



MORNING BULLS & BEARS



Monday, December 20, 2021

Upcoming Reports

Export Inspections – Today, 10:00 am
EIA Report – Wednesday, 9:30 am
Export Sales – Thursday, 7:30 am

Macro News

Dow futures are down 408 points at 34,846 and Crude Oil is down \$3.13 at \$67.73.

U.S. stock futures, bond yields, and oil prices fell as investors worried that a rise in Omicron Covid-19 cases would stall economic growth and add pressure to inflation. President Biden plans to deliver an update Tuesday on the fight against Covid-19 in the U.S., where cases are rising. Citing the "apparent demise" of Build Back Better, Goldman Sachs now expects GDP to grow at an annualized pace of 2% in the first quarter, down from 3% previously.

Grain News



Summary: Areas of high pressure produce near-sustained heat and below to much-below normal rainfall across Argentina and Paraguay over the next 14 days, despite some cooling this weekend and a few t-storms at times, which is most notable for Paraguay given crops were planted earlier and soils are drier. Drought-stricken southern Brazil will be much-drier than normal with occasional heat, likely culminating with the driest close to the year since at least 1985. Conversely, the setup prevents cool fronts from clearing central Brazil, resulting in frequent t-storms and above-normal rainfall, and likely the wettest Nov.-Dec. in Mato Grosso since at least 2001. For more information, please visit www.tstorm.net.

Conference Call Notes: Corn and wheat are lower and beans have turned higher. South American weather concerns continue to support the bean market while wheat trend is solidly lower. Friday's COT report showed the funds as buyers across all three markets. Outside markets are sharply lower on Covid economic slowdown concerns. Holiday trade and South American weather will likely lead to 2-sided trade and bigger than expected moves in either direction. Ten-day forecast is favorable for moving grain across the Midwest.

***No USDA Daily Export Sales

Grains are lower. SH is down 5 cents and near 12.83. SMH is near 377.1. BOH is near 52.95. CH is down 5 cents and near 5.88. WH is down 11 cents and near 7.63. KWH is down 11 cents and near 7.98. MWZ is down 11 cents and near 10.10. OH is down 34 cents and near 6.68. Fear of new Omicron lockdowns and funds unwilling to add to longs before the holidays despite dry South America and US plains weather is weighing on all commodities. Crude, coffee, cocoa, sugar, cotton, silver and copper are lower. US stocks are lower. S/P is now below the 20 and 50 day moving average. South Brazil 1st corn crop is pollinating under stress. Argentina will be mostly dry with temps near 100F. 43 pct of South America crops affected. Some est Brazil soybean crop near 139 mmt vs USDA 144. Argentina will cap 2022 corn exports at 41.6 mmt and wheat 12.5 to fight inflation. Early Brazil soybean harvest limits gains in SH. Russia wheat quota of 8 mmt Feb 15-Jun 30. This suggests exports at 31 mmt vs USDA 36. WH, KWH and MWH are lower on Omicron virus spread and concern over lower demand. SH down with most commodities. BOH also lower. Dalian soybean higher; soymeal, soyoil and palmoil are lower. Dry South America forecast and strong US crush demand is supportive. C IL and W IA soybean processors bids +15/20 vs 5 year average of -45. US soybean gulf basis +1.00 highest since August, 2016. Brage freight higher and weighs on bid to farmers along US river waterways. US waterways water levels lower.

China November Ag Imports

- Nov. corn imports 790,000 Tons, -35.7% Y/y
 - YTD corn imports rose 199.4% y/y to 27.02m tons
- Nov. wheat imports 750,000 tons, -7.2% y/y
 - YTD wheat imports rose 17.8% y/y to 8.83m tons
- Nov. edible palm oil imports 440,000 tons, -6.2% y/y
 - YTD edible palm oil imports rose 4.4% y/y to 4.21m tons
- Nov. pork imports 200,000 tons, -38.7% y/y
 - YTD pork imports fell 10.3% y/y to 3.54m tons
- Nov. beef imports 180,000 tons, +7.5% y/y
 - YTD beef imports rose 11.4% y/y to 2.13m tons

China Bought More Soybeans From Brazil Than U.S. in November

- China's soybean imports from the U.S. fell 40% y/y in November to 3.63m tons, according to Chinese customs data Monday.
- Soy imports from Brazil rose 37% y/y to 3.75m tons in November
- READ: China Buying More Brazil Soy in Sign of Shifting Trade Flows
- NOTE: China Nov. Soybean Imports 8.57m Tons: Customs
- China imported 719,801 tons of U.S. corn in November, -5.5% y/y
- Corn Purchases from Ukraine were 50,967 tons in November, -79% y/y
- NOTE: China Nov. Corn Imports 790,000 Tons, -35.7% Y/y

China Won't Depend on Corn Imports, Unlike With Soybeans, Official Says

China's corn imports, which are set to exceed the quota next year, will come under control in the medium- and long-term as domestic production increases, so corn won't follow in soybeans' footsteps, an official at the Ministry of Agriculture and Rural Affairs told Yicai Global. China's corn output is likely to strike a balance with demand before long, thanks to supportive policies, said Xi Yinsheng, director of the Ministry's Macroeconomic Research Office of the Research Center for Rural Economy. China imported 26.23 million tons of corn in the first 10 months this year, more than three-and-a-half times what it did in the same period last year, according to statistics from the National Bureau of Statistics. But the country's corn production is on the rise, boosted by rising prices and government support. The corn planting area expanded 5 percent this year from last year to 43.3 million hectares and output jumped 4.6 percent to 272.6 million tons. Corn output is likely to grow at an annual rate of 2.4 percent over the next decade to reach 300 million tons by 2025 and 330 million by 2030, Xi said. Demand, meanwhile, will reach 310 million tons by 2025 and 330 million by 2030. By contrast, the world's largest soybean consumer imported 83 percent of its soybeans last year and the planting area shrank 14.8 percent this year from last year, making it more difficult for the country to wean itself off imports. The ministry is advocating replacing corn and soybean in animal feed with cereals, so demand for corn has fallen. Policy changes can improve structural problems in the country's food supply-demand balance and promote corn production, Xi added.

Russia Weighs Increased Tax on Wheat Exports If Price Rises

Russia is considering imposing a higher tax on wheat exports, based on a formula that links the tax rise to increases in the price of the commodity. Under the formula, the tax will rise if prices reach \$375 a ton and again if they hit \$400 a ton, according to documents published on the government's proposed regulations website.

24-Hour Precipitation Map

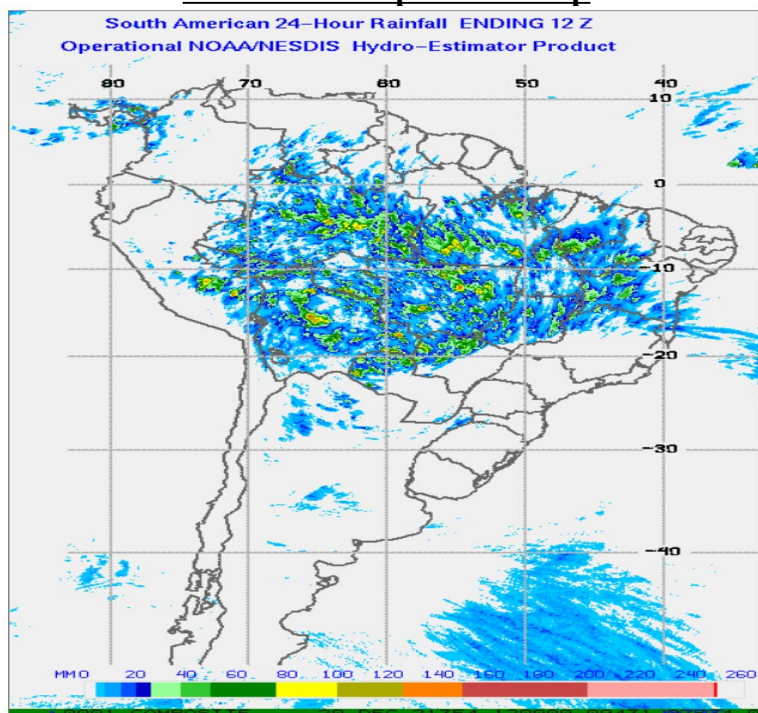


Chart of the Day

Nominal Iowa land values reach historic high
But inflation-adjusted values are still lower than 2012, 2013
Nominal values +29%; Inflation-adjusted values +21%

