

Wheat

Crops/Weather: The US saw very heavy rain in the Gulf, Delta and Atlantic coast whilst the rest of the country was dry with cooler temps. Canada remained warm and dry whilst Europe saw mostly near normal temps and precip. Argentina was wet in the east, Australia saw some thundershowers in the west but was dry in the east with several frost/freeze events. India's monsoon pushed north and east leaving much drier conditions in the center and west.

Brussels: Weekly shipments were 184kt (after a 200kt adjustment to the previous week), leaving both the season soft wheat total (2.4 Mmt) and all-wheat (2.6 Mmt) down 52% on last year.

Trade: GASC bought 295kt 1-10 Oct Russian/Ukraine wheat at around \$202; Tunisia bought 2x25kt Nov at \$193.50; Korea bought 65kt feed at \$195.50 Feb arrival. US inspections were 716kt (season total 273 Mbu up 12%), export sales were 536kt for a season total 440 Mbu, still slightly ahead of last year's 435 Mbu. HRW accounted for 55% of the weekly total with HRS a further 22%.

Markets: KC and CBOT wheat futures fell to contract lows before rallying into the weekend, but M'polis made a 12-week low close. The size of the Russian wheat crop again dominated early sentiment as harvest data suggested more potential increases, although the threshold of export capacity was passed long ago, and GASC was done at around \$7 below the previous purchase with another huge volume of Russian wheat offered. But good exports and short covering ahead of the long weekend lifted futures whilst Harvey distorted nearby Fob spreads and hampered loadout. Spring wheat harvest was put at 76% complete (79% last year, 66% average), whilst Statscan put the all-wheat crop at 25.5 Mmt, down 6.2 Mmt on last year, with a shock durum number of just 3.9 Mmt, exactly half the level of last year. That left the non-durum crop at 21.6 Mmt, a smaller than expected decline on last year's 23.9 Mmt, which added to the selling pressure in M'polis.

Argentina new crop fell to \$175 for 12 pro, whilst 11.5 pro was offered at \$170 (against around \$175 for December Black Sea), although BAGE quoted excessively wet conditions threatening one third of the crop. Old crop farmer sales were just 115kt taking the season total to 15.8 Mmt (9.2 Mmt last year) of which exporters own 11.8 Mmt (6 Mmt last year). Aussie new crop futures ended higher on the back of several frost/freeze events and dry outlook for the critical month of September. Old crop Fob however was nominally lower on the week as the currency pushed back toward 2-1/2 year highs, but Aussie remains an expensive origin. China made its highest weekly close since mid-April despite a 15-month high in the Yuan.

Matif ended off the early week contract lows as the Euro fell back from its 20-month highs. Farmers are still not selling on a mix of low prices and ongoing quality concerns in the north, but EU shipments continue to run way behind last year and apart from French wheat to Algeria, Lithuanian to Saudi (which will soon start to run down) and Romanian to Egypt (which is now priced out against Russian), there is not much in the way of a demand driver for EU wheat. To reach USDA's 29.5 Mmt annual total, shipments for the rest of the season must hit 27 Mmt against 20.5 Mmt last year, a more than 30% increase - which can't happen basis today's prices.

In the Black Sea, Russian 12.5 pro was offered at \$180 early in the week, but closed slightly better at \$182 for Sep-Oct plus \$2 per month. The 11.5 pro discount widened to \$10-12 with feed a further \$8 less. Tunisia's purchase looked close to 11.5 pro replacement whilst GASC saw another drop in its purchase price. And Russia could have a near monopoly at future GASC tenders with France out of the game and Romania unable to originate milling wheat at these prices (Russian 12.5 pro at \$180 is just €150, which is the price at which Balkan feed wheat has been trading into Spain). Current Russian wheat yields are 21% up on last year which would put the pro rata crop number at 91 Mmt, but the Russian debate remains one of capacity rather than crop size. Harvey sent crude down just 60¢ on the week but the Ruble rose to an 11-week high, Ukraine put their final wheat crop at 26.6 Mmt bunker weight, adding that the ongoing hot dry weather was unfavorable for winter planting (95% of the wheat crop), which is now underway.

