

# MORNING BULLS & BEARS



Monday, April 22, 2024

## Upcoming Reports

Export Inspections – Today, 10:00 am  
Crop Progress – Today, 3:00 pm  
EIA Report – Wednesday, 9:30 am  
Export Sales – Thursday, 7:30 am  
Commitments of Traders – Today, 2:30 pm

## Macro News

June Dow futures are up 237 points to 38,445 and June WTI Crude is down \$0.87 to \$81.35.

U.S. stock index futures are trading higher this morning as investors shift their attention to the upcoming earnings reports from major tech companies and the release of the Fed's preferred inflation gauge later in the week. During Friday's trading session, Wall Street's major averages closed mixed, with the S&P 500 hitting a 1-3/4 month low and the Nasdaq 100 falling to a 3-month low. Netflix (NFLX) plunged over 9% after providing weaker-than-expected Q2 revenue guidance and announcing it would stop reporting quarterly subscriber data. Chip stocks retreated following Taiwan Semiconductor Manufacturing Co.'s lowered 2024 revenue growth outlook for the industry, with Advanced Micro Devices (AMD) and Micron Technology (MU) falling more than 5% and 4%, respectively. Ultra Beauty (ULTA) dropped over 2% after Jefferies downgraded the stock to Hold from Buy. On the positive side, Paramount Global (PARA) climbed more than 13% following a report about a potential joint takeover bid from Sony's movie studio division and Apollo Global Management. American Express (AXP) rose over 6% after topping quarterly profit estimates.

As the first-quarter earnings season kicks into full gear, investors await fresh reports from major global companies, including Tesla (TSLA), Meta Platforms (META), Microsoft (MSFT), Alphabet (GOOGL), Boeing (BA), PepsiCo (PEP), Visa (V), Intel (INTC), Texas Instruments (TXN), IBM (IBM), UPS (UPS), General Motors (GM), Ford Motor (F), Caterpillar (CAT), Exxon Mobil (XOM), and Abbvie (ABBV). Analysts estimate aggregate S&P 500 earnings to grow 2.9% year-over-year in Q1, down from an expected rise of 5.1% on April 1st.

Chicago Fed President Austan Goolsbee commented that progress on inflation has stalled, suggesting a pause to allow incoming data to provide further clarity on the economy's evolution. The market has priced in a 1.9% chance of a 25 basis point rate cut at the May FOMC meeting and a 15.0% probability of a similar cut in June. The Fed's semiannual Financial Stability Report indicated that higher-than-expected interest rates in the face of persistent inflation are perceived as the most significant threat to financial stability.

This week's main highlight will be the March reading of the U.S. core personal consumption expenditures price index. Investors will also be monitoring various other economic data releases, including GDP, PMIs, housing data, durable goods orders, jobless claims, and consumer sentiment. The U.S. economic data slate is largely empty on Monday. The yield on the 10-year U.S. Treasury note has risen to 4.655%, up 0.85%

## Grain News



**Summary:** Most corn, soybean, and spring wheat areas of the central U.S. are normal to wet after rains in recent days and weeks. Each area will be fairly dry and colder than normal over the next five to seven days, followed by sharp warming from west to east over Thu.-Sat. (Apr. 25-27) as the first in a series of moderate to large systems approach. Rounds of rain and t-storms accompany warming late next week and weekend, likely followed by more organized events within a wider area the following week as storminess closes April and starts May. HRW wheat still needs rain and will be fairly dry until at least some beneficial totals unfold within Apr. 25 - May 3. For more information, please visit [www.tstorm.net](http://www.tstorm.net).

## USDA Daily Sales Announcements:

\*\*\*No sales reported today.

## Southern China hit by major flooding

Floods swamped southern China's Pearl River Delta following record-breaking rains since last Thursday. The province of Guangdong has been hit hardest, with more rains in the forecast for this week. World Weather says, "Early indications suggest rice damage has been most significant and replanting will be necessary. Some sugarcane, corn and a few other crops produced in the region may have also been negatively impacted or will be impacted in the coming days."

