



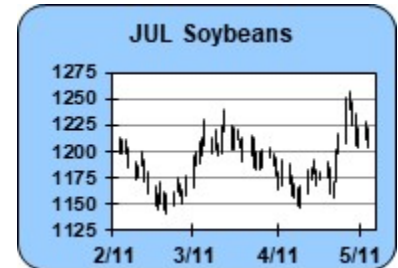
## DAILY GRAINS COMMENTARY Wednesday May 15, 2024

### DAILY SOY COMPLEX COMMENTARY 5/15/2024

#### CONAB/USDA difference and Brazil flood losses supportive

**OVERNIGHT CHANGES THROUGH 6:06 AM (CT):**  
**SOY BEANS +0.1, BEAN OIL +0.0, SOYMEAL +0.2**

**OVERNIGHT DEVELOPMENTS:** Soybeans (JUL 24) prices overnight are up 6; Soymeal (JUL 24) up 2.00; and Soyoil (JUL 24) up 0.28. Soybean open interest as of May 14 was up 2,694 contracts, soymeal down 1,347 contracts, and soybean oil down 468. Chinese Dalian (JUL 24) Soybeans down 0.15%, Soymeal down 0.28%, Soyoil down 0.80%, Palm oil down 1.04%. Malaysian Palm was up 1.02%. Global equity markets overnight were mostly higher except for the markets in China, Japan, and France. Critical economic news released overnight included slightly softer gains in Australian wage price index readings than expected, as expected and residually hot French consumer price index readings for April, unchanged euro zone employment for the first quarter, as expected euro zone GDP growth of 0.3% and stronger than expected euro zone industrial production for March. The North American session will start out with a weekly private survey of mortgage applications followed by the highlight for global markets, the April US consumer price index which is forecast to hold steady with March's 3.5% year-over-year rate. The April US core consumer price index (excluding food and energy) is expected to have a minimal downtick from March's 3.8% year-over-year rate. April US retail sales are forecast to have a mild downtick from March's 0.7% reading. The New York Fed's May Empire State manufacturing survey is expected to have a moderate uptick from April's -14.3 reading. March US business inventories are forecast to have a moderate downtick from February's 0.4% reading. The May NAHB housing market index is expected to hold steady with April's 51 reading. March Canadian manufacturing sales are forecast to have a sizable downtick from February's 0.7% reading. The March Treasury International Capital (TIC) report will come out during mid-afternoon US trading hours and will show net changes to Japanese and Chinese treasury holdings. Minneapolis Fed President Kashkari and Fed Governor Bowman will speak during afternoon US trading hours. Earnings announcements will include Cisco Systems after the Wall Street close.



**NEAR-TERM MARKET FUNDAMENTALS:** Bean prices have not been able to follow through either direction since last Friday's USDA report and the exclusion of Chinese used cooking oil from a list of Biden Administration tariff increases did not weaken beans to any significant degree yesterday. However, some sort of retaliation by China is expected as the tariff increase hits very hard in their important electric vehicle and semiconductor industries and the EU may follow the US lead and increase tariffs as well, putting even more pressure on the Chinese economy. Perhaps, the uncertainty over the large discrepancy between USDA and CONAB and questions regarding flood damage in southern Brazil are significant enough to keep sellers from getting too aggressive at this stage. CONAB's update for Brazil production was up slightly to 147.685 million tonnes from 146.22 million last month, but well below USDA at 154 million. Brazil ending stocks were raised to 3.34 million tonnes from 2.48 million last month and 3.30 million last year. Interestingly, they left Rio Grande do Sul production at 21.43 million tonnes, while most private analysts are 20 million or below. Dr Cordonnier lowered his Argentine bean production to equal USDA at 50 million tonnes, but left Brazil unchanged despite 20% of the crop left to harvest in the wet southern area. NOPA crush will be released today at 11 AM Chicago time and with significant downtime in April, crush should be well down from March's all time monthly record but likely still a record for the month of April. Average guess is 183.072 million bushels with soyoil stocks at 1.8875 billion lbs. Our friends at crushtraders.com are looking for a much lower number of 173.980 million bushels and bean oil stocks at 1.885 billion. Over the next 1 - 5 days the heaviest precipitation will be south of a line from Kansas City to St. Louis to Indianapolis and the 6 to 10 day and 8 to 14 day forecasts show above normal precipitation for the central Midwest, which will slow seedings in the southeast corn belt. July beans closed midrange Tuesday in the face of the acute weakness in bean oil, but the fact prices were unable to move much below last week's low is a positive

technical sign for the short-term. July bean retracement resistance stands at 1230 and 1236 and those levels are likely to be tested yet this week.

