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Thursday, December 23, 2021

MORNING GRAIN COMMENTARY

Morning Trends:

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as of 5:00 AM CST

Corn 1 to 3 higher

Wheat 2 to 4 higher

Beans 1 to 3 higher

Soy Meal 3.0 to 3.5 higher

Soy Oil 25 to 30 lower

The Stories of the Day:

Editor's Note: Once the CME Ag Products close at regular time today, they will not reopen until regular time Sunday Night…The Leese Trade Desk will be closing at 3:00 PM CST Today

The Chinese Economic Model to be on full display at the Winter Olympics…but is it really a path forward??? Economic Cracks in the Great Wall of China: Is China's Current Economic Model Sustainable? (msn.com)

Russia pressure sometimes it works!!! **Putin Gets Early Christmas Gift as Ukraine Cowers From War (msn.com) and sometimes??? West accuses Moscow of 'escalation' at Ukraine border ahead of talks (msn.com)**

Hey, our PNW Peeps, a bit of snow on the way??? Cold Blast to Bring Heavy Snow to the Northwest (msn.com)

What is inflation, to answer that question we turn to the song of the week with, back in the day the Million Dollar Quartet, in today's money Priceless Million Dollar Quartet - This Train (Live) - YouTube

Weather: There is a trough moving through the East, a ridge in the Southwest, a large trough off the West Coast, and two more in western Canada. The three western troughs will all combine and intensify as a lobe of the polar vortex over the next couple of days in western North America. Meanwhile, a ridge will develop over the southern U.S. The vortex will spin around the West, sending a couple of pieces of energy through the rest of the country through next week. The U.S. and European models are in fair agreement with the upper-level pattern but develop each disturbance a little differently. I will use a blend but favor the European. For the outlook period, temperatures on Monday will be well below normal in the Northwest and above normal in the South and Southeast. Colder temperatures will occasionally spread southward through the Plains and Upper Midwest as systems move through. A front will reside across the middle of the country that will remain active as few systems form along it next week.

MAJOR WORLD HIGHLIGHTS/IMPACT:

NORTHERN PLAINS (LIVESTOCK): A potent storm should move through late week with some showers but strong winds. Another will move through Sunday into Monday with more widespread showers likely. Cold air from the Arctic will spill into the region next week behind this system.

CENTRAL/SOUTHERN PLAINS (LIVESTOCK/WINTER WHEAT) The west has remained dry with declining conditions for wheat and increasing drought. Despite an active pattern with systems moving through, chances for precipitation through the end of the year are low, especially in the west that needs it most.

MIDWEST (WINTER WHEAT): An active pattern will bring a few storm systems through the region over the next 10 days with moderate to heavy precipitation at times, including over the Christmas weekend. Cold air from the Arctic may spill into the region at times next week behind these systems.

PACIFIC NORTHWEST (WINTER WHEAT): An active upper-air pattern will produce periods of showers through the end of the year, helping to increase moisture for dormant wheat. Temperatures will go well below normal next week.

BRAZIL (CORN/SOYBEANS): A few isolated showers are moving through southern areas through Wednesday, but dryness returns and amounts are low. High temperatures in the 90s will cause any moisture that fell early this week to be used up quickly. Conditions for corn and soybeans will continue to decline in the south. Conditions for reproductive to filling soybeans in central and northern areas continue to be very favorable.

ARGENTINA (CORN/SOYBEANS): Isolated showers will end across the north on Wednesday, then most areas should be dry for the following week outside of some isolated showers in the southeast on Friday. Overall crop conditions are expected to decline as early-planted crops get closer to or into reproduction.Planting continues to be slow as producers try to wait for better precipitation and soil moisture, though prospects through most of January are not good.

CANADIAN PRAIRIES (LIVESTOCK): Arctic cold temperatures will build into the Canadian Prairies late this week and continue through next week as a lobe of the polar vortex shifts into the region. Stress on livestock will increase due to the cold.

EUROPE (WINTER WHEAT): A system in the west will eventually spread through the rest of the continent later in the week. The pattern will turn active again this weekend through next week. Conditions for developing wheat across the south remain favorable.

AUSTRALIA (WINTER WHEAT/CANOLA/COTTON/SORGHUM): Some isolated showers will be possible through the weekend across eastern areas, and possibly heavy this weekend in Queensland. But for the most part, the showers are not concerning for the remaining wheat and canola harvest. Conditions are good for developing cotton and sorghum as well.

