

## WEEKLY MARKET UPDATE

December 23, 2021

### Weekly Market Update:

#### *South America*

South America is still battling overly wet conditions in the northern part of the growing regions while facing overly dry conditions in the southern regions. This week Brazil's soybean estimate was lowered due to these dry conditions in the south. With the fast planting pace this year, this puts the soybean crop in a critical time of pod filling and flowering stages and the dry weather will negatively impact the crop during these key growing stages. Brazilian soybeans are all but planted at this point, which is also a good sign for the Safrina crop as soybeans will be able to be harvested early and the second corn crop should be able to get planted during the ideal planting window, barring any weather issues that is. The picture shows the soybean crop in southern Brazil and you can see how the heat and dryness has been negatively affecting these crops. Argentina is a bit of a different story with it being earlier in their growing season than Brazil, but the crop estimates are also starting to be lowered down there as well. Argentina has been getting "just in time" rains for the last few weeks but that has started to shut off and they are seeing hotter and drier conditions which look as though they might persist which would also negatively affect their crops.



#### *Soybeans*

The soybean market steadily climbed this week along with the rest of the soy complex. As I mentioned above, the soybean crop in South America is starting to not look as good as everyone initially thought. The soybean crop in Brazil and Argentina have both been lowered due to overly dry conditions and heat the past couple weeks with no real break in the forecast to be seen. If South America has less beans to supply the export market, the US will likely have to pick up the slack.



#### *Soybean meal*

The soybean meal market looks fairly similar to the soybean market this week as far as price action. We have mentioned the past few weeks that soybean meal has taken back its role in the price share of the soybean which has been shown in the big uptrend recently while soybean oil broke back a bit. This market is also keeping an eye on South America's soybean crop. Argentina is the world's largest soybean meal exporter so if they have less beans to crush, leading to less meal to export than the US will have to try and cover the export market.

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## Soybean oil

Soybean oil took the smallest increase this week. We mentioned the previous weeks, as well as above, that the soybean meal market has taken back control of the value share of the soybean so it seems soybean oil is having a hard time finding footing to go higher. We seems to have a bit more soybean oil around than we thought, and are still waiting on finalized RVO numbers as the proposed numbers go into a mandatory comment period.



## Corn

Corn has also taken a pretty steady increase this week. Yet again, likely due to the news out of South America. The current corn crop is not looking as great as initially thought as it battles overly dry and hot conditions. The first corn crop that Brazil plants is actually their smaller of the two crops and their Safrina crop is the bigger. The Safrina crop should be able to be planted in the ideal planting window, but if the weather remains hot and dry than that becomes a moot point. Another driving factor in the corn market this week is likely the wheat market as it has also taken some jumps higher.

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Moving Parts L.L.C.  
Commodity Risk Management  
[nate@movingpartslc.com](mailto:nate@movingpartslc.com)  
[paige@movingpartslc.com](mailto:paige@movingpartslc.com)  
402-763-9384