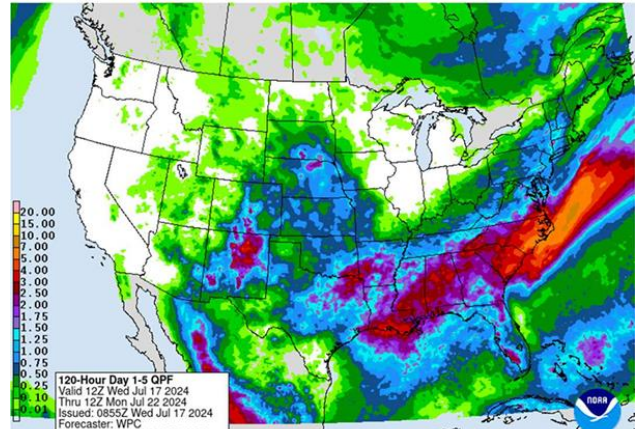


Weather

Dry weather is going to dominate the central/eastern Corn Belt for the next five-day period (if not a day or two longer). Far western areas will see decent rains and will mainly fall for Friday night into Saturday. The “big story” in this period is the beginning of a wet pattern for the Mid-South and Southeast. Some of the rain shown in that area will fall on every day in this period, and thus we are looking at significant totals over the next five days with widespread coverage. Rains can also fall on most every day in this period in the southern Plains, though scattered enough coverage to leave some areas with just light amounts.

Day 1-5 QPF



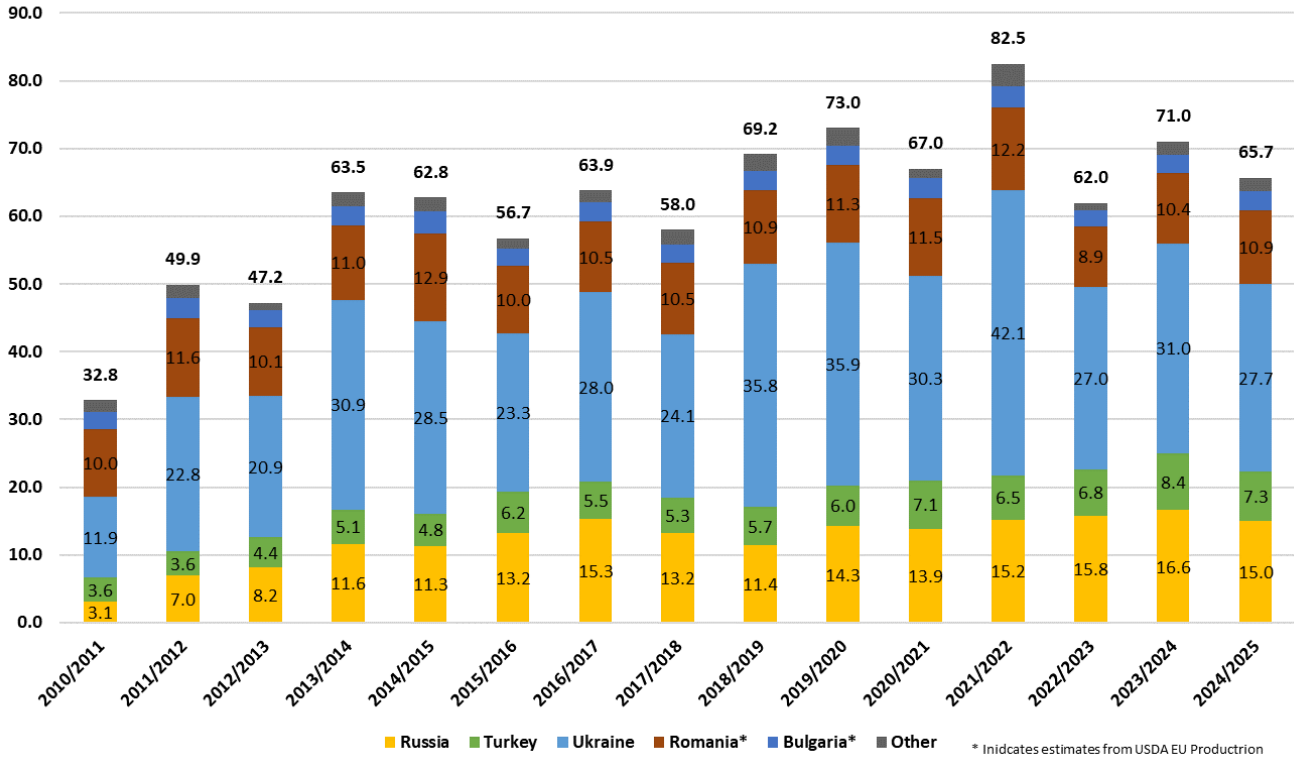
The corn crop will pollinate this year under very favorable temperature conditions (not to mention the lack of dry soil concerns for the bulk of the area as well) as Corn Belt temperatures so far this month are averaging near to below-normal, and temperatures over the next week are forecast to average 5+ degrees below-normal in the vast majority of the Corn Belt. Weather models remain consistent and in complete agreement that above-normal temperatures will return to the area in the 11–15-day period (which today covers the last five days of this month).

