

MORNING GRAIN COMMENTARY

Morning Trends:

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as of 5:00 AM CST

Corn 1 around

Wheat 1 to 3 higher

Beans 4 to 6 higher

Soy Meal .5 to 1.0 higher

Soy Oil 55 to 60 higher

The Stories of the Day:

China's ability to control prices in the long run [Analysis: Reality bites: China's meddling cools but can't reverse hot commodity prices | Reuters](#)

China tries to control the uncontrollable [China seals city as its worst virus outbreak in a year grows \(msn.com\)](#)

I believe CBS had a TV show about this...Person of Interest... [The Pentagon says its new AI can see events 'days in advance' \(msn.com\)](#)

Old school plague in Tahoe [Bubonic-plague afflicted chipmunks and rodents are shutting down parts of Lake Tahoe \(msn.com\)](#)

Weather: There are a couple of disturbances in the Eastern Pacific, a ridge across most of western North America and extending into southern Canada, and a cutoff low in the Eastern U.S. The two disturbances in the Eastern Pacific will seize on the opportunity of a weakened ridge and slide into the Pacific Northwest Thursday and Friday. This will allow for several disturbances to move through the U.S. next week. The ridge looks to build back in the West late next week or weekend. The U.S. and European models are in general agreement with the pattern but not the details. I will favor the European with differences. For the outlook period, temperatures on Monday will be near to above normal for most of the country, with some cool anomalies in the Pacific Northwest into the Northern Plains. Temperatures may fall near normal across the rest of the Plains, but most areas should rise or stay above normal next week. A few disturbances will move through the U.S.-Canada border region with scattered showers across the northern tier of the country and better showers across the Midwest and Central Plains. Scattered showers will continue across the Southeast over the period as well. -DTN

NORTHERN PLAINS (LIVESTOCK/SPRING WHEAT/CORN/SOYBEANS): Isolated showers will spread across the region Wednesday as a disturbance moves through. It will leave behind a frontal boundary across the north that will be active Friday into Saturday and possibly on Sunday as well as a couple of disturbances move through again. Yet another system will move through early next week with more showers. Showers will be scattered but be helpful for a few locations, especially for North Dakota soybeans and corn. -DTN

CENTRAL/SOUTHERN PLAINS (WINTER WHEAT/LIVESTOCK/CORN/SOYBEANS): Only some isolated showers are expected for the next week, and the region could use more widespread rainfall while corn and soybeans fill. Mild temperatures will slowly rise through the weekend before a series of fronts brings temperatures down again next week. -DTN

MIDWEST (WINTER WHEAT/CORN/SOYBEANS): Mild temperatures will slowly increase through the rest of the week and some isolated showers will be possible in the northwest Thursday and Friday as a disturbance slowly moves through and a front settles into the north. The front will be active this weekend into next week as a few disturbances move through, which may bring good rainfall to drought areas while corn and soybeans fill. -DTN

DELTA (SOYBEANS/COTTON): Recent showers have had scattered coverage but were beneficial where they fell. There is very little chance for rainfall over the next week and temperatures will be increasing into the weekend, which could start to stress some of the drier areas. -DTN

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

CANADIAN PRAIRIES (SPRING WHEAT/CANOLA): A system is producing some scattered showers across the region. It will leave behind a front that will be active into early next week as a couple of disturbances move through and allow temperatures to come back down toward normal through next week. The stress easement may be too late for much of the wheat and canola crop as harvest starts up. -DTN

BRAZIL (CORN/WINTER WHEAT): Three rounds of frost and continued drought have plagued safrinha corn crops, especially over the last month. Widespread damage has been noted as the harvest continues to advance. Winter wheat has fared better but could still use more moisture and warmer temperatures as the crop advances toward reproduction. Southern Brazil will remain dry for the next week, but below normal temperatures will slowly rise through the week. -DTN

ARGENTINA (WINTER WHEAT): Colder air and dryness will continue to be unfavorable for the next couple of days. While the dryness continues into the weekend, temperatures will be on a favorable rising trend. A system may bring needed widespread showers to southern wheat areas Sunday and Monday. -DTN

EUROPE (SPRING WHEAT/CORN): The continent will remain active over the next week as several systems will move through. Drier areas in the east are expected to see some good rainfall late this week. Mostly favorable conditions continue for much of the summer crops, but the rainfall is causing delays for winter and spring grain harvest. -DTN

UKRAINE/SOUTHWEST RUSSIA (WHEAT/CORN/SUNFLOWERS): Scattered showers continue through Ukraine and northwest Russia over the next week, but it is drier in southwest Russia while temperatures are above normal. This will more-or-less be the pattern over the next week, putting stress on drier areas in southwest Russia, including the Volga Valley. -DTN

