

Corn

Daily Commentary

Monday, November 29, 2021



Today's Closing Prices

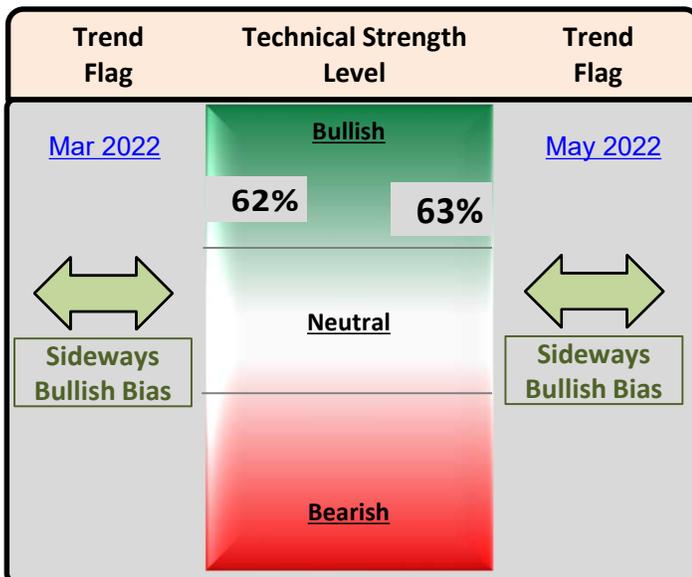
<u>Contract</u>	<u>Close</u>	<u>Change</u>
Mar 22	581-0s	-5-6
May 22	582-2s	-9-4
Dec 22	556-2s	-6-2

Today's Trade Action

The market finished lower today as it remains fairly range bound with some large moves the last several trading session. Friday's big break held today's range for the most part as the overnight recovery didn't hold and today's close is the lowest in the last 5-days. Export numbers this morning were weak for the corn as we remains well behind the pace needed to meet USDA projections; however, strong demand for ethanol continues to be underlying support. Outside market action was considered supportive but the market saw long liquidation based on the action today.

Recommendations

- **2021 Corn:** We sold 33% at \$5.00 using the Put Option Combo and then sold 27% at \$5.60 moving to 60% sold.
- We then moved to 80% as we sold 20% at \$5.40.
- **Our current average is \$5.3025 on 80%.**
- **We will hold the final 20% and look to re-own another 30-40% later this fall.**
- **Basis – If holding a long call spread... Roll them to March when able.**



Fundamentals

The USDA in its November WASDE projected the 2021-2022 carryover at 1.493 billion bushels with 20-21 unchanged at 1.236 billion. Total world supply for 21-22 was up 1.1 MMT to 93.7 not including China.

Technicals

The market was leaning bullish a week ago but after the last few days, the market looks ready to fall back into a neutral bias. In the March, resistance is the range from \$5.94 up to \$6.01 with today's high at \$5.94 which tested that window. Support runs from \$5.79 down to \$5.72 with today's low at \$5.79. Percent Bullish was unchanged at 62% today for the March contract. As always, when we see a sideways market with a bullish bias the market is looking for resistance with the possibility of moving back into a neutral bias or going into an uptrend. A close under \$5.72 could bring in long liquidation while a close over \$6.00 in the March should put us in an uptrend situation.

Looking Ahead

This past week we saw some wild fluctuations but today's close is almost right where we were one week ago today. As a result, we are still thinking the market has made its seasonal low and is now working to establish resistance which in normal years could last for a several weeks; however, this year is far from normal. The new Covid-19 variant could have an impact on this market based on spill-over effect from outside market action so we will be looking at those markets for possible directional cues.

Soybeans

Daily Commentary

Monday, November 29, 2021



Today's Closing Prices

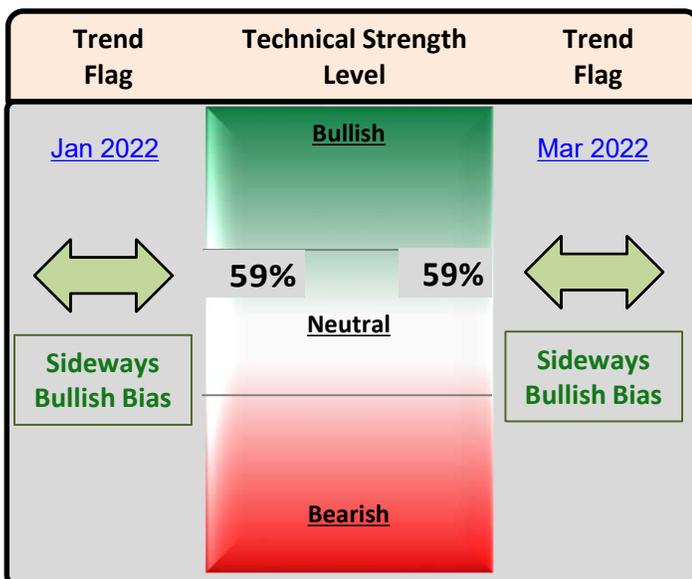
Contract	Close	Change
Jan 22	1241-4s	-11-2
Mar 22	1252-0s	-11-0
Nov 22	1229-0s	-11-2

Today's Trade Action

Even with strong export inspection number this morning, the market took its cue from wheat and corn to move lower on the day as January finished 32 cents below last Monday's closing price. The energy and equity markets were higher overnight, but they were fading as the grains closed. Fear of demand changes were cited as the new variant of Covid-19 sparked shut-downs in many countries providing for fund liquidation. Volume today was only 79% of its 21-day average but the trading range was at 118% indicating the sellers were very aggressive.

