

1 Jun 2018

Fryer's Oilseed Report

Close		Premiums (¢/bu)			Fob (\$/mt)		
Beans	30-May	US	Brazil	Arg/Parag*	US	Brazil	Argentina
Futures	¢/bu +/-						
July	1'018.50 -4.50	Jun 65	80	115	Jun 398.13	403.64	416.50
Sep	1'027.25 -3.75	July 66	85	120	July 398.50	405.48	418.34
Nov	1'034.25 -2.25	Aug 68	100	-	Aug 402.45	414.21	-

*Basis 33 pro

SoyMeal		Premiums (\$/st)			Fob (\$/mt)		
Futures	\$/st +/-	US HiPro	Brazil 48	Argentine 46.5	US	Brazil	Argentina
July	375.30 -1.60	Jun 20	1	2	Jun 435.74	414.80	415.90
Sep	375.80 -1.30	July 20	1	3	July 435.74	414.80	417.00
Oct	374.50 -1.40	Aug 20	1	5	Aug 436.29	415.35	419.76

BeanOil		Premiums (¢/lb)			Fob (\$/mt)		
Futures	¢/lb +/-	US	Brazil	Argentine	US	Brazil	Argentina
July	31.12 -0.36	Jun 2.25	0.30	-0.25	Jun 734.14	691.24	679.14
Sep	31.39 -0.36	July -	0.30	-0.10	July n/a	691.24	682.44
Oct	31.54 -0.35	Aug -	0.40	0.35	Aug n/a	699.38	698.28

CBOT crush	Oil Share
¢/bu 149.48	29.31%
+/- 2.98	-0.15%

Dalian				
Beans (U)	Meal (U)	Beanoil (U)	Rapeoil (U)	Olein (U)
3'679	3'027	5'870	6'962	5'102
-18	6	20	-68	-6

Malaysian Palm	
KL (Q)	Fob\$ JAS
2'436	637.50
7	0.00

SX8/CZ8		Rapeseed/ Canola		US\$/CNY 6.41		US\$/MYR 3.9800	
Previous	2.508	Matif (Q)	W'peg (N)	Sunseed	Sunoil	Peso	Real
Close May 31	2.500	360.75	534.10	France AS	Argentine	Close	24.955
Change	-0.008	0.00	-1.60	0.00	0.00	Previous	24.910
						Change	0.18%
							-0.23%

Crops/Weather: There is again little change heading into the weekend with temperatures across the US remaining above normal whilst rains stay confined to the N Plains and Midwest. Elsewhere it will stay dry and this dryness will expand to almost all regions next week. Good rains and near normal temps will continue across most of Canada whilst Europe remains very wet in the west and dry in the Black Sea. Hot dry conditions and low soil moisture are also becoming a concern in NE Europe. Precip in Argentina is being pushed out east and temps have dropped sharply with some frost/freezes occurring. Australia still looks completely dry in the east but some showers have occurred in the west, India's monsoon continues to progress normally.

Trade: US old crop export sales today are expected at 3-600kt beans, 1-400kt meal and 10-30kt oil.

Markets: CBOT beans ended slightly lower yesterday, but they have taken it all back on the overnight session and remain close to the middle of the 4-month old trading range. News yesterday was limited to the US confirmation of tariffs on NAFTA and EU steel and aluminium, which took beans 10-15¢ off the intra-day highs as funds sold an estimated 4,000 each beans and oil along with 2,000 meal. There are meetings this weekend between the US and China, but predicting the outcome of that is a near impossibility given all the U-turns over the past two weeks, but it does seem clear that none of the Trump-designated threats to national security are going to simply roll over and say 'Amen'.

In Argentina, the harvest advanced 9% on the week to 89% complete (86% last year), and BAGE kept the crop at 36 Mmt whilst the AgMin went down 1 Mmt to 36.6 Mmt. And once again there are indications the production losses are starting to make themselves felt. Cash markets in the products are at significant carries (the June-Nov beanoil carry is 80 points, whilst meal is \$20 with Oct-Nov up-river level money with the US Gulf), and meal exports are already running well behind last year with March down 12% on last year, April down 21% and May at an estimated 10% decline. That's a combined 1 Mmt drop over the 3 months or 16%, against the USDA's projected annual 2% decline (basis the local crop year), which is an annualised 4 Mmt spread, and which presumably will have to be found elsewhere. The Argentine domestic market saw bean bids rise \$4-8 which produced some good farmer selling on the nearby, but the deferreds were neglected. The Argentine Peso remains very close to the 25 barrier against the US\$, whilst the Brazilian Real was little changed on the seeming resolution of the truckers' strike. Brazilian beans bounced 10-15¢ yesterday and are up 25-30¢ on the week.

Matif rapeseed extended Wednesday's losses despite some weather concerns, whilst Canadian canola also eased on the improving weather prospects, although with the trade issues providing background uncertainty.

Asian markets are a mixed bag this morning - higher on meal, beanoil and palm, but lower on beans and rapeoil - although with the exception of palmoil, they will all end the week higher.

Outlook: Market focus would normally be on the expanding heat and dryness across central US, plus the potential for additional significant meal demand to switch from Argentina, but for now there is no getting away from the trade issues, and these remain totally unpredictable. Overnight is up 5¢.