DAILY MARKET LETTER 9-23-26

Current prices:		
Dec Corn	$5.30 ½	-6
Mar Corn	$5.45 ½	-5 ½
Nov Soybeans	$13.16 ¼	-9 ¼
Jan Soybeans	$13.31 ¾	-9 ½
Dec Meal	$369.5	-1.2
Nov Crude	$90.60	+0.20

US-China Meetings

I want to highlight that the CBOT markets are FULLY expecting some type of ag trade deal this week. Back in April, following Trump's meetings in Beijing, the White house announced China was going to buy $17 billion in US ag goods. Behind the scenes, the administration was telling people this would be a big deal for grain exports. China has never acknowledged this $17 billion agreement. So, the market is absolutely expecting conformation that China will now agree to this $17 billion ag trade deal. And like us, many other people in the market has gone through the numbers and that has to come to the conclusion that this trade deal must include 6-8 million tons of corn and 2-4 million tons of wheat, no way around it. But, yesterday US Trade Rep Greer really through a giant monkey wrench into that equation…. In a press conference, he made two key statements: 1. He stated there is no grand bargain to be made with Beijing, and 2. He stated that China is already fulfilling its agreement and had bought $4 billion of US ag goods so far this year. So, in other words, the trade deal has already been made and China is doing their part. Now the $4 billion is true, if you count all the tree nuts and sausage casings, and cattle hides, and peanuts, and pork scrap meat, etc. But, his whole statement is ridiculous: 1st, he is counting ag purchases made by China before the supposed April trade deal (which is very strange) and 2nd, his stated total is Jan to Jul, 6 months, and the total they have bought is $4 billion, mathematically there is no way to continue that pace and get to $17 billion in 12 months. But, Greer's statements strongly suggest that China is already doing their part. So, this HUGELY questions if this $17 billion will ever happen and if China will ever buy US corn, wheat, cotton, etc. ***NOT WHAT THE MARKET WANTS!***

CORN

Market Outlook: Erratic

The corn market is all dressed up for the dance, but may have no place to go. Speculators have massive record large long positions and if we don't get some positive announcements on trade to China, this thing could be a house of cards. The big meeting will be between Trump and Xi tomorrow. The market will expect some positive news on grain trade. If not, watch out below. It looks like the corn crop Argentina is getting bigger, the one they just got done harvesting. That means they will be huge corn exporters for longer. Argentina's corn exports for September look to be over 2 times bigger than last year. They are pumping corn out. Brazil is still running slow. As for Brazil, they are dry in Mato Grosso, and this may slow down soybean planting. Today it is a concern, but not a huge deal yet. The issue for corn is this: Mato Grosso is the biggest producer of 2nd crop corn, planted after soybean harvest. If the soybean crop is late, then 2nd crop corn is planted late, and that is a bad deal for those corn yields. So, we really need to watch this weather in Brazil the next few weeks. I remain longer term bullish corn, but right now, we have run up to high to fast. Unless we get some impressive trade deal with China, it is hard to argue for higher corn prices the next 1-2 months.

