

Weekly Market Report

Monday, 15 April 2024

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Weekly Overview

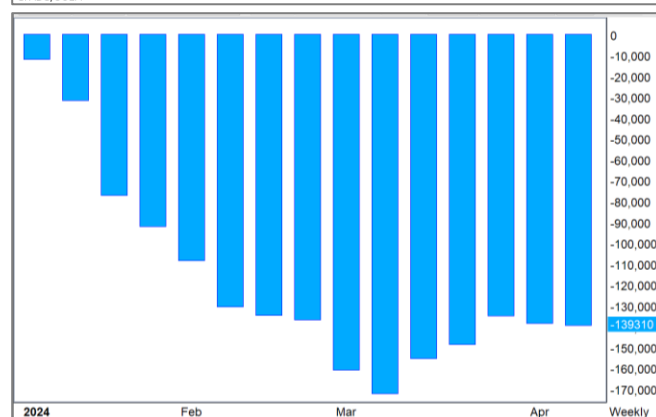
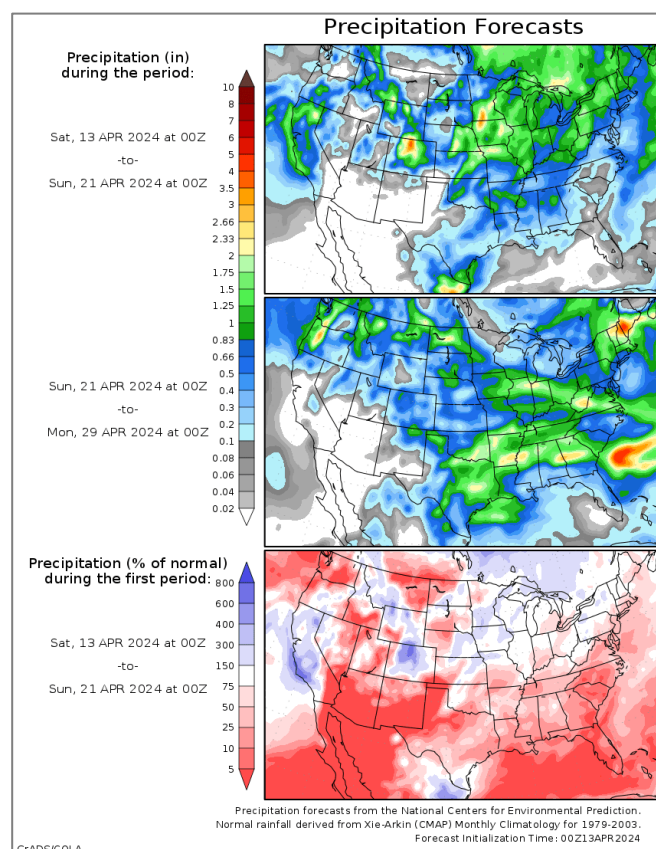
Price changes over the week.

	Price	Change	Change%	30 Day High	30 Day Low
CBOT Wheat	570.75	-11.00	-1.89%	588.75	542.25
Kansas Wheat	587.00	7.50	1.29%	595.75	553.75
Corn	447.25	0.50	0.11%	460.00	438.50
Soybeans	1186.75	-10.00	-0.84%	1240.00	1163.75
Soybean Meal	344.10	7.90	2.35%	350.70	328.90
Soybean Oil	46.45	-2.94	-5.95%	50.29	46.15
Crude Oil	84.40	-0.80	-0.94%	86.16	78.15
Palm Oil	850.75	-15.00	-1.73%	880.00	822.75

The past week in the CBOT agricultural commodities prices were largely range-bound, except for soybean oil decline. The USDA's April report aligned with market anticipations, resulting in minimal volatility as attention now turns more towards planting progress and weather implications.

We are entering what is known as the weather market, where the long-term pricing of commodities will heavily depend on weather forecasts and actual conditions over key growing areas. The significance of this phase is amplified by the current tight supply-demand balance across various crops, limiting the margin for error should adversely weather impact production.

This setting has heightened price sensitivity to potential weather disruptions, particularly now in corn where carryout remains substantial yet constrained by reduced expectations and of a lower Argentine crop.

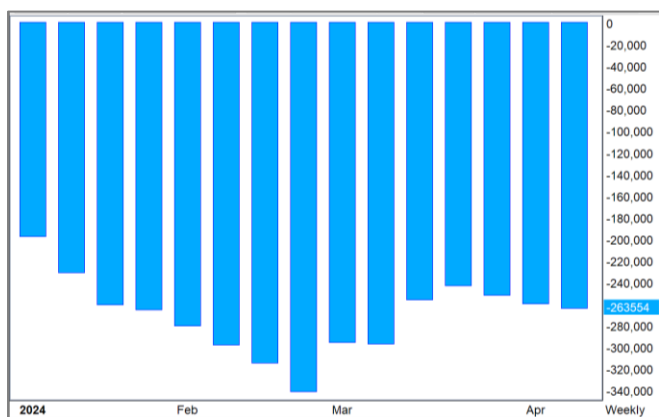


Soybeans Managed Money Fund Net Position (in contracts)

On another front, the ongoing Russian phytosanitary issues inject uncertainty into the wheat market, influencing global export dynamics and reacting to weather patterns that will shape Russia's export capacity in the near term.

