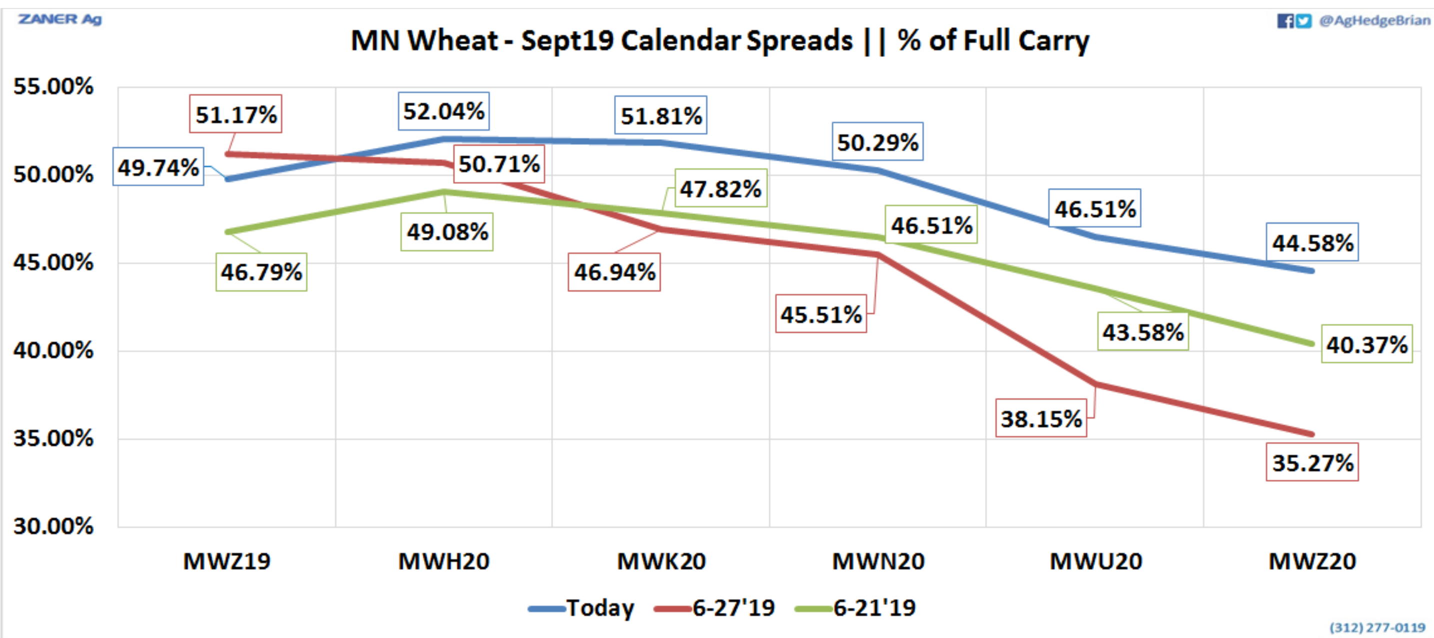
Minneapolis Struggles Through July

Downward pressure remains. Minneapolis September was under sharp pressure on Tuesday's session with losses pushing the market to 10'0 cents from its contract low – and the pain may not yet be over.

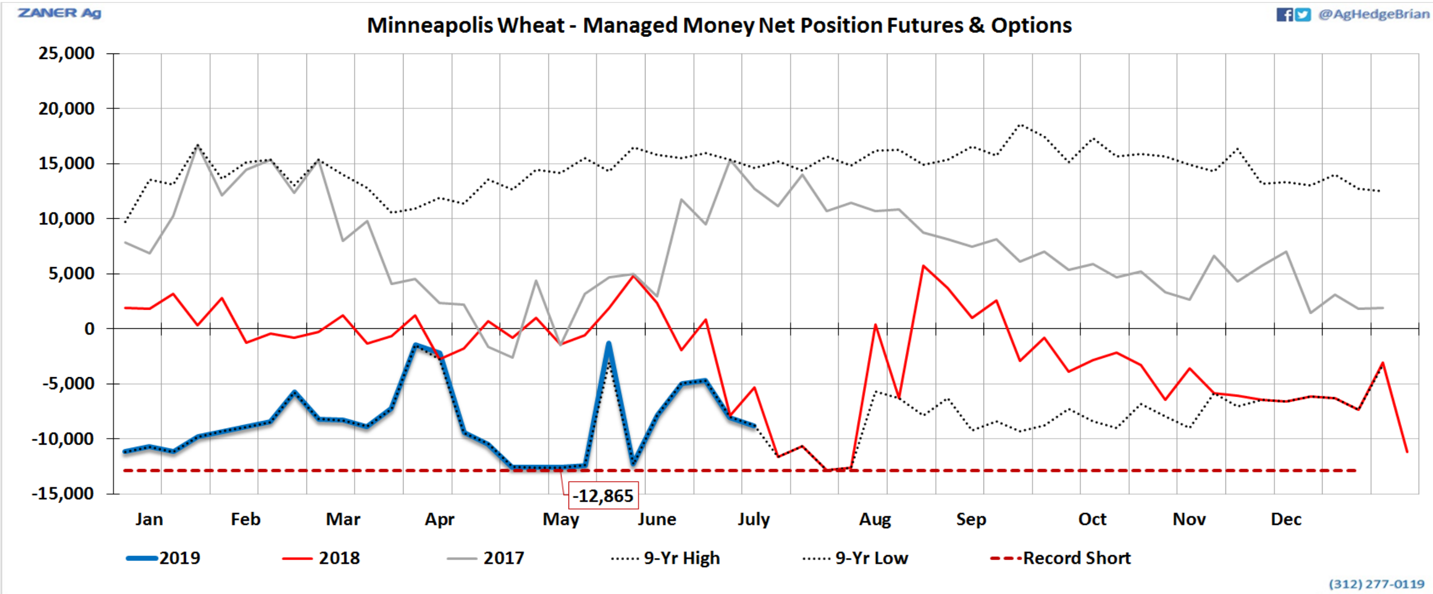
Opening interest was reported at 50,694 at yesterday's close which equates to a 1.20% increase on a sharply lower day. New sellers are being the aggressor on this move and Commercials have very little interest to try and catch this "falling knife" while Producers remain net long on the board and in the bin.

