

## MORNING GRAIN COMMENTARY

### Morning Trends:

As of 4:30 AM CDT

**Corn: 11-13 lower**

**Wheat: 11 to 13 lower**

**Soybeans: 25 to 30 lower**

**Soy Meal 10.0 to 11.0 lower**

**Soy Oil: 20 to 25 lower**

### The Stories of the Day:

**Arab Spring 2.0?** <https://apnews.com/article/africa-tunisia-coronavirus-pandemic-north-africa-tunis-a0040a46eed51f9d29ef2845d9f3e395>

**In case you were wondering** <https://www.msn.com/en-us/news/politics/trump-declines-to-pardon-tiger-king-star-joe-exotic/ar-BB1cUbzn?li=BBnb7Kz>

**Weather:** There is a ridge off the West Coast, a trough over the Southwest, a ridge building in the Southeast, and a wide trough across the north. Impulses will continually push the trough to the west over the next 10 days while the ridge continues in the Southeast. This will produce more of a trough-west and ridge-east look through early next week. The trough may shift so far westward in the middle and end of next week, that a ridge-west and trough-east pattern establishes itself. The U.S. and European models are fairly similar overall but treat storms with varying speed and strength next week. Regardless, I will use a blend but favor the European. For the outlook period, temperatures on Monday will be near to below normal in the West, Northern Plains, and Northeast and near to above normal in the Midwest and South. Temperatures will generally follow this pattern through next week, though temperatures may rise over the Intermountain West and Northern Plains and fall over the Southeast. A system is expected to move through the East early next week, with another moving through the Southwest and eastward behind it by a few days. -DTN

**NORTHERN PLAINS (LIVESTOCK):** A mostly dry system will produce strong winds across the region Wednesday. Much colder air is expected to filter into the region Friday and continue through much of next week, putting more stress on livestock as we get into calving. -DTN

**CENTRAL/SOUTHERN PLAINS (WINTER WHEAT/LIVESTOCK):** Showers will be mostly relegated to Oklahoma and Texas this week as a couple pieces of energy produce some rainfall there. Two systems may bring several rounds of light to moderate precipitation across the region this weekend through next week, but the driest sections in the west toward the Rockies will have the lowest chances at anything meaningful. -DTN

**MIDWEST (WINTER WHEAT):** A system at the end of last week produced moderate snowfall in the driest sections of Iowa and Minnesota, though more will be necessary before the spring thaw to improve soil moisture. Periods of mostly light snow showers and flurries will dance through the region this week. A pattern change will bring several waves of precipitation through the region this weekend through next week. -DTN

**BRAZIL (CORN/SOYBEANS):** Last week's moderate to heavy rainfall benefited reproductive to filling corn and soybeans. Showers will continue across the west and south this week as a front lingers nearby, though amounts are forecast to be below normal for most areas. Eastern areas may show more signs of stress due to the dryness. With more of the crop advancing into maturity, attention is turning more toward second-season corn prospects. The lower than normal rainfall will not help to fill soils that are in need of more moisture. -DTN

**ARGENTINA (CORN/SOYBEANS):** Moderate to heavy showers occurred last week into the weekend. But dryness has replaced it and will continue this week. Temperatures below normal will reduce moisture demand, but daytime highs will still be in the lower to middle 30s Celsius (middle 80s to lower 90s Fahrenheit). A weak system may bring some isolated showers this weekend, but the dry trend will stress developing to reproductive corn and soybeans. -DTN

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**EUROPE (WINTER WHEAT):** A couple of systems will move through the continent this week with renewed showers across the south, benefiting developing winter wheat. The showers continue to provide adequate soil moisture for dormant crops over the north. Significant cold across Ukraine and southern Russia this week may produce some winter kill for winter wheat. -DTN

**NORTHERN AFRICA (WINTER WHEAT):** The storm track is shifting to the north, leaving the region mostly dry over the next week. A couple of instances of light showers can be counted on to break this up, but amounts will be below normal. Despite this, recent showers have provided positive outlooks for developing winter wheat. -DTN

**SOUTH AFRICA (CORN/SUGARCANE):** Near daily showers over the last two months are coming to an end as the region goes drier this week. Still, conditions remain beneficial for developing to reproductive corn and developing sugarcane. We are eyeing the possibility of Tropical Cyclone Eloise impacting the region this weekend into early next week. -DTN

