

MORNING GRAIN COMMENTARY

Morning Trends:

As of 4:30 AM CDT

Corn: 5 to 7 higher

Wheat: 1 around

Soybeans: 15 to 17 higher

Soy Meal: 3.5 to 4.0 higher

Soy Oil: .60 to .65 higher

The Stories of the Day:

Have you been <https://www.msn.com/en-us/foodanddrink/foodnews/revealed-every-states-most-legendary-restaurant/ss-BB1dhXZa?li=BBnb7Kz>

Happy New Year <https://www.msn.com/en-us/foodanddrink/foodnews/11-traditional-chinese-new-year-foods-to-make-to-ring-in-the-year-of-the-ox/ss-BB1dvHb5?li=BBnb7Kz>

Weather: There is a broad trough across much of the country. Several small disturbances will move along the south side of this trough this week. The trough will slide eastward this weekend but be promptly replaced by another strong trough into next week. The U.S. and European models are fairly 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 Sunday will be well below normal across most of the country but near to above normal in the Southwest. This temperature pattern will continue through the outlook period. A lingering front across the south and more disturbances will produce a couple of storm systems that will develop near the Gulf of Mexico and move to the Northeast. -DTN

NORTHERN PLAINS (LIVESTOCK): Temperatures have fallen well below normal which will continue for at least the next 10 days, increasing stress for livestock and newborn calves. -DTN

CENTRAL/SOUTHERN PLAINS (WINTER WHEAT/LIVESTOCK): Temperatures continue to fall well below normal 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 wide section of the region and for a good period of time, exposed winter wheat will be at increased risk for winterkill, especially later this week and weekend. -DTN (Temps as of 4:40 AM CST)

MIDWEST (WINTER WHEAT): 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. -DTN

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. -DTN

Tuesday, February 9, 2021

ARGENTINA (CORN/SOYBEANS): 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. -DTN

EUROPE (WINTER WHEAT): Recent showers have maintained 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. 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. -DTN

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. -DTN

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. -DTN

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. -DTN

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

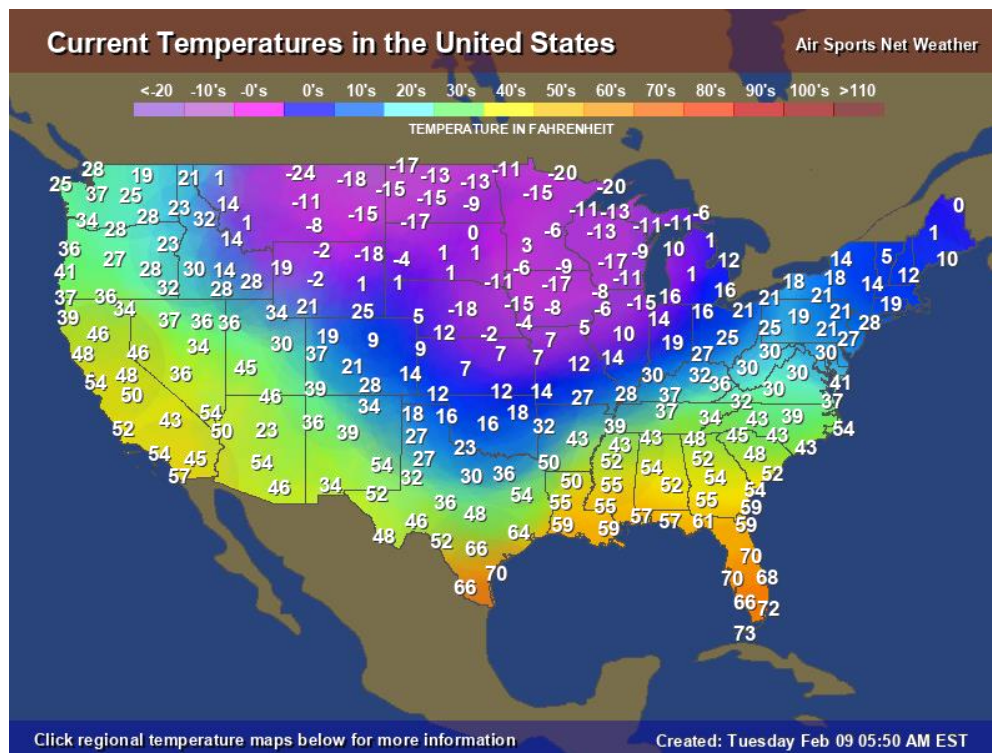
Headlines:

- Malaysian Palm Oil April up 133 Ringgits
- Dalian Futures exchange mixed May corn down 23 Yuan, May beans up 63, May Meal down 11, May bean oil up 154, May palm oil up 176
- Asian Equity markets were higher Japan's Nikkei up .4%, China's Shanghai up 2.0%
- European Equity markets start mixed German Dax down .1%, London FTSE 100 down .2%
- MATIF markets are mixed March Corn up .25 to the Euro, May Rapeseed up 1.0, March Wheat down .75
- 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 one opinion <https://www.youthkiawaaz.com/2021/02/is-the-supreme-court-right-or-wrong-in-its-intervention-on-the-farm-laws-issue/>
- ASF <https://www.independent.co.ug/suspected-african-swine-fever-kills-hundreds-of-pigs-in-kitgum/>

- Bird Flu add Algeria to the list <https://www.msn.com/en-us/news/world/algeria-reports-h5n8-bird-flu-on-farm-oie/ar-BB1dwkd5>

Commentary:

Report day is here. Given that values have rallied yesterday and again overnight one would feel that any type of neutral numbers will lead to a quick market set back. That said the long term aspect of the report remains that given current pace of both sales and inspections of US corn and beans board values along with basis will have to ration demand. The average trade guess for the bean carryout is 123 million bushels. This is based on the hope that the Argentina bean crop will yield over 47.6 MMT and the Brazilian bean crop will come in at over 132.0 MMT. A stretch of dry finishing weather here a bit of bean rust there and suddenly it does not take much of some end of the year growing issues to eliminate 2-4 MMT of South American bean production and suddenly the average trade guess for the world bean carryout number of 83.30 MMT starts with a 7 in front of it. The spinning has begun and the biggest spin of all is we need every bean pod and until they are all accounted for price breaks in beans will be short lived no matter how neutral to slightly bearish the numbers today might be.



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.