



CROP UPDATE

29th September 2014



CROP UPDATE

W/C 22nd September 2014

WHEAT

Bearish ▼

- 4 year low for wheat futures market due to an imbalance in supply and demand.
- The past USDA reports are indicating a rise in stocks globally.
- Harvest is now well underway in the US which is reported to be a record crop.
- Russia biggest crop in 6 years
- Ukraine up 15%. Currently at 23mln tonnes and have exported over 7mln tonnes.
- The EU appears to have issues with space with supplies ever increasing (a record crop reported by Strategy grains) and no quick movement due to quality.
- Canada has even exported 22,000 tonnes to Rouen to help boost the quality.
- The French have also supplied Egypt with a low price outbidding even Russia's low export costs.
- The UK has seen a good level of supply and demand for wheat with no major issues surfaced. Apart from some areas experiencing a high moisture level slowing down the supply.
- Last week we saw a slight rise in anticipation of the results of the referendum. Working up to the vote the sterling was losing strength, but as soon as the 'No' vote won the sterling strengthened once again. Another factor was the large contract won by the French for 180,000 tonnes of wheat to Egypt.

Bullish ▲

- Cold front threat to the US, but bearish news still outweighs the bullish.
- The Australian drought has led to an 11% decrease in production against last year.

BARLEY

Bearish ▼

- Barley is following a similar pattern to wheat, due to another high supply against demand ratio across the UK and Europe.
- Little activity in the market due to the low prices with only short trading.
- With the low prices for malting barley, farmers are being attracted by the feed barley market.
- The Scottish 'No' vote has given Sterling strength again and leveled out for the time being.



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Bullish ▲

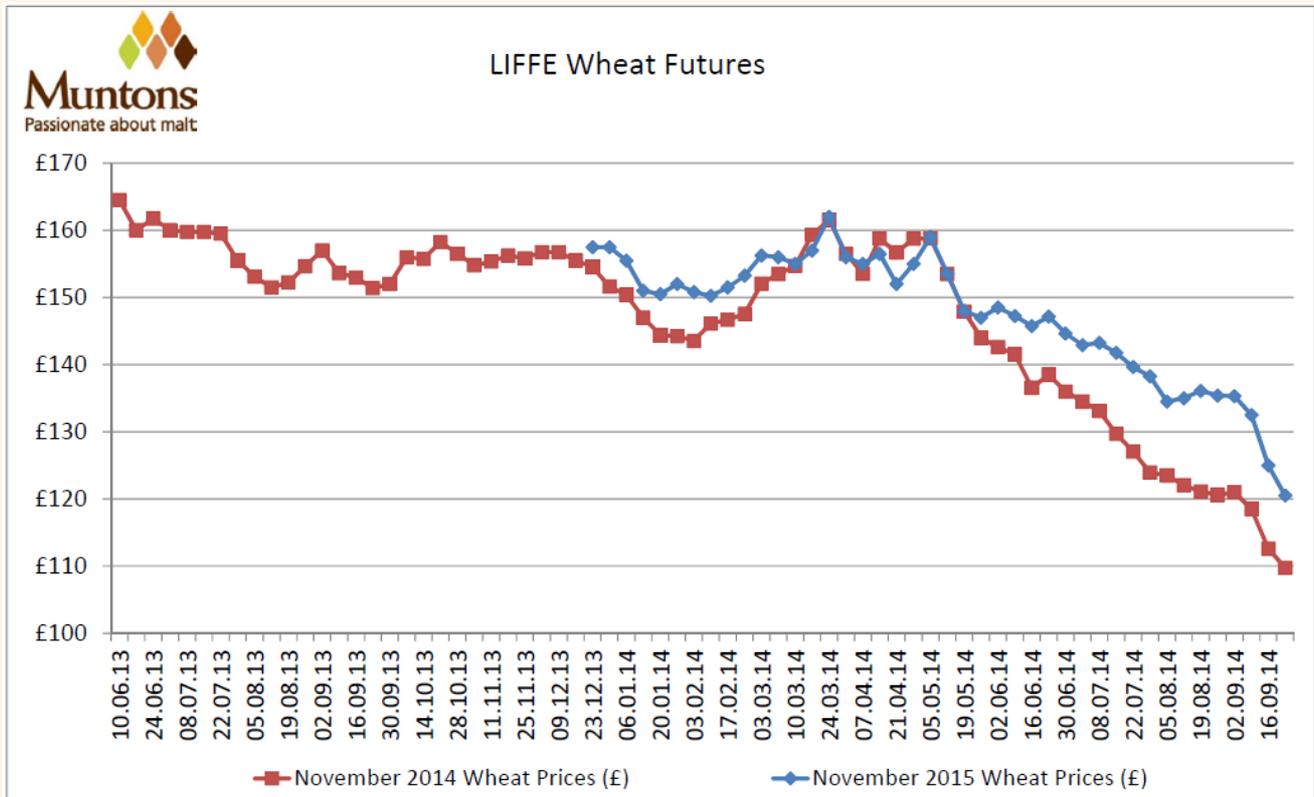
- Higher premiums this year have been awarded to the high nitrogen barleys opposed to the usual low nitrogen distilling varieties as results show most varieties testing at 1.6 or below.
- In some areas merchants are having to pay more, to become attractive against the feed barley market.

Neutral ◆

- There has been little change in the premium over feed barley which currently stands at £15-20.

Summary

Every week we think prices have hit the bottom but with ever increasing stocks being reported across the board there is no reason to increase. Exports are growing out of Europe due to the low price but not everyone wants out of spec wheat.





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