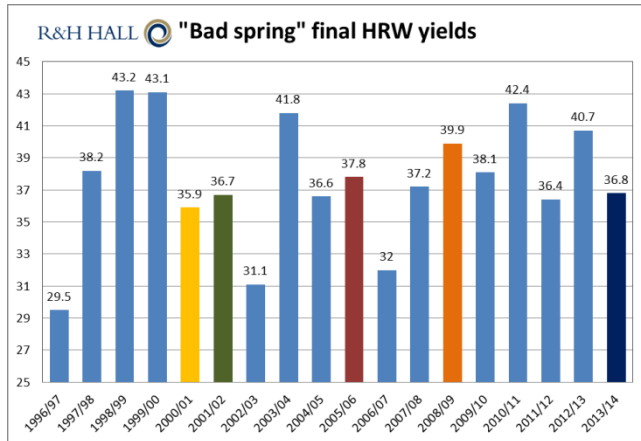
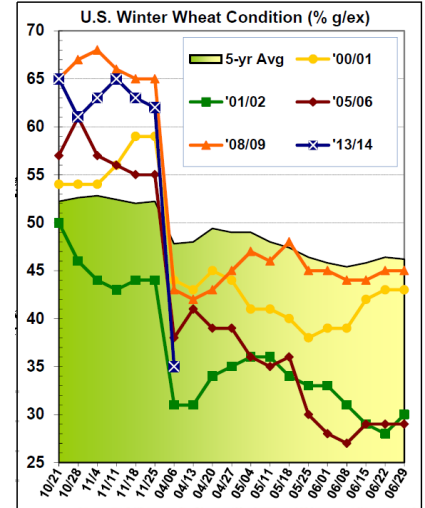


## Market Report Thursday, 10 April 2014

Leading into the USDA report wheat markets were strong and US weather has no doubt supported wheat markets in recent weeks after the US winter wheat crop came out of the winter pretty poorly. The first graph below shows similar “bad winter” years where crop conditions dropped dramatically, it’s not uncommon with the most recent in the 08/09 season. The second graph shows the final yields in similar seasons (matching colours), its not a great correlation with years like 2008/09 showing that a poor crop rating in the spring can still end up with big yields in the Autumn. Even in 05/06 when the crops dis-improved into the harvest, yields were relatively robust. Right now, the conditions in the Winter wheat areas remain on the dry side but the drought monitor maps suggests conditions are not yet as bad as last year and there is rain due for the weekend. US wheat export demand this year was driven in large part by demand from South America due to the drought in the wheat areas of Argentina, with possibly better conditions there and an expanded area they “suck” on US wheat may not be there and created more demand for EU wheat into North Africa to drive prices up here.



Basically, the condition chart looks scary but bear in mind there is a lot of growing to go and scary condition charts don’t always lead to scary yields, and looking at 08/09 wheat prices, not necessarily scary prices either. This is not yet the story to buy wheat. More troubling to the market might be the 40,000 Russian troops lined up outside Ukraine’s borders and the 7million Russians living inside its borders. The Russian troop line-up may prove to be nothing for the grain market or it may prove to be everything. Only time will tell. The Ukrainian Hryvnia continues to slide.

On the topic of currencies, while normally a strong euro should be negative demand for EU wheat it’s interesting that since Christmas there has been a positive correlation between the value of the euro and the value of wheat (chart right). In other news, French wheat stocks are seen higher by Agri-mer, up 12% on last year (i.e. EU wheat stocks are tight, French are not). Ukrainian maize plantings are seen at 10% and other springs grains 90% done. Equity markets in the US are getting smashed by a tech-market sell-off. Ukrainian old crop maize exports forecasts have been increased to 20.5 mmt suggesting there is another 4mmt to export (v 3mmt last year).



Post the USDA report, values struggled for momentum. The main points of the report:

- US corn exports rise (as expected), ending stocks fall (as expected) to 1.3bbu

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- World corn production rises substantially by over 6mmt though so too does demand. End stocks unchanged
- Beans now officially super tight (as expected). US imports are expected to be a record (makes sense given big South American discounts) South American production is unchanged but it's the US end-stocks that prices need to sort out which argue further for not being short this side of July.
- For wheat, lower China demand increases global wheat stocks 3mmt

**Net result:** this report mostly reaffirms that old-crop soymeal is tight, super cheap corn is an old-crop phenomenon until the market gets a better handle of new crop production in the US and supply from the Black sea and wheat remains relatively abundant globally.

USDA U.S. Carryout (in billions of bushels)

	USDA Apr 13/14	Average Trade Est.	Range of Trade Est.	USDA Mar 13/14	USDA 2012/13
Corn	1.331	1.403	1.306-1.478	1.456	0.821
Soybeans	.135	0.139	0.125-0.147	0.145	0.141
Wheat	.583	0.583	0.553-0.625	0.558	0.743

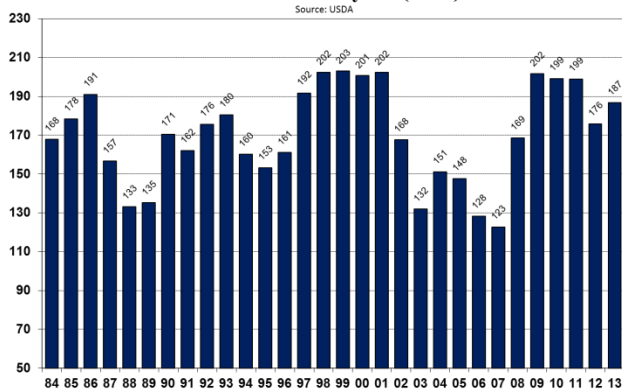
USDA World Carryout (in millions of tonnes)

