

Weekly Market Report

Monday, 11 March 2024

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Weekly Overview

Price changes over the week.

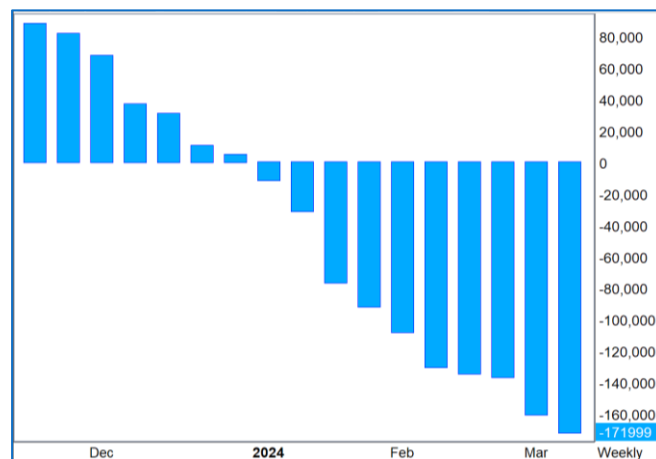
	Price	Change	Change%	30 Day High	30 Day Low
CBOT Wheat	537.75	-20.00	-3.59%	608.75	526.00
Kansas Wheat	588.75	24.25	4.30%	608.25	551.50
Corn	439.75	15.00	3.53%	448.50	408.75
Soybeans	1184.00	32.75	2.84%	1204.25	1128.50
Soybean Meal	341.40	9.10	2.74%	347.10	323.20
Soybean Oil	46.17	1.01	2.24%	48.89	44.18
Crude Oil	77.50	-1.59	-2.01%	79.87	75.31
Palm Oil	802.25	13.00	1.65%	802.25	757.50

Grain and oilseed markets witnessed a rebound in prices after experiencing several weeks of decline. This recovery comes at a time when the US crop planting is yet to commence, with even the expected acreage not yet established.

The anticipation of a potential increase in soybean acreage juxtaposed with a slowdown in demand suggests a cap on soybean prices unless there's a reduction in the total acres planted. As a result, the US might see an accumulation of soybean stocks next year.

Corn carryout remains high, indicating less risk premium being factored into prices. This suggests a lower likelihood of significant price rallies in the event of minor crop issues.

However, the fate of soybean and wheat prices will largely hinge on the performance of the northern hemisphere crops, where there's little margin for adverse weather events.



Soybeans Managed Money Fund Net Position (in contracts)

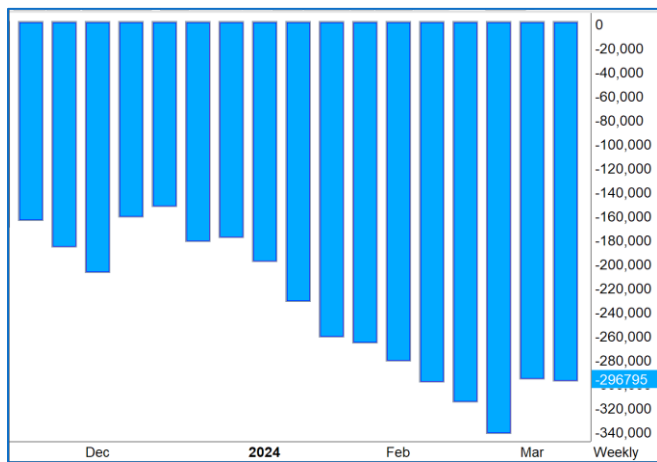
The Commitments of Traders (COT) report highlighted that managed money funds were predominantly net sellers, maintaining net short positions across almost all commodities covered in this report.

Notably, corn shorts saw some covering, reducing the net short positions to below 300,000 contracts, while soybean shorts increased to over 171,000 contracts. These substantial short positions may trigger a short covering rally if any crop risks materialize in the upcoming weeks or months.



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As we look forward, traders will focus on crop profitability and planting intentions in the US, which will shape the market dynamics in the near term. The forthcoming stocks report and prospective planting report in March are highly anticipated and will offer further insights into market trends.



Corn Managed Money Fund Net Position (in contracts).

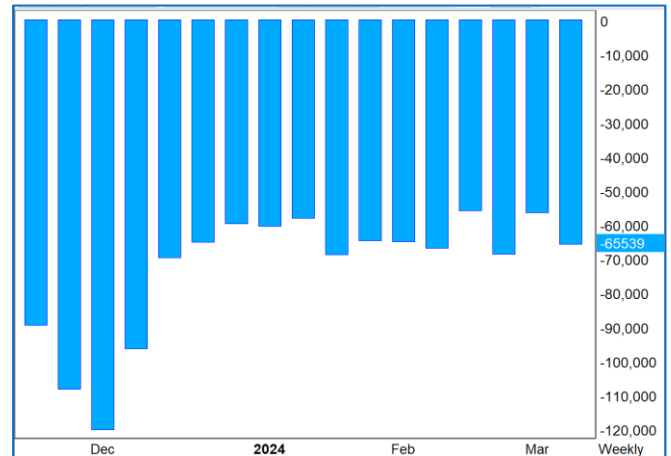
Grains

US wheat futures exhibited mixed results, with spot CBOT wheat approaching late 2023's lows while higher protein contracts saw significant gains. The competition from Russian wheat remains strong, keeping the pressure on US wheat prices.

