Sosland Market Focus

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Thursday, March 22, 2018

- **Premiums on hard red winter wheat were unchanged to 9c a bu higher. • Hard red spring wheat basis was unchanged to 5c higher.**
- **Soft red winter wheat mill bids were steady to firm. • U.S.D.A. bought 380 tonnes of all-purpose flour for donation to Kyrgyzstan.**
- **Choice milling hard amber durum in Chicago was $8.35 a bu, unchanged. • Millfeed nearby prices mostly were mostly weaker.**
- **Wheat futures advanced. • Corn futures edged higher; soybean futures inched higher, soy meal futures advanced and soy oil dropped.**

Cash Wheat

HARD WINTER — In Kansas City, premiums on hard red winter wheat advanced 3@9c a bu from 11.6% protein through 12.2% protein. The adjustments were made because of trade of rail cars with 11.6% protein at 138c over K.C. May, which triggered basis change at that level with ripple effect leading through 12.2% protein. Only about 10 milling quality rail cars were offered for sale today. Other wheat offered in market was inferior and drew no interest from mills. Some mill pipelines were thinning in part because of slow rail movement of wheat already purchased. U.S.D.A. indicated on basis of March 20 U.S. Drought Monitor that drought condition across Southwest mostly stabilized compared with a week earlier. Exception was Texas. While U.S.D.A. lowered its estimate of Texas wheat growing in drought areas to 76% compared with 78% a week earlier, 49% of the state's crop was said to be growing in areas of extreme drought compared with 41% a week earlier. Eighty-four per cent of Kansas wheat was growing in drought areas, unchanged from a week earlier. Degree of drought also was unchanged from a week earlier with 23% in extreme drought, 39% in severe drought and 22% in moderate drought. Same case in Oklahoma, where 94% of wheat was growing in drought areas, unchanged from a week earlier, with 16% in exceptional drought, 51% in extreme drought, 21% in severe drought and 6% in moderate drought, all also unchanged from a week earlier. **Gulf** bids on 12%-protein hard red winter wheat for nearby were 180c over K.C. May, unchanged, against offers at 190c over. **Salina** truck bids at terminal elevators were 30c under K.C. May; new crop, 30c under July. **Hutchinson** wheat bids were 25c under K.C. May; new crop, 25c under July. **Wichita** elevator bids for nearby were 45c under K.C. May.

HARD SPRING — Premiums on hard red spring wheat in Minneapolis registered minor adjustments even as daily receipts were heaviest in some time. Agricultural Marketing Service indicated 98 rail cars, including two trains, were received in Minneapolis and applied against contracts or offered for sale. Cost of rail freight in secondary market remained inflated nearby even as slack wheat movement provided underpinning to cash spring wheat basis. Cash spring wheat basis, 14% protein, at 175c over Minneapolis May was 80c a bu higher than a year ago. Choice milling hard amber **durum** as quoted at Chicago rail gateway for delivery beyond remained $8.35 a bu. Minneapolis cash durum price was $8.05 a bu. Jim Peterson, policy and marketing director, North Dakota Wheat Commission, told members of the National Pasta Association at their annual meeting earlier this week that North Dakota producers may plant 5% to 15% fewer acres to durum this spring than they did in 2017. Mr. Peterson said Montana durum plantings may be similar to a year ago. U.S.D.A. will issue its annual Prospective Plantings report next week, on March 29.

SOFT RED — St. Louis-area mill bids for nearby were 10c to 25c over Chicago May. **Chicago** mill bids for nearby were the Chicago May price. **Toledo** mill bids for March-May were 10c over May, unchanged; June-July, Chicago July price; August-September, 10c under September. Elevator bids were 5c over May for nearby; 5c under July for new crop. **Cincinnati** elevator bids for nearby were the Chicago May price; new crop, 10c over July. **Michigan** white wheat mill bids were 25c over Chicago May; soft red bids were 15c over Chicago May. **Gulf** bids on soft red winter wheat for nearby were 65c over Chicago May, unchanged.

Wheat Futures

Joe Christopher, Crossroads Commodities, Sidney, Neb.

