# Sosland Market Focus

Published each market day by Sosland Publishing Company • 816-756-1000 • 816-756-0494 fax • www.sosland.com **Wednesday, September 24, 2014**

- **Premiums on hard red winter wheat were unchanged to 7c a bu higher. • Hard red spring wheat basis was 10c higher to 10c lower.**
- **Soft red winter wheat mill bids were mostly unchanged. • C.C.C. purchased hard red winter wheat for Ethiopia donation.**
- **Choice milling hard amber durum in Chicago was nominal $15 a bu, unchanged. • Millfeed price changes were unchanged to lower.**
- **Wheat futures prices again posted mixed changes. • Corn futures prices advanced; soybean futures prices inched higher.**

## Cash Wheat

**HARD WINTER —** Premiums on hard red winter wheat in Kansas City were adjusted 2@7c a bu higher across most of the protein scale. Twenty cars carrying Kansas and Nebraska wheat with 13.1% to 15.2% protein were offered. About 10 cars traded before basis was set. Farmer selling remained light. Much of the harvest had already been moved to commercial storage. No to-arrive business was indicated. While giant corn and soybean harvests were under way and will require much of the nation's rolling stock to reach their destinations, cash wheat basis strength already was being driven by high transportation costs, with individual rail cars bid at about $4,500 each, adding more than $1 a bu to the price of wheat. Freight added another layer of costs to be reflected in the basis. There remained strong demand for hard red winter wheat on West coast. A wheat market veteran said basis levels were likely to stay elevated until second half of November, when export business was likely to lighten and row-crop harvest pressure may begin to abate. In **Fort Worth,** bids on hard red winter wheat for nearby were 50c over K.C. December, unchanged. **Salina** truck bids at terminal elevators for nearby were 35c under K.C. December; new crop, 15c under July 2015. **Hutchinson** elevator bids for nearby were 20c under K.C. December; new crop, 15c under July. Best **Wichita** elevator bid was 25c under K.C. December; new crop, 22c under July. **Gulf** bids on hard red winter wheat with 12% protein for nearby were withdrawn; October-December bid was at 170c over K.C. Dec., unchanged.

**HARD SPRING —** Premiums on hard red spring wheat in Minneapolis posted minor, mixed changes. Wheat with 15% protein held at nosebleed levels because of extreme scarcity of supplies at high end of protein range. Agricultural Marketing Service indicated 240 rail cars, including six trains, were received and applied against contracts or offered for sale. Harvest in North Dakota continued to lag both 2013 pace and five-year average for date, but current weather appeared highly favorable for areas of the state where crop remained to be harvested, with temperatures likely to reach mid- to high-80s Fahrenheit by week's end. Quality reports indicated state's crop at No.1 northern spring grade with a 13.6% protein average—still quite decent despite a harvest that was beset by delays. North Dakota Wheat Commission said vitreous kernel levels appeared to be factor most impacted by abundant rain and sluggish harvest, falling to 56%, well below typical level of 80% or higher. Choice milling **hard amber durum** quoted as delivered across Chicago gateway was nominal $15 a bu, unchanged.

**SOFT RED —** Because of expanding record row-crop harvests in nation's midsection, market participants expected a significant decrease in movement of wheat supplies for a number of weeks. **St. Louis** mill bids on No. 1 soft red winter wheat for nearby were 20c under Chicago December, unchanged. **Chicago** mill bids for nearby were 10c over Chicago December. **Toledo** mill bids for nearby were Chicago December price, unchanged. Elevator bids for nearby also were Chicago December price. **Cincinnati** elevator bids were 82c under Chicago December. **Michigan** white wheat mill bids were up to190c over Chicago December. **Gulf** bids on soft red winter wheat for September were at 70c over Chicago December, unchanged.

