



DAILY GRAINS COMMENTARY

Friday January 05, 2024

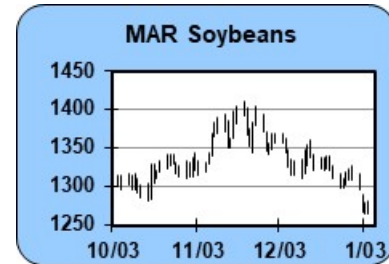
DAILY SOY COMPLEX COMMENTARY

1/5/2024

Brazil rains, lackluster demand bearish

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

OVERNIGHT DEVELOPMENTS: Soybeans (MAR 24) prices overnight are down -2 1/4; Soymeal (MAR 24) down -4.00; and Soyoil (MAR 24) up 0.28. Soybean open interest as of January 4 was up 2,512 contracts, soymeal up 2,472 contracts, and soybean oil up 6,787. Chinese Dalian (MAY 24) Soybeans down 0.62%, Soymeal down 0.86%, Soyoil up 0.11%, Palm oil up 0.37%. Malaysian Palm was up 0.68%. Global equity markets overnight were lower except for the markets in Japan and Russia which traded fractionally higher. Critical economic news released overnight included a slight contraction in the Japanese monetary base, slightly weaker Japanese Jibun bank services PMI for December, stronger-than-expected Japanese consumer confidence, much weaker than expected German retail sales, a rebound in Halifax House prices in December, a slight narrowing of Italian public debt, slightly better-than-expected GBP S&P global construction PMI for December, a slight uptick in Italian consumer price index readings for December, a significant drop in euro zone producer prices, and a slight rebound of euro zone core harmonized Index of consumer prices. The North American session will start out with the highlight for global markets, the December US employment situation report. December non-farm payrolls are forecast to come in around 150,000 to 170,000 which compares with November's 199,000 reading. The December US unemployment rate is expected to have a minimal uptick from November's 3.7% rate. December average hourly earnings are forecast to have a minimal downtick from November's 4.0% year-over-year rate. December Canadian unemployment is expected to have a minimal uptick from November's 5.8% rate along with a mild monthly increase in net employment. The December Canadian Ivey PMI is forecast to have a moderate downtick from November's 54.7 reading. November US factory orders are expected to have a sizable uptick from October's -3.6% reading. The December ISM services index is forecast to have a minimal uptick from November's 52.7 reading. Richmond Fed President Barkin will speak during early afternoon US trading hours. Earnings announcements will include Constellation Brands before the Wall Street opening.



NEAR-TERM MARKET FUNDAMENTALS: Crop condition improvements in Brazil and Argentina have pressured prices all week and demand has been sluggish as well, offering a bearish one-two punch as prices look to close lower for the third straight week. While there is some debate regarding how much the rain will improve the portion of the crop that is nearing harvest, the overall market perception now is the Brazil rains are bearish. The US Attache to Brazil cut his 23/24 soy crop estimate to 158.5 million tons, down from the current USDA number of 161 million, which on the surface looks a bit friendly. But the Attache also raised the 22/23 crop by 3 million tons, offsetting the current year cut. Weekly export sales this morning are expected in the range of 500,000 to 1,300,000 tonnes for beans, 50,000 to 400,000 tonnes for meal and 0 to 10,000 tonnes for soyoil. China has been notably absent lately with the last morning flash sale coming on December 19th. The Buenos Aires Grain Exchange reported Argentina's bean planting at 86% complete and conditions rose 2% to 42% good/excellent. Argentina's new government is seeking to access better GMO seed technology and will change an arcane law from the 1970's which prohibited farmers from paying royalties to seed companies. There were 319 January bean deliveries overnight. March beans are currently testing support at 12.62 with important retracement support at 12.52. We expect the market to stay under pressure today to end the week.

The next up move may come when the market realizes the rains are doing more damage than good for the portion of Brazil's crop that's ready for harvest.

TODAY'S MARKET IDEAS:

The poor technical outlook, South American crop improvements and lackluster demand all point lower for the near-term.

The gap lower trade earlier this week has encouraged funds to build a short position for the first time since April 2020. Retracement support sits at 12.52 on March futures, but even that may not hold if funds want to get aggressively short. Resistance is at Monday morning's gap lower at 12.96 3/4.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SOYBEAN COMPLEX TECHNICAL OUTLOOK:

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SOYBEANS (MAR) 01/05/2024: 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 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 objective is now at 1254 1/2. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 1275 1/4 and 1285 3/4, while 1st support hits today at 1259 3/4 and below there at 1254 1/2.

