

## MORNING GRAIN COMMENTARY

### Morning Trends:

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as of 5:00 AM CDT

Corn 1 around

Wheat 1 to 3 lower

Soybeans 7 to 9 lower

Soy Meal 2.0 to 2.5 lower

Soy Oil 10 to 15 higher

**Short Range Weather:** The center of Mawar has left the Marianas waters, but strong tropical storm force winds remain over the area and coastal areas are still under threat from inundation. Isolated to scattered locally heavy rain and thunderstorms will impact parts of the Southeast, Great Basin, northern Rockies, and much of the High Plains over the next few days. - NWS

### The Stories of the Day:

**Russian/Ukraine:** [Putin's Russia is now practically defenceless \(msn.com\)](#)[The nuclear handshake between Putin and Lukashenko has agitated NATO \(easternherald.com\)](#)[Putin's press secretary states that Russia will "liberate" Belarus if its population were to rebel against Lukashenko's regime \(msn.com\)](#)[Head of Russian private army Wagner says his forces are handing control of Bakhmut to Moscow \(msn.com\)](#)[Ukraine Counteroffensive Is Primed, Warns Kyiv Intel Chief \(msn.com\)](#)

**US Debt Ceiling Dance** [Debt limit timeline: When are Medicaid, Social Security and other payments at risk \(msn.com\)](#)[The US' AAA credit ratings at risk of a downgrade due to 'brinkmanship over the debt ceiling.' This could impact trillions of dollars worth of Treasury securities. \(msn.com\)](#)

**The R Word Starts to Spread** [Stock market today: World shares decline on worries over US debt; Germany slips into recession \(msn.com\)](#)

**Sudan** [Sudan conflict displaces over 1.3M, including some 320K to neighboring countries | Fox News](#)

**Volcano Alert** [Shaking roofs, frayed nerves as Mexico's 'Popo' volcano rumbles \(yahoo.com\)](#)

**China's liberal use of "Force Majeure"** [No laughing matter: China cancels comedy, citing 'force majeure' \(msn.com\)](#)

**DTN's Long Range Weather and 24-Hour National Temperatures and Rainfall Extremes:** 105 AT RIO GRANDE VILLAGE, TX LOW WED...23 AT CRESCENT, OR ...DAYTONA BEACH, FL 2.55 INCHES

There is a ridge across central Canada. Smaller disturbances and weaknesses in the upper levels can be found in the West and Southeast. This pattern will continue through next week, but we will see a trough redeveloping in eastern Canada next weekend, forecast to spread westward the following week. The U.S. and European models are similar. I will use a blend but favor the European. For the outlook period, temperatures on Tuesday will be near to above normal for most of the country and should remain that way through next week. Isolated to scattered showers continue in the Plains, spreading east into the Midwest and Delta as well.

**NORTHERN PLAINS (LIVESTOCK/WHEAT/CORN/SOYBEANS):** Isolated to scattered showers are forecast to continue through next week. Rain will be good for seeds in the ground but may make it more difficult for those yet to plant to get done on time.

**CENTRAL/SOUTHERN PLAINS (WHEAT/LIVESTOCK/CORN/SOYBEANS):** Areas of showers and thunderstorms have been developing throughout the week and have been heavy at times in the southwestern drought areas. More isolated to scattered showers will pop up through next week as well. The rainfall will not hit all areas, but may help to further reduce drought in some, and is beneficial for developing summer crops and forages.

**MIDWEST (WINTER WHEAT/CORN/SOYBEANS):** Drier conditions are expected for most of the next week, which will help those with planting yet to do complete their tasks. Models are keen on developing isolated to

scattered showers next week, especially late next week, breaking the drier stretch and easing concern over developing dryness.

**DELTA (SOYBEANS/COTTON):** Soil moisture continues to be mostly favorable for developing crops. Drier conditions have developed in the region and are likely to continue for the next week. Shower potential returns next week. Overall conditions continue to be good across the region for developing crops for now.

**CANADIAN PRAIRIES (SPRING WHEAT/CANOLA):** Scattered showers have developed in the region and are forecast to continue through next week, hitting most areas with at least some decent rainfall. Northern Alberta received some heavy rainfall earlier this week which may help them fight the wildfires and reduce drought. Showers may slow down seeding progress at times but may also help to reduce the widespread drought.

**BRAZIL (CORN/WINTER WHEAT):** A front will move into southern areas this weekend with scattered showers and may progress into central safrinha corn areas next week. Any rain would be beneficial for corn and wheat. Temperatures remain warm this week but will cool down behind the front moving through next week. Models have backed off on any potential for frosts, but that remains the largest concern for the crop moving forward.

**ARGENTINA (WINTER WHEAT):** Scattered showers continue in Argentina for the rest of the week, favorable for increasing soil moisture for wheat. Temperatures will fall below normal over the weekend and into next week, which may produce frosts and freezes, limiting growth for wheat. <https://www.reuters.com/article/argentina-grains-wheat/rains-improve-wheat-prospects-in-argentina-grains-exchange-says-idUSKBN2XF1TH>

**EUROPE (WINTER WHEAT/CORN):** Showers continue near the Mediterranean for the next week and have been the most consistent near Spain, which has seen some favorable showers lately, but is still in deep drought. Other areas are getting a chance to dry out and find some sun this week, favorable for crop development. Soil moisture is good for most of the continent.

**BLACK SEA (WINTER WHEAT/CORN):** An upper-low over the Black Sea and a couple of fronts in the region will provide scattered showers for the next week, especially over wheat areas in eastern Ukraine. Soil moisture and warm temperatures are mostly favorable for crop development.

