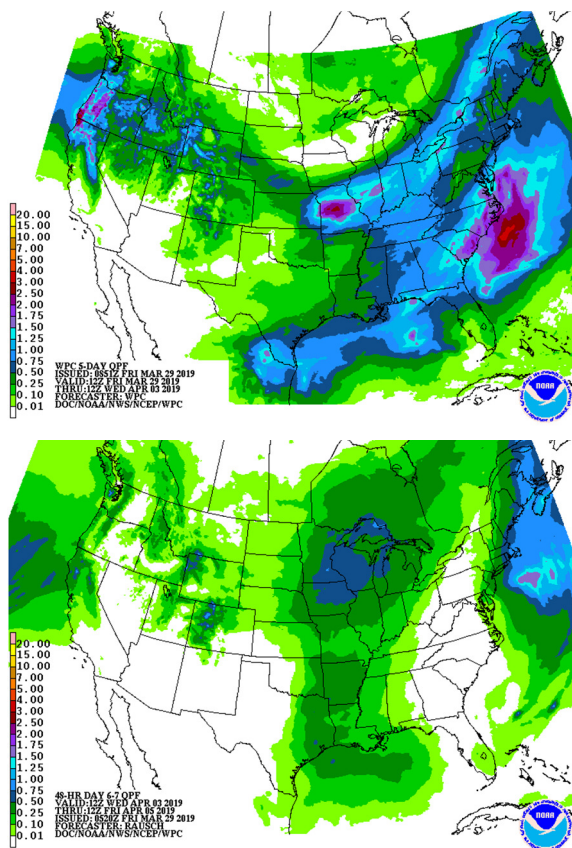


Weather

Nothing new to report on US weather this morning. The 5-day QPF is shown to the right and almost all of that rainfall will be seen over the next 48 hours. Dry weather should then dominate most of the country early next week. Keep in mind that some of the precipitation shown on that map will fall as snow through portions of western NE and maybe MI as well. There will be a system of rain that moves through the country mid/late next week. The models seem to be waffling back-and-forth on just how potent of a system this will prove to be, but for now it doesn't look like it will be a major rain producer for the Corn Belt on a widespread basis. Still, *some* rain should fall late next week. This is depicted in the second map to the right. Computer model agreement remains excellent that the 11-15 day period should feature an uptick in rainfall chances. Temps will remain cool through this weekend, with lots of BN temps this weekend. We should gradually turn warmer through next week and by the 11-15 day period we should probably see a lot of widespread AN temps.

Crops

I've gone through all my expectations for today's reports already, so this will be short and sweet today. First, a rundown of the expectations for today:



March 1, 2019 Grains & Soybean Stocks Estimates

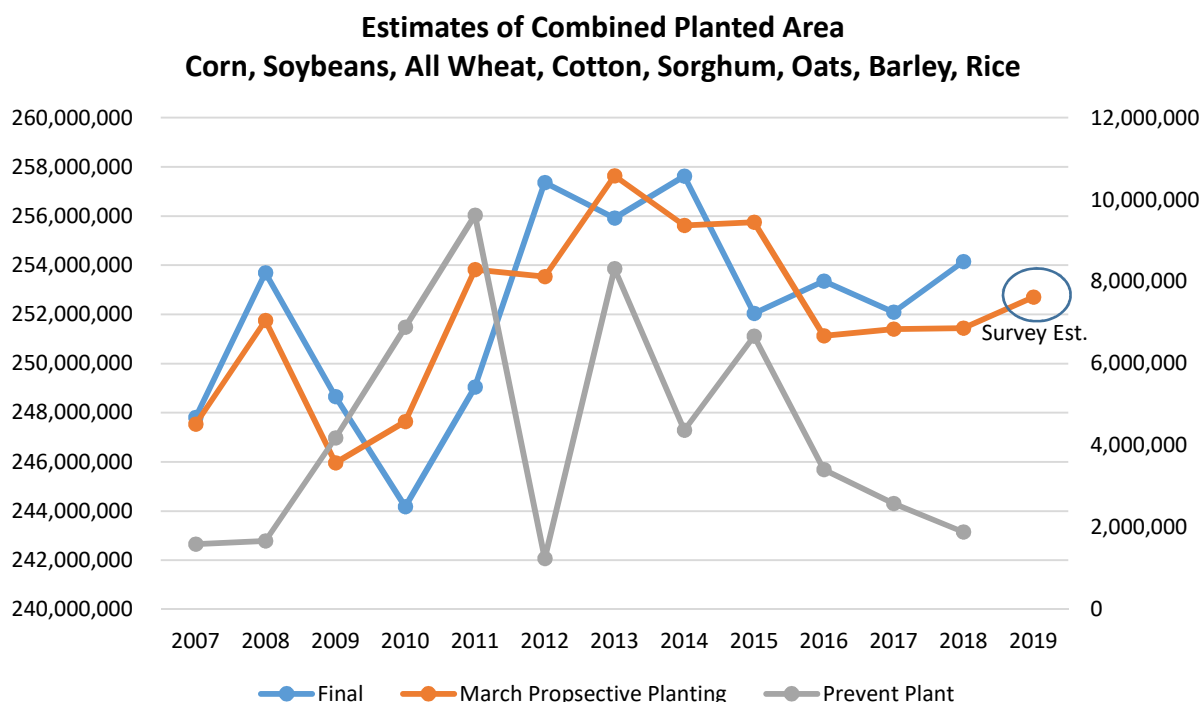
	Average Trade Analyst Estimate	Range of Trade Analysts Estimates	2018 March 1 USDA Stocks
Corn	8,317	7,620-8,910	8,892
Soybeans	2,702	2,159-2,797	2,109
Wheat	1,551	1,435-1,617	1,495

