

MORNING GRAIN COMMENTARY

Morning Trends:

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as of 5:30 AM CST

Corn 2-3 lower

Wheat 1-2 higher

Beans 12-13 lower

Soy Meal 5.0-6.0 lower

Soy Oil 3-5 lower

The Stories of the Day:

Global Stocks Tumble as Ukraine Tension Mounts: Stocks fell around the world on Monday as geopolitical risks over Ukraine rippled through global markets, adding to concerns about inflation and the prospect of aggressive Federal Reserve interest-rate hikes to tame it.

India's Jan palm oil imports drop as refiners switch to soft oils: India's palm oil imports in January plunged 29% from a year earlier, as a rally in tropical oil prices to a record high prompted refiners to increase buying of rival soybean and sunflower oil, a leading trade body said on Monday.

China's vice premier calls for expansion of soybean production: China's top policymakers called for ensuring grain production and oilseed expansion in the new year, at the annual central rural work conference at the end of 2021.

Nearby Weather:

There is a trough in eastern North America, a ridge in the Eastern Pacific up into Alaska and through western North America, but there is

a trough moving right through the ridge going into the Pacific Northwest. There is also a small disturbance up in northwest Canada. The western trough will dig into the Southwest early this week, then northeast for the latter half of the week. The northwest Canada disturbance will turn into a clipper early this week and will be followed by a couple more of them going into next week. Another piece of energy will ride over the ridge and deepen in the West this weekend into next week.

The U.S. and European models show a lot of inconsistency in the pattern next week. We favor the European with the differences, but confidence on the forecast is not very high.

For the outlook period, temperatures on Saturday will be above normal in the West and below normal in the East. We may see a reversal in those temperatures next week, but confidence is not high in that forecast. A clipper system will move across the U.S.-Canada border over the weekend and the front to the system may stall out over the middle of the country going into next week. A couple more little disturbances along that front will likely move it around next week, but models are not consistent in how that will work out.

NORTHERN PLAINS: Above normal temperatures are generally forecast for the next week but there will be some colder temperatures in the middle of the week, especially in the east. A clipper system moving through next weekend may stall its boundary near or south of the region, forcing in some colder air and the prospect for more snowfall as well. Confidence is not high in that forecast, however.

CENTRAL/SOUTHERN PLAINS: A system moving into the West will move into the Southern Plains in the middle of the week, spreading some moderate to heavy showers to eastern areas Wednesday and Thursday. Showers in the western half of the region are forecast to be much lighter with generally no impact on the ongoing drought. A frontal boundary will move into the region next week but models are not consistent on how to develop precipitation across the area. There is some potential for beneficial precipitation, however.

MIDWEST: Some light snow moved through over the weekend with a couple of little clippers, but many areas remained dry. A clipper will bring a cold front into the region Tuesday and Wednesday and a system will work up

that front Wednesday and Thursday, bringing moderate to heavy precipitation for the southeastern half of the region and a band of mixed precipitation to boot.

PACIFIC NORTHWEST: Scattered showers will move through on Monday and we could see additional showers next Sunday, but dryness over the last several weeks have taken the momentum out of drought reduction in the region and we could see some drought expansion in some areas this week.

BRAZIL: Scattered showers will continue across central and northern areas for the next week. Some showers that went through southern areas over the weekend were very spotty. Models are pointing at potential for some showers in southern Brazil late this week going into next week, but again look mostly spotty. Dryness concerns continue in this area of the country.

ARGENTINA: Scattered showers over the weekend were somewhat helpful in central growing regions, but very spotty elsewhere. Dryness concerns continue over the country for the next couple of weeks, though there may be some isolated showers Wednesday and Thursday and again late this weekend into next week.

CANADIAN PRAIRIES: Up-and-down temperatures are forecast for the next week as a few clipper systems move through the region. Precipitation will be very welcome due to the ongoing drought. Some colder temperatures are likely to settle in next week as the main storm track shifts farther south.

EUROPE: A system moving through the western half of the region will open the door for more shower opportunities north and east this week. After a day of scattered showers in Spain, dryness returns to the region for the rest of the week. Dryness concerns in Spain continue for vegetative wheat. Conditions are much better elsewhere on the continent.

NORTH AFRICA: Drought has been a concern in Morocco all season long and dryness has been increasing across Algeria and Tunisia over the last few weeks as well. Some showers will move through early this week, but the drought continues in the west. The showers that come to the east do not look heavy enough to improve soil moisture for too much of the region.

Headlines:

- > Malaysian April Palm Oil Market +94 Ringgits
- > Dalian Futures were mixed May corn +1.00 to the Yuan, March beans +55 May meal -47 May bean oil +60, May Palm oil down +162
- > Asian Equity Markets, were mostly lower Japan's Nikkei -2.23%, China's Shanghai - 1.00%
- > European Equity Markets are lower German Dax -3.17%, London FTSE 100 -1.94%
- > MATIF Markets are higher March Corn +2.75 to the Euro, May Rapeseed +1.00, March Wheat +5.25
- > Save the Date...until Feb 20th...The Winter Olympics
- > Save the Date...Feb 14th...Pitchers and Catchers start to report, Hey MLB its time Deal or No Deal?
- > Save the Date...Feb 15th...NOPA Crush
- > Save the Date...Feb 21st...US National Holiday – Presidents Day
- > Save the Date...Feb 24th...4Q US GDP

