

MORNING BULLS & BEARS



Friday, May 21, 2021

Upcoming Reports

Commitments of Traders – Today, 2:30 pm

Indices and Futures

Index	Last	Change
Dow Fut	34,170	+0.42%
S&P Fut	4,168	+0.34%
Nasdaq Fut	13,522	+0.28%
Nikkei	28,405	+0.55%
FTSE100	6,929	+0.66%
DAX	15,414	+0.50%
Shanghai	5,134	-1.01%

Macro News

A cease-fire between Israel and Hamas appears to be holding following 11 days of Israeli airstrikes and Hamas rocket launches in the most intense fighting between the two sides since 2014. Hailing the Egyptian-brokered cease-fire on Thursday, President Joe Biden said his administration “will continue our quiet, relentless diplomacy” toward pursuing peace for both Israelis and Palestinians. Biden said he would work through the United Nations to provide humanitarian and reconstruction assistance to Gaza, with the funds going through the Palestinian Authority, and not Hamas, which the U.S. considers a terrorist group. Biden also pledged to replenish Israel’s Iron Dome defense system, which largely countered the more than 4,000 rockets launched from Gaza. Meanwhile, Biden is reportedly close to choosing an ambassador to Israel and is dispatching his Secretary of State Antony Blinken to the region.

The U.S. Treasury wants crypto transfers above \$10,000 to be reported to the IRS... The move comes after the Colonial gas pipeline was briefly shutdown due to a ransomware threat. The news is part of a broader Biden plan to raise \$700 billion in revenue over the coming decade by stepping up IRS scrutiny of Americans, including doubling the size of the IRS workforce by hiring 87,000 additional employees by 2031. Reporting of the crypto transfers would be set to begin in 2023.

The U.S. called for a global minimum corporate tax of at least 15%, less than the 21% rate it has proposed for the overseas earnings of U.S. businesses -- a level that some nations had argued was excessive. The contrast between the new proposal, released by the Treasury Department Thursday, and the higher rate the Biden administration is seeking to be applied to American companies underscores the difficulty of international talks being led by the Organization for Economic Cooperation and Development.

Grain News

T-Storm Weather Summary: The Outlook is drier in the eastern Dakotas and western MN through early next week as a large system ingests dry air before its arrival early next week, and slightly warmer next week because a cool front is less likely to fully penetrate the central U.S. Otherwise, the forecast is similar with dry weather to aid planting in the eastern Corn Belt and mid-South into at least the middle of next week, after which a series of systems pass through a seasonable to mild air mass and trigger t-storm clusters within the central U.S. — most likely in the Corn Belt and central / southern Plains in one to two weeks, though the exact setup will remain fuzzy for a few more days.

North Dakota’s drought expanded last week from nothing in the D4 Exceptional Drought category to now there is over 16% of the state rated that dry. Minnesota’s overall dry area also increased, by 17 points to now 54% of the state is rated in dry conditions.

Argentina’s soybean harvest progress continued at a good pace supported by favourable weather conditions with 85.4% of the bean crop now lifted, the Buenos Aires Grains Exchange (BAGE) said late Thursday. BAGE’s estimates showed that 38.74 million mt of soybeans have been collected as of May 19, as good weather conditions support lifting activities. The exchange has kept its production estimate at 43 million mt for this year, with national yields pegged at 2.75 t/ha.

Seven bulk carriers loading at Argentine grain ports have become stranded in the Up River hub after strike action and falling water levels meant the vessels surpassed the maximum draft authorised by the country’s Naval Prefecture, head of the Chamber of Port and Maritime Activity, Guillermo Wade, has told Agricensus. It is the latest in a series of logistics issues that could hamper exports from the country, which is a major exporter of soymeals, soyoil and corn, and comes as strike action shutdown export activity at most of the country’s major ports.

Russia’s 2021 grain crop will likely total 127.4 MMT this season, with wheat accounting for 80.7 MMT of that tally, Interfax news agency reports, citing the ag ministry’s base forecast. That would be a retreat from the 2020 season, when grain production totaled 133.5 MMT and wheat production hit 85.9 MMT. Winter grains were planted into dry soils, but a mild winder helped counter some of that damage. Spring wheat planting is off to a good start, but dry soils remain a concern.

The average rent for an acre of Iowa cropland negotiated for 2021 is \$232 an acre, according to the annual survey conducted by Alejandro Plastina, extension economist at Iowa State University. That’s a \$10, or 4.5%, gain compared to 2020. It’s also the highest average rent for Iowa since 2014’s \$246 an acre but still well under the all-time high of \$270 an acre posted in 2013. For the seventh year in a row, District 3 in northeast Iowa sports the highest average cash rent at \$253 an acre. That is \$5, or 2%, higher than 2020 and \$6 higher than the next highest, Districts 4 and 6, west central and east central, which tied at \$247 an acre.

Users including chicken giant Perdue Farms Inc. have already purchased the most Brazilian soybeans since 2014, when huge sales to China forced the U.S. to boost imports. Brazil has also sold a large amount of the oilseed to Mexico, which usually secures supply from its North American neighbor.

Supplies in Brazil, which wrapped up its harvest last month, are relatively plentiful. The country is yet to reopen from the pandemic, and Chinese buyers were forced to turn to the U.S. earlier in the year to bridge the gap when their shipments from Brazil were delayed. Brazil is scheduled to ship 150,000 to 180,000 metric tons of soybeans to the U.S. this year, with poultry and livestock producers in the southeastern U.S. taking advantage of the lower prices in the world’s top exporter, according to data compiled by Bloomberg. Mexico has also bought more than 700,000 tons and is close to surpassing last year’s record, the data showed.

China has tapped the U.S. for more than a third of next season’s expected corn imports, accelerating its pace of buying from the world’s top supplier to fill its growing grain needs. The Asian nation bought about 9.5 million metric tons of U.S. corn from the 2021-22 season so far this month, according to U.S. Department of Agriculture figures. The next highest amount for this date going back to 2000 was 4.9mmt in 2012. The agency expects China to import around 26 million tons from worldwide suppliers in the next crop year.

24-Hour Precipitation Map

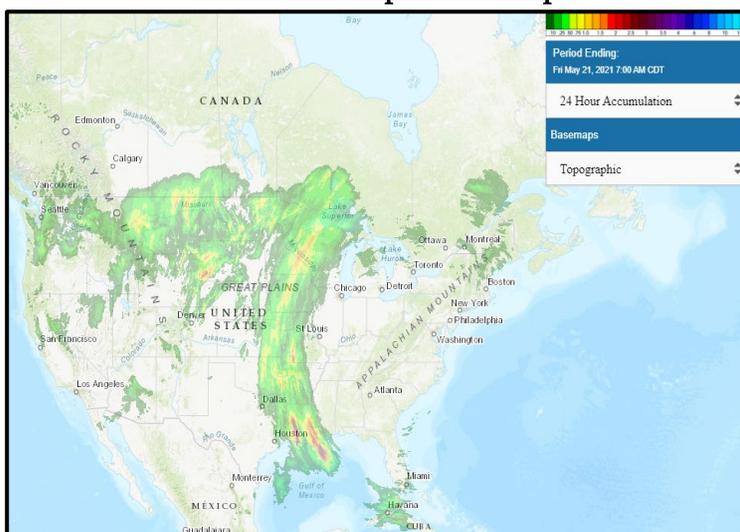


Chart of the Day

