



MORNING BULLS & BEARS

Tuesday, November 28, 2023

Upcoming Reports

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

Macro News

December Dow futures are down 18 to 35,355 and January WTI Crude up 14 cents to \$75.00.

Stock index futures are facing downward pressure, influenced by a recent drop in the Euro Stoxx 50 to its lowest in a week. This decline is partly due to hawkish remarks from ECB's Nagel, indicating a reluctance to cut borrowing costs. Cybersecurity stocks are also trending lower in pre-market trading, with Zscaler experiencing a significant 6% drop after projecting lower-than-expected billings for 2024. Additionally, both Shopify and Edwards Lifesciences have seen over 2% declines following downgrades.

Conversely, there are positive movements in other areas. T-note yields have decreased, correlating with a dip in inflation expectations, evidenced by a 4-1/4 month low in the 10-year breakeven inflation rate at 2.212%. In the pharmaceutical sector, SpringWorks Therapeutics has seen an impressive surge of over 11% following FDA approval of its desmoid tumor treatment, nirogacestat. Furthermore, Carlyle Group's stock is up by more than 5% after the announcement of its inclusion in the S&P MidCap 400, replacing ICU Medical.

Market expectations are currently factoring in a low probability of interest rate hikes in the upcoming FOMC meetings, with a 4% chance of a +25 basis point increase in December and a 10% chance in January 2024. Interestingly, there's a growing anticipation of rate cuts in 2024, with a 14% chance in March and a more significant 56% chance in April-May. Finally, both U.S. and European government bond yields are on a downward trend, with the 10-year T-note yield slightly decreasing by 0.4 basis points to 4.383%.

Grain News



Summary: Fairly dry and hot weather affect central and northern Brazil through at least Saturday, followed by scattered t-storms within a five- to ten-day period as one or two cool fronts arrive and then dissipate; rain is likely needed given Oct.-Nov. will be #1 or #2 driest of the last 45 years in Goiás-Mato Grosso. Southern Brazil and Paraguay receive occasional t-storms through the first third of December as cool fronts pass, but less frequently after the #2 or #3 wettest Oct.-Nov. Argentina would benefit from rain, and two rounds of t-storms through Saturday aid topsoil moisture. Some rain for U.S. SRW wheat into next week, while HRW wheat is fairly dry for awhile. For more information, visit www.tstorm.net.

USDA Daily Sales Announcements:

***Private exporters reported sales of 123,300 metric tons of soybeans for delivery to unknown destinations during the 2023/2024 marketing year.

US Corn, Soybean, Wheat Inspections by Country: Nov. 23

Soybeans		Corn		Wheat	
Country	Tons	Country	Tons	Country	Tons
Grand Total	1,443.4	Grand Total	406.7	Grand Total	276.6
China	872.1	Mexico	308.0	Philippines	141.1
Germany	132.8	Colombia	49.0	Mexico	38.1
Mexico	108.2	Taiwan	17.4	Japan	27.5
Vietnam	81.0	Canada	13.2	China	24.3
South Korea	60.9	Jamaica	7.2	Indonesia	19.3

NOTE: Figures are in thousands of metric tons.

Cordonnier keeps South American crop forecasts unchanged

There has been enough recent rainfall across central and northeastern Brazil for South American crop consultant Dr. Michael Cordonnier to keep his Brazilian crop estimates at 158 MMT for soybeans and 121 MMT for corn. However, he maintained his lower bias toward both crops, noting heavier and better coverage of rainfall will be needed. Cordonnier kept his Argentine estimates at 50 MMT for soybeans and 52 MMT for corn. He has a neutral-to-higher bias for the Argentine soybean crop and neutral-to-lower bias toward corn.

Brazil Soybean Planting 74% Done as of Nov. 23: AgRural

Soybean planting is 74% complete as of Nov. 23, compared to 68% in prior week and 87% a year earlier, according to an emailed report from AgRural consulting firm. This year's pace is the slowest since 2015/16. Progress is being limited by the slowness of works in Rio Grande do Sul state, where humidity makes it difficult for machines to enter the field. Meanwhile, 2023/24 summer corn planting in Brazil's Center-South region is 83% complete, versus 80% a week earlier and 88% a year before.

Russia proposes grain export ban if stocks fall below 10 MMT

Russia might impose a ban on grain exports if their stocks fall to 10 million tons, Izvestia daily reported, citing a government document. The government working group on non-tariff measures in foreign trade recommended the ag ministry monitor grain stocks on monthly basis, Izvestia reported. If the monitoring shows stocks decrease to a "critically low level" of 10 MMT the ministry should impose a temporary ban on exports. The ag ministry confirmed the Izvestia report, however, it pointed out Russia has ample grain reserves given large stocks remaining from last year and this year's big harvest. The ag ministry reiterated it expects Russia's grain exports to top 65 MMT during 2023-24.

Ukraine to Expand Territories of Danube Ports, Cabinet Says

Ukraine's government passed resolutions to expand the physical boundaries of port areas of Reni, Izmail and Ust-Dunaysk on the Danube river, Ukrainian Sea Ports Authority said on Facebook late Monday. The Cabinet is working to expand current capacity of Danube ports, Prime Minister Denys Shmyhal said in the statement without providing any details. NOTE: Ukrainian Danube Ports Doubled Cargo Handling Despite Attacks.

