FORTUCAST AGRICULTURAL TIMER

PRECISE TIMING and MOVEMENT ANALYSIS by BARRY ROSEN
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UPDATED FOR MARKETS OF FEB 28, 2024
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SUMMARY OUTLOOK

Grains are lower but not dramatically and corn is just breakeven but March is down 8.50 and beans are down 1.75. The final verdict will be out on Thursday with end-of-the-month fund position squaring but the rallies this week off of key technical support is encouraging although beans look vulnerable to 1117 or 1100 on the March. We will have to roll to July in quoting price by Thursday

.We are moving toward the end of the month into Thursday when funds tend to do profit-taking. Will it be buying because these markets are so oversold? We have contract rollover out of March and will move into July contracts which are more important than May. July is 28 over March corn and July wheat is 2 under March and July beans are 18 over March. Start watching the key July month more.

Crude is at a key inflection point if it cannot take out 8000 next week. World tensions are too strong to have it fall much. Crude should hit 8250 by mid-March. Higher crude is good for grain prices but not so great for our diesel needs.

Natural gas is due for a bounce to 1.87. Natural gas is projecting 1.25 and that should help fertilizer prices. For now, a bounce to 2 03 will develop before it goes lower again. Natural gas cycle lows are due in March.

The dollar issued a tentative sell signal and we want to see 102.70 in cash come out. Weekend research suggests higher consolidation into the FOMC meeting on March 19-20th. A could get to 104.37 on cash or a bit higher.

Not sure when the spring swoon and crisis will come with a fall to 99.20 or probably even 92.00 by July. Lower dollars can help export demand.

NEWS SUMMARY REPORT

“Corn prices were mixed this morning, with old crop (2023) futures trading up to $0.01/bushel higher, new crop Dec24 contracts trading flat at $4.60/bushel, and deferred month contracts edging $0.01-$0.02/bushel lower.

Nearby Mar24 prices rose to $4.0925/bushel after dipping below the $4/bushel benchmark late last week and earlier this week. Most actively traded May 24 contracts rose to $4.24/bushel.

Investor bargain buying after speculators placed massive short positions on CBOT corn has helped breathe a bit of life into corn prices this week. However, expectations for increasing safrinha corn acres in Brazil, surplus stocks in the U.S., and news that China has been sourcing feed corn from Ukraine over the past week continue to limit corn’s upward price momentum this morning.

A stronger dollar overnight also will limit corn’s attractiveness in the global export market during today’s trading session.

Soybeans

An export sale announced by USDA yesterday totaling 4.5 million bushels to an unknown buyer was not able to sustain prices in the soybean market this morning, which wavered within a penny of gains and losses.

At last glance, the nearby Mar24 contract had fallen almost a penny to $11.305/bushel while the most actively traded May 24 contract dipped to $11.40/bushel. New crop Nov24 prices fell to $11.2875/bushel.

Soybean prices continue to face losses as freshly harvested Brazilian supplies hit the market, with some analysts calling for prices to dip below the $11/bushel benchmark before the end of 2024. The Brazilian crop will likely dominate market activity for the next few months.

Soybean yields in Brazil aren’t necessarily stellar, but for the time being, they seem to be sustaining USDA projections that Brazil will ship a new record volume of soybean exports through the remainder of the 2023/24 marketing year.

Wheat

An upturn in the dollar sunk wheat prices this morning, even though buyers in the Middle East showed interest in booking shipments at low prices. Those bushels are likely to be sourced from the Black Sea, which drove U.S. wheat prices down $0.03-$0.11/bushel this morning.

The world remains awash in wheat, especially as freshly harvested Argentine crops are providing more competition than previously expected for Black Sea supplies. Argentina's underdog fight in the wheat market won't last for long, however.

Winter crop conditions in Russia have been superb, which means Russia is likely on track to harvest – and export – another bumper crop this summer.

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(Special thanks to Farm Futures and Brownfield Ag News)

DATES OF 2024 WADSE REPORTS:

Mar. 8, Apr. 11, May 10, Jun. 12, Jul. 12, Aug. 12, Sep. 12, Oct. 11, Nov. 8, Dec. 10

WEATHER

" Even with some wintery weather this week, NOAA's 6-10-day outlook suggests it won't last for long. By early next week, chances for above-average temperatures will return to the eastern two-thirds of the country while the West Coast battles below-normal temperatures. Moisture outlooks are trending above average for most of the country early next week, with the highest chances lingering over the Upper Plains and Mississippi River Valley.

