

# Weekly Market Report

Monday, 17 June 2024

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## Weekly Overview

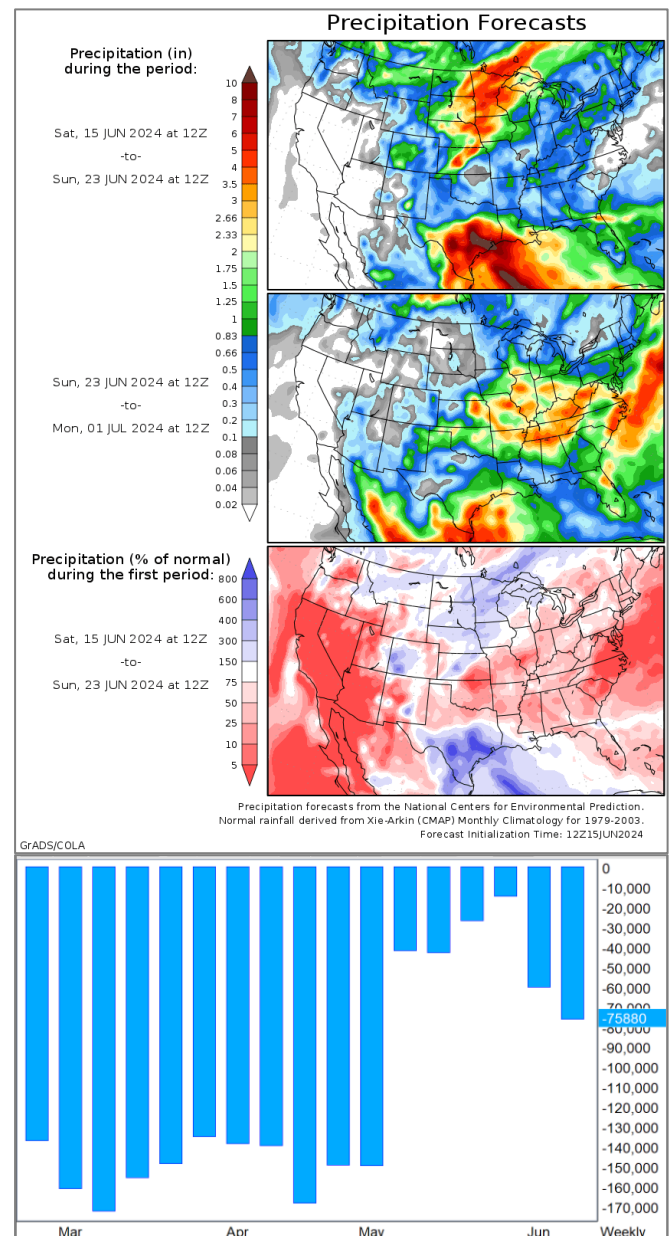
Price changes over the week.

	Price	Change	Change%	30 Day High	30 Day Low
CBOT Wheat	650.25	-26.50	-3.92%	759.25	648.25
Kansas Wheat	654.75	-44.75	-6.40%	775.50	652.50
Corn	470.25	3.00	0.64%	493.00	458.25
Soybeans	1149.75	-8.00	-0.69%	1228.00	1141.00
Soybean Meal	353.40	-2.10	-0.59%	381.10	350.30
Soybean Oil	43.98	-0.25	-0.57%	47.46	43.61
Crude Oil	78.05	2.83	3.76%	80.11	72.44
Palm Oil	834.00	-19.25	-2.26%	868.00	823.75

CBOT agricultural commodity prices declined in the past week, with wheat prices dropping due to improved HRW crop prospects, while corn and soybean prices remained relatively stable. Looking ahead, price volatility is anticipated, largely driven by the severity of adverse weather conditions and the margin for error within each commodity's supply and demand balance sheet.

The latest Commitment of Traders (CoT) report reveals a bearish stance, with funds increasing their short positions on corn and soybeans. Managed money also showed significant selling of soybean meal, reducing long positions to 92,000 contracts. Weather continues to play a critical role in price fluctuations.

