

# Commodities Markets Report

By **Max Schulz**

🕒 | Week 48 | **November 29th**



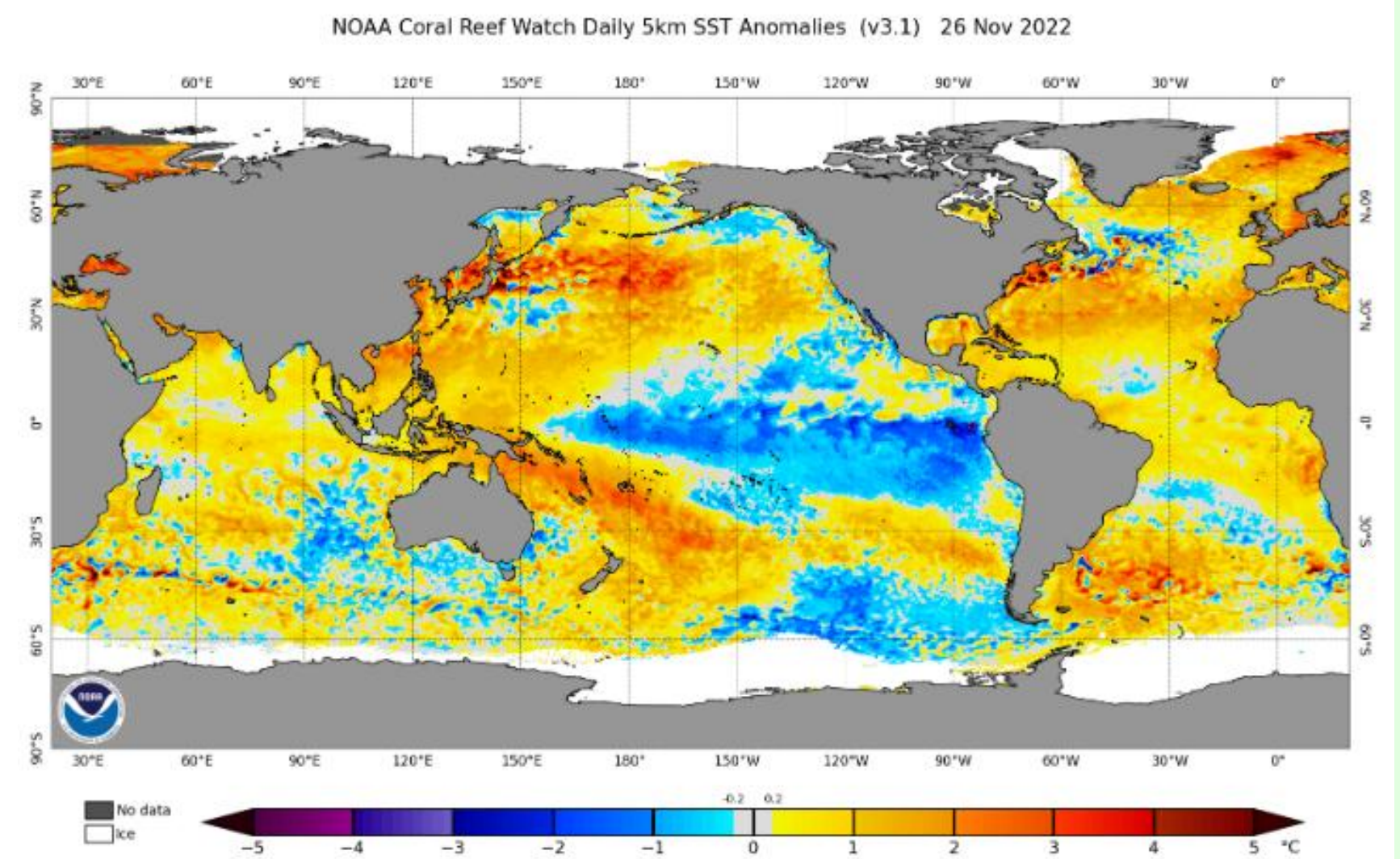
