

# Weekly Market Report

Monday, 20 June 2022

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## Weekly Overview

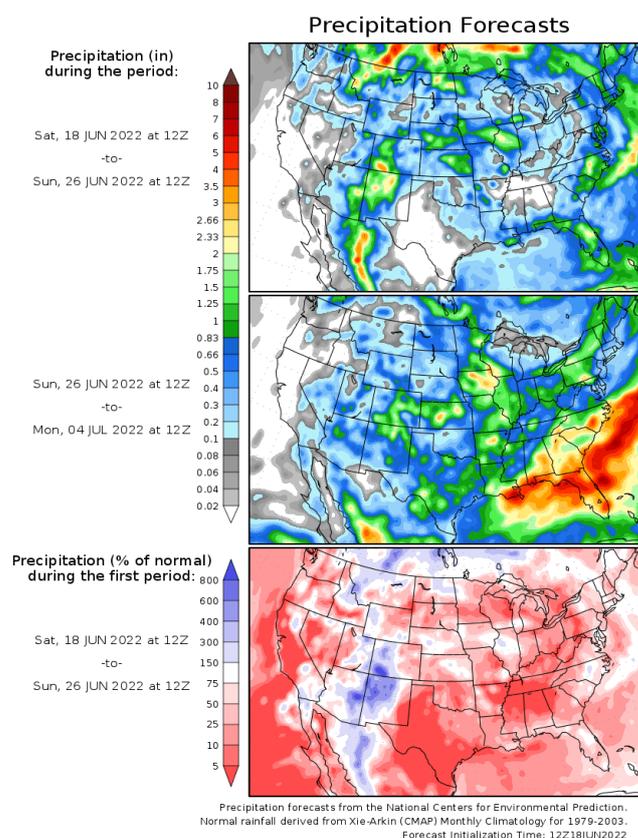
Price changes over the week.

	Price	Change	Change%	30 Day Low	30 Day High
Soybeans	1537.5	-30.75	-1.96%	1499.50	1582.25
Soybean Oil	71.06	-4.96	-6.52%	71.06	79.04
Soybean Meal	407	5.20	1.29%	390.8	415.5
CBOT Wheat	1061.25	-36.75	-3.35%	1061.25	1279.00
Corn	731	10.50	1.46%	690.00	760.75
Kansas Wheat	1121.5	-55.75	-4.74%	1121.50	1370.00
Crude Oil	99.76	-8.46	-7.82%	94.48	109.95

Corn prices were unchanged as robust corn demand and potentially adverse weather due to ridging weather patterns over the growing regions kept the risk premium in prices. Wheat prices were lower as the market tried to factor in the potential wheat supply from Ukraine. Oilseed prices were under pressure over the week due to a decline in crude oil prices.

The market is trying to factor in the impact of Ukrainian supply on the world market. However, we are not hopeful of supply coming out of Ukraine. There are still plenty of issues to be sorted out before Russian wheat hits the world market, e.g., will the international companies that would potentially deal in Russian wheat be subject to sanctions, how much of a war risk premium would be added to the vessels that would need to go in to load cargo. Additionally, if the wheat eventually gets exported from the Ukrainian ports under Russian control, would the wheat be Ukrainian in origin, what kind of export documentation would be needed to export, and would that even be possible to export such wheat.

Finally, the specifics of how the black sea export program will take place are still unknown. We believe that most of these problems will eventually be solved. However, the likelihood of Ukrainian wheat getting exported remains relatively low.



The following two months will determine the size of the US crop, which will be a function of weather. July weather will have the most impact on corn yields, while August weather conditions will be a significant determining factor for soybeans yields

Soybeans and corn prices will continue to be a function of weather forecasts in the US, which more significant prices reaction in case of adverse forecasts. Soybean planting is still lagging, with some northern states well behind the planting pace. The forecast calls for lower rain in the coming weeks, which is great for planting but will negatively impact the corn crop.

The size of abandoned acres, which remains unknown at this point, will significantly impact prices, as a large US crop is critical for keeping a lid on global prices.

