



AGRICOLE MARKETING CLUB

OUR 21ST 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

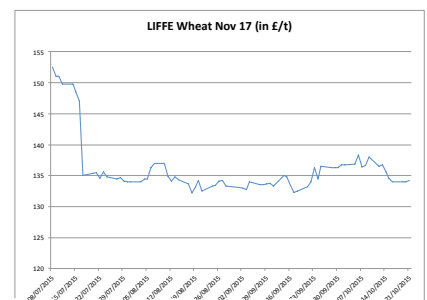
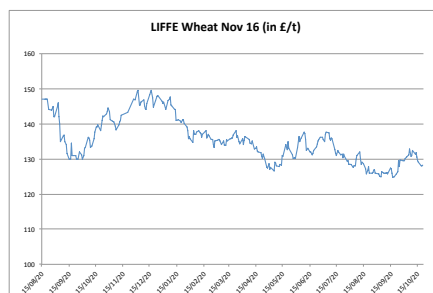
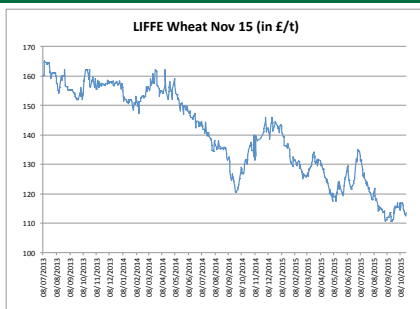
	Fd Wheat	Softs	Class 1	Class 2	Fd Barley	OSR	Mill Oats	Beans
Nov '15	106	Fd + 5?	Fd + £15	Fd + £13	102	265	105-8	120
J/F/M '15	108-9		Fd + £15	Fd + £13	104	267	105-8	120
A/M/J '16	118-9		Fd + £18	Fd + £16	107	270	110	
Hvst '16	117				105	246		
O/N/D '16	123				110	254		
Nov '17	130							

Thursday's	Nov '15 £114.20	Jan '16 £116.40	Mar '16 £119.00	May '16 £122.50	Jly '16 £124.65	
Futures close	Nov '16 £128.50	Jan '17 £131.50	Mar '17 £132.20	May '17 £133.95	Jly '17 £135.00	Nov '17 £134.25

Nov 2015 Futures (enlarge to see details)

Nov 2016 Futures (Last 12 mths)

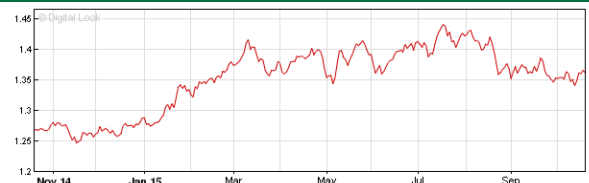
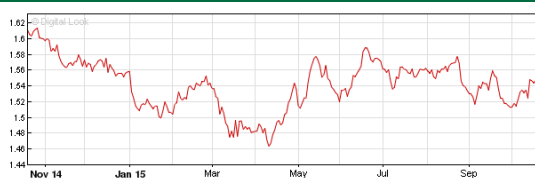
Nov 2017 Futures (Last 6 mths)



£ : \$ off, 1.545 (64.54p)

Last 12 Months

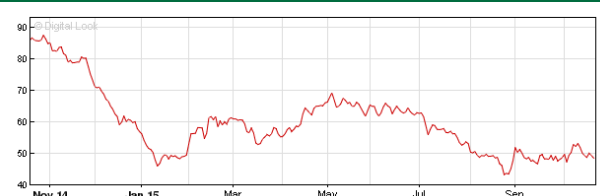
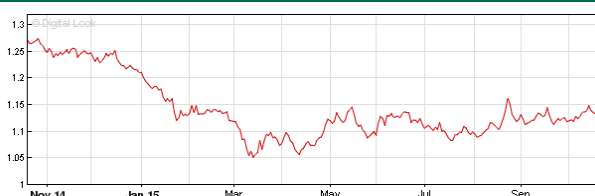
£: Euro u/c, 1.36 (73.56)



Euro: \$ off, 1.135 (87.73)

Last 12 Months

Brent Crude oil u/c \$48.70/barrel





*Congrats to UK farming PLC - UK average wheat, spring barley and winter barley yields all reached new records in 2015*



## Currency overview:

- Sterling back up to 1.36 Euro.

