



MORNING BULLS & BEARS



Thursday, February 11, 2021

Upcoming Reports

EIA Report – Today, 9:30 am
USDA Export Sales – Thursday, 7:30 am
Commitments of Traders – Friday, 2:30 pm

Indices and Futures

Index	Last	Change
Dow Fut	31,412	+0.26%
S&P Fut	3,918	+0.38%
Nasdaq Fut	13,719	+0.56%
Nikkei	29,440	+0.58%
FTSE100	6,475	+0.11%
DAX	14,019	+0.73%
Shanghai	5,807	+2.14%

Macro News

The Federal Reserve will continue bolstering the U.S. economy through low interest rates and hefty asset purchases, Chairman Jerome Powell said Wednesday, stressing that the labor market remains stunted by the pandemic. The Fed is unlikely to “even think about withdrawing policy support” by raising rates or reducing its bond purchases for the foreseeable future, Mr. Powell said at a virtual appearance before the Economic Club of New York. The Fed chief also repeated his call for more fiscal assistance for the economy, saying that monetary policy alone won’t be enough to restore the labor market to full strength. “It will require a society-wide commitment, with contributions from across government and the private sector,” Mr. Powell said.

The number of weekly claims for unemployment benefits decreased to 793,000 last week from 812,000 a week earlier, the Labor Department said on Thursday. Claims have steadily declined since early January when they exceeded 900,000. Filings remain above the pre-pandemic peak of 695,000.

The U.S. budget gap totaled a record \$736 billion during the first four months of fiscal 2021, an 89% increase compared with the same period a year earlier, as government spending outpaced revenue, the Treasury Department said Wednesday. Receipts totaled nearly \$1.2 trillion, a 1% rise and a record from October through January, while outlays increased a record 23%, to \$1.9 trillion, largely due to higher spending on safety-net programs such as jobless benefits and Medicaid. For the 12 months that ended in January, the deficit totaled \$3.47 trillion, or 16.2% as a share of economic output.

Grain News

T-Storm Weather Summary: Two cool fronts cause occasional t-storms to produce near- and above-normal rainfall in central and northern Brazil over the next two weeks. Some showers and t-storms also dot southern Brazil (and Paraguay) over the next five days, but low humidities associated with coolness limit coverage and amounts (followed by a fairly dry but cool period next week). In Argentina, rain aids the eastern edge of crops as a circulation passes over the next few days, but otherwise fairly dry and cool until some showers in one to two weeks. In the central U.S., temperatures stay below freezing for 7 to 8 days as one of the coldest Februaries of the last 126 years unfolds.

Following a meeting with the Argentine government, the country’s farm chambers said there would be no tax increase on farm exports nor any quotas limiting export sales. The Argentine government recently threatened to make such moves to curb food price inflation, which the Argentine farm sector said would prompt protests of their own. The Argentine government is highly reliant on tax dollars generated by sales of the country’s farm products. Yesterday’s talks were aimed at diffusing tensions.

Brazil’s Conab now estimates the country’s soybean crop at 133.82 MMT, a slight 125,000-MT increase from its forecast last month. It expects exports to total 85.6 MMT thanks to strong Chinese demand and aggressive forward sales of the crop. The country now estimates the country’s total corn crop at 105.48 MMT, up 3.17 MMT from its January forecast, with the safrinha crop pegged at 80.08 MMT (it stopped using last year’s acreage this month). The statistics agency still expects Brazil to export 35 MMT of corn in 2020-21. Conab trimmed its cotton crop estimate by 128,000 MT, dropping it to 2.52 MMT. That’s nearly a 16% drop from last year’s 3.00 MMT crop. Brazil will likely import 6.8 MMT of wheat this marketing year, forecasts Conab, unchanged from its January forecast.

Ukraine’s barley prices have climbed to a record high of \$243 to \$249 per metric ton carriage paid for (CPT) out of the Black Sea, notes the ag consultancy APK-Inform. It reports strong demand from China and coming Russian export restrictions helped drive up demand. “In July-January 2020-2021 season, China has already imported more than three times more Ukrainian barley than in the entire previous season,” APK-Inform details. Traders have sold 3.95 MMT of the grain, already topping the ag ministry’s projection for 2020-21 barley exports to total 3.8 MMT. It pegs the country’s barley crop at 7.6 MMT.

A recent legislative proposal would raise USDA’s Commodity Credit Corporation (CCC) borrowing authority to \$68 billion, more than doubling the current maximum level of \$30 billion. It would also provide USDA greater flexibility in maintaining farm bill programs. Proponents say upping the borrowing limit to \$68 billion would bring it in line with the inflation-adjusted value of the \$30 billion cap put in place more than 30 years ago. The measure was introduced by Rep. Austin Scott (R-Ga.).

Summary Page for Weekly Sales & Shipments for week ended In Million Bushels and Metric Tonnes

2/4/2021

Commodity			YTD		Weekly quantities needed to meet		Net New Crop Sales	Accumulated New Crop Sales
	Sales	Shipments	Sales	Shipments	Sales	Shipments		
All Wheat	21.7	16.1	845.3	604.3	8.7	23.8	1.6	22.1
HRW	7.8	4.8	285.0	232.1	5.3	8.6	0.0	7.4
SRW	2.0	0.6	62.8	45.0	0.8	1.9	0.3	8.4
HRS	9.0	7.0	253.6	177.4	2.0	6.7	0.9	3.4
Corn	57.0	61.6	2,265.8	849.7	11.5	60.4	0.5	35.4
Sorghum	4.3	2.2	233.5	108.8	2.1	6.4	0.0	23.4
Soybeans	29.6	81.3	2,184.8	1,827.6	2.2	14.6	6.6	162.6
Soymeal	263.5	251.5	7,462.7	4,503.1	160.7	247.8	1.2	215.1
Soyoil	-0.4	35.4	583.7	376.3	19.5	25.6	0.0	0.6

24-Hour Past Precipitation Map

