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A DIVISION OF MAREX SPECTRON

Monday, July 20, 2020

MORNING GRAIN COMMENTARY

Morning Trends:
Corn: 1 to 3 lower
Wheat: 1 to 3 lower
Soybeans: 2 to 4 higher
Soy Meal .5 around
Soy Oil: 35 to 40 higher

The Stories of the Day:
Such a good girl https://www.msn.com/en-us/news/us/kansas-dog-makes-nearly-60-mile-journey-back-to-her-previous-house-in-missouri/ar-BB16Wigz?li=BBnb7Kz
China tells US time to make a choice https://www.msn.com/en-us/news/world/chinas-ambassador-to-the-us-says-america-must-make-a-fundamental-choice/ar-BB16VqxG?li=BBnb7Kz

Weather:

A ridge remains planted over the southern U.S. with troughs moving through Canada over the course of the next 10 days. Occasionally these troughs will extend into the northern U.S. The ridge looks to be much firmer implanted this weekend with hot and humid weather through the middle of the country yet again. The U.S. and European models are in fair agreement, so I will use a blend of the models. For the outlook period, temperatures on Saturday will be above normal across most of the country, especially east of the Mississippi River as another heatwave extends across the region through the extended period. Temperatures will be closer to or just above normal in the Plains. Precipitation will remain mostly limited to the northern tier of the country as a couple of systems pass by through Canada. Showers will continue to pop up over the Southeast in the heat as well. -DTN

NORTHERN PLAINS (SPRING WHEAT/CORN): A complex of heavy and severe thunderstorms moved through the eastern half of the region on Friday, especially for eastern North Dakota and northeast South Dakota, likely causing damage to heading to filling wheat and silking corn. Where damage did not occur, the rainfall, in excess of one inch for many, was beneficial to the crop. Scattered showers will continue every couple of days as the storm track is through the region through the next 10 days, overall beneficial to crops though severe weather will continue to be a threat. -DTN

CENTRAL/SOUTHERN PLAINS (WINTER WHEAT/CORN/COTTON): Portions of Kansas, Colorado, and Nebraska have seen good shower activity over the weekend while others remained dry. Showers have been beneficial for developing corn and cotton in the region where they have occurred but have been notably absent for much of West Texas where heat has continued to put increased demand on irrigation. Scattered showers will continue over northern sections of the region as a front lingers and systems scrape by this week. Otherwise only isolated showers are expected over the dry south and heat will build back into at least the southern half of the region by this weekend. -DTN

MIDWEST (CORN/SOYBEANS/WHEAT): Heat this weekend has continued to stress drier sections of the region, notably in western Iowa, and Indiana through Ohio. Showers missed much of the dry parts of Iowa but heavier rain moved through the Eastern Corn Belt as temperatures cooled back closer to normal for much of the region. The cool front will continue to cause moderate showers near the Ohio River back through Missouri and into southern and western Iowa on Monday and a system will sweep through the region Tuesday into Wednesday with more widespread moderate showers, benefiting much of the region. Scattered showers may linger across the southern half of the region, and maybe into western Iowa as well, through the remainder of the week. With showers being scattered, there will be places that are missed but many of the recent dry spots will see meaningful rainfall through Friday before the ridge firms up and the heat returns for the coming weekend. -DTN

DELTA (SOYBEANS/COTTON): Showers have been and continue to be isolated through the next week. Northern portions of the region did see good rainfall on the order of 0.50-2.00 inches north of Memphis this weekend, but with both soybeans and cotton in reproductive phases, more moisture will be needed as temperatures remain in the 90s through the week and likely increase a bit further this weekend. -DTN

SOUTHEAST (COTTON): Isolated to scattered showers occurred over the weekend, continuing to support mainly adequate to surplus soil moisture for reproductive cotton. Scattered showers look to pop up through the week, continuing the favorable conditions. -DTN

BRAZIL (CORN/COTTON/WHEAT): Dry conditions were observed with increasing temperatures this weekend, favoring harvest activities for corn and cotton in the central and north, and developing wheat in the south. The country will be dry for most of the week with showers diminishing as they push northward on Friday over Rio Grande do Sul. With adequate moisture in this portion of the region, favorable conditions continue for developing wheat. -DTN

ARGENTINA (WINTER WHEAT): Showers increased over mainly Buenos Aires this weekend, maintaining dry conditions for the interior of the country. Showers will spread over southern growing regions early in the week then over northern areas by the end of the week, bringing much-needed showers for developing wheat. However, behind the showers will be temperatures that again fall below freezing and much of the shower activity will be too light to reverse recent dryness. -DTN

