



Notes and Observations in International Commodity Markets

21st January 2021

by Guy H. Allen – Senior Economist, International Grains Program, Kansas State University

NEW! IGP Market Information Website: <http://www.dtnigp.com/index.cfm>

Find me on Twitter @igpguy1

KSU Ag Manager Link: <https://www.agmanager.info/grain-marketing/grain-market-outlook-newsletter/notes-and-observations-international-commodity>

KSU Agriculture Today Link - Grain market update, World grain supply and demand report: <https://agtodayksu.libsyn.com/grain-market-update-world-grain-supply-and-demand-report>

GHA - News and information noted below are articles of Interest and gathered from numerous sources. This news and information do not reflect the opinions of KSU-IGP, but are provided as matter of interest.

Contents

US DOLLAR & FOREIGN EXCHANGE.....	2
<input type="checkbox"/> US Dollar Index – Slightly Lower As T-Note Yields Fall.....	2
<input type="checkbox"/> How a Russian-Ukraine conflict might hit global markets.....	3
WHEAT.....	5
<input type="checkbox"/> USDA ERS - Wheat.....	5
<input type="checkbox"/> Russia Wheat Exports Tempered by Restrictive Export Policies.....	6
<input type="checkbox"/> Global Wheat Price Comparisons.....	7
<input type="checkbox"/> CME CBOT Wheat Futures.....	8
<input type="checkbox"/> U.S. Export SRW Wheat Values – Friday 21 st January 2022.....	8
<input type="checkbox"/> CME KC HRW Wheat Futures.....	9
<input type="checkbox"/> U.S. Export HRW Wheat Values – Friday 21 st January 2022.....	9
<input type="checkbox"/> U.S. Winter Wheat Plantings Largest in 6 Years.....	9
<input type="checkbox"/> MGE HRS Wheat Futures.....	10
COARSE GRAINS.....	10
<input type="checkbox"/> USDA ERS – Coarse Grains.....	10
CORN.....	12
<input type="checkbox"/> USDA WASDE – Corn.....	12
<input type="checkbox"/> U.S. Corn Export Prospects Reduced as Competition.....	12
<input type="checkbox"/> Global Corn Price Comparisons.....	14
<input type="checkbox"/> CME CBOT Corn Futures.....	14
<input type="checkbox"/> U.S. Export Corn Values – Friday 21 st January 2022.....	15
<input type="checkbox"/> U.S. Corn Exports Face Headwinds.....	15
<input type="checkbox"/> U.S. Corn Export Projections Lowered for 2021/22.....	16
<input type="checkbox"/> Canada Corn Imports Robust.....	16
GRAIN SORGHUM.....	17
<input type="checkbox"/> USDA WASDE – Sorghum.....	17
<input type="checkbox"/> Australia Mirrors Argentina in Robust Sorghum Exports.....	17
<input type="checkbox"/> Australia's biggest sorghum crop in 7 years.....	18
<input type="checkbox"/> U.S. Sorghum production surged in 2021.....	18
<input type="checkbox"/> U.S. Export Grain Sorghum Values – Friday 21 st January 2022.....	19
BARLEY.....	20
<input type="checkbox"/> USDA WASDE – Barley.....	20

