 5 YEAR AVG in			PROGRESS, 5 YEAR AVG in			Planted Acres
	% Planted	PCT PLANTED	Δ	PROGRESS in PCT EMERGED	PCT EMERGED	Δ	
COLORADO	100	100	0	98	99	-1	2250
KANSAS	96	100	-4	87	96	-9	7200
MONTANA	100	100	0	93	97	-4	1800
NEBRASKA	100	100	0	100	100	0	930
OKLAHOMA	95	100	-5	87	96	-9	4200
SOUTH DAKOTA	100	100	0	98	100	-2	800
TEXAS	90	91	-1	80	81	-1	4500

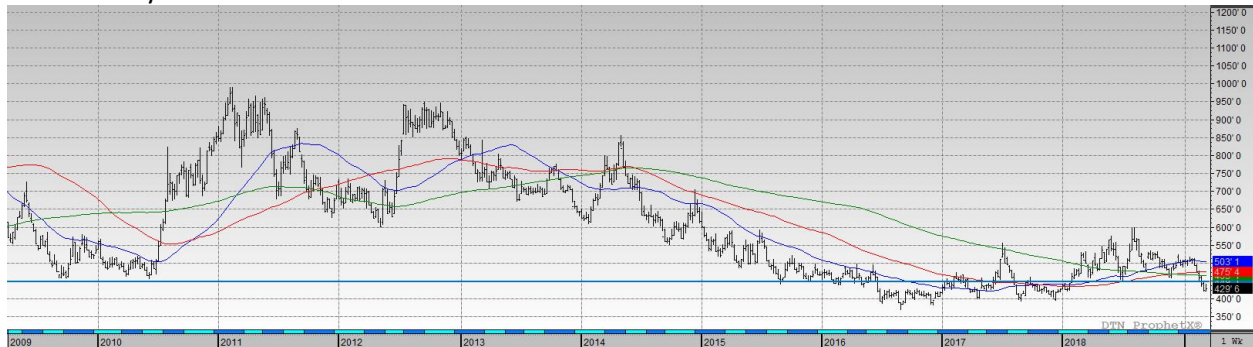
HRW	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Carry-in, JUNE 1	385	387	317	343	237	294	446	589	581	491
Production	1,006	783	998	747	739	830	1,082	750	662	792
Imports	1	-	18	19	10	6	5	7	6	6
Supply	1,392	1,170	1,333	1,109	986	1,130	1,533	1,346	1,250	1,289
Seed	32	33	33	34	33	30	26	26	25	26
Food Use	359	404	400	368	370	391	385	392	390	390
Total Exports	617	397	382	446	271	227	455	372	330	307
Feed-Residual	(3)	19	175	24	17	37	78	(24)	14	32
Disappearance	1,005	853	990	872	690	685	944	765	759	755
Carryout, May 31	387	317	343	237	295	446	589	581	491	534



SRW	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Carry-in, JUNE 1	242	171	185	124	113	154	157	215	205	174
Production	219	453	413	568	455	359	345	292	286	249
Imports	29	32	18	21	14	18	33	4	6	5
Supply	490	656	616	713	581	531	535	511	496	428
Seed	16	15	19	16	13	12	11	12	11	11
Food Use	150	155	152	155	160	153	150	154	153	155
Total Exports	113	165	194	283	134	120	98	91	118	95
Feed-Residual	43	135	127	146	120	90	67	50	40	60
Disappearance	322	470	492	600	427	374	326	306	322	321
Carryout, May 31	168	186	124	113	154	157	209	205	174	107

The market has been talking about abandonment of winter wheat acres since the late planted / emerged crop looks poor & current prices would suggest some of these acres could be plowed up & planted to spring crops. The economics would suggest growers should abandon these acres, but the prices in 2010 were similar to this year, KCBT futures were 475-455 lows & 505-510 highs during Mar-Jun. The country says it is too early to make decisions on abandonment since wheat is in dormancy.

KCBT weekly continuation chart 2009-2019



The market believes the HRW winter crop is getting smaller not bigger, however the believe the SRW is getting smaller. The SRW analog years will be looked at more closely tomorrow, but the 2010 comparison would suggest a real problem is brewing.

Total wheat stocks were down 720 kbu at the KCBT, 937 kbu at the CBOT, and 156 kbu at the MGEX last week.

Deliverable Stocks as of March 8, 2019				
Date	8-Mar	Wk Ago	Change	YR Ago
KCBT	103,520	104,240	(720)	105,143
CBOT	58,602	59,539	(937)	77,357
MGEX	15,540	15,696	(156)	22,599

HARD RED WINTER

The rail freight market bounced back today to close at BNSF March freight at \$2500/\$3000 per car. The export market doesn't feel like it is looking for additional trains with no bid or offer for March 12% we protein. The new deferred positions are called unchanged with most of the interest based upon the



12% - 11% protein spread at 15-18 ct/bu. Apr/May 11% protein trains traded +146 ct/bu KWK yesterday.

Indicative bid/offers for the HRW track market are as follows:

12% protein: Mar +NB/NO KWK, Apr/May 150/160, J/J +145/153 KWN, A/S +140/150 KWU, O/N/D +145/165 KWZ, J/F/M 2020 +143/148 KWH '20, A/M 2020 +135/150 KWK '20.

11% protein: Mar +145/NO KWK, A/M +140/150 KWK, J/J +130/135 KWN, A/S +123/133 KWU, O/N/D +122/NO KWZ, J/F/M 2020 +123/133 KWH '20.