Recommendations

- **2021 Crop:** We are now 50% sold @ \$13.89 net basis November. We obviously have missed selling that last 30% as we want to hold 20% into next year.
- **We will add if we get a solid rally to sell. Right now, we are looking at the \$12.50 to \$12.60 level but it's the market action that will tell us when to pull the trigger.**



Fundamentals

The November WASDE report projected the 21-22 carryover to be 340 million bushels which was up 20 million from the previous month's report. World carryover for 21-22 was unchanged at 68.7 sans China.

Technicals

Strong hook reversal down. The technical indicators still show the market sideways with a bullish bias but just barley after today's action. Percent Bullish (PB) was up 4 points to 59% in both January and March. Resistance remains at \$12.90 while the next line of support is from \$12.38 down to \$12.20 with today's low at \$12.40 ¾. If that level give way, the major support remains at \$11.84 to \$11.81.

Looking Ahead

We left for the Thanksgiving break by saying that the technical picture was providing some warning signals but no clear indication that resistance had been found to stop the upward move. We also stated that... "Nothing has changed in our view of the overall backdrop which still points to a good supply of beans which should limit prices longer-term. The market has been looking for resistance and we think up in this level we could uncover some strong selling, but the key word is still "could" because we have not seen that selling show up as of yet." We have seen some strong selling show up, but many traders argue that it comes from conditions and situations found in other markets. Even so, we now wait to see if support levels hold and if we are going to follow seasonal tendencies or not.



Daily Commentary

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Wheat

Today's Closing Prices

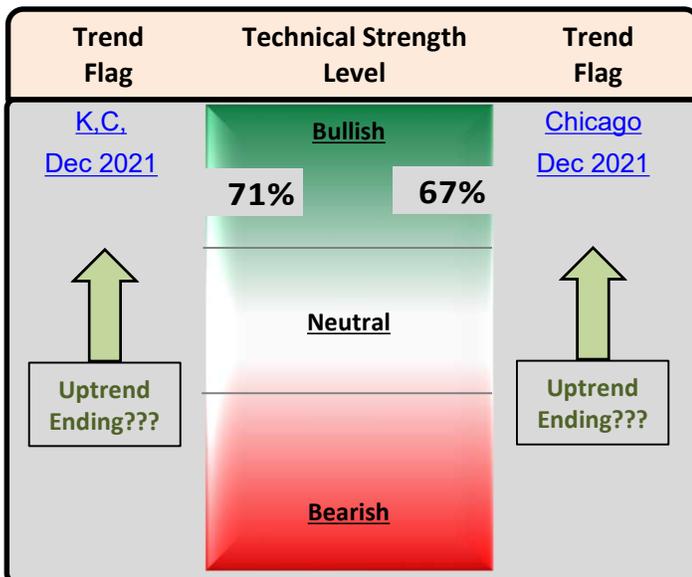
Contract	Close	Change
Chi- Mar 22	807-4s	-18-0
KC- Mar 22	854-0s	-11-0
KC- May 22	857-2s	-11-6

Today's Trade Action

Wheat finished sharply lower today and 12 cents below where we were at last Monday's close. Better weather conditions in South America and Australia were cited as bearish today while export inspections were below trade estimates and the pace needed to meet USDA estimates. The increase in Covid-19 cases continues to extend its long arm of influence into the market as fears of slower demand was negative for prices; however, Egypt is tendering for wheat which may provide some support near-term.

Recommendations

- **21-22 Crop:** We are 70% sold at \$7.10 basis July which after the roll to September and December put us sold at \$7.17 basis December. (July 1st roll after 50 cent profit in short position.) We are still holding the final 30% but wanted to own back another 20% but have not been able to get that done.
- **We will wait for a sell signal here to lock in the final 30%.**



Fundamentals

The USDA raised the 21-22 carryover 3 million bushels in the November WASDE report to 583 million bushels. World stocks for the 21-22 were lowered by 1.4 MMT to 134.8 MMT without China.

Technicals

Hook reversal down!!! The technical picture remains showing an uptrend but there are major warning signals that the trend is ending. Given the fundamental picture, a top would probably correspond with a distribution type of top so a major break may not be in the cards near-term. PB was up 2 points in KC to 71% while Chicago gained 2 points to sit at 67%. Resistance is still from \$8.70 up to \$8.85 on the March KC contract while support is from \$8.23 down to \$8.18. Minneapolis wheat closed right at \$10.46 today (down 2) with a close under \$10.03 providing a bear market indication.