## China's Soybean Imports from US Decline Sharply in March

China's soybean imports from the United States fell by half in March from a year earlier and corn exports also plummeted, as buyers favour more competitive supplies from Brazil's hefty harvest, data showed on Saturday. U.S. suppliers face stiff competition for global export sales from South America, which have reported plentiful harvests and offer more competitive prices. China imported 2.18 million metric tons of soybeans from the U.S in March, according to the General Administration of Customs. Its imports from Brazil rose 81% to 3.02 million tons, more than half of the total imports during the month. Total arrivals in March tumbled to a four-year low of 5.54 million tons, according to customs data, as high prices and poor hog margins discouraged crushing for feed consumption. China's agriculture ministry said on Friday its rising preference for Brazilian supplies depended on market prices. "China's soybean buyers include both Chinese-funded companies and many foreign-funded companies. Where companies purchase from is completely independent," Chen Bangxun, the ministry's director of development planning told a press conference. "China is the world's largest soybean importer and maintains good trade relations with all soybean exporting countries," he said. For the January-March period, China's soybean shipments from the U.S. fell 50% from a year earlier to 7.14 million tons. Total shipments from Brazil were 9.99 million tons, up 155% from a year ago. That brings Brazil's total market share during the first quarter to 54%, compared to U.S.' at 38%, according to Reuters' calculations. Brazil is the world's biggest soybean exporter, followed by the United States, and its share in China, which buys more than 60% of soybeans shipped worldwide, has been expanding over the past year.

## Ukraine Grain Exports Drop 2.6% Y/y; Spring Plantings Double

Ukraine's grain exports for the season starting July 1 have reached 39 million tons, marking a 2.6% decrease compared to the same period last year, according to data from the Agriculture Ministry released on Friday. However, exports in the first two weeks of April alone have doubled from the previous year, reaching 4.2 million tons. The total exports include 15.1 million tons of wheat (up 10% year-on-year), 2.14 million tons of barley (down 10.5% year-on-year), and 21.5 million tons of corn (down 9% year-on-year). Nearly all agricultural exports are being transported via Ukraine's Danube ports and the Black Sea corridor, which was established in August. Furthermore, Ukrainian farmers have already planted more than 2 million hectares (almost 5 million acres) of grain and legumes by the second week of April, twice as much as the same period last year. Spring planting in Ukraine began in early March.

## IKAR raises Russian grain export forecast

Russia's IKAR agricultural consultancy raised its Russian 2023-24 grain export forecast by 2 MMT to 72 MMT, including 53 MMT of wheat. The wheat export estimate was up 1 MMT from its prior outlook.

## SovEcon Reduces Forecast for 2024 Russian Wheat Crop

SovEcon, a leading agricultural consultancy, has revised down its estimate for Russia's wheat crop to 93 million tons, citing anticipated adverse effects from dry and hot weather conditions. CEO Andrey Sizov highlighted concerns over deteriorating weather conditions in southern regions following a promising winter, emphasizing that the situation is nearing a critical stage. Key wheat-growing areas have experienced below-normal rainfall ranging from 40% to 80%, coupled with above-average temperatures. Despite these challenges, spring crop projections remain steady at 25.7 million tons.

## Russian missiles destroy grain storage facilities in Odesa region, Ukraine says

Russian missiles hit the port of Pivdennyi in Ukraine's southern Odesa region on Friday, destroying grain storage facilities and foodstuffs they contained, President Volodymyr Zelenskiy and other officials said. "... they hit the Sea Port Pivdennyi. Several missiles struck port facilities, not only Ukrainian, but Singapore's as well," Zelenskiy said in a virtual address to the NATO-Ukraine Council. Ukraine's Ministry for Restoration, in a post on the Telegram messaging app, said the strike "destroyed storage facilities and agricultural goods which had been intended for export to Asia and Africa". The regional governor said one person was injured in the strike, while Ukraine's southern military command said the attack had sparked fires. Local Telegram channels shared videos of heavy black smoke rising from what they said was the site of the strike. Zelenskiy, in a subsequent post on X, said the attack was "part of a deliberate Russian strategy" to harm Ukraine and countries relying on its food exports.

