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Wheat Flags

Influence on wheat prices

Chinese Buying of US Corn/Soybeans



Dry Conditions in Russia and US Plains



Improving Weather Prospects in South America



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Markets continue to be supported by dry weather conditions in Russia, the US Plains and South America with the trade focused on what the forecasts say next.

Further strength has come from Chinese buying of US soybeans/corn and sometimes French wheat. This has led to significant fund activity and buying in CBOT markets in recent weeks with futures now at their highest levels for a number of years.

Although impressive, it does leave markets open to the possibility of a sharp correction when the weather finally turns.

Conditions are starting to show signs of improvement in South America. Brazil is due to see decent rains for two thirds of the corn/soy belt in the next 5 days and coverage spreads in the days following. This should be beneficial and kick start planting in those areas that need moisture.

In Russia, despite adverse conditions, last week's planting pace increased in key areas in the Southern-FD. In particular, Stavropol planted 1000KHA, which is a record for any week in the past 8 years. Krasnodar also saw a good week of planting, with Rostov continuing to plant at an average pace. The concern in Russia is not so much about the area but more that rains arrive in time to germinate the crop.

For the US, overall winter wheat planting pace is ok at 77% complete (versus 74% last year and 72% average) but it is the HRW crop conditions which are of concern. National crop ratings will begin next week, but of the states currently being rated, Kansas showed the impact of current dry conditions with 31% good/excellent (versus 34% last week and 50% 5yr AVG), while Colorado came in at 18% (57% 5yr AVG) and Nebraska at 41% (62% 5yr AVG).

Weather and Chinese buying will continue to be the key drivers in the coming weeks for global markets whilst in the UK we will feel the added impact of Brexit trade talks and their effect on Sterling.

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