

***Sharply higher grain markets overnight as trade reacts to significant drop in weekly crop condition ratings. US Corn G/E rating down 5 points to 64% led by a sharp drop of 9% in IA, 7% in NE and 4% in IL. National Soybean rating at 69% was down 3% on the week with IA off 6%, NE 5% and IL 3%.***

***Fund short in corn providing some fuel. After two days of buying, Fund net short estimated at 110K contracts.***

***At 0630 CZ20 trading 6 ½¢ higher at \$3.51 ½ on volume of 57K contracts. SX20 9¢ higher at \$9.14 ¾ on volume of 23K contracts, KC wheat getting back some of yesterday's sharp losses trading up 4¢.***

***Dow futures +182, Crude 21¢ higher at \$42.82, US \$ Index showing modest losses.***

***Corn and soybean spreads tighter driven largely by order flow.***

***Trade focused on weather conditions impact on yield with a barrage of private guesses bantered about. StoneX next customer driven yield / production survey will be released the afternoon of August 31<sup>st</sup>.***

***Interesting historical look at soybean yield changes. In years where NASS increased the soybean yield from the July to Aug there is a strong historical tendency to show another increase into the September report. Need to go back 20 years to find a deviation. That streak ends this year with USDA at 53.3 bpa and a July – Aug 3.5 bpa increase? That 3 .5 bpa increase was also the largest ever seen between those months.***

***Corn basis firm through yesterday but once again flat price strength likely to spur country movement giving the end user some breathing room. Option price basis paid west of DSM and near that level in NC IA.***

***I suspect this rally will turn out to be a short lived one. Trade likely to discount more damage than ultimately occurs nationally. Not a great opportunity but it is one for the producer.***

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