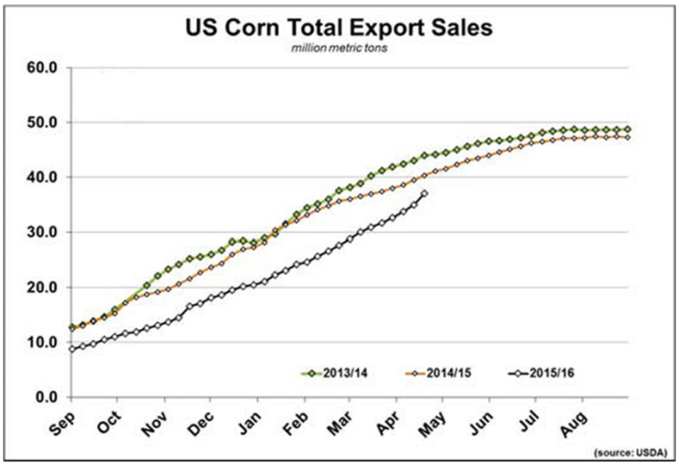
It seems that this week's market has eventually resumed its move higher recovering from a strong pullback and initial early losses. Front month soybeans have made fresh highs although the grains, wheat and corn, whilst moving higher have not matched the strength of soybeans.



Growing concerns over the Brazilian corn crop spurred US export demand to a stronger than anticipated level, which left Chicago markets jumping close to 2% on Thursday alone. The old crop contracts benefitted more than new crop as US planting expectations this season is growing. Actual reported exports sales for combined old and new crop this week reached a massive 2.6 million mt, the highest level in four years.

EU wheat has also risen in price alongside Chicago on the back of strong US export demand, which was reported at a combined 806,600 mt, the largest weekly total since July last year and at the high end of trade expectations. European soft wheat export certificates for the week totaled 639,697 mt, which brings the season total to 26.64 million mt. This is 1.92 million mt (7.16%) behind last season's record volume.

It is believed that Russia will maintain its wheat export tax through next season, which starts at the beginning of July. Russia is looking forward to a third straight season of large grain crops at the same time the world is facing huge stocks and low prices, and will need to remain competitive in an already tight marketplace.

The International Grains Council (IGC) raised its forecast for 2016/17 global wheat and corn crops this week, whilst leaving soybean output little changed. World wheat output was increased 4 million mt to 717 million based upon beneficial weather in the EU and Russia, although it should not be omitted to recall last year's output was 734 million mt. Global corn output was forecast 5 million mt higher at 998 million, better than last year's 973 million mt. Total world grains output at 2.006 billion mt would be a marginal increase on last year's 2.005 billion if realised. For the record, global soybean output was seen at 319 million mt, largely unchanged although increased consumption was expected to see global end stocks shrink a touch.

Looking forward, the upcoming data publications include Brazil's April soybean export figures, which are expected to set a new record followed by the May WASDE Report from the USDA. This report will be the first report of the year to include 2015/16 crop year estimates. A number of revisions are expected including, but not limited to, reductions in S America soybean and corn output, possible increases in US exports, and again analysts are looking for the USDA to imply stronger Chinese demand. As always, the USDA will use their numbers from their March 31 Planting Intentions Report for their US acreage figures leading most analysts to expect a fairly bearish looking US Corn S&D and possibly a bullish looking Soybean S&D table.

All in all we have seen a week somewhat quiet when compared with last week although there remains an air of anticipated volatility. Which way this will push markets, higher or lower, remains to be seen. Weather appears to have a favourable flavour right now whereas fund money flows, as we have seen only too clearly, could well provide more upward momentum.