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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 \$.18 lower; Kansas City wheat closed \$.16 3/4 lower and Minneapolis wheat \$.03 lower. Last week, Egypt bought 295,000 mts of Russian wheat.

U.S. wheat inspections were a marketing year low and were nearly half of last year's same-week exports of 17.5 mil bu. Cumulative exports of 464 million bushels are still up 19% from last year's 389 million. Wheat exports will need to average roughly 16.8 million bushels/week through the end of May in order to reach the USDA's 950 million bushel export projection vs last year's 20.0 million/week average from this point forward. ABARE cut their estimate of the Australia wheat crop to just 15.85 mmts from 19.2 mmts in September and the current USDA estimate of 17.2 mmts. This would be the lowest wheat production figure in 11 years. December is when new crop winter wheat enters dormancy and wheat will not exit dormancy until March and until then, the market focus will be primarily on demand. This month, wheat harvest begins in Australia and will compete with U.S. wheat for demand. In addition, traders will be closely monitoring moisture conditions of the winter wheat crop during the winter months. This year's winter wheat crop is entering dormancy with a slightly lower crop rating compared to the last 5 years.

STRATEGY & OUTLOOK

The huge world supplies of wheat mandates producers to sell out inventory and use options to manage risks on sharp rally attempts.



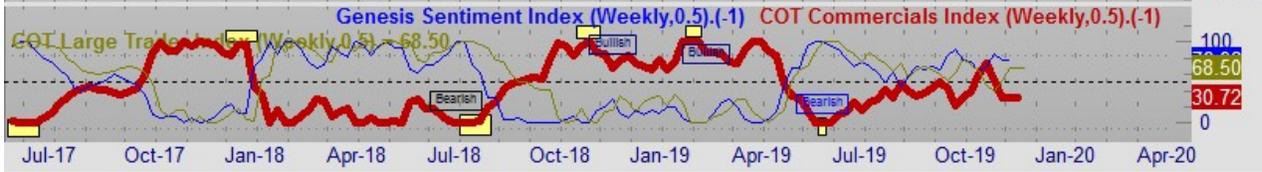
ZW-067: Wheat CBT (Elec) Cadj Liq @ CBOT (Weekly bars)

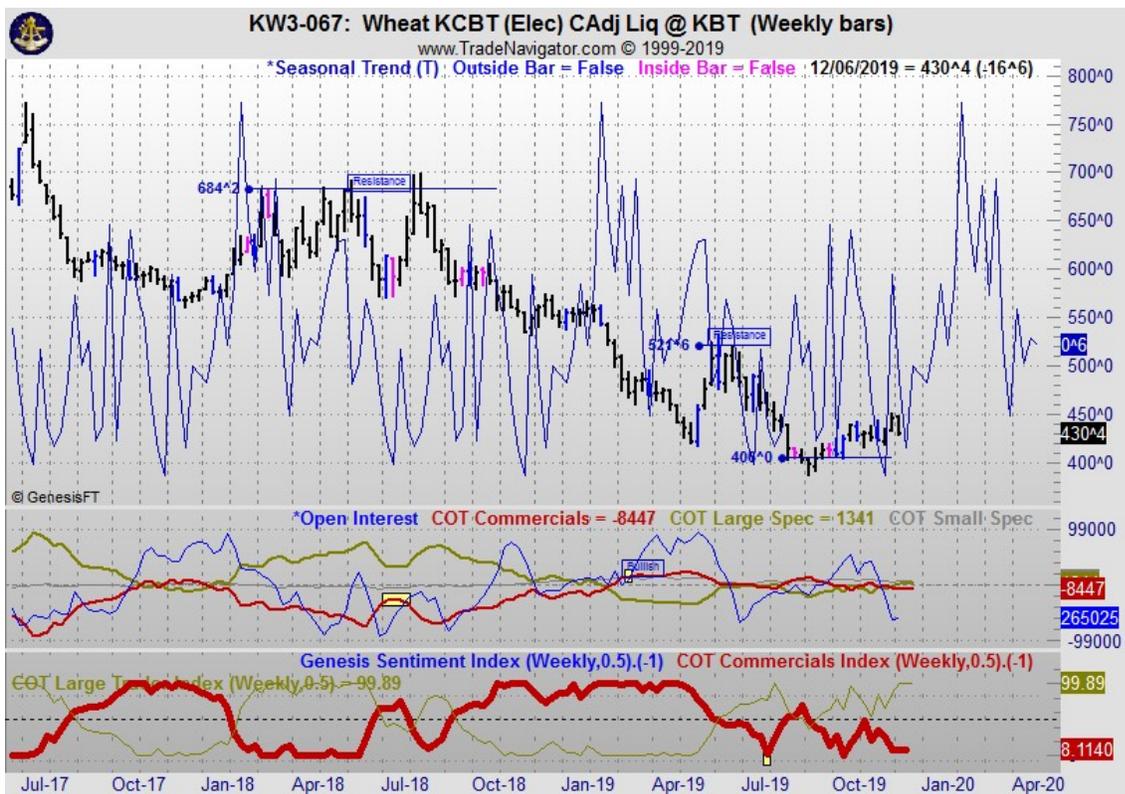
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*Seasonal Trend (T) Outside Bar = False Inside Bar = True 12/06/2019 = 524^0 (-18^0)



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