Early Call 8:45am EDT: Corn up 1, beans down 2, wheat up 1. Equity markets are mixed around the globe heading into the final trading session of the week as Washington D.C. remains deadlocked in further stimulus measures for the American people. Energy markets are weaker, but spot crude oil futures have been able to maintain strength above major moving averages. The U.S. Dollar Index is firmer but remains in a mostly consolidative pattern. Precious metals are softer overnight. Grain markets are lightly mixed, with the grains higher and oilseeds lower on ideas of a falling U.S. corn crop and still record soybean yield. The general feeling in the marketplace is USDA forecasts will come down next month due to storm damage and drought.

Grains: Wheat for September delivery rose 1.3% to $5.28 ½ on the Chicago Board of Trade Thursday, as U.S. wheat exports start to look more attractive on the world market thanks to rising ocean freight rates. Corn for December delivery fell 0.2% to $3.39 ¼, while soybeans for November delivery fell 1% to $9.05 ¼. U.S. wheat futures have been on the rise, with freight rates starting to favor exporters buying wheat off of California ports. Traders are starting to pay attention to ocean freight rates, which have been moving up smartly this month. This is starting to become a bigger and bigger calculation on destination prices and is starting to make U.S. wheat look somewhat more attractive off the west coast. China has been rumored as taking a bigger interest in U.S. wheat exports, and traders may see freight rates as a reason for increased Chinese buying. Corn yields in Illinois are strong, even despite the powerful wind storm that blew through the state earlier this month, said Pro Farmer. On the third day of its week-long crop tour, Pro Farmer assessed the average corn yield in Illinois at 189.4bpa. The figure is below the USDA’s estimate of 207bpa, but well above last year's yield of 181bpa. The yield figures pulled corn futures lower Thursday. Grain traders are waiting for confirmation of just how bad the wind damage is to corn and soybean crops in Iowa in order to estimate how big of a bite the storm took out of this year's bumper crop. The CME said Thursday that it is launching a new South American soybeans futures contract, which will become active Sept 21. The contract is designed to provide traders
with exposure to the Brazilian soy market. Rail shipments of U.S. grains are up, says the USDA. U.S. Class I railroads originated 22,081 grain carloads during the week ending Aug. 8, according to this week's grain transportation report from the USDA. This is a 4% increase from the previous week, 4% higher than last year, and 4% more than the three-year average. The uptick in grain shipments may signal higher demand for U.S. grains domestically. However, 29 ocean-going grain vessels were loaded in the U.S. Gulf, the USDA says, 34% less than the same period last year.

Showers of .25-1.5”, locally 3” favored the Southeast, eastern Delta and MT yesterday (see left map). The 1-5 day models are slightly drier for the Midwest, while the 6-10 day EU model is drier for NE/IA and wetter in the Delta. The GFS model is wetter in IA/MO and drier in the Delta/ECB, with both models wetter for the Canadian Prairies. The 11-15 day models are drier for the Delta/Southeast and warmer for the Midwest. Our lead forecaster is calling for isolated showers and storms in the Corn Belt over the next few days and some showers into next week in the far southeast Belt, with some rain later next week in the Delta from a probable tropical storm remnant (see 7-day NOAA forecast map right). Temperatures begin to turn cooler in 7 to 10 days, helping some t-storms to form within a wide area starting next weekend, but more-so within Aug 30-Sep 4. 70%, 53% and 37% of expected U.S. soybean production drier than normal over the last 7, 14, and 30 days. The coverage of 14-day dryness has not been this high in the last half of August since 2011, 2012, and 2013. Temps will see maximums mostly in the mid-80s to mid-90s over the next week with minimums in the 60s-70s. Uncertainty is above-normal starting in 5 to 7 days as the tropics and jet stream interact in unclear manners. Globally, Argentina may plant less corn for 2020/21, due to dry weather conditions. The Buenos Aires Grains Exchange said yesterday that the country’s acreage could reach 15.321 million acres, a drop of around 0.7% year-over-year. Argentina is the world’s No. 3 corn exporter.

