



DAILY GRAINS COMMENTARY

Monday October 02, 2023

DAILY SOY COMPLEX COMMENTARY

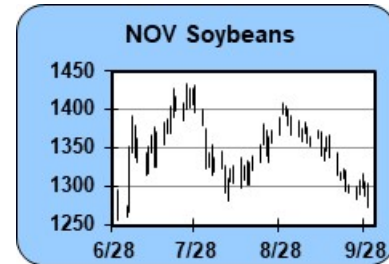
10/2/2023

Bearish chart breakdown favors bears

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):
SOY BEANS -0.1, BEAN OIL +0.0, SOYMEAL -0.2

OVERNIGHT DEVELOPMENTS: Soybeans (NOV 23) prices overnight are down -8; Soymeal (DEC 23) down -2.00; and Soyoil (DEC 23) down -0.22. Soybean open interest as of September 29 was up 8,271 contracts, soymeal down 7,782 contracts, and soybean oil down 3,695. Malaysian Palm was down 1.73%. China's markets are closed for holiday. Global equity markets and commodities were higher overnight.

The North American session will start out with August personal income which is forecast to have a modest uptick from July's 0.2% reading. August personal spending is expected to have a moderate downtick from July's 0.8% reading. August personal consumption expenditures are forecast to hold steady at a 3.5% year-over-year rate. August core personal consumption expenditures (a favorite Fed inflation gauge) is expected to have a modest downtick from July's 4.2% year-over-year rate. August Canadian GDP is forecast to have a minimal uptick from July's -0.2% reading. The August US goods trade balance is expected to show a moderate increase from July's \$91.2 billion monthly deficit. August wholesale inventories are forecast to have a minimal uptick from July's -0.2% reading. The September Chicago PMI is expected to have a modest downtick from August's 48.7 reading. A private survey of September US consumer sentiment is forecast to have a moderate downtick from the previous 69.5 reading. New York Fed President Williams will speak during afternoon US trading hours. Global equity markets overnight were mostly higher with that strength limited. Critical economic news release overnight included a larger than expected decline in New Zealand building permits for August, slightly stronger than expected Australian S&P global manufacturing PMI for September, a slightly improved Bank of Japan Tankan all industry capital expenditures manufacturing index and manufacturing index readings, softer than expected Japanese nonmanufacturing readings, softer nationwide UK house price readings for September, a contraction in Swiss real retail sales for August, and better than expected manufacturing PMI readings from Spain, Italy, disappointing German manufacturing PMI for September and a slight improvement in the Italian unemployment rate for August. The North American session will start out with September manufacturing PMI readings for the US and Canada, both of which are expected to hold steady with their previous results. The September ISM manufacturing index is forecast to have a modest uptick from August's 47.6 reading. August construction spending is expected to have a minimal downtick from July's 0.7% reading. Fed Chair and Vice Chair will speak during US trading hours.



NEAR-TERM MARKET FUNDAMENTALS: The breakout to the downside late last week was bearish and with funds still holding a long position of more than 30,000 contracts prices are likely to see further long liquidation early this week. With the Quarterly Stocks report now behind us, traders focus will now move to South American weather and US harvest, which made significant progress last week and over the weekend with clear skies across most of the Midwest. Harvest progress is expected to be around 25% complete. Some rain is forecast for the Western belt midweek and the eastern belt late this week, but coverage amounts do not look to be heavy enough to significantly delay harvest. Mato Grosso bean planting is just beginning and is now 1.8% planted compared to 1% average. Dry weather in northern Brazil may slow the planting pace. China demand may be slow this week as they celebrate their Golden week holiday. USDA crush is expected at 2 PM today with an average guess of 171.6 million bushels. Mississippi River levels remain an ongoing problem and St. Louis barge rates were \$52.91 per short ton, up \$14.50 from the week before and now above the same week last year. The path of least resistance looks lower after Friday's breach of chart support.

US soybean stocks on September 1st came in at 268 million bushels versus an average trade expectation of 244 billion and a range of expectations from 216 to 270. September 1, 2022, stocks were 274 million.

