

MORNING GRAIN COMMENTARY

Morning Trends:

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as of 5:00 AM CDT

Corn 13 to 15 higher

Wheat 13 to 15 higher

Soybeans 6 to 8 higher

Soy Meal 12.0 to 13.0 higher

Soy Oil 3.30 to 3.35 lower

The Stories of the Day:

Russian/Ukraine: [It looks like Putin is getting his Central Asian gas deal after all \(msn.com\)](#)[Moscow Warns Kyiv Against Targeting Crimea with Western Arms \(msn.com\)](#)[Russian invaders report damage to railway in Crimea \(msn.com\)](#)[Russian collaborators claim Ukraine launched 2nd drone attack on Crimea in as many days \(msn.com\)](#)[Ukraine Situation Report: Kyiv Tries To Lower Expectations For Its Counteroffensive \(msn.com\)](#) [Russia Floods Front Lines With 'Low-Quality Forces': ISW \(msn.com\)](#)[Russian ally Belarus starts 'mobilisation exercises' \(msn.com\)](#)

Powell to Speak [Powell to face Capitol Hill hearing at a time of rising uncertainty over Fed's interest-rate plans \(msn.com\)](#)

India/US Opinion: [Why is Biden silent on Modi and India's slide toward autocracy? \(msn.com\)](#) and this [India's Worsening Democracy Makes It an Unreliable Ally \(msn.com\)](#)

China/Cuban [It's not just spy bases in Cuba, China could be sending troops right to Florida's doorstep: WSJ \(msn.com\)](#)

EPA Quotas Biofuels <https://www.bloomberg.com/news/articles/2023-06-21/biden-biodiesel-quotas-deal-blow-to-plant-based-fuel-makers> And this [Biden to Tighten Policing of Biofuel Credits After Wild Swings - Bloomberg](#)

Short Range Weather: The never-ending excessive heat across Texas and parts of the Southern U.S. will persist the rest of week with dangerous conditions. Meanwhile, strong to severe thunderstorms will be possible the next few days in portions of the Plains. Finally, a stubborn stationary system will produce pockets of heavy rain and thunderstorms which may lead to flooding in the Southeast and Mid-Atlantic states -NWS

DTN's Long Range Weather and 24-Hour National Temperatures and Rainfall Extremes: HIGH TUE...118 AT RIO GRANDE VILLAGE, TX LOW TUE...20 AT CRESCENT, OR...ROANOKE, VA 2.05 INCHES

There is a ridge in Hudson Bay with another in Texas with troughs across the Southeast and West. Later this week, the southern ridge will shift to the Rockies and the Canadian ridge moves east, allowing a channel through the Corn Belt for systems to travel. The trough in the West will do so this weekend while another does so later next week. Each may get caught up in the Eastern U.S. for a time. The western ridge may extend up through western Canada next week. The U.S. and European models continue to have issues with inconsistency with details, but still show the same setup. I will use a blend but favor the European. For the outlook period, temperatures will be variable for most of the country with systems moving through, though consistently hotter around Texas. A system will be moving through the Eastern Corn Belt early next week with widespread showers. Another system should move through later next week in a similar path through the Corn Belt with widespread showers as well.

NORTHERN PLAINS (LIVESTOCK/WHEAT/CORN/SOYBEANS): A slow-moving front is providing some strings of showers until a system goes through on Saturday that is forecast to bring more widespread showers and thunderstorms. Ahead of this front, temperatures are hot with many areas eclipsing 90 degrees F. If showers disappoint, crop conditions will continue to decline, and drought will expand. Temperatures should be more variable after the system moves through this weekend. Another system is forecast for next week that may bring widespread showers as well.

CENTRAL/SOUTHERN PLAINS (WHEAT/LIVESTOCK/CORN/SOYBEANS): Heat has built in over Texas and has expanded north, a consistent feature until a system moves through this weekend, which will bottle the heat closer to Texas for next week. More rounds of showers and thunderstorms are forecast until that system moves through, and may even continue next week as well, most likely farther north. Conditions for developing corn and soybeans is dependent on rainfall frequency. Those areas with consistent rainfall are more able to withstand the heat stress.

MIDWEST (WINTER WHEAT/CORN/SOYBEANS): Hot and mostly dry conditions continue the next few days, sapping soil moisture and damaging corn. A system continues to spin over the Southeast and though uncertain, may spread some showers into eastern areas later this week. Following that, a system will move through with more widespread showers and thunderstorms this weekend into early next week, with potential for continued showers for a couple of days and another system late next week or weekend to do something similar. Areas missing out are seeing stress increase for both corn and soybeans, though not all areas are dealing with harsh conditions. The coming rainfall is forecast to only be a stop-gap in the poorer conditions, but the pattern does favor better chances for rain after this week.

DELTA (SOYBEANS/COTTON): Several disturbances brought heavy showers and severe weather through the region over the last week. Though damage has been reported, the increased soil moisture is turning around dryness concerns. Though less active for the next week, there will be some additional chances for showers and thunderstorms in the region.

CANADIAN PRAIRIES (SPRING WHEAT/CANOLA): Another system moved into the region over the weekend and brought heavy rain to parts of the region, including drier areas in Manitoba this time as well. The system will be in place through Thursday, though showers are now isolated. Soil moisture is still reported to be low across much of the region, leaving some areas in desperate need of rainfall. Temperatures will be more pleasant as this system passes through, keeping stresses down for those drier areas, however. A front going through early next week is the next best chance at widespread showers in the region.