It looks like we are making a short term bottom. Today's drought monitor showed minor improvement. We filled the gap below, and now we can look to fill the gap we left above at $4.98¾ to $4.95 in the K.C. May. The market will look to the crop conditions next Monday for improvement. After that, we look to the stocks and revised planted acres report next Thursday. It is too early to look for abandonment acres; insurance adjusters will start checking fields April 1. Stocks will be large. The key will be how much is in commercial hands and how much is in producer hands. I think the producer is 85% to 90% sold on old crop. When it rained, the calendar spreads relaxed in K.C. The long liquidation in K.C. seems to have slowed for now. K.C. gained on Chicago today. Minneapolis has gained back on K.C., which has allowed protein premiums to regain some of their losses. The weather forecasts show spotty coverage of the hard red winter belt. It is still a weather market, so stay tuned. Some analysts have

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No. 1 hard winter, basis Kansas City		
May		**Change**
Ordinary	+70@+85c	…
11%	+105@+120c	…
11.2%	+110@+125c	…
11.4%	+114@+129c	…
11.6%	+123@+138c	+9c
11.8%	+123@+138c	+9c
12%	+123@+138c	+8c
12.2%	+123@+138c	+3c
12.4%	+137@+152c	…
12.6%	+155@+170c	…
12.8%	+155@+170c	…
13%	+155@+170c	…
13.2%	+155@+170c	…
13.4%	+155@+170c	…
13.6%	+155@+170c	…
13.8%	+155@+170c	…
14%	+155@+170c	…

No. 1 northern spring, delivered Chicago/beyond		
Minneapolis May		**Change**
Ordinary	No quote	
11%	No quote	
12%	No quote	
13%	No quote	
13.5%	+140c	No comp.
14%	+145@+175c	+5c@0
14.5%	+160c	No comp.
15%	+165@+200c	+5c@0
16%	No quote	
17%	No quote	

Hard amber durum, choice milling, Chicago		
13%	$8.35	…

Hard amber durum, choice milling, Minneapolis		
13%	$8.05	…

No. 1 heavy oats, milling, delivered Minneapolis		
Basis May	$2.68¾	-2¾c

Wheat futures - *$ per bu*				
Kansas City	**Settle**	**Change**	**High**	**Low**
May	$4.71	+5½c	$4.75	$4.63¼
July	$4.90	+6¼c	$4.93½	$4.82
September	$5.08¼	+6½c	$5.11	$4.99¾
December	$5.30¾	+6¼c	$5.33½	$5.22½
March	$5.45¼	+6¾c	$5.47	$5.36½
Chicago				
May	$4.55¾	+2¼c	$4.59¾	$4.51¼
July	$4.72	+2¾c	$4.75¼	$4.67
September	$4.88	+2½c	$4.91¼	$4.83
December	$5.09¼	+2c	$5.12¾	$5.04¾
March	$5.26½	+2c	$5.29¾	$5.22
Minneapolis				
May	$5.93	+3¾c	$5.94¾	$5.87
July	$6.01½	+2¾c	$6.03¼	$5.96
September	$6.08¼	+1¼c	$6.10½	$6.04½
December	$6.20¾	+¾c	$6.22¾	$6.15¾
March	$6.29½	+½c	$6.32	$6.32

Bakery Flour

Bookings of bakery flour were limited. Activity in wheat futures subsided after fairly active couple of days when bakers extended coverage of futures component of flour contracts into third and even fourth quarters with individual bakers venturing even further forward into first quarter of 2019. Individual bakers completed some bookings for April-June. Coverage for second quarter has increased to about 75% from 70% a week ago. Hard winter-spring blends were raised 15c a cwt, spring standard patent was raised 10c, and soft flour pricing was raised 5c. Price of semolina was raised 5c a cwt, and rye flour pricing was unchanged.

Millfeed

Nearby prices resumed downward drift except for $3@6-a-ton upward adjustments in Northeast. "Typical Thursday" had many traders focusing on getting through end of week and month. Increased inquiries for feed in tighter Southwest were, for most part, met with rejection. "Everybody needs feed nearby," a trader said, and customers drawing on winter contracts led to minor scramble. Quiet trading was indicated in rangebound Upper Midwest. Demand, while sub-par, was strong enough to keep values from dipping too low. Situation was similar in Central states, where bulk of interest was in spot market. Miller reported tight inventory but said local customers generally had needs met. Bids dipped $2, and trading took place in a wide range. No after effects were noted from early-week downtime at Toledo mill. Deferred periods were up $3@5. Northeast was experiencing "large-scale defaults on execution" in wake of another nor'easter. With trucks off roads, mills brimmed with flour and feed. Roads reopened but market struggled to make up lost ground.

Bakery Flour Prices – *per cwt*	
Hard winter-spring blends, K.C.	$15.10@15.20, 30 days
Export straight - .48 to .50 ash	$15.60@15.70, track Gulf
Clear, 1.20 ash	$10, K.C.
Spring standard, Minneapolis	$17.50@17.60
High gluten	200@300c more
Fancy spring	$17.35@17.45
Standard spring	$17.25@17.35
Papers Buffalo	$19.50@19.60
Semolina, Minneapolis	$20.45@20.55
First clear	$15.50
Second clear	$8.50
Rye, Minneapolis	$14.45@14.55
Cracker, Chicago	$12.50@12.60

