

MORNING BULLS & BEARS



Wednesday, May 19, 2021

Upcoming Reports

EIA Report – Today, 10:00 am
 USDA Export Sales – Thursday, 7:30 am
 Commitments of Traders –Friday, 2:30 pm

Indices and Futures

Index	Last	Change
Dow Fut	33,629	-1.07%
S&P Fut	4,073	-1.22%
Nasdaq Fut	12,988	-1.70%
Nikkei	27,740	-1.40%
FTSE100	6,908	-1.67%
DAX	15,048	-2.30%
Shanghai	5,172	-0.30%

Macro News

The Biden administration wants to give consumers rebates for purchasing electric vehicles to help the U.S. compete against China in manufacturing the next generation of automobiles, White House Climate Advisor Gina McCarthy said. President Joe Biden is “looking to invest more than \$170 billion and he’s going to build out the electric charging stations that we need for consumers to buy these vehicles and feel confident that they can get where they want to go and back again,” McCarthy said in an interview on Bloomberg Television’s Bloomberg Technology. “He’s looking at actually providing consumer rebates at the point of sale,” she said. As part of his multitrillion-dollar infrastructure package, Biden has asked Congress to help pay for 500,000 electric vehicle charging stations and provide consumers with rebates for their electric car purchases. Meanwhile, Senator Mike Crapo (R-Idaho) suggested plug-in vehicle users may have to pay a fee to make up for the fact that they don’t pay gas taxes.

Minutes of the April 27-28 Federal Open Market Committee (FOMC) meeting will be released today at 1 p.m. CT and will be combed through for views on inflation and what level of concern there was on the part of U.S. central bankers. While the terms used by the Fed in the meeting recaps will not provide any specifics, investors will watch for any qualifiers such as “few” or “some” when it comes to the discussion on inflation. The stance of most Fed officials has been that the current rise in inflation will be “transitory,” with the views at the meeting not reflecting additional price data that has been released since the meeting ended.

Grain News

T-Storm Weather Summary: In the U.S., mildness prevails over the next five to seven days as maximums reach the upper-70s to upper-80s. Dry weather accompanies mildness in the eastern Corn Belt and much of the mid-South, while pockets of rain continue to the west as energies float along the edge of the high (but with the best chance for substantial totals mostly limited to drought-stricken spring wheat in / near North Dakota). The exact setup in one to two weeks will take time to determine, but coolness in Canada remains probable to strengthen the jet stream and help t-storm clusters to produce near-normal rainfall within a wide area (with above-normal totals plausible in the Corn Belt).

Crop stress for Brazil’s safrinha corn may be “very near a peak due to expected rainfall Friday and Saturday and again next week,” says World Weather Inc. While the precipitation will come to late to restore yield potential for around 60% of the crop that has already silked and pollinated. But the remaining 40% could see some improvement thanks to timely rains and seasonable temperatures in the weeks ahead, World Weather reports. A mix of sunshine and rain is likely over the coming week, it says.

Brazil’s center-south will likely produce a total of 28.36 billion liters of sugarcane and corn-based ethanol during 2021-22, a 7.4% drop from last year, according to the country’s USDA-equivalent Conab. Drought dwindled the country’s sugarcane crop, and sugarcane is what the bulk of the country’s ethanol is produced from. The drop in ethanol production would have been even larger had it not been for a 500 million liter rise in ethanol production this season to 3.5 billion liters.

The grain export association ANEC now expects Brazil to ship up to 16.19 MMT of soybeans this month, which is an 873,000-MT jump from its forecast last week. The group does not expect Brazil to export any corn during May, with traders focused on soybeans.

Two Republican senators, Roger Marshall of Kansas and Kevin Cramer of North Dakota, unveiled a measure to bar the Biden administration from carrying out its 30x30 initiative. “The best thing the federal government can do is trust the environmental judgment of farmers and ranchers and let them do what they do best: steward the land,” says Marshall. The Biden administration believes that “working ag lands” will play a major role in conserving 30% of U.S. land and water by 2030 and that private property rights will be respected.

China’s live hog futures fell nearly 5% today to their lowest level since launching in January. Analysts report large volumes of heavy pigs are being sent to slaughter, weighing on cash prices. Some in the industry believe pig production may return to pre-African swine fever levels the second half of the year, so long as there are no severe outbreaks of the disease in the south during the rainy season. Pressure on futures also stemmed from light seasonal demand for pork.

Kenanga Research has posited that palm oil is the most efficient oil crop in terms of oil yield to land use, and hence the best environmental option to cater for the growing global population (+14 per cent by 2050). The research house said to produce one tonne of oil, palm only requires 0.26 hectare (ha) of land, while its biggest competitor soybean would require 7.7 times the amount at 2.0 ha.

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

***Export sales of 1,360,000 metric tons of corn for delivery to China during the 2021/2022 marketing year; and

***Export sales of 142,500 metric tons of soybeans for delivery to Mexico during the 2021/2022 marketing year

24-Hour Precipitation Map

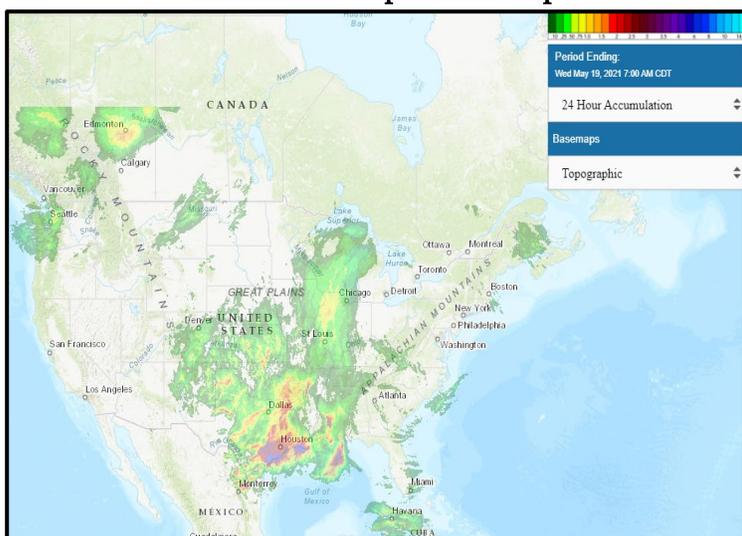


Chart of the Day

