



DAILY GRAINS COMMENTARY

Wednesday March 13, 2024

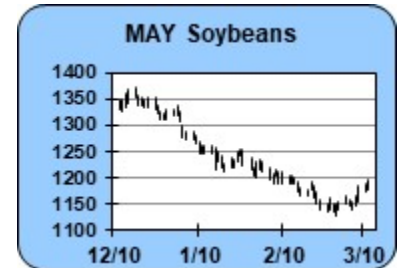
DAILY SOY COMPLEX COMMENTARY

3/13/2024

China crush margins rebounding from 10-year low last month

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):
SOY BEANS -0.1, **BEAN OIL** +0.0, **SOYMEAL** -0.5

OVERNIGHT DEVELOPMENTS: Soybeans (MAY 24) prices overnight are down -9 1/4; Soymeal (MAY 24) down -4.70; and Soyoil (MAY 24) up 0.21. Soybean open interest as of March 12 was up 6,417 contracts, soymeal down 5,296 contracts, and soybean oil up 3,082. Chinese Dalian (MAY 24) Soybeans up 0.68%, Soymeal down 0.06%, Soyoil up 0.18%, Palm oil up 0.43%. Malaysian Palm was up 1.62%. Global equity markets were mixed overnight with up markets outnumbering down markets. However, most of the overnight weakness was centered in Asia with declines in Chinese and Japanese markets. Critical economic news released overnight included a contraction in New Zealand food price index readings for February, a larger than expected German wholesale price index decline, a larger than expected GBP industrial production decline in January, a slight expansion of GBP trade deficit numbers for January, flat GBP manufacturing production, and as expected GBP which posted a gain of 0.2%. The North American session starts out with a weekly private survey of mortgage applications, and there are no major US or Canadian economic numbers scheduled. Earnings announcements will include Dollar Tree before the Wall Street open, while Lennar reports after the close.



NEAR-TERM MARKET FUNDAMENTALS: After CONAB's bullish Brazil production numbers yesterday, lowering yield for the 4th consecutive month, the recent rally may slow as prices test resistance and traders debate the wide difference between the USDA and CONAB. Argentina's Buenos Aires region has seen 5+ inches of rain this month with flooding in some areas. Milei is mulling a new Argentine "soy dollar" program to incentivize farmer sales and avoid another devaluation of the currency. The March deliveries continued to circulate with 15 bean deliveries overnight, 65 meal and 42 bean oil. May bean oil closed above the 50-day moving average for the 1st time since early December and open interest rose yesterday, indicating fresh long positioning. World vegoil prices have been moving higher lately and the longer-term fundamental outlook is for vegoil demand to outstrip production to move through 2024. In a couple weeks, the Argentine bean harvest will begin, adding another bearish headwind that prices must overcome. In a bit of good news, China crush margins have increased sharply over the last month after a 10-year low in February, which may result in an uptick in bean imports. However, Brazil prices are still cheaper than US. We see the \$12 area on May futures offering tough resistance and the market may need additional bullish news to sustain strength above that level.

TODAY'S MARKET IDEAS:

Prices came within a few cents of testing 1199 resistance yesterday and important 50-day moving average resistance stands at 1202 1/2 as well. If prices can move over 1202, funds may get more aggressive exiting positions before spring, but some bullish news will likely be needed to sustain prices over that level. Buy level support is at 1166.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SOYBEAN COMPLEX TECHNICAL OUTLOOK:

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SOYBEANS (MAY) 03/13/2024: The cross over and close above the 40-day moving average indicates the longer-term trend has turned up. The moving average crossover up (9 above 18) indicates a possible developing short-term uptrend. Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The close above the 9-day moving average is a positive short-term indicator for trend. The market's close above the 2nd swing resistance number is a bullish indication. The next upside target is 1211 3/4. The next area of resistance is around 1206 1/4 and 1211 3/4, while 1st support hits today at 1185 3/4 and below there at 1170 1/2.

SOYBEAN OIL (MAY) 03/13/2024: The market now above the 60-day moving average suggests the longer-term trend has turned up. The moving average crossover up (9 above 18) indicates a possible developing short-term uptrend. Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's close above the 9-day moving average suggests the short-term trend remains positive. There could be more upside follow through since the market closed above the 2nd swing resistance. The near-term upside objective is at 49.18. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 48.68 and 49.18, while 1st support hits today at 46.96 and below there at 45.73.

SOYMEAL (MAY) 03/13/2024: The moving average crossover up (9 above 18) indicates a possible developing short-term uptrend. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The market's short-term trend is positive on the close above the 9-day moving average. The upside closing price reversal on the daily chart is somewhat bullish. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside target is 344.0. The next area of resistance is around 341.9 and 344.0, while 1st support hits today at 336.5 and below there at 333.1.

