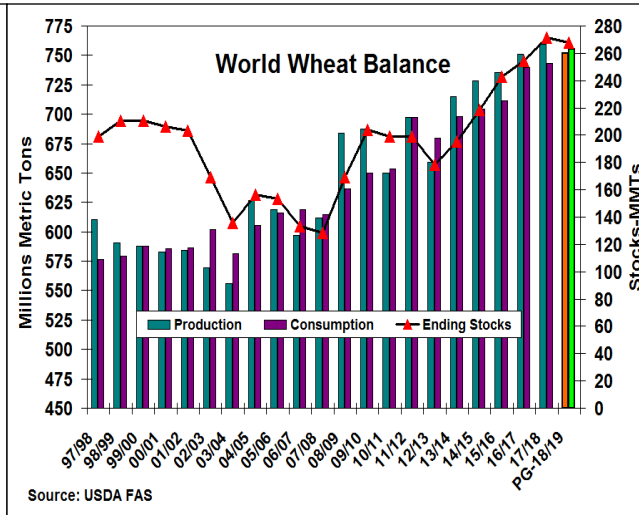
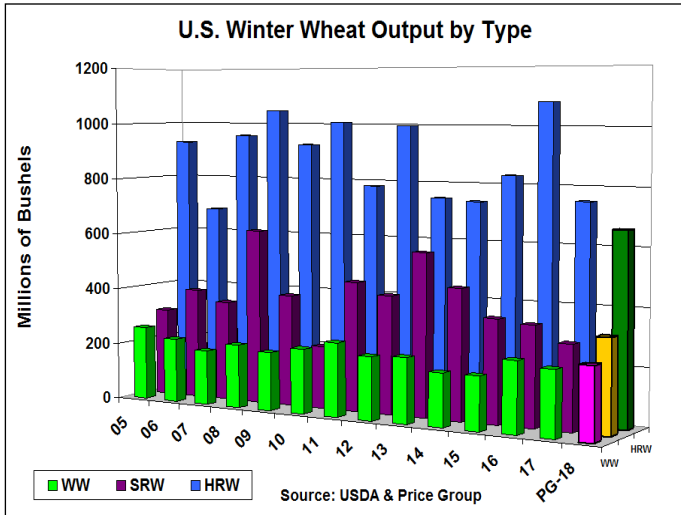


SW crop down, but other US kinds stronger, Black Sea controls Wold stks



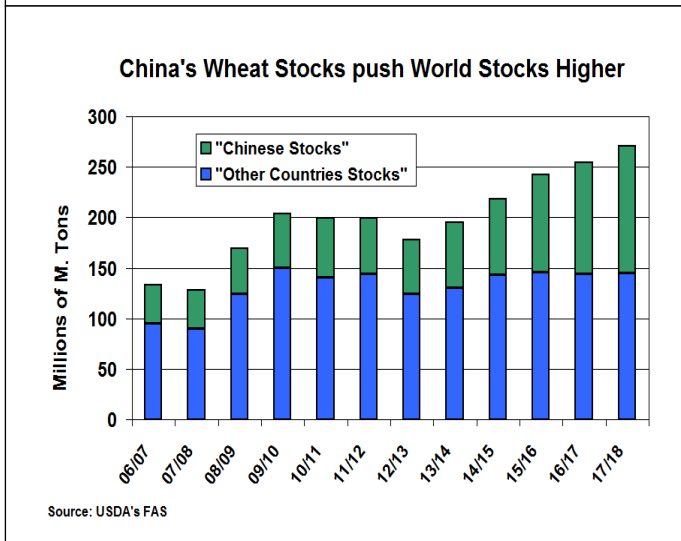
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Market Analysis

With the annual Kansas wheat crop tour occurring last week and the SW US experiencing extensive drought, the market's focus has been on field reports and daily wrap-ups from this 3 day event. The first day covered fields across northern Kansas where cold temperatures stunted growth and the tour's yield was 38.2 bu. vs. 43 last year. On the second day, the crop scouts traveled south from Colby into SW Kansas and then eastward to Wichita where this region was experiencing this year's SW drought resulting in a 35.2 bu. tour average vs. 5 yr average of 39.7 bu. The group returned to Manhattan where the group's average Kansas crop size came in at 243.3 million bu., the smallest since 1989, and the Wheat Quality Council calculating a 37 bu. state average yield. Overall, the USDA's first winter wheat crop is expected to be only 1.235 billion bu. vs. 2017's 1.269 billion bu. crop. This year's hard red crop has been hit the hardest with 661 million output vs. 750 million in 2017. However, 2018's soft red and white varieties appear to be larger than last year at 323 and 248 million bu. each.

After five years of record world wheat output, lead by a dramatic jump in Russia's output by 12.5 mmt to 85 mmt last year, the world's wheat output is seemed poised for a smaller outcome in 2018/19. The current dryness in Black Sea and Australia could prompt a 7-10 mmt drop in world production resulting in a lower carryover if the world's consumption rises 1.5% in the coming year. To also help clarify the current world working supplies, the USDA is expected to separate China's stocks out of the world's total. This will show that much of past four years advance in ending stocks came from China, which doesn't participate in world trade. This makes the 6-7 major producers output more important.

With US export shipments faltering and spring wheat seedings rising, US supplies & stocks remain adequate.



	2017/18		2017/18		2018/19	
	USDA Feb	USDA Mar	USDA April	Price May	USDA Ag Forum	Price May
Planting Acres	46.01	46.01	46.01	46.01	46.50	46.68
Harvested Acres	37.59	37.59	37.59	37.59	38.80	39.10
Yield in Bu.	46.3	46.3	46.3	46.3	47.4	47.1
Initial Stocks	1,181	1,181	1,181	1,181	1,009	1,079
Production	1,741	1,741	1,741	1,741	1,839	1,832
Imports	155	155	155	155	135	135
Ttl Supply	3,076	3,076	3,076	3,076	2,983	3,046
Food	955	955	955	955	955	955
Seed	62	62	62	62	62	62
Feed/Residual	100	100	70	70	110	100
Ttl Domestic	1,117	1,117	1,087	1,087	1,127	1,117
Export	950	925	925	910	925	925
Ttl Usage	2,067	2,042	2,012	1,997	2,052	2,042
End Stocks	1,009	1,034	1,064	1,079	931	1,004
Stks/Use Ratio	48.8%	50.7%	52.9%	54.0%	45.4%	49.2%

What's Ahead Despite the Kansas crop tour projecting sharply lower wheat output in the US's leading wheat producing state, better weather in the eastern US & PNW suggests only a modest 36 million drop in US WW output. Higher spring wheat seedings add to America's overall potential. The Black Sea's weather will be wheat's big determiner in 2018's prices. **Time to clean out old-crop bushels. Hold new crop sales for now.**

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