AGW DTN Closing Grain Comments
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Wheat, Corn Reverse From New Lows; Soybeans, Soymeal Firm

December corn and December Chicago wheat again fell to match or set new lows before reversing to finish the day higher. Depending on the close Wednesday, this type of market action could signal more buying ahead. Corn had a bullish engulfing bar and a tweezer bottom -- both usually reversal patterns. Soybeans and soymeal moved higher for the third consecutive day, while bean oil slipped lower, pressured by the fall in crude oil.

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GENERAL COMMENTS:

December corn closed up 6 1/4 cents per bushel, November soybeans were up 5 3/4 cents per bushel. December KC wheat settled up 9 1/2 cents per bushel, December Chicago wheat was up 10 1/2 cents per bushel and December Minneapolis wheat closed up 5 1/2 cents.

The September U.S. Dollar Index is trading down 0.306 at 100.435. The Dow Jones Industrial Average is up 3.44 points at 41,243.96. December gold is up $4.20 at $2,559.40, September silver is up $0.06 at $30.07 and September copper is up $0.0190 at $4.2375. October crude oil is down $1.87 at $75.55, October heating oil is down $0.0575, October RBOB is down $0.0351 and October natural gas is down $0.050.

CORN:

Corn futures fell to Monday's low before turning around and trading higher Tuesday. The matching of the low is typically referred to as a tweezer bottom in candlestick charting, while the bullish engulfing bar pattern also signals a potential turn. It will be Wednesday's closing price that will determine if this is a true reversal. Some strength may have come from the two-point decline in corn's good-to-excellent ratings to 65%, while the portion of the crop that is deemed poor to very poor also jumped by two percentage points to 13%. The 65% reading compares to just 56% a year ago and is still the highest rating since 2018. USDA reported 84% of corn has reached the dough stage with 46% dented. Major producers Illinois and Iowa are still rated very favorably at 73% and 77% good to excellent. Corn demand continues to outperform expectations with old-crop corn exports running 39% higher than a year ago, signaling perhaps USDA will revise old-crop exports higher. A new sale of 5 million bushels (mb) of corn was announced sold to Mexico for 2024-25. Mexico has already exceeded last year's total for new-crop purchases by this date. Marketing year to date exports for the U.S. are 2.009 billion bushels (bb) compared to just 1.448 bb a year ago. In Brazil, the safrinha crop is now over 94% harvested, while planting has started for the first corn crop which is now

4.2% planted. In longer-term bullish news for corn, Argentine farmers are likely to plant 21% fewer acres to corn, with the 4.9 million acre reduction likely to move a large part into soybeans. Weather is still mostly favorable with showers having moved through Kansas and Nebraska and on into Iowa, Minnesota and Wisconsin. Through Thursday, showers are expected in the Dakotas and Upper Midwest. Perhaps the area of most concern is the Central and Southern Plains, experiencing hot and dry conditions ahead of the weekend cool down. Funds are still net short over 250,000 contracts and with markets often reversing around long weekends, may be inclined to cover more shorts. DTN's National Corn Index was priced at $3.50, 12 cents below the September futures.

SOYBEANS:

Soybeans and soymeal rose to modest gains Tuesday while soybean oil set back, influenced by the sharp fall in crude oil values. As expected, Monday's Crop Progress report revealed a fall in soybean good-to-excellent ratings, but only by one percentage point, to 67% good to excellent, while the poor to very poor part of the crop also rose by 1 percentage point to 9%. This is still the best rating since 2020 and compares to just 58% good to excellent a year ago, with 14% poor to very poor. Iowa remained highly rated at 77% good to excellent, as did Missouri (75%) and Nebraska (71%), but Illinois slipped 6 points to 64% good to excellent. There is some talk of white mold and sudden death syndrome in Illinois beans. The USDA said 89% of the soy crop is setting pods, while just 6% of the crop is dropping leaves. There have been no new sales of soybeans announced this week, but U.S. beans are attractively priced and rumors of additional purchases from China are making the rounds. Expectations are that China still needs to buy a large quantity of beans by year's end. Soy processing margins remain very profitable and the expectation is that we could see a record August soy crush following July's record. Funds are still carrying a near-record net-short in beans of close to 180,000 contracts and another 80,000 contracts of bean oil. Typically, markets will tend to bottom in early September so we shall see if that will be the case. Although most traders expect to see a record yield, there is some question about the yield impact on the hot and dry finish that the crop is enduring in some spots. DTN's National Soybean Index was priced at $9.34, 47 cents below the November futures contract.

WHEAT:

Wheat futures slid lower in the overnight and early Tuesday with Chicago December wheat falling to a new contract low before reversing to close higher. A similar path was followed by the other two U.S. wheat markets and that of the Paris milling wheat contract. Despite still weak cash markets in Russia and the EU, wheat was able to rally back as the U.S. Dollar Index fell close to the lowest level in 10 months. In the U.S., spring wheat harvest was 51% complete and crop ratings slid to 69% good to excellent and down four points. Perhaps bulling up the wheat market is the expectation that Egypt will soon return to continue the tender for 3.8 million metric tons (mmt). In other demand news, Jordan bought 60,000 metric tons (mt) of optional milling on the 120,000 mt tender. Although Russian domestic values have moved much higher, their FOB values are staying around that $217 mt to $220 mt level, continuing to pressure world wheat values. In other news, it remains too dry in Argentina, and in India, prices remain up near the high for the year, and the assumption is that they will need to import some wheat in the coming year. The combined short in KC and Chicago wheat combined is probably just shy of 100,000 contracts and Tuesday's positive close could lead to more short covering. The reversal in Chicago wheat is called a bullish engulfing bar, but before a buy signal is created, we need a higher close on Wednesday. DTN's National HRW Index closed at $4.74 and 51 under the September contract.

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