

12/10/2020

Wheat Flags

Influence on wheat prices

Dry Weather Concerns In
Russia, US HRW Area and
South America



Record World Wheat
Carryout 20/21



Friendly USDA Report for
Corn & Soybeans



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Last week saw a continuation of the recent volatility which now seems to be the norm. Dry weather in Russia, the US HRW area and South America were the lead stories which kept markets supported.

Friday's USDA report was friendly for Corn and Soybeans with US production below trade estimates due to lower harvested acres. Wheat on the other hand was negative as the USDA finally increased the Russian crop from 78 to 83Mmt which resulted in 20/21 world wheat carryout increasing to a new record of 321.45Mmt.

Sterling was very choppy last week but has been on the front foot today amid speculation that a Brexit trade deal is on course to be delivered. Expect to see further volatility though ahead of this Thursday / Friday's meeting of EU leaders at which EU states will consider the current state of negotiations. Boris Johnson, however, still maintains that he is prepared to accept an Australian-style no deal outcome.

With the USDA report behind us, the trade will go back to focusing on weather, 21 Crop prospects and Chinese buying. Whilst some areas of South America are forecast to see rains, the US and Russia remain dry.

Until we see meaningful rainfall for these areas, markets will remain supported but could be in line for a sharp correction when the weather finally changes. This move could be exaggerated by the fact that funds are holding sizable positions.

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