

MORNING GRAIN COMMENTARY

Editor Note: On Dec 24th CME Ags will close at 12:05 CST...the trade desk will close at 2:00 PM CST...markets will reopen Sunday night regular time

Morning Trends:

As of 4:30 AM CDT
Corn: 1 to 3 higher
Wheat: 1 to 2 higher
Soybeans: 13 to 15 higher
Soy Meal 3.5 to 4.0 higher
Soy Oil: 40 to 45 higher

The Stories of the Day:

A Christmas Deal? <https://www.barchart.com/story/news/859839/uk-eu-on-cusp-of-striking-brexite-trade-deal-at-last>
If we can not have peace on earth may everyone for a few hours have some peace from 2020 and hope for 2021
<https://www.youtube.com/watch?v=qD6QSJsASVM>

Weather: A ridge is located in the West and off the East Coast with a deep trough in the Central. The trough continues east through the weekend while the ridge pushes further east into the country. A couple of disturbances will move through the country over the weekend into next week. The trough next week will be slow to pull north back into Canada, which should occur at the end of next week. The U.S. and European models have some good agreement on the overall pattern, but they differ on the speed and development of some 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 near to above normal in the South and near to below normal elsewhere. After a brief warmup in the East, temperatures below normal will gradually spread across the country through next weekend. Temperatures may rise above normal in the West toward the end of the period. A system is expected to develop in the Plains on Tuesday, lifting northeast through the remainder of the week. Moderate to heavy rain and snow are possible with this system. -DTN

NORTHERN PLAINS (LIVESTOCK): A strong system brought snow and strong winds Wednesday with a short-lived period of below normal temperatures through Thursday. Dry and warmer weather will return Friday and Saturday. Near normal to cooler than normal conditions will arrive next week. -DTN

CENTRAL/SOUTHERN PLAINS (WINTER WHEAT/LIVESTOCK): Windy conditions developed on Wednesday, bringing stress to the wheat crop from potential scouring out of the soil. Generally drier weather is expected for the remainder of the week and weekend. Some needed precipitation may arrive next week. -DTN

MIDWEST (WINTER WHEAT): Scattered moderate showers will increase soil moisture through Thursday and have brought moderate snow to northwest parts of the region. Additional precipitation chances will move through next week. -DTN

BRAZIL (CORN/SOYBEANS): Much needed, scattered, moderate showers moved through the southern growing regions over the weekend, benefiting corn and soybeans as they enter or move through reproduction to filling stage. However, a drier pattern has returned this week for some of these southern growing areas. Scattered showers will increase in coverage across central and northern growing areas, bringing much needed, beneficial rain. More showers should return to southern areas next week. -DTN

ARGENTINA (WINTER WHEAT/CORN/SOYBEANS): A system brought much needed widespread, moderate showers this weekend, but drier weather has developed this week. However, relief should come to western areas over the next few days as much needed, beneficial showers spread across these areas. A larger area of widespread moderate to heavy rain may develop next week as a system spreads through the region. -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, maintaining the overall

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positive prospects on the crop. Periods of scattered showers will expand across Europe this week with a more active, wetter pattern. -DTN

NORTHERN AFRICA (WINTER WHEAT): Showers have been adequate over eastern areas recently. Although showers have fallen in Morocco, more will be needed as wheat develops. Mostly dry weather will develop in all areas around midweek this week, but shower chances will return to at least eastern areas by Friday. Additional showers may move through early next week. -DTN

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

AUSTRALIA (WINTER WHEAT/CANOLA/COTTON/SORGHUM): Recent showers across New South Wales and Queensland benefited developing cotton and sorghum. Showers will be more isolated for the next few days but more showers are expected to return next week. -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 34 Ringgits
- Dalian Futures exchange mostly higher May corn up 8 to the Yuan, May beans up 62, May Meal down 4, May bean oil up 214...side note Palm Oil up 246 Yuan
- Asian Equity markets were mostly higher Nikkei up .5%, China's Shanghai down .6%
- European Equity markets start mostly higher German Dax closed; London FTSE 100 unchanged
- MATIF markets are mixed to higher March Corn up .25 to the Euro, Feb Rapeseed up 1.25, March Wheat up .25
- Save the Date...Dec 24th...US Government closed
- Save the Date...Dec 28th...Bank Holiday UK
- Save the Date...Jan 8th...US employment numbers
- Save the Date...Jan 12th...USDA S&Ds
- Save the Date...Jan 15th...NOPA Crush
- US/Iran <https://www.msn.com/en-us/news/world/us-says-iranian-backed-militias-almost-certainly-behind-recent-rocket-attack-near-us-embassy-in-baghdad/ar-BB1cbJyd>
- A Christmas ham for Belgium <http://outbreaknewstoday.com/belgium-declared-african-swine-fever-disease-free-25823/>
- US Covid Relief Chaos <https://www.msn.com/en-us/news/politics/overnight-defense-trump-vetoes-defense-bill-setting-up-override-vote-trump-raises-objections-to-government-funding-covid-19-relief-package-trump-offers-iran-friendly-health-advice-as-tensions/ar-BB1cbNlf>
- All quiet on the FAW/Locust beat
- The state of the Indian farmer <https://www.msn.com/en-xl/news/other/are-indias-farmers-getting-poorer/ar-BB1cbHJy>

Commentary:

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It is a long time between now and the close of the CME Ag products at 12:05 PM CST. But given how this week started for the bull the last few sessions have been incredible. On Monday it felt in early dealings that the Dec rally was coming to an end, but a reversal in the midsession lifted corn and beans off the lows and prices have not look back. Of course, much of the focus this week has been on the Argentina dock workers strike and its ever-expanding lineup of boats waiting to load and unload. It has not hurt the bull this week to have inflation and poverty talk ripping through Russia once again, Black Sea values moving back to lofty level last seen in Dec of 2014. An adverse start to the S. America planting season has given way to a less than ideal growing season which also is contributing to the rally. Lurking behind every move that is made is China. China in its rush to expand the rolls of the middle class in this transition to the post era of ASF/Covid knows that the definition of the amount of key raw commodity reserves needed is changing. China knows it needs to store more and store it better. Interesting story on Reuters today as the Chinese government continues its campaign against waste (<https://www.reuters.com/article/china-grains-foodsecurity/china-sees-over-35-bltn-kg-of-annual-pre-consumption-grain-loss-xinhua-idUSL1N2J402Z>). It has been a good week to date for the bull, but if values can close at current levels technically it will be a great week. SH through 1270 and the march to 1300-dollar beans still might happen in 2020. It would be a reach but if CH close through the 455 level the train to 500-dollar corn could be leaving the station. The same for wheat, a last tick high tick kind of close and the bull will be dreaming of 680 wheat instead of sugar plums tonight.

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.