



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

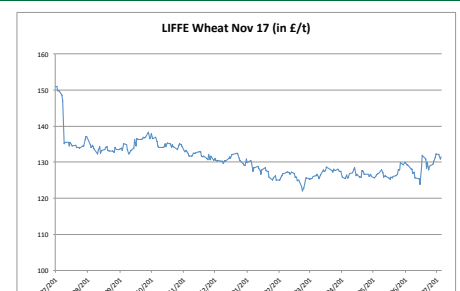
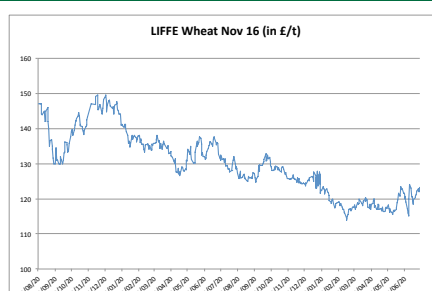
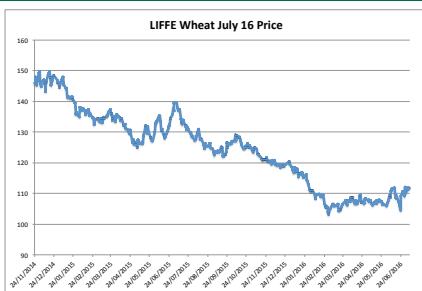
	Fd Wheat	Softs	Class 1	Class 2	Fd Barley	OSR	Mill Oats	Beans
J/J '16	110	Fd + £4-5	Fd + £22-25	Fd + £20-23			100-105?	135
Hvst '16	113	?	Fd + £22-25	Fd + £20-23	96	285	100-105?	140
O/N/D '16	118				101	293		145
A/M/J '17	123				109	298		
Nov '17	125				110	288		
May '18	130				116	294		

Thursday's	Jly '16 111.75	Nov '16 £124.00	Jan '17 £123.45	Mar '17 £124.95	May '17 £128.25	Jly '17 £128.90
Futures close		Nov '17 £131.00	Jan '18 £132.20	Mar '18 £134.00	May '18 £136.30	

July 2016 Futures

Nov 2016 Futures

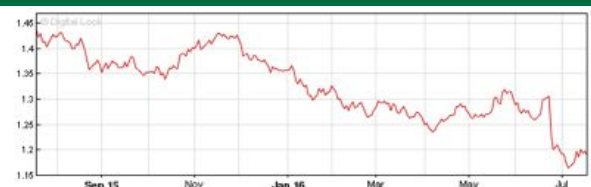
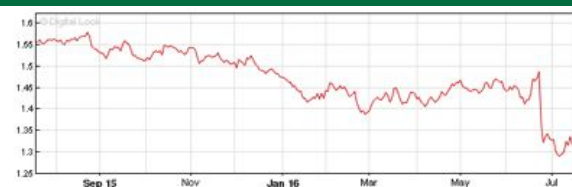
Nov 2017 Futures



£ : \$ down, 1.31 (76.08p)

Last 12 Months

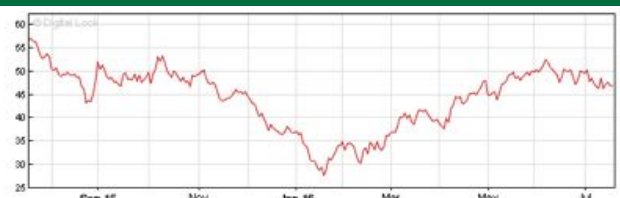
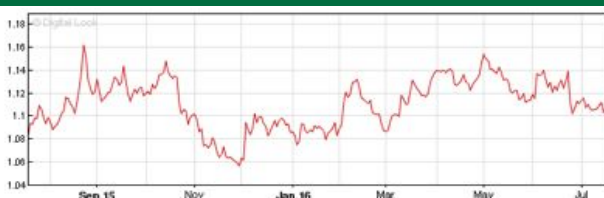
£: Euro u/c, 1.195 (83.64)

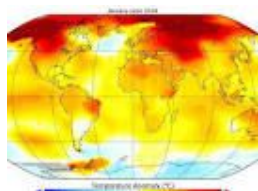


Euro: \$ down, 1.09 (91.0c)

Last 12 Months

Brent Crude oil u/c \$46.50/barrel





Go! Go! Go! Harvest '16 starts in UK & US La Nina heat or not?



Currency:

- Dollar at 4 month high.
- Sterling still in 1.20 Euro area.

Wheat

Harvest 2015

- Demand from domestic consumers (milling mainly) and shorts into exporting contracts.
- Spot d/d inland feed prices are; Midlands, £117, E.Ang £116 July, Portbury/So'ton ports £117, Hull/York £119 d/d, M'chester £122.

