



John Stewart AND ASSOCIATES

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Corn

March corn has traded in a 50-cent range over the last 3-days with volatility in large part attributed to managed money being long 322,000 futures contracts on last week's COT report. The trigger to yesterday's selling was two corn cargoes presumed to be sold to China were cancelled from US and rumored to be switched to Argentina. That along with the weakness in beans yesterday. Today's bounce with CH 6 ½ cents higher is attributed to weekly export sales of 1.45 mmt with 518,000 going to Japan and 456,000 to Mexico. The two of them have been the world's #1 and #2 importers of corn at about 16 mmt each until this year with China taking over #1. CH closed at 5.41 which is back above the 20-day moving average after yesterday's first close below that average since Mid-December. China did buy 110,000 mt of US sorghum reported in the weekly export sales. Volatility may remain high for another week with China on holiday, US closed Monday and next week is carnival for Brazil. Conab raised their corn production estimate to 105.5, the USDA is at 109. Safrinha corn in Brazil continues to see slow planting in Goias and Mato Grosso. Typically, those states see very little rain after May 15 which means corn pollinating after mid-May has a high risk of loss. Total US corn export commitments year-to-date are 1.266 bbu or 87% of the USDA's projected total. With over 6-months to go that begs the question of why they are being so conservative in their export number. Are they sitting on information that the marketplace is not yet addressing?

CASH BASIS BIDS	Nearby	March
Corn Cif Nola	72+H	71+H
Truck Hennepin	9+H	13+H
Truck St Louis	35+H	39+H
Iowa Interior UP	10-H	8-H
Columbus CSX	8+H	10+H
Fort Wayne NS	1+H	7+H
Dlvd Hereford	100+H	95+H
Dlvd PNW	NB	NB
KC RAIL	25+H	25+H
Nebraska Grp 3	6-H	5-H
Dlvd Decatur	15+K	21+K
Wheat Cif Nola	110+H	110+H
Beans Cif Nola	69+H	73+H
Truck Hennepin	0+H	9+H
Truck St Louis	33+H	37+H
Dlvd Decatur	15+H	18+H
Dlvd Des Moines	20-H	15-H
IL R Barge Frt.	425	390
BNSF Shuttle Frt.	\$250	\$100

Beans

Huge volatile swings witnessed in soy complex session, as trade was given a big government "MEH" report by WASDE, wire story reported no additional export tax increases in Argentina, & mixed SA weather forecast. SH1 finished up 13 ½ @ \$13.67 ½ (right in middle of today's range); SMH1 closed \$6.50 higher @ \$428.40, and BOH1 slipped 5 ticks finishing @ 45.63. USDA export sales this morning had 804.7 TMT old (29.6 MBU) & 178.5 TMT new beans; soy meal sales 263.5 TMT, and oil showed net reduction of 400 MT; a marketing year low. WAOB gave trade a 120 MBU carryover, which is "on-par" for USDA agency. We will likely see similar # for carryover for balance of year until NASS magic in September when some new math (smoke & mirrors) is applied to Residual use category. If we look @ sales & assume USDA export # is correct @ 2.250; let us work backwards in example 2.250 less China YTD sales of (35.85MMT) 1.317= 933 MBU left for Rest of the World (ROW). ROW has (23.6 MMT) 867 MBU on our books; therefore, ROW can only buy 66 MBU for balance of marketing year, assuming China buys no more. Houston, we have got a problem!!! ROW has bought 356 MBU from this point last year, 279 MBU from 2 years ago, 469 MBU from 3 years ago. Total annual purchases have been 1.119, 1.268, & 1.138 BBU respectively. If we look @ all time tightest US carryover know ROW bought additional 14% for balance of 2013/14 marketing year which we put them @ 988 MBU; above argument has no more than 933 MBU going to ROW. Rosario Grain exchange bumped production 2.0 to 49.0 MMT.

Wheat

Markets firm in the overnight, after initial weakness, with wheat the first to sell off highs with WH closing 2c lower after a 13c trading range. Today's trade was an inside day with the market bouncing off the 50 day (630 ½). Russian export policy is an unknown at this time with their export values following world values lower. Jordan purchase reflected lower world values with \$2.80 mt lower than their last tender two weeks ago. Export sales were better than expected at 591,000 mt which puts total commitments at 23.0 mmt with a USDA goal of 26.8 mmt. This compares to 21.9 mmt LY. Unknown was the biggest buyer. Forecasts suggest cold temperatures followed by heavy snow in areas. It seems the temperature is easier to predict than snow amounts, so stay tuned.

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