

Wednesday, June 9, 2021

## MORNING GRAIN COMMENTARY

## Morning Trends:

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as of 5:00 AM CST

Corn 7 to 10 lower

Wheat 6 to 8 lower

Beans 10 to 12 lower

Soy Meal 2.5 to 3.0 lower

Soy Oil 65 to 70 lower

## The Stories of the Day:

**China/Russia to tackle the N. Korea issue together** [China, Russia to Take Up Korea Issue Together Amid Uncertainty over Biden's Approach \(msn.com\)](#)

**US Senate passes bill to help with US competitiveness with China** [Senate Passes Bill to Bolster Competitiveness With China \(msn.com\)](#)

**China's PPI numbers surge in May...most since 2008 [China's producer prices surge the most since 2008, cutting into business profits \(msn.com\)](#)**

**Weather:** There is an upper-level low in the Midwest with a deep trough across the West Coast and a strong ridge across the Central and East. The upper-level low will slowly move through the Midwest over the next few days, exiting to the east on Friday. A piece of energy from the trough in the West will move across the Canadian Prairies and deepen in eastern Canada and the Northeast this weekend, forcing the ridge into the middle of the country. The trough-ridge-trough pattern is expected to continue into next week. The western trough will weaken and move through southern Canada and eventually into the eastern U.S. late next week and weekend as the pattern turns to ridge-west and trough-east. The U.S. and European models have a similar upper-level pattern, but there are some significant differences in the surface depiction. I will use a model blend but favor the European. For the outlook period, temperatures on Monday will be near to above normal across the country with the highest departures across the Rockies. Temperatures will cool closer to or below normal across the East next week. Some showers will linger across eastern and southern areas early next week while some occasional showers may develop in the Plains at times in the extended period. -DTN

**NORTHERN PLAINS (LIVESTOCK/SPRING WHEAT/CORN/SOYBEANS):** A cluster of thunderstorms had a life of its own on Tuesday, bringing moderate to heavy rainfall across a good portion of North Dakota and into South Dakota as well. More showers fired up to its west with isolated moderate amounts as well. The rainfall was highly beneficial where it occurred outside of flooding, but the drought continues to cause concern. Isolated thunderstorms continue on Wednesday, but organized thunderstorms are forecast for Thursday into early Friday as a frontal boundary moves through. Along with a risk of organized severe weather, widespread moderate rainfall is likely from this system, but the region turns drier afterward. Heat will continue through most of next week under a strong heat ridge and undo a lot of the beneficial moisture that has occurred this week. -DTN

CENTRAL/SOUTHERN PLAINS (WINTER WHEAT/LIVESTOCK/CORN/SOYBEANS): Showers over recent weeks have been much more isolated this week and will continue to be that way into next week as well. The best chance for meaningful rainfall is across Nebraska late Thursday night into Friday as organized thunderstorms are forecast but the region turns drier afterward. These conditions will be beneficial for maturing and harvest of winter wheat but could start to develop patchy dry pockets for corn and soybeans. -DTN

**MIDWEST (WINTER WHEAT/CORN/SOYBEANS):** An upper-level low has been producing scattered showers mostly east of the Mississippi River this week and continues through Friday before pushing eastward. Coverage thus far has not been very widespread and has been more isolated. That trend may continue, producing more variable and disappointing rainfall, though conditions are largely better across this area than farther to the west.

Minnesota and Iowa have been dealing with higher temperatures and even less shower activity as drought has likely expanded or developed for much of the two states since late last week. Organized showers may move into both states on Friday, but they are due to clusters of thunderstorms and some areas may be missed. The system will lose its punch working through eastern areas over the weekend and into early next week, with drier conditions expected. The heat lasts at least through the weekend before temperatures fall across eastern areas behind a front. Heat may continue across western states, however. -DTN

DELTA (SOYBEANS/COTTON): An upper-level system continues to bring scattered showers to most areas through Thursday before its effects will shift farther east. Some flooding has occurred in the middle portion of the region this week, but conditions are quite favorable for developing soybeans and cotton overall. -DTN

SOUTHEAST (COTTON/LIVESTOCK): Scattered pop-up type showers are expected for the next week, increasing soil moisture for areas that had become rather dry recently. Overall, conditions are good for developing cotton but a little difficult for final planting. -DTN

CANADIAN PRAIRIES (SPRING WHEAT/CANOLA): The latest Drought Monitor showed improving conditions across Alberta and Saskatchewan but continued poor conditions for most of Manitoba. Scattered showers will continue this week with mostly seasonable temperatures, favoring most crops in most areas. Temperatures are likely to rise well above normal next week, however as drier weather also sets in. -DTN

BRAZIL (CORN/WINTER WHEAT): Scattered showers continue over southern states with a front relatively stalled. The front will try to push into Mato Grosso, Goias, and Minas Gerais Friday and Saturday, but showers will quickly dry up as it does so. Dry conditions look to follow next week, and corn is running out of time for rainfall to be beneficial. Drought stress continues to have harsh effects. -DTN

ARGENTINA (CORN/WINTER WHEAT): Most areas will remain dry over the next week, favoring the remaining corn harvest. Even with the drier conditions, developing winter wheat is seeing mostly favorable conditions. -DTN

