

Weekly Market Report

Monday, 25 March 2024

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Weekly Overview

Price changes over the week.

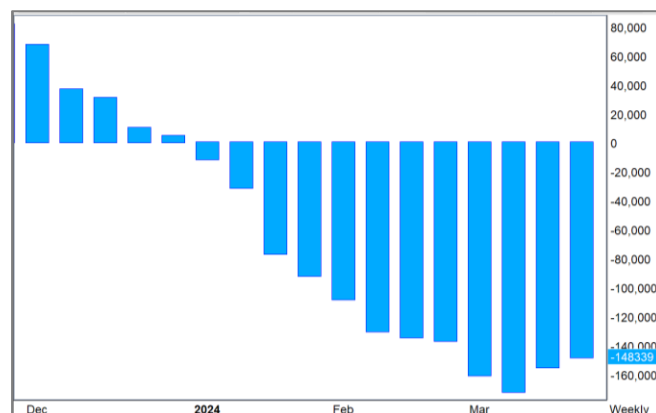
	Price	Change	Change%	30 Day High	30 Day Low
CBOT Wheat	554.75	26.25	4.97%	594.25	523.50
Kansas Wheat	590.50	24.25	4.28%	605.25	551.50
Corn	439.25	2.50	0.57%	445.75	408.75
Soybeans	1192.50	-5.75	-0.48%	1226.75	1128.50
Soybean Meal	339.10	4.40	1.31%	347.60	323.20
Soybean Oil	47.64	-1.78	-3.60%	49.80	44.18
Crude Oil	80.63	0.05	0.06%	83.12	75.50
Palm Oil	835.75	-8.75	-1.04%	850.75	764.00

This past week saw an upward movement in grain prices, while soybean and soybean meal struggled to maintain their gains, closing the week largely unchanged. In contrast, soybean oil experienced a notable price surge, buoyed by broader rallies in the vegetable oil complex and energy sector.

Next week promises to be pivotal with the prospective planting report awaited eagerly by traders to shed light on expected planting acreage, crucial for forecasting new crop supply and demand balance sheets.

The March 1 stocks report next week will provide clearer insights into the pace of old crop consumption. The upcoming reports could significantly influence market sentiment with corn planting projected at around 91 million acres and soybeans at 87 million acres.

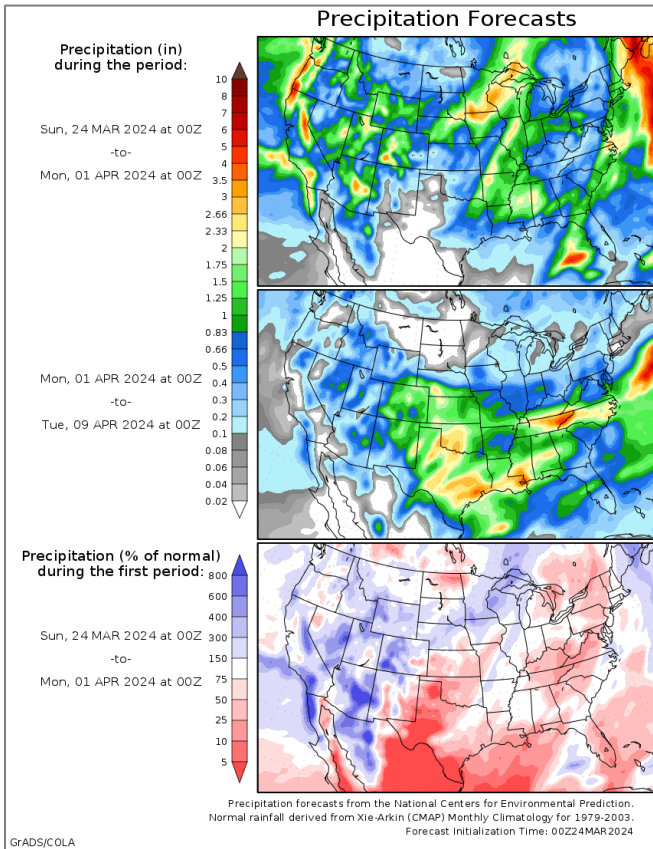
A deviation in soybean planting numbers from current projections might lead to a substantial price rally, highlighting the market's sensitivity to these figures.



