What a week! It is only seven days ago that we put into print that the US election would be done and dusted by now, how wrong we were. The outcome is yet (as we write this) to be finalised with six States to declare a result and the tightness has surprised many, including us. It seems that the outcome, whenever it is finally announced, will not necessarily be the end of the story with President Trump alleging fraud and threatening legal action in the event of a Biden victory. Clearly, the prize of a further term in office is sufficiently large to incentivise such reaction. Maybe by this time next week we will have a result, or maybe we will be awaiting the outcome of courtroom process, but this week we will not be making any prediction.

Markets in corn, wheat and soybeans in Chicago have, generally speaking, trended higher across the week. Front month, Nov ’20, soybeans broke through the psychological $11.00 barrier on Thursday but gave back much of the gain before closing above $11.00. Dec ’20 corn’s rally has yet to see fresh highs for the move as is the case with wheat.

S American weather is creating concerns as we have previously reported, with the majority of eastern Argentina central to southern Brazil all looking dry with latest crop maps suggesting crop development at its worst in around five years. Weather forecasts into the next 10-14 days are not looking helpful either, with no sign of meaningful rains and growing heat forecast before long. Central Brazilian forecast models are more promising with rain chances but a big portion of S America production area looks to remain dry, which is not encouraging.

Remaining with weather, Russian drought conditions, in the South West, continue despite some rains. Perhaps more important now is the onset of cold as winter starts to set in. This is particularly important this year as insulating snow cover is missing and none is forecast soon. As we have previously suggested, it will be interesting to see how the crop has fared over winter when snows thaw and the crop breaks dormancy.

From a non-weather perspective, the soybean market is driven not only by S American concerns as outlined above, but also by a bullish global vegetable oil picture. Palm oil prices in key producing nation, Malaysia, have moved to new highs for the year, which is adding support to the soybean complex and fuelling fund buying. Recent US soybean oil sales to India, who is normally a palm oil importer and user, demonstrate the relative value (aka cheapness) of US bean oil when compared with palm, and will likely see bean oil prices correct still higher to correct this. Bullishness in vegetable oils, record large US soybean export commitments and question marks over the S American soybean crop all conspire to a non-bearish, and potentially bullish developing scenario.

Corn’s push higher in price has been stimulated by export sales volumes running well above the five-year average with current year commitment standing at a massive 180% above the same time last year and also some 55% of the USDA’s full year forecast, maybe suggesting a revision higher is to be expected in coming data releases. Chinese demand for corn has been increased by the US attaché in

Beijing to 22 million mt in addition to sorghum imports with feed demand due to shortages being suggested as the reason. Strong demand and concerns over the S American crop as well as Ukraine production have been sufficient to underpin prices.

In wheat we have a similarly strong picture, Egypt's GASC secured 300,000 mt of Russian wheat in its latest tender at a reported average price of $262.00/mt basis FOB, $275.50 basis C&F. The latest price is around $3.00/mt below the last purchase. Despite suggestions to the contrary in recent weeks, it seems that volumes were not an issue with over 19 offers from 14 suppliers, mostly Russian origin but five were from Ukraine. The Russian dryness issues are known, Europe is getting the chance to finish winter sowings, and US Plains weather is improving. Spring weather in the Northern Hemisphere will be the biggest unknown for wheat prices. For now, strong global wheat prices are keeping the market supported. However, until more is known come spring, it is likely that the wheat market is not the driver of global feed grain markets and may fall into a more of a following role.

Our lean has become more noticeably not bearish, and potentially bullish, which is quite a change from a mere month ago. We would take little encouragement to be a buyer on dips in price, particularly if cover levels were less than adequate.