



# CASH WHEAT REPORT

## CASH WHEAT MARKET

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The cash basis remains strong across all markets as harvest delays, logistics & lack of transportation forcing exporters & domestic mills to push their nearby bids. The river system is basically closed down which forces exporters to buy/ship more expensive trains & shippers who have barge commitments have to substitute more expensive trains to fulfill those commitments. The delay in loading of vessels at the Mississippi River ports is pushing demand to the East Coast ports & the Great lakes. We've seen trades of SRW fob Toledo which is now forcing domestic mills to come to the market & paying premiums to the export market to get coverage. We've asked for weeks why these SRW mills have been sitting on their hands in face of deteriorating crop condition ratings & record rainfall. We're starting to question the yields/production of HRW after record rainfall in May & early June days, but no one on the ground seems concerned. Could we see a similar surprise to 2016 French harvest, no wants to believe it. The early harvest in Texas and SW Oklahoma suggests record yields are in order but yielding a low protein crop. The Northern Plains are starting to show signs of stress from lack of rainfall and growers/shippers are getting bullish when yesterday they wanted to sell at \$5.00/bu. The same is true in Canada for Canadian growers/shippers. PNW exporters fell on the knife to sell Japan and CCC SWW tender last night. Bids in the market are unchanged to weaker for protein. Export business from the PNW is estimated at 275 kmt.

USDA reported old crop wheat sales as a negative 26,000 metric. Increases were reported for the Congo (15,500 MT, *switched from unknown destinations*), Liberia (8,800 MT, *switched from unknown destinations*), Mali (5,500 MT, *switched from unknown destinations*), Malaysia (4,600 MT, including decreases of 200 MT), and Iraq (2,500 MT). Reductions were primarily for unknown destinations (73,000 MT), the Philippines (3,000 MT), Guatemala (3,000 MT), and South Korea (1,800 MT). New crop wheat sales were reported at 501,900 MT with increases for Taiwan (111,100 MT), Panama (89,500 MT), unknown destinations (81,000 MT), Mexico (68,200 MT), and Colombia (41,300 MT).

Based on today's export sales report we are anticipating 60 mbu of old crop sales to roll into new crop. Sales that will be rolled forward by class: 30 mbu HRW, 4.7 mbu SRW, 13.8 mbu HRS, 10.7 mbu WW, and 900 bu durum.

US census data for the month of April was released today indicating exports were 2.86 million MT which compares to inspections of 2.73 million MT. Overall, July-April census data was 528 kmt higher than inspections data. Our final export number as of 939 mbu, exceeding USDA's 925 mbu with our ending stocks pegged at 1.095 bbu compared to the average trade estimate of 1.12 bbu. The lower forecast in ending stocks reflects higher exports and SRW feed residual forecast which we see at 41 mbu compared to USDA's 25 mbu.

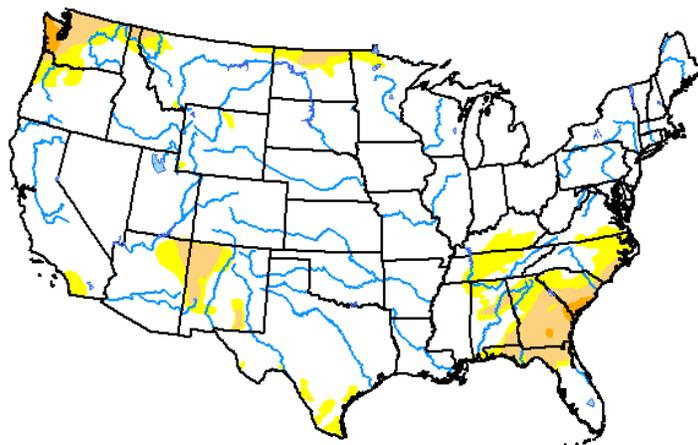


Weekly Export Sales for Week Ending May 30, 2019							New Crop Weekly Sales Δ
Sales Summary (kmt)	Week's net chg in commitments		Total Commitments		Undelivered Sales		
	This Year	Next Year	This Year	Last Year	This Year	Next Year	
<b>Wheat</b>	(26.0)	501.9	25,842.1	23,723.9	1,628.1	4,235.4	90.1
<b>HRW</b>	1.6	209.9	9,399.4	9,311.1	808.2	1,683.8	8.6
<b>SRW</b>	(30.0)	45.3	3,332.1	2,512.9	128.6	709.6	13.6
<b>HRS</b>	-	196.8	4,152.4	6,173.6	376.2	1,009.7	78.1
<b>White</b>	2.5	27.9	5,454.5	5,321.0	290.8	646.5	(32.3)
<b>Durum</b>	(0.2)	22.0	503.7	405.4	24.4	185.7	22.0
<b>Corn</b>	(8.8)	23.5	48,238.2	55,300.4	7,867.7	2,613.9	(53.0)
<b>Soybeans</b>	510.0	73.7	46,682.0	55,630.1	11,769.2	1,519.7	51.7
<b>Soymeal</b>	110.8	2.1	11,005.8	11,039.1	2,735.6	562.2	(62.9)
<b>Soyoil</b>	15.4	-	756.5	885.0	149.8	4.2	-

USDM Highlights: In the High Plains, dry conditions during the past month led to introduction of moderate drought in north-central North Dakota. For portions of the Southeast and lower Mid-Atlantic, drought conditions intensified where persistent hot and dry weather stressed dryland crops. Drought relief is in the forecast over the next 7-days which is expected to bring 3.0-5.0 inches of rain.

