

### CORN: LOWER

Markets lower to start the week with corn jumping lower on the open last night then continuing to trade lower ending the night session on the lows, 6.5-7.5 cents lower. It appears that this is a reaction to President Trump threatening 25% tariffs on Colombia after refusing to allow a U.S. Plane full of undocumented immigrants. While it does sound like they came to an agreement and the tariff talks against Colombia are on pause, the tariff potentials are still on the forefront of everyone's mind with the Feb 1st timeline for Mexico and Canada just around the corner. Speaking of, there was a flash sale of 139k metric tons of corn to Mexico this morning and could prove to be an active week for corn sales. The last week of January, no major grain reports this week, do have a mid-week FOMC meeting so we'll see what they have to say about interest rates then.

**At the break, CH25 was 7 ¼ lower.**

### SOYBEANS: LOWER

The oilseed sector is lower across the 3 categories after beans and meal were rejected at most of the calendar contract respective 200-day moving averages. Bean oil will use the 200-day as a downside test, however. The oilseed complex is within its seasonal time to peak on all the bullish news possible which to me, is mostly on S. American supply risk. Supply risk is priced in for Brazil and Argentina for now with rain chances holding in for more rains to address dryness.

From a crop mechanics standpoint, commercials have been the sellers (bean oil, beans, meal) while spec funds given higher prices almost exclusively through short covering, not buying new longs. With beans net long +65,000, meal -60,000 and bean oil +23,000 contracts, all of these are way up from 45 days ago. We follow the delta or net total move in fund flow more so than the absolute position. For example, if beans move +100,000 or -100,000 contracts, by the spec funds, price will follow. In corn, we like to see 250-300k net moves before we know prices have moved far enough.

The daily charts and our own DDM index gave a sell in corn, beans, meal and bean oil for the producer to capitalize on. What next comes down to how the crops finish in S. America, US bio-fuel policy and then just how USDA sees spring US acre mixes. Spring weather always brings opportunities.

**At the break, SH25 was 10 ½ lower.**

### WHEAT: LOWER

KC March posted its third consecutive lower close on Friday, with funds selling wheat and row crops into the weekend. Overnight trade continued losses, stoked by threats of tariffs on Colombia, but quickly found support and trimmed losses. The rally last week took U.S. wheat above Russian offers into Mexico, but the pullback has corrected that, which we need to sustain flows to Mexico. The CFTC report showed funds reduced net shorts in KC and Chicago by 2k contracts through 1/21, but selling the rest of the week should show a rebuild next week. Forecasts for the next week bring precipitation to the southern Plains, but dry areas in the north will miss beneficial moisture. The USD index pushed down through 107 overnight, benefitting U.S. offers in the global market for all grains. Look for a weaker start to the week, led by corn and soybeans, but wheat doesn't have a solidly supportive story to chase, and Paris wheat is approaching recent lows.

**At the break, KWH25 was 3 ¾ lower.**

### CATTLE: MIXED

Cattle futures have lots of news to digest this morning, top of the list is Friday's Cattle on Feed report which showed an on feed count at 99.1% of a year ago, Dec placements 96.7%, and Dec marketings 101.0%. That placement total is a little more than 3% (~60K head) smaller than expected, with placements particularly small in TX at 77%, much the result of a closed Mexican border for feeder cattle imports. The report also showed steer inventories at 100.7% of a year ago, heifers 96.6%, and maybe a small indication of heifer retention at the ranch level, data we'll get more of later this week in Friday's annual Cattle report. Northern cash cattle markets exploded higher Friday trading mostly \$210-212, up \$6-7 vs the prior week, and futures did too, trading to fresh highs everywhere. However, the choice cutout down \$3 finally showed some sign of weakness and we'll soon find out if the cattle market still cares about the equity markets which are down sharply overnight. Weekly slaughter of 599K head was down just a tick from the 603K the prior week.

Fund Position	Accumulative	Yesterday
Corn	325,684	-5,000
Soybeans	64,921	-3,000
Soybean Meal	-60,433	-5,000
Soybean Oil	23,809	3,000
Chicago Wheat	-94,579	-3,000
KC Wheat	-35,458	-1,00



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