

Moving/Parts

Commodity Risk Management **LLC.**

From Farm to Fork



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MONTHLY MARKET UPDATE

June 2023



June Highlights

- Commodities higher, across the board, with the exception of corn.
- USDA cut in soybean acres to 83.5 million
- EPA RVO announcement has mixed response from industry.

<u>August Soybeans</u>		↗	<u>Palm Oil</u>		↗
Open	\$ 12.1650		Open	\$ 722.50	
High	\$ 14.5325		High	\$ 862.50	
Low	\$ 12.1600		Low	\$ 770.00	
Close	\$ 14.4200		Close	\$ 857.50	
<u>August Soybean Meal</u>		↗	<u>September Corn</u>		↘
Open	\$ 3.87		Open	\$ 5.1600	
High	\$ 4.39		High	\$ 6.2475	
Low	\$ 3.83		Low	\$ 4.8650	
Close	\$ 4.14		Close	\$ 4.8850	
<u>August Soybean Oil</u>		↗	<u>September Chicago Wheat</u>		↗
Open	\$ 0.4637		Open	\$ 6.0800	
High	\$ 0.6170		High	\$ 7.7025	
Low	\$ 0.4628		Low	\$ 6.0700	
Close	\$ 0.6170		Close	\$ 6.5100	

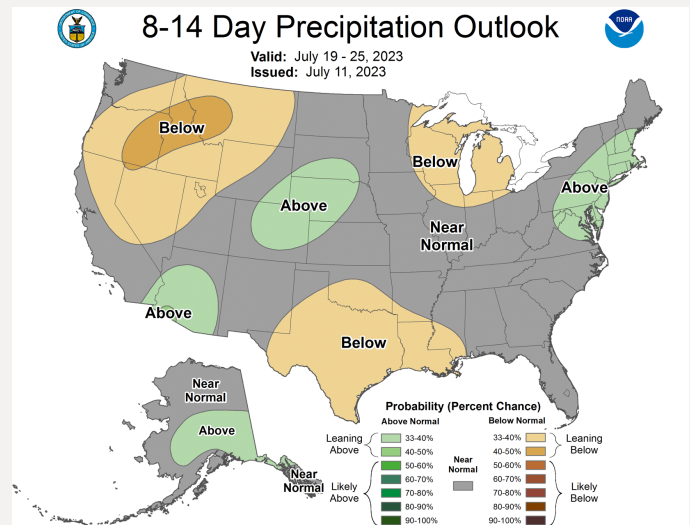
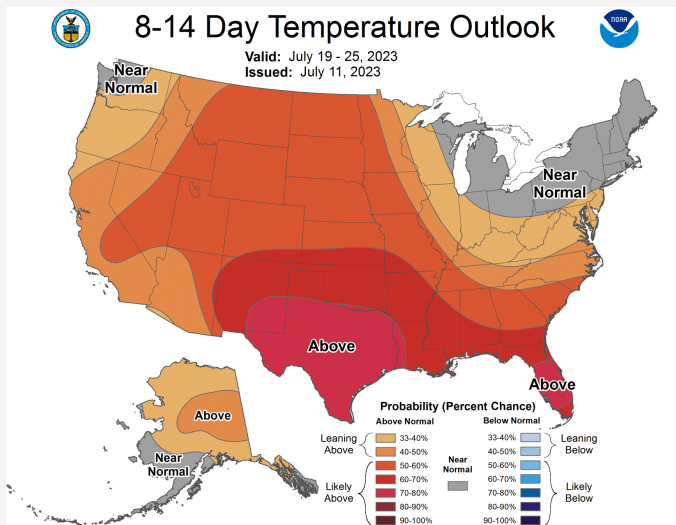
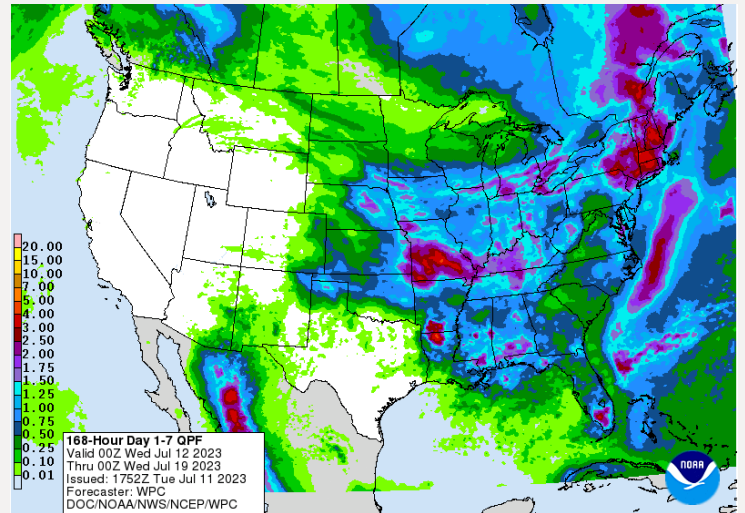
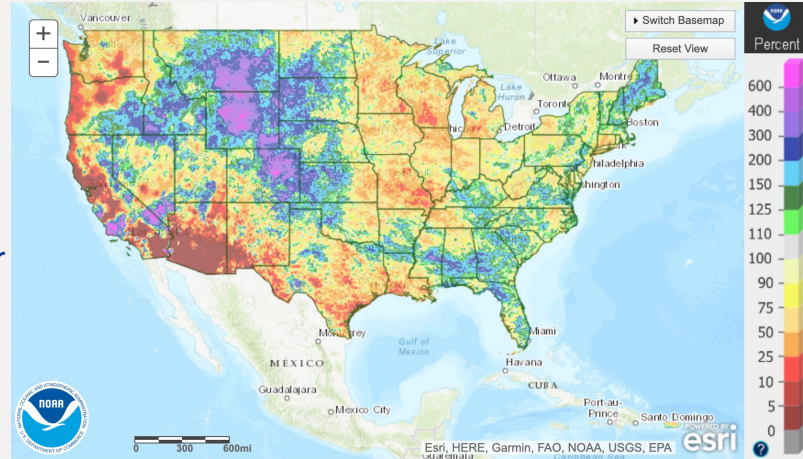


