KEY INDICATORS

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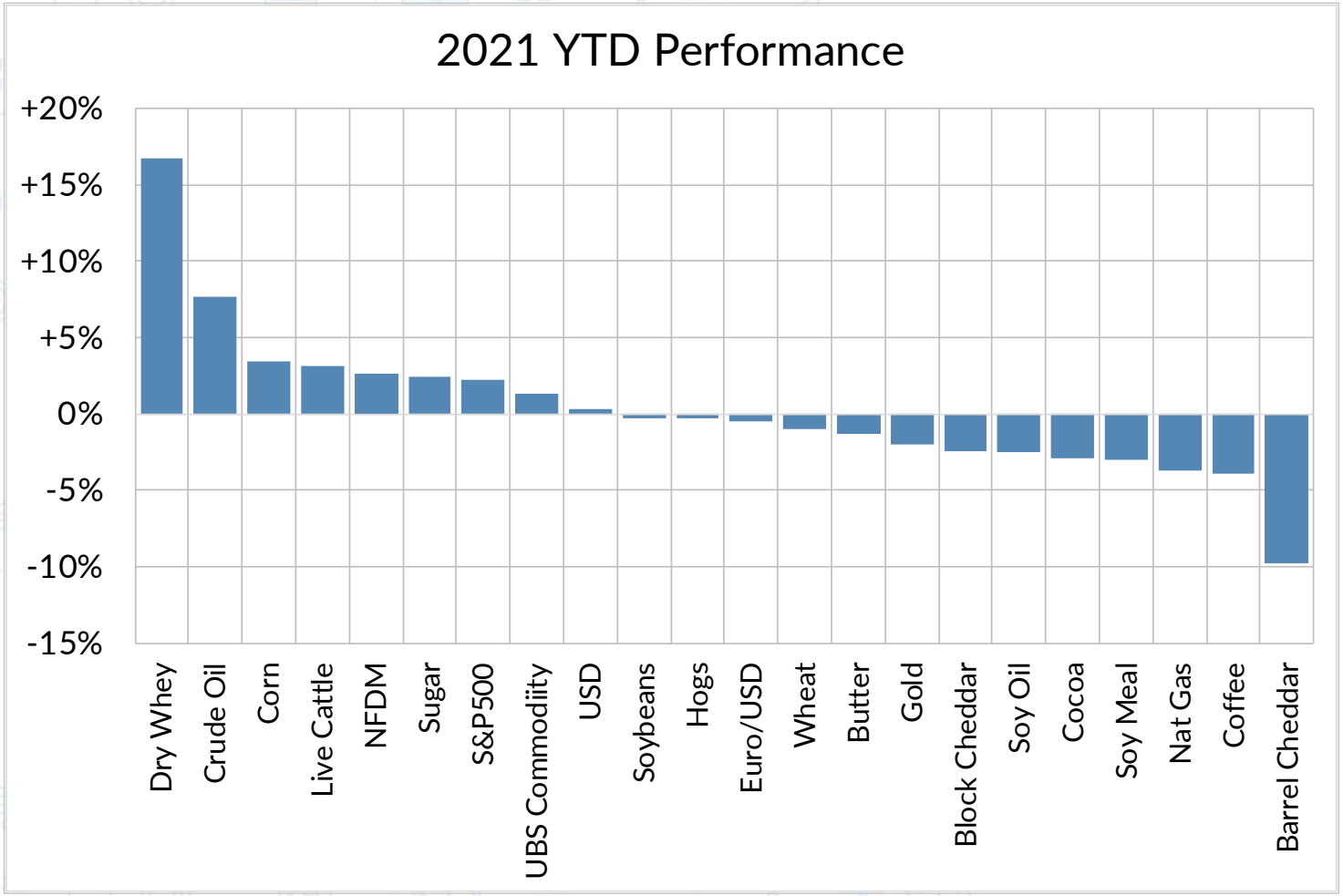
the markets we greet this week…

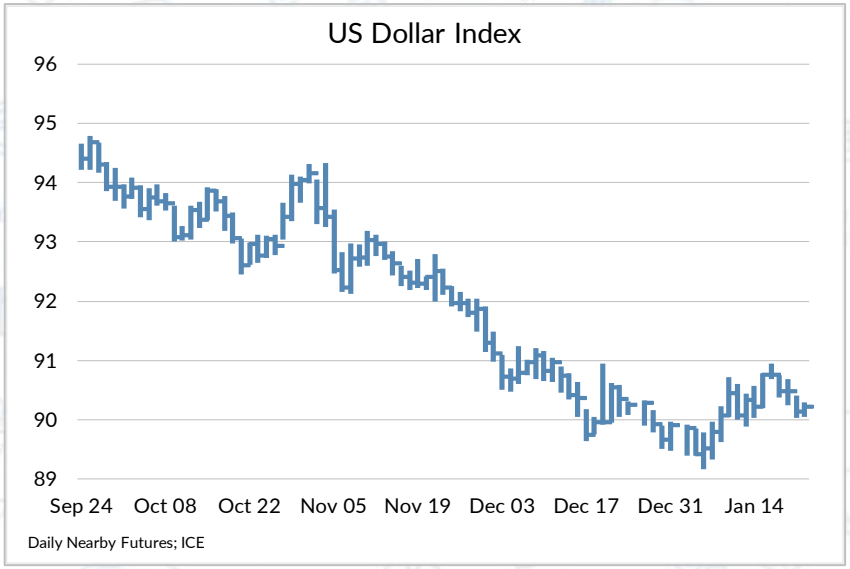
…might need to search for upside impetus.

- **More on the Chicken Wars:** *The hottest item in the burger business is chicken. At least 10 major US fast-food chains have introduced fried-chicken sandwiches in the past three months or are set to shortly. Many of those peddling the new poultry items are better known as hamburger chains, including McDonald's, Shake Shack and Jack in the Box. Restaurant operators, grappling with slowdowns and restrictions brought on by the pandemic, aim to capture consumers' enthusiasm for crispy, breaded-chicken sandwiches. The sandwich craze also might bring lasting changes to the restaurant business, with owners spending thousands of dollars on new equipment for battering chicken filets to compete for what some franchisees say is the future of eating out.* *The Wall Street Journal* Read Here
- Improbably, Baby *Boomers Dominate Online Shopping: Early in the pandemic, armed with step-by-step instructions, Joseph Clay committed to buying absolutely everything online. Texas toast, blueberry waffles and diet root beer are repeat orders, spliced with the occasional addition: skull-shaped bookends, slippers for his partner and one overnight purchase to placate an aching tooth… "My youngest daughter shops online constantly, so I called her up and said, 'Hey, this online shopping thing — how does it work?'" said Clay, 60, a retired engineer in Nashville. "She gave me a quick rundown, and it just blew me out of the water." Consumers 65 and older, on average, spent a total of $1,615 online from January through October, a 49% increase from a year earlier…* *The Washington Post* Read Here
- **Department of Reinvention:** After eight years cooking at some of LA's finest restaurants, Ronnie Muñoz took a leap of faith. Last January the 25-year-old chef quit his job at Craft, the Century City restaurant run by "Top Chef" judge Tom Colicchio, to focus his energy on Ronnie's Kickin', the spicy fried chicken sandwich pop-up he launched out of his South LA home. Muñoz had spent much of 2019 juggling kitchen jobs and working to get his food stand off the ground; he felt confident 2020 would be his breakout year. But 2020, of course, had other plans. In March, two weeks before Muñoz was scheduled to sign a lease on a restaurant space, the pandemic hit… *The Los Angeles Times* Read Here

Reports This Week: Case-Shiller Index (Tue); Durable Goods (Wed); New Home Sales (Thu); Income (Fri).

2021 performance by market



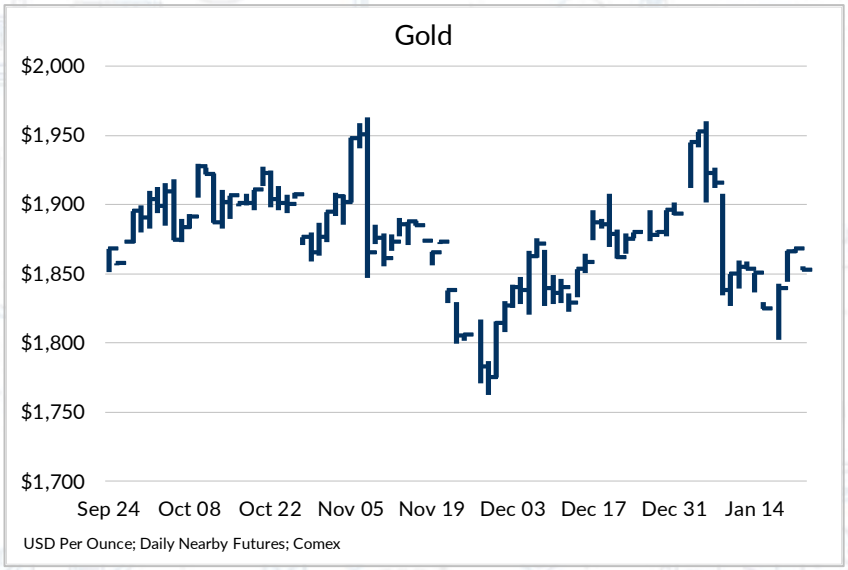


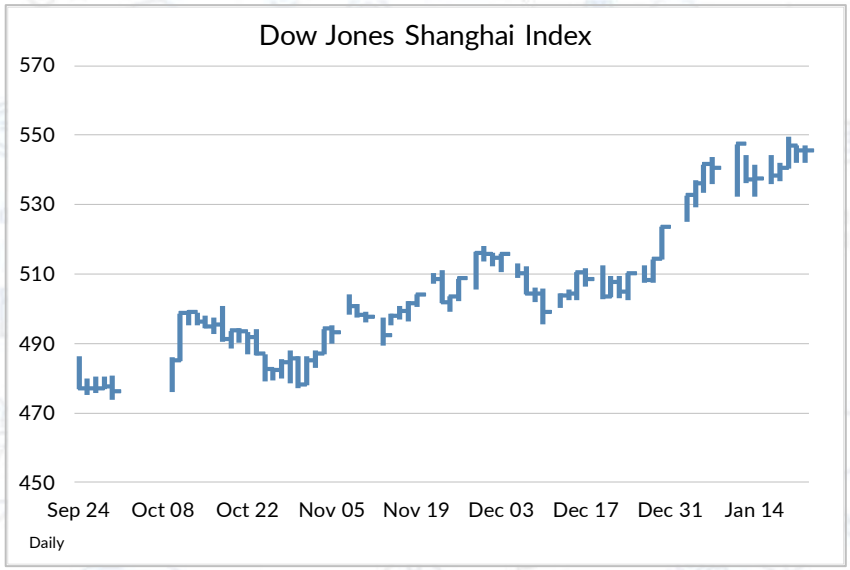
us equities

- The S&P500 closed at 3,841.5, up 1.9% on the week. The Dow Jones Industrial Average gained 0.6% while the NASDAQ climbed 4.2%.
- CNBC reports: *Billionaire global investor Barry Sternlicht said Thursday he's concerned about the long-term viability of current conditions in the stock market, warning that some aspects feel reminiscent of the dot-com bubble in the 1990s. "I don't think we're having a problem in the stock market near term," Sternlicht said. "The stimulus is too big… The dark underside of this market is kids — and I don't know if they're kids, we just call them kids because we think they're less experienced — staying at home and day trading and buying stocks…"*

us dollar

- The USDX finished at 90.21, down 0.6%, while the EUR/USD ended up at 1.2174, up 0.6%.
- *The Wall Street Journal* reports: *The ECB kept its monetary stimulus unchanged…saying it would continue to buy up to €1.85 trillion ($2.25 trillion) of eurozone bonds through March 2022. It left its key interest rate at minus 0.5%. Analysts said the ECB's economic assessment seemed complacent given a sluggish start to Europe's vaccination campaign and recent moves across Europe to extend or tighten social restrictions. "The ECB's economic assessment…may have encouraged some to think that policy may be tightened a little sooner than they had previously anticipated," said Andrew Kenningham…*



