



AGRICOLE MARKETING CLUB

OUR 18TH YEAR

Weekly Grain Market Report

Independent grain marketing and brokerage advice for the progressive farmer

Ex-Farm prices (£/t)

Regional variation +/- £2

	Fd Wheat	Softs	Class 1	Class 2	Fd Barley	OSR	Mill Oats	Beans
Nov '13	158	Prem fd - £4	Prem fd £13	Prem fd £10+	135	298	117	222-25
A/M/J '14	164	TBA	TBA	TBA	140	300		
Harvest /'14	143				135	287		
O/N/D '14	148				138	295		
A/M/J '15	154				143	300		
O/N/D '15	148-50							

Thursday's		Nov '13 £164.25	Jan '14 £163.90	Mar '14 £165.00	May '14 £166.75	
Futures close	Jly '14 £169.50	Nov '14 £154.90	Jan '15 £156.90	Mar '15 £158.90	May '15 £158.40	Nov '15 £155.50

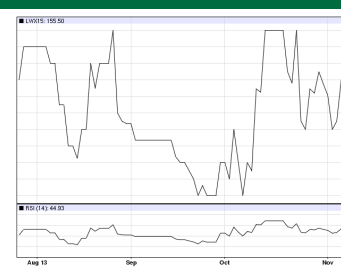
Nov 2013 Futures & RI Graph



Nov 2014 Futures & RI Graph

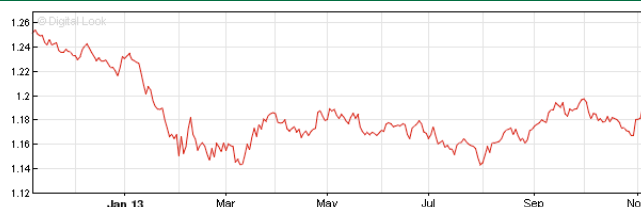
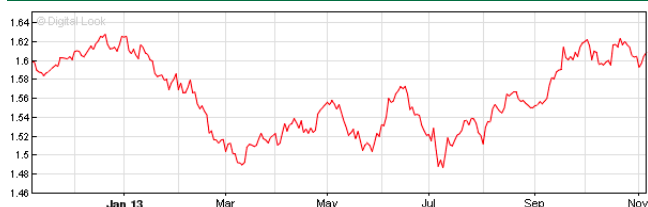


Nov 2015 Futures & RI Graph



£:\$ up, 1.608 (62.16) Last 12 Months

£: Euro up 1.198 (83.47)



Euro: \$ off, 1.342 (74.4)

Last 12 Months

Brent Crude oil down, \$103.5/barrel





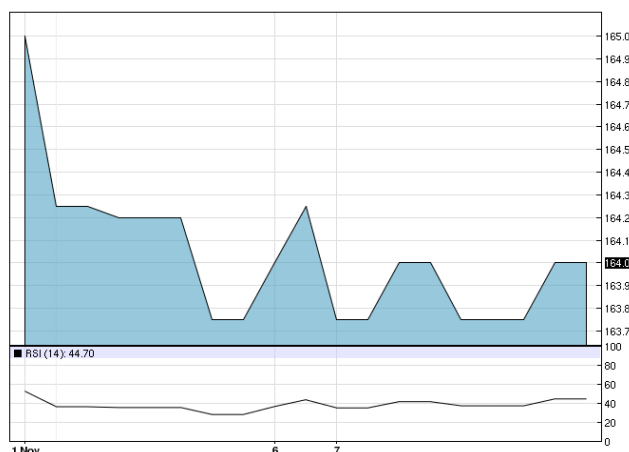
Lull before USDA WASDE storm?

**Currency overview:**

Sterling has this afternoon seen a sharp rise against the multi nation currency as the ECB cut interest rates to a record low of 0.25%.

The decision was largely unexpected but a recent drop in inflation has risked destabilising prices in the Eurozone. Speculation as to what the ECB will do should prices slow further is now likely to gather pace, as well as if the economic recovery continues to stall.