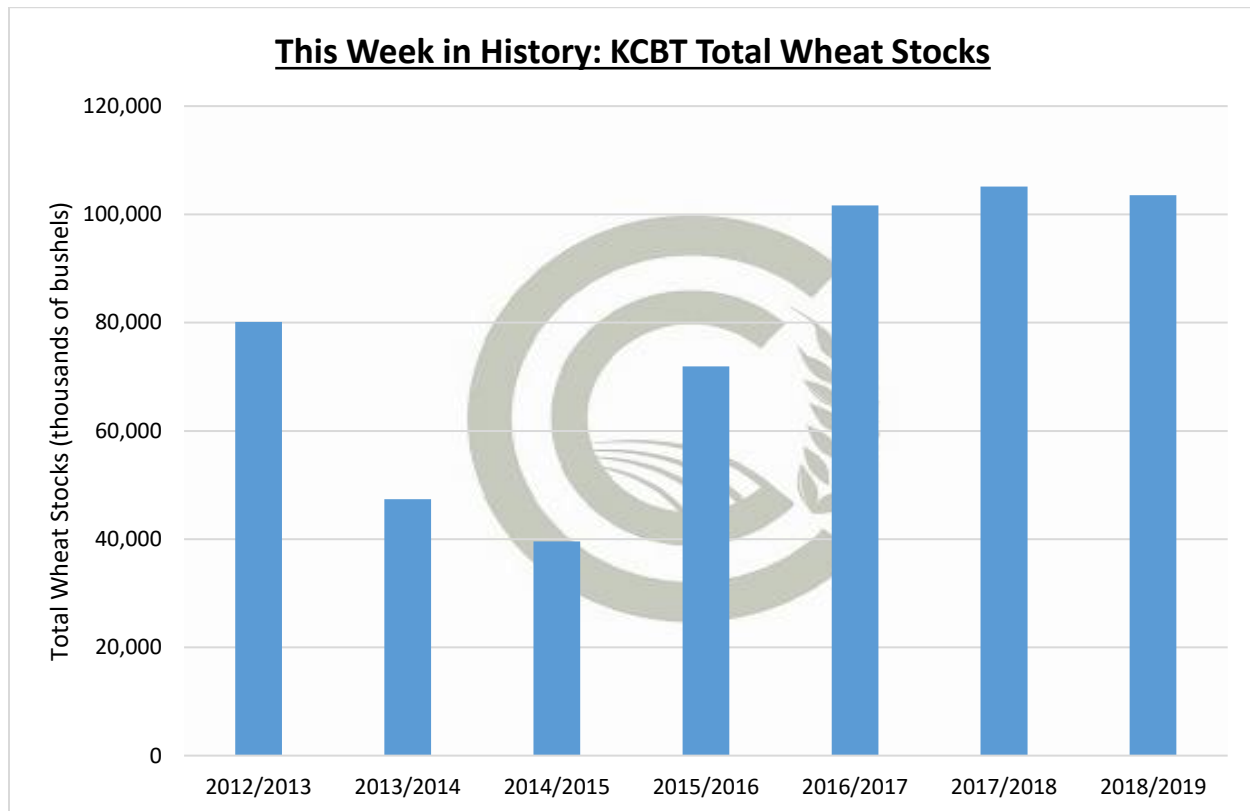
One exporter has taken a stand on new crop 11% protein buying delivered Texas gulf trains at +123-125 ct/bu down the strip. This would back off to option price Hutchinson, KS which could be close to delivery value for 11% protein. Another exporter has taken a stand to buy 12% protein at 15-18 ct/bu premium to HRW 11%. The combination of these two has provided a lot of trade in the new crop positions. This suggests cash is above delivery for the shuttle loader & is supportive of new crop spreads in our opinion, unless we have a lower than expected protein harvest & must larger crop than expected.

Exporters have seen some interest in the fob market from East/West Africa & Nigeria buyers. The Algeria tender is reported to trade 450 kmt at \$231.5/mt + c&f, & HRW missed the business by \$8-\$10/mt with France the most competitive origin.

We mentioned the HRW conditions in the opening & the 2010 is a decent analog year. The country shippers say it is too early for growers to make any decisions, but they are hearing some growers intend to replace the late planted wheat with spring crops. There is no way today to determine what this could mean, but if we just looked at the % of non-emerged wheat at end of November it would suggest 9% of OK & KS. OK harvests is 60%-70% of planted area in a normal year since areas are grazed by cattle, but in 2010 they harvested 73.6%.

KCBT total wheat stocks were lowered 720 kbu last week, led by a 556 kbu decrease in Wichita. Total KCBT wheat stocks are down 1.623 mbu (1.5%) from a year ago, at 103.52 mbu, but remain near record highs.

KCBT Deliverable Wheat Stocks				
Date	8-Mar	Wk Ago	Change	YR Ago
Hutchinson	26,465	26,400	65	24,891
KC	10,480	10,501	(21)	10,178
Salina	30,351	30,559	(208)	31,197
Wichita	36,224	36,780	(556)	38,877
Total	103,520	104,240	(720)	105,143



Daily received/load-out from Kansas City (reported by CME, close of business 3/12): Hutchinson: 30.204/398.156 kbu, KC: 9.319/0.991 kbu, Salina: 42.466/0 kbu, Wichita: 13.199/57.297 kbu.

SOFT RED WINTER

The SRW cash markets had a firmer tone today. Easier barge freight has pushed CIF bids, which are up about four cents today, even higher above DVE for May delivery. March barges are now bid +96 to +97 WK, Apr/May is bid +87 WK, and Jun/Jul is bid +70 WN. Today's trades included Jun/Jul at +73 WN, which is 12-15 cents above delivery on the Ohio River, MTCT, and St. Louis. Folks are probably looking at the new crop condition & supply and figuring Jun/Jul at +73 WN is good ownership, considering the 2019/20 SRW balance sheet could be tight. There were no reported changes in either the domestic or export markets today.

