

Weekly Market Report

Monday, 18 Sep 2023

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Weekly Overview

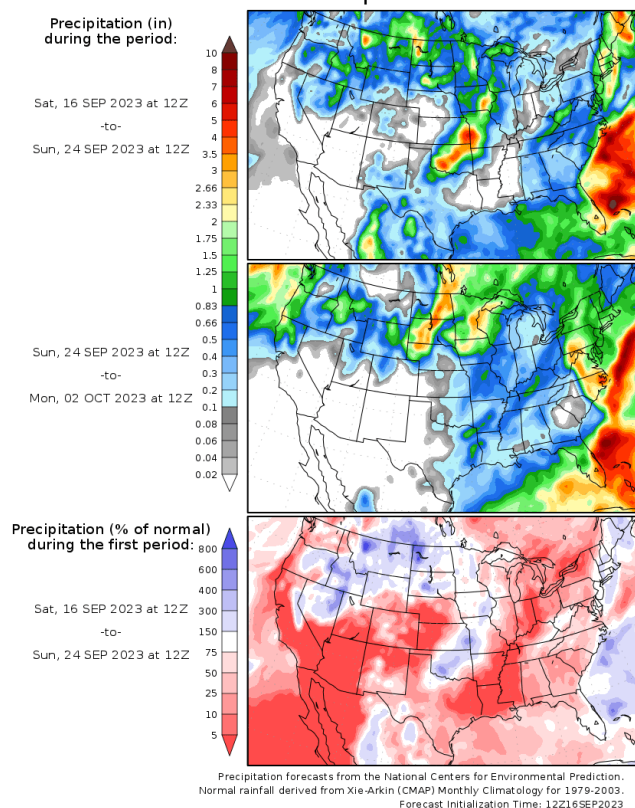
Price changes over the week.

	Price	Change	Change%	30 Day High	30 Day Low
CBOT Wheat	604.25	8.50	1.43%	646.25	570.00
Kansas Wheat	746.50	14.50	1.98%	771.75	709.00
Corn	476.25	-7.50	-1.55%	506.25	473.50
Soybeans	1340.25	-22.75	-1.67%	1409.50	1320.50
Soybean Meal	392.10	-9.30	-2.32%	421.00	379.00
Soybean Oil	62.06	1.56	2.58%	65.39	59.06
Crude Oil	88.97	2.97	3.45%	89.70	77.03
Palm Oil	824.75	-10.75	-1.29%	881.00	806.50

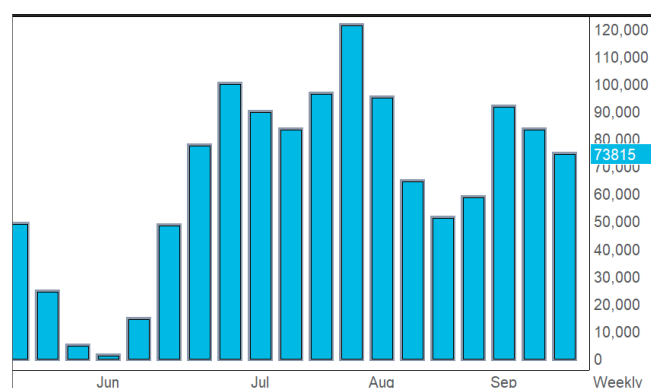
The previous week did not display a considerable shift in the market, largely due to the USDA WASDE report not introducing any unforeseen surprises. The imminent harvest in the Midwest implies that the region's continuing dry forecast may have limited influence on the market.

While the WASDE report's yield predictions align with market averages, numerous analysts believe that the last month's drier weather hasn't been incorporated, anticipating decreased final yields. This counters the argument that ongoing advancements in seed technology will bolster plants' resilience to dry weather, ensuring consistent high yields.

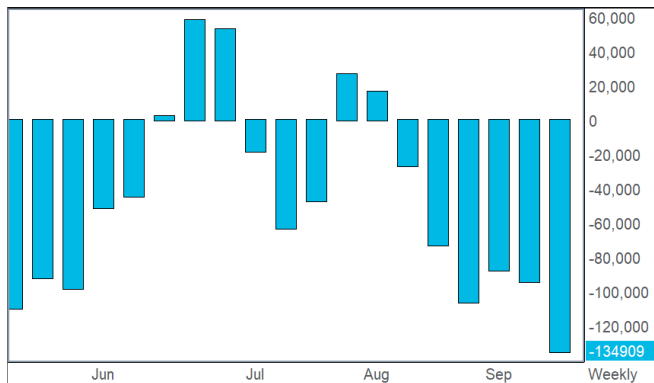
Precipitation Forecasts



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Soybeans Managed Money Fund Net Position (in contracts)



Corn Managed Money Fund Net Position (in contracts).

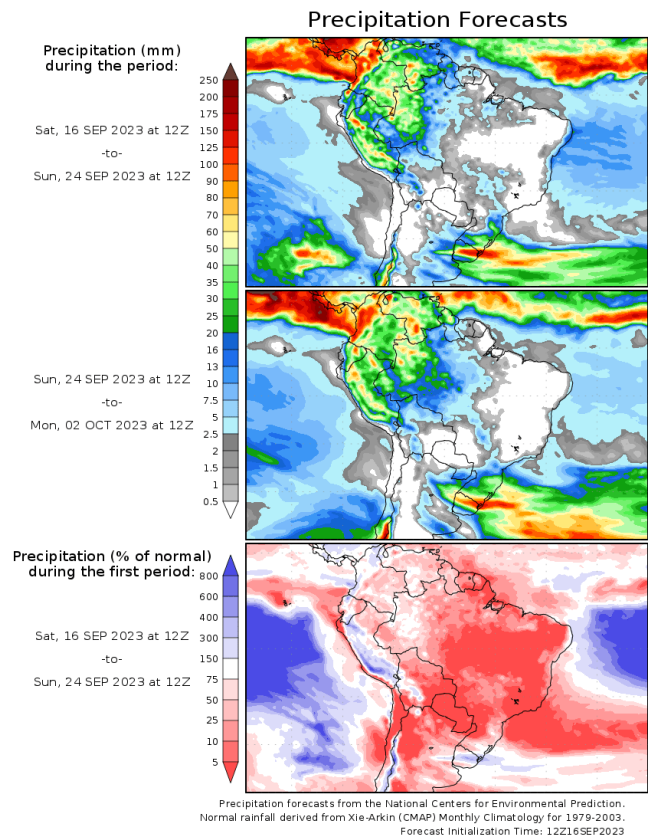
Recent trends highlight a significant reduction in wheat supply to Ukraine and, despite the persistent flow of Russian exports, potential sanctions may hinder the pace.

the Commitments of Traders (COT) report revealed managed money funds acting as net sellers in corn, soybeans, soybean oil, and wheat.

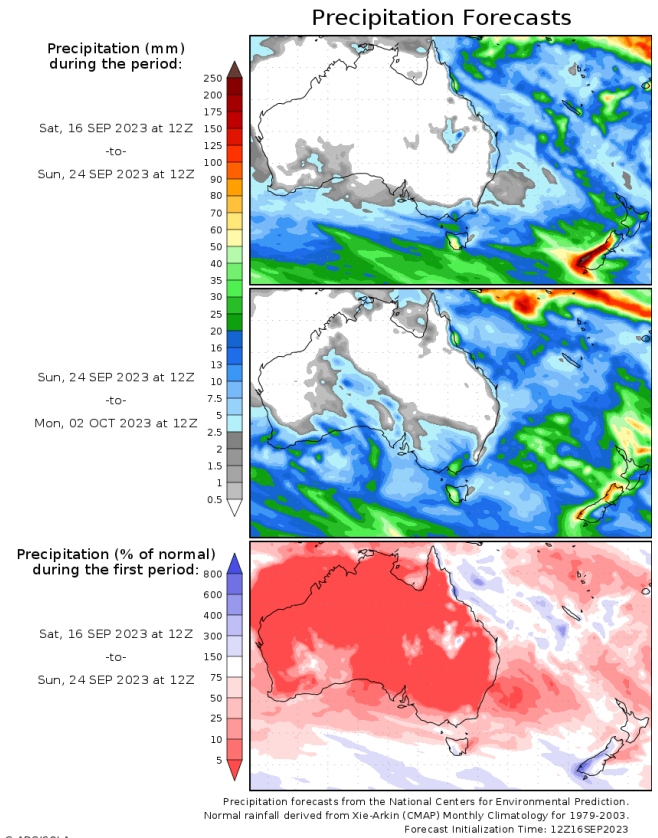
As the harvest season for corn and soybeans approaches, attention will shift to the US's realized yield, South American crop potential, and export sales.

