



John Stewart AND ASSOCIATES

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Corn

We went from rumors of China cancelling corn to rumors of them buying more corn all in one day as we closed up .0425 at 6.245 for July futures. Bloomberg article out saying China had cancelled 1MMT of US corn. That article was interesting in that it does not imply that the demand is the issue. It says there was a tax/duty loophole that was being exploited to bring in corn at certain ports with other feedstuffs to classify as feed imports instead of corn imports which have a different import tax. Midday we then heard that China purchased 1MMT July / August corn on the price break. In the US rain and storms affect a wide area through Friday, most notably aiding much of the driest areas within the northern half of the Corn Belt from 0.50" to 1.50" totals. In Brazil they look to get 1-2.00" for southern 40% of corn and dry everywhere else for the next two weeks. Ethanol production for the week averaged 1.011 million barrels per day which is down 2.0% vs last week and up 39.64% from a year ago levels. Stocks are at 18.98 million barrels is extremely low for this time of year especially with production back on line from maintenance, and we are still drawing in basically every padd. Farmer selling continues to be light as some bushels did get scared out this morning, and a few marketers recommending making additional sales at these levels. Basis in the West continues to have a weaker tone to it, while the export market continues to hang in there even with the cancellation rumors. USDA export sales for tomorrow are estimated to be 5.8-7.4MMT for 21/22 marketing year.

Beans

Soy complex still struggling as new bullish inputs were lacking. Malaysian Palm Futures were closed due to National Holiday, Asian biz has been pretty quiet (maybe China buying 7-12 bean cargos over past 48 hours Brazil), and soybean basis bids continue to soften. Argentine port workers starting another 48-hr strike, after 2-day strike last week; just adding to more logistic problems for that country. Malaysian government in effort to control COVID19 announced plan to restrict movement of goods in agricultural industries; the palm oil plantations will curtail operations to 60% of normal which should be viewed as supportive for prices. Manitoba forecast seen as low as 28 F over next 2 days will probably damage Canola crop w/ ~3.0 million acres in province. Some of the price pressure seen on nearby could be attributed to 1st day Rogers Index Roll. BON1 settled @ \$0.6568, falling 101 ticks, SMN1 finished @ \$383.80, slipping \$2.50, SN1 down 8 ¼ @ \$15.03 ½, while SX1 closed ¼ lower @ \$13.47. Crush margins also on defensive as JUL lost 8 ½, settling @ \$0.63 ¼, with other old crop margins slipping 3 ½ to 7 cents. Nothing new in soy complex; final crush maybe 5-10 MBU less than USDA #, Exports look about right, Imports could 5-15 less; we're stuck w/ 120 MBU carryover which is less than pipeline supplies (Domestic Meal Use pegged 38.1 MLN ST/12 months = 3.175 MLN ST/month), or ~134.36 MBU crush needed to meet average monthly SM domestic usage.

Wheat

The wheat complex trades lower on good precipitation prospects. WN was 8c lower, KCN down 5 ¾ c, and MPLS down 2c. Losses were bigger early in the day but all classes closed 10c off lows. It still was eight straight lower sessions for CGO and eleven lower sessions out of thirteen. KC has traded lower eleven straight sessions. The precipitation has helped as the Kansas wheat tour suggested a tour yield of 58 bpa vs the USDA suggested 48 in the May WASDE. Interesting to see ideas of end users have around 50% coverage for summer months for both winters and springs. Weekly export sales are estimated to be a negative 75,000 to positive 180,000 mt for old crop and 200,000 – 600,000 mt for new crop.

CASH BASIS BIDS	Nearby	June
Corn Cif Nola	93+N	87+N
Truck Hennepin	39+N	37+N
Truck St Louis	62+N	57+N
Iowa Interior UP	NB	24+N
Columbus CSX	50+N	53+N
Fort Wayne NS	37+N	37+N
Dlvd Hereford	NB	130+N
Dlvd PNW	NB	135+N
KC RAIL	54+N	54+N
Nebraska Grp 3	NB	NB
Dlvd Decatur	35+N	40+N
Wheat Cif Nola	70+N	59+N
Beans Cif Nola	67+N	70+N
Truck Hennepin	7+N	14+N
Truck St Louis	32+N	36+N
Dlvd Decatur	190+X	195+X
Dlvd Des Moines	25+N	25+N
IL R Barge Frt.	360	335
BNSF Shuttle Frt.	NB	-\$300