

# Weekly Market Report

Monday, 27 November 2023

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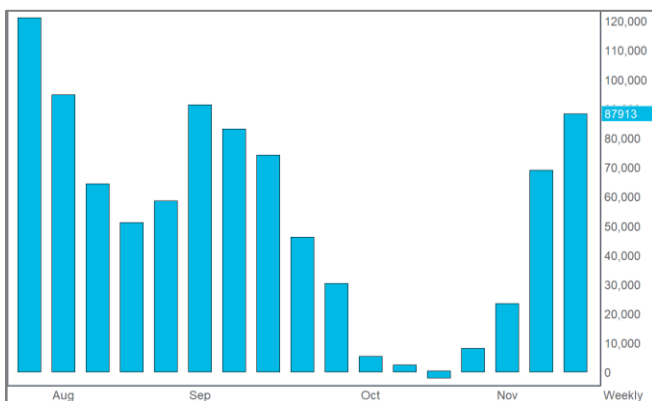


## Weekly Overview

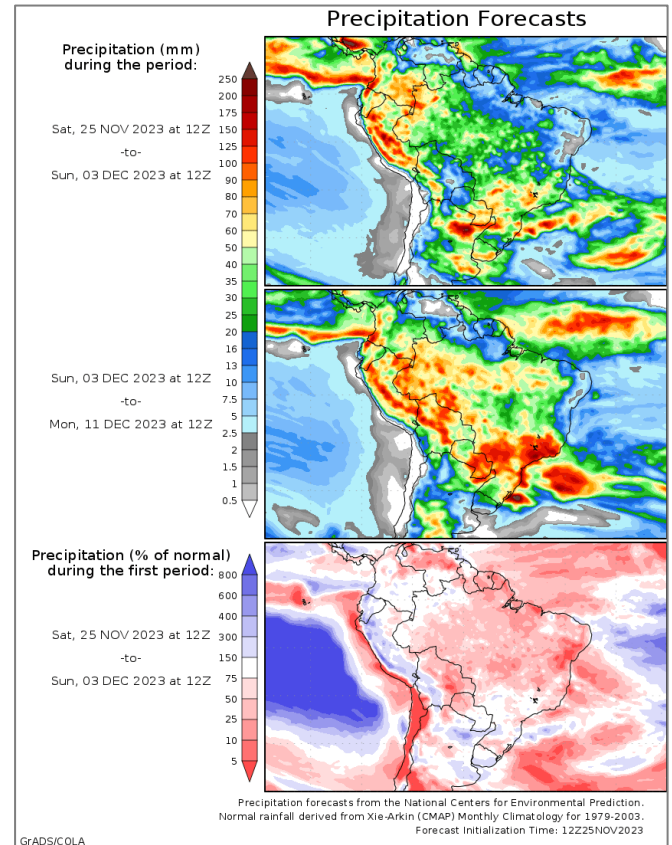
Price changes over the week.

	Price	Change	Change%	30 Day High	30 Day Low
CBOT Wheat	577.25	1.50	0.26%	622.00	567.75
Kansas Wheat	611.50	-16.00	-2.55%	670.50	608.50
Corn	482.50	-2.75	-0.57%	498.25	476.50
Soybeans	1330.75	-9.50	-0.71%	1398.50	1298.00
Soybean Meal	421.50	-2.30	-0.54%	445.10	400.40
Soybean Oil	50.10	-0.75	-1.47%	53.32	48.56
Crude Oil	75.83	-0.25	-0.33%	83.30	72.62
Palm Oil	833.25	-10.50	-1.24%	861.50	781.50

Over the past week, grains and oilseeds, has been predominantly rangebound with a slight decline in prices. This trend reflects an ongoing focus on South American planting and weather forecasts, which are crucial in determining future crop sizes. Notably, while Argentina has seen weather improvements, parts of Brazil's northern growing areas are experiencing a lack of precipitation.



