



CASH WHEAT REPORT

CASH WHEAT MARKET

The market appears to be in denial over USDA's World & US wheat balance sheets. It feels like most of the market was bearish, caught short, & are arguing why they're correct & USDA is wrong today. There are a few who have been following weather models, etc. who feel vindicated by USDA's numbers & suggest there is more downside. We don't have a big problem with USDA's balance sheets & agree there is more downside in their world production, but there is 1.0 mmt upside on the HRW crop.

Cash markets remain firm in all the markets with lack of grower sales despite 50%+ of winter wheat harvested. Despite lack of competitiveness in the export market, 1st quarter inspections are 857 kmt greater than last year & total sales are 1.379 mmt greater than last year. Almost all this increase comes in HRW; so those traders who ask how USDA can forecast HRW exports so much greater the last year? HRW exporters are 55 mbu greater than last year's 1st quarter.

Class	4-Jul	Open	accum	Total	Open	accum	Total	Diff	Diff	Total
	Sales	Shpts	Sales	Sales	Sales	Shpts	Sales	Accum	Open	Sales +
	2019(000 mt)			2018 (000 mt)			2019-2018			Shpt
HRW	1,665	1,360	3,025	1,122	411	1,533	949	543	1,492	
SRW	797	229	1,026	505	251	756	-22	292	270	
HRS	1,309	577	1,886	1,440	531	1,971	46	-131	-85	
White	956	404	1,360	1,155	566	1,721	-162	-199	-361	
Dur	157	55	212	140	9	149	46	17	63	
Total	4,884	2,625	7,509	4,362	1,768	6,130	857	522	1379	

USDA released its by class detailed balance sheets today which gave us the breakdown of domestic use for both old and new crop.

USDA July 2018-19 US Wheat Balance Sheet						
	HRW	SRW	HRS	WHITE	DURUM	TOTAL
Carryin	581	205	191	87	35	1,099
Production	662	286	587	272	77	1,884
Imports	5	5	68	6	52	135
Total Supply	1,248	496	846	365	164	3,118
Food Use	388	152	256	85	79	960
Seed Use	25	11	17	6	2	60
Feed Residual	(2)	47	49	(10)	6	91
Domestic Use	411	209	322	81	87	1,111
Exports	331	128	259	196	22	936
Carryout	506	158	265	88	55	1,072

