

A week on from Brexit and miraculously nothing has changed, we have not fallen off a cliff edge, trade continues and no black holes have appeared. Thus, we will not be mentioning the “B” word again for some while – we hope!

President Trump is innocent, it is now official, he has been acquitted and the Senate voted with its Republican control maintaining the status quo and giving the President a boost going into the new election.

Perhaps more significant than either of the above two snippets is that the death toll from the coronavirus outbreak surpasses 600 in China with infections reported to be over 31,000. More concerning is the spread outside China with cases being reported in at least 25 other countries. Markets are responding somewhat predictably with shares in travel companies and energy markets taking some big hits. Safer assets, bonds and gold for example have shown some resilience by comparison and some of earlier losses were recouped on news of a cure although this was downplayed by the WHO.

Agricultural markets and traders have taken a more pessimistic view with suggestions that global demand patterns and trade will take something of a downturn. There is some evidence to suggest that this view holds water, Chinese trade activity in many sectors, including agriculture, has seen a slowdown and this is being reflected in prices. Quite how long this will last remains to be seen, and any breakthrough on a cure will doubtless see positive market reaction. In minor markets such as vitamins and amino acids where China is the only or main supplier, prices are higher to sharply higher and procuring supplies is a concern. This may require a rethinking of the “single supplier” policy.

The next market news will likely come from next week’s WASDE report, which will incorporate only public information on the US/China Phase One Deal. The US Trade Representative has not reported on China’s Phase One ag purchase commitments, so we remain in something of a vacuum on that point.

Today’s report is somewhat brief, and hopefully to the point, due to travel commitments. More normal service will return next week.