

National Tillage Conference 2014

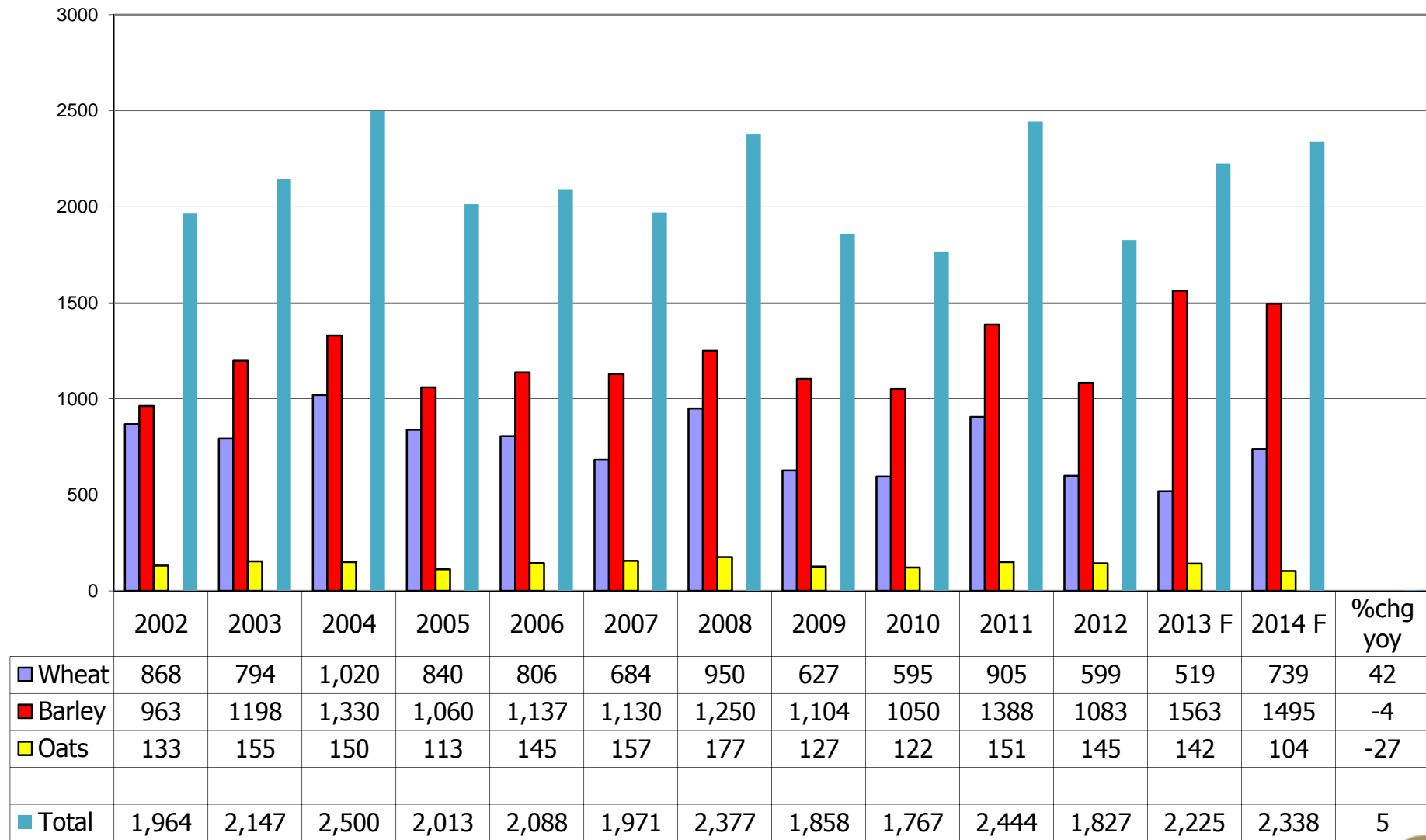
Grain Market Outlook

11-sep-14

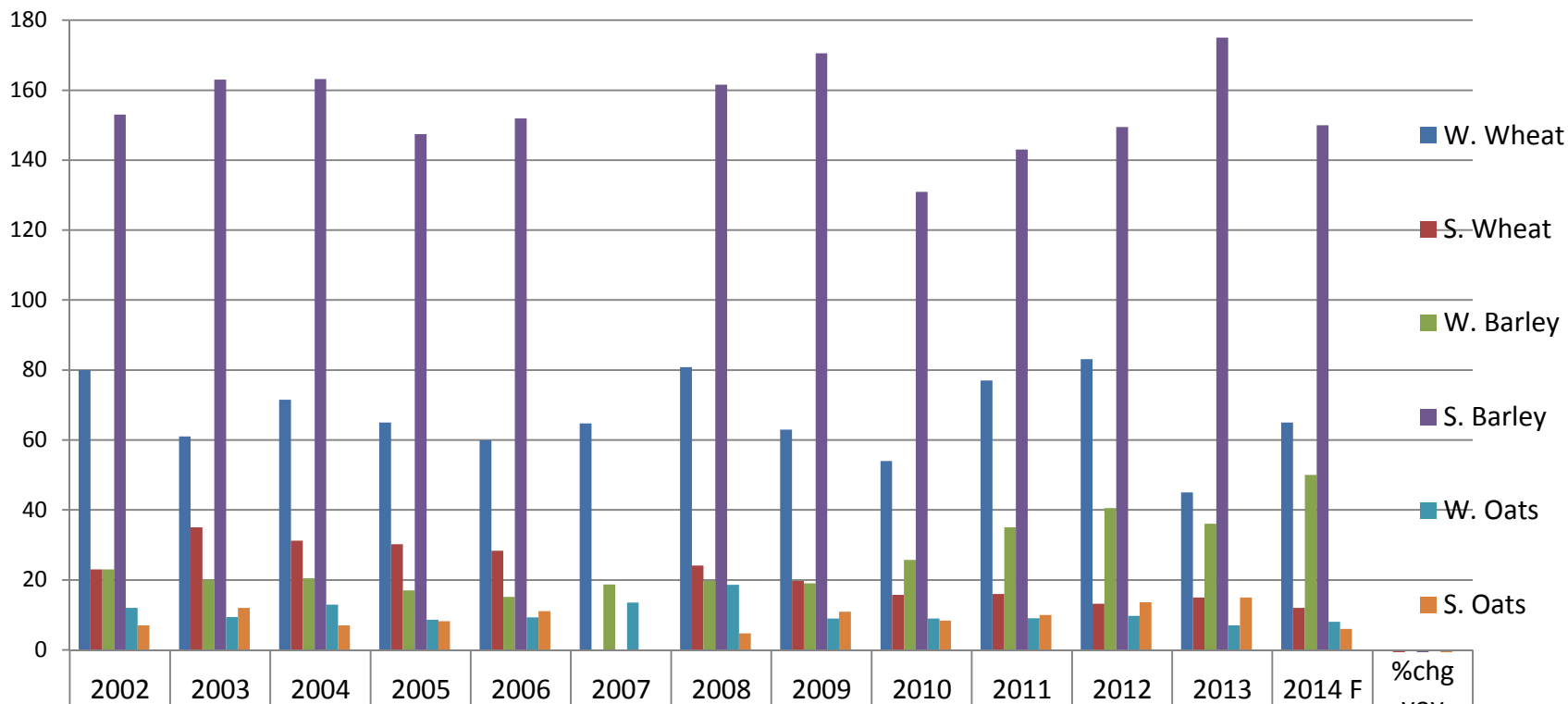


- Review of Irish Harvest'14
- Supply Driven Market
- Price Development
- Conclusion

Irish Cereal Production ('000t)



Irish Cereal Area ('000ha)



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014 F	%chg yoy
W. Wheat	80	61	71.5	65	60	65	81	63	54	77	83	45	65	44
S. Wheat	23	35	31.2	30	28	20	24	20	16	16	13	15	12	-20
W. Barley	23	20	20.5	17	15	19	20	19	26	35	41	36	50	39
S. Barley	153	163	163	147	152	149	162	171	131	143	149	175	150	-14
W. Oats	12	9.4	12.9	9	9	14	19	9	9	9	10	7	8	14
S. Oats	7	12	7	8	11	8	5	11	8	10	14	15	6	-60
Total	298	300	306	276	276	273	310	292	244	290	310	293	291	-1

Irish Cereal Yields (t/ha)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014 F	%chg yoy
W. Wheat	8.8	8.7	10.50	8.80	9.80	8.30	9.80	8.60	8.90	10.20	6.20	9.20	10.00	9
S. Wheat	7.2	7.6	8.60	7.60	7.80	7.50	6.60	6.90	7.28	7.50	6.40	7.00	7.45	6
W. Barley	6.6	7.7	8.20	7.40	7.90	7.90	8.50	8.50	8.15	9.00	6.80	9.40	8.90	-5
S. Barley	5.3	6.4	7.10	6.10	6.70	6.60	6.70	6.10	6.42	7.50	5.40	7.00	7.00	0
W. Oats	7.8	8.1	8.30	7.30	8.00	8.10	7.90	8.00	7.66	8.40	6.50	7.69	8.10	5
S. Oats	5.9	6.8	6.80	6.10	6.40	6.30	6.38	6.60	6.36	7.50	6.00	5.90	6.47	10

Why are feed grain prices falling?

