

**MORNING GRAIN COMMENTARY**

Morning Trends:
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as of 5:00 AM CST
Corn 2 to 4 lower
Wheat 1 to 2 lower
Beans 8 to 10 lower
Soy Meal .5 to 1.0 lower
Soy Oil 55 to 60 lower

The Stories of the Day:
<b>The Taliban start to clean house <a href="#">Taliban say Islamic State cell destroyed after mosque attack (msn.com)</a> but <a href="#">Afghanistan on verge of socio-economic collapse, EU's top diplomat says (msn.com)</a></b>
<b>OPEC + meeting and US unemployment numbers are in focus for the macro markets this week <a href="#">A Quiet Economic Calendar Leaves OPEC, the Loonie and the Greenback in Focus (yahoo.com)</a></b>
<b>The Biden administration takes aim at the US finished protein sector <a href="#">The Biden administration takes aim at Big Chicken. But its goose might not yet be cooked (msn.com)</a></b>
<b>Evergrande update <a href="#">Trading Of China's Evergrande Shares In Hong Kong Suspended (barchart.com)</a></b>

**Weather:** There is a strong ridge in eastern Canada back into the Rockies, an upper-level low in the South, and a trough across the eastern Pacific. The ridge will continue but push just far enough east to draw the upper-level low in the south north through central Canada later this week. The trough in the eastern Pacific will move into the western U.S. this week, being reinforced by another this weekend and next week. The trough will send several pieces of energy into the Plains and Upper Midwest. The U.S. and European models are in fair agreement. I will use a blend but favor the European. For the outlook period, temperatures on Saturday will be near to below normal west of the Rockies and above normal east of the Rockies. This pattern will continue through the period with a chance for colder temperatures to leak into the Plains toward the middle of next week. A series of two or three systems will emerge from the trough in the west during the extended period with scattered showers in the Plains and Upper Midwest being possible. -DTN

**NORTHERN PLAINS (LIVESTOCK/CORN/SOYBEANS):** Showers that moved through last week may have caused some harvest delays, but dryness and good harvest conditions have returned to the region. A series of systems looks to move through late this week into next week, which will bring chances for scattered showers back into the region. -DTN

**CENTRAL/SOUTHERN PLAINS (LIVESTOCK/CORN/SOYBEANS/WINTER WHEAT):** Scattered showers that moved through last week and weekend have been beneficial for winter wheat but caused some delays to harvest. Dryness and above normal temperatures this week will benefit harvest while drier winter wheat areas will suffer that did not receive showers last week. A series of systems will move through this weekend into next week and should bring more scattered showers to the region, which would benefit winter wheat again. -DTN

**MIDWEST (CORN/SOYBEANS/WINTER WHEAT):** Scattered showers moved through over the weekend and may have caused some delays to the ongoing corn and soybean harvest, but provided good moisture for some of the winter wheat areas. Showers will continue over eastern areas on Monday but will sag south a couple of days before returning north across eastern areas again later this week. A series of systems will move through this weekend into early next week that will bring more scattered showers to the region. Western areas will have relatively favorable harvest conditions until this weekend, while eastern areas will have to dodge showers. Soil moisture should increase for winter wheat. -DTN

**DELTA (SOYBEANS/COTTON/WINTER WHEAT):** Scattered showers moved through over the weekend causing some delays to the cotton and soybean harvest but favoring winter wheat planting and establishment.

Some showers will remain in the region through the week, especially over the north before it turns dry for the weekend and into next week. -DTN

**SOUTHEAST (COTTON/LIVESTOCK):** Scattered showers started to move into the region over the weekend and will continue through much of the week, causing some harvest delays and quality issues, especially in Alabama. -DTN

**PACIFIC NORTHWEST (WINTER WHEAT):** Dry weather over the weekend will continue early this week. A couple of fronts will move through the region midweek into next week with some isolated showers. Models suggest rainfall to be light, not enough to reverse the drought conditions in the region. Temperatures below normal could cause some frosts as well, which would not be favorable either. -DTN

**BRAZIL (WINTER WHEAT/CORN/SOYBEANS):** Scattered, heavier showers fell over southern areas while isolated, lighter showers fell across central areas this weekend. Showers may increase over the next couple of days in central areas as a front moves into the region. Another system or two will develop over southern areas through the weekend with heavier showers continuing. Isolated showers should continue over central areas through the weekend as well. Conditions are mostly favorable as planting full-season corn and soybeans continues to increase, especially over southern areas. Reproductive to filling winter wheat continues to have mostly favorable conditions as well. -DTN

