

# Weekly Market Report

Monday, 19 February 2024

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## Weekly Overview

Price changes over the week.

	Price	Change	Change%	30 Day High	30 Day Low
CBOT Wheat	559.00	-40.25	-6.72%	626.50	555.00
Kansas Wheat	561.50	-38.00	-6.34%	638.50	556.75
Corn	429.50	-12.00	-2.72%	463.00	427.75
Soybeans	1176.25	-13.75	-1.16%	1252.75	1164.25
Soybean Meal	338.90	-1.60	-0.47%	366.10	332.70
Soybean Oil	46.08	-1.67	-3.50%	49.09	45.02
Crude Oil	77.98	1.37	1.79%	78.80	71.52
Palm Oil	757.50	-17.25	-2.23%	800.75	757.50

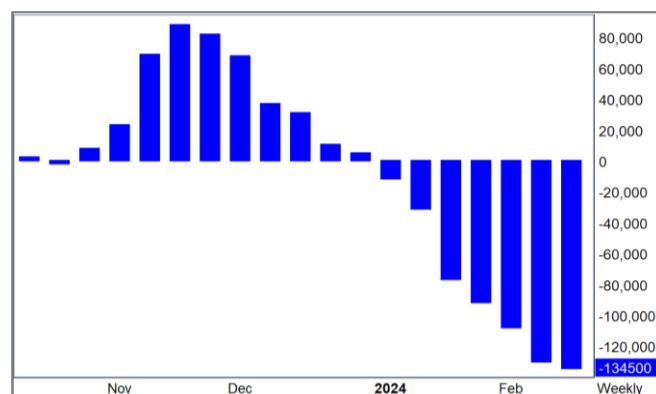
Last week, CBOT prices were generally under pressure, primarily due to anticipated burdensome stock outlooks and an ample supply from the Black Sea region. Adding to the downward pressure, China's market inactivity due to holidays further influenced the market dynamics. The USDA's outlook conference revealed numbers aligning with market predictions, forecasting a slight decrease in total acreage from 227.8 to 225.8 million acres.

Notably, soybean acreage is expected to rise to 87.5 million acres from the previous 83.6 million, while corn acreage projections show a reduction to 91 million acres from 94.6 million last year.

The Commitments of Traders (COT) report highlighted a trend of net selling among managed money funds, with net short positions prevalent across almost all covered commodities.

Although there was a slight reduction in short positions for wheat and soybean oil, subsequent price actions suggest a possible resurgence in wheat selling.

Escalating attacks have made obtaining war risk insurance for Red Sea shipping increasingly challenging, potentially redirecting shipping routes and raising costs for end-users.

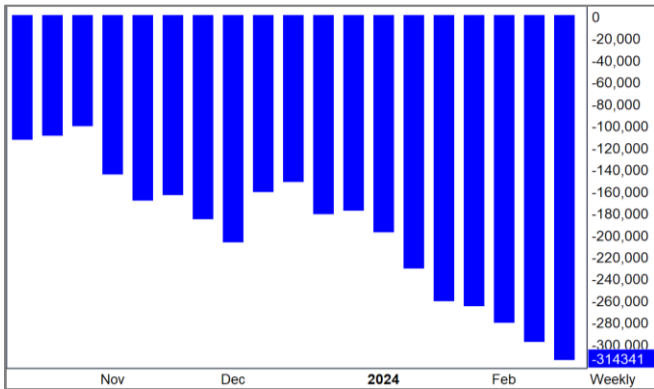


*Soybeans Managed Money Fund Net Position (in contracts)*

Traders are now keenly focusing on South America's crop size and the profitability of upcoming U.S. crops, which will influence planting intentions. The setting of crop insurance prices in the near term and upcoming reports on stock and planting projections in March are eagerly anticipated.



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

## Grains

Wheat futures in the U.S. saw a significant decline, attributed to Ukraine's emergence as a low-cost seller to major importers like Egypt, intensifying the competition with Russia and Europe for market share.

Despite adequate current supplies, forward supply risks and Black Sea region competition have pressured prices downward.

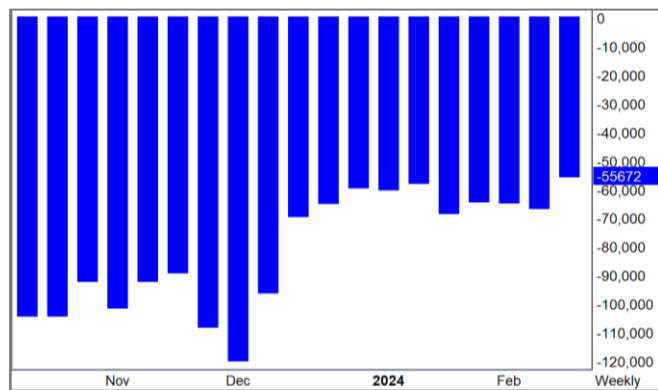
The market is now observing the potential decline in winter wheat acreage in the U.S., Western Europe, and Ukraine, which could signal a fundamentally bullish turn as global demand increases. However, this shift may not materialize until the yield-sensitive phases of the Northern Hemisphere's crop cycle.



