

MORNING BULLS & BEARS



Tuesday, April 6, 2021

Upcoming Reports

EIA Report – Tomorrow, 9:30 am
USDA Export Sales – Thursday, 7:30 am
WASDE – Friday, 11:00 am
Commitments of Traders – Friday, 2:30 pm

Indices and Futures

<u>Index</u>	<u>Last</u>	<u>Change</u>
Dow Fut	33,349	-0.20%
S&P Fut	4,060	-0.18%
Nasdaq Fut	13,582	-0.02%
Nikkei	29,710	-1.61%
FTSE100	6,692	+1.22%
DAX	15,258	+0.97%
Shanghai	5,140	-0.41%

Macro News

On Monday, Treasury Secretary Janet Yellen threw her support behind an international effort to create a global minimum tax that would apply to multinational corporations, regardless of where they locate their headquarters. Such a global tax, she said, could help prevent a “race to the bottom” in which countries cut their tax rates in order to entice companies to move headquarters and profits across borders. “Together, we can use a global minimum tax to make sure the global economy thrives based on a more level playing field in the taxation of multinational corporations,” she said. The effort is aimed at “making sure that governments have stable tax systems that raise sufficient revenue to invest in essential public goods and respond to crises, and that all citizens fairly share the burden of financing government.” Sen. Pat Toomey (R-Pa.) said Yellen’s call for a global minimum tax was an admission that President Joe Biden’s plan to raise the corporate tax rate to 28% would make American companies less competitive. Biden dismissed that view.

The Senate's nonpartisan parliamentarian Monday ruled in favor of a Democratic effort to pass legislation through a process called reconciliation, according to a spokesman for Senate Majority Leader Chuck Schumer (D-N.Y.), allowing Democrats to approve more fiscal measures along party lines in the Senate this year. Democrats previously used reconciliation this year to pass the \$1.9-trillion coronavirus relief package, and lawmakers had expected to be limited to using it only one more time this year. With the parliamentarian's new advice to lawmakers, Democrats could now possibly use it a third time to skirt the 60-vote threshold necessary for most legislation to pass in the Senate. Schumer hasn't decided whether to move forward with using reconciliation again and that "some parameters still need to be worked out" around its use, the spokesman added. The ruling will give Democrats more room to advance Biden's agenda, including his recently announced \$2.3 trillion infrastructure plan.

Grain News

T-Storm Weather Summary: Dryness remains a concern for corn in Brazil from a lack of rain in recent weeks, expectations for high pressure to suppress t-storms outside Mato Grosso (our forecast is drier than GFS output that has a poor handle on the setup), despite some t-storms: 1) over the next 36 hours in Goiás, and 2) early next week in Mato Grosso do Sul and Paraná. In the U.S., three systems produce rain in varying areas through next week, though the exact setup is murky. The likely scenario is for t-storms every few days to keep soybean planting in the mid-South sluggish, while drought-stricken ND stays mostly dry, and as some rains affect HRW wheat in the Plains.

Brazilian soybean harvest reached 78% as of April 1, in line with the last five years' average but below the 83% level reached at the same point last year, local consultancy Agrural said. Agrural added that "the harvest is almost complete in Mato Grosso and entering its final phase in other major producing states". Data from Mato Grosso's agricultural institute IMEA indicates that the harvest had reached 99.4% complete by April 2, 1.2 percentage points higher than the five-year average and 0.4 percentage points below 2019/20's level. Second crop safrinha corn sowing has been completed and all eyes are now turned to weather conditions in the weeks ahead.

Cordonnier made no change to his 2020-21 Brazilian soybean crop estimate of 133 MMT, and his bias is neutral going forward. He also stuck with his Brazilian corn crop estimate of 105 MMT, but his bias is neutral to lower going forward. The safrinha corn crop is finally planted, but much of it went in very late. Dry weather will be the biggest threat to the crop going forward, “with the main areas of concern being the states of Mato Grosso do Sul, Parana, and Sao Paulo,” Cordonnier says. Argentina’s soybean crop is likely to total 46 MMT and its corn crop should come in around 45.5 MMT, according to Cordonnier. His bias toward both crop pegs is neutral to slightly lower going forward. “Rainfall over the last several weeks has probably been enough to stabilize the soybean crop in Argentina,” he reports, adding that localized flooding is keeping some farmers from harvesting mature beans. He also comments that there was some patchy frost in southern areas of the country last week. Rains also stabilized the corn crop, with more rain likely this week.

Crop Consultant Dr. Michael Cordonnier says the weather favors an early start to spring planting for much of the Midwest, therefore he continues to estimate U.S. farmers may end up planting between 92 million and 93 million acres of corn and between 89 million and 90 million acres of soybeans this year. He commented that USDA's estimates for corn plantings of 91.1 million acres and soybean seedings of 87.6 million acres seemed "overly cautious" given strong price signals and supportive insurance guarantees. Cordonnier says, "One reason why the acreage estimates came in low could be due to the amount of prevent plant acres estimated by the USDA. Given the current soil moisture conditions and weather forecast, the amount of prevent plant acres this spring could end up below the long-term average."

A dead pig infected with African swine fever (ASF) washed ashore in northern Taiwan over the weekend. That has prompted the country to begin testing hog herds for ASF and limiting movement in the area where the pig washed up. The country's ag minister says the strain was a perfect match for the virus that is again circulating in China. Dead, infected pigs have previously washed ashore on Taiwan-controlled islands adjacent to China, this is the first time one has been discovered on the main island. The government has asked the coast guard to step up their patrols to prevent dead pigs from floating from China to Taiwan.

24-Hour Precipitation Map

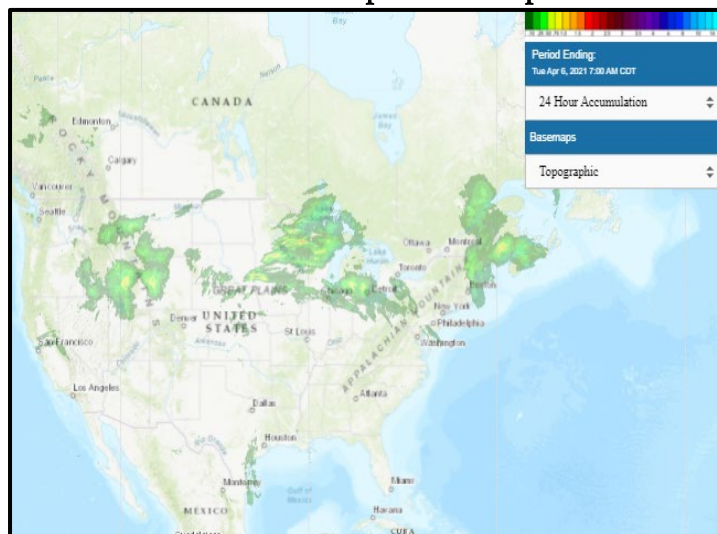


Chart of the Day

