

# Weekly Market Report

Monday, 17 July 2023

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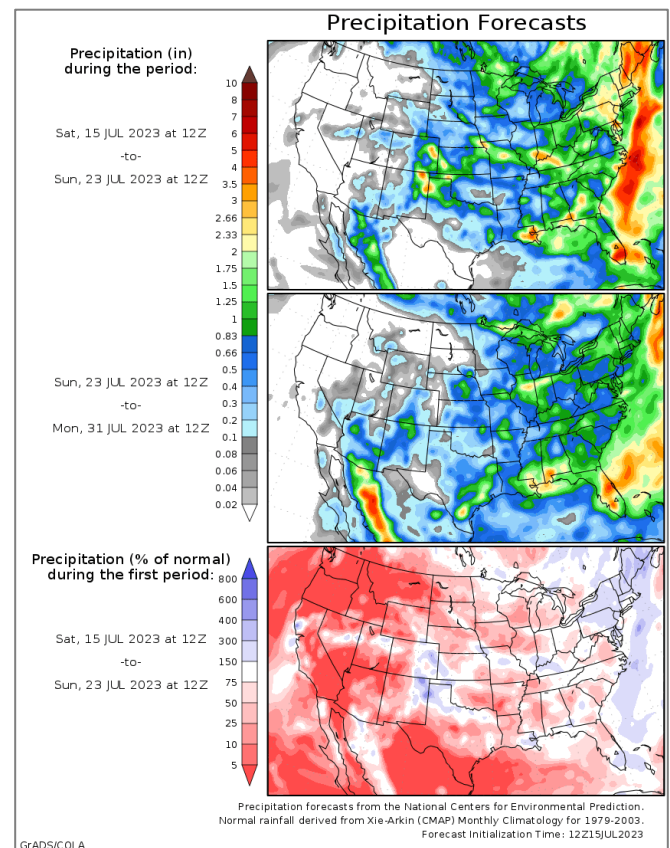
## Weekly Overview

Price changes over the week.

	Price	Change	Change%	30 Day High	30 Day Low
CBOT Wheat	680.75	14.25	2.14%	784.25	641.50
Kansas Wheat	833.50	14.00	1.71%	889.00	789.50
Corn	513.75	19.25	3.89%	629.75	481.00
Soybeans	1370.75	53.00	4.02%	1391.75	1256.75
Soybean Meal	401.00	14.70	3.81%	432.60	374.60
Soybean Oil	60.76	2.43	4.17%	62.41	51.36
Crude Oil	74.42	1.76	2.42%	76.06	67.40
Palm Oil	869.25	38.00	4.57%	869.25	776.00

This week, grain and oilseed prices traded in a wide range. An initial surge was witnessed in prices prior to the release of the USDA WASDE report, which had a bearish impact on market expectations and instigated a brief sell-off. Yet, towards the week's end, prices regained traction, supported by weather uncertainties potentially impacting yield figures. The USDA report was not based on surveys as it is still early in the season to establish yield outcomes through such means.

Corn yield was trimmed by 4 bu/acre in the USDA report, while soybean yield estimates remained untouched. However, current forecasts hint at a less than average precipitation across the major growing areas. We are witnessing a slow but steady improvement in crop conditions, but past experiences indicate that a higher absolute number of good and excellent crop conditions doesn't directly correlate with final yield.

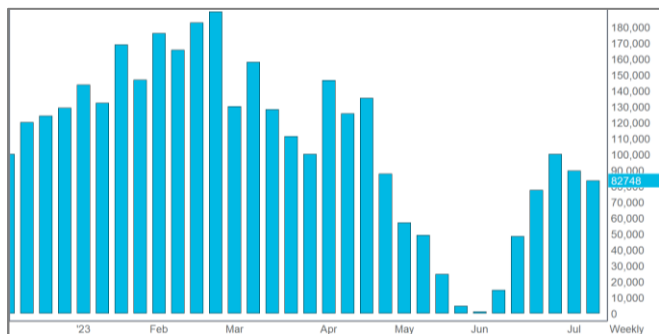


The crop condition ratings for both corn and soybean are relatively lower than the last 5 years' average.

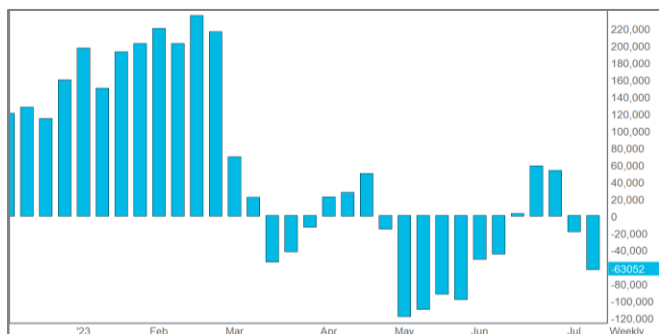
Managed money funds are persisting with their long position on soybeans, concurrently expanding their short positions on corn.

