This week we have watched Chicago corn and soybeans hold their own whilst wheat has lost ground with European markets in London and Paris similarly dropping lower. Wheat's decline has been blamed on a combination of technical chart-based selling and (more significant in our opinion) another week of flat and low pricing by Russia. Russian FOB offers remain stubbornly below all other origins, which is placing a lid on any real ability for the markets to rally. This position has existed since the middle of the summer and is frustrating many. We would anticipate this situation drawing to a close towards yearend as stock levels dwindle in Russia. Remaining in Russia, weather conditions are dry in some of the key production regions with a reported just over one and a half inches of rainfall in the July to September period so far compared with an average of over three and a half inches. October rainfall is needed, and the current dry spell is leaving producers somewhat reluctant to sell, which may trigger an uplift in Russian export prices.

Soybeans have seen a continuation of good export sales, which has lent a degree of support to prices and has, to some extent, offset the bearish tone set by the latest USDA crop report that announced the forthcoming large crop. Dry weather across northern Brazil is expected to take its toll on output and add to price support. Perhaps the biggest question comes from China where stories continue to circulate over weakness in the economy and associated demand for US soybeans is raising some concern, pressuring prices to some degree. Chinese demand for US soybeans may also be hit in what could be a developing trade tariff dispute; the US has imposed tariffs on Chines produced electric vehicles, and this is scheduled to come into effect at the end of the month. Chinese retaliation would be bearish news if it were to happen.

Corn prices traded above last week's highs but have been unable to fully hold the gains. The forthcoming US crop will be large, and this is weighing on the market. In a recent news report, it was announced that Bulgaria has purchased US corn, which is a departure from normal as Ukraine would be the traditional supplier of choice. Ukraine's crop is limited in size and there are also reported to be quality issues in the harvested grain, which will combine to further limit exports. One Ukraine source has Ukrainian corn exports estimated at 17 million mt down from 30 million year on year with the Government estimate standing at 22 million. It should also be noted that Argentine corn planting is delayed due to their ongoing drought.

Other news remains limited and just remains to say that we see prices fluctuating in response to news inputs. We continue to see longer-term upside in wheat prices and soybean prices remaining pressured.