



**Afternoon Market Information**

**Thursday August 6, 2020**

**CORN**

Corn futures closed fractionally mixed on either side of unchanged all the way out to CH22 in a 3-cent trading range. Quiet by today's standards. Unwinding of long bean/short corn spreads given credit for corn hanging near unchanged (that's been the fallback reason for any strength in corn lately.) Since July, Tuesday's have been down days, mostly on improving crop condition reports on Monday afternoon, leaving the balance of the week to pick up the pieces. This week feels no different. Funds were buyers of 4,000 contracts mid-session to cut into their estimated short position of 176,000 contracts, which they've added to so far this week by roughly 20,000 contracts. Market searches for some positive news. Weekly export sales for old crop corn were 4.0 mln. bu., bringing YTD commitments to 1.724 bln. bu. vs. 1.965 bln. bu. last year. Trade expects slight reduction next week in export projections in August S&D report. New crop corn sales were solid at 102.3 mln. bu. and we now have 403 mln. bu. on the books for new crop. China the main buyer and China/Mexico account for 80% of known destination sales. Drought monitor today shows drier conditions in western IA, and parts of OH/IN/MI remain on the dry side. 6-10 and 8-14 day forecasts look warmer/dryer, but the trade is locked in on big crop prospects now.

**Basis Update:** CIF corn steady today with offers absent. Barge freight slightly easier Aug-October, steady Dec/forward. Unshipped export commitments at 201 mln. bu. SW rail values felt a bit weaker yesterday and SE rail values are 3-4 cents weaker this week. Processor basis steady. Produce selling has been light but steady this week but today it seemed to ease.

**Spread Update:** The CU/CZ out to -12½ today, new crop spreads a ½ cent firmer. September cash 17 cents below delivery and December 7 cents below delivery, both have leaked lower over the past week.

**BEANS**

Soybeans closed a penny lower in a 6-cent trading range. Funds were sellers of 2,000 contracts mid-day to cut into their estimated long position of 55,000 contracts (which has been fading as the week progresses.) Larger U.S. crop projections, larger Brazil acreage and production next year, and active Chinese buying of Brazil new crop cargoes all weighing on futures. If China is to originate 96 MMT of beans in 20/21, they need to pick up an estimated 6-7 cargoes a day, so buying Brazil not a really a surprise. Export announcement this morning had China buying 126 tmt of U.S. beans for 20/21. Weekly export sales for old crop beans at 12.7 mln. bu., bringing YTD commitments to 1.725 bln. bu. vs. 1.792 bln. bu. last year. Trade expects a decrease in export projections in August S&D. New crop sales were very good at 51.6 mln. bu. and bring commitments to 556 mln. bu. China, Mexico, and Egypt the main buyers of new crop this week.

Wheat defensive, closing 9 cents lower, mostly on improved 20/21 production prospects for Russia/Canada, estimated roughly 9 MMT higher than current USDA projections. Weekly export sales were 22.2 mln. bu., bringing YTD commitments to 376 mln. bu. vs. 344 mln. bu. last year. Funds estimated short 12,000 contracts.

**Basis Update:** CIF bean basis steady with offers 3-8 cents above bids. Unshipped export commitments at 257 mln. bu. Shipping capacity at NOLA mostly filled Aug/Sept and tightening for Oct. Processor steady with a few pushes reported. Producer quiet.

**Spread Update:** Still no deliveries on August beans. The last trading day for August beans is the 14<sup>th</sup>. SX/SF steady, though it did trade to -7 during the session today.

| CU                 | CZ        | CH        | CK      | SQ              | SU     | SX     | SF     |
|--------------------|-----------|-----------|---------|-----------------|--------|--------|--------|
| 3.11 ¼             | 3.23 ¾    | 3.35 ½    | 3.43 ¾  | 8.80 ¾          | 8.74 ¾ | 8.78   | 8.84 ½ |
| Corn Spreads       | Settle    | Change    |         | Soybean Spreads | Settle | Change |        |
| CU/CZ              | - 12 ½    | - ¼       |         | SQ/SX           | + 2 ¾  | - ½    |        |
| CZ/CH              | - 11 ¾    | + ½       |         | SX/SF           | - 6 ½  | + 0    |        |
| CZ/CN              | - 26 ¾    | + ¾       |         | SF/SH           | - 2 ½  | - ½    |        |
|                    | August    | September | October | Wheat Spreads   |        |        |        |
| CIF Corn           | +47/+47 U | +52 U     | +49 Z   | WU/WZ           | - 7    | - ¼    |        |
| CIF Beans          | +72/+73 Q | +72 X     | +70 X   | WZ/WH           | - 8 ½  | + ½    |        |
| IL River Freight % | --        | --        | --      |                 |        |        |        |
| Mid. Miss.         | 350/380   | 400/460   | 485     |                 |        |        |        |
| St. Louis          | 240/270   | 340/385   | 390     |                 |        |        |        |

BS

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