

MORNING BULLS & BEARS



Wednesday, December 1, 2021

Upcoming Reports

EIA Report – Today 9:30 am
 USDA Export Sales – Thursday 7:30am
 COT's – Friday 2:30pm

Macro News

Dow futures are up 348 points at 34,805 and Crude Oil is up 1.94 cents at 68.12.

Stock futures gained on Wednesday to recover some losses after a sell-off a day earlier, when more hawkish remarks from Federal Reserve Chair Jerome Powell compounded with lingering uncertainty around the Omicron variant and its impacts on the economy.

Grain News

Weather Summary: Cool fronts trigger t-storms in varying areas of central and northern Brazil each day through mid-month as the wet period continues. Southern Brazil (and Paraguay) receive some t-storms once or twice next week, but only 25% to 50% of normal rainfall is likely over the next 14 days surface-level high pressure keeps humidities low and temperatures normal. Argentina has adequate to moist soil profiles after numerous rains in recent weeks, and heavy t-storms affect some key southern areas Thu.-Sat. (including most sunflowers); the central and north will be fairly dry, aiding late-corn planting that is starting and soybean planting that is around halfway complete. 19% and 26% of first-corn and soybeans in Brazil had under half of normal rainfall last 30 days ending Mon. 1%, 0%, and 3% of early-corn, soybeans, and sunflowers in Arg. were similarly dry over the last 30 days. 33% of U.S. HRW wheat was drier than normal last 180 days, highest in late-November since before 2014.

****USDA reported private sale of 150,000 metric tons of corn for delivery to Colombia during the 2021/2022 marketing year.**

Conference Call Notes: All markets are higher this morning. New month and Covid variant story being old news likely enticing fresh buying. Technicals remain bearish after last weeks action and funds remain big longs. Exports continue to be the wild card from here and we need to see buying pick up soon to come close to USDA numbers. US weather remains ideal for running plants, moving grain and doing field work. Fertilizer availability continues to be the constraint.

Markets still volatile. Crude down 20 pct from October high. US Dollar is lower. Coffee, sugar, cotton, gold and copper are higher. Goldman Sachs said Omicron is small risk. Hedge funds back buying. Risk on. Dalian soybean, soy meal, palm oil, soyoil and corn futures are lower. Virus spreading in China. US 30-day Midwest outlook warm and dry. Late December colder. S Brazil/Argentina 90 day dry China domestic soy meal buying slowed. Brazil soybean prices through Fed lower than US. US soyoil futures dropped following lower Crude, fact Brazil did not raise biofuel mandate. Matif rapeseed and Canada canola futures lower. US did not announce biofuel mandates. Matif corn lower. EU imports down stocks dropping. Ukraine corn works into SW and N EU. Some feel that that 5.60 WH may be a fundamental low if Omicron effect minimal Same group feels wheat fundamentals not bearish and money flow weighed on futures. Matif wheat futures help support on fact EU export pace too high. Wheat could find new consumer buying at yesterday lows. Australia wet. Canada supplies lower. Russia wheat prices ill defined. December exports down to low supply. No Jan sellers.

Brazil's Low Biodiesel Mandate Is 'Mortal Blow,' Crushers Say

The Brazilian government's decision Monday to keep a mandate of only 10% biodiesel content mixed into fossil diesel next year deals a "mortal blow" to soybean crushers who had invested to produce more, Abiove industry association says in emailed statement. A previous long-term plan had set a 13%-14% blend mandate for 2022, requiring an estimated biodiesel output of about 8.6b liters (2.3b gallons). That now drops to 6.2b liters The change undermines the industry's predictability, compromises investments that have been made and discourages future investments in the biodiesel sector: Decision goes against Brazil's commitment announced at COP26 to reduce greenhouse emissions by 50% by 2030: Abiove

Brazil Corn Exports Seen Reaching 2.893 Million Tns In November - Anec

BRAZIL SOY EXPORTS SEEN REACHING 2.286MMT NOVEMBER VERSUS 2.6 MMT FORECAST IN PREVIOUS WEEK - ANEC
 BRAZIL CORN EXPORTS SEEN REACHING 2.893MMT IN NOVEMBER VERSUS 3MMT FORECAST IN PREVIOUS WEEK - ANEC

Brazil Clamors for Fertilizer Tons as Shortage Concerns Loom

Brazil's fertilizer-price surge may taper next week as supply strains ease. Russia confirmed it will honor all contracts to Brazil, yet uncertainty remains about whether prices will benefit in the squeezed market. Brazil is the largest buyer of Russia-produced ammonia nitrate, importing 1.3 million metric tons from January-October. Russia's new export quota on ammonia nitrate for Dec. 1-May 31 of 744,000 tons is 1 million below year-earlier shipments. The Brazilian government has proposed measures including tax reductions, R&D incentives and fertilizer usage campaigns as part of its National Plan. Ukraine Ag Ministry on Wednesday estimated November grain exports at 5.817 mln mt, the total included 2.17 mln mt of wheat. The July 21/June 22 MY grain exports now total 25.3 mln mt, which includes 14.52 mln mt of wheat, 5.5 mln mt of corn, and 4.9 mln mt of barley.

Statutory deadline on RFS levels passes without EPA action

EPA is required by law to finalize the annual Renewable Volume Obligations (RVOs) under the Renewable Fuel Standard (RFS) by Nov. 30 for the biofuel levels the following year. That date arrived and passed without any action, as expected. The proposed levels for 2021 and 2022 are still showing as being under review at the Office of Management and Budget (OMB) where they have been since Aug. 26. It is not yet clear when the agency will release the RFS plan, with EPA Administrator Michael Regan indicating in November it would be out "sooner rather than later." But EPA is also working on its plans relative to determining RFS levels for 2023 and beyond, releasing a timeline earlier this year that it would come forth with a proposal outlining that plan by the end of this year. However, that has not yet been forwarded to OMB for review.

24-Hour Precipitation Map

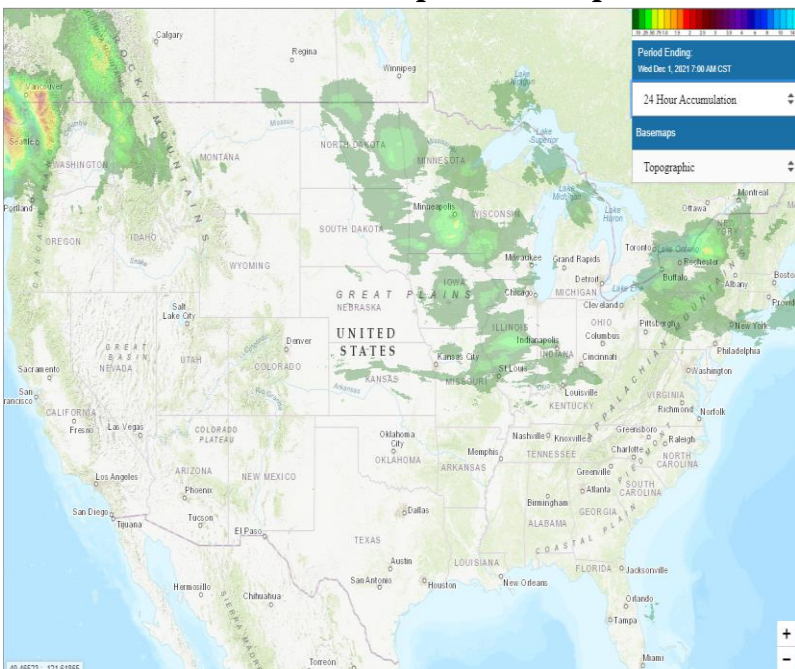


Chart of the Day

December 2021 Corn Futures (January - Present)

