

Wheat

Crops/Weather: Heat persisted in the W Plains with ongoing dryness stretching into the W Midwest and rain confined to the N Plains and S Midwest. Canada was warm with some welcome rains, whilst Europe was in a west-east split with heavy rain and hail storms in the west, whilst dry conditions persisted in the east, the Balkans and the Black Sea. Temps were above normal in the west, below in the Black Sea, and cool wet conditions continued in Russia's spring wheat regions. Precip in Argentina was light and confined to the east, Australia was dry, India's monsoon arrived on time and progressed normally.

Brussels: Weekly EU shipments of 260kt put the all wheat total at 20.3 Mmt, lifting the annualised pro rata slightly above 21 Mmt (USDA 24 Mmt).

Trade: Egypt's highest court ruled the country should accept wheat with marginal levels of ergot, overturning a previous decision banning ergot entirely. Algeria bought around 100kt FH July at \$230. US inspections were 431kt (season total 863 Mbu, down 131 Mbu), sales were 30kt old crop and 271kt new crop. The old crop season total is 871 Mbu against the USDA's 910 Mbu.

Markets: US wheat futures fell 20-40¢ this week. Winter ratings improved for the 4th straight week, early HRW yields were reportedly better than expected, Canada got some needed rain, US wheat remained uncompetitive on the export market and the trade developments were negative everywhere (China, NAFTA and the EU). On the other hand there was no improvement in crop prospects in Australia, Black Sea or Europe, and ongoing extreme heat in the US Plains further stressed the HRW crop. The crop update showed winter ratings up another 2 points at 38% GD/EX (50% last year) with 73% heading (79% last year, 75% average) whilst spring wheat plantings advanced to 91% complete, behind last year's 95% but ahead of the 89% average, with 63% emerged (77% and 68% respectively). The threatened Canadian Pacific Railway strike was resolved.

In Argentina, BAGE put plantings at 8% complete, down on last year's 11% but on a projected 7% higher acreage of 6.1 mHa (the AgMin is at 6.15 mHa whilst the USDA's harvested acreage is 6 mHa, up 7%). The only old crop Fob quote in Argentina was again for 11.5 pro at \$275, whilst new crop eased to around \$202 for 12 pro with 11.5 pro at \$199. Current crop farmer sales rose 400kt to 13.6 Mmt (13.1 Mmt last year), of which exporters own 10.6 Mmt against 10.5 Mmt export licences. The licences showed a large 920kt increase on the week, reflecting the concern over the return of export taxes. Similarly, new crop licences jumped from zero to 1.65 Mmt, exceeding the level of total farmer sales of 1.5 Mmt (460kt last year). The Peso continued its decline toward new all-time lows with Argentine truckers threatening strike action if their demand for a 27% salary increase is not met. Despite seeming resolution of the Brazilian truckers' strike, the Real hit 26-month lows late week as the head of Petrobras resigned. Aussie futures made a contract high weekly close as rain on the radar did not show up in the gauge, whilst China made its highest weekly close since late January following the Govt's halt to state auctions for wheat produced between 2014 and 2016. They also tightened the criteria for future purchases, and the Yuan fell to its lowest level since mid January.

Despite the US losses, Matif eased just €1 as weather concerns took hold on a wider basis. Heavy rain and hail storms over W Europe reportedly did some damage, and there was increased focus on the hot dry conditions in the north-east where soil moisture levels are low, all of which added to the ongoing concerns over dryness in the Black Sea and the cold wet conditions in Russia's spring wheat regions. Black Sea cash was ill-defined but call the Aug bid-offer on Russian 12.5 pro \$200-204 plus \$2 per month, with the 11.5 pro discount around \$7 and feed a further \$5 less. Black Sea winter wheat yields are being trimmed and the cut-off date for spring seeding is already past in certain regions with some 30% (4 mHa) still to plant. CME Black Sea futures fell \$5 on the week.

Outlook: Politics and order flow remain a factor but longer term, the wheat market will be a function of what the weather does over the next 6-8 weeks. In particular, Russian and Aussie acreage will be key, with the former too wet to plant and the latter too dry.

Weekly Changes

	CBOT ¢	KC ¢	M'polis ¢	SRW June		HRW 12 June		White Jun	HRS Jun	China
US Wheat	July	July	July	prem	Fob	prem	Fob	PNW	PNW	Sep
Close May 25	543.00	564.00	644.25	85	230.76	160	266.04	230.00	287.00	2'550
Close Jun 1	523.25	540.75	604.00	80	221.67	165	259.33	227.00	275.00	2'574
Change	-19.75	-23.25	-40.25	-5	-9.09	5	-6.71	-3.00	-12.00	24
Milling \$	Argentina	APW	ASW	Russian 25kt	France	UK	Germany	Aussie Futs Jan 19		
June	12.pro	WA	WA	12.5 pro	11.5 pro	11 pro	12.5 pro	A\$	US\$	A\$/US\$
Close May 25	-	250-255	245-250	212.00	207.73	223.78	215.90	325.00	245.38	0.7550
Close Jun 1	-	250-255	245-250	207.00	213.56	228.46	212.39	327.50	247.59	0.7560
Change	-	0.00	0.00	-5.00	5.84	4.68	-3.50	2.50	2.22	0.13%
Milling \$	12.5 pro	Russia	Ukraine	Feed \$		Matif (€)	CME (\$)	Liffe (£)		
June	Baltic	\$/Rouble	\$/UAH	June	UK	Ukraine	Sep	Sep	Nov	€/\$
Close May 25	214.14	62.29	26.15		214.45	199.00	182.50	215.00	158.25	1.1670
Close Jun 1	212.39	62.13	26.12		219.10	195.00	181.50	210.00	158.25	1.1670
Change	-1.75	-0.26%	-0.12%		4.65	-4.00	-1.00	-5.00	0.00	0.00%

Corn

Crops/Weather: The US was hot and dry but crop ratings showed 79% GD/EX, well ahead of last year's 65%. Brazil had showers in the south but the rest of the country was completely dry. Europe was warm and wet in the west, cool and dry in the Black Sea.

