



November 08, 2024

#2151

LOOKING FORWARD WITH A BACKWARD GLANCE

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Current Sales:	<u>2024</u> sales:	<u>corn</u>	0%	<u>soybeans</u>	50%	<u>wheat</u>	50%
	<u>2025</u> sales:	<u>corn</u>	0%	<u>soybeans</u>	0%	<u>wheat</u>	0%

Sales Recommendations: No Sales. Trends in grains are higher. Expect volatility, as traders try to decide if they really want to get long. Sufficient supplies are a negative, but as we all know, once farmers close the bin doors, prying them open before January becomes a financial task for end-users, only done by raising prices, the board and/or the basis. Next MNU by November 17th.

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Veteran's Day: No Markets Monday.

Future Reports: Dec 10th, then **January 10**, 2025, USDA's Quarterly Report.

Technicals Plus: Corn and soybeans have moved above their 50- and 100-day moving averages. **Dec24 Corn** held support at \$4.10 this week. Last week we wrote, *"The better argument is that the converging, symmetrical triangle pattern corn is in will have corn breaking above \$4.154 resistance to begin next week. Such a move would take corn above its 100-day MA, with technicals then targeting 1) its recent high of \$4.34, followed by 2) its next target price of \$4.70."* That is what occurred. Today's high trade was \$4.346 and closed at \$4.31. Support will be found at the old resistance, which was \$4.22-\$4.24. Corn's next upside target on the upside \$4.40, with further upside objectives of \$4.62 and \$4.72. Seasonals are higher into January, meaning Funds will be buying breaks down to support. Last week, for **Jan25 Soybeans**, we wrote, *"That also tells us that when price clears \$10.00, it means something."* Also \$10.10 was major resistance, with 2 closes over that level technically important. That is what we got Thursday and Friday, with closes of \$10.262 and \$10.302, respectively. On the weekly chart, it argues that soybeans remain in a downtrend, where traders will sell rallies. It can also be argued on the weekly chart that soybeans have set their low and their seasonal uptrend will begin. Weekly charts are considered more reliable than are daily

charts, a longer-term view. Soybeans did breakout above its shorter-term downtrend, closing up \$0.362 for the week at \$10.302. Resistance will be found at \$10.40 to \$10.50, with today's high trade \$10.44. Next resistance is \$10.80 to \$10.85. **Dec24 K.C. Wheat** tested \$5.60 support today. If you look at the lows on September 20, October 28, and today, that makes a triple bottom. The old saying is that triple bottoms or tops are meant to be broken. The short-term trend is lower. Support is \$5.60, with resistance at \$5.80. Next support is \$5.50, followed by \$5.30 (**\$5.272**). A move above \$5.80 will take the price immediately to \$6.00, and then \$6.20.

November 08th, 2024 USDA Grain Stocks Report:

<u>U.S. Production 2024/2025</u>	<u>Average Guesses</u>	<u>Oct 2024</u>	<u>2023/2024</u>
Corn – 15.143 bb	15.179 bb	15.203 bb	15.341 bb
Soybeans – 4.461 bb	4.553 bb	4.582 bb	4.162 bb

<u>U.S. Avg Yield (bpa) 2023/2024</u>	<u>Average Guesses</u>	<u>Oct 2024</u>	<u>2023-2024</u>
Corn – 183.1	183.7	183.8	177.3
Soybeans – 51.7	52.8	53.1	50.6

<u>U.S. Harvest Acres 2024/2025</u> (Million Acres)	<u>Average Guesses</u>	<u>Oct 2024</u>	<u>2023/2024</u>
Corn – 82.7	87.1	82.7	86.5
Soybeans – 86.3	86.2	86.3	82.3

<u>U.S. Ending Stocks 2024/2025</u>	<u>Average Guesses</u>	<u>Oct 2024</u>
Corn – 1.938 bb	1.921 bb	1.999 bb
Soybeans – 0.470 bb	0.535 bb	0.550 bb
Wheat – 0.815 bb	0.812 bb	0.812 bb

<u>World Ending Stocks 2023/2024</u>	<u>Average Guess</u>	<u>Oct 2024</u>
Corn – 314.2 mmt	312.5 mmt	312.7 mmt
Beans – 112.4 mmt	112.3 mmt	112.4 mmt
Wheat – 266.3 mmt	266.2 mmt	266.2 mmt

<u>World Ending Stocks 2024/2025</u>	<u>Average Guess</u>	<u>Oct 2024</u>
Corn – 304.1 mmt	305.9 mmt	306.5 mmt
Beans – 131.7 mmt	134.7 mmt	134.7 mmt
Wheat – 257.6 mmt	256.8 mmt	257.7 mmt

USDA's Numbers: The surprise this time was the USDA lowering soybean production by 121 mb, while corn production was lowered by 60 mb. Soybean yield was cut to 51.7 bpa, down a surprising 1.4 bpa from October. Corn production was cut 0.7 bpa. We argued that we should see some cut in production from the last weeks of harvest being too dry, creating harvest losses

and super low moisture levels in both crops. There is no way they can account for all of this in this month's data, so expect another reduction in January's quarterly report.

All that took soybean's carryover stocks down from October's 550 mb to 470 mb, a sweet reduction of 80 mb. To keep stocks up since production was cut, the USDA reduced crush by 15 mb and exports by 25 mb, setting the farmgate price at \$10.80. Should that mean the board price will need to average many days above \$11.50 to get that \$10.80 average price?

In an unusual (**non**) move, the USDA left all the demand numbers unchanged for feed and residual, ethanol use, and domestic use.

News Bites: OPEC delayed its plans to increase crude oil production. That jumped crude by \$2/bl. China's pivot away from U.S. farm imports bolsters it against trade war risks. From 2019, China's ag imports from the U.S. were 16B, 25B, 41B, 43B, 34B, and for 2024, 22B.

China announced the expected \$1.4T stimulus this week. It is not expected to be enough to get their country moving forward to the extent they would prefer.

Brazil soybean plantings have leaped ahead of their 5-year average. South American weather has allowed Brazil's soybean plantings to reach over 80% complete in Mato Grosso and 53% for all of Brazil.

Brazil's rains have not had as good coverage as they would like. They see things turning drier in 2 weeks, which may raise some concern.

Corn and soybean harvest both hit 91% complete last Monday. WW plantings were reported at 87% done, 9% behind last year. Corn harvest has been the fastest since 2012. Soybeans' harvest pace has been the fastest since 2005, but tied with the 2022 harvest pace.

The USD jumped up 1.8% Wednesday, in response to Trump's re-election victory and is negative to U.S. exports. If China is worried about possible tariffs on soybeans, they would get a jump on purchases over the next 2 months. Was that the reason for soybeans' huge leap in price Wednesday and Thursday?

The USDA is guessing at acres for next year, placing corn up to 92 m vs this year's 90.7 m. Beans are guessed down to 85 m, from 87.1 m this year. Wheat is guessed near unchanged at 46 m. We noticed they were all rounded, no tenths. Total combined acres, based on USDA's guesses, would be a 3-year low.

Flash/Export Sales/Loadings: Monday saw Flash sales of 150k mt of corn to Mexico, 120k mt to Unknowns, and 132k mt of soybeans to Unknowns. Reported Tuesday was 124k mt of corn to unknowns. Then Friday, 132k mt of soybeans were reported sold to Unknowns, with 107k mt to China. To close out the week, 200.48k mt of corn was sold to Unknowns.

Soybean exports clocked in at 74.9 mb, which was very good. China took 1.22 mmt of that amount. Soyoil sales of 114.3k mt were a 12-year high for any week, with buyers being India, Columbia, Dominican Republic, and Algeria, among others. Soybean loadings always lead corn at this time of year, taking precedence over corn. Loaded out were 89.1 mb, above the 33.4 mb needed weekly to meet the total estimate of 1.850 bb by the USDA. Total commitments are now at 1.040 bb, up 17% from a year ago. **Wheat** is running 18% over a year ago.

Corn exports hit a massive 108.9 mb last week, with loadings of 36.1 mb, below the 46.8 mb needed to meet USDA's total of 2.325 bb. Mexico was the largest buyer taking 1.4 mmt and Unknowns taking 674 mmt. Corn sales are running 48% above last year versus the USDA's estimate of 1.4%! We are only 2 months into this marketing year and these sales could be front-end loaded, due to the extreme value offered today. But it is a good reason for the USDA to increase its demand for corn, lowering carryover stock in the coming months.

Loadings for corn YoY are up 33.7%, for soybeans 3.5%, and for wheat, 34.7%.

Ethanol production jumped last week, posting the 2nd largest production number, over 1.1 m bls in 2024 and landing in the Top 10 in history of bushels ground.

Soybeans: Beans' greatest support has been coming from palm oil, which keeps printing new highs. Today, palm posted its highest close in 4 months, moving up 3% just today. A 3% move in soybeans would be \$0.30/bu. Export sales for soybean oil are up 823% over last year!! Soyoil has reached a major technical target, which would strongly suggest profit taking next week. Also, soybean meal has been beating a significant support at \$295 and has failed to close above \$300 this week. Either a major low is forming, or meal is getting ready to break lower. With a likely short-term top in place for soyoil and the consistent spreading that takes place between meal and soyoil, spreaders should flip their positions, selling oil and buying meal.

Some Big Buying took place this week in soybeans, with Jan24 moving from a low of \$9.82 on Wednesday, to a high of \$10.44 today, up over \$0.60 in just 3-days. Somebody took a massively bold position, was on the wrong side of the market and was forced out, or some Big Buyer stepped in to grab needed bushels before tariffs went on? One could surmise that there were some big purchases, which move prices before the actual data is released.

NOPA crush for September was 187 mb, a new record and up 12% over August. Soyoil stocks fell over 10% from September 2023.

U.S. soybean sales to China and Unknowns are up 8% on the year but account for only 65% of total sales. That is a 16-year low, if one were to exclude the trade war years of 2018 and 2019. Last year the U.S. was at 71%.

Soybeans ESU ratio is 33.4%, its highest number in 24-years!

Corn: September corn ground for ethanol was 440 mb, up 2.7% from last year versus USDA's estimate of down 0.4%, giving the USDA reason to increase demand and decrease corn's carryover stocks.

The USDA says U.S. producers will hit the magic 200 bpa by 2034! We note that USDA's trendline yield projection, published 10-years ago, would have a trend yield for 2024 at 185.3 bpa.

Confusion is where the USDA has a bigger corn crop, lower prices, and their export projections of 2.275 bb for 2025/2026 are lower than this year, which are 2.325 bb.

StoneX puts Brazil's 2025/2025 1st corn crop at 24.88 mmt and their 2nd, or Safrinha corn crop at 101.5 mmt. Combined corn crops are seen at 128.53 mmt.

Wheat: Rains have continued and have expanded this week, covering nearly 100% of the HRWW acres in the U.S. This will keep pressure on wheat prices, until seasonals can take over and/or prices reach a level where Funds believe there is too much risk in pressing the downside any further.

While KS, CO, OK, and TX wheat acres are being well watered, wheat acres in SD, western ND, the NW half of NE, and the NW 2/3rds of MN, can only sit and watch, with these areas having seen very little precipitation for several months.