Once again, we ponder what is new to comment on, and once again we are struck by the limited fresh news at the present time. Little wonder that markets are choppy and awaiting a fresh input!

The latest USDA report scheduled for release later today (Thursday) has, historically, provided little in the way of meaningful change and market moving data. We do not anticipate today's release moving away from history.

Macro inputs continue to focus on war in Ukraine and conflict in Gaza, neither of which are materially impacting our markets. It would be fair to suggest that they have the potential to become relevant but there is little, if any, way of predicting how or when this might happen, so the best course of action is to react at the time should it become necessary.

Weather continues to be the main watchpoint, specifically ongoing wet conditions impacting much of W Europe, including the UK, where fieldwork is significantly behind schedule and timely fertiliser application as well as spray applications are delayed. As if reduced plantings were not enough, the current crop is likely to see reduced yield creating a "double whammy" and reduced output. To some degree the larger old crop supplies will help to balance the negative 2024 output and mitigate shortages but EU supplies will not help to build global stockpiles.

On a contrary note, further east, in Black Sea, central and southern Russia the weather has been drier and warmer with soil moisture levels depleting and creating some crop stresses. Weather models suggest another week to ten days of similar but warmer weather is forecast, and rainfall will be required before long if crop potential is to be realised at anything close to trend.

The end of last week saw Russian authorities hold up two Egyptian grain vessels, which were loaded with wheat, in what we see as a domestic dispute between a major grain trader and the agricultural regulator, delaying (if not outright stopping) execution of contracts. It is reported that the dispute hinges on the Russian trader TD Rif being targeted by the Russian industry watchdog and phytosanitary certificates have been withheld. Rif is being pressured to sell assets at a "knockdown" price and its exports are part of the leverage to achieve this it has been reported. The official line has been that there have been "systematic inconsistencies: in grain safety and quality, which side of the argument is correct has yet to be determined! The recipient of the wheat cargoes, Egypt, has said it will decide what to do with the cargoes as and when the situation is clearer. Contractually the vessels were due to sail in March. Default or price renegotiation seem to be the likely options open to the buyer. The impact on markets has been limited but some premium was injected on the back of ongoing concern over Russian supply reliability.

We have once again seen Polish farmers blockading the country's border crossings with Ukraine in an attempt to prevent imports of cheaper grains which they say is damaging their livelihood. Poland has announced it plans to earmark an equivalent of €467 million in grain subsidies to help its farmers compete with the glut of Ukrainian supplies. Part of the plan includes subsidies to purchase around 5 million mt of grain and discussions are continuing.

The Brazilian soybean harvest is reported to be 76% complete, which is marginally behind average, and it is estimated (locally) that output is in the region of 145 million mt compared to the USDA's most recent (March) figure of 155 million. If correct, this figure and domestic demand to meet increased bio-diesel blend mandates could pressure exportable volumes. If this becomes the case it would add some degree of support to market prices.

Argentine corn is being troubled by the corn stunt disease, spiroplasma, which is spread by insects called leafhoppers. The latest news suggests that some rain and cooler weather should slow the spread of the disease. The Buenos Aires Grain Exchange at the end of last week trimmed their crop estimate by 2 million mt to 52 million, down from an initial 56.5 million mt. The Exchange also updated their soybean crop estimate to 52.5 million mt commenting that under 2% had been harvested amid rain delays.

Our current Many thanks view is that downside in prices is limited and the potential for upside is very real. Fund positions remain short although some covering has been evident in the last couple of weeks. We know from history what impact a sudden change of heart by funds can do!