## Wheat Futures

**Steve Freed, ADM Investor Services, Chicago**

For the first time since the middle of August, wheat prices firmed today on some fund short covering. Commercial bull spreading in Chicago prompted talk of increased export business. Fact commercials sold U.S. soft red winter wheat to Egypt, cancelled delivery receipts and may have sold soft red winter to Nigeria is helping wheat. Some still feel, though, that large world supplies and lower world wheat prices could limit the upside in prices. U.S. domestic basis levels remain strong. High-quality spring wheat basis is off the charts. This and logistics unknowns is helping hard red winter basis. On Sept. 30, U.S.D.A. will estimate final U.S. 2014 wheat crop and U.S. Sept. 1 stocks. Trade estimated U.S. final wheat crop near 2,037 million bus vs U.S.D.A. at 2,030 million bus. Range is 2,004 million to 2,075 million bus. Average guess for U.S. Sept. 1 stocks is 1,880 million bus versus 1,870 million bus last year. Range is 1,707 million to 1,980 million bus.

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| No. 1 hard winter, basis Kansas City | | |
|---|---|---|
| Dec. | | Change |
| Ordinary | +120@+130c | … |
| 11% | +125@+135c | .. |
| 11.2% | +125@+135c | … |
| 11.4% | +127@+137c | … |
| 11.6% | +137@+147c | +2c |
| 11.8% | +137@+147c | +2c |
| 12% | +137@+147c | +2c |
| 12.2% | +137@+147c | +2c |
| 12.4% | +137@+147c | +2c |
| 12.6% | +137@+147c | +2c |
| 12.8% | +137@+147c | +7c |
| 13% | +137@+147c | +7c |
| 13.2% | +137@+147c | +7c |
| 13.4% | +137@+147c | +7c |
| 13.6% | +137@+147c | +7c |
| 13.8% | +137@+147c | +2c |
| 14% | +145@+155c | … |

| No. 1 northern spring, delivered Chicago/beyond | | |
|---|---|---|
| Minneapolis Dec. | | Change |
| Ordinary | No quote | |
| 11% | No quote | |
| 12% | +95@+110c | +5@-10c |
| 13% | +75@+95c | … |
| 13.5% | +120@+160c | … |
| 14% | +200@+220c | -10@-10c |
| 14.5% | +220@+290c | +10c@0 |
| 15% | +600@+610c | 0@-5c |
| 16% | No quote | |
| 17% | No quote | |
| **Hard amber durum, choice milling, Minneapolis** | | |
| 13% | $14.70 | … |
| **Hard amber durum, choice milling, Chicago** | | |
| 13% | $15.00 | … |
| **No. 1 heavy oats, milling, delivered Minneapolis** | | |
| Basis Dec. | $3.90½ | +7¾c |

| Wheat Futures - *$ per bu* | | | | |
|---|---|---|---|---|
| **Kansas City** | **Settle** | **Change** | **High** | **Low** |
| December | $5.64¼ | +2¼c | $5.71¾ | $5.59 |
| March | $5.67½ | +1¼c | $5.75¼ | $5.64 |
| May | $5.69¼ | -¼c | $5.76¾ | $5.67¾ |
| July | $5.62 | -¼c | $5.70 | $5.60¼ |
| September | $5.73¼ | -1c | $5.78¼ | $5.73 |
| **Chicago** | | | | |
| December | $4.80¼ | +4¼c | $4.84½ | $4.73½ |
| March | $4.92¼ | +4c | $4.95¾ | $4.85¼ |
| May | $5.01 | +4¼c | $5.03¾ | $4.94 |
| July | $5.08 | +3¼c | $5.10¾ | $5.02 |
| September | $5.19¾ | +2¼c | $5.21¼ | $5.16 |
| **Minneapolis** | | | | |
| December | $5.38 | +3½c | $5.44¾ | $5.31¾ |
| March | $5.52¼ | +2½c | $5.59¼ | $5.47¾ |
| May | $5.62¼ | +2c | $5.69 | $5.59¾ |
| July | $5.73¼ | +2c | $5.79¾ | $5.69½ |
| September | $5.84½ | +2c | $5.91¼ | $5.81¼ |

