

Weekly Market Report

Monday, 29 April 2024

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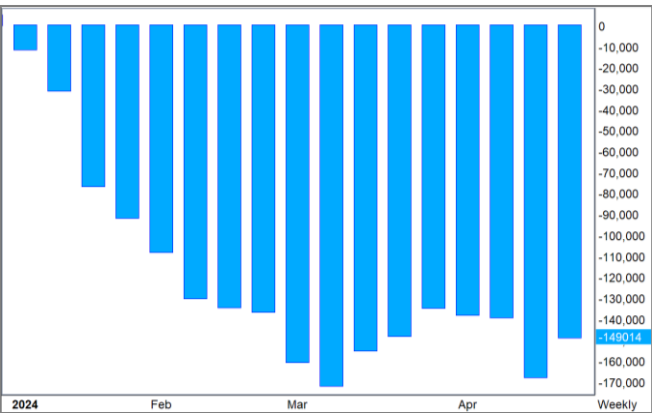
Weekly Overview

Price changes over the week.

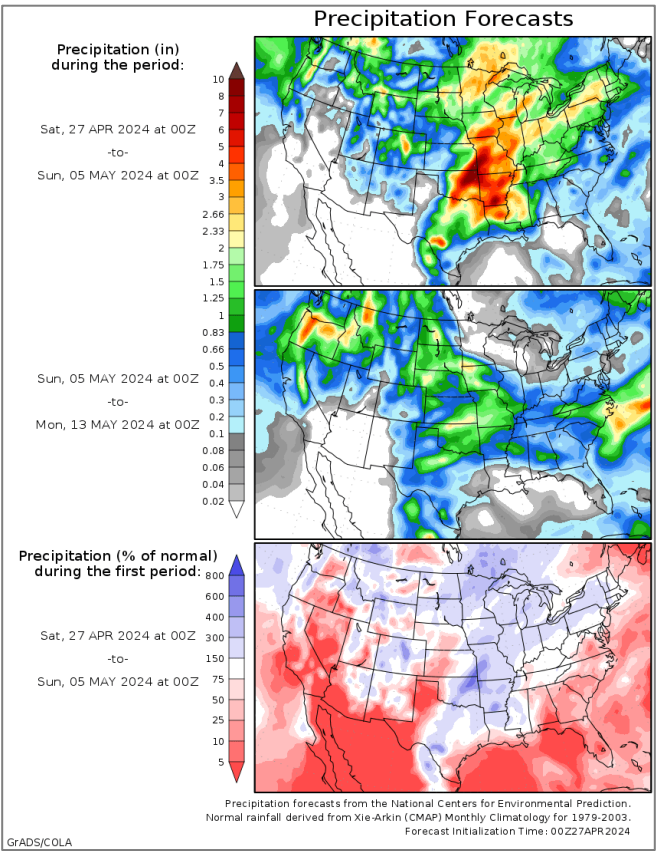
	Price	Change	Change%	30 Day High	30 Day Low
CBOT Wheat	622.25	55.50	9.79%	633.25	550.00
Kansas Wheat	654.25	71.25	12.22%	662.75	553.75
Corn	450.00	7.00	1.58%	460.00	435.75
Soybeans	1177.25	11.50	0.99%	1215.75	1145.75
Soybean Meal	344.70	1.50	0.44%	351.90	328.90
Soybean Oil	45.54	0.60	1.34%	50.27	44.06
Crude Oil	83.13	1.55	1.90%	86.16	80.09
Palm Oil	818.00	10.00	1.24%	880.00	808.00

Last week saw a uptick in the prices of several key agricultural commodities traded on the Chicago Board of Trade (CBOT). This surge is primarily attributed to suboptimal planting conditions across major production areas, further exacerbated by a dry spell impacting Hard Red Winter (HRW) wheat regions.

The scarcity of precipitation in Kansas, coupled with concerns about wheat output in Russia, contributed significantly to the price escalation.



