



AGRICOLE MARKETING CLUB

OUR 22ND YEAR

Weekly Grain Market Report

Independent grain marketing and brokerage advice for the progressive farmer

Ex-Farm prices (£/t)

(Zoom in for greater detail on charts/graphs)

Regional variation +/- £2

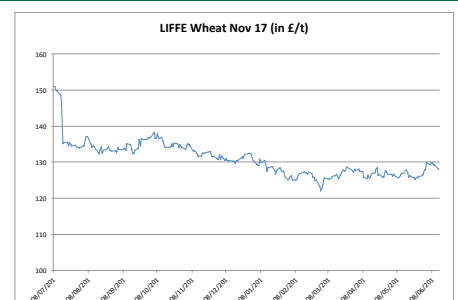
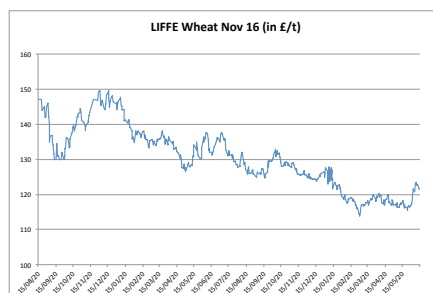
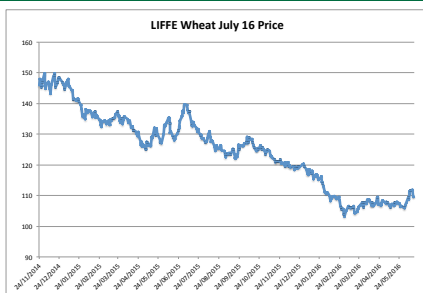
	Fd Wheat	Softs	Class 1	Class 2	Fd Barley	OSR	Mill Oats	Beans
J/J '16	102	Fd + £4-5	Fd + £14-18	Fd + £12-16	98	272	117	125
Hvst '16	109				98	272		125
O/N/D '16	114				103	277		
A/M/J '17	119				108	283		
Nov '17	120+				105	262		
May '18	125				110	270		

Thursday's	Jly '16 109.50	Nov '16 £120.25	Jan '17 £124.30	Mar '17 £125.90	May '17 £127.00	Jly '17 £127.75
Futures close		Nov '17 £127.25	Jan '18 £129.60	Mar '18 £131.25	May '18 £133.35	

July 2016 Futures

Nov 2016 Futures

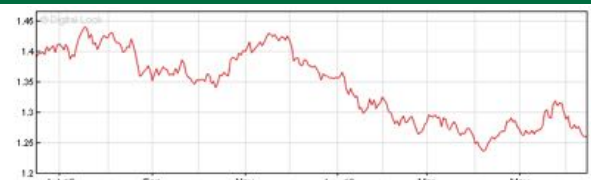
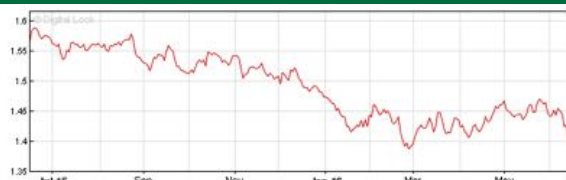
Nov 2017 Futures



£ : \$ down, 1.42 (70.23p)

Last 12 Months

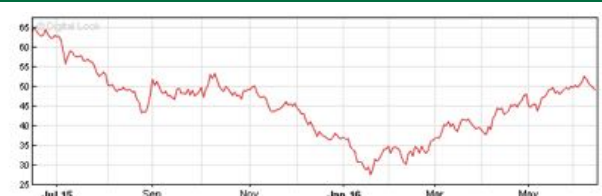
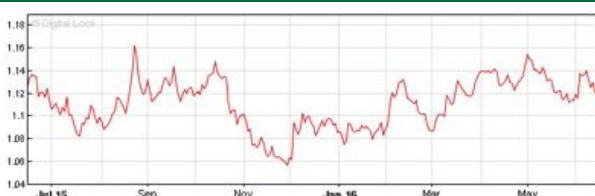
£: Euro down, 1.24 (79.0)



Euro: \$ u/c, 1.13 (88.9c)

Last 12 Months

Brent Crude oil down \$49/barrel





*WASDE - slightly bullish.
 US weather fears continue.
 Last report 'til EU referendum.*



Currency:

- Sterling continued its downward momentum vs dollar as uncertainty ref referendum.
- Euro fell after markets were surprised as ECB's Mario Draghi, suggested that the EU stands to collapse economically if its member states do not choose to support it with additional liquidity.

Wheat

Harvest 2015

LIFFE Off £1.50.

