

Weekly Market Report

Monday, 2 June 2024

Proudly
Sponsored by



Weekly Overview

Price changes over the week.

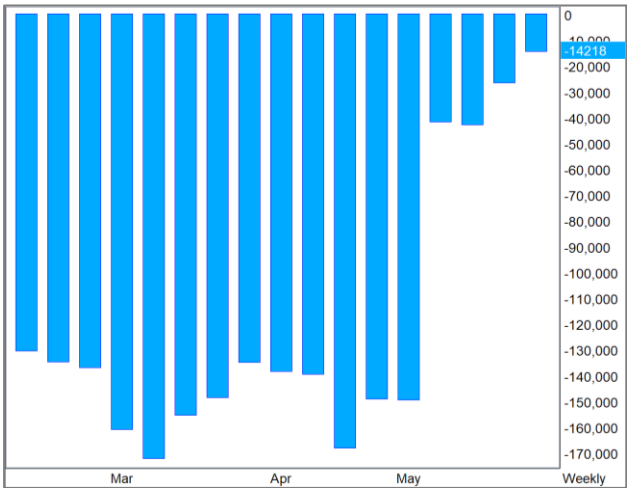
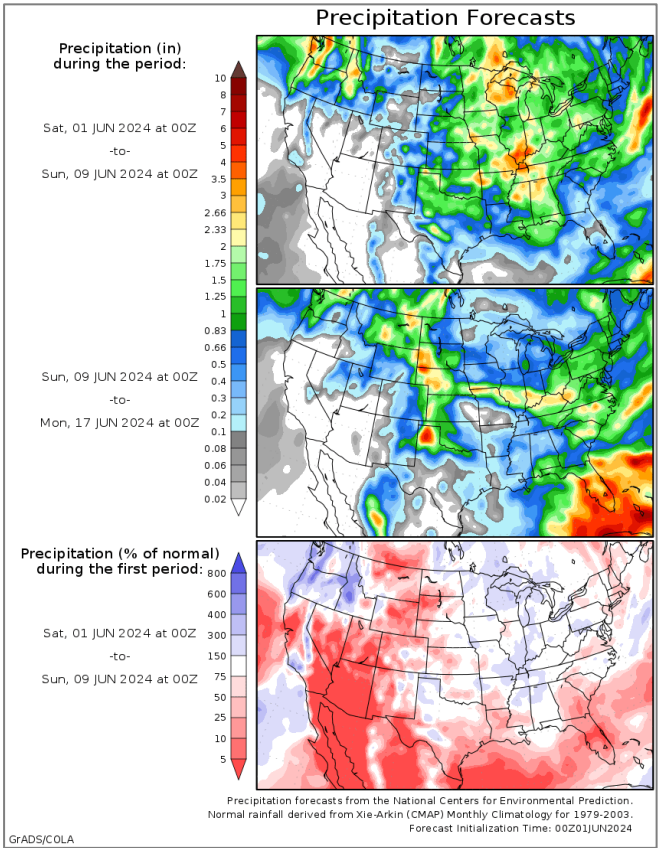
	Price	Change	Change%	30 Day High	30 Day Low
CBOT Wheat	723.50	-15.75	-2.13%	759.25	642.75
Kansas Wheat	741.75	-11.50	-1.53%	775.50	658.25
Corn	467.00	-21.25	-4.35%	496.75	466.25
Soybeans	1184.50	-35.00	-2.87%	1230.50	1164.50
Soybean Meal	359.40	-19.30	-5.10%	382.30	353.30
Soybean Oil	46.06	0.34	0.74%	47.46	43.56
Crude Oil	76.73	-0.50	-0.65%	80.11	75.75
Palm Oil	868.00	29.25	3.49%	868.00	812.50

In the past week, prices trended lower, influenced by various factors. Wheat prices dipped due to improved prospects for the Hard Red Winter (HRW) crops, while corn and soybeans also saw declines, primarily due to better-than-expected planting progress.

