

MORNING GRAIN COMMENTARY

Morning Trends:
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as of 5:30 AM CST
Corn 3-5 higher
Wheat 1-3 higher
Beans 13-15 higher
Soy Meal 5.0-6.0 higher
Soy Oil 45-50 higher

The Stories of the Day:
<p>Rally Falters as Russia, Inflation Concerns Return: The global stock rally stalled on Wednesday as traders struggled to evaluate the risk of geopolitical tension in Ukraine and the impact of rising inflation on central bank policies.</p> <p>Update from NATO earlier today indicated that Russia was actually increasing its troop size at the border – not decreasing it.</p> <p>FOMC Minutes Eyed for Clues on Half-Point Hike: Investors gauging the likely size of the Federal Reserve’s interest-rate hike in March and plans for shrinking a balance sheet now at a record \$8.9 trillion will get fresh clues on Wednesday.</p> <ul style="list-style-type: none"> ➤ Fed may have discussed options for rate liftoff and beyond ➤ Balance sheet discussion could have included sales of assets

6-10 Day Forecast

North America Weather Overview:

There is a weak ridge in the southeastern U.S., a trough in the West, another in central Canada, and a strong ridge in the Eastern Pacific. The two troughs will move east over the next several days. A few clippers will come down through Canada into the Great Lakes late in the week and over the weekend. Another piece of energy will ride over the ridge and deepen in the West this weekend and 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 Monday will be above normal across the southern and eastern U.S. and below normal across the north-central, western, and northwestern U.S.. The cold temperatures should gradually slip south through much of the country next week behind a cold front outside of the Southeast, which should stay warmer. Periods of precipitation should follow the front southward, likely with several pulses of precipitation.

NORTHERN PLAINS: Up-and-down temperatures continue through the weekend but will then go on a colder stretch next week as cold, Canadian air seeps southward through the country and we get out of the clipper pattern we have seen for the last several weeks. The boundary may produce some heavier snowfall in the region as well.

CENTRAL/SOUTHERN PLAINS: A system moving in the West will move into the Southern Plains on Wednesday, 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: A clipper will bring a cold front into the region 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. Another clipper moves through Friday into Saturday and its cold front will slowly sag south through the region next week, bringing in some colder air and potential for heavy precipitation.

PACIFIC NORTHWEST: 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. Scattered showers will move through Sunday and Monday, but dry conditions will return for much of the rest of next week.

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.

South America Weather Overview:

BRAZIL: Scattered showers will continue across central and northern areas for the next week. 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 for developing safrinha corn. Dry weather has already sealed the fate for full-season corn and first-crop soybeans.

ARGENTINA: 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.

World Weather Overview:

EUROPE: Scattered showers will move through northern and eastern areas this week. Dryness returns to Spain for the rest of the week, which is a concern 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 that come to the east this week do not look heavy enough to improve soil moisture for too much of the region.

Headlines:

- > Malaysian April Palm Oil Market -53 Ringgits
- > Dalian Futures were mixed May corn -11.00 Yuan, March beans -78 May meal -2 May bean oil -4, May Palm oil down +18
- > Asian Equity Markets, were higher Japan's Nikkei +2.22%, China's Shanghai 3465.832 +19.75 pts
- > European Equity Markets are higher German Dax +0.13%, London FTSE 100 -0.21%
- > MATIF Markets are lower March Corn unchanged, May Rapeseed +10.00 , March Wheat -2.25
- > Save the Date...until Feb 20th...The Winter Olympics
- > 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

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

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

> **Netherlands reports new bird flu infection at chicken farm:** The Netherlands will cull about 77,000 chickens on a farm where a case of highly contagious bird flu was detected, the agriculture ministry said on Wednesday. About 20 cases of the highly lethal form of avian flu have been reported in the Netherlands this year.

> **India Scoops Up World's Soybean Oil Supplies as Crushing Slumps:** India's bought a massive amount of soybean oil supplies from the global market as high bean prices forced local crushers to reduce output. Soybean oil imports jumped more than fourfold from a year earlier to about 391,000 tons in January, according to the Solvent Extractor's Association of India. A slump in domestic processing as well as record high prices of rival palm oil boosted purchases

> **Paraguay soy crushers, hit by drought, risk running out of beans:** Paraguay's soybean crushing industry will run out of beans to process by the middle of the year due to a drought hammering production, the country's trade industry body told Reuters, adding it was in talks to import beans for the first time ever.

<https://www.reuters.com/business/energy/exclusive-paraguay-soy-crushers-hit-by-drought-risk-running-out-beans-2022-02-16/>

Commentary:

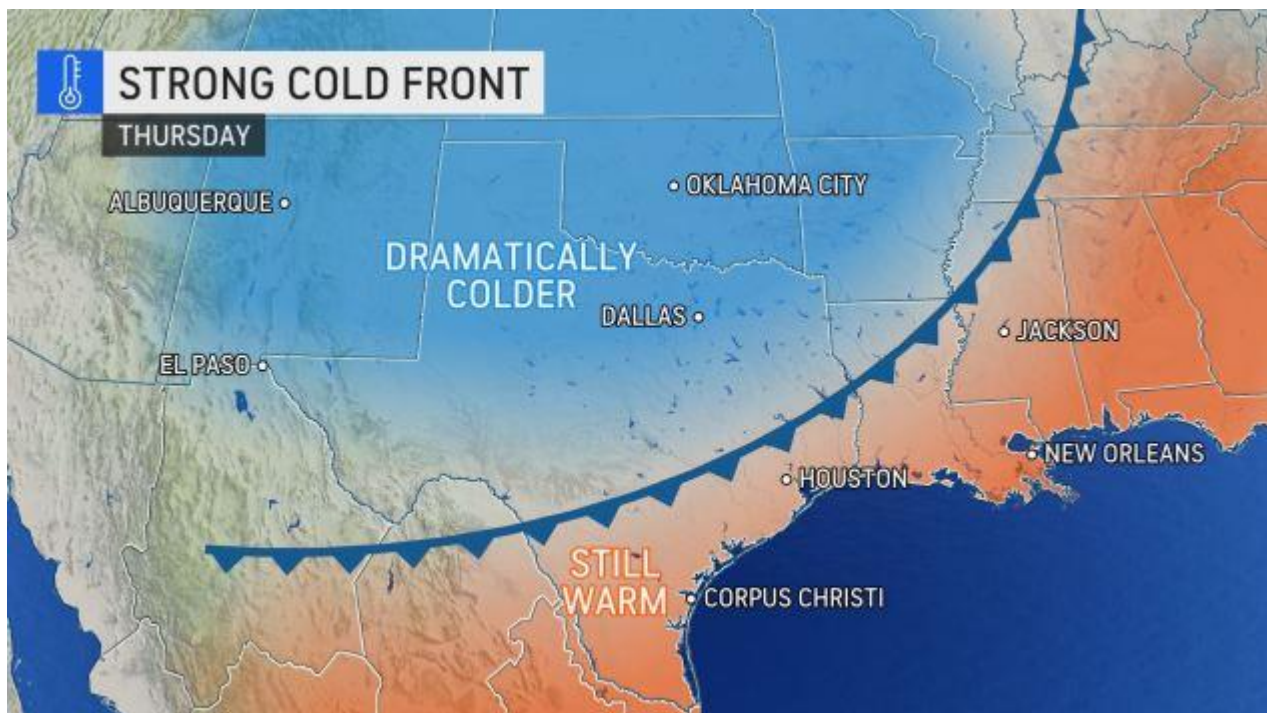
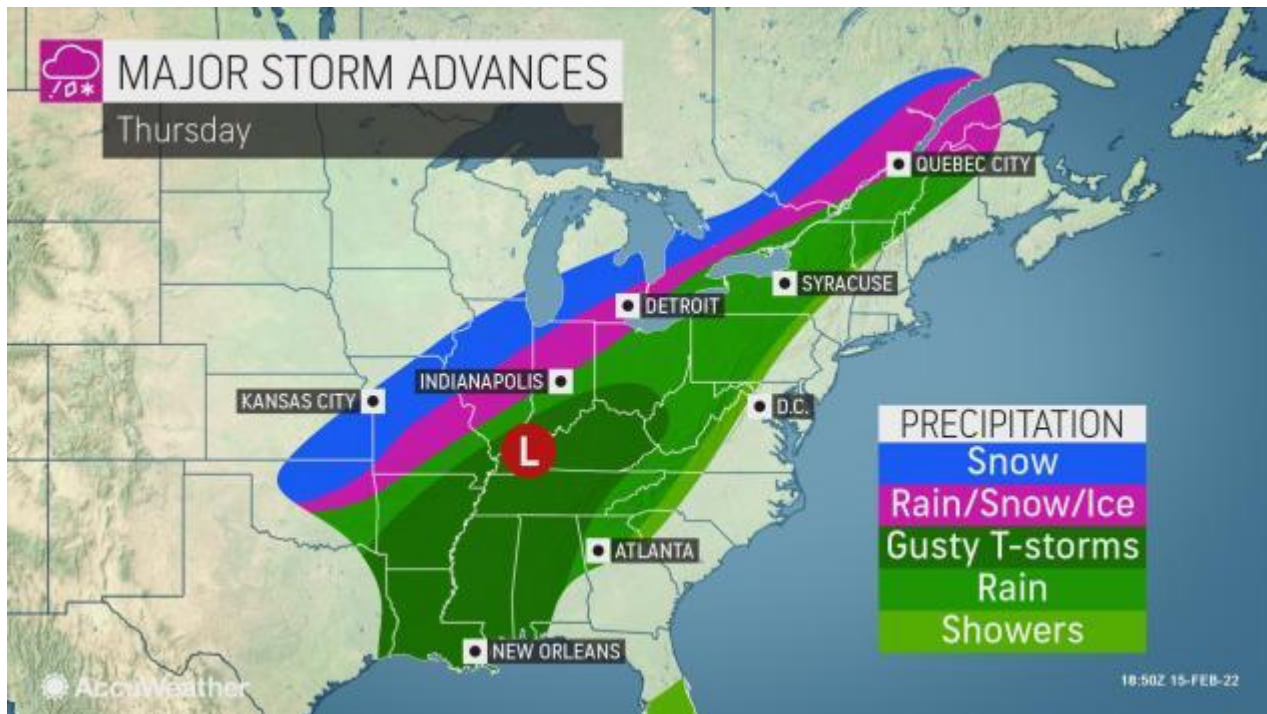
There is an old saying in the trading world, "You place your bets & you take your chances" The question of the day remains the question from last week and the week before that, will Putin move from a hybrid war with Ukraine to a full-on conventional engagement to pursue his dream of expanded influence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

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

The standoff between Russia and the West over Ukraine is continuing to vex markets as investors struggle to assess Moscow's claim that some forces are being withdrawn. They're also considering escalating costs and the likelihood of tightening monetary policy in places like the U.S. and the U.K., where inflation posted a surprise jump. Oil recovered after the biggest one-day loss this year as worries about potential disruptions to commodity supplies eased.

While Russian stocks rose to the highest level in a week, volatility gauges for the S&P 500 and the Treasury market are sitting significantly above 12-month averages, a sign that traders remain on edge.

Tracking dangerous severe weather threat Wednesday/Thursday





Wednesday, February 16,
2022

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.