



## DAILY GRAINS COMMENTARY Friday February 02, 2024

### DAILY SOY COMPLEX COMMENTARY 2/2/2024

#### Dec USDA crush another monthly record

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

**OVERNIGHT DEVELOPMENTS:** Soybeans (MAR 24) prices overnight are up 1; Soymeal (MAR 24) up 1.30; and Soyoil (MAR 24) down -0.18. Soybean open interest as of February 1 was up 9,903 contracts, soymeal down 6,427 contracts, and soybean oil down 3,665. Chinese Dalian (MAY 24) Soybeans down 0.06%, Soymeal down 0.36%, Soyoil down 0.47%, Palm oil down 0.28%. Malaysian Palm was down 0.90%. Global equity markets overnight were mostly higher except for the markets in China and Russia, with the Chinese markets falling again by more than 1%. Weakness in the Chinese equity markets is beginning to spark concerns of contagion as margin calls mount from the market rout. Critical economic news released overnight included a slight improvement in a New Zealand consumer confidence reading for December, a slight dip in US total vehicle sales for December (release yesterday afternoon), positive New Zealand building permits, a slight uptick in Australia producer prices, a significant contraction in Australian new home loans, much stronger than expected French industrial output for December, a slight narrowing of the French budget deficit, and a significant jump in Spanish unemployment of 60,400! The North American session will start out with the highlight for global markets, the January US employment situation report. January non-farm payrolls are expected to come in around 175,000 to 180,000 which would be a moderate downtick from December's 216,000 reading. January US unemployment is forecast to hold steady at a 3.7% rate while January average hourly earnings are expected to hold steady at a 4.1% year-over-year rate. December US factory orders are forecast to have a sizable downtick from November's 2.6% reading. A private survey of January US consumer sentiment is forecast to have a sizable uptick from December's 69.7 reading. Earnings announcements will include Exxon Mobil, AbbVie, Chevron, Regeneron Pharmaceuticals and Bristol-Myers Squibb before the Wall Street opening.



**NEAR-TERM MARKET FUNDAMENTALS:** Certainly, a choppy week for prices with bulls pointing to Tuesday's upside reversal and hot/dry conditions in Argentina, while the bear camp views ongoing Brazilian harvest and relief rains in Argentina late next week as negatives. The heat wave in Argentina will continue for the next 5 - 6 days, then showers are expected to begin late next week. December Census USDA crush was another new monthly record, although slightly below guesses. Bean oil stocks were slightly higher than the guesses and meal stocks were 10% above a year ago. China's top 3 pig producers lost \$1.4 billion in 2023 due to oversupply and low pricing, which is worrisome for China bean demand if pig prices do not recover soon. Argentina crushers are importing Brazilian beans to crush, which is very unusual at this time a year, and made possible by their historic early start to harvest. The imported beans may allow Argentine crushers to ramp up soy processing quicker, resulting in strong global competition for meal exports sooner, rather than after harvest begins in March. March beans found support near 1200 overnight and a move above 1223 would point to more upside recovery. The technical picture remains short-term positive as long as March holds Tuesday's reversal low at 1187 3/4.

US soybean crush for December hit a new record high at 204.29 million bushels. This was at the lower end of pre-report estimates. The December average is 187.28 million bushels. US soybean crush pace hit a new record high for the month of December at 6.59 million bushels versus the previous record of 6.40 million in 2021. The December average crush pace is 6.04 million bushels per day. The cumulative crush for the marketing year has reached 780.53 million bushels 33.9% of the USDA's current estimate for the marketing year. As of December last year, the cumulative crush had reached 34.9% of the USDA forecast of 741.25 million bushels.

US soybean oil stocks in December came in at 1.824 billion pounds versus 1.599 last month and 2.306 last year.

The average stock level for this time of year is 2.152 billion pounds. The largest stock level for this month was 2.306 (2022) and lowest was 1.872 (2016). Current stock levels are running at 0.11% of USDA ending stocks estimates for the year.

