



Wednesday, April 13, 2022

Upcoming Reports

EIA Report – Today., 9:30 am
FAS Export Sales – Thurs., 7:30 am
Commitments of Traders – Friday 2 pm

Macro News

Dow futures are down 35 points at 34,104 and Crude Oil is up 1.10 at \$101.70

U.S. stock futures rose as the first earnings reports from major companies began to roll in and investors considered the highest inflation in four decades. Futures tied to the S&P 500 climbed 0.5%, pointing to the broad-market index recouping losses after it closed down 0.3% on Tuesday. Nasdaq-100 futures rose 0.6%, suggesting gains in technology stocks after the opening bell.

Grain News



Summary: A blizzard blankets ND over the next two days to prevent early spring wheat planting. It also triggers heavy t-storms across the southeast half of the Corn Belt and mid-South tomorrow to maintain normal to wet soils. Unseasonable cold follows for all of the central U.S. for 7 to 10 days as a series of fronts pass, accompanied by rains in the Corn Belt and mid-South as the cool and wet April continues for eastern and southern corn and soybean areas. HRW wheat in the Plains stays fairly dry over the next 10 days, and although a low chance for substantial rain exists in 10 to 14 days, our proprietary data and low ratings support a below-trend yield. For more information, please visit www.tstorm.net.

USDA Daily Sales Announcements:

No daily sales reported today.

Conference Call Notes: Markets are softer this morning, reversing some of yesterdays across the board commodity gains. President Biden's E15 waiver is a win for the ethanol industry as it potentially recognizes ethanol as a piece of the energy solution longer term. In the short term, it is unlikely to impact corn balance sheets as we have high ethanol stocks that can absorb incremental 2022 E15 demand. US weather is unseasonably cold with snow in the Dakotas, rain in the east and mid-south and continued dryness in Kansas wheat country.

Grains are mixed. SN is down 5 cents and near 16.55. SMN is near 456.4. BON is near 73.70. CN is down 4 cents and near 7.68. CZ is near 7.31 and new highs. WK is up 6 cents and near 11.10. WN is near 11.19. KWK is up 7 cents and near 11.69. KWN is near 11.73. MWK is unchanded near 11.55. MWN is near 11.56. US Dollar is making new highs. Crude is higher. Ukraine war continues. Putin said peace talks at dead end. IEA lowered World 2022 crude oil demand due to China covid lockdown. US stocks are higher in front of Bank earnings. US Midwest weather will be a mixture on cool/wet east and cool/dry west. ND and MN blizzard. Dry weather continues in US south plains. Central Brazil and Argentina are dry. China covid lockdown could lower their commodity import demand. SN has found resistance near 16.75. BON has found resistance near 75. Soybean as pct of board crush is back up to 45 pct. Still Matif rapeseed is making new highs despite estimates that EU 2022 acres could be up 18 pct. Higher Black Sea vegetable price is forcing India to increase palm oil imports. Talk of lower crop has slowed Brazil farmer selling. Argentina dry with 83 pct of 2nd crop mature. Trucker strike continues. SMN has found resistance near 20 DMA 463. China soybean buying slowing. Corn futures made new highs. CN finding resistance near 775. CZ new highs near 7.33. US corn demand increasing due to better livestock margins and increase export. Higher summer E15 adds physiological support but may add only 25 mil bu to crush. Putin remarks rallied new crop Matif corn. French corn is cheaper than imported corn and domestic wheat. Argentina trucker strike continues. Argentina FOB corn basis down to -5/-10 vs +150 last month. Overnight Wheat futures have turned higher. Dry US south plains and Putin remarks rallied Matif wheat new crop futures to new highs. Initially Matif rallied after Egypt announced EU only tender. Later Egypt added Russia origin. USDA estimates India wheat exports near 8.5 mmt. April-March exports could be closer to 10 mmt. Some suggest shift in exports capacity priorities could increase exports to 16 mmt. KWN testing Tuesdays high near 11.79. Next resistance is near 12.00. Daily volume has increased despite higher volatility. The fact wheat futures remain firm has some end users adding to coverage on fear of even higher prices.

Argentine grains truck traffic grinds to a halt as strike hardens

Argentine truck owners extended a grains transport strike on Tuesday, bringing grains haulage traffic to a virtual halt at the peak of the harvest season in the world's leading exporter of processed soy and number two shipper of corn. The protest, demanding higher freight rates as inflation spirals, started on Monday, leaving important roadways for carrying grains for producers to the ports without the normal jam of trucks which occurs every year from around April. The indefinite strike has not yet hit exports because the ports have large stored reserves of grains, but a prolongation of the protest could start to affect shipments. About 85% of Argentina's grain is transported around the country by truck. "We will come out of the strike with a new rate schedule. Otherwise we won't come out of the strike at all," Pablo Agolanti, vice president of the Federation of Argentine Carriers (FETRA), told Reuters. The country's transport ministry in a statement called for a meeting on Wednesday at 10:00 local time (1300 GMT) to continue the "dialogue" with the truckers. Regarding the impact of the protest, local agricultural logistics company AgroEntregas said that "there is no truck movement" towards the port terminals. Its data showed just 57 grains trucks entering ports, down from over 6,000 on April 9.

China's corn planting facing delays as lockdowns leave farmers stranded

Planting of corn in one of China's major producing areas could be delayed as many of the region's millions of farmers struggle to return home from temporary city jobs because of strict coronavirus lockdowns. Any delay to planting could hit output in the world's No. 2 corn producer, where corn prices are already hovering at record levels, and government support for soybeans also threatens to reduce growing of the grain. China's northeastern provinces, its breadbasket, have endured weeks of restrictions on movement, with the toughest measures in Jilin province where COVID-19 cases soared in early March. With the critical time for sowing grain fast approaching, some farmers remain stuck and are getting increasingly worried, despite recent government pledges to tackle the issue. "I need to tend my land immediately, but I can't go back. I am so anxious," a farmer surnamed Wang told Reuters on Tuesday from Changchun, the capital of Jilin. The problem highlights the challenge for China in balancing its strict zero-COVID policy with its high priority on food security.

China's March soybean imports fall 18% on year

China imported fewer soybeans in March than a year earlier, customs data showed on Wednesday, as bad weather delayed exports from Brazil and poor crush margins curbed demand. The world's top importer of soybeans brought in 6.35 million tonnes of the oilseed in March, down 18% from 7.77 million tonnes in March 2021, General Administration of Customs data showed. Arriving shipments in the first three months of the year were down 4.2% from a year earlier, at 20.28 million tonnes, according to the data. "Supplies were tight in March and the demand for soybean meal was cut," said a manager with a major crusher in China. "Soybeans this month are still tight. It is hard to say when the tightness will ease. It really depends on what the feed producers think," said the manager, referring to demand from the massive livestock sector. Chinese prices of soybean meal rose from the beginning of the year to record highs late in March, as supplies of beans tightened after drought hit the crop in top supplier Brazil, delaying its harvest, though prices later fell from the peak. Crushers were also slow in making purchases as poor hog margins weighed on crush margins, said traders. Board crush margins for soybeans for delivery in the period from May to July were around minus 200 yuan to minus 300 yuan (minus \$31 to minus \$47) per tonne, discouraging buying for future delivery. Farmers nationwide are losing 300 yuan to 600 yuan for each pig raised, which on soybean demand. Beijing has been releasing soybeans from state reserves, increasing supply of the oilseed, which can be crushed into soybean meal and cooking oil.

Chinese are stockpiling amid Covid restriction concerns

People across China are stockpiling food and other necessities, concerned their cities might follow Shanghai's Covid-19 lockdown. The Wall Street Journal reports they are buying kitchen staples, toilet paper, toothpaste and other household necessities, with some even consulting shopping lists on social media. Meanwhile, the U.S. State Department ordered the departure of all nonemergency U.S. Consulate staff and their families from Shanghai, as the city battles China's worst Covid-19 outbreak in two years. The pandemic lockdowns are also impacting manufacturing. More factories in and around Shanghai are halting production, adding to pressure on the global supply chain.

Union Pacific Will Limit Traffic to Clear Clogged Rail Lines

Union Pacific Corp. plans to limit customer-owned railcars on its network beginning next week to ease traffic jams that have gummed up the supply chain. The railroad said in a letter to customers that it would begin metering traffic after April 18 if customers don't voluntarily reduce their inventory before then. Union Pacific also said it's removing 2% to 3% of its own railcars and has added 50 locomotives since January with plans to bring on 100 more to help move cars along. "The operating inventory levels continue to rise on a daily basis," Kenny Rucker, Union Pacific's sales and marketing chief, said in the letter published on its website on Monday. "We have already identified and notified those customers who can help us manage the current congestion by reducing their railcar inventories." The industry has struggled with soaring freight since the pandemic drove higher demand for goods, choking the nation's supply chain. The situation prompted the U.S. Surface Transportation Board to call public hearings later this month to hear from all the major railroads on steps to improve network fluidity, citing a broad worker shortage and railroads' "bare bones" cost cutting. "The railroads simply do not have a sufficient number of employees," board Chairman Martin Oberman said in a statement last week.

24-Hour Precipitation Map

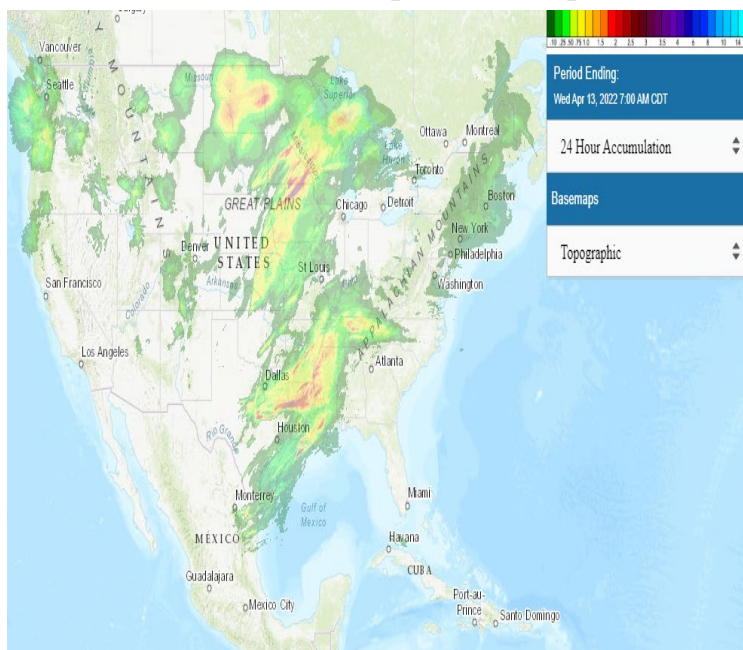


Chart of the Day

