

Weekly Market Report

Monday, 21 Nov 2022

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Weekly Overview

Price changes over the week.

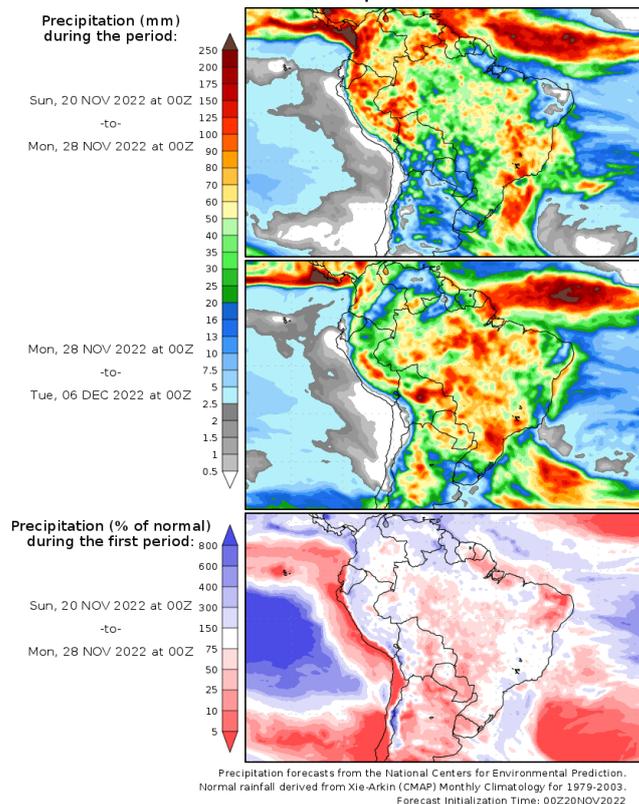
	Price	Change	Change%	30 Day Low	30 Day High
CBOT Wheat	822.00	-13.25	-1.59%	920.75	814.50
Kansas Wheat	923.75	-15.25	-1.62%	987.50	913.50
Corn	670.00	7.00	1.06%	704.75	653.50
Soybeans	1428.25	-21.75	-1.50%	1469.00	1375.50
Soybean Meal	401.70	3.20	0.80%	419.10	392.60
Soybean Oil	68.93	-3.45	-4.77%	73.50	64.93
Crude Oil	79.49	-6.65	-7.72%	89.89	77.63
Palm Oil	834.00	-89.00	-9.64%	928.00	834.00

This week's major news was that the Ukraine /Russian grain corridor deal has been extended for another 120 days. The information on the continued supply of grains will take some support for the price levels. The continued supply from Russia and other countries will significantly impact corn and wheat balance sheets.

Black sea opening for the next few months and continued lack of clarity on the China zero covid strategy, combined with benign weather in South America, had made the supply side stronger vs. the current pace of demand. As a result, we should expect some price pressure in the coming weeks.

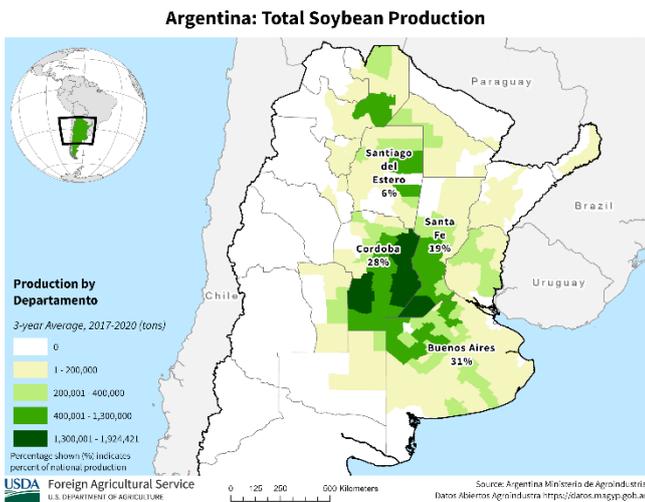
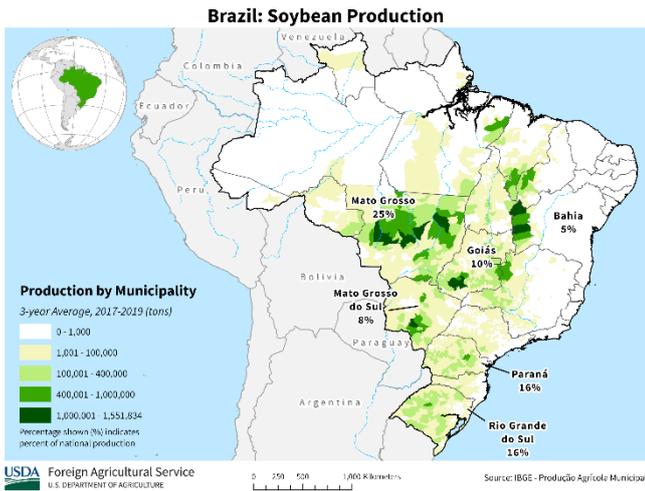
Though the grains are expected to flow well from the black sea region, the operational aspects of the inspection in turkey, etc., will remain critical. Additionally, if there is again some escalation of the issues in the black sea, we could see volatile prices again.