Near record low planted & harvested area could result in the lowest SRW production since 2010/11. We would have the smallest total supply since 2005/06 & 2002/03. The carryout could drop below 100 mbu & the function of the market is to ration the feed/residual if the supply is this low. The country says it is too early to assume abandonment & low yields, but if we just looked at emergency the end of November we would cut % harvested even more. The 2010 crop was hurt with low yields not abandonment.

FOB Bellevue bid/offer indications: Mar/Apr +15/30 WK, May +20/35 WK, Jun/Jul +15/35 WN.



CIF barge bid/offer: Mar +93/NO WK, Apr +87/NO WK, A/M +87/NO WK, May +85/93 WK, J/J +72/76 WN, Aug/Sep +55/NO WU.

FOB NOLA indications: Apr +105 WK, May +100 WK, Jun +90 WN, Jul +85 WN.

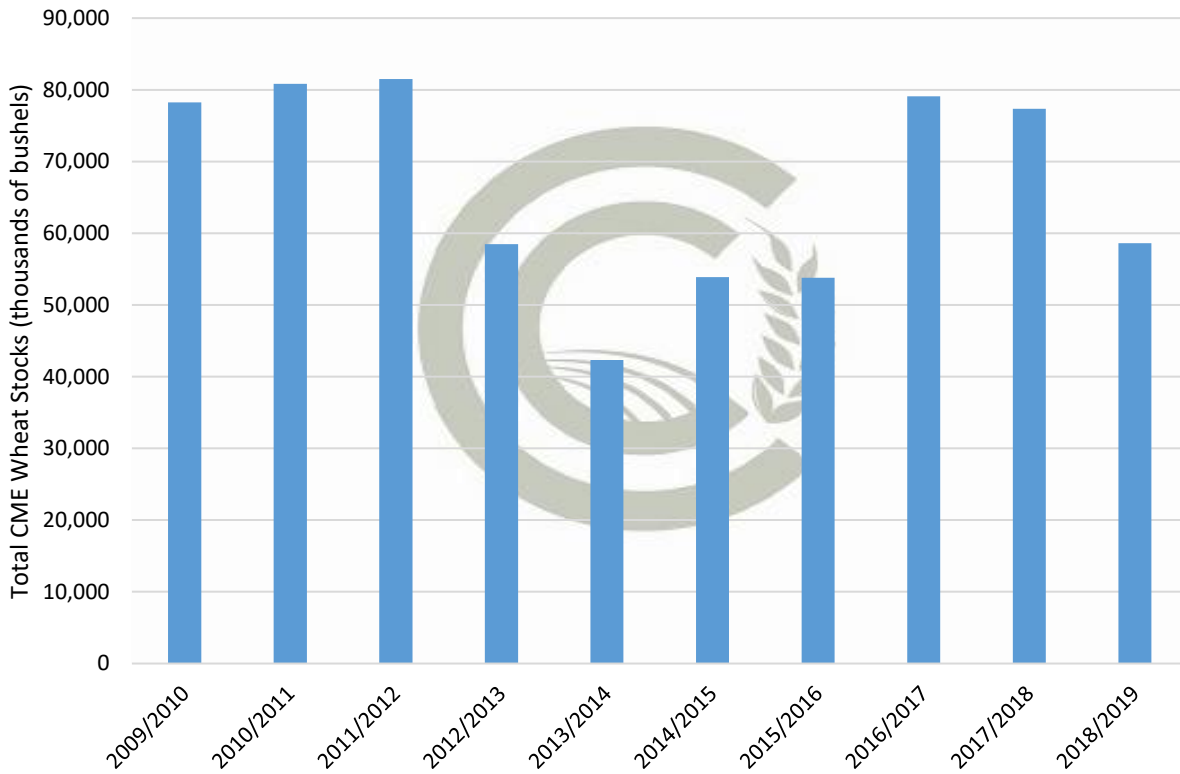
Elevator/Mill Bids: NW Ohio mills: Mar +5 WK, Apr/May +10 WK, Jul/Aug +0 WN; Chicago warehouse: Mar -5 WH, Apr/May -5 WK, New Crop -20 WN; Toledo warehouse: Mar -10 WK, May -5 WK, New Crop -15 WN; Toledo mill: Mar +15 WH, Apr/May +15 WK, Jun/Jul +10 WN, Aug/Sep +0 WU; Michigan mill: Mar +15 WK, A/M +20 WK, Jul/Aug +5 WN; Eastern Indiana mill: Mar +13 WK, New Crop +15 WN.

CBOT total wheat stocks were lowered 937 kbu last week, led by a 359 kbu loss in Northwest Ohio. Total CBOT wheat stocks are down 18.755 mbu (24.2%) from a year ago, at 58.602 mbu. Of note, both Chicago and the Ohio River are seeing some of the lowest total wheat stocks in recent history, which is a function of both lower production and higher shipments. CIF trades in both locations on the river had been trading well above DVE and in the case of Chicago, they have also been trading big premiums for rail to Mexico as well. Luckily, soybeans and other grains have been able to replace about half of the wheat stocks deficit from a year ago. Furthermore, soybeans have been paying a better carry than SRW since at least November.

