

Friendly Conab report followed by bearish WASDE

- **Overnight- Corn and soybeans futures traded weaker overnight as we digest these higher US carryouts. They did not reach yesterday's lows so we will watch 429.75 and 1179.25.**
- **Early morning yesterday, Conab released its fresh estimates for Brazilian production.**
 - o **They lower their Brazilian soybean production estimate 6.2 MMT to 149.4 MMT & their total corn production by 3.9 MMT to 113.69 MMT.**
 - o **These cuts were bigger than expected and took corn and soybean futures into positive territory before the morning pause.**
- **Then the USDA released their February WASDE report later in the session.**
 - o **USDA dropped soybean exports by 35 million bushels and corn F/S/I usage by 10 million bushels. They did not adjust any other categories which could have offset these reductions. Both soybean crush and ethanol could have been raised.**
 - o **They left their Argentina numbers unchanged while they slow played Brazil's soybean production only dropping soybeans by 1 MMT to 156 MMT. They were a little more aggressive with Brazil's corn production dropping it 3 MMT to 124 MMT but they are over 10 MMT higher than Conab.**
- **Post report trade was mostly mixed with a little sell off late in the session before a recovery that left corn down a penny and soybeans up 4.5 cents.**

Bottomline

After we got the supportive Conab numbers, we thought there was a chance to get some upward momentum if the USDA report came out neutral to slightly friendly but that was not the case. We will see how today goes but the trade discounted the USDA's Brazilian estimates. Look for more weakness early but likely buying going into the afternoon.

March Corn Technicals: The market is bearish and needs a climb over 4.51 for a reversal.

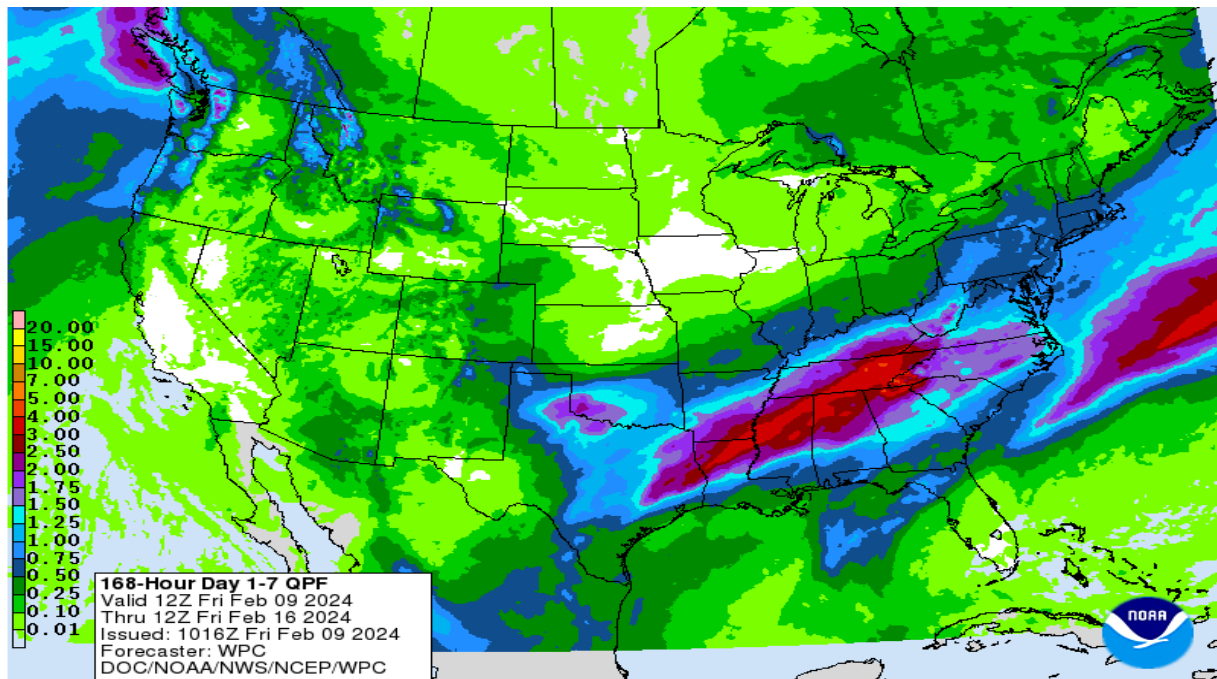
January Soybean Technicals: The market is negative and 11.71 ¼ is support but the bulls need a rally over 12.22.

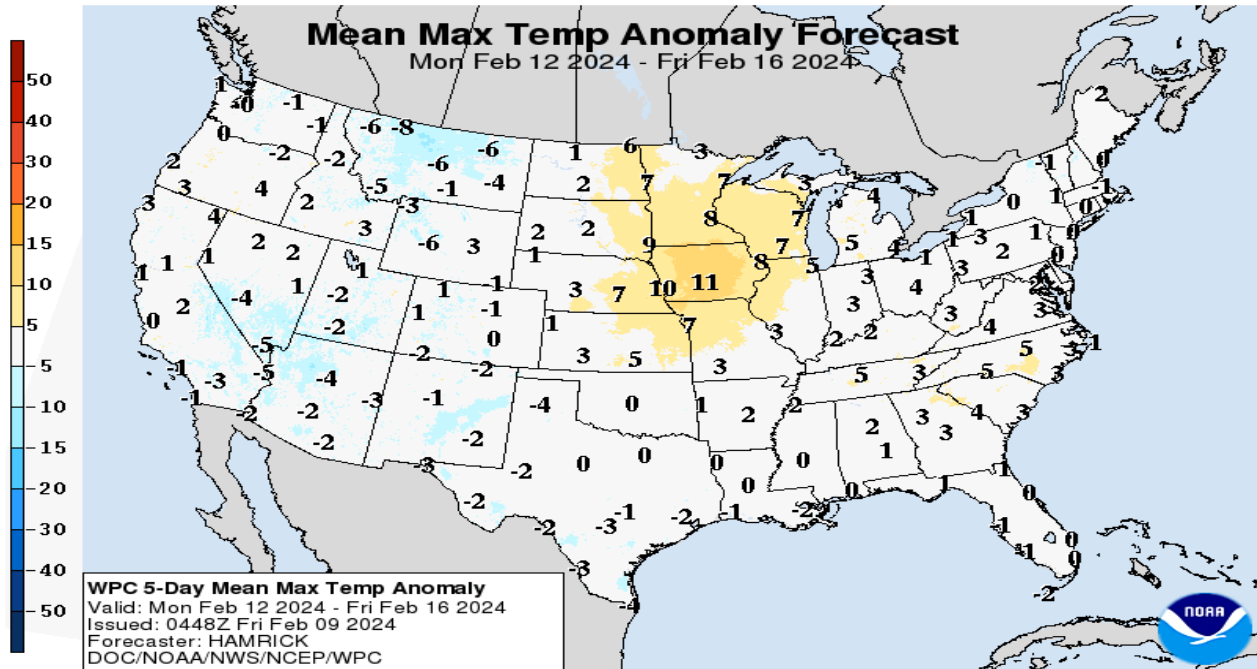
Exports: None to report.

Weather: C & S Brazil turning back dry. Argentina dryness has eased with latest rain event.

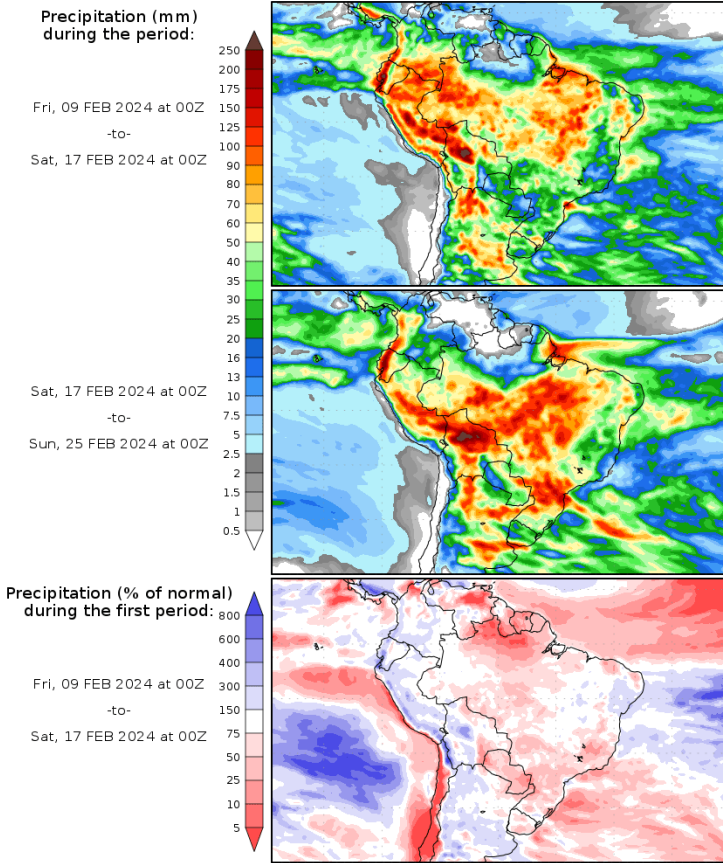
Dollar Index: The dollar is trading **12 ticks lower** this morning at 103.91
Brazilian Real: The Real is trading **7 ticks higher** this morning at 20.07.

7-day weather maps





Precipitation Forecasts



Precipitation forecasts from the National Centers for Environmental Prediction.
Normal rainfall derived from Xie-Arkin (CMAP) Monthly Climatology for 1979-2003.
Forecast Initialization Time: 00Z09FEB2024

GRADS/COLA

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