

Friday, August 28, 2020

## MORNING GRAIN COMMENTARY

### Morning Trends:

Corn: 1 to 3 lower  
Wheat: 1 to 3 lower  
Soybeans: 1 to 3 higher  
Soy Meal 1.0 to 1.5 higher  
Soy Oil: .5 around

### The Stories of the Day:

Japan's Abe to resign <https://www.msn.com/en-us/news/world/shinzo-abe-japans-longest-serving-leader-to-resign-because-of-illness/ar-BB18rYOF?li=BBnb7Kz>

When it comes to American politics we are a divided nation, at this time...much like how people feel about Steely Dan...You either love them or you hate them...this DJ loves them

<https://www.youtube.com/watch?v=w58E2S315a4>

**Weather:** A ridge is located in the Four Corners region with a trough in eastern Canada, a disturbance in

central Canada, and a trough moving into western Canada. The eastern trough will be reinforced by the central Canada disturbance over the weekend. The trough in western Canada will spread across central Canada and the north-central U.S. next week. This second trough will displace the ridge into the Southeast while another ridge builds off the West Coast. The pattern looks to hold this shape into next weekend. The U.S. and European models are in fair agreement through the period but show inconsistency with smaller disturbances moving through the overall pattern. I will use a blend of the models but note that the forecast may change next week. For the outlook period, temperatures on Wednesday will be below normal for most of the Plains and Western Corn Belt and near to above normal elsewhere. Temperatures will likely continue in this pattern through next weekend as the trough will bring additional shots of cooler air from Canada. A lingering frontal boundary will focus showers early in the period across the middle of the country while a system moves across the northern tier late next week. Another storm may be on the horizon across the northern tier of the country late next weekend into the following week. -DTN

**NORTHERN PLAINS (SPRING WHEAT/CORN):** A strong system over the weekend will bring moderate to heavy rainfall and potentially strong winds, which could be damaging. A couple additional storms will move through the region next week but are expected to be drier. Most areas have enough soil moisture for filling corn and the dryness next week will favor spring wheat harvest. -DTN

**CENTRAL/SOUTHERN PLAINS (CORN/COTTON):** Soil moisture continues to be favorable for filling corn in most areas outside of northeast Nebraska and the far west. Periods of showers this weekend into next week will continue to boost soil moisture, perhaps in the drier sections of Nebraska as well. West Texas continues to have low rainfall chances, stressing remaining boll setting cotton and requiring further irrigation. -DTN

**MIDWEST (CORN/SOYBEANS/WHEAT):** Two pieces of energy will combine to bring widespread rainfall through early Saturday. A front will slip southward through the region and be aided by tropical moisture from the remnants of Hurricane Laura. Western Iowa, like it has been for much of the summer, is likely to be missed with the heaviest amounts, further stressing immature corn and soybeans while most other areas will enjoy a boost. An active pattern will bring several chances for rain next week. A system on Monday has the best chance at widespread rainfall, including Iowa's best chance, though the state may still be split. -DTN

**DELTA (SOYBEANS/COTTON):** The remnants of Hurricane Laura will continue to bring heavy precipitation and flooding to the north on Friday. Scattered showers will continue into next week, especially across the north. While remaining filling crops will benefit from the moisture, it could be too much for the more mature crop that may see quality fall should flooding occur. -DTN

**SOUTHEAST (COTTON):** Scattered showers continue to benefit filling cotton. Periods of moderate rainfall from the remnants of Hurricane Laura will continue at least through the weekend. -DTN

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**BRAZIL (CORN/COTTON/WHEAT):** Temperatures below freezing from Rio Grande do Sul to Parana and maybe in portions of Mato Grosso do Sul may have damaged developing to reproductive wheat in the region last weekend. Full-season corn is being planted in the south. Soil moisture is looking good for germination, but limited shower activity is expected through next week with showers for just Rio Grande do Sul. Showers are starting to pop up over the Amazon and a return to the wet season is on the horizon for central and northern growing areas as harvest wraps up and preparations for planting begin. Models suggest the wet season may be late this spring, however. -DTN

**ARGENTINA (WINTER WHEAT):** Scattered showers will continue over northern areas through next week. Recent showers combined with above normal temperatures may have been enough to coax the crop out of dormancy, but temperatures drop well below normal again late this weekend and into early next week. Still, the recent and forecast rainfall will be quite welcome across the country. -DTN

**EUROPE (SPRING GRAINS/CORN):** The storm track continues right through the continent, with a few storms lining up to bring showers to the region. Storms may even be cut off over the middle of the continent next week with continued showers over the middle and eastern portions of the continent into next weekend. Beneficial conditions are expected for filling crops for all but the southwest growing areas, mainly Spain and Italy. Maturing crops will have to dodge multiple periods of showers and early harvest activities will likely be impacted. -DTN

