

MORNING GRAIN COMMENTARY

Morning Trends:

As of 4:30 AM CDT
Corn: 1 to 3 lower
Wheat: 1 around
Soybeans: 4 to 6 lower
Soy Meal 1.0 to 1.5 lower
Soy Oil: 5 to 10 lower

The Stories of the Day:

Not sure of the science but it sounds good <https://www.msn.com/en-us/health/medical/new-data-offers-great-news-about-the-pfizer-coronavirus-vaccine/ar-BB1bVXsV?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-0gmqcwsbq>

Weather: There is a trough in the West and another exiting the Northeast. 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. They differ on the progression of the storm systems over the next 10 days but not as much as they did last week. I will use a blend of the models but favor the European. For the outlook period, temperatures on Sunday will be near to below normal in the South and near to above normal elsewhere. Temperatures will rise early next week, with potential cooling late next week as a deeper trough moves through. A frontal boundary may bring some showers east of the Mississippi River this weekend with better chances for moderate precipitation to the south. Other storms may pass through southern Canada early next week, with some minor precipitation impacts over northern areas of the country. A system may set up in the Plains and Midwest in the middle-to-late next week period. -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. -DTN

CENTRAL/SOUTHERN PLAINS (WINTER WHEAT/LIVESTOCK): A two-part system brought moderate showers to much of the region over the weekend, including moderate to heavy snowfall across Oklahoma and the Texas Panhandle. More snow is expected over this area Tuesday, increasing soil moisture for dormant wheat, but an overall drier pattern is expected for the region over the next 10 days. -DTN

MIDWEST (CORN/WHEAT): A system brought moderate to heavy precipitation across much of the region over the weekend, increasing soil moisture but causing delays to the late corn harvest. A couple of weaker systems will move through the region through the next week with little additional moisture, though the southeast has the potential for some moderate snow Wednesday. -DTN

BRAZIL (CORN/SOYBEANS): Scattered moderate to heavy showers occurred over the weekend, just in time for corn and soybeans reaching reproductive stages. Showers will be more concentrated over southern areas this week before migrating further north this weekend and into next week. Areas somewhat missed last week in central Brazil could show signs of further stress before the rains return. -DTN

ARGENTINA (WINTER WHEAT/CORN/SOYBEANS): Scattered moderate to heavy showers fell across the country over the weekend, particularly across the north and northeast. Periods of showers will continue across the northern areas this week. A system will bring more widespread showers Friday and Saturday to the country. Dryness has limited growth and development of corn and soybeans so far this season. With showers being limited again this week, more stress is expected. The system this weekend may bring enough rainfall for a week's worth of dryness, but the region continues to run behind normal. -DTN

EUROPE (WINTER WHEAT): Winter grains have gone into dormancy in good condition across the north and east. Scattered showers fell across Spain and particularly Italy over the weekend. Recent showers have promoted winter wheat development in these areas. Though a storm is moving into the Mediterranean, it will likely come with less showers, though rainfall has been more than adequate thus far. -DTN

Tuesday, December 15, 2020

NORTHERN AFRICA (WINTER WHEAT): Scattered moderate showers fell across the eastern half of the region this weekend, with lighter showers in Morocco, where long-term deficits remain large. There is somewhat of a contrast between good conditions for developing winter wheat in the east, and poorer conditions in the west. Despite a system moving into the Mediterranean, only some isolated showers are expected across the west. Scattered showers may develop over the east this weekend. -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): Scattered showers fell across northern New South Wales and Queensland this weekend. More showers will continue in this area through the week, spreading south to areas that have been a little drier as of late. 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 monsoon showers continue. -DTN

Headlines:

- Malaysian February Palm Oil down 10 Ringgits
- Dalian Futures exchange mostly lower May corn down 14 to the Yuan, May beans down 75, May Meal down 6, May bean oil up 56
- Asian Equity markets were mixed to lower Nikkei down .3%, China's Shanghai down .2%
- European Equity markets start mixed to higher German Dax up .3%, London FTSE 100 up .2%
- MATIF markets are mostly mixed March Corn up 1.0 to the Euro, Feb Rapeseed down 1.50, March Wheat unchanged
- Save the Date...Dec 15th...NOPA Crush...crush expected at 180.0 MBU
- Save the Date...Dec 16th...FOMC meeting results
- Save the Date...Dec 22nd...GDP Q3
- Save the Date...Dec 24th...USA Government closed
- Save the Date...Dec 28th...Bank Holiday UK
- Locust hampering the planting season in Namibia <https://allafrica.com/stories/202012141096.html>
- FOMC preview <https://www.msn.com/en-us/money/markets/fomc-preview-feds-words-on-quantitative-easing-speak-louder-than-actions/ar-BB1bVp2q>
- Sri Lanka FAW being felt <https://www.msn.com/en-xl/news/other/prompt-action-needed-to-destroy-fall-armyworm/ar-BB1bVCAn>
- ASF China hog herds on the rise but prices are too <https://www.nasdaq.com/articles/chinas-pig-herd-nears-normal-levels-but-hog-prices-still-rising-2020-12-14>
- Bird Flu not much a story but what a headline <https://www.bbc.com/news/uk-england-leicestershire-55315242>
- GASC in looking for wheat Feb 1-15

Commentary:

Tuesday, December 15, 2020

With the Dec USDA S&D numbers in our rearview mirror, and yes Dec weather can help winter wheat in Russian and the US adverse weather will not mean loss yields at this time we should be hitting the home stretch of the Holiday Markets. Today should be a top 5 No News Tuesday of the calendar year. But we still have a lot playing out in the Macro Markets and Russian food inflation remain a wild card. Yes, wheat prices broke yesterday when it was announced that Russia would apply a 25.0 Euro tax on wheat exports. This meant the wheat market gave back about a third of the rally from last week when we first started hearing of a Russian wheat tax. There remains question on how and when it will be implemented. But today we might find out how it is playing on the world markets since GASC is in looking for wheat, shipment between Feb 1-15. In macro world we have the start of the FED FOMC meetings today. The US Congress lame duck session continues this week. On the to do list see if a bi-partisan deal can be reached to provide more Covid-19 relief and oh, yeah keep the US government funded. So here we are what should be a top 5 No News Tuesday session instead we have moving parts everywhere...keep watching this space.

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.