Chicago corn and soybeans have had a more positive week whilst the Chicago wheat contract has moved in a more sideways direction. The corresponding London and Paris contracts have moved in a similar manner to their Chicago counterpart.

Wheat has displayed a lack of strength when compared to corn and soybeans largely on the back of an anticipated large US crop. In addition, Russian FOB prices show no signs of recovery, having dropped once again. Despite already low prices it would seem that Russia (or Russian exporters) are endeavouring to attract demand in the face of Turkey's absence from the market. The Turkish Ministry of Agriculture announced that from June 21 it would halt wheat imports until at least October 15. This decision was taken to protect farmers from price fluctuations, to ensure that raw materials are supplied from domestic sources and to create a favourable market for producers.

Turkey ranks number five in the global wheat import league, with the majority of its imports originating in Russia, hence the significance of current Russian export pricing. The effects of Turkey's decision are felt not only in Turkey but also in the global wheat market. Turkey's decision to halt imports may lead other countries to reconsider their wheat procurement strategies. It should be noted that the market does expect Turkey to resume imports once again, possibly in late October or November. Turkey will currently be drawing down its own newly harvested crop but will doubtless have to rely upon external supplies before too long in the season.

Closer to home we see the task of the wheat market in large parts of Europe being to reduce the competitiveness of exports in order to preserve what looks certain to be a smaller crop of milling grade grains. Currently there would appear to be further headroom for prices to rise in order to achieve this goal.

Corn prices have inched higher with Chicago (Dec '24) above its 20-day moving average and continued gains in the American cash premiums. Weather for the US crop remains the biggest issue with continued heat across Plains and Western Midwest. There remains plenty of time for the crop to develop and it is too early to predict the crop outcome. What does seem likely is that volatility will remain high, and the world is more dependent upon a big US crop than has been the case for some years.

Soybeans made gains on a mix of short covering and fresh export demand as well as anticipated demand from China, which has been somewhat lacking for new crop supplies so far this season. Brazilian supplies are still available but are priced some way above US levels with the expectation that they will remain less competitive, which paves the way for US supplies to become the dominant source of supply. Yield, as with corn, remain a question mark with ongoing heat being a concern across much of the crop area.

The US is now squarely the focus of the market with weather key to price direction going forward. The remainder of July (what little is left) and August will dictate the size of the corn and soybean crops. Wheat in the northern hemisphere will likely be a tale of two sides, food versus feed grades. In Europe the downsizing of food grade will become the upsizing of feed grade although overall volume is still predicted to be down, quite considerably. The market does not yet appear to have grasped the actual tightness of exportable supplies in the major exporting nations, which is of concern to us. Our take on things remains friendly with risk lying more to the upside than down.