US Planted Area Estimates (Million Acres)

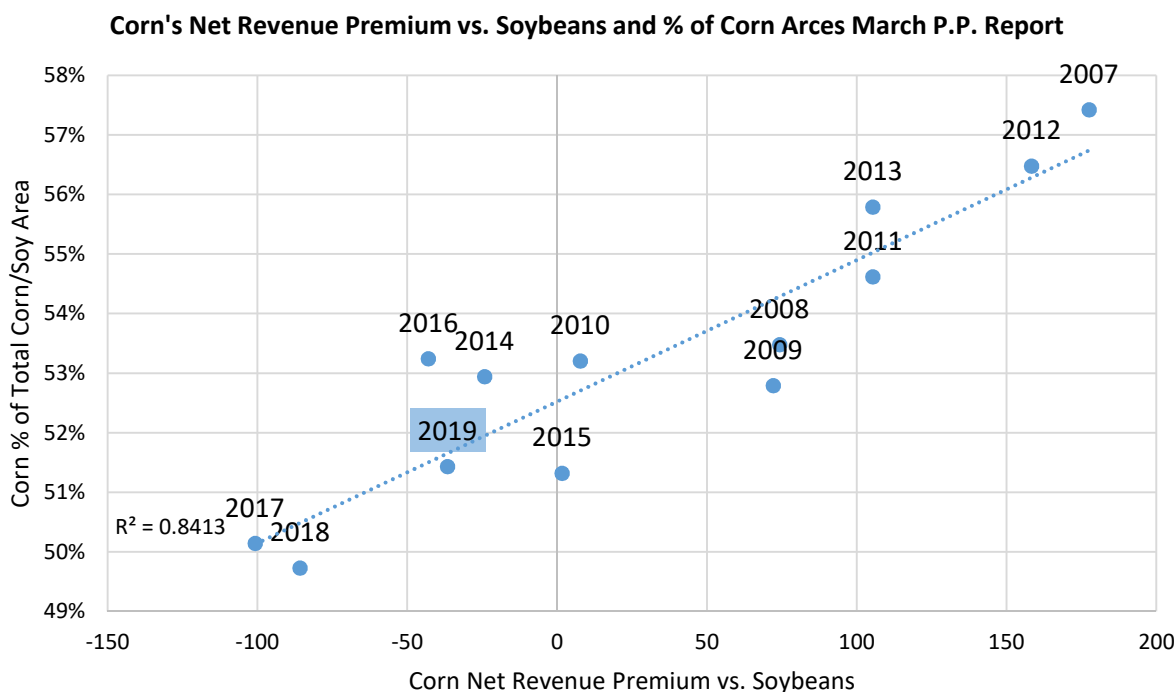
	Average of Trade Analyst Estimates	Range of Trade Analysts Estimates	USDA 2018 Planted Acres Final	February Outlook Forum Estimates
Corn	91.3	90.0-92.7	89.1	92.0
Soybeans	86.2	84.3-88.0	89.2	85.0
All Wheat	46.9	45.9-48.0	47.8	47.0
Winter Wheat	31.5	30.6-32.5	32.5	-
Spring Wheat	13.4	12.3-13.9	13.2	-
Cotton	14.4	14.0-15.4	14.1	14.3

It should go without saying that the Prospective Plantings report will *probably* be the more important item on which to focus our attention this afternoon. With that in mind, I just want to pass along one final thought on area. I am of the belief that the overall acreage "pie" of combined all-crop area will likely prove a bit smaller than the expectations shown above.

