DAILY SOY COMPLEX COMMENTARY
5/19/2023

Oversold technically but bull fundamentals still absent

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

OVERNIGHT DEVELOPMENTS: Soybeans (JUL 23) prices overnight are up 9; Soymeal (JUL 23) up 1.40; and Soyoil (JUL 23) up 0.62. Soybean open interest as of May 18 was up 4,785 contracts, soymeal up 4,215 contracts, and soybean oil down 738. Chinese Dalian (JUL 23) Soybeans up 0.28%, Soymeal up 0.20%, Soyoil up 0.31%, Palm oil down 0.18%. Malaysian Palm was up 2.59%. Global equity markets overnight were mostly higher except for some Asian markets. Critical economic news released overnight included as expected GBP GfK consumer confidence readings for May, a much hotter than expected Japanese national consumer price index reading for April, slightly softer than expected growth in New Zealand credit card spending, a much weaker than expected Japanese Tertiary Industry Index for March, and an unexpected rise in German producer price index readings for April. The North American session will only have one top-tier data pointe, March Canadian retail sales which are expected to have a sizable downtick from February's -0.2% reading. Fed Chair Powell will give a speech during morning US trading hours, while Fed Governor Bowman and New York Fed President Williams will also speak during the morning. Earnings announcements will include Deere & Company before the Wall Street opening.
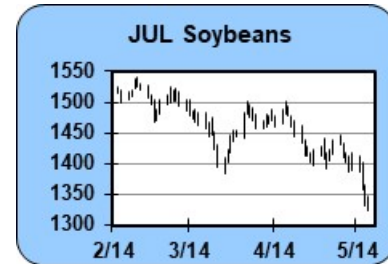
NEAR-TERM MARKET FUNDAMENTALS: November soybeans fell $1.11 1/2 in just eight trading sessions before the hook reversal and higher close on Thursday. The market seems to have priced in the bearish USDA report, and the good weather for the start of the growing season, and therefore the market appears to have put in at least a short-term low. The Buenos Aires Grains Exchange cut their estimate for the 2022/23 soybean harvest to 21 million tons from their previous estimate of 22.5 million. December meal closed lower and pushed to the lowest level since November. The higher close for December soybean oil after first trading to the lowest level since April 2021 is also seen as a positive short-term technical development. The weather maps show some scattered showers over the next week for much of the Midwest. Temperatures are up and down but are on a general warming trend. This is a forecast that is favorable for planting but could be the early beginning of El-Nino chatter for hot and dry later. Another potential longer-term supportive supply threat might be developing in southeast Asia and India with extreme hot temperatures resulting in power problems. In fact, the extended forecasts show warmer than normal US temperatures for much of the northern half of the Midwest, with above normal to slightly above normal precipitation for western half and below normal precipitation for Illinois and eastward. Soybean sales came in at 16,950 tonnes for the 2022/23 marketing year and 663,801 for 2023/24 for a total of 680,751. This was up from 112,222 the previous week and the highest since March 9. Cumulative sales for 2022/23 have reached 92.6% of the USDA forecast for the marketing year versus a five-year average of 96.4%. Outstanding sales (sold but not shipped) have fallen to 3.113 million tonnes versus 10.487 million a year ago and a five-year average of 8.599 million. This is the lowest in at least five years. The largest overall net buyer this week was Mexico at 99,179 tonnes. China canceled 119,180 for 2022/23 and bought 187,000 for 2023/24 for a total of 67,820 bought. China has the most commitments for 2022/23 at 31.054 million tonnes, followed by Mexico at 4.374 million. Net meal sales came in at 202,542 tonnes for the current marketing year and 88,970 for the next marketing year for a total of 291,512. Cumulative meal sales have reached 81.7% of the USDA forecast for the 2022/2023 marketing year versus a 5-year average of 81.9%. Net oil sales came in at 856 tonnes. Cumulative oil sales have reached 59.3% of the USDA forecast for the 2022/2023 marketing year versus a 5-year average of 80.7%.

