

## WHEAT

- **World wheat markets**

World wheat values recovered slightly this week driven by renewed questions over the Australian crop and the potential for a reduction in expected output.

On Tuesday the USDA updated world wheat supplies with no surprises in the wheat numbers. Corn yields were lifted which has only added to the negative direction in that crop.

- **Domestic wheat market**

Scottish wheat harvest continues to make progress and has somewhere in the region of 30% still to go. There are no obvious quality issues in that region.

Sterling's rebound in strength has been the main local change this week. The Bank of England has suggested they are expecting inflation to build and along with robust employment figures, sterling has rallied over the last 72 hours.

Milling wheat premiums continue to be supported as mixed qualities seen from this year's harvest continue to challenge the supply chain.

## BARLEY

- **Scottish harvest hampered in Aberdeenshire**

It has been a frustrating week for the Scottish spring barley harvest, with rain most days stopping progress. Around 75% of the crop has been harvested, but the key area of Aberdeenshire is significantly lower. Quality remains good, but the market waits nervously to see if quality is maintained when combines start rolling again.

- **Harvest draws to a close in England**

The English spring barley harvest is now all but wrapped up with the exception of odd fields. It is clear that the majority of samples are around 0.2% higher in nitrogen than last year, with many samples over 1.85N, the level desired by the brewing industry. As a result, premium markets have emerged for low nitrogen parcels. We have also started to see more quality issues with germination and pre-germination in later cut spring barley samples. As a result, getting spring barley sampled is imperative, and we suggest gentle drying of any wet barley and then cooling to make sure that malting potential is maintained.

- **EU malting market**

The EU malting barley market has eased this week for both crop '17 and crop '18 as a result of good Scandinavian quality. However, premiums are still at attractive levels. Frontier has a wide range of options to help market malting barley for crop '18, including pools, min max premiums and fixed price contracts.

## **OILSEED RAPE**

- **USDA surprised market with high soyabean yield forecast**

This week's USDA report produced yet another surprise when the US soybean yield was estimated at 49.90 bushel /acre. This was a 0.50 bushel/acre increase from the August report which in itself was viewed as on the high side by the trade. As a result of the upward revision to yield, US soyabean production is now forecast at a record 120.6 mmt, up from 119.2 mmt in last month's estimates. Global soyabean production in 2017/18 is now forecast at 348.4 mmt, less than 1% under last year's record breaking crop.

The outlook for soyabean supplies in 2017/18, however, is far from certain. There is still the South American crop to consider and recent unfavourable weather in both Brazil and Argentina could disrupt plantings with parts of Brazil particularly dry.

- **Slow farmer selling gave price support**

As the week progressed the market shrugged off the bearish USDA report with slow farmer selling globally giving prices support. UK OSR prices, however, were held back as the UK pound strengthened against the euro and US dollar.

## **PULSES**

- **Little progress with the UK bean harvest**

There's been little or no progress in the UK bean harvest in the last week with weather delaying any further combining. There's still around 85% of the bean area to harvest in Lincolnshire and very little harvested north of the Humber, so far. The disappointing quality from the southern areas has left the market hoping for better quality beans in the north to supply the premium human consumption market but the quality in these northern areas will not be known until harvest restarts again.

- **Bean area higher than expected**

DEFRA published the June Census results this week and the trade was surprised by the high bean area reported. The census figures indicated a bean area in England and Wales of 189,000 hectares, an increase of 9% on 2016. Trade expectations had been for a slight reduction in the bean area! Assuming average yields, this will add around an additional 130,000 tonnes for the market to absorb.

- **No change to human consumption specification**

Despite uncertainty over the quality of the UK bean crop, Egyptian buyers are not lowering their buying specification and this will lead to further pressure on the feed market. Egypt is currently well supplied with old crop Australian beans and as the Baltic bean quality is looking good, buyers are set to maintain a high buying specification.

## **FERTILISER**

- **Nitrogen**

At the start of this week mainland Europe prices on nitrogen (33.5%) moved up again with an increase led by Yara of €15. The rise is simply due to lack of stocks not only in Europe but also Russia. This news prompted CF Fertilisers to follow in the UK by approx £11/mt. However, this still keeps the domestic market at a £20 discount so CF has room to move up again and the gap could start to close as we move towards a new month.

Liquid prices will also see another increase as we move into next week. Please talk with your Frontier contact to discuss supply if you're not already covered.

- **Urea**

Traders in Europe and around the world covering in shorts, coupled with ongoing tenders from big consumption counties, added over \$20/mt this week to urea prices. It's very difficult to establish how big the shorts are that need to be covered or indeed what volume tenders are still to be met but the urea market in the short terms looks to remain firm with replacement UK levels now over the £260/mt price tag. Physical stocks that are in the UK will be slowly sold as shippers are reluctant to bring in the large 25,000 mt cargos required to ensure competitive costs at the new replacement levels posted by producers.

- **Straights**

Potash producers have been pushing for a rise over the past month, with a small degree of success. However, with the rises confirmed in the nitrogen markets, they will now enforce higher levels. We shouldn't take our eyes off the MOP or PK market. Please discuss requirements and recommendations with your SOYL and Frontier contacts.