

Fryer's Wheat Report

		Chicago/SRW			Kansas/HRW			M'polis/HRS		Aus	China
US Futures	Dec	Mar	May	Dec	Mar	May	Dec	Mar	Jan 18	Jan	
Previous	416.50	434.75	446.00	413.25	431.50	444.25	603.50	623.25	278.00	2553	
Close Nov 30	409.25	433.00	445.00	414.50	431.50	444.00	601.25	621.75	273.00	2548	
Change	-7.25	-1.75	-1.00	1.25	0.00	-0.25	-2.25	-1.50	-5.00	-5	

		2SRW (Gulf)		White Wht	HRW 12 Gulf		2HRS 13.5 pro		Matif	CME
US Fob	prem	\$/mt	PNW	prem	\$/mt	PNW	Lakes	Dec	Dec	
Dec	75	177.94	197.00	215	231.31	280.00	245.00	Previous	159.00	156.75
Jan	60	181.15	198.00	200	232.05	282.00	-	Close Nov 30	159.50	156.75
Feb	65	182.99	199.00	205	233.88	284.00	-	Change	0.50	0.00
Mar	70	184.83	200.00	210	235.72	286.00	-			

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
Dec	175-180		222	214	193.16	202.35	200.05	198.86	157.00	190.00	209
Jan	176-181		222	214	194.27	203.25	202.13	200.94	157.00	190.00	209
Feb	178-183		225	217	195.38	204.14	204.21	203.02	158.00	191.00	210
Mar	180-185		-	-	196.48	205.02	206.29	205.10	159.00	192.00	211

Peso 17.34	A\$ 0.757	€\$ 1.189	Rub 58.42
------------	-----------	-----------	-----------

		C&F Asia			Baltic Freight Indices				
Feed Fob \$	UK	France	Ukraine	Feed Wht	Corn	Nov 30	Nov 29	Change	
Dec	195.61	n/a	179.00	210-215	192-197	Panamax	1433	1368	4.75%
Jan	196.52	n/a	179.00	210-215	192-197	Handy	623	622	0.16%
Feb	197.42	n/a	180.00	210-215	192-197	Dry	1578	1536	2.73%

Crops/Weather: There is no change heading into the weekend as the US maintains a very dry pattern through all of next week, with severe cold expected to pull south from next weekend. Europe has added a little more precip in the west in this morning's maps, and in week two of the forecast has pushed the expected cold spell back much further east. Apart from a few showers, Argentina remains mostly dry whilst heavy rainfall persists across eastern Australia.

Brussels: Weekly soft wheat shipments of 296kt took the all-wheat total to 9.2 Mmt, still down 22% on last year and still an annualised 8 Mmt below the USDA's projection.

Trade: There were no results on Thailand's 100kt Dec-Jan feedwheat tender, Saudi returns today for 480kt Feb-April hard wheat. US export sales were below expectations at just 184kt for a season total 631 Mbu, down 9% on last year's 693 Mbu (against a 7% lag last week).

Markets: Apart from the nearby CBOT Dec contract, US wheat futures closed little changed on a day when the only fresh input came from another poor week of export sales. And the problem for US wheat going forward is that the nearby cash markets have plenty of alternative supply, whilst the big carries leave the back end of the US out of line with competing origins. And with no logistics/weather issues seen in the Black Sea, this looks unlikely to improve in the near future. Today's Saudi tender will give a clue as to where the trade sees hard wheat values a few months down the road, dryness in the Plains is also being watched, as is the potential significant loss of quality in Australia due to ongoing excessive rains.

In Argentina, BAGE put the harvest at 31.5% complete, up 10% on the week and ahead of last year's 29%, with the yield again creeping higher at 2.22 tph. However this remains below last year, and in order to make the USDA's projected overall 3.1 tph, the rest of the harvest has to average 3.52 tph, which looks like a tough call. The domestic market was very quiet, Fob values and quality spreads were unchanged.

Aussie futures saw some profit taking this morning although they will still end the week up almost A\$10, and the newswires are catching onto the current extremely heavy rainfall in the east with articles suggesting major volume and quality losses. Some of the numbers look exaggerated but there is no doubt this has not been a good year for Aussie wheat growers. There were no reported changes to Aussie Fob values to end the week. China is down slightly this morning and will also end the week lower.

Matif wheat closed higher despite a slightly firmer Euro, French premiums were little changed but German and Baltic premiums rose ahead of today's Saudi tender, which is expected to produce strong competition between the EU, HRW and Argentina, although freight spreads, gluten requirements and the zero bug damage make it a tough one to price. And even if the EU does the lion's share of Saudi, the impact on the S&D will be minimal with Brussels' weekly shipments still 22% behind last year against USDA's 4.4% increase, an annualised 8 Mmt spread.

The Black Sea was once again very quiet with values all nominally unchanged.

Outlook: There are plenty of balls up in the air which suggest there should be little downside to the wheat market - fund shorts, dryness in the Plains, Argentine yields below expectations, extremely heavy rain in Australia and questionable supplies of quality wheat in the EU (Germany and the Baltic). But wheat still appears unable to get up an go, much of which is due to the near flat deferred values in the Black Sea, against big carries in the US. Stats Canada issues their final crop report next Wednesday. Overnight is up a penny.