



Friday, March 19, 2021

Upcoming Reports

Commitments of Traders –Friday, 2:30 pm

Indices and Futures

Index	Last	Change
Dow Fut	32,090	+0.12%
S&P Fut	3,927	+0.26%
Nasdaq Fut	12,872	+0.60%
Nikkei	29,405	-1.19%
FTSE100	6,710	-1.05%
DAX	14,686	-0.70%
Shanghai	5,007	-2.62%

Macro News

U.S. Secretary of State Antony Blinken in opening the U.S./China talks Thursday detailed Washington’s problems with China, citing cyberattacks, China’s crackdown on Hong Kong and threats against Taiwan. These activities, he said, “threaten the rules-based order that maintains global stability.” Yang Jiechi, a member of the Communist Party’s ruling body, responded that the U.S. should examine its problems with racism and stop promoting its version of democracy around the world. “The United States does not represent international public opinion and neither does the western world,” said Yang in a quarter-hour-long statement. Blinken answered by saying that while the U.S. “is not perfect,” it deals with its challenges openly. As reporters were being ushered from the room, Yang called for them to wait and protested the comments, waving his finger and saying the American officials were speaking in a condescending manner.

The European Union’s health agency said the Covid-19 vaccine produced by AstraZeneca PLC was “safe and effective” and didn’t increase the risk of blood clots, a decision that prompted France, Italy, Spain and Portugal to say they would resume inoculation campaigns. Meanwhile, the Biden administration plans to send millions of doses of the AstraZeneca Covid-19 vaccine to Mexico and Canada, a development that comes as the U.S. faces a surge of migrants at the southern border with Mexico. The U.S. plans to loan 2.5 million doses of the AstraZeneca vaccine Mexico and 1.5 million to Canada, White House Press Secretary Jen Psaki confirmed. The vaccine has not been authorized for emergency use in the United States.

Grain News

Weather Summary: In Argentina, last evening’s GFS model run showed a notable reduction in rainfall across the southern half of the nation March 26 – 30. In Brazil, much of the nation is still expected to trend drier into next week with the exception of the far south. This will still benefit soybean harvesting and Safrinha corn planting.

Argentina’s Buenos Aires Grains Exchange says that this week’s rains “prevented further deterioration of the crop,” but it noted that most of the central farm region and Uruguay will “see little to no rain” next week. The exchange also observed, “the general condition of the soy crop is uneven, due to the irregularity of the rains, both in coverage and in millimeters.” Last week, the exchange lowered its soybean crop forecast to 44 MMT and its corn crop projection to 45 MMT.

This morning, workers at Argentina’s Rosario grain port hub will start a 24-hour strike, protesting layoffs at one of the companies in the sector, according to Pablo Reguera, secretary at the local CGT labor umbrella group. Around 80% of Argentina’s farm exports are shipped out of Rosario. Such protests are common in South America and typically have limited impact.

China will likely import a record 100 MMT of soybeans in 2021-22 and 99 MMT in 2020-21, “reflecting a steady recovery in feed demand from the livestock and poultry sectors,” a U.S. ag attaché in the country says. China’s soybean production is expected to hold steady at 18.6 MMT. Therefore, the post says, “China will continue to rely on oilseed imports from Brazil, the United States, Argentina, and Canada to meet [growing oilseed] demand.”

The past three days, USDA has announced 3.076 MMT of daily old-crop corn sales to China, but the market has largely ignored the huge sales, signaling the news may already have been “in the market.” Foreign companies can skirt USDA daily reporting requirements by using U.S. trading arms to complete domestic deals with the intention of eventually transferring ownership, and speculation is that was the case with the recent business. The timing of the announcements may also have a political tinge, as high-level U.S. and Chinese officials met in Alaska for an exchange of views yesterday with those talks continuing today.

The House passed two immigration bills largely along party lines that would provide a citizenship path for illegal immigrants and legal status for immigrant farmworkers. The American Dream and Promise Act would offer a pathway to citizenship to those who entered the country illegally as children (a.k.a. “Dreamers”) and are currently living here. The Farm Workforce Modernization Act, would provide illegal immigrant agricultural workers a path to legal status, and make the H-2A guestworker program more flexible for employers. The bills face steep odds in the evenly divided Senate.

Russia’s weekly wheat exports fell to the lowest levels since July 2020 in the week ending March 11, while corn and barley exports accelerated ahead of a change in export taxes, data from the state food watchdog has shown. Wheat exports during the week accounted to just 100,000 mt, taking the total figure since July 1 to 34.5 million mt, 28% higher compared to the same period last year. Russia’s typical main wheat buyers, Egypt and Turkey, were notably absent from the line up during the week. Russian corn exports again doubled to 400,000 mt, the highest weekly amount during the 2020/21 marketing year, as exporters tried to load as much as possible ahead of the arrival of a €25/mt tax, starting from March 15. Total corn exports have now reached 2.3 million mt.

The China’s Ministry of Agriculture projected confidently in December that it largely had the ASF virus under control and that its pig and sow herds would be fully recovered by the first half of 2021. Reported outbreaks of ASF in China have risen over the past several months, with new outbreaks reportedly occurring in at least five separate provinces. Contributing to the rise in outbreaks have been new mutant variants of the virus. Two specific strains that have recently been detected reportedly are less virulent than previous strains, which makes them more difficult to detect and thus easier to spread between pigs because the disease goes undetected, making it even harder to control ASF. USDA Post is reporting ending stocks numbers much more closely aligned with official Chinese government numbers. When comparing the 2021 forecast with pre-ASF levels in 2018, the official USDA number for beginning stocks shows a 23% decline, while Post is reporting just an 8% decline. Total pig crop for the year is estimated to be down 21% by USDA but Post only shows a 5% decline. When looking at where 2021 ending stocks will fall, USDA is reporting a 5% decline from 2018, while Post is actually reporting a full recovery with ending stocks 5% above the end of 2018. The point in examining these differences is not to paint one side as right or wrong, but rather to highlight how difficult it is to know for sure where the recovery is.

Private exporters reported to the U.S. Department of Agriculture export sales of 800,000 metric tons of corn for delivery to China during the 2020/2021 marketing year.

24-Hour Precipitation Map

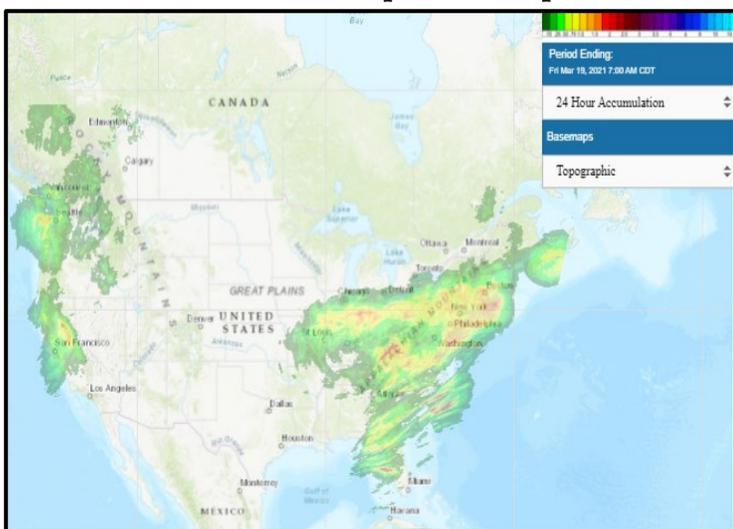


Chart of the Day

