



## DAILY GRAINS COMMENTARY

Thursday May 11, 2023

### DAILY SOY COMPLEX COMMENTARY

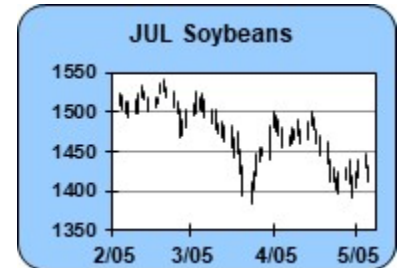
5/11/2023

**Bearish demand tone and world ending stocks second highest ever**

**OVERNIGHT CHANGES THROUGH 6:06 AM (CT):**  
**SOY BEANS -0.1, BEAN OIL +0.0, SOYMEAL +0.0**

**OVERNIGHT DEVELOPMENTS:** July Soybean prices overnight are down -6 1/4; Soymeal up 0.50; and Soyoil down -0.35. Soybean open interest as of May 10 was up 7,077 contracts, soymeal up 3,649 contracts, and soybean oil up 9,636. Chinese Dalian Soybeans are down 0.72%, Soymeal down 0.37% and Soyoil down 1.69%. Malaysian Palm was down 2.83%. Global equity markets were able to shake off early pressure and regain a mildly positive tone coming into this morning's action. Asian shares mostly finished in negative territory and were led to the downside by the Shanghai Composite. However, major European shares and US equity index futures are posting moderate gains early in today's action. Walt Disney reported slightly lower than expected earnings and a decline in streaming customers which dampened global risk sentiment. The latest readings for Chinese CPI and Chinese PPI came in lower than trade forecasts.

The Bank of England's latest monetary policy committee meeting is expected to have a 25 basis point hike in UK rates. The April US producer price index is forecast to have a modest downtick from March's 2.7% year-over-year rate. The April US core producer price index (excluding food and energy) is expected to have a minimal downtick from March's 3.4% year-over-year rate. A weekly reading on initial jobless claims is forecast to have a minimal uptick from the previous 242,000 reading. Ongoing jobless claims are expected to have a modest weekly increase from the previous 1.805 million reading. For the month to date wheat prices are up 2 1/2 in SRW, up 74 1/2 in HRW, up 38 in HRS; Corn is up 6 1/4; Soybeans down 18 3/4; Soymeal down \$11.40; Soyoil up 0.06. Year-To-Date nearby futures are down 20.7% in SRW, up 2.0% in HRW, down 11.0% in HRS; Corn is down 5.4%; Soybeans down 6.5%; Soymeal down 12.7%; Soyoil down 18.7%.



**NEAR-TERM MARKET FUNDAMENTALS:** July soybeans closed lower for the third session in a row yesterday and the selling pushed the market down to the lowest level since May 3. A strong recovery in wheat and the sharp rally in corn failed to provide much support to the soybean market. Ideas that the fast planting pace in the Midwest and the current moisture should get the crop off to a fast start helped to pressure. Weakness in palm oil and in soybean oil helped to pressure. For the monthly Conab Brazil production update, traders see soybean production near 155.14 million tonnes, 153.17-157.70 range, as compared with 153.63 million tonnes as the April update. For the USDA report, the average trade expectation for US 2023/24 soybean production is 4.494 billion bushels, with a range of expectations from 4.417 to 4.530 billion. This would be up from 4.276 billion last year and a record high. Yield is expected to come in around 51.8 bushels per acre (51-52 range) versus 49.5 last year. This would also be a record high.

Ending stocks are expected to come in around 293 million bushels (range 225-371 million), up from 210 million last year and the highest since 2019/20. The average expectation for 2023/24 world ending stocks is 108.07 million tonnes, with a range of expectation from 99.5 to 134 million. This would be the second highest on record and up 7.8% from 2022/23. For 2022/23, US ending stocks are expected to come in around 212 million bushels (range 179-250 million). This would be down slightly from the 210 million in the April report. World ending stocks are expected to come near 99.03 million tonnes (range 95-101.8 million) versus 100.29 million in April. For the weekly export sales report, traders see soybean sales near 150,000-500,000 tonnes for old crop, and zero-200,000 tonnes for new crop. Meal sales are expected near 50,000-350,000 tonnes and oil sales are expected near zero-22,000 tonnes.