As the planted acreage is not expected to undergo any significant change, the final yield numbers will primarily depend on weather conditions for the next 6-8 weeks.

The coming week will keep its focus on weather forecasts as the primary market driver.



*Soybeans Managed Money Fund Net Position (in contracts)*



*Corn Managed Money Fund Net Position (in contracts)*

## Grains

Wheat prices followed a similar trend, with an initial decline, eventually closing higher for the week. The price fluctuations are smaller in comparison to the price ranges in the last month. USDA's WASDE carry-out estimate exceeded market expectations, standing at 592 million bu against 569 million bu.

Funds continue to hold their short position in wheat. The HRW harvest, which is now over 50%, is accelerating and exerting pressure on the calendar spreads. Although only a quarter of the spring wheat crop is suffering from drought conditions, an extended period of dryness could necessitate additional cuts to Northern Plains spring yields.





Yields in Russia, Europe, and Canada have been generally disappointing, which might lead to lower global wheat production estimates.

The global wheat carry-out stock largely depends on the yet undetermined size of the northern hemisphere crop.

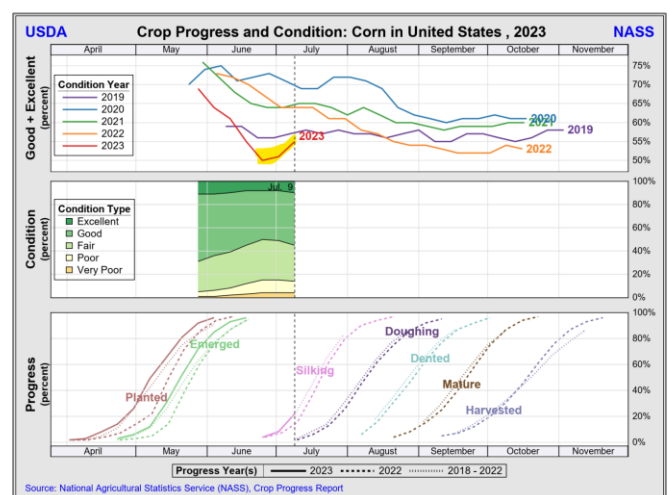
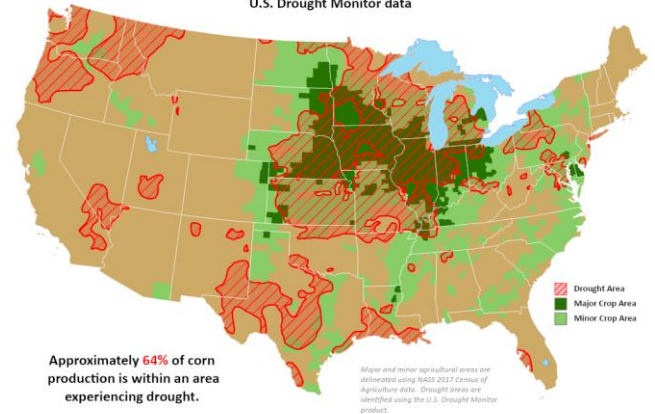
If the El Nino conditions disrupt the Australian wheat yield potential, it could significantly impact the world's Q4 supply. The growing season and geopolitical uncertainties are expected to keep contributing to wheat price volatility.



USDA  
United States  
Department of  
Agriculture  
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### Corn Areas in Drought

Reflects July 11, 2023  
U.S. Drought Monitor data



<b>CORN</b>	2023/24 Proj. Jun	2023/24 Proj. Jul	Change
	<i>Million Acres</i>		
Area Planted	92	94.1	2
Area Harvested	84.1	86.3	2
	<i>Bushels</i>		
Yield per Harvested Acre	181.5	177.5	(4)
	<i>Million Bushels</i>		
Beginning Stocks	1452	1402	(50)
Production	15265	15320	55
Imports	25	25	0
Supply, Total	16742	16747	5
Feed and Residual	5650	5650	0
Food, Seed & Industrial 2/	6735	6735	0
Ethanol & by-products	5300	5300	0
Domestic, Total	12385	12385	0
Exports	2100	2100	0
Use, Total	14485	14485	0
Ending Stocks	2257	2262	5
Avg. Farm Price (\$/bu) 4/	4.8	4.8	0

CBOT corn futures reflected a bearish sentiment due to the USDA report. A potential surge in estimated ending stocks was avoided by the USDA by trimming the yields, thereby balancing the increased planted and harvested acreage. No changes were made to export and domestic use in the balance sheet.

64% of the US corn acreage still suffers from drought, making yield adjustments complex before mid-August crop tours. Current estimates suggest that a marginal yield decline would not result in an acute shortage of ending stocks.

South American fob premiums are witnessing a sharp upturn which could lend support to US prices. Market focus will lie on the Midwest weather, Chinese corn prices, and rising fob basis levels in South America. Any extended dryness in these areas over the next 6 weeks could lead to a significant decrease in yield numbers.

