

MORNING BULLS & BEARS



Thursday January 14th, 2022

Upcoming Reports

CoT – Today, 2:00 pm

Macro News

Dow futures are down 289 points at 35,700 and Crude Oil is up .10 cents at \$82.22.

Stock futures fell Friday morning to add to losses after a tech-driven sell-off on Thursday, with investors monitoring a mixed set of bank earnings and a bigger-than-expected drop in U.S. retail sales. New economic data came in weaker-than-expected on Friday, adding to the risk-off tone in markets. U.S. retail sales fell 1.9% in December month-on-month, missing estimates for an only 0.1% dip and marking the biggest drop since February 2021. November's sales were also downwardly revised to show 0.2% monthly increase, compared to the 0.3% rise previously reported.

Grain News



T-Storm Weather Summary: Exceptional heat continues through tomorrow in Argentina, then ends Sun.-Tue. Scattered to locally heavy t-storms form along the front, but probably miss ~33% of corn and soybeans from the south. Better rain chances follow for a wide area late next week and again a few days later, ultimately resulting in near-normal totals south and above-normal totals over the next 14 days. In Brazil, drought likely worsens in Rio Grande do Sul over the next week as t-storms focus just northeast and south, followed by t-storms one to two weeks out, but more may be needed. Central and northern Brazil turn drier over the next 10 days, ending the very wet open to January from Goiás east. For more information, please visit www.tstorm.net.

USDA Daily Sales Announcements:

****USDA reported private sale of 100,422 metric tons of corn for delivery to Mexico during the 2021/2022 marketing year.**

****USDA reported private sale of 100,000 metric tons of soybean meal for delivery to Spain during the 2022/2023 marketing year.**

Conference Call Notes: Markets are mixed this morning with corn and beans slightly higher and wheat lower after all markets traded lower most of the session retesting this week's lows. Support for March corn, beans and wheat is 5.75 ½, 13.66 ½, and 7.22 ¼ respectively. South American weather remains front and center going into the weekend with markets closed Monday. Argentina extreme heat continues into the weekend before rain is forecasted to bring relief next week. Winter storm coming through the heart of the Midwest will impact logistics into next week. Barge freight remains very strong as river logistics remain a challenge.

Ukraine Doesn't Plan to Limit Wheat Exports, Ministry Says

Ukraine's Agriculture Ministry reiterates it doesn't plan any restrictions on exports of wheat, deputy minister Taras Vysotskyi said in a text message to Bloomberg News.

- Ministry hasn't expressed any concerns regarding pace of exports of milling wheat amid fears from bakers that growing shipments increase domestic cost of bread, fueling consumer inflation
- NOTE: Last month Reuters reported Ukraine's government would mull in mid-January the possible need to limit milling-wheat exports in 1H 2022

IGC Sees Record World 2022 Wheat Crop; Slashes 2021-22 Soy Est.

World wheat production in the 2022-23 season could rise for a fourth year to a fresh record, the London-based International Grains Council says in an emailed report.

- Consumption will also climb, keeping stockpiles little changed y/y
- Reserves across major exporters are likely to remain smaller than average
- For the 2021-22 year, IGC raises estimate of global grain stockpiles to 601m tons, versus 600m tons seen in November
- Wheat stockpiles raised by 2m tons and corn kept steady
- World soybean crop estimate for 2021-22 falls to 368m tons, from 380m tons, due to heat and dryness shrinking South American prospects
- Stockpile estimate cut to 52m tons, from 60m tons

Argentine Soy, Corn, Wheat Estimates Jan. 13: Exchange (Table)

The Buenos Aires Grain Exchange releases weekly report on website.

- 2021-22 Soybean area cut to 16.4m ha vs 16.5m last week
- Planting 92.5% complete
- Wheat harvest complete, production maintained at 21.8m tons

WEATHER SUMMARIES

WORLD SOYBEAN PROSPECTS: Favorable conditions for filling soybeans in central and northern Brazil, poor conditions in the south. Showers going isolated in the north favoring harvest but scattered showers south too late for most. Heat and dryness concerning developing to reproductive soybeans in Argentina. Showers return this weekend.

WORLD CORN PROSPECTS: Favorable conditions for filling corn in central and northern Brazil, poor conditions in the south despite some recent showers. Showers going isolated will help with safrinha corn planting. Heat and dryness is concerning for developing to reproductive corn in Argentina. Showers return this weekend. Showers benefiting corn planting and establishment in South Africa.

WORLD WHEAT PROSPECTS: Recent precipitation in the Pacific Northwest favoring soil moisture and drought reduction. Drier conditions continue for the next week. Dryness and drought in the southwestern Plains continuing to stress winter wheat. Favorable conditions for winter wheat establishment in southern Europe. Crops dormant mostly in good conditions across the north and east. Spain is seeing poorer conditions, however. Crop is dormant in Ukraine and western Russia in poor condition. Precipitation this winter has been more favorable thus far. Winter wheat dormant in favorable condition in China. Warm and dry conditions will stress vegetative wheat in North Africa for the next week.

24-Hour Precipitation Map

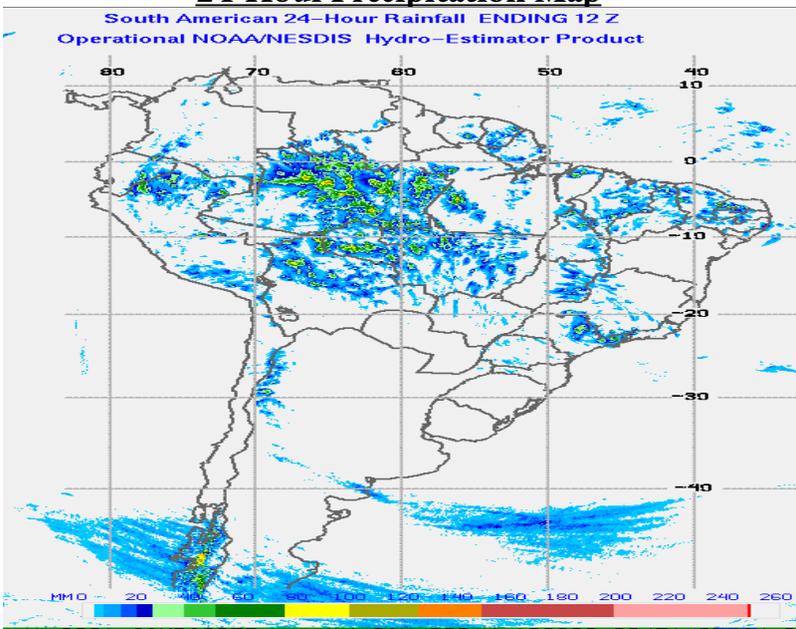
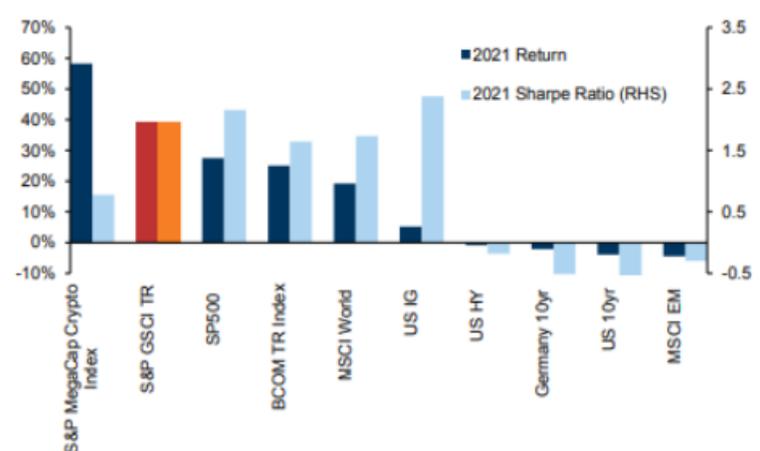


Chart of the Day

Exhibit 1: Only crypto outperformed commodities last year
2021 Return and Sharpe Ratio



Source: Bloomberg, Goldman Sachs Global Investment Research