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A DIVISION OF MAREX

Tuesday, March 15, 2022

MORNING GRAIN COMMENTARY

Morning Trends:

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as of 5:00 AM CST

Corn 8 to 10 lower

Wheat 34 to 37 higher

Soybeans 25 to 28 lower

Soy Meal 7.0 to 7.5 lower

Soy Oil 1.25 to 1.30 lower

Short Range Weather: Critical fire weather conditions are expected Tuesday over west Texas, southeast New Mexico, southeast Colorado, Nebraska, South Dakota, and Guam. Locally strong thunderstorms with heavy downpours will impact parts of the northern Gulf Coast into central Florida Tuesday where flash, urban, and small stream flooding is possible NWS

The Stories of the Day:

Russian Invasion: Leaders of 3 EU states head to Kyiv as attacks intensify (msn.com) Will Biden's handling of the Ukraine crisis prove popular with US voters? (msn.com) U.S. warns China not to assist Russia (msn.com) Japanese, U.S. marines practise airborne assaults in sign of deepening cooperation (msn.com) Russia may have found a buyer for its cheap oil: India (msn.com) Putin Signs Law Allowing Russian Air Carriers to Seize Western Jets Worth $10B (msn.com)

Covid Update: Covid cases are rising as omicron's 'stealth' subvariant spreads around the world (msn.com)

Speaking of China China's Covid spike worsens: Dongguan factory center locks down, new cases top 3,500 nationwide (msn.com)

China Flood Update China releases post-disaster reconstruction plan for flood-hit Henan - Chinadaily.com.cn

Crude Oil Oil tumbles 6% on hopes for Russia-Ukraine negotiations and as lockdowns in China threaten to hurt demand (msn.com)

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 Delta. The ridge will continue for the next 10 days but will be weak, allowing disturbances to move through the country. One next week could be stronger. 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 Sunday will be near to above normal for most with below normal temperatures in the West. The cooler temperatures will follow a system through the West and into the Southern Plains, but it should remain above normal for most places. That system will move into the Southern Plains then through the Midwest 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 through the weekend which will not improve drought across the west. There is some potential for better precipitation next week. -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

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 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 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): Dryness continues to be the theme for the next couple of weeks. 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 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. Warmer temperatures arrive next week. -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 this week will keep wheat mostly dormant, but warmer temperatures are forecast next week. -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 for the next week, doing their best to improve soil moisture and developing to reproductive wheat. -DTN

Headlines:

> Malaysian May Palm Oil Market down 233 Ringgits

> Dalian Futures were mixed May Corn up 11 to the Yuan, July Soybeans up 66, May Meal up 12, May Bean Oil down 88, May Palm Oil down 578

> Asian Equity Markets, were mixed, Japan's Nikkei up .2%, China's Shanghai down 5.0%

> European Equity Markets are lower German Dax down 2.3%, London FTSE 100 down 1.5%

> MATIF Markets are mixed June Corn down 3.0 to the Euro, May Rapeseed down 6.5, May Wheat up 8.0

> Save the Date…March 15th…NOPA Crush…crush expected at 165.62 MBU…bean oil stocks at 1.985 billion pounds

> 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

> Supply Chain Update: Canada, U.S. shippers brace for possible CP Rail strike, latest supply chain disruption | Reuters

> Bird Flu hear a chick there a chick, pretty soon it adds up to a lot of covert grain to protein being buried Wisconsin to cull 2.7 million chickens after US food officials find outbreak of bird flu (yahoo.com)

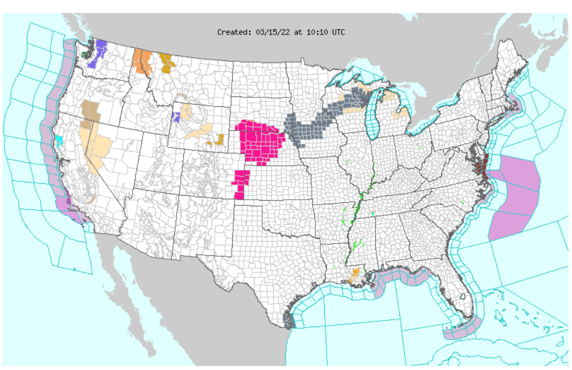
> Locust/ASF/FAW all quiet today

> The world is starting to pay attention to world grain prospects Plains drought to curb U.S. wheat harvest, adding to global supply worries (msn.com)

Commentary:

On February 24th, the start of the Russian invasion of the Ukraine, SK settled at 1654. SK powered by concerns over how much potential lost there might be in world sun seed production due to the war in the Ukraine rallied to a war high on that day at 1759 ¼. On 3/9 SK had a secondary high at 1734. On March 9th the USDA lowered their Brazilian bean production number from 134.0 MMT to 127.0 MMT. The USDA put the world bean carryout that day at 89.96 MMT down from their Feb number of 92.83. Today, as of this writing SK have traded as low as 1638. A close through the 1638 level would violate a Fib point and start to turn chart momentum sideways to lower. Now we get it the Brazilian bean crop story is old news. Sure, the USDA in March will have to lob off another couple of hundred MMT of Brazilian bean production, but the story seems like yesterday's news…but it should not. The Ukraine sunflower story is not going away nor is the S. America bean production shortfall numbers. It was interesting to note that Dr. C last night pegged Argentina bean production at 39.0 MMT and total S. American bean production at 172.6 MMT. The USDA in March has Argentina bean production at 53.0 MMT and total S. American production at 181.4 MMT. In a year where every bushel matters this seems like a story, we still need to pay attention to.

In the Plains from winter weather last week to fire danger this week



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