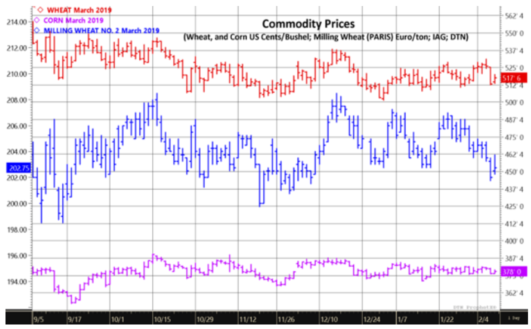
This week our politic driven markets have taken a slight change insofar as the US Government is back to work whilst the UK's Brexit debacle rolls on. However, the US position appears unresolved as the resumption of Government was a temporary measure until February 15 unless President Trump is permitted the funding that he demanded for the Mexican border wall. Whether or not an agreement is reached or a national emergency is declared and military funding is utilised to build the wall remains to be seen. What is certain though is that the shutdown and stoppage of data releases has put traders on the back foot with a dearth of information; CoT report, WASDE report, export information etc limiting fundamental market analysis. Historical data is being released, slowly, and we can only hope that this continues unabated as and when agreements are reached.

Brexit remains in a state of stalemate after Prime Minister May and EU leaders refused to budge on the key issue of the backstop after a day of meetings on Thursday. Mrs May will be hoping for more progress when she meets with Mr Varadkar, the Irish Premier, as she seeks to remove the main obstacle to her deal being agreed by MPs. Labour's shadow chancellor John McDonnell has been extremely vocal in his commentary regarding the possibility of a second referendum whilst the opposition leader, Jeremy Corbyn, outlined his demands, which included the UK being in a permanent customs union with the EU, in a letter to the Prime Minister, which failed to mention the option of another referendum. Clearly there is no easy road ahead and the deadline date, 29 March, looms large. Next week will see "brinkmanship" coming to a head with time beginning to run out.



Back to more mundane matters, and mundane appears to be a good description, markets continue to meander as has been the case for a while. Paris wheat is the best example with a €200-208 range having been established in the March '19 contract since September last year. Chicago wheat futures have a similar, but slightly broader, rangebound pattern as does corn. However, corn prices appear to be closing their trading range into a tighter channel, which could be a precursor to a breakout, one way or another, which should be something to watch.

On that latter point, data is *potentially* pointing to a reduction in corn yields from the US Midwest, in contrast to the USDA's latest report in December; reporting record yields for 2018/19. Digging a little deeper, looking past the USDA's satellite imagery, into the average temperatures across the US Corn Belt during June, there may be cause for concern regarding the USDA numbers. With US corn being planted in April, warm weather at the start is beneficial. However, entering June above normal temperatures typically causes yields to decline (during tassel and ear initiation and pollination). Historically for the period of June, for every week temperatures are 1°F above normal, yields drop between 0.1-0.5 bu/acre. With relatively tight feedgrain stocks around the world this could well be worth keeping an eye on.

Soybean meal futures (spot) are beginning to form a bearish flag pattern that could well point towards lower prices into the summer period. S American new crop supplies are beginning to become available, and at discounts to US Gulf levels, which will likely pressure US prices and exports. This begs the question as to whether this could impact US crush rates and thereby soybean stockpiles. Soybean futures remain in their gentle broad-based uptrend channel, currently nearer the upper end, and this could signal that further upside has a limited opportunity at this time.

Clearly, there are a number of issues worth watching at this time; politics (as ever), weather (as ever), and technical chart-based price levels (as ever). Predictions on future direction are probably at their hardest to make right now.