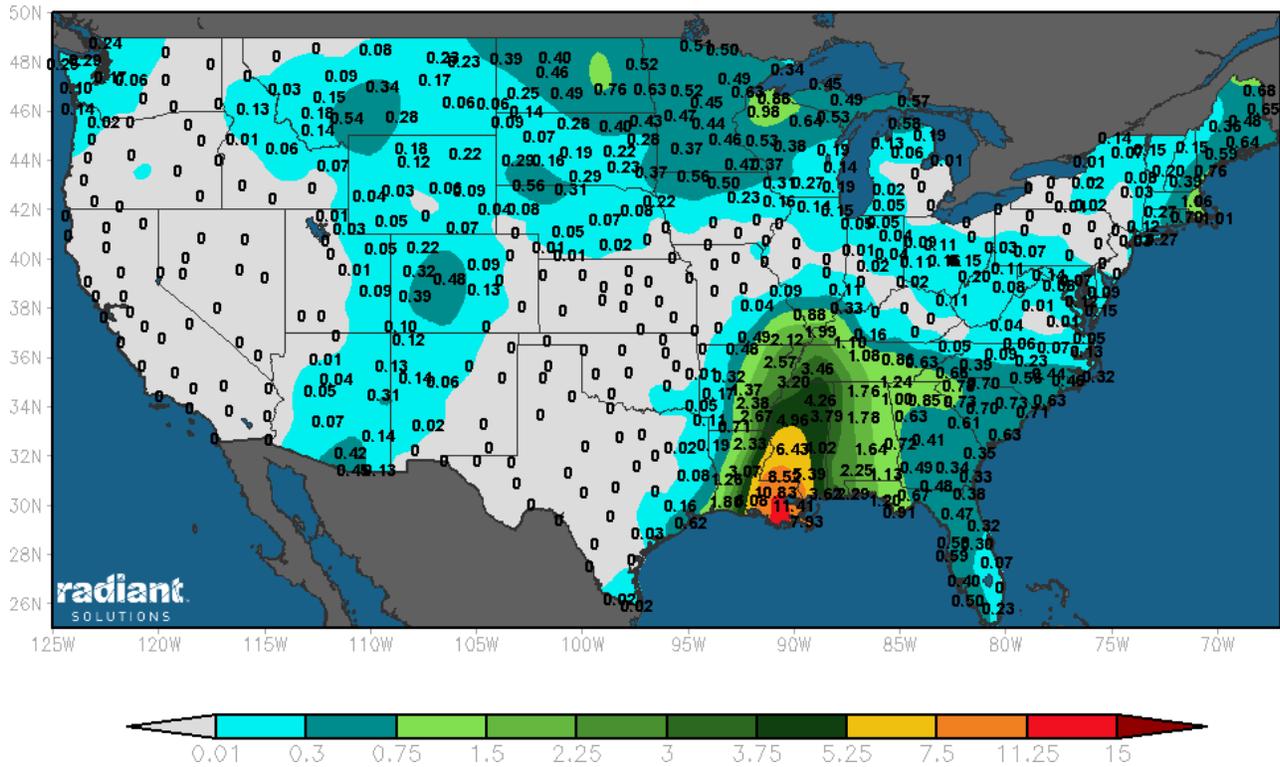


USDA July 2019-20 US Wheat Balance Sheet						
	HRW	SRW	HRS	WHITE	DURUM	TOTAL
Carryin	506	158	265	88	55	1,072
Production	804	259	542	257	58	1,920
Imports	6	5	68	6	55	140
Total Supply	1,316	422	875	351	168	3,132
Food Use	392	150	258	85	80	965
Seed Use	29	12	19	6	3	69
Feed Residual	80	45	15	5	5	150
Domestic Use	501	207	292	96	88	1,184
Exports	390	90	260	190	20	950
Carryout	426	125	323	66	60	1,000

After reviewing USDA's report and adjusting world wheat exporter and importer balance sheets our US export forecast increased almost 50 mbu with 35 mbu reallocated to HRW, 8 mbu HRS, and WW 4 mbu. We lowered Russian wheat crop to 74 million MT and reduced our export forecast 1.1 million MT. Exports were lowered to Mexico (200k), Indonesia (400k), and Nigeria (100k) and reallocated to HRW and some Indonesian demand to HRS. Additional reductions were made in minor Middle East (100k), Israel (200k), Sudan (375k), Nigeria (-300k), and Egypt (250k) which were reallocated to the EU. An additional 250k of minor Middle East was reduced from Russia and pushed to Ukraine. Our detailed global wheat importer and exporter balance sheets are in the *World News* section.

CCC US 2019-20 By Class Wheat Balance Sheet							
Wheat (mbu)	HRW	SRW	HRS	WHITE	DURUM	TOTAL	USDA
Carryin	506	158	265	88	55	1,071	1,072
Production	805	259	542	258	50	1,914	1,920
Imports	6	6	70	6	55	143	140
Total Supply	1,317	423	877	351	160	3,128	3,132
Food Use	390	152	258	85	80	965	965
Seed Use	26	11	20	6	3	66	69
Feed Residual	100	45	23	5	5	178	150
Domestic Use	516	208	301	96	88	1,209	1,184
Exports	374	90	259	191	25	939	950
Carryout	427	125	317	65	46	980	1,000

July 12-15th total precipitation forecast suggests good weather for HRW harvesting which will continue to advance across the Plains.