CENTRAL RUSSIA/KAZAKHSTAN (SPRING WHEAT/GRAINS): There is a large contrast in crop conditions with poor conditions across the west and south and good conditions in the northeast. Scattered showers that continue across the east while leaving out the west will continue this trend over the next week. -DTN

AUSTRALIA (WINTER WHEAT/CANOLA): Recent showers continue to favor vegetative winter wheat and canola, but northern New South Wales and Queensland could use some more showers. Still, soil moisture is favorable for vegetative wheat and canola. -DTN

CHINA (CORN/SOYBEANS): Recent heavy rain in the northeastern corn and soybeans areas may have induced some localized flooding. Heavy rainfall across the North China Plain last week likely produced crop damage as some areas saw more than 10 inches of rain. Scattered showers continuing in northeastern areas over the next week will be unfavorable for saturated soils. -DTN

INDIA (COTTON/SOYBEANS): The remnants to Typhoon Cempaka are stalling across north-central portions of the country and could produce widespread flooding over the next couple of days. Otherwise, the monsoon will remain active except across the south, which could have an effect on both cotton and soybeans in these areas. -DTN

Headlines

> Malaysian Oct Palm Oil up 188 Ringgits

> Dalian Futures Exchange were mixed Sept Corn down 1 to the Yuan, Sept Beans up 54, Sept Meal down 32, Sept Bean Oil up 56, Sept Palm Oil 138

> Asian Equity Markets were mixed, Japan's Nikkei down .2%, China's Shanghai up .9%

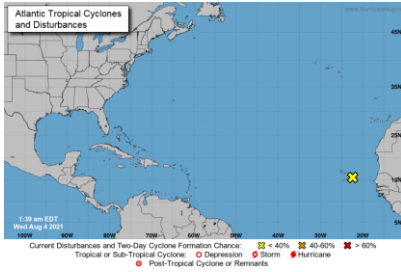
- > European Equity Markets are higher, German Dax up .7%, London FTSE up .3%
- > MATIF Markets are mixed to higher, Nov Corn up .75 to the Euro, Nov Rapeseed up 4.25, Sept Wheat unchanged
- > Save the Date...July 31st...The clock is now ticking on US debt ceiling
- > Save the Date...Aug 6th...US Employment Numbers...expected 788,000 new non-farm jobs created in July, monthly unemployment rate expected to fall to 5.7% from 5.9%...MoM hourly wages up .3%
- > Save the Date...Aug 11th...Mountain Day in Japan
- > Save the Date...Aug 12th...USDA Crop Production and S&Ds
- > Save the Date...Aug 16th...NOPA Crush
- > ASF in the Dominican Republic from 2 provinces to 11 [Highest alert in Brazil with African Swine Fever outbreak in Dominican Republic, which spread from 2 to 11 provinces — MercoPress](#)
- > High cost of feed inputs for poultry producers not just a US thing [Covid shadow, avian flu fallout: Rising feed costs may hike chicken, egg prices \(msn.com\)](#)
- > Locust/Bird Flu/ all quiet today
- > Grasshopper story gaining legs [Grasshoppers Are Becoming A Bigger Issue - SwiftCurrentOnline.com](#)
- > The evolving education of the Australian farmer when it comes to FAW [Natural insect predators go into battle against fall armyworm - Grain Central](#)
- > Princess Asphalt update [MV Asphalt Princess: Suspected hijackers leave ship off UAE - BBC News](#)

Commentary

I believe in the long term power of Santa Claus, the Easter Bunny and the bull spread of CU/CZ. I believe end users remain short booked in the US and are hoping for an early and active start to the fall corn harvest season. Given the run down nature of the US corn pipeline any early hiccups to the corn harvest will have basis implications which in turn will have board implications. Already SE US poultry producers are keeping an eye to the sky given the rain forecast for the active harvest areas in SE GA and N. FLA. I believe that more and more cash merchandiser in the gut slot of the Corn Belt are spending their day on logistics chasing ever elusive old crop corn bushels. I believe that the MM fund roll of long Sept corn to Dec has pressured the CU/CZ spread further than expected. I realize that commercial who want to back stop export lifts at the gulf with CME deliveries know that no matter how late the harvest is they will still get new crop bushels before they can get Sept corn deliveries to the gulf. Nevertheless, I believe in the power of the CU/CZ spread this year. My faith in this spread partially generated by the way CQ/CX has been trading at the Matif. CQ/CX is up another 4 Euros today. I believe.

We Have an X

Wednesday, August 4, 2021



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.