

MORNING GRAIN COMMENTARY

Morning Trends:

As of 4:30 AM CDT

Corn: 4 to 6 lower

Wheat: 7 to 9 lower

Soybeans: 20 to 25 lower

Soy Meal 7.0 to 7.5 lower

Soy Oil: 35 to 40 lower

The Stories of the Day:

New administration new Pandemic response

<https://www.msn.com/en-us/news/politics/biden-unveils-a-national-pandemic-response-that-trump-resisted/ar-BB1cXjhj?li=BBnb7Kz>

The sign the account papers song

<https://www.youtube.com/watch?v=oGd5OUuRTLs>

Weather: There is a trough over the West Coast, a ridge building in the Southeast, and a wide trough across the north. Impulses will continually push the trough to the west through next week while the ridge continues in the Southeast. This will produce more of a trough-west and ridge-east look through early next week. The trough may shift so far westward in the middle and end of next week, that a ridge-west and trough-east pattern establishes itself. The U.S. and European models have more consistency today. I will use a model blend. For the outlook period, temperatures on Wednesday will be below normal across the West and Northeast and above normal across the South and Midwest. Temperatures are expected to rise across much of the country through the period. A system is expected to move through the Plains eastward in the middle-to-end of next week. Another storm may follow behind it next weekend. -DTN

NORTHERN PLAINS (LIVESTOCK): Below normal temperatures are expected through much of next week, putting more stress on livestock as we get into calving. Temperatures should rise above normal at the end of next week. -DTN

CENTRAL/SOUTHERN PLAINS (WINTER WHEAT/LIVESTOCK): Two systems will bring several rounds of light to moderate precipitation across the region this weekend through next week, but the driest sections in the west toward the Rockies will have the lowest chances at anything meaningful. -DTN

MIDWEST (WINTER WHEAT): A pattern change will bring several waves of precipitation through the region this weekend through next week. Moderate to heavy snow will be possible across the north, along with chances for freezing rain early next week. Both would have significant impacts for travel and transport. -DTN

BRAZIL (CORN/SOYBEANS): Last week's moderate to heavy rainfall benefited reproductive to filling corn and soybeans. Showers will continue across the west and south this weekend as a front lingers nearby, though amounts are forecast to be below normal for most areas. Eastern areas may show more signs of stress due to the dryness. With more of the crop advancing into maturity, attention is turning more toward second-season corn prospects. The lower than normal rainfall will not help to fill soils that are in need of more moisture. -DTN

ARGENTINA (CORN/SOYBEANS): Moderate to heavy showers occurred last week but dryness replaced it this week. Temperatures below normal this week have reduced moisture demand, but daytime highs have been in the lower to middle 30s Celsius (middle 80s to lower 90s Fahrenheit), which may have led to some stress redeveloping for developing to reproductive corn and soybeans. A weak system may bring some isolated showers this weekend, mostly just across the north. A more meaningful chance at widespread showers comes in the middle of next week. -DTN

EUROPE (WINTER WHEAT): Multiple systems continue to move through the continent through early next week with renewed showers across the south, benefiting developing winter wheat. The showers continue to provide adequate soil moisture for dormant crops over the north. Significant cold across Ukraine and southern Russia

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earlier this week may have produced some winter kill for winter wheat but temperatures are rising in the region. -DTN

NORTHERN AFRICA (WINTER WHEAT): The storm track is shifting to the north, but some waves of showers can be counted on to break this up. Recent rainfall has provided good prospects thus far for vegetative winter wheat. -DTN

SOUTH AFRICA (CORN/SUGARCANE): Near daily showers over the last two months are becoming very isolated. Still, conditions remain beneficial for developing to reproductive corn and developing sugarcane. We continue to monitor Tropical Cyclone Eloise as it impacts the region this weekend into early next week. -DTN

AUSTRALIA (COTTON/SORGHUM): Mostly dry weather over the last week has put some strain on developing to reproductive cotton and sorghum, though irrigation reserves are adequate for the time being. Some isolated showers are expected across the east Friday, but coverage and amounts will likely be on the lower end. It may take until the end of next week for more meaningful showers to move back into the region. -DTN

MALAYSIA/INDONESIA (PALM OIL): Showers have recently been more isolated across western areas of the region over the past week. This will continue for the next day or two before showers increase again for the weekend. Despite the dry spell, adequate to surplus rainfall so far this season should produce excellent prospects in the region. -DTN

Headlines:

- Malaysian April Palm Oil down 34 Ringgits
- Dalian Futures exchange mostly lower May corn down 29 to the Yuan, May beans up 16, May Meal down 35, May bean oil up 10, May palm oil down 32
- Asian Equity markets were lower Japan's Nikkei down .4%, China's Shanghai down .4%
- European Equity markets start lower German Dax down .5%, London FTSE 100 down .5%
- MATIF markets are lower March Corn down 2.25 to the Euro, Feb Rapeseed down 2.25, March Wheat down 2.75
- Save the Date...Jan 25th...Ukraine set to meet to discuss limiting corn exports for balance of 2020/2021 marketing year...so far, they have exported 10.5 MMT
- Save the Date...Jan 27th...US FOMC meeting results
- Save the Date...Jan 28th...4Q US GDP
- Save the Date...Feb 5th...US Jobs Numbers
- Save the Date...Feb 9th...USDA S&Ds
- Save the Date...Feb 16th...MLB camps start to open
- ASF science not the answer <https://www.reuters.com/article/us-china-swinefever-vaccines-insight/new-china-swine-fever-strains-point-to-unlicensed-vaccines-idUSKBN29R00X>
- Bird flu EU style <https://www.reuters.com/article/us-health-birdflu-idUSKBN29Q29J>
- Locust season has started but E. Africa better prepared <https://www.ippmedia.com/en/features/east-african-countries-better-prepared-desert-locust-threat>
- Weekly Export Sales today at 7:30 AM CST wheat expected between 300-500,000 MT, corn 1.0-1.2 MT, beans 1.0-1.2 MT, meal 100-300,000 MT and oil 5-25,000 MT

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- Weekly CFTC MM Funds position report will be out at 2:30 PM CST we feel as of the close of 1/19 MM Funds were long 20,487 wheat, long 389,174 corn, long 144,485 beans, long 79,408 meal, and long 83,506 bean oil contracts

Commentary:

A couple of quick takes from the transition the US Ag and Macro markets are going through with the transition between the outgoing Trump White House and the incoming Biden White House. Over the last 4 years both the Ag and Macro markets got used to the top down frenetic headline driven pace of the Trump Administration. Between the explosion of ASF, Trade Wars and Covid-19 the markets have become used to the pace of the former administration governing style of attacking and creating headlines daily. It appears that the Ag and Macro markets will have to adjust in the coming days and weeks ahead to what appears will be a more deliberate pace of the Biden Administration. We are not talking about the natural course correction of US policy from one administration to the next but how the markets have consumed and traded the news over the past 4 years. In the coming days and weeks ahead between ASF, Covid and trade resets there will be plenty of headlines to trade. That said the markets in the coming days and weeks ahead will have to adjust how we consume those headlines and if it might have an impact on short term volatility.

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.