

MORNING GRAIN COMMENTARY

Morning Trends:

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as of 5:00 AM CST
 Corn 2 to 4 lower
 Wheat 4 to 6 lower
 Beans 1 to 3 higher
 Soy Meal 1.0 to 1.5 lower
 Soy Oil 25 to 30 higher

The Stories of the Day:

Ida update [How remnants of Hurricane Ida wreaked havoc on Northeast \(msn.com\)](https://www.msn.com)

Caldor Fire Update [Caldor Fire: Firefighters get a break, but danger still looms \(mercurynews.com\)](https://www.mercurynews.com)

Shake up at the top of Japanese politics [Japanese leader says he will step down after just a year in office \(msn.com\)](https://www.msn.com)

You know what time it is...it is time for the annual playing of that labor Day Classic, Which Side Are You On...this year we are going with the Dropkick Murphys' version [Which Side Are You On - Dropkick Murphys - YouTube](https://www.youtube.com)

Weather: There is a trough and the remnants of Ida pushing off the East Coast and a trough in the Canadian Prairies and Northern Plains. The western trough will traverse the U.S.-Canada border into the weekend, deepening across the Eastern U.S. early next week. More disturbances will be developing across the Northern Pacific and at least one could move through the U.S.-Canada border area early next week. A ridge developing in the West will try to block those disturbances next week. The U.S. and European models both keep the pattern active, but disagree on how to develop disturbances, especially in the extended range. Models are also unsure whether or not the western ridge will be strong enough to hold back the disturbances in the North Pacific. I will favor the European with differences. For the outlook period, temperatures on Wednesday will be near to below normal in the Midwest and near to above normal elsewhere. Temperatures will gradually rise toward the weekend. A system may move through the Plains and Midwest next weekend with some showers, but models are unsure if it will develop or not. -DTN

NORTHERN PLAINS (LIVESTOCK/CORN/SOYBEANS): Scattered showers have been traversing the region over the last couple of weeks. Despite some good rainfall, drought has been firm, a testament to its depth. Severe weather has also been a concern with the showers. A system brought moderate to locally heavy rainfall to the east on Thursday. There may be only some minor benefits to filling corn and soybeans in the region, but should help to reduce at least some of the drought. The pattern will turn much drier with this system leaving the region with only some isolated showers possible yet through Saturday. The dryness will help crops dry out, but lessen the chances for more drought improvement. -DTN

CENTRAL/SOUTHERN PLAINS (LIVESTOCK/CORN/SOYBEANS/WINTER WHEAT): Nebraska and Kansas will stay active over the next day or two as a front slowly settles south through the region. Some minor benefits to corn and soybeans are possible, but overall, this will have a better impact on the sporadic drought outside of the flood risks. Southern winter wheat areas are in need of more moisture to start planting. -DTN

MIDWEST (CORN/SOYBEANS): Scattered showers, flooding, and severe weather have been a concern in the region over the last couple of weeks. Another system is passing through western areas on Friday while the region may see additional showers into the weekend and early next week. Showers may have some minor benefit to corn and soybeans but are starting to become a hindrance for early harvest. Drought reduction has been good, but it still remains across the northwest. -DTN

DELTA (SOYBEANS/COTTON): Bands of rain from Ida mostly missed the region this week outside of the far south. The drier forecast was beneficial to maturing cotton and soybeans. Some isolated showers will be possible over the next week but remain drier than normal. Conditions continue to be mostly favorable for both crops. -DTN

SOUTHEAST (COTTON/LIVESTOCK): Bands from Ida brought moderate rainfall to the region. While flooding was unlikely, it could have had a negative impact on open bolls. Otherwise, favorable conditions continue for filling cotton. -DTN

PACIFIC NORTHWEST (WINTER WHEAT): Drought continues to have a tight grip on the region. Winter wheat planting and establishment is unlikely to find much success until more favorable moisture develops. No significant precipitation is forecast for the next two weeks. -DTN

CANADIAN PRAIRIES (SPRING WHEAT/CANOLA): A system moving through this week has brought some scattered showers. The rainfall may cause some harvest issues, but the recent rainfall has had a positive effect on the ongoing extreme drought for most of the region. -DTN

BRAZIL (WINTER WHEAT): Recent showers have been favorable for developing to reproductive winter wheat and recharging some soil moisture for spring planting which starts in the next two weeks. Another front will come through with showers this weekend, and at least the southern portions of the region should remain active into next week. Central growing areas await the start to the wet season, which usually happens at the end of September. -DTN

ARGENTINA (WINTER WHEAT): Temperatures above normal have been accelerating wheat development this week. A system brought scattered showers to the region this week to aid in wheat development, but more are needed. It appears another couple of systems could bring the needed showers next week. -DTN

EUROPE (SPRING WHEAT/CORN): A system left behind some good rainfall for the final stages of filling crops in the central and east. Drier conditions are expected which will help crops mature. In the west, there may be some isolated showers to contend with, but most areas remain favorable for the end of the season. -DTN

UKRAINE/SOUTHWEST RUSSIA (WHEAT/CORN/SUNFLOWERS): A system moving through the region will produce scattered showers, benefiting late fill on crops, but will only have a minor effect as crops are mostly set going through early September. The showers will be beneficial for soil moisture across Russia for winter wheat planting, but more will be needed. -DTN