Corn prices are firmer overnight with the December contract clawing back near $3.40 as well as its 50 and 100-day moving averages. Demand indicators and private crop tour
results have been supportive this week, but bulls still lack the resolve to push prices materially higher than last week’s high. On-the-ground observations seem to carry more weight this year considering the USDA’s first objective yield assessments from the field won’t come until September. Nonetheless, conditions outside of the drought and storm damaged areas of the Midwest will attempt to compensate. While supply remains up in the air, demand remains strong, an encouraging factor as we round out the 2019/20 marketing year. New crop corn export sales total commitments are 479.6mb, the largest since 1995 and the second largest on record. As a percent of the USDA's export forecast, total 2020/21 commitments measure 21.5%, the highest since 2013 and third highest since 1997. Despite noticeable losses Thursday, the soybean story remains strong with unparalleled export demand as well as adverse growing conditions in the way of late-season dryness. 2020/21 U.S. soybean export sales commitments to 755mb, the largest on record for this time of year. Exporters have sold 35.5% of the USDA’s 2.125 billion bushel export forecast, the highest ratio since 2015. Over the last two weeks, Iowa has run 48% of normal precipitation, followed by Nebraska at 59%, and Kansas at 64%. In the coming week, those states are forecast to see 18-25% of normal precipitation, trimming yield potential further. Week two forecasts look much more generous, but it remains to be seen whether the beneficial forecasts verify. Anecdotal reports from private crop tours and farmers alike continue to express optimism at the potential but the reality that potential will not be reached based on current forecasts. One thing to take note of has been the weakness in calendar spreads of late with the Nov/Jan trading out to $.07 carry on Thursday, which is near the weakest trades since February.

Yesterday was the last day of the 2020 Pro Farmer Tour and as crazy as it sounds, Iowa is having a worse corn year now than even 2019. Soybeans have a shot at average but they’re not going to make new records by any stretch. Iowa’s corn yield estimate dropped by about 5bpa compared to 2019, soybean pods per 3X3 square barely squeaked ahead of 2019 by 40 pods. The state has been devastated by drought and hurricane-like wind conditions that stripped yield potential. Minnesota farmers take the crown for highest corn yield estimates this year, beating even Illinois’ 181.51bpa. Soybeans proved to be more variable, falling behind even Iowa. However, the state jumped ahead of 2019’s estimates by a fair margin. Iowa corn was 177.81bpa while soybeans hit 1146.30 pods per 3X3 square. The state comes in second to last in corn and soybean expectations, falling behind only Nebraska and Minnesota, respectively. In 2019, Pro Farmer Crop Tour estimated Iowa would reach 182.83bpa and 1106.91 pods per 3X3 square, or 2.74% higher corn yields and just 3.56% less soybeans this season. Compared to the three-year average, corn came in lower than the 183.61bpa average and soybeans came in just slightly higher than the 1136.27 pods per 3X3 square average. It was a taxing day for scouts as they headed through areas with derecho damage. Field
after field of corn was lodged, snapped or on the ground, making it difficult to sample and providing further evidence that harvest in Iowa will be one of the most challenging in recent history. When sampling, scouts tried to make sure the ear is at least a foot and a half on the ground and the stalk wasn’t kinked or snapped off. However, wind damage and lodging weren’t the only issues plaguing the Hawkeye state. Widespread drought penetrated the state, taking with it test weight, kernel length and pod length. “Soybeans we found a lot more consistent themes,” says Zach Egesdal, scout from Forest City, Iowa. “Good counts, just not jumping off the page but really no poor samples. But it’s pretty dry, they’re going to need a rain.” Minnesota’s corn yield estimate soared to a shocking 195.08 bpa, while soybeans landed at 1085.84 pods per 3X3 square. While corn is something to be admired, the state’s soybean expectations leave some to be desired. Compared to the three-year average, corn is ahead of the 180.19 bpa average by 8.26%. Despite it being the lowest of the seven states sampled, Minnesota’s soybean samples beat their three-year average of 1025.25 by 5.91%. Yield estimates in 2019 weren’t even close, 170.37 bpa for corn and 965.31 pods per 3X3 square for soybeans. The southern part of the state experienced some of the drought-like conditions seen by Iowa farmers. Overall, soybeans didn’t impress the scouts in Minnesota like the corn crop did. They legume was more variable across the state.

