This week marks the one-month anniversary of the Russian invasion of Ukraine. It seems that Russian advances are stalling, and stubborn Ukrainian resistance is having some impact. The worrying fallout from this seemingly good news is US president Biden advising NATO that Putin is closer to using chemical weapons, which would invoke a "response" from NATO. We will comment no further on this point other than to say that such an escalation would be extremely concerning, and we would anticipate another surge in commodity prices if such action was commenced.

Markets have again traded broadly sideways again this week, albeit in a broad range with upper and lower levels seemingly a reaction to whatever war news is available on the day.

In corn we have previously suggested that US exports would ramp up as S American and Ukrainian demand was switched; this is not happening to anything like the extent we anticipated. Latest US export sales data showed some increase week on week but not a significant increase. Argentina's BAGE reduced their output forecast by a million mt to 49 million, which compares with the USDA's latest forecast of 53 million mt. It appears that early harvest data is very poor as a consequence of their record heat at the start of the year. It will be interesting to monitor the remainder of harvest to see if the trend persists. Brazilian cash corn offers are falling and availability from July will remove some supply pressure away from the US. One final point on corn is that the Ukrainian Ag Ministry has suggested their plantings could be a mere 40-50% of last year's area as a consequence of hostilities. Time is running out for this situation to change materially.

We continue to hear of some wheat exports from Russia into neighbouring markets and rail freight from Ukraine into Romania, which is a conduit to other final destinations. The extent and volume of such exports is unknown, but we would suspect that from a global perspective it is not material and unlikely to impact the old crop northern hemisphere supply tightness.

May soybeans fell back from the upper end of their (75 cent) trading range yesterday (Thursday) and we would suspect profit taking to be the key driver as the likely trigger. Low weekly export sales data, which was reported at a ten-week low, would also act as a catalyst for prices to move lower. Range-bound trade looks likely into next week's USDA report. The next key data point will be US soybean planting area; are prices high enough to encourage more than 89 million acres.

It feels as if the market has digested the Ukraine war although the duration and longer-term impact is not known, and in our opinion unknowable. Price levels in their wide range seem to be at some sort of equilibrium and comfortable for now. Attention will doubtless remain front and centre on the state of play in Ukraine although the northern hemisphere growing season is fast becoming a more significant influence. We continue to have concern over the Plains drought and whether that will break in time to see improvement to the wheat crop potential. Also, there will remain the spectre of another, more sinister, phase in Ukraine's war. Finally, we have the unknown of what will be Russia and Ukraine's involvement in new-crop grain and oilseed markets.

We continue to hold to a bullish stance until such time as we see a compelling reason to change.