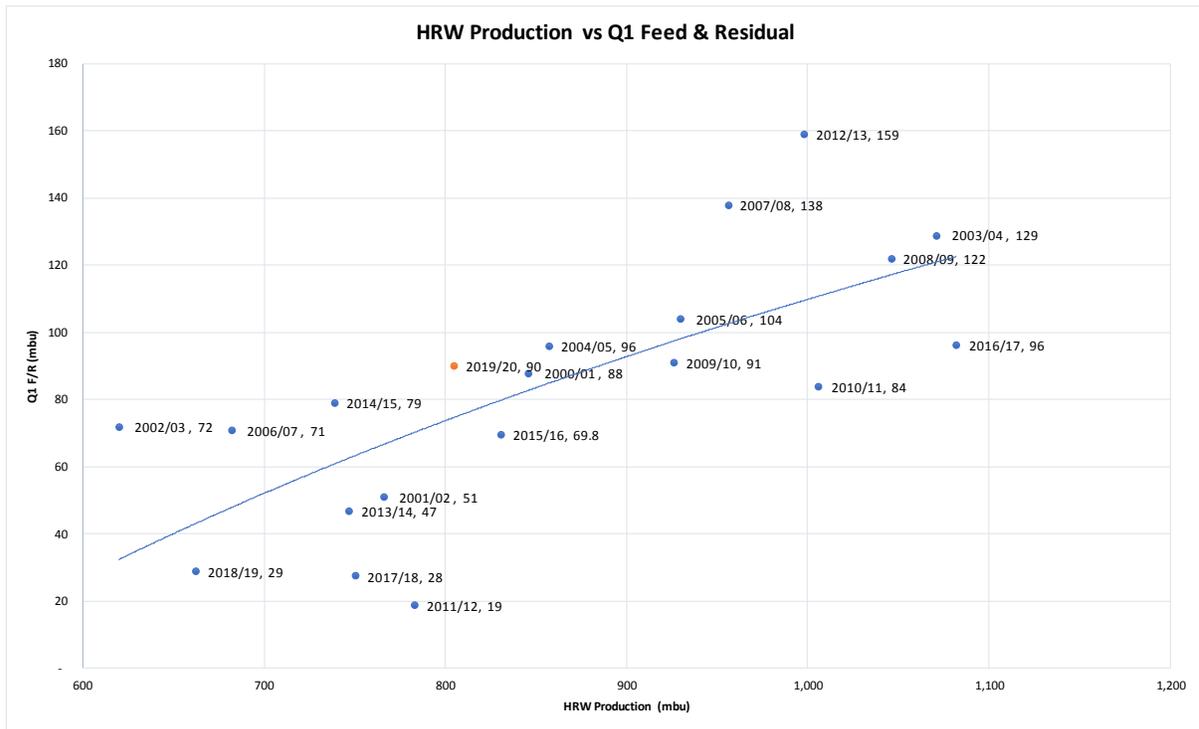


HARD RED WINTER

There are a few more offers today & traders were not as aggressive to reach for any offer they could find yesterday. The market may have an easier tone, but the bids are firm as we go into a good harvest weekend. The Texas elevator vessel line-up is growing, with 323 kmt of vessels waiting to load.

The rally in flat price slowed the pace of feed wheat sales the past 2 days, but the wheat/corn spread is still 90% +/- delivered the feedlots & the quality of the wheat in those areas has the lowest average protein ever. The best market for this low protein wheat is into the feedlots, who have purchased some coverage into J/F/M & A/M. It is impossible to know how big the feed/residual demand will be for HRW, but this demand is the best thing to happen for shippers of low protein wheat.

We believe there is 2-5+ bpa upside in yields for OK/KS/CO for total increase of 30+/- mbu from USDA's 804 mbu production estimate.



HRW GULF BID/OFFERS: 12% PROTEIN: JUL +160/170 KWU, AUG/SEP +155/165 KWU, O/N/D +155/165 KWZ, J/F/M +150/160 KWH, APR/MAY +145/155 KWK. 11% PROTEIN: JUL +130/139 KWU, AUG/SEP +125/135 KWU, O/N/D +125/135 KWZ, J/F/M +122/130 KWH, APR/MAY +122/125 KWK. ORDS: BID +100 over the respective, with no offers.

KC spot market closed up 1 ct/bu for Ord spot cars.

Protein	Basis Range	Change	Protein	Basis Range	Change
Ordinary	+93/103	+1/+1	12.60 PCT	+155/165	0/0
11.00 PCT	+118/128	0/0	12.80 PCT	+155/165	0/0
11.20 PCT	+118/128	0/0	13.00 PCT	+155/165	0/0
11.40 PCT	+125/135	0/0	13.20 PCT	+155/165	0/0
11.60 PCT	+135/145	0/0	13.40 PCT	+155/165	0/0
11.80 PCT	+135/145	0/0	13.60 PCT	+155/165	0/0
12.00 PCT	+155/165	0/0	13.80 PCT	+155/165	0/0
12.20 PCT	+155/165	0/0	14.00 PCT	+155/165	0/0
12.40 PCT	+155/165	0/0			

Daily received/shipped (reported by CME, close of business 7/10): Hutchinson: 73.472/0 kbu, KC: 427.126/0 kbu, Salina: 134.333/426.348 kbu, Wichita: 85.904/0 kbu.



SOFT RED WINTER

This is expected to be a big harvest weekend for SRW which is expanding into Michigan. The theme is lower than expected yields but better than expected quality. We'll know a lot more next week, but earlier reports are vomitoxin will average less than 2ppm. Elevators are paying big premiums with bids +25 ct/bu WU9 at Toledo & MI elevators forced to bid +20 ct/bu WU9. We think the better-quality wheat harvest with average 2 ppm vomitoxin supports CME spreads & will take some upside pressure off the cash basis.

