



# CASH WHEAT REPORT

## CASH WHEAT MARKET

The cash markets are having a steady tone with fewer cars on the spot markets & the drop in flat price shutting off any grower sales. Gulf HRW was still looking for bids for spot trains & sources suggesting some of the Texas gulf vessels are not HRW. Domestic HRW closed down 20+ ct/bu for high protein on 2 cars. The domestic spring wheat market closed down 3 ct/bu on 1 train. The number of cars/trains on the domestic market has dropped with the lower basis. The SRW market is called unchanged for domestic & export markets but there isn't any push in the bids. The PNW is called steady on the HRW & NS bids & flat price SWW bids are down 5-10 ct/bu.

There continues to be chatter about NS trade into Chicago for delivery against WHO & lack of bids for NW Ohio 3.0 ppm vomitoxin suggests delivery against WHO is possible. We confirmed the 100 cars NS did trade into Chicago last week when the WHO-MWHO spread was 28 ct/bu, but at today's spread of 10.75 ct/bu the trade would not be possible. The seller of NS said the sale gave them some logistical flexibility & they preferred to make the sale to a customer rather than their competitors. These cars were not spot, & therefore could be traded back to the NS market since the WH-MWH spread has changed. We suggest the risk of delivery of 3.0 ppm vomitoxin (as much as 8.4 mbu in NW Ohio) is a larger factor for WHO deliveries than 80 contracts of NS which are not instore yet.

USDA increased wheat exports by 25 million bushels to 1.0 bbu and increased soybean exports 50 mbu to 1.825 bbu in today's WASDE report.

USDA February Trade Estimates for US 2019-20 Grain Ending Stocks							
Grain (mbu)	Avg. Trade						January to February Δ
	February	High Est.	Low Est.	Estimate	January	December	
Wheat	940	975	934	954	965	974	(25)
Corn	1,892	1,942	1,788	1,864	1,892	1,910	0
Soybeans	425	520	320	443	475	475	(50)

USDA increased exports 25 mbu which included +5 mbu HRW, +15 mbu HRS, and +5 mbu WW. HRS exports were presumably increased due to the 500 kmt decrease in Canadian exports and China wheat demand increasing 800 kmt.



USDA February 2019-20 US Wheat Balance Sheet						
	HRW	SRW	HRS	WHITE	DURUM	TOTAL
Carryin	516	158	263	88	55	1,080
Production	833	239	522	272	54	1,920
Imports	5	5	50	5	40	105
Total Supply	1,354	402	835	365	149	3,105
Food Use	380	150	260	85	80	955
Seed Use	25	11	16	5	3	60
Feed Residual	75	35	35	-	5	150
Domestic Use	480	196	311	90	88	1,165
Exports	390	100	275	195	40	1,000
Carryout	484	106	249	80	21	940

USDA January to February for MY 2019-20 US Wheat Balance Sheet Δ						
	HRW	SRW	HRS	WHITE	DURUM	TOTAL
Carryin	-	-	-	-	-	-
Production	-	-	-	-	-	-
Imports	-	-	-	-	-	-
Total Supply	-	-	-	-	-	-
Food Use	-	-	-	-	-	-
Seed Use	-	-	-	-	-	-
Feed Residual	-	-	-	-	-	-
Domestic Use	-	-	-	-	-	-
Exports	5	-	15	5	-	25
Carryout	(5)	-	(15)	(5)	-	(25)

Total wheat stocks rose 572 kbu at the KCBT and 163 kbu at the MGEX last week, while total stocks dropped 1,057 kbu at the CBOT.

Deliverable Stocks as of February 7, 2020				
Date	7-Feb	Wk Ago	Change	YR Ago
KCBT	88,629	88,057	572	106,684
CBOT	31,322	32,379	(1,057)	62,979
MGEX	22,127	21,964	163	17,205

## HARD RED WINTER

The gulf market saw someone searching for a bid against a spot train & no one wanting anything before LH February. This set the tone for the rest of the market with bid/offer in deferred positions at 10 ct/bu. A minimum 10% protein train traded LH February at +128 ct/bu. There are no bids for 12% protein in any position as the market realizes buyers are not willing to pay any significant premium over 11% (12.5% DMB). The only need for 12% has been for blending & with more 12% & 11.5% protein coming to the market & the ordinary vs 11% protein spread narrowing, the premium for 12% has collapsed. It



would appear shippers had been hoarding protein, but at 1 ct/bu to maximum 2 ct/bu per 1/10<sup>th</sup> premium they should hold their 12% & higher protein, to blend with an unknown new crop.

