

MORNING GRAIN COMMENTARY

Morning Trends:

As of 4:45 AM CDT

Corn: 1 around

Wheat: 3 to 5 higher

Soybeans: 4 to 5 lower

Soy Meal 2.0 to 2.5 higher

Soy Oil: 60 to 65 lower

The Stories of the Day:

Just saying <https://www.msn.com/en-us/news/world/china-state-tv-pans-away-from-xi-jinping-speech-as-chinese-leader-repeatedly-coughs/vi-BB1a3drM?ocid=spartan-dhp-feeds>

La Nina not all bad? <https://www.msn.com/en-us/weather/topstories/while-the-atlantic-has-raged-with-storminess-the-pacific-has-been-strangely-quiet/ar-BB1a1Sye?ocid=spartan-dhp-feeds>

Weather: There is a ridge just off the West Coast, a trough in the Central, with another ridge off the East Coast. The trough will be reinforced over the weekend, again in the middle of next week, and yet again at the end of next week. Each trough reinforcement will come with a storm system. The U.S. and European models differ a bit in the upper level forecast for the extended period, which causes significant differences in the treatment of systems next week. Both have shown inconsistency. I will use a blend of the models for now but note that this blended approach may need significant adjustment as we move forward. For the outlook period, temperatures on Tuesday will be above normal in the Southwest and East, and below normal elsewhere. Temperatures are forecast to maintain this overall pattern next week, but adjustment is likely as models work on their consistency issues. A system will bring showers to the Midwest early next week. Another system may bring showers to much of the area east of the Rockies in the middle and end of next week. -DTN

NORTHERN PLAINS (CORN): Some isolated showers are expected through Friday, but these showers are not expected to produce much precipitation. Instead, winds from the systems may continue to cause damage to stands. A system this weekend will likely produce moderate showers, including a couple bands of snow. -DTN

CENTRAL/SOUTHERN PLAINS (CORN/WINTER WHEAT): Dry and breezy weather has continued to deplete soil moisture for developing winter wheat. Very little chance for showers is expected for the next several days but winds may continue to be breezy. The combination will continue to deplete soil moisture for winter wheat and cause dryness and drought to spread further. A system this weekend could produce showers over eastern areas into next week. The showers would likely be helpful for wheat in those areas. -DTN

MIDWEST (CORN/SOYBEANS/WHEAT): Some scattered showers will be possible with a front over eastern areas Thursday. Another front could produce a stripe of showers across the north over the weekend and across much of the area early next week, including some snow across the north. Any rainfall would benefit developing winter wheat but cause delays in the corn and soybean harvests. -DTN

DELTA (SOYBEANS/COTTON): A front will bring some showers to the area on Thursday, but mostly dry weather into early next week should allow soils to drain and recover from Hurricane Delta's effects over the weekend. Harvest activities may continue to be delayed while soils drain. -DTN

SOUTHEAST (COTTON): Hurricane Delta produced moderate to heavy rainfall across the area last week. The storm caused flooding damage and has delayed harvest activities. Mostly dry weather over the next week should allow soils to drain and recover. -DTN

BRAZIL (CORN/COTTON/WHEAT): Scattered showers over the last few days have ushered in the start of the wet season, two weeks behind normal. Periods of showers will continue over the next week. With the showers being scattered in nature, fieldwork and planting will likely show some good progress over the next week. Additional showers will develop across the south over the weekend, benefiting full-season corn and remaining filling wheat. -DTN

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ARGENTINA (WINTER WHEAT): More showers are needed for spring planting, germination, and developing winter wheat. Scattered showers will favor northern areas Thursday, with drier conditions elsewhere through the weekend, stressing crops. A front is expected to bring more widespread moderate showers early next week to much of the country. -DTN

EUROPE (CORN/WINTER WHEAT): Scattered showers have fallen across most areas outside of Spain over the past several days, benefiting developing winter grains but causing some delays in the corn harvest. A system will slowly move eastward across the continent through the weekend with scattered showers, which continues to favor winter grains. Spain will be mostly left out, however, which could use more shower activity as winter planting starts up. -DTN

UKRAINE/WEST RUSSIA (CORN/SUNFLOWERS/WINTER WHEAT): Scattered showers fell across Ukraine over the past several days, boosting soil moisture for winter crops. Russia remained almost completely dry. Some periods of showers will move through Ukraine over the next few days while Russia remains dry. A system moving through Russia this weekend offers a chance for meaningful shower activity, but nothing heavy. -DTN

NORTHERN AFRICA (WINTER WHEAT): Scattered showers have fallen across eastern areas over the past few days, ahead of the winter wheat planting season which will start up in the next few weeks. The region is looking for more rainfall to refill deficits caused from last winter's growing season. -DTN

CANADIAN PRAIRIES (SPRING WHEAT/LIVESTOCK): A stronger storm system this past weekend produced some shower activity, but gusty winds were more notable with the system. The little wheat that remains unharvested may have been damaged from the winds. Cooler temperatures and periods of showers are expected this week, including snow in Alberta. The showers will benefit rangelands that have been dealing with drought, especially in Saskatchewan, but several days of sub-freezing temperatures will limit the effectiveness and may push pasture toward dormancy. -DTN

