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A DIVISION OF MAREX SPECTRON

Wednesday, December 16, 2020

MORNING GRAIN COMMENTARY

Morning Trends:

As of 4:30 AM CDT
Corn: 2 to 3 higher
Wheat: 3 to 5 higher
Soybeans: 5 to 7 higher
Soy Meal 4.0 to 4.5 higher
Soy Oil: 5 around

The Stories of the Day:

Still trying https://www.msn.com/en-us/news/politics/mcconnell-says-senate-wont-leave-until-covid-aid-is-passed/ar-BB1bXkym?li=BBnb7Kz
Brexit it is coming down to the wire
https://www.thetimes.co.uk/edition/news/eu-hints-at-tentative-progress-in-brexit-negotiations-to-level-playing-field-0gmgcwsbg

Weather: There is a trough in the middle of the country with another moving into the Eastern Pacific. A progressive pattern continues through the period with a series of several troughs moving through the country over the next 10 days. 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 Monday will be above normal across most of the country. Temperatures will fall as a trough moves through in the middle to end of next week but rise quickly behind the trough in the West. A frontal boundary may bring some showers east of the Mississippi River this weekend with better chances for moderate precipitation to the south. A system may set up in the Plains and Midwest in the middle-to-late next week period which could produce moderate precipitation. -DTN

NORTHERN PLAINS (LIVESTOCK): Temperatures rising above normal this 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 mostly in good condition. Moderate snow will move through eastern portions of the region on Wednesday. More isolated showers are expected over the following week with some potential for a snowstorm in the middle-to-end 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 continue into next week. Southern areas may go fairly dry next week, needing precipitation 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. Isolated showers through Thursday will favor northern areas. 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. -DTN

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 are expected over the weekend into next week as a system moves into the Mediterranean but will be more focused in the east where prospects are better. -DTN

SOUTH AFRICA (CORN/SUGARCANE): Isolated to scattered showers 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 13 Ringgits
- Dalian Futures exchange mixed May corn up 21 to the Yuan, May beans down 28, May Meal up 37, May bean oil up 20
- Asian Equity markets were mixed to higher Nikkei up .3%, China's Shanghai flat
- European Equity markets start higher German Dax up 1.2%, London FTSE 100 up 1.3%
- MATIF markets are mixed March Corn up .25 to the Euro, Feb Rapeseed up .75, March Wheat unchanged
- Save the Date…Dec 16th…US FOMC meeting results
- Save the Date…Dec 22nd…US GDP Q3
- Save the Date…Dec 24th…US Government closed
- Save the Date…Dec 28th…Bank Holiday UK
- Locust still chomping in the Horn of Africa https://www.miragenews.com/desert-locust-upsurge-continues-to-threaten-food-security-in-horn-of-africa-and-yemen-despite-intense-efforts/
- FOMC preview https://www.nytimes.com/2020/12/16/business/economy/fed-december-meeting.html
- FAW the latest science https://phys.org/news/2020-12-bermudagrass-armyworm-pest-resistance-experimental.html
- ASF the latest science https://www.thepigsite.com/news/2020/12/study-identifies-way-to-curb-food-associated-transmission-of-asf
- Bird Flu Japanese update https://www.thepoultrysite.com/news/2020/12/bird-flu-present-in-a-quarter-of-japans-prefectures

Commentary:

In the coming weeks and months ahead one of the great hopes of all humankind is that many a wire or opinion piece such as this begin with the following term in the Post Covid-19 era. It will not hurt anyone's feelings if it is also written in the Post ASF era as well. That said in 2021 lessons learned from these twin evils of 2019-2020 will be felt throughout the marketing year. The number one lesson will be the new mantra of supply chain management as many a country and industry shifts away from just in time inventory to just enough. Price action in the coming weeks and months ahead will be driven by how countries and industries define what it means to key reserves to have just enough. In this post era world as countries and industries try to restock the pantries with supplies right at a time people who have been sheltering in place want more will mean the value of being a reliable supplier will be elevated. This theme can already be seen playing out in meal values this week. With Argentina dock workers wanting more, shipping delays for meal are mounting and in turn rumors mounting that meal cargos are being switched to US origination. There is a reason after all why the Nov NOPA crush came in at a record for the month at 181.2 MBU.