



Wednesday, August 30, 2023

## Upcoming Reports

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

## Macro News

September Dow futures are up 43 points to 34,930 and October WTI Crude is up \$0.34 to \$81.50.

September S&P 500 futures and September Nasdaq 100 E-Mini futures are marginally up this morning, following a rally in major U.S. benchmark indices the previous day. This rise was spurred by softer economic reports, which fueled predictions that the Federal Reserve might delay its planned interest rate increases in September. Moreover, investors are gearing up for an influx of new economic figures. Recent economic data showcased a decline in U.S. job openings to its lowest in nearly two and a half years, falling short of projections. Furthermore, consumer confidence in the U.S. was weaker than expected, whereas the S&P/CS HPI Composite for June outperformed estimates. Sarah House from Wells Fargo commented on the data, suggesting that it indicates reducing inflation pressures and aligns well with the Federal Reserve's objectives. U.S. rate futures have priced in a 13.5% probability of a 25 basis point rate increase at the September FOMC meeting and a 43.6% chance of a 25 basis point rate hike at the November FOMC meeting.

Today, all eyes are focused on the U.S. GDP preliminary reading in a couple of hours. Economists, on average, forecast that the U.S. GDP will stand at +2.4% q/q in the second quarter, compared to the first-quarter value of +2.0% q/q. Also, investors will likely focus on U.S. ADP Nonfarm Employment Change data, which came in at 324K in July. Economists foresee the August figure to be 195K. U.S. Pending Home Sales data will also be closely watched today. Economists expect July's figure to be -0.6% m/m, compared to the previous number of +0.3% m/m. U.S. Crude Oil Inventories data will be reported today as well. Economists estimate this figure to be -3.267M, compared to last week's value of -6.135M.

## Grain News



**Summary:** The eastern half of U.S. corn and soybeans stay cool through Friday, while very warm and hot weather start to the west. Heat then envelops all of the central U.S. to mark an unusually-warm first third to half of September in the Corn Belt, despite the pass of a weak cool front in one week. Little to no rain is foreseen for each crop over at least the next week as areas of high pressure suppress rainfall, though some is plausible along a cool front around one week out, possibly followed by a couple minor chances beyond then. Heavy rain limits first-corn planting in southern Brazil as a cool front stalls, but the setup brings needed rain to Argentina wheat. For more information, please visit [www.tstorm.net](http://www.tstorm.net).

## USDA Daily Sales Announcements:

Private exporters reported sales of 266,000 metric tons of soybeans for delivery to unknown destinations during the 2023/2024 marketing year.

## ETHANOL: US Weekly Production Survey Before EIA Report

	Survey Results			EIA
	Avg	Low	High	Prev. Week
Production (k bpd)	1,020	985	1,053	1,048
Stockpiles (m bbl)	22.599	22.350	22.840	22.790

## Canadian Wheat and Canola Production Forecast to Decrease in 2023

According to estimates from Statistics Canada released yesterday, the country's 2023 wheat production is projected at 29.5 million tons, marking a 14.2% decrease from the previous year. Notably, the projection is below the Bloomberg survey's analyst expectations, which had anticipated a production of 30.3 million tons. Additionally, durum wheat output is predicted to drop by 26.4% year-over-year to 4.3 million tons, surpassing the survey's average expectation of 3.8 million tons. Meanwhile, canola production is forecasted to decline by 6.1% year-over-year to 17.6 million tons, which is slightly below the survey's average prediction of 18.2 million tons.

## U.S. Expected to Plant Fewer Corn Acres, More Soybeans and Wheat in 2024

recent survey conducted by Farm Futures magazine on U.S. planting intentions for 2024 indicates that farmers plan to decrease their corn acreage while boosting their soybean and wheat plantings. The projected corn plantings for 2024 are set to drop by 1.1%, reaching 93.100 million acres, down from the U.S. Department of Agriculture's 2023 estimate of 94.096 million acres. On the other hand, soybean acreage is anticipated to rise by 2.3% to 85.402 million acres, an increase from the USDA's 2023 figure of 83.505 million acres. Total wheat plantings are forecasted to go up by 5.8% to 52.679 million acres. This includes winter wheat, which is expected to grow by 5.0% to 38.665 million acres, and spring wheat, which is projected to rise by 7.8% to 14.014 million acres. These insights were derived from responses of 985 producers, who were surveyed between July 15 and August 1 via email.

## Rice Prices Surge as India Tightens Export Restrictions

Asian rice prices have seen a resurgence amid growing supply concerns due to increased shipment restrictions from leading exporter, India. The Thai Rice Exporters Association reported that the price for Thai white rice 5% broken, a benchmark in Asia, rose to \$646 a ton on Wednesday. This followed a brief dip in prices on August 16 after they had reached their highest point in almost a decade and a half the prior week. Rice is a staple food for billions in Asia and Africa, and the escalating prices could strain household budgets. The increasing restrictions by India have prompted actions such as Guinea dispatching its trade minister to India to negotiate an exemption for rice shipments to the West African nation. In its latest move, India has introduced a 20% tariff on the export of the parboiled variety and set a minimum export price for basmati rice. This means that all of India's rice exports now have some form of restriction. Considering that India contributes to almost 40% of the global rice trade, these decisions have significant implications for the international rice market. Oscar Tjakra, a senior commodities analyst at Rabobank in Singapore, noted that it's unlikely other major rice-exporting countries will implement similar restrictions. However, he added that weather disruptions that severely impact domestic output might change this stance. Current concerns revolve around lower rainfall potentially hampering rice production in Thailand, especially with the upcoming El Niño. Thailand, the world's second-largest rice exporter, has advised its farmers to limit cultivation to one crop this year. Yet, increased rice exports from Vietnam might balance any resulting supply gaps.

