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中粮国际
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Wheat Flags

Influence on wheat prices

South American Weather Improvements



Nothing Fresh on Russian Export Curbs



Historically Tight EU Wheat Stocks



Markets began last week with a continuation of the rally but turned sharply lower by Friday with a significant drop in prices.

Without talk of further caps to Russian exports than already rumoured and the Russian government signalling that it has done enough to control domestic food inflation, wheat ran out of steam and saw a big selloff. The correction was also led by a slump in soybeans and corn with an improvement in South American weather. Markets had become heavily overbought and were due a technical reversal.

Another factor adding pressure is the increasing talk of the Biden administration unwinding Trump's Phase 1 trade deal with China, because of which ags would be a loser.

However, with EU wheat stocks looking historically tight and a strong export pace, demand rationing needs to bite which should keep prices supported. Also, the Russian export situation is far from resolved with several unanswered questions as to how Black Sea markets will develop. Add to this the tight corn market and the likelihood of a bounce never seems far away. Whether or not we recover back to the recent highs though remains to be seen.

In the UK, cash trade has been thin with seemingly few farmers having sold into the rally whilst consumers have generally remained side-lined at these higher price levels.

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