

Commodities Markets Report

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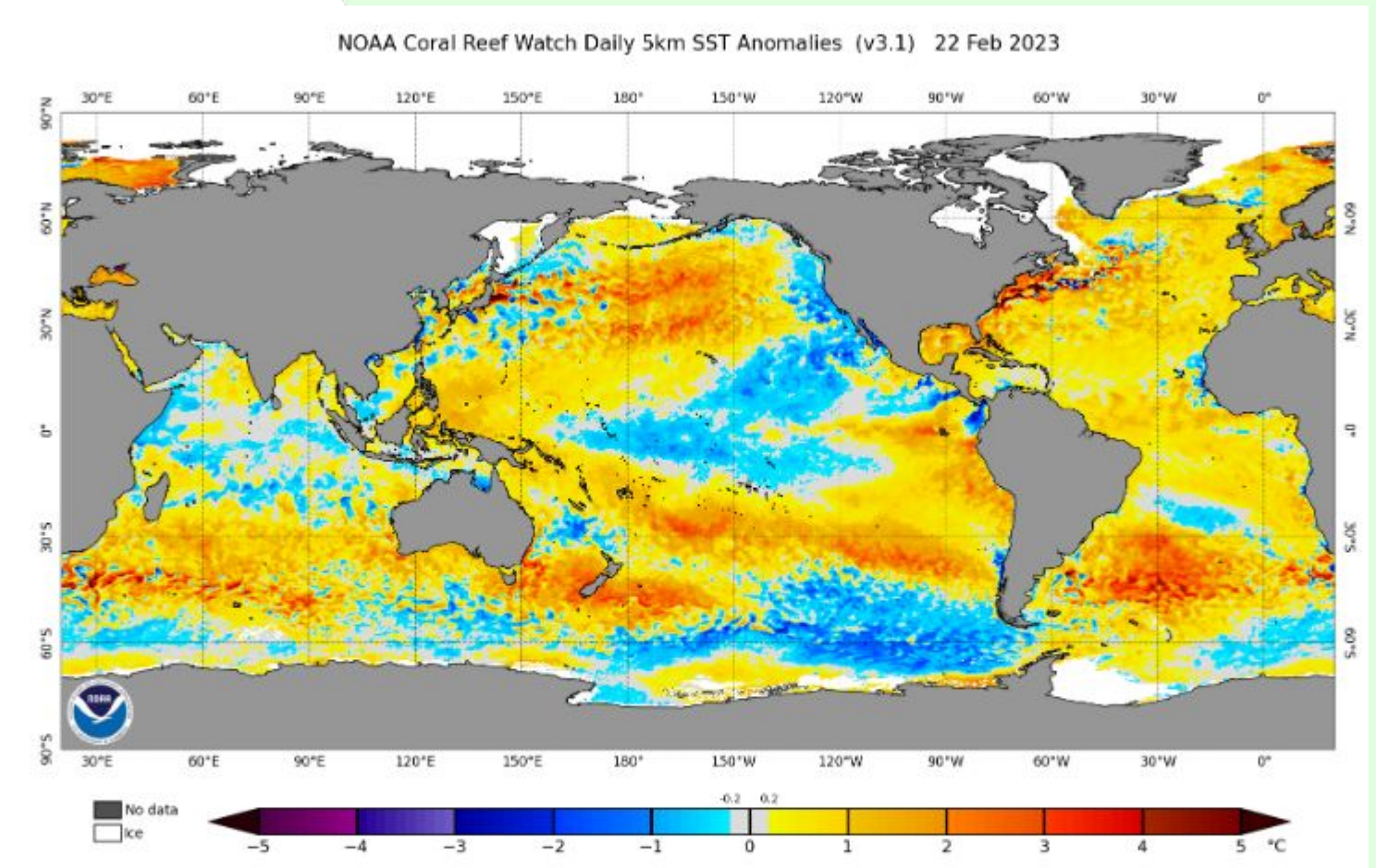
