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中粮国际
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Wheat Flags

Influence on wheat prices

Strong Chinese Purchases of US Corn



Wheat Struggling for Direction



Lack of UK Consumer Buying



Grain markets have been rather volatile over the past week with some sharp moves in both directions. CBOT Corn hit contract highs with huge export sales to China of 6Mmt for the week. Chinese maize imports are at record levels, way above their annual quota and more than double that seen in 2019.

Whilst wheat has been supported by corn, it has struggled to sustain a move higher with any rally being quickly sold into. A fresh proposal for taxing new crop Russian exports added to volatility but a lack of detail has so far stopped the story from gaining any traction. The uncertainty over Russian exports has left wheat struggling for direction with too many unknown factors.

European old crop values have been under pressure with May Liffe about £14/mt and March Matif nearly €17 off the highs. In the UK, a lack of consumer led demand is weighing on prices for the time being.

Egypt's GASC is tendering for wheat today. Given the recent weakness in Matif and the tax implications for Russia, wheat traders will be interested to see the line-up of offers and results. If Russia does win the tender, or part of it, it will be a sign that the new tax regime is starting to work, which will not be viewed as bullish.

Pound sterling is gradually strengthening on a combination of better market sentiment and positivity surrounding the UK's Covid vaccination programme. However, it is unlikely to be a one-way street with suggestions that the Bank of England could cut interest rates which would be negative for the pound if the decision is made.

Expect to see continued volatility in markets with Chinese buying never far away to help support corn whilst wheat looks for direction and clarity.

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