



## DAILY GRAINS COMMENTARY Wednesday May 17, 2023

### DAILY SOY COMPLEX COMMENTARY 5/17/2023

#### Oil probing for a short-term low; El Nino watch

**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 9 1/2 cents; Soymeal down -0.20; and Soyoil down 0.28. Soybean open interest as of May 16 was up 972 contracts, soymeal up 418 contracts, and soybean oil up 8,902. Chinese Dalian Soybeans are up 0.39%, Soymeal down 1.36% and Soyoil down 2.05%. Malaysian Palm was down 0.75%. Global equity markets overnight saw more losers than winners with the weakness primarily centered in Asia. Critical economic news released overnight included a stronger than expected Japanese first quarter GDP, a slight contraction in Chinese house price index readings for April, a moderate rise in Australian wage price index readings for the first quarter, much softer than expected Japanese capacity utilization for March, better-than-expected Japanese industrial production, as expected French unemployment in the first quarter, a sharp reduction in Chinese foreign direct investment, and as expected euro zone harmonized index of consumer prices.

The North American session will start out with a weekly private survey of mortgage applications followed by April housing starts which are forecast to have a modest downtick from March's 1.42 million annualized rate. April building permits are expected to have a minimal uptick from March's 1.43 million annualized rate. For the month to date wheat prices are up 17 3/4 in SRW, up 134 3/4 in HRW, up 84 in HRS; Corn is down 10; Soybeans down 61; Soymeal down \$5.80; Soyoil down 4.20. Year-To-Date nearby futures are down 18.5% in SRW, up 1.9% in HRW, down 6.1% in HRS; Corn is down 15.1%; Soybeans down 10.6%; Soymeal down 10.9%; Soyoil down 25.6%.

**NEAR-TERM MARKET FUNDAMENTALS:** Soybean prices collapsed yesterday, with July soybeans trading to the lowest level since last July and November to their lowest level since January 2022. Bean oil prices were also down sharply, with July trading to its lowest level since April 2021. Meal prices were lower as well, but the big destruction was in soybeans and oil. The weekly crop progress report showed US plantings off to a very strong start, with 49% complete as of Sunday versus a 10-year average of 32%, and the planting weather looks good this week as well. This comes on top of last week's USDA supply/demand report that showed US ending stocks increasing this year and world stocks coming in at record highs.

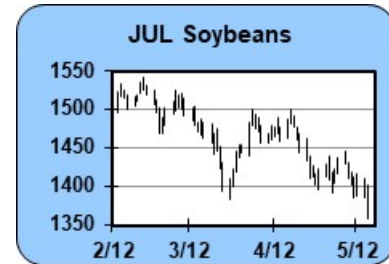
World ending stocks came in at 122.5 million tonnes versus 108.1 million expected and 101.04 million in 2022/23. This would be the highest world ending stocks on record, and it would be up 21.2% from 2022/23. The previous all-time high was 114.19 million tonnes. The USDA reported palm oil production at 79.56 million tonnes, an increase from the 78.14 million tonnes estimated for 2022/23. Palm oil production for Indonesia is at 47 million tonnes from 46 million tonnes. This has helped pressure palm and soybean oil in recent days.

#### TODAY'S MARKET IDEAS:

There was no follow-through buying after the hook reversal for November soybeans, and the market remains in a short-term downtrend. Close in resistance is at 1230, with 1155 1/2 as next target. December meal resistance is at 395.00, with 385.80 as next support.

#### 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) 05/17/2023:** Daily stochastics are trending lower but have declined into oversold territory. A negative signal for trend short-term was given on a close under the 9-bar moving average. The close below the 2nd swing support number puts the market on the defensive. The next downside target is 1329 1/4. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 1385 1/2 and 1415, while 1st support hits today at 1342 1/2 and below there at 1329 1/4.

**SOYBEAN OIL (JUL) 05/17/2023:** 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 close below the 2nd swing support number puts the market on the defensive. The next downside objective is now at 45.18. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 48.82 and 50.67, while 1st support hits today at 46.08 and below there at 45.18.

**SOYMEAL (JUL) 05/17/2023:** Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. The market's close below the pivot swing number is a mildly negative setup. The next upside target is 433.7. The next area of resistance is around 430.1 and 433.7, while 1st support hits today at 423.7 and below there at 420.9.

