

Wheat

Crops/Weather: Severe cold covered the northern US with sub-zero temps down to the Delta. Snow was lacking in the central and S Plains with crops potentially vulnerable. Europe also turned colder with limited snow, but temperatures around the Black Sea rose quite markedly. Most of N Africa got good rains but Morocco was dry, Turkey and the Middle East got some needed precip.

Brussels: Weekly shipments were 204kt for a season total 9.68 Mmt, still down 27% on last year.

Trade: Tunisia bought 100kt Feb-Mar at \$259.22-260.22, Syria bought 200kt Russian at around \$270 C&F equivalent, Algeria bought 200-250kt durum at around \$291. US inspections were 516kt (season total 514 Mbu down 10%). GASC will revert to "sight" L/C's instead of the current 180 day L/C.

Markets: US wheat futures made 5 week highs before ending up just 2-3¢. Severe cold in the Plains, rumours of Chinese interest in HRS and white wheat and rising Russian wheat prices amidst very low Russian on-farm stocks provided the support, but the lack of US sales data due to the ongoing Govt shutdown plus the Commerce Secretary stating that a trade deal was "miles away", were enough to prevent any real rally. There were more rumours of volume US wheat sales (HRW) to Egypt, N Africa and W Africa (the slumping freight market will further help US wheat compete into "EU/Black Sea territory"), but it is not clear when the next sales report will be issued, despite Friday's end to the US shutdown.

Argentine Fob values were quoted in wide ranges at the end of the week but were clearly higher with the bid-offer on Feb 12.5 pro at \$237-241, less \$2 per half point of protein whilst the monthly carries were \$3 on the sell side and \$1 on the buy side. Farmer sales advanced 300kt to 10.9 Mmt (9.2 Mmt last year) of which exporters own 9.5 Mmt against 7 Mmt licences, and interestingly there were 285kt of December 2019 licences taken, presumably as a hedge against higher taxes. Aussie futures closed up around A\$6, although they were near flat in US\$ terms, and Fob values are also little changed. But the heat wave continued to break records, further threatening the sorghum crop. China closed lower, but although 50kt of US wheat was shipped off the PNW to China last week, there was no sign of the much hoped for volume buying.

Matif rose €1-2 despite a firmer Euro and EU shipments that are still down 27% on last year. Optimism persists that the EU will eventually buy additional export demand on the back of the Black Sea slowdown, but the French line-up had not a single vessel for Algeria and cash markets showed no real evidence of any increased demand, with much debate on whether Tunisia was based on French or Black Sea execution. There were a few cold weather scares for Germany and Poland, whilst reports suggested the Baltic/Poland did some volume business to Turkey and Egypt, highlighting the extent to which Russia is pricing itself out.

The Black Sea remained firm, closing with LH Feb 12.5 pro bid \$246 plus \$2 per half month against selling quotes \$2-3 higher (although nothing was offered beyond March). The Govt demanded that the ports all provide export data on a weekly basis (customs data can take up to 60 days to become available), they also requested weekly program updates from exporters (instead of every two weeks), and truck strikes in the south further added to logistics problems. Rosstat reported Jan 1st farm stocks 32% below last year, there was lobbying by the Russian Grain Union to put in place some kind of export licence scheme favoring Russian companies, whilst domestic wheat and flour prices made new highs amidst reports of ever more vocal complaints from millers. In addition, Ukraine ports were increasingly giving over their elevations to corn at the expense of wheat as the 8 Mmt milling quota is very close to completion.

Outlook: The US Govt shutdown is over (at least for 3 weeks), the trade will eagerly await the sales update, and the USDA said the Feb 8th report will be issued if staff return to work Monday. Meantime Russian port data/vessel line-ups will be closely watched as interior prices hit record highs, Argentine values have seen a sharp jump this week on big shipments, whilst Aussie wheat still looks priced out of all but the absolute strict minimum inelastic demand. All of which argues for major demand switching with 5 months of the campaign still to go, whilst all the recent import tenders for nearby position suggest forward cover is thin.

