

Wheat

Crops/Weather: The US turned drier with precip confined to snow in the N Plains and upper Midwest as temps dropped below seasonal norms. Winter plantings rose 15 points to 75% complete (78% last year, 80% average) with emergence at 52% (57% and 57% respectively). Europe was dry in the west (French plantings advanced 16 points to 63% complete), but the east and FSU saw above normal precip although temperatures were warm everywhere. Rain persisted in much of Argentina and was again heavy in S Brazil, whilst Australia turned almost completely dry by the weekend.

Brussels: Brussels made another 600kt adjustment to shipments which along with this week's 248kt lifted the EU soft wheat total to 6.52 Mmt, still down 23% on last year.

Trade: Turkey bought 110kt at \$229-235, Iraq bought 50kt US at \$299, Algeria bought 250-300kt durum at \$290-294. Saudi tendered Friday for 475kt, there were no results on Ethiopia. Vietnam bought APW at \$252. Egypt intends to clarify its import criteria shortly, Brazil's AgMin asked the Govt for a 750kt any-origin duty-free import quota, India intends to raise its import duty from 10% to 20% and will raise 2018 farm prices by 7% to \$267. US inspections were 170kt (season total 397 Mbu down 4%), sales were 360kt (season total 557 Mbu down 6%).

Markets: US wheat futures ended the week up 1-6¢. Early support came from the CFTC report showing funds had extended their shorts in Chicago and had moved to a net short in KC, but poor weekly exports (a marketing year low on inspections) and a 3-month high in the US\$ trimmed the gains. Brazil's quota demand was seen as irrelevant, whilst Mexico confirmed that a test cargo of Argentine wheat will be imported following the recent phytosanitary agreement. The weekly crop update showed plantings and emergence to have reduced the gap against last year, and the season's first crop ratings are due out Monday. Funds were again net sellers this week (see page 3).

Argentine old crop farmer sales rose 300kt for a season total 16.9 Mmt, of which exporters own 12.4 Mmt against 11.6 Mmt of licences. New crop sales were 80kt for total 4.1 Mmt (2 Mmt last year), all of which is owned by exporters. Brazilian millers were bidding \$175 for new crop which is way below any other origin, and the 750kt non-Mercosur quota request seemed odd - unless the Brazilian crop quality is a total disaster. BAGE put the Argentine harvest at 18% complete with yields still below expectations, but 60% of the crop is rated GD/EX with yields expected to improve as the harvest moves south. Old crop Argentine wheat continued to be shipped to Algeria, and it remains unclear why Argentina needs to buy non-Mercosur demand.

Aussie futures ended up A\$4, new crop Fob was slightly lower, and the debate goes on over crop size and export potential. China ended little changed despite the Govt decision to lower the 2018 minimum purchase price by 2.5%, the first decline since the support program began in 2004.

Matif closed higher as the Euro hit 3-month lows following Draghi's midweek comments, helped by another better weekly export number and by Brussels crop unit MARS suggesting wet conditions in northern Europe had hampered plantings. However the French vessel line-fell by almost 50% from the previous week, Argentina continued to ship wheat to Algeria, and Romania has shipped more wheat to non-EU destinations than Germany and the 3 Baltic states combined. EU premiums were nominally little changed but as of Friday's close we had no details of the offered levels to Saudi. On paper, the freight spreads should work for German/Baltic over HRW, but getting backing for half a million tons of Saudi specs in the EU will come at a price with the Baltics already well committed and the German domestic market still paying above the export bids.

The Black Sea was marginally lower in the nearby and delivery logistics flattened the carries, the Rouble hit an 8-week low despite crude rising to 6-month highs, and the trade will be eager to see if the Egypt/GASC clarification really does allow for lower protection levels at future GASC tenders. With 99% of Russia's harvest complete, the data still argues for a crop close 85 Mmt, Ukraine's Govt put a cap on wheat exports at 16.5 Mmt but this is not an issue as it is in line with market expectations.

Outlook: The N Hemisphere winter is approaching, S Hemisphere crops remain a question mark, there are a growing number of import tenders and the funds have extended their shorts (see page 3).

Weekly Changes

US Wheat	CBOT ¢	KC ¢	M'polis ¢	SRW Nov		HRW 12 Nov		White Nov	HRS Nov	China
	Dec	Dec	Dec	prem	Fob	prem	Fob	PNW	PNW	Jan
Close Oct 20	426.00	422.75	611.25	80	185.93	195	226.99	205.00	272.00	2'621
Close Oct 27	427.25	425.25	617.00	75	184.55	200	229.75	205.00	275.00	2'626
Change	1.25	2.50	5.75	-5	-1.38	5	2.76	0.00	3.00	5

Milling \$	Argentina	APW	ASW	Russian 25kt	France	UK	Germany	Aussie Futs Jan 18		
	Nov	12.pro	WA	WA	12.5 pro	11.5 pro	11 pro	12.5 pro	A\$	US\$
Close Oct 20	-	-	-	193.00	191.29	199.17	195.93	262.00	205.02	0.7825
Close Oct 27	-	-	-	192.00	191.65	196.88	195.05	266.00	204.16	0.7675
Change	-	-	-	-1.00	0.35	-2.29	-0.88	4.00	-0.86	-1.92%

Milling \$	12.5 pro	Russian	Ukraine	Feed \$			Matif (€)	CME (€)	Liffe (£)	€/\$
	Nov	Baltic	\$/Rouble	\$/UAH	Nov	UK	Ukraine	Dec	Dec	
Close Oct 20	193.57	57.52	26.54	192.57	178.00	161.25	158.00	139.60	1.1785	
Close Oct 27	192.73	58.10	26.80	190.31	180.00	163.00	158.00	139.00	1.1610	
Change	-0.84	1.02%	0.98%	-2.26	2.00	1.75	0.00	-0.60	-1.48%	

Corn

Crops/Weather: US harvest advanced to 38% complete, still behind last year's 59%, ratings rose 1 point to 66% GD/X (74% year ago) with the crop 96% mature. Too little rain remained the issue in Central and N Brazil, with too much in S Brazil and Argentina. Europe was dry in the west (the French harvest advanced 20 points to 76% complete), whilst the east and Black Sea were wet.

