

MORNING GRAIN COMMENTARY

Morning Trends:
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as of 5:00 AM CDT
Corn 3 to 5 lower
Wheat 4 to 6 lower
Soybeans 2 to 4 lower
Soy Meal 2.0 to 2.5 lower
Soy Oil 20 to 25 higher

The Stories of the Day:

- [Russian/Ukraine Ukraine reports 'some success' in counteroffensive | Watch \(msn.com\) Explosions rock Khmelnytskyi Oblast, air defence responding \(msn.com\) Ukraine destroys masses of Russian military equipment \(msn.com\) A New School Year...WoW While Russia's schoolchildren learn how to operate drones and clean guns, Ukraine's students will take classes on how to navigate treacherous minefields \(msn.com\)](#)
- [Central Asia Turkmenistan refuses Russia access to its gas pipelines to China \(msn.com\)](#)
- [Russia Central Bank Russian central bank jacks up interest rates to 12% at emergency meeting after ruble plunge \(msn.com\)](#)
- [China Central Bank China's Central Bank Cuts Two Key Policy Rates Sterling rises on wage growth, yuan hits 9-month low after surprise China rate cut \(msn.com\) \(msn.com\) and this Marketmind: China data deluge as EM turmoil deepens \(msn.com\)](#)
- [Maui Wildfire Update At least 99 people were killed in Maui's wildfires. With only 25% of the burn area searched, officials worry the death toll will climb \(msn.com\)](#)

Short Range Weather: A lingering frontal boundary will produce another round of severe storms and locally heavy rain in the East. Monsoon showers and thunderstorms may produce brief, heavy downpours that could cause flash flooding across the Southwest. Heat and fire weather threats continue in the Northwest, and heat and humidity remains entrenched in the South. NWS

DTN's Long Range Weather and 24-Hour National Temperatures and Rainfall Extremes: HIGH MON...116 AT DEATH VALLEY, CA LOW MON...24 AT FOXPARK, WY...EVANSVILLE, IN 2.38 INCHES

There is a ridge across the south and another in the Pacific Northwest. A trough is in the Midwest with another in northern Canada. The Canadian trough will send some pieces of energy into southern Canada and the Great Lakes this week, but the southern ridge will build up north late this week and especially this weekend. The ridge will stay put through next week, while some pieces of energy go over the top of it across southern Canada. The U.S. and European models are similar. I will use a blend. For the outlook period, temperatures will be above normal for most of the country, though closer to normal in the Northern Plains. This temperature pattern will likely continue through most of next week. A front will set up along the northern tier of the country this weekend and stall out, being a focus for potential showers and thunderstorms through next week.

NORTHERN PLAINS (LIVESTOCK/WHEAT/CORN/SOYBEANS): Areas of moderate to heavy rain moved through over the weekend. A couple of fronts will move through this week but are likely to be dry. Another front will stall out in the region Friday through a good portion of next week, being a focus for potential showers and thunderstorms. Any rainfall will help filling corn and soybeans if and where it occurs.

CENTRAL/SOUTHERN PLAINS (LIVESTOCK/CORN/SOYBEANS): Scattered showers and thunderstorms moved through over the weekend with some areas of heavy rain. This week should be much quieter as the storm track gets pushed northward and heat builds by the weekend. Ample soil moisture from recent

precipitation will go a long way to combat the heat, but stress will likely take over if the heat continues as forecast.

MIDWEST (CORN/SOYBEANS): Areas of heavy rain moved through over the weekend and Monday and have been relatively widespread. Another front will move through Wednesday night and Thursday with scattered showers for northern and eastern areas. Heat will build northward this weekend, but a front will stall out over far northern areas, which may continue rainfall chances there next week. Southern areas will be drier, but have seen better precipitation outside of northeast Iowa, which will help to counteract the stressful heat.

DELTA (SOYBEANS/COTTON): Scattered showers went through northern areas this weekend while heat continued to bake areas across the south in drought. After a brief break from the heat the next few days, it will build back in this weekend. Limited showers are not enough to combat the heat in many places as soybeans and cotton finish filling.

BRAZIL (CORN/WINTER WHEAT): A front brought periods of showers for developing wheat in the south over the weekend, which is largely in good condition due to more frequent rainfall. Another front will move in on Thursday and Friday, with more widespread rainfall forecast ahead of spring planting for soybeans, which does not occur for another month.

ARGENTINA (WINTER WHEAT): Soil moisture remains sub-optimal in Argentina. Frosts over the weekend may have caused damage for any advanced wheat. The storm track appears to be becoming more active as we should see another system this week, another over the weekend, and yet another next week. Precipitation amounts do not look heavy though, and more is needed for wheat and prior to spring planting.

EUROPE (WINTER WHEAT/CORN): Good soil moisture from recent precipitation is favorable for corn and summer grain growth for most areas, but unfavorable for the remaining winter wheat harvest. Temperatures have increased significantly and are forecast to remain warm to hot through most of next week. Periods of showers are falling over northern areas, which will help to combat the heat, but many areas will stay dry. That heat could be unfavorable for any summer crops with limited soil moisture.