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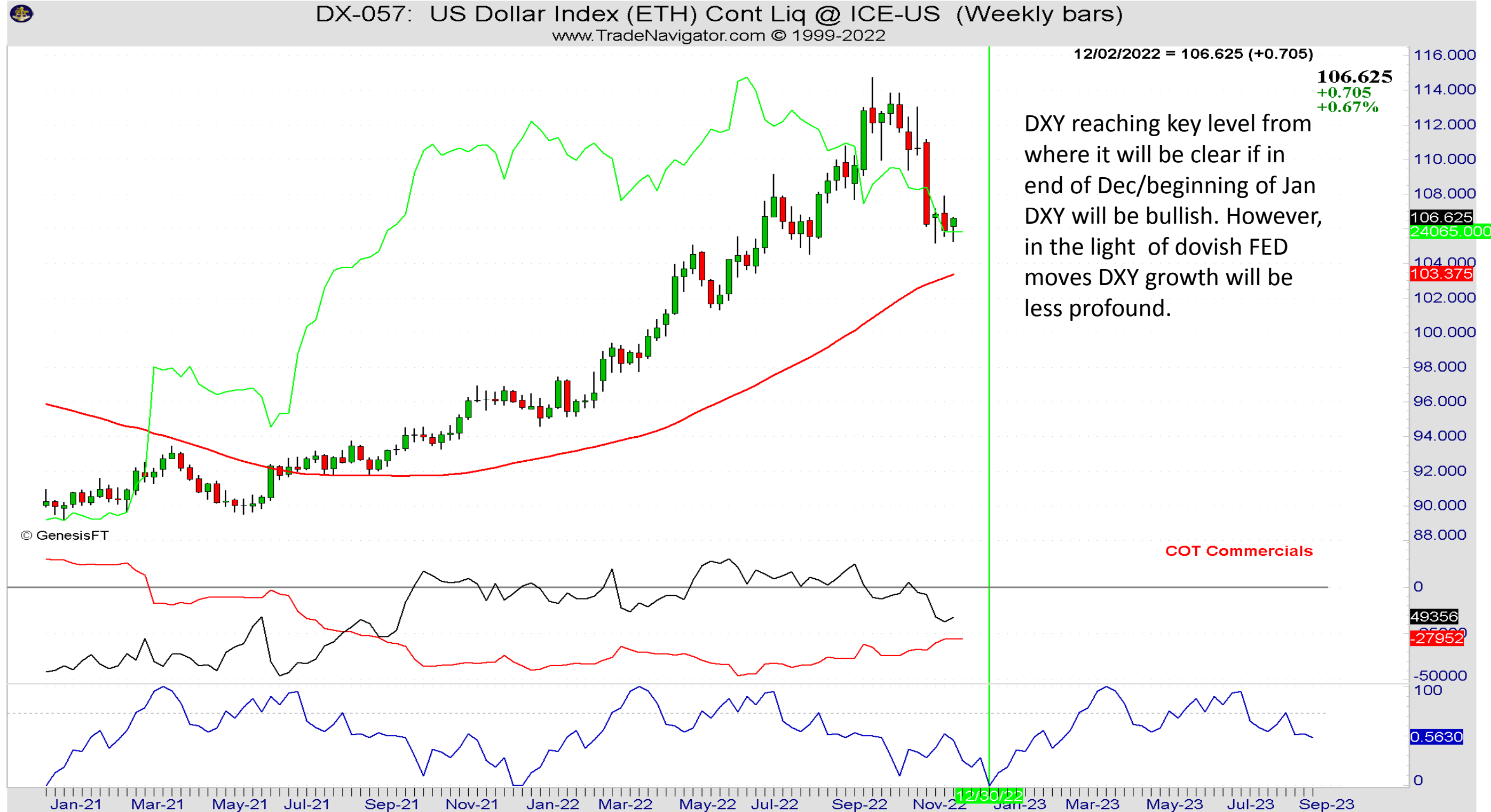


