

What a difference a week makes! Last week we were looking at London wheat inching higher and this week it has made some significant gains of £11.00/mt or 5.5% (Nov '24) as at Friday afternoon. Paris wheat (Dec '24) has made gains of €12.25/mt, a similar 5.5% in the same weeklong period. The Dec '24 Chicago contract gapped higher on Monday morning and has added almost \$0.60/bu or 10% since Friday's high.

These jumps in price have been caused in part by fund short covering, partly by the approach of the May contract and its expiry or rolling of positions, concern over freezing weather conditions across large parts of the EU and ongoing concern over Ukraine, Black Sea and S Russian weather, which remains warm and dry. Of note is the French wheat crop that is rated 63% good/excellent, down one percentage point week on week but well behind last year's 94%. Wet weather conditions across much of Europe continue to hamper and delay spring planting as well as spray and fertiliser applications. French wheat crop estimates for the 2024 harvest are as low as 30 million mt, well below last year's crop of 37 million mt. Total EU output is estimated at around 125 million mt, which compares with last year's 134.1 million mt harvest.

In S America we have seen the latest updates from Argentina's BAGE who estimate soybeans to be 26% harvested, a good improvement week on week from 12% but well behind the historical average of 50% at this time. Soybean output was left unchanged at 51 million mt but this would not be unusual at this stage of harvest. The Argentine corn crop estimate was also unchanged at 49.5 million mt, which compares with the USDA's latest figure of 55 million.

Concerns remain high for large parts of the EU rapeseed crop which has endured some extreme cold conditions at the time when the crop is blooming. There is much talk of winter rapeseed crops in Poland and Germany being ploughed back and corn being planted in its place. It is difficult to estimate or quantify the impact, but it feels bullish as far as vegoil supplies are concerned at this time.

Wheat markets have moved sharply higher from their recent lows, and this has triggered funds to cover some of their very large net short positions, further adding to upward momentum. However, the market has now transitioned into or close to overbought territory and it might just be time for some correction before any continued upward movement. Time will tell, as always.

Our stance remains friendly towards wheat in general and as has been our long-held view corn and soybeans have more upside potential than down.