

## MORNING GRAIN COMMENTARY

### Morning Trends:

Corn: 1 to 2 higher  
Wheat: 1 to 3 higher  
Soybeans: 1 to 3 lower  
Soy Meal .5 around  
Soy Oil: 5 around

### The Stories of the Day:

John Connor are you out there? <https://www.msn.com/en-us/news/technology/robot-dogs-join-us-air-force-exercise-giving-glimpse-at-potential-battlefield-of-the-future/ar-BB18QuSA?li=BBnb7Kz&ocid=hplocalnews>

Evacuations during a pandemic <https://www.msn.com/en-us/news/world/fleeing-california-wildfires-10-times-harder-during-epidemic/ar-BB18Terk?li=BBnbcA1&ocid=hplocalnews>

**Weather:** There is a ridge in the Eastern Pacific, a cutoff trough in the Four Corners, and a ridge off the East Coast. The cutoff low will lift

into southeast Canada this weekend with a more zonal look to the pattern next week. This may allow a pool of cooler air to sit along the U.S.-Canada border. The U.S. and European models have subtle differences in the overall pattern for next week that causes some significant impacts to the forecast. I will use a blend of the models but note that both models have had inconsistencies with systems next week. For the outlook period, temperatures on Tuesday will be above normal for most of the country and below normal in the East. Temperatures will rise in the East, with most of the country above normal through the period. Below normal temperatures will linger just north of the border. A front will linger and remain active over the Gulf Coast through much of next week. A system or two will be possible across the north next week and could induce precipitation, though models differ greatly on their development. -DTN

**NORTHERN PLAINS (SPRING WHEAT/CORN):** The well below normal temperatures will slowly rise over the next few days, but frosts and freezes were noted through much of the region, ending the fill period on corn about 2-3 weeks early in some areas. -DTN

**CENTRAL/SOUTHERN PLAINS (CORN/COTTON):** A strong system will continue with moderate showers over the next day or two. Below normal temperatures will slowly rise over the weekend. Along with freezes, earlier snow in the west should be enough to halt filling corn. The rainfall in the south will benefit winter wheat planting. -DTN

**MIDWEST (CORN/SOYBEANS/WHEAT):** Moderate to heavy showers will continue to be in the region through the next couple of days, particularly in the west before the cutoff system moves eastward this weekend. Filling crops will benefit somewhat, though it is pretty late to have much of an effect. Temperatures did not get as cold as the Plains, though some frost was noted in Minnesota. -DTN

**DELTA (SOYBEANS/COTTON):** Mostly dry weather is expected over the next several days, but soil moisture is much improved from last week's rainfall, benefiting filling crops. The dryness will benefit maturing crops. -DTN

**SOUTHEAST (COTTON):** Isolated showers will increase in coverage throughout the next several days, especially as the upper level low moves off to the north this weekend. Late-filling cotton will benefit from the additional moisture while further developed cotton will take extra time to mature. -DTN

**BRAZIL (CORN/COTTON/WHEAT):** Scattered showers continue to fall over Rio Grande do Sul through the weekend and into next week. Full-season corn is being planted in the south, where soil moisture is looking good for germination. Models continue to suggest the wet season will be late this spring, delaying soybean planting in the central and north. -DTN

**ARGENTINA (WINTER WHEAT):** Scattered showers have fallen across the north and far south over the weekend, boosting soil moisture in those areas. Several disturbances are lining up for the region over the next

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week. Showers will be concentrated over the far north and the east, where soil moisture is still mostly favorable, leaving much of the interior dry and needing rainfall. Temperatures may fall below freezing over southern areas at the end of the week and into the weekend. Overall conditions are mixed for developing wheat with conditions better over the north and east and worse over the interior. -DTN

**EUROPE (SPRING GRAINS/CORN/WINTER WHEAT):** The storm path will mostly be through the Baltic and North Seas over the next week, with more favorable conditions for maturing crops. Winter wheat planting could use more moisture across the south. -DTN

**UKRAINE/WEST RUSSIA (SPRING GRAINS/CORN/SUNFLOWERS/WINTER WHEAT):** Scattered showers fell across the region over the last week, providing a muted benefit to filling crops and very little benefit for drought-stricken areas. The rainfall will be more beneficial to supply moisture for the coming winter wheat planting, and more is needed. -DTN

**CANADIAN PRAIRIES (SPRING WHEAT):** Temperatures have fallen below freezing across the region over the last few days. This could lead to any immature filling crops halting for the season, well ahead of normal. Otherwise, little precipitation for the next several days will favor spring wheat harvest. -DTN

**AUSTRALIA (WINTER WHEAT/RAPESEED):** Queensland is falling short on rainfall to start the spring and could use more. Some scattered shower activity will drift north over the next several days through Queensland, which will benefit developing to reproductive wheat and rapeseed, but more would be welcome. -DTN