Bullish:

- Value of Sterling.
- Above expectation US corn exports, helping demand.

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:

£22-25 over feed @ 13% spec. With potential quality issues in UK and France, domestic millers are keen buyers of old-crop milling wheat of a known quality to carry over post-harvest.

Group 2 premiums: £20-22 over feed @ 13% spec for Cordial. Less a further £3/t if other varieties.

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

Harvest 2016

LIFFE u/c.

- Ex farm Nov '16 only £118-120 being helped by the currency. Some sellers.
- Slightly less UK carry-in due to good recent UK exports.
- End users sitting back, thinking prices will drop. Little demand.
- Market strangled at present as Black Sea prices way below UK's and UK harvest still to happen. No trader is going to commit boat sales until quality and quantity known.
- If bad and low UK crop, and estimates are lower now, then there may not be an exportable surplus. If so, external prices will not be of consequence to UK internal markets... unless worth importing possible.
- Take cover at these levels if you're selling with 'insurance' premiums of £6/t, for Nov '16 and £10/t May '17.

Milling: Group 1 premiums:

£20-24 over feed @ 13% spec. Ditto old crop ref quality issues looming? UK premiums over feed at £25-30. Strategie Grains currently estimate 68% of EU wheat meeting milling quality in '16/17.

Group 2 premiums: £18 over feed @ 13% spec.

Internationally;
CBOT off £1.50 and MATIF up £8.
Corn off £5. US winter wheat harvest now 76% complete, 3 points ahead of the average pace.

Bullish:

- Early results showing disappointing yields and quality from Europe, as a result of excessive rain. French soft

wheat crop reduced further to 32mt vs last year's 40mt.

- French crop 49% good or excellent, down 10 points in a week and 27 points down year on year.
- The reduced French milling wheat crop increases the amount of EU feed wheat but not to the extent of '14/15 hvst surplus.
- German wheat crop estimated to be 26.0mt, down 1.9% year on year, at.
- Egypt bought another 300,000t of wheat, from Russia and Ukraine.
- Ukraine Govt to limit exports to prevent further reduction of stocks, now at a 4 year low of 2.7mt, but a similar pledge/understanding failed last year by 1mt! Wheat exports expected to be 13mt vs last year's 17mt.
- Hot and dry weather in western Midwest areas will create stress... or will it?... on corn later this week, potential for temperatures up to 110F (43C).
- Brazilian corn yield reports continue to decline as harvest progress.
- USDA increased its forecast for the Oz '16-17 wheat crop, to 26.0m tonnes, up 1/2mt.

Bearish:

- Fundamentals still say the global oversupply of wheat and corn. Fund managers continue to have 'short' positions as a result.
- The large supplies of wheat in the US still capping any significant rallies in wheat. US wheat is £20 too expensive vs other countries, so may have to fall to compete.
- US corn crop rated 76% good or excellent, u/c on the week, vs 69% vs last year. US corn crop is 56% in the silking stage. The more the crop has completed silking when the hottest

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weather hits, the less the effect on yield will be.

- Traders feel corn yield of 167+ b/ac which means end '16-17 US corn stocks will be over 2.1bnb, up 250+mb year on year.

- Only once in the past 51 years when crop conditions were this good did yields end up below average.

- Recent sale to Egypt was at lower prices than last week, indicating need to 'get sales on books' as Rumanian harvest looking good.

- Cocal has forecast Romania's output to rise by 600,000t to a record 8.16mt. Russia also set for a record harvest.

- Funds managers have been selling corn and wheat futures over the past two weeks and are now 'short' again. Wheat at record 10 yr short. This short position should provide some stability to price and a short-covering rally to follow.

- Oil World suggest imports of soya by China could fall in '16-17 for the first time in 15 years.

- Fears of a La Nina inspired heatwave for the Midwest may be waning, say latest forecasts, as Pacific sea temperatures are now falling.

Recommendation: SELL 25% if no sales to date, as crop weather in N.Hemisphere looks benign. HOLD onto the rest and wait this US hot weather system to develop and see consequences. Little to lose at this stage as oilseed markets are short.

Harvest 2017

LIFFE futures, off 0.50, CBOT up £2, MATIF u/c. Corn off £5.

UK £125 Nov but trade v thin Some sellers at £130 May '18.

- 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 10-20% if no sales made to date. Below SOLLs but a long way to go, I'd sit and watch the impending US weather market to affect '16 prices and also '17 ones.

If no rise, Try a bit of 'virtual farming'. Ring me for details.

Barley

Harvest 2016:

Feed: Up £1, £96 Hvt, £104 d/d Port.

