

MORNING GRAIN COMMENTARY

Morning Trends:

Corn: 1 around
Wheat: 1 to 3 higher
Soybeans: 1 around
Soybean Meal .5 to 1.0 higher
Soybean Oil: 10 to 20 lower

The Stories of the Day:

Nothing says the US like...but they are made where?
<https://www.msn.com/en-us/money/companies/30-iconic-us-brands-that-arent-made-in-america/ss-BBXacrp?ocid=spartandhp>
This song does not sound like Henry VIII...the second verse is worse than the first? <https://www.msn.com/en-us/health/health-news/what-a-second-peak-of-coronavirus-could-look-like/ar-BB14Ggmi?li=BBnb7Kz&ocid=spartandhp>

Weather:

A trough in the South and northern Midwest will combine as both push east through the weekend. Meanwhile, a large ridge in the west will build through the Rockies and into the Plains through the weekend and the next trough will move toward the West Coast, setting up a large ridge over the middle of the country with troughs on both coasts next week. The trough and ridge may push a bit further to the east by the end of next week, showing a trough-west and ridge-east pattern. The U.S. and European models are similar but disagree on the placement of precipitation and timing of systems. I will use the European ensembles. For the outlook period, temperatures on Tuesday will be well above normal in the West through the western Midwest and below normal in the East. Temperatures will gradually warm over the eastern half of the country and cool in the West, but the overall picture will be of above normal temperatures. The ridge's expansion into the middle of the country will suppress shower activity over the south, but the trough in the west could spell precipitation chances for at least the High Plains by the middle of the week. And a system may move across the northern border late in the week with shower activity as well. -DTN

NORTHERN PLAINS (SPRING WHEAT/CORN/FIELDWORK): Scattered showers will occur over the southeast Saturday, but drier weather is expected over most areas through the middle of next week. Producers should not have much trouble finishing planting under these conditions. Heat building with the ridge next week could lead to stress for emerging and developing crops, but this may come with additional showers as well, which would reduce the stress. -DTN

CENTRAL/SOUTHERN PLAINS (WINTER WHEAT/CORN): Widespread shower activity has been beneficial to heading wheat in the west, while showers have caused some flooding in the central and east. After showers move through the region Thursday, notably drier weather will take hold. Heat building in next week could cause some stress for the drier areas. -DTN

MIDWEST (CORN/SOYBEANS/WHEAT/FIELDWORK): Rounds of showers will shut down as a front moves through Thursday and Friday. Heat building next week would be concerning if soil conditions were not so moist and instead could lead to rapid development of crops. -DTN

DELTA (SOYBEANS/COTTON/FIELDWORK): Periods of showers have continued to keep soils rather moist and delay planting activities. Showers will continue through Friday before shutting down and allowing better windows for planting for several days. -DTN

BRAZIL (CORN/COTTON): Dryness continues to be concerning for reproductive corn and cotton in central and northern regions, but rainfall has been very beneficial for southern corn and cotton and developing wheat. Very little shower activity is expected through this weekend with isolated showers over the far north. Scattered showers return early next week, but mostly only for southern areas.

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ARGENTINA (WINTER WHEAT): Showers look to return this weekend, though may be widely scattered. Areas that get missed may have to wait several more days to see any more rainfall. This could stress emerging wheat. -DTN

EUROPE (WINTER WHEAT/RAPESEED/CORN): Scattered showers fell over the last several days in eastern Europe, where deficits have been fairly high over the last 60 days. The showers were likely beneficial to heading wheat and developing summer crops. Periods of showers will continue over eastern Europe through this weekend, continuing to ease the dryness. Conditions will be much drier in the west and stress to wheat and developing corn in France, the UK, and Germany will need to be monitored. -DTN

UKRAINE/WEST RUSSIA (WINTER WHEAT/CORN): Conditions continue to be quite favorable for heading wheat and developing corn and sunflower in Ukraine, where showers have been more plentiful. But dryness is being found in western and especially southern Russia. Showers have been more limited recently and many areas saw lighter showers than expected over the last week. Shower activity continues over the next several days in Ukraine, but limited showers are expected for Russia. Showers may be more plentiful for southern Russia next week, but it could be too late. -DTN

CANADIAN PRAIRIES (SPRING WHEAT): Fieldwork and planting has caught back up to a normal pace for all but Manitoba, where planting pace is still trailing due to moist soils. Moderate showers fell last week for the drier sections of Alberta and Saskatchewan, boosting soil moisture for emerging crops. Cooler weather through Friday is not expected to produce any widespread frost. A warmer pattern shapes up for next week which should accelerate planting and crop growth. Shower activity may also increase, which would benefit emerging crops. -DTN

