

# Market report week 16

## Wheat

U.S. wheat futures were very volatile this week as tensions escalated in Ukraine, stoking fears of potential supply disruptions from one of the world's largest exporters. (May futures rose from 666 to 711 and now back to 692)

Ukraine is forecast to export 9.5 million tonnes of wheat in the 2013/14 season; one month earlier sales were forecasted around 10 million tonnes.

Wheat prices also drew support beginning of the week from forecasts for further cold weather across the U.S. Plains, adding to concerns over potential crop damage. Updated weather models are milder than expected beginning of the week so Chicago a bit recovering from the rise beginning this week.

Wheat futures on MATIF rose this week alongside Chicago. With May futures level starting this week at 212€ and at the top touching the €222 level!!! New crop November futures rose from 203 to a 210 level.

Due to this rise in price there were some people taking profit on the Dutch paper market, selling new crop high in flat price but premium wise discounting the market compared to last few weeks (-5 under MATIF November was traded).

Some tenders this week due to the above mentioned volatility, tender results as follows:

### South Korea's Feed Leaders Committee (FLC)

Purchased 53,000 tonnes of feed wheat which can be sourced from any origin worldwide.

The wheat was purchased at \$291.95 a tonne c&f plus \$1.50 surcharge for extra port unloading,

The wheat is for arrival by Sept. 30

### Jordan buys 150,000T optional-origin wheat in tender

Some 100,000 tonnes was purchased from a Romanian company (Dolge) for shipment in the first and second half of August at \$295.00 a tonne c&f, traders said.

Another 50,000 tonnes was also purchased at \$295.00 a tonne c&f for shipment in the second half of July from Middle Eastern trader Sarles. (These prices are relatively cheap as BS was traded around the same price FOB)

### South Korea's (NOFI)

Purchased 65,000 tonnes of optional origin feed wheat in a tender which closed on Monday

The feed wheat was all purchased from Glencore at \$289.00 a tonne c&f for arrival by Sept. 5

(This calculates around \$245 FOB BS, not expensive in our view)

## Barley

Saudi market still very quiet and seems their stocks are sufficient till new crop.

This means that Australian market was dominated last week by Chinese demand and prices kept pretty stable around usd 255 fob and Chinese imports are forecasted to be around 3.5 million tons for feed and malting purposes. Saudi's as mentioned are side-lining and indicating buying ideas of usd 250-255 cippo, which are not realistic.

Jordan's state grain buyer has purchased 100,000 tonnes of optional-origin animal feed barley in an international tender for 150,000 tonnes which closed on Wednesday  
Some 50,000 tonnes was bought for first half June shipment at \$267 a tonne c&f and 50,000 tonnes for first half July shipment at \$265.50 a tonne c&f. Seller for both parcels was Midgulf.  
The grain can be sourced from any optional origin, but is probably based on cheap Russian offers new crop at usd 235 fob Black Sea

This means that EU prices new crop are far too expensive for the export market as levels trading fob Germany are around usd 260.....

Some opinions guess that EU levels should go lower, however barley is priced competitive into the feed compound in comparison to feed wheat and corn within EU.

It means that the market is uncertain and we are heading into weather –market, conditions for May and June will determine if we can forecast good crops again.

Australia got some rains, which is necessary and situation in Germany/France and Ukraine is little dry. Political situation in Ukraine might cause smaller crops and limited exports for season 2014-2015 and Ukraine barley used to play a serious role in the International trade.

## **CORN**

This week's corn was not very active. CBOT did not change at all and had a trading range of max 10cts between 503 and 513 CN4. Weather issues in the US Corn Belt (frost) or Ukrainian/Russian political unrest did not change that.

Old crop Ukrainian corn was hardly discussed. Some Iranian demand is sniffing around but apart from that no one is currently looking at that corn. Just below 250usd is not inviting a lot of demand either. Russian corn is hovering around 240usd. This corn cannot go into EU or Egypt so also there, not much demand around. Last trade we are aware of is some Russian corn into Libya.

New crop Ukrainian corn is being offered just below +100cz4, best bids in the market are at +85cz4 where one might pay +90cz4. Volumes are still very low. Not many trade houses are willing to face deferred positions in Ukrainian corn. We expect EU consumption to cover some positions on new crop due to all political uncertainties.

Old crop corn into the Dutch market is trading at low 190s Eur, which reflects about 185Eur CIF ARAG or 257usd. Not even close to Ukrainian replacement, but shows the coverage in the Dutch market from Jun till Aug. New crop corn is not discussed yet.

Danube corn on old crop traded at 170eur, new crop is offered at 170, best bid at 167eur, so in general a very slow market as well.

This week's tender results were as follows:

South Korea's (NOFI) has purchased 193,000 tonnes of optional origin corn in a tender which closed on Monday

The tender had sought September/October arrival.

- Some 63,000 tonnes of corn was bought at \$269.70 a tonne c&f from Cargill for arrival by Sept. 30
- Another 65,000 tonnes of corn was bought from Bunge at \$269.75 a tonne c&f with arrival due by Oct. 10.
- A further 65,000 tonnes of corn was bought from Bunge at \$268.99 a tonne c&f for arrival by Oct. 20.