

Weekly Market Report

Monday, 23 Oct 2023

Proudly
Sponsored by



Weekly Overview

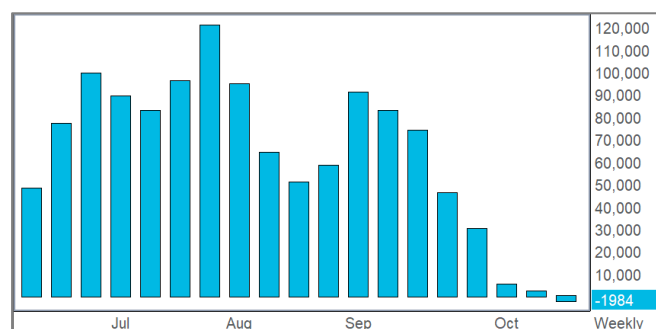
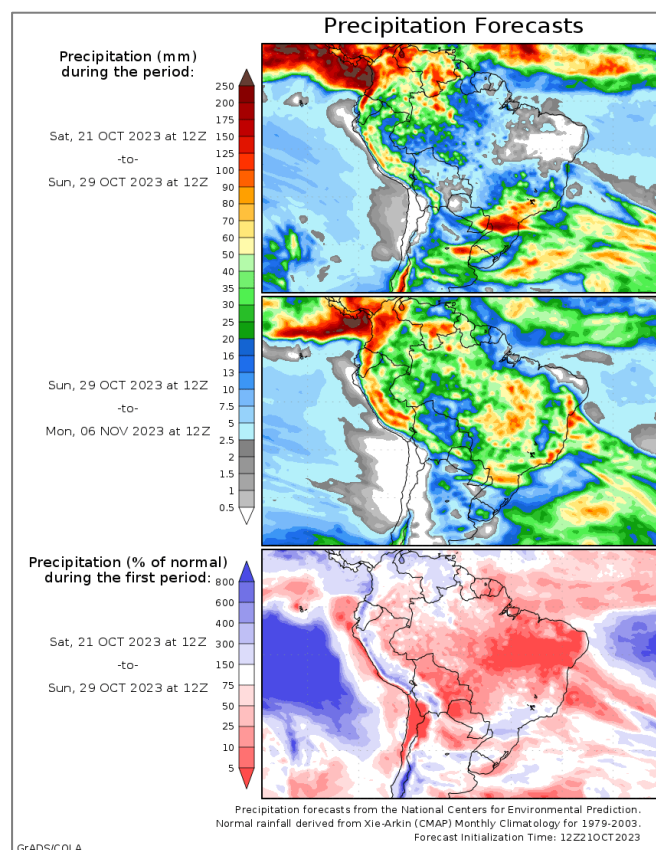
Price changes over the week.

	Price	Change	Change%	30 Day High	30 Day Low
CBOT Wheat	586.00	6.25	1.08%	604.50	540.00
Kansas Wheat	670.00	1.00	0.15%	721.75	655.25
Corn	495.50	2.25	0.46%	509.50	473.75
Soybeans	1320.25	20.25	1.56%	1336.25	1270.25
Soybean Meal	423.90	33.90	8.69%	425.70	366.50
Soybean Oil	53.39	-0.99	-1.82%	59.94	52.08
Crude Oil	88.08	1.73	2.00%	92.48	80.20
Palm Oil	798.75	-4.25	-0.53%	821.50	766.75

Over the past week, while soybeans and soybean meal displayed an impressive rally, corn and wheat prices remained predominantly steady, ending just a tad higher. The harvest is now at 40% completion for corn and approximately 60% for soybean, indicating that the downward price pressure usually associated with the harvest is likely to lessen.

In terms of global influences, planting in Brazil has begun with much-improved weather conditions, suggesting potential for large-scale production if this weather trend continues. Wheat's price seems pegged to Russia's consistent supply. If Russia's wheat supply remains stable, a significant price rally seems unlikely in the near future due to ample supply for importing countries.

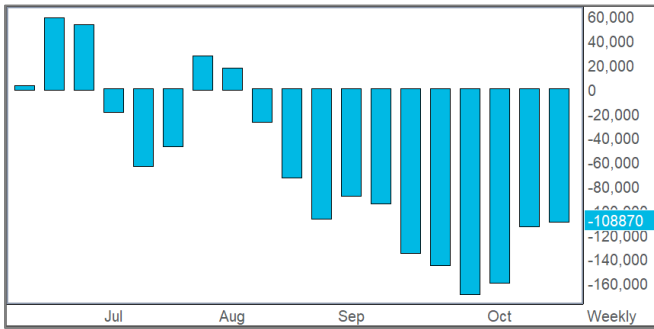
But, this dynamic may shift in the second and third quarters of 2024 owing to lower carryover stocks in various exporting countries.



