**Weekly Market Highlights**

**OCTOBER 18, 2012**

* This week wheat futures and basis premium prices continued to trade in the fairly narrow range they have occupied for nearly ninety days now.
* Producers and elevators are preoccupied with the row crop harvest. Slow movement of wheat to market supports the basis near current levels.
* U.S. wheat exports have been smaller than anticipated, but U.S. wheat prices compared to European markets may be improving. A significant increase in export could support a rally in futures prices.
* Rain was welcomed by most with the exception of U.S. baseball playoff fans. Improved prospects for the 2013 winter wheat crop are very welcome news after this year’s widespread drought conditions.

Facts on Flour

Flour Protein

Gluten is developed from flour protein. When combined with water under mixing stress, the proteins in the flour will form gluten, which provides extensibility, elasticity and gas-retaining properties to yeast-leavened baked goods. The quantity of gluten is proportionate to the amount of protein in the flour, so gluten increases as the protein content increases.

Wheat flour is unique because it is the only cereal grain that possesses gluten-forming proteins – gliadin and glutenin. These comprise roughly 80 percent of the total wheat protein. The remaining proteins in flour are non-gluten forming and contribute nothing to dough strength.

The major flour types and their relative protein levels are:

High Gluten 13.5-14.5%

Bread 12-13%

All Purpose 10-12%

Pastry 8-10%

Cake 7-9%

To buy flour purely by a protein specification will not necessarily guarantee baking performance. Protein quality is a key component and will be discussed next week.

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