

MORNING BULLS & BEARS



Wednesday, January 12, 2022

Upcoming Reports

EIA – Today, 9:30 am
WASDE/Stocks – Today, 11:00 am
USDA Export Sales – Thursday, 7:30 am
CoT – Friday, 2:00 pm

Macro News

Dow futures are up 111 points at 36,239 and Crude Oil is up 0.83 at \$82.05.

Stock futures rose Wednesday morning as investors eyed a new report on inflation, which showed another decades-high rate of price increases across the recovering economy. The Bureau of Labor Statistics' December Consumer Price Index (CPI) showed prices rose at a 7.0% year-over-year rate at the end of 2021, marking the fastest increase since 1982.

Grain News



Summary: Exceptional heat affects Argentina through Saturday, then ends when a cool front triggers t-storms Sun.-Mon. More t-storms follow three to five days later as the main system passes, producing 1.00” to 3.00” over the next 14 days (~2.25” is normal). Southern Brazil and Paraguay will be hot going forward (but absent extreme heat) with some t-storms in / near eastern Paraná this week, but for a wider area next week as a cool front dissipates (1.50” to 3.00” next 14 days; ~3.00” is normal). Parts of central and northern Brazil are very wet (5.97” in Goiás over Jan. 1-10), but a much drier period starts over the next few days as upper-level high pressure forms. For more information, please visit www.tstorm.net.

USDA Daily Sales Announcements:

**USDA reported private sale of 100,000 metric tons of corn for delivery to unknown destinations during the 2021/2022 marketing year.
**USDA reported private sale of 132,000 metric tons of soybeans for delivery to China during the 2022/2023 marketing year.

Conference Call Notes: Markets are a little softer this morning ahead of the 11am report. South American weather remains uncertain as conditions in Brazil are improving but Argentina remains very hot and dry. South American weather will take a backseat to the report today but will likely be front and center by the end of the week. US weather remains dry in the west and southwest which continues to be a concern for farmers as they think about making forward sales. CIF basis values are firmer with barge freight higher. Interior corn and bean bids in the west are weaker and steady in the east.

US Dollar is higher. Fed Chairman comments weighed on treasury rates from high at 1.8. 2022 started at 1.53. Key today is USDA numbers. Trade will focus on USDA estimate of US 2021/21 corn, soybean and wheat carryout, USDA estimate of South America crops, December 1 US corn, soybean and wheat grain stocks and USDA first estimate of US 2022 winter wheat planted acres. After the report. Trade will focus on South America weather/crops. Forecast is for rains next week. CH has been in an uptrend since Sep 10 low near 5.06 to a recent high of 6.17. Recent range has been 5.84 to 6.17. Some feel end users could buy 5.84. US farmers could add to sales above 6.17. Over last 16 years, trade has overstated Dec 1 stocks 9 times and was below USDA 7. SH has been in an uptrend since breaking out above 13.00 on Dec 21 to a recent high of 14.15. Much of the buying was due to concern about SA crops and talk of inflation. Potential range is now between 13.50-14.50. Some fear next weeks SA rains could trigger long liquidation post USDA report. Over last 16 years, trade has overstated Dec 1 stocks 10 times and was below USDA 6. KWH has been in a steep downtrend since Nov 24 high near 8.92 to a recent low of 7.54. Decline due to slow US export pace and higher South Hemisphere crops. Potential range could be 7.50 to 8.50. Some feel end users could buy 7.50. Over last 16 years, trade has overstated Dec 1 stocks 4 times and was below USDA 11.

Canada Canola Output Seen Rising 67% in Rebound From Drought

Output in Canada may rise to as much as 21m tons in 2022 as Prairies recover from last year's drought amid strong demand for the oilseed, Marlene Boersch, owner of Winnipeg-based Mercantile Consulting Venture Inc., said Tuesday at a virtual farm conference. Canada output dropped 35% in 2021 to 12.6m tons, lowest since 2007, because of drought in Western Canada. Parts of the Prairies may experience lingering dryness and production estimates assume average yields. NOTE: Canada is the world's top canola producer. Domestic crush plants will try to operate as efficiently as they can but may need to shut down if supplies are "really really tight," Boersch said.

