

Thursday September 26<sup>th</sup>, 2024

**Overnight closes: Soybeans SX +6.25    Corn CZ (0.75)    Wheats: WZ +5.50, KWZ +6.00, MWZ +5.50**

For a few days, we have been warning that the overnights should not be trusted and suggested waiting a half hour or so before committing to the same direction as the overnight trade. Feels different this AM. Most of it macro-based, but the ags simply feel like today (and maybe tomorrow too) is another round of managed money shortcovering coming today in the ags. Macros fueled by overnight news from the Chinese that they will issue \$284 billion of sovereign debt this year to help revive the economy, then the AM US Q2 GDP was +3% right on the screws of avg guess. So we suggest believing in the overnight higher trend and wonder how high it can go with farmer engagement selling new crop ags having to stop the upside rush.

**This is going to take too much space, but we really couldn't avoid this many charts to show our point. Below all these charts will be the weekly US ag export commentary that was fresh out this AM.**

US AG FUTURES:

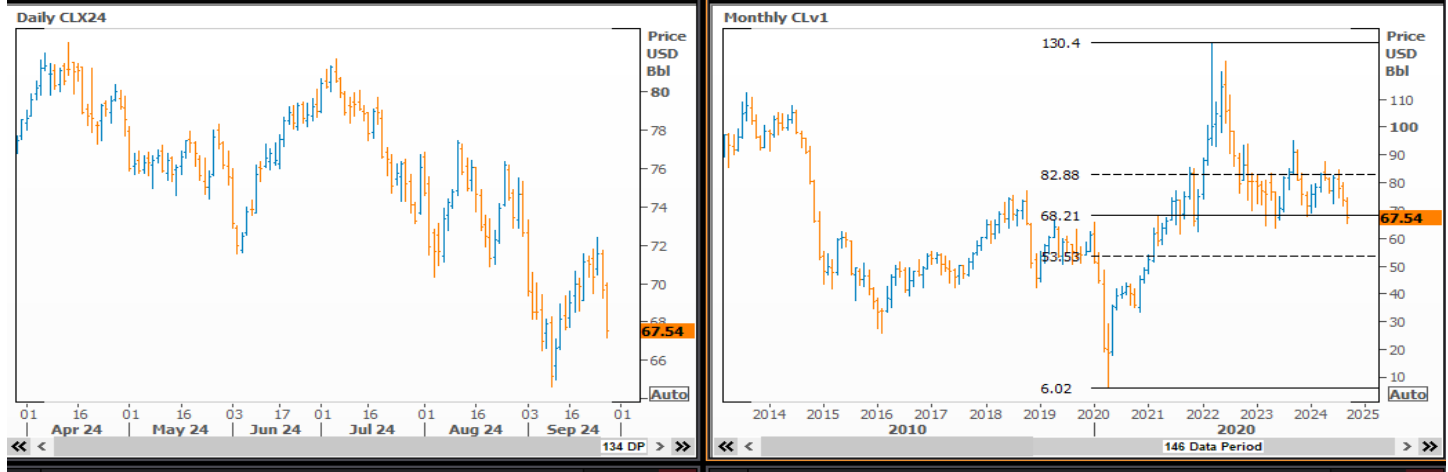
**Beans** have SX4 front month above the 38 retrace of the May-Aug down move for the first time after trying that level and failing there on Tuesday. Next resistance is the 100 day ma and 50 retrace area from 1082-1091.



Corn has CZ on its highs since July except for the high Tuesday. Threatening an upside breakout to challenge next resistance which on its daily chart is the 38 retrace to the 100 day ma at 428-430.5.

Wheats have Chicago wheat testing the recent highs from Mid-Sept WZ is 594 already. The mid-Sept high was 599 but true resistance isn't until the 38 retrace of the May to Aug down move along with the 100 and 200 day ma lines. All that is in a very small window well above at 610-617. KC wheat's KWZ at 587 is above all three close moving averages (9-20-50) after being below all three yesterday. That leaves the Sep high at 600 as first resistance and the 100-200 day ma and 38 retrace of the May-Aug down move as second resistance. The problem here is if the funds are biting on the Russian winter wheat dryness and want to get to longs is this second resistance is way up at 618-623 with the current price 586. MGE spring wheat is the laggard but scares us given there are likely still 15,000 managed money shorts here. If they decide to exit the remaining shorts, we would need heavy farmer selling of new crop to keep it in check and we just aren't sure if there's going to be much post-harvest selling at the start of an upside breakout. Current price of MWZ is 621 and the resistance band is the 100 and 200 day ma lines way up at 653-681. We also think it's possible since all the fund shorts are short MWZ that the MWZ/MWH and MWZ/MWK could catch a decent rally off the front month short liquidation.

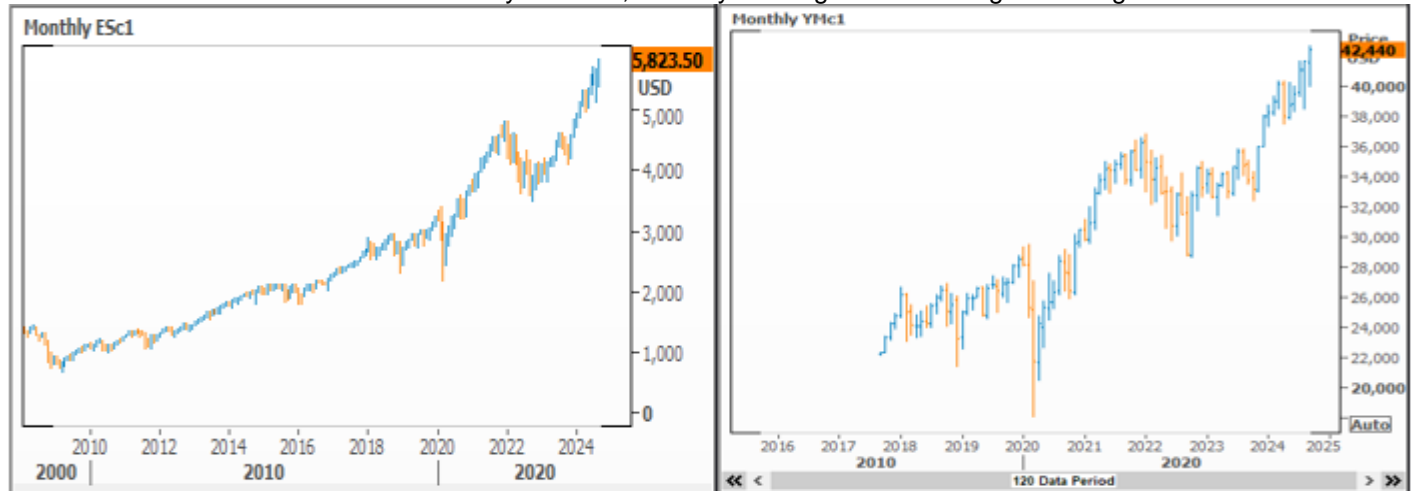
CRUDE – Daily chart left, monthly right. Bearish and that’s good for US ags.



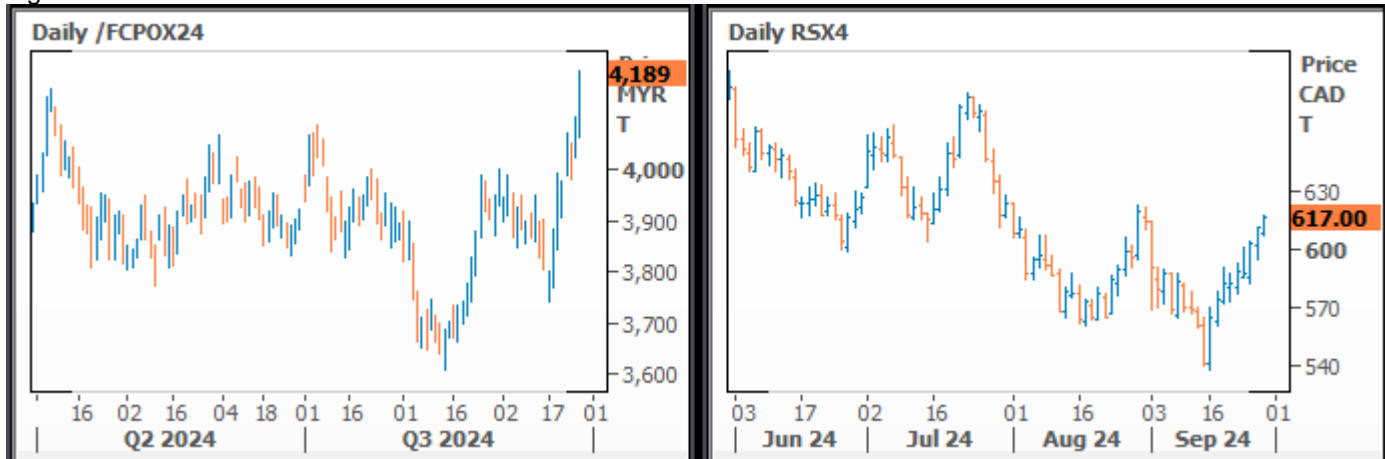
METALS – Monthly chart of gold left, monthly silver right. All time highs for gold and a breakout for silver.



US STOCK MARKET FUTURES – Monthly S&P left, monthly Dow right. All time highs overnight.



WORLD OILSEEDS – Daily Malaysian palmoil left (but a note here that it looks much less impressive on its monthly chart), daily canola right. Palmoil on multimonth highs, canola higher for 7 of the past 9 sessions and testing two month highs.



MATIF WHEAT – Daily chart below, back up above the magic 200 Euro level and looking awfully strong technically.



**And as promised, here is the highlights of this AM's US weekly ag export report:**

US soybean sales were 1,574,700 vs expectations of 900,000 – 2,000,000. Major buyers were China 870 of which 100 was switched from unknown, Unknown 245, Netherlands 137 (125 switched from unknown), Mexico 69, Turkey 66, Japan 45, Taiwan 36, and Indo 32.

US corn sales were 535,100 vs expectations of 600,000-1,300,000. So a poor US corn sales week with only 122 Unknown cancelled. Major buyers were Columbia 168 (100 switched from unknown and decreased of 52), Mexico 161, Japan 99 (switched from unknown), Spain 61, and Costa Rica 52. As mentioned, Unknown cancelled 122.

US wheat sales were puny at 158,900 vs expectations of 200,000 – 600,000. Major buyers were Chile 83 (switched from unknown), Philippines 50, Japan 44, Nigeria 30 (switched from unknown), Guatemala 28 (switched from unknown), Italy 22, and Mexico 17. But Unknown cancelled 157 and Vietnam cancelled 20.

Sales by class

HRW 35,700  
SRW 27,100  
HRS 23,400  
White 44,100  
Durum 28,700

**OVERNIGHT NEWS:**

- 1) Upcoming: Thurs Sep 26 200PM CT – US monthly hogs and pigs report. Fri Sep 27 – Oct ag options expiration. Fri Sep 20 3PM CT – Weekly COT report after the close. Mon Sep 30 – US grain stocks and small grains summary at 11AM CT and month/quarter end on the close.
- 2) S Korea's MFG is in Sep 27 for 70,000 MT of S American or S African corn for Oct 25-Dec 5 shipment.
- 3) Jordans latest 120,000 MT milling wheat tender announced, Oct 2 deadline.
- 4) Chinese gov't set their import tariff rate quotas (not import quotas) for some ags overnight. Wheat is 964 MMT, rice is 5.32 MMT, corn is 7.2 MMT, and cotton is 894,000 tonnes.
- 5) IKAR overnight cut their Russian crop production forecasts for 2024. They now have wheat at 81.8 MMT vs 82.2 prior and total grain at 124.5 MMT vs 125 prior.
- 6) **Private exporters this AM reported the sale of 115,000 MT of US corn to Mexico for 2024/25 delivery.**