



MORNING BULLS & BEARS



Tuesday, February 23, 2021

Upcoming Reports

EIA Report – Wednesday – 10:00 am
USDA Export Sales – Friday, 7:30 am
Commitments of Traders – Friday, 2:30 pm

Indices and Futures

Index	Last	Change
Dow Fut	31,447	-0.06%
S&P Fut	3,850	-0.59%
Nasdaq Fut	12,995	-1.73%
Nikkei	29,915	-0.25%
FTSE100	6,561	-0.70%
DAX	13,788	-1.23%
Shanghai	5,579	-0.32%

Macro News

Fed Chairman Jerome Powell delivers his first of two days of monetary policy testimony to Congress. Key will be the tone struck by Powell on the U.S. economic outlook, with a focus on his remarks relative to inflation and U.S. government bond yields. Concerns have risen over the potential for inflation to become an issue ahead. But Powell and others on the Fed have downplayed inflation concerns, with the Fed's stance being that they are willing to let inflation run above their 2% target "for some time"—something that has not been defined by the Fed. Most expect Powell to maintain a dovish tone. If there is a shift, concerns would rise.

The spread between the two-year Treasury yield and a key interest rate set by the Federal Reserve is the narrowest since the depths of the coronavirus market selloff, a possible warning of financial-system stress. This reflects investors' appetite for short-term debt, as they gobble up safe assets and park their cash, the Wall Street Journal notes

Around two weeks before the anniversary of the global COVID-19 outbreak having been declared a pandemic, the U.S. is about to pass a grim milestone. According to the Johns Hopkins University's COVID-19 tracker, the number of deaths associated with the disease is set to pass 500,000 today or tomorrow at the latest, making the U.S. the worst affected country by far. Not only has the coronavirus pandemic now taken more lives than every armed conflict the U.S. has been part of since the Korean War, it's also on track to become the deadliest public health crisis since the 1918 influenza pandemic (Spanish Flu), which killed 675,000 people in the United States and at least 50 million worldwide.

Grain News

T-Storm Weather Summary: In Argentina, passing areas of high pressure likely leave a wide area drier and warmer than normal over the next 10 to 14 days by keeping humidities too low for t-storms to organize. The wild card is the low possibility for an upper-level system to drag t-storms away from vineyards of the west and into some corn and soybean areas next week (March 1-4), mostly leaving the best (but low) chance for some consequential t-storms to Córdoba. Otherwise, scattered to organized t-storms continue in central and northern Brazil over the next week, followed by less-frequent rains as upper-level high pressure forms. Southern Brazil and Paraguay stay drier than normal.

Crop Consultant Dr. Michael Cordonnier made no change to his Brazilian soybean crop estimate of 130 MMT, and his bias is neutral to slightly higher going forward. He says if rains in northern Brazil would "magically" end, his crop estimate could rise 1 MMT to 3 MMT. Drier weather is needed to insure timely harvest and prevent poor seed quality. Cordonnier also maintained his Brazilian corn crop projection of 105 MMT and his bias is neutral going forward. The ideal planting window for safrinha corn planting will close by week's end, meaning at least 60% of the crop will be planted outside that window. For Argentina, Cordonnier left his bean crop projection at 46 MMT and his corn crop projection at 45.5 MMT. His bias toward both crops is neutral to slightly higher going forward. While January weather was beneficial for crops, Cordonnier notes February will likely be one of the driest in the last 30 years. Cool weather the first half of the month helped save the crop from major moisture stress.

Cordonnier also commented on two issues with Brazil's 2020-21 bean crop: an unidentified disease in Mato Grosso that seems to cause individual seeds to rot inside of what looks like an ordinary pod and a high amount of pod abortion in soybean fields in Parana. With the latter, it appears that a period of excessive rain, overcast conditions and a lack of solar radiation are likely to blame. In the most drastic cases, the pod abortion could result in yield losses of 50% to 100%, Cordonnier says. Plus, the pods that were retained are generally small and underdeveloped. The bulk of the pod abortion has occurred in beans planted between Oct. 14 and Oct. 25.

Ukraine – the ninth largest soybean producer in the world – is looking to import soybeans after local supplies dried up and domestic prices surged, market sources have told Agricensus. A combination of one of the smallest crops in years, the reluctance of farmers to sell their beans and heated prices for the oilseed in the domestic market, have potentially opened an import window for Ukraine. Ukrainian crushers have started to look towards the record-beating Brazilian soybean crop as an alternative supply with some already price checking the freshly harvested crop, several market sources have told Agricensus. "One of the main reasons, why some crushers are looking to import soybeans is the positive margin," one source at a Ukraine crusher who did not want to be identified told Agricensus. At the same time, "purchasing imported soybeans does not exclude the fact of purchasing Ukrainian soybeans at acceptable price levels," the source added.

Around 5 million birds have already been culled in Poland, the European Union's largest poultry producer. While this represents a relatively small portion of the EU's total poultry flock and chicken is still in good supply, the loss of laying hens has cut into egg supplies and pushed prices higher. At the end of January, egg prices on the Polish wholesale market had jumped nearly 20%, according to Katarzyna Gawronska, the director of the National Chamber of Poultry and Feed Producers. Egg prices are also rising in some other EU countries like France and Germany. Poland is the EU's sixth largest egg producer. Germany is concerned about export bans on their eggs as well as safety precautions hurting the marketability of free-range eggs. China has suspended imports of poultry from Algeria due to its outbreak of H5N8 bird flu. It has also banned poultry imports from France and Ireland due to bird flu.

South America 24-Hour Precipitation

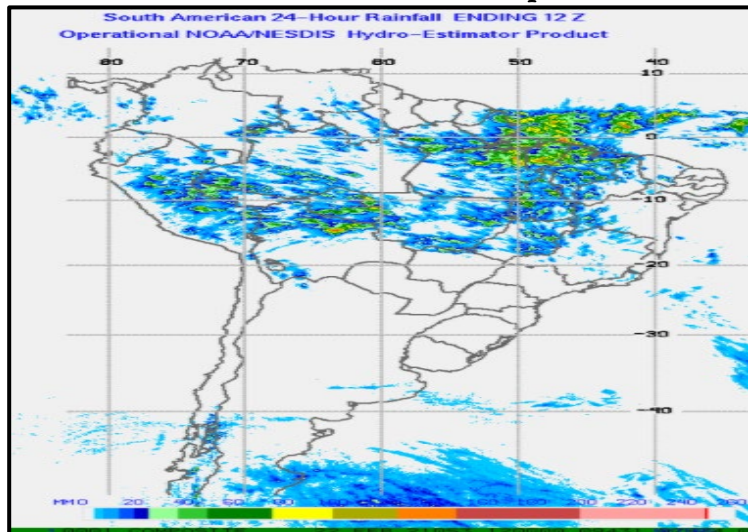


Chart of the Day

