

Weekly Market Report

Monday, 4th December 2023

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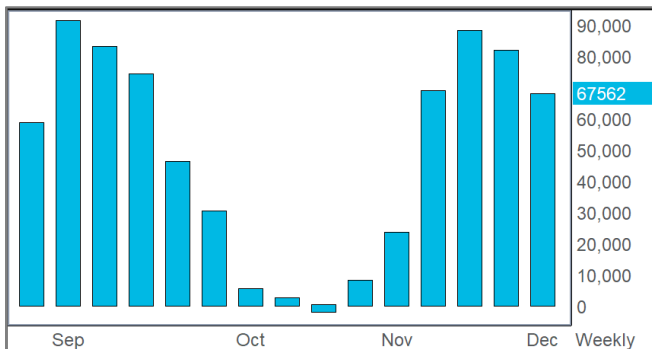
Weekly Overview

Price changes over the week.

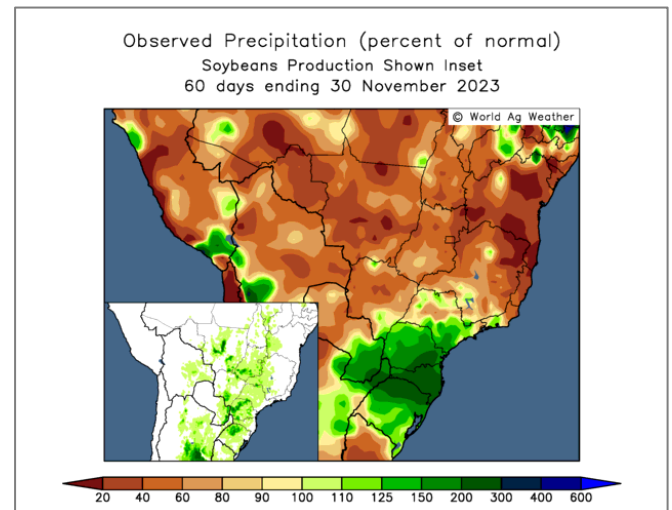
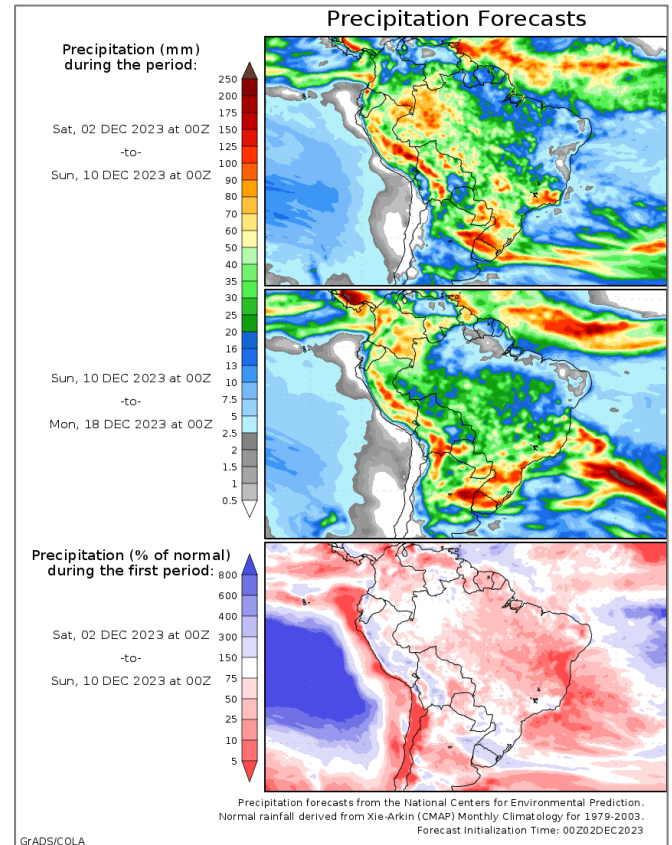
	Price	Change	Change%	30 Day High	30 Day Low
CBOT Wheat	602.75	25.50	4.42%	622.00	556.25
Kansas Wheat	646.75	35.25	5.76%	670.50	595.00
Corn	484.75	2.25	0.47%	496.50	470.50
Soybeans	1325.00	-5.75	-0.43%	1398.50	1315.00
Soybean Meal	404.60	-16.90	-4.01%	445.10	404.20
Soybean Oil	51.34	1.24	2.48%	53.32	48.56
Crude Oil	74.31	-1.52	-2.00%	82.04	72.62
Palm Oil	833.25	0.00	0.00%	861.50	802.50

Wheat prices closed higher after a period of stability, contrasting with the notable drop in soybean meal prices. The focus of traders is increasingly shifting towards the forecasted weather conditions and the anticipated total crop size in South America.

