

# Weekly Market Report

Monday, 1 April 2024

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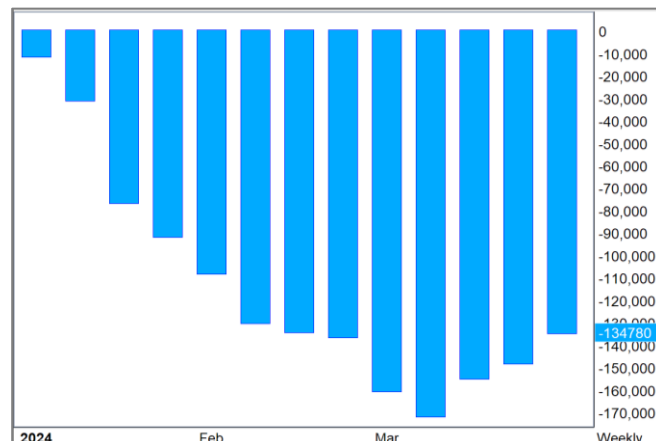
## Weekly Overview

Price changes over the week.

	Price	Change	Change%	30 Day High	30 Day Low
CBOT Wheat	560.25	5.50	0.99%	585.00	523.50
Kansas Wheat	585.25	-5.25	-0.89%	605.25	551.50
Corn	442.00	2.75	0.63%	448.00	421.75
Soybeans	1191.50	-1.00	-0.08%	1226.75	1128.50
Soybean Meal	337.70	-1.40	-0.41%	347.60	323.20
Soybean Oil	47.95	0.31	0.65%	49.80	44.51
Crude Oil	83.17	2.54	3.15%	83.21	76.43
Palm Oil	825.75	-10.00	-1.20%	850.75	777.50

This past week, CBOT agricultural commodities saw trading within a broader range, though week-on-week price changes remained modest. The U.S. Department of Agriculture (USDA) planting report, largely anticipated by the markets, revealed wheat and soybean planting projections in line with expectations, but corn plantings fell short, supporting corn prices.

The USDA's lower-than-expected corn planting forecast for 2024 led to a 3% surge in December corn futures—the most significant single-day gain since July—reaching a peak price unseen since late January. However, despite the potential for reduced production, the impact on corn prices was mitigated by the existing room for lower production within the corn balance sheet.



Soybeans Managed Money Fund Net Position (in contracts)

Corn's March 1 stocks were reported below market expectations, contrary to the slightly higher than anticipated stocks for soybeans and wheat. However, more burdensome carryout for corn, limits the scope for significant price rallies due to minor crop issues.

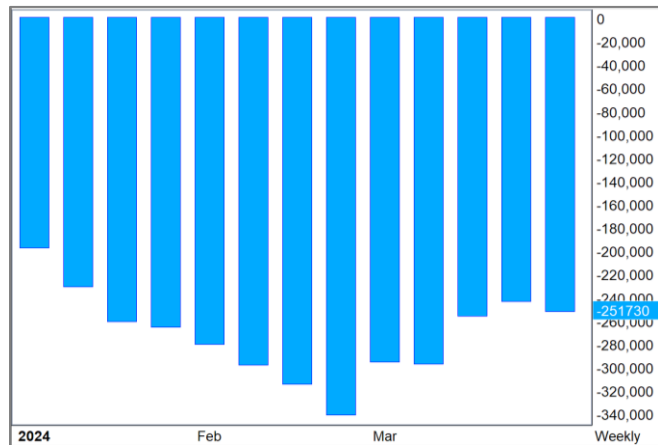
The market focus now pivots towards weather patterns and planting progress, following the release of the planting and stock reports, with a keen focus on the northern hemisphere's crop performance, especially for soybeans and wheat, where there is little margin for adverse weather impacts.

Interestingly, managed money funds showed a net buying interest in almost all commodities, with notable movements in soybean oil, where a significant reduction in short positions was observed.



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This shift highlights the evolving sentiment and strategic positioning among traders as they adapt to the latest market data and outlook.

