

## MORNING GRAIN COMMENTARY

### Morning Trends:

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as of 5:00 AM CST

Corn 10 to 12 lower

Wheat 15 to 17 lower

Beans 10 to 12 lower

Soy Meal 1.5 to 2.5 lower

Soy Oil 70 to 75 lower

### The Stories of the Day:

Peace not breaking out yet [Saudi-led coalition in Yemen foils Houthi attack south of Red Sea - state media \(msn.com\)](#)

They're out there [U.S. Intel Report on UFOs headed to Congress \(msn.com\)](#)

**Weather:** There is a trough in the Canadian Prairies and a ridge in the East. The trough is weakening and will move along the U.S-Canada border through the week, flattening the northern extent of the ridge. Another trough will move into the West midweek and through the middle of the country through the end of the week. A third trough will move into the Northwest late this week and across southern Canada into next week. Outside of the troughs, ridging will be maintained across the South and Southeast U.S. The U.S. and European models are fairly similar in the upper levels, but are quite different at the surface. I will use a model blend but favor the European. For the outlook period, temperatures on Saturday will be near to below normal across the east and near to above normal across the west. Temperatures will be quite variable over the period, but will mostly follow a warming trend. A system with a stalled front will continue across the South and Southeast through the period. Another system will move across northern areas over the weekend with yet another in the middle of the country next week. -DTN

**NORTHERN PLAINS (LIVESTOCK/SPRING WHEAT/CORN/SOYBEANS):** Scattered showers fell across most areas over the weekend with many areas seeing over an inch of rain. Temperatures remained cold in Montana and the western Dakotas for most of the weekend as well. Showers will exit Monday morning but two more systems will bring moderate rain through the region through the coming weekend. Rain will help to ease drought for much of the region, though it will not be eliminated. Below normal temperatures are also forecast to stick around through the week, keeping growth slower. -DTN

**CENTRAL/SOUTHERN PLAINS (WINTER WHEAT/LIVESTOCK/CORN/SOYBEANS):** Scattered moderate to heavy showers fell across the far east and far west this weekend with lighter showers in between. Periods of showers will continue for the next week but will be a bit more sporadic. Still, when showers do occur, they will likely be moderate to heavy, benefiting row crops where they hit. Models still display widespread 1 to 2 inches of rain across the region with locally heavier amounts where thunderstorms are more persistent. -DTN

**MIDWEST (WINTER WHEAT/CORN/SOYBEANS):** Scattered showers fell across the north and west this weekend. Rain was moderate to heavy where it occurred. This likely helped to ease some of the drought across northern areas. A system will bring a front across the region later this week with more widespread showers on Wednesday. Another system will follow closely behind to finish out the week. Temperatures well above normal have helped to progress corn and soybeans further through development but temperatures are likely to go back below normal late this week for a few days. Models disagree on how long the cold air will stick around, but crop progress is likely to be a little slower regardless. -DTN

**DELTA (SOYBEANS/COTTON):** Mostly dry weather occurred this weekend as the focus for showers shifted westward. Soil moisture in the region remains adequate to surplus so the dryness should have helped crops progress a little more rapidly. A couple of systems will bring chances for showers through the region later this week and weekend, keeping prospects on both cotton and soybeans largely favorable. -DTN

**SOUTHEAST (COTTON/LIVESTOCK):** Dryness over the weekend should have helped producers progress further for planting cotton. Adequate moisture remains in the area but it should remain dry for most of this week. Chances may be better this weekend. If those chances do not materialize, we could start to become concerned. -DTN

**CANADIAN PRAIRIES (SPRING WHEAT/CANOLA):** Moderate to heavy precipitation fell across a good majority of the region over the weekend, helping to ease the widespread drought. Temperatures below normal have not been helpful for germinating or developing crops, however. Low temperatures below freezing have occurred across the western half of the region. Rain chances will mostly end on Tuesday but another chance moves through over the coming weekend. Mostly below normal temperatures will continue through the week, keeping growth slow. -DTN

**BRAZIL (CORN/WINTER WHEAT):** Moderate to heavy rain moved through southern areas over the weekend. Scattered showers moved into Mato Grosso, southern Goias, and southern Minas Gerais as well, but amounts are largely estimated to be lower than one inch in these places. Rainfall has stabilized and perhaps improved yield prospects across the south, but the meager showers were likely not enough to cause any reversal in the prospects across the higher production areas in the central states. Another system will bring moderate to heavy rainfall across southern areas only late this week and weekend. The front is not expected to move into central states, where concern continues to mount. -DTN

**ARGENTINA (CORN/SOYBEANS/WINTER WHEAT):** Widespread moderate to heavy showers moved through most areas over the weekend, improving soil moisture for winter wheat. Some disruption to the corn and soybean harvest was possible. Mostly dry conditions this week should favor the harvest with showers expected only across the far north late this week. -DTN

