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Monday, March 14, 2022

MORNING GRAIN COMMENTARY

Morning Trends:

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as of 5:00 AM CST

Corn 8 to 10 lower

Wheat 13 to 15 lower

Soybeans 3 to 5 higher

Soy Meal 8.5 to 9.0 higher

Soy Oil 1.05 to 1.10 lower

The Stories of the Day:

Russian Invasion: US view of Putin: Angry, frustrated, likely to escalate war (msn.com) The IMF says a Russian debt default is no longer 'improbable' after banks freeze half of Moscow's foreign reserves (msn.com) Russia has requested military and economic assistance from China, US officials say (msn.com) Chechen strongman Kadyrov says he is in Ukraine (msn.com)

Covid Update: China's Covid-19 cases continues to rise in the worst outbreak since Wuhan (msn.com)

Speaking of China Chinese scholars warn of cost of pro-Russia "neutrality" (msn.com)

Regional conflicts still go on Saudi regime executes 81 people in one day (msn.com)

At the human level, an update Woman injured in Ukraine hospital shelling gives birth to daughter (msn.com)

Iran Talks U.S. Won't Negotiate Sanctions With Russia to Save Iran Nuclear Deal (msn.com)

Taxes are good at the state level in the US Record revenues pour into states (msn.com)

Short Range Weather: Chilly temperatures will affect areas of the Southeast through Monday morning. Dry weather will result in critical fire weather conditions for the Southern Plains through Monday into Tuesday. A developing low-pressure system will track across the south with the threat of severe weather later Monday into Tuesday. The Pacific Northwest and Alaska will see increasingly active weather this week NWS

Long Range: There is a trough over northern Canada and a broad ridge across the rest of the country, though there is a trough in that ridge across the Southern Plains. The ridge will continue for the next 10 days but will be weak, allowing small disturbances to move through the country. The U.S. and European models are fairly similar through the period but develop the disturbances a bit differently as they pass through. I will use a blend but favor the European. For the outlook period, temperatures on Saturday will be near to above normal across the country. Some cooler temperatures will follow one of the disturbances next week across the West and into the Southern Plains, but the warmth will continue elsewhere. One of these disturbances will create a storm system in the Southern Plains next week and could produce some good precipitation, potentially over drought areas as well. -DTN

NORTHERN PLAINS (WHEAT/LIVESTOCK): Temperatures above normal continue for at least the next 10 days. Melting snowpack in the Red River Valley could cause some flooding, but chances for precipitation are low which will not improve drought across the west. -DTN

CENTRAL/SOUTHERN PLAINS (LIVESTOCK/WINTER WHEAT): Above normal temperatures should awaken more of the wheat out of dormancy this week, but much of the crop will continue to find fairly dry soils. A disturbance late this week and another early next week bring chances for at least some precipitation, but much more will be needed. -DTN

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MIDWEST (CORN/SOYBEANS/WINTER WHEAT): Recent precipitation continues to keep soils soggy and is preventing producers from getting into their fields. Temperatures are rising above normal and should be for the next 10 days, coaxing winter wheat out of dormancy and melting northern snowpack. A few weak systems will move through over the next couple of weeks which will slow drainage of wet soils but drier areas in the northwest could use more. -DTN

PACIFIC NORTHWEST (WINTER WHEAT): Scattered showers moved through over the weekend and more will continue as a more active period sets up with waves of showers every couple of days or so. Precipitation will help to build additional snowpack, improve soil moisture, and reduce drought prior to spring planting. -DTN

BRAZIL (CORN/SOYBEANS): Scattered showers over the weekend will be focused on central and northern Brazil for most of this week. Recent precipitation has improved soil moisture across the south, but drought still remains a big concern in these areas. Another system will move through Friday through Sunday across southern areas with more scattered showers, but overall, below normal precipitation is forecast. -DTN

ARGENTINA (CORN/SOYBEANS): The country was almost completely dry over the weekend. Dryness continues for the next several days. A system will move through late this week with some spotty showers, but overall amounts appear to be very low. Recent rains may have some benefit to late-planted corn and soybeans, but the dryness that is now forecast will limit those benefits. -DTN

CANADIAN PRAIRIES (LIVESTOCK): Above normal temperatures are forecast for at least the next 10 days, melting some of the snowpack. There are some chances for occasional light precipitation as well. Drought has improved in many areas over the winter, but it is still widespread across the region. -DTN