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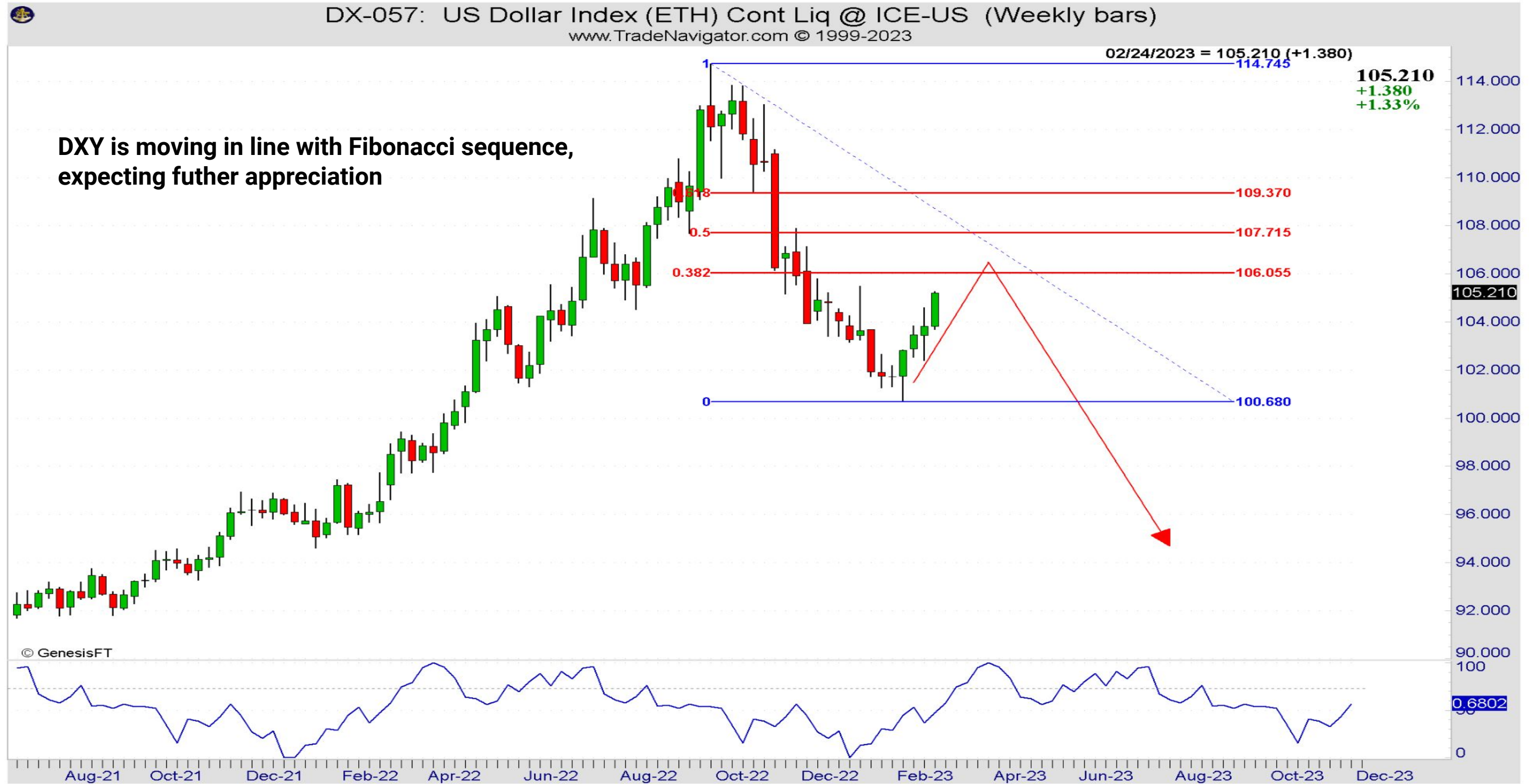
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Global weather review