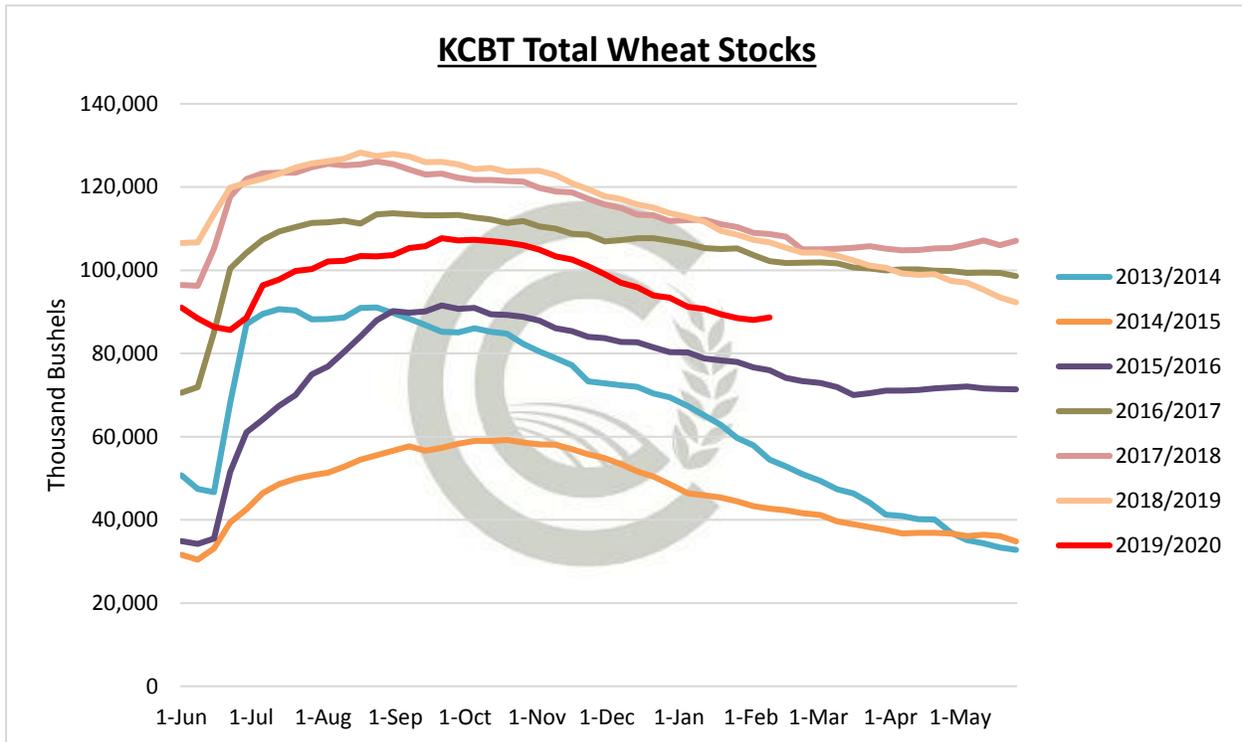
HRW GULF BID/OFFERS: 12% PROTEIN: FEB NB/NO KWH, MAR NB/170 KWH, APR/MAY NB/175 KWK, JUN/JUL NB/167 KWN, A/S NB/175, J/F/M '21 +140/160 KWH21. 11% PROTEIN: LH Feb +135/142 KWH, MAR +135/142 KWH, APR/MAY +137/145 KWK, JUN/JUL +136/143 KWN, AUG/SEP +130/140 KWU, J/F/M '21 +126/140 KWH21. ORDS: FEB +NB/NO KWH, MAR +125/NO KWH, APR/MAY +127/133 KWK, JUL/AUG/SEP +122/128 KWN/U.

KC spot market closed down 21 to 25 ct/bu for high protein:

Protein	Basis	Range	Change	Protein	Basis	Range	Change
Ordinary		+80/90	0/0	12.60 PCT		+150/160	0/0
11.00 PCT		+90/100	0/0	12.80 PCT		+165/175	0/0
11.20 PCT		+95/105	0/0	13.00 PCT		+185/195	0/0
11.40 PCT		+98/108	0/0	13.20 PCT		+185/195	0/0
11.60 PCT		+100/110	0/0	13.40 PCT		+185/195	0/0
11.80 PCT		+105/115	0/0	13.60 PCT		+185/195	-21/-21
12.00 PCT		+130/140	0/0	13.80 PCT		+185/195	-21/-21
12.20 PCT		+130/140	0/0	14.00 PCT		+185/195	-25/-25
12.40 PCT		+130/140	0/0				

KCBT total wheat stocks were up 572 kbu last week, led by a 429 kbu addition in Salina. Total KCBT wheat stocks are down 18,055 kbu (16.9%) from a year ago, at 88,629 kbu.

KCBT Deliverable Wheat Stocks				
Date	7-Feb	Wk Ago	Change	YR Ago
Hutchinson	23,812	23,750	62	26,610
KC	11,300	11,330	(30)	10,872
Salina	26,293	25,864	429	31,533
Wichita	27,224	27,113	111	37,669
<b>Total</b>	<b>88,629</b>	<b>88,057</b>	<b>572</b>	<b>106,684</b>



Daily received/shipped (reported by CME, close of business 2/10): Hutchinson: 12.807/7.303, KC: 26.097/77.451 kbu, Salina: 103.365/373.242 kbu, Wichita: 114.857/23.682 kbu.

## SOFT RED WINTER

The SRW cash markets were quiet today, as bids took on a weaker tone. The mill in Toledo dropped their bid a nickel for F/M/A/M, to +25 WK, but remains better than delivery value, at +8 ct/bu. Cash bids on the river were a nickel weaker for new crop, at +70 over the respective for J/J/A/S, while offers held at +85.

CIF barge bid/offer: Feb +105/NO WH, Mar +105/NO WH, Apr +105/NO WK, Apr/May +110/125 WK, Jun/Jul +70/85 WN, Aug/Sep +70/85 WU.

FOB NOLA indications: Mar +135 WH, Apr +135 WK, May +130 WK, Jun +120 WN, Jul +100 WN.