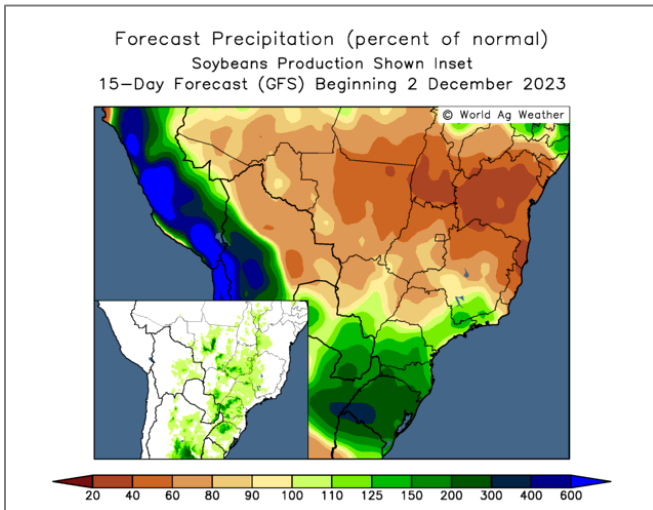
Improvements in weather forecasts for South America have been observed, although the northern regions of Brazil's agricultural areas are still grappling with dry conditions. These areas show little signs of relief from low soil moisture levels as per the latest forecasts.



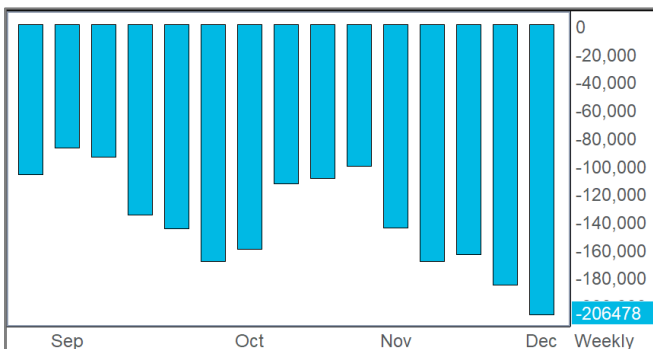
Soybeans Managed Money Fund Net Position (in contracts)



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Managed money funds were identified as net sellers in almost all grain and oilseeds markets. These funds are maintaining a large short position in corn and wheat, while holding long positions in soybeans and soybean meal.



Corn Managed Money Fund Net Position (in contracts).

Grains

Wheat futures were higher over the week, yet remained within previously established trading ranges. The market's attention is now turning towards reduced exportable supplies from the Southern Hemisphere and the need for favourable winter weather in Russia to sustain its record export levels monthly.

Russian wheat logistics have been adversely affected by high winds. The harsh winter conditions, including cold temperatures and heavy snowfall, are expected to challenge grain movement in Ukraine and Central Russia during early December.

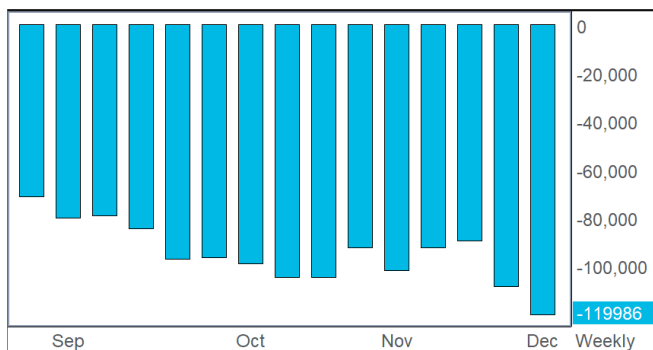
There's a potential shift in global feed demand towards wheat due to a possible decline in Brazil's corn crop. However, this impact will likely be assessed later in the crop year.



The wheat market currently lacks a catalyst to establish a new trading range. Factors such as actual Southern Hemisphere wheat yields and corn's response to South American weather in December-January will influence prices into the winter. The combination of larger projected Northern Hemisphere supplies and ongoing geopolitical risks in the Black Sea region are expected to keep the market rangebound until a new tradable theme emerges.

A significant increase in EU and US export demand is necessary to stimulate extensive short covering. The market generally anticipates that the seasonal lows in CBOT wheat have been established, with a gradual uptrend in prices expected henceforth.

The ongoing risk of war escalation in Ukraine and the sizable short position held by funds suggest that the potential for price increases outweighs the risk of declines, pending further clarity on Northern Hemisphere production in 2024. Nonetheless, for a notable short covering to occur in wheat, an additional premium must be added to the Russian cash market.



