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A DIVISION OF MAREX SPECTRON

Monday, August 17, 2020

MORNING GRAIN COMMENTARY

Morning Trends:

Corn: 2 to 4 higher
Wheat: 3 to 5 higher
Soybeans: 7 to 9 higher
Soy Meal 2.0 to 2.5 higher
Soy Oil: 45 to 50 higher

The Stories of the Day:

Even in death still tweeting https://www.msn.com/en-us/news/politics/herman-cains-twitter-is-very-much-still-active-after-the-former-republican-presidential-candidate-died-from-coronavirus-weeks-ago/ar-BB181GLY?li=BBnb7Kz

For those who have had it, maybe some good news https://www.msn.com/en-us/health/medical/scientists-see-signs-of-lasting-immunity-to-covid-19-even-after-mild-infections/ar-BB182ayV?li=BBnb7Kz

Weather:

A ridge is located in the Four Corners region with a trough eastern Canada into the Great Lakes. The ridge will remain firm over the next 10 days. The trough will push northeast over the next few days while another disturbance or two move through Canada in the middle to late week time frame. The U.S. and European models are similar for the majority of the period so I will use a blend of the models. The U.S. models are generally colder than the European ones, however, and I will favor the European ones for temperatures. For the outlook period, temperatures on Saturday will be above to well above normal in the West and near to above normal east of the Rockies. Temperatures may rise several degrees over the period through the middle of next week. Daily scattered showers are expected in the Southeast. Periods of showers will move across the northern tier of the country through the period. -DTN

NORTHERN PLAINS (SPRING WHEAT/CORN): Scattered showers occurred on Friday, especially in North Dakota. Drier conditions are expected over the next couple of days, but showers are expected in the middle and end of the week. The rotating periods of dryness and showers should benefit both the harvest of wheat, and filling of corn. -DTN

CENTRAL/SOUTHERN PLAINS (CORN/COTTON): Periods of isolated to scattered showers occurred over the weekend. Showers will be more likely closer to the Rockies and across the north this week. Showers will benefit filling corn where they occur, but much of the region has above normal soil moisture due to rains over the last month. West Texas will see relief from the extreme heat on Monday, though temperatures are expected to be near to above normal for the week and rainfall chances are low. Stress to boll setting and opening cotton will continue. -DTN

MIDWEST (CORN/SOYBEANS/WHEAT): Scattered showers fell across much of the area over the weekend, especially across the north and along the Ohio River Valley. Iowa saw some precipitation, but it was mostly less than 0.50" and not overly helpful. Outside of Iowa, most areas remain in favorable conditions for filling corn and soybeans. Dryness is returning to some eastern areas as well, which could see conditions worsening over the course of the week as showers will be very limited for Indiana and Ohio. Scattered showers make a return across northern areas in the middle of the week and continue into the weekend. -DTN

DELTA (SOYBEANS/COTTON): Scattered showers continued on Friday but became drier for Saturday and Sunday. Showers last week helped to cut into recent dryness for filling cotton and soybeans but very little shower activity is expected until this weekend, with stress possibly returning or continuing where it was drier last week. -DTN

SOUTHEAST (COTTON): Some dryness continues across Georgia where the showers have not been able to keep up with demand as readily, but scattered showers will continue in the region over the next week, benefiting those areas they hit. Being scattered, some areas of dryness will continue or build in areas that are missed. Despite this, conditions are mostly favorable for boll setting and opening cotton. -DTN

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BRAZIL (CORN/COTTON/WHEAT): Scattered showers occurred from southern Mato Grosso do Sul to southern Sao Paulo and points southward over the weekend. Dry conditions continue to favor the remaining harvest activities for corn and cotton in the central and north, while conditions remain favorable for developing wheat in the south. A front will remain stalled around Parana for much of the week, producing periods of moderate to heavy showers in the region. Outside of some flooding risk, the showers will benefit developing to reproductive wheat, though delay further corn and cotton harvesting. -DTN

ARGENTINA (WINTER WHEAT): No precipitation fell over the country this weekend. Dryness continues to be a concern for the interior of the region for the rest of the winter as shower chances have remained further to the east. This week will be no different. And with temperatures below to well below normal, frosts and freezes will continue to limit growth and keep the crop dormant. -DTN

EUROPE (SPRING GRAINS/CORN): Scattered showers fell across much of the continent over the weekend except in Spain and Italy, benefiting filling crops for most of the region. A couple of storm systems will continue to produce showers for these same areas over the course of the week, continuing the mostly favorable conditions. -DTN

UKRAINE/WEST RUSSIA (SPRING GRAINS/CORN/SUNFLOWERS): Showers fell in eastern Russia but were absent in Ukraine. Soils continue to be drier for much of the eastern two thirds of the region, though the Volga Region in Russia has benefited most from scattered showers over the last couple of weeks. The western half of Ukraine looks to have some good chances for showers over the week, but the rest of the region looks to have very little and will continue to stress filling crops. -DTN

