

More stress for South America

Corn and soybeans finished mixed as they sort out money flow and production cuts from South America from multiple entities. A prolonged dry & hot weather situation will cover a widespread area of production for Argentina and Paraguay. We feel the rains forecasted for week 3 in Argentina will be very impactful on price depending on what materializes for coverage and accumulation. This will come on the heels of the January WASDE next Wednesday. We will start to see some pre-report positioning the next few sessions as this report can be a volatile one but the markets should be well supported on any major breaks.

Today's Corn Outlook: Corn finished a penny and half higher yesterday but is off 3 cents overnight. Corn still needs to work up towards 6.15 or bears could try and push it below 5.90 before the report. Flash sale of 177k tons of corn to Mexico.

March Corn Technicals : Corn market is bullish and is looking to run at 6.15 while bears need a move below 5.82.

Today's Soybean Outlook: Beans lost 7 cents yesterday and are off 9 cents overnight. The market is digesting the declining SA soybean production but has bumped up against \$14 level and so far has not had enough momentum to bust through that level. Watching the 13.70 level on the downside in March for support. 120K tons sold to Unknown.

March Soybean Technicals: The soybean market is still slightly bullish but a move below 13.50 would be good for the bears. Bulls need to trade above 14.00 on a closing basis.

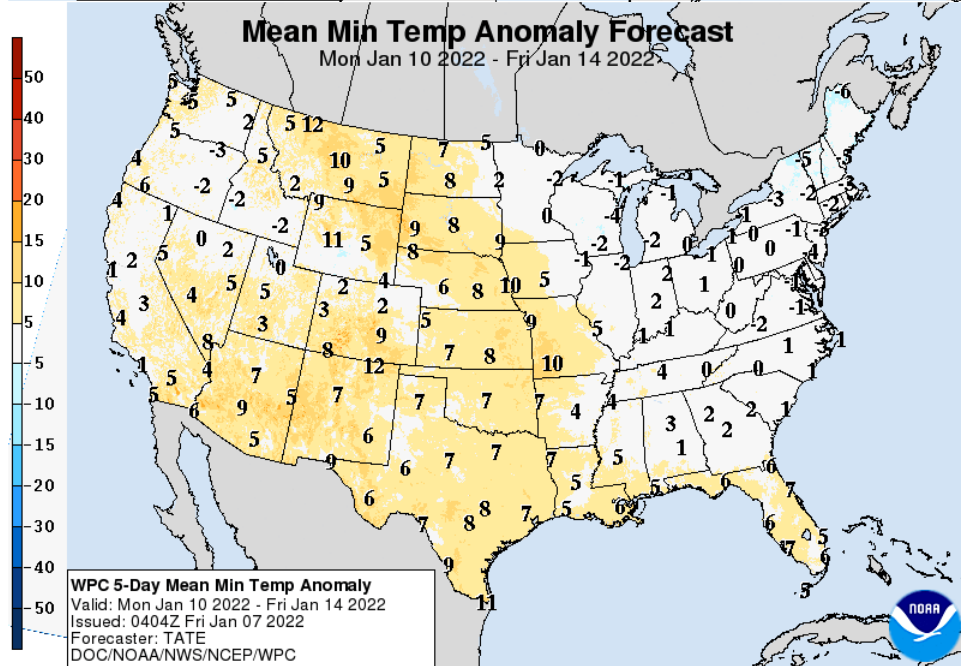
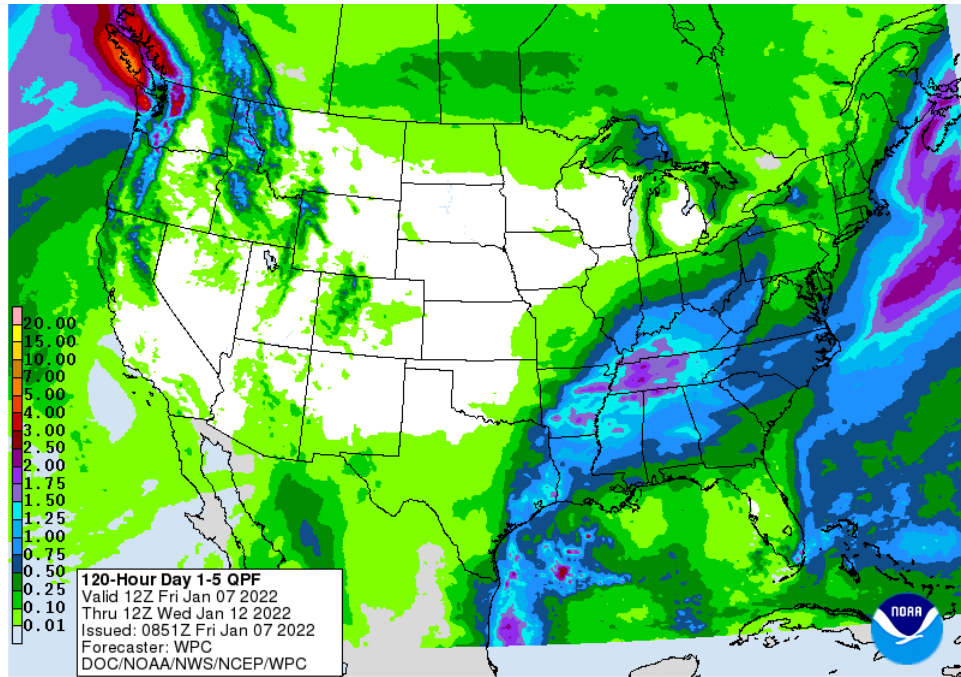
Exports: 177k tons of corn to Mexico & 120K tons of soybeans to unknown.

Weather: Extended heat and dry forecasts for Argentina & Paraguay for the next 7 to 10 days.

Dollar Index: The dollar is trading **14 ticks lower** this morning at 96.19.

Brazilian Real: The Real is trading **5 ticks lower** this morning at 1746.

Additional Comments:



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