In financial positioning, the COT report highlighted a mixed sentiment with managed money funds selling in corn and oilseeds complex but purchasing wheat, maintaining a notable short position in the latter.

As the planting and stock reports conclude, the market's focus is poised to pivot towards planting progress and weather impacts through the critical July/August period, which will determine much of the yield outcomes for this season.

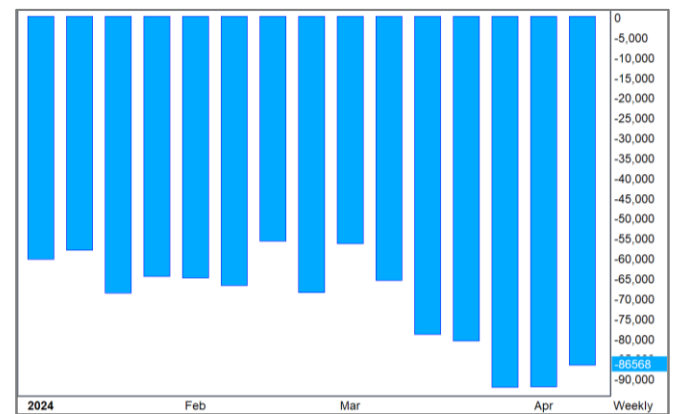


Corn Managed Money Fund Net Position (in contracts).

Grains

The wheat market last week presented a complex landscape. Wheat futures closed mixed, reflecting varied regional dynamics. Kansas City futures gained as concerns over soil moisture loss in the Southern and Western Plains grew. European and Russian old crop supplies continue to dominate the immediate price direction, but as the new crop progresses, weather will become a more influential factor in price determination.

The Russian Agricultural Phytosanitary Watchdog raised alarms about the integrity of grain exports from Russia, a situation exacerbated by selective impacts on shipments to certain countries.



CBOT Wheat Managed Money Fund Net Position (in contracts)



As the Northern Hemisphere enters a new growing season, the necessity for substantial yields is underscored by limited global stocks outside of Europe and Russia. The market is particularly sensitive to yield fluctuations, especially with potential weather extremes in key regions such as France, Ukraine, and Russia. Looking ahead, the focus intensifies on Northern Hemisphere weather conditions into late May, with

ideal conditions required to support a bearish trend in the market through the spring and early summer.

Kansas wheat crop issue might be blown out of proportion in our view, and in case of even average rain going forward, Kansas HRW should build stocks in the new crop.



Corn futures experienced minimal change as the battle between large U.S. stocks and robust demand continues. The global trade in corn over the summer months will likely hinge on Brazilian weather conditions and the size of Brazil's second corn crop, as U.S. supplies won't be available until later in the year.

Weather now plays a crucial role, with reduced leeway in the supply-demand balance making prices more sensitive to

climatic variations. A yield below 175 bushels per acre could significantly tighten new crop stocks, elevating price volatility.

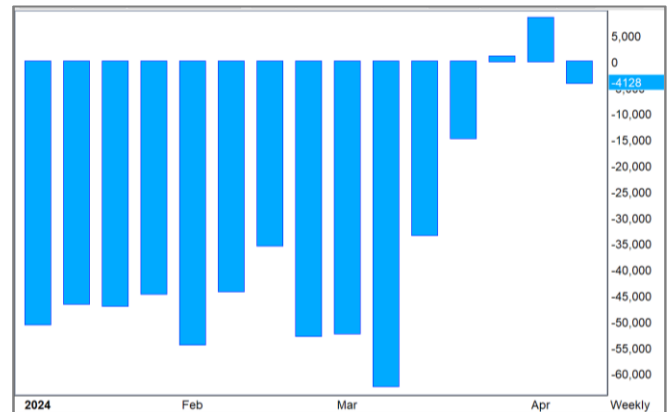
In terms of production risks, Brazilian dryness and a potential sub-175 bushel per acre yield in the U.S. could push prices upwards, though current conditions in Mato Grosso, Brazil, and parts of the U.S. and Western Europe are favorable for timely planting.

As we move forward, the key factors shaping corn prices will be South American production outcomes and weather conditions during the Northern Hemisphere's critical yield-determining phases.

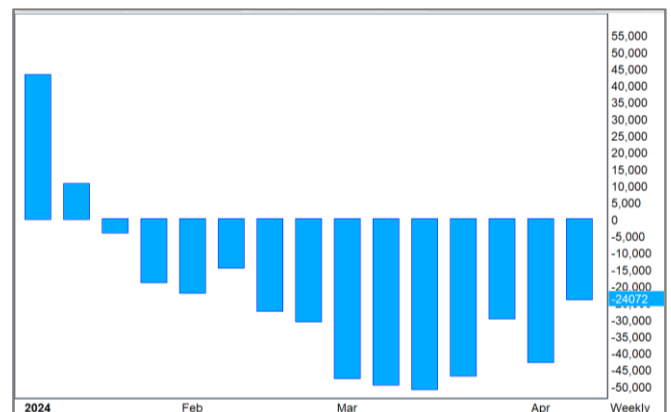
Oilseed complex

The oilseed market saw soybean futures closing lower, yet they managed to recover above the week's lowest points due to a late-week rally. This movement came despite an earlier downtrend driven by limited demand anticipation ahead of the USDA and CONAB reports.