Grains

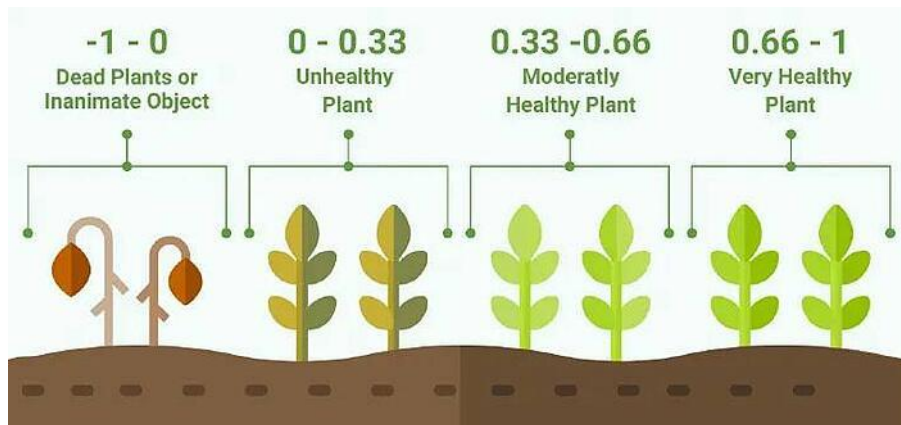
The forecast remains very concerning for Black Sea summer row crops. The 15-day forecast does not show any signs of relief for the corn region in Russia / Ukraine. Temperatures are expected to only be above and much above-normal while precipitation is expected to be below / well-below normal for the duration of the period. Total Black Sea corn production is estimated at ~65mmt by USDA with Ukraine and Russia combining for ~65% of total production. Note for the chart on the following page that Romania and Bulgaria production figures are my estimates based on EU production as USDA doesn't detail individual EU country projections.



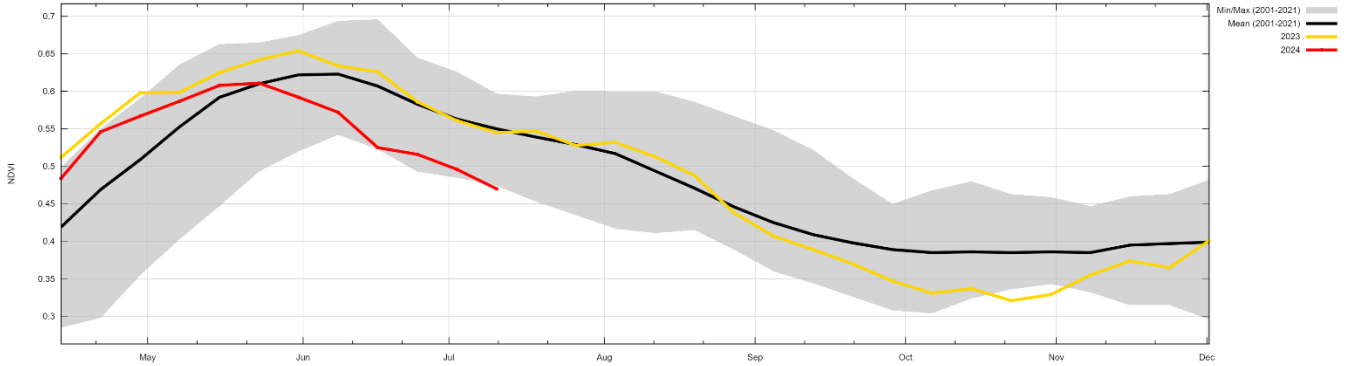
Black Sea Corn Production (MMT)



