

AGW DTN Closing Grain Comments

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Quiet Session For Grains as Market Awaits Friday's USDA Estimates

Nearby corn, soybeans, and wheat contracts all made marginal gains Wednesday in what was overall a quiet session. The improved outlook of better South American weather seems to have been at least momentarily priced into the market as corn and soybeans found footing Wednesday and wheat continues to attempt an upward breakout.

Rhett Montgomery

DTN Lead Analyst

GENERAL COMMENTS:

December corn closed up 1/4 cents and March corn was down 1/4 cents.

November soybeans closed up 4 cents and March soybeans were up 2 1/4 cents.

December KC wheat closed up 5 cents, December Chicago wheat was up 4 1/4 cents and December Minneapolis wheat was up 3 3/4 cents.

The U.S. Dollar Index is up 0.32 at 102.87. The Dow Jones Industrial Average is up 357.0 points at 42,732.0. December gold is down \$8.50 at \$2,626.90, December silver is up \$0.11 at \$30.71 and December copper is down \$0.0475. November crude oil is down \$0.26 at \$73.31, November ultra-low sulfur diesel is down \$0.0198, November RBOB gasoline is down \$0.0006 and November natural gas is down \$0.076.

CORN:

December corn retraced roughly 50% of Tuesday's down move before fading off highs to close slightly higher. For the time being, the market has run out of fresh fundamental news as attention will now shift to USDA's October WASDE report, out Friday at 11 a.m. CDT. The market is expecting confirmation of very strong corn production for the U.S. with the average analyst estimate at 15.158 billion bushels (bb). If true, this would mark the second highest production number ever for U.S. corn following last year's record production of 15.342 bb. As for the yield, the October report is traditionally fairly uneventful when it comes to adjusting the yield estimate from the September report, with the ten-year average adjustment from September to October being a miniscule 0.2 bushel increase. Traders are expecting a slight decrease in yield this October, however, with an average trade estimate of 183.4 bushels per acre (bpa) versus the September USDA estimate of 183.6 bpa. The point remains that without any weather disruptions throughout the growing season, time is now running thin for any significant alleviation from the supply side of the balance sheet. Shifting to demand optimism, the U.S. Department of Energy released its weekly energy inventory report Wednesday morning, which pegged U.S. ethanol production for the week ended Oct. 4 at 1.038 million barrels per day (bpd), an increase of 23,000 bpd over the prior week, and year to date running 2.7% higher than

2023-24 production. In technicals, the December corn futures appeared primed early this morning to attempt another run at the 100-day moving average at \$4.25 before retreating throughout the later session. A convincing close above this mark is needed to open the door for any technical rally to higher prices, and most likely this would need to be supported by some sort of bullish fundamental news.

#### SOYBEANS:

Soybeans Wednesday caught themselves after five consecutive red days, finishing 4 cents higher on the November contract. The market seemed to find support as the weather selloff has halted momentarily as we await further progress reports for both U.S. harvest pace and Brazilian planting pace. The market will also, of course, turn its eyes to Friday's production estimates, with the 2024-25 U.S. soybean crop currently estimated to be a record 4.586 bb. Analyst expectations sit slightly lower at 4.572 bb for the October estimate, however this would still constitute a record for soybean production in the U.S. Looking at yield, traders are estimating a 0.2 bpa lower estimate Friday relative to the September report. Looking at a 10-year history for the October WASDE, the USDA has raised yield five times, cut the yield four times, and left the estimate unchanged from September once. The average adjustment from September to October over the past decades comes in at zero or unchanged from the previous estimate. In technicals, the November soybean futures held support just above the 50-day moving average, matching Tuesday's low of \$10.11 1/2 before heading higher for the day. Bears would like to see a break below the 50-day moving average at \$10.10 1/2 to open up a drop to the 30-day low of \$9.95 1/2. For the bull camp, any positive fundamental news would likely see a close above resistance at \$10.39 1/2, which would open up the market for a potential move to 30-day highs at \$10.69 3/4.

#### WHEAT:

Wheat prices remain supported by Black Sea issues, marking a third consecutive day higher Wednesday. Wheat markets will also continue to closely monitor the Midwest U.S. weather situation as we enter a key period of emergence of the crop just planted. Friday's USDA report should be a quiet one for wheat as, frankly, U.S. and Black Sea weather matters more. Production for 2024 is cemented at 1.971 bb, the largest in eight years, and the current ending stocks estimate of 828 million bushels (mb) would be the highest in four years. Trades are expecting a slight cut in wheat ending stocks for 2024-25 down to 821 mb. In technicals, December Kansas City wheat is up against strong technical resistance at the 100-day moving average of \$6.0850. The market pushed above this mark on the overnight trade to a high of \$6.14 1/2 before retreating below during the day session. The market did find footing late in the session to close a 1/4 cent above the 100-day moving average. Bulls would

like to see a sustained hold above this level, which would open up a potential rally to monthly highs at \$6.23 1/2. Support for the move is seen at \$6.00 and below that at \$5.92.

Rhett Montgomery can be reached at [Rhett.Montgomery@dtn.com](mailto:Rhett.Montgomery@dtn.com)

Follow him on social platform X @R\_D\_Montgomery

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