Monthly Market Update

Market Comments

US

The weather in the US definitely took a turn for the better in June with the corn belt getting better rains after a historically dry May. Majority if the corn belt still had slightly below average rainfall for the month of June which that in combination with a dry June led to corn condition ratings dropping. The corn crop was rated as 64% good or excellent and to end the month had dropped all the way to 51%. These rains and some cooler temperatures that moved in last week helped boost condition ratings to 55% good or excellent. Soybean condition ratings took a similar path and as of Monday's report are now rated as 51% good or excellent. Looking out forward, the longer term forecasts are not looking as good as they were last week with cooler and wetter forecasts expected. The 6 - 10 & 8 - 14 day forecasts are calling for warmer and drier conditions which could nip the tail end of the corn crop during pollination. The 7 day forecast does have some good rains in it but some of the concentrated rains are more in the southern areas but good rains still look to be hitting some of those big producing states. If July keeps on this track we should see crop conditions continue to rise.



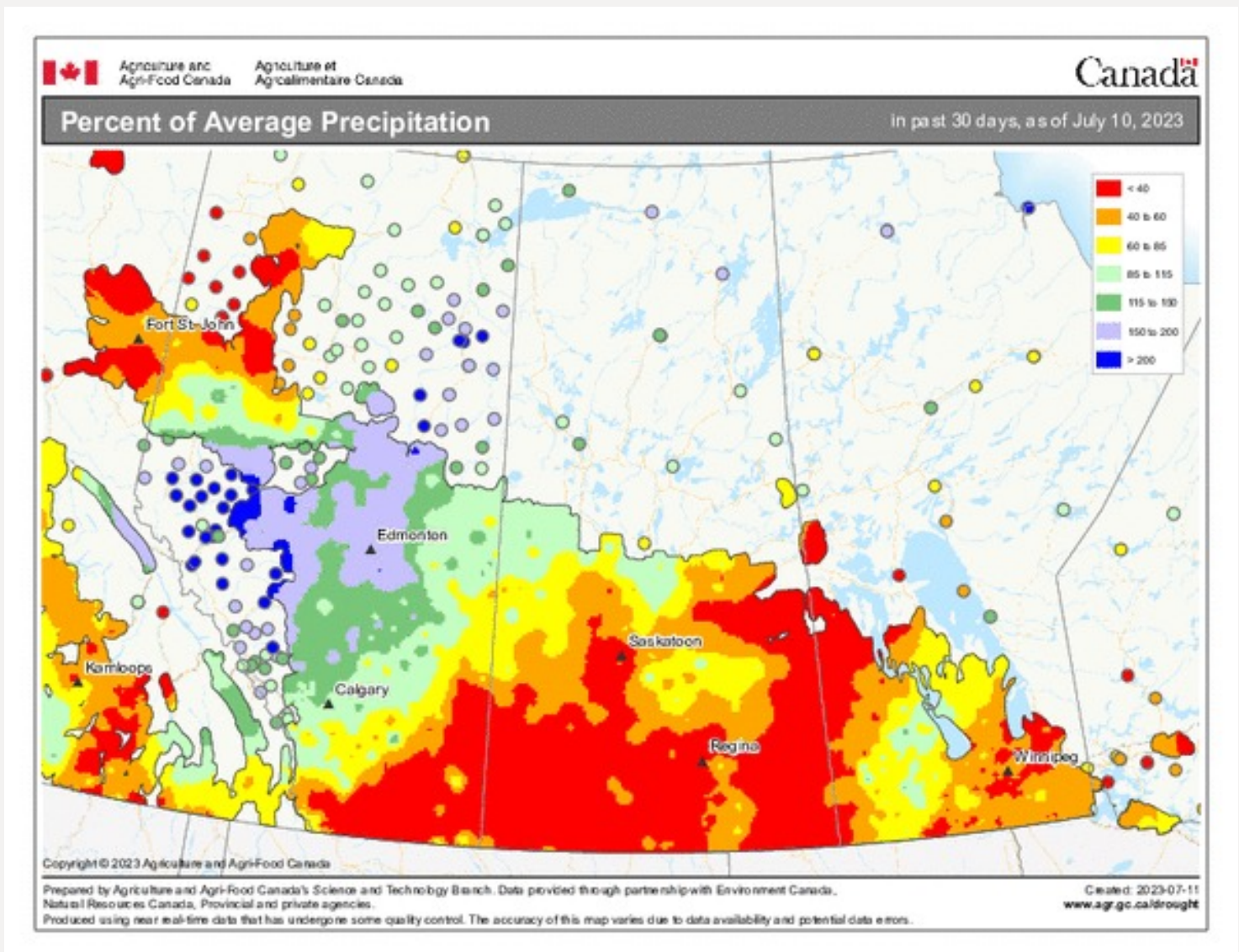
Monthly Market Update



Market Comments

CANADA

The Canadian Prairies had some decent rains throughout the month but things have seemed to shut off the last couple weeks. The Prairies are drying out but so far no one seems to be concerned. The canola crop in Saskatchewan, the largest canola producing province, is rated 66% good or excellent despite the dry conditions. There is not much rain in the forecast for them this week but crops seem to be handling the dry conditions well.



Monthly Market Update



Soybeans



The soybean market in the month of June saw prices climb higher, and higher until hitting a top with the June 30th report. The soybean market was digesting continued hot and dry weather that kept lowering soybean condition ratings week after week. The main news this month came on the last day of the month with the June 30th stocks and acreage report. The market went sky high when the USDA reported a massive 4 million acre reduction in soybean acres compared to the March intentions. A 4 million acre reduction is unprecedented during a year with good planting conditions. All 13 of the top producing states declined. The quarterly soybean stocks number was also reduced from .812 down to .796 million bushels. The soybean balance sheet is tight this year and losing 4 million soybean acres this season is going to keep this market propped up.



