

MORNING GRAIN COMMENTARY

Morning Trends:

As of 4:30 AM CDT

Corn: 4 to 6 higher

Wheat: 1 around

Soybeans: 1 to 3 higher

Soy Meal .5 around

Soy Oil: 15 to 20 higher

The Stories of the Day:

US Polar Vortex 2021 it's here <https://www.msn.com/en-us/weather/topstories/polar-vortex-most-of-the-country-should-prepare-for-a-bitter-cold-snap/ar-BB1dno7F?li=BBnb7Kz>

It took a while but how 5 became 6 <https://www.msn.com/en-us/news/us/pfizer-spent-months-working-to-extract-sixth-dose-from-vials-as-vaccine-productio>

Weather: There is a trough in the Plains and another exiting the Northeast. The Plains trough will continue eastward over the next couple of days, inducing a strong storm. A reinforcing trough will move through the Rockies this weekend, setting up a broad trough across the majority of the country through next week. The more potent portion of the trough may lift northeast at the end of next week. The U.S. and European models are fairly similar but there are some significant differences in how they treat storm systems. I will use a model blend but favor the European. For the outlook period, temperatures on Tuesday will be well below normal across the Plains through the Midwest, and near to above normal in the Southeast and Southwest. Temperatures will fall below to well below normal for all areas east of the Rockies next week while the Southwest remains near to above normal. A system may move from the South through the Northeast Tuesday while a front lingers with periods of showers across the Gulf Coast through next weekend. -DTN

NORTHERN PLAINS (LIVESTOCK): Temperatures are crashing well below normal, increasing stress for livestock and newborn calves. Temperatures are expected to remain below normal for the next 10 days or so. -DTN

CENTRAL/SOUTHERN PLAINS (WINTER WHEAT/LIVESTOCK): A system is exiting on Thursday. Snowfall from this system was not heavy and much of the region is bare. Winds with it are a bit breezy and could be damaging to wheat. Arctic air will spread across the region this weekend into early next week. Temperatures may get down below zero Fahrenheit for a wide area. Exposed wheat would be vulnerable to winterkill. -DTN

MIDWEST (WINTER WHEAT): A system will move through Thursday into Friday with moderate precipitation for much of the region. Strong winds may induce blizzard conditions as well. Arctic air will follow the system this weekend through next week, with temperatures likely falling below zero Fahrenheit for most of the region. This could be damaging to exposed winter wheat across the south. -DTN

BRAZIL (CORN/SOYBEANS): Scattered showers have spread through much of the region this week, benefiting immature corn and soybeans. Heavy rain in the south will delay harvest activity and planting of safrinha corn. Western areas, like Mato Grosso, continue to be drier than normal, stressing for filling corn and soybeans, but allowing for windows for safrinha corn planting, which is starting to get underway. A front moving through the

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area will stall across Mato Grosso to Minas Gerais this weekend where showers will be more focused going into next week while dryness sets up to the south. The dryness would benefit corn planting but more showers are needed for germination and early growth of corn. -DTN

ARGENTINA (CORN/SOYBEANS): Scattered moderate to heavy rainfall fell over the last week, though was much lighter across the southern growing areas. This was a major benefit to reproductive to filling corn and soybeans, though some flooding may have occurred. A drier pattern is setting up for the next week or so. Some isolated showers may develop across western areas next week, however. -DTN

EUROPE (WINTER WHEAT): Recent precipitation has maintained adequate to surplus soil moisture in the north for dormant winter crops, and continuing vegetative winter crops across the south. Periods of showers will continue through the weekend and into next week. -DTN

NORTHERN AFRICA (WINTER WHEAT): Much of the region has been dry this week before a system moves through this weekend. Still, vegetative winter crops have favorable conditions. -DTN

SOUTH AFRICA (CORN/SUGARCANE): Periods of showers continue provide ample to surplus moisture to the main crop areas through the next week. Crops remain in favorable conditions. -DTN

AUSTRALIA (COTTON/SORGHUM): Tropical storms in the area are not expected to impact the growing regions directly, but their movement south will provide additional moisture for systems through this weekend. It has been drier as of late, but conditions are still adequate for most cotton and sorghum areas and irrigation levels are still adequate. -DTN