The Commitments of Traders report for the week ending September 26th showed Soybeans Managed Money traders net sold 15,774 contracts and are now net long 30,058 contracts. CIT traders net sold 11,987 contracts and are now net long 130,272 contracts. Non-Commercial No CIT traders net sold 11,677 contracts and are now net long 9,500 contracts. Non-Commercial & Non-Reportable traders are net long 11,728 contracts after net selling 16,271 contracts.

The Commitments of Traders report for the week ending September 26th showed Soybean Managed Money traders net sold 12,014 contracts and are now net long 35,050 contracts. CIT traders net sold 2,812 contracts and are now net long 109,769 contracts. Non-Commercial No CIT traders reduced their net long position by 7,714 contracts to a net long 6,692 contracts. Non-Commercial & Non-Reportable traders net long 47,225 contracts after decreasing their long position by 14,279 contracts.

Soybean positioning in the Commitments of Traders for the week ending September 26th showed Managed Money traders net bought 3,323 contracts and are now net long 59,196 contracts. CIT traders are net long 119,239 contracts after net selling 451 contracts. Non-Commercial No CIT traders are net long 39,560 contracts after net selling 582 contracts. Non-Commercial & Non-Reportable traders are net long 101,468 contracts after net selling 454 contracts.

TODAY'S MARKET IDEAS:

Chart damage from the swing lower Friday will be tough to overcome without worsening South American weather. Harvest progress is expected to reach 25% complete and with River transportation problems, supplies could backup in some locations around the Midwest. The November contract appears to be set to retest \$12.50. Although funds have liquidated quite a few of their net longs recently, they are still long roughly 30,000 contracts and further liquidation could be seen. With China demand likely absent this week due to their Golden week holiday, traders are left to look at South American weather and US harvest weather for direction. Neither looks to be bullish enough to spark any significant rally. The path of least resistance remains lower.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 9/19/2023 - 9/26/2023						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Grains						
Soybeans	29,643	-21,339	-11,727	+16,270	-17,915	+5,068
Soybean Meal	82,200	-1,048	-101,468	+454	19,268	+594
Soybean Oil	41,439	-9,844	-47,224	+14,279	5,786	-4,435

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 (NOV) 10/02/2023: The daily stochastics have crossed over down which is a bearish indication. Daily stochastics are trending lower but have declined into oversold territory. The close below the 9-day moving average is a negative short-term indicator for trend. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next downside target is 1249. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 1291 1/2 and 1315, while 1st support hits today at 1258 1/2 and below there at 1249.

SOYBEAN OIL (DEC) 10/02/2023: Daily stochastics are trending lower but have declined into oversold territory. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market setup is somewhat negative with the close under the 1st swing support. The next downside target is 54.52. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 56.65 and 57.79, while 1st support hits today at 55.01 and below there at 54.52.

SOYMEAL (DEC) 10/02/2023: The daily stochastics gave a bearish indicator with a crossover down. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's short-term trend is negative as the close remains below the 9-day moving average. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next downside target is now at 372.6. The next area of resistance is around 386.8 and 395.0, while 1st support hits today at 375.6 and below there at 372.6.

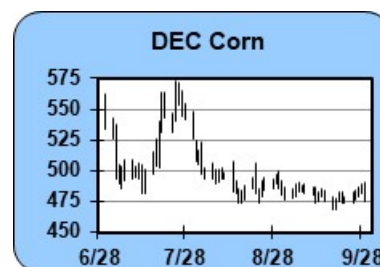
DAILY CORN COMMENTARY

10/2/2023

Pressure from quick harvest pace favors bear camp

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):
CORN +0.3

OVERNIGHT DEVELOPMENTS: Corn (DEC 23) prices overnight are up 2 1/4. Corn open interest as of September 29 was up 7,655 contracts.



