

Weekly Market Report

Monday, 11 Sep 2023

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Weekly Overview

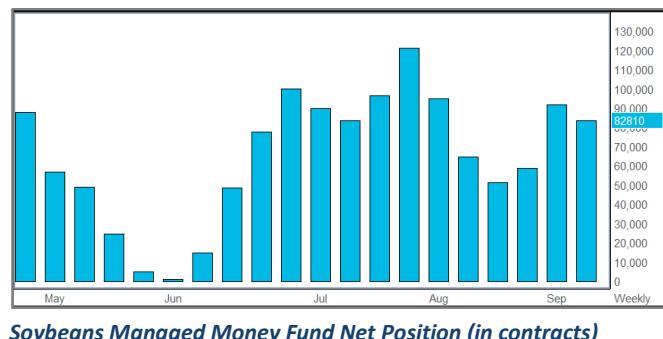
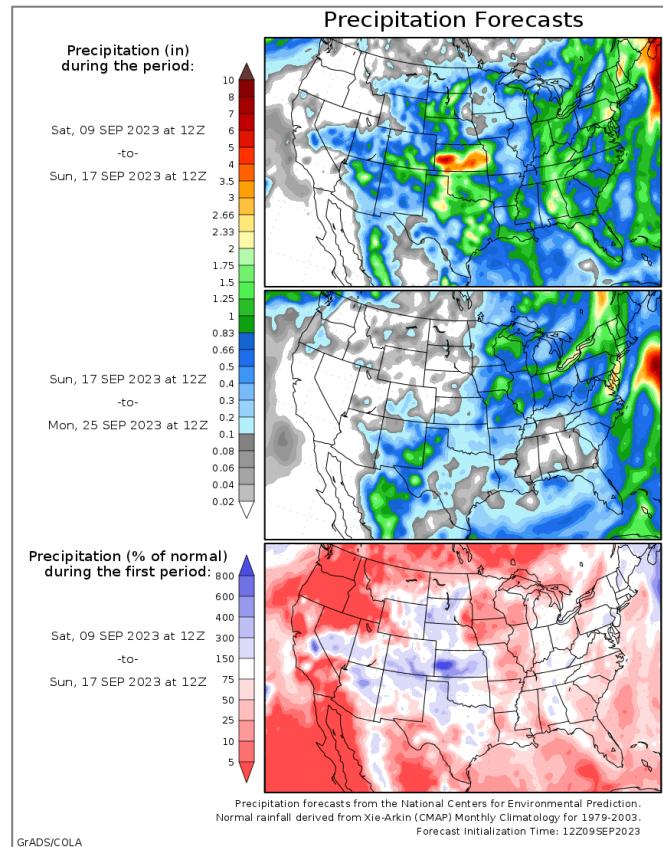
Price changes over the week.

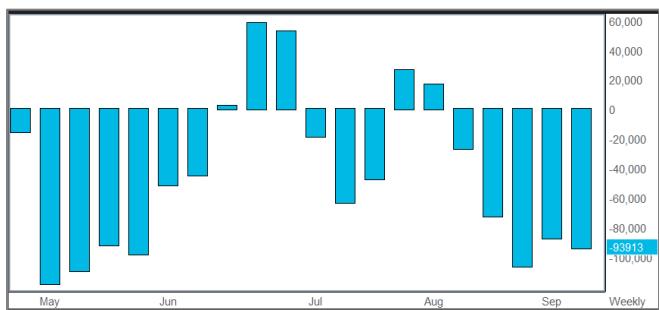
| | Price | Change | Change% | 30 Day High | 30 Day Low |
|--------------|---------|--------|---------|-------------|------------|
| CBOT Wheat | 595.75 | 0.25 | 0.04% | 669.75 | 590.50 |
| Kansas Wheat | 732.00 | 9.25 | 1.28% | 787.75 | 713.75 |
| Corn | 483.75 | 2.25 | 0.47% | 507.50 | 473.50 |
| Soybeans | 1363.00 | -6.25 | -0.46% | 1409.50 | 1297.50 |
| Soybean Meal | 401.40 | 1.80 | 0.45% | 421.00 | 379.00 |
| Soybean Oil | 60.50 | -2.79 | -4.41% | 65.39 | 59.23 |
| Crude Oil | 86.00 | 2.10 | 2.50% | 86.39 | 77.03 |
| Palm Oil | 835.50 | -45.50 | -5.16% | 881.00 | 816.75 |

In the past week, grain and oilseed markets closed largely unchanged, with traders waiting for the upcoming Tuesday WASDE report. The majority of the Midwest's weather forecasts are trending towards drier conditions.

The release of yield figures in the USDA WASDE report next week will serve as the primary price determinant in the short term.

