

# MORNING GRAIN COMMENTARY

Morning Trends:
<b>Morning Trends</b>
as of 5:00 AM CST
Corn 1 to 3 lower
Wheat 8 to 10 higher
Beans 5 to 7 lower
Soy Meal .5 around
Soy Oil 75 to 80 lower

The Stories of the Day:
Crude oil <a href="#">Oil prices hit by concern over Chinese economy and higher supply   Reuters</a>
When it comes to Afghanistan, China you are on the clock <a href="#">Here's Why China Could Be Sucked Into the 'Graveyard of Empires' (msn.com)</a>
ISIS using free speech platforms of the right to spread its propoganda in the West <a href="#">Pro-Trump social network becomes safe haven for ISIS (msn.com)</a>
Tensions at Sea <a href="#">Deadly drone attack on tanker escalates Iran-Israel maritime tensions (msn.com)</a>
US Senate works Sunday night on infrastructure deal <a href="#">Senators Push to Wrap Up Bipartisan Infrastructure Bill This Week (msn.com)</a>

**Weather:** There is a ridge across most of western North America and a series of troughs in eastern North America. The ridge will expand across southern Canada early this week and cutoff a trough across the

eastern U.S. A trough in the Gulf of Alaska and another weak upper low will seize on the opportunity of a weakened ridge and slide into the Pacific Northwest late this week. This will allow for several disturbances to move through the U.S. next week. 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 Saturday will be near to above normal for most of the country, with some cool anomalies in the Pacific Northwest. Cooler temperatures are likely to spread at least into the Northern Plains next week. A frontal boundary will be active near the Canada border on Saturday into next week as a couple of different disturbances move through. -DTN

**NORTHERN PLAINS (LIVESTOCK/SPRING WHEAT/CORN/SOYBEANS):** Moderate rain fell across South Dakota on Friday, but most areas were dry over the weekend. Isolated showers will spread across the region Tuesday and 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. 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):** Scattered showers moved through over the weekend with some locally moderate to heavy amounts, especially across eastern Nebraska. The front that moved through brought some rainfall and cooler temperatures, which should benefit both corn and soybeans. Only some isolated showers are expected this week, though and the region could use more widespread rainfall while crops fill. -DTN

**MIDWEST (WINTER WHEAT/CORN/SOYBEANS):** A system brought some good rainfall to southwestern areas Friday and Saturday and got a good swath western and southern Iowa with moderate rainfall over two inches. More isolated showers fell across the Great Lakes this weekend as well. Very little rainfall is anticipated this week and there area large areas particularly in the northwest that still are in need of more rainfall. But

temperatures will also be mild, helping to reduce stress. A front will dip south into Minnesota on Friday and looks to be active into the weekend that could provide the needed rainfall. -DTN

DELTA (SOYBEANS/COTTON): A system moved through this weekend with scattered showers and moderate amounts across the north. There is very little chance for rainfall this week, but temperatures will be mild, helping to reduce any stress for areas that have been missed lately. -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): Conditions were dry and warm this weekend with continued stress to damaged crops. Temperatures will remain above normal this week. A system in the middle to end of this week could produce some scattered showers. 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 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 kicks 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 at least 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 next Sunday and Monday. -DTN

EUROPE (SPRING WHEAT/CORN): Scattered showers moved through much of the continent over the weekend but with low amounts except for locations near the Alps. The continent will remain active this 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. -DTN

UKRAINE/SOUTHWEST RUSSIA (WHEAT/CORN/SUNFLOWERS): Scattered showers moved through Ukraine and northwest Russia over the weekend, but it was drier in southwest Russia while temperatures were 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): Showers fell across northern areas while western and southern areas continued to remain unfavorably dry. There is a large contrast between the two regions for crop conditions with poor conditions across the west and south and good conditions in the northeast. -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. -DTN

CHINA (CORN/SOYBEANS): Moderate to heavy rain fell across northeastern corn and soybeans areas and may have induced some localized flooding in those areas. 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