**AUSTRALIA (COTTON/SORGHUM):** Mostly dry weather over the last week has put some strain on developing to reproductive cotton and sorghum, though irrigation reserves are adequate for the time being. Some periods of showers are expected across the east this week, but coverage and amounts will likely be on the lower end. -DTN

**MALAYSIA/INDONESIA (PALM OIL):** Showers have recently been more isolated across western areas of the region over the past week. This will continue for the next few days before showers increase again for the weekend. Despite the dry spell, adequate to surplus rainfall so far this season should produce excellent prospects in the region. -DTN

## Headlines:

- Malaysian April Palm Oil down 42 Ringgits
- Dalian Futures exchange sharply lower May corn down 27 to the Yuan, May beans down 91, May Meal down 106, May bean oil down 96, May palm oil down 96
- Asian Equity markets were mixed Japan's Nikkei down .4%, China's Shanghai up .5%
- European Equity markets start slightly higher German Dax up .2%, London FTSE 100 up .1%
- MATIF markets are sharply lower March Corn down 3.0 to the Euro, Feb Rapeseed down 6.50, March Wheat down 2.50
- Save the Date...Jan 20<sup>th</sup>...President elect Joe Biden gets to drop the elect part of his new title
- Save the Date...Jan 25<sup>th</sup>...Ukraine set to meet to discuss limiting corn exports for balance of 2020/2021 marketing year...so far, they have exported 10.5 MMT
- Save the Date...Jan 27<sup>th</sup>...US FOMC meeting results
- Save the Date...Jan 28<sup>th</sup>...4Q US GDP
- Save the Date...Feb 5<sup>th</sup>...US Jobs Numbers
- Save the Date...Feb 9<sup>th</sup>...USDA S&Ds
- Save the Date...Feb 16<sup>th</sup>...MLB camps start to open
- ASF <https://newsinfo.inquirer.net/1386178/2-more-towns-in-eastern-visayas-record-african-swine-fever-cases>
- Bird flu <https://www.msn.com/en-in/news/other/bird-flu-multiple-strains-of-avian-influenza-and-what-threat-it-poses-on-humans/ar-BB1cUXIM>

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- Locust <https://www.reuters.com/article/us-kenya-locusts/kenya-braces-for-return-of-devastating-locust-swarms-idUSKBN29O1J9>
- Due to the US Holiday on Monday, weekly EIA numbers will be out on Thursday, weekly export sales will be on Friday, weekly jobless claims will be at their regular time

## Commentary:

Maybe not today and maybe not even tomorrow but soon very very soon it will be time to play our favorite springtime game and that is the battle for N. American acres. This battle for acres will be hugely important for corn in the SE US and Delta. On the Jan S&D report the USDA projected the US carryout at 1.552 billion bushels with a stocks to use ratio of 10.6%. The old rule of thumb was that carryouts of under 1.0 billion bushels was a red flag event. Today with the multiple uses of corn we feel carryouts of under 1.5 billion bushels should be viewed with extreme caution. This is doubly true as the world, hopefully comes out of the twin problems of ASF and Covid-19. With that in mind when one breaks down the latest S&D tables from the USDA for corn one with a tweak here and there can quickly get the old crop carryout number under 1.2 billion bushels with a stocks to use ratio of under 8.0%. If has expected the US has a late summer early fall export lift of corn to the world as well as needing to supply the under covered SE US poultry industry the bridge from old crop stocks to new crop bushels could be a bit rickety. This means the market will lean hard on early planted and early harvested corn acres from the Delta and the SE US. These acres can go in early in March and be ready for harvest by the late summer. In years past when the carryouts have been tight these new crop planted acres actually end up helping to ease the issue of tight old crop supplies. The issue for this scenario to work acres will be needed to be planted early and corn acres will need to steal plantings from rice, peanuts, and cotton to say the least that beans will be battling for said acres. This scenario to work means that planting conditions for corn in the Delta and SE US need to be excellent so the farmer catches corn fever. We have seen this in the past once a farmer starts to plant corn it is easy for the farmer to keep planting another section after section. If this happens the river export lift and the SE US end user can be fed new crop bushels in old crop time slots, which in turn will flatten out the old crop to new crop board spreads. If not well let's just say CU/CZ spreads could end up looking a lot like the CN/CZ spreads of today.

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.