

**MORNING GRAIN COMMENTARY**

Morning Trends:
<b>Morning Trends</b>
as of 6:00 AM CST
Corn 2-3 lower
Wheat 2-3 lower
Soybeans 3-4 lower
Soy Meal .50-1.00 higher
Soy Oil 25-30 lower

The Stories of the Day:
<p><b>Special measures by Treasury to avoid default start today:</b> The Treasury Department will begin taking special measures to keep paying the government's bills today</p> <p><b>Global Bond Sales Off to Record Start of Nearly \$600 Billion:</b> Bonds have gained 4.1% in 2023 as new issue market booms. Bankers see Lunar New Year holidays slowing Asian issuance</p> <p><b>Fed Economist Sees High Food Prices Even as Inflation Cools:</b> War, weather continue to threaten crop production worldwide. Food prices seen coming down slowly, perhaps later this year</p> <p><b>China Will Grow Even More Soybeans in 2023 to Reduce Imports:</b> The government plans to increase the planting area by about 6% to 10 million mu (667,000 hectares) in 2023 from a year earlier, according to the agriculture ministry. Acreage expanded almost 22% last year. Production is estimated to jump almost 24% to 20.3 million tons in the year to September.</p>

**North America Weather Overview**

There is a trough in the Midwest, another in the West, and a ridge starting to develop in the North Pacific. The country is starting to undergo a pattern change that will

mean several systems coming down from the Canadian Prairies and into the middle of the U.S. over the next couple of weeks. Each will produce a storm system. With time, another ridge will develop in the Southeast U.S. that will oppose these troughs, forcing them back to the West come February.

For the outlook period, temperatures on Tuesday will be below normal in the West and into the Central and Southern Plains with above normal temperatures in the North and East. The colder temperatures will spread throughout the country next week, but may be slow to do so. Several systems may move through the country next week, pushing colder temperatures into the middle of the country, and trying to wipe out the heat in the East as well. Models disagree wildly on where, when, and how much precipitation will occur, but seems to reason that a couple of precipitation events will occur.

**NORTHERN PLAINS:** Relative warmth will continue for the next week, reducing stress and feed requirements for livestock. However, colder temperatures will move into the region by late next week as the pattern changes. This pattern will favor more arctic air going into a good chunk of February that will be more stressful for livestock.

**CENTRAL/SOUTHERN PLAINS:** A strong system moved through with widespread precipitation Wednesday, including a band of heavy snow across the north. Another system will develop farther south for this weekend with more showers for southern areas, and there is potential for a similar system early next week. The drought will not be reduced in a significant way, but at least some precipitation will occur after months of dryness. Temperatures above normal are starting to fall below normal, especially next week as the pattern changes.

**MIDWEST:** Another strong system moved into the region Wednesday, continuing with the widespread precipitation on Thursday. Even behind this system, temperatures remain above normal for this time of year. But another system moving through this weekend across southern areas and another around midweek will start a pattern change that will bring colder air through the region afterward.

**DELTA:** Recent precipitation has been able to keep water levels on the Lower Mississippi River from falling into dangerously low territory, but models continue to hold levels lower than normal for most spots on the river. As more precipitation falls into the river basin this week and weekend, levels should get another boost next week.

#### South America Weather Overview:

**BRAZIL:** A stalled front in southern Brazil continues precipitation from Parana northward the next couple of days. The state of Rio Grande do Sul is staying drier. Another front will move through this weekend, but clear out southern areas. Filling soybeans are getting a boost, as well as soil moisture in preparation for safrinha corn planting that will start picking up over the next week or two.

**ARGENTINA:** Temperatures have increased back up to the triple digit mark and will continue to be hot until a front moves through Friday and Saturday. This front is forecast to bring through some decent rain. Two more fronts are forecast to move through next week and both are forecast to bring widespread heavy amounts as well. Until the rains are determined, stress continues to be very high for developing soybeans and developing to reproductive corn across the country. But this remains the best chance at stabilizing crop conditions all season.

#### Headlines:

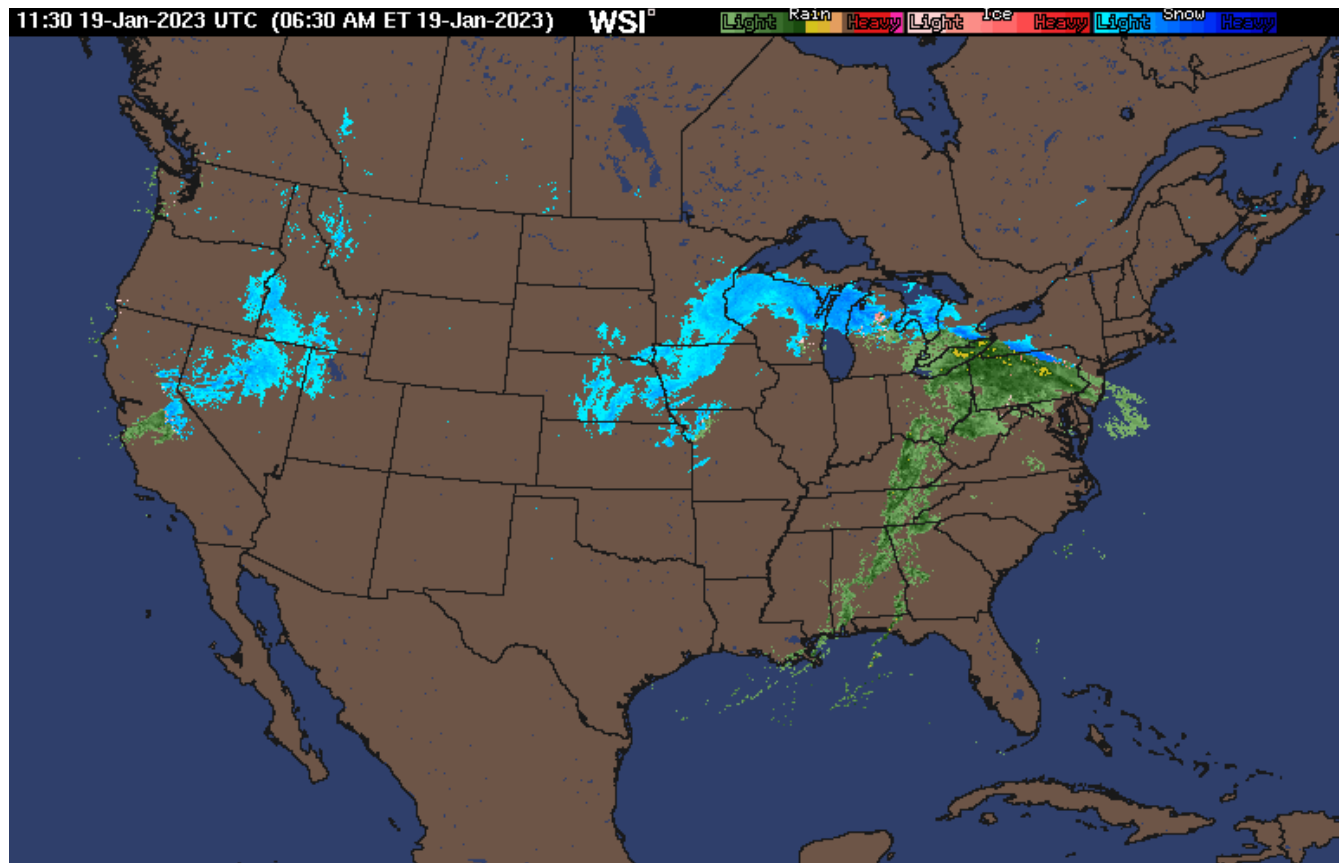
- > Malaysian March Palm Oil Market was higher: +22 Ringgits
- > Dalian Futures: March corn -6.00 Yuan, May Soybeans +11, May Meal -28, May Bean Oil, +36, May Palm Oil +74
- > Asian Equity Markets were mixed: Japan's Nikki -1.44%, China's Shanghai Comp +15.873 pts
- > European Equity Markets are lower: German Dax -1.68%, London FTSE 100 -1.16%
- > MATIF Markets are lower: March Corn -1.75 Euro, May Rapeseed -6.25, March Wheat -3.25
- > Save the Date...Jan 19<sup>th</sup>...US Housing Starts & Philadelphia Fed business outlook
- > Save the Date...Jan 19<sup>th</sup>...EIA weekly petroleum stockpiles report will be released Thursday, January 19th at 10:00 am CT due to Monday's holiday
- > Save the Date...Jan 19<sup>th</sup>...The Letter has been sent by US Treasury Sec Yellen to Congress saying on January 19th the statutory debt limit will be reached, and once that happens the Treasury will need to take extraordinary steps to prevent default, but the extraordinary measures would not be exhausted before early June.
- > Save the Date Jan 20<sup>th</sup>...USDA Weekly Export Sales will be out on Friday due to the Monday holiday
- > Save the Date...The week of Jan 23<sup>rd</sup>...Golden Week in China
- > save the Date...Jan 26<sup>th</sup>...4Q US GDP
- > Save the Date...Feb 1<sup>st</sup>...FOMC Meeting Results

- > Save the Date...Feb 3<sup>rd</sup>...US employment numbers
- > Save the Date...Feb 7<sup>th</sup>...US State of the Union White Address
- > Locust/ASF/FAW/Bird Flu all quiet today

**Commentary:**

CBOT futures are lower as the flow of new funds into commodities slows/ends and improving Argentine and Southern Brazilian weather boosts South American corn/soy crop expectations.

CBOT open interest totals confirm that new investor flows into grains on Wednesday. Corn open interest was up 9,557 contracts with the 2 day total up 29,000 contracts with Chicago wheat open interest up 339 contracts. Soybean open interest sank 3,015 on Wednesday's sharp market fall. Index funds tend to move money into and out of the CBOT in 2- or 3-day periods, suggesting that their price influence will be waning after today.





Thursday, January 19, 2023



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 consider 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