NEAR-TERM MARKET FUNDAMENTALS: Friendly Quarterly Stocks data was not enough to offset spillover weakness from wheat and beans and harvest hedge pressure and confirmed the fact that the carryout will likely stay over 2 billion bushels. The government remains open so harvest progress will be released this afternoon and is expected around 30% complete. Very good harvest weather over the weekend will continue into mid-week when the Western corn belt and southern Plains are expected to see rains. Eastern belt rains will hold off until the end of this week. Mississippi River levels have been in the news as a key stretch of the river is near a record low. It doesn't appear rains this week would be enough to ease the transportation problems. The funds increased their short positions to the most in three years, now 168,606 contracts, up nearly 24,000 contracts last week. South American weather will now be the key driver for the market as we move further into fall and although temperatures and rainfall has not been ideal in center and northern Brazil, it's too early in the season for the market to get excited about it as crops are just now getting in the ground. The US/Mexico GMO corn dispute may come to a resolution next March, according to Mexico's economic minister and depending on the outcome could have a significant effect on prices as Mexico is one of the top US corn buyers. We still see long term value in December corn prices in the 4.50-4.60 range but an extension of rallies requires some new bullish news.

Quarterly Stocks in all positions on September 1, 2023 totaled 1.36 billion bushels, down 1 percent from a year ago and compared to an average pre-report guess of 1.429 billion. Of the total corn stocks, 605 million bushels are stored on farms, up 19 percent from a year earlier. Off-farm stocks, at 756 million bushels, are down 13 percent from a year ago. The June - August 2023 indicated disappearance is 2.75 billion bushels, compared with 2.97 billion bushels during the same period last year. 2022 production was lowered 15 million bushels.

The September 26th Commitments of Traders report showed Corn Managed Money traders added 23,791 contracts to their already short position and are now net short 168,606. CIT traders are net long 246,678 contracts after net selling 2,015 contracts. Non-Commercial No CIT traders added 18,218 contracts to their already short position and are now net short 217,929. Non-Commercial & Non-Reportable traders added 18,611 contracts to their already short position and are now net short 180,383.

TODAY'S MARKET IDEAS:

Friday's bearish reaction to the stocks report will likely give the market a hangover to start the week as good harvest weather is expected across the entire Midwest until mid-week. A fall cool front finally brings temperatures down across the Midwest later this week, however, temperatures return to above normal levels in the Northwest corn belt in the 6-10 day timeframe and for all of the Northern corn belt in the 8-14 day timeframe which will likely keep harvest moving forward quickly. With the USDA data confirming ending stocks will be significantly above last year, December corn will have a very tough time getting back above 5.00 without some fresh bullish news. The 4.50 - 4.60 zone on December corn is still seen as a potential long-term value area.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 9/19/2023 - 9/26/2023						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Grains						
Corn	-146,232	-23,083	180,384	+18,613	-34,151	+4,472

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 (DEC) 10/02/2023: The major trend has turned down with the cross over back below the 40-day moving average. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The intermediate trend has turned down with the cross over back below the 18-day moving average. The outside day down is a negative signal. The market is in a bearish position with the close below the 2nd swing support number. The near-term upside target is at 494 1/4. The next area of resistance is around 484 and 494 1/4, while 1st support hits today at 469 1/2 and below there at 465 1/4.

CORN (MAR) 10/02/2023: The major trend has turned down with the cross over back below the 40-day moving average. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The intermediate trend has turned down with the cross over back below the 18-day moving average. The outside day down and close below the previous day's low is a negative signal. The market is in a bearish position with the close below the 2nd swing support number. The near-term upside objective is at 508 3/4. The next area of resistance is around 498 3/4 and 508 3/4, while 1st support hits today at 484 3/4 and below there at 480 1/2.

DAILY WHEAT COMMENTARY

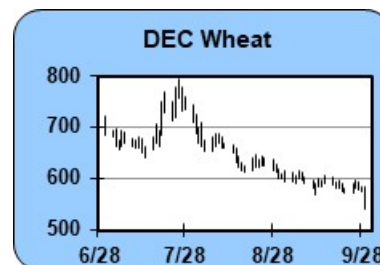
10/2/2023

Oversold conditions may entice buyers but trend bearish

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):

WHEAT +0.53

OVERNIGHT DEVELOPMENTS: Chicago wheat (DEC 23) prices overnight are up 5 1/4; Kansas City (DEC 23) up 5 1/2; and Minneapolis (DEC 23) up 12. MATIF Milling Wheat(DEC 23) was down -0.8%. Chicago wheat open interest as of September 29 was up 12,407 contracts and Minneapolis wheat was up 2,286 contracts.



NEAR-TERM MARKET FUNDAMENTALS: The bearish surprise Friday was not in the quarterly stocks number but, instead, US wheat production numbers increased significantly in nearly all categories of wheat with most coming in above the highest guess. This caught traders flat-footed after the recent consolidation and funds were reportedly heavy sellers of over 10,000 contracts. Open interest also rose 7655 contracts indicating new shorts were pressing the market down. Overall, US wheat supplies are low; however, demand is also low, and it doesn't matter how low your supplies are if you have few buyers for those supplies. Black Sea news is also bearish with five more ships heading to Ukraine ports to load grain after three just left. Although Friday's sharp break on heavy volume is bearish, some sort of relief bounce may be expected early this week, but sellers will be likely waiting to pounce on it. The southern Plains will see welcome rains later this week to help seeding efforts. Black Sea supplies remain ample and Russian exports of total grain so far this year are more than 1 1/2 times last year's total grain exports as of the end of September. Some parts of Australia are getting some beneficial rains meaning oversold chart conditions may be the only thing the bulls can point to for a market rally.

Quarterly Stocks were considered neutral, but US wheat production numbers were decidedly bearish with all categories of wheat production, except Durum and White Winter, coming in above the highest guesses. All wheat stored in all positions on September 1, 2023 totaled 1.78 billion bushels, compared to an average guess of 1.772 billion and up slightly from a year ago. In 17 of the last 20 years of this report, the winter wheat crop has been lowered, but that was not the case this year. All wheat production is up 10% from last year. Surprisingly, after cutting HRS yields in the August supply and demand report, USDA reversed course and increased spring wheat yields in this report by 3.4 bushels per acre.

On-farm stocks are estimated at 598 million bushels, up 1 percent from last September. Off-farm stocks, at 1.18 billion bushels, are down less than 1 percent from a year ago. The June - August 2023 indicated disappearance is 614 million bushels, up 8 percent from the same period a year earlier.

The Commitments of Traders report for the week ending September 26th showed Wheat Managed Money traders net bought 421 contracts and are now net short 96,384 contracts. Wheat CIT traders hit a new extreme long of 65,146 contracts. CIT traders are net long 65,146 contracts after net selling 781 contracts. Non-Commercial No CIT traders added 990 contracts to their already short position and are now net short 86,832. Non-Commercial & Non-Reportable traders were net short 66,240 contracts after increasing their already short position by 3,511 contracts.

The September 26th Commitments of Traders report showed KC Wheat Managed Money traders added 4,055 contracts to their already short position and are now net short 16,385. CIT traders were net long 50,560 contracts after decreasing their long position by 714 contracts. Non-Commercial No CIT traders added 3,590 contracts to their already short position and are now net short 25,731. Non-Commercial & Non-Reportable traders net sold 5,436 contracts and are now net short 19,598 contracts.

TODAY'S MARKET IDEAS:

The bearish production numbers with all wheat, winter wheat, HRS and HRW production numbers all above the highest guess, even though many of those wheat growing areas had very dry conditions during the growing season, is another reminder wheat doesn't need a lot of rain, just timely rains. Funds are net short 96,384 contracts as of last Wednesday, which at some point will add fuel to a rally, however, bullish news is lacking. The sharp break Friday may encourage some bargain-hunting with wheat hitting 3-year lows but following through on rallies may be difficult. With five more ships heading to load grain at Ukrainian ports, it seems oversold technical considerations is the only bullish news. Chicago wheat next support is 5.10.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Buy DEC Chicago wheat futures at 5.86 with an objective of \$6.40. Risk 5.68. *Risk point hit.

Commitment of Traders - Futures and Options - 9/19/2023 - 9/26/2023					
Non-Commercial		Commercial		Non-Reportable	
Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change

Grains						
KC Wheat	-17,285	-4,805	19,599	+5,437	-2,313	-631
Wheat	-73,607	-1,588	66,239	+3,510	7,367	-1,923

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 (DEC) 10/02/2023: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The close below the 9-day moving average is a negative short-term indicator for trend. 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 next downside objective is now at 506 3/4. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 564 1/4 and 597 1/2, while 1st support hits today at 518 3/4 and below there at 506 3/4.

KC WHEAT (DEC) 10/02/2023: Daily stochastics are trending lower but have declined into oversold territory. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside target is 640. Selling may soon dry up since the RSI is under 20 indicating the market is extremely oversold. The next area of resistance is around 677 1/4 and 699 1/4, while 1st support hits today at 647 3/4 and below there at 640.

MINN WHEAT (DEC) 10/02/2023: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's short-term trend is negative as the close remains below the 9-day moving average. The market is in a bearish position with the close below the 2nd swing support number. The next downside target is 675 3/4. The 9-day RSI under 20 suggests the market is extremely oversold. The next area of resistance is around 731 1/4 and 764, while 1st support hits today at 687 1/4 and below there at 675 3/4.

RICE (NOV) 10/02/2023: The market back below the 60-day moving average suggests the longer-term trend could be turning down. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The close below the 2nd swing support number puts the market on the defensive. The near-term upside target is at 16.198. The next area of resistance is around 16.042 and 16.198, while 1st support hits today at 15.778 and below there at 15.669.

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										
CNAZ23	476 3/4	44.40	44.66	55.74	59.77	482.06	480.06	480.50	487.22	496.97
CNAH24	491 3/4	44.74	44.95	56.80	61.09	496.94	494.78	494.96	501.38	510.35
SSAX23	1275	23.74	31.40	13.52	11.45	1295.38	1300.53	1327.01	1338.17	1349.34
SSAF24	1294 1/2	25.60	32.79	14.75	12.46	1314.44	1318.39	1343.51	1351.03	1360.50
SMAZ23	381.2	35.80	39.67	19.34	16.23	388.63	389.17	393.09	395.77	398.28
BOAZ23	55.83	26.60	31.84	15.51	10.23	57.17	58.20	59.69	61.03	61.13
WHAZ23	541 1/2	22.79	28.38	26.95	17.40	572.19	578.42	587.15	620.02	641.85
WHAH24	573 1/2	24.04	29.31	28.66	19.62	600.88	605.86	613.86	645.84	665.15
RCAX23	15.910	43.61	45.98	41.27	46.64	16.10	15.99	16.03	16.09	15.96
KWAZ23	662 1/2	18.41	25.55	15.92	7.45	688.44	705.56	721.43	748.24	774.17
MWAZ23	709 1/4	16.42	23.31	22.83	8.40	743.38	760.42	769.72	798.31	821.91
OTAZ23	432 1/2	35.96	38.58	17.83	19.78	436.81	432.81	460.26	462.01	457.10

Calculations based on previous session. Data collected 09/29/2023

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						
CNAZ23	Corn	465 1/4	469 1/2	479 3/4	484	494 1/4
CNAH24	Corn	480 1/2	484 1/2	494 3/4	499	509
SSAX23	Soybeans	1249	1258 1/2	1282	1291 1/2	1315
SSAF24	Soybeans	1270 1/4	1279	1301 1/4	1310	1332 1/4
SMAZ23	Soymeal	372.6	375.6	383.8	386.8	395.0
BOAZ23	Soybean Oil	54.51	55.01	56.15	56.65	57.79
WHAZ23	Wheat	506 1/2	518 3/4	552	564 1/4	597 1/2
WHAH24	Wheat	541 1/2	552 3/4	583	594 1/4	624 1/2
RCAX23	Rice	15.668	15.777	15.933	16.042	16.198
KWAZ23	KC Wheat	640	647 1/2	669 3/4	677 1/2	699 1/2
MWAZ23	MINN Wheat	675 1/2	687	719 3/4	731 1/2	764
OTAZ23	Oats	405 3/4	417	436 3/4	448	467 3/4

Calculations based on previous session. Data collected 09/29/2023

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.