This week has largely been about awaiting the USDA's latest report, which will be released later today (5pm UK time). Much speculation has taken place over what will or will not be in the release. Not least has been the confusion surrounding the inadvertent release of the FSA September Acreage Report, which would normally be released at the same time as the USDA's WASDE Report. The FSA's data, which is preliminary, shows increased planted areas with corn up 1 to 1.5 million acres, soybeans up as much as 0.5 million acres and a big jump in sorghum, between 0.5 and 1 million acres. Wheat acres are due to be adjusted in October with most anticipating an increase although by how much is not certain yet.

Markets in Chicago corn, wheat and soybeans have continued the week (so far) lower, and sharply so; maybe despite improvement in Gulf loadout capacity which is slowly returning after Hurricane Ida's destructive impact. Several facilities will take some considerable time to return to full operation, but others are reported to be up and running giving some export availability.

Soybeans (Nov '21) held above the 200-day moving average, as did Dec '21 corn.

Returning to the USDA's report, the trade appears to be taking a bearish stance based upon a number of factors; the FSA's acres, the Pro Framer crop tour, which suggested better than originally anticipated yields and anticipation that the East will make up for losses in the West. However, the counter to this could be in NOAA's latest weather release, which shows summer 2021 has been the warmest on record in the US and we should be aware that heat is an often-forgotten yield shrink. We also hear that some corn growers have experienced some rootworm issues despite having planted BT corn, which should have prevented damage. The outcome or impact is not known, or even if it is a widespread issue, but on a localised basis it is a yield negative issue.

Stats Can issued their latest update, which put 2020/21 wheat end stocks at 5.7 million mt, which compares with the USDA's 3.8 million and canola (rapeseed) stocks were 1.8 million mt vs. the USDA at 1.1 million. Clearly improved stocks will go some way to offsetting this year's weather hit output, but it would appear likely that export volumes, particularly canola, will be significantly limited compared with prior seasons. Feed grains were less bearish with barley stock levels below the USDA at 700,000 mt and strong suggestions that export volumes would be at their lowest in some seven years. The potential for Canada to be a significant buyer of US corn appears very real this coming season.

Egypt's GASC tendered for wheat once again with 300,000 mt reported as being secured in total. 60,000 mt was awarded to Russia and 240,000 mt to Ukraine, shipment is scheduled for late October/early November. The average price reported was $345.02 basis C&F, up over $3 from a week ago and more than $97 up on a year ago, the highest price in more than six years. Egyptian payment terms, 180 days, add some $4-5/mt. Of note is that this is the eight consecutive tender in which Russia has not gained the majority of the business reflecting their non-competitive pricing and/or their export tax limiting exporter confidence.

Elsewhere, Saudi Arabia has issued a 360,000 mt wheat tender, Jordan has tendered for 120,000 mt and Tunisia is looking for 100,000 mt. Clearly current prices are attracting international interest and stimulating business, whether this translates into more fundamental price support remains to be seen.

Over the next few months, we will put the Northern Hemisphere supply questions to bed. The next driving fundamentals typically are S American plantings/weather and global demand but let us not forget the influence of outside markets and the potential impact of another round of COVID this winter, especially as our sector continues to strengthen ties with fuel markets around the world.

Today's USDA update will doubtless be a significant input, but we continue to struggle to gather bearish momentum at current prices and with the US harvest about to gain momentum in the coming weeks. Continue to add to cover at these reduced levels would be our advice.