Precipitation Forecasts



GRADS/COLA

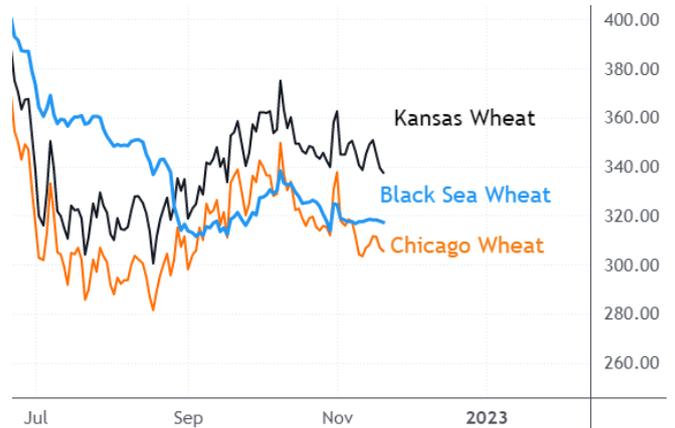
South American weather will be the next major factor that could move prices in either direction in the coming weeks. An ample south American supply would mean a significant increase in the available supply of soybeans and corn for the world export demand. Such an abundance of supply in the face of currently weak demand should translate to lower prices eventually.



Funds were also net sellers all this week, and we saw a significant reduction in their net positions vs. the previous week. Overall, except for geopolitical reasons, it seems that balance sheets are turning bearish on the back of expected better production.

Grains

Wheat prices were under pressure this week on the news that the black sea grain corridor will continue to stay on. The Russian offers into the world market continue to be competitive, with the recent Egyptian tender dominated by the Russian offers.





Market guesses on total wheat exports from Russia have steadily gone higher. Apart from the potential shipping /port constraints, the trade finance infrastructure is more supportive of the Russian flows than a few months ago.

If Russian wheat exports are well above 40 mmts, the price should struggle to rally higher. However, in the face of Russian exports, the US price will have to correct lower to compete in the world market. Therefore, if there is no new negative development on the geopolitical front, our view on wheat is bearish.



After the sharp drop the previous week, corn prices traded in a range. The renewal of the corridor will undoubtedly have a negative impact on corn prices., as that could

There are no apparent threats to the corn crop in South America, and we expect exports from south America to add pressure to prices in the coming months. Without a significant production issue from south America, corn prices will struggle to rally significantly

Oilseed complex

Soybean prices were lower with the added pressure from the last week's decline in energy and veg oil prices. However, the prices are still within the range established a couple of weeks ago.

ZS F23 Weekly Chart 2021-11-05 / 2022-11-18



ZM H23 Weekly Chart 2021-11-05 / 2022-11-18



ZL H23 Weekly Chart 2021-11-05 / 2022-11-18



Like corn, soybean demand continues to remain sluggish, and soybean prices are expected to have a limited upside without a significant weather issue from South America. US soybeans are not competitive in the world market in the forward months.

We believe the pressure on prices will increase as the market is more confident about the large South American crops and Brazilian forward export sales start to eat into the US export share.

