

## HBO PROFIT LOCK& RISK MANAGEMENT 2024

February 2024 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



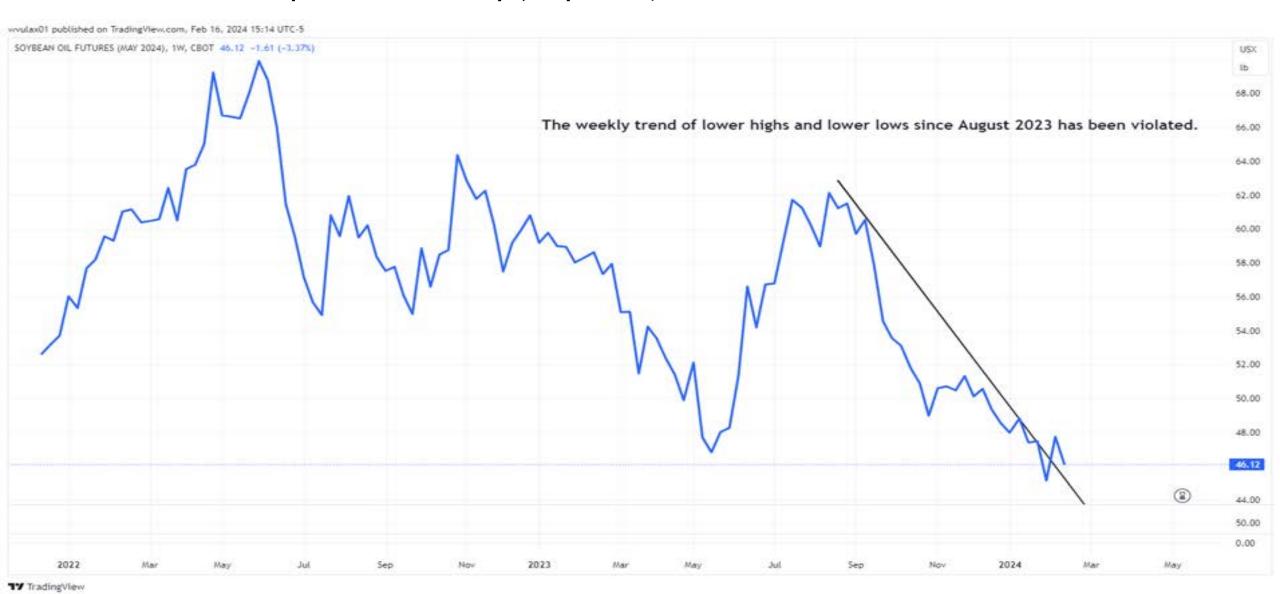
## Technical View: Soybean Oil (Continuous Front Month)



## Technical View: Soybean Oil Daily (May 2024)



## Technical View: Soybean Oil Weekly (May 2024)



### Technical View: Palm Oil (Continuous Front Month)



## VEGETABLE OIL FUNDAMENTALS

- ✓ The NOPA Crush report for January showed soybean oil stocks at 1.507 billion pounds, above the trade expectations of 1.409 and down 17.6% YOY. Crush was a record for the month of January.
- ✓ North American cash markets have been soft but suppliers are only offering discounts for what needs to move in the short term.
- 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 but suppliers remain bullish on demand in 2024.
- Palm Oil production has been viewed as a bullish feature for veg oil markets in 2024 but a transition from El Nino to La Nina puts this idea in question.



## AGRICULTURE FUNDAMENTALS

- ✓ Fund traders are historically short ag markets. Is there anyone left to sell?
- ✓ Brazilian soybean harvest pegged at 22% and second crop corn plantings ahead of pace.
- ✓ Global wheat stocks remain tight but Russia continues to undercut the market with supply.
- ✓ Thursday's USDA Ag Outlook Forum projected 2024 U.S. crop acres to decrease but stocks to increase YOY for beans, corn, and wheat.
- Seasonals favor the bulls for beans, meal, oil and corn but the bears for wheat.



