

MORNING GRAIN COMMENTARY

Morning Trends:

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as of 5:00 AM CDT

Corn 1 to 2 lower

Wheat 6 to 7 lower

Soybeans 8 to 10 lower

Soy Meal 1.00 to 2.00 lower

Soy Oil 60 to 70 lower

The Stories of the Day:

Iran Vows to Retaliate Against Any Attack as US Readies Response: Any attack 'will be met with a decisive response,' Iran says - Biden says he's now decided how to react to attack in Jordan

Fed to Hold Interest Rates Steady But Start Considering Cuts: Central bank will likely stop short of signaling near-term cut - Officials may tweak statement to recognize inflation progress

China Factory Activity Shrinks as Growth Hurt by Weak Demand: Manufacturing PMI reaches 49.2 in January, below expectations - Non-manufacturing gauge hits 50.7, better than December's 50.4

Russia Is Wearing Down Ukraine's Defenses While Zelenskiy Fights With His Top General: With allied assistance delayed, Kyiv's troops don't have enough artillery and air-defense munitions

North America Weather Overview:

There is a ridge across most of North America with a disturbance in the Southeast, another in the northern Canadian Prairies, and a large trough off the West Coast. The small Canadian disturbance will deepen in the Canadian Maritimes this weekend. At the same time, the trough will move into the West and send a piece of energy underneath the ridge across the South this weekend. The ridge will shift more toward the East by later next week and the trough will eventually take over by the following week.

For the outlook period, temperatures will be well above-normal across the North-Central states and into Canada but be cooler across the West and South through much of next week. Another storm may move out of the West and into the Plains during the middle of next week with another loading up in the Southwest for late week and weekend.

NORTHERN PLAINS: Scattered showers are forecast to return this weekend, with snow west and rain east. Additional precipitation is expected by the middle of next week, likely as a mix of rain and snow as well. The precipitation should help with some of the recent dryness in the region. Temperatures will continue to run above normal through next week.

CENTRAL/SOUTHERN PLAINS: A system will move through Friday through the weekend with areas of heavy rain and potential snow in Colorado and western Nebraska. Another round of good precipitation would be helpful for dormant wheat.

MIDWEST: Warm temperatures and rain have eaten away at a lot of the snowpack over the last week. The warmth will continue this week and next. Some flooding will be possible where the combination of snowmelt and rainfall has been the most intense, especially in Illinois. A storm system will likely go around the region this weekend but may clip some western areas with rain. Otherwise, the region will wait until later next week for the next significant chance for precipitation.

DELTA: Heavy rain over the last week has improved soil moisture and water levels along the Mississippi River and local rivers, increasing transportation and reducing drought effects. The region will see another system moving through with heavy rain this weekend.

World Weather Overview:

BRAZIL: Scattered rain showers are expanding southward for the next several days, getting as far south as Parana by the weekend. The recent break in the rain could be helping with fieldwork, the progress of which has slowed down in recent weeks a bit. Northern areas could be seeing a bit too much rain, which may slow fieldwork progress a bit in some areas. The pace of harvest and planting is still on a near-average pace at this point in the season.

ARGENTINA: It continues to be hot and dry through the weekend, threatening to reduce crop conditions and could quickly turn these good ratings around. Temperatures could eclipse the 100-degree mark on several days across the west and south especially. Soil moisture is declining and is not good for the portion of the crop in reproductive and filling stages, which is sizable for both. Models are indicating better chances for precipitation in the country sometime next week, but disagree on the timing.

EUROPE: Precipitation continues to be limited across Spain and Italy for vegetative wheat as the storm track remains over northern Europe. Temperatures are above normal across much of the continent through next week. The next best chance for rain across the south comes late next week.

AUSTRALIA: The remnants of Tropical Cyclone Kirrily may still bring showers in Queensland through the weekend and possibly longer. Though some flooding has not be favorable, the rain could help to add to soil moisture for cotton and sorghum, as well as build subsoil moisture for winter wheat later this year. Other areas of the country remain unfavorably dry for the next week.

Headlines:

- > Malaysian April Palm Oil down 44 ringgits
- > Dalian Futures Exchange were mostly higher, May Corn up 11.00 to the Yuan, March Soybeans up 4, May Meal up 27, May Bean Oil down 100, May Palm Oil down 75
- > Asian Equity Markets were mixed, Japan's Nikkei up 0.61%, China's Shanghai down 0.91%
- > European Equity Markets are higher, German Dax down 0.09%, London FTSE up 0.13%
- > MATIF Markets are mixed, March Corn -1.00 Euro, May Rapeseed -1.75, March Wheat -1.00
- > Save the Date...Jan 31st...FOMC Meeting Results
- > Save the Date...Feb 2nd...US Employment Numbers
- > Save the Date...Feb 8th...USDA S&Ds
- > Save the Date...Feb 12th...Golden Week in China

- > Save the Date...Feb 13th...US CPI
- > Save the Date...Feb 13th...Pitchers and Catchers to report
- > Save the Date...Feb 14th... US PPI
- > Save the Date...April 8th...from Mexico to Maine a Solar Eclipse [How to watch the last total solar eclipse in the US until 2045 \(msn.com\)](#)
- > FAW, ASF, Bird Flu, Locust all quiet today
- > The Battle for North American Acres not just a US thing <https://www.producer.com/news/farmers-to-plant-more-pulses-this-spring/>
- > Weekly Jobless Claims at 7:30 AM CST expected at 199,000 vs. last week's 187,000
- > Weekly Export Sales at 7:30 AM CST wheat expected between 200-400,000 MT, corn 600-800,000 MT, beans 500-700,000 MT, meal 100-300,000 MT, oil 5-25,000 MT
- > CFTC Numbers Friday at 2:30 PM as of the close of 1/23 we feel the MM Funds were short 62,000 W, short 32,000 KW, short 27,000 MW, short 259,000 C, short 75,000 S, short 6,000 SM, short 46,000 BO

Commentary:

Corn, soybeans and wheat pulled back from Tuesday's strong corrective gains during overnight trade. Front-month crude oil futures are nearly \$1.00 lower and the U.S. dollar index is more than 100 points higher.

Market focus will be on clues for when Fed rate cuts will begin... The Federal Open Market Committee (FOMC) is widely expected to hold interest rates unchanged at the conclusion of the two-day monetary policy meeting this afternoon, though traders will be looking for indications of when rate cuts will begin. Special attention will be paid to wording in the post-meeting statement and Fed Chair Jerome Powell's press conference.

China's factory activity contracts again... China's official purchasing managers index (PMI) rose to 49.2 in January from 49.0 in December, though that was the fourth straight month of contraction in factory activity, as Beijing struggled to spur economic recovery amid deflationary pressure, feeble demand and persistent weakness in the property sector. January's new orders sub-index contracted for the fourth consecutive month, while the new export orders index shrank for the 10th straight month.

China unveils new property support measures amid mounting concerns... Two of China's major cities, Suzhou and Shanghai, followed Guangzhou in easing home-buying restrictions, official media reported on Tuesday, in an effort to boost demand from homebuyers. In another support measure, a loan worth 330 million yuan (\$46 million) to a state-backed development was approved just a few working days after the government announced the "project whitelist" mechanism, the official Securities Times reported. Under the mechanism, city governments should provide a list of local property projects suitable for financing support, and coordinate with local financial institutions to meet the financing needs of these projects. The measures come amid mounting concerns about the liquidation of development giant Evergrande.



Wednesday, January 31, 2024

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