<input type="checkbox"/> U.S. Barley Imports Raised for 2021/22.....	20
<input type="checkbox"/> Turkey receives offers in 345,000 mts barley purchase tender.....	20
<input type="checkbox"/> French wheat shipments slow in December, no feed barley exported.....	20
OATS.....	21
<input type="checkbox"/> USDA WASDE – Oats.....	21
<input type="checkbox"/> Oat Season-Average Price Raised for 2021/22.....	21
<input type="checkbox"/> CME CBOT Oat Futures.....	21
<input type="checkbox"/> White-hot oat market expected to continue.....	22
ENERGY.....	22
<input type="checkbox"/> CME WTI Crude Oil – makes new LOC highs this week – US\$87.10.....	22
ETHANOL.....	23
<input type="checkbox"/> CME Ethanol Futures - Nearby Daily.....	23
<input type="checkbox"/> U.S. Export Ethanol Values – Friday 21 st January 2022.....	24
<input type="checkbox"/> DDG's – Continued Demand Keeps DDG Price Higher.....	24
OILSEEDS COMPLEX.....	24
<input type="checkbox"/> USDA WASDE – Oilseeds.....	24
<input type="checkbox"/> EU 2021/22 soybean imports at 7.01 mmts, rapeseed 2.57 mmts.....	24
SOYBEANS.....	25
<input type="checkbox"/> USDA WASDE – Soybeans.....	25
<input type="checkbox"/> 2021/22 Global Soybean Stocks Fall with South American Production.....	25
<input type="checkbox"/> Poor Weather Impacts Soybean Crops in South America.....	25
<input type="checkbox"/> USDA attaché sees Brazil 2021/22 soy crop at 136 mmts.....	26
<input type="checkbox"/> Indonesia's relies on imported soybean due to production shortfall.....	26
<input type="checkbox"/> CME CBOT Soybeans Futures.....	26
<input type="checkbox"/> U.S. Export Soy Values – Friday 21 st January 2022.....	27
<input type="checkbox"/> US soybean inspections overtake expectations at 1.7 mmts.....	27
<input type="checkbox"/> China favors Brazilian soybeans, but reduces U.S. soybean imports.....	27
CANOLA / RAPESEED.....	28
<input type="checkbox"/> USDA WASDE – Canola / Rapeseed.....	28
<input type="checkbox"/> Australia exports 213,493 mts canola in November.....	28
<input type="checkbox"/> German oil mills face 'critical' situation on rapeseed tightness.....	28
<input type="checkbox"/> Indian Farmers to Produce Bumper Rapeseed Crop.....	29
<input type="checkbox"/> ICE Canadian Canola Futures.....	29
<input type="checkbox"/> Canada rushes to crush more canola despite crop crunch.....	29
<input type="checkbox"/> Minor Oilseed Crop Production Estimates Updated.....	30
SUNFLOWERS.....	30
VEGETABLE OILS.....	31
<input type="checkbox"/> CME Soybean Oil.....	31
<input type="checkbox"/> NOPA December soy crush jumps to record-high 186.438 mbus.....	31
<input type="checkbox"/> Less than half of projected U.S. renewable diesel output likely by 2025- study.....	31
<input type="checkbox"/> CME Palm Oil Swaps.....	32
<input type="checkbox"/> Palm rallies to record peak in fifth weekly climb.....	32
<input type="checkbox"/> Indonesia government drafting plan to limit palm oil exports - GAPKI.....	32
<input type="checkbox"/> Malaysian Palm Production Declines.....	33
PLANT PROTEIN MEALS.....	33
<input type="checkbox"/> CME CBOT Soybean Meal.....	33
<input type="checkbox"/> U.S. Export Soybean Meal Values – Friday 21 st January 2022.....	34
COTTON.....	34

<input type="checkbox"/>	USDA WASDE – Cotton	34
<input type="checkbox"/>	CME Cotton – Daily Nearby	34
<input type="checkbox"/>	U.S. Cotton Shipments Lag in First 5 Months as Disruption Continues	35
<input type="checkbox"/>	OTHER MARKETS – FOCUS ON CHINA	37
<input type="checkbox"/>	China's Population Flat Lines With Fewest Births Since 1950	37
<input type="checkbox"/>	How China's Demographics Could Impact U.S. Agriculture.....	38
<input type="checkbox"/>	China Missed Mark on Phase One Ag Purchases.....	39
<input type="checkbox"/>	China 2021 pork output leaps 29%, recoups most of production.....	41
<input type="checkbox"/>	China to Accelerate Adoption of GMO Corn to Boost Production	41
<input type="checkbox"/>	TRANSPORTATION	42
<input type="checkbox"/>	Baltic Dry Freight Index - Daily = 1474.....	42
<input type="checkbox"/>	Baltic Index falls for eleventh day as vessel demand stays weak	42
<input type="checkbox"/>	Freightos Baltic Index (FBX): Global Container Freight Index	43
<input type="checkbox"/>	Freight rates continue to climb, no decline in congestion at ports.....	43
<input type="checkbox"/>	Freightos West Coast N.A. – China/East Asia Container Index - Daily	44
<input type="checkbox"/>	LOGISTICS	44
<input type="checkbox"/>	HMM, Maersk company and 21 carriers fined for illegal price fixing	44
<input type="checkbox"/>	U.S. Army Corps of Engineers releases inland waterways spend plan.....	44
<input type="checkbox"/>	Minnesota prepares to offer farmers new export path to foreign buyers	45
<input type="checkbox"/>	GOVERNMENT.....	45
<input type="checkbox"/>	Argentine lawmakers call for temporary cut to grain export duties.....	45
<input type="checkbox"/>	Biden Looks for Ways to Get China to Meet Phase 1 Ag Commitments.....	46
<input type="checkbox"/>	India's Wheat, Rice Subsidies Under Fire.....	46
<input type="checkbox"/>	Farm Groups Welcome Mississippi River Funding.....	46
<input type="checkbox"/>	International Crop & Weather Highlights	46
<input type="checkbox"/>	Wetter weather extends lifeline to Argentina's parched soybeans	46
<input type="checkbox"/>	Widespread rains bring relief to Argentina's grain crops.....	47
<input type="checkbox"/>	Extreme Temperatures Continue to Impact Paraguay Soybeans	47
<input type="checkbox"/>	USDA/WAOB Joint Agricultural Weather Facility – 15 th January 2022.....	47
<input type="checkbox"/>	Agricultural Weather Highlights – Friday, 21 st January 2022	48
<input type="checkbox"/>	References.....	49
<input type="checkbox"/>	Conversion Calculations	49
<input type="checkbox"/>	Marketing Years (MY).....	49
<input type="checkbox"/>	USDA FAS OGA Current Crop Calendar	50

