

# MORNING GRAIN COMMENTARY

Morning Trends:
<b>Morning Trends</b>
as of 5:00 AM CST
Corn 2 to 4 lower
Wheat 1 around
Beans 1 to 3 lower
Soy Meal 2.5 to 3.0 lower
Soy Oil 50 to 55 higher

The Stories of the Day:
<b>Tensions continue to mount between Moscow and DC</b> <a href="#">Russia Sends Fighter Jets to Intercept U.S. Strategic Bombers (msn.com)</a>
<b>Western US Wildfire update</b> <a href="#">California blaze erupts near site of deadliest US wildfire (msn.com)</a>
<b>S. Africa update</b> <a href="#">South Africa to deploy 25,000 troops after unrest (msn.com)</a>
Taking deforestation seriously <a href="#">Palm oil giant penalised for destroying rainforests (msn.com)</a>

**Weather:** There is a trough in the Gulf of Alaska, a firm ridge across the West, a trough in the middle of the country, and a ridge off the East Coast. The central trough will continue eastward through Friday, leaving a piece of itself to roam the South and Southeast next week. The trough in the Gulf of Alaska will try to push the western ridge out of the way this weekend but is not expected to succeed as the ridge spreads northeast for next week. A disturbance will go over the top of the ridge and create a trough in the Northeast mid-to-late next week. The Pacific trough will flatten the northern extent of the ridge next weekend as it moves across Canada, but it will continue across the U.S. The U.S. and European models are in general agreement, but I will favor the European. For the outlook period, temperatures on Tuesday will be near to below normal across the Central and Southern Plains to the Southeast with above normal temperatures elsewhere. This pattern will generally continue next week with the highest temperatures in the Northern Plains and Canadian Prairies. A front will stall out in near the Gulf Coast next week with scattered showers continuing. Some isolated showers will be possible in the expanding heat in the Central and Northern Plains as well. -DTN

**NORTHERN PLAINS (LIVESTOCK/SPRING WHEAT/CORN/SOYBEANS):** Scattered showers Tuesday night into Wednesday were disappointing and the region will be much drier over the next week. Isolated showers may develop at times but will be unlikely to have a large impact on developing to reproductive corn and soybeans. Heat will build back into the region next week and several days near 100F will continue to stress crops. -DTN

**CENTRAL/SOUTHERN PLAINS (WINTER WHEAT/LIVESTOCK/CORN/SOYBEANS):** A system will continue to bring scattered showers through Friday as a front slips south. The region could stay active through Monday, which would benefit developing to reproductive corn and soybeans outside of further severe risks. Remaining winter wheat harvest will have to dodge the rain or continue to wait. -DTN

**MIDWEST (WINTER WHEAT/CORN/SOYBEANS):** Heavy rainfall across northern areas on Wednesday missed some key areas of western Minnesota where drought likely intensified over the last week. But the rainfall was very welcome across northern Iowa, southern Minnesota, and Wisconsin, which helped to ease drought in these areas. The system will move slowly south over the next several days, continuing to bring moderate to heavy rain across the region. The rain will be helpful overall, but some of the wetter spots in northern Missouri and Illinois could use some dryness. After this system moves through, drier conditions will develop for next week. This may wipe out any benefit from the rainfall over the northwest but will benefit the saturated soils across the south and east. -DTN

**DELTA (SOYBEANS/COTTON):** After a dry next couple of days, more showers will develop as a front sags into the area this weekend into next week. Conditions are mostly favorable for developing to reproductive cotton and soybeans. -DTN

**SOUTHEAST (COTTON/LIVESTOCK):** Scattered showers and thunderstorms continue to produce favorable conditions for developing to reproductive cotton for the next week. -DTN

**CANADIAN PRAIRIES (SPRING WHEAT/CANOLA):** Crop conditions continue to deteriorate as heat and dryness continue to take their toll on crops. A significant heatwave will build back into the region over the next couple of days and continue through next week, accelerating crop growth even further. There will be some isolated shower activity that moves through, but most areas are likely to miss out, creating more stress outside of northwest Alberta. -DTN

**BRAZIL (CORN/WINTER WHEAT):** Dry weather continues to stress filling corn, which is still a large portion of the crop still in the field. Winter wheat has fared better but could use more rainfall. A front will bring showers to southern areas through the weekend, which could offer limited benefit to corn that is still further behind developmentally. There is another chance for frosts Sunday through Tuesday mornings that could have more detrimental effects on corn across the south. -DTN

**ARGENTINA (WINTER WHEAT):** Dryness continues for most areas over the next week. Even with limited rainfall recently, soil moisture continues to be favorable for most of the winter wheat areas. -DTN

**EUROPE (SPRING WHEAT/CORN):** A system that has brought scattered showers to much of the continent this week will stall over eastern areas into next week. This has delayed winter crop harvest but will be highly beneficial for developing to reproductive crops over eastern areas which have been the only spots lacking adequate precipitation for spring-sewn crops this season. Conditions are highly favorable for most of the rest of the continent. -DTN

