

Weekly Market Report

Monday, 25 Sep 2023

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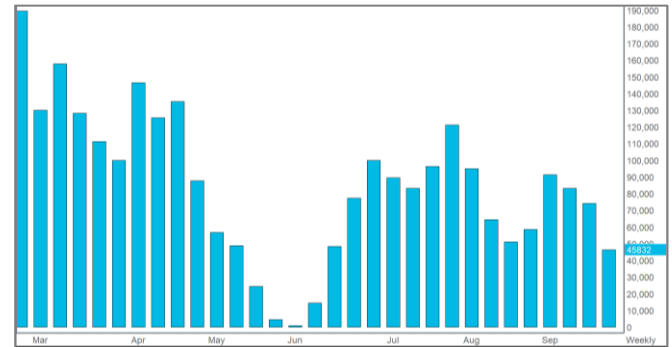
Weekly Overview

Price changes over the week.

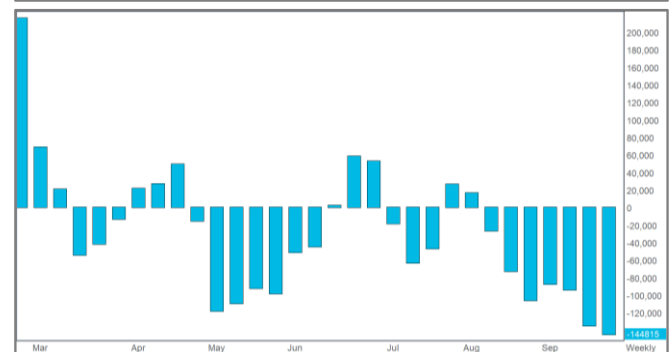
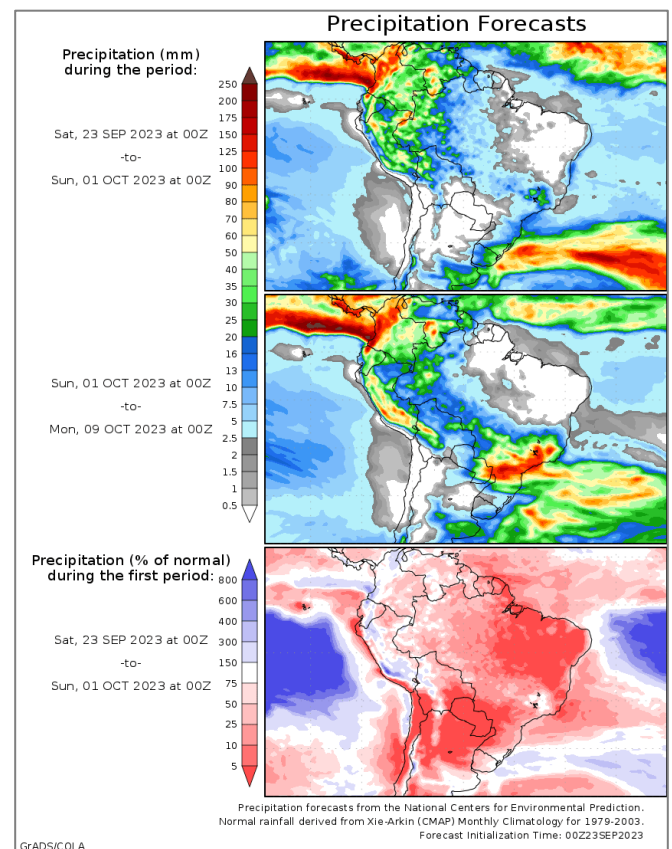
	Price	Change	Change%	30 Day High	30 Day Low
CBOT Wheat	579.50	-24.75	-4.10%	637.75	570.00
Kansas Wheat	711.25	-35.25	-4.72%	771.75	707.00
Corn	477.25	1.00	0.21%	499.50	467.75
Soybeans	1296.25	-44.00	-3.28%	1409.50	1292.50
Soybean Meal	385.80	-6.30	-1.61%	421.00	385.10
Soybean Oil	59.62	-2.44	-3.93%	64.27	58.26
Crude Oil	88.35	-0.62	-0.70%	90.75	77.46
Palm Oil	791.25	-33.50	-4.06%	881.00	790.25

There was an absence of pivotal fundamental news significantly impacting the price direction of soybeans, wheat, and corn. Soybeans were under pressure due to harvest and declining soybean oil prices. Conversely, corn prices were largely trading rangebound.

Harvesting seasons for both corn and soybeans have commenced, which is anticipated to cap calendar spreads for the interim. Despite advancements in seed technology enabling crops to withstand harsher weather conditions, the debate over the final yield of soybeans persists, with some analysts foreseeing a substantial dip, potentially tightening year-end balance sheets.