Weekly Changes

US Wheat	CBOT ¢	KC ¢	M'polis ¢	SRW Feb		HRW 12 Feb		White Feb	HRS Feb	China
	Mar	Mar	Mar	prem	Fob	prem	Fob	PNW	PNW	May
Close Jan 18	517.75	506.00	574.25	100	226.99	150	241.05	240.00	254.00	2416
Close Jan 25	520.00	509.50	574.75	100	227.82	152	243.07	241.00	254.00	2410
Change	2.25	3.50	0.50	0	0.83	2	2.02	1.00	0.00	-6

Milling \$	Argentina	APW	ASW	Russian 25kt	France	UK	Germany	Aussie Futs Mar		
Feb	12.pro	WA	WA	12.5 pro	11.5 pro	11 pro	12.5 pro	A\$	US\$	A\$/US\$
Close Jan 18	231.00	286.00	276.00	245.00	238.60	246.05	239.09	427.00	306.16	0.7170
Close Jan 25	237.00	286.00	276.00	247.00	239.87	250.42	240.36	433.00	310.68	0.7175
Change	6.00	0.00	0.00	2.00	1.27	4.37	1.28	6.00	4.52	0.07%

Milling \$	12.5 pro	Russia	Ukraine	Feed \$			Matif (€)	CME (\$)	Liffe (£)	
Feb	Baltic	\$/Rouble	\$/UAH	Feb	UK	Ukraine	Mar	Jan	May	€/\$
Close Jan 18	237.95	66.33	28.02		236.99	230.00	204.00	240.25	173.10	1.1385
Close Jan 25	239.22	66.00	27.79		241.19	230.00	205.75	242.00	172.25	1.1405
Change	1.27	-0.49%	-0.80%		4.21	0.00	1.75	1.75	-0.85	0.18%

Corn

Weather/Crops: Argentina remained too wet, Brazil was too dry and there is no sign of a pattern change in S America. S Africa was dry early but got some late week rains.

Markets: CBOT corn futures ended another week of thin news down 1-2¢. Inspections were 1.1 Mmt (season total 820 Mbu up 63%), weekly ethanol production fell 2% with stocks marginally higher, and concern persisted over S American crops, particularly the very low soil moisture levels in Brazil. But the Govt shutdown (which finally ended Friday) and lack of concrete progress on the US-China trade deal prevented any rallies.

Brazilian crop estimates continued to fall (most are now 2-3 Mmt below the USDA) as dryness persisted for both first crop pollination and Safrinha planting (now 15% complete in the center-south against 4% last year). Argentine estimates however were stable at around 40 Mmt, although but this is also 2-3 Mmt below the USDA. Plantings rose 3% on the week to 93% complete with all the remaining area (around 2.5 Mmt production equivalent) in the saturated north, but crop ratings improved again with GD/EX at 60% (55% last week, 36% last year). Old crop farmer sales rose 300kt to 27.1 Mmt (31.7 Mmt last year), of which exporters own 22.4 Mmt against 20.7 Mmt licences, new crop sales rose 500kt to 6.2 Mmt with 6 Mmt owned by exporters against 5.3 Mmt licences. New crop domestic values were weaker but the Feb-July inverse of \$10 remained in place (\$142 to \$132). Jo'burg was very volatile following the changing weather forecasts, whilst Dalian closed at 3-week highs.

Matif gave back the previous 6 days' gains on Friday hitting a 1-month low. EU imports rose another 700kt taking the Oct-Sep total to 9.5 Mmt, up 70% on last year against the USDA's 14% increase. Ukraine premiums were firm as Turkey bought 342kt for 28 Jan-17 March, Iran bought 60kt and China came back for March at \$185. And with shipments to date at 11.4 Mmt against 6.9 Mmt a year ago, Ukraine ports are increasingly giving over their wheat elevation capacity to corn.

Outlook: The US Govt shutdown is over at least temporarily but it is not yet clear what data will be available or when. However the Feb 8 WASDE report should be released, and assuming no further problems, so should the March plantings report.