Markets: CBOT corn closed up 4¢ having tested but failed to take out contract lows. Exports are improving with sales of 1.3 Mmt lifting the season total to 638 Mbu (160 Mbu in the last 3 weeks alone), but this remains 30% down on last year (shipments at 178 Mbu are down 46% against the USDA's projected 19% decline). Weekly ethanol data showed production up 2% and stocks down 2%, but it was another week that lacked any market-moving news.

Argentine premiums were weaker with exporters' port storage capacity reportedly full, and this also depressed interior prices. But too much rain continued across Argentina, S Brazil and Paraguay keeping plantings slow, with Argentina put at 33% complete against 36% last year and 39% average. Farmer sales of the current crop rose to 22.7 Mmt against export licences of 20.7 Mmt and the USDA's 28.6 Mmt export number. BAGE kept new crop area at 5.4 mHa (5.1 mHa last year) with 85% of the crop rated GD/EX, which seems high given all the reports of excess water. Brazil's exports are no longer record and have fallen behind the USDA's pace, but the weather outlook turns favorably wetter next week. Jo'burg rallied to 15-week highs as the Rand fell to 11-month lows, Dalian was flat despite almost 3 Mmt of reserve sales this week.

Matif rallied sharply as the euro fell, harvest pressure eased and EU imports slowed to just 200kt (but the July-June total of 4.5 Mmt remains 2 Mmt or 75% up on last year). Ukraine premiums were firm and the AgMin put harvest at 55% complete with yields down 19% on last year, which equates to a crop of 24 Mmt against USDA's 27 Mmt. And the Russian update also again suggested a crop some 2 Mmt below the USDA.

Outlook: There remains no compelling argument for a large or sustained move either way in corn. The funds are still heavily short and S American weather needs to be watched, but evidence is growing of more US yield hikes whilst the US export profile remains behind the USDA's projection.

Weekly Changes

Futures	CBOT (¢)		Matif (€)	€/\$		J'bur White	\$/ZAR	Dalian Jan	
	Dec	Mar						Nov	CNY
Close Oct 20	344.50	358.50	145.25	1.1785		1'926	13.655	1'667	639.6
Close Oct 27	348.75	362.50	151.50	1.1610		2'009	14.060	1'665	636.0
	4.25	4.00	6.25	-1.48%		83	2.97%	-2	-3.6
								\$/CNY	6.650

Fob (\$)	US 3 YC Gulf		Argentine U/R		Brazil Nov		Ukraine Nov		C&F Asia	Nov-Dec
Nov	prem ¢	\$/mt	prem ¢	\$/mt	prem ¢	\$/mt	prem ¢	\$/mt	US	185-190
Close Oct 20	49	154.92	25	145.47	47	154.13	63	160.43	S. Am	179-184
Close Oct 27	50	156.99	23	146.36	52	157.78	65	162.89	Ukraine	192-197
Change	1	2.07	-2	0.89	5	3.64	2	2.46		

Barley

Crops/Weather: French winter plantings advanced 13 points on the week to 76% complete, the Argentine Govt raised its acreage number by 12% from their September estimate to 863 kHa, although this remains 12% down on last year.

Brussels: They made no adjustments to the previous week's EU shipment data, and whilst this week's total was just 11kt, the season cumulative of 1.54 Mmt remains 4% ahead of last year.

Trade: China's September imports were put at 938kt (395kt Aussie, 370kt Ukraine, 169kt Canadian) for a Jan-Sep total of 6.96 Mmt (5.47 Mmt Aussie, 440kt Ukraine and 1.04 Mmt Canadian). Which seems to suggest that the USDA's Chinese import number for the whole of 2017/18 at just 4.5 Mmt is on the low side. With China and Saudi making up around 70% of world trade, the barley market remains somewhat non-transparent!

Jordan tenders Nov 1st for 100kt.

Markets: EU barley premiums firmed on the week which along with the higher Matif offset the weaker Euro leaving EU US\$ Fob values up \$1. Black Sea bid-offer spreads were little changed but with no reported trade. The French vessel line-up increased from the previous week but remained thin, whilst Friday's Russian harvest update continued to argue for a near 21 Mmt crop with the harvest over 97% complete.

S Hemisphere Fob values were unchanged, Canadian cash rose C\$4, and ICE finally delisted the Canadian barley futures contract.

Weekly Changes

Fob US\$	French/EU	UK	Black Sea	W Aus	Argentina	C&F Saudi	Canada	Oats
								Chi (¢)
Nov 50kt		25kt			BB/Neco		Dom C\$	Z
Close Oct 20	186.29	182.02	188-192	-	185-190	212-217	208.00	269.75
Close Oct 27	187.29	181.13	188-192	-	185-190	212-217	212.00	265.25
Change	1.01	-0.90	0.00	-	0	0	4.00	-4.50

