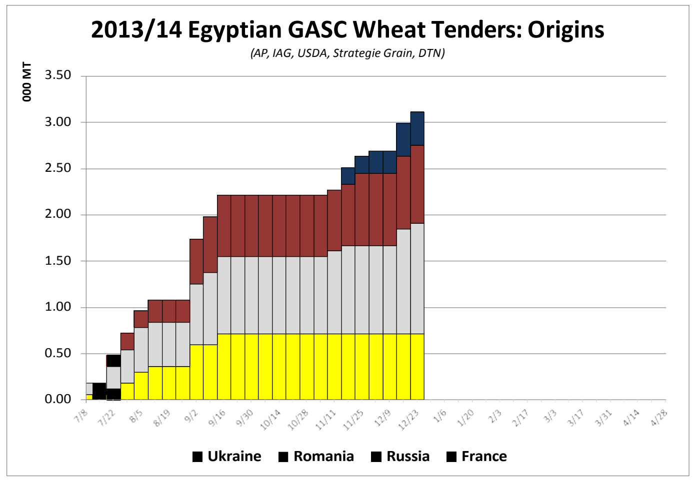
As we end the last full week of 2013 and begin to look forward to 2014, we would like to wish all our readers an extremely happy Christmas and a prosperous New Year. We will publish our next update on Friday 3 January as we are taking some time out to celebrate the festive season with family and friends, and hope you are able to find time to do likewise.

This week has seen little in the way of fresh news, the main headline grabber probably being the announcement from the US Federal Reserve that it is to reduce the bond purchase programme by $10 billion per month to a mere $75 billion. The announcement added that positive signs in the employment market and a more optimistic outlook going forward were a large factor in the decision. A commitment to longer-term lower interest rates was also included in the announcement.

In its latest forecast, Informa Economics updated its 2014/15 US acreage estimates. The group lowered its outlook for soybeans to 81.929 million acres, down from 83.814 last, however this would still be a record planted acreage if achieved. Output from this area, at trend yield, and consumption at current levels would leave a large surplus indeed. The potential price implications should not take much head scratching or calculation. Informa's corn estimate was 91.846 million acres, an increase from 91.546 last. Winter wheat was estimated at 42.9 million acres, down from their last estimated 43.1 million acres.

Tuesday saw Egypt's GASC return to the wheat market once again, this time for late January '14 shipment. The successful bids were made by Romania (again) and Russia, each securing 60,000 mt. Prices were about $6 to $7 higher than last week, basis C&F. French offers were some $8 to $10 higher, German even more expensive and the one US offer was good value on an FOB basis but freight at about $44 killed it. It is interesting to see yet more offers emerge from the Black Sea despite belief by many that they are done for the season. The Egyptian import season typically draws to a close in February, and the window for EU or US sales to be made is narrowing quickly.



The corn market was knocked by confirmation that China has now rejected 600,000 mt of corn shipments as a consequence of positive test results indicating the presence of the non-approved GMO, MIR 162. US officials have "urged" China to speed up the approval process; our take on this is that the record corn harvest and suggestions that animal feed demand is currently reduced may well be a factor in China's current stance.

Brussels continue with the brisk export wheat pace with weekly licences totalling 840,137 mt. The season total so far has now reached 14.029 million mt, which is a touch over 4 million mt (40%) ahead of last season's figure. This level gives credibility to talk that the full year total could reach a level of between 26 and 28 million mt.

This week's US exports of both soybeans and soybean meal were well below expectation, which has prompted suggestions that we may be approaching the season of Chinese cancellations as Brazilian supplies start to become available. The holiday period, which is now upon us, may well have an effect upon weekly export volumes but there is no doubt the prospect of a bumper S American crop looms both large and in the very near future as harvest is expected to start within two or three weeks in Brazil. Added to this, the Argentine hot and dry weather concerns, which added a degree of support in recent days, appear to be dissipating.

In conclusion we remain sellers of rallies and look for lower levels in the early New Year.