TODAY'S MARKET IDEAS:
While November soybeans failed to close higher on the session Thursday, they forged a strong recovery off the lows and have extended the recovery impressively this morning. The market remains extremely oversold and with the $0.80 slide from the last COT positioning report was measured, the net spec and fund long in soybeans should be approaching the vicinity of the lowest levels in 18 months! Resistance is at 1208 1/2, with 1153 1/4 as the next target. The downside breakout for July meal leaves 406.10 as the next downside target. Resistance is at 424.60. The recent sharp collapse in December soybean oil left the market extremely oversold. Close in support is at 46.31, with 48.65 and 49.56 as close in resistance.

NEW RECOMMENDATIONS:
None.

PREVIOUS RECOMMENDATIONS:
None.

SOYBEAN COMPLEX TECHNICAL OUTLOOK:
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SOYBEANS (JUL) 05/19/2023: Momentum studies are declining, but have fallen to oversold levels. 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 lower than the pivot swing number. The next downside objective is now at 1309 3/4. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 1345 1/2 and 1359, while 1st support hits today at 1321 and below there at 1309 3/4.

SOYBEAN OIL (JUL) 05/19/2023: Momentum studies are declining, but have fallen to oversold levels. A negative signal for trend short-term was given on a close under the 9-bar moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside objective is 45.32. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 48.15 and 48.77, while 1st support hits today at 46.43 and below there at 45.32.

SOYMEAL (JUL) 05/19/2023: The daily stochastics have crossed over down which is a bearish indication. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. A negative signal for trend short-term was given on a close under the 9-bar moving average. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside target is 405.2. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 419.9 and 428.4, while 1st support hits today at 408.3 and below there at 405.2.
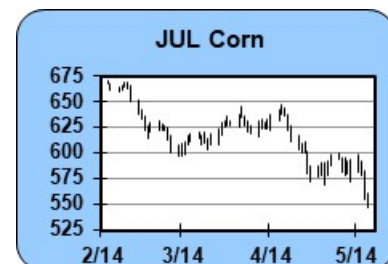
DAILY CORN COMMENTARY
5/19/2023

A technical bounce should run its course quickly

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):
CORN +0.2

OVERNIGHT DEVELOPMENTS: Corn (JUL 23) prices overnight are up 3. Corn open interest as of May 18 was down 12,955 contracts. Chinese Dalian (JUL 23) Corn was up 0.08%.

JUL Corn

NEAR-TERM MARKET FUNDAMENTALS: Like the soybean market,

the corn market reached an extreme oversold condition into the low yesterday and has recoiled aggressively from that low this morning potentially sparking follow-through short covering buying. In fact, Ukraine corn crop planting is reportedly running behind year ago levels with the tally so far pegged at only 3.3 million hectors. However, fundamentals should remain a significant headwind to rallies with soft Chinese demand for US corn and very favorable US growing conditions thoroughly entrenched. Fortunately for the bull camp the December corn contract from the last COT positioning report mark off, fell $0.28 potentially resulting in the net spec and fund short in corn reaching the largest level since August 2020! On the other hand, just because the market is extremely oversold does not alter bearish classic fundamental supply and demand forces. However, the higher close for December corn yesterday after first trading down to key support at 490 3/4 is a bullish technical development short-term. Furthermore, the market is extremely oversold as measured by traditional technical indicators and as indicated by COT analysis. Bearish weather and bearish demand forces helped to drive December corn down 46.25 cents in just nine trading sessions. The higher close in the face of a surge higher in the US dollar and weakness in energy prices is a positive development. World corn ending stocks in the 2023-24 season are now seen at 272 million tonnes, up from an April outlook of 264 million tonnes, according to the International Grains Council. China cancellations of US corn since April 24th has reached 1.1 million tonnes. For the month of April, China imported just 1 million tonnes of corn, down 54.6% from last year. Year to date imports reached 8.52 million tonnes, down 8.4% from a year ago. The weekly export sales report showed that for the week ending May 11, net corn sales came in at -338,974 tonnes (cancelations) for the current marketing year and 73,998 for the next marketing year for a total of -264,976. Cumulative sales have reached just 84.4% of the USDA forecast for the 2022/2023 marketing year versus a 5-year average of 91.0%.