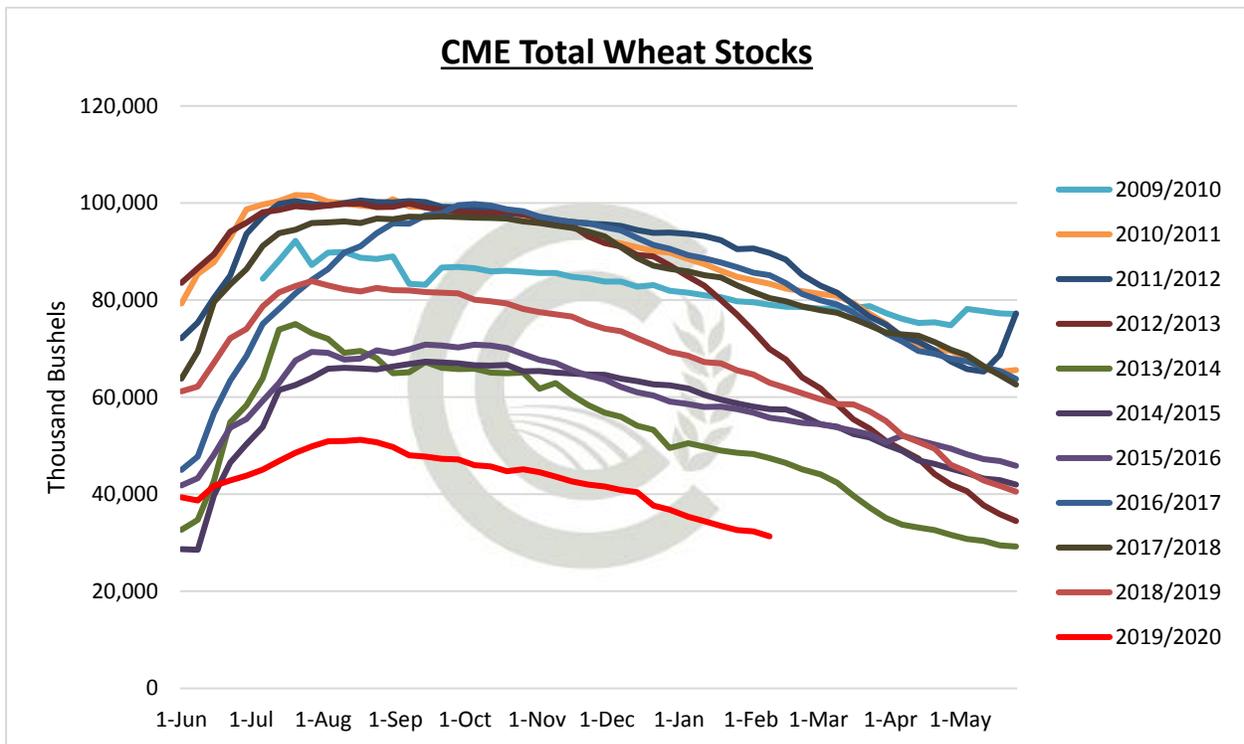
FOB Bellevue bid/offer indications: Feb/Mar NB/NO WH, A/M +50/60 WK.

Elevator/Mill Bids: NW Ohio mills: Feb/Mar +20 WH, Apr/May +20 WK, Jun/Jul +10 WN, Aug/Sep +5 WU; Chicago warehouse: Feb/Mar +40 WH, Apr +40 WK, May +30 WN, Jun +10 WN, NC +0 WN; Toledo warehouse: Feb/Mar +15 WH, A/M +12 WK, Jul/Aug +10 WN, Sep +5 WU; Toledo mill: Feb/Mar +25 WK, Apr/May +25 WK, Jun/Jul +10 WN, Aug/Sep +10 WU, O/N/D +20 WZ; Michigan mill: Feb/Mar +30 WH, Apr/May +30 WK, Jun/Jul +0 WN, Aug/Sep +0 WU; Eastern Indiana mill: Feb/Mar +35 WH, Apr/May +35 WK, Jun/Jul +30 WN, Aug +30 WU, Sep +40 WU.



CBOT total wheat stocks were lowered 1,057 kbu last week, led by a 444 kbu reduction in Toledo. Total CBOT wheat stocks are down 31,657 kbu (50.3%) for a year ago, at 31,322 kbu. Total wheat of other classes were down 199 kbu last week, totaling 3,463 kbu (including 1,856 kbu of HRW and 1,607 kbu of NS), compared to 4,407 kbu a year ago.

CBOT Deliverable & Non-Deliverable Wheat Stocks				
Date	7-Feb	Wk Ago	Change	YR Ago
<b>Chicago</b>	2,685	2,782	(97)	7,345
<b>Miss. River</b>	2,409	2,657	(248)	10,417
<b>NW Ohio</b>	8,389	8,388	1	10,065
<b>Ohio River</b>	1,247	1,365	(118)	6,839
<b>St. Louis</b>	1,729	1,880	(151)	1,862
<b>Toledo</b>	14,863	15,307	(444)	26,451
<b>Total</b>	<b>31,322</b>	<b>32,379</b>	<b>(1,057)</b>	<b>62,979</b>
<b>Non-Deliver</b>	<b>6,058</b>	<b>6,327</b>	<b>(269)</b>	<b>8,502</b>
<b>Net-Deliver</b>	<b>25,264</b>	<b>26,052</b>	<b>(788)</b>	<b>54,477</b>



Daily received/shipped (reported by CME, close of business 2/10): Chicago: 76.036/15.896 kbu, MS River: 0/0 kbu, NW Ohio: 3.651/1.786 kbu, OH River: 42.475/71.402 kbu, St. Louis: 76.565/0 kbu, Toledo: 0/81.467 kbu.



## HARD RED SPRING

There was just one milling quality train and one non-milling quality single for sale on the spot floor today. The train averaged 14.5% protein and traded at +122 MWH, closing the high side down 3 ct/bu. The non-milling spec car was #3 grade due to low test weight and traded at +90 MWH “as is”.

We are seven days into the crop revenue insurance price calculation for the 2020 spring wheat crop, and the running average for MWU is \$5.61/bu, compared to \$5.77/bu last year. When discussing spring wheat acres for next year folks cite futures prices as a deterrent, as corn still has a better return per acre for producers, as well as current soil conditions. There is a considerable amount of corn left to be harvested from the fall and the soil is oversaturated. These corn fields are more likely to be planted to soybeans than wheat, since wheat sown into limited tillage corn fields raises the risk for fusarium. As a result, some believe HRS acres will be down in Minnesota and eastern North Dakota. In northern North Dakota, producers are discussing adding canola acres. In western North Dakota, prices for pulse crops are unattractive, so HRS acres are likely to be unchanged, but soybeans may compete with HRS in the west as well. Both South Dakota and Montana saw big losses in winter wheat area this year, so we might see an increase in HRS acres there. That being said, South Dakota has been favoring corn & beans over spring wheat in recent years. Folks have been talking about durum acres rebounding in North Dakota & Montana, but not enough to make up for last year’s losses, since the 2019 discounts & high vomitoxin, particularly in southwest North Dakota, is still fresh in producers’ minds.

