December 09, 2022 **#2029**

LOOKING FORWARD WITH A BACKWARD GLANCE

Grain Sales Recommendations: No Sales. Next MNU by December 18th.

Current Sales:	**2022** sales:	**corn**	10%	**soybeans**	50% - 100%	**wheat**	75%
	2023 sales:	**corn**	0%	**soybeans**	0%	**wheat**	40%

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Technicals Plus: **Mar23 Corn** filled its open gap this week at $6.28, traded down to $6.35, and closed today at $6.406. Price touched our $6.31 to $6.35 support zone. Corn will find resistance every $0.10 higher, $6.50, $6.60, $6.70. Soon the Bears will get tired of hearing all the same bearish news, just like the Bulls got tired of hearing all the same bullish news. Now the market needs new news to heat things up. That could come from Argentina, as if there is no change in weather, production cuts will begin. We see little change the balance of this month, with little change likely into January. The USDA could have made a cut in production today, but as usual, punted. Argentina already sees less acres due to dryness, and less yield potential. After holding $14.25 Monday last week, **Jan23 Soybeans** held $14.25 again last Friday when tested, before rising to trade over $14.90 this week, closing today at $14.836. Meal is the big winner, rallying over $65/t in the last 8-days and closing at $471.60. today. Meal's momentum is slowing, which should support spread traders to take profits from buying meal and selling soybean oil. Drought in Argentina and their Peso incentives to get producers to move soybeans, has shook loose those beans that will be moved for a while, removing whatever bearishness was in the market from available soybeans from Argentina. China thought they would get some of those beans, but the 2nd dump stayed with Argentina's crushers, pushing China to the U.S. with numerous flash sale announcements this week. That will give the market big numbers in next week's data dumps. **Mar22 KC Wheat** hit the pooper again this week, falling over $0.50/bu, touching $8.216 on Tuesday, before closing out trade at $8.33. Significant support rests at $8.25, though price ran stops under that price on August 18, getting down to $8.116, with price closing back above $8.25 the next day. Price can raise to $9.00 resistance and still remain in a downtrend. We look for wheat to base from $8.00 to $8.25.

December 09th, 2022 USDA Grain Stocks Report:

U.S. Ending Stocks 2022/2023	**Average Guesses**	**Nov**

Corn –	1.257 bb	1.241 bb	1.182 bb
Soybeans –	0.220 bb	0.236 bb	0.220 bb
Wheat –	0.571 bb	0.578 bb	0.571 bb

World Ending Stocks 2021/2022		**Average Guess**	**Nov**
Corn –	307.1 mmt	307.7 mmt	307.0 mmt
Beans –	95.6 mmt	94.7 mmt	92.4 mmt
Wheat –	276.3 mmt	276.3 mmt	276.3 mmt

World Ending Stocks 2022/2023		**Average Guess**	**Nov**
Corn –	298.4 mmt	300.9 mmt	300.8 mmt
Beans –	102.7 mmt	102.2 mmt	102.2 mmt
Wheat –	267.3 mmt	267.0 mmt	267.8 mmt

USDAs Numbers: As is normal for a December report, not much here. Soybeans and wheat were left unchanged. **Corn's** export demand was cut 75 mb, which directly passed through and raised carryover stocks by the same. But from the average trade guess, 2022/2023 corn stocks were raised only 6 mb, making this report a real yawner. Corn's average farmgate price was lowered $0.10 to $6.70. As a rule of thumb in an average year from the USDAs average farmgate price, the board price for corn can trade in a range from $1.00/bu below or above this number. All **Soybean** numbers were left unchanged, with the national average farmgate price at $14.00/bu. **Wheat** saw the most changes globally, though minor. U.S. wheat numbers were left unchanged, with its average farmgate price lowered $0.10 to $9.10/bu. World wheat stocks came in a bit lower, as did global production. Australia's wheat crop was increased to 36.6 mmt from 34.5. Russia's and Ukraine wheat crops were left unchanged from last month's numbers. Their wheat exports were increased, Russia's from 42 mmt to 43 and Ukraine's from 11 mmt to 12.5.

Corn: Despite demand concerns, average corn basis is best in over 20-years. For this time of year, best we can remember. An expert retort, it is a mystery. Maybe supplies are tighter than we think? Dah?!! Mexico is considering delaying their non-GMO requirements for U.S. corn to 2025. If they work through this, U.S. growers can provide for their needs, given time, logistics, and sufficient incentives/profits to do so. Argentina's corn crop was rated 18% G/E today, down from 85% last year. Total acres are already being reduced from such dry conditions. Argentina's corn crop is reported to be 33% planted, down from its 5-year average of 47%. Corn is moving contra-seasonal. Seasonally, one can buy corn in mid-November, sell it on January 4th, and generate a profit near 89% of the time. Ethanol price has fallen to $2.115/gal and lessening demand and the lowest price since February. Gasoline demand is down 6% from a year ago last week. Ethanol production jumped last week, up nearly 6%, with corn ground 108.25 mb versus needing to use 101.8 mb to meet USDAs numbers. Brazil corn for December is 8% cheaper than that of U.S. corn and 3% cheaper for January. Corn is seeing deliveries, with it total at 1,586 on Thursday. Three key reads on real corn fundamentals are cash, futures spreads, and basis. All continue to show a more bullish supply and demand situation than a year ago.

Soybeans: Beans are the most interesting market in December. Good to great exports and loadings. Crush premiums have fallen to only $3.05/bu, which is still historically high. Meal prices in the U.S. and China have put in contract highs several days in a row. EPA hit the soyoil market by writing, "EPA is also seeking comment on how this rule can intersect with continued viability of domestic oil refining assets, including merchant refineries." What they are saying is the EPA is wondering out loud if policy for biofuels should also be considering the impending death of the refining industry. This was "unnerving" language on whether the EPA may give some, limited, or full support to sustainable aviation fuel as it wants public input. Soybean crush expansions have reached 18 plants needing 689 mb. At 52 bpa, that would require an additional 13+ ma. So up from 90 ma to 103 ma. Is that even possible? Some suggest the U.S. would not be able to export a single whole bean, everything would stay in house, with exports being only of meal and soyoil. One ran the numbers and came up with needing an additional 10.5 ma. CoBank's calculations said soybean exports would have to end, needing an additional 17.9 ma. U.S. Wheat Associates wondered if wheat could coexist with the dramatic increase in demand for oilseeds. They saw soybean acres increasing from 20 m to 25 m. We wonder about corn acres, ethanol, DDGs and soybean meal, and how all these markets would be affected, as they are all intertwined. U.S. soybean acres currently under some degree of drought have risen to about 68%.

Wheat: Not much to say about wheat. Interest in owning KC wheat has fallen to a 9-year low, setting up for end-user buying. But with the holiday, they will be passive. U.S. and global supplies are historically tight, with this fall's HRWW crop dealing with what we believe are the driest soil conditions they have ever experienced at this time of year. They say wheat's fall G/E conditions do not matter or are not related to final yield when reviewing history. But, when compared to the next worst fall moisture conditions, that crop ended up being one of the worst. Think about how crop losses due to drought start. Soils 1st must dry out and subsoil moisture levels depleted. Once there, crops cannot produce unless rainfall becomes normal and reliable. Generally, when soils are so dry, it is very difficult to get general rains. Dry begets dry. Australia's wheat crop was upped to 36.6 mmt versus the USDA at 34.5. Too much rain may have reduced 25% of their crop to feed wheat. Argentina's wheat crop is 23% harvested, with 9% rated G/E and last year at 65%. USDA has their production at 15.5 mmt, with others at or below 12.4 mmt.

Brazil/Argentina: From November 1, Jan23 soybeans moved from $13.80 to $14.92 on Thursday, while all the time market chatter has been hammering about what a great crop Brazil is going to have 28 to 30 mmt more than last year. What if they would just shut up? Soybean meal has put in new contract highs for the 4th consecutive day. Constant spreading continues, with the trade buying meal, selling soyoil. When meal stops rising, looking for spreaders to flip, selling meal and buying soyoil. Soyoil is nearing significant support and meal's momentum is beginning to ebb. It is up from $407/t to $468/t in the last 7-trading days.

Talk is the drought in Argentina is lifting U.S. prices. Argy offered their Peso's for soybeans deal to producers again, to get them to let loose more soybeans. China was looking to grab them, but as suspected, those beans are staying put for crushing, and then for exporting. That is what likely caused China and Unknown China to come in this week in Flash Sales, making purchases this week of 130k mt, 264k, 264k, 118k, and 718k. Those will show up in next Thursday's numbers. That will be a big one. Sell the fact on the jump next Thursday, when released.

ESG: **A major win against wokeness/stupid.** Vanguard quit the Climate Alliance Agreement with Net Zero Asset Managers (NZAM) initiative. **Vanguard is the world's 2nd largest asset manager**, who just told NZAM to stick it where the sun does not shine. NZAM is an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2025. **NZAM joined 13 state attorneys general** in filing a complaint against Vanguard with the **Federal Energy Regulatory Commission**, charging the firm with violating its agreement to control the utility company shares too passively. In other words, they were not being adequately aggressive in meeting their stated goals. Read this again to see that they are already working in our state governments to force this radically stupid agenda down the throats of consumers through backdoor channels. These companies manage your money, your retirement dollars. If they sign onto this, which most have, they none-the-less, still have a fiduciary duty to earn you the highest and best returns on your money. Following ESG, they cannot invest in fossil fuels, yet investments in the oil patch are generating some of the highest returns available. Florida and Texas are pulling all their pension funds from Black Rock due to their involvement in ESG. Investment groups that follow NZAM or any ESG policies or recommendations, can be sued for failing their fiduciary duties to their clients. **All should check with those who oversea your retirement portfolio to see if they are managing your dollars properly.**