Soybeans Managed Money Fund Net Position (in contracts)



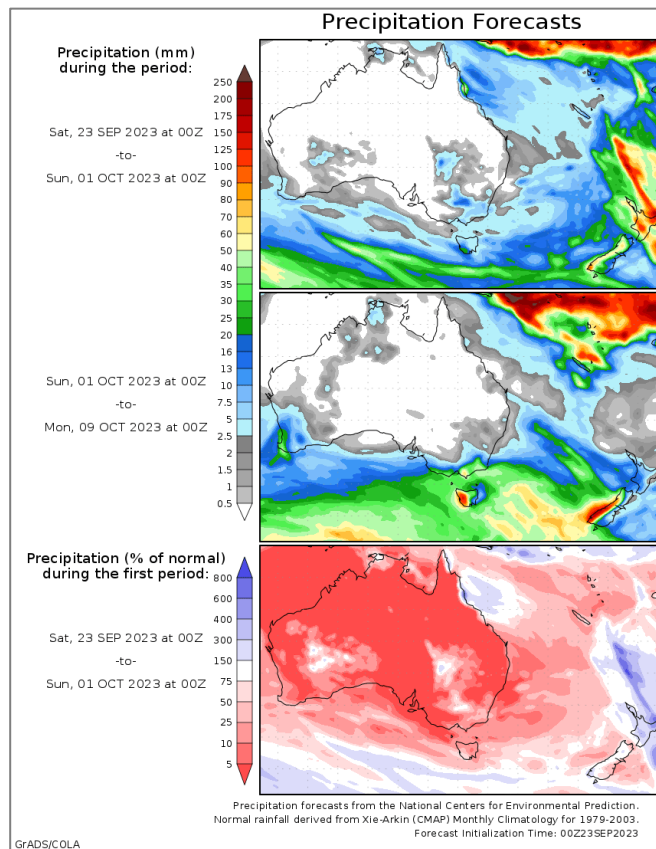
Corn Managed Money Fund Net Position (in contracts).

The wheat supply chain to Ukraine experienced a considerable slowdown with smaller consignments being shipped out. Potential sanctions could impact the pace of Russian exports, however, food exports usually remain exempted.

Managed money funds depicted a net selling trend in corn and soybeans, and with the onset of harvest, a foreseeable pressure on prices is expected to remain. This might open up opportunities to add to the longs optionality due to risks of seeing the final yield below 50 bu/acre on soybeans. The principal focus will revolve around the US's realized yield, export sales, and South America's crop potential

Grains

Wheat prices experienced a downtrend as Ukraine managed to execute some shipments via sea. Despite the absence of an official export corridor, Ukrainian exporters are probing avenues through the Black Sea. The unfavourable weather in Australia and Argentina is likely to impact global cash markets and world trade flows severely, potentially cutting Australia's exportable surplus in half if soaking rain does not arrive within the next fortnight.





Funds persistently maintained a short position in wheat, with balance sheets in numerous countries expected to be tight. Nevertheless, this might not be reflected in prices until Q1/Q2 2024.

Given the geopolitical uncertainties coupled with suboptimal growing season weather, volatility in wheat prices is expected to persist, with a potential bias to the upside due to seasonal price recovery



CBOT Wheat Managed Money Fund Net Position (in contracts)

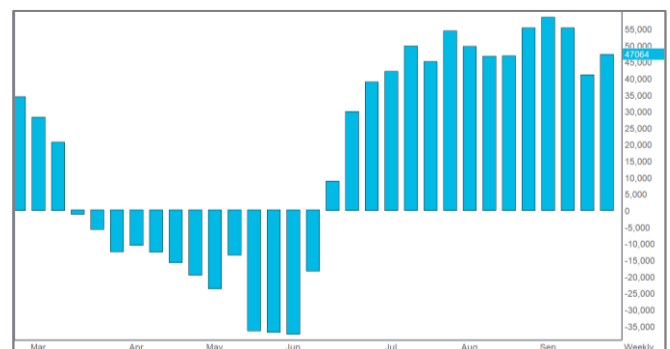
The Dec CBOT corn prices remained relatively stable over the last week, with pressure due to high US/global stocks and the impending rapid Central US harvest and support due to high demand. The marketplace continues to witness choppy trades until a definitive Midwest yield trend surfaces. Both cattle and ethanol prices are surging, incentivizing corn usage among feed users and ethanol producers.

Any prolonged dry spell in Argentina or Central Brazil mid-October onwards will spell trouble, with significant implications for the seeding of planting of the 2nd crop in Brazil. The corn prices usually witness a decline in the September/October period, and a fall below 170 bu/acre in final yields would serve to tighten the balance sheet and could bolster prices post the harvest pressure period.

