

Moving/Parts

Commodity Risk Management **LLC.**

From Farm to Fork



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Weekly Market Update

June 27th, 2023

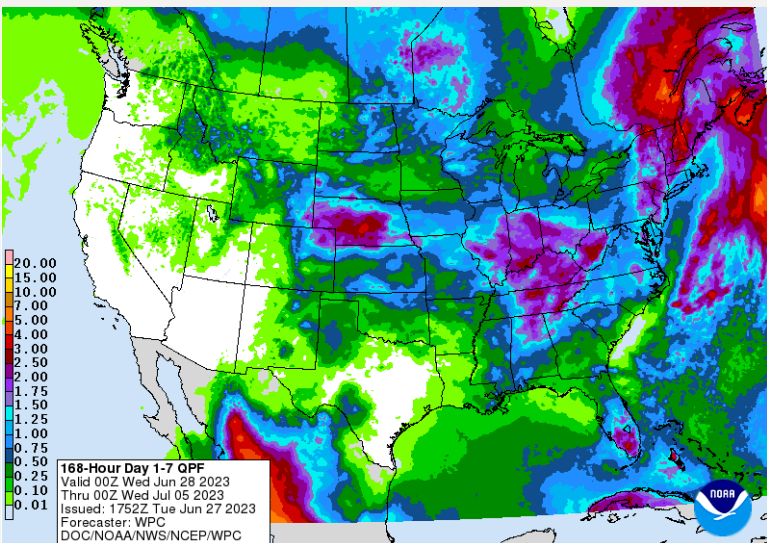
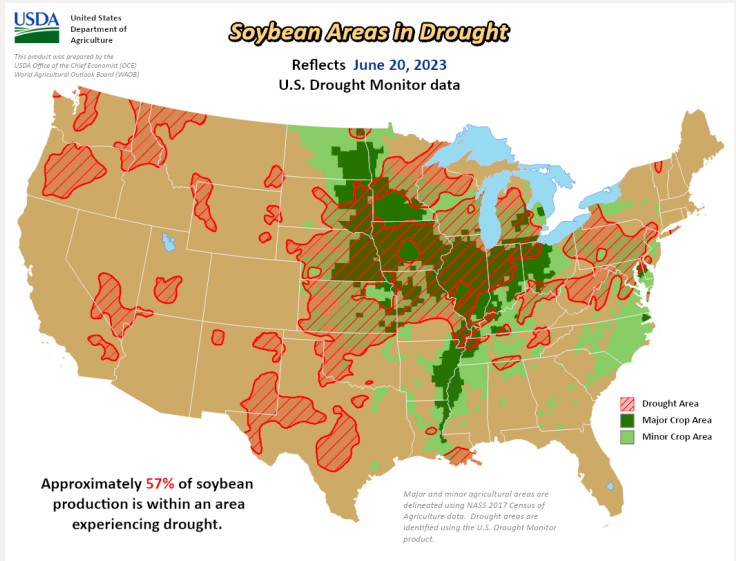
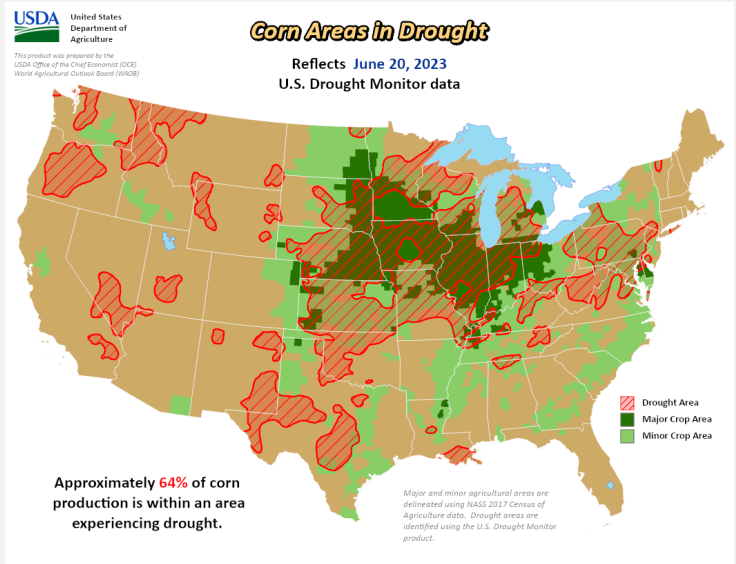
Weekly Market Update



