It has been said that the blood of the world economy is oil, and that the world is currently bleeding as Covid-19 leaves workers at home, industry all but paralysed and much of the world's passenger airline fleets grounded, with demand for oil having seen its fastest and greatest fall – ever. This week, April 12, saw OPEC members agree a deal, which will cut production by close to 10 million barrels per day from the start of May to the end of June, their biggest cut – ever, and in addition agree to keep production restrained for the next two years. On the face of it this would seem to have stopped the rout in crude prices, which fell to below $20/barrel but news from the IMF that the global economy is likely to contract by 3% in 2020 and plunge many economies into recession saw crude prices once again under pressure.

Covid-19 it seems has peaked in some countries, and gathers momentum in others, and continues to disrupt normal trade and adds to fears and uncertainty, which markets dislike. Taking on fresh risk under such circumstances is not what traders are wanting and markets are lacking vigour and momentum as a consequence.

That said, Egypt's GASC this week issued another tender for wheat that saw 240,000 mt purchased with France awarded 180,000 mt and the remaining 60,000 mt going to Russia. The price reported was $251.79/mt basis C&F, just under a dollar more than was paid earlier in the week for the 120,000 mt tender that was awarded to Russia.

Looking forward, Black Sea weather remains a major driver of prices going forward, and normal precipitation will be required in the coming few weeks if crop potential is to be realised. There are no suggestions at this time that this will not be the case, and a large crop is therefore likely.

Closer to home, UK wheat markets are trading at import parity due to the impending supply deficit for the 2020/21 crop year. Deficit regions of the country (North-West and North-East) will likely see increased premiums depending upon available supplies relative to demand. Cocid-19 related fuel demand decline has seen pressure on ethanol production (Ensus), which could relax local wheat demand until such time as driving becomes a more normal activity once again. In addition, a relevant part of the mix will be how much wheat usage in feed or ethanol production is switched to other grains, barley or maize. The coming season will have some interesting points to watch out for.

With the EU, Southern Russia and Black Sea wheat crops in full development and the US corn and soybean planting season all but under way we have to look to the fundamentals more than has been the case in recent weeks and months. Clearly the issues of Chinese demand, Covid-19 status and global demand patterns all play their part and will continue to do so, but new crop Northern Hemisphere supplies will now become an additional watchpoint.

We continue to see trade in a choppy back and forth manner with upside remaining constrained mainly by demand related issues. Until such time as demand returns to a more stable and normal pattern we find it hard to take a bullish stance.