CBOT Wheat Managed Money Fund Net Position (in contracts)



Wheat prices are anticipated to trade within a broad range, with a bias towards the upside, driven by seasonal price recovery and potential increases in Russian wheat export prices.



CBOT corn futures closed marginally higher, with December futures briefly hitting a new multi-year low. This reversal adds to the evidence that the recent range could represent a lasting, possibly multi-year low, influenced by abnormal weather in Brazil, potential loss of safrinha acreage, and a shift in US seedings from corn to soy in spring 2024.

The market witnessed a lack of fresh fundamental input this week, resulting in prices remaining rangebound.

This is due to the abundance of spot cash supplies counteracting improving US export demand, leaving neither bulls nor bears with lasting leverage.

Large US corn inventories continue to influence the market, but forward supply risks are significant. First-crop Brazilian production is already at risk due to drought in regions like Goias, Mato Grosso, and Bahia.

Despite the downside price risk at harvest lows appearing limited, the market's objective is to stimulate demand. This process is happening amidst profitable ethanol margins and the fact that US corn remains the cheapest reliable feed grain globally for winter and early spring delivery.

Given the abnormal weather in Northern Brazil, US export potential is wide-ranging.

Both futures and cash markets are expected to continue their seasonal uptrend until South American yield is confirmed.

In the long run, fair value will be influenced by South American production, which in turn will determine the strength of US export disappearance in the late spring and summer.

Trend yields in South America are crucial for sustaining a build in global corn/feed supplies in 2024. US exports are expected to increase between now and summer, with logistical and bureaucratic issues impacting Ukraine. Argentina's new crop will not be available until May/June.

Prices are expected to gradually recover post-harvest pressure, aided by seasonal price trends, and move higher.

Oilseed complex

Soybean futures ended lower, influenced by the US meal market contending with cheaper South American offers and anticipated rain in Brazil. Despite rallying mid-week, soybean prices declined towards the end of the week as precipitation improved in South America.

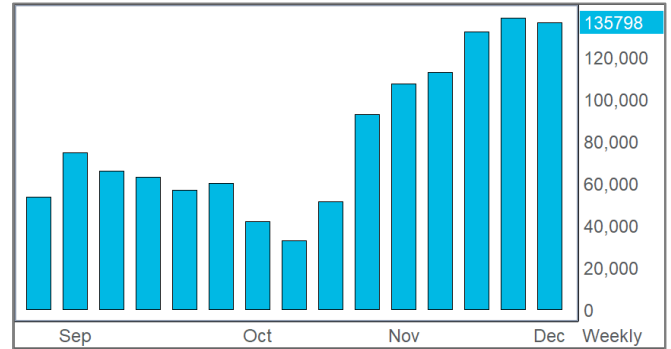
Record domestic usage and recently improved export demand are providing support to soybeans in the short term. The

market's focus going forward will be on export sales and the developing South American crop, with weather-based volatility expected to persist as Brazilian weather begins to impact yield potential in December.

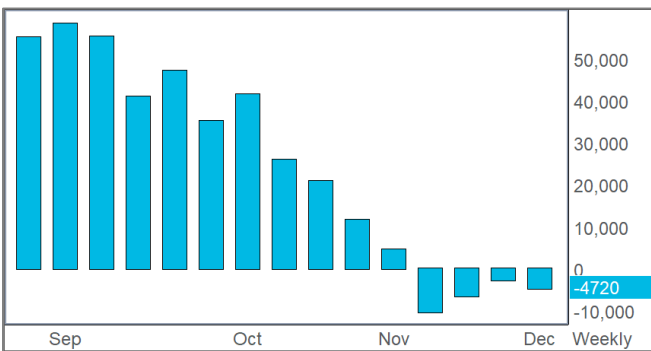
Argentine meal exports remain at a multi-decade low, while US meal export sales are approaching a record high. This trend is lifting US meal prices and crush margins, positioning soybean meal as a highlight in US agricultural exports. Last week's exports set a marketing year high, with export commitments significantly higher than the previous year.

There is little to no room for additional US export demand given the historically low US soybean stocks. Any additional demand would require demand rationing.





Soybean Meal Managed Money Fund Net Position (in contracts)



Soybean Oil Managed Money Fund Net Position (in contracts)

Rain is critically needed across the northern half of Brazil's soy belt, with concerns mounting for the new crop due to hot and dry weather delaying planting in the north. Excessive rain and heat in the south are damaging early planted soybeans and delaying planting progress in central and southern areas.

