

Weekly Market Report

Monday, 6 November 2023

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Weekly Overview

Price changes over the week.

	Price	Change	Change%	30 Day High	30 Day Low
CBOT Wheat	572.50	-3.00	-0.52%	604.50	547.25
Kansas Wheat	643.50	0.50	0.08%	692.50	625.50
Corn	477.25	-3.50	-0.73%	509.50	468.00
Soybeans	1351.75	32.25	2.44%	1355.00	1270.25
Soybean Meal	442.10	-0.30	-0.07%	448.40	370.60
Soybean Oil	49.36	-2.91	-5.57%	56.37	48.79
Crude Oil	80.51	-5.03	-5.88%	89.85	80.10
Palm Oil	805.25	5.75	0.72%	811.00	766.75

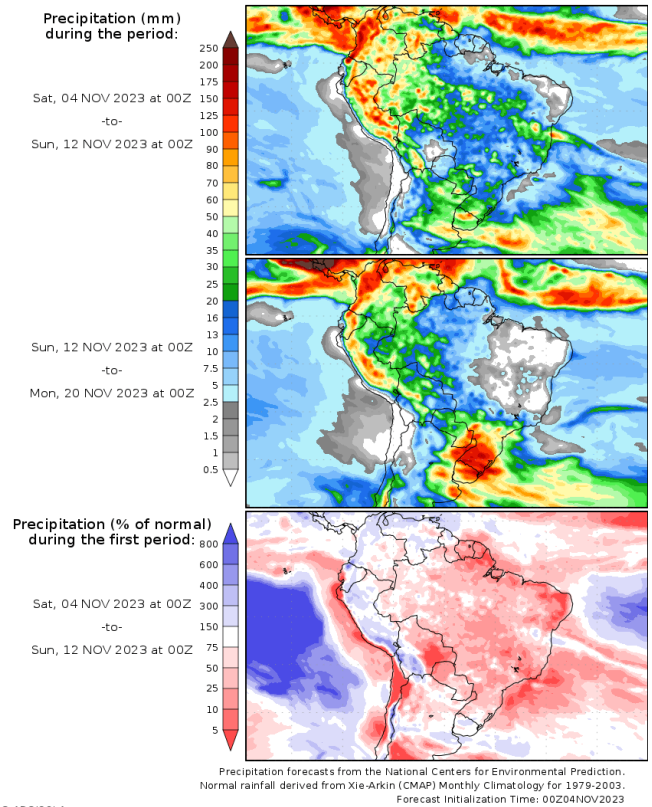
This week's commodities market saw a divergence in performance across the agricultural sector.

While soybean futures experienced a notable rally, soybean oil prices faced downward pressure amidst a continued decline in crude oil prices, reflecting a shift in the energy market dynamics.

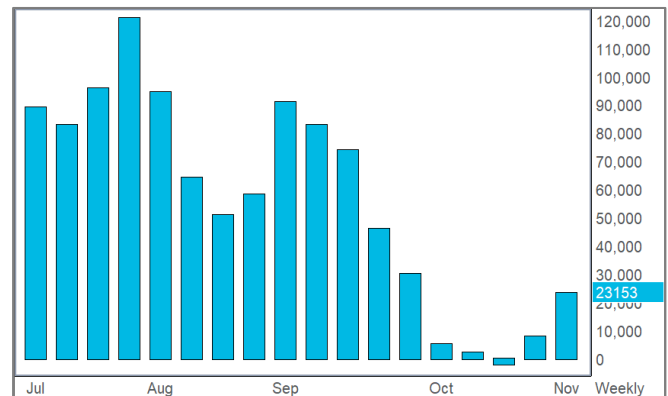
Wheat and corn prices, however, remained relatively unchanged, exhibiting stability in the face of market fluctuations.

The planting season in Brazil has commenced with favourable weather conditions that, if sustained, could lead to a substantial increase in South American production. This potential surge in output may significantly impact global supply dynamics.

