

MORNING BULLS & BEARS



Wednesday, July 21, 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	34,531	+0.40%
S&P Fut	4,324	+0.19%
Nasdaq Fut	14,698	-0.16%
Nikkei	27,690	-0.23%
FTSE100	6,922	+1.59%
DAX	15,329	+0.80%
Shanghai	5,144	+0.69%

Macro News

The Federal Maritime Commission has ordered the world's nine largest ocean carriers to undergo an audit aimed at looking into detention and demurrage practices. President Joe Biden wants to clamp down on the rise in shipping costs, which have shot up during the pandemic.

China's imports of American goods sped up slightly in June but remain far behind the level need to meet the nation's commitment to buy more American goods. China imported \$11 billion worth of manufactured, agricultural and energy products from the U.S. in June, according to Bloomberg calculations based on data from the country's customs agency. By the end of June, it had bought 44.4% of targeted goods set in the phase one trade pact with the U.S.

Life expectancy in the U.S. fell by 1.5 years in 2020, the biggest decline since at least World War II, as the Covid-19 pandemic killed hundreds of thousands and exacerbated crises in drug overdoses, homicides and some chronic diseases. Provisional data released Wednesday by the Centers for Disease Control and Prevention showed that American life expectancy dropped to 77.3 years in 2020, roughly the same level as in 2003, erasing years of hard-won gains in the nation's public health. It was the largest single-year decline recorded since 1943. It isn't entirely clear what caused the drop that year, when the U.S. was fighting World War II.

Grain News

T-Storm Weather Summary: An impressive upper-level high produces a heat wave for the western half of corn and soybeans over the next 10 day, including a couple days of intense heat later next week. Eastern areas turn very warm but not as hot as its core mostly stays to the southwest. A few t-storms are probable as the edge of the high fluctuates, but most areas will be drier to much-drier than normal with the plausible exception of the northeast quarter as a couple t-storm clusters form in / near IN, MI, OH, and WI this weekend and / or next week. The high is most probable to shift southwestward in 10 to 15 days to allow a seasonable (not cool) air mass to pass and trigger some t-storms in the Corn Belt, but there will be a continual threat for it to linger or return in or soon-after this period.

The forecast remains concerning for the next 10 days to two weeks for Montana, much of the Dakotas, and the northwestern part of the Corn Belt, reports World Weather Inc., with favorable conditions elsewhere in the Midwest. World Weather says a high pressure ridge could build into the central U.S. July 24 through July 29/30 before slowly shifting to the west. That will likely lead to net drying for at least part of the western Corn Belt and much of the Northern Plains. Some showers along the northern part of the ridge should provide some partial relief to eastern areas of the Northern Plains, the weather watcher adds.

Senators Pat Toomey (R-Pa.), Dianne Feinstein (D-Calif.), Susan Collins (R-Maine) and Bob Menendez (D-N.J.) have introduced the Corn Ethanol Mandate Elimination Act which would end the 15-billion-gallon conventional (primarily corn-based) ethanol requirement under the Renewable Fuel Standard. The measure frames the effort in a bid to reduce carbon emissions from transportation fuels by only removing the corn-based ethanol component and leaving the volume obligations in place for advanced and cellulosic biofuels and biodiesel. They say that other biofuels have lower greenhouse gas emissions, though ethanol proponents argue the product is a good option to help fight climate change now. The lawmakers pointed to issues that have been debunked by the ethanol industry, including that corn-based ethanol raises food costs.

Brazil will likely export 9.437 MMT of soybeans during July, forecasts the association of grain exporters known as ANEC. That's a 482,000-MT jump from its forecast last week. The association expects the country to ship 3.195 MMT of corn this month, which is up a solid 160,000 MT from its previous outlook.

China will auction another 23,488 MT of corn imported from Ukraine on July 23, the country's grain stockpiler Sinograin said today. These auctions that started June 11 were initially met with strong demand, but the sales percentages have dived this month, with next to no grain selling at its latest July 16 auction.

Prices of corn in China, the world's biggest importer, fell to the lowest intraday level since November this week, just as global crop futures climb on scorching, dry weather in parts of the U.S. and Canada.

Futures on the Dalian Commodity Exchange sank to a low of 2,509 yuan a ton on Tuesday and traded at 2,515 yuan on Wednesday. They are down almost 15% from a record in January. Supplies seem plentiful for now as China has been importing hefty amounts of the grain and the harvest is looming in September. That raises questions over how much more foreign corn the country will buy.

Argentina's government has urged citizens to limit water use in a bid to alleviate pressure on the Parana River, a key grains thoroughfare that is at a 77-year low, a situation which is hampering shipments of cereals including soy and wheat. "Water levels in the Parana are at the lowest level since 1944, which requires a commitment from everyone to attend and act preventively and responsibly against this situation," the group said in a statement late on Monday. The Parana, which has its source in southern Brazil, flows through Argentina to the coast near Buenos Aires. It is the transportation route for 80% of country's farm exports and a source of drinking water, irrigation and energy. On the banks of the Parana are important cities such as Rosario, Parana and Santa Fe. Rosario is the main agro-industrial hub and river port of Argentina, a leading global supplier of soy, corn and wheat to global markets.

During a televised session with the Russian people last week, President Vladimir Putin said the government was considering other measures to curb rising food costs when pressed about increases. Rising food costs are unnerving some voters, particularly older Russians on small pensions who fear a return of soaring inflation and food shortages in the 1990s, Reuters reports. But Putin is also doing a balancing act of sorts as the country's ag sector is already unhappy with export taxes and price caps that they say are discouraging long-term investments in the sector, cutting into profits and making it difficult to compete on the export front. The country's ag sector has grown remarkably in recent years.

24-Hour Precipitation Map

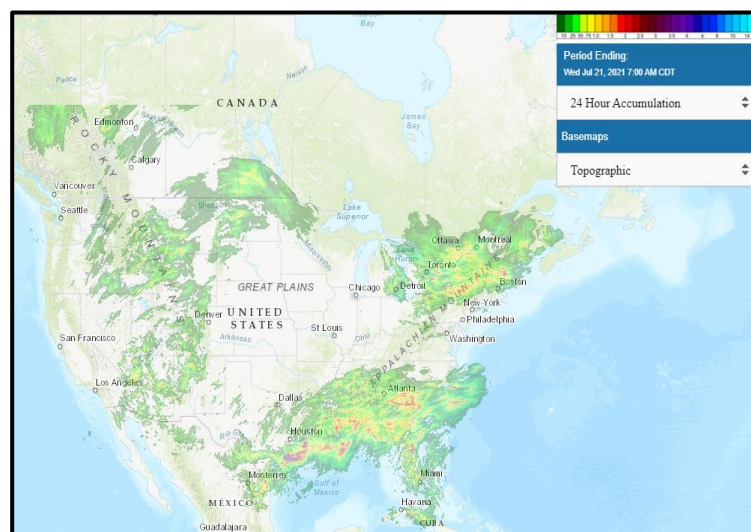


Chart of the Day

