



DAILY GRAINS COMMENTARY

Thursday May 18, 2023

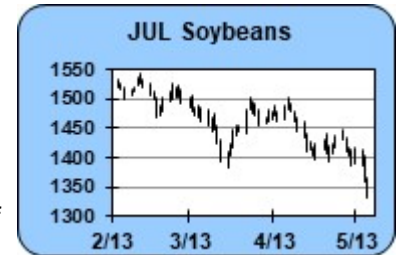
DAILY SOY COMPLEX COMMENTARY

5/18/2023

Steep downtrend for soybean oil leaves market oversold

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):
SOY BEANS -0.0, **BEAN OIL** +0.0, **SOYMEAL** -0.4

OVERNIGHT DEVELOPMENTS: July Soybean prices overnight are down 6 1/2 cents; Soymeal down -5.00; and Soyoil unchanged. Soybean open interest as of May 17 was down 6,250 contracts, soymeal up 6,392 contracts, and soybean oil up 13,365. Chinese Dalian Soybeans are down 0.49%, Soymeal down 0.37% and Soyoil down 0.20%. Malaysian Palm was down 1.22%. Global equity markets overnight were higher except for the Shanghai market which closed fractionally lower. Critical economic news of importance released overnight included softer than expected Japanese exports, a significant contraction in Japanese imports, a loss of jobs in Australia of 4,300, a 0.2% increase in the Australian unemployment rate and a significant jump in Spanish 5-year bond auction yields. The North American session will start out with a weekly reading on initial jobless claims that is expected to have a moderate downtick from the previous 264,000 reading.



Ongoing jobless claims are forecast to have a minimal weekly uptick from the previous 1.813 million reading. The May Philly Fed manufacturing survey is expected to have a moderate uptick from April's -31.3 reading. April existing home sales are forecast to have a modest downtick from March's 4.44 million annualized rate. The Conference Board's April reading on leading indicators is expected to have a modest uptick from March's -1.2% reading. For the month to date wheat prices are down 20 1/4 in SRW, up 85 in HRW, up 35 in HRS; Corn is down 31; Soybeans down 89 1/4; Soymeal down \$12.10; Soyoil down 5.36. Year-To-Date nearby futures are down 22.1% in SRW, down 2.8% in HRW, down 10.2% in HRS; Corn is down 17.9%; Soybeans down 12.3%; Soymeal down 12.1%; Soyoil down 27.1%.

NEAR-TERM MARKET FUNDAMENTALS: Soybeans extended their selloff yesterday, with the July contract trading to its lowest level since last July and November to its lowest level since late 2021. The market is still absorbing the bearish USDA supply demand report from last week. Favorable growing conditions in the US and a rally in the dollar to its highest level since March 20 likely contributed to the selloff. The Ukraine shipping deal, which was extended two months, will not affect soybean shipments directly, but it will increase the availability of livestock feed. For the weekly export sales report, traders see soybean sales near zero-300,000 tonnes for old crop and zero-300,000 tonnes for new crop. Meal sales are expected near 50,000-400,000 tonnes for old crop and zero-125,000 tonnes for new crop.

TODAY'S MARKET IDEAS:

The market remains in a steep downtrend as the bearish outlook for world ending stocks continues to pressure. Close in resistance for November soybeans is now at 1207 1/2 and 1222 3/4, with 1153 1/4 as next target. This represents 50% of the contract range. The close below 426.10 for July meal is a bearish technical development. December soybean oil has closed lower in 7 of the last 8 trading sessions and has failed to take out the previous day's high during this period. This leaves the market extremely oversold.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SOYBEAN COMPLEX TECHNICAL OUTLOOK:

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SOYBEANS (JUL) 05/18/2023: 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 1310 1/4. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 1353 1/2 and 1376, while 1st support hits today at 1320 1/2 and below there at 1310 1/4.

SOYBEAN OIL (JUL) 05/18/2023: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. A negative signal for trend short-term was given on a close under the 9-bar moving average. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is 44.40. Selling may soon dry up since the RSI is under 20 indicating the market is extremely oversold. The next area of resistance is around 47.53 and 48.88, while 1st support hits today at 45.29 and below there at 44.40.

SOYMEAL (JUL) 05/18/2023: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. 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 under the swing pivot. The next upside target is 432.1. The next area of resistance is around 428.3 and 432.1, while 1st support hits today at 422.3 and below there at 420.1.

