

## Wheat

**Crops/Weather:** Rain in the US stayed mainly in the eastern and northern regions with temps mostly above normal except in the N Plains. Canada got more snow and sub zero temps, but most of Europe remained dry and warm, although again with the exception of the Russian spring wheat regions. Rain continued in NE Argentina but most other regions were dry, Australia moved towards the end of what has been one of the driest Septembers for years.

**Brussels:** They made a large 750kt adjustment to the previous week's shipments (all in Romania, of which half was to Egypt), but the new all-wheat season total of 4 Mmt still remains 30% down on last year.

**Trade:** Turkey bought 252kt October shipment at prices which seemed to reflect around \$224 Fob for Russian 12.5 pro with a \$10 premium for 13.5 pro, Iraq bought 50kt US wheat at \$338 and 50kt Aussie at \$353, Jordan passed, Ethiopia bought 155kt but with no details. US weekly inspections were 410kt (season total 239 Mbu down 32%), sales were 617kt (season total 395 Mbu, down 20% on last year).

**Markets:** US wheat was down around 12¢ ahead of the USDA report. US winter plantings were progressing well at 28% complete (22% a year ago, 26% average), exports brought no surprises and there was little fresh news to support the market. Only M'polis kept its losses to a minimum as the Saskatchewan crop update reported a slow harvest at just 53% complete due to cold wet weather, with those crops still in the fields now lodged and suffering quality losses. The USDA report put US stocks 36 Mbu above the average trade guess and 113 Mbu above last year, which kept additional pressure on futures into the close.

In Argentina protein spreads continued to evolve: basis Dec 12.5 pro at \$235, the discount for 12 pro widened to \$12, whilst 11.5 pro and 10.5 pro were almost level money at just \$5 below the 12 pro. For the second straight week there were no export licences taken, leaving the old crop total at 11.9 Mmt and new crop at 5.9 Mmt. Strikes temporarily closed the port of Rosario whilst Macri got an additional \$7 billion from the IMF, which along with the resignation of the Central Bank Governor sent the Peso to new all-time lows. BAGE put the 2018/19 crop at a record 19.7 Mmt (USDA 19.5 Mmt, last year 18 Mmt).

Aussie futures suffered their first down week in five, but vegetation maps continued to deteriorate, the forecast remains dry with additional risk of more frosts in the south-east, and the trade increasingly expects additional production declines although the next official estimates are still several weeks away. China made it lowest weekly close since the 1st week of May, as the Govt sold 127kt of state reserves at around \$20 below futures.

Matif wheat ended flat but EU premiums were easier with the French trade increasingly pointing to the lack of export demand whilst the German/Baltic market got no requests for backing at the TMO tender. Simply put, it's because they are all too expensive, but it will be difficult to get export values down as long as the interior is paying a better price. Monday's 750kt adjustment to EU shipments is unlikely to happen again as Romania has been priced out of Egypt for weeks, Germany doesn't have any wheat for export (last year they exported just 3 Mmt to non-EU countries from a crop that was 5-6 Mmt bigger), and France is about to lose Algerian demand with Argentine wheat \$25-30 Fob cheaper on a Fob basis December onwards. All of which continues to argue there is no way the EU will get anywhere near the USDA's 23 Mmt EU export number.

Black Sea values appeared to put in a bottom, rising around \$5 on the week with LH Oct 11.5 pro trading at \$215, whilst November 12.5 pro was bid by consumers at \$230 against offers at \$235. Russian spring wheat is still plagued by cold wet conditions, (harvest is just 37% complete against 75% a year ago), whilst across Europe and the Black Sea there is no let up to the dry conditions for winter planting. With Russian exports estimated at almost 13 Mmt through end September, Russia is still on course to move around 25 Mmt by end December, at which point we still expect the Govt to take a serious look at what they have left. Ukraine winter plantings are put at 40% complete.

**Outlook:** The USDA report was of limited impact, and attention now turns to N Hemisphere winter plantings, spring wheat harvest in Russia and Canada, and the extent of the losses in Australia.

