

## MORNING GRAIN COMMENTARY

### Morning Trends:

As of 4:30 AM CDT  
**Corn: 1 to 2 lower**  
**Wheat: 1 to 2 higher**  
**Soybeans: 1 to 2 higher**  
**Soy Meal .5 to 1.0 higher**  
**Soy Oil: .5 around**

### The Stories of the Day:

It always comes back to the chips <https://www.msn.com/en-us/money/markets/the-most-important-company-youve-never-heard-of-is-being-dragged-into-the-us-china-rivalry/ar-BB1c0cdX?ocid=uxbndlbingoff&li=BBnb7Kz>  
Brexit it is coming down to the wire <https://www.bbc.com/news/uk-politics-55347723>

**Weather:** There are troughs located in the eastern and western U.S. with a ridge over the Four Corners and High Plains. These features will be progressive and will shift eastward this weekend. For much of next week, a general ridge west and trough east pattern will develop, but a series of troughs will move through the northern U.S., keeping the ridge suppressed in the West and South Central. The U.S. and European models have some good agreement on the overall pattern, but they differ on how they develop the storm systems, especially in the outlook period. I will use a blend of the models but favor the European. For the outlook period, temperatures on Tuesday will be above normal across most of the country. Temperatures will fall as a trough moves through mid to late next week with below normal temperatures settling into the East. Temperatures will rise in the West late next week as a ridge builds behind the trough with above normal temperatures returning. A system may develop in the Plains and Midwest mid to late next week which could produce moderate precipitation. Scattered precipitation will move into the West late next week as another system moves onshore. -DTN

**NORTHERN PLAINS (LIVESTOCK):** Above normal temperatures this week through early next week will limit stress on livestock. Very little precipitation is also suggested through early next week. A storm system in the middle of next week could produce more moderate snowfall across the area. -DTN

**CENTRAL/SOUTHERN PLAINS (WINTER WHEAT/LIVESTOCK):** A couple periods of moderate snow have fallen recently, especially across Oklahoma. This has increased soil moisture for dormant wheat, but an overall drier pattern is expected for the region over the next 10 days. -DTN

**MIDWEST (WHEAT):** Wheat has gone dormant in mostly good condition. Isolated showers are expected over the following week with the potential for a snowstorm for middle to latter part of next week. -DTN

**BRAZIL (CORN/SOYBEANS):** Showers have been more isolated over the last few days across the central and southern growing regions. This has benefited only small areas while others are showing stress as corn and soybean enters or moves through reproduction. More moderate showers are expected through the weekend over the south, which will then migrate to central and northern growing areas over the weekend and next week. Southern areas may end up fairly dry next week where precipitation is needed over the next few days to sustain crop prospects. -DTN

**ARGENTINA (WINTER WHEAT/CORN/SOYBEANS):** Showers have been isolated over the last several days, putting stress on developing corn and soybeans. A system will bring more widespread showers to the country Friday and Saturday. The showers will be important as the country goes drier next week. Areas that have been drier and receive less precipitation, mainly across the west, will show more signs of stress. -DTN

**EUROPE (WINTER WHEAT):** Winter grains have gone into dormancy in good condition across the north and east. Recent showers across Spain and Italy have been beneficial for developing wheat. A storm will move into the Mediterranean with some showers this weekend, maintaining the overall early prospects on the crop. Periods of scattered showers will expand across Europe next week. -DTN

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**NORTHERN AFRICA (WINTER WHEAT):** Showers have been more than adequate over eastern areas recently. Although showers have fallen in Morocco, more will be needed as wheat develops. Some isolated showers are expected for the next couple of days. More showers are expected over the weekend into next week as a system moves into the Mediterranean, but showers will be more focused in the east where prospects are better. -DTN

**SOUTH AFRICA (CORN/SUGARCANE):** Isolated to scattered showers will continue to move through the region, benefiting developing corn and sugarcane. Showers will continue to be in the area through the next week. -DTN