Pro Farmer’s national estimates are due tonight, however scouts on the trip believe the USDA’s record high 15.3-billion-bushel corn crop for 2020 won’t be achieved based on what they’ve seen and counted this week. “There’s just too much variability out there as you need consistency to build a really big yield and break a national record,” contends Brian Grete, Pro Farmer Editor and the leader on the eastern leg of the tour. “You expect to see eye-popping numbers with that kind of prediction (from USDA), and I’ve just not seen that on this year’s tour,” adds scout Zach Egesdal, who is also working the eastern tour. On the western leg of the crop tour, scout Brad Nelson says South Dakota and Minnesota will do their part to contribute to record yields but not Nebraska and Iowa. “It’s too dry in parts of Nebraska and Iowa now and test weights aren’t that good,” says Nelson. The record average for a U.S. corn yield was reached in 2018 with a 176.4 bpa average. “That’s starting to feel like a stretch for 2020,” says Chip Flory, AgriTalk Host. Grete says corn won’t reach historic yields this season, because it hasn’t had adequate nutrients, moisture and heat units throughout the season. Plus, corn lacks the flexibility that soybeans have to take advantage of late-season, positive weather conditions. “Corn can’t start and stop like soybeans can,” Grete says. Pro Farmer scouts say U.S. soybeans could still grab a yield record this season. “They have time yet,” says Grete, speaking of the soybean crop in the East. “They need a really good soaker, though these small rains they’ve been getting are good.” Nelson says the same is true on the western leg of the crop tour. Weather conditions will determine soybean yield outcome.
Subscribers have heard me say for a long time that when it comes to China, believe none of what you hear and half of what you see. By now you've heard the bearish mantra of grain market factors for 2020 repeated so often you can recite them in your sleep. Big crop surpluses, coronavirus, trade disputes, tough export competition, good weather, etc. Forgetting our troubles for the moment, look at China. Before coronavirus emerged, China weathered the trade storm pretty well. GDP increased at a roughly 6% annual rate and U.S. soybean purchases were kept to a minimum, thanks to belt-tightening and a large Brazilian soybean harvest in 2019 and record harvest in 2020. In 2018-19, China only imported 493mb of U.S. soybeans and is on track for a slightly higher amount in the current season that ends on Aug 31. Compared to the 1.327 billion bushels of U.S. soybeans China imported in 2016-17, the loss of business has been a tough pill for U.S. soybean producers to swallow. Adding insult to injury, China's stock market is up 10% in 2020, trading at its highest level in over two years and even more than the 5% gain the S&P 500 shows for 2020. The country where COVID-19 began, as President Donald Trump likes to remind us, appears to be recovering well. A closer look, however, shows a different picture. Before COVID-19 came along, African swine fever hit China's hog herd, cutting pork production by 21% in 2019. USDA's July report of Livestock and Poultry: World Markets and Trade expects another 15% drop in production in 2020. China's national average hog price is currently trading near 37.36 yuan/kilogram or $2.45 a pound, not far from the 2019 peak of $2.74 a pound (using 6.92 yuan per dollar and 2.20462 pounds per kilogram). To help make up for the lack of pork production, USDA expects China to produce 14.85 mmt of chicken meat in 2020, a 27% increase over the past two years. Chicken is also a user of soybean meal as an important feed ingredient and likely contributed to USDA's latest assessment that China will need to import a record high 99.0 mmt of soybeans in 2020-21.

With the above in mind, consider some of the other pieces of the puzzle we are currently seeing related to China. After a record 4.63 billion bushel harvest earlier this year, Brazil's soybean supplies are so short that FOB prices for October ended at $10.87 Thursday, Aug. 20, near the highest in over a year and $.75 above comparable prices at the U.S. Gulf. Brazil is also coming off a corn harvest that is expected to match last year's record high 3.98 billion bushels. Yet, FOB corn prices for Brazil in September are at $4.42 a bushel, near the highest of the past six months and $.24 a bushel above comparable prices at the U.S. Gulf. Here in the U.S., China purchased 225mb of new-crop corn and 438mb of new-crop soybeans as of Aug. 13, a larger early start than usual. More purchases may be hiding under the unknown category. We could make a lot of guesses as to why China is in such a hurry to buy U.S. corn and soybeans, and perhaps some effort to reach toward phase one purchase targets is a possibility. But I'm going to venture out and say that I don't think China would be making such aggressive
purchases if it didn't legitimately need the goods. **The fact China is ignoring multiple criticisms and political disagreements with the U.S. government and buying U.S. goods anyway says something about how much those purchases are needed.**

January corn on the Dalian exchange is going for 2,305 yuan per metric ton or $8.46 a bushel. January soybeans are priced at 4,499 yuan per metric ton or $17.69 a bushel. At this point, it is difficult to say just how much potential is in China's current buying spree. But until more is known about South America's harvests early in 2021, the U.S. is the main source of corn and soybeans for large-scale buyers. Right now, some traders believe the USDA's new-crop corn export estimate of 2.225 billion bushels and new-crop soybean export estimate of 2.125 billion bushels look sufficiently large and overly optimistic. But if China is truly as desperate for food as many of the market clues mentioned above suggest, keep an eraser handy.