My rationale is perhaps a bit too simplistic. Last year's final combined all-crop area was roughly 254.1 million acres, and the expectations listed above show a combined all-crop area of roughly 252.7 million. This of course implies a net reduction in total area this year of 1.4 million acres. I find this YOY change a bit understated...at least for now. Last year saw the smallest total prevent plant area since 2012 with only 1.9 million acres taking PP. That compares to the average since 2007 of roughly 4.4 million acres. Note the chart showing the planted area estimates and PP acres below.



Bottom line, I think with a more normalized PP assuming from NASS we could be looking at *slightly* lower total combined area. How does that shake out individually? I'd be lying if I told you I had a good feel for it. I've written repeatedly that, on paper, it didn't seem corn was doing anything special to gain acreage away from soybeans. The average guesses for corn and soybean area compared against our work on estimated net revenue comparisons is shown below. You can see that the guesstimate-implied corn % of total corn+soy area falls pretty close inline with what our work on net revenue would expect. With that in mind, I don't have a big axe to grind when it comes to debating the corn vs. soy area today. Again, my bias is simply that the overall acreage total will end up coming in a little lower than the guesses above.



I'm open to any other thoughts...please share.

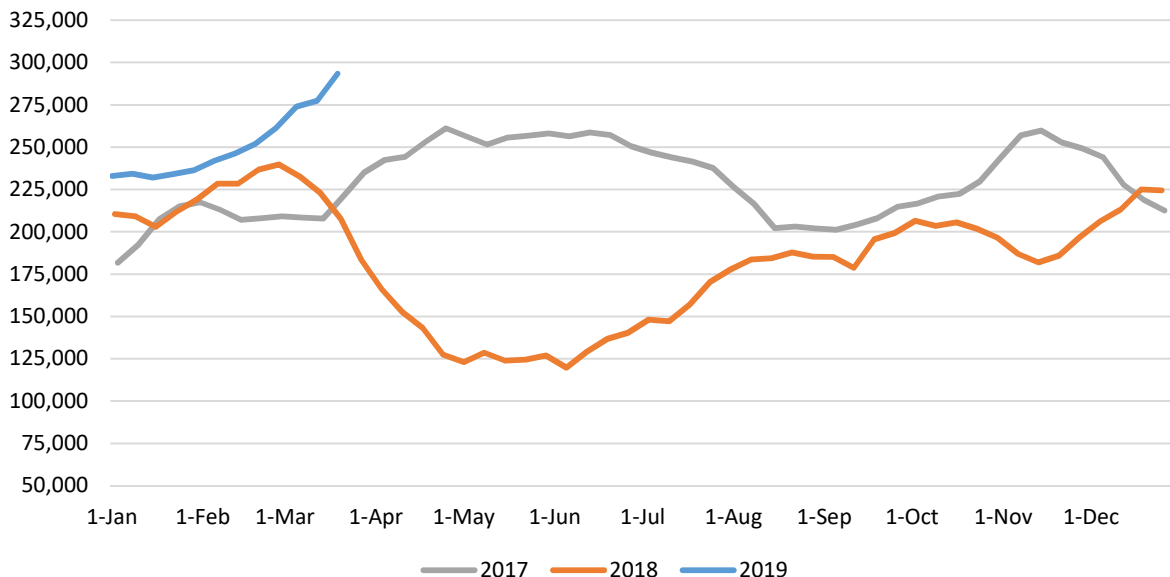
Livestock

Yesterday's Hog & Pig report didn't contain many surprises. Most of the categories came inline with expectations. I wouldn't expect it to have a major influence on futures price action today, with instead the focus remaining on the hopes for big export action sometime later this year.