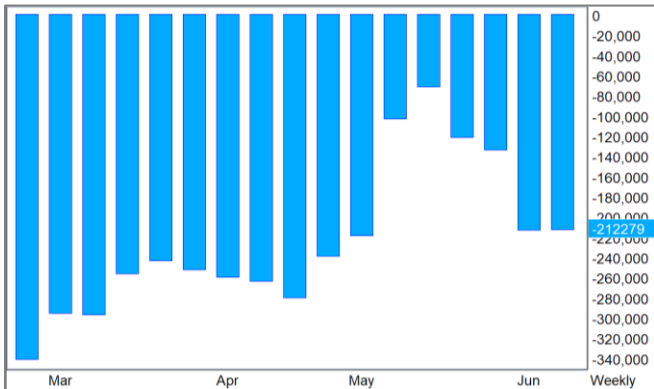
Wheat prices are particularly sensitive to weather conditions in the Black Sea region, whereas the upcoming months will be crucial for determining the prices of corn and soybeans.



Soybeans Managed Money Fund Net Position (in contracts)



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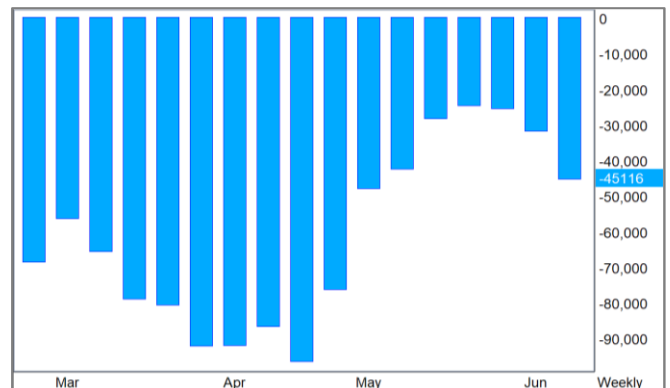
Corn Managed Money Fund Net Position (in contracts).

Attention is expected to shift towards the realisation of expected planting acreage. As we approach July and August, the focus will transition to weather conditions during these key yield-determining months. The market's uncertainty about weather patterns and their impact on crop yields is likely to maintain volatility.

## Grains

US wheat futures declined for the third consecutive week. Various factors, including frost and winterkill risks in Russia and improved weather for HRW crops in the US, influenced this trend. As harvest pressure begins to outweigh weather concerns, price volatility is likely to continue.

In Kansas, crop tours suggest that final yields might exceed USDA's May report estimates, though the risk remains if heat and dryness impact the HRW crop towards the end of the growing season. In Russia, frost damage appears widespread, and the abnormal dryness in the Black Sea region adds to the market's uncertainty about export potential from this area.



CBOT Wheat Managed Money Fund Net Position (in contracts)



The wheat harvest is expected to be largely completed within the next month, with similar progress anticipated in Ukraine and Russia. Recent importer demand has been met with competitively priced European wheat, and large old crop EU stocks have significantly impacted basis levels.

Over time, demand is likely to shift from Russia and Ukraine to other exporters, leading to historically tight balance sheets in the EU, Australia, and Canada. The recovery in wheat prices post-harvest will largely depend on whether global demand shifts towards the US from other origins.



Spot CBOT corn found support last week, driven by strong early summer US export demand and emerging weather concerns in the Midwest. Traders should prepare for significant volatility over the next 6-8 weeks as corn enters its most yield-sensitive period, with extended-range forecasts becoming increasingly concerning.

Yield concerns are prevalent due to ongoing or developing droughts in key areas such as Mexico, Ukraine, and China.

Despite this, central US drought coverage is the smallest since 2022, and initial crop ratings are relatively high compared to the five-year historical range. The long-term outlook for corn is positive, with a significant drop in combined production from Argentina, Brazil, and Ukraine for the calendar year 2024.

