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Wheat Flags

Influence on wheat prices

Cut in the 21/22 Russian Wheat Crop Forecast



Pound Sterling Strength



South American Weather



Wheat markets remained strong throughout last week albeit with plenty of volatility. The sharp US cold snap created concerns of winterkill damage with various opinions being aired as to the potential losses for winter wheat. This will not become clear, however, for a few more weeks until the crop breaks dormancy.

Support also came from a 1.5Mmt cut in the 2021 Russian wheat crop to 76.2Mmt as forecast by SovEcon. This comes as a result of unfavourable weather conditions and the impact of the Russian export tax on farmers plating intentions.

After the extreme weather over the past couple of weeks, temperatures are forecast to turn warmer across the US and most of Europe which should bring back more seasonal conditions. In the black sea, however, temperatures have dropped with severe cold weather expected for the major cropping areas of Russia and Ukraine. Snow cover is variable with the Ukraine in particular causing potential concern.

In South America, Argentina's primary crop areas have been hit with much drier conditions this month with half the normal rainfall levels. In contrast, harvest progress in Brazil continues to be hampered by excessive rains which in turn is slowing the planting pace for Safrinha corn.

Pound sterling remains on the front foot with further gains this week thanks to the prospect of the UK exiting lockdown. Having hit 1.160 against the Euro, Sterling is now at its highest levels since March 2020 and despite the UK Governments cautious approach, it is expected that the economy is on course for a strong rebound. Sterling vs the Us Dollar also hit a new multi-month high at 1.41.

China is back to work, following Chinese New Year holidays and the trade will be watching for any further announcements of US corn sales.

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