AUSTRALIA (WINTER WHEAT/CANOLA): Mostly favorable conditions for developing to reproductive winter wheat and canola for most areas, but New South Wales and Queensland could use more moisture. A system will move through this weekend with some beneficial showers. Irrigation supplies are currently adequate. -DTN

CHINA (CORN/SOYBEANS): Outside of some flooding which may have occurred in July, conditions have been mostly favorable for corn and soybeans this season. Some scattered showers will return at the end of the week to help filling crops finish strong. -DTN

INDIA (COTTON/SOYBEANS): Monsoon showers moved back into central cotton and soybean areas this weekend, benefiting soil moisture for some areas that have seen erratic rainfall this year. Showers continue to be on a more sporadic nature through this week. -DTN

Headlines:

> Malaysian Nov Palm Oil up 83 Ringgits

> Dalian Futures Exchange were higher Jan Corn up 12 to the Yuan, Jan Beans up 68, Jan Meal up 11, Jan Bean Oil up 136, Jan Palm Oil up 156

- > Asian Equity Markets were mostly higher, Japan's Nikkei up 2.0%, China's Shanghai down .4%
- > European Equity Markets are mixed to higher, German Dax up .1%, London FTSE up .2%
- > MATIF Markets are mostly lower, Nov Corn down 1.0 to the Euro, Nov Rapeseed up .25, Dec Wheat down 1.0
- > Save the Date...July 31st...The clock is now ticking on US debt ceiling
- > Save the Date...Sept 3rd...US employment numbers...expected 720,000 new non-farm jobs created vs. last month's 943,000, unemployment rate expected to fall to 5.2% vs. last month's 5.4%...hourly wages MoM up .3%
- > Save the Date...Sept 6th...US Labor Day
- > Save the Date...Sept 7th...Planned nationwide rallies in support of President Bolsonaro of Brazil
- Save the Date...Sept 10th...USDA Crop Production/S&Ds...late add updated acres for corn, beans, and sorghum
- > Save the Date...On or about Sept 15th...our good friends at the Weather Center Company suggest we might be dealing with another Gulf Tropical event
- > Fall Armyworm making their way into the national US media ['Unprecedented' outbreak of armyworms are destroying lawns across the US, often overnight \(msn.com\)](#)
- > The great water wars of N. America [Rocky Mountain dry: Canada's waning water supply sows division in farm belt | Reuters](#)
- > Labor shortages due to Covid restrictions not just a Palm Oil Crop thing in SE Asia [Farmers caught in border crossfire fear for \\$10b wheat harvest \(afr.com\)](#)
- > Grasshoppers/Bird Flu/Locust/ASF all quiet today
- > CME/CBOT Deliveries Zero corn, beans, meal, KW...29 beans oil...100 W, LDC puts out 53, StoneX 40...major stoppers JP 61, Wells Fargo 11
- > Weekly CFTC MM Funds MM Position report will be out at 2:30 PM CDT we feel the MM Funds as of the close of 8/31 were still long over 40,000 KW contracts, long over 10,000 MW, long 3,482 W, long 249,994 corn, long 60,225 beans, long 15,728 meal, and long 62,987 bean oil contracts

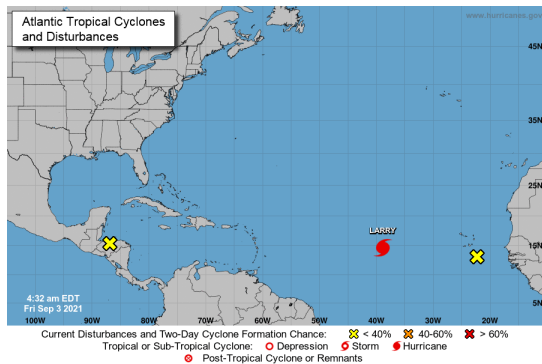
Commentary

The difference in trading macro markets and the grains is that in the grains there are 1 to 2 major, at most, resets of the market per month from various data dumps. This is why we are so intrigued by the Sept 10th USDA numbers. In macro world it almost seems like there are 1 to 2 data dumps a week that can move prices. That said, in the US macro markets there is no bigger monthly data dump than report card day of US jobs creations. Hence why we have taken a deeper dive into how the Delta Variant might have impacted the Aug job numbers. For this dive we are leaning with the following from Dow Jones. "Nonfarm payrolls likely increased at a solid pace in August, though the Delta variant could have caused the rate of hiring to slow from earlier in the summer. Economists surveyed by The Wall Street Journal estimate the Labor Department on Friday will report the U.S. economy added a seasonally adjusted 720,000 jobs in August. Such a figure would be historically strong but mark a slowdown from average payroll growth of about 940,000 in June and July. They also forecast that the unemployment rate fell to 5.2% in August from 5.4% in July. The rising number of Covid-19 cases tied to the Delta variant could result in slower job growth for two reasons, economists say. Businesses, particularly in services sectors requiring in-person contact, could hold off on hiring amid heightened pandemic uncertainty.

Friday, September 3, 2021

Jobless individuals who are fearful of Covid-19 health risks might also be slower to return to the labor market until the virus abates. The Delta variant appears to be denting consumer spending growth and confidence. The number of diners seated at restaurants was down 9% in the week ending Sept. 2 compared with the same week in 2019, before the pandemic, for instance, according to reservations site OpenTable. The volume of people eating out has gradually slowed from earlier this summer. Friday's job report will offer more evidence on the extent to which the variant is -- or isn't -- hurting the labor-market recovery. Some indicators point to a slowing recovery, while other data signal labor-market resilience.

Go away Larry



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