Spot Midds, *$ per ton, delivered rail unless noted*	
Kansas City	$86@96($120@130, f.o.b. truck)
Minneapolis	$78@88; ($74@84, f.o.b. truck)
Chicago West	$91@101; ($79@89, f.o.b. truck)
Central states	$85@105; f.o.b. truck
Buffalo	$85@95;
Chattanooga	$93@103
N.&S. California	$119@134
South California	$115@130, f.o.b. truck
Pacific Northwest	$100@110
Upper Midwest sack	$320
Wheat germ	$220@240

Bulk midds	March	April-June	July-Sept.	Oct.-Dec.
Kansas City	$86@96	$65@75	$70@80	83@93
Chicago West	91@101	87@97	94@104	102@112
Central states	85@105	85@95	80@90	93@103
Buffalo	85@95	72@82	70@80	76@86
N. & S. Calif.	119@134	114@129	114@129	n.a.
Pacific NW	100@110	100@105	100@110	103@113

Sweetener prices - *per lb*	
Midwest 42% HFCS, 2018	24.75@25.75
Corn syrup, Midwest, 2018	34.25@35.25
Midwest beet sugar, 2017-18	35.00@36.00
Finished cane sugar, 2017-18*	37.00@38.00

*Spot raw cane +7% + 10.4c with 2% discount.

Corn and soybean products

$ per bu

Corn	Settle	Change	High	Low
May	$3.76	+1c	$3.77½	$3.74
July	$3.84¼	+1¼c	$3.85½	$3.82
September	$3.90½	+1c	$3.92	$3.88½
December	$3.98	+1¼c	$3.99½	$3.96
March	$4.05¼	+1½c	$4.06¼	$4.03
Soybeans				
May	$10.29¾	...	$10.35½	$10.22¼
July	$10.40¾	+¼c	$10.45¾	$10.33
August	$10.42½	+¾c	$10.47¼	$10.35¼
September	$10.31	+¾c	$10.34½	$10.24¼
Soybean Oil – *cents per lb*				
May	31.88c	-0.49c	32.41c	31.71c
July	32.12c	-0.48c	32.64c	31.94c
August	32.24c	-0.47c	32.71c	32.06c
September	32.36c	-0.47c	32.84c	32.18c
Soybean Meal – *$ per ton*				
May	$368.00	+3.50	$368.90	$365.00
July	$370.40	+3.60	$371.10	$367.60
August	$368.10	+3.50	$368.50	$365.60
September	$365.70	+3.10	$366.10	$363.60

Export wheat

No. 1 hard winter, 12% track Gulf, basis K.C.		
	Bids	**Offers**
March	+180c May	+190c May
April	+170c May	+180c May
May	+170c May	+180c May
June	+165c July	+175c July
No. 2 soft red, c.i.f. New Orleans, basis Chicago		
March	+65c May	+72c May
April	+62c May	+72c May
May	+60c May	+68c May
June	+47c July	+55c July
July	+47c July	+55c July
No. 1 soft white, track, Portland		
	Bids	**Change**
March	$5.67	...
April	$5.67	...
May	$5.67	...
No. 1 hard winter 11.5%, track, Portland, basis K.C.		
March	+160c May	...
April	+160c May	...
May	+160c May	...
June	+145c July	...
No. 1 hard spring 14%, track, Portland, basis Minneapolis		
March	+130c May	...
April	+120c May	...
May	+120c May	...
June	+110c July	...

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Texas, Oklahoma and Kansas combined losses at 125 million to 150 million bus. That would put hard red winter wheat production at 600 million to 625 million bus.

Export Tenders

U.S.D.A. purchased 380 tonnes (8,379 cwts) of all-purpose flour at $464.80@469.68 a tonne, or $21.08@21.30 per cwt, for donation to **Kyrgyzstan**; shipment April 16-May 31.

U.S.D.A. seeks offers March 28 on 55,390 tonnes of soft white wheat 12.5% protein for donation to **Bangladesh**; shipment May 21-31.

Algeria's state grains agency received offers on optional-origin durum wheat for May.

Tunisia sought offers on 50,000 tonnes of optional-origin durum and 67,000 tonnes of optional-origin soft milling wheat.

Japan in routine weekly tender purchased 91,942 tonnes of U.S. wheat including 47,825 tonnes of hard red winter, 24,167 tonnes of dark northern spring and 19,950 tonnes of western white; also from Canada, 35,396 tonnes of western red spring.

Jordan's state grains buyer seeks offers March 27 on 100,000 tonnes of optional-origin hard milling wheat.

U.S.D.A. weekly export sales report is delayed to Friday.

Financial markets	Close	Change
S.&P. 500	2,643.69	-68.24
NASDAQ	7,166.68	-178.61
Dow Jones	23,957.89	-724.42
$ Index, June	89.473	+0.104
$ euro, June	1.23865	-0.00245
Gold, April	$1,327.40	+5.90
Crude, May	$64.30	-0.87