Baby its Cold Outside

Polar Vortex Building in North America (dtnpf.com)

Headlines:

> Malaysian Feb Palm Oil Markets closed up 28 Ringgits

> Dalian Futures were higher May corn up 5 to the Yuan, March beans up 6, May meal up 44, May bean oil up 120, May Palm oil up 122

> Asian Equity Markets were higher, Japan's Nikkei up .8%, China's Shanghai up .6%

> European Equity Markets are mixed, German Dax up .2%, London FTSE 100 down .1%

> MATIF Markets are mixed March Corn up .50 to the Euro, Feb Rapeseed down .75, March Wheat down .75

> Save the Date…Dec 23rd…CME Ag Markets close at regular time, Closed all day the 24th…reopen regular time Sunday Night Dec 26th

> Save the Date…Jan 7th…US Job Numbers

> Save the Date…Jan 12th…USDA S&Ds/Crop Production/Grain Stocks/Winter Wheat seedings

> Save the Date…Feb 14th…Pitchers and Catchers start to report, we hope

> Save the Date…April 4th…the return of the weekly crop updates from the USDA

> Ethiopia EXCLUSIVE U.S. concerned over Turkey's drone sales to conflict-hit Ethiopia | Reuters

> Sudan and on it goes Sudan's Coup - a Death Knell for the 2022 Budget - allAfrica.com

> Libya starting to comeback to the headlines…and not in a good way… Delayed Libya poll 'slow motion train wreck': analysts (yahoo.com)

> Locust S. Africa update Locust swarms loom in the wake of wetter weather - The Mail & Guardian (mg.co.za)

> FAW/ASF/Bird Flu all quiet today

> Brazil has an electricity problem Electricity rates have skyrocketed in Brazil. The govt says the water crisis is to blame. (msn.com)

> President Putin remember history…if you play the energy card, countries will respond to high prices… How Europe Can Break Its Dependence on Russian Energy - The Washington Post

> China/EU Rail Links…high cost of ocean freight making it work…but with so many countries to cross plenty of political choke points Supply chain chaos spurs China-Europe rail freight revival (msn.com)

> Weekly Jobless Claims will be out at 7:30 AM CST, expected at 206,000 vs. last week's 206,000 that's right unchanged WoW

> USDA Weekly Export Sales will be bout at 7:30 AM CST, wheat expected between 200-400,000 MT, corn 1.0-1.2 MMT, beans 700-900,000 MT, meal 100-300,000 MT, and oil 50-70,000 Mt

> Weekly CFTC MM Funds Position Report will be out Dec 27th…we feel as of the close of 12/21 MM Funds were long 14,000 MW, long 60,000 KW, short 4,000 W, long 356,000 C, long 69,000 S, long 51,000 SM, long 50,000 BO

Commentary:

It has been a wild week of price action to date. The latest rally in wheat turning its chart momentum back to sideways to higher. On top of that US March dollar futures have a chance to close out the week sideways to lower. All in all, for the bull this weekend it appears when one does go to sleep this weekend visions of sugar plums will be dancing in their heads, since they will not have a care in the world. For the wheat bull new upside chart targets in March are at the 830 level. We all know that Eric's CH target is in the land of 630 and looks more viable daily. For the bean bull, SH target of 1350 seems doable as well. But charts and momentum can turn and that is why weekly closes are sooooo much more important than Wednesday settlements. After all this is the Covid era where we are always just a headline away from sharp losses. Speaking of headlines, the good news the CFTC weekly MM fund position report as of the close of 12/21 will be out Dec 27th, so no waiting around for that number. That said for Eastern Orthodox Religions Christmas is not until January 7th. With the tension continuing to run high on the Ukraine/Russia border, one eye will be kept on the twitter machine just in case there are headlines created.

Wind warnings starting to fly in the S. Plains

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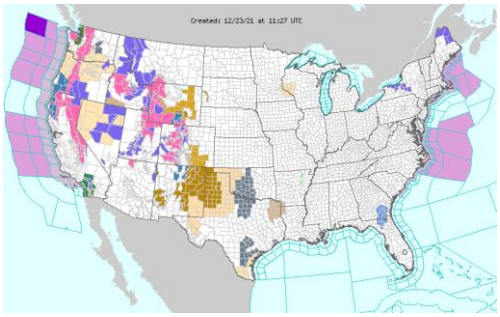

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