Chicago soybeans, corn and wheat have had a net weekly decline across the board in both old and new crop positions. For the record, May ’21 soybeans have declined 3.7% from their 8 March high, new crop (Nov ’21) has shed slightly more, 4.4% from the 9 March high. May ’21 corn’s 9 February high has seen a 4.5%, whilst new crop Dec ’21 has eased 3.5% since the recent 9 March high point. Mat ’21 wheat has given back 5.5% from the 24 February high point leaving new crop Dec ’21 futures 6.3% down in the same time frame.

We saw a clear “risk-off” signpost as spot crude oil plunged more than $5/barrel lower, reputedly its biggest one-day decline in a year and added to speculative position liquidation from what is best noted as relatively overbought and sizeable positions.

The market is likely to now trade short-term weather reports, and it seems that forecast models have some agreement that a change in S American weather patterns is coming next week. Normal to above normal rain is expected to return to C Brazil where it is certainly in demand for the safrinha corn crop and N Argentina is forecast to see improved prospects for rains. There remains concern over S American crop yields and output, particularly where extended periods of dryness have taken place, but latest information offers some degree of improvement.

Soybean prices have closed below chart trendline support levels, which will not encourage short-term buying, and with limited fresh news input the outlook has turned somewhat bearish. The next input should come from the USDA as well as US planting acreage; will we see more or less than 90 million acres? The answer to this will likely provide a clue to price direction.

We mentioned crude’s price drop earlier, and it seems that concern over Russia turning on the supply taps was the trigger. US corn export sales were well above a week ago at 39 million bu, and above expectations, but the decline in energies saw the export data shrugged off despite ever tightening US stock positions. Argentina’s BAGE left their corn output unchanged at 45 million mt vs. the USDAS’s 47 million and harvest is estimated to be at 6%, well below last year’s 14%. Short-term Brazilian safrinha corn crop weather will be a key determinant of price direction in coming weeks.

Wheat markets have declined as already described, pulled lower no doubt by soybean and corn but aided by benign crop development weather conditions, which are non-threatening. Wheat currently has not got a bullish story, whether that be demand or weather related and as such is destined to react to short-term inputs.

Our overall and longer-term view remains market friendly but short-term we see rangy, reactive trade and the opportunity to secure some good relative value in top-up cover as well as forward coverage opportunities.