

# Weekly Market Report

Monday, 22 April 2024

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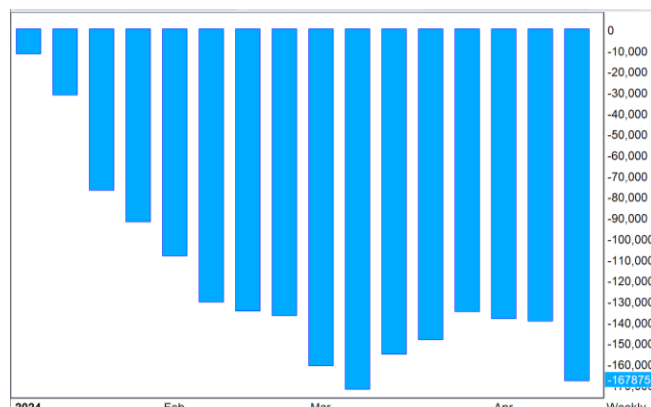
## Weekly Overview

Price changes over the week.

|              | Price   | Change | Change% | 30 Day High | 30 Day Low |
|--------------|---------|--------|---------|-------------|------------|
| CBOT Wheat   | 566.75  | -4.00  | -0.70%  | 588.75      | 550.00     |
| Kansas Wheat | 583.00  | -4.00  | -0.68%  | 595.75      | 553.75     |
| Corn         | 443.00  | -4.25  | -0.95%  | 460.00      | 435.75     |
| Soybeans     | 1165.75 | -21.00 | -1.77%  | 1240.00     | 1145.75    |
| Soybean Meal | 343.20  | -0.90  | -0.26%  | 350.70      | 328.90     |
| Soybean Oil  | 44.94   | -1.51  | -3.25%  | 50.27       | 44.06      |
| Crude Oil    | 81.58   | -2.82  | -3.34%  | 86.16       | 79.39      |
| Palm Oil     | 808.00  | -42.75 | -5.02%  | 880.00      | 808.00     |

This past week, the agricultural commodities on the Chicago Board of Trade (CBOT) saw mixed movements. Grain prices closed the week marginally lower.

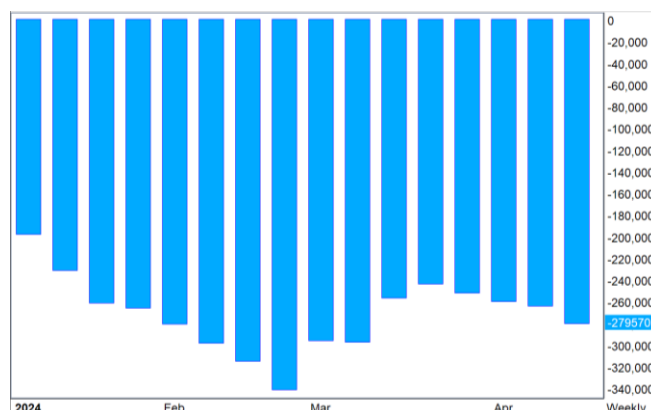
The oilseed complex, however, dipped significantly, primarily due to weakening soybean oil and palm oil markets. As we move into a critical period for agricultural markets, known as the "weather market," price volatility is expected to increase. This volatility will largely depend on the weather forecasts and their impact on crop growing areas, along with how close supply and demand are balanced.



Soybeans Managed Money Fund Net Position (in contracts)

It's essential to note that while there was an initial price rally due to the escalation of the Israel/Iran conflict, by week's end, this effect had waned, signaling market beliefs that the conflict might not expand further.

