



## November 2023 Monthly Commentary

Meal strength continued to lead the way into mid-month with firm SAM premiums as well as very strong US cash markets providing support. Nervousness about Brazil's weather pattern also added to the strength in the complex with beans touching \$14 in the Jan. Dec meal ran to \$479 before giving back much of the month's gains. Meal finished 5 dollars higher for the month with beans up 32 cents and oil gaining 140 points. Hints of a pattern change in SAM as well as general liquidation pressured markets into month end. Wheat and corn made new lows in November in a grind lower. Corn finished the month down 10 while wheat clawed back to close up 14 in Chgo, 2 higher in KC, and 1 higher in Mpls.

Central and northern Brazil has seen better rainfall while Argentine weather has been overall favorable. Mato Grosso and Bahia are still well behind normal rain, however, and southern growing areas remain too wet with planting well behind normal in RGDS. Brazil crop ideas have been floated in the low to mid 150s vs. early ideas of 164-165 mmt. The USDA is at 163 mmt and CONAB will be out later this week. Their previous was 162.4 mmt. A crop below last year's 154.6 mmt would reduce their export availability. China has been a sizable buyer recently and Arg supplies will be tight until the spring although their crop prospects are quite favorable. The Argentine run-off election with Melie winning by a landslide late in the month was a long-term negative feature. He ran on dollarization of the economy and eliminating export taxes. In the near term, given Argentina's tight supplies, it's not much of an issue. But if he is able to get it done, there will be long term implications as Arg producers will no longer need to hold their grain as a currency hedge. Direction in the near to medium term should depend on the direction of SAM crop ideas.

There is also concern about Brazil's second corn crop (which comprises the majority of their prod'n) given the dry start in the central and north with Mato Grosso the biggest issue. The US balance sheet is not that exciting, but the fund short is quite sizable and China came back to the market. There is also talk of China washing out Brazil cargoes for US. The market was making comparisons to the 15/16 El Nino year when Brazil's second crop was down nearly 25% from the previous year. Better rain has been received recently, but MT remains well behind on a percentage of normal basis. US corn area is forecast to be down 3-4 mil acres next year as beans take more, so a short Brazil crop would be a big deal in the longer term. Futures likely made their harvest low in late November and can firm some/trade sideways into year end as SAM production prospects are considered.

Wheat has finally put together a string of gains since late November. China has been on a buying program of US SRW. Funds are carrying a big short in Chgo so it has been bid for the last week and a half straight and has rallied almost a dollar. It is unclear when China will stop but US wheat is no longer competitive after the run-up with a rally in ocean freight making it even less so. The hard wheats have started to turn and the rally may have run its course for now. Unless China's needs exceed expectations in a big way, the downtrend should resume with US and major exporter balance sheets expected to expand going forward.

Regards,

Megan Bocken  
December 6, 2023

Information contained herein has been taken from trade and statistical services and other sources we believe are reliable. Bocken Trading, LLC does not guarantee that such information is accurate or complete and it should not be relied upon as such. Opinions expressed reflect judgments at this date and are subject to change without notice. There is risk of loss in trading futures and options and it is not suitable for all investors. PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. The contents of this report are informational purposes only and under no circumstances should they be construed as an offer to sell or a solicitation to buy or sell any futures or options contracts. This material cannot be copied, reproduced, modified, or redistributed without the express written consent of Bocken Trading, LLC. No one has been authorized to distribute this for sale.

9047 Poplar Avenue, Suite 101 • Germantown, Tennessee • 38138

[newaccounts@bockentrading.com](mailto:newaccounts@bockentrading.com) • phone: 901.766.4446 • [bockentrading.com](http://bockentrading.com)