



MORNING BULLS & BEARS

Thursday, September 28, 2023

Upcoming Reports

FAS Export Sales – Today, 7:30 am
NASS Grain Stocks – Friday, 11:00 am
Commitments of Traders – Friday, 2:30 pm

Macro News

December Dow futures are up 99 to 33,890 and December WTI Crude is down 40 cents to \$90.90.

December stock futures are up marginally this morning ahead of anticipated U.S. economic data releases. The Dow touched a 3.5-month low yesterday, with energy stocks benefiting from a surge in WTI crude prices to a 13-month peak. Meanwhile, Nextera Energy saw a decline of over 8% after a revised growth outlook, and Zions Bancorporation's stock value dropped by 2% following a downgrade from Morgan Stanley. In contrast, Paychex Inc.'s stock rose by 3% after positive Q1 results.

U.S. durable goods orders in August outperformed expectations, rising by 0.2% month-over-month. Paul Nolte of Murphy & Sylvest Wealth Management emphasized the need for a visible economic downturn before interest rates can peak. Neel Kashkari from the Minneapolis Fed raised concerns regarding potential economic decelerations due to a government shutdown or automotive worker strikes. Predictions for rate hikes have been made for both the upcoming November and December FOMC meetings. Furthermore, Jerome Powell, the Federal Reserve Chair, is set to host an educators' town hall. Notably, companies like Nike, Accenture, Jabil Circuit, and CarMax are poised to announce their quarterly figures. As for upcoming data, the focus will be on the U.S. GDP reading, expected to indicate a 2.1% growth for the second quarter. Other awaited data releases include the U.S. GDP Price Index, Pending Home Sales, and Initial Jobless Claims, which are predicted to stand at 215K. Lastly, U.S. 10-year bond rates are up, reaching 4.645%.

Grain News

WEATHER SUMMARIES

Northern Plains: A front will move in on Thursday and stall, producing scattered showers through the weekend and into next week. Recent and forecast rainfall may help the remaining areas of immature corn and soybeans, but is hampering the early harvest progress.

Central/Southern Plains: Drier weather continues for the next couple of days, offering better conditions for harvest and winter wheat planting. Isolated showers may start developing Friday and continue into next week with a trough digging into the West. Showers would benefit winter wheat establishment where they occur, but soil moisture is still good and showers are not critically important just yet. If it remains dry for too long, dryness concerns would arise again.

Midwest: A cutoff low-pressure system will continue to slowly move east through the region with scattered showers through Thursday. Recent rainfall was heavy in spots, but with how dry soils have been, delays to harvest and winter wheat planting will likely be short. Drier weather should develop by the end of the week and temperatures will continue to be above normal through next week, helping crops to mature.

Delta: Isolated showers moved through over the last few days, but most areas stayed dry. Drier weather will continue for the next week, forcing crops to maturity and favoring harvest.

Brazil: A front in the south is moving into central Brazil where it will stall, producing areas of showers that should be the start of the wet season. Planting conditions are very good outside of the state of Rio Grande do Sul, which has had issues with flooding. Another front moving in later next week could add to the heavy rain totals there.

Argentina: An overall drier pattern continues through the weekend which should promote planting, but soils are still in need of moisture coming off of last year's historic drought. El Nino favors the country with better rainfall during the season, however, and another front will move through early-mid next week with the promise of more showers.

USDA Daily Sales Announcements:

***No sales reported today

GRAIN EXPORT SURVEY: Corn, Soy, Wheat Sales Before USDA Report

	Estimate Range		Prior Results	
	Low-High	Average	Week ago	Year ago
Corn	475-1,200	655	567	672
Soybeans	500-1,200	680	434	973
Soybean Meal	150-550	378	452	237
Soybean Oil	-10-10	2	1	-4
Wheat	250-550	372	322	250

UN Engages in Grain Talks with Russia Amid Export and Pipeline Concerns

The UN is in ongoing discussions with Russia regarding the Black Sea Grain Initiative and a memorandum on Russian food and fertilizer exports, says Rebeca Grynsan, the secretary-general of the UN Conference on Trade and Development. Despite no confirmed dates for further meetings and Russia's exit from the Black Sea Grain Initiative in July, the UN remains engaged. Even as Russia reports record wheat exports, Grynsan notes shifts in transactional costs, routes, and clients, leading to challenges for smaller nations. While the UN believes it has an answer to Russia's request to reconnect Rosselkhozbank to the SWIFT payment system, Moscow disagrees. Additionally, Grynsan mentioned the need to assess damages to an ammonia pipeline, though accessing it remains a challenge due to its location in a conflict zone.

Ukraine Maintains 2023 Grain Crop Forecast Despite Favorable Weather Conditions

Ukraine's agriculture ministry has reiterated its 2023 grain crop prediction of 57 million tons, with First Deputy Agriculture Minister Taras Vysotskiy confirming the figures on Wednesday. "Our forecast remains at 57 million tons for the grain harvest, with oilseed output projected at 22 million tons," Vysotskiy informed Reuters. Despite this steady projection, this year's grain harvest in Ukraine is surpassing original estimates due to favorable weather conditions, as per official statements.

El Niño to reduce Indonesian production, increase palm oil prices

Crude palm oil (CPO) prices in 2024 are likely to average at least 11% more than this year as El Nino weather patterns are expected to reduce output in top producer Indonesia, the Indonesian Palm Oil Association (GAPKI) said. In 2024, average CPO prices, including cost, freight, and insurance (CIF Rotterdam), could rise to \$1,000 per metric ton from around \$900 in the current year, said Fadhil Hasan, head of foreign affairs division at GAPKI. Meanwhile, Malaysia's palm oil production is likely to rise next year as more plentiful labor and the maturation of plantations for harvesting offset the impact of the El Niño weather pattern, the Malaysian Palm Oil Board said.

ADM to Restart Majority of Output at Decatur, Ill., Plant in 'Coming Weeks' -- OPIS

ADM remains on track to restart "the majority of protein production" at the East Plant within its Decatur, Ill., industrial complex "in the coming weeks" in the wake of a Sept. 10 explosion and fire, the company said this week. Two workers remained hospitalized as of Monday, according to ADM, and the company is continuing to conduct a thorough investigation into the cause of the incident. The plant produces soybean oil and white flake for soybean protein production. ADM said last week that it had resumed deliveries and "normal operations" at a corn processing plant within the complex that had been taken down due to the incident. The Decatur Fire Department said that it arrived to find "severe damage to a couple of buildings." Eight workers were injured, it added, and four Medivac helicopters were utilized to airlift at least a portion of them to trauma centers. This content was created by Oil Price Information Service, which is operated by Dow Jones & Co. OPIS is run independently from Dow Jones Newswires and The Wall Street Journal.

Brazilian Ethanol Sales Surge in August Amid Oil Price Volatility

In August, Brazil witnessed a significant boost in its hydrous ethanol sales at gas stations, recording nearly an 11% increase year-on-year. This rise is attributed to drivers opting for a more consistent domestic fuel. Sales figures released by ANP, Brazil's regulator for oil, gas, and biofuels, revealed that the hydrated ethanol output reached 1.41 million cubic metres, up from 1.27 million cubic metres in August 2022. This uptick in biofuel consumption is evident across all five primary regions of Brazil. The Northeast experienced the most substantial growth, with ethanol consumption surging by 56% compared to the previous year. Other regions also demonstrated notable growth: the North by 34%, the South by 31%, and the Central-West by 20%. However, the Southeast, encompassing major industrial zones like Sao Paulo and Rio de Janeiro, saw a more modest rise of 3.7%. This preference shift among Brazilian motorists towards ethanol has been more pronounced since July. It is driven by global oil price fluctuations, adjustments in gasoline prices by Brazil's state-controlled energy giant Petrobras, and lower prices for ethanol.

24-Hour Precip (MAXAR)

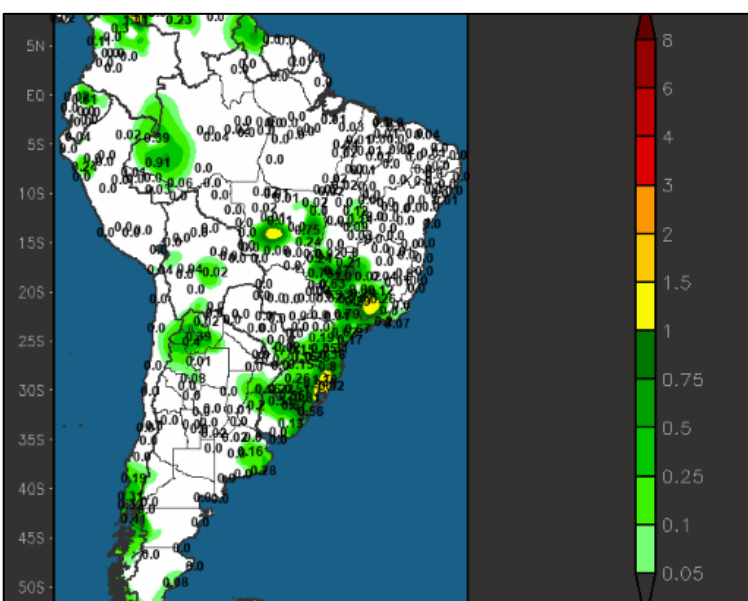


Chart of the Day

Oil Surges to Highest Since August 2022

Plunging inventories are helping to drive rally toward \$100

