

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	427.25	445.25	459.25	425.25	443.00	457.00	617.00	628.50	266.00	2632	
Close Oct 30	424.75	443.00	456.50	421.75	439.75	453.75	618.50	631.25	265.00	2634	
Change	-2.50	-2.25	-2.75	-3.50	-3.25	-3.25	1.50	2.75	-1.00	2	

		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	80	185.47	204.00	205	230.30	276.00	246.00	Previous	163.00	158.00
Jan	65	186.67	204.00	195	233.24	277.00	-	Close Oct 30	163.50	158.00
Feb	70	188.50	204.00	200	235.08	278.00	-	Change	0.50	0.00
Mar	70	188.50	204.00	205	236.92	279.00	-			

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	171-179	240	235	194.51	200.72	195.97	193.64	153	194	213
Jan	173-183	240	235	196.13	201.58	198.00	195.67	153	194	213
Feb	175-185	243	238	198.08	202.43	200.04	197.71	154	195	214
Mar	177-187	-	-	200.04	203.28	202.07	199.75	155	196	215

Peso 17.64	A\$ 0.768	€\$ 1.163	Rub 57.93
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		C&F Asia			Baltic Freight Indices				
Feed Fob \$	UK	France	Ukraine	Feed Wht	Corn		Oct 30	Oct 27	Change
Dec	194.11	n/a	184.00	210-215	183-188	Panamax	1498	1517	-1.25%
Jan	194.99	n/a	184.00	212-217	183-188	Handy	685	687	-0.29%
Feb	195.86	n/a	185.00	215-220	183-188	Dry	1534	1546	-0.78%

Crops/Weather: The US remains generally dry except in the N Plains where recent snow is acting as protection from the below normal temperatures. Elsewhere temps remain above the seasonal average. The first crop ratings of the season put GD/EX at 51% against 58% last year and 55% average, with 84% of the crop planted (85% and 87% respectively) and 65% emerged (69% and 68%). Western Europe remains mostly dry, and following the weekend storms and heavy flooding in the north-east, notably in Germany and Poland, the rain is starting to push further into the Baltic. In S America, parts of Argentina looks like they will be dogged by rain for the next two weeks, but S Brazil turns much drier in the 8-15 day period. Australia is dry except for northern NSW.

Trade: Over the weekend, Saudi bought 484kt Dec-Jan arrival at an average \$222 basis Jeddah, which was some \$6 above their last purchase in August. Dammam \$7 over Jeddah. US weekly export inspections were 315kt for a season total 408 Mbu, down 5% on last year's 428 Mbu. Results are not yet known on Ethiopia's 400kt tender from last week, but they have already doubled the volume at the Nov 28th tender, now also at 400kt. Jordan returns Thursday for 100kt.

Markets: US wheat futures ended mixed - slightly lower in KC and Chicago, slightly higher in M'polis - at the end of another session that struggled with a lack of fresh input. News was limited to the weekly inspections which were neutral, but which remained slightly ahead of the USDA's projected 7.5% decline, whilst Saudi's weekend purchase looked too cheap for HRW to figure (see last night's wire for details). After the close the season's first winter crop ratings came in below trade expectations, notably in the N Plains, but as we point out each year, the early ratings have little correlation with final yield although they can be an indicator of abandonment levels. And for now, nothing in yesterday's numbers suggests anything other than trend/average for both for next year (although this, plus the weaker US\$ has lifted futures slightly on the overnight session).

There was little change in Argentine Fob values to start the week, although the nominal paper value of 12.5 pro at \$188 for Dec suggested that it could have figured against at least some of the weekend Saudi tender. Interestingly, the 11.5 pro is quoted at the same level as 12 pro (which is \$10 below the 12.5 pro), with 11 pro around \$5 less.

Having rallied \$2 Monday, Aussie futures are down \$3 this morning, with Fob values little changed on the week. And with Saudi specs currently quoted at some \$20 Fob over what Saudis paid C&F, Aussie wheat still looks totally confined to inelastic demand (with the debate ongoing as to what that really is). China is steady on the week.

EU markets were unmoved by the Saudi sale with Matif up just 50¢ and premiums unchanged, and basis the \$30-32 freight we were given ex-Germany/Baltic, the sale looked like a sizeable discount to quoted replacement levels of 12.5 pro wheat. The French vessel line-up is better, but it's still the same destinations (Algeria, Africa, Cuba, Yemen) with no incremental demand.

The Black Sea was ill-defined to start the week with Russian 12.5 pro apparently flat for Nov-Dec-Jan at around \$194, plus \$1 per month beyond that, whilst the 11.5 pro discount narrows in the deferrals from \$7 in the nearby to just \$3 for Mar-April. Feed remains around \$10 below the 12.5 value. Russia's harvest data as of Friday still argued for a crop around 85 Mmt unless there is a significant move in the clean-bunker spread compared to last year (see last night's wire).

Outlook: The outlook is little changed. Argentina continues to buy demand it probably doesn't need, Australia continues to go nowhere except to locked in demand, there is little sign of the US picking up any additional demand, but the sheer size of the Russian crop appears to be bringing some increased 'urgency' on the part of the domestic market, which is keeping a lid on Fob prices. This is a reversal of the recent trend of consistently higher prices driven by export demand. Overnight is up a penny.