With planting currently underway, the weather forecast is becoming increasingly crucial. The weather's impact on crop size over the next couple of months will drive price volatility, particularly if adverse conditions affect the balance sheets of supply and demand for these commodities.

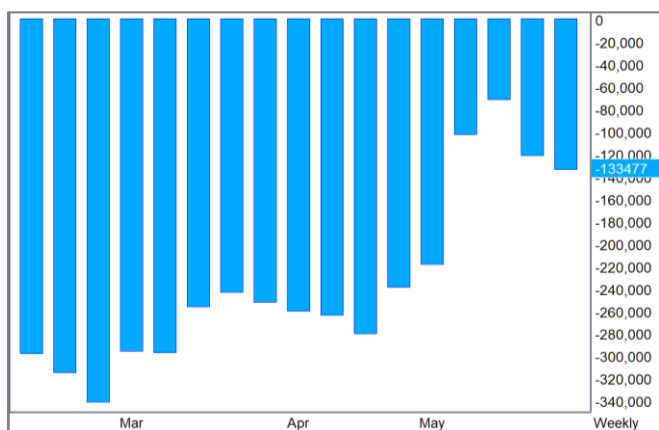
The Commitment of Traders (CoT) report highlighted mixed movements among fund positions. Notably, funds increased their short positions on corn while adding to their long positions in soybeans.

The rise in soybean meal long positions might be attributed to the market being in an inverse, driven by Commodity Trading Advisor (CTA) buying.



Weather continues to be a significant factor, adding volatility to prices. For wheat, weather conditions in the Black Sea region are particularly impactful. Meanwhile, soybean and corn prices will be closely tied to weather patterns during the planting phase.

Moving forward, the market's attention will shift from planting progress and weather conditions during planting to the realization of expected planting acreage. By July and August, focus will then turn to the critical growth phase, which determines yields.



Corn Managed Money Fund Net Position (in contracts).

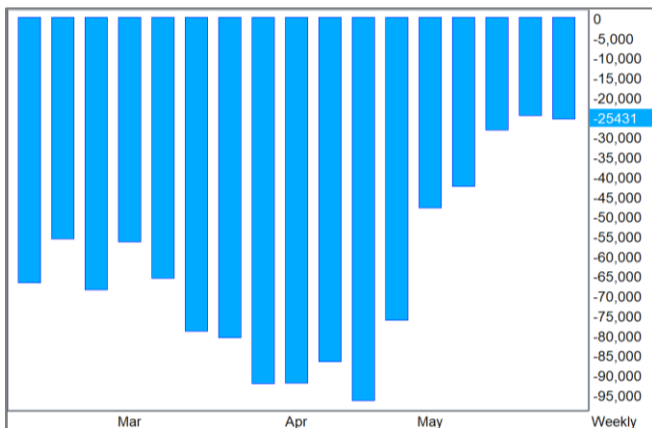
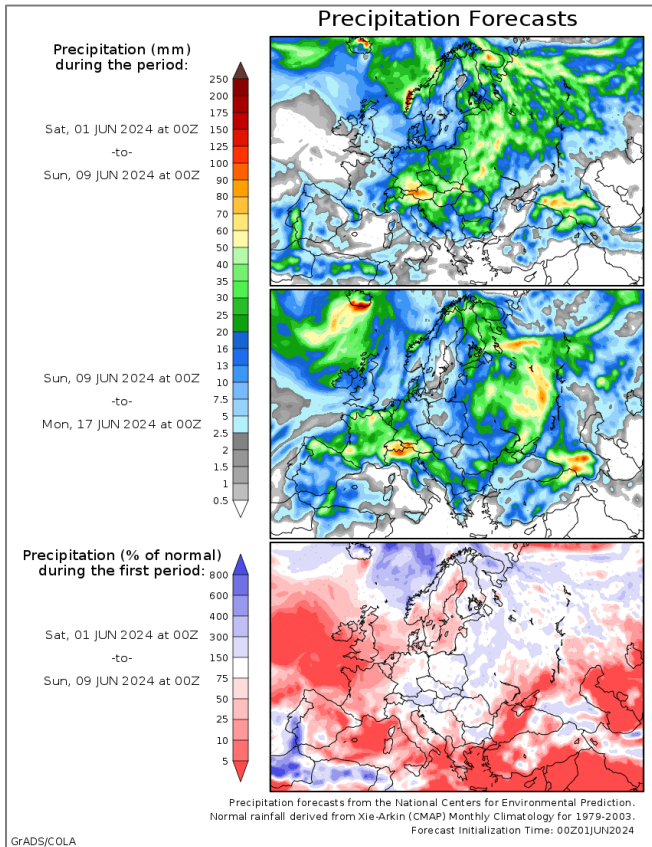
Grains