Precipitation Forecasts



GRADS/COLA



Soybeans Managed Money Fund Net Position (in contracts)

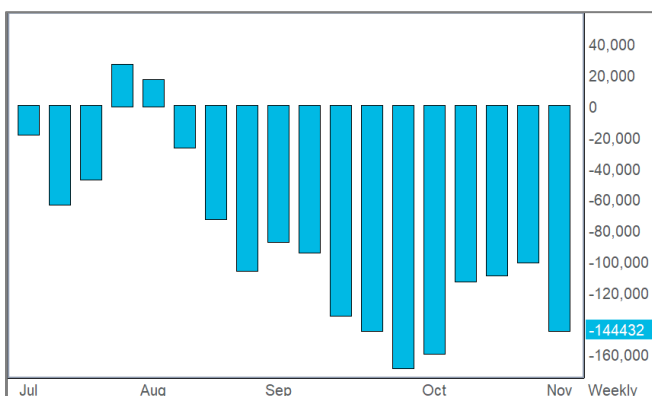


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Managed money funds have adjusted their positions accordingly, increasing their long positions in soybeans and soybean meal while leaning towards short positions in wheat and corn.

The anticipation of US export sales and the potential crop yield in South America are becoming focal points for traders, shaping their strategies for the upcoming quarters.

The capability of Russia to continuously supply wheat could maintain the current price levels, but as we progress into the second and third quarters of 2024, the market fundamentals could shift due to a reduction in carryover stocks from several exporting countries.

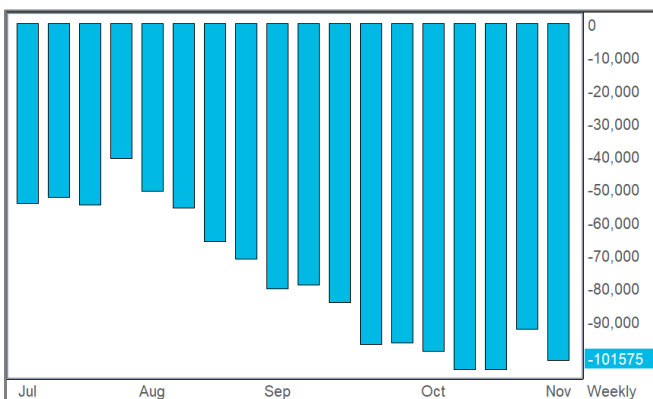


Corn Managed Money Fund Net Position (in contracts).

Grains

Despite the stable presence of Russian wheat in the market, US soft red winter (SRW) wheat basis has seen an upsurge, providing some support against the downward pressure from ample Russian supplies. The Canadian and Australian markets are bracing for exceptionally tight balance sheets, which, while not immediately impacting prices, suggest a potential shift in market dynamics by the first half of 2024. The reduced Australian wheat exports, owing to a significant drop in crop size from 40 million metric tons to an estimated 27 million metric tons, are contributing to these tightening global supplies.

The wheat market is navigating through a period of stability, as evidenced by the lack of significant price movements. The consensus among traders is that the seasonal lows for wheat have likely been established, setting the stage for a gradual uptrend. However, the market's inertia is palpable as traders search for a catalyst to redefine the trading range. The ongoing Ukrainian exports, although consistent, are not at a scale to alter the overall supply-demand dynamics significantly.



CBOT Wheat Managed Money Fund Net Position (in contracts)

The positioning of funds reflects a continued bearish stance on wheat, maintaining short positions. Yet, the possibility of a short covering rally grows if external factors, such as increased Chinese demand or disruptions in Black Sea trade, come into play.

The wheat market is expected to oscillate within a wide range, with a bias towards the upside, driven by seasonal recovery trends and potential adjustments in Russian wheat export prices.



Corn futures ended the week with a marginal decline but received support at key technical levels, indicating a resilient market. The fundamental conditions for corn remain stable, with supply disruptions unlikely.

Any yield deviations in Brazil could quickly introduce a supply premium to corn prices, as has been witnessed in past seasons due to unpredictable weather patterns. The US ethanol market continues to consume corn robustly, bolstered by higher crude prices that enhance ethanol production margins.

Looking ahead, the US corn market's prospects hinge on South American weather outcomes, with Brazilian climate being the linchpin for US exports and global pricing beyond the winter season. The interior US cash markets are strengthening, and Brazilian premiums are on the rise, leaving US Gulf corn as the most competitively priced on the global stage.

The anticipated El Niño could bring much-needed rainfall to Argentina, potentially altering market expectations.

