

Fundamentals:

U.S. corn and soybean futures rallied on Thursday after the U.S. Department of Agriculture (USDA) unexpectedly cut its 2022 harvest estimates for both crops, which would mean smaller-than-expected supplies.

Wheat futures gained on spillover support from rising corn and soy. Traders largely shrugged off the USDA's larger-than-anticipated winter wheat crop acreage estimate as drought in the Plains farm belt was seen restricting production.

The USDA also estimated quarterly U.S. stocks of corn, soy and wheat below average trade estimates in its January crop reports, and trimmed its outlook for corn and soy production in drought-hit Argentina, where some traders said more cuts were warranted.

The forecasts coincide with concerns about tightening global grain supplies and rising food prices.

Chicago Board of Trade March corn was up 15 cents at \$6.71 a bushel, the steepest gain in four months. March soybeans were up 25-1/2 cents at \$15.18-1/2 a bushel, while CBOT March wheat gained 2-3/4 cents to \$7.42-3/4 a bushel.

Poor crop weather in Argentina has underpinned corn and soybean markets, offsetting pressure from expected bumper harvests in neighbouring Brazil.

Argentina's Rosario grain exchange on Wednesday sharply cut its forecast for the 2022/23 soybean harvest, to 37 million tonnes from a previous forecast of 49 million, as the country faces its worst drought in 60 years.

The exchange also slashed its 2022/23 corn harvest estimate to around 45 million tonnes, from 55 million previously.

Brazilian statistics agency CONAB on Thursday trimmed its forecast of the 2022/23 soybean crop, but still pegged it at a record 152.7 million tonnes.

Corn prices jumped the most since September and soybean futures climbed after the US Department of Agriculture unexpectedly cuts its outlook for domestic production of both crops — a sign that the megadrought that's been gripping parts of the western farm belt will continue to bring the risk of more food inflation.

The dry weather that's plagued fields in states like Nebraska, Kansas and Texas has gotten so bad that it forced farmers to abandon some crops. That showed up in the data for harvested corn acres, which the USDA pegged at 79.2 million acres, an unexpected decline of about 1.6 million acres versus the agency's previous estimate. For soybeans, the drought impact can be seen in the yield figures, which were also lowered from the last outlook.

Overall, the USDA cut its estimates for the American corn harvest by about 200 million bushels and by 70 million for soybeans. Analysts were expecting increases for both crops.

"For corn and soybeans, significant yield reductions compared to the previous year were observed on the Plains (from Nebraska southward) due to drought, and in parts of the Southeast due to an untimely June hot spell," the USDA said in a report.

Globally, the USDA also cut its outlook for Argentinian soybean crop by 4 million metric tons, bringing global production to 388 million. That's down from the previous estimate of 391.2 million. Argentina is experiencing the worst drought in 60 years.

(Source: Reuters, Bloomberg)

Contract	Close	Chg	High	Low
Soybeans MAR 23	1,518.50	26.25	1,527.00	1,493.25
Soybean Oil MAR 23	63.250	1.110	63.650	62.150
Soybean Meal MAR 23	481.30	7.40	484.40	474.10
Corn MAR 23	671.00	16.25	673.50	649.25
Wheat MAR 23	742.75	4.25	747.25	723.00
US Dollar Index	102.216	-0.972	103.29	102.078

Argentina & Brazil Weekly Export Statistic (metric ton)

Date	A. Corn	B. Corn	A. Soybean	B. Soybean	A. Wheat	B. Wheat
09/01/2023	397,000	510,000	62,000	210,000	#N/A	#N/A
02/01/2023	221,000	570,000	33,000	142,000	0	194,000
26/12/2022	405,000	315,000	396,000	332,000	0	187,000
19/12/2022	528,000	465,000	30,000	651,000	0	30,000
12/12/2022	377,000	1,031,000	433,000	213,000	0	80,000
05/12/2022	401,000	153,000	386,000	610,000	0	79,000
28/11/2022	384,000	175,000	199,000	246,000	0	79,000
21/11/2022	259,000	1,135,000	392,000	675,000	0	37,000
14/11/2022	220,000	640,000	254,000	404,000	0	53,000
07/11/2022	471,000	466,000	342,000	392,000	0	55,000

US Weekly Export Statistic Data by USDA (,000 metric tons)

Date	Corn	Soybean	Soy Oil	Soy Meal	Wheat
05/01/2023	278.1	783.4	0.6	3.3	92.3
29/12/2022	319.2	872	0.4	79.3	144.2
22/12/2022	951.6	563.3	5.4	264.3	511.1
15/12/2022	636.8	804.8	0.8	311.4	334.2
08/12/2022	958.9	2943.4	-0.2	209.6	-469
01/12/2022	691.6	1746.2	0.5	241.2	189.9
24/11/2022	632.7	623.4	-2.3	169.5	162.5
17/11/2022	2478.3	620.2	-0.1	533.5	511.7
10/11/2022	1169.7	2960.4	0.4	267.1	290.3
03/11/2022	265.3	655.2	2.7	170	322.5
27/10/2022	372.2	760.6	-2.4	122.8	348.1
20/10/2022	264	1026.4	2.5	217.4	533.2