DAILY CORN COMMENTARY

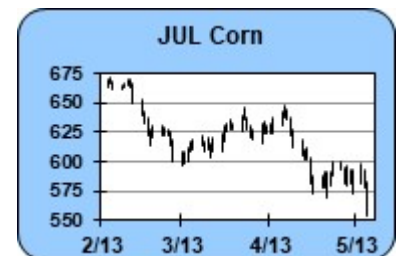
5/18/2023

Fear of huge crop and weak demand factors keep trend down

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):

CORN -0.6

OVERNIGHT DEVELOPMENTS: July corn overnight is down 8 1/4 cents. Corn open interest as of May 17 was down 2,230 contracts. Chinese Dalian Corn was up 0.28%.



NEAR-TERM MARKET FUNDAMENTALS: The corn market fell sharply yesterday on reports that the Ukraine Black Sea grain deal was extended two months, one day before Russia could have quit the pact. This affects corn and wheat, and fertilizer exports. July and December corn extended their recent selloffs to the lowest levels since late 2021. Other negative news included China canceling another 272,000 tonnes of US corn they had previously purchased, the first ever cases of Avian Flu being reported in Brazil, and a rally in the dollar to its highest level since March 20. That brings total cancellations of corn by China to 1.1 million tonnes since April 24. For the month of April, China imported 1 million tons of corn, down 54.6% from last year. Year to date imports reached 8.52 million tons, down 8.4% from a year ago. The weekly EIA Ethanol report showed US ethanol production for the week ending May 12 averaged 987,000 barrels per day from trade expectations for 981,000. This was up 2.3% from the previous week but down 0.4% from last year.

Production totaled 6.909 million barrels for the week. Ethanol stocks totaled 23.191 million barrels, the lowest since November 25, 2022. This was down 0.4% from last week and down 2.5% from last year. The amount of corn used for the week is estimated at 99.2 million bushels. It needs to average 103.2 million bushels per week to meet the USDA's forecast. The White House is reviewing an EPA plan to set biofuel-blending requirements for 2023, 2024 and 2025, while weighing bigger policy changes to encourage electric vehicles powered by renewable natural gas. The agency is subject to a court-ordered deadline to finalize the 2023 standards by June 14. For the

weekly export sales report, traders see corn sales near -500,000-300,000 tonnes for old crop and 50,000-300,000 tonnes for new crop.

TODAY'S MARKET IDEAS:

Demand factors remain bearish and given the extreme oversold condition basis the COT report, the market short-term selling may be limited. July corn resistance is at 571 3/4, with 527 1/2 as next key support. 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:

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CORN (JUL) 05/18/2023: The daily stochastics gave a bearish indicator with a crossover down. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market is in a bearish position with the close below the 2nd swing support number. The next downside objective is now at 536 1/2. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 575 3/4 and 593 1/2, while 1st support hits today at 547 1/4 and below there at 536 1/2.

CORN (DEC) 05/18/2023: Momentum studies are declining, but have fallen to oversold levels. 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 target is 486 1/4. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 505 3/4 and 513 1/2, while 1st support hits today at 492 1/4 and below there at 486 1/4.

DAILY WHEAT COMMENTARY

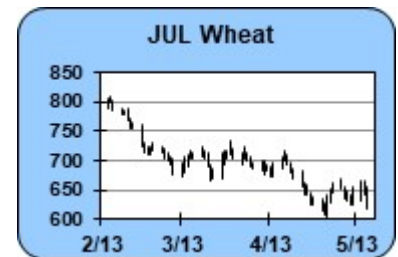
5/18/2023

China demand strong and Kansas crop poor but overbought

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):

WHEAT -1.15

OVERNIGHT DEVELOPMENTS: Chicago wheat prices overnight are down 15 1/4 cents; Kansas City down -22 3/4; and Minneapolis down -20 1/4. MATIF Milling Wheat was down -0.7%. Chicago wheat open interest as of May 17 was down 1,277 contracts and Minneapolis wheat was down 1,165 contracts.



NEAR-TERM MARKET FUNDAMENTALS: Wheat prices fell sharply yesterday on reports that the Ukraine shipping deal had been extended by two months. The dollar traded to its highest level since early March, and this added additional pressure to wheat. July Chicago wheat extended Tuesday's selloff and traded to its lowest level since May 3. July KC wheat made a new high for the move earlier in the session (its highest since November 17) but it gave up those gains and fell into negative territory. The Ukraine Grain Export Deal appears to have been extended for 2 months. The agreement (brokered by Turkey and the United Nations) keeps open a major trade route amid Russia's war in Ukraine. Moscow had threatened to withdraw from the deal if obstacles to shipments of its own crops and fertilizer weren't removed.

