Monday, March 15, 2021

MORNING GRAIN COMMENTARY

Morning Trends:

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as of 4:30 AM CST

Corn 4 to 6 lower

Wheat 1 to 3 lower

Beans 5 to 7 lower

Soy Meal 2.5 to 3.0 lower

Soy Oil 20 to 25 higher

The Stories of the Day:

The Coup continues https://www.msn.com/en-us/news/world/myanmar-coup-chinese-factories-set-on-fire-and-at-least-38-killed-in-deadliest-day-since-military-seized-power/ar-BB1eAIy4?li=BBnb7Kz

Shipping issues on West Coast begin to ease https://www.msn.com/en-us/money/markets/shipping-congestion-at-los-angeles-ports-shows-signs-of-easing/ar-BB1eB3NR?li=BBnb7Kz

Weather: Three strong troughs are and will produce large storms across the country over the next two weeks. They will be interspersed between ridging that should be the dominant background feature. The U.S. and European models are fairly similar, though they have some disagreement in how to develop a large system next week. I will use a model blend but favor the European. For the outlook period, temperatures on Saturday will be near to below normal in the West and Southeast and near to above normal elsewhere. Below normal temperatures in the West will spread eastward into the Plains while temperatures through much of the East will rise above normal into next week. A storm system will move through the Rockies over the weekend and slowly develop through the middle of the country next week. Moderate precipitation is expected across the Plains and Midwest. -DTN

NORTHERN PLAINS (LIVESTOCK/SPRING WHEAT): Snow spread back into South Dakota on Sunday and will continue Monday and somewhat on Tuesday, helping to ease drought conditions there while it continues to build elsewhere. A storm system next week could spread more widespread showers across the region. -DTN

CENTRAL/SOUTHERN PLAINS (WINTER WHEAT/LIVESTOCK/CORN/SOYBEANS): A strong system produced widespread moderate to heavy rain and snow across the region with many areas seeing over two inches of liquid equivalent. This event is a big win for soil moisture and easing drought across the region, but will not eliminate it. However, more widespread showers can be counted on Tuesday and Wednesday and again next week, in a surprise reversal of fortunes for winter wheat and soil moisture for corn and soybeans. Temperatures below normal this week are not expected to cause much damage to winter wheat that has awakened from dormancy. -DTN

MIDWEST (WINTER WHEAT/CORN/SOYBEANS): A system in the Plains produced moderate precipitation across the southwest portions of the region this weekend. The system will spread more showers through the region Monday into Tuesday, benefiting soil moisture for much of the area. A system will have similar precipitation amounts Wednesday and Thursday for the southern half of the region. Yet another system next week could produce more widespread showers again. Soil moisture will continue to improve for drier areas across western Iowa and around the Great Lakes. -DTN

DELTA (SOYBEANS/COTTON): Scattered showers fell across northern areas through Saturday. A front moved through Sunday night with more moderate showers and thunderstorms. More showers will move through

Wednesday and Thursday as another system moves through and could contain severe weather. This will delay some early fieldwork and planting. -DTN

BRAZIL (CORN/SOYBEANS): Scattered showers fell across central and northern areas this weekend, while it was fairly dry across the south. This continues to produce some final delays to the safrinha corn planting, but producers have been finding ways around the showers. Over the south, the dryness is concerning for immature and newly planted crops. A front is expected to bring widespread moderate to heavy showers across the south Wednesday and Thursday, and another front could do the same this coming weekend. Meanwhile, daily scattered showers across central and northern areas will continue to benefit immature corn and soybeans and newly planted corn. -DTN

ARGENTINA (CORN/SOYBEANS): Isolated to scattered showers fell across western areas this weekend, but mostly missed high production corn and soybean areas outside of Cordoba, which did see some beneficial showers. Otherwise, the dryness has continued concerns over immature crops in the country. However, a system will produce widespread moderate to heavy rainfall Monday and Tuesday that will be timely for many of the growing regions. A system will try to do the same this weekend but may not make it far into Buenos Aires or La Pampa. -DTN

EUROPE (WINTER WHEAT/CORN): Scattered showers fell across a good majority of the country this weekend, providing adequate to surplus moisture as crops start to break dormancy across the west and southeast. Temperatures over the next 10-14 days will be below normal, slowing that progression, however. Southern winter wheat areas will continue to see very beneficial conditions for development through the end of March. -DTN

