

Thursday, January 7, 2021

## MORNING GRAIN COMMENTARY

### Morning Trends:

As of 4:30 AM CDT  
**Corn: 4 to 6 lower**  
**Wheat: 4 to 6 lower**  
**Soybeans: 7 to 10 lower**  
**Soy Meal 2.5 to 3.0 lower**  
**Soy Oil: 50 to 55 lower**

### The Stories of the Day:

**UN Food Price Index up again in Dec**

<https://www.reuters.com/article/us-global-economy-food/world-food-price-index-rises-for-seventh-month-running-in-dec-fao-idUSKBN29C12N>

**President Trump concedes pledges orderly transfer of power**

<https://www.msn.com/en-us/news/politics/trump-acknowledges-end-of-presidency-after-congress-certifies-biden-win/ar-BB1cy0aU?li=BBnb7Kz>

**Weather:** A progressive pattern with several disturbances this week will turn more to a ridge-west and

trough-east pattern this weekend through next week. The U.S. and European models are similar through much of the period, but the European misses on the arctic air late next week. I will use a blend of the models but favor the American GFS. For the outlook period, temperatures on Tuesday will be below normal across the Gulf Coast and near to above normal elsewhere. Temperatures will gradually rise for the remainder of next week even underneath the trough. But an arctic intrusion will be possible across the east late next week and weekend. A clipper system will move through the Northern Plains and Midwest late next week, likely bringing the cold air into the eastern half of the country. -DTN

**NORTHERN PLAINS (LIVESTOCK):** Temperatures will remain above normal through most of next week with lower than normal stress on livestock. An arctic intrusion is being indicated for next weekend, but only by some of the models. -DTN

**CENTRAL/SOUTHERN PLAINS (WINTER WHEAT/LIVESTOCK):** The western half of the region remains in drought while there has been some easing across the north and east recently. These western areas saw very little precipitation out of this week's system. A system this weekend may be a little more promising for the southwest Plains. -DTN

**MIDWEST (WINTER WHEAT):** Systems will largely miss the region through the middle of next week while temperatures remain mostly above normal. A clipper system moving through at the end of next week may bring arctic temperatures to the region, but not all models believe this yet. -DTN

**BRAZIL (CORN/SOYBEANS):** Scattered showers continue to fall, but moderate to heavy showers have been 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 is especially true in Rio Grande do Sul. Scattered showers continue over the rest of the country. A frontal boundary may bring more widespread heavy showers to southern areas early next week. -DTN

**ARGENTINA (CORN/SOYBEANS):** Recent showers have been beneficial to many areas, but there were plenty that were missed. Some scattered showers will be possible on Saturday, but most areas are likely to remain dry through then, with concern continuing for developing to reproductive corn and soybeans. Models are a little more aggressive with rainfall Sunday-Monday and possibly next week. -DTN

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**EUROPE (WINTER WHEAT):** Winter grains have gone into dormancy in good condition across the north and east. Scattered showers continue to fall across Spain and Italy as the storm track remains active through the Mediterranean through this weekend. Overall, conditions remain favorable for developing winter wheat. -DTN

**NORTHERN AFRICA (WINTER WHEAT):** Recent showers have been very favorable in portions of Morocco, where dryness has been more of a concern. Otherwise, with the storm track active through the Mediterranean through this weekend, 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):** Recent showers have been very beneficial for developing to reproductive cotton and sorghum. Showers will gradually dry up from south to north over eastern areas through this weekend with dry conditions being possible through next week. Should the rains cease, some stress and increased irrigation will be seen, though irrigation levels should be fairly adequate. -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 down 60 Ringgits
- Dalian Futures exchange higher May corn up 19 to the Yuan, May beans up 30, May Meal up 8, May bean oil up 92, May palm oil up 140
- Asian Equity markets were higher Nikkei 1.6%, China's Shanghai up .7%
- European Equity markets start mixed German Dax up .3%, London FTSE 100 down .4%
- MATIF markets are lower March Corn down 1.0 to the Euro, Feb Rapeseed down 3.50, March Wheat down 1.25
- Save the Date...Jan 8<sup>th</sup>...US employment numbers...expected 60,000 new private sector jobs, unemployment rate at 6.8%
- Save the Date...Jan 12<sup>th</sup>...USDA S&Ds, Winter Wheat Plantings, Quarterly Grain Stocks
- Save the Date...Jan 15<sup>th</sup>...NOPA Crush
- Save the Date...Feb 16<sup>th</sup>...MLB camps start to open
- ASF has Germany rethinking large scale pork production <https://www.msn.com/en-us/news/world/could-a-deadly-pig-virus-transform-germany-e2-80-99s-fixation-on-cheap-meat/ar-BB1cxKB3>
- Bird flu India start large scale culling efforts <https://www.msn.com/en-us/news/world/india-begins-mass-bird-cull-in-response-to-avian-flu-outbreak/ar-BB1cxLr4>
- UN release monies to help fight locust in Africa [http://www.china.org.cn/world/Off\\_the\\_Wire/2021-01/06/content\\_77083827.htm](http://www.china.org.cn/world/Off_the_Wire/2021-01/06/content_77083827.htm)
- Weekly jobless claims at 7:30 AM CST expected 815,000 new claims
- Weekly export sales at 7:30 AM CST wheat expected between 300-500,000 MT, corn 800-1.0 MT, beans 500-800,000 MT, meal 100-300,000 MT, oil 25-45,000 MT

## Commentary:

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As expected more by time than price values have traded lower overnight. With one of the biggest USDA data dumps looming next Tuesday combined with variability of weather forecast for S. America, a rapidly spreading wave of Covid, and the events that played out in the halls of the US government it is no wonder some spec length is moving to the sidelines for the rest of the week. The markets uneasiness over the events in DC should be muted later today as things return to a Covid normal in DC. The bigger question for the US and other parts of the world how to control and protect health systems during this new spread of Covid. As far as weather goes in S. America it remains less than ideal but crops will be harvested over time. Then there are the USDA numbers and as always, the Jan report has a lot of them. Final crop production numbers for US corn and beans, winter wheat seedings, Quarterly US stocks, US ending stocks, world ending stocks and S. American corn and bean production numbers will all be reported. The thing about the Jan numbers is that they are both backwards and forward-looking batch of numbers. Initial price reaction will center of course on the US ending stocks numbers and the world numbers. The average trade guess for US wheat carryout is 859 million bushels/in Dec the USDA was at 862 million, corn 1.599 billion bushels/Dec USDA 1.702 billion, beans 139 million bushels/USDA Dec 175 million bushels. The world carryout average trade guess for wheat is 315.37 million metric tons /in Dec the USDA was at 316.50 MMT, corn 283.53 MMT/Dec USDA 288.96 MMT, beans 82.66 MMT/Dec USDA 85.64. All average trade guesses are from Reuter surveys.

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.