

28/04/2021



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## Wheat Flags

Influence on wheat prices

### Chinese Buying



### Continued Dryness in Brazil Affecting Corn Yields



### Rain Forecasted in Western Europe



Markets continued to fly higher over Monday and into Tuesday morning with more contract highs being set. Fresh fundamental news, however, was lacking with the same weather issues and managed money fund buying driving prices ever higher.

Traders main focus has been on the extent Chinese buying and dry conditions for the declining Safrinha corn crop in Brazil, the combination of which could lead to a further tightening of the global S&D.

Markets rarely go up in a straight line and always pause at some point. Yesterday afternoon, the music stopped as markets became overbought and profit taking stepped in. This resulted in a rollercoaster of action on futures with a huge amount of volatility.

Only time will tell if this is the end of the recent bull run, but with dryness set to remain in Brazil whilst Safrinha corn moves into pollination, any downside in prices seems likely to be bought into.

US Weather forecasts turn a little wetter over the next week, with rain expected in the Midwest, Delta and South East, however the Plains and Dakotas remain dry with low soil moistures adding to concerns.

Cold temperatures continue throughout the majority of Europe, but the West will start to see rain build through the first half of May which will be welcome for crop development.

Wheat is currently all about weather and the extent to which animal feed producers switch from corn to wheat. With a mixed weather outlook and large fund positions, expect a high degree of volatility to continue.

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