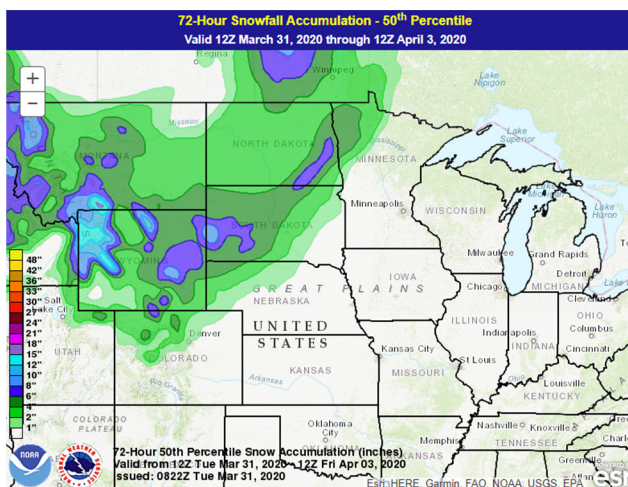
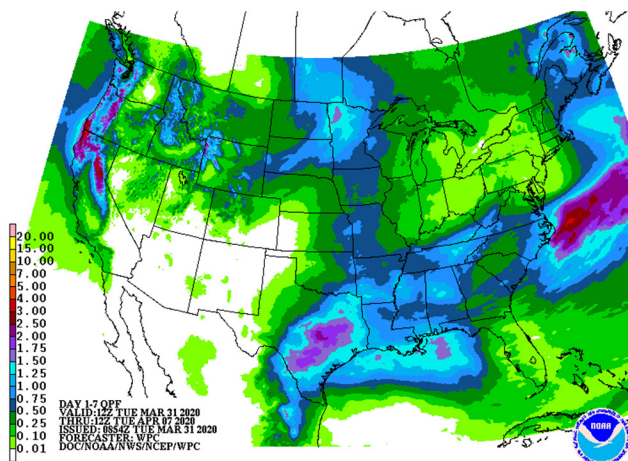


## Weather

No huge changes to the forecast this morning. Corn Belt precipitation should average near to slightly above normal over the next two weeks. Mostly dry conditions are expected today and tomorrow with rainfall developing tomorrow night and lingering through Saturday. In the Northern Plains, temps will be cold enough that this precipitation will fall as snow. The 72-hour snowfall projection is shown at the right. Not huge totals in most cases, but the map also might not cover the entire event yet. There will be some dry conditions early next week but precipitation will return later on Monday and the pattern should remain fairly active for several days. Temps will be turning cooler as well. This weekend could see 40s or even 30s in some spots as high temps. Below normal temps should linger in the Northern Plains through at least the middle of April, where the two week forecast takes us today.

## Crops

Today we have the Prospective Plantings and Quarterly Grain Stocks reports. Over the past few days I've gone over expectations in detail. Please refer back to those notes for details, but today I'll keep it short and run through some bottom line thoughts and we'll be on our way.



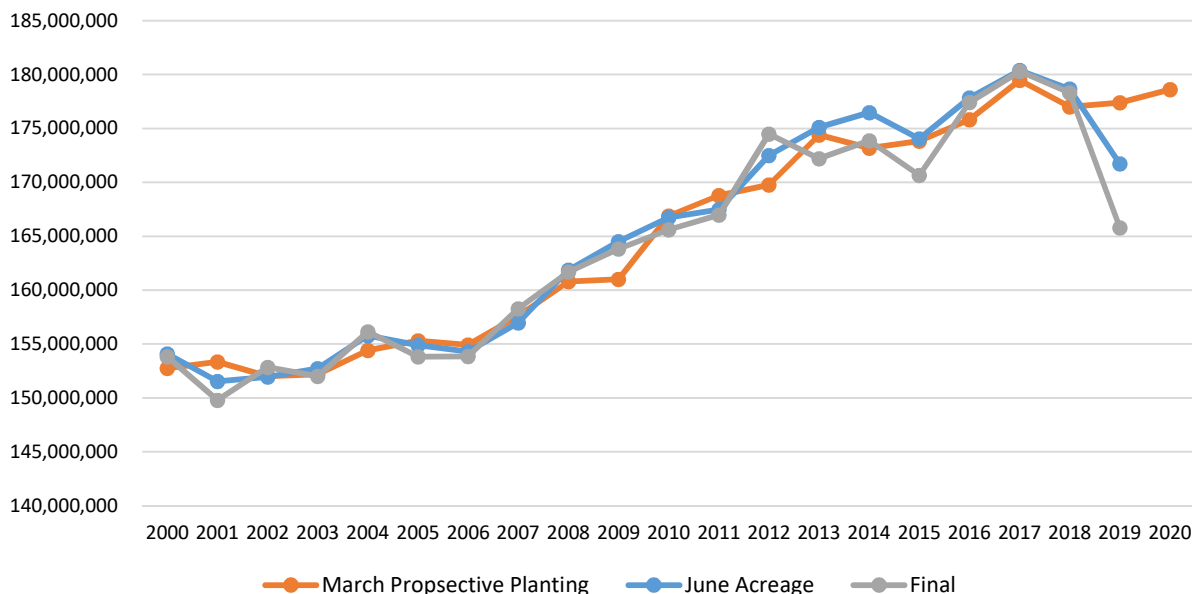
## US Planted Area Estimates (Million Acres)