- La Niña continues in the tropical Pacific Ocean. While oceanic indicators, including sea surface temperatures (SSTs), have weakened to ENSO-neutral values, the atmosphere has been slower to respond and remains La Niña-like. Even as La Niña weakens, it can continue to influence global weather and climate.
- All models anticipate SSTs in the central Pacific Ocean will warm further, but remain at neutral levels (neither La Niña nor El Niño) until at least mid-autumn. As accuracy is generally lower for long-range ENSO forecasts made during summer, ENSO outlooks that extend past autumn should be viewed with caution.
- La Nina implies hot and dry summer for Argentina, USA and wet for Brazil.
- There is a huge risk of drought that may hurt soybeans in Argentina and USA in spring and summer, whereas too wet weather in Brazil may prevent proper crop development.
- In Brazil rain continued bringing excessive moisture to immature soybeans.
- In Argentina showers brought cooler weather to the region, some regions were affected by flash frosts.



Dollar Index



Commodities Index



Soybean oil: Buy

- Global 2022/23 soybean supply and demand forecasts include lower production, crush and ending stocks.
- Global production is reduced 5.0 million tons to 383.0 million on lower crops for Argentina and Ukraine.
- Global soybean exports are nearly unchanged, with lower exports for Argentina offset by higher shipments for Paraguay and Brazil
- Global oilseed crush is reduced 3.4 million tons mainly on lower crush for China, Pakistan and Argentina.
- China's crush is lowered on slower-than-expected pace to date.
- Pakistan's crush is reduced on lower available supplies. Argentina's crush is lowered leading to reduced soybean meal and oil shipments.
- Global soybean ending stocks are reduced 1.5 million tons to 102.0 million, with lower South American stocks partly offset by higher stocks for China.
- Vegetative health in Argentina for soybean areas remain the worst in 50 years.
- If all current soybean processing capacity gets built out in the US between now into 2025, 3.3 billion additional gallons of renewable diesel will be produced. That will require an additional 2.2 billion bushels of soybeans. In order, to do that without reducing US soybean exports would require 44 million additional planted acres in the US. If only half the capacity comes online, it would require 22 million additional acres. In order to keep acres where they are currently would mean that the 2 billion in US soybean exports would go to zero.

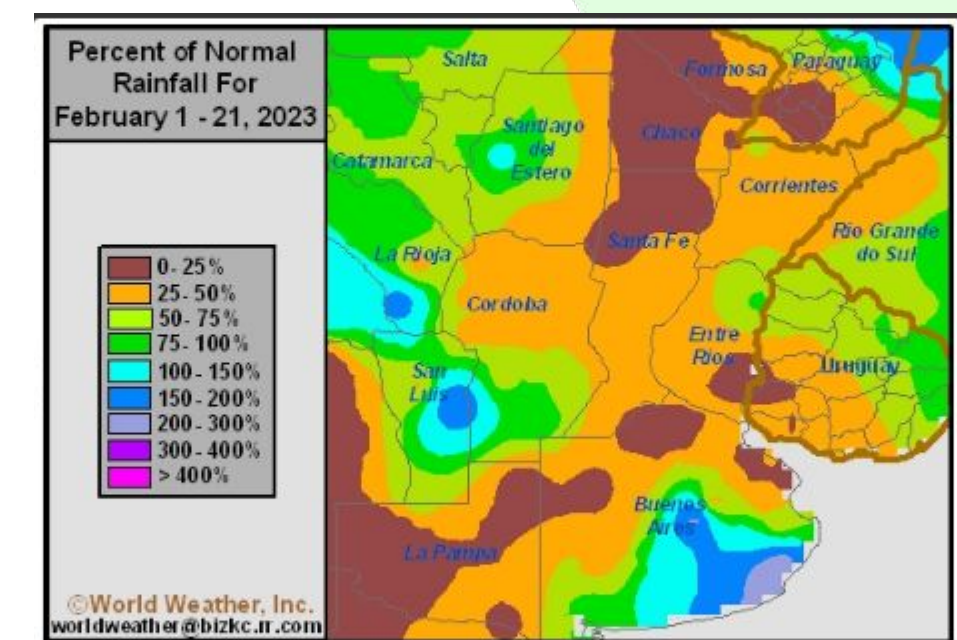
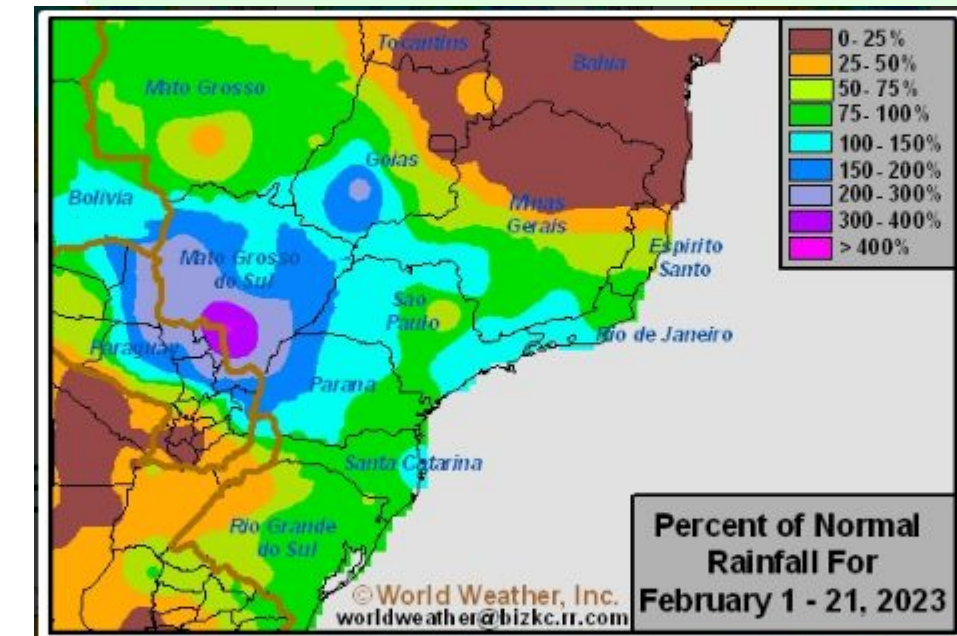


