

MORNING GRAIN COMMENTARY

Morning Trends:
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as of 5:00 AM CST
Corn 3 to 5 lower
Wheat 12 to 14 lower
Beans 3 to 5 lower
Soy Meal .5 around
Soy Oil 60 to 65 lower

The Stories of the Day:
<p>US Debt Ceiling a short history from 1917 to today The debt ceiling has existed since 1917. Here's how it's impacted government spending ever since Nation stltoday.com</p> <p>Will tensions ease? Well, talking is generally better than shooting Russia and U.S. to Hold New Talks on Diplomatic Row by Year-End - Ifax World News US News</p> <p>Covid variants how do they form/ What is a COVID-19 variant and how do they form? (msn.com)</p> <p>Remember it is not the cost of crop inputs to the US farmer that will impact world crop yield but the cost of inputs to emerging economies Analysis: Global farmers facing fertiliser sticker shock may cut use, raising food security risks Reuters</p>

Weather: There is a trough in the Northeast and another digging south through western North America. A stronger trough is building up over Alaska as well. The eastern trough will exit Thursday while the western trough will move through the West and then the rest of the country this weekend, inducing a storm through the country. The stronger Alaska trough will dive deep off the West Coast this weekend and park there for several days next week before splitting and weakening but pushing through Canada and the northern U.S. late in the week and next weekend. Ahead of this trough, a strong ridge will develop east of the Rockies with very warm temperatures. The U.S. and European models are in fair agreement, though have some differences in how to develop a system next week. I will use a blend but favor the European. For the outlook period, temperatures on Tuesday will be above normal for most of the country but below normal along the West Coast. Near-record temperatures are expected for the middle of the country next week for a couple of days before the western trough spreads near to below normal temperatures eastward by next weekend. Temperatures are still expected to remain very warm across the south and east. A system will slowly move through the western states next week and bring needed, widespread precipitation. The system will move east of the Rockies in the middle of next week and produce some good showers, most likely across northern zones where it could still be moderate with a risk of heavy snow as well. -DTN

NORTHERN PLAINS (LIVESTOCK): A system could bring some moderate snow to South Dakota on Friday, otherwise conditions should be dry until a system moves through late next week. Temperatures are trending above normal into the middle of next week, reducing stress for livestock. -DTN

CENTRAL/SOUTHERN PLAINS (LIVESTOCK/WINTER WHEAT) Above normal temperatures will continue to plague winter wheat, especially in western areas where drought has grown steadily. Near-record temperatures are expected for a couple of days next week. A system that moves through on Friday will produce a band of moderate snow across Nebraska, but other areas are only likely to see spotty showers, unfavorable for winter wheat. -DTN

MIDWEST (WINTER WHEAT): A system will move through on Thursday with scattered showers over northern areas, but one will follow it Friday and Saturday with more widespread and moderate to heavy precipitation. Temperatures next week will be near-record high as a strong ridge moves overhead for a couple of days. That will be followed by another storm system that should knock temperatures back a bit. -DTN

PACIFIC NORTHWEST (WINTER WHEAT): A slow-moving system or series of systems will continue to bring scattered showers to the region through early next week, which will help to increase moisture for dormant wheat. -DTN

BRAZIL (WINTER WHEAT/CORN/SOYBEANS): Central and northern areas will continue to see scattered showers for the next week. Southern areas continue to deal with dryness for developing to reproductive corn and soybeans. Some showers may move into southern areas this weekend, but may be enhanced early next week, with some timely rains for some of the crop. Conditions dry out again by the middle of next week and could last for several days. -DTN

ARGENTINA (WINTER WHEAT/CORN/SOYBEANS): Showers in the south are gradually spreading northward the rest of the week, with showers continuing in some fashion through early next week. Showers are spotty so there are areas that will be missed, but the several days of showers will be overall beneficial to areas that get hit. Dryness follows by the middle of next week and could last for some time as models are not finding systems to push through for the following week or two. -DTN

EUROPE (WINTER WHEAT): The continent has been very active over the last few weeks and that continues through this weekend, proving good moisture for developing winter wheat and grains. Drier conditions are expected next week with good conditions for development across the south. -DTN

UKRAINE/SOUTHWEST RUSSIA (WINTER WHEAT): Although too late to directly help dormant winter wheat, scattered showers this week and next may make a contribution to building up soil moisture for spring growth. -DTN