## Bakery Flour

Bookings of bakery flour picked up some momentum after recent lull. Pan bread bakers covered futures component of prospective flour contracts for remainder of fourth quarter. In instances, this completed some October-December contracts. At the same time, cash wheat basis remained historically high and discouraged many bakers from making significant contract extensions. Hard winter-spring blends were left unchanged, spring standard patent was lowered 5c a cwt, and soft flour prices were adjusted 15c higher. Semolina and rye flour prices both were raised 10c a cwt.

| Bakery Flour Prices – *per cwt* | |
|---|---|
| **Hard winter-spring blends, K.C.** | $16.65@16.75, 30 days |
| Export straight - .48 to .50 ash | $17.70@17.80, track Gulf |
| Clear, 1.20 ash | $13.00@13.50, K.C. |
| **Spring standard, Minneapolis** | $16.45@16.55 |
| High gluten | 200@300c more |
| Fancy spring | $16.30@16.40 |
| Standard spring | $16.20@16.30 |
| Papers Buffalo | $19.30@19.40 |
| **Semolina, Minneapolis** | $36.30@36.40 |
| First clear | $19 |
| Second clear | $13.05 |
| **Rye, Minneapolis** | $22.25@22.35 |
| **Cracker, Chicago** | $11.15@11.25 |

## Millfeed

Price changes were mostly steady to lower except in Southwest, where values were unchanged to $3 a ton higher. Firmness reflected multi-day closure of a large regional mill for fumigation. "There's no feed around," said a Southwest trader. Demand was robust in both Southwest and Upper Midwest, with creep feed buying still a feature. But market was bracing for expansion of record corn and soybean harvests, expected to snarl logistics and drive many prices lower. A trader said someone from Iowa was offering to sell soy hulls, a very scarce competing ingredient, before soybean harvest begins in the state, in attempt to sell before onset of heavy harvest pressure. Southwest nearby rail quotes gained $1@3. Southwest spot trucks rose $2 and were hard to find at any price. Upper Midwest was steady to $5 lower. Central states values declined $1@3. Northeast prices fell $2@4. California was down $2 in deferred. Pacific Northwest was steady.

| **Spot Midds,** *$ per ton, delivered rail unless noted* | |
|---|---|
| **Kansas City** | $99@109; ($152@162, f.o.b. truck) |
| **Minneapolis** | $124@134; ($120@130, f.o.b. truck) |
| **Chicago West** | $137@147; ($125@135, f.o.b. truck) |
| **Central states** | $86@96; f.o.b. truck |
| **Buffalo** | $85@95 |
| **Chattanooga** | $90@100 |
| **N.&S. California** | $138@153 |
| **South California** | $134@149, f.o.b. truck |
| **Pacific Northwest** | $125N@140N |
| **Upper Midwest sacked** | $325 |
| **Wheat germ** | $285@300 |

| Bulk Midds | September | Oct.-Dec. | Jan.-March |
|---|---|---|---|
| **Kansas City** | $99@109 | $101@110 | $103@113 |
| **Chicago West** | 137@147 | 112@122 | 102@112 |
| **Central states** | 86@96 | 93@103 | 93@103 |
| **Buffalo** | 85@95 | 82@92 | 80@90 |
| **N.&S. California** | 138@153 | 142@157 | 142@157 |
| **Pacific Northwest** | 125@140 | 130@145 | 130@145 |

| Sweetener Prices - *per lb* | |
|---|---|
| Midwest 42% HFCS, 2014 | 16.375@18.375 |
| Corn syrup, Midwest, 2014 | 25.25 |
| Midwest beet sugar, 2013-14 | 37@40 |
| Finished cane sugar, 2013-14* | 37@40 |

*Spot raw cane +7% + 9.4c with 2% discount.

