

MORNING GRAIN COMMENTARY

Morning Trends:
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as of 5:00 AM CDT
Corn 1 around
Wheat 1 to 3 lower
Soybeans 13 to 15 higher
Soy Meal 3.0 to 3.5 higher
Soy Oil 85 to 90 higher

The Stories of the Day:

- Russian/Ukraine:** [Kadyrov's unit base in Mariupol reportedly hit; casualties removed secretly \(msn.com\)](#)[Russian general says top military brass betrayed soldiers fighting in Ukraine \(msn.com\)](#)[Russia's General Surovikin captured by Russian counterintelligence and isolated \(msn.com\)](#)[Russia is sending 'disposable' soldiers to fight Ukraine high on amphetamines to ensure they 'still run at machine guns,' military expert says \(msn.com\)](#)[Bodies of Russian soldiers taken out of destroyed hotel in Berdiansk all night \(msn.com\)](#)
- China** [China's Worse-Than-Expected Exports Deal New Blow to Economy \(msn.com\)](#)
- Crude Oil** [Saudi Arabia to Lose Top Spot in OPEC+ as Production Cuts Take Effect - MarketWatch](#)
- Sudan** [Egypt to launch fresh Sudan mediation attempt during summit \(msn.com\)](#)
- It's Alive:** [LIVE updates: Mayon Volcano restiveness | Philstar.com](#)

Short Range Weather: Scattered severe thunderstorms capable of producing heavy rains and flooding are possible across parts of the Ohio Valley into the Northeast, and portions of the /central Plains. Widespread excessive heat advisories and warnings are already in effect across the Great Basin and Deep South, as the heat wave is expected to extend into early next week. NWS

DTN's Long Range Weather and 24-Hour National Temperatures and Rainfall Extremes: HIGH WED...118 AT DEATH VALLEY, CA LOW WED...26 AT MACKAY, ID... DES MOINES, IA 2.09 INCHES

A ridge is building across the southern U.S. while another ridge extends across the Canadian Rockies. A trough resides in central Canada and extends into the north-central U.S. and Great Lakes. A ridge also remains in eastern Canada. The Canadian ridges will continue to block the trough in central Canada from exiting the area through early this weekend, allowing for disturbances to move through the north-central U.S. A ridge will continue to strengthen across the Southwest and extend into the Northern Rockies and southern Delta this weekend. By early next week, the trough in central Canada will be centered across the Great Lakes while a ridges will extend through the western and southern U.S. as well as eastern Canada. The U.S. and European models are fairly similar. I will use a blend but favor the European. For the outlook period, temperatures will be below normal across the Northern Plains and near to above normal elsewhere. Into the middle of next week, the trough across the Great Lakes will weaken and drift east while another trough will enter the Canadian Prairies from western Canada. Meanwhile, a strong ridge will continue across the southern U.S. By late next week, the trough from the Canadian Prairies will push east and expand into the Great Lakes and portions of the Upper Midwest.

NORTHERN PLAINS (LIVESTOCK/WHEAT/CORN/SOYBEANS): Spotty rain showers will continue into the middle of next week as one trough exits the area and another one from the Canadian Prairies enters by mid-week next week. Cooler temperatures will continue across the region and help to reduce stress on developing crops. Overall, conditions are mostly favorable.

CENTRAL/SOUTHERN PLAINS (WHEAT/LIVESTOCK/CORN/SOYBEANS): More rainfall is expected through the weekend and early next week as systems from the west will ride along the expanding ridge across the southern U.S. Though the areas receiving rainfall are somewhat disorganized, the frequency is very good for this time of year. Temperatures are also mild for most areas, but will be above normal across Texas through the middle of next week. Conditions are mostly favorable for much of the region despite the continued drought, though the scattered rain may disrupt those finishing up their wheat harvest.

MIDWEST (WINTER WHEAT/CORN/SOYBEANS): Additional fronts will drop out of Canada through this weekend with potential for more periodic showers while temperatures stay mild. Showers and storms will continue into the middle of next week as a trough from the Canadian Prairies moves across the region. Rain is coming at enough of a frequency to maintain or boost soil moisture in some areas, though there are plenty that are also seeing disappointment and low soil moisture, creating mixed conditions for developing corn and soybeans. Those with wheat yet to harvest will have to dodge periods of showers.

DELTA (SOYBEANS/COTTON): Systems will develop along frontal boundaries into this weekend, offering daily chances for showers and thunderstorms. More showers and storms are expected through the first half of next week as systems work east out of the Rockies. Any rainfall will benefit crops entering their reproductive stages, but for those who miss the more measurable rainfall, the yield potential may decrease.