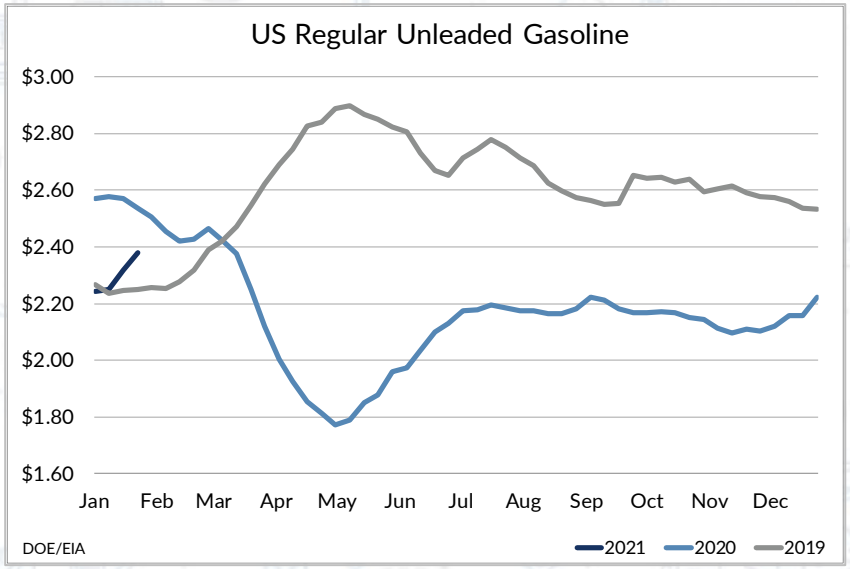


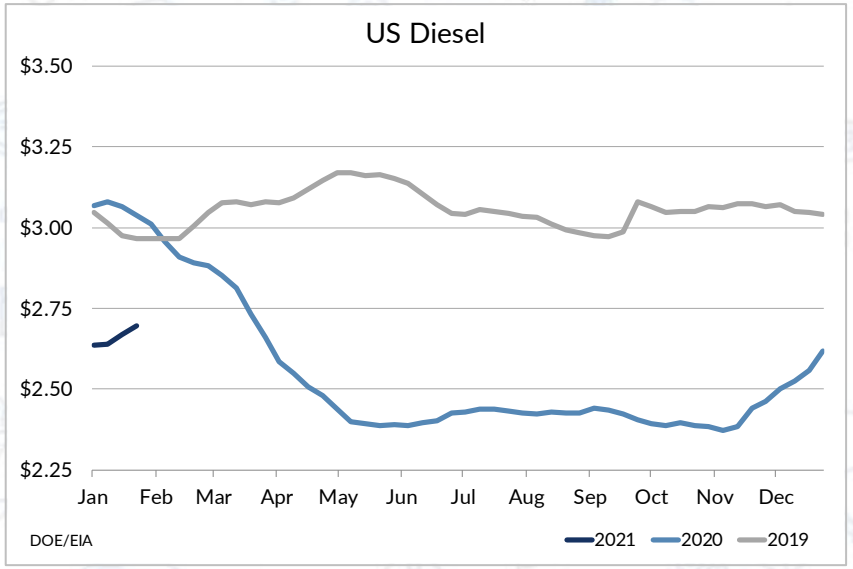
gold

- Gold closed at $1,855.70 per ounce, up 1.7%.
- Bloomberg reports: *"It looks like the reflation trade is back on with most risk assets rising," Fawad Razaqzada, market analyst at ThinkMarkets said in a Tuesday note. "The positive sentiment is partly a reflection of hopes for more government spending..." A report Friday showed hedge fund and other large speculators cut their net-long bullion position in US futures and options to the lowest since November... "Gold traders and investors are going through a bit of a confidence crisis following the recent dollar and yield spike," said Ole Hansenat Saxo Bank A/S.*

china

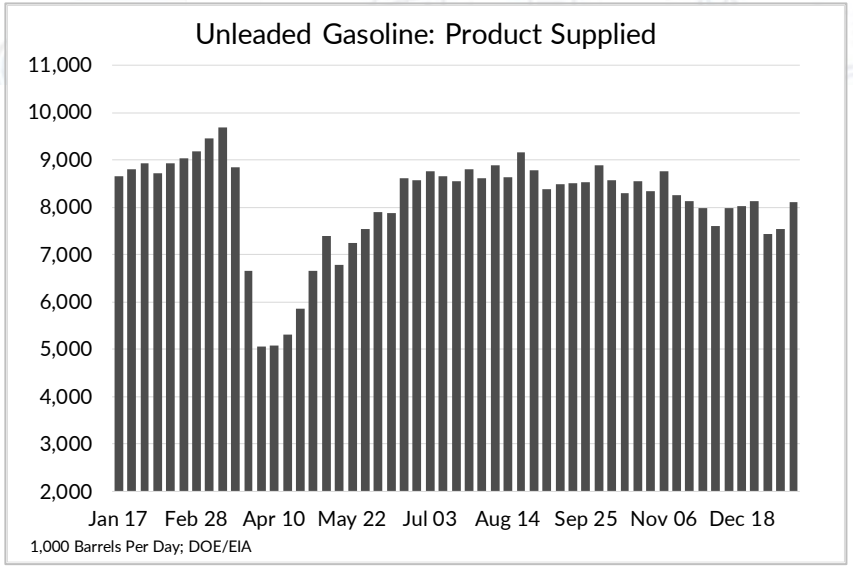
- The Shanghai Composite Index gained 1.1%.
- CNBC reports: *hina reported Monday that its economy grew 2.3% last year as the world struggled to contain the coronavirus pandemic. Gross domestic product rose by 6.5% in the fourth quarter from a year ago, official data from the National Bureau of Statistics showed. Those numbers beat analysts' expectations. However, Chinese consumers remained reluctant to spend, as retail sales contracted 3.9% for the year. Retail sales for the fourth quarter rose 4.6% from a year ago. Online sales of consumer goods rose at a relatively rapid pace of 14.8% last year, the statistics bureau said, but the proportion of overall retail sales held fairly steady at around one-fourth.*

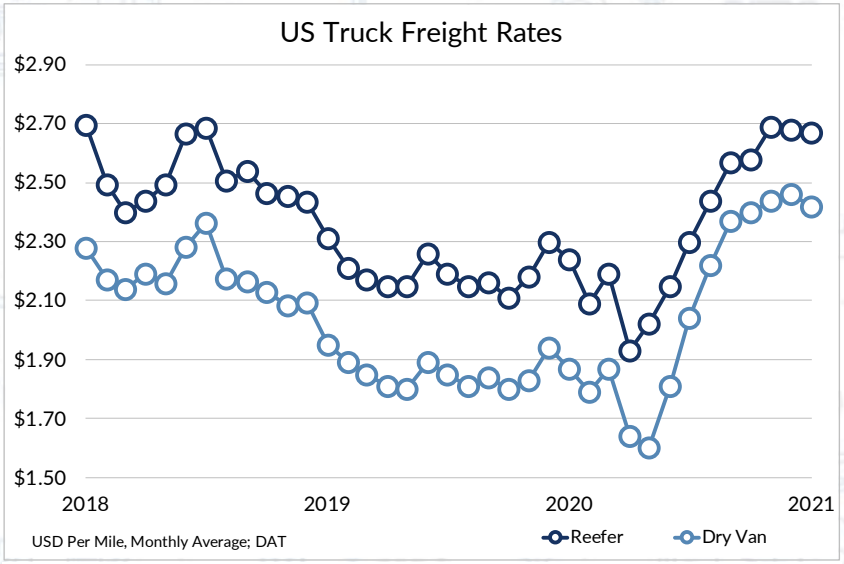




fuel

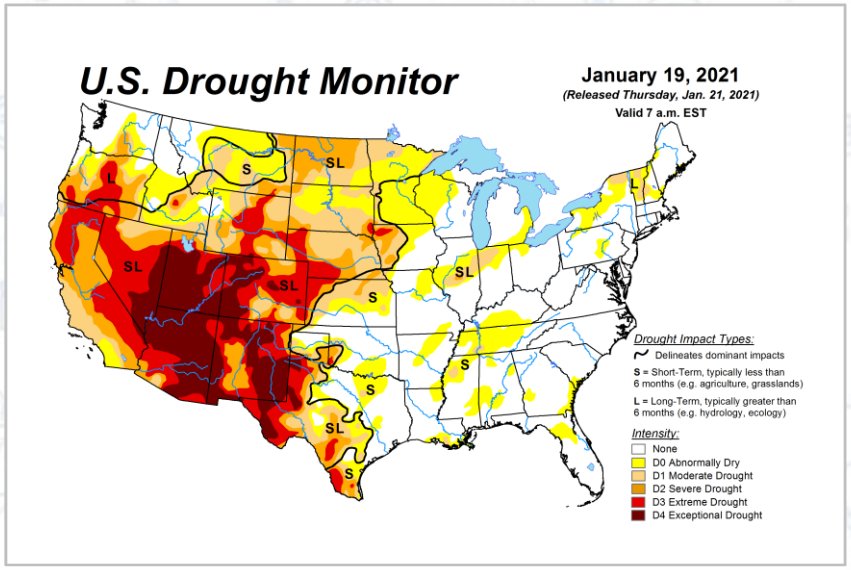
- Regular unleaded prices averaged $2.379 per gallon, up six cents on the week and down 16 cents year-over-year. Product supplied: -6% year-over-year.
- US diesel averaged $2.696 per gallon, up three cents on the week but down 37 cents year-over-year. Product supplied: -13% year-over-year.
- GasBuddy analyst Patrick DeHaan: *Gas prices have jumped to yet another multi-month high as crude oil prices rise amidst perceived improvement in the COVID-19 pandemic, which continues to pump prices up as demand shows renewed signs of recovery…*