SOYBEANS

Market Outlook: Erratic

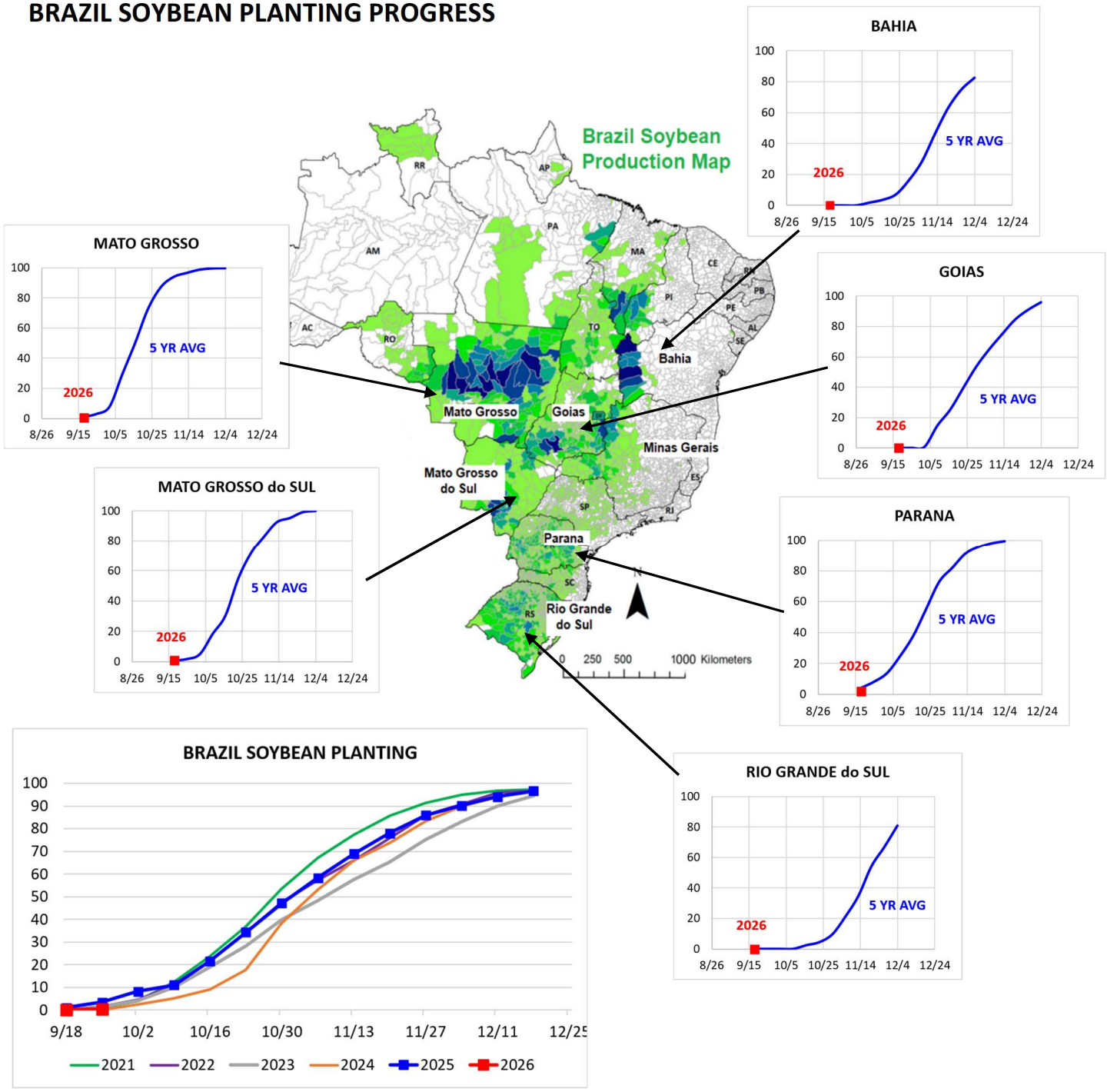
The soybean market is really being knee jerked around this week: 1. We have this China visit and we don't know the outcome, 2. Crush plants in the western Corn Belt are running low in beans and really need new crop harvest to increase crush rates, but rains keep coming, 3. Crude oil is bouncing all over the place and pulling bean oil with it, 4. The market is watching weather in Brazil. We are too wet in Parana and too dry in Mato Grosso and nearby areas. Not critical yet, but certainly not a good start to planting season. I am increasingly in the camp that longer term rallies are to be sold.

Chart of the day: no chart today

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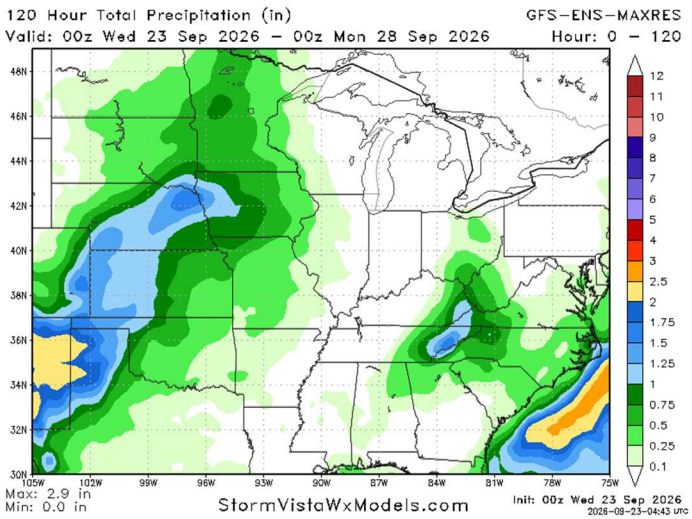
BRAZIL SOYBEAN PLANTING PROGRESS



