

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.

1214 ET - The USDA reels back its forecast for U.S. cotton production after raising the estimate for two months in a row, now looking at 12.8 million bales. The agency cites a 500,000-bale drop in the Texas crop for the scaled-back forecast. Domestic spinning activity continues to lag, and the USDA cuts its mill use to 1.9 million bales, the lowest since 1884.
(mary.dewet@dowjones.com)

1211 ET - Higher cattle slaughter and higher dressed weights leads the USDA to increase its projection for 2024 U.S. beef production to 25.99 billion pounds in the December WASDE report, from 25.81 billion pounds in November, the agency says. The estimate for steer price is reduced to \$178 per hundredweight from \$185. Pork production estimate is unchanged at 27.73 billion pounds. The price of barrows and gilts is projected at \$60 per hundredweight, also unchanged. Live cattle futures move up after the report, recently up 0.9%. Lean hogs rise 0.4%. (paulo.trevisani@wsj.com; @ptrevisani)

1035 ET - CME live cattle and lean hogs are higher early in the session, with cattle up 0.5% and lean hogs rising 0.6%. Both are climbing ahead of this afternoon's WASDE report from the USDA, which comes out at noon eastern time. While futures are higher, short-term fundamentals are not supporting the move, analysts say. "USDA monthly supply/demand data out today likely shows a revision higher in their pork production estimates on this combo of bigger than expected kills and accelerating weights," says StoneX in a note, adding that cattle is seeing lower prices for many cutouts, pressuring futures.
(kirk.maltais@wsj.com; @kirkmaltais)

0944 ET - After a brief break, China has resumed purchasing U.S. wheat, with the USDA announcing a flash sale of 110,000 metric tons of soft red winter wheat for delivery in the 2023/24 marketing year. China also purchased 136,000 tons of 2023/24 soybeans, and 165,000 tons of corn were sold to unknown destinations. CBOT wheat has been on the rise since the wave of Chinese export purchases began, with traders re-evaluating what U.S. wheat inventories may look like with China's demand stronger than previously anticipated. CBOT wheat was down pre-market, but has pulled up 0.3% early in the session.
(kirk.maltais@wsj.com; @kirkmaltais)

0916 ET - CBOT grains are mixed pre-market, ahead of the USDA's WASDE report due out at noon eastern time. This month's report is expected to have little in the way of changes, says Doug Bergman of RCM Alternatives in a note. "Corn and bean demand numbers aren't expected to change much and the recent run of wheat exports probably didn't happen soon enough for the USDA to make any changes on

today's report," Bergman says. "Bottom line, don't expect anything too surprising today." Most-active corn is up 0.4%, soybeans are up 0.8%, and wheat is down 0.6%. (kirk.maltais@wsj.com; @kirkmaltais)

0914 ET - Crude oil futures are higher as Russia and Saudi Arabia urge compliance with the OPEC+ voluntary output cuts announced for early next year. Oil prices have fallen for six consecutive sessions since OPEC and its allies announced the cuts for 1Q24, with market participants doubting some members' commitment to the reductions. The Kremlin said Russia and Saudi Arabia urge members to adhere to the agreement, following this week's meeting between President Putin and Saudi Crown Prince Mohammed Bin Salman. Some analysts saw the comments as an effort to talk up oil prices. "An oversold market condition tends to exacerbate even minor supportive headlines," Ritterbusch says in a note, but reiterates its expectation of WTI recovering the \$72 level. WTI for January and February Brent are each up 2.1% at \$70.78 and \$75.60 a barrel, respectively. (anthony.harrup@wsj.com)

0902 ET - Anglo American's cost-savings and capital-expenditure rationalization are key positives from Friday's update, Citi analysts write in a research note. "However, the magnitude of production cuts especially in copper could have a low double-digit impact on consensus Ebitda estimates for 2024 and 2025 based on Visible Alpha consensus," the analysts say. The impact on the diversified miner's net present value from earnings cuts will likely be higher than the cash savings from lower costs and capital expenditure, they say. Shares are down 13% at 1.930,00 pence. (christian.moess@wsj.com)

0851 ET - The scale of Anglo American's cost-cutting might have come as a bit of a shock to the market, AJ Bell's Russ Mould says, as the miner's shares fall 14%. The tighter purse strings come with an announcement of expected lower production, which also means lower earnings and cash flow, and potentially less generous returns to shareholders, the investment director says. "The company also faces the challenge of a mounting debt pile, and its somewhat patchy operational performance means it may not be awarded a huge amount of patience by the market," Mould says. (christian.moess@wsj.com)

0850 ET - Gold prices are falling after the U.S. jobs report came in hotter than expected. Gold prices are down 0.6% to \$2,033.60 a troy ounce after data showed that 199,000 jobs were added to the U.S. economy last month and the unemployment rate was 3.7%. Economists had expected 190,000 jobs to be added and an unemployment rate of 3.9%. Analysts indicated that if the labor market cooled and fewer jobs were added than expected, the Federal Reserve could cut interest rates in the first half of 2024, which would weaken the dollar and boost commodities. (yusuf.khan@wsj.com)

0511 ET - Palm oil prices rose, mainly supported by a rebound in soybean oil prices and higher palm olein prices, said David Ng, a trader at Kuala

Lumpur-based proprietary trading company Iceberg X. Some bargain-buying also supported palm oil prices, Ng added. However, a stronger Malaysian ringgit and a lower trading volume limited gains, Sathia Varqa from Palm Oil Analytics said. Investors are waiting for the November supply and demand data coming out next Tuesday from the Malaysian Palm Oil Board. The Bursa Malaysia Derivatives contract for January delivery closed MYR39 higher at MYR3,741 a ton. (jiahui.huang@wsj.com; @ivy_jiahuihuang)

0429 ET - Anglo American's reshape of its operations will likely result in a stronger operational position with a better balance sheet and cash flow position than previously, RBC Capital Markets analyst Tyler Broda writes in a research note. The majority of the global miner's production cuts seem to be from copper, platinum group metals, coal and diamond assets, Broda says. "We think this new streamlined Anglo American should allow it to shed some of the recently more challenging aspects of the business and addressing this proactively should help the company emerge in a stronger position for the coming years," he says. Shares are down 4.5% at 2,125.00 pence. (christian.moess@wsj.com)

0345 ET - Oil prices are pushing higher ahead of the U.S. nonfarm jobs report, but both key global benchmarks are still set for strong weekly losses. Brent crude and WTI are both up 1.9% to \$75.48 a barrel and \$70.67 a barrel, respectively. Despite the lift, prices for both are still set to be more than 4% lower this week. Crude oil prices have been under pressure, with the market reacting poorly to OPEC's supply cut last week. "Weaker demand data from China has further weighed on the sentiment in the short term," according to ING. Markets will be looking ahead to the U.S. jobs report, and how it affects monetary policy. (yusuf.khan@wsj.com)

(END) Dow Jones Newswires

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