

Weekly Market Report

Monday, 30 Oct 2023

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Weekly Overview

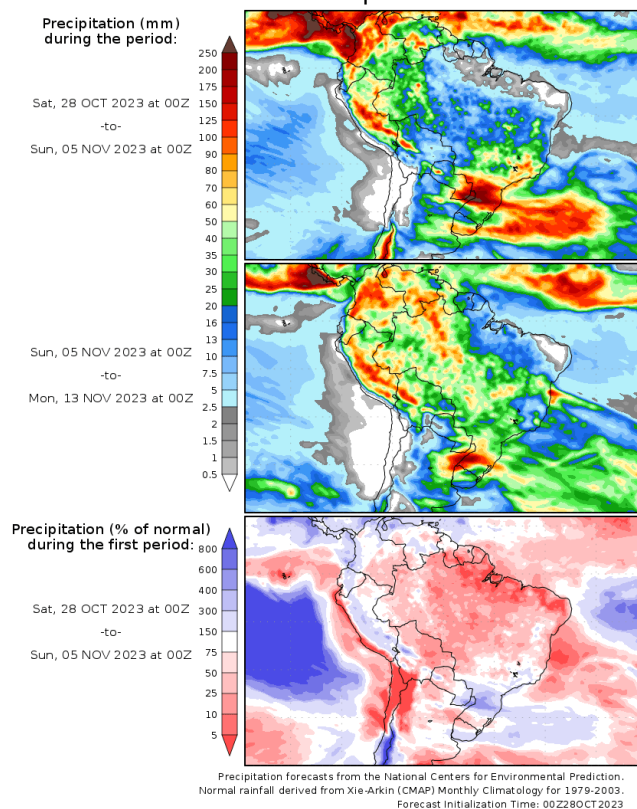
Price changes over the week.

	Price	Change	Change%	30 Day High	30 Day Low
CBOT Wheat	575.50	-10.50	-1.79%	604.50	540.00
Kansas Wheat	643.00	-27.00	-4.03%	696.50	639.50
Corn	480.75	-14.75	-2.98%	509.50	475.50
Soybeans	1319.50	-0.75	-0.06%	1334.00	1270.25
Soybean Meal	442.40	18.50	4.36%	448.40	366.50
Soybean Oil	52.27	-1.12	-2.10%	58.50	50.82
Crude Oil	85.54	-2.54	-2.88%	92.48	80.20
Palm Oil	799.50	0.75	0.09%	821.50	766.75

This past week witnessed soybean meal prices making notable advances, supporting the entire oilseed complex. This was in contrast against a backdrop where both corn and wheat closed lower. Harvest has slowed down marginally due to rains, however, over all harvest pace is not a concern. As we get into the latter half of the harvest, we expect the harvest pressure on prices to reduce. Over in south America, planting in full swing in Brazil, helped by vastly improved weather conditions. If this continues, South America might be poised for a bumper crop.

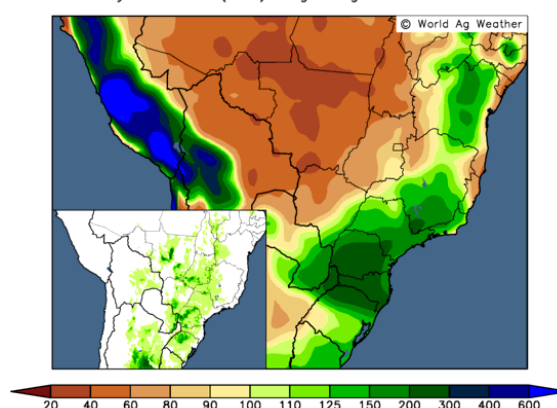
Russia's uninterrupted wheat supply means short-term wheat prices are likely to remain subdued, given the adequate supply to importing nations. However, a change in this dynamic is expected by the second or third quarter of 2024, when many exporting nations would be grappling with reduced carry-over stocks.

