

Executive Grain Market Summary

7-11 Sep 2020

Currency / Oil:

LIFFE Wheat:

	Close	Change on week		Close	Change on week
£/\$	1.28	-0.05	Nov 20	£177.75	+£8.25
£/€	1.08	-0.04	May 21	£180.25	+£6.75
Nymex Oil	\$37.30	-\$4.07	Nov 21	£156.00	+£4.00

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	-£21	+£9	-£2	+£17	-£66	-£37
Change on week	-£4	+£2	u/c	+£1	-£1	+£2

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:

- Nov20 Liffe wheat set at new contract closing high last night at £177.75 as Sterling continues to tumble amid ongoing trade deal uncertainty.
- At 8 Sep, Adas estimate that 84% of GB winter wheat was harvested at average yield 7.3-7.7t/ha (vs 8.9t/ha in 2019); winter barley 100% harvested, average yield 6.5-6.7t/ha (vs 7.8t/ha); spring barley 77% harvested, average yield 5.7-6.1t/ha (vs 6.3t/ha)

EU Update:

- EU-28 2020/1 season soft wheat exports total 2.9m (vs 5.2m last ytd), barley exports 1.4m (vs 1.7m), maize imports 3.2m (vs 4.1m).
- French third country soft wheat exports set a 4-year low for the month of August at 0.64m
- Swine fever detected in a wild boar in Germany (close to the Polish border) triggering immediate pork import bans from South Korea and Japan
- Strategie Grains estimate EU-28 2020 osr crop at 17.1m (vs 16.8m previous forecast; 17.3m in 2019).

Global Update:

- SovEcon increased their 2020 Russian wheat crop forecast to 83.3m (vs 82.6m previous forecast; 74.4m in 2019) on better than expected Siberian yields.
- Pro-Agro cut their 2020 Ukrainian maize crop forecast to 34m (vs 38.9m previous forecast; 35.9m in 2019) with total cereal production at 71.3m (vs 76.2m; 75m)
- The average distance travelled by grain to Russian ports in Aug20 was 1900km (1200 miles)...a record for August and close to the all-time monthly record.
- 75% of the Black Sea grain belt reported to be too dry to allow planting and/or good establishment of winter cereal crops...one to follow closely.
- Saudi Arabia announced a tender for 715k wheat (Nov-Jan shipment) adding to other active wheat tenders for Ethiopia, Pakistan, Turkey, Tunisia and Syria.
- Abares revised 2020 production forecasts: wheat 28.9m (vs 26.7m previous forecast; 15.2m in 2019), barley 11.2m (vs 10.6m; 9.0m), osr 3.4m (vs 3.2m; 2.3m).
- At 6 Sep, US 2020 maize crop was rated 61% good/excellent (vs 62% previous week; 55% last ytd), soyabeans 65% (vs 66%; 55%)
- US CPC reports that La-Nina conditions are now in place with a 75% chance they will persist into winter...one to follow closely.
- Informa forecast the 2020 US maize crop at 380m (vs 388m previous USDA forecast; 346m in 2019); soyabeans 118m (vs 120m; 97m)
- Conab increased their 2019/20 Brazilian maize crop forecast to 102.5m (vs 102.1m previous forecast; 100m in 2018/9), all grains 258m (vs 254m; 247m).
- Rosario Exchange forecasts 2020 Argentinean wheat crop at 18m (vs 19.5m in 2019)

Comment:

A relatively calm week on international markets (ahead of tonight's USDA report) but chaos in the UK as Sterling collapsed prompting buyers and traders to race to take nearby cover...expect more volatility next week following the release of an eagerly awaited USDA report at 5pm. **MS**