	Average of Trade Analyst Estimates	Range of Trade Analysts Estimates	USDA 2019 Planted Acres Final	February Outlook Forum Estimates
Corn	94.1	92.0-96.4	89.7	94.0
Soybeans	85.0	82.7-87.5	76.1	85.0
All Wheat	45.0	44.0-46.0	45.2	45.0
Winter Wheat	30.8	30.1-31.7	31.2	-
Spring Wheat	12.7	12.0-13.5	12.7	-
Cotton	12.4	12.0-13.5	13.7	12.5

Acreage – As I noted last week, there is a general tendency for combined corn and soybean area to come in slightly larger than the Outlook Forum estimate. With the average guesses for today's report basically the same at the Outlook Forum estimates, it seems reasonable to expect acreage could turn in slightly larger than expected. Note below that the combined corn and soybean area would be among the largest for this report in history, but obviously that does make some sense right now. My personal bias is that, assuming the above is

correct, corn would likely be favored for any increase vs. the Outlook Forum. Keep in mind much of the survey was likely completed before the big break in futures.

## Estimates of Combined Planted Area Corn and Soybeans Only



## March 1, 2020 Grains & Soybean Stocks Estimates

	Average Trade	Range of Trade	
	Analyst Estimate	Analysts	2019 March 1
		Estimates	USDA Stocks
Corn	8,134	7,825-8,492	8,613
Soybeans	2,228	2,075-2,701	2,727
Wheat	1,430	1,385-1,572	1,593

Wheat stocks- The average guess on Mar 1 wheat stocks stands at 1,430 mil bu. In my own work on the balance sheet I came up with a slightly smaller estimate, but not off to a degree that would be especially market-moving. I have no strong bias for wheat stocks.

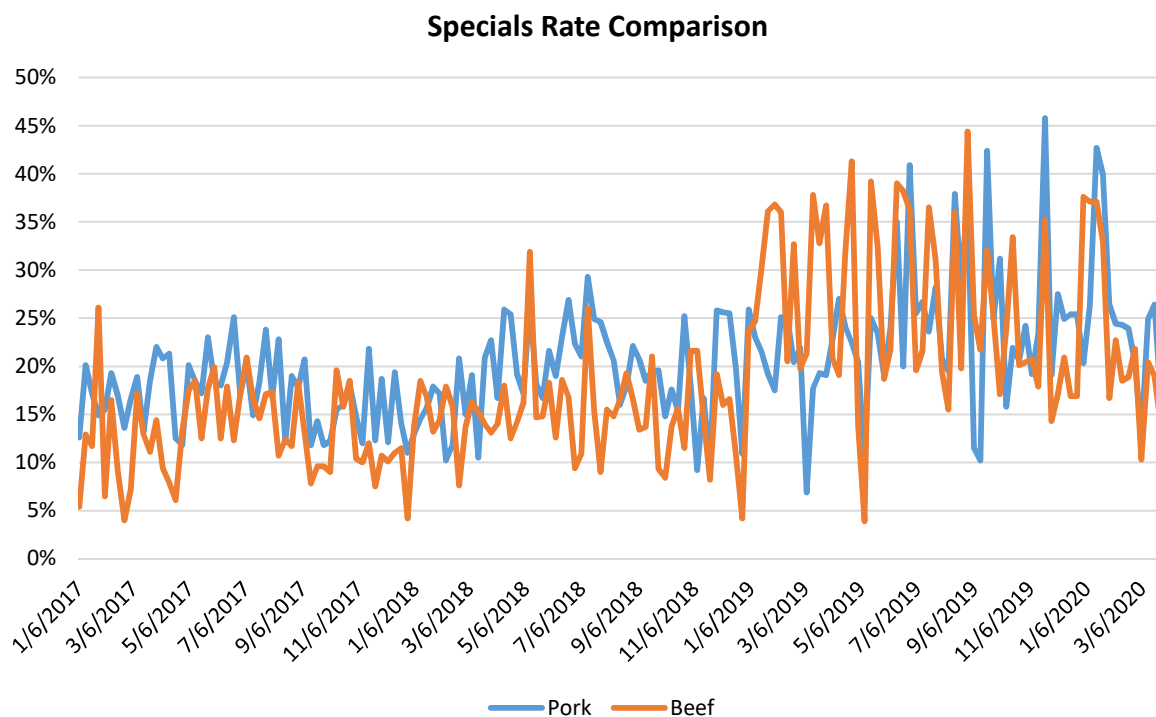
Corn stocks – The average guess on Mar 1 corn stocks is 8,134 mil bu. My work on stocks came up with a slightly smaller estimate, but again not anything that would likely prove market-moving. My bias is that the stocks estimate could prove slightly higher as I believe a problematic harvest last fall likely impacted Dec 1 stocks. I also feel the lack of a true export program should also support a modestly larger stocks estimate. There are plenty of analysts that believe that last year's crop was overstated and if today's stock number proves to be smaller than expected it will give them a louder voice. My guess for corn stocks is near the average guess shown above, but this is very much based on the current WASDE projection for annual F&R. I am tempted to bet the over on stocks today, and thus that would mean WASDE's F&R would likely need to be revised lower.