EUROPE (WINTER WHEAT): Recent showers across the west have increased some soil moisture across drought areas in Spain and building dryness in France. Showers will continue to favor western areas this week, especially in Spain as more of the crop is coming out of dormancy or going through development stages of growth. Cold temperatures continue across the eastern half of the continent, keeping wheat mostly dormant. -DTN

BLACK SEA (WINTER WHEAT): Conditions for the wheat going into the winter were mixed and there are large concerns about production due to the war. Precipitation over the winter has been above normal and should set up plants in favorable shape for development once temperatures allow. Cold temperatures over the next week will keep wheat mostly dormant. -DTN

NORTH AFRICA (WINTER WHEAT): Showers have picked up recently, which has been favorable for some of the crop, but may be too late for most. Showers will continue through the next week, doing their best to improve soil moisture and developing to reproductive wheat. -DTN

Headlines:

> Malaysian May Palm Oil Market down 389 Ringgits

> Dalian Futures were mixed May Corn down 6 to the Yuan, July Soybeans down 68, May Meal down 21, May Bean Oil down 272, May Palm Oil down 616

> Asian Equity Markets, were mixed, Japan's Nikkei up .6%, China's Shanghai down 2.6%

> European Equity Markets are mixed German Dax up 1.8%, London FTSE 100 unchanged

> MATIF Markets are higher June Corn up 4.75 to the Euro, May Rapeseed up 21.75, May Wheat up 2.50

> Save the Date…March 15th…NOPA Crush

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> Save the Date…March 16th…FOMC meeting results

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

> Save the Date…April 7th…Opening Day MLB

> Save the Date…May 8th…US Mother's Day

> China, Henan Flooding Flooding in central China turns streets to rivers, kills 12 | The Asahi Shimbun: Breaking News, Japan News and Analysis China floods: Henan farmers see livelihoods washed away, face African swine fever worries | South China Morning Post (scmp.com)

> Bird Flu Bird flu outbreaks detected in Kansas, Illinois flocks – FOX13 News Memphis (fox13memphis.com)

> Argentina halts registration for soy oil, meal Argentina halts export registration for soy oil, meal | Reuters

> Spain pushes for Argentina and US corn Spain set to approve emergency U.S., Argentina corn buying | Reuters

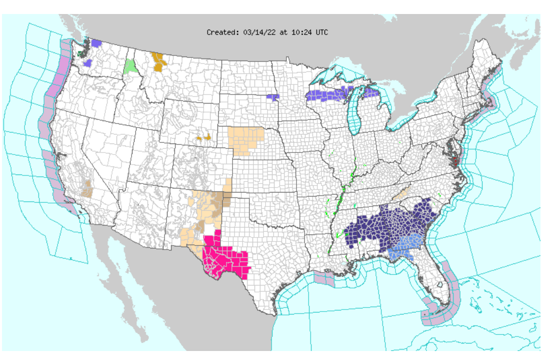
> Locust/ASF/FAW all quiet today

> Weekly CFTC MM Funds Position Report found that as of the close of 3/8 the MM Funds were long 12,914 MW, long 44,706 KW, long 20,208 W, long 368,784 C, long 171,714 S, long 96,627 SM, and long 85,669 BO

Commentary:

Weekend war news did not seem to hold a lot of market moving surprises. In fact, more talks today between the Ukraine and Russia are set to unfold. This should allow the grain markets to focus a bit more on regional weather concerns. Given out much grain might be taken out of production in Ukraine, we need the second season corn crop in Brazil to do well. We need to see springtime plantings in other parts of the N. Hemisphere to get off to an excellent start. The slight easing of the pace of headlines from the war will allow the US macro markets to focus a bit more on Wednesday US FOMC meeting results. The expectation before the war was a ½ point rate hike. That said the market would not be surprised to see only a ¼ point increase. Finally with war headlines coming at us at an expected pace there is a bit more room in the headlines for Covid and its impact on supply chains. China is see huge upticks in Omicron. China is trying to combat this with their preferred zero tolerance policies. These policies might turn out to be ineffective in control of the outbreak but could cause further damage to the world supply chains. The bottom line war will be the price driver but there is so much more in the world unfolding this week.

Is that it, winter behind us???



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