



## DAILY GRAINS COMMENTARY

Thursday May 04, 2023

### DAILY SOY COMPLEX COMMENTARY

5/4/2023

**Bearish weather outlook; warm/wet trend may support good start**

#### OVERNIGHT CHANGES THROUGH 6:06 AM (CT):

**SOY BEANS -0.1, BEAN OIL +0.0, SOYMEAL -0.2**

**OVERNIGHT DEVELOPMENTS:** July Soybeans overnight are down 5 1/2 cents. Soybean open interest as of May 3 was down 71 contracts, soymeal up 2,665 contracts, and soybean oil up 2,644. Chinese Dalian Soybeans are down 0.64%, Soymeal up 0.22% and Soyoil up 2.88%. Globally markets overnight were weaker with declines less than 0.69%. The markets are on edge following renewed concerns about the bank sector with PacWest Bancorp shares plunging yesterday prompting the company to search for potential suitors and investors. Critical economic news released overnight included a softer than expected Chinese Caixin Manufacturing PMI reading for April, softer German import, and export readings for March, a larger than expected unemployment decline in Spain, softer than expected services PMI readings from Spain and France, softer than expected euro zone composite and services PMI readings for April. However, better than expected GBP composite and services PMI readings for April served to offset some of the economic slowing fears from the avalanche of data overnight.



The North American session will start out with the April Challenger job cuts survey followed by a weekly reading on initial jobless claims which are expected to have a moderate uptick from the previous 230,000 reading. Ongoing jobless claims are forecast to have a modest weekly increase from the previous 1.858 million reading. The March US international trade balance is expected to have a sizable downtick from February's \$70.5 billion monthly deficit. March Canadian international merchandise trade is forecast to have a modest downtick from February's monthly surplus. First quarter non-farm productivity is expected to have a moderate downtick from the fourth quarter's 1.7% reading while first quarter unit labor costs are forecast to have a moderate uptick from the fourth quarter's 3.2% reading. For the week so far wheat prices are up 6 in SRW, up 7 3/4 in HRW, up 2 1/4 in HRS; Corn is up 2; Soybeans down 2 1/2; Soymeal down \$9.50; Soyoil up 0.97. Year-To-Date nearby futures are down 20.9% in SRW, down 6.8% in HRW, down 16.0% in HRS; Corn is down 4.4%; Soybeans down 4.7%; Soymeal down 11.0%; Soyoil down 17.9%.

**NEAR-TERM MARKET FUNDAMENTALS:** The early break yesterday to the lowest level since March 24 failed to attract new buying interest and the market acts like a short-term low may be in place. Soybean oil even closed sharply higher with crude oil prices down hard for yet another day. Weakness in the US dollar provided some underlying support. Corn and wheat were higher led by uncertainty on a Black Sea grain deal. July meal closed lower on the session and pushed down to the lowest level since December 5. Short term, the Argentine lack of crush in the months ahead leave a positive tilt, however, the record crush pace next year, and even Argentina is backed up with crush plants ready to aggressively crush soybeans after a few years in a row of challenging circumstances. For the weekly export sales report, traders see soybean sales near 100,000-500,000 tonnes, meal sales near 75,000-375,000 tonnes and oil sales near zero-30,000 tonnes.

#### TODAY'S MARKET IDEAS:

The technical action is more positive and strength in the other grains is helping to support. July soybean support is at 1406 1/2, with 1436 1/4 and 1448 3/4 as resistance. November soybean support is at 1257, with 1284 1/2 and 1295 as resistance.

#### NEW RECOMMENDATIONS:

None.

## PREVIOUS RECOMMENDATIONS:

None.

## SOYBEAN COMPLEX TECHNICAL OUTLOOK:

Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

SOYBEANS (JUL) 05/04/2023: Momentum studies are declining, but have fallen to oversold levels. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The daily closing price reversal up on the daily chart is somewhat positive. The market has a slightly positive tilt with the close over the swing pivot. The next downside objective is now at 1385. The next area of resistance is around 1430 3/4 and 1438, while 1st support hits today at 1404 1/4 and below there at 1385.

