

Market Report Monday, 28 October 2013

Soybean Meal \$/ton	High	Low	Close	Change	Overnight
SOY MEAL DEC3	428.00	422.80	423.50	↓ -2.50	↓ -2.90
SOY MEAL JAN4	417.40	413.30	414.10	↓ -1.80	↓ -4.60
SOY MEAL MAR4	403.50	398.10	400.70	↓ -1.80	↓ -4.40
Soybeans USc/bu	High	Low	Close	Change	Overnight
SOYBEANS NOV3	1312.75	1299.25	1300.00	↓ -9.75	↓ -3.00
SOYBEANS JAN4	1306.00	1292.50	1293.50	↓ -10.25	↓ -3.75
SOYBEANS MAR4	1284.00	1269.00	1272.00	↓ -10.00	↓ -4.50
Soybean Oil USc/lb	High	Low	Close	Change	Overnight
SOYBEAN OIL DEC3	41.38	40.65	40.73	↓ -0.40	↑ 0.35
SOYBEAN OIL JAN4	41.67	40.95	41.03	↓ -0.40	↑ 0.35
SOYBEAN OIL MAR4	42.04	41.32	41.40	↓ -0.40	↑ 0.45
CBOT Wheat USc/bu	High	Low	Close	Change	Overnight
WHEAT SRW DEC3	702.00	690.25	690.75	↓ -5.75	↓ -3.00
WHEAT SRW MAR4	712.25	701.00	701.75	↓ -5.25	↓ -3.25
MATIF Wheat €/tonne	High	Low	Close	Change	Overnight
M.WHEAT EUR NOV3	206.25	203.50	205.00	↑ 0.25	↑ 0.00
M.WHEAT EUR JAN4	204.25	202.75	203.25	↓ -0.50	↑ 0.00
LIFFE Wheat £/tonne	High	Low	Close	Change	Overnight
Nov '12	166.00	163.40	165.75	↑ 0.10	↑ 0.00
Jan '13	167.75	166.75	167.00	↓ -0.40	↑ 0.00

MATIF Rapeseed €/tonne	High	Low	Close	Change	Overnight
RAPESEED EU NOV3	372.75	367.00	370.00	↓ -5.50	↑ 0.00
RAPESEED EU FEB4	377.75	369.75	374.25	↓ -3.75	↑ 0.00
RAPESEED EU MAY4	375.75	370.25	372.25	↓ -3.50	↑ 0.00
CBOT Corn USc/bu	High	Low	Close	Change	Overnight
CORN DEC3	442.00	439.50	440.00	↓ -0.25	↓ -3.00
CORN MAR4	454.25	451.25	452.00	↓ -0.50	↓ -3.25
CORN MAY4	462.75	459.75	460.75	↓ -0.25	↓ -0.50
MATIF Corn €/tonne	High	Low	Close	Change	Overnight
MAIZE EUR NOV3	177.75	176.50	177.25	↑ 0.00	↑ 0.00
MAIZE EUR JAN4	177.00	176.00	176.25	↓ -0.50	↑ 0.00
Asia Contracts	Last	% +/-	Crude Oil	last	
BMD Palm Oil	776	-0.64%	NYMEX	97.76	
Dalian SBO	6904	-1.96%	ICE	107.38	
FOREX	Spot	1W ago	Equities	+/-	
\$/€	1.3816	1.3681	FTSE	8.16	
€/£	1.1719	1.1798	ISEQ	16.09	
\$/£	1.6195	1.6145	DJI	61.07	
£/€	0.8530	0.8469	H SENG	-3.47	

Proteins – Beans finished lower on Friday but for the week as a whole the closing price was ever so slightly higher. The big move for the week was in nearby meal closing +\$13 for the week due to strong demand. Crop ratings jumped an unusually large 7 points at the start of the week after the USDA resumed issuing the weekly crop bulletin increasing hopes of bigger yields than expected. However, this news seemed to be trumped by the demand argument set forth by the bulls as export sales (mainly to China) have been very strong. November 8th is the big USDA report which no doubt will produce fireworks due to the market being starved of information for quite a while now. Farmers have been making sure to get their beans in first from the fields resulting in about 80% of the bean crop harvested. The USDA is largely expected to increase its production estimate but there is still a huge amount of uncertainty regarding both demand and supply. A 42 yield with unchanged demand from the Sep report would leave an adequate 190 mil bu carryout. A 42.5 yield could project a 230 mi bu carryout arguing for reduced prices. However, if a 42 yield was reported with FC Stone style demand then carryout would be put at a tight 125 mil bu. The difference in prices between 230 mil bu and 125 mil bu (bare minimum) is very dramatic and thereby taking large positions is fraught with risk.

Looking further down the tracks there seems to be a lot of chatter about large oilseed supplies once South American new crop hits the ground with some forecasting an increase of 20mmt over last year's big crop. No doubt the current economics definitely encourage big plantings. The big problem is that there is a huge amount of uncovered demand Nov/Apr and the South American crop is still mostly in the seed bag. Not exactly an easy task to satisfy Nov/Apr demand with a South American harvest that won't be turning up in Ireland until end of May at best.

Grains – US corn futures struggled to do anything last week closing pretty much where they started. Last week brought news of US ethanol production at the highest since mid-2012, the biggest weekly export sales in 2 years and the slowest harvest progress in 4 years at just 39%. So one could be forgiven for thinking that futures may have a bit of a bounce in them, however, that heavy S&D table is providing resistance overhead. The harvest has advanced in the Ukraine, however, there is no corn in the ports due to drying and transportation time. This has resulted in large nearby premiums which dragged up the deferred months also.

Supplies of wheat in the world look to be ample to cover demand. However, a complete lack of sellers at the same time of a lot of nearby shorts has driven the premium of wheat over corn higher and higher. Farmers feel vindicated for not selling and thus encouraged to continue to hold on and get higher prices. Thus with still a lot of shippers and consumers short for nearby positions wheat can remain very firm. Feb/Apr next year may be a completely different ball game but for nearby months the game is being won by the farmers.

Please feel free to contact any member of the team as follows:

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Currency, Equities, oil etc – 2 year highs in the Euro currently which is helping imported prices into Ireland. Below is the perverse logic that is currently dominating macro markets: “Stocks and Treasuries rose on Friday, as weak economic data supported expectations that the Federal Reserve will keep its monetary policy loose.”!!!!

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