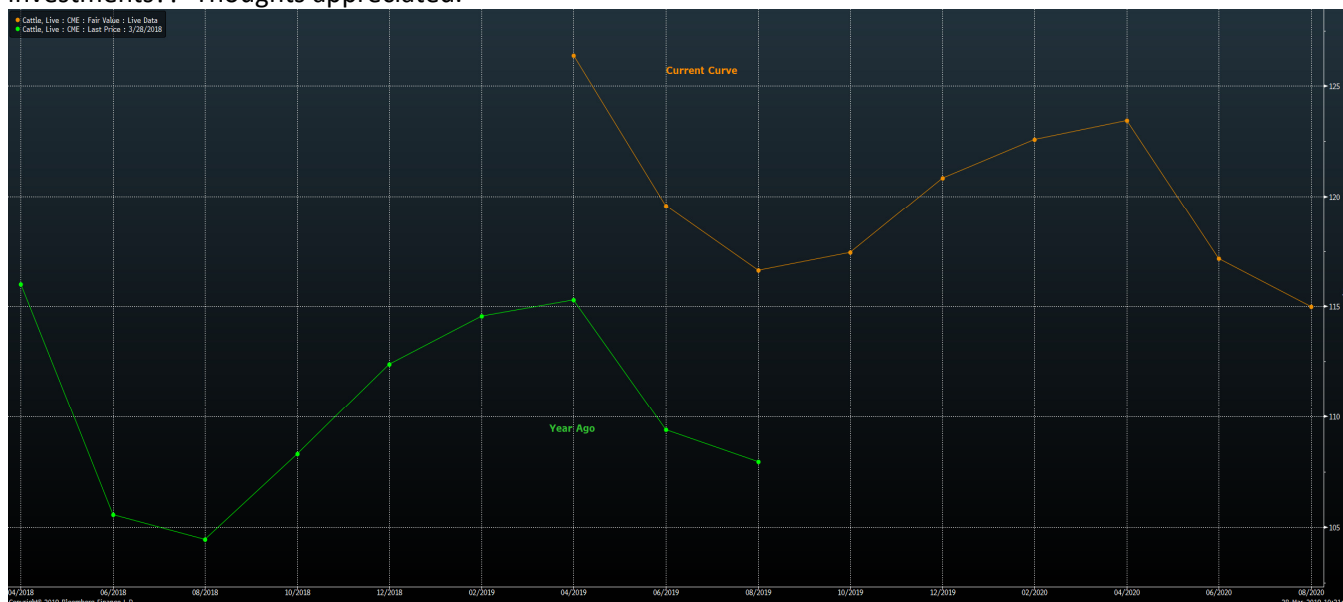
We all know that the spec positioning in LC is massive...I'm not providing any value in noting that at this point. I did want to try to look at it in a slightly different manner this morning. The chart below combines the index trader and managed money net position but takes a seasonal view of it. As you can see, this year's long position is huge. Note that last year we saw a big wave of liquidation starting around this time. Any chance of something sparking such a move this year, though maybe with different timing? As long as ASF remains in the headlines and LC continues to act as a "proxy-long" position for hogs, probably not.

	Actual	Estimate
All Hogs & Pigs	102.1%	102.1%
Kept Breeding	102.2%	101.8%
Market Hogs	102.1%	102.1%
Market Hog Wts:		
Under 50 lbs	102.5%	102.0%
50-119 lbs	102.3%	102.0%
120-179 lbs	101.8%	102.2%
180+ lbs	101.6%	102.4%
Pig Crop	102.8%	102.8%
Pigs/Litter	101.1%	100.5%
Dec-Feb Farrowing	101.6%	102.3%
Mar-May Farrow Int	100.6%	101.9%
Jun-Aug Farrow Int	99.7%	101.0%

Combined Index Trader & MM Net Position in LC



That said, there is one issue I think worth pointing out in regards to the huge long position. Note the chart below which shows the current calendar curve of LC futures (orange line) compared to the curve at this time last year (green line). By now, most of the spec position should be sitting in the June contract though some is almost certainly spread into the August as well. Note that last year at this time, which coincided with the big liquidation from specs, the June and August contracts were at the bottom of the curve. These funds were no longer rolling into a positive carry. While the curve is flatter this year than last, we're still looking at a situation where the roll for these big spec positions is going to start looking a lot less favorable than they have been. I'm not saying this would be grounds for some sort of massive liquidation event, but at a minimum it might discourage new investments?? Thoughts appreciated.

