

MORNING BULLS & BEARS



Thursday, January 13, 2022

Upcoming Reports

USDA Export Sales – Today, 7:30 am
CoT – Friday, 2:00 pm

Macro News

Dow futures are up 71 points at 36,231 and Crude Oil is down 0.48 at \$82.16.

U.S. stock futures floated around their flatline Thursday morning as investors await a fresh read on weekly unemployment claims out of Washington. Investors digested a red-hot print on inflation in the earlier trading session that showed another decades-high rate of price increases, one day after Federal Reserve Chair Jerome Powell indicated in his renomination testimony that the central bank would intervene as needed to ease rising prices.

Grain News



Summary: Argentina corn and soybeans are sharply drier than in mid-January of at least the last four years (and drier than the 2018 drought that essentially started now). Exceptional heat dominates Argentina through Saturday, then gradually ends over the three days that follow. A stormy period begins as the front initially triggers t-storms Sun.-Tue., then later next week and weekend when the main system passes, and probably followed by some more in 10 to 14 days to produce near- and above-normal totals through then. Conversely, moderate heat affects Rio Grande do Sul into late-month with most rain at least 5 to 10 days out. Central and northern Brazil turn drier. For more information, please visit www.tstorm.net.

USDA Daily Sales Announcements: There were no daily sales announcements today.

- **USDA Corn 21/22 Export Sales Net (01/06): 457,700 mt; 22/23 Net: NONE mt; expected 500k-1.5 mln mt
- **USDA Soybeans 21/22 Export Sales Net (01/06): 735,700 mt; 22/23 Net: 183,000 mt; expected 400k-1.6 mln mt
- **USDA Soybean Meal 21/22 Export Sales Net (01/06): 104,300 mt; 22/23 Net: -800 mt; expected 10k-300k mt
- **USDA Soybean Oil 21/22 Export Sales Net (01/06): -2,900 mt; 22/23 Net: -100 mt; expected 0k-40k mt
- **USDA Wheat 21/22 Export Sales Net (01/06): 264,500 mt; 22/23 Net: NONE mt; expected 150k-500k mt

Conference Call Notes: Overnight markets are lower across the board with beans leading the way giving up all of yesterday's gains and more. Weekly export sales remain mediocre and won't provide support. Dec 2023 corn is the outlier as it has rallied all month. This could be a longer-term inflationary play by the investment crowd. With the WASDE out of the way, markets will focus on South American weather. Broad rain coverage is in the forecast for next week which could further pressure markets lower into the weekend. Central Argentina needs rain the most. Barge freight remains very firm. Cash markets are highly variable across the midwest. Weaker futures and a large storm system coming tomorrow could firm basis the balance of the month. Oil industry continues to lobby for lowering the 15 billion gallon biofuel requirements citing a shrinking ethanol industry. That argument is unlikely to get much traction as the industry has the capacity and \$80+ crude favors ethanol.

USDA Cuts Estimate for Brazilian Soybean Crop: WASDE Takeaways

Brazilian beans: USDA was more aggressive than analysts expected in its chop to soybean production, coming in lower than Brazil's trim yesterday. The South American weather market is here and is sure to dominate headlines for the next weeks. Big crop gets bigger: So much for the wild U.S. weather during last year's growing season, when conditions were seen as too dry in the western half of the Corn Belt and too wet in the east. The American corn crop got 2.5% bigger from August to January, even as future demand for U.S. exports to top importer China may be squelched by a bigger harvest in Ukraine. Wheat swells: Chicago wheat futures saw the biggest loss in the latest WASDE's wake, with world stockpiles bigger than expected, and U.S. plantings in line with the consensus. That could help take the edge off food inflation. Still, weather woes, including dryness in the U.S., will be in focus over and the stockpile figure remains at a five-year low. No drama January: The first WASDE of the year can often jolt the market, given the massive amount of data dropped. But this year was relatively steady given the backdrop of farm inflation and wild weather variations. So all those questions going into today on South American harvests, plantings and China demand for the world's grains are just as relevant as yesterday. Uncertainties ahead: From still-high fertilizer prices to worries over longer-term drought, there's still plenty of unknowns that could drive higher grain prices.

US renewable fuel credits fall 6% after Reuters report

U.S. renewable fuel credit prices fell nearly 6% on Wednesday after a Reuters report said the Biden administration is considering lowering the 2022 ethanol blending mandate below the proposed 15 billion gallons, citing sources. Renewable fuel (D6) credits RIN-D6-US traded at \$1.20 cents each on Wednesday, down from \$1.27 each on Tuesday, traders said.

U.S. Urea Remains Pressured

New Orleans urea prices kept falling in early week trading, reported in the low \$600s per short ton free on board (st/fob). A week-ago rebound to nearly \$700/st soon faltered. Inland prices also softened. Market participants pointed to a significant uptick in U.S. imports from July-November as reason for the pressure. Prices for other nitrogen products, ammonium sulfate and urea ammonium nitrate firmed, and ammonia was stable. New Orleans dry phosphate prices continued to drift lower, as did the inland market. Warehouse potash prices have slipped \$15-\$20/st since mid-December

BUENOS AIRES, Jan 12 (Reuters) - The dry conditions affecting crops in Argentina's main agricultural region since mid-December could extend into mid-March, causing "significant" losses for corn and soybeans in 2021/22, the Buenos Aires Grains Exchange said on Wednesday. After getting rains in the second half of 2021, the South American country is feeling the effects of the La Niña weather phenomenon as rainfall decrease in key agricultural areas. Production results for both corn and soybeans will "largely depend on a timely return of the rains in February," the grains exchange said in a monthly report. It has warned, however, that as the country faces a "double episode" of La Niña - when the phenomenon occurs for two consecutive seasons -, the return of downpours could be delayed until mid-March, causing significant yields losses.

24-Hour Precipitation Map

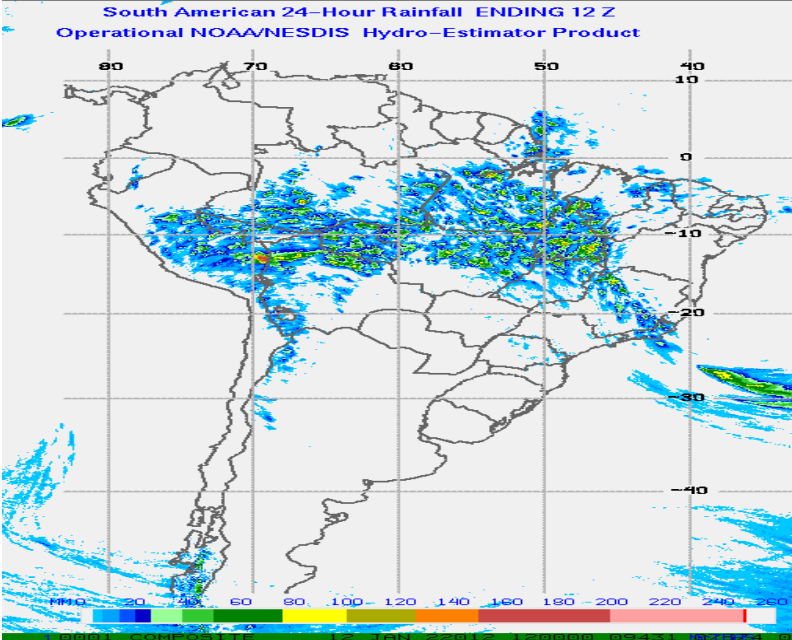


Chart of the Day