# Global weather review

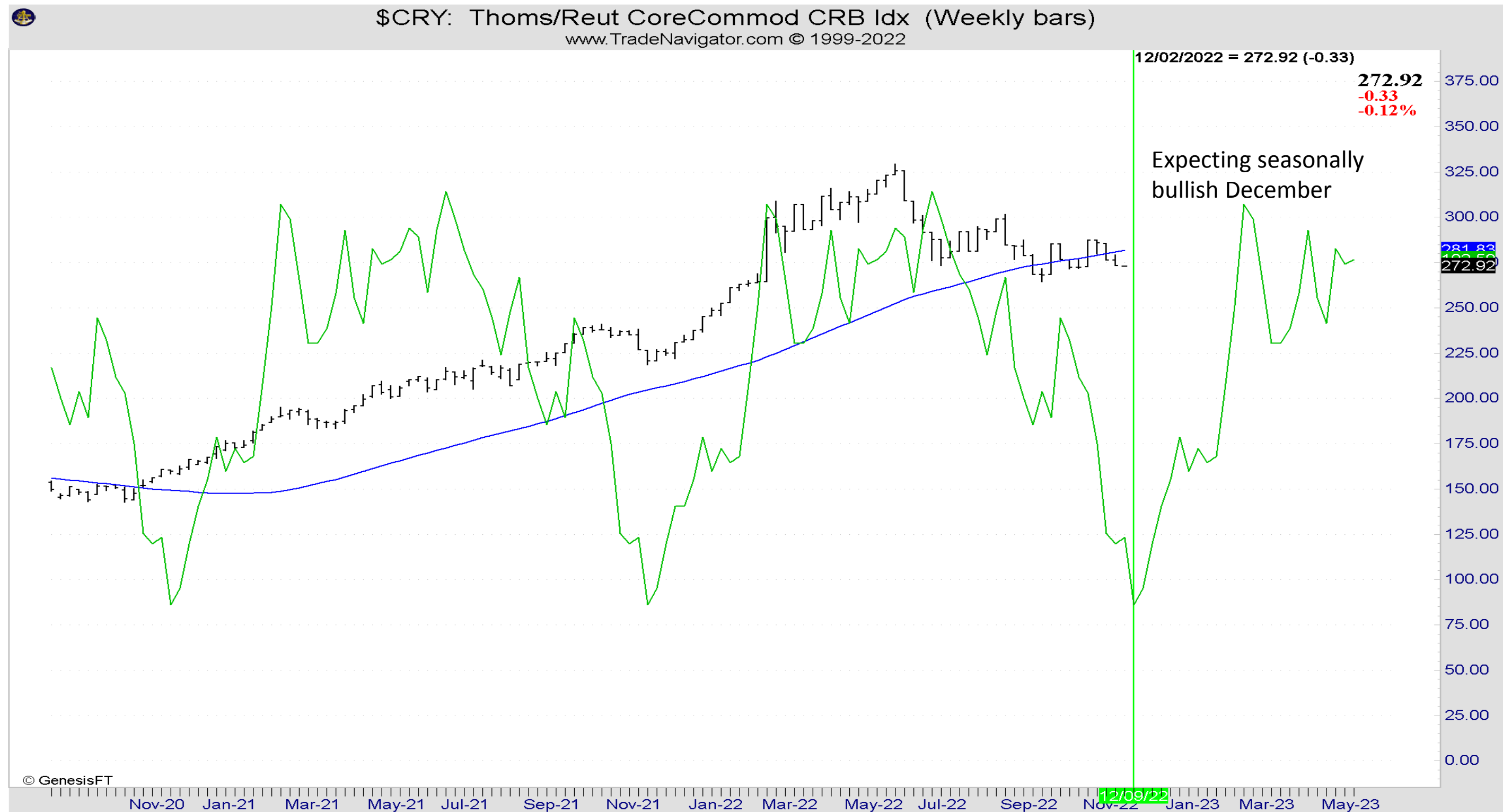
- La Nina event is weakening and more likely to collapse in El Nino in Q1 beginning of Q2 2023. There's a 76% chance of La Niña through the winter.
- Cold, dry weather prevailed in US nearly coast to coast, with a few exceptions. Notably, snow squalls developed downwind of the Great Lakes, especially east of Lakes Erie and Ontario, resulting in localized totals of 2 to 6 feet or more. Light precipitation fell in parts of the South, East, and Midwest, primarily during the first half of the week. Snow broadly blanketed the Midwest and interior Northeast, especially on November 15-16, although amounts were mostly light to moderately heavy. Still, cold windy weather and a variable snow cover hampered final Midwestern corn and soybean harvest efforts.
- Weekly temperatures averaged 10 to 20°F below normal nationwide in US, except in the Desert Southwest and along the Atlantic and Pacific Coasts. The coldest weather, relative to normal, gripped the Plains, mid-South, and northern Intermountain West. Lingering warmth was limited to southern Florida.
- In Brazil scattered showers maintained overall favorable prospects for main-season corn and soybeans.
- In Argentina much-needed rain benefited immature winter grains and emerging summer crops
- West Africa showers moistened soils a little only across the shoreline this season's drought resulted by Harmattan winds.