Precipitation Forecasts

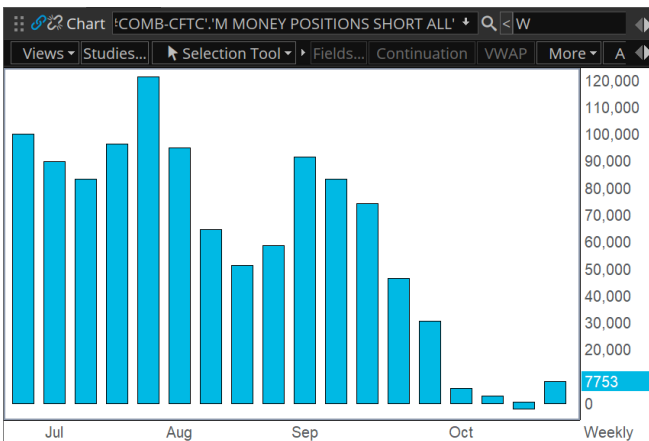


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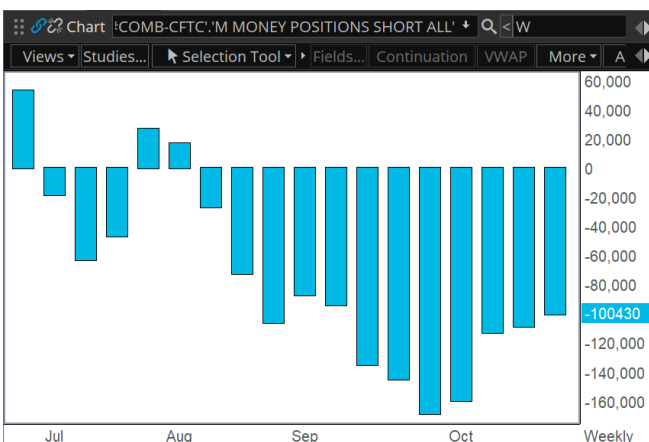
Forecast Precipitation (percent of normal) Soybeans Production Shown Inset 15-Day Forecast (GFS) Beginning 28 October 2023



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Soybeans Managed Money Fund Net Position (in contracts)



Corn Managed Money Fund Net Position (in contracts)

The Commitments of Traders report provided a mixed narrative, with managed money funds boosting their long position in soybean meal by more than 30,000 contracts. They were also seen as buyers in soybeans, wheat, and corn, though the net long additions weren't significant.

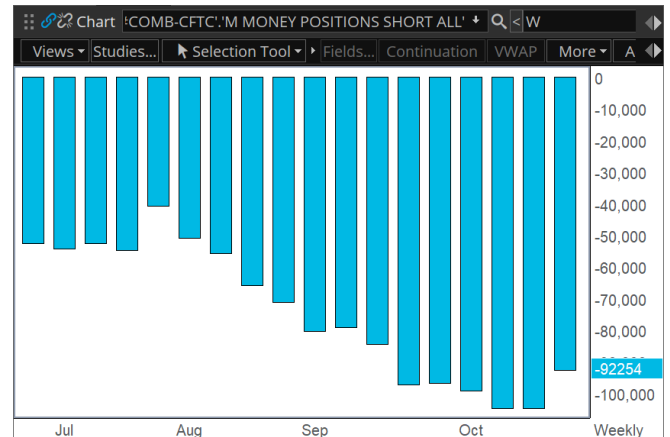
For traders, the immediate focal points will revolve around US export sales and monitoring both the planting weather and yield potential of South American crops.

Grains

The past week saw wheat futures trending downwards, without any profound fundamental news providing directional cues. Notably, the waning Aussie export potential has supported world prices, but the market seems in search of a catalyst to define a new trading range.

Our assessment remains that the seasonal lows for wheat have been charted, with an upward trajectory expected henceforth. While Ukraine's exports persist, the volume isn't noteworthy enough to upset the prevailing supply-demand equilibrium.

The Australian crop's size is essentially fixed, with estimates hovering around 27 million MTs, a decline from the previous year's 40 million MTs.