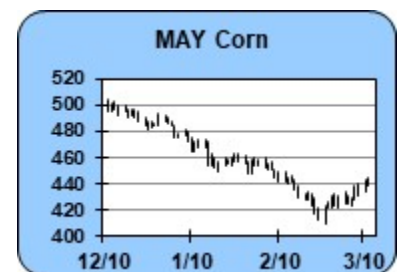
DAILY CORN COMMENTARY

3/13/2024

Potential Brazil rains raise the odds for pullback

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):
CORN +0.0

OVERNIGHT DEVELOPMENTS: Corn (MAY 24) prices overnight are down - 3/4. Corn open interest as of March 12 was up 2,498 contracts. Chinese Dalian (MAY 24) Corn was down 0.16%.



NEAR-TERM MARKET FUNDAMENTALS: An increase in potential rains in central and southern Brazil in the 11-15 day timeframe gives the slight edge to the bear camp today after a test of resistance yesterday. CONAB numbers yesterday were 430 million bushels below USDA's Brazil production number from last Friday. The production discrepancy is significant because Brazil's Safrinha crop competes directly with the US for export share in late summer through early winter. If CONAB's number ends up being closer to correct, the US could see significantly less export competition later this year, especially since Ukraine's planted area is expected to be off 10% or more, which will reduce their export potential. It is a bit too early for US growing weather to be a major concern but December to February average temperatures in Springfield, Illinois were the highest since 1932, which doesn't bode well for a "normal" US growing season. The 6 to 10 day forecast calls for below normal temperatures in the eastern belt and rain chances will also favor the eastern belt. There were 25 deliveries overnight. Dr Cordonnier left his Brazil and Argentine corn estimates unchanged this week and has a neutral to lower bias going forward. We expected heavy resistance on May futures in the upper 440's and so far, the market has been unable to penetrate that level. A pullback below 432 should find good support.

TODAY'S MARKET IDEAS:

CONAB's bullish numbers yesterday pushed the market up into resistance but rains are showing in the Brazil forecast in the 11 to 15 day timeframe. It will likely take additional dryness in Brazil to push the market over 450 for a sustained run. 50-day moving average resistance stands at 447 1/4, which the market has not closed above since October. For now, we suggest exiting longs in the upper 440's and/or buying a break below 432.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CORN TECHNICAL OUTLOOK:

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CORN (MAY) 03/13/2024: 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside target is at 448 1/2. The next area of resistance is around 445 1/4 and 448 1/2, while 1st support hits today at 438 1/4 and below there at 434 3/4.

CORN (JUL) 03/13/2024: Momentum studies are trending higher but have entered overbought levels. The close above the 9-day moving average is a positive short-term indicator for trend. The close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 460 1/4. The next area of resistance is around 457 and 460 1/4, while 1st support hits today at 450 1/2 and below there at 447 1/4.

DAILY WHEAT COMMENTARY

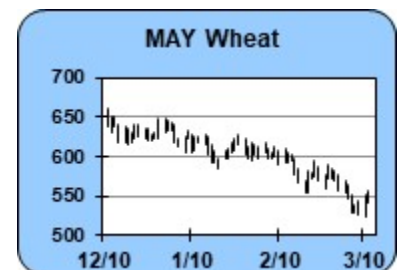
3/13/2024

Tuesday's close fails to confirm Monday's reversal

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):

WHEAT +0.1

OVERNIGHT DEVELOPMENTS: Chicago wheat (MAY 24) prices overnight are up 1; Kansas City (MAY 24) down -3 1/4; and Minneapolis (MAY 24) down -1 3/4. MATIF Milling Wheat(MAY 24) was unchanged. Chicago wheat open interest as of March 12 was up 666 contracts and Minneapolis wheat was down 2,379 contracts.



NEAR-TERM MARKET FUNDAMENTALS: Yesterday's lack of new Chinese cancellations were certainly a relief to the bull camp but futures prices did not close strong enough to convincingly confirm Monday's key reversal higher on May Chicago. Previous key reversals in January and February resulted in a several day rally but ultimately prices made new contract lows. If world values continue under pressure, we may see something similar again. USDA will begin updating winter wheat conditions weekly starting April 1. The EU is under heavy pressure, as farmer protests continue, to water down green Ag policies and reduce regulations on the ag sector. The 1 - 5 day has little rain for Kansas and Oklahoma wheat areas, except for far northwest Kansas. Ukraine's Grain Union says their grain and oilseed exportable surplus this season could decline to 43.7 million tonnes from 53.1 million last year, which would be significant to their export potential. CONAB's wheat production estimate was 9.588 million tonnes, down from 10.199 in February. Thursday mornings export sales will likely once again underperform and will include the 1st Chinese cancellation of 110,000 tonnes announced last Friday. If world wheat values can begin to rise, US futures would have a much better chance for a decent rally. HRW weather will be watched closely as any frost/freeze potential on a crop leaving dormancy could be important to production.