- Soybean meal is bullish on the back of lower soybean production, lower ending stocks, lower crush, unstable LATAM weather, expected US deficit of soybeans for soybean oil production.

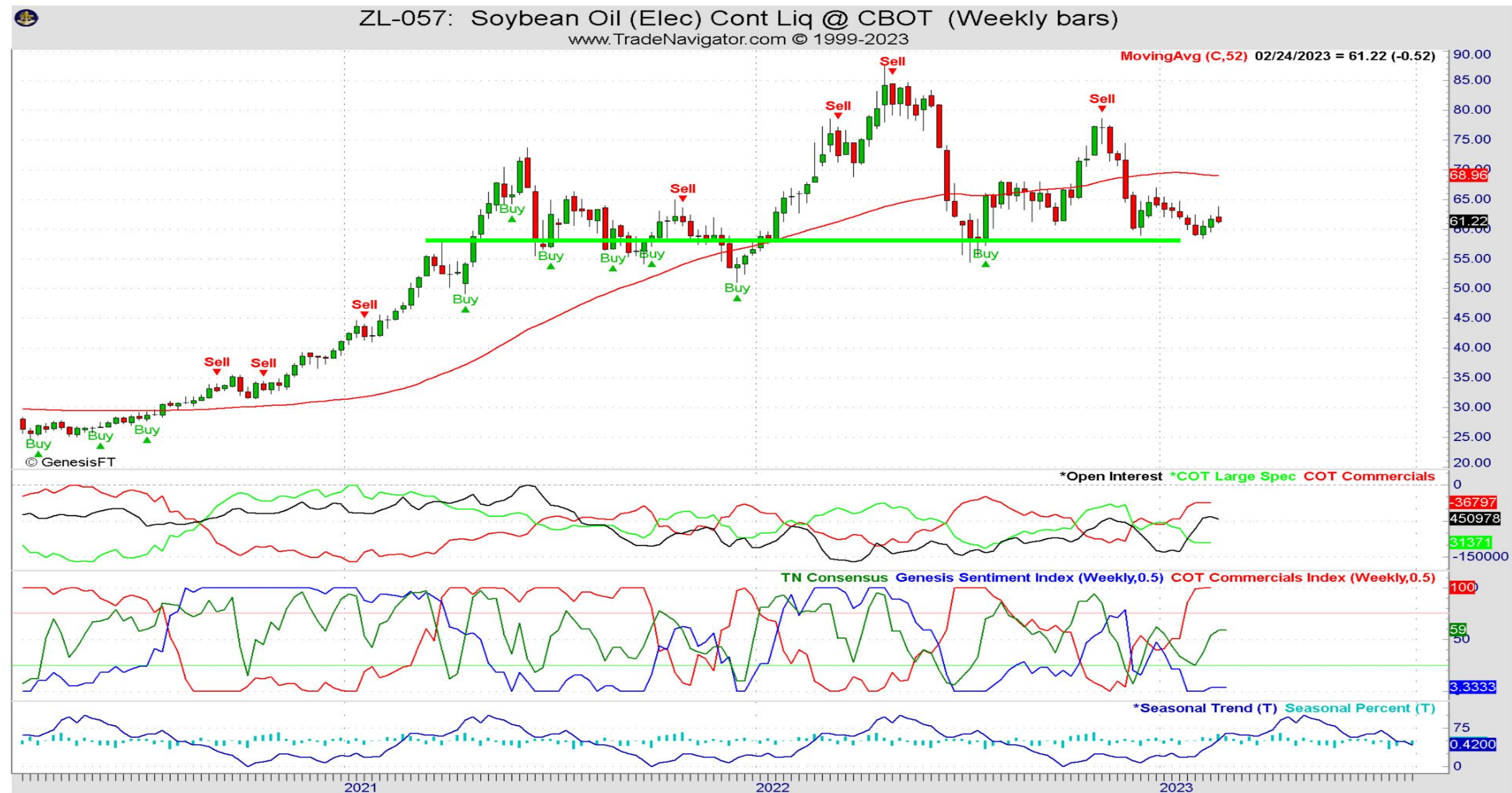


Weather outlook

- Beneficial showers developed over previously dry sections of southern Brazil, increasing moisture for immature soybeans and helping to lower temperatures to less stressful levels. Rainfall totaling 10 to 50 mm extended from Rio Grande do Sul northward into southern Paraná, with higher amounts (25-100 mm, locally higher) recorded from Paraguay and Mato Grosso eastward. Prior to the onset of the rainfall, stressful heat (daytime highs in the middle and upper 30s degrees C) lingered for several days in western and southern farming areas in Rio Grande do Sul. According to the government of Rio Grande do Sul, soybeans were reproductive to filling as of February 16, underscoring the value of the mild, showery conditions; In Paraná, soybeans and first-crop corn were both 7% harvested as of February 13. According to the government of Mato Grosso, soybeans were 60% harvested as of February 10, slightly ahead of the 5-year average (58%).
- A cold front ushered showers and cooler weather into the region, bringing some relief from heat and dryness to immature summer crops. Following a hot start to the week (daytime highs reaching the lower 40s degrees C as far south as Buenos Aires), showers and gradually milder conditions overspread the region. However, rainfall was highly variable, with pockets of dryness (rainfall totaling below 10 mm) lingering in parts of central Argentina and the northeast. By week's end, daytime highs failed to reach 20°C on several days in southern farming areas (notably Buenos Aires and La Pampa), while nighttime lows dropped below 10°C as far north as Chaco. Temperatures briefly dropped into the low single digits in traditionally cooler locations of Buenos Aires, but no freeze was recorded.



Soybean oil price chart



Special Market Situation

SMS - refers to a set of market indicators (COT data) that indicates major market turnarounds. For example, if market is oversold it is likely moving average will go up, if market is overbought downward movement is expected.

Special situation trade setups are selected based on 10+ years of trading experience, but there are no guarantees that any trade will prove profitable or will not produce a loss. A trade may require more than one entry attempt. You alone are responsible for your trading decisions. It is up to you to control the risk by using stop losses.

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