**EUROPE (WINTER WHEAT/CANOLA/CORN):** Scattered showers and below normal temperatures will continue to characterize the northern half of the continent through the majority of this week. The showers may continue this weekend and for next week, but temperatures should be closer to normal, if not slightly above. Slow growth continues for this week, but we may see more of an accelerated growing pace next week. -DTN

**UKRAINE/RUSSIA (WINTER WHEAT/CORN):** Scattered showers fell this weekend, but some areas remained dry. Soil moisture is still mostly favorable across the region, but periods of showers would be beneficial. There will be system that provides that on Monday, but showers may be more restricted to western Ukraine for the rest of the week. A system may swing through the region this weekend with more widespread showers. Temperatures mostly above normal should help crops pick up the development pace back closer to normal. -DTN

**AUSTRALIA (COTTON/SORGHUM/WINTER WHEAT/CANOLA):** Scattered showers moved into Western Australia this weekend, but it remained dry in the east, where more showers would be welcome for developing wheat. The system producing the rain in Western Australia will continue across the southeast early this week. Showers are not expected to be very heavy, though. A period of dryness will follow that system for the next week, causing more concern over soil moisture. Irrigation levels are still adequate, however. -DTN

**CHINA (WINTER WHEAT/CANOLA/CORN/SOYBEANS):** Scattered showers moved through the region this weekend, benefiting early plant growth in the northeast, and wheat and canola fill on the North China Plain. Temperatures have fallen below normal, however, and will remain so for most of the week, keeping growth slow. -DTN

INDIA (WINTER WHEAT/CANOLA/COTTON/SOYBEANS): Tropical Cyclone Tauktae brought heavy rainfall to maturing wheat and canola in northwest India last week, which may have caused quality issues and damage. Another could do the same for rice in eastern India and Bangladesh early this week. Models are currently forecasting the low pressure center to weaken as it moves inland to the northwest, but stalls it north-central India into the weekend. Should this occur, there could be more flood damage for winter wheat and canola. -DTN

## Headlines

- > Malaysian Aug Palm Oil down 104 Ringgits
- > Dalian Futures Exchange were lower, Sept Corn down 24 to the Yuan, Sept Beans down 56, Sept Meal down 22, Sept Bean Oil down 186, Sept Palm Oil down 214
- > Asian Equity Markets were mostly higher, Japan's Nikkei up .2%, China's Shanghai down .3%
- > European Equity Markets are mixed to higher, German Dax closed for a holiday, London FTSE up .2%
- > MATIF Markets are lower, June Corn down 1.0 to the Euro, August Rapeseed down 9.25, Sept Wheat down 4.0
- > Save the Date...May 24<sup>th</sup>...Victoria Day Canada
- > Save the Date...May 27<sup>th</sup>...1Q US GDP
- > Save the Date...May 31<sup>st</sup>...US Memorial Day
- > Save the Date...June 3<sup>rd</sup>...US monthly jobs data
- > Save the Date...June 10<sup>th</sup>...US & World S&Ds including updated acres
- > ASF/Locust/FAW all quiet
- > Bird Flu the next human pandemic...2.0 [Highly Pathogenic Bird Flu Outbreak Already Reported in 46 Countries, Scientists Warn \(msn.com\)](#)
- > LA flooding continues 2.0 [Luckless Lake Charles: Louisiana city battered by extreme weather – again \(msn.com\)](#)
- > Late Friday, the USDA said it will begin paying off around \$4 billion in farm debt held by minority farmers, after the Biden administration secured passage of the American Rescue Plan Act back in March. The payments will be released in June and will be distributed to banks and directly to minority farmers. -QT
- > GASC in looking for wheat...On Monday, IKAR analysts noted new crop 12.5% protein Russian wheat was priced at \$260/mt from Black Sea ports, that is off -\$12/mt from the prior week. -QT
- > In the aftermath of Argentine port worker strike late last week, Rosario port officials say seven stranded vessels were towed from the shallow port waters into the ocean -QT
- > CFTC MM Funds Position Report on Friday showed the MM funds as of the close of 5/18 were long 14,040 wheat, long 291,025 corn, long 152,584 beans, long 50,844 meal, long 83,220 bean oil, long 26,100 KW, and long 16,415 MW

## Commentary



Monday, May 24, 2021

The pause that refreshes seems to be taking place in commodity world. With news that China is trying to tamp down excessive speculation combined with a lack of bullish news to start the day in Ag world US board values are poised to trend lower to start the week. You know it is a slow start to the news week when traders are still talking about last week's KS quality wheat tour. The bull to regain the narrative will need to hear of new export potential. The best place for this to start would be the potential of tight old crop feed grain stocks in the EU. If the EU needs feed grain stocks, we should start to hear of Spanish interest in US corn values. Remember Spain is the only EU country that has access to US corn. Otherwise the bull will need to hear of new Chinese interest in US feed grain values.

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 RESULTS.