

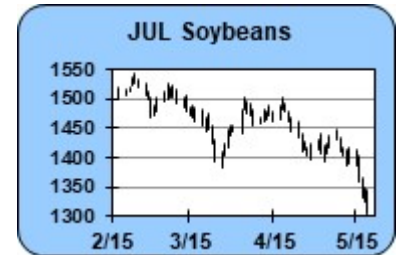


## DAILY GRAINS COMMENTARY Monday May 22, 2023

### DAILY SOY COMPLEX COMMENTARY 5/22/2023

**Demand tone weak and market oversold; weather looks negative**

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



**OVERNIGHT DEVELOPMENTS:** July Soybeans overnight are up 9 3/4; Soymeal down -0.20; and Soyoil down -0.10. Soybean open interest as of May 19 was up 3,064 contracts, soymeal up 782 contracts, and soybean oil up 4,472. Chinese Dalian Soybeans are down 0.24%, Soymeal down 1.15% and Soyoil down 0.73%. Malaysian Palm was down 1.52%. Global equity markets overnight were generally higher except for Australian, Spanish, German, and French markets posting minimal losses. Critical economic developments overnight included much softer than expected Japanese machinery orders for March, a slight slowdown in Swiss Industrial Production for the first quarter and a much weaker than expected euro zone construction output reading for March. The North American session will have no top-tier US or Canadian economic numbers. The Speaker of the "house and the president are scheduled to meet today at the White House to work on a solution to the looming debt ceiling deadline. For the month to date wheat prices are down 33 1/2 in SRW, up 37 in HRW, down 3 3/4 in HRS; Corn is down 23 1/4; Soybeans down 101 1/2; Soymeal down \$23.00; Soyoil down 4.35. Year-To-Date nearby futures are down 24.2% in SRW, down 8.4% in HRW, down 15.1% in HRS; Corn is down 17.2%; Soybeans down 13.3%; Soymeal down 14.4%; Soyoil down 25.8%.

**NEAR-TERM MARKET FUNDAMENTALS:** Soybeans experienced another steep decline on Friday, with the July contract trading to its lowest level since July 2022, and the November contract to its lowest level since December 2021. July beans were down 82 3/4 cents for the week. The market was also put off by reports that US House members and the representatives of the Biden Administration has paused their talks regarding the debt ceiling limit.

Brazilian soybean production in 2022/23 is expected to total 155.66 tonnes, up 21.1% over the previous season's harvest, according to Safras & Mercado. If confirmed, it will be the biggest harvest in history. China's soybean imports from Brazil fell 16% in April compared with the same month a year ago to 5.3 million tonnes. So far this year, imports from Brazil remain 28% behind that of a year ago, with 9.21 million tonnes in the first four months, compared with 12.7 million tonnes in the same period of 2022. US shipments for this year so far stand at 18.24 million tonnes, compared with 15 million tonnes last year.

Olive oil climbed to the highest level since at least 2010 as drought slashes production in Spain, which accounts for over 40% of world supply. Spain and Portugal are under severe weather stress, with almost no meaningful rainfall reaching crop areas since January, the EU's Monitoring Agricultural Resources unit said last month. The May 16th Commitments of Traders report showed Soybeans Managed Money traders are net long 23,942 contracts after net selling 24,517 contracts for the week and the long liquidation selling trend is considered bearish. Non-Commercial & Non-Reportable traders reduced their net long position by 30,165 contracts to a net long 1,306 contracts. For Soyoil, Managed Money traders net sold 22,897 contracts and are now net short 36,381 contracts. For Soymeal, Managed Money traders net bought 18,025 contracts and are now net long 80,287 contracts. Non-Commercial & Non-Reportable traders are net long 116,731 contracts after net buying 24,081 contracts. The hefty net long position leaves meal especially vulnerable to increased selling is support is violated.

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

With a bearish weather forecast and weak demand tone, the market looks vulnerable to increased selling. The close under 411.20 for July meal is a bearish technical development and leaves 388.20, 50% of the contract

range, as next downside target. Resistance is at 414.00. Resistance for November soybeans comes in at 1215 1/2, with 1153 1/4 as next key support. A higher close today may be seen as supportive. December oil is oversold and probing for a low. Support is at 46.31 and 45.67, with 49.56 and 50.48 as resistance.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

Commitment of Traders - Futures and Options - 5/9/2023 - 5/16/2023						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
<b>Grains</b>						
Soybeans	32,460	-27,928	-1,306	+30,165	-31,154	-2,237
Soymeal	99,847	+22,852	-116,730	-24,080	16,884	+1,229
Soyoil	-41,258	-28,669	40,513	+27,979	746	+691

**SOYBEAN COMPLEX TECHNICAL OUTLOOK:**

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SOYBEANS (JUL) 05/22/2023: 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. The close below the 2nd swing support number puts the market on the defensive. The next downside objective is now at 1276. With a reading under 20, the 9-day RSI indicates the market is extremely oversold. The next area of resistance is around 1327 1/4 and 1356 1/4, while 1st support hits today at 1287 1/4 and below there at 1276.

SOYBEAN OIL (JUL) 05/22/2023: 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 daily closing price reversal down puts the market on the defensive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside objective is now at 45.54. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 48.30 and 49.67, while 1st support hits today at 46.24 and below there at 45.54.

SOYMEAL (JUL) 05/22/2023: 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 market tilt is slightly negative with the close under the pivot. The next downside target is now at 402.2. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 413.5 and 419.9, while 1st support hits today at 404.7 and below there at 402.2.

**DAILY CORN COMMENTARY**

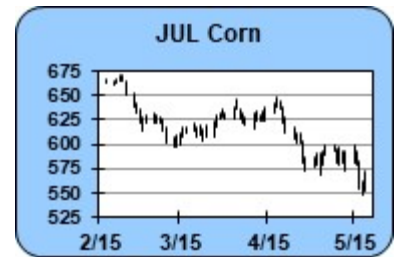
5/22/2023

**December corn acts like a short-term low is already in place**

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

**CORN** +0.5

**OVERNIGHT DEVELOPMENTS:** July Corn prices overnight are up 5 3/4. Corn open interest as of May 19 was up 3,018 contracts. Chinese Dalian Corn was up 0.83%.



**NEAR-TERM MARKET FUNDAMENTALS:** While December corn managed some follow-through buying from the hook reversal on Thursday, July corn closed lower for the fourth session in a row on Friday and was down 31 3/4 cents on the week. A weaker dollar and a better risk mood lent some temporary support on Friday, and the market avoided making a new low after a steep, two-day selloff. The corn market is reeling from the two-month extension of the Black Sea shipping deal, the previous week's bearish USDA supply/demand report, and the timely start to US plantings. While the 5-day forecast models for the Midwest showed no rain, the 6-10 day and 8-14 day forecast models show above normal temperatures but also above normal precipitation; the greenhouse effect.

Ukrainian farmers have planted 3.3 million hectares of corn so far this year, according to the Agriculture Ministry. This is lagging behind year-earlier plantings. Ukrainian farmers had planted 4.2 million hectares of corn by the same period last year. Corn positioning in the Commitments of Traders for the week ending May 16th showed Managed Money traders were net short 91,985 contracts after decreasing their short position by 17,658 contracts. Non-Commercial & Non-Reportable traders reduced their net short position by 910 contracts to a net short 132,748 contracts.