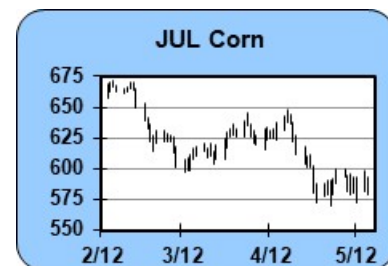
## DAILY CORN COMMENTARY

5/17/2023

### Weak demand factors and good start to crop

**OVERNIGHT CHANGES THROUGH 6:06 AM (CT):**  
CORN -0.9

**OVERNIGHT DEVELOPMENTS:** July corn overnight is down 11 1/4 cents. Corn open interest as of May 16 was up 6,990 contracts. Chinese Dalian Corn was down 0.47%.



**NEAR-TERM MARKET FUNDAMENTALS:** While the good weather for good start to the crop has driven December corn down to yet another new low for the move this morning, July corn broke out to the downside and hit the lowest level since January 2022. Demand factors look bearish with other corn cheaper than US corn on the world market, and ethanol demand not as strong as expected. Good planting and growing weather to start the season has helped drive new crop to new lows. The market resumed its downward after there was a lack of follow buying after a one-day reversal.

Friday's USDA report showed record production for 2023/24, and yesterday's crop progress report verified a strong start to the new crop season with 65% of the US crop planted as of Sunday versus a 10-year average of 63%. The European Union corn imports in the season that began July 1 reached 23.6 million tonnes as of May 14, compared with 14.3 million for the similar period a year earlier.

### TODAY'S MARKET IDEAS:

Demand factors are poor and given the extreme oversold condition basis the COT report, the market short-term

selling may be limited. July corn next support is down at 557 1/2, with resistance at 579 1/2. There is still no sign of a low for December corn with 490 3/4 as next key support.

**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) 05/17/2023: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's short-term trend is negative as the close remains below the 9-day moving average. The swing indicator gave a moderately negative reading with the close below the 1st support number. The near-term upside target is at 598. The next area of resistance is around 588 1/2 and 598, while 1st support hits today at 574 and below there at 568 3/4.

CORN (DEC) 05/17/2023: Momentum studies are declining, but have fallen to oversold levels. The market's short-term trend is negative as the close remains below the 9-day moving average. The downside closing price reversal on the daily chart is somewhat negative. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is now at 490 3/4. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 513 1/2 and 523 3/4, while 1st support hits today at 497 and below there at 490 3/4.

**DAILY WHEAT COMMENTARY**

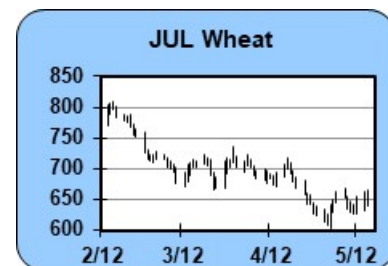
5/17/2023

**Kansas wheat tour showing poor crop conditions**

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

WHEAT -0.13

**OVERNIGHT DEVELOPMENTS:** Chicago wheat prices overnight are down 7 1/2 cents. Kansas City is up 4; and Minneapolis 1 1/2. MATIF Milling Wheat was up 0.2%. Chicago wheat open interest as of May 16 was down 631 contracts and Minneapolis wheat was down 1,418 contracts.



**NEAR-TERM MARKET FUNDAMENTALS:** Wheat prices found mild early support and reached a 1-week high yesterday, but turned sharply to the downside and closed lower. The US dollar was able to extend this week's recovery move which put pressure on wheat prices. There was also carryover pressure on the wheat market from the sharp selloff in the soybean complex. Forecasts for wet weather over the southern Plains have been another source of pressure on wheat prices. The European Union wheat exports in the season that began July 1 reached 27.2 million tonnes as of May 14, compared with 24.3 million for the similar period a year earlier. The Buenos Aires Grain Exchange believes wheat production will jump 45% from last year after the drought last season.

If we combined US ending stocks and major world wheat exporters, the total is only 52.85 million tonnes which is the lowest since the 2012/13 season, and the second lowest since the 2007/08 season. Crop scouts on the first day of an annual three-day tour of Kansas projected an average yield for hard red winter wheat in the northern part of the state at 29.8 bushels per acre, the worst for the tour's first day since at least 2003. The five-year average for the same area was 45.36 bushels per acre. The tour is scheduled to release a final yield forecast for

Kansas on Thursday.

