

MORNING BULLS & BEARS



Friday, December 17, 2021

Upcoming Reports

CoT – Friday, 2:00 pm

Macro News

Dow futures are down 166 points at 35,625 and Crude Oil is down \$1.11 at \$71.27.

Stock futures paused as investors assess the outlook for 2022 after a week of global central banks changing their monetary policies. While market participants generally welcomed the Federal Reserve's decision to accelerate tapering of its pandemic-era stimulus measures and raise interest rates, there are concerns about how that may impact growth. Tech companies have been especially pressured by the prospect of higher rates.

Grain News



Summary: Similar weather likely persists in South America into early next year as areas of surface- and upper-level high pressure combine to suppress rainfall and induce occasional heat in Argentina, southern Brazil, and Paraguay (maintaining a moderate to high risk for #2 soybean-producer Paraná to have its driest Nov.-Dec. since at least 1985, while #3 Rio Grande do Sul has its driest December). Conversely, the setup prevents cool fronts from clearing central Brazil, causing t-storms to affect varying areas each day, and likely resulting in the wettest Nov.-Dec. since at least 2001 in #1 Mato Grosso (partially driven by the wettest November in more than 42 years).. For more information, please visit www.tstorm.net.

Conference Call Notes: Markets are quiet this morning with wheat a little higher and corn and beans a little lower. Outside markets are softer as well. Beans are poised to finish the week with strong gains, corn unchanged for the week and wheat off 15+ cents for the week. Corn and beans continue to be supported by South American weather concerns and technical buying. Soybean oil has rebounded sharply off this weeks lows which is supportive as well. Wheat needs to find support here otherwise the 200 day is a likely objective to the downside. Cash markets in the west continue to be relatively soft as end users have ample coverage well into the new year. Eastern values remain firm.

****Private exporters reported sales of 20,000 metric tons of soybean oil for delivery to India during the 2021/2022 marketing year.**

Dalian soybean, soymeal, soyoil, palmoil and corn are higher. India bought US soyoil. US south plains dry. Russia cold. EU turning cold. Argentina and S Brazil drier forecast. Weekly US soybean export sales est near 1,308 mt. Total commit 40.1 vs 53.7. China 22.2. Soybean market still concerned about US/China tension, US soybean sales to China below ly. Brazil soybean export year will start in 5-6 weeks. US soybean crush rate/margins supportive US weekly corn export sales were season high 1,948 mt. Total commit 38.5 vs 41.5 ly. Mexico commit 11.5 mmt, Canada 2.6, both record high. China commit 12.2. 2.8 in unknown. China continues to buy higher prices Ukraine corn (12 mmt) and 385 mt US sorghum. 3.4 total. Tension between US, Russia and Ukraine may be easing. Increase tension bullish wheat. US wheat export sales 650 mt and higher than expected. Total commit 15.2 mmt vs 19.6 ly. Argentina wheat harvest 65 pct. Crop 22 mmt vs USDA 20. Australia crop 36 mmt vs USDA 34. Baltic dry index vessel freight down. Cape Index down 73 pct from high. US barge freight higher.

EU raises 2021/22 wheat, maize crop estimates

- The European Commission on Thursday increased its estimate of 2021/22 usable production of common wheat in the European Union to 130.6 million tonnes from 130.4 million previously.
- In monthly supply and demand projections, the Commission kept unchanged its forecast of EU common wheat exports in 2021/22 at 32.0 million tonnes, while raising its outlook for common wheat stocks at the end of the season to 12.9 million tonnes from 12.7 million.
- For maize, the Commission raised its forecast of 2021/22 usable production in EU's 27 member countries to 69.4 million tonnes from 68.4 million a month ago, and kept unchanged its forecast of EU maize imports in 2021/22 at 14.5 million tonnes.

Australian Grain Grower Downplays Quality Worries in Bumper Crop

- Australia's largest grain-growing state is well on course to harvest its biggest crop ever.
- Grain quality downgrades in the state have been isolated to the areas that received excessive rains at the start of harvest and "is not significant in the overall scheme of things," the group said in a report.
- While the crop in Western Australia has enjoyed favorable conditions, heavy rains have inundated parts of the eastern Australian growing areas, curbing supplies of bread-making wheat.
- Western Australia's production of all grains will exceed 22 million tons this season, about 17% more than the previous record in 2018.
- In 2022, there will "certainly" be a reduction in cropped area unless there is substantial summer rain and an early break.

Ukraine grain exports rise 22.2% so far in 2021/22 to 29.2 million tons-

- Ukraine has exported 29.2 million tonnes of grain so far in the 2021/22 July-June season, up 22.2% from the same stage a season earlier, agriculture ministry data showed on Friday.
- That included 15.3 million tonnes of wheat, 5.1 million tonnes of barley and 8.4 million tonnes of corn.
- The government has said grain exports could include 24.5 million tonnes of wheat, 30.9 million tonnes of corn and 5.2 million tonnes of barley.
- Ukraine's exports last season included 23.1 million tonnes of corn, 16.6 million tonnes of wheat and 4.2 million tonnes of barley.

IHS Markit expects 2022 U.S. corn acres to slide to 91.578 million acres next year.

- That's up 794,000 acres from the firm's projection last month but would be down 2.43 million acres from this year.
- They expect soybean acres to rise to 88.815 million acres, which is an 880,000-acre increase from last month's projection and would be up 1.085 million acres from 2021.
- They lowered their 2021/22 Brazilian first crop corn estimate by 1.2 MMT to 28.3 MMT
- They left their 2021/22 Brazil soybean production estimate unchanged at 145 MMT.

24-Hour Precipitation Map

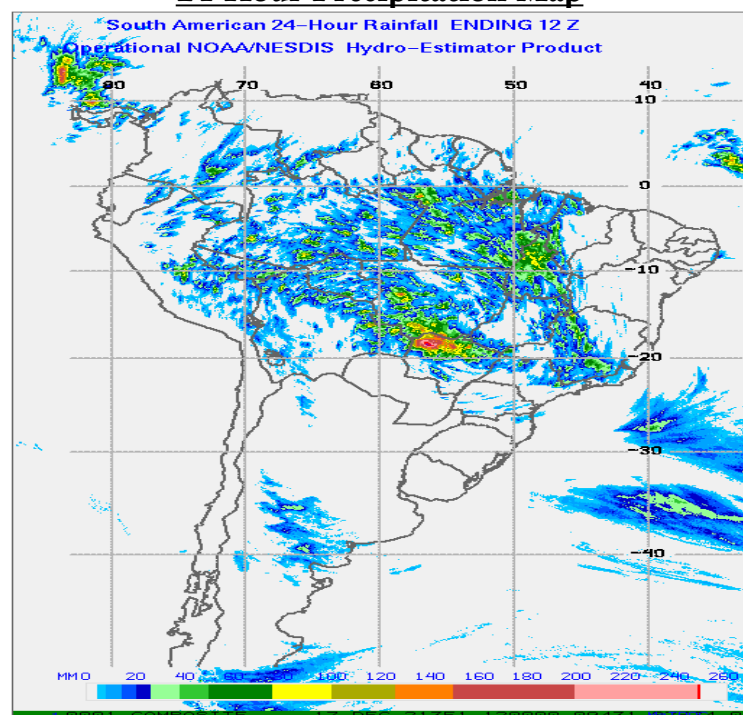


Chart of the Day

Cost for Fertilizer as Farm Production Input Since 2008, Index Avg. Price Per Metric Ton = 100, as of 12/2/2021

