



April 11, 2024

#2113

## LOOKING FORWARD WITH A BACKWARD GLANCE

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<b>Current Sales:</b>	<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%

**Sales Recommendations:** No Sales. Still waiting to buy more Sept24 corn calls on price dips. We would see a Friday close under \$4.30 as not positive; a lower weekly close. May24 soybeans ran to \$11.50 support today, a technical target, reaching \$11.51. That “might” be good enough but need more time. The next MNU on Saturday, April 20<sup>th</sup>.

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**Future reports:** May 10, June 12, USDA’s Quarterly on June 28, July 12, Aug 12, Sept 12, USDA’s Quarterly on Sept 30, Oct 11, Nov 8, Dec 10, and finally USDA’s Quarterly Report on Jan 10, 2025.

**Technicals Plus:** USDAs numbers averaged a negative vibe today. Grains came in defensive, which softened the negativity of USDA’s data.

A poor close in grains today. For the week, **May24 Corn** continues its downtrend, as 1<sup>st</sup> rallies do not hold. Lower highs have followed, after price reached a high of \$4.48, testing resistance. The low on this retracement was \$4.244 printed last week. Mar24 corn went off the board at \$4.22, a price we have pointed out as a target for May24 corn to move to before this year’s rally could begin. That would be normal, though we see 2024 far from normal. Bearish could hang over the corn market for another week, or maybe two. Attitudes will be changing. Mother Nature will have her say. Weather extremes are intensifying, higher highs, lower lows, much wetter for some, much drier for others. Not prime for production. That makes odds for a May freeze greater. **May24 Soybeans** broke support earlier in the week, setting up a test of support at \$11.50. Today’s low nearly made it at \$11.51. Last year’s low the week of May 30<sup>th</sup> was \$11.506. This is a major support area for soybeans, which needs to hold. Good planting weather for corn would help support. May24 Meal is holding support at \$325/ton. **May24 Soyoil** crashed today, down \$1.58 to close at \$46.02, looking to test support again from \$44.50 to \$45.00. That would be a triple bottom, something to own, yes? **May24 Soyoil** found support at \$45.00 last year on May 31<sup>st</sup>. **May24 K.C.** Wheat has been volatile, trading up to \$0.17 daily.

Today, price fell \$0.112. Yesterday, up \$0.172. Chop, chop. Support and resistance holding price in a trading range from \$5.60 to \$6.00. A close above \$6.00 moves K.C. wheat into an uptrend. Odds are great the reasons an uptrend begins is WoW; weather or war.

#### **April 11<sup>th</sup>, USDA Grain Stocks Report:**

<b><u>U.S. Ending Stocks 2023/2024</u></b>	<b><u>Average Guesses</u></b>	<b><u>Mar 2024</u></b>
	<b><u>April</u></b>	
Corn –	2.122 bb	1.360 bb
Soybeans –	0.340 bb	0.264 bb
Wheat –	0.697 bb	0.570 bb

<b><u>World Ending Stocks 2023/2024</u></b>	<b><u>Average Guess</u></b>	<b><u>Mar 2024</u></b>	<b><u>2022/2023</u></b>
	<b><u>March</u></b>		
Corn –	318.3 mmt	317.1 mmt	301.6 mmt
Beans –	114.2 mmt	114.3 mmt	102.2 mmt
Wheat –	258.3 mmt	258.6 mmt	271.1 mmt

<b><u>World Production (mmt)</u></b>	<b><u>Average Guess</u></b>	<b><u>Mar 2024</u></b>	<b><u>2022/2023</u></b>
	<b><u>April</u></b>		
<b><u>Corn</u></b>			
Argentina	55.0 mmt	55.3 mmt	56.0 mmt
Brazil	124.0 mmt	112.1 mmt	124.0 mmt

<b><u>Soybeans</u></b>				
Argentina	50.0 mmt	50.2 mmt	50.0 mmt	25.0 mmt
Brazil	155.0 mmt	151.7 mmt	155.0 mmt	162.0 mmt

**USDA's Numbers:** We checked last year's comments on the USDA's April WASDE report. Here is what we wrote last year on this date for a summary of their numbers.

*“Remember for future use, the USDAs April WASDE report is generally a BS report. Their March 31<sup>st</sup> quarterly showed a 57 mb loss in stocks, suggesting an overestimation of last year's soybean production. We know they do not want to put that in print until much later. But to **cut Argentina's production by 6 mmt** and lowering it to 27 mmt, adding in a 1 mmt increase in Brazil's soybean production, then not cutting U.S. carryover stocks at all, is a joke. We wrote/texted to watch how the USDA was going to manage prices on this report. They certainly did that by leaving U.S. 2022/2023 carryover stocks unchanged at 210 mb. Is that their new normal, their new low stock number.”*

We now know something is off, it's the same game plan. But, in many instances, CONAB has raised their numbers to match USDAs. Not so for Argentina's Rosario soybean numbers last year. The USDA came down nearly 5 mmt in January, though 9 months later. As a note, the USDA continues to raise Brazil's 2023 soybean production, now up to 162 mmt. Maybe because they are doing this now, the USDA is hesitant to cut.

