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Wheat Flags

Influence on wheat prices

Improving US Weather Conditions



Aggressive offers at GASC Tender



Russian Crop Conditions Remain Unclear



Wheat markets continue to struggle for direction with little in the way of fresh information to drive prices one way or the other.

The recent trend, however, has been for a gradual weakening albeit with a high degree of volatility along the way.

Last week's GASC tender saw a sizable number of sellers with 20 cargoes offered in what traders saw as potentially the last tender from GASC for the season. Romanian wheat ended up being the most aggressive with 6 cargoes booked. The volume purchased was disappointing with Russian, Ukraine and French origins missing out. Old crop wheat is becoming more pressured with the calendar moving on and a general lack of buying interest.

More favourable conditions in the US have also lent on CBOT wheat with good volumes of rainfall forecast for the next two weeks which will help to recharge soil moisture across major production areas. This should also help to provide a good set up for soybean and corn planting come April.

Monday nights US weekly crop condition report showed the benefits of recent weather with improvements for Kansas and Oklahoma.

Russia will see temperatures return to a more normal state; however, winter crop conditions remain a cause for potential concern and will be closely monitored as the season progresses.

South American weather remains a key driver with conditions finally starting to turn better. Rains are set to return to Argentina which will help crop conditions whilst rains in Brazil that have hampered Safrinah corn planting are finally set to recede.

The Buenos Aires Grains Exchange cut Argentina's corn crop by 1Mt towards the end of last week due to dry weather issues, in contrast Brazilian Safrinha corn production estimate was increased by CONAB by around 2.5Mt which offsets any Argentinian losses.

Corn did find some support over Monday with rumours of Chinese buying coming back for US corn. This was confirmed on Tuesday with sales of 1.156Mmt reported for the 20/21 marketing year. This would normally be enough to see a nice positive move in futures but the response to the actual confirmation of trade was muted.

Until we receive any fresh news, markets will continue to struggle for direction with weather playing a big part in influencing any movements for the time being.

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