



October 2024 Monthly Commentary

Markets generally reversed September rallies with the exception of oil which was relatively firm. The US producer let some go and SAM weather turned more favorable. Beans and meal worked their way back to previous lows. Corn was weaker but found support above the Aug lows and gained on beans. Wheat had outpriced itself on the Sept rally and worked lower. Futures finished down 13 cents in corn, 14 lower in Chgo, down 15 in KC, and 18 lower in Mpls. Beans gave back 73 cents while meal lost \$42/ton. Oil gained 206 points.

Central and Northern Brazil rains came and the planting pace caught up to year ago in a short time. Argentina had also been dry and saw much better rains. The chances of La Nina developing have weakened with some Meteorological bodies only expecting a 50% chance. La Nina nearly always results in below trend yields in Argentine beans and second crop Brazilian corn. If we stay neutral, production prospects will be much better. Crush came back online and domestic meal basis finally gave up the ghost. Funds went from long to short meal. Oil stocks stayed tight and US oil was at discount to palm throughout the rally. World oils are tight and the longer-term outlook for oil is constructive. China stepped up purchasing US beans on the break and ahead of the election. The trade fears another trade war if Trump is elected again. Much will depend on the election outcome as far as trade flows, but supplies remain heavy and should be a bearish overhang without major SAM supply disruptions. Markets will likely be under pressure in the near term if Trump wins and could see a relief rally if Harris wins. Hopefully we will have timely results. The USDA report Friday is expected to show a slightly lower yield with a lower export forecast.

Corn gave back much of the Sept rally into mid-Oct but then found support as funds covered shorts and US export business ramped up. US corn was the cheapest origin and we had large nearly daily sales announcements. The low SAM and Black Sea availability is starting to become apparent and the USDA needs to raise US exports in their Nov WASDE. The trade is expecting a slightly lower yield as well, so the balance sheet may tighten some Friday. I think corn can work higher in the near term or at least trade sideways on strong demand. Corn should gain further on beans and the election may not have as much of an effect on corn given most in the trade have considerably pared their China demand forecasts regardless.

Wheat has really gone quiet. In classic wheat fashion, US rallied and priced itself out of the world market and business has slowed considerably. Russia is trying to find a floor and something has got to give at some point given their robust export pace, but for now it is more of the same. There may be a point to be bull spread, but otherwise not much is jumping out.

Regards,

Megan Bocken

November 5, 2024

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