The Export Sales Report showed that for the week ending January 25, net soybean sales came in at 164,475 tonnes for the current marketing year and 1,300 for the next marketing year for a total of 165,775. Cumulative soybean sales have reached 79.8% of the USDA forecast for the 2023/2024 marketing year versus a 5-year average of 77.5%. Sales need to average 308,000 tonnes per week to reach the USDA forecast.

Net meal sales came in at 494,231 tonnes for the current marketing year and 691 for the next marketing year for a total of 494,922. Cumulative meal sales have reached 59.9% of the USDA forecast for the 2023/2024 marketing year versus a 5-year average of 56.6%. Sales need to average 157,000 tonnes per week to reach the USDA forecast.

Net oil sales came in at 1,043 tonnes for the current marketing year and none for the next marketing year. Cumulative oil sales have reached 23.8% of the USDA forecast for the 2023/2024 marketing year versus a 5-year average of 49.3%. Sales need to average 3,000 tonnes per week to reach the USDA forecast.

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

Beans dropped 6% in the month of January, the largest loss for January in 4 years. Support at 1200 on March futures held overnight and upside momentum will likely increase if prices can move above 1223. Tuesday's upside reversal keeps the technical picture positive but there are plenty of bearish fundamentals around to limit rally extensions. The key price driver will be whether relief rains in Argentina show up as forecasted late next week.

#### **NEW RECOMMENDATIONS:**

None.

#### **PREVIOUS RECOMMENDATIONS:**

None.

#### **SOYBEAN COMPLEX TECHNICAL OUTLOOK:**

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SOYBEANS (MAR) 02/02/2024: Positive momentum studies in the neutral zone will tend to reinforce higher 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 upside objective is 1229. The next area of resistance is around 1214 1/4 and 1229, while 1st support hits today at 1192 1/4 and below there at 1184 3/4.

SOYBEAN OIL (MAR) 02/02/2024: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The downside closing price reversal on the daily chart is somewhat negative. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is now at 44.67. The next area of resistance is around 46.13 and 46.78, while 1st support hits today at 45.07 and below there at 44.67.

SOYMEAL (MAR) 02/02/2024: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. The daily closing price reversal down puts the market on the defensive. The market's close below the 1st swing support number suggests a moderately negative setup for today. The near-term upside objective is at 374.7. The next area of resistance is around 367.5 and 374.7, while 1st support hits today at 355.9 and below there at 351.6.

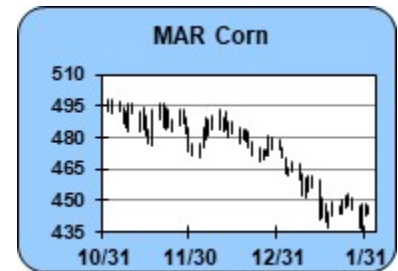
## DAILY CORN COMMENTARY

2/2/2024

### Small trading ranges highlight market uncertainty

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

**OVERNIGHT DEVELOPMENTS:** Corn (MAR 24) prices overnight are down - 3/4. Corn open interest as of February 1 was up 3,506 contracts. Chinese Dalian (MAY 24) Corn was up 0.33%.



**NEAR-TERM MARKET FUNDAMENTALS:** Since Wednesday of this week, March corn has had a range of only 5 1/2 cents. Clearly, both the bull and bear camps are unwilling to take aggressive positions until some new market moving news or a clarification of the technical picture occurs. The hot/dry pattern in Argentina continues through the middle of next week and rains are expected to develop late next week. The Buenos Aires Grain Exchange said conditions fell 6% last week. On the other hand, the US Attache to Argentina estimated their corn crop at 57 million tonnes, up 2 million from USDA. Argentine's 50%-peso devaluation back in December boosted January Argentine grain exports 64% above January 2023 as farmers receive more pesos for their product that is priced in US dollars. The EIA said corn used for ethanol was up 13% in December from the previous year. December DDG production was 1.951 million tonnes, up from 1.68 million a year ago. Tuesday's technical reversal higher remains intact, although upside follow-through has been minimal. March has close-in resistance at 453 1/4 and as long as Tuesday's low holds, the chance of a key technical low remains.

