

Executive Grain Market Summary

16-20 March 2019

Currency / Oil:

LIFFE Wheat:

	Close	Change on week			Close	Change on week
£/\$	1.17	-0.09		May 20	£159.45	+£10.00
£/€	1.08	-0.05		Nov 20	£169.55	+£9.10
Nymex Oil	\$25.22	-\$6.28		Nov 21	£155.95	+£6.75

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	+£6	-£1	+£13	-£1	-£43	-£49
Change on week	+£8	+£7	+£4	-£1	-£9	-£6

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:

- Cocal forecast the 2020 UK wheat crop at 10.9m (vs 16.0m in 2019), barley 7.7m (vs 7.6m), oats 1.2m (vs 1.1m).
- Sterling sank to a 35-year low against the Dollar (£=\$1.14) midweek as nervous investors rushed back to the relative safety of the US and UK interest rates were cut a record low of 0.1% (from 0.25%).
- Dry weather and a good forecast for next week set to allow rapid spring planting progress.

EU Update:

- Weekly EU soft wheat exports of 425k took the ytd total to 22.2m (vs 12.9m last ytd); weekly barley exports 28k, ytd 5.2m (vs 3.2m); weekly maize imports 144k, ytd 14.8m (vs 17.3m)
- French 2020 wheat crop ratings stable at 63% good/excellent (vs 63% last week; 85% last ytd) with the 2020 spring barley crop 40% sown (vs 34%; 99%)...drier conditions should allow both to advance next week.
- German co-op association, DRV forecast the 2020 wheat crop at 22.8m (vs 23.1m in '19).
- Cocal forecast 2020 EU-28 soft wheat crop at 135.4m (vs 145.7m in 2019), barley 61.5m (vs 62.2m), maize 65.5m (vs 61.0m), all cereals 301.8m (vs 307.9m)

Global Update:

- Russian rouble fell to a 4-year low against the Dollar, raising fears of domestic food price inflation, with the Ag-Min hinting at export 'limitations' should any internal shortages occur...one to follow very closely as events develop.
- Ukraine National Research Institute forecast 2020 Ukrainian wheat crop at 24.2m (vs 27.7m in 2019), barley 8.1m (vs 8.9m), maize 32.2m (35.9m), all cereals 67.4m (vs 75.1m)
- Still too dry across S Russian and S Ukraine...it needs to rain soon.
- Ikon commodities forecast 2020/1 Australian wheat crop at 27.9m (vs 15.2m in 2019), barley 9.1m (vs 8.9m), osr 3.6m (vs 2.3m).
- Allendale forecast 2020 US maize area at 94.6m ac (vs 94m USDA forecast; 89.7m in 2019), soybeans 83.7m ac (vs 85m; 76.1m), all wheat 44.5m ac (vs 45m; 45.2m)
- More rain across US Delta region and Mid-West is still frustrating maize planting.
- Chicago ethanol futures hit a record low (falling below \$1/gallon) following the collapse in fuel demand with talk of 4m less maize use over the next 2 months in the US as ethanol plants are idled.
- Continued dry conditions across Argentina and S Brazil becoming a concern with the Rosario Board of Trade forecasting exports from the 2019/20 Argentinean maize crop at 33.5m (vs 37m current season).

Comment:

Markets roared back to life this week with global wheat prices supported by rumours of Chinese buying interest (and a bit of global 'panic' buying) with Sterling weakness also boosting UK prices...expect more extreme volatility to follow.