



CASH WHEAT REPORT

Cash Wheat Market

The cash wheat markets continue to have a firm tone. The HRW domestic market was on fire today, with 11.2% protein cars trading at a record high +150 KWZ and 12.5% protein cars trading +245 KWZ; mills are finding it harder and harder to live off the spot market; offered volume is small and demand is high, which has caused the domestic market to rally 45 to 90 cents in the last month (depending upon protein). Folks are beginning to buy HRW delivery receipts, as it is the cheapest HRW they can find; there were 49 receipts cancelled in Salina tonight. The SRW cash market is called unchanged, with no new trades to report, but indications are firm and well above DVE. North Carolina mills were reportedly in the market today, but it will take +35 to +40 WZ fob Toledo equivalent to get anyone to think about offering wheat today.

Adding further frustration to the lack of offers in both the HRW and SRW domestic markets has been the lingering row crop harvest; warehousemen are unsure where they can find replacement, as producers are preoccupied with harvest, and the country is not eager to move any wheat. Corn producers should see cooler, drier weather to help get nearer to finishing their harvest. As of Monday's crop progress report, 70% of all corn in the U.S. was harvested. USDA reports that similar years, where less than 75% of corn harvest at this time period, were 1996, 2004, 2008, 2009, and 2014. In all those years winter wheat planting declined by 3.0 million acres or more from the previous year! This could indicate that total winter wheat planting will be down 10% from 2017/18, or total less than 30 million acres, which is arguably extreme, but does support forecasted reductions in planted area by at least four percent.

The spring wheat market saw good interest for 15% protein today, with five cars averaging 15.08 trading at +181 MWZ, closing the low side up 26 ct/bu, and a train with the same average protein trading at +188 MWZ, closing the low side down 12 ct/bu.

Important global wheat headlines:

- GASC purchasing 120 kmt of Russian wheat with the average purchase price over \$2/mt cheaper than the December 1-10 tender.
- Brazil will no longer negotiate a proposal to import 750 kmt of tax-free wheat outside Mercosur trade bloc.

Trade estimates ahead of Thursday's USDA report indicate the trade is expecting higher corn yields and lower soybean yields. As we do not expect any surprises for wheat in tomorrow's report, it will be important to look at the wheat by-class balance sheets. USDA will adjust its



food usage to reflect the NASS Flour Milling report released on November 1st. Based on these figures, there may be a switch between HRS and HRW, as we have heard millers are buying more 11.0% to 11.5% protein HRW to blend with 15% protein HRS in order to achieve 14% protein spring wheat, which has been cheaper than buying 14% protein HRS.

Trade Estimates for 2017/18 US Corn and Soybean Production					
(mbu)	USDA	Avg. Trade			October
	November	Estimate	High Est.	Low Est.	
Corn Production		14.33	14.46	14.25	14.28
Yield		172.40	174.00	171.70	171.80
Harvested Area		83.10	83.20	83.00	83.12
Soybean Production		4.41	4.47	4.38	4.43
Yield		49.30	49.90	48.90	49.50
Harvested Area		89.49	89.50	89.40	89.47

November USDA Trade Estimates for US 2017-18 Ending Stocks							
Grain (mbu)	November	Avg. Trade			October	September	Sept.-Oct. Changes
		High Est.	Low Est.	Estimate			
Wheat		980	940	957	960	933	27.00
Corn		2,438	2,286	2,366	2,340	2,350	(10.00)
Soybeans		461	377	420	430	475	(45.00)

November USDA Trade Estimates for World 2017-18 Ending Stocks							
Grain (mmt)	November	Low			October	September	Sept.-Oct. Changes
		High Trade Estimate	Trade Estimate	Average Trade			
Wheat		269.00	261.00	266.78	268.13	263.14	4.99
Corn		203.50	197.60	201.18	200.96	202.47	(1.51)
Soybeans		97.00	93.00	95.50	96.05	97.53	(1.48)

Hard Red Winter

The KC domestic market has been rocketing higher, with the spot market trading up 45 to 90 cents in the last month. Today's spot trades include a new record +150 KWZ for 11.2% protein and +245 KWZ for 12.5% protein. Folks are beginning to look at purchasing HRW delivery receipts, since the receipts are the cheapest wheat they can find. There were 49 receipts cancelled in Salina tonight. Both the Gulf track and export markets were quiet today, with basis values called unchanged.

