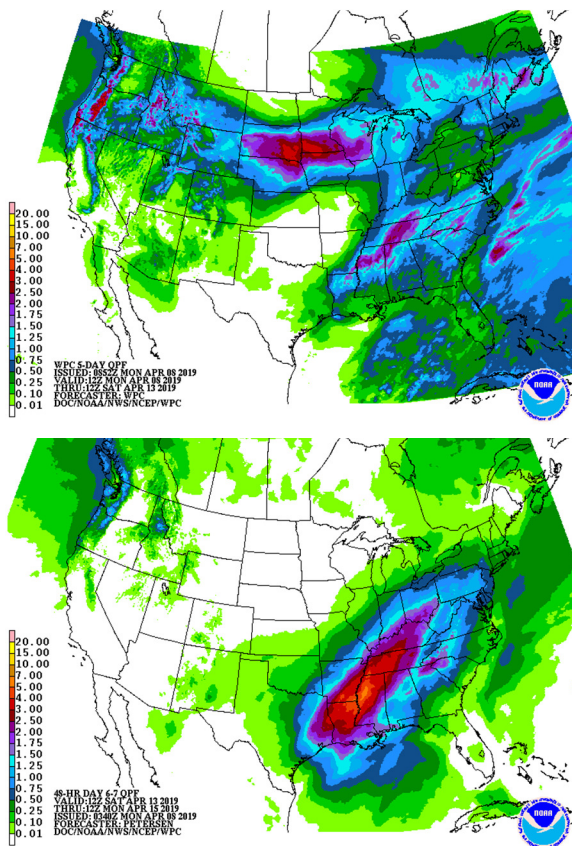


Weather

No significant changes in the forecast compared to Friday. An active pattern persists through the Corn Belt and the entire country in general. The 5-day QPF is attached to the right. Most of the rain shown in the map for the Delta area will be seen over the next 24 hours, with drier weather in that area following that. The big precipitation seen in the Corn Belt will be spread from tomorrow through Thurs. With colder weather having moved in, look for a lot of the precipitation in SD, NE, MN, WI to come in the form of snow. There will be very strong winds, likely producing blizzard conditions in some areas. Snowfall totals could be very big with over a foot of snow possible in some areas. The next rain event that will develop will come this weekend, but that system will take a more southerly track and again focus on the Southeast and portions of the southern Corn Belt. You can see that system in the second map to the right. A third precipitation system will be possible around the middle of next week, and a fourth will be possible near the end of the 11-15 day period. There are still a lot of details to be worked out on those events. Over the two week period, look for a lot of 1.5-2.5" precipitation totals across the Corn Belt with locally heavier totals possible.



Crops

A quick rundown of expectations for tomorrow's WASDE balance sheets:

USDA US Ending Stocks

	Average of Trade Analyst Estimates	Range of Trade Analyst Estimates	USDA March End Stocks
Corn	1,988	1,735-2,211	1,835
Soybeans	912	847-1,062	900
Wheat	1,075	1,045-1,103	1,055

Soybeans –

Not a lot going on here probably. You can see the average guess on ending stocks is only barely higher from last month. I'm actually wondering if stocks might turn out slightly lower instead. Though only a minor change, WASDE needs to increase their seed use figure based on the Planting Intentions report. I would think a 3-4 mb increase to 99-100 mb would be in order. Again, that's hardly a big move, but something that works against an increase. Also, Mar 1 stocks were *slightly* lower than expected. I think that could also make the argument for a *slight* increase in residual to maybe 35-40 mb from 31 mb in the previous report. Not anything will get worked up about, but still slightly bigger demand. I do not expect WASDE to make any changes to exports right now. As

noted late last week, there are arguments both in favor of an increase and a reduction...and with ongoing trade uncertainty I would think they would stay put for now. They just increased their crush projection last month by 10 mb. I am starting to think we may see eventual reductions in this category later, but for now I'd expect them to keep it unchanged. Bottom line, I think odds favor increased demand this month and thus a modest decline in ending stocks. Bet the under on ending stocks.

Wheat-

Mar 1 stocks were larger than expected, implying we should get a reduction in either feed & residual or food use. I suppose it could be both, but considering food use has been fairly consistent I'd look for a 20-25 mb reduction in F&R from WASDE tomorrow. The big question mark will be exports. Personally, I think WASDE will leave exports alone though sales of late have been pretty good. Shipments have been lagging what we might otherwise expect given the sales, which implies to me that some of these sales might get rolled over into new-crop. I do think that WASDE needs to raise their HRW export projection and lower HRS and maybe SRW to compensate. As I think WASDE will leave export unchanged, I find myself falling right inline with the average guess on ending stocks.

