This week's update will take on a slightly less familiar view to regular readers; we are acutely aware that markets have displayed unusual and some extreme levels of volatility over the last few months, and this has probably been something of a reflection of the polarisation of market view held by traders and advisors. Consequently, we intend to try and reflect this diversity of opinion in our updates going forward. It should be noted that opinions are formed based on interpretation of data available, including the highly variable weather input at present. One opinion or another will ultimately be proved correct and until the end game is more certain it is probably in everyone's best interests to state both sides of such opinions. We hope that this change is of benefit and ultimately useful.

Markets have trended higher this week in Chicago corn, wheat and soybeans, Dec '21 corn has made a series of four "tops" going back to early May, each of these has been lower than the last. This could be a "pennant" chart formation, which could well be the precursor to a breakout higher or lower, and this should be watched closely. Dec '21 wheat has clearly broken out of its May-Jul downtrend, and this week's gains look as if they could be pointing towards further upside. Nov '21 soybeans have also made a series of "tops" going back to mid-May, and a "pennant" similar to that in corn also appears on the charts. Caution and close observation should be the watchword if the next move is to be caught and not become a surprise.

Specifics this week continue to focus on weather, what else? Wheat markets have probably seen more attention, not just Chicago but from a more global perspective; as mentioned above, Chicago has tested and broken the $7.00/bu resistance level. Elsewhere we have seen Russia cut their grain crop 3 million mt to 121 million with weather in the Volga region cited and early wheat harvest data suggests that the USDA's current 85 million mt estimate could well be too high by as much as 6-10 million mt, which if correct will create market ripples. Given the normal status of Russia as a key price leader in global trade, the current lack of Russian farmer selling and the ongoing export tax leaves us pondering likely replacement origins for international trade. Upcoming Iranian, Pakistan and Turkish tenders will be highly likely supplied from alternate Black Sea and/or EU, which will tighten their already relatively tight supplies. Add to this the delayed harvest in France which is already causing early season supply disruptions.

The latest news from the current wheat quality tour in the US is pointing to confirmation of a significant downgrade in ND spring wheat yields at an estimated 24-25 bushels/acre, around 40% below the five-year average. Added to what is fast being viewed as a disaster in Canada, quality wheat supplies look as if price direction has extremely limited downside, and further upside from already multi-year highs.

Corn, as mentioned earlier, has moved higher this week, regaining about half its losses from the big move lower on Friday, doubtless its role as a feed grain and substitute for wheat has played a part in this. Underlying weather concerns continue to provide some support, but significant weather premium remains absent as longer lasting and excessive heat is not forecast for key E Midwest growing regions. US corn is at a pivotal point with rainfall and forecasts key to prices going forward. Our concern over current subsoil moisture levels across the Plains, MN and IA remains high and failure of rain to fall will be a negative influence upon yield. On the contrary, our US viewpoint is that a substantial amount of weather premium is built into the corn market due to these weather concerns. Prices are at relatively high levels headed into the autumn with many market participants focused on the next substantial rain event that is supposed to develop Friday into the weekend.

Soybeans have similar fundamental issues to corn although there remains further time for recovery as August is more significant to soybeans than corn, where July is key. The

Chinese impact upon soybeans must not be underestimated as pork farmers were assured by their Government that the reserve programme will be active, and that profitability would be restored. Soybean meal demand has been supported by the avoidance of waste feeding to pigs in an effort to reduce ASF (African Swine Fever) in the country.

By way of note, Malaysian palm oil markets rose to all-time high levels as stock rebuild struggles amid continued strong demand with vegoil use in biodiesel remaining a somewhat contentious issue.

We stand by our long-held market friendly views and see upside risk as more likely than downside.