

# Weekly Market Report

Monday, 12 February 2024

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## Weekly Overview

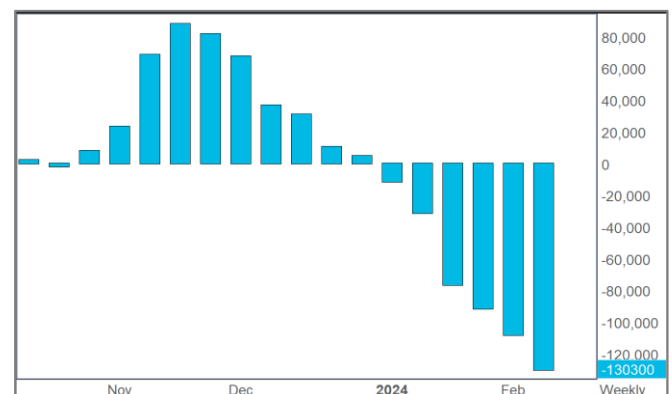
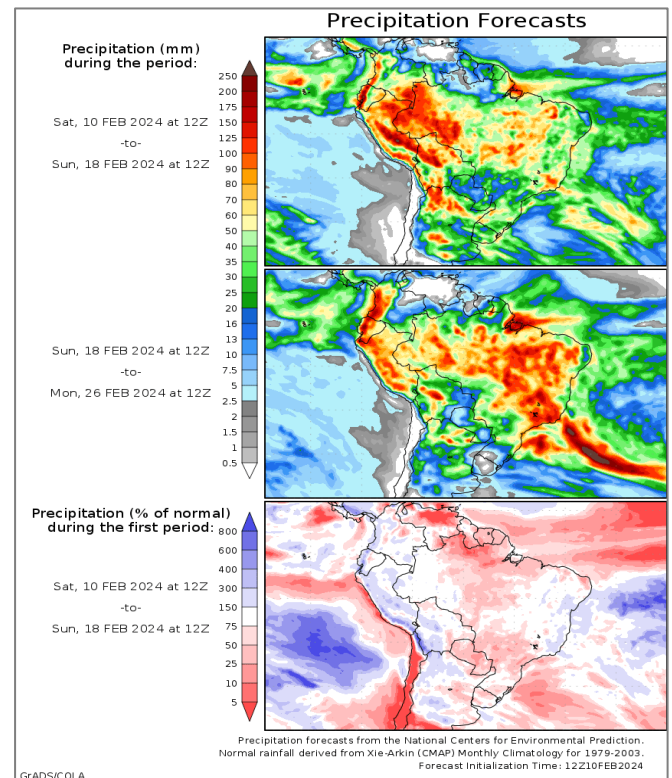
Price changes over the week.

	Price	Change	Change%	30 Day High	30 Day Low
CBOT Wheat	596.75	-3.00	-0.50%	617.25	573.25
Kansas Wheat	601.50	-23.50	-3.76%	641.00	586.75
Corn	429.00	-13.75	-3.11%	460.00	428.25
Soybeans	1183.50	-5.00	-0.42%	1247.50	1179.25
Soybean Meal	346.80	-10.00	-2.80%	373.60	341.00
Soybean Oil	47.26	2.53	5.66%	49.65	44.51
Crude Oil	76.84	4.56	6.31%	79.29	70.62
Palm Oil	780.25	8.50	1.10%	812.25	771.75

This past week, Grain prices experienced a downturn, while the oilseed complex showed varied results; soybean and soybean meal prices declined, contrasted by a rise in soybean oil prices, buoyed by broader support in the vegetable oil market. The USDA report presented no significant deviations from market expectations, with soybean carryout estimates slightly above predictions but failing to impact prices notably. This suggests that the higher carryout numbers were within the anticipated range.

The Commitments of Traders (COT) report highlighted that managed money funds continued their trend as net sellers, maintaining net short positions across almost all commodities covered in this analysis. However, a slight reduction in short positions for soybean meal was noted, possibly due to adjustments in long oilshare positions.

