

## Market Report – 11/05/2017



### Current Ex Farm Values

For any other prices, please call the office on 01480 832115.

	May'17	Jun'17	Jul'17	Har'17 As Available	Harv'17 Buyers Call	Sept'17	Oct,Nov,Dec'17
Feed Wheat 72kg/15%	£144/t	£145/t	£146/t	£130/t	-	£132/t	£136/t
Feed Barley 63kg/15%	£115/t	-	-	£106/t	-	£109/t	£113/t
Oilseed Rape	£325/t	£326/t	-	£295/t	£300/t	£304/t	£310/t

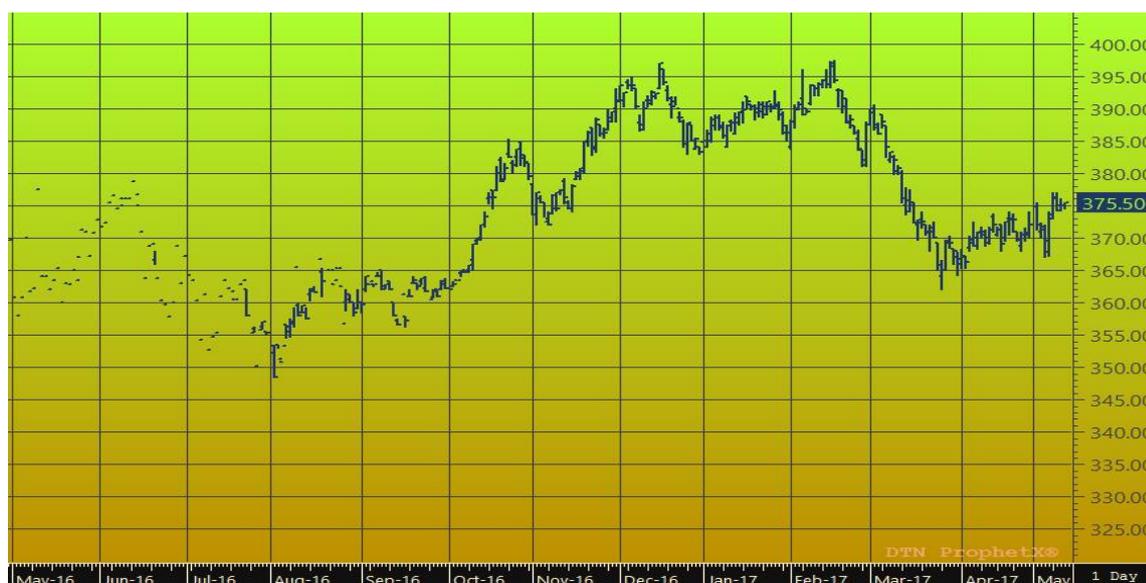
\*\*prices subject to change and only to be used as a guide\*\*

### UK Markets

Very little movement on new or old crop values. With no significant rainfall forecasted and irrigators already running around the clock in southern areas, the uncertainty grows for new crop yield and quality. Lack of old crop buyers and tight stocks on farm putting very little pressure on prices.

Oilseed rape new crop prices up slightly due to weather issues in Europe.

#### MATIF Nov'17 Rapeseed. May'16-Present



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## USDA WASDE Summary (Agrimony)

### Corn, wheat prices gain as US data spur ideas of market 'paradigm shift'

Corn and wheat futures recovered from early losses as a much-watched US report forecast an end to the build in world grain supplies, although soybeans struggled to follow suit, on upgrades to world stocks expectations.

Corn futures for July gained 2.0% in Chicago at one point, after the US Department of Agriculture Wasde, in its first estimates for world crop balance sheets in 2017-18.

July wheat futures recovered from negative territory in the run up to the data to stand up 1.4% on the day.

The gains reflected USDA expectations, released in its Wasde crop report, that world grain stocks will fall back next season, after a five-year spell in which they have soared more than 50% to record highs spurred by a run of bumper harvests.

#### 'Paradigm shift'

However, soybean futures managed only a short-lived price rise, with bullish sentiment at a lower-than-expected estimate for US inventories of the oilseed at the close of 2017-18 offset by increased ideas of ongoing South American harvests.

World oilseeds stocks were seen ending next season, essentially, flat, after their own expansion of more than 50% since 2011-12.

"Corn futures should gain on soybeans due to the 2017-18 carryover [stocks] figures," said Mike Zuzolo at Global Commodity Analytics, adding that the USDA data represented a marked change in market dynamics.

"Corn stocks are falling and soy stocks are rising - this is a paradigm shift from the last three years."

Soybean futures for July ended 0.4% lower at \$9.70 ¼ a bushel.

#### US vs South America

US corn stocks were viewed by the USDA as ending next season at 2.11bn bushels (53.6m tonnes), a little below the figure traders had pencilled in, with forecasts of a weaker harvest and stronger ethanol demand more than offsetting an expected decline in exports on stronger South American competition.

