

MORNING GRAIN COMMENTARY

Morning Trends:

Corn: 2 to 4 higher
Wheat: 3 to 5 higher
Soybeans: 3 to 5 higher
Soybean Meal 2.5 to 3.0 higher
Soybean Oil: 5 to 10 higher

The Stories of the Day:

Mixed economic signals out of Germany May sales up but in June so is unemployment <https://www.msn.com/en-us/money/markets/german-retail-sales-rebound-in-may-as-lockdown-lifted/ar-BB16bJOp?li=BBnb7Kz>

S. Korea tries again <https://www.msn.com/en-us/news/world/south-koreas-moon-calls-for-us-north-korea-leaders-summit-before-us-election/ar-BB16bQ0r?li=BBnb7Kz>

Weather:

A large ridge continues to develop over the eastern half of the country while a trough spins in the west. This pattern will continue through next week, though the trough will weaken this weekend. A couple of disturbances will ride on the edge of the ridge across the northern tier of the country next week. The U.S. and European models are in fair agreement, but the U.S. model likely has too much precipitation in the extended period. I will use the European ensembles. For the outlook period, temperatures on Monday will be near to above normal across most of the country with some cooler anomalies in the Pacific Northwest into the Northern Plains. This pattern looks to continue through next week. A couple of weak disturbances will bring showers across the far north, and a mid-level disturbance will continue periods of showers across the Southeast. Showers may stretch back through the Southern Plains at times as well. -DTN

NORTHERN PLAINS (SPRING WHEAT/CORN): A slow-developing system recently brought welcome moderate to heavy rainfall, though it did create some flooding. A couple of disturbances Friday through next week will bring several chances for isolated to scattered showers across the area. -DTN

CENTRAL/SOUTHERN PLAINS (WINTER WHEAT/CORN/COTTON): Showers have been relatively absent from cotton growing areas, which continue to be in drought. This looks to remain the case through the week. Only isolated showers are expected in the southwest while periods of showers will move across the north and east, favoring developing corn. Isolated showers may pop up at times in the southwest later this week through the weekend. Occasional showers in the remaining winter wheat areas may be avoidable for continuation of the harvest. -DTN

MIDWEST (CORN/SOYBEANS/WHEAT): Moderate to heavy rain has fallen in several areas over the last week, benefiting some of the drier soils but also causing some flooding. Scattered showers will continue over the western half of the region through Thursday, with some concern over dryness building into portions of the east, mainly northern Indiana, Michigan, and Ohio. Only periods of isolated showers are likely after Thursday and areas that are missed could see further stress developing. -DTN

DELTA (SOYBEANS/COTTON): Periods of isolated to scattered showers will continue for the next couple of days over northern areas which have been more in need of shower activity recently. Showers will continue over portions of the region through next week. Overall, good growing conditions are expected over the next week. -DTN

SOUTHEAST (COTTON): Isolated to scattered showers will continue through next week. This should maintain good prospects on cotton so far this season. -DTN

BRAZIL (CORN/COTTON/WHEAT): Moderate to heavy rain fell over the southern growing regions early this week, benefiting filling corn and cotton and developing wheat. Areas to the north continue to be dry with little to

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no rainfall over the last 60 days. Any filling corn and cotton should advance quickly to maturity. A system will move through with more showers over southern areas this weekend into early next week. -DTN

ARGENTINA (WINTER WHEAT): Low temperatures below the freezing mark last weekend have nudged developing wheat toward dormancy. A system brought showers to the east earlier this week, but concern over soil moisture deficits for the interior central and southern growing areas continues, as does stress on developing winter wheat. Another couple of cold nights are forecast across the south through this weekend. -DTN

EUROPE (WINTER WHEAT/RAPESEED/CORN): Temperatures will continue to cool for most of the continent over the next couple of days. Showers will sweep across most areas for the rest of the week. Showers may linger in the southeast, where dryness would be more welcome for dry down and harvest of winter wheat. Overall, conditions are favorable for most of the summer crops. -DTN

UKRAINE/WEST RUSSIA (WINTER WHEAT/CORN): Adequate soil moisture in the west contrasts with below normal soil moisture in the east, where stress is more likely. A couple of systems will graze the west, but areas in the east will again be lacking moisture as heat builds back into the region later in the week, with a potential heatwave through much of next week. Conditions look fair to good in the west and fair to poor in the east. Harvest conditions for winter wheat are much better for the next couple of days. -DTN

CANADIAN PRAIRIES (SPRING WHEAT): Scattered moderate showers fell across a good portion of the region over the past several days, including the drier southeast. A couple more storms will move across the region through next week with more isolated showers. Overall, any areas that were concerned over soil moisture have improved while soggy soils in Alberta continue. Coolness will also slow growth in the west through much of this week. -DTN

