

**CORN: STEADY - BETTER**

Corn opened 6 to 8 lower yesterday morning and then traded higher within the first hour. Funds were a net buyer of 3K contracts. Open interest has been increasing, implying the funds have been getting longer. Informa will be out today with world production numbers. We expect to see some reaction from it at 10:30. Export sales were good yesterday and demand seems to be on the rise. Gulf basis has stabilized, but spreads have widened out on pre-Index fund rolling. March/July traded 11 and then back into 10 ¼. Resistance in March continues to be \$6.50 and then \$6.60. Support is \$6.30, but a close below \$6.38 will break an uptrend line and set us up for a break to \$6.20 to \$6.15. Look for a nervous, choppy trade today as we wait for the Informa numbers at 10:30 to set the direction. We should see a two-sided trade today.

**Overnight trade settled 1 ¼ higher in CH12.**

**SOYBEANS: BETTER**

The overnight session added decent gains to the complex that currently feels like the beginning of a bull market. While OI continues to grow, funds are adding long positions and/or liquidating shorts and end users are filling needs in cash or covering risk in futures moving the market up. SA weather has been dissected daily and today we will get Informa's projection. This will come out during the session and nearly unanimous sentiment is lower. The only bump from this should be a number at or below 70 in Brazil and something below 47 in Argentina. The latter is more likely, but historically Informa will lower their numbers gradually so as not to have to later raise them due to overly pessimistic prognosticating. Basis is what I would call uninterested, but steady. Lack of real farmer selling is keeping things on an even keel. Spreads continue to anticipate exports and a lower carry out as they have fallen below 9 during trading. The interesting aspect is how the nearby March/May has tightened more than the May/July recently. That indicates expected additional sales and a lack or producer selling to pressure basis lower and spreads wider. OI: Beans +659; Meal -1,309; Oil +1,875. Opening calls: Beans +5 to +9; Meal +1.4 to +2.0; Oil +0.22 to +0.33

**Overnight trade settled 7 higher in SH12.**

**WHEAT: BETTER**

The March contract is +4 KCBT, +5 ½ CME, and +3 ¾ MGEX. The March/May Paris wheat spread went from a €5 ¾/MT inverse yesterday to €7/MT today. With logistical issues in the Black Sea, French wheat is about to receive more attention. Paris wheat is +€¼, trading at €216 ½/MT.

March wheat/corn is at a +24 wheat premium. KC high side basis was unchanged to 10 lower (ords +60H, 11s +75H, 12s +102H, 13s +115H, and 14s +185H). It will be interesting to see how the next batch of 14s trade as the protein spread between 13-14% is wide at 70 cents. More of the same in the KC cash wheat market; not enough demand, too much supply. KCBT spreads are essentially unchanged, but have a good chance at weakening in the coming week as basis is lower and the Goldman Index roll beings next Tuesday. Gulf HRW 12s are offered at +119H. HRS wheat basis (via Chicago gateway) was 35 lower to 15 higher with 43 cars trading: 14s +140/165H and 15s +160H/180. Gulf soft wheat is +70/74H for Feb. The March/May Chicago wheat spread is at a 14 ½ carry. In the Black Sea, the Sea of Azov is freezing, disrupting grain shipments. Winterkill is suspected across 10-15% of the wheat producing region of southern Russia/Ukraine. A storm system is materializing across central Kansas, while snow fall is expected in the NW Kansas/NE Colorado/SW Nebraska area. With better than normal temperatures across the plains, U.S. winterkill should be minimal. Outside markets are somewhat friendly with crude trading higher and a downtick in the U.S. dollar. The call this morning is better.

**Overnight trade settled 4 higher in KWH12.**

**CATTLE: LOWER**

Live cattle finished with modest 30-50 cent losses yesterday with little in the way of news filtering into the market. Most are awaiting this week's cash trade; packers bidding \$120, feedlots offering \$126 in Kansas and Texas, with \$124 predominately the trade last week. I am going out on a limb this morning and calling the cash market lower this week. Packers will buy cattle very late today at something lower than last week, \$122-123. USDA weekly beef export sales reported yesterday at only 4K metric tons, down from last week at 20K metric tons, and the smallest weekly total in months. Price matters and the packer offers for forward sales are being priced at levels that are reflective of the cash and live cattle market, which is less attractive to buyers, both domestically and internationally. Choice cutout was down \$1.08 yesterday, while the select cutout was down \$.15 on movement of 288 loads.

Fund Position	Accumulative	Yesterday
Corn	+210,454	+3,000
Soybeans	+57,242	+3,000
Soybean Meal	-8,527	+1,000
Soybean Oil	-8,444	+1,000
Chicago Wheat	-54,383	-2,000
KC Wheat	+13,475	0



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