



CHICAGO

ADM Investor Services
141 W. Jackson Blvd.
Suite 2100A
Chicago IL 60604
www.admis.com

LONDON

ADM Investor Services
International
4th Floor
Millennium Bridge House
2 Lamberth Hill
London EC4 V3TT
www.admisi.com

HONG KONG

ADMIS Hong Kong
Suite 908-10
9/F Lincoln House
Taikoo Place
979 Kings Road
Hong Kong
www.admis.com.hk

MARKET OUTLOOK FOR EUROPE, THE UK, RUSSIA AND INDIA

Grain Outlook by George Eddell, Grain and Oilseeds Derivatives Broker for ADM Investor Services International Ltd.

The following is an overview of the European, Russian and Indian economic, political and crop situations as of 18th May 2018. This report is intended to be informative and does not guarantee price direction.

European Union

Another month on and EU wheat prices have returned back to largely where they were in the middle of last month, as weather fears and dryness that initially drove markets higher have seen sentiment ease despite the crop not being made yet. Strategie Grains monthly report cited that EU crops are generally in good shape, but eastern EU areas could start to suffer if hot and dry weather continues. Problem patches in Eastern Europe such as Romania, Bulgaria, Czech Republic and Poland will require continued attention, although sporadic rains have so far been well received.

Amendments to their 18/19 soft wheat forecasts reduced estimates to 140.8mlnt vs 141mlnt last month. A combined 600k was cut from Germany, Hungary, the Czech Republic, Bulgaria and Denmark, which was offset by at 400k increase in forecasts across France, Spain and Romania. Forecasts compare with a Thomson Reuters update that show 18/19 EU soft wheat production at 143.351mlnt.

French weekly crop ratings from FranceAgriMer have stabilized thanks to above average rains at 78% good to excellent, which is in part helping to see



Matif spreads to CBOT widen back out. Euronext Matif released their first ever commitment of traders report, which so far has shown non-commercials holding short positions which, as of the 4th of May, total 7,641 lots. Despite some impressive weekly shipment numbers over the past month, exports to non-EU destinations continue to lag last year's pace by 21% behind last year and continue to call for soft wheat exports for the season at 20.5mlnt.

Black Sea

Weather and politics have made for a volatile month for Black Sea grain with rising oil prices and therefore a higher Rouble helping to see intra-month highs in Russian old crop wheat values of 215 USD. New crop Russian wheat forecasts carry a 6mlnt range between 71.9mlnt to 78mlnt as analysts pare back last years planted acreage slightly due to less favourable spring weather, higher stocks and return of yield expectations closer to average trends.

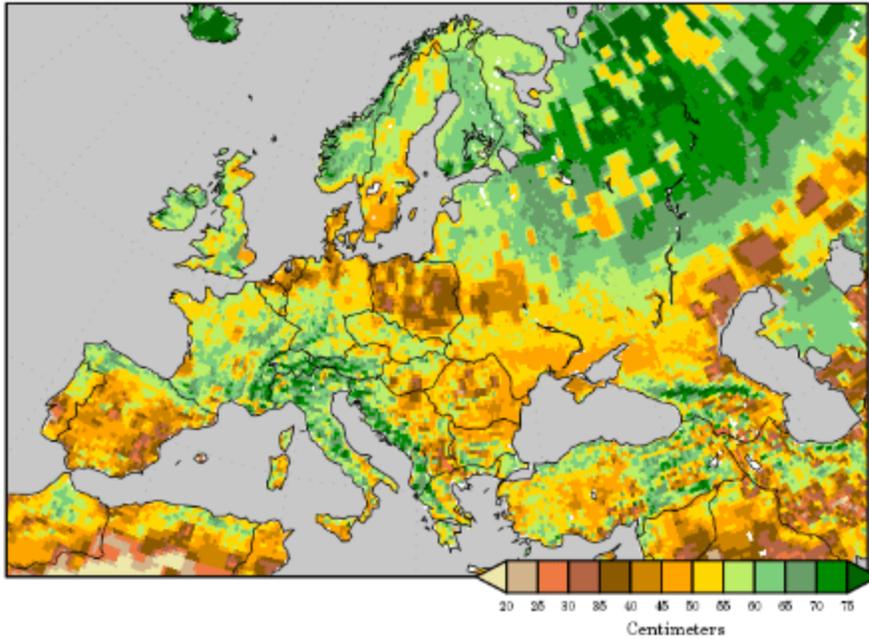
A recent USDA report commented that Russian wheat stocks as of the 1st of March were 18.5% higher than in 2017 at 38.32mlnt, which will result in an overall carryout estimate of 15.52mlnt. As mentioned, this has been touted as one reason for lower plantings, but larger than usual carryover stocks also helping to support new crop export targets of 35mlnt.

Initial crop tours of the region are picking up on the dry conditions and troubled start to the season. The below precipitation map (World Ag Weather) as a percentage of normal over the past 30 days plus the below soil moisture map (National Centres for Environmental Prediction) help to highlight the below average rains resulting in reports of early signs of drought stress. Crops are said to be shorter and thinner than this time last year, but also two weeks behind where expected, which whilst not likely to result in a catastrophe and points to a reduction in yield potential.



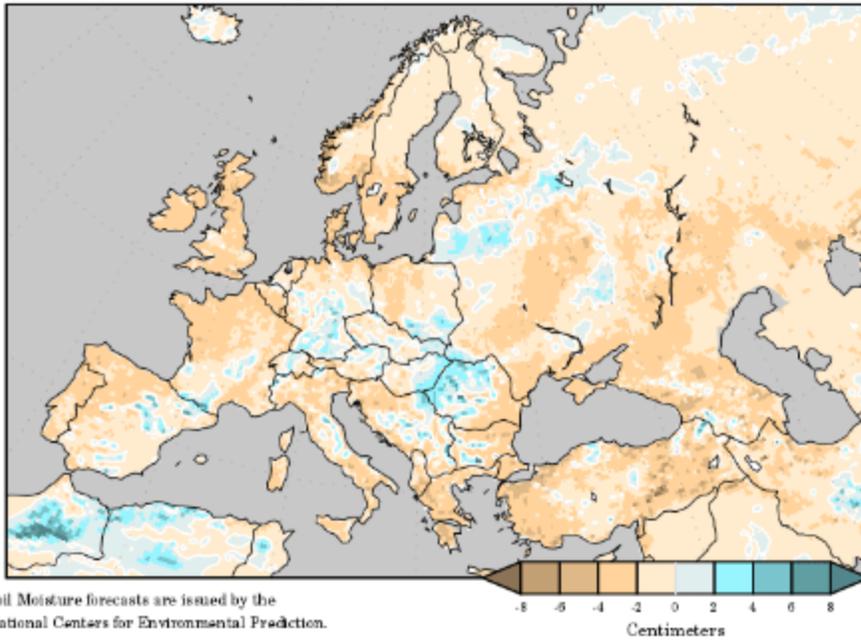
Initial Soil Moisture

Liquid Water in top 2 meters of soil
Valid time: Tue, 15 MAY 2018 at 00Z



Soil Moisture Change

00Z 15 MAY 2018 to 00Z 23 MAY 2018



Soil Moisture forecasts are issued by the National Centers for Environmental Prediction.