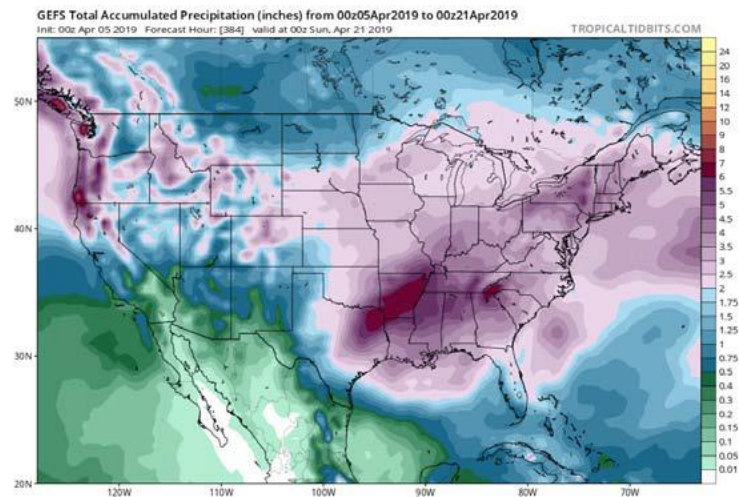


Brexit, Flexit, Flexextension; the saga drags on, and on, and on. No more to be said on the subject this week, as we are sure regular readers will appreciate. On the other hand, US/China trade negotiations continue to draw us closer to the edge of our seats as the tone of discussions and trader reaction continues in the positive although a definitive result and conclusion remains elusive to pin down.

As a general (non-political) comment to start with, markets continue to display further positivity as the week has developed. Last Friday's losses in corn, following the USDA stocks report, have given way to around 50% recovery; US/China trade negotiations as well as the US weather pattern are the likely drivers. The US/China is well enough discussed, the weather forecasting models are showing yet more rainfall in the two-week pattern, and in addition, longer-term outlooks suggest there is little change although this needs to be verified. Whilst this is good news for the longer-term soil moisture profile, it is of little comfort to farmers trying to proceed with, or even commence, fieldwork and corn planting. At this time it appears that US corn plantings at least in the South could suffer a delay, but we are all aware that once conditions are right, the US farmer can seed acres at a remarkable pace.



Wheat prices remain steady across most markets, and our “bold” suggestion of a few weeks ago that May Chicago futures had formed a price bottom on March 11 continues to hold good; the contract having made 50 cent gains since then. Global markets now await Northern Hemisphere weather conditions to develop a pattern from which we can (hopefully) deduce likely growing conditions and thence yield and ultimate outputs.

Meanwhile, we hear that Russia may well be in a position to resume wheat exports to Vietnam following an announcement that Russia's grain export control systems meet their requirements. However, there were requirements on such issues as non-inclusion of certain banned or quarantined plant seeds, which might prove problematic. It is possible that some Russian regions could be treated preferentially by Vietnam when compared with others. The significance of potential trade between the two countries is not known for certain but in the last marketing year Vietnam imported close to 2.5 million mt between January and November prior to phytosanitary issues slowing trade. Interestingly, the issue was one of field thistle seed contamination, and one (Russian) commentator was reported to have said, “The (thistle problem) was always there and always will be, Vietnam will starve a little bit and then come to their senses. As soon as Vietnam is not

be able to buy cheap wheat, they will immediately forget about the thistle." Cynical? Maybe, but probably realistic!

Our view remains stubbornly unchanged insofar as recent prices have been historically cheap and therefore likely to see limited downside. The drivers of markets have been largely political and ultimate (and likely) outcomes point towards a bullish rather than bearish input. Consequently, we prefer the long stance rather than a short position until such time as we see fresh news to change this.