

MORNING GRAIN COMMENTARY

Morning Trends:

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as of 5:00 AM CDT

Corn unchanged

Wheat unchanged

Soybeans 4 to 6 higher

Soy Meal 4.00 to 5.00 higher

Soy Oil 35 to 45 lower

Morning Weather Overview:

A trough extends from the Upper Midwest southward into the lower Mississippi Delta. Across the West and Canadian Prairies, a ridge extends through these areas. Another trough sits in the eastern Pacific. The trough along the Mississippi Valley will deepen and drift east through this weekend while the ridge in the West will slowly shift east into the central U.S. Meanwhile, the trough in the eastern Pacific will move onshore onto the West Coast later this weekend. These features will shift east through next week, temporarily flipping the pattern.

For the outlook period, temperatures will start out above normal in central and southern parts of the country. Rounds of showers will move through the Plains and Mississippi Valley going into the middle to end of next week, even providing some wintry precipitation to northern areas. Cooler conditions may return towards the start of next weekend for central areas. Meanwhile, above normal temperatures are expected across the East towards the middle to end of next week.

NORTHERN PLAINS: Pockets of light rainfall over the past few days likely caused fieldwork to pause for some producers, but drier and milder conditions are forecast for the weekend. Active weather returns next week with rainfall and wintry precipitation possible. Due to recent and forecast rain, it may become more difficult to get fall fieldwork done in a timely manner in such an active pattern.

CENTRAL/SOUTHERN PLAINS: Southwestern areas continue to miss the isolated rain showers moving through the area and soil moisture is drying up for wheat establishment. Mostly dry conditions are expected into this weekend for northern areas, benefiting those producers wrapping up fieldwork. The weather pattern turns active next week with growing confidence that widespread rainfall will develop across the Plains as a series of low pressure systems move through the region.

MIDWEST: Isolated rainfall on Wednesday may have caused fieldwork progress to pause for some producers while others remained mostly dry. A quick system will move through Saturday, providing light rainfall for northern and eastern locations. A series of systems will move through next week as well, making it more difficult to complete fieldwork in some areas. Even some wintry precipitation cannot be ruled out for the second half of next week. Winter wheat will benefit from increased soil moisture in some areas.

The Stories of the Day:

Biden's Whirlwind Israel Trip Fails to Calm Fears of Wider Middle East Conflict - <https://www.bloomberg.com/news/articles/2023-10-18/biden-s-israel-embrace-fails-to-calm-fears-of-wider-mideast-war?sref=u63QePaw>

Rivals for US House Speaker Wait in the Wings as Jim Jordan's Bid Unravels - <https://www.bloomberg.com/news/articles/2023-10-18/rivals-for-us-house-speaker-wait-in-the-wings-as-jim-jordan-s-bid-unravels?sref=u63QePaw>

Xi Calls for Gaza Ceasefire in First Public Comment Since Crisis: China is willing to step up coordination with Egypt and other Arabic countries "to push for a comprehensive, just and lasting solution to the Palestinian issue as soon as possible" - <https://www.bloomberg.com/news/articles/2023-10-19/xi-calls-for-gaza-ceasefire-in-first-public-comment-since-crisis?sref=u63QePaw>

DELTA: While a few showers could tag northern areas of the region Thursday, river levels are not receiving much help across the southern Mississippi Delta. Drought continues to build in the region and is severe across the southern half, even though it got some rain earlier last week. Conditions are favorable for harvest, but not for rebuilding soil moisture. By late next week, a strong front could bring better chances for more widespread rainfall.

BRAZIL: Wet season showers through the rest of this week are forecast to be pretty light in central Brazil. In contrast, a slow-moving front will continue to bring moderate to heavy rain for southern Brazil Thursday, which has dealt with flooding and wetness issues for filling and harvest of winter wheat, as well as corn and soybean planting, though the latter issues have not been as severe as expected due to the wetness. Producers are finding a way. They'll need to find more ways going into early next week as a system from northern Argentina will bring more rainfall.

ARGENTINA: The recent dry pattern has been unfavorable for filling winter wheat and corn planting for the last couple of months. Northern areas saw some rainfall on Wednesday with a front coming through, but the main growing area in the central did not see much. Forecasts for a system later this weekend into early next week are much more favorable, which are suggesting more widespread, heavier rain.

EUROPE: A couple of systems will continue to bring periods of scattered showers to western and southern areas into the middle of next week. This is favorable for winter wheat and other grain establishment where soil moisture had been falling in recent weeks.

BLACK SEA: Isolated to scattered rain showers are expected across northern areas late this week into the middle of next week, but any rain showers are forecast to be light to moderate. Given the more active weather pattern, the outlook for soil moisture prior to the winter freeze is improving.

CHINA: Scattered showers will move through central and southern areas through the end of the week. Soil moisture continues to be mostly good for wheat and canola establishment on the North China Plain, but after Thursday, dry conditions will return through early next week.

AUSTRALIA: Dry weather is forecast through the end of this week, unfavorable for filling wheat and canola. The pattern does look more active this weekend into next week as a system forms near Tasmania, which may be of some help, but the forecast rainfall is still for low amounts. Early cotton and sorghum planting is finding rather dry conditions as well. Mostly dry conditions make a return for the first half of next week, although a cold front could provide a few isolated showers to the southeast by Wednesday.

Headlines:

- > Malaysian Jan Palm Oil closed lower -51.00 Ringgits
- > Dalian Futures Exchange were mostly higher, Jan Corn +7 to the Yuan, Nov Soybeans +8, Jan Meal +14, Jan Bean Oil +6, Jan Palm Oil -30
- > Asian Equity Markets were lower, Japan's Nikkei closed -1.91%, China's Shanghai closed -2.46%
- > European Equity Markets are lower, German Dax -0.07%, London FTSE -0.71%
- > MATIF Markets are lower, March Corn unchanged, Feb Rapeseed -4.25, Dec Wheat -1.75
- > Save the Date...Oct 22nd...Argentina National Elections
- > Save the Date...Oct 26th...Advance Durable Goods/3Q US GDP

- > Save the Date...Oct 27th...Personal Income
- > Save the Date...Nov 1st...FOMC Meeting Results
- > Save the Date...Nov 3rd...US Employment Numbers
- > Save the Date...Nov 5th...US Daylight Savings Time Ends
- > All quiet today for FAW, ASF, Bird Flu

Commentary:

Quiet overnight grain trade... Corn and wheat mildly favored the downside, while soybeans traded mostly higher in quiet, two-sided price action overnight. Corn futures are trading fractionally to 2 cents lower, soybeans are steady to 4 cents higher in most contracts and wheat futures are 1 to 3 cents lower. Front-month crude oil futures are around \$1.00 lower and the U.S. dollar index is about 100 points lower this morning.

China a step closer to commercial planting of GMO corn, soybeans... China's ag ministry approved 37 genetically modified corn seed varieties and 14 GMO soybean varieties, moving one step closer to commercial planting of GMO crops. Large-scale trials of GMO corn and soybeans were carried out in 20 counties in five provinces this year, which the ag ministry said showed "outstanding" results. The list of approved varieties is open for public comment until Nov. 15. It is not clear if Beijing will fully allow commercial sales and production of GMO varieties next year as the government is expected to control areas where they can be planted.

Brazil to subsidize wheat trades... The Brazilian government allocated 400 million reais (\$79 million) to subsidize wheat trades in 2023-24 in a bid to shore up prices. The plan is to guarantee trades at such a price level using an auction mechanism in which growers, wheat millers and traders can participate, the government said. The government set 87.77 reais (\$17.36) per 60-kg bag as the minimum price for "type 1 loaf wheat" in the program, which is about 44% above current domestic prices.

An investment in futures contracts is speculative, involves a high degree of risk and is suitable only for persons who can assume the risk of loss in excess of their margin deposits. You should carefully consider whether futures trading is 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