AUSTRALIA (WINTER WHEAT): Showers through Saturday will miss most of the eastern wheat belt. But while Queensland could use the showers, soil moisture and irrigation reserves remain adequate for now. Some concern is growing over adequate moisture should the showers not return soon. -DTN

CHINA (WINTER WHEAT/RAPESEED/CORN/SOYBEANS): Scattered showers continue to fall in the northeast for corn and soybeans, though warmer temperatures would be favorable for growth. Harvest activities for rapeseed and winter wheat in central China have been interrupted at times by moderate rainfall recently. Moderate showers in the south continued to be beneficial for developing sugarcane and rice. -DTN

INDIA (WINTER WHEAT/RAPESEED/RICE/COTTON): Monsoon moisture continues to spread across the country, and occasionally makes it up into northwest India, where it delays harvesting of winter wheat and rapeseed. Overall, the monsoon has been on normal pace and provided very beneficial moisture to most of the crops in the region. The outbreak of locusts continues in western India from Uttar Pradesh to Madhya Pradesh. Extensive damage has been reported for all crops in the region as the swarms feed on newly planted summer crops-DTN

Headlines:

- Malaysian September Palm Oil up 46 Ringgits
- Dalian Futures exchange Sept corn up 1 vs. the Yuan, Sept beans up 35, Sept meal up 51, Sept bean oil unchanged
- Asian Equity markets were mixed Japan's Nikkei down .8% China's Shanghai up 1.4%
- European Equity markets start mixed, German Dax up .7%, London FTSE 100 unchanged to a tickle higher
- MATIF markets are higher Aug Corn up .50 to the Euro, August Rapeseed up 1.25, Sept Wheat up 1.0

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- Save the Date...July 1st...Canada Day
- Save the Date...July 2nd...US Employment Numbers/weekly jobless claims
- Save the Date...July 3rd...National Holiday in the States
- Save the Date...July 10th...US crop production numbers and S&Ds
- Save the Date...July 15th...NOPA Crush
- Fall Armyworm, it has always been a N. America bug so remember if you see something say something https://www.southernminn.com/faribault_daily_news/opinion/article_d55023f5-f20e-53ae-b4b2-4a3185faed26.html
- ASF a major issue for India https://journalstar.com/agriculture/african-swine-fever-spreads/article_2f75c561-9fa1-54c8-9067-5c30dc2c3673.html
- Covid-19 on that list, not a good place to be <https://abcnews.go.com/Health/coronavirus-updates-europe-reopens-borders-us-travelers-remain/story?id=71548690>
- Locust vs. Drones <https://www.nbcnews.com/video/killer-drones-eradicate-locust-swarms-in-india-86479429756>
- Siberian Wildfires record heat makes the job all the tougher https://www.fox10tv.com/news/us_world_news/temperatures-in-an-arctic-siberian-town-hit-100-degrees-a-new-high/article_e3cd9814-73aa-5f5f-85cc-40f5d5065039.html
- The Libyan Civil War, get that oil flowing <https://www.reuters.com/article/us-libya-oil-idUSKBN24017M>
- Indian flooding, a season for the record books https://www.upi.com/Top_News/World-News/2020/06/30/Torrential-rain-produces-severe-flooding-in-India-strands-over-200000-in-Bangladesh/2341593563075/
- China Flooding not much better than India <https://www.msn.com/en-us/weather/topstories/china-e2-80-99s-worsening-floods-highlight-more-extreme-weather-threats/ar-BB16bX8F>

Commentary:

Over the next few days, the most asked question will be where did all the acres go. There will be many a bear and for that matter a bull who will be wondering in the days and weeks ahead will some of these lost acres be found. You know who will not be asking this question the algorithms that drive many a MM funds or should we say Trend Following funds price decisions. In this world that old saying you play'em as you see'em holds true. So, in corn world chart momentum has swung from lower to higher all on the USDA's 92.0 million planted acres number. Whether you agree or disagree with the number does not matter it comes down to what the Trend Following funds will do with that number. So far, the algos have signaled get me out. In the last two sessions the Trend Following funds have bought close to 75,000 contracts, by our running count that puts the Trend following funds still short 240,000 contracts. By buying 75,000 contracts in the last two sessions they have helped mop up a huge amount of farmer selling of both old and new crop corn. In other words, the perceived weak longs and weak shorts are getting out of the markets and by so doing the commercial and end users (the perceived strong long) are gaining ownership. This run up in prices has pushed CZ back to the 350 area. With a strong close today CZ will be in territory last seem back on 4/7. Back on 4/7 the Trend Following funds were short 110,402 contracts. This could mean the Algos might still be screaming today, GET ME OUT. Yes, short covering rallies burn hot and fast...but this fire still might have fuel to burn.

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.

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