

## EVENING GRAIN COMMENTARY

**Corn:** After a big rally last Friday, CZ has spent the majority of this week on the defensive. That was the case today as CZ went out in a last tick low tick kind of fashion. This poor close sets the stage for CZ to take out last week's lows at the 468 level and set the stage for a potential move in the spot month t458 support area. While still early, thoughts are growing that this late in the Brazilian bean planting season might mean some acres will slip to corn or cotton as farmers wait for improved weather. Farmer wait for improved weather, but little improvement expected in the next 10-14 days. Cash basis at the gulf had a steady feel to it.

### Why Corn is a buy:

- The Great Eric Snodgrass is looking for N. Brazilian temps in the next 10-14 days will run 5-7 degrees above normal...5-7 degrees above Celsius that is
- China economic woes continue [A weakened China badly needs détente with the West \(msn.com\)](#)

### Why Corn is a sell:

- Sugar values look topy
- Today's lost bean acre because of dryness in Brazil could be tomorrow's found corn acre???

The question of the day, do central banks talk. And if they do talk, do they act in sink at times? The surprise to start the day was the move the Aussie Central bank raised interest rates. The market ended last week thinking that the US central Bank was indeed at the cusp of a pause. But given this surprise move maybe we should take the US central bankers at their words in that they are going to let data dictate action. This means next week's CPI/PPI numbers will be closely parsed.

**Beans:** Beans caught an early day rally on rumors that in the last 24-hours China bot over 350,000 MT of US beans. Rumors went on to suggest that both the PNW and Gulf were involved with the sales. It is of note that gulf bids were up over 7-cents. That bull spreads were working in both beans and meal. But it was not all good news for the bull. Market bears pointing out that yes, SF made a new move high for the week, but a lack of follow through meant SF are still unable to close through the Fibonacci minor resistance point at the 1366ish level. Sometimes rallies are like walking upstairs, one step at a time. Before 14-dollar bean bulls can have their moment, they first need to close SF over the 1366 area.

### Why Beans are a buy

- USDA reported private sale of 110,000 metric tons of soybeans for delivery to China during the 2023/2024 marketing year -QT
- The latest report from the USDA attaché in China expects 2023/24 marketing year soybean imports at 100.0 mln mt, that's up from their previous estimate at 98.5 mln mt. -QT

### Why Beans are a sell:

- Bird Flu [Nearly 1 million chickens culled at one Minnesota egg producer due to bird flu \(startribune.com\)](#)
- Fed Gov Waller Tuesday morning said for Americans that believe prices will return to earlier levels, "that isn't going to happen" -QT

But can it last the...Beans were lower overnight, but during the N. America session rallied back. The rally on ideas bean demand from the Pac Rim could pick up if we start to see a real hiccup in Brazilian crop production potential. Of note from the great Dr. Cordonnier: Dr. C has for the 5-major producing countries of S. America total bean production at 226.3...USDA in Oct had the 5-country total at 227.0...best case max S. American

production for Dr. C at 230.3...according to Dr. C, worst case 208.5 MMT...the bulls start the week keeping the market focused on worst case scenarios...but come Thursday, the reality that the USDA is not going there yet?

**Wheat:** Wheat complex ended lower. Leading the move lower was KW, which continues to show it has no friends. MW on the other hand continues to here rumors that China has been booking or booked last week some Canadian Spring wheat. Export news was limited. Black Sea war concerns seemed to have moved back to complacency. We all know that it just takes one wayward sea mine, or a misplaced missile to snap the war back to the forefront of fear.

### **Why Wheat is a buy**

- The percentage of ownership of MW open interest by the MM Funds is gaining traction
- Baltic Dry Freight Index up 36 points

### **Why Wheat is a Sell:**

- EU dryness a thing of the past???
- US export business, where is it?

Last night the USDA said that 50% of the US winter wheat crop is rated good to excellent. This is great news as we prepare to enter winter dormancy. It has been a while, especially for the US HRW crop where we have seen increase in water tables going into dormancy. A well established US winter wheat crop means next spring we will have time for rain to arrive once we break dormancy. As always we cannot make a crop this time of the year, but we can lose one...this year we are off to one of our better starts in the last 5-years.



An investment in futures contracts is speculative, involves a high degree of risk and is suitable only for persons who can assume the risk of loss in excess of their margin deposits. You should carefully consider whether futures trading is appropriate for you in light of your investment experience, trade objectives, financial resources, and other relevant circumstances. PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS