December 13, 2024 **#2157**

LOOKING FORWARD WITH A BACKWARD GLANCE

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Current Sales:	**2024** sales:	**corn**	0%	**soybeans**	50%	**wheat**	50%
	2025 sales:	**corn**	0%	**soybeans**	0%	**wheat**	0%

Sales Recommendations: No Sales, except for below what will be found under ***"Be On Edge".*** We texted early today, ***"We recommend managing the downside risk on all unpriced soybeans by buying puts."*** We issued that text because we feared soybeans would break its shallow uptrend line and move below its previous low of $9.884. Price did break lower, trading down to $9.86 and posting its lowest close since December 4^{th}. Price action says prices will trade lower on Monday and will test $9.80 next.

Many advisors made sale recommendations for corn at $4.50 this week. We refused, as higher technical objectives lie ahead. Thus, we are buying breaks in price. If you grab a hot basis for corn, taking the cash price, re-own on breaks, such as what we saw to close out this week.

Corn and wheat continue to trend higher. The trend remains sideways to lower for soybeans, until such time as Jan25 can produce 2 consecutive closes above $10.00, and then above $10.15. See additional thoughts and some pricing and risk management options under ***"Be On Edge".*** **Next MNU by December 22^{nd}.**

Be On Edge: Soybean fundamentals don't give hope. An average South American crop kills hope. We can only hope Trump tariffs all imports of vegoil type products that would compete against U.S. produced soybean oil. We can't market hope. We must cover our assets with puts should soybeans break below support.

In early July we wrote, ***"Price 100% of all remaining old crop soybeans ASAP. Price 50% of all new soybean crop production. We will consider re-owning these sales later during harvest."*** Two thoughts on this. Like all farmers would say, I wish we would have sold more. During that time, prices were over $11.00. Second, the market has not given any reason to re-own. Third, the potential of price saving tariffs from Trump are over a month away and until then, all we have is talk and hope. Trump was not ethanol's friend in his 1^{st} term. Do we hope he is our savior for our soybean prices this term? Fool me once? Come inauguration, Brazil will be harvesting soybeans. By inauguration, with no weather issues in South America, most all hope will be gone. Charts strongly suggest prices are turning higher, plus Funds remain short. We hope the charts are right? Fundamentals are scary negative and with each passing day where no weather issues hit South American production, scary grows a tad bit more. Soon, all hope may be lost. Puts are less expensive in a rising market. $9.75 is key support. We have written that $8.50 is in the cards with "normal" production in South America. Argentina's soybean crop does not matter in the Big Picture if Brazil's crop is good. Two months ago, we recommended not to pay for storage. Take the best basis possible and price those soybeans and wait until the market gives a reason to re-own. Still waiting for a reason. So, for any remaining soybeans you may have on-hand, the same recommendation applies. Don't be paying for storage. A good basis should always be taken to the bank. It is far less costly to re-own past sales than to carry and/or store the product. One needs to contemplate buying puts to protect the downside. That risk continues to grow with each passing day. Jan25 soybeans have a shallow uptrend off their series of higher lows. It would be prudent to buy puts against all unpriced soybeans if this uptrend line is broken or 2) grab the best basis you can and re-own those sales when the market gives a reason. Right now, it's a waiting game. Will the price break above $10.00 and continue the uptrend or will the price fail. Soybeans remain in a downtrend, with trendline resistance running through $10.08.

TZC: The 2025 Target Zone Charts & Summary Analysis was sent out on December 5th.

See 247Ag on X: See our weather posts, comments, market trends, global events, and other Ag related, market moving data at: https://twitter.com/247dotAg

Future Reports: **January 10**, 2025, the USDA's Quarterly Report, followed by Feb. 11, Mar. 11, Mar 31, Apr 10, May 12, June 12, June 30, July 11, Aug. 12, Sept 12, Sept 30, Oct. 9, Nov. 10, Dec. 9, and Monday, Jan. 12, 2026.

Technicals Plus: The next upside objective for **Mar25 Corn** is $4.72, preceded by resistance from $4.58 to $4.60. ***(Just reached the $4.50 objective.)*** Corn remains in an uptrend, with support at $4.40. If corn stays within its current channel, for this week, its next upside resistance level is $4.72. This resistance line raises a bit less than 1c/day this month. Producers will be making sales around the round numbers of $4.50, $4.60, and $4.70, which creates buying opportunities for Funds. Our Subscribers will not, unless they do because of a great basis or cash flow needs. Look at the 6-month chart and you will see an ascending wedge, which began on the low at $4.036 on August 26th. The top side of this wedge is resistance, which is $4.50, and was tagged on October 2 and again this week. Wedge support is $4.31 next week and if price breaks out of this wedge this month, the upside projection would be $5.20. Fund buying continues in corn, but producers selling at or near $4.50 this week, overwhelmed the Fund buying, creating the technical retracement prices saw this week. ***Corn's trend remains higher.***

Jan25 Soybeans have been posting higher lows since November 22, beginning from $9.75. Price has touched, or moved through $10.00 three times since, **but has never been able to close above**. Its 20-day MA support rests at $9.906 today, with its 50-day MA resistance at $9.984. Today, price closed lower at $9.882, closed below its 100-day MA, and posted a hook-reversal lower on the weekly chart, which points to price falling and testing the $9.76 level. Fundamentals do not support a price move above $10.00 and it appears to us, the path of least resistance is lower. Soybeans' longer-term trend remains lower. **Jan25 Soybean Meal** printed new contract lows today, very negative. **Jan25 Soyoil** has begun an uptrend, but struggled mightily this week, as it retraced last week's gains.

