

# SOSLAND MARKET FOCUS

Published each market day by Sosland Publishing Company • 816-756-1000 • 816-756-0494 fax • www.sosland.com

Friday, January 3, 2014

- Premiums on hard red winter wheat were unchanged to 20c a bu higher. • Hard red spring wheat basis was unchanged to 5c higher.
- Soft red winter wheat mill bids were firm. • Egypt bought wheat from Ukraine, Russia, France and Romania, but none from U.S.
- Choice milling hard amber durum in Chicago was \$9.80 a bu, unchanged. • Nearby millfeed prices continued to tumble.
- Wheat futures prices bounced to trim week's losses. • Corn, soybean and soybean meal futures prices also were higher.

## Cash Wheat

**HARD WINTER** — Premiums on hard red winter wheat in Kansas City registered impressive gains at the week's end. Basis was up 10@20c a bu on wheat with protein from 11.8% through 14% with widest gains across top third of protein scale. Upward adjustments were made to reflect mill bids as no rail cars were offered for sale on spot market. For week, premiums on wheat with protein of 11.4% through 14% surged 10@45c a bu with basis across top third of protein scale up 40@45c. The adjustments narrowed the inverse in the cash hard winter wheat basis. Wheat with 14% protein was quoted on par with middle-protein supply while wheat with protein from 13% through 13.8% was quoted only 5c below middle-protein supply. The recent surge in the cash spring wheat basis opened the way for sharply higher quotes on high-protein hard red winter wheat. The cash wheat basis was historically strong. It was underpinned by ongoing poor railroad performance. Railroad operations were pressured by ongoing strong export program for soybeans, heavy demand from nonagricultural sectors, particularly energy, and onslaught of frigid temperatures that slowed or even halted temporarily attempts to load rail cars. Elevators considering loading wheat encountered extremely high freight costs and required a strong cash wheat basis to justify the effort. Farmer selling at start of new year was light. Snow and bitter cold were in forecasts for much of the region over weekend. In **Fort Worth**, bids on hard red winter wheat were at 40c over K.C. March, unchanged. **Salina** truck bids at terminal elevators for nearby were at 15c under K.C. March, unchanged. **Hutchinson** elevator bids for nearby were at 10c under K.C. March, unchanged. **Wichita** elevators bids were 18@10c under

K.C. March. **Gulf** market for hard red winter wheat with 12% protein for January was 150@158c over K.C. March; February-March, 145c over.

**HARD SPRING** — Premiums on hard red spring wheat quoted as delivered Chicago/beyond values in relation to the Minneapolis March wheat future remained firm at historically high levels. At 275c over the Minneapolis March future, the basis on 14% hard red spring wheat was highest since December 2011. The Agricultural Marketing Service office in Minneapolis indicated no rail cars were received. Bitter cold temperatures aggravated already poor rail logistical situation across northern Plains. For week, basis was 25c a bu higher to 70c lower. Choice milling **hard amber durum** quoted as delivered Chicago/beyond value was \$9.80 a bu, unchanged. Minneapolis price was \$9.50 a bu. Some recent spot quotes were much higher, but trading was lacking to confirm values.

**SOFT RED** — **St. Louis** mill bids on No. 1 soft red winter wheat for December were 50c over March. **Chicago** mill bids for January-February were 20c over Chicago March. Mill bids in **Toledo** for nearby were Chicago March price. Elevator bids were at 10c under Chicago March.

**Cincinnati** mill bids were 25c under March. Elevator bids were 10c under Chicago March. Mill bids in eastern Corn Belt, Southeast and East coast were much stronger as subpar wheat quality in these areas forced wheat buyers to reach out to west to draw supply. **Michigan** white wheat mill bids were 30c to 50c over Chicago March.