Protein	Basis Range	Change	Protein	Basis Range	Change
Ordinary	+45/60	0/0	12.60 PCT	+230/245	0/0
11.00 PCT	+105/120	+5/+5	12.80 PCT	+230/245	0/0
11.20 PCT	+115/130	0/0	13.00 PCT	+255/270	0/0
11.40 PCT	+155/170	0/0	13.20 PCT	+255/270	0/0
11.60 PCT	+155/170	0/0	13.40 PCT	+255/270	0/0



11.80 PCT	+170/185	0/0	13.60 PCT	+255/270	0/0
12.00 PCT	+195/210	0/0	13.80 PCT	+265/280	0/0
12.20 PCT	+195/210	0/0	14.00 PCT	+280/295	0/0
12.40 PCT	+230/245	0/0			

Brazil announced today that it would no longer seek 750 kmt of wheat outside of the Mercosur trade bloc.

Gulf Track HRW 12% protein: Nov/Dec +200/215 KWZ, J/F/M +190/205 KWH, A/M +190/200 KWK, and J/J +160/175 KWN. 11% protein: Nov/Dec +110/120 KWZ, J/F/M +105/115 KWH, A/M +95/105 KWK.

Daily received/load-out from Kansas City (reported by CME, close of business 11/7):
Hutchinson: 0.16.743 kbu, KC: 2.448/102.995 kbu, Salina: 23.863/0 kbu, Wichita: 41.394/0 kbu.

Soft Red Winter

Domestic premiums remain firm and unchanged, with warehouseman uneager sellers since the market paying them to carry wheat forward. Mills are not covered and are buying wheat "hand-to-mouth", which is supporting interior cash basis, but is very difficult to do considering offers are thin. This is also true for the CIF market as the bid/offer spread is 10 ct/bu away from trading. Cash trades have been well above delivery for the last month, which has supported the WZ/WH spread. The spread traded 37,128 contracts today and settled at a 17 cent carry, 46.6% of full carry. There are just 11 days remaining in the VSR calculation period, requiring the spread to average inside of 45.56% of full carry (16.62) to reverse trigger the VSR.

CIF barge bid/offer: Dec +58/68 WZ, Jan +43/NO WH, J/F/M +45/60 WH, Apr +NB/47 WK, A/M +43/NO WK, J/J +37/45 WN, A/S +40/NO WU, O/N/D +50/NO WZ8

Elevator/Mill Bids: NW Ohio mills: Nov/Dec +5 WZ, J/F/M +5 WH; Chicago elevator: Nov/Dec -10/-5 WZ; Toledo elevator: Nov -5 WZ, Jan -10 WH, Mar +0 WH, Jul/Aug -15 WN; Eastern Indiana mill: Nov/Dec +50 WZ, Jan/Feb/Mar +35/40/42 WH.

Daily received/load-outs from Chicago (reported by CME, close of business 11/7): Chicago: 0.935/30.655 kbu, MS River: 0/0 kbu, NW Ohio: 0/0.268 kbu, OH River: 0.064/0.867 kbu, St. Louis: 60.584/0 kbu, Toledo: 0/0 kbu.

Hard Red Spring

The spring wheat market was mostly unchanged, offering 10 singles and 3 trains. All three trains traded, with a BN 15% protein train in high demand, trading up +38 ct/bu from its morning bid, at +188 MWZ. A 13.8% protein train traded at +100 MWZ and a CP train of 14%



protein traded at +125 MWZ. BN singles of 14.2% protein traded at +150 MWZ and CP 15% protein singles traded +181 MWZ.