We are going to do something a little bit different today and review a measure of crop health called NDVI to understand conditions in the Black Sea. NDVI stands for normalized difference vegetation index and measures the health and density of vegetation captured in a satellite image. Healthy vegetation is able to absorb more visible light to use in photosynthesis and reflects near-infrared light. Simply put, NDVI calculates the health of a crop based on how much visible light and near-infrared light it reflects. NDVI ranges from -1 to +1 where healthy plants skew closer to 1 while unhealthy plants skew closer to .33 and below.



If you are still with me, the point that I am trying to make is that NDVI for regions surrounding the Black Sea (isolating crop land) are at the bottom of a 20-year range for this time of the year indicating that crops are really struggling with the heat and lack of moisture.



USDA is projecting Ukraine corn production at 27.7mmt and exports at 24.5mmt. Ukraine doesn't carry material ending stocks meaning that any loss of production will result in a near 1:1 loss of exports which will increase demand for another country. It's unclear if that will be for Brazil, the US, or a different country but Black Sea corn production will be a variable in the marketplace for the remainder of the growing season.

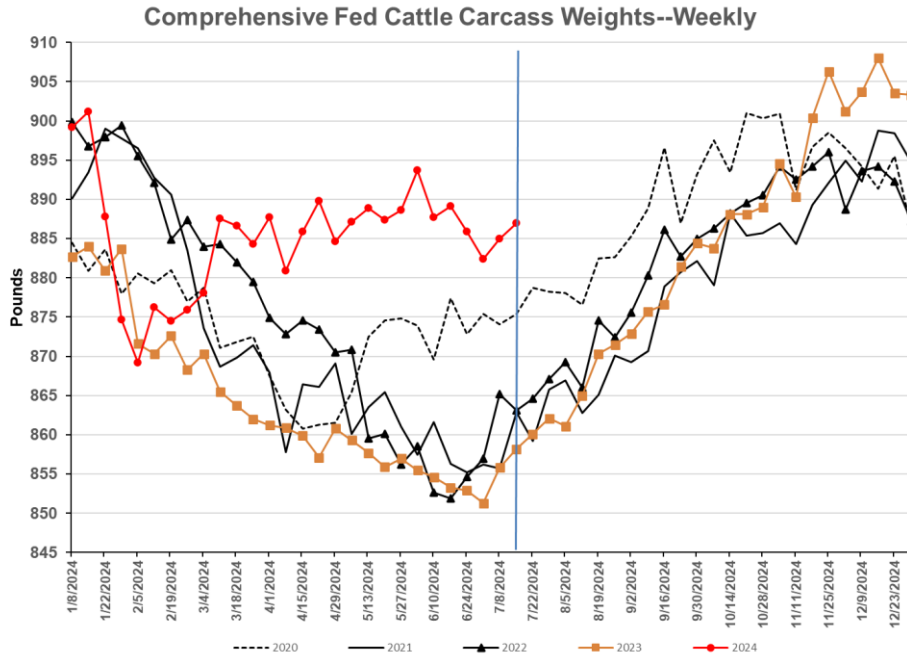
Financials

Gold surged to a record high yesterday and is approaching \$2,500 / ounce. As this is happening, traders are pricing in ~2.5 rate cuts by the end of year as inflation metrics point to cooling towards the targeted inflation rate.



Livestock

After bottoming later than usual and at record heavy levels, comprehensive fed cattle weights have increased the last couple of weeks, adding about 2 pounds last week despite a much larger fed kill than a week earlier. Last week’s average at 887 pounds is about 29 pounds above last year, but a smaller YoY increase than were registered at times during the spring months. Expect weights to continue rising seasonally into the fall, remaining at record levels, but the YoY increase is likely to shrink.



Today’s Calendar (all times Central)

- Housing Starts – 7:30am
- Building Permits – 7:30am
- Industrial Production – 8:15am
- EIA Energy Inventories – 9:30am

Thanks for reading.

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