## U.S. Drought Monitor Continental U.S. (CONUS)

**June 4, 2019**  
(Released Thursday, Jun. 6, 2019)  
Valid 8 a.m. EDT



Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
<b>Current</b>	87.08	12.92	5.28	0.51	0.00	0.00
<b>Last Week</b> 05-28-2019	87.90	12.10	3.31	0.00	0.00	0.00
<b>3 Months Ago</b> 03-05-2019	73.56	26.44	11.72	2.80	0.53	0.04
<b>Start of Calendar Year</b> 01-01-2019	69.05	30.95	21.90	10.73	3.29	1.14
<b>Start of Water Year</b> 09-25-2018	51.36	48.64	29.54	17.46	7.49	1.73
<b>One Year Ago</b> 06-05-2018	53.72	46.28	27.09	17.06	9.17	2.05

Intensity:

- None
- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

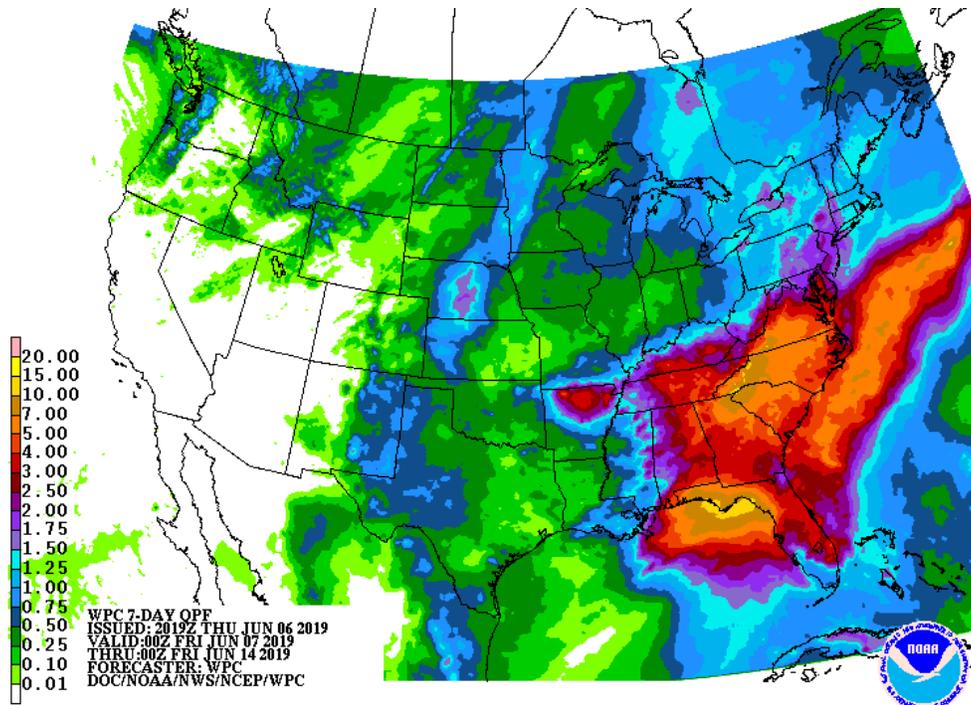
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

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Western Regional Climate Center



## 7 Day Precipitation Forecast:



## HARD RED WINTER

The gulf basis is called unchanged on bid/offer with tone firmer overall. The domestic market closed up 4-17 ct/bu. There is some harvesting from central Texas into SW Oklahoma; yields are near recorded & quality is excellent, except for low protein. Protein range is from 9% to 11.0%, as expected and lower than wanted. We expect the low protein theme will continue thru out the HRW harvest & therefore question why the interior elevators/warehouses are bidding well above the market.

Grower bids are -15 to -20 ct/bu under KWN9 to the grower in central Kansas when the bids at shuttle loaders should be 35-45 under, before elevators take their margin. You can easily find these bids on the internet. Here are some examples:

<http://www.cscoop.net/page/custom.php?id=25329>

<https://www.fceisabel.com/pages/custom.php?id=26785>

<https://www.skylandgrain.com/cash-grain-bids/>

<http://www.kanzacoop.com/grain/cash-bids/>

They must expect to have ordinary/low protein wheat. The best bid are the gulf for July shipment is +85-90 ct/bu. The shuttle loaders best freight is 120-125 ct/bu depending upon location, equal to 35 to 40 ct/bu under KWN9 fob their elevator. The only explanation for these bids is to fill space & they're not bidding basis KWN9 but must be looking at the KWU or KWZ carry to offset their initial loss.



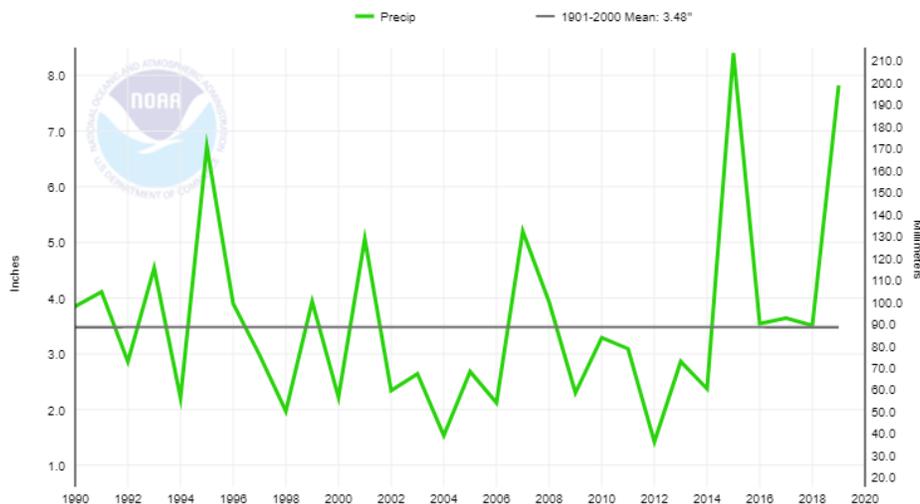
HRW GULF BID/OFFERS: 12% PROTEIN: JUN +162/170 KWN, JUL +150/165 KWN, AUG/SEP +147/160 KWN, O/N/D +145/NO KWZ, J/F/M +145/155 KWH, APR/MAY +142/150 KWK. 11% PROTEIN: FH JUN +140/NO KWN, JUN +120/NO KWN, JUL +120/130 KWN, AUG/SEP +105/120 KWU, O/N/D +115/135 KWZ, J/F/M +112/125 KWH, APR/MAY +110/120 KWK. ORDS: JUN +110/130 KWN, JUL +95/115 KWN, AUG/SEP +85/100 KWN, O/N/D 85/NO KWZ9, J/F/M +80/100 KWH, APR/MAY 80/100 KWK.

