

# MORNING BULLS & BEARS



Wednesday, February 10, 2021

## Upcoming Reports

EIA Report – Wednesday, 9:30 am  
 USDA Export Sales – Thursday, 7:30 am  
 Commitments of Traders – Friday, 2:30 pm

## Macro News

The Federal Reserve’s Main Street Lending Program, which was designed to provide emergency support to midsize U.S. companies during the pandemic, lent out a total \$17.5 billion — or just 3% of its potential capacity — according to data released yesterday by the central bank.

The leaders of Gap, JPMorgan Chase, Lowe’s and Walmart met with President Joe Biden to discuss his \$1.9 trillion proposal and efforts to raise the minimum wage to \$15 an hour.

People may need to get vaccinated against Covid-19 annually over the next several years, Johnson & Johnson CEO Alex Gorsky told CNBC, meaning the jabs could become like seasonal flu shots. Other public health officials and infectious disease experts have said there is a high likelihood that Covid-19 will become an endemic disease, meaning it’ll always be present in the population, but circulating at lower rates, while others think we may have to “live with the virus forever.”

The Biden administration is still considering a rule that would require negative Covid-19 test results for domestic air travel, according to Transportation Secretary Pete Buttigieg and officials with the U.S. Centers for Disease Control and Prevention (CDC). The administration first floated the idea in late January. In an interview with Axios on Sunday, Buttigieg said there is an “active conversation” with the CDC on domestic testing. No details have been released publicly.

## Indices and Futures

Index	Last	Change
Dow Fut	31,431	+0.50%
S&P Fut	3,926	+0.56%
Nasdaq Fut	13,748	+0.50%
Nikkei	29,445	+0.08%
FTSE100	6,494	+0.20%
DAX	14,010	-0.55%
Shanghai	5,807	+2.14%

## Grain News

T-Storm Weather Summary: Occasional t-storms affect central and northern Brazil from late-week forward as cool fronts converge. Southern Brazil and Paraguay receive some t-storms through Sunday as a circulation and cool front pass, but low humidities prevent heavy rain, after which a fairly dry and cool period resumes. Argentina also receives some rain through the weekend in a similar setup, but low humidities associated with coolness limit amounts (with the possible exception of far eastern growing areas), and an extended period of fairly dry and cool weather follows. Most U.S. wheat is or will be protected by snowpack from a severe cold wave over the next 7 to 10 days.

In its monthly balance sheet update yesterday, USDA hiked its 2020-21 Chinese corn import projection by 6.5 MMT to a record-high 24 MMT, a move many in the industry say was long overdue based on export commitments and shipments already on the books. But in a bit of a head scratcher, USDA only raised Chinese corn use by 2 MMT, shifting the remaining 4.5 MMT into ending stocks and pushing global carryover higher than expected. While there has certainly been talk about China rebuilding its corn reserves, record-high corn prices, active reserve auctions and market chatter about shortages seem to paint a tighter Chinese corn stocks picture. Between May and September, China auctioned off 56.84 MMT of mostly 2015 reserve corn. USDA is calling for Chinese corn ending stocks of 196.18 MMT, which would be just a 2% drop from year-ago levels. When China is excluded, global corn stocks are at an eight-year low.

The association of Brazilian grain exporters Anec projects Brazil may export between 6.00 MMT and 7.63 MMT of soybeans during February, which it says compares to shipments of 6.6 MMT last February. But that seems like a stretch considering late planting, rain-delayed harvest and a report from Brazil’s Foreign Trade Secretariat that no soybeans were registered for export the first week of the month. South American Crop Consultant Dr. Michael Cordonnier said Brazil would be lucky to get 3 MMT to 4 MMT of soybeans out the door in February. Anec expects Brazil to ship 534,817 MT of corn this month, which would be nearly a 120,000 MT increase from February 2020.

India exported 336,390 MT of soymeal during January amid a surge in global prices to a 6 1/2-year high. That marked a 484% jump from year-ago levels, fueled by buying from France, Germany Indonesia and Bangladesh, reports the Soybean Processors Association of India. For the first four months of the 2020-21 marketing year, India’s soymeal exports have more than tripled to 950,134 MT, the association reports. Industry officials project India could ship more than 2 MMT of soymeal in 2020-21, more than doubling last season’s 825,000 MT in shipments.

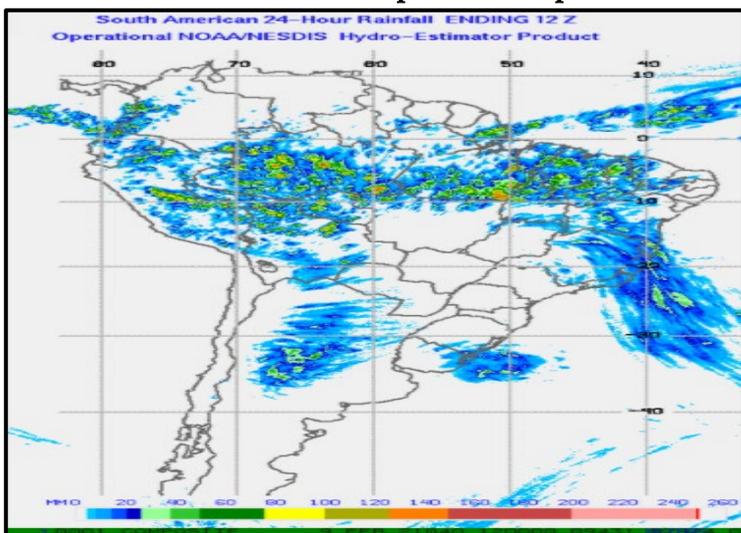
Latvia reported its first case of avian flu. The Baltic country’s veterinarian authorities report highly pathogenic bird flu was found in two dead mute swans on a beach. Latvia had been one of the few European countries free of the virus.

Hong Kong ordered the culling of 3,000 pigs after African swine fever was discovered on a farm in the rural Yuen Long area near its border with China. Several new strains of ASF have been circulating in China. The virus is rare in Hong Kong. Its last outbreak in 2019 stemmed from imported pigs from China and resulted in the culling of 10,000 hogs.

The USDA raised its forecast for Chinese wheat imports in 2020-21 for the sixth consecutive month. The USDA forecast China’s wheat imports in the current marketing year at 10 million tonnes, up 1 million tonnes from the January projection and up 4.62 million tonnes, or 86%, from 5.38 million tonnes in 2020-21. If the forecast is realized, Chinese wheat imports in 2020-21 would be the highest in more than 25 years. “Although most wheat imports allocated toward human consumption, their relatively low import prices compared with China’s domestic corn prices make wheat attractive for feed use in China’s southern region,” the USDA said. “France has been the largest supplier for the first half of 2020-21, with landed prices averaging \$270 per tonne, more than \$160 per tonne lower than domestic corn and \$120 per tonne less than domestic wheat. This price spread continues to support stronger feed use of wheat and spur imports.”

Private exporters reported to the U.S. Department of Agriculture cancellations export sales of 132,000 metric tons of corn for delivery to unknown destinations during the 2020/2021 marketing year.

## 24-Hour Past Precipitation Map



## Chart of the Day