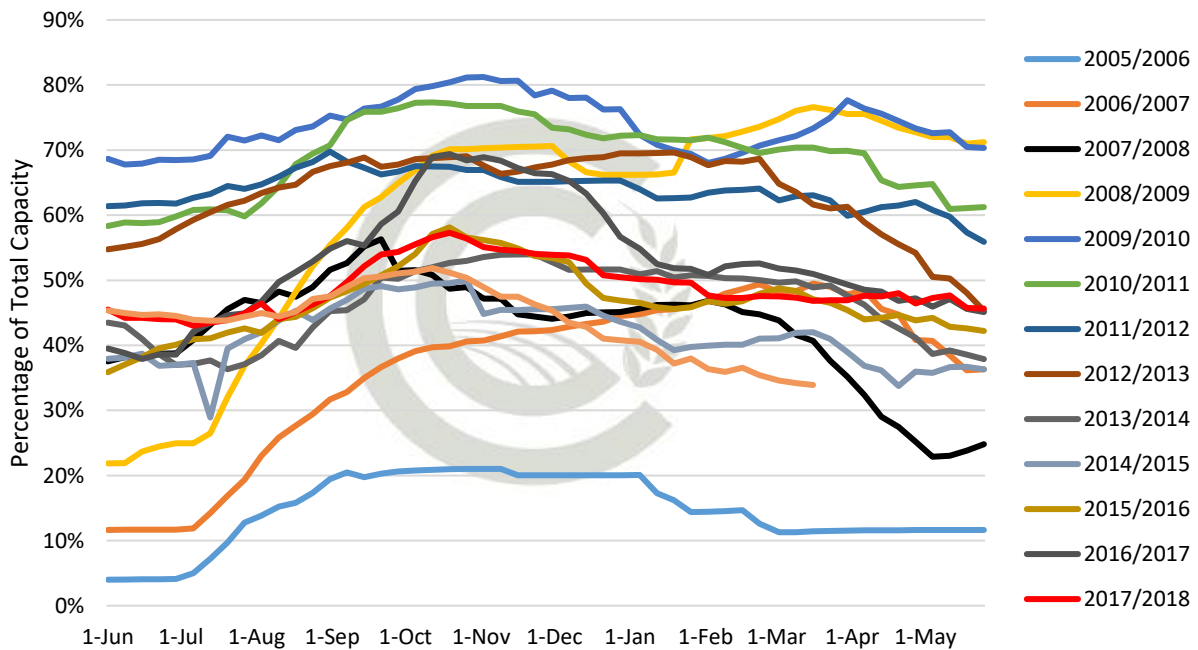
CBOT Deliverable & Non-Deliverable Wheat Stocks				
Date	8-Mar	Wk Ago	Change	YR Ago
Chicago	6,810	6,865	(55)	9,407
Miss. River	9,826	9,945	(119)	13,240
NW Ohio	9,522	9,881	(359)	9,985
Ohio River	5,592	5,764	(172)	17,516
St. Louis	1,315	1,235	80	3,875
Toledo	25,537	25,849	(312)	23,334
Total	58,602	59,539	(937)	77,357
Non-Deliver	8,315	8,443	(128)	4,814
Net-Deliver	50,287	51,096	(809)	72,543

