

**MORNING GRAIN COMMENTARY**

Morning Trends:
<b>Morning Trends</b>
as of 5:00 AM CST
Corn 1 to 3 lower
Wheat 2 to 4 lower
Beans 4 to 6 lower
Soy Meal 2.0 to 2.5 lower
Soy Oil 5 to 10 lower

The Stories of the Day:
<b>At the intersections of Russia/Ukraine/NATO</b> <a href="#">NATO, Russia In High-Level Talks As Ukraine Tensions Simmer (barchart.com)</a>
<b>Covid Update Russia at the door step of Omicron</b> <a href="#">Putin: Russia On The Verge Of A New Virus Surge (barchart.com)</a> meanwhile in the US and UK <a href="#">Omicron May Be Headed For A Rapid Drop In Britain, US (barchart.com)</a> but supply chain worries remain <a href="#">Prepare for the 'mother of all supply chain stumbles' if Omicron sweeps across Asia and raises the risk of factory shutdowns, analyst warns (msn.com)</a>
<b>SE Asia breathes a sign of relief with easing of Indonesia coal export ban</b> <a href="#">Indonesia considers coal levy as easing of export ban calms markets   Reuters</a>
<b>Baby it is hot outside and for more than just a few inside as well</b> <a href="#">Argentina Capital Hit by Major Power Outage Amid Heat Wave   World News   US News a</a> <b>And the river is running low</b> <a href="https://www.nasdaq.com/articles/exclusive-argentine-grains-ships-cutting-cargoes-by-30-amid-record-river-decline-">https://www.nasdaq.com/articles/exclusive-argentine-grains-ships-cutting-cargoes-by-30-amid-record-river-decline-</a>

Weather: There is a ridge across much of North America but with some disturbances around the ridge. The ridge will not last long as disturbances move over the top of it and underneath it throughout the next week, eventually pushing it back to the west off the coast by the middle of next week. The disturbances that move through will create a trough across much of North America by the middle of next week. This pattern will be relatively stable through the end of January. The U.S. and European models are in fair agreement with the upper-level pattern but develop disturbances a little differently. I will use a blend but favor the European. For the outlook period, temperatures on Monday will be near to above normal for most of the country and below normal in the Southeast. Another shot of cold air will come in toward the middle-to-end of next week. A couple of disturbances will move from western Canada through the Midwest in the extended range, somewhat acting like clipper systems. One of these may be a little strong toward the end of next week.

**NORTHERN PLAINS (LIVESTOCK):** Above normal temperatures are forecast through the weekend. Temperatures may reduce stress on livestock but melting of snow could make for some muddy fields and pastures instead. Colder air is set to return next week. -DTN

**CENTRAL/SOUTHERN PLAINS (LIVESTOCK/WINTER WHEAT):** Though some showers are forecast for eastern areas on Friday and Saturday, dry conditions for the next week in the west will continue to leave the region in drought. Above normal temperatures accompany the dryness, unfavorable for winter wheat. -DTN

**MIDWEST (WINTER WHEAT):** Above normal temperatures will be around through early next week, with a slight reprieve over the weekend as a system moves through with moderate snow across the west. Temperatures will go on a down trend as some arctic air gets back into the region by the end of next week. -DTN

**PACIFIC NORTHWEST (WINTER WHEAT):** A drier pattern has returned to the region after a couple of weeks of drought-reducing precipitation. Small disturbances will only bring limited precipitation for the next week. -DTN

**BRAZIL (CORN/SOYBEANS):** Dry conditions over southern states continues to degrade corn and soybeans in advanced stages of growth while some producers have buried their losses to plant their safrinha corn. Wetter

conditions across central and northern zones is having an impact on quality and delaying harvest. Conditions should reverse this weekend with better chances for rain across the south and dryness across the north. Both would be favorable for producers as we approach the mid-point of the dual growing season and soybean harvest picks up. -DTN

**ARGENTINA (CORN/SOYBEANS):** Hot and dry conditions intensify this week with highs approaching or exceeding 100F, putting incredible stress on early-planted corn and soybeans. Scattered showers are forecast to return this weekend and may continue for about a week, reversing the horrible growing conditions for at least a time. However, early-planted crops will have already sustained damage and the wet period is likely to be too short for vast improvement for late-planted crops. Drier conditions that are forecast to follow will not be favorable, either. -DTN

**CANADIAN PRAIRIES (LIVESTOCK):** Above normal temperatures are forecast through the weekend. Temperatures may reduce stress on livestock but melting of snow could make for some muddy fields and pastures instead. Colder air is set to return next week, but more for eastern areas instead of closer to the Rockies. -DTN

**EUROPE (WINTER WHEAT):** Spain continues to be the lone trouble spot for winter wheat across the continent. Dryness this week is not helpful to the Spanish crop either, but most other places should still have favorable conditions. -DTN

**NORTH AFRICA (WINTER WHEAT):** Dryness has been a concern in Morocco all season long and has been increasing across Algeria and Tunisia over the last few weeks as well. There will be some isolated showers over eastern areas this week, but drought conditions will continue to hurt vegetative wheat across Morocco. -DTN

**AUSTRALIA (COTTON/SORGHUM):** Scattered showers continue over the east for the next several days, providing continued favorable moisture for cotton and sorghum development. Western Australia continues to have drier conditions for the next week. -DTN

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### Headlines:

- > Malaysian March Palm Oil Market closed down 27 Ringgits
- > Dalian Futures were mixed corn up 22 to the Yuan, March beans down 32, May meal down 11, May bean oil up 6, May Palm oil up 64
- > Asian Equity Markets were higher, Japan's Nikkei up 1.9%, China's Shanghai up .8%
- > European Equity Markets are higher German Dax up 1.1%, London FTSE 100 up .5%
- > MATIF Markets are mostly lower March Corn up .25 to the Euro, May Rapeseed down 1.0, March Wheat down 1.0
- > Save the Date...Jan 12<sup>th</sup>...US CPI expected YoY up 7.1%
- > Save the Date...Jan 12<sup>th</sup>...USDA S&Ds/Crop Production/Grain Stocks/Winter Wheat seedings
- > Save the Date...Jan 17<sup>th</sup>...Martin Luther King Jr. Day, National Holiday in the US
- > Save the Date...Jan 18<sup>th</sup>...NOPA Crush
- > Save the Date...Jan 26<sup>th</sup>...FOMC Meeting results

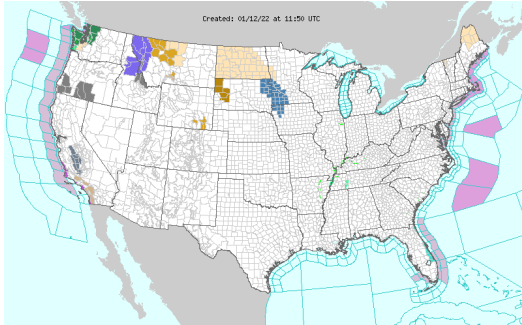
- > Save the Date...Jan 27<sup>th</sup>...Q4 US GDP
- > Save the Date...Jan 31<sup>st</sup>-Feb 6<sup>th</sup>...Chinese Spring Festival...Omicron super spreader event?
- > Save the Date...Feb 4<sup>th</sup>...Feb 20<sup>th</sup>...The Winter Olympics...Omicron super spreader event?
- > Save the Date...Feb 14<sup>th</sup>...Pitchers and Catchers start to report, we hope
- > Save the Date...April 4<sup>th</sup>...the return of the weekly crop updates from the USDA
- > Libya update...to follow the news you got to have a score card [Libya: Who's who in Seif al-Islam Gaddafi's networks of influence? \(theafricareport.com\)](#)
- > Sudan op/ed its future at an inflection point [After Hamdok Resignation, Sudan's Democratic Future Is Uncertain \(foreignpolicy.com\)](#)
- > Kazakhstan protest an op/ed on why these protests are different [Why Kazakhstan's Protests Aren't Like Those in Ukraine and Belarus \(foreignpolicy.com\)](#)
- > More PNW rain in the forecast, more flooding for WA state [Atmospheric river bringing renewed flood concerns to Washington state - The Washington Post](#)
- > ASF, back to the EU [Hungary reports African swine fever in nine wild boars - OIE | Reuters](#)
- > FAW/Locust all quiet today
- > Bird Flu in Canada [Deadly avian flu spreads to 2nd Newfoundland location | CBC News](#)
- > Supreme Court ruling on vaccine mandates...still waiting [Companies keep mum as vaccine mandate goes to Supreme Court - Chicago Tribune](#)
- > EIA weekly energy stocks numbers at 9:30 AM CST expected to find that WoW there was a decline in crude oil stocks of 2.0 million barrels, gasoline stocks expected to find a build of 2.5 million barrels...API numbers last night found a decline in crude oil stocks of 1.1 million barrels but a huge build in gasoline stocks of 10.9 million barrels

### Commentary:

As a fundamental trader, we believe all markets begin and end with the S&Ds. So, a day like today where we have not only resets of the world and domestic S&Ds but final 2021 corn and bean US production numbers as well as winter wheat seedings, well lets just say there will be a lot to chew through on the reports at 11:00 AM CST, including the latest guesses on S. America corn and bean production. That said, we fundamental traders know that the fundamentals of the market are impacted by the flow of money, which are heavily influenced by the technicals and seasonality aspects of the trade. This means as we react to the major market reset of the fundamentals by the USDA, we must be fully aware of the magnifying aspect of the technicals. We feel going into the report the MM Funds are long about 9,000 MW, long 50,000 KW, short 25,000 W, long 355,000 corn, long 96,000 S, long 68,000 SM, and long 50,000 BO. The question coming out of the report will a bullish or bearish report move price action to the point that money flows in or out of the grains. In wheat world the rally yesterday, seemed to suggest that the recent sell off in wheat has come to an end. Chart momentum turned back to sideways to higher. The risk to the market bear is if we get a bullish winter wheat seedings report, could we force the MM fund off of their short in Chicago wheat? CH heads into the report with the MM funds holding a decent sized length (all time long by MM Funds in corn is 429,189 contracts). Corn chart momentum has turned sideways. That said for the MM funds to start moving to the exit door in any notable way a close today under the 595 level is needed. MM funds also have a decent sized long in beans as well as the products. Technically for

the spec crowd to start feeling some pain SH needs a couple of closes under the 1365 level. It is SMH where we could see some specs get out first. A close in SMH under the 41100 and it might be time to hit the door. Good luck with the numbers

A nice calm start to the weather work week...but the maps are about to change...we could see a winter storm by the end of the work week impacting areas of the Central Corn Belt...this weekend this storm could intensify in the SE US and later into the US three day weekend roar up the Eastern Seaboard...keep watching this space



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 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.