

LOOKING FORWARD WITH A BACKWARD GLANCE

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Sales Recommendations: Take a look at the New Crop corn and soybean charts. Position limits expand next week from 60-80%. That will increase volatility. Next MNU by March 14th.

Current Sales:	2020 sales:	corn	70 - 100%	soybeans	50 - 100%	wheat	60.0%
	2021 sales:	corn	20%	soybeans	0%	wheat	68.0%
	2022 sales:	corn	0%	soybeans	0%	wheat	0%

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Technical Plus: Support in **May21 Corn** lies at \$5.30. Major resistance is \$5.50 & \$5.55. Dec21 corn closed at another new contract high today at \$4.846, going for \$5.00. Corn's longer-term trend remains higher, more so for new crop. **May21 Soybeans** printed a new contract high Sunday evening at \$14.60. Soyoil printed new contract highs again today. Meal's price trend is lower, soybeans and soyoil higher. May21 beans need to close this week above \$14.50 to get its uptrend re-invigorated. **May21 KC wheat** continues to hold above \$6.20, stressing everyone by trading below that support point 4 of the last 6 trading days. Expected rains should push price below this support point. What comes after this rain event matters, as one rain will not solve the longer-term drought in the Southwest. Layered support sits at \$6.10 and \$6.00.

USDA Grain Stocks Report:

<u>U.S. Ending Stocks 2020/2021</u>	<u>Average Guesses</u>	<u>Feb 2019/2020</u>
February 9 th		
Corn – 1.502 bb	Corn – 1.460 bb	1.919 bb
Soybeans – .120 bb	Soybeans – .117 bb	.525 bb
Wheat – 0.836 bb	Wheat – 0.836 bb	1.028 bb

<u>World Ending Stocks 2020/2021</u>	<u>Average Guess</u>	<u>Feb 2020/2021</u>
February 2020		
Corn – 287.70 mmt	Corn – 285.30 mmt	303.00 mmt
Beans – 83.70 mmt	Beans – 82.70 mmt	95.00 mmt
Wheat – 301.20 mmt	Wheat – 305.00 mmt	300.00 mmt

<u>South American Production</u>	<u>Average Guess</u>	<u>Feb 2020/2021</u>
Brazil Soybeans – 134.0 mmt	Beans - 133.2 mmt	126.00 mmt
Brazil Corn – 109.0 mmt	Corn - 108.4 mmt	102.00 mmt

Argentina Beans –	47.5 mmt	-	Beans - 47.5 mmt	49.00 mmt
Argentina Corn –	51.0 mmt	-	Corn - 47.1 mmt	51.00 mmt

Their Numbers: This was a very “boring” USDA report, which is typical for a March report. The USDA left the ending stocks for corn, soybeans, and wheat unchanged. This was considered negative to corn and soybeans, as trader’s average guesses had the USDA lowering their numbers. Traders’ guess of no change in wheat carryover stocks was correct. The USDA did increase Brazil’s soybean production by 1 mmt, while lowering Argentina’s by 0.5 mmt.

World stocks on corn were raised 1.2 mmt, soybeans upped 0.3 mmt, and wheat, the winner, saw its carryover stocks decreased by 3 mmt. The USDA raised China’s wheat feeding by 5 mmt, partially offsetting their 3 mmt increase in Australia’s production.

All attention can now turn to U.S. and South American weather and the upcoming March 31, USDA Quarter Stocks & Planting Intentions Report.

Our Thoughts: We are wondering how much we were paying attention in the past to the manipulation of the numbers in these reports? The last 2-years we are arguing they are just flat out wrong on some numbers. Now we are wondering how much is on purpose, with their desire to achieve a specific result.

We know in theory soybean stocks will not run out because prices will ration supplies. But the effort by the government to limit upward price movement by lying about actual ending supplies artificially maintains a lower price, allowing end users to avoid paying up in the near term for the necessary supplies they need to maintain their operations. The USDA is creating a supply shortage later by not letting prices rise today to discourage demand. What advantage are they providing end users, or those that need the end products, if they are the cause of end users burning through available supplies before new crop supplies become available? By not slowing down crush with higher prices today, that could force crushers to shut down from lack of supplies or from the lack of profitability later from much higher prices later. This would hurt end users, as well as crushers.

In South America, we have reports from locals that Brazil’s soybean crop will get lowered 1 to 3 mmt from these on-going, very heavy rains. ***(Do not trust any reports of total soybean production from Brazil decreasing because of too much rain!)*** Some soybean fields are not going to get harvested. It has been too wet for too long. Loads of soybeans are getting rejected at the elevators from too poor of quality. Forecasts are for these rains to continue for the next week, if not longer. This will guarantee their Safrinha crop being reduced on acres and yield. We are getting reports estimating their 2nd crop corn being cut anywhere from 2 mmt to 5 mmt.

Argentina reports tell us they will be lowering their soybean production 3 to 5 mmt, due to the on-going drought. Their last 30 days remain the 2nd driest for that period in the past 40 years. The forecasted rains for next week better not flop or yields will be reduced even more. Expect their corn yield to be reduced several mmt.

These on-going and growing issues in South America will prevent U.S. prices from falling out of bed. It will also create the need for the U.S. to plant more acres to make up for their losses. It will also make the market even more sensitive to crop production issues in the U.S. in 2021.