**CHINA (CORN/SOYBEANS/WINTER WHEAT/RAPESEED):** Three typhoons have moved through northeast China over the last two weeks, causing widespread flooding and wind damage to filling corn and soybeans in the region. Widespread rainfall over four inches with localized amounts over a foot of rain have been noted from the three storms. Overall favorable conditions are found in the south for rice and sugarcane and in the North China Plain for winter wheat and rapeseed planting. -DTN

**INDIA (SUGARCANE/RICE/COTTON/SOYBEANS):** Monsoon moisture continues to be fragmented as the monsoon will withdraw from northwest to southeast over the next 5 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 1 Ringgits
- Dalian Futures exchange Jan corn up 23 vs. the Yuan, Jan beans down 5, Jan meal up 25, Jan bean oil down 38
- Asian Equity markets were higher Nikkei closed up .5%, China's Shanghai up .3%
- European Equity markets start mixed to lower, German Dax unchanged, London FTSE 100 down .8%
- MATIF markets are mixed Nov Corn up .25 to the Euro, Nov Rapeseed down .50, Dec Wheat up 1.0
- Save the Date...Sept 11<sup>th</sup>...USDA S&D numbers...average trade guess for US corn yield/production/20-21 carryout 178.3/14.898/2.451, beans 51.8/4.295/.465...wheat carryout .924...world 20/21 carryout wheat 315.81, corn 311.11, beans 93.11
- Save the Date...Sept 15<sup>th</sup>...NOPA Crush
- Save the Date...Sept 16<sup>th</sup>...FOMC meeting results
- Save the Date...Sept 30<sup>th</sup>...US 2Q GDP

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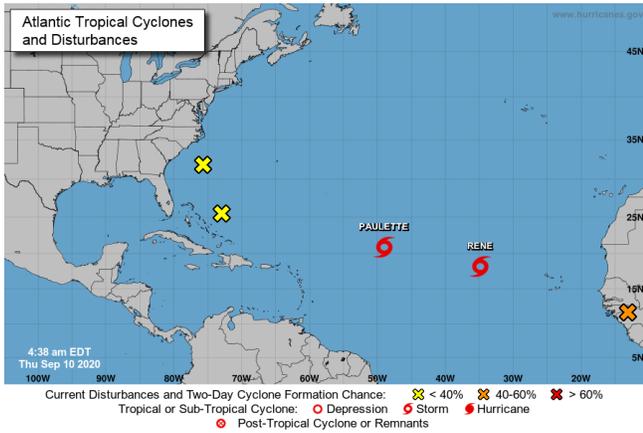
- Save the Date...Sept 30<sup>th</sup>...USDA Quarterly Grain Stocks
- Late Wednesday, Germany's ag ministry said they've discovered potential African swine fever in wild boar carcass in Brandenburg state, near the Poland border. Test results are expected to be known Thursday. There are concerns by analysts and traders that if the disease is found, that could severely impact the country's exports of pork. -QT
- NE China which accounts for 20% of their agricultural typhoon recap <http://www.sixthtone.com/news/1006153/typhoons-ravage-chinas-bread-basket%2C-worrying-farmers>
- Libya still a mess <https://www.thetelegraph.com/news/article/Experts-Libya-rivals-UAE-Russia-Turkey-violate-15552160.php>
- China auto sales YoY in August up 6%
- Weekly US jobless claims at 7:30 AM CDT expected 850,000
- Weekly EIA numbers at 10:00 AM CDT expected WoW crude oil stocks down 1.10 million barrels, gasoline stocks down 2.20 million barrels...API numbers last night had crude oil stocks up 3.0 million barrels but gasoline stocks down 6.9 million barrels
- USDA weekly export sales numbers will be out Friday at 7:30 AM CDT

## Commentary:

For 12 trading days in a row beans have been higher. On the back of Pac Rim demand lead by China beans have been higher for 12 days in a row. The concern that Brazil might get off to a slow start in their bean planting in their Northern and Central bean zones has not hurt the rally effort. The fact that from the EU to the Black Sea this year's harvest of sun flowers could be down as not hurt either. What has really helped early in the run was the lower dollar. It will be interesting to see today the ECB meeting results and press conference as they address the idea that the Euro is too strong at this time. Cash basis at the gulf up and down the calendar curve was strong for beans going home, interior points tributary to the river for quick shipment of beans also strong. Rumor suggest that China was active in buying 3-5 more cargos of US beans yesterday. All the ingredients are there for another day higher in beans except for the fact the USDA Sept S&D numbers are looming. Some in the trade feel that a certain amount of spec money will be taken off the table today from the MM fund crowd. We are not going to argue that because it makes sense to do. The USDA numbers on Friday are expected to once again show that in historical terms US new crop bean carryout remains at levels one would deem burdensome. The concern for the bear moving forward is that the Soy complex along with the rest of the grains are not the only investment sector going through liquidation or profit taking phase. The feeling is that profits now being taken in US macro markets maybe looking at the Ag sector as longer term value...and we all know when even small money flows from the macro markets move into the Ag sector it has a disturbing impact on grain and oilseed board values.

## The Mean Season: [Pattern is full](#)

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