



Monday, March 29, 2021

## Upcoming Reports

Export Inspections – Today, 10:00 am  
EIA Report – Wednesday, 9:30 am  
Grain Stocks – Wednesday 11:00 am  
Prospective Plantings – Wednesday, 11:00 am  
USDA Export Sales – Thursday, 7:30 am  
Commitments of Traders –Friday, 2:30 pm

## Indices and Futures

Index	Last	Change
Dow Fut	32,783	-0.52%
S&P Fut	3,945	-0.50%
Nasdaq Fut	12,944	-0.31%
Nikkei	29,265	-0.58%
FTSE100	6,691	+1.01%
DAX	14,790	+0.22%
Shanghai	5,046	+0.18%

## Macro News

Engineers partly freed a wedged ship blocking the Suez Canal. The nearly week-long blockage of the channel has left billions of dollars of goods stuck on ships with 453 vessels queuing to cross the canal by yesterday evening. Tugboats are now working to straighten its course, which could soon reopen the vital trade route. The boat is not quite in the middle of the waterway, but the Suez Canal Authority is hopeful a high tide today will allow for a final push (and tug) to bring it into position. Shipping executives told the Wall Street Journal that even if the vessel is removed imminently, a backlog of ships waiting to pass through the canal would linger for days, and diversions of cargo could wreak havoc on port traffic around the world for weeks, upsetting the usually carefully orchestrated management of the world's containers.

The House and Senate are in their district work periods which mostly means an Easter recess. President Biden is set to travel to Pittsburgh on Wednesday to formally unveil the first of two expected portions of the next phase of his economic agenda: a series of infrastructure proposals. The package would cost \$3 trillion to \$4 trillion — and will likely include billions in new tax revenue. The White House this week is also expected to release the broad outlines of its fiscal year 2022 budget request to Congress. The blueprint will likely call for a major increase in domestic spending starting next fiscal year, particularly targeting federal agencies that tackle education, climate change, housing insecurity and other longtime Democratic priorities, according to the party's top congressional aides. On the agriculture front, USDA on Wednesday releases important reports on Prospective Plantings and Grain Stocks. On Friday, the Bureau of Labor Statistics will release the jobs report for March. Markets will be closed in many countries for Good Friday, including the U.S.

The Tax Foundation estimates that Biden's corporate tax hike would slash 159,000 jobs and that an average 0.7% wage reduction would harm the bottom quintile of workers, who would see a 1.45% decrease in after-tax income. Prices would likely go up, and retirement accounts would be smaller than otherwise

## Grain News

Weather Summary: Argentina's bottom line looks quite favorable for crops and fieldwork during the next two weeks. Dry and mild weather this week will give way to warming this weekend and then some rain next week followed by additional cooling. The mix should suffice all crop needs and maintain a non-threatening environment for late season crop development. Early season harvesting will advance this week while dry weather prevails. The bottom line for Brazil should be mostly very good as long as rain resumes late next week and into the following weekend as advertised. Dry weather until then will be excellent for getting late season soybean harvesting completed and the rest of Safrinha crops put into the ground. Low yields are expected for late season corn because of late planting and questionable rainfall later this season. However, a few cold air masses coming in late April and May could help induce some needed rain, but confidence is still a little low.

Across the Midwest, prices to buy and rent farmland are climbing as demand is driven by rallying grain markets, historic government payments and low interest rates, according to economists, agricultural lenders and land managers cite in a Wall Street Journal article. Farmland values rose during 2020 as soaring grain prices last fall revived farmers' fortunes. Land prices in the Chicago Fed region, which covers parts of Illinois, Indiana, Iowa, Michigan and Wisconsin, climbed 6% last year, the largest such increase since 2012. Land values had sagged over recent years but rebounded as soaring grain prices last fall revived farmers' fortunes. That's having a big impact on rural communities. Fewer, bigger farmers now dominate the country's remaining 900 million acres, and higher prices hasten consolidation by making it tougher for smaller, less-profitable farmers to afford a down payment or compete for leases. That's creating a cut-throat market for some farmers.

The U.S. isn't ready to lift tariffs on Chinese imports in near future but might be open to trade negotiations with Beijing, according to U.S. Trade Representative (USTR) Katherine Tai. In her first interview since Senate confirmation, said she recognized that the tariffs can exact a toll on U.S. businesses and consumers, though proponents have said they also help shield companies from subsidized foreign competition. "I have heard people say, 'Please just take these tariffs off,'" Tai said. But "yanking off tariffs," she warned, could harm the economy unless the change is "communicated in a way so that the actors in the economy can make adjustments." She added, "Whether they are companies, traders, manufacturers or their workers," the ability to plan for changes that affect their future is essential. The negotiator also cited tactical reasons for her reluctance. "No negotiator walks away from leverage, right?" she said.

Planting of Ukraine's spring grain crops kicked off last week in southern and eastern areas of the country, its Economy Ministry reported today. This was a few weeks later than normal due to lingering cold. The ministry expects spring grain sowings of around 7.54 million hectares, pushing total grain plantings (including winter grains) to 15.5 million hectares. The government believes good weather could help push grain production roughly 10 MMT higher to more than 75 MMT in 2021. Ukraine's economy ministry also trimmed its 2020 wheat crop forecast by 220,000 MT, dropping it to 24.88 MMT. The ministry also shaved 120,000 off its barley production estimate that now stands at 7.64 MMT. But despite the smaller production estimate, the ministry added 185,000 MT to its 2020-21 barley export forecast that now stands at 4 MMT.

USDA Secretary Vilsack said on Friday that Mexico plans to ban GMO corn imports for human food products, not livestock feed.

China sold 1.03 MMT of state reserve wheat put up for auction the March 23-24, representing just 25.75% of the total and more than a 602,000 MT slide from the tonnage sold the week prior. Global wheat prices are easing, which is likely easing demand for the feed ingredient. The average sales price for the latest auction at 2,354 yuan per metric ton was down 2 yuan from the week prior. Both the sales tonnage and the average price were the lowest of 2021.

Bayer AG announced Friday it reached an "amicable settlement" regarding its Monsanto unit's long-lasting dispute with the Indian seed maker Nuziveedu Seeds Ltd. (NSL) over genetically modified cotton seed. Monsanto's GM cotton seed has dominated the Indian market since it was first approved in 2003, making up 90% of Indian cotton acreage. NSL produced GM cotton seed but stopped paying royalties to Monsanto in 2015, arguing that Indian law does not provide Monsanto patent protection. Since then, the two companies have been clashing legally and eventually the U.S. and Indian governments were drawn into the battle. Mahyco Monsanto Biotech, a joint venture between Monsanto and India's Maharashtra Hybrid Seeds Co., also butted heads with the Indian government and NSL over how much it could charge for GM cotton. Neither side provided details about the settlement.

## 24-Hour Precipitation Map

