Agricultural commodity markets in Europe
Introduction

WHAT, WHY, WHO?
A large number of traders and investors meet on the Euronext platform

EURONEXT CASH MARKET
+140 active trading members
Flows come from across Europe, as trading firms trade via their European entities

EURONEXT DERIVATIVES MARKET
+100 active trading members
Flows come from across Europe, while the Index Futures franchise, in particular the CAC 40 and AEX futures, and Commodities futures are also directly traded from the US and Asia
Over the last 20 years, Euronext has successfully operated a suite of agricultural futures contracts, better known as the MATIF contracts. These liquid contracts have become the recognised benchmark for European agricultural operators.
EURONEXT MATIF:

Euronext Commodity Derivatives
Yearly Average Daily Volume

In 2021:

- **59k Milling Wheat futures** on average traded daily, equivalent of nearly 3 millions tons of wheat
- **11k tons of Rapeseed futures** on average traded daily, equivalent of nearly 550k tons of rapeseed
- **2.5k of Corn futures** on average traded daily, equivalent of 125k tons of corn

Euronext Commodity Derivatives Yearly Average Daily Volume
Market participants: WHO?

**PRODUCERS** : indirectly use of MATIF products through their collectors

**GRAINS COLLECTORS** : directly use of MATIF products

**SHIPPERS, MILLERS, PROCESSORS and MERCHANTS** : can use MATIF products or not

Financials : compensatory members or banks (BNP, Caceis, Citi, JP Morgan, Société Générale), Market Makers (GHF, Headlands, Rcube)

Commercials : Professional associations (Intercéréales, Synacomex, Syndicat de Paris), Silos (Soufflet, Sénéalia, Sica Atlantique), brokers (Plantureux), traders and cooperatives (ABCD, Axéréal, Invivo, Vivescia)
Why, What is the real purpose?

- The natural sellers (Producers, Coopératives) seek to lock in a price in the future by selling contracts: « short » position holders
- The natural buyers (Millers, Supermarkets) seek to lock in a price in the future by buying contracts: « long » position holders
- But the price risk remains- it is transferred, it hasn’t dissapeared...
OUR PRODUCTS
EBM – EURONEXT MILLING WHEAT FUTURES CONTRACT

SPECIFICATIONS

- Contract code: EBM
- Unit of trading: 50 tons
- Pricing unit: Euros
- Origin of the underlying asset: European Union
- Quality: Hagberg falling number: 220 sec min; Protein content: 11% dry matter min; Specific weight: 76 kg/hl min; Moisture content: 15%; Broken grains: 4%; Impurities: 2%
- Delivery months: March – May – September – December
- Last trading day: 10\textsuperscript{th} calendar day of delivery month at 18.30 PM
- Settlement (Delivery): Dunkirk, La Pallice, Montoir, Nantes, Rouen
- Wholesale services: Against Actuals, Exchange for Swaps

//live (euronext.com)
Between 2010 and 2022, the Milling Wheat futures increased from 22% to 43% of the global open interest of Wheat futures market positions globally (in lot).
WHEAT : COT REPORT
Published on Euronext Website every wednesday

Euronext wheat market, June 2018

Euronext wheat market, June 2022

Market participants’ net positions

Financials  Net
Commercials Net
ECO – EURONEXT RAPESEED FUTURES CONTRACT

Created in the mid-90’s and non-GMO since 2003

- +24% : volume of ECO in 2021 compared to 2020
- ECO price record : 1 094€/T (4/22/22)
RAPESEED - COT
Published on Euronext Website every wednesday

Market participants’ net positions

Euronext Rapeseed market, June 2018

Euronext Rapeseed market, June 2022

20/04/2018
20/06/2018
20/08/2018
20/10/2018
20/12/2018
20/02/2019
20/04/2019
20/06/2019
20/08/2019
20/10/2019
20/12/2019
20/02/2020
20/04/2020
20/06/2020
20/08/2020
20/10/2020
20/12/2020
20/02/2021
20/04/2021
20/06/2021
20/08/2021
20/10/2021
20/12/2021
20/02/2022
20/04/2022
EMA – EURONEXT CORN FUTURES CONTRACT

Created in the late-90’s and non-GMO since 2003

- +14% : volume of EMA in 2021 compared to 2020
- EMA price record : 420€/T (3/4/22)
CORN - COT

Published on Euronext Website every Wednesday

Euronext Corn market, June 2018

- Financials: 6%
- Commercials: 94%

Euronext Corn market, June 2022

- Financials: 15%
- Commercials: 85%

Market participants’ net positions

Financials
Commercials

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Euronext Corn market, June 2018

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- Commercials: 94%

Euronext Corn market, June 2022

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Market participants’ net positions

Financials
Commercials
Comparing with the US markets?
Market share: Commercials VS Financials

*In terms of percentage of the OI on wheat derivatives contracts (futures+options)*

In terms of percentage of the OI on wheat derivatives contracts (futures+options):

- **Euronext**
  - Financials: 56.00%
  - Commercials: 44%

- **CME**
  - Financials: 18.50%
  - Commercials: 81.50%
Explaining the Commercial-heavy nature of MATIF

PROTECTION MEASURES

- Maturity of the contracts
- Specific protection measures put in place to ensure a balanced market and protecting the core hedgers:
  - **Position reporting & position limits**
    - **Example**: Euronext MATIF Milling Wheat: 100k lots for any period up to spot month, then 60k lots which reduces to 20k lots during the last 12 days before expiry.
  
  - **Delivery limits**: These have been put in place by the trading and clearing venues since the inception of the contracts to ensure the core delivery period is protected and the physical and futures markets converge.
    - **Example**: Euronext Milling Wheat future limit from D-12 is 3620 lots (181k tons)
EBM price VS SRW price

After the start of the conflict in Ukraine
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