

MORNING GRAIN COMMENTARY

Morning Trends:

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as of 5:00 AM CST

Corn unchanged

Wheat 4 to 6 higher

Beans 4 to 6 higher

Soy Meal .50 to 1.00 higher

Soy Oil 35 to 40 lower

The Stories of the Day:

Tech slammed

The global tech rout that began yesterday in the U.S. has gone global. The Hang Seng Tech Index sank as much as 4.5%, extending its tumble from a February high to about 30%. In Europe, the Stoxx 600 Index fell the most since January as tech sector losses drove the gauge lower. One of the biggest winners over the past year, Cathie Wood's Ark Innovation ETF, was down more than 3% in pre-market trading after plunging 5.2% yesterday.

Inflation

Of the range of things being blamed for the selloff, rising inflation fears seem to be the one that correlates best. The bond market has lifted the five-year inflation outlook to the highest since 2006, while one of the oldest hedges, gold, is holding near three-month highs. Oil is also dropping. All of which means tomorrow's U.S. CPI number has gained even more significance for investors.

Global Scramble for Commodities Sends Shipping Prices Soaring

Baltic Exchange's dry index near highest since June 2010
Iron ore has surged above \$200 a ton amid accelerating demand

Weather

There is a trough in eastern Canada with another in the Central Rockies. Both troughs will head east this week while a ridge builds in the West. The ridge will spread through much of the country next week while a trough develops back in the West. This trough could spread into the Northern Plains and Midwest next week.

For the outlook period, temperatures on Sunday will be below normal in the Southeast and near to above normal elsewhere. Warmth should spread across the country into next week while below normal temperatures develop in the West.

Below normal temperatures could spread through the Plains next week. A system will move from the Plains into the Midwest early next week. Another system will move into the Plains in the middle of next week.

NORTHERN PLAINS: Moderate precipitation fell from Montana through South Dakota over the weekend and a couple of locations recorded over one inch of precipitation, helping to ease drought conditions. Northeast North Dakota remained dry and drought continues to worsen there. Scattered showers may develop near the Rockies through the week but most areas will remain dry through at least Thursday. Three disturbances may bring more widespread showers into the area Friday through next week, which would boost soil moisture for most areas. Cold temperatures and patchy frosts early

this week will rise late in the week, helping seeds germinate and help with early growth. Some models suggest cold temperatures to move back in next week, but that is uncertain.

CENTRAL/SOUTHERN PLAINS: Scattered showers moved through the region this weekend and will continue Tuesday, boosting soil moisture for wheat and emerging corn and soybeans. Temperatures will remain below normal for the next few days before rising late this week and weekend. Slow growth thus far should accelerate a bit as temperatures rise.

MIDWEST: Scattered showers fell across mostly the southern half of the region this weekend. Most areas will be dry through at least Thursday, helping soils recover to continue planting. Dryness across the north could really use some moisture for germination and early growth. Temperatures below normal will continue to stunt and delay crops for much of the week, including a couple of frosty mornings. Temperatures will rise late this week and weekend, helping to accelerate germination and early growth. There will be better chances for more widespread rainfall Friday through next week.

DELTA: Scattered showers moved across the region this weekend, including some severe weather. Some periods of moderate showers will continue through Wednesday before turning drier through this weekend. The moisture will benefit early growth, though temperatures below normal will keep growth slow this week.

SOUTHEAST: Showers this week will continue to provide adequate to surplus moisture across the region. Temperatures below normal will keep growth slow this week.

CANADIAN PRAIRIES: Scattered showers brought 0.50 to one inch of precipitation in Alberta and southwest Saskatchewan this weekend, boosting soil moisture for drought-afflicted areas. Eastern areas remained dry and cold with poor conditions for germination and growth. Some isolated to scattered showers will be possible this week, but the picture of overall dryness will continue. A system this weekend and another early next week could bring widespread meaningful precipitation to the region.

South America

BRAZIL: Heat and dryness continue to produce poor conditions for developing to reproductive corn. A front will move north from Argentina this week and carry some shower activity into southern Brazil. Wheat in the south is seeing good rainfall since late last week, which will help growth. Parana and southern Mato Grosso do Sul could see up to one inch of precipitation as well. The amounts will not be enough to reverse drought but may be able to stabilize some of the crop. Farther north, heat and dryness continue to have detrimental effects for corn.

ARGENTINA: Recent showers have disrupted the corn and soybean harvest somewhat, but primed soils for winter wheat planting, which picks up in the next couple of weeks. With showers leaving northern areas early this week, overall dryness should benefit corn and soybean harvest activities.

Headlines

> Malaysian July Palm Oil down 23 Ringgits @ MYR 4,345 a ton

- > Dalian Futures Exchange were higher, Sept Corn -7 to the Yuan, Sept Soybeans unchanged, Sept Meal -12, Sept Bean oil -122, Sept Palm oil -46
- > Asian Equity Markets were lower, Japan's Nikkei -909, China's Shanghai + 13.85 at 3441.85
- > European Equity Markets are lower, German Dax -359 pts, London FTSE -172 pts
- > MATIF Markets higher, June Corn +1.00 to the Euro, August Rapeseed unchanged, Sept Wheat +2.25
- > Save the Date...May 12th...US & World S&D's including our first look at 21/22...Reuters trade survey average trade guess for Brazilian corn production 103.05 MMT
- > Save the Date...May 17th...NOPA Crush
- > Save the Date...May 27th...1Q US GDP
- > Save the Date...May 31st...US Memorial Day
- > Save the Date...June 3rd...US monthly jobs data
- > Save the Date...June 10th...US & World S&Ds including updated acres

Commentary

Soybeans edged back near an eight-year high, approaching \$16 a bushel, ahead of a key U.S. report that could point to a continued global supply crunch.

The U.S. Department of Agriculture's WASDE report on Wednesday will include the agency's first global crop estimates for the coming 2021-22 season. Analysts expect global soybean and corn stockpiles to nudge higher from this year's low levels, while still holding well below peaks from recent seasons. Brazilian national supply company Conab is also due to release its latest estimates for corn and soybeans the same day.

Surging Chinese demand and bad weather in key global growing areas -- including drought in Brazil -- has underpinned a rally across the crop markets this year. The economic recovery from the pandemic is driving demand for commodities generally, draining stockpiles and stoking food-inflation concerns.

Soybean futures rose 0.4% to \$15.9375 a bushel in Chicago. Prices have gained more than 20% so far this year.

In other crop markets, wheat gained, after falling by the most since August 2019 on Monday as expected rains in Northern Hemisphere growing areas eased output concerns. Corn was steady.

U.S. farmers are also making good progress planting their corn and soybean crops, and winter wheat conditions slightly improved last week, U.S. data showed Monday. Rains should aid many wheat-growing areas in Europe and the Black Sea region this week and help quell long-running dryness in the Canadian prairies later this month, according to forecaster Maxar.

The driest U.S. hard red winter wheat regions are likely to get some useful rain this week. Perhaps more importantly, rainfall in northwest Europe will be enough to stall worries about crops in the region.

Soybeans Near \$16
Futures are nearing their highest since 2012

■ Most-active contract



Source: CBOT

Benchmark Wheat Tumbles

■ Generic 1st 'W' Future - Last Price



Source: Bloomberg



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