

MORNING GRAIN COMMENTARY

Morning Trends:

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as of 5:00 AM CST

Corn 5 to 7 lower

Wheat 1 to 3 lower

Beans 2 to 4 lower

Soy Meal .5 around

Soy Oil 60 to 65 lower

The Stories of the Day:

A new arms race [China tests 'carrier killer' after threatening US over Taiwan contacts \(msn.com\)](#)

Record heat for SW US next week [Record heat forecast to bake Southwest next week, amid worsening drought \(msn.com\)](#)

With Chicago fully reopening today what better song then Meet me Out in the Street [Bruce Springsteen & The E Street Band - Out In the Street \(Live in New York City\) - YouTube](#)

Weather: There is an upper-level low exiting the eastern Midwest with a deep trough across the West Coast and a strong ridge across the Central and East. A piece of energy from the western trough 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 Wednesday will be above normal in the West and Central and near to below normal in the East. Temperatures are likely to rise in the East late in the week, but could fall below normal again next weekend. Some showers will linger across the Gulf Coast next week and we will have to watch for a potential tropical system in the Gulf of Mexico by late next week. A system will move across the Canadian Prairies and into the Northeast late next week with some isolated showers across the northern tier of the country. Occasional showers will also be possible in the Central and Southern Plains at times. -DTN

NORTHERN PLAINS (LIVESTOCK/SPRING WHEAT/CORN/SOYBEANS): A line of strong to severe storms moved through Thursday night, which produced widespread moderate rainfall. However, the region remains in non-uniform drought. Areas that have seen some decent rainfall this week will see reduced drought but there were more areas that saw limited rainfall with continued or worsening drought despite the rainfall. After a brief reprieve from the heat on Friday, temperatures will rise well above normal again by next week and the pattern turns much drier for at least the next week. -DTN

CENTRAL/SOUTHERN PLAINS (WINTER WHEAT/LIVESTOCK/CORN/SOYBEANS): Showers have been isolated this week and will continue to be that way into next week as well. A cluster of thunderstorms did move through Nebraska Thursday night and portions of that cluster may continue in eastern Nebraska and Kansas on Friday. Conditions are beneficial for maturing and harvest of winter wheat, but patchy dry pockets may start to develop for developing 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 but that low moves east on Friday. Coverage has been rather isolated with only small areas seeing moderate rainfall while others see light or none at all. Minnesota and Iowa have been dealing with higher temperatures and even less shower activity as drought has expanded or

developed for much of the two states since late last week. Organized showers in the Dakotas and Nebraska are expected to dissipate Friday morning as they move into the region. Scattered showers will redevelop later this afternoon but move eastward across the Mississippi River by late afternoon or evening with drier conditions expected to develop through much of next week with temperatures rising again. Eastern areas will see some scattered showers with the front but see temperatures falling next week closer to or below normal. -DTN

DELTA (SOYBEANS/COTTON): Some flooding has occurred in the middle portion of the region this week as showers have been persistent there, but drier conditions are expected over the next week, allowing soils to drain. Overall, conditions are quite favorable for developing soybeans and cotton outside of where flooding occurred. -DTN

SOUTHEAST (COTTON/LIVESTOCK): Scattered pop-up type showers are expected for the next week, increasing soil moisture for most areas. Overall, conditions are good for developing cotton but a little difficult for final planting where those showers are occurring. -DTN

CANADIAN PRAIRIES (SPRING WHEAT/CANOLA): Scattered showers this week continue on Friday and have improved soil moisture conditions almost region-wide. Drought that had been losing its grip over western areas may be almost completely eliminated while easing has definitely occurred over eastern areas. With temperatures mostly near normal, conditions are favorable for developing crops. Those conditions may be short-lived as hot and dry conditions rebuild in the area next week. A system late next week does have a chance to bring more showers, but that could end up being to far north as the dryness takes back over. -DTN