## MACRO HEADLINES

- ✓ Inflation data remains sticky with February's CPI report coming in slightly hotter than trade expectations. This continues to raise questions of when the Fed will cut interest rates.
- ✓ The trade off with higher inflation is that the U.S. economy continue to show strong growth with Q4 2023 coming in at 3.3% versus trade expectations at 2%.
- China's economy continues to struggle with the Heng Sang Index down 31% YOY. The last two weeks have shown signs of stabilization including markets holding the 2023 lows. Without China finding some support grains will struggle.
- ✓ Global conflicts in Israel/Palestine, The Red Sea, and Ukraine continue to add geopolitical risk for commodity markets.

## AROUND THE HORN

From Ed Yardeni, Yardeni Research: The economy is nearly as good as it gets. Unemploymenet, inflation, and gas prices are down: consumer sentiment and retail sales are up

From Tuomas Malinen, @mtmallinen: There have been two main drivers for financial markets during the past few years. The first one is #China (more precisely the People's Bank of China). Liquidity injections of the PBoC follow a really strange cyclical pattern.

From Risk Management, @FarmsMarketing: Concerns rise in #Brazil as forecast remains bleak thru March as #Safrinha #corn crop lacks subsoil moisture by 4 inches according to #NOAA. Reliant on soil moisture, it faces vulnerability due to slow planting pace.

From Grains Gorilla, @GrainsGorilla: July 24, 2023 March soybeans made their high around 1428 (funds long 121k). Today 31 weeks later we are trading 1165(funds short 170k). 24/31 weeks we have closed lower and funds have sold close to 300k contracts. Contract lows are 1145 in March. Whats left to trade for Bear?

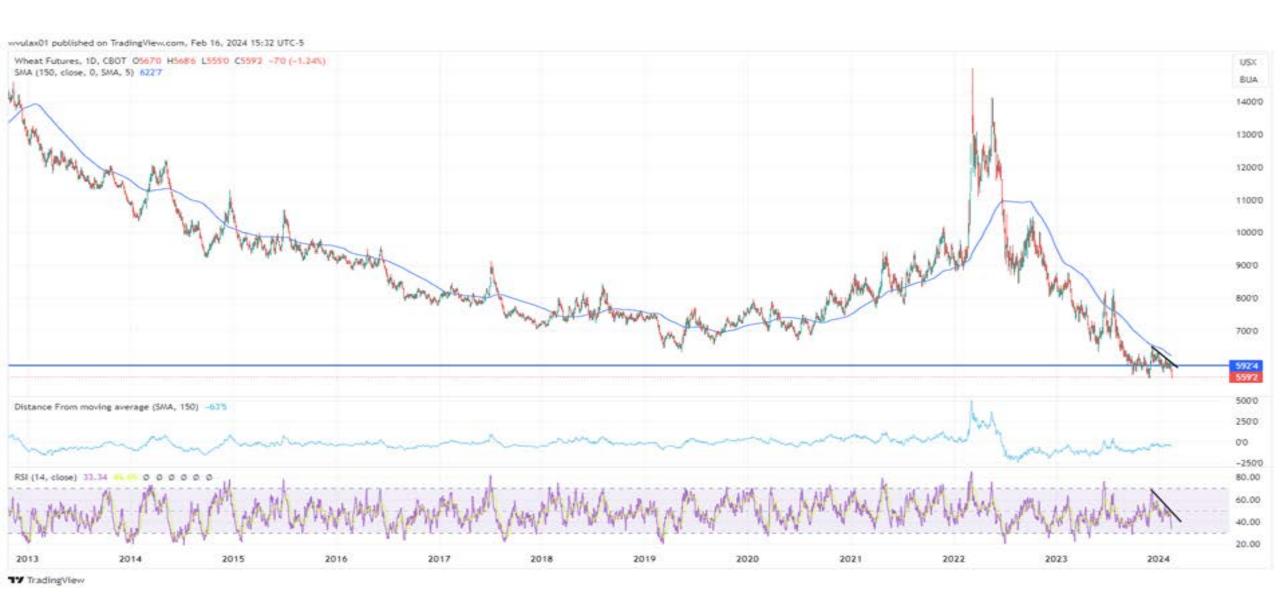
## Bonus Round----Technical View: Corn (Continuous Front Month)



## Bonus Round----Technical View: Soybeans (Continuous Front Month)



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



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



## Bonus Round----Heating Oil versus Soybean Oil aka HOBO Spread