Soybean stocks – The average guess calls for soybean stocks of 2,228 mil bu. I described yesterday how that guess is skewed a bit higher than it probably should be due to a really big guess from one participant in the survey. My soybean stock estimate came in well lower than the median estimate from the survey, but I noted yesterday that there are questions on whether that typical analysis will be appropriate this year. Specifically, the lack of an export program over the past few months should mean less pipelining and that should, in theory, lower the residual component of this calculation. Gun to head, I'll take the under vs. the average guess but not by enough to really move markets a ton.

I hope the work over the past few days has been helpful in framing expectations. Obviously these quarterly reports are notorious for producing big surprises relative to expectations. Good luck to all.

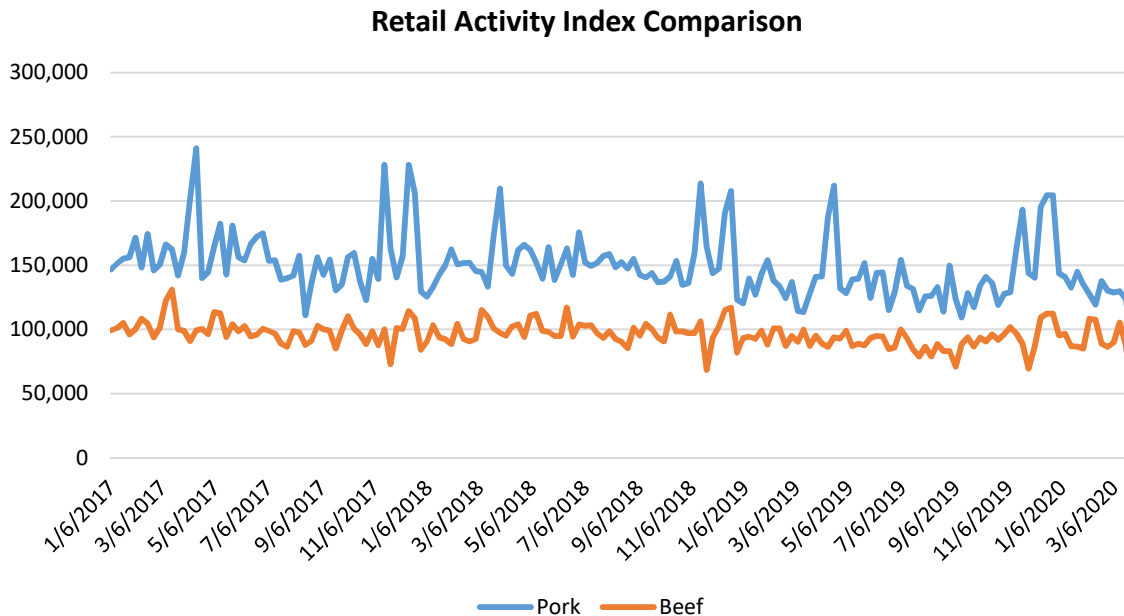
## Livestock

While none of the information below is market-moving, I did think it might be interesting to see how the retail features and specials for beef and pork have changed here. The first chart below shows the “special rate” of sample stores. This is the percentage of sampled stores that are running a no-price promotion, like a buy-one-get-one-free promotion or something similar. While not as low as levels seen a few years ago, it is interesting to note that this is running well below levels that have prevailed more recently.