**TODAY'S MARKET IDEAS:**

Weather is bearish and the new crop supply outlook is also bearish. July soybean resistance is at 1413 and 1419 1/2, with support at 1383 3/4. November soybeans took out the March low (1247 1/2), and this leaves 1212 3/4 as next downside target. July meal managed to see a hook reversal higher yesterday and with the oversold condition, the market may be in position for a technical bounce. Resistance is at 426.80 and 429.40.

#### **NEW RECOMMENDATIONS:**

None.

#### **PREVIOUS RECOMMENDATIONS:**

None.

#### **SOYBEAN COMPLEX TECHNICAL OUTLOOK:**

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SOYBEANS (JUL) 05/11/2023: A crossover down in the daily stochastics is a bearish signal. 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. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is 1391 1/2. The next area of resistance is around 1411 3/4 and 1422 3/4, while 1st support hits today at 1396 1/4 and below there at 1391 1/2.

SOYBEAN OIL (JUL) 05/11/2023: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The close below the 1st swing support could weigh on the market. The near-term upside target is at 53.56. The next area of resistance is around 52.67 and 53.56, while 1st support hits today at 51.43 and below there at 51.07.

SOYMEAL (JUL) 05/11/2023: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market's close below the pivot swing number is a mildly negative setup. The next downside target is now at 412.1. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 423.3 and 427.3, while 1st support hits today at 415.7 and below there at 412.1.

#### **DAILY CORN COMMENTARY**

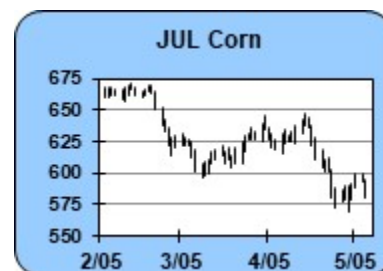
5/11/2023

#### **Bearish supply/demand outlook but oversold and reversal**

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

CORN -0.3

**OVERNIGHT DEVELOPMENTS:** July corn prices overnight are down 3 cents. Corn open interest as of May 10 was up 8,348 contracts. Chinese Dalian Corn was down 1.09%.



**NEAR-TERM MARKET FUNDAMENTALS:** July corn managed to hold support early yesterday and the market turned higher, and closed sharply higher on the session with an outside day up. Talk that the market has already priced in the large stocks estimates for the upcoming USDA report, and ideas that the recent export news may begin to shift to a more neutral outlook instead of the current bearish tone helped to support. For the first USDA look at 2023/24 season, traders see ending stocks near 2.094 billion bushels, 1.700-2.462 range. The average estimate would be highest since the 18/19 season, and high end estimate highest since 1987/88 season.

Production is expected near 15.12 billion bushels, 14.55-15.30 range, as compared with 13.73 billion bushels last year. Yield is expected near 180.7 bushels per acre, 178-183.5 range, as compared with 173.3 bushels per acre last year. Yield would be record, and the high end estimate for production would be a record.

World ending stocks are expected near 307.47 million tonnes, 295-327.1 range. If so, it would be the highest since the 2018/19 season. For old crop, traders see ending stocks near 1.366 billion bushels, 1.242-1.472 range, as compared with 1.342 billion bushels in the April update. World ending stocks are expected near 295.16 million tonnes, 293-299 range, as compared with 295.35 million tonnes in April. The European Union corn imports in the season that began July 1 reached 23.2 million tonnes as of May 7, compared with 13.9 million for the same period last year. Average daily ethanol production for the week ending May 5 averaged 965,000 barrels. This was down 1.1% from last week and down 2.6% from last year. This was well below trade expectations and below the range of estimates. Ethanol production for the week was 6.755 million barrels.

Ethanol stocks were 23.291 million barrels. This was lowest since December 2, 2022. This was down 0.3% from last week and down 3.5% from last year. The 5-year average stocks for this week is 22.925 million barrels. The amount of corn used for the week is estimated at 96.99 million bushels. Corn use needs to average 102.9 million bushels per week to meet the USDA's marketing year forecast. For the weekly export sales report, traders see corn sales near -100,000 to 800,000 tonnes for old crop and 0-300,000 tonnes for new crop.

