



Monday, February 8, 2021

## Upcoming Reports

Export Inspections – Today, 10:00 am  
 USDA WASD – Tomorrow, 11:00 am  
 EIA Report – Wednesday, 9:30 am  
 USDA Export Sales – Thursday, 7:30 am  
 Commitments of Traders – Friday, 2:30 pm

## Indices and Futures

Index	Last	Change
Dow Fut	30,364	+0.83%
S&P Fut	3,799	+0.90%
Nasdaq Fut	13,353	+0.88%
Nikkei	28,360	+0.21%
FTSE100	6,460	+0.62%
DAX	13,756	+0.95%
Shanghai	5,501	+1.54%

## Macro News

Items on tap this hectic week include the start of the Senate trial regarding former President Donald Trump, USDA's Tuesday updates on supply and demand, and continued backroom and late-in-the-week committee action on the next Covid aid package. Treasury Secretary Janet Yellen said Sunday that she supports President Joe Biden's \$1.9-trillion stimulus package. His proposal includes a new round of \$1,400 stimulus checks (possibly to those making under \$50,000 a year), enhanced unemployment benefits worth \$400 per week, \$350 billion for states and local governments, \$15 billion for small businesses, \$30 billion in rental assistance, and \$20 billion for vaccine distribution, among other provisions. House Democrats say they plan to pass the package by late February, clearing the way for Senate consideration ahead of the March expiration of federal unemployment benefits.

The U.S. and China will experience "extreme competition" on the global economic stage but will not be drawn into direct conflict with one another, Biden said on Sunday in an interview that aired on CBS's Face the Nation. Biden said there was no reason for the U.S. and China to be drawn into war, but that the two superpowers would likely collide economically for years to come. "The question is, I've said to [China's President Xi Jinping] all along, that we need not have a conflict," Biden told CBS. "But there's gonna be extreme competition. And I'm not going to do it the way that he knows," the president continued, referring to the approach taken towards China by the Trump administration. "We're gonna focus on international rules of the road," Biden continued. Biden explained why he hasn't called Xi two weeks into his administration. "Well, we haven't had occasion to talk to one another yet," Biden said, adding, "There's no reason not to call him."

## Grain News

T-Storm Weather Summary: In Brazil, t-storms occasionally dot the central and north over the next two weeks, but not until Thu.-Fri. forward in southern areas of Goiás-Mato Grosso where harvesting and planting have the best opportunity to advance. Some t-storms affect Argentina and southern Brazil at times, but most areas are probable to be drier and cooler than normal over the next two weeks as low humidities limit coverage in Argentina, while best rains in southern Brazil are limited to a cool front Sat.-Sun. The central U.S. experiences its coldest February since at least 2014 or 1979 as a severe cold wave continues over the next 7 to 10 days, accompanied by occasional snow.

Drier weather in parts of Brazil's Center-West allowed the 2020/2021 soybean harvest to gather momentum last week after disruptions caused by excessive rainfall, according to an agribusiness consultancy. As of Feb. 4, Brazilian farmers had managed to double the area harvested to 4%, from 2% in the previous week. Yet harvesting is still way behind historical averages for this time of the season. Last year, farmers had reaped 16% of the cultivated area at around this time. Because of planting delays and the rains that have recently disrupted work in top grain states like Mato Grosso, the pace of harvesting is the slowest in 10 years. The situation reduced product availability and shipment of soybeans via Brazil's main ports, giving an edge to soy farmers in rival exporters such as the United States.

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A million doses are set to be delivered directly to 6,500 stores this week, kicking off the first phase of the Biden administration's program in which major chains such as CVS and Walgreens will aim to administer 10s of millions of shots a month. Pfizer expects to nearly cut in half the amount of time it takes to produce a batch of Covid-19 vaccine from 110 days to an average of 60 as it makes the process more efficient and production is built out, the company told USA Today. Also of note, a small clinical trial in South Africa found that AstraZeneca's Covid-19 vaccine doesn't appear to protect recipients against mild and moderate illness from the new strain of the virus first detected in the country.

