

**MORNING GRAIN COMMENTARY**

**Morning Trends:**

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as of 5:30 AM CST

Corn 6-8 lower

Wheat 18-20 lower

Beans 12-14 lower

Soy Meal 3.0-4.0 lower

Soy Oil 70-75 lower

**The Stories of the Day:**

**Russia Says Pullback Begins; Putin Meets Scholz:** Russia's Defense Ministry said Tuesday that some troops are starting to return to their regular bases after completing drills, as German Chancellor Olaf Scholz is meeting with President Vladimir Putin. U.S. warnings of a possible Russian attack on Ukraine had reached their most urgent level yet this week.

Markets welcomed the positive signals from Moscow, which included Russia's top diplomat saying that diplomacy with the West could succeed. But significant uncertainty remains over the extent of Russia's pullback.

**Stocks Rally, Havens Fizzle as Russia Pulls Troops:** Global stocks rallied and haven trades fizzled on Tuesday amid optimism that geopolitical tensions in Ukraine may be easing. U.S. futures climbed after Russia announced the start of a pullback of some forces after drills that raised alarm about a possible military assault on its neighbor.

**6-10 Day Forecast**

**North America Weather Overview:**

There is a weak ridge in the middle of the U.S., a trough in the West, another in the Canadian Prairies, and a strong ridge in the Eastern Pacific. The two troughs will move east over the next several days. Another clipper will come down through Canada into the Great Lakes late in the week and weekend. Another piece of energy will ride over the ridge and deepen in the West this weekend into next week.

The U.S. and European models show a lot of inconsistency in the pattern next week. We favor the European with the differences, but confidence on the forecast is not very high.

For the outlook period, temperatures on Sunday will be near to above normal across most of the country with colder temperatures building in Canada. The cold temperatures should gradually slip south through much of the country next week behind a cold front outside of the Southeast, which should stay warmer. Periods of precipitation should follow the front southward, likely with several pulses of precipitation.

**NORTHERN PLAINS:** Up-and-down temperatures continue through the weekend but will then go on a colder stretch next week as cold, Canadian air seeps southward through the country and we get out of the clipper pattern we have seen for the last several weeks. The boundary may produce some heavier snowfall in the region as well.

**CENTRAL/SOUTHERN PLAINS:** A system moving in the West will move into the Southern Plains on Wednesday, spreading some moderate to heavy showers to eastern areas Wednesday and Thursday. Showers in the western half of the region are forecast to be much lighter with generally no impact on the ongoing drought. A frontal boundary will move into the region next week but models are not consistent on how to develop precipitation across the area. There is some potential for beneficial precipitation, however.

**MIDWEST:** A clipper will bring a cold front into the region Tuesday and Wednesday and a system will work up that front Wednesday and Thursday, bringing moderate to heavy precipitation for the southeastern half of the region and a band of mixed precipitation to boot. Another clipper moves through Friday into Saturday and its cold front will slowly sag south through the region next week, bringing in some colder air and potential for heavy precipitation.

**PACIFIC NORTHWEST:** Scattered moved through on Monday and we could see additional showers on Sunday, but dryness over the last several weeks have taken the momentum out of drought reduction in the region and we could see some drought expansion in some areas.

**CANADIAN PRAIRIES:** Up-and-down temperatures are forecast for the next week as a few clipper systems move through the region. Precipitation will be very welcome due to the ongoing drought. Some colder temperatures are likely to settle in next week as the main storm track shifts farther south.

#### **South America Weather Overview:**

**BRAZIL:** Scattered showers will continue across central and northern areas for the next week. Models are pointing at potential for some showers in southern Brazil late this week going into next week, but again look mostly spotty. Dryness concerns continue in this area of the country for developing safrinha corn. Dry weather has already sealed the fate for full-season corn and first-crop soybeans.

**ARGENTINA:** Scattered showers over the weekend were somewhat helpful in central growing regions, but very spotty elsewhere. Dryness concerns continue over the country for the next couple of weeks, though there may be some isolated showers Wednesday and Thursday and again late this weekend into next week.

#### **World Weather Overview:**

**EUROPE:** Scattered showers will move through northern and eastern areas this week. Dryness returns to Spain for the rest of the week, which is a concern for vegetative wheat. Conditions are much better elsewhere on the continent.

**NORTH AFRICA:** Drought has been a concern in Morocco all season long and dryness has been increasing across Algeria and Tunisia over the last few weeks as well. Some showers are moving through early this week, but the drought continues in the west. The showers that come to the east do not look heavy enough to improve soil moisture for too much of the region.

#### **Headlines:**

- > Malaysian April Palm Oil Market -10 Ringgits
- > Dalian Futures were mixed May corn -3.00 to the Yuan, March beans -55 May meal -67 May bean oil -4, May Palm oil down +18
- > Asian Equity Markets, were mostly lower Japan's Nikkei -0.79%, China's Shanghai – 0.82%
- > European Equity Markets are higher German Dax +1.67%, London FTSE 100 +0.69%

- > MATIF Markets are lower March Corn -3.75 to the Euro, May Rapeseed -3.50 , March Wheat -5.75
- > Save the Date...until Feb 20<sup>th</sup>...The Winter Olympics
- > Save the Date...Feb 14<sup>th</sup>...Pitchers and Catchers start to report, Hey MLB its time Deal or No Deal?
- > Save the Date...Feb 15<sup>th</sup>...NOPA Crush
- > Save the Date...Feb 21<sup>st</sup>...US National Holiday – Presidents Day
- > Save the Date...Feb 24<sup>th</sup>...4Q US GDP
- > Save the Date...Feb 24<sup>th</sup>-25<sup>th</sup>...USDA Outlook Forum...USDA Agriculture Sec Vilsack on February 24 will discuss U.S.-China agricultural trade relations
- > Save the Date...March 13<sup>th</sup>...US returns to Daylight Savings Time
- > Save the Date...April 4<sup>th</sup>...the return of the weekly crop updates from the USDA
- > **U.S. detects highly lethal bird flu in Tyson Foods chickens:** A flock of about 240,000 chickens owned by Tyson Foods Inc in Kentucky tested positive for a highly lethal form of bird flu, government officials and the company said on Monday, widening an outbreak that threatens the U.S. poultry industry.

<https://www.reuters.com/article/us-health-birdflu-usa/u-s-detects-highly-lethal-bird-flu-in-tyson-foods-chickens-idUSKBN2KJ1K8>

> **Biofuel producers to urge Congress to review lower-carbon aviation fuel tax credits:** Biofuel producers will urge U.S. Congressional leaders on Tuesday to change the methodology used in the Build Back Better Act to account for life-cycle emissions in the production of lower-carbon aviation fuel.

<https://www.reuters.com/business/sustainable-business/biofuel-producers-urge-congress-review-lower-carbon-aviation-fuel-tax-credits-2022-02-15/>

> **Funds top off bullish CBOT soy bets but tap brakes on corn:** <https://www.reuters.com/article/cbot-grains-braun/column-funds-top-off-bullish-cbot-soy-bets-but-tap-brakes-on-corn-braun-idUSKBN2KI0NK>

#### Commentary:

There is an old saying in the trading world, “You place your bets & you take your chances” The question of the day remains the question from last week and the week before that, will Putin move from a hybrid war with Ukraine to a full-on conventional engagement to pursue his dream of expanded influence on the continent?

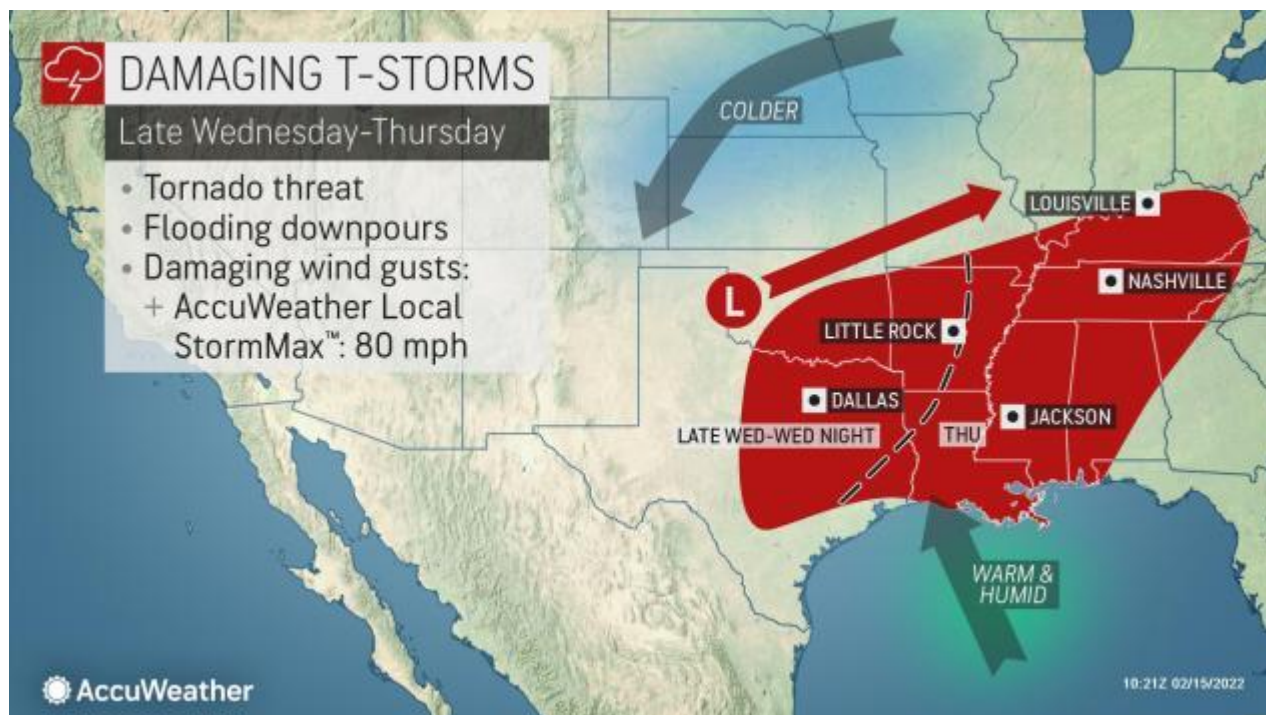
Headlines about war or no war continue to move the macro and grain markets on a daily basis.

Russia announced some forces will start returning to their bases after drills that raised U.S. and European alarm about a possible military assault on Ukraine. The apparent pullback comes ahead of a meeting in Moscow between German Chancellor Olaf Scholz and President Vladimir Putin. Russia has always insisted it has no plans to invade Ukraine, while the U.S says its intelligence indicates an attack may be imminent. Investors who have been very closely watching developments moved to less defensive positions in the wake of this morning’s reports.

There has been a big drop in crude prices since the Russian media reports, Brent dropping 2.5% & WTI - 3% at \$92.25. European natural gas prices fell as much as 6.5%.

The narrative for the grain market will continue: war & weather, weather & war.

**11 states under threat of major severe weather outbreak**



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