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

While the biofuel industry may be disappointed in the lack of increased tariffs on Chinese used cooking oil, the uncertainty of flood losses in southern Brazil and USDA's discrepancy with CONAB numbers may be supportive enough to push July prices into retracement resistance from 1230 - 1236. Expected rains across the southeast US bean belt will keep planting slow in that region.

#### **NEW RECOMMENDATIONS:**

None.

#### **PREVIOUS RECOMMENDATIONS:**

None.

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

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SOYBEANS (JUL) 05/15/2024: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. The market tilt is slightly negative with the close under the pivot. The next downside objective is now at 1194 3/4. The next area of resistance is around 1224 and 1232 3/4, while 1st support hits today at 1205 and below there at 1194 3/4.

SOYBEAN OIL (JUL) 05/15/2024: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market back below the 18-day moving average suggests the intermediate-term trend could be turning down. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next upside target is 45.98. The next area of resistance is around 44.48 and 45.98, while 1st support hits today at 42.31 and below there at 41.62.

SOYMEAL (JUL) 05/15/2024: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The outside day up is a positive signal. Market positioning is positive with the close over the 1st swing resistance. The next downside target is 361.8. The next area of resistance is around 378.2 and 381.5, while 1st support hits today at 368.4 and below there at 361.8.

#### **DAILY CORN COMMENTARY**

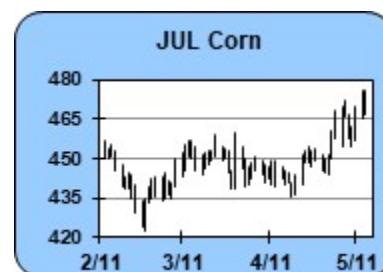
5/15/2024

**CONAB/USDA difference a significant 10.4 million tonnes**

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

**CORN +0.3**

**OVERNIGHT DEVELOPMENTS:** Corn (JUL 24) prices overnight are up 2. Corn open interest as of May 14 was up 8,478 contracts. Chinese Dalian (JUL 24) Corn was down 0.12%.



**NEAR-TERM MARKET FUNDAMENTALS:** Despite corn's weakness Tuesday, July prices stayed inside Monday's range, keeping the intermediate uptrend intact. While there have been some scattered rains in the

eastern corn belt over last 24 hours, the 6 to 10 and 8 to 14 day models show above normal precipitation for the central Midwest and especially the southeast corn belt. If the wet pattern continues beyond week 2, traders may begin to think about whether all the corn acres will get planted. The CONAB update for total Brazil production was 111.636 million tonnes, slightly above last month's 110.964 million and well below USDA at 122 million. Second crop, or safrinha production, was also raised slightly to 86.16 million tonnes from 85.62 million last month. Brazil ending stocks were 31 million tonnes, unchanged from their previous update but well below last year's 54.63 million. The CONAB/USDA difference is 10.4 million tonnes as USDA has higher planted area. Much of Brazil's safrinha crop is seeing warm and dry conditions and 22% is currently pollinating. Ethanol production released later this morning is expected at 984,000 barrels per day, up from 965,000 last week, stocks are expected at 24.136 million barrels, compared to 24.200 last week. US Gulf export prices are within a few cents of Argentine and Brazil prices, but Ukraine remains cheapest. A major Russian offensive in the Northeast Kharkiv region in Ukraine is ongoing and President Zelensky has canceled all international trips to focus on the war effort. Futures prices are likely to continue to find support on breaks, and we don't look for a major price decline at this time. Good support on July corn should be seen under 465 with next upside objective at 484.

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

Despite yesterday's minor pullback, we still see a very good chance of prices heading to the 484 objective from last week's breakout of the range-bound trade. The technical trend remains higher and we still like buying breaks below 464 on July futures. A US weather problem will be needed for a sustained move above 484.

#### **NEW RECOMMENDATIONS:**

None.

#### **PREVIOUS RECOMMENDATIONS:**

None.

