



January 12, 2024

#2098

## LOOKING FORWARD WITH A BACKWARD GLANCE

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<b>Current Sales:</b>	<b>2022</b> sales: <b>corn</b>	100%	<b>soybeans</b>	100%	<b>wheat</b>	100%
	<b>2023</b> sales: <b>corn</b>	0%	<b>soybeans</b>	0% - 25%	<b>wheat</b>	40%
	<b>2024</b> sales: <b>corn</b>	0%	<b>soybeans</b>	0%	<b>wheat</b>	0%

**Grain Sales Recommendations:** No Sales. Looking to lift our spread when prices reach their technical objectives.

On January 4<sup>th</sup> we texted, ***“Mr Aggressive can sell 100% of old crop beans & re-own via futures at a lower price later. For those who have re-owned past sales in soybeans, they can spread in another futures month, or exit and look to replace at lower levels but be cautious and nimble. Technicals say lower prices lie ahead.....”*** See technical objectives under **Technicals Plus**. Next MNU will be issued on Thursday, January 18<sup>th</sup>.

**Out of Office:** January 15-17.

**Closed:** Markets closed Monday in observance of Martin Luther King Day.

**See 247Ag on Twitter:** On Twitter, check out weather map posts, market trends, global events, and other Ag related, market moving data, all found at: <https://twitter.com/247dotAg>

**Future reports:** Feb 8, followed by Mar 8, Mar 29, April 11, May 10, June 12, June 28, July 12, Aug 12, Sept 12, Sept 30, Oct 11, Nov 8, Dec 10, and finally Jan 10, 2025.

**Technicals Plus:** All grains remain in downtrends.

Last week, we gave this for the technical objective in **Mar24 Soybeans**, ***“The open gap, printed on Tuesday, projects a rollover to \$11.75 to \$11.80, with psychological support at \$12.00.”*** With today’s increase in 2023 production, which helped lift U.S. 2023/2024 carryover stocks from 245 mb to 280 mb, Funds will continue selling rallies until downside technical objectives are reached. Price closed today at \$12.242, \$0.212 off its low of \$12.03. A technical objective, which is a 0.786% retracement off its high, places support at \$12.06, which held today. Funds normally work a base for up to a week to prove the low. That would mean all of next week is needed to test the support levels which range from \$12.00 to \$12.07. As the trend is lower, Fund

will continue to sell rallies until that fails to work. According to our calculations, from the open gap from \$12.90 to \$12.96, the price objective is exactly \$11.75. When price reaches this level, we will lift the short side of our spread and remain long soybeans.

Last week we wrote, ***“We look for the \$4.50 support level to be tested next week.”*** For the week, **Mar24 Corn** closed down \$0.136 at \$4.47, taking out support at \$4.50. This close nearly matches the Dec23 low trade. This is another new low close and the lowest close in over 3 years. Mar24 corn needs to close back over \$4.50 next week or fail and target corn’s next support target of \$4.20 to \$4.30. This price level is where price found major resistance in December of 2020 (*resistance becomes support*), before beginning a 2 year, 4-month rally higher, running to \$8.27 the last week of April 2022. If price makes it to this major support area, we see this as a major, long-term low where corn will have a sustained rally for several years.

**Mar24 K.C. Wheat** continues to hold support at \$6.00. Today’s numbers by the USDA were not negative wheat prices. Support at \$6.25 failed to hold this week, with a new, short-term downtrend developing off the rally high to \$6.70. As stated last week, ***“A close below \$6.25 would continue wheat’s downtrend.”*** Seasonal’s are screaming for wheat to get going to the upside! But no uptrend can be validated until price convincingly closes above \$6.70.

