

MORNING BULLS & BEARS



Monday, May 3, 2021

Upcoming Reports

Export Inspections – Today, 10:00 am
 Progress and Conditions – Today, 3:00 pm
 EIA Report – Wednesday, 10:00 am
 USDA Export Sales – Friday, 7:30 am
 Commitments of Traders – Friday, 2:30 pm

Indices and Futures

Index	Last	Change
Dow Fut	33,960	+0.57%
S&P Fut	4,196	+0.53%
Nasdaq Fut	13,905	+0.40%
Nikkei	29,075	+0.73%
FTSE100	6,937	+0.00%
DAX	15,247	+0.53%
Shanghai	5,123	-0.7%

Macro News

The House is scheduled to have another committee work week this week while the Senate is not in session. President Joe Biden and his top officials this week will continue his sales pitch for massive spending efforts on infrastructure (\$2.25 trillion) and social programs (\$1.9 trillion). There is still a call for bipartisanship, but most observers indicate the White House is not willing to let that attempt to find support across the political aisle delay the efforts too long or will end them altogether. Budget plans for fiscal year 2022 for several agencies will be the focus of hearings this week, including the Departments of Justice, Education, Energy and Commerce. “Climate-smart” agriculture will continue to be the policy push in agriculture. The monthly employment report on Friday will be another focal point. For ag, highlights include the International Cotton Advisory Committee updates to its world supply and demand outlook today. China’s customs on Friday will publish trade data.

Secretary of State Antony Blinken declared that China has been acting “more aggressively abroad” and has taken on an “adversarial” tone, according to his remarks on CBS 60 Minutes broadcast that aired Sunday. Asked if the U.S. and China were headed for a confrontation, Blinken said, “It’s profoundly against the interests of both China and the United States to, to get to that point, or even to head in that direction.” But he reiterated China’s actions over the past few years have been much more aggressive. “What we’ve witnessed over the last several years is China acting more repressively at home and more aggressively abroad. That is a fact,” Blinken stated. He also pointed to the U.S. push to round other countries to take on China, saying the administration’s message has been “bringing like-minded and similarly aggrieved countries together to say to Beijing: ‘This can’t stand, and it won’t stand.’” However, Blinken also said the U.S. is not trying to “contain China” in its focus on the country.

Grain News

T-Storm Weather Summary: In Brazil, little to no rain is foreseen for second-crop corn over the next 14 days (and likely more) as a very large area of upper-level high pressure marks an early start to the dry season for the northern ~60% of second-crop corn, 206 and an intensification of already-intense drought for the southern ~40%. In the U.S., a wide area will be cool over the next week, preceded by moderate rainfall through tomorrow across the southeast half of corn and soybeans (and most SRW wheat). A sharp temperature gradient forms this weekend and then lingers as waves of energy pass 206, resulting in a stormy period for a wide area May 8-15 (wettest in the Corn Belt and mid-South).

Iowa was hot over the weekend, with temperatures climbing as high as the 97 Fahrenheit in dry areas of northern Iowa. But around 0.2 inches to 0.8 inches rain was possible for the region overnight and today, according to Drew Lerner, meteorologist with World Weather Inc. While these rains are welcome, Lerner says “much, much more is needed,” and dry conditions are likely to return “for a while.” He says forecasters are still unsure whether rain will fall in the Canadian Prairies and northern U.S. Plains next weekend and early next week. Any rain would be welcome and would improve prospects for the spring wheat crop. Excessive rain also fell in the Texas Blacklands and Coastal Bend areas, but crop damage was likely limited, according to Lerner. Western and southern Texas are expected to be dry over the next 7 to 10 days, he adds. Lerner says more bouts of cool weather are possible for the northern Kansas Plains and Northern Plains over the next week to 10 days, including frosts and freezes.

Safra & Mercado slashed its Brazilian corn crop estimate from 112.8 MMT to dropping it to 104.1 MMT, with dry weather lowering safrinha corn crop prospects. The firm lowered its safrinha corn crop projection 10 MMT to 70.7 MMT. Some crop watchers have already taken their corn crop estimates as low as 100 MMT, with numbers in the low 90s MMT being speculated. If that bid of a price drop was realized, it would likely push corn prices to all-time highs and could cause major logistics problems as users turn attention to the U.S.

Wire story reports a White House goal to slash U.S. greenhouse-gas emissions hinges in part on farmers and agriculture companies changing the way they manage fields and feedlots. The farm sector says it will need the government’s help to make it happen. The Biden administration effort outlined in April has drawn support from agribusiness giants including Tyson Foods Inc., JBS SA, Cargill Inc. and CF Industries Holdings Inc., which have been pursuing their own environmental commitments. Individual farmers, whose participation is critical to meeting the administration’s goals, are weighing the potential costs and benefits to their bottom lines, and say government support will be needed.

The export chamber CIARA-CEC reports Argentina brought in \$3 billion via grain exports during April, with high global prices for soybean, corn, wheat and other commodities pushing that amount higher. This comes despite farmers being reluctant sellers. Producers are holding onto crops as a hedge against inflation and a weak peso, when possible. CIARA-CEC also reports foreign exchange income from ag exports for the first four months of the year now stand at \$9.76 billion. Argentina is highly reliant on farm exports for bringing in foreign currency.

From Monday, the daily corn limit – the degree by which futures prices can move in one direction within a day – is set at \$0.40/bu, up from 25 cents, with wheat futures increasing from \$0.40/bu to \$0.45/bu and soybeans jumping from \$0.70/bu to \$1/bu. Futures for soybean derivatives will also increase, with soyoil rising to \$0.035/pound, up from \$0.025/pound, and soymeal moving from \$25/short ton to \$50/st.

Chinese Ag futures are closed for holiday until Thursday.

24-Hour Precipitation Map

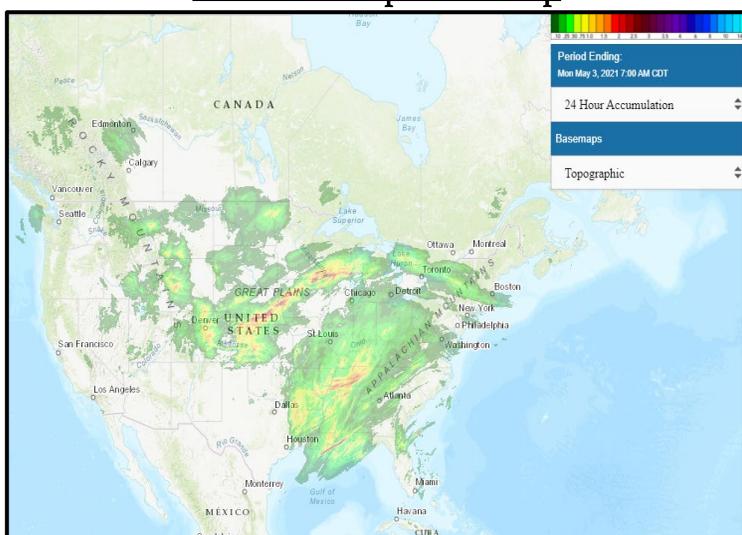


Chart of the Day