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

While the weather is bearish and the demand set up is still negative, the market seems oversold enough to expect at least a recovery bounce. December corn pushed under the May 3rd low and reversed to close higher. Close in support is at 512 1/4, with 536 3/4 and 544 1/4 as resistance. July corn close-in support is at 585 1/4, with 599 and 608 1/4 as resistance.

#### **NEW RECOMMENDATIONS:**

None.

#### **PREVIOUS RECOMMENDATIONS:**

None.

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

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CORN (JUL) 05/11/2023: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market's close above the 9-day moving average suggests the short-term trend remains positive. The daily closing price reversal up is a positive indicator that could support higher prices. A positive setup occurred with the close over the 1st swing resistance. The near-term upside target is at 607 3/4. The next area of resistance is around 602 1/2 and 607 3/4, while 1st support hits today at 585 1/2 and below there at 573 3/4.

CORN (DEC) 05/11/2023: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The upside daily closing price reversal gives the market a bullish tilt. The close over the pivot swing is a somewhat positive setup. The next downside objective is now at 509 3/4. The next area of resistance is around 525 1/4 and 527 3/4, while 1st support hits today at 516 1/4 and below there at 509 3/4.

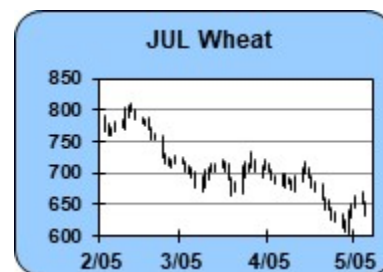
#### **DAILY WHEAT COMMENTARY**

5/11/2023

## Will need to hold support; weather uncertainties

**OVERNIGHT CHANGES THROUGH 6:06 AM (CT):**  
**WHEAT -0.58**

**OVERNIGHT DEVELOPMENTS:** July wheat prices overnight are down 4 3/4 cents; Kansas City down -3 3/4; and Minneapolis down -6 1/4. MATIF Milling Wheat was down -0.4%. Chicago wheat open interest as of May 10 was up 640 contracts and Minneapolis wheat was up 1,700 contracts.



**NEAR-TERM MARKET FUNDAMENTALS:** July wheat closed slightly lower on the session yesterday and well up from the lows. A strong recovery in the corn plus a supportive tilt to outside markets and uncertainty on the production outlook were all factors to help support the market after the early break. Algeria bought near 500,000 tonnes of milling wheat at their tender. The Turkish minister indicated that the Black Sea grain agreement may be extended for two months. Vessel inspections have been repeatedly disrupted, leaving grain flows through the Black Sea lagging behind previous months. That's adding to restrictions on cargoes bound for Eastern Europe, which is hampering sales ahead of the next harvest. Just two months since its last renewal, the safe-corridor deal is hanging by a thread, with Russia threatening to withdraw on May 18 if its demands aren't met. US hard-red futures traded at a premium of \$2.14 3/4 a bushel over the soft-red on Wednesday, the widest in at least five decades.

The European Union wheat exports in the season that began July 1 reached 26.5 million tonnes as of May 7, compared with 23.9 million for the same period last year. For the USDA Crop Production and Supply/Demand report, traders see old crop ending stocks near 603 million bushels, 593-622 range, as compared with 598 million bushels in April. For the first look at the new crop season, traders see ending stocks near 602 million bushels with a range of 535-690 million bushels. World ending stocks for the 22/23 season are expected near 265.09 million tonnes, 263-267 range, as compared with 265.05 million tonnes in April. For the 2023/24 season traders see world ending stocks near 259.69 million tonnes with a range of 245.7 to 270 million tonnes.

For the USDA production report, traders see all wheat production near 1.789 billion bushels, 1.64-1.924 range, as compared with 1.65 billion bushels for the 2022/23 season. Winter wheat production is expected near 1.23 billion bushels, 1.08-1.329 range, as compared with 1.104 billion bushels for the 22/23 season. Hard red winter wheat production is expected near 591 million bushels, 492-680 range, as compared with 531 million bushels for the 2022/23 season. Soft red winter production is expected near 399 million bushels from 337 million last year. For the weekly export sales report, traders see wheat sales near 75,000-300,000 tonnes for old crop, and 100,000-325,000 tonnes for new crop.