## Wheat

### Harvest 2015

LIFFE off £1, MATIF off £1, CBOT off £3. Corn off £5.

Spot d/d prices u/c, £114 d/d E. Anglia, Midlands £112 d/d, Soton £114, +£3 Jan 16, and +£9 to May continues, so pays to sell forward and store if poss.

- Defra say UK wheat yields at 8.8t/ha - a record. However, due to a fall in drilled area, UK wheat production is put at 16.17mt, down 2.6% from last year and 1/2mt below the NFU estimate. See graph below.
- UK's 3mt+ export surplus is the real issue though. To date more wheat imported than exported. Post-Xmas 2mt+ needed to go, no real signs of that happening at present.



- US harvest may only yield 166 b/a vs USDA's 168 b/a. This would tighten the US balance sheet by 160mb for '15-16, which 20% below last year's ending stocks.

- CBOT Fund managers have increased their long positions (think market will rise) in some US traded agricultural commodities.

- Ukraine's ag-ministry estimates corn production at 22.9mt, vs 28.5mt last year, and 25mt in the recent WASDE report, so problems with yields could add further tightness to the EU/Black Sea corn situation '14/15.

- Due to dry and hot autumn Oz crop, Abares and other Oz gurus now say wheat 23-24mt, below USDA's 27mt in lat month's WASDE report.

### Bearish:

- World Bank says El Nino was unlikely to cause a spike in global agriculture prices, as ample supplies of major agricultural commodities.

- US Fund managers increased their long positions in general but not in corn or wheat, where they remain short (feel market will fall).

- Russia's wheat exports for '15-16 may be larger than last year's record, thanks to the weakness of the currency and an ample harvest.

- US Corn and wheat export business continues to be very slow.

- US corn yields, with 60% harvested, look good, as per USDA predictions.

- Oz weather forecasters have increased chance of rain and lowered temperatures, so there is less chance

of reduced production than a month ago.

- India increased its wheat import tax, as a poor harvest raises the prospect of higher import demand. Affects Oz imports mostly.

**Hedging H'15:** May '16 options at £9-10 (9%) now. **Min £106 May '16.** Cheaper and less downside risk to actually storing physical wheat.

## Milling:

**Group 1 premiums:** U/c, O/N/D £15 over feed @ 13% spec. Higher premiums post Xmas - A/M/J.

**Group 2 premiums:** U/c, £13 over feed @ 13% spec if Cordial/Panorama. Other Group 2's nominally £7.

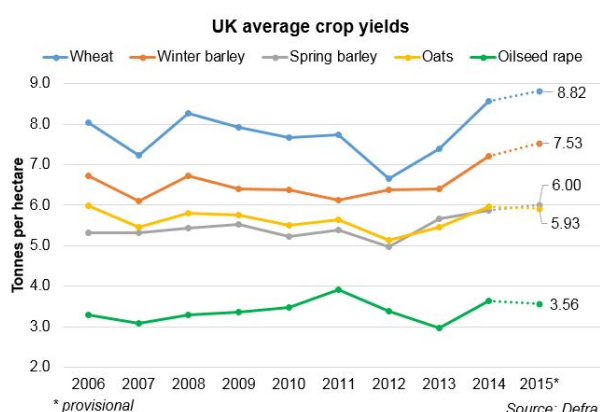
**Group 1 & 2 11.3 min protein market,** Nominally, indicated as £5-7 premium.

**Recommendation;** As last week; Sell into these 'better' prices for post Xmas. Avoid selling now as big discount. However, as no exports and a big crop, deferred selling now may be storing a massive 'sell out' problem for later in the season, depressing prices... as per last Spring.

