



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

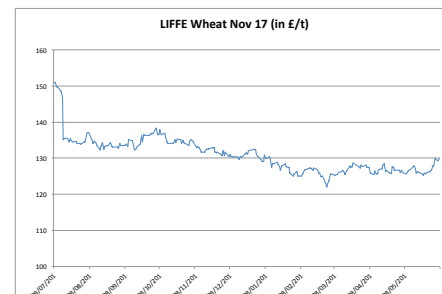
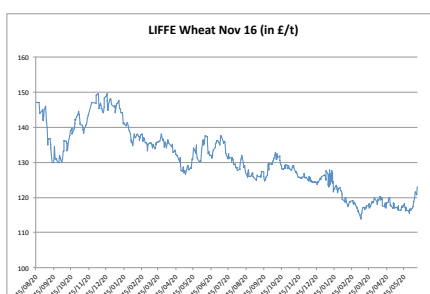
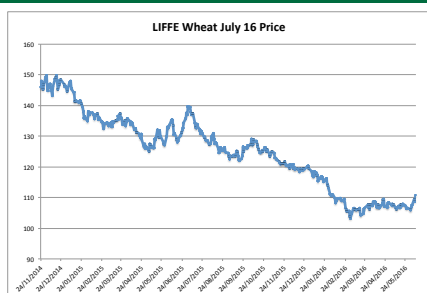
| | Fd Wheat | Softs | Class 1 | Class 2 | Fd Barley | OSR | Mill Oats | Beans |
|-----------|----------|-----------|-------------|-------------|-----------|-----|-----------|-------|
| J/J '16 | 103 | Fd + £4-5 | Fd + £14-18 | Fd + £12-16 | 93 | 281 | 117 | 125 |
| Hvst '16 | 111 | | | | 98 | 278 | | 125 |
| O/N/D '16 | 117 | | | | 103 | 288 | | |
| A/M/J '17 | 118 | | | | 108 | 294 | | |
| Nov '17 | 123?? | | | | 105 | 273 | | |
| May '18 | 128 | | | | 110 | 281 | | |

| | | | | | | |
|---------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Thursday's | Jly '16 110.80 | Nov '16 £123.55 | Jan '17 £124.00 | Mar '17 £127.05 | May '17 £129.00 | Jly '17 £129.20 |
| Futures close | | Nov '17 £129.50 | Jan '18 £131.45 | Mar '18 £133.20 | May '18 £135.20 | |

July 2016 Futures

Nov 2016 Futures

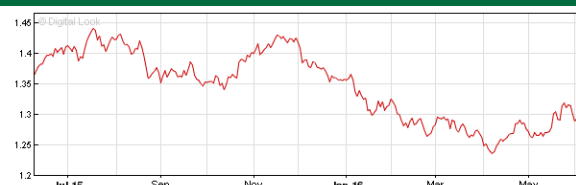
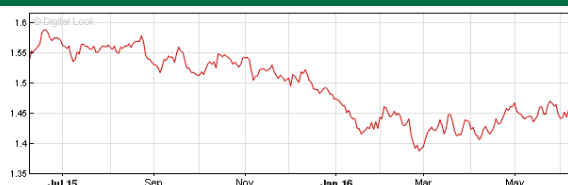
Nov 2017 Futures



£ : \$ u/c, 1.44 (69.1p)

Last 12 Months

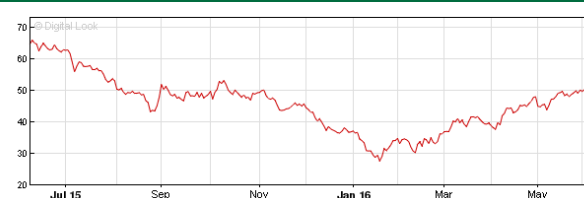
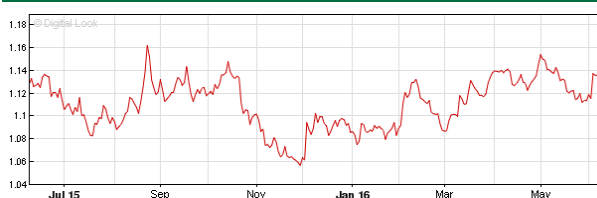
£: Euro down, 1.27 (78.5)



Euro: \$ up, 1.13 (88.0c)

Last 12 Months

Brent Crude oil up \$52.4/barrel





More bullish vibes, due to recent 'premium risk' of weather events.