### 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%
<b>Basis</b>	<b>125.00</b>	195.00	<b>120.00</b>	195.00	<b>120.00</b>	150.00
<b>Futures</b>	<b>541.00</b>	474.25	<b>541.00</b>	474.25	<b>541.00</b>	474.25
<b>Del Chicago</b>	<b>666.00</b>	669.25	<b>661.00</b>	669.25	<b>661.00</b>	624.25

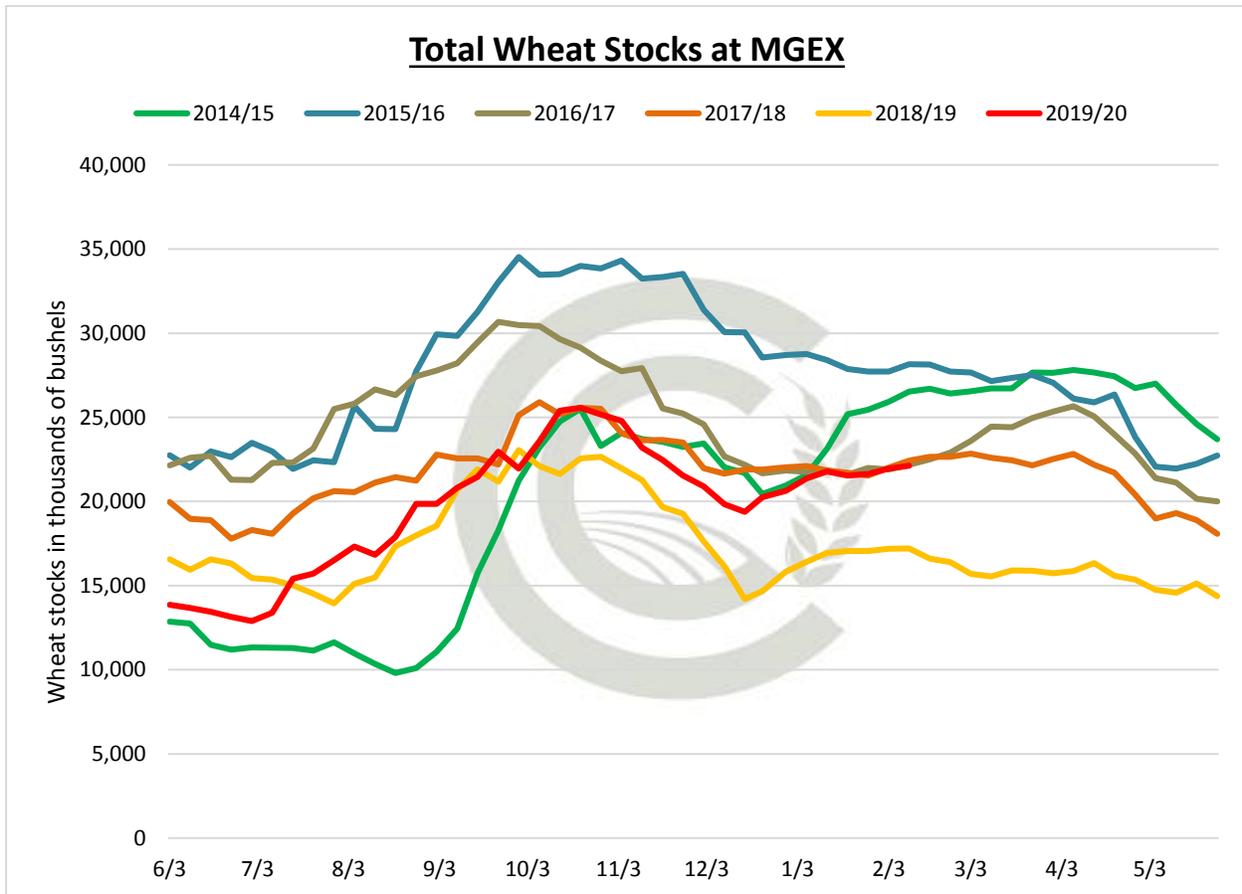
### HRS & HRW blended prices (Apr/May):

13% HRS Protein Blend (Eastern Mills)						
	Spot Basis	Futures	Flat Price	Blend	Blended Price	Basis MW
14% HRS	125	541.00	666.00	2	642.08	101.08
11.0% HRW	120	474.25	594.25	1		
13% HRS Comparison	120	541.00	661.00			
<b>Blended Discount (ct/bu)</b>	<b>18.92</b>					

MGEX total wheat stocks were up 163 kbu last week, led by a 170 kbu gain in Duluth/Superior. Total MGEX wheat stocks are up 4,922 kbu (28.6%) from a year ago, at 22,127 kbu.



MGEX Deliverable Wheat Stocks				
Date	7-Feb	Wk Ago	Change	YR Ago
<b>Mpls</b>	3,528	3,535	(7)	1,549
<b>Duluth</b>	18,599	18,429	170	15,656
<b>Total</b>	<b>22,127</b>	<b>21,964</b>	<b>163</b>	<b>17,205</b>



Daily received/shipped (reported by MGEX, close of business 2/10): Minneapolis/St. Paul: 38/31 kbu, Duluth/Superior: 0/0 kbu.