# Dollar Index



# Commodities Index



# Cocoa: Buy

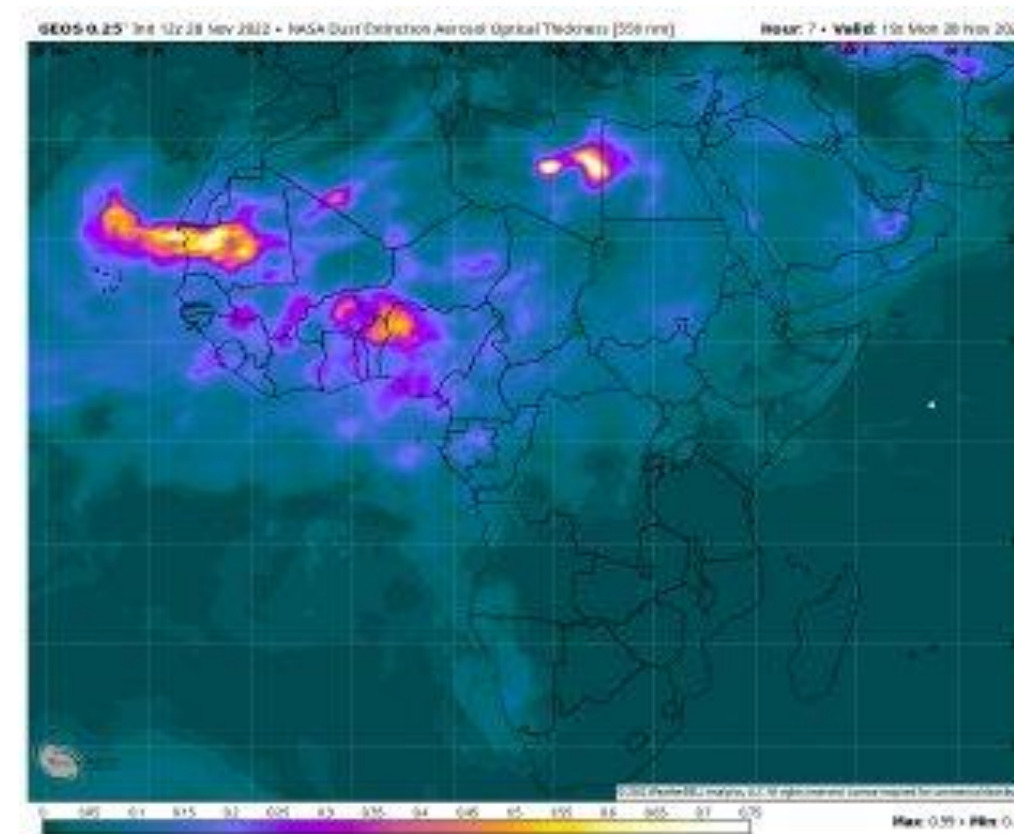
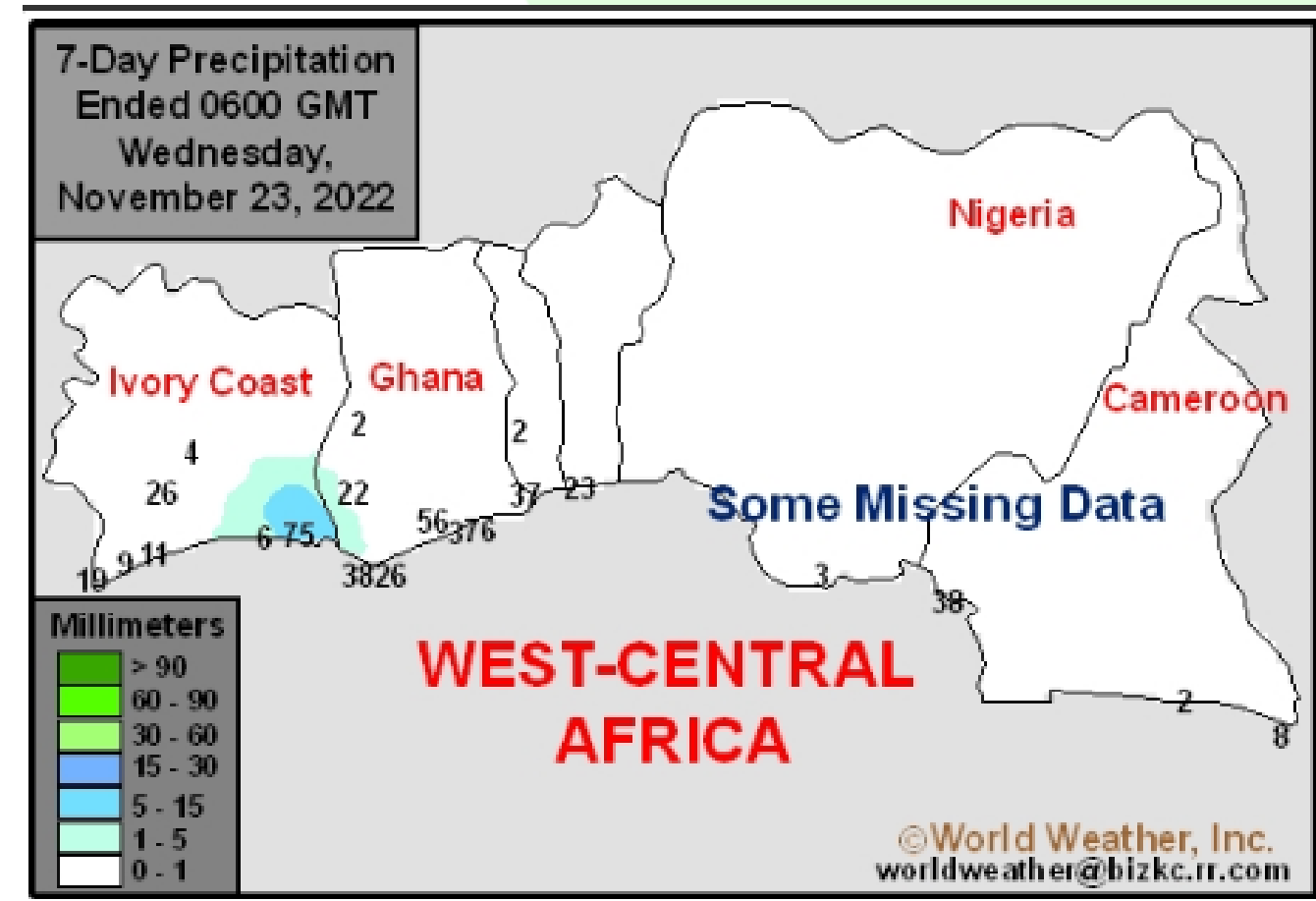
- Cocoa futures closed higher on Friday with NY cocoa climbing to a 1-week high and London cocoa posting a 2-week high.
- A weaker DXY provided some support to cocoa prices.
- **Overall cocoa prices have support from seasonality due to Harmattan dry winds during crucial period of growing.**
- The research suggests the Harmattan season could be above normal this year causing additional consternation to crop quality and production as we move into the 2023 production season.
- With energy prices diminishing the disposable income from lower energy prices should help improve demand for cheaper items like chocolate.
- **After initially surging on poor wet weather disease problems and a West Africa port worker strike, prices have seen a correction into key 2400-2450 support from which a renewed rally to new highs should follow.**



