

LOOKING FORWARD WITH A BACKWARD GLANCE

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Sales Recommendations: No recommendations for soybeans yet; waiting on higher prices. Dec20 corn 1st resistance \$3.60. Market needs more time to digest today's report. Next MNU by July 5th.

Current Sales: 2019 sales: corn 100% soybeans 100% wheat 100.0%
2020 sales: corn 70 - 100% soybeans 50 - 100% wheat 60.0%
2021 sales: corn 20% soybeans 0% wheat 68.0%

Technical Plus: Dec20 corn closed above \$3.50 resistance and will now target \$3.60. This report is quite confusing and with most forecasts calling for warmer and dryer Funds will be a bit nervous. We'd expect some delayed fireworks, either way, on July 6th. Nov20 beans failed right in a major resistance zone. Funds are neutral, allowing them to be able to take prices either way. \$8.85 is major resistance, with \$9.00 and \$9.20 to \$9.25 to follow if weather conditions allow. Dec20 meal broke out of its short term downtrend, closing at \$295.9. \$300 will offer stiff resistance as more ethanol plants keep reopening. Dec20 K.C. wheat didn't get much help from today's USDA Report. The greatest plus came from the conditions report, showing G/E ratings for spring wheat falling 6 points to 69%. Dec20 futures closed up \$0.02 at \$4.52, while remaining in a well-defined downtrend.

USDA Grain Stocks Report:

<u>Quarterly Stocks Numbers 06.30.2020</u> (Billion Bushels)	<u>Average Guesses</u>	<u>06/01/2019</u>
Corn – 5.224 bb	4.990 bb	5.202 bb
Soybeans – 1.368 bb	1.381 bb	1.783 bb
Wheat – 1.044 bb	0.979 bb	1.080 bb

<u>USDA Planted Acres Projections</u> (Million Acres)	<u>Average Guesses for U.S. Planted Acres</u>
Corn – 92.00	Corn – 95.21
Soybeans – 83.80	Soybeans – 84.76
All Wheat – 44.30	All Wheat – 44.71
Winter wheat – 31.80	Winter wheat – 30.83
Spring wheat – 12.20	Spring wheat – 12.57
Durum wheat – 1.50	Durum wheat – 1.33

By Their Numbers: Combined acres and stocks for corn, beans and wheat were seen as bullish when compared to expectations. We ponder last year's acre numbers when the USDA reported producers were planning on planting up to 110 ma of corn, yet because of all the rains, could only get planted just under 90 ma. With this year being so much better for planting for

so many, how is it producers could only get 92 ma planted? Should we even be asking where those other acres went? Last year's planted bean acres were about 75.7 m. If we add 8 ma going to soybeans, that still leaves about 11 ma out there somewhere for any other crops. Is it just us or do these reports always raise more questions than they eliminate?

From the March 31st projection, the USDA cut **Corn Acres** by 5 m (*the USDA says there are 2.2 ma out there yet to be planted, but not counted*), lopping off (5 x 180) 900 mb of production. Take that off the current 2020/2021 carryover projection of 3.318 bb and carryover would fall to 2.418 bb; definitely not as negative, just less bullish. After adjusting for less feed demand for all kinds of livestock and ethanol, plus some loss from exports, that number should come in closer to **2.8 bb**. All those adjustments will arrive in their Friday, July 10th report. Bottom line for corn is there is too much of it around. For Funds to get really excited about being in a losing position, yield will need to be cut to less than 170 bpa this year. That is not going to happen. A great scare could yet come to rally price, but it would have to manifest itself in the next 2 weeks. We are calling for popup storms anywhere, anytime based on our weather modeling. That's not bullish, if rains are around somewhere most of the time. Currently, you can find a forecast to fit your needs. One is even calling for normal rainfall in July. Another says this is setting up to be a very warm July and one of the driest. We did not say hottest; just very warm. Pollination is not hurt if it is just very warm. But give us some very warm nights above 70 to 75 degrees and there could be some issues. Did we mention major corn exporting nations are running \$0.20 to \$0.40 below U.S. prices? Importing nations go for the lowest price. U.S. corn is overpriced.

Soybean Acres at 83.8 m were slightly above the March forecast, but 1.2 ma below the average guess. That would directly reduce last month's projected carryover for 2020/2021 from 395 mb to 335 mb. These stocks are tight enough that a 2 bpa cut or increase would move prices a \$.80 higher or lower from here; \$8.20 to \$9.60. That would represent a 170 mb swing from 335 mb (165 mb to 505 mb), using a trendline yield of 50 bpa. China remains a problem for soybeans. They are not buying or loading enough of the old crop to matter. In fact, loadings are so poor, China will soon be cancelling old crop purchases and rolling them into 2020/2021. That will be seen as a negative, as it increases 2019/2020 carryover stocks, which will then be rolled into 2020/2021 carryover stocks, increasing them. Still, poor weather in August will increase prices, but not for that long; a pricing opportunity.

All **Wheat Acres** came in at 44.30 m, down from the average guess of 44.71 ma. That was balanced with higher carryover stocks at 1.044 bb vs the average guess of 979 mb. Wheat was pulled up by corn and beans today, as well as the crop condition rating for spring wheat. Even though the price for Dec20 K.C. wheat rallied over \$0.12 today, price closed in the lower half of its trading range; not good. Price also closed with prices' trading range of the last 9-days. There is nothing new for wheat. We're just waiting for it to set its lows for this year. World stocks and U.S. stocks remain too burdensome.