

# MORNING BULLS & BEARS



Thursday, April 8, 2021

## Upcoming Reports

USDA Export Sales – Today, 7:30 am  
WASDE – Friday, 11:00 am  
Commitments of Traders – Friday, 2:30 pm

## Indices and Futures

Index	Last	Change
Dow Fut	33,307	-0.07%
S&P Fut	4,081	+0.29%
Nasdaq Fut	13,719	+0.83%
Nikkei	29,600	-0.37%
FTSE100	6,868	+0.37%
DAX	15,194	-0.03%
Shanghai	5,112	+0.17%

## Macro News

Global food prices climbed 2.1% from February to March, marking the 10th month in a row prices have climbed, according to the Food and Agriculture Organization of the United Nations' (FAO) food price index. The index now stands at 118.5 points, its highest level since June 2014. "The increase was led by strong gains in vegetable oils, meat and dairy sub-indices, while those of cereals and sugar subsided," FAO reports. The group expects global cereal production to climb for the third year in a row in 2021. It reports, "current crop conditions point to slightly better prospects compared to earlier expectations, lifting the preliminary 2021 global wheat production forecast to 785 MMT." That would be a 10.7 MMT rise from FAO's 2020-21 production estimate.

President Joe Biden is willing to negotiate on the proposed corporate tax rate increase that's intended to help pay for his \$2.25 trillion infrastructure plan. "I'm willing to listen to that," he replied when asked if he'd consider a lower corporate tax rate than the 28% plan he's proposing (the current rate is 21%). Republicans have balked at the proposed level of spending. Biden said there are "many other ways we can do it... I'm willing to negotiate that." Besides a corporate tax hike, the plan would gain funding from other measures, such as boosting the global minimum tax for multinational corporations and closing so-called offshoring loopholes. "The divisions of the moment shouldn't stop us from doing the right thing for the future," Biden said.

Fed Chair Jay Powell speaks at an IMF event later today, where he is likely to share his views on the global recovery and monetary policy outlook. Investors will also be tracking the latest Labor Department update on the number of Americans filing for unemployment benefits for the first time. Economists expect the downward trend to continue given the rehiring across the economy, with first-time claims totaling 680,000 during the week ended April 3.

## Grain News

T-Storm Weather Summary: Dryness and drought continue to increase for ~75% of second-crop corn in Brazil. ~4.50" of rain is normal of the next 30 days across the southern half of corn, but low humidities from areas of high pressure likely limit rainfall and leave most drier to much-drier than normal over the next two weeks (despite a few t-storms early next week and in 10 to 14 days). Half of corn in the north also turns much drier with some heat (especially in Goiás and southeast Mato Grosso), while t-storms dot the other half to keep ~25% of all corn moist. The U.S. turns chilly next week, while rains focus on the Corn Belt, central / southern Plains, and mid-South through then.

Temperatures have dipped below zero in areas of France since Tuesday, raising concern about damage to the country's recently sown sugar beet and rapeseed crops, with the former believed to be the most vulnerable. Timothe Masson, a CGB analyst, told Reuters that between 10,000 and 40,000 hectares (25,000 to 99,000 acres) of sugar beets had suffered massive losses that would require replanting, representing around 10% of its 400,000-hectare crop area. Farmers could replant, but that will depend on cost and seed ability. Rapeseed damage is expected to be more localized. World Weather Inc. reports cool conditions are likely to persist midway through next week for Europe, conserving soil moisture but also limiting new crop development. It does not expect any major damage to Europe's winter crops from recent or expected cold, as there hasn't been much crop development. Drew Lerner, a meteorologist with World Weather says, "there is still a need for some kind of warm up to take place so winter crops can break dormancy in a more dramatic way and to stimulate a little faster crop development."

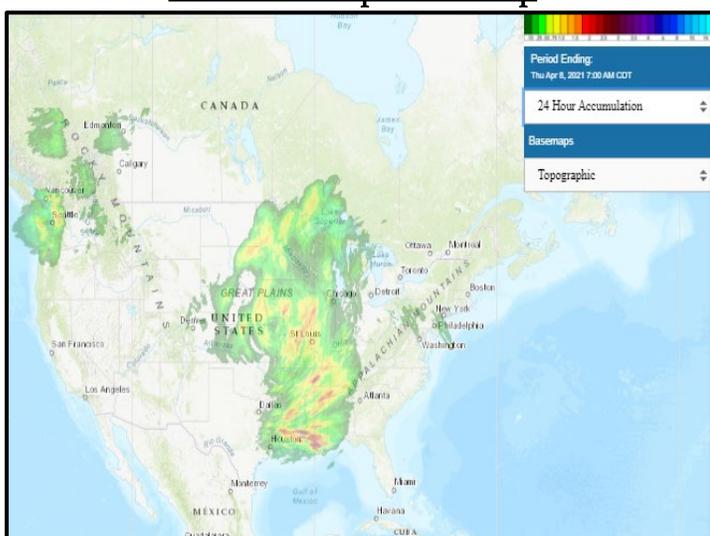
Soybean stocks in China continued to fall last week after touching the lowest level in 10 months as cargo delays slowed vessel landing pace at ports, while soyoil stocks fell further due to lower crushing. Soybean stocks in the country slid 180,000 mt week-on-week to 4.48 million mt last week, down 1.15 million mt on the month, but were still 1.2 million mt higher year-on-year, according to China's National Grain and Oil Information Centre (CNGOIC) on Thursday. Soyoil stocks also fell 50,000 mt on the week to 630,000 mt, down 210,000 mt from the same point last month. Soybean vessel landing volume remained low in China, forcing crushers to limit output. "Some crushers halted operations and limited output due to a shortage of soybeans, so operation rates remained at a low level," CNGOIC said. Soybean crush volume fell 10,000 mt to 1.55 million mt last week. In contrast, soymeal stocks rebounded 30,000 mt on the week to 790,000 mt as procurement from feed companies slowed amid concerns over African swine fever.

Wire story reports market participants have patiently awaited a boost in U.S. corn exports to match the record yearly expectation, but the wait is officially over as recent shipments have blown past nearly every benchmark. U.S. corn exports in February hit 6.3 million tonnes (248 million bushels) according to official census data published on Wednesday. That tops 2008's record for the month by 17% and is the largest monthly volume since July 2018. January corn exports had missed the month's all-time high by a handful of cargoes, and the December volume was the biggest in 13 years. That marked a much-needed reversal from the average export pace observed in the first quarter of 2020-21 that began on Sept. 1. Weekly export data suggests that March shipments reached an all-time monthly record by a long shot, likely topping 9 million tonnes. The largest-ever volume is 7.75 million tonnes set in May 2018, and the March high is 6.7 million from 2017.

A USDA economist in early March told Reuters that USDA the agency plans to change how it reports soyoil use by biofuel producers. Currently, USDA reports use from the sector in a catch-all category that includes demand from food makers and animal feed producers with a separate category for biodiesel use. USDA has said it will combine use by biodiesel producers and renewable diesel producers in a separate category, pending an expansion of how the Energy Information Administration reports biofuels and feedstock data. EIA's March 31 report included that change. A USDA spokesperson told Reuters USDA's initial reporting shift will come in its May World Agriculture Supply & Demand Estimates, with additional details about changes in reporting to be released today. The reporting changes reflect strong demand potential for soyoil and renewable diesel amid tight supplies.

The Brazilian grain export association ANEC expects Brazil to export 16.3 MMT of soybeans during April, which would be a 2.1 MMT jump from year-ago levels. Soggy weather and late crop development delayed harvest and shipments in February and March, but the country's exports are rolling now. The association expects the country to ship 22,000 MT of corn this month vs. 0 MT the year prior.

## 24-Hour Precipitation Map



## Chart of the Day