Geopolitically, the ongoing situation in the Black Sea is introducing an element of unpredictability, thereby contributing to the potential for price volatility. While wheat supplies from the Black Sea region remain a key factor, wheat exports are still flowing from Russia. Contrarily, the Russian government has clarified that there's no formal agreement regarding the grain corridor.





Corn Managed Money Fund Net Position (in contracts).

The COT data suggests a consistent trend from the managed money funds, with the net positions mirroring those of the previous week.

In the days ahead, price determinants are forecasted to remain unchanged, with primary focus on realized weather outcomes, Black Sea geopolitical tensions, weather forecasts Australia and Argentina, and the numbers released in the USDA WASDE report.

Grains

Throughout the week, wheat prices saw little change. The pivotal elements influencing wheat prices mirror those from the previous week.

Historically, wheat prices reach their low during the Aug/September timeframe, and current predictions suggest a continuation of this pattern for the current year.

Meanwhile, funds have sustained a short position in wheat

Russia has displayed a record-breaking pace in wheat exports up to the end of August. With the dwindling optimism for a Black Sea Corridor Deal and the decrease in Russian wheat quality due to torrential rains during harvest, it's anticipated there will be a surge in feed wheat exports.

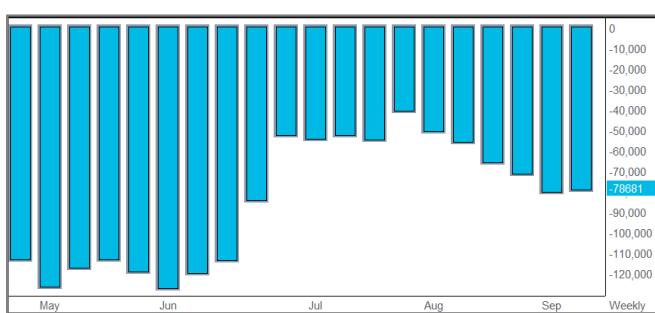


The southern hemisphere's unfavourable growth season coupled with geopolitical uncertainties will continue to render volatility to wheat prices.

With major exporters slashing production, and domestic wheat prices in India soaring, the speculations regarding India's potential wheat imports intensify. However, delays in import decisions by the Indian government could result in reduced quantities.



It is possible that prices rally for wheat from its seasonal low, but uncertainties in the Black Sea region render the price direction ambiguous. A broader trading range with an upward bias for wheat prices is expected.



December's CBOT corn was largely rangebound over the week. However, adverse weather conditions in the coming week, specifically extreme heat, could accelerate crop maturity, exerting short-term price pressures.

The intense heat wave holds the potential to dent corn yields. Some analysts have adjusted their yield expectations downwards to 173 bu/acre, and should the heat persist, a further decline below 170 might be on the horizon. This would tighten the balance sheet, pulling the anticipated carryout below the 2 billion bushels threshold.



Annually, corn prices typically decline during the September/October period, and this year seems to be on a similar trajectory.

As US corn becomes more globally competitive, a surge in exports and a resultant reduction in stock estimates are predicted. This, combined with escalating end-user margins for entities like ethanol producers, paints a promising picture for the corn market.

The average trade speculation for the WASDE report yield stands at 173.5 bu/acre, with the average corn carryout estimated at 2.140 billion bu.

The ongoing drought, and its subsequent implications on the final yield remain undetermined. A potential tightening in the balance sheet might bolster prices post the harvest pressure.

Oilseed complex

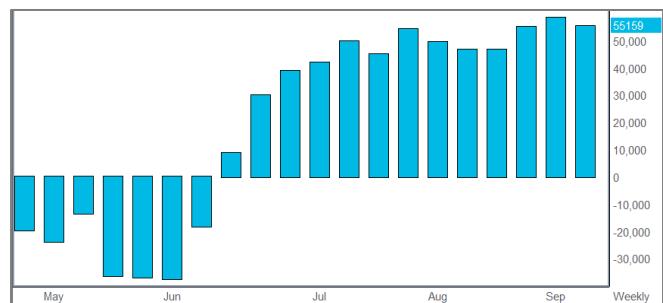
Over the previous week, soybean futures closed almost unchanged, with the market treading cautiously ahead of the WASDE report.

An unexpected 5% dip in the national GD/EX crop condition ratings induced a brief price surge, but the absence of supplementary news before the USDA

Crop Report saw soybeans tapering off as the week concluded.



Diverse rainfall patterns combined with next week's dry forecast imply a plausible upside price potential for the market. However, typical seasonal trends could exert downward pressure on soybean prices post the removal of yield uncertainties.