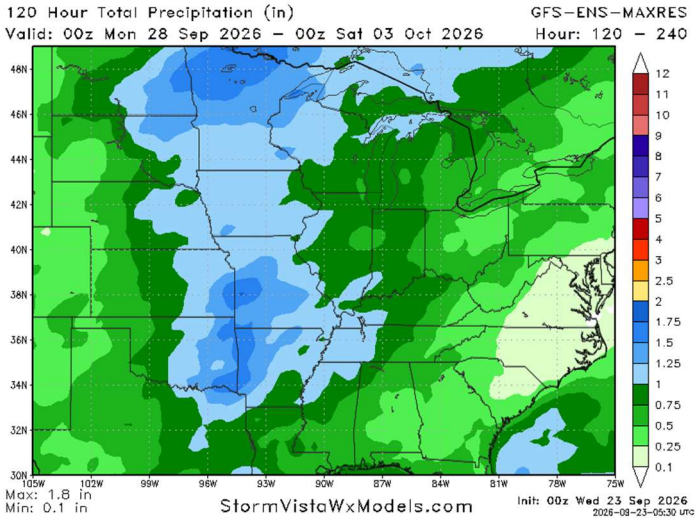
Planting begins in Parana and Mato Grosso 1st, and Rio Grade do Sul and Bahia are the last to plant. Other states are in the middle.

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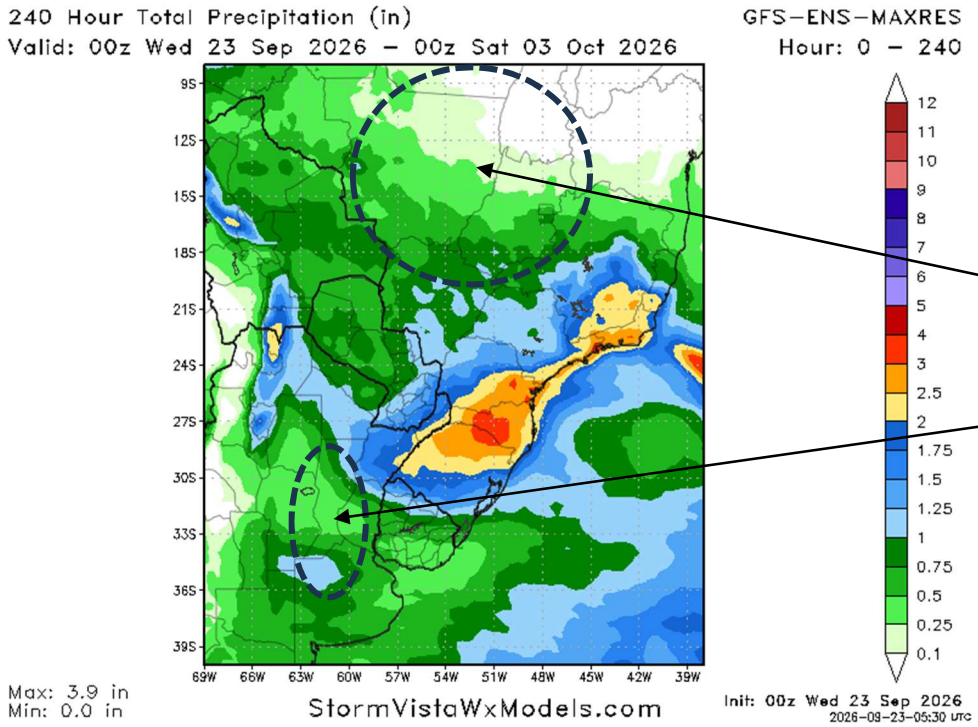
US AG BELT 1-5 DAY PRECIP FORECAST



US AG BELT 6-10 DAY PRECIP FORECAST



S AMERICA 1-10 DAY PRECIP FORECAST



Central Brazil is still DRY, but better rains are coming late next week

And the main Grain Belt in Argentina is getting better rains also.

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