This morning, CONAB came out with their corn production numbers, cutting them again, 112.7 mmt to 110.9 mmt. That nearly matches our January 18<sup>th</sup> corn production forecast for Brazil at 110 mmt, when all others were continuing to forecast production from 127 mmt to 130 mmt. The USDA refuses to budge, standing pat on last month's 124 mmt guesstimate. That puts the USDA 13 mmt higher than CONAB. Even though their beginning forecasts of 133 mmt for Brazil and 57 mmt for Argentina have been a bust, with South America losing about 26 mmt from their initial trendline yield forecasts, U.S. corn prices have yet to respond.

The USDA also stood pat on their March estimate for Brazil's soybean yield, leaving it at 155 mmt, while CONAB lowered Brazil's soybean production this morning to 146.5 mmt, leaving them 8.5 mmt below the USDA. Even more important, CONAB slashed Brazil's soybean export to 92.25 mmt from 101.9 mmt. That is huge! Wonder if that is because the quality of their soybeans is just crap? The USDA took Argentina's soybean production up 0.5 mmt to 50 mmt.

We want to point out that while the USDA raised U.S. **Wheat** stocks by 24 mb to 697 mb, global wheat stocks fell a bit, some 500,000 mts. The USDA cut total use by 30 mb, that coming from a cut in feed and residual use. Wheat's average farmgate price was lowered from \$7.15/bu to \$7.10/bu. The USDA increased Argentina's wheat production by 282 mmt, cut Brazil's 1.12 mmt and Ukraine's 3.28 mmt, but left Russia's wheat production unchanged. USDA increased Ukraine's wheat exports 1.5 mmt and Russia's by 1 mmt.

**Corn** stocks fell 50 mb, done so by increasing Feed and Residual by 25 mb and ethanol demand by 50 mb. Corn's farmgate price was lowered \$0.05/bu to \$4.70/bu.

**Soybean** stocks jumped 25 mb to 340 mb. Crush demand was left unchanged, used for seed declined by 2 mb, imports saw a 5 mb cut, with exports cut 20 mb. Residual use fell from 22 mb to 13 mb. The average farmgate price was lowered \$0.10/bu to \$12.55/bu.

**Loadings/Exports/Flash:** Corn loadings were good at 56 mb last week, needing to average 46 mb/wk to meet USDA's export estimates. For this marketing year, loadings totaled 1.08 mb, up 35% versus the 2022/2023 marketing year. USDAs estimate is for a 26% increase. Soybean loadings were okay, slightly above what is needed to meet USDAs weekly average of about 16 mb/wk. Wheat's loadings were strong, exceeding the 18.2 mb/wk needed to meet USDAs estimate.

Export numbers really sucked today. Corn was only 12.8 mb, beans 11.2 mb, and wheat 3 mb.

Flash sales of 124,000 mt of soybeans were reported Tuesday, sold to unknowns. Wednesday, 254,000 mt of soybeans were sold to unknowns for the 2024/2025 marketing year.

**Corn:** We are looking for rains over Brazil's Safrinha crop acres to begin tapering off later next week, as their seasonal drought begins to set in. This will include rising temperatures. While it is raining, it is not raining enough to replenish depleted subsoil moisture. We wrote weeks ago that their soil moisture conditions are the driest on record. What is in "the tank", or we should say what is not in the tank, matters. Come pollination, when peak water demand hits, with little to no rainfall and higher to much higher temperatures, yields will be trimmed quickly.

Argentina's Rosario jumped their corn's P/VP rating to 32%, up 19% over the last 4 weeks. This is due to an extreme infestation of small grasshoppers, which they call leafhoppers. These little buggers are spreading a disease called Spiral Plasma, which is hammering their corn crop. Due to this disease, Rosario cut Argentina's corn production this morning from 57 mmt to 50.5 mmt, a cut of 6.5 mmt.

China has cancelled up to 4 to 5 cargoes of corn for June delivery from other nations. Chinese customs are limiting deliveries to bonded areas. They cancelled some Ukraine purchases.

Hail, up to 3" in diameter, hit Texas hard this week, with fairly broad coverage. We would like to know how many acres have been laid to waste and needs replanted. Smaller size and smaller amounts of hail reached across OK/LA/AR/MS/TN.

