

# MORNING BULLS & BEARS



Friday, February 5, 2021

## Upcoming Reports

Commitments of Traders – Today, 2:30 pm

## Indices and Futures

Index	Last	Change
Dow Fut	31,063	+0.37%
S&P Fut	3,878	+0.36%
Nasdaq Fut	13,589	+0.42%
Nikkei	28,445	+0.31%
FTSE100	6,445	-0.09%
DAX	14,079	+0.26%
Shanghai	5,483	+0.17%

## Grain News

**T-Storm Weather Summary:** In Brazil, the wettest period of the season is probable in the central and north over the next 10 to 14 days as a cool front is loosely held in place by areas of high pressure, causing scattered to heavy t-storms to form in varying areas each day. Southern Brazil will be cool and dry over the next five to seven days, followed by some t-storms, but potentially excluding Rio Grande do Sul. Some rain is probable in Argentina, but models are mixed with amounts over the next two weeks; we are forecasting ~1.00" based on expectations of low humidities to limit amounts. In the U.S., a historic pattern change to extreme cold is underway and lasts through mid-month.

CME raised corn maintenance margins from \$1,400 a contract to \$1,500 per contract, a jump of 7.1%, for March. It also raised margins on wheat futures by \$100 (5.6%) to \$1,900 per contract. Initial margins rates will be 110% of these levels. The new margins take effect after today's close.

When asked whether Argentina's government might raise taxes on food exports during a local radio interview, the president's Deputy Chief of Staff Cecilia Todesca said, "I do not rule out anything," adding that the government doesn't have that many tools "and we have to use everything we have." A recession beginning in 2018 followed by the Covid-19 pandemic have hit the country hard and shot consumer prices 36% higher in 2020. Todesca says President Alberto Fernandez's goal was to talk with farmers and agro-exporters to find methods that avoid sharp increases in domestic food prices. In January, Argentine's government made several attempts to limit corn exports but later ditched plans when they sparked farmer protests.

A lack of rain during corn planting in December has led the Buenos Aires Grains Exchange (BAGE) to reduce its outlook for the country's upcoming harvest by 1 million mt to 46 million mt, the exchange said in its weekly update on Thursday. If realized, it would be an 8% decline versus 2019/20 production, which BAGE estimated at 50 million mt. USDA currently estimates Argentina corn production at 47.5 million mt

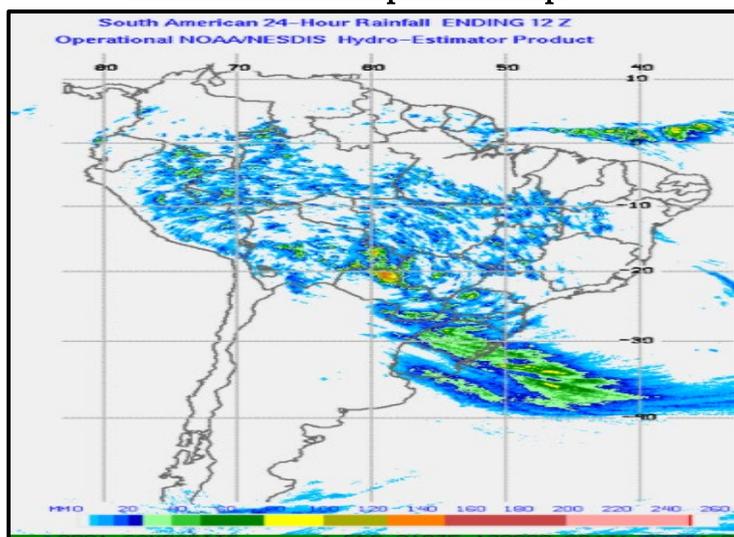
The UN FAO's new forecast for world cereal stocks stands at 802 MMT, down as much as 64.3 MMT from December and 17.8 MMT (2.2%) from their opening levels, marking the smallest level in five years. The world stocks-to-use ratio of cereals would decline to a seven-year low of 28.3% in 2020-21. Following this month's downward revision of 66.6 MMT (concerning mostly corn inventories and to a lesser extent also stocks of sorghum and other coarse grains), world coarse grain stocks will likely fall by 25 MMT (6.9%) from their opening levels, to reach 336 MMT. FAO said the year-on-year contraction stems from a 54-MMT downward adjustment to corn inventories in China, which are now pegged at around 139 MMT. FAO also trimmed corn inventory forecasts for Argentina, the EU, India and especially the U.S. FAO said China's large corn imports prompted further review of its corn balance sheet for the country.

Chinese researchers say they have found a natural mutation of the African swine fever virus that may be less deadly than the one that decimated China's herd in 2018 and 2019. There have recently been reports about a new strain of ASF spreading again in China and resulting in fewer healthy piglets per litter, with use of illegal vaccines being blamed. The researchers at the Military Veterinary Institute said there appeared to be a growing trend of lower mortality from ASF with more clinical symptoms that are not easy to detect and difficult to control, similar to reports about cases reportedly stemming from the vaccines.

China's ag ministry confirmed it has detected H5N8 bird flu within its wild bird population. The case occurred in eastern Jiangsu province. Many Asian nations and Europe have been dealing with avian flu since late fall. Australia has also reported a case of H5N8 bird flu in its wild swan population. Also, India reports bird flu has now spread across 14 of its states and regions.

Private exporters reported to the U.S. Department of Agriculture export sales of 101,600 metric tons of corn for delivery to unknown destinations during the 2020/2021 marketing year.

## 24-Hour Past Precipitation Map



## Chart of the Day

