

This week has seen Chicago corn meander sideways once again whilst wheat has the appearance of some upward trajectory and soybeans have “bobbed” down and up. The US has had a short week due to market closures on Monday due to the Labor Day celebration, which has left some data released slightly later than normal. Soybean crop ratings came in at 53% good/excellent, which is a 5% drop week on week and corn fell 3% to 53% good/excellent. To put these figures in perspective, it has not been since the major 2012 drought year that soybean ratings have been this low at this time. It is fast approaching the time when rainfall will add little, if anything, to maturing soybean yields, merely upsetting the harvest. Corn harvesting is underway in the Midwest with early yield data reported to be disappointing. A combination of small kernel size and low test weights is proving far from ideal, but we should note that it remains very early to draw any nationwide yield conclusions at this time.

240,000 mt of wheat was secured by Egypt’s GASC in late August, split equally between France and Romania with the lowest offered price was reportedly \$259.42 basis FOB, and coincidentally the first French sale since July 2012¹. Interestingly, we have picked up on additional volumes purchased by Egypt, mostly from Russia (480,000 mt) but also 60,000 mt from Bulgaria. The point of note is the price, reported to be \$270/mt basis CIF, when the reported minimum floor price demanded by the Russian Government is \$270 basis FOB. Somewhere within the Russian state there would appear to be some “crossed wires” and Government officials are reported to be “angry”.

Having said all that, markets continue to show limited appetite to reflect our belief that prices should move higher! We have a northern hemisphere harvest under way and a deal of uncertainty over yield, which is supporting the view for now. Next week we will receive the next instalment of USDA data, which might ignite some enthusiasm, or it might not! One thing is standing out to us right now, the close to ¾ million mt of wheat purchased by Egypt in recent days and the ongoing appetite China has for purchasing soybeans. It is estimated that Chinese bean imports will reach as much as 104 million mt in the 2022/23 crop year with the US front and centre right now as Brazilian supplies start to tighten as September progresses. Clearly two key global consumers appear to like current price levels!

Ukraine’s monthly grain exports, estimated at about 2.3 million mt are around half of last year’s level as Russia’s withdrawal from the export corridor agreement sees vessel movement in the Black Sea challenging to say the least. There appears little end to the situation at this time. This is doubtless placing unwanted pressures upon key importers like N Africa and possibly even China who will have to secure supplies elsewhere.

Our stance remains friendly towards the grains and we await actual harvest data to (hopefully) confirm our opinion.