Soybeans Managed Money Fund Net Position (in contracts)



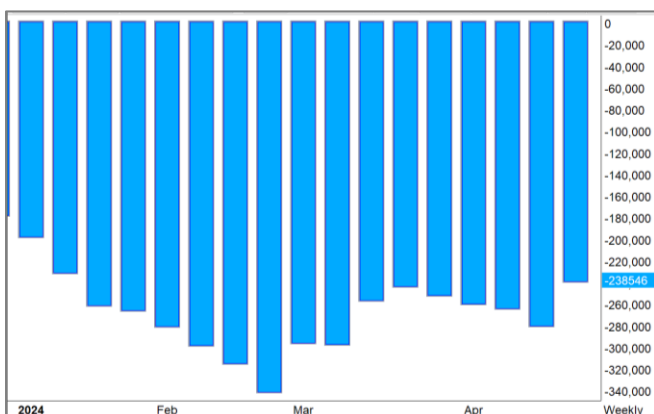
As planting season gets underway, the market's attention has increasingly focused on the pace of sowing activities. Any deviation from the USDA's reported planting intentions could either curtail or expand the expected acreage, directly influencing future price trajectories.

Notably, corn carryout remains somewhat burdensome, yet projections for reduced planting and a poorer Argentine crop have diminished the leeway previously available for minor crop issues.

Essentially, any adverse weather events now hold a heightened potential to drive prices upward.

The wheat balance sheet is tightly constrained, limiting its capacity to absorb major shocks from adverse weather conditions. Ensuring a robust harvest in key regions like Russia and Europe is crucial to maintaining global price stability.

As we move forward, the focus will likely shift towards planting progress and early-season weather patterns, setting the stage for the critical July and August growth phases that are pivotal for yield determination.



Corn Managed Money Fund Net Position (in contracts).

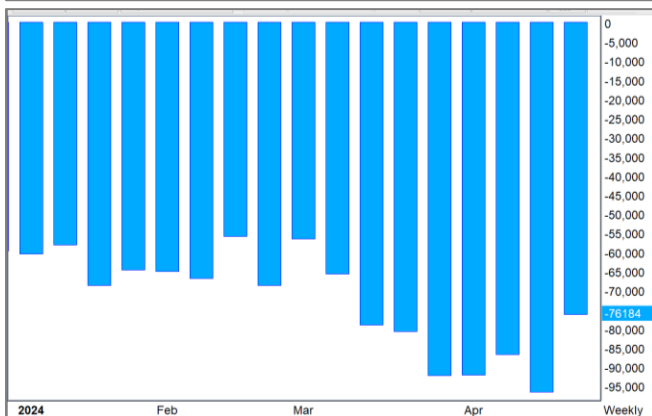
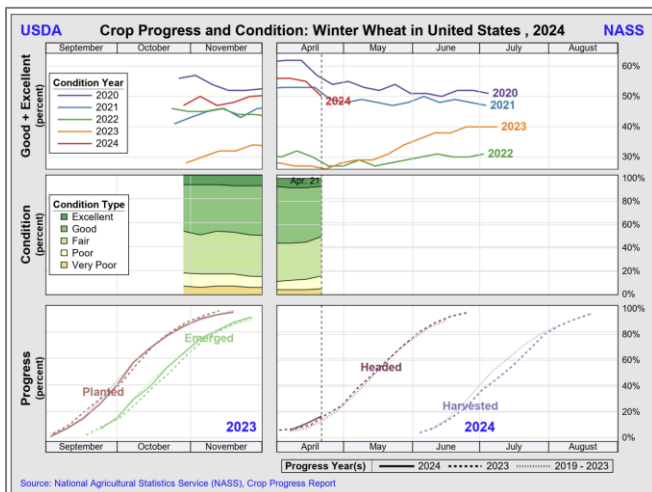
Grains

This past week, US wheat markets experienced a significant rally due to emerging weather threats across key growing regions in the US, Europe, and southwestern Russia.