## PNW

Japan is the only tender this week, although exporters have the usual quotes for SE Asia buyers. Grower sales have come to a halt with the break in flat price & exporters worry cash basis will need to rally for Apr/May positions once growers focus spring field work.

Track/barge bids are steady but show a 10+ ct/bu difference between exporters. SWW bids are down 10+ ct/bu today with the drop in CME futures.



PNW track bids:

Shipment	NS/DNS 14% 50 DHV	HRW 11.5%	SWW 9.0-9.5%
Mar	140 MWH	150 KWH	630
Apr/May	135/140 MWK	150/155 KWK	635/635 ct/bu

## WORLD WHEAT NEWS

Wheat world wheat ending stocks were down 50 kmt to 288.03 million MT. Beginning stocks increased reflecting USDA adopting StatCan's Canadian wheat stocks report and minor increased adjustments in Bangladesh, N. Africa, and SE Asia. World wheat production decreased 440 kmt in N. Africa and world wheat imports increased 1.9 million MT reflecting higher demand in Turkey (+700 kmt), China (+800 kmt), and Thailand (+200 kmt). Domestic wheat feeding was lowered 350 kmt with the EU down 500 kmt and the Philippines down 100 kmt more than offset by a 350 kmt increase in Canada. World wheat export were increased 1.75 million MT to 182.82 million. Demand increases were seen in the EU (+1.0 MMT), the US (+700 kmt), Kazakhstan (+800 kmt) and decreased export in Canada (-500 kmt).

USDA February Trade Estimates for World 2019-20 Ending Stocks							
Grain (mmt)	February			January		December	January to February Δ
	February	High Trade Estimate	Low Trade Estimate	Average Trade	January	December	
Wheat	<b>288.03</b>	288.80	285.00	<b>287.44</b>	<b>288.08</b>	289.50	<b>(0.05)</b>
Corn	<b>296.84</b>	299.50	295.00	<b>297.19</b>	<b>297.81</b>	300.56	<b>(0.97)</b>
Soybeans	<b>98.86</b>	99.30	94.20	<b>96.90</b>	<b>96.67</b>	96.40	<b>2.19</b>

Major wheat export balance sheets are highlighted in the table below followed by monthly USDA changes from January to February. The market would argue Russian wheat exports will not exceed 32-33 million MT which would suggest USDA is 1.0-2.0 million MT too high. Could this push additional demand to the EU? We have been told that the Baltics have nearly sold all its exportable surplus and French wheat sales will cover 600 kmt China, Algeria demand, Morocco, and Saudi however any additional sales will be slim based on sales to date at 55-60% of the total exportable supply. I believe Canadian exports of 23.5 million MT is 500-800 kmt too high and Australian traders report exports will not exceed 7.0 million MT. If these assumptions are correct, French prices will need to rise pushing demand back to Russia and eventually the US.

USDA FEBRUARY 2019/20 EXPORTER BALANCE SHEETS								
USDA (MT)	Argentina	Australia	Canada	EU	Russia	Ukraine	Kaza	US
Beginning Stocks	1.74	5.0	6.0	10.0	7.8	1.6	1.7	29.4
Production	<b>19.0</b>	<b>15.6</b>	<b>32.4</b>	<b>154.0</b>	<b>73.5</b>	<b>29.0</b>	<b>11.5</b>	<b>52.3</b>
Imports	0.0	0.6	0.5	5.3	0.5	0.1	0.3	2.9
Total Supply	<b>20.8</b>	<b>21.1</b>	<b>38.8</b>	<b>169.3</b>	<b>81.8</b>	<b>30.7</b>	<b>13.5</b>	84.5
Domestic Use	6.1	8.7	9.7	127.0	39.5	8.9	6.4	<b>31.7</b>
Exports	<b>13.0</b>	<b>8.2</b>	<b>23.5</b>	<b>32.0</b>	<b>34.0</b>	<b>20.5</b>	<b>6.0</b>	<b>27.2</b>
Ending Stocks	<b>1.70</b>	<b>4.21</b>	<b>5.64</b>	<b>10.30</b>	<b>8.30</b>	<b>1.27</b>	<b>1.08</b>	<b>25.58</b>



USDA JANUARY TO FEBRUARY Δ 2019/20 EXPORTER BALANCE SHEETS									
USDA (MT)	Argentina	Australia	Canada	EU	Russia	Ukraine	Kazak	US	Total Δ
Beginning Stocks	-	-	0.1	-	-	-	-	-	0.1
Production	-	-	-	-	-	-	-	-	-
Imports	-	-	-	-	-	-	0.2	-	0.2
Total Supply	-	-	0.1	-	-	-	0.2	-	0.3
Domestic Use	-	-	0.4	(0.5)	-	-	(0.2)	-	(0.4)
Exports	-	-	(0.5)	1.0	-	-	0.8	0.7	2.0
Ending Stocks	-	-	0.3	(0.5)	-	-	(0.4)	(0.7)	(1.3)

## 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%
Mar	\$223	\$222	\$220	\$235	\$223	\$222	\$221	\$217	\$221	\$249
Apr	\$224	\$404	\$401	\$237	\$226	\$224	\$223	\$394	\$223	\$249
May	\$225	\$408	\$405	\$240	\$226	\$224	\$223	\$396	\$225	\$248
June	\$226	\$412	\$409	\$243	\$228	\$226	\$225	\$400	\$227	\$244

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%
Mar	\$267	\$271	\$267	\$229	\$233	\$236	\$248	\$252	-	-
Apr	\$269	\$273	\$269	\$231	\$235	\$237	\$252	\$256	\$254	\$269
May	\$269	\$273	\$269	\$231	\$235	\$238	\$252	\$256	\$253	\$268
June	\$270	\$274	\$270	\$234	\$237	\$239	\$255	\$259	\$252	\$266

## SOUTH AMERICA

Origin	Month	Quality	Offer (USD/MT)
Argentine Upriver	Apr/May/June/July/Dec	11.5% pro	Seller \$235/240/NA/NA/201
Argentine Upriver	New Crop Feb/Mar/Apr/Dec	11.5% pro	Seller \$232/232/236/202

## CANADA

Canadian exporters are limited on their capacity to offer April positions & most are out to May shipment with values shifting to the MWN0. Sources suggesting logistics have become a serious problem with protests to a recent approval of an oil pipeline shutting down Prince Rupert. Mudslides in the mountains & heavy rains in Vancouver are causing logistical problems in Vancouver. Exporters continue to fall behind on shipments & we saw USDA cutting their estimate of Canadian exports 500 kmt today.



