



## Wheat Morning Update & Commentary

Wheat continues to move lower, testing spike lows seen on Tuesday and Wednesday. With the world awash in wheat and the U.S. uncompetitive, fundamentals continue to convey that rallies should be sold with enthusiasm. The latest break has brought several major buyers into play, Saudi Arabia is looking for 500,000 mt, minimum 14 pro wheat, and likely sources could include Canada and Baltic states. South Korea moved for 87,000 tonnes of wheat, half U.S. and half Aussie. Japan also moved for a small SBS tender of 12,800 mt of food wheat. Basis levels have narrowed with the recent break in futures, however they still remain at wide margins. Pakistan, Asia's third largest wheat producer, will miss its output target by at least one million tonnes after several weeks of scant rains, but will not have to resort to imports. 97% of the Argentine Wheat crop has been harvested according to latest Buenos Aires Grain Exchange

Overnight markets were uneventful but Chicago still managed to shed 4 1/2 cents on 3920 contracts. Kansas City finished down 4 cents and MPLS finished down 3 1/4 cents. Kansas City and Chicago is close to even money and MPLS is now 10 cents premium the Chicago. Matiff wheat is trading lower for the 4 consecutive day.

### Globex Overnight

Contract	Last	Net Change	High	Low	Volume
ZWH10	523 <sup>4</sup>	-4 <sup>2</sup>	525 <sup>6</sup>	522 <sup>0</sup>	3920
ZWK10	537 <sup>4</sup>	-3 <sup>2</sup>	538 <sup>2</sup>	535 <sup>4</sup>	1633
ZWN10	547 <sup>4</sup>	-4 <sup>0</sup>	550 <sup>4</sup>	545 <sup>6</sup>	836
ZWU10	565 <sup>6</sup>			0	
KEH10	523 <sup>0</sup>	-4 <sup>0</sup>	526 <sup>0</sup>	522 <sup>4</sup>	504
KEN10	547 <sup>0</sup>	-3 <sup>4</sup>	550 <sup>2</sup>	546 <sup>0</sup>	113
MWEH10	533 <sup>4</sup>	-3 <sup>2</sup>	536 <sup>2</sup>	532 <sup>6</sup>	142
MWEN10	556 <sup>6</sup>	-3 <sup>2</sup>	556 <sup>6</sup>	556 <sup>0</sup>	26

Early Opening Calls: off 2-4 cents

### Top News

- 97% of the Argentine Wheat crop has been harvested according to latest Buenos Aires Grain Exchange
- Japan bought 12,800 mt of Wheat for food purposes on Friday in an SBS tender. They bought 11,000 mt of Aussie and the balance was Canadian
- In a tender announced today & bids due today as well, Saudi Arabia was looking to import 500,000 mt Wheat. An official said they'll make their final announcement on Sunday
- Traders report total of 87,100 mt of Wheat were bought by 2 S Korean flour mill groups on Friday. Columbia Grain reportedly sold 24,000 mt of US Wheat, while CBH sold 38,500 mt of Aussie Wheat to S Korean CJ Cheiljedang on Friday Daehan flour mill bought 24,600 mt of US Wheat on Friday for delivery LH Apr/FH May. Columbia Grain was the seller acc. to traders

- Top executive at Mosaic, says some fertilizer market participants are looking to buy product in spot market deals instead of longer term contracts
- Bunge discuss with Vale sale of Bunge's stake in Brazilian fertilizer firm Fosfertil
- Pending Tender: CCC also have another tender scheduled to close on Jan 19 for 6,810 mt of HRW Wheat as donation to Mauritania
- Pending Tender: Asian based traders announced a new 100,000 mt opt. origin Wheat tender by Bangladesh
- Pending Tender: 70,000 mt Wheat tender for Feb 4 was issued by Bangladesh, acc. to gov't official. The officer also said bids must be valid until Feb 25 & the gov't expects shipment 60 days after deal is complete
- Liffe March milling wheat futures were off -0.25 euro at 128.25 euros/mt.
- Globex Wheat Vol. 64,486; Pit Vol. 2,809; Open Interest Change: + 6,215
- Weather: 10 Day Forecast: Above Normal Temps. Above Normal Precip.
- Outside markets: Energy Complex -0.61 at \$78.78; Gold & Silver: -9.5 at \$1133.5 & -0.090 at \$18.565; US \$ +0.485 at \$77.370

#### Cash Markets

- CIF SR Wheat steady off 3: Jan. +18 to +22 Feb. +17 to +23 Mar. +15 to +25 July +12
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