

MORNING GRAIN COMMENTARY

Morning Trends:

Corn: 1 to 3 lower
Wheat: 1 around
Soybeans: 1 to 3 higher
Soy Meal .5 to 1.0 lower
Soy Oil: 35 to 40 higher

The Stories of the Day:

Don't they know words hurt:

<https://twitter.com/nytimes/status/1300715335914598401?s=09>

IT is Trivia Tuesday do you know your state fish:

<https://www.msn.com/en-us/travel/tripideas/do-you-know-your-state-fish/ss-BB18zFaW?li=BBnb7Kz>

Weather:

There is a ridge in the Southeast, a strong trough over Central Canada and the northern U.S., and another ridge off 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. 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 Sunday will be near to above normal for most areas and well above normal in the West. Temperatures will fall over the middle of the country through 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. -DTN

NORTHERN PLAINS (SPRING WHEAT/CORN): A couple additional storms will move through the region this week but are expected to be drier. They may have some stronger winds, though. Most areas have enough soil moisture for filling corn and the dryness 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 scattered showers will continue in the area for much of the week, particularly in the south where it will be most welcome in advance of winter wheat planting. -DTN

MIDWEST (CORN/SOYBEANS/WHEAT): Scattered showers fell across western sections of the region on Monday but were not enough to produce more than 0.50" of rain in drought-stricken Iowa. Rain on Tuesday may benefit filling crops in eastern Iowa, northern Illinois, and southern Wisconsin with up to one inch of rain but showers will be less intense over the rest of the region through Thursday. -DTN

DELTA (SOYBEANS/COTTON): Heavy precipitation and flooding occurred last week as the remnants to Hurricane Laura moved through. This was a benefit as most areas did not see more than two inches of rain except in the drier sections of northeast Arkansas and Tennessee where rainfall of up to five inches was estimated from radar. Scattered showers continued over the weekend into Monday. 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. -DTN

SOUTHEAST (COTTON): Scattered showers continued to fall over the weekend and into Monday, benefiting remaining filling cotton. Scattered showers will become isolated on Wednesday. Open boll cotton will have to battle the showers early but will find more favorable conditions for drying out later in the week. -DTN

BRAZIL (CORN/COTTON/WHEAT): Scattered showers fell over Rio Grande do Sul over the weekend into Monday 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

Tuesday, September 1, 2020

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

EUROPE (SPRING GRAINS/CORN): Scattered showers fell for many areas over the weekend into Monday except across the southwest and southeast. Filling crops benefited from the moisture as more mature crops waited to be harvested. A storm in the middle of the continent will continue over the next couple of days before pulling north. 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. The dryness looks to continue for much of the week with showers being limited more toward the western half of Ukraine through the week. Heat has also built into the region and will stick around through much of the week as well, 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, being heavier in the east as a system moved through. Some 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): Little to no rain fell across the region this weekend and some frosts were noted in Victoria and southern New South Wales. 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. -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 down 13 Ringgits
- Dalian Futures exchange Jan corn up 9 vs. the Yuan, Jan beans up 25 Jan meal down 26, Jan bean oil down 10
- Asian Equity markets were mixed Nikkei closed unchanged China's Shanghai up .4%
- European Equity markets start mixed, German Dax up .6%, London FTSE 100 down .7%
- MATIF markets are mixed Nov Corn down .50 to the Euro, Nov Rapeseed up .75, Dec Wheat unchanged
- Save the Date...Sept 4th...US employment numbers...expected 1.255 non-farm payroll jobs added, unemployment rate falls to 9.9%

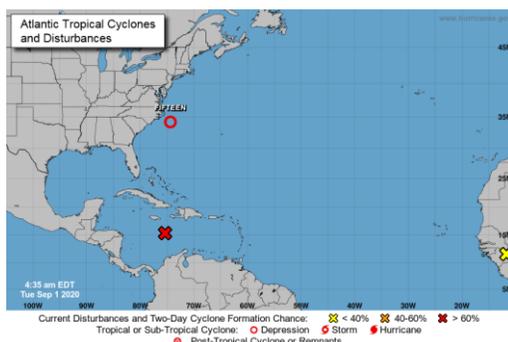
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- Save the Date...Sept 7th...US Labor Day
- Save the Date...Sept 11th...USDA S&D numbers
- Save the Date...Sept 15th...NOPA Crush
- Save the Date...Sept 16th...FOMC meeting results
- Save the Date...Sept 30th...US 2Q GDP
- Save the Date...Sept 30th...USDA Quarterly Grain Stocks
- In Eastern Europe how to slow ASF <https://www.nationalhogfarmer.com/animal-health/efsa-launches-stop-african-swine-fever-campaign>
- China floods a centuries old problem being fought today with high tech <http://www.chinadaily.com.cn/a/202009/01/WS5f4da2a6a310675eafc56af7.html>
- Turkey Greece rift continues <https://www.msn.com/en-us/news/world/turkey-wants-greece-to-demilitarize-island-at-heart-of-rift/ar-BB18wP74>
- USDA weekly crop progress lowered the good/excellent rating for corn to 62% from 64%...beans to 66% down from 69%...poor to very ratings for corn went from 12% to 14% and beans from 8% to 10%
- This bears watching, a frost next week? <https://www.cpc.ncep.noaa.gov/products/predictions/threats/threats.php>

Commentary:

Will the past repeat itself, in this case the recent past as in will either or both Index and MM funds buy Ags to start the month of Sept. The CRB index as well as other commodity indexes have been racing higher for most of the summer months. It seems like the race higher has been done like a relay race. At one point energy values took off, then it was industrial metals and or precious metals. Last half August it seemed like MM funds wanted to own beans and shed shorts in corn as well as more interest by Index funds to buy what looks like under valued Ags in a time where food inflation is starting raise its ugly head in places like China. The question for Ag markets will this buying continue or will big money look to another sector of commodities to buy? For the bull to continue a rally in the face of the beginning of the fall harvest they will need additional Pac Rim demand, a slow start to the Brazilian bean planting season, and early end to the growing season for oilseeds here in the US, and big money demand for Ags. Once again, the bull will need parts of all of the above to happen. Even though the corn and bean crop weather turned a bit adverse in August last night crop ratings once again pointed out that corn and bean harvest will be big and as it stands now new crop carryouts will remain robust to burdensome.

The Mean Season: Things look a little calmer today



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Risk management for a modern world.

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