Soybeans Managed Money Fund Net Position (in contracts)



PRETB PTE LTD



Corn Managed Money Fund Net Position (in contracts).

The Commitment of Traders report highlights minimal changes in managed money fund positions, apart from an addition of around 20,000 contract longs for soybean meal. The coming days will likely shift focus towards the realized yield during the U.S. harvest, export sales, and weather conditions in South America for planting.

Grains

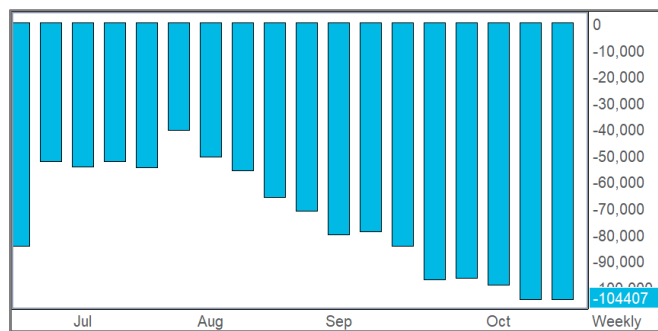
This week saw wheat futures staying relatively stable, finishing slightly higher. Factors like increased export demand and rising US SRW basis levels drove this trend. The sentiment remains optimistic, with many believing that we've likely hit the seasonal lows for wheat, and prices should experience a gradual uptick from here.

Ukraine's exports persist in Europe, albeit without significantly influencing the current supply-demand balance. There's emerging chatter about China's import demand, due to a notable drop in Australia's production.



However, the market is currently well-supplied, and any tightening will take time to manifest. Interestingly, Australia's crop size this year is considerably lesser than the previous year. Funds continue to maintain their short positions on wheat.

However, there's growing potential for a short-covering rally if Chinese demand for US SRW increases or any disruptions in the Black Sea trade occur. Forecasts hint at exceedingly tight balance sheets in countries like the U.S., Canada, Australia, and Argentina. Yet, this might not be mirrored in prices until early 2024. Looking ahead, wheat prices are anticipated to exhibit an upward bias within a broad trading range, helped by seasonal price recoveries.



CBOT Wheat Managed Money Fund Net Position (in contracts)



Corn's pricing trend seems to align with its typical seasonal pattern, indicating the setting of harvest lows and an expected move upwards.

Both futures and cash markets have showcased a seasonal uptrend, a pattern anticipated to remain until South American yield confirmations emerge.

U.S. ethanol production has seen around 10% YoY growth since September 1st, with export inspections showing a rise.

A surge in global corn demand is rapidly consuming the available supply, causing a gradual decline in US corn end stocks. As the year progresses, South American production trends will increasingly influence corn pricing dynamics, given its impact on U.S. export demand, especially

in the late spring and summer. With the El Nino phenomenon, rain probabilities in Argentina are rising. Should the final yield results prove underwhelming, the balance sheet might offer better support to prices after harvest, especially when combined with typical price seasonality trends.

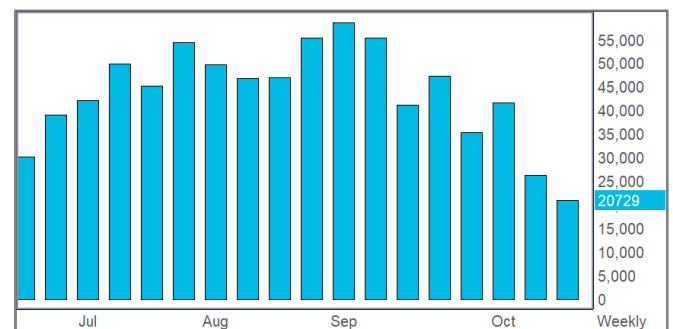
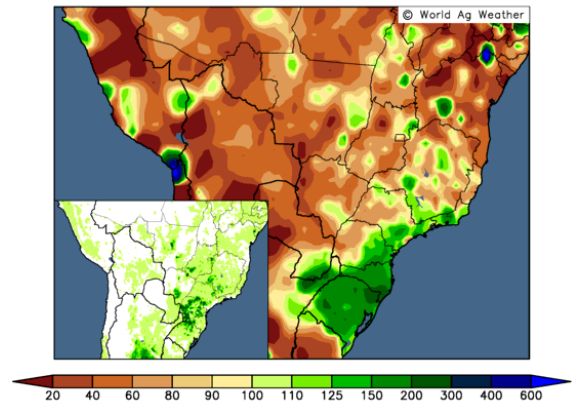
Oilseed complex

CBOT soybean futures experienced robust gains last week. This upward trend in soybeans was predominantly led by the soy meal market, which saw December futures hitting a three-month high.