### Weekly Changes

US Wheat	CBOT ¢	KC ¢	M'polis ¢	SRW Oct		HRW 12 Oct		White Oct	HRS Oct	China
	Dec	Dec	Dec	prem	Fob	prem	Fob	PNW	PNW	Jan
Close Sep 21	521.75	525.25	582.50	70	217.44	130	240.77	230.00	254.00	2'578
Close Sep 28	509.00	511.25	572.50	70	212.76	130	235.63	226.00	253.00	2'560
Change	-12.75	-14.00	-10.00	0	-4.69	0	-5.14	-4.00	-1.00	-18

  

Milling \$	Argentina	APW	ASW	Russian 25kt	France	UK	Germany	Aussie Futs Jan 19		
Oct	12.pro	WA	WA	12.5 pro	11.5 pro	11 pro	12.5 pro	A\$	US\$	A\$/US\$
Close Sep 21	-	-	-	220.00	241.92	247.12	248.22	445.00	324.63	0.7295
Close Sep 28	-	-	-	225.00	237.88	246.27	239.75	443.00	320.29	0.7230
Change	-	-	-	5.00	-4.04	-0.85	-8.47	-2.00	-4.34	-0.89%

  

Milling \$	12.5 pro	Russia	Ukraine	Feed \$		Matif (€)	CME (\$)	Liffe (£)		
Oct	Baltic	\$/Rouble	\$/UAH	Oct	UK	Ukraine	Dec	Dec	Nov	
Close Sep 21	246.75	66.45	28.05		237.97	199.00	201.75	248.00	176.35	1.1750
Close Sep 28	238.30	65.61	28.27		237.15	208.00	201.50	249.50	176.15	1.1610
Change	-8.45	-1.26%	0.77%		-0.82	9.00	-0.25	1.50	-0.20	-1.19%

## Corn

**Weather/Crops:** US crop ratings raised GD/EX 1% to 69% (61% last year), with the crop 16% harvested (10% last year 11% average).

**Markets:** CBOT corn was up 7¢ prior to the USDA report: season inspections at 117 Mbu were up 33% on last year, weekly sales of 1.7 Mmt were a 6-month high putting the season total of 719 Mbu up a huge 61% against the USDA's 1% decline, crude hit near 4-year highs and yield data struggled to confirm the USDA record projection. But the USDA stocks number came in 130 Mbu above trade guesses, potentially lifting 18/19 end stocks close to 2 Bbu, which along with a possible large acreage increase in 2019 eliminated any need for rationing and sent futures to a lower close.

BAGE put the 2019 Argentine crop at 43 Mmt (32 Mmt this year), against USDA's 41 Mmt and Rosario's 41 Mmt, whilst export licences were zero for the 2nd straight week leaving the old and new crop totals unchanged at 19.1 Mmt and 4.3 Mmt respectively. Brazilian exports remain 43% behind a year ago against the USDA's 30% projected decline and CONAB's 17%. Jo'burg ended flat on an unchanged final crop committee acreage estimate, Dalian made 7-week lows following another 3.5 Mmt of reserve sales at \$60 below futures, taking total sales close to 85 Mmt.

Matif ended lower, cash interest remained nil, weather was favorable with the French harvest 21% complete against just 4% a year ago, but acreage remains the big debate (how much has been lost to silage). GD/EX ratings were unchanged at 58% but remain well below last year's 80%. Ukraine premiums continued to fall nearby but with a significant carry into 2019. with the bid-offer on Oct down at +60/65CZ, plus 3¢ for Nov and a further 5¢ for Dec. Russian harvest data showed just 2.6 Mmt collected from 30% of the acreage, which pro rata would give a crop sub 9 Mmt against USDA's 12 Mmt. Ukraine yields also continue to run below the USDA projections.

**Outlook:** The US stocks report just about took away the last vestige of hope for the bulls, assuming the expected increase in US acres next year. Any real rally now would appear to require a S Hemisphere crop problem.