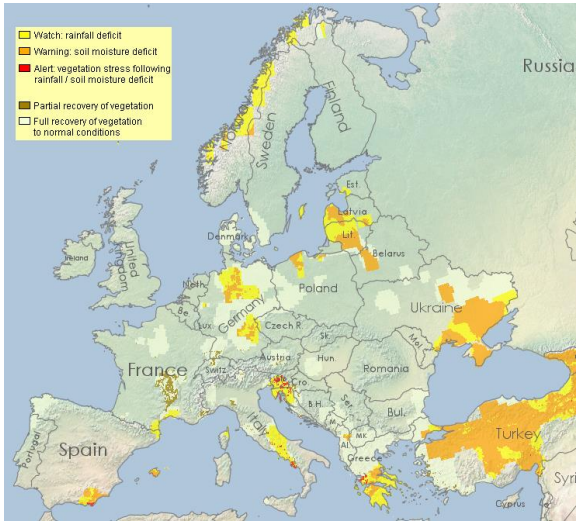
truck freight

- DAT Solutions showed freight rates moving lower, with reefer at $2.67 per mile month-to-date, down six cents on the week and down a penny from December. Dry van: $2.42 per mile, down six cents on the week and down four cents on the month.
- The Northwest Arkansas *Democrat Gazette* reports: *J.B. Hunt Transport Services Inc. on Tuesday reported a fourth-quarter earnings increase, partially offset by rail challenges. Net income rose more than 6% to $154 million during the three months that ended December 31. Results exceeded analyst expectations. Revenue climbed 12% to $2.74 billion from a year ago.*



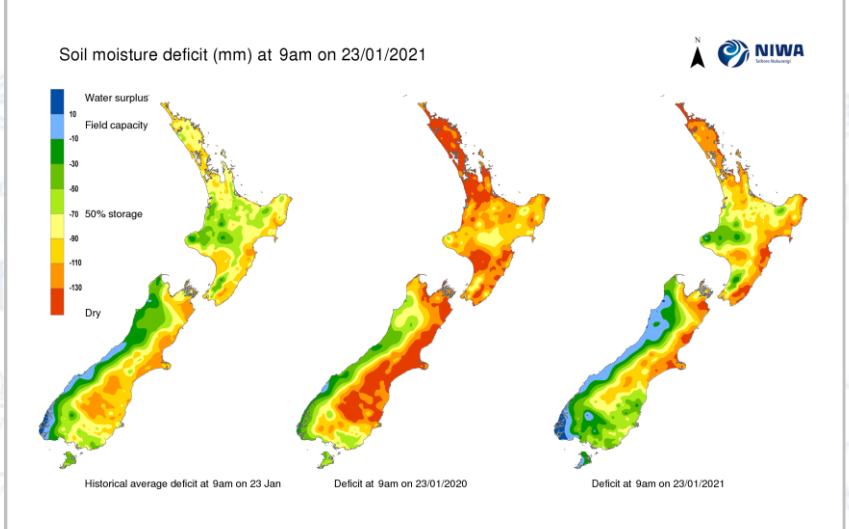
us drought

- NOAA notes: *In contrast to the prior week, most of the country had a relatively dry week, with the significant exception of the PNW and northern Intermountain West. Amounts over 1.5 inches were common, with parts of the Cascades and the coastline recording 4 to as much as 8 inches of precipitation. Elsewhere, most of New England had moderate precipitation, with over 1.5 inches falling on southern Maine and adjacent New Hampshire. Areas from the upper Midwest eastward through the Great Lakes Region and lower Northeast recorded 0.25 to locally 1.0 inch, but the entire remainder of the nation received little or none. But given the time of year, the dry week did not lead to widespread deterioration.*



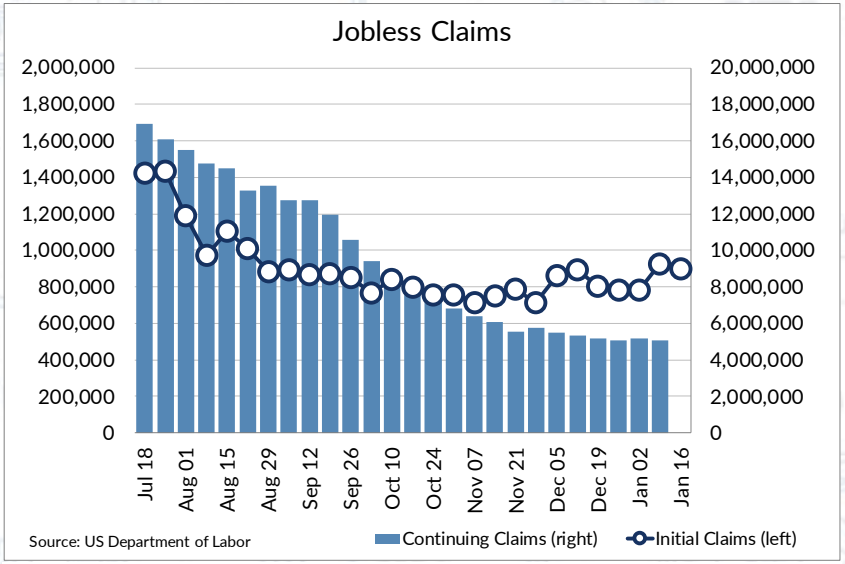
eu drought

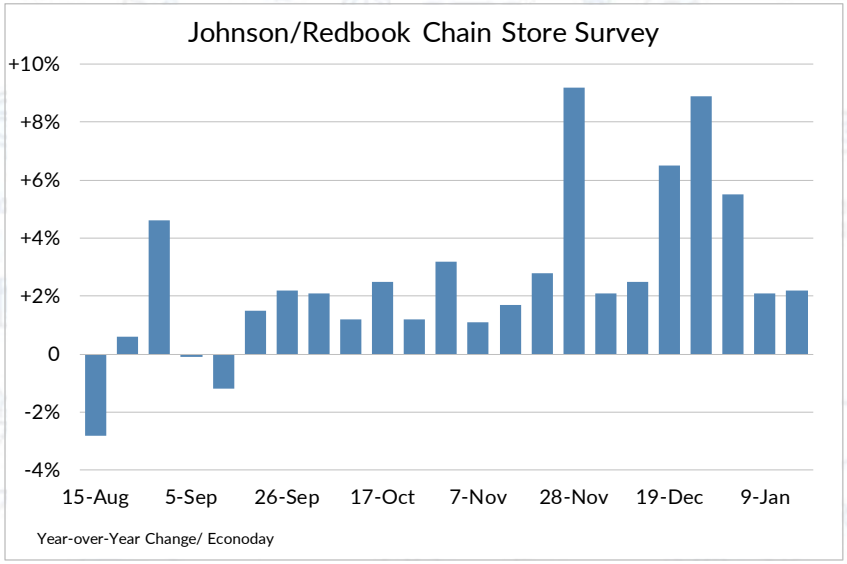
- Reuters reports: *Tight grain supplies in the European Union should be replenished next season by an improved harvest, but prices could remain high as Chinese demand keeps the global surplus limited, French analyst firm Strategie Grains said. European wheat futures soared this week to seven-year highs as reduced U.S. supply forecasts and Russian plans to curb grain exports fueled concern about dwindling global availability. "Despite wheat and maize stocks in Europe returning to more comfortable levels than in 2020/21, we anticipate that prices will remain high," Strategie Grains said in a monthly report.*



nz soil moisture

- RNZ notes: *It was a hard summer for many last year, with widespread drought crippling some regions. Fire bans and water restrictions were in place throughout the country, and with February coming up, there are worries that could happen again. Northland principal rural fire officer Myles Taylor is already on high alert amid a region-wide fire ban. "At the moment things are still quite dry, not as bad as they were last year," Taylor said. "We have had some rain events coming through periodically and that has kind of kept a bit of a control over the fire danger. But we are still very dry up here and we are experiencing a lot of wind at the moment which is drying out any rain that we do get very quickly."*



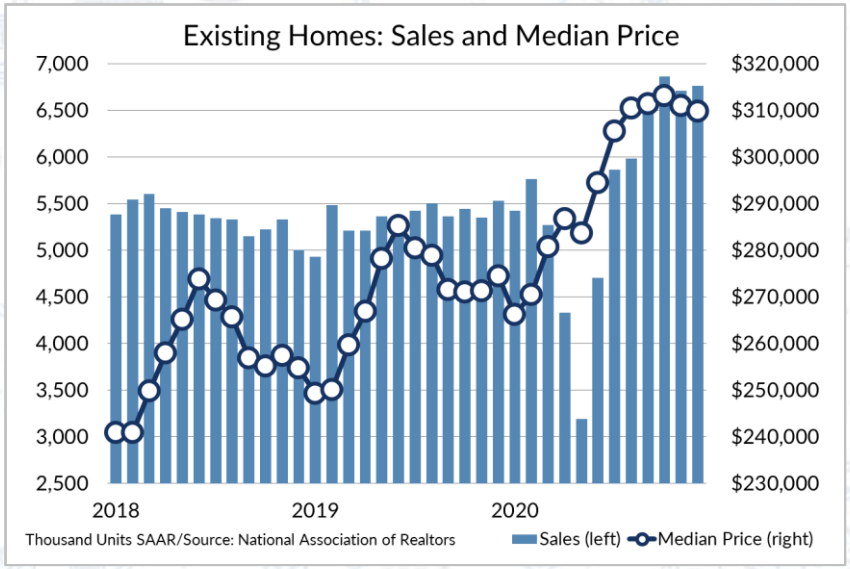


jobless claims

- The US Department of Labor reported 900,000 initial filings, down 29,000 on the week and in line with expectations.
- *The Wall Street Journal* reports: *"Covid hasn't let up, and it's still creating massive amounts of economic havoc," AnnElizabeth Konkel, economist at Indeed, said... Delayed filings by workers over the Christmas and New Year holidays, as well as $300 a week in extra jobless benefits included in a coronavirus-relief package signed into law last month, also could have factored into the large claims increase for the week ended January 9.*