### Oilseed complex

Soybean futures traded a wide range this week, ending the week on a higher note. The USDA pegged soybean stocks at 300 million bu, which was above the market estimate average of 199 million bu.

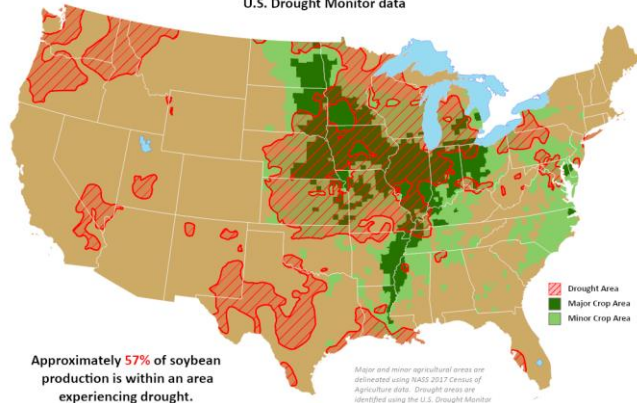
They kept the yield estimates unaltered, contrary to the market's anticipation of a downward adjustment given the relatively poor start to the crop as represented by lower crop condition ratings.

SOYBEANS	2023/24 Proj. Jun	2023/24 Proj. Jul	Change
	Million Acres		
Area Planted	87.5	83.5	(4)
Area Harvested	86.7	82.7	(4)
	Bushels		
Yield per Harvested Acre	52	52	0
	Million Bushels		
Beginning Stocks	230	255	25
Production	4510	4300	(210)
Imports	20	20	0
Supply, Total	4760	4575	(185)
Crushings	2310	2300	(10)
Exports	1975	1850	(125)
Seed	101	101	0
Residual	25	25	0
Use, Total	4411	4276	(135)
Ending Stocks	350	300	(50)
Avg. Farm Price (\$/bu) 2/	12.1	12.4	0



### Soybean Areas in Drought

Reflects July 11, 2023  
U.S. Drought Monitor data



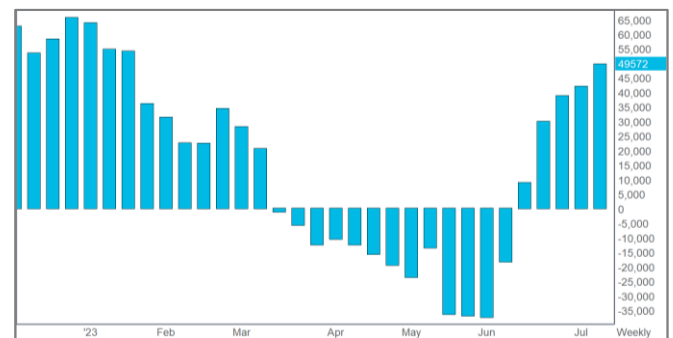
ZM Z23 Weekly Chart



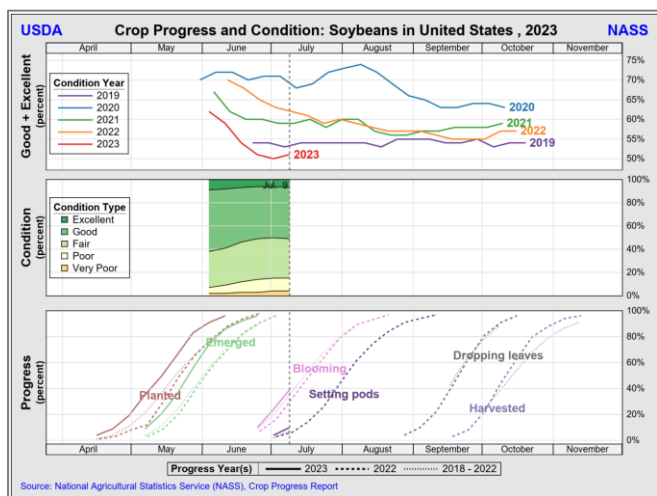
ZL Z23 Weekly Chart



ZS X23 Weekly Chart



Soybean Oil Managed Money Fund Net Position (in contracts)



Future soybean prices will be highly dependent on the weather. The significant reduction in soybean acreage leaves no

buffer in the supply and demand balance sheet. If the yield drops to even 48 bu/acre, ending stock estimates become alarmingly tight, potentially necessitating significant price hikes to discourage demand.

Presently, crop conditions and weather forecasts are the major price drivers, with price trends primarily reflecting the latest forecast updates. As it stands, the risk to oilseeds prices remains on the upside, given the tight balance in supply and demand.

### Trade-Ideas:

**Soybeans:** continue to hold long call options on SX , USDA is still holding on to the 52 yield number. In our view, given the crop conditions ratings, they yield is expected to be lower than current estimates.