The next chart shows the “activity index” for beef and pork. This is defined as the absolute frequency of feature activity equal to the total number of stores for each advertised item. For example, a retailer with 100 outlets

featuring 3 pork items would have an activity index of 300. Right now, the activity index for both pork and beef is running at the lowest levels I have in my data.



Again, none of this is especially market-moving and it isn't necessarily surprising either. I just thought it was an interesting glimpse into the retail world of meat right now.

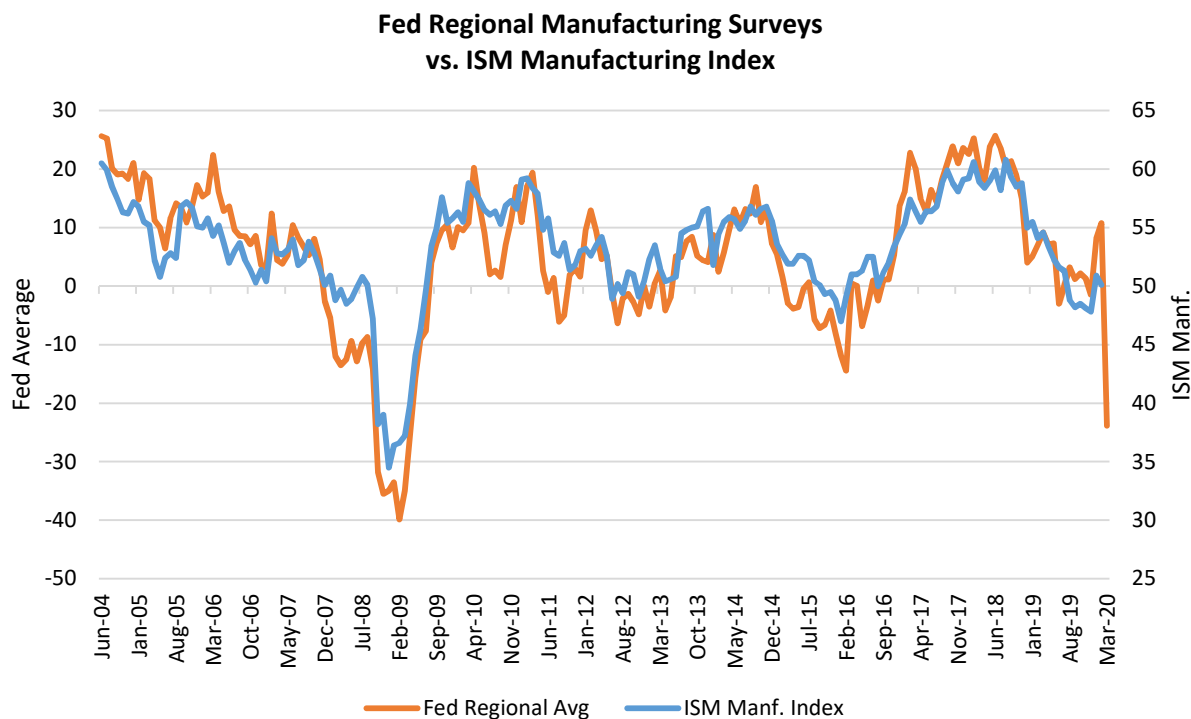
Beef started the week slightly lower yesterday and expectations are for continued weakness this week. This, combined with what should be very strong packer committed inventory levels, should weigh on cash trade. Our friends at MP Agrilytics report that last week's increase in cash prices is the 3<sup>rd</sup> largest weekly increase in cash in history. Despite expectations for weaker cash...how can you be short the board with it trading lightyears below cash expectations?

## Financials

Relatively quiet overnight activity. The one thing that stands out on the screen this morning is the stronger dollar. This has most other major currencies weaker and gold is also sharply lower at the time of writing as well. The most interesting overnight news is probably the Chinese official PMI release which showed a rebound to 52.0 compared to the record low of 35.7 in Feb. Obviously a reading above the 50-level is a sign of improvement in conditions. One thing to keep in mind on PMI surveys is that this is not truly a reading of economic activity but basically a survey of the PM's sentiment on certain factors. And naturally, as little as we trust economic numbers of China already I think it would be safe to say that we should take an overly dubious view of this release. Here in the US both political parties are dropping hints that there will likely be another round of stimulus measures over the next few weeks.