Markets: CBOT corn fell 15¢ this week. US, Brazil and Black Sea weather was supportive, but was outweighed by the NAFTA and China trade sagas which kept markets on the defensive. US inspections were 1.7 Mmt (season total 1,497 Mbu, down 12%), sales were 993kt (season total 2,144 Mbu up 31 Mbu on last year), and weekly ethanol data was also mildly supportive with a 1% fall in production and a 4% drop in stocks.

Argentine premiums fell as harvested advanced to 37% complete (39% last year) but BAGE kept the crop at 32 Mmt. Farmer sales of the 2018 crop rose 300kt to 12.9 Mmt (14.5 Mmt last year), of which exporters own 11.9 Mmt, against 12 Mmt licences - a 3.2 Mmt hike on the week amidst real fears of a return to export taxes. Brazil's crop had slipped under the radar recently due to the truckers' strike, but there is still a very wide range on Safrinha projections (49-57 Mmt) with some total crop estimates below 80 Mmt (USDA 87 Mmt). Cumulative rainfall is now below that of 2016, which produced a year-on-year 22% drop in yield, and a similar fall this year would produce a crop of just 75 Mmt crop. Jo'burg fell US\$3, Dalian turned lower following another 3.7 Mmt of reserve sales at \$40 below July futures. However very low soil moisture levels in the major growing areas in the north are starting to attract attention.

Matif fell €5 with EU weekly imports of 332kt still suggesting an annual 18.5 Mmt. Black Sea old crop offers at \$192 found no bids, whilst the bid-offer on new crop remained at +70/80CZ for Oct-Dec and +70/80CH for the Jan-March. The forecast remains dry but cool, Russian plantings are complete on 2.4 mHa (81% of the expected total).

Outlook: Brazil's crop is still an unknown, June rainfall in the US will be very important given the heat and low soil moisture levels, Black Sea Apr-May rainfall was just 50% of normal with a dry forecast, and now even China might be an issue. Knee-jerk reaction to tweets may have become a fact of life, but world corn fundamentals do not look inherently negative.

Weekly Changes

Futures	CBOT (¢)		Matif (€)		CME Black Sea \$		J'bur White	\$/ZAR	Dalian Sep	
	July	Sep	June	Nov	May	Nov			July	CNY
Close May 25	406.00	415.00	170.00	174.75	198.50	197.50	2'194	12.475	1781	707.8
Close Jun 1	391.50	400.50	164.75	172.00	196.75	195.00	2'190	12.655	1767	699.1
Change	-14.50	-14.50	-5.25	-2.75	-1.75	-2.50	-4	1.44%	-14	-8.7
									\$/CNY	6.420
Fob (\$)	US 3 YC Gulf		Argentine U/R		Brazil June		Ukraine June		C&F Asia Jul-Aug	
June	prem ¢	\$/mt	prem ¢	\$/mt	prem ¢	\$/mt	prem ¢	\$/mt	US	220-225
Close May 25	77	190.16	73	188.58	n/a	n/a	77	193.70	S. Am	220-225
Close Jun 1	74	183.27	65	179.72	n/a	n/a	92	190.35	Ukraine	225-230
Change	-3	-6.89	-8	-8.86	n/a	n/a	15	-3.35		

Barley

Crops/Weather: Canada got good rains, Europe was too wet in the west, too dry in the Black Sea. Precip in Argentina was pushed out east and temps dropped sharply with some frost/freezes occurring. Australia was almost completely dry.

Brussels. Weekly shipments were 26kt for a season total 5.1 Mmt, now just 50kt above last year.

Trade: We heard no reported business, Jordan passed but returns again next week for 120kt.

Markets: Old crop EU barley was little changed but neglected, whilst the bid-offer spread on French new crop barley premiums ended the week at -14/-10U, and basis the mid-point and weaker Matif, that took new crop US\$ Fob values down around \$8 to around \$199.50. German/Baltic premiums also fell but they remain expensive origins in comparison.

The Black Sea bid-offer spread also ended lower at around \$195-200 for harvest positions. Russia's AgMin put spring plantings complete on 6.7 mHa (87% of the expected total).

Argentine old crop barley fell around \$10 from last week's bid-offer quote, the new crop bid-offer was unchanged, and there was nothing fresh on Australian values. In Canada, the threatened Canadian Pacific Railway strike was resolved with no consequences.

Barley remains a neglected and very opaque commodity.

Weekly Changes

Fob US\$	Weekly Changes					Oats	
	French/EU	UK	Black Sea	W Aus	Argentina	C&F Saudi	Chi (¢)
June 50kt		25kt			BB/Neco		N
Close May 25	205.00	221.11	-	230-235	205-213	230-235	248.75
Close Jun 1	204.81	215.10	-	230-235	195-205	230-235	246.00
Change	-0.19	-6.02		0.00	-10	0	-2.75