Values have not changed with 13% protein 275 falling number the standard at +105-110 ct/bu MWN0, & the premium for 13.5% protein is widen to 30-35 ct/bu premium & 12.5% protein discount is 20-25 ct/bu. June/July positions are flat to 5 ct/bu discount depending upon the exporter.

## AUSTRALIA

FOB quotes are \$260-\$262/mt fob for APW & \$3/mt premium for AH2 & \$10/mt premium for PH 13%, as values continue to slip lower after good rains across most of the country.

Sources say China is still there to buy Australian wheat min 9% max 10.5% protein at prices \$280-\$285/mt CFR which is down \$10/mt in the past 10 days. The drop in ocean freight & Australian values are reasons, but they are there to buy if anyone can meet their specifications.

GIWA released its February crop report on Friday. For those of you who missed it like us, wheat production increased to 5.545 million MT from December's estimate of 5.38 million MT. Production changes from December by zone is as follows:" Kwinana down -350 kmt to 2.65 MMT, Albany +250 kmt to 985 kmt, Esperance +150 kmt to 850 kmt, and Geraldton +80 kmt to 1.06 MMT.

## BLACK SEA & EU

Jordan bought 60 kmt of hard wheat from CHS at \$224/MT C&F for LH August shipment. Jordan received two other offers from Ameropa at \$226.70/MT C&F and Cereacom at \$227.19/MT C&F.

FranceAgriMer pegged French soft wheat planted area 4.701 kha, down from 4.729 kha in December.

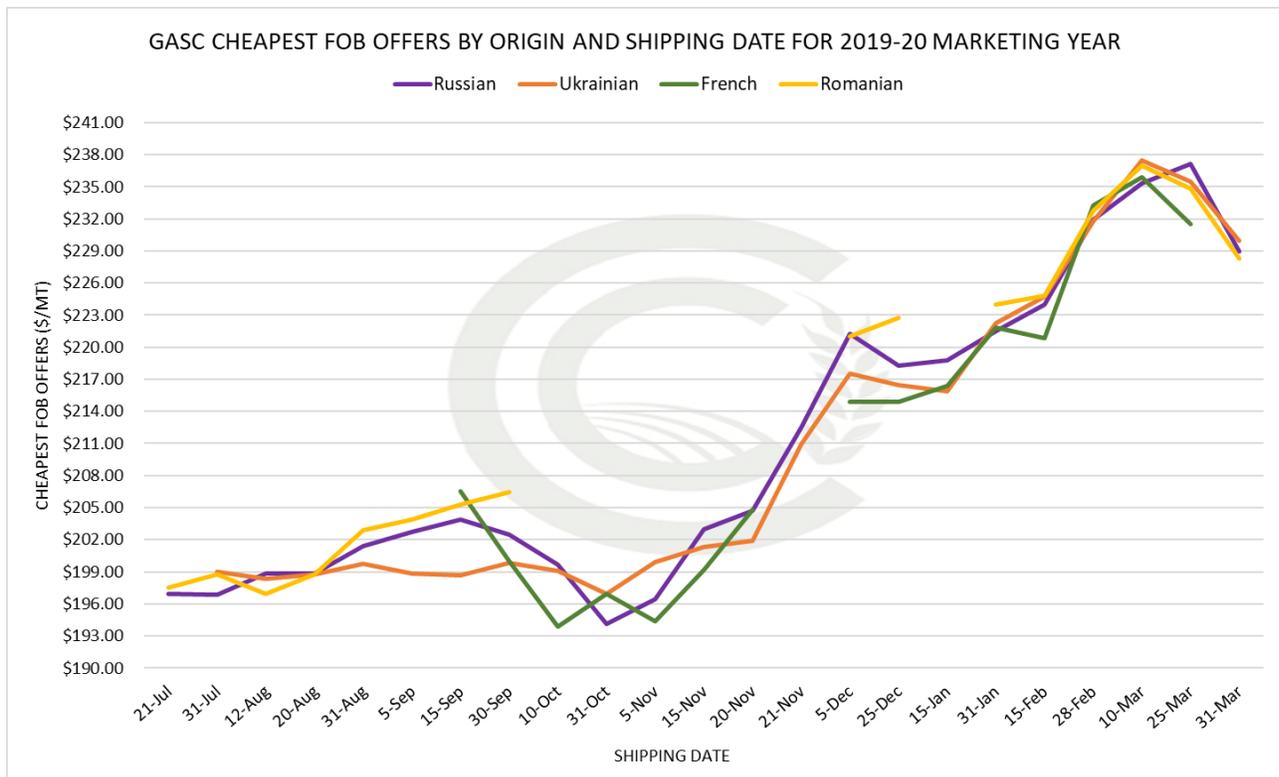
GASC received 18 offers or 1.055 million MT of wheat in today's tender seeking March 21-31 shipment. This compares to 22 offers or 1.3 million MT of wheat in the previous tender that was seeking March 11-25 shipment. Today, there were no French wheat offers to GASC after 600-660+ kmt of sales to Algeria that were booked this week. This would suggest France does not need to compete for extra ordinary demand. France has already sold 55-60% of its total exportable supply through February 9<sup>th</sup> and the remaining wheat should go to Algeria, Morocco, China, and Saudi.

