

MORNING GRAIN COMMENTARY

Morning Trends:

As of 4:45 AM CDT

Corn: 1 to 2 higher

Wheat: 1 to 3 higher

Soybeans: 1 to 2 higher

Soy Meal .5 to 1.0 higher

Soy Oil: 10 to 15 higher

The Stories of the Day:

President Trump reverses course says open to select Covid relief aid
<https://www.msn.com/en-us/news/politics/trump-reverses-course-on-coronavirus-relief-talks-dangles-new-1-200-stimulus-checks/ar-BB19LtsW?li=BBorjTa&ocid=spartan-dhp-feeds>

One of the greats moves on <https://www.msn.com/en-us/entertainment/news/celebrities-react-to-the-death-of-eddie-van-halen/ss-BB19LDOq?li=BBnb7Kz&ocid=spartan-dhp-feeds>

Weather:

There is a ridge in the West and a trough in the Great Lakes and Northeast.

The ridge will expand and push the trough out of the way by the end of the

week. A weak disturbance will move across the International border Friday and Saturday. A new trough will move into the West this weekend, then into the Central U.S. early next week where it may stay for a few days before lifting into the Northeast late next week while a ridge builds back into the West.

The U.S. and European models are similar with the upper level pattern for most of the period but treat the systems next week very differently. Both models are showing very inconsistent timing with the speed and depth of the systems moving through the country next week so the forecast may change a bit more.

For the outlook period, temperatures on Monday will be near to below normal

in the West and into the Plains and above normal east of there. Temperatures should fall as the trough pushes eastward during the week, building back up above normal in the West. A strong system in the Plains will move through the Midwest on Monday and Tuesday with moderate to heavy showers. Depending upon the track and speed of Hurricane Delta, tropical moisture may make it up into the Midwest early next week as the front moves through. An additional system may develop and bring moderate showers east of the Mississippi River mid-to-late next week but models are uncertain of the details with this system. -DTN

TROPICS: Hurricane Delta was located near 20.6 north latitude and 86.4 west longitude or 35 miles east of Cozumel, Mexico at 4am CDT Wednesday with maximum sustained winds at 115 mph. After a brief landfall over the Yucatan Peninsula today, the storm is expected to strengthen as it moves through the Gulf of Mexico make landfall in central Louisiana late Friday. The system will spread heavy rainfall over the southern Delta and Southeast into the weekend. The system could spread tropical moisture into the eastern Midwest over the weekend as well. -DTN

NORTHERN PLAINS (CORN): Dryness and above normal temperatures will benefit harvest and fieldwork into the weekend. A system Sunday into Monday will likely bring strong wind gusts and periods of moderate to heavy showers, which could cause damage to stands and delay harvest activities. -DTN

CENTRAL/SOUTHERN PLAINS (CORN/WINTER WHEAT): Dryness and above normal temperatures will benefit harvest activities this week, but will continue to deplete moisture for winter wheat. A system Sunday into Monday will likely bring strong wind gusts and may produce moderate to heavy showers, which could

cause damage to stands and delay harvest activities, but the rainfall would be highly beneficial to winter wheat should it occur.-DTN

MIDWEST (CORN/SOYBEANS/WHEAT): Most of the region will be dry through the weekend with above normal temperatures. Hurricane Delta may spread tropical moisture to the eastern Midwest over the weekend but this is not certain yet. A system early next week will bring periods of moderate to heavy showers and breezy winds, which could cause damage to stands and delay harvest activities. -DTN

DELTA (SOYBEANS/COTTON): Dry weather will continue over the next couple of days, benefiting harvest and fieldwork. Hurricane Delta is expected to make landfall in Louisiana and could spread moderate to heavy rainfall across the region Friday, Saturday, and possibly Sunday, especially across the south. A system early-to-mid next week will bring periods of moderate to heavy showers. Both of these systems could cause damage to stands and delay harvest activities. -DTN