**ARGENTINA (WINTER WHEAT/CORN/SOYBEANS):** Scattered showers moved through over the weekend, but amounts were light where they were needed most in the west. Relatively dry conditions are expected for the week, which will keep corn and soybean planting slow. Winter wheat areas continue to have mostly favorable conditions, however. -DTN

**EUROPE (WINTER WHEAT/CORN):** Scattered showers fell over western areas this weekend while eastern areas were drier. Showers in the west will be slow to move east through the week as a system gets pulled south into the Mediterranean by the end of the week. This will benefit most winter wheat areas as drier areas in the southeast will see much more beneficial showers by week's end and soil moisture is more favorable elsewhere on the continent. -DTN

**UKRAINE/SOUTHWEST RUSSIA (WHEAT/CORN/SUNFLOWERS):** Mostly dry conditions were noted over the weekend, along with below normal temperatures. Conditions favored harvest over winter wheat establishment and dry conditions through the week will continue to cause stresses to drier areas. -DTN

**AUSTRALIA (WINTER WHEAT/CANOLA/COTTON/SORGHUM):** Showers over the weekend continued from last week, with mostly favorable conditions for reproductive to filling winter wheat and canola along with providing beneficial soil moisture for cotton and sorghum planting. -DTN

**CHINA (CORN/SOYBEANS/WHEAT/CANOLA):** Conditions have been mostly favorable for corn and soybeans this season. Occasional showers on the North China Plain are prepping soils as winter wheat and canola planting increases. -DTN

**INDIA (COTTON/SOYBEANS):** Monsoon showers continue over central cotton and soybean areas, benefiting soil moisture for some areas that have seen erratic rainfall this year. -DTN

**Headlines:**

- > Malaysian Dec Palm Oil closed up 36 Ringgits
- > Dalian Futures Exchange its Golden Week
- > Asian Equity Markets were lower, Japan's Nikkei down 1.1%, China's Shanghai Golden Week

- > European Equity Markets are mixed to lower, German Dax down .2%, London FTSE flat
- > MATIF Markets are mixed, Nov Corn down .50 to the Euro, Nov Rapeseed down .75, Dec Wheat up .50
- > Save the Date...Oct 4<sup>th</sup>...OPEC + Meetings
- > Save the Date...Oct 8<sup>th</sup>...US Unemployment numbers
- > Save the Date...Oct 11<sup>th</sup>...Canadian Thanksgiving/Sports Day in Japan
- > Save the Date...Oct 12<sup>th</sup>...USDA S&D Reports
- > Save the Date...Oct 15<sup>th</sup>...NOPA Crush
- > Save the Date...Nov 7<sup>th</sup>...US falls back...US falls back to good old standard time
- > Save the Date...Dec 4<sup>th</sup>...Well not quite Ground Hog Day but its debt ceiling time all over again
- > UK military start making fuel deliveries [UK military begins fuel delivery amid driver shortage \(msn.com\)](#)
- > ASF do we have a vaccine, further updates [U.S. Has 'Promising' Vaccine for Deadly African Swine Fever - Bloomberg](#)
- > Fall Armyworm back to you MS [Large advance of fall armyworms - Picayune Item | Picayune Item](#)
- > Locust/Bird Flu all quiet today
- > S. France Floods [LATEST: Residents in southern France urged to stay home amid more torrential rain and floods - The Local](#) and your are right it has been a bad flood season [European floods largest industry cat loss of 2021 to date at \\$11bn: Cresta \(insuranceinsider.com\)](#)
- > China flooding continues [Heavy rain affects over 16,000 people in northeast China \(sify.com\)](#)
- > CFTC weekly MM Funds Position Report found as of the close of 9/28 the MM fund were long 14,788 MW, long 46,127 KW, short 9,815 W, long 244,741 corn, long 59,311 beans, short 14,964 meal, and long 47,490 bean oil contracts
- > The beat grows louder [Supply chain: Pressure is growing on Biden to lift Trump's tariffs as problems worsen \(msn.com\)](#)

## Commentary

As we move deeper into today as well as the work week, corn yields will start to come into focus. The USDA in Sept projected the national crop yield at 176.3 bushel an acre. We do not expect they will have to budge off this number very far for the Oct report. That said as we get deeper into the week the early talk of variability of the corn harvest should give way to a trend in yields. The conventional wisdom is that if anything corn yields may slide a tad lower and end up between 175.5 to 176.0. This would suggest to us that breaks this week, led by beans might be a chance for end users of corn to book forward some long term coverage. The bottom line as the world deals with the fact that in the Covid to post Covid era just in time inventory management is giving way to just enough inventory management. The kicker in all this from cotton to copper to corn and on to computer chips the definition of just enough remains influx.



Monday, October 4, 2021

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.