FOB Bellevue bid/offer indications: Aug/Sep +30/50 WU, O/N/D +30/50 WZ.

CIF basis was bid 1 ct/bu higher, but there are still no offers.

CIF barge bid/offer: Jul +48/NO WU, Aug +55/70 WU, Sep +68/NO WU, O/N/D +68/NO WZ, J/F/M +65/NO WH.

FOB NOLA indications: Sep +85 WU, Oct +90 WZ, Nov +95 WZ, Dec +95 WZ, Jan +90 WH, Feb +90 WH, Mar +90 WH.

Elevator/Mill Bids: NW Ohio mills: Jul +30 WU, Aug/Sep +30 WU, O/N/D +25 WZ; Chicago warehouse: New Crop +20 WU, Aug +10 WU, Sep +10 WU; Toledo warehouse: Jul/Aug +25 WU, Sep +17 WU; Toledo mill: Jul +15 WN, Aug/Sep +15 WU, O/N/D +30 WZ, J/F/M +30 WH, A/M +30 WK; Michigan mill: Jul +25 WU, Aug/Sep +25 WU, O/N/D +15 WZ; Eastern Indiana mill: Jul +35 WU, Aug +35 WU, Sep +40 WU, Oct +30 WZ.

Daily received/shipped (reported by CME, close of business 7/10): Chicago: 185.795/0 kbu, MS River: 230.75/142.494 kbu, NW Ohio: 519.337/9.227 kbu, OH River: 324.802/409.165 kbu, St. Louis: 190.83/64.609 kbu, Toledo: 92.466/21.871 kbu.

HARD RED SPRING

The spot market saw 126 cars, including 4 trains & the market handled them very well. Mills say they have enough coverage, but harvest is still 4+ weeks out. The eastern market is pulling most of the cars/trains since the PNW & Chicago values are equal. The market is flat old to new crop & everyone expects growers will soon come to the market to sell the 40%+ of their old crop stocks.

The mills are too much protein today & you can see the 15% protein cars/trains trade equal or a discount to 13.5%-14.0% protein.

MILLING:

12.0	PROT	No Quote	
13.0	PROT	+90	unch
13.5	PROT	+No Quote	
14.0	PROT	+90	up 10
14.5	PROT	+80/+85	up 5/up 5
15.0	PROT	+90/+95	down 15/ down 10
16.0	PROT	No Quote	



HRS vs HRW price comparisons (Aug/Sep):

Spring Wheat vs HRW Basis Chicago gateway						
Aug/Sep	DNS 14%	HRW 14%	DNS 13.5%	HRW 13%	DNS 13%	HRW 12%
Basis	90.00	165.00	90.00	165.00	90.00	165.00
Futures	542.75	467.25	542.75	467.25	542.75	467.25
Del Chicago	632.75	632.25	632.75	632.25	632.75	632.25

HRS & HRW blended prices (Aug/Sep):

14% HRS Protein Blend						
	Spot Basis	Futures	Flat Price	Blend	Blended Price	Basis MW
15% HRS	95	542.75	637.75	3	631.38	88.63
11.0% HRW	145	467.25	612.25	1		
14% HRS Comparison	90	542.75	632.75			
Blended Discount (ct/bu)	1.38					

Daily received/shipped (reported by MGEX, close of business 7/10): Minneapolis/St. Paul: 35/24 kbu, Duluth/Superior: 412/0 kbu.

PNW

Exporters were focused on logistics while they wait for SWW harvest to begin next week & growers to sell balance of old crop HRW & NS. Everyone whines about lack of export business & negative elevations. They hope to buy cheaper basis with some help from the futures rally & growers realizing they need to make space for new crop.

Cash basis is called unchanged.

Shipment	NS/DNS 14%	HRW 11.5%	SWW 9.0-9.5%
July	75 MWN	135 KWN	615
Aug/Sep	80/85 MWU	125/130 KWU	615/615
Oct/Nov/Dec	80/85/85 MWZ	115/115/120 KWZ	617/620/620
Jan/Feb/Mar	80/85/85 MWH	110/115/120 KWH	622/624/625

WORLD WHEAT NEWS

Our current major exporter balance sheets are summarized in the table below which reflect a smaller Russian crop (-3.0 MT), larger Ukraine crop (+1.0 MT), and bigger EU crop (+2.0 MT). Our importer balance sheets by region are in the tables below which reflect demand forecasts we have allocated in our trade matrix. We are forecasting all carryout stocks to be stable or increasing YoY except for Morocco which is drawing down stocks due to massive crop loss. We are currently using the



AgMinistry's forecast for import demand however this could increase and will need to be watched. We are currently not forecasting any Morocco demand coming to the U.S. as we are not competitive however if demand pace increases, we could see the 400 kmt duty free HRW in the second half of the MY.