Weather

US

The US weather is a large market mover this time of year every year, but Mother Nature seems to have a bit of a death grip on the market as each weather forecast comes out. The corn belt is extremely dry. Rains have been scattered the past month with only small accumulation numbers paired with hot temperatures. As of last week approximately 64% of the corn crop and 57% of the bean crop were in a drought area. Because of this we have seen US crop condition ratings being pulled down week after week. This week only 50% of the corn crop was rated as good or excellent, down 5% from last week and trailing behind last years readings which were 67%. This week crop conditions locked in a 22% decline now in the last 3 weeks. 51% of the US soybean crop is rated as good or excellent, also down from last week at 54% and behind last year at 65%. The market does seem to be looking forward to some better forecasts. The 7 day forecast is showing some good widespread rains across key parts of the corn belt this week and the longer term forecasts are calling for more average temperatures and a bit higher probability for better than average rains. Keep in mind these are only helpful if they come to fruition.



Moisture stress – leaves rolled to conserve water. Dry land taken just west of Omaha.

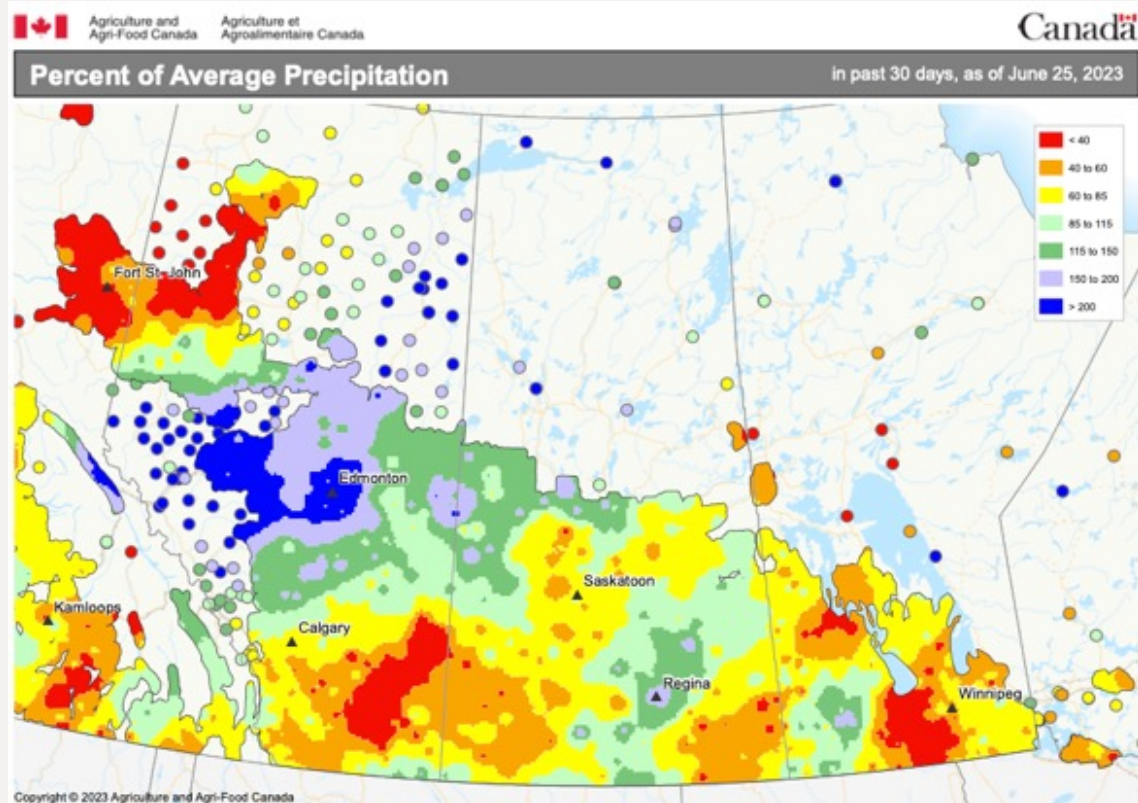
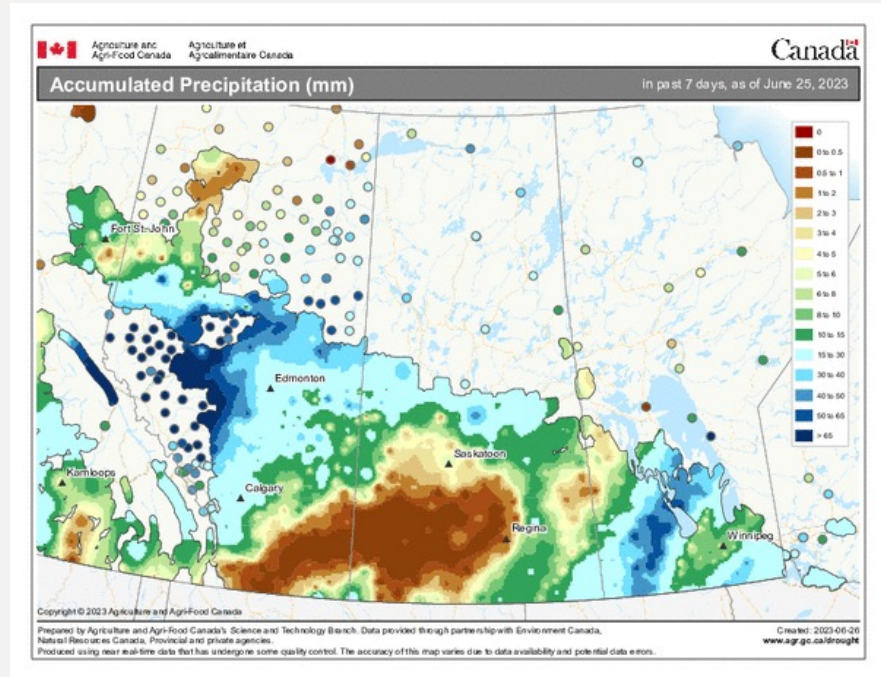
Weekly Market Update



