Weekly Market Report

Monday, 4 Sep 2023

Proudly Sponsored by CME Group

Weekly Overview

Price changes over the week.

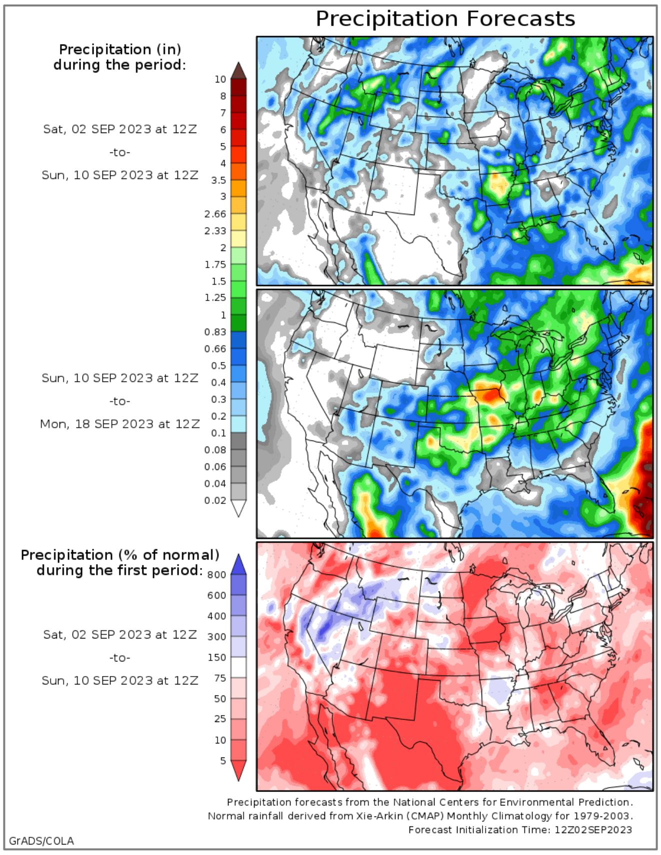
	Price	Change	Change%	30 Day High	30 Day Low
CBOT Wheat	595.50	-26.25	-4.22%	687.25	593.50
Kansas Wheat	722.75	-41.75	-5.46%	799.00	715.25
Corn	481.50	-6.50	-1.33%	507.50	473.50
Soybeans	1369.25	-18.50	-1.33%	1409.50	1282.25
Soybean Meal	399.60	-15.40	-3.71%	421.00	379.00
Soybean Oil	63.29	-0.07	-0.11%	65.39	57.86
Crude Oil	83.90	4.81	6.08%	84.30	77.03
Palm Oil	881.00	16.50	1.91%	881.00	816.75

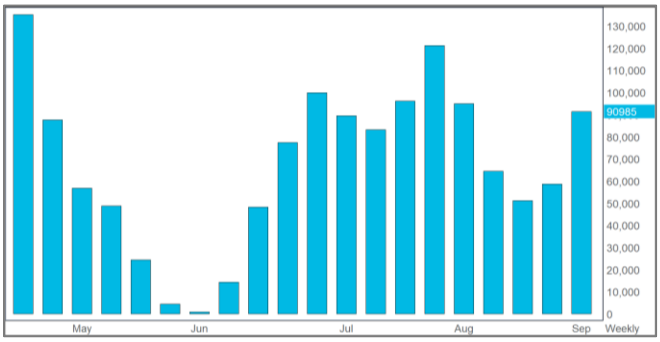
This week witnessed a dip in grain prices, with the soybeans and oilseed complex showcasing volatile trade patterns, eventually closing lower by week's end. Concerns are mounting with the Midwest US still under a predominantly dry forecast. Although past precipitation has been factored into yields and prices, the declining soil moisture levels might jeopardize yield estimates, primarily for soybeans.

The geopolitical instability in the Black Sea region further introduces a layer of uncertainty, intensifying price volatility. Notably, wheat exports from Russia are ongoing, and there are whispers of a potential revival of the grain corridor.

The Commitments of Traders (COT) report indicates that managed money funds have added to their long positions on soybeans and soybean oil.