KC SPOT MARKET CLOSED 4-17 CENTS HIGHER TODAY:

Premium	Change	Premium	Change
ord	125 to	135	0
11.00	140 to	150	4
11.20	140 to	150	4
11.40	144 to	154	0
11.60	148 to	158	0
11.80	165 to	175	17
12.00	165 to	175	5
12.20	165 to	175	5
12.40	165 to	175	5

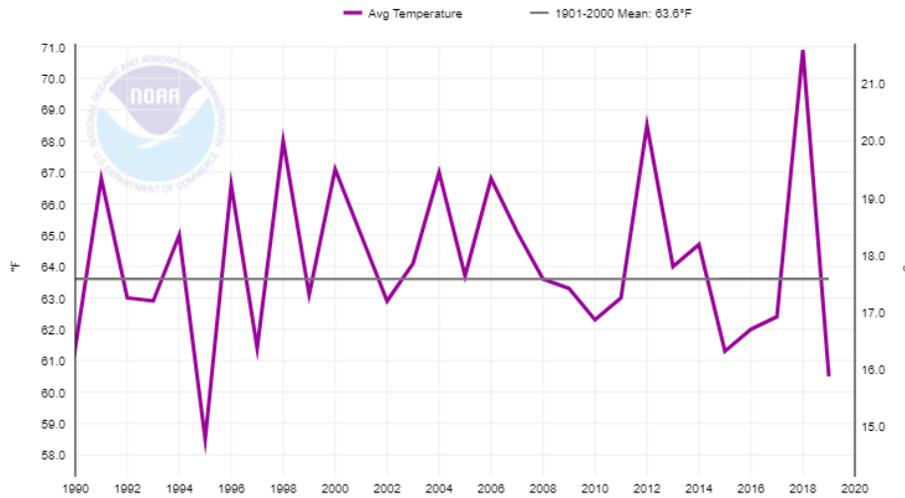
The HRW belt received 7.82 inches of rain for the month of May, the second wettest month on record from 1990-2019. The average temperature for the month was 60.5°F, also the second coldest on record. Conditions were most similar to the 2015/16 marketing year which reported 8.4 inches of rain and the average temperature was 61.3°F. Despite this monthly similarity, HRW conditions in 2015/16 were worse than they are today however it does lead us to question our overall crop forecast. Rain makes grain, but it also creates disease. *Will there be a surprise in this year HRW crop?* Today, we are forecasting HRW production at 780 mbu, down from our optimistic 850 mbu estimate.

