leese group
A DIVISION OF MAREX

Monday, December 5, 2022

MORNING GRAIN COMMENTARY

Morning Trends:

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as of 5:00 AM CST

Corn 1 to 2 higher

Wheat 3 to 6 higher

Soybeans 5 to 7 higher

Soy Meal .5 around

Soy Oil 5 around

The Stories of the Day:

Ukraine Russia Putin's war in Ukraine looks more and more like a failure. Past Russian leaders haven't survived similar mistakes. (msn.com) Russian oil cap begins, trying to pressure Putin on Ukraine (msn.com) 3 Killed, Nuclear-Capable Bombers Likely Damaged in Russian Airfield Explosions (msn.com) Russia Is Not Happy With Putin's War in Ukraine (More Like Disaster) (msn.com) Russia has stopped using its Iranian suicide drones because they don't work in the cold, Ukraine says (msn.com)

Belarus Russia, Belarus Training Together as 'A Single Army': Lukashenko (msn.com)

Covid China China's COVID Plan Is Threatening Disaster Once Again (yahoo.com)

OPEC OPEC+ Keeps Oil Curbs Despite Russia Price Cap (msn.com)

Iran at war with its people did someone just blink??? Iran Abolishes Morality Police After Months of Protests (msn.com)

Hey West Coast Peeps, gone to the beach lately People are scavenging for high-end coolers that are washing up on shores from Seattle to Alaska after a freighter lost shipping containers last fall: 'The Yetis are still out there' (msn.com)

Short Range Weather: A slow-moving storm in the West will continue to bring heavy snow to the California and northern Rocky mountains, and accumulating snow in the Intermountain West, Rockies, and the northern Plains. Moisture lifting across the Deep South may produce excessive rain in the Mid South. A strong Bering Sea storm will bring heavy snow, gusty winds, coastal flooding and ice shoves to western Alaska. NWS

Long Range Weather: There is large trough in central Canada, a smaller one off the West Coast, and a ridge in the Southeast. The Canadian trough will lift northward but be replaced by a strong ridge later this week. The western trough will push eastward this week. Another trough will move into the West late this week and continue eastward next week, undercutting the Canadian ridge. Several storm systems are lining up to do the same later in December. The U.S. and European models are fairly similar, except that the GFS is weaker with systems undercutting the ridge next week. I will use a blend but favor the European. For the outlook period, temperatures on Saturday will be below normal in the West and above normal in the Central. Cooler temperatures will spread eastward over the weekend and into early next week behind a cold front pushing through. Several systems may follow next week as well. -DTN

NORTHERN PLAINS (LIVESTOCK/CORN/SOYBEANS): It was mostly dry over the weekend as warmer air briefly moved into the region on Sunday. A front will bring another push of cold air Monday and some light snow will drift through the region through Wednesday. Near-to-below normal temperatures will be in the region for the next week and may drop behind a cold front moving through this weekend. -DTN

CENTRAL/SOUTHERN PLAINS (WHEAT/LIVESTOCK): Northern areas were dry, but a front brought some scattered showers to southern areas this weekend. Showers missed the drought areas from the Texas

Panhandle northward, however. Some isolated showers will pass through eastern areas early this week, but a system will form in Texas on Wednesday night and push northeast on Thursday. Precipitation will be most likely over eastern areas but cannot rule out some showers for the drought areas in the west. -DTN

MIDWEST (WINTER WHEAT): Outside of some isolated showers across the north, it was mostly dry this weekend. A front just off to the south and a clipper or two moving through may bring some isolated showers to the region through Wednesday. A system will push through on Thursday and Friday with more consistent and widespread precipitation, especially south. Temperatures may be a little more on the mild side until another system comes through this weekend. -DTN

DELTA (LOWER MISSISSIPPI RIVER LEVELS): River levels are rising this week for most areas but will be on a general downtrend next week unless precipitation is heavier than forecast. There will be some decent precipitation this week, which could hold off the downturn next week. -DTN

BRAZIL (CORN/SOYBEANS): Scattered showers will continue in central and northern Brazil as is typical for this time of year. A front stalled over southern areas this weekend with decent precipitation, but it was not as heavy as expected. Southern areas will dry out over the next few days with only periodic showers through the weekend and early next week. Corn in the far south may be seeing some stress developing as temperatures increase this week. Soybeans are generally in good condition across the country. -DTN

ARGENTINA (CORN/SOYBEANS/WHEAT): Showers will return in isolated fashion this week, but very high temperatures in the region will cause further stress and potential damage to developing corn and soybeans. Planting is also very delayed, and this week will not promote much progress. Models do bring through a couple of cold fronts this weekend with more showers and will push out the high temperatures for next week. The showers that come with the fronts are not expected to be widely scattered or heavy. Overall, conditions continue to be poor for corn and soybeans until precipitation becomes more consistent. -DTN

EUROPE (WINTER WHEAT): Scattered showers moved through over the weekend, especially across the south where wheat is still awake. The weather will remain active for the next two weeks with several system big and small moving through with periods of showers. Overall, wheat and other winter grains continue to be in good condition, whether they are dormant or not. -DTN

BLACK SEA (WINTER WHEAT): It was dry over the weekend, but wheat is going dormant in generally good condition. Prospects are high for a good crop depending on how much was able to be planted this fall. -DTN

Headlines:

> Malaysian Feb Palm Oil Market closed up 12 Ringgits

> Dalian Futures were mostly lower Jan Corn down 8 to the Yuan, Jan Soybeans up 22, Jan Meal down 23, Jan Bean Oil down 24, Jan Palm Oil down 74

> Asian Equity Markets were mixed to higher Japan's Nikki up .2%, China's Shanghai up 1.8%

> European Equity Markets are mixed, German Dax down .3%, London FTSE 100 up .1%

> MATIF Markets are mixed March Corn down .25 to the Euro, Feb Rapeseed up 4.50, March wheat up .25

> Save the Date…Dec 9th…US Crop production and S&Ds

> Save the Date…Dec 13th…US CPI numbers

> Save the Date…Dec 14th…US FOMC Meeting results

Monday, December 5, 2022

> Save the Date…Dec 19th…1st day of Hanukkah

> Save the Date…Dec 21st…Winter begins

> Save the Date…Dec 22nd…3Q US GDP

> save the Date…Dec 23rd…Advance Durable Goods/Personal Income

> Save the Date…Dec 26th…Christmas Day Observed in the US

> Bird Flu Czech vets cull 15,000 ducks over bird flu outbreak | Reuters

> ASF does it ever leave??? Czech detects 1st African swine fever case in 5 yrs (bignewsnetwork.com)

> Locust/FAW all quiet

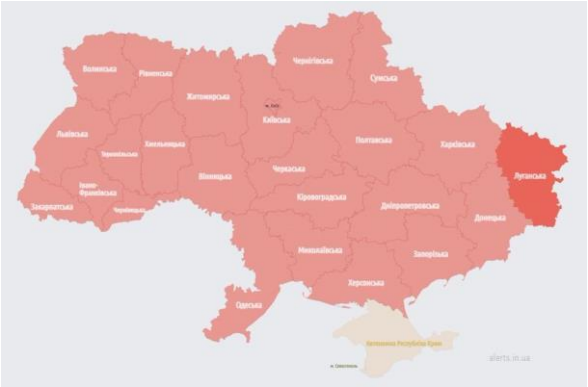
> The CFTC on Friday put the MM Fund Positions for grains as of the close of 11/29 at short 2,429 MW, long 17,129 KW, short 54,068 W, long 191,361 C, long 102,104 S, long 74,861 SM, long 105,503 BO

. The Pac Rim is rumbly to start the week Mt. Semeru erupts on Indonesia's most densely populated island (nypost.com)

> East Africa Drought The world's response to hunger crisis in East Africa is inadequate, say aid workers | WWNO

Commentary: We often say that USDA S&D reports tend to favor the bear. We bulls do best in the world of what if, the bear in the world of what is. This is a good rule of thumb but when it comes to wheat world this rule might see an exception this Friday. On Nov 1st WH settled at 919, this past Friday it closed at 761. Now we get it, world values continue to be under US values. That said the reality of an Argentina wheat crop that could top out at only 12.0 MMT, combined with export lift challenges for Australia mean the world will have to continue to rely on Black Sea flows until next springs winter wheat crops are ready in the N. Hemisphere. And speaking of these winter wheat crops the US crop is going into dormancy at only 34% rated good to excellent. US HRW is going into dormancy with the only consistent weather it has had to date is the wind. This Friday might be a rare case where US wheat board values rally on the US and World S&Ds for wheat.

Never a good way to star the work week, except for Crimea the entire country of Ukraine under Air raid warnings…explosions have been heard in Odesa



Monday, December 5, 2022

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