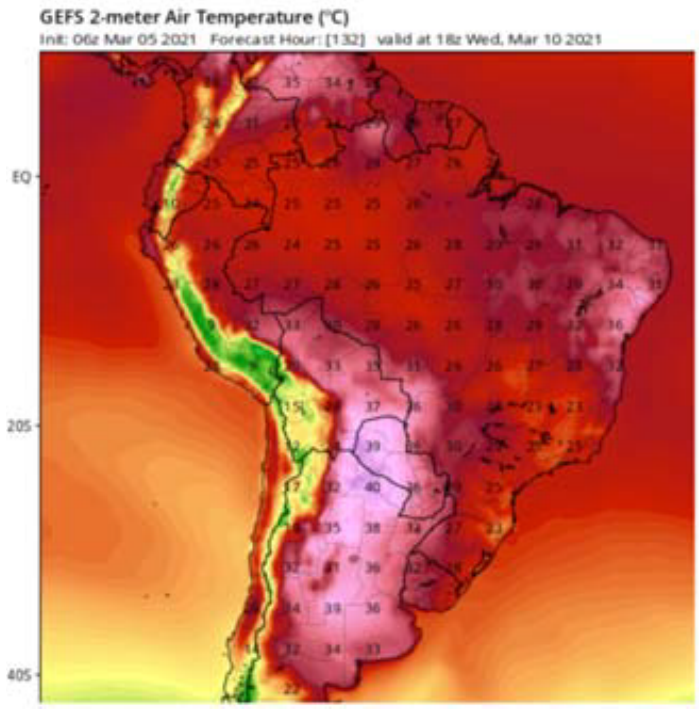

Last week we asked the question, “Are we looking at a pivotal point in prices this week?” There remains no clear and definitive answer but anecdotally it seems that the answer could be in the negative, at least as far as soybeans are concerned. Most active front month (May ’21) Chicago soybean futures neared contract highs yesterday (Thursday) at $14.38/bu before retreating to close lower. The new crop (Nov ’21) contract was also strong but just failed to make a new contract high on the day. Continuing weather concerns in S America hold trader’s attention with ongoing Argentine drought and N Brazil receiving normal to above normal rains. Adding to concern levels are rising temperatures in Argentina which is increasing crop stresses and pressuring yield. Next week’s USDA report, scheduled for release Tuesday, will make interesting reading to see whether (or not) S American output is adjusted. Argentine crop losses would be received as bullish, particularly for corn given Brazilian seeding delays. The survey of analysts shows the market is not expecting any fireworks on Tuesday’s report. Also, on the horizon is the March 31 Prospective Planting and Grain Stocks Report from the USDA. Expect volatility to remain strong into the end of the month with expectations of big acreage swings from last year to be prevalent.

Argentina’s BAGE downgraded their soybean crop rating to 10% good/excellent, a 5% drop week on week, and compared with 44% last year. The proportion of crop rated as “poor” grew by the 5% lost from good/excellent, bringing that category up to 20%. Despite the ratings, BAGE left their crop estimate at 46 million mt, but did caveat that figure depending on coming weather conditions.

Corn markets were somewhat divided between old and new crop positions; old crop (May ’21) futures have trended sideways whilst new crop (Dec ’21) has pushed higher, indeed making new contract highs yesterday (Thursday). US weekly export sales data was uninspiring but the impact was offset by a cut in Argentine crop condition rating. The proportion of the crop rated as good/excellent was cut 5% week on week to 25%, which compares with 50% last year. Commentators are anticipating further downgrades as time moves on.

Wheat markets in Paris, which has (arguably) become the market leader, have swung back and forth in a broad sideways pattern in something of a fresh news input vacuum. Major global trade has paused, for now, which could well be something of a blessing with Black Sea/Russian cash markets all but non-existent.

Attention is turning more and more towards northern hemisphere weather conditions and what direction it will give to wheat and feed grain markets.

As the front end of these markets lose momentum, price direction is often driven by outside markets. For example, yesterday's rally was influenced by comments on inflation by the Fed Chair and an OPEC announcement. Be wary of this over the course of the month.

Util weather conditions continue to offer much relief in S America we find ourselves switching to a more bullish stance. In our opinion, the Argentine drought's impact has not yet been fully reflected by the market, and the rainfall slowed Brazilian harvest and consequent impact on safrinha corn just adds to this view. If this view is proven correct (by no means a given) it will heap pressure on northern hemisphere growers to perform if supplies and stocks are to be at more comfortable levels. We are approaching a critical point; S American harvests and coming northern hemisphere crop development have to be watched closely.