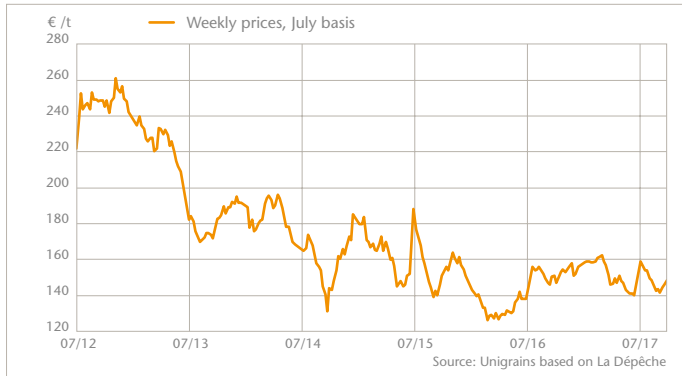
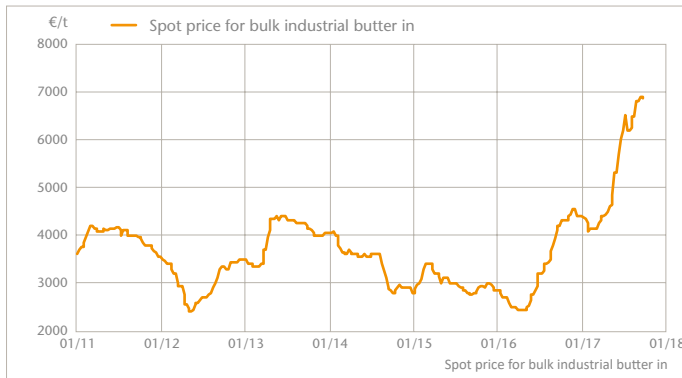


## Soft wheat FOB Rouen prices



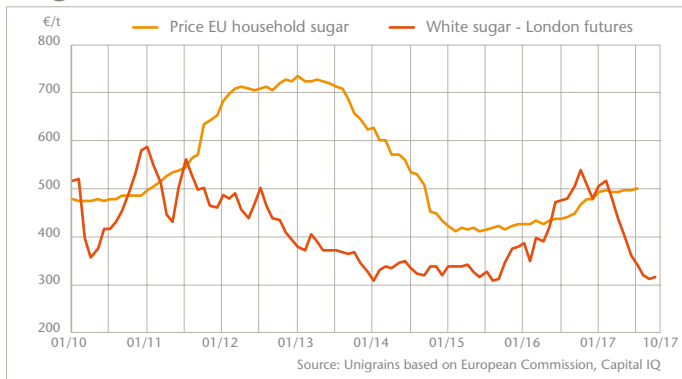
After a bumper crop in 2016, French soft wheat production fell back to more normal levels in 2017, with close to 37 MT in volume, and a very satisfactory quality. The global environment is still extremely morose. Production is not expected to reach the record of 2016 (754 MT), with a CIC estimate of 748 MT last month, but global supply remains high. High inventory levels, after nearly four months of consumption, are weighing on prices. French wheat producers have the goods to win back their place on the world stage this campaign, but they have to face fierce competition, particularly from Russia, whose harvest is constantly being reevaluated. In its September publication, CIC estimated Russian exports at 32 MT, making Russia the leading world provider of wheat with a market share of 18%, far ahead of the European Union (27.5 MT). It is therefore Russia, and its ability to supply the market throughout the year, that will set the tone in the markets this year.

## Butter



After having reached a first peak at a historically high level end-2016, industrial butter prices in Europe and worldwide soared again from April 2017. In France, the spot price for bulk industrial butter communicated by Atla reached a level of close to €7,000/t in September, i.e. an increase of €2,500/t since early January and prices multiplied by 2.8 from the low point of April 2016. These prices reflect a shortage. Since dairy fats have come back into favour, there has been a surge in demand for butter in both developed and emerging countries (especially China and Russia). Supplies are insufficient, impacted by the decline in milk collection around the world, and more particularly in Europe, between June 2016 and February 2017. Since then, and until June, the recovery in the EU has been moderate. Milk collection in the EU is set to begin its seasonal rise from end-2017, with a dampening effect on prices. But the strong demand and the very low level of EU stocks should keep prices at very high levels in early 2018.

## Sugar



The fall in sugar prices that started in mid-2016 continued over the first 9 months of 2017 due to the expected global surplus in the 2017/18 campaign. After two years of deficit, the surplus is set to be close to 5 MT for production of 190 MT (+5%). This rise is particularly sharp in Asia (+9 MT, strong recovery of India and Thailand, in particular) and Europe (+4 MT, increase in the EU, Russia and Ukraine). In Brazil, where manufacturers continue to prefer sugar to ethanol, production is stable.

In the EU, this is a historic moment as sugar quotas ended on 1 October 2017, which should translate into a gradual convergence of European prices with world prices. Producers have prepared for this change by planning for an increase in production (+15%) with a saturation of facilities and an extension of the campaign. With ex-factory export prices currently under €300/t, it is very likely average European prices will plummet to under €400/t in the months ahead. A venture into terra incognita for our producers.

## Euro-dollar exchange rate



## Oil