US wheat contracts ended the week lower, reflecting the market's digestion of a Russian crop estimated at 80 MMTs. Volatility persists due to the ongoing risk of frost and winterkill in Russia, counterbalanced by favourable weather for HRW crops in the US.

Looking ahead, key questions include whether importers will cover late summer and autumn needs at higher prices. Typically, seasonal trends turn bearish from mid-autumn as the Northern Hemisphere's winter wheat harvest progress add to prices pressure.

The loss of 15 MMTs of EU/Black Sea production in new crop remains significant, keeping balance sheets tight in regions like Australia, Argentina, and Canada.

Recent assessments of frost damage suggest widespread impact, with drought expansion in Southern Russia accelerating into early June. This abnormal dryness during April-May heightens market uncertainty over Black Sea export potential.



CBOT Wheat Managed Money Fund Net Position (in contracts)



Crop tours in Kansas indicate that final yields could exceed USDA's May report projections. However, risks remain if heat and dryness affect the HRW crop late in the growing season. Currently, Russian production stands at 80 MMTs, but it could drop to 75-76 MMTs if adverse weather persists over the next 30 days.

Global wheat futures ended higher due to the addition of a supply risk premium from the Black Sea. Seasonal tops for US domestic crops are anticipated in the next few weeks as yields will be determined soon.

The market is also working to ration 10-12 MMTs of global demand via rising wheat-corn spreads. Wheat feed use is expected to decline in 2024/25, while corn feed use will likely increase. This year's post-harvest recovery hinges on whether demand shifts to the US from other origins, with potential harvest-based price weakness in July.



CBOT corn futures fell to chart support on Friday, influenced by normal US planting progress and the absence of drought in the Midwest.

Central US drought coverage is the smallest since 2022, with initial crop ratings expected to be at the upper end of the historical range.

Corn's longer-term outlook remains supportive, with combined Argentine, Brazilian, and Ukrainian production in 2024 projected to drop by over 10 MMTs year-over-year. Despite this, some competition for summer and early autumn import demand is anticipated by July, with Argentine FOB premiums already retreating as their harvest progresses well.

To complete corn planting, weather forecasts over the next few weeks will be closely monitored, with significant gains in planting progress expected.

A record US yield of 182+ bushels per acre is necessary to maintain stocks near 2.0 billion bushels, emphasizing the need for favorable weather.

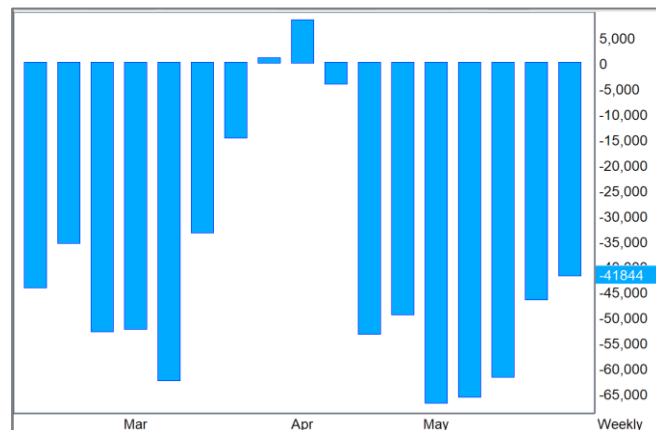
Managed money funds have increased their net short positions, now standing at 133,000 contracts short. Planting progress in the Eastern Midwest will be closely watched, requiring an open window to ensure timely crop planting.

