

MORNING BULLS & BEARS

Monday, August 16, 2021

Upcoming Reports

- Export Inspections
- Crop Progress – Today, 3:00 pm
- EIA Report – Today, 9:30 am
- USDA Export Sales – Thursday, 7:30 am
- Commitments of Traders –Friday, 2:30 pm

Indices and Futures

Index	Last	Change
Dow Fut	35,281	-0.35%
S&P Fut	4,445	-0.38%
Nasdaq Fut	15,072	-0.35%
Nikkei	27,550	-1.31%
FTSE100	7,039	-1.26%
DAX	15,897	-0.46%
Shanghai	4,941	-0.10%

Macro News

The House is in recess but will return to Washington on Aug. 23 to vote on the budget blueprint and perhaps other legislation. Asked about House Speaker Nancy Pelosi’s (D-Calif.) next move, a senior House Democratic aide said the party doesn’t have enough votes to pass the bipartisan infrastructure bill this month. The aide contrasted the nine moderates who sent the letter with the dozens of the most liberal Democrats who would vote against that measure unless it comes after the Senate sends the House its \$3.5-trillion social and environmental bill. The Senate is in recess through Sept. 13. The retail sales report on Tuesday will be watched for any major changes in the relatively solid tone of the U.S. economy. USDA will release its Cattle on Feed Report on Friday.

The Biden administration has revised the nutrition standards of the food stamp program and prompted the largest permanent increase to benefits in the program’s history, adding billions of dollars to the cost of a program. The announcement is expected today and was first reported by the New York Times. The rules will be put in place in October, with average benefits rising more than 2% from pre-pandemic levels. All 42 million people in the program will receive additional aid. The move does not require congressional approval, and unlike the large pandemic-era expansions, which are starting to expire, the changes are meant to last.

America’s top general said Sunday that the U.S. could now face a rise in terrorist threats from a Taliban-run Afghanistan. The Taliban entered the capital city of Kabul, effectively sealing the insurgency’s swift takeover of Afghanistan two decades after the U.S. invaded. Meanwhile, Biden authorized an additional 1,000 U.S. troops for deployment to Afghanistan, raising to roughly 5,000 the number of U.S. troops to ensure what Biden called an “orderly and safe drawdown” of American and allied personnel. The U.S. State Department said that it was working to secure control of the airport, with core employees moved to a military-controlled section there. Thousands of other U.S. citizens and Afghans who aided the U.S. military are still in the country.

Grain News

T-Storm Weather Summary: Very warm and hot weather continue through midweek across the driest northwest third of corn and soybeans, while the rest gradually turn very warm into the weekend. A sharply cooler period starts in four to seven days as a strong cool front passes, and it then most likely lasts for one week or more. A multitude of features bring rain to varying areas at varying times over the next 10 days, but the exact setup remains fuzzy and will take a day or two to resolve. The most likely scenario is for 0.75” to 1.50” to affect most to all corn and soybeans through then, most notably starting around Friday in driest areas as the first of two systems and cool fronts pass.

Tropical Storm Fred should make landfall near Destin, Florida Monday afternoon or night. Damage to crops should be limited due to the storm’s weak intensity, reports World Weather Inc. The weather watcher reports the flux of moisture into the central U.S. could set the stage for more rain in the northern U.S. Plains and Canada’s Prairies late this week, though Tropical Depression Grace could interfere. The Midwest, Delta and central and southern U.S. Plains “will experience a good mix of weather during the next 10 days with sufficient rain to limit the expansion of dryness into the key Corn and Soybean belt production areas,” World Weather reports. It adds, “Any expansion of crop moisture stress into the Midwest from the northern Plains and far northwestern Corn Belt will be very slow and not likely to add much new potential for crop losses.”

On Friday, Argentina’s government announced it would redirect a loan from the Inter-American Development Bank for \$300 million to help mediate the impact of drought on the Parana River that is so essential for the country’s exports, drinking water and electricity generation. Argentina’s has also declared a “State of Water Emergency” for 180 days. Water levels along the river are at their lowest in 77 years, with experts saying the situation is likely to worsen before it gets better.

Brazil will likely export 90 MMT of soybeans during 2022, which would mark yet another record, projects the agribusiness consultancy Safra & Mercado. This season, it expects the country to ship 86 MMT of soybeans. The consultancy also expects domestic crush to hit 46.7 MMT in 2021 and 48.5 MMT in 2022, with demand for soy byproducts expected to hold strong. Safra & Mercado expects a 5% rise in Brazil’s soybean production to 147.41 MMT in 2022.

The consultancy IKAR reports prices for Russian wheat with 12.5% protein loading from Black Sea ports for supply in August jumped \$20 over the past week to \$287 per metric ton, free on board. Another consultancy, SovEcon, says prices climbed \$18 by week’s end to \$286 per MT. Dmitry Rylko, the head of IKAR described the situation as a “perfect storm” and said, “The most recent USDA report caused a sharp rise in international wheat values, including Russia’s.” SovEcon notes that demand from exporters and domestic consumers have climbed at a time when farmers are still slow sellers. The firm says, “Domestic buyers are waking up and upping bids aggressively.” Last week, USDA slashed its Russian wheat crop estimate by 12.5 MMT to 72.5 MMT.

The U.S. International Trade Commission (ITC) voted unanimously Friday (Aug. 13) to continue its investigation into imports of urea ammonium nitrate (UAN) fertilizer from Russian and Trinidad and Tobago that are allegedly subsidized and sold into the US at less than fair value. The determination means that the U.S. Department of Commerce (DOC) will continue the investigation into imports of UAN from Russia and Trinidad and Tobago with a preliminary countervailing duty determination due on or about Sept. 23 and the antidumping determinations due about Dec. 7. The ITC will notify DOC of its determination today.

Brazil’s BRF SA told a press briefing on Friday that the motivation for China to suspended pork imports from its Lucas do Rio Verde plant in Brazil was an issue with a frozen cargo originating at that facility. CEO Lorival Luz said BRF is working with Chinese and Brazil authorities to reverse ban imposed earlier this month, which has nothing to do with the facility itself. Poultry exports to China from that same plant were not affected by the ban, Luz said.

Private exporters reported to the U.S. Department of Agriculture export sales of 132,000 metric tons of soybeans for delivery to unknown destinations during the 2021/2022 marketing year.

24-Hour Precipitation Map

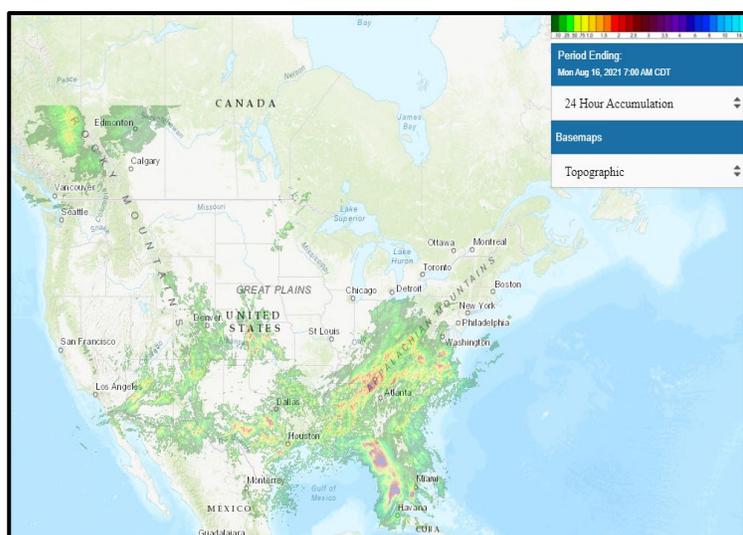


Chart of the Day