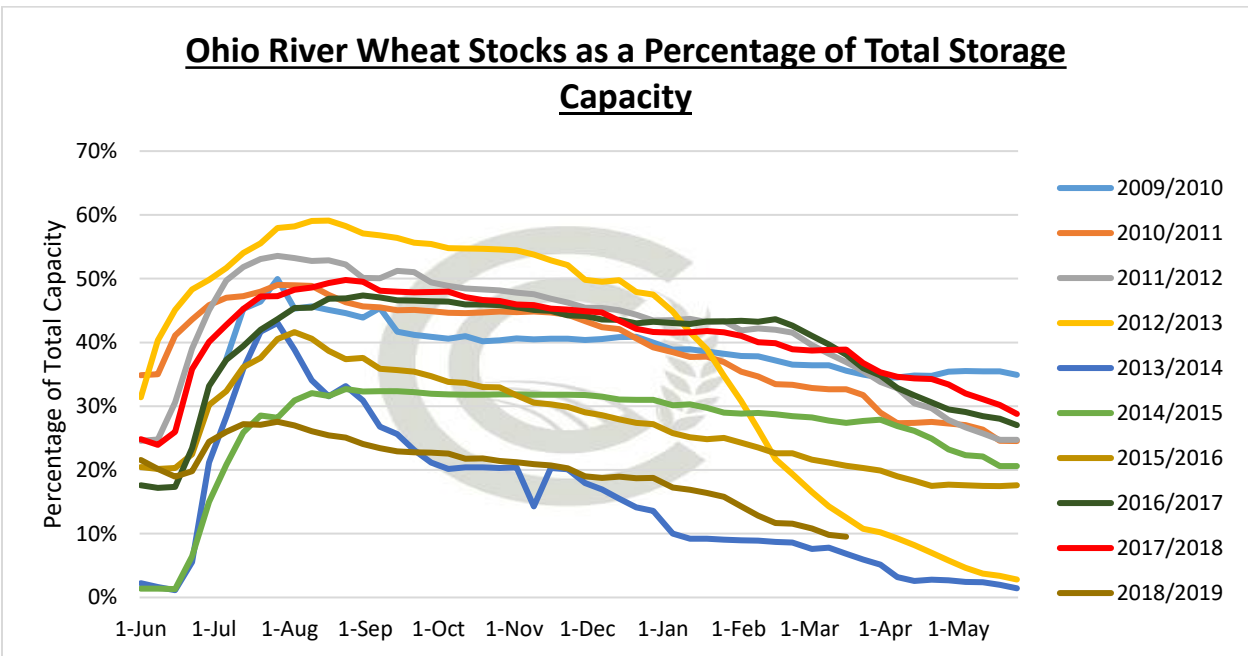
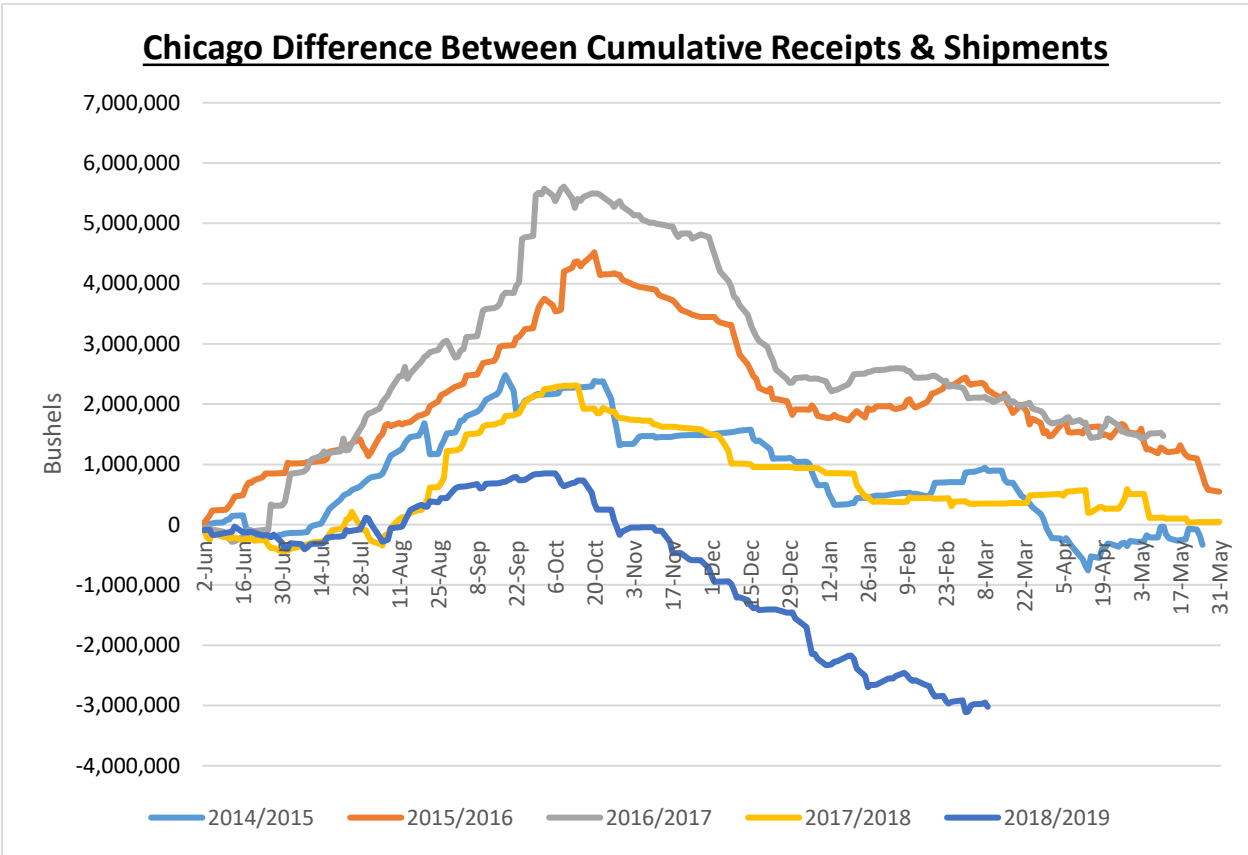