1. **US corn crop:** Very large US corn crop on top of last years large crop
2. **EU grain crop:** Largest EU wheat crop since 2008
3. **Weather, specifically French weather:** Wet weather in France causes downgrading of milling wheat to feed wheat
4. **Weather, broadly central EU:** Wet weather across central Europe is benefitting maize crop in EU
5. **Black sea:** Large Black sea crops are stealing demand from the EU
6. **Domestic demand:** Slower domestic demand after good summer with good crop yields too

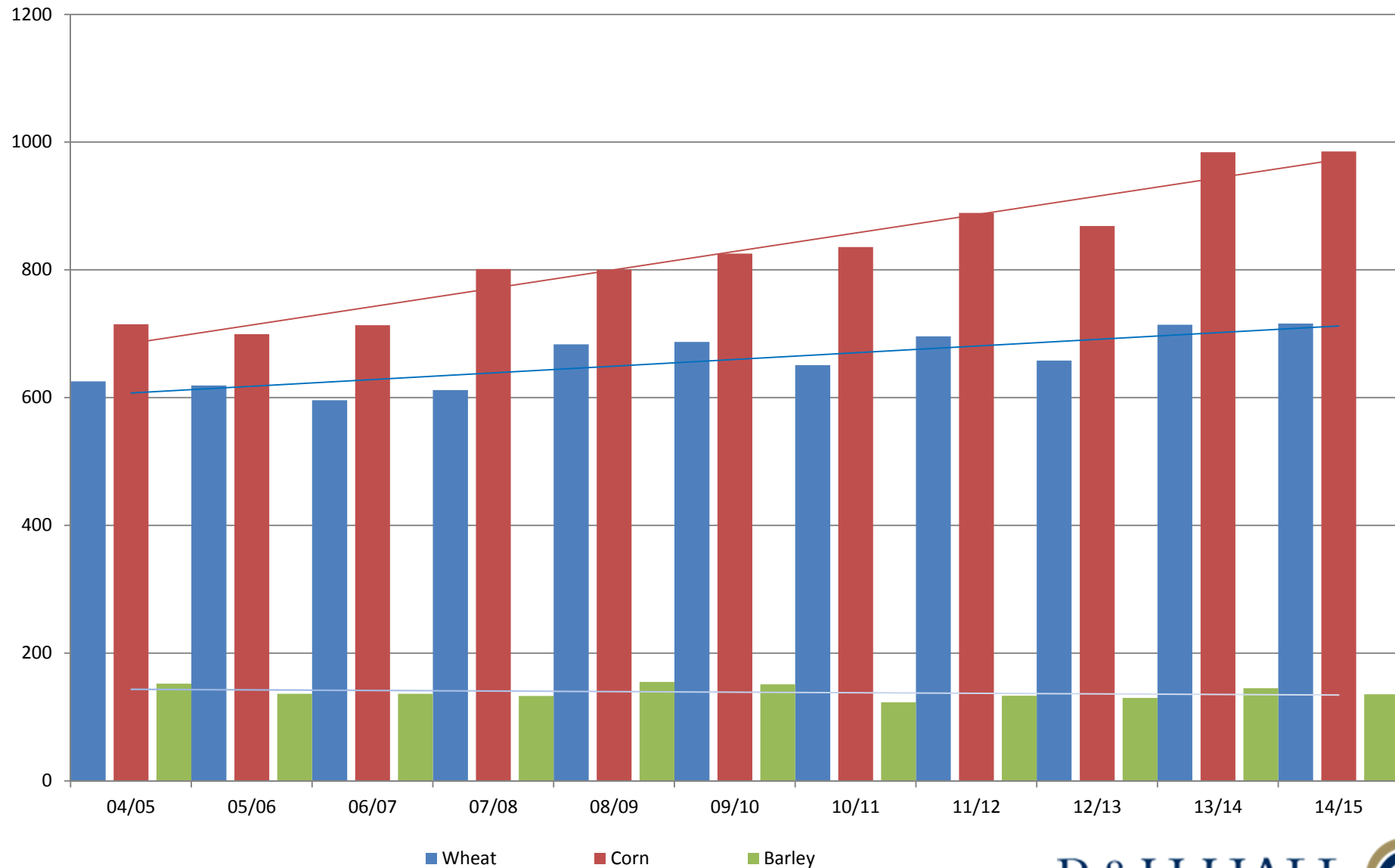
How does 2014 compare to 2008?

Variable:	2008	2014
EU wheat production (mmt)	140	140
US wheat production (mmt)	68	55
Russian wheat production (mmt)	64	59
Russian wheat exports (mmt)	22	21
US maize production (mmt)	307	356
Matif wheat price in June	200	200
EU carry in (mmt)	11	13
EU Wheat exports (mmt)	22	24
Ukraine corn exports (mmt)	5.5	16
EU intervention stock (mmt)	0.077	0
World wheat carry in	123	184
World wheat carry out	169	193

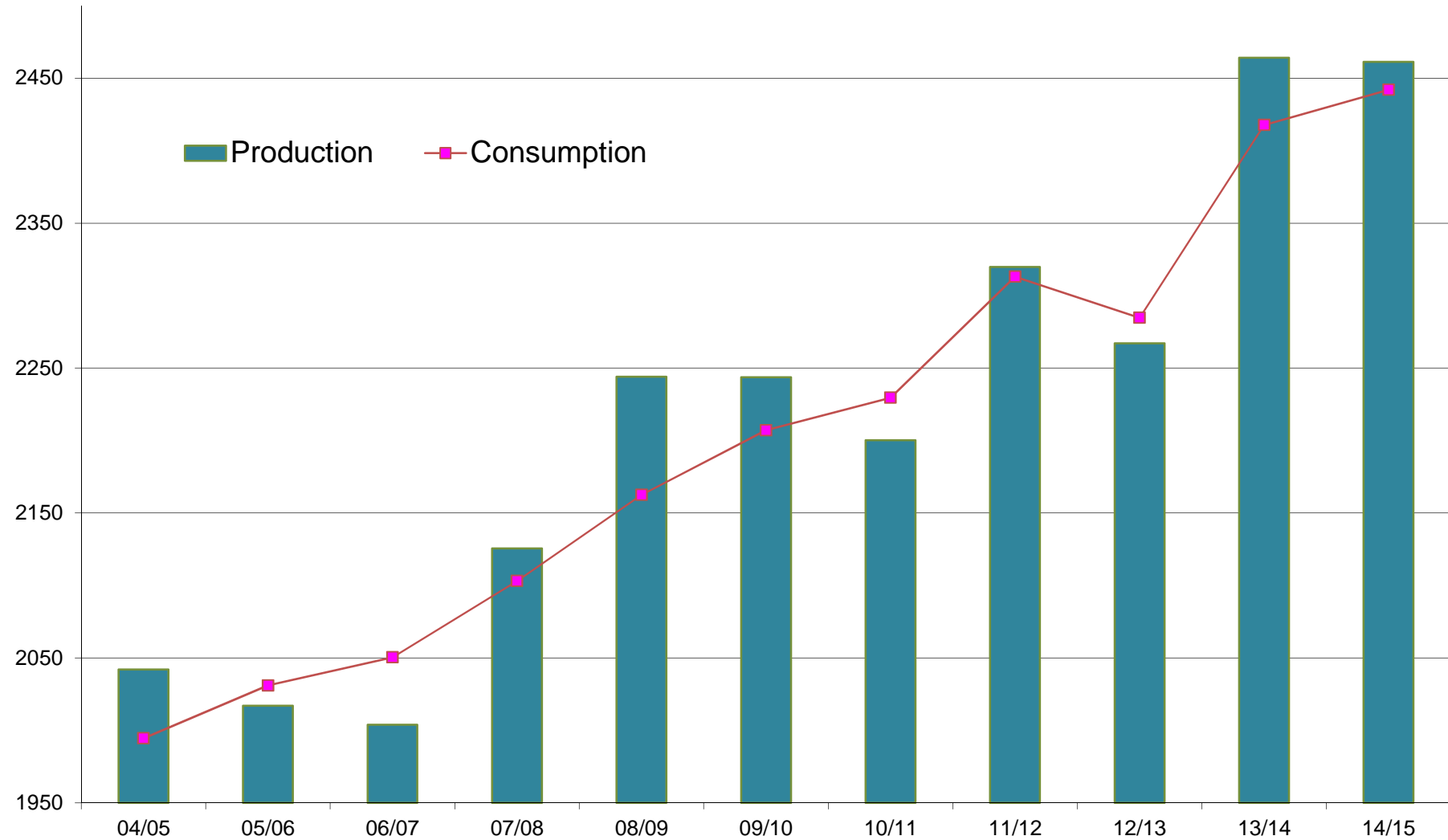
- Similar EU total wheat production
- Stronger global economy
- Russian wheat production/exports similar
- Much higher US maize production
- Higher global wheat carry in/out

Supply & Demand

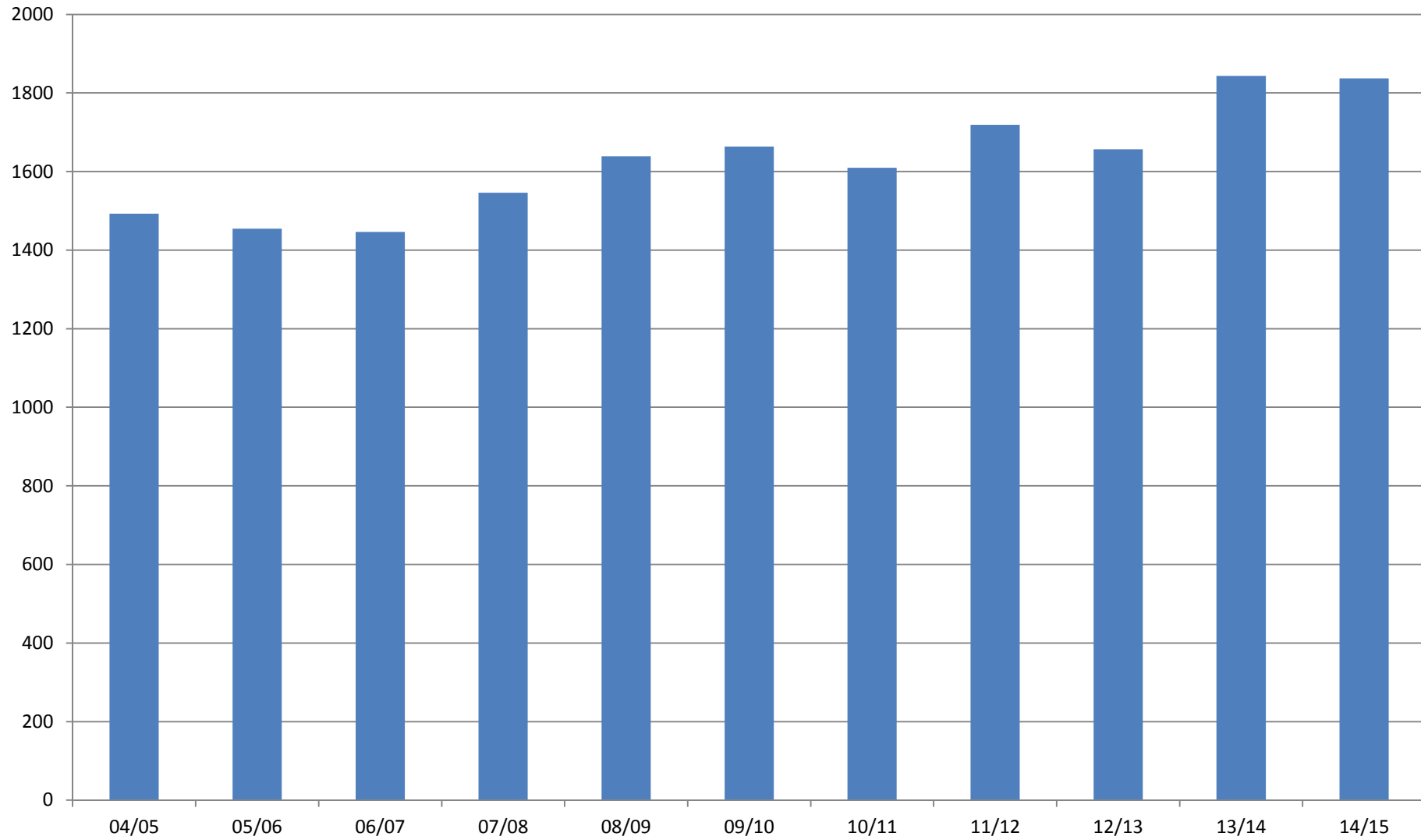
Global Grain Production by type ('000t) supply: corn and wheat dominate



