

MORNING GRAIN COMMENTARY

Morning Trends:

Corn: 1 to 3 lower
Wheat: 3 to 5 lower
Soybeans: 5 to 7 lower
Soy Meal 2.0 to 2.5 lower
Soy Oil: 5 around

The Stories of the Day:

Koreas set to get hammered <https://www.msn.com/en-us/news/world/two-koreas-on-high-alert-as-typhoon-approaches-peninsula/ar-BB18Cmiu?li=BBnb7Kz>
China adds to its inventory and not in a good way
<https://www.msn.com/en-us/news/world/pentagon-warns-china-is-nearing-a-milestone-in-nuclear-weapons-buildup/ar-BB18Bbiw?li=BBnb7Kz>

Weather: There is a ridge in the Southeast, a strong trough over Central Canada and the northern

U.S., and another ridge over the West Coast. The trough will be reinforced by a few disturbances throughout the next 10 days, with an overall ridge-trough-ridge pattern holding through most of next week. A strong push of cool Canadian air will dive south through the U.S. early to mid-next week. The U.S. and European models have general agreement in the overall pattern but show inconsistency with each disturbance moving through. I prefer the European solution which has been more consistent but note that the forecast may change. For the outlook period, temperatures on Monday will be well above normal in the West, above normal in the East, and falling below normal in the Central. Temperatures will continue to fall over the middle of the country early in the period as the trough is reinforced. A strong cold front is expected to push south through the country east of the Rockies through early next week with scattered showers. A piece of the front may hang up in the Central and Southern Plains, with heavier rainfall next week which may spread through portions of the Midwest and Southeast.

NORTHERN PLAINS (SPRING WHEAT/CORN): A storm will move through the region Wednesday with gusty winds but is expected to be dry. Most areas have enough soil moisture for filling corn and the dryness will favor spring wheat harvest. A strong storm is expected to move through the region early next week with moderate showers and falling temperatures. There may be some frost potential a couple of nights next week. -DTN

CENTRAL/SOUTHERN PLAINS (CORN/COTTON): Scattered showers have fallen in some portions of the area, benefiting filling corn where they have occurred, but dryness remains a concern particularly across Kansas and Nebraska. Periods of scattered showers will continue over the south through Friday where it will be most welcome in advance of winter wheat planting. A strong system will bring scattered showers and falling temperatures early-to-mid next week. -DTN

MIDWEST (CORN/SOYBEANS/WHEAT): Scattered showers fell across drier sections of the western Midwest on Tuesday, benefiting filling crops in eastern Iowa, northern Illinois, and southern Wisconsin with up to one inch of rain through central Illinois. Showers will be less intense over the rest of the region Wednesday and Thursday. A strong system will bring scattered showers and falling temperatures early-to-mid next week. -DTN

DELTA (SOYBEANS/COTTON): Heavy precipitation from last week and scattered showers since have benefited filling soybeans and cotton especially in the drier sections of northeast Arkansas and Tennessee where rainfall of up to five inches was estimated from radar. Already mature cotton likely did not encounter much degradation except for maybe in that wetter section. Scattered showers are expected through the rest of the week, especially in the north, helping remaining filling cotton and soybeans. A strong system will bring scattered showers and falling temperatures in the middle of next week. -DTN

SOUTHEAST (COTTON): Scattered showers continued to fall over the area on Tuesday, benefiting remaining filling cotton. Scattered showers become isolated on Wednesday. Open boll cotton will find more favorable conditions for drying out later in the week. -DTN

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BRAZIL (CORN/COTTON/WHEAT): Scattered showers fell over Rio Grande do Sul over the weekend through Tuesday with dry weather elsewhere. This was beneficial for the remaining cotton and corn harvest. Full-season corn is being planted in the south. Soil moisture is looking good for germination, but limited shower activity is expected over the next week for most areas with showers for just Rio Grande do Sul as a front lingers in the area. Models suggest the wet season may be late this spring, delaying soybean planting. -DTN

ARGENTINA (WINTER WHEAT): Scattered showers fell over northern areas this weekend into Tuesday, boosting soil moisture. Temperatures well below normal and nights falling below freezing are happening again across the north and nearing it over the central are expected this week, with some risks of frosts and freezes and stressing developing wheat continuing. Some wheat that became dormant may have to wait for further development. Showers look to remain limited to mostly northern areas this week. -DTN

EUROPE (SPRING GRAINS/CORN): Conditions are favorable for filling crops in most areas. A storm in the middle of the continent will pull north on Thursday. A zone of showers will be left in its wake across the north. Crops in the south waiting to be harvested should find better conditions late this week while filling crops in the north will benefit from more moisture. -DTN

UKRAINE/WEST RUSSIA (SPRING GRAINS/CORN/SUNFLOWERS): Isolated showers fell over eastern areas on Saturday, but mostly dry conditions have been left across the region. A system bringing showers to western Ukraine will move southeast into southern Russia this weekend but diminish as it does so. Heat will stick around until this system moves into the area, stressing filling crops. Harvest activities will benefit from the heat and overall dryness, however. -DTN