SOUTHEAST (COTTON): Showers may occasionally drift north from the Gulf of Mexico over the next day or two, but dryness is more likely, further benefiting drying of soils and allowing for fieldwork. Hurricane Delta is expected to make landfall in Louisiana and could spread moderate to heavy rainfall across the area Friday through the weekend. More showers will be possible next week as the system approaches from the west. Both features may cause harvest and fieldwork delays. -DTN

BRAZIL (CORN/COTTON/WHEAT): Scattered showers continue along a stalled frontal boundary across the south, benefiting full-season corn and filling wheat in the

region. The front will move north into central areas this weekend and likely stall, causing periods of showers to develop over Mato Grosso and the surrounding areas, which would be the start of the wet season as we head into next week. -DTN

ARGENTINA (WINTER WHEAT): Scattered showers fell across much of the country this weekend, boosting soil moisture for developing wheat and spring planting. Some showers will develop across the north this week, and near Buenos Aires over the weekend, but the overall pattern looks rather dry for the next week. This could stress developing wheat further and cause spring planting delays. -DTN

EUROPE (CORN/WINTER WHEAT): Recent showers have boosted soil moisture for most winter grains areas, especially across the drier sections in France and the UK. The continent will be in the storm track for the next week, with periods of showers for most areas as systems get cut off from the upper level flow. Spain will be mostly left out, however, which could use more shower activity as winter planting increases. -DTN

UKRAINE/WEST RUSSIA (CORN/SUNFLOWERS/WINTER WHEAT): Scattered showers continue to fall across western Ukraine, boosting soil moisture for winter crops, but little shower activity is expected in Russia for the next week, likely causing further delays to winter wheat planting. -DTN

NORTHERN AFRICA (WINTER WHEAT): Periods of showers are starting to fall ahead of the winter wheat planting season, which will start up in the next few weeks. The main storm track will remain off to the north this week, and the region is looking for more rainfall to refill deficits caused from last winter's growing

season. Rain looks more promising Sunday into next week. -DTN

CANADIAN PRAIRIES (SPRING WHEAT): Some isolated showers may move through over the course of this week, but dryness will continue to favor harvest progress, which should mostly wrap up this week outside of Alberta. A stronger storm system this weekend into next week will cause delays to the remaining harvest and fieldwork, but replenish moisture for rangelands. -DTN

AUSTRALIA (WINTER WHEAT/CANOLA): Showers will continue over southeastern areas through Thursday but Queensland will be mostly missed from the system, where deficits are mounting and soil moisture is being depleted while wheat and canola are moving into and through reproduction. Planting progress will continue but moisture would be beneficial for any non-irrigated crops. -DTN

CHINA (CORN/SOYBEANS/WINTER WHEAT/RAPESEED): Scattered showers fell across northeastern growing areas this weekend, delaying corn and soybean harvest activities under saturated soils. Additional showers fell in the Yangtze River Valley, which may have caused some delays to ripening rice. The showers missed the North China Plain, where conditions have been more favorable for winter wheat and rapeseed planting recently. -DTN

INDIA (SUGARCANE/RICE/COTTON/SOYBEANS/WINTER WHEAT): Monsoon moisture continues to withdraw from the country and showers are becoming more confined to eastern rice areas as normal, benefiting all crops for their respective growth stages. Winter wheat areas in the northwest and Pakistan have favorable soil moisture, planting conditions, and irrigation reserves. -DTN

Headlines:

Wednesday, October 7, 2020

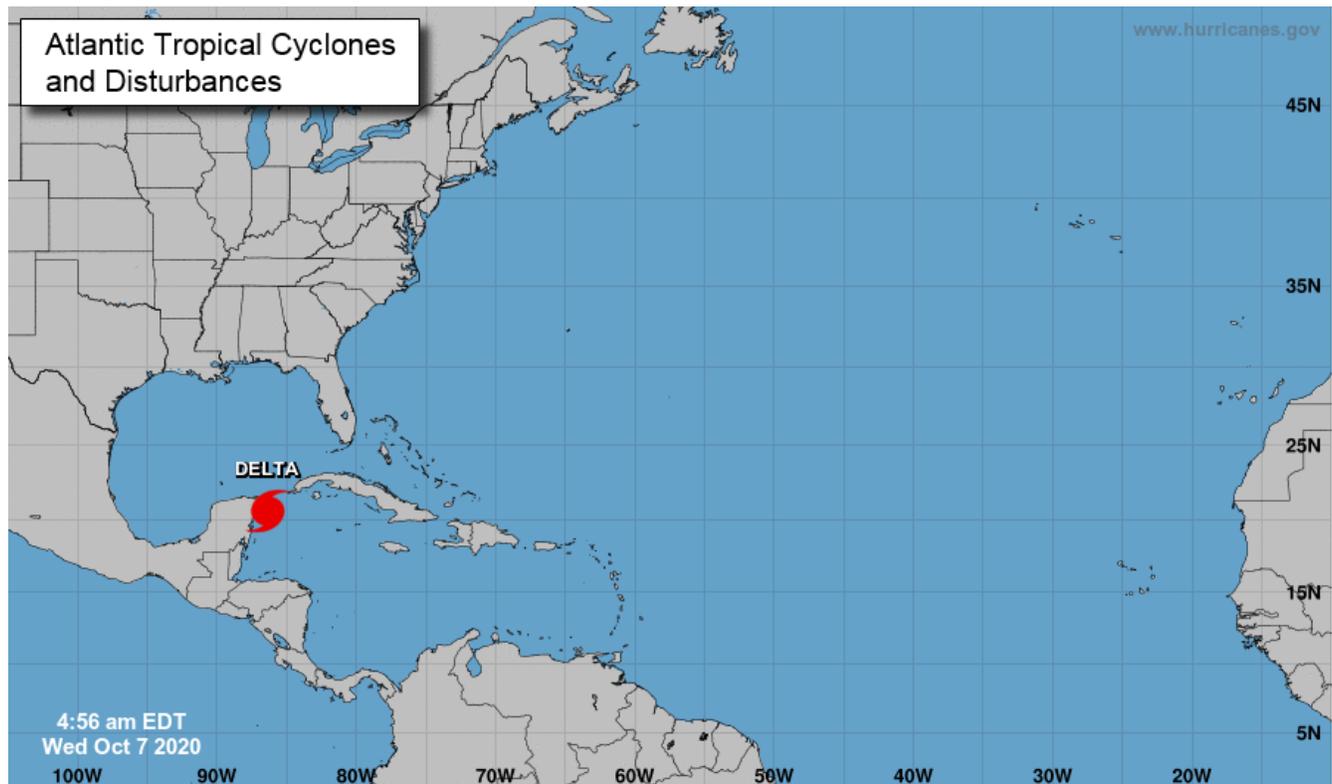
- Malaysian December Palm Oil up 44 Ringgits
- Dalian Futures exchange closed for Autumn Holidays
- Asian Equity markets were mixed Nikkei down .1%, China's Shanghai closed for Autumn Holidays, will reopen on Friday
- European Equity markets start mixed German Dax down .1%, London FTSE 100 down .2%
- MATIF markets are mixed to higher Jan Corn up .25 to the Euro, Feb Rapeseed up .25, Dec Wheat up 1.0
- Save the Date...thru Oct 8th...Golden Week China
- Save the Date...Oct 9th...USDA Crop Production and S&D reports...StoneX yield/production corn/ beans 179.0/14.962, 52.4/4.351...IHS 177.8/14.812, 51.9/4.294 (note StoneX using Sept USDA acre numbers, IHS lowers corn acres by 216,000 and bean acres by 310,000) Sept USDA 178.5/14.900, 51.9/4.313, Average trade guess for corn yield 177.7 production 14.810 billion bushels...beans 51.5 production 4.28 billion bushels ...average trade guess for domestic corn/world/Sept corn carryouts, 2.11 billion bushels/300.1 million metric tons, beans 370 MBU/91.36 MMT...wheat 888 MBU/317.2 MMT... Sept USDA in Sept corn 2.503 BBU/306.8 MMT, beans 460 MBU/93.59 MMT, wheat 925 MBU/319.37 MT
- Save the Date...Oct 12th...Canadian Thanksgiving
- Save the Date...Oct 15th...NOPA Crush
- Save the Date...Oct 29th...3Q GDP
- Save the Date...Nov 3rd...US Election Day
- Fall Armyworm remains a problem in India <https://www.thehindu.com/news/cities/Madurai/fall-armyworm-spotted-in-maize-fields-in-madurai/article32780092.ece#!>
- Hot border war continues Iran warns that this could turn into a regional war <https://news.yahoo.com/iranian-president-warns-azerbaijan-armenia-073939800.html>
- Brexit under 90 days <https://www.reuters.com/article/britain-eu-sterling-options-graphic-idINKBN26S0P7>
- Hurricane Delta prepares to make first landfall in Mexico...US gulf expected to be hit later this week <https://www.cbsnews.com/news/hurricane-delta-closes-in-mexicos-resort-heavy-yucatan-peninsula-today-2020-1007/>
- Covid continues to destroy the known <https://www.msn.com/en-us/money/companies/second-city-faces-uncertain-future-after-owner-announces-intention-to-sell/ar-BB19Mbg9?ocid=hplocalnews>

