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Wheat Flags

Influence on wheat prices

Argentina Suspending Exports



South American Weather Issues



Corn/Soyabean Strength Helping Support Wheat



Market prices rose sharply towards the end of December and have continued to do so through most of this week. Wheat was largely a follower of strength in soybeans and corn with some explosive moves in CBOT futures.

Argentinian strikes crippled exports in December and led to talk of China switching purchases to the US. Argentina also suspended exports of maize until the end of February to battle food price inflation and protect domestic supplies. Ongoing weather concerns for South America are keeping markets concerned for Brazilian and Argentinian soybeans whilst the US soybean S&D is the tightest in history.

In the UK, the Brexit trade deal brings a sigh of relief for grain exports with tariff and quota free EU trade. Aside from some additional paperwork, exports can continue unhindered. For the time being, the anticipated rise in Sterling that analysts had predicted has failed to happen with COVID-19 and its economic impact negating any positivity that could have come from a deal. The Pound, however, is still tipped to firm through 2021 if the vaccine rollout is successful and we are ahead of other countries.

Global cash markets in wheat have been illiquid for the past couple of weeks with traders waiting for the Russian farmer to return from holiday. The million-dollar question is how the farmer will react to the export tax news from before Christmas and whether they will continue to sell.

In the meantime, next Tuesday's USDA report will provide short term direction and something fresh to trade.

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ukmarketing@cofcointernational.com