

Weekly Market Report

Monday, 8 April 2024

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Weekly Overview

Price changes over the week.

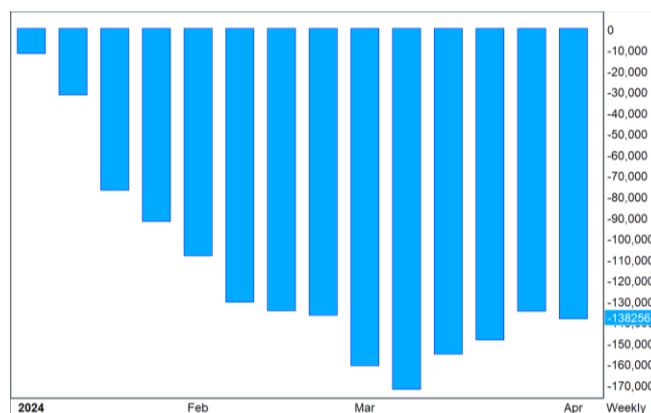
	Price	Change	Change%	30 Day High	30 Day Low
CBOT Wheat	567.25	7.00	1.25%	574.75	523.50
Kansas Wheat	582.25	-3.00	-0.51%	605.25	555.00
Corn	434.25	-7.75	-1.75%	448.00	424.50
Soybeans	1185.00	-6.50	-0.55%	1226.75	1147.00
Soybean Meal	333.10	-4.60	-1.36%	347.60	325.10
Soybean Oil	48.89	0.94	1.96%	49.80	45.01
Crude Oil	86.91	3.74	4.50%	87.63	76.43
Palm Oil	870.25	44.50	5.39%	884.50	798.50

Last week's trading in the CBOT agricultural commodities market was characterized by range-bound prices as traders digested the latest Plantings and Stocks numbers.

As we move into what is commonly referred to as the weather market, longer-term prices will increasingly be determined by weather forecasts and actual weather conditions in the growing areas. This season, volatility is expected to be shaped by the severity of adverse weather and the existing margin for error in the supply and demand balance sheets of the respective products.

Corn plantings were reported below market expectations, which could introduce added volatility in the coming months. In contrast, wheat and soybean plantings were largely in line with forecasts.

The March 1 stocks for corn were found to be lower than market expectations, while soybeans and wheat stocks were slightly higher than the average market guess. Despite this, corn carryout remains somewhat burdensome, suggesting that there is a lower risk of significant price rallies in the event of minor crop issues.



Soybeans Managed Money Fund Net Position (in contracts)

Soybean and wheat markets are poised at a delicate balance. Their future will largely hinge on the performance of northern hemisphere crops, as there is limited room to accommodate major adverse weather events.

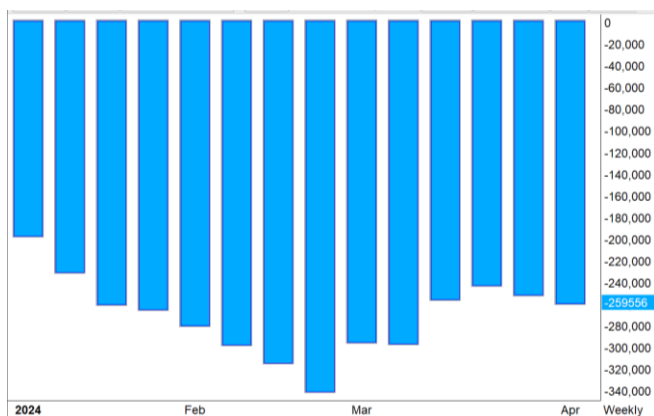
Additionally, the ongoing Russian phytosanitary issue continues to inject nervousness into the wheat market, as stakeholders evaluate the potential continuity of Russian wheat exports.



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The latest COT report indicated that managed money funds have not significantly altered their net positions, but future positioning is likely to be influenced by upcoming weather forecasts.

With the planting and stock report now behind us, the market's focus shifts towards planting progress, weather conditions during planting, and the realization of expected planting acreage.

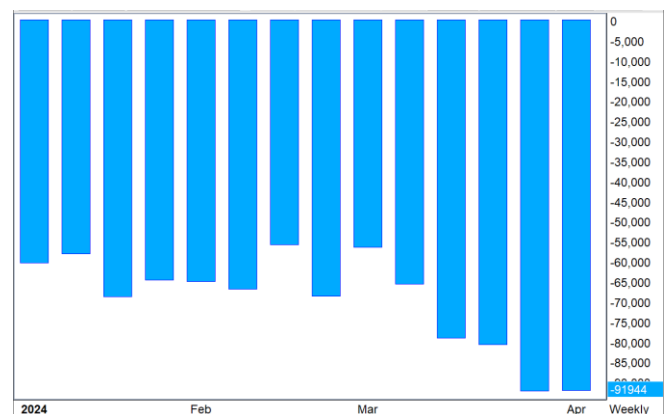


Corn Managed Money Fund Net Position (in contracts).

Grains

The wheat market ended the week steady to higher amidst escalating internal Russian issues. Concerns over the potential expansion of conflict in Ukraine and internal tensions within Russia, notably involving some exporters due to phytosanitary certificate issues, have posed risks to the pace of Russian spring exports.

