

Market Report

Monday, 23 May 2022

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Weekly Overview

Price changes over the week.

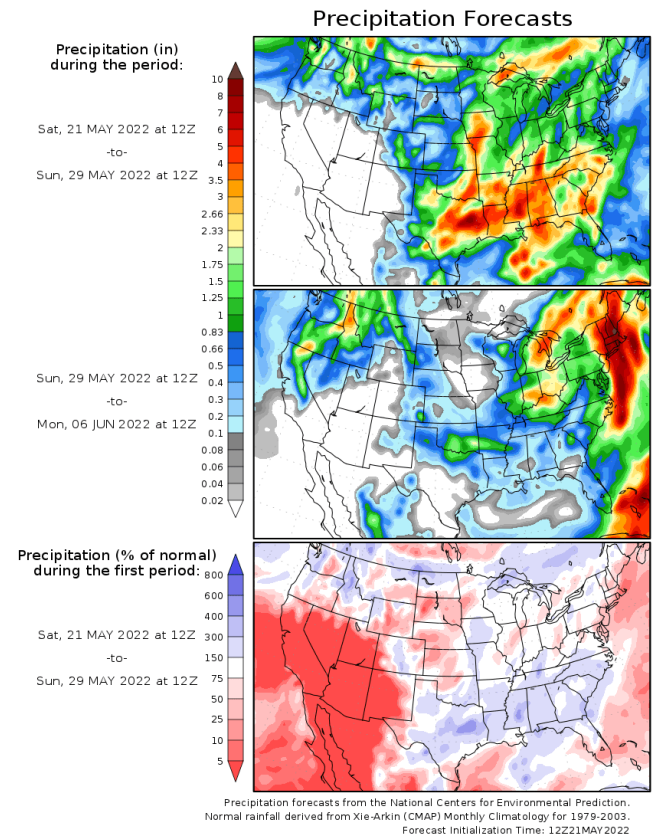
	Price	Change	Change%	30 Day Low	30 Day High
Soybeans	1521.75	23.50	1.57%	1446.75	1531.75
Soybean Oil	74.27	-1.54	-2.03%	71.83	77.09
Soybean Meal	410.3	13.30	3.35%	387.4	426.4
CBOT Wheat	1179.25	-5.75	-0.49%	1052.75	1279.00
Corn	732	-16.75	-2.24%	710.75	765.50
Kansas Wheat	1261	-24.00	-1.87%	1101.50	1370.00
Crude Oil	96.7	-1.15	-1.18%	90.95	98.99

Soybean prices were higher over the week, however, with lower Oilshare. The wheat market initially rallied on the back of news that India is banning wheat exports; however, by the end of the week, wheat prices closed lower. Corn prices were also lower, as improved weather and a wheat price decline added downward pressure.

When India implemented the wheat export ban, India also said that it would continue to export to countries where food security is a concern. Market consensus is that India will export at least 2mmts of port stock and could sell additional volumes in government-to-government deals. The G2G deals could easily add one million mts to total exports. While this amount of export will no be sufficient to keep a lid on world prices, it does provide some much-needed supply to world wheat markets.

The overarching issues remain the same, i.e., the burden on US crop yields to solve the tight supply situation. the delayed planting continues to be a critical issue.

Delayed planting in corn and soybeans continues to raise concerns about yields and a higher risk of late-season frost damage.



We must remember that we only need to get a couple of weeks of dry weather to get most of the planting done due to modern farming equipment. Therefore, any window of clear planting weather would add short-term pressure on prices.

Around 70% of Ukraine's corn crop is planted. However, there is still no viable way to export any food grain out of Ukraine. Therefore, the market has factored that none of the Ukrainian production would be exported.

However, the fact remains that world demand is still quite dependent on Russian exports. The world needs to see at least 33 million mts or higher export out of Russia to avoid a further rally in global wheat prices.

Managed money-reduced positions in soybean meal, while adding to longs in soybeans and wheat. There were no significant changes to positions, as the fundamentals largely remained same.