**Corn:** while bearish, is still in the middle of the weather market. Own short term volatility

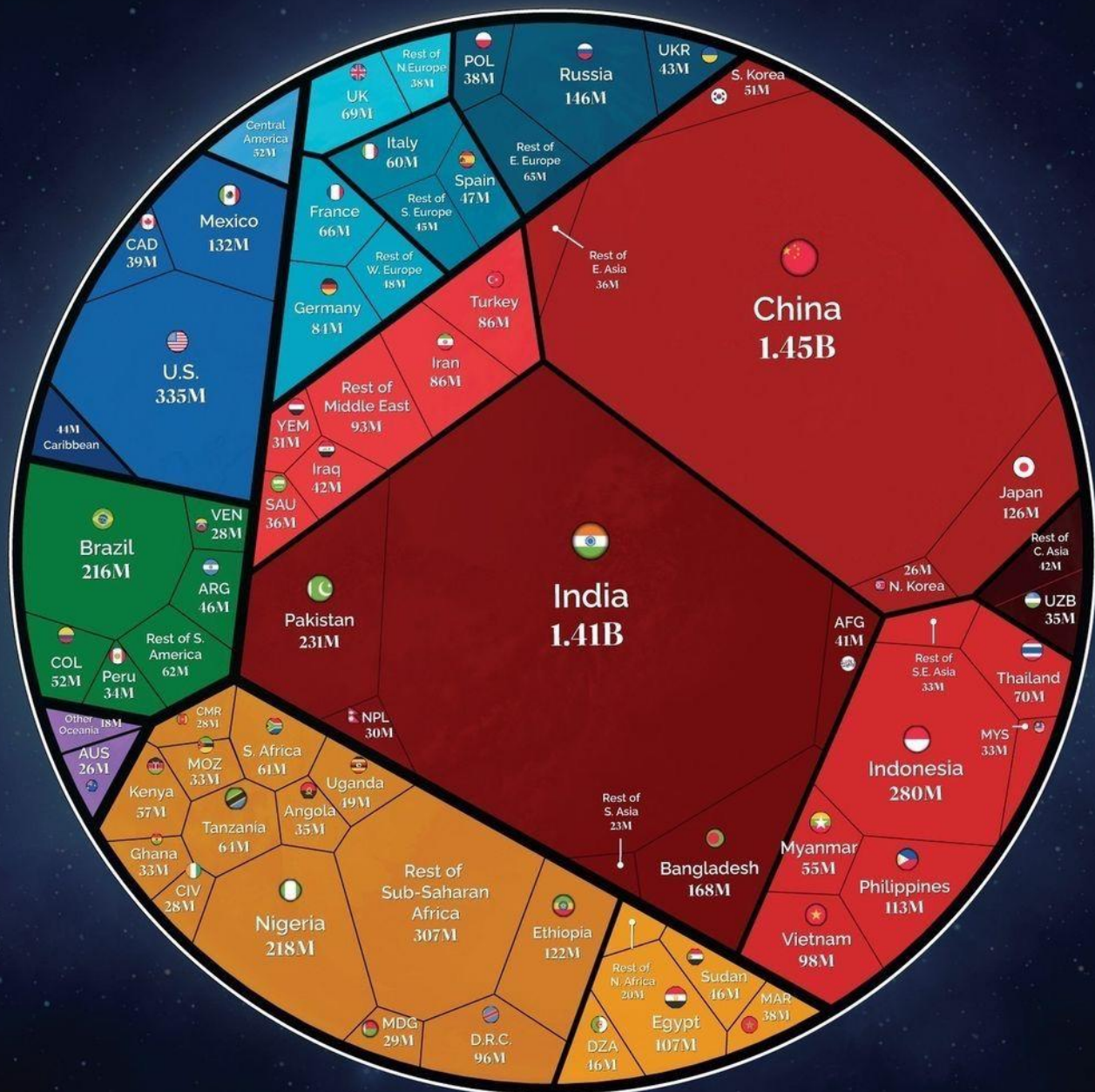
**Wheat:** with potential crop reductions globally, trade with a long bias

**Food for Thought:** the worlds population in various charts:



## World's Population at 8 BILLION PEOPLE

Around November 2022, the world will reach a pivotal milestone—8 billion global population. What is the distribution of this population, by region and country?



Source: UN Population Division, 2022.