This Week in History: CME Total Wheat Stocks

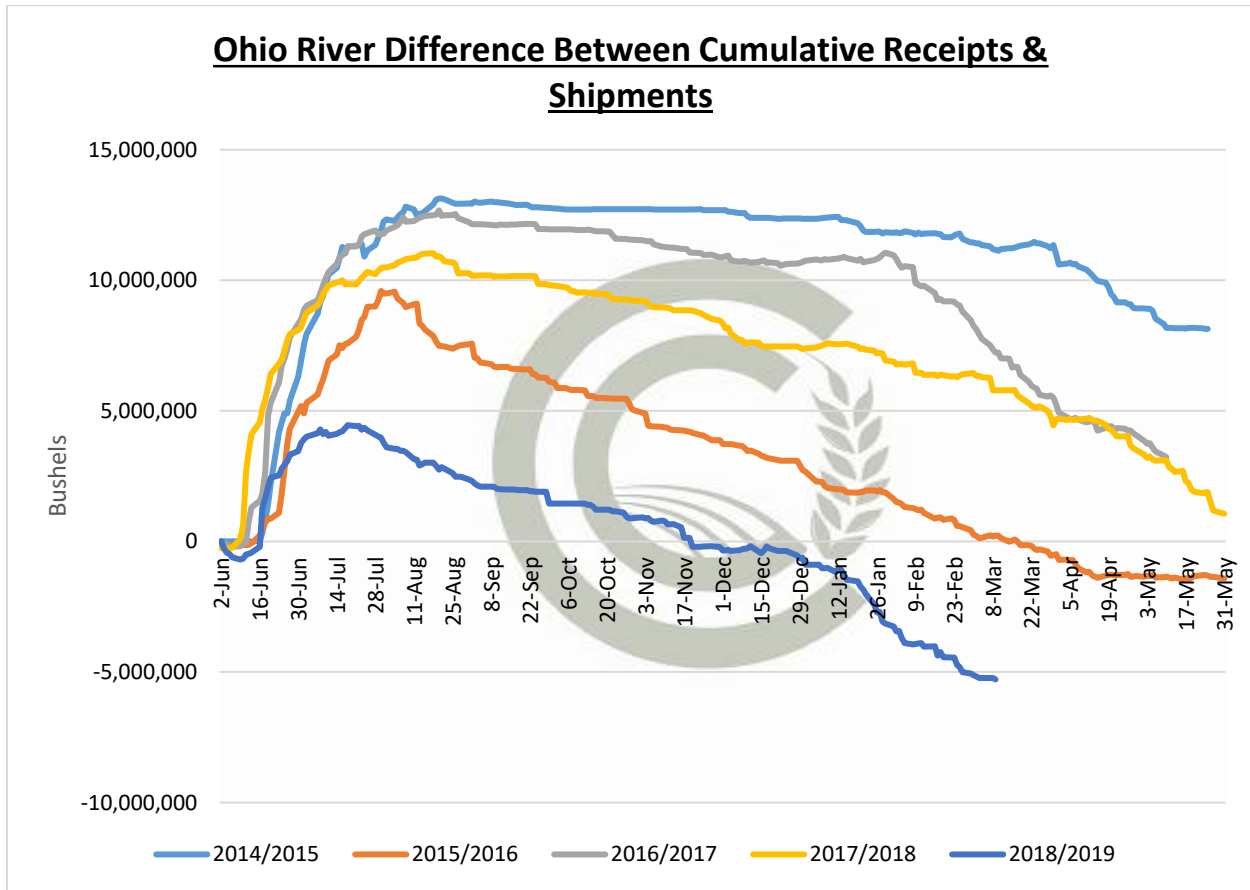


Chicago Wheat Stocks as a Percentage of Total Storage Capacity





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Daily received/load-outs from Chicago (reported by CME, close of business 3/12): Chicago: 33.633/101.48 kbu, MS River: 65.231/65.513 kbu, NW Ohio: 0.138/1.753 kbu, OH River: 0/53.538 kbu, St. Louis: 46.252/0 kbu, Toledo: 2.404/73.619 kbu.

HARD RED SPRING

There were 15 singles and two trains for sale on the spot market today. There were a handful of BNSF cars that showed up today and, as forecasted, traded a big premium to CP cars. 13.0% protein cars held over from yesterday traded up 25 ct/bu, at +140 MWK. 13.5% protein on the BNSF traded at a whopping +200 MWK, as did 14.0% protein cars also on the BN, closing the high side of 14's 60 ct/bu higher today. On the flip side, a 14.0% protein train on the CP was only bid as high as +150 MWK. The second train averaged 15.0% protein out of South Dakota and was only bid +125 MWK.

HRS vs HRW price comparisons (Apr/May):

Spring Wheat vs HRW Basis Chicago gateway						
Apr/May	DNS 14%	HRW 14%	DNS 13.5%	HRW 13%	DNS 13%	HRW 12%
Basis	115.00	150.00	110.00	145.00	105.00	140.00
Futures	550.50	436.75	550.50	436.75	550.50	436.75
Del Chicago	665.50	586.75	660.50	581.75	655.50	576.75