**Gulf** bids on soft red winter wheat for January were 105c over March, unchanged.

## Wheat Futures

Robert Bresnahan,  
Trilateral, Inc., Chicago

Wheat complex showed independent strength today over risk of winterkill. Private weather forecasters indicate central U.S. could see lowest temperatures in decades. There are areas of Kansas, as much as 10%, without snow cover. This would be the north-central and northeast parts of the state. This puts somewhere between 2.5% and 5.0% of U.S. winter wheat crop at risk. Weather aside, major price pressure for grain complex has been the freefall in D.D.G. prices as a result of Chinese rejections of MIR 162-tainted corn and D.D.G.s. Traders believe nearly \$2 billion dollars of U.S. corn sales to China are at risk, along with \$1.6 billion dollars in D.D.G. sales, all due to the G.M.O. MIR 162. It is unlikely that China will approve MIR 162 corn or D.D.G.s before late March or April. Informa released updated estimates of corn and soybean production ahead of U.S.D.A.'s Jan. 10 Crop Production report. Informa increased its yearend 2013 corn production estimate to 14.16 billion bus and its soybean estimate to 3.33 billion bus. That's 173 million bus of corn and 71 million bus of soybeans higher

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No. 1 hard winter, basis Kansas City			No. 1 northern spring, delivered Chicago/beyond			Wheat Futures - \$ per bu				
March		Change	Minneapolis March		Change	Kansas City	Settle	Change	High	Low
Ordinary	+105@+115c	...	Ordinary	No quote		March	\$6.42½	+11¼c	\$6.44	\$6.30½
11%	+120@+130c	...	11%	No quote		May	\$6.44¼	+10¼c	\$6.45½	\$6.33¾
11.2%	+120@+130c	...	12%	+110@+158c	...	July	\$6.44	+9¼c	\$6.44½	\$6.33¾
11.4%	+130@+140c	...	13%	+190@+205c	0@+5c	September	\$6.56¾	+9c	\$6.56¾	\$6.46
11.6%	+140@+150c	...	14%	+180@+275c	...	December	\$6.70¼	+8½c	\$6.70¼	\$6.60¼
11.8%	+155@+165c	+10c	15%	No quote		<b>Chicago</b>				
12%	+155@+165c	+10c	16%	No quote		March	\$6.05¾	+8¾c	\$6.09	\$5.96
12.2%	+155@+165c	+10c	17%	No quote		May	\$6.11¼	+7½c	\$6.14	\$6.02¾
12.4%	+155@+165c	+10c				July	\$6.14½	+6¼c	\$6.17¼	\$6.06¾
12.6%	+155@+165c	+10c				September	\$6.24¼	+6c	\$6.25¾	\$6.17
12.8%	+155@+165c	+10c				December	\$6.37¾	+5½c	\$6.40	\$6.30¾
13%	+150@+160c	+15c				<b>Minneapolis</b>				
13.2%	+150@+160c	+15c				March	\$6.30½	+5¼c	\$6.34¾	\$6.24
13.4%	+150@+160c	+15c				May	\$6.40	+4¾c	\$6.44¾	\$6.34¾
13.6%	+150@+160c	+15c				July	\$6.50¾	+4½c	\$6.54½	\$6.45½
13.8%	+150@+160c	+15c				September	\$6.60	+4¼c	\$6.64¼	\$6.55
14%	+155@+165c	+20c				December	\$6.74½	+4¼c	\$6.78	\$6.69¼
			<b>Hard amber durum, choice milling, Minneapolis</b>							
			13%	\$9.50	...					
			<b>Hard amber durum, choice milling, Chicago</b>							
			13%	\$9.80	...					
			<b>No. 1 heavy oats, milling, delivered Minneapolis</b>							
			Basis Mar.	\$3.99¼	-6¼c					

## Bakery Flour

Bookings of bakery flour were light. Bounce in wheat futures prices and cash hard red winter wheat premiums dampened whatever buying interest there may have been. Hard winter-spring blends were raised 50c a cwt (up 50c for week), spring standard patent was adjusted 25c higher (up \$1 for week), and soft flour pricing was pulled 30c higher (up 50c for week). Semolina prices were raised 10c a cwt (up 50c for week on buckling in Upper Midwest millfeed values), and rye flour prices were raised 10c (up 75c for week).

