



DAILY GRAINS COMMENTARY

Friday February 23, 2024

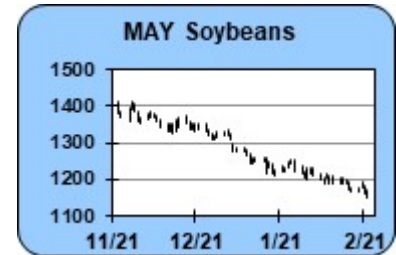
DAILY SOY COMPLEX COMMENTARY

2/23/2024

Argentina conditions improve

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

OVERNIGHT DEVELOPMENTS: Soybeans (MAY 24) prices overnight are up 1; Soymeal (MAY 24) up 0.30; and Soyoil (MAY 24) unchanged. Soybean open interest as of February 22 was down 11,818 contracts, soymeal down 2,361 contracts, and soybean oil down 2,385. Chinese Dalian (MAY 24) Soybeans down 0.64%, Soymeal unchanged, Soyoil down 0.33%, Palm oil down 1.03%. Malaysian Palm was up 0.36%. Global equity markets continued to rally with Chinese stocks finishing with nearly two straight weeks of gains! Critical economic news released overnight included a sharp decline in New Zealand retail sales, a weaker than expected GBP consumer confidence index reading for February, a contraction in Chinese house price index readings for January, a contraction in fourth-quarter German GDP of 0.2%, a slight increase in Swiss employment, as expected German IFO business climate for February and stronger than expected German IFO current assessment and expectations readings for February. There are no major US or Canadian economic numbers on today's schedule.



NEAR-TERM MARKET FUNDAMENTALS: Brazil soy premiums have rallied sharply this week but that has not stopped US futures from sinking to 3-year lows and testing the contract lows from early summer of 2023 on March. FOB Gulf bean prices are still \$42 per tonne premium to Brazil and \$23 per tonne premium at the Pacific Northwest ports, despite Brazil's rally. Today's weekly export sales are expected in a range of 300,000-800,000 tonnes on beans and 175,000-400,000 tonnes for meal. With last week's Lunar holiday in China and Brazil's Carnaval, we don't expect sales to surprise to the upside. The Buenos Aires GRAIN exchange says recent rains are beginning to improve the crop again with good and excellent conditions up 2% this week and poor and very poor conditions down 2%. US crop area under drought fell 1% from last week to 24%. Weather forecasters are raising the odds of the demise of the current El Nino pattern by May. US summer growing weather could be unpredictable depending on how quickly the pattern shifts to La Nina. March futures are testing the 1145 contract low and after a more than \$2.60 per bushel break since November, a corrective rally is overdue. But for now, overall favorable South America conditions and a lack of bullish fundamental news keeps the bear camp in control.

TODAY'S MARKET IDEAS:

March beans are approaching the contract low and the only encouragement for the bulls is a decline of nearly 12,000 contracts in open interest yesterday on the down move, which typically indicates traders are exiting positions rather than adding new shorts. Some sort of technical bottom will likely be needed to initiate a bounce, as fundamental news leans bearish to end the week.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SOYBEAN COMPLEX TECHNICAL OUTLOOK:

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SOYBEANS (MAY) 02/23/2024: 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 market setup is somewhat negative with the close under the 1st swing support. The next downside objective is now at 1137. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 1162 1/2 and 1177 1/4, while 1st support hits today at 1142 1/2 and below there at 1137.

SOYBEAN OIL (MAY) 02/23/2024: 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 swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside objective is 43.79. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 45.42 and 46.28, while 1st support hits today at 44.18 and below there at 43.79.

SOYMEAL (MAY) 02/23/2024: The daily stochastics have crossed over down which is a bearish indication. 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 close below the 2nd swing support number puts the market on the defensive. The next downside target is 325.9. The next area of resistance is around 334.9 and 340.0, while 1st support hits today at 327.9 and below there at 325.9.

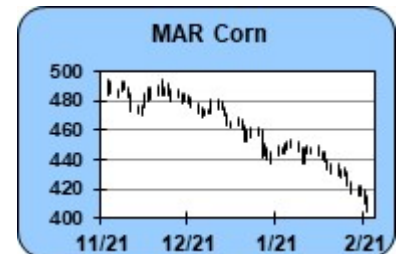
DAILY CORN COMMENTARY

2/23/2024

First notice day liquidation weighs

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

OVERNIGHT DEVELOPMENTS: Corn (MAY 24) prices overnight are up 2 3/4. Corn open interest as of February 22 was down 8,642 contracts. Chinese Dalian (MAY 24) Corn was up 0.74%.



