This week has seen Chicago corn, wheat and soybeans all make fresh rally highs – once again. We could simply end our update here and await next week. However, that is not going to happen, It appears that further new fund buying has added to overall net longs, tonight's CoT report will report positions to Tuesday, but estimates put fund net longs at this time to be in the order of: corn 260,000, soybeans 270,000 and Chicago wheat 75,000. Such positions, which can only be described as huge, add the dimension of potentially massive volatility to an already heated market should circumstances change. Beware!

Markets' continued strength stems once again largely from weather related concerns despite our view that stock levels remaining non-threatening. From a weather perspective, Brazilian forecasts hold daily rain into the next two weeks for much of the corn and soybean producing regions and Argentine forecast feature plentiful rains for the same period. Brazilian planting of both corn and soybeans is progressing despite some delays in the north. The outlook for crops across both countries is looking better given current weather and forecasts.

In marked contrast, the weather forecast for key south west Russian growing regions remains dry for the coming two weeks. Rain in that period is forecast to be minimal in both amount and coverage although temperatures appear likely to hold at or above normal for the same time frame. Concern for the Russian wheat crop rightly remains elevated. Newly germinated crops will struggle to find required moisture in soils that have received minimal rains since around August. For what it is worth, Russian wheat acreage is reported to be at a record level, and the dry conditions are not what growers want or need. For current price trends to make a meaningful reversal we need to see rain falling across Russia and Ukraine.

Currently, all focus (rightly) is on weather, Russia, S America and Europe, as traders continue to spotlight potential production hiccups. Volatility looks as if it will remain high with prices at such relatively high levels and funds holding huge net long positions. It seems the roller coaster ride is going to continue for a little while longer yet.