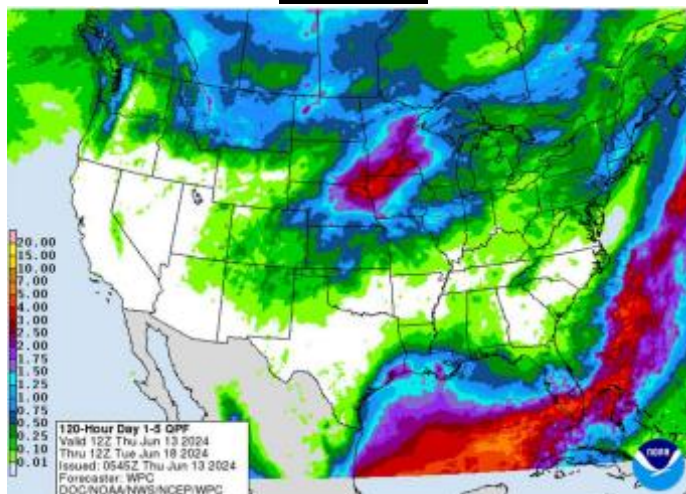


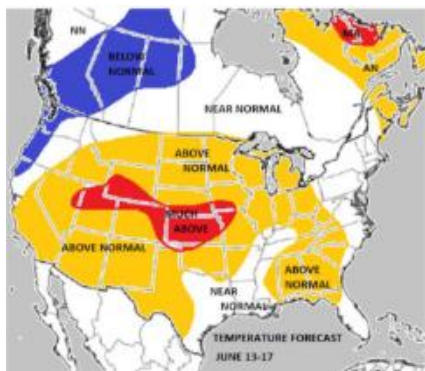
Weather

Dry weather will continue to dominate most of the Mid-South and Southeast in this period. Rains shown for the southeastern half of the Corn Belt will fall mainly over the next 24 hours before that area is dry for the rest of this period (and likely longer). The focus of the best rains and best rain coverage in this period will be on the northwestern Corn Belt, where there will be multiple rounds of significant thunderstorm activity for tomorrow night through the end of this period. The WPC has certainly boosted their rainfall expectations in that area.

Day 1-5 QPF



90-95 degree highs will cover all but far northern parts of the region by Sunday, and once we are to that point it will be above and even much-above-normal temperatures for the rest of the 15-day forecast (which today goes through June 27). On the very warmest days (which will probably be Sunday through about June 19) we will see a sizable part of the Corn Belt region post high temperatures in the middle 90s.