The Russian Agricultural Phytosanitary Watchdog has expressed concerns, highlighting a possible widespread impact on the phytosanitary integrity of grains being exported from Russia



CBOT Wheat Managed Money Fund Net Position (in contracts)



Despite these tensions, large old crop supplies from the EU and Russia continue to dominate the price direction in the near term.

However, as we enter a new growing season across the Northern Hemisphere, there's an upward trend in seasonal prices from late March into early June, necessitating large crops to bolster global stocks for the 2024/25 season amidst numerous weather concerns.

The importance of achieving trend yields in the Northern Hemisphere cannot be overstated, as stocks outside of Europe and Russia are not abundant. Limited tolerance for yield losses, particularly in the US, Europe, and Russia, underscores the critical nature of upcoming weather conditions.



Corn prices closed lower on the week following initial support from reduced acreage reports. The future of world corn trade flows will now pivot on Brazilian weather conditions over the next 60 days and the size of Brazil's second corn crop, as the US crop will only enter the market later in the year.

With the reduced buffer in the supply and demand balance sheet, corn prices are now more sensitive to weather conditions. A yield of 179 bushels per acre or higher would maintain new crop stocks above 2.0 billion bushels, while a yield below 175 could see stocks trimmed to between 1.4 and 1.6 billion bushels.

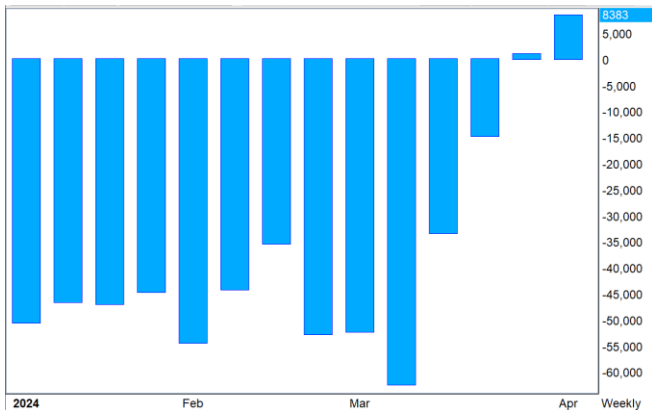
Oilseed complex

Soybean futures experienced pressure in the first half of the week but managed to recover most of their losses in the latter half.

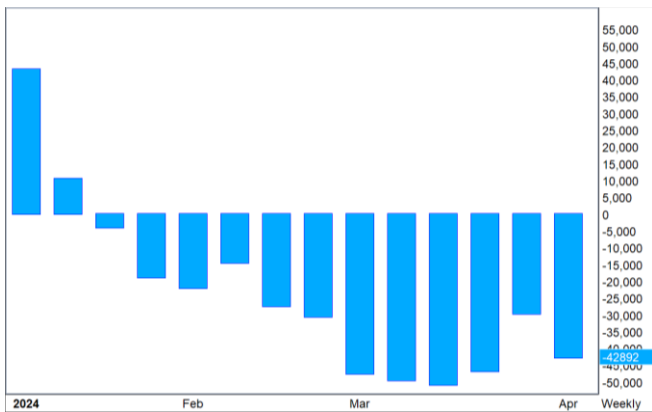
The market saw funds turning net sellers after several weeks of consistent selling, with managed money fund positions now short by approximately 140,000 contracts.

The size of the 2024 Brazilian soybean crop and future Chinese export demand continue to be subjects of debate.





Soybean Oil Managed Money Fund Net Position (in contracts)



Soybean Meal Managed Money Fund Net Position (in contracts)

With market news being limited throughout the week, future market

direction is expected to be primarily dictated by weather conditions. Soybean oil faced weakening domestic cash prices, prompting expectations of a short-term sell-off from its current levels, while soybean meal might find some technical support after being oversold alongside soybeans.

The USDA may revise its soybean crush estimates upward for the 23/24 and 24/25 seasons due to the current crush pace and the anticipated expansion of new plants this year.

The focal point for the market moving forward will be the planting progress and weather conditions during the growing months, with demand from China also playing a crucial role as a potential swing factor.

Trade-Ideas:

Soybeans: Look to short SX4 via options. If the weather in the US is benign 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

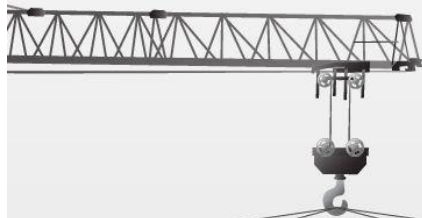
Food for Thought: The worlds largest importers in \$

The World's Largest Importers

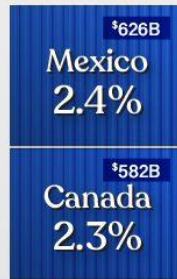
By Value

The top 10 countries made up more than half of the world's imports in 2022.

Total Global Imports 2022
\$25.6T



North America



Europe

Asia



Source: World Trade Organization, USAFacts

Australia

South America

Africa



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