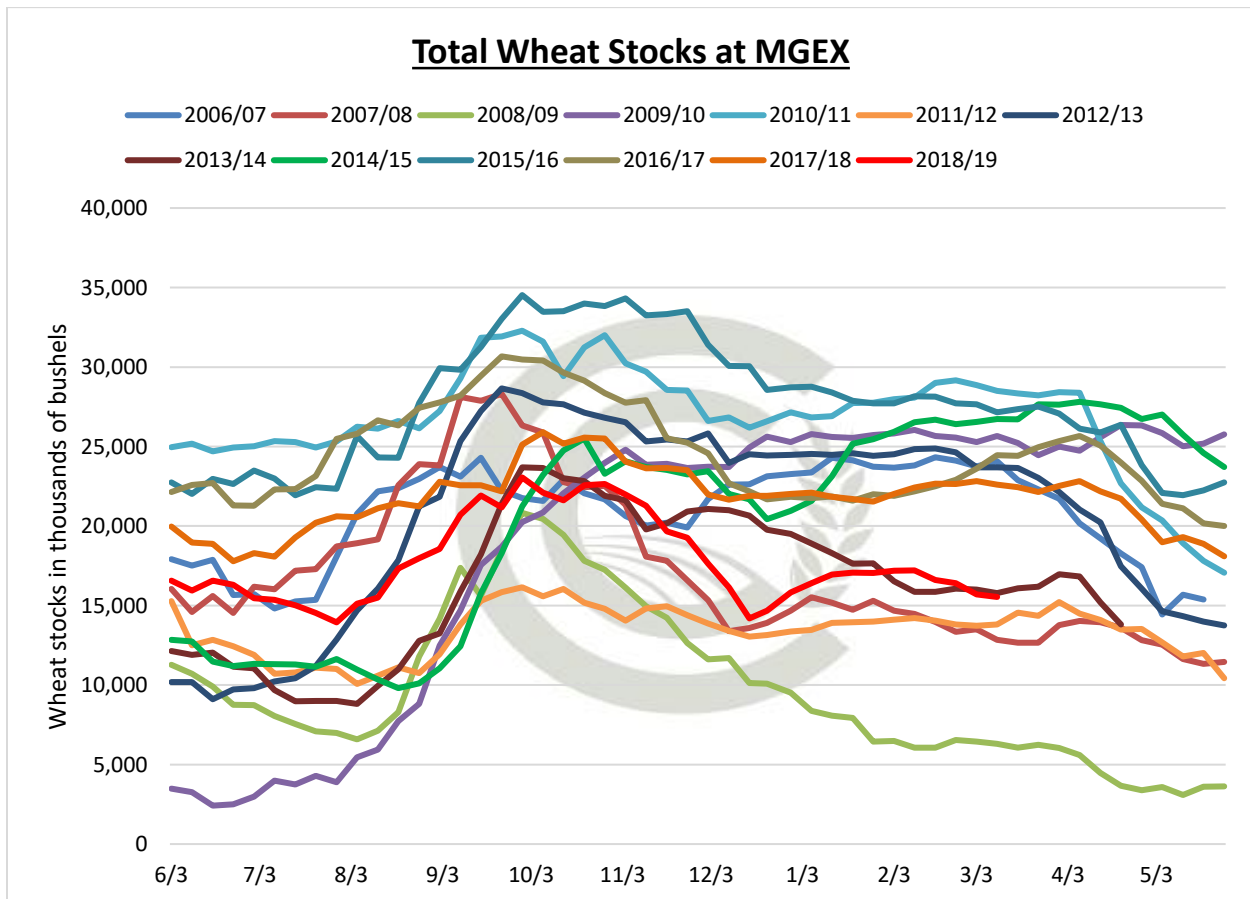


HRS & HRW blended prices (Apr/May):

14% HRS Protein Blend						
	Spot Basis	Futures	Flat Price	Blend	Blended Price	Basis MW
15% HRS	125	550.50	675.50	3	648.31	97.81
11.0% HRW	130	436.75	566.75	1		
14% HRS Comparison	115	550.50	665.50			
Blended Discount (ct/bu)	17.19					

MGEX total wheat stocks were 156 kbu lower last week, led by a 112 kbu decrease in Duluth/Superior. Total MGEX wheat stocks are down 7.059 mbu (31.2%) from a year ago, at 15.54 mbu.

MGEX Deliverable Wheat Stocks				
Date	8-Mar	Wk Ago	Change	YR Ago
Mpls	1,354	1,398	(44)	2,622
Duluth	14,186	14,298	(112)	19,977
Total	15,540	15,696	(156)	22,599





Daily received/load-out from Minneapolis & Duluth (reported by MGEX, close of business 3/12):
Minneapolis: 8/34 kbu, Duluth: 146/0 kbu.

PNW

Exporters have Japan & Korea to price tonight. Japan's combo cargo 12.6 kmt SWW + 22.7 kmt HRW for May 1-20 shipment. Korea announced a tender for July 10-August 10, & July 16-August 15. Total 18 kmt HRW, 36 kmt SWW, 28 kmt NS.

Exporters are booked for April since a large share of the March program is rolling into April. Exporters are very concerned about replacement values for HRW. There is 20+ ct/bu spread in SWW bid /offer & the offers are still basis traders, with nothing moving from grower who has sold 80% of the crop. Spring wheat is the only thing that still wants to move since growers have seen relatively better prices & they still own 50%+/- of their harvest.

I cannot find out who gives USDA their cash values, but they are 30+ ct/bu higher than export bids today for SWW & 15-20 ct/bu higher than HRW or NS bids. There has been some SWW trade at 605+ ct/bu from basis traders.

Shipment	NS/DNS 14%	HRW 11.5%	SWW 9.0-9.5%
Mar	130 MWK9	200KWK	595
Apr/May	125/120	190/180 KWK	595/595
Jun/July	115/110	170/150 KWN	595/580

WORLD WHEAT NEWS

- Bangladesh received its lowest offer of \$268.92/MT C&F for Russian wheat from Agropcorp. Bangladesh's state grains buyer tendered to buy 50 kmt of 12.5% protein milling wheat for shipment 40 days after contract signing.
- Algeria bought 450 kmt of milling wheat at \$231.50-234/MT C&F for April-May shipment.
- Tunisia's state grains agency purchased 92 kmt of soft milling wheat which included 75 kmt from Cofco at \$235/MT C&F and 17 kmt from Casillo at \$242.98/MT. The agency also purchased 42 kmt of durum wheat from Casillo at \$279.49 and \$281.89/MT C&F. Wheat was sought for shipment April 15 and May 15.
- Jordan's state grain buyer tendered again to buy 120 kmt of milling wheat. Tender deadline is March 19th.

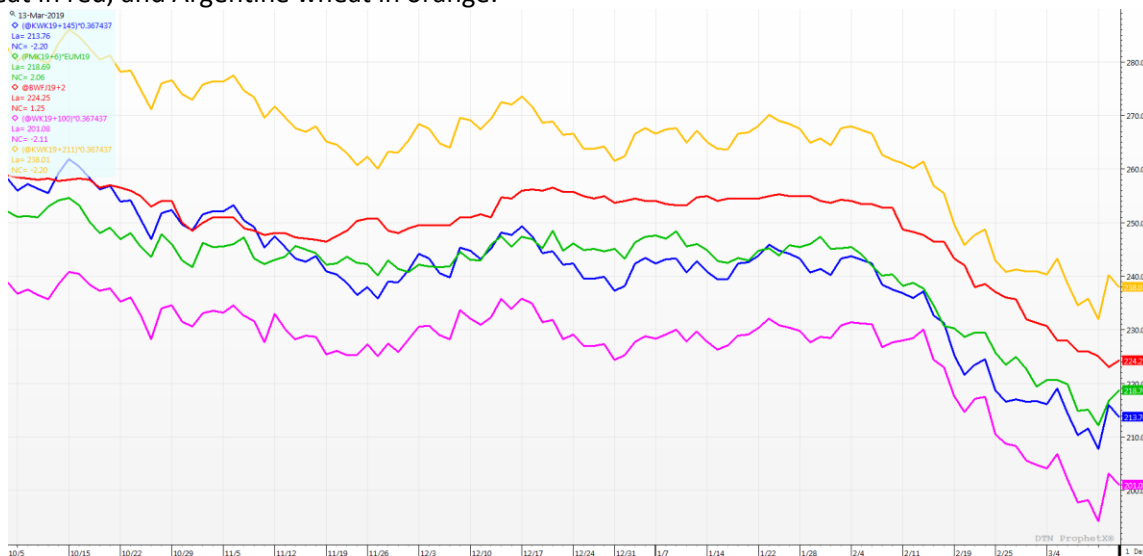
WORLD WHEAT FOB COMPARISONS:

