

16/02/2021



中粮国际  
COFCO INTL

## Wheat Flags

Influence on wheat prices

### Extreme Cold Weather Affecting US Wheat



### Lack of Fresh Chinese Buying



### Pound Sterling Strength



Grain markets were on the back foot for most of last week with follow through selling after the USDA report. Corn was not helped by a cancellation of 132,000 tonnes of US exports to an "unknown" destination - generally taken to mean China. So, with an absence of fresh news and nothing positive on corn sales, wheat was dragged lower by long liquidation and a general sell-off.

This week, however, has started off much more positively with European markets posting sharp gains yesterday whilst the US were on holiday celebrating Presidents Day. The jump in prices came on expectations of a higher opening in CBOT wheat today due to a surge of arctic air with extreme cold temperatures for the main hard red winter wheat areas of the US over Sunday and the start of this week.

The snow/ice storm brought with it temperatures falling way below the winterkill threshold of  $-20^{\circ}\text{C}$  to large areas of the HRW wheat belt. The storm did give adequate snow cover for most areas, but the main concern has been for large parts of central/western Kansas which missed out on decent snow cover and experienced temperatures between  $-23^{\circ}\text{C}$  and  $-30^{\circ}\text{C}$ .

From tomorrow, temperatures warm back to above winterkill levels but not before some damage has been done with any winterkill most likely to translate in lower harvested acres for HRW. It will take some time for the effects of this event to be calculated with actual damage not being assessed until the crop breaks dormancy.

In the UK, cash trade remains relatively thin for both old and new crop with both a lack of farmer selling and slow demand. Pound sterling continues to rally, the main reason behind this is down to positive momentum, the UK's rapid vaccine rollout and expectations of a sharp pickup in economic growth. Currently the pound is trading around 1.145 vs the euro and 1.39 vs the US Dollar as analysts target 1.20 and 1.40, respectively. A level that sterling has not seen vs the US Dollar in 3 years.

If you no longer wish to receive this communication, please contact:  
[ukmarketing@cofcointernational.com](mailto:ukmarketing@cofcointernational.com)