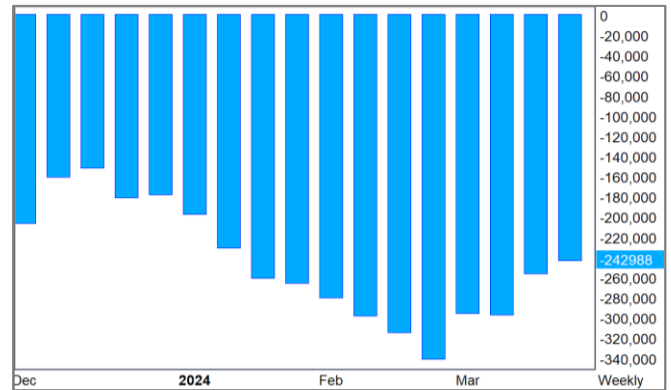
Soybeans Managed Money Fund Net Position (in contracts)



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Managed money funds have shown a net buying interest in almost all commodities, with a notable reduction in short positions for soybean oil. The market's focus is now turning towards crop profitability in the US, which will dictate planting intentions and potentially lead to significant volatility during the release of next week's crucial reports.



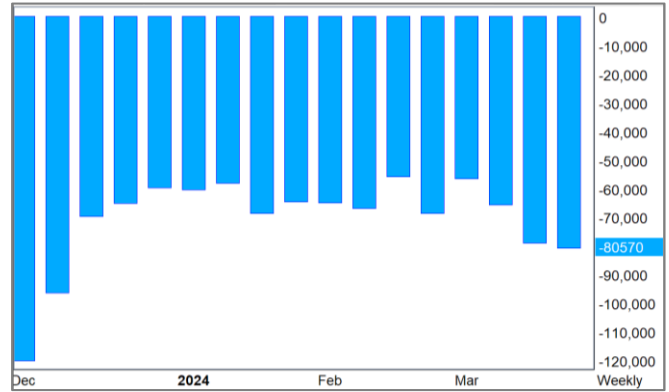
Corn Managed Money Fund Net Position (in contracts).

Corn's ample carryout presents a dampened risk premium, suggesting a cap on potential price rallies in the face of minor crop issues. Conversely, the fortunes of soybean and wheat prices are closely tied to the performance of northern hemisphere crops, with little room in the balance sheets to absorb major adverse weather events. Recent Chinese cancellations have eased some of the tightness in the wheat market, yet, the performance of upcoming crops remains a critical factor.

Grains

Wheat futures experienced gains globally amid ongoing geopolitical tensions and concerns over spring Russian exports. The conflict in Ukraine and internal disputes within Russia over phytosanitary certificates add layers of uncertainty to the market.

Despite large old crop supplies from the EU and Russia dominating the price direction, the northern hemisphere is entering a new growing season with several weather issues threatening to impact global stocks.



CBOT Wheat Managed Money Fund Net Position (in contracts)



The necessity for substantial crops to bolster global stocks in 2024/25 places added emphasis on weather conditions moving forward.

Meanwhile, excess inventory clearance by Russian and European exporters is likely to temper short-term rallies.



The availability of wheat from these regions has been a major factor preventing significant price movements, with weather patterns now becoming a primary focus for the market.



CBOT corn futures closed the week on a firm note, supported by short covering from funds. The global corn trade in the coming summer months will largely hinge on Brazilian weather and the size of its second corn crop.