The large inventories in the EU and Black Sea region are capping rally efforts, with U.S (SRW) wheat expected to outperform other classes.

The market dynamics early in 2024 are poised to reflect a clash between existing large supplies and heightened forward supply risks.

A bullish narrative could swiftly emerge if there's any significant yield loss in key regions, with weather conditions from March onwards being a critical factor for sustaining market trends.



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



CBOT spot corn prices hit a three-year low, influenced by aggressive offers from Ukraine. Fund selling has intensified, with positions nearing record short levels.

The aggressive selling and improved Argentine forecasts have contributed to the price decline, with market resetting likely hinging on Brazilian safrinha yield outcomes.

The USDA's projection of a sizable build in U.S. stocks, assuming record yields, sets a backdrop of increasing stock levels without significant South American crop losses to counterbalance.

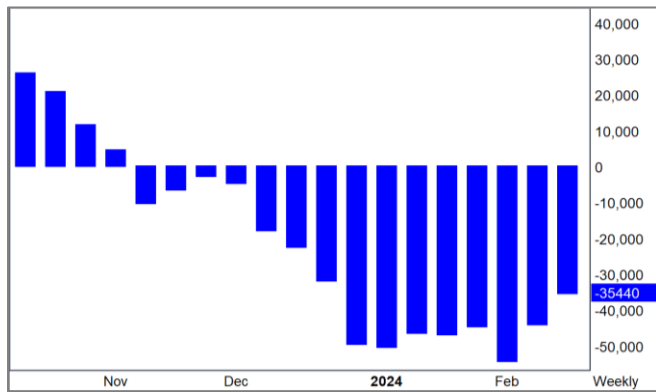
Short-term price rallies face challenges due to burdensome U.S. carryout estimates, though large inventories are juxtaposed with considerable forward supply risks.

The focus on Brazilian production, particularly rainfall in April, will be crucial for determining the global exportable surplus in 2024, with the potential for strong rallies if the monsoon season ends early.

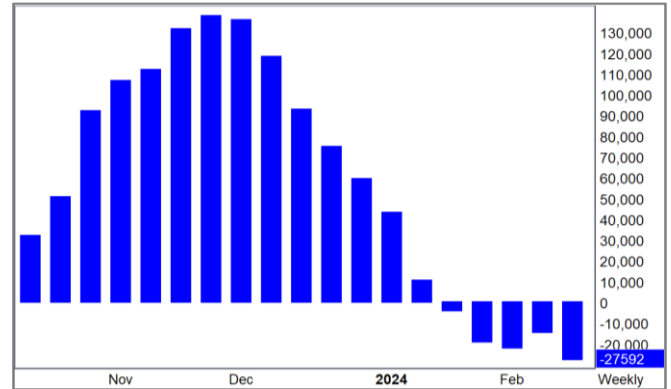
## Oilseed complex

Soybean futures exhibited volatility, initially trading within a range before descending to new lows after the USDA's outlook conference. The conference's projections, including a 3.9 million acre increase in soybean acreage to 87.5 million acres, did not significantly deviate from expectations.

However, continued net selling by funds has exerted downward pressure on prices. The Brazilian soybean harvest's rapid progress, coupled with a surge in nearby Brazilian fob premiums, suggests potential discrepancies in crop size projections

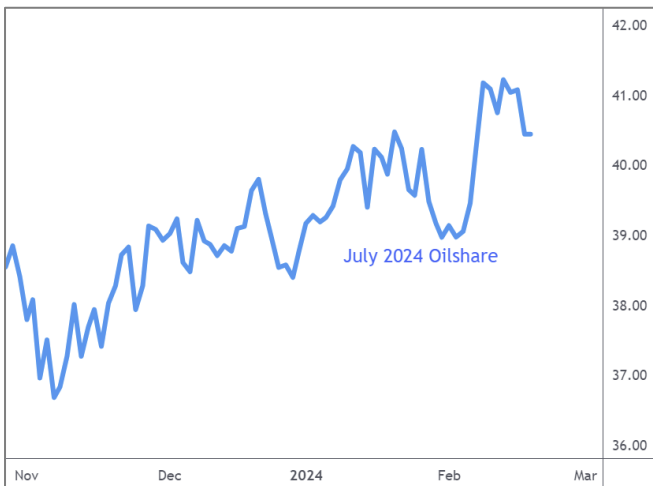


Soybean Oil Managed Money Fund Net Position (in contracts)



Soybean Meal Managed Money Fund Net Position (in contracts)





The focus remains on South American crop sizes and U.S. soybean planting acreage, with weather patterns in the coming weeks playing a pivotal role.

Despite a decline in the January soybean crush rate due to cold weather, the rate remains historically high, indicating robust demand. The market is now looking towards the upcoming South American crop reports and U.S. planting intentions for direction.

