



DAILY GRAINS COMMENTARY

Friday May 12, 2023

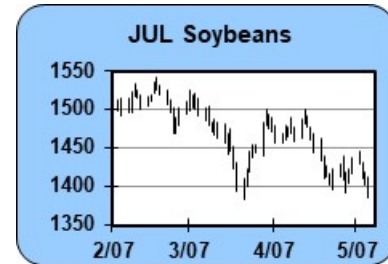
DAILY SOY COMPLEX COMMENTARY

5/12/2023

USDA report to help set next direction

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):
SOY BEANS +0.1, BEAN OIL +0.0, SOYMEAL +0.3

OVERNIGHT DEVELOPMENTS: July Soybean prices overnight are up 8 1/2 cents; Soymeal up 3.10; and Soyoil up 0.26. Soybean open interest as of May 11 was up 7,406 contracts, soymeal up 6,143 contracts, and soybean oil up 7,932. Chinese Dalian Soybeans are up 2.03%, Soymeal up 0.92% and Soyoil down 1.51%. Malaysian Palm was up 1.19%. Global equity markets have regained a generally positive tone coming into this morning's action. Asian stock markets had mixed results with moderate losses for the Shanghai Composite and Hong Kong Hang Seng and a mild gain in the Japanese Nikkei. However, European stocks and US equity index futures are posting mild early gains this morning after being led to the upside by the French CAC-40. First quarter UK GDP was lower than expected, but UK industrial production was higher than trade forecasts. French CPI and Spanish CPI were in-line with estimates. There will be April readings for the US import price index and export price index today, both of which are expected to have moderate upticks from their March readings. A private survey of May consumer sentiment is forecast to have a minimal downtick from the previous 63.5 reading. For the month to date wheat prices are up 1 in SRW, up 81 in HRW, up 43 3/4 in HRS; Corn is down 2 3/4; Soybeans down 4; Soymeal up \$3.30; Soyoil down 0.34. Year-To-Date nearby futures are down 22.4% in SRW, up 0.4% in HRW, down 12.3% in HRS; Corn is down 6.8%; Soybeans down 5.0%; Soymeal down 10.8%; Soyoil down 20.2%.



NEAR-TERM MARKET FUNDAMENTALS: The results of the USDA update today will set the tone for the market. July soybeans recovered after an early break to the lowest level since March 24 yesterday, to close higher on the session. Outside market forces carried a bearish tilt with a strong US dollar and export sales for soybeans were very poor. Exporters announced the sale of 132,000 tonnes of US soybeans to unknown destination. Traders await the USDA supply/demand report for the first look at the 2023/24 season. In their monthly update, Conab pegged 2022/23 Brazilian soybean production at 154.8 million tonnes, up from 153.63 million in their April update. This was below the average trade expectation calling for 155.14 but was within the range of expected range from 153.17 to 157.70 million. In their April update, the USDA put Brazilian production at 154.0 million tonnes. For the USDA supply/demand (WASDE) 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. This would be the highest since 2019/20.

The average expectation for 2023/24 world ending stocks is 108.07 million tonnes, with a range of expectations from 99.5 to 122 million. This would be the second highest on record and up 7.8% from 2022/23. The previous all-time high was 114.19 million tonnes. The weekly export sales report showed that for the week ending May 4, net soybean sales came in at just 62,170 tonnes for the current marketing year and 50,052 for the next marketing year for a total of 112,222. Traders were expecting 150,000-700,000 tonnes. Cumulative soybean sales have reached 92.6% of the USDA forecast for the 2022/2023 marketing year versus a 5 year average of 95.4%. Net meal sales came in at 277,843 tonnes for the current marketing year and -11,040 for the next marketing year for a total of 266,803. Cumulative meal sales have reached 80.6% of the USDA forecast for the 2022/2023 marketing year versus a 5 year average of 80.2%. Net oil sales came in at 266 tonnes. Cumulative oil sales have reached

51.2% of the USDA forecast for the 2022/2023 marketing year versus a 5 year average of 80.1%. Sales need to average 5,300 tonnes per week to reach the USDA forecast.

TODAY'S MARKET IDEAS:

July soybean resistance is at 1429 1/2 and 1443, with support at 1398 1/2 and 1383 3/4. November soybeans took out the March low this week and this leaves 1212 3/4 as a longer-term downside target. July meal support is at 423.70, with resistance at 442.20 and 448.40.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SOYBEAN COMPLEX TECHNICAL OUTLOOK:

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SOYBEANS (JUL) 05/12/2023: 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. The daily closing price reversal up on the daily chart is somewhat positive. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is now at 1374 1/4. The next area of resistance is around 1419 1/2 and 1430 1/2, while 1st support hits today at 1391 1/2 and below there at 1374 1/4.

