

Executive Grain Market Summary

4-8 Feb 2019

Currency / Oil:

LIFFE Wheat:

	Close	Change on week		Close	Change on week
£/\$	1.30	-0.01	May 19	£171.00	-£0.50
£/€	1.14	u/c	Nov 19	£151.50	-£2.00
Nymex Oil	\$52.64	-\$1.13	Nov 20	£150.15	-£2.80

Wheat Futures Market Comparisons:

	Cbot/Liffe		Matif/Liffe		Cbot/Liffe (Corn/Wheat)	
	May 19	Nov 19*	May 19	Nov 19*	May 19	Nov 19*
Closing differential	-£25	-£2	+£8	+£13	-£54	-£31
Change on week	+£1	u/c	-£1	u/c	+£2	+£3

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:

- Updated NIAB seed certifications for England/Wales put the split for crop 2019 as: Group-1 22.4% (vs 23.3% last year); Group-2 9.3% (vs 13%); Group-3 9.4% (vs 7.1%); Group-4 58.9% (vs 56.6%)...Group 1 down from 26% last month.
- BPS figures for England put the 2018 wheat area at 1.560m ha (vs 1.668m ha in the Defra June census)...a 108k ha difference!
- BPS figures for England also put the 2018 spring barley area at 463k ha (vs 482k census); winter barley 324k ha (vs 343k); osr 559k (vs 563k).

EU Update:

- Weekly EU soft wheat exports of 28k took the ytd total to 9.4m (vs 12.8m last ytd); weekly barley exports 68k, ytd 2.9m (vs 3.4m); weekly maize imports 602k, ytd 14.6m (vs 10.1m)...the EU has been a net cereal importer of 3.0m so far this season.
- GMO contamination in a batch of Bayer osr seed has resulted in 8k ha of winter osr being dug up on farms in France and Germany.
- Agrimer report Jul-Jan French third country wheat exports at 4.9m (vs 4.3m last ytd) with full 2018/9 season exports forecast at 8.9m (vs 8.7m last month; 8.4m in 2017/8).

Global Update:

- Sov-Econ increased their forecast for the 2019 Russian wheat crop to 80m (vs 77m previous forecast; 72.1m in 2018).
- FC Stone forecast 2018/9 Brazilian soyabean crop at 112.2m (vs 116.3m last month; 119.3m in 2017/8), maize steady at 92.4m (vs 80.8m in 2017/8).
- Good rainfall across North India seen as very beneficial to the 2019 wheat crop.
- StatsCan 31 Dec Canadian stocks report puts all wheat at 23.2m (vs 23.4m expected; 23.3m last ytd), barley 4.9m (vs 5.6m; 6.0m), oats 2.3m (vs 2.6m; 2.9m), osr 14.6m (vs 14.7m; 13.9m), linseed 0.36m (vs 0.41m; 0.52m).
- UN FAO global food price index increased to 164.8 in Jan 2019 (vs 161.8 in Dec 18; 167.0 in Jan 18).
- Ongoing hot, dry conditions across south east Australia hurting sorghum crop prospects and becoming an increasing concern ahead of 2019 winter cereal crop planting...one to follow.
- Weekly US wheat sales of 600k (vs 800k average needed to hit full season target) and maize 500k (850k) disappointed traders and triggered a sell-off in US markets yesterday.
- US/China relations appear to have worsened with reports that Presidents Trump and Xi are now unlikely to meet this month...keep an eye on twitter for developments!

Comment:

A 108k ha English 2018 wheat area difference (BPS vs June census data) could make an already tight UK balance sheet very interesting as we move into the final quarter of the season...time will tell which figures were the more accurate.

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