NOAA's 8-14-day outlook is projecting warmer temperatures will begin to recede from the Heartland through the middle of next week, albeit only slightly. Cool temperatures will continue to linger over the West Coast and push further east into the Western Plains by mid-next week. Near normal to dry precipitation patterns will move into the Northern Rockies. The Heartland will continue to enjoy above average chances for moisture during that time, though those chances are receding slightly from the 6-10-day forecast.."

(Special thanks to the Farm Progress and John Barrick at DTN)

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NEED HELP WITH FINANCIAL MARKETS?

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MARCH and JULY CORN

(2/28) We had been looking for a 12-13 cent bounce and we got it off the low of 394.50. A little more today but coming off the highs of 411. In looking at the pattern, a 17-cent bounce to 412 would be possible and much more than 20 cents higher and a 37-cent bounce will start. The next few days are crucial to hold the key 394 area and the first week of March looks up to around March 6th.

The most bearish case: Fifth wave down projects 382 in March. The market is going to have to take out 416 to prove us wrong and negate the 30-day cycle and the tendency to fall into the end of the month.

We have to start watching July corn which is 28 over March with Dec. new crop corn 51 cents over March. Not happy with March going to 394 overnight. We could see March get to 382 if the market cannot find buyers.

Do we look at the weekly chart target of 355 now that 396 is so close? Ugh!

WEEKLY CHART PATTERNS: We have been reluctant to embrace some of the weekly technical chart patterns but the USDA report leaves us little choice. Weekly charts point to a move to 355 with a recovery in the spring to 520 or 575.

We still have inflationary highs in May 2024 and Dec. 2024 and need to start looking at world weather patterns for 2024. Still, if you hold out into seasonal highs in June, you may do better than current prices.

We are clear about a strong upward move into May 2024 and think the worst is over by the seasonal low in April.

CYCLES lower into the end of the month.

MARCH and JULY SOYBEANS

(2/28) We have to start watching July beans which are trading about 18 over March. Beans are struggling to hold the weekly chart low and a fall to 1117 or 1100 basis March would not be shocking the next day or so.

Daily chart patterns suggest bouncing off 1100 to 1179 or 1198 but that will take some major event it could come and we do have higher prices into March 6th once this next low comes.

Daily chart pattern for the March low point to 1100.

WEEKLY CHARTS: Weekly chart patterns suggest that 3 waves down from the high of 1787 from June 2022 would project 1080. Seasonal and cycle lows dominate into March and April. Monthly chart patterns had suggested 1060. It's too early to project 2024-25 prices.

CYCLES: lower into the end of the month.

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MARCH and JULY CHICAGO WHEAT

(2/28). We have to start watching the July contract which is 1.50 under March so they are close to even. March got to 573 today and has to hold 566 and 560. The bullish pattern would still allow 607 into March 6th as long as 560 holds the next few days.

. Holding 555 in March will be key this week given cycles are generally weaker.

Not sure what to do with the daily chart 4th wave target is 676 and we have to see if that has a chance into the first week of April when European Cycles are very messy for new conflicts with Russia/Ukraine.

WEEKLY CHART: The larger 3 wave down on the daily chart is now projecting 516. We have not seen a new contract low but it is inevitable with projections on KC and MN wheat also.

WEEKLY CHART: The Weekly chart bounce area is 677 and some cycles are positive into the late spring. The upper 4th wave target for the spring is 750. That will require some weather and world tensions.

CYCLES: higher into Feb. 24th and then lower into the end of the month.

MARCH and JULY MINNEAPOLIS WHEAT

TRADING STRATEGY:

(2/28) We have to start watching July MN wheat which is trading 9 cents above March. March got to 660. The 31-cent bounce is happening to 667 now and above 672 and we might relax and now worry about lower prices until after March 6th.

. Daily chart patterns point to 586 into the March low. We do like the first week of March for a bounce but let’s see how it holds into Thursday

WEEKLY CHART:

CYCLES: see wheat above.

MARCH and JULY KC WHEAT

TRADING STRATEGY:

(2/28) We have to start watching July KC wheat is trading 16 under March. The market is down 8.50 ticks this morning. Holding 563 by Thursday will be key.

If it holds: The market may be starting a 57-cent bounce into next week. Let's see what Thursday's low is like and then we can estimate the bounce.

Not quite ready to embrace the lower daily chart target of 471 but this market is far from done.

Weekly chart patterns could allow 685 if new fundamentals can feed this market but that may be more likely in April if we have a European war crisis.

On the downside into April:
Weekly chart patterns would be completed at 532.

WEEKLY CHART:(1/14) Looking for 529-32 by the Spring low.