Outlook: Russia looks like it will lead the cash markets for some time yet, The N Hemisphere winter planting season is upon us with the Ruble at 11-week highs and EU farmers seeing prices that are below their cost of production, and September is a key month for Aussie wheat with a less than favorable outlook.

Weekly Changes

US Wheat	CBOT ¢	KC ¢	M'polis ¢	SRW Sep		HRW 12 Sep		White Sep	HRS Sep	China
	Sep	Sep	Sep	prem	Fob	prem	Fob	PNW	PNW	Jan
Close Aug 25	409.00	404.50	650.50	100	187.03	170	211.10	197.00	291.00	2'694
Close Sep 1	420.50	412.50	612.00	110	194.93	195	223.23	200.00	279.00	2727
Change	11.50	8.00	-38.50	10	7.90	25	12.13	3.00	-12.00	33
Milling \$	Argentina	APW	ASW	Russian 25kt	France	UK	Germany	Aussie Futs Jan 18		
Sep	12.pro	WA	WA	12.5 pro	11.5 pro	11 pro	12.5 pro	A\$	US\$	A\$/US\$
Close Aug 25	180-185	235.00	230.00	180.00	191.35	195.85	197.29	247.00	196.12	0.7940
Close Sep 1	180-188	230.00	224.00	182.00	188.23	200.80	196.28	250.00	199.25	0.7970
Change	2.00	-5.00	-6.00	2.00	-3.12	4.95	-1.01	3.00	3.13	0.38%
Milling \$	12.5 pro	Russian	Ukraine	Feed \$			Matif (€)	CME (€)	Liffe (£)	€/\$
Sep	Baltic	\$/Rouble	\$/UAH	Sep	UK	Ukraine	Sep	Sep	Sep	
Close Aug 25	191.94	58.64	25.55		182.97	161.50	155.25	155.00	139.60	
Close Sep 1	190.35	57.50	25.78		187.85	162.00	154.00	157.50	140.00	
Change	-1.59	-1.94%	0.90%		4.88	0.50	-1.25	2.50	0.40	

Corn

Crops/Weather: US corn ratings were unchanged at 62% GD/EX (75% a year ago) with 6% of the crop mature (8% last year, 10% average). SE Europe and the Black Sea remained mostly warm and dry.

Markets: CBOT corn made several contract lows before bouncing late in the week on heavy fund buying as farmers closed the door. Seasonals suggest a bottom is near and weekly export sales of 992kt (old and new crop combined) were above expectations although the new crop cumulative remains well below last year. Some early yields were termed 'disappointing, ethanol production and stocks were both down 1% on the week, but FC Stone's revised 167 bpa yield and Informa's 169 number kept a lid on the rally ahead of the long weekend.

Argentina's harvest advanced 4% to 94% complete (97% last year), and BAGE kept its crop number at 39 Mmt. Farmers have sold 19 Mmt of the 2017 crop against 15.5 Mmt last year. Brazil's Safrinha harvest hit 89% complete (98% last year) but exports continue to lag the USDA's projection even though August shipments are expected to get close to 6 Mmt. This argues for higher stocks and a longer export tail into US new crop, and it also suggest the USDA's world demand numbers are too high. Jo'burg ended slightly lower on the firm currency and another new record 16.4 Mmt production number from the crop committee against last year's 7.8 Mmt. Dalian fell to 3-week lows as auction sales continued. However whilst 42 Mmt have been sold since auctions started on May 3, Dalian corn is still \$2 pmt higher than when sales began, despite a 15-month high Yuan fix.

Matif corn also hit contract lows before recovering. Weekly EU imports were a solid 350kt ahead of the new levy of €10.95 which was confirmed Friday. Serbia slashed its crop from 8 Mmt to just 4.5 Mmt due to ongoing heat and dryness, whilst Ukraine's State Weather center put their crop down 10-15% on last year at 25.5-26 Mmt (USDA currently 28.5 Mmt) following a full month with no rain in the east and south. Ukraine new crop premiums were little changed and November at \$157.50 looked pretty close to Korea's 68kt optional purchase at \$187.50 for Dec arrival.

Outlook: US yield data and export sales, Brazilian 1st crop acreage, early Black Sea harvest and the September WASDE update will be the menu for the coming weeks but it's tough to see where the spark will come from to really move this market.