These concerns arise at a critical juncture when exporter stock levels are not particularly robust, compounded by a year-over-year decline in North African wheat production.

The Russian phytosanitary certificate issue, though currently limited in scope, adds an element of uncertainty to the trade dynamics.





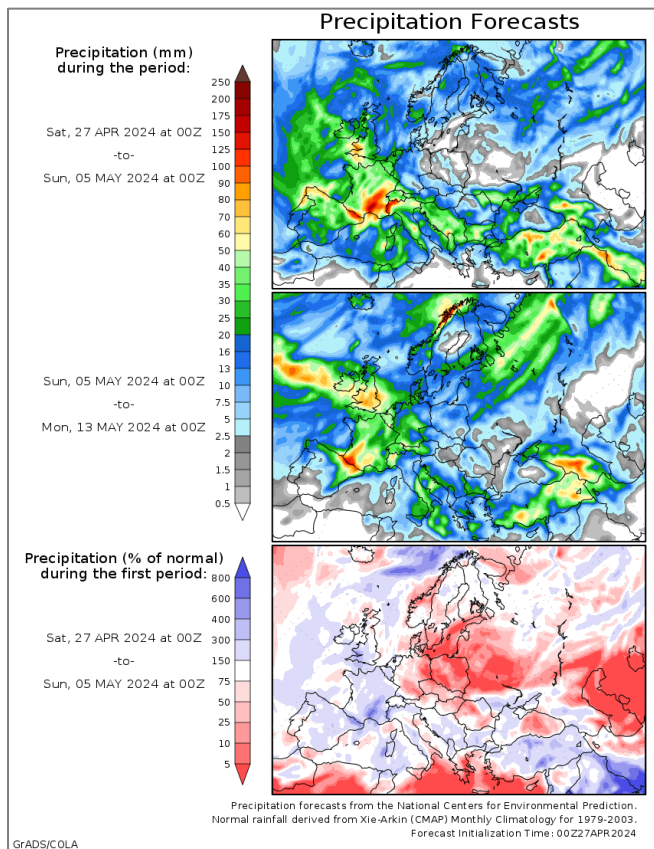
CBOT Wheat Managed Money Fund Net Position (in contracts)

Weather forecasts indicate potential rain in eastern Ukraine and southern Russia,

which may alleviate some immediate concerns, but more precipitation is needed to offset the frost in Northern Europe and ongoing dryness in the US HRW belt.

As the season progresses, the weather will continue to play a crucial role in shaping price movements, especially as new crops become established. Despite large old crop supplies from the EU and Russia dominating the near-term price direction, the overarching focus remains on achieving optimal growing conditions through late May, which are essential for sustaining any bearish trends in the spring and early summer.

If Kansas weather does improve, prices could correct sharply lower.



Corn futures on the CBOT rallied this week, amid a backdrop of rising global wheat prices and uncertainties in South American production. The early departure of Brazil's wet season and a slowdown in US and French planting activities have injected volatility into the market. Lower crop expectations from Argentina are pushing up the export basis for May and June shipments, suggesting a supportive market environment until Brazilian crops enter the market later in the summer.

Excessive rainfall is forecasted in key agricultural areas of Western Europe and the Eastern Plains/Western Midwest of the US, potentially impacting planting and early growth stages.

While it is not yet considered a late-planted year in the US, close monitoring of weather forecasts in the coming weeks will be critical.

Despite potential windows for dry weather, significant progress in US planting is anticipated. However, if weather conditions prove unfavorable, we could see an increase in risk premiums for US corn prices.