The media narrative has shifted over the last week, with falling cases no longer scary enough. Now they are talking about infections in schools (AFAIK zero deaths) to scare parents. Dow Jones News reported that the **U.S. reported fewer than 50,000 new coronavirus cases for the sixth day in a row**, as some states and universities took further steps to try to control the pandemic. **Total coronavirus cases in the U.S. are at more than 5.5 million**, accounting for just under a quarter of the global tally, according to data compiled by Johns Hopkins University. The nation’s death toll rose to more than 174,000. While the U.S. has the most reported coronavirus deaths in the world, it ranks 11th globally in terms of mortality rate, with about 53 deaths per 100,000 people, according to data from Johns Hopkins. That figure is up from around 39 deaths per 100,000 in early July. In some parts of the U.S., medical centers have started setting up clinics focused on the growing number of Covid-19 survivors who continue to have symptoms weeks or months after falling ill. The clinics are relatively new and hospitals are still adding resources, so wait lists can stretch for months. North Carolina State University, a public university with more than 36,000 students, joined a growing
number of colleges including the nearby University of North Carolina at Chapel Hill in moving classes entirely online to slow the spread of the coronavirus. In a statement Thursday, Chancellor Randy Woodson said the university noticed “a rapidly increasing trend of Covid-19 infections” as more than 500 students were in quarantine after either testing positive or coming into contact with someone who had. The shift to entirely remote learning will begin Monday. Mississippi Gov. Tate Reeves signed an executive order Thursday setting restrictions for college football stadiums, including a maximum of 25% seating capacity and no tailgates or other gatherings outside stadiums, among other measures. The Southeastern Conference still plans to continue with competition this fall.

On the demand front, palm oil prices fell 2.2% overnight due to data showing that exports have fallen so far in August. The latest data from cargo surveyor AmSpec show that Malaysia's palm oil exports for August 1-20 had plunged 21% from a month earlier, indicating weaker demand. Crude oil, which is usually used together with palm oil in biodiesel mixes, also traded lower. U.S. corn export sales for 2020/21 are the largest forward sales through week 50 on record. On Thursday, the RBOB/Ethanol spread slipped to a low of -11.6 cents per gallon, the weakest trade for the spread since July 10. Some traders believe President Trump will prod the EPA into denying refinery waivers of the RFS, perhaps trading this for providing access the north slope of Alaska ANWR area. The Brazilian Real traded down to 5.67 against the U.S. Dollar Index on Thursday, the weakest trade for the pair since May 21st. Russia’s deep-sea ports are set to increase their handling fees from October amid bumper crop expectations. The NZT, NKHP and KSK terminals, the largest in the Novorossiysk export hub on the Russian Black Sea, will increase their grain elevation costs by $3/mt starting from October 1. An increase of this magnitude would add about 20% to the current transshipment rate that is $15-$16/mt on average but varies depending on the company or terminal. China continues a massive drawdown of its state corn reserves, selling another 4mmt on auction earlier today, which was 100% of the volume available for sale once again. Reuters reports that India’s ambassador to the U.S. said that the two nations are making progress towards a comprehensive bilateral trade agreement.

Livestock: Cash hogs are called $1 lower to $1 higher, with most bids expected steady to $.50 higher. Slaughter Friday is expected at 482,000 head. Saturday runs are expected at 238,000 head. Packers may be willing to pay a little more for hogs on Friday as they head into the weekend and hope to get a lofty sized kill. Cash lean hog values are still below $40, leaving a wide gap between futures values and actual cash markets. The national bid gained $.28 yesterday to close at $39.19, while the IA/MN bid gained $.33 to close at $41.04. The August 18th CME Lean Hog Index was $.27 stronger to $55.08. USDA’s National Pork Carcass Cutout value was $1.09 stronger in the afternoon update
at $76.08 on slow movement of 282 loads. Estimated packer margins were $69.70/head for non-integrators and $29.57/head for integrators vs. $66.22 and $25.92 the previous day. Yesterday’s pork export sales were 20,603mt, with 1/3rd to China. Pork shipments on the week were 31,835mt, down 9% on week but 30% above last year. Year to date exports are 52% above 2019’s pace. Weekly kill is down 0.16% vs. last year. Slaughter is headed for a weekly total near 2.633 million head, which would be the best post-virus processing week. However, the pace must increase further to overcome a fourth quarter seasonal swell of market-ready hogs. Starting mid-September, we will need several weeks of 2.75 million head and probably 1-2 weeks of 2.8 million head.

