



# MORNING BULLS & BEARS

Tuesday, October 24, 2023

## Upcoming Reports

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

## Macro News

December Dow futures are up 153 to 33,220 and December WTI Crude is up \$0.06 to \$85.55.

Stock index futures this morning are moderately higher as a decline in T-note yields sparks some short covering in stocks. Also, some positive corporate news supports the overall equity market, with GE up more than +5% in pre-market trading and Verizon Communications up more than +3% after reporting better-than-expected Q3 EPS. The markets are awaiting earnings results after the close today from mega-cap technology stocks Alphabet and Microsoft.

In the Middle East, French President Macron called for an international coalition to fight Hamas and warned other Iranian-backed militant groups not to open new fronts in the Israeli-Hamas war as he met with Prime Minister Netanyahu today in Israel. Western countries have intensified efforts to stop the Israeli-Hamas war from spreading, with EU leaders endorsing a United Nations call for a “humanitarian pause” in the war. Israel said it supports diplomatic efforts to get Hamas to release hostages from Gaza, a move that could delay a possible ground invasion, although Israel said it won’t wait long to start its ground assault. Iran and its proxy forces in Lebanon, Iraq, and Yemen have warned they could retaliate against Israel if Israeli troops enter Gaza.

Bitcoin surged more than +10% today to a 17-1/2 month high on speculation the SEC will soon approve spot Bitcoin ETFs. On Monday, a U.S. federal appeals court also formalized a victory for Grayscale Investments LLC in its bid to create a spot Bitcoin ETF over objections from the SEC. The markets are discounting a 2% chance that the FOMC will raise the funds rate by +25 bp at the next FOMC meeting that ends on November 1, and a 26% chance for that +25 bp rate hike at the following meeting that ends on December 13. The markets are then expecting the FOMC to begin cutting rates in the second half of 2024 in response to an expected slowdown in the U.S. economy.

U.S. and European bond yields are lower. The 10-year T-note yield is down -0.4 bp at 4.846%

## Grain News



**Summary:** Very heavy rain remains probable in soybean areas of Paraguay and Paraná this weekend, followed by at least some t-storms next week, potentially producing more than 30 days of normal rainfall in 7 days. Some t-storms also form in other areas of Brazil with some of the better totals in wet first-corn areas of Rio Grande do Sul and Santa Catarina, while needed t-storms gradually unfold in drying central and northern Brazil through next week. Argentina benefited from rain last weekend and some additional t-storms are likely from this weekend forward for wheat and ongoing corn / sunflower planting. The central U.S. gradually turns cold and wet through Sunday. For more information, visit [www.tstorm.net](http://www.tstorm.net).

## USDA Daily Sales Announcements:

\*\*\*Private exporters reported sales of 117,200 metric tons of corn for delivery to Mexico during the 2023/2024 marketing year.

## US Corn, Soybean, Wheat Inspections by Country: Oct. 19

Soybeans		Corn		Wheat	
Country	Tons	Country	Tons	Country	Tons
<b>Grand Total</b>	<b>2,459.0</b>	<b>Grand Total</b>	<b>437.5</b>	<b>Grand Total</b>	<b>168.9</b>
China	2,009.3	Mexico	306.1	Taiwan	55.8
Mexico	130.8	Japan	25.4	Mexico	30.7
Bangladesh	112.3	Colombia	23.1	Dominican Rep	26.7
Taiwan	80.1	Panama	21.2	Morocco	18.0
Indonesia	28.6	Jamaica	21.0	Haiti	15.0

## Crop Progress Report Summary:

Corn harvest is at 59%, slightly ahead of the average of 54%. Soybeans are 76% harvested, surpassing the average of 67%. Winter wheat planting is on par with the average, with 77% planted compared to the 78% average, and 53% has emerged, matching the average.

## Brazil Soybean Planting 30% Done as of Oct. 19: AgRural

Compares with 17% a week earlier and 34% last year, consulting firm AgRural says in an emailed report. Summer corn seeding in Brazil’s Center-South region is 46% done, compared with 41% a week before and 51% last year. Seeding is at its final stretch in Parana and Santa Catarina states, and delayed in Rio Grande do Sul due to excessive rainfall

## Brazil crop estimates unchanged but bias weakens

Crop consultant Dr. Michael Cordonnier left his Brazilian soybean and corn crop estimates at 162 MMT and 125 MMT, respectively, but he now has a neutral to lower bias toward both crops. Irregular rainfall across Brazil caused Cordonnier to be more cautious with his bias toward soybeans, while delayed soybean plantings could push back harvest and the planting of safrinha corn. Cordonnier left his Argentine crop estimates at 50 MMT for soybeans and 52 MMT for corn.