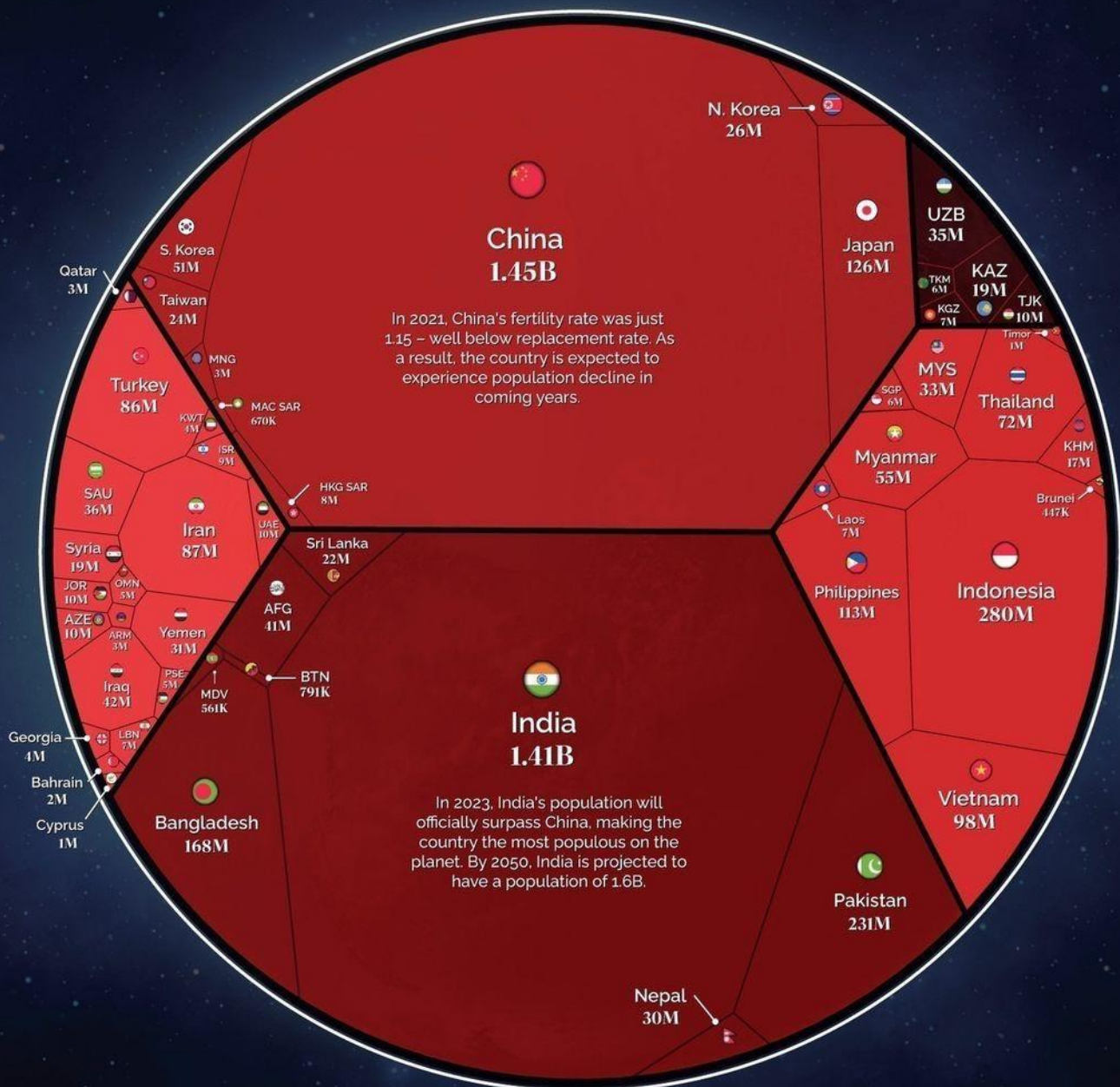
Due to standard instances of rounding, totals may not add up perfectly to regional sums.



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## Asia's Population at 4.7 BILLION PEOPLE

Around November 2022, the world will reach a pivotal milestone—8 billion global population. What is the distribution of this population, by region and country?



