



Northwest Grain Growers

These are the 5 biggest issues that NWGG feel are affecting today's markets and items to watch for as we progress through the year.

1: 3/22/19 Export demand for soft white wheat has slowed to a crawl as global wheat prices have fallen which has priced us out of Southeast Asian Feed markets which make up a large portion of incremental white wheat demand. Most regular milling wheat buyers are now bought through May with some covered through June as well. At this point global wheat prices need to rise for us to be competitive again or we need some surprise demand from China or CCC donations in order to rally prices significantly.

2: 3/22/19 Speculators have built a large net short position in Chicago wheat futures and are record short in KC wheat and Corn. If there is a weather issue this spring or a trade deal with China gets finalized it should bring a significant amount of short covering which should add fuel to any rally in prices. China did buy 300k metric tons of old crop corn this week which should make speculators a bit uneasy.

3: 3/22/19 The USDA will release the prospective plantings report on March 29th. Estimates for corn acreage will be watched closely as flooding in the corn belt and Northern Plains could push plantings later and cause some acres to switch to soybeans or spring wheat. It's still March so there is plenty of time to get the crop in but if the weather has not improved a couple of weeks from now concerns will start to mount. Corn's balance sheet is relatively tight from a stocks to use perspective and if acreage or yields fall below expectations corn prices should rally enough to put wheat into the mix for feed which would help immensely with our burdensome stocks in the U.S.

4: 3/22/19 There aren't many areas of concern for crop conditions in the world currently outside of flooding in the upper Midwest. Southern Russian wheat areas are on the dry side and should be watched but it is a little too early for any significant issues to develop.

5: 3/22/19 Australian wheat areas are still dry in the eastern part of the country but wheat planting doesn't start for another three weeks. If Australia has another poor crop this year then white wheat will remain in a favorable position but with the TPP now starting to take affect we are at a disadvantage for Japanese business and if Australian wheat production improves then white wheat prices should feel the affect as we approach Australian harvest in December.

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