Soybeans Managed Money Fund Net Position (in contracts)



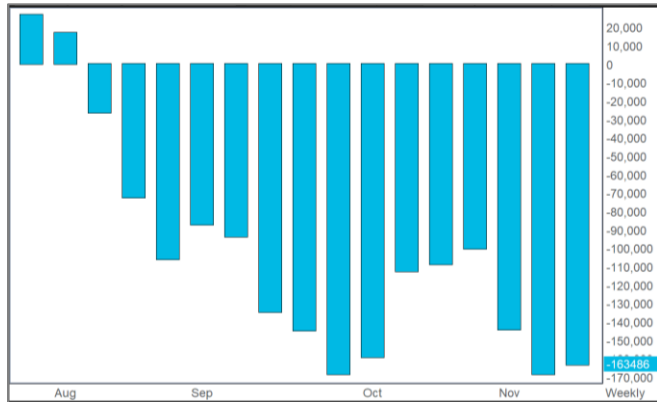
The global wheat market, particularly impacted by Russia's consistent supply, is showing signs of price stagnation in the short term as importing countries remain well-stocked.

Moreover, managed money funds have increased their long positions in soybeans and soybean meal. In contrast, short positions are maintained in wheat, corn, and soybean oil markets, with notable selling in the soybean oil sector.



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Ultimately, traders are keenly observing U.S. export sales and South American crop potentials to guide their decisions.



*Corn Managed Money Fund Net Position (in contracts).*

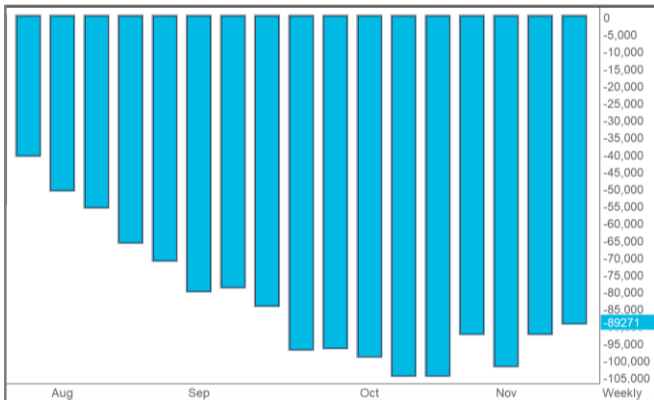
## Grains

Wheat futures globally declined over the week, with the U.S. HRW market still seeking export demand and CBOT wheat prices showing little change. The availability of inexpensive Russian wheat continues to suppress prices, despite rising Russian prices, reduced Australian exports, and positive seasonal trends. The potential decrease in Brazil's corn crop might shift global feed demand towards wheat later in the crop year.

Wheat prices have been relatively stable, with HRW prices showing a downward trend.

The market awaits a new trading range, influenced by Southern Hemisphere wheat yields and corn's response to South American weather. Despite increased Northern Hemisphere supplies and ongoing geopolitical risks in the Black Sea region, the market is expected to remain rangebound.





CBOT Wheat Managed Money Fund Net Position (in contracts)

Seasonal lows in CBOT wheat prices are believed to have been reached, with a gradual price increase anticipated in our view. Lower combined production estimates from Australia and Argentina, leading to reduced exports, could enhance export demand for other regions, including Russia, Europe, and the U.S.

A recent agreement between Ukrainian authorities and insurance companies may facilitate Ukrainian exports, though its global impact supply and demand estimates is expected to be minimal. However, funds continue to hold a short position in wheat, suggesting that significant upside potential remains, contingent on premium additions to the Russian cash market.



The CBOT corn market saw a decrease in December futures, although the trading range mirrored the previous week. Absent significant new fundamentals, the market remains rangebound, with ample spot cash supplies counterbalancing improving U.S. export demand. The market aims to stimulate demand amidst profitable ethanol margins and competitive U.S. corn prices for export globally.

Brazil's potential yield loss could quickly introduce a corn supply premium. South American weather will be crucial for price discovery in the coming months. Fluctuating weather in Brazil enhances the variability in U.S. export potential, with a possible bull phase if Brazil experiences a 5-10% yield loss relative to the trend.

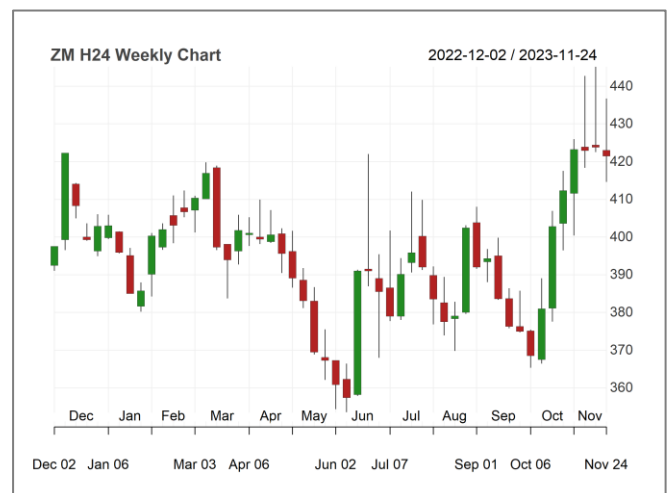
Both futures and cash corn markets are showing a seasonal uptrend, expected to persist into mid-November.