**Chicago Futures**

*$ per bu*

| **Corn** | **Settle** | **Change** | **High** | **Low** |
|---|---|---|---|---|
| December | $3.29½ | +4c | $3.30 | $3.24¾ |
| March | $3.42¼ | +4c | $3.42¾ | $3.37½ |
| May | $3.50¾ | +4c | $3.51¼ | $3.46 |
| July | $3.58 | +4c | $3.58¼ | $3.53¼ |
| September | $3.65½ | +4c | $3.65½ | $3.61 |
| **Soybeans** | | | | |
| November | $9.36¾ | +½c | $9.42 | $9.34¼ |
| January | $9.45¼ | +1½c | $9.49¼ | $9.41¾ |
| March | $9.52½ | +1½c | $9.56¼ | $9.49 |
| May | $9.60 | +2c | $9.63¼ | $9.56 |
| **Soybean Oil** – *cents per lb* | | | | |
| October | 32.62c | +0.39c | 32.84c | 32.20c |
| December | 32.72c | +0.40c | 32.93c | 32.27c |
| January | 32.99c | +0.40c | 33.19c | 32.55c |
| March | 33.27c | +0.41c | 33.48c | 32.83c |
| **Soybean Meal** – *$ per ton* | | | | |
| October | $316.40 | -0.70 | $318.10 | $315.10 |
| December | $308.00 | -0.90 | $309.60 | $307.00 |
| January | $306.20 | -0.10 | $307.00 | $304.80 |
| March | $304.10 | -1.00 | $305.40 | $303.00 |

**Export Wheat**

| **No. 1 hard winter, 12% track Gulf, basis K.C.** | **Bids** | **Offers** |
|---|---|---|
| September | … | … |
| Oct.-Dec. | +170c Dec. | … |
| Jan.-March | +165c March | … |
| April-May | … | … |
| **No. 2 soft red, c.i.f. New Orleans, basis Chicago** | | |
| September | +70c Dec. | …. |
| October | +75c Dec. | … |
| Oct.-Dec. | +95c Dec. | … |
| Jan.-March | +95c March | +115c March |

| **No. 1 soft white, track, Portland** | **Bids** | **Change** |
|---|---|---|
| September | $6.75 | -5c |
| October | $6.78 | -5c |
| November | $6.83 | -3c |
| December | $6.86 | -3c |
| **No. 1 hard winter 11.5%, track, Portland, basis K.C.** | | |
| September | +150c Dec. | … |
| Oct.-Dec. | +150c Dec. | … |
| January | +145 March | … |
| **No. 1 hard spring 14%, track, Portland, basis Minneapolis** | | |
| September | +200c Dec. | … |
| Oct.-Dec. | +230c Dec. | … |
| January | +230c March | … |

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U.S.D.A. has historically understated U.S. Sept. 1 wheat stocks. Guesses for this week's U.S. export wheat sales are 350,000 to 500,000 tonnes versus 314,000 tonnes last week. End users remain uncovered for January-March due to high basis and talk of lower prices. Some will begin to add coverage near yearend just in case 2015 U.S./world weather is less than ideal.

## Export Tenders

C.C.C. purchased 35,000 tonnes of hard red winter for donation to **Ethiopia**; shipment Nov. 20-30.

Indications were **Ethiopia** government seeks offers Oct. 22 of 200,000 tonnes of optional-origin milling wheat for shipment January 2015.

**Japan** agriculture ministry said it made no purchase of 120,000 feed wheat in a simultaneous buy-sell tender.

**Morocco** seeks offers Oct. 1 on 386,000 tonnes of U.S. soft red winter wheat and on 330,000 tonnes of U.S. durum.

| Financial Markets | Close | Change |
|---|---|---|
| S.&P. 500 | 1,998.30 | +15.53 |
| NASDAQ | 4,555.22 | +46.53 |
| Dow Jones | 17,210.06 | +154.19 |
| Dlr/euro, Dec. | 1.2787 | -0.0078 |
| Gold, Oct. | $1,218.60 | -2.40 |
| Crude, Nov. | $92.80 | +1.24 |