COT Report Managed Money Positions as of 17 May 2022

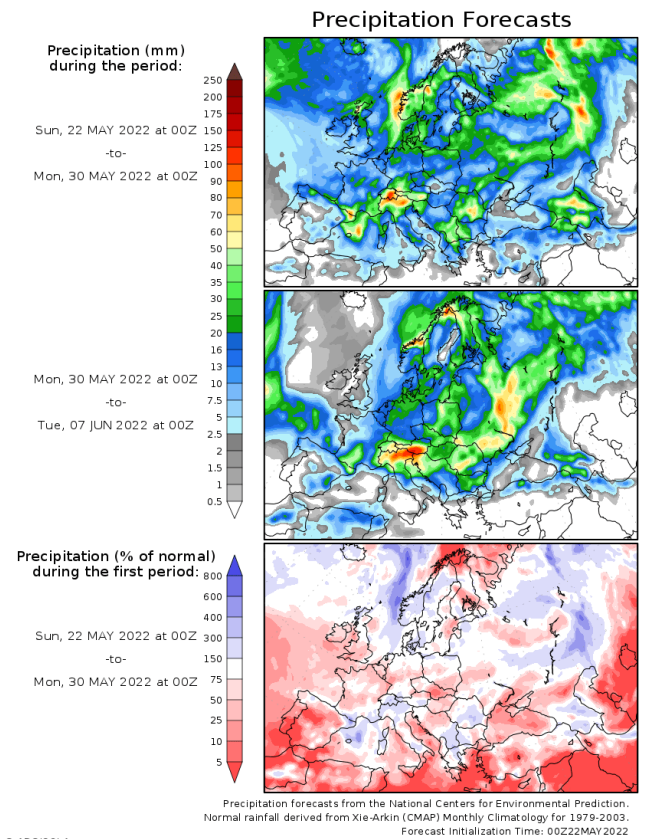
	Position	Change	Max Long	Max Short	Average
Corn	340	1	429	(322)	100
Soybean Meal	36	(16)	134	(77)	28
Soybean Oil	86	(2)	127	(110)	21
Soybeans	147	17	254	(169)	69
Wheat	27	11	67	(162)	(32)

Breakdown of change in Managed Money Positions 17 May 2022

	Net	Change	Long	Change	Short	Change
Corn	340	1	386	10	46	9
Soybean Meal	36	(16)	59	(12)	23	5
Soybean Oil	86	(2)	92	(1)	6	1
Soybeans	147	17	163	16	16	(1)
Wheat	27	11	97	10	70	(1)

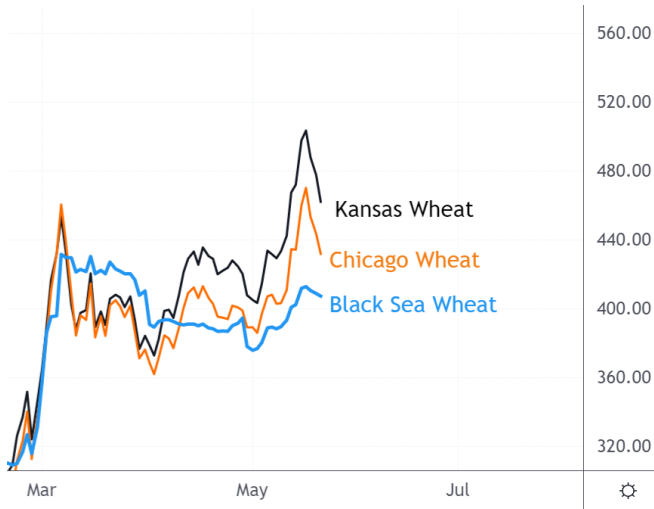
Grains

Wheat prices were higher earlier in the week as the market priced a total ban on Indian wheat export; however, as traders factored in some exports from India and as the weather improved in Europe, prices started coming off by the end of the week. However, European wheat yields are now expected to be lower, potentially impacting the total surplus available for exports.



GRADS/COLA





The good /excellent crop condition of US HRW below continues to be below 30%, which is one of the lowest in recent years. However, we suggest liquidating the KWN/KWZ spread as regardless of how bad the KW crop is, there will seem be some harvest pressure on the KWN contract.

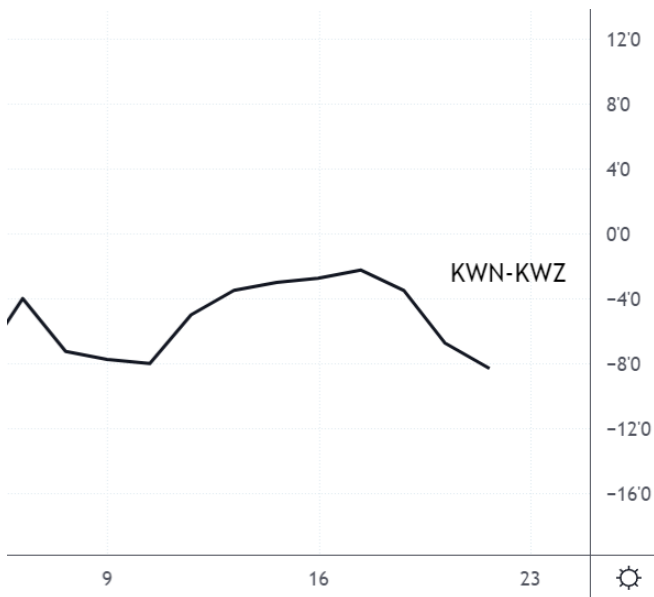
For wheat prices to come off their current levels, the supply from the black sea needs to normalize, or at least the market has to start factoring in a larger export out of Russia.