The USDA adjustments reflected a modest uptick in soybean end stocks, highlighting an evolving balance sheet amidst fluctuating market conditions.



Soybean Oil Managed Money Fund Net Position (in contracts)



Soybean Meal Managed Money Fund Net Position (in contracts)



The oilshare segment is currently under pressure as domestic cash prices for soybean oil weaken, suggesting potential further declines in the short term, while soybean meal might find some support after recent sell-offs. Funds have turned net sellers in soybeans, continuing a trend observed over recent weeks.



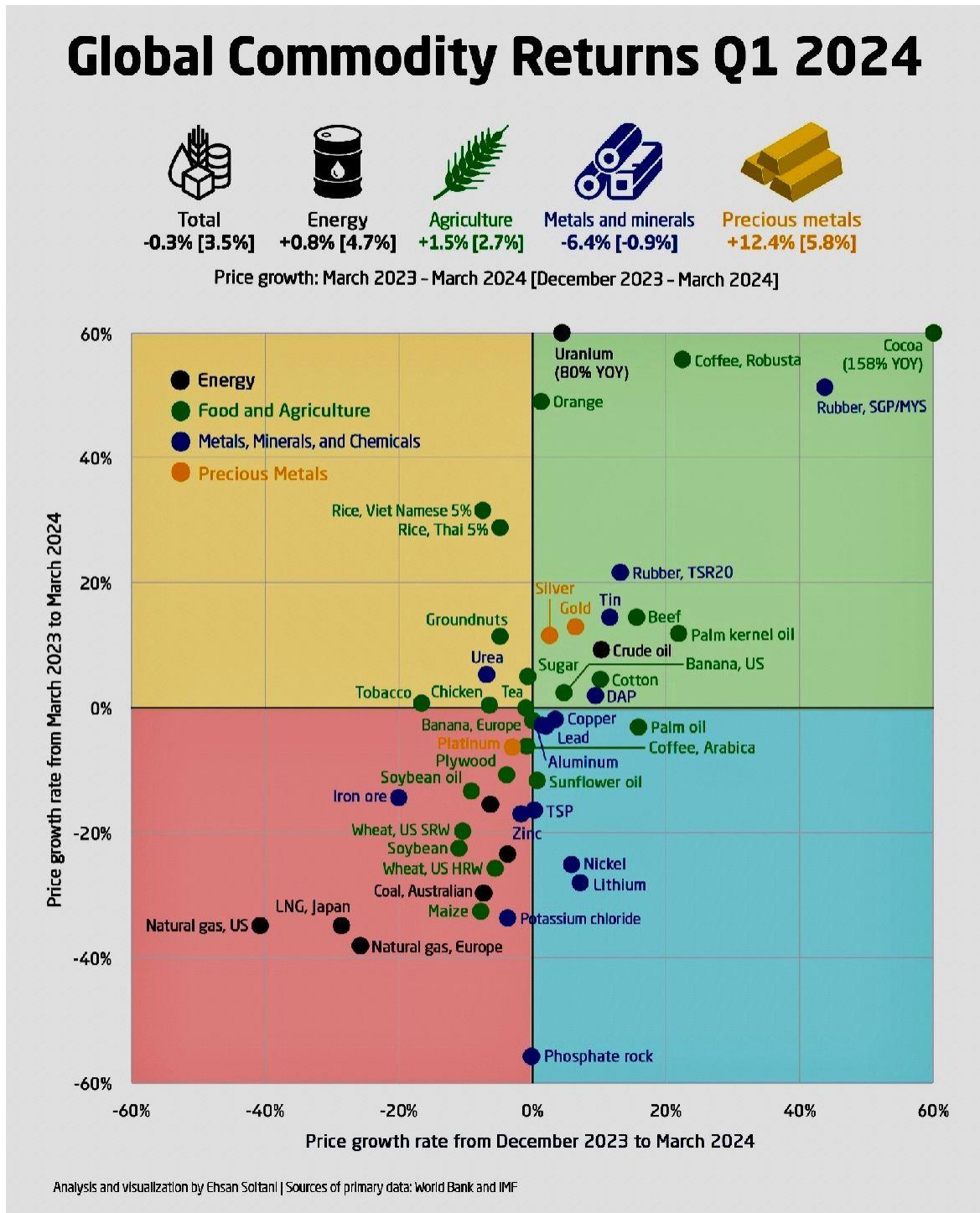
Looking ahead, the market's primary focus will likely shift towards planting progress and the influence of weather during the growing season, with additional attention on potential demand shifts from major importers like China.

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: Commodity returns in Q1 - 2024





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