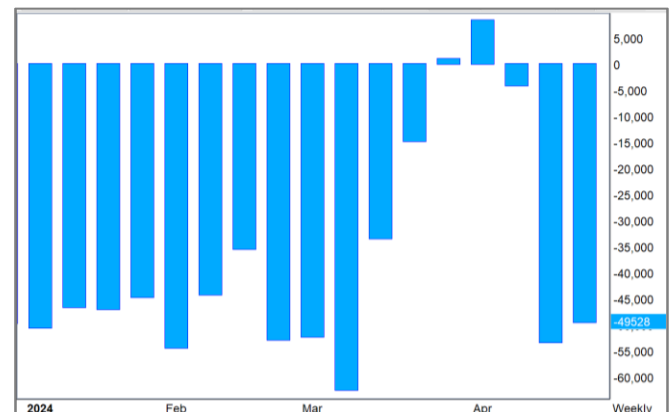


Oilseed complex

Soybean futures ended the week slightly higher, with a 9-cent gain reflecting limited market news outside of US crop progress and export updates.

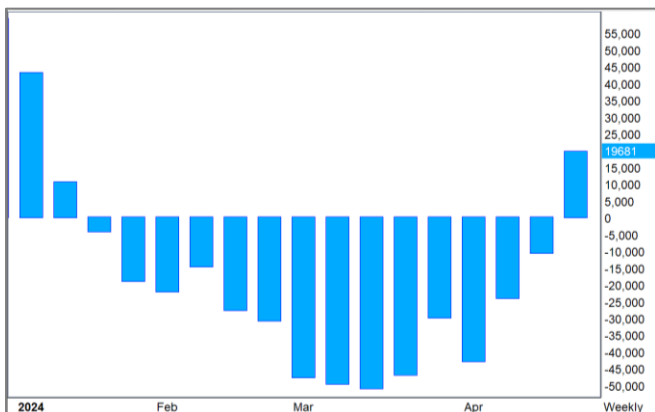
Planting conditions across the Midwest were generally favorable, albeit cooler than ideal, which somewhat favored soybean planting over corn.

With the Brazilian soybean harvest nearly complete and Argentine progress lagging behind historical averages, the global soybean market remains a bit tight

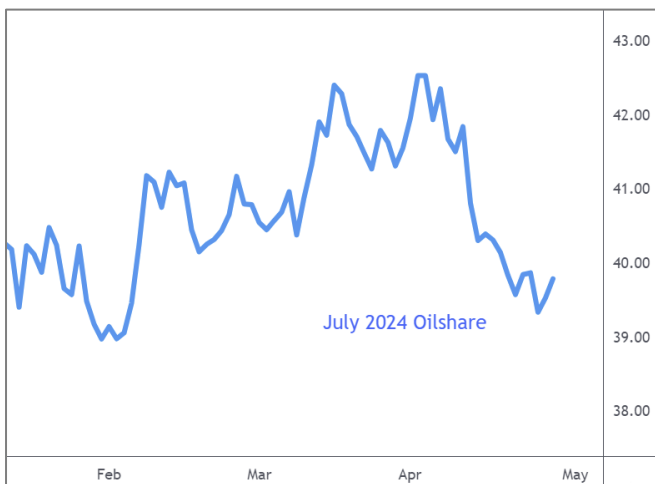


Soybean Oil Managed Money Fund Net Position (in contracts)





Soybean Meal Managed Money Fund Net Position (in contracts)



Domestically, soybean oil prices have been declining, reflecting a broader downward trend in the oilshare market.

This shift is expected to continue short-term but could see a reversal as lower price levels begin to stimulate demand, particularly from the renewable diesel (RD) industry.

The soybean oil market will need to adjust further to attract increased demand, with potential gains in soy oil over soymeal anticipated during the summer months due to expanding US biofuel demand.

