



HBO PROFIT LOCK & RISK MANAGEMENT 2024

March 2024 Report
Prepared By Jason Thomas, President
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FOOD FOR THOUGHT

“Does today’s oil price 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)

wvulax01 published on TradingView.com, Mar 30, 2024 11:23 UTC-4



Technical View: Soybean Oil Daily (July 2024)

wvulax01 published on TradingView.com, Mar 30, 2024 11:16 UTC-4



Technical View: Soybean Oil Weekly (July 2024 Close Only)

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Soybean Oil Futures (Jul 2024), 1W, CBOT 48.68 +0.37 (+0.77%)

The weekly trend of lower highs and lower lows since August 2023 has been violated.



USX
lb

64.00
60.00
56.00
52.00
48.00
44.00
40.00
36.00

48.68

45.42



Technical View: Palm Oil (Continuous Front Month)

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VEGETABLE OIL FUNDAMENTALS

- ✓ The NOPA Crush report for February showed soybean oil stocks at 1.69 billion pounds, above the trade expectations of 1.591 and down 6.6% and a 9-year low for the month.
- ✓ North American cash markets remain soft, but early signs of a bottom are forming. Q2 will bring supplier down time and seasonal increases in demand which should help tighten supply.
- ✓ International suppliers have shown an unwillingness to sell oil at recent lows. North American soybean and canola oils are the cheapest in the world.
- ✓ Demand from the energy sector remains soft but suppliers remain bullish on energy demand in 2024.
- ✓ Palm Oil is trading as a premium to soybean/canola oils pushing demand toward those oils and away from palm.



AGRICULTURE FUNDAMENTALS

- ✓ Fund traders have been lightening their historically short positions in ag markets. Seasonal risks are highest from now till harvest.
- ✓ CONAB pegs Brazilian soybean production at harvest 146.9 MMT versus the USDA at 155 MMT. This is a spread of around 300 million bushels.
- ✓ USDA's March Prospective Plantings report for corn surprised markets by coming in below trade guesses by 1.7 million acres and down 4.6 million acres YOY.
- ✓ USDA's March Grain stocks report showed higher grain stocks for corn, soybeans, and wheat YOY.
- ✓ Dry conditions for Brazil's Safrinha corn crop have been helped by recent rains. When the rains shut off will be key to their corn production.



MACRO HEADLINES

- ✓ Inflation data remains sticky with March's CPI report coming in slightly hotter than trade expectations.
- ✓ March's FOMC meeting brought no change in interest rates but a softer (dovish) outlook from Fed Reserve Chairman Jay Powell.
- ✓ Outside U.S. markets continue to look strong with the S&P 500 trading at all-time highs. Key domestic sectors also look strong with Industrials, Materials, and Financials all trading at or new highs.
- ✓ Commodity price action broadly looks like it's holding support lines and turning higher. Questions loom about the fundamentals though.

AROUND THE HORN

From Ben Carlson, @wealthofcs: Net worth is at all-time highs
Stock prices are at all-time highs
Housing prices are at all-time highs
Economic activity is at all-time highs
Air travel is at all-time highs
You can earn 5% on your cash

I know ppl don't like good news but this is the roaring 20s (w/o the vibes)

From Win Smart, CFA, @WinfieldSmart: Central banks around the world have begun cutting rates rapidly It's only a matter of time before the Fed joins

From Andreas Steno Larsen, @AndreasSten: China is on the MOVE! Are you paying attention?

From Sammy McCallum, @Honestocks1: \$DBC - The Commodity Index ETF is holding up exactly where it should have held up.

Lots of GREAT looking charts in the space, you should dig in.

