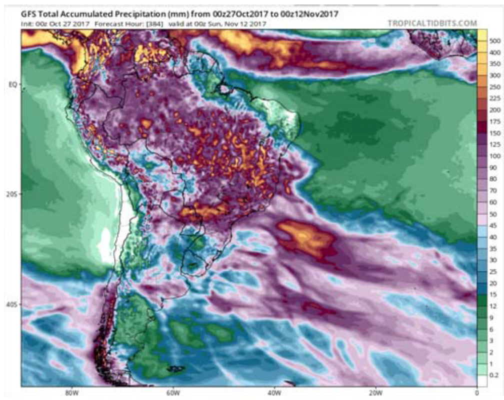
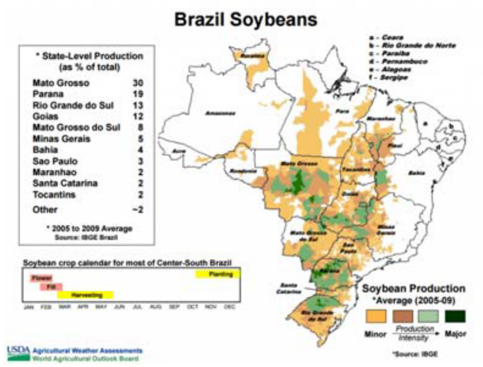
We have once again seen something of a dull week from a trade and direction perspective. Fresh fundamental news input remains somewhat lacking and prices remain lacklustre at best. It feels very much as if all the available news has been digested, and that includes better than expected corn and soybean yields, strong soybean export numbers, high ethanol production as well as the record wheat crop in Russia. Despite this, prices remain in a tight range, and have done for some while, and as we stated last week we await fresh input to trigger a move either up or down. We remain of the view that the trigger will be a S American crop production issue, possibly weather derived, and it is too early in the season for this to materialise yet. Consequently we seem destined for continued sideways price action in the near to medium term.





Keeping with S America, weather in Argentina (Buenos Aires and La Pampa) continues to hold on the wetter side, which is keeping something of a lid on planting progress, although there is some ongoing improvement in the forecast. Aside from this, the latest forecasts appear to have some agreement that the rainy season is about to start in central and northern Brazil. November rain totals appear to be set for normal to just above normal and this bodes well for maintaining safrinha crop acres, which was a question mark not so long ago. However, we have gone from too dry in the northern two-thirds of Brazil to perhaps too wet with few planting windows to speak of over the course of the next few weeks in some primary growing areas. This is not an issue yet and will not be if showers space out a bit more in November, but it is something to keep an eye on. Generally the long term forecasts do suggest a moderate La Niña event, which a wet northern Argentine, wet southern Brazil and below trend output in those areas. Clearly we have some issues to watch and be aware of before we can have full confidence in another bumper S American crop.

European wheat export volumes as reported by Brussels, and derived from customs data, have reached 6.52 million mt. This compares with 8.5 million last year, which is a decline of some 23%, and barley exports are up around 4% year on year at 1.48 million mt. Corn imports are up significantly at 4.5 million mt compared with last year's figure of 2.6 million.

In summary, we see a continued period of flat and uninteresting price action. It will only be when we see fresh news that this situation will change in a material way; this could be (as previously mentioned) S American crop potential, US yield surprises or a geo-political shock.