Heading into the next stages, the market will focus on the progress of planting, particularly how the weather affects planting activities and the realization of the expected planting acreage



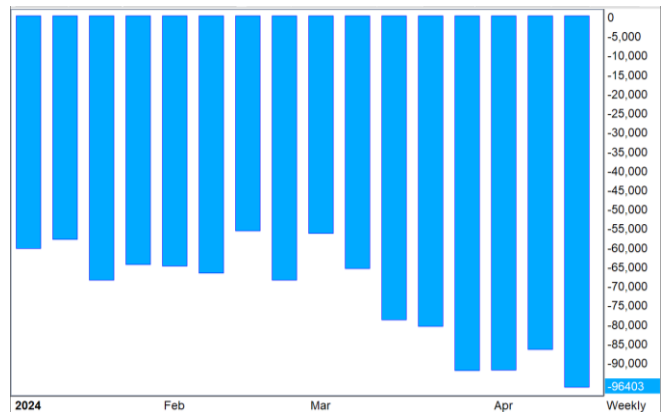
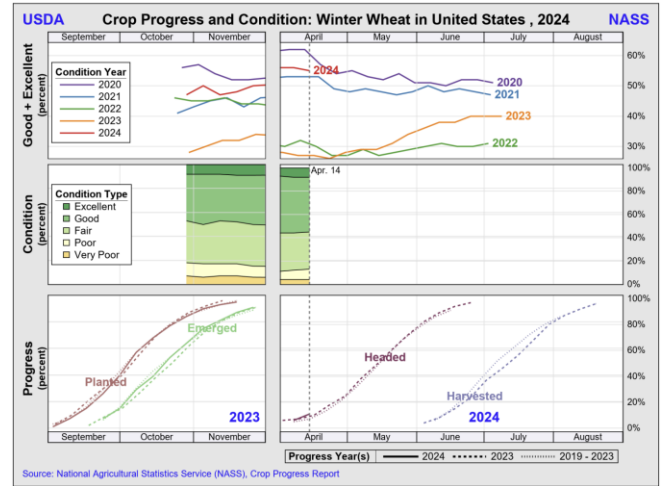
Corn Managed Money Fund Net Position (in contracts).



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### Grains

The U.S. wheat markets saw a slight decline over the week, influenced by stable domestic conditions and large supplies from the EU and Russia. The high ratings of the US winter wheat crop and sufficient water supply forecast through May suggest a promising SRW yield if the weather continues to cooperate.



CBOT Wheat Managed Money Fund Net Position (in contracts)

Nevertheless, concerns linger about the Russian phytosanitary certificate issue, though it currently only affects certain countries. In the global context, abundant supplies in Europe and Russia are setting the nearby price direction, but moving forward, wheat prices will be highly sensitive to weather developments, particularly in the Northern Hemisphere.

The imperative need for favorable weather in key regions like the EU and Black Sea will remain a major factor into late May, as perfect or near-perfect conditions are required to sustain lower price trends during spring and early summer.



CBOT corn ended the week slightly lower, amid average export sales and generally favorable weather conditions in the Central U.S. However, concerns about South American production, particularly the lower expected Argentine crop, are pushing up export prices.

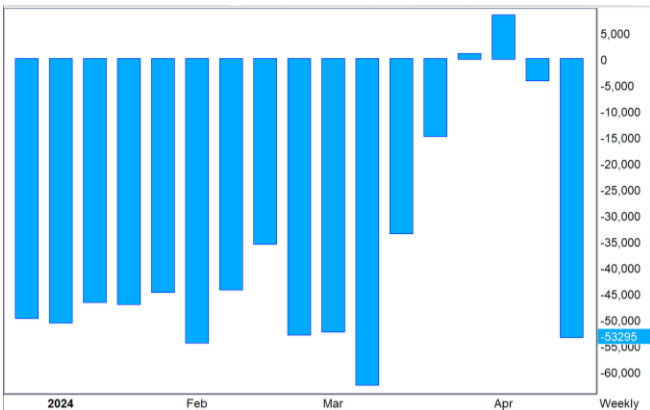
This situation may bolster the corn export market until Brazilian crops enter the market in July. Meanwhile, planting progress in the U.S. has been challenged by cool temperatures and the prospect of returning rainfall, which could impact final acreage figures.

Additionally, the record large short position held by funds mid-April introduces significant upside risk if weather concerns emerge, underlining the sensitivity of corn prices to Northern Hemisphere weather patterns and South American crop outputs.