Ethanol production fell 1.6% last week, with stocks down 0.85%. Grind was 104.8 mb versus 102.5 mb needed weekly to meet USDAs 5.375 bb annual usage estimate. This is the 3<sup>rd</sup> consecutive week of record ethanol production.

HPAI continues to weigh on cattle prices. As of today, 17 states have restricted movement of cattle from any states which have reported this virus within their borders, fear weighing on cattle prices.

**Soybeans:** Soy harvest in Brazil is nearing 85% done, with rains slowing harvest and lowering quality in some areas.

Read an interesting article about U.S. soybeans being bought by the EU, crushed, with shipping the soyoil back to the U.S. That is a bunch of crap! Apparently, they can cash in on U.S. carbon and blender credits. That is also what keeps U.S. soyoil prices depressed, all while palm oil prices push higher. As much as 500k mt of soybeans have been sold to the EU, earning them significant financial gains from U.S. carbon and blender credits. This works for them, as the spread between U.S. and Brazil soybeans have narrowed to about \$0.30/bu. This has come about because Brazil soybean basis levels have been screaming higher. Brazil's soybean export premiums hit new highs this week against heavy producer selling.

**Wheat:** High winds off the Rockies, exceeding 80 mph, have been literally tearing up HRWW acres across KS, OK, and TX. Look for a lower G/E rating next week. Recent rainfall has been neglecting them, too. Since March 1<sup>st</sup>, rainfall deficits have been the greatest in the last 89 years to 123 years in KS and OK, with the least rain in 123 years in South Central KS and North Central OK. Northwest MN and NE North Dakota have been the driest in 121 years, with East Central South Dakota the driest in 101 years.

Russia's wheat areas are also drying out, along with warmer than normal temperatures. Another week of the same is forecasted. If the U.S. HRWW acres miss next week's forecasted showers and Russia continues with its drier/hotter trend, look for K.C. wheat to continue to print higher highs. K.C. wheat moved above its 50-day MA this week, the 3<sup>rd</sup> time since July 2023. Technicals are beginning to wave warning flags to those short K.C. wheat futures.

U.S. wheat export sales fell sharply last week, likely due to higher prices. If crop risks continue to increase, do buyers back away even more, playing the waiting game? Yes, if they have bought far enough ahead. If the trend of hotter and drier continues in the U.S. and Russia for more than a month, end-users should begin chasing for needs, adding to Fund buying. Remember, Funds are very short wheat. The first \$1.00 up comes very quickly when technicals tell them to cover. Stronger wheat prices would give some support to corn.

While wheat export sales died last week, overall sales of wheat have been surging to Asia.

**US Economy:** The CPI was out Wednesday. Not good. No June rate cut now! The CPI was up 0.4% versus 0.3% expected. YoY was 3.5% versus 3.4% expected. For February, it was 3.4%. Core inflation was 3.8%, negative to rate cuts. We expect zero rate cuts in 2024, leaning more toward rate hikes. 1 or 2 rate cuts are possible if the Fed bows to political pressure for another political bribe, like the illegal student loan forgiveness bribes to - "vote for me - I give you other's tax dollars".

CPI numbers over the last 3 Bidenomic years are all higher, with apparel 10.4%, wages 15.4%, new cars 19.3%, shelter 19.9%, food at home 20.6%, food away 21.2%, gasoline 23.8%, gas utilities 24.6%, electricity 28.1%, real home prices 31.3%, fuel oil 31.9%, and transportation 34.7%. You get what you vote for. With inflation heating up, gold acknowledges by reaching life-time highs, surging over \$130/oz over the last 8-days. Silver rose over \$4/oz, to the 2<sup>nd</sup> highest price in the last 3-years and the 3<sup>rd</sup> highest since 2013. Price action in precious metals screams inflation.

The Goldman Sachs Commodity Index (**GSCI**) is up 11% year-to-date (**YTD**), which gives grains considerably more room to catch up. This index is weighted heavily on energies, not grains. The Bloomberg Commodity Index (**BCI**) is weighted more toward grains. The BCI is only up 4%.

**Black Swan:** Building toward a Black Swan event in the Middle East. It will not take much of a miscalculation from Iran or the U.S. to quickly escalate hostilities. We know some are itching for this. We believe this administration would want to wait until closer to national elections to escalate, based on past actions. If this would occur, it would stoke inflation by accelerating the current upward rise in energy prices. This would push the inflation rate even higher. Going into elections, this would create exactly the opposite effect on the U.S. economy than what they need to help their cause. We can only go back to what Pres Obama said about not underestimating how Biden can muck things up. Really? All we can do is watch and learn but his track record is a tell all.