The volatile situation in the Red Sea, exacerbated by increasing difficulties in obtaining war risk insurance amid escalating attacks, raises concerns about potential shifts in shipping routes that could lead to higher transportation costs for end-users



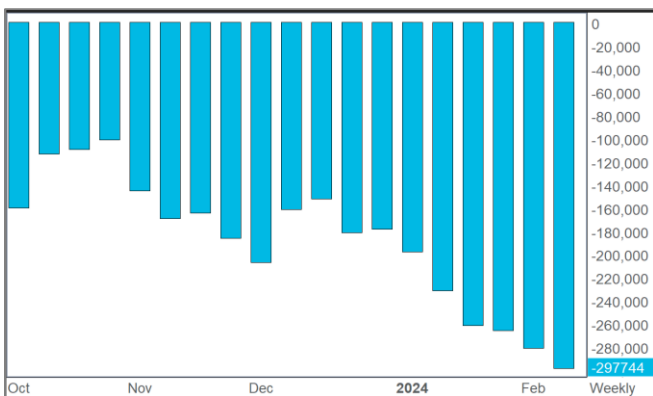
Soybeans Managed Money Fund Net Position (in contracts)



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Looking ahead, the focus of traders will shift towards the crop size potential in South America and the profitability of the upcoming crop in the U.S., which will influence planting intentions.

The price levels for crop insurance, to be determined in the upcoming weeks, along with insights from the February outlook conference on estimated planting acreage, will play critical roles in shaping market dynamics.



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

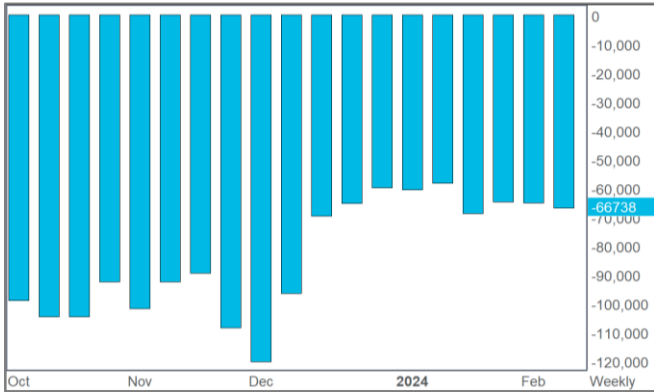
## Grains

Wheat futures on the CBOT ended the week lower, with CBOT wheat outperforming its international counterparts. The market remains volatile as current supplies counterbalance future supply concerns.

The CBOT futures is anticipated to hold premium over other wheat markets pending a clearer understanding of Midwest spring weather conditions.

A fundamental bullish narrative is emerging, driven by significant global import demand and the necessity for trend or above-trend yields in 2024 to maintain stable exporter stocks-to-use ratios.

However, without ideal weather conditions, the EU and UK could see a production decline of 6-8 million metric tons year-over-year. Despite record production in Russia and weaker EU export demand keeping major exporter stocks/use elevated, this does not imply abundant global supplies.



*CBOT Wheat Managed Money Fund Net Position (in contracts)*



Grain exports from the Black Sea region continue, though the primary concern remains the availability and cost of vessel insurance due to the ongoing war in Ukraine. The market's early 2024 dynamics will likely oscillate between the large existing supplies in Europe, Ukraine, and Russia and heightened forward supply risks due to a reduction in planted acres.

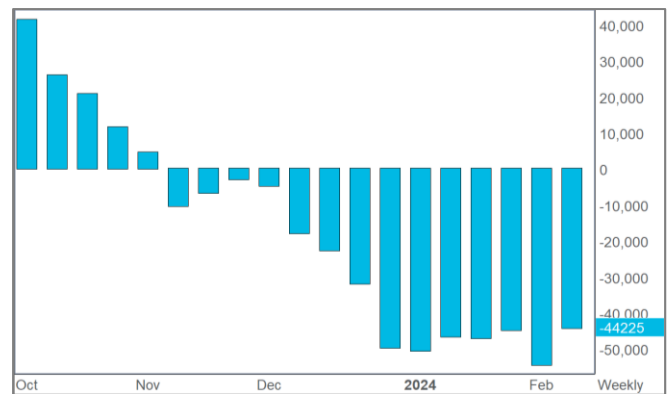
CBOT corn futures closed slightly weaker, with the USDA report's corn carryout figures aligning closely with market expectations. Fund selling persisted, with managed funds approaching record short positions. Late-week values were pressured by aggressive Ukrainian offers and improved Argentine forecasts, indicating that a significant South American crop loss would be necessary to trigger speculative short covering.

