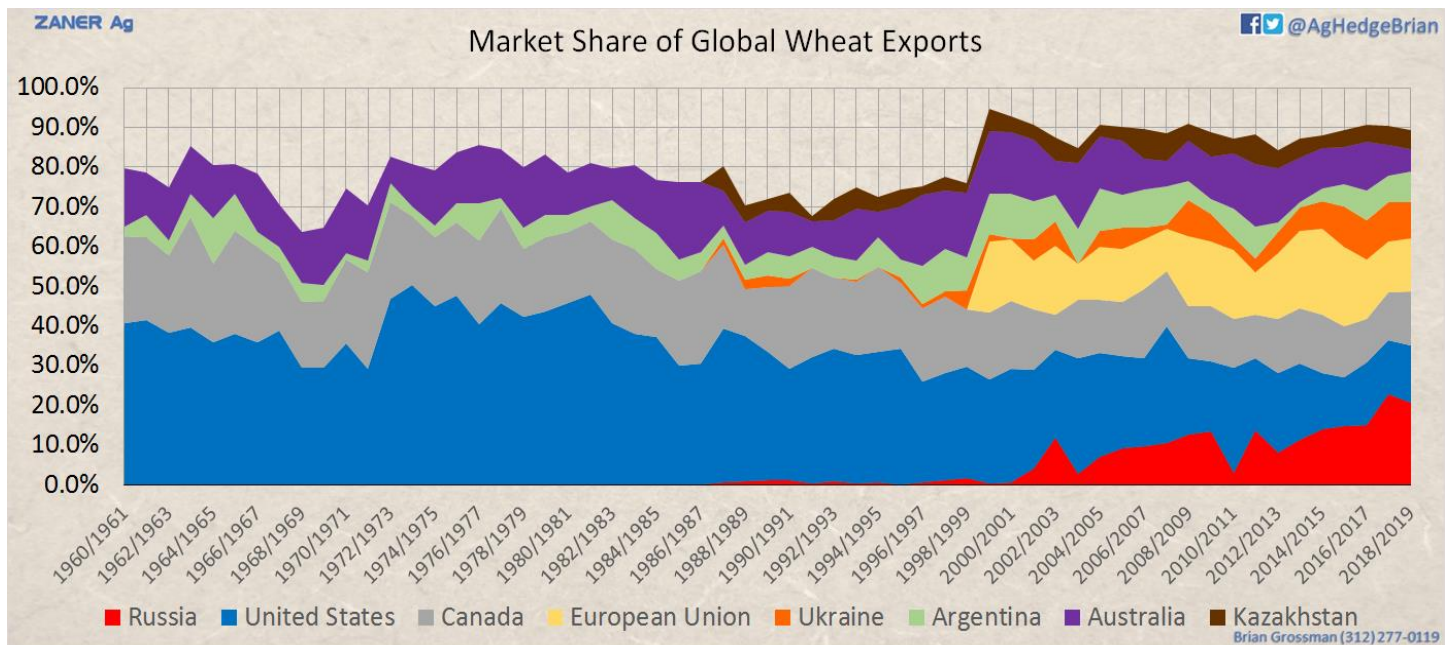


Wheat Remains Under Pressure

Still fairly early into the Tuesday trade at this time, but the wheat complex remains under pressure. Yesterday we saw Chicago, KC, and MN sell off 5'2, 7'6, and 1'2; respectively. Today we are seeing follow through selling. Both, Kansas City and Minneapolis wheat have reached new contract lows with Chicago, the heaviest, still a dime away.

Low prices cure low prices.... Right? So, where is the cure?

In recent decades the US fell out of its dominant place in the global wheat market. Some of this was caused by the Carter Administration and other political blunders, a strong US currency, but the rapid growth and development of wheat production around the world has taken its toll on the US dominance – something we are seeing in all major US crops; just more predominant in wheat.



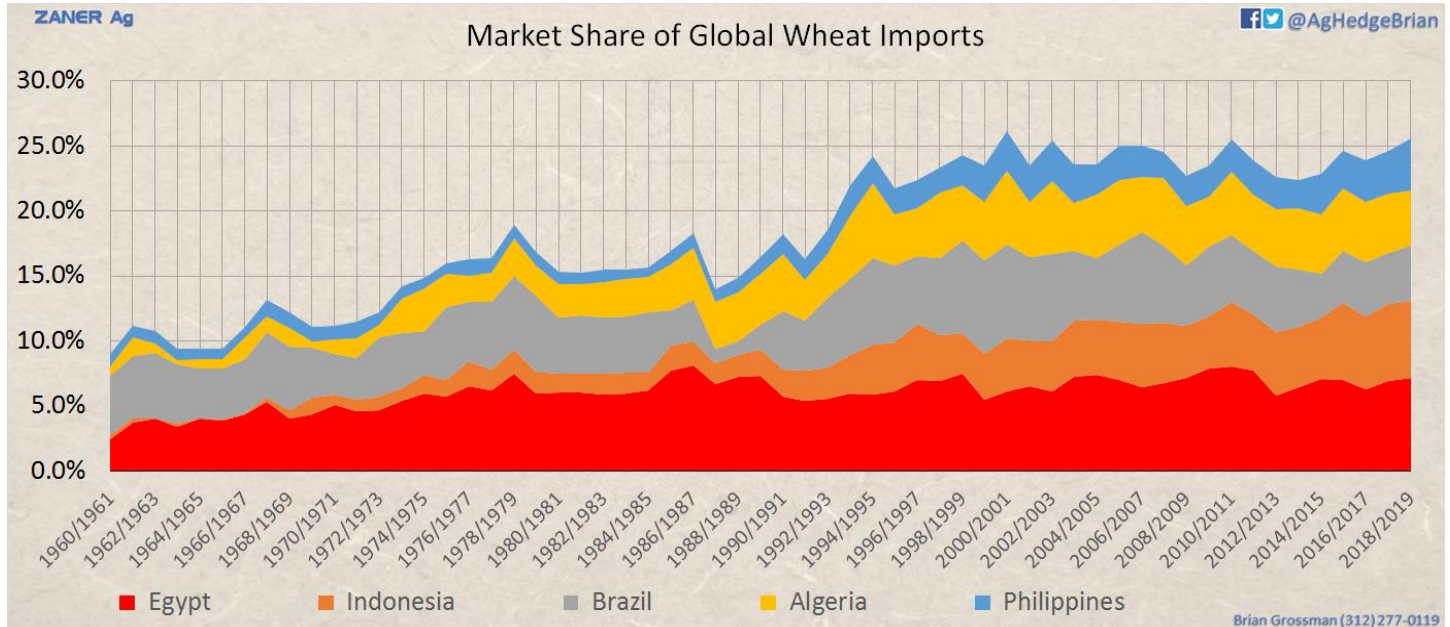
Check out the recently launched subscription based **ZANER** product – **Ag Hedge Newsletter +**

