Chicago corn and soybeans continue their decline whilst Chicago wheat has shown some appetite for higher numbers this holiday shortened week. European wheat markets have also ticked higher as the week has progressed.

There can be no doubt that Chicago markets are in a bear market that has been quite formidable since late last year. Currently, it is difficult to suggest that this is over, and we have to look to what has caused such conditions. Chinese demand for soybeans is noticeably lower and slower that has been the case in prior years and Russian aggression in its pricing of wheat export offers have both been significant drivers. Offsetting factors that may yet limit the bears appetite could come in the form of reduced S American output as well as potentially growing US vegoil demand for its growing bio-diesel market. However, such offsets need to gather attention as well as importance from the perspective of the bears in order to diminish their hunger.

We continue to believe that the current fund net short position, which is huge, as well as the risks to new northern hemisphere growing season should have some downside limiting impact, but we have said that before! One of the benefits of predicting the end of the world is that one day we will be correct, BUT it doesn't provide much comfort to us in our long-held view on the current bear market.

This weekend will mark the second anniversary of the Russian invasion of Ukraine and the subsequent war. Currently there is no end in sight and the Russian war machine was reported to be costing a massive 40% of Russian GDP. At the same time western assistance in the form of military aid to Ukraine is not keeping up with requirements. Sadly, there seems to be an unthinkable inevitability to how this conflict is going to end, and Ukraine seems destined to be on the losing side. Thereafter, Russian neighbours and others nearby are becoming nervous of the potential for further aggression by Russia. Military status in Latvia, Lithuania and Poland is reported to be becoming into closer focus, which is not good news from a global harmony perspective.

In a similar concerning move, Chinese companies are doing something rarely seen since the 1970s: setting up their own volunteer armies. At least 16 major Chinese firms, including a privately-owned dairy giant, have established fighting forces over the past year, according to a CNN analysis of state media reports. These units, known as the People's Armed Forces Departments, are composed of civilians who retain their regular jobs. They act as a reserve and auxiliary force for China's military, the world's largest, and are available for missions ranging from responding to natural disasters and helping maintain "social order" and to providing support during wartime. The establishment of corporate brigades highlights Beijing's growing concerns about potential conflict abroad as well as social unrest at home as the economy stumbles, analysts say.

The world's two largest nations are always viewed as being mutually supportive and their current status from the perspective of hostilities can only be described as worrying. Their impact upon global markets is potentially huge. Our take on this is that market volatility remains highly likely to remain high.