SOYBEAN OIL (JUL) 05/04/2023: Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. A positive signal for trend short-term was given on a close over the 9-bar moving average. The outside day up is somewhat positive. Market positioning is positive with the close over the 1st swing resistance. The near-term upside objective is at 54.07. Daily studies suggest buying dips today. The next area of resistance is around 53.55 and 54.07, while 1st support hits today at 51.73 and below there at 50.42.

SOYMEAL (JUL) 05/04/2023: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The close below the 9-day moving average is a negative short-term indicator for trend. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is 417.1. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 428.8 and 432.6, while 1st support hits today at 421.0 and below there at 417.1.

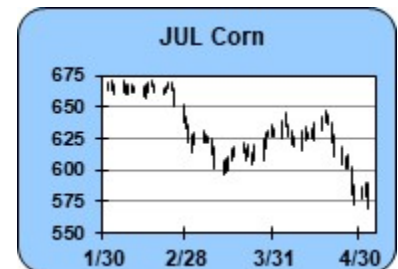
## DAILY CORN COMMENTARY

5/4/2023

Perhaps good weather for start of season; weak demand priced

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):  
CORN -0.3

**OVERNIGHT DEVELOPMENTS:** July Corn overnight is down 3 1/4 cents after first hitting the highest level since April 27th. Corn open interest as of May 3 was up 3,098 contracts. Chinese Dalian Corn was down 4.89%.



**NEAR-TERM MARKET FUNDAMENTALS:** July corn closed sharply higher on the session yesterday with an outside day up after first reaching the lowest level since January 21, 2022. The technical action is positive and the turn up comes from an extreme oversold condition. Keep in mind, fund traders hold a hefty net short position and this could spark short covering if resistance levels are violated. Non-Commercial No Commodity Index Traders net sold 70,100 contracts last week and are now net short 89,330 contracts. Coming back from a holiday, China corn values were down sharply this morning. Uncertainty over a Black Sea grain deal helped to support as tensions between Russia and Ukraine mount. In addition, the US dollar was strong which may have helped support some buying but this may have been partially offset by the collapse in energy prices and a weak tone for the global economy.

The average daily ethanol production for the week ending April 28 averaged 976,000 barrels/day. This was up 0.9% from last week and up 0.7% from last year. Ethanol production for the week was 6.832 million barrels. Ethanol stocks were 23.363 million barrels. This is the lowest since December 2, 2022. This was down 3.9% from last week and down 2.2% from last year. Traders expected stocks to come in between 24.1 million barrels and

24.45 million barrels. The amount of corn used for the week is estimated at 98.1 million bushels. Corn use needs to average 102.6 million bushels per week to meet the USDA's marketing year forecast.

#### **TODAY'S MARKET IDEAS:**

With the extreme oversold technical condition and the reversal-type action, the market looks vulnerable to at least a technical correction. Support for July corn comes in at 579, with 599 and 608 1/4 as next resistance. December corn experienced a sweeping outside day up from the extreme oversold set up. Support is at 518 1/2, with 541 3/4 as resistance.

#### **NEW RECOMMENDATIONS:**

None.

#### **PREVIOUS RECOMMENDATIONS:**

None.

#### **CORN TECHNICAL OUTLOOK:**

Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

CORN (JUL) 05/04/2023: A bullish signal was given with an upside crossover of the daily stochastics. Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. The market's short-term trend is negative as the close remains below the 9-day moving average. The daily closing price reversal up on the daily chart is somewhat positive. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next upside objective is 605 3/4. The next area of resistance is around 599 1/4 and 605 3/4, while 1st support hits today at 577 3/4 and below there at 562 3/4.

CORN (DEC) 05/04/2023: The daily stochastics have crossed over up which is a bullish indication. The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The outside day up is somewhat positive. A positive setup occurred with the close over the 1st swing resistance. The next upside target is 544 1/2. The next area of resistance is around 539 3/4 and 544 1/2, while 1st support hits today at 521 1/4 and below there at 507 3/4.

#### **DAILY WHEAT COMMENTARY**

5/4/2023

**Sweeping reversal from extreme oversold condition; bounce**

#### **OVERNIGHT CHANGES THROUGH 6:06 AM (CT):**

**WHEAT** -0.45

**OVERNIGHT DEVELOPMENTS:** July wheat overnight is down 6 cents after the early rally failed to attract new buying. MATIF Milling Wheat was down -0.2%. Chicago wheat open interest as of May 3 was down 169 contracts and Minneapolis wheat was up 1,993 contracts.