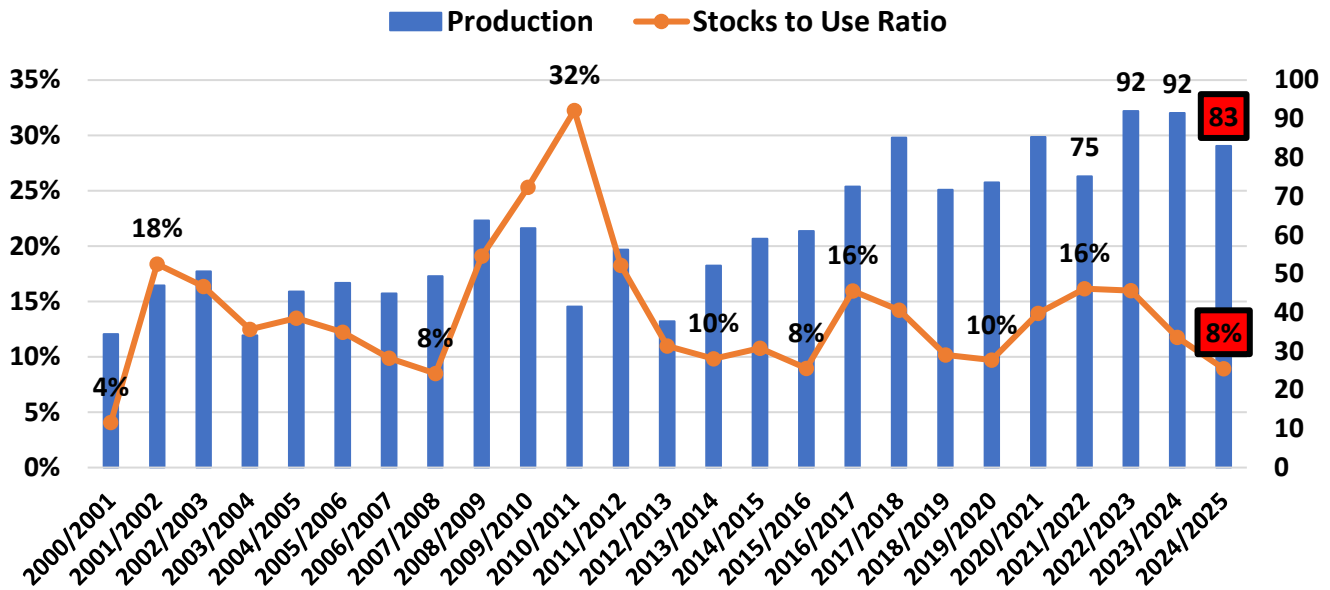
Grains

The June WASDE report was rather uneventful for US crops. USDA left corn unchanged; reduced old crop soybean crush by 10mm bu; increased wheat production by 17mm bu and wheat exports by 25mm bu.

USDA took a patient approach to South American corn production but reduced Brazil soybeans by 1mmt. The largest revisions were in world wheat production where USDA made reductions to Russia wheat (5mmt), EU wheat (3.65mmt) and Ukraine wheat (1.5mmt).

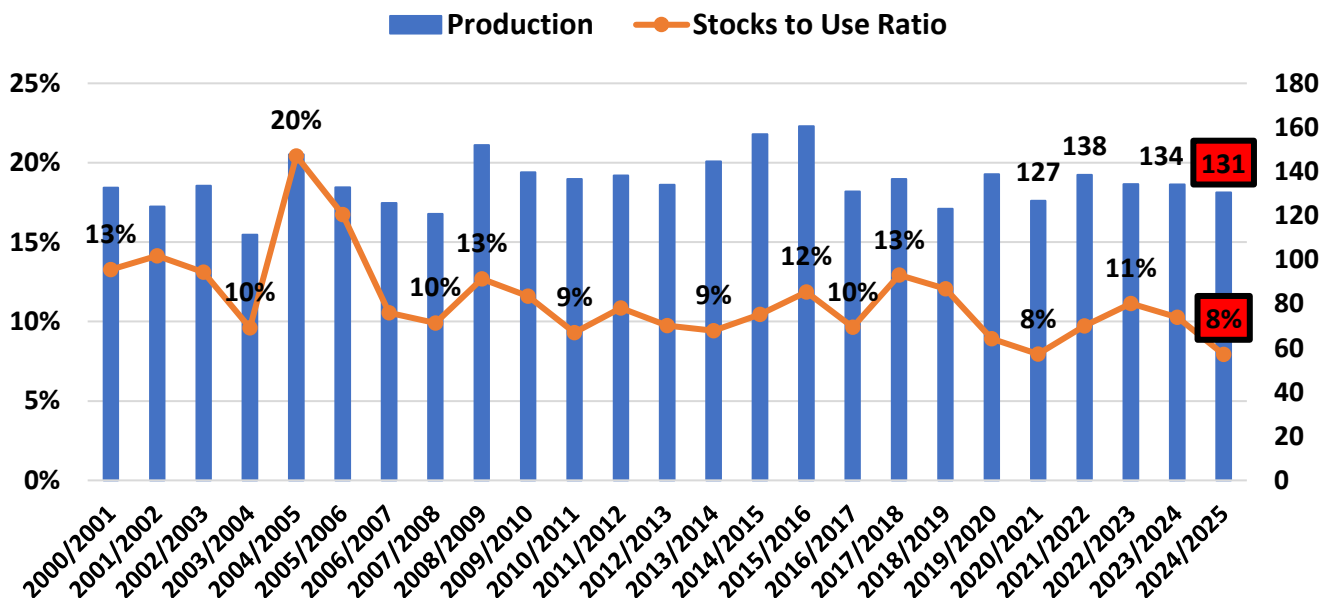
Russia wheat continues to grab headlines due to the ongoing drought and production loss. You'll notice in the chart on the next page that Russia wheat is at its lowest stocks to use ratio ("STU") since the 07/08 crop year. There is additional risk that production will continue to fall from USDA's estimate of 83mmt as private estimate are between 81-82mmt while rumors suggest that 77-80mmt is a possibility.