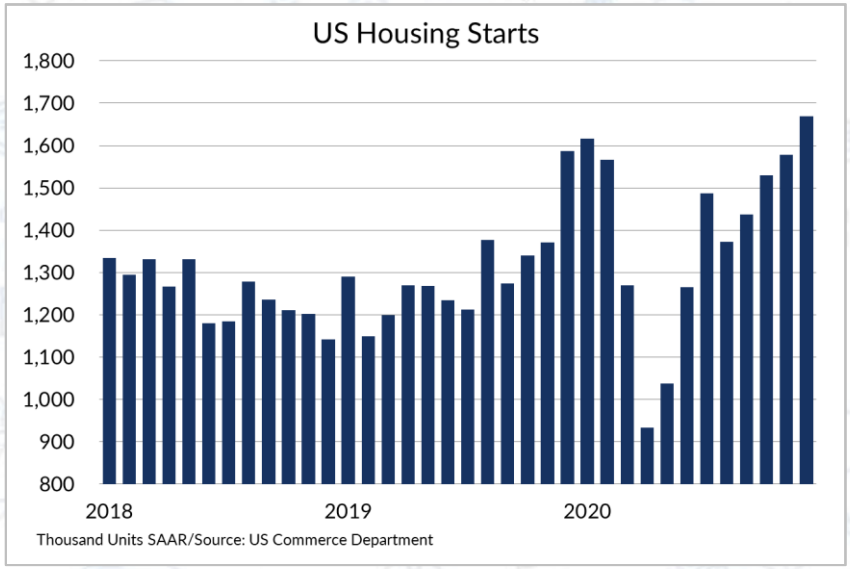
chain store sales

- For the week ending January 16, the Johnson/Redbook Chain Store Survey showed dollar sales up 2.2% year-over-year.
- *USA Today* reports: *Godiva is closing all of its US locations as in-store visits for its luxury chocolate dip during the coronavirus pandemic. The company plans to shutter its 128 locations in North America, which includes 11 in Canada, by the end of March. But Godiva chocolates aren't disappearing completely... The company, founded in Belgium, said in a statement that demand for in-person shopping "waned as a result of the pandemic and its acceleration of changes in consumers' shopping behavior."*



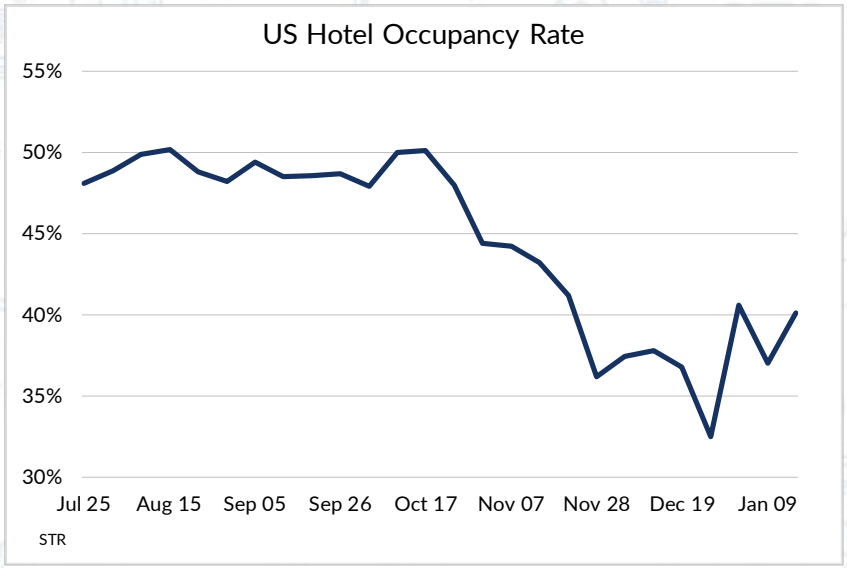
"old" home sales

- Sales of existing homes in December ran at 6,760,000 on a seasonally-adjusted, annualized basis, up 1% on the month and up 22% year-over-year.
- Inventory: 1.9 months, the lowest since the National Association of Realtors started tracking data in 1982.
- Median price: $309,800, flat month-to-month.
- NAR economist Lawrence Yun: *Although mortgage rates are projected to increase, they will continue to hover near record lows at around 3%. Moreover, expect economic conditions to improve with additional stimulus forthcoming and vaccine distribution already underway.*



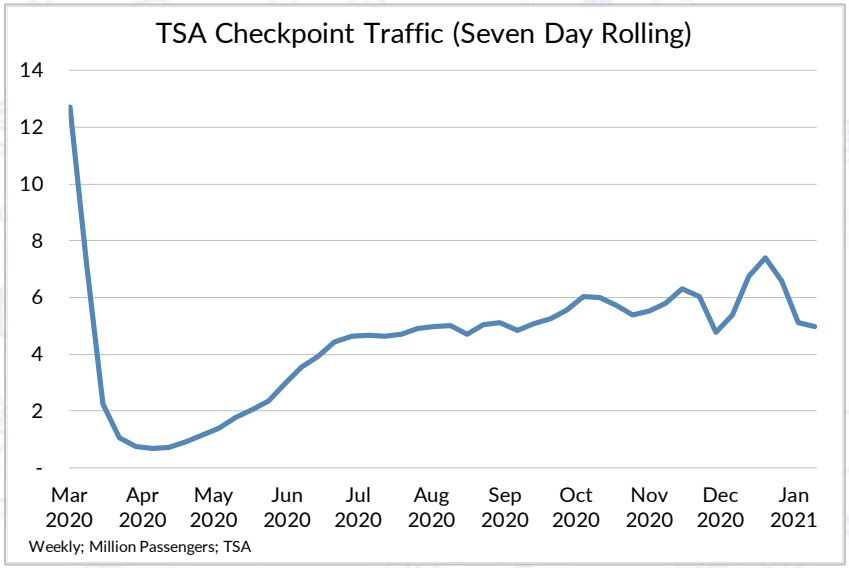
housing starts

- Housing starts in December ran at 1,669,000 units on a seasonally adjusted, annualized rate, up 6% from November and up 5% year-over-year.
- CNBC reports: *Single-family homebuilding, the largest share of the housing market, soared 12.0% to a seasonally adjusted annual rate of 1.338 million units. Single-family starts have increased for eight straight months… A survey on Wednesday showed a dip in confidence among single-family homebuilders in January. Builders complained about "supply-side constraints related to lumber and other material costs, a lack of affordable lots and labor shortages that delay delivery times and put upward pressure on home prices."*



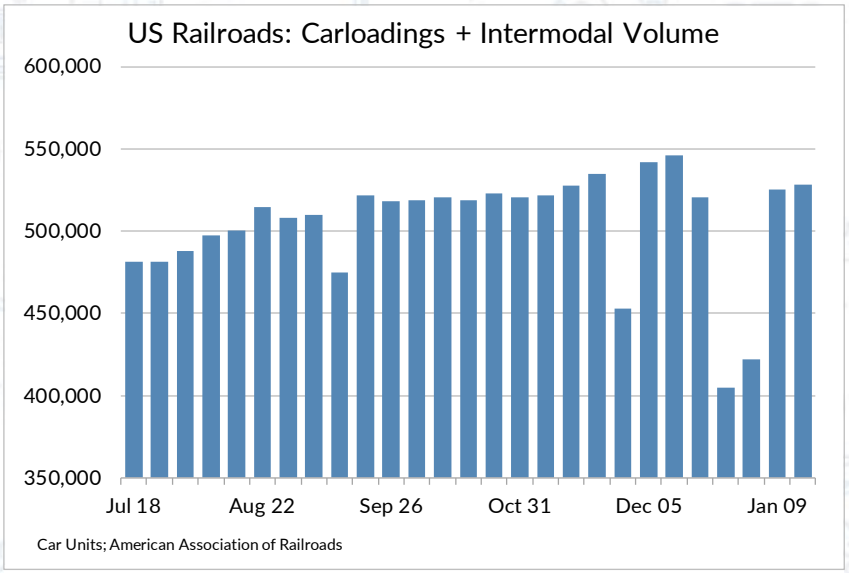
hotel occupancy

- STR reported occupancy at 40%, up from 37% the week prior but down from 58% last year.
- Average room rate: $91, down 29% year-over-year.
- *Travel Weekly reports: The US hotel industry reported record lows in occupancy and revenue per available room for the full year 2020, according to STR. Average daily rate was the lowest since 2011. The year-over-year declines also were the worst on record for all three key performance metrics. Occupancy in 2020 fell 33.3% year over year to 44%. ADR dropped 21.3% to $103.25. RevPAR declined 47.5% to $45.48.*



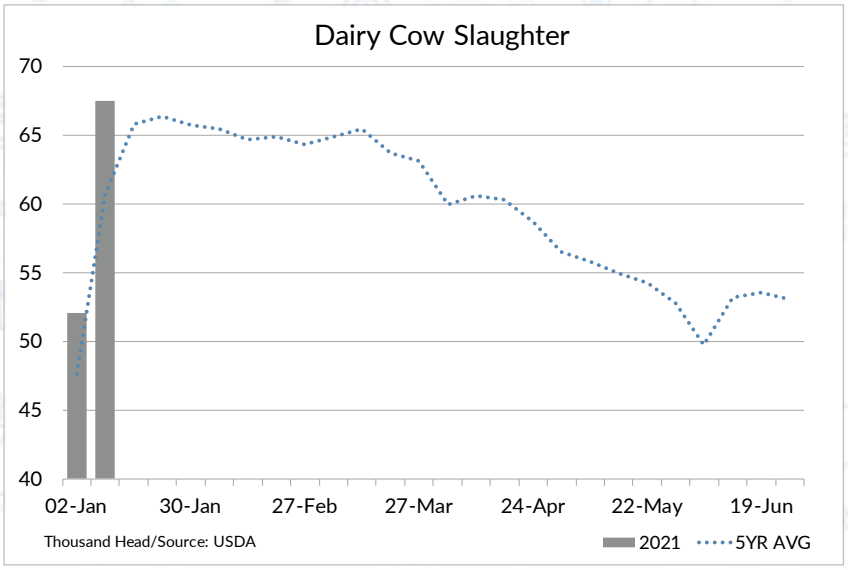
air travel

- For the seven days ending January 22, TSA counted 5.0 million travelers moving through airport checkpoints, down 3% on the week and down 65% year-over-year.
- *The New York Times* reports: *United Airlines lost $1.9 billion in the fourth quarter, bringing its total losses for 2020 to just over $7 billion, its worst year since merging with Continental Airlines a decade ago. Despite that terrible loss, the airline said it expects 2021 to be a "transition year" as it prepares for a recovery from the coronavirus pandemic. "The truth is that Covid-19 has changed United Airlines forever," the company's chief executive, Scott Kirby, said.*



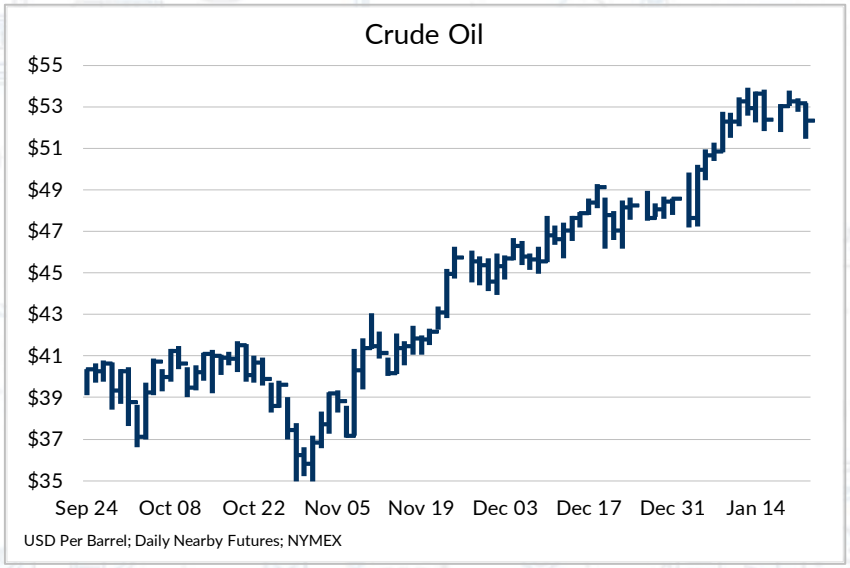
rail traffic

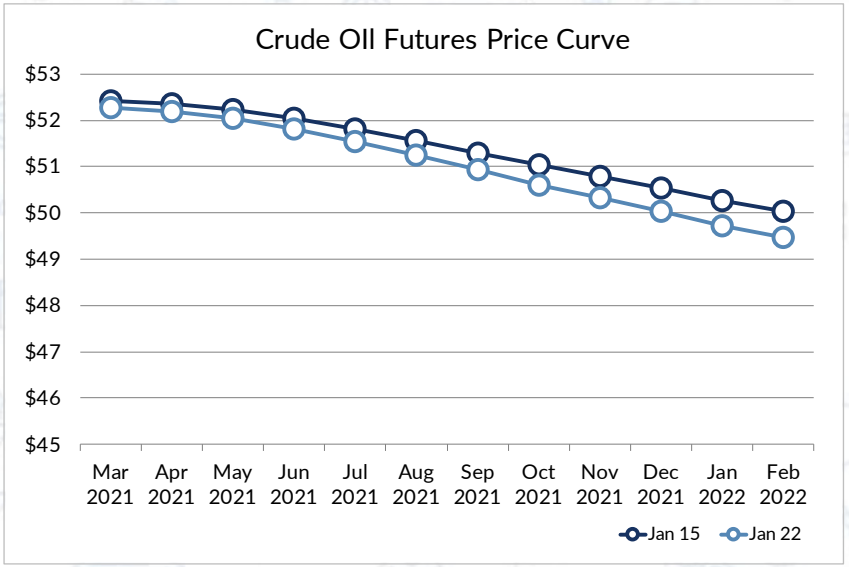
- The American Association of Railroads reported combined car loadings and intermodal starts at 528,547 units, up 6% year-over-year.
- *FreightWaves* reports: *CSX is not only eyeing a volume recovery in 2021 but also a recovery from the coronavirus among its workforce. As COVID-19 cases spiked after Thanksgiving across the US, so too did the number of CSX employees contracting the virus. The railroad didn't say how many employees have been infected or are in quarantine, but that number is in the "hundreds," according to CSX CEO Jim Foote.*



cow slaughter

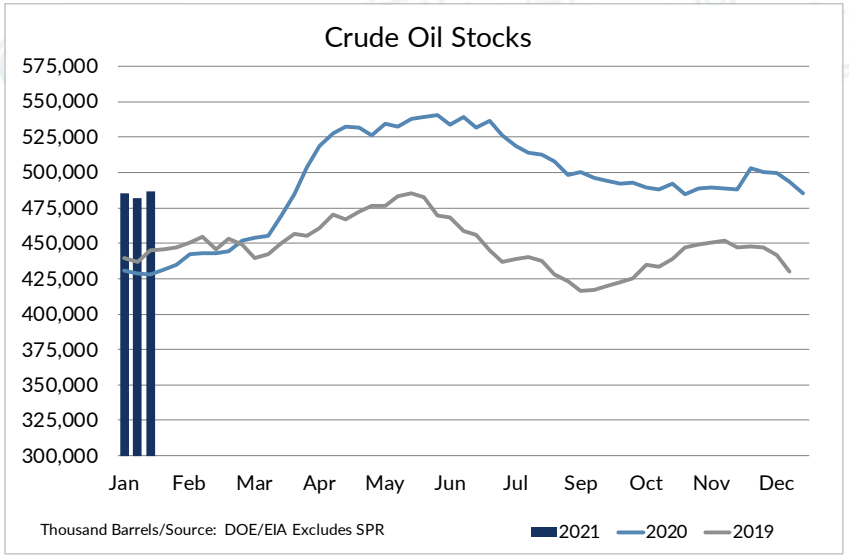
- For the week ending January 9, USDA reported dairy cow slaughter at 67,489 head, up 30% on the week but down 5% year-over-year.
- Live cattle futures closed at $1.1673 per pound, up 4% on the week.
- Reuters reports: *Cattle and calves on feed for the slaughter market in the United States for feedlots with capacity of 1,000 or more head totaled 12.0 million head on January 1, 2021. The inventory was slightly above January 1, 2020. The inventory included 7.40 million steers and steer calves, up slightly from the previous year. This group accounted for 62% of the total inventory.*

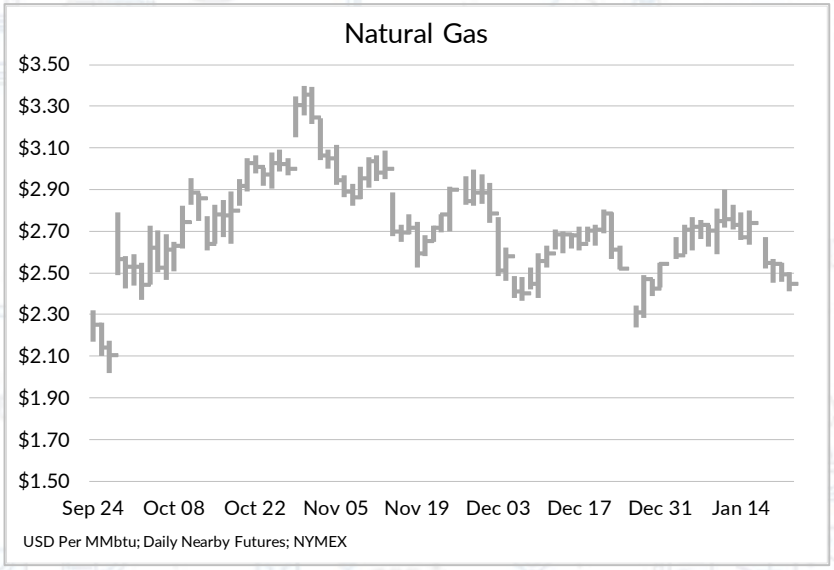


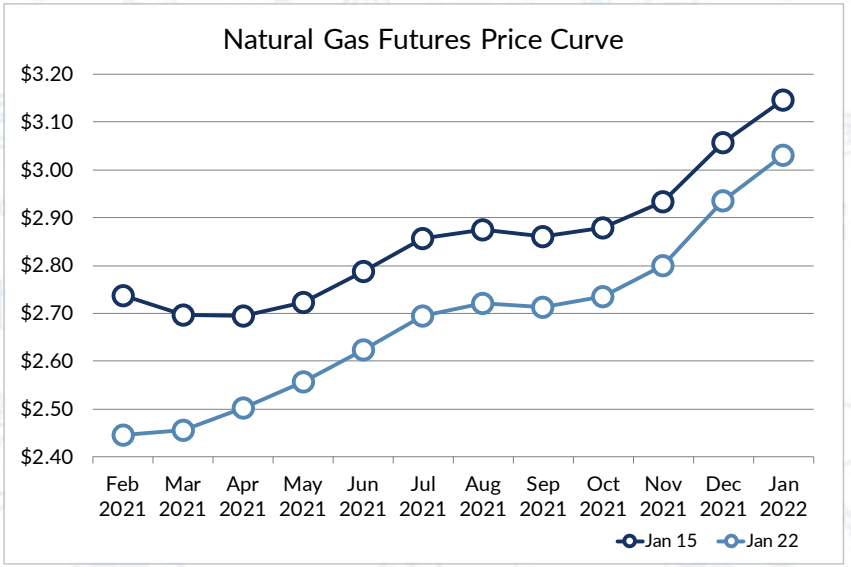


crude oil

- WTI crude oil closed at $52.27 per barrel, down 0.2%.
- Commercial crude oil stocks: up 0.9% on the week.
- CNBC reports: *The IEA cut its 2021 global oil demand forecast, citing soaring Covid-19 cases and renewed lockdown measures that will further limit mobility. The IEA said it now expects world oil demand to recover by 5.5 million barrels per day to 96.6 million this year. That reflects a downward revision of 0.3 million barrels from last month's assessment and follows an unprecedented collapse of 8.8 million barrels per day last year as the coronavirus pandemic battered global oil markets.*

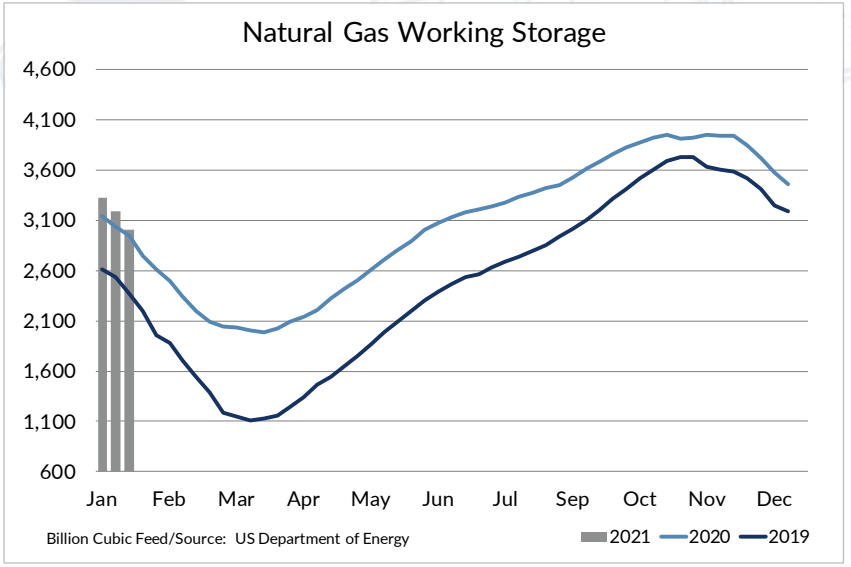


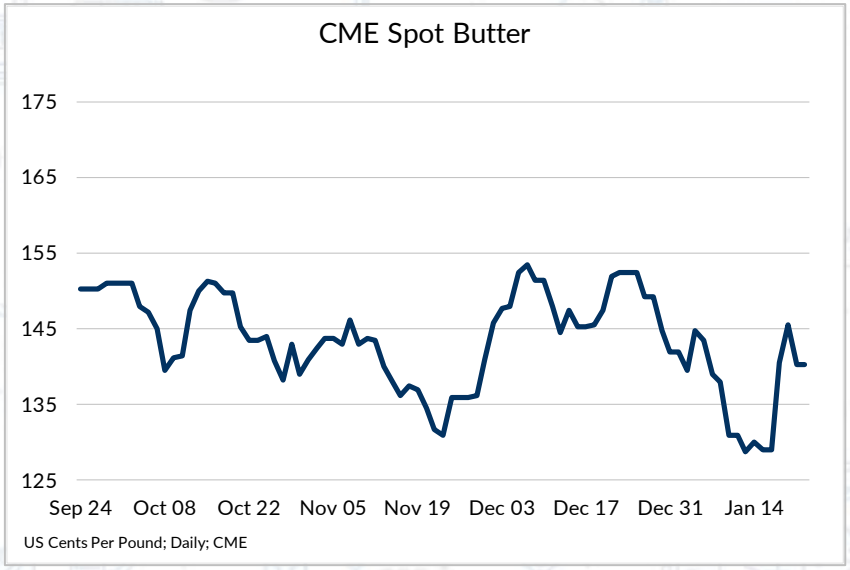


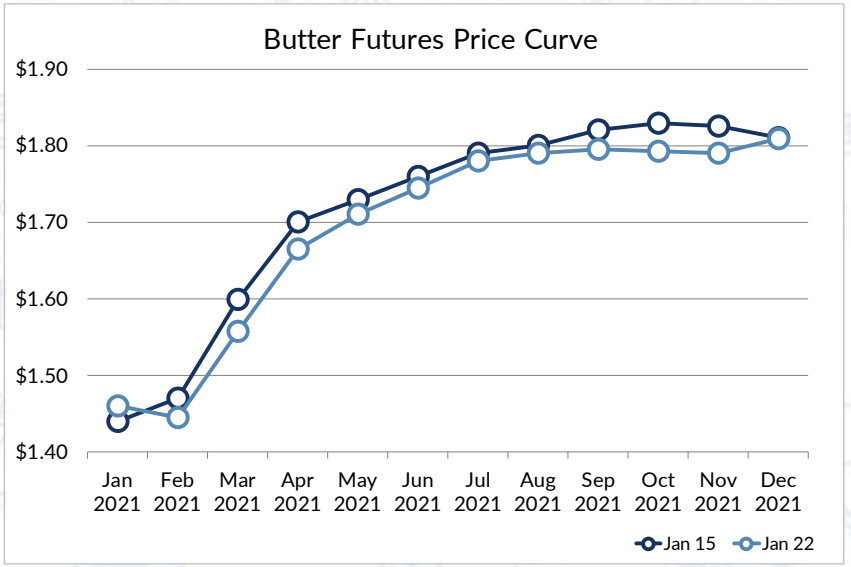


natural gas

- Warm forecast cools market: Natural gas closed at $2.446 per mmbtu, down 10.6%.
- Working inventories declined by 5.9%, behind the five-year average of -6.7%.
- Reuters reports: *US natural gas futures fell almost 3% to a three-week low on Thursday on forecasts for milder weather and lower heating demand through early February… Even though the weather will remain milder than normal through early February, next week is still expected to be much colder than this week. Refinitiv projected that cold would boost average gas demand…*

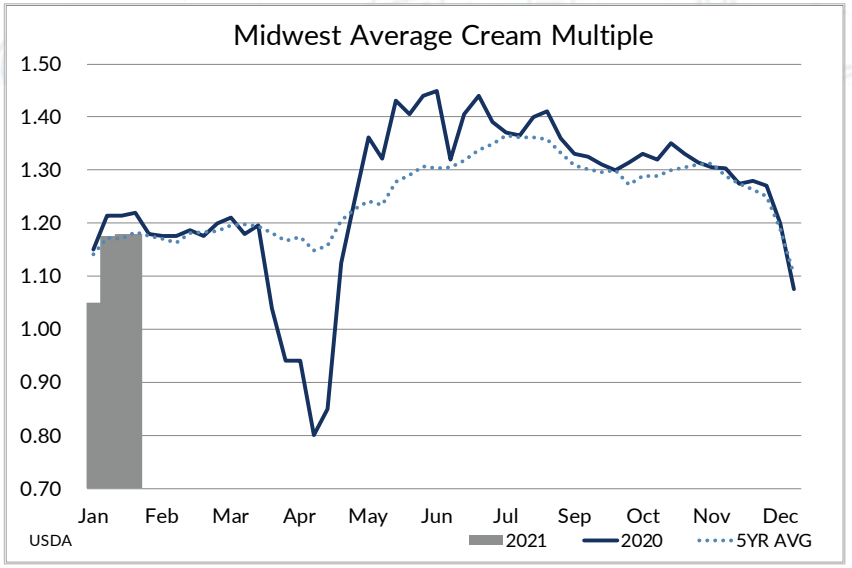


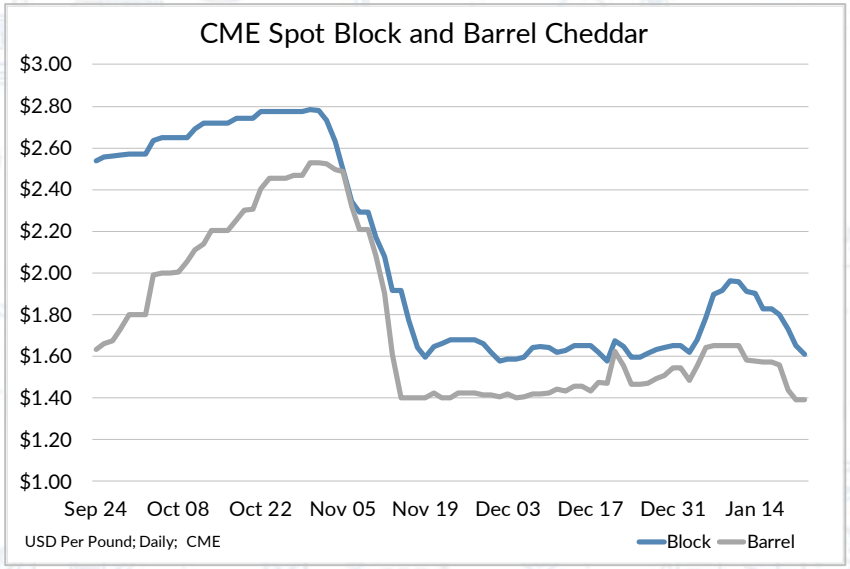


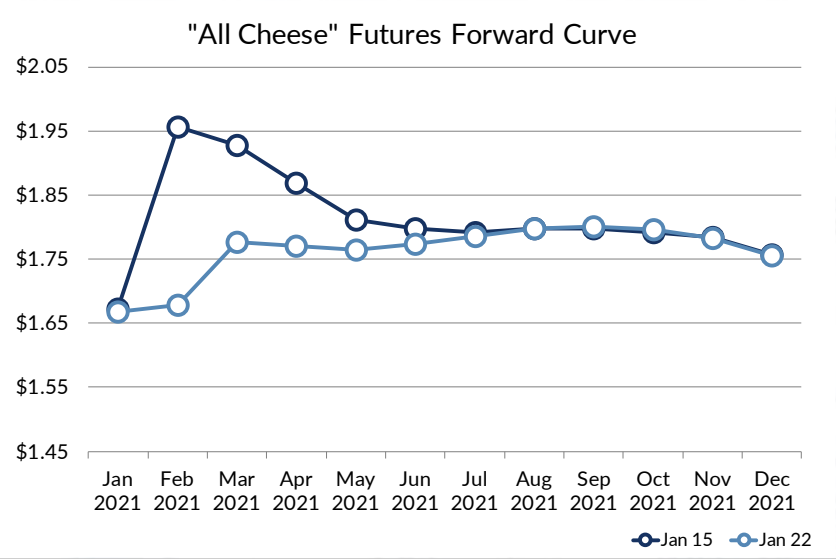


butter & cream

- CME spot butter closed at $1.4025 per pound, up $0.1125. Volume: eight cars.
- Higher international prices, the approach of the “new crop” season and prospects for government purchases provided the lift.
- GlobalDairyTrade butter priced at $2.10 per pound on an 80% fat basis, up 5% from the previous auction.
- First half CME futures closed at $1.5971 per pound, down $0.0195.
- Midwest cream multiple: 118, unchanged.