**AUSTRALIA (WINTER WHEAT/CANOLA/COTTON/SORGHUM):** Recent showers across New South Wales and Queensland this week have benefited developing cotton and sorghum. More showers will continue in this area through the week and much of the weekend as well. The late harvest of wheat and canola will see some delays but developing cotton and sorghum will benefit. -DTN

**MALAYSIA/INDONESIA (PALM OIL):** Recent and forecast showers have been adequate for palm oil prospects as showers continue. -DTN

## Headlines:

- Malaysian March Palm Oil up 12 Ringgits
- Dalian Futures exchange higher May corn up 20 to the Yuan, May beans up 46, May Meal up 18, May bean oil up 48
- Asian Equity markets were mixed to higher Nikkei up .2%, China's Shanghai up 1.1%
- European Equity markets start higher German Dax up 1.1%, London FTSE 100 up .2%
- MATIF markets are mixed March Corn up .75 to the Euro, Feb Rapeseed down .50, March Wheat up .50
- Save the Date...Dec 22<sup>nd</sup>...US GDP Q3
- Save the Date...Dec 24<sup>th</sup>...US Government closed
- Save the Date...Dec 28<sup>th</sup>...Bank Holiday UK
- Covid-19 relief bill update <https://www.bloomberg.com/news/articles/2020-12-17/covid-relief-plan-talks-down-to-final-details-congress-update>
- Locust update <https://www.bloomberg.com/news/articles/2020-12-17/new-locust-swarms-in-africa-yemen-prompt-un-appeal-for-funds>
- ASF in S. Korea hopefully this will mean better neighbors as well <http://www.koreaherald.com/view.php?ud=20201215000259>
- Bird Flu Hey S Korea fences will not help with bird flu [https://www.koreatimes.co.kr/www/nation/2020/12/113\\_301075.html](https://www.koreatimes.co.kr/www/nation/2020/12/113_301075.html)
- Weekly jobless claims at 7:30 AM CST expected 808,000
- Weekly export sales at 7:30 AM CST wheat expected between 300-500,000 MT, corn 700-1.0 MT, beans 500-700,000 MT, meal 100-300,000 MT oil 5-25,000 MT

## Commentary:

At the bottom of every Ag comment that you might read today will be a statement like this, **"PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS."** In 2020 this statement as never been truer. Going into the last two weeks of the trading month, trading quarter and for many the end of their fiscal year the CW (conventional wisdom) would suggest that traders are hunkering down for the holidays,

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paring positions back and calling the dogs in because this hunt is over. The CW would tell you that price actions should be range bound into the first of the year, especially given that the next two weeks ahead will be three-day weekends here in the states. But this is 2020. This is a year wrecked by Covid-19 and in the short run with many dark weeks ahead. That said with vaccines being sent out to the world there is hope. This is 2020 where we are hard upon the cusp of new leadership in DC. This new leadership in DC may or may not reset world trade and back the US from multiple trade wars. In a year where ASF has helped redefine what it means to have adequate food/feed grain reserves it seems we are entering a super commodity phase where food inflation and its control is the number one job of governments everywhere. As governments around the world navigate the rough waters of Covid-19 the impact to currencies remains a huge factor as witness overnight with the dollar breaking through short term downside objectives and opening a huge new leg lower. All these factors playing out in a time where La Nina has elevated yield risk to S. America crops. That said we do not want to discount history; we love the wisdom that has been built up over the years. One of our favorite adages from our shared history is that weather markets flip on three-day weekends. We have two three-day weekends right as large swaths of corn and beans hit the reproductive stages throughout S. America. And oh yeah it is 2020, in the Covid-19 era where large swaths of the US are seeing spikes in infections. This means many a trader remains hunkered down and sheltering in place in their home offices. If there is one given in life; give a trader access to the markets they will keep trading. As we end 2020 the one thing, we and the CW can agree on is **"PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS."**

An investment in futures contracts is speculative, involves a high degree of risk and is suitable only for persons who can assume the risk of loss in excess of their margin deposits. You should carefully consider whether futures trading is appropriate for you in light of your investment experience, trade objectives, financial resources, and other relevant circumstances. PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.