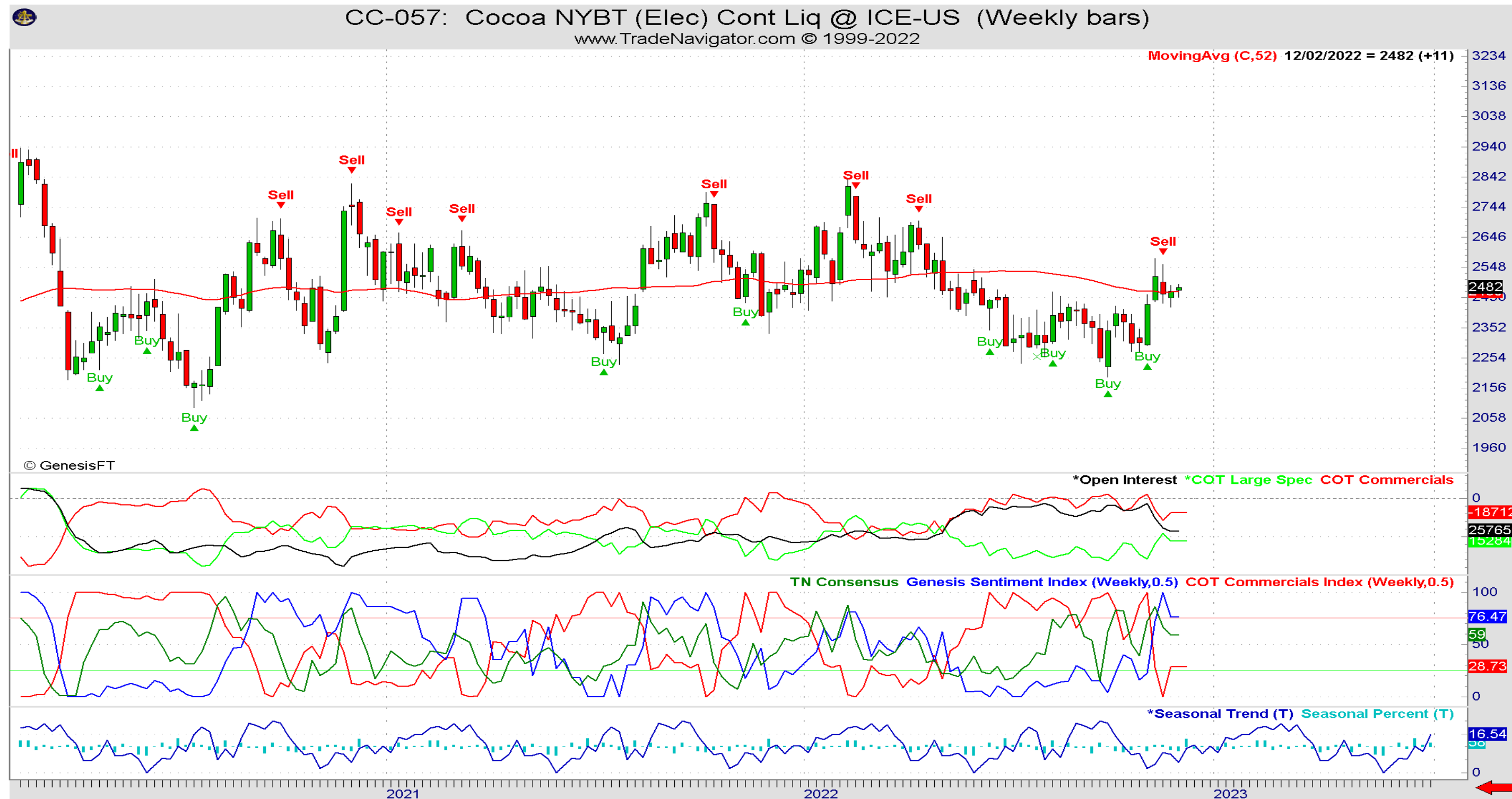


# Weather review

- West-Central African region is extremely dry due to Harmattan wind season. It is a period when high N/NE winds drive very dry Saharan Dust down into the West African cocoa areas called the Harmattan wind season (Late November-Early March). Such drought is not very good for developing cocoa