

MORNING GRAIN COMMENTARY

Morning Trends:

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as of 4:30 AM CST

Corn 6 to 8 higher

Wheat 1 to 2 higher

Beans 15 to 17 higher

Soy Meal 3.0 to 3.5 higher

Soy Oil 100 to 110 higher

The Stories of the Day:

Rent moratorium [Federal Judge Strikes Down Moratorium on Evicting Renters \(msn.com\)](#)

Covid variant help [Moderna Says Its Covid-19 Booster Shots Show Promise Against Variants \(msn.com\)](#)

Weather: There is a trough in the Midwest with a ridge in the West. The trough will be slow to move eastward out of the country until this weekend though a portion of it will remain behind. The ridge will be replaced by a trough Friday. The trough may sit in the West for a few days before moving eastward next week and be replaced by a ridge. Another trough may move into the Northwest late next week while the ridge slides into the middle of the country. The U.S. and European models are fairly similar in the upper levels but have differences in how widespread rainfall will be next week. I will use a model blend but favor the European, which for now is a drier solution overall. For the outlook period, temperatures on Tuesday will be below normal east of the Rockies and above normal in the West. Temperatures are likely to remain in this pattern through the period but may rise across the Central late next week and weekend. A system will ride along a frontal boundary across the south in the middle-to-end of next week. Another system will move into the Northwest late next week and weekend. -DTN

NORTHERN PLAINS (LIVESTOCK/SPRING WHEAT/CORN/SOYBEANS): Drought continues in the area. Temperatures have fallen below freezing a couple of days this week and may do so this weekend into next week as well, which could damage any emerged corn or wheat. There is a better chance for more moderate showers late Friday into Monday. -DTN

CENTRAL/SOUTHERN PLAINS (WINTER WHEAT/LIVESTOCK/CORN/SOYBEANS): Scattered showers moved through the region over the last few days. A couple of systems will bring good chances for periods of widespread moderate showers Friday through next week. All shower activity will benefit developing to reproductive wheat and emerging corn and soybeans. -DTN

MIDWEST (WINTER WHEAT/CORN/SOYBEANS): Scattered showers have fallen across the region over the last several days. The increased moisture will be good for emerging crops, though portions of the northwest could use a bit more moisture. Normally, rainfall causes planting delays, but it appears that producers are dodging the showers quite easily as planting progress is well ahead of the normal pace. Some chilly temperatures, including frost potential, is possible across the north and east into next week, which may be damaging to emerging crops. This is not a high likelihood nor is it widespread, however. -DTN

DELTA (SOYBEANS/COTTON): Moderate showers have moved through the region recently, benefiting emerged crops. The rain has delayed planting activities but mostly dry weather to finish the week should encourage producers to plant more. More moderate showers are expected this weekend into next week to benefit germination and early growth. -DTN

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SOUTHEAST (COTTON/LIVESTOCK): Scattered showers continue on Wednesday before being pushed out. The showers will benefit emerging cotton but have caused planting delays. More moderate to heavy showers are expected this weekend into next week to benefit germination and early growth. -DTN

CANADIAN PRAIRIES (SPRING WHEAT/CANOLA): Temperatures below normal and dry conditions continue to keep planting slow. Showers have been and will continue to be more consistent across the southwest, benefiting soil moisture there. Eastern and northern areas will continue to be on the cool and dry side for the next week. -DTN

BRAZIL (CORN/WINTER WHEAT): Heat and dryness have been the theme over the last couple of weeks, forcing developing to reproductive corn to deplete subsoil moisture across the region. A front moving northward through southern Brazil has brought moderate showers to Rio Grande do Sul for developing winter wheat, but will not bring much shower activity north into Parana or Mato Grosso do Sul for corn. Overall dryness continues for another week, causing stress and damage to corn. -DTN

ARGENTINA (CORN/SOYBEANS/WINTER WHEAT): A front that moved in late this weekend brought widespread showers through Wednesday. This should disrupt the harvest somewhat, but prime soils for winter wheat planting, which picks up in the next couple of weeks. Another system is set to bring more widespread showers next week. -DTN

EUROPE (WINTER WHEAT/CANOLA/CORN): Recent cold temperatures across the north and east have been concerning for winter grains over the last couple of weeks, but estimates are for mostly minor damage. Temperatures are likely to remain below normal across the north and east this week, keeping growth slow. However, more widespread showers will help increase soil moisture. The cooler temperatures will likely delay spring planting further, but temperatures will rise this weekend into next week. Favorable conditions are found across the south for reproductive to filling winter grains. -DTN