Mar25 K.C. Wheat had a great rally off its low of $5.35, up to $5.70 resistance this week, reaching $5.712, before profit taking set in and price falling into today's close at $5.57. A 50% retracement of this rally would be $5.53. Breaks usually last 3 days, suggesting Monday would set at least a short-term low, before prices move back higher. Wheat continues within a longer-term downtrend.

News Bites: Brazil's soybean plantings have made it up to 95%, up 4% from last week and above last year's pace of 91%.

New guesstimates: CONAB says 166.2 mmt of soybeans for Brazil, with the USDA higher at 169 mmt. More estimates move over 170 mmt this week. Global soybean stocks sit at an ESU ratio of 32.75%, *the 2nd most bearish stocks number on record*, only beaten by 2018/2019 ESU ratio of 33.05%. While demand is hot, there is no shortage of soybeans. How can soybeans move above $10.00 on increasing yield expectations out of Brazil. Weather forecasts remain benign for Brazil, with drought risks beginning to increase for Argentina.

Global ending stocks for soybeans for 2022/2023 were 101 mmt. For 2023/2024 they were 112 mmt. Projections for 2024/2025 rest at 132 mmt, up nearly 20 mmt.

A group ran cost-of-production numbers for soybeans and came up with needing $11.75/bu to break even. Soybeans' cash price will not reach that level without a big hurt being placed on South America's soybean crops real quick.

The other choice is to trust Trump to do U.S. soybean producers right and stop any and all vegoil imports. Trump did not support U.S. corn producers right during his 1st term. He was for Big Oil. Big Oil makes Big Money from supplying aviation fuel. Did Big Oil help finance Trump's campaign? Should we hold onto hope that Trump will do something different this time?

Overall commodity prices are working higher, off major support, which should see investors coming into grains, and hopefully soybeans. China is expected to put together another stimulus package, which should also support soybeans, commodities. The same trends in open interest have corrected to support and should rally, going into 2025. If stocks pull back, Funds will be looking at those markets most undervalued, which would be grains.

South American Weather: Waiting for any signs of drought. Some showing up in northern Brazil and in Argentina. Like last year, it is too wet again in southern Brazil. In fact, they look to be headed for their 2nd wettest season. The odds for crop losses in Brazil from too much rain is 20%, and only 5% from drought. Interesting, because Brazil is slowly growing drier over the past years and recent crop losses over the past 5-year period have been from drought.

Flash/Loadings/Exports: They are slowing down. Flash sales showed up on Thursday and Friday, with 334k mt and 200k mt of beans to Unknowns, respectively. Corn export sales for last week were 43 mb, down 49% from the previous week and down 42% from the 4-week average. Loadings were 46.4 mb, below the 51.3 mb needed to meet estimates. To date, corn's export program is the 2nd largest on record for this decade, only surpassed by 2020/2021. Corn loadings are running at the 3rd best in 10-years. Corn's ESUR is 11.44% versus 11.76 last year and the 3rd lowest since 2013/2014. Soybean export sales for last week were 37 mb, down 45% from the previous week and down 32% from the 4-week average. Loadings were flying at 68.3 mb, above the 26.7 mb needed to meet estimates. The more they can get out the door, the less buyers can cancel later. Wheat export sales for last week were 11 mb, down 23% from the previous week and down 31% from the 4-week average. Loadings were 7.3 mb, below the 17.2 mb needed to meet estimates.

Corn: Falling U.S. corn stocks have drawn them down to only being "adequate". Call the trade neutral, which places more risk to Funds shorting corn, knowing that the coming Safrinha crop is the next in line to meet demand. Risks to production of that crop will cause Funds to hedge that risk in futures, driving U.S. prices higher and bringing more demand to our shores. If this La Nina's effect doesn't lower South America's soybean production much, the risks it presents should be felt by Brazil and Argentina's corn crops.

We have often spoken about wheat exporting nations versus wheat producing nations. We have never talked about corn exporting nations and their stocks-to-use ratio (ESUR). We have often stated that the Top Corn exporting countries, in order, are the U.S. at 25.9%, Brazil 25.7%, Argentina 10.7%, then Ukraine at 10.7%. But based on production and their stocks, what's going on with that?

The ESUR for corn stocks amongst the Top 4 major world exporters is 9.4% for 2024/2025. Take the U.S. stock away and amongst the remaining Top 3 and it's 3%. That is the lowest ESUR for those 3 nations combined since the 1980's.

Soybeans: Apparently, due to Brazil experiencing maybe the driest soils ever entering this growing season, even with all the recent rains, Brazil's vegetative growth for all of Brazil is as poor as it was when matched up the previous 5 worst drought years; 2012, 2015, 2018, 2020, and 2023. We just wrote about how Brazil's weather has been trending drier. Interesting how many years in the last 12 that Brazil has seen production losses from drought. Wonder if the constant clearing of their rainforest is causing them long-term climatic changes? We know building and enlarging cities does the same.

Wheat: We expect wheat prices to very slowly work higher through the winter, as Russia has begun limiting exports. U.S. prices need to stay at or below world prices, in order to get the sales of U.S. wheat needed to lower U.S. stocks.

Risks remain to global productions. Vegetative health for Russian WW is the 2nd worst in over 25 years, with only their 2000 production being rated lower.