

# Weekly Market Report

Monday, 13 May 2024

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## Weekly Overview

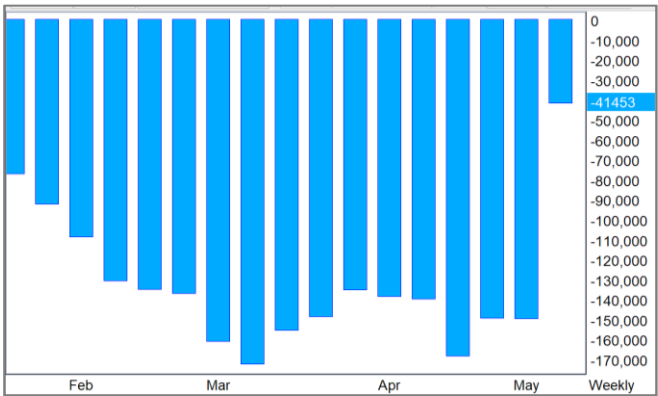
Price changes over the week.

	Price	Change	Change%	30 Day High	30 Day Low
CBOT Wheat	705.25	36.75	5.50%	706.50	592.00
Kansas Wheat	705.00	22.00	3.22%	709.25	598.75
Corn	492.00	9.25	1.92%	492.00	459.50
Soybeans	1205.75	4.75	0.40%	1230.50	1146.75
Soybean Meal	371.20	-2.20	-0.59%	382.30	337.60
Soybean Oil	45.19	1.12	2.54%	48.27	43.56
Crude Oil	77.41	0.06	0.08%	85.27	76.29
Palm Oil	812.50	-4.25	-0.52%	858.00	808.50

Wheat and corn prices ended the week on a higher note, while soybeans remained largely unchanged. A noticeable recovery in oilshare values was supported by gains in soybean oil.

The USDA’s latest report, void of any surprises, matched market predictions, suggesting a stable outlook for these commodities.

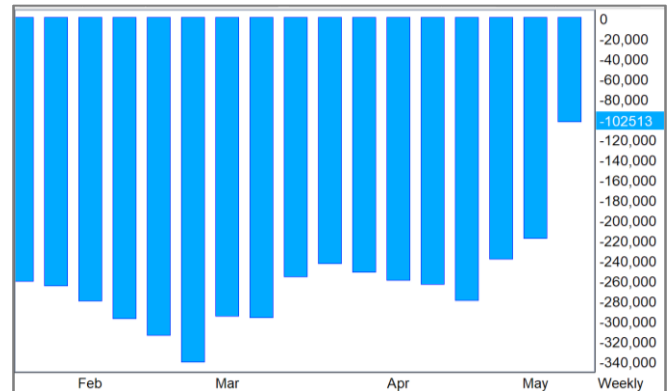
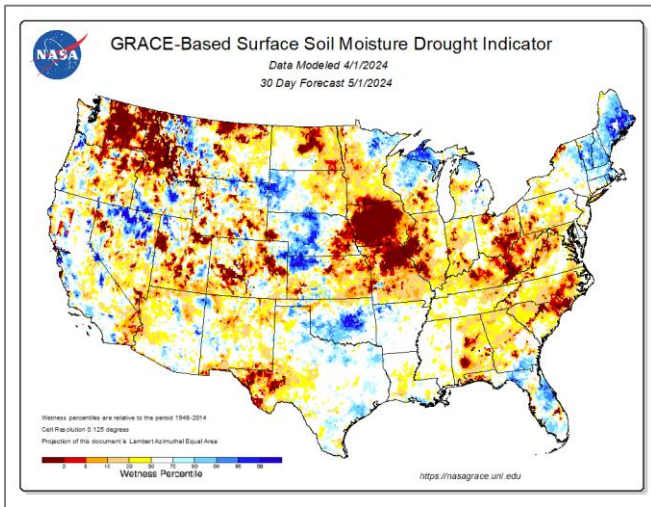
As planting gets underway, the weather forecast becomes increasingly critical. It is anticipated that any significant weather disturbances over the next couple of months could introduce substantial volatility, depending on their impact on crop development and the tightness in the supply-demand balance.



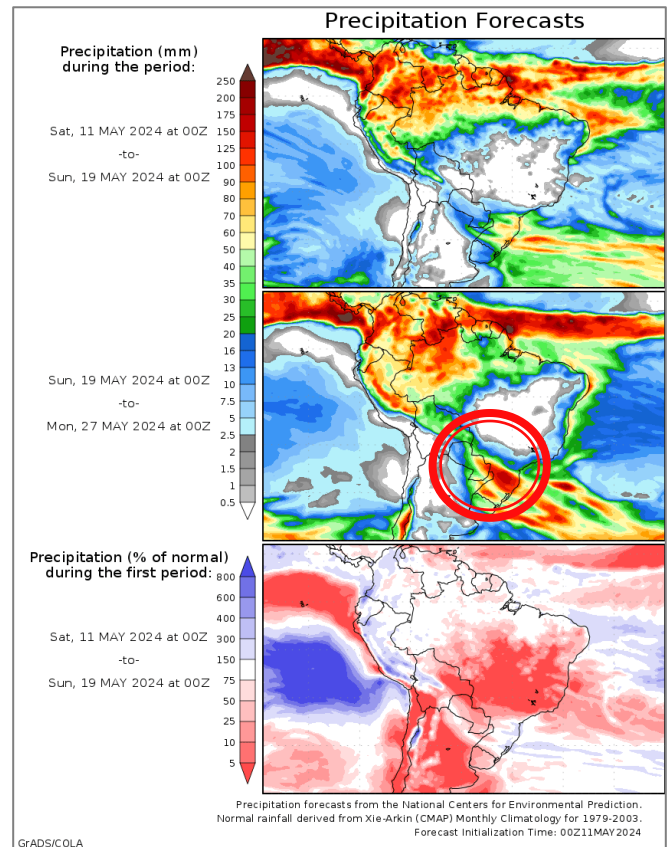
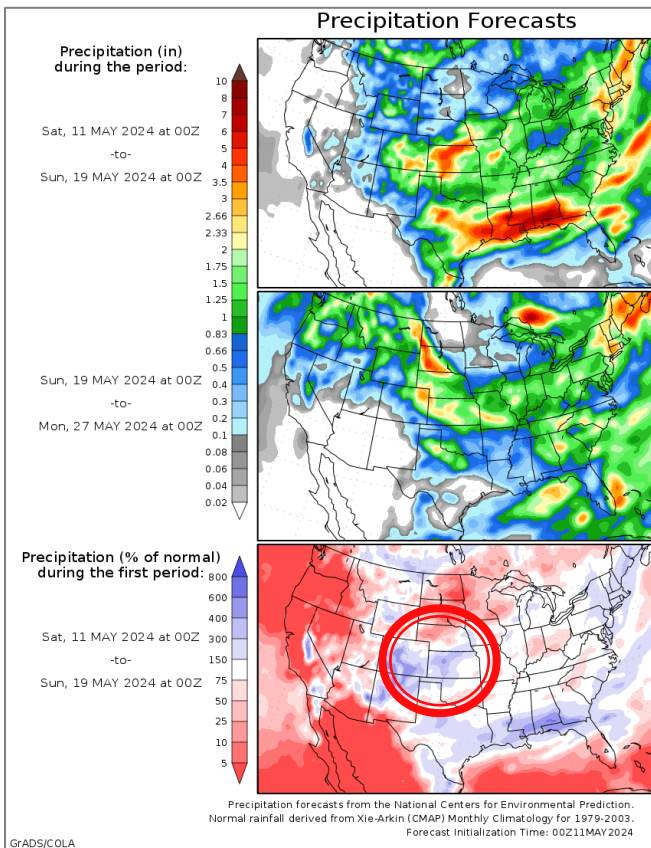
Soybeans Managed Money Fund Net Position (in contracts)

The latest Commitment of Traders (CoT) report highlighted aggressive buying by funds in soybeans and corn, further indicating a bullish sentiment in these markets.

Despite the overall market stability, weather-related disruptions have added to the price volatility, with significant impacts noted from conditions in Kansas and the Black Sea for wheat, and heavy rains affecting soybeans in Rio Grande.