CASCADe COMMODITY CONSULTING 2019-2020 MAJOR EXPORTER BALANCE SHEETS										
Non-Durum MMT	Argentina	Australia	Canada	EU	Russia	Ukraine	Kazakhstan	US	TOTAL	P8 YoY
Carryin	2.8	4.8	3.4	10.9	8.1	4.3	1.4	27.7	63.4	(9.35)
Production	21.1	19.7	26.9	140.6	74.0	28.2	13.8	50.7	374.9	25.62
Imports	0.0	0.1	0.1	4.1	0.5	-	0.1	2.4	7.3	(0.08)
Total Supply	23.9	24.6	30.3	155.6	82.6	32.5	15.2	80.8	445.6	16.19
Domestic Use	5.9	8.5	7.8	120.7	41.0	9.8	6.6	30.5	230.8	9.95
Exports	15.0	11.4	18.4	23.1	33.8	18.4	7.4	24.9	152.24	7.10
Carryout	3.1	4.8	4.2	11.8	7.8	4.3	1.2	25.4	62.6	(0.86)

LAM IMPORTER BALANCE SHEETS							
CCC 2019-20 Balance Sheet	Chile	Colombia	Cuba	Ecuador	Mexico	Peru	Venezuela
Carryin	0.7	0.4	0.0	0.2	0.7	0.2	0.2
Production	1.5	0.0	-	0.0	3.2	0.2	-
Imports	1.2	2.0	0.8	1.2	5.4	2.2	1.5
Total Supply	3.4	2.3	0.9	1.4	9.3	2.6	1.7
Domestic Use	2.9	2.0	0.8	1.2	7.7	2.2	1.2
Exports	0.0	0.0	-	-	0.9	0.1	-
Carryout	0.5	0.4	0.1	0.2	0.7	0.3	0.5

MIDDLE EAST IMPORTER BALANCE SHEETS								
CCC 2019-20 Balance Sheet	Iran	Iraq	Isreal	Jordan	Saudi Arabia	Syria	Turkey	Yemen
Carryin	6.2	0.8	0.4	0.2	2.5	0.3	5.3	0.2
Production	16.8	4.8	0.1	0.0	0.5	4.8	21.0	0.1
Imports	0.2	3.4	1.8	1.1	3.2	0.2	5.4	3.3
Total Supply	23.2	9.0	2.3	1.3	6.2	5.3	31.7	3.7
Domestic Use	16.4	7.9	2.0	1.0	3.7	4.1	18.3	3.5
Exports	0.6	-	-	0.0	0.0	-	6.5	-
Carryout	6.2	1.1	0.4	0.3	2.4	1.2	6.9	0.2

AFRICA IMPORTER BALANCE SHEETS										
CCC 2019-20 Balance Sheet	Algeria	Egypt	Ethiopia	Libya	Morocco	Nigeria	S. Africa	Sudan	Tunisia	Kenya
Carryin	5.1	4.3	0.8	0.1	6.0	0.1	0.7	0.1	0.9	0.1
Production	4.0	8.8	4.6	0.2	4.4	0.1	1.9	0.6	1.5	0.3
Imports	7.5	12.3	1.6	1.7	4.9	5.2	1.7	2.6	1.6	2.2
Total Supply	16.6	25.4	7.0	1.9	15.4	5.4	4.3	3.3	4.0	2.6
Domestic Use	10.8	20.4	6.3	1.7	10.8	4.9	3.4	3.2	3.0	2.4
Exports	0.0	0.6	-	-	0.1	0.4	0.2	-	0.0	0.0
Carryout	5.8	4.4	0.7	0.2	4.5	0.1	0.8	0.1	1.0	0.2



ASIA IMPORTER BALANCE SHEETS											
CCC 2019-20 Balance Sheet	Bangladesh	China	Indonesia	Japan	Malaysia	Philippines	Sri Lanka	Korea	Taiwan	Thailand	Vietnam
Carryin	0.6	139.6	1.2	0.8	0.1	2.5	0.2	1.1	0.3	2.8	0.4
Production	1.1	132.1	-	0.9	-	-	-	0.0	0.0	-	-
Imports	6.3	3.1	11.7	5.8	1.9	7.7	0.8	4.1	1.5	3.1	3.8
Total Supply	8.0	274.8	13.0	7.6	2.0	10.2	1.1	5.2	1.8	5.9	4.2
Domestic Use	7.3	128.0	11.2	6.5	1.7	7.1	0.8	4.0	1.4	2.9	3.5
Exports	-	1.3	0.3	0.3	0.2	0.1	0.1	0.3	0.1	0.3	0.3
Carryout	0.7	145.5	1.5	0.8	0.2	3.0	0.2	1.0	0.3	2.8	0.4