Daily received/load-out from Minneapolis & Duluth (reported by MGEX, close of business 11/7):
Minneapolis: 0/0 kbu, Duluth: 114/0 kbu.

PNW

The PNW is pricing Japan tomorrow and track/barge bids are nominally unchanged.

PNW Track/barge bids:

Shipment Period	DNS 14%	HRW 11.5%	WW 10.5%
Nov/Dec	+130/135 MWZ	+170/170 KWZ	\$5.35/\$5.35/bu
Jan/Feb/Mar	+135/135/140 MWH	+150/150/155 KWH	\$5.40/\$5.40/\$5.45/bu

World Wheat News

Brazil will no longer negotiate a proposal to import 750 kmt of tax-free wheat outside Mercosur trade bloc.

India raised its wheat import tax from 10% to 20% in an attempt to encourage producers to plant more wheat.

Turkey announced a tender to purchase 230 kmt of EU milling wheat. The wheat is sought in 23 separate consignments of 13.5% protein for shipment LH November to mid-December.

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%
Dec	\$192	\$192	\$190	\$175	\$203	\$188	\$181	\$191	\$199	\$186
Jan	\$193	\$197	\$194	\$179	\$206	\$191	\$184	\$193	\$201	\$189
Feb	\$194	\$199	\$197	\$182	\$206	\$191	\$184	\$194	\$203	\$189
Mar	\$195	\$201	\$199	\$185	\$206	\$191	\$184	\$197	\$204	\$189



		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%
Dec	\$229	\$239	\$222	\$205	\$225	\$203	\$284	\$290	\$273	\$282
Jan	\$230	\$240	\$223	\$204	\$224	\$203	\$288	\$294	\$277	\$286
Feb	\$231	\$241	\$224	\$204	\$224	\$203	\$288	\$294	\$277	\$286
Mar	\$232	\$242	\$225	\$204	\$224	\$203	\$288	\$294	\$277	\$286

South America

We would expect that USDA will lower its wheat production estimate for Argentina a million MT from its October estimate of 17.5 million MT. USDA should also increase 2016/17 wheat exports which would reflect a smaller 2017/18 beginning stocks and supply. This in turn would decrease Argentine exportable surplus a million MT to 10.5 million.

Brazil wheat indications: Parana at \$193.90/mt and Rio Grande do Sul at \$174.25/mt up \$3.20/mt from yesterday.

Origin	Month	Quality	Bid/Offer (\$USD/MT)
Argentine Upriver	Dec/Jan	10.5% pro	Seller \$174/175
Argentine Upriver	Dec/Jan/Feb/Mar	11.5% pro	Seller \$175/178/181/184
Argentine Upriver	Dec/Jan/Feb/Mar	12.0% pro	Seller \$179/181/184/188

\$1 USD = AR \$17.51 Pesos

\$1 USD = R \$3.25 Reales

Canada

#2 CWRS fob Vancouver quotes Jan/Feb/Mar over the respective: 12.5% protein +30/35/40, 13.0% protein +60/60/65, 13.5% protein +100/100/105, and around a +25 cent premium for 13.8% protein.

We missed the latest harvest data update from the CGC, which posted on Friday. The average protein for the crop was down slightly from the previous report, at just 13.01% and a standard deviation of 1.33. Of the 4,454 samples tested to date, 81.75% of them are grading #1 CWRS with an average protein of 13.05%, and 12.01% of the samples are grading #2 CWRS with an average protein of 12.77%.

