

MORNING GRAIN COMMENTARY

Morning Trends:

As of 4:30 AM CDT

Corn: 10 to 12 higher

Wheat: 8 to 10 higher

Soybeans: 33 to 35 higher

Soy Meal 8.5 to 9.0 higher

Soy Oil: 150 to 155 higher

The Stories of the Day:

In the short run still some dark times ahead <https://www.msn.com/en-us/health/medical/its-a-desperate-time-crush-of-covid-19-patients-strains-us-hospitals/ar-BB1cre0E?li=BBnb7Kz>

New US Congress sworn in <https://www.msn.com/en-us/news/politics/new-congress-sworn-in-with-2020-tensions-still-simmering-georgia-runoff-looming/ar-BB1cr4FL?li=BBnb7Kz>

Weather: A progressive pattern

for most of this week will turn more to a ridge-west and trough-east pattern this weekend through much of next week. The U.S. and European models are similar through much of the period but differ increasingly with time. I will use a blend of the models but favor the European. For the outlook period, temperatures on Saturday will be near to above normal in the north-central U.S. and near to below normal elsewhere. Temperatures will generally maintain this pattern with increasing temperatures in the West next week. A system will move out of the Rockies and into the Southern Plains on Sunday, moving across the Southeast early next week. Another system moves into the Pacific Northwest but is expected to mostly fizzle out as it moves into the Plains early next week. -DTN

NORTHERN PLAINS (LIVESTOCK): Isolated showers and well above normal temperatures characterized the holiday weekend, with little stress to livestock. Temperatures will remain above normal over the next 10 days with lower than normal stress on livestock. -DTN

CENTRAL/SOUTHERN PLAINS (WINTER WHEAT/LIVESTOCK): A system brought moderate to heavy precipitation, including ice and snow, to the southeast half of the region over the weekend. Stress to livestock and transportation issues were noted in this area. The western half of the region remains in drought while there has been some easing across the north and east recently. A system in the middle of this week will miss most of the driest areas in the region but one over the weekend shows more promise for meaningful precipitation. -DTN

MIDWEST (WINTER WHEAT): A system brought moderate to heavy precipitation through the southeast half of the region over the holiday weekend. Recent showers have been a significant benefit to dry soils across central Illinois and Indiana. Systems will largely miss the region over the next 10 days while temperatures remain mostly above normal. -DTN

BRAZIL (CORN/SOYBEANS): Scattered showers fell across much of the central and southern growing regions over the holiday weekend, but moderate to heavy showers were isolated in central Brazil. This continues to show mixed crop health on reproductive to filling corn and soybeans in the region. Stress has been concerning for areas that have been largely missed and fairly good conditions are seen on satellite for more isolated areas over the last several weeks. Southern areas have seen more widespread crop health issues due to more stretches of dryness. This will largely remain the case this week. A front will bring widespread showers to southern areas in the middle of the week while the isolated to scattered showers continue over the central. -DTN

ARGENTINA (CORN/SOYBEANS): Scattered showers fell across western growing regions over the holiday weekend while much of the rest of the growing regions have been missed. A system may turn those fortunes around across the country early this week but more long-standing dryness will follow for the rest of the week, causing more stress to developing to reproductive corn and soybeans. -DTN

Monday, January 4, 2021

EUROPE (WINTER WHEAT): Winter grains have gone into dormancy in good condition across the north and east. Scattered showers fell across Spain and Italy but were more isolated in Spain than expected. Still, the storm track remains active through the Mediterranean this week with a few chances for showers, especially toward the weekend. Overall, conditions remain favorable for developing winter wheat. -DTN

NORTHERN AFRICA (WINTER WHEAT): Scattered showers fell across the region over the holiday weekend. This included amounts over one inch in portions of Morocco, where dryness has been more of a concern. Otherwise, with the storm track active through the Mediterranean this week, there will be a few chances for showers. Overall, conditions remain favorable for developing winter wheat, especially in the east. -DTN

SOUTH AFRICA (CORN/SUGARCANE): Periods of showers will remain in the area over the next week. Conditions remain beneficial for developing corn and sugarcane. -DTN

AUSTRALIA (COTTON/SORGHUM): Periods of showers will develop over eastern areas through the weekend, favoring developing cotton and sorghum. -DTN

MALAYSIA/INDONESIA (PALM OIL): Recent and forecast showers have been adequate for palm oil prospects as showers continue. -DTN

Headlines:

- Malaysian March Palm Oil up 124 Ringgits
- Dalian Futures exchange mostly higher May corn up 24 to the Yuan, May beans down 13, May Meal up 74, May bean oil up 120, May palm oil up 112
- Asian Equity markets were mostly higher Nikkei down .7%, China's Shanghai up .9%
- European Equity markets start higher German Dax up 1.1%, London FTSE 100 up 1.5%
- MATIF markets are higher March Corn up 2.75 to the Euro, Feb Rapeseed up 3.75, March Wheat up 2.25
- Save the Date...Jan 6th...The FOMC Dec meeting notes to be released
- Save the Date...Jan 8th...US employment numbers
- Save the Date...Jan 12th...USDA S&Ds
- Save the Date...Jan 15th...NOPA Crush
- Save the Date...Feb 16th...MLB camps start to open
- Maybe we were a bit early declaring the Argentina Port Strike over...grain inspectors stayed on strike through the weekend
- ASF Philippines still struggling <https://www.msn.com/en-ph/news/national/pork-production-unlikely-to-recover-as-asf-lingers/ar-BB1cp07r>
- Bird flu in India <https://www.businessinsider.in/india/news/bird-flu-scare-48000-birds-will-be-culled-in-kerala-while-rajasthan-and-madhya-pradesh-on-high-alert/articleshow/80096341.cms>
- India sells rice to Vietnam first time in decades...to be used mostly for feed and beer...rice values at 9 year highs <https://www.reuters.com/article/india-vietnam-rice-exports/exclusive-vietnam-buys-indian-rice-for-first-time-in-decades-industry-officials-idUSL4N2JF214>
- Weekly CFTC MM fund position report at 2:30 PM CST expected as of the close of 12/29 MM Funds long 10,233 wheat contracts, long 351,173 corn contracts, long 218,623 bean contracts, long 94,885 meal contracts, and long 115,253 oil contracts

Monday, January 4, 2021

Commentary:

Today we open the books for 2021 and so far, what an opening. Grains sharply higher along with gold and the energies while the dollar is sharply lower. For grains S. America weather is front and center. Over the weekend warming temperatures and lack of rain had private analysts preparing to lower their Argentina corn production numbers. Some traders even saying that because of the La Nina inspired weather some corn acres may not even be planted. In Dec the USDA had Argentina corn production at 50.0 MMT, last week the trade was centered around 48.0 MMT. If weather remains adverse for January some feel the crop could drop below 45.0 MMT. If this happens it will not be long before some start to ask the question could the Argentina ban on exports of corn that is set to end March 1st be extended? One way or another it is clear the window for the US to dominate world feed grain exports in Q1 and Q2 will remain wide open. Later today when weekly export inspections are released the key will not be declining liftings for beans but are corn liftings on the ascent?

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.