



## DAILY GRAINS COMMENTARY Tuesday March 05, 2024

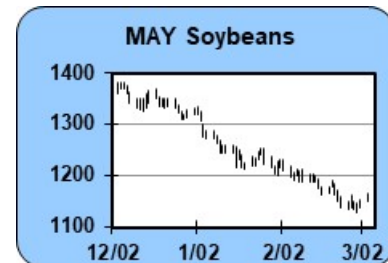
### DAILY SOY COMPLEX COMMENTARY 3/5/2024

#### Brazil harvest 1/2 done, hedge pressure peaking

**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 down -5 1/4; Soymeal (MAY 24) down -1.50; and Soyoil (MAY 24) down -0.27. Soybean open interest as of March 4 was down 1,479 contracts, soymeal down 2,121 contracts, and soybean oil up 5,167. Chinese Dalian (MAY 24) Soybeans up 0.04%, Soymeal up 0.64%, Soyoil up 0.03%, Palm oil down 0.27%. Malaysian Palm was up 1.22%.

Global equity markets overnight were lower except for markets in Japan and China which traded less than 1% higher. In addition to the breakdown of Middle East cease-fire talks, the markets were presented with a significantly higher-than-expected Tokyo CPI reading for February, a sharper than expected New Zealand ANZ Commodity price index reading for February, a softer than expected GBP Like for Like retail sales for February, a slight gain in Japanese Jibun bank services PMI for February, a disappointing Chinese Caixin services PMI reading for February, disappointing French industrial output, a disappointing Italian HCOB services PMI reading, and positive Spanish, French, German, and euro zone services PMI readings for February, with positive HCOB composite PMI readings in France, Germany, and the euro zone. It should also be noted that Italian GDP came in as expected and in minimal growth territory of +0.2%. Lastly, euro zone producer price index for January registered a massive decline of 0.9% which should foster talk of a rate cut from the euro zone in June. The North American session will start out with a private weekly survey of same store sales followed by services PMI readings for the US and Canada, both of which are expected to show mild downticks from their previous results. The February ISM services index is forecast to have a moderate downtick from January's 53.4 reading. January factory orders are expected to have a sizable downtick from December's 0.2% reading. Fed Vice Chair Barr will speak during morning US trading hours. Earnings announcements will include Target before the Wall Street opening while CrowdStrike Holdings, Ross Stores and Franco-Nevada report after the close.



**NEAR-TERM MARKET FUNDAMENTALS:** The minor technical bounce from late last week ran into resistance yesterday and stalled as Brazil harvest hedge pressure is reaching its peak. AgRural pegged Brazil harvest at 48% done, compared to 43% year ago. IMEA estimates the Mato Grosso crop at 38.44 million tonnes, down 15.7% from a year ago. There are some good areas in Brazil and Emater estimates the Rio Grande do Sul crop at 22.2 million tonnes, up from 12.97 million last year. The Mayor of the Brazil state of Sorriso is meeting with Bunge, Cargill and Cofco regarding adding soy processing facilities. Bunge and Chevron are finalizing plans for a joint venture to build an oilseed processing plant on the Louisiana coast. China says they will raise their Ag subsidies 18.7% in 2024 from the previous year and expand the budget for grain and oilseed stockpiling in their push to increase oilseed production. China bought several cargoes of Canadian canola for the 1st time in several months and more Brazilian beans to start the week. Weekly export inspections were in the upper half of the range of guesses and near unchanged from last week. 82% of the total shipments were headed to China. Funds have been net sellers for 15 consecutive weeks. After last week's upside weekly reversal, we may see that streak broken this week. With Brazil harvest reaching its halfway point, hedge pressure is reaching a peak and Brazil farmers are sellers on rallies. With no US crop in the ground to worry about yet, prices will likely struggle to move through resistance.

