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THE MARKET INSIDER WEEKLY NEWSLETTER

by: Brian Hoops, President

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WHEAT

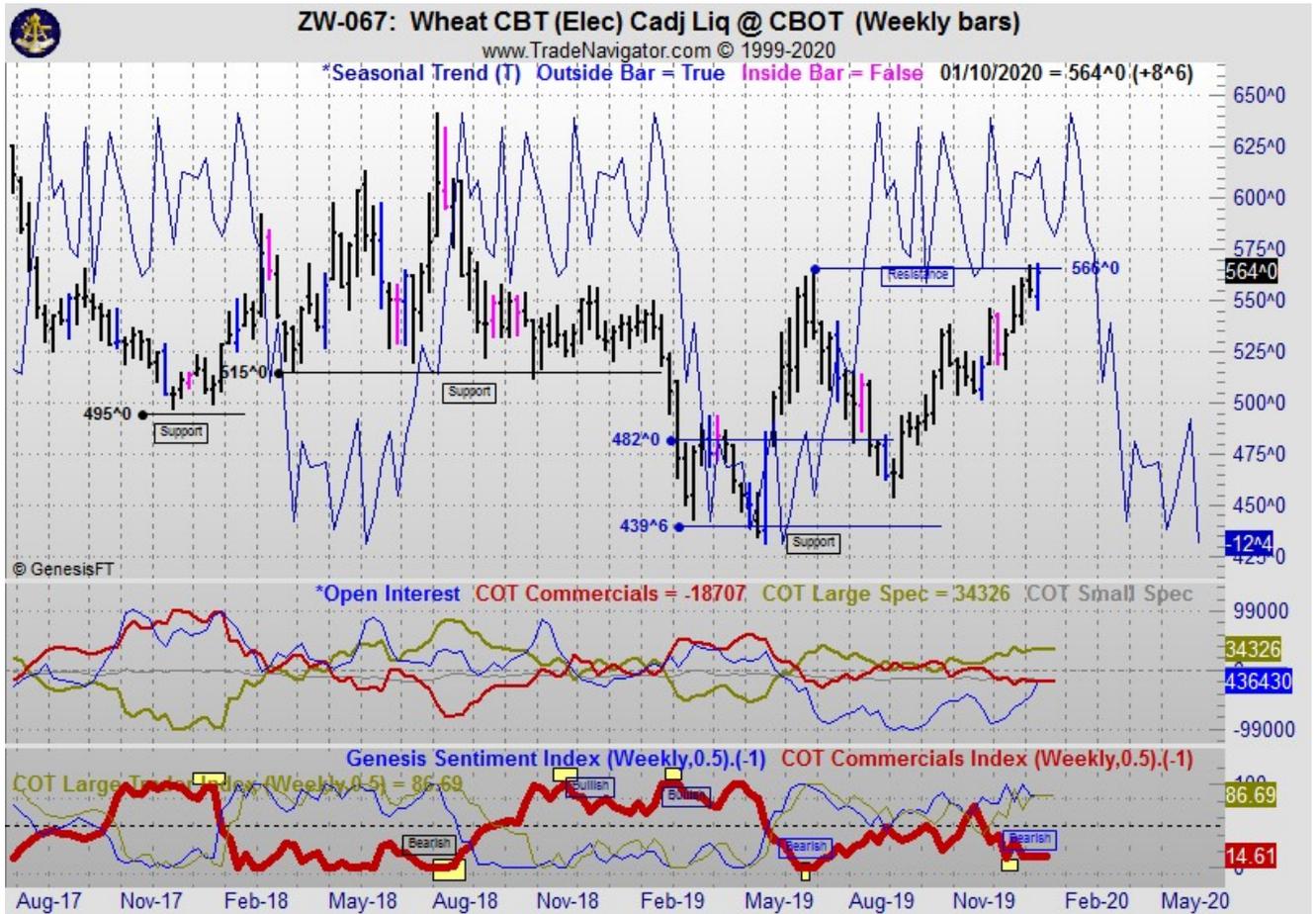
ANALYSIS

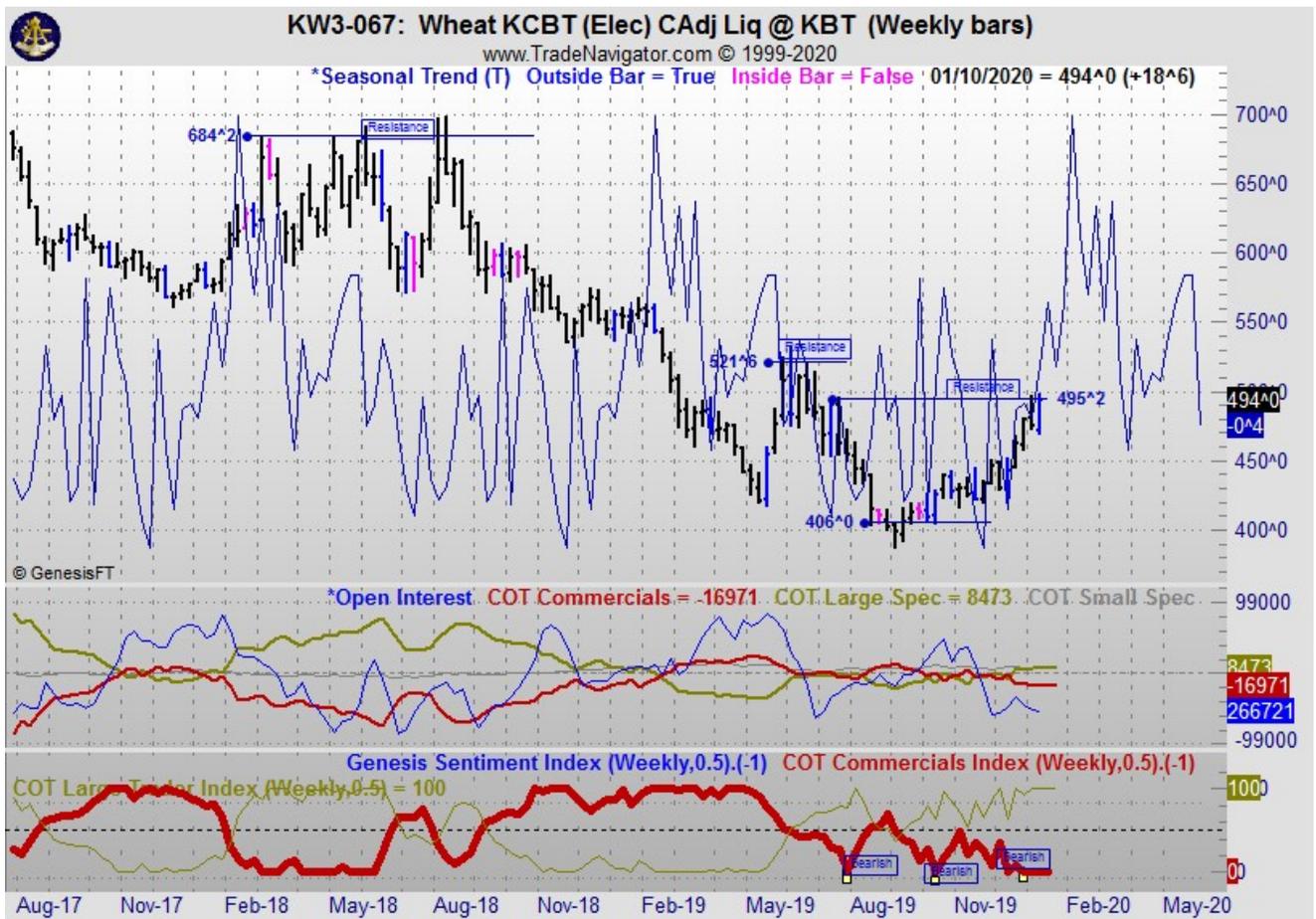
For the week, Chicago wheat closed \$.08 3/4 higher; Kansas City wheat closed \$.18 3/4 higher and Minneapolis wheat \$.10 3/4 higher. Last week, Egypt bought 300,000 mts of Russian, Romanian and Ukrainian wheat.

In the weekly export inspections report; U.S. wheat exports for the week ended 01/02/20 were just 12.7 million bushels. Cumulative exports of 546 million bushels are still up 15% from last year's 476 million, with shipments needing to average roughly 18.2 million bushels/week vs last year's 20.7 million/week from this point forward in order to reach the USDA's 975 million bushel export projection. The USDA reported December 1 U.S. wheat stocks at 1.834 billion bushels, 83 million bushels below the average trade estimate, the largest "bullish surprise" on record for this report. This is down from last year's 2.010 billion bushels and the lowest in four years. For US balance sheets, feed and residual increased 10 mb while seed usage was reduced by 1 mb, resulting in a 9 mb reduction to ending stocks at 965 mb. This is the tightest ending stocks since 2014/15; however it is still a stocks/usage ratio of a robust 45.1%. The USDA estimated 2020/21 U.S. winter wheat planted area at 30.804 million acres, down from last year's 31.159 million. On a by-class basis, HRW area of 21.8 million acres is down from 22.5 million last year and a bit below average expectations of 22.1 million. Meanwhile, SRW area was estimated at 5.640 million acres, up modestly from last year's 5.201 million and solidly above average market expectations looking for a decline to 5.118 million. White wheat acres were estimated at 3.370 million vs 3.500 million last year and 3.490 million "expected."

STRATEGY & OUTLOOK

Chicago and KC wheat both rallied into key weekly resistance at a time when the commercials have become aggressive sellers. This should put an end to the rally that prices have been seeing as the fundamentals do not support the current values.





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