"A 1.0-bn-bushel year-over-year increase in the combined corn exports of Brazil and Argentina," following strong results from their ongoing harvests, "is expected to cut into the 2017-18 US shipping season," the USDA said.

World corn stocks were seen ending 2017-18 at a four-year low of 195.3m tonnes, significantly lower than the figure that the market had expected, although the extent of the decline largely reflected expectations of Chinese success in a drive to cut its corn inventories.

While China's corn production this year was seen declining, on reduced sowings, "on the demand side, feed and residual use is expected to increase based on continued relatively low internal market prices... and reduced imports of corn substitutes," the USDA said.

China has slapped hefty duties on US import of distillers grains (DDGs), the corn-derived feed ingredient, amid claims of unfair subsidies.

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### 'Late-April snowstorm'

Wheat stocks, meanwhile, were seen falling in the US next season to a three-year low of 914m bushels (24.9m tonnes), again a lower figure than investors had expected.

The USDA estimated the domestic wheat harvest at 1.82bn bushels (49.5m tonnes) – a slump of 22% year on year and the lowest in 11 years, reflecting ideas of lower sowings and yields, and higher area abandonment, than last year.

"Winter wheat benefited from diminishing drought conditions in the Plains and Midwest," the USDA said.

"However, a late-April snowstorm affected large portions of the hard red winter wheat belt, especially western Kansas."

### Forecast price rise

Although world wheat stocks were seen growing over 2017-18 to a fresh record high of 258.3m tonnes, defying market expectations of an inventory decline, the increase reflected a stockbuild in China, where the focus on corn consumption was seen undermining wheat use.

Wheat inventories held by the five major exporters – which, in being readily available to the world market, are seen as particularly important to prices - were forecast falling to a four-year low.

The USDA forecast farmgate US wheat prices next season at \$3.85-4.65 a bushel, "up \$0.35 from the previous year's low level".

### 'Neutral to bearish'

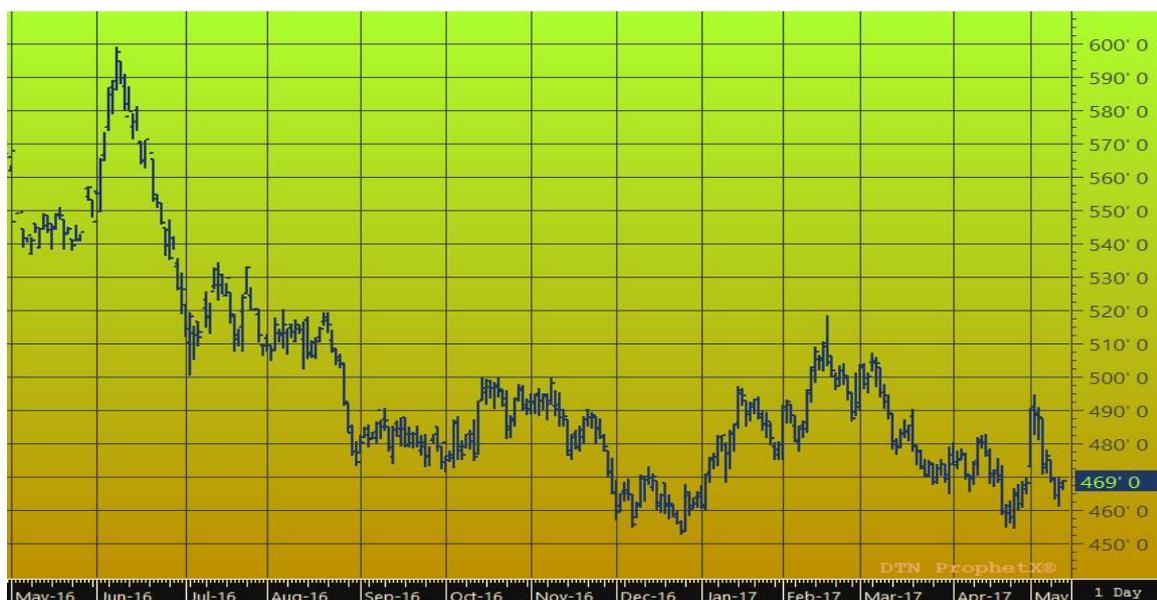
By contrast, while US soybean stocks were seen rising by less than the market had expected in 2017-18, an initial boost to futures faded as investors focused on upgrades to the ongoing South American harvests.

The soybean data was "neutral to bearish", said Terry Reilly at broker Futures International, flagging that "2016-17 world production and stocks estimates were upward revised 2.1m tonnes and 2.7m tonnes respectively".

The USDA forecast farmgate US soybean prices at \$8.30-10.30 a bushel next season.

The \$9.30-a-bushel midpoint implies a drop of \$0.25 a bushel in values year on year.

### Chicago Dec'17 Wheat, May'16 - Present



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