Weekly Changes

Futures	CBOT (¢)		Matif (€)		CME Black Sea \$		Jbur White	\$/ZAR	Dalian May	
	Mar	May	Mar	Nov	Jan	Mar	Mar		CNY	¢/bu
Close Jan 18	381.75	390.00	181.00	176.75	177.50	183.00	3'286	13.775	1'822	683.1
Close Jan 25	380.25	388.75	179.75	175.50	178.00	185.50	3'088	13.595	1'858	699.4
Change	-1.50	-1.25	-1.25	-1.25	0.50	2.50	-198	-1.31%	36	16.3
									\$/CNY	6.748
Fob (\$)	US 3 YC Gulf		Argentine U/R		Brazil Feb		Ukraine Feb		C&F Asia	Feb-Mar
Feb	prem ¢	\$/mt	prem ¢	\$/mt	prem ¢	\$/mt	prem ¢	\$/mt	US	210-215
Close Jan 18	57	172.74	63	175.10	-	-	83	181.00	S. Am	212-217
Close Jan 25	60	173.33	65	175.29	-	-	90	181.20	Ukraine	220-225
Change	3	0.59	2	0.20	-	-	7	0.20		

Barley

Crops/Weather: The EU kept sub-zero temps mostly in the east with snow cover limited in E Germany, W Poland and the Balkans. Temps around the Black Sea however continued to move well above normal, with little additional snow. N Africa turned drier, the Middle East got good rains.

Brussels. EU shipments of just 12kt left the season total 2.78 Mmt down 2% on last year.

Trade: Tunisia bought 50kt Feb-Mar at \$246, Jordan bought 60kt LH June at \$223, Iran bought reportedly 60kt in Tuesday's tender but we got no details. The Aussie barley industry prepared for a final push with China on the anti-dumping issue (Aussie commitments to China stand at around 1.6 Mmt which should get executed, but further business is at risk).

Markets. Tunisia's purchase looked like it was based on the previous week's slump in Rouen values following the winter malting fire sale, whilst Jordan was clearly based on new crop execution (July Black Sea was offered at \$195 and extension on the Jordan contract is not expensive). The slump in French premiums came to an end this week with Feb-Mar in Rouen bid -5 against trades at -10 the previous week, but this week's C&F business did not produce any real change in the Black Sea Fob market, despite the ongoing slump in freight. On the other hand, the trade is increasingly questioning the absence of Saudi as next week will mark a 3-month gap since their last tender back on Nov 2nd.

Argentine Fob was nominally unchanged for both feed and malting whilst Aussie was put at around \$237-240. The heat wave continued to break records, further threatening the sorghum crop.

Weekly Changes

Fob US\$	French/EU		UK	Black Sea	W Aus	Argentina	C&F Saudi	Argie	Oats
	Feb 50kt		25kt			BB/Neco		Malting	Chi (¢)
Close Jan 18	226.56	234.40	233-238	237.00	210-218	255-260	245-255		298.75
Close Jan 25	231.03	233.29	233-238	240.00	210-216	255-260	245-255		291.00
Change	4.47	-1.11	0	3.00	-2.00	0	0.00		-7.75

Oilseeds

Crops/Weather: Almost complete dryness returns to central and S Brazil next week following recent showers, whilst rain persists across central Argentina for at least the next two weeks

Trade: US inspections of 1.1 Mmt were a 10-week high, but the season total 717 Mbu remains 40% below last year. China's 2018 US bean imports were just 16.6 Mmt against 32.9 Mmt in 2017. This is the smallest since 2008 when total Chinese imports were a mere 35 Mmt against 88 Mmt in 2018.

Markets: Another volatile week ended with a bounce in beans on Friday on the rumours (later confirmed) of an end to the US Govt shutdown (at least temporarily). Once more the volatility came from trade rhetoric as statements by one Govt official were immediately contradicted by the next, although the President did appear to hold fast on his position that without a deal on IP, there would be no deal on anything. Gulf premiums continued to highlight the market's concern over US export demand going forward, board crush margins remained solid at around 95¢ per bu, oil share rose to its highest level for a year helped by sharp gains in Asian vegoils, whilst the SX/CZ ratio was little changed and gave no real clue as to what, if any, the major US acreage swings will be this spring. Fortunately the Govt's return to work should allow the March plantings report to be issued, the Feb 8 WASDE report should also be released, and the Outlook Conference set for Feb 21-22 should take place.