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%
Aug	\$194	\$201	\$197	-	\$219	\$216	\$215	\$200	\$199	-
Sep	\$194	\$205	\$199	-	\$221	\$218	\$217	\$201	\$201	\$223
Oct	\$197	\$207	\$201	-	\$227	\$223	\$222	\$205	\$203	\$228
Nov	\$200	\$209	\$203	-	\$228	\$225	\$224	\$207	\$205	\$231

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	\$235	\$245	\$230	\$221	\$225	\$228	\$231	\$231	\$227	\$232
Sep	\$235	\$245	\$230	\$221	\$225	\$228	\$231	\$231	\$232	\$238
Oct	\$229	\$239	\$224	\$225	\$228	\$229	\$234	\$234	\$236	\$241
Nov	\$229	\$239	\$224	\$227	\$230	\$230	\$236	\$236	\$237	\$243

SOUTH AMERICA

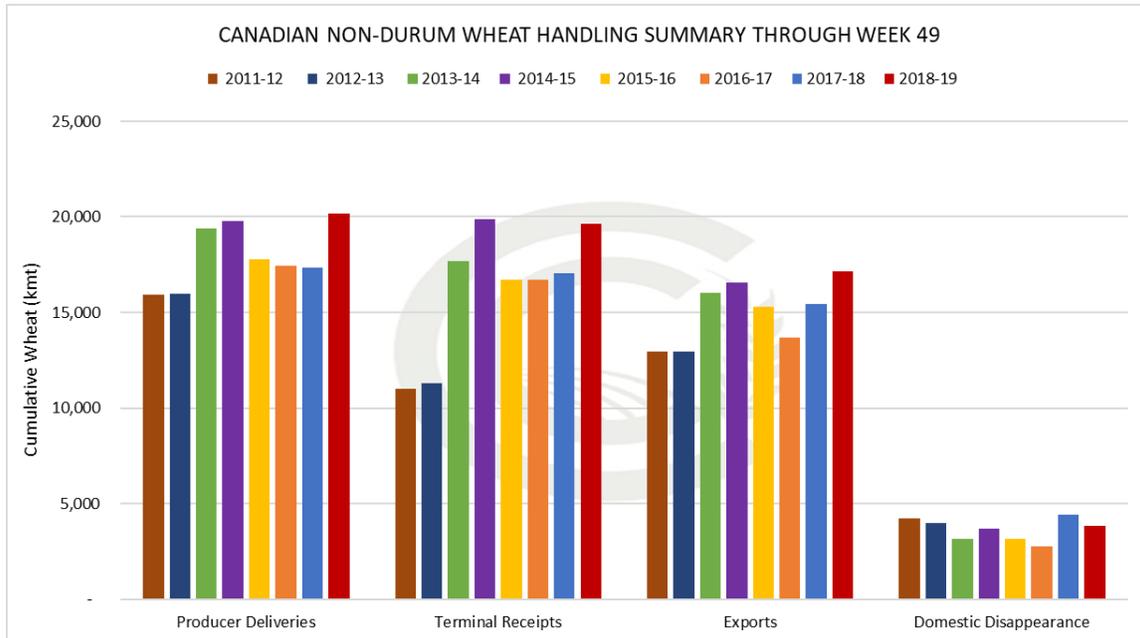
BAGE reported, "Over the last week, wheat planting has significantly expanded. To date, there are 5.6 M hectares already planted. Most of the plots with excess moisture have improved their condition, thus fostering fieldwork. The north-center of Santa Fe, for example, has progressed 19 percentage points, despite its YoY delay of 3.6 percentage points." BAGE estimates that 6.6 million hectares will be planted this campaign, up from 6.2 m/ha last year. Of the total wheat planted 63% is in good to excellent condition compared to 40% a year ago.

