

# MORNING GRAIN COMMENTARY

Morning Trends:
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as of 5:00 AM CST
Corn 1 to 3 higher
Wheat 3 to 5 higher
Beans 30 to 35 higher
Soy Meal 8.0 to 8.5 higher
Soy Oil 60 to 65 higher

The Stories of the Day:
<b>China is growing a corn crop</b> <a href="#">Analysis-China's farmers dump other crops for corn on bumper profit pull   Reuters</a>
<b>Just what we do not need another kink in the supply chain</b> <a href="#">Western Fires Halt Hundreds of Canada Rail Cars, Slowing Exports - Bloomberg</a>
<b>Ransomware a national priority</b> <a href="#">Biden Elevates Ransomware Threat to National Security Priority (msn.com)</a>
<b>Well, its not Tuesday but tacos for lunch?</b> <a href="#">This is your state's best taco (msn.com)</a>

**Weather:** There is a ridge over the western U.S., a trough off the British Columbia-Pacific Northwest U.S. coast, a shallow trough over the central U.S., and Tropical system Elsa near the Florida coast north of Tampa. Elsa will track into north/northeast Florida today, into southeastern Georgia tonight, and up the Eastern seaboard the rest of the week. A front associated with the central U.S. trough will progress southward and eastward the rest of this week. The trough near the North American west coast will move eastward and become cut-off as it moves into the north-central U.S. late this week. The U.S. and European models are in general agreement, but I will favor the European. For the outlook period, temperatures on Monday will be below normal from the Southern and central Plains to well above normal over the Northwest, with near to slightly above normal temperatures elsewhere. This will be the general idea through the period, but the central plains and northeast U.S. will warm to near to above normal Tuesday-Wednesday while the California coast cools to near or below normal Tuesday-Thursday. Additional short-wave troughs may sustain scattered showers and storms across parts of the central and eastern U.S. next week. -DTN

**NORTHERN PLAINS (LIVESTOCK/SPRING WHEAT/CORN/SOYBEANS):** Stress returns in western areas between rain systems the next couple of days. Widespread showers yesterday and again later this week may keep crop conditions from worsening and some areas could see improvement. -DTN

**CENTRAL/SOUTHERN PLAINS (WINTER WHEAT/LIVESTOCK/CORN/SOYBEANS):** Showers yesterday may have paused wheat harvest in places. Near to above normal temperatures return to the central plains Thursday and Friday. Fronts this week and next week will give a chance for showers and storms for many places. -DTN

**MIDWEST (WINTER WHEAT/CORN/SOYBEANS):** Fronts this week will give a chance for showers and storms for many places. Too much rain will not be welcome where soils were recently saturated, but the activity will have a chance to put dents in some of the drought areas. Temperatures, generally around or below normal for the next several days, will not be stressful. -DTN

**DELTA (SOYBEANS/COTTON):** Developing cotton and soybeans should continue to benefit from showers this week and next week. -DTN

**SOUTHEAST (COTTON/LIVESTOCK):** Tropical system shower activity from Elsa will progress from south to north this week. Frontal system shower activity will take over late in the week and for the upcoming weekend. Overall, conditions are favorable for developing cotton. -DTN

**CANADIAN PRAIRIES (SPRING WHEAT/CANOLA):** A cut-off system will bring scattered showers this week, but rain amounts are looking relatively light. -DTN

**BRAZIL (CORN/WINTER WHEAT):** Drought continues to plague corn across the country with this week also remaining dry. -DTN

**ARGENTINA (CORN/WINTER WHEAT):** Above average and mostly above freezing temperatures for the rest of the week will be beneficial for wheat growth. Strips of areas that see isolated showers this week get a bit of a moisture bonus, but widespread showers are not expected. -DTN

**EUROPE (SPRING WHEAT/CORN):** Another system keeps providing scattered showers this week, maintaining beneficial soil moisture for developing crops. The active pattern carries into early next week. -DTN