**TODAY'S MARKET IDEAS:**

July wheat support is at 636 1/2 and 628 3/4, with 669 1/2 and 685 as next resistance. July KC wheat is in a short-term overbought condition. Key resistance areas now stand at 917 1/4 and 973, with support back at 871 3/4 and 862 1/2.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

**WHEAT 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.

WHEAT (JUL) 05/17/2023: 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 daily closing price reversal down puts the market on the defensive. It is a slightly negative indicator that the close was under the swing pivot. The near-term upside target is at 674. The next area of resistance is around 659 1/2 and 674, while 1st support hits today at 635 1/2 and below there at 625 3/4.

KC WHEAT (JUL) 05/17/2023: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. 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 near-term upside target is at 913 3/4. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 906 1/2 and 913 3/4, while 1st support hits today at 887 1/2 and below there at 875 1/2.

MINN WHEAT (JUL) 05/17/2023: Rising stochastics at overbought levels warrant some caution for bulls. The market's short-term trend is positive on the close above the 9-day moving average. The market has a slightly positive tilt with the close over the swing pivot. The next upside objective is 893 1/4. The next area of resistance is around 887 and 893 1/4, while 1st support hits today at 870 1/2 and below there at 860.

RICE (JUL) 05/17/2023: The major trend has turned down with the cross over back below the 60-day moving average. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market back below the 18-day moving average suggests the intermediate-term trend could be turning down. The market setup is somewhat negative with the close under the 1st swing support. The next downside target is 16.932. The next area of resistance is around 17.712 and 18.141, while 1st support hits today at 17.108 and below there at 16.932.

**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	581 1/4	38.59	38.76	34.36	38.05	585.56	589.22	591.89	612.09	616.23
CNAZ23	505 1/4	28.84	30.41	17.31	15.47	510.69	519.42	527.56	547.92	553.78
SSAN23	1364	26.72	30.99	21.43	16.19	1390.06	1407.39	1414.58	1442.82	1457.98
SSAX23	1207	22.38	26.66	16.11	12.63	1227.50	1248.47	1259.14	1287.93	1308.55
SMAN23	426.9	42.62	41.22	33.00	41.16	430.53	426.47	429.32	444.53	451.25
BOAN23	47.45	22.08	27.41	23.90	13.97	49.45	51.48	51.84	53.91	55.40
WHAN23	647 1/2	49.06	46.45	47.63	57.79	642.63	646.06	642.76	676.16	686.56

WHAU23	660 1/4	49.61	46.81	48.68	59.22	654.69	657.86	654.38	687.44	697.64
RCAN23	17.410	38.28	44.38	80.41	63.51	18.02	18.13	17.76	17.46	17.42
KWAN23	897	70.29	64.68	78.28	87.01	878.00	855.44	819.57	831.62	827.02
MWAN23	878 3/4	67.19	60.48	72.53	86.00	858.69	847.08	828.69	851.38	854.17
OTAN23	345	65.90	59.07	78.80	88.54	338.50	335.11	327.49	339.61	340.41

Calculations based on previous session. Data collected 05/16/2023

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	568 3/4	574	583 1/2	588 1/2	598 1/4
CNAZ23	Corn	490 3/4	497	507 1/4	513 1/2	523 3/4
SSAN23	Soybeans	1329	1342 1/2	1372	1385 1/2	1415
SSAX23	Soybeans	1180	1191 1/4	1211 1/2	1222 3/4	1243
SMAN23	Soymeal	420.9	423.7	427.3	430.1	433.7
BOAN23	Soybean Oil	45.17	46.07	47.92	48.82	50.67
WHAN23	Wheat	625 1/2	635 1/2	649 3/4	659 1/2	674
WHAU23	Wheat	639 1/2	649	662 1/4	671 1/2	685
RCAN23	Rice	16.931	17.107	17.536	17.712	18.141
KWAN23	KC Wheat	875 1/2	887 1/2	894 3/4	906 1/2	914
MWAN23	MINN Wheat	860	870 1/2	876 3/4	887	893 1/2
OTAN23	Oats	335 1/4	340 1/2	344	349 1/2	352 3/4

Calculations based on previous session. Data collected 05/16/2023

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.