crops. More rain should come before flowering that occurs mainly between January and June.
- Fresh NASA footage shows hot dust moving from desert to the West Africa show bringing widespread dryness.



# Cocoa Price Chart





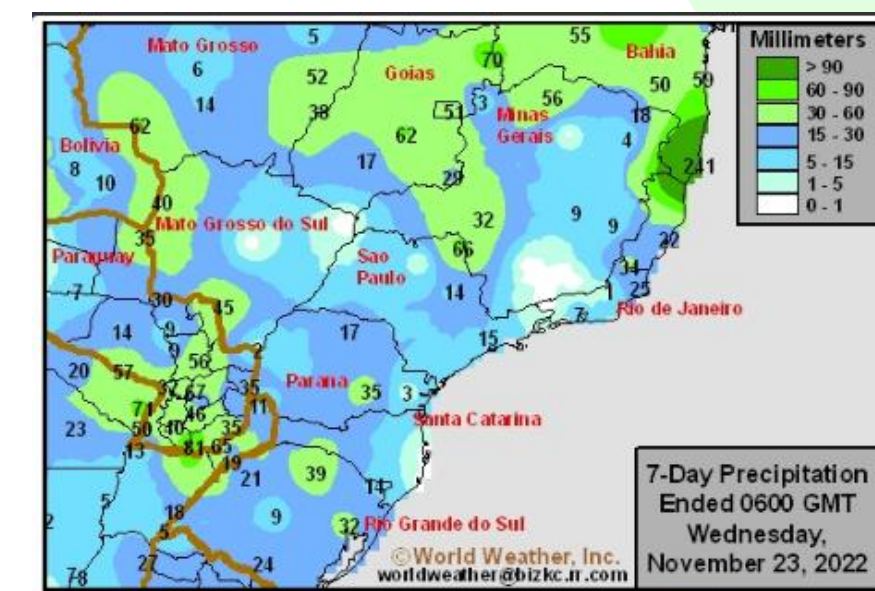
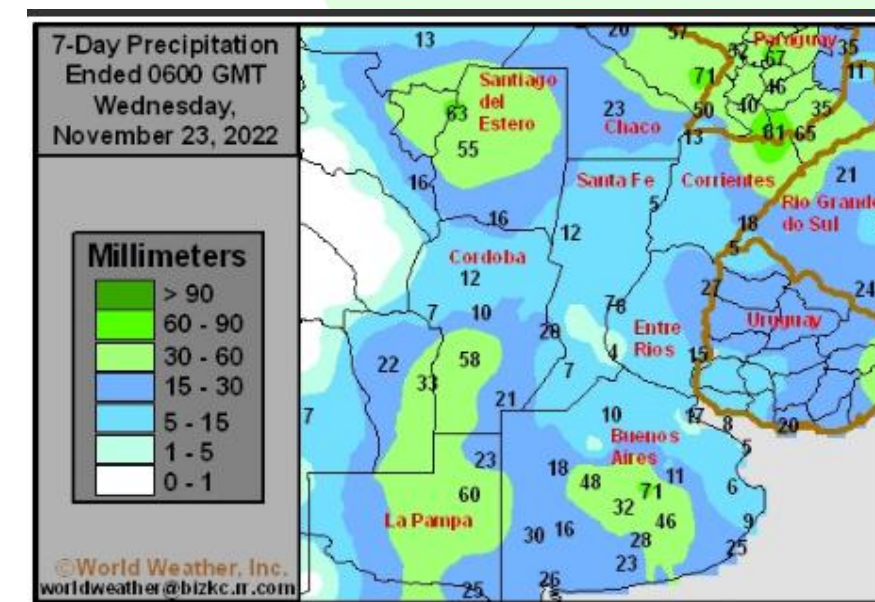
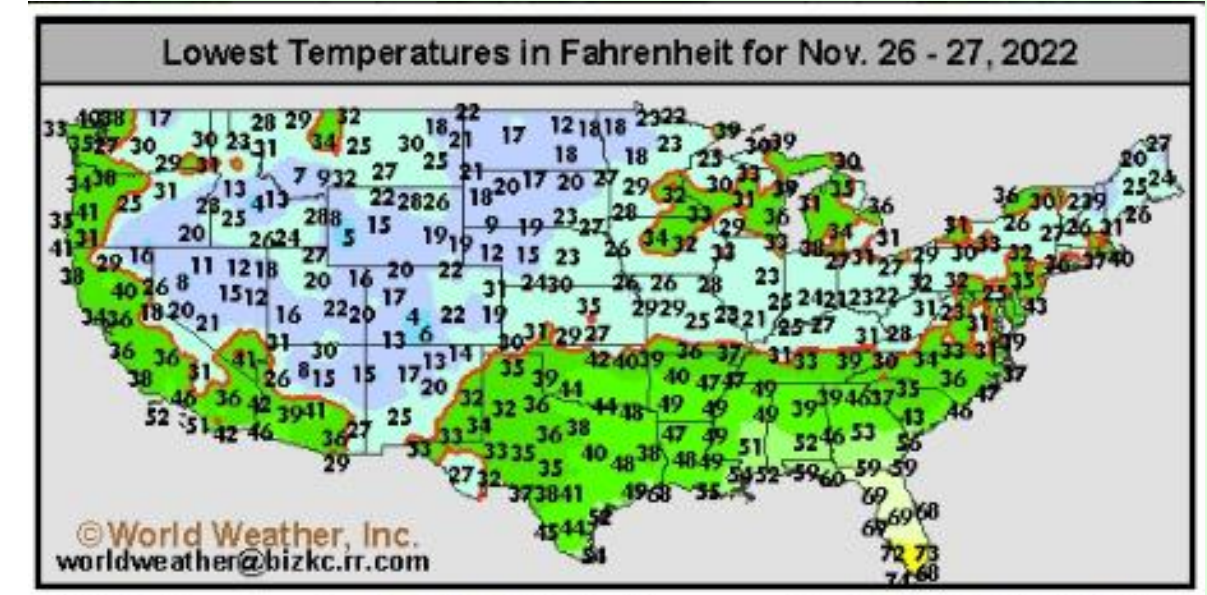
# Corn: Buy