**UKRAINE/SOUTHWEST RUSSIA (WHEAT/CORN/SUNFLOWERS):** Showers occurred the past few days for Ukraine and western Russia which will benefit developing crops. However, the latter part of the week will see showers mostly stopping and temperatures gradually becoming well above normal. Scattered showers may return next week. -DTN

**CENTRAL RUSSIA/KAZAKHSTAN (SPRING WHEAT/GRAINS):** Scattered showers will continue to move through the region this week, favoring Kazakhstan. As this week ends and we head into the weekend and next week, frontal systems provide additional chances for showers and cooler temperatures. -DTN

**AUSTRALIA (WINTER WHEAT/CANOLA):** While periods of showers continue for southwest Australia, maintaining beneficial conditions for vegetative winter crops, the next couple of days will remain dry in eastern Australia. Showers then return to eastern Australia for the latter part of this week. Over the weekend and into next week, southwestern Australia and Victoria see additional shower chances, but Queensland and New South Wales look to be on the drier side. -DTN

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

**INDIA (COTTON/SOYBEANS):** Monsoon showers should continue to be consistent this week, maintaining good soil moisture for developing crops. -DTN

## Headlines

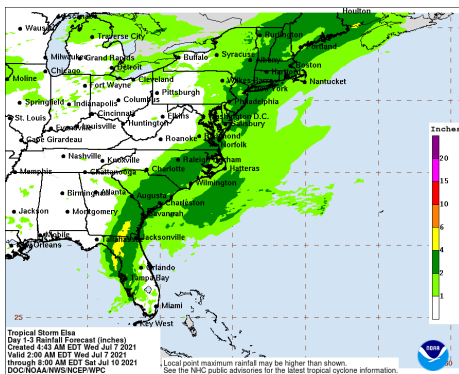
- > Malaysian Sept Palm Oil is down 69 Ringgits
- > Dalian Futures Exchange were mostly lower Sept Corn on Monday down 19 to the Yuan, Sept Beans up 4, Sept Meal down 73, Sept Bean Oil down 118, Sept Palm Oil down 112
- > Asian Equity Markets were lower, Japan's Nikkei down 1.0%, China's Shanghai up .7%
- > European Equity Markets are higher, German Dax up .9%, London FTSE up .6%
- > MATIF Markets are higher, Aug Corn up 3.0 to the Euro, August Rapeseed up 7.25, Sept Wheat up 1.25
- > Save the Date...July 12<sup>th</sup>...US Crop Production and S&D Reports
- > Save the Date...July 15<sup>th</sup>...NOPA Crush
- > 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
- > FAW/ASF quiet news day
- > Locust, much better in W. Africa and Asia but not done with E. Africa yet... [Greater Horn of Africa and Yemen Desert Locust Crisis Appeal \(January 2020 – December 2021\) - Ethiopia | ReliefWeb](#)
- > Bird Flu, well not bird flu but something is impacting song birds in the US [Mystery illness killing birds in NJ: Here's what you should do \(nj1015.com\)](#)
- > USDA reported in their weekly crop update that 64% of the US corn crop is rated good/excellent, 59% of the bean crop is rated the same, while spring wheat is rated at 16% good to excellent a number last seen in the great drought of 1988, winter wheat is rated at 47% good to excellent and that 45% of the crop is in the bin

## Commentary

Now what? The market break yesterday, especially in corn has reset the market's mind set. It is clear moving forward that big price swings will be part of our lives for a while. That said, we bulls, in grains, have been saying for a while that we are in a long term demand market. Our view has not changed but right here right now we are in the throes of weather market where price swings can be influenced by the latest satellite downloads. Long term to ease the tight world stocks in corn we need trendline yields in the US and at the very least a decent start to the fall plantings in Brazil. But we live in a time where China drives short term price action and they have not just decent corn crop coming at them but a bin buster. The long term fundamentals that make up the corn market have not changed. The only thing that has changed is that the short term weather news has turned bearish and that the other bullish demand news is lacking and should remain lacking going into the USDA reports on July 12<sup>th</sup>.

Elsa...given the crop declines in NC maybe Elsa's rain is not a bad thing as it moves up the coast?



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