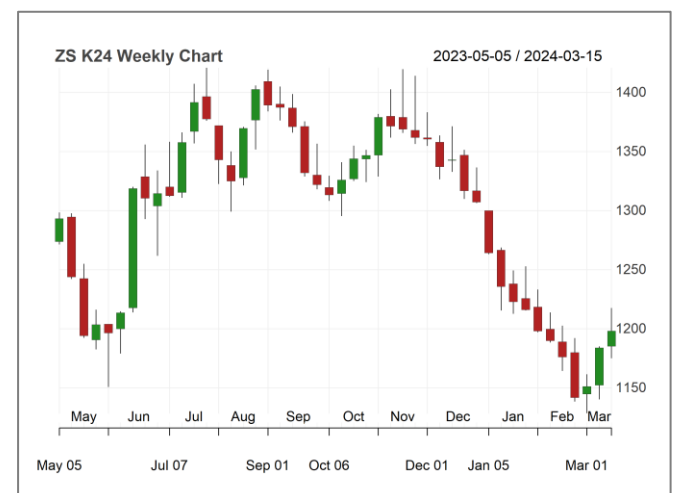
Despite the burdensome carryout estimates in the US, geopolitical tensions and the erosion of physical supplies are keeping the market on edge.

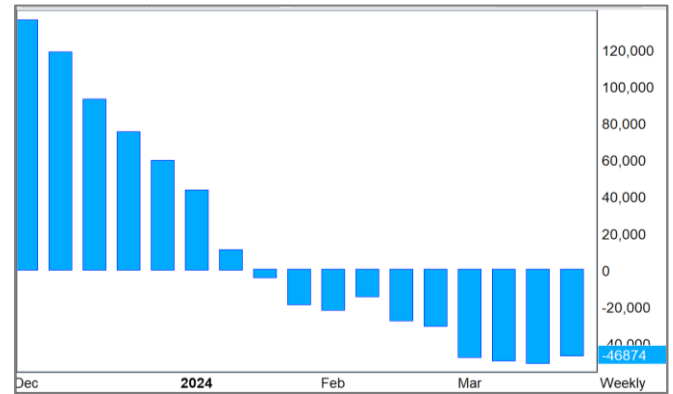
Short-term price rallies may be challenging due to large US inventories, but factors such as Brazilian dryness and US planting intentions could introduce volatility.

The long-term outlook for corn will be closely tied to these developments, with market adjustments likely to follow Thursday's NASS report and subsequent weather patterns.

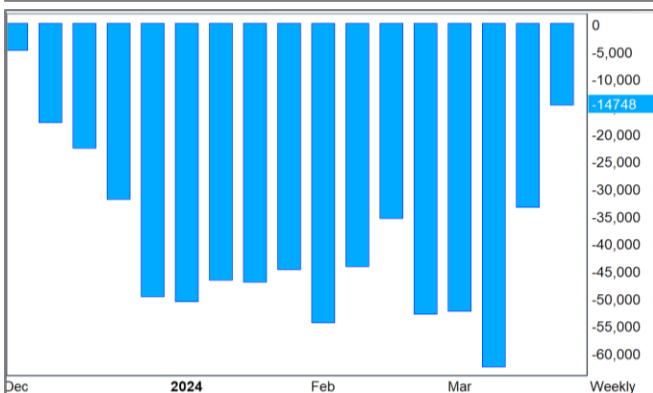
Oilseed complex

Soybean futures fluctuated over the week, ultimately settling slightly lower. Despite this, funds have been net buyers, reflecting a shift in market sentiment towards soybeans. The debate over the size of the 2024 Brazilian soybean crop and future Chinese demand continues, with Brazilian premiums signaling possible underestimations of crop sizes





Soybean Meal Managed Money Fund Net Position (in contracts)



Soybean Oil Managed Money Fund Net Position (in contracts)

Market dynamics have been influenced by slow US exports and a faster Brazilian export rate, with soybean meal and soybean oil facing their respective challenges. The upcoming prospective planting report is set to be a focal point for the market, potentially guiding future price directions based on estimated planting acreages.