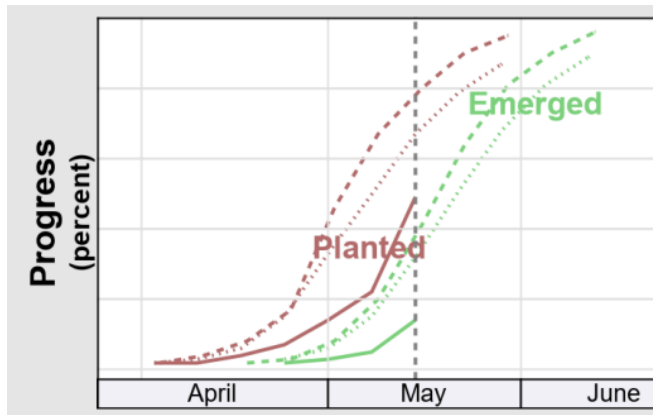
A very good northern hemisphere crop, which will be established in the coming months, will be essential for lowering global prices from current levels.

Kansas Wheat Dec Weekly Chart 2021-05-07 / 2022-05-20



CBOT Corn Dec Weekly Chart 2021-05-07 / 2022-05-20





Corn prices were broadly unchanged over the week. However, the chart suggests that they are still within the trading range. We expect corn prices to continue to rally higher in the coming months as corn fundamentals remain quite bullish. The US crop would need an exceptional yield to keep a lid on corn prices. In addition, the chances of good planting in Ukrainian crops are lower, and the export pipeline remains uncertain.

.If the US crop has a lower-than-expected yield, corn prices can be significantly higher than current levels. However, unlike wheat, corn demand has not seen a slowdown as even at current price levels, there is good end user demand from feed and ethanol.

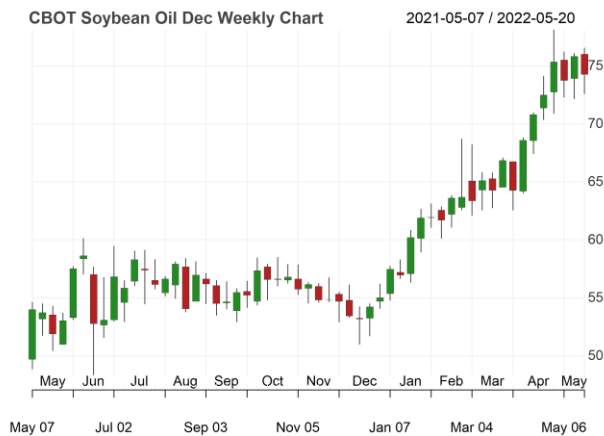
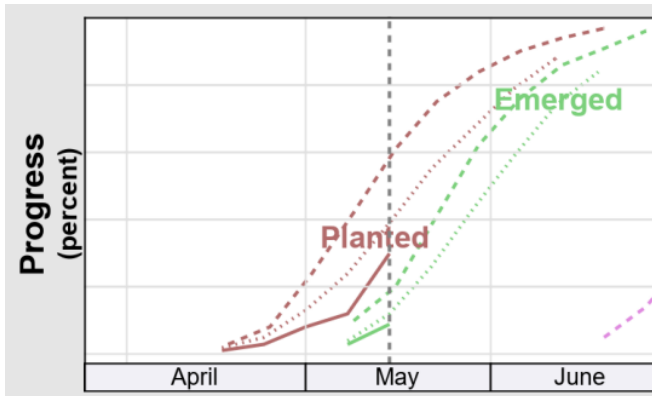
Oilseed complex

Soybean prices closed higher on the week due to delayed planting and higher domestic crushing. There is a lot of pent-up world soybean demand, and unlike the other years, there is no viable alternative South American crop

It is quite likely that we will 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 new crop carryout number estimates range in the market is still quite wide as several variables are still open that can push the carryout numbers significantly.