**UKRAINE/WEST RUSSIA (SPRING GRAINS/CORN/SUNFLOWERS):** Dryness has been a concern for much of the region this summer. The drier areas from central Ukraine through southern Russia will see isolated showers move across the area through Saturday, but amounts look to be light. Harvest activities will benefit while filling corn and sunflowers will continue to show stress in many areas. Heat and dryness build after the showers depart, further stressing filling crops for next week. -DTN

**CANADIAN PRAIRIES (SPRING WHEAT):** Periods of scattered showers will continue as the storms track is right through the region for the next week. Conditions look more favorable for harvest in the southwest. A strong storm this weekend will likely cause widespread rainfall, strong winds, and falling temperatures into next week. Additional storms will move through the region next week with more limited shower activity, benefiting harvest activities. -DTN

**AUSTRALIA (WINTER WHEAT/RAPESEED):** Queensland could use more rainfall for developing to reproductive wheat and rapeseed. Very little rain is expected across the country for the next week. Otherwise, favorable conditions continue elsewhere across the country. -DTN

**CHINA (CORN/SOYBEANS/SUGARCANE/RICE):** Overall favorable conditions are found in the northeast for reproductive to filling corn and soybeans and in the south for rice and sugarcane. Typhoon Bavi made its way through northeast China Thursday with heavy rainfall and possible wind damage. -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 November Palm Oil up 47 Ringgits
- Dalian Futures exchange Jan corn down 16 vs. the Yuan, Jan beans down 24 Jan meal up 22, Jan bean oil up 116
- Asian Equity markets were mixed Nikkei closed down 1.1% China's Shanghai up .6%
- European Equity markets start mixed, German Dax down .2%, London FTSE 100 up .2%

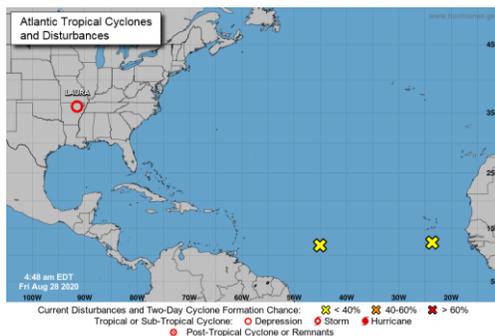
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- MATIF markets are lower Nov Corn down 1.0 to the Euro, Nov Rapeseed down 2.0, Dec Wheat down .75
- Save the Date...Aug 31<sup>st</sup>...First Notice Day for Sept Ags CME/MGEX
- Save the Date...Sept 4<sup>th</sup>...US employment numbers
- Save the Date...Sept 7<sup>th</sup>...US Labor Day
- Save the Date...Sept 11<sup>th</sup>...US S&D numbers
- FAW from Africa to Japan they are out there
- Took a while but China to standardize test for ASF <https://www.bing.com/news/search?q=african+swine+fever&FORM=HDRSC7>
- Typhoon Bavi, N. Korea says damage less then feared
- Libya Civil War cease fire still holding, that said Turkey now at odds with Greece <https://abcnews.go.com/Business/wireStory/ap-explains-turkey-greece-saber-rattling-72673824>
- At 2:30 PM CDT the CFTC is expected to tell us that as of the close of 8/25 the MM funds were long 1,026 wheat contracts, short 64,999 corn, long 115,058 beans, long 7,479 meal and long 61,524 bean oil contracts

## Commentary:

Weird weather stays weird, especially in years of a Solar Minimum. For many parts of the Western US Corn Belt this has been the case. In times of Solar Minimums one can be impacted by bigger flash droughts as well as bigger flash floods. IA this summer has been the poster child of this kind of weird weather. All but 5% or less of the state is now in drought conditions. That said the biggest concern about IA corn and bean yields is the impact of the massive t-storm or Derecho that rolled through IA in the middle of August. Drought concerns have knocked the potential of the corn and bean yields, but it was a T-storm complex that has done the most damage. This weird weather goes much beyond IA. Many parts of the W. Corn Belt this summer had a top 5 wet July, followed by a top 10 dry August. This roller coaster of temperatures and rain have many a graybeard confused on what ultimately may come out of the fields. Earlier this summer the supply side bear was convinced that we were on track for record corn and bean yields. Both bears and bulls agree that we are still at the cusp of huge crops. That said we started August with the supply side bear dominating price action by asking the question how big is big...it is ironic that we end the month with the supply side bull dominating price action by asking the question how big is big...weird weather once it turns weird it stays that way.

## The Mean Season: **Laura will she reform once she makes it to the Atlantic...and oh yeah to Yellow X in the Atlantic to watch next week**



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Risk management for a modern world.

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