BLACK SEA (WINTER WHEAT/CORN): A system brought heavier precipitation near the Ukraine-Russia border area Friday into Saturday, but mostly on the Ukraine side. Drier and hotter conditions through the weekend will be unfavorable for developing corn in areas with inadequate soil moisture and will be depleting soil moisture in most of the region. Some relief from the heat and showers will be possible, but not guaranteed next week.

CHINA (CORN/SOYBEANS): The remnants to Tropical Storm Khanun moved into northeast China over the weekend with heavier rain which may have caused some flooding. Other areas closer to Beijing incurred flooding the weekend before. Outside of the flooding, conditions are mostly favorable for both corn and soybeans in the country. And a somewhat active pattern will continue to favor the crops going forward.

AUSTRALIA (WINTER WHEAT/CANOLA): Soil moisture in the country has been slowly diminishing over the last couple of months and more rain is needed as wheat and canola start to develop. Systems have been trying to bring showers to southern areas over the last week, but amounts have been scattered and mostly light. Some isolated showers are possible this week as well, but nothing heavy is forecast. A building El Nino, which favors heat and dryness in eastern Australia, may have more of an effect over the coming months, coincident with the winter crop going through flowering and filling, leading to expectations of reduced production.

Headlines:

> Malaysian Oct Palm Oil market closed up 94 Ringgits

> Dalian Futures were mostly mixed, Nov corn down 4 to the Yuan, Sept Beans down 29, Jan Meal up 65, Jan Bean Oil up 110, Jan Palm Oil up 86

- > Asian Equity Markets were mixed, Japan's Nikki up .6%, China's Shanghai down .1%
- > European Equity Markets are lower, German Dax down .8%, London FTSE 100 down 1.2%
- > MATIF Markets are mixed, Nov Corn down 1.25 to the Euro, Nov Rapeseed up 1.75, Sept Wheat down 1.25
- > Save the Date...August 15th...NOPA Crush...expected at 171.3 MBU
- > Save the Date...August 15th...US Retail Sales expected M/M .4%
- > Save the Date...August 16th...US Housing Starts...expected M/M up 1.1%
- > Save the Date...August 21st-24th...Annual Pro-Farmer Crop Tour
- > Save the Date...August 24th...Adv Durable Goods
- > Save the Date...August 24th...Ukraine Independence Day
- > Save the Date...August 30th...2Q US GDP
- > Save the Date...September 1st...US Employment numbers

- > Monday's USDA Crop Condition Report found that 59% of the corn crop is rated good/excellent, 59% of the bean crop the same, 42% of the spring wheat crop rated good/excellent, 24% of the spring wheat crop has been harvested, and 92% of the winter wheat crop is in the bin

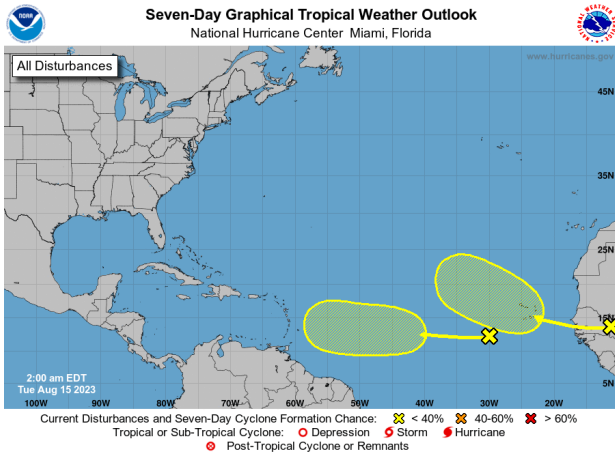
- > Panama Canal Update [The Shipping Industry Reckons with a Drier Panama \(msn.com\)](#)

- > All quiet today for FAW, Locust, ASF

- > Bird Flu [Bird flu confirmed at three new Scottish premises \(msn.com\)](#)

Commentary: In the US for spring planted crops it is tour time. The big tour for corn production will be the Pro Farmer Crop Tour that goes out Aug 21st through the 24th. Given the recovery in corn ratings as of late combined with the reduction in the drought monitor many in the trade feel that last week's USDA production number for corn of 15.111 BBU via a yield of 175.1 will be the lowest numbers we will see. Many in the trade feel the USDA might have to push corn yields back north of 178.0. For us supply side bulls the hope is that windshield crop tours are not a good indication of what the early summer heat and dryness might have done to the corn plant. It almost seems we bulls will live and die on the idea of tip-back in this year's crop. That said if CZ is to spend quality time north of 5-dollars this fall harvest season it is export demand that will make it happen. In other words, we supply side bulls are hoping that weird weather from India to China will mean more feed grain demand from Asia, feed grain demand that S. America cannot solely fill by themselves.

And the Atlantic begins to stir



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