Russia Wheat Production (MMT) and Stocks to Use Ratio



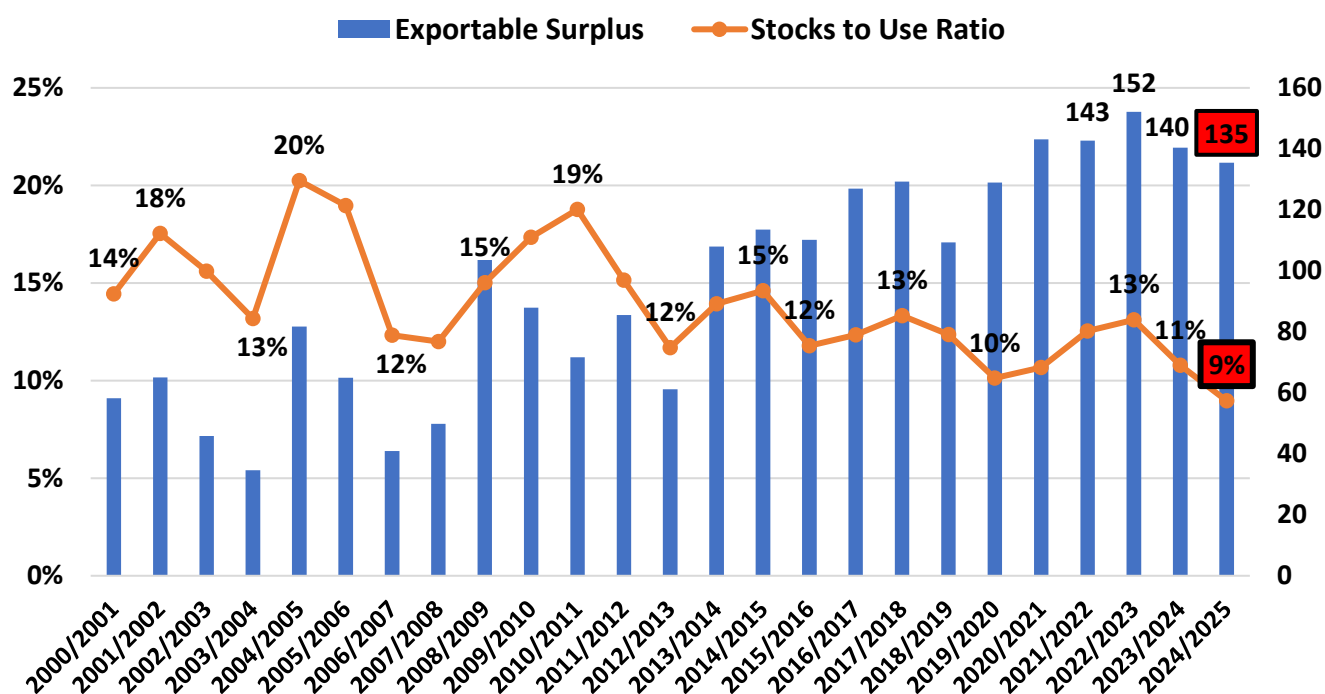
A similar scenario is brewing in EU wheat where STU is at its lowest level in at least the last 25 years. There are rumors that production could continue to fall to ~125mmt which would be a six year low.