- This month's 2022/23 global corn outlook is for reduced production, lower trade, and smaller stocks relative to last month.
- Global corn production is forecast lower as declines for the EU, South Africa, Philippines, and Nigeria are partly offset by increases for Angola, Mali, Pakistan, Turkey, and Senegal.
- Corn production in the EU is down based on a decline for Hungary. South Africa is reduced based on lower expected area.
- Major global trade changes include lower corn exports for South Africa. Corn imports are reduced for Vietnam, Algeria, and Turkey. For 2021/22, corn exports for Argentina are cut for the local marketing year beginning March 2022, based on shipments observed through October
- Corn ending stocks are down, mostly reflecting declines for Nigeria and South Africa that are partly offset by an increase for Vietnam.
- Global corn ending stocks, at 300.8 million tons, are down 0.4 million
- In US largest corn producer 96% of harvest is collected, however the coldwave that hit the US recently made harvesting difficult due to snow and colder temperatures.
- Brazil saw favorable showers whereas Argentina saw scattered rain but it is not enough it is way to dry for developing corn crops.
- **Corn prices have bullish support on the back of lower global production lead by EU, seasonality and Argentina drought.**



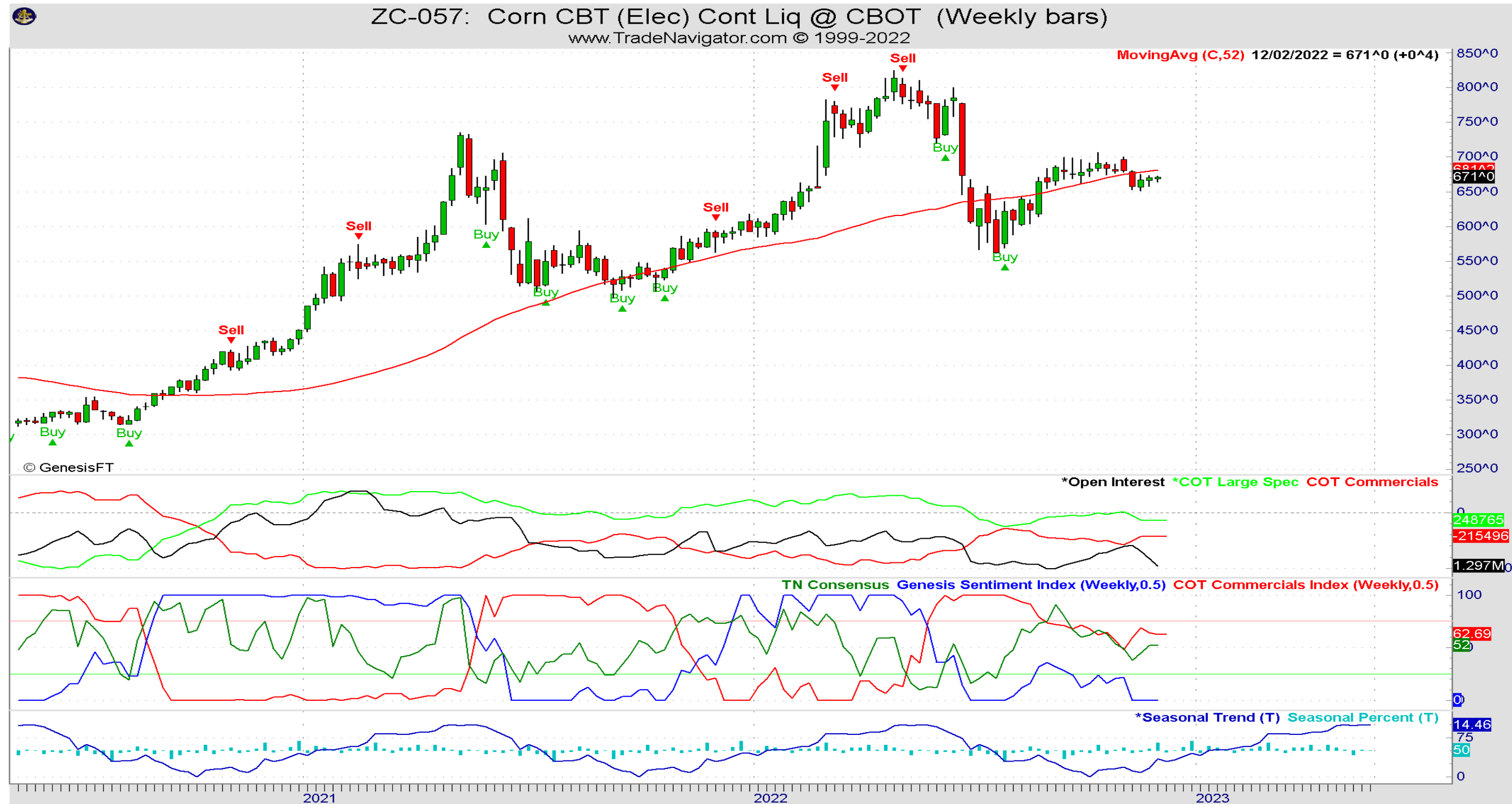
# Weather review

- Most USA recorded below normal temperatures. Except for East and West coastal areas, most of the country was at least 10°F cooler than normal. Parts of the Great Plains, Mississippi Valley, Pacific Northwest, and Rockies recorded temperatures 15°F or more below normal. 96% of corn as at now had already been collected so the weather here is minor factor.
- Scattered showers maintained overall favorable conditions for soybeans and other main-season crops, despite a few notable pockets of dryness. In southern Brazil, light to moderate rainfall (10-50 mm) stretched from Mato Grosso do Sul southward to Santa Catarina, with higher amounts (locally exceeding 100 mm) continuing over eastern sections of Paraguay. Amounts were generally lighter and more variable in Rio Grande do Sul, with many locations receiving less than 10 mm; moisture remained limited for normal development of corn. Farther north, moderate to heavy rain spread from northern Mato Grosso eastward, ranging as far south as Minas Gerais. In contrast, mostly dry conditions continued from southern Mato Grosso southeastward through São Paulo, with daytime highs in the middle and upper 30s (degrees C) further reducing moisture for soybeans, sugarcane, and other summer crops. According to the government of Mato Grosso, soybean planting was 99% completed as of November 18
- In a continuation of last week's much-needed rainfall, showers spread eastward into key winter grain and summer crop areas, benefiting immature wheat and barley and providing timely moisture for germinating corn, soybeans, and cotton. Rainfall totaling 10 to 50 mm – locally higher – covered most major farming areas, with few lingering pockets of dryness. In central Argentina (La Pampa, Buenos Aires, and from Cordoba to Entr Rios), the moisture was timely for reproductive to filling winter grains, although many locations had already reported some irreversible damage from drought and frost. Daytime highs reached the middle 30s (degrees C) as far south as Buenos Aires and La Pampa. 32% of corn is planted as of November 17.





# Corn Price Chart





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