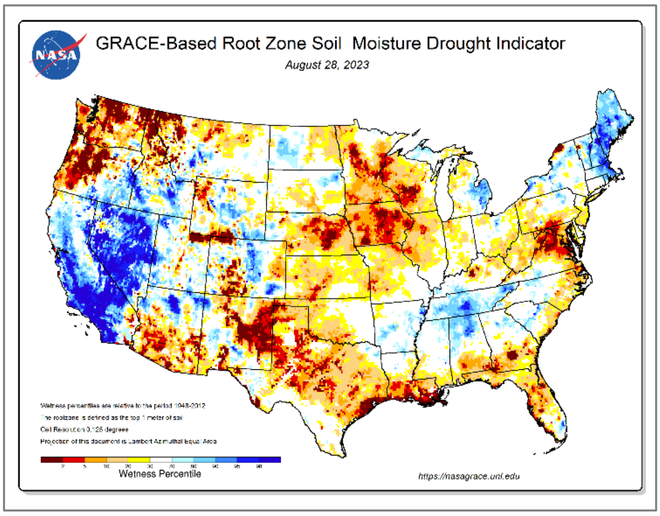
Concurrently, they have been net sellers in corn. This added long in soybeans might reflect the diminishing yield expectations and increased demand for soybean oil as biofuel plants' feedstock.





Soybeans Managed Money Fund Net Position (in contracts)

Corn Managed Money Fund Net Position (in contracts).

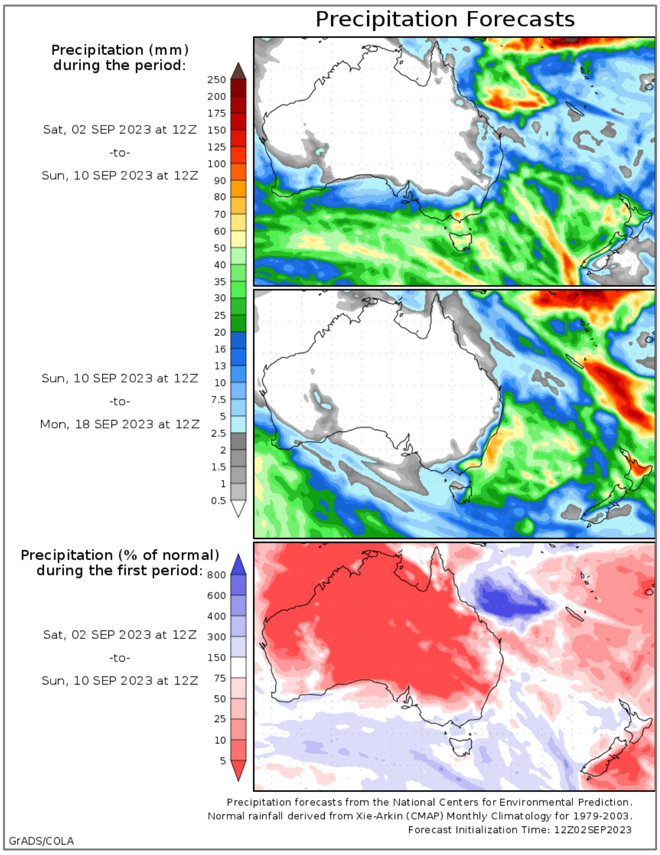


Moving forward, price movements are likely to be dictated by the culmination of yield predictions, the Black Sea geopolitical landscape, and climatic conditions in Australia and Argentina.

Grains

Throughout the week, wheat prices consistently faced downward pressure. Historically, wheat prices tend to find their lowest point around August or September, and current observations suggest a similar trajectory this year.

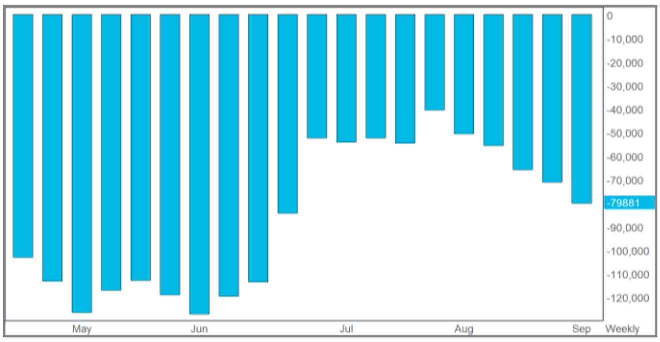
Fund managers have increased their short positions on wheat slightly during the week. Deliveries against the soon-to-expire September CBOT wheat contracts highlight the abundance of US production.



On the global front, the potential drought looming over Australian and Argentine wheat crops is worrisome.

The Indian domestic market is rife with speculation about potential wheat imports, but no official confirmation has been made. If delays persist, the import volume is projected to reduce, considering the proximity to their domestic harvest season.

While wheat prices traditionally find a bottom in August, the interplay of global geopolitical and weather-related risks, especially uncertainties in the Black Sea, are likely to keep prices volatile, with an upward bias due to the seasonality of wheat prices.



