

## Weather

Rainfall in northern Brazil will average near to slightly below normal over the next two weeks. Two week rainfall totals will mostly range between 3-6" though there will be some lighter amounts in northeastern areas. The best rainfall totals will come during the next 5 days with amounts declining in both the 6-10 and 11-15 day periods. In southern Brazil, two week rainfall totals will average near normal with amounts ranging from 2-4". There will be limited rainfall over the next week but amounts should pick up in the 6-10 day period and should continue into the 11-15 day period.

Argentina should see two week rainfall totals average above normal, with a lot of 4-7" rainfall amounts during that period. We have significant rains moving through the area this morning and there will be several additional systems to watch through this weekend. Additional heavy rains will return mid next week. Rainfall amounts will likely subside a bit in the 11-15 day period but it won't be completely dry.

The US Plains feedlot areas are still under threat of winter weather today. Snowfall yesterday was mostly north of major feedlot areas but additional snow through the region will be possible today. This appears to be only significant system expected in this area during the two week forecast.

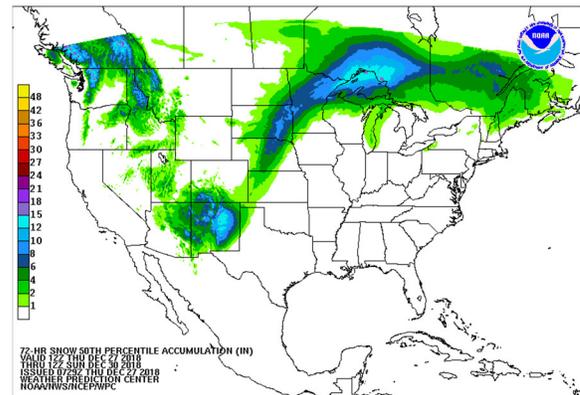
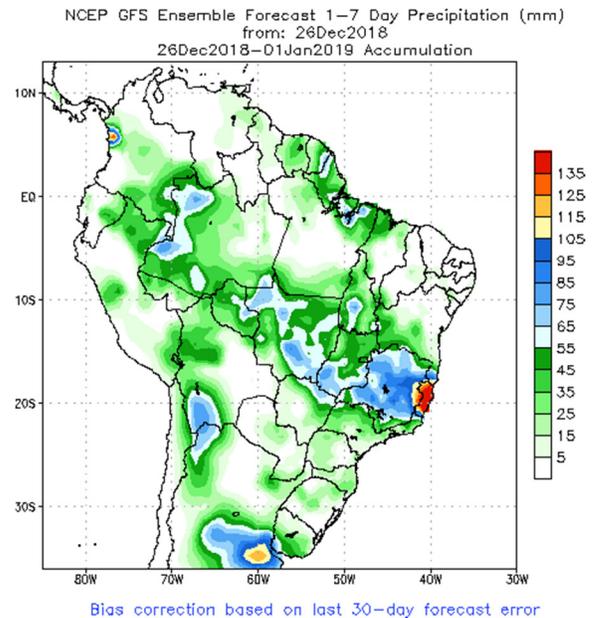
## Crops

Just a few headlines this morning:

Russia's Federal Statistics Service is reporting the country harvested 72.1 mmt of wheat in 2018. This may imply another revision higher is due from WASDE, which currently stands at 70 mmt.

The EU Commission revised their 18/19 corn production figure sharply higher to 67.5 mmt from 62.9 mmt previously. This might also require a revision higher from WASDE as they stand at only 60.4 mmt. If realized, the EU Commission's forecast should also limit import demand.

A US delegation will head to Beijing for trade talks on Jan 7, but for now this does not look like it will bring the players on the US side. The US team will be led by Deputy USTR Jeffrey Gerrish who will be accompanied by mid-level Treasury officials. If Lighthizer isn't there, I don't expect anything concrete being accomplished.



In my opinion, what we're seeing this morning is nothing more than a deadcat bounce from yesterday's sharp sell-off. We have major technical resistance above the market, though admittedly in both CH and SH we're bouncing this morning off of short-term trendline support levels. Specs have built a sizeable long position in corn and it was all dressed up with nowhere to go. Specs in soybeans got flat, meaning every meaningless trade talk headline was not an excuse for short-covering.

The market seems to be expecting that the January Crop Production report will lower production estimates for both corn and soybeans....but what if there is no report? I would assume USDA will just release it at a later date, depending of course on how long the shutdown persists. I'm getting ahead of myself, of course, but worth considering.

### Livestock

Last week's cash cattle volume came in pretty light. While that doesn't come as a big surprise, it should mean the packer is fully incentivized to remain somewhat aggressive in the market this week. Most seem to be thinking cash will be no worse than steady this week and probably 1-2 higher. Packer margins are on their lowest levels since this past spring, but still historically high. Still waiting to see how bad this current storm system truly is before having a good idea on pen conditions, but the good news is that there doesn't appear to be much behind this event in the two week period.

### Financials

As noted above, the US will be sending a mid-level delegation to China for trade talks in early January. Interestingly, it is being report this morning that President Trump is considering an executive order barring companies from using Huawei or ZTE equipment. Not sure that is helpful for the talks.

The partial government shutdown is now in its sixth day, and there is no sign of any progress being made. The Senate will at least reconvene today, but no schedule has been released. The House has no votes planned for today. Both chambers will give one day's notice before a vote is held.

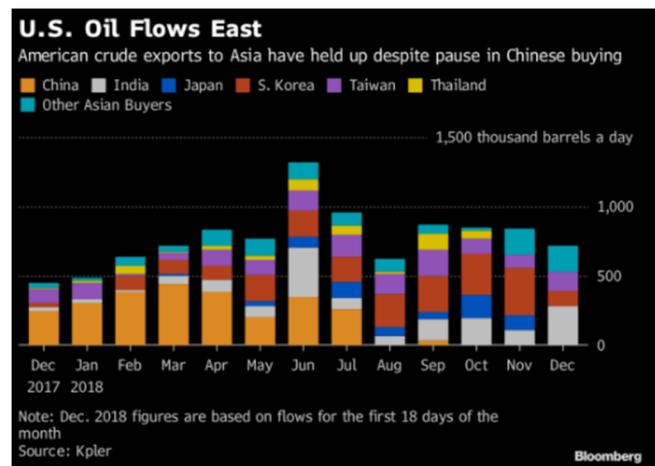
No surprise here, but the EU will allow France to overshoot on the 3% budget deficit limit as a "one time exemption". So for all the headache that followed Italy's budget, France gets a pass from the EU.

### Energy

I thought the chart shown to the right was fairly interesting. Bloomberg shows that despite the halt in Chinese buying in the past few months, US crude oil exports to Asia have held up pretty well. This of course is undercutting demand from the Middle East, and ME producers are having to cut their prices on light oil to Asia.

### Today's Calendar (all times Central)

- Jobless Claims – 7:30am
- Consumer Confidence – 9:00am



Thanks for reading.

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