Trade-Ideas:

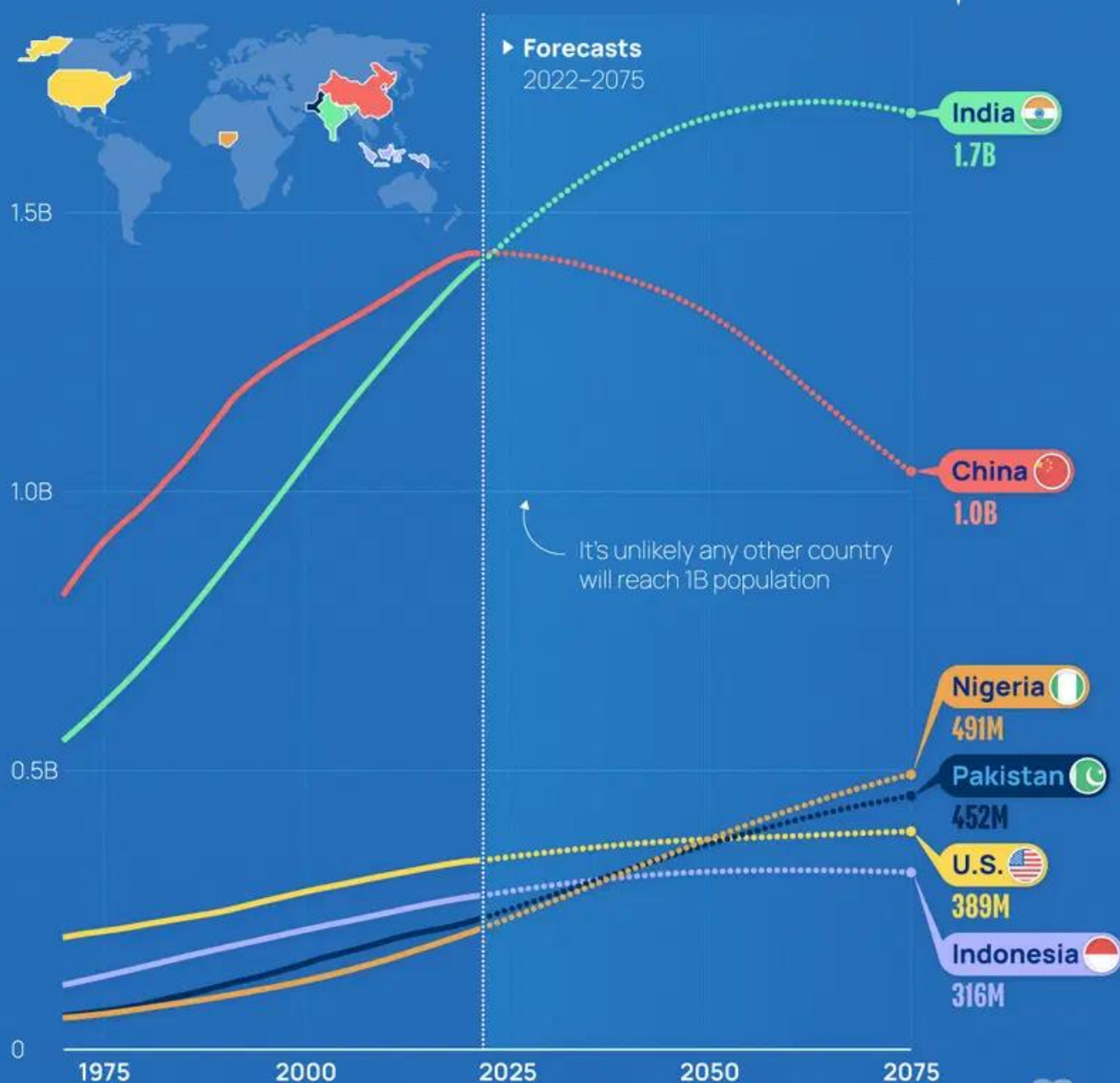
Soybeans: Seasonally, Soybeans rally from here on, building risk premium due to weather risk. We recommend going long implied volatility till July, with the bias to the long side. (Long calls or long futures with short puts)

Oilshare: look to put on the long position again at sub 38-39 levels. Low oil basis and high soybean meal prices should work well for this trade.

Food for Thought: Population projections 2075

POPULATION PROJECTIONS

FOR THE WORLD'S 6 LARGEST COUNTRIES



Source: UN World Population Prospects 2022



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