

Both traders and farmers alike await the release of the USDA's latest quarterly Grain Stocks and Small Grains Annual Summary reports later today, possibly to see if it can inject any bullish news input into current markets. The report will include estimated stored grain quantities for September 1 as well as the final 2017 production figures for wheat, barley and oats. Soybean 2017-18 end stock estimates have a range 378-489 million bu, with an average of 401 million. The corn range is 1.960-2.099 billion bu, with an average of 2.010 billion, whilst the wheat range is 2.155-2.443 billion bu with an average of 2.343 billion. Clearly the report, when published, will give some further certainty and maybe direction although it is not expected to rock the boat.

Over the past week we have seen Chicago markets in corn and wheat display a touch more upside whilst soybeans have shown marginal strength. The weekly US export data revealed the third largest corn number on record at 67 million bu whilst wheat exports at 24 million bu were the largest of the season so far and above the average pace required to meet the USDA's season total. Soybean sales came in the middle of the range of expectations at 870,700 mt, down about 47,000 mt from the previous week. The outlook going forward for US corn appears brighter as competing Brazilian supplies are priced at a premium to US offerings and the Brazilian marketing season draws to a close.

US soybean exports continue to struggle in the on-going trade war turmoil that took another turn down this week as President Trump, whilst leading a United Nations Security Council meeting, claimed (without offering proof) that China is interfering in US midterm elections. Clearly tensions are already in existence but this latest claim has given Beijing ammunition to senior Chinese officials who now suggest that Mr Trump's real agenda is to slow or stop China's drive to become a global power. How this will end is impossible to answer, but it is becoming more evident by the day that a quick resolution seems a very long way off, and is possibly becoming even more remote.

Cash wheat markets have taken a turn higher with Russian supplies clearly starting to tighten; a \$5/mt price hike week on week supporting this viewpoint. Russian exports to the last week of September are record large at 12 million mt, which using the USDA's balance sheet, leaves a surplus of only 23 million for Oct-Jun. This compares to Oct-Jun Russian exports a year ago of 32 million mt. Many see final Russian wheat exports capped in the range 26-32 million mt assuming no government interference. That said, the Russian Government is slowing wheat exports through phytosanitary measurement slowdowns and crop quality is becoming an increasingly important issue in Russian exports. Australian conditions continue to point towards a crop of 17-18 million mt rather than the USDA's 20 million, which will leave their exportable surplus somewhat more constrained than previously believed. The point being made is that there is a large gap between major exporter wheat production and future world trade, which will have to be reflected in prices at some time. US wheat exports should become a beneficiary of this situation in the not too distant future, either in terms of demand or price, or both!

We continue to believe global cash wheat prices have made a secondary price bottom, and now have the platform and support from which to advance. Feed grain demand remains robust, which will assist this viewpoint, and could also add support to corn prices. The only unknown continues to be soybeans due to the political situation although we have previously suggested that global trade will continue largely unchanged and that

it will only be the trade flows, from which origin to which destination, that change over time until resolutions are reached. This now appears to be becoming a reality as S American beans ship to China and US beans ship to S America, with S America appearing to benefit financially. We really are living in a funny old world!