

# MORNING BULLS & BEARS



Thursday, March 25, 2021

## Upcoming Reports

USDA Export Sales – Today, 7:30 am  
Commitments of Traders – Friday, 2:30 pm

## Indices and Futures

Index	Last	Change
Dow Fut	32,154	-0.50%
S&P Fut	3,860	-0.50%
Nasdaq Fut	12,714	-0.60%
Nikkei	28,520	+0.56%
FTSE100	6,571	-1.35%
DAX	14,438	-1.20%
Shanghai	4,926	-0.05%

## Macro News

The cargo ship Ever Given remains stranded in the Suez Canal, with the 400-meter, 224,000-MT vessel continuing to block traffic for dozens of ships carrying crude oil, energy products and consumer goods unable to transit the waterway connect. According to reports, there are more than 20 tankers carrying crude oil and refined products along with at least even liquefied natural gas (LNG) tankers and more than a dozen container ships that have been affected with more waiting in the Mediterranean Sea. The Suez Canal has temporarily suspended traffic due to efforts to dislodge the ship that ran aground in the Canal Tuesday. At least eight tugs have been working to free the ship from the waterway, according to the Suez Canal Authority.

Fourteen states filed suit Wednesday on the Biden administration's pause on oil and gas leasing on federal lands and waters. Thirteen states, including Alabama, Alaska, Arkansas, Georgia, Louisiana, Mississippi, Missouri, Montana, Nebraska, Oklahoma, Texas, Utah and West Virginia filed in federal court in Louisiana while Wyoming filed its own suit in a federal court in that state. The Interior Department is to launch a review today of its oil and gas leasing program to determine if the administration will permanently halt new leases.

The Federal Reserve anticipates that the Covid-19 vaccination campaign and trillions of dollars of fiscal stimulus will propel the U.S. economy to its fastest expansion in more than 30 years. That is piling pressure on the globe-spanning supply chains that multinationals rely on to make everything from exercise bikes to furniture. In a series of surveys around the world released Wednesday, manufacturers reported lengthening delivery times for raw materials and other inputs, rising production backlogs and a sharp pickup in input prices.

## Grain News

Weather Summary: Last evening's GFS model run remained mostly consistent with the midday GFS model and forecast confidence remains high for South America. Argentina's environment will still be favorable in most areas for late season crop development and most of the nation will receive meaningful rain tonight through Saturday followed by a period of drier conditions which will favor fieldwork advancement. Net drying in much of Brazil through the end of March, excluding the far south, will still benefit fieldwork advancement but also raise concern of crop moisture stress. Some shower and thunderstorm activity will return to drier areas of Brazil in early April but with resulting moisture below normal.

Heavy rains in eastern Australia have caused the worst floods in more than half a century, submerging houses, wiping out roads and bridges, sweeping away livestock and destroying cotton crops just ahead of harvest. But the silver lining of the heavy rain and destructive flooding is that they have primed soils for winter wheat planting. "It is very, very unlikely that we will get a bad national crop now," said Phin Ziebell, agribusiness economist at National Australia Bank. "With the amount of moisture in the soil, we are locked in for at least an average year and possibly better."

Argentine soybean production could experience a decline of 2 million mt if the drought conditions continue, a study by the Buenos Aires Grains Exchange (BAGE) has concluded. The exchange noted that, under this scenario, soybean production would fall to 42 million mt in the 2020/21 crop cycle, down nearly 5% from the current estimate of 44 million mt, which itself has already been revised down from earlier more optimistic outlooks. BAGE had initially estimated soybean production of 46.5 million mt at the beginning of the campaign, with even that a 5% fall compared to production of 49 million mt in the previous cycle. The deteriorating scenario is due to persistent drought conditions across the country, and will have a knock on effect for the country's soybean crushing and exports outlooks, BAGE warned.

The Department of Justice (DOJ) said the U.S. Supreme Court should uphold the decision by the U.S. Court of Appeals for the 10th Circuit that said EPA overstepped its authority when it granted small refinery exemptions (SREs) to three refiners for the 2016 compliance year. The court ruled the SREs should have only been made available to those refiners that had continuously received them previously. "By providing an initial, 'temporary' exemption that can be extended only under specified circumstances, Congress struck a sensible balance, giving small refineries time to develop compliance strategies while maintaining the ultimate goal of universal compliance," the filing from the DOJ and EPA said. Filings by the Renewable Fuels Association (RFA) and others echoed that view. The Supreme Court will hear arguments in the case April 27.

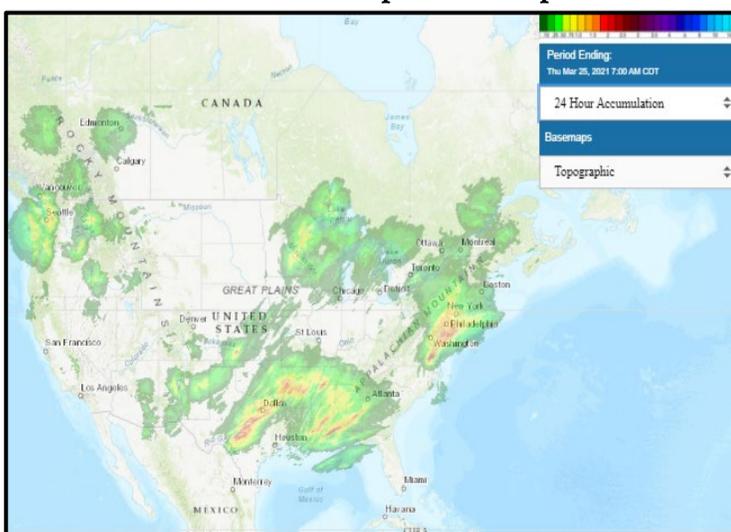
USDA Secretary Tom Vilsack said he received assurances from his Chinese counterpart this week that the country has the spread of African swine fever (ASF) "under control," but Vilsack said the situation is likely not that upbeat or simple. "I suspect that what we have is a situation where there are probably some hot spots that are taking place in China," Vilsack told members of the National Association of Farm Broadcasting. "They don't have it totally under control, but I don't think it's anywhere near as devastating as it was six or nine months ago."

The world's thirst for gasoline isn't likely to return to pre-pandemic levels, the International Energy Agency forecast, calling a peak for the fuel that has powered personal transportation for more than a century. The Paris-based energy watchdog, in its closely followed five-year forecast, said an accelerating global shift toward electric vehicles, along with increasing fuel efficiency among gasoline-powered fleets, will more than outweigh demand growth from developing countries. The forecast comes as auto makers have pivoted recently to boost their EV fleets, after years of industry skepticism about whether car buyers would ever embrace fully electric models. General Motors Co. said it would stop selling gas-powered vehicles by 2035. Volvo Cars of Sweden has said it would be all-electric by 2030. Some 60 million electric vehicles will be on the roads world-wide by 2026, the IEA said, up from 7.2 million in 2019. The agency tracks EV trends as a signal for gasoline and crude-oil demand.

Traders are waiting for the USDA March Prospective Plantings and March 1 Grain Stocks report scheduled for release on March 31st.

Private exporters reported to the U.S. Department of Agriculture export sales of 111,000 metric tons of corn for delivery to Japan during the 2020/2021 marketing year.

## 24-Hour Precipitation Map



## Chart of the Day