**Trade-Ideas:**

**Soybeans:** hold long SN4 call options; the market is pricing in a full crop growing period without a weather scare. Could potentially roll the SN4 options on SX4 options.

**Wheat:** liquidate the long options, as the market continues to be under pressure from short term supply

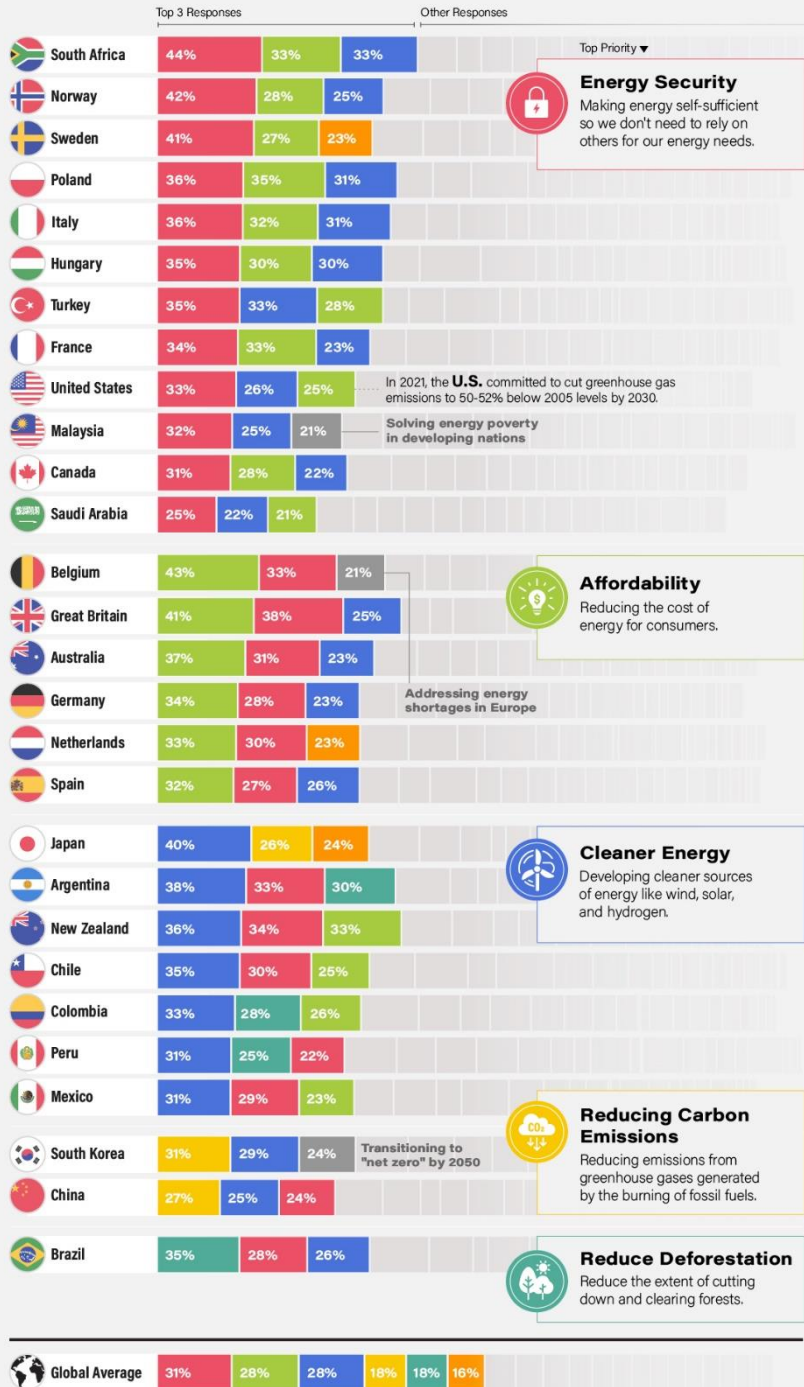
**Oilshare:** continue to hold longs in oilshare.

**Food for Thought:** Energy priorities around the world

# THE TOP Energy Priorities OF MAJOR COUNTRIES

In late 2022, Ipsos asked more than **24,000 people in 28 countries** about the top three energy issues in their country. Participants were allowed up to three responses.

● Energy Security ● Affordability ● Cleaner Energy ● Reduce Carbon Emissions ● Reduce Deforestation ● Reduce Reliance on Russian Fuel ● Other



**Energy Security**  
Making energy self-sufficient so we don't need to rely on others for our energy needs.

**Affordability**  
Reducing the cost of energy for consumers.

**Cleaner Energy**  
Developing cleaner sources of energy like wind, solar, and hydrogen.

**Reducing Carbon Emissions**  
Reducing emissions from greenhouse gases generated by the burning of fossil fuels.

**Reduce Deforestation**  
Reduce the extent of cutting down and clearing forests.

In 2021, the **U.S.** committed to cut greenhouse gas emissions to 50-52% below 2005 levels by 2030.

Solving energy poverty in developing nations

Addressing energy shortages in Europe

Transitioning to "net zero" by 2050

Source: Ipsos, 2022



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