The news was seen as bearish to start. Ukraine has said Moscow is purposefully slowing the pace of exports, and the corridor is now nearly empty, with no inbound ships cleared since early May. Despite Moscow's grievances, Russia is expected to ship record volumes of wheat this season, while its exports of fertilizers are climbing back to pre-war levels. For the month of April, China imported 1.68 million tons, up 141% from a year ago. Year to date imports have reached 6.03 million tons, up 60.9% from a year ago. For the weekly export sales report, traders see wheat sales near 50,000-150,000 tonnes for old crop and 200,000-400,000 tonnes for new crop.

TODAY'S MARKET IDEAS:

The downside breakout for July wheat is a bearish technical development. Resistance is at 636 1/4, with 581 1/2 as next downside target. The reversal action for July Kansas City wheat suggests a correction is underway. Resistance is at 883 1/2 and 897, with 849 and 827 1/2 as initial support.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

WHEAT TECHNICAL OUTLOOK:

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WHEAT (JUL) 05/18/2023: 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 close below the 2nd swing support number puts the market on the defensive. The next upside target is 668 1/2. The next area of resistance is around 644 1/2 and 668 1/2, while 1st support hits today at 606 1/2 and below there at 592 1/4.

KC WHEAT (JUL) 05/18/2023: 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. The daily closing price reversal down puts the market on the defensive. The close below the 1st swing support could weigh on the market. The near-term upside target is at 929 1/2. The next area of resistance is around 902 and 929 1/2, while 1st support hits today at 864 and below there at 853 1/4.

MINN WHEAT (JUL) 05/18/2023: Rising stochastics at overbought levels warrant some caution for bulls. A positive signal for trend short-term was given on a close over the 9-bar moving average. The outside day down is somewhat negative. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The near-term upside target is at 899 1/4. The next area of resistance is around 876 1/2 and 899 1/4, while 1st support hits today at 843 and below there at 832 1/4.

RICE (JUL) 05/18/2023: The major trend could be turning up with the close back above the 60-day moving average. Declining momentum studies in the neutral zone will tend to reinforce lower price action. 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 is a positive indicator that could support higher prices. The market tilt is slightly negative with the close under the pivot. The next downside objective is now at 17.202. The next area of resistance is around 17.647 and 17.751, while 1st support hits today at 17.373 and below there at 17.202.

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	561 1/2	28.60	31.53	33.10	30.58	580.38	586.17	588.90	611.02	614.44
CNAZ23	499	25.57	28.02	16.29	14.24	507.00	516.14	524.83	546.58	552.15

SSAN23	1337	21.37	26.59	17.93	10.91	1372.94	1398.42	1408.36	1439.61	1454.65
SSAX23	1187 1/2	18.37	23.28	13.67	8.80	1212.38	1239.47	1253.71	1284.57	1305.02
SMAN23	425.3	40.46	39.95	35.09	39.26	429.00	426.54	428.31	443.47	450.47
BOAN23	46.41	19.41	25.10	19.62	11.06	48.27	50.81	51.44	53.68	55.13
WHAN23	625 1/2	39.98	40.42	48.49	50.20	642.19	643.89	640.13	674.36	684.18
WHAU23	637 3/4	40.07	40.50	49.63	51.52	654.38	655.75	651.86	685.67	695.30
RCAN23	17.510	41.60	46.46	71.14	52.61	17.82	18.08	17.78	17.47	17.41
KWAN23	883	65.41	61.70	80.56	85.12	889.00	865.14	822.90	833.39	827.09
MWAN23	859 3/4	56.72	54.18	75.81	82.37	864.44	852.39	829.47	851.66	853.30
OTAN23	343	62.67	57.23	82.34	89.40	341.00	337.78	327.85	339.47	340.33

Calculations based on previous session. Data collected 05/17/2023

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	536 1/2	547 1/4	565	575 3/4	593 1/2
CNAZ23	Corn	486 1/4	492	500	506	513 3/4
SSAN23	Soybeans	1310	1320 1/2	1343	1353 1/2	1376
SSAX23	Soybeans	1167 1/2	1175 1/4	1192	1199 3/4	1216 1/2
SMAN23	Soymeal	420.1	422.3	426.1	428.3	432.1
BOAN23	Soybean Oil	44.40	45.29	46.64	47.53	48.88
WHAN23	Wheat	592	606 1/2	630 1/4	644 1/2	668 1/2
WHAU23	Wheat	605	619	642 3/4	656 1/2	680 1/2
RCAN23	Rice	17.201	17.372	17.476	17.647	17.751
KWAN23	KC Wheat	853	864	891 1/4	902	929 1/2
MWAN23	MINN Wheat	832 1/4	843	865 3/4	876 1/2	899 1/4
OTAN23	Oats	327 3/4	336	341 1/2	350	355 1/4

Calculations based on previous session. Data collected 05/17/2023

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