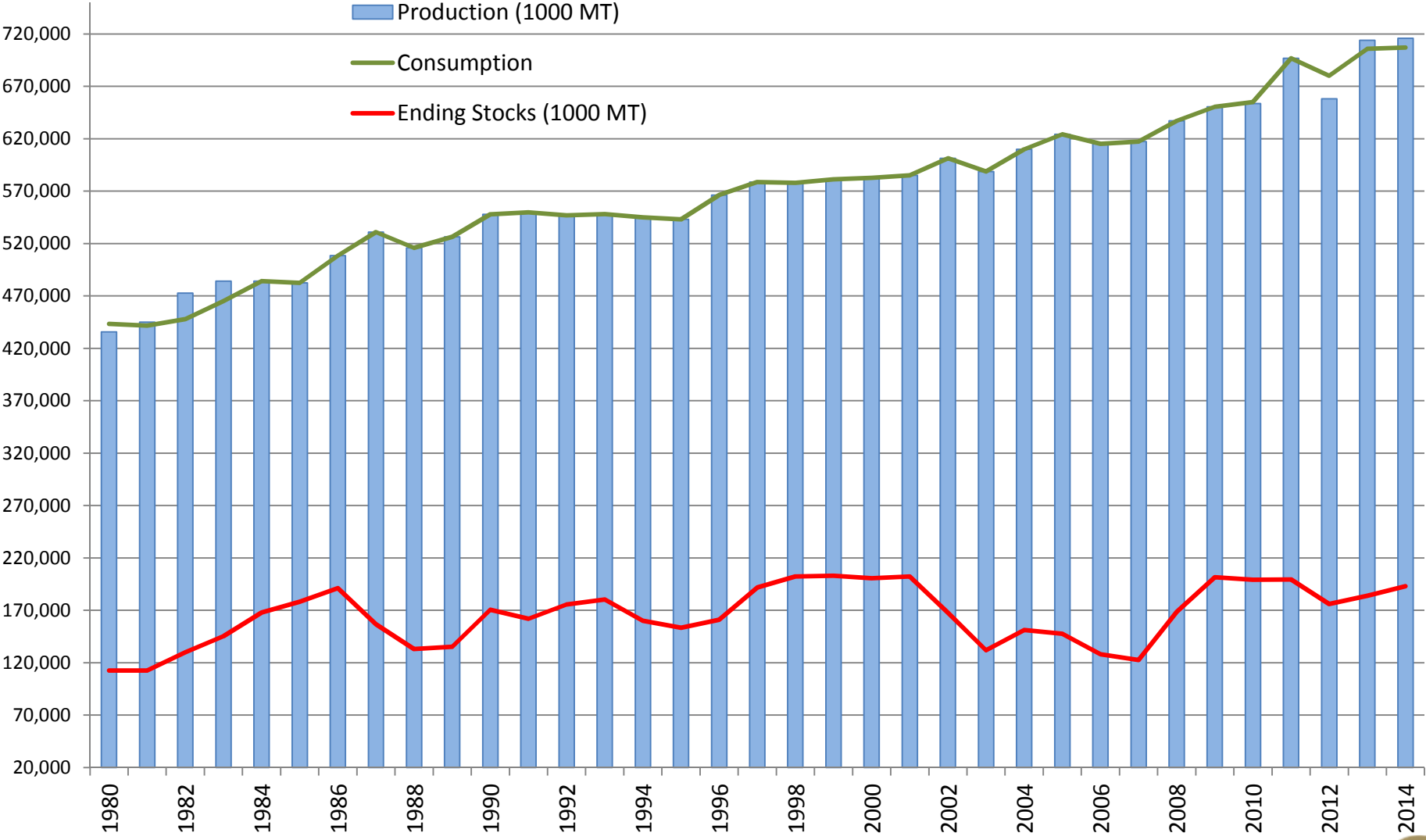
Global Grain Supply, (wheat,barley,corn),



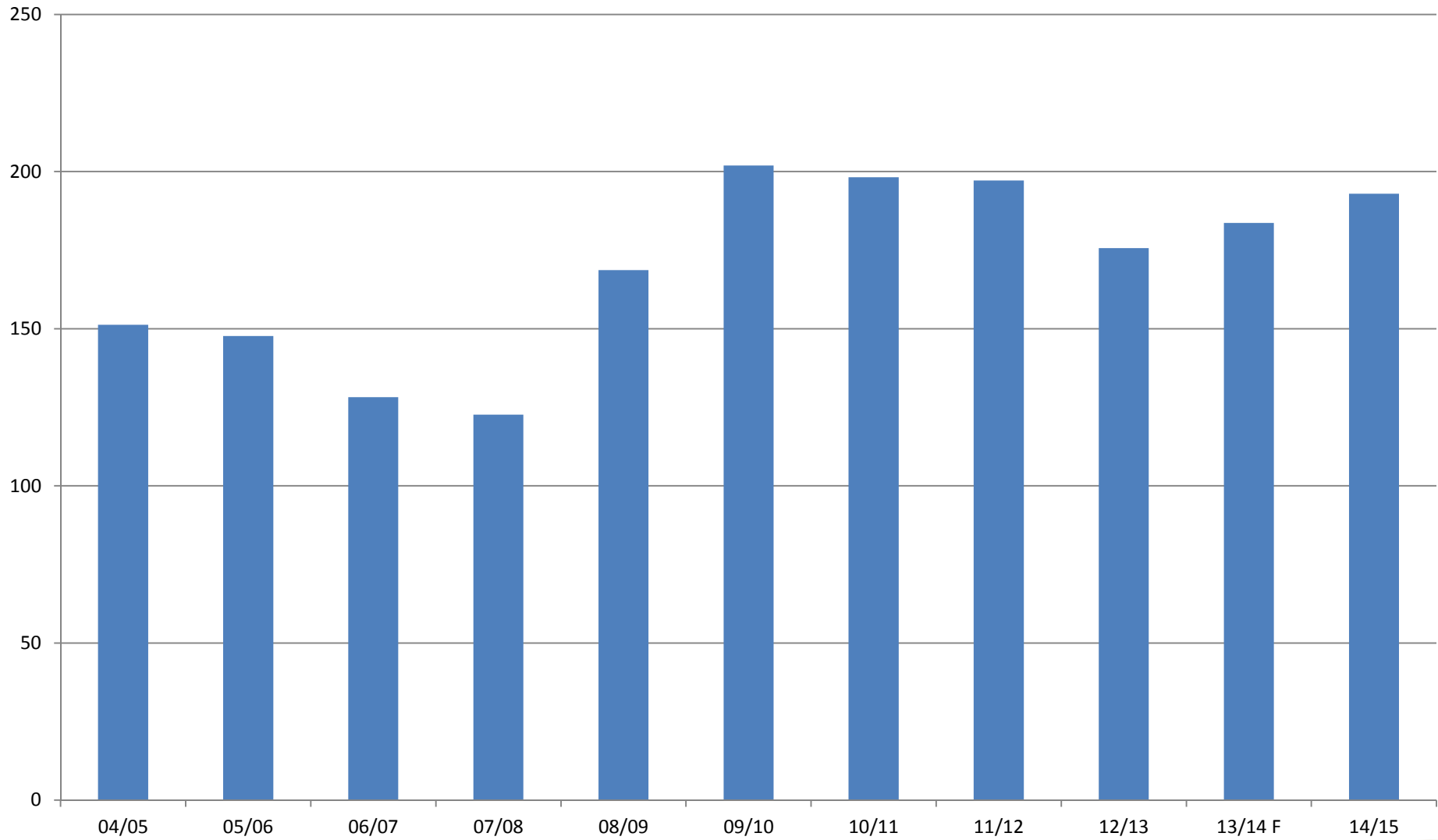
Global Grain Stocks (mmt)



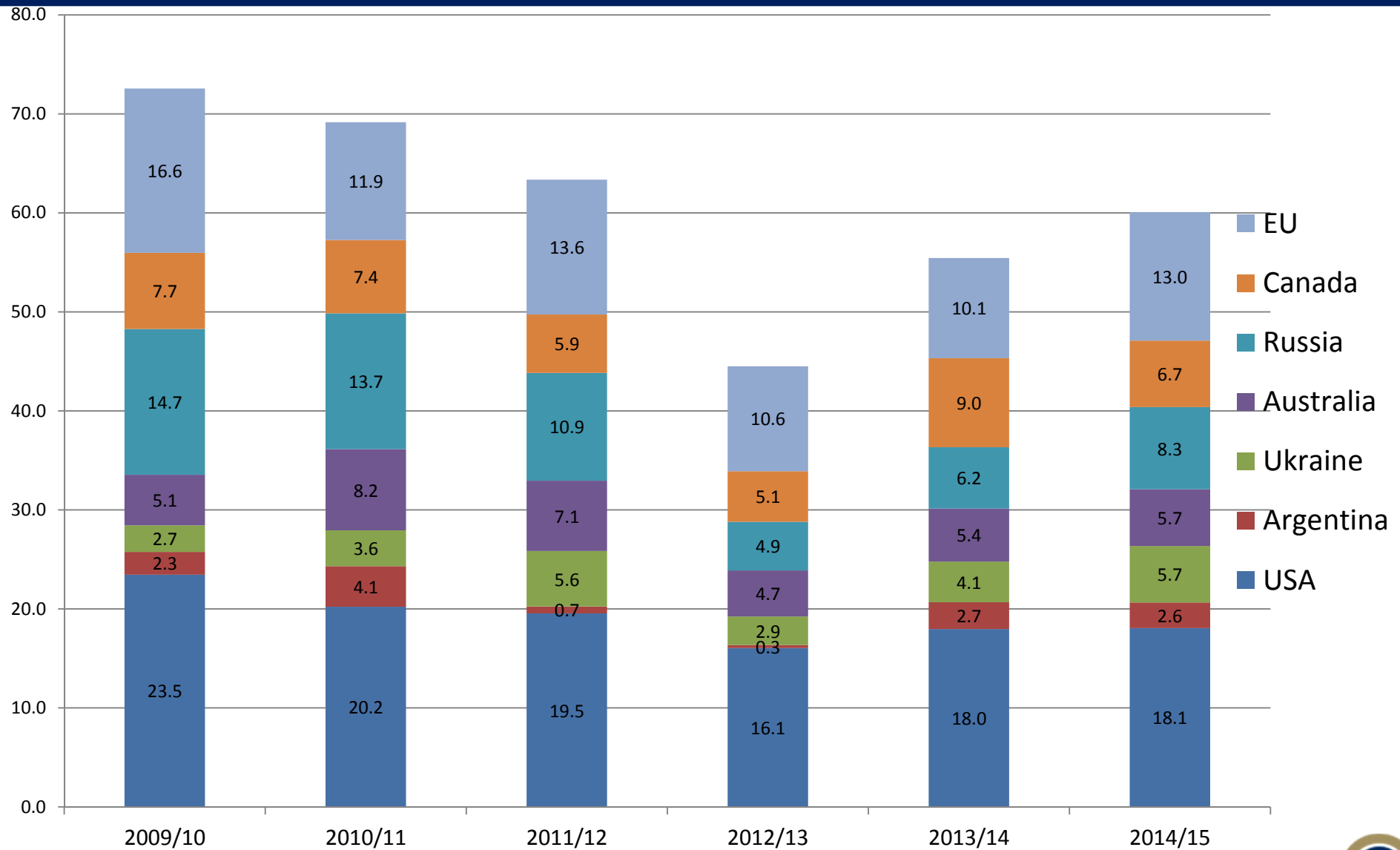
Global Wheat ('000t)