SOYBEAN OIL (JUL) 05/12/2023: A crossover down in the daily stochastics is a bearish signal. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close below the 9-day moving average is a negative short-term indicator for trend. The market setup is somewhat negative with the close under the 1st swing support. The next downside objective is now at 50.25. The next area of resistance is around 51.73 and 52.56, while 1st support hits today at 50.57 and below there at 50.25.

SOYMEAL (JUL) 05/12/2023: The daily stochastics gave a bullish indicator with a crossover up. The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The near-term upside objective is at 444.2. The next area of resistance is around 439.5 and 444.2, while 1st support hits today at 423.3 and below there at 411.7.

DAILY CORN COMMENTARY

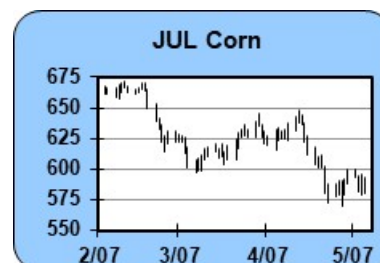
5/12/2023

Bearish supply/demand outlook but oversold into USDA report

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):
CORN +0.1

OVERNIGHT DEVELOPMENTS: July corn prices overnight are up slightly with a small range. Corn open interest as of May 11 was up 5,575 contracts. Chinese Dalian Corn was down 0.67%.

NEAR-TERM MARKET FUNDAMENTALS: July corn closed sharply lower on the session yesterday but stayed inside of Wednesday's range. Talk of good weather for a fast start to the crop plus a strong rally in the US dollar were seen as bearish



forces. In addition, the export market remains slow, and traders are positioning ahead of the USDA supply/demand report. South Korea bought near 133,000 tons of corn but traders believe the corn will be sold from South America. The weekly export sales report showed that for the week ending May 4, net corn sales came in at 257,279 tonnes for the current marketing year and 83,062 for the next marketing year for a total of 340,341 tonnes which was below trade expectations. Cumulative sales have reached just 81.7% of the USDA forecast for the 2022/2023 marketing year versus a 5 year average of 90.0%.

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.

TODAY'S MARKET IDEAS:

December corn experienced the lowest close since January 2022 ahead of the report. Without bullish news, 503 1/4 is next support. July corn has some support at 581, with 599 and 608 1/4 as resistance. If support cannot hold, 557 1/2 will become the next downside target.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CORN TECHNICAL OUTLOOK:

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CORN (JUL) 05/12/2023: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market's short-term trend is negative as the close remains below the 9-day moving average. The close below the 1st swing support could weigh on the market. The next upside target is 596 1/2. The next area of resistance is around 588 1/4 and 596 1/2, while 1st support hits today at 576 1/4 and below there at 572 1/2.

CORN (DEC) 05/12/2023: 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 swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside objective is 508 1/4. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 517 and 521 1/2, while 1st support hits today at 510 1/2 and below there at 508 1/4.

DAILY WHEAT COMMENTARY

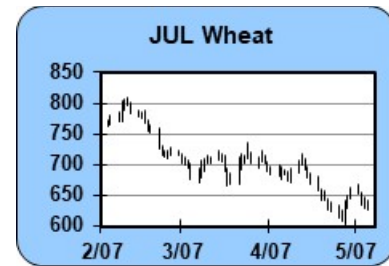
5/12/2023

USDA update; Has recent rain been priced?

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):

WHEAT +0.88

OVERNIGHT DEVELOPMENTS: July wheat prices overnight are up 8 1/4 cents; Kansas City up 15 3/4; and Minneapolis up 11 3/4. MATIF Milling Wheat was up 0.4%. Chicago wheat open interest as of May 11 was up 3,861 contracts and Minneapolis wheat was down 134 contracts.



NEAR-TERM MARKET FUNDAMENTALS: The results of the USDA report will help set the tone for the market today. July wheat closed lower for the fourth session in a row yesterday as the market absorbs better weather for US crops and continued demand concerns. A sharp rally in the US dollar was seen as a negative force even though export sales came in above expectations. The latest talks on extending Ukraine's grain-export deal ended without a definitive agreement, with Russia threatening to withdraw from the pact in one week. During the talks, Ukraine stressed that the grain initiative must be expanded and extended for a longer period to provide certainty to domestic and global markets. 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. The weekly export sales report showed that for the week ending May 4, net wheat sales came in at 26,263 tonnes for the current marketing year and 333,624 for the next marketing year for a total of 359,887. This was above trade expectations. Cumulative sales have reached just 89.8% of the USDA forecast for the 2022/2023 marketing year versus a 5 year average of 96.0%.