Grains

Throughout the week, wheat prices initially declined, only to recover by then end of the week. The USDA lowered global wheat stocks to 258 mmts from 265 mmts while maintaining their estimate for carry out, aligning with market expectations at 615 million bushels.



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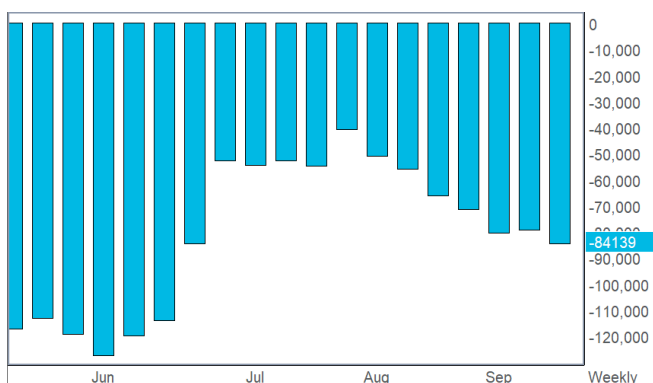
Wheat prices typically bottom out around August or September, and the current year might follow suit. Global markets witness an ample supply of spring wheat, which may potentially be impacted by a decline in Australian yield later in the year.

Fund positions in wheat remain short with a slight increase over the week.

Prolonged dry conditions in Australia and Argentina have set both nations' wheat crops under duress.

Speculations are rife regarding India's potential wheat imports, with rising domestic prices. Delays in import announcements might lead to reduced imports.

Wheat prices are expected to remain volatile, influenced by geopolitical and weather factors. The future points towards tight balance sheets in major wheat-producing nations, impacting prices by 2024 Q1.



CBOT Wheat Managed Money Fund Net Position (in contracts)

Dec CBOT corn concluded the week with a slight decline. The WASDE report, presenting a subtle bearish tone, highlighted a boost in harvested acreage compensating for the 1.3 BPA yield decrease.

The ending stocks surpassed market forecasts at 2.221 billion bu against 2.140 billion bu. Although USDA's yield assessment met market averages at 173.8 bu/acre, predictions for yields closer to 170 persist.



Elevated cattle and ethanol prices serve as incentives for corn consumption. Any extension of the current dry spell in regions like Argentina or Central Brazil past mid-October will present complications.

Corn prices customarily recede around September or October, with a possible continuation this year.

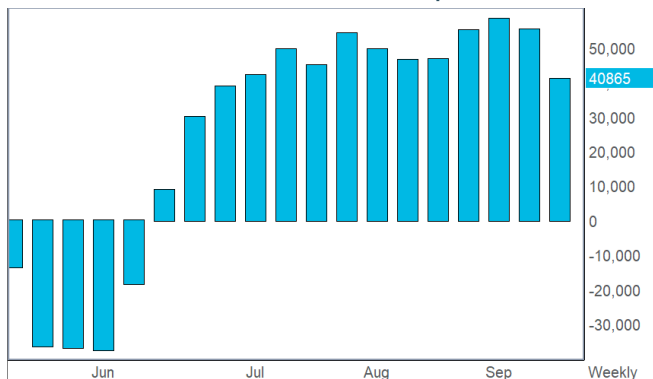
Despite USDA's yield figures minimally reflecting the unexpected dry conditions, dropping yields below 170 bu/acre might reduce the balance sheet's burden, eventually supporting post-harvest prices.

Oilseed complex

Soybean futures showcased a decline over the week. This downturn was largely attributed to USDA’s neutral report and the upcoming harvest season. Crop conditions witnessed a slight degradation, with 50% graded as "good to excellent."

The soybean carry out for the year was slightly above market expectations at 220 million bu. However, the yield estimations matched market predictions.

The beginning of the year observed reduced export commitments, prompting the USDA to slash their export forecasts.



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.



While market trends generally witness a dip in soybean prices around September or

October, current inconsistencies in rainfall patterns suggest a potential price upsurge.

Certain analysts predict the US soybean yield might fall below 50 bu/acre, intensifying the US carry out. With rising crude oil prices, soybean oil, driven by

biofuel demand, is finding substantial support.

Post-harvest, soybean prices will primarily depend on actual yield reports, but a potential price rally is anticipated beyond this period.

Trade-Ideas:

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

Wheat: Hold long WH4 call options

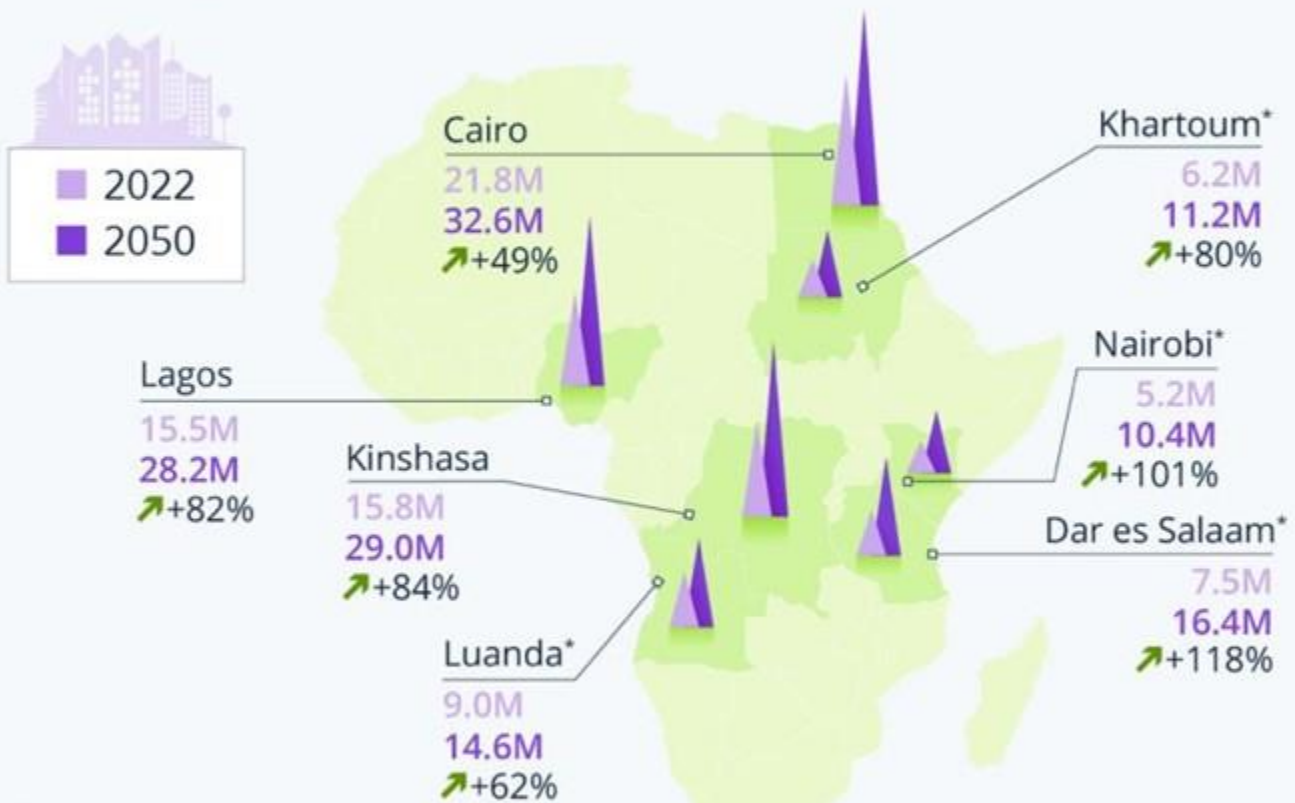
Corn: own volatility with a flat price subtle bearish outlook

Food for Thought: Africa's next Mega Cities



Africa's Next Megacities

Population growth of the first 7 cities in Africa to reach the megacity mark of 10 million people by 2050



* New megacities

Source: 'Ecological Threat Report: 2022' by the Institute for Economics & Peace



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