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中粮国际  
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## Wheat Flags

Influence on wheat prices

### Chinese Buying



### UK Harvest Delay



### Futures markets overbought



This week has very much been a week of two halves. The early part of the week was characterised by choppy trading. On Monday for example, Paris wheat traded up €1.50 before falling to close €1 down on the day.

Ultimately, however, global markets found themselves supported in the early part of the week, as Chinese commodity buying gave bulls the conviction to step in. Chinese buying is not only good for trade volumes but also the more positive tone it could bring to future trade negotiations between the US and China. Also lending support this week are the dry (and frost) conditions in Argentina which has affected the wheat crop, yields could be up to 50% lower in parts.

The second half the week, however, saw the apparent end to the recent support with US markets giving back much of the gains made earlier in the week. By the end of the week reports of further Chinese buying had subsided and in the absence of fresh news traders will begin to look toward next week's USDA report for inspiration.

US corn crop ratings were placed at 62% good to excellent and although this is lower than the 64% from the week before it was above trade expectations and as such weighed on the US agri-markets.

In the US dryness is expanding across the Midwest, however, this is no real issue as rains now would not be helpful and could in fact hinder the approaching harvest. Whilst in the EU, low soil moistures (Excluding the UK) are becoming a concern and may delay plantings.

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