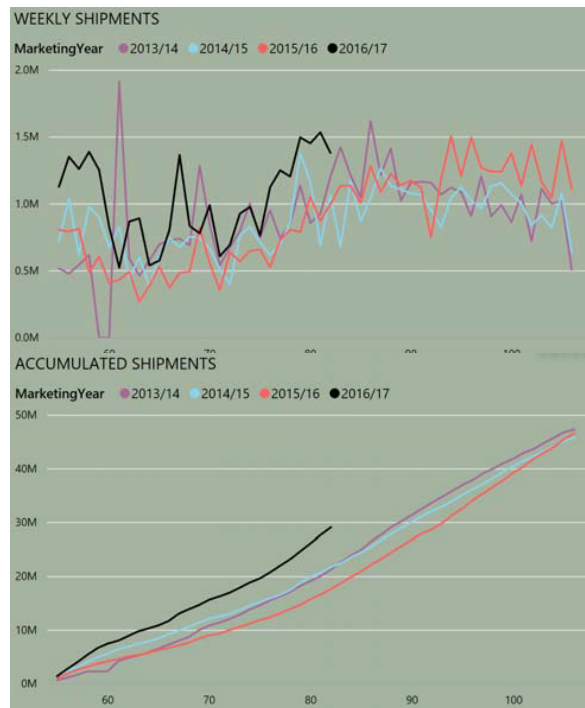


Another week moves towards a close and we are continuing to see lower levels – again. May '17 soybeans have broken below their 11 November lows and their next objective seems to be the mid-October \$9.60/bu level. Not to be outdone, the grains, wheat and corn, are following suit. May '17 wheat is back to early January levels with corn at prices last seen in late December. Little has changed since our last update a week ago, from a fundamental perspective that is, and the seemingly inexorable price leak continues. We should have seen some support coming in to Chicago as weekly US export data, released Thursday, was better than trade estimates, yet this had no visible supportive impact and prices continued lower. Charts show US corn export pace. This year S American supplies should thwart the late season export pace.



Wednesday saw Brazil's soybean processors association, ABIOVE, release their membership soybean processing data for January (the most up to date), and the figures suggest a total Brazilian crush for the month at a record large for the month, some 20 plus percent above last year. Early harvest and ample availability have doubtless contributed to the figures. US cash meal premiums are at multi-year lows, suffering from a larger supply of DDG's.

Paraguay's AgMin have reported their national soybean crop to be record large as their harvest comes to a close. Beneficial crop production weather conditions in the latter part of the season have been cited as the reason, and output in excess of 10 million mt was forecast, which compares with the USDA's 9.4 million. Whilst Paraguay is only a small proportion of the total S American soybean output in this coming year, which follows three good years, it is yet another addition to an already large stockpile and does nothing to relieve downward price pressures.

Fund activity, although reported relatively late in the day, is interesting to note. We await Friday evening's latest update (which will report figures to 21 March) with interest, but last week's numbers showed the funds now net short in corn as well as wheat and that their net long position in soybeans was well below last week, and at levels not seen since mid-October last year. As we have previously written, our view of the funds' positions when compared with the market fundamentals has been "out of step", and we

would now ask if they are perhaps coming more into line? Time, as ever, will provide the answer.

Next week sees the release of the USDA's latest stocks and seeding reports, scheduled for Friday 31st March, and we would not anticipate much in the way of substantial market activity or movement prior to report day. It will be interesting to see what changes, if any of substance, are made to prospective corn and soybean acreages, and whether the abundant supplies of DDG's and other feed ingredients will make any material downward revision in corn feed use, and hence end stocks.

Meanwhile we continue to watch and wait; higher prices seem difficult if not impossible to sustain in the face of current stock levels and anticipated harvests as well as potential new crop plantings. The market, if it is to stage a recovery of any significance, will require a material weather change or other limiting factor beyond our current imagination. The alternative, a significant demand driver, appears more unlikely to us at this time.