

MORNING GRAIN COMMENTARY

Morning Trends:

As of 7:30 AM CDT

Corn: 5 to 6 higher

Wheat: 10-11 higher

Soybeans: 5 to 6 higher

Soy Meal: flat on day

Soy Oil: .50-.55 higher

The Stories of the Day:

Yellen, Summers Spar About Overheating Risk in Stimulus Plan

<https://www.bloomberg.com/news/articles/2021-02-07/yellen-summers-spar-about-overheating-risk-in-stimulus-debate>

Cuba lifts ban on most private business

<https://www.ft.com/content/3956b50f-621a-4289-90c3-247a2762fae2>

Weather:

There is a broad trough across much of the country. Several small disturbances will move along the south side of this trough across the country this week. The trough will slide eastward this weekend, but promptly replaced by another strong trough into next week.

The U.S. and European models are similar with the upper level pattern but there are some significant differences in how they treat storm systems.

They are showing some inconsistency as well. I will use a model blend but favor the European.

For the outlook period, temperatures on Saturday 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 over the weekend while the Southwest remains closer to normal. A lingering front across the south and more disturbances will produce a couple of storm systems, mostly for the southern tier of the U.S. in the outlook period.

NORTHERN PLAINS (LIVESTOCK): Periods of snow showers moved across the region, primarily closer to the Rockies. Temperatures fell well below normal that will continue for at least the next 10 days, increasing stress for livestock and newborn calves.

CENTRAL/SOUTHERN PLAINS (WINTER WHEAT/LIVESTOCK): A couple bands of snow showers moved through over the weekend. Temperatures fell well below normal across the north but stayed above normal across the south. Temperatures will fall well below normal across the region this week as a front is continually pushed southward. This will also come with chances for showers, though primarily over the north and east. Drier sections in the southwest are likely to be missed. With temperatures falling near or below zero Fahrenheit for a

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wide section of the region for a good period of time, exposed winter wheat will be at increased risk for winterkill, especially later this week and weekend.

MIDWEST (WINTER WHEAT): A couple of bands of snow moved through the region over the weekend. This also came with rapidly falling temperatures below zero. A frontal boundary will be close enough to bring rounds of snow through the region this week and weekend. Temperatures nearing zero Fahrenheit may make it down into the winter wheat belt, with increased risk for winterkill for exposed crops across Illinois and Indiana.

BRAZIL (CORN/SOYBEANS): A front moved north through the country this weekend, stalling from Mato Grosso to Minas Gerais and focused heavier showers there. Dryness behind the front has led to a window of opportunity for harvesting soybeans and planting safrinha corn. The window will collapse later this week as showers fill back into the region. The return of showers will help germination of safrinha crops but cause further harvest and planting delays should producers not take advantage of the window this week.

ARGENTINA (CORN/SOYBEANS): Dryness was noted for most areas this weekend. A weak little system did produce some isolated showers in Buenos Aires, however. Showers will increase across the west and north early this week, then across the north and east later this week. Some areas will likely be missed, leading to more dryness concerns in the middle of the country for reproductive to filling corn and soybeans. This area has seen heavy rainfall mixed with prolonged dry stretches over the last month, leading to mixed crop conditions.

EUROPE (WINTER WHEAT): Scattered showers continued across much of the continent this weekend, maintaining adequate to surplus soil moisture for dormant winter crops in the north and vegetative winter crops across the south. Periods of showers will continue early this week. But arctic air will flow south through much of the continent late this week and weekend. Remaining exposed areas could be susceptible to winterkill across the eastern half of the continent through Ukraine.

NORTHERN AFRICA (WINTER WHEAT): Scattered showers fell across the region this weekend, especially in the west where amounts reached over one inch. Showers will continue to support favorable conditions for vegetative winter wheat.

SOUTH AFRICA (CORN/SUGARCANE): Periods of showers continued over the weekend, with moderate to heavy amounts. Showers may become more isolated and lighter this week, but conditions continue to be favorable for developing sugarcane and reproductive corn.

AUSTRALIA (COTTON/SORGHUM): Widespread moderate to heavy showers fell over the weekend, giving a good soaking for cotton and sorghum in the east. Much of this week will be fairly dry, but there are signs for a system late this week and weekend to bring more widespread rainfall to continue favorable growing conditions.

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 63 Ringgits

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- Dalian Futures exchange higher May corn down 7 Yuan, May beans up 53, May Meal down 612, May bean oil up 74, May palm oil up 63
- Asian Equity markets were higher Japan's Nikkei up 2.12%, China's Shanghai up 1.03%
- European Equity markets start mixed German Dax up .53%, London FTSE 100 up 1.07%
- MATIF markets are mixed with May up 1 on the day
- 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.bbc.com/news/world-africa-55975052>
- Indian Farmer Strike update <https://www.dw.com/en/why-are-indias-farmers-protesting/a-56480047>
- ASF/Bird Flu/FAW <https://www.bangkokpost.com/world/2064595/vietnam-culls-100-000-poultry-as-bird-flu-outbreaks-spread>
- On Friday the CFTC reported as of the close of 2/2 the MM Funds were long 19,884 W, long 56,401 KW, long 14,100 MW, long 345,147 corn, long 156,265 beans, long 67,511 meal, and long 105,930 bean oil contracts

Commentary:

Tomorrow is report day. We head into the data dump from the USDA hoping for clarity for the market we rarely get such results. The Feb USDA S&D report usually centers on S. America production. This report is no different. The spin coming out of the report will be how late the Brazilian crops are and what that could mean to their second season corn crop. The other feature of this report will be what changes the USDA might make on the export lines for US corn and beans. We feel any US carryout number under 1.3 billion bushels in corn and/or under 110 million bushels in beans will result the need for board and basis values to do more work in rationing corn and bean demand. One this report is digested it is own to the great battle for acres for N. America. This battle will be fully engaged once we get to the USDA Forum Outlook reports that start to be issued on Feb 19th. Conventional Wisdom suggests that we will have about 12.5 million spring wheat acres, 92.0 million corn acres and 90.5 million bean acres. Some in the trade feel given how nice fall weather was for fieldwork that the corn acre number could be over 94.0, great we need every acre. That said bean acres under 89.0 million just cannot happen or the new crop S&D tables could quickly take new crop beans well below 100 million bushels.

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.