### TODAY'S MARKET IDEAS:

July wheat held important support yesterday and it will be important for the market to see closes above 628 3/4. Close-in support is at 636 1/2, with 660 1/2 and 673 3/4 as resistance. July Kansas City wheat support is at 828 3/4, with 871 1/2 as next resistance. July Minneapolis wheat support is at 841 1/4 and 836, with 867 and 877 3/4 as next resistance.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

### WHEAT TECHNICAL OUTLOOK:

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WHEAT (JUL) 05/11/2023: Positive momentum studies in the neutral zone will tend to reinforce higher price

action. The market's short-term trend is positive on the close above the 9-day moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The near-term upside target is at 658. The next area of resistance is around 650 1/4 and 658, while 1st support hits today at 632 1/4 and below there at 622.

KC WHEAT (JUL) 05/11/2023: Momentum studies are trending higher but have entered overbought levels. A positive signal for trend short-term was given on a close over the 9-bar moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside target is 878 3/4. The next area of resistance is around 868 and 878 3/4, while 1st support hits today at 842 and below there at 827.

MINN WHEAT (JUL) 05/11/2023: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market's close above the 9-day moving average suggests the short-term trend remains positive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside objective is 864 1/2. The next area of resistance is around 858 1/4 and 864 1/2, while 1st support hits today at 840 3/4 and below there at 829 1/4.

RICE (JUL) 05/11/2023: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's close above the 9-day moving average suggests the short-term trend remains positive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside target is 18.529. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 18.414 and 18.529, while 1st support hits today at 18.105 and below there at 17.910.

## DAILY TECHNICAL STATISTICS

	CLOSE	9 DAY RSI	14 DAY RSI	14 DAY SLOW STOCH D	14 DAY SLOW STOCH K	4 DAY M AVG	9 DAY M AVG	18 DAY M AVG	45 DAY M AVG	60 DAY M AVG
<b>GRAIN COMPLEX</b>										
CNAN23	594	44.73	42.48	26.71	31.38	592.94	588.75	603.40	613.94	621.55
CNAZ23	520 3/4	33.42	34.04	22.13	21.22	525.88	526.14	539.53	552.00	559.43
SSAN23	1404	35.31	37.82	26.97	26.03	1422.13	1420.14	1434.78	1452.12	1466.27
SSAX23	1250 3/4	32.60	35.01	22.17	17.56	1264.44	1267.14	1277.47	1299.44	1318.85
SMAN23	419.5	26.35	30.69	13.86	12.09	422.88	426.10	434.87	448.57	453.64
BOAN23	52.05	41.20	41.51	40.08	42.71	53.27	52.61	53.07	54.60	56.19
WHAN23	641 1/4	42.99	41.62	33.90	40.85	649.75	638.33	654.93	680.36	696.16
WHAU23	652 1/2	42.86	41.53	34.35	41.36	661.31	649.81	666.18	691.56	707.01
RCAN23	18.260	72.78	66.96	90.64	92.19	18.28	17.98	17.51	17.34	17.42
KWAN23	855	64.52	58.99	54.43	74.86	847.19	805.08	814.53	823.32	826.97
MWAN23	849 1/2	58.41	53.28	44.93	62.63	844.25	817.86	832.11	848.61	857.93
OTAN23	337 1/2	60.35	54.29	55.23	74.37	335.75	321.28	327.79	340.47	341.64

Calculations based on previous session. Data collected 05/10/2023

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	573 3/4	585 1/2	590 3/4	602 1/2	607 3/4
CNAZ23	Corn	509 3/4	516 1/4	518 3/4	525 1/4	527 3/4
SSAN23	Soybeans	1391 1/2	1396	1407 1/4	1412	1423
SSAX23	Soybeans	1242 1/4	1246	1252	1255 1/2	1261 3/4
SMAN23	Soymeal	412.1	415.7	419.7	423.3	427.3
BOAN23	Soybean Oil	51.06	51.42	52.31	52.67	53.56
WHAN23	Wheat	622	632 1/4	640	650 1/4	658
WHAU23	Wheat	633 3/4	643 1/2	651 1/2	661 1/2	669 1/4
RCAN23	Rice	17.910	18.104	18.220	18.414	18.529
KWAN23	KC Wheat	827	842	853	868	879
MWAN23	MINN Wheat	829 1/4	840 1/2	847	858 1/2	864 3/4
OTAN23	Oats	327 1/4	333	336 1/2	342	345 3/4

Calculations based on previous session. Data collected 05/10/2023

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