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Morning Ag Markets

Pete Loewen

Grains found another mild shot of friendliness for wheat to work off of with a very large 35 mln bushels in export sales reported prior to the open. Corn sales were good as well at 43 mln, but beans were a negative 5 million due to cancellations. The markets closed right in line with that trade data with wheat up mild to moderately, beans down a little on the front end and corn up just slightly.

Overnight E-CBT trade was quiet. KC Wheat finished unchanged to +2 ¾, Chicago -3/4 to -3 ¾, corn unchanged to -1 and soybeans +1 ¼ to +3 ¼.

I don't know if we should look at this as good news for corn or bad news, but the EPA once again is delaying their decision to increase the ethanol blend in US gasoline. This "push the decision down the road"-type mentality is getting frustrating for the ethanol industry. Last winter they delayed any decisions till early summer and now they have pushed it into the fall by saying more research needs to be done to determine the blend percent and also whether it will apply to newer cars only or older models as well. Of course, the Renewable Fuels Association is pushing for it hard and the farmer should be pushing for it too. No doubt it would be a very good supporting factor for the corn market. For the time being though, it should probably be viewed as a short term negative. I think we're going to get the increase, but to be bullish we have to get the confirmation and the further you push off the decision the longer it takes to truly impact corn demand.

Informa is out with corn and soybean acreage guesses later this morning. In May their corn number was 800,000 more corn acres than the March USDA intentions. Their bean number was 500,000 larger. Thoughts this morning are that they'll trim their bean guess a little bit and raise corn. Our opinion is that USDA will be raising both corn and soybeans when the actual plantings come out at the end of the month.

On the Canada wheat situation, reports released yesterday showed as of June 16th that 27% of the total acreage in Saskatchewan has not been planted still. That's not just wheat, but all crops I believe. Stats Canada comes out with an official estimate on June 23rd, but it will be from surveys conducted in late May which makes the number essentially worthless to look at. I'm sure we'll hear more about this situation when that number is released next week.

Opening calls are fairly quiet in the grains this morning. Outsides aren't doing much, but we do have the Informa numbers to react to whenever they come out. There are also rumors of some new soybean sales to unknown destination to add to the books. I'm calling beans 1-3 better, wheat mixed and corn mixed.

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