We have a gloomy picture once again as coronavirus continues to dominate headlines, the USA has confirmed cases in each of the 50 States and deaths in Italy are reported to have now exceeded those in China. Many countries are closing borders to outsiders, sporting and cultural events have all but ceased and multi-person gatherings, even amongst families, are to be avoided. UK interest rates were cut for the second time in a week to 0.1%, the lowest in the Bank of England's 325-year history, as well as the Bank reporting that it would increase its holdings of UK Government and corporate bonds by £200 billion. The measures are intended to assist businesses and individuals cope with the economic damage caused by the virus. The Bank also intimated that further measures were probably warranted and that the economic shock would be large and sharp, but should be temporary.

Stock markets have seen 30% plus declines marking the fastest onset of a bear market in history. On a brighter note, we have seen a number of commentators arguing that the market is in the process of forming a bottom, and this would be expected before the coronavirus outbreak reaches a peak. Whether this proves to be the case, or not, remains to be seen – but as a drowning man will reach out to grasp a straw we are happy to look out for any form of positivity.

Global crude oil markets have plunged after the collapse of the OPEC production cut deal and their de facto leader and the world's top exporter, Saudi Arabia, promised to flood the market with crude oil from April 1, sending prices even lower, which will add to weight on markets already under siege. Reduced demand had amplified the pressure as prices fell to 18-year lows and stock levels rise.

Corn prices have (May '20 futures) declined over 54 cents (14.1%) in two weeks illustrating the correlation with crude (ethanol) although Thursday action saw markets receive a shot in the arm as short covering and technical buying gained some momentum. Some Chinese purchasing has hit the newswires and has contributed to the late week rally. Corn prices gained around 2.5%, soybeans added more than 2%, and some wheat contracts jumped more than 5% higher.

Currencies have seen major moves with US$ reaching its highest level in more than three years. Seen as a safe haven for investors, compared with minor and emerging nations, particularly in such difficult times, the Greenback has been the major beneficiary. The corollary of a strong US$ is the relative weakness in currencies of other major ag commodity producing countries, which is likely to encourage output. £Stg has seen a decline of some 11% vs. US$ since the start of the year, which is not good news for importers of dollar denominated product, adding to costs in already tight markets.

Our continued view remains non-bullish and whilst we, like the aforementioned drowning man, would love to see some good news, there is limited sight of such in the immediate short term.