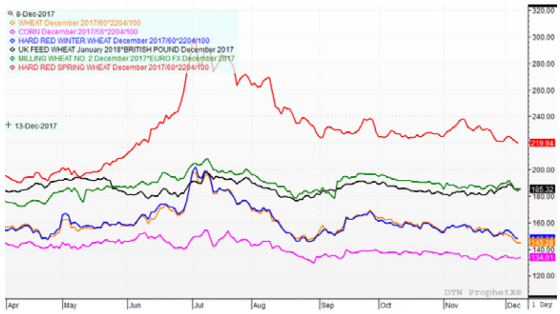
We approach the end of another week with limited fresh input and hopes of a change of trend dashed! Soybeans started the week on a stronger note only to turn lower, whilst the grains, corn and wheat showed little if anything in the way of strength from the outset.

It seems that initial ideas of strength in soybeans, coming from a drier weather forecast after the weekend for S America and a building fund long position in soybean meal, were somewhat overdone. The rally ended Wednesday morning as selling and profit taking took over, which led to prices trading back to levels where we closed last week. The market even filled in its own gap created on Sunday night. Despite current ongoing dryness in key S American growing regions, the longer range outlook points to better rainfall with a significant pattern change which could turn growing conditions positive as we enter January. In other soybean related news, Chinese imports for November are expected to come close to 10 million mt, a year on year increase of some 2 million, and interestingly Brazil has remained a solid supplier not only through October but also into November potentially diluting the US's share.

Interestingly the dry weather pattern in S America, particularly in Argentina, has not pushed corn prices higher. Whilst rain is scheduled for later in the month, particularly in central growing regions, we are still looking at below average precipitation in the 2017 growing season. As was clearly demonstrated this year in the US, below average precipitation is not necessarily a precursor to below average yields and it seems the market has taken this message to heart.



Wheat markets globally have not had a particularly good week with further price declines evident once again. Having said that we struggle to hold a bearish stance at current price levels, particularly in view of another potential decline in US acres this coming season. Furthermore, dryness is growing across the US Plains although it is too early to consider this a major issue right now, but the potential for continued dry conditions should not be overlooked.

Perhaps the most significant input this week came from the Stats Can release on Wednesday. The published numbers were rightly received as broadly bearish with an uplift to the Canadian wheat crop, leaving it at 30 million mt, some 3 million above the USDA's November estimate. Clearly this will drop into export available supplies further pressuring global markets. Canadian canola (rapeseed) production was also elevated; an additional 1.4 million mt was added to last year's output pegging it at 21.3 million mt.

All in all, there remains little in the offing to excite the markets at this time. We await next week's USDA report release but are not holding our breath for significant and market moving data. In addition we approach quarter and year end as well as an extended Christmas and New Year holiday break, which has the potential to see a "risk off" approach and potential position covering. However, sideways is our view of direction into year end.