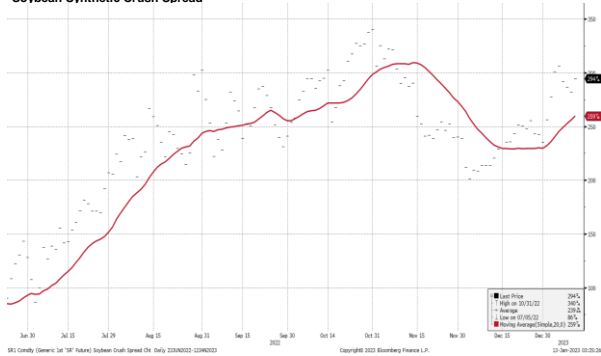
Historical Volatility

	10 Days	30 Days	60 Days	90 Days
Soybean Futures	19.24	17.77	17.13	18.76
Soybean Oil Futures	24.91	35.18	29.72	29.59
Soybean Meal Futures	25.57	28.65	24.14	24.14
Corn Futures	21.27	17.21	15.08	15.80
Wheat Futures	30.02	27.66	29.16	35.12

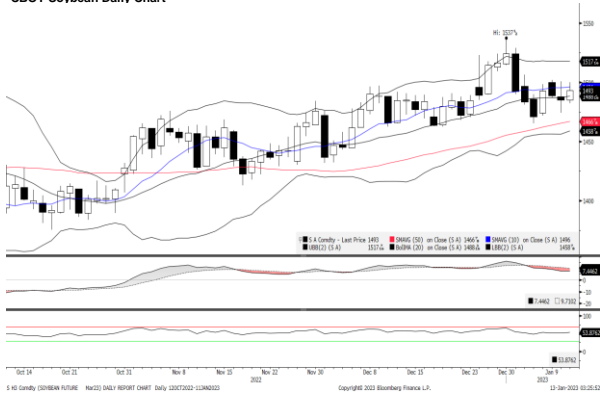
Normalised Soybean Oil vs Crude Palm Oil Spread in U.S. Dollar Metric Tonne



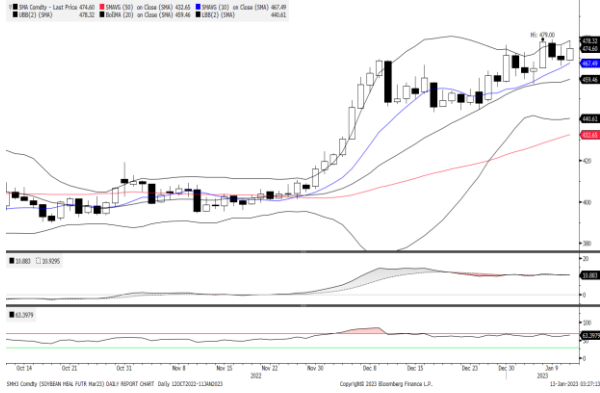
Soybean Synthetic Crush Spread



CBOT Soybean Daily Chart



CBOT Soybean Meal Daily Chart



CBOT Wheat Daily Chart



CBOT Soybean Oil Daily Chart



CBOT Corn Daily Chart



Technical Analysis

Soybean

1st Resistance: 1541.28 2nd Resistance: 1564.06
 1st Support: 1495.72 2nd Support: 1472.95
 MACD: 9.284
 MACD DIFF: -0.340
 RSI: 60.657

Soybean Oil

1st Resistance: 64.20 2nd Resistance: 65.15
 1st Support: 62.30 2nd Support: 61.35
 MACD: -0.704
 MACD DIFF: -0.009
 RSI: 46.508

Soybean Meal

1st Resistance: 488.52 2nd Resistance: 495.74
 1st Support: 474.08 2nd Support: 466.86
 MACD: 11.407
 MACD DIFF: 0.381
 RSI: 66.574

Corn

1st Resistance: 681.07 2nd Resistance: 691.13
 1st Support: 660.94 2nd Support: 650.87
 MACD: -0.211
 MACD DIFF: 0.107
 RSI: 57.871

Wheat

1st Resistance: 753.89 2nd Resistance: 765.03
 1st Support: 731.61 2nd Support: 720.47
 MACD: -11.593
 MACD DIFF: -0.694
 RSI: 42.456

Strategy

	Long:	Profit target:	Stop-loss:	Long:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:
Soybean	1495.72	1510.68	1,488.24	1472.95	1487.67	1,465.58	1541.28	1525.86	1,548.98	1564.06	1548.41	1,571.88
Soybean Oil	62.30	62.92	61.99	61.35	61.97	61.05	64.20	63.56	64.52	65.15	64.50	65.47
Soybean Meal	474.08	478.82	471.71	466.86	471.53	464.53	488.52	483.63	490.96	495.74	490.78	498.22
Corn	660.94	667.54	657.63	650.87	657.38	647.62	681.07	674.25	684.47	691.13	684.22	694.59
Wheat	731.61	738.92	727.95	720.47	727.67	716.87	753.89	746.35	757.66	765.03	757.38	768.86

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