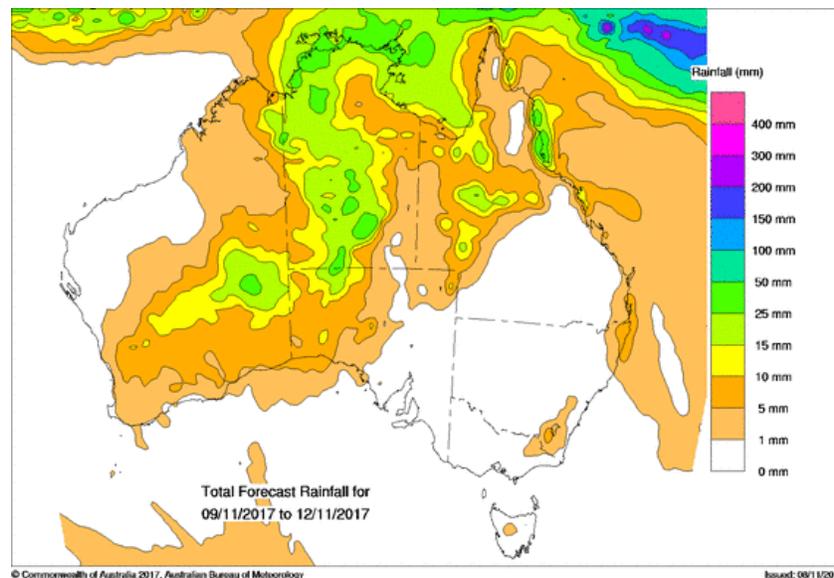
Australia

Indicative offers for APW are around \$229-231/mt for Dec/Jan, with around a \$5/mt discount for ASW and around a \$10/mt premium for AH2.



It will be interesting to see if USDA makes any changes to the Australian balance sheet. Trade estimates for the crop are between 19-21 million MT compared to USDA's October estimate at 21.5 million MT.

Dry weather is expected over the next four days in southern Queensland and NSW. This should promote increased field work and harvest progression.



Black Sea & Europe

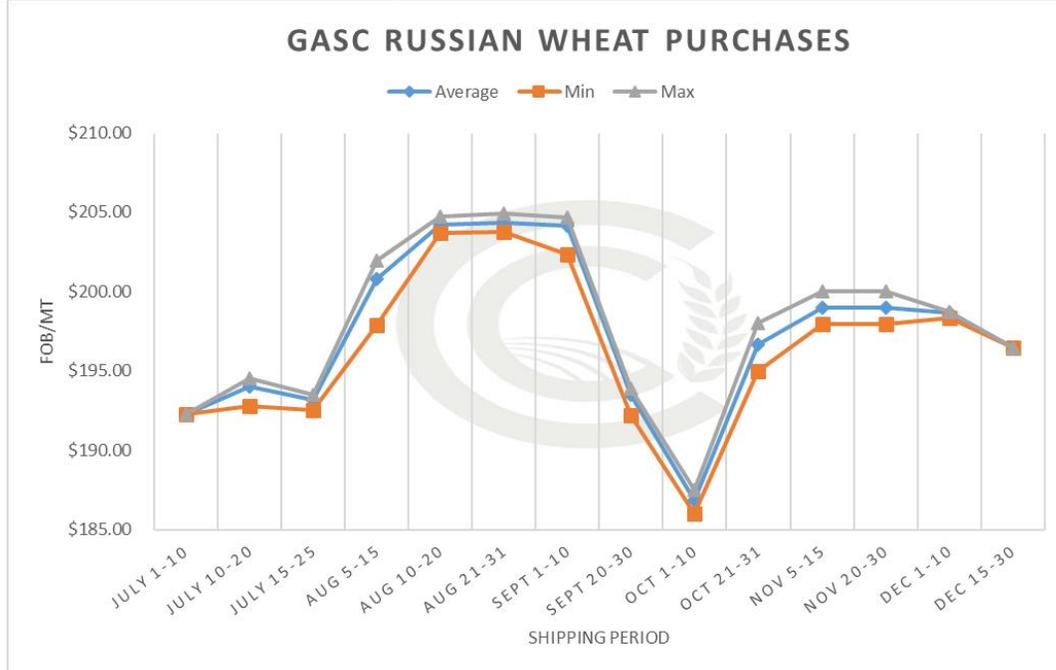
The Matif was closed down 1.25€ at 160.50€ for the December contract. FOB quotes Dec/Jan/Feb for Russian 12.5% pro: \$192/193/194/mt (11.5% pro \$7/mt discount), French 11.5% pro: \$192/194/195/mt, German 12.5% pro: \$194/198/200/mt, Baltic 12.5% pro: \$192/196/198/mt, Ukraine 11.5% pro: \$184/185/186/mt.

GASC received 13 offers for its December 15-30 wheat tender with no French wheat offered. Russian wheat prices were aggressively offered at \$196.50/mt, \$2.19/mt below the December 1-10, tender. Tender resulted in 120 kmt of Russian wheat purchased at \$210/mt c&f.



GASC Offers for Shipment December 15-30, 2017					
	Amount			Amount	
Russian	(kmt)	Price	Romanian	(kmt)	Price
ADM	60	\$ 196.50	CHS	60	\$ 204.00
ADM	55	\$ 195.30	ADM	60	\$ 204.90
Grant Logis	60	\$ 196.90	Cofco	60	\$ 205.48
Allegrow	60	\$ 199.20			
GTCS	60	\$ 199.97			
GTCS	55	\$ 198.99			
Dawoo	60	\$ 197.75			
Dawoo	55	\$ 197.30			
Friends	60	\$ 196.50			
Friends	60	\$ 196.96			
Average		\$ 197.54	Average		\$ 204.79
Spread		\$ 4.67	Spread		\$ 1.48
Previous Tender FOB Offer Prices by Origin					
Average		\$ 201.37	Average		\$ 207.01
Spread		\$ 10.65	Spread		\$ 3.44

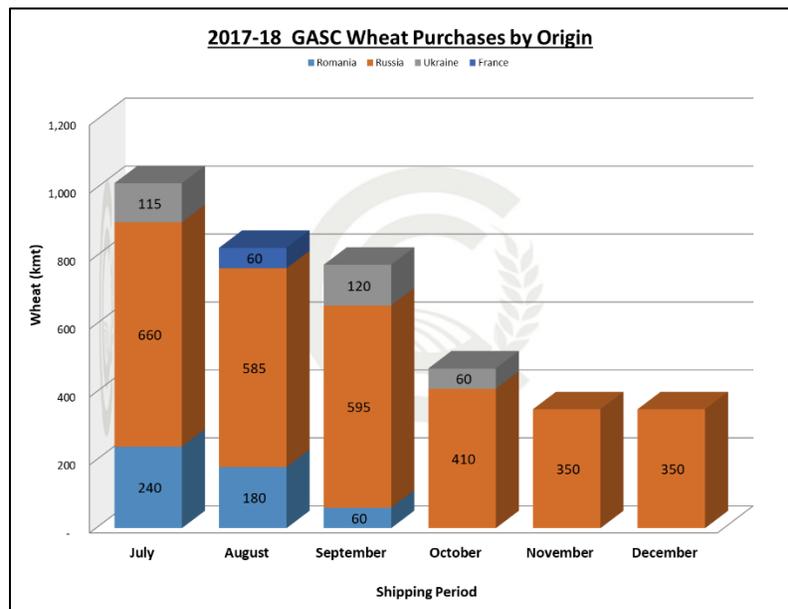
GASC purchased 120 kmt of Russian Wheat for Shipment December 15-30, 2017		
Company	ADM	Union
Origin	Russian	Russian
Price	\$ 196.50	\$ 196.50
Quantity	60	60
Freight	\$ 13.50	\$ 13.50
C&F	\$ 210.00	\$ 210.00



