We await the latest USDA data release Friday but can only reflect on what the markets have done so far this last two weeks. December ’24 Chicago corn is higher but has lost some momentum as this week has progressed, which we question. S American crop forecasts have question marks, which should be positive for the US market yet latest trading suggests otherwise. Similarly, November ’24 Chicago soybeans have rolled off their latest tick higher, which comes as something of a surprise but the technical chart-based resistance and algo trading appears to have had some input in this situation. Chicago soybean meal has similarly turned away from it’s month-long move higher, maybe a pause for breath and a reaction to potentially overbought status. December ’24 soybean oil continues to flirt with lower price levels despite demand from the biodiesel sector and being currently priced below tallow and used cooking oils. More aggressive Argentine oil and meal offers will likely continue as their harvest and availability continue to progress.

Wheat prices continue to make higher ground, the Paris December ’24 contract having moved from its mid-February to early March “double bottom lows having advanced almost €uro 50/mt with minimal, if any, moves lower in the advance. The London November ’24 feed contract has similarly moved upwards by close to £40/mt over a similar timeframe. Interestingly, this week started with a significant “gap” higher, which leaves the potential for a price retracement to fill the gap. However, we believe the current fundamentals could well provide a difficult environment for this right now.

Mid-week saw Egypt’s GASC secure a further 420,000 mt of wheat in their latest tender with 360,000 mt reported to be from Russia and 60,000 mt from Romania.

The latest move higher in wheat values is strongly linked to fears over latest reports of Russian Black Soil districts declaring “emergences” related to recent cold conditions and frost damage, which is causing crop damage although the extent is yet to be determined and quantified. Reports of an as yet undetermined area to be re-seeded are circulating and adding to concern although it would probably be wise to wait for confirmation and actual data. Russian output forecasts are in retreat at this time with private forecasts in the 87 to 90 million mt range.

Weather forecasts point to ongoing cold conditions in N Russia as well as a further period of below normal precipitation which will continue to plague output prospects for the time being. Mid-Mat to June weather will be the key determinant of Russian wheat output, so the latest forecasts are being watched closely.

Argentina’s Rosario Grain Exchange has again reduced its estimate for corn production, 2.5 million mt lower at 47.5 million. The key reason quoted has been corn stunt disease, spread by leafhopper insects. Many fear further cuts as harvest progresses and actual yields are assessed with more accuracy. Recall that early season output was forecast in the region of 58 million mt.

Today (Thursday) is becoming a “risk off” day ahead of Friday’s USDA report with traders reluctant to be caught off guard ahead of the release. The N Hemisphere growing season is mostly ahead and early signs are far from comforting. Our view continues to favour upside in grains.