

Weekly Market Report

Monday, 18 March 2024

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Weekly Overview

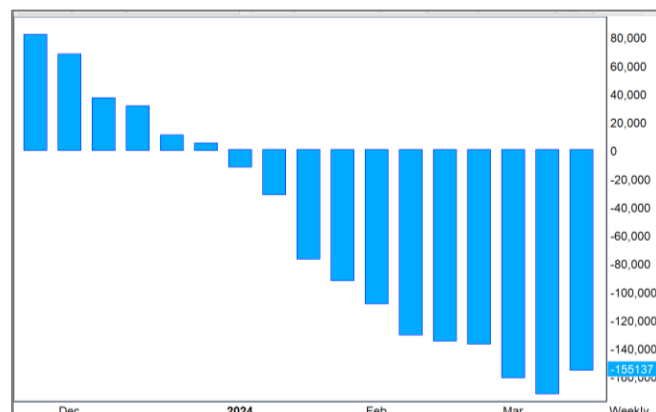
Price changes over the week.

	Price	Change	Change%	30 Day High	30 Day Low
CBOT Wheat	528.50	-9.25	-1.72%	594.25	523.50
Kansas Wheat	566.25	-22.50	-3.82%	605.25	551.50
Corn	436.75	-3.00	-0.68%	445.00	408.75
Soybeans	1198.25	14.25	1.20%	1217.50	1128.50
Soybean Meal	334.70	-6.70	-1.96%	345.20	323.20
Soybean Oil	49.42	3.25	7.04%	49.61	44.18
Crude Oil	80.58	3.08	3.97%	81.03	75.50
Palm Oil	844.50	42.25	5.27%	847.50	757.50

The agricultural commodities market observed a week of mixed performance, with grain prices facing downward pressure and the soybean complex pushed higher, thanks in part to a rally in the vegetable oil complex.

Managed money funds added longs to soybeans and corn, as evidenced by the Commitment of Traders (COT) report. Notably, the corn market saw a reduction in managed money short positions from over 340,000 contracts a few weeks ago to 255,000, while soybean shorts dropped to 155,000 contracts.

This shift suggests potential for a short-covering rally should any crop risks materialize in the near future.



Soybeans Managed Money Fund Net Position (in contracts)

The upcoming crop season in the U.S. remains shrouded in uncertainty, with the planting acreage for key commodities like soybeans yet to be determined. Despite this, expectations of increased soybean acreage and slower demand could cap price gains unless there's a notable decrease in planted acres.

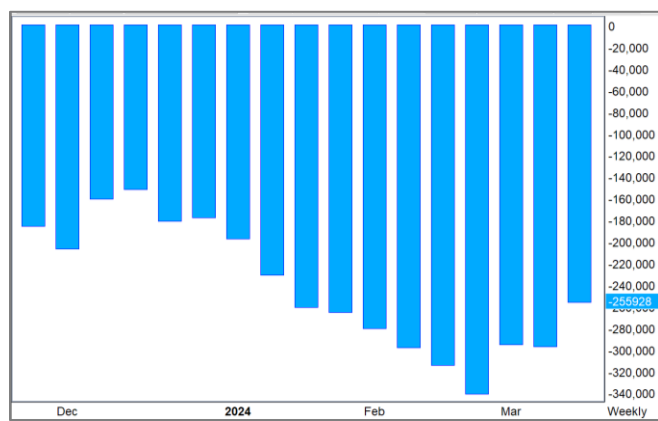
The situation with corn carryout further complicates the market dynamics, presenting a less favourable environment for significant price rallies in the event of minor crop issues.

However, the performance of northern hemisphere crops, especially if Chinese demand increases, will be critical in maintaining current price levels without requiring above-trend yields.



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As traders look ahead, the crop profitability for the upcoming season in the U.S. will play a crucial role in shaping planting intentions, with a keen eye on the stocks report and prospective planting report due in March end



Corn Managed Money Fund Net Position (in contracts).

Grains

In the wheat sector, U.S. futures saw mixed closes amidst news of Chinese cancellations and potential deferrals in Australian wheat purchases.

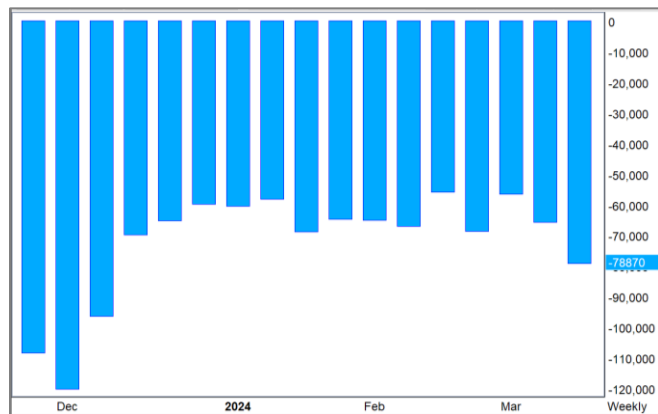
Despite a slight recovery in Russian wheat prices, the market remains overshadowed by the abundant supply of cheap wheat from Russia and the EU. This surplus is expected to continue exerting downward pressure on prices, even as volatility persists due to forward supply risks.



Rally efforts are likely to be challenged in the near term, as Russian and European exporters focus on reducing old crop inventories. Additionally, the limited global stocks outside of Europe and Russia highlight the necessity for the upcoming Northern Hemisphere yields to meet or exceed trend levels.

With the competition from combined EU and Black Sea inventories, and rainfall in key regions like Ukraine and Russia significantly below normal, the availability of Russian and EU wheat continues to hinder significant market rallies.