AUSTRALIA (WINTER WHEAT/CANOLA): There were some showers in Queensland over the past few days, benefiting reproductive wheat and canola. Soil moisture remains adequate for most other growing areas. A system will produce more meaningful precipitation across the southeast through the weekend. -DTN

CHINA (CORN/SOYBEANS/WINTER WHEAT/RAPESEED): Soils have been allowed to drain in the northeast as the harvest of corn and soybeans increases. Recent showers in the Yangtze River Valley may have caused some delays to ripening and harvesting of rice. The showers missed the North China Plain, where conditions have been more favorable for winter wheat and rapeseed planting recently, though this portion of the country could use more moisture as the wheat begins to germinate. Recent showers across the south due to Tropical Storm Nangka may disrupt harvest of rice. -DTN

INDIA (SUGARCANE/RICE/COTTON/SOYBEANS/WINTER WHEAT): Scattered showers have flared back up again over the central and southern growing areas this week, aided by tropical activity. This may cause some delays to maturing and harvesting of cotton and soybeans. Winter wheat areas in the northwest and Pakistan have favorable soil moisture, planting conditions, and irrigation reserves. -DTN

Headlines:

- Malaysian December Palm Oil down 56 Ringgits
- Dalian Futures exchange closed mostly lower Jan corn down 26 to the Yuan, Jan beans down 28, Jan Meal up 1, Jan bean oil down 50
- Asian Equity markets were lower Nikkei down .7%, China's Shanghai down .3%
- European Equity markets start lower German Dax down 2.7%, London FTSE 100 down 2.0%
- MATIF markets are mixed Jan Corn up .25 to the Euro, Feb Rapeseed down 1.0, Dec Wheat up 1.50

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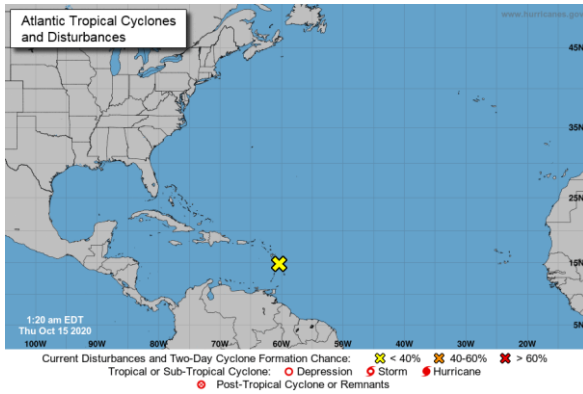
- Save the Date...Oct 15th...NOPA Crush...expected at 160.79 MT
- Save the Date...Oct 29th...3Q GDP
- Save the Date...Nov 3rd...US Election Day
- Save the Date...Nov 6th...US monthly jobs reports
- Save the Date...Nov 10th...USDA S&Ds
- Brexit, EU talks will they ever end <https://www.msn.com/en-us/money/markets/post-brexit-trade-talks-expected-to-drag-on-despite-boris-johnsons-deadline/ar-BB1a3aVw>
- ASF found in sausage casing in Russian store <https://www.express.co.uk/news/world/1347942/Coronavirus-news-African-swine-fever-Germany-COVID19-infectious-pigs-wild-boar>
- Not how cease-fires are supposed to work 2.0 <https://www.npr.org/2020/10/14/923674768/azerbaijan-armenia-trade-accusations-of-breaking-cessate-fire-in-nagorno-karabakh>
- Indian food inflation soars in Sept <https://news.yahoo.com/indias-september-inflation-picks-7-121443913.html>
- At 7:30 AM CDT weekly jobless claims are expected at 830,000 WoW at about unchanged
- At 10:00 AM EIA weekly energy stocks numbers will be out crude oil stocks are expected to be down 3.4 million barrels and gasoline stocks down 1.4 million barrels, API numbers last night found that crude oil stocks WoW were down 5.4 million barrels and gasoline stocks down 1.5 million barrels

Commentary:

We believe we are in long term demand market. We believe technical upside targets for WZ at 640, CZ at 430 and SX 1140 are all in play, over time. That said day to day price action and even week to week price action will still be influenced by more traditional supply side weather concerns. Weather such as big themed items like La Nina will be talked about daily this fall. Of course, specific weather forecast for areas of concern in Brazil, US HRW areas and S. Russia will be talked about with every download from the weather satellites. With that in mind price action going into the weekend will center on how much coverage and amounts of rain Northern and Central Brazil will receive over the weekend, will an expected trough in the Midwest next week set up further west and give the dry areas of HRW more than just passing winds and of course will the recent upticks in rain in the Ukraine finally bring some meaningful moisture into S. Russia. We believe we are in a long-term demand market as countries around the globe try to figure out what is the correct amount of food and feed grain reserves to have on hand in a time of Covid and ASF. Part of this process of assessing these twin virus stories remains in gauging if world food and feed grain supplies are on the uptick or not.

The yellow X still out there...while only 1 X on the map there are actually 3 areas of interest that the NHC is watching this morning

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