TODAY'S MARKET IDEAS:
At the risk of sounding like a broken record both supply and Demand factors remain extremely negative, but an extremely oversold technical condition signals short-term selling interest may be exhausted. The turn higher after reaching the key support level of 490 3/4 for December corn is supportive with resistance today seen at 513 3/4 and 519.

NEW RECOMMENDATIONS:
None.

PREVIOUS RECOMMENDATIONS:
None.

CORN TECHNICAL OUTLOOK:
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CORN (JUL) 05/19/2023: 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 target is now at 540 1/4. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 562 1/2 and 569 1/2, while 1st support hits today at 548 and below there at 540 1/4.

CORN (DEC) 05/19/2023: 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 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 higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 510 1/4. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 506 1/2 and 510 1/4, while 1st support hits today at 495 and below there at 487.

DAILY WHEAT COMMENTARY
5/19/2023

Temporary lows as bull factors are not market movers

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):
WHEAT +0.48

OVERNIGHT DEVELOPMENTS: Chicago wheat (JUL 23) prices overnight are up 6 1/2; Kansas City (JUL 23) up 3 1/2; and Minneapolis (JUL 23) up 3 1/4. MATIF Milling Wheat(SEP 23) was up 1.3%. Chicago wheat open interest as of May 18 was up 246 contracts and Minneapolis wheat was up 785 contracts.
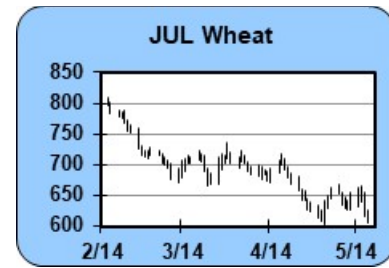
NEAR-TERM MARKET FUNDAMENTALS: The lack of a significant recovery in wheat in the wake of reversal action in corn and soybeans highlight residual bearish control. Furthermore, the wheat market lacks significantly oversold technical signals like corn and soybeans with wheat so far in May basically marking time on the charts with sideways action. On the other hand, with December wheat falling $0.36 from the last COT positioning report mark off, the net spec and fund short is likely nearing the largest levels since January 2018. A minimally supportive supply-side development came from German farmer winter wheat plantings reportedly declining 1.4% versus year ago levels with those producers rotating to barley and rapeseed. July wheat closed moderately lower on the session Thursday but well up from the early lows. The market did manage to hold above the May 3rd low. US farmers may only harvest 67% of their winter wheat planted acres this year, the lowest ratio since 1917, according to USDA estimates. The Wheat Quality Council's annual crop tour of Kansas fields wrapped Thursday with final yield and production estimates for the country's top wheat state. Wheat yield potential in Kansas was estimated near 30 bushels per acre on Thursday by crop scouts on the annual Wheat Quality Tour, the lowest since 2000. The five-year average yield is 45.62. Wheat production was seen at 178 million bushels. Kansas City wheat traded sharply lower on the day as the market experienced follow-through selling from Wednesday's hook reversal. Technical indicators remain overbought, and the market looks vulnerable to a technical correction. The weekly export sales report showed that for the week ending May 11, net wheat sales came in at -42,136 tonnes (cancelations) for the current marketing year and 336,761 for the next marketing year for a total of 294,625. Cumulative sales have reached just 89.6% of the USDA forecast for the 2022/2023 marketing year versus a 5-year average of 96.3%. World wheat ending stocks in the 2023-24 season are now seen at a 5-year low of 271 million tonnes, down from an April outlook for 277 million tonnes, according to the International Grains Council. 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.

TODAY'S MARKET IDEAS:
The downside breakout for July wheat is a bearish technical development. Resistance is at 626 1/4, with 581 1/2 as the next downside target. The reversal action for July Kansas City wheat suggests a temporary correction is underway. Resistance is at 872 3/4, with 827 1/2 as next support.

NEW RECOMMENDATIONS:
None.

PREVIOUS RECOMMENDATIONS:
None.

