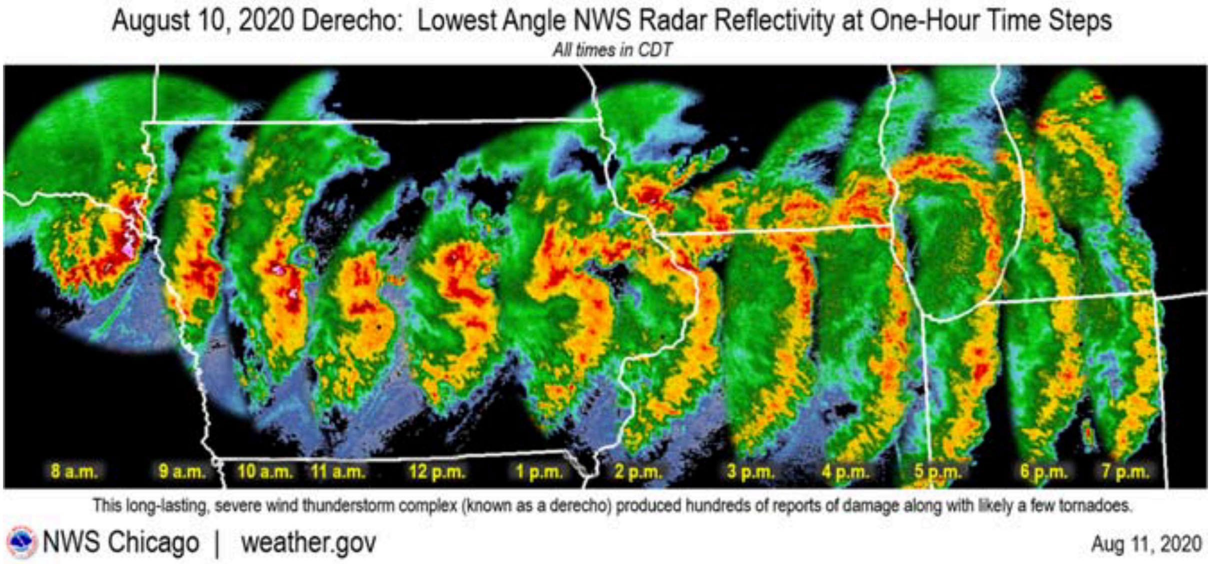
Wednesday this week saw the latest USDA data release in which, arguably, the most significant numbers were those of soybean and corn yield numbers. To be fair, increases were well anticipated by the markets but possibly not quite to the extent of the report's numbers. Soybean yield was increased by 3.5 bushels/acre from July's figure to 53.3 bushels/acre and corn was raised 3.3 bushels/acre from July to 181.8 bushels/acre. Clearly, these increases have a knock-on effect into output although as far as soybean data was concerned we also saw increases in crush and exports, which have the effect of mitigating, to some extent, the full impact upon carryout. Soybean carryout grew 185 million bu to 610 million from July and corn carryout grew 108 million to 2.756 billion bu. The report was deemed slightly bearish although prices edged higher, but potential limits are in place as harvest looms.

August figures reveal a record combined corn, wheat and soybean output, which if further "finishing" rains materialise, could well grow still further. We are still being asked the question, "how big is big?" and this is proving all but impossible to answer.

Somewhat offsetting the August USDA numbers was the data released by the USDA's FSA (Farm Service Agency) showing Prevent Plant acres. Soybeans accounted for 1.22 million acres and corn 5.37 million. These numbers perhaps helped validate June's 5 million acres corn decline from the March forecast. The FSA program corn planted acres were reported at 81.1 million with soybeans at 75.9 million, some way below NASS's June final area forecast, which has many concerned that overall seeded corn and soybean acres could well be overstated. That said, accuracy of the FSA data is questionable and more so this year with Covid-19 issues complicating matters (including deadline extension) and at this time we would take the numbers with a "pinch of salt".

Adding to a less than straightforward picture is the damage caused to standing corn crops on Monday, caused by winds that were reported to have felled millions of acres of crops primarily in eastern Iowa.



Overall, there is room for speculation on corn output and this has put a degree of what we would describe as nervous support under prices, which have moved higher trying by the look of things to close an open chart gap at $3.42 basis Nov'20 futures.

Ongoing US soybean export sales are supportive with the latest numbers showing China continuing to feature, which also added support and saw prices firm as funds switched into buying mode.

Wheat markets, which we have largely ignored so far, followed corn higher despite a lack of news and evidence that Russian cash markets are looking for a home for their increasing output as well as improving weather conditions in Australia and Canada. Despite that, Egypt's GASC made two tenders, Tuesday's saw 120,000 mt awarded to Russia at $219.60/mt basis C&F, almost $9.00/mt below their last tender. Thursday's tender saw 415,000 mt awarded to Russia, again, but $3.00/mt higher than Tuesday at $222.64/mt basis C&F. Seemingly the latter tender was accompanied by a 6-month letter of credit, making the price somewhat more aggressive than maybe first appears.

Overall, despite some nerve inducing market input this week in the form of corn crop damage and question marks over actual US acres, we have failed to switch our allegiance to the bulls. We remain focussed upon what still seems to be an abundant global supply position, which looks to remain the position for some while in the absence of a S American drought or changes in southern hemisphere outlooks. In addition we do not see the Covid-19 demand destruction picture changing materially in the near term.