### Weekly Changes

Futures	CBOT (¢)		Matif (€)		CME Black Sea \$		J'bur White \$/ZAR		Dalian	Jan
	dec	Mar	Nov	Jan	Oct	Feb	Dec		CNY	¢/bu
Close Sep 21	357.25	369.25	177.00	179.75	169.25	178.75	2'368	14.315	1'891	700.4
Close Sep 28	356.25	368.00	174.50	176.00	173.00	182.50	2'369	14.145	1'847	683.0
Change	-1.00	-1.25	-2.50	-3.75	3.75	3.75	1	-1.19%	-44	-17.4
<b>\$/CNY 6.869</b>										
Fob (\$)	US 3 YC Gulf		Argentine U/R		Brazil Oct		Ukraine Oct		C&F Asia	Oct-Nov
Oct	prem ¢	\$/mt	prem ¢	\$/mt	prem ¢	\$/mt	prem ¢	\$/mt	US	198-203
Close Sep 21	46	158.76	52	161.12	70	168.21	73	169.39	S. Am	200-205
Close Sep 28	50	159.94	55	161.91	68	167.03	63	165.06	Ukraine	205-210
Change	4	1.18	3	0.79	-2	-1.18	-10	-4.33		

## Barley

**Crops/Weather.** Canada got more snow and sub zero temps, but most of Europe was dry and warm. Rain continued in NE Argentina but most other regions were dry, Australia moved towards the end of what has been one of the driest Septembers for years.

**Brussels:** EU weekly shipments were zero with the season total 1.3 Mmt now 3% behind last year.

**Trade:** Jordan got no offers leaves TMO nervous for next week's 246kt tender, but the big news is Saudi's intention to revert to the private sector handling barley imports. Which should just be in time to see them have to pay record high prices!

**Markets:** EU nearby barley premiums fell €1-3 this week on the lack of demand, although the deferreds held at unchanged. There was no reported change in the Black Sea but Russia's barley yield is still running 19% down on last year against USDA's projected 16% decline. We continue to wait for next week's TMO tender to get a better idea of where the barley market really is.

Argentine Fob values rose \$2-5 with Dec offered at \$230 plus \$5 per month carry through March, with bids around \$5 less. There was no reported change in Australia but vegetation maps continued to deteriorate and the forecast remains dry with a risk of more frosts, and the trade increasingly expecting additional production declines although the next official estimates are several weeks away. In Canada, the Saskatchewan crop update showed harvest to have been slowed by cold wet conditions, with much of the remaining crop lodged amidst an ongoing cold wet forecast.

**Outlook:** We are not yet out of September, and with 9 months of the campaign still to go, finding barley offers is getting increasingly difficult.

### Weekly Changes

Fob US\$	Weekly Changes					Oats	
	French/EU	UK	Black Sea	W Aus	Argentina BB/Neco	C&F Saudi	Chi (¢)
Oct 50kt		25kt					Z
Close Sep 21	238.60	237.87	230-235	n/a	n/a	255-260	241.25
Close Sep 28	238.38	238.45	230-235	n/a	n/a	255-260	264.75
Change	-0.22	0.57	0.00	n/a	n/a	0	23.50

## Oilseeds

**Crops/Weather:** The US harvest was put at 14% complete against 9% a year ago and 8% average.

**Trade:** US inspections were 694kt (season total 85 Mbu down 25%), bean sales were 871kt (season total 691 Mbu down 15% against USDA's projected 3% decline), meal sales old and new crop combined were a huge 659kt, oil was just 11kt.

**Markets.** CBOT beans were up around 5¢ ahead of the USDA report. Harvest pace and yield reports were favorable, weekly exports were slightly positive (particularly a 672kt sale to Mexico reported under the daily system), but interior cash markets remained at historic lows with quotes in some regions as much as 150-200¢ below futures (that's a cash price to the farmer of \$6.50-7.00 against the USDA's projected national average farm price of \$7.35-9.85). But it was the reports of US bean sales to S America which provided the real support. Estimates of Argentine imports from the US rose to 1.75 Mmt, and with the Plate-Gulf Fob spread at over \$2, Argentina will continue to export its own soybeans to China and import US beans as long as logistics permit (if the products from the imported beans are also re-exported, neither the imported beans nor exported products are subject to any tax). Unfortunately the USDA turned the whole thing around with a stocks number that was 37 Mbu above trade guesses, and which all other things equal will lift 18/19 end stocks close to 900 Mbu, even without the additional US yield increase that the market is expecting. The bottom line was a market reversal and a lower weekly close for beans.

