Morning Grain Comments

Aug 19th 2020

Opening: Steady/Mixed

Reason: Corn yield prospects weigh, but Chinese Ag commodity buying continues.

Trivia: How many checkers does each player start a game with?

The Factors:

Bullish:

- The corn bulls are pointing to another new-crop sale to the Chinese and the recent major crop destruction in Iowa and a few other important areas.
- Soybean bulls are starting to talk more about the possibility of a breakout on the charts as the NOV20 contract recently closed back above the 200-Day Moving Average for the first time since mid-January. Keep in mind, however, there is still big resistance up in this $9.20 to $9.30 area. Keep a close eye on the weather in South America, especially where rainfall has been limited in some key parts of Argentina and Brazil. With more talk of La Niña in the mix, there is some worry that if the rains don't come as expected in September and October there could quickly be a "weather story".
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Bearish:

- Bears are pointing to the good yield forecast coming out of the Pro Farmer Crop Tour, and saying despite the problems in Iowa, the national yield is still going to come in record large at near 180 bushels per acre, as the Iowa problem more than likely knocks only -1 to -3 bushels off the national forecast.
- Wheat bears point to the fact higher prices often cure higher prices and U.S. supply could become less competitive if we continue to rally which ultimately hurts demand.
- The trade has been unsurprised to see record corn yield prospects from the Pro Farmer Crop Tour so far this week, both from the western leg in SD and NE and the eastern leg in OH and IN, but the real focus of this year’s tour is yet to come today and tomorrow in IL and IA.

Trivia Answer: 12

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