Origin	World Wheat FOB Comparisons									
	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%
Apr	\$225	\$220	\$219	\$232	\$214	\$214	\$213	\$218	\$242	\$203
May	\$227	\$222	\$221	\$238	\$214	\$214	\$213	\$219	\$244	\$201
Jun	\$229	\$224	\$222	\$243	\$215	\$215	\$214	\$219	\$246	\$200
Jul	\$195	\$226	\$224	\$248	\$217	\$217	\$216	\$198	\$248	\$199



Origin	World Wheat FOB Comparisons									
	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%
Apr	\$266	\$281	\$252	\$230	\$232	\$230	\$248	\$250	-	-
May	\$267	\$282	\$253	\$228	\$230	\$231	\$246	\$248	\$244	\$249
Jun	\$268	\$283	\$254	\$230	\$232	\$232	\$247	\$249	\$246	\$251
Jul	\$269	\$284	\$255	\$230	\$232	\$233	\$247	\$249	\$247	\$253

May fob prices for U.S. Gulf HRW shown in blue, U.S. SRW in pink, EU soft wheat in green, Russian wheat in red, and Argentine wheat in orange:



SOUTH AMERICA

Argentine exporters are willing to discount the following quotes, maybe \$5-\$8/mt discounts from these quotes, but this still would not make them competitive to Asia or N. Africa. Exporters & growers seem content to carry wheat for Brazil for the balance of their crop year & build their c/o. New crop Argentine quotes are similar to Russian new crop values at \$190-\$195/mt for Dec/Jan.

Current export tax: 12.0% of the official FOB price (but max 4 Argentine Pesos per US Dollar of the official FOB price)

Origin	Month	Quality	Bid/Offer (\$USD/MT)
Argentine Upriver	Mar/Apr/May/June Handy	11.5% pro	Seller 230/232/238/243
Argentine Upriver	Mar/Apr/May Handy	12.0% pro	Seller 231/234/239

CANADA

There is a wide range of quotes in Canada with #2 CWRS 13.5% protein quotes 120-130 MWN9.

AUSTRALIA

APW was called unchanged at \$262-\$265/mt fob WA.



BLACK SEA & EU

Black Sea wheat values are up \$2-\$3/mt today. Support is coming from consumptive buyers such as Egypt, Libya, Sudan & SE Asia looking for offers. Papers shorts starting to look for offers as well in the March & April positions. Bids/offer is \$217/\$220 for 12.5% protein & the 11.5% protein discount has narrowed to \$3-\$4/mt. Replacement values are assumed to be \$225-\$230/mt from growers, but domestic prices have not broken with the drop in the export values over the past 2-3 months.

FOB quotes/mt Apr/May/June: French \$215/\$216/\$218, Baltic/German \$217/\$219/\$221, Russian 12.5% \$220/\$220/NO

FranceAgriMer increased soft wheat export to 9.5 million MT from 8.85 million reflecting competitive prices and lower stocks in Russia and Ukraine. Soft wheat ending stocks are pegged at 2.4 million MT.

PENDING TENDERS

- Mar. 14: Japan tenders to buy 116,365 kmt of milling wheat for April-May shipment.
- Mar. 14: Turkey tenders to buy 290 kmt of red milling wheat.
- Mar. 18: Jordan tenders to buy 25 kmt of milling wheat for LH April shipment.
- Mar. 19: Jordan's state grain buyer tenders to purchase 120 kmt of milling wheat
- Mar. 25: Bangladesh tenders to buy 50 kmt of 12.5% protein wheat.

FUTURES COMMENTS



Unfortunately, the U.S. wheat futures market did not see the same buying enthusiasm today as yesterday. Chicago spreads were weaker, though the cash market was firmer. Forecasts of a tighter SRW balance sheet next year suggest bull spreading Chicago is an opportunity. Kansas City spreads strengthened, as the HRW cash basis firmed. The May-Jul spread is poised to reverse trigger the VSR in KC, taking the maximum allowable storage rate down from 0.265 to 0.165 ct/bu/day, equal to the storage rate in Chicago. And at roughly 5 ct/bu/month storage the KWN-KWZ spread is trading five cents beyond full storage and at roughly 88% of full carry today. That being said, the calculation period does not begin until March 19th. Minneapolis spreads weakened, as the secondary freight market eases and, after a couple days of snow/rain mix, warmer weather in the Northern Plains will prevail.

Concerns about smaller production of SRW will support the calendar spreads & should support CME/KCBT spread. With the record short in KCBT suggest traders should be buying KCBT, but this spread appears to be over bought since everyone has the same idea. KCBT spreads should also be supported with cash values above DVE & traders suggesting the HRW acreage/production is at risk as well. The market didn't see the follow thru buying today, but after a 10 ct/bu break the market closed well & is up this evening. We suggest if the market senses the bottom has been made for now there will be more buyers willing to step forward as they see a potential spring weather market in front of us & the world wheat market finding some support.

Best regards,
Al, Emily & Jason Conway
Comments and questions are welcomed
Contact our office at (503) 631-7578