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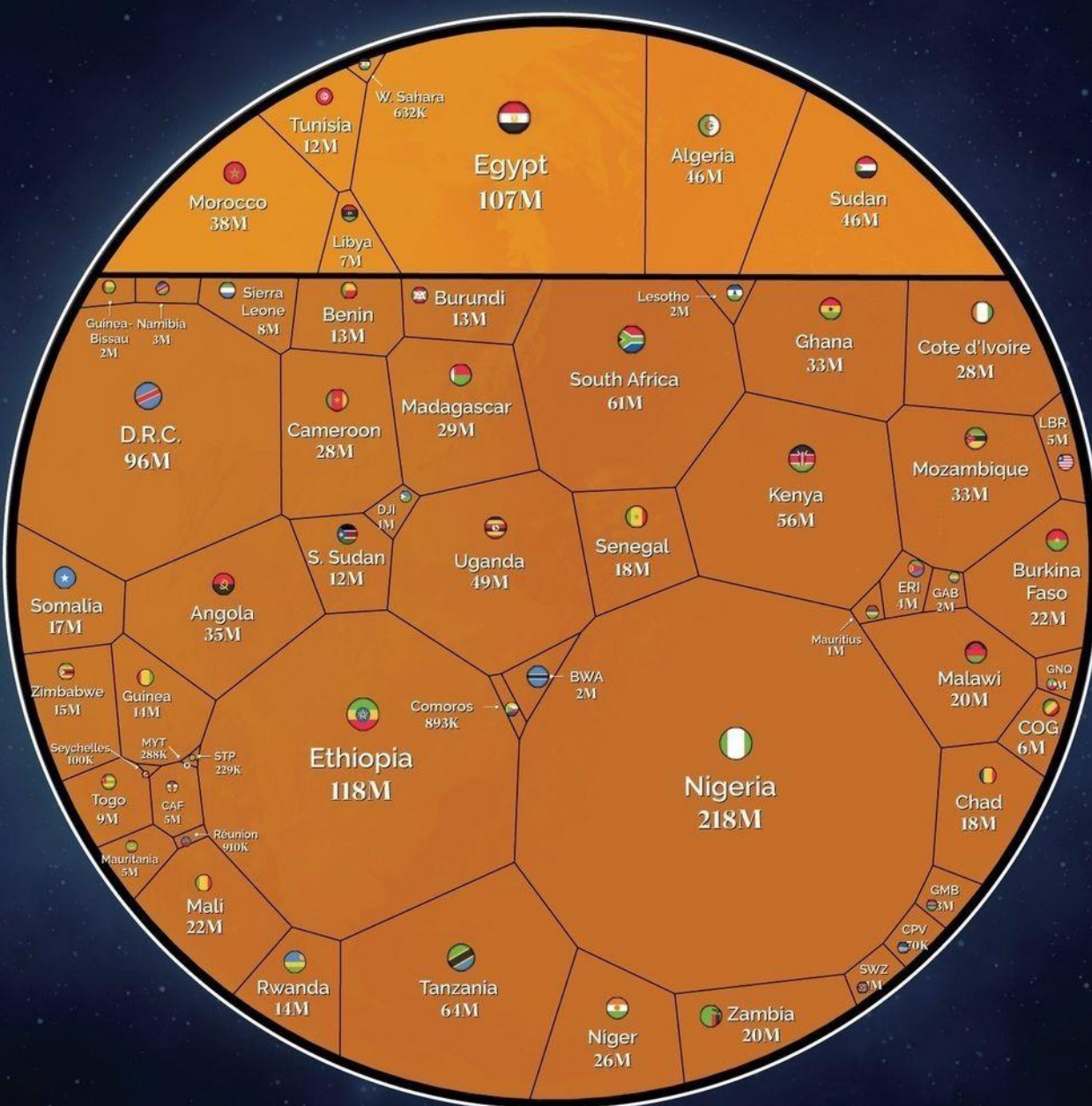


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## Africa's Population at 1.4 BILLION PEOPLE

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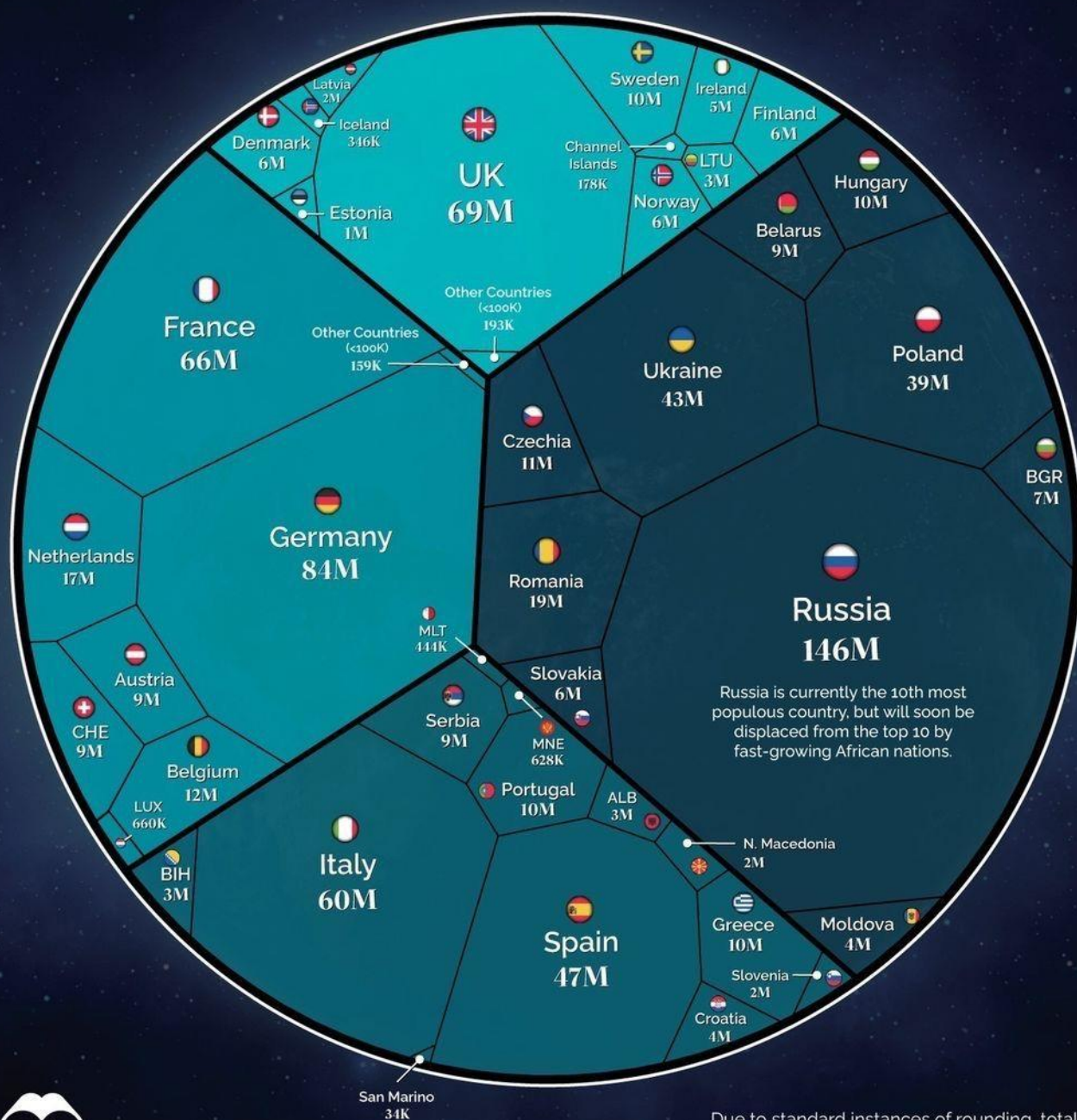


