

Executive Grain Market Summary

Note - Comparisons below are against values quoted in the last Exec Summary dated 27 April

Currency / Oil:

LIFFE Wheat:

	Close	Change on week			Close	Change on week
£/\$	1.36	-0.03		May 18	£146.50	+£4.10
£/€	1.14	u/c		Nov 18	£152.00	+£4.60
Nymex Oil	\$71.14	+\$2.95		Nov 19	£149.65	+£2.60

Wheat Futures Market Comparisons:

	Cbot/Liffe		Matif/Liffe		Cbot/Liffe (Corn/Wheat)	
	May 18	Nov 18*	May 18	Nov 18*	May 18	Nov 18*
Closing differential	-£7	-£5	+£3	+£3	-£31	-£30
Change on week	+£8	+£4	+£1	-£1	+£1	+£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:

- Strategie Grains forecast UK 18 wheat crop at 14.5m (v 14.6m in 17), barley 7.2m (7.2m)
- BoE held UK base rate unchanged at 0.5% following recent weak economic data.

EU Update:

- EU export/import data was released early this week (due to Ascension Day holidays) with 2017/8 ytd soft wheat exports put at 17.2m (vs 21.8m last ytd), barley exports 5.0m (vs 4.7m), maize imports 14.8m (vs 10.0m).
- Commission proposals to cut the CAP budget by 5% over the 2021-2027 period was, to say the least, not well received by France (the main beneficiary of a policy which currently accounts for 38% of total EU spending)...fun and games ahead!
- Strategie Grains forecast 2018 EU soft wheat crop at 140.8m (vs 141.0m last month; 141.7m in 2017), barley 62.2m (vs 61.8m; 58.4m), maize 60.9m (vs 60.7m; 59.4m), all cereals 303.8m (vs 303.5m; 298.6m).

Global Update:

- IKAR estimate Russian Jul-Apr grain exports at a record 46.3m (vs 32.4m last ytd) including wheat 35.8m (vs 24.6m), barley 4.6m (vs 2.5m), maize 4.3m (vs 4.2m).
- At 6 May the US winter wheat crop was rated 34% good/excellent (vs 33% previous week; 53% last ytd).
- The Kansas wheat tour forecast 2018 hard red wheat yields at 37.0 bu/ac (vs 48.0 actual 2017 yield; 41.0 5-year tour average)
- Nymex oil prices rallied to new 3 ½ year highs (over \$71) this week on US plans to withdraw from the Iran nuclear deal.
- Chinese Ag-Min forecasts 2018 domestic maize crop at 210m (vs 216m in 2017).
- Saudi Arabia bought 540k milling wheat at \$245-255 cif (\$10 above previous purchase levels) for Jul/Aug 18 and is now tendering for 1.5m Jul/Aug 18 feed barley.
- A smaller spring area led Ukr-Agro to cut 2018 Ukrainian barley crop forecast to a 5-year low of 7.3-7.5m (vs 8.3m in 2017).
- Dry conditions remain an issue in Southern Russia and Ukraine with some rain now in the forecasts over the coming weekend....one to follow.
- Conab forecast 2017/8 Brazilian maize crop at 89.2m (vs 88.6m last month; 97.8m in 2016/7), soyabeans 117m (vs 115m; 114m)
- Rosario Exchange forecasts 2018/9 Argentinean wheat area at 5.7m ha (vs 5.4m in 17/8).
- USDA report forecasts 2018 US wheat crop at 49.6m (vs 47.4m in 2017), maize 356.6m (vs 370.9m), soyabeans 116.5m (vs 119.5m)
- USDA report forecasts 2018/9 global all-grains crop at 2578m (2563m in 2017), use 2621m (vs 2580m), ending stocks 594m (vs 637m)

Comment:

USDA report was the usual mixed bag with the 2018 domestic wheat crop coming in higher than expected...but global all-grain stocks are forecast to fall by 43m (7%) over the 2018/9 season. **MS**