

We have seen something of a turnaround this week, a change from the last few when our opening comments were generally concerning new price highs. Perhaps the change of direction, which in Chicago corn and soybeans started around midweek, could be partially attributed to nervousness surrounding next week's US election. Or, maybe the funds are accepting that both their net



long positions are large from an historic perspective and also that prices are fully reflecting market value. One thing is for sure, and that is that we will know the result of the US election this time next week, whether this will settle any market nerves or not remains to be seen.

Moving back to the earlier part of the week, it remains that market support was still in evidence from dryness in Russia, US Plains and S America with focus fairly and squarely upon weather forecasts. We previously remarked on what might happen should weather conditions improve and funds change their view, and we have been asked this week if this is currently the case. Unfortunately, we do not feel that we can answer in a positive manner with any degree of confidence just yet.

Russian wheat planting pace improved in some key areas with some record acreage seeding speeds being reported. However, it is now not just about acres, more that sufficient rains arrive in time to assist both germination and establishment.

S American weather, specifically in Brazil, has improved, which should improve planting and crop establishment. Strengthening La Niña conditions should focus attention on Argentine and southern Brazil weather in coming weeks. Doubtless the Brazilian soybean crop will get into the ground, there are sufficient financial advantages to the grower to ensure this is the case, but with the whole growing season ahead it will be a long wait for confirmation or otherwise of another big crop. On that basis, it feels as if price breaks will have limitations until we have more certainty.

S American influence extends to corn as well as soybeans, the requirement for their crop to meet expectations is key to price direction and until there is confidence in this, we are likely to see a reluctance for prices to decline substantially.

Wheat's reliance upon northern hemisphere weather news is old news, yet ongoing Russian and Ukraine dryness remains key and is stifling farmer selling and maintaining prices.

One thing to watch for in the UK in coming weeks is the impact of Brexit negotiation upon £Stg, which will be key to wheat prices (almost) regardless of global levels.

It may be apparent from the above that we seem to be in for something of a range-bound period of pricing with downside and upside limited. The US election will be over in a few days, whether its impact will last longer remains to be seen. N hemisphere weather and S America weather are both significant influencers and we should not overlook the potential impact of fund liquidation should that be seen. Certainty seems to be a long way away right now.