Currency:

- Sterling yo-yoing.
- Euro hit its highest point since the beginning of May vs US dollar.

Wheat

Harvest 2015

LIFFE up £2.

- Farmers not selling. Dead again.
- Currency not helping exports at present.
- Demand from domestic consumers and shorts into old exporting contracts. No new trade.
- Spot d/d inland prices are; Midlands, £109, E.Ang £110/112 July, smaller Wash ports £108, Tilbury/Hull/Immingham £110d/d.
- Carry over 2.5-3mt, as slow exports.

Internationally;
CBOT up £5.

Bullish:

- US Fund buying as; drought fears helped drive corn futures to a near one-year high, higher crude oil, low global equity returns, good Chinese demand, stopping any downward momentum.
- Importantly, this rally is not agri-commodity specific. Chinese May imports of crude oil, iron ore, and copper were up 38.76%, 22.4%, and 18.6% year on year respectively.
- Funds raised their net-long position in corn over the week but remains well below record levels, that means plenty of room for this rally to run. If 'short' sellers give in they will buy, to square their books, ie push prices higher.
- Still plenty of demand for US corn, as the USDA reported weekly corn

export inspections of 1.068mt, up from 786,507 t last week.

- World corn market just feels short. Corn futures at two-year high.
- CBOT July wheat futures have rebounded by nearly 9% in past week as Funds lick their bearish wounds and are buying their 'short' positions back as wheat prices have lost their downward momentum. CBOT futures indeed traded above their important 200-day moving average level.

Bearish:

- The CFTC showed Funds actually increased their bearish bets in CBOT wheat futures over the week but it is believed that investors are buying those 'short' positions back now that wheat prices have lost their downward momentum due to recent corn price rises.

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 Spain and S. France.

Harvest 2016

LIFFE u/c, yo-yoing with Sterling. Grain futures up £2.

- LIFFE Nov '16 futures £117. Ex farm therefore only £110/11.
- For the UK farmer, the most relevant of the weather issues discussed above relates to the concerns around the French wheat crop, with UK prices generally tracking trends in European markets.
- Large UK carry-in likely again.
- Crops looking good.

Internationally;

CBOT up £6, MATIF up £1. Corn up £5.

Bullish:

- Positions, momentum and sentiment are all aligning on the higher prices for now. Plenty of demand for US corn on the export markets.
- World corn market just feels short and buyers buying rather than the recent years' 'just in time' buying policy, as worried ref La Nina.
- Hot temperatures to hit the US Great Plains and Midwest by this weekend, due to Tropical Storm Colin.
- After two years with massive surpluses, the USDA predicts a balanced situation this season. This should have a stabilising effect on corn prices (plus weather premiums).
- S.Am corn production concerns remain, esp Brazil, where the safrinha harvest is disappointing. Forecast is down 2mt to 79mt.
- Fund money going into commodities as a hedge against recent weaker dollar.
- Indian wheat imports expected to be 2.0mt in '16-17, a 10 yr high, after the harvest fell well-short of expectations (88mt vs 94mt) and second below-

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average monsoons. India is more usually a net exporter of 3mt.

- Concerns over damage to EU crops from heavy rains. French rain has seen the appearance of insects, diseases and fungi. Effect on yield?

- Southern Russia and Ukraine are seeing too much rain with cool temperatures.

- In Brazil, cold is the latest concern, with freezing temperatures later this week in the corn producing south.

Bearish:

- Fundamentals still say the global oversupply of wheat and corn.