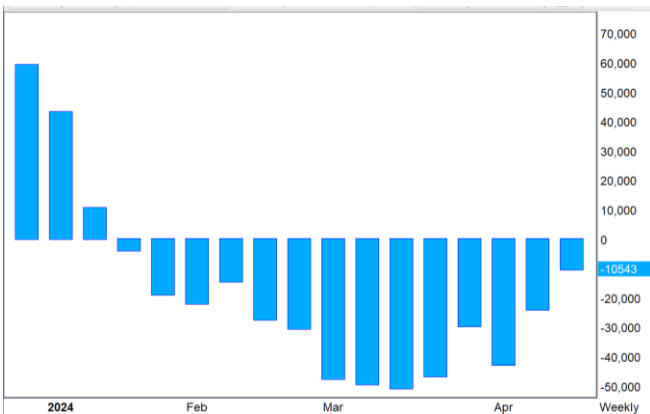
### Oilseed complex

The oilseed markets experienced pressure over the past week, led by a drop in soybean futures triggered by significant farm sales in Brazil, exacerbated by the devaluation of the Brazilian Real. The pressure on soybean oil and the resultant spillover to the broader oilseed complex was marked by weakness across the vegetable oil markets.

The U.S. soybean planting progress was slowed by cooler temperatures and rain, with only a small percentage of the crop planted last week.



Soybean Oil Managed Money Fund Net Position (in contracts)



Soybean Meal Managed Money Fund Net Position (in contracts)



ZM N24 Weekly Chart



ZL N24 Weekly Chart



ZS N24 Weekly Chart



July 2024 Oilshare

Looking forward, the market will keep a close watch on further planting progress and weather conditions during the critical growing months.

As for the market dynamics, a historically large net short position held by funds in soybeans suggests potential for a

significant price reaction if weather threats materialize.

This highlights the critical influence of both domestic and international demand, particularly from China, on future price movements.

**Trade-Ideas:**

**Soybeans:** Seasonally, Soybeans rally from here on, building risk premium due to weather risk. we recommend going long implied volatility till July, with the bias to the long side. (Long calls, or long futures with short puts)

**Oilshare:** look to put on the long position again at sub 38-39 levels

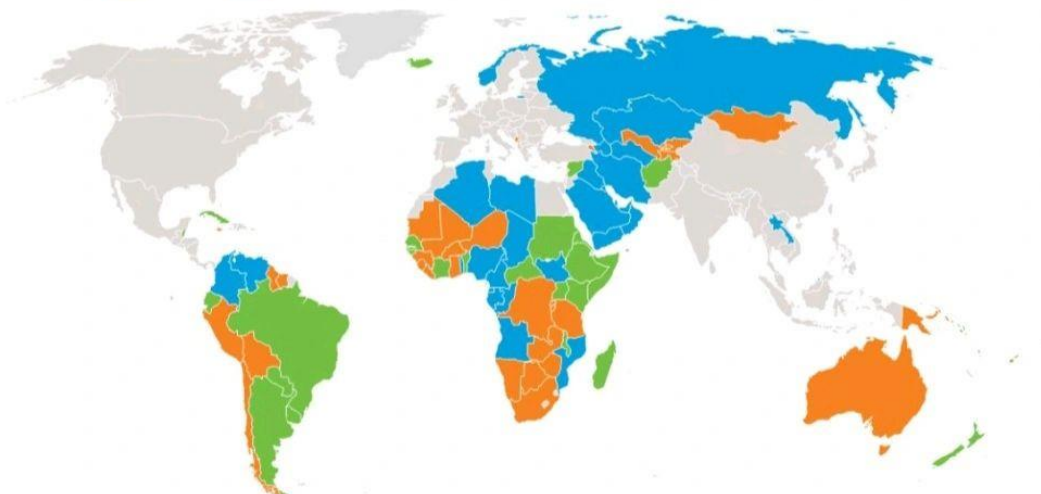
**Food for Thought:** Commodity dependency per country



**Global commodity dependence**

Commodity-dependent countries and their main dependency, 2019–2021

 Agriculture  Mining  Energy



*Note:* In the case of two countries (Togo and United Arab Emirates), it was not possible to consistently identify the dominant commodity group due to the presence of large volumes of exports of manufactured products that may partially or totally be re-exports. The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations.

Source: UNCTAD calculations

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