WHEAT TECHNICAL OUTLOOK:
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WHEAT (JUL) 05/19/2023: A bearish signal was triggered on a crossover down in the daily stochastics. 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. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is 593. The next area of resistance is around 622 1/4 and 634 3/4, while 1st support hits today at 601 1/4 and below there at 593.

KC WHEAT (JUL) 05/19/2023: The daily stochastics have crossed over down which is a bearish indication. Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. 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 downside target is 822 1/2. Short-term indicators on the defensive. Consider selling an intraday bounce. The next area of resistance is around 875 1/4 and 898 3/4, while 1st support hits today at 837 1/4 and below there at 822 1/2.

MINN WHEAT (JUL) 05/19/2023: The close under the 60-day moving average indicates the longer-term trend could be turning down. A crossover down in the daily stochastics is a bearish signal. Daily stochastics turning lower from overbought levels is bearish and will tend to reinforce a downside break especially if near term support is penetrated. The market back below the 18-day moving average suggests the intermediate-term trend could be turning down. The market is in a bearish position with the close below the 2nd swing support number. The next downside target is now at 798. The next area of resistance is around 846 1/2 and 870 1/4, while 1st support hits today at 810 1/2 and below there at 798.

RICE (JUL) 05/19/2023: The close below the 60-day moving average is an indication the longer-term trend has turned down. Declining momentum studies in the neutral zone will tend to reinforce lower price action. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market could take on a defensive posture with the daily closing price reversal down. The market setup is somewhat negative with the close under the 1st swing support. The next downside target is 17.123. The next area of resistance is around 17.474 and 17.682, while 1st support hits today at 17.195 and below there at 17.123.

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	555 1/4	26.19	29.65	30.42	25.05	572.63	581.58	586.00	609.76	612.63
CNAZ23	500 3/4	28.14	29.69	16.44	16.75	505.00	512.36	522.24	545.33	550.63
SSAN23	1333 1/4	20.72	26.04	15.21	9.77	1358.75	1386.94	1402.65	1436.47	1451.42
SSAX23	1187	18.28	23.20	12.41	9.87	1203.19	1229.14	1248.72	1281.51	1301.55
SMAN23	414.1	28.95	32.41	32.20	26.43	424.30	425.21	427.01	442.24	449.56
BOAN23	47.29	27.73	30.43	17.46	13.14	47.71	50.03	51.14	53.48	54.88
WHAN23	611 3/4	35.38	37.18	45.04	38.15	636.38	638.50	637.61	672.11	681.76
WHAU23	624 1/2	35.55	37.31	46.27	39.55	648.63	650.53	649.39	683.48	692.94
RCAN23	17.335	37.62	43.41	60.14	38.14	17.53	17.97	17.78	17.47	17.41
KWAN23	856 1/4	53.25	53.89	79.85	78.44	884.00	867.81	825.10	834.44	827.02
MWAN23	828 1/2	44.03	45.74	74.18	70.93	860.06	851.56	828.79	851.13	852.08
OTAN23	337 3/4	54.74	52.61	83.56	86.00	341.63	338.75	327.83	339.27	340.17

Calculations based on previous session. Data collected 05/18/2023
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	540	548	554 3/4	562 1/2	569 1/2
CNAZ23	Corn	487	495	498 3/4	506 1/2	510 1/2
SSAN23	Soybeans	1309 3/4	1321	1334 1/2	1345 1/2	1359 1/4
SSAX23	Soybeans	1165	1176 1/2	1185 3/4	1197 1/2	1206 1/2
SMAN23	Soymeal	405.2	408.3	416.8	419.9	428.4
BOAN23	Soybean Oil	45.31	46.42	47.04	48.15	48.77
WHAN23	Wheat	593	601 1/4	614	622 1/4	635
WHAU23	Wheat	606 1/4	614 1/2	626 1/2	634 1/2	646 3/4
RCAN23	Rice	17.122	17.195	17.402	17.474	17.682
KWAN23	KC Wheat	822 1/4	837	860 1/2	875 1/2	898 3/4
MWAN23	MINN Wheat	798	810 1/2	834 1/4	846 1/2	870 1/2
OTAN23	Oats	325 1/2	331 3/4	337 1/2	343 3/4	349 1/2

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