

Another week and once again there has been little change in market fundamentals. That is not to say that there is NO change; more of that shortly! Meanwhile the macro picture, which we discussed last week, is continuing to develop. The first round of the French Presidential election has left the centre ground and far right parties to fight it out with Emmanuel Macron of En Marche and Marine Le Pen of the National Front battling on 7 May. Whilst there is not a clear favourite it seems that Macron is expected to win, but these things are never clear-cut.

The other issues raised last week are continuing to rumble on, the British pre-electioneering is already displaying a bad tempered and even ill mannered start, as with France, the outcome is by no means a given at this time. The situations with N Korea, Russia and Syria continue to leave concerns in the market place although we can see no hard evidence of any price impact, positive or negative.

Back to matters of a fundamental nature, and (not unexpectedly) the first potential market mover comes in the guise of a weather related issue. Freezing temperatures and cold forecasts across the C and N Plains have left wheat prices somewhat elevated and any residual bearish tones are for now on the back burner. As ever, frost damage is hard to quantify and will only truly be known when yields are evident at harvest, but the market is starting to price in losses.

In Europe there remains sufficient uncertainty over weather to, at least, maintain current prices, and possibly see some uplift if conditions do not improve in the immediate short term. However, the latest forecasts call for good rains across France, Germany and Spain where it is needed. In Canada, as with the US, cold conditions are prevailing and spring cultivations are being delayed, which will, in turn, delay plantings. Planting delay and yield loss go hand in hand, but quite how much the impact will be is, as yet, unknown.

Corn prices have followed their feed counterpart, wheat, higher doubtless with added support from an extremely wet forecast, particularly in the S and C Midwest. Planting progress on 1st May should show near normal corn planting, and based on the current forecast, US planting will get back on track in 7-10 days. Fund short covering has been evident, and given their recent extension to the net short position this is not unexpected and has lent some price support. In addition we saw some good US corn export volumes this week, which has encouraged the market. Higher market prices in corn this week leave us questioning whether this latest weather premium can be removed before we see a serious improvement in growing conditions.

The soybean market saw a good week of US exports, despite stiff competition from S America. In actual fact the week's volume was the best in ten weeks although outstanding shipments are also large from an historic perspective. Argentina's BAGE report their harvest to be ahead of last year at

32% complete but significantly behind the five year average of 50%. Markets are, generally speaking, continuing in a very broad ranging sideways pattern for now.

All in all, our take on the various inputs is that we could just be witnessing the first “trigger” that we said we were searching for a few weeks back. Unless we see weather conditions improve in the US and Canada, permitting plantings to catch up, there is potential for yield and output losses, which could turn price trends higher. EU weather appears to be improving, so concerns and price pressure from that direction should ease. It remains early days, and we should remind that global stocks are not tight by any stretch of the imagination; hence price uplift remains muted at this time. However, current weather and planting/crop development needs to be watched closely to ensure we do not miss a potential change of trend.