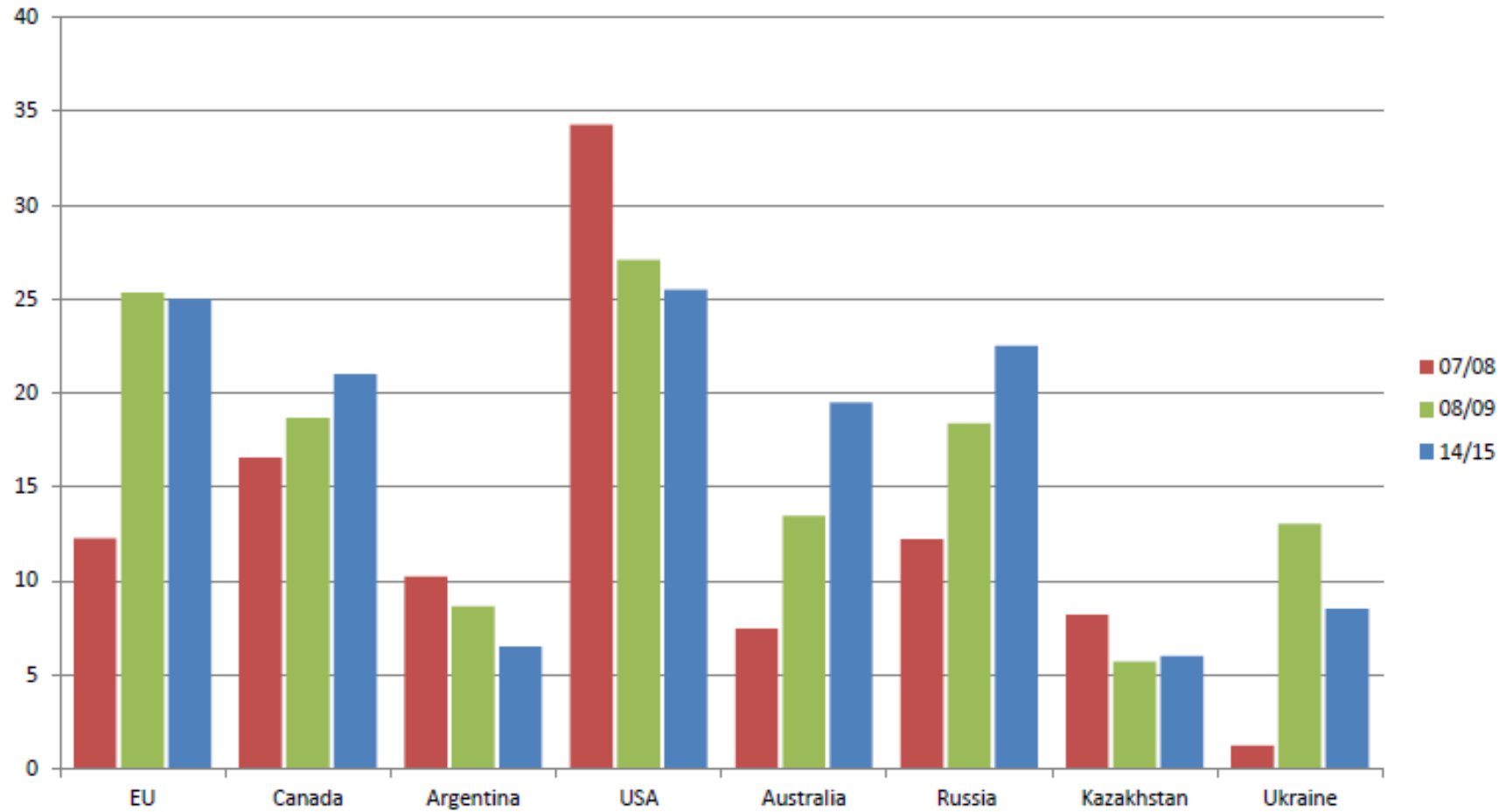
Global Whet stocks (mmt)



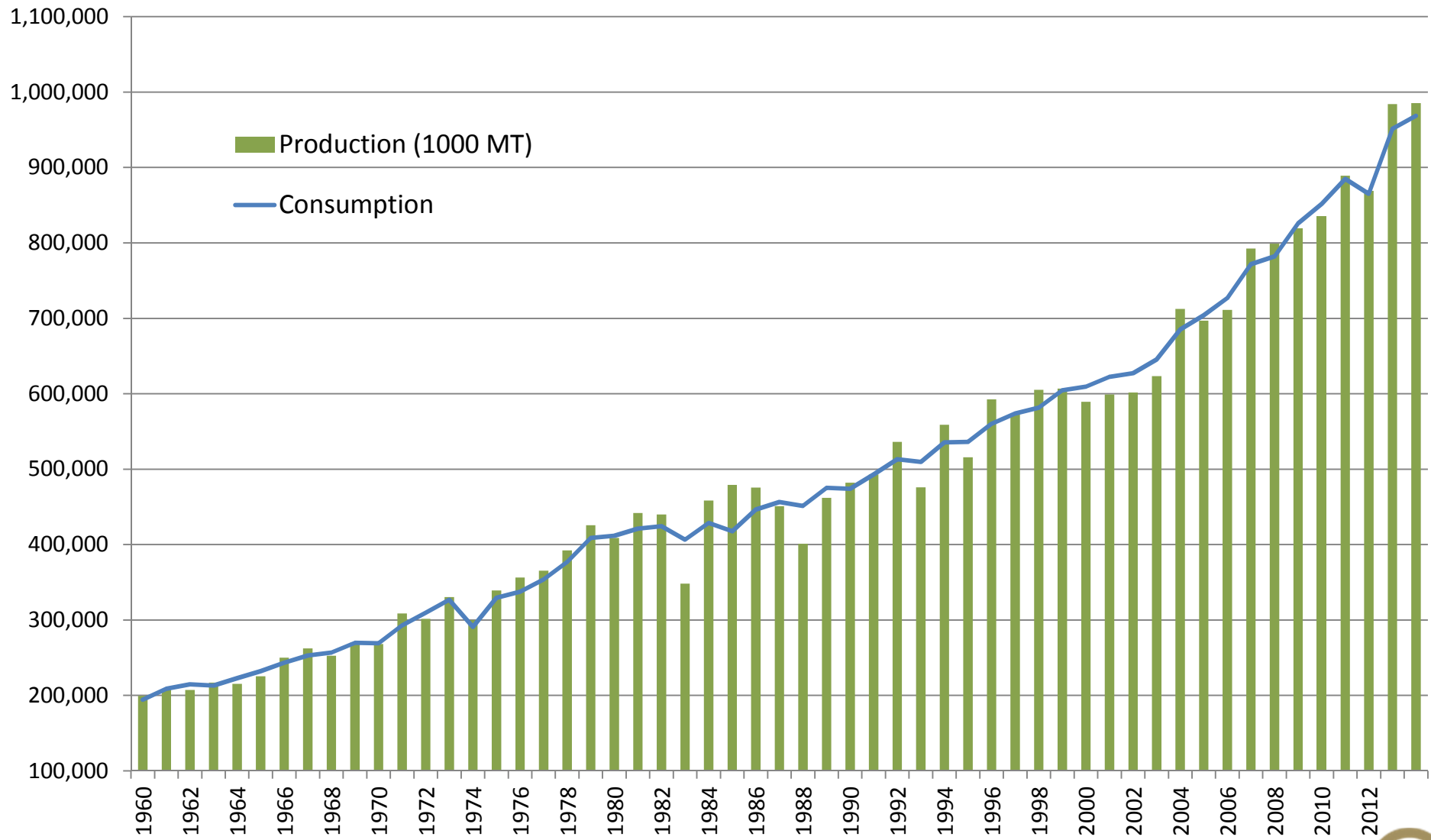
Wheat Stocks – Major Exporting Nations (mmt)