CANADIAN PRAIRIES (SPRING WHEAT): Isolated showers occurred over the weekend, mostly in the east on Friday. Isolated showers and above normal temperatures expected for most of the week, with better chances for showers across the already wetter sections in the west and east. As the crop continues to mature, the isolated nature of the showers and above normal temperatures should favor more advanced crops while later planted crops will likely suffer in the southwest quarter of the region especially. -DTN

AUSTRALIA (WINTER WHEAT/RAPESEED): Scattered showers fell across much of the region over the weekend, including drier Queensland, though the showers there were not as widespread as forecast. Much of the eastern half of the growing region in Queensland did receive significant rainfall, however. Showers will continue over the southern portions of the growing region this week and Queensland is not expected to see much rainfall, which could stress developing wheat and rapeseed. -DTN

CHINA (CORN/SOYBEANS/SUGARCANE/RICE): Overall favorable conditions continue in the northeast for reproductive to filling corn and soybeans and in the south for rice and sugarcane. -DTN

INDIA (SUGARCANE/RICE/COTTON/SOYBEANS): Monsoon moisture continues to spread across the country but is lighter than normal in the south. Still, conditions are favorable across most of the region. The outbreak of locusts has started to become contained as swarms migrate westward and control measures are reported to be working. Extensive damage has still been reported for all crops in the region, however. -DTN

Headlines:

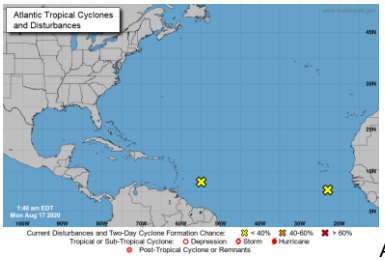
- Malaysian October Palm Oil up 47 Ringgits
- Dalian Futures exchange Jan corn up 23 vs. the Yuan, Jan beans up 12, Jan meal unchanged, Jan bean oil up 56
- Asian Equity markets were mostly higher Nikkei closed down .8% China's Shanghai up 2.3%
- European Equity markets start mixed, German Dax up .1%, London FTSE 100 up .1%
- MATIF markets are higher Nov Corn up 1.0 to the Euro, Nov Rapeseed up 1.0, Sept Wheat up 1.0

- Save the Date…Aug 17th…July NOPA crush expected at 172.0
- Save the Date…Aug 21st…Last trading day CME/MGEX Sept grain options
- Save the Date…Aug 27th…2Q US GDP
- Save the Date…Sept 4th…US employment numbers
- Save the Date…Sept 7th…US Labor Day
- Save the Date…Sept 11th…US S&D numbers
- Fall Armyworm playing havoc in Japan https://www.japantimes.co.jp/news/2020/08/15/national/fall-armyworm-japanese-crops/
- Locust this sounds good but probably ends bad https://www.dailymail.co.uk/sciencetech/article-8629091/Cyborg-locust-designed-sniff-explosive-vapors-like-dynamite-help-bombs.html
- Covid-19 this fall is going to be crazy for parents with school age kids here in the states https://www.usatoday.com/story/money/2020/08/17/coronavirus-school-remote-work-virtual-classes/3299580001/
- China floods still raining https://www.msn.com/en-xl/news/other/chinas-sichuan-heightens-flood-emergency-response/ar-BB1836dL
- N. Korea dipping into their food reserves https://www.businessinsider.com/north-korea-private-reserve-of-food-to-feed-people-2020-8
- CFTC on Friday said that as of the close of 8/11 MM funds were short 15,532 wheat, short 172,361 corn, long 26,864 beans, short 29,291 meal and long 52,143 bean oil contracts

Commentary:

For a week there is no real economic or grain news scheduled it is still going to be a busy week. US politics and the status of whether there is going to be another round of stimulus money for America and in our case American farmers will be watched closely this week. The trade will also be watching the progression of the annual ProFarmer Crop Tour. The trade will be most interested in what the Tour discovers in IA post the big winds from last week. I can not remember the last time where we were on the door step of some really big yield numbers for corn in states like KS, NE, SD, ND, MI, MN, OH and others but might find yield numbers wanting in the big "I" States of IA, IL and IN. Post last week's USDA numbers there seems to be a feeling that we have seen the high water mark in production estimates from the USDA. It is not just the windstorm from last week the trade seems a little more intent on talking about the expansion of drought in the Midwest. This means there will be added importance on tonight's weekly crop update. Many in the trad feel the corn good/excellent category will drop by 2-4% and the bean ratings will drop by 1-2%. For a slow week there is going to be a lot of news…keep watching this space.

The Mean Season: It is double Yellow X time



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