Elsewhere, the Bank of England kept interest rates on hold at 0.5%. Afternoon volatility is set to continue, ahead of Mario Draghi's 7.00pm press conference.

**LIFFE Nov 13 Wheat futures this week and Relative Index chart**

But remember prices still hovering at the mid-point between the lows of May 12 and highs of Nov 12 (see chart).

sellers. Midlands and West of England higher delivered prices as more demand. Ipswich is a good £3-4 discount as little boat trade and no demand.

Also the WASDE should not come out bullish, and the Fund traders are betting on a fall. This was underlined by regulatory data overnight showing speculators had hiked their net short position in Chicago corn futures and options to a new record.

Internationally, the USDA bureau in Canberra said the Oz wheat harvest was 23.5mt, 2mt below the USDA's official guess, citing "drier-than-expected growing conditions" in eastern areas, undercutting a 23.6m-tonne estimate from Commonwealth Bank of Australia. This assessment came only hours after Louis Dreyfus put the harvest at 27.5m-28mt.

The divergence between harvest forecasts is unusually large so late in the season, with harvest underway in almost all areas, and completed in some farms.

The FAO stuck by a forecast of 24.5mt, in line with the estimate from Oz's official ABARE. ABARE estimates Oz's 13-14 wheat exports at 19.5mt with stocks falling below 2.8m tonnes for the first time in 16 years.

The FAO, which in October lowered its estimate for the Argy wheat to 9.5mt, downgraded the figure again, to 8.8m tonnes. The USDA say 12.0mt vs Louis Dreyfus at 9.5m-10.0mt.

The FAO also lowered its forecast for the Brazilian wheat crop, by 300,000 tonnes to 4.8m tonnes and wheat imports in 13-14, which are

**Wheat****Harvest 2013:**

Feed: LIFFE, MATIF and CBOT all off on the week, as the really quiet half-term market turned into another really quiet not half-term week (see chart). The main reason seems to be lack of farmer selling, lack of consumer buying and the trades decision not to be proactive ahead of the USDA WASDE report on Friday at 5.00pm UK time.

**LIFFE Nov 13 Wheat futures past two years and Relative Index chart**

Domestically, November feed wheat has dipped below the £160 level. Carry forward to May is barely £5, so really not worth the costs and risks involved.

Why is the market holding up? Same as last week, UK market over valued as few buyers and fewer

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expected to come largely from North America, at 7.5m tonnes.

FAO raised its estimate for world wheat production in 2013-14 by 3.5mt to a record 708.5mt. This reflected a number of small upgrades, to now-harvested crops in the likes of the European Union and Ukraine, plus a high of 4.0m tonnes, to 29.2m tonnes, in the estimate for Canadian production.

The stocks-to-use ratio, a key pricing metric was put at 23.6%, up from 22.5% at the end of last season, and signaling more comfortable supplies.

Corn: WASDE expected to lift the estimate for the US harvest to a record 14.0bn bushels, on a yield of 158.9 b/a, and the end-13-14 carryout to 2.0bnb. There are many who believe that even these figures are underestimates.

But, the WASDE is not actually the only factor in bears' favour, as according to market rumour concerning the Environmental Protection Agency ruling on the US ethanol mandate which proposed a reduction to the 2014 quota for corn-based ethanol blending from 14.4bn gallons to 13.0bn will happen.

That gave investors extra confidence to sell corn for December '13 lower again. The world corn crop estimate was upgraded by 5mt to 948mt with World corn stocks ending the season at 152mt, an upgrade of 4mt.

Bearish.



Corn Dec 13 futures and RSI chart, past year

Soft Gp3 wheat: Premiums are nominally £2-3, but again little interest. Distance to the consumer is a major factor in the premium as it is soon eroded to feed price if too far away.

Hard Gp4 wheat: Premiums are nominally £0-2, but no trade this week. Some premiums paid if the varieties can be mixed into the bread-making grist to reduce costs.

Milling: Group 1 premiums: U/c at £15-17 over feed in the spot positions.

