This week has seen Chicago corn and wheat trend in a more sideways direction in a very broad range as soybeans continue lower. Wheat in London and Paris has similarly trended broadly sideways in a broad range.

In a market with limited fresh news input, it seems that markets are awaiting confirmation of harvest data from ongoing US harvests, which appear to be progressing rapidly. Data from S American plantings is also awaited for some directional input and perhaps most eagerly awaited is the result of the US Presidential election, which could have some quite serious political ramifications and price implications for agricultural commodities.

S American weather has turned into a more favourable pattern across previously drought-stricken Argentina, and drier southern Brazilian regions are also receiving beneficial rains. One commentator described current S American conditions as “almost perfect”, which is a big turnaround from conditions a month or so ago when many were raising concern for the 2025 harvest prospects. This concern has now turned into many anticipating record, or close to record, S American output. Obviously, it is far too early for such predictions and weather during the growing season(s) will have to perform well for records to be achieved.

Concern over the Chinese is being raised as economic indicators fail to excite investors there and stock markets continue lower. An anticipated economic stimulus has failed to materialise, and markets are watching developments closely. Chinese US soybean purchases have been made into December, but it seems thereafter Brazilian origin is favoured until the outcome of US elections is known. China clearly fears renewal of trade wars although they seem to have made inroads into new trade initiatives with Brazil high on their list of new “friends”.

Combined S American prospects and slowing Chinese demand has Chicago markets concerned, and prices are reacting accordingly – lower. Managed money is reported to be reducing risk ahead of the US election and this has also left prices vulnerable for the time being.

Wheat markets have traded higher and lower, and we see this as a feature lasting to the end of the calendar year. Russian wheat “floor prices” announced last week have had limited impact as even the floor price remains the world’s cheapest. This news has been digested and largely ignored, the EU is not a competitive seller, and forecast rains are boosting wheat crop prospects across southern and western US Plains, which will improve crop health. Currently wheat is holding a relatively high premium to corn, which will limit wheat’s upside potential and forthcoming southern hemisphere supplies will add to pressure.

We have softened our views over the course of the last two weeks, it is possible that multi-region geo-political issues could trigger addition of risk premium but that aside, we feel upside has limited potential for the short-term. Wheat has the biggest potential bullish potential, but we see that capped for now. Corn and soybeans would appear to have a tough task to make and significant headway higher right now.