

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**