- World wheat output in '16-17 up by 7.1mt to 724mt. World stocks nearly at all-time high.

- World coarse grains (including maize and barley), production = latest demand forecast of 1,325mt.

- USDA WASDE crop supply and demand report out Friday, expected to up US production from last month.

- Drier weather across central and south eastern US Plains crop areas will help crop plant growth and reduce diseases.

- Don't let recent enthusiasm indicate a non-return ratchet, warn various international Banks.

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, up £2, CBOT up £5. Corn u/c.

UK £123+/- Nov but trade v thin and few 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 £3, £96 June/July.

- Markets £110 d/d Tilbury, £105 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: up £3, £98 Hvst. Following wheat up.

Malting: Winter: up £3, £108 hvst, £10 carry to O/N/D. No FOB export or domestic interest this week. BYDV affecting the crops, esp in E.Anglia?

Spring: up £3, £118 hvst, £10 carry to O/N/D.

- Large carry-in from '15/16.

- £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, France Min of Ag say Winter barley yields are set to fall, down 6.1% year on year.

Recommendation: SELL 90% forward if harvest movement wanted/needed or take £10 carry to O/N/Dec. Hold if 'after harvest seller' until actual drilled acres / yield estimate more clear.

Harvest 2017

Feed: up £2, £100 Hvst.

Malting: Winter: up £2, £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: up £12, £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 u/c, £289 d/d, £280 ex June/July.

- Few shorts about but v little trade.
- Currency helpful, a bit.

Internationally;
CBOT up £15.

Bullish;

- Soyabean futures hit a two-year high as concerns over the slow soyabean harvest in Argy and new rains are



Plan ahead, stay active, spend time in the woods, go out on a limb. It's OK to be a little nuts
 - A. Squirrel

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expected, so continues to underpin the soyabean markets.

- Funds raised their net-long position in soya over the week, now at its highest level since 2012. Some traders are of the opinion that soyabeans have overshot their true value in the s/t.
- Fresh concerns over S. Am supplies, which are seen driving demand from the US, so firming CBOT prices.
- Braz, old crop soyabean prices are hitting record levels as farmers have also been slow to sell their remaining stocks, still 30% had not been sold.
- Crude oil hit \$50/b again.
- Chinese import data showed the country had imported 7.66mt of the oilseed last month, up 8.3% from April, and up 25% year on year.

**Harvest 2016**

UK Up £12, £286 d/d, £278 ex.
£296 d/d Nov '16, £288 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: £270 Nov '16 + bonuses = £300 min.

Internationally;
MATIF u/c, CBOT up another £15.

Bullish;

- World S & D tight.
- 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.
- Good Chinese demand still.
- French Min of Ag say winter OSR yields, are forecast at 3.39t/ha, a 4.9% drop from last year.
- Braz soya production estimates lowered by 1.6mt to 98.5mt.

Bearish;

- S.Am crop expectations.
- Argy production, could be a near record 56mt.
- US soyabeans were rated 72% good or excellent, in line with expectations.

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. If the forecasted US hot and dry summer happens there's a good chance the fundamentals will start to catch up with prices, or even push them higher still.

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

Harvest 2017

UK, u/c £282 d/d, £274 ex. CBOT up £6.

Recommendation: Sell 25-50% into these prices, if no previous sales. A much improved margin can now be had, compared to last week.

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

Beans**Harvest 2015**

Feed: £125 ex June.

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

Harvest 2016

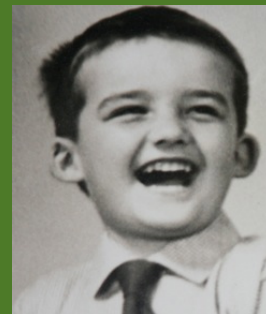
Feed: £135 d/d November.

Oats**Harvest 2015**

Milling: £125 ex demand high, supply low.

Harvest 2016

Feed: Feed wheat + £10 d/d



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