Black Sea Storm Disrupts Crude and Grain Shipments, Causes Power Outages

A severe storm in the Black Sea region has significantly disrupted operations at key Russian and Ukrainian ports, halting the loading of crude oil and grains. The storm, which is expected to persist throughout most of the week, has been characterized by strong winds reaching up to 90 miles per hour. This has led to widespread power outages, affecting over a million people in the region, including half a million in Russian-occupied Crimea, where a non-working day was declared due to the extreme weather conditions. Southern and central Ukraine also experienced heavy snowfall. Russia's oil-pipeline operator, Transneft PJSC, indicated a possible brief resumption of loadings at the Novorossiysk terminal on Tuesday if there is a break in the storm. However, the Kerch Strait, a crucial passage for Russia's grain exports connecting the Sea of Azov with the Black Sea, remains affected. Transshipment of cargoes in this area has been stopped, and a storm alert is still in effect. The Russian Federal River and Marine Transportation Agency reported that wind speeds are expected to decrease slightly later in the day. In Ukraine, shipments from the greater Odesa ports via the Black Sea have also been suspended due to the adverse weather conditions. The Ukrainian infrastructure ministry has not yet provided comments on the situation. The ongoing storm poses significant challenges to the region's shipping activities, with potential implications for global crude oil and grain markets.

Cargill Adds Indirect Suppliers to Anti-Deforestation Pledge

Cargill Inc. is expanding its commitment to buying deforestation-free crops in South America, including supplies it purchases from other merchants and traders. The world's largest agricultural commodities trader won't buy any major crops from deforested areas in Brazil, Argentina and Uruguay from 2025, it said Monday in a statement. The pledge includes for the first time supplies from third parties — the hardest ones to trace. Cargill is building on last year's pledge to source deforestation-free soy supplies from the Amazon, Cerrado and Gran Chaco biomes by adding corn, wheat and cotton to its goal and expanding its geographic scope. The commitment covers a region responsible for about 30% of global trade flows and 13% of the world's output of the crops included in the pledge. The enhanced effort requires not only monitoring farmers and companies that supply the crops, but also farming cooperatives, grains resellers, agricultural industry retailers and traders. Cargill said it will be working with the World Resources Institute for monitoring and verification. Cargill's commitment comes as world leaders prepare to gather later this week at United Nations' COP28 climate change summit in Dubai.

Farm, biofuels coalition responds to Fifth Circuit RFS exemptions decision

A coalition representing farmers and ethanol producers has responded to the Fifth Circuit Court of Appeals' decision to remand the rejection of six small refinery exemption requests to the Environmental Protection Agency (EPA). The coalition, which includes the Renewable Fuels Association, Growth Energy, American Coalition for Ethanol and National Farmers Union, expressed disappointment but stated their commitment to defending the Renewable Fuel Standard (RFS) and addressing the misuse of small refinery exemptions.

% Normal Precip (Maxar) – Nov. 1st - Nov. 27th

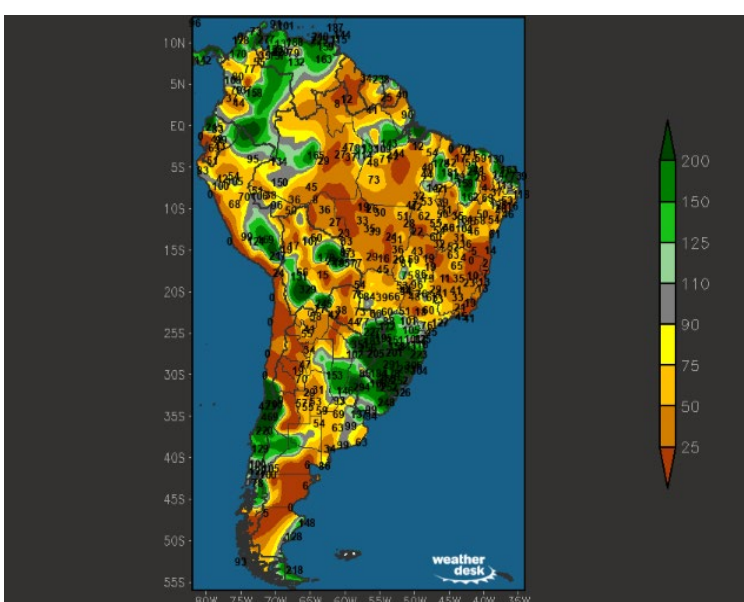
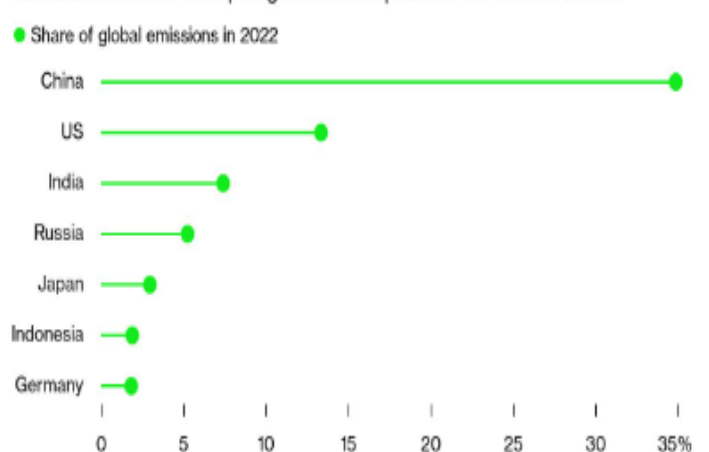


Chart of the Day

Biggest Polluters

China and the US have pledged new cooperation on climate action



Source: European Commission's Emissions Database for Global Atmospheric Research

Bloomberg Green