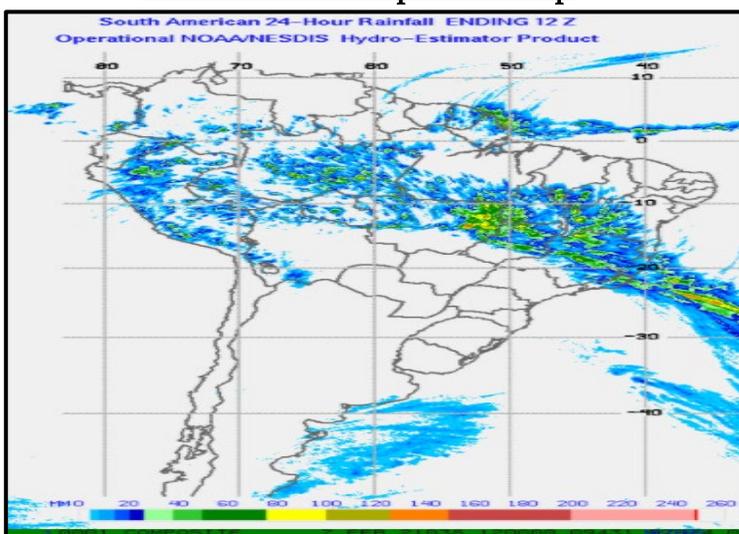
Reuters and others have recently reported on the spread of new strains of African swine fever (ASF) within China, as well as an uptick in other diseases like porcine epidemic diarrhea virus (PEDV) and foot-and-mouth disease. So far, the Chinese government has not acknowledged the reports and is still calling for a full recovery in China's hog herd the first half of 2021. But COFCO Futures Analyst Xiong Kuan in a report issued yesterday said, "The damage caused by the epidemic this winter was much more serious than last year." Xiong estimated 20% of sows in northern China have been impacted by swine fever in recent months and up to 30% in some parts of the south. Also of note, Hua'an Futures said data from Yongyi Consulting signals that stocks of breeding sows were down 1.68% in December and 4.99% in January and were still 37% lower than before ASF emerged. Chinese hog futures shot 4.1% higher today to its highest price since debuting on the Dalian Commodity Exchange last month amid increased reports about disease.

Vietnam has culled more than 100,000 poultry this year as it struggles to contain bird flu. It is dealing with both an H5N1 and an H5N6 strain of bird flu. This is still just a fraction of a percent of the country's 460 million bird-flock, but the country has warned, "the risk for the outbreaks to spread on a larger scale is very high."

The U.S. has banned imports from two Malaysian palm oil producers—FGV Holdings and Slime Darby Plantation—over allegations they used forced labor. Four sources cited by Reuters report General Mills has issued global "no buy orders" for both countries, with other buyers in the U.S. as well as Europe, Australia and Japan also requesting a cutback or cutoff on palm oil from those countries. The companies are some of the world's biggest palm oil producers. A number of companies, including Hershey, Nestle, and Unilever had banned purchases from FGV since 2018 following watchdog reports about labor practices at the company. Slime Darby is the world's largest producer of RSPO-certified sustainable palm oil, which has some companies moving slowly to shun the company. It could be difficult to replace, so some are waiting for proof of the allegations from the U.S. Customs and Border Protection. The U.S. accounts for just 3% of Malaysia's palm oil exports.

Brent crude, the global benchmark, is now over \$60 a barrel, just about where it was in early 2020. At that point last year, it was not yet clear that Covid-19 would become a deadly pandemic that would cause global growth to crater, eventually sending crude oil prices plunging into negative territory. In response to plummeting prices, oil producing countries cut supply and vast reserves piled up. Since last spring, OPEC and its allies, including Russia, have cut production by a total of 2.1 billion barrels, the oil cartel said last week. Oil prices are also rising because of the same dynamic causing those reserves to be depleted: Overall economic growth, combined with a relatively rosy outlook for economic activity in what is assumed to be a stimulus-fueled back-half of 2021 is pushing oil higher.

## 24-Hour Past Precipitation Map



## Chart of the Day