**January 12<sup>th</sup>, 2024 USDA/WASDE Crop Production, Grains Stocks, Winter Wheat Seedings Report:**

<b><u>U.S. Production 2023/2024</u></b>	<b><u>Average Guesses</u></b>	<b><u>Dec23</u></b>	<b><u>2022/2023</u></b>
Corn – 15.730 bb	15.221 bb	15.234 bb	13.715 bb
Soybeans – 4.276 bb	4.123 bb	4.129 bb	4.270 bb

**Winter Wheat Acres** (million acres) 2024-2025

	<b><u>January</u></b>	<b><u>Avg</u></b>	<b><u>2022</u></b>
All Winter –	37.0	35.9	36.7
Hard Red –	25.3	25.2	25.7
Soft Red –	7.9	7.1	7.4
White –	3.7	3.6	3.6

**Quarterly Stocks 12/01/23**

(Billion Bushels)

	<b><u>12/01/2023</u></b>	<b><u>Average Guesses</u></b>	<b><u>09.01.2023</u></b>	<b><u>12.01.2022</u></b>
Corn –	10.809 bb	12.010 bb	1.361 bb	10.821 bb
Soybeans –	3.022 bb	2.982 bb	0.268 bb	3.021 bb
Wheat –	1.280 bb	1.383 bb	1.780 bb	1.312 bb

<b><u>U.S. Ending Stocks 2023/2024</u></b>	<b><u>Average Guesses</u></b>	<b><u>Dec23</u></b>	<b><u>2022/2023</u></b>
January			
Corn – 1.242 bb	2.105 bb	2.131 bb	1.361 bb
Soybeans – 0.210 bb	.239 bb	.245 bb	.268 bb

Wheat –	0.567 bb	.658 bb	.659 bb	.582 bb
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### **World Ending Stocks 2023/2024**

	January	<u>Average Guess</u>	<u>Dec23</u>
Corn –	313.9 mmt	313.9 mmt	315.2 mmt
Beans –	112.2 mmt	112.2 mmt	114.2 mmt
Wheat –	258.3 mmt	258.3 mmt	258.2 mmt

**Manipulation:** Did the USDA lie on Argentina's 2023 soybean production? Last year, we complained for months that the USDA needed to come down 4 mmt to come in line with Rosario and Buenos Aires, who said their production was 20.5 mmt. The USDA refused to budge, holding their market-controlling estimate at 25 mmt. Finally, the U.S. Attache dropped the U.S. estimate to 20.5 mmt, a reduction of 4.5 mmt! That would mean the USDA has been off by nearly 20% for over 8 months! Imagine where prices could have rallied if the USDA was honest back in April?

We have already stated that we would not make that mistake again. We forecasted higher prices last year based on production shortfalls. Those prices never arrived. Manipulation of prices by governments to control food price inflation became more common. Being an election year, controlling prices, or even lowering them, will be part of their agenda.

How high from here will be controlled in some aspect. Making a profit needs to be the focus in 2024, **with your eyes on increasing extremes in weather.** Know your breakeven. Get those expenses as low as possible, **without limiting your upside.**

There are rallies in waiting. We will give targets for prices when the trend changes.

Identifying why prices are moving higher matters. Is it profit taking, a technical retracement, a psychological change in attitude, inflation coming back in, supply chain issues causing supply shortages like we are seeing today with the escalating war activities, crop losses in South America, etc.

**USDA's Numbers:** Shocker! Historical odds played out. 2023 **Corn** production up from 174.9 bpa to a new record yield of 177.3 bpa. A blessing that harvested acres were cut from 87.1 to 86.5 ma? Feed use rose 25 mb and used by ethanol increased 50 mb. We were estimating a combined increase of 100 mb. Added together, that increased carryover by 108 mb to 2.162 bb. Again, stocks above 2 bb will keep any rally subdued. The USDA only reduced the farmgate price from \$4.85/bu to \$4.80/bu. Global production jumped 13.66 mmt, which took 2023/2024 stocks up from last month's 315.2 mmt number to 325.2 mmt. A big part of that increase came from the USDA increasing China's corn production 12 mmt. That corn will NOT come into the world's export channels, so that increase will not specifically weigh on prices. The USDA cut Brazil's corn crop 2 mmt to 127 mmt. CONAB's Brazilian corn estimate is 117.6 mmt versus USDA's December ***"market manipulating"*** estimate of 129 mmt. We see it even lower, some 20 mmt below last year's production of 132 mmt. ***Our production number is forecasting "final yield", on reduced acres and reduced yield.*** Argentina's corn production was left unchanged. **Soybeans** saw their yield upped from 49.9 bpa to 50.6 bpa, taking total production up to 4.16 bb.