Area-Weighted Primary Hard Red Winter Wheat Belt, Precipitation, May

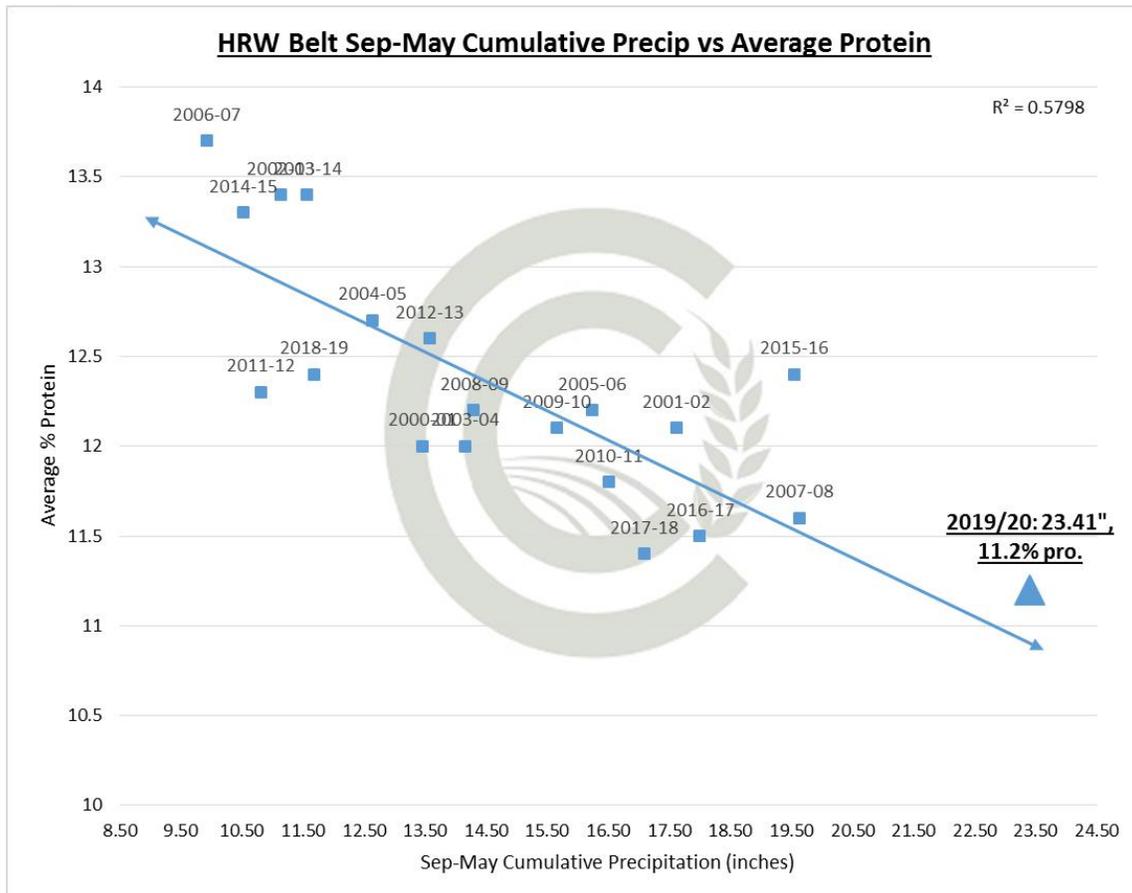




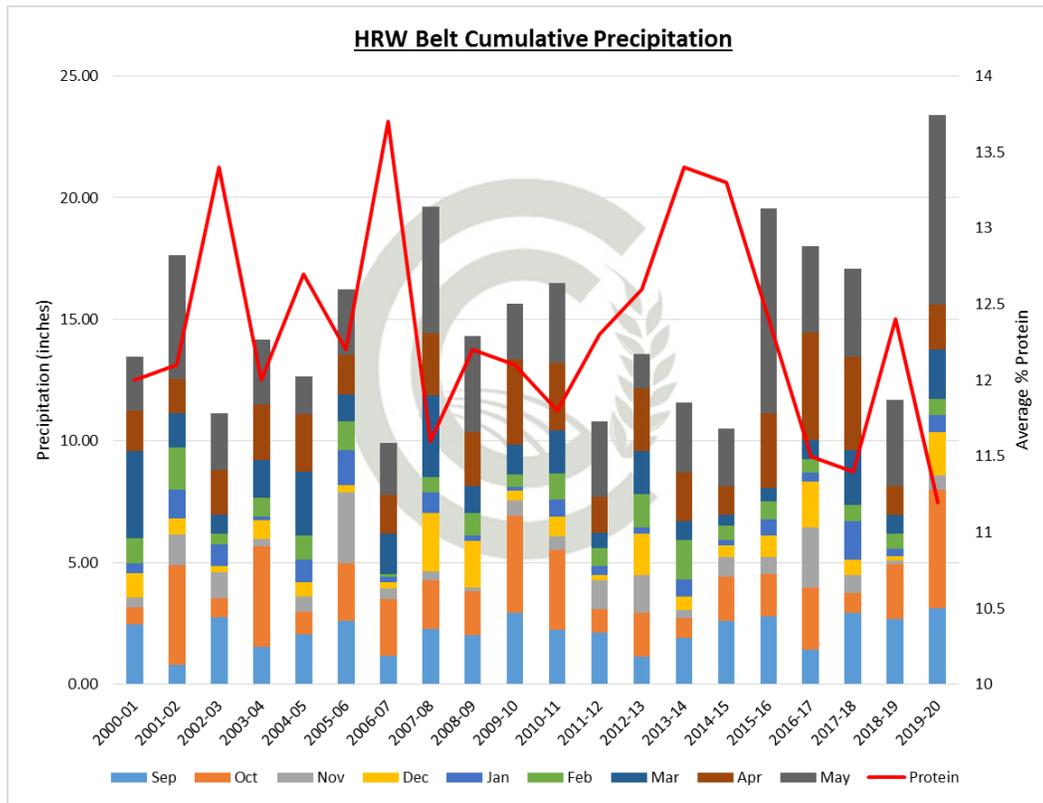
Area-Weighted Primary Hard Red Winter Wheat Belt, Average Temperature, May



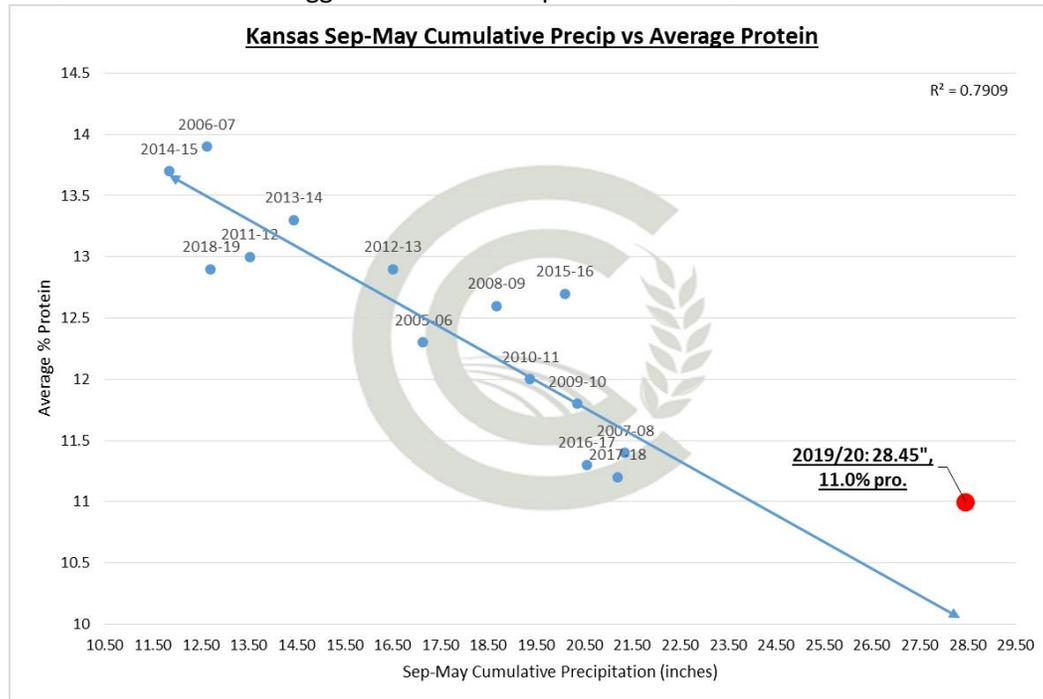
The HRW belt has seen the largest cumulative rainfall Sep-May in recent history, totaling 23.41 inches. May precipitation alone was 7.82", the largest amount since the 2015/16 crop year. In that year protein averaged 12.4% (area weighted), however the region was comparatively much drier in the fall and winter. Cumulative Sep-May precipitation for the HRW belt this year suggests an average protein less than 11.5%.