Origin	Month	Quality	Offer (USD/MT)
Argentine Upriver	New crop Dec/Jan/Feb	11.5% pro	Seller 194/197/200
Argentine Upriver	New crop Dec/Jan/Feb	12.0% pro	Seller 197/200/203

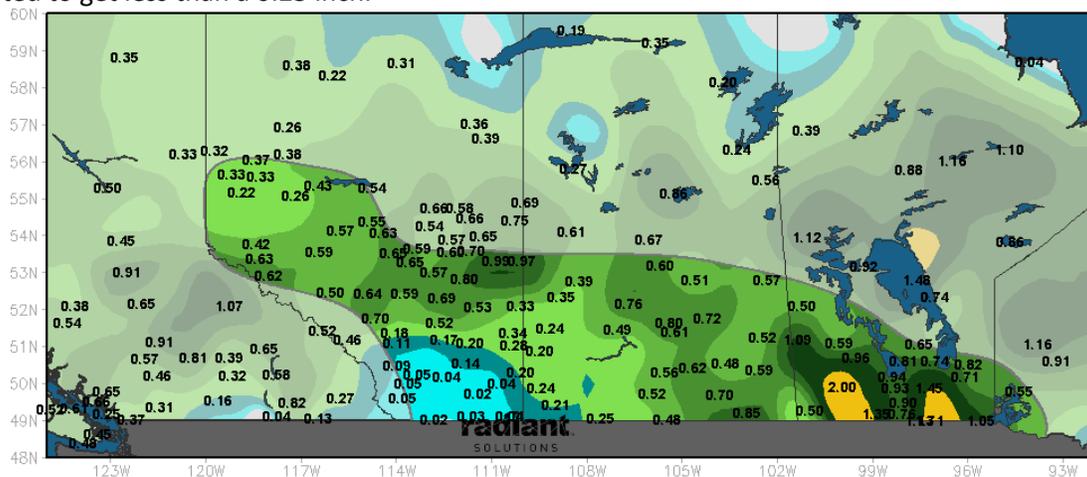


Indicative prices FOB Vancouver: CWRS 13.5% protein +80 MWU for July and +75 MWU for August, with a 5 ct/bu discount for 13.0% protein.

The CGC reported producer deliveries totaled 281 kmt for the week ending July 7th. Exports for the week were 191 kmt, the lowest volume shipped all year. Marketing year exports are estimated at 17.2 million MT.



Total 1-5 day precipitation forecast for the Canadian Prairies spring wheat regions shows above normal rainfall for dry areas in southern Manitoba however the driest areas of Alberta and Saskatchewan is expected to get less than a 0.25 inch.



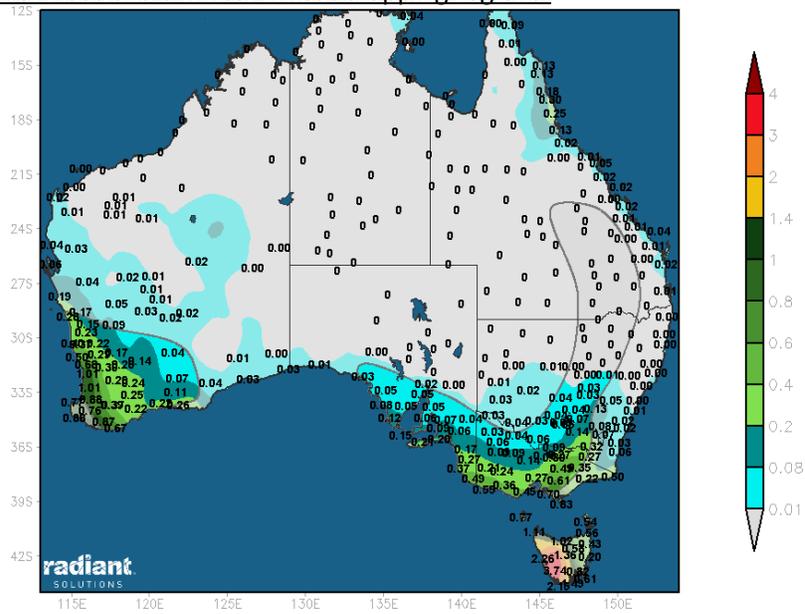
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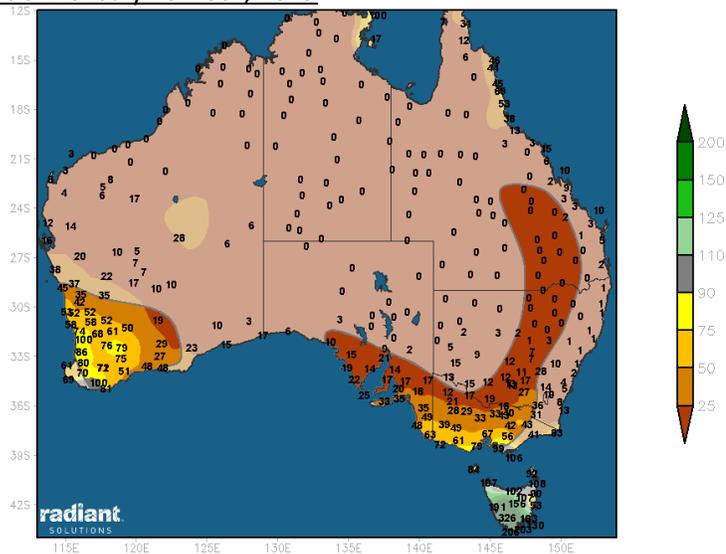
AUSTRALIA