EU Wheat Production (MMT) and Stocks to Use Ratio



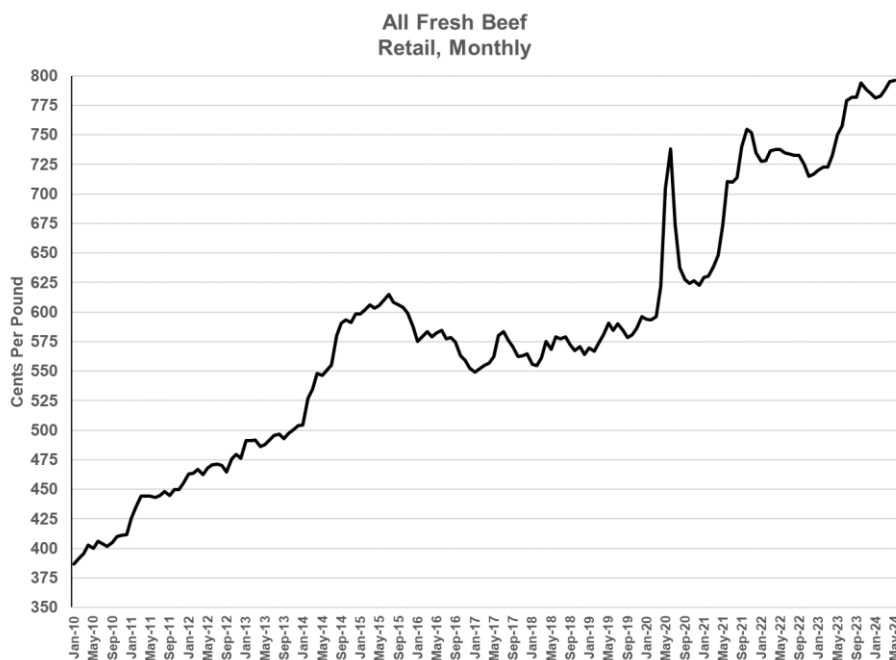
Major wheat exporters (Argentina, Australia, Canada, EU, Russia, Ukraine) STU is at a 24-yr low while exportable surplus is at four year low. Global wheat production losses are tightening the world wheat market and heightened focus should remain on major producing countries. The overall tightness of the wheat market could potentially suggest that recent volatility will continue into the near future.

Major Wheat Exporters Stocks to Use Ratio and Exportable Surplus (MMT)

