

## Market Report

2<sup>nd</sup> September 2013

**Grains** – Sit tight and close your eyes was the name of the game yesterday as European markets were little changed all day and only managed a concerted push higher into the close in very low volumes. Weekend rains in the US disappointed and with a mostly dry outlook for the next week or so followed by a wetter, cooler outlook from next weekend. GASC tendered for wheat over the weekend and notable was the un-competitiveness of French wheat which worked out \$17/tonne too dear, which surprisingly was not reflected in Matif price action. The Black sea offers were dominated by Russian grain though suggestions are that exportable supplies there are drying up. An apparent attack on a Chinese container ship travelling through the Suez canal also caught some headlines. The Euro has been quite weak of late, falling below 1.32 overnight which may have contributed to how the matif traded. Overnight, the grains are modestly higher tracking a strongly higher soybean complex.

**Proteins** – Rapeseed was the only protein market of note to be trading yesterday and it closed strongly higher (up €6/tonne), again the only news of note was US weather, currencies (weaker euro) and the GASC tender which were all pretty meek variables to try attain a sense of value. Rapeseed and products have completely lagged and at times even ran counter to price developments in the soy market which up until recently made rapemeal extremely competitive as a protein source. It may regain some more of that competitiveness today with soymeal futures up over \$10/ton overnight as the US soybean crop faces into another week of dry weather. There is very little to suggest a break in the strength of soymeal except that in absolute and relative terms it is very expensive. Chart below is soymeal futures (green) and rapeseed futures (orange) price movements since January.



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On balance, its rinse and repeat for the market with soybeans maintaining its upward trajectory and grains a reluctant passenger on the soybean train. Relative to soybeans there continues to be optimism regarding the Northern hemisphere grain crop, in particular corn; with “huge” still the adjective most likely to accompany any conversations on the Northern hemisphere corn supply for new crop. Until the South American planting campaign begins and the market gets a signal of the extent of the inevitable shift from corn to beans then the protein users can hope only for better than expected soybean yields come the US harvest to provide the price break though the current backwardation is already reflecting that potential somewhat.

Soybean Meal	High	Low	Close	Change	Overnight
Sep '13	470.00	463.00	468.20	↑ 0.80	↑ 13.00
Oct '13	433.30	425.80	428.40	↓ -5.50	↑ 13.10
Dec '13	430.00	421.90	423.70	↓ -6.40	↑ 13.00
Soybeans	High	Low	Close	Change	Overnight
Sep '13	1434.50	1414.25	1424.00	↓ -6.00	↑ 29.75
Nov '13	1370.50	1346.00	1357.50	↓ -11.00	↑ 28.50
Jan '13	1366.50	1343.50	1354.75	↓ -10.00	↑ 25.50
Soybean Oil	High	Low	Close	Change	Overnight
Sep '13	44.00	43.31	43.89	↑ 0.11	↑ 0.32
Oct '13	44.05	43.39	43.97	↑ 0.07	↑ 0.13
Dec '13	44.37	43.68	44.29	↑ 0.09	↑ 0.15
CBOT Wheat	High	Low	Close	Change	Overnight
Sep '13	647.75	639.25	643.25	↑ 2.00	↑ 1.75
Dec '13	658.75	650.25	654.00	↓ -0.25	↑ 2.50
MATIF Wheat	High	Low	Close	Change	Overnight
Nov '13	191.00	187.25	190.00	↑ 2.75	↑ 0.00
Jan '14	191.25	187.50	190.00	↑ 2.75	↑ 0.00
LIFFE Wheat	High	Low	Close	Change	Overnight
Nov '12	158.65	156.45	158.65	↑ 1.15	↑ 0.00
Jan '13	#N/A	#N/A	160.90	↑ 1.15	↑ 0.00

MATIF Rapeseed	High	Low	Close	Change	Overnight
Nov '13	387.50	380.50	387.00	↑ 5.75	↑ 0.00
Feb '13	390.50	384.00	390.00	↑ 5.00	↑ 0.00
May '13	392.50	388.50	392.25	↑ 6.00	↑ 0.00
CBOT Corn	High	Low	Close	Change	Overnight
Sep '13	499.50	487.75	495.00	↓ -2.25	↑ 1.75
Dec '13	484.00	476.25	482.00	↑ 0.50	↑ 2.50
Mar '13	496.75	489.00	494.50	↑ 0.25	↑ 4.75
MATIF Corn	High	Low	Close	Change	Overnight
Nov '13	176.75	172.00	175.25	↑ 4.75	↑ 0.00
Jan '13	178.25	173.25	176.75	↑ 5.00	↑ 0.00
Asia Contracts	Last	% +/-	Crude Oil	last	
BMD Palm Oil	728.25	-0.82%	NYMEX	107.04	
Dalian SBO	7098	1.37%	ICE	114.31	
FOREX	Spot	1W ago	Equities	+/-	
\$/€	1.3172	1.3392	FTSE	93.26	
€/£	1.1810	1.1606	ISEQ	0	
\$/£	1.5558	1.5545	DJI	-30.64	
£/€	0.8464	0.8615	H SENG	28.02	

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