CANADIAN PRAIRIES (SPRING WHEAT): Scattered showers fell over the weekend and breezy winds were also noted, which may have lodged stands. Periods of scattered showers will continue as the storms track is right through the region for the next week. Some breezy winds will occur with the systems as well. Some delays to harvest activities are likely. -DTN

AUSTRALIA (WINTER WHEAT/RAPESEED): Queensland is falling short on rainfall to start the spring and could use more. However, very little rain is forecast across the country this week, with better chances over the far south as systems just scrape by. Other areas are generally favorable for development. -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 Maysak will move through the northeast with renewed flooding and wind damage threats a week after Bavi moved through. -DTN

INDIA (SUGARCANE/RICE/COTTON/SOYBEANS): Monsoon moisture is becoming fragmented as the monsoon will withdraw from northwest to southeast over the next 6 weeks. Still, the showers can be counted on for late-season fill. 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 10 Ringgits
- Dalian Futures exchange Jan corn up 14 vs. the Yuan, Jan beans down 15 Jan meal down 5, Jan bean oil up 14
- Asian Equity markets were mixed Nikkei closed up .5%, China's Shanghai down .2%
- European Equity markets start higher, German Dax up 1.8%, London FTSE 100 up 1.9%
- MATIF markets are lower Nov Corn down .25 to the Euro, Nov Rapeseed up .75, Dec Wheat down .75

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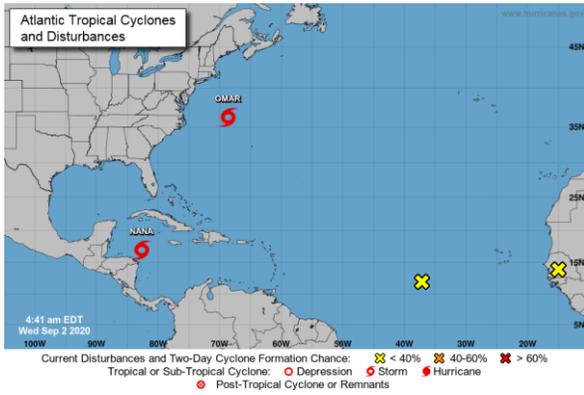
- Save the Date...Sept 4th...US employment numbers...expected 1.255 non-farm payroll jobs added, unemployment rate falls to 9.9%
- Save the Date...Sept 7th...US Labor Day
- Save the Date...Sept 11th...USDA S&D numbers
- Save the Date...Sept 15th...NOPA Crush
- Save the Date...Sept 16th...FOMC meeting results
- Save the Date...Sept 30th...US 2Q GDP
- Save the Date...Sept 30th...USDA Quarterly Grain Stocks
- US says they have found a breakthrough in detection <https://www.agrinews-pubs.com/2020/09/01/breakthrough-in-detecting-african-swine-fever-virus/abk9urt/>
- WA finds that Fall Armyworm mounting a robust defense <https://www.farmonline.com.au/story/6905979/fall-armyworm-resistance-concern-in-wa/>
- Turkey Greece rift, why it always comes back to energy <https://www.thetimes.co.uk/article/old-enemies-new-flashpoint-why-greece-and-turkey-are-squaring-up-in-the-med-g68hj2pbr>
- The push for peace in Libya <https://www.sfgate.com/news/article/Italy-s-FM-meets-with-Libya-rivals-to-push-for-15531785.php>
- ADP at 7:15 AM CDT will be out with their August jobs number expected at 900,000
- API last night said that WoW crude oil stocks fell by 6.4 million barrels and gasoline stocks dropped by 5.8 million...EIA numbers will be out at 9:30 AM CDT
- The dance begins again for a fall stimulus bill between the WH and the House Democrats

Commentary:

The last half August rally in grains have been impressive. The rally based on the fact that expected bin buster crops for corn and beans in the US did not see good finishing weather for second half August. That said the crops are still big. As we move deeper into Sept, we will soon be reminded that there are two USDA reports this month. Sept 11th we will have the USDA S&D report and on Sept 30th quarterly grain stocks. Both these reports are expected to favor the supply side bear. Between expected bearish supply side new and the beginning of the fall harvest the recent rally should start to plateau. We bulls have been contending that the price action of late has been the building foundation for a long term demand led rally. Expected consolidation of prices in the run up to the Sept 11th S&D report should help determine if indeed the bull argument makes any sense. Price set back when they come in the coming days should discover over time that end user has raised their buy zones. If indeed this is the case the expected harvest pressure could be well met for the balance of 2020.

The Mean Season: Things look a little calmer today...That said our good friend Jeff Penner of the Weather Center Company calling for 2 Gulf storms between Sept 10th-30th...Nana expected to be a Central America kind of thing

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