The heartland of spring wheat country has been rocked, in recent day, by severe weather as the great white combine rolled across parts of North Dakota and Minnesota while other who missed the hail still received pounding rains and wind. Some crop loss has undoubtably been sustained – how much? It will take more time to figure that out, but the market doesn't appear to be overly concerned at this time.

With the September19 contract in striking distance of its contract low, the Commercials have been showing their bearish intentions as the market carry continued to widen in the new crop – indicating sales are piling up. This is also an indication that the Commercial buyers are trying to slow down the flow of sales by offering that incentive to store – significantly more for the deferred contracts.



However, there are signs of stability trying to come back into the Minneapolis spreads. The Sept19/Dec19 is carving out a consolidation zone around 55% of full carry while the Sept19/March20 just now reaching that same level – and had found support here before. If commercials are finding "adequate" supply at this level, the fall in futures price has the potential to further restrict grain flow and result in the Commercials needing to try and "speed it up" with a narrower carry.

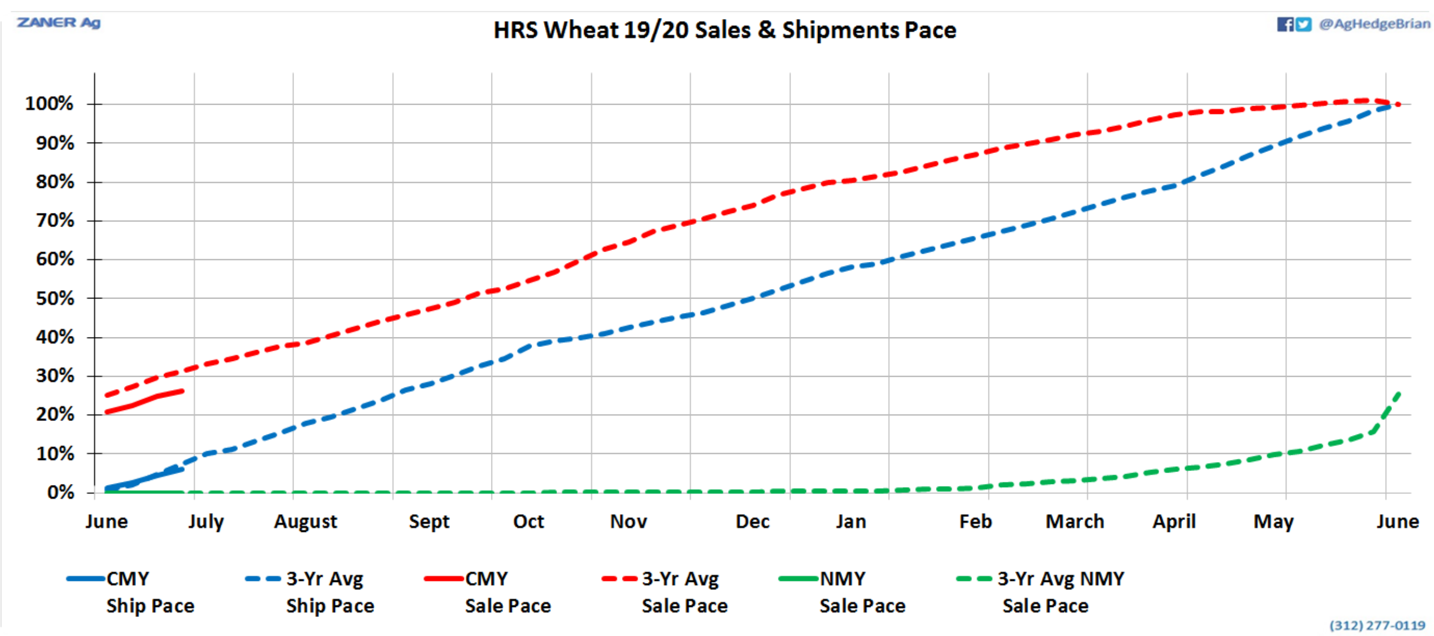


If/When Commercial buying interest begins to pick up, the Non-Commercials (speculative) could be quickly looking for their exit after a long ride down on the short side of the market. With profits being booked, that leaves end users and speculators on the buying side – a much needed respite for the market. The problem, however, will remain and a strong US Dollar is a major obstacle in being globally competitive.

Exports for the new marketing year are off to a decent start as Monday's shipments numbers came in above the weekly target, but still behind on the seasonal average.

Exports: Thousand Metric Tons

6/28/2019	7/4/2019	Shipped Last Year	Target Ship	USDA Ship	Ship Target Miss
HRS Wheat	19/20	88.6	133.9	172.4	38.5



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Abbreviations & Conversions:

MT	**= Metric Ton**
TMT	**= Thousand Metric Ton**
MMT	**= Million Metric Ton**
MACM	**= Most Active Contract Month**
SMA	**= Simple Moving Average**
FND	**= First Notice Day**
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"
