

# Fryer's Wheat Report

		Chicago/SRW			Kansas/HRW			M'polis/HRS		Aus	China
US Futures	Mar	May	July	Mar	May	July	Mar	May	Mar	May	
Previous	520.00	527.00	533.00	509.50	519.50	529.25	574.00	576.75	433.00	2405	
Close Jan 28	518.75	525.50	531.25	506.75	517.00	526.75	574.75	577.50	430.00	2402	
Change	-1.25	-1.50	-1.75	-2.75	-2.50	-2.50	0.75	0.75	-3.00	-3	

  

		2SRW (Gulf)		White Wht	HRW 12 Gulf		2HRS 13.5 pro		Matif	CME B Sea
US Fob	prem	\$/mt	PNW	prem	\$/mt	PNW	Lakes	Mar	Mar	
Mar	102	228.10	241.50	155	243.16	254.50	-	Previous	205.75	253.00
Apr	97	228.74	242.50	150	245.09	256.00	231.00	Close Jan 28	205.00	253.00
May	98	229.11	243.50	153	246.19	257.50	232.50	Change	-0.75	0.00
Jun	87	227.18	244.50	145	246.84	259.00	234.00			

  

Other Fob	Arg 12%	APW	ASW	France	UK	German	Baltic	Russian 12.5		Egypt
	Up River	WA	WA	11.5 pro	11 pro	12.5 pro	12.5 pro	5kt	25kt	C&F
Mar	245	283	273	240.50	250.04	243.35	242.21	220.00	251.00	267
Apr	247	278	268	241.18	251.93	245.67	244.21	222.00	254.00	270
May	249	273	263	242.56	253.82	248.00	246.21	225.00	257.00	273
Jun	251	268	258	243.94	255.73	250.33	248.21	228.00	260.00	276

  

Peso	37.04	A\$	0.7165	€\$	1.1425	Rub	66.17
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C&F Asia				Baltic Freight Indices					
Feed Fob \$	UK	France	Ukraine	Feed Wht	Corn	Jan 28	Jan 25	Change	
Mar	240.83	n/a	234.00	260-265	212-217	Panamax	687	748	-8.16%
Apr	242.70	n/a	237.00	265-270	-	Handy	384	395	-2.78%
May	244.57	n/a	240.00	265-270	-	Dry	852	905	-5.86%

**Crops/Weather:** Huge temperature swings are expected in the US over the next 10 days as current near record lows in the N Plains and upper Midwest rise from around -30°C to +5°C through the weekend. Precip looks limited with snow mostly confined to the N Plains and Lakes states, although the Delta will also see rain mixed with some snow. The European maps also continue to lift temperatures quite significantly with only some central EU regions seeing below zero readings, whilst the whole of Russia is now much above normal. Precip in the EU is near normal except in those coldest areas of Germany and Poland where dryness persists, and Russia and Ukraine also look dry. Snow cover is lacking in S Russia, Romania, W Poland and most of Germany, and is totally absent in France. N Africa has showers in the east, Turkey is mostly dry, the Middle East has showers.

**Trade:** There is some considerable tender activity this week with GASC in today for 11-20 March along with Jordan for 120kt Apr-May, Turkey is tomorrow for 300kt with Ethiopia Thursday for 400kt. B'desh returns Feb 3 and Feb 10 for 2 x 50kt. US weekly export inspections were 362kt for a season total 528 Mbu, still down 11% on last year.

**Brussels:** Weekly shipments were just 180kt leaving the season total of 9.9 Mmt still down 27% on last year (see last night's wire for details).

**USDA:** The WASDE Feb 8th report will include data that had been scheduled for release in January, notably the U.S. quarterly grain stocks, final yield/production numbers and 2019/20 winter wheat acreage. A CFTC fund update is also expected this Friday, but it is still not clear how much of the backlog on export sales will be available this week.

**Markets:** US wheat futures had a quiet start to the week closing 1-2¢ either side of unchanged. The trade is clearly relieved that Govt market data should be up and running again soon, but there just was not enough fresh input yesterday to move the market. Weekly inspections brought no surprises, the extreme cold in the US will clearly cause logistics issues and potential risks to the Plains wheat crops, but the ever widening spreads of US against Russian wheat (see the Fob line-up on last night's wire), will make today's GASC tender interesting, particularly as the freight market continues its freefall (the Baltic Panamax Index fell another 8% yesterday taking its losses from the October highs to 62%).

Argentine Fob prices continue to rise, and whilst the bid-offer spreads are wide with actual levels varying according to the source, March 12 pro is now close to \$245 and up \$15 from a couple of weeks ago. The line-up is big (there are still 3 vessels for Algeria), and it would seem that Argentina has in part repeated last year's mistake of overselling to just about every destination in the world before rallying sharply in order to ration supplies. Aussie futures are slightly lower so far this week but the old crop-new crop inverse of around A\$85 remains intact. Fob is also easier but is still not buying anything beyond absolute minimum inelastic demand.

Matif slid 50¢ in thin volume, French premiums were also easier as Brussels' shipment update showed another 27% gap on last year, but German/Baltic premiums were firm on reports of fresh business (last night's Fob spreads continue to argue for more significant demand switches).

Russian 12.5 pro offers rose to \$252 for March, and consumers are not banging down the door at these levels as they increasingly look at the alternatives (not forgetting the \$45 old crop new crop inverse). The truckers' strike is adding to logistics issues and ongoing soaring domestic prices make it increasingly expensive to source wheat. The lack of snow cover in S Russia is starting to cause concern, but yesterday's 2019 crop number from the AgMin at 67 Mmt was a surprise (basis a 3% acreage increase and trend yield, the crop would be closer to 73-74 Mmt).

**Outlook:** All eyes on GASC today followed by the US sales update Thursday. Overnight is up 1¢.