



HBO PROFIT LOCK & RISK MANAGEMENT 2023

December 2023 Report
Prepared By Jason Thomas, President
Healthy Brand Oil Corp.

FOOD FOR THOUGHT

“Does today’s oil prices allow me to guarantee tomorrow’s profits?”

-Unknown

“In trading, the impossible happens about twice a year.”

-Henri M Simoes



Technical View: Soybean Oil (Continuous Front Month)

wnulax01 published on TradingView.com, Dec 15, 2023 12:23 UTC-5

SOYBEAN OIL FUTURES, 1D, CBOT O49.80 H50.04 L48.59 C48.79 -0.91 (-1.81%)
SMA (150, close, 0, SMA, 5) 55.89



Technical View: Soybean Oil 4 Hour (JAN 2023)

vvulax01 published on TradingView.com, Dec 15, 2023 12:27 UTC-5

SOYBEAN OIL FUTURES (JAN 2024), 4h, CBOT O:49.05 H:49.13 L:48.66 C:48.73 -0.31 (-0.63%)
SMA (150, close, 0, SMA, 5) 50.94



Technical View: Palm Oil (Continuous Front Month)

wwwlax01 published on TradingView.com, Dec 15, 2023 12:29 UTC-5

CRUDE PALM OIL FUTURES, 1D, MYX O3697 H3728 L3664 C3692 +4 (+0.11%)
SMA (150, close, 0, SMA, 5) 3747



VEGETABLE OIL FUNDAMENTALS

- ✓ The NOPA Crush report for November showed soybean oil stocks at 1.214 billion pounds, the first stock rise in seven months. Crush was the second-highest month ever at 189.038 mln bushels.
- ✓ While soybean oil stocks are low, cash markets are not behaving like they are concerned about supply.
- ✓ International suppliers have shown an unwillingness to sell oil at recent lows. In addition, offers are firming, minimizing the impact of imports.
- ✓ Demand from the energy sector has been soft, helping pressure both basis and futures for soy and canola oils.



AGRICULTURE FUNDAMENTALS

- ✓ China buying of U.S. Chicago (SRW) Wheat at ten-year highs.
- ✓ Soybean and corn exports lag USDA estimates, but domestic markets remains more supportive.
- ✓ Argentina elected a new libertarian president, Javier Milei who promised significant and sweeping changes, including the ,elimintation of its central bank and a cut in agricultural export taxes.
- ✓ Brazilian has been too hot in the North and Central regions and too wet in the South. Early projections for soybean and corn production are being cut.



MACRO HEADLINES

- ✓ Energy markets remain soft. Crude oil is down 23.63%, heating oil (diesel) is down 24.44%, and gasoline (RBOB) is down 27.99% from Aug/Sept highs, helping pressure soybean oil prices.
- ✓ FOMC met on Wednesday and did not change interest rates. More importantly, Fed Chair Powell communicated a dovish forward guidance, including their projection for three rate cuts in 2024. A more accommodative monetary policy should help support commodities.
- ✓ Inflation slowed to a 3.1% annual rate in November per this week's CPI report, continuing to show that inflation is trending lower.
- ✓ U.S. Treasury bond yields (10Y) are down 22.40% since October 23rd and the U.S. Dollar (DXY) is down 4.45% since October 3rd.

AROUND THE HORN

From Ben Carson, @awealthofcs: *I think it's an economic miracle:*
-the labor mkt recovered from 14% unemployment during a pandemic
-inflation didn't spiral further out of control after Russia invaded Ukraine
-the Fed didn't throw us into a recession when rates went from 0% to 5%
-I'm fine w/the victory laps

From Tom Lee, @fundstrat: *Powell no longer invoking Volcker- risk-on*

From Carl Quintanilla, @carlquintanilla: *".. American oil production — already higher than any other country — is quietly setting new records and helping to push down gas prices."*

From The Jacobsen: *With cash trading for vegetable oils still incredibly quiet, basis indications on soybean oil in central Illinois and in the Gulf continue to wallow near, or at, yearly lows. Renewable diesel and biodiesel demand remains sharply reduced. In addition, food buyers have not been engaged in the spot soybean oil market, many sources have said.*

Bonus Round----Bloomberg 2024 Biofuels Outlook

2024 Outlook: Global Biofuels

THESIS: Biofuels are set up for slower growth in 2024 as the existing policy runway is narrowing and inflation concerns pressure further emission-reduction requirements. Renewable-diesel production is outstripping mandates in the US, capping margins absent operational disruptions. A softer gasoline backdrop could dent elevated ethanol margins, while decarbonizing is key ahead of 2025 regulation. Liquid biofuels are a competitive solution for lower transportation emissions, particularly in aviation, heavy-duty and marine, but reaching cost-effective scale is a challenge as governments weigh downstream price implications. (12/12/23)

Three Keys for 2024: Global Biofuels

Set Rule Places Speed Limit on US Demand

BI View:

Renewable volume obligations for 2023-25 are well below the growth in US renewable diesel supply. The RIN carryforward bank could build in 2024, keeping a lid on credit prices. A greater share of production will need to be exported and runway to add capacity is limited.

Margin Pressure Trickles Down to Feedstock Prices

BI View:

Narrowing renewable diesel margins could weigh on feedstock prices in 2024. 2H23 margins are 37% below 2022 with soybean oil prices down 14% comparatively. Over 50% of US soybean oil goes to biofuels and about 40% of corn. Cooling fuel prices add pressure, particularly on corn.

Carbon-Intensity Divide Starts Ahead of 45Z

BI View:

Low-carbon-intensity fuels are gaining a margin advantage. Section 45Z of the IRA creates a fuel-agnostic producers' tax credit based on an emissions factor for 2025-27. The policy favors US renewable diesel made from waste or residue. Corn ethanol and soybean-oil diesel await pathway clarity.

Bonus Round---Technical View: Corn (Continuous Front Month)



Bonus Round----Technical View: Chicago Wheat (Continuous Front Month)



Bonus Round----Technical View: Crude Oil (Continuous Front Month)



Bonus Round----NOPA November Soybean Oil Stocks *from Karen Braun, Reuters*