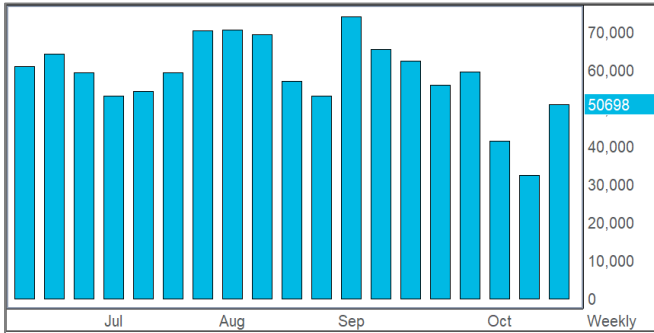
With the U.S. harvest likely wrapping up in the upcoming weeks, prices have exhibited resilience post-harvest pressure, especially as the harvest crossed its midpoint.



Observed Precipitation (percent of normal)
Corn Production Shown Inset
60 days ending 20 October 2023



Soybean Oil Managed Money Fund Net Position (in contracts)



Soybean Meal Managed Money Fund Net Position (in contracts)

While the full extent of the soybean futures rally remains contingent on South American weather conditions, it's clear that biofuel demand for soybean oil is on the rise. This could lead to a recovery in soybean oil prices due to an underlying demand structure shift.

With indications pointing towards a further decline in the U.S. soy yield by January, market watchers will closely monitor the size of the South American crop in the coming months



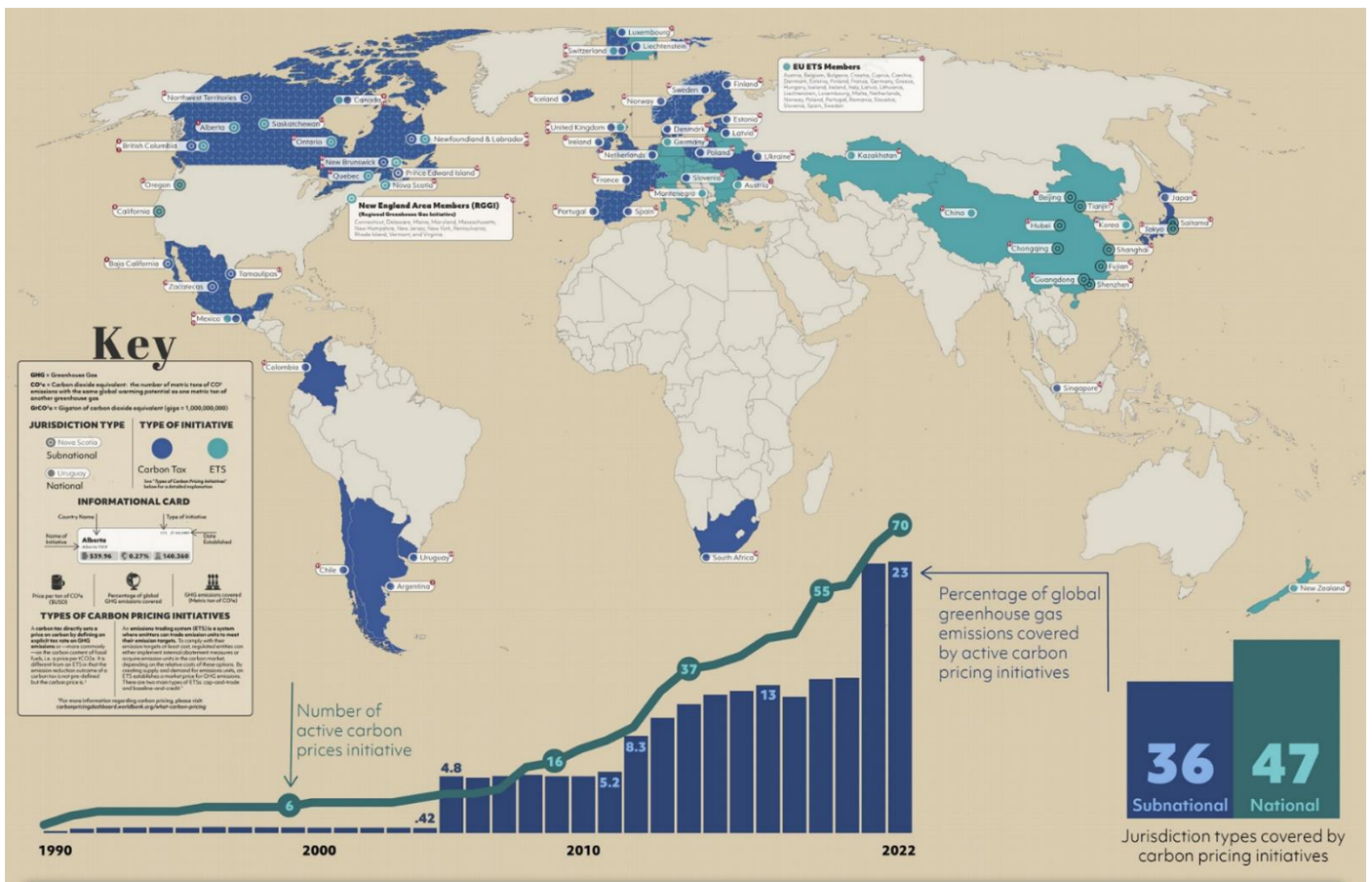
Trade-Ideas:

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

Wheat: Hold long WH4 call options

Oilshare : Look to add long in July Oilshare at 38-39 levels.

Food for Thought: the various Carbon Credit Pricing initiatives from around the world



Active Carbon Pricing Initiatives Across the World

Carbon Pricing Dashboard | THE WORLD BANK | APRIL, 2021 | DESIGNED BY JONATHAN LETOURNEAU

Country	Price per ton of CO ₂ e (USD)	Percentage of global GHG emissions covered (GtCO ₂ e)	Global emissions covered (Metric tons of CO ₂ e)
Algeria	NA	NA	NA
Algeria	539.96	0.27%	146,368
Argentina	54.99	0.76%	19,661
Austria	NA	0.07%	34,412
Biga California	NA	NA	NA
Brunei	84.53	0.06%	31,889
British Columbia	539.96	0.09%	44,418
British Columbia	539.96	NA	NA
California	536.82	0.60%	309,466
Canada	539.96	0.19%	53,330
Canada	539.96	0.33%	167,691
Chile	55.00	0.07%	36,931
China	59.30	0.79%	4,500.8
Chongqing	55.66	0.13%	67,140
Colombia	55.01	0.09%	44,476
Denmark	526.62	0.03%	17,208
Estonia	52.21	<0.01%	1,418
European Union	506.53	3.19%	1,624.4
Finland	585.19	0.05%	26,929
France	549.29	0.31%	157,728
Hong Kong	NA	NA	NA
Japan	52.34	1.06%	92,641
Kazakhstan	51.08	0.33%	169,138
South Korea	518.75	1.00%	554,441
Latvia	516.58	<0.01%	6,337
Lithuania	5129.84	<0.01%	6,144
Luxembourg	543.35	0.01%	4,802
Mexico	53.72	0.63%	320,552
Mexico	53.72	0.69%	352,607
Montenegro	NA	NA	NA
Netherlands	546.14	0.05%	25,963
New Brunswick	539.96	0.01%	5,499
New Brunswick	539.96	0.01%	7,056
New England Area (RGGI)	513.89	0.13%	67,918
New England Area (RGGI)	56.50	0.01%	4,672
Newfoundland and Labrador	539.96	0.01%	4,588
Quebec	539.96	0.01%	4,915
New Zealand	552.62	0.00%	47,412
Northeast Territories	531.97	<0.01%	1,335
Norway	587.61	0.09%	44,734
New Scotia	523.10	0.03%	14,025
Ontario	531.97	0.08%	41,128
Oregon	NA	0.00%	17,090
Quebec	539.96	0.12%	66,918
Saskatchewan	52.64	0.02%	16,164
Saskatchewan	539.96	0.02%	16,231
Shanghai	59.28	0.15%	78,483
Shenzhen	54.42	0.03%	13,260
Singapore	52.64	0.03%	15,772
Singapore	52.64	0.11%	54,417
Slovenia	519.12	0.02%	18,649
South Africa	59.84	0.99%	459,167
Spain	516.58	0.01%	4,232
Sweden	5129.84	<0.01%	15,857
Switzerland	544.22	0.01%	5,059
Switzerland	5129.84	0.03%	15,750
Taiwan	NA	NA	NA
Taiwan	NA	NA	NA
Tianjin	54.40	0.10%	52,057
Tokyo	54.42	0.03%	13,260
United Kingdom	523.65	0.19%	97,384
United Kingdom	596.99	0.25%	129,846
Ukraine	51.03	0.39%	197,456
Uruguay	5137.50	0.01%	4,281
Zimbabwe	NA	NA	NA
Zimbabwe	NA	NA	NA



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.

This document is confidential. It may not be reproduced, distributed, or transmitted without the express written consent of PRETB Pte Ltd, which reserves all rights.