Looking Ahead

The problem for US wheat continues to be the high value of the US dollar which saw new contract highs last week. Both Chicago and KC wheat made new contract highs last Monday but have been under pressure the last two days. Today's action needs to see some follow through selling to set the stage to test major support. In any event, outside market action could add a lot of volatility to the trading action near term and given the concern for inflation we are in for roller-coaster ride in this market.

Rice

Daily Commentary

Monday, November 29, 2021



Today's Closing Prices

Contract	Close	Change
Jan 22	14.295s	+0.005
Mar 22	14.535s	+0.020
May 22	14.675s	+0.010

Today's Trade Action

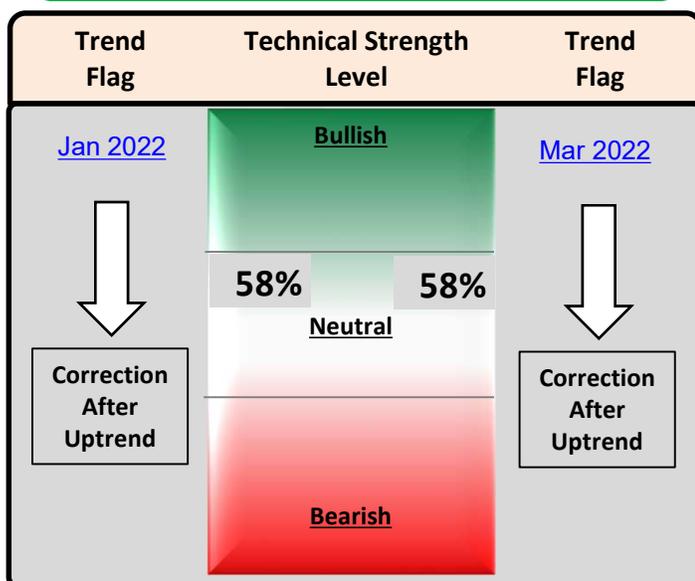
Rice finished steady but did have a late rally to trim losses. We continue to pick up news that fertilizer for rice is going to be a problem in many areas of the world especially India which may keep the funds in acquisition mode. After the close the COT report showed funds were the main buyers last week and were long over 1,300 contracts as of last Tuesday. Commercials are shown being short over 2,550 contracts with the small traders making up the difference.

Current PLC Calculations

2021 PLC: As of 10/29/2021 -

First, the final number we saw from our calculator for 2020 was a PLC payment of \$1.43. That compares to the USDA final payment of \$1.39 which was made on the 17th.

For 2021, the first two month are in, and the current average farm price is at \$13.08. That is a PLC payment of 92 cents. The next update will come on November 30th.



Fundamentals

The October WASDE put the 21-22 carryover at 23.0 million cwt with an average farm price of \$13.00 and placed the world stocks .8 MMT higher, sans China, at 71.6 MMT.

Technicals

We did see some follow through to the selling pressure last Monday with today's range entirely outside of the range on the day we made new contract highs. The market is now showing a correction after an uptrend with resistance now at last Monday's high of \$14.70 while support is from \$14.17 down to \$14.09. PB was unchanged at 58% in both January and March.

Looking Ahead

We felt that the market was at a place where we would find resistance after it rallied quicker than we expected. We wrote a week again that... "Today's reversal is the first sign we have hit major resistance, but we need to see additional selling show up to confirm a possible top." We have seen that, but the funds look to be long and wanting to hold that position for now. We still believe that in the long run, we will see supplies get tighter on the balance sheet but that it could be a few months before we get an idea of just how much of a reduction in overall supplies will occur given lower milling yields and input availability around the world.

Monday, November 29, 2021

Other Markets

Daily Commentary

Markets as of 3:10 PM

Commodity	Price	Price Change	Comments
March Cotton	111.41s	-0.37	The market continued to see pressure today as we now sit close to the lows made last Friday. A close under \$109.25 would turn the technical indicators bearish.
February Live Cattle	139.300s	-1.900	Market was lower today as profit taking was seen. Market may have found resistance and needs to seek support near term. Support is still at \$133.75.
February Lean Hogs	80.925s	-0.100	Hogs were weaker today but remain below major resistance which we see at \$85.60 near-term.
January Diesel	2.1435	+0.0504	The market was stronger today but did close off its highs as well. Covid-19 shutdown fears are not over with yet. The market may have found support near term but outside market news will drive direction.
January Natural Gas	4.887	-0.590	The market was sharply lower today closing under the 100-day moving average. We are looking to own this break and will give it some time.
December US Dollar	96.195	+0.091	The dollar was firm but well off its highs.
Dow	35,135.94	+236.60	The Dow finished stronger but remains well off its recent highs. There is a lot of things going on so look for volatility to continue as covid remains a concern.

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