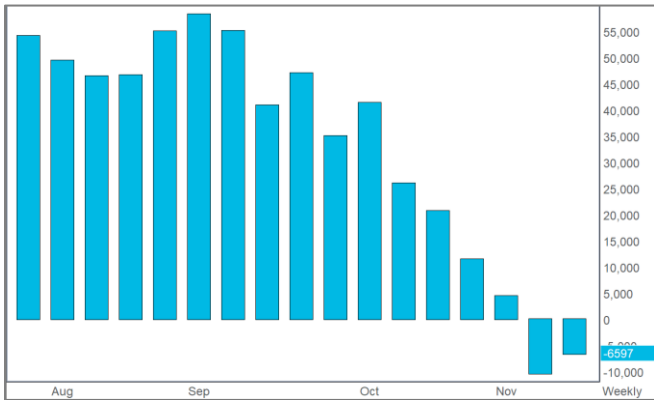
Long-term value hinges on South American production, influencing U.S. export strength. Brazilian and U.S. interior corn markets are firming, with a rally anticipated if Brazilian weather does not improve.

### Oilseed complex

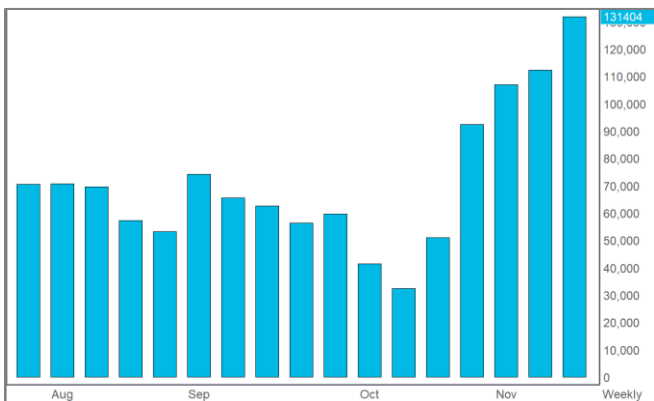
Soybean futures experienced a mixed trend, initially rising before declining later in the week. The market's attention is shifting towards export sales and the developing South American crop, with weather-induced volatility expected to impact yield potentials in Brazil.

Despite slow export and sales figures, U.S. soybean exports to China are increasing due to concerns over the Brazilian crop. Argentine meal exports remain low, boosting U.S. meal prices and crush margins, with soybean meal exports setting a marketing year high.

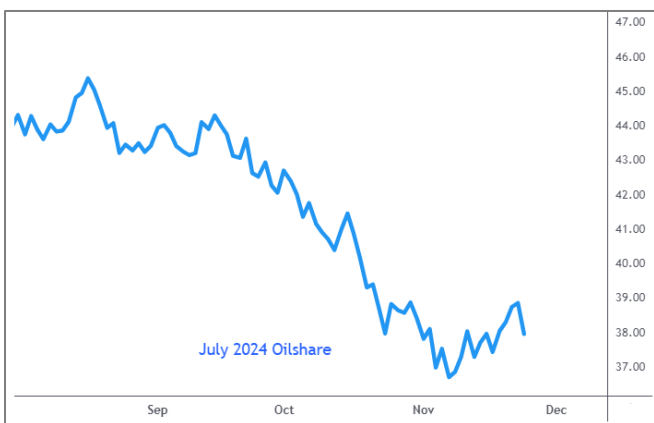




Soybean Oil Managed Money Fund Net Position (in contracts)



Soybean Meal Managed Money Fund Net Position (in contracts)