Biofuel demand for soybean oil continues to grow, and soybean oil prices are expected to recover as underlying demand persists. However, the recent rally in soybean meal may be seen by some as an opportunity to add to Oilshare long positions, due to fundamental changes in soybean oil demand over the longer term.

Limited downside price risk is anticipated until it is clear that Brazil harvests a record

large crop. Brazil's weather is particularly crucial given the lack of tolerance in the US balance sheet for additional demand and the record-high global soy trade.

The primary focus for the market will be the South American crop size, which will be determined by the upcoming weather patterns.

Trade-Ideas:

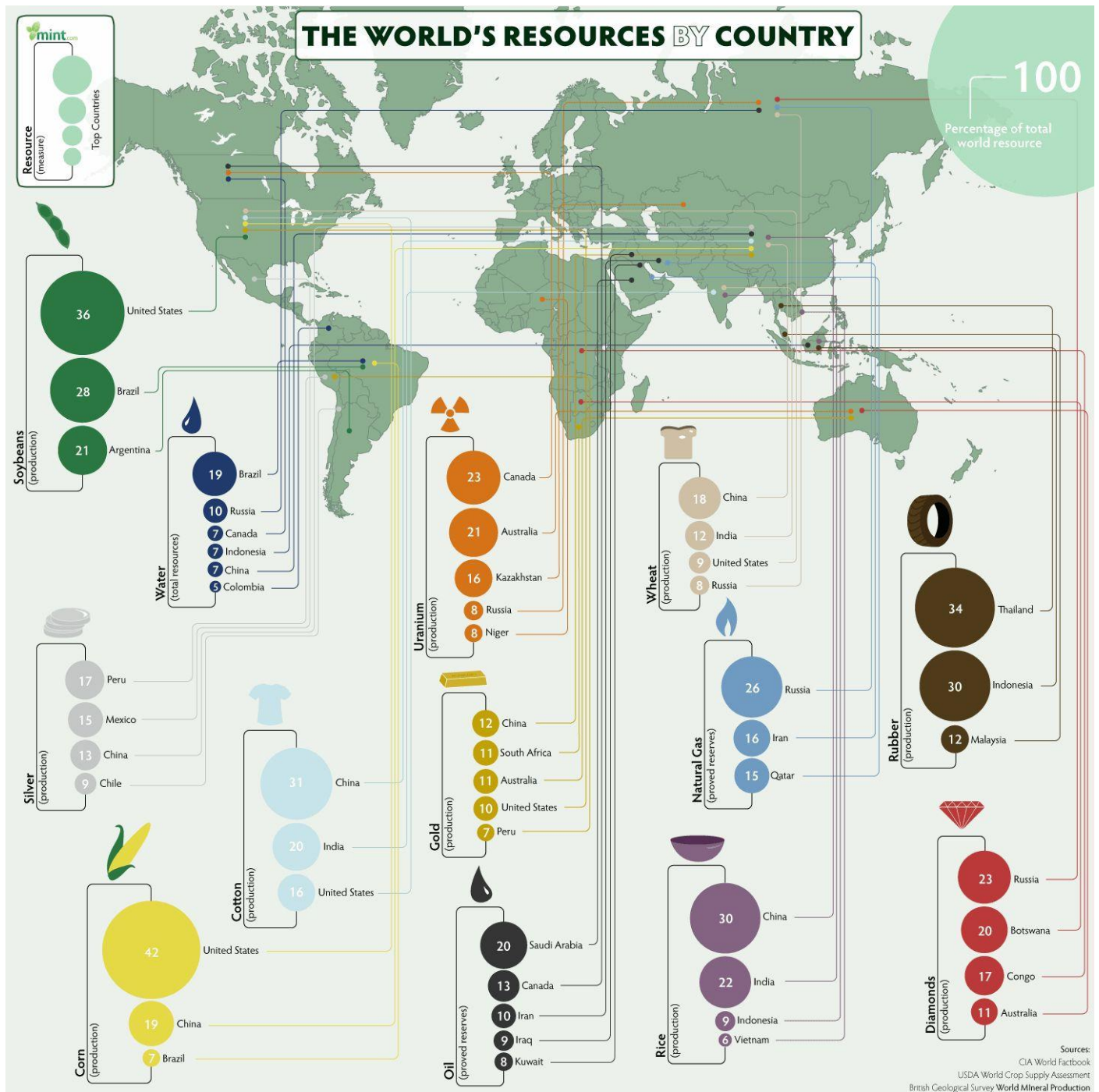
Soybeans: Continue to Hold long on Sn4/SX4. Hold long call options on SH4

Wheat: Hold long WH4 call options

Oilshare: continue to hold longs in oilshare.

Food for Thought: the worlds resources per country





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