Markets have performed in a slightly more positive manner this week with small gains noted across the board. The Pro Farmer tour estimates released last Friday after the close showed a bigger soybean yield that the USDSA's latest estimate. Pro Farmer 54.9 bushels/acre vs USDA at 53.2. The corn yield was estimated at a record 181.1 bushels/acre and talk of 184 and above has now abated. Also following on from last week, the Canadian rail issues appear to have "gone away", and any premiums added have also largely disappeared.

On to this week, and we have seen some market short covering as September contracts come to an end as well as another holiday long weekend (Labor Day) approaches. Profit taking mentality as month end comes around also weighs on prices.

Interestingly we have seen wheat markets across all three exchanges, Chicago, Paris, and London either break through or test the 20-day moving average, whether this holds remains to be seen, but it might be a trigger for further support to be found in a market that has been searching for support for a long time. To counter this, Russian FOB prices continue to remain a drag on upward price movement elsewhere. This situation (in our opinion) cannot last forever, the latest EU soft wheat output estimate released yesterday (Thursday) stands at 116.1 million mt, which is 4.7 million below the previous month's estimated figure. Estimates for Russian output are also reducing. Given the likelihood of a joint EU and Black Sea wheat output in the region of 22 million mt below last year the balance sheet is clearly tightening as we have repeatedly suggested. We would also not be surprised to see a return of Turkey to the market, which would likely see Russia on top of the supplier listing. Our take on the situation is that current prices represent very good value, and that serious consideration should be taken to add to and/or extend forward coverage.

Chicago corn prices (Dec '24) have been trading at or below $4/bu since the end of July and this has created a psychological resistance to movements higher. Suggestions that the top might have been taken off US corn yields due to combination of factors; US ethanol production, exports and production margins continue to remain strong; competition from elsewhere (Ukraine, S America, and Russia) is significantly reduced; US foliar disease pressure is higher than desired and September futures contract expiration has arrived. This leaves the question as to who is now the natural seller? The obvious answer is "the farmer", but current price is unattractive compared to the option of storage and petter price prospects later in the season. We are starting to feel more confident in our view that a bottom in prices is forming at this time.

Soybean prices, although at three-week highs, remain a question mark to us. Sub $10.00/bu beans are unarguably cheap in relation to both history and cost of production, but the prospect of a bumper crop overshadows most other factors. Current weather forecasts appear to have enough rain to provide a good finish to a large proportion of the crop and this is the market's focus today. Clearly, current prices are generating good new crop sales for the US exporters, and this is providing some support. Our view right now is that we have seen US soybean yield estimates peak, and that prices will meander broadly sideways in a wide range until there is a fresh input of news.