The oilseed complex price direction highly depends on the weather and the expected demand pace for US soybeans. However, the default direction is higher as the expectation of stocks on the current year, and old crop remains quite tight.

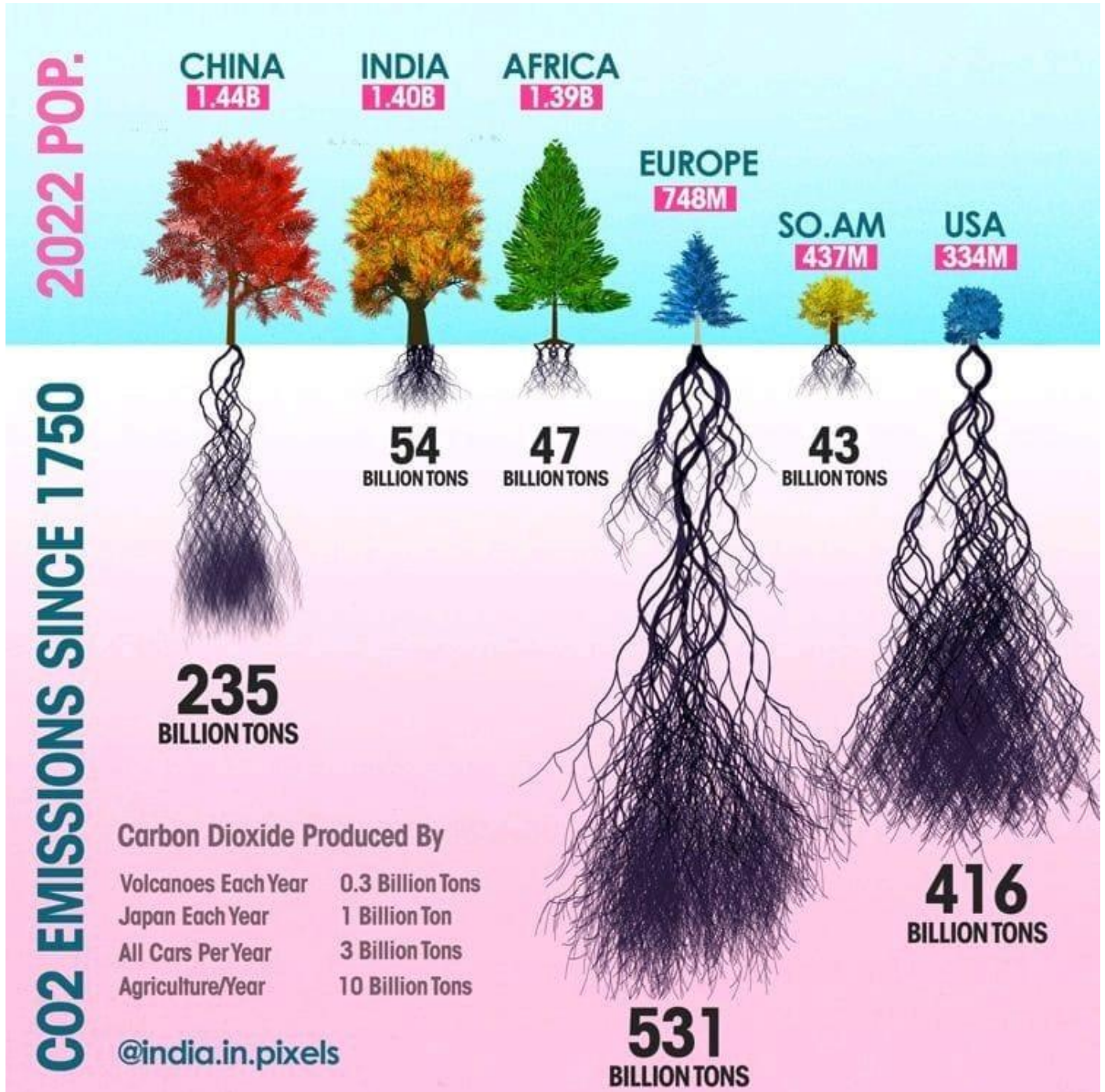
Trade-Ideas:

Corn: Continue to hold long CZ (Futures/calls or call spreads)

Wheat spreads: Stop out of KWN/KWZ at market

Oilseeds: stay close to home or own volatility as its relatively cheap at the moment and we expect it to go up as we approach June/July weather markets (into August)

Food for Thought: Country wise CO2 emissions vs populations charted



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