BRAZIL (CORN/WINTER WHEAT): A front will bring some showers to southern areas through Friday, though many areas will stay dry. Increased rainfall is favoring any immature corn and vegetative wheat. Corn harvest is starting to pick up in the middle of the country, finding mostly favorable weather in which to do so.

ARGENTINA (WINTER WHEAT): Soil moisture is still sub-optimal in Argentina. A series of fronts will produce some showers this week, favorable for increasing soil moisture in some areas. Though rains will be scattered enough to not hit all spots. Temperatures remain warm until the last of the series of fronts moves through early next week.

EUROPE (WINTER WHEAT/CORN): A couple of impulses will bring showers to northern areas this week, hitting more areas, especially Germany, that has been very dry as of late. Most areas will see rainfall, though Italy may remain completely dry. Another couple of systems are forecast to sweep through the continent next week. Conditions are still largely favorable for developing corn and immature wheat.

BLACK SEA (WINTER WHEAT/CORN): Some drier spots have started to show up in some areas of the region, most notably in central Ukraine and the Volga Valley of western Russia. But conditions continue to be mostly favorable in the region. A couple of fronts moving through the region will bring some showers to these areas and the forecast is wetter next week with a larger system moving through.

CHINA (WINTER WHEAT/OILSEEDS/CORN/SOYBEANS): A system went through over the weekend and brought needed rainfall to areas of central China that have been rather dry. Some isolated showers will linger throughout the week with another chance at widespread heavy rainfall next week. Though some areas are still dealing with flooding issues in wheat and canola areas, corn and soybean areas would find additional rainfall more favorable for development.

AUSTRALIA (WINTER WHEAT/CANOLA): A system moving through is bringing widespread showers to much of the wheat belt this week. The pattern may continue to be active next week as well. Conditions continue to be mostly favorable, benefiting wheat and canola establishment while El Nino continues to build in the Pacific. The event favors hotter and drier conditions in eastern Australia, which may start to impact the country's crops in spring when they emerge from semi-dormancy.

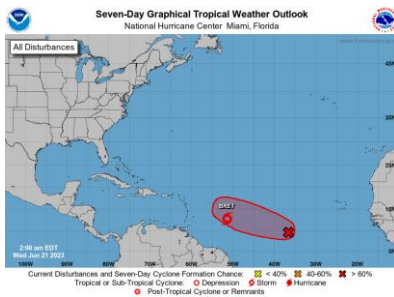
Headlines:

- > Malaysian Sept Palm Oil market closed down 111 Ringgits
- > Dalian Futures were mixed, Sept corn unchanged to the Yuan, Sept Beans up 66, Sept Meal up 26, Sept Bean Oil down 144, Sept Palm Oil down 162
- > Asian Equity Markets were mixed, Japan's Nikki up .3%, China's Shanghai down 1.3%
- > European Equity Markets are mixed, German Dax up .1%, London FTSE 100 down .1%
- > MATIF Markets are mixed, Nov corn up 2.50 to the Euro, Aug Rapeseed down 12.50, Sept Wheat up 3.75
- > Save the Date...June 21st...Summer begins, again
- > Save the Date...June 22nd...China Dragon Boat Races
- > Save the Date...June 29th...GDP Q1
- > Save the Date...June 30th...USDA Quarterly Grain Stocks
- > Weekly crop condition report, average trade guess from Reuters/where the number landed, corn good to excellent rating 58%/55%, beans 57%/54%, spring wheat 58%/51%, WW harvested 19%/15%, WW rating 38%/38%
- > China winter wheat harvest update <https://www.nasdaq.com/articles/china-nears-end-of-rain-damaged-winter-wheat-harvest>
- > SE Asia Haze Outlook <https://www.bloomberg.com/news/articles/2023-06-21/el-nino-raising-risk-of-southeast-asia-haze-crisis-this-year>
- > All Quiet today for ASF, Bird Flu, Fall Armyworms, Locust
- > Swine Fever, H1N1 style Not quite red alert but [CDC to investigate swine flu virus behind woman's death in Brazil \(msn.com\)](#)
- > Really we are going there already, Super El Nino [What to expect during the potential 'super' El Niño \(msn.com\)](#)

Commentary: The USDA weekly crop ratings came in much lower than expected. The net impact, a wakeup call for the markets that rain is needed and needed now for spring planted crops. As underscored by the great Karen Braun of Reuters, the corn rating of 55% for the week was the lowest rating for the week since 1992. Karen points out that rains came in July and we had a corn crop that year, hence corn is the crop of July. But Karen points out that the rating was right down there for the week with the 1988 crop year. For all you young traders, when 1988 is referenced, it is time to break the glass and engage with the grey heads of the office. In addition, the rating was the lowest June/July rating since 2012. The bigger than expected drop in the ratings means that tomorrow's NOAA drought monitor map will take on added importance. A quick review, the data cutoff for the drought maps are Tuesday 8:00 AM EDT, the release date will be Thursday at 8:30 AM EDT. One

note maps in motion tend to stay in motion, there is still time to make a corn crop. As the great Dave Duisik said yesterday, given the lack of consistent markers late June and early July Midwest weather is a mystery that could still revert to a NW flow and with it a big corn yield, but the maps could go the other way...keep watching this space for updates.

Storm track cranking up in the Atlantic



And in the Pacific



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