Morning Commentary
July 26, 2024

CORN: LOWER

Futures continued to edge higher yesterday fueled by continued fund short covering and concerns for the extended forecast but closed similar to Wednesday puling back off their highs into settlement. I know the forecast is hotter and drier for most of the WCB and Great Plains, I would argue that the weather debate is now “exceptional vs good yield” instead of will we have a crop. In addition, there are still chances for rain in the ECB in the forecast and unfortunately the market only cares about the aggregate. Moral of the story, reward the rallies, don’t let them slip away waiting for unrealistic targets. Futures are softer overnight, giving back most of yesterday’s gains as we see the weakness across all the grains and oil seeds this morning. Wouldn’t be surprised if we closed out the week on a softer note given the four day rally we’ve seen.
At the break, CU24 was 4 ¾ lower.

SOYBEANS: LOWER

Today is feeling like a fade away Friday, but we have a full session to navigate and with hotter and drier forecasts for the western reaches of the growing area, we can’t rule out a bounce and hitting more stops. Short covering is still an item of note. Good coverage in that department spurred the rally yesterday. The biggest need for beans to truly rally and have a reason to hold it fundamentally speaking, is demand. While we finally saw a decent NC number yesterday, we are still the slowest pace on NC sales in 20 years or since 2005. Demand in China is muted not just by lowered, massively in hogs, of GCAU, which is also translating into poor margins on crush, read negative way too often. Domestic demand so far is holding, but for a real move back up we need more exports or carryover stocks will continue to loom larger barring a real weather issue. We are a few sessions away from delivery against the Q. Noticed AGP and Bunge adding meal delivery capabilities through the CME registrations yesterday. OI lower across the complex as funds lighten their loads. Look for a chance to trade better, but it really feels like the short covering for the week is done without a driver of a news item today.

Beans: V-263,143OI-820,322(-16,766) Meal: V-209,222/OI-528,297(-4,202); Oil: V-247,877/OI-572,481(-7,862)
At the break, SQ24 was 8 ¼ lower.

WHEAT: MIXED

The wheat market could not hold gains on Thursday, with disappointing export sales, cheap Russian values, and spring wheat concerns cooling. Overnight trade turned higher for MGEX and Paris wheat, as French crop conditions took another step backwards. The final yield estimate from the spring wheat crop was 54.5 bpa, with durum at 45.3 bpa, both above 2023 and the 5YA, and scouts did not show concern about scab issues in the final report. The spot rail market for spring has seen the protein scale widen out drastically recently, with 13 pro at over a $2/bu discount to 15 pro cars, as the market expects a lower pro crop, and the country was already short on high protein stocks. The KC spot rail market for HRW traded mostly steady yesterday, but an untick in loadings has allowed buyers to be less aggressive. Look for MGEX to bring small gains into the day session, while KC and Chicago chop around unchanged and wait for new stories to chase.
At the break, KWU24 was 2 ½ lower.

CATTLE: STEADY-HIGER

Beef packers have had no success in getting cash cattle bought cheaper this week, or even steady. The steady-money $188 packer bids of Tues and Weds turned into a $190 trade in both KS and TX yesterday, up $2 vs last week’s business there. The North trade has yet to develop, though with producers revising asking prices higher there too. Futures have obviously liked the news the past couple days, and nearby Aug LC up nearly $6 this week has essentially closed its discount with the cash markets, close anyway. Fresh highs in futures saw open interest up 5K last night as new positioning takes place. Packer margins tighten further, and with more kill cuts expected next week. Feeder cattle futures have become the laggard in the complex, steady in the nearby months and actually trending a little lower in the deferreds now. All feeder cattle contracts are discount to the $259 spot index, not normal for this time of year or in an environment where the industry is expecting tighter trending feeder cattle supplies.

Fund Position	Accumulative	Yesterday
Corn	-305,772	15,000
Soybeans	-155,145	11,000
Soybean Meal	51,525	7,000
Soybean Oil	-11,018	4,000
Chicago Wheat	-63,831	-6,000
KC Wheat	-39,124	-2,000

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