TODAY'S MARKET IDEAS:

July wheat failed to hold support in the consolidation and the market looks like a resumption of the downtrend. Resistance is at 636 1/4, with 603 3/4 and 579 as next support. July Kansas City wheat support is at 815, with 871 1/2 as next resistance. July Minneapolis wheat support is at 822 3/4, with 858 1/4 as resistance.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

WHEAT TECHNICAL OUTLOOK:

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WHEAT (JUL) 05/12/2023: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The close below the 9-day moving average is a negative short-term indicator for trend. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next upside objective is 645 1/4. The next area of resistance is around 634 3/4 and 645 1/4, while 1st support hits today at 619 3/4 and below there at 615.

KC WHEAT (JUL) 05/12/2023: Rising stochastics at overbought levels warrant some caution for bulls. The close above the 9-day moving average is a positive short-term indicator for trend. It is a slightly negative indicator that the close was under the swing pivot. The next upside target is 860 1/2. The next area of resistance is around 851 and 860 1/2, while 1st support hits today at 835 1/2 and below there at 829 1/4.

MINN WHEAT (JUL) 05/12/2023: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. The close below the 1st swing support could weigh on the market. The next upside objective is 853 3/4. The next area of resistance is around 844 and 853 3/4, while 1st support hits today at 829 1/2 and below there at 824 3/4.

RICE (JUL) 05/12/2023: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's short-term trend is positive on the close above the 9-day moving average. The close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 18.531. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 18.432 and 18.531, while 1st support hits today at 18.198 and below there at 18.062.

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
GRAIN COMPLEX										
CNAN23	582 1/4	36.28	36.95	27.85	30.14	589.38	588.44	600.06	613.23	620.12
CNAZ23	513 3/4	28.83	30.81	20.26	16.51	520.63	524.58	536.58	551.02	558.03
SSAN23	1405 1/2	36.40	38.47	26.69	26.11	1414.38	1418.61	1430.33	1449.88	1464.37
SSAX23	1248	31.36	34.17	21.27	19.47	1256.44	1265.42	1273.94	1296.70	1316.60
SMAN23	431.4	49.24	44.74	16.81	22.71	424.20	425.99	433.13	447.56	452.97
BOAN23	51.15	35.80	37.94	37.87	33.46	52.47	52.55	52.87	54.42	56.04
WHAN23	627 1/4	36.65	37.56	35.17	37.71	641.50	637.61	650.49	678.81	693.29
WHAU23	639	36.71	37.58	35.77	38.61	653.19	649.14	661.81	690.03	704.21
RCAN23	18.315	74.02	67.87	91.40	92.92	18.29	18.09	17.59	17.38	17.43
KWAN23	843 1/4	58.10	55.03	62.08	77.37	849.31	812.33	812.58	824.44	826.31
MWAN23	836 3/4	51.77	49.31	52.24	66.87	844.44	821.53	829.24	848.61	856.59
OTAN23	333	54.51	50.79	62.47	76.97	336.75	323.61	327.54	340.12	341.08

Calculations based on previous session. Data collected 05/11/2023

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

DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
GRAIN COMPLEX						
CNAN23	Corn	572 1/2	576 1/4	584 1/2	588 1/4	596 1/2
CNAZ23	Corn	508	510 1/2	514 3/4	517	521 1/2
SSAN23	Soybeans	1374 1/4	1391 1/2	1402 1/2	1419 1/2	1430 3/4
SSAX23	Soybeans	1227 1/2	1238 3/4	1246	1257 1/4	1264 1/2
SMAN23	Soymeal	411.6	423.2	427.9	439.5	444.2
BOAN23	Soybean Oil	50.24	50.57	51.40	51.73	52.56
WHAN23	Wheat	615	619 1/2	630 1/4	635	645 1/2
WHAU23	Wheat	626 3/4	631 1/2	642	646 1/2	657 1/4
RCAN23	Rice	18.061	18.197	18.296	18.432	18.531
KWAN23	KC Wheat	829 1/4	835 1/2	845	851	860 3/4
MWAN23	MINN Wheat	824 3/4	829 1/2	839 1/4	844	853 3/4
OTAN23	Oats	317 1/4	326	331	340	344 3/4

Calculations based on previous session. Data collected 05/11/2023

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