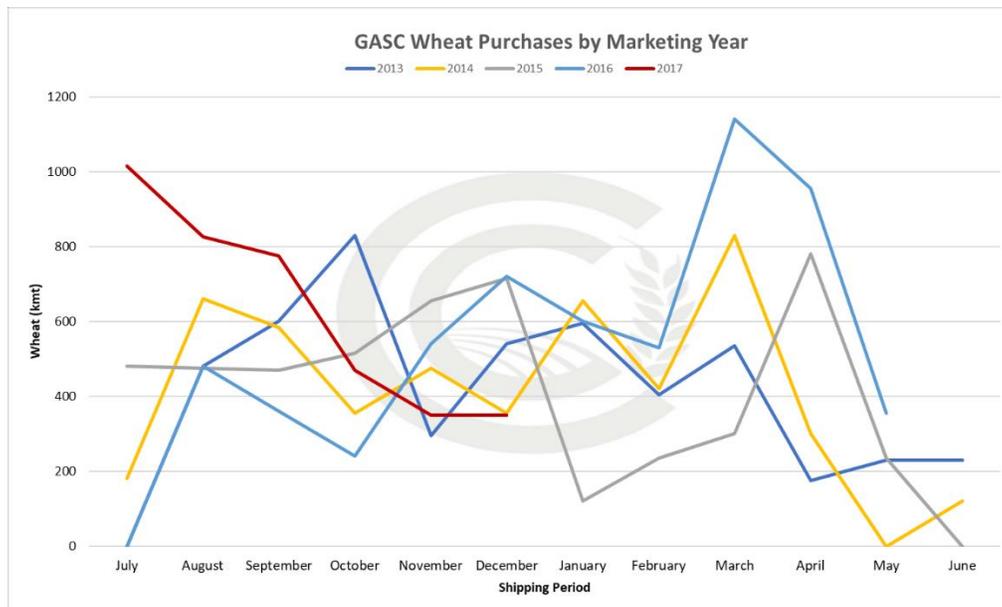
This E-mail (including attachments) is covered by the Electronic Communications Privacy Act, 18 U.S.C. §§2510-2521, is confidential. If you are not the intended recipient, you are hereby notified that any retention, dissemination, distribution, or copying of this communication is strictly prohibited. Please reply to the sender that you have received the message in error, and then delete it. This data and these comments are provided for information purposes only and are not intended to be used for specific trading strategies. Although all information is believed to be reliable, we cannot guarantee its accuracy or completeness. Commodity trading involves risks, and you should fully understand those risks before trading.



Total wheat purchased by GASC and origin.



GASC wheat purchases by marketing year and month.



Pending Tenders

- Nov. 9: Algeria tenders for 50 kmt wheat for December shipment.
- Nov. 9: Jordan tenders for March-April shipment.



- Nov. 10: Morocco tenders for 30 kmt of US soft wheat and 327.3 kmt of durum wheat for December 31st arrival.
- Nov. 17: Turkey tenders for 230 kmt of EU milling wheat.
- Nov. 28: Ethiopia tenders for 200 kmt of optional-origin wheat.

Futures Comments



U.S. wheat futures collapsed at the open, but clawed their way higher throughout the day, to settle 0.75 cents higher in Chicago and 2.00 cents higher in Kansas City. All three wheat markets saw good volume trading on the second day of the index roll. The WZ/WH spread traded 36,944 contracts, finishing the day up half a cent, at a 17 cent carry, which is 46.6% of full carry. There are just 11 days remaining in the VSR calculation period, requiring the WZ/WH spread to trade inside an average of 45.56% of full carry, about a 16.62 cent carry, to reverse trigger the VSR. The cash trade in HRW market has been supporting deferred KC calendar spreads over the last week, and the purported buying of delivery receipts has fueled significant trade volume today (16,143 contracts of Z/H traded; 6,889 contracts of H/K traded; 4,488 contracts of K/N traded; 1,490 contracts of U/Z traded; 1,967 contracts of N/Z traded). Folks are beginning to think we don't need to trigger two VSR increases in KC, given the forecasted reductions in winter wheat area and strength in the cash markets. Tomorrow's USDA report is expected to be a non-event for U.S. wheat, leaving futures more susceptible to movements in corn, especially if there is a larger than expected yield increase.

Best regards,

Al, Emily & Jason Conway

Comments, questions & criticism welcomed!