- Early crops coming off are not good. Poor Kgs, down to low 40's, but generally 50's. Poor retention and 'black tips' due to fusarium. Kg fallbacks £1/kg to 60, then £2/kg to 58. Under 58 unsaleable unless ethanol plant/pig farm. Hybrids and 6 rows appear particularly vulnerable.

- Exporters can't blend as no good stuff to blend with. But, early days, it could be an interesting year. Over 63kg samples could be worth a premium to the blenders.

- The French crop problems could result in a bigger feed barley heap within the EU.

- Barley discount to wheat increasing.
- Little or no boat trade as the UK's trad homes have ample supplies this season.

Malting: Winter: U/c, £115 hvst, £10 carry to O/N/D restored. See above ref quality issues and logistical problems.

- Interesting conversations going on in the trade with Maris Otter being downgraded from £170 to £90! Allegedly.

Spring: Up £2-3, £125 hvst, £10 carry to O/N/D.

- German buyers buying supplies as belief French quality could be down, so is pushing export prices upwards.

- Premiums may increase if UK quality and quantity falls short.

- Large carry-in from '15/16.

- £8 premium for Concerto and Odyssey. Max 1.60N, reduced from 1.65N, as need the extract. Over 1.75N no good at all.

Internationally,

- France having disappointing early barley harvest results.

- Fusarium, septoria and mildew in crops in Fr, Germ, Den and UK.

Recommendation: SELL 90% forward if harvest movement wanted/needed. Hold if 'after harvest seller' as crop quality issues and late harvest in UK may see premiums rise (base price may fall though if bigger feed heap in EU).

Harvest 2017

Feed: Up £5, £105 Hvst.

Malting: Winter: U/c, £115 hvst, £10 carry to O/N/D.

Spring: Up £5, £130 hvst, £8 carry to O/N/D. £8 premium for Concerto and Odyssey. Max 1.60N.

- Less carryover from '16/17 expected now French crop coming in badly. May get worse still if UK and Germany poor too.



*The discovery of agriculture
was the first big step towards a civilised life
- Arthur Keith*

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Recommendation: HOLD'n'watch til Sp '16 crop known.

OSR

Harvest 2015

Internationally;

Bullish;

- Ongoing demand and tighter S. Am supplies continues to make the soya market nervous.
- US exports are remaining strong and later into the season than usual.
- Stocks figure, far tighter scenario than USDA says, at 370mb.

Harvest 2016

UK u/c, £292 d/d, £284 ex.
£301 d/d Nov '16, £293 ex.

- No sellers.
- Erith opens on Monday.
- UK estimated at 1.8-2t. 1.8mt needed. 2.5mt last year.
- High erucic acid levels now have fallbacks agreed. Over 5% will be rejected by Erith. Then only opportunity is to ship it or keep in shed and ring up your seed supplier for a full and frank discussion!
- It has been suggested to me that farmers send samples to Live Lab, Oakham for a £20? test before sending it on a lorry, to avoid rejection hassle.
- Nov '16 Options £12 = 4-5% = bargain. Can you guess the market to within 5%? e.g. **Min price: £270 Nov '16 + bonuses = £300 min.**

Internationally;

MATIF up £3, CBOT off £1.

Bullish;

- Weather forecasts in US Midwest for a developing 'high pressure ridge'. Hot and dry weather in western Midwest areas will create stress on soybeans later this week too.
- World S & D tight as lower '15/16 soya and palm oil production. There's been a significant shift in supply and

demand since March. Gone from record supply in March to potential shortage for '16/17.

- US Fund managers are still 'long' and this will not bode well if weather system does not produce more heat than expected. Any 'better' weather will cause a potential sell off.
- A 2 bu/ac drop would cut US carryout '16/17 in half. This would mean a net 'empty' situation, or 3% stocks-to-use, a v low ratio signalling likely volatility and likely upward pressure on prices.
- Tightest OSR stocks for 10 years in Canada despite bigger crop/

Bearish;

- S. Am crop expectations.
- US soya crop conditions looking good, rated 71% good or excellent, u/c on the week, vs 62% vs last year.
- US traders looking at above average yields for soya so marking prices down in s/t.
- Canadian OSR up 1/2mt to 16mt. EU seen as a potential export market, esp if French crop affected, as it is short of OSR, as usual.

Recommendation: HOLD as the market wants soya/OSR at present. Wait to see what happens to US weather. this market is going to be unpredictable and volatile. Consider hedging upside risk with a Call option if already sold. £300/t will be here soon.

Harvest 2017

UK, U/c £282 d/d, £274 ex.

MATIF off £1, CBOT off £2.

Recommendation:

HOLD to see what happens Sell at £290+.

Beans

Harvest 2016

Feed: £145 d/d November.



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