NORTHWEST AFRICA (WINTER WHEAT): Filling wheat in Algeria and Tunisia will see drier conditions over the next several days, benefiting filling wheat. Nothing can be done at this point to save the damaged wheat crop in Morocco. -DTN

AUSTRALIA (WINTER WHEAT): Showers moving through Thursday and Friday will benefit western wheat areas. It will be drier in the east over the next 7 days for all but the far south, but soil moisture and irrigation reserves are adequate. -DTN

CHINA (WINTER WHEAT/RAPESEED/CORN/SOYBEANS): Overall favorable conditions are found in the northeast for corn and soybean emergence and establishment. Drier weather over the central areas will benefit filling wheat and rapeseed. And showers in the south continue to be beneficial for developing sugarcane and rice. -DTN

INDIA (WINTER WHEAT/RAPESEED/RICE/COTTON): Rainfall continues to increase across the country as we head toward the monsoon season which will begin in the next week or so. This is beneficial to all areas for prepping soils for planting. An outbreak of locusts continues in Pakistan and has migrated into western India as well. Extensive damage has been reported for the early cotton and winter wheat crops. The swarm is starting to devastate newly planted summer crops, including cotton, and will need to be curtailed before the monsoon hits. -DTN

Headlines:

- Malaysian August Palm Oil up 11 Ringgits
- Dalian Futures exchange Sept corn up 11 vs. the Yuan, Sept beans up 55, Sept meal up 2, Sept bean oil up 30
- Asian Equity markets were mixed Japan's Nikkei up 1.7% China's Shanghai down .4%
- To start their day European Equity markets are higher Dax up .8% London FTSE up .6%

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- MATIF markets are mixed June Corn down .25 vs. the Euro, August Rapeseed down 1.50, Sept Wheat up .50
- Save the Date...May 28th...1Q US GDP...expected at -1.8% unchanged from last reading
- Save the Date...May 28th...US weekly jobless claims...expected at 2,050,000
- Save the Date...May 28th...US National Burger Day...medium rare swiss/mushroom please
- Save the Date...June 5th...US monthly employment numbers
- Save the Date...June 10th...FOMC meeting
- Save the Date...June 11th...USDA S&Ds
- Save the Date...June 15th...NOPA Crush
- Covid-19 update <https://markets.businessinsider.com/news/stocks/stock-market-news-today-stocks-hong-kong-law-china-stimulus-2020-5-1029241493>
- Gone from our daily rotation but not forgotten ASF still making news <https://www.scmp.com/business/companies/article/3086485/chinas-billionaire-farmer-sees-tipping-point-sky-high-hog-prices>
- Fall Armyworm, in the Island Nations <https://reliefweb.int/report/papua-new-guinea/fall-armyworm-papua-new-guinea-how-big-risk>
- Locust, international media finally following the story, daily, <https://www.foxnews.com/science/huge-locust-swarms-hit-india-east-africa-amid-coronavirus-pandemic>
- Weekly EIA numbers will be out at 10:00 AM CDT WoW we expect gasoline stocks to remain flat, we expect crude oil stocks to be down 2.5 million barrels. API numbers last night have WoW gasoline stocks up 1.1 million barrels, crude oil stocks down 3.4 million barrels
- Due to the Memorial Holiday; the next weekly USDA Export Sales Report will be released on Friday, May 29, 2020 -QT
- Plenty of talk yesterday that China booked 10-14 cargos of Brazilian beans for Sept/Oct shipment

Commentary:

The big question for this summer does China need the US and does the US need China. This question all the harder to answer as both countries as well as the world try to figure out what their economies will look like for the next 24 months as we try to repair the damage done by Covid-19. This question all the harder to answer in a US Presidential election year. This question all the harder to answer in a US Presidential election year where many will try to shift the blame of domestic Covid-19 response failures back on to the Chinese. Both countries need each other as trading partners. Farm equipment, Ag products are just a few of the things that the US needs to sell to China. China today says they are not going to use infrastrucere projects as a way to spend out of their post Covid-19 issues. This means they will need the US markets, such as electronics, to sell their goods. China at the same time, especially for domestic consumption, wants to be treated as an equal on the world stage. This means countries that are shifting blame for Covid-19 on to China will see push back. This dance of Covid-19 blame game as well as other long standing issues between Beijing and DC will be a complex dance. A dance that will have daily impact on US board values.

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 consider 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.