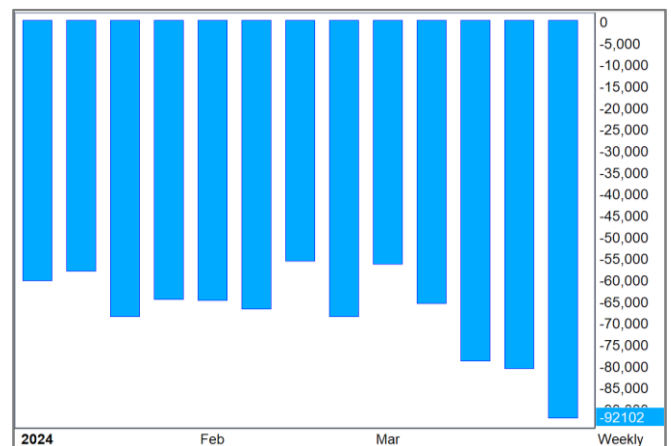


*Corn Managed Money Fund Net Position (in contracts).*

## Grains

In the wheat market, futures experienced mixed results. While spot CBOT wheat found support, higher protein contracts closed slightly lower. This aligns with the USDA's seeding intentions, which suggest a notable decline in Soft Red Winter (SRW) wheat production against a backdrop of potentially steady or higher Hard Red Spring (HRS) and Hard Red Winter (HRW) wheat outputs.

The geopolitical landscape remains a pivotal factor, with ongoing conflict risks in Ukraine and emerging tensions between the Russian government and some exporters over phytosanitary certificates, potentially impacting Russian spring wheat exports. Despite these challenges, global wheat supply dynamics are heavily influenced by the substantial old crop supplies from the EU and Russia.



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



As the northern hemisphere enters a new growing season, the focus intensifies on weather conditions and their implications for global wheat stocks. The necessity for near-perfect weather in key producing regions underlines the precarious balance of supply and demand, with limited tolerance for yield disruptions.

Ultimately, the ability of the Russian and EU crops to avoid production losses will play a crucial role in determining price trends, particularly for U.S. Kansas wheat prices relative to CBOT wheat.

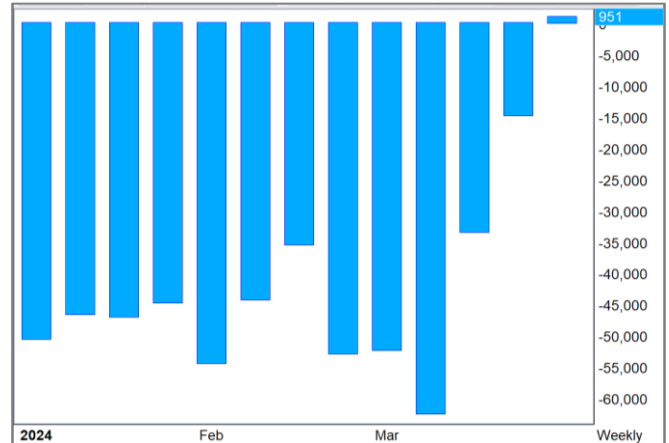


Corn futures ended the week on a firm note, bolstered by bullish USDA reports on stocks and seedings that underscore the importance of optimal weather conditions in the U.S. and northern hemisphere to prevent a contraction in 2024/25 stocks. The global corn market will be closely watching Brazilian weather patterns over the next 30 days, as the size of Brazil's second corn crop will be crucial, with U.S. crops only entering the market later in the year.

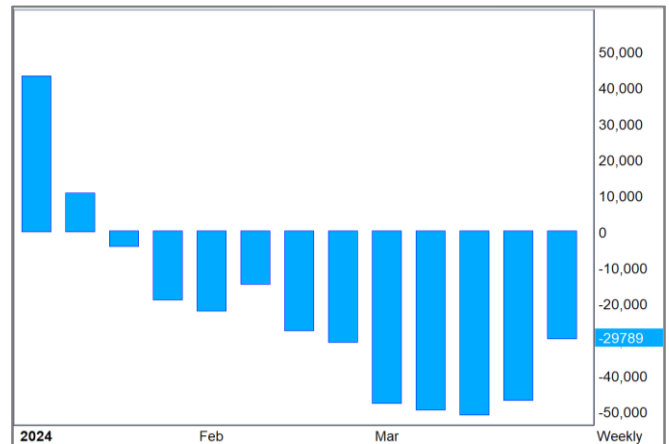
With reduced flexibility in the supply-demand balance sheet, corn prices are now more sensitive to weather fluctuations. The market anticipates a volatile summer, focused on Central U.S. weather patterns and the potential for price movements in response to Brazilian dryness and U.S. yield outcomes.