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

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CORN (JUL) 05/15/2024: Rising stochastics at overbought levels warrant some caution for bulls. The market's short-term trend is positive on the close above the 9-day moving average. The market setup is somewhat negative with the close under the 1st swing support. The near-term upside objective is at 478 1/4. The next area of resistance is around 472 and 478 1/4, while 1st support hits today at 463 and below there at 460 1/4.

CORN (DEC) 05/15/2024: 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 daily closing price reversal down is a negative indicator for prices. It is a slightly negative indicator that the close was under the swing pivot. The near-term upside target is at 498. The next area of resistance is around 494 and 498, while 1st support hits today at 488 and below there at 486 1/4.

### **DAILY WHEAT COMMENTARY**

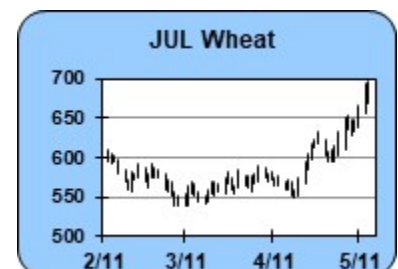
5/15/2024

#### **Russian crop cuts bullish but major resistance just ahead**

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

**WHEAT** +1.13

**OVERNIGHT DEVELOPMENTS:** Chicago wheat (JUL 24) prices overnight are up 5 1/4; Kansas City (JUL 24) up 5 1/2; and Minneapolis (JUL 24) up 6. MATIF Milling Wheat(SEP 24) was up 1.5%. Chicago wheat open interest as of May 14 was up 2,286 contracts and Minneapolis wheat was down 1,338 contracts.



**NEAR-TERM MARKET FUNDAMENTALS:** A significant cut to the Russian crop and Russian troops gaining a foothold in the Kharkiv region in northeast Ukraine have the bull camp in control today, offsetting better-than-expected results from the 1st day of the Kansas crop tour. SovEcon slashed their Russian wheat crop estimate to 85.7 million tonnes, down from 89.6 and said frost has damaged up to 4 million tonnes of the crop. The Russian Ag Minister says the equivalent of 1.24 million acres will need to be replanted. The reduced Russian crop is significant as it takes away some of Russia's export potential. After 206 stops on the 1st day of the Kansas Wheat Quality Tour, participants found an average yield of 49.9 bushels per acre, a 3-year high and above last year's 1st day results of 29.8 bushels per acre. The 5-year average for the 1st day route is 42.7 BPA. The tour today will work through some of the more stressed areas in Southwest Kansas. SRW wheat areas will continue to see abundant precipitation. July Chicago wheat came within a couple cents of key resistance Tuesday at 699 and a move over that level would open the door for a new leg higher. However, 1st objectives on this recent rally have been reached and buying the market here does not seem to offer a good risk/reward ratio.

**TODAY'S MARKET IDEAS:**

SovEcon's Russian crop cut is bullish; however, July Chicago wheat reached a significant upside objective at 0.618 retracement from the July 2023 high to the March low of this year. If the SovEcon cut does not push prices above Tuesday's highs, a pullback may be in the cards but is likely to find support as the intermediate trend is higher. Pullback support for Chicago July will start at 654 and then 644.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

**WHEAT TECHNICAL OUTLOOK:**

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**WHEAT (JUL) 05/15/2024:** The daily stochastics have crossed over down which is a bearish indication. Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The market's close above the 9-day moving average suggests the short-term trend remains positive. The daily closing price reversal down is a negative indicator for prices. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is now at 649. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 686 1/2 and 705 1/4, while 1st support hits today at 658 1/2 and below there at 649.

**KC WHEAT (JUL) 05/15/2024:** A crossover down in the daily stochastics is a bearish signal. Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. The market's close above the 9-day moving average suggests the short-term trend remains positive. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is now at 661. The next area of resistance is around 700 1/2 and 719 1/4, while 1st support hits today at 671 1/2 and below there at 661.

**MINN WHEAT (JUL) 05/15/2024:** 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. It is a slightly negative indicator that the close was under the swing pivot. The next upside target is 752 1/2. The next area of resistance is around 743 and 752 1/2, while 1st support hits today at 723 1/2 and below there at 713 1/4.

**RICE (JUL) 05/15/2024:** Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside objective is now at 18.430. The

next area of resistance is around 19.100 and 19.210, while 1st support hits today at 18.710 and below there at 18.430.