- Farmers not selling. Dead again.
- Currency not helping exports at present but by the end of April the UK had exported over 2.2Mt of wheat, nearly 30% more than last season.
- Demand from domestic consumers and shorts into old exporting contracts. No new trade.
- Spot d/d inland prices are; Midlands, £108, E.Ang £109/ 111 July, smaller Wash ports £107, Tilbury/ Hull/Immingham £109d/d.
- Carry over 2.5-3mt, as slow exports.

Internationally;

CBOT off £5, losing last weeks gains.

Bullish;

- US corn exports were very strong, at 1.6mt this week.
- Positive US ethanol margins encouraging increased usage.

Bearish:

- World has a large carry over into '16/17.

Soft Gp 3's £4-5 premium, if right place, right time.

Hard Gp 4's £2 premium, if right place, right time.

Milling: Group 1 premiums: £15-17 over feed @ 13% spec.

Group 2 premiums: £13-15 over feed @ 13% spec. Cordial/ Panorama only wanted. Others only £5-8 premium.

Group 1 & 2 11.3 min protein market, Nominally, indicated as £2-4 premium. Plenty about.

Recommendation:; Sell, as much wheat about. Market dull and done unless delayed harvest in EU or UK.

Harvest 2016

LIFFE down £3.50.

- LIFFE Nov '16 futures £117. Ex farm therefore only £110/11.
- Large UK carry-in likely again.
- If the LIFFE wheat vs US corn relationship currently being seen can be sustained, it will support UK export competitiveness during '16/17.
- Crops continue to look good but recent rain could start to help diseases develop.

Internationally;

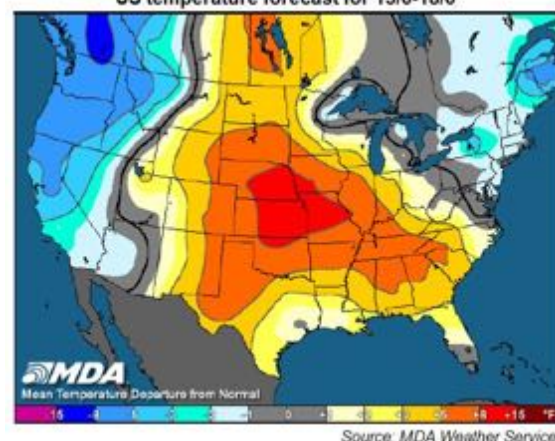
CBOT and MATIF off £5. Corn up £2.

Bullish:

- Forecasts for further rain in France added to support to wheat futures.
- Plenty of demand for US corn on the export markets.

- Egypt is forecast to import a record 12mt of wheat in '16/17, this is in addition to the 5mt bought locally.
- World corn market just feels short.
- Worries ref La Nina. Weather models are suggesting a hot and dry pattern forming by end-June, the key pollination time for corn.

US temperature forecast for 13/6-18/6



Source: AHDB

- Weather worries will likely continue to underpin this market for at least 6 weeks.
- Wet weather has continued to hold up the US winter wheat harvest, now at 11% complete, 7 points vs average.
- Informa Economics say corn drillings down 1.0m acres (gone to soya?) from current USDA estimates.
- Hedge funds increased their long/ buying (bullish) bets on ags to the highest in two years and drove prices to the highest in 2 years.

Bearish:

- Fundamentals still say the global oversupply of wheat and corn.
- Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES), lifted their forecast for wheat production in '16/17 to a five

year high. Due to 'good' rains across Western Oz and south east Oz during May and June.

- Weaker industrial activity in China in May may reduce demand for many commodities and stop the recent rises.

- USDA's WASDE rpt held no fireworks. Most info as traders had expected/factored in. More wheat anticipated.

- USDA maintaining at a bumper French wheat crop of 41.5mt. Despite wet weather FranceAgriMer, the official French crop bureau, rated the domestic soft wheat crop at 79% good-excellent, down 2 points vs last week, and 8 points lower vs last yr.

- US corn condition stable at 75% rated good or excellent, vs 73% a year ago, vs average of 69% for early June.

- US winter wheat, good to excellent was 61%, down 1 point vs last year's 43%. The current estimated yield of 50.5 b/acre up 2.7 b/acre from last month's forecast. That's up 10% compared to last year.

- Recent Fund short-covering in CBOT wheat futures and options has caused prices to rise but now done. May see selling again if mkt falters. CBOT wheat futures have fallen back below their 200-day moving average.

- US spring wheat drillings increased.

Recommendation: SELL 25% if no sales to date, as crop weather in N.Hemisphere looks benign. HOLD onto the rest and wait for a supply disruption. Weather becoming an issue, the La Nina situation could be a game trader. A hot summer predicted in US, and would decrease US corn yields and increase prices.

Harvest 2017

LIFFE futures, off £2, CBOT off £3. Corn up £1.

UK £120+/- Nov but trade v thin and no sellers.

- Any offers I could try for you?
- Lower US drillings expected as soya more profitable, so world prod may drop.

