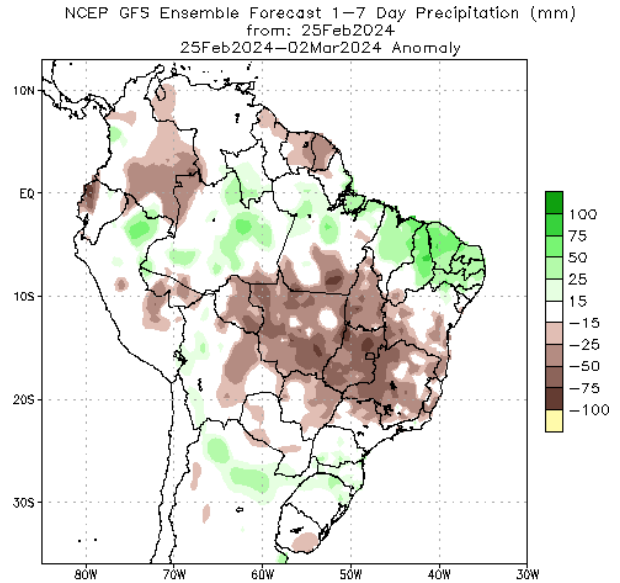


### Weather

No big changes to the outlook this morning. Northern Brazil should see well below normal rainfall over the next week, as shown in the map at the right. However, rainfall should start to pick up again next week with near normal amounts likely. Southern Brazil should see some significant rain over the next 48 hours with rainfall totals of 2-3" possible. Drier conditions for the 6-10 day period but models suggest another uptick in rainfall chances for the 11-15 day period. Rains are currently falling in Argentina this morning but we're not looking at big amounts. The next few days will feature limited rainfall chances but we should see rainfall improve for both the 6-10 and 11-15 day periods.

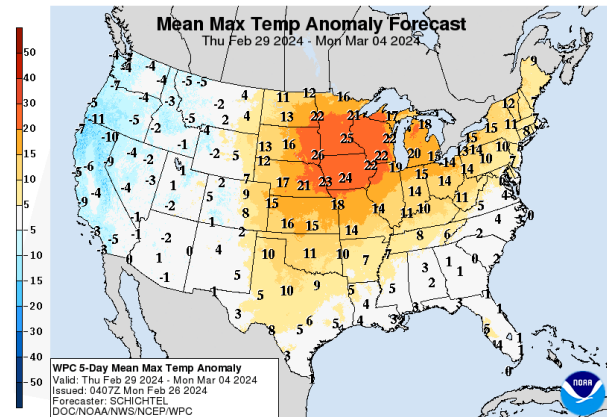


Bias correction based on last 30-day forecast error  
 CPC Unified Precip Climatology (1991-2020)

Nothing new in the US forecast. Limited precipitation chances outside of the northeastern US. The middle of the country will see some precipitation, but scattered and light. Meanwhile, temps should continue to average well above normal.

### Crops

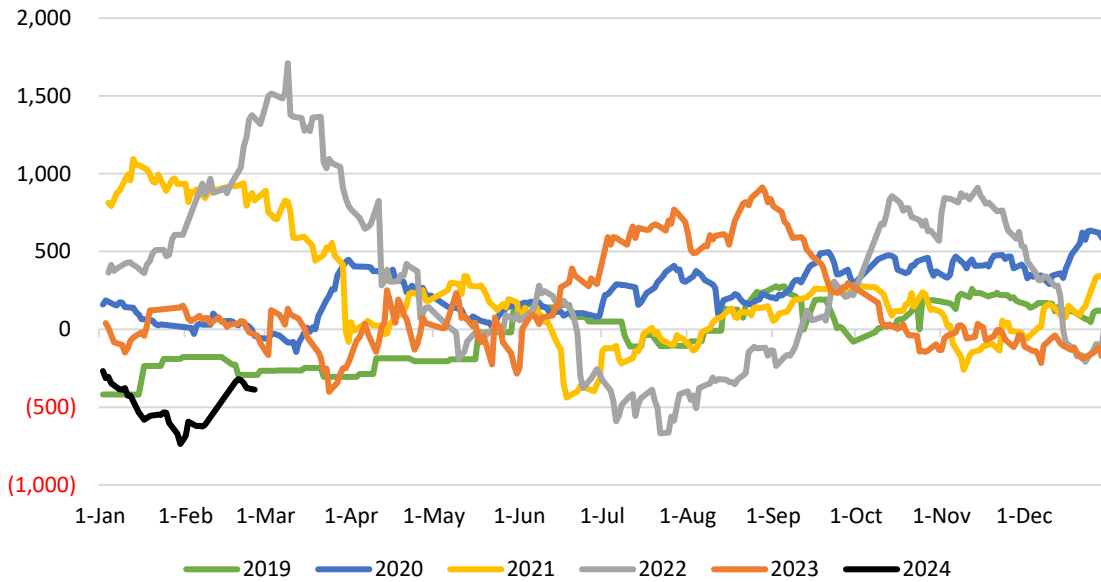
A quick look at the US-Brazil soybean price comps this morning. Our usual table is shown below. This isn't intended to be precise, but rather just show the basics. Not much has changed since we last discussed this. The US remains uncompetitive vs. Brazilian offers into Asia...or just about anywhere else for that matter.