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



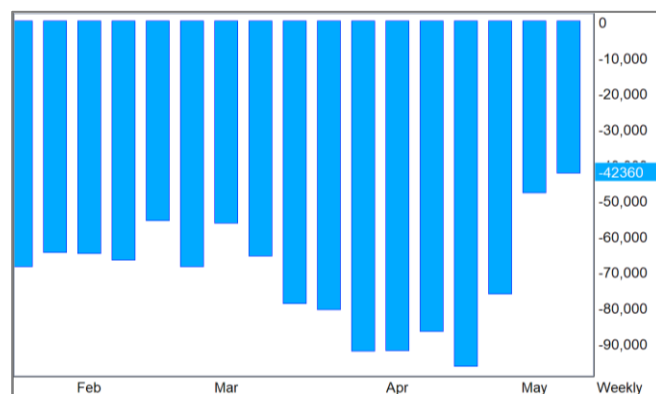
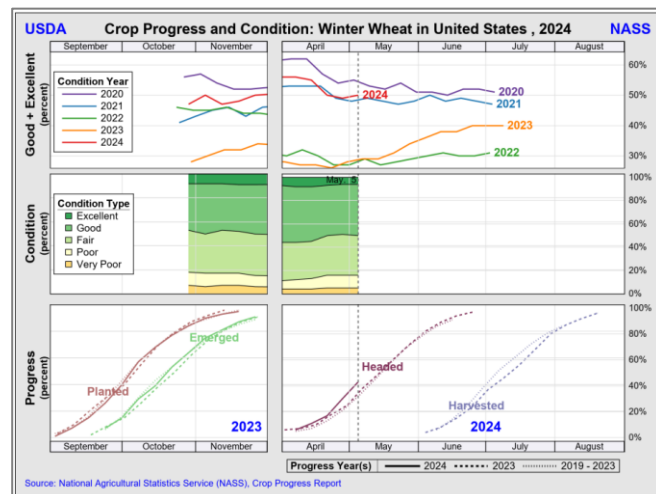
Moving forward, market focus is likely to pivot towards the progress of planting and weather conditions during this phase before shifting to the critical July and August period, which largely determines yield outcomes.

## Grains

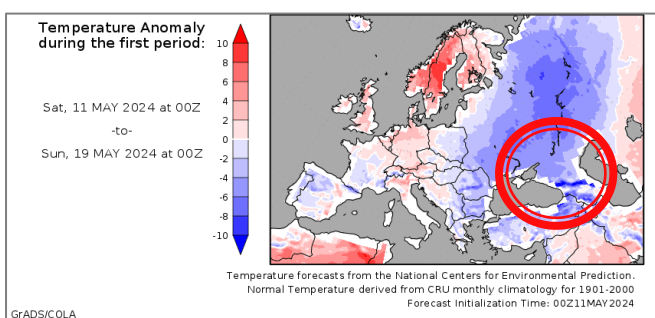
In the wheat markets, prices surged sharply higher, influenced by an added supply risk premium amid adverse weather conditions globally.

The frost in Russia, coupled with prolonged dryness in the Black Sea region and deteriorating crop health in Western Europe, underscored the fragility of global wheat supply.

According to USDA projections, the tightening of global and exporter balance sheets for 2024 could be exacerbated if adverse weather leads to reduced EU and Black Sea production by another 7-10 million metric tons, potentially setting a record low for exporter stocks-to-use ratio.



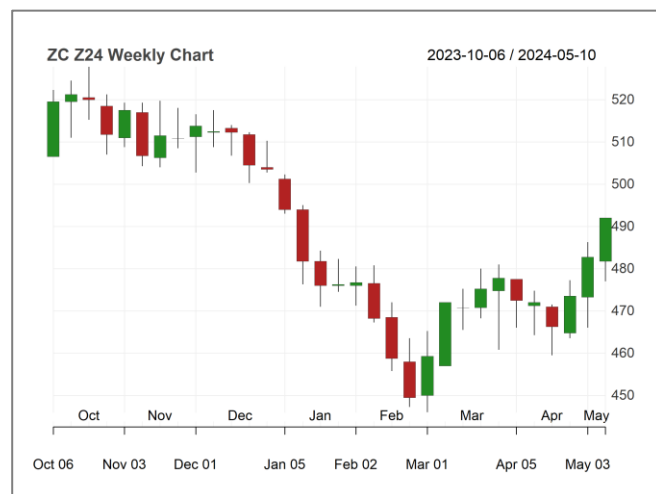
CBOT Wheat Managed Money Fund Net Position (in contracts)





Despite a slight uptick in USDA's Hard Red Winter (HRW) wheat production estimates, market dynamics suggest that price peaks may soon be established, contingent on upcoming weather patterns. Some estimates on Kansas crop as high as 750 million bu.

