

Market Report Monday, 19 August 2013

CBoT Meal					LIFFE Wheat						
	High	Low	Close	Change		High	Low	Close	Change		
SEP3	410.50	407.70	408.80	(1.00)	Nov-13	153.00	151.50	152.60			
OCT3	389.60	389.00	390.20	(1.20)	Jan-14	155.00	155.00	154.85	2.10		
DEC3	388.00	384.20	386.30	(1.30)	Mar-14	#N/A	#N/A	156.60	2.00		
JAN4	386.20	386.20	385.80	(1.20)	May-14		156.80	158.55	1.90		
MAR4	382.40	382.40	382.10	(1.90)							
MAY4			373.80	(3.50)							
JUL4			373.30	(3.50)							
AUG4			371.00	(3.50)							
SEP4			364.00	(3.50)							
CBoT Beans					MATIF Wheat						
	High	Low	Close	Change		High	Low	Close	Change		
SEP3	1,293.00	1,282.00	1,283.25	(5.00)	Nov-13	186.00	183.00	186.00	(1.75)		
NOV3	1,268.50	1,258.00	1,259.25	(6.50)	Jan-14	186.50	183.50	186.50	(1.75)		
JAN4	1,271.00	1,262.00	1,261.75	(6.50)	Mar-14	187.25	184.25	187.00	(1.75)		
MAR4			1,250.75	(9.25)	May-14	186.75	184.25	186.50	(1.75)		
MAY4			1,233.50	(12.75)	Jul-14	184.75	184.75	185.50	(1.25)		
JUL4			1,236.00	(12.50)							
AUG4			1,228.00	(11.75)							
SEP4			1,202.75	(11.75)							
NOV4			1,176.50	(14.00)							
CBoT SBO					MATIF Maize						
	High	Low	Close	Change		High	Low	Close	Change		
SEP3	43.50	42.84	42.81	(0.31)	Aug-13	167.25	165.25	165.50	(0.50)		
OCT3	43.60	42.82	42.92	(0.30)	Nov-13	168.25	167.50	167.75	(0.25)		
DEC3	43.90	43.14	43.16	(0.29)	Jan-14	170.50	170.00	169.75	(0.25)		
JAN4	43.95	43.50	43.36	(0.30)	Mar-14	173.25	172.25	172.25	(0.75)		
MAR4	44.20	43.70	43.57	(0.36)	May-14	175.00	174.25	175.00	(0.50)		
MAY4	44.50	43.70	43.79	(0.42)							
JUL4	44.80	44.20	44.08	(0.42)							
AUG4			44.14	(0.42)							
CBoT Wheat					MDEX CPO						
	High	Low	Close	Change		High	Low	Close	Change		
SEP3	636.00	631.00	631.00	(6.50)	SEP3		2395	2378	2367	28.00	
DEC3	645.00	645.00	643.50	(6.00)	OCT3		2363	2332	2324	36.00	
MAR4			656.25	(5.50)	NOV3		2340	2315	2309	29.00	
MAY4			663.25	(6.00)							
JUL4			660.50	(6.75)							
SEP4			669.75	(5.00)							
CBoT Corn					Matif Rape						
	High	Low	Close	Change		High	Low	Close	Change		
SEP3	479.00	468.75	473.75	(7.75)	Aug-12	373.00	366.00	370.50	1.25		
DEC3	469.25	461.00	463.50	(8.75)	Nov-12	377.00	370.50	375.25	0.75		
MAR4			476.00	(8.50)	Feb-13	376.50	371.25	376.00	0.75		
MAY4	488.50	488.50	484.00	(8.50)							
JUL4	495.00	492.75	490.00	(9.00)							
Economy					FOREX						
	High	Low	Close	Change		Close	Change	Live	Change		
Crude Oil			108.17	106.56	107.46	0.28	£/\$	1.5627	(0.0013)	1.5615	(0.0012)
FTSE			6502.27	6461.30	6499.99	(104.09)	£/€	1.1723	0.0008	1.1724	0.0001
Dow Jones			15139.77	15054.38	15081.47	(31.10)	€/£	0.8527	(0.0004)	0.8525	(0.0002)
LIBOR 3m			#N/A	#N/A	0.51	€/\$	1.3329	(0.0017)	1.3319	(0.0010)	
Brent Crude			110.70	109.17	110.40	0.98	\$ Index	108.17	106.56	107.46	0.076

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Proteins – Last week we saw a very strong rally in soybeans with the Nov moving 100cents (taking into account this morning's strong move in overnight trading) due to a combination of reasons. Firstly the USDA reduced its harvested acreage estimate 540,000 acres from its June figure and the FSA reported an even lower estimate than the USDA in its prevent plantings report. This may be due to the lateness of crop plantings but nevertheless a lot of market participants are using an acreage figure some 750,000 acres less than they were this time last week. Secondly the USDA reduced the yield prospects for US soy yields to 42.6 bu/acre which was well below market expectations. The new crop soy S&D using the USDA demand figure (big question marks over this one) would "need" a 42.3 type yield to keep ending stocks above the 125 "minimum" level this year. Thirdly dry weather across the Corn Belt continued at the end of last week and looks like this week will also be dry. Thus shorts have done a bit of panic buying and mostly bought into a vacuum because there were few people left to sell the market and certainly no farmers in the mood to sell yet. The US market does not seem to register the ample/surplus South American supplies currently as it has only one focus which is guessing what US production will be.

Grains – US corn futures have also staged a bit of a rally over the course of last week but only about 20 cents as it has been much harder for the bulls to start beating their drum. No significant Corn Belt moisture is seen this week but in the eyes of a lot of people the US crop is already "made" and we are just waiting for record production to turn up and hit the farmers over the back of their heads. The USDA and FSA reduced their planted corn acreage numbers like the soybeans but unlike the soybeans this still leaves the corn S&D with a 1.8bln bu carryout. Despite Midwest crop stress, the USDA yield number is thought by many to be understated at 154.4 bu per acre.

You would have thought that with a very strong rally in beans and more subdued rally in corn that wheat would have no choice but to rally also. However, US wheat futures and Matif really struggled last week and just about managed to stand still while Liffe came lower. The outlook for the US capturing trade overseas is not encouraging as low priced supplies from the Black Sea exporters continue to undercut the US values and the EU crop is getting bigger. Strategie grains increased its 2013/14 EU soft wheat production forecast by 800,000 tonnes to 134.2 million tonnes.

Currency, Equities, oil etc – Crude oil moved back to \$108 due to a tropical storm in the US gulf coast and unrest in Egypt. The Dollar has been moving back and forth as market data has got a lot of people on a knife edge as to whether the Fed will start tapering back its bond buying program. Strong US labour market data causes it to move one way while weaker consumer confidence data takes the Dollar the other direction.

Picture of the day



Chickens perch on the roof of a hennery to escape rising floodwaters after Typhoon Utor hit Maoming, China

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