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Wheat Flags

Influence on wheat prices

Bullish Corn and Soybean Plantings Report



Generally, More Favourable Global Weather



Expectation of Big Recovery in Global Wheat Production



After several weeks of markets being on the back foot and struggling for direction, last night's USDA report gave a welcome boost for prices with a shock in the acreage numbers.

Traders had been setting themselves up for a potentially bearish surprise, but they got the complete opposite with forecasts for corn and soybean plantings falling well below market expectations. US Corn came in at 91.1m acres which fell short of the 92m acres published in the February Ag Forum and well below expectations of 93.2m acres.

Soyabeans delivered an 87.6m acre forecast which again was way off the 90m acres that the trade had been looking for and that from the Ag Forum.

Whilst the numbers were bullish for corn and soybeans, wheat in its own right was negative with bigger stocks and plantings than expected.

These results ignited corn and soybean futures contracts which dragged wheat with them eliminating the majority of losses made over the past week.

If these numbers are to be believed, it puts corn and soybeans into a very tight situation leaving no room for any added weather concerns.

However, how the USDA can be so far off what they presented at the Ag Forum only a few weeks ago is a mystery and puts a high degree of uncertainty into the validity of the numbers published last night.

Many traders will be factoring in the likelihood of increased plantings between now and the end of the planting window, which is not unusual. The biggest increase in the corn + bean area from March intentions to final acreage was 4.7m tonnes in 2012.

Whilst CBOT corn and soybeans are seeing follow through buying this morning, EU and CBOT wheat markets have turned negative for the moment. Prior to the report wheat had been struggling with slow cash demand in international markets for old crop and confidence growing in a strong recovery for northern hemisphere production prospects.

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