

## MORNING GRAIN COMMENTARY

### Morning Trends:

As of 4:30 AM CDT

**Corn: 3 to 5 higher**

**Wheat: 7 to 9 higher**

**Soybeans: 3 to 5 higher**

**Soy Meal 5.0 to 5.5 higher**

**Soy Oil: 30 to 35 lower**

### The Stories of the Day:

**Graze Lands are in trouble** <https://www.msn.com/en-us/weather/topstories/colorado-wildfire-erupts-amid-deepening-drought-forcing-evacuations-in-boulder-county/ar-BB1a9fNr?li=BBnb7Kz>

**Deadline looms between WH and House Democrats on relief bill** <https://www.msn.com/en-us/news/politics/stimulus-latest-deadline-looms-for-deal-before-election-day-with-key-differences-unresolved/ar-BB1aazt3?li=BBnbfCL>

**Weather:** There is a ridge just off the West Coast, a trough in the

Central, and another ridge off the East Coast. The trough will be reinforced a couple of times through the next week, with each reinforcement slightly pushing the trough further to the west. The final reinforcement over the weekend into early next week will likely signal the end of a pattern and the start of a flatter one into November. The U.S. and European models have shown inconsistency with each reinforcement of the main trough, especially with the final one. I will use a blend of the models, noting that there is ample opportunity for the models to diverge with each passing storm system. For the outlook period, temperatures on Saturday will be above normal in the Four Corners and East, and near to below normal elsewhere. Temperatures will fall in the West as the final trough digs in and may encompass the east by the middle of next week. One system will be leaving the East Coast over the weekend while another moves through the West, emerges into the Plains next Sunday, and moves through much of the country by the middle of next week. This second storm could be very strong with moderate rainfall and heavy snow potential across portions of the Plains and Midwest, though models are mixed on its potential development. -DTN

**NORTHERN PLAINS (CORN/LIVESTOCK):** Scattered showers developed over the weekend, including snow showers across much of the area. Moderate snow accumulated near the Rockies and also around the Black Hills. Three systems will move through the region this week, with moderate snowfall potential with each one. Producers with crops yet to be harvested will be delayed while livestock will be stressed as temperatures fall well below freezing behind each storm. -DTN

**CENTRAL/SOUTHERN PLAINS (CORN/WINTER WHEAT/LIVESTOCK):** Scattered showers fell in Nebraska over the weekend, including moderate snow accumulations through the middle of the state. Several storm systems will bring some shower activity along with a chance for snow at the end of the week in the northwest. Any shower activity will benefit winter wheat development as dryness has been a major concern, though showers will be most likely for northern and eastern areas only. Remaining corn waiting to be harvested could see delays as well. Temperatures will fall below freezing in the northwest corner of the region at times through the week, especially behind a system late week that could stress livestock and any developing winter wheat. -DTN

**MIDWEST (CORN/SOYBEANS/WHEAT):** Temperatures fell below freezing over some portions of the north and east over the weekend and may have caused some minor damage to developing winter wheat. Otherwise, widespread showers also occurred, but were light for many areas outside of the Ohio River Valley, where moderate showers continue for the main winter wheat growing areas on Monday, benefiting the developing crop. A couple more storm systems will move through the region over the course of the week, including moderate snow for Minnesota and Wisconsin. The increase of moisture will cause harvest and fieldwork delays but will be beneficial for recharging soil moisture. Temperatures will be on the cooler side for the week, but most areas should remain above the freezing mark outside of the northwest. -DTN

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**DELTA (SOYBEANS/COTTON):** Isolated showers moved through over the weekend but generally were light and spotty. Moisture from the Gulf of Mexico will flow northward through the region this week, feeding shower chances. This is especially true across the north where fronts are likely to stall from passing systems. This could continue to cause harvest and fieldwork delays in the region. -DTN

**SOUTHEAST (COTTON):** Mostly dry weather occurred over the weekend, allowing soggy soils to continue draining and improving conditions for harvest and fieldwork. Shower chances will be low over the next few days but increase later in the week as a system approaches for the weekend. -DTN

**BRAZIL (CORN/SOYBEANS/WHEAT):** Scattered showers over the last week 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 continue to show some good progress over the next week. Additional showers would be welcome across the south for full-season corn but prospects chances are low until the end of the week, which may cause stress. -DTN

**ARGENTINA (WINTER WHEAT/CORN/SOYBEANS):** Scattered showers developed over the north while isolated showers fell in Buenos Aires over the weekend. The region continues to be very dry and in need of moisture for developing wheat and spring planting and germinating summer crops. A front will bring widespread moderate showers early in the week with more likely over the weekend, which could ease the dryness and drought. -DTN

**EUROPE (CORN/WINTER WHEAT):** Scattered showers followed a system exiting to the east over the weekend while dryness was noted for the west and central portions of the continent. Much of the continent finds good conditions for developing winter grains due to recent showers outside of Spain, where shower activity would be more welcome as the region prepares for winter wheat planting. A system will move through the western half of the country with periods of showers continuing eastward later in the week. Overall, conditions remain favorable for winter crops for most of the continent. -DTN