However, with a new growing season on the horizon, market sentiment could shift as more information about the Northern Hemisphere's climate probabilities becomes available in the coming months.

The volatility in the wheat market continues to be driven by forward supply risks, despite adequate current supplies. The aggressive stance of Russian exporters, combined with substantial EU and Black Sea inventories, has limited the potential for significant price rallies in the near term. Moreover, the US wheat market is closely monitoring the extent of winter wheat acreage declines, which could have long-term implications on prices.





CBOT Wheat Managed Money Fund Net Position (in contracts)

Looking ahead, the wheat market is poised for a volatile period leading into May, with US SRW wheat expected to outperform other classes and origins. However, cancellation of SRW cargoes from China will have a bearish impact on SRW prices.

The availability of Russian and EU wheat will continue to prevent large price rallies, underscoring the importance of Northern Hemisphere growing weather as a key determinant of market direction in the upcoming season.



Corn futures enjoyed a second consecutive week of gains, shifting the market focus from the large US stocks to the looming weather threats in Brazil and the Central US. Some short covering by funds provided additional support to corn prices, with fund positions now below 300,000 contracts short.

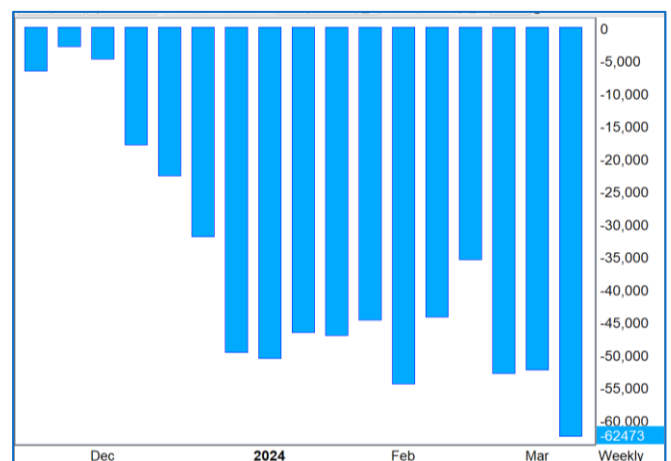
Export sales align with the USDA's annual forecast, signalling strong US export demand. However, the global corn market will be heavily influenced by Brazilian weather in the next two months, with forecasts indicating potentially dry conditions that could impact yields.

Despite the large US inventories, forward supply risks are significant, and any deviations from trend yields in the Northern Hemisphere could adjust market valuations. In the long run, South American production will be crucial in determining US export dynamics and, consequently, the global supply-demand balance.

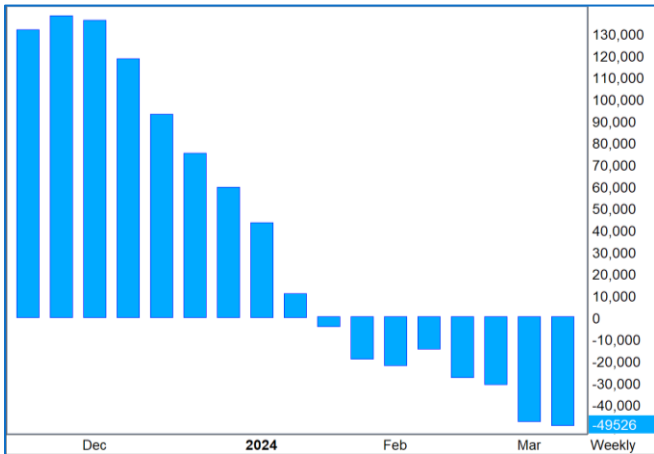
Oilseed complex

Soybean futures concluded the week on a higher note, spurred by fund short covering ahead of the March WASDE report. The report, which did not reveal any bearish surprises, was interpreted as bullish by traders, contributing to the rally in soybean prices.

Despite being net sellers, funds' actions contributed to the recovery from recent lows. However, the market continues to grapple with slow US exports and an accelerating Brazilian export rate. The USDA's unchanged US soybean balance sheet and the minor adjustment to the Brazilian crop estimate underline the cautious market sentiment.



