newfrontier CAPITAL MARKETS

Grain Market Morning Comments:
October 6, 2022

Conab pencils in huge Brazil soybean crop!

Corn and soybeans were under pressure on Wednesday as the USD bounced from Tuesday's drop. Corn was able to squeeze out a penny yesterday with OPEC+ cutting production quotas by 2 million barrels per day. The reality is the cut was more like 900,000 barrels per day because they were not meeting current quotas because of sanctions on Russian Oil. Crude is flat to lower overnight, so we are still below $90 a barrel and we will need to see more rally out of the oil to help corn hold these prices to end the week. In the Ukraine, Putin has officially annexed the 4 regions in Ukraine but the Ukrainian Army is making progress taking back part of those regions. This could push Putin to escalate his offensive which will be bullish wheat and corn and also scary for the world. Conab released its new estimate for this year's Brazilian soybean crop at 152.4 MMT which is in line with StoneX and a little higher than USDA's current 149 MMT. It would be a monster crop and they are planting in good conditions right now. We are looking for opportunities to cover some 2023 risk in soybeans and corn. Weekly export sales were disappointing across the board and lower water levels in the Mississippi has barge traffic backed up. This has caused some exports to pull offers over worries about supply to the Gulf. For today, we are watching 6.72 & 13.55 for support and 6.92 & 13.92 for resistance.

December Corn Technicals: **The market is neutral to slightly bullish. Bulls need a close over 7.00 while the bears are looking for trade below 6.50.**

November Soybean Technicals: **The market is bearish and looks to attack 13.50. Bulls need a close in the 14.00's for a start.**

Exports: ***none to report.***

Weather: ***Midwest mostly dry as harvest rolls. Argy did get some rain the last 2 days but forecast remains mostly dry. Brazil's S 33% is the driest but most good to go.***

Dollar Index: **The dollar is trading 12 ticks higher this morning at 111.33.**
Brazilian Real: **The Real is trading flat this morning at 19.25.**

7 Day Rainfall Accumulation Forecast

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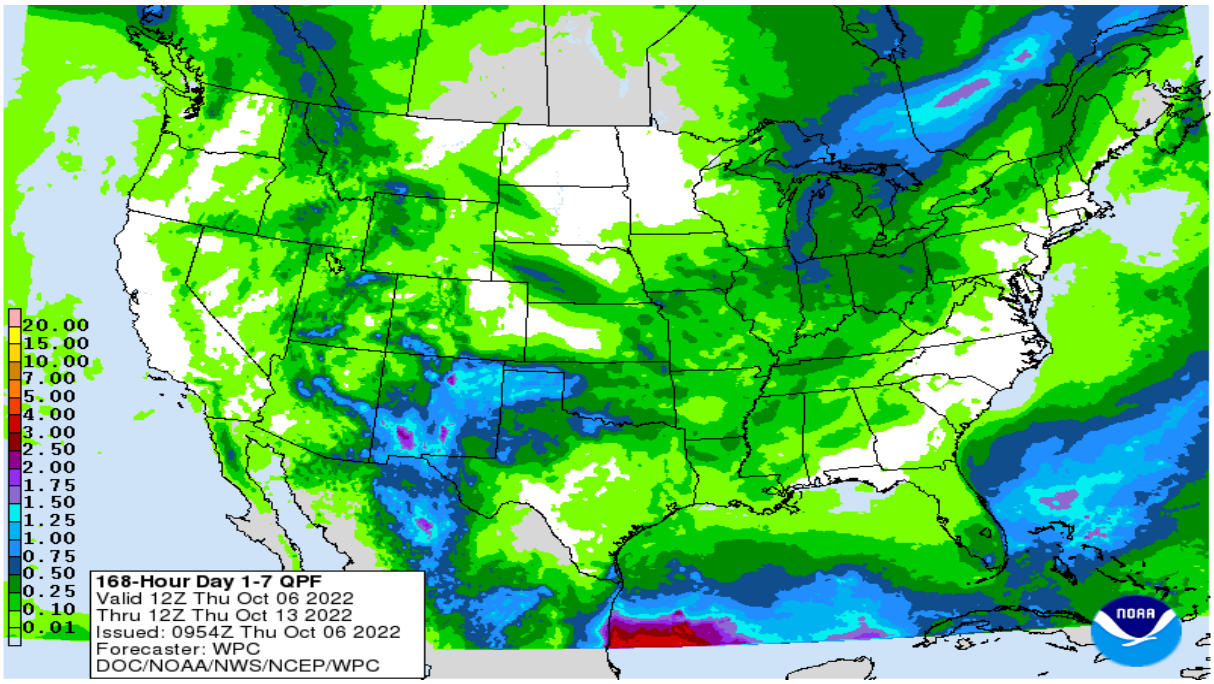

