

We await the March USDA report with eager anticipation, and it seems many are in the same boat as short covering appears to be underway in advance of the Friday release. The short-covering rally has taken the Chicago corn above its 20-day moving average for the first time since December and the more significant 50-day moving average is not far away. It is too early to say that trends in corn have reversed but the downtrend has certainly stalled for the time being. Soybean oil has also pushed against its 20-day moving average although the sharp rise in Malaysian palm oil prices, which moved to a seven-month high on Wednesday, is likely a key driver of this latest move.

Markets are debating the rumours that China has cancelled or washed out some US wheat shipments, with suggestions that if this is actually the case then alternate sourcing of French supplies is likely. A further alternative is that China is rolling old crop to new season supplies but we are unable to establish any certainty at this time. (Between writing and publishing of this piece, the USDA has confirmed the cancellation of 130,000 mt of US soft red wheat to China). Wheat prices have also moved higher as with soybeans and corn despite further price battering by Russia although some stabilisation has been seen recently. Egypt's GASC recently issued another wheat tender, for early May shipment, which saw Bulgarian offers as the lowest priced at \$225.75 basis FOB, however late Thursday saw the tender cancelled with no explanation. Russian offers were reported at \$235/mt basis FOB but with extended credit terms of 180 days. Given Egypt's canny purchasing tactics and history we would question if there is a fundamental fact that we are missing, or whether they were merely checking out actual replacement prices for now. Regardless, the tender is closed, and prices appear, for now, to be stabilising.

This week saw news that Moroccan wheat production this season is projected to be lower than 2023's 4.2 million mt, potentially below 4 million leaving import requirements as much as 7.5 million mt, a record level. Given likely reductions in production across the EU and Black Sea region this coming season we could be looking at a catalyst for greater competition and price moves higher. Of note this week was Algeria's reported purchase of some 900,000 mt of wheat and Jordan also securing 60,000 mt both likely factoring in the ongoing crop reductions noted across the wider N African region this season.

S American weather is somewhat more supportive, safrinha corn crops have enough moisture at present for early development although it remains to be seen whether forecasts will remain so supportive. Currently soil moisture reserves are fairly limited, and Brazil would not fare well if a drier pattern were to develop. Present dry weather will assist with the soybean harvest, which is expected to reach around 60% complete by the weekend. The range of Brazilian soybean crop output remains wide, the USDA remains top of the pile at 156 million mt (with tomorrow's figures awaited), CONAB are at 149.4 million and others are as low as 144 million mt. The lower end of the range would reduce exportable volumes placing pressure on US supplies to meet the global import demand, again with the potential for a change of price direction. Time will doubtless tell us more.

Weather premium in prices is less noticeable and relevant today compared with earlier in the year although there is always time for this to change. Our view continues to support coverage at current prices with our belief that price downside remains more limited than the potential for upside ramping up another notch this week.