

Favorable weather outlook and improving crop conditions combined for a gap lower in corn overnight. At 0630 CZ20 off 3 ½¢ at \$3.31 with SX20 trading 1 ¾¢ lower at \$8.88 ½. Both trading big volume of 28 and 31K contracts respectively. KC wheat scratching out a penny gain.

Dow futures giving up 142 points this morning at 26,341. Crude 21¢ lower at \$41.39. US \$ recovering from recent losses trading 93.73 up .115.

Corn G/E rating at 72% up 3% on the week and showed more improvement than trade ideas. Iowa rated 77% G/E on the week off from last week's 80%. MN 84% and SD 86% respectively. IL, IN and OH improving with recent rains. Soybean G/E rating at 72% also 3 points better wk/wk. IA at 76% with MN and SD at 84%.

Gap lower open on corn filled during the overnight. SX20 3 ¼¢ lower on the open with losses accelerating in the first few hours trading as much as 15 ½¢ lower at one point.

Trade embracing the idea USDA could increase the national average corn yield above the current 178.5 national average currently in use. Next USDA yield update August 12th. StoneX customer driven yield survey next Monday.

China has to date purchased near 4 mmt of US corn for the 20/21 crop year. Some suspect that could go as high as 10 mmt. If we end up with a 181 national average corn yield as some starting to suspect, that increased production would cover a significant amount of the increased demand and still leave a more than adequate carryout.

Basis improving at select domestic processors with 10¢ push noted in IA yesterday. Lower board likely to keep pressure on processors to secure limited movement. Commercial elevators weighing improving basis odds against operational and logistical considerations with harvest on the horizon.

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