**Trade-Ideas:**

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

**Wheat:** Hold long WH4 call options

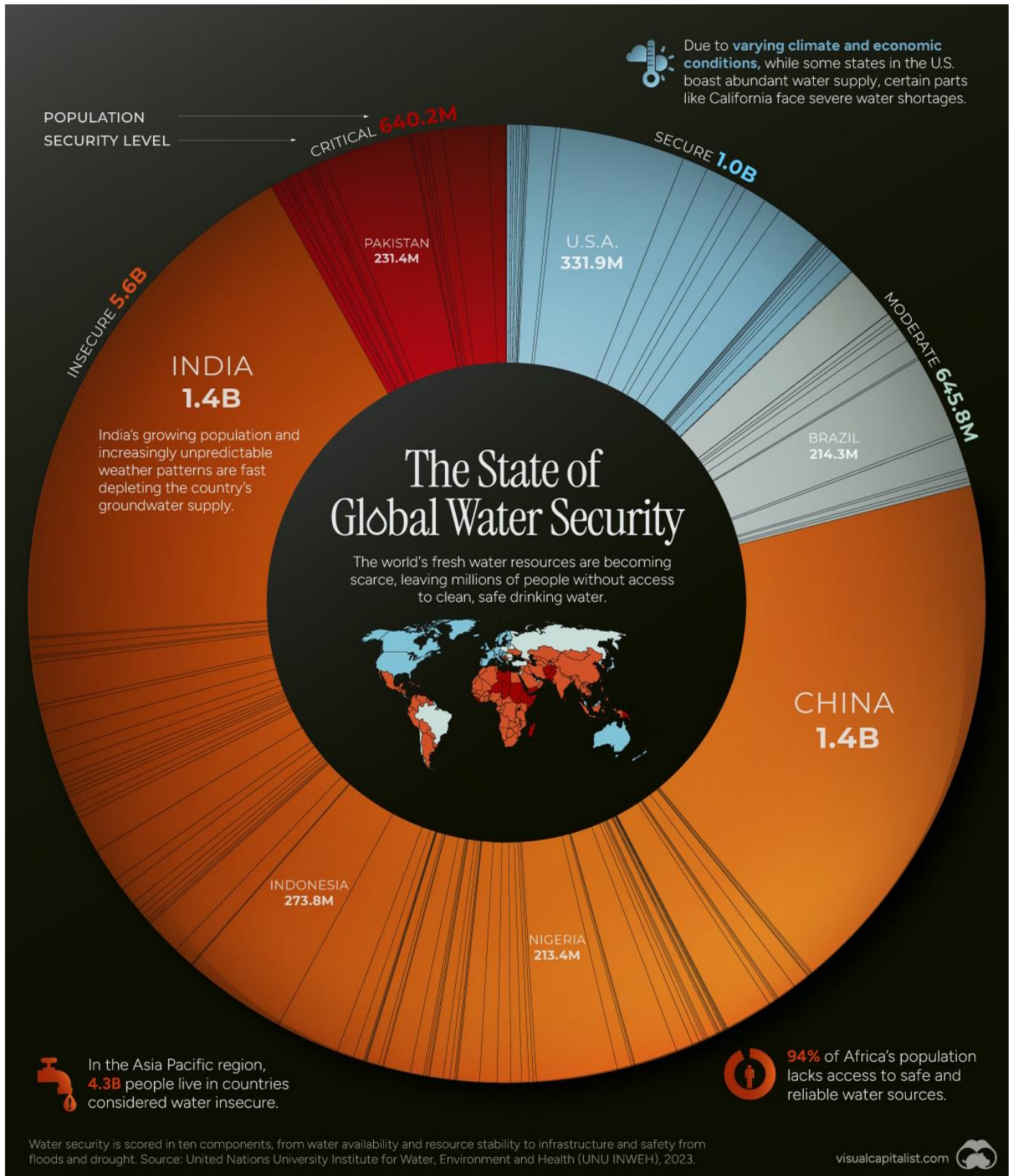
**Oilshare:** continue to hold longs in oilshare.

U.S. soybean stocks are historically low, suggesting a need for demand rationing. Brazilian crop concerns are growing due to adverse weather conditions affecting planting and early crop development.

The biofuel demand for soybean oil is increasing, indicating a potential price recovery, though the soybean meal rally might prompt further interest in adding Oilshare long positions.

The downside risk for prices remains limited pending confirmation of a record Brazilian crop. Support in the U.S. comes from strong soymeal exports, maintaining high cash crush margins. The focus for the market remains on the upcoming South American crop size, heavily influenced by the weather.

**Food for Thought:** The state of global water security



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