There are only so many ways to say the same old thing, and we have run out of new ones; today's update will likely be brief!

Perhaps the most startling occurrence this week (today) is the news that Businesses including banks, airlines, telecommunications companies, TV and radio broadcasters, and supermarkets have been taken offline after blue screen of death error screens were seen on Windows workstations across the globe. This is causing some interruption to newsfeeds and data updates. It has been reported that the disruption is not a cyber but merely a software update that went wrong! Hopefully normal service will resume before too long.

Markets continue to leak lower; it was not long ago we were discussing the possibility of $13/bu soybeans and corn prices over $5/bu; today we could well be discussing sub $10/bu beans and sub $4/bu corn. In Chicago wheat we have seen fresh lows with the market "gapping" down at the start of the week whilst Paris and London have appeared slightly more resilient and trading around midway between March lows and June highs.

The global wheat market has the appearance right now of another year in which quality grains become somewhat scarce in relation to feed grades. This would appear to be very much the case in W Europe where harvest results are much worse that hoped for. A significant quantity of the French crop is likely to be downgraded to feed quality leaving milling grade availability reduced as a result. Discussions are circulating that as much as 18 million mt could well be slashed from export volumes. It is not only France but German harvest results are also showing poor specific weights and low protein levels, which will put their crop in the same situation as their French neighbours. We understand that European millers are securing US supplies, and we believe that demand for US supplies will remain strong. We would suspect that a proportion, possibly a significant portion, of N African and Middle East demand will be supplied by Russia with limited competition as a consequence of EU quality issues this coming season. Given the tight global exporter stock to use ratios this situation should not be ignored.

Surprisingly, Russian prices remain unchanged at around $218/mt, even after Egypt's GASC made a sizeable purchase this week at the same price as their early July purchase. Some 770,000 mt was secured, all but 50,000 mt was Russian origin, the balance from Bulgaria. Without doubt this is a sizeable purchase by any measure.

Interestingly, Ukrainian and Brazilian FOB corn price basis is strengthening at a time when Chicago prices continue to falter. Drought, severe in places, across Ukraine, S Russia, and E Europe is very concerning and premiums are being added accordingly. It seems (to us) that the Chicago market is focusing solely on the forthcoming US crop, which, by all accounts, has the prospect of being big. However, there is likely to be a big draw down on such a crop due to shortfalls elsewhere, bringing more balance to the balance sheet. The funds continue to hold a big net short position, which as we all know has inherent risk from a change of heart, but this is far from happening right now. The biggest risk lies in weather related crop issues and a sub-181 bushels/acre yield, which the market is not anticipating right now.

Soybeans, like corn, are trading a big US crop and the funds hold a record net short position, which has the same risks attached as with corn. Lack of, or limited, Chinese demand so far this (new crop) season has added to bearish sentiment. Last season Chinese demand and actual purchases were slow but eventually picked up in late summer into the autumn. Given current pricing of US beans we would not be surprised to see a similar pattern unfolding.

Having earlier suggested today's update would be brief we have surpassed ourselves but remain firmly of the opinion that prices are low and hold good value today. There remain sufficient risks in the world for an upset, and from where prices stand today we find it difficult to see quite what could push prices significantly lower, on the other hand such risks could quite easily move prices higher, potentially significantly.