**UKRAINE/WEST RUSSIA (CORN/SUNFLOWERS/WINTER WHEAT):** Scattered moderate showers fell across Ukraine over the weekend, but Russia saw more light and spotty shower activity, with little to no easing the dryness and drought. Some decent shower chances are expected across the winter wheat areas in Russia on Monday but are followed by mostly dry conditions for the rest of the week. Showers may scrape by northern areas, however. -DTN

**NORTHERN AFRICA (WINTER WHEAT):** Recent showers have boosted soil moisture prior to winter wheat planting, but more are needed. Scattered showers will move through later this week, but the region is looking for more rainfall to refill deficits caused from last winter's growing season. -DTN

**CANADIAN PRAIRIES (SPRING WHEAT/LIVESTOCK):** Scattered showers and snow accumulations occurred over the weekend, especially across the south. Temperatures well below freezing over the weekend continue through the bulk of this week as well and could push rangelands into dormancy and stress livestock. -DTN

**AUSTRALIA (WINTER WHEAT/CANOLA):** Scattered showers fell across southeastern portions of the country over the weekend but were limited in the west and Queensland, two areas that could use more moisture for reproductive to filling crops. Some occasional shower activity is possible in both of these areas through the week, but will be unorganized until a system moves through the east late this week and weekend. Better growing conditions continue across the southeastern areas. -DTN

**CHINA (CORN/SOYBEANS/WINTER WHEAT/RAPSEED):** Mostly dry weather occurred over the weekend for the Northeast and North China Plain, favoring harvest, fieldwork, and winter grains planting. Some showers occurred across the south which may have disrupted the rice harvest. Drier conditions for much of the week will continue to benefit fieldwork activities, but moisture would be welcome in the North China Plain for developing winter grains. -DTN

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INDIA (SUGARCANE/RICE/COTTON/SOYBEANS/WINTER WHEAT): Scattered showers occurred across the southern half of the country this weekend, disrupting some of the maturing soybean and cotton crop. Periods of showers will continue in these areas through the week, continue to cause delays. Winter wheat areas in the northwest and Pakistan have dry weather with favorable soil moisture, planting conditions, and irrigation reserves. -DTN

## Headlines:

- Malaysian December Palm Oil down 98 Ringgits
- Dalian Futures exchange closed mixed Jan corn up 30 to the Yuan, Jan beans up 15, Jan Meal up 4, Jan bean oil down 138
- Asian Equity markets were mixed Nikkei up 1.1%, China's Shanghai up .%
- European Equity markets start higher German Dax up .5%, London FTSE 100 down .7%
- MATIF markets are higher Jan Corn up .25 to the Euro, Feb Rapeseed up .75, Dec Wheat up 2.25
- Save the Date...Nov 3<sup>rd</sup>...US Election Day
- Save the Date...Nov 6<sup>th</sup>...US monthly jobs reports
- Save the Date...Nov 10<sup>th</sup>...USDA S&Ds
- Armenia border war not good [https://www.upi.com/Top\\_News/World-News/2020/10/19/Azerbaijan-Armenia-trade-accusations-of-violating-new-cease-fire/4321603095330/](https://www.upi.com/Top_News/World-News/2020/10/19/Azerbaijan-Armenia-trade-accusations-of-violating-new-cease-fire/4321603095330/)
- Defcon IV for no deal Brexit <https://news.yahoo.com/brexit-firms-preparations-uk-government-advice-103259466.html>
- That time of the year when birds are on the move so is bird flu <https://theconversation.com/nearly-half-a-million-poultry-deaths-there-are-3-avian-influenza-outbreaks-in-victoria-should-we-be-worried-145325>
- Brazil to waive import tariffs on corn and beans until 2021
- China economic news over the weekend on the low side of guesses but their economy is growing
- Brazilian bean plantings running at 10-year lows...could impact second season corn yields as well as being a drag on bean yields
- CFTC found that as of the close of 10/13 the MM Funds were long 38,590 wheat, long 170,869 corn, long 226,444 beans, long 77,068 meal, and long 82,188 bean oil
- Weekly export inspections at 10:00 AM CDT last week there was 100,000 + MT of beans lifted to China off the Atlantic Seaboard

## Commentary:

We are in a long-term bull demand market because of Covid and ASF. That said price action at times will still be dominated by supply side concerns. The fact that China booked so much from S. America this spring in both finished and unfinished proteins, countries like Brazil are feeling the impact of domestic food inflation. On top of that they are now up against delayed bean plantings which the bridge between old crop stocks to new crop will be a long one. This in turn means more US feed grain business will be pumped out in Q1. The Nov S&D reports will be interesting to see what changes are made on the demand export lines for both the bean and corn carryouts. Technically if we start this week firm based on supply side concerns a path to higher corn and bean price objectives will open. We are in a demand led bull market, but today and possible this week supply side

concerns could fuel another technical leg higher. Tonight, if the weekly crop updates show more progress than expected in the corn harvest this rally could get super charged.

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