



IGC September Report

After a period of sustained market strength in July and August, grain prices reversed direction in early September, even though there was little change in global supply fundamentals. IGC's daily Grains & Oilseeds Index (GOI) retreated by 9% from an end-August peak, to 274, its lowest since 4 July. Markets were mostly responding to global financial developments, including the US dollar's renewed strength, especially against the euro. Some underlying seasonal patterns were also discernible, while sizeable grain shipments from Russia and other Black Sea origins further contributed to the bearish tone. The wheat market appeared generally well supplied, especially with medium and lower quality types, with India's decision to allow exports of up to 2m. tons adding to global availabilities. Premiums for higher quality milling wheats, while remaining high, narrowed somewhat as North American spring wheat entered the market, although there were still concerns about the impact of this year's difficult season on areas, yields and quality in the US northern Plains. Maize (corn) prices, despite the relatively more bullish outlook for this grain and a much-reduced official US crop figure, also succumbed to heavy selling of futures as external factors dominated sentiment. Domestic prices in China reached record highs before the new harvest, fuelling speculation about more foreign purchases. Oilseed prices largely mirrored those of grains, with heavy falls in US soybeans futures, despite continued harvest concerns.

Generally favourable prospects for the next South American crops and a recent fall in crude oil prices contributed to a more bearish sentiment. India's recent re-entry into the global (non-basmati) export market pulled Asian rice values lower, including in Thailand, where markets stayed volatile after prices peaked at 21-month highs in early September in anticipation of its new price support scheme.

IGC