China Cuts Corn Demand Estimates Due to Poor Hog Margins: CASDE

China cuts 2021-22 estimates for corn use in animal feed by 1m to 186m tons as weak hog producer margins curb demand and as imports of substitutes like sorghum and barley climb, according to China Agricultural Supply and Demand Estimates. Corn demand for industrial use is reduced by 2m tons to 80m due to high corn prices. Domestic soybean prices to be supported by lower production in northeastern regions, but may face challenge from sluggish buying. CASDE maintains 2021-22 supply and demand forecasts for soybeans, edible oil and sugar

Russian Wheat-Exports So Far This Season Decline 18% Y/y: Agency

Russian wheat shipments for the 2021-22 season amounted to 21.6m tons as of Dec. 30, down 18% from a year earlier, the Federal Center of Quality and Safety Assurance for Grain and Grain Products said on its website, citing inspections before exports. That means wheat exports totaled about 500k tons in the week to Dec. 30, compared with 700k tons a week earlier. Exports of all grains are at 29.9m tons so far this season. Barley exports declined 33% y/y. Corn exports rose 11%

AgriMer Cuts French Wheat Export Est.; Reserves at Six-Year High

French soft-wheat stockpiles at the end of the 2021-22 season are now seen at 3.65m tons, crops office FranceAgriMer said in a report Wednesday. That's up from a December estimate for 3.51m tons and remains the highest in at least six seasons. Estimate for exports outside the EU were cut to 9m tons, from 9.2m tons. Total exports seen at 16.8m tons, versus previous outlook of 17.1m tons. Paris milling-wheat futures are down about 11% from a November peak.

24-Hour Precipitation Map

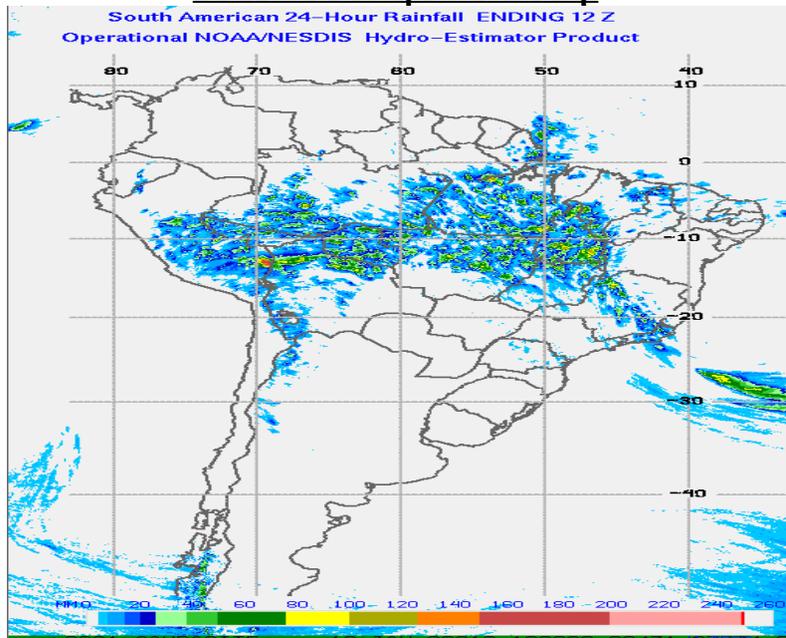
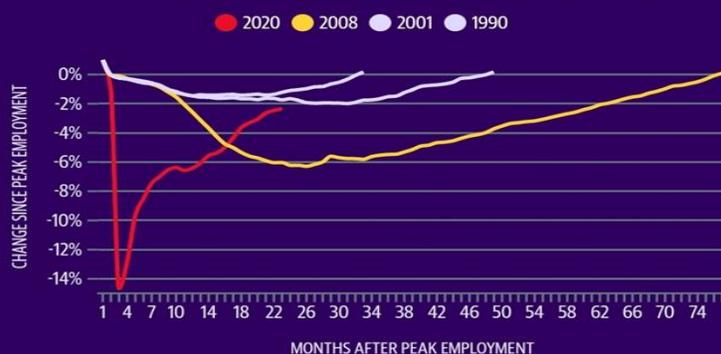


Chart of the Day

COVID-19 RECESSION LIKE NO OTHER

The job market recovery after the pandemic-reduced recession in 2020 has been remarkably rapid compared to other notable recoveries in recent history.



SOURCE: BLS, FRED