A meaningful short covering rally hinges on early signs of Brazil’s monsoon withdrawal, underscoring the need for trend or above-trend yields across the Northern Hemisphere. With managed funds holding large short positions, the market's price adjustment will be contingent upon Brazilian safrinha yield outcomes.

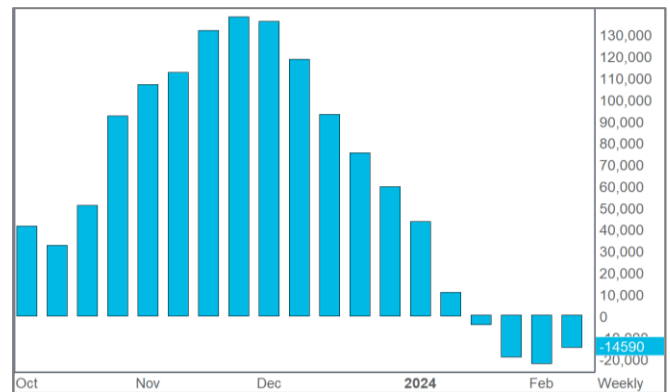
Despite burdensome carryout estimates in the U.S., forward supply risks loom large, with Brazilian production outcomes pivotal to the global exportable surplus in 2024.

**Oilseed complex**

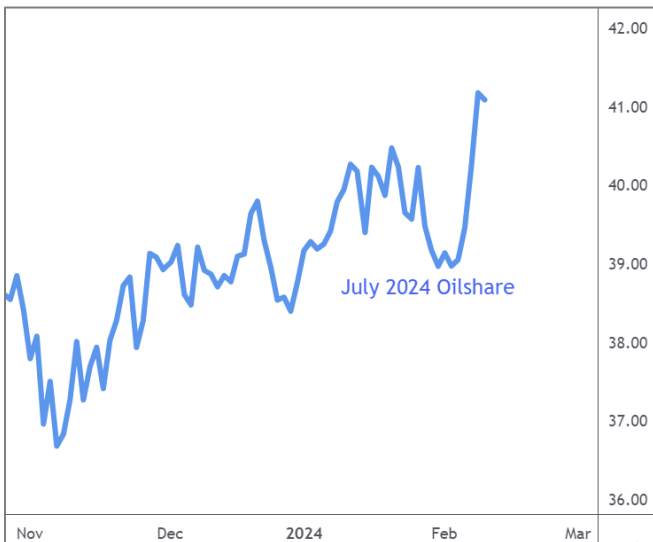
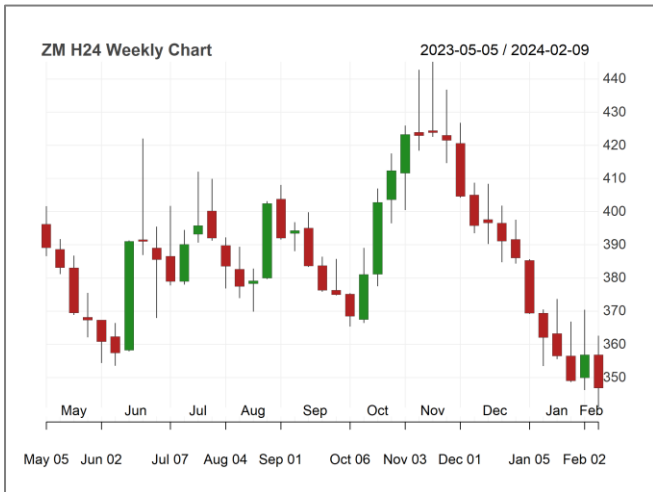
Soybean futures exhibited volatility, ultimately closing slightly lower. Short covering in anticipation of the February WASDE report provided initial support, but gains were relinquished as the weekend approached. Continuous net selling by funds exerted downward pressure on soybean prices.



*Soybean Oil Managed Money Fund Net Position (in contracts)*



*Soybean Meal Managed Money Fund Net Position (in contracts)*



Adjustments by CONAB placed Brazilian crop production estimates below 150 million metric tons, while the USDA's reduction was more modest.

The influx of Brazilian harvest supplies pressured the nearby basis, though short crops are expected to yield an early seasonal low with a recovery by late February.