CBOT Wheat Managed Money Fund Net Position (in contracts)

CBOT corn prices fell this week, a trend attributed to the seasonality of harvest pressures. Upcoming weather predictions show extreme heat, which might expedite crop maturity, leading to short-term market pressures. This extreme heatwave also poses a threat to corn yields.

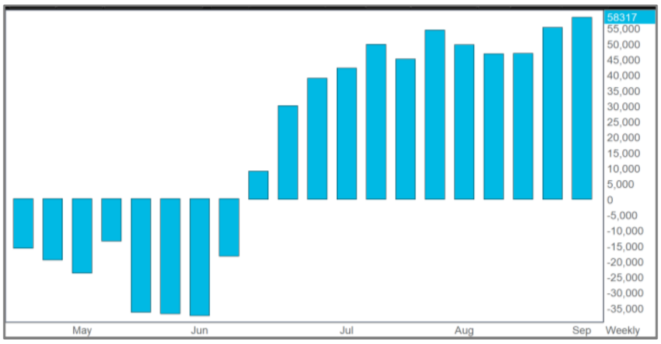
Recent adjustments by private forecasters now place the yield at around 173 bu/acre. Persisting heat might further deplete this figure, possibly even dropping below 170, thus erasing any surplus from the balance sheet.

Historically, corn prices dip during the September-October period. In light of the unexpected dry spell, any yield decline below 170 bu/acre could reshape the corn balance sheet, making it less burdensome.

This potential balance sheet alteration can subsequently offer post-harvest price support.

Oilseed complex

Soybean futures experienced a hike earlier in the week due to adverse weather predictions but declined towards the end. The initial rally fizzled out as crop condition ratings fell short of expectations, with national GD/EX crop ratings declining a mere 1% from the previous week.



Soybean Oil Managed Money Fund Net Position (in contracts)

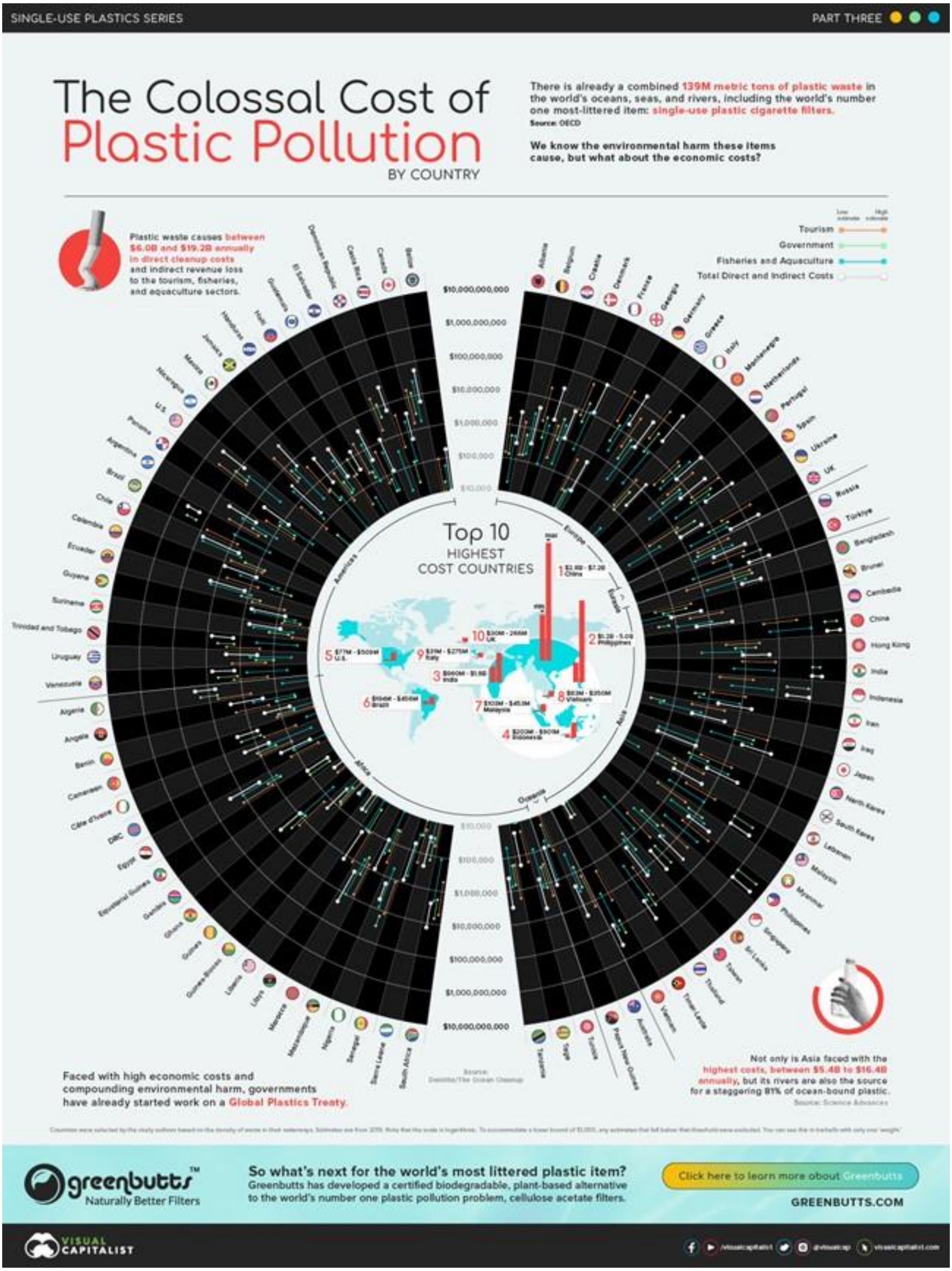
Despite this, current weather predictions, marked by sporadic rainfall and an impending dry week, suggest that the market might have further room for price upswings. However, the seasonality of soybean prices works against this, as the prices usually decline during the September-October period once yield ambiguities are resolved.