Recommendation: HOLD

mostly but sell 10% if no sales made to date. Below SOLLs but a long way to go, I'd sit and watch for a weather market in 2016 to affect 2017, espec in USA.

If no rise, don't drill! Try a bit of 'virtual farming' and put your feet up / do something more useful.

Barley

Harvest 2015:

Feed & Malting: Up £2, £98 July.

- Markets £112 d/d Tilbury, £107 d/d internally.

- Boat trade done, domestic demand only.

Recommendation: Sell into any demand or be left holding the parcel when the music stops.

Harvest 2016:

Feed: U/c, £98 Hvst.

Malting: Winter: Up £2, £110 hvst, £5 carry to O/N/D. Domestic interest only but being dragged up by the sp.barley export trade. BYDV affecting the crops.

Spring: Up £2, £120 hvst, £5 carry to O/N/D.

- Prices up due to export trade
- Large carry-in from '15/16.
- Septoria and mildew on crops after recent rains.

- £10 premium for Concerto and Odyssey. Max 1.60N, reduced from 1.65N, as need the extract. Over 1.75N no good at all.

Internationally, German maltsters buying as they feel some of the French crop could be of poor quality.

Recommendation: SELL 90% forward if harvest movement wanted/needed. Hold if 'after harvest seller' until actual drilled acres / yield estimate more clear.

Harvest 2017

Feed: U/c, £100 Hvst.

Malting: Winter: U/c, £110 hvst, £10 carry to O/N/D. May see premiums increase as just not enough W. barley being grown, despite only 250,000t needed for malting.

Spring: U/c, £120 hvst, £10 carry to O/N/D. £10 premium for Concerto and Odyssey. Max 1.60N.

- Less pressure as less carryover from '16/17 expected.

Recommendation: Probably sit'n'watch til Sp '16 crop known.

OSR

Harvest 2015

UK mkt shut really. Erith full and 'shut down' by end June for two weeks for annual maintenance.

- Few shorts about but v little trade. Internationally; CBOT off £2, as rally stops... for now.



*Summer has set in with its usual severity
- Samuel Taylor Coleridge*

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Bullish;

•US soybean crush data from the National Oilseed Processors Association (NOPA) came in at a record 152.8m bushels.

Harvest 2016

UK Off £6, £280 d/d, £272 ex.

£286 d/d Nov '16, £278 ex.

•OSR up with Sterling and weather 'premium'.

•UK estimated at 1.8-2.t. 1.8mt needed. 2.5mt last year.

•Farmer selling as market looks like it could rise significantly if La Nina develops.

•Options £16 = 6% = bargain. Can you guess the market to within 6%? e.g. **Min price: £260 Nov '16 + bonuses = £300 min.**

Internationally;

MATIF off £10, CBOT off £1.

Bullish;

•World S & D tight. Stocks: Usage ration 13% in US and 20% globally. These are 'jittery trader' levels.

•US soya futures up £50/t in two months. Funds now 'own' 25mt+ of soya futures... which they'll never deliver. Has their interest market peaked or only just started?

•FAO say global oilseed production in '16-17 will still be low and would mean a further reduction of world stocks, so likely oilseed complex price rise during the season.

•EU looks like producing 22mt, needs 24+mt.

•Good Chinese demand still, as their livestock boom continues. USDA's WASDE report said Chinese soyabean imports will be 87.0mt, up nearly 5% vs last yr.

•World '16-17 end soya stocks were seen shrinking by some 1.75mt year-on-year, to 14.48mt.

Bearish;

•S.Am crop expectations. Record harvest of 327mt anticipated.

•US soyabeans, up by 2 points to 75%, 2 points above vs year ago.

•Informa Economics estimate US soyabean drillings at 83.8m ac, 1.6m ac above the USDA's current estimate and would increase the 2016-17 carryout to 335m bushels based on av yields. If true, may limit further fund buying at present.

•The ratio of November CBOT corn futures to December CBOT soyabean futures is 2.7, (anything over 2.5 is considered a strong signal to plant soya).



Recommendation: **Sell 25-50% into these prices, if no previous sales.**

Hold onto rest as the market wants soya/OSR at present. Wait to see what happens to US weather, La Nina wise. Try to consider how much weather premium you think the market is willing to add onto the price and what price point you are willing to sell.

May be too late for UK harvest sellers, so consider hedging upside risk with a Call option.

Harvest 2017

UK, Off £12 £270 d/d, £262 ex. MATIF off £10, CBOT up £3.

Recommendation:

HOLD to see what happens to US weather on the rest.

Beans**Harvest 2015**

Feed: U/c, £125 ex July.

H/C: There are no buyers of h/c beans at present.

Harvest 2016

Feed: U/c £135 d/d November.

Oats**Harvest 2016**

Feed: Feed wheat + £10 d/d



Rachel Watling - mean with a gun!
 "Be afraid, be very afraid".

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