**NEAR-TERM MARKET FUNDAMENTALS:** July wheat closed sharply higher on the session yesterday with an outside day up, and the market took out three days of trade to close near the highs. This is an impressive reversal after hitting the lowest level in 25 months as tensions between Russia and Ukraine have put doubt on the future of the Black Sea grain deal. Russia accused Ukraine of attacking the Kremlin with drones in a failed attempt to kill Putin.



CNAN23	588 1/2	33.52	34.98	16.53	17.09	584.50	594.56	613.76	617.61	627.57
CNAZ23	530 1/2	35.51	35.42	14.65	16.88	525.81	535.69	548.38	556.79	565.10
SSAN23	1417 1/2	38.69	39.83	20.33	19.79	1418.75	1421.78	1448.08	1461.09	1473.85
SSAX23	1272 1/4	41.44	40.38	20.05	22.82	1269.50	1269.81	1289.67	1311.13	1327.91
SMAN23	424.9	27.78	32.33	16.69	13.80	429.70	432.18	443.88	453.94	457.26
BOAN23	52.64	45.19	42.60	20.82	24.99	51.98	52.19	53.40	55.40	56.79
WHAN23	639 3/4	41.55	39.57	11.24	14.95	625.25	639.47	665.28	687.48	707.45
WHAU23	650 3/4	41.32	39.37	11.22	14.92	636.56	650.89	676.33	698.59	718.03
RCAN23	17.925	72.52	64.39	75.04	87.11	17.69	17.39	17.18	17.26	17.45
KWAN23	785 1/4	43.92	43.00	12.28	15.47	764.69	783.69	817.97	819.62	829.80
MWAN23	803 1/2	40.56	40.05	11.53	13.96	792.94	810.31	839.36	851.34	864.05
OTAN23	310 1/4	31.21	32.48	17.47	16.32	307.38	319.86	328.11	340.88	345.07

Calculations based on previous session. Data collected 05/03/2023

Data sources can & do produce bad ticks. Verify before use.

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>GRAIN COMPLEX</b>						
CNAN23	Corn	562 3/4	577 3/4	584 1/4	599 1/4	605 3/4
CNAZ23	Corn	507 1/2	521 1/4	526	539 3/4	544 1/2
SSAN23	Soybeans	1385	1404 1/4	1411 1/2	1430 3/4	1438
SSAX23	Soybeans	1246 3/4	1262	1267 1/2	1282 1/2	1288 1/4
SMAN23	Soymeal	417.0	421.0	424.8	428.8	432.6
BOAN23	Soybean Oil	50.41	51.72	52.24	53.55	54.07
WHAN23	Wheat	593	620 1/2	631 1/2	659	670
WHAU23	Wheat	604 3/4	632	642 1/2	669 1/2	680 1/4
RCAN23	Rice	17.697	17.825	17.897	18.025	18.097
KWAN23	KC Wheat	722 1/4	759	774 1/2	811 1/2	826 3/4
MWAN23	MINN Wheat	755 1/2	783	796 1/2	824	837 1/2
OTAN23	Oats	297 1/2	304 3/4	308 1/2	315 3/4	319 1/2

Calculations based on previous session. Data collected 05/03/2023

Data sources can & do produce bad ticks. Verify before use.

\*\*\*This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Opinions expressed are subject to change without notice. Any information or recommendation contained herein: (i) is not based on, or tailored to, the commodity interest or cash market positions or other circumstances or characterizations of particular investors or traders; (ii) is not customized or personalized for any such investor or trader; and (iii) does not take into consideration, among other things, risk tolerance, net worth, or available risk capital. Any use or reliance upon the information or recommendations is at the sole discretion and election of the subscriber. The risk of loss in trading futures contracts or commodity options can be substantial, and traders should carefully consider the inherent risks of such trading in light of their financial condition. Any reproduction or retransmission of this report without the express written consent of Lakefront Futures is strictly prohibited.