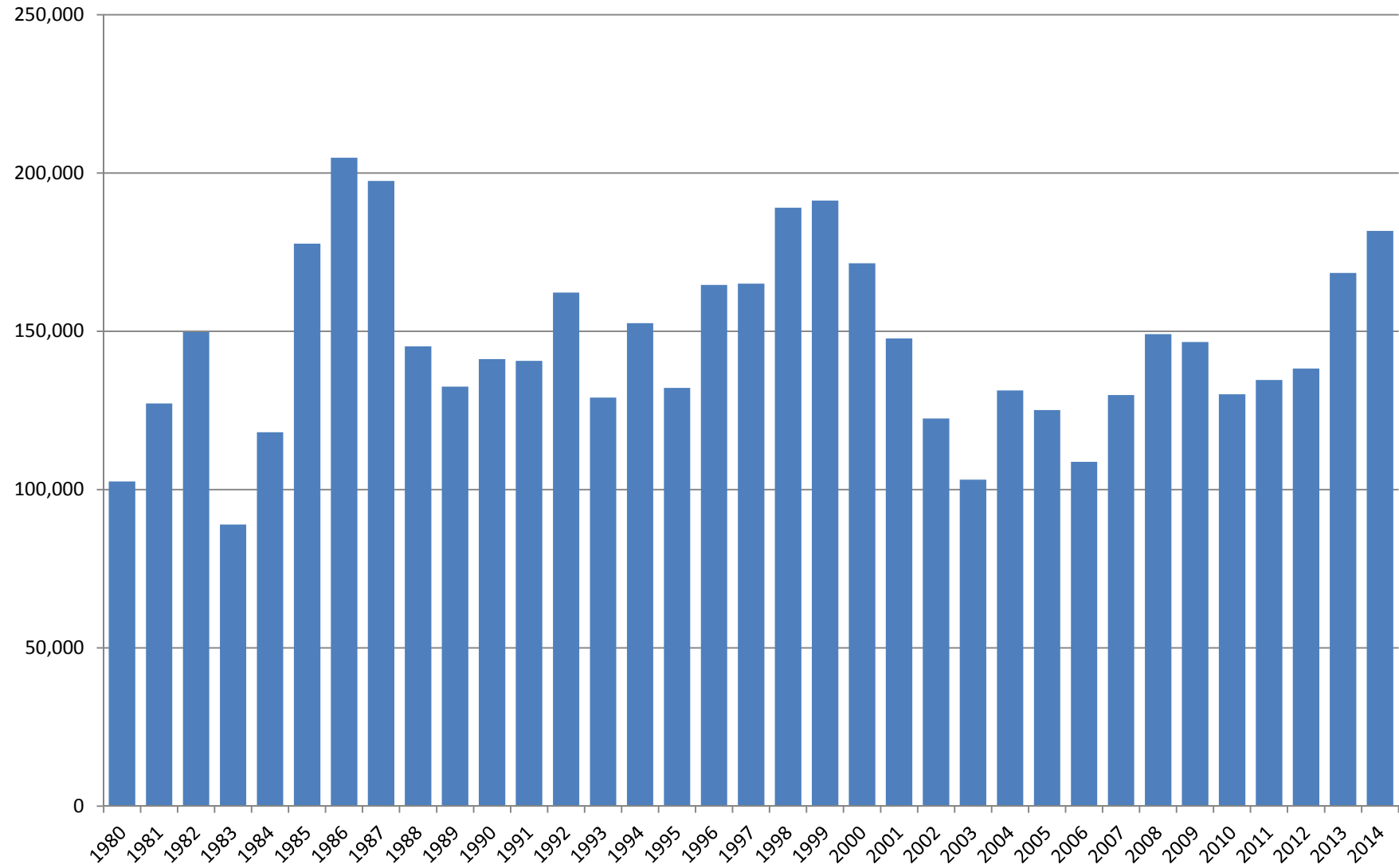
Major Wheat Exporters (mmt)



Global Corn ('000t)

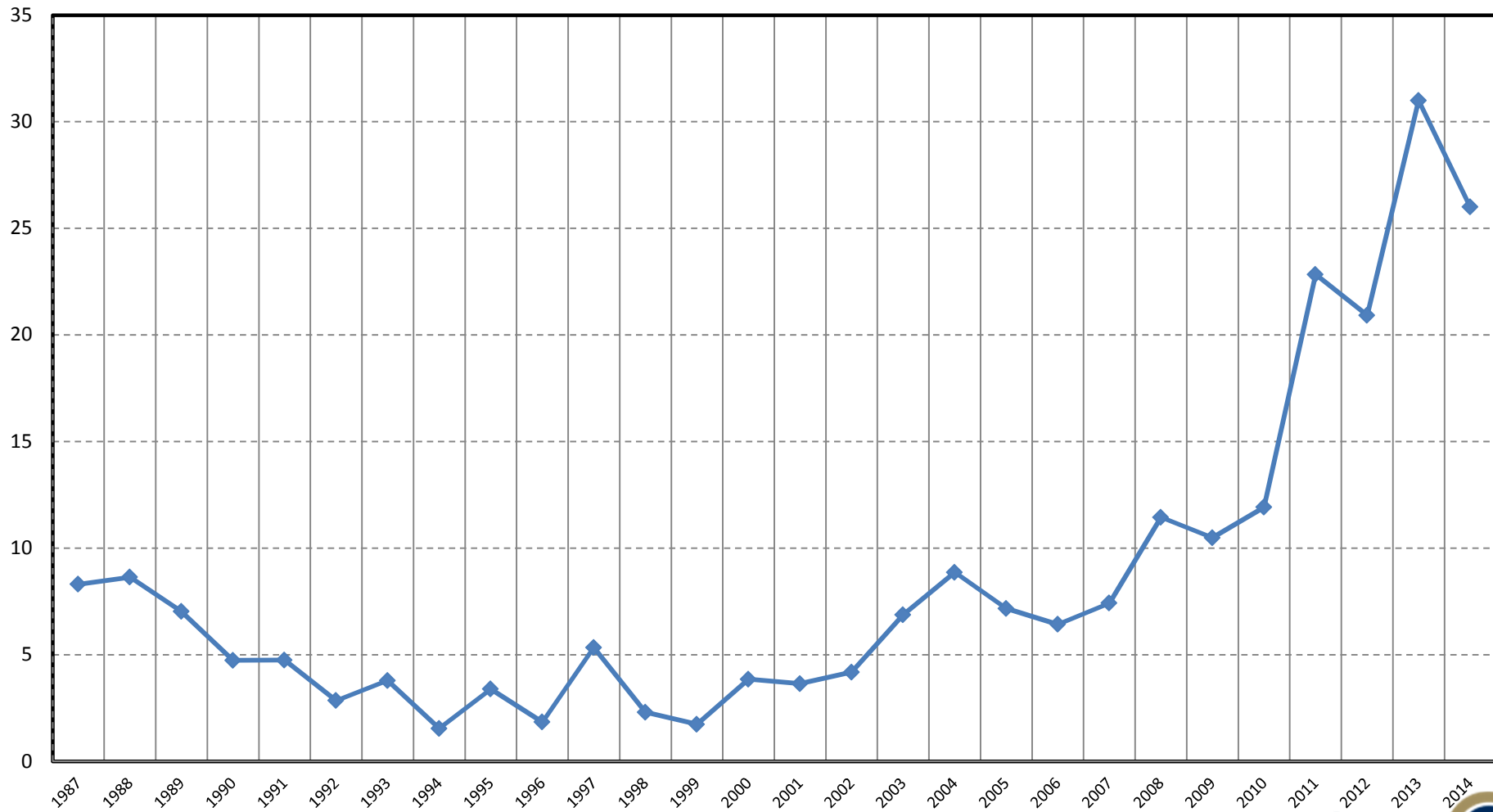


Global Corn Stocks ('000t)

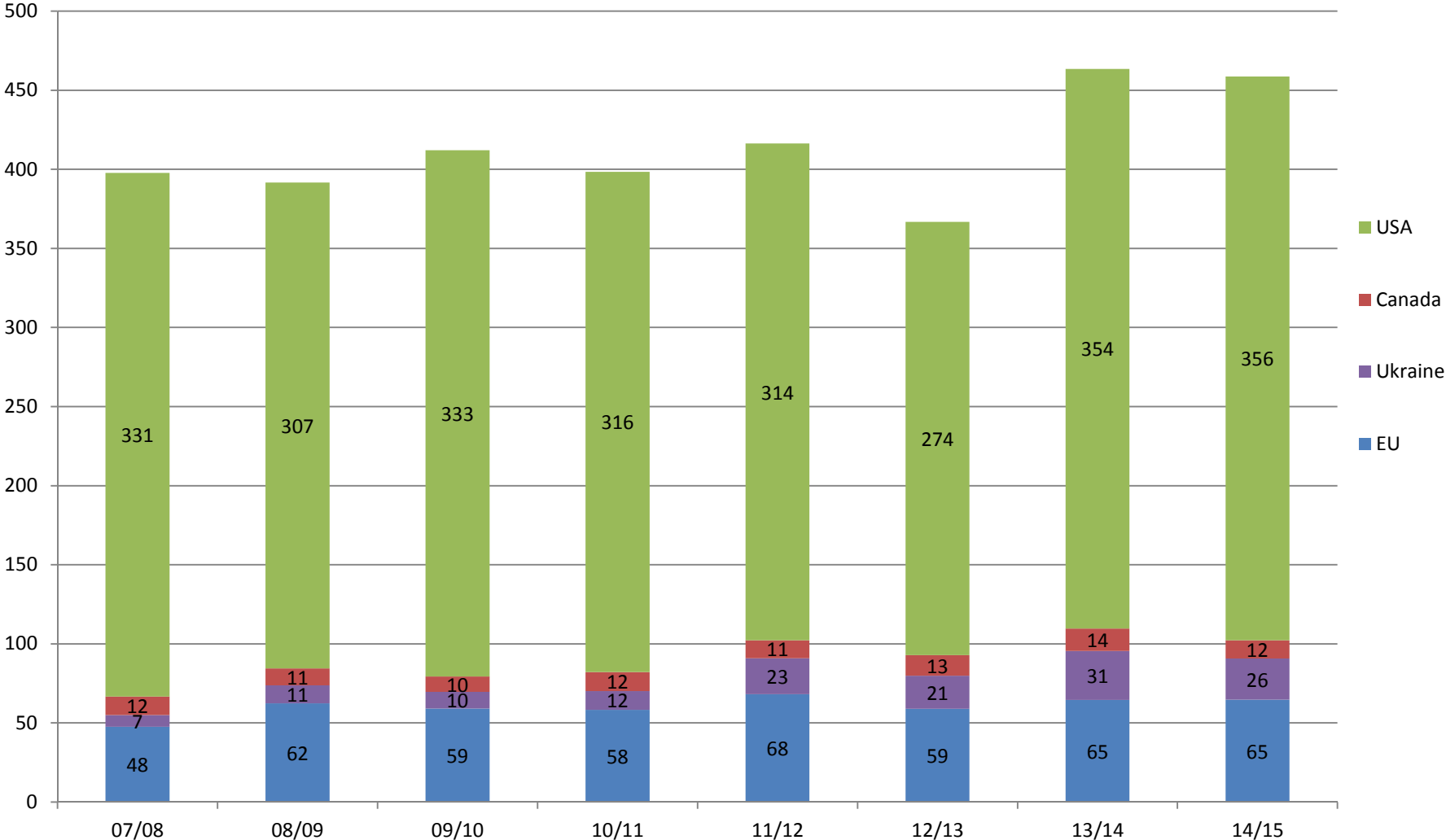


The Black sea influence: Ukraine still has large crop

Ukraine corn production (mmt)

