

**MORNING GRAIN COMMENTARY**

Morning Trends:
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as of 5:00 AM CDT
Corn 1 around
Wheat 1 around
Soybeans 3 to 5 higher
Soy Meal 1.5 to 2.0 higher
Soy Oil 10 to 15 higher

**Short Range Weather:** Widespread smoke from Canadian wildfires is causing numerous and widespread Air Quality Alerts from the Northeast to the Great Lakes as well as for other urban areas in the central/eastern U.S. Daily rounds of heavy rain are forecast through the remainder of the week in the Rockies and High Plains with the potential for scattered instances of flash flooding -NWS

**DTN's Long Range Weather and 24-Hour National Temperatures and Rainfall Extremes:**

101 AT PHOENIX, AZ LOW TUE...27 AT PETER SINKS, UT...CHARLESTON, SC 0.87 INCHES

There is a ridge across most of Canada with a trough in the Northeast, weakness across the U.S, and another trough moving over the top of the ridge in northern Canada. The Canadian trough will continue over the ridge the next few days then dive down into the Great Lakes over the weekend, shoving the ridge off to western Canada and weakening it. That will kick off a more progressive pattern that should cause more systems to move through the U.S. for the rest of June. Meanwhile, a ridge will develop over Mexico and bump up into Texas at the end of next week. The U.S. and European models continue to have some differences in precipitation, especially with consistency, but have come into better agreement on temperatures today. I will use a blend. For the outlook period, temperatures on Monday will be near to above normal for the Pacific Northwest and Northern Plains with cooler conditions elsewhere. The temperature pattern should be more variable next week with systems coming by that will produce scattered showers across more of the country. There is uncertainty whether or not significant precipitation will occur in the Midwest, but the daily showers and thunderstorms that have been occurring in the Plains should shut down.

**NORTHERN PLAINS (LIVESTOCK/WHEAT/CORN/SOYBEANS):** Periods of showers should continue through Saturday, though the coverage may not be very widespread most days. A front will move through Friday into Saturday with scattered showers but clear the region out a bit and bring some briefly cooler temperatures

**The Stories of the Day:**

**Russian/Ukraine:** [Maxar posts new satellite photos of flooded Kherson Oblast \(msn.com\)](#) [Collapse of Ukraine's Nova Kakhovka dam an 'ecological catastrophe' \(msn.com\)](#) [Jumpy Russians destroy agricultural machinery, fearing they are Leopard tanks \(msn.com\)](#) [Russia Loses 37 Artillery Systems, 13 Tanks in a Day: Ukraine \(msn.com\)](#) [Russian troops flood own positions by destroying dam, risk detonating landmines — Malyar \(msn.com\)](#) [Russians again shelled the ammonia pipeline in Kharkiv Oblast \(msn.com\)](#) [okay, if you say so](#) [Russia's Shoigu: Ukraine's counter-offensive has been thwarted \(msn.com\)](#)

**The Pope** [Pope Francis hospitalized to undergo intestinal surgery, Vatican says \(msn.com\)](#)

**Sudan** [A 'Dystopian Nightmare' Unfolds in Sudan's Battered Darfur Region - The New York Times \(nytimes.com\)](#)

**China Wheat Harvest Update** [China's wheat growers face 'disaster' after heavy rain batters crop \(msn.com\)](#)

**India Monsoon** <https://www.bloomberg.com/news/articles/2023-06-07/storm-that-s-delaying-india-monsoon-will-become-severe-cyclone>

**Today's El Nino Story/Climate Change Story** [A 'once-in-200 years' heat wave caught Southeast Asia off guard. Climate change will make them more common \(msn.com\)](#)

through. Most areas should get a drink, however, favorable for developing crops. The pattern favors a system or two moving through next week.

**CENTRAL/SOUTHERN PLAINS (WHEAT/LIVESTOCK/CORN/SOYBEANS):** Periods of showers will continue to develop across the region through the weekend, favoring additional drought reduction, though coverage is not expected to be overly widespread. A front will move through over the weekend and tend to shut down the daily shower and thunderstorm chances. But systems will continue to move through with systems, which will still provide chances for additional rain.

**MIDWEST (WINTER WHEAT/CORN/SOYBEANS):** A front is dropping south through the region, which will bring in lower temperatures and some isolated showers for western areas where the front gets hung up the next couple of days. Another front will move through this weekend with more scattered showers across the region, though not all areas will be hit. Still, it should be the best chances for widespread precipitation eastern areas have had in weeks. The pattern will favor more systems moving through afterward, which may be more favorable for the drier areas of the region.

**DELTA (SOYBEANS/COTTON):** Isolated showers have developed in the region and will continue through most of the week, which will help to stave off the drop in soil moisture that has been occurring. A front will move through this weekend with better chances for rain, but the pattern will not be favorable for soil moisture improvements afterward though systems may move through more frequently. There is growing concern for dryness in the area.

**CANADIAN PRAIRIES (SPRING WHEAT/CANOLA):** Scattered showers will remain in the region for the next two weeks, as fronts move through with more regularity. Showers may or may not be widespread with each system, however. Even though fronts and showers will be moving through, temperatures will remain above normal for at least the next week, which is starting to be a concern for areas that are drier. There is a better chance at a cooldown later next week.

**BRAZIL (CORN/WINTER WHEAT):** Mostly dry conditions continue through the rest of the week, not unusual for this time of year. Conditions are falling toward the end of the season. A front will move into southern areas this weekend with some isolated showers possible. [The front may make it into central areas next week. If so, it would bring a few showers to areas in need, though immature corn is unlikely to gain a benefit in most areas. Cold temperatures that follow will need to be watched to see if frosts will occur. If they do, they could halt late planted safrinha corn and slow development of wheat.](#)

**ARGENTINA (WINTER WHEAT):** A couple of fronts moving through will bring some isolated showers through the weekend. Soil moisture is still sub-optimal, but the recent run of showers have been helping in some spots. [A stronger cold front will move through over the weekend, which may spread frosts and freezes to parts of the region next week.](#)

**EUROPE (WINTER WHEAT/CORN):** Showers have been frequent around the Mediterranean for the last couple of weeks, which have been helping drought areas and building soil moisture, but northern areas have been dry and are in need of some additional moisture. Isolated showers may spread northward this week at times but would be isolated. Coverage may increase this weekend as the pattern starts to change a bit. France and the UK may be in line for better showers for next week, though Germany and Poland may not.

**BLACK SEA (WINTER WHEAT/CORN):** Though soil moisture is mostly favorable across the region, some additional showers would be welcome, especially in the east. Showers will be limited this week but have already hit drier areas in the east. Shower potential is forecast to increase over the weekend, and possibly next week if an upper low can develop on the tail end of the front.

CHINA (WINTER WHEAT/OILSEEDS/CORN/SOYBEANS): A low-pressure system will spin up over the northeast corn and soybean areas through the weekend, favorable for developing crops. Other areas of central China will be drier, unfavorable for crop development there.

AUSTRALIA (WINTER WHEAT/CANOLA): Scattered showers continue over eastern areas with another system moving through over the next couple of days, benefiting wheat and canola establishment while El Nino continues to take form 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 August Palm Oil market closed slightly higher up 2 Ringgits
- > Dalian Futures were mixed, July corn down 7 to the Yuan, July Beans up 52, Sept Meal down 19, Sept Bean Oil up 24, Sept Palm Oil down 20
- > Asian Equity Markets were lower, Japan's Nikki down 1.8%, China's Shanghai down .1%
- > European Equity Markets are slightly lower, German Dax down .4%, London FTSE 100 flat
- > MATIF Markets are lower, June corn down 1.50 to the Euro, Aug Rapeseed down 5.50, Sept Wheat down 1.25
- > Save the Date...June 9<sup>th</sup>...USDA Crop Production and S&Ds...average trade guess for US old crop carryout/May USDA...wheat 606MBU/598MBU, corn 1.449BBU/1.417BBU, beans 223MBU/215MBU,,,New Crop wheat 569MBU/556MBU, corn 2.254MBU/2.222BBU, beans 345MBU/335MBU...US Wheat production...All Wheat 1.672BBU/1.659BBU, WW 1.143/1.130, HRW 520/514, SRW 414/406, SWW 210/210...Old Crop World Carryout wheat 266.58MMT/266.28, corn 297.66/297.41, beans 100.55/101.04...New Crop World Carryout wheat 264.55/264.34, corn 313.12/312.90, beans 121.99/122.50...S. America Production Argentina corn 35.74MMT/37.00, beans 24.74/27.00...Brazil corn 130.93/130.00, beans 155.42/155.00
- > Save the Date...June 13<sup>th</sup>...US CPI
- > Save the Date...June 14<sup>th</sup>...US FOMC meeting results
- > Save the Date...June 19<sup>th</sup>...US Federal Holiday
- > Save the Date...June 21<sup>st</sup>...Summer begins, again
- > Save the Date...June 22<sup>nd</sup>...China Dragon Boat Races
- > Save the Date...June 29<sup>th</sup>...GDP Q1
- > Russia's media on Wednesday said Black Sea grain export deal talks will be held in Geneva on Friday this week, adding top UN officials will take part in those talks -QT
- > After German gov't complaints, the EU Commission will begin investigations for flows of alleged fraudulent biofuels. The Chinese biofuel products in question are reportedly mislabeled as more profitable ones. The EU has incentives in place for biodiesel made with waste oils and waste fats, and its alleged that Asians are mixing biofuels with cheaper oils. -QT
- > All Quiet today for Locust

> Bird Flu [World's largest chicken supplier, Brazil, unlikely to impose nationwide ban on exports over bird flu | Fox News](#)

> Fall Armyworm Africa [Armyworms to cause more damage, farmers warned \(msn.com\)](#)

> African Swine fever Vietnam [ASIA TODAY Vietnam: two vaccines against swine fever close to approval \(asianews.it\)](#)

**Commentary:** As we head into the June USDA production and S&D reports we remind everyone there is a 1/3<sup>rd</sup> chance the report could be bullish, bearish or neutral. Since the markets rarely react in a neutral fashion, the question, what will the market do in a flat report environment? We go into the report thinking that short term chart momentum has reached upside chart objectives in WN at 632 and BON at 50.60. In addition recent moves higher in beans and corn have little new short term upside objectives. Chart momentum for meal remains pointed sideways to lower. We feel as of the close Tuesday, the MM Funds are short 115,000 W, short 28,000 C, long 15,000 S, long 60,000 SM, and short 22,000 BO. The farmer is convinced that if rain is in the forecast for the ECB they might be a more willing seller on further upside moves in corn. The dollar remains robust, and coming out of the weather market weekend, we will have a FED Meeting result next Tuesday which is expected to increase interest rates by another ¼ point. The bottom line in our thinking is that a neutral report combined with expected weather solutions for N. America next week will mean we have a 2/3<sup>rd</sup>s chance of seeing a bearish reaction coming out of the USDA reset of the world fundamentals on Friday.

**Baby, its hot outside**



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