CANADIAN PRAIRIES (SPRING WHEAT/CANOLA): A few more cold fronts will sweep through the region into this weekend, but will likely only contain spotty showers. A trough from western Canada will enter the area early next week and provide more chances for isolated to scattered showers. Soil moisture may hold a bit more steady into the end of the week and temperatures are much more mild, which will help to reduce stress for the drier areas.

BRAZIL (CORN/WINTER WHEAT): Drier conditions are favorable for the increasing safrinha corn harvest across central Brazil, but late planted corn could still use another round of rain should it occur. Vegetative wheat could also use more rainfall. Lingering rain showers from Wednesday's system will remain possible across southern Brazil today but high pressure will lead to drier conditions this weekend. Then by early next week, more rain showers are possible along a cold front for states such as Parana and Sao Paulo. Producers across southern Brazil will still be dodging showers and wet conditions as they continue to harvest their safrinha corn.

ARGENTINA (WINTER WHEAT): Soil moisture is still sub-optimal in Argentina. Drier conditions return to much of the north today and persist through the first half of next week with high pressure building in after the mid-week system. Cold temperatures will also continue to fill in behind the system, creating some concern for frost this weekend.

EUROPE (WINTER WHEAT/CORN): Multiple troughs across the north will keep the northern half of the continent active into early next week with periods of showers. There may be some downtime between showers, but the pattern is overall favorable for most areas.

BLACK SEA (WINTER WHEAT/CORN): A few passing disturbances will bring scattered showers throughout the rest of this week, with periods of dry conditions in between the rounds of rain. Drier conditions are expected for this weekend. Rain may delay maturing winter wheat and harvest, but is favorable for developing corn and sunflowers.

CHINA (CORN/SOYBEANS): Daily chances for rain are likely across the northeast throughout the rest of this week and into this weekend as multiple disturbances will pass through the area. Some additional showers may spread down into the North China Plain at times as well. That should be favorable for developing corn and soybeans.

AUSTRALIA (WINTER WHEAT/CANOLA): Light rain is possible across southern areas through Saturday with dry conditions returning across these areas by Sunday. Another cold front may tag southern areas early next

week, providing scattered showers. Despite a building El Nino, which favors heat and dryness in eastern Australia, that has yet to materialize. But the effects may be more pronounced later this year as the crop goes through reproductive and grain fill stages. Conditions continue to be favorable thus far, however.

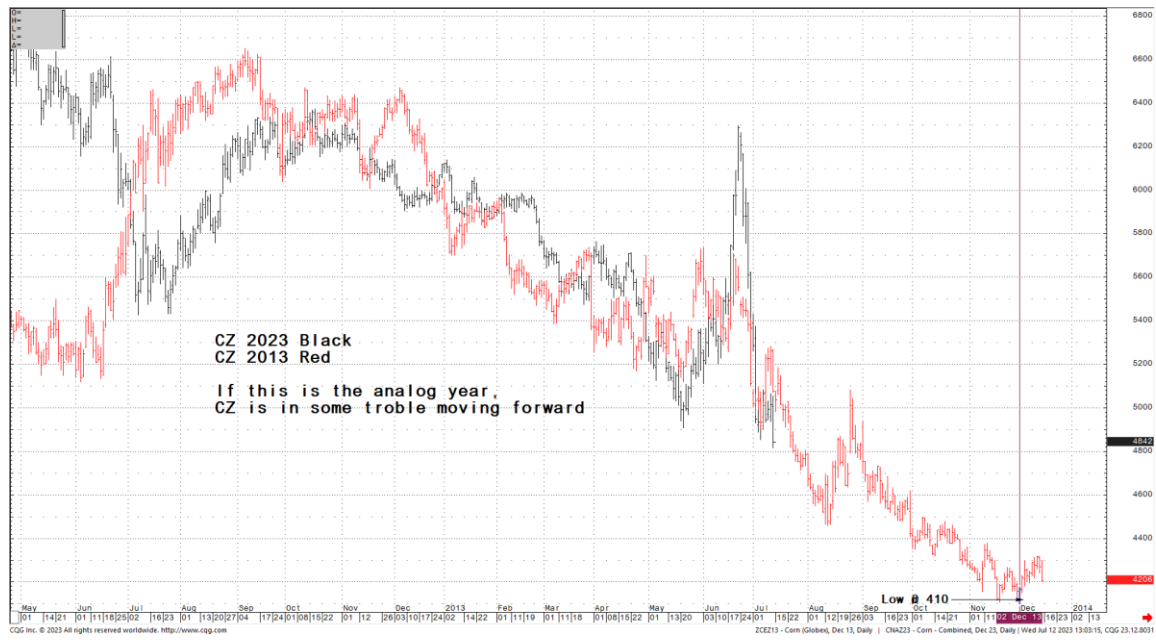
Headlines:

- > Malaysian Sept Palm Oil market closed down 61 Ringgits
- > Dalian Futures were lower, Sept corn down 1 to the Yuan, Sept Beans down 26, Sept Meal down 8, Sept Bean Oil down 72, Sept Palm Oil down 58
- > Asian Equity Markets were higher, Japan's Nikki up 1.5%, China's Shanghai up 1.3%
- > European Equity Markets are slightly higher, German Dax up .2%, London FTSE 100 up .1%
- > MATIF Markets are mixed, Nov corn down .25 to the Euro, Nov Rapeseed down 3.50, Sept Wheat unchanged
- > Save the Date...July 13th...US PPI...M/M expected .2%...ex-food & energy M/M expected .2%
- > Save the Date...July 17th...NOPA Crush (Sea Day Japan)
- > Save the Date...July 26th...FOMC Meeting Results
- > Save the Date...July 27th...Q2 US GDP
- > All Quiet today for FAW, Bird Flu, Locust, ASF
- > Weekly Jobless Claims at 7:30 AM CDT expected at 250,000 vs. last week's 248,000
- > Weekly Export Sales at 7:30 AM CDT wheat expected between 300-500,000 MT, corn 400-600,000 MT, beans 600-800,000 MT, meal 100-300,000 MT, oil 5-25,000 MT
- > Friday's 2:30 PM CFTC MM Funds Position Report as of the close of 7/11...we feel on that date the MM Funds were short 44,000 W, long 14,500 KW, long 2,500 MW, short 10,000 C, long 93,000 S, long 54,000 SM, long 42,000 BO
- > Reminder as of last week the US Drought monitor had 67% of the corn crop and 60% of the bean crop in droughtish areas...updated maps at 7:30 AM CDT [Home | U.S. Agricultural Commodities in Drought \(unl.edu\)](#)
- > [India Considers Banning Most Rice Exports As Local Prices Surge: Report \(ndtv.com\)](#) and in twitter world <https://twitter.com/RussianGrainTra/status/1679406191330328580>
- > Despite reports Wednesday saying the UN offered new proposals to extend the Black Sea grain shipping deal, Russia's Foreign Minister said he has not heard of any new proposals. -QT
- > Heat and Dryness matters...in the EU Strategie Grains lowered their 23/24 EU Soft Wheat production forecast to 126.2 mln mt from last month's forecast at 128.7 mln mt The group however raised their 22/23 MY soft wheat forecast to 31.8 mln mt from 30.5 mln mt. -QT

Commentary: Last night and today many a wire is beginning with the idea that the USDA numbers had few surprises for corn and because of that hammered home the idea that between the turn in the weather from May/June dryness to June/July timely rains the US corn crop is back on track (check out 2013 with 2023 CZ chart below). The 177.5 yield number for corn looks like it could be the low tick and that 180 or better yield numbers might soon be the conventional crowd's expectation for corn. This point should be underscored by

improved numbers in the weekly Drought Monitor Updates from the NWS that will be out later this morning. Of course, there are still few hurdles still to clear before the corn crop is in the bin. Weather and war risk remain for the grains. Weather risk includes the entire N. Hemisphere growing season. That said, given the lack of surprises in the USDA numbers the new upside of CZ trading range now seems to be at the 5-dollar level. The lower end of the trading range still to be determined but 470 seems to be a starting point. But the US corn crop still has to deal with a summer that is expected to feature long lasting severe T-storms, The US corn crop still has to get past black layer dates, remember today's ideal pollination weather at some point in the N. Plains down into the W. Corn Belt will become a story about Growing Degree Days (GDD). Harvest weather will be a factor, more for spreads than flat price but a factor nevertheless. The ECB remains deficit rain, how will this impact the lower Mississippi River drafts this fall? In our mind corn still has a check list to mark off. That said, each time a check is given, the fair value trading range will be lowered, until at some point 450 could easily be fair value to the high end of the winter trading ranges.

2013/2023 CZ Chart



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