Tel. 01760 725516 / 01937 530709

Saxon Agriculture
A GrainCorp business

Executive Grain Market Summary

12-16 Oct 2020

Currency / Oil:

	Close	Change on week
£/$	1.29	u/c
£/€	1.10	u/c
Nymex Oil	$40.96	-$0.23

LIFFE Wheat:

	Close	Change on week
Nov 20	£182.70	-£0.20
May 21	£185.75	+£2.35
Nov 21	£158.25	+£1.00

Wheat Futures Market Comparisons:

	Cbot/Liffe		Matif/Liffe		Cbot/Liffe (Corn/Wheat)	
	Nov 20*	Nov 21*	Nov 20*	Nov 21*	Nov 20*	Nov 21*
Closing differential	**-£7**	**+£16**	**+£5**	**+£18**	**-£60**	**-£38**
Change on week	**+£7**	**+£1**	**+£7**	**-£1**	**+£5**	**u/c**

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:

- UK Aug20 wheat exports of 6k took the Jul-Aug total to 18k (vs 151k last ytd); Aug wheat imports 218k, Jul-Aug 367k (vs 223k); Aug barley exports 105k, Jul-Aug 134k (vs 330k); Aug maize imports 304k, Jul-Aug 384k (vs 437k).
- Strategie Grains estimate the 2020 UK wheat crop at 10.0m (vs 10.1m last month; 15.7m in 2019), barley 8.3m (vs 8.4m; 8.1m)
- Strategie Grains forecast UK 2020/1 season wheat imports at 2.6m (vs 1.4m in 2019/20)

EU Update:

- EU-28 2020/1 season soft wheat exports to date total 5.7m (vs 8.1m last ytd), barley exports 2.3m (vs 2.4m), maize imports 4.7m (vs 5.8m).
- French Ag-Min cut their 2020 soft wheat crop estimate to 29.2m (vs 29.5m previous estimate; 39.6m in 2019), barley 10.5m (11.0m; 13.8m), maize 13.5m (14.1m; 12.7m)
- Agri-Mer forecast French 2020/1 season third-country soft wheat exports at 6.7m (vs 6.6m previous forecast; 13.5m in 2019/20)
- Strategie Grains revised EU-28 2020 production estimates: soft wheat 129.5m (vs 129.3m last month; 146.7m in 2019), barley 63.8m (64.6m; 62.5m), maize 62.7m (64.9m; 64.5m).
- Strategie Grains initial EU-28 2021 cereal area forecasts: soft wheat 24.0m ha (vs 22.0m in 2020), winter barley 5.0m ha (5.0m), spring barley 7.0m ha (7.6m), maize 8.5m ha (8.9m)

Global Update:

- Ukraine Grain Association cut their 2020 wheat crop estimate to 25.3m (vs 26.6m previous forecast; 28.3m in 2019), barley 8.0m (vs 8.3m; 8.9m), maize 32.5m (vs 35.3m; 35.9m)
- IKAR forecast the 2021 Russian winter wheat area at a record 17.4m ha (vs 17.1m in 2020) as farmers continue to plant wheat into parched seed beds encouraged by high prices…rain is now desperately needed by the end of October.
- Algeria bought up to 600k wheat this week @ $263.50 cif for Nov shipment with Pakistan, Ethiopia, Turkey, Jordan and Japan also active, as buyers continue to build stocks.
- An early rating puts the 2021 Kansas wheat crop at 34% good/excellent (vs 55% opening rating last season on 28 Oct) with building drought a concern.
- US reported a sale of 420k maize to China, where domestic Futures markets have set record highs ($385/tonne).
- India considering re-entering the wheat export market with their indicated target price of $250 fob looking increasingly realistic.
- Argentina the first nation to approve a GMO wheat variety (Bioceres-HB4 wheat)
- Rosario Exchange cut 2020 Argentinean wheat crop forecast to 17.0m (vs 18.0m previous forecast; 19.5m in 2019)
- USDA report forecasts end 2020/1 season global wheat stocks at a record 321m (vs 319m last month; 299m end 2019/20)

Comment:

International wheat and maize markets surged higher again this week (despite USDA forecasts for record wheat stocks!) with importers yet to lose their appetite despite multi-year high prices...interestingly UK prices haven’t really followed despite our own importer status this season.

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