Source: UN Population Division, 2022.

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## Europe's Population at 750 MILLION PEOPLE

Around November 2022, the world will reach a pivotal milestone—8 billion global population. What is the distribution of this population, by region and country?



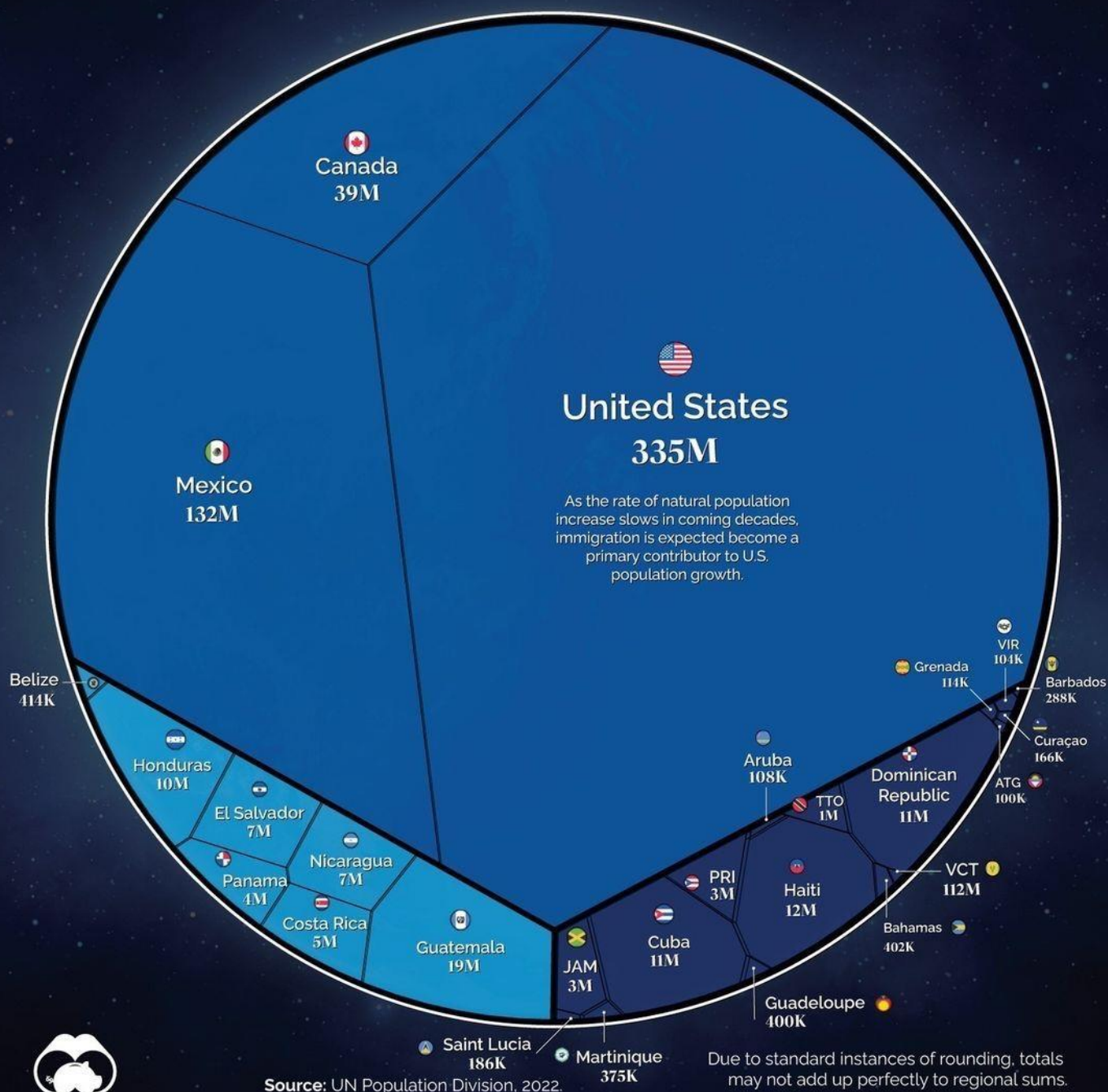
Source: UN Population Division, 2022.