## Cheap EU Black Sea Wheat Starts to Undercut Russian Competition

Wheat from European Union nations bordering the Black Sea is trading cheaper than rival origins like Russia, raising its relative attractiveness for buyers. Russia — the world's top wheat exporter — has tried to maintain an unofficial price floor while tightening its hold on the world's wheat supplies following its invasion of Ukraine, but bumper stocks elsewhere have lowered costs. As a result, countries that previously bought wheat mainly from Russia are starting to turn to cheaper competitors. "Russian wheat has lost its competitive edge because of the price floor and the competition with Romania and Bulgaria," said Andrey Sizov, managing director at research firm SovEcon. Those countries have a big crop and high carryover stocks, he said. Crops in Romania and Bulgaria make up about a fifth of EU production.

## EU Soft-Wheat Exports Drop by 29% for the Season Starting July

Soft-wheat exports from the European Union have decreased significantly for the season starting July 1 through Aug. 27. According to the European Commission's website, the exports amounted to 4.49 million tons, which is a notable decline from the 6.31 million tons exported during the same period in the previous year. The major importing countries of this soft-wheat include Morocco with 915,000 tons, Algeria at 457,000 tons, and South Korea taking in 386,000 tons. In addition to the soft-wheat decline, the EU has also experienced a drop in barley exports, which now stand at 1.32 million tons, marking a 29% year-on-year reduction. Corn imports have also seen a slump, totaling 2.37 million tons, which is a 39% decrease compared to the previous year.

## Brazil Sees Strong Soy, Corn, and Soymeal Exports in August

According to ANEC, Brazil's soy exports are expected to hit 7.37 million tons in August, witnessing an increase from the 5.05 million tons exported during the same month the previous year. Additionally, corn exports from the country are anticipated to reach 9.19 million tons in August, a rise from the 6.89 million tons exported in the same month a year prior. Lastly, Brazil's soymeal exports for August are projected to touch 1.93 million tons, up from 1.69 million tons in the same month the preceding year.

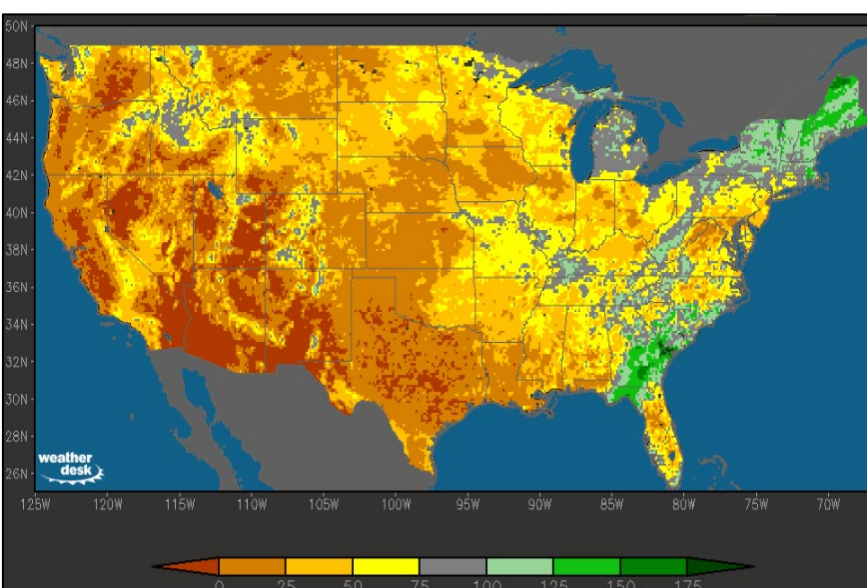
## Russia to talk grain deal with Turkey

Russian foreign ministry spokeswoman Maria Zakharova said the Black Sea grain deal would be one of the items on the agenda of Russian Foreign Minister Sergei Lavrov's talks on Thursday and Friday with his Turkish counterpart. Turkey is trying to get Russia to rejoin the deal after Moscow pulled out in mid-July.

## U.S. Ethanol's Future in 'Green' Jet Fuel Depends on Tax Policies: Todd Becker

The potential of transforming ethanol into sustainable jet fuel (SAF) for U.S. corn farmers and biofuel producers is heavily contingent upon the tax policies set in Washington. Todd Becker, CEO of ethanol producer Green Plains Inc., highlighted this during a conference on SAF in Minneapolis. The central issue is the dispute over how to measure emissions from SAF. The U.S. ethanol industry views SAF as a way to bolster demand in the face of waning gasoline consumption due to the rise of electric vehicles. There's a debate on tracking emissions: biofuel advocates favor a model recognizing carbon storage in soil, while environmentalists support a model accounting for land use changes due to biofuel production, which might exclude some ethanol-based SAF from tax credits. Becker's remarks coincide with his efforts to transition Green Plains from just ethanol to newer markets like SAF, amidst scrutiny from shareholder Ancora Holdings Group LLC. Becker anticipates tax policy guidance from the Treasury Department by September.

## % Normal Precipitation (Maxar): August 1<sup>st</sup> - 28<sup>th</sup>



## Chart of the Day

