

## MORNING GRAIN COMMENTARY

### Morning Trends:

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as of 5:00 AM CST

Corn 1 around

Wheat 1 around

Beans 5 to 7 lower

Soy Meal 2.0 to 2.5 lower

Soy Oil 20 to 25 higher

### The Stories of the Day:

**Power Outages in the upper Midwest** [Midwest storms leave 850K customers without power as region braces for more severe weather \(msn.com\)](#)

**Parana River...could take a couple of rainy seasons to recharge** ['Once in 100 years' drought seen affecting Argentine grains ... \(trust.org\)](#)

**Yakutsk, not just a place on a Risk Game Board** [Wildfires burning on over 1 mln hectares in Russia's Yakutia, 13 localities in danger - region's head \(interfax.com\)](#)

**Now this is a parking lot** [Thousands of flood-damaged cars await their fate in China | | madison.com](#)

**Weather:** There is a trough in central Canada with ridges off the West Coast and eastern Canada. The trough complex will try to push eastward this weekend but will weaken when it does. The western ridge will slide eastward next week, moving into eastern Canada, allowing another trough to move into western North America. This general trough-west and ridge-east pattern is expected to persist next week. The U.S. and European models are in general agreement with the pattern but not the details. I will favor the European with differences. For the outlook period, temperatures on Tuesday will be near to above normal across the most of the country and near to below normal in the Pacific Northwest. Below normal temperatures may expand into the Plains next week. Scattered showers will continue across the south next week. Another system may move into the Pacific Northwest and Northern Plains with scattered showers next week, moving into the Midwest toward the end of next week. And we will have to watch for Tropical Depression Fred for the Southeast. -DTN

**NORTHERN PLAINS (LIVESTOCK/CORN/SOYBEANS):** Recent showers left some holes across portions of the region as drought continues to impact filling corn and soybeans. The pattern stays drier through the weekend with continued stress. A trough moving into the West could produce periods of scattered showers next week, with at least one good chance to benefit filling crops. -DTN

**CENTRAL/SOUTHERN PLAINS (LIVESTOCK/CORN/SOYBEANS):** Showers have been scattered lately, leaving some holes where dryness continues to creep in. A front in the region will be somewhat active over the next couple of days, then especially so this weekend as it pushes south. Until it pushes south, temperatures will also be rather high, nearing, or eclipsing 100F. Rainfall over the next several days may be enough to keep up fairly good yields for corn and soybeans for much of the region and there is a chance that rains return next week as well. -DTN

**MIDWEST (CORN/SOYBEANS):** Pockets of moderate to heavy rain have been in the region over the past several days, as well as severe weather. The final front of a sequence is moving into the region Thursday and will continue to produce scattered showers and thunderstorms through Friday before pushing southward. Many of the drought areas saw good rainfall over the last week, but that region remains largely in drought and is stressing filling corn and soybeans. Conditions continue to be better in the southeast on average. -DTN

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**DELTA (SOYBEANS/COTTON):** Mostly dry conditions continue Thursday as the main storm track is off to the north. A front will finally sag into the region with scattered showers Friday continuing into next week, especially across the south. -DTN

**SOUTHEAST (COTTON/LIVESTOCK):** Near-daily scattered showers and thunderstorms continue to produce favorable conditions for developing to reproductive cotton for the next week. We will have to monitor the potential Tropical Storm Fred to impact the region early next week. -DTN

**CANADIAN PRAIRIES (SPRING WHEAT/CANOLA):** Scattered showers have come too late for wheat and canola as harvest continues to advance. Showers have been more likely to impact harvest than be beneficial to crops nearing maturity. A period of dryness is expected into the weekend, but the region should be more active next week as another system moves through. -DTN

**BRAZIL (CORN/WINTER WHEAT):** A frontal boundary is bringing scattered showers to southern areas this week, benefiting soil moisture for winter wheat. Temperatures have gone well below normal again across Rio Grande do Sul have produced some frosts, which could be damaging to wheat that is getting closer to or into reproduction. -DTN

**ARGENTINA (WINTER WHEAT):** Recent showers over southern wheat areas benefited soil moisture. Temperatures have fallen below normal with widespread frosts limiting growth. Temperatures are likely to rise above normal next week. -DTN

**EUROPE (SPRING WHEAT/CORN):** Showers are becoming more isolated, allowing for more winter and early spring wheat to be harvested. More showers are likely next week as system moves through central and eastern areas. Soil moisture continues to be mostly favorable for corn in most areas. -DTN

**UKRAINE/SOUTHWEST RUSSIA (WHEAT/CORN/SUNFLOWERS):** A system in the Black Sea will bring some showers to eastern Ukraine and northwest Russia for the next several days and may finally bring some relieving showers and temperatures to the Volga Valley of Russia this weekend. However, high temperatures and little rainfall has stressed spring wheat and corn in these areas and has likely led to reductions in productivity. -D

**CENTRAL RUSSIA/KAZAKHSTAN (SPRING WHEAT/GRAINS):** Scattered showers look to continue in northeast areas through the next week. There is a large contrast in crop conditions with poor conditions across the west and south and good conditions in the northeast. -DTN

**AUSTRALIA (WINTER WHEAT/CANOLA):** Recent showers continue to favor vegetative winter wheat and canola, but northern New South Wales and Queensland could use some more showers. Somewhat drier conditions are expected over the next week. Still, soil moisture is favorable for vegetative wheat and canola. -DTN