MALAYSIA/INDONESIA (PALM OIL): Above normal rainfall this season and continued periods of showers will benefit palm oil prospects. -DTN

Headlines:

- Malaysian Palm Oil April up 93 Ringgits
- Dalian Futures exchange mixed May corn up 16 to the Yuan, May beans up 65, May Meal up 62, May bean oil down 10, May palm oil down 50
- Asian Equity markets were lower Japan's Nikkei down 1.1%, China's Shanghai down .4%
- European Equity markets start higher German Dax up .5%, London FTSE 100 up .6%
- MATIF markets are higher March Corn up 1.25 to the Euro, May Rapeseed up 2.25, March Wheat up 1.0
- Save the Date...Feb 5th...US Jobs Numbers...expected 104,000 new jobs created...unemployment rate unchanged at 6.7%
- Save the Date...Feb 9th...USDA S&Ds...average trade guess for US wheat carryout/Jan USDA 834 MBU/836 MBU, corn 1.392/1.552 BBU, beans 123/140 MBU...world wheat carryout 312.86/313.19 MMT, corn 279.49/283.83 MMT, beans 83.30/84.31 MMT...Argentina corn and bean production corn 47.03/47.50 MMT, beans 47.64/48.00 MMT...Brazil corn 108.40/109.00 MMT, beans 132.46/133.00 MMT
- Save the Date...Feb 12th...Chinese New Year
- Save the Date...Feb 15th...President's Day in the US
- Save the Date...Feb 16th...MLB camps start to open...maybe...Cactus league asking for a delay
- COVID Update <https://www.msn.com/en-us/health/medical/covid-19-may-lead-to-a-heart-disease-surge/ar-BB1dnVVk>

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- Bird Flu <https://www.msn.com/en-gb/health/medical/avian-flu-chickens-home-to-roost/ar-BB1dmgvc>
- Indian Farmer Strike to the media <https://www.thenation.com/article/world/india-farmers-protest-modi/>
- Argentina Trucker Strike update <https://www.reuters.com/article/argentina-grains-truckers/update-1-road-block-protests-disrupt-argentine-grains-export-operations-idUSL1N2K92H9>
- ASF/Locust all quiet but some good news on the war with the Fall Armyworm <https://www.abc.net.au/news/rural/2021-02-04/fall-armyworm-fungus-in-fight-biological-control/13112420>
- Food Inflation UN Index up MoM for the eight straight month by 4.3%, cereals up 7.1%, sugar up 8.1%
- Weekly Export Sales at 7:30 AM CST wheat expected between 300-500,000 MT, corn 6.5-8.0 MMT, beans 1.0-1.5 MMT, meal 100-300,000 MT, oil 5-25,000 MT
- Weekly jobless claims at 7:30 AM CST expected 830,000 new jobless claims...last week the number was 847,000

Commentary:

If bull and bear markets are like flying an airplane, as Eric likes to say anyone, and everyone can liftoff but how you land is the issue. In late Nov and Dec, the big bull move in the feed grains was like a jet plan flying on the four engines of Chinese demand, a falling dollar, Argentina Crop concerns and Brazilian crop concerns. We start February with the trade starting to consolidate Argentina and Brazilian crop slightly below the Jan USDA numbers, dollar momentum has turned higher and is on multi week highs. Clearly this bull rally in feed grains is now flying on only one engine and that is Chinese demand. Chinese demand that over the next two weeks is expected to diminish as China gears up for their Spring Holiday Season. Given our firm belief that we will remain in a commodity super cycle by no means do we feel that this flight of a bull market is ready to land. That said, as of late we bulls have encounter some turbulence at a time we are flying on one engine. Fear not my bull airline passengers better air is just ahead. Once past the Feb USDA S&D's it is straight onto weather that matters. Weather that matters for the bulk of the Brazilian corn crop and weather that will matter in March as we turn to the N. Hemisphere and realize that crops such as barley, Sunseeds, spring wheat, lentils, peas, hay, cotton, sorghum and of course corn and beans not only will all be battling for acres but needed good start to planting conditions.

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.