Soybean export inspections for the week ending February 29 came in at 1,021,385 metric tonnes. Cumulative inspections year-to-date are 34,155,609 metric tonnes which is 20.0% below last year. This is 73.0% of the USDA's forecast for the 2023-24 marketing year versus the 5-year average of 70.1%.

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

Futures rallies will find willing sellers as Brazil farmers price beans with harvest at the halfway point. Technical evidence of a low is lacking but we could certainly see more minor short covering before Friday's USDA report. May bean resistance is now 1166 and support is 1135.

### **NEW RECOMMENDATIONS:**

None.

### **PREVIOUS RECOMMENDATIONS:**

None.

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

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SOYBEANS (MAY) 03/05/2024: The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. 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 1171 1/4. The next area of resistance is around 1162 1/4 and 1171 1/4, while 1st support hits today at 1147 3/4 and below there at 1142.

SOYBEAN OIL (MAY) 03/05/2024: Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. 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 near-term upside target is at 45.97. The next area of resistance is around 45.53 and 45.97, while 1st support hits today at 44.81 and below there at 44.52.

SOYMEAL (MAY) 03/05/2024: Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market has a slightly positive tilt with the close over the swing pivot. The next upside objective is 339.3. The next area of resistance is around 336.0 and 339.3, while 1st support hits today at 331.0 and below there at 329.2.

## **DAILY CORN COMMENTARY**

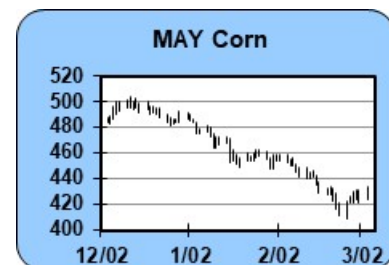
**3/5/2024**

### **Technical action supportive into USDA report Friday**

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

**CORN -0.1**

**OVERNIGHT DEVELOPMENTS:** Corn (MAY 24) prices overnight are down -1. Corn open interest as of March 4 was up 2,204 contracts. Chinese Dalian (MAY 24) Corn was down 0.08%.



**NEAR-TERM MARKET FUNDAMENTALS:** US export demand has been relatively strong for corn and that should continue for the next couple of months and offers a backdrop of support. Monday's rally stalled right at the key 20-day moving average, which May prices have not been above since early December. AgRural says Brazil's 2nd crop corn planting has reached 86% complete, compared to 70% at this time last year. The speedy planting pace likely means more of

the crop gets in during the ideal planting window than previously expected. IMEA estimates Mato Grosso production at 43.28 million tonnes, down 17.58% from last year. On the other hand, Emater says the Rio Grande Do Sul crop will be 5.2 million tonnes, up from 3.96 million a year ago. Cargill's CEO says a rise in Brazil farm bankruptcies is a concern. China's Ag minister overnight said they will sizably increase crop subsidies and crop insurance programs for farmers and continue to push to recover polluted cropland and increase yields. China reportedly bought additional cargoes of Ukraine corn on Monday. We expect prices will continue to see fund short covering after the reversals last week and the upcoming USDA report on Friday morning. A move above 434 on May would likely scare some of the short funds to cover more aggressively and open the door for a potential rally to 449 resistance.

Corn export inspections for the week ending February 29 came in at 1,083,503 metric tonnes. Cumulative inspections year-to-date are 20,625,301 metric tonnes which is 34.5% above last year. This is 38.7% of the USDA's forecast for the 2023-24 marketing year versus the 5-year average of 37.6%.

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

Key resistance on May futures stands at 434 and prices have not been over the 20-day average for 3 months. We wouldn't be surprised for the market to take another shot at that level over the next few days and finally push through, which would get the attention of the fund shorts, especially following the upside reversals last week. Buying support will be seen on breaks below 423.

#### **NEW RECOMMENDATIONS:**

BUY MAY Corn at 420. Risk 11 cents. Use an objective of 448.

#### **PREVIOUS RECOMMENDATIONS:**

None.

