

FWA DJ Global Commodities Roundup: Market Talk

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The latest Market Talks covering Commodities. Published exclusively on Dow Jones Newswires throughout the day.

1551 ET - Rates divergence between major central banks is likely to sustain the dollar's strength, JPMorgan analysts say in a report. The WSJ Dollar Index rises 0.3% and is back to 100 for the first time since November. The ICE gauge, the DXY, gains 0.4%. The dollar strengthens 0.6% versus the euro and 0.4% versus both the pound and the yen. JPM says the dollar could "continue to benefit from longer-end UST term premium widening," as Treasury yields reach new highs. JPM says it stays short euro, pound and Swedish krona, increases length in Canadian dollar on higher yields and oil, and reduces exposure to Swiss Franc. (paulo.trevisani@wsj.com; @ptrevisani)

1536 ET - The USDA will be releasing its next quarterly Hogs and Pigs report this week, which contains data that traders will be watching for. In an outlook released today, Allendale Inc. forecast that the report will show total inventories of hogs and pigs inching lower from this time last year -- although inventories above 120 pounds, going to as heavy as over 180 pounds, is expected to increase. Lean hog futures on the CME closed up 0.6% to 72.85 cents a pound, while live cattle futures closed up 0.1% to \$1.918 a pound, a new record. (kirk.maltais@wsj.com; @kirkmaltais)

1500 ET - Natural gas prices saw very little movement today and ended the session almost exactly where they began, up 0.08% at \$2.639/mmBtu. The market found price support in recent months from a very hot summer in Texas that boosted gas-fired electricity generation to cool homes and businesses. But the fall season has started to bring cooler temperatures to the Lone Star state and other parts of the Southern Plains, and that's making investors reluctant to buy the commodity. Traders say consistently high rates of natural gas production as offshore facilities continue to avoid hurricane-related disruptions are also preventing potential upside for the market. (dan.molinski@wsj.com)

1458 ET - US crude futures fall 0.4% to close at \$89.68 a barrel in a muted, tight-range trading session. "Crude prices aren't doing much of anything, slightly down as global growth prospects are feeling the pinch from the resumption of the global bond market selloff," says Edward Moya at Oanda, in a research note. "King dollar will remain a headwind for oil, but that might not last that much longer. Hedge fund bets on oil are getting overcrowded as the latest data shows bullish bets are at the highest levels since February 2022." Investors also leaned bearish after today's Dallas Fed Texas Manufacturing Outlook Survey and Chicago Fed National Activity Index both showed weakness. (dan.molinski@wsj.com)

1455 ET - Wheat futures on the CBOT are leading grain futures higher, driven by a new offensive by Russia attacking Ukraine's port and grain storage facilities -- adding to the damage inflicted on these facilities by Russia throughout the war. This damage and its effect on the flow of wheat exports globally is supportive for prices, especially as world demand for exports appears to be rising, says Charlie Sernatinger of Marex in a note. However, he adds, negotiations for a new export corridor in the Black Sea are far away from any sort of resolution. (kirk.maltais@wsj.com; @kirkmaltais)

1436 ET - CBOT grain futures look to close higher to start this week, but grain traders are keeping their eye on the US dollar index to see how US grain exports may fare in competing versus other exporting nations. With that index up 0.3% today, currency strength looks to continue to affect enthusiasm for trading grains ahead of a slate of USDA reports later this week. "With the dollar index at its highest level for 6 months, the export competitiveness of US production is being called into question," says AgriTel in a note. (kirk.maltais@wsj.com; @kirkmaltais)

1433 ET - Canfor continues expanding its presence in Sweden with the acquisition of a sawmill in the Ingarp. Through its 70% owned Vida subsidiary, Canfor, a Canadian forest products company, is acquiring a 50-million board foot sawmill from Ingarp Traskydd for about C\$6 million, and the sawmill has the potential to be expanded to produce 100 million board feet. Canfor has been investing in the Nordic country, and new sawmill marks the continued investment in the area around Vida's sawmills in Hjaltevad and Vimmerby. (adriano.marchese@wsj.com)

1428 ET - A flash sale of over 1.6 million metric tons of corn to Mexico reported by the USDA has provided some support for CBOT corn futures -- although other sources of pressure are keeping that support limited. "Mexico had a really tough growing season, expect them to be aggressive importers," says John Payne of Hedgepoint Global. Payne adds that traders are still looking for other signs of improving export demand for grains as a whole. "Other than them, it's slim pickings," he says. Most active corn futures are up 0.5%, while soybeans are up 0.1% and wheat is up 1.5%. (kirk.maltais@wsj.com; @kirkmaltais)

1233 ET - Agricultural output in the US is growing increasingly consolidated into just two crops -- corn and soybeans, according to data published by professors from Ohio State University and Illinois University, citing data pulled from the USDA. The consolidation has been steady over the last 60 years, growing from 62% corn and soybeans in 1965 to an estimate of 87% as of 2022. "Given that US grain and oilseed acres have been range bound between 225 and 250 million acres since 1985, the increasing concentration in corn and soybeans can be seen as an outcome of the private market balancing supply and demand to maintain US production of grains and oilseeds," says the report.

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1224 ET - Southwest Gas Holdings' announcement Friday that its utility infrastructure services business had filed for an initial public offering was surprise to Siebert Williams Shank analysts Christopher Ellinghaus and Ida Wozniak. They say in a research note that the company's strategy is deviating from that of peers, such as MDU Resources, which spun off its construction services business Knife River Corp earlier this year. Still, they say the IPO is exciting given the myriad of potential uses for proceeds. Southwest Gas holdings sink 0.2% to \$62.24. (ben.glickman@wsj.com; @benglickman)

1215 ET - Energy stocks are mostly pushing higher again, with ExxonMobil shares up 1%, shale firm EOG resources up 2.3% and exchange-traded energy sector fund XLE 1.1% higher. "Energy stocks are now reasserting their market leadership after gasoline prices in August rose 10.5% in the CPI and a whopping 20% in the PPI," says Louis Navellier of Navellier & Associates, in a note. "This is due to an acute inventory decline. Furthermore, there is a diesel shortage again, especially in Europe, so the U.S. is exporting more distillates." Navellier says retail fuel costs are also becoming political again "with [nearly] \$4 gasoline prices (\$6 per gallon in California) and soon-to-be 4% unemployment from an 11-month manufacturing recession." (dan.molinski@wsj.com)

1100 ET - The WSJ Dollar Index and the DXY rise around 0.3%, both near their November highs, as the greenback seems to benefit from the perception that US interest rates will remain high for a long time and Treasury yields approach new highs. Oanda's Edward Moya says hawkish remarks by Chicago Fed President Austan Goolsbee could be one factor boosting yields, as well as the prospect that worker strikes would eventually fuel wage inflation. Moya sees the dollar remaining strong this year amid a better economic outlook for the US than for the EU. The greenback strengthens 0.7% versus the euro, 0.5% versus the pound and 0.4% versus the yen. (paulo.trevisani@wsj.com; @ptrevisani)

(END) Dow Jones Newswires

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