Managed money net positions were essentially unchanged, with a lack of any new major news in the last week. Funds added some length to corn, as, if the current adverse weather persists, it can potentially impact corn yields.

**COT Report Managed Money Positions as of 14 June 2022**

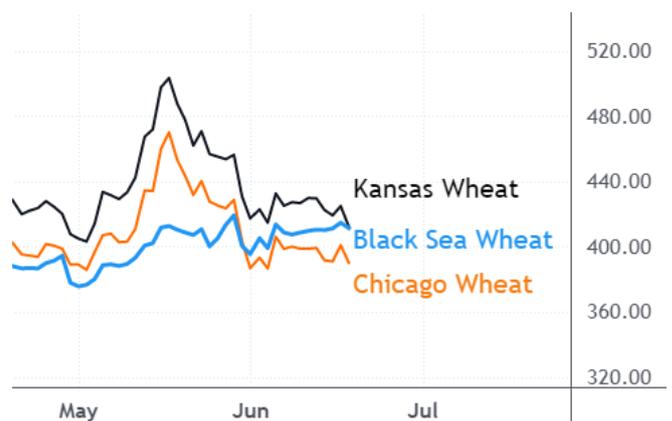
	Position	Change	Max Long	Max Short	Average
Corn	278	14	429	(322)	101
Soybean Meal	52	(1)	134	(77)	28
Soybean Oil	63	(6)	127	(110)	21
Soybeans	163	4	254	(169)	69
Wheat	7	(6)	67	(162)	(31)

**Breakdown of change in Managed Money Positions 14 June 2022**

	Net	Change	Long	Change	Short	Change
Corn	278	14	330	7	52	(7)
Soybean Meal	52	(1)	64	(1)	11	0
Soybean Oil	63	(6)	79	(4)	16	2
Soybeans	163	4	175	1	11	(3)
Wheat	7	(6)	77	(5)	70	1

**Grains**

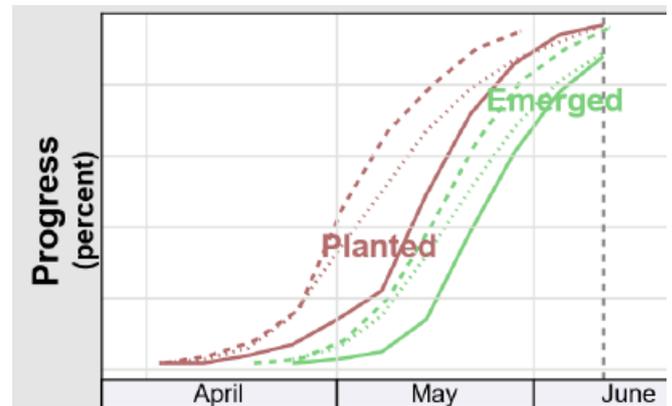
Wheat prices were lower as the market is trying to factor in the Ukrainian supplied to the world exportable surplus. Therefore, we believe it is highly unlikely that Ukarinian wheat will hit the world market soon.





Without significant exports from Russia, wheat prices will have to stay elevated to incentivise wheat planting for the next crop and demand destruction. However, as we explained earlier in the report, this critical wheat export program from Russia still has many questions open.

The drop in prices may have been premature, and this opens up an opportunity for traders to add long to wheat longs while keeping the stop in place. Stop-loss orders are essential as we have seen any geopolitical news that potentially changes the current status quo can have a significant impact on the grain prices



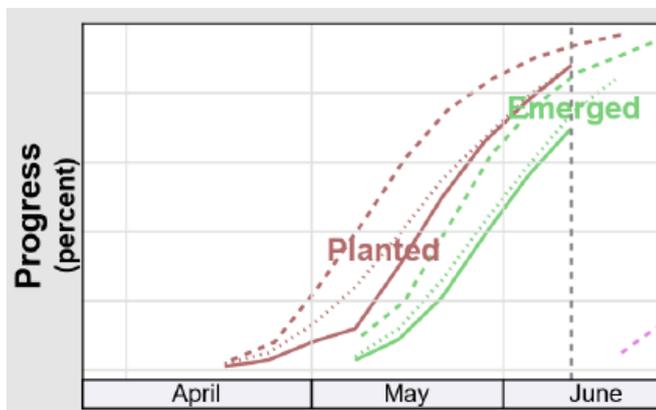
Corn prices rallied higher on the back of adverse long-term forecasts for the US corn-growing regions. Long-range forecasts usually have a lower probability than short-term forecasts. Hence, the price reaction is only anticipatory. Final yield determination on corn has still quite some time.