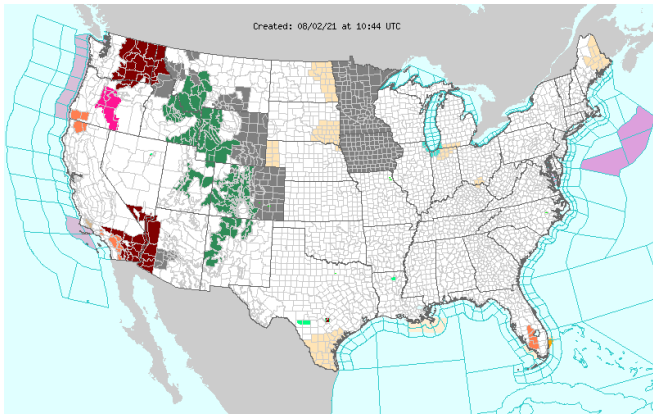
- > Malaysian Oct Palm Oil down 240 Ringgits
- > Dalian Futures Exchange were lower to sharply lower Sept Corn up 3 to the Yuan, Sept Beans down 19, Sept Meal down 22, Sept Bean Oil down 202, Sept Palm Oil down 162
- > Asian Equity Markets were higher, Japan's Nikkei up 1.8%%, China's Shanghai up 2.0%
- > European Equity Markets are higher, German Dax up .4%, London FTSE up .9%
- > MATIF Markets are higher, Nov Corn up 2.0 to the Euro, Nov Rapeseed up 2.0, Sept Wheat up 2.75
- > Save the Date...July 31<sup>st</sup>...The clock is now ticking on US debt ceiling
- > Save the Date...Aug 6<sup>th</sup>...US Employment Numbers
- > Save the Date...Aug 11<sup>th</sup>...Mountain Day in Japan
- > Save the Date...Aug 12<sup>th</sup>...USDA Crop Production and S&Ds
- > Save the Date...Aug 16<sup>th</sup>...NOPA Crush
- > The battle is joined in the Dominican Republic [Dominican Republic restricts pig shipments, enlists military to fight African swine fever | Reuters](#)
- > Locust/Bird Flu/Grasshoppers all quiet today
- > FAW, in Australia [Efforts to combat small but 'ravenous' worm ramp up \(riverineherald.com.au\)](#)
- > The CFTC on Friday said as of the close of 7/27 the MM Funds were long 3,067 Chicago wheat, long 31,765 KW, long 8,326 MW, long 228,009 corn, long 99,051 beans, long 22,193 meal, and long 61,262 bean oil
- > GASC in looking for wheat, shipment Sept 24-Oct 4<sup>th</sup>
- > Black Sea wheat values higher again to start the week [Russian wheat prices up on worsening crop outlook | Nasdaq](#)
- > China death toll from recent floods jumps higher [Death toll jumps to more than 300 in recent China flooding \(msn.com\)](#)
- > Iranian Drought [As water table lowers, Tehran and much of Iran are slowly sinking \(msn.com\)](#)
- > Russian heat wave in Central Black Region only a brief respite this week [GISMETEO: Central Black Earth Region to have brief respite from heat - Climate | Weather news.](#)

## Commentary

Between now and Aug 12<sup>th</sup> we will see a slew of private crop estimates, over the US national corn and bean yields. In the run up to the Aug 12<sup>th</sup> reports, keep in mind when looking at these guesses the private numbers are what analysts think in real time. There will be a whole other package of guesses coming out right before the report on what private analysts think the USDA will report. What is interesting to us is that the USDA numbers are based on July readings. That between now and the report we will have two weekly crop updates from the USDA. Already tonight's update is expected to show further declines in the N. Plains corn and bean crop ratings.

Monday, August 2, 2021

Given the cool but dry forecast ahead one would expect that next week's crop ratings could show further declines. The most interesting spread to keep an eye on will be the spread between the average trade guess of the private analyst in what they think in real time vs. the USDA numbers on Aug 12<sup>th</sup>. For example, we feel the USDA will not go below 178.0 in corn or come off of their 50.8 bushel an acre numbers for beans. Yet there are guesses this AM from AgResource that suggest that the national yield in corn is between 173.0-175.0 and beans between 49.2-50.4 bushel an acre. The bottom line can we just fast forward to Aug 12<sup>th</sup>, please.



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.