The biofuel demand for soybean oil is on an upward trajectory, and the renewable fuel capacity noted an increment in June.

The Pro Farmer crop tour also estimated the US soybean yield at 49.7 BPA, a decrease from the USDA's August forecast.

Weather remains a decisive factor, and given the current climatic predictions, a potential price rally seems likely. However, impending harvest pressure could keep a lid on the upside price potential.

Trade-Ideas:
Soybeans: Continue to hold long call options on SX. Hold long on Sn4/SX4.
Wheat: Hold long WH4 call options
Corn: stay close to home, consider owning optionality
Food for Thought: The colossal cost of plastic pollution


SINGLE-USE PLASTICS SERIES
PART THREE
The Colossal Cost of Plastic Pollution BY COUNTRY
There is already a combined 139M metric tons of plastic waste in the world's oceans, seas, and rivers, including the world's number one most-littered item: single-use plastic cigarette filters.
Source: OECD
We know the environmental harm these items cause, but what about the economic costs?
Plastic waste causes between $6.0B and $19.2B annually in direct cleanup costs and indirect revenue loss to the tourism, fisheries, and aquaculture sectors.
Tourism
Government
Fisheries and Aquaculture
Total Direct and Indirect Costs
$10,000,000,000
$1,000,000,000
$100,000,000
$10,000,000
$1,000,000
$100,000
Top 10 HIGHEST COST COUNTRIES
1 $2.8B - $7.2B China
2 $1.2B - 5.0B Philippines
3 $960M - $1.9B India
4 $200M - $901M Indonesia
5 $77M - $509M U.S.
6 $164M - $456M Brazil
7 $103M - $453M Malaysia
8 $63M - $250M Vietnam
9 $31M - $275M Italy
10 $30M - 266M UK
Americas
Europe
Asia
Africa
Oceania
Faced with high economic costs and compounding environmental harm, governments have already started work on a Global Plastics Treaty.
Not only is Asia faced with the highest costs, between $5.4B to $16.4B annually, but its rivers are also the source for a staggering 81% of ocean-bound plastic.
So what's next for the world's most littered plastic item?
Greenbutts has developed a certified biodegradable, plant-based alternative to the world's number one plastic pollution problem, cellulose acetate filters.
Click here to learn more about Greenbutts
GREENBUTTS.COM
greenbutts Naturally Better Filters
VISUAL CAPITALIST

Disclaimer and Important Disclosures

The information in this report is provided solely for informational purposes and should not be regarded as a recommendation to buy, sell or otherwise deal in any particular investment. Please be aware that, where any views have been expressed in this report, the author of this report may have had many varied views over the past 12 months, including contrary views. A large number of views are being generated at all times, and these may change quickly. Any valuations or assumptions made are based solely on the author's market knowledge and experience. Furthermore, the information in this report has not been prepared in accordance with legal requirements designed to promote the independence of investment research. The given material is subject to change, and although based upon information that we consider reliable, it is not guaranteed as to accuracy or completeness. PRETB Pte Ltd believes that the information contained within this report is already in the public domain. The material is not intended to be used as a general guide to investing or as a source of any specific investment recommendations. Investors with any questions regarding the suitability of the products referred to in this presentation should consult their financial and tax advisors.

This material does not constitute an offer or solicitation to any person in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. Persons into whose possession this document may come are required to inform themselves of and observe such restrictions.