Weekly Changes

Futures	CBOT (¢)		Matif (€)		€/\$	Jbur White	\$/ZAR	Dalian Jan		
	Sep	Dec	Nov					Dec	CNY	¢/bu
Close Aug 25	338.75	353.50	159.75	1.1885		1'901	13.015	1720	657.0	
Close Sep 1	340.00	355.25	160.00	1.1860		1'890	12.940	1'692	655.1	
Change	1.25	1.75	0.25	-0.21%		-11	-0.58%	-28	-1.8	
								\$/CNY	6.560	
Fob (\$)	US 3 YC Gulf		Argentine U/R		Brazil Sep		Ukraine Sep		C&F Asia	Oct-Nov
Sep	prem ¢	\$/mt	prem ¢	\$/mt	prem ¢	\$/mt	prem ¢	\$/mt	US	185-190
Close Aug 25	56	155.41	40	149.11	55	155.02	n/a	n/a	S. Am	182-187
Close Sep 1	65	159.45	42	150.39	62	158.27	n/a	n/a	Ukraine	188-193
Change	9	4.04	2	1.28	7	3.25	n/a	n/a		

Barley

Brussels: Weekly shipments of just 47kt left the season total 522kt down 55% on last year.

Markets: Firm cash premiums coupled with a lower Matif and weaker Euro left EU US\$ Fob barley values slightly down on the week whilst Black Sea markets were firmer. A late Sep Russian handsize traded mid-week at \$175 but by the end of the week replacement was put closer to \$180, so having surpassed the 11.5 pro milling value a couple of weeks ago, Black Sea barley is now comparable to the 12.5 pro milling price! And the trade continued to wonder whether there will be some imposed restrictions on Russian barley/corn exports in order to free up the maximum capacity for what is rapidly becoming a dramatic situation in wheat. Ukraine put their final barley crop at 8.6 Mmt bunker weight and said hot dry weather was unfavorable for winter plantings (60% of the Ukraine crop), whilst the Russian barley yield update showed a 24% increase on last year which pro rata would suggest a crop of 22.3 Mmt. This is down 1 Mmt on the previous week's estimate, and is the first week-on-week decline in the production potential since harvest data began (but it is still well above the USDA's 18.5 Mmt).

Argentine Fob markets remain very wide: old and new crop feed was offered around \$180 with bids \$5-10 lower, whilst the malting premium was offered at \$20-25. Aussie Fob was also ill-defined but was nominally lower, although of more concern was the longer term weather forecast which remains drier than required, and the near term issue of frost damage.

Canadian cash dipped C\$1 but showed no reaction to Stats Canada's crop number of 7 Mmt (USDA 7.2 Mmt, last year 8.8 Mmt).

Weekly Changes

Fob US\$	French/EU	UK	Black Sea	W Aus	Argentina	C&F Saudi	Canada	Oats
								Chi (¢)
Sep 50kt		25kt			BB/Neco		Dom C\$	U
Close Aug 25	177.38	175.24	173-178	197.00	180-190	198-203	195.00	241.25
Close Sep 1	176.67	177.48	175-180	195.00	180-190	198-203	194.00	223.50
Change	-0.72	2.25	2.00	-2.00	0	0	-1.00	-17.75

Oilseeds

Crops/Weather: US ratings rose 1 point to 61% GD/EX (73% last year) with 93% setting pods (equal to both last year and average) and 6% of the crop dropping leaves (5% both last year and average). India's monsoon moved north-east leaving much drier conditions in the center and west.

Trade: US weekly export inspections were 806kt for a season total 2,096 Mbu (USDA 2,150 Mbu), old crop bean sales were 123kt whilst new crop hit 1.56 Mmt, both at the high end of trade guesses. Meal at a combined 417kt was well above expectations whilst oil at 8kt was below.

Markets: In a week of limited news, the CBOT soy complex ended mixed but with oil share at 18-month highs. Export inspections were good (the largest since April) but the market's export focus is now on new crop where commitments remain below last year despite another big week. The market seemed to make little of Harvey's impact on crops (either a slowed harvest or lower quality) despite a path which took the storm into the Delta dumping very heavy rainfall, and Gulf premiums showed little reaction. The crop update brought no surprises, volume was thin ahead of the long US weekend, and FC Stone's 49.8 bpa yield plus Informa's 49.4 number kept a lid on any rally.