EUROPE (WHEAT/CANOLA/CORN): Scattered showers will continue over central and eastern growing areas for the rest of the week, with a drier trend spreading west to east over the weekend into next week. Temperatures above normal will hasten development of crops. Recent showers have produced adequate soil moisture across the majority of the continent, benefiting developing crops. -DTN

UKRAINE/RUSSIA (WHEAT/CORN/SUNFLOWERS): An upper-level low will continue to produce scattered showers through the weekend while more showers continue next week as a frontal boundary lingers. Soil moisture is rather excellent for all crops in the region, though winter wheat that is further developed could use more dryness as it advances toward maturity. Otherwise, prospects are very favorable for all crops. -DTN

AUSTRALIA (WINTER WHEAT/CANOLA): Recent showers have been highly beneficial for developing wheat and canola, though temperatures remain on the cold side and are limiting growth somewhat in eastern growing areas. Despite this, prospects for winter grains and oilseeds are highly favorable so far this winter. -DTN

CHINA (WINTER WHEAT/CANOLA/CORN/SOYBEANS): Soil moisture remains favorable for developing corn and soybeans in the northeast and temperatures are rising above normal to hasten development. Conditions remain favorable for harvesting winter wheat and canola on the North China Plain. -DTN

INDIA (COTTON/SOYBEANS): Scattered showers continue to develop ahead of the monsoon across most of the country, prepping soils for planting for cotton and soybeans. The monsoon is located in the south, on schedule, and widespread showers will continue to fall across much of the country, especially in the south and east. Models are trying to develop another tropical cyclone in the Bay of Bengal this weekend, increasing flood risks across northeastern areas of the country. -DTN

## Headlines

- > Malaysian Aug Palm Oil is down 172 Ringgits
- > Dalian Futures Exchange were mostly lower, Sept Corn up 3 to the Yuan, Sept Beans down 28, Sept Meal up 15, Sept Bean Oil down 92, Sept Palm Oil down 68
- > Asian Equity Markets were mixed, Japan's Nikkei down .4%, China's Shanghai up .3%
- > European Equity Markets are mixed to lower, German Dax down .1%, London FTSE down .6%
- > MATIF Markets are lower, Aug Corn down 4.0 to the Euro, August Rapeseed down 7.50, Sept Wheat down 2.25
- > Save the Date...June 10<sup>th</sup>...US & World S&Ds...Average trade guess for old crop wheat and May USDA number 869 MBU/872 MBU, corn 1.207 BBU/1.257 BBU, beans 122 MBU/120 MBU...new crop wheat 783 MBU/774 MBU, corn 1.423 BBU/1.597 BBU, beans 141 MBU/140 MNU...old crop wheat 294.41 MMT/294.67 MMT, corn 280.82 MMT, 283.52 MMT, beans 87.14 MMT/86.55 MMT...new crop wheat 294.49 MMT/294.96 MMT, corn 289.20 MMT/292.30 MMT, beans 91.22 MMT/91.10 MMT... Argentina corn production 47.04 MMT/47.00 MMT, beans 46.61 MMT/47.00 MMT...Brazil corn production 97.32 MMT/102.00 MMT, beans 136.16 MMT/136.00 MMT
- > Save the Date...June 15<sup>th</sup>...NOPA Crush
- > Save the Date...June 16<sup>th</sup>...FOMC Meeting Results
- > Save the Date...June 30<sup>th</sup>...Grain Stocks and Planted Acres
- > Bird Flu the next pandemic, probably not... [Is a new bird flu the next pandemic? \(msn.com\)](#)
- > FAW, I guess if you got volcano assets [Trans Nzoia farmers use ash to fight fall armyworms \(the-star.co.ke\)](#)
- > FAO Locust update seems like good news [FAO alert: Locust movement in India likely during monsoon, numbers to be low - Hindustan Times](#)
- > Dam US trouble...[Why the Hoover Dam crisis could cost America a fortune \(msn.com\)](#)
- > China really is attempting to manage key commodity prices [Exclusive: China tells PetroChina to stop trading off oil quotas with teapots \(msn.com\)](#) [UPDATE 4-China to use pork reserves to stabilise market | Reuters](#)
- > Best cure for high corn prices...high prices...India pushing more corn out the door [UPDATE 1-India's booming corn exports amid global rally ease supply worries | Reuters](#)
- > And I thought it was just yellow snow one had to worry about... ['Glacier Blood' Is Our Latest Nightmare \(msn.com\)](#)
- > Shell making moves [Shell to deepen emission cuts following court ruling, CEO says | Reuters](#)

## Commentary

Sometimes you have to accept the Chinese tell us exactly what they are up to. In this case the Chinese have been signaling for a while that they are concerned about key commodity prices and how it will impact their people. They have said that the central government is going to take a more active role in controlling prices. Overnight the Chinese government making moves to manage two key components of everyday life, with action in pork reserves and crude oil quotas. In the case of crude oil, the central government taking more control of oil



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quotas...kind of sounds like what was happening with corn quotas at the end of May. The bottom line is that governments large and small know that to stay in power, governments must honor the social contracts with their people that got them into power. In other words, if you can not guarantee basic social services countries and regions can fall into disarray. A prime example of this was the Arab Spring back in 2011-12.

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 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.