**UKRAINE/SOUTHWEST RUSSIA (WHEAT/CORN/SUNFLOWERS):** An overall hot and dry forecast is expected through the weekend. This could cause stress for some of the locally drier areas of the region, though many still have plenty of soil moisture to cope with the heat. The Volga Valley region of Russia will likely have the hardest time dealing with the heat. Showers and a break from the heat is expected to come next week. -DTN

**CENTRAL RUSSIA/KAZAKHSTAN (SPRING WHEAT/GRAINS):** Scattered showers across eastern areas of the region this week are turning isolated as an upper-level low spins north out of the main growing regions in the next day or two. Conditions in this half of the region are much better than the west, where dryness and heat have taken a toll on developing to reproductive small grains. -DTN

**AUSTRALIA (WINTER WHEAT/CANOLA):** Periods of showers are maintaining overall favorable conditions for vegetative winter wheat and canola in most areas. -DTN

**CHINA (CORN/SOYBEANS):** Periods of widespread showers and relatively stable temperatures continue favoring developing corn and soybeans. -DTN

**INDIA (COTTON/SOYBEANS):** Monsoon showers have been a little disappointing in the northwestern quarter of the country thus far but are in the area. Some cotton areas are doing better than others due to the discrepancy. Showers have been much more consistent and heavier across the east and south for soybeans. This pattern likely continues over the coming week. -DTN

## Headlines

> Malaysian Sept Palm Oil is up 117 Ringgits

- > Dalian Futures Exchange were mostly higher Sept Corn up 10 to the Yuan, Sept Beans down 72, Sept Meal up 39, Sept Bean Oil up 92, Sept Palm Oil up 90
- > Asian Equity Markets were mostly lower, Japan's Nikkei down 1.2%, China's Shanghai up 1.0%
- > European Equity Markets are mixed to lower, German Dax down .5%, London FTSE unchanged
- > MATIF Markets are mixed, Aug Corn up .50 to the Euro, August Rapeseed up .75, Sept Wheat down .75
- > Save the Date...July 15<sup>th</sup>...NOPA Crush...MoM June crush is expected to be down 4.7% from May at 159.5 MBU
- > Save the Date...July 28<sup>th</sup>...FOMC Meeting Results
- > Save the Date...July 29<sup>th</sup>...2Q US GDP
- > Save the Date...July 31<sup>st</sup>...US Government set to run out of Money
- > EU flooding turns deadly [19 dead, dozens missing in Germany floods; 2 die in Belgium \(dailyjournal.net\)](#)
- > ASF...the payoff of China turning to large scale hog farming [China's H1 pork output soars by a third to 27.2 mln T as hog farms rebuilt | Nasdaq](#)
- > Bird Flu in China H5N6 infection found in a human...one off event do not PANIC [China's H1 pork output soars by a third to 27.2 mln T as hog farms rebuilt | Nasdaq](#)
- > FAW in India [Fall armyworm infests maize crops - The Himalayan Times - Nepal's No.1 English Daily Newspaper | Nepal News, Latest Politics, Business, World, Sports, Entertainment, Travel, Life Style News](#)
- > How the West was lost? [From Anthrax to Grasshopper Plague, Heat in the West Takes Toll By Bloomberg \(investing.com\)](#)
- > CT Songbird update [Connecticut Warns Residents To Watch Out For Sick Songbirds \(msn.com\)](#)
- > Weekly Jobless Claims at 7:30 AM CDT expected at 360,000 vs. last week's 373,000
- > Weekly export sales at 7:30 AM CDT wheat expected between 300-500,000 MT, corn 500-700,000MT, beans 500-700,000 MT, meal, 200-400,000 MT, and oil 5-25,000 MT

## Commentary

Do you want to believe your lying supply side bearish eyes or the hype from us supply side bulls? The push pull battle between supply side bulls and bears continues. Supply side bears rightly pointing out that the dry areas of the WCB and even parts of the N. Plains have been reduced in the month of July. On top of that WCB temperatures seem like they will be ideal for the bulk of pollination season in July. Market bulls have rightly pointed out that US weather is not all about drought but how easily or not the road to trendline yields will be for corn and beans this year. In other words, the bull keeps touting the fact that to date this has been a Goldilocks summer in the US, some areas too dry, some areas too wet (we are talking about you, Mid MO, and Central IL) and not enough areas just right. Given the high in CZ in May was 638 and the low in CZ in May was 500...CZ in the mid 550's the bull and the bear have fought each other to a draw. We feel that the winner of the next round will be based on export news. That is why we find it so interesting that the rumor of the week is that up to 10 cargoes of Argentina corn has been sold into Brazil. This might be the confirmation the trade needs that the USDA at 93.0 MMT for Brazilian corn production remains way too high. If this business indeed was done it provides further evidence that the US corn export season window will open up sooner rather than later. If that is



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the case and we get into any kind of weather hiccups to finish the US corn growing season the CU/CZ spread could become explosive.

An investment in futures contracts is speculative, involves a high degree of risk and is suitable only for persons who can assume the risk of loss in excess of their margin deposits. You should carefully whether futures trading is appropriate for you in light of your investment experience, trade objectives, financial resources, and other relevant circumstances. PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.