Soybean Oil Managed Money Fund Net Position (in contracts)

The forecast lack of rainfall in Central US, which in tandem with increasing heat, poses a threat to yield potential.

Soybean oil's demand in biofuels is on the rise, and with the renewable fuel capacity

witnessing a growth spurt in June, the usage of soybean oil for biofuels now supersedes export losses.

Analyst consensus on soybean yield hovers around 50.2 bu/acre, and end stock estimates at 207 million bu. Prices are likely to experience an uplift if actual yields dip below 50 bu/acre.

As we proceed into the upcoming week, soybean prices will largely hinge on the yield figures presented in the USDA WASDE report.

Trade-Ideas:

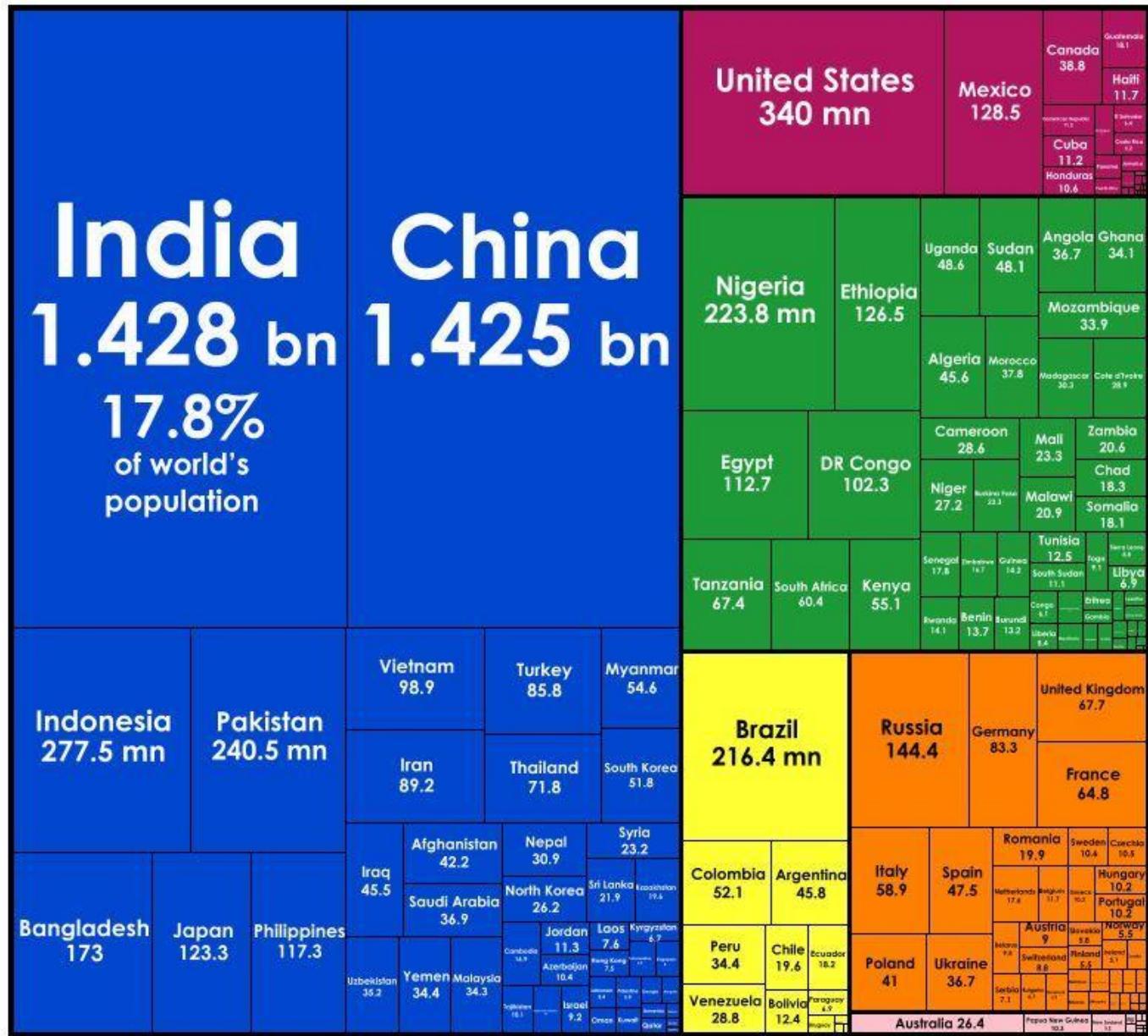
Soybeans: Continue to hold long call options on SX. Hold long on Sn4/SX4.

Wheat: Hold long WH4 call options

Corn: trade volatility, no outright plat positions

Food for Thought: where is everybody living?

Where do 8 billion people live?



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