

Wednesday, November 20, 2024

Good afternoon. More two-sided trade action was seen at the CBOT on Wednesday, as wheat futures managed to close higher for the fourth consecutive session on growing war concerns, while soybeans were lower and again challenged the recent run of lows made over the past month; corn futures were caught in the middle for the second session in a row, as non-cash related market-specific news here continues to be mostly limited.

CZ closed at 4.30 1/4 at mid-week, up 3 cents. CH was up 2 1/4 at 4.40. Small outside day higher for CZ. SF closed at 9.90 1/2, down 8 cents. SH was down 9 1/4 at 9.99 1/4. WZ closed at 5.52 1/2, up 2 3/4. Products were mixed, December soybean meal closed at 289.40, up 80 cents/ton, and December soybean oil closed at 43.28, down 1.56. Bean oil traded to its lowest level since October 30th. Livestock markets were mixed, December live cattle closed at 186.30, down 27 cents, January feeders were up 32 cents at 252.32, and December hogs closed at 80.52, up 97 cents. Outside markets are mixed, crude oil futures are down 20-30 cents/bbl, the Dow Jones index is up 100 points, and the US\$ index is up 50 points. The S&P500 is unchanged and the NASDAQ is down 10 points. Gold futures are up \$20-25/oz. Inside day as of this writing for the Dow.

Spreads were mixed, corn spreads were up a quarter cent to up a penny and a half, and soybean spreads were down 3 and 1/2 cents to up a penny and 3/4. CZ/CH closed at -9 3/4, up 3/4 of a cent, and SF/SH closed at - 8 3/4, up a penny and a quarter. New high for CZ/CH today at -9 1/4.

USDA this morning, after not announcing any new sales yesterday, announced a pair of soybean export flashes. Private exporters reported the sales of 202,000 mt's of soybeans for delivery to China during the 2024/25 marketing year, and also reported 226,200 mt's of soybeans received in the reporting

period for delivery to unknown destinations also during the 2024/25 marketing year.

The much anticipated meeting between Chinese President Xi and Brazilian President Lula went off as expected today, with the two countries signing 37 deals covering agriculture, tech, trade/investments, infrastructure, industry, mining, and energy among others. Looking at the ag deals specifically, Brazil's Ag Ministry says markets in China had been opened for fresh grapes, sesame, sorghum, fish meal, and others, though did not specifically give any details regarding the livestock trade that had been rumored earlier in the week. The mention of sorghum is interesting from the standpoint that the US exports about 75% of its sorghum crop annually, and last year, more than 90% of these exports went to China. The US accounted for 13% of global sorghum production in the 2023/24 season, while Brazil accounted for 8%. It is also estimated on the import side that China will account for nearly 90% of all global sorghum imports in the 2024/25 season. It doesn't take a degree in economics to see China could easily divert some sorghum business to Brazil as long as they have means/infrastructure to export it. And to this end, the meeting also produced a signed protocol between the two countries regarding 'synergies' related to China's Belt and Road Initiative, which is the Chinese overseas investment strategy. China has for years now been spending money on South American infrastructure to make it easier to import their goods, and this set up, though obviously not going to happen over night, is seen following a similar precedent.

This morning's weekly ethanol production report for the week ending November 15th was very similar to those of the past couple weeks, though stocks saw a small uptick. Daily production was seen at 1.110 mil bbls, compared to 1.113 mil last week and 1.105 mil the week before that; production was up 6% from the same week last year. Stocks for the week were seen at 22.563 mil bbls, which was up 2.4% from last week, and up 7.7% from the same week last year. We estimate corn usage in the week at 109.7 mil bu's, which compares to 110.0 mil last week and 104.3 mil in the same week last year; cumulative corn usage for the marketing year has reached 1156.9 bil bu's, compared to 1122.9 mil bu last year. The report also showed petroleum data for the week, which leaned bearish; crude oil stocks were up 545k bbls to 430.292 mil, gasoline stocks were up 2.054 mil bbls to 208.927 mil, and distillate stocks were down 114k bbls to 114.301 mil. Implied gasoline demand was estimated at 8.419 mil bls/day, compared to 9.383 mil last week and 8.480 mil last year.

Otherwise, the fundamentals in the ag space have remained largely unchanged through another trading session. We mentioned previously this week, but will reiterate that amid increasing war tensions and the political

uncertainty, and also the approaching Thanksgiving holiday next week which largely marks the start of the broader holiday trading season, 'risk-off' trade around the weekends is likely to become more common place. Technically, the corn market bulls need to see a close above the current double top in the December contract at 4.34 3/4, while January soybeans have been beating on the door of the contract low at 9.73 1/2 for weeks now with no ability to break through. With corn today closing above 4.30 and beans closing near 9.90, these two particular price points look to be of increased importance going into the end of the week.

Weather forecasts for the US remain broadly unchanged through the noon runs on Wednesday as well; models remain in good agreement on drier conditions emerging through the weekend for most of the central part of the country, while the PNW and the greater northeastern corner of the US continue to see moisture. A lot of this moisture on both ends has the possibility to fall as snow, with totals in the PNW possibly reaching 2-3" in parts of Idaho and Montana according to the GFS snowfall map, while the northeast sees slightly lower totals of mostly an inch to an inch and a half. Temperatures look to warm up a bit in the west starting tomorrow, with the heat working its way east across the country and exiting by the middle of next week. Beyond here, nearly all of the country will see temps that are well below average, with the coolest temps being forecast for parts of the Dakotas and Montana in the northern Plains.

More of the same forecast-wise for South America, as improved rains continue to be forecast for northern Argentina/southern Brazil in the next 10-15 days. Forecast again shifted slightly drier for northern Brazil in the same period, but as we've mentioned, this is non-concerning amid replenished soil moisture. A heavy pocket of rain continues to be seen in the extended forecast for Paraguay/southern Brazil/northeast Argentina, with totals seen possibly exceeding 10" in a small area. Have not discussed temperatures here a lot, as they continue to run mostly average throughout the majority of Brazil; only real hot areas are southeast Argentina and a pocket in Paraguay, but even in these places temps are just 2-4 degrees Celsius above average.

Bloomington, IL

800-322-9371

Des Moines, IA

800-422-0896

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