

## MORNING GRAIN COMMENTARY

### Morning Trends:

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as of 5:00 AM CST

Corn 3 to 5 lower

Wheat 1 around

Beans 10 to 12 lower

Soy Meal 3.5 to 4.0 lower

Soy Oil 10 to 15 higher

### The Stories of the Day:

**Extreme drought breeds a new kind of criminal...water thieves** [Thieves in California are stealing scarce water amid extreme drought, 'devastating' some communities \(msn.com\)](#)

**In IT world it looks like it is going to be one of those days** [The internet outage that took down several major websites seems to be fixed \(msn.com\)](#)

**US Wildfire update** [Wildfire threat is elevated, critical in these parts of the Western US \(msn.com\)](#)

Was there any other choice today [John Williams: "Olympic Fanfare and Theme" - YouTube](#)

**Weather:** There is a trough in the Canadian Prairies, a strong ridge from the Rockies to Hudson Bay, and a trough in the Northeast. The trough in the Canadian Prairies will continue eastward, anchoring itself over Hudson Bay and eastern Canada for next week. Meanwhile, the ridge will continue across the West and strengthen next week. This will set up a storm track near the U.S.-Canada border for next week. The U.S. and European models are in general agreement on the pattern but not on the details. I will favor the European with differences. For the outlook period, temperatures on Wednesday will be near to above normal across the country, which should continue through next weekend, though we could see some cooling in the Northeast. A front will push through the northern tier of the country late in the week with scattered showers. Meanwhile, daily showers and thunderstorms will continue across the Gulf Coast. -DTN

**NORTHERN PLAINS (LIVESTOCK/SPRING WHEAT/CORN/SOYBEANS):** Near triple-digit heat continues into next week. Stress continues to mount for developing to reproductive corn and soybeans and has taken a massive toll on spring wheat. A front will bring some scattered showers on Friday, and isolated showers may continue into next week, but the heat will continue through the end of July and the showers are unlikely to have more than a local benefit. -DTN

**CENTRAL/SOUTHERN PLAINS (WINTER WHEAT/LIVESTOCK/CORN/SOYBEANS):** Drier conditions continue for the next few days outside of some very isolated showers. Temperatures will be on a warming trend through the weekend and next week. Overall, conditions are favorable for the remaining wheat harvest and developing to reproductive corn and soybeans. But if rain does not come with the heat, we could see stress developing for corn and soybeans. -DTN

**MIDWEST (WINTER WHEAT/CORN/SOYBEANS):** A front will move through the region with more scattered showers this weekend, especially across the north. The front may stay active across the region into early next week with isolated shower chances. Heat will spread across the region over the next few days, stressing developing to reproductive corn and soybeans in drier sections of the region, particularly in the northwest. Conditions continue to be much better across the southeast where drier conditions will allow more saturated soils to drain and hasten crop development. -DTN

**DELTA (SOYBEANS/COTTON):** Isolated showers will remain in the region into next week, being mostly favorable for developing to reproductive cotton and soybeans. -DTN

**SOUTHEAST (COTTON/LIVESTOCK):** Daily scattered showers and thunderstorms continue to produce favorable conditions for developing to reproductive cotton for the next week. -DTN

**CANADIAN PRAIRIES (SPRING WHEAT/CANOLA):** Some isolated showers moved across the region this week but most areas have seen very little precipitation and has not significantly impacted the drought. Isolated showers will remain possible for the next week, though amounts are not expected to be very helpful for reproductive to filling spring wheat and canola. Temperatures mostly above normal will continue to stress the crops as well. -DTN

**BRAZIL (CORN/WINTER WHEAT):** Recent frosts across Parana and Rio Grande do Sul were another layer of adverse weather conditions for filling safrinha corn. Dry weather through this weekend will not be favorable for crops but it is getting too late to have much of an impact as corn matures. Wheat across the south is faring better but could still use more moisture. A front early next week could provide some beneficial rains for wheat but temperatures will fall well below normal and could contain another round of frosts. -DTN

**ARGENTINA (WINTER WHEAT):** Dryness continues through Saturday. Even with limited rainfall recently, soil moisture continues to be favorable for most of the winter wheat areas. Scattered showers are forecast to develop Sunday into Monday with precipitation that should be beneficial. Temperatures will fall below normal next week, however. -DTN

**EUROPE (SPRING WHEAT/CORN):** Dryness in Germany this week helped the region to recover from flooding. Outside of some localized areas that are having issues, favorable conditions are noted for most of the growing regions for wheat and corn. The next system moves into western areas Friday into the weekend and could be concerning for flooded and saturated areas. -DTN

**UKRAINE/SOUTHWEST RUSSIA (WHEAT/CORN/SUNFLOWERS):** Recent hot temperatures have been pushed aside as a frontal boundary moved through. Scattered showers that came with the front were highly beneficial as well. Even with the heat over the last week, most areas have had enough soil moisture to get by except for the Volga Valley region of Russia. Dryness here may have had some negative impacts to wheat and corn. Dryness follows the system, however, and more showers would be welcome for those areas that get missed this week. That may come mid-late next week in Ukraine but is questionable whether showers will occur for much of Russia. -DTN

**CENTRAL RUSSIA/KAZAKHSTAN (SPRING WHEAT/GRAINS):** Showers over eastern areas will continue better overall conditions in this portion of the region while western areas dry out under poor condition. -DTN