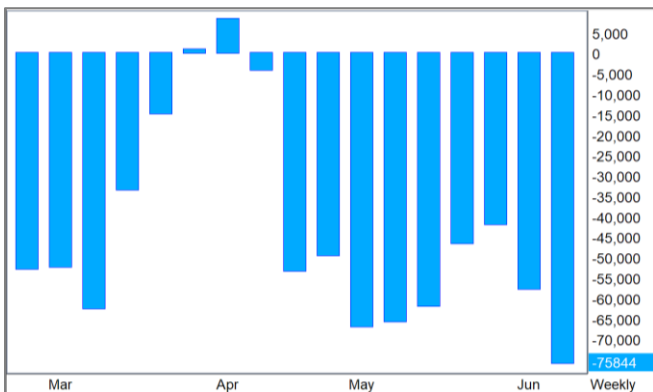
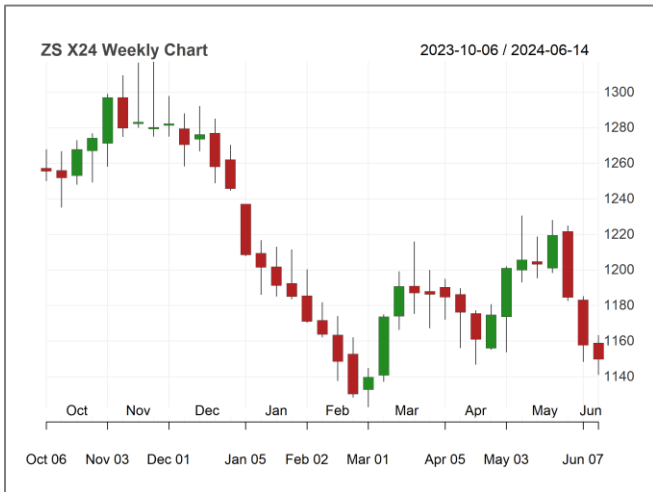
However, some competition for summer and early autumn import demand may emerge by July.

To maintain stocks near 2.0 billion bushels, a record US yield of 182+ bushels per acre is required, necessitating favourable weather conditions. Managed money funds have increased their net short positions, now at 212,000 contracts. The focus will be on the duration of heat and dryness through July, with rapid soil moisture loss expected over the next 10 days due to consistently high temperatures. US weather will play a pivotal role in weekly corn price discovery, especially during July when corn yield is most sensitive to weather variations.

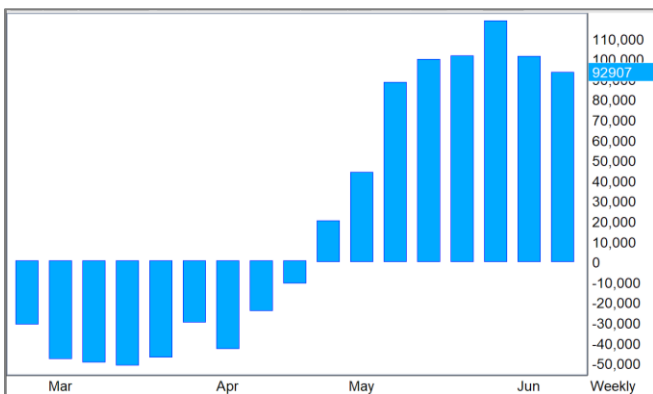
### **Oilseed complex**

Soybean futures remained steady at the end of a relatively quiet trading week. The market initially rallied due to warmer and drier Midwest weather forecasts but later retracted gains following the June WASDE report, which did not present any major surprises. The USDA slightly reduced the old crop crush forecast by 10 million bushels and increased stocks by the same amount.

US GD/EX crop ratings were reported at 72%, reflecting the current state of soybean crops. Market news was limited, with planting progress continuing in line with historical averages. Funds have turned bearish on soybeans, with short positions now at 59,000 contracts. Limited rainfall and rising temperatures across the eastern and southern growing regions are expected to negatively impact crop ratings in the coming week, while crops in the western and northern regions are forecasted to receive substantial rainfall.



Soybean Oil Managed Money Fund Net Position (in contracts)



Soybean Meal Managed Money Fund Net Position (in contracts)

China has yet to secure any significant new crop soybeans from the US, but purchases are anticipated to increase during the summer. This could eventually lead to a downward revision of new crop export numbers. The primary focus of the market remains on planting progress and weather conditions during the growing months.

As we enter the peak of the growing season, volatility is expected to rise, with

weather conditions playing a crucial role in determining market movements.

