

27/10/2020



中粮国际
COFCO INTL

Wheat Flags

Influence on wheat prices

Sterling Brexit Uncertainty



Dry Conditions Continue in Russia



Rains Forecast in South America and US Plains



The past week has brought “more of the same” news we have been seeing recently with the same weather patterns being the driving force behind market movements. South America saw welcome rains in Brazil & Argentina with parts of the US Plains also receiving rain. As a result of which wheat markets retreated towards the end of last week as the improving near term weather forecasts alleviated some concerns, although longer range forecasts still indicated dry patterns.

Moving into this week, weather is broadly unchanged. Rain is forecast in key areas of Russia; however, it does not appear to be significant with the outlook remaining dry. Again, rain is expected in the US Plains, but forecasts continue to over promise and underdeliver making for choppy but ultimately directionless markets early this week. This is of key significance this season given just 27% of the HRW crop is currently in good to excellent condition– the lowest in 20 years prior to dormancy.

Pound Sterling is expected to be under the spotlight this week against major currencies, with the UK and EU expected to take weeks to resolve a standoff in negotiations over fisheries which is supposedly the last remaining barrier to completing a deal. Ultimately, a confirmed deal or indeed no deal, has the potential to significantly impact Sterling which will undoubtedly impact LIFFE wheat futures significantly.

Looking forward the trade will continue to monitor weather concerns, weather in South American and the US Plains is improving, however there is a long way to go before the problems in these areas become more favourable.

If you no longer wish to receive this communication, please contact:
ukmarketing@cofcointernational.com