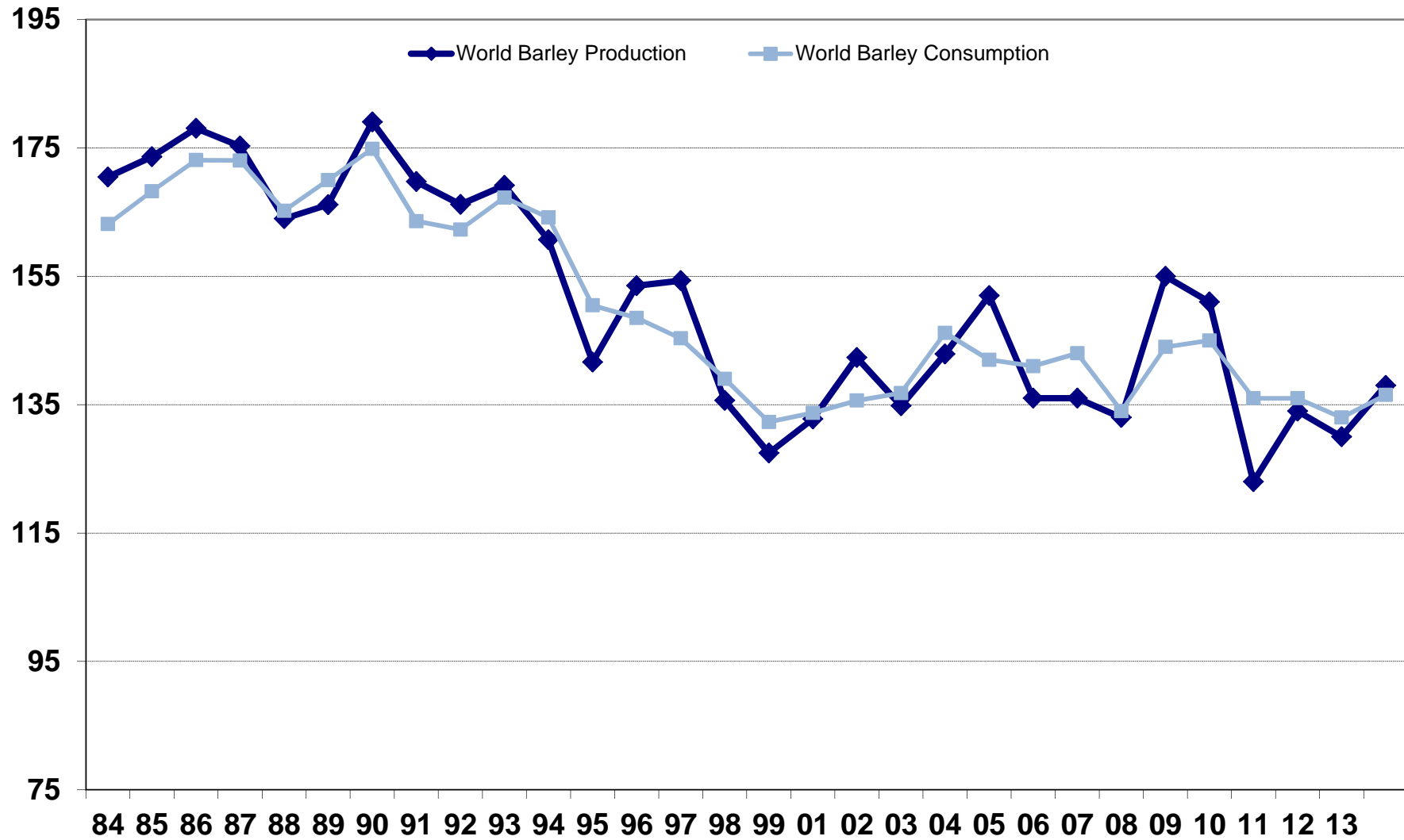


Corn production: Northern hemisphere production maintain for a second year

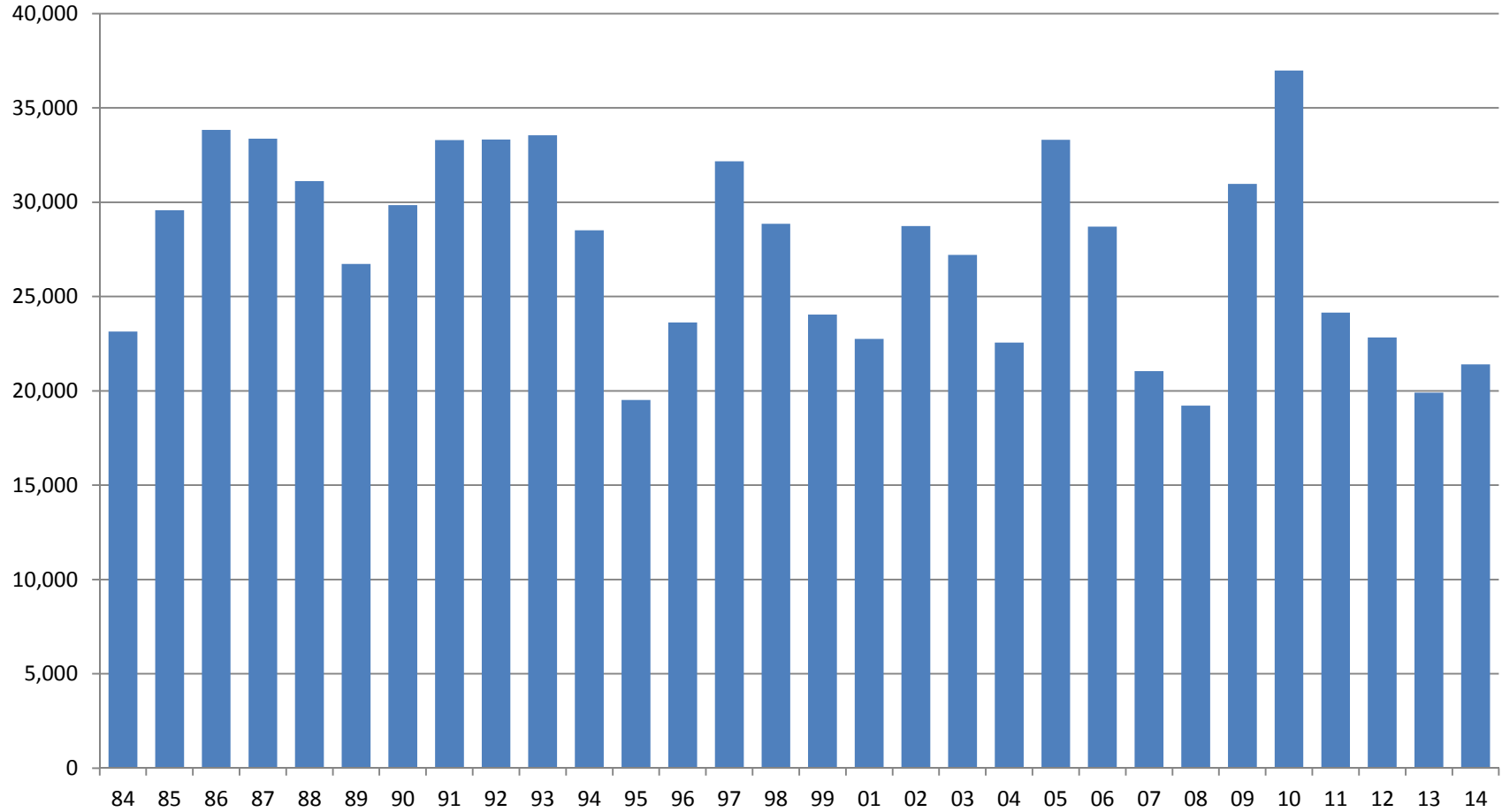


Global Barley

Source: USDA

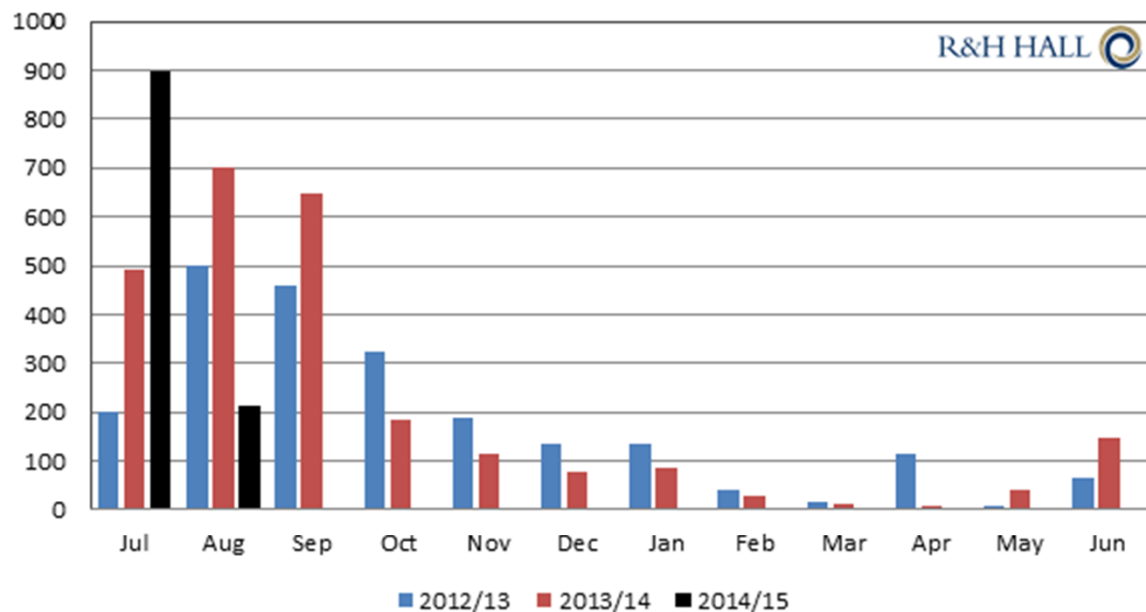


Global Barley Stocks ('000t) – Remain static

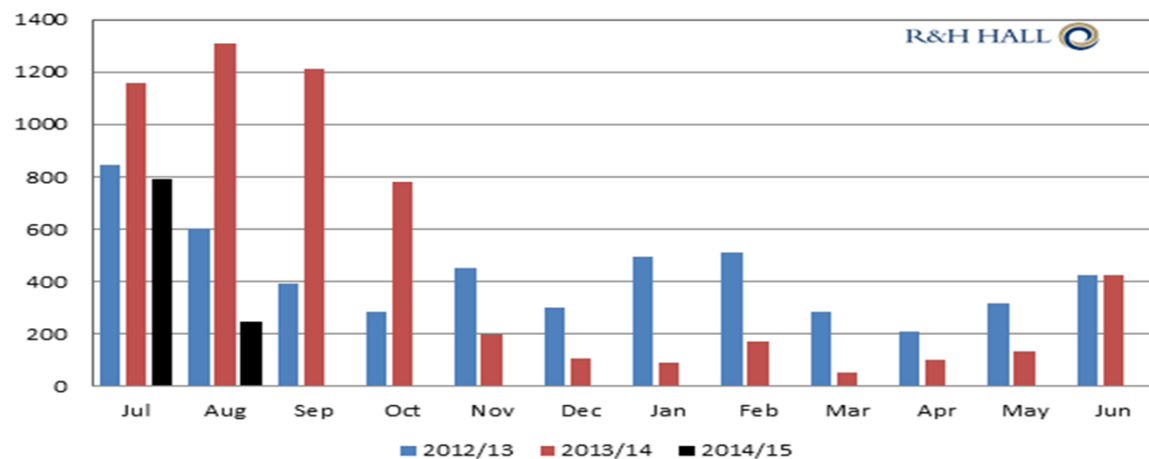


EU Exports lost to Black Sea Early in the Season

Ukraine barley exports by month



EU monthly barley exports

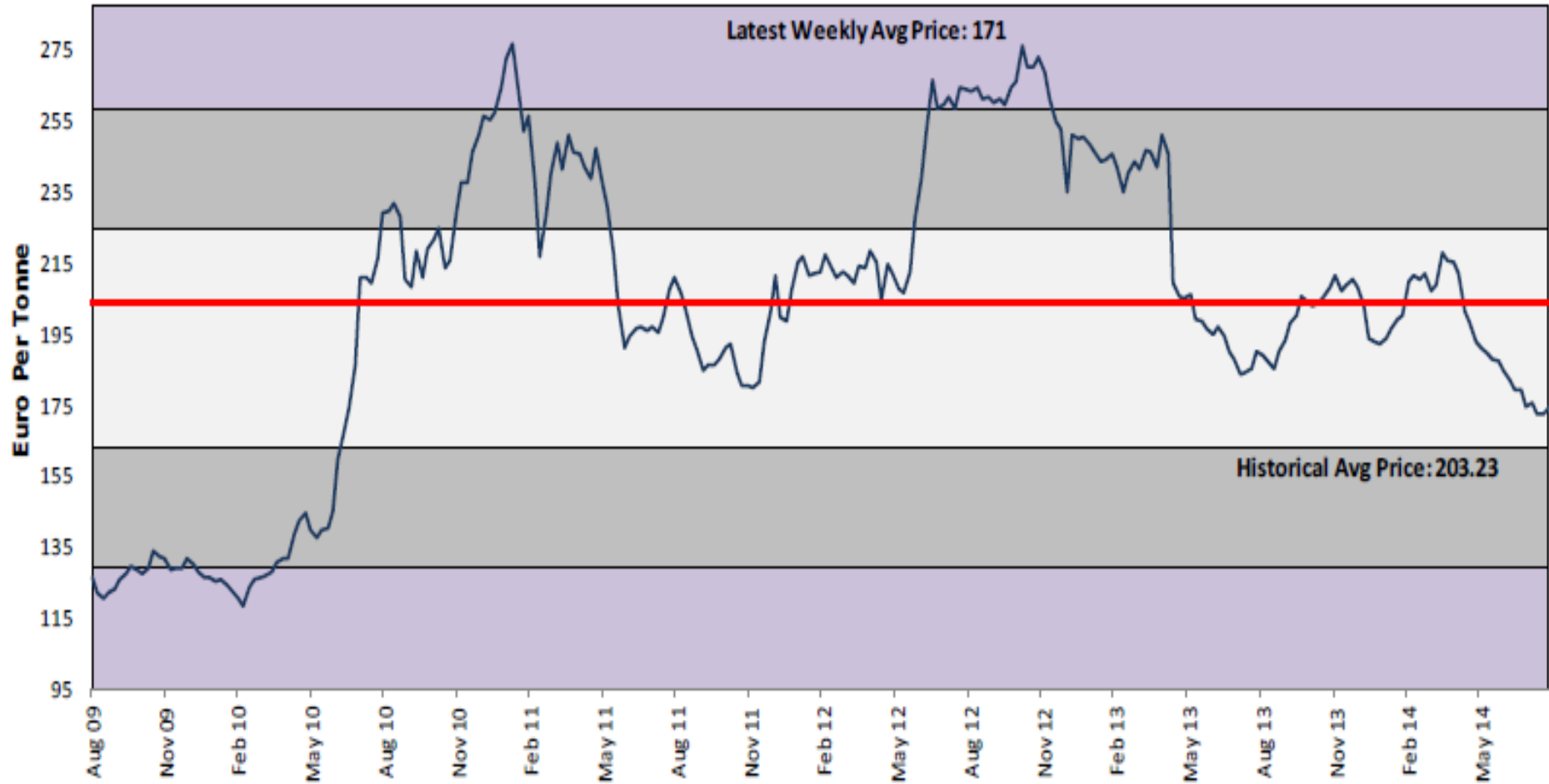