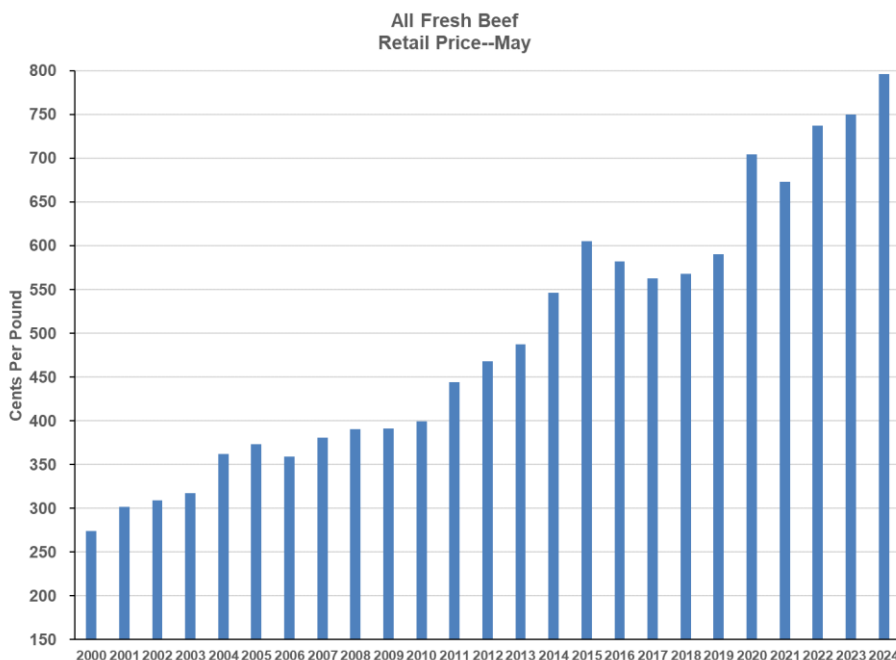


Livestock

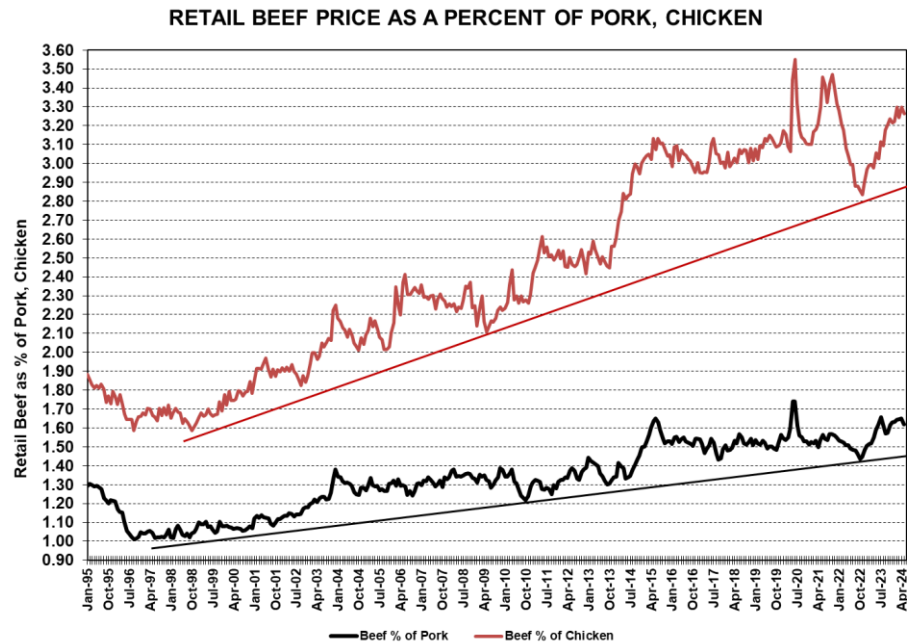
Retail beef prices in May were reported at \$7.96 per pound, only slightly higher than a month earlier, but 6% higher than last year and record high, narrowly eclipsing the previous high posted last fall. Through the first five months of the year, beef prices are more than 8% higher than last year—outstripping the inflation rate and boosting “real” beef prices higher. Those elevated prices will dampen consumer off-take despite the larger fed beef production in recent weeks.



While the steady escalation in beef prices has been a contributor and a beneficiary of still-elevated inflation rates, the rise in “real”, inflation adjusted, beef prices in May were 2.5% higher than last year. And, during the first five months of the year, beef prices have outstripped inflation with “real” beef prices averaging about 4.5% higher than last year.



Besides rising more rapidly than inflation, beef prices are rising more rapidly than either pork or chicken. While May beef prices were not record high in relation to perceived competitors, the May levels were only exceeded by the price spikes during the pandemic which were soon retraced. Along with record high beef prices potentially dampening consumer off-take, the wide price differentials between beef and competing meats also may pose a demand challenge.



Today's Calendar (all times Central)

- Export Sales – 7:30am
- Jobless Claims – 7:30am
- PPI – 7:30am
- EIA Nat Gas Stocks – 9:30am

Thanks for reading.

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