#### **CORN TECHNICAL OUTLOOK:**

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CORN (MAY) 03/05/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market's close above the 9-day moving average suggests the short-term trend remains positive. A positive setup occurred with the close over the 1st swing resistance. The near-term upside target is at 438 3/4. The next area of resistance is around 434 3/4 and 438 3/4, while 1st support hits today at 425 1/4 and below there at 420.

CORN (JUL) 03/05/2024: Momentum studies are rising from mid-range, which could accelerate 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. A positive setup occurred with the close over the 1st swing resistance. The near-term upside objective is at 449 1/2. The next area of resistance is around 445 3/4 and 449 1/2, while 1st support hits today at 436 3/4 and below there at 431 1/4.

### **DAILY WHEAT COMMENTARY**

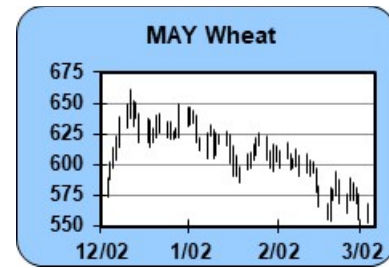
**3/5/2024**

## World values sag keeping US rallies in check

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

WHEAT -0.58

**OVERNIGHT DEVELOPMENTS:** Chicago wheat (MAY 24) prices overnight are down -2 1/2; Kansas City (MAY 24) down -1 3/4; and Minneapolis (MAY 24) up 1 1/4. MATIF Milling Wheat(MAY 24) was down -1.0%. Chicago wheat open interest as of March 4 was up 3,689 contracts and Minneapolis wheat was up 3,648 contracts.



**NEAR-TERM MARKET FUNDAMENTALS:** Chicago wheat prices are back testing the contract lows after yesterday's minor rally as weak world values continue to drag the market lower. State wheat conditions fell 4% in Kansas last week, 5% in Oklahoma and 3% down in Texas. Southern Plains rains are still the forecast but are expected to miss the Southwest Plains late this week. Indonesia says their wheat imports in 2024 will be up 5% from 2023 and an interesting note, Indonesia is the 3rd largest importer of wheat in the world. Drought in North Africa will likely mean more wheat imports for countries like Morocco. The Australian Ag minister says wetter weather is expected to boost their 2024 wheat crop to 28.4 million tonnes, up from 26 million in 2023. The Red Sea continues to be a problem for shipping and the Belize-flagged vessel, Rubymar, filled with fertilizer and fuel, has sunk in the Red Sea after a Houthi attack, leaving an 18 miles oil slick. In another indication that Black Sea region supplies are plentiful, Turkey is offering 150,000 tonnes of Durum wheat for sale. Fundamentals are bearish as world values sag, but pressure may have reached a peak for the short term and some short covering may be seen into Friday's USDA report. However, we don't expect any significant rally until Russian, EU and Ukraine prices begin to move higher.

Wheat export inspections for the week ending February 29 came in at 353,137 metric tonnes. Cumulative inspections year-to-date are 12,965,973 metric tonnes which is 17.2% below last year. This is 65.7% of the USDA's forecast for the 2023-24 marketing year versus the 5-year average of 71.8%.

### TODAY'S MARKET IDEAS:

May Chicago wheat once again reversed up off the 550 area Monday, as it did in mid-February. But Monday's reversal did not come on high volume or an expanded trading range, which makes us suspect of a market turn. Certainly, a short covering rally is possible into Friday's USDA report, but bearish world fundamentals will likely keep a cap on how far prices can bounce. Look for resistance on May Chicago at 589 1/2 and more significant resistance at 603.

### NEW RECOMMENDATIONS:

None.

### PREVIOUS RECOMMENDATIONS:

None.

### WHEAT TECHNICAL OUTLOOK:

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WHEAT (MAY) 03/05/2024: 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 daily closing price reversal up on the daily chart is somewhat positive. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is 547 1/4. The next area of resistance is around 571 1/2 and 577 1/4, while 1st support hits today at 556 1/2 and below there at 547 1/4.

