
Monday, March 18, 2024

Good morning. Markets are mixed with thin volume to start the new week. Corn and soybean futures were higher on last night's 7pm central open, but have spent most of the overnight session drifting lower. Fundamental news again remains mostly the same as the past couple weeks, with the next major event being the March 28th stocks and planting intentions reports in 9 trading sessions. Until then, a combination of US and South America weather (US Midwest soil moisture could use a boost, and Brazil has some pockets of hot and dry), as well as Chinese demand news and fund positioning, will be the main drivers of the CBOT. Corn futures are a penny higher, soybean futures are 5-8 cents lower, and the Chicago wheat market is up 6-8 cents. Products are lower, soybean meal is down \$1-2/ton, and soybean oil is down 10-20 points. Outside markets are mixed, crude oil futures are up 30-40 cents/bbl, the Dow Jones index is up 50 points, and the US\$ index is down 8 points.

Today's Reports: US Weekly Export Inspections

- Friday afternoon's COT report showed fund managers ended their selling streak in soybeans. For the first time in 17 weeks funds were net buyers of soybean futures and options, and are now seen short 155,137 contracts as of March 12th.
- Managed money is also seen short 255,928 contracts of corn futures and options, having now trimmed their position by nearly 100,000 contracts after the recently made record. Fund managers bought a combined 57,729 contracts of corn and soybean contracts in the week ending March 12th.

- Also from Friday, the USDA attaché in Argentina reduced their estimate of the soybean crop there by 1 mmt from its previous estimate, now forecasting a crop of 49.5 mmt's.
- The Department cited a period of dry and hot weather in the major production areas as the reason for their cut, despite ideal rainfall that followed planting. The estimate was 0.5 mmt's below the USDA March forecast.
- French wheat conditions again took a hit last week; crops in the good/excellent category dropped from 68% to 66%, compared with 95% at this time last year.
- Ukraine grain exports are seen down 9.4% so far in the marketing year that began July 1. Grain exports are seen at 32.4 mil tons, which includes 12.9 mil tons of wheat, 17.4 mil tons of corn, and 1.9 mil tons of barley.
- US federally inspected beef production was up 3.6% in the week ending March 16th, while pork production was up 0.8%. For the year, beef production is down 4.3%, and pork production is up 0.5%.
- In financial news, China's factory output and retail sales both beat expectations. Factory output was up 7%, while retail sales were at 5.5%. While retail sales were down from December, they still beat expectations.
- Financial markets are also preparing for a possible rate hike out of the Bank of Japan tomorrow, as this outcome is now widely expected. This ahead of this week's US Fed meeting on Tuesday/Wednesday.
- Russian President Vladimir Putin won Russia's Presidential election over the weekend in a landslide. The current President received 88% of the vote, as there were no real competitors. The outcome gives Putin another six years in power.
- Also in this part of the world, Ukraine has begun/continued attacking Russian oil refineries with drones. This has begun to cause supply disruption, which has helped support crude oil futures at/above \$80/bbl.
- In retaliation, Russia has increased drone/missile attacks on the Odessa Port region, where Ukraine exports large quantities of ag goods; or did before the war began. This could be supporting wheat futures this morning.

- Southern Brazil saw a front bring scattered showers over the weekend, with some areas of heavy rain. Another Thursday/Friday will bring moisture further North, which is needed for safrinha corn.
- Argentina saw scattered rains in the North over the weekend. Several systems are also slated to bring moisture this week to the rest of the country, keeping generally favorable growing conditions intact.
- US Midwest sees slightly cooler temps this week with general dryness. Areas in the Ohio River Valley and East saw decent rains end of last week. South/Southeast US will be the wettest area this week, with several storm systems forecast. Midwest temps are again seen warming to above average at the end of March.

Managed money position

	Previous days' estimated activity	Today's estimated net position	Record long	Record short
Corn	+1,000	-289,000	429,189	-340,732
Soybeans	+2,000	-152,000	253,889	-171,999
Chicago Wheat	-2,000	-90,000	80,827	-162,327

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