Markets this week have continued in a lacklustre manner with very little in the way of fresh news input to shake things up. Chicago corn futures have seen a slight upward momentum over the last eight sessions, but this is not a significant enough move to call it a positive bullish move. It could be part of a price bottoming process, but it remains far too early for that to be confirmed just yet. Wheat prices in Chicago have continued to meander sideways looking for fresh input to create a direction. The Paris MATIF contract has held on to recent gains, albeit modest, whilst London prices have slipped from their early week gains in line with currency moves. Soybeans appear to have stabilised their month plus decline but not quite made a positive reversal.

Egypt's GASC secured 170,000 mt of Romanian and Bulgarian wheat in their latest tender, reported pricing was $255/mt basis FOB and this is despite Russian supplies being available, but it appears their minimum pricing remains more expensive at $270/mt. We understand that Ukrainian origin was offered at $239/mt, a considerable saving, but we are told that no one is able to offer freight. Rumours continue to circulate that Ukraine continues to ship grain from their ports, but we cannot find any corroborative data as shipowners remain reluctant to place vessels and crews into a position where safety is compromised and/or potentially stuck and unable to sail for extended periods of time as has been the case with others.

The news of a deal for Russia to supply a million mt of wheat to Egypt has not yet been confirmed and despite their need for additional purchases it seems, for now at least, alternative origin supplies are offering better value.

The EU has this week updated its production estimates, 2023/24 wheat output has been cut 800,000 mt to 125.3 million mt with exports at 32 million mt. 2023/24 end stocks are projected at 17.8 million mt, a year-on-year increase of 1.5 million mt. Corn output was forecast at 59.8 million mt, a 1.9 million mt cut, which is likely to see a greater requirement for imports during the season with Ukraine the likely source. Rapeseed output was projected ½ million mt higher at 19.6 million.

We have picked up news that China has purchased significant volumes of Ukrainian corn for shipment at the end of this calendar year but as previously mentioned, execution is likely to prove difficult if not impossible. A significant part of this issue is the continuance of Russia in targeting Ukraine ports and port infrastructure, which is adding to logistical problems. The lack of a safe export corridor on top of damaged port facilities remains a big and growing drag on Ukraine's ability to export.

Price pressures have remained firmly in place as we hit another month and quarter end and position squaring as well as reduction in position sizes ahead of the next Grain Stocks and Small Grains Summary reports due for release later today. In contrast we continue to see Argentine wheat crop ratings declining, now 22% good/excellent vs. 25% last week; Australian weather forecasts contain some rain but with only limited coverage in the key wheat producing areas and we see EU wheat prices as having held on to key technical price support. Our summary therefore is that we are in a phase of price consolidation prior to a seasonal (harvest) low and we continue to encourage strategic purchases ahead of a projected move higher in prices.