

15/06/2020

## Wheat Flags

Influence on wheat prices

### European Weather Forecast



### Covid-19 – Lockdown Easing



### Latest USDA Report – Increased Wheat Stocks



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The European weather forecast for June is becoming more positive with conditions expected to stabilise in the West, while in Eastern Europe, the rains should help improve yield potential towards the end of the month. Previously, the EU wheat market had been supported by ongoing dryness which had been forecast to remain throughout June. This is no longer the case with forecasts switching to a more normal pattern and with markets drifting lower toward the end of last week.

Covid-19 has remained at the centre of attention for the past 3-4 months, and now we are getting closer to re-opening with lockdowns easing in many countries around the world. However, several nations like India, Brazil and other areas in South America seem to be seeing a resurgence of the virus which needs to be monitored closely. Here in the UK, non-essential shops open from today, hopefully in the coming weeks restaurants and pubs can follow which could bring back some much-needed demand for various Agri-products.

The latest USDA report on Thursday brought some negativity for wheat prices, the most significant of which was a projected increase of 6Mmt in world stocks. 20/21 Global production is also up with a record production expected in India and larger crops expected in China, Turkey & Australia, offsetting declines in the EU and Ukraine.

Looking forward, there are no immediate weather issues. Although, as the Northern Hemisphere harvest gets underway, any change in weather could have the biggest impact on prices in the near term. A close eye will also be on the need for potentially devastating secondary lockdowns around the world which could bring further demand disruption.

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