

MORNING GRAIN COMMENTARY

Morning Trends:
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as of 5:00 AM CDT
Corn 1 around
Wheat 10 to 12 higher
Soybeans 10 to 12 higher
Soy Meal 3.5 to 4.0 higher
Soy Oil 15 to 20 lower

The Stories of the Day:

Russian/Ukraine [Black smoke over Russia: major fire shakes port city \(msn.com\)](#)
[Ukraine's most controversial weapons aren't a 'silver bullet,' but they are giving Kyiv's forces what they desperately needed \(msn.com\)](#)
[Heavy fire rages in Russia's Novorossiysk port: cargo terminal in flames \(msn.com\)](#)
[First ship to use Ukraine's corridor arrives in Istanbul - Reuters witness \(msn.com\)](#)
[Turkey 'Warned' Russia After Black Sea Ship Attack: Ankara | Barron's \(barrons.com\)](#)
[Exports from the West to Central Asia boom as sanctions on Russia remake global trade routes \(msn.com\)](#)

China [China Steps Up Efforts to Stabilize Markets as Confidence Slumps \(msn.com\)](#)
[China's property troubles aren't getting better, intensifying calls for bolder policy help \(msn.com\)](#)
[Chinese leader Xi Jinping calls for flood measures as economy struggles \(msn.com\)](#)

India [Exclusive: India faces record low August rains, threatening summer crops | Reuters](#)

Hurricane Hilary [Hurricane Hilary forms off Mexico's Pacific coast \(wjcl.com\)](#)

The US Fall Forecast [NOAA releases fall weather predictions for every state \(msn.com\)](#)

The Song of the Week [Summer Song - YouTube](#)

Short Range Weather: Hilary is expected to bring significant impacts to the Southwestern United States this weekend into early next week. Friday afternoon storms may produce instances of flash flooding and isolated severe gusts over parts of Arizona and Southern Utah. Isolated severe thunderstorms will be possible during the day across portions of New England. Dangerous heat will expand into the Plains NWS

DTN's Long Range Weather and 24-Hour National Temperatures and Rainfall Extremes: HIGH THU...118 AT DEATH VALLEY, CA LOW THU...35 AT BIG PINEY, WY AND PETER SINKS, UT...WILLIAMSPORT, PA 1.77 INCHES

There is a ridge in the Plains, a trough in the Northeast, a trough in northern Canada, and another off the coast of California. The ridge will quickly strengthen, causing significant heat for the middle of the country. The Canadian trough will send pieces of energy around the ridge, and Hurricane Hilary will round over the ridge through next week. We will see some of that energy forming a larger trough in eastern Canada by the middle of next week, which is expected to grow and reduce the strength of the ridge late next week and weekend. The ridge should remain anchored in the Plains into the following week, but at a much-reduced strength. The U.S. and European models are similar with the upper-level pattern, but the GFS has been waffling on the details. I will use a blend but favor the more-consistent European. For the outlook period, temperatures will be above normal for most of the country, though closer to normal in parts of the West and across the far north. A front along the northern tier of the country will drift southward late next week and weekend, reducing the heat and bringing some needed rains to areas that will have undergone significant heat stress. Hurricane Hilary will make landfall near southern California and bring heavy rain and flooding Sunday through early next week.

NORTHERN PLAINS (LIVESTOCK/WHEAT/CORN/SOYBEANS): A front will stall out in the region this weekend 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): Quieter conditions are expected for the next week as the storm track stays north and heat builds across the area. The heat may be extreme for a few days, but eventually diminish in intensity by late week for most areas. There is some potential for a tropical wave to go through Texas mid-late next week, otherwise, it should be very dry until maybe next weekend when a front sags south into the region. Ample soil moisture from recent precipitation will combat the heat some, but stress will eventually take over under the more extreme conditions.

