

MORNING BULLS & BEARS



Wednesday, May 26, 2021

Upcoming Reports

EIA Report – Tomorrow, 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	34,345	+0.23%
S&P Fut	4,197	+0.29%
Nasdaq Fut	13,708	+0.38%
Nikkei	28,610	+0.70%
FTSE100	7,000	-0.38%
DAX	15,457	-0.06%
Shanghai	5,005	-2.29%

Macro News

The China Banking and Insurance Regulatory Commission (CBIRC) has asked lenders to stop selling investment products linked to commodity futures to mom-and-pop buyers, three sources with knowledge of the matter told Reuters. The banking regulator has also reportedly asked lenders to completely unwind their existing books for such products. This comes at a time when commodity prices are soaring and China has been importing huge quantities of corn and other feed grains. The price surge has elevated regulatory concerns about the risks of speculative bets, which has already prompted China's state planner and exchanges to take steps to control prices. The Reuters sources indicated the ban on new sales has widened to a clean-up of the entire sector, including products linked to commodities but not targeted before, like soybeans, natural gas, gold, silver, platinum and palladium. Critics say this is a major step back in China's effort to open its markets.

The S&P CoreLogic Case-Shiller National Home Price Index, which measures average home prices in major metropolitan areas across the nation, rose 13.2% in the year that ended in March, the highest annual rate of price growth since December 2005. Separately, the Commerce Department said the median price of a new home sold in April was \$372,400, up 20.1% from a year earlier, the strongest annual gain since 1988. Robust homebuying demand, driven by ultralow mortgage interest rates and a shortage of homes for sale, have pushed prices rapidly higher in recent months.

Grain News

T-Storm Weather Summary: Rain affects most of the central U.S. through Friday as a potent system rides the edge of a very cool air mass. A fairly dry period follows for most for five days as coolness temporarily blocks energies from passing. The exception is in the central and southern Plains where a mid-level system floats into the region this weekend and lingers into next week, triggering several t-storm clusters and turning its corn and HRW wheat wetter. Larger systems are probable to pass and trigger some t-storms within a wider area of the central U.S. next Wed.-Fri. (June 2-4) and again several days later, but heavy rain events are unlikely from lower-than-normal humidities.

Brazil will likely export 14.9 MMT of soybeans this month, forecasts the association of grain exporters ANEC. That's roughly a 1.3-MMT drop from its forecast last week. The association also edged its soymeal export forecast 100,000 MT higher to 1.9 MMT. It now expects the country to export 21,991 MT of corn during May versus its forecast last week for no exports of the grain this month.

Argentine port workers launched another 48-hour strike at midnight as they continue to push to be designated essential workers so they can receive Covid-19 vaccines. Eleven unions announced the work stoppage, saying a strike was necessary "given the exponential increase in cases, the regrettable loss of several colleagues and the failure of all negotiations we have held with national authorities." A similar strike last week at its main Rosario port upended traffic and stranded seven ships due to falling water levels along the Parana river. The last of those ships was freed on Tuesday. Harvest of the country's soybean and corn crops are underway. Argentina is the world's top exporter of soymeal and its No. 3 exporter of corn.

Up to 64 barges stranded by low water levels in the Parana river are hoping to exploit a brief window to move 125,000 mt of Paraguayan soybeans to Argentina's Rosario hub after governments struck a deal with a key dam to allow more water into the network, a maritime chamber has told Agricensus. Agreement has been reached between the Paraguayan government and binational dam Itaipu, which sits on the border between Paraguay and Brazil and is jointly operated by the two nations, the head of Paraguay's maritime and shipping chamber CAFyM said. "After this temporary increase in the Parana water levels, barges will not be able to navigate probably until September due to the low water levels," the executive said, adding that the water level near the Ituzaingo port was just 0.15 metre on May 25. Low water levels in the Parana is also affecting grain shipments in Argentina, with Belgium's Jan de Nul marine engineering company currently carrying out additional dredging works to guarantee navigability along the waterway. The water level near Rosario is currently around 0.60 metre versus the historical average of 3.5 metres, with water levels only expected to continue to decline, based on weather forecasts.

Reuters reports President Joe Biden will "rely on ally countries to supply the bulk of the metals needed to build electric vehicles and focus on processing them domestically into battery parts, part of a strategy designed to placate environmentalists," two administration officials with direct knowledge told Reuters. The plans "will be a blow to U.S. miners who had hoped Biden would rely primarily on domestically sourced metals, as his campaign had signaled last autumn, to help fulfill his ambitions for a less carbon-intensive economy." The sources said that "rather than focus on permitting more U.S. mines, Biden's team is more focused on creating jobs that process minerals domestically into electric vehicle (EV) battery parts."

Republican Senator Chuck Grassley and Democratic Senator Maria Cantwell introduce legislation to extend the current federal biodiesel tax credit program through 2025. "The biodiesel tax credit has proven to work by reducing our dependence on foreign oil and lowering greenhouse gas emissions," Grassley says in statement.

Ceres Global Ag Corp. will build a \$350 million canola processing plant in Saskatchewan to meet growing global demand, company says Tuesday. The Minneapolis-based company will build its facility in Northgate, Saskatchewan with a processing capacity of 1.1m metric tons and will refine more than 500,000 tons of canola oil annually for food and fuel. "While there are multiple drivers contributing to this demand, the most important is the movement towards green energy and the need for vegetable oil as feedstock for the production of renewable diesel," CEO Robert Day said in a statement. The location is said to be idea due to its proximity to farmers and direct connection to the BNSF Railway.

24-Hour Precipitation Map

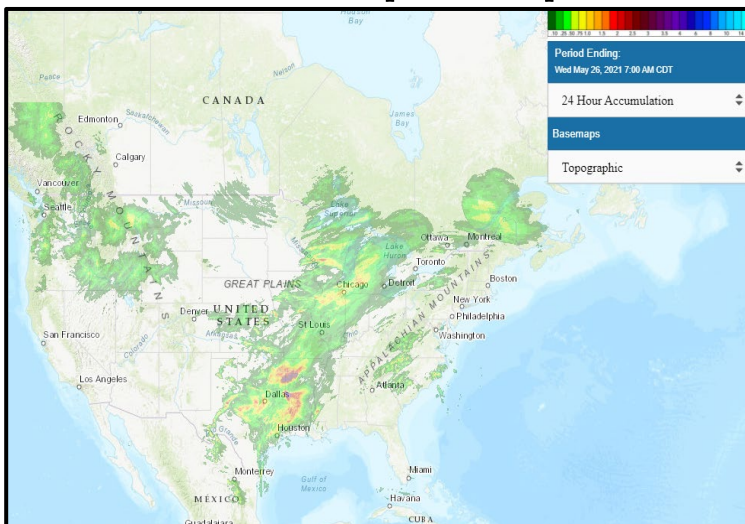


Chart of the Day