Brazil's ongoing dry forecast removed any real potential for a major increase in current production estimates (mostly around 115 Mmt or 7 Mmt below the USDA), and whilst bean premiums rose, they remained cheaper than the US delivered China when freight and quality spreads are taken into account. Brazil's old crop exports will likely exceed the USDA's number by 3 Mmt, requiring adjustments to stocks and/or crush and/or last year's production, which should also be a highlight of the February WASDE report. Argentina plantings are effectively complete, and BAGE referred to possible crop damage due to the heavy rains although they still raised GD/EX ratings 2% on the week to 53% against 32% last year. Old crop farmer sales rose 200kt to 36.2 Mmt (98%) against 45.1 Mmt (78%) last year, implying farmers have less than 1 Mmt of the current crop still to sell against almost 13 Mmt this time last year. New crop sales advanced just 100kt to 4.1 Mmt, which remains way behind last year's 7.2 Mmt. The AgMin also gave their monthly crop update but made no changes, but like the BAGE their production bias was downwards. Old crop bean export licenses were unchanged on the week at 4 Mmt, beanoil rose 100kt to 4 Mmt (which is well above the USDA's 2.25 export number), whilst meal advanced 330kt to 21 Mmt.

Matif rapeseed hit an 11-week high following world vegoils, Canadian canola made 3-week highs.

Asian markets all ended with solid gains, with notably palmoil at 3-month highs. China continued to issue conflicting news on crush rates/margins, meal stocks and pig numbers/margins, and China's absolute bean demand remains just as big a question as who will fill it. China announced its slowest growth rate in 28 years, hog prices and hog margins continue to decline, the crush is currently down 7% against USDA's 3% increase (an annualised 9 Mmt spread on bean demand), and we hear reports of commercials reducing Chinese imports to an 80-85 Mmt range (USDA 90 Mmt).

Outlook: At face value the fundamentals are negative, and unlike wheat and corn which could get some bullish surprises when the USDA re-opens, this is unlikely to be the case for beans. But the market remains wary of the next tweet or a sudden game-changing deal with China, although we suspect that if and when it does get done, it could be a classic "buy the rumour, sell the fact".

Futures	Beans		Meal		CBOT Oil		Board Crush		Oil Share %	Matif € Rape (G)	W'peg C\$ Canola (G)	Dalian (K)		Sunoil Argentine
	Mar	Mar	Mar	Mar	Mar	Margin	Beans	Meal						
Close Jan 18	916.75	315.10	29.01	95.58	31.5	369.75	484.20	3'368	2'549	600-630				
Close Jan 25	925.25	313.90	30.03	95.66	32.4	377.25	488.50	3'430	2'589	625-640				
Change	8.50	-1.20	1.02	0.08	0.8	7.50	4.30	62	40	10				
								\$/CNY				6.748		

Fob	Beans		Meal/Pellets		Beanoil		Dalian Beanoil (K)		Palmoil	
	US Feb	Brazil Feb	US hi Feb	Argentine Feb	US Feb	Argentine Feb	CNY	US\$	MYR	\$
Close Jan 18	344.9	344.9	347.3	335.2	682.2	660.2	5562	821	2184	547.5
Close Jan 25	349.5	353.6	346.0	332.8	704.7	687.1	5688	843	2265	560.0
Change	4.6	8.6	-1.3	-2.4	22.4	26.8	126	22	81	12.5

Premiums	US		Brazil		US hi		Argentine		US		Argentine	
	Feb	Feb	Feb	Feb	Feb	Feb	Feb	Feb	Feb	Feb	Feb	
Close Jan 18	22	22	0	-11	200	100	Close	3.770	37.050	4.1250		
Close Jan 25	26	37	0	-12	200	120	Previous	3.762	37.770	4.1135		
Change	4	15	0	-1	0	20	Change	-0.21%	1.91%	-0.28%		

CBOT Spec Positions (futures & options)			
	Jan 16	Dec 18	Change
Corn	128	128	0
Beans	0	0	0
Meal	-4	-4	0
Oil	-48	-48	0
CBOT Wheat	-6	-6	0
KC Wheat	7	7	0

Baltic Freight Indexes			
	Jan 25	Jan 18	Change
Panamax	748	1'018	-26.5%
Handy	395	451	-12.4%
Dry	905	1'112	-18.6%

SX9/CZ9		US\$ Index	
Jan 18	2.37	96.36	
Jan 25	2.39	95.81	
Change	0.02	-0.57%	