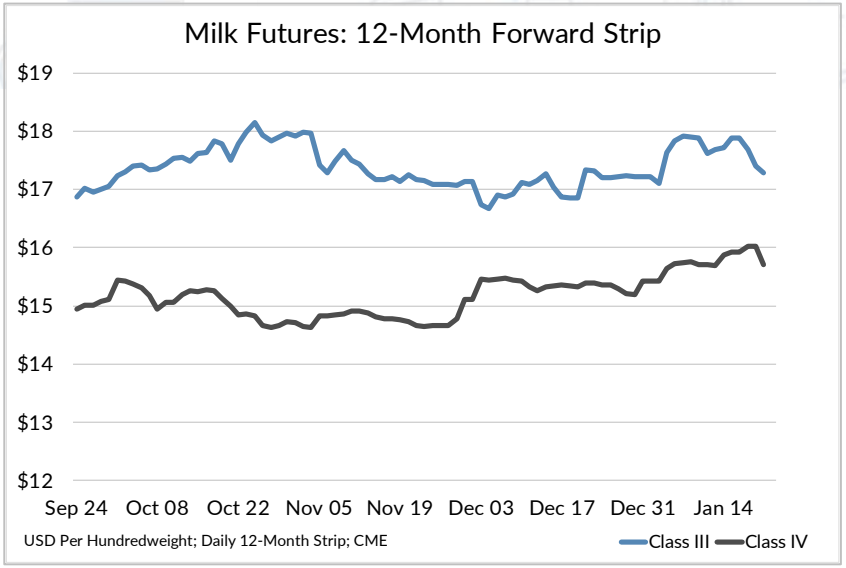


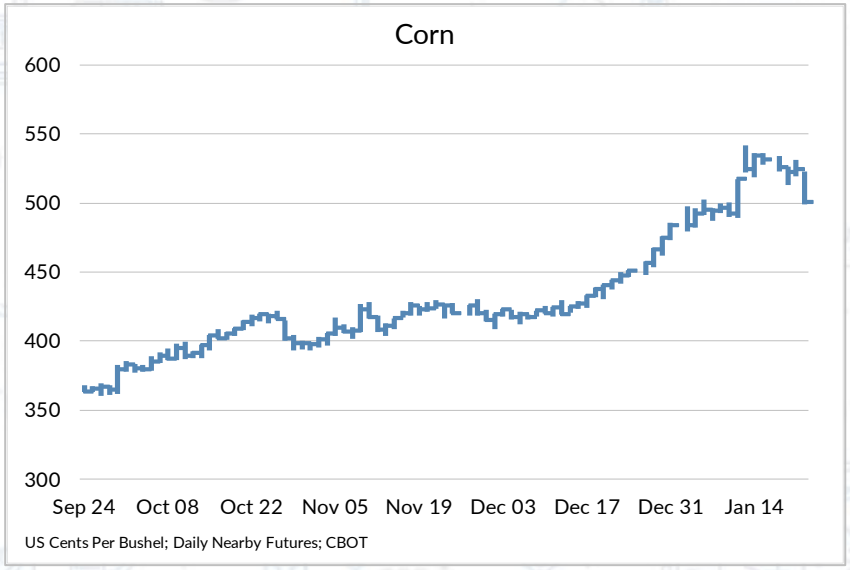


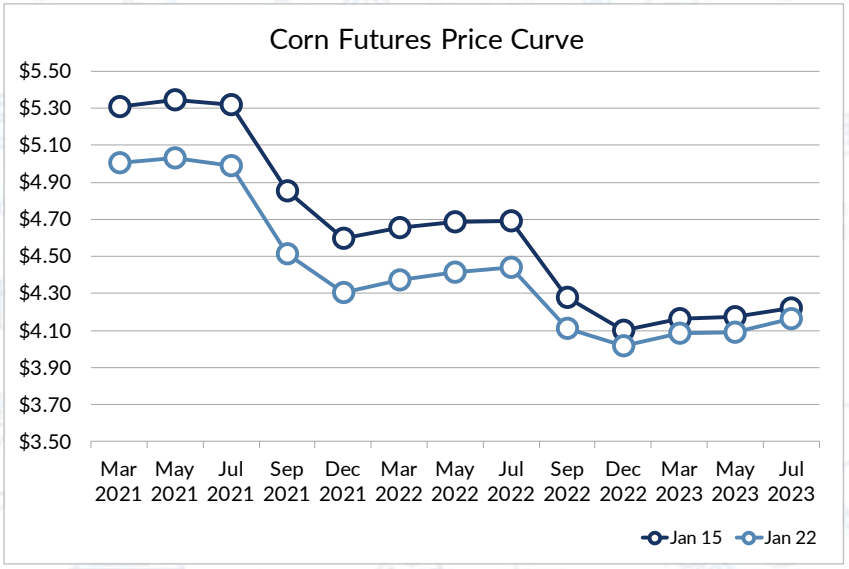


cheese & class iii

- Fizzle: CME spot block cheddar closed at $1.6100 per pound, down $0.2200, while barrels finished at $1.3925, down $0.1800. Volume: 13 cars of blocks, 28 cars of barrels.
- Contacts say commercial demand remains sketchy, with retail unable to fill the hole created by soft food service and institutional orders. Food box awards disappointed, too, with USDA leaving $400+ million on the table.
- January through June 2021 Class III milk closed at $17.12 per hundredweight, down $1.02.

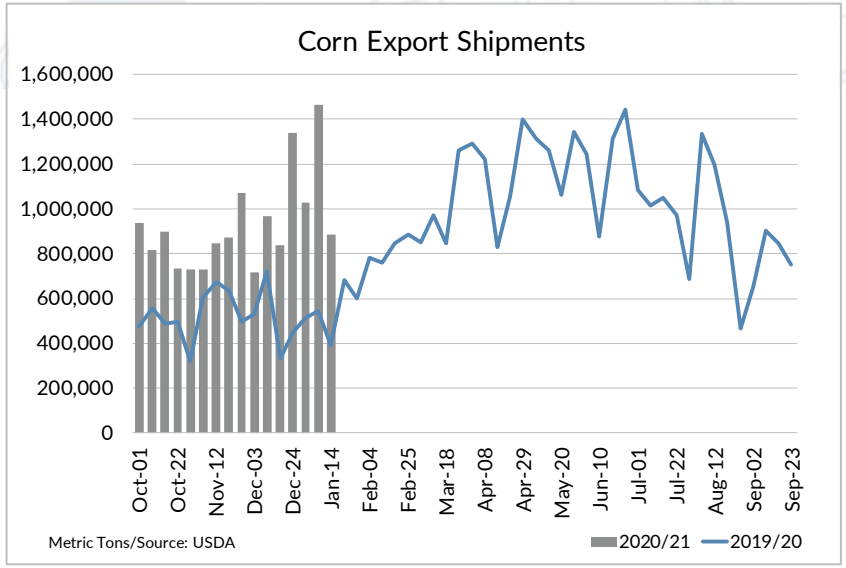


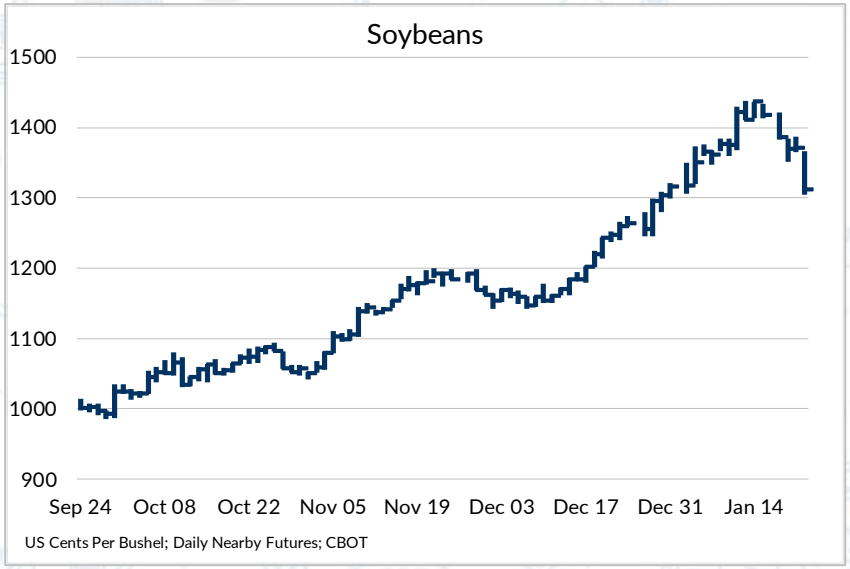


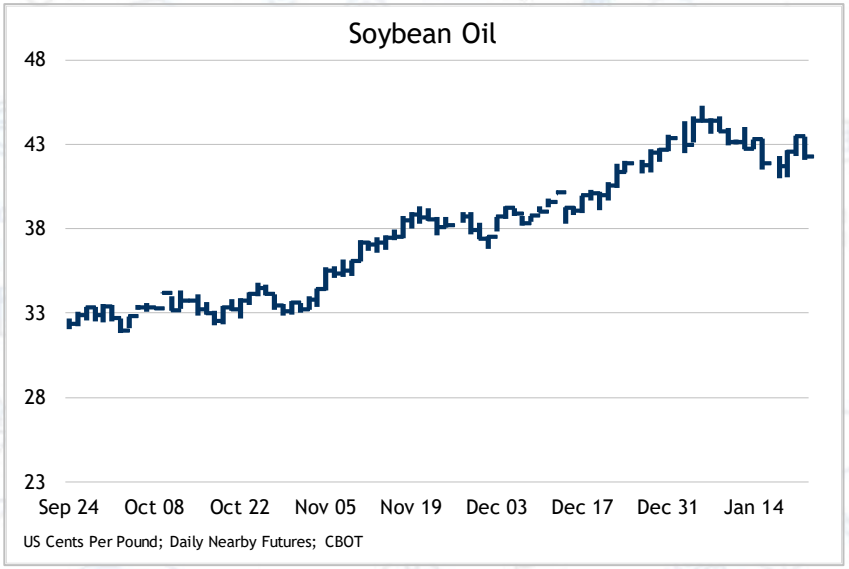


corn

- Overbought: Corn closed at $5.0050 per bushel, down 5.8%.
- Bloomberg reports: *Corn prices plunged the most in 17 months, pacing a rout in agriculture futures on escalating coronavirus woes and a rally by the dollar. "It's brutal," said Matt Bennett, co-founder of AgMarket.net and an Illinois farmer. "It looks to me like the funds are selling the heck out of corn and beans, which is interesting because we had huge export sales…" After the settlement, U.S. government data showed hedge funds cut net-long positions in corn and soybeans.*

