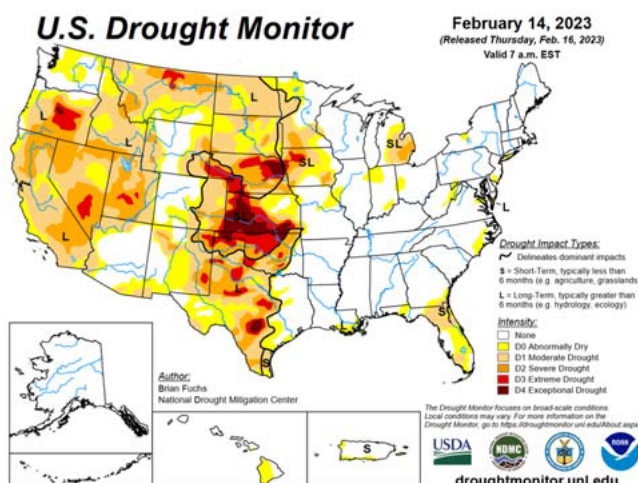


Markets have taken a slight dip as the week has progressed. Breaking news is largely absent, and the overall big picture remains largely unchanged week on week. The Russian Rouble remains under pressure, whether sanctions are the reason or not is immaterial, which is keeping interior grain prices similarly pressured. Ongoing competitive selling of wheat looks to remain for the foreseeable future although the onset of less favourable weather for grain logistics and shipment could see this pressure eased a touch.

Our thoughts on wheat continue to be “on pause” for a short while more until we see how the northern hemisphere crop emerges from winter dormancy and what impact any winterkill might have. Our gut feel is that there will be a minimal impact, but we would wish to see this confirmed before we turn bearish. As much as 80% of US HRW production is covered by drought conditions, which, according to NOAA’s latest forecast, shows no improvement into spring. This needs to be watched going forward.



The Argentine corn crop condition has been downgraded to 11% good/excellent, which compares with 20% last week. Rainfall has been sporadic at best this last three months and crop potential has been impacted accordingly. Offers of S American corn have reduced considerably and as a consequence the opportunity for US sellers has opened up and seemingly grabbed! Some 40 million bu was reportedly sold according to latest figures, this is above the weekly rate needed to reach the USDA’s latest full year forecast. Whether these volumes will continue for the next three to four months, when Brazilian supplies will fill importer needs, remains to be seen.

Chinese buying of US soybeans has slowed recently, whether as a result of “spy” balloons or not remains to be seen. The US appear to have taken full advantage of the opportunity for target practice and collection of the resulting debris has been hampered by weather but the latest announcement from the White House has been that they are likely not connected to Chinese spying activity. However, tensions between the US and China have ramped up a notch or two.

It might be that we give too little credit to Chinese buyers by alluding to “tensions” but there has been a significant drop in Brazilian fob basis offers, which now stand at their lowest level in nine months. This could be a better explanation for Chinese buying patterns. The record soybean crop, widely thought to be as much as 154 million mt, will doubtless continue to see offered prices at competitive levels for some while yet.

We are fast approaching a key point in the year when southern hemisphere harvests find their way to market and northern hemisphere crops are either being planted or reaching critical points in their development. As such it will be key to watch developments in both for price direction indicators.