**CHINA (CORN/SOYBEANS):** Scattered showers continue across the wetter corn and soybean areas this week, keeping soil moisture high, but unfavorably so in some areas. -DTN

**INDIA (COTTON/SOYBEANS):** The monsoon is becoming a little less active across western and southern areas through the weekend, which could stress cotton and soybeans. Models are indicating that the monsoon rains should pick back up next week, but slowly. -DTN

**Headlines:**

> Malaysian Oct Palm Oil down 7 Ringgits

> Dalian Futures Exchange were mixed Sept Corn up 22 to the Yuan, Sept Beans up 8, Sept Meal down 34, Sept Bean Oil up 128, Sept Palm Oil up 230

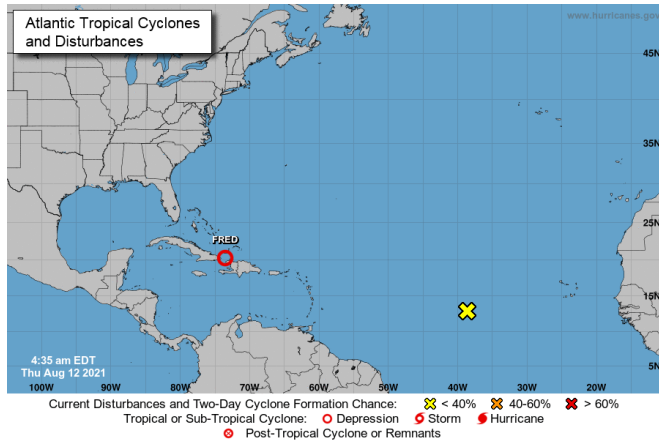
- > Asian Equity Markets were mixed to lower, Japan's Nikkei down .2%, China's Shanghai down .2%
- > European Equity Markets are mixed, German Dax unchanged, London FTSE down .2%
- > MATIF Markets are mixed, Nov Corn up 1.25 to the Euro, Nov Rapeseed down 1.50, Sept Wheat up .50
- > Save the Date...July 31<sup>st</sup>...The clock is now ticking on US debt ceiling
- > Save the Date...Aug 12<sup>th</sup>...USDA Crop Production and S&Ds
- > Save the Date...Aug 16<sup>th</sup>...NOPA Crush
- > Save the Date...Aug 26<sup>th</sup>...2Q US GDP
- > Fall Armyworms, there out there [Armyworms cause damage to fields, yards in Mississippi \(wjtv.com\)](#)
- > Zero Tolerance having an impact [UPDATE 1-Major container ports in eastern China see worsening congestion after COVID cases | Reuters](#)
- > Locust/Bird Flu/ASF/Grasshoppers all quiet today
- > World wheat stocks are getting smaller [EU wheat, barley harvest losses create 'explosive' world supply outlook -analyst | Reuters](#)
- > Weekly Jobless Claims at 7:30 AM CDT expected 375,000 vs. 385,000
- > Weekly Export Sales at 7:30 AM CDT wheat expected between 400-600,000 MT, corn 600-1.0 MMT, beans 700-1.0 MMT, meal 100-300,000 MT, and bean oil 5-25,000 MT
- > Average trade guess with July USDA numbers for the Aug 12<sup>th</sup> report...20/21 ending corn stocks guess 1.096BBU/July USDA 1.082 BBU, beans 148MBU/135MBU...wheat 21/22 644MBU/665MBU, corn 1.297BBU/1.432BBU, beans 159MBU/155MBU...20/21 world ending stocks wheat 290.54MMT/290.18MMT, corn 278.74MMT/279.86MMT, beans 91.37MMT/91.49MMT...21/22 world ending stocks wheat 288.15MMT/291.69MMT, corn 288.23/291.18MMT, beans 94.64MMT/94.49MMT...US 21/22 corn and beans yield/production corn 15.004BBU/177.6//15.165/179.5, beans 4.375BBU/50.40//4.405/50.8...Brazil total corn production 88.72MMT/93.00MMT
- > Well this is interesting [China Faces Contrarian Calls for a Surprise Interest Rate Cut - Bloomberg](#)

## Commentary

Is today moving day for CZ, or will we have to wait for the USDA Sept S&D reports on Sept 10<sup>th</sup>? On July 12<sup>th</sup>, the last USDA S&D report Dec corn settled at 533. Since this report CZ has had a low of 527 ½ and a high of 573. In the month of Aug, the high have been 565 ¼ with a low of 540 ¾. The question will the numbers today be able to break corn out of its ever tightening trading range? There are a couple of interesting Fibonacci levels we will be watching today. A close over the 571 ½ level could mean that chart momentum that is presently pointed sideways to lower would start to swing higher. This would be good news for the MM Funds, who we think as of the close to 8/10 are long 250,000 contracts. A trade through the 530 level will open the door for further chart weakness. WU numbers of interest on a close basis, to the upside a close over the 730 level will point to the 740 area and possibly even to the 750 area. A close under 709 and all will be well for the bear. Market bears in the SX are rooting for a close under the 1300 area as this would open up new downside targets to the 1265 area. The market bear in beans will not sleep well if we get a close over the 1360 area as this will start to swing chart momentum back to sideways higher.

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The Yellow X behind Fred could that end up being a W. Gulf event deeper into Aug?



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