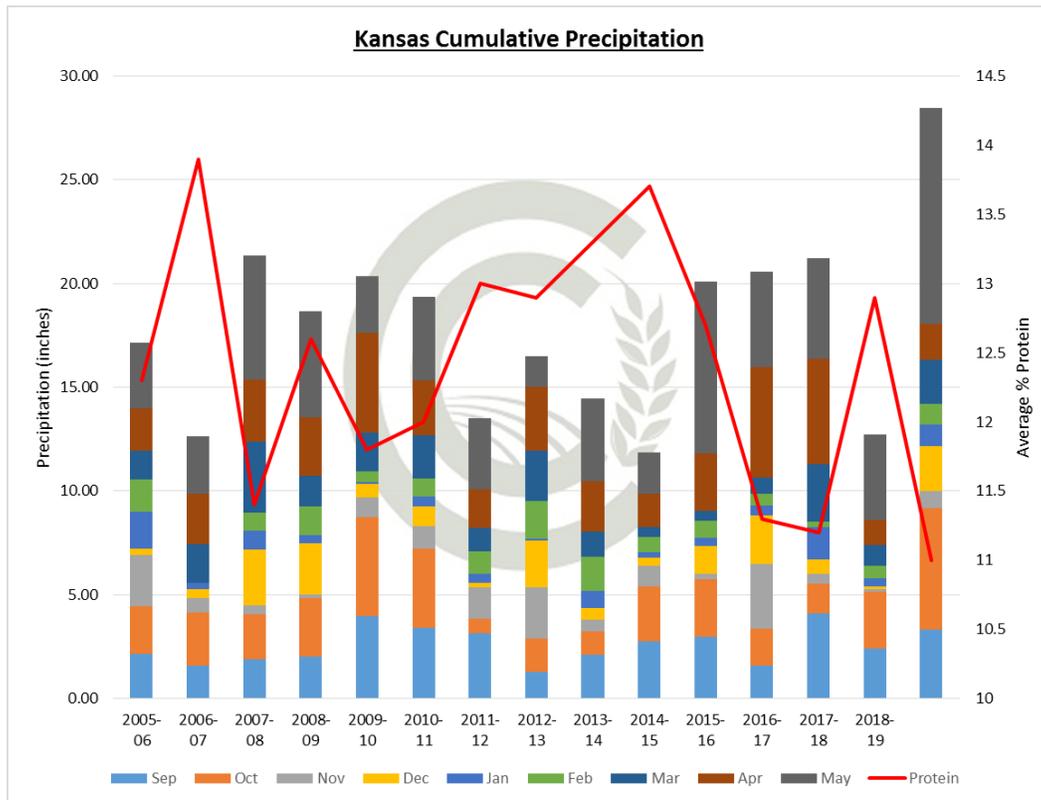


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Similarly, Kansas saw record rainfall in May and Sep-May cumulative precipitation totaled 28.45 inches, which off the chart. The trend suggests Kansas HRW protein could be 11.0% or lower.





Daily received/shipped (reported by CME, close of business 6/5): Hutchinson: 4.412/17.738 kbu, KC: 6.934/126.724 kbu, Salina: 51.756/0 kbu, Wichita: 34.057/455.699 kbu.

## SOFT RED WINTER

The SRW cash markets maintained their firm tone today, with cash wheat remaining very tough to buy. July barges traded yesterday at +87 WN, about 6.00 cents above delivery value on the river in Chicago. Nearby CIF bids have jumped 5-10 cents today. Afloat barges, St. Louis & South Miss with an ETA, went from bid +110 yesterday to bid +120 WN today. Barge freight is also working higher, as shippers look for July freight on the Mid-Miss & Illinois Rivers, and new crop values are even money to new crop. Logistics on the river and at the Gulf are supporting the cash basis and forcing Latin American buyers to source wheat from the Lakes (folks say a cargo of this wheat is worth +50 +/- FOB Toledo). Mexico still has demand for rail out of Chicago for July and offers are approaching FOB NOLA values. *It should be noted that, despite French wheat values being considerably cheaper than SRW on a FOB to FOB comparison, French wheat is typically used as a blender and is not a substitute for SRW.* The domestic market is finally seeing mills beginning to take notice of the war that's ahead of them and posted bids have jumped 10-20 cents this week. Mills in Northwest Ohio are being forced to compete with exporter bids of +40 to +55 over the respective FOB Toledo.

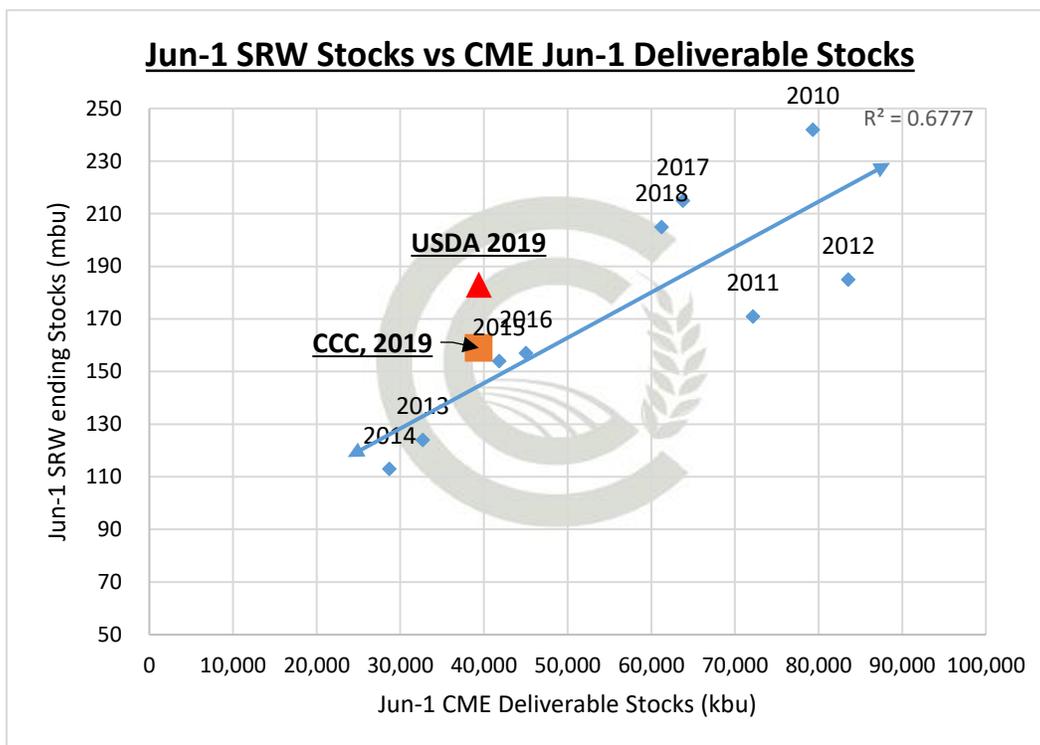
The Jul-Sep futures spread traded into -3.00 cents today before settling at -4.25, up 2.75 cents on the day, doing the work needed to encourage SRW to want to move, but we don't know how much is



trading. Demand for delivery receipts is strong, with 31 Toledo receipts cancelled tonight, as the cash basis heats up, and there are 58 left in Edwin.

Export sales of SRW totaled 45.3 kmt last week, with 30.0 kmt sold to 'unknown'. Total 2019/20 sales, as of May 30<sup>th</sup>, were 1.68 mmt, with 371.7 kmt sold to 'unknown' destinations.