Price Development

Grain price evolution: 5yr Average

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Paris Milling Wheat



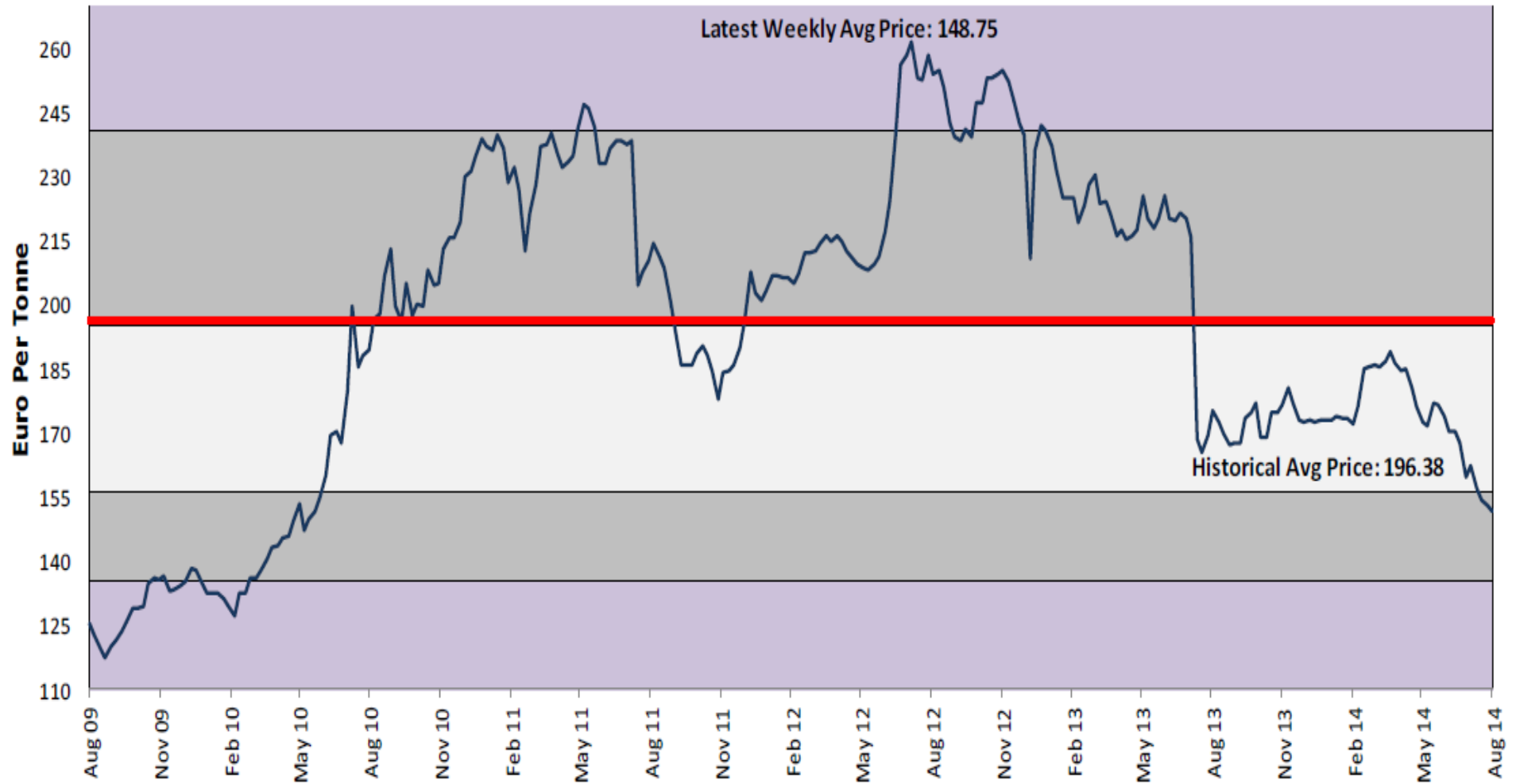
Grain price evolution: Matif Wheat



Grain price evolution: 5yr Average



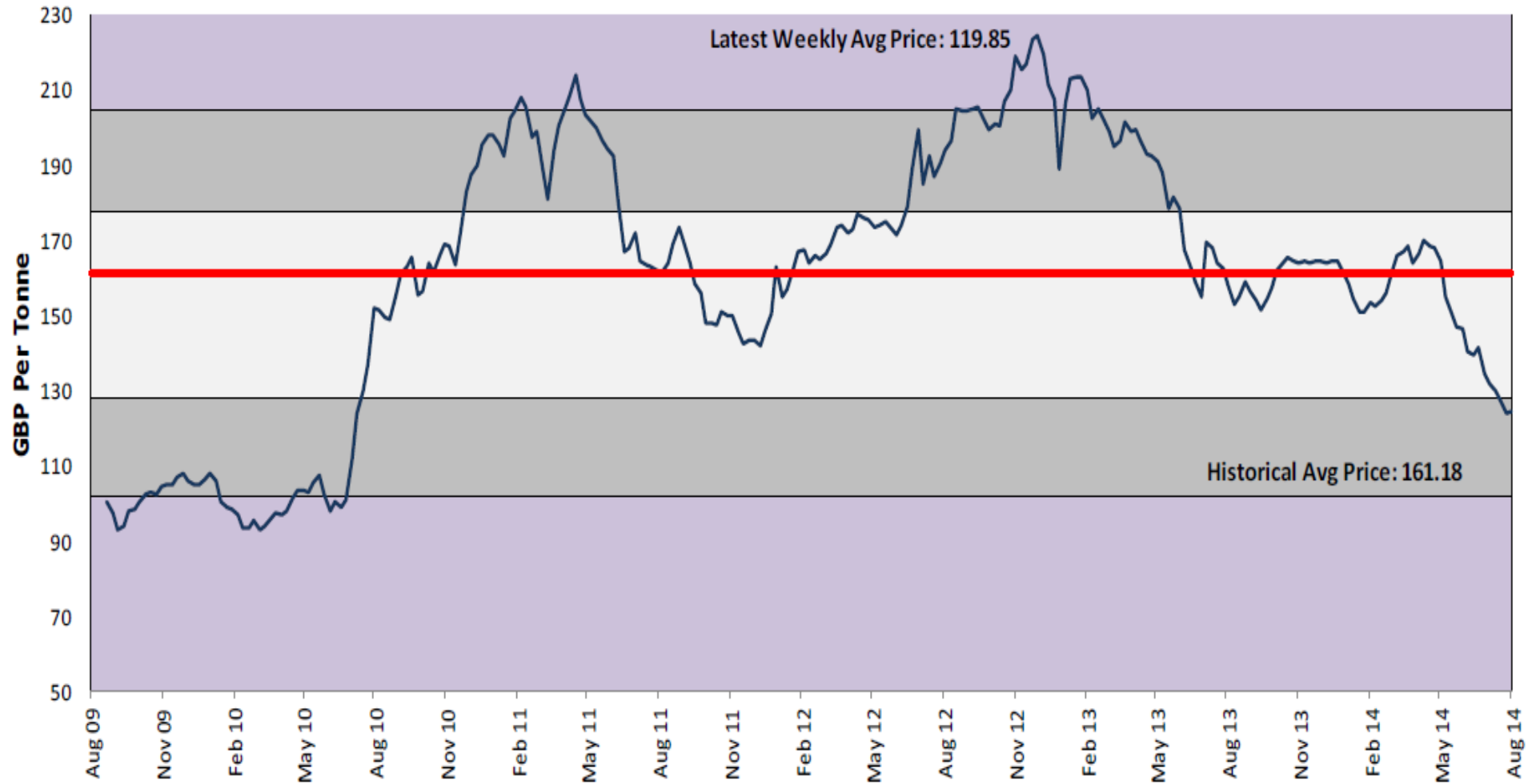
Matif Maize



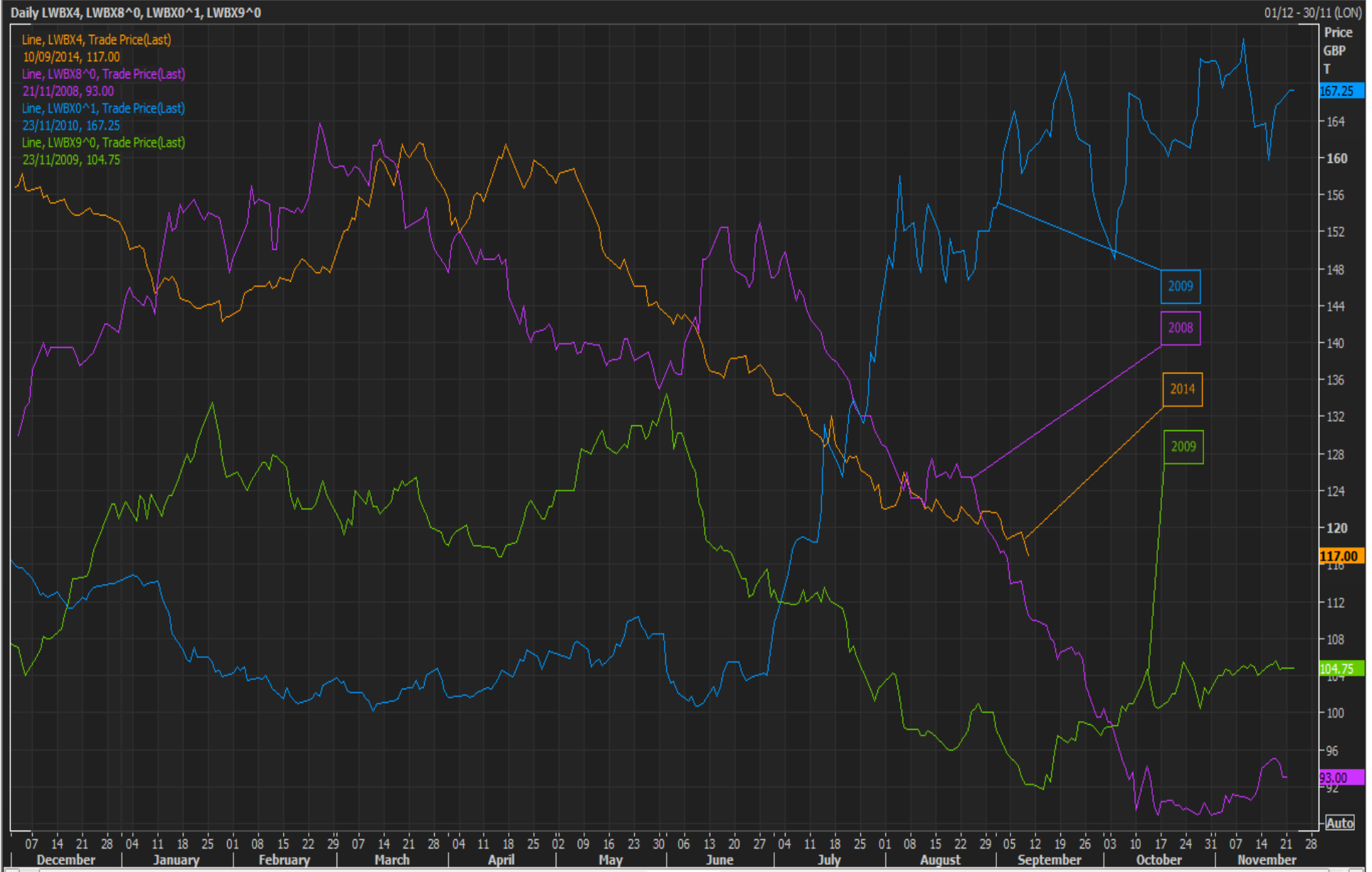
Grain price evolution: 5yr Average

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London Wheat

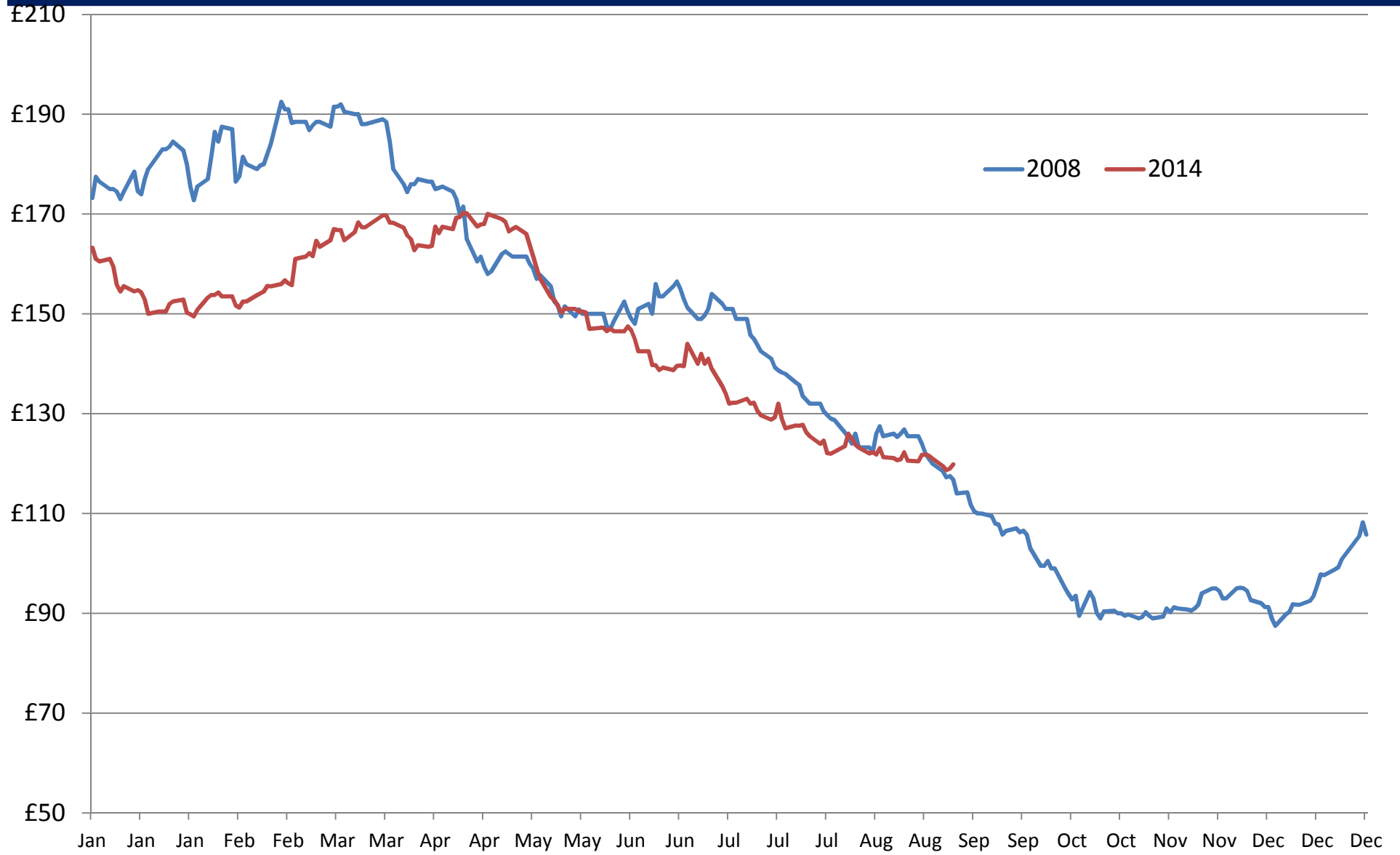


LIFFE Wheat in Big Crop Years



Final Thoughts

Liffe 2008Vs2014



Final thoughts: Conclusion

- Prices to remain on the defensive without a threat to supply;
 - Politics. Black Sea/Levies
 - Plantings. Intentions for crop 15/16
 - Weather. Yield Potential
- Funds remain short wheat. (9mmt Cbot)
- Currency
- Corn price to dominate
- Crop '15/16 continues to trade risk a premium
- '14/15 is another Stock Building year

Black Sea Affect – Matif Nov'14 WHeat



Thank You