Corn-

Lots going on here. Obviously we all know that Mar 1 stocks were significantly bigger than expected. The question is how much does WASDE cut F&R as a result. I've seen some private analysts slash their F&R estimates aggressively, but I think WASDE will be content to slow-play this over time. With that in mind, I think WASDE "only" cuts F&R by 100 mb tomorrow. That sounds big, but remember stocks were 300 mb larger than expected. In addition to a 100 mb cut to F&R, as I've explained before WASDE also needs to tackle their problem with the ethanol grind. We're running severely behind a pace necessary to match their current projection. At a minimum, WASDE needs to cut 50 mb from their ethanol grind but in the end I think it will be more than that. That 150 mil bu cut in demand would put us right around the average guess for ending stocks, so at face value I have no major argument with that level. However, keep in mind that both of the demand cuts would seem to be bare minimum relative to what they should do. I think they could cut ethanol by 75 mb for example and well more than 100 mb in F&R. I also think they *should* cut their export projection. US corn outstanding sales are not at a level that implies we'll be able to match the current WASDE implied pace. My baseline scenario assumes they'll just wait and see another month before making a cut here, but it is certainly possible they make a move today. The bottom line is that I don't have a huge gripe with the average guess on ending stocks, but the obvious risk (in my opinion) is that stocks come out larger than expected. The odds favor the over on stocks.

World-

I don't think we'll see much change in the world numbers. We've seen private estimates for Brazil's soybean crop creep higher, but WASDE is starting from a higher level so I'd suspect they will stay unchanged for now. Argentine soybean production probably will remain unchanged for now as well. WASDE is starting high on Argentine corn production and again can rest unchanged, but they *might* decide to increase their Brazilian corn production figure (94.5 mmt last month) though I'd probably expect them to leave that alone as well. It will be worth watching if they make any changes to Chinese soybean imports/crush, but a recently released attache report showed no changes so I expect nothing new there either. Remember we get all the new 19/20 balance sheets next month, so that is when we can expect some possible fireworks.

Livestock

On Friday I pointed out the exceptionally strong cow kill numbers, and thankfully I got some feedback. A big portion of the recent surge in cow kill is apparently the result of the major winter storms in the North. Several calves were lost, and a lot of those cows have now been sent for slaughter. My understanding is that this surge in cow kill has probably run its course, though we might still see it in the delayed official slaughter numbers for another week or so. Though that surge in cow supplies has probably run its course, both packer-connected and dairy-industry contracts imply to me that the dairy cow kill is likely to remain elevated for some time, and they seem to expect cow kill will remain above average for quite a while.

Otherwise, no major new information to pass along this morning. It will be interesting, at least in my opinion, to see what the official 5-area average cash price was for last week. We had 123-124 in the south and 128-129 and even some 130 in the north. I'm not sure I can remember seeing such a regional divergence. Friday's COT numbers showed spec positioning remains massive...no change there.

Financials

Nothing major to report today. The main storylines at present, US-China trade deal and Brexit, have very little new information on which to report. This week should produce some interesting headlines for both, however. US officials say negotiations continue via teleconference on the trade deal and even Chinese media is apparently reporting that President Xi has called for an "early conclusion" to the negotiations. As far as Brexit is concerned, we have yet another deadline looming on Friday though most everyone expects it to be delayed yet again. Perhaps what might be more interesting is how long the can is kicked this time. EU officials will have a meeting on Wednesday, and there apparently is a bloc within the group, led by the French, that are trying to push for a short extension. Meanwhile, European Commission President Juncker has already gone on record saying he prefers a longer 12-month extension. The longer this goes on, the more uncertainty for the UK and EU economies.

Energy

Crude oil futures are higher this morning, reaching their highest level in five months. Reports show intense fighting has once again developed in Libya. Libyan production had increased pretty solidly since last summer, averaging near 1.0 mbpd recently compared to ~650k bpd last summer. If fighting once again intensifies, this could be further lost production on top of Venezuela and Iran. That said, the fighting for now seems to be focused on Tripoli and away from key oil infrastructure so perhaps we don't see any major disruption immediately.

Today's Calendar (all times Central)

- Factory Orders – 9:00am
- Durable Goods – 9:00am
- Export Inspections – 10:00am
- Crop Progress – 3:00pm

Thanks for reading.

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