KC WHEAT (MAY) 03/05/2024: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. A positive signal for trend short-term was given on a close over the 9-

bar moving average. The market setup is supportive for early gains with the close over the 1st swing resistance. The near-term upside objective is at 595. The next area of resistance is around 589 and 595, while 1st support hits today at 569 and below there at 555.

MINN WHEAT (MAY) 03/05/2024: Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. A positive signal for trend short-term was given on a close over the 9-bar moving average. Market positioning is positive with the close over the 1st swing resistance. The near-term upside target is at 673. Short-term indicators suggest buying pullbacks today. The next area of resistance is around 668 1/4 and 673, while 1st support hits today at 650 3/4 and below there at 638 1/4.

RICE (MAY) 03/05/2024: The major trend has turned down with the cross over back below the 40-day moving average. Momentum studies are declining, but have fallen to oversold levels. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The daily closing price reversal down is a negative indicator for prices. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside objective is 17.974. The next area of resistance is around 18.552 and 18.843, while 1st support hits today at 18.118 and below there at 17.974.

## 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>										
CNAK24	430	47.50	42.11	34.58	44.65	428.19	423.78	431.21	450.54	460.79
CNAN24	441 1/4	47.68	42.37	35.57	45.56	439.75	435.72	442.06	460.37	470.48
SSAK24	1155	41.48	37.63	17.37	24.56	1148.06	1148.61	1167.57	1212.53	1243.72
SSAN24	1165 1/4	41.72	37.71	16.75	23.59	1158.38	1158.47	1177.19	1221.11	1251.63
SMAK24	333.5	44.95	40.34	19.70	29.02	330.63	330.23	335.31	352.51	362.54
BOAK24	45.17	39.07	39.76	22.31	23.10	45.18	45.12	46.11	47.07	47.85
WHAK24	564	38.83	39.69	31.79	27.46	568.19	573.11	580.22	599.84	607.95
WHAN24	567 1/4	38.74	39.21	31.60	28.45	571.56	575.28	582.24	604.53	612.95
RCAK24	18.335	43.98	47.39	28.42	23.20	18.40	18.54	18.65	18.27	18.10
KWAK24	579	47.66	45.23	34.41	40.23	578.25	576.31	582.61	606.57	616.03
MWAK24	659 1/2	46.27	42.65	23.23	28.08	654.56	655.22	664.26	690.84	701.25
OTAK24	368 1/2	53.01	51.21	56.96	65.91	369.94	363.44	367.31	367.73	367.66

Calculations based on previous session. Data collected 03/04/2024  
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## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>GRAIN COMPLEX</b>						
CNAK24	Corn	420	425 1/4	429 1/2	434 3/4	439
CNAN24	Corn	431 1/4	436 1/2	440 1/2	446	449 3/4
SSAK24	Soybeans	1142	1147 1/2	1156 3/4	1162 1/2	1171 1/2
SSAN24	Soybeans	1153 1/4	1158 1/2	1167	1172	1180 3/4
SMAK24	Soymeal	329.1	330.9	334.2	336.0	339.3
BOAK24	Soybean Oil	44.51	44.80	45.24	45.53	45.97
WHAK24	Wheat	547 1/4	556 1/2	562 1/4	571 1/2	577 1/4
WHAN24	Wheat	551 1/2	560 1/4	565 1/2	574 1/4	579 1/2
RCAK24	Rice	17.973	18.117	18.408	18.552	18.843
KWAK24	KC Wheat	555	569	575	589	595
MWAK24	MINN Wheat	638	650 3/4	655 1/2	668 1/4	673
OTAK24	Oats	360 1/4	364 1/2	368 1/2	372 1/2	376 3/4

Calculations based on previous session. Data collected 03/04/2024  
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