Based upon Jun-1 CME wheat stocks, totaling 39.385 mbu, USDA's current estimate of 183 mbu looks to be on the high side of the range. The relationship between Jun-1 delivery market stocks and Jun-1 SRW ending stock has had an 82% correlation since 2010. Our current estimate is closer to the trend, at 159 mbu.



FOB Bellevue bid/offer indications: Jun/Jul NB/+35 WN, Aug/Sep NB/+35 WU.

CIF barge bid/offer: Jun 1-10 +95/NO WN, Jun +85/NO WN, Jul +75/NO WN, Aug/Sep +70/NO WU, Sep +75/NO WU, O/N/D +65/NO WZ, J/F/M +65/NO WH.

FOB NOLA indications: Aug +100 WU, Sep +105 WU, Oct +95 WZ, Nov +100 WZ, Dec +105 WZ.

Elevator/Mill Bids: NW Ohio mills: Jun/Jul +15 WN, Aug/Sep +15 WU, O/N/D +25 WZ; Chicago warehouse: New Crop +10 WN; Toledo warehouse: Jun +10 WN, Jul/Aug +10 WN, Sep +5 WU; Toledo mill: Jun/Jul +15 WN, Aug/Sep +10 WU, O/N/D +25 WZ, J/F/M +25 WH, A/M +20 WK; Michigan mill: Jun/Jul +15 WN, Aug/Sep +15 WU, O/N/D +15 WZ; Eastern Indiana mill: Jun/Jul +20 WN, Aug +20 WU, Sep +25 WU, Oct +20 WZ.



Daily received/shipped (reported by CME, close of business 6/5): Chicago: 4.706/122.311 kbu, MS River: 138.457/72.133 kbu, NW Ohio: 0/64.772 kbu, OH River: 1.681/53.159 kbu, St. Louis: 0/0 kbu, Toledo: 3.363/7.986 kbu.

## HARD RED SPRING

This week's export sales report showed 46.5 kmt sold to Mexico, 34.8 kmt to Panama, and 60.4 kmt sold to Taiwan, plus 40.0 kmt sold to 'unknown' destinations.

There were 18 singles and one train offered on the spot market today, with premiums closing mixed, from down 15 to up 15 cents. The train averaged 14.0% protein and traded at +120 MWN, closing the high side of 14's a nickel higher. Singles ranged from 14.0 to 15.0% protein and traded a narrow range, from +100 to +110 MWN. Mills have their hands full with June applications and BNSF placements are reportedly improving.

The latest U.S. Drought Monitor shows northcentral North Dakota is experiencing moderate drought conditions and the entire northern third of the state is abnormally dry, as precipitation has been limited in the region and temperatures have been above normal. The weather forecast calls for scattered showers across North Dakota and northwestern Minnesota over the weekend, but totals will be minimal.

### HRS vs HRW price comparisons (J/A/S):

Spring Wheat vs HRW Basis Chicago gateway						
J/A/S	DNS 14%	HRW 14%	DNS 13.5%	HRW 13%	DNS 13%	HRW 12%
<b>Basis</b>	<b>95.00</b>	160.00	<b>90.00</b>	155.00	<b>85.00</b>	150.00
<b>Futures</b>	<b>574.25</b>	468.50	<b>574.25</b>	468.50	<b>574.25</b>	468.50
<b>Del Chicago</b>	<b>669.25</b>	628.50	<b>664.25</b>	623.50	<b>659.25</b>	618.50

### HRS & HRW blended prices (J/A/S):

14% HRS Protein Blend						
	Spot Basis	Futures	Flat Price	Blend	Blended Price	Basis MW
15% HRS	100	574.25	674.25	3	657.81	83.56
11.0% HRW	140	468.50	608.50	1		
14% HRS Comparison	95	574.25	669.25			
<b>Blended Discount (ct/bu)</b>	<b>11.44</b>					

Daily received/shipped (reported by MGEX, close of business 6/5): Minneapolis/St. Paul: 14/1 kbu, Duluth/Superior: 0/0 kbu.



## PNW

Exporters sold CCC / Yemen last night; 58.4 kmt early July traded \$227.43/mt & LH July traded 33 kmt at \$224.87/mt & 24.8 kmt at \$226.34/mt fob PNW. Japan purchased their 2 cargoes last night for August shipment. We believe Malaysia & Philippines buyers purchased cargoes for August shipment, 45-50 kmt & 60 kmt tonnage estimated for NS & WW combo cargoes. All total we estimate 275 kmt was sold from the PNW this week.

Grower sales have slowed down as they become concerned about dryness across the northern plains & they've seen these prices on last week's rally.

Shipment	NS/DNS 14%	HRW 11.5%	SWW 9.0-9.5%
June/July	85/85 MWN	170/135 KWN	620/620 ct/bu
August / September	80/85 MWU	115/120 KWU	620/620
Oct/Nov/Dec	80/85/85 MWZ	110/115/120 MWZ	623/236/629
Jan/Feb/Mar	80/85/85 MWH	110/115/120 MWH	632/635/635

## WORLD WHEAT NEWS

### 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%
Jul	\$196	\$215	\$214	-	\$215	\$208	\$207	\$201	\$218	-
Aug	\$195	\$205	\$200	-	\$218	\$211	\$210	\$202	\$207	\$226
Sep	\$199	\$206	\$201	-	\$220	\$213	\$212	\$204	\$209	\$228
Oct	\$201	\$208	\$202	-	\$225	\$217	\$216	\$207	\$211	\$228

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%
Jul	\$235	\$245	\$225	\$219	\$222	\$233	\$237	\$239	\$239	\$244
Aug	\$235	\$245	\$225	\$214	\$218	\$231	\$240	\$242	\$240	\$246
Sep	\$235	\$245	\$225	\$216	\$220	\$233	\$242	\$244	\$246	\$251
Oct	\$235	\$245	\$225	\$223	\$227	\$234	\$245	\$247	\$247	\$252

**July** fob prices for U.S. Gulf HRW shown in blue, U.S. SRW in pink, EU soft wheat in green, Russian wheat in red:



## SOUTH AMERICA

BAGE reported wheat planting progressed 12% with the most progress observed in northcentral Cordoba and NOA regions with 32% and 26% complete, respectively. Eastward, NEA still struggles with waterlogged fields slowing planting progression. Of the wheat planted, 70% is in good to excellent conditions compared to 41% last year. The weather forecast is calling for warmer, wetter conditions over the next 7 days before turning ahead of a dry, cold front in the next 8-14 days.

