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## Wheat Flags

Influence on wheat prices

### Dry/Cold US Weather Conditions



### Increased Russian Wheat Production Estimates



### Sterling Weakness



Grain markets have found support again with US weather catching the trades attention.

Dry conditions in the northern Plains and Midwest had already started to cause unease for US spring wheat and corn but now a cold snap is adding momentum to prices.

With corn planting only just underway, there is some concern that the cold dry forecast will slow progress which could eventually be an issue if a hot and dry summer follows.

For US wheat, weather models have trended colder across parts of the HRW area where crops are jointing. There is some disagreement in the forecasts as to how low the temps will go but any damage is likely to be limited. For the moment though, futures are reacting to the headlines and we are seeing a good bounce in prices.

Confidence in Russian crop production is increasing thanks to current, favourable conditions. In the past month, most analysts have increased their forecasts to around 80Mt.

In the UK, the AHDB has published its first production estimate for the GB 21/22 wheat crop at 14.57Mmt. This is pretty much in line with trade expectations so shouldn't have caused any surprises. With tight carry out stocks from the current season and increased demand coming from the ethanol sector any export surplus will soon get shipped in the first half of the campaign.

A sharp drop in Sterling has helped to support new crop prices with a move from recent highs of 1.18 to 1.148 GBP/EUR this week.

Although old crop Liffe futures have also moved higher, cash trade has been under pressure with slow demand and plenty of selling from merchants.

Expect markets to remain reactive to changing weather forecasts as crops mature.

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