**Trade-Ideas:**

**Soybeans:** we recommend liquidating the long volatility position, as market could sell off if the weather is benign from here onwards. Look to add downside price risk.

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

**Food for Thought:** life expectancy around the world

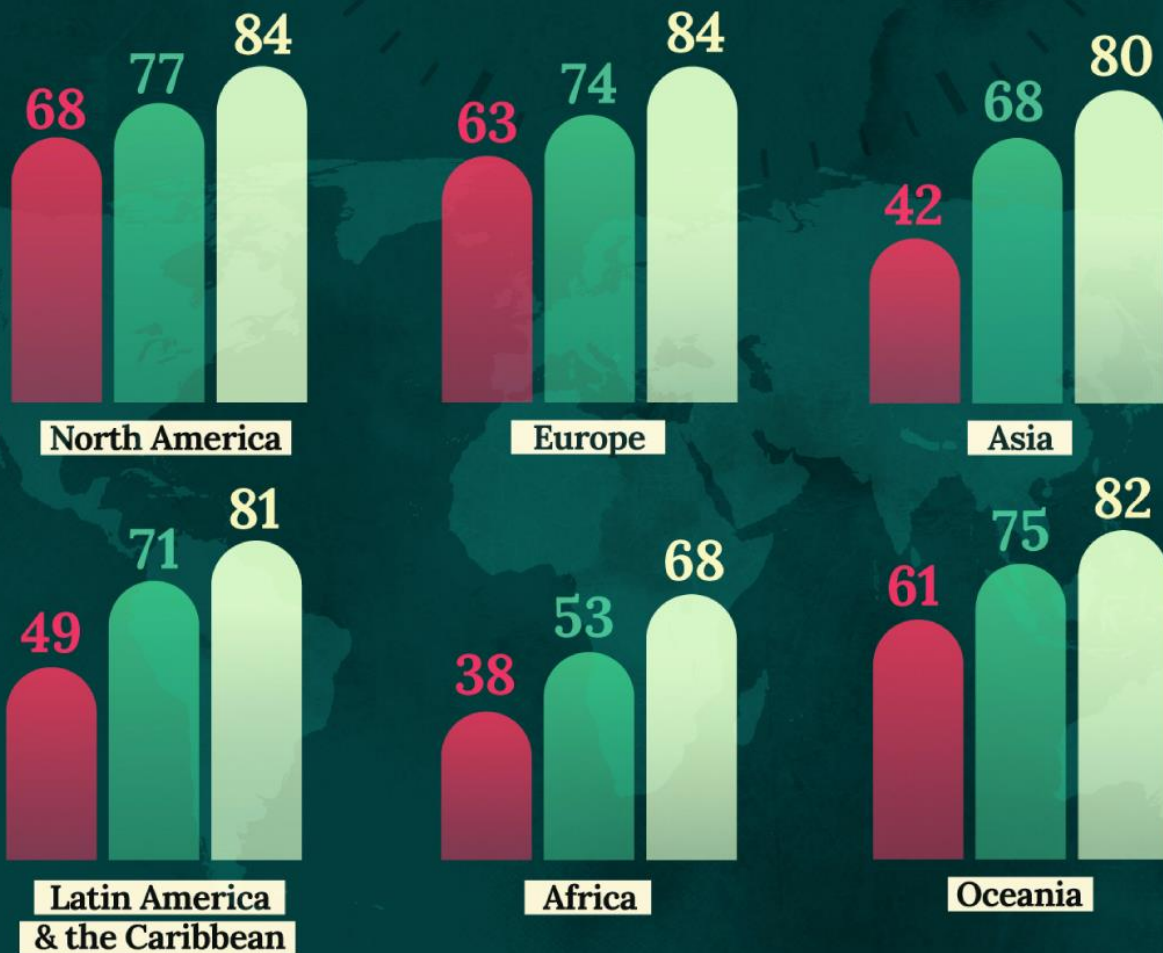
**Note:** We will stop this report by the end of the month in the current format.



# Life Expectancy

By Region

● 1950 ● 2000 ● 2050F



Source: UN World Population Prospects 2022



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