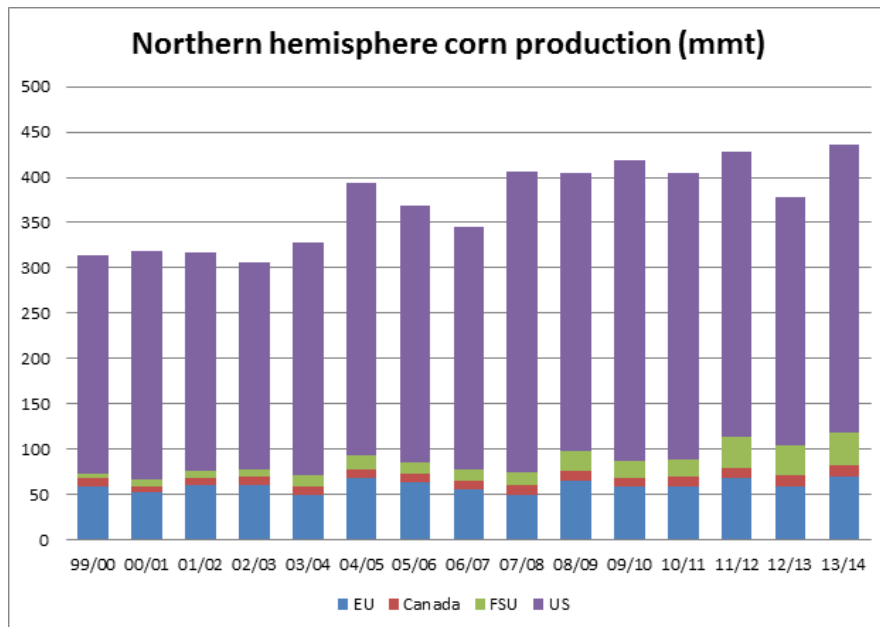


Market Report

Thursday, 29 August 2013

Grains – European values under additional pressure with increased production estimates for the big hitter wheat producers as the harvest rolls in. Germany, France and Poland all raising their wheat production estimates while the UK despite having much improved conditions will harvest its smallest wheat crop in over a decade. Irish wheat deficits once again having to originate beyond the UK. The Black sea origins, as expected won the GASC tender and provides us with timely reminder that while the US is in a weather predicament other origins exist for importers. The dome of high pressure that was pushing temperatures higher over the mid-West US is expected to now push West and open the door for some much needed precipitation though there is conflict between the weather models and the rain totals amount only to an inch or two at best. Flooding in China has impacted around a million acres of crop land in the 3rd largest corn producing State, Jilin. It is interesting to consider at this time (as we approach harvest) Northern hemisphere corn production across the main producers and exporters. I have allowed for a rather pessimistic 12.5bbu equivalent US corn crop (USDA, 13.95bbu, Pro farmer, 13.46) a 69mmt EU crop (USDA 65.6mmt), FSU 35mmt (USDA 40mmt), Canada 13mmt (USDA 13.8) and still the aggregate production outlook is rather bearish.



Proteins – Soymeal held much of its value yesterday with the trade still unconvinced that the US balance sheet for 2013/14 is solvable given crop condition trajectory (down) and recent production private analyst production estimates. Trade now assuming a carryout approaching a bare minimum 125mbu which creates an uncomfortable reliance upon South America to come up with the goods (literally) in 6 months time or so. The same flooding effecting Chinese corn area overlapping soybean producing regions. Argentine port workers striking for two days to affect loadings there. The US harvest is still weeks away and if yields ultimately come in better than expected then the door open following recent price gains for an even sharper bout of harvest pressure. Rapemeal historically cheap as Europe harvest 1mmt more rapeseed than last year.

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On balance, the US weather still front and centre of traders' minds and yesterday the balance of power fell to the bears as weather models suggested some anaemic chances of rains. The uniqueness of this year's weather pattern (wet spring, cool but dry summer) creating an air of additional disgruntled confusion as to final yield outcomes. Long soy, short grains seems to be the trade of the day over recent weeks and continues to look like the line of least resistance.

Soybean Meal	High	Low	Close	Change	Overnight
Sep '13	469.00	456.00	463.30	↑ 7.40	↑ 0.90
Oct '13	439.80	429.80	432.20	↓ -0.60	↑ 0.60
Dec '13	437.60	426.80	429.30	↓ -1.10	↑ 0.40
Soybeans	High	Low	Close	Change	Overnight
Sep '13	1435.00	1408.50	1433.00	↑ 19.00	↓ -5.25
Nov '13	1387.75	1362.25	1372.75	↑ 2.25	↓ -5.00
Jan '13	1382.75	1357.50	1368.50	↑ 3.00	↓ -8.25
Soybean Oil	High	Low	Close	Change	Overnight
Sep '13	44.45	43.95	44.31	↑ 0.25	↑ 0.32
Oct '13	44.59	44.06	44.45	↑ 0.24	↓ -0.60
Dec '13	44.91	44.36	44.78	↑ 0.26	↓ -0.61
CBOT Wheat	High	Low	Close	Change	Overnight
Sep '13	656.25	645.50	646.50	↓ -4.25	↑ 1.75
Dec '13	669.50	658.25	659.50	↓ -4.25	↑ 1.75
MATIF Wheat	High	Low	Close	Change	Overnight
Nov '13	192.75	188.50	189.25	↓ -2.50	↑ 0.00
Jan '14	193.00	188.75	189.00	↓ -2.75	↑ 0.00
LIFFE Wheat	High	Low	Close	Change	Overnight
Nov '12	161.95	158.50	159.60	↓ -1.60	↑ 0.00
Jan '13	162.00	160.00	161.50	↓ -1.95	↑ 0.00

MATIF Rapeseed	High	Low	Close	Change	Overnight
Nov '13	390.25	386.00	387.75	↓ -1.50	↑ 0.00
Feb '13	392.75	389.00	391.00	↓ -0.50	↑ 0.00
May '13	393.75	390.25	391.75	↓ -0.25	↑ 0.00
CBOT Corn	High	Low	Close	Change	Overnight
Sep '13	506.75	495.50	504.25	↑ 4.50	↑ 1.75
Dec '13	492.00	479.00	480.75	↓ -5.50	↑ 1.75
Mar '13	504.50	491.50	493.50	↓ -5.25	↓ -4.75
MATIF Corn	High	Low	Close	Change	Overnight
Nov '13	178.25	175.50	176.00	↓ -1.25	↑ 0.00
Jan '13	178.50	176.50	176.75	↓ -1.25	↑ 0.00
Asia Contracts	Last	% +/-	Crude Oil		
BMD Palm Oil	744.25	1.05%	NYMEX	108.87	
Dalian SBO	7040	-2.44%	ICE	115.27	
FOREX	Spot	1W ago	Equities		
\$/€	1.3272	1.3354	FTSE	-10.91	
€/£	1.1683	1.1667	ISEQ	0	
\$/£	1.5508	1.5586	DJI	48.38	
£/€	0.8554	0.8572	H SENG	23.32	

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