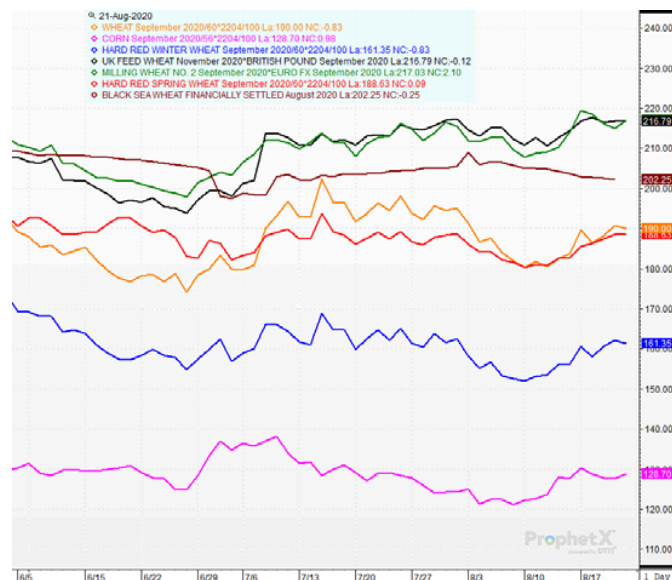


We have recently pointed towards the importance of weather in current price determination, and this week is no different. Some recent drier conditions have introduced a degree of support to prices but latest forecasts look to be broadly favourable. Without doubt such forecasts need to become an actuality and failure to do so would introduce more supportive picture as soybean and corn stress levels rise. One probable positive is that the major forecasting models appear to be in good agreement raising confidence, however this is the key watchpoint for the coming week.

Early week support has given as soybean prices eased on improving weather prospects as well as reports from the ongoing Pro Farmer tour findings that have reported high soybean pod counts across much of the Midwest. Counterbalancing the potential weather and crop news has been the latest export sales figures that show new crop volumes at record levels (755 million bu) although it would seem that this is largely well documented and accounted for in current pricing. On balance we would side with favourable weather and prices to be pressured accordingly, although the above should highlight the potential for volatility until such time as we see more definitive harvest and yield data.

The markets await the Pro Farmer tour release on corn later today (Friday) where confirmation of a large crop is anticipated. As with soybeans, corn is dependent upon forecast rains actually falling, and we continue to watch for confirmation along with the rest of the market.

Global wheat markets continue on a weak note as Russia, unsurprisingly, remains the world's cheapest source of supply. FOB prices in Black Sea and European markets are broadly unchanged across the week and wheat specific news is largely absent. Ongoing weather conditions in Australia remain favourable and this is pressuring their prices as potential exportable volumes increase.



Covid-19 remains a high-level threat as secondary waves of infection continue to materialise and this is impacting global equity markets as values decline. Among others, the US Central Bank is quoted as saying it, “posed considerable risks to the economic outlook over the medium term”. Interestingly the US\$ displayed some strength as a “safe” haven.

As a contrast, the Brazilian Real is at three-month lows vs US\$ as political instability continues and promised financial reforms fail to materialise. Argentine Peso values are similarly pressured as is the Russian Ruble. Such weakness is to the benefit of the grower and the likely outcome is for an expansion of acreage and output

assuming Mother Nature co-operates. Is this of benefit at a time when the world has more than ample supplies? We will leave readers to draw their own conclusions on this point.

Overall, we remain of the view that downside has a greater potential than higher prices unless we see a failure of forecast rains to actually fall. Watch out for Pro Farmer tour results (other tours are taking place) and for actual weather.