SOYBEAN OIL (MAR) 01/05/2024: The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market's close below the pivot swing number is a mildly negative setup. The near-term upside target is at 49.05. The next area of resistance is around 48.57 and 49.05, while 1st support hits today at 47.75 and below there at 47.42.

SOYMEAL (MAR) 01/05/2024: 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 close below the 1st swing support could weigh on the market. The next downside target is 371.4. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 379.1 and 383.0, while 1st support hits today at 373.3 and below there at 371.4.

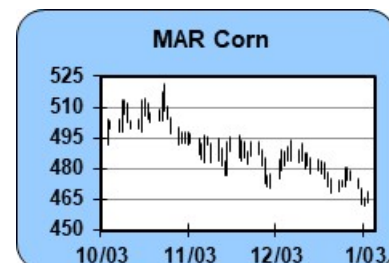
DAILY CORN COMMENTARY

1/5/2024

Range-bound action expected to finish the week

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):
CORN -0.1

OVERNIGHT DEVELOPMENTS: Corn (MAR 24) prices overnight are down -1/4. Corn open interest as of January 4 was up 12,696 contracts. Chinese Dalian (MAY 24) Corn was down 1.11%.



NEAR-TERM MARKET FUNDAMENTALS: With today's weekly export sales numbers likely to underperform due to the holidays last week and South American rains, the edge stays with the bear camp. The new year has brought more of the same

sideways/choppy action that the market has endured since August 2023. The last morning corn flash sale came back on December 8th. Today's weekly export sales are expected in a range of 450,000 - 1,400,000 tons. We would lean toward the lower end of the guesses due to the shortened holiday week. The Buenos Aries Grain Exchange says Argentine planting is 77% complete compared to 70% last week. The new pattern of more consistent rains in Brazil is bearish for corn as moisture may be recharged for Safrinha planting. Ethanol production declined more than expected but was still 24% above the same week a year ago. Ethanol stocks were under the average guess but still a 3-year high. US corn area under drought rose 1% from last week to 45% this week but a more active pattern of moisture is moving in, which should improve conditions. The global food price index fell 10% in 2023 from the previous year, its biggest annual drop since 2015. While US corn prices are cheaper than South American values, demand remains unimpressive and sideways action is likely continued to finish out the week.

Ethanol average daily production for the week ending December 29 averaged 1.049 million barrels. This was down 5.2% from last week and up 24.3% from last year. The 5-year average for this week is 0.983 million barrels per day. Ethanol production for the week was 7.343 million barrels. Ethanol stocks were 23.579 million barrels. This was the highest since April 21. This was up 0.3% from last week and down 3.5% from last year. The 5-year average stocks for this week is 22.564 million barrels. The amount of corn used for the week is estimated at 104.12 million bushels. Cumulative corn use for the crop year has reached 1.768 billion bushels. Corn use needs to average 101.21 million bushels per week to meet the USDA's marketing year forecast of 5.325 billion bushels.

TODAY'S MARKET IDEAS:

Another very small overnight trading range and there is little market moving news this morning to offer price direction. South American rains have been advertised for at least a week and the market is likely looking ahead to USDA's supply/demand report and quarterly stocks a week from today. Expect a dull end to the week today. March corn resistance is 4.87 and next support is 4.55.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CORN TECHNICAL OUTLOOK:

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CORN (MAR) 01/05/2024: 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 target is now at 461. The next area of resistance is around 469 1/4 and 471 3/4, while 1st support hits today at 463 3/4 and below there at 461.

CORN (JUL) 01/05/2024: 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 market has a slightly positive tilt with the close over the swing pivot. The next downside target is now at 484. The next area of resistance is around 491 and 493 1/4, while 1st support hits today at 486 1/2 and below there at 484.

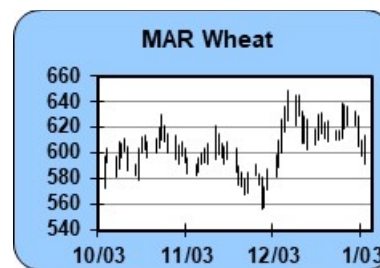
DAILY WHEAT COMMENTARY

1/5/2024

Bearish technical action neutralized with bullish reversal

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

OVERNIGHT DEVELOPMENTS: Chicago wheat (MAR 24) prices overnight are up 3; Kansas City (MAR 24) up 5 1/4; and Minneapolis (MAR 24) up 8 1/2. MATIF Milling Wheat(MAR 24) was up 0.2%. Chicago wheat open interest as of January 4 was down 2,944 contracts and Minneapolis wheat was down 1,313 contracts.