Indicative prices for August/September FOB WA: APW \$235-237/MT, APW-ASW spread is \$3-4/MT, and AH2 is a \$5-7/MT premium to APW.

Next week's forecasted rainfall totals for Australia's winter wheat cropping regions:



Australia's winter wheat % Normal Precipitation for July 15-20th, 2019



BLACK SEA & EU

Indicative prices for August/September/October/November prices (\$/MT) for French wheat 11.5% pro \$197/198/201/203, German 12.5% pro \$201/204/207/209, Russian 12.5% pro \$194/195/198/202, Baltic 12.5% pro \$197/198/200/204.

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South Korea's Major Feed mill Group rejected offers in a restricted tender for about 60 kmt of feed wheat with traders reporting prices received were regarded as too high. The tender had sought wheat for arrival in South Korea around Jan. 20, 2020.

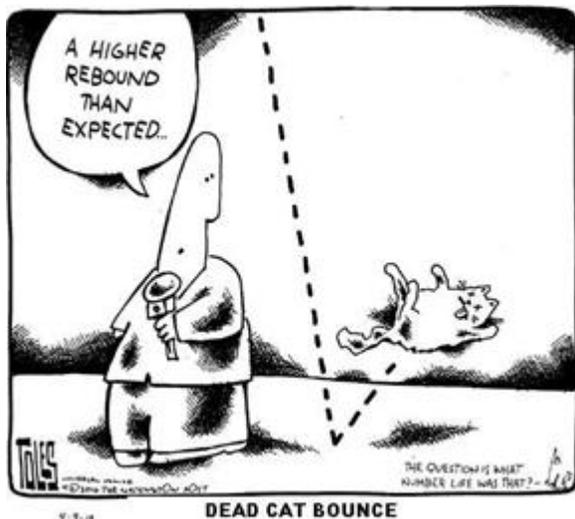
Ukraine has harvested 45% complete with over 10 million MT in the bin. Yields have been significantly better than a year ago, averaging 3.5 t/ha which compares to the average of 3.3 t/ha and on track to meeting the 4.1 t/ha forecast.

PENDING TENDERS

July 16: Jordan tenders to buy 25 kmt of milling wheat for FH September shipment.

July 16: Jordan tenders for 120 kmt of milling wheat.

FUTURES COMMENTS



Is this a “dead cat bounce” or the start of a short covering rally that is triggered by a significant fundamental change in the market? Many traders, especially those in the EU/FSU are in denial of USDA’s WASDE report which was released yesterday. They don’t see the demand, they believe the FSU crops are bigger, yet they struggle to buy wheat from the growers. USDA did a great job explaining their production estimates if you dug into the numbers & it appears it is not all yields but some difference in harvested area. I don’t know anyone who has made money arguing with USDA’s WASDE & NASS reports. Just accept them for now or you won’t live to trade another year.

Emily has done a lot of work on our b/s & has some of them in today’s report. We believe USDA did a good job on this report & the only problem the market has today is the “unknown corn acres & b/s”. There is plenty of wheat on August 1st, & the question for the world wheat b/s is does it need to come to HRW to help fill the gap in the 2nd half of the crop year. EU traders argue HRW is not competitive today or in the back months. Didn’t they learn anything last year? If the world wheat b/s says demand must shift to the USA in the last half of the year those world prices will come to US values. It looks like another year of basis appreciation, whether you believe in flat price or not. Bull markets have to be fed every day, so it will be hard but if traders want to get bullish on hot/dry weather for corn then wheat can rally to 480-490 KWU9, without help from corn the lows have been mad e& the range will be 450-475 until we see more confirmation of lower yields/production in EU/FSU wheat.

Best regards,

Al, Emily & Jason Conway

Comments and questions are welcomed, Contact our office at (503) 6317578, Email aconway@cashwheatreport.com