

MORNING BULLS & BEARS



Thursday, December 2, 2021

Upcoming Reports

USDA Export Sales – Today, 7:30 am
COT's – Monday, 2:30 pm

Macro News

Dow futures are up 251 points at 34,253 and Crude Oil is down 0.04 cents at \$65.53.

Stock futures were mixed Thursday morning after dropping a day earlier, with investors assessing the latest headlines on the Omicron variant and mulling lingering concerns around inflation. The three major indexes slid during the regular trading day Wednesday, after the Centers for Disease Control and Protection announced that the first confirmed case of the Omicron variant had been identified in the U.S.

Grain News

Weather Summary: In Brazil, the coverage of wet soybeans is elevated from record rains in Mato Grosso last month, but dryness is also elevated from a lack of rain in Paraná and Rio Grande do Sul. Similar weather persists through at least mid-month as cool fronts trigger heavy t-storms in wet areas, but often bypass dry areas where surface-level high pressure keeps humidities low. In Argentina, soil moisture is favorable, and more rain affects southern crops through Saturday as a couple waves of energy pass, while central and northern areas turn drier with time. U.S. SRW wheat areas turn wetter from next week forward, but HRW wheat in the Plains likely stays dry and mild.

****USDA reported private sale of 164,100MT of soybeans for delivery to unknown destinations during the 2021/2022 marketing year**
****USDA reported private sale of 130,000MT of soybeans for delivery to China during the 2021/2022 marketing year**

****USDA Corn 21/22 Export Sales Net (11/24): 1,020,800 mt; 22/23 Net: 300 mt; expected 600k-1.3 mln mt**
****USDA Soybeans 21/22 Export Sales Net (11/24): 1,063,400 mt; 22/23 Net: -48,000 mt; expected 800k-1.8 mln mt**
****USDA Soybean Meal 21/22 Export Sales Net (11/24): 146,600 mt; 22/23 Net: -1,000 mt; expected 100k-200k mt**
****USDA Soybean Oil 21/22 Export Sales Net (11/24): 49,300 mt; 22/23 Net: NONE mt; expected 25k-70k mt**
****USDA Wheat 21/22 Export Sales Net (11/24): 79,900 mt; 22/23 Net: 26,000 mt; expected 250k-600k mt**

Conference Call Notes: Markets are stronger across the board building on yesterday's recovery. Eastern corn basis is stronger led by interior bids but river values stronger as well. Eastern bean basis is firm as well. Spreads are firming. Might be a sign export demand is picking up. Freight is backing off which helps the world buyer. Western basis is softer as ideal weather is allowing all December contracts to move at once.

Dalian soybean, soymeal and corn futures are higher. Palmoil and soyoil lower. Brazil Nov soybean exports double last year. Brazil domestic soybean prices down 70 cents from Nov high and \$2.25 from summer highs. Russia and Ukraine tension higher. Half of Ukraine army at Russia border UN estimates World food prices up in Nov 1 pct; Cereal up 3, Dairy up 1, Vegoil down .2 World meat prices down 1 pct. Pork down 5th straight month. Lower China imports negative. Matif rapeseed and Canada canola futures higher. US did not announce biofuel mandates. Matif corn higher. EU imports down stocks dropping. Ukraine corn works into SW and N EU. Some feel that that 5.60 CH 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 higher on fact EU export pace too high. EU exports need to slow. Wheat could find new consumer buying at Tuesdays lows. Australia wet. Canada supplies lower Russia wheat prices ill defined. December exports down due to low supply. No Jan sellers. KWH above 8.28 support. WH back above 8.00. MWH also holding 10.25 support Wire services will release soon trade estimates for USDA Dec 9 report. US 2021/22 corn carryout near 1,300 vs USDA 1,493, soybean 360-400 vs 340, wheat 583-640

The food price index from the UN Food and Agriculture Organization (FAO) climbed another 1.2% in November and was 27.3% above year. This marked the fourth consecutive monthly rise in the index, pushing it to the highest level since June 2011. Among the sub-indices, prices for cereals (up 3.1%) and dairy (up 3.4%) rose most significantly, followed by sugar (up 1.4%), while meat (down 0.9%) and vegoils (down 0.3%) prices declined slightly from October.

As of December 1st, Russia's Ag Ministry estimated the country's total grain harvest at 126.3 mln mt short of the 137.8 mln mt in the year earlier period. This season's total includes 79.0 mln mt of wheat, 18.9 mln mt of barley, 15.6 mln mt of corn, 4.9 mln mt of soy, 3.0 mln mt of rapeseed and 15.7 mln mt of sunflower.

The Ukraine Ag Ministry on Thursday increased their 2021 grain harvest forecast to 80.9 mln mt up +600,000 mt over the previous, they also raised their 2021/22 MY grain export forecast to 62.4 mln mt from the previous 61.5 mln mt outlook.

China's National Development and Reform Commission (NDRC) it would guarantee supplies of key energy feedstocks for fertilizer companies, urging coal and natural gas enterprises to fulfil contracts signed with producers of the crop nutrient. NDRC says it has established working groups with local governments to ensure the stability of fertilizer production and supply for spring planting.

U.S. net farm income is forecast to reach \$116.8 billion in 2021, up \$22.0 billion (23.2%) from 2020 with the 2020 result up \$15.7 billion (19.9%) from 2019, according to the Farm Sector Income Forecast from USDA's Economic Research Service (ERS). Net cash farm income is forecast to increase and reach \$133.0 billion in 2021, up \$17.0 billion (14.7%) from 2020, ERS said.

24-Hour Precipitation Map

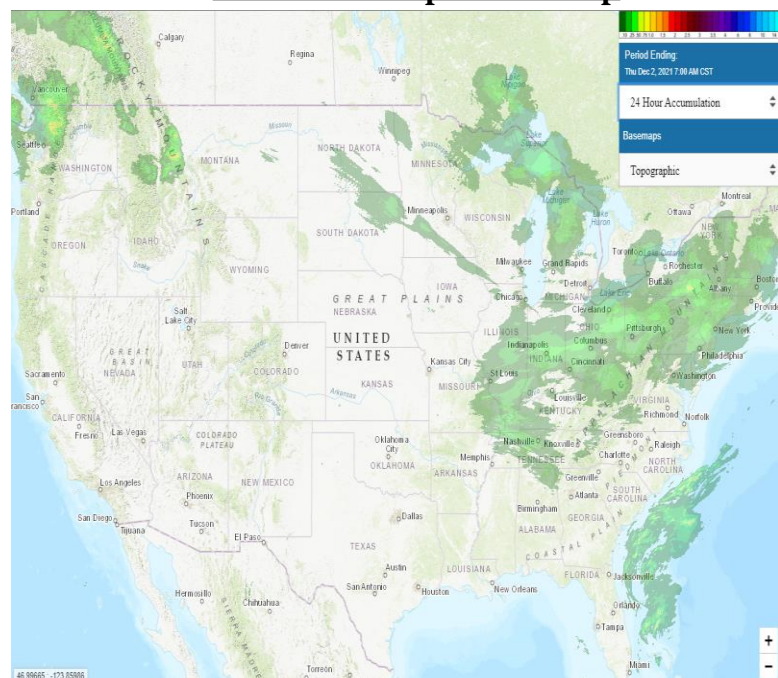
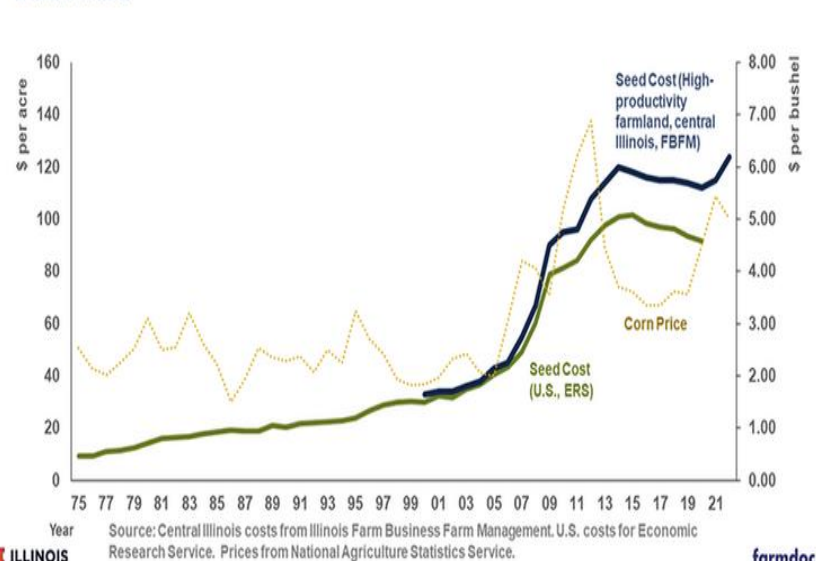


Chart of the Day

Figure 2. Per Acre Seed Costs Over Time, Along with Market Year Average Corn Prices



Source: Central Illinois costs from Illinois Farm Business Farm Management. U.S. costs for Economic Research Service. Prices from National Agriculture Statistics Service.