

July 31, 2020

# Trilateral Grain and Market Weather Update

## Market Summary Highlights

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### Market Headlines

**Corn:** Set for monthly loss on U.S. crop outlook; Chinese books biggest-ever purchase

**Soy Complex:** This is the start of the critical pod-filling season

**Wheat:** Expectations for another large world wheat crop constrain prices

### Morning Trading

- Corn Mixed
- Soybeans Higher
- Wheat Higher
- Dow Jones: Higher
- U.S. Dollar Index: Lower
- Gold: Higher
- Crude Oil: Higher
- 

### USDA, Government & Industry Reports

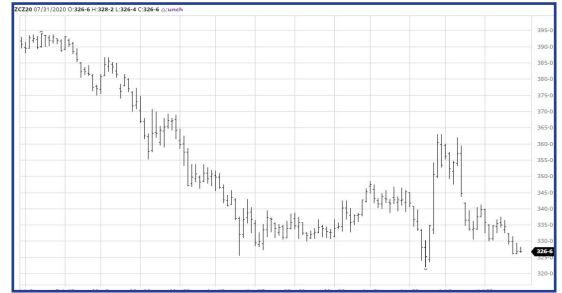
- Personal Income and Outlays
- Consumer Sentiment

Overnight Trade			
Commodity	Month	Last	Change
Corn	Sep	3.2650	0.00
Soybeans	Nov	8.9150	3.50
Soybean Meal	Dec	299.40	1.50
Soybean Oil	Dec	30.2200	0.08
Chicago Wheat	Sep	5.3050	2.00
KC Wheat	Sep	4.4250	2.75
MPLS Wheat	Sep	5.1450	0.75
Overnight Trade			
Commodity	Month	Last	Change
Crude Oil	Sep	40.38	0.46
Natural Gas	Sep	2.018	0.028
Gold	Aug	1961.40	19.30
S&P Futures	Sep	3256.50	8.25
Dollar Index	Cash	93.01	(0.015)

## Corn

Sources: DTN and Reuters

- December corn was unchanged at Friday morning's break, another pause as prices try to hold above last month's contract low.
- This U.S. crop carries a high 72% good-to-excellent rating and received more rain in the southwestern Corn Belt this week. Friday's weather map shows scattered showers in Missouri -- some locally heavy -- with the best rain chances on the southeastern edge of the Corn Belt the next seven days.
- The rest of the Corn Belt will be mostly dry with moderate temperatures helping to minimize crop stress. The forecast is not good news for producers in western Iowa where severe drought conditions remain.
- Thursday's record 76.3 million bushel (mb) corn sale to China would have received a more bullish response in other days, but in 2020, when the market is facing chances for a record crop and another year of restrained demand, a couple hundred million bushels to China won't do much to trim nearly 3 billion bushels (bb) of ending corn stocks.
- That, in a nutshell, is the bearish outlook traders currently face and unless a surprise emerges, prices are likely to stay under bearish pressure into harvest. Attitudes can change after crops are stored away, but for now, the price outlook remains bearish.
- Technically, the trend is sideways in cash corn with prices still sensitive to weather. DTN's National Corn Index settled at \$2.94 Thursday evening, a new 2-month low and 22 cents below the September contract.



# Wheat

Sources: DTN and Reuters

- September KC wheat was up 2 3/4 cents early Friday, still trading the choppy up-and-down pattern we have seen for roughly three weeks. That kind of trading tends to shake out short-term traders who will eventually move on to other pastures.
- In the meantime, KC wheat prices are cheap enough to have support from commercial net longs, but don't have any bullish reason to make noncommercials expect higher prices. The result is a narrow, sideways trading pattern where prices are held captive below the 100-day average at \$4.68.
- Kansas and Oklahoma received beneficial rains this week that will contribute to better planting conditions this fall. Colorado and Texas received lesser amounts and are still contending with severe to extreme drought.
- The 7-day forecast for the northwestern U.S. Plains is mostly dry, favorable for the remaining winter wheat harvest, but stingy for spring wheat crops approaching harvest.
- Outside the U.S., the forecast for Russia's spring wheat crop remains dry, but there hasn't been any talk of lower crop estimates and traders don't seem concerned.
- Fundamentally, expectations for another large world wheat crop in 2020 are keeping a bearish lid on wheat prices and are not finding any serious challenges yet.
- From a technical view, the trends are sideways for cash HRW and HRS wheat prices and up for cash SRW wheat.