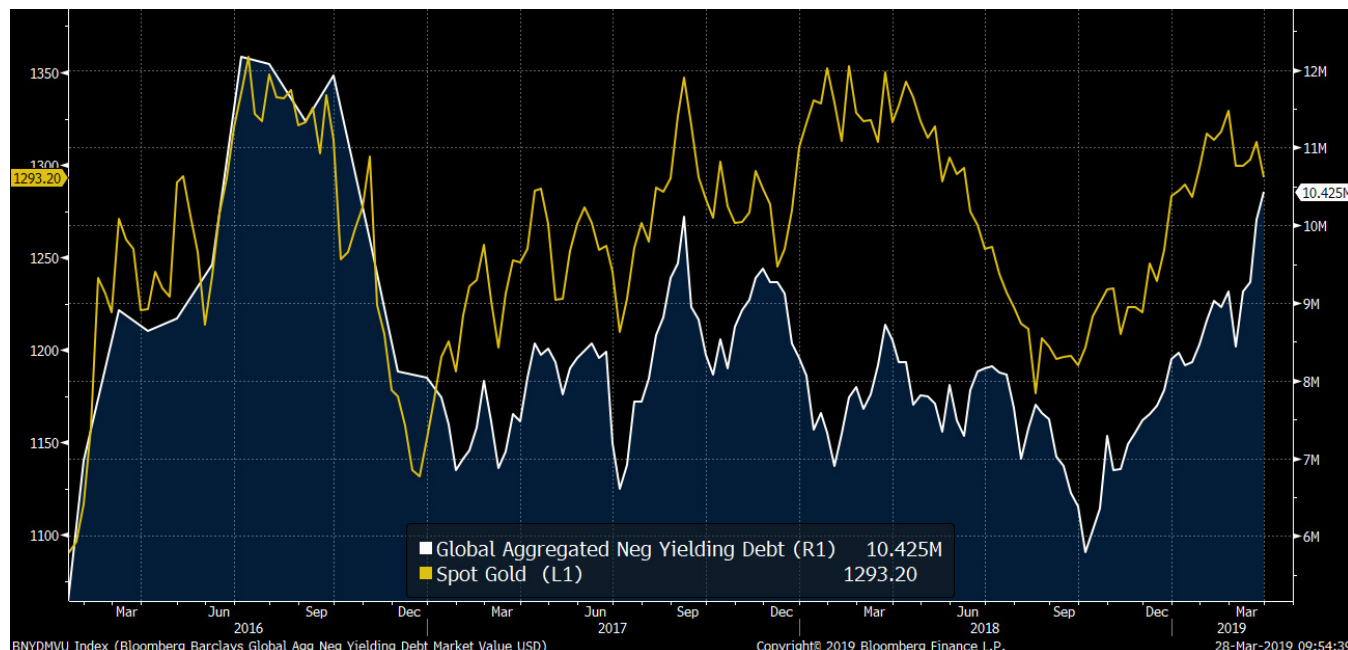


Financials

Nothing new to report this morning. Today was supposed to be the official Brexit date, but of course that isn't happening. PM May's twice-rejected deal will be put to another vote in Parliament today and for now it looks like it will meet a similar fate as the prior two attempts. The new deadline for a deal is now April 12, until that gets extended...

Headlines on China-US trade negotiations seems somewhat favorable this morning. A Bloomberg report suggests the two sides are going line-by-line through both English and Chinese language versions of an agreement. Chinese Vice Premier Liu He is scheduled to be in DC next week.

I don't comment much on gold here as a rule. Still, I think the price action of the past few days has been a bit interesting. We've seen virtually every central bank on Earth turn dovish. We've seen bond yields collapse around the world. The white line in the chart below shows the total aggregated number of debt that is holding a negative yield. You can see this has rallied sharply in recent weeks due, in part, do the dovish shift by the global central banks. The yellow line on the chart shows price of spot COMEX gold. You can see there is a pretty good relationship over the past few years as negative yielding assets increase, the price of gold would increase. That had been the case here in gold over the past few months as well, but in the past few days we've seen some negative price action in gold and a potential H&S top formation develop. Is there any particular reason this relationship is breaking down right now? The dollar is obviously near its highs but really the DX is not too different from where it was in Aug when gold bottomed. For that reason, I don't really think this is a dollar issue. Maybe it is just typical volatility and the correlation will resume soon. Thoughts appreciated on this one...



Energy

I know crude oil has had a good start to 2019, but I'm a bit surprised to read this morning that this is the best quarter for crude oil performance in roughly a decade. Bloomberg's handy chart is shown below. Over the past

few months we've seen production from both Iran and Venezuela decline and we've seen OPEC in general cut production in an effort to support prices. We have ongoing supply reduction potential in both Venezuela and Iran as the US is looking to add sanctions on Venezuela and will potentially remove waivers for importing Iranian oil.



Today's Calendar (all times Central)

- PCE Deflator – 7:30am
- New Home Sales – 9:00am
- Prospective Plantings & Quarterly Stocks – 11:00am
- Baker Hughes Rig Count – 12:00pm

Thanks for reading.

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