Sharp gained Thursday in lean hog futures sparked renewed optimism across the entire lean hog futures complex. Even though cash and pork cutout values bounced higher through the last half of the week, strong technically driven buyer support is seen through the complex. This helped to push October and December lean hog futures above the $55 threshold, easily breaking through previous resistance levels and opening the door for further potential support at the end of the week. The ability to attract and retain noncommercial buyer support based on expected short and long-term demand growth will be essential in maintaining recent price moves through the end of the month. Pork values continue to shift higher, although moderate but steady gains seem to be the approach most buyers are looking for in hog market fundamentals. It is still too early to tell if the strong triple-digit rally in nearby lean hogs will be enough to break away from steady but measured gains in cash hog trade and pork cutout values. The lean hog complex Thursday was the furthest thing as possible from being lackadaisical. As traders worried about moving the cattle complex higher, there was an opportunity to jump into the lean hog contracts, and the market was willing to blow past all nearby resistance. October lean hogs closed $2.62 higher at $55.17, the highest close since May 8th, while December lean hogs closed $2.27 higher at $55.85 and February lean hogs closed $1.00 higher at $62.15. Aided by stronger cutout prices and a higher cash trade, the market has left the lean hog complex in a fine position to take on Friday and maybe trade even higher. Thursday's actual slaughter was shared a stronger kill, but higher weights for the hog sector. For the week ending 8/8/2020, hog slaughter totaled 2,550,212 head, which was up 0.53% from the previous week. Actual live weights were up one pound, averaging 283 pounds, and actual dressed weights were up one pound at 211 pounds. Average beef prices in China have continued to rise and are now up 15.8% on year following nine weeks of consecutive price increases, says Darin Friedrichs, senior Asia commodity analyst at StoneX. "Part of the reason for this rise in the slowdown in imports and increased testing of imports for coronavirus," he says. He also notes piglet prices are now up 117% on year.
The focus on expected higher cattle placements in July in the upcoming report and concern that recent highs in nearby live cattle and feeder cattle contracts may establish strong resistance levels over the upcoming weeks is quickly reducing the general optimism in cash and futures trade. The move below $110 in October futures continues to be a strong blow to the live cattle complex through the end of the week, with traders closely monitoring Friday activity. A weekly close below this level could indicate a short-term market high may have been set as traders start to focus on potential overall beef demand following the Labor Day holiday. The upcoming cattle on feed report will be closely watched, with moderate placement increases expected, while overall cattle on feed levels are expected to be little changed as pre-report estimates seem to be consistently calling for a fractional gain from year-ago levels. Closing lower Thursday afternoon, the live cattle complex sunk lower on the board but still walked away with higher boxed beef prices and some higher dressed trade in the northern Plains. August live cattle closed $0.45 lower at $107.02, October live cattle closed $1.05 lower at $109.77 and December live cattle closed $0.95 lower at $112.85. The market has run higher for nearly two months and, as Labor Day approaches, the market's momentum is starting to subside. Cash cattle trade was mostly uneventful as only a light trade developed in the Iowa and Nebraska for $167 to $174, though mostly at $169, which is $1.00 higher than last week's averages. Thursday's slaughter is estimated at 119,000 head, 1,000 head more than a week ago and 3,000 head more than a year ago. Thursday's actual slaughter data shared mixed news, as slaughter was once again lower but so were carcass weights. For the week ending 8/8/2020, beef slaughter totaled 632,968 head, which was down 0.52% from the previous week. Actual live carcasses averaged 1,361 pounds, which was down four pounds from the previous week. Actual dressed carcasses averaged 833 pounds which was down two pounds from the last report. Boxed beef prices closed higher, with choice up $2.34 ($225.38) and select up $0.66 ($206.31) with a movement of 150 loads. Cash is called steady. Friday's cash cattle trade will most likely be uneventful as the North has set their market and the South did earlier this week. There could be some more cattle that trade in the North, but price ranges have been set for the week nonetheless. Feeder cattle contracts closed mostly lower Thursday afternoon with the bulk of nearby contracts trading $0.10 to $0.45 lower, but a few of the 2021 contracts were able to close slightly higher. Even though the countryside is still able to push sales higher in both sale barn sales and specialty video sales, the support from traders to move the market higher is lacking. August feeders closed $0.12 lower at $143.42, September feeders closed $0.17 lower at $145.82 and October feeders closed $0.42 lower at $146.37.