TODAY'S MARKET IDEAS:

Overall, wheat fundamentals are bearish, and we are entering the time of year when weather volatility picks up. Monday's key reversal higher from new contract lows on May Chicago looked to be an important low; however, Tuesday's close was not high enough for textbook confirmation of the reversal. More market action needs to be seen before calling for a larger rebound.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

WHEAT TECHNICAL OUTLOOK:

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WHEAT (MAY) 03/13/2024: Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. 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 upside target is 562 3/4. The next area of resistance is around 554 3/4 and 562 3/4, while 1st support hits today at 540 1/4 and below there at 533 1/2.

KC WHEAT (MAY) 03/13/2024: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. A positive signal for trend short-term was given on a close over the 9-bar moving average. The close over the pivot swing is a somewhat positive setup. The next upside target is 612 3/4. The next area of resistance is around 605 1/4 and 612 3/4, while 1st support hits today at 590 1/4 and below there at 582 1/2.

MINN WHEAT (MAY) 03/13/2024: The moving average crossover up (9 above 18) indicates a possible developing short-term uptrend. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's short-term trend is positive on the close above the 9-day moving average. The market has a slightly positive tilt with the close over the swing pivot. The next upside objective is 686 1/4. The next area of resistance is around 679 3/4 and 686 1/4, while 1st support hits today at 664 1/4 and below there at 655 1/4.

RICE (MAY) 03/13/2024: 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. The market tilt is slightly negative with the close under the pivot. The next downside target is 17.775. The next area of resistance is around 17.900 and 17.955, while 1st support hits today at 17.810 and below there at 17.775.

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										
CNAK24	441 3/4	62.99	54.45	73.80	86.22	440.31	433.39	429.00	444.73	454.78
CNAN24	453 3/4	64.22	55.65	74.58	86.72	452.19	445.00	440.61	454.76	464.76
SSAK24	1196	66.82	56.79	55.56	75.72	1181.38	1163.31	1160.33	1196.69	1226.22
SSAN24	1208 1/2	68.32	57.94	56.42	77.35	1192.94	1174.14	1170.43	1205.99	1234.63
SMAK24	339.2	55.94	49.46	50.79	64.88	338.05	334.17	333.26	346.58	356.50
BOAK24	47.82	73.07	62.67	55.52	75.62	46.75	45.88	45.67	46.76	47.43
WHAK24	547 1/2	40.79	39.71	20.08	24.81	540.25	549.00	561.47	588.22	598.59
WHAN24	560 3/4	45.02	42.51	23.83	30.33	553.00	557.56	566.64	593.45	604.15
RCAK24	17.855	35.02	40.07	9.37	6.39	17.85	18.07	18.34	18.29	18.15

KWAK24	597 3/4	58.18	53.52	59.83	75.72	589.88	579.67	576.90	599.43	608.62
MWAK24	672	57.81	51.76	48.23	65.25	664.88	658.06	657.61	682.14	693.80
OTAK24	372 3/4	60.49	55.81	60.70	72.50	366.25	366.08	364.43	366.75	368.08

Calculations based on previous session. Data collected 03/12/2024

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						
CNAK24	Corn	434 1/2	438 1/4	441 1/2	445 1/4	448 1/2
CNAN24	Corn	447 1/4	450 1/2	453 3/4	457	460 1/4
SSAK24	Soybeans	1170 1/4	1185 1/2	1191	1206 1/2	1211 3/4
SSAN24	Soybeans	1183 1/2	1198 1/2	1203 3/4	1218 1/2	1224
SMAK24	Soymeal	333.0	336.4	338.5	341.9	344.0
BOAK24	Soybean Oil	45.72	46.95	47.45	48.68	49.18
WHAK24	Wheat	533 1/4	540	548	555	562 3/4
WHAN24	Wheat	548	554	561 1/4	567 1/2	574 1/2
RCAK24	Rice	17.775	17.810	17.865	17.900	17.955
KWAK24	KC Wheat	582 1/2	590	597 3/4	605 1/2	613
MWAK24	MINN Wheat	655 1/4	664 1/4	670 3/4	679 3/4	686 1/4
OTAK24	Oats	365 1/4	369 1/2	371 3/4	376	378 1/4

Calculations based on previous session. Data collected 03/12/2024

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