

25/11/2020

Wheat Flags

Influence on wheat prices

Potential Further Chinese Buying



COVID-19 Vaccine



Pound Sterling Strength VS Euro & US Dollar



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Markets remain focused on global weather developments in key areas with some signs of improvement being seen.

La Nina has been a big feature of weather patterns so far, but its strength has now lessened slightly with a more moderate outlook as we move through December and into the new year. For South America, if this turns out to be the case, although dry conditions will prevail, they might not be as harsh as feared. Parts of Brazil & Argentina have seen some rains with more forecast. Although welcome, more will certainly be needed.

In the US, a round of rain/snow will provide some moisture for the dry HRW areas, but again more will be needed heading into winter.

For parts of Russia, temperatures did drop as low as -15 to -23C during last week but these areas have snow cover, and no damage is thought to have been done. Due to poor crop establishment, traders will be keeping a keen eye on any exceptional cold weather events. Protective snowpack is starting to develop, however, with the Volga region for example more advanced than last year. Russian production is expected to be around 80mmt, which although smaller than this season (due to probable lower yields) will still be the 3rd largest in recent history.

Planting is nearing completion in the EU with France likely to wrap up in the next few days. Based on trend yields, the EU wheat crop is expected to rebound by 16Mmt next season from 128Mmt to 144Mmt. Australia is expected to see a 100% rise in production to 32Mmt compared to last season's 15.1Mmt drought hit crop.

Experts believe we will see a surge in pound sterling against the Euro and US Dollar as we seem on the cusp of post Brexit trade deal. Reports suggest that we could see a recovery to 1.30 v Euro and 1.70 v Dollar.

One of the biggest questions for the market is how much more buying China has to do, which so far has outweighed the impact of COVID – 19 on demand and supported prices to the levels we see now. Further buying is needed to keep underpinning the market.

Looking ahead, traders will continue to monitor weather, snowfall in Russia to help protect against any cold snaps and rains in South America to aid crops. COVID issues will continue and currency will be watched closely with a Brexit deal hopefully just around the corner.

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