EUROPE (SPRING GRAINS/CORN): Scattered showers fell over the eastern half of the continent over the weekend, benefiting developing to reproductive summer crops. Showers were mostly absent for much of the west outside of some pockets of isolated showers in Spain and the English Channel region. Spotty showers through the front-half of the week will be very welcome for these areas that have been drier recently. Otherwise, mostly favorable weather continues for the region as crops head toward or through reproduction. The Atlantic may open up a bit more over the weekend with more widespread showers over the continent. -DTN

UKRAINE/WEST RUSSIA (SPRING GRAINS/CORN/SUNFLOWERS): Periodic showers in the region over the weekend were beneficial where they occurred but were isolated about the drier eastern half to two thirds of the region, continuing to stress corn and sunflowers in reproduction. Little chance for meaningful rainfall in this region this week will continue to stress the crop. Prospects are much better across the western third of the region as showers have been much more plentiful. -DTN

CANADIAN PRAIRIES (SPRING WHEAT): Scattered showers occurred for much of the region over the weekend. Overall, favorable conditions continue for much of the region, except for central and northern Alberta where soggy soils and cooler temps have stunted growth. With the storm track through the region, scattered showers will continue to push through every couple of days, benefiting heading to filling wheat. -DTN

AUSTRALIA (WINTER WHEAT/RAPESEED): Scattered showers have fallen and been beneficial for the western wheat belt this weekend, but largely missed the eastern wheat belt. Southern areas in the east remain with better soil moisture and irrigation reserves for developing wheat and rapeseed, but Queensland has seen far few shower activity over the last 30-60 days. While not concerning yet, showers would still be welcome. Queensland may have two shots at meaningful rainfall this week, which would ease concerns. -DTN

CHINA (CORN/SOYBEANS/SUGARCANE/RICE): Overall favorable conditions continue in the northeast for developing to reproductive corn and soybeans. Intense rainfall this season near the Yangtze River has caused significant flooding, otherwise, adequate showers continue for sugarcane and rice in the central and south. -DTN

INDIA (SUGARCANE/RICE/COTTON/SOYBEANS): Monsoon moisture continues to spread across the country, benefiting developing crops across the region. The outbreak of locusts continues in western India from Uttar Pradesh to Madhya Pradesh and across the north as well. Extensive damage has been reported for all crops in the region as the swarms feed on developing to reproductive summer crops. -DTN

Headlines:

- Malaysian September Palm Oil up 51 Ringgits

- Dalian Futures exchange Sept corn up 26 vs. the Yuan, Sept beans down 46, Sept meal up 9, Sept bean oil up 144
- Asian Equity markets were mixed Japan's Nikkei unchanged China's Shanghai up 3.1%
- European Equity markets start mixed, German Dax unchanged, London FTSE 100 down .4%
- MATIF markets are lower Nov Corn down .75 to the Euro, Nov Rapeseed down .50, Sept Wheat down .50
- Save the Date…July 23rd & 24th…Japanese holidays
- Save the Date…July 30th…2Q US GDP
- Save the Date…July 30&31st…Eid al-Adha
- Save the Date…Aug…7th…US Jobs numbers
- Save the Date…Aug 12th…USDA S&D Reports
- ASF it remains in the Island Nations https://www.thejakartapost.com/news/2020/07/20/african-swine-fever-kills-more-than-24000-pigs-in-east-nusa-tenggara-since-january.html
- Fall Armyworm, still out there
- Covid-19 the surge begins in other countries https://www.bbc.com/news/world-asia-china-53462362
- Locust on the docket in India https://www.livemint.com/news/india/parliamentary-panel-on-farm-issues-meets-tuesday-agenda-includes-locust-attacks-11595215726201.html
- China floods, Yangtze Crest https://abcnews.go.com/International/wireStory/floods-kill-14-china-water-peaks-gorges-dam-71856304
- Indonesia flood recap https://www.msn.com/en-gb/news/world/death-toll-in-indonesia-flash-floods-rises-to-32-16-missing/ar-BB16OWUi
- Just when you think its gone…its back https://www.ibtimes.com/ebola-cases-rise-new-dr-congo-outbreak-3013349
- CFTC Weekly MM Funds Position Report on Friday reported that the MM funds as of the close of 7/14 were short 8,327 wheat, short 133,625 corn, long 65,975 beans, short 30,451 meal and long 10,198 oil contracts

Commentary:

The work week begins at 3:00 PM CDT. This is when we will receive the latest weekly crop update from the USDA. Last week the USDA rated the corn crop at 69% good/excellent and the bean crop at 68%. The weather this past week suggests the crop ratings should have held their own WoW, but we have our doubts if they got better. The weather ahead suggests this week will be a lot like last week, some areas will have gotten better other areas will see some declines but overall, the crop keeps moving along at a nice pace towards trend line yields. That said there is just enough weather concerns to think that the USDA for the August report will remain conservative and not increase yields for spring planted crops at this time. This means that it is the bear for once that will have to defend positions going in and out of the August reports, after all the bull up until this point as elevated Chinese demand working for their positions. Today we look for a choppy trade with maybe some direction give in the AM with the weekly inspection numbers.