The Export Sales Report showed that for the week ending January 25, net corn sales came in at 1,206,718 tonnes for the current marketing year and 144,490 for the next marketing year for a total of 1,351,208. Cumulative sales have reached 63.2% of the USDA forecast for the 2023/2024 marketing year versus a 5-year average of 61.2%. Sales need to average 628,000 tonnes per week to reach the USDA forecast.

### TODAY'S MARKET IDEAS:

The minimal 5 1/2 cent trading range on March corn over the last 3 days highlights the lack of enthusiasm by both the bull and the bear camps. The current fundamental situation seems to be digested by the market and a March rally above 453 1/4 is needed to bring in new technical buying after this week's key reversal higher.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

### CORN TECHNICAL OUTLOOK:

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CORN (MAR) 02/02/2024: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The market's close below the 9-day moving average is an indication the short-term trend remains negative. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 451. The next area of resistance is around 449 1/2 and 451, while 1st support hits today at 445 and below there at 442.

CORN (JUL) 02/02/2024: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. 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 target is at 469 3/4. The

next area of resistance is around 468 1/4 and 469 3/4, while 1st support hits today at 463 3/4 and below there at 460 3/4.

## DAILY WHEAT COMMENTARY

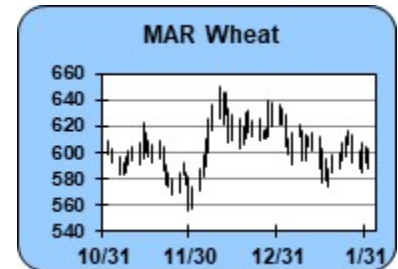
2/2/2024

**Upside breakout possible**

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

**WHEAT** +0.83

**OVERNIGHT DEVELOPMENTS:** Chicago wheat (MAR 24) prices overnight are up 3 1/4; Kansas City (MAR 24) up 8 1/4; and Minneapolis (MAR 24) up 7 1/4. MATIF Milling Wheat(MAR 24) was up 0.4%. Chicago wheat open interest as of February 1 was up 2,849 contracts and Minneapolis wheat was up 2,411 contracts.



**NEAR-TERM MARKET FUNDAMENTALS:** While fundamental news remains bearish, technical upside momentum is increasing as prices move toward last week's high on March Chicago at 617 1/4, which favors the bull camp. Beneficial rains are still on tap for the southern Plains but the Texas Panhandle and far Southwest Kansas amounts may be very light. US winter wheat under drought has dropped to just 17% of the wheat belt. The world food index in January was 2.2% lower than December and near a 3-year low. The US Attache to Argentina estimated their crop at 15.4 million tonnes, up 400,000 from USDA. French Farmers Union has called for an end to the protests in Brussels after EU leaders agreed to meet with farmers. Wheat open interest is up 16% from a year ago currently. March Chicago is above nearby moving average resistance at 605 and if prices can breach last week's high of 617 1/4, further upside action to longer term moving average resistance at 644 would be possible.

The Export Sales Report showed that for the week ending January 25, net wheat sales came in at 322,516 tonnes for the current marketing year and 15,500 for the next marketing year for a total of 338,016. Cumulative sales have reached 85.5% of the USDA forecast for the 2023/2024 marketing year versus a 5-year average of 78.3%. Sales need to average 91,000 tonnes per week to reach the USDA forecast.

### TODAY'S MARKET IDEAS:

March Chicago prices are moving toward the top end of the recent range of 573 1/4-617 1/4. In our opinion, the odds are increasing of an upside breakout above the top end of the range, which would open the door for a rally to longer term resistance at 644. Rains anticipated this weekend across the HRW belt have not pushed prices down into the end of the week, which is a bullish sign.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

### WHEAT TECHNICAL OUTLOOK:

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WHEAT (MAR) 02/02/2024: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. 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 next upside

objective is 614 1/4. The next area of resistance is around 609 1/2 and 614 1/4, while 1st support hits today at 593 1/2 and below there at 582 1/4.

