Generally lower and slower has been the theme this week in the run up to the latest USDA report scheduled for release later today. Chicago new crop wheat has turned lower after what now seems to have been a corrective move higher although the lows of ten days ago remain untested so far. Tuesday saw Dec ’23 corn gap lower as was the case with Nov ’23 soybeans with both making fresh lows. Wheat in both Paris and London markets has followed the same pattern as Chicago.

Chicago wheat losses were something of a surprise to us given anticipation of the potential for a significant cut in US HRW in today’s USDA report, but the market is the market and reaction will be interesting later today. In Europe we continue to see relatively large stocks, Eastern countries in particular following significant import volumes from Ukraine. In addition, Russian stocks remain high, and prices remain pressured as exporters battle to clear stock in advance of new crop harvest. It would appear that this week’s Algerian tender was fulfilled by optional origin supplies, which implies an Eastern European source, fitting the scenario outlined above.

The Black Sea grain corridor deal has not yet been agreed. Rhetoric emanating from discussions suggests all is not yet lost but Putin appears to be holding firm in his demands for lifting of some sanctions, particularly financial relating to grain and fertiliser sales, failure will result in “no deal”. Time is running very short for agreement.

In a parallel the Turkish election on Sunday is expected to be on a knife edge made even more so by opposition candidate Muharrem İnce announcing he was pulling out of the presidential race, in a surprise move just three days before the election. İnce’s withdrawal is set to benefit the main opposition candidate, Kemal Kılıçdaroğlu, who is currently neck and neck with long-time President Recep Tayyip Erdoğan in the polls, and it could even allow Kılıçdaroğlu to claim outright victory in the first round. Recall that Turkish support for Russia has grown under current President Erdoğan and any changes could see a swing towards western alliances to the detriment of Russia.

Volatility has remained high in soybean markets with Argentina’s BAGE sticking with its 22.5 million mt crop estimate. However, early yield reports point towards reduced output figures in time. There is an expectation of the USDA’s crop estimate being reduced from its current 27 million mt, closer to trade estimates of 24 million, whilst early harvested crops are showing poor quality and suggestions that this could prompt higher rates of abandonment.

Corn markets are showing anticipation of a bearish report, specifically sizeable growth in new crop end stocks. Recent Chinese cancellations have added to the bearish tone with questions being asked as to whether they are done cancelling yet. Argentina’s Rosario grain exchange left its corn crop estimate unchanged at 32 million mt, which is 5 million below the USDA’s current figure. Again, we will be watching today’s report closely for an update.

Whilst we can all speculate on what might or might not be in today’s report, one thing is pretty much a given in our opinion, and that is the markets will react in a volatile manner one or both ways! We will not be trading today’s report.