

MORNING BULLS & BEARS



Thursday, March 18, 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	33,021	+0.13%
S&P Fut	3,947	-0.62%
Nasdaq Fut	12,992	-1.58%
Nikkei	29,965	+0.42%
FTSE100	6,708	-0.19%
DAX	14,726	+0.93%
Shanghai	5,1042	+0.80%

Grain News

T-Storm Weather Summary: Scattered t-storms occasionally affect central / northern Argentina and far southern Brazil over the next 10 to 14 days as a series of systems produce near- and above-normal (more rain is likely still needed for soybeans). Conversely, southern Argentina will be south of main storm track, likely leaving ~25% of Argentina soybeans mainly dry. T-storms will be much less frequent in key second-corn areas of Brazil from this weekend into early-April as areas of upper-level high pressure occasionally form (as is normal of the climate). The U.S. remains stormy as a wide area continues to turn wetter (including most winter wheat) in advance of planting season.

Historically dry conditions in Brazil last year led to a slow soybean planting pace. Late soybean sowing alone does not always mean the corn crop will be planted just as late, but rains have hampered the bean harvest, worsening the delays for the second corn sowing that immediately follows. However, Brazil's official statistics body, Conab, remains upbeat on the harvest prospects. The agency on Thursday increased the country's total corn crop to 108.1 million tonnes from the previous forecast of 105.5 million. That included a jump of 2.7 million tonnes for the second corn crop, which is still being planted, to 82.8 million tonnes on both area and yield increases. Conab also lifted Brazil's soy harvest by 1% to a record 135.1 million tonnes.

China imported 1.78 MMT of corn during February, a dramatic 557% surge from year-ago levels, according to Chinese customs data. Just two months into 2021, China has imported 4.8 MMT of the grain, a 414% surge from year-ago and representing two-thirds of its 7.2 MMT low tariff rate quota (TRQ) for all of 2021. The country also imported 990,000 MT of wheat during February, a 189% surge from year-ago, with year-to-date exports of the grain now at 2.48 MMT, up 265% from 2020 at this time. That represents a quarter of the country's 9.636 MMT TRQ for wheat in 2021. The country's cumulative imports of sorghum (1.4 MMT) and barley (1.32 MMT) have also soared 366% and 79%, respectively, relative to last year at this point.

China's ag ministry sent a document to animal feed producers and other government departments outlining plans for nutrition experts to develop guidelines on ways to replace corn and soymeal with alternative grains, three industry sources familiar with the matter told Reuters. China's animal nutrition committee is expected to submit a plan to the ag ministry's animal husbandry and veterinary bureau by March 31, with that bureau expected to review and approve a plan by April 10. At that point, the plan that's intended to promote greater use of rice, wheat and other meals in feed rations will be released to the public. Today's news paired with record-high corn prices within China and aggressive Chinese imports of corn signal the country likely has a bigger supply gap than it has let on. China has purchased more than 21 MMT of corn from the U.S. alone this marketing year. This also comes in the midst of China's efforts to rebuild its hog herd after it was slashed by African swine fever (ASF) and amid the country's growing push to improve food security.

China's sow herd edged 1% higher from January to February, with the herd now up 34.1% from year-ago, the country's ag ministry said Thursday. The ministry also said that the country's total sow herd had reached 95% of their levels at the end of 2017, before ASF hit, and that its total hog inventories remains above 400 million head. Reports of a resurgence of ASF within China holding back its rebuilding efforts have increased attention on such updates and made some a bit suspicious of China's numbers. Shandong-based Yongyi Consulting has estimated that the sow herd has been declining each month since December, including a 4.99% fall in January and a 4.68% decline in February. Surveys conducted by the My Ag Commodities site show sow numbers fell about 3% to 4% each month in January-February 2021 as hog production capacity suffered losses to varying degrees in regions across China. Dim Sums: Rural China Economics and Policy also notes a resurgence of ASF this winter interrupted the country's hog industry rebound.

Russia is considering hiking its export tax on sunflower seeds, rapeseed, soybeans and flaxseed to 50%, with the minimum duty jumping 320 euros (\$382) per metric ton on July 1. These oilseeds are currently subject to a 30% tax and a 165-euro minimum through June 30. The ministry also continues to consider a formula-based export tax on sunflower oil.

USDA reported yesterday that 1.156mmt (about 45.5 mbu) of corn was sold to China for 2020/2021. The last daily announcement of an old-crop corn sale to them was on January 27th. Some analysts are now predicting China may import 40mmt this year (USDA currently is estimating 24mmt).

Private exporters reported to the U.S. Department of Agriculture export sales of 696,000 metric tons of corn for delivery to China during the 2020/2021 marketing year.

24-Hour Precipitation Map

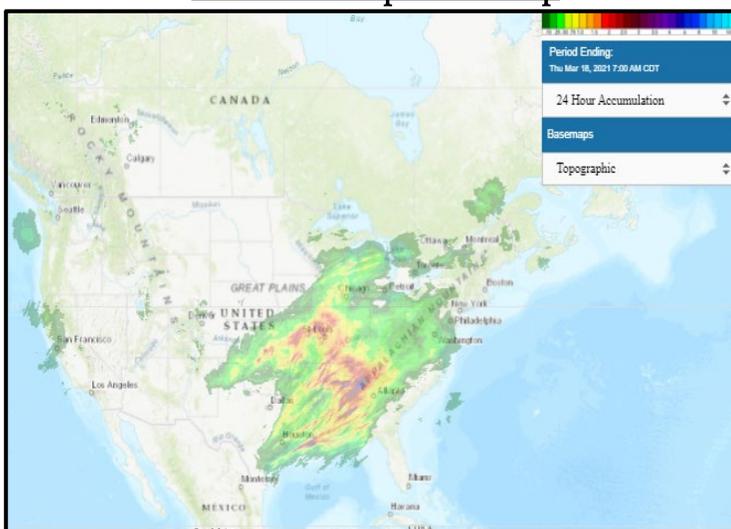


Chart of the Day

