# July 2023 Monthly Commentary

July picked up where June left off, with plenty of volatility and excitement for bulls and bears alike. US summer weather has been a roller coaster of extremes, with extreme dryness (but not much heat) in May and June followed by moderately solid rainfall across much of the growing areas accompanied by a short period of extreme heat in July. Yield ideas have been all over the place this summer due to the ever-changing weather patterns.

Very late in the month of July – and now continuing into early August – most forecasts call for widespread areas of above normal precip and normal to below normal temps for the next several weeks. It now looks like finishing weather will be quite good. The question, of course, is how much damage was done by the historic dryness in May and June. While we won't know for sure just yet, it does appear as if we will have solid production in the US. Corn pollinated in mostly favorable weather, and now finishing weather looks good. Beans have shown they can yield quite well if they just get adequate rains in August. It is beginning to look like yields should be big enough to increase US and world stocks for both corn and beans.

Corn balance sheets actually look burdensome if yield is anywhere close to 175-177 bpa. Export demand is slow with South America in the driver's seat for the foreseeable future. It is quite possible that US corn carryout could exceed 2.5 billion bushels. This suggests price weakness and wide carries unless or until something changes. One thing to watch in both corn and wheat is the Ukraine situation – but that has been more fear than actual US business for quite some time.

Soybean S&Ds do not look quite so burdensome. Low US acreage and better export demand now flowing to the US for Oct-Jan can rid the market of most of the excess. However, this weather pattern still suggests increasing US carryout levels….which probably means the market will have a hard time rallying much.

If yields are truly increasing, the function of the market this fall and winter will probably be to keep adequate export business flowing to the US. The tricky part will be to get the farmers to sell enough at these lower price levels – but even if they are reluctant, their storage will be taxed too, so the bias is for lower prices into fall and winter. Then we await South American production.

Regards,

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August 4, 2023



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