Trade-Ideas:

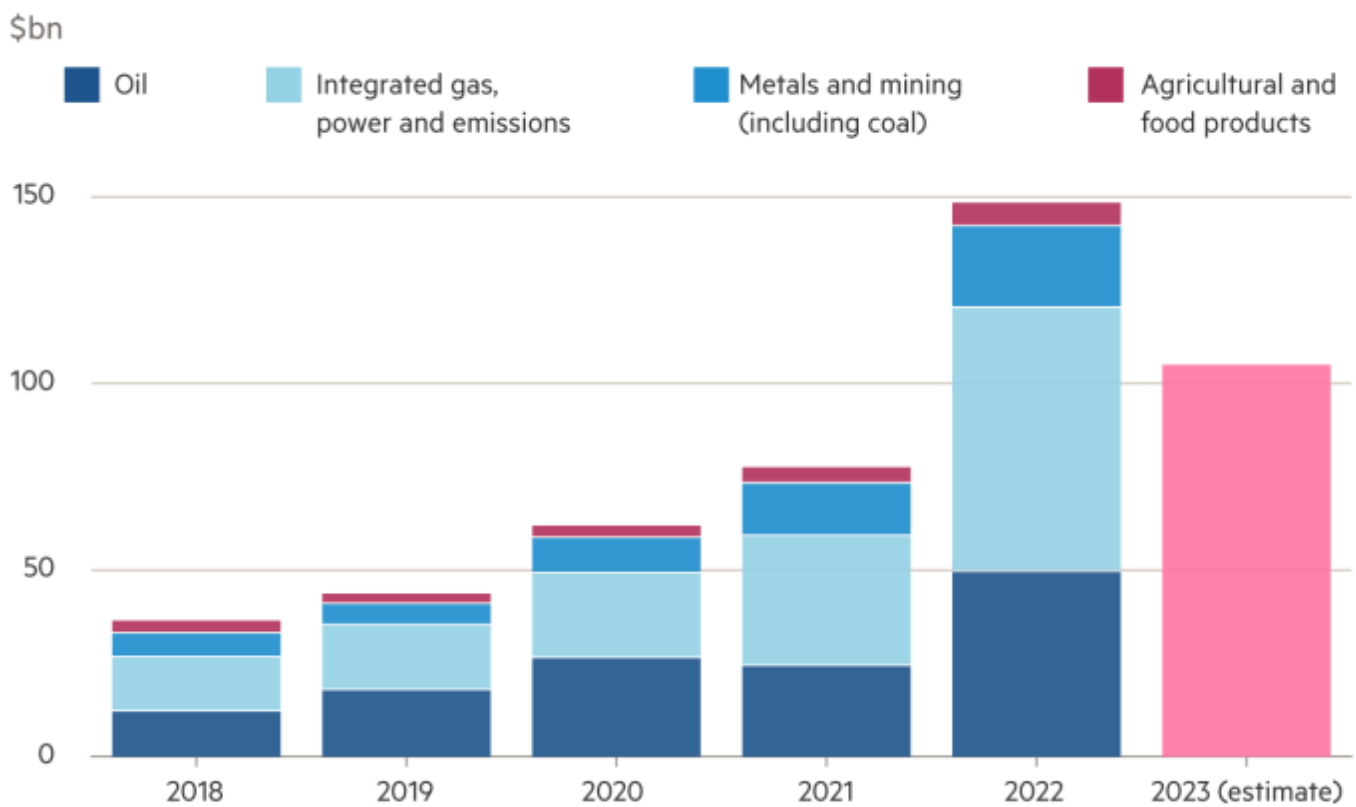
Corn: stay close to home while trading volatility via options

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

Food for Thought: 2023 was a good year to be in commodity trading!

Total global commodity trading gross margin



Source: Oliver Wyman proprietary data and analysis
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