Landed Value Comparison											
<b>Soybeans</b>											
USG Values	Feb	Mar	Apr	May	Brazil Paranagua Values						
	SH	SH	SK	SK	Feb	Mar					
FOB Basis	63.38	59.38	55.50	54.50	Paper Premium	-45	-45	-56	-48.5	-27.5	-15
CBOT Futures	1130	1130	1138.5	1138.5	CBOT Futures	1130	1130	1138.5	1138.5	1148.5	1148.5
	SH	SH	SK	SK		SH	SH	SK	SK	SN	SN
USD/MT Conversion	\$ 438.49	\$ 437.02	\$ 438.72	\$ 438.35	USD/MT Conversion	\$ 398.67	\$ 398.67	\$ 397.75	\$ 400.51	\$ 411.90	\$ 416.49
USG-China Pmax	49.95	49.95	49.95	49.95	Santos-China Pmax	45	45	45	45	45	45
Total Landed Ex-Tax	\$ 488.44	\$ 486.97	\$ 488.67	\$ 488.30	Total Landed Ex-Tax	\$ 443.67	\$ 443.67	\$ 442.75	\$ 445.51	\$ 456.90	\$ 461.49

On the following page, I show a chart of Chinese soybean crush margins. You can easily spot that margins so far this year have been pretty poor. This isn't helpful for US export demand either. Last week's export sales figure was very poor...but it might be wise to get used to seeing that sort of number.

### China Soybean Crush Margin Estimate (CNY/mt)



### Livestock

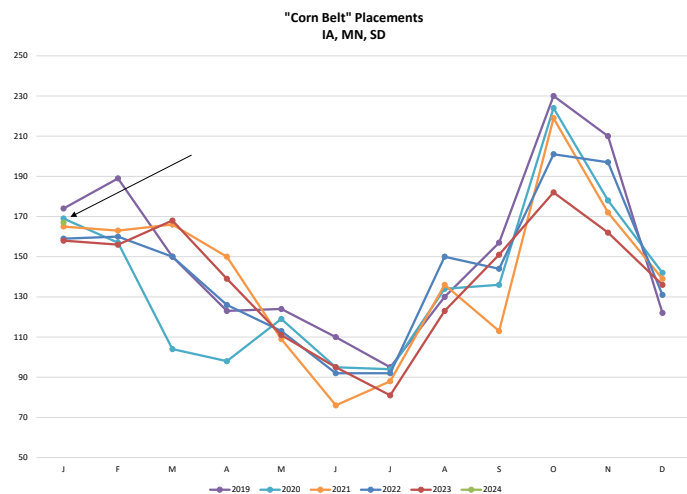
The headlines from Friday’s COF report are shown at the right. The placement figure was on the high side of expectations and will likely lead to a lower open this morning. That being said...does the difference between the average guess and the actual number actually change all that much? I’m personally guessing it does not. As soon as the smoke settles on the open, I’m guessing the board will just get back to business as usual.

Cattle On Feed			
	Actual	Average	Range
On-Feed	100.4%	100.1%	99.4-101.0%
Placements	92.6%	87.7%	83.6-94.0%
Marketings	99.9%	99.8%	98.6-100.3%

I guess the biggest surprise is that NE and “Corn Belt” placements were actually higher...though it is probably hard to tell in the chart at the right. It does get me thinking...with corn prices now getting “cheap” again, will we start to see Corn Belt area placements pick up again?

### Financials

Overnight markets are relatively quiet, but it is likely the calm before the storm. There is a lot of economic data to chew on this week...in the US and internationally as well. Later this week we get data on US GDP, the Fed’s preferred inflation measure (Core PCE), and the ISM manufacturing report. We also get inflation readings from the



Eurozone and Japan this week. It should make for another choppy and volatile week of trading. That being said, there isn't a ton on the docket for today...so today might be somewhat subdued.

The chart below, and other versions of the same idea, is getting passed around a lot lately. It is basically showing the gains in the overall index have become highly concentrated into just a few individual names. The last time this sort of concentration happened came before some very big breaks in the market. Of course...who knows how long the party can last?



### Energy

Not to beat a dead horse, but crude oil stalled out yet again last week just below the \$80 level. This is an area we've highlighted several times recently. One has to question the long-term bullishness of a market in which key oil producers and exporters are limiting production in an effort to support prices where they are now.

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

- New Home Sales – 9:00am
- Export Inspections – 10:00am
- Cold Storage – 2:00pm



Thanks for reading.

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