In Argentina, BAGE put the 2019 bean crop at 53 Mmt, well below the USDA's 57 Mmt (37 Mmt last year), but still 3 Mmt above Rosario's 50 Mmt, and there is little agreement on the impact of prices, currency and taxes on the potential for Argentine crops. Argentine domestic activity was thin on old crop and zero on new, whilst weekly export licences advanced just 89kt on beans (cumulative 1.94 Mmt), 5kt on oil (3.05 Mmt) and 13kt for meal (15.9 Mmt), all of which were old crop. New crop totals remain at 330kt beans, 202kt oil and 860kt meal. The Peso hit fresh all-time lows.

Matif rapeseed jumped €10 on the week, essentially on reports of winter plantings ranging from bad to awful due to the ongoing lack of rain/soil moisture, with France taking their acreage down 10-15%. Canadian canola also hit 2-week highs on weather concerns, although this was due to cold snowy conditions hampering the harvest, put at just 48% complete with much of the remaining crop lodged and suffering quality losses due to the ongoing cold wet forecast.

Asian markets ended higher on beans, meal and most of the vegoils, although palm was unchanged to lower. China remains the conundrum as falling hog/sow numbers and increased movement restrictions on live animals conflict with a reported 2-year high in crush margins. Similarly the Govt is projecting a 10 Mmt drop in 18/19 total bean imports, coinciding with an expected 30 Mmt increase in the G3 production, whilst India is expecting to ramp up its rapemeal sales to China - none of which was bullish beans. At the same time, India approved imports of Brazilian pork due to the spread of ASF in China. China sold 100kt of reserve beans at 3,050 CNY, or over \$100 below futures.

**Outlook:** The problems remain the same - the US sees a record crop coming, there is no sign of any US-China trade agreement, and the Chinese Govt is using an 18/19 bean import figure that is 10 Mmt below the USDA. Coupled with the USDA's projected 30 Mmt increase in combined G3 production, that's a broad brush 40 Mmt swing factor compared to last year which makes it very difficult to see the upside to beans.

Futures	Beans		Meal		CBOT		Weekly Changes				
	Nov	Oct	Oct	Oct	Board Crush	Oil	Matif €	W'peg C\$	Dalian (F)		Sunoil
Close Sep 21	847.25	305.90	28.09	144.07	Margin	Share %	Rape (G)	Canola (X)	Beans	Meal	Argentine
Close Sep 28	845.50	305.40	28.68	153.19					3719	3'187	650-680
Change	-1.75	-0.50	0.59	9.12		0.5	10.00	8.70	30	179	0
									\$/CNY		6.869
Fob	Beans		Meal/Pellets		Beanoil		Dalian Beanoil (F)		Palmoil		
	US	Brazil	US hi	Argentine	US	Argentine	CNY	US\$	Nov	\$	
Close Sep 21	313.2	401.3	353.7	338.3	665.3	637.8	5752	839	2138	552.5	
Close Sep 28	314.4	406.2	353.2	334.4	678.3	655.2	5854	852	2139	547.5	
Change	1.2	4.9	-0.6	-3.9	13.0	17.4	102	13	1	-5.0	
Premiums	US	Brazil	US hi	Argentine	US	Argentine	Real		Peso	Ringgit	
	Oct	Oct	Oct	Oct	Oct	Oct	Close	4.050	41.300	4.1385	
Close Sep 21	5	245	15	1	215	90	Previous	4.050	37.250	4.1300	
Close Sep 28	10	260	15	-2	215	110	Change	0.00%	-10.87%	-0.21%	
Change	5	15	0	-3	0	20	<b>CBOT Spec Positions (futures &amp; options)</b>				
							<b>Sep 25</b>	Sep 18	<b>Change</b>		
							Corn	<b>-113</b>	-141	<b>28</b>	
							Beans	<b>-59</b>	-70	<b>11</b>	
							Meal	<b>21</b>	22	<b>-1</b>	
							Oil	<b>-86</b>	-110	<b>24</b>	
							CBOT Wheat	<b>-1</b>	-1	<b>0</b>	
							KC Wheat	<b>34</b>	37	<b>-3</b>	
SX9/CZ9		US\$ Index		Baltic Freight Indexes							
Sep 21	2.32	94.22	Panamax	Sep 28	Sep 21	Change					
Sep 28	2.35	95.13	Handy	1'695	1'586	6.9%					
Change	0.03	0.97%	Dry	1'540	1'413	9.0%					