

# THE FLOUR REPORT™

serving our customers

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## BIAS

Weakness in both winter and spring wheat basis levels should only continue, as there is little compunction to sell grain today – as most elevators are full and are not active buyers again until June or even July. If weather remains favorable, Hard Red Spring wheat will get planted early, which historically has led to higher yielding and a better quality crop.

The most recent rain and snow were extremely beneficial and timely for HRW and SRW in the ground. Despite lower winter wheat acreage planted, forecasters are expecting another bumper crop. Taking into consideration that carry out stocks in the U.S. were raised to their highest levels since 1987 and are equal now to total domestic demand annually, means we will be swimming in wheat come July 1st. Futures markets reflect full carry, which will encourage elevators to store as much wheat unless forced to make room for fall crops which should also keep basis levels soft for the foreseeable future.

The fly in the ointment in getting closer to \$4.00/bu wheat in KC come July 1st will be corn and beans. Currently South America is having challenges getting their harvest in the bin – the worst in 13 years -which has spooked prices for both commodities in Chicago. If ideal conditions persist domestically, patience should prelate flour buyers, as our bias is for weaker values despite the possibility of increased global demand for the “other” crops. Stay tuned.



## ORGANIC UPDATE

Number of total organic food operations grew by 12% from 2014 to 2015 and up over 300% from 2002. This growth in organic suppliers will be needed to meet growing demand for the now \$39 billion dollar US organic food market.

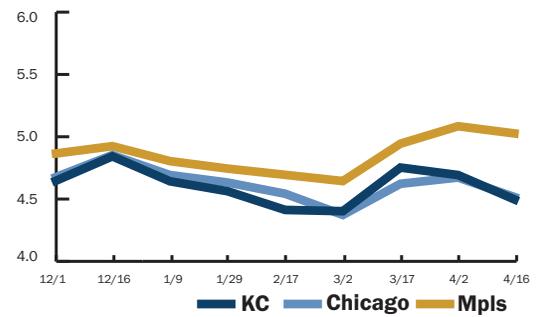
## BULLS & BEARS

USDA raised corn carryout from 1.837 to 1.845 billion bushels from last month.

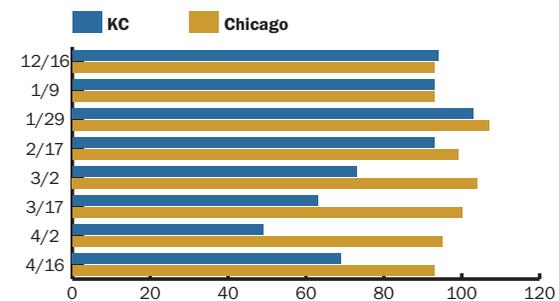
+ USDA raised carryout stocks by 10 mil bu for 2015-16 to 976 mil bu.



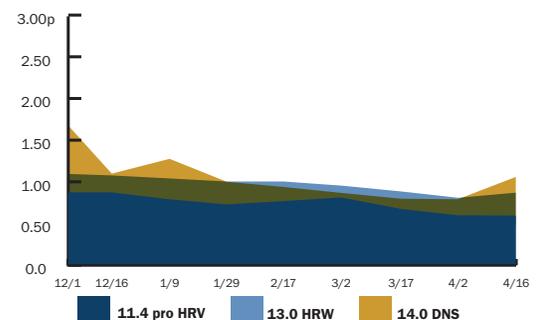
Futures Market



Millfeed (Dollars/Tons)



Cash Premiums



## RECAP

Ideal conditions for winter wheat and positive crop ratings in early March allowed wheat to drift lower. That changed as a dearth of moisture became a concern and ratings slipped. April saw values give up gains as the US dollar maintained it's strength thereby limiting exports even further. Significant moisture finally came last weekend for much of the U.S. Midwest helping wheat and palliating concerns.

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