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

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

wvulax01 published on TradingView.com, Mar 30, 2024 11:53 UTC-4



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

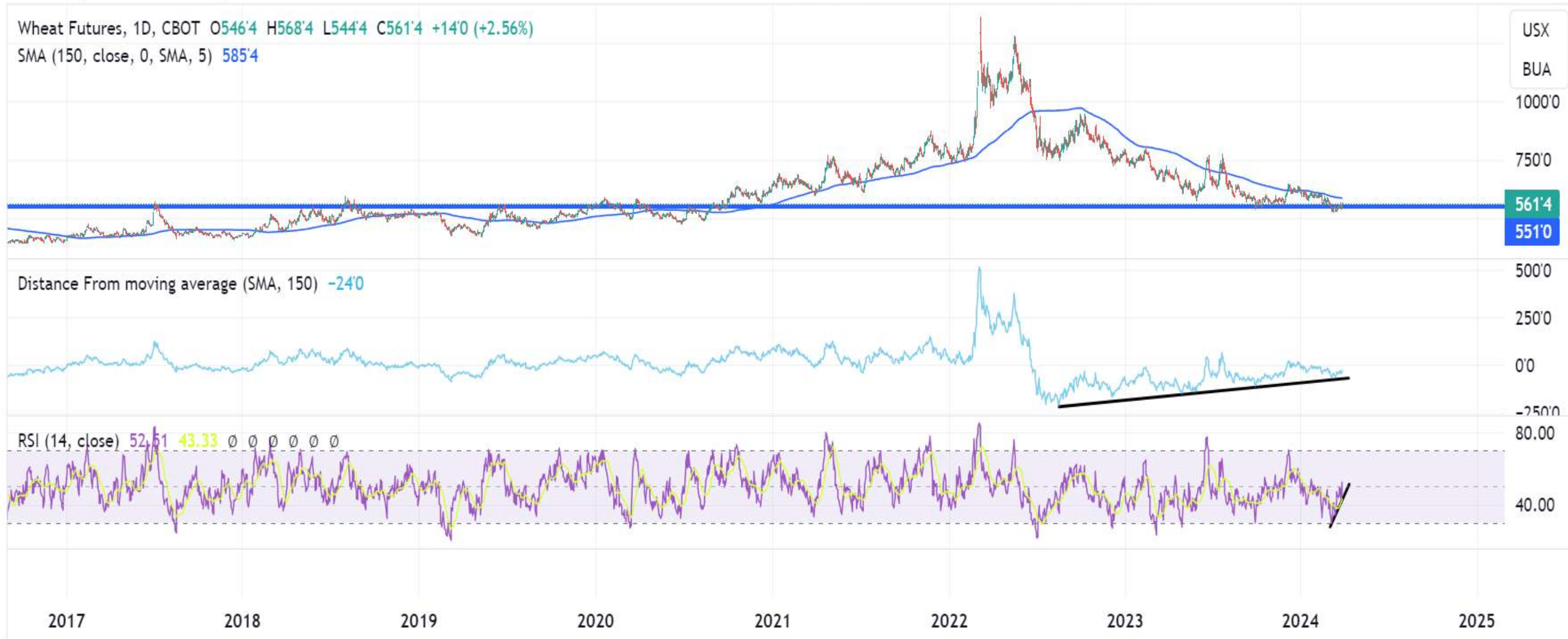
wvulax01 published on TradingView.com, Mar 30, 2024 12:00 UTC-4

Wheat Futures, 1D, CBOT O546'4 H568'4 L544'4 C561'4 +14'0 (+2.56%)

SMA (150, close, 0, SMA, 5) 585'4

Distance From moving average (SMA, 150) -24'0

RSI (14, close) 52.51 43.33 0 0 0 0 0 0



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

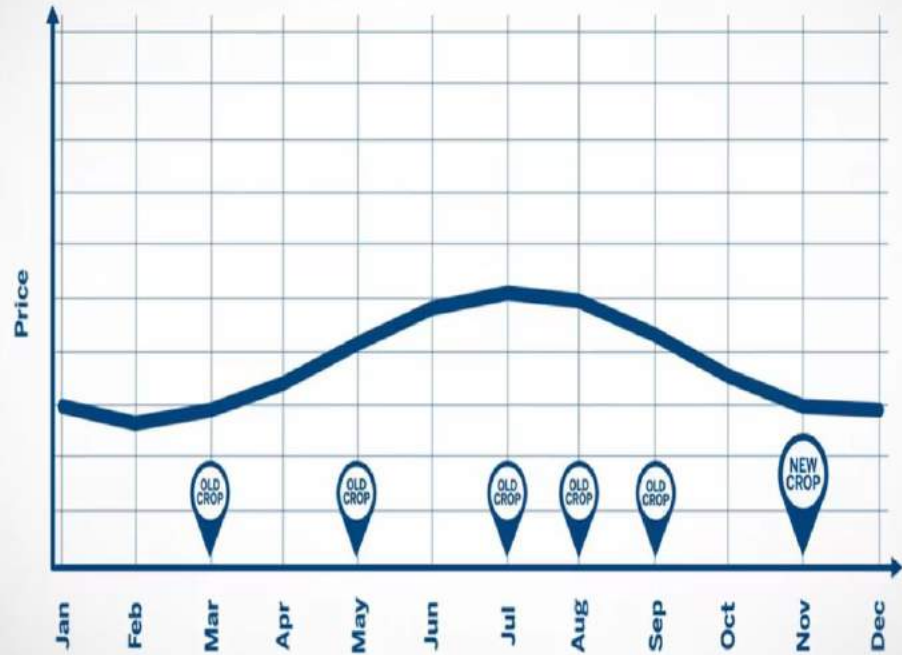
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Bonus Round----Seasonality (Source CME)

Seasonal tailwinds for beans, meal, oil, and corn. Seasonal headwinds for wheat.

Soybeans



Wheat





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Summary:

If today's prices lock in tomorrow's profits these are logical levels to manage price and supply risks.

- ✓ Ag commodities are trading sideways at or near the cost of production with the funds still fairly short.
- ✓ Seasonal price and supply risks for corn, beans, meal, and soybean oil are highest from now till around early July.
- ✓ Global supplies for corn, beans, and wheat are slightly bearish but Mother Nature can change balance sheets and prices quickly.
- ✓ The agricultural markets can be unpredictable and volatile, but there are strategies to manage risk and provide your business certainty.