On average, FOB offers for all origins were down \$5-8/MT from the January 30<sup>th</sup> tender. The table below details FOB offers to GASC by company and origin.



GASC Lineup of Offers for March 21-31, 2020 Shipment								
Russian	Volume	Price	Ukrainian	Volume	Price	Romanian	Volume	Price
Agro AST	60	\$ 228.99	Nibulon	60	\$ 229.95	Ameropa	60	\$ 228.29
Soaris	60	\$ 229.99	Olam	55	\$ 230.85	Ameropa	60	\$ 228.29
Soaris	60	\$ 229.99	LDC	60	\$ 231.27	Ameropa	60	\$ 228.54
G Logistics	60	\$ 229.99				Cofco	60	\$ 236.49
Glencore	55	\$ 231.86						
Posco	60	\$ 231.99						
G. Export	60	\$ 232.34						
Gemcorp	55	\$ 232.87						
GTCS	60	\$ 233.10						
ADM	55	\$ 235.00						
ADM	55	\$ 235.00						
<b>Average</b>		<b>\$ 231.92</b>	<b>Average</b>		<b>\$ 230.69</b>	<b>Average</b>		<b>\$ 230.40</b>
<b>Range</b>		<b>\$ 6.01</b>	<b>Range</b>		<b>\$ 1.32</b>	<b>Range</b>		<b>\$ 8.20</b>
<b>Cheapest offer Δ</b>		<b>\$ (8.17)</b>	<b>Cheapest offer Δ</b>		<b>\$ (5.55)</b>	<b>Cheapest offer Δ</b>		<b>\$ (6.50)</b>

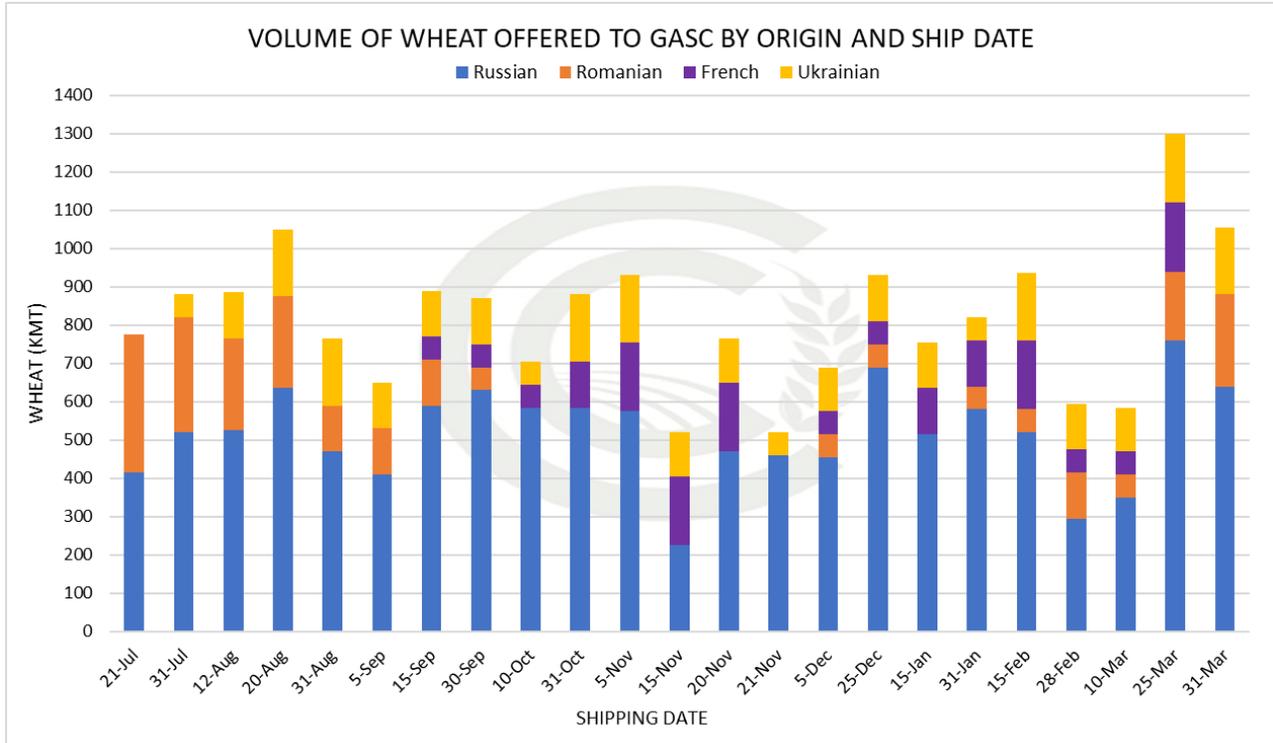
Cheapest wheat prices offered to GASC were down \$8.17/MT for Russian, \$5.55/MT for Ukrainian, and \$6.50/MT for Romanian. Prices have come off from the highs made on January 14<sup>th</sup> for March 1-10 shipment by \$6.30/MT for Russian, \$8.68/MT for Romanian, and \$7.55/MT for Ukrainian.