### DAILY TECHNICAL STATISTICS

|                      | CLOSE    | 9 DAY<br>RSI | 14 DAY<br>RSI | 14 DAY<br>SLOW<br>STOCH D | 14 DAY<br>SLOW<br>STOCH K | 4 DAY<br>M AVG | 9 DAY<br>M AVG | 18 DAY<br>M AVG | 45 DAY<br>M AVG | 60 DAY<br>M AVG |
|----------------------|----------|--------------|---------------|---------------------------|---------------------------|----------------|----------------|-----------------|-----------------|-----------------|
| <b>GRAIN COMPLEX</b> |          |              |               |                           |                           |                |                |                 |                 |                 |
| CNAN24               | 467 1/2  | 60.54        | 59.57         | 78.26                     | 78.90                     | 466.56         | 464.53         | 456.85          | 450.95          | 448.17          |
| CNAZ24               | 491      | 65.13        | 62.61         | 83.19                     | 84.61                     | 489.00         | 486.28         | 479.31          | 474.13          | 470.98          |
| SSAN24               | 1214 1/2 | 54.78        | 54.91         | 69.47                     | 64.07                     | 1215.38        | 1222.06        | 1198.69         | 1196.81         | 1189.26         |
| SSAX24               | 1205     | 56.51        | 56.73         | 75.61                     | 72.18                     | 1205.88        | 1208.11        | 1189.28         | 1184.27         | 1174.35         |
| SMAN24               | 373.3    | 60.54        | 61.23         | 71.98                     | 65.86                     | 371.15         | 374.56         | 361.21          | 348.30          | 345.07          |
| BOAN24               | 43.40    | 42.60        | 41.92         | 34.92                     | 39.33                     | 43.91          | 43.79          | 44.30           | 46.64           | 46.44           |
| WHAN24               | 672 1/2  | 70.36        | 68.99         | 85.42                     | 85.09                     | 665.13         | 645.86         | 624.25          | 588.72          | 583.32          |
| WHAZ24               | 717 1/4  | 73.00        | 71.71         | 87.73                     | 87.23                     | 708.31         | 690.56         | 668.17          | 629.45          | 619.94          |
| RCAN24               | 18.905   | 53.17        | 54.15         | 49.85                     | 48.83                     | 18.95          | 18.71          | 18.98           | 18.05           | 18.14           |
| KWAN24               | 686      | 64.63        | 64.46         | 81.34                     | 79.88                     | 677.06         | 664.75         | 645.44          | 603.91          | 594.63          |
| MWAN24               | 733 1/4  | 69.74        | 68.29         | 83.41                     | 83.54                     | 723.81         | 718.47         | 703.07          | 674.03          | 670.63          |
| OTAN24               | 422 3/4  | 85.99        | 81.73         | 93.53                     | 92.55                     | 415.31         | 403.22         | 381.40          | 360.61          | 359.90          |

Calculations based on previous session. Data collected 05/14/2024

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> |             |           |           |          |          |          |
| CNAN24               | Corn        | 460 1/4   | 463       | 469 1/4  | 472      | 478 1/4  |
| CNAZ24               | Corn        | 486       | 488       | 492      | 494      | 498      |
| SSAN24               | Soybeans    | 1194 3/4  | 1205      | 1213 3/4 | 1224     | 1232 3/4 |
| SSAX24               | Soybeans    | 1192 3/4  | 1198 1/4  | 1206 1/4 | 1211 3/4 | 1219 3/4 |
| SMAN24               | Soymeal     | 361.7     | 368.3     | 371.6    | 378.2    | 381.5    |
| BOAN24               | Soybean Oil | 41.62     | 42.30     | 43.80    | 44.48    | 45.98    |
| WHAN24               | Wheat       | 649       | 658 1/2   | 677 1/4  | 686 1/2  | 705 1/2  |
| WHAZ24               | Wheat       | 695 1/2   | 704 1/2   | 720 3/4  | 730      | 746      |
| RCAN24               | Rice        | 18.430    | 18.710    | 18.820   | 19.100   | 19.210   |
| KWAN24               | KC Wheat    | 660 3/4   | 671 1/2   | 690      | 700 1/2  | 719 1/4  |
| MWAN24               | MINN Wheat  | 713       | 723 1/2   | 732 3/4  | 743      | 752 1/2  |
| OTAN24               | Oats        | 408 3/4   | 415       | 424 1/4  | 430 1/2  | 439 3/4  |

Calculations based on previous session. Data collected 05/14/2024

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