**TODAY'S MARKET IDEAS:**

Demand factors remain bearish and the US crop is off to a good start. Given the extreme oversold condition basis the COT report, the market short-term selling may be close to being exhausted. The turn higher for December Corn after reaching the key support level of 490 3/4 is supportive. Resistance is at 513 3/4 and 519. There is still no technical sign of a low for July corn with 527 1/2 as next key support. Resistance is at 573 and 579 1/4 as resistance.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

Commitment of Traders - Futures and Options - 5/9/2023 - 5/16/2023							
	Non-Commercial		Net Position	Commercial		Non-Reportable	
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	Weekly Net Change	
<b>Grains</b>							
<b>Corn</b>	-74,424	+15,969	132,747	-911	-58,324	-15,059	

**CORN TECHNICAL OUTLOOK:**

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CORN (JUL) 05/22/2023: 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 daily closing price reversal down puts the market on the defensive. The market tilt is slightly negative with the close under the pivot. The next downside target is now at 538. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 564 1/2 and 578 1/4, while 1st support hits today at 544 1/2 and below there at 538.

CORN (DEC) 05/22/2023: 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 downside closing price reversal on the daily chart is somewhat negative. The close over the pivot swing is a somewhat positive setup. The next upside objective is 514 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 514 1/4, while 1st support hits today at 493 3/4 and below there at 490.

## DAILY WHEAT COMMENTARY

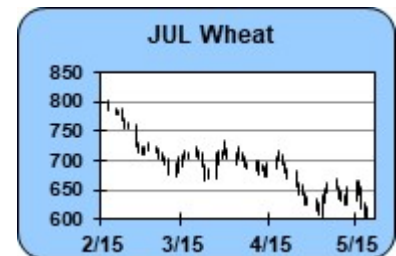
5/22/2023

### 2-week forecast for more rain in the plains bearish

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

WHEAT -0.45

**OVERNIGHT DEVELOPMENTS:** July wheat prices overnight are down 4; Kansas City down 10 1/2; and Minneapolis down -8. MATIF Milling Wheat was down -1.5%. Chicago wheat open interest as of May 19 was up 2,424 contracts and Minneapolis wheat was down 2,029 contracts.



**NEAR-TERM MARKET FUNDAMENTALS:** The wheat markets sold off sharply on Friday as prices fell under pressure after the postponement of talks between House members and the Biden Administration regarding a deal on the debt limit. This was a sharp turnaround from earlier in the day when markets were encouraged by word of progress. This news came on top of the extension of the Black Sea shipping agreement earlier in the week which had also sent wheat prices on a downward track. The 5-day forecast models show almost no rain for Kansas except for the far Western and southern region. The 6-10 day forecast models show above normal temperatures and above normal precipitation while the 8-14 day forecast models show above normal temperatures and above normal precipitation for the Western half of Kansas.

With a weak demand tone, the real question is if the recent rains, and rains in the forecast will help improve the Kansas crop much. US farmers may only harvest 67% of their winter wheat crop this year, which would be the lowest since 1917, according to the USDA. The Wheat Quality Council's annual crop tour of Kansas fields wrapped Thursday, and the tour estimated wheat yield potential in Kansas at 30 bushels per acre, the lowest since 2000. The five-year average yield is 45.62. Global weather remains a concern with the potential for extreme heat in India and the possibility of El Nino bringing drought to Australia and India. Even a minor reduction in a major world exporter's production could have a significant impact on global wheat prices.

Ending stocks for the US and other major wheat exporters are projected to come in at 52.85 million tonnes for 2023/24, which would be the tightest since 2012/13. This is a bullish set up. Wheat positioning in the Commitments of Traders for the week ending May 16th showed Managed Money traders are net short 112,769 contracts after net buying 4,137 contracts for the week. Non-Commercial & Non-Reportable traders net bought 3,703 contracts and are now net short 86,039 contracts. For KC wheat, Managed Money traders added 9,147 contracts to their already long position and are now net long 16,593. Non-Commercial & Non-Reportable traders went from a net short to a net long position of 4,134 contracts after net buying 7,227 contracts.

#### 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 next downside target. July Kansas City wheat resistance is at 849 3/4, with 806 and 789 3/4 as next support. New buyers can wait for break in December Wheat to 609 and down to 795 for December Kansas City Wheat.

#### NEW RECOMMENDATIONS:

None.

#### PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 5/9/2023 - 5/16/2023						
	Non-Commercial		Net Position	Commercial		Non-Reportable
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	
<b>Grains</b>						
KC Wheat	7,872	+7,740	-4,134	-7,227	-3,738	-513
Wheat	-92,947	+2,341	86,039	-3,702	6,908	+1,362

## WHEAT TECHNICAL OUTLOOK:

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WHEAT (JUL) 05/22/2023: The downside crossover (9 below 18) of the moving averages suggests a developing short-term downtrend. 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 market's close below the pivot swing number is a mildly negative setup. The next downside objective is 589 1/2. The next area of resistance is around 614 1/4 and 626 3/4, while 1st support hits today at 595 3/4 and below there at 589 1/2.

KC WHEAT (JUL) 05/22/2023: The close under the 60-day moving average indicates the longer-term trend could be turning down. Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is 791. The next area of resistance is around 847 1/2 and 877 3/4, while 1st support hits today at 804 and below there at 791.

MINN WHEAT (JUL) 05/22/2023: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The close below the 9-day moving average is a negative short-term indicator for trend. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is 776 3/4. The next area of resistance is around 821 1/2 and 847, while 1st support hits today at 786 1/2 and below there at 776 3/4.

RICE (JUL) 05/22/2023: 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 market is in a bearish position with the close below the 2nd swing support number. The next downside objective is now at 16.808. The next area of resistance is around 17.235 and 17.487, while 1st support hits today at 16.895 and below there at 16.808.

## 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	554 1/2	25.90	29.42	27.33	21.17	563.13	576.92	583.04	608.38	611.02
CNAZ23	499 3/4	27.53	29.27	16.85	17.67	501.19	509.03	519.54	544.02	549.20
SSAN23	1307 1/4	16.76	22.54	12.29	6.46	1335.38	1372.89	1396.53	1432.72	1447.88
SSAX23	1175 1/2	16.13	21.35	10.56	6.87	1189.25	1218.36	1243.69	1278.20	1298.01
SMAN23	409.1	25.33	29.72	27.16	17.08	418.85	423.23	425.57	440.97	448.55
BOAN23	47.27	27.66	30.38	16.40	14.27	47.11	49.32	50.87	53.25	54.63
WHAN23	605	33.26	35.66	39.06	27.09	622.44	633.06	634.94	669.79	679.24
WHAU23	617	33.16	35.61	40.14	27.88	634.88	645.08	646.74	681.22	690.48
RCAN23	17.065	32.27	39.13	48.53	25.30	17.33	17.83	17.78	17.46	17.41
KWAN23	825 3/4	42.94	46.59	75.90	68.00	865.50	865.58	826.28	834.79	826.58
MWAN23	804	36.77	40.43	68.31	56.57	842.75	847.14	826.99	850.14	850.53
OTAN23	322 1/4	38.53	41.86	79.84	72.41	337.00	336.86	327.18	338.75	339.78

Calculations based on previous session. Data collected 05/19/2023  
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### DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>GRAIN COMPLEX</b>						
CNAN23	Corn	537 3/4	544 1/2	558	564 1/2	578 1/4
CNAZ23	Corn	490	493 1/2	502 1/4	506	514 1/2
SSAN23	Soybeans	1275 3/4	1287	1316	1327 1/2	1356 1/4
SSAX23	Soybeans	1151 3/4	1160 1/2	1182	1190 1/2	1212 1/4
SMAN23	Soymeal	402.1	404.6	411.0	413.5	419.9
BOAN23	Soybean Oil	45.53	46.23	47.60	48.30	49.67
WHAN23	Wheat	589 1/2	595 1/2	608 1/4	614 1/2	627
WHAU23	Wheat	602	607 3/4	620 1/2	626 1/4	639
RCAN23	Rice	16.807	16.895	17.147	17.235	17.487
KWAN23	KC Wheat	791	804	834 1/2	847 1/2	878
MWAN23	MINN Wheat	776 3/4	786 1/2	812	821 1/2	847 1/4
OTAN23	Oats	306	312 1/4	326	332 1/4	346

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