## Harvest 2016:

LIFFE up £1, CBOT off £3, MATIF off £2, Corn off £4. Bad week.

LIFFE Nov '16 futures £128 again. Ex farm therefore only £123. £14 premium to '15 though, which will encourage long holders/store keepers



Source: AHDB

Internationally;

### Bullish;

- US/EU farmers are proving reluctant sellers at current prices, tighter supply. US farmers want \$4/b to sell their corn and \$5/b for wheat.

## AGRICOLE MARKETING CLUB

## OUR 21ST YEAR

to store, even for a year, see graph below.



Source: AHDB

- Large UK carry in likely again.

Internationally;

### Bullish:

- Ukrainian wheat drillings could fall by more than 10%, thanks to the recent drought.
- Russian growers are delaying wheat planting because of the lack of rain. Some expected but spasmodic and not enough to fill soil moisture deficit.
- To prevent a further drop in US corn stocks for '16-17 an extra 2.5m acres will need to be drilled vs soyabeans, which would require corn prices, \$4/+, to entice switching.
- NW of US is deemed by US Drought Monitor report as being 100% in drought, with only 60% drilled. Washington which is the second-highest producer of 'white wheat' in the US behind Kansas. US white wheat stocks are forecast by the USDA ending '15-16 at an eight-year low of 49mbs.

### Bearish:

- A spell of heavy rainfall is predicted this week affecting hard red wheat areas of Texas, Oklahoma and most of

Kansas. with three-quarters of the US winter wheat planted, the rains couldn't have arrived at a better time.

- Useful rain expected in parts of Russia to help newly drilled crops.
- Big global stocks.
- USDA reported w. wheat was 64% of US winter drilled, in line with investor forecasts.

**Recommendation:** As last week; Sell some if no sales to date and watch as £14 premium to 2015 harvest. Under SOLL but not as bad as this year's prices! 'Virtual' farm backward/fallowed acres as margin/rewards higher as costs lower.

## Harvest 2017

LIFFE futures, values suggest ex farm values just under £130 Nov.

**Recommendation:** Below SOLLs but so much better than 2015 and 2016 prices, so sell 10-20% forward and don't sell any more until the market moves £10 in either direction.

## Barley

### Harvest 2015:

**Feed:** U/c. £102 Nov, £10 above the recent lows now.

- DEFRA say winter barley 3.3mt, from 3.1mt in '14 and the highest since '02. See earlier graph. Overall, UK

total barley production estimate was decreased by 5Kt to 7.27mt.

- Lack of farmer selling but boats (coasters and 'big boats') arriving as now able to export at these FX rates to Algeria and Spain vs Black Sea competition, as it have own reached it's allocation for exports.
- By Xmas we could see barley at wheat price.

**Malting: Winters:** Up £2, £108 Nov.

- Risen with feed base but no domestic demand.
- Lack of farmer selling.
- Some UK merchants still short for Oct, so paying up vs N/D prices.

**Springs:** Up £8! N/D £121/22, J/F/M £124. Up even more than I expected.

- Rejections due to pre-germinations rife, (not tested when sampled at harvest), 10% of deliveries, esp in N. Lincs, Yorks and S of M4. Merchants having to really pay up to get loads replaced. They don't want to be in default and lose the 'old' contracts, as very high priced compared to now.
- DEFRA say Spring barley at 4mt, up from 3.8mt in '14 but still lower than the big crop harvested in '13.
- Sell into these better prices PLEASE.
- No new export biz at these FX rates, rates but old contracts are getting completed.
- 800k -1mt carryover expected.

**Recommendation:** Hold off feed barley sales a mo. Sell into these better malting prices as can't last.

### Harvest 2016:

**Feed:** U/c, £105. Wait'n'watch



*In the country, everyday is like Sunday*  
 John Waters



## AGRICOLE MARKETING CLUB

OUR 21ST YEAR

• Still dry at drilling in Black Sea.  
 • UK total barley area was up 3.7% to 1.1m ha, similar to the previous 3% fig from AHDB Planting Survey.

