



April 11, 2023

#2048

LOOKING FORWARD WITH A BACKWARD GLANCE

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Grain Sales Recommendations: Fundamentally and geopolitically, we remain longer-term bullish grains through the 1st half of 2024, minimum. Weather trends will dictate necessary grain sales. Expecting to recommend pricing all remaining old crop grain in the June/July timeframe, as well as all necessary pre-sales of 2023 production. Next MNU by April 23rd.

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

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Technicals Plus: **July23 Corn** tested \$6.20 support Friday, then posted a key reversal higher yesterday, a bullish technical indicator, closing at \$6.304. Today, the USDA worked to manage prices by not making many if any significant changes to corn or soybeans stocks, though they had reasons to do so. Today's price action showed well, with price finding support at \$6.24. Need price to confirm a short-term trend higher by closing over today's high of \$6.34. **July23 Soybeans** have found support at \$14.60, having traded below that price Friday and Monday, but closed above both days. Today's low was \$14.602. Price closed higher today at \$14.712, which is positive. Support is now \$14.60, with its next barrier sitting at \$15.00. Brazil's extra-large crop has been traded for months and soybeans \$1.50+ break in price help correct an overbought situation. If the price closes below \$14.60, it confirms the trade will be selling rallies until market conditions dictate otherwise. Prices closing above \$15.00 tells us soybeans' work to ration demand in the U.S. is not done. **July23 Soybean Meal** remains in a sideways trading range. Price needs to close above \$462/t to move price into a short-term uptrend. Major support rests at \$435/t. **July23 Soyoil** is struggling to lift off its lows. Price needs to close over \$57.00 to get its trend up. **Crude** closing over \$82.40 today will turn its trend higher, with the open gap pointing prices to \$90.00/bl, which would be bullish soyoil. **K.C. July23 Wheat** did not get a lift today, closing down at \$8.50. Support sits at \$8.40, with a close over \$8.70 needed to ignite a move back to resistance at \$8.90. Dryness in the HRWW area will continue to support prices, while any rains will be seen as bearish. Teasing rains would cause prices to fall to support, offering a buying opportunity if no substantial rains were to follow.

April 11th, USDA Grain Stocks Report:

<u>U.S. Ending Stocks 2022/2023</u>	<u>April</u>	<u>Average Guesses</u>	<u>March 2023</u>
Corn –	1.342 bb	1.316 bb	1.342 bb
Soybeans –	0.210 bb	0.201 bb	0.210 bb
Wheat –	0.598 bb	0.581 bb	0.568 bb

<u>World Ending Stocks 2022/2023</u>	<u>March</u>	<u>Average Guess</u>	<u>March 2023</u>	<u>2021/2022</u>
Corn –	295.4 mmt	295.1 mmt	296.5 mmt	305.7 mmt
Beans –	100.3 mmt	98.6 mmt	100.0 mmt	99.0 mmt
Wheat –	265.1 mmt	267.1 mmt	267.2 mmt	271.5 mmt

<u>World Production (mmt)</u>	<u>April</u>	<u>Average Guess</u>	<u>March 2023</u>	<u>2021/2022</u>
<u>Corn</u>				
Argentina	37.0 mmt	37.0 mmt	40.00 mmt	49.5 mmt
Brazil	125.0 mmt	126.4 mmt	125.00 mmt	116.0 mmt
<u>Soybeans</u>				
Argentina	27.0 mmt	29.0 mmt	33.0 mmt	43.9 mmt
Brazil	154.0 mmt	153.6 mmt	153.00 mmt	129.5 mmt

USDA's Numbers: Remember for future use, the USDAs April WASDE report is generally a BS report. Their March 31st 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 stocks number they cannot go below until September, when it does not matter? They say their May report will have more to chew through than this report but that is because that is their 1st report of the year where they project yield and production for corn and soybeans. That is where they get to go 52.5 bpa on soybeans and 181.5 bpa for corn on the acres, giving another negative push to prices. For global soybeans stocks, they were increased by 0.28 mmt, while global production was reduced by 5.5 mmt. That makes total sense. Total global stocks should always rise when total global production falls. Falling production against increasing demand raises prices, which reduces demand and increases stocks. The USDA left the average farmgate price for soybeans unchanged at \$14.30/bu.

For corn, exports and corn used for ethanol were left unchanged, with seed/industrial use and imports both lowered 10 mb, which allowed the USDA to leave ending stocks unchanged. Average farmgate price was left unchanged at \$6.60/bu. Global stocks for corn were increased by 1.22 mmt, with total global corn production down 3.02 mmt. That addition works great for price management.

Like the other 2 grains, the USDA was able to increase U.S. wheat ending stocks for the 2022-2023 marketing year to 598 mb, which is still the lowest ending-stocks number in 9-years. As a bit of a surprise and breaking from their trend, they reduced global stocks from 267.20 mmt to 265.05 mmt. We liked that the USDA cut Ukraine's ending stocks from 4.17 mmt to 3.34 mmt. The USDA's average farmgate price for wheat was lowered to \$8.90/bu from \$9.00/bu.

Corn: The first report on corn plantings was issued Monday, with corn plantings estimated at 3% complete versus a trade estimate of 5%.

Monday's inspections saw 31.7 mb loaded. That was on the low end. Of that, China took 8.2 mb.

Soybeans: Inspections for soybeans saw 24.6 mb loaded, which was very good. China took 10.6 mb of that total. Brazil's soybean harvest is 82% complete.

U.S. renewable diesel production has tripled from 2019 to 2022, hitting 1.49 bg. The U.S. government was the main driver, offering federal incentives. This is tied to the government's misplaced desire to control what they call climate change. Taking food for energy increases food prices. In this case, it lifts vegetable oil prices and increases palm oil production, which is seen as increasing deforestation.

Wheat: U.S. spring wheat (SW) plantings were seen 1% complete versus a trade estimate of 2% and versus its 5-year average of 4%. WW conditions were placed at 37% P/VP, with Kansas at 61%. Winter wheat's index score was 276, the lowest on record.

Wheat inspections were weak at 12.3 mb. Need to see them nearer 18 mb.

Extended forecasts for the Dakota's and Minnesota have cooler and a bit wetter for the weekend and into next week, increasing the chances of the MN wheat futures rising due to a decrease in acres.