UKRAINE/RUSSIA (WINTER WHEAT/CORN): Scattered showers fell across much of the region this weekend, especially in Ukraine, which has continued the trend of above normal precipitation for the region from this winter. Wheat should still be mostly dormant as temperatures continue be near to below normal over the next couple of weeks. When it does awake, it should find favorable conditions. -DTN

NORTHERN AFRICA (WINTER WHEAT): No significant precipitation fell across the region this weekend. Showers last week improved conditions for wheat in Morocco and Algeria but dryness in Tunisia has been concerning as crops go into reproduction. Some isolated showers may fall over eastern areas this week, but a system Friday through the weekend will show greater promise for widespread showers. -DTN

SOUTH AFRICA (CORN/SUGARCANE): Isolated showers continued over the weekend. In many years, the isolated nature to the showers would be concerning at this stage of growth, but the surplus moisture that fell earlier this spring and summer has led to filled soil profiles and crops should be able to withstand the recent dryness. A return to more scattered activity is likely later this week and weekend anyway. -DTN

AUSTRALIA (COTTON/SORGHUM): Scattered showers late last week continued into the weekend, benefiting immature cotton and sorghum. Scattered showers may continue over Queensland and northern New South Wales this week, which may start to be a hindrance for maturing cotton and sorghum. -DTN

MALAYSIA/INDONESIA (PALM OIL): Showers have picked back up in Indonesia, but continue to be isolated in Malaysia, where there continues to be concern for oil palm. The showers may be enough for the crop going forward, however. -DTN

Headlines

> Malaysian May Palm Oil up 8 Ringgits

> Dalian Futures Exchange were mostly lower May corn down 2 to the Yuan, May beans down 109, May meal down 13 May bean oil flat, May palm oil down 4

> Asian Equity Markets were mostly lower, Japan's Nikkei up .2%. China's Shanghai down 1.0%

> European Equity Markets are mixed, German Dax up .3%, London FTSE up .4%

> MATIF Markets are mixed, June corn down 1.25 to the Euro, May Rapeseed up 3.0, May wheat down 1.25

> Save the Date…March 15th…NOPA Crush…expected at 173.09 MBU vs. last year's 166.30 MBU

> Save the Date…March 15th…CME expands position limits for Ags

> Save the Date…March 17th…Happy FOMC Meeting Results

> Save the Date…March 18th…US/China trade negotiators to meet for face to face meetings on year two of Phase One Deal

> Save the Date…March 25th…4Q US GDP

> Save the Date…March 31st…USDA Quarterly Grain Stocks/Perspective Plantings Reports

> Save the Date…April 2nd…CME and other US financial institutions will be closed…but not the US Government…the monthly jobs report will be released…first time this has happened since 2015

> COVID-19 the variants https://www.msn.com/en-us/health/medical/the-coronavirus-variants-experts-are-most-concerned-about/ar-BB1eAd5Q

> Volcano Watch…Hey Big Island action plans up to date https://www.forbes.com/sites/ericmack/2021/03/12/mauna-loa-the-worlds-biggest-volcano-is-waking-up-and-its-time-to-prep-for-an-eruption/?sh=540e4d9f4d42

> ASF update https://www.scmp.com/economy/china-economy/article/3125237/african-swine-fever-still-major-risk-factor-china-it-bans

> Biggest dust storm in decades https://www.msn.com/en-us/news/world/beijing-chokes-in-dust-storm/vi-BB1eARO5

> In the Covid world this catches one's attention https://nypost.com/2021/03/12/russia-warns-of-human-to-human-transmission-of-bird-flu-strain/

> CFTC MM Funds position report on Friday showed that as of the close of 3/9 MM Funds were long 27,576 wheat contracts, long 356,514 corn contracts, long 159,601 bean contracts, long 64,244 meal contracts, and long 99,574 bean oil contracts

Commentary

Price action this week will be driven by supply side concerns. We start the week focused on finishing weather in S. Brazil and Argentina. We will end the week focused on planting conditions for the US. We start the week thinking finishing weather in S. America has improved. We also start the week welcoming moisture that will be marching across the US for the next couple of days. While supply side news will give us our early price direction we will have some demand news to digest later in the week. Trade negotiators for China and the US will meet face to face on Thursday in Alaska. The expectation is that the talk will show both sides are on track to continue the Phase One Deal. One side note today the CME has expanded the limits for fund positions. While we feel this will not have any day to day impact on prices right away. It is something to note that the next time we talk about the MM Funds at record longs or shorts that this standard is way different now in that funds have a lot more fire power.

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