The global exporter surplus remains low, and the US must get an above-average yield in corn, or else corn prices will rally higher from current levels.

Corn demand remains robust both from the feed and ethanol. Therefore, our bias remains to the upside as long-range forecasts have reduced the probability of corn's above-trend yield.

### Oilseed complex

Soybean prices dropped this week on the back of the drop in soybean oil. The soybean oils were pushed lower by the decline in crude oil price.



Planting progress is lagging; however, given the drier forecast for next week, expect soybean planting to be complete by next week. However, the critical risk remains in the Dakotas, where the planting is well behind schedule, which increases the risk of late-season frost damage to crops.

The initial crop conditions were high good/excellent; however, in our view is still quite early to correlate crop condition soybeans to final yield, as most of the yield will be a function of realized weather in August.

We are likely to continue to see strength in soybeans driven by demand. However, if the weather improves in the US, there could be speculative pressure on prices on expectations of higher yield numbers.

The oilseed complex price will continue to be driven by the direction of energy prices and weather in the coming months.

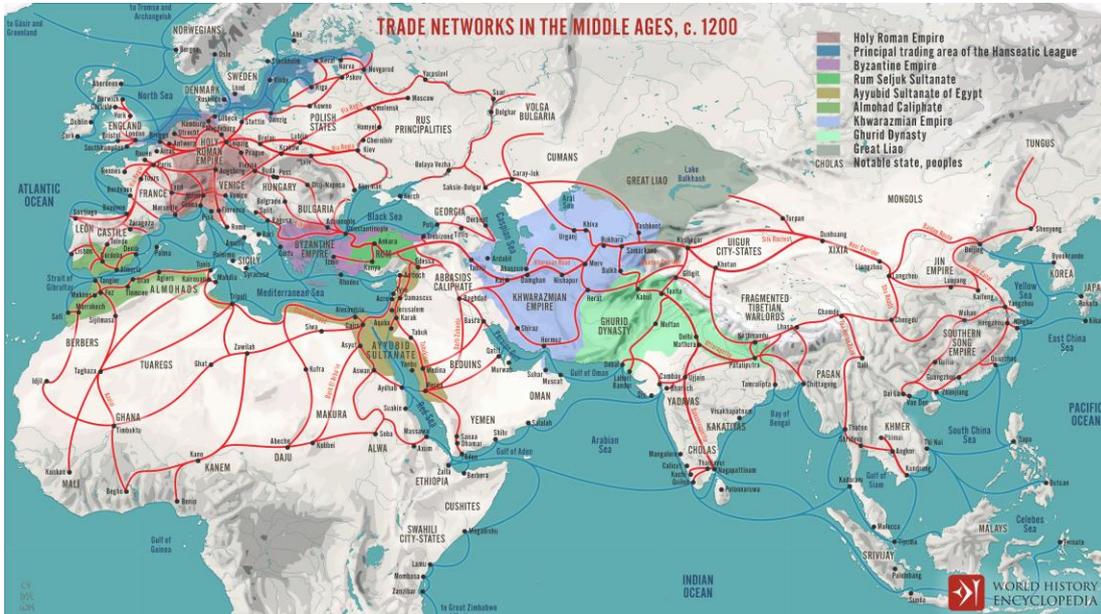
**Trade-Ideas:**

**Corn:** Continue to hold long CZ (Futures/calls or call spreads). Add to longs with a stop loss on close at 670

**Soybean:** look to buy July /Nov spread at low 170's level. : Liquidate this position as we are closer to expiry at the end of June.

**Wheat:** continue to hold long, with a stop at 1035

**Food for Thought:** global trade routes in the Middle Ages



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