

Executive Grain Market Summary

16-20 Dec 2019

Currency / Oil:

LIFFE Wheat:

	Close	Change on week		Close	Change on week
£/\$	1.30	-0.01	May 20	£151.50	+£4.00
£/€	1.17	-0.01	Nov 20	£159.75	+£5.05
Nymex Oil	\$61.18	+\$2.00	Nov 21	£152.50	+£2.20

Wheat Futures Market Comparisons:

	Cbot/Liffe		Matif/Liffe		Cbot/Liffe (Corn/Wheat)	
	May 20	Nov 20*	May 20	Nov 20*	May 20	Nov 20*
Closing differential	+£3	-£2	+£9	+£2	-£32	-£39
Change on week	+£5	+£3	+£2	+£2	u/c	-£2

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:

- Defra final 2019 UK production estimates: wheat 16.2m (vs 16.3m provisional estimate; 13.6m in 2018), barley 8.05m (vs 8.2m; 6.5m) including winter barley 3.55m (vs 2.6m in 2018) and spring barley 4.5m (vs 3.9m), oats 1.08m (vs 1.08m; 0.85m), osr 1.75m (vs 1.75m; 2.01m)
- Nov 20 London wheat futures set a new contract high this morning at £160.05 as ongoing wet conditions frustrate planting intentions.
- Sterling moved lower this week following proposed UK legislation ruling out any extension to the Brexit transition period beyond 31 Dec 2020...we now look forward to seeing development of the new UK Agriculture Bill.

EU Update:

- Weekly EU soft wheat exports of 237k took the ytd total to 12.8m (vs 7.7m last ytd); weekly barley exports 9k, ytd 3.7m (vs 2.5m); weekly maize imports 386k, ytd 9.7m (9.3m)
- EU Commission revised the 2019 EU-28 soft wheat crop to 147.2m (vs 146.8m previous estimate; 128.5m in 2018)
- At 30 Nov the German Stats Office reported the 2020 winter wheat area 7.1% lower yoy at 2837k ha (vs 3053k last year), winter barley 1% lower at 1338k ha (vs 1351k), osr 11.8% higher at 953k ha (vs 852k).

Global Update:

- Ukr-Agro report 1 Dec Ukrainian wheat stocks at 8.1m (vs 8.7m last ytd), barley 2.2m (vs 1.6m), maize 19.2m (22.6m)
- A dry autumn and recent warm conditions across Ukraine and Southern Russia (up to +15c this week) have left many winter crops poorly established and lacking protective snow cover...one to follow closely over the coming weeks.
- Proposed Phase 1 US/China trade deal set to include a commitment by China to buy \$40bn/year of US agricultural products over 2020 and 2021 (total Chinese global spend on ag products is approx. \$130bn/year).
- Informa forecast 2020 US wheat crop at 51.3m (vs 52.3m in 2019).
- Conab forecasts 2019/20 Brazilian maize ethanol production at 1.69bn litres (vs 0.79bn in 2018/9).
- Desperately needed rainfall now in the forecasts for Argentina and, with Brazil in good shape, the region looks well placed for above average 2019/20 maize and soyabean crops
- Argentina now set to increase wheat and maize export taxes to 15% (vs 12% initial proposal; 7% previous level), soyabeans 33% (vs 30%; 25%)

Comment:

Markets look set to end 2020 on a positive note thanks to strong European exports and US/China trade optimism supporting global markets with ongoing UK winter cereal planting delays propelling new crop London wheat futures to contract highs.

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All of us at Saxon wish you a very Merry Christmas and a Prosperous 2020!

Note – the next Executive Summary will be issued on Friday 10 January 2020.