That is still the smallest U.S. soybean crop in 4 years. Harvested acres fell to 82.4 ma. Indicated soybean usage from the 1<sup>st</sup> quarter, September-November, totaled 1.43 bb, off 6% from their 1<sup>st</sup> quarter in 2022/2023. Combining the numbers saw carryover increasing from 245 mb to 280 mb. That number saw USDA lowering the average farmgate price \$0.15 to \$12.75/bu. Consider their number, with the board price hanging around \$12.00/bu. Note that global ending stocks rose just 0.4 mmt, from 114.2 mmt to 114.6 mmt. Need to get that number down under 100 mmt. Brazil had their production trimmed from 161 mmt to 157 mmt. CONAB's soybean estimate came out yesterday at 155.3 mmt. Argentina saw their bean crop increase 2 mmt, from 48 mmt to 50 mmt. **Wheat's** ending stocks fell from 659 mb in December to 648 mb. Seed demand fell 1 mb, with exports, and feed and residual use, left unchanged. All wheat stored in all positions as of December 1<sup>st</sup> were up 8% over last year, with on-farm stocks up 9% from last December. Global ending stocks rose from 258.2 mmt to 260.0 mmt. There were minor changes made in exports from Russia and Ukraine, with no production changes out of Australia and Argentina. The average U.S. farmgate price was lowered \$0.10 to \$7.20. Fall plantings of winter wheat fell 6% compared to last year, down to 34.4 ma, down from the average pre-report guess of 35.9 ma. The 2 largest wheat states of Kansas and Texas, saw their acreage fall 7% and 8%, respectively. HRWW area seeded is seen down 7% from 2023. Montana acres are expected to increase just a bit. SRWW area is seen down 13% from last year to 6.86 ma, with the largest increase in Pennsylvania and the largest decrease in Michigan. WWW (*white winter wheat*) acres are seen down 5% to 3.54 m.

**Corn:** Loadings for corn are running more than double and 28% ahead of last year. Corn export sales were weak again, but we need to remember it was a holiday shortened week. They came in at 19.2 mb. This major snowstorm will affect corn movement and with next week being another holiday shortened week, expect poor numbers for another 2 weeks. Parana reported only 309k hectares of 1<sup>st</sup> crop corn was planted, the smallest plantings on record for the 1<sup>st</sup> crop of corn.

**Soybeans:** There were 3 vessels loading beans off the PNW bound for China versus 1 getting loaded out of the Gulf. Loadings were 24.8 mb, with export sales ringing in at a paltry 10.3 mb.

Shipping disruptions are causing higher freight rates, pressing futures. Palm prices reached a 2-month high this week. In China, meal reached a new contract high. Reuters reported Brazil's G/E conditions fell from 86% to 71% in just 1 week.

**Wheat:** Early this week, there were rumors about China buying more U.S. wheat. Have yet to see any new business. Then later, rumors of China cancelling purchases of U.S. wheat and soybeans! Monday's loadings saw China taking 8.7 mb, with roughly 2/3<sup>rd</sup> of that amount being SRW, with the balance HRW and HRS. Wheat's loadings clocked in at a decent 18 mb, with export sales down at only 4.7 mb.

**Global Risks:** Taiwan has elections Sunday, a pro-China candidate and a pro-Taiwanese candidate. If the Pro-China candidate wins, one should expect China to become more aggressive militarily. If the Pro-Taiwanese candidate wins, look for China to back-off.

We look for war activities around Israel to continue to escalate, increasing supply chain issues.