



**Loewen and Associates, Inc.**

**Commodity Consulting/Brokerage**

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Grain and oilseed trade found corn and soybean prices very quiet compared to the wheat market. December corn remained above the \$4 mark. November beans traded over \$10, but closed just shy of that mark. Minneapolis spring wheat futures were 50 lower on the front end, along with KC and Chicago contracts being down in the low 20's. Spring wheat fundamentals didn't waver much from wildly bullish still with crop conditions in the Dakota's and Montana still terrible, along with up front and extended forecasts both continuing to show hot and dry. Markets can't go up every single day forever though and Minneapolis wheat certainly seemed to be doing it with ease. The previous day there was a 95 cent range from high to low. Yesterday felt just as volatile even though the price swing wasn't as severe.

Weekly crop condition numbers were delayed until Wednesday this week due to the Tuesday holiday and export sales came out this morning instead of the normal Thursday release. In a nutshell, corn sales were neutral to poor and wheat sales were terrible, but soybeans and milo were good. The corn sales total was only 5.5 mln bushels, while milo was 2.8 mln. Soybeans came in at the double digits with 13.4 mln in old crop sales. Unfortunately, wheat was only 13.8 mln and I have a strong feeling that's going to be sinking immensely given the recent wild rally in futures. Egypt's latest wheat tender was filled with Russian and Romanian wheat at a price level delivered to Egypt that was the same as what our wheat costs sitting at US ports with no freight attached. The higher wheat goes the worse that situation becomes. That's not only bad for exports, but we're going to see it become bad for basis very rapidly. Not for decent protein basis, but certainly for the ordinary's and anything below. That actually encompasses a huge portion of this year's crop.

Informa released new production estimates yesterday, but they were a little confusing. They showed total wheat production at 1.783 bil bu vs the last USDA at 1.824 bil bu. Winter wheat was up 31 mil at 1.281 based on larger hard wheat at 764 mil bu. The spring wheat was estimated at 434 mil bu vs 493 last year and does not appear to take into account the 700 thou acre reduction in No Dak released by USDA on Jun 30. Most in the trade are using a spring wheat estimate south of 350 mil bu? Informa did reduce durum production hard at 67 mil bu off from 104 mil bu last year. They also showed a small reduction in corn yields to 169.7 with the

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larger acreage estimate for a crop of 14,166 bil bu. Bean yields were estimated at 47.9 bpa for a crop of 4,253 bil bu.

6-10's last night were showing above normal temps from the West Coast all the way out through Illinois. Precip was below in all the Plains states and normal to above from central Iowa and Missouri to the east. Temps in the spring wheat areas are pegged at much above normal. Hard to be bearish spring wheat with that kind of forecast.

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