## Putin orders Russian government to outline proposals for BRICS grain exchange

Russian President Vladimir Putin has ordered his government to present proposals to facilitate grain trading with other countries including India and China, according to documents published by the Kremlin on Saturday. The idea for the grain exchange also including Brazil and South Africa among others - which together with Russia make up the group of countries known as the BRICS - is to allow buyers to purchase directly from producers, and was already backed by Putin ahead of summit of the group in October. The Kremlin has asked for the proposals to be presented by July 1 by Russian Prime Minister Mikhail Mishustin and Central Bank Governor Elvira Nabiullina. Putin has also ordered the government to set out additional support measures for farmers, including funding as well as ensuring supplies of gasoline and diesel. Russia had to introduce a temporary diesel and gasoline export ban last autumn as the domestic market faced fuel shortages and rising prices amid the harvest. The restrictions were subsequently mostly lifted, though Russia again banned gasoline exports, with some exceptions, for six months starting from March 1 to prevent possible fuel shortages.

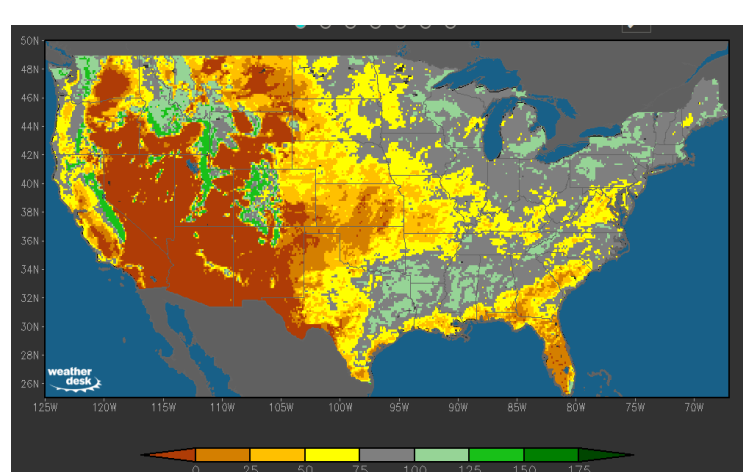
## Biden EPA Allows Summer Sales of Higher-Ethanol E15 Gasoline

The Biden administration is using emergency powers to authorize widespread sales of higher-ethanol E15 gasoline this summer, following a strategy it employed the previous two years. The move is in response to rising gasoline prices and a clamor from producers of corn-based ethanol that have been frustrated by the administration's decision to delay a permanent expansion of summertime E15 sales until next year. The waiver announced by the Environmental Protection Agency on Friday will temporarily exempt the 15% ethanol blend from restrictions that effectively block sales across much of the country during the warmest months. The EPA says the emergency move is in the public interest, citing conflicts in Ukraine and the Middle East that have put additional pressure on global energy supply chains. "The global supply of crude oil has been disrupted and remains volatile," the agency said in its waiver, which runs from May 1 through May 20. Additional waivers are expected throughout the summer. The measure also could help tame pump prices that have jumped roughly 20% this year to more than \$3.65 a gallon, according to auto club AAA. E15 generally sells at a discount to conventional E10 gasoline. "This waiver is good news for corn growers and those in rural America who will benefit economically from this decision," said Harold Wolle, president of the National Corn Growers Association. It's also set to benefit "consumers who will save money at the pump during a busy travel season." Oil industry advocates have repeatedly questioned the legality of the emergency approach.

## USDA Reports Avian Influenza Detected in Dairy Cattle Across Eight US States

According to recent data released by the US Department of Agriculture, highly pathogenic avian influenza has been identified in dairy cows across eight states: Michigan, Texas, Kansas, New Mexico, South Dakota, Idaho, Ohio, and North Carolina. The virus was detected between April 9 and April 17, indicating ongoing spread among dairy cattle. USDA has confirmed transmission from cow to cow, emphasizing the high concentration of the virus in milk. The agency warns that anything in contact with unpasteurized or spilled milk may contribute to the spread of the virus.

## Topsoil Moisture: Current:



## Chart of the Day