In the near term, US weather plays a crucial role in weekly price discovery for corn, with July being the key month for yield sensitivity to weather conditions.

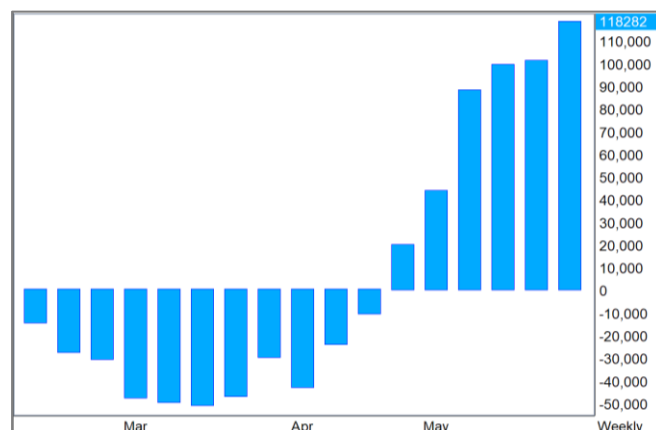
Oilseed complex

Soybean futures prices fell during the week, with planting progress advancing 16% to reach 68% completion, 5% ahead of the 5-year average. With clear weather across the Midwest, significant planting progress is expected by next week.

Market news remained limited, primarily focusing on planting progress aligning with past averages. Funds continue to buy soybeans, with the net managed money fund position now only 14,000 contracts short.



Soybean Oil Managed Money Fund Net Position (in contracts)



Soybean Meal Managed Money Fund Net Position (in contracts)





Support in the meal market is bolstered by a delayed Argentine harvest and a slow new crop crush rate. US meal exports remain at record levels, and world end users may need to source more meal from the US due to the delayed Argentine harvest.

China has yet to book any new crop US soybeans, but purchases are expected to grow during the summer. This could lead to a revision of new crop export numbers lower eventually.

The main market theme remains consistent: planting progress and weather during the growing months are the key focus areas.

Trade-Ideas:

Soybeans: We recommend keeping long implied volatility till July, with the bias to the long side. (Long calls or long futures with short puts)