Origin	Month	Quality	Offer (\$USD/MT)
Argentine Upriver	New crop Dec/Jan/Feb	11.5% pro	Seller 195/200/205
Argentine Upriver	New crop Dec/Jan/Feb	12.0% pro	Seller 198/203/208

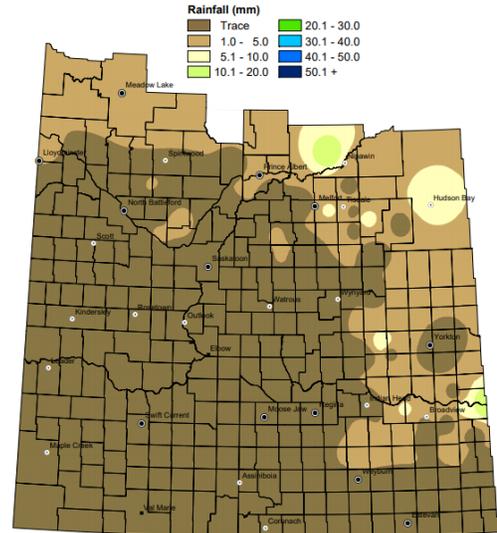
## CANADA

INDICATIVE PRICES FOR JUNE/JULY/AUGUST: CWR 13.5% PROTEIN +80U AND A 5-CT. DISCOUNT FOR CWR 13% PROTEIN.

The CP reported it moved 22.5 million MT of grain products since the start of 2018/19 MY. Since August, the CP has shipped 500 kmt more grain than ever before breaking the previously set records back in 2016/17.



Saskatchewan crop report showed rapid planting progress across the province reflecting dry weather allowing producers to exceed the previous year's pace. Spring wheat and durum planting is pegged at 99% complete and in desperate need of rain. Topsoil moisture is rated 78% short to very short which has continued to be depleted by strong winds and dry weather. Over the past week rainfall measured a trace to 5.0 mm across the province with forecasts mostly dry through the next 7 days.

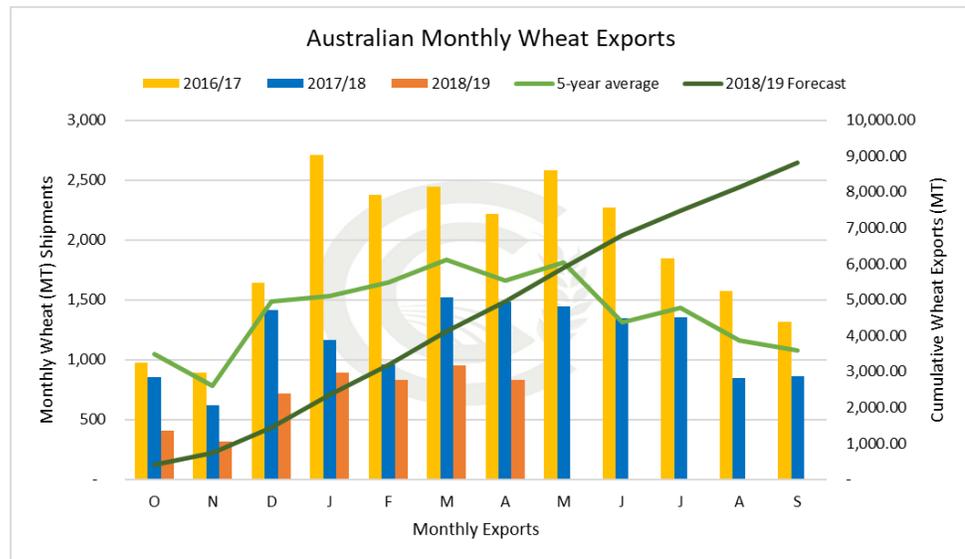


NOTE: Since techniques used to smooth the transition between zones can affect the values in localized areas, this map should be used for regional analysis only.

## AUSTRALIA

Indicative prices for July/August/September FOB WA: APW \$235/235/235/MT, ASW \$225/225/225 discount to APW and AH2 a \$15/MT premium.

Australia wheat exports for the month of April totaled 832 kmt, down from 956 kmt the previous month. Major destinations included Vietnam were 158 kmt, the Philippines at 147 kmt, New Zealand at 74 kmt, and Yemen at 56 kmt. October-April exports now total 4.96 million MT.