**Malting: Winter:** U/c, £115 hvst plus £12 O/N/D. Consumers paying up a bit to encourage some drilling as big shift to Springs.

**Spring:** U/c, £120 hvst plus £12 O/N/D.

- As above.
- Sp drillings in favour of winter barley.
- Big carryover from '15 expected.

## OSR

## Harvest 2015

UK u/c, £273 d/d, £265 ex Nov.  
 A/M/J £278 d/d Erith, £270 ex.

• Sterling not helping in a dull market. Was higher earlier in the week.

• DEFRA say oilseed rape at 2.32mt, a drop of 6% year on year, as a lower planted area. See earlier graph.

• UK supply estimated at 2.7mt, demand 2mt, exports so far leaves 200kt to export.

• Global oilseeds maybe short in the end but will not know until April/May.

**Bullish;**

• Ukrainian oilseed yields likely to be below earlier estimates.

• Demand from China helping keep prices from falling further. Imports were 7mt+, up 45% on last year, mostly from S.Am.

• US exports last week were well above that needed to hit USDA projections for '15-16. Cumulative exports are running almost 15% above last year.

• World demand factors outweighing spot US harvest pressure, as harvest complete now, prices hit \$9 again.

**Bearish;**

• US harvest 75-80% complete now, yields in line with USDA.

• Brazil expecting a 1.7% rise in domestic soybean sowings for '15-16 to 32.6m ha, a record 100mt. Farmers are being encouraged to drill as weak Real. CBOT futures would have to fall to sub-\$7.50 before unprofitable to grow but last happened in '07.

• Rain in Brazil, so good for the newly drilled soya crop

• Chinese purchases are well behind a year ago and are the lowest for six years.

**Hedging H'15:** Options from £15 May '16 = 5.4% = bargain = too cheap not to use on 50% of the crop (3%).  
 Min price £255 ex May '16.

**Recommendation:** Sit'n'watch for some further FX/yield 'shock' to unfold. The uncertain soybean supply and consumption prospects suggest that soybean prices may continue to trade in the wide range as per past three months.

## Harvest 2016

UK up another £4, £254 d/d, £246 ex. No sellers. £262 Nov '16, £254 ex.

- 10-15% lower drillings.
- UK oilseed rape area the smallest UK oilseed rape area since 2010.
- No sellers at sub-£250

Internationally;

**Bullish;**

• Less S.Am soya maybe planted vs Corn.

## Beans

## Harvest 2015

**Feed:** U/c. £120 ex Nov. Big yields and lots of supplies.

**H/C:** premium up, £20 over feed, as Bruccid beetle damage appears widespread.



Saturn House  
 41 Broad Street,  
 Great Cambourne,  
 Cambridge  
 CB23 6DH

Tel: 00 44 (0) 1954 719452  
 Fax: 00 44 (0) 1954 718181  
 Mobile: 00 44 (0) 7860 904045

www.agricole.co.uk  
 jeremy@agricole.co.uk

Twitter: @agricolegrain

Facebook: [www.facebook.com/agricolegrain](http://www.facebook.com/agricolegrain)

VAT number 599 7204 83  
 Registered in England no: 4459022  
 Proprietor: Agricole Ltd

BASIS Registered  
 FACTS Registered

The information contained in this bulletin has been presented in good faith and is intended to be helpful and informative. The information is not necessarily accurate or comprehensive and does not purport to give professional advice. Agricole Ltd shall not be liable to you or to any third party for any losses or damages of any form (including loss of profit, direct, indirect and any other form) resulting from your reading or other use of this bulletin whether arising from Agricole's negligence or otherwise.

This production is protected under various copyright acts. No reproduction in whole or part is permitted by any means whether printed, photocopied, sound or visual broadcast without the express permission of the publisher.