CBOT Wheat Managed Money Fund Net Position (in contracts)

Fundamentally, funds maintain a short stance on wheat. However, mounting risks of a short-covering rally is possible, especially if China's buying comes in or Black Sea trade encounters hurdles. The upcoming months spell tightness in balance sheets across the US, Canada,

Australia and Argentina. Still, this might not manifest in price adjustments until Q1/Q2 2024. As we progress, the onus will increasingly shift to Russian cash markets to induce short covering, with wheat prices likely to oscillate within an expansive range, tilted towards an uptrend, influenced by seasonal recuperation and potential resurgence in Russian wheat export values.



Corn, similar to wheat, saw prices dipping over the week, devoid of any substantial fundamental triggers. A consistent seasonal uptrend is foreseen to persist till mid-November, insinuating that any sharp decline might be limited until South American yield confirmations.

The robust demand for US ethanol remains unaffected, and surging crude prices will likely bolster this trend further. A significant spike in global corn demand is absorbing the available supply, gradually whittling down US corn end stocks.

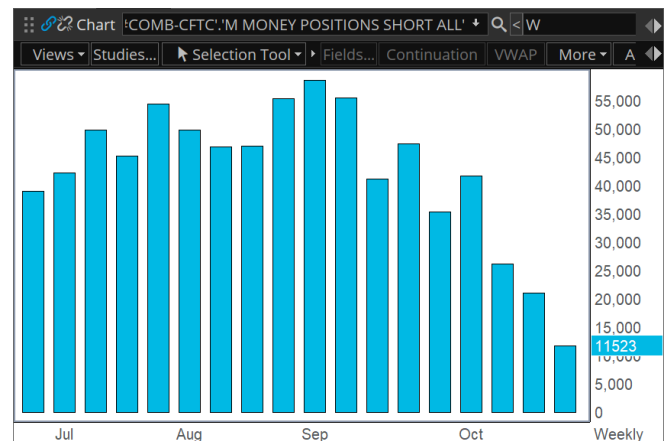
The future trajectory for US exports and global prices past the winter is intricately linked to Brazil's climatic conditions. In the long run, South American production will be the bellwether for determining the true value. Meanwhile, Argentina could witness enhanced rainfall due to El Niño.

The seasonality of corn prices indicates a dip during the September/October phase, followed by a rally as we usher in the new year. Prices are poised for a gradual recovery post-harvest, buoyed by seasonal pricing tendencies.

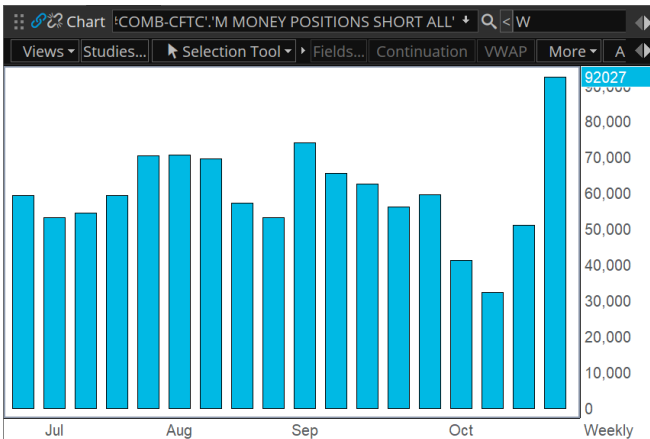
Oilseed complex

The previous week saw CBOT soybean futures drawing strength from the rally in soybean meal prices. While the week remained relatively quiet on the news front, it was soybean meal that acted as the mainstay for the soybean trade.

With harvest ongoing in the US, prices have shown resilience, bouncing back from post-harvest pressures, aligning with our projections.



Soybean Oil Managed Money Fund Net Position (in contracts)



Soybean Meal Managed Money Fund Net Position (in contracts)



The trajectory of the soybean futures rally largely hinges upon the climatic conditions in South America, especially the rain prospects in Northern Brazil.

Biofuel's burgeoning demand for soybean oil is palpable, leading to expectations of price recuperation for soybean oil.

However, the rally in soybean meal could tempt some traders to augment their Oilshare long positions, considering the fundamental shifts in soybean oil demand.



There's a looming possibility of a further dip in US soy yields by the January report. As we move forward, the market's primary

spotlight will be on the crop sizes in South America.