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## North America's Population at 602 MILLION PEOPLE

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## South America's Population at 439 MILLION PEOPLE

Around November 2022, the world will reach a pivotal milestone—8 billion global population. What is the distribution of this population, by region and country?



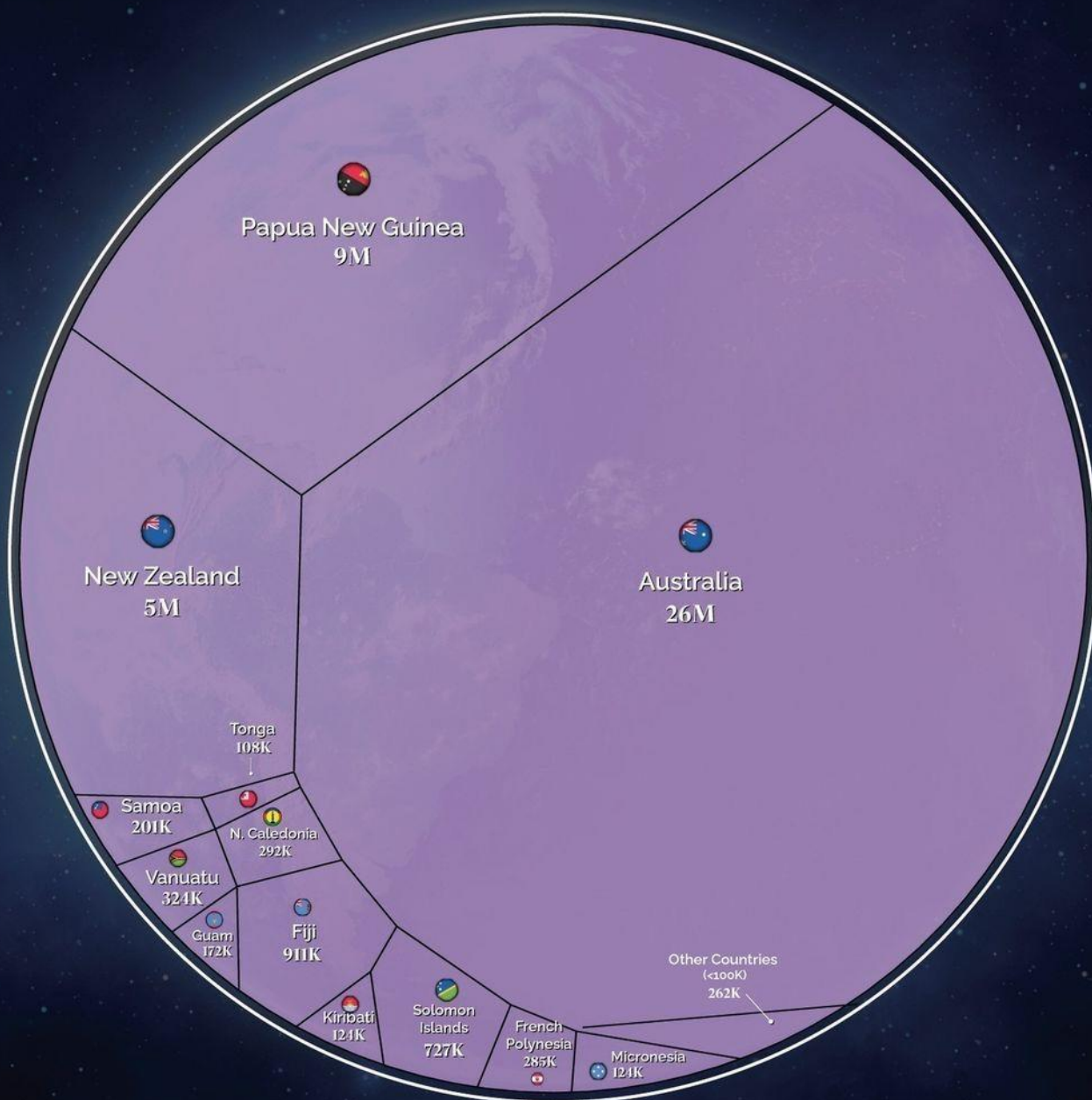
Source: UN Population Division, 2022.

Due to standard instances of rounding, totals may not add up perfectly to regional sums.



## Oceania's Population at 44 MILLION PEOPLE

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Source: UN Population Division, 2022.

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