

**Corn has many supportive factors**

Corn and soybeans finished mixed on Friday. S. Brazil and Argentina weather remains dry this week but there are some rains forecasted for week 2. You have had some serious stress in these areas so we could see the USDA drop Argentina's production numbers going forward and possibly trim Brazil's corn crop but Brazil soybean crop should still be in good shape. Inflation via the CPI number hit its highest level since 1982 as energy prices and raw materials have jumped in the last year. Funds bought 17K corn contracts taking net long positions to 326K contracts. These factors look to be most beneficial corn and possibly wheat. Had some overnight pressure so we will see if we find some buyers down here this morning.

**Today's Corn Outlook:** Corn was off 1.75 cents on Friday but finished the week up 6 cents. South American weather and funds are back adding to big long positions. Corn should be well supported going into the end of the year. We are looking for higher usage numbers on the January final report and we doubt they will find more production and that would push the carryout down towards 1.4 billion bushels.

**March Corn Technicals :** Corn market is bullish and needs to close over 5.94 on the upside and bears need a move below 5.62.

**Today's Soybean Outlook:** Beans added 3.25 cents on Friday to end the week up half a cent. Overnight they were off 7 cents as some better weather has crept into the 2-week forecast for dry areas in South America. We are expecting more bearish news from the USDA on the January report but we will have to see if the markets try to pre-price that before the release.

**January Soybean Technicals:** The soybean market has turned short term bullish with the rebound last week. Bulls need trade above 12.80 and the bears are looking to challenge 12.20.

**Exports:** None to report.

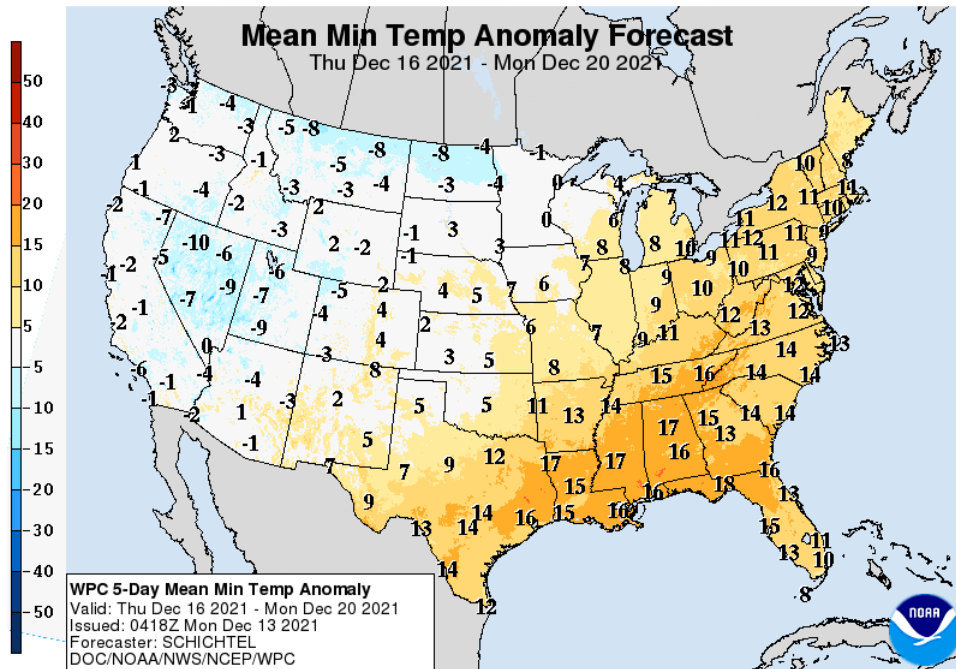
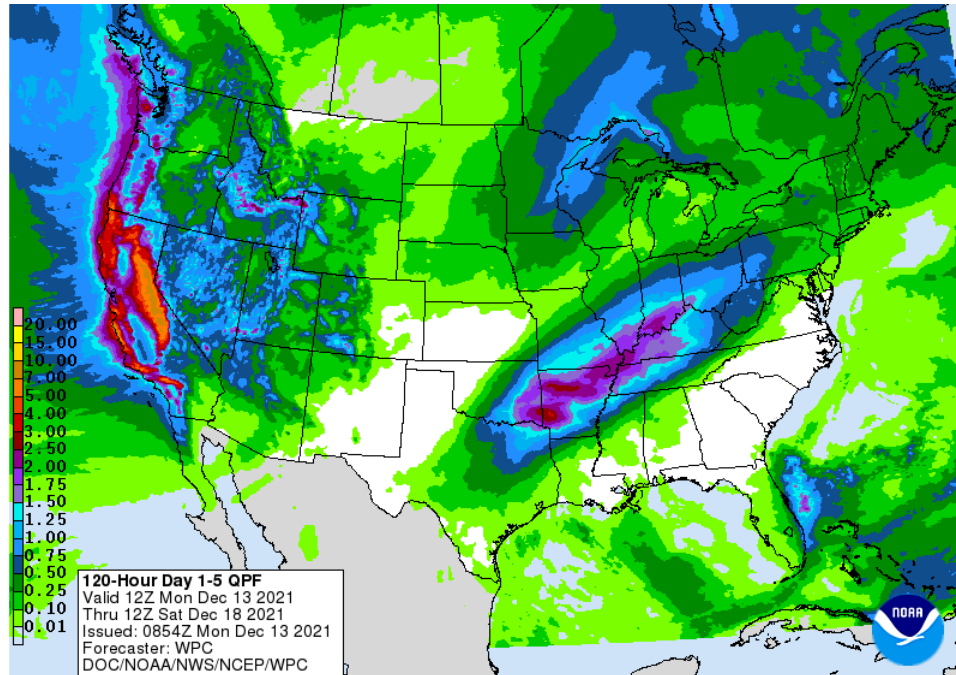
**Weather:** Dry weather continues for S Brazil & Argentina but some relief might come in week 2.

**Dollar Index:** The dollar is trading 14 ticks higher this morning at 96.24.

**Brazilian Real:** The Real is trading 8 ticks lower this morning at 1773.

**Additional Comments:**

5 Day Rainfall Accumulation Forecast



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