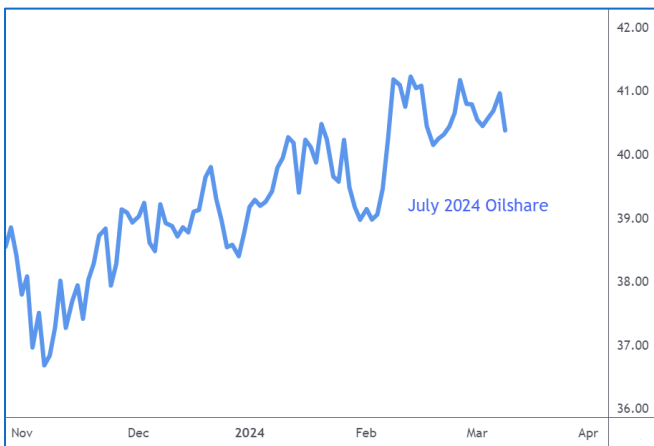
Soybean Oil Managed Money Fund Net Position (in contracts)



Soybean Meal Managed Money Fund Net Position (in contracts)



Oilshare remains under scrutiny as domestic soybean oil prices weaken, suggesting a potential sell-off from current levels. Meanwhile, soybean meal may find some technical support after being oversold. Going forward, the market will closely monitor South American crop sizes and soybean planting acreage, which are critical factors in shaping future price movements.

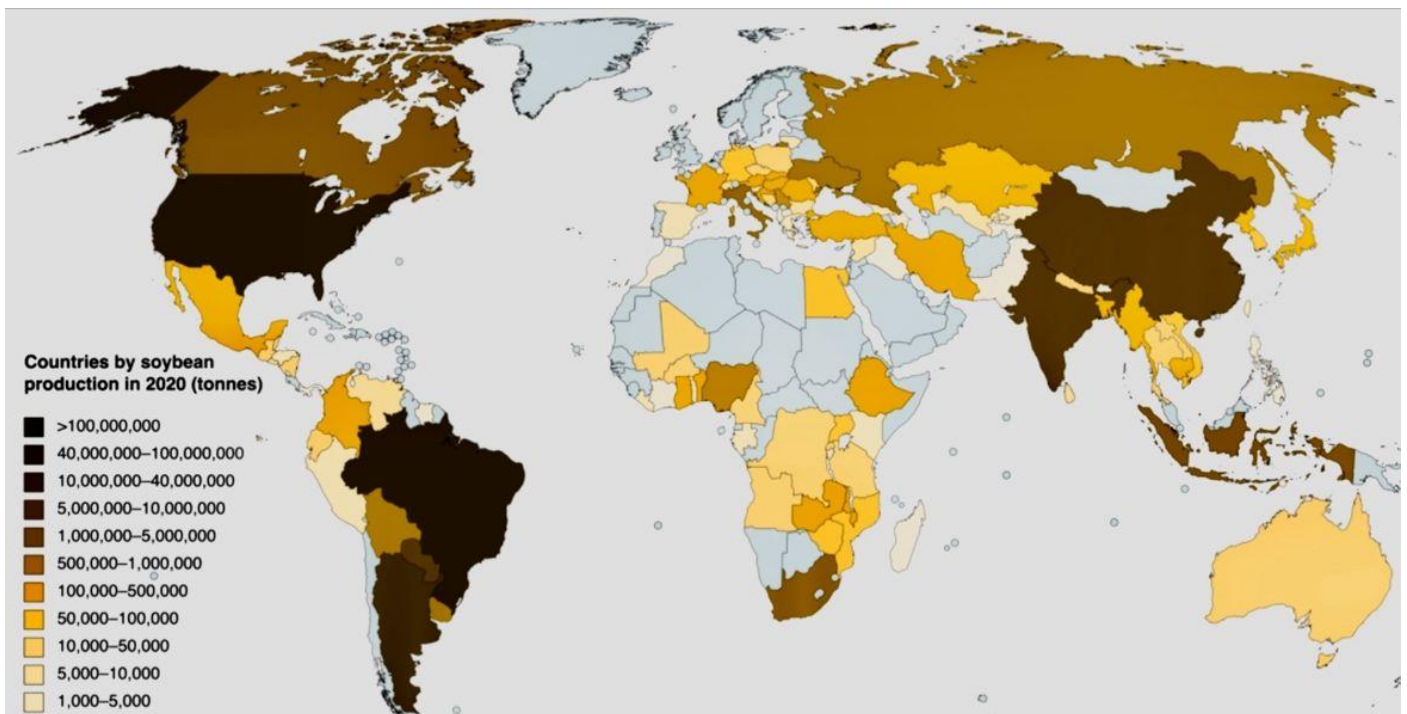


Trade-Ideas:

Soybeans: hold long SX4 options , look to sell soybeans after March 31 planting reports

Oilshare: sell current oilshare long at a profit, and then look to put on the long position again at sub 37-38 levels.

Food for Thought: Countries by SB production in 2020



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