### Oilseed complex

Soybean futures traded with relative calm ahead of the USDA reports, closing the week slightly lower. The market witnessed a shift in sentiment, with funds moving from net sellers to net buyers, spurred by short covering in CBOT soybeans. The ongoing debate over the size of Brazil's 2024 soybean crop and future Chinese demand remains a key factor in market dynamics.

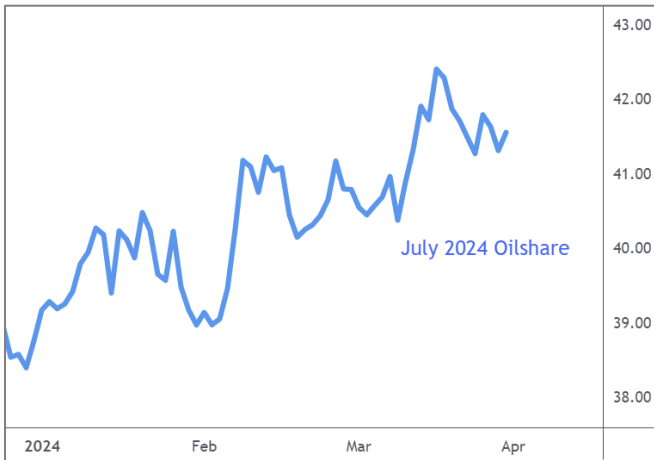


Soybean Oil Managed Money Fund Net Position (in contracts)



Soybean Meal Managed Money Fund Net Position (in contracts)





Despite the quiet trading week, the soybean market is closely monitoring oilshare movements, as domestic cash soybean oil prices weaken, indicating potential short-term sell-offs.

The USDA's grain stocks report confirmed March 1 stocks and intended planting acres within market expectations, offering no significant surprises but setting the stage for future adjustments in soybean crush estimates due to current crush pace.

Looking ahead, the soybean market's attention will turn to planting progress and weather conditions during the growing months, with Chinese demand poised as a potential swing factor in market direction.



**Trade-Ideas:**

**Soybeans:** look to short SX4 via options . If there is benign weather in US for the growing season , we should see significantly lower SX prices in the longer term.

**Oilshare:** look to put on the long position again at sub 37-38 levels

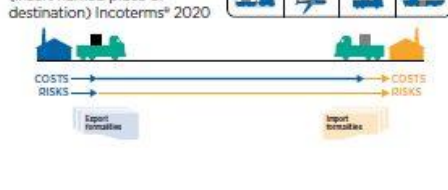
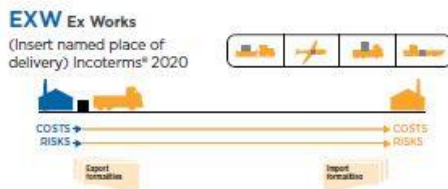
**Food for Thought:** INCO terms explained



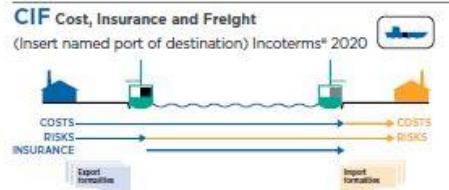
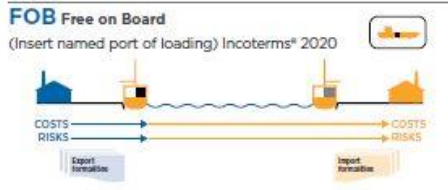
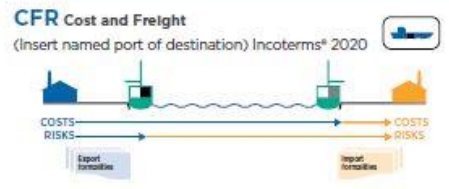
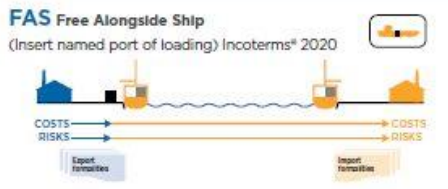
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