

Our return to work following the Easter long weekend holiday break has seen relatively benign trade pre-report and, predictably, volatility returning post-report. The net impact into Thursday's close was generally lower prices that followed the update, which held relatively little in the way of surprises, as has historically been the case with April reports.

For the record, soybean production was upped by 1 million mt for 2014/15 in Argentina with no changes of significance to global usage or exports. US stocks were reduced marginally, in line with expectation and hence priced in. Thursday's lower close appears to be not as a consequence of the USDA report but more on cancelled US soybean sales and low soybean meal sales volumes.

In corn, global production was reported up by 2.3 million mt whilst world usage is down 2.2 million mt leaving world stocks up more than 3 million mt. Clearly there is no shortage of corn in the world and adverse weather is needed to change this. Interestingly, according to China's COFCO, end stocks for 2014/14 (including some 80 million mt of reserves) would hit 150 million mt, which compares with the USDA's latest 79 million mt.

In wheat, global output was raised 1.7 million mt courtesy of the EU and Pakistan with global consumption up 1.3 million mt although the numbers prove somewhat elusive when run through a calculator, they do not seem to quite add up for some reason! Global end stocks are down ½

April Report	11/12	12/13	Estimated 13/14	2014/15 USDA Projections	
				March	April
Beginning Stocks	198.19	196.84	175.59	187.49	186.57
Production	695.99	658.72	716.82	724.76	726.45
Imports	149.30	145.29	157.84	157.48	158.96
Total Supply	1044.12	999.43	1050.25	1069.73	1071.98
Feed	146.32	136.98	131.69	140.08	139.38
Total Domestic	688.01	679.96	705.84	714.53	715.82
Exports	158.21	137.36	165.80	160.57	162.03
Total Demand	846.22	817.32	871.64	872.01	874.78
Ending Stocks	197.26	175.59	186.57	197.71	197.21
Ending Stocks less China	141.31	121.63	126.30	134.94	134.44
Stocks to Usage	24.68%	20.66%	22.32%	23.03%	22.89%

USDA Estimates

million mt and in all honesty there was little for the wheat market to grab a hold of. Of note was the USDA's increase in EU exports to a massive 33.5 million mt which seems excessive to us, particularly as we have just seen the lowest weekly export figure of the season announced today Thursday.

Brussels issued wheat export certificates totalling 201,761 mt, which brings the season total to 27,144,360 mt. This is 1.93 million mt (7.6%) ahead of last year's record pace and the first sign of a reduction in volume for many weeks. We say again, the USDA's latest export forecast at 33.5 million mt looks huge! Suggestions that EU farmers are concerned over old crop stock levels, particularly as new crop conditions are looking favourable even this early in the season, has combined to allow recent export sales at what appear to be cheap price levels. France's AgriMer has reported the French soft wheat crop to be 91% good/excellent, which is a 1% week on week improvement and way ahead of last year's condition at this time, which was 76%. There could well be some concern over the uncertainty of what will/will not happen as far as the Russian export tax position is concerned with a meeting slated for 15th of the month, and this is certainly not providing

confidence or market support – right now. Interestingly, we may well see US farmers facing the same position as their EU wheat counterparts when they have their crops in the ground – time will (as always) tell.

Additional rainfall is forecast for the US Delta and mid-south and this could see farmers contemplating seeding another crop like soybeans or rice instead of corn. Some 4.5 million acres of corn are planted across the Delta region and as much as 1 million of these could be switched to another crop if financially viable. Wet conditions could possibly delay planting of corn to the point that the risk of pollination during peak summer temperatures will be too great for growers to contemplate. Albeit still early in the season, better weather windows need to develop for farmers to plant everything they want to.

With April's USDA report behind us we now look to weather as the driver of prices in the next few weeks and months. Our view is that we have not yet seen the season lows!