Trade-Ideas:

Corn: continue to hold short march corn, move the stop to the entry-level, closer to 700

Wheat: keep long call spread till there is some clarity on the Grain corridor

Soybeans: Continue to hold shorts SN23.

Food for Thought: the importance of smallholders in the global food production chain

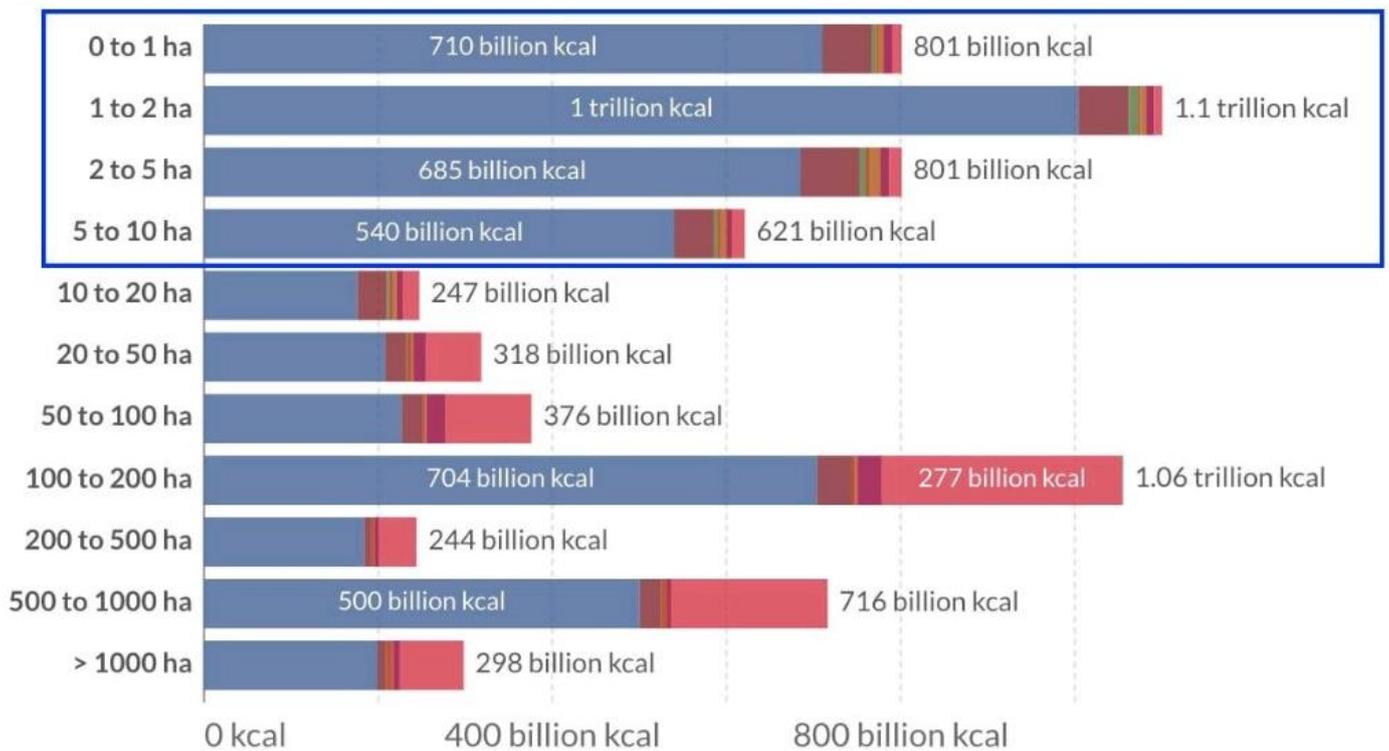
Global crop production by farm size, 2010



Global crop production is measured in kilocalories per year. Farm size is measured in hectares.

Relative

■ Cereals
 ■ Roots and tubers
 ■ Pulses
 ■ Oilcrops
 ■ Fruits
 ■ Vegetables
 ■ Other foods



Source: Ricciardi et al. (2018), How much of the world's food do smallholders produce?. *Global Food Security*. OurWorldInData.org/farm-size • CC BY

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