

Markets have been somewhat unremarkable this week with neither the bulls nor the bears able to take the lead in the absence of any fresh news. Consequently, we have seen choppy back and forth trade with new crop prices moving generally lower and the old crop supplies looking as if they could be attempting a test on late February and early March lows.

Price discovery at this time is never easy as we begin a new northern hemisphere growing season and approach harvests in the southern hemisphere. The questions over planted acres in the north and yield and output in the south remain perennial ones and answers are only found with the passage of time.

As the week comes to close wheat markets are showing potential for recovery as focus continues on dry conditions in eastern Ukraine and southern Russia. This has been on our radar for a number of weeks and the latest weather forecasts are showing little, if any, meaningful change in patterns into the opening week of May. Not only is dryness a concern, but also now temperatures are rising adding to crop stresses. Prices are beginning to reflect concern with Chicago wheat prices up around 2% as we write this (Friday morning), London (May '24) prices have seen a steady uplift since early March as has the Paris contract. New crop prices have also trended higher over the same period.

At the start of the week Egypt's GASC secured two Ukrainian wheat cargoes with close to a million mt of EU and Black Sea origin supplies reported to have been offered at the tender, which just shows the level of stock still available.

The Russian Government continues to be applying pressure to TD Rif, one of Russia's leading grain exporters in an ongoing dispute which appears to be leading to a forced takeover/liquidation. Last week we noted vessels were being held up due to non-issue of required phytosanitary certificates, two vessels have now sailed (contractually late) whilst others remain delayed. It is reported in the media that Rif has ceased grain origination and port operations which would suggest that any new vessel movement will stop. We understand that other exporters have taken on Rif sales but there is no confirmation of this. The question being asked is whether the Russian Government is nationalising its grains export sector and if that is the case what will the implications be for prices, price control and free movement of grain. This has the potential to be a big issue in the global markets place.

Argentina's BAGE have reported their soybean crop good/excellent rating at 30%, marginally up week on week and above the five-year average of 20%. Harvest is reported to be 15% complete and output estimated at 51 million mt, close to the USDA's 50 million estimate.

We look for a broad sideways price trend until there is greater certainty over harvests and plantings.