Trade-Ideas:

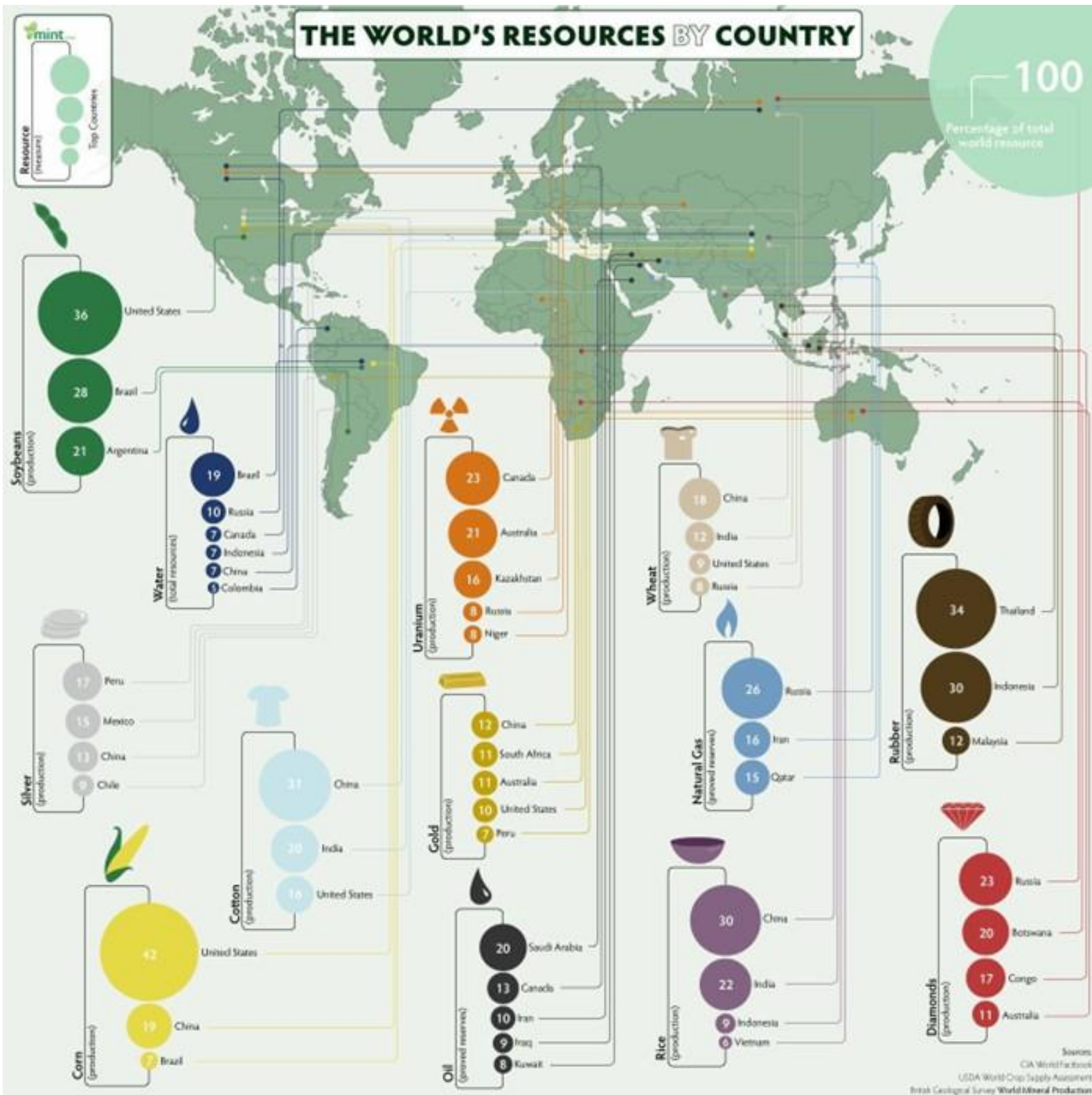
Soybeans: Continue to Hold long on Sn4/SX4. Add long call options on SH4.

Wheat: Hold long WH4 call options

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

Food for Thought: The worlds main resources per country





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