BRAZIL (CORN/WINTER WHEAT): Scattered showers along a front over the south will move into Mato Grosso, Goias, and Minas Gerais Friday and Saturday and stall. Some isolated showers will be possible across these states into next week, but rainfall amounts will be light and have little impact for corn that is almost too far along to receive much benefit. 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 through the weekend, drier weather over the west through early next week. A couple of systems could bring more widespread showers to western areas late next week. Temperatures remain above normal and will hasten development of crops. Recent showers have produced adequate soil moisture across the majority of the continent, benefiting developing crops. -DTN

UKRAINE/SOUTHWEST RUSSIA (WHEAT/CORN/SUNFLOWERS): An upper-level low will continue to produce scattered showers through the weekend while more showers continue into next week as a frontal boundary lingers. Soil moisture is rather excellent for all developing 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

EASTERN RUSSIA/KAZAKHSTAN (SPRING WHEAT/GRAINS): Heat and dryness over the last couple of months has caused heat and drought stress to developing spring wheat and grains. Limited moisture continues to be in the forecast through the next week, with the focus for isolated or scattered showers mostly in far eastern Kazakhstan and Siberia. -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 188 Ringgits
- > Dalian Futures Exchange were mostly lower, Sept Corn up 25 to the Yuan, Sept Beans down 32, Sept Meal down 23, Sept Bean Oil down 18, Sept Palm Oil down 90
- > Asian Equity Markets were mixed to lower, Japan's Nikkei unchanged, China's Shanghai down .6%
- > European Equity Markets are mixed, German Dax up .1%, London FTSE up .5%
- > MATIF Markets are mixed to lower, Aug Corn unchanged to the Euro, August Rapeseed down 5.25, Sept Wheat down .75
- > Save the Date...June 15th...NOPA Crush
- > Save the Date...June 16th...FOMC Meeting Results
- > Save the Date...June 30th...Grain Stocks and Planted Acres
- > Bird Flu still kicking in the EU [24 countries won't take Belgian poultry \(brusselstimes.com\)](https://www.brusselstimes.com)
- > ASF/Locust/FAW all quiet
- > Canola Flea Beetle [Crop recovery good after late-May frost, flea beetle pressure on canola sees reseeding | Manitoba Co-operator \(manitobacooperator.ca\)](https://manitobacooperator.ca)
- > Weekly CFTC MM Fund Position report will be out at 2:30 PM CDT as of the close of June 8th we feel the MM funds were long 3,272 wheat, long 289,936 corn, long 138,788 beans, long 20,885 meal, long 86,084 bean oil
- > Well they do call it monsoon season [Monsoon rain drenches India with flooding \(yahoo.com\)](https://www.yahoo.com)

Commentary

The USDA projects the old crop US carryout at 1.107 BBU. They got to this number despite the fact they remain well above the trade's CW that the Brazilian corn crop is well below the USDA projection of the Brazilian corn crop at 98.5 MMT. Now the bear has an excellent point that demand for US corn both domestically and in world exports seems to have fallen off the table. Here in the US, it is clear that the end users in May blew in and covered for most of June and July. It is clear in the world markets that the best cure for high prices is high prices, and that world wheat is working into feed rations all around the world. All that said if the US old crop carryout remains at current levels the path forward to rebuilding the nation's stockpile to adequate levels in 21/22 just got a whole lot harder. Right now, the USDA projects the 21/22 carryout at 1.357 BBU using trend line yield of 179.5 BU on 91.1 million planted acres for a total supply of. It is clear if the N. Plains drought continues to work back into NE, IA, and IL along with excessive rains in MO, AR, LA, E. TX, MS, and AL obtaining trend line yields could



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be a tall order. Now both bulls and bear will agree that on the June 30th USDA planted acres report additional corn acres will be found. The key to building YoY adequate stocks in the US will depend on how many more acres will be found and where they reside. In May IHS induced a flash crash in board values when they projected planted corn acre at 96.8 million. Later that week AgResource helped calm the nerves of the bulls when they projected corn acres at 93.0 million. For the balance of June most days will be spent micromanaging the weather and debating total planted spring acres in the US. This debate over acres should spike today as rumors abound that IHS will be out with updated guesses later this AM.

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.