**CHINA (WINTER WHEAT/OILSEEDS/CORN/SOYBEANS):** A couple of fronts will move across northeast and central growing areas through the weekend with scattered showers, favorable for planting and early establishment of corn and soybeans and also for filling wheat and canola.

**AUSTRALIA (WINTER WHEAT/CANOLA):** Overall, conditions are good for winter crop planting and establishment with only isolated showers moving through at times for the next couple of weeks. Soil moisture continues dropping in a lot of areas and will be concerning once the crop starts to awake from semi-dormancy next spring. The occurrence of El Nino in the next few weeks should have a detrimental effect on precipitation across eastern Australia, but conditions are mostly good for winter crop establishment for now.

The weather buzz words to start the summer growing season...Mini Domes and Flash Droughts...flash droughts coming to a social media page near you [Flash Drought Could Be Headed For U.S. Midwest | Watch \(msn.com\)](#)

#### **Headlines:**

- > Malaysian August Palm Oil market closed up 91 Ringgits.
- > Dalian Futures were lower, July corn down 3 to the Yuan, July Beans down 3, Sept Meal down 24, Sept Bean Oil down 42, Sept Palm Oil down 18
- > Asian Equity Markets were mostly lower, Japan's Nikki up .4%, China's Shanghai down .1%
- > European Equity Markets are lower, German Dax down .5%, London FTSE 100 down .3%

- > MATIF Markets are mixed, June corn down 1.50 to the Euro, Aug Rapeseed up 4.50, Sept Wheat up .75
- > Save the Date...May 25<sup>th</sup>...Q1 US GDP...this second look at Q1 is expected to be up 1.1% Q/Q
- > Save the Date...May 29<sup>th</sup>...Memorial Day US/Bank Holiday UK
- > Save the Date...June 2<sup>nd</sup>...US Employment Numbers
- > Save the Date...June 4<sup>th</sup>...OPEC meetings
- > Save the Date...June 9<sup>th</sup>...USDA Crop Production and S&Ds
- > Save the Date...June 13<sup>th</sup>...US CPI
- > Save the Date...June 14<sup>th</sup>...US FOMC meeting results
- > On Thursday, the EU agreed to suspend restrictions for another year on Ukraine imports. Back in June 2022 the EU lifted tariffs and other restrictions for another 12 months. The EU and Ukraine signed a free trade agreement that's been applied since 2016. -QT
- > On Thursday, the Chinese Commerce Ministry confirmed the country's Commerce Minister Wang will meet US Commerce Sec Raimondo and US Trade Rep Tai in an upcoming visit to the US. The Chinese minister is in the US attending the 2023 APEC Ministers Responsible for Trade Meeting, in Detroit today and Friday. -QT
- > A UN official said they are working with the African Export-Import bank as a means to ease Russian grain and fertilizer export transactions to African nations. -QT
- > Shipping sources Thursday said tug rescuers were able to refloat a large vessel that had become stuck in the Suez Canal today, adding that traffic has resumed to a normal pace. -QT
- > On Thursday, the Egyptian Supply Minister estimated the country's wheat strategic reserves at 5.9 months coverage -QT
- > Weekly Jobless Claims at 7:30 AM CDT expected at 245,000 vs. last week's 242,000
- > Weekly Export Sales at 7:30 AM CDT wheat expected between 200-400,000 MT, corn 400-600,000 MT, beans 100-300,000 MT, meal 200-400,000 MT, oil 5-25,000 MT
- > All quiet Locust/FAW/Bird Flu
- > ASF...[Are we ready for the next foreign animal disease? Part 3 \(nationalhogfarmer.com\)](https://nationalhogfarmer.com)

**Commentary:** As we prepare for a 3-day weekend both here in the states and the UK, one would expect little follow-through on market moves. Layer on the concerns around the self-imposed US Debt Ceiling Crisis and you have all that is needed to keep traders on the sidelines and price action confined to choppy two-sided action. This is the expectation, but we are keeping an eye on corn. CN yesterday with its close over the 580 level is starting to shift its chart momentum higher. We feel the MM Funds are still short over 80,000 corn contracts. Most of these shorts would be considered weak shorts. On 4/25 the MM Funds were short 15,297 contracts, CN closed that day at 601. On 5/2 CN closed at 580 and the MM Funds short position had grown to 118,146 contracts. As of 5/23 we think they were short 89,985 contracts, with CN closing at 577 ½. If we are to have any fireworks in price action between now and the close it would be due to short covering by the MM Funds. Over the years, the MM Funds have been excellent practitioners of that classic trading principle of the Great Richard Dennis, who one said 90% of his money was made from 10% of his trades. MM Funds are good at adding to winning trades, and just as important they are good at bailing, early, on losing ideas.

Yes, Flash Drought

## A DRY MAY 2023 IN CHICAGO

**The Month Closes Next Wednesday—and with miniscule prospects for any meaningful rain...**

CHICAGO-O'HARE

RAINFALL TOTAL

MONTH TO-DATE

0.42"

NORMAL TO-DATE: 3.54"



- If the 0.42" tally holds, it will mark the city's **2nd driest May on record** since observations began 152 years ago in 1872.

- It's a total just **9%** normal and nearly **4.50"** below a typical full May.

- Weather Prediction Center (WPC) total rainfall through next Wednesday May 31, offers little relief for parched yards and gardens.

MAREX

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 consider 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