



The organized Resources for Marketing

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wheat crop exceeds estimates

According to Jonathan Lane, trading manager at Gleadell Agriculture Ltd, U.K. wheat output is set to exceed estimates this year after rainfall starting in July boosted crop prospects.

The harvest may come to between 14.6 million and 14.8 million metric tons, more than about 13 million tons expected by growers and brokers in the spring.

Lane said: "Certainly there have been some terrible crops as forecast in the late spring and early summer, but as a general rule, farmers have been pleasantly surprised with what they have."

However, rainfall that's slowing collection of U.K. wheat may now be affecting the quality of the grain.

Wheat for November delivery on NYSE Liffe in London gained 0.7 percent to 163.55 pounds a metric ton today. Wheat for December delivery on the Chicago Board of Trade, the world benchmark, rose 3 percent to \$7.615 a bushel.

Ukraine. Agriculture Ministry improves forecast for quality of grain

The Ukrainian Agricultural Policy and Food Ministry has said that the quality of wheat is improving. As of August 17, experts estimated the ratio of bread wheat to feed wheat at 70% to 30%, although a few weeks ago the ratio was 60% to 40%, according to the ministry's press service.

As of August 19, 2011, Ukraine harvested 34.13 million tons of grain from an area of almost 11.17 million hectares (99.7% of the forecast), out of the planned 11.415 million hectares.

In 2010, farmers harvested 17.7 million tons of bread grain, or 45% of the crop, and 21.5 million tons of feed grain, or 55% of the crop.

Russia's grain harvest at 51.4 million tonnes as of Wed

Russia's grain harvest amounted to 51.4 million tonnes as of Wednesday over a harvesting area exceeding 18.4 million hectares, or 42% of the total crop acreage, the Agriculture Ministry said in a statement.

The wheat harvest amounted to about 34.3 million tonnes over an area about 11.0 million hectares, or 43% of the total crop acreage, as of Wednesday, while the barley

harvest stood at about 9.9 million tonnes from an area exceeding 4.1 million hectares, or 51% of the total crop acreage.

Earlier in July, First Deputy Prime Minister Viktor Zubkov revised up Russia's projected grain harvest in 2011 by 6% to 90 million tonnes.

In 2010, the country's grain harvest fell 35% on the year to 60 million tonnes due to a prolonged drought, Agriculture Minister Yelena Skrynnik said earlier.

Black Earth yields raise doubts over Russia grains

Black Earth Farming heightened doubts over rosy expectations for Russia's grain harvest by revealing "disappointing" yields, after dry weather which, for much of the season, "was tracking the drought conditions seen last year".

The farm operator, which has a landbank of 326,000 hectares, an area bigger than Luxembourg or most English counties, said that its yield of summer-harvested crops had fallen "below targets", recovering only some ground surrendered to last year's drought.

For winter wheat, Black Earth's biggest crop, the yield has, with most of the area harvested, come in 19% higher year on year at 2.5 tonnes per hectare.

However, it is below the Russian average of 2.8 tonnes per hectare so far, besides the group's pre-drought, 2009 result of 2.5 tonnes per hectare.

For spring wheat and spring barley too, Black Earth's results from early harvest have fallen short of 2009 levels.

'Virtually no rain'

"The results to date are of course disappointing," Richard Warbuton, the Black Earth chief executive, said.

Mr Warburton, who took the helm in an unexpected reshuffle two months ago, attributed the results to dry weather in the region, with most of its crops receiving "virtually no rain from mid-May to late June, and in some regions, mid-July".

The group, which cut its estimate for winter wheat harvest by 3,000 hectares, said that "average cumulative rainfall was tracking the drought conditions seen last year up until the end of June", affecting a "sensitive" stage of barley and wheat development.

It also highlighted some company specific yield "constraints", in areas such as soil acidity and compaction and weed management, revealed by an agronomic audit.

'Yields are declining'

The comments come amid mounting doubts over upbeat estimates for the Russian grain harvest which some analysts have forecast rebounding as high as 95m tonnes from last year's drought-hit result of 61m tonnes.

SovEcon, the Moscow-based analysis group, on Wednesday trimmed its forecast for a second time in 10 days, this time to 87m-88m tonnes, from 87m-90m tonnes.

"As the harvesting campaign moves to the Urals and Siberia, the yields are declining and average yields may prove to be close to those in 2009," Andrey Sizov, the SovEcon managing director, told a conference in Moscow.

"Estimates of above 90m tonnes are overoptimistic."

Profits slip

Black Earth revealed its harvest results as it unveiled a 64% slide to \$543,000 in earnings for the April-to-June quarter.

Revenues rose 26% to \$8.14m, with higher prices making up for a 31% fall to 42,700 tonnes in crop sold. The remaining 65,000 tonnes of inventory, as of the end of June, has been "sold and moving out", Mr Warburton said.

