

MORNING BULLS & BEARS



Thursday, July 15, 2021

Upcoming Reports

USDA Export Sales – Today, 7:30 am
Commitments of Traders – Friday, 2:30 pm

Indices and Futures

| Index | Last | Change |
|------------|--------|--------|
| Dow Fut | 34,654 | -0.46% |
| S&P Fut | 4,352 | -0.34% |
| Nasdaq Fut | 14,895 | +0.02% |
| Nikkei | 28,205 | -1.16% |
| FTSE100 | 7,028 | -0.95% |
| DAX | 15,626 | -0.96% |
| Shanghai | 5,151 | -1.35% |

Macro News

China's economic rebound slowed in the second quarter but continued to show unusual resilience more than a year after the country largely got control of the coronavirus within its borders. Gross domestic product grew 7.9% in the second quarter from a year earlier. While that growth rate was far slower than the 18.3% year-over-year GDP jump during the first three months 2021, analysts did not expect China's economy to sustain that pace of growth as the statistical distortions from last year's pandemic crisis faded. Of note, stronger-than-expected readings on factory output, retail sales and fixed-asset investment in June are likely to ease talk that Beijing will intervene more forcefully to keep its growth momentum going in the latter half of the year.

Federal Reserve Chairman Jerome Powell told lawmakers on Wednesday that the central bank wouldn't be in a hurry to start paring monthly asset purchases and that the economy "is still a ways off" from the Fed's goals. He also said the Fed wouldn't hesitate to raise interest rates to keep inflation under control, while repeatedly emphasizing that he still expects price pressures to ease later this year. Inflation "has been higher than we've expected and a little bit more persistent," Powell said in a semiannual report Wednesday to House lawmakers. His appearance came a day after the government reported the fastest monthly rise in consumer prices in 13 years. He is slated to testify before the Senate Banking Committee today.

Grain News

T-Storm Weather Summary: Substantial rainfall affects the southeast half of the Corn Belt through tomorrow as a cool front passes, while drying starts to the northwest. The front dissipates in the mid-South and produces some t-storms over Fri.-Sun., while some waves of energy trigger t-storms along the western edge of corn in central / western KS-NE-SD this weekend. Most corn and soybeans will be cool over the next week, while severe heat begins for spring wheat as strong upper-level high pressure forms and lingers. The high fans-out over Wed.-Sun. (July 21-25) to turn corn and soybeans much warmer (with heat north / west). Most crops will be dry next week as the high initially blocks energy, after which some t-storms likely form over July 25-30 as energy flows along its northern flank.

Members of the National Oilseed Processors Association (NOPA) will likely report they crushed 159.48 million bu. of soybeans during June, down 2.5% from May's crush of 163.52 million bu. and 4.7% under year-ago when 167.26 million bu. of beans were crushed, according to analysts surveyed by Reuters. This would mark the smallest crush in four months as soybean supplies dwindle and the cost of those beans climbed. Some plants were also down for maintenance, with some facilities planning longer downtimes than usual. Soybean stocks are expected to close June at 1.623 billion lbs., down nearly 50 million bu. (2.9%) from the end of May. That would be a seven-month low. The report will be out at 11:00 a.m. CT.

The Rosario Grains Exchange raised its Argentine wheat crop estimate by 500,000 MT, pushing its crop estimate to 20.5 MMT. The exchange says good weather boosted planting on the Pampas Grains Belt, detailing that more than 2 million hectares (4.9 million acres) have been planted over the last three weeks. "This would be the highest level of wheat seeding of the last 20 years," the exchange said.

Dryness in Brazil has once again resulted in low water levels along the Parana River that is so key to Argentina's main Rosario shipping hub. "Handymax ships are leaving port with 9,250 MT less cargo than normal and Panamax ships 11,350 MT less," Guillermo Wade, manager of Argentina's Chamber of Port and Maritime Activities (CAPyM), told Reuters in an interview. To improve the river's depth, the firm Jan de Nul is dredging the river. A report from the Rosario Grains Exchange last week said shallow waters on the Parana could cost the country's farmers and exporters nearly \$315 million over a six-month stretch ending in August. But environmental activists warn this could dry out nearby wetlands and hurt aquatic life by lowering water oxygen levels, in addition to affecting local water quality. About 80% of Argentina's agricultural exports are shipped from Rosario ports and down the Parana, out to the Atlantic.

During the second quarter of 2021, China's pork production shot to a seven-year high of 13.46 MMT, up 40% from Q2 of 2020 and well above the usual 10 MMT produced for the quarter, according to Reuters analysis of data from China's National Bureau of Statistics. The stats bureau said Chinese pork output surged 35.9% from year-ago in the first half of 2021 to 27.15 MMT. It also reports China slaughtered 337.42 million hogs the first half of 2021, a 34% jump from last year. Normally, the second quarter is a period of low consumption and production, but this year, big producers ramped up production in the wake of African swine fever (ASF). Sales data from 16 listed hog producers showed they produced 42.8 million hogs for slaughter in the first half of 2021, more than a 100% surge over the prior year, Boya Consulting said in a report on Wednesday. Some provinces are still dealing with ASF outbreaks, accelerating slaughter and encouraging others to produce overly heavy hogs that came to market during the April-June quarter. China's statistics bureau reports China's hog herd stood at 439.11 million head at the end of June, up 29% from year-ago.

Canadian National Railway Co. told its customers on Wednesday that it's temporarily suspending operations in parts of British Columbia due to wildfires, the latest snarl to rail traffic in the region after recent track damage left thousands of cars idled. The company isn't currently running trains between Kamloops and Lytton, B.C., as there are several fires in the area, according to a letter to customers seen by Bloomberg.

Senate Democrats are moving to impose tariffs on carbon-intensive imports to help pay for their tax-and-spending legislation, Bloomberg reports. The plan also includes expanding tax credits for renewable energy and electric vehicles as well as the creation of a clean energy standard that could mandate utilities generate carbon-free power. The plan dovetails with efforts by other countries — including the European Union — to use trade policy as a tool for curbing greenhouse gas emissions.

U.S. Cargill plans to invest \$350m over the next two to three years for new investment and expansion in Indonesia, according the country's Investment Ministry in a statement late Wednesday. Company allocates \$200m to build a palm oil refinery facility in Lampung, \$100m for a corn processing plant in East Java, both of which will be completed in 2022, and \$50m for business expansion

24-Hour Precipitation Map

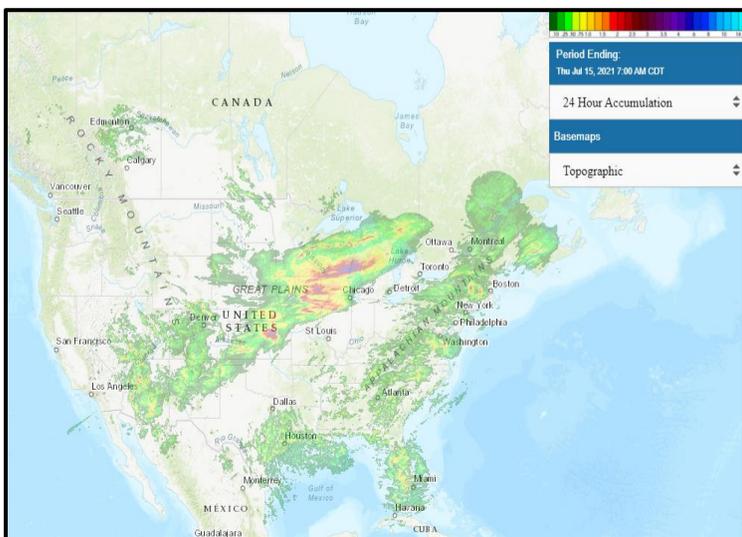


Chart of the Day

