



# John Stewart AND ASSOCIATES

**January 11, 2021**

## Corn

Corn was weaker on last minute producer selling, and fund profit taking ahead of the report tomorrow as corn closed down .04 at 4.9225 for March futures. We did start the morning off with a flash sale of 108,500MT of corn sold to Colombia for 20/21. On the weather front Brazil looks to get near normal rainfall the next two weeks, while Argentina gets some rains this weekend then turns dry once again for the 7 to 10-day period. Argentina's corn crop is still the main concern of the market right now where it is now projected to be 15% good to excellent compared to 55% a year ago. Corn export inspections were decent this week at 1,130,744MT compared to a week ago at 1,089,440MT and a year ago at 483,559MT. Argentina has replaced the two-month corn export suspension with a temporary daily limit of 30,000MT that can be sold for export. Active producer selling ahead of the report has basis defensive in some areas domestically while the CIF market was unchanged. Mexican officials and producers will meet this week to decide whether their GMO corn ban, issued on Dec. 31, will apply to imported feed corn. After the close headlines popped up that the Trump administration is expected to grant some waivers exempting oil refiners from biofuel blending laws for 2019 compliance year.

| CASH BASIS BIDS          | Nearby | Feb   |
|--------------------------|--------|-------|
| <b>Corn Cif Nola</b>     | 82+H   | 81+H  |
| Truck Hennepin           | 17+H   | 17+H  |
| Truck St Louis           | 46+H   | 41+H  |
| Iowa Interior UP         |        |       |
| Columbus CSX             |        |       |
| Fort Wayne NS            |        |       |
| Dlvd Hereford            |        |       |
| Dlvd PNW                 |        | 120+H |
| KC RAIL                  |        |       |
| Nebraska Grp 3           | 8-H    | 6-H   |
| Dlvd Decatur             | 23+H   | 25+H  |
| <b>Wheat Cif Nola</b>    | 110+H  | 110+H |
| <b>Beans Cif Nola</b>    | 88+H   | 79+H  |
| Truck Hennepin           | 16+H   | 9+H   |
| Truck St Louis           | 48+H   | 40+H  |
| Dlvd Decatur             | 20+H   | 20+H  |
| Dlvd Des Moines          | 23-H   | NA    |
| <b>IL R Barge Frt.</b>   | 440    | 430   |
| <b>BNSF Shuttle Frt.</b> | \$200  | \$450 |

## Beans

Beans started the overnight firm, trading 14c higher early before selling off during the session, trading 18c lower at one point, before rallying back to close down 2 1/4c on the day. Interesting to see the sales announcement to China of 132,000 mt for old crop. This is the second straight announcement attached to China after a long break. We suspect this is a couple cargos done off the PNW for late January as the northern producer has been a big seller on the price runup. We also saw selling in front of the report today, particularly in new crop. Exports were 1.7 mmt which puts YTD at 40.8 mmt. The USDA is suggesting 59.8 mmt which means 68% of the sales for the year have already shipped. All eyes on the WADE tomorrow with average trade guess suggesting 139 carryout. Remember the USDA was 175 in December. Dec 1 stocks could be 2,920 mil bu vs 3,252 mil bu last year. Keep an eye on SA yields. Argentina production estimates are unchanged with Brazil initially falling but appear to be stabilizing. Total Brazil and Argentina production guesses are 179 mmt with the USDA 183 mmt in December. The market is long with most participants bullish so the report could be volatile.

## Wheat

The wheat complex was lower in today's trade with Chicago and KC now down four consecutive days. WH is 4 cents lower at 6.34 3/4, KWH is 3/4 cents lower at 5.94 and MWH is 1 3/4 cents lower at 6.06. The selling occurred despite an impressive list of tenders with Bangladesh, Turkey, South Korea, and Syria all tendering. Pakistan bought 100,000 mt late last week. It is rumored that China bought at least two more French wheat cargoes late last week. The Russian farmer continues to sit tight on his wheat and the Russian price continues to firm, rising \$25 mt since the export tax was announced. The price increase has traders concerned the government will further increase the export tax to get the domestic price lower. China sold 2.1 mmt of reserve wheat at the equivalent of \$9.75 bu, which is a discount to their corn price. Weekly US exports are 279,000 mt which is at the low end of estimates. Trade estimates for Dec 1 stocks are 1.695 bbu vs 1.841 last year. Winter wheat acres are estimated to be 31.5 million vs 30.4 last year. Managed money is long 22,000 SRW contracts and 53,000 HRW.

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