

MORNING BULLS & BEARS



Wednesday, May 5, 2021

Upcoming Reports

EIA Report – Today, 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	34,111	+0.27%
S&P Fut	4,175	+0.40%
Nasdaq Fut	13,622	+0.64%
Nikkei	28,985	+0.87%
FTSE100	6,974	+1.34%
DAX	15,104	+1.68%
Shanghai	5,123	-0.79%

Macro News

Treasury Secretary Janet Yellen walked back her remarks earlier on Tuesday that interest rates might need to rise to keep the economy from overheating, adding that she didn't think there is going to be an inflation problem. "I don't think there's going to be an inflationary problem, but if there is, the Fed can be counted on to address it," Yellen, a former Fed chairwoman, said Tuesday at the Wall Street Journal's CEO Council Summit. Yellen suggested earlier Tuesday that the central bank might have to raise rates to keep the economy from overheating, if the Biden administration's roughly \$4 trillion in new spending plans are enacted. Long-term Treasury yields have risen on signs of economic strength and expectations that the Fed will have to raise rates sooner than officials have signaled.

Consumers and a fresh round of stimulus money pushed U.S. demand for imported goods to a record high in March, further expanding the trade deficit. The foreign-trade gap in goods and services expanded to a seasonally adjusted \$74.4 billion in March, the Commerce Department said, also a fresh record. Imports rose 6.3% to \$274.5 billion for the month, fueled by higher shipments of items including toys, furniture, cellphones, automobiles and semiconductors. Economists expect the U.S. trade deficit to remain high in the coming months as the U.S. economy recovers more robustly than most other parts of the world. That should keep imports growing vigorously, outpacing recoveries in U.S. exports.

President Joe Biden set a new vaccination goal to deliver at least one shot to 70% of adult Americans by July Fourth as he tackles the problem of winning over the "doubters" and those unmotivated to get inoculated. Unordered Covid-19 vaccines will be reallocated.

Grain News

T-Storm Weather Summary: Little to no rain is expected for second-crop corn in Brazil for at least the next two weeks as upper-level high pressure marks an early start to the dry season in the north, and a worsening of already-intense drought in the south (though a t-storm cannot be ruled out far south tomorrow and in 7 to 10 days when cool fronts pass). In the U.S., coolness prevails over the next week, then likely retreats to return temperatures to near-normal levels. Some showers over the next few days will be followed by substantial rainfall Sat.-Sun. within the southern half of the Corn Belt, followed by pockets of rain across a wider area next week (initially south, then north with time).

Brazil's iron ore export revenues are set to surge 60% this year and displace soybeans as the country's number one source of foreign exchange earnings for the first time in six years, Brazil's Foreign Trade Association (AEB) said. The forecast \$41.25 billion revenue, together with potential record soybean export volumes, means Brazil is on track to post an overall trade surplus this year of almost \$80 billion

Water levels along Argentina's Parana River is already concern, and the annual dry season is just getting started. "There is not much rainfall in the forecast for most of south-central Brazil, which is the watershed area for the Parana River. As a result, the water level of the Parana River is expected to decline quickly in the months ahead," reports South American Crop Consultant Dr. Michael Cordonnier. Officials in Paraguay are also reporting some soybean barges are being stranded on the Paraguay River due to low water levels, and that situation is also expected to get worse. Last year when Parana River water levels reached problematic levels, vessels traveled at reduced capacity and eventually discharge of the Itaipu Dam was increased to raise the water level. Guillermo Wade, head of the CAPyM Chamber of Port and Maritime Activities, reports ships are already loading ships 5,500 MT to 7,000 MT light due to low water levels.

Wire story reports taco shells will be in short supply this summer. Corn tacos will be more difficult to find in grocery stores as demand for corn - a key product in anything from fuel to animal feed, as well as your favorite tacos - paired with supply-chain woes makes the product even more difficult to produce. Demand for the grain has surged in recent months. Increased interest from China, as well as a combination of poor weather and labor shortages, has made the key crop an increasingly valuable commodity. Corn producers in Brazil and Argentina have been facing difficulty finding people to work the fields amid the COVID-19 pandemic.

As USDA nears release of a strategy for tackling climate change, Senator John Boozman (Ark.), the top Republican on the Senate ag panel, again stressed his opposition to a USDA-run carbon bank. "I appreciate the interest from food and agriculture organizations to develop proposals intended to provide for a greater role for agriculture in addressing climate change. The reality is that the secretary does not have the authority to create and operate a 'carbon bank' as proposed by the Biden administration," Boozman said in a statement that followed general recommendations Monday by the Food and Agriculture Climate Alliance (FACA) for using a carbon bank to test ways of rewarding farmers for conservation practices. ... Many questions and concepts regarding the ag sector's role in climate change have surfaced, with very few answers. These include how carbon credits will be measured and priced. There also are no standards yet in place for such a program, and this is why many are telling farmers and ranchers to be cautious, but to continue to educate themselves on the topic which many now say is more like the "Wild West" than any program that one can make specific and lasting conclusions about.

A new U.S. push will kick into high gear a multibillion-dollar quest for nonfossil fuels to power oceangoing vessels, but likely will face a backlash from Asian and South American nations that fear rising export costs, the Wall Street Journal reports. The U.S. isn't one of the countries that dominate the shipping business, ranking below Greece, China, Japan and South Korea. But the switch to noncarbon-based fuels would cost an estimated \$3 trillion globally, the WSJ article details, noting that shipowners looking to raise funds to renew their fleets — some of which are listed in New York — must pay heed to U.S. regulations. "China likely would join developing countries in seeking exceptions to any new requirements or pushing for financial support and technology transfers to ease the transition to new ship fuels, according to people familiar with the IMO's (International Maritime Organization) deliberations."

Private exporters reported to the U.S. Department of Agriculture the follow activity:

***Export sales of 184,100 metric tons of corn for delivery to Mexico during the 2021/2022 marketing year;

***Export sales of 147,320 metric tons of corn for delivery to unknown destination. Of the total, 45,720 metric tons is for delivery during the 2020/2021 marketing year and 101,600 metric tons is for delivery during the 2021/2022 marketing year; and

***Cancellations export sales of 140,000 metric tons of corn for delivery to China during the 2020/2021 marketing year.

24-Hour Precipitation Map

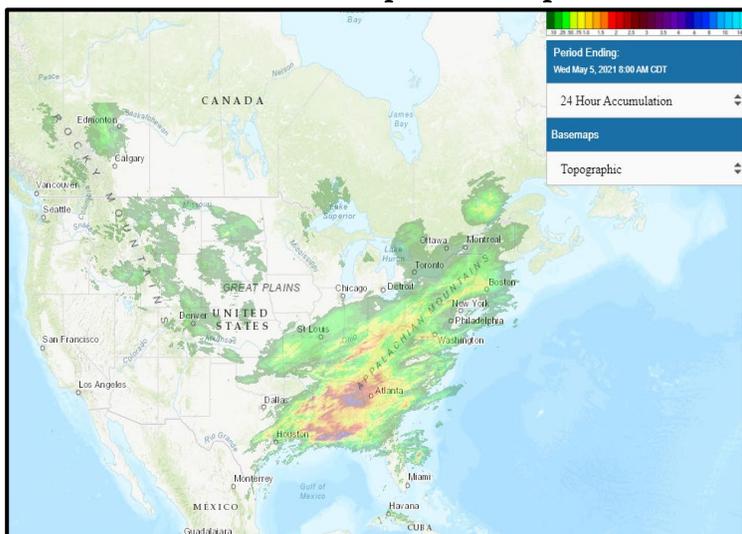


Chart of the Day