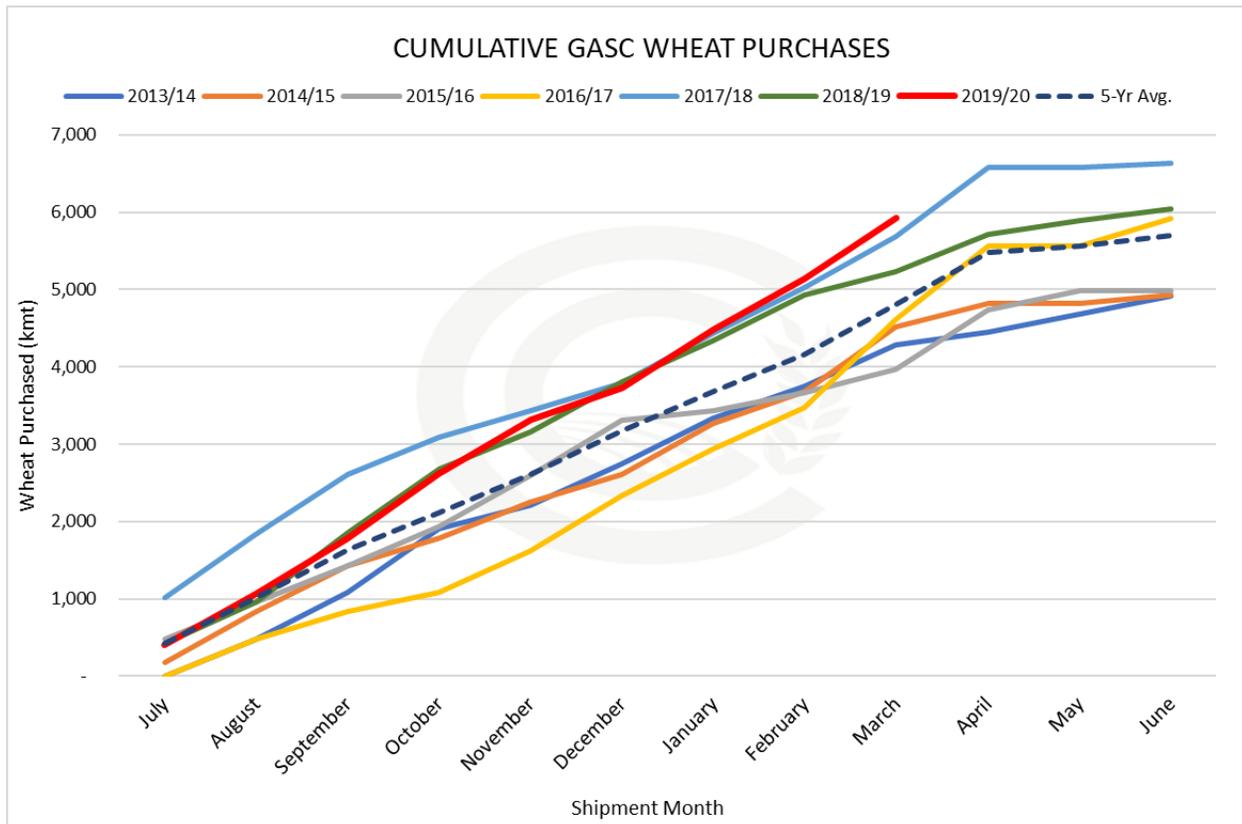
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The graph below illustrates total volume of wheat offered to GASC by shipping date and origin. The latest two tenders have resulted in the highest volume of offers the entire marketing year.



GASC bought 360 kmt of wheat for March 21-31 shipment which included 180 kmt Romanian and 180 kmt Russian. Ameropa sold 180 kmt of Romanian wheat at \$239.50/MT C&F, Agro AST sold 60 kmt Russian wheat at \$239.55/MT C&F, and Solaris sold 120 kmt of Russian wheat at \$239.55/MT. Total wheat bought for March shipment now stands at 780 kmt. Marketing year purchases has reached 5.925 million MT up from 5.23 million a year ago and the 5-year average of 4.8 million.



Indicative prices for Mar/April/June/July prices (\$/MT) for French what 11.0% pro \$220/220/222/224, German 12.5% pro \$224/226/228/230, Russian 12.5% pro \$223/224/225/226, Baltic 12.5% pro \$223/224/226/228.

## PENDING TENDERS

- February 11: Jordan issued a tender seeking to buy 120 kmt of milling wheat.
- February 11: Algeria tenders to buy milling wheat for April shipment.
- February 12: Japan announces an SBS auction seeking 120 kmt feed wheat and 200 kmt feed barley.
- February 17: Syria tenders to buy 200 kmt of Russian wheat for shipment 60 days after confirmation.
- February 18: TMO tenders to buy 250 kmt of wheat and 50 kmt of durum for March shipment.

## FUTURES COMMENTS



U.S. wheat futures prices took a beating today, with Chicago March closing down 10.00 cents, Kansas City down 4.25, and Minneapolis closing down 2.50 cents. In spite of USDA increasing U.S. wheat exports, cheaper offers to GASC, technical sell signals, and a long market structure on the third day of the index roll weighed heavily on the market. Chicago broke through its 50-day moving average and crashed through recent lows in a late session selloff, following the release of today's WASDE report.



The U.S. cash wheat markets continue their weak tone in the nearby, though today's price action in Chicago spreads was the result of a perfect storm. First we have the index roll, with both the swap dealers and managed money net long in Chicago. Second we have discussion of Northern Spring wheat trading into Chicago and vomitoxin laden SRW in Northwest Ohio (see comments in the opening statement of today's report) bringing more questions than answers into the WH delivery calculation. And thirdly we have a lack of supportive flat price technical signals & a collapse in prices today. Both the Mar-May and May-Jul spreads traded record volume in Chicago, and massive selling pressured them back out to a carry. We cannot say with certainty that there either will, or will not be, deliveries on the March contract. We still have 12 trading days left until FND, and much will depend upon both where the calendar & inter-market spreads are, and cash bids are relative to delivery at that time, though it is market structure and the uncertainty about deliveries today that is pressuring Chicago spreads wider.

Best regards,

Al, Emily & Jason Conway

*Comments and questions are welcomed, Contact our office at +1 (503) 631-7578, Email [aconway@cashwheatreport.com](mailto:aconway@cashwheatreport.com)*