Markets have once again tracked broadly sideways in a wide(ish) range with minimal fresh news input. The annual debate on US soybean and corn yield continues although there seems little doubt that the soybean crop is going to be BIG. The US Pro Farmer tour has added confidence to strong soybean yield expectations but has cast some doubts on the USDA's current corn yield estimate. Some areas are showing excellent yield potential n whilst latest reports suggest more variability in others and casts a degree of doubt on nationwide barn busting yield.

We see current US soybean yield potential continuing to pressure Chicago values although we would reiterate that we see current price levels as undervalued, evidenced by growing export demand, which will likely see ultimate 2024/25 end stock levels lower than currently estimated. Soybean futures markets remain oversold and overdue a correction although we would doubt a lasting recovery just yet.

US corn continues to ride high (although prices are low) on yield prospects although these are now being questioned as previously mentioned. US export prices are well priced and competitive well into next year, and we would see export sales volume growing beyond current estimates, pressuring current 2024/25 end stacks as with soybeans. In addition, the ongoing crop shrinkage in Ukraine would further direct trade to the US supported by an EU crop that we see as lower than the USDA. We would anticipate a trading bottom forming in corn as and when US yield and output is clearer.

Wheat markets have had to contend with Canadian railways locking out their workers in a long-standing dispute. It should be noted that Canada sends around 75% of all the goods it exports to the US mostly over rail. Canadian grain elevators have stopped taking in grain and cash bids have plummeted, creating some crop storage concerns. Carrying grain by truck, whilst feasible, is impractical due to the volumes involved and this has pressured wheat prices to fresh lows. However, due to the importance of a working rail infrastructure to goods movement in Canada, Prime Minister Trudeau has announced that the federal government would take steps to ensure a rapid resolution is reached, although no specific actions were announced.

Interestingly, whilst US wheat prices have hit fresh lows prices elsewhere in the world have not. Does this imply further global price downside is coming? We think not. Global exporter stock to use ratios are low by most standards, harvest price pressures will soon be a thing of the past and current prices will encourage demand from importers. New crop planting will be under way very soon, Black Sea field conditions are far from ideal following recent dryness.

We continue to await price recoveries to commence, our confidence is stronger in the grains, wheat and corn than in soybeans.