## Millfeed

Nearby millfeed values continued to tumble with Northeast finally giving way. Spot and balance-January values were mostly \$5@10 a ton lower, with Northeast prices plunging \$15@20. Trader said Northeast mills planned to run through weekend after starting the week lighter than expected. Major winter storm across Northeast was clogging logistics, with concerns trucks may not make it to some mills to haul out weekend material. Another trader noted weekend millfeed in Upper Midwest was trading well below quoted values just to keep it moving. Demand was sagging with millfeed out of most rations even as flour grind was picking up after two weeks of reduced run. Additionally, ample supplies of distillers' dried grains are available at sharply lower prices due to China's rejection of some shipments. For week, spot values plunged \$40 in Upper Midwest, \$35 in Central states, \$20 in Southeast, \$15 in the Northeast and \$10 in the Southwest, with West coast markets about steady. Deferred prices were steady to about \$10 lower for the week.

### Bakery Flour Prices – per cwt

<b>Hard winter-spring blends, K.C.</b>	\$17.90@18, 30 days
Export straight - .48 to .50 ash	\$18.15@18.25, track Gulf
Clear, 1.20 ash	\$13.00@13.50, K.C.
<b>Spring standard, Minneapolis</b>	\$19.35@19.45
High gluten	200@300c more
Fancy spring	\$19.20@19.30
Standard spring	\$19.10@19.20
Papers Buffalo	\$21.65@21.75
<b>Semolina, Minneapolis</b>	\$22.90@23
First clear	\$17.55
Second clear	\$13.05
<b>Rye, Minneapolis</b>	\$22.40@22.50
<b>Cracker, Chicago</b>	\$15.20@15.30

### Spot Midds, \$ per ton, delivered rail unless noted

<b>Kansas City</b>	\$165@180; (\$190@200, f.o.b. truck)
<b>Minneapolis</b>	\$149@159; (\$145@155, f.o.b. truck)
<b>Chicago West</b>	\$162@172; (\$150@160, f.o.b. truck)
<b>Central states</b>	\$155@170; f.o.b. truck
<b>Buffalo</b>	\$140@155
<b>Chattanooga</b>	\$145@155
<b>N.&amp;S. California</b>	\$184@199N
<b>South California</b>	\$180@195N, f.o.b. truck
<b>Pacific Northwest</b>	\$140@155N
<b>Upper Midwest sacked</b>	\$350
<b>Wheat germ</b>	\$300@320

Bulk Midds	January	Feb.-March	April-June
<b>Kansas City</b>	\$160@175	\$140@155	\$95@110
<b>Chicago West</b>	152@162	147@157	127@137
<b>Central states</b>	140@155	125@140	100@115
<b>Buffalo</b>	125@140	110@125	90@105
<b>N.&amp;S. California</b>	184@199	179@194	154@169
<b>Pacific Northwest</b>	135@150	130@145	130@145

### Sweetener Prices - per lb

Midwest 42% HFCS, 2014	15.375@17.375
Corn syrup, Midwest, 2014	23.125
Midwest beet sugar, 2013-14	27@27.50
Finished cane sugar, 2013-14*	27.50@31

\*Spot raw cane +7% + 5.5c with 2% discount.