**AUSTRALIA (WINTER WHEAT/CANOLA):** An active storm track will continue to bring periods of showers to the region over the next week, maintaining overall favorable conditions for vegetative winter wheat and canola in most areas. -DTN

**CHINA (CORN/SOYBEANS):** Periods of widespread showers and relatively stable temperatures continue favoring developing corn and soybeans. -DTN

**INDIA (COTTON/SOYBEANS):** Monsoon showers have been a little disappointing in the northwestern quarter of the country thus far but are in the area. Some cotton areas are doing better than others due to the discrepancy. Showers have been much more consistent and heavier across the east and south for soybeans. This pattern likely continues over the coming week. -DTN

## Headlines

> Malaysian Oct Palm Oil up 134 Ringgits

> Dalian Futures Exchange were mixed Sept Corn up 3 to the Yuan, Sept Beans up 12, Sept Meal down 72, Sept Bean Oil up 6, Sept Palm Oil up 108

- > Asian Equity Markets were mixed, Japan's Nikkei closed for national holiday, China's Shanghai down .7%
- > European Equity Markets are mostly higher, German Dax up .6%, London FTSE up .7%
- > MATIF Markets are mixed, Aug Corn up 2.25 to the Euro but Nov corn up only .50, August Rapeseed down .50, Sept Wheat up 1.0
- > Save the Date...July 28<sup>th</sup>...FOMC Meeting Results
- > Save the Date...July 29<sup>th</sup>...2Q US GDP
- > Save the Date...July 31<sup>st</sup>...US Government set to run out of Money
- > Save the Date...Aug 6<sup>th</sup>...US Employment Numbers
- > Save the Date...Aug 11<sup>th</sup>...Mountain Day in Japan
- > Save the Date...Aug 12<sup>th</sup>...USDA Crop Production and S&Ds
- > Save the Date...Aug 16<sup>th</sup>...NOPA Crush
- > Russian wildfires a recap [Siberian wildfires burn over 1.5 million hectares of forest as smoke and heatwave choke 'world's coldest city' \(msn.com\)](#)
- > Chinese flood recap well this is something you don't hear about everyday [China thanks Taiwan for concern over devastating floods - UPI.com](#)
- > Locust/ASF all quiet today
- > FAW...From the bootheel of MO to LA they are out there [Armyworms could cause serious damage to Arkansas rice crop - Talk Business & Politics](#)
- > Bird Flu, Ghana style [Outbreak of Bird Flu: We are working hard to contain disease - MoFA \(ghanaweb.com\)](#)
- > Weekly CFTC MM Fund position report will be out at 2:30 PM CDT we expected that as of the close of 7/20 MM funds were long 11,864 wheat, long 231,299 corn, long 96,272 beans, long 23,204 meal, and long 51,927 oil contracts

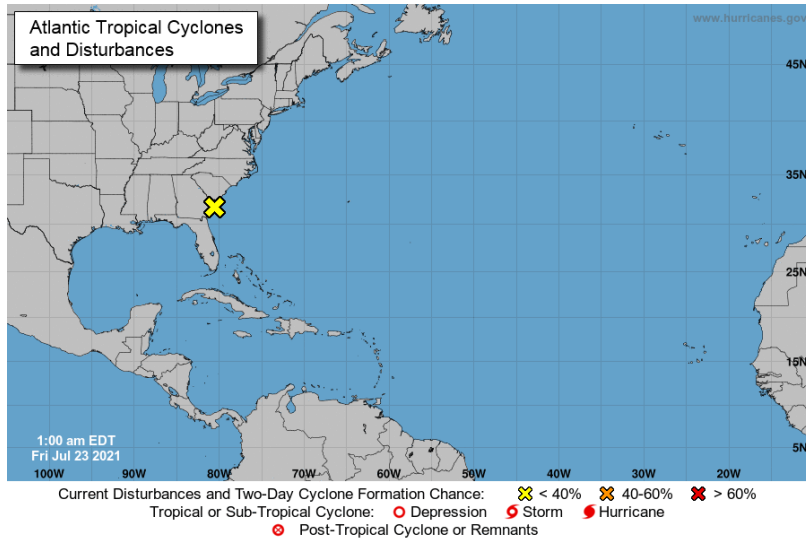
## Commentary

As of this writing overnight volumes in the Ag products are way off. This makes sense since this will be one of the biggest weather market weekends of the season. In fact, dare we say this weekend will rise to the level of a "Dirty Harry Weekend," for the specish portions of trader's positions. It is well understood that high heat will make up the weather headlines for next week. The fact that in the WCB we will have not just a dome of hot air, but a dirty dome makes judging the weather all the harder. On top of that we have the haze from western fires that might take the top end off of the high heat but at the same time limit overnight cooling. But of the most importance for board price direction Sunday night will be the latest forecast for if and when the breakup of the dome will begin. We head into the weekend thinking that by this time next week the dome will be breaking in two, with a piece sliding down to the SE US where warmer drier air will be welcomed. The other portion of the dome is expected to be shoved back into the SW US where it belongs. If Sunday arrives and forecast extend the dome's Midwest life into early August, additional weather premium might be flowing. The bottom line we saw the market try to take values higher on Wednesday but failed to follow through in the midsession, on Thursday the market tried to go lower but in the midsession failed to follow through. We expect the same time of price action

Friday, July 23, 2021

today...lack of follow through. Unless traders feel lucky being on the sidelines with the more specish portion of your positions is the safe bet for this weekend.

Move along Yellow X



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