Commercial hog slaughter for July was up 6.1% vs. last year and produced 2.4 billion pounds of pork, 7.3% higher than last year. Hog dressed weights moderated significantly in July from the previous month falling 4 pounds in Federally Inspected
data, and only 2 pounds ahead of last year. Average hog dressed weights tend to dip in the hot summer months and fell by similar pounds last year. Hog producers trimmed breeding supplies in July as well, showing sharp increases in boar and sow slaughter. In July sow slaughter was up 9.9% and boar slaughter increased 12.3%. Year to date sow slaughter increased nearly 12% over 2019’s first seven months. The June Hogs and Pigs report showed hogs kept for breeding down 1.3% from last year and sows expecting to farrow in the next 2 quarters (Jun-Aug, Sep-Nov) were expected to be down 5% each. Ahead of the June 1 Hogs and Pigs report, sow slaughter in Jan-May was 10.1% higher than the previous year. Two more months of data implies culling pace has increased. Nearly 40% of the increase in those seven months came in June and July.

**Weather:** A ridge is located in the Four Corners region with a trough in far eastern Canada and two additional disturbances in Canada. The ridge will remain firm over the next 10 days. The trough will push northeast while the other disturbance continues through Canada through the weekend. A trough will become strong and deep over eastern Canada next week. Another trough will move into the Canadian Prairies and settle over central Canada and across the U.S. border next weekend. For the outlook period, temperatures on Wednesday will be above normal across the majority of the country. Temperatures will fall near to below normal across the north by the end of next week with another cold shot moving into the northern Plains at the end of next week. Daily scattered showers are expected in the Southeast. Periods of showers will move across the northern half of the country through the period as a front slowly slips southward. And a tropical storm or two may be in the cards for the Gulf Coast in the middle of and end of next week.

Things were mainly dry across the Midwest region again yesterday. Things will remain fairly quiet for today and then by later tonight into tomorrow and early Sunday, a front will produce some rains across most of MN, far northern IA and into the northwest ½ to 2/3rd of WI. Totals look to be in the .25-.85” range with some isolated heavier amounts and good coverage. Rains of .25-.75” are also still indicated to fall in the OH River Valley. Any totals elsewhere look to be under .25”, with very spotty coverage. The 6-10 forecast still has OK agreement. The idea calls for some significant rains to fall in some of the Midwest, but other areas to see limited totals. The models also differ on where they think the rains will fall. The GFS sees totals of .50-1”+ to fall in MN, IA, MO, southern WI and far northern IL. Totals elsewhere would be in the .35” range or less. The European indicates the .50-1”+ rains to fall in the eastern ½ of IA, most of IL, MO, IN and OH, with totals of generally less than .35” in most of the rest of the region. It is too far out in the forecast to be trying to nail down the finer details to the rains for later next week. The 11-16 day outlook is very similar from both models. The idea calls for an active northwest flow to produce close to average rainfall and well below average
temps (no freeze threats) in the Midwest. Temps will run below average in all of the region for the rest of this week and then average to a bit above for most of next week.

Rains of less than .35” fell across the eastern panhandles of OK and TX, with thing dry in the rest of the central/southern Plains region yesterday. The 1-5 day forecast sees limited rains to fall. The European sees dry weather for most of the region, while the GFS sees totals of generally less than .25” to fall in central sections of OK and TX. I have more faith in the GFS at this point. The 6-10 day forecast sees below average rains for most of the growing areas, with totals of .20-.60” in the northern 1/3rd of KS. Temps will run above average for most of the next 10 days. Rains of .30-.80” fell across MS, with things dry in the rest of the Delta yesterday. Things look to be fairly quiet across most of the region through the weekend and Monday and then by Tuesday and Wednesday rain from tropical depression 13 (possibly a hurricane at that point) will bring totals of 1-3” to LA, with .40-1” in MS and southern AR. The 6-10 day forecast sees the remnants from the tropical system to bring totals of .50-1”+ to most areas for Wednesday and Thursday and then things look to quiet back down in most areas.