Black Earth shares fell 3.7% to SKr21.10 in morning deals in Stockholm.

Egypt Buys 240,000 Tons of Russian, Romanian Wheat at Tender

Egypt, the world's biggest wheat importer, bought 240,000 metric tons of the grain grown in Russia and Romania at a tender.

The state-run General Authority for Supply Commodities purchased 60,000 tons of Russian milling wheat at \$272.90 a ton from Cargill Inc., Vice Chairman Nomani Nomani said from Cairo. It also bought an equal amount of the same type of grain at \$277.49 a ton from Aston, he said.

The authority also purchased another 60,000 tons of Russian wheat at \$277.50 a ton from Bunge Ltd. (BG) and an equal amount of Romanian wheat at \$278 a ton from Ameropa, according to Nomani.

Jordan Tenders To Buy 100,000 Tons Of Barley

The Jordanian ministry of industry and trade issued a tender to buy 100,000 metric tons of barley of optional origin, and for shipping during the period of the first of October to November 30.

deadline for bids will be on Sep.7, 2011

Egypt Buys 180,000 Metric Tons of Russian Wheat in Tender

Egypt, the world's biggest wheat importer, bought 180,000 metric tons of Russian milling wheat at a tender.

The country bought 60,000 tons of the grain at \$284.17 a ton from Nidera Inc, a similar amount at \$289.44 a ton from Louis Dreyfus, and the rest at \$290 a ton from Bunge Ltd, Nomani Nomani, vice chairman of the state-run General Authority for Supply Commodities, said today in Cairo.

The grain, which was bought on a free-on-board basis, is for shipment Oct. 11-20, Nomani said.

Rice

Thais Encourage Viets to Get into the Act and Raise Their Rice Prices Too

As Thai government is getting ready to start buying rough rice from Thai rice farmers at about \$500 per ton, Thai government is nudging Thai rice exporters to get together with Vietnamese rice exporters and the influential Vietnam Food Association in mid-September and persuade the Vietnamese to raise their prices as well.

A Thai senior bureaucrat in the Commerce Ministry said Vietnam was "likely to raise its export prices in line with Thai prices as Thailand has more bargaining power as the world's leading supplier."

Traders tell Oryza both the Thai government and the Thai rice millers and traders are plenty worried about how the Thai government scheme might impact the Thai rice exports. So far, the government officials don't seem too worried with the Thai rice exports forecast to reach 8 million tons during January-August, 2011. Thais expect to sell another 3 million tons during September-December, 2011. Privately, Thais worry not so much about how the government will buy but rather how and more importantly

when the government will sell the rice it intends to buy. Locals estimate the Thai government is already sitting on state stocks of about 2 million tons of old crop rice.

Thai government officials estimate the rice buying scheme will cost the government about \$6-7 billion although nobody really knows how the scheme will unfold. A local trader told Oryza a lot will depend on whether Vietnam decides to play along, or use the opportunity to buy as much Cambodian rice they can and try to take over world rice exports. Another Thai trader told Oryza even if Thais and Viets somehow get together on the pricing, the Indian government remains the wild card with its stocks increasing by the day which will likely push the Indian government to clear 2 to 5 million tons in the global rice markets.

Sugar

Sugar revival catches many speculators off guard

The strong rebound in sugar futures, which continued on Monday, wrong-footed many speculators, who sold off heavily before the revival gained traction.

Managed money, taken as a proxy for speculators, cut their net long position in New York raw sugar futures and options by 14,710 contracts in the week to last Tuesday, the US Commodity Futures Trading Commission (CFTC), the market regulator, said.

The sell-off, equivalent to some 10% of managed money's net length, was the largest across the commodities sector during the week, Standard Chartered said.

Indeed, many commodities, including Chicago corn, soybeans and wheat, enjoyed a marked recovery in long speculative interest.

And investors who sold off in sugar missed out on a rally which saw the sweetener gain 10% in the last three days of last week. The total week's gains came to 11%, making it the strongest week of 2011.

China buying?

The rise in sugar prices, which extended in early deals on Monday, "seems to be mainly attributed to the potential for increased Chinese sugar purchases in 2011-12 as the country looks to restock", Paul Deane at Australia & New Zealand Bank said.

"This comes off the back of a bullish fundamental outlook from International Sugar Organisation earlier in the week" pegging the forecast for the world sugar surplus in



2011-12 at 4m tonnes – higher than the group had previously predicted but well below expectations from other analysts earlier in the year of well over 10m tonnes.

Furthermore consultancy Datagro cautioned that cane crops in Brazil's Center South – which produces about 90% of sugar in the top producing country – "continue to fall below expectations".

And second-ranked producer India, may become a "structural importer" within three years because of its rising consumption, domestically-based ITC, a large buyer of the sweetener, said.

New York's October raw sugar lot edged 0.5% higher to 31.10 cents a pound, getting nearer a contract high of 31.68 cents a pound reached last month.