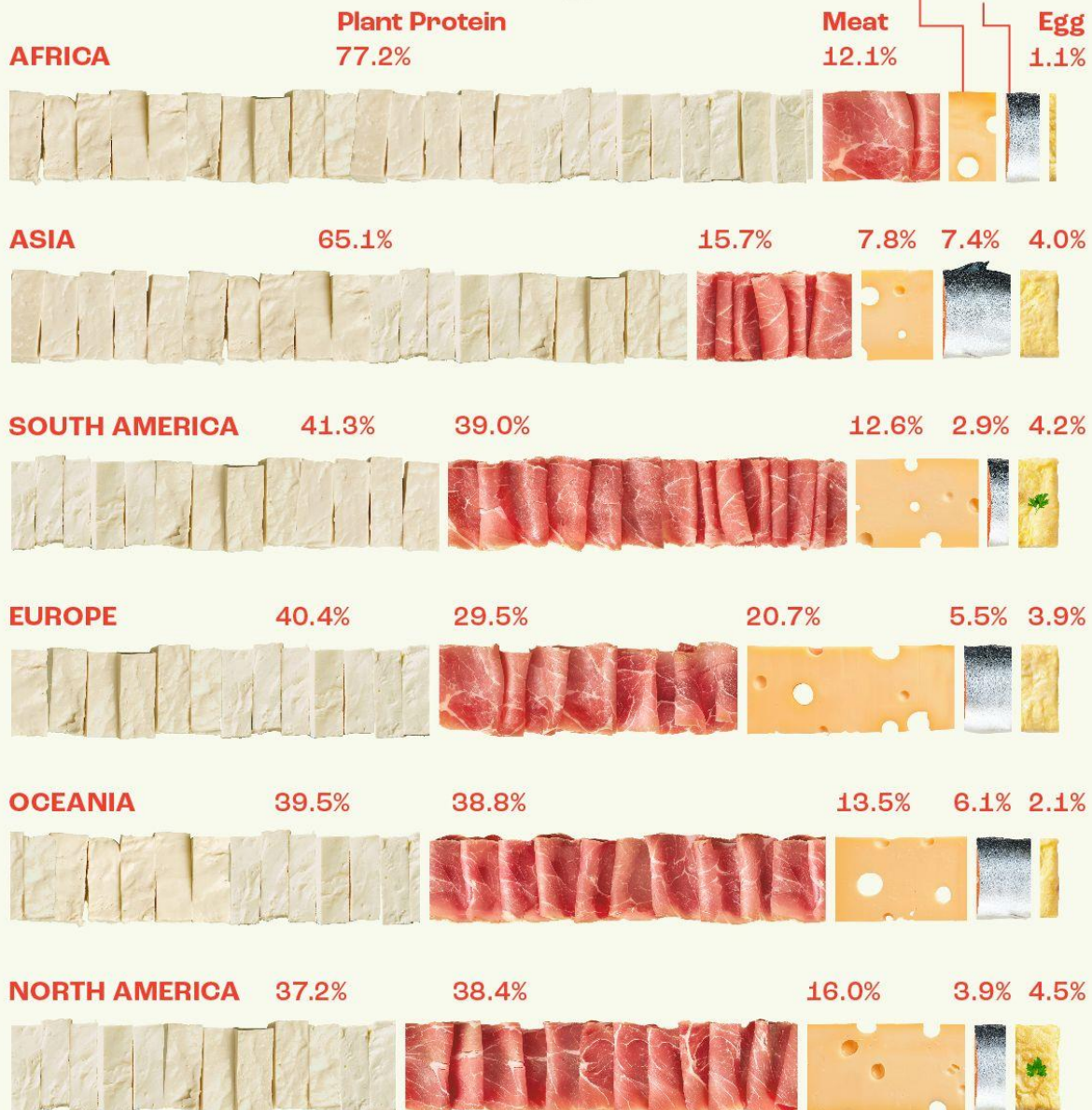
Oilshare: continue to stay long on oilshare

Wheat : Continue to hold long puts , as Kansas corp continues to look good , and HRW uncompetitive in export markets.

Food for Thought: Daily Protein Sources per Region

DAILY PROTEIN SOURCES BY REGION

Share of average daily protein intake, %



Source: UN FAO, 2023 - with major processing by Our World in Data | Figures Rounded



Disclaimer and Important Disclosures

The information in this report is provided solely for informational purposes and should not be regarded as a recommendation to buy, sell or otherwise deal in any particular investment. Please be aware that, where any views have been expressed in this report, the author of this report may have had many varied views over the past 12 months, including contrary views. A large number of views are being generated at all times, and these may change quickly. Any valuations or assumptions made are based solely on the author's market knowledge and experience. Furthermore, the information in this report has not been prepared in accordance with legal requirements designed to promote the independence of investment research. The given material is subject to change, and although based upon information that we consider reliable, it is not guaranteed as to accuracy or completeness. PRETB Pte Ltd believes that the information contained within this report is already in the public domain. The material is not intended to be used as a general guide to investing or as a source of any specific investment recommendations. Investors with any questions regarding the suitability of the products referred to in this presentation should consult their financial and tax advisors.

This material does not constitute an offer or solicitation to any person in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. Persons into whose possession this document may come are required to inform themselves of and observe such restrictions.

This document is confidential. It may not be reproduced, distributed, or transmitted without the express written consent of PRETB Pte Ltd, which reserves all rights.