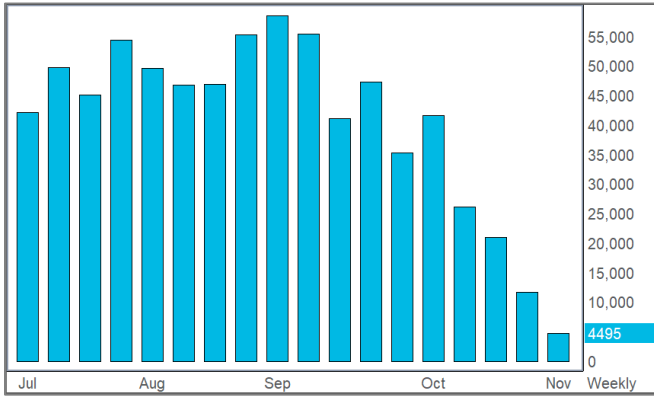
A recovery in corn prices post-harvest is projected, aided by seasonal pricing trends. In the long term, South American production levels will play a crucial role in establishing the fair value of corn, which in turn will influence the US export market in the late spring and summer.

As we navigate towards mid-November, the focus will be on whether Brazilian weather conditions improve, as a lack of progress could trigger a rally in prices.

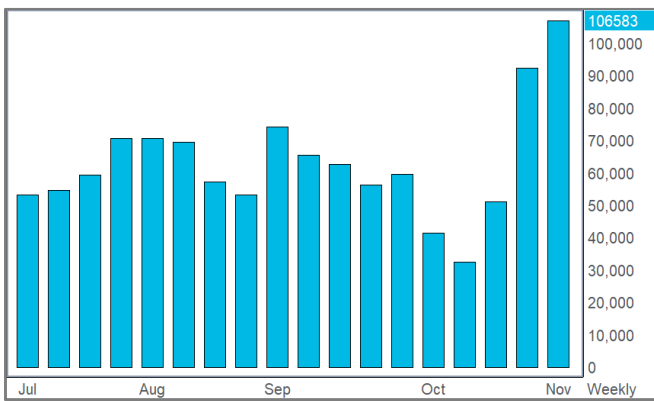
Oilseed complex

The oilseeds sector closed the week on a strong note, with soybean futures hitting their highest levels in last couple of months. This strength is rooted in solid soymeal prices and growing concerns over the Brazilian crop conditions. Argentine meal exports remain historically low, while US meal sales are approaching record highs, elevating domestic meal prices and crushing margins. The US harvest continues, and as anticipated, prices have begun to rebound from the post-harvest pressure.





Soybean Oil Managed Money Fund Net Position (in contracts)



Soybean Meal Managed Money Fund Net Position (in contracts)



Market attention is now squarely focused on the South American crop size and export sales. Weather patterns in Brazil are causing a dichotomy in crop conditions, with the north experiencing dryness and heat, potentially leading to a shift away from soybean planting, while the south contends with excessive rainfall. This divergence could lead to widespread replanting and further market volatility.

Biofuel demand for soybean oil is on an uptrend, supporting the forecast for a recovery in soybean oil prices despite the current fundamental changes in demand structure. In the US, robust soymeal demand continues to lend strength to the market, with near-record exports buttressing the interior meal basis and

sustaining high cash crush margins throughout the Midwest.

In summary, as the market proceeds, the trajectory of soybean futures will largely be influenced by weather developments in South America and their impact on the crop size and export potential.

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. / stop out of the positions till the market stabilises on oilshare levels.

Food for Thought: the world biggest cities by population.



World's Largest Cities By Population

What is the world's largest city? Answers to that question will vary greatly depending on **which boundaries are being used to measure population**. Below are the rankings of top cities based on the three most common measurements.



City proper

This defines a city's population **based on its administrative boundaries**. Of course, the size of a municipality's boundaries can vary greatly. On one extreme, Miami's city population is just 470,000 people. On the other, the Chinese city of Chongqing has an administrative boundary the size of Austria.

