

17/08/2020



中粮国际
COFCO INTL

Wheat Flags

Influence on wheat prices

Storm Damage for US Corn Crop



Potential World Record Wheat Stocks



Strong Russian Wheat Yields



Despite the bearish WASDE report last week, wheat finished the week on a high on the back of US Corn strength. This was due to a large thunderstorm that brought hurricane-force winds (known as a “Derecho”), hitting the Midwest on Tuesday. The headlines resulting from this event caused the market to rally on fears of lost acres to wind damage. On a national level, the actual impact is relatively small but together with a change in the weather to drier conditions for the 2H Aug has given some support back to prices.

The WASDE report itself was generally negative but with no big unexpected surprises; US corn yields were higher than trade expectations at a record 181.8 bpa vs average estimates of 180.4. If realised, this would result in a record US corn crop. Global wheat stocks were recorded at nearly 3Mmt higher than estimates and 2Mmt higher than the previous report. US soybean yield was 53.3 bpa vs 51.3 average estimate.

Australia has been receiving good rains with crop estimates now at 27/28Mmt, which is a sharp recovery from last year’s 15.2Mmt drought hit crop.

In Russia, yields from the Central & Volga regions continue to be above expectations leading to increasing production forecasts. IKAR now estimate the crop at 82Mmt (up from 76.5Mmt in mid-July and 73.5Mmt LY).

Dry weather continues to impact Argentina’s wheat crop potential due to reduced area. Estimates now put the crop at about 19Mmt compared to earlier estimates of 21.5Mmt. Further reductions are possible if the dryness persists.

In the UK, after making good progress in the first half of the month, harvest has now been stopped by the stormy weather. So far, as expected yields are very mixed and below the 5yr average. Quality seems reasonable but with variable proteins and nitrogen contents on the high side.

Trade talks between the EU and UK commence again this week, with Brexit negotiators meeting in Brussels tomorrow. Sterling therefore is expected to see more volatility.

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