MIDWEST (CORN/SOYBEANS): Heat will build across the region this weekend, but a front will stall out over far northern areas, which may bring rainfall chances there next week. The front will likely sag through the region later next week and bring potential showers and some cooler temperatures. Southern areas will be drier, but have seen better precipitation, which will help to counteract the stressful heat for at least a period before stress finally takes over.

DELTA (SOYBEANS/COTTON): After a brief break from the heat, it will build back in this weekend while staying largely dry. A small tropical disturbance will move through the northern Gulf of Mexico and could catch southern areas with some rain early next week, otherwise the drier conditions are expected through the end of August. Limited soil moisture is not enough to combat the heat in many places as soybeans and cotton finish filling, especially across the south.

BRAZIL (CORN/WINTER WHEAT): Southern wheat areas are largely in good condition due to more frequent rainfall recently. A front continues with widespread rainfall through the weekend and another front next week could do something similar as well. There is potential for rain to get into central Brazil a month ahead of normal, which would help to conditions soils after months of the dry season. Rainfall ahead of spring planting for soybeans would be favorable, but could disrupt the remaining safrinha corn harvest. Soybean planting is restricted until the middle of September in most areas.

ARGENTINA (WINTER WHEAT): Soil moisture remains sub-optimal in Argentina. The yo-yo effect in temperatures, which includes periods of frost, may have caused damage for any advanced wheat. The storm track is more active with another system over the weekend, and yet another next week, both of which may bring needed precipitation to the country. More is needed for developing wheat and prior to spring planting, but the potential for rainfall is increasing. Temperatures will continue to fluctuate wildly as the fronts pass through, causing areas of frost, then heat, then frosts again through next week.

EUROPE (WINTER WHEAT/CORN): Good soil moisture from recent precipitation is favorable for corn and summer grain growth for most areas. Temperatures are forecast to remain warm to hot through most of next week, though. Periods of showers had been falling over northern areas, which will help to combat the heat, but many areas will stay dry until a system drought south into the continent late next week, likely with widespread rainfall. The heat could be unfavorable for any summer crops with limited soil moisture until it does.

BLACK SEA (WINTER WHEAT/CORN): Hotter and drier conditions in the region will be unfavorable for filling corn in areas with inadequate soil moisture and will be depleting soil moisture in most of the region. Some relief to the heat and showers will be possible, but not guaranteed, next week.

CHINA (CORN/SOYBEANS): Bouts of heavier rain from a couple of tropical systems caused some flooding over northeastern areas earlier this month. Outside of the flooding, conditions are mostly favorable for both corn and soybeans in the country. A relatively active pattern will continue to favor the crops for the rest of August.

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, but amounts have been scattered and mostly light. Conditions will be largely dry for the next week. A building El Nino, which favors heat and dryness in eastern Australia, is starting to have more of an effect on the weather pattern, coincident with the winter crop going through flowering and filling, leading to expectations of reduced production.

Headlines:

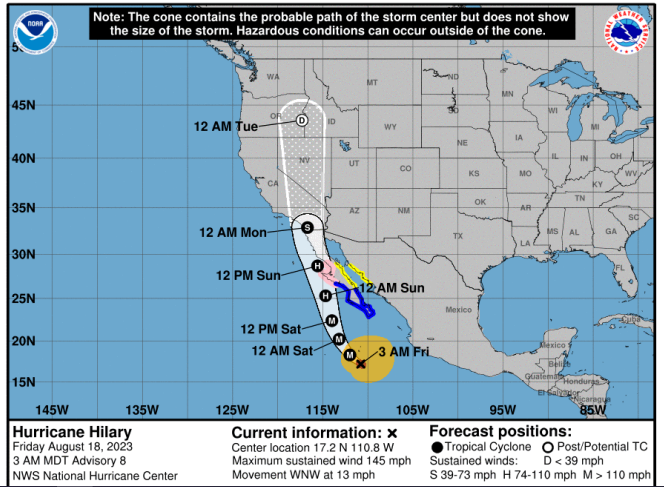
- > Malaysian Nov Palm Oil market closed down 54 Ringgits
- > Dalian Futures were higher to sharply higher, Nov corn up 18 to the Yuan, Sept Beans up 96, Jan Meal up 42, Jan Bean Oil up 78, Jan Palm Oil up 72
- > Asian Equity Markets were lower, Japan's Nikkei down .6%, China's Shanghai down 1.0%
- > European Equity Markets are lower, German Dax down .8%, London FTSE 100 down .8%
- > MATIF Markets are mixed, Nov Corn up 2.25 to the Euro, Nov Rapeseed down 4.50, Sept Wheat up 2.75
- > 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
- > All quiet today for FAW, ASF, Locust, Bird Flu
- > [Traders brace for explosion of volatility Friday as \\$2.2 trillion in stock options expire \(msn.com\)](#)
- > CFTC this afternoon is expected to show that as of the close of 8/15 the MM Funds were short 73,000 W, long 1,000 KW, short 500 MW, short 47,000 C, long 61,000 S, long 63,000 SM, long 53,000 BO

Commentary: To date this week has been a great week if you are a wheat bear. It has been a good week if you are a corn bear. If you are a bear in beans, not so much. Now we get it, overnight price action pales in its comparison to Friday closes. That said, if SX can extend on the overnight highs and close over the 1350ish level it will start to change its chart momentum back to sideways higher. And if you are a bean bull, that would mean the week ended up being a "Lazarus Week." Look for the bean bull to talk a lot today about the exploding El Nino and its impact on S. America bean plantings, and how this need needs to be watched closely. Market bears, whether they are wheat, corn, or bean, will point out that next week's looming Pro Farmer Tour will be the touch of reality to choke any Friday dead cat bounces. So, if you are a corn bear, your good week turns into an okay week and for the wheat bear a great week is now a good week if beans can go out last tick high tick. And for those playing at home if you are a corn bull a close over 495 would be fantastic, and for any of us wheat bulls that are still around a close over 660 is needed.

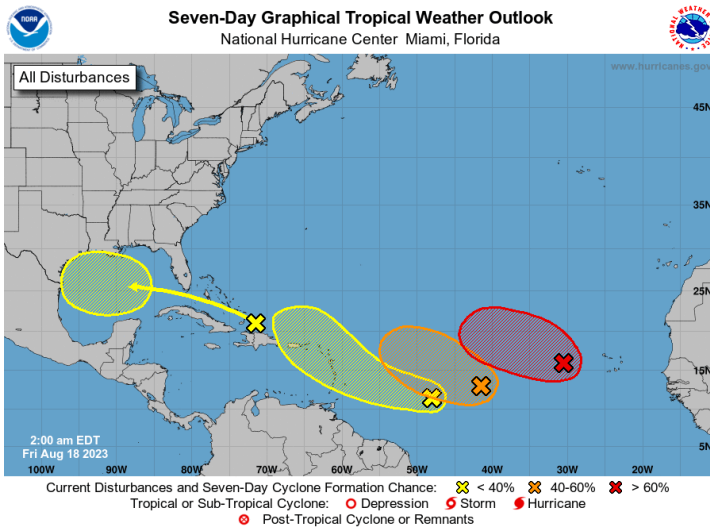
Hilary a record breaker [Hurricane Hilary strengthens to Category 4 on its path toward Southern California \(msn.com\)](#)

Coastal Watches/Warnings and Forecast Cone for Storm Center

Forecast Length*	Forecast Track Line	Initial Wind Field
Full Forecast	On	On
3 days	Off	Off



And we have not forgotten about Dr. S and his call for a Cat 3 or 4 event sometime on or about Sept 1st for the Western Gulf: [National Hurricane Center now monitoring fourth area for development \(msn.com\)](https://www.msn.com)





Friday, August 18, 2023

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