Commentary:

Demand rallies take time. That said supply side concerns can spike price action in long term demand markets. Cases in point these last few trading days have been the dual concerns over the new crop planting conditions for new crop Black Sea winter crops (today's lost winter wheat acre tomorrow's found sun flower acreage) and the planting conditions for oilseeds in Northern and Central Brazil (today's late planted bean acre tomorrow's very

Wednesday, October 7, 2020

late planted second season corn acre). Wheat and beans have taken turns in the last few days being the market leaders to the upside. Corn on the other hand just keeps chugging along. That said corn while not flamboyant in its price action maybe has the best long term price outlook. Unlike beans its is corn where the MM funds are nowhere close to their all time length. It is corn that China will need over time to continue on its goal of trying to be 95% self sufficient in its pork production. It is clear to us that as long as China wants to keep the Yuan strong to other currencies in the world their desire for corn will not fade. Yes the expected USDA S&D numbers later this week while MoM and YoY lower for the world and US corn carry outs are still expected an ample safety net of supplies. We have said it before and we will say it again corn is the grain that sits at the intersection of being a feed input, an energy input and a sweetener input. It is of note this fall that reports out of the US have driving miles driven in many a US city moving back towards pre-Covid levels. It is note that world sugar demand did not fall as much as expected this summer due to Covid. Combine better off take of sugar with the poor finish to the sugar beet growing season in Russia as well as the growing season for cane in Brazil and suddenly the world sugar S&D tables are in motion. Demand led corn rallies are like a train, slow at first to pick up momentum but once it starts rolling watch out. The question coming out of the USDA reports this week is the bull corn train just leaving the station...all aboard?



Current Disturbances and Two-Day Cyclone Formation Chance: ✘ < 40% ✘ 40-60% ✘ > 60%
 Tropical or Sub-Tropical Cyclone: ○ Depression ◉ Storm ● Hurricane
⊗ Post-Tropical Cyclone or Remnants

An investment in futures contracts is speculative, involves a high degree of risk and is suitable only for persons who can assume the risk of loss in excess of their margin deposits. You should carefully consider whether futures trading is appropriate for you in light of your investment experience, trade objectives, financial resources, and other relevant circumstances. PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULT Rosenthal Collins Group 2020 If you are not the intended recipient of this message, you may not disclose, print, copy or disseminate this information. If you have received this in error, please reply and notify the sender (only) and delete the message. Unauthorized interception of this e-mail is a violation of federal criminal law. Unless otherwise indicated, this is not intended to be an offer to sell or a solicitation to buy any futures or options on futures contract. RCG or its affiliates may have positions in: futures, options, securities or other financial instruments which may be referred to herein. Trading in futures and options on futures entails significant risks which may not be appropriate for all investors. Past performance is not necessarily indicative of future results.

leese group

Risk management for a modern world.

Wednesday, October 7, 2020



A DIVISION OF
MAREX SPECTRON