

Executive Grain Market Summary

14-18 Dec 2020

Currency / Oil:

LIFFE Wheat:

| | Close | Change on week | | Close | Change on week | |
|-----------|---------|----------------|--|--------|----------------|--------|
| £/\$ | 1.36 | +0.03 | | May 21 | £195.10 | +£2.85 |
| £/€ | 1.11 | +0.01 | | Nov 21 | £158.00 | -£0.90 |
| Nymex Oil | \$48.36 | +\$1.58 | | Nov 22 | £154.95 | +£0.60 |

Wheat Futures Market Comparisons:

| | Cbot/Liffe | | Matif/Liffe | | Cbot/Liffe (Corn/Wheat) | |
|----------------------|-------------|------------|-------------|-------------|-------------------------|-------------|
| | May 21 | Nov 21* | May 21 | Nov 21* | May 21 | Nov 21* |
| Closing differential | -£30 | +£8 | -£9 | +£15 | -£69 | -£38 |
| Change on week | -£4 | -£1 | -£2 | u/c | -£3 | -£1 |

Note:

1. Cbot/Liffe Nov* and Matif/Liffe Nov * compares Cbot and Matif Dec with Liffe Nov
2. Relevant forward exchange rates are used to convert to Sterling equivalents
3. **Prices are based on Thursday pm market closes. Nymex oil = front month position.**
4. All figures are approximate and intended solely to illustrate trends

UK Update:

- Sterling set a 2 ½ year high against the Dollar yesterday (£=\$1.36) on rising trade-deal hopes, before negative overnight comments moved the Pound lower again this morning.
- Strategie Grains forecast UK 2021 wheat crop at 15.0m (vs 10.0m in 2020), barley 7.0m (vs 8.3m) including winter barley 2.5m (vs 2.1m) and spring barley 4.5m (vs 6.2m).

EU Update:

- EU-28 2020/1 season soft wheat exports total 11.6m (vs 14.0m in 2019/20), barley exports 3.5m (vs 3.8m), maize imports 7.6m (vs 9.9m).
- Strategie Grains opening EU-27 (UK now removed from their numbers) 2021 crop forecasts: soft wheat 129.6m (vs 118.9m in 2020), barley 54.4m (vs 55.7m), maize 63.5m (vs 61.8m), all cereals 286.7m (vs 276.0m).

Global Update:

- Russia confirmed the introduction of a €25/tonne wheat export tax to run alongside the 17.5m all-cereal export quota from 15 Feb-30-Jun 2021...this last happened in 2015/6.
- IKAR trimmed their 2021 Russian wheat crop forecast to 77m (vs 78m previous forecast; 84.2m in 2020) with the poor state of winter crops an early ongoing concern.
- Ukrainian 2020/1 season wheat exports to date total 12.2m (vs 17.5m full season quota)
- Ukrainian Econ Min estimates the 2021 winter wheat area at 6.1m ha (vs 6.4m in 2020), barley 0.96m ha (vs 1.0m), osr 0.88m ha (vs 1.0m) with crop conditions reported as good.
- Egypt bought 235k Romanian/Ukrainian wheat for 1-15 Feb shipment at \$283 cif - \$6 higher than their previous purchase...the cheapest Russian offer was at \$297.50!
- Chinese pig herd reported at 90% of normal (vs 60% last ytd) and is forecast to return to 100% by summer 21...this rebuild follows the devastation caused by African Swine Fever.
- ACF forecast 2020 Australian wheat crop at 31.9m (vs 15.2m in 2019), barley 11.0m (vs 9.5m), osr 4.1m (vs 2.5m).
- US 2020/1 season maize export sales now total an impressive 41.5m (vs 17.2m last ytd)...already 70% of the USDA full season target (vs 46% 5-year average).
- Informa forecast the 2021 US wheat area at 45.4m ac (vs 44.4m in 2020) with the crop put at 52.0m (vs 49.8m).
- US NOAA warns of expanding drought across the US Plains over the Jan-Mar 21 period with forecasts of below average rainfall and above average temperatures...one to follow.
- Rains in Brazil bringing some relief to maize/soyabean crops but drought conditions persist in Argentina where the early planted maize crop is rated 24% good/excellent (vs 35% last week; 45% last ytd)...one to follow very closely.

Comment:

Battle looks set to commence in Russia over who pays the €25 wheat export tax - the Russian farmer (through lower farm gate prices) or the world market (through higher fob prices)...also what is Russia's next move if domestic prices don't now ease from the current record levels?

This is the final Saxon Executive Summary of 2020...we wish you a very Merry Christmas and a Prosperous New Year!