> Save the Date...Feb 24th-25th...USDA Outlook Forum...USDA Agriculture Sec Vilsack on February 24 will discuss U.S.-China agricultural trade relations

> Save the Date...March 13th...US returns to Daylight Savings Time

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

> **The tensions over Ukraine are creating something of a perfect storm in the commodity space.** Oil is paring some of its gains this morning after a surge which pushed global benchmark Brent as high as \$96.16 a barrel and WTI close to \$95 in Asian trading. Natural gas prices and electricity prices in Europe jumped more than 10%. Base metals rose. There are also big moves in the agricultural space with wheat rising amid fears over cargo flows in the Black Sea. All of which is very bad news for policy makers hoping for a slowdown in inflation in the second half of this year.

> **Funds top off bullish CBOT soy bets but tap brakes on corn:** <https://www.reuters.com/article/cbot-grains-braun/column-funds-top-off-bullish-cbot-soy-bets-but-tap-brakes-on-corn-braun-idUSKBN2K10NK>

Commentary:

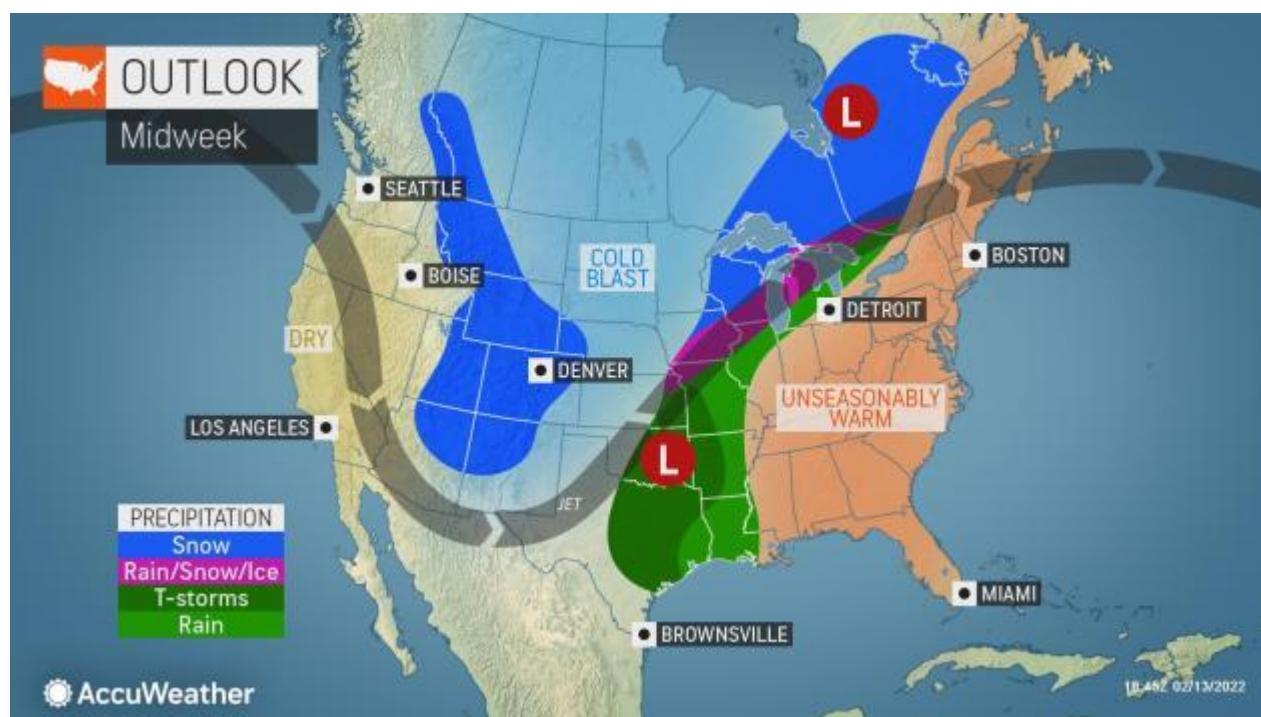
There is an old saying in the trading world, "You place your bets & you take your chances" The question of the day remains the question from last week and the week before that, will Putin move from a hybrid war with Ukraine to a full-on conventional engagement to pursue his dream of expanded influence on the continent?

Headlines about war or no war continue to move the macro and grain markets on a daily basis.

Stocks fell around the world on Monday as geopolitical risks over Ukraine rippled through global markets, adding to concerns about inflation and the prospect of aggressive Federal Reserve interest-rate hikes to tame it.

A weekend call between President Joe Biden and President Vladimir Putin produced no breakthroughs with Russia continuing to deny it plans to invade Ukraine while accusing the U.S. of stoking "hysteria." Diplomatic efforts continue this morning with German Chancellor Olaf Scholz visiting Kyiv today ahead of a meeting with Putin in Moscow tomorrow. The list of countries advising their citizens to leave Ukraine continues to grow while commercial airlines cut back their services to the country. Morgan Stanley's chief U.S. equity strategist Michael Wilson warned that a potential Russian invasion could "tip several economies into an outright recession."

Midweek storm to bring swath of snow from Texas to Michigan



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