CATTLE AND HOG FUNDAMENTALS

"Packers will use the pressures of sharply curtailed slaughter volumes to improve pricing to the beef plants and help restore margins, but they are not finding cooperative sellers. Some hedged cattle will delay marketing plans due to the unfavorable basis. The processors and the cattle owners look for warmer temperatures across the country to trigger improved spring demand for beef assisted by smaller slaughter volumes.

Aberrant wind gusts up to 60 MPH are creating uncontrollable wildfires in rangeland across the Oklahoma and Texas Panhandles. Several hundred thousand acres have been lost to fire and small towns and rural domiciles have been evacuated. Firefighting crews are working night and day trying to control the uncontrollable. Damage to cattle and humans will be assessed later today.

Cattle sales last week, in light to moderate volumes, were sold in all areas at $3-4 higher prices. Live prices were mostly at $183 and dressed sales in the north were mainly $292.

This past week's slaughter was 593,000 head 15,000 smaller than the previous week and slowed by the President's holiday last Monday. The slaughter was 20,000 under last year and the first week of smaller fed cattle slaughter than last year. Processors margins continued to struggle with box prices gaining ground but the improvement failed to match increases in cattle cost.

Cattle Futures. Futures traded down at the open but closed in positive territory. The rise in futures prices left cash cattle $5 under the soon-to-be spot in April.

The Comprehensive Fed Cattle Weekly Report offers the most current information on the current status of fed cattle being harvested. The report is published each Tuesday and includes the previous week's change in carcass weights and quality grading. The latest report shows carcass weights at 876# up 1# from the prior week and 8# heavier than last year. Carcass weights will be fundamental in determining total beef production. The combined steer and heifer weights can easily be influenced when the proportion of steers to heifers in the weekly slaughter changes. Quality grade was up .4% at 84.40%.

Beef Feature Activity Index.

The Cutout. Box prices were mixed with choice flat and selected higher. A reduction in cow slaughter has pressured the grind while rib prices find a spring bottom. The choice/select spread is beginning to widen into the spring months.

Replacement markets

February placements into feedlots have picked up. Receipts are all livestock markets are up sharply from the prior year and assure placement increases this month. Placements may move above last year's weather-impaired number in February but the pool available for March and beyond will be tight.

Springtime demand for stocker cattle will put pressure on all of the lighter offerings. Good moisture in all areas of beef production will stimulate broad demand for calves to graze. Some pasture operations are turning to larger animals as they hunt for inventory to fill spring and summer grazing needs. Calf prices are returning to last year's highs. Competition for the smaller pool of calves will present increasing risk for pasture operations.

Market observers will begin to look for signs of a reduction in heifer placements on feed. This will signal the beginning of the herd rebuilding. Heifer retention also will reduce the calf pool available for grazing and growing. Conditions are now right for the rapid rebuilding of the nation's cattle herd. The commission of a breakdown by sex in the monthly COF reports is an oversight in need of correction.

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(Special thanks to Ag Center)

CATTLE ON FEED ANALYSIS FROM DTN:

"Friday's Feb. 1 Cattle on Feed report is everything we expected it to be -- bullish, bullish, bullish," said DTN Livestock Analyst ShayLe Stewart. "Regardless of where you choose to spend your time analyzing the report (whether it be the on-feed data, the placement data, the number of cattle marketed, or the report as a whole), one cannot deny how the change in our beef cowherd is affecting this year's market. Seeing bullish reports like this will likely be the theme of the COF reports well through the 2023 calendar year.

"It's logical and easy to understand that we sit with fewer cattle on feed than compared to a year ago, as the nation simply possesses fewer cattle than what it did a year ago and given how strong the fat cattle market is, which is pulling cattle ahead of schedule and out of feedlots sooner than expected. Normally, when looking at COF data, we compare the most recent data to that of a year ago, but given that we all can understand the changes in our market compared to what it was a year ago, I think it's more worth our time to dissect how on-feed and placements are changing month over month.

"On Jan. 1, 2023, there were 11,682,000 head of cattle on feed. On Feb. 1, 2023, there were 11,704,000 head on feed -- a month-over-month increase of 22,000 head, which largely stemmed from Kansas.

"During December 2022, there were 1,784,000 head of feeders placed. During January 2023, there were 1,932,000 head of feeders placed -- which is 4% less than what was placed during January 2022. Seeing more cattle placed in January than in December is logical, as the market only really trades feeder cattle for the first two weeks of December before breaking for Christmas. Many producers opted to hold onto their calves through the end of the year, hoping to find a stronger market in January.

"And during December 2022, there were 1,741,000 head of cattle marketed. Through January 2023, there were 1,847,000 head of cattle marketed -- an increase of 4% compared to a year ago. Incredible beef demand and sharply lower carcass weights have pressured packers into needing to support the cash cattle market more than they'd like to.