From July 1st thru July 18th Plenty of haves but there are some large areas of have nots

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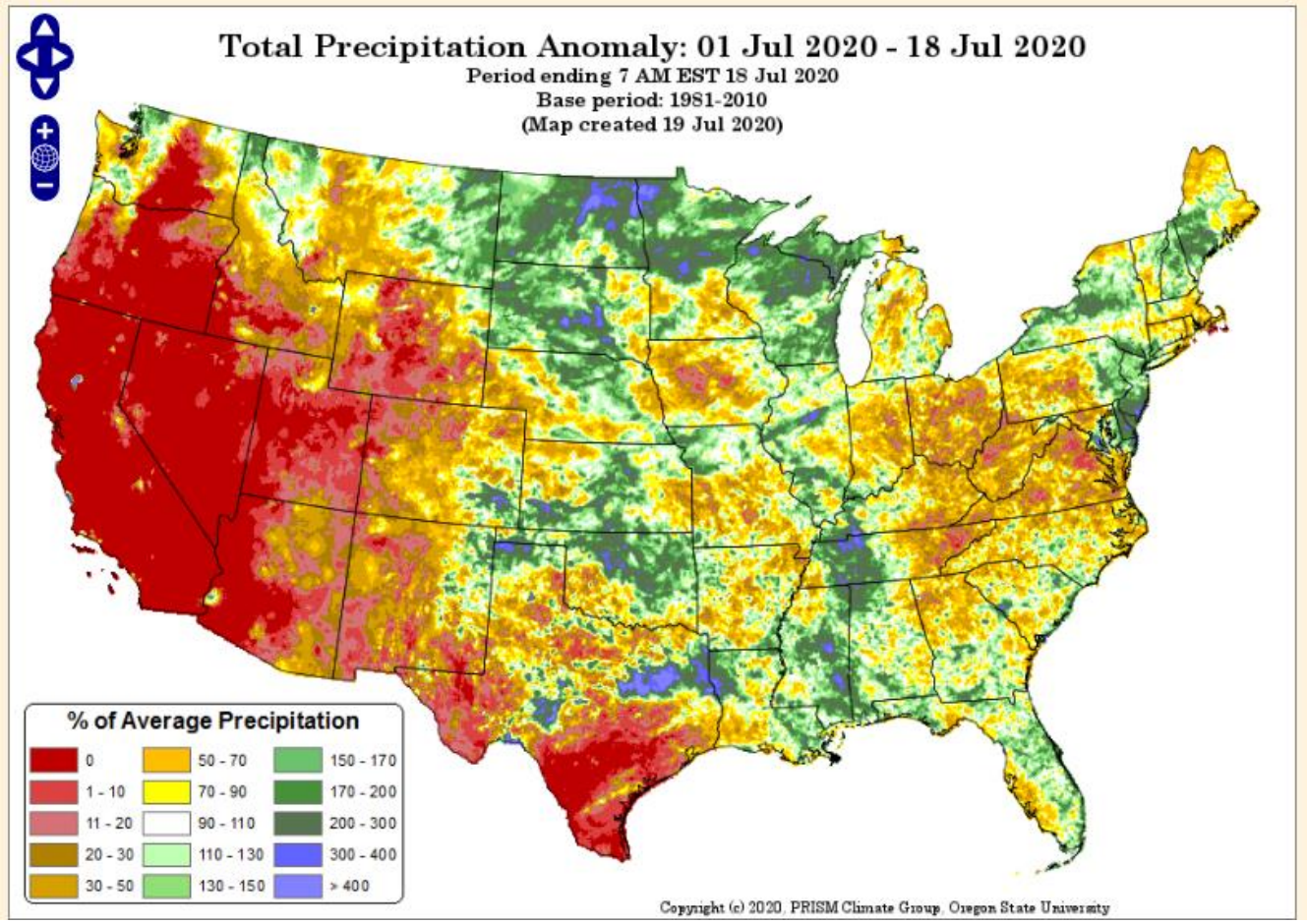

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