Weather

CANADA

The Canadian Prairies have had some better luck than the US with Mother Nature. A lot of the rains we have been getting in the US seem to be mostly concentrated in the Northern Plains and a lot of those rains pushed north across the border and hitting key canola growing regions in Saskatchewan. The 7 day accumulation map to the right shows a lot of brown in those central growing areas but in the past few weeks they have gotten good rains and from what we are hearing from our friends across the border, the crop is looking pretty good!



Soy Complex



Soybeans

The soybean market has had quite the run the past week or so! The market is digesting a tight old crop ending stocks number and 57% of the US soybean crop experiencing drought conditions. As mentioned in previous sections we talked about the poor weather plaguing the US growing regions and the soybean condition ratings continuing to fall week after week. The good news is the forecasts are looking up and Brazil grew a record soybean crop this season.



Soybean Meal

The soybean meal market seems to be along for the ride at this point. The soybean market is trading the weather forecasts and jumping around and the oil market is trying to process the EPA announcement and the market doesn't seem worried about meal itself. If we keep burning our food then meal will likely continue to be a follower as oil takes a larger share.



Veg Oils



Soybean Oil

The soybean oil market has given a lot of people whiplash the last couple of weeks. The market was limit down last week on the EPA announcement before rebounding. The EPA RVO requires more feedstock than the initial proposal which sent the market sky high but after further analysis the RVO increases are not large enough to accommodate all the planned expansions in the market which seemed to settle the market.



Palm Oil

The palm market is trying to follow the bean oil market but has less of direct impacts to keep it going. SPPOMA reported flat production for June 1 – 25 compared to last month while Indonesia reported stocks up to 3.63 MMT at the end of April vs. 3.13 the prior month. The market is trying to make it's own weather story with an El Nino potentially bringing dry conditions but so far the weather seems alright.





Weekly Market Update

Corn

The corn market has also got in on the fun, volatile times! This market also seems to be trading a weather market. We went over in previous sections how condition ratings on corn have declined over 20% in the last 3 weeks on the hot and dry conditions with only half the crop rated as good or excellent. Almost 2/3rds of corn acres are in drought conditions and the silver lining only seems to be a better forecast. The difference between the corn and soybean markets is that we seem to have a better corn outlook. Soybeans remain tight but if we can get some rain on this corn crop we will have enough corn to go around. Export pace on corn has also been very weak leaving the market less and less worried about old crop getting us through. The Brazilian Safrinah crop also continues to get larger and larger leaving the world balance sheet looking good.





Beers in the Back!

Friday, June 30

A "two-beer discussion" with Dave and the team about the USDA's June Acreage and Grain Stocks reports and the EPA RVO announcement.

Subscribe to our YouTube channel for early access! @movingpartslc4717



6/27/23

MPLLC Key Market Drivers



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