S American premiums weakened. Argentine farmers sold 490kt of the 2017 crop for a season total 32.8 Mmt against last year's 34 Mmt, of which exporters own 8.8 Mmt. New crop 2018 sales rose 240kt to 2.4 Mmt against 1.3 Mmt last year, 80% of which is owned by exporters. Brazilian export commitments remain record high and running at 20% above last year, which is very close to the USDA's projected 21% increase, but this still implies a jump in stocks from 2 Mmt to over 7 Mmt and a new record. The trade's estimate of Brazilian acreage expansion this season remains at 2-3%, but with the US\$ some 12% off its level at the start of 2017, currencies will play a significant role as S America contemplates new crop plantings.

Matif rapeseed ended little changed despite a volatile Euro whilst Canadian canola closed lower following the Stats Canada report. They put the canola crop at 18.2 Mmt against USDA's 20.5 Mmt, but they also revised last year's crop up to 19.6 Mmt, and the StatsCan's August number has now proven to be too low in 11 of the last 12 years. That suggests Thursdays number will also eventually go higher which along with the early harvest pushed prices lower. Next week's Canadian stocks report will be of some importance.

Asian markets all ended lower with the Chinese Yuan at 15-month highs. Nearby Chinese crush margins were reported to have turned positive again with last week's crush put at 1.85 Mmt, and the season total continues to run slightly ahead of the USDA's projected 7% increase. China was rumoured to have been a big buyer on the mid-week dip in beans.

Outlook: There is not much the market can do other than wait for the USDA's September update. November beans have been in a \$9.20-9.50 range since the sharp losses following the USDA's surprise August yield hike, and there seems little in the market to change that until more hard yield data is available. The USDA September update will be just 6 trading days away when the trade returns from the holiday, but this week's FC Stone and Informa estimates do not argue for much of a change from the USDA's current 49.4 bpa.

Futures	Beans		Meal		CBOT Oil		Board Crush		Weekly Changes		Matif €		W'peg C\$	Dalian (F)		Sunoil
	Sep	Sep	Sep	Sep	Sep	Margin	Share %	Rape (X)	Canola (X)	Beans	Meal	Argentine				
Close Aug 25	939.00	296.40	34.61	93.79	36.9	370.50	500.90	3919	2731	735-745						
Close Sep 1	942.00	293.20	35.31	91.45	37.6	370.00	497.30	3867	2708	735-745						
Change	3.00	-3.20	0.70	-2.34	0.7	-0.50	-3.60	-52	-23	0						
								\$/CNY		6.560						
Fob	Beans		Meal/Pellets		Beanoil		Dalian Beanoil (F)		Palmoil							
	Sep	Sep	Sep	Sep	Sep	Sep	CNY	US\$	Oct	OND						
Close Aug 25	372.6	378.1	324.5	310.2	816.4	772.4	6394	962	2740	670.0						
Close Sep 1	373.7	377.4	319.9	303.4	831.8	772.4	6338	966	2695	665.0						
Change	1.1	-0.7	-4.6	-6.8	15.4	0.0	-56	5	-45	-5.0						
Premiums	US	Brazil	US hi	Argentine	US	Argentine	Real		Peso		Ringgit					
	Sep	Sep	Sep	Sep	Sep	Sep										
Close Aug 25	75	90	-2	-15	250	50	Close	3.142	17.210	4.2700						
Close Sep 1	75	85	-3	-18	250	-20	Previous	3.149	17.230	4.2725						
Change	0	-5	-1	-3	0	-70	Change	0.24%	0.12%	0.06%						
CBOT Spec Positions (futures & options)																
							Aug 29	Aug 22	Change							
Baltic Freight Indexes						Corn	-17	-17	0							
SX7/CZ7	US\$ Index		Sep 1	Aug 25	Change	Beans	-23	-23	0							
Aug 25	2.44	92.68	Panamax	1'198	1'235	-3.0%	CBOT Wheat	-67	-67	0						
Sep 1	2.45	92.77	Handy	486	474	2.5%	KC Wheat	24	24	0						
Change	0.01	0.1%	Dry	1'183	1'209	-2.2%	MGE Wheat	9	9	0						