Corn rallied on improved demand, led by the spot month. March corn closed up 5¼ cents per bushel and December corn was up 5¼ cents.

Canada, normally the 5th largest exporter of the product, makes a rare import of European barley after drought significantly reduced available supplies. The ship "Federal Spey" is reportedly under loading in Rouen.

Palm oil makes new all-time highs again on Friday, lending support to the oilseed complex through the week. However, soybeans and meal were under heavy pressure Friday, with both old and new-crop soybeans coming off recent highs. March soybeans closed down 11½ cents and November soybeans were down 11½ cents.

The March U.S. Dollar Index is trading down 0.100 at 95.625. The Dow Jones Industrial Average is down 269.38 points at 34,446.01.

February gold is down \$11.30 at \$1,831.30, March silver is down \$0.36 at \$24.36 and March copper is down \$0.0665 at \$4.5160.

March crude oil is down \$0.52 at \$85.03, March heating oil is up \$0.0063, March RBOB is down \$0.0206 and February natural gas is up \$0.181.

Have a good weekend! 😊

US DOLLAR & FOREIGN EXCHANGE

US Dollar Index – Slightly Lower As T-Note Yields Fall



21 Jan 2022 Rich Asplund, Barchart – The dollar index on Friday fell -0.082 (-0.09%). The dollar on Friday posted modest losses and was under pressure from a decline in

GEO-POLITICAL TENSIONS RISE

WITH MIXED PRICE ACTION IN COMMODITY MARKETS

GHA – World geo-political issues are increasingly looming over the market and tension with Russian the Ukraine and Kazakhstan increase. These countries account for nearly 25% of world wheat exports. Concerns with China, and their stated intention to fully incorporate Taiwan, as well as dominate the South China Sea heighten military preparedness. The POTUS press conference this week did little to alleviate concerns, but increased the likelihood of possible events happening sooner rather than later.

Wheat fell on continuing talks to head off a Russian-Ukraine conflict. March KC wheat closed down 3 1/4 cents, March Chicago wheat was down 10¼ cents and March Minneapolis wheat was down 8¼ cents.

T-note yields. Losses in the dollar were limited after a slump in equity markets boosted the liquidity demand for the dollar.

EUR/USD on Friday rose +0.0030 (+0.27%). EUR/USD on Friday recovered from a 1-week low and moved moderately higher on dollar weakness. The euro also moved higher after Friday's data showed Eurozone Jan consumer confidence fell -0.1 to -8.5, stronger than expectations of -9.0. EUR/USD Friday initially fell to a 1-week low in overnight trade on rising geopolitical concerns in Eastern Europe on a report that said the U.S. is allowing some Baltic states to send U.S.-made weapons to Ukraine.

USD/JPY on Friday fell -0.46 (-0.40%). USD/JPY on Friday fell moderately as a sell-off in global equity markets boosted the safe-haven demand for the yen. Also, lower T-note yields Friday supported the yen. A bearish factor for the yen was reduced price pressures in Japan after Friday's data showed Japan Dec national CPI ex-fresh food & energy fell -0.7% y/y, weaker than expectations of -0.6% y/y. Also, comments from BOJ Governor Kuroda Friday were bearish for the yen when he said the BOJ must continue with an extremely easy policy as the inflation rate is "far below" the BOJ's 2% target. Friday's U.S. economic data was bullish for the dollar after U.S. Dec leading indicators rose +0.8% m/m, right on expectations and the biggest increase in 5 months.

February gold on Friday closed down -10.80 (-0.59%), and March silver closed down -0.396 (-1.60%). Precious metals on Friday posted moderate losses. Reduced demand for gold as a hedge against inflation weighed on prices Friday after the U.S. 10-year breakeven inflation rate dropped to a 3-3/4 month low. Losses in metals were limited Friday due to a weaker dollar and falling stock prices, which boosted the safe-haven demand for precious metals. Gold prices also had support Friday from a decline in global bond yields.

The dollar and gold have continued safe-haven support from the negative impact of the worldwide spread of the omicron Covid variant on the global economic recovery. Germany reported a record 133,536 new Covid infections Thursday.