KC WHEAT (MAR) 02/02/2024: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. 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 under the swing pivot. The near-term upside target is at 630 3/4. The next area of resistance is around 625 3/4 and 630 3/4, while 1st support hits today at 614 1/4 and below there at 608.

MINN WHEAT (MAR) 02/02/2024: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. A negative signal for trend short-term was given on a close under the 9-bar moving average. The upside daily closing price reversal gives the market a bullish tilt. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside target is at 707 1/2. The next area of resistance is around 702 1/4 and 707 1/2, while 1st support hits today at 689 3/4 and below there at 682 3/4.

RICE (MAR) 02/02/2024: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's close above the 9-day moving average suggests the short-term trend remains positive. With the close over the 1st swing resistance number, the market is in a moderately positive position. The near-term upside target is at 18.376. The next area of resistance is around 18.257 and 18.376, while 1st support hits today at 17.953 and below there at 17.767.

### 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>										
CNAH24	447 1/4	43.52	40.72	36.05	40.57	445.88	447.33	448.88	465.83	471.10
CNAN24	466	41.73	38.71	28.58	33.37	464.75	465.92	468.67	486.82	491.57
SSAH24	1203 1/4	36.86	36.04	30.91	33.92	1209.63	1219.42	1223.65	1281.81	1305.08
SSAN24	1223 3/4	36.97	35.66	27.96	32.03	1229.25	1236.31	1241.69	1299.64	1322.30
SMAH24	361.7	47.29	44.01	40.00	52.17	361.83	359.41	361.50	381.79	393.63
BOAH24	45.60	33.28	35.71	23.56	19.74	45.79	46.70	47.29	48.88	49.38
WHAH24	601 1/2	50.28	49.41	56.52	59.58	598.94	601.33	598.44	609.08	604.17
WHAN24	613 3/4	46.58	46.61	49.59	50.71	613.44	616.50	616.26	627.52	625.35
RCAH24	18.105	61.91	60.11	70.36	72.75	18.06	17.88	17.73	17.57	17.46
KWAH24	620	49.46	48.67	64.83	66.53	622.94	622.64	617.25	630.43	632.24
MWAH24	696	45.45	44.79	50.54	51.18	695.31	699.75	698.19	712.98	718.70
OTAH24	384 1/4	62.34	56.96	53.88	67.56	377.25	372.42	371.25	370.67	371.00

Calculations based on previous session. Data collected 02/01/2024

Data sources can & do produce bad ticks. Verify before use.

### DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>GRAIN COMPLEX</b>						
CNAH24	Corn	442	445	446 1/2	449 1/2	451
CNAN24	Corn	460 3/4	463 3/4	465 1/4	468 1/4	469 3/4
SSAH24	Soybeans	1184 3/4	1192	1207	1214 1/2	1229 1/4
SSAN24	Soybeans	1207 1/2	1214	1227 1/4	1233 1/2	1247
SMAH24	Soymeal	351.5	355.9	363.1	367.5	374.7
BOAH24	Soybean Oil	44.66	45.07	45.72	46.13	46.78
WHAH24	Wheat	582 1/4	593 1/2	598 1/4	609 1/2	614 1/4
WHAN24	Wheat	598 1/2	607 1/2	611 1/4	620	624
RCAH24	Rice	17.766	17.952	18.071	18.257	18.376
KWAH24	KC Wheat	608	614 1/4	619 1/2	625 3/4	631
MWAH24	MINN Wheat	682 1/2	689 3/4	695	702 1/4	707 1/2
OTAH24	Oats	369 1/4	378	381 1/2	390 1/2	393 3/4

Calculations based on previous session. Data collected 02/01/2024

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