The last of the regional Fed survey prints was yesterday, and we apparently saved the worst for last. The Dallas Fed manufacturing survey printed a -70 vs a -10 expected and 1.2 last month. As we have noted before, taking

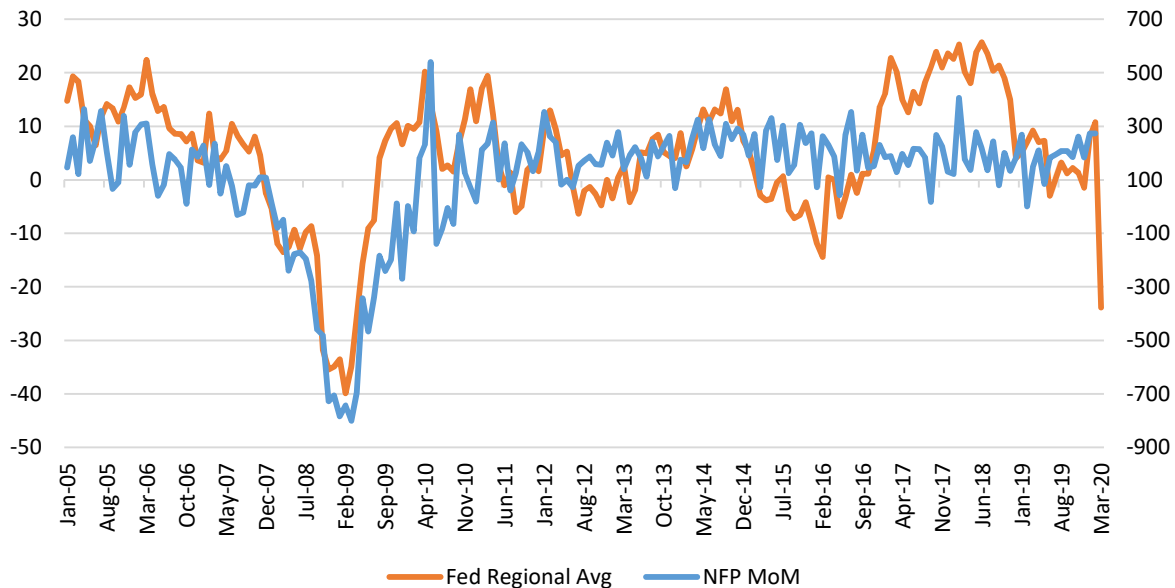
an average of the various Fed regional surveys has been a pretty good indication of what to expect from the national ISM prints. As shown below, the picture the regional Fed surveys paint is not pretty. National manufacturing activity is likely to hit its lowest levels since the GFC when updated tomorrow. At the time of writing the median estimate for the ISM manufacturing index is a 45.0 (vs. a 50.1 last month). Based on the regional surveys, that might not be low enough.



In addition to the ISM release tomorrow, later in the week we have the NFP release. And the Fed regional survey index is actually a fairly decent indicator of what to expect there as well. Note the chart on the following page. While I don't want to get too carried away with downside in the NFP considering the crisis is still relatively "new" (at least in terms of data releases), I think this certainly argues for a solidly negative NFP print. At the time of writing, the median estimate appears to be for -100k jobs. This chart would seem to imply there is some potential downside to that expectation.

Hopefully we should start to see virus numbers peak in the next week or two but the toll on economic numbers is likely to last longer...this isn't China, of course.

## Fed Regional Manufacturing Surveys vs. NFP



### Energy

WTI futures are posting a solid bounce this morning and I think a big portion of the enthusiasm stems from the solid PMI number out of China. Obviously China is a big component of global oil demand, so if conditions are starting to show improvement in China it would definitely be a good sign for oil. The national average price for retail gasoline has dipped below the \$2 level which is the first time in 4 years we've seen prices this low. I don't see any other major oil-related headlines this morning. There is a report that some oil traders in the US are now booking tankers for floating storage...something we've been seeing a lot of around the world. There is also a report that some TX oil producers are talking about regulating a slowdown in production.

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

- MNI Chicago PMI – 8:45am
- Consumer Confidence – 9:00am
- USDA Prospective Plantings & Quarterly Stocks – 11:00am

Thanks for reading.

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