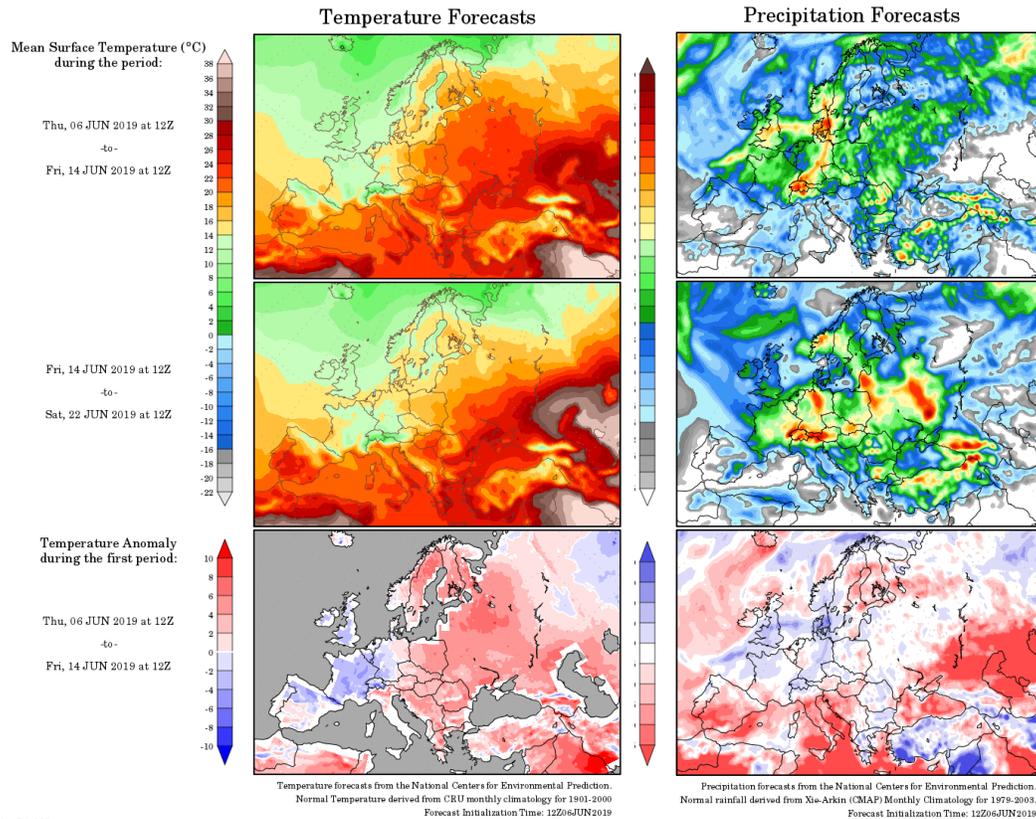
## BLACK SEA & EU

Indicative July/August/September prices (\$/MT) for French wheat 11.0% pro \$201/202/204, German 12.5% pro \$215/205/206, Russian 12.5% pro \$196/195/200, Baltic 12.5% pro \$214/200/201.

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Extremely hot and dry weather across Ukraine, Russia, and the EU regions will be largely unfavorable through 10 days. This will have many analysts in the market cutting yield/production forecasts in the coming days. We have already lowered our Russian wheat forecast to 77 million MT, Ukraine to 26.5 million MT, and EU to 143 million however there is considerable downside with this weather forecast.



## PENDING TENDERS

- June 6: Japan tenders to buy 77.04 kmt of milling wheat from the U.S. and Australia.
- June 12: Jordan tenders to buy 120 kmt of milling wheat.

## FUTURES COMMENTS

U.S. wheat futures prices rallied, with heavy buying of frontend spreads. Jul-Sep traded 41,285 contract in Chicago, 20,237 contracts in Kansas City, and 2,298 contracts in Minneapolis. Winter wheat cash basis is heating up and logistics plus nearby shorts are keeping an inverse in the market. We smack dab in the middle of index roll periods and open interest in July contracts to start the day was 198,100 WN, 131,705 KWN, and 24,187 MWN. Chicago calendar spreads exploded today as word got out that the SRW cash markets are seeing a big jump in basis and exporters are stealing wheat away from the delivery market. SRW mills are screwed and will have to pay big premiums to compete with exporters and warehousemen for ownership. KC calendar spreads, on the other hand, are trading a VSR trigger on the July and close to trading a second on the September, as the trade prepares for a large supply of low

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protein HRW. The following table shows how the storage rate increase will be calculated and their effects on spreads & full carry.

VSR INCREASES		N	U	Z	H	K
KCBT VSR (ct/bu)	Spread	N-U	U-Z	Z-H	H-K	K-N
<b>Futures Close Price</b>	<b>Days</b>	<b>455.25</b>	<b>468.50</b>	<b>491.75</b>	<b>513.50</b>	<b>527.75</b>
Base Storage	0.165	10.23	15.02	15.02	10.07	10.07
N-U (increase .10)	62	4.40	9.10	9.10	6.10	6.10
U-Z (increase .10)	91		7.30	9.10	6.10	6.10
Z-H (increase .10)	91			7.30	6.10	6.10
H-K (increase .10)	61				4.30	6.10
K-N (increase .10)	61					4.30
<b>Total Storage</b>		<b>14.63</b>	<b>31.42</b>	<b>40.52</b>	<b>32.67</b>	<b>38.77</b>
Interest Charge	4.47%	3.51	5.30	5.56	3.89	4.00
Full Carry B4 VSR		13.74	20.31	20.57	13.96	14.06
Closing Board Spread		13.25	23.25	21.75	14.25	7.00
Closing Spread % FC		96%	114%	106%	102%	50%

The heavy buying in Chicago spreads, coupled with heavy selling of KC spreads, encouraged KC-Chicago spreads to make new lows on the July. Folks have been asking what these spreads need to trade

to pull HRW into the CME wheat delivery market. If we use +100 ct/bu KWN9 bid at the gulf & back off to an origin, we are close to delivery at the Mississippi River. However, talking with shippers they ask why they would sell wheat at these levels when storage revenue is better & it is only a breakeven trade.

Brunswick, NE	Gulf	Domestic	Gulf	Gulf
Basis KWN9	\$ 1.00	\$ 0.70	\$ 1.00	\$ 1.00
Shuttle /DET Freight	\$ 1.30	\$ 0.95	\$ 1.30	\$ 1.30
FOB elev	\$ (0.30)	\$ (0.25)	\$ (0.30)	\$ (0.30)
Rate to Chicago	Chicago	Chicago	St. Louis	Memphis
DET	\$ 1.06	\$ 1.06	\$ 1.07	\$ 1.13
Single car	\$ 1.28	\$ 1.28	\$ 1.32	\$ 1.38
Del DET Chicago	\$ 0.76	\$ 0.81	\$ 0.77	\$ 0.83
Del Single Chicago	\$ 0.98	\$ 1.03	\$ 1.02	\$ 1.08
KWN-WN spread	\$ (0.55)	\$ (0.55)	\$ (0.55)	\$ (0.55)
Basis WN9 DET	\$ 0.43	\$ 0.26	\$ 0.22	\$ 0.28
Delivery	\$ -	\$ -	\$ 0.10	\$ 0.20
difference	\$ 0.43	\$ 0.26	\$ 0.12	\$ 0.08

*Ordinary protein bid: The KC ord bid is an estimate, there is no bid.*

The only reason would be a shortage of storage and/or a huge margin they want to lock. If they have storage, they're better off to sell deferred J/F/M gulf bids to lock in storage revenue & still maintain control. Bottom-line, we are closer on paper to making this work, but no one would do it at even money. [Note this assumes DET freight rates, single cars are 22-25 cents more, and it would probably have to be singles move the wheat out.] Others suggest the KWN-WN spread needs to reach 75 ct/bu, but this is just a guess on their part, in our opinion.

Minneapolis-KC spreads continued to rally this week, but today it was Minneapolis that outpaced KC, amid dryness concerns in the Northern Plains & Canada and worries of a protein supply issue brewing in the U.S.

Best regards,

Al, Emily & Jason Conway  
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