

M©RNING BULLS & BEARS

Thursday, March 11, 2021

Upcoming Reports

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

<u>Indices and Futures</u>

<u>Index</u>	<u>Last</u>	Change
Dow Fut	32,367	+0.28%
S&P Fut	3,921	+0.62%
Nasdaq Fut	12,954	+1.61%
Nikkei	29,320	+0.74%
FTSE100	6,721	+0.09%
DAX	14,459	+0.08%
Shanghai	5,128	+2.49%

Macro News

The House passed President Joe Biden's \$1.9-trillion Covid aid/stimulus bill along party lines yesterday, sending the measure to the president who will sign it Friday. At a news conference Tuesday, House Speaker Nancy Pelosi (D-Calif.) was asked if the sixth coronavirus aid package would be the final one lawmakers take up. "You're just going to have to ask the virus," Pelosi told reporters. "It's just a question of the science. And we will have legislation to address it for as long as it's there."

China's setting of its 2021 GDP target at more than 6% has been viewed as too low by some given expectations that China's economy could expand by upwards of 8%, a criticism that was addressed by Chinese Premier Li Keqiang Thursday. Li said that the target should be fully aligned with what the country can accomplish next year and the year after next so as to avoid wild swings in economic performance and keep market expectations stable. To have forecasts that vary greatly from year to year would "disturb" market expectations, he said. "A growth too fast will not be a steady one. You need a steady pace to sustain China's development for the long run," he stated, according to a Xinhua recap. And China may reach even faster economic growth.

Applications for U.S. jobless benefits fell by more than forecast last week to the lowest since early November as Covid-19 vaccinations accelerated and states eased more business restrictions. nitial claims in regular state programs rose fell by 42,000 to 712,000 in the week ended March 6, Labor Department data showed Thursday. On an unadjusted basis, the claims decreased by 47,170 to 709,458. The median estimate in a Bloomberg survey had called for 725,000 initial claims.

Grain News

T-Storm Weather Summary: Mainly dry and hot weather continue into at least Monday in Argentina. A large system then wobbles by in an unclear manner and triggers t-storms next week; 1.00" to 2.00" is most likely with European output probably too wet and GFS output too dry as each mis-handles key features. In Brazil, isolated to scattered t-storms continue for the foreseeable future in the central and north, while the south (and Paraguay) turn drier with most t-storms one week out. In the U.S., several moderate to major systems end unusual mildness and ease drought outside the Dakotas through the end of the month as a wide area turns wet, including most HRW and SRW wheat.

The Brazilian government will introduce measures to boost production of summer (full-season) corn in 2021-22, Silvio Farnese, the ministry's trade and supply director, told Reuters. Measures to do so are not yet finalized but should be announced in May. That might include offering farmers more credit, crop insurance or trade support mechanisms. Farnese also said the country will not extend the corn tariff import exemption that's set to expire on March 31.

China's May soymeal futures on the Dalian Commodity exchange fell as much as 4.3% during today's session, dropping to 3,176 yuan (\$488.78) per metric ton and closing 3.56% lower. That marked the biggest daily drop in two years and a marked retreat from record-highs for soymeal in mid-January when supply concerns were paramount. The decline was fueled by rising sentiment that African swine fever (and other hog diseases) have had a major impact on the country's breeding herd over the past three months, and the situation is likely to get worse before it gets better. The disease is reportedly spreading to southern China. Livestock analyst Simon Quilty told a conference earlier this month that between 7 million and 8 million sows had been culled since January. Yongyi Consulting says the sow herd has dropped each month since December, including a 4.99% drop in January and a 4.68% decline in February. The losses will begin to hurt pig production from May forward, according to farm managers. China's ag ministry, which had been quiet on the ASF front, has announced six new outbreaks this year, four of which came this month.

EPA is considering combining biofuel blending requirements for 2021 and 2022 in a single regulation, after the rulemaking process for this year's Renewable Fuel Standard (RFS) volumes was delayed by the pandemic, Reuters reported. An EPA spokesperson said the agency was still looking at options but did not comment on whether it was considering combining the proposals. The agency has previously combined proposals for multiple years of requirements after missing deadlines, most recently in 2015, when it dealt with 2014, 2015 and 2016 at the same time.

The U.S. International Trade Commission (ITC) today will decide whether to approve tariffs on foreign fertilizer imports. Florida-based chemical producer Mosaic Company filed petitions in June alleging that Morocco and Russia unfairly subsidized phosphate fertilizers, enabling them to be sold in the U.S. at prices low enough to make it difficult for U.S. companies to compete. The Commerce Department investigated the matter and announced preliminary import duties in November. The ITC today will vote on whether to uphold those tariff rates, which would then take effect for at least five years.

Russia is considering asking fertilizer producers to fix their prices for the next two to three months, with spring planting expected to begin soon. This is just the latest of the country's efforts to rein in food costs. The country's ag minister also observed farmers need 35,000 seasonal foreign workers for planting and harvest, but pandemic-related travel restrictions have delayed their arrival. The ministry also commented that 80% of Russia's winter grain sowings are in good condition, with this figure on the rise.

Corn export sales for the 20/21 marketing year were lackluster again this week, coming in at 395,500 tons, analysts had estimates set at 400,000-750,000 tons. For soybeans, export sales of 350,600 tons were reported. Analysts had expected 200,000 – 350,000 tons.

24-Hour Precipitation Map



Chart of the Day

