This week has seen Chicago corn prices clawing back some of the losses that were sustained in the wake of the bearish stocks and seeding report last week. Indeed, Thursday saw corn rallying for the fifth successive session with better than estimated US export numbers being cited. Corn sales commitments stand at 1.28 billion bu, some 14% below last year and S American prices remain competitive. CONAB released their Brazilian latest corn output estimate at 84.7 million mt, which is 1.2 million mt above their March figure as safrinha acres are larger than expected, if their estimated output is realised it will equal the record output achieved last year. The weather outlook however suggests that there may be a dry spell coming which could well force a rethink (lower) by CONAB in forthcoming estimates. The week's close will be a determinant of direction going forward as technical chart indicators either fail or hold and it could well be that we have seen a season low in corn.

To counter this, one noted consultancy has recently suggested that a harvest low price in corn could well be $2.80/bu with both wheat and corn hitting ten year low prices and soybeans a nine year low. Their estimated wheat price was $4.00/bu and soybeans $7.60/bu. The key driver of the suggestion comes from both substantial stock levels together with high output expectations. Grain crops in Argentina are expected to grow substantially as farmers expand acreage amid the removal of export taxes as well as an improved competitive position arising from their weaker currency.

Wheat prices eased in early week trade as the initial US winter wheat crop condition report showed the crop as 59% good/excellent, which was above estimates as well as last year's 44% and the five year average of 42%. The market also took heart from improved weather prospects as far as rainfall is concerned and consequently implied weather premium eroded a touch. Towards the end of the week France's AgriMer reported their soft wheat crop to be 92% good/excellent, unchanged week on week and 1% ahead of last year, the highest rating in five years. The vegetative crop maps across Europe agree, suggesting early crop development is in good shape and barring adverse weather setting we are looking at another year of good yields.

Egypt's GASC purchased a single 60,000 mt cargo of wheat from France for mid-May shipment in its latest tender that again saw limited offers. The price paid was reported to be $192.34/mt basis C&F. The last price paid was $189.20/mt on 24 March when Chicago prices were marginally (approximately six cents/bu) higher, perhaps reflecting the ergot risk premium.

In summary we have had a week where soybeans and wheat have eased marginally and corn prices have recovered somewhat with the news input somewhat limited. Next week's WASDE report, scheduled for release on Tuesday, is expected to show a mixed picture with limited impact. Global soybean and corn stocks are expected higher and wheat lower, US wheat and corn stocks are expected higher, and soybean stocks lower, whilst Brazilian corn output is anticipated lower with soybeans higher as is Argentina’s corn and soybean output. As we said, a mixed bag although the actual report may spring a surprise! There is little today to suggest that we have any major price move, higher or lower, in the immediate offing.