CBOT soybean oil prices will play an important role in any potential recovery for U.S. soybeans. The market's attention will centre on South American crop sizes, influenced by upcoming weather patterns and soybean planting acreage estimates.

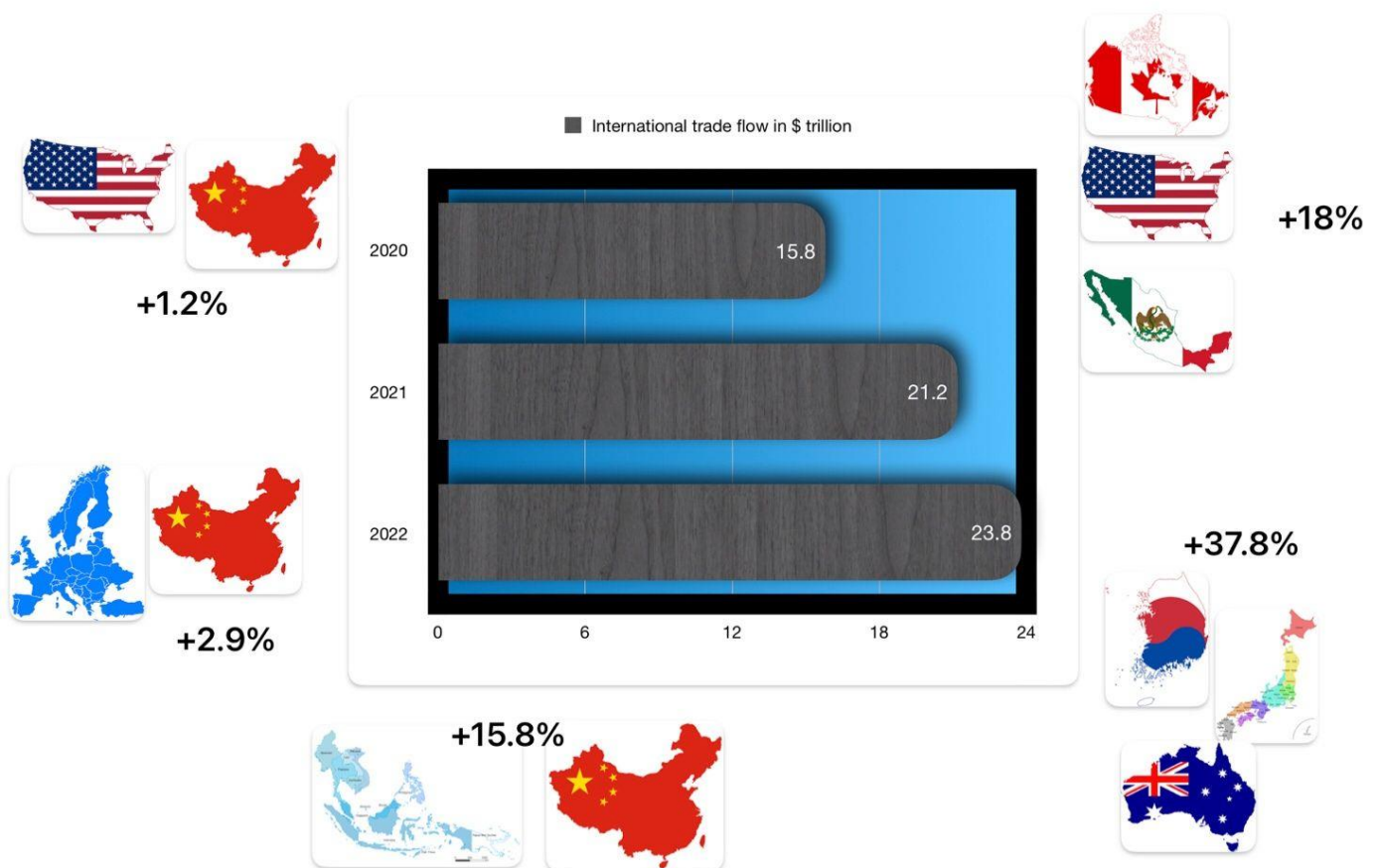
**Trade-Ideas:**

**Soybeans:** hold long SN4 call options

**Wheat:** Hold long WH4 call options ( Seasonal recovery + risk or carry out deficit in Q1/ Q2)

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

**Food for Thought:** Changes in International trade flows over the last 3 years



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