

Should Weather Be Driving Wheat Futures Higher???

By Drew Lerner

Kansas City, April 14 (World Weather Inc.) – *Most of the commodity agricultural futures contracts were trading higher today and for a while in the morning wheat was leading the way. Some commentary later in the day was trying to blame weather as the catalyst for the big move, but no matter how you look at it weather cannot be the issue of the day – not for wheat. More likely wheat was going along for a ride with the coarse grain and oilseed markets and just got a little carried away. But just in case we missed something here is the run down on wheat weather around the world right now.*

U.S. Hard Red Winter Wheat: A major snow and rain event is about to begin late tonight and mostly occur Thursday and Friday. Areas from southwestern Nebraska and northeastern Colorado through the heart of Kansas will get precipitation with 0.40 to 1.50 inches resulting and locally more. Snowfall will range from 4 to 10 inches in northwestern Kansas, 1 to 4 inches in west-central Kansas and less than 1 inch in southwestern Kansas. Snowfall in Colorado will range from 1 to 4 inches in the southeast to the range of 4 to 10 inches in the northeast with several counties in the far northeast getting 8 to 15 inches. Southwestern Nebraska will receive 4 to 8 inches with local totals over 12 inches with far southwestern parts of the state getting the most

The southwestern Plains will not get much precipitation from this event with less than 0.40 inch expected, but that should not be reason to move market prices higher.

Another precipitation event is possible during mid-week next week for much of the hard red winter wheat production region.

Frost and freezes are expected for the northwestern Texas Panhandle to North Dakota, Montana and Minnesota during the coming week to ten days. Most of this region has experienced freezes frequently in recent weeks. None of the wheat crop has advanced beyond the joint stage of development and freezes will not have much impact. Snow on the ground in the west-central high Plains or northwestern hard red winter wheat areas will prevent any crop damage even if temperatures get colder than expected.

Wheat is more advanced in the southern Plains, but temperatures will not be cold enough to induce any threat of permanent crop damage.

The bottom line is far more bearish for hard red winter wheat weather than bullish.

US Northern Plains/Canada's Prairies: Worry over drought was eased this week after two days of snow fell across the southeastern half of Saskatchewan and most of Manitoba. The snow helped to ease four years of drought, but moisture content in the snow was light in many areas leaving need for more moisture. The snow accumulated 4 to 10 inches with local totals to more than 12 inches. One location in east-central Saskatchewan received more than 20 inches.

Snowfall in the far northern Plains varied up to 7 inches in northeastern Montana, 9.5 inches in northwestern North Dakota and 6 inches in northwestern Minnesota. Snowfall of 2 to 5 inches occurred in other North Dakota and central Minnesota locations.

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Cold temperatures will continue in the northern Plains for at least ten days, although no additional big precipitation events are expected. This week's moisture was welcome and will be good for early planting when temperatures finally start to warm.

Dryness continues a problem in Montana and the western Dakotas, despite this week's precipitation and that will maintain concern in the long run. But this week's weather has only had a beneficial impact on spring planting and should have had a bearish bias on market trade.

Alberta and western Saskatchewan are still quite dry along with the northwestern Plains and these areas must have moisture soon to support planting, but nothing today occurred in these areas to change market mentality.



U.S. Midwest Soft Wheat: Wheat development in the Midwest is in the joint stage. Temperatures in the 20s Fahrenheit next week will not be low enough to induce permanent harm to the crop. Soil moisture is favorable and will remain that way. The cool bias will last for ten days keeping conditions mostly at status quo through April 24.

There is no reason why weather would have been a factor in today's trade because of problems in the Midwest because there were none.

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U.S. Southeastern States Soft Wheat: Wheat in the southeastern states and Delta is most advanced and performing relatively well. Today's weather outlook and that recently has not nor will not have much of a negative impact on crops. Temperatures will get cool enough next week for a little frost threat, but permanent damage to the most advanced crops does not seem very probable. Still, there is not enough reason here to drive markets higher.

U.S. Pacific Northwest Wheat: Dryness remains a big concern for unirrigated crops from the Yakima Valley into central Oregon. Dryness in those areas has been ongoing for quite a while and nothing in today's market weather should have supported a bullish overtone or change from that of earlier this week. Dryness will prevail in the region for the next seven days and the earliest that relief might occur will be late next week.

Europe Small Grains: Recent cold weather in Europe has induced frequent frost and freeze conditions. Damage reports have recently surfaced from fruit and vegetable production areas. Losses to flowering fruit trees, grapes and fruits produced low to the ground have been noted especially in Italy and France, but other areas in the continent might have been impacted as well. However, wheat, barley, rye and rapeseed were not impacted nearly as significantly.

Most of the winter small grains have not advanced enough to have been permanently damaged by recent cold temperatures. Spain and southwestern France as well as Italy crops were most advanced, but not far enough along to endure production changing damage.

Spring planting has been slowed in Europe because of cool weather and that will continue for a while longer, but that is not likely to have a big impact on production. Again, there was no reason to support weather as the cause of wheat futures prices rising today.

Western CIS Small Grains: The warmest weather of the season has just occurred in western and southern Russia and Ukraine this week. Temperatures rose enough to bring crops out of dormancy in the south while melting snow across the north. Returning cool weather and additional rain and snowfall in the coming week will limit new crop growth and fieldwork.

Winter wheat, barley and rye have not advanced enough to be harmed by cold temperatures and none of the cool weather coming up will be great enough to threaten any crop. Spring wheat and other spring cereals have not been planted over much land so far and it not threatened by the current weather, although warming is needed to get fieldwork under way more earnestly.

China: Winter wheat conditions are almost ideal in eastern China. Soil moisture is plentiful and temperatures have warmed sufficiently to support winter crop development. Drying is under way, but there is no threat to crops because of insufficient soil moisture or

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extreme temperatures. The outlook remains mostly unchanged for the next two weeks, although there will be a few brief periods of light precipitation.

India: Harvesting of winter grain is well under way and advancing nicely. Weather conditions have been very good for crop maturation and fieldwork. There will be some scattered showers in the next couple of weeks, but resulting rainfall will not be significant enough to seriously change the quality of wheat, although there may be some brief disruptions to fieldwork. Temperatures will be near to slightly warmer than usual.

Australia: Wheat and barley planting will begin late this month and continue through June. The long term outlook is very good for rain this season even though it is seasonably dry now. Dry weather is not abnormal for this time of year and there is no reason to anticipate a change to the outlook for Australia – at least not over the next couple of weeks.

South Africa/Argentina: Wheat planting is still a few weeks away for both of these countries, although South Africa will begin much sooner than Argentina. Planting weather is looking good for both areas, though.

North Africa: Southwestern Morocco has had a cut in area planted to wheat and barley this year because of a three-year drought depleting irrigation water so that irrigation supply was cut to support human consumption. Northern Morocco crop conditions are very good while those in northern Algeria and Tunisia are fair. Rain is needed in northwestern Algeria and Tunisia where the soil has been drying out lately. Both of these drier areas will get rain in the coming ten days while southwestern Morocco will stay dry.

None of the news in North Africa would be enough to drive the futures markets higher today and most of it was bearish.

Middle East Wheat: Crop development is advancing favorably in irrigated areas. Some rainfall in Syria and Iraq was lighter than usual this year and that may cut into production potentials for unirrigated areas.

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