NEAR-TERM MARKET FUNDAMENTALS: One of the most bearish months in recent memory continues to punish the bull camp as March corn has had only 3 higher daily closes so far this month and December futures prices have had their worst February performance since 2013. Favorable weather in South America increases the odds of heavy export competition with the US this summer. The Buenos Aries Grain Exchange reported good and excellent conditions up 1% on the week and said recent rains have improved the crop after the recent three-week dry spell. US area under drought was unchanged this week at 26%. The Biden Administration Thursday approved year-round E-15 sales, which is a good sign for long-term ethanol production trends. However, the ethanol lobby is a bit disappointed that sales don't start until 2025, likely due to the fact the Administration does not want the risk of a spike in gasoline prices in an election year. Today's weekly export sales is expected in a range of 700,000-1,500,000 tonnes. Average daily ethanol production last week of 1.084 million barrels was the highest since 2018. USDA announced a rare sale of 126,000 tonnes of milo to China Thursday morning, the 1st milo sale of this size since November 2020. Much above normal temperatures for the Midwest as we move into March is fostering ideas of an early planting start this spring, which typically raises the odds for larger planted acres and may be adding additional pressure to prices this week. March futures is nearing the 400 level, which should offer some stability to this price slide. The question remains what will it take to turn the market higher when South American conditions are overall favorable, March futures positions are being liquidated and US weather is not in play yet. As bearish as things have been lately, a period of consolidation would feel like a victory for the bull camp.

Ethanol average daily production for the week ending February 16 averaged 1.084 million barrels. This was up

0.1% from last week and up 5.3% from last year. The 5-year average for this week is 1.000 million barrels per day. Ethanol production for the week was 7.588 million barrels. Ethanol stocks were 25.502 million barrels. This was down 1.2% from last week and down 0.3% from last year. The 5-year average stocks for this week is 24.817 million barrels. The amount of corn used for the week is estimated at 107.59 million bushels. Cumulative corn use for the crop year has reached 2.475 billion bushels. Corn use needs to average 103.04 million bushels per week to meet the USDA's marketing year forecast of 5.375 billion bushels.

TODAY'S MARKET IDEAS:

Traders are exiting March futures positions before next week's 1st notice day, which may keep the bearish pressure on the market until mid-next week. However, prices are nearing long-term support at 400 and that may be enough to stem the slide for the short-term. This afternoon's CFTC data is expected to show fund net short positions at record busting levels.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

CORN TECHNICAL OUTLOOK:

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CORN (MAY) 02/23/2024: Daily stochastics are trending lower but have declined into oversold territory. 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 downside target is now at 409 1/4. The 9-day RSI under 20 suggests the market is extremely oversold. The next area of resistance is around 424 1/4 and 432, while 1st support hits today at 412 3/4 and below there at 409 1/4.

CORN (JUL) 02/23/2024: 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. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside objective is 421 1/2. With a reading under 20, the 9-day RSI indicates the market is extremely oversold. The next area of resistance is around 436 1/4 and 443 3/4, while 1st support hits today at 425 1/4 and below there at 421 1/2.

DAILY WHEAT COMMENTARY

2/23/2024

Rally stalls at key moving average resistance

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):

WHEAT +0.78

OVERNIGHT DEVELOPMENTS: Chicago wheat (MAY 24) prices overnight are up 7 1/4; Kansas City (MAY 24) up 2 3/4; and Minneapolis (MAY 24) up 4 1/2. MATIF Milling Wheat(MAY 24) was up 0.9%. Chicago wheat open interest as of February 22 was down 837 contracts and Minneapolis wheat was down 659 contracts.



NEAR-TERM MARKET FUNDAMENTALS: Thursday's rally failure was a disappointment for the bull camp and today all eyes will be on the Biden Administration's announcement of new Russian sanctions, which may offer some price support to end the week. In the past, sanctions have typically not included grains, but traders are wary as the US is running out of sanction options in products other than grains. Today's weekly export sales are

expected in a range of 300,000 to 550,000 tonnes. We lean toward the low side of that range. US winter wheat under drought was unchanged this week at 12%, well below last year's 57% at this time. Ukraine says their February exports are expected to reach 4.3 million tonnes, compared to 3.8 million a year ago. French SRW good and very good conditions rose 1% to 69% this week, well below the 95% a year ago. The US southern Plains will continue to see much above normal temperatures and a new round of precipitation is now forecast for March 5-9th. March Chicago prices stalled just under key moving average resistance at 603 and with March 1st notice day liquidation ongoing for the next several days, an extension of the rally may have to wait until later next week.