Oilseed complex

Last week, soybean futures closed lower, succumbing to fund liquidation and harvest pressures. A notable seasonal pattern sees soybean prices dropping from the last week of September to early October. The condition of the crop has shown a slight deterioration, with good to excellent crop standing at 50%.

The market news remained limited but there exists potential upside on prices given the lack of uniform rainfall; however, the seasonality works against soybeans as prices typically drift lower into the September/October period.



Soybean Oil Managed Money Fund Net Position (in contracts)

Biofuel demand continues to escalate with rallying crude oil prices, which in turn supports soybean oil prices. The September Grain Stocks report is expected to drive short covering in the coming week. The lower stocks and expansion of the US crushing industry place increased

emphasis on the 2023/24 soybean yield. Beyond the harvest, despite the pressure on prices, a rally in prices is anticipated driven by the actual yield numbers reported during the harvest.

Trade-Ideas:

Soybeans: Continue to hold long call options on SX. Hold long on Sn4/SX4. Add long call options on SH4.

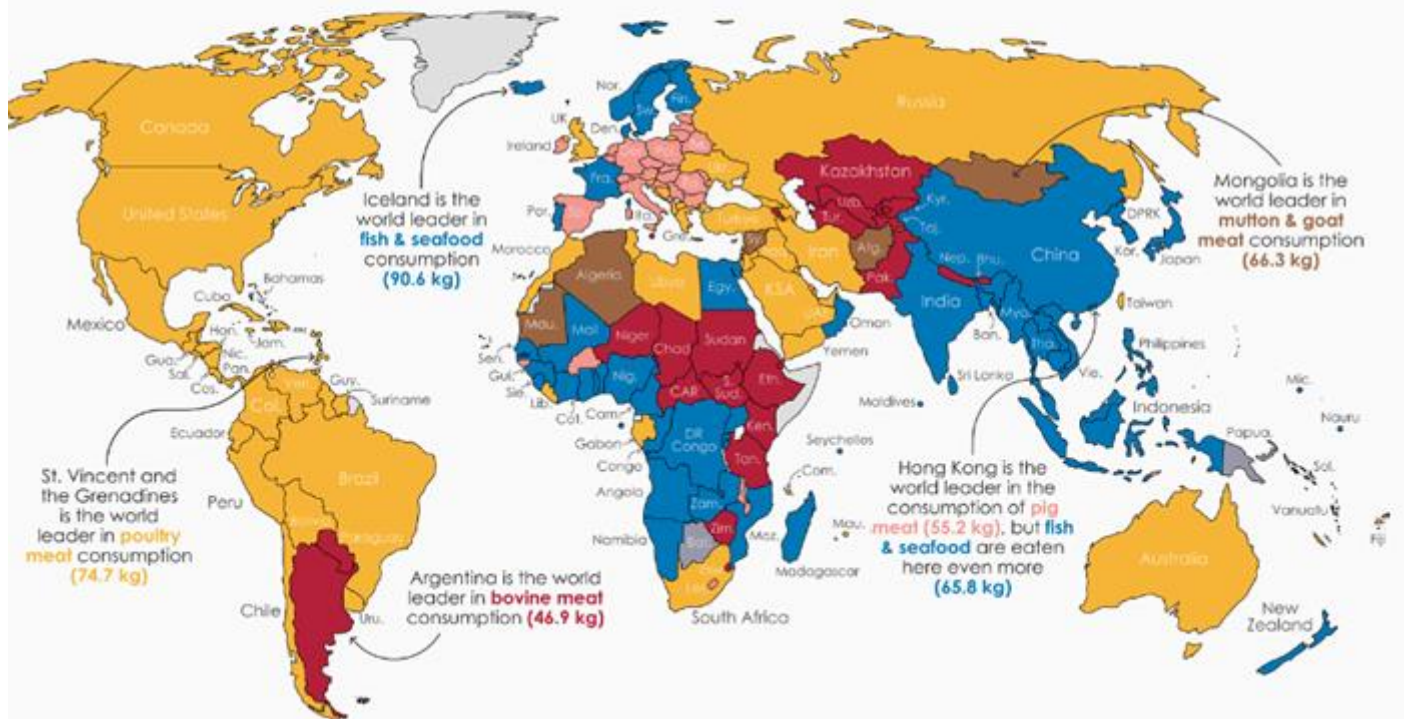
Wheat: Hold long WH4 call options

Corn: Continue to own optionality with a somewhat bearish outlook, price it via Quickstrike

Food for Thought: The most consumed types of meat by country

THE MOST CONSUMED TYPE OF MEAT BY COUNTRY

Including Fish & Seafood



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