Nevertheless, the undervaluation of spot CBOT wheat below \$5.25 presents an opportunity for price adjustments in the event of moderate supply disruptions. The importance of Northern Hemisphere weather conditions cannot be overstated, with perfect or near-perfect conditions required to maintain a bearish trend through spring and early summer.



CBOT Wheat Managed Money Fund Net Position (in contracts)



May CBOT corn futures closed slightly weaker, reflecting a pause in the recent recovery amid forecasts of wetter conditions in late March for Brazil. Despite this, the short covering by funds provided some support, with a notable decrease in short positions.

The focus on Brazilian weather and its impact on the second corn crop underscores the critical role of weather in determining fair value for corn well into 2024.

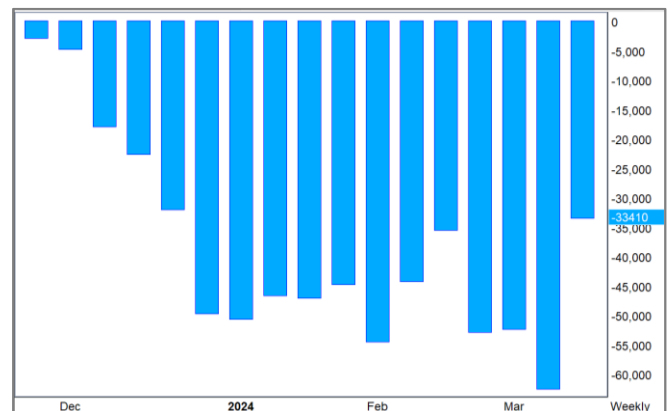
The large carryout estimates for the U.S. suggest that price rallies may be difficult to sustain in the short term. However, dry conditions in Brazil and potential yield challenges in the U.S. could prompt price increases.

The overall balance sheet adjustments for corn will largely depend on upcoming rainfall in Brazil and U.S. planting intentions, with several weather and supply concerns anticipated this spring and summer

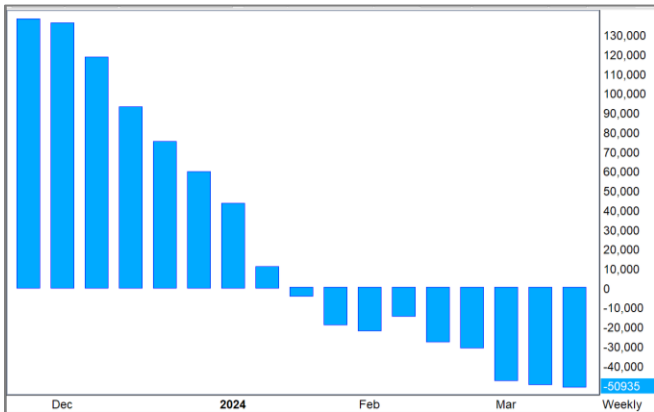
Oilseed complex

Soybean futures experienced gains throughout the week, buoyed by fund buying after weeks of selling pressure. The market responded positively to short covering by funds, who began the week with a record net short position.

Despite slow U.S. exports and accelerating Brazilian export rates, the adjustment in CONAB's Brazilian soybean crop estimate and expectations for oilshare dynamics contributed to the market's movement.



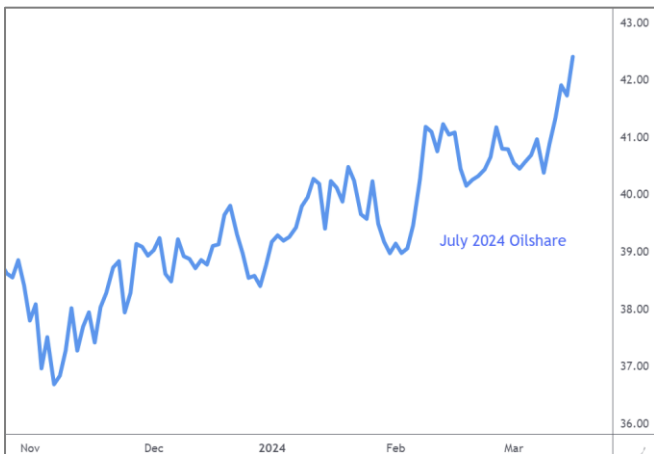
Soybean Oil Managed Money Fund Net Position (in contracts)



Soybean Meal Managed Money Fund Net Position (in contracts)

The USDA's potential revision of soybean crush estimates, in light of current crush pace and upcoming plant expansions, points to a cautiously optimistic outlook for the soybean market.

However, the short-term future of soybean prices will heavily depend on South American crop sizes and forthcoming estimates on soybean planting acreage.



Trade-Ideas:

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

Oilshare: look to put on the long position again at sub 37-38 levels, this is post the liquidation of oil share positions last week.

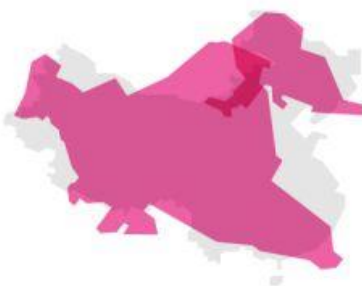
Food for Thought: The population of China in perspective

THE POPULATION OF CHINA IN PERSPECTIVE

Each country's size in this map has been scaled to represent its population size.



The population of China is 1.44 billion which is more than multiple regions combined including: South America, Europe, the U.S. & Canada, and Australia & New Zealand.



India
1.38B



Africa
1.34B

To keep the visualization easy to read, we've used simplified representations of country shapes.



SOURCE: Elaboration of data by United Nations, Department of Economic and Social Affairs, Population Division

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