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## Wheat Flags

Influence on wheat prices

### Benign Global Weather



### Competitive Black Sea Wheat



### US Corn Crop Acreage



Markets were relatively flat prior to Tuesday nights USDA report, however, US futures rallied sharply with a shock reduction in corn acres which was significantly different to expectations.

Average estimates prior to the report had put US corn at 95.2 M acres, but the USDA showed 3.2M less at 92M acres. On the flip side, corn quarterly stocks were well above expectations, but this was largely outweighed by the corn acreage drop. And while wheat stocks were also higher, acreage was slightly below average estimates of 44.7m. This report raises a lot of questions as the combined acreage drop between the March and June reports is bigger than that seen last year when rain impacted planting and the USDA's number is therefore difficult to explain.

The markets have since eased back to similar levels that were trading prior to the report (particularly in EU futures).

In other news, French wheat missed out on this week's Algeria tender with long holders of Baltic wheat undercutting other offers. Although France has a smaller wheat crop this year, they have next to nothing sold and are uncompetitive on today's market (as too is US wheat). Black Sea wheat remains the world's cheapest source of wheat for the time being.

Although the EU Wheat crop is expected to be much lower, forecasted increases for Russia and Australia make up the shortfall. Once you factor in the demand reduction due to COVID-19, overall supply of wheat is heavier this season with a bigger carryout for 20/21 in the major exporting countries.

Overall, global weather is forecast to be relatively benign for most areas but high temperatures in the US could impact corn at this important growth stage.

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