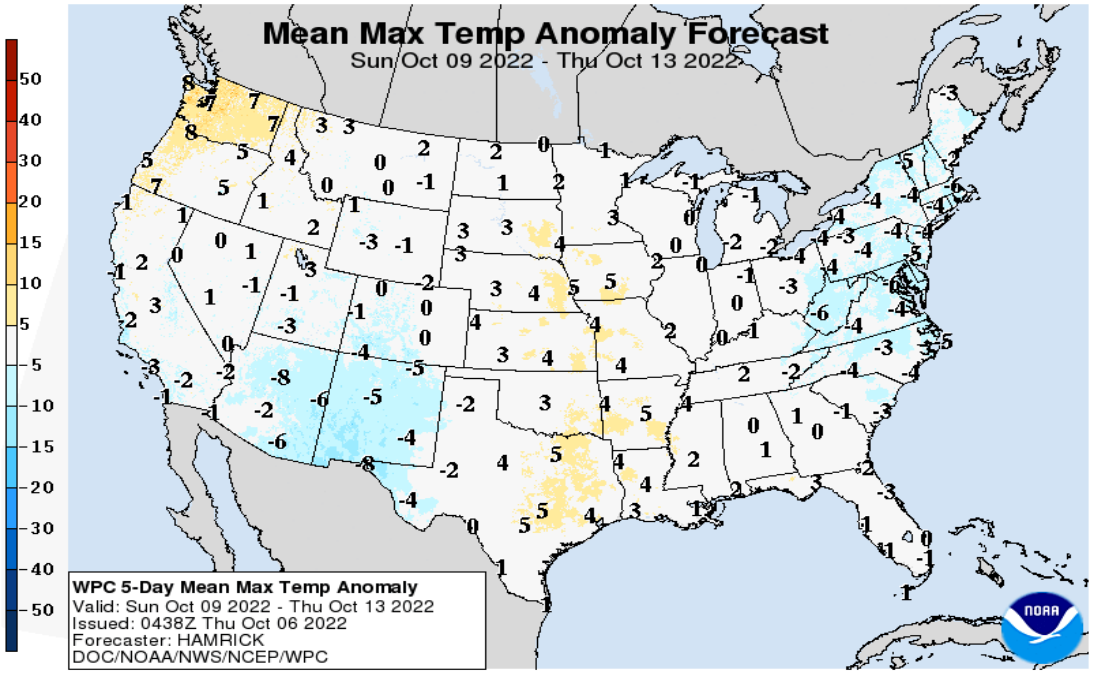

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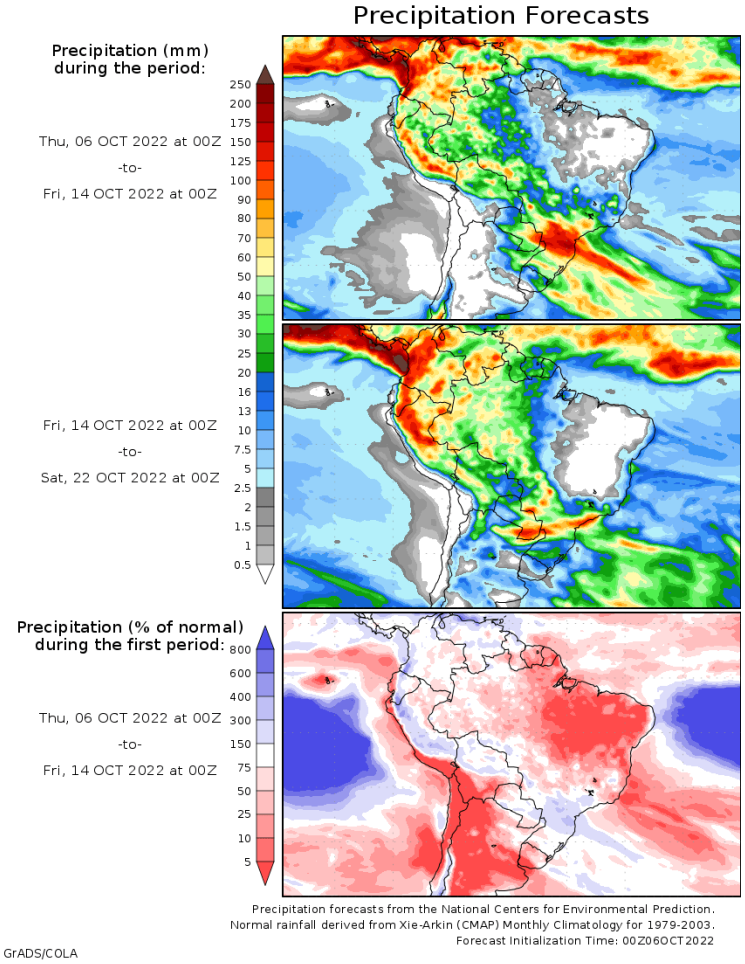

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