POPULATION

01	🇨🇳 CHONGQING, CHINA	32.1M
02	🇨🇳 SHANGHAI, CHINA	24.9M
03	🇨🇳 BEIJING, CHINA	21.9M
04	🇮🇳 DELHI, INDIA	16.8M
05	🇨🇳 CHENGDU, CHINA	16.0M
06	🇹🇷 ISTANBUL, TURKEY	15.5M
07	🇵🇰 KARACHI, PAKISTAN	14.9M
08	🇨🇳 GUANGZHOU, CHINA	14.5M
09	🇨🇳 TIANJIN, CHINA	13.9M
10	🇯🇵 TOKYO, JAPAN	13.5M
11	🇷🇺 MOSCOW, RUSSIA	13.2M
12	🇨🇳 SHENZHEN, CHINA	12.5M
13	🇮🇳 MUMBAI, INDIA	12.5M
14	🇧🇷 SAO PAULO, BRAZIL	12.3M
15	🇨🇩 KINSHASA, DR CONGO	11.4M
16	🇵🇰 LAHORE, PAKISTAN	11.1M
17	🇨🇳 WUHAN, CHINA	10.9M
18	🇨🇳 SUZHOU, CHINA	10.7M
19	🇨🇳 HARBIN, CHINA	10.6M
20	🇮🇩 JAKARTA, INDONESIA	10.2M

Urban area

This measurement largely **ignores territorial boundaries, and instead looks at a city as a contiguous, connected built-up area**. For example, Demographia describes urban areas as functioning as an integrated economic unit, linked together by commuting flows, social and economic interactions.

01	🇯🇵 TOKYO, JAPAN	37.7M
02	🇮🇩 JAKARTA, INDONESIA	33.8M
03	🇮🇳 DELHI, INDIA	32.2M
04	🇨🇳 GUANGZHOU, CHINA	26.9M
05	🇮🇳 MUMBAI, INDIA	25.0M
06	🇵🇭 MANILA, PHILIPPINES	24.9M
07	🇨🇳 SHANGHAI, CHINA	24.1M
08	🇧🇷 SAO PAULO, BRAZIL	23.1M
09	🇰🇷 SEOUL, S. KOREA	23.0M
10	🇲🇽 MEXICO CITY, MEXICO	21.8M
11	🇺🇸 NEW YORK, U.S.A.	21.5M
12	🇪🇬 CAIRO, EGYPT	20.3M
13	🇧🇩 DHAKA, BANGLADESH	18.6M
14	🇨🇳 BEIJING, CHINA	18.5M
15	🇮🇳 KOLKATA, INDIA	18.5M
16	🇹🇭 BANGKOK, THAILAND	18.0M
17	🇨🇳 SHENZHEN, CHINA	17.6M
18	🇷🇺 MOSCOW, RUSSIA	17.3M
19	🇦🇷 BUENOS AIRES, ARGENTINA	16.7M
20	🇳🇮 LAGOS, NIGERIA	16.6M

Metropolitan

This measurement is similar to urban area, but is generally **defined by official organizations, either for statistical purposes or governance**. In the United States, this takes the form of metropolitan statistical areas (MSAs), such as Chicago-Naperville-Elgin or Phoenix-Mesa-Chandler.

01	🇯🇵 TOKYO, JAPAN	37.3M
02	🇮🇩 JAKARTA, INDONESIA	33.4M
03	🇮🇳 DELHI, INDIA	29.0M
04	🇰🇷 SEOUL, S. KOREA	25.5M
05	🇮🇳 MUMBAI, INDIA	24.4M
06	🇲🇽 MEXICO CITY, MEXICO	21.8M
07	🇧🇷 SAO PAULO, BRAZIL	21.7M
08	🇳🇮 LAGOS, NIGERIA	21.0M
09	🇺🇸 NEW YORK, U.S.A.	20.1M
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11	🇯🇵 OSAKA, JAPAN	19.3M
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14	🇧🇩 DHAKA, BANGLADESH	14.5M
15	🇬🇧 LONDON, UK	14.4M
16	🇮🇳 KOLKATA, INDIA	14.0M
17	🇺🇸 LOS ANGELES, U.S.A.	13.3M
18	🇵🇭 MANILA, PHILIPPINES	12.9M
19	🇦🇷 BUENOS AIRES, ARGENTINA	12.8M
20	🇧🇷 RIO DE JANEIRO, BRAZIL	12.6M



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