As samples are coming in full spec, consumers appear very relaxed about buying.

11.3 min protein market, premiums off £2, nominally, £5-6 but no buyers in the market.

Group 2 premiums: £15 premium for Cordial. Other varieties £10-12 max. Spot, no bids, with merchants looking to sell to any home for their spot

contracts. Again difficult to sell, little interest at present.

11.3 min protein market, premiums off £2, nominally, £6-8 but no buyers in the market.

Hedging H'13: If you've sold for space/cash or just a long holder that wants to place a min price for May'14, 'options' @ approx £8, giving Min May 14 = £150+.

Recommendation: Fundamentals remain bearish, too much global wheat (and corn) about, certainly too much in UK unless the ethanol plants begin to buy consistently.

The UK market has risen of late on a short market. It can't last. BEWARE.

I feel this is a short term glitch and the market will fall shortly.

WASDE should be not bullish/bearish.

Harvest 2014:

LIFFE, MATIF and, CBOT down another £2, on little new news.

UK November '14 is just under £150 ex farm. No ex-farm selling

Internationally, no new news, the Black Sea region and Argentina weather concerns, spurring fears about the adverse impact on output. Lower pace of drilling in S.Am and Russia due to too much rain.

Recommendation: Still worth a punt on 25-50% I think, especially as Options available at approx £14, a bargain. Min price £135/t Nov 14.



Finance is the art of passing money from hand to hand until it finally disappears - Robert W Sarnoff

Harvest 2015:

Nov 15 futures, u/c and untraded. November '14 is £152 ex farm? It was too good, too high, too late.

Recommendation: As per last week; sell into this market up to 25% of your crop at £150ish November.

Barley**Harvest 2013:**

Feed: Boats in and prices all over the place. As last week, most equate to £140/2 delivered (£133/4 ex).

Wait for a short to pay up if you're not desperate to sell.

Malting: Winters: U/c, £140-2 Nov 13 due to currency and therefore increased competitiveness.

Springs: Up on a bit of UK demand and some export too £150 Nov/Dec.

There is plenty to go around, but the maltsters will keep buying as £10 cheaper than new crop.

UK remains the cheapest source of malting barley in the EU but few places to export too as Sterling strengthens and other EU countries have good supplies too.

Recommendation: Market bearish. Suggest selling as feed and look forward to the new season.

Harvest 2014:

Malting: Winters: U/c, £145 Hvst 13.

Springs: U/c, £155 Hvst 13 + £10 carry to November.

OSR**Harvest 2013**

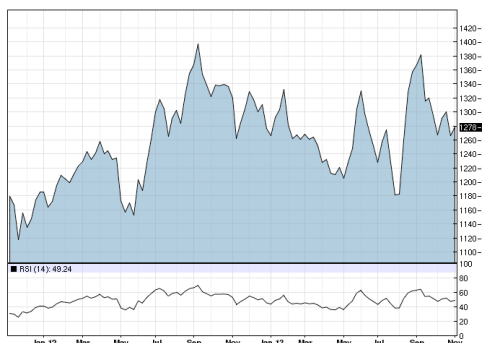
OSR in UK off £2, MATIF and CBOT off £4-5 this week.

UK £298 ex Nov only a £1 carry no., D/d Erith £306 November.

Domestically prices were down as Sterling rose to 1.20 Euro. No sellers this week.

Internationally, Argy's soyabean crop still looks set to break the record with soyabean exports set to reach a four-year high in 2013-14.

WASDE report, can't be bullish surely? Canadian and Oz supplies coming in after Xmas, farmer selling must happen then as not happening now. Prices likely to fall after Xmas as a result I feel.



CBOT Nov 13 Soya futures last 2 years and RI chart

Recommendation: Sell some

Harvest 2014

Hvst: Off £3, £295 d/d, £287 ex. O/N/D £303 d/d Erith, £298ex. No sellers.

Recommendation: Sell some

There is no grain report next week as I'm investigating the grain market in the USA for you



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