Additionally, the competitive disparity between HRW from Kansas and Russian wheat offers continues, which might eventually necessitate price adjustments to stimulate export demand. Meanwhile, the potential impacts of the Russian frost remain uncertain; however, favorable weather post-frost could enhance yield prospects. Looking ahead, the focus shifts to northern hemisphere growing conditions, where ideal weather is essential to moderate wheat prices during the summer months.



Corn futures reached a three-month high, buoyed by optimistic data from USDA's May WASDE report and promising US export potentials.

With global corn supplies reaching a peak in 2023, a significant reduction is projected for the 2024 major exporter production.

The domestic scene is also positive, with corn stocks and production estimates for the 2023/24 season showing strong figures, potentially supported by favorable weather conditions.

Notably, adverse weather in Argentina and Brazil has added a supply price premium, emphasizing the importance of upcoming weather forecasts for the US market.

The USDA's projection of a trend yield for the 2024/25 crop further reinforces a positive outlook, provided weather conditions remain conducive.

Market dynamics were also influenced by substantial fund activity, with a marked reduction in short positions and aggressive buying noted.

Going forward, the focus remains tightly on the weather forecasts for July, critical for determining the yield and overall production landscape. Additionally, planting progress in the Eastern Midwest is under scrutiny, with timely weather windows essential for maintaining planting schedules.

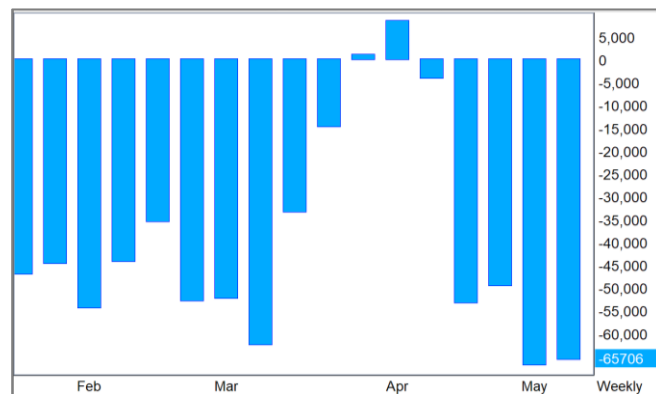
### Oilseed complex

The soybean market experienced a significant rally early in the week, which was partially retracted ahead of the USDA's May WASDE report.

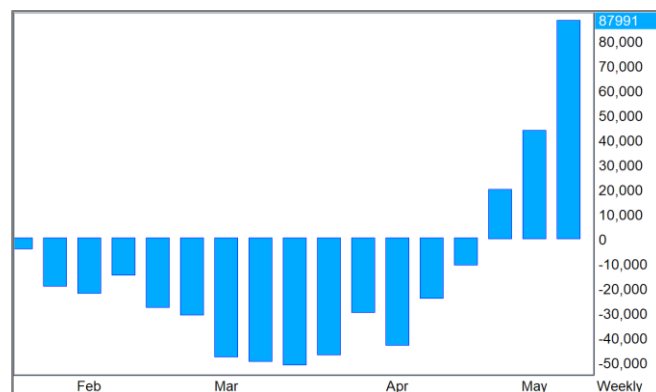
The report's projections for the 2024/25 season did not deviate significantly from expectations, helping to alleviate some market pressures and supporting a post-report price increase.

Adverse weather forecasts for Rio Grande do Sul hint at potential crop damages, which may influence short-term market

dynamics. Current estimates on the damage crop are somewhere between 1-4 million mts.



*Soybean Oil Managed Money Fund Net Position (in contracts)*



*Soybean Meal Managed Money Fund Net Position (in contracts)*



The meal market found support from a delayed Argentine harvest and a slow crush rate, boosting US meal exports. The near completion of the Brazilian soybean harvest contrasts with a slower pace in Argentina, raising concerns over short-term soybean meal availability.

Speculation about potential US tariffs on imported used cooking oil also pushed soybean oil prices higher, reflecting its increased use in renewable diesel.

As planting progresses, weather-related market risks could heighten, with China's demand potentially playing a pivotal role in future market adjustments.



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