

29-Jan-19

# Fryer's Oilseed Report

		Close		Premiums (¢/bu)			Fob (\$/mt)			
Beans	28-Jan			US	Brazil	Arg/Parag*	US	Brazil	Argentina	
Futures	¢/bu	+/-								
Mar	923.25	-2.00	Mar	25	46	-	Mar	348.43	356.15	-
May	937.00	-2.00	Apr	15	45	-17	Apr	349.81	360.84	342.74
July	949.75	-2.00	May	16	47	-17	May	350.18	361.57	342.74

\*Basis 33 pro

				Premiums (\$/st)			Fob (\$/mt)			
SoyMeal				US 46.5	Brazil 48	Argentina 46.5	US	Brazil	Argentina	
Futures	\$/st	+/-								
Mar	312.20	-1.70	Mar	0	-15	-11	Mar	344.14	327.60	332.01
May	316.10	-1.80	Apr	-2	-16	-19	Apr	346.23	330.80	327.49
July	320.00	-1.70	May	-2	-17	-19	May	346.23	329.70	327.49

				Premiums (¢/lb)			Fob (\$/mt)			
BeanOil				US	Brazil	Argentina	US	Brazil	Argentina	
Futures	¢/lb	+/-								
Mar	30.30	0.27	Mar	1.75	1.00	1.00	Mar	705.10	688.60	688.60
May	30.61	0.27	Apr	-	0.50	-0.20	Apr	n/a	684.42	669.02
July	30.92	0.28	May	-	0.50	-0.60	May	n/a	684.42	660.22

CBOT crush Oil Share			Dalian					Malaysian Palm	
¢/bu	96.89	32.67%	Beans (K)	Meal (K)	Beanoil (K)	Rapeoil (K)	Olein (K)	KL (J)	Fob\$ AMJ
+/-	1.23	0.32%	3'416	2'561	5'788	6'743	4'826	2'302	585.00
			-24	-26	34	51	14	-25	-10.00

SX19/CZ19			Rapeseed/ Canola		US\$/CNY		Sunoil		Peso	
Previous	2.391		Matif (K)	W'peg (H)	France Mar	Argentina	Close	37.040	Real	3.768
Close Jan 28	2.388		373.00	486.50	315.00	630-660	Previous	37.050	3.770	
Change	-0.003		-1.50	-2.00	5.00	15.00	Change	-0.03%	-0.05%	

**Crops/Weather:** The S American outlook is improving, and whilst near complete dryness continues through the weekend in Brazil, the models are in increasing agreement that a pattern change in the early part of February will bring improved rainfall in central and N Brazil along with needed drier conditions in Argentina. Temperatures are warm but with no extreme heat. The European maps also continue to lift temperatures quite significantly with only some central EU regions seeing below zero readings, whilst the whole of Russia is now much above normal. Precip in the EU is near normal except in those coldest areas of Germany and Poland where dryness persists, and Russia and Ukraine also look dry. Snow cover is lacking in S Russia, Romania, W Poland and most of Germany, and is totally absent in France.

**USDA:** The WASDE Feb 8th report will include data scheduled for release back in January, notably the U.S. quarterly grain stocks and final 2018 yield/production numbers. A CFTC fund update is also expected for this Friday, but it is still not clear how much of the backlog on export sales will be available Thursday.

**Trade:** US export inspections were 929kt for a season total 752 Mbu down 39% on last year.

**Markets:** Despite the optimism (and relief) of an imminent return to a "normal" flow of trade data, CBOT beans and meal began the week on a down note - although beanoil continued its rally equalling the intra-day high close set back in October, which in turn was the highest since last June. Oil share rose to a level not seen since February 2018, whilst board crush margins eased a penny, but news was limited to weekly inspections, and the near 40% gap on last year against the USDA's 11% decline, is an annualised 600 Mbu and commercials are increasingly taking an axe to their US export estimates. And it's a debate which spills over into the 2019/20 crop year, as the trade increasingly believes that the decline in US bean acres this spring will be smaller than thought earlier.

S American premiums were little changed, Abiove lowered its Brazilian crop by 3 Mmt to 117.9 Mmt which is within the range of most current estimates (114-118 Mmt), but the trade is now waiting to see just how well the forecast change performs although the scope for any real improvement in the bean crop remains confined to the far south. And in fact, to within a couple of million tons, the size of the Brazilian bean crop is of limited importance compared to the reality of Chinese bean demand and the outcome of the US-China trade discussions. Brazil's old-crop exports look like they will be around 84 Mmt, whilst the new crop February line-up is currently just over 4 Mmt.

After 4 weeks of almost uninterrupted gains of €15, Matif rapeseed paused yesterday, and Canadian canola also ended lower on slow exports and the growing row over the Huawei arrest. Asian markets are mixed - lower on beans, meal and palmoil, but higher on beanoil.

**Outlook:** The trade will be happy to get its stats flow back, but that is of limited importance compared to this week's US-China trade meetings, where the atmosphere was further clouded yesterday by the US announcement of criminal charges against Huawei. The US said the charges were completely separate from the trade talks, but the Chinese did not agree, neither did Wall Street, and the overnight session is down 5¢.