Delivered by email 3 times per day – morning, mid-day, and post-close. The focus of **Ag Hedge Newsletter +** is to cut out the market noise and give subscribers the information that is important to the market; not just the most attractive to the media.

Want quality market information and access to a market strategist, but still want to keep your current trading system? Is the fear of the market holding you back? Zaner has a program for you too! All the same access through a subscription rather than opening a futures account.

Interested? Sign up for a trial! <http://www.zaner.com/landing/ag-hedge-newsletter-plus.asp>

Canada, the EU, and Australia have also been historical dominate players but the fall of the Soviet Union brought about the rise of new major wheat players. Russia, Ukraine, and Kazakhstan has greatly increased production and a significant amount of market share.



These specific countries also have a strategic advantage based on location. Egypt, the world’s largest buyer of wheat, accounts for over 7% of total global wheat imports. Indonesia at 6.0% and Brazil at 4.3% is followed by Algeria and Philippines at 4.2% and 4.0; respectively. Many of these countries source their wheat from the former Soviet Union region and look to the US market ‘occasionally’ when it can compete.

Just this week, the US made an offer for the Egyptian GASC tender and was even the cheapest of the offers. However, freight costs pushed the US above the rest and ultimately, the wheat was purchased from Romania. This is also assumed to be the last major purchase by Egypt until the next market year begins in June. It merely underlines the problem at hand and the hill wheat must climb.

Not yet. The board is heavy today but the calendar spreads are steady. Kansas City calendar spreads are even trading slightly positive and near the high end of the trading range of (-5’0). With the downdraft in prices, basis levels should firm in order to keep some grain flowing. Basis opportunities?

With market conditions as they are, it will be hard to match up a good basis with a semi-good futures price. Basis opportunities should be strongly considered and then look to the board to replace some opportunity. This may ultimately come from when Managed Money decides to take profit on their recently record net short position. And when will that happen? Only they ‘might’ know.

Until then, producers will have to face down the storm the markets bring. But this is also a great time to be motivated about making a marketing plan for this year or getting a marketing team together so the next storm can blow over with less fear and potential harm.

Interested in my work at **ZANER Ag**?

I am accepting new clients and would enjoy a conversation about my marketing services.

Reach out to me directly at (312) 277-0119

Or,

Contact me directly for a consult or even just a general chat about the markets and where I think they may be heading.

Find me on Facebook and Twitter under the handle: @AgHedgeBrian

Thanks!

Brian

Often, producers lack the time or understanding to properly plan and execute a marketing plan. My job is to wear that “hat” for you, so you can focus on the task at hand.

But this is not to leave you left hanging. **ZANER Ag** takes pride in being a “teaching firm” as we want ALL of our clients to feel comfortable with and understand the reason behind each trade.

ZANER Financial Services

Brian Grossman

Market Strategist -- Agricultural Hedging

(312) 277-0119 -- Direct Line

(312) 277-0150 -- Fax Line

bgrossman@zaner.com

@AgHedgeBrian

www.zaner.com

Risk Disclaimer

Trading Commodity Futures and Options Involves Substantial Risk of Loss and May Not Be Suitable for All Investors. You Should Carefully Consider Whether Trading Is Suitable for You in Light of Your Circumstances, Knowledge and Financial Resources.

Abbreviations & Conversions:

MT	= Metric Ton
TMT	= Thousand Metric Ton
MMT	= Million Metric Ton
1 MT of Wheat/Soybean	= 36.74 bushels
1 MT of Corn	= 39.36 bushels

Jan - "F" | Feb - "G" | Mar - "H" | April - "J" | May "K" | June - "M"

July - "N" | Aug - "Q" | Sept - "U" | Oct "V" | Nov "X" | Dec - "Z"

ZANER Financial Services covers a broad range of commodities with individual divisions such as Ag Hedge, Precious Metals, and technical speculative based brokers. To learn more, sign up and contact us!