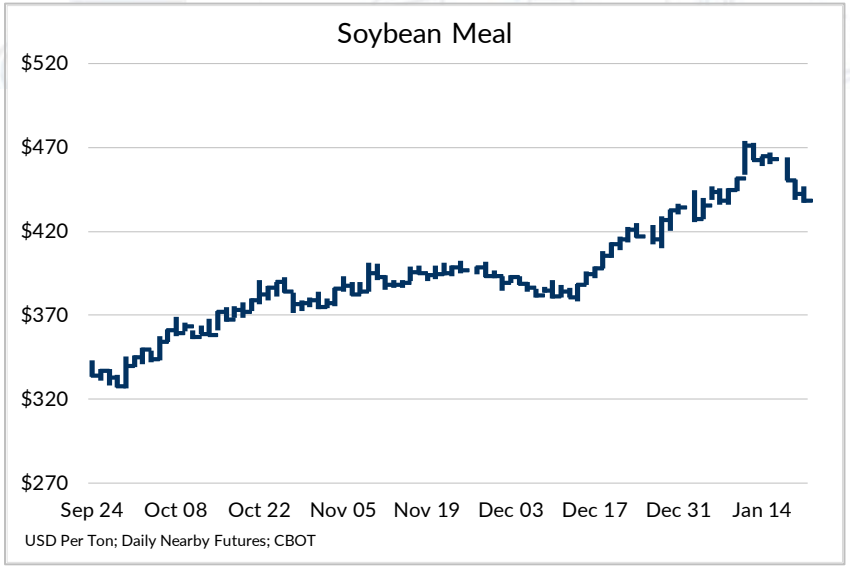


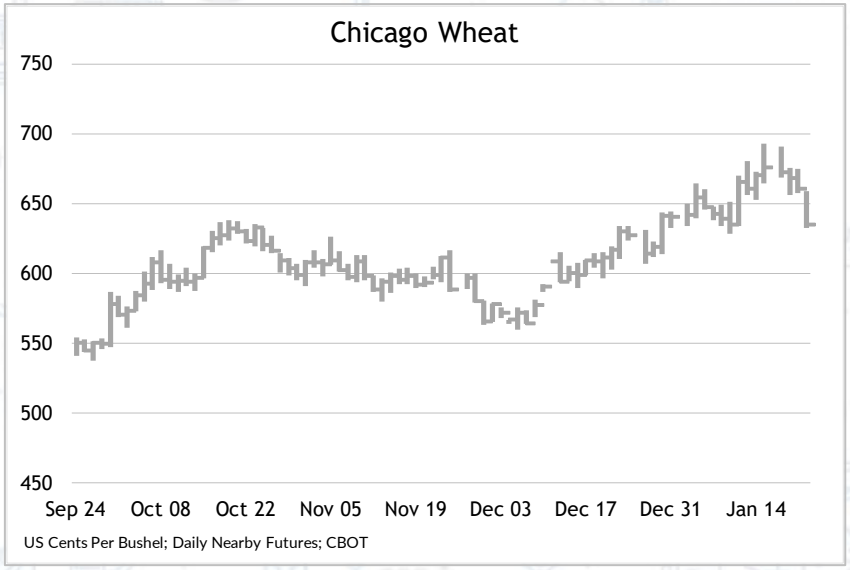


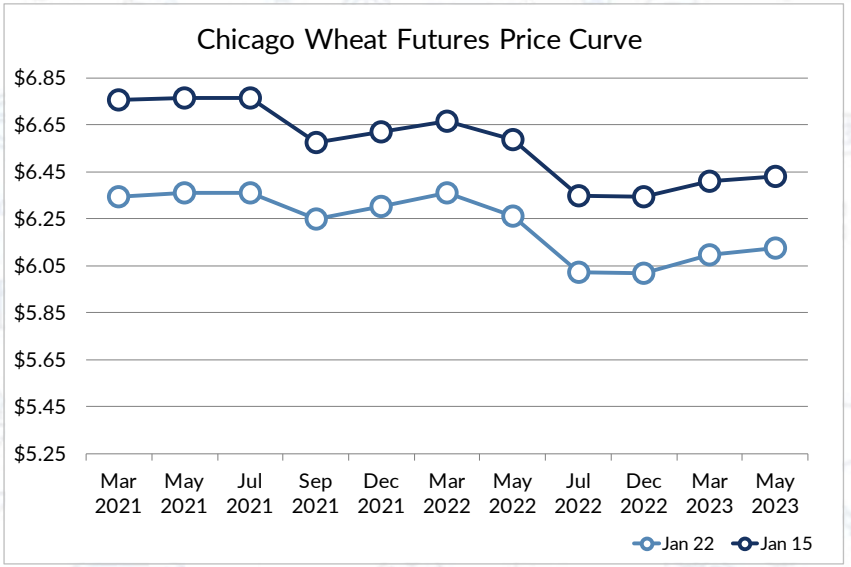


soy

- Correction: Soybeans lost ground, with nearby futures at $13.1175 per bushel, down 7.4% -- the biggest weekly setback since July 2014. Soy oil closed at 42.27 cents per pound, up 1.0%. Soy meal finished at $421.60 per ton, down 9.0%.
- Bloomberg reports: *Soybean production in Brazil, in the world's biggest grower, may be 132.4 million metric tons, said Andre Pessoa, president of Agroconsult. While the forecast eased from November, the projection still marked a record high. Average yields have climbed, and recent conditions have been favorable.*

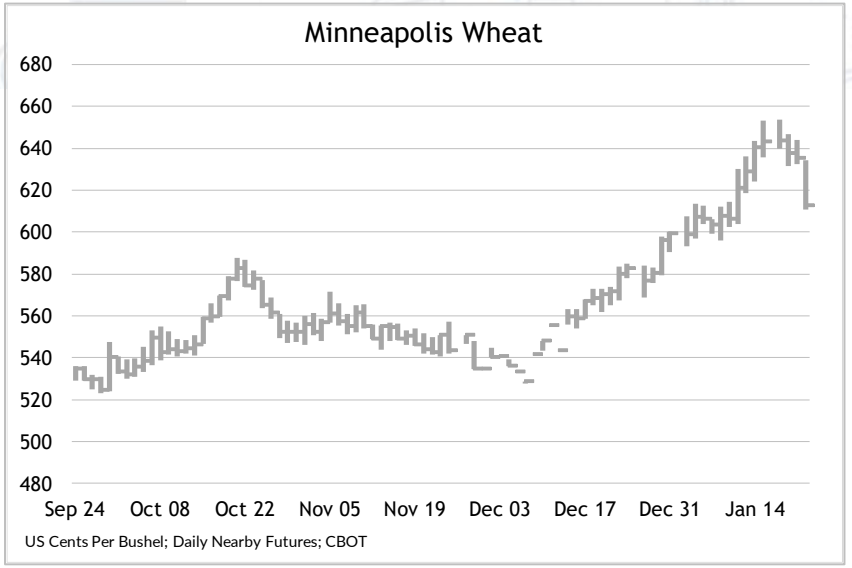


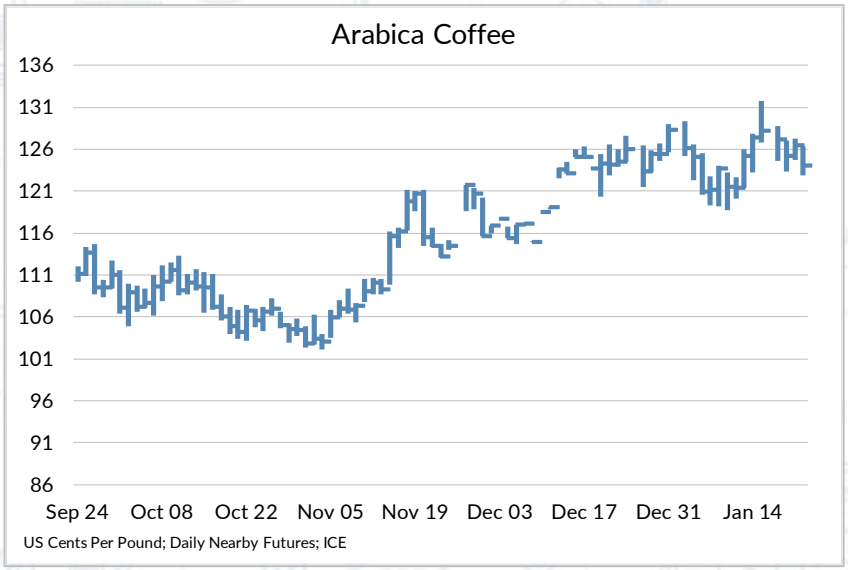


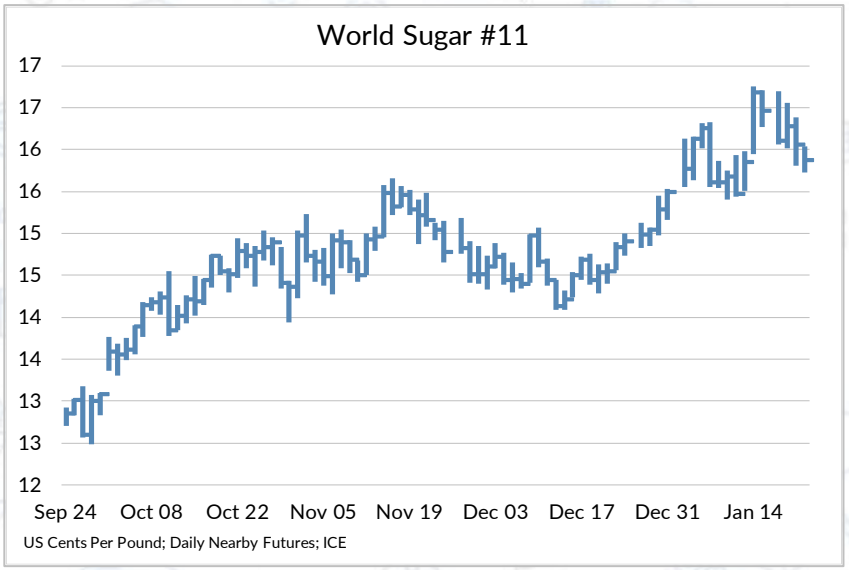


wheat

- Better weather, lower prices: CBOT wheat closed at $6.3450 per bushel, down 6.1%. Kansas City wheat lost 4.6% while Minneapolis prices declined 4.8%.
- Reuters reports: *USDA said U.S. wheat export sales in the week ended January 14 totaled 329,700 metric tons, near the low end of trade forecasts for 250,000 to 650,000... Sovecon raised its Russian 2021 wheat crop forecast to 77.7 million metric tons from 76.8 million citing improved weather conditions in January, the agricultural consultancy said...*

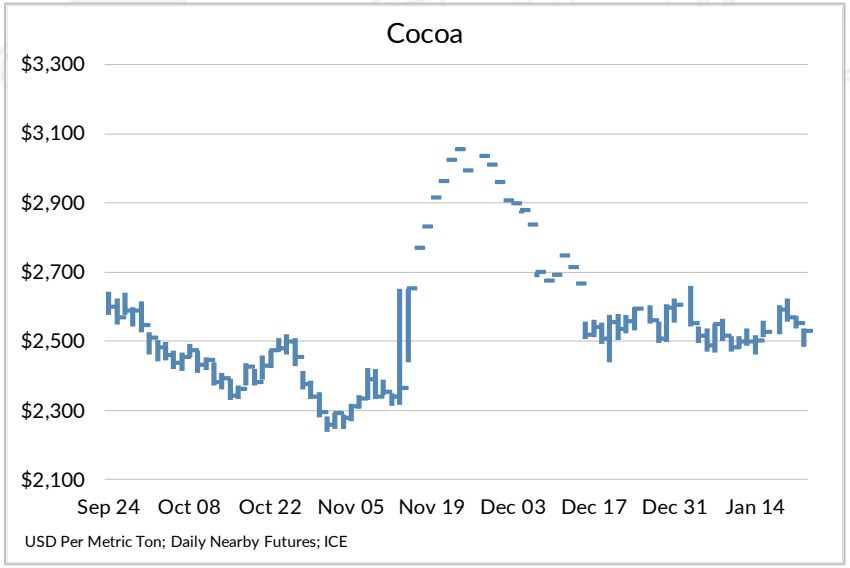






softs

- Cocoa closed at $2,529 per metric ton, up 0.1%.
- Reuters reports: Ivory Coast cocoa grinders processed 147,000 metric tons of beans by the end of December, up from 143,000 at the same period last season, data from exporters' association GEPEX showed... Ivory Coast has total grinding capacity of 712,000 metric tons.
- Coffee finished at $1.2320 per pound, down 3.9% on the week.
- World sugar: 15.87 cents per pound, down 3.5%.



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