Monthly Market Update

Soybean Meal



The soybean meal market has been taken on a fun ride this month. The meal market was softer early in the month as the market continued to try and gauge the meal share as more renewable diesel plants begin to start up. When the June 30th report came out and sent soybeans to the moon, the soy complex went with it. With such a big story driving the soybean and soybean oil markets, the meal market might be along for the ride for a while.

Monthly Market Update



Soybean Oil



The soybean oil market has had quite the month. The market was on a train higher until the EPA released the updated RVO mandates which sent the market right back down. The final RVO's were taken as a small increase compared to the initial proposal but after the market continued to crunch the numbers a different view came out. The 2021 non-cellulosic RVO was raised 250 million gallons which would mean we need another 500 million lbs. of soybean oil. The 2025 non-cellulosic RVO was up 650 million gallons which would mean 1.3 billion lbs. of additional soybean oil. However, if you remove the conventional gallons that would have been bio-diesel anyway then 2024 need would be flat compared to the proposal and the 2025 mandate would only be up 800 million lbs. The market didn't get much of a break between the EPA announcement and the June 30th WASDE. A tighter soybean balance sheet is keeping the market worried about if we will have enough oil for food use and the renewable fuel space.

Monthly Market Update



Palm Oil



The palm oil market has hitched its wagon to the soybean oil market and seems to be along for the ride. The palm oil market is also trying to muster up it's own market moving headlines and keeps talking about the El Nino weather pattern that is moving in and will likely bring dry conditions to Indonesia and Malaysia. June 1 – 25 exports were down almost 9% and the SPPOMA reported June production down 4% from May. Indonesian palm oil stocks rose to 3.63 MMT at the end of April from 3.13 at the end of March. China port stocks of palm oil have declined from 900,000 MT at the end of February to 500,000 MT. There seems to be a demand issue from China which is one of the largest palm oil importers.

Monthly Market Update



Corn



June saw the corn market take a tumble. The market was up the first half of the month on hot and dry conditions and deteriorating crop conditions. The market then took a tumble with the June 30th report. The soybean market lost 4 million acres and the corn market didn't find all of them but found more than half of them! Corn area was up 2.1 million acres from the March intentions up to 94.1 million acres. The corn stocks were down to 4.106 billion bushels but the market didn't seem to care since the market has enough corn to get through with weak exports and another 2+ million acres coming this season!



Monthly Market Update

Wheat



Outside of a brief trip back above the 40-day moving average, Chicago wheat futures continue to trend lower, now for 9 months. The key drivers for this action continue to be the likelihood of a very good SRW crop, and decidedly bearish corn fundamentals. KC & Minneapolis continue to trade in a volatile manner, but for different reasons, as the HRW crop is shaping up to be a disappointment, and the HRS crop is still in the field.

Currently all winter wheat nationally is at 46% harvested, vs. 59% on average. This is due to excess rain in both HRW and SRW growing regions. This is generally not good, as too much moisture can cause quality issues for the harvested wheat, but so far we have not heard of any wide-spread issues (namely sprout damage). HRS is 72% headed (slightly ahead of average) and 47% Good to Excellent condition (lower than average).

Wednesday of this week brings the latest USDA-WASDE report, and with it is the first official “by-class” production estimates for this year’s wheat crop. After the June 30th soybean acreage surprise, most traders are pretty vanilla with their pre-report guesses, with a total wheat crop of 1,683 MM bu (1,650 YA), a HRW crop of 532 MM (barely above YA – 531), and SRW at 407 (well above YA – 337). Time will tell.

One other small drive remains, and that is the Black Sea Grain Initiative, with has a July 17th deadline. Most believe Russia will finally pull out of the agreement, but there are still some in the market place, as well as the halls of the UN and Turkey’s government that believe another deal can be made. One way or the other, we don’t think this is a major driver anymore, as the world has figured out how to survive without Ukraine wheat. Or US wheat for that matter. Again, time will tell.

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