### Chicago Futures

\$ per bu				
Corn	Settle	Change	High	Low
March	\$4.23½	+3c	\$4.24	\$4.17
May	\$4.31¾	+2¾c	\$4.32¼	\$4.25½
July	\$4.38¾	+3c	\$4.39¼	\$4.32¼
September	\$4.45	+3c	\$4.45½	\$4.38½
December	\$4.52	+3¾c	\$4.52½	\$4.45¾
Soybeans				
January	\$12.89¼	+2¼c	\$12.94	\$12.81¾
March	\$12.71¼	+1¼c	\$12.78½	\$12.65
May	\$12.58¼	+1c	\$12.67	\$12.52¾
July	\$12.48¼	+2c	\$12.57	\$12.42½
Soybean Oil – cents per lb				
January	38.34c	-0.17c	38.82c	38.30c
March	38.60c	-0.20c	39.10c	38.55c
May	38.94c	-0.21c	39.46c	38.90c
July	39.32c	-0.20c	39.83c	39.27c
Soybean Meal – \$ per ton				
January	\$424.50	+0.70	\$427.20	\$421.00
March	\$407.10	+0.80	\$410.80	\$404.60
May	\$400.10	+0.80	\$403.40	\$398.00
July	\$394.90	+1.10	\$397.60	\$392.80

### Export Wheat

<b>No. 1 hard winter, 12% track Gulf, basis K.C.</b>		
	<b>Bids</b>	<b>Offers</b>
January	+150c March	+158c March
February-March	+145c March	...
April-May	+143c May	...
June-July	+130c July	...
<b>No. 2 soft red, c.i.f. New Orleans, basis Chicago</b>		
January	+105c March	...
February	+105c March	...
March	+100c March	...
April-May	+65c May	+95c May
June-July	+45c July	+52c July
<b>No. 1 soft white, track, Portland</b>		
	<b>Bids</b>	<b>Change</b>
Jan.-Feb.	...	...
March	\$7.08	...
April	\$7.10	...
<b>No. 1 hard winter 11.5%, track, Portland, basis K.C.</b>		
January	+105c March	...
February	+110c March	...
March	+115c March	...
April	...	...
<b>No. 1 hard spring 14%, track, Portland, basis Minneapolis</b>		
January	+165c March	...
February	+165c March	+5c
March	+160c March	+10c
April	+160c. May	...

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than the U.S.D.A.'s November estimates. Informa also released updated estimates for global crop production, which included a 2-million-tonne reduction to Argentina's soybean output and a 2.75-million-tonne cut to Brazil's corn production. Technically, there is no divergence between price and downside momentum displayed on the wheat charts. This continues to suggest lower prices. Currently, March Chicago wheat targets down to \$5.64. This would put downside price targets for March K.C. and Minneapolis wheat near \$6.

### Export tenders

**Egypt** bought 535,000 tonnes of wheat from Ukraine, Russia, France and Romania.

**Taiwan** flour mills seek offers Jan. 9 on 54,800 tonnes of U.S. wheat.

### Weekly Export Sales

Export wheat transactions for 2013-14 in week ended Dec. 26 increased 9.2 million bus; aggregate of 903.4 million bus for current year was 28.9% ahead of year-ago transactions of 700.9 million bus. Exports and undelivered sales for 2013-14 are below, by class in millions of bus:

	Hard Winter 274.5	Soft Red 203.4	Spring 125.0
<b>Undelivered sales</b>	61.0	42.1	58.2
<b>Unknown destination</b>	(6.2)	(3.5)	(14.7)
<b>Total</b>	335.5	245.5	183.2
<b>Change from year ago</b>	26.8%	118.8%	7.5%
<b>U.S.D.A. projection*</b>	415.0	300.0	210.0
	<b>White</b>	<b>Durum</b>	<b>Total</b>
<b>Exports</b>	88.0	9.5	700.4
<b>Undelivered sales</b>	35.0	6.7	203.0
<b>Unknown destination</b>	(8.9)	(2.4)	(35.6)
<b>Total</b>	123.0	16.2	903.4
<b>Change from year ago</b>	-10.9%	+4.0%	28.9%
<b>U.S.D.A. projection*</b>	150.0	25.0	1,100.0

\*Includes flour, other data do not.

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