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A DIVISION OF MAREX SPECTRON

Friday, January 8, 2021

MORNING GRAIN COMMENTARY

Morning Trends:

As of 4:30 AM CDT
Corn: 1 to 3 higher
Wheat: 1 to 3 higher
Soybeans: 6 to 8 higher
Soy Meal .5 to 1.0 higher
Soy Oil: 10 to 15 lower

The Stories of the Day:

Good thing it is no longer 2020 or this could have ended differently
https://www.microsoftnewskids.com/en-us/kids/science/giant-asteroid-almost-twice-size-of-empire-state-building-to-fly-past-earth/ar-BB1cxLQe?li=BBnbfcL
Maybe the greatest commodity rock and roll song title of them all
https://www.youtube.com/watch?v=y7rFYbMhcG8

Weather: A messy pattern with several embedded disturbances will turn more to a ridge-west and trough-east pattern this weekend through next weekend. The U.S. and European models are similar through much of the period, but the European misses on the arctic air late next week. I will use a blend of the models but favor the American GFS. For the outlook period, temperatures on Wednesday will be below normal across the Gulf Coast and near to above normal elsewhere. Temperatures will gradually rise for the remainder of next week even underneath the trough. But an arctic intrusion will be possible across the East late next week and weekend. A clipper system will move through the Northern Plains and Midwest late next week, likely bringing the cold air into the eastern half of the country. -DTN

NORTHERN PLAINS (LIVESTOCK): Temperatures will remain above normal through most of next week with lower than normal stress on livestock. An arctic intrusion is being indicated for next weekend, but only by some of the models. -DTN

CENTRAL/SOUTHERN PLAINS (WINTER WHEAT/LIVESTOCK): The western half of the region remains in drought while there has been some easing across the north and east recently. These western areas saw very little precipitation out of this week's system. A system this weekend may be a little more promising for the southwest Plains. -DTN

MIDWEST (WINTER WHEAT): Systems will largely miss the region through the middle of next week while temperatures remain mostly above normal. A clipper system moving through at the end of next week may bring arctic temperatures to the region, but not all models believe this yet. -DTN

BRAZIL (CORN/SOYBEANS): Scattered showers continue to fall, but moderate to heavy showers have been isolated in central Brazil. This continues to show mixed crop health on reproductive to filling corn and soybeans in the region. Stress has been concerning for areas that have been largely missed and fairly good conditions are seen on satellite for more isolated areas over the last several weeks. Southern areas have seen more widespread crop health issues due to more stretches of dryness. This is especially true in Rio Grande do Sul. Scattered showers continue over the rest of the country. A frontal boundary may bring more widespread heavy showers to southern areas early next week. -DTN

ARGENTINA (CORN/SOYBEANS): Recent showers have been beneficial to many areas, but there were plenty that were missed. Some scattered showers will be possible on Saturday, but most areas are likely to remain dry through then, with concern continuing for developing to reproductive corn and soybeans. Models are a little more aggressive with rainfall Sunday-Monday and possibly next week. -DTN

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EUROPE (WINTER WHEAT): Winter grains have gone into dormancy in good condition across the north and east. Scattered showers continue to fall across Spain and Italy as the storm track remains active through the Mediterranean through this weekend. Overall, conditions remain favorable for developing winter wheat. -DTN

NORTHERN AFRICA (WINTER WHEAT): Recent showers have been very favorable in portions of Morocco, where dryness has been more of a concern. Otherwise, with the storm track active through the Mediterranean through this weekend, there will be a few chances for showers. Overall, conditions remain favorable for developing winter wheat, especially in the east. -DTN

SOUTH AFRICA (CORN/SUGARCANE): Periods of showers will remain in the area over the next week. Conditions remain beneficial for developing corn and sugarcane. -DTN

AUSTRALIA (COTTON/SORGHUM): Recent showers have been very beneficial for developing to reproductive cotton and sorghum. Showers will gradually dry up from south to north over eastern areas through this weekend with dry conditions being possible through next week. Should the rains cease, some stress and increased irrigation will be seen, though irrigation levels should be fairly adequate. -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 3 Ringgits
- Dalian Futures exchange mixed May corn up 21 to the Yuan, May beans up 12, May Meal down 13, May bean oil down 22, May palm oil down 44
- Asian Equity markets were mostly higher Nikkei 2.4%, China's Shanghai down .2%
- European Equity markets start mixed German Dax up .7%, London FTSE 100 up .1%
- MATIF markets are higher March Corn up1.0 to the Euro, Feb Rapeseed up 3.0, March Wheat up 1.50
- Save the Date…Jan 8th…US employment numbers…expected 60,000 new private sector jobs, unemployment rate at 6.8%
- Save the Date…Jan 12th…USDA S&Ds, Winter Wheat Plantings, Quarterly Grain Stocks
- Save the Date…Jan 15th…NOPA Crush
- Save the Date…Feb 16th…MLB camps start to open
- ASF China pork futures are up and trading https://www.scmp.com/business/markets/article/3116960/china-launches-hog-futures-dalian-exchange-after-african-swine
- Bird flu in France https://www.theguardian.com/world/2021/jan/08/calls-for-mass-duck-cull-in-france-as-bird-flu-hits-foie-gras-industry
- Africa turns to AI to combat locust https://www.cajnewsafrica.com/2021/01/08/africa-utilises-ai-to-thwart-locust-invasion/
- CFTC numbers at 2:30 PM CST are expected to show that MM funds as of the close of 1/5 were long 46,860 wheat contracts, long 382,045 corn, long 251,487 beans, long 99,887 meal, and long 127,989 bean oil contracts

Commentary:

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Some mornings one wakes up knowing that their passion for the market will just not be there. This seems to be one of those morning. The unprecedented violence in DC this week, weather concerns for S. America, the race between new Covid strains breaking health care systems around the world vs. the race to get life saying Covid vaccines out to the world and oh yeah, the biggest USDA Date Dump of the year next Tuesday. Normally one would be paring positions back and moving to the sidelines today. But given the size and speed of the market many traders, both long and short are questioning what could be the cost of re-entering next week. So today it feels like the trade is frozen in time. Yes, plenty of news swirling around that will impact Ags and macro markets in the coming weeks and months ahead, but so much is swirling that traders are going to ground, as is. We look for a choppy two-sided trade with the main feature up or down a lack of follow through.

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.