We return from the holiday season break to not only a new year but also a new decade and hopefully to a more ordered marketplace. However, our hopes are just that and our expectations are at a somewhat lower level.

In the break we have seen more progress towards settlement in the long-standing US/China trade war with a Phase One signing anticipated sometime in January. The good news has been somewhat tempered by the drone strike on Iran, which killed General Qasem Soleimani quickly followed by an Iranian missile strike on US bases in Iraq in which it reported that there were no fatalities or serious injuries. All square? Unfortunately, these incidents were followed by the crash of a Ukraine airliner shortly after take-off in Iran, with current thinking that it was "accidentally" shot down by an Iranian surface to air missile. The situation is not aided by Iran's current refusal to share "black box" data with other interested parties. The key here is that middle-east tensions have escalated, de-escalated and are now escalating once again in the troubled region. UK foreign office advice is to avoid all travel to Iran, and if there to leave if at all possible as the potential for a sudden deterioration in the security situation is very real.

Despite the above, markets have generally been behaving in a relatively well-ordered manner. This could well be due to the fact that many traders and discretionary funds are absent from the market as well as the lack of desire to take on new risk ahead of the latest USDA crop report scheduled for release later today.

Our various market thoughts include the following points in no particular order:

1) Global vegoil stocks are tightening amid growth in demand. This should provide some support to oilseed markets.
2) Global cash wheat markets continue to firm and the parallel firmness in futures looks to be somewhat overbought.
3) US winter wheat plantings look to be at a multi-year low level with suggestions that planted acres will be at their lowest in over a hundred years.
4) Lower US corn production will be offset by reduced export volumes leaving end stocks broadly unchanged.
5) Argentina's early corn plantings look to be in good condition and generally speaking it seems that S American weather is conducive to trend or above trend yields at this time.
6) Over the next few months, market attention will turn toward Northern Hemisphere crop production which could be inherently bearish.

Of note in the week was Egypt's GASC making its first wheat tender of 2020 and securing 300,000 mt from Russia (120,000 mt), Romania (120,000 mt) and Ukraine (60,000 mt) at an average price reported to be \$245.71/mt basis C&F. Not only is this price a full \$7.50/mt above the last tender but is also \$37 above the season's low set in their initial purchase. The market took the news and reacted somewhat bullishly.

It would be wrong to not mention the wild fires disaster that is occurring in Australia where significant damage to property, land, crops and wildlife is all but out of control. The three-and-a-half-year drought that the continent has experienced is bringing devastation across a significant and vast area of the land. Our thoughts go out to all affected. The materiality of the calamity from a market perspective is tempered somewhat by the fact that global crop stock levels are not under pressure and that the Australian balance sheet could offset reduced supplies to some degree by reduced feed demand. We can only hope that conditions improve and control is restored sooner than later and that recovery on all levels can be swift.

We look forward to seeing what the USDA make of the current situation and how it shapes our markets from next week.