TODAY'S MARKET IDEAS:

March Chicago bumped up against the 50 and 100-day moving averages yesterday and fell back, leaving 600 as key resistance.

Unfortunately for the bull camp, March first notice day liquidation may result in selling on rallies between now and mid-next week. Once we are beyond first notice day pressure, we could see a resumption of the rally if Black Sea prices can find some strength. On an encouraging note, EU wheat futures are expected to get a weekly upside reversal this week.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

WHEAT TECHNICAL OUTLOOK:

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WHEAT (MAY) 02/23/2024: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The close below the 9-day moving average is a negative short-term indicator for trend. The close over the pivot swing is a somewhat positive setup. The next upside objective is 601 1/2. The next area of resistance is around 589 and 601 1/2, while 1st support hits today at 569 1/2 and below there at 562 1/4.

KC WHEAT (MAY) 02/23/2024: Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market could take on a defensive posture with the daily closing price reversal down. The market tilt is slightly negative with the close under the pivot. The next upside objective is 595 3/4. The next area of resistance is around 581 3/4 and 595 3/4, while 1st support hits today at 562 1/4 and below there at 556 1/2.

MINN WHEAT (MAY) 02/23/2024: 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 outside day down is a negative signal. The swing indicator gave a moderately negative reading with the close below the 1st support number. The near-term upside target is at 680 1/4. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 665 1/2 and 680 1/4, while 1st support hits today at 645 1/2 and below there at 640 1/4.

RICE (MAY) 02/23/2024: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. The outside day up is a positive signal. The market's close above the 2nd swing resistance number is a bullish indication. The next downside objective is 17.985. The next area of resistance is around 19.170 and 19.385, while 1st support hits today at 18.470 and below there at 17.985.

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	418 1/2	15.84	19.85	8.12	5.66	426.19	433.22	442.99	460.27	468.80
CNAN24	430 3/4	17.48	21.01	8.82	6.58	437.50	443.61	452.56	469.74	478.17
SSAK24	1152 1/2	27.83	29.81	11.13	8.49	1169.31	1177.67	1193.71	1240.93	1269.03
SSAN24	1160 3/4	27.11	29.18	10.67	7.92	1177.88	1186.86	1203.07	1248.77	1276.50
SMAK24	331.4	30.51	31.91	13.19	10.79	337.18	337.90	346.11	361.92	371.38
BOAK24	44.80	29.50	34.44	32.82	19.37	45.56	46.51	46.49	47.83	48.59
WHAK24	579 1/4	41.54	41.64	25.69	31.93	573.88	582.36	593.72	609.03	612.49
WHAN24	580	39.66	39.76	21.78	28.08	574.94	583.67	596.47	614.30	618.50
RCAK24	18.820	57.87	58.10	50.10	43.50	18.58	18.74	18.64	18.15	17.99
KWAK24	572	33.05	34.91	17.89	19.34	572.13	581.22	599.14	615.63	623.57
MWAK24	655 1/2	25.91	28.68	12.03	12.69	659.50	666.36	681.56	702.71	710.60
OTAK24	351	27.76	36.51	43.20	23.25	360.94	366.94	368.18	368.63	369.80

Calculations based on previous session. Data collected 02/22/2024
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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
GRAIN COMPLEX						
CNAK24	Corn	409	412 3/4	420 1/2	424 1/4	432
CNAN24	Corn	421 1/2	425	432 3/4	436 1/2	444
SSAK24	Soybeans	1137	1142 1/2	1157 1/4	1162 1/2	1177 1/2
SSAN24	Soybeans	1145 1/4	1150 1/2	1165 1/2	1171	1185 3/4
SMAK24	Soymeal	325.8	327.8	332.9	334.9	340.0
BOAK24	Soybean Oil	43.78	44.17	45.03	45.42	46.28
WHAK24	Wheat	562	569 1/2	581 3/4	589	601 1/2
WHAN24	Wheat	563 1/2	570 3/4	582	589 1/4	600 1/2
RCAK24	Rice	17.985	18.470	18.685	19.170	19.385
KWAK24	KC Wheat	556 1/4	562	576	582	595 3/4
MWAK24	MINN Wheat	640 1/4	645 1/2	660 1/4	665 1/2	680 1/4
OTAK24	Oats	340	344	354 1/4	358	368 1/2

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