UKRAINE/RUSSIA (WINTER WHEAT/CORN): Scattered showers continue to maintain overall above-normal soil moisture. Warmer temperatures have also moved in, promoting growth. A couple of systems will bring more showers to the area, with favorable weather for wheat. This could cause more delays for corn planting, however. -DTN

NORTHERN AFRICA (WINTER WHEAT): Recent showers have been beneficial, and periods of showers for much of this week should be helpful for filling wheat. -DTN

AUSTRALIA (COTTON/SORGHUM/WINTER WHEAT/CANOLA): Shower activity increased across the west and portions of the east this week, which will benefit early growth for winter crops, but has caused some planting delays for wheat and canola and harvest delays for cotton and sorghum. -DTN

CHINA (WINTER WHEAT/CANOLA/CORN/SOYBEANS): Conditions have been mostly favorable across the country so far this spring, though it has been overly wet across the south for rice and sugarcane and cool across the northeast for corn and soybean planting. Systems will continue to move through the region this week with shots of precipitation and roller-coaster temperatures, though the northeast is likely to remain mostly below normal. This may continue to have a delaying impact on corn and soybean planting. -DTN

INDIA (WINTER WHEAT/RAPESEED/COTTON/SOYBEANS): Periods of showers that have continued this spring have kept conditions favorable for much of the winter crops in northwestern India as they move through reproduction and fill. Scattered showers have started to develop occasionally over the interior of India well in advance of summer planting season for cotton and soybeans, which starts with the monsoon in June. -DTN

Headlines

> Malaysian July Palm Oil up 179 Ringgits

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- > Dalian Futures Exchange were higher, Sept corn up 24 to the Yuan, Sept beans up 124, Sept meal up 84, Sept bean oil up 362, Sept palm oil up 352
- > Asian Equity Markets were mostly higher, Japan's Nikkei up 1.8%, China's Shanghai up .1%
- > European Equity Markets are mixed, German Dax up .1%, London FTSE flat
- > MATIF Markets are higher, June corn up 4.50 to the Euro, August Rapeseed up 6.0, Sept wheat up 2.0
- > Remember the Date...March 10th...Parana, Brazil second season corn crop is late...clock is ticking towards an early frost? <https://mygeohub.org/resources/879/download/Corn-growth-stage-day-and-GDU-calendar10.pdf>
- > Save the Date...May 7th...US monthly jobs numbers...expected 978,000 new non-farm jobs created vs. March at 916,000...unemployment rate expected at 5.8% vs. March at 6.0%...hourly wages MoM down .1%
- > Save the Date...May 12th...US and world S&Ds including our first look at 21/22
- > Save the Date...May 17th...NOPA Crush
- > Save the Date...May 27th...1Q US GDP
- > Save the Date...May 31st...US Memorial day
- > Save the Date...June 3rd...US monthly jobs numbers
- > Save the Date...June 10th...US and World S&Ds included updated acres
- > FAW/locust all quiet
- > African Swine Fever in S, Korea it is back [\[Newsmaker\] African swine fever returns after 7 months of silence \(koreaherald.com\)](#)
- > Bird Flu [Avian flu found at second East Rand farm \(bignewsnetwork.com\)](#)
- > More shrimp less rice [Faced with climate challenges, Vietnamese rice farmers switch to shrimp | Article \[AMP\] | Reuters](#)
- > Weekly jobless claims at 7:30 AM CDT expected at 527,000 vs. last week's 553,000
- > Weekly export sales at 7:30 AM CDT wheat expected between 200-400,000 MT, corn 700-1.0 MMT, beans 400-600,000 MT, meal 100-300,000 MT, and oil 5-25,000 MT

Commentary

There are many known unknowns that will impact flat price corn and the spreads. The biggest of the known unknowns is how big the Brazilian corn crop will be. It was a bit of a shock to the market to see Vantage come out with a 95.0 MMT crop estimate. Now no one believes the USDA will go any where close to that type of level next week. But the bullish spin this week is that over the next couple of reports the USDA will have to keep lowering the Brazilian crop estimate. The question then becomes if the crop is truly 95.0 MMT or less how will that impact world export flows next fall and winter. Will the US be the principal corn exporter through early winter if Ukraine, EU, and China corn production does not max out. If that is the case, could we see the old crop/new crop inverse extend into CZ/CH spreads. Layer on top of this potential extension of US corn exports with inflation (see chart below) maybe a cheap way to extend new crop price protection is to bull spread the CZ/CH while there is still a decent carry to the market.

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