North American Weather Highlights: Isolated showers in the northern Plains are expected into next week. The overall dryness will be good for harvesting wheat while showers will be beneficial to filling corn where they occur. Showers in the central/southern Plains will be more likely across the north and west Friday, with chances expanding across the region this weekend. Showers will benefit filling corn where they occur, but much of the region has above normal soil moisture due to rains over the last month outside of northeast Nebraska, where dryness continues. West Texas has seen relief from recent heat, though temperatures are expected to be near to above normal for the next week and rainfall chances are low. Stress to boll setting and opening cotton will continue and require further irrigation. Portions of Iowa and the eastern Midwest are and have been turning drier in the last week or two, which could be stressing to filling corn and soybeans, though most of the Midwest is in good shape. Scattered showers will occur mostly across northern areas through much of the next week with some showers sneaking north across the Ohio River over the weekend. A front will slip southward late next week with better chances for more widespread showers. It has been dry in the Delta over the last several days, causing stress to the drier sections of the region for filling cotton and soybeans. Isolated showers will develop Friday and possibly through next week, but organized shower activity does not look likely, continuing to stress drier areas. We will have to watch the track of a tropical system moving into the Gulf Coast in the middle of next week. The storm could track through the region with heavy rainfall potential. Some dryness continues across Georgia and Alabama where the showers have not been able to keep up with demand as readily, but scattered showers will continue in the Southeast region over the next week,
benefiting those areas they hit. Being scattered, some areas of dryness will continue or build in areas that are missed. Despite this, conditions are mostly favorable for boll setting and opening cotton. We will have to watch the track of two tropical systems moving into the Gulf Coast in the middle of next week. Either or both storms could track through the region with heavy rainfall potential. Isolated showers and above normal temperatures continue in the Canadian Prairies over the next week, being a bit steadier and heavier in the north. Conditions look favorable for harvest in the south and remaining filling in the north.

Global Weather Highlights: Dry conditions in Brazil continue to favor the remaining harvest activities for corn and cotton in the central and north. A front around Parana is producing showers in the region but will dissipate as the front moves northward this weekend. Temperatures are falling dramatically behind the front, causing some frosts and potential freezes over southern areas and potentially impacting wheat. Full-season corn is also starting to be planted in the south. Soil moisture is looking good for germination, but the temperatures are worrisome for anything that is starting to poke through the soil. Dryness in Argentina continues to be a concern for the interior of the region as shower chances have remained further to the east. And with temperatures below to well below normal, frosts and freezes will continue to limit growth and keep the crop dormant. There does seem to be relief on the horizon as showers may be more widespread and heavier in the middle of next week. The storm track is setting up over Europe, with a series of storms producing showers over the course of the next week. This will continue the mostly favorable conditions for filling crops, though maturing crops could use some dryness. Spain and Italy have been left out of the precipitation for the most part and summer crops could use more precipitation. The storm track looks to stay north of these areas, however. Soils continue to be drier for much of the eastern two thirds of the Black Sea region, though northern areas, and particularly the Volga Region in Russia have benefited most from scattered showers over the last couple of weeks. The western half of Ukraine will continue to see periods of showers on Friday and more next week as well, but the rest of the region looks to have very little and will continue to stress filling crops. Showers in Australia will continue over the southern portions of the growing region through this weekend, but Queensland is not expected to see much rainfall, which could stress developing wheat and rapeseed. Otherwise, favorable conditions continue across most of the country. Overall favorable conditions continue in China in the northeast for reproductive to filling corn and soybeans and in the south for rice and sugarcane. Monsoon moisture continues to spread across India but is lighter than normal in the south. Still, conditions are favorable across most of the region. The outbreak of locusts has started to become contained as swarms migrate westward and control measures are reported to be working. Extensive damage has still been reported for all crops in the region, however.
Macros: The macro markets are modestly weak as of 8:30am EDT, with Dow futures down 0.4%, the U.S. dollar index is up 0.6%, crude oil is down 0.9% and gold is down 0.8%. The S&P 500 on Thursday closed 0.32% higher, the DJIA gained 0.17% and the Nasdaq 100 gained 1.40%. Bullish factors centered on strength in tech stocks, with the Nasdaq 100 index closing the day sharply higher. Bearish factors included a sharp sell-off in European and Asian stocks, and the initial unemployment claims report that showed weakness in the U.S. labor market. Although Republicans and Democrats have been talking informally about a pandemic stimulus bill, there doesn't appear to be any chance of getting a deal done in time for Saturday's House vote. House Speaker Pelosi has called House members back to Washington on Saturday from their recess to vote on a $25 billion funding bill for the Post Office. Ms. Pelosi has been under pressure from some members of her caucus to loosen up her demands for a stimulus bill. House Democrats are currently only willing to go as low as $2 trillion on a pandemic relief package, while Republicans are offering a maximum of $1 trillion. The main areas of contention are the size of the unemployment bonus and whether to provide any aid to state and local governments. Ms. Pelosi late Thursday rejected the idea of having the House on Saturday vote on an unemployment bonus in addition to Post Office funding because she said it would undermine the negotiations for a larger package. Ms. Pelosi is clearly still pushing for an overall bill rather than allow the bill to be separated into pieces. There are now only two weeks left of the Congressional recess until they return to Washington after Labor Day. The markets are still hoping that Congress in September will be able to reach a compromise stimulus bill that supports consumer income and spending and gives businesses another round of PPP funding to maintain employment levels. When Congress returns to Washington after Labor Day, the key item of business will be to pass a spending bill that funds the federal government when the new fiscal year starts on October 1. Without a new spending bill, there will be another government shutdown on October 1. The general assumption is that Congress will pass a stop-gap funding bill in September that continues spending at current levels until after the November 3 election, since neither party wants to be blamed for another government shutdown just ahead of the November election.