AUSTRALIA (WINTER WHEAT/CANOLA/COTTON/SORGHUM): Scattered showers across eastern areas recently have continued to negatively impact harvest. Drier weather comes by Friday with improving conditions for wheat and canola harvest. Good soil moisture and sunny skies will be favorable for developing cotton and sorghum as well. -DTN

Headlines:

- > Malaysian Feb Palm Oil Markets closed down 66 Ringgits
- > Dalian Futures were lower May corn down 8 to the Yuan, March beans down 37, May meal down 43, May bean oil down 84, May Palm oil down 104
- > Asian Equity Markets were mixed, Japan's Nikkei down .5%, China's Shanghai up 1.0%
- > European Equity Markets are mixed to higher, German Dax up .1%, London FTSE 100 up .3%
- > MATIF Markets are mixed March Corn down 1.25 to the Euro, Feb Rapeseed up 12.50/March up 3.75, March Wheat down 3.50
- > Tik Tok US Congress end of the year to do list is long, Dec 15th looming can congress get the deal across the finish line?
- > Save the Date...Dec 9th...USDA S&D reports...trade expecting US wheat stocks at 589 MBU/vs. Nov USDA at 583 MBU, corn 1.487 BBU/1.493 BBU, bean 352 MBU/340 MBU...world ending stocks wheat 276.30 MMT/275.80 MMT, corn 304.47 MMT/304.42 MMT, beans 104.13 MMT/103.78 MMT...Argentina production corn 53.96 MMT/54.50 MMT, beans 49.39 MMT/49.50 MMT...Brazil corn 118.26 MMT/118.00, beans 143.79 MMT/144.00 MMT
- > Save the Date...Dec 14th...FOMC Meeting results

- > Save the Date...Dec 14th...NOPA Crush
- > 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...April 4th...the return of the weekly crop updates from the USDA
- > Argentina farmers work to beat La Nina [Argentina corn farmers launch a late planting blitz to avoid summer dryness | Reuters](#)
- > China's top central banker goes all Alfred E. Neuman over Evergrande...Financial stress at China Evergrande Group and a few of its peers won't cause longer-term damage to the Hong Kong market, and broader problems with debt at Chinese property developers should be dealt with according to market principles, China's top central banker said. -DJ [Chinese Central Banker Says Market Can Handle Developer Debt \(barchart.com\)](#) he better be right because [Evergrande has defaulted on its debt, Fitch Ratings says - CNN](#)
- > Now if they can just deliver grain cars on time [U. S. Steel, Norfolk Southern and Greenbrier collaborate on new, sustainable high-strength steel railcar \(prnewswire.com\)](#)
- > Hey, my PNW peeps, what's shaking? [60 earthquakes strike off Oregon coast, with largest reaching magnitude 5.8 \(sfgate.com\)](#)
- > FAW/Locust/ASF/Bird Flu all quiet today
- > Weekly Jobless Claims at 7:30 AM CST expected at 211,000 vs. last week's 222,000
- > Weekly Export Sales at 7:30 AM CST wheat expected between 200-400,000 MT, corn 900-1.1 MMT, beans 1.2-1.4 MMT, meal 100-300,000 MT, and bean oil 5-25,000 MT

Commentary

Report Day, while in the ratings of importance on the USDA reporting calendar the Dec S&Ds are a low priority, nevertheless Report Day. As always, the bull usually does best in the land of what if, but the bear thrives in the land of what is, and what is a USDA S&D report but the life blood of the land of what is. So, the next question one should ask, will this report hold any surprises that will motivate any segment of the industry to action. This usually means all eyes are focused on the MM Funds as they are the most likely to be called to action. So, as we roll into the report we feel as of the close of 12/7 the MM funds in their total wheat complex position are long close to 85,000 contracts, corn 325,000 longs, beans 47,000 longs, meal 39,000 long, and bean oil long 72,000 contracts. In wheat world the MM funds position break down is long close to 60,000 KW, long 14,000 MW and long 19,000 W. It is in wheat world, where expected found world bushels on the USDA report could accelerate the break that we have seen this week straight down to short term chart support in WH at the 760 level. After all wheat do what it do. Corn and bean S&Ds both domestic and world should be tame and hence market reaction as well. So, if there are to be fireworks on this report it could be in wheat world...except wheat is already on 20 cent or more burner to the downside in the last two sessions. We would not be surprised post the reports that the call to action for wheat world is end users looking for bargains.

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 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.