	USDA Apr 13/14	Average Trade Est.	Range of Trade Est.	USDA Mar 13/14	USDA 2012/13
Corn	158.0	157.72	156.5-159.2	158.47	134.67
Soybeans	69.4	70.14	68.5-71.9	70.64	57.79
Wheat	186.7	183.65	182.5-185.3	183.81	175.92

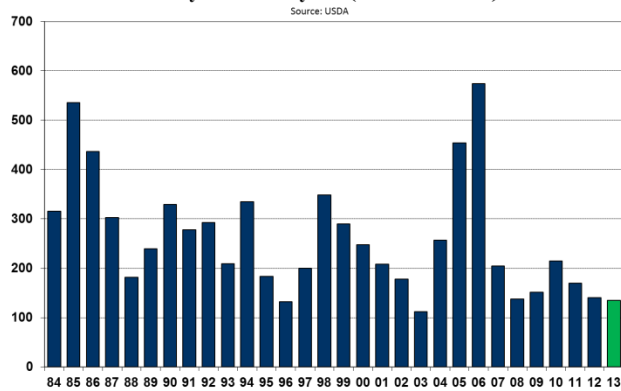
South American Production (in millions of tonnes)

	USDA Apr 13/14	Average Trade Est.	Range of Trade Est.	USDA Mar 13/14	USDA 2012/13
ARG Corn	24.0	23.95	21.8-25.7	24.0	26.5
ARG Soy	54.0	54.15	53.0-57.1	54.0	49.3
BRZ Corn	72.0	69.66	68.0-71.2	70.0	81.0
BRZ Soy	87.5	87.43	86.5-89.5	88.5	82.0

World Wheat Carryout (mmt)



US Soybean Carryout (million bushel)



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Soybean Meal \$/ton	High	Low	Close	Change	Overnight
SOY MEAL MAY4	490.90	477.60	482.10	↑ 4.00	↓ -0.50
SOY MEAL SEP4	413.80	407.90	410.30	↑ 2.10	↓ -0.50
SOY MEAL DEC4	385.70	378.20	381.30	↑ 1.00	↓ -0.50
Soybeans USc/bu	High	Low	Close	Change	Overnight
SOYBEANS MAY4	1512.00	1481.50	1495.25	↑ 12.75	↓ -7.25
SOYBEANS SEP4	1283.50	1264.00	1276.00	↑ 9.00	↓ -7.75
SOYBEANS NOV4	1234.00	1215.25	1227.50	↑ 10.00	↓ -6.50
Soybean Oil USc/lb	High	Low	Close	Change	Overnight
SOYBEAN OIL MAY4	42.96	41.84	42.91	↑ 0.80	↓ -0.53
SOYBEAN OIL JUL4	43.16	42.04	43.12	↑ 0.80	↓ -0.55
SOYBEAN OIL AUG4	42.97	41.94	42.91	↑ 0.75	↓ -0.46
CBOT Wheat USc/bu	High	Low	Close	Change	Overnight
WHEAT SRW JUL4	695.25	671.00	677.25	↓ -12.00	↓ -0.25
WHEAT SRW DEC4	717.75	693.75	700.25	↓ -11.75	↓ -0.25
MATIF Wheat €/tonne	High	Low	Close	Change	Overnight
M.WHEAT EUR MAY4	211.50	208.00	209.00	↑ 0.75	↑ 0.00
M.WHEAT EUR NOV4	203.75	200.25	201.50	↑ 1.00	↑ 0.00
LIFFE Wheat £/tonne	High	Low	Close	Change	Overnight
WHEAT B JUL4	#N/A	#N/A	168.15	↓ -0.25	↑ 0.00
WHEAT B NOV4	157.75	155.00	156.15	↑ 0.40	↑ 0.00

MATIF Rapeseed €/tonne	High	Low	Close	Change	Overnight
RAPESEED EU MAY4	417.50	413.50	415.50	↑ 2.25	↑ 0.00
RAPESEED EU AUG4	375.50	372.50	374.75	↑ 2.50	↑ 0.00
RAPESEED EU NOV4	376.00	372.50	374.75	↑ 3.00	↑ 0.00
CBOT Corn USc/bu	High	Low	Close	Change	Overnight
CORN MAY4	524.25	505.75	508.00	↓ -5.00	↓ -3.75
CORN JUL4	519.75	503.00	506.75	↓ -5.00	↓ -4.00
CORN DEC4	472.00	460.25	471.50	↑ 10.50	↓ -4.50
MATIF Corn €/tonne	High	Low	Close	Change	Overnight
MAIZE EUR JUN4	191.75	190.00	191.50	↑ 2.75	↑ 0.00
MAIZE EUR NOV4	191.75	190.00	191.50	↑ 2.75	↑ 0.00
Asia Contracts	Last	% +/-	Crude Oil	last	
BMD Palm Oil	809.25	2.57%	NYMEX	103.39	
Dalian SBO	7002	-0.06%	ICE	107.98	
FOREX	Spot	1W ago	Equities	+/-	
\$/€	1.3836	1.3718	FTSE	44.92	
€/£	1.2122	1.2095	ISEQ	0	
\$/€	1.6775	1.6597	DJI	181.04	
£/€	0.8242	0.8262	H SENG	61.75	

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