Summary: December corn ended down ½ cent at $3.39 ¼ Thursday, staying above the 100-day average a fourth day with help from dry weather. This month's bullish thrust has largely come from a Midwestern windstorm and dry turn in the forecast that is expected to continue at least the next seven days. Thursday's weather map shows scattered showers in the Dakotas and hot temperatures in the western U.S. Plains. The higher temperatures are expected to continue into early next week, while better chances for rain are expected for crops in the 8-14 day period. The Climate Prediction Center also issued a forecast for September, expecting mostly normal
temperatures and precipitation, but drier conditions in the western Plains where drought is already stressing crops. On the demand side, USDA reported 2.4mb of old-crop corn export sales and 28.5mb of new-crop sales for last week. New-crop corn sales now total 480mb, up from 184mb at this time a year ago. It is also interesting that in spite of Brazil's record corn harvest, FOB corn prices in Brazil are $.24 above comparable prices at the U.S. Gulf, a bullish sign of demand. Fundamentally, last week's windstorm and Thursday's new U.S. Drought Monitor showing increased drought conditions in Iowa and west Texas remind us that the crops are still vulnerable to weather and USDA has yet to take data from the fields. December corn is currently trading above its 100-day average with resistance likely at the July high of $3.63.

November soybeans fell back $.08 ¾ to $9.05 ¼ Thursday, encountering resistance as prices approached the 6-month high of $9.24 ½. Thursday morning's export sales report was a disappointment for old-crop soybeans, showing net sales cancellations of 467,000 bushels. The cancellations came from unknown destinations and China, but China was also named the top buyer on a list that signed 94.5mb of new-crop soybean sales. U.S. sales of new-crop soybeans now total 755mb or 36% of USDA's total export estimate for 2020-21 and the season has not yet started. For soy products, old-crop soybean oil export sales also posted a small net cancellation and sales for soybean meal hit a new marketing year low of 34,500mt. As described for corn above, the soybean crop has not seen much rain lately and even though crops are rated high, the dry stretch is not good for pod filling. The 7-day forecast remains dry and crops in the western Midwest are being stressed by a combination of hot temperatures and dry weather. There are better chances for rain in the 8-14 day period, but the western Midwest is expected to be on the drier end of those chances. The most bullish factor for soybean prices continues to be Brazil's high FOB soybean price, now $.75 above comparable prices at the U.S. Gulf. There have been 11 soybean export sale announcements in August, but none appeared Thursday. Technically, nd November prices are holding above the 100-day average at $8.72. The 6-month high for November soybeans is at $9.24 ½, a possible source of resistance.

On a day when most commodities traded lower, the three U.S. wheats finished higher, signs of support for cheap prices. December KC wheat ended up $.03 ¾ at a new August high of $4.52 ¾ Thursday, an otherwise quiet day of trading. Thursday's new U.S. Drought Monitor showed increased drought levels in West Texas with little change noted from Oklahoma to Nebraska. Even so, the forecast for the southwestern U.S. Plains remains dry for at least the next 14 days and the Climate Prediction Center's new September forecast also looks dry for the region. With cash HRW wheat prices in the low $4s, wheat producers have no incentive to increase acres and another planting near record low levels is expected. For spring wheat, North Dakota and Minnesota are two
states that received rain this week, adding to spring wheat harvest complications. The 7-day forecast is mostly dry for the northwestern U.S. Plains before more rain chances return the following week. Earlier Thursday, USDA said 19.2mb of wheat were sold for export last week with the Philippines listed as the top buyer. 6.9mb of sales were for HRW wheat and HRS wheat was second at 4.8mb. So far in 2020-21, HRS wheat export commitments are doing well, up 18% from where they were a year ago at this time. USDA also said 15.0mb of wheat were shipped last week, movement below USDA's estimated pace. Fundamentally, wheat prices remain cheap with record ending-world wheat stocks expected.