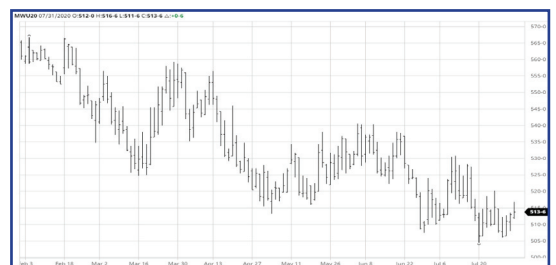
SRW



HRW



HRS



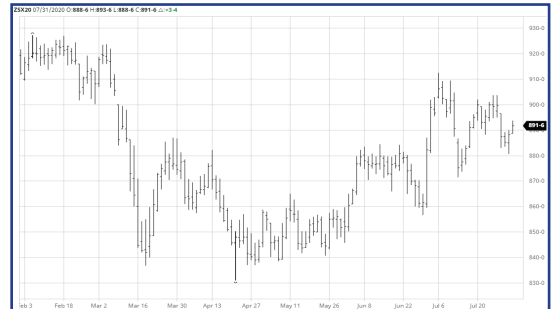


## Soy Complex

Sources: DTN and Reuters

- November soybeans were up 3 1/2 cents early Friday with small gains also in soybean meal and oil.
- This is the start of the critical pod-filling season and the 7-day forecast is mostly dry for all but the southeastern Midwest. Moderate temperatures will help minimize crop stress, but the better chances for rain are in the forecast for the second week of August.
- On the demand side, soybean oil prices are trading near their highest level in five months and that is helping keep crush incentives attractive for domestic soybeans.
- Old-crop export sales surpassed their 1.650 bb target, but shipments are short by 205 million bushels (mb) with only five weeks left in the season.
- There is a risk old-crop ending soybean stocks will have to be adjusted up from the current 620 mb estimate.
- Fundamentally, the outlook for new-crop soybean prices is neutral, but there is bullish potential, depending on China's level of demand -- a highly uncertain factor in 2020-21.
- Technically, the trend remains up for cash soybeans, but prices encountered resistance at recent highs.

### Soybeans



### Meal



### Oil



# Palm oil

The Bursa Malaysia bourse is closed tomorrow for the Eid al-Adha holiday.

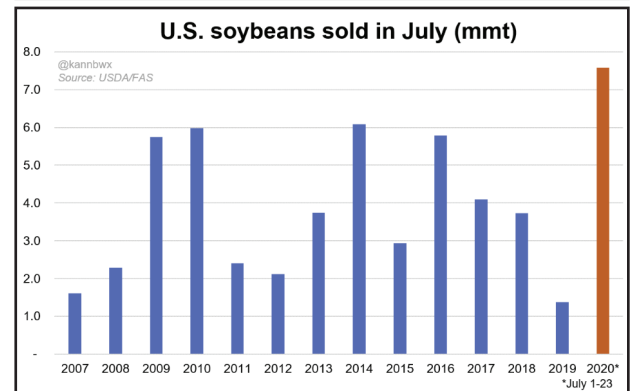
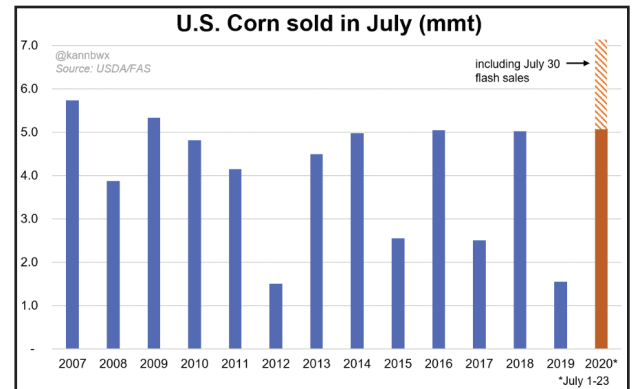


Description	Month Year	Vol	Change	Last	Chg %
Malaysian Palm Oil	Aug 20	150	42	2780 (S)	1.53
Malaysian Palm Oil	Sep 20	2471	30	2725 (S)	1.11
Malaysian Palm Oil	Oct 20	19712	32	2677 (S)	1.21
Malaysian Palm Oil	Nov 20	5640	29	2640 (S)	1.11
Malaysian Palm Oil	Dec 20	5036	24	2618 (S)	0.93
Malaysian Palm Oil	Jan 21	4212	18	2601 (S)	0.70
Malaysian Palm Oil	Feb 21	1983	5	2587 (S)	0.19
Malaysian Palm Oil	Mar 21	1737	7	2579 (S)	0.27
Malaysian Palm Oil	Apr 21	458	7	2570 (S)	0.27
Malaysian Palm Oil	May 21	1015	7	2557 (S)	0.27
Malaysian Palm Oil	Jun 21	344	7	2543 (S)	0.28
Malaysian Palm Oil	Jul 21	364	6	2528 (S)	0.24
Malaysian Palm Oil	Sep 21	226	0	2510 (S)	0.00

## Related Market News

### REUTERS

- U.S. corn, soybean export sales smash July records on huge China deals.
- U.S. consumer spending, which accounts for two-thirds of US economic activity, rises for a second straight month in June—up 5.6% last month after a record 8.5% jump in May as more businesses reopened.
- The U.S. soybean crush is expected to have dropped for a third straight month in June, sinking to 5.333 million short tons, or 177.8 million bushels, according to the average forecast of seven analysts surveyed by Reuters ahead of a monthly U.S. Department of Agriculture (USDA) report. If realized, it still would be the biggest June crush on record.
- Raw sugar seen posting annual loss as surplus looms
- China's factories accelerate recovery in July as demand perks up
- Euro zone inflation unexpectedly ticks up amid record GDP slump



### DTN

- The daily sale of 1.937 million metric tons (mmt), 76.1 million bushels (mb), of corn to China was the largest single day sale to China on record and third largest to any country in history.
- The U.S. Dollar Index made fresh lows for the move overnight, trading lower for the third session in a row and nine of the last ten.
- Corn and soybean production areas of the Midwest have averaged 125% of normal precipitation over the last 30-days.

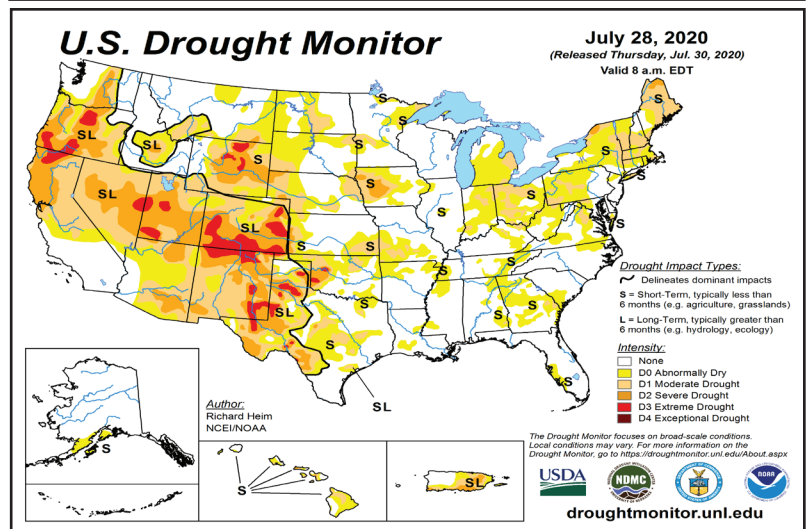
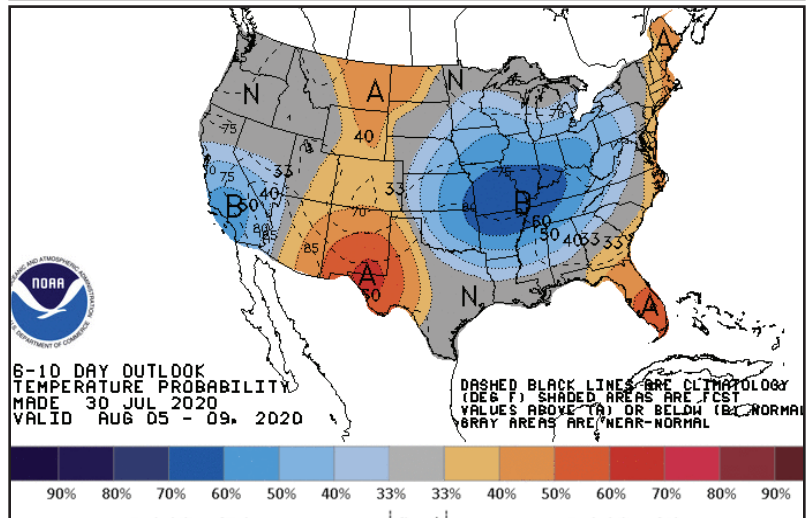
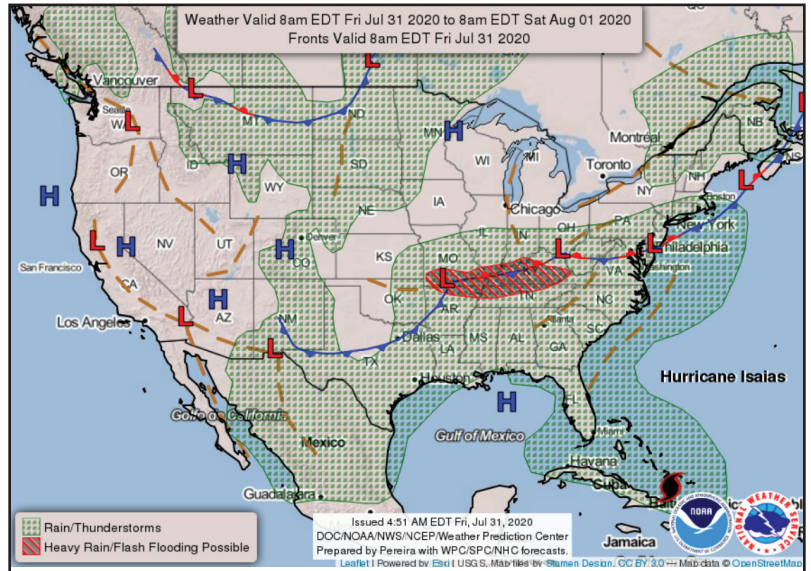
### RJO

- USDA crush report Monday - record June soybean crush expected
- Below average temps next 10 days with several rain chances

## Weather Update

### DTN Ag Weather Brief

- NORTHERN PLAINS (SPRING WHEAT/CORN):** Scattered showers fell mainly over South Dakota Wednesday and Thursday which were and will be beneficial for reproductive corn where flooding did not occur. Maturing spring wheat will benefit from more dryness as we move into August. Some periods of dryness are expected through next week as showers will be scattered along a front Friday into Saturday and then again in the middle and end of next week.
- CENTRAL/SOUTHERN PLAINS (CORN/COTTON):** Pockets of moderate to heavy rain fell across much of the region over the last couple of days. Showers will finally fade over the east on Friday. More periods of isolated showers are expected to occur this weekend through next week, mainly over the west and north. Outside of any flooding, the showers are beneficial to reproductive to filling corn and cotton. Temperatures will remain below to well below normal in the region through much of next week as well, reducing evapotranspiration demand on the filling crops.
- MIDWEST (CORN/SOYBEANS/WHEAT):** Moderate to heavy rain fell across the southern half of the region over the last couple of days, a benefit to any of the drier spots, including portions of western Iowa. The system responsible for the showers will continue over the south Friday and through the weekend for the east. Though it could be localized, heavy rain and flooding will be a risk.



## Feedstuffs

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Links to weekly USDA feedstuffs reports:

- [Corn Belt Weekly Feedstuffs](#)
- [Corn Belt Weekly Feedstuffs](#)

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