NEAR-TERM MARKET FUNDAMENTALS: Cold temperatures moving into the Black Sea region, Northern Europe and the US are bringing some buyers to the table after prices tested support yesterday and reversed higher. Yesterday's drought Monitor map showed increasing dryness in this SRW regions and total winter wheat area under drought rose 2% this week to 32%. However, some rain in the Plains and lower Ohio Valley are expected over the next week to improve conditions somewhat. The Buenos Aires Grain Exchange reported Argentina wheat harvested at 84% done and increased their production estimate to 15.1 million tons, compared to 14.7 million in their previous forecast. Weekly export sales today is expected in a range of 150,000-450,000 tonnes. Close-in support for March Chicago Wheat is 6.05 with key resistance at 6.36. After the outside reversal higher yesterday, the odds favor a test of resistance next week.

TODAY'S MARKET IDEAS:

The poor technical action recently was neutralized yesterday with an outside reversal higher after a test of 5.91 support on March futures. A possible bull flag breakout would occur on a close above 6.36 today. Strong moving average resistance sits at 6.57. Yesterday's technical turn higher favors more gains early next week.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

WHEAT TECHNICAL OUTLOOK:

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WHEAT (MAR) 01/05/2024: The cross over and close above the 60-day moving average indicates the longer-term trend has turned up. The upside crossover of the 9 and 18 bar moving average is a positive signal. 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 outside day up is somewhat positive. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next downside objective is 585. The next area of resistance is around 625 and 631 1/4, while 1st support hits today at 602 and below there at 585.

KC WHEAT (MAR) 01/05/2024: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. A negative signal for trend short-term was given on a close under the 9-bar moving average. The upside closing price reversal on the daily chart is somewhat bullish. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside objective is 606 1/2. The next area of resistance is around 632 1/2 and 637 3/4, while 1st support hits today at 617 and below there at 606 1/2.

MINN WHEAT (MAR) 01/05/2024: 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 daily closing price reversal up on the daily chart is somewhat positive. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside objective is 700.

The next area of resistance is around 716 and 719 1/4, while 1st support hits today at 706 1/2 and below there at 700.

RICE (MAR) 01/05/2024: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's short-term trend is negative as the close remains below the 9-day moving average. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is 17.089. The next area of resistance is around 17.397 and 17.518, while 1st support hits today at 17.183 and below there at 17.089.

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										
CNAH24	466 1/2	36.69	38.90	20.62	18.25	466.69	471.47	475.38	481.90	487.16
CNAN24	488 3/4	34.00	37.82	19.72	15.34	489.69	493.86	497.50	502.25	505.76
SSAH24	1267 1/2	26.52	32.24	14.65	9.99	1279.00	1297.28	1314.58	1341.89	1336.62
SSAN24	1283	24.90	30.64	12.63	8.94	1293.38	1311.94	1331.17	1359.07	1354.33
SMAH24	376.2	27.35	32.25	17.57	12.72	380.53	386.67	391.69	408.64	405.29
BOAH24	48.16	35.81	38.92	24.24	25.26	48.31	48.53	49.47	50.28	50.73
WHAH24	613 1/2	48.65	49.94	42.52	37.01	612.13	618.67	618.60	605.08	604.66
WHAN24	632	48.32	49.36	43.49	37.60	631.50	636.97	635.88	628.74	630.46
RCAH24	17.290	43.50	47.14	57.87	39.21	17.54	17.56	17.48	17.23	17.06
KWAH24	624 3/4	44.16	45.27	30.86	30.40	629.56	632.17	635.83	639.89	648.33
MWAH24	711 1/4	41.89	43.57	34.58	29.71	714.56	718.14	720.18	728.19	733.05
OTAH24	365	43.80	45.45	65.83	60.70	373.56	371.78	368.83	373.71	382.23

Calculations based on previous session. Data collected 01/04/2024
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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
GRAIN COMPLEX						
CNAH24	Corn	461	463 3/4	466 1/2	469 1/4	472
CNAN24	Corn	484	486 1/2	488 3/4	491	493 1/2
SSAH24	Soybeans	1254 1/2	1259 1/2	1270 1/4	1275 1/2	1286
SSAN24	Soybeans	1271	1276	1285	1290	1299
SMAH24	Soymeal	371.4	373.3	377.2	379.1	383.0
BOAH24	Soybean Oil	47.41	47.75	48.23	48.57	49.05
WHAH24	Wheat	585	602	608 1/4	625	631 1/2
WHAN24	Wheat	608 3/4	622 1/2	627 3/4	641 1/2	646 3/4
RCAH24	Rice	17.088	17.182	17.303	17.397	17.518
KWAH24	KC Wheat	606 1/4	617	622	632 1/2	637 3/4
MWAH24	MINN Wheat	699 3/4	706 1/2	709 1/2	716	719 1/4
OTAH24	Oats	349 3/4	356	368	374	386 1/4

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