"In conclusion, it's extremely encouraging to see the results of Friday's Cattle on Feed report. I know that the report largely focuses on changes year over year, but given the dynamic nature of this market and how quickly things can change, I find great merit in studying the changes month over month to see what trends are developing and how the market is evolving. The market's fundamentals are strong, and prices will likely continue to represent just that."

APRIL LIVE CATTLE

TRADING STRATEGY
(2/28) Cattle hit 18915 but managed to close down 15. There was bearish RSI on the double top which means it happened on lower volume.

We do not like cycles this week so they may stay under pressure. The market is likely to retest the 18580 area.
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CYCLES: researching

APRIL FEEDER CATTLE

(2/28) Not much today. A divergent high is possible to 262.75 if corn can come off dramatically. We are rolling to the April contract which is trading at 5.55 above March. We are not ready to let go of our bullish stance but cycles are weak this week and a pullback would be healthy.

CYCLES OVERVIEW: See live cattle above

APRIL LEAN HOGS

TRADING RECOMMENDATION:

TODAY'S COMMENTS: (2/28) The market continued to correct. Usually the market bottoms on a Tuesday and goes higher into Wednesday so let's see if stays under 8900 or does a divergent high to 8915 by then. It has to take out 84.75 to issue a sell signal. We could see a divergent high to 8915 early in the week and then a pullback to 8600 or max. 8425.

LONGER TERM:

CYCLES:

CASH CATTLE AND HOG NEWS

"Chicago Mercantile Exchange live cattle futures were lower and feeders finished mixed ahead of this week's direct business. The live pit did see some profit taking, while the firm corn had a minimal impact on feeders. April live was down $.37 at $187.72 and June was $.52 lower at $183.57. March feeders were down $.05 at $253.00 and April was up $.05 at $258.95.

Direct cash cattle trade was very quiet Tuesday afternoon with just a few early asking prices noted around $185 to $186 in the South, but they are still not established in the North. Significant trade volume will likely be delayed until Wednesday or later.

At the Callaway Livestock Center in Missouri, lighter-weight feeder steers sold steadily to $15 higher compared to the most recent sale. Feeder heifers 400 to 500 pounds were $5 to $10 higher. USDA says demand was good on the steers and moderate to good on the heifers with a moderate supply. The best demand was on steers weighing 400 to 650 pounds and heifers weighing 400 to 550 pounds going to grass. The feeder supply included 57% steers and 50% of the offering was over 600 pounds. Medium and Large 1 feeder steers 503 to 547 pounds brought $317 to $337. Medium and Large 1-feeder heifers 603 to 638 pounds sold for $257 to $261.25.

Boxed beef cutout values were mixed at the close with Choice down $.05 at $301.74 and Select up $2.41 at $290.40. The Choice/Select spread was $11.34.

Estimated cattle slaughter was 125,000 head – unchanged on the week and down more than 1,000 on the year.

Lean hog futures were mixed on spread trade and profit-taking, largely ignoring the cash and wholesale business during the session. April was $.37 lower at $85.90 and May was down $.37 at $90.37.

Cash hogs were steady to higher with moderate closing negotiated numbers for the major direct markets. Many buyers needed to raise bids to move the needed near-term numbers, with help from continued relatively solid wholesale demand. Also, Monday's delayed Cold Storage numbers for January were nominally bullish, especially considering the year-to-year decline in monthly pork production. Some of those buyers might have been trying to get ahead of possible weather-related movement issues in parts of the Midwest Wednesday.

Barrows and gilts at the National Daily Direct were up $1.79 with a base range of $67 to $75 and a weighted average price of $72.70. The Iowa/Minnesota was up $.63 with a weighted average price of $72.68. The

Western Corn Belt was $.179 higher with a weighted average price of $72.70. The Eastern Corn Belt was not reported due to confidentiality.

Midwest butcher hogs are steady at $55. Illinois direct sows are steady at $39 to $51 with moderate demand for heavy offerings. Barrows and gilts are steady at $37 to $47 on moderate demand and offerings. Boars range from $8 to $25.

Pork values closed higher – up $.88 at $91.87.

Estimated hog slaughter was 491,000 head – up 1,000 on the week and up just over 3,200 on the year."
(Special thanks to DTN, AG Center, and Brownfield Ag News)

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HEDGING RECOMMENDATIONS FROM BARRY ROSEN

We hope to bring back more hedging ideas in the New Year but most markets are oversold and close to major cycle lows and we have an inflation cycle high due into May 2024 that should help prices.

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