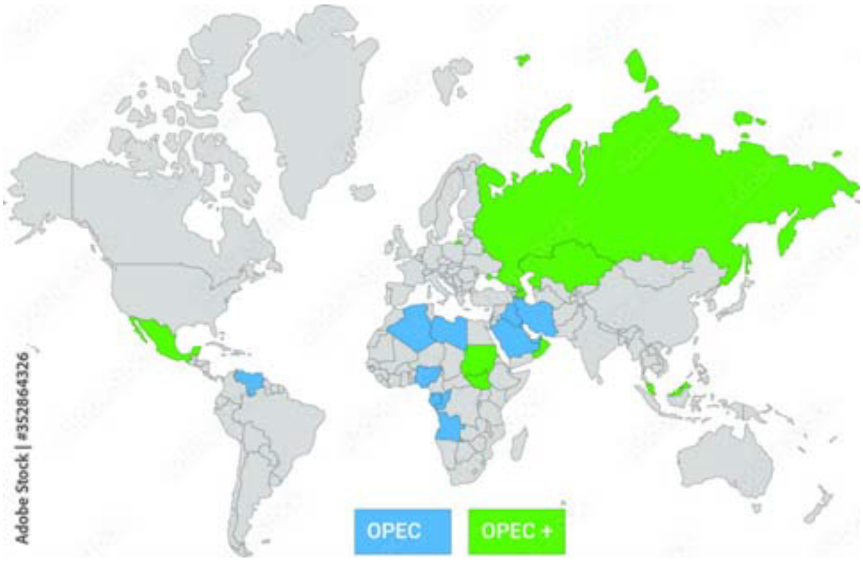
We have seen physical movement of vessels out of war-torn Ukrainian ports under the deal agreed 22 July. Wednesday saw the firs shipment depart carrying corn bound for Lebanon, and we hear that three further cargoes of corn have either left, or are about to leave to destinations in Turkey, UK and Ireland. The Joint Coordination Committee, who oversee vessel authorisation and inspection have also announced the arrival of an inbound vessel, currently at anchor northwest of Istanbul.



In other international news, the visit by Nancy Pelosi, House of Representatives speaker, to Taiwan has stirred the already fragile US/Chinese relationship to a level where many fear potential adverse consequences for the global economy. Currently, financial markets have reacted in a measured way to the visit and subsequent Chinese military exercises ordered by Beijing. We can only assume that the latter are merely a "show of strength" and nothing further will escalate from it. However, we should not ignore the risk emanating from Taiwan's dependence upon imported fuels which, if disrupted by a blockade for example, would cripple the economy and massively disrupt the global economy. Do not forget Taiwan manufactures something over 50% of the world's semiconductors, which are used in many applications from cars to mobile 'phones and are already in short supply. Any disruption would be very impactful to the already fragile global economy.

Opec, now Opec+, is not the force it once was. Now including Russia as a member, the latest announcement of a further 100,000 barrels a day output is seen as largely meaningless when compared with such announcements in the 1970's and 80's, which would have seen prices move quite sharply. Supplies are less of a price driver than demand at a time when the world's three largest major economic regions, US, Eurozone and China, are all stalling. Oil prices at around $100/barrel are more reflective of strong global growth rather than the current potential for recessionary trends and we would look for prices to trend lower in the weeks ahead.

Despite the US/China state mentioned above, we understand that China is showing fresh interest in new crop US soybeans, which caused a sharp uptick in prices yesterday. Latterly we have seen Chinese bean interest centred mostly on Brazilian supplies but the usual seasonal swing towards northern hemisphere supplies is underway, which should prove price supportive.

Corn prices are starting to reflect the drier weather forecasts and potential for additional weather-related crop stress. The east/west spread in crop potential remains with the eastern crop in better heart than that of the west. The USDA's 177 bushels/acre national yield forecast appears ambitious to us right now and there remains little doubt as to the importance to world supplies of a good crop. The USDA's August report, scheduled for release on August 12 will likely provide a point from which price direction will be decided.

The EU crop is in poor shape as a consequence of lasting drought, and there seems no way back for the shrinking crop, which will see global stock contraction. How this is not yet impacting prices right now remains something of a mystery to us.

The wheat market is mostly about high protein crop supplies and how big the premium over feed grades can get. German high protein premiums reached €30/mt this week and at this time there is no certainty of relief from a surge in Black Sea supplies. Russian quality supplies remain hit by untimely rains and unlikely to materially change the feed vs. milling price relationship in a material way.

All in all we continue to see current prices representing good value and potential for upside outpacing downside risk.