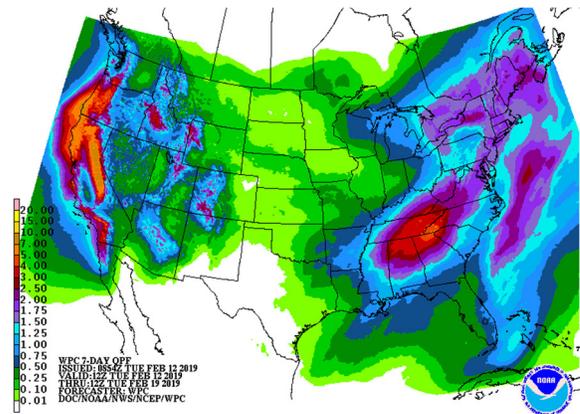


Weather

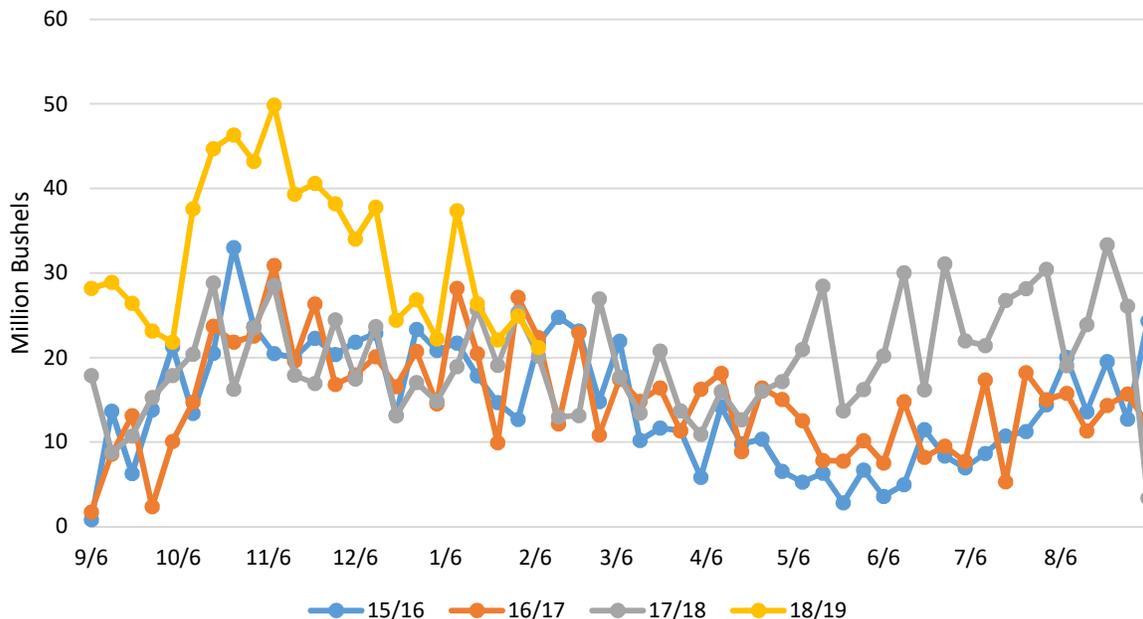
No change to the South American forecast. Active rains in Brazil over the next few days before activity quiets down a bit in the 6-10 day period. Argentina should see a lot of mostly dry weather over the next several days but rainfall chances should improve slightly later in the 6-10 day period and should really pick up in the 11-15 day period. The US pattern remains locked-in, with cool/cold conditions in the northwest and warmer conditions in the southeast. This creates active precipitation through the Delta and southeastern region over the next week and longer. The middle of the country should see only limited precipitation, as shown to the right.



Crops

Just one quick chart this morning intended to stir up some food-for-thought. The chart below shows a breakdown of weekly export inspections ex-China. As you can see, and as we'd clearly expect, earlier this marketing year shipments to the world ex-China were exceptionally strong. Note, however, that shipments have come down to earth a bit in recent weeks. Current ROW outstanding sales are up vs. year ago levels, but keep in mind that the US is simply not competitive on a FOB basis to most major world destinations. Without the recent Chinese "demand", sales would really be sagging here. I'm pointing this out to note that we shouldn't expect the ROW to support the US export program going forward. The main question then is what more is China interested in buying??

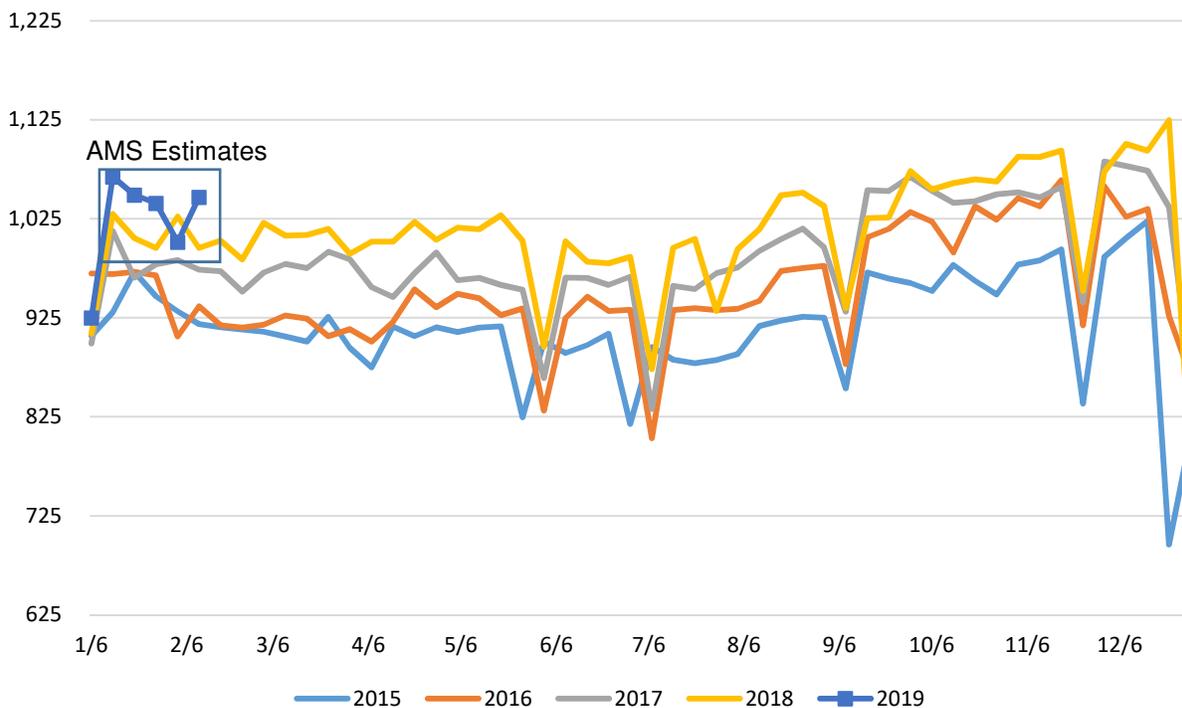
Weekly Soybean Export Inspections Ex-China



Livestock

I haven't really been bothering to try to keep up with beef/pork production totals during the shutdown, but I thought this morning I'd simply update with a chart showing combined production of the two. The chart is from the official weekly slaughter data except where indicated, where I'm using the unofficial estimates as we still haven't caught up from the shutdown. Nothing major to point out here, other than an illustration that production totals are unexpectedly coming in bigger than year ago levels. Most of the YOY outperformance has been driven by pork but beef production is running (unofficially) up ~1% YOY in these first 6 weeks despite supposed kill cuts.

Combined Beef & Pork Production



Financials

Risk-on this morning as the market responds joyfully at the news that Congressional negotiators have reached a "deal" on border security in the government funding debate. The deal stipulates that \$1.4B would be allocated to "increased barriers" on the Mexican border. Obviously this is well below the figures President Trump has been asking for, and I haven't seen whether or not he will sign off on the deal. This is a clear attempt by Congress to force the President into signing the agreement or make him "own" the next shutdown if he doesn't. I've been expecting to see a Twitter storm this morning on the subject, but nothing at the time of writing. Nothing new to report on Chinese negotiations from what I can tell this morning. Lighthizer and Mnuchin have reportedly checked in to their Beijing hotel today so we should perhaps see more headlines develop in the coming days.

No major economic data due today and there are no major “headliner” earnings releases today either. There are several Fed officials speaking included Chair Powell.

Energy

Crude oil futures are higher at the time of writing mainly on account of the risk-on tone of overnight trade. I’m seeing headlines flash across my screen at the time of writing from the Algerian oil minister suggesting that OPEC may decide on a new output cut at their next meeting. No further details appear to be available at this time. Reports indicate that Libya’s largest oil field might be ready to restart production. The 300k bpd field has been shut-in since December as armed protestors had closed it down and demanded more money and investment in the region.

Today’s Calendar (all times Central)

- JOLTS Job Openings – 9:00am
- Several Fed speakers, including Chair Powell

Thanks for reading.

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