## U.S. Soybean Meal Exports Expected to Reach Record High

U.S. soybean meal exports set a record at an estimated 13.2 million tons in MY 2022/23 (Oct-Sep), valued at nearly \$7 billion, driven by increased soybean crush to supply feedstock oil for growing U.S. biomass-based diesel production. The new record came from substantial expansion in shipments to the European Union and Vietnam as drought in Argentina, usually the world’s largest soybean meal exporter, severely reduced its exportable supplies. Additionally, U.S. soybean meal exports to the Philippines, Colombia, and Mexico held firm despite a strong dollar. In 2023/24, U.S. soybean meal exports are forecast to again reach a new record of 13.9 million tons. U.S. export prices are likely to remain competitive with South American supplies as the United States continues to produce more soybean meal than will be needed domestically, ensuring growing supplies are available to the global market.

## APK-Inform cuts Ukraine 2023/24 grain crop outlook, ups export estimates

Agriculture consultancy APK-Inform on Monday cut its 2023 Ukraine grain harvest forecast to 53.4 million metric tons from a previous outlook of 54.2 million tons. The consultancy lowered its forecast for the corn harvest to 24.8 million tons from 25.6 million, while keeping its wheat output forecast unchanged at 21.5 million tons. APK-Inform said Ukraine could export 34.7 million tons of grain in the 2023/24 July-June season, including 13 million tons of wheat and 19 million tons of corn.

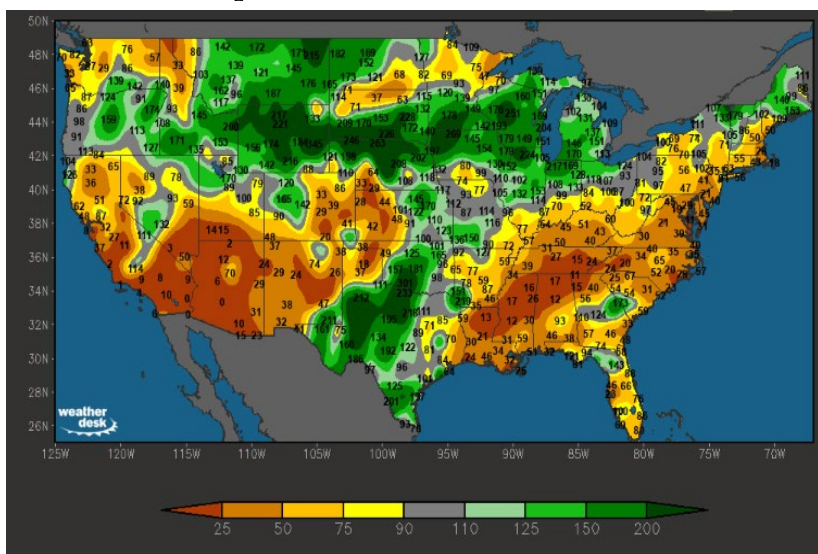
## Indonesia to implement new rice price measures

Indonesia will introduce new measures on rice prices to ensure affordability amid concerns of a supply crunch due to dry weather, a senior finance ministry official said. The government has approached global rice exporters to make sure supply remains available while making sure prices remain under control. Indonesia will also extend the government’s rice handout program through December.

## New trading limits for grain, oilseed futures

Effective Nov. 1, the new daily trading limits will be 35 cents for corn (currently 45 cents), 95 cents for soybeans (currently \$1.05) and 50 cents for SRW and HRW wheat futures (currently 60 cents). If there is a limit close, the expanded limits the following day would be 55 cents for corn, \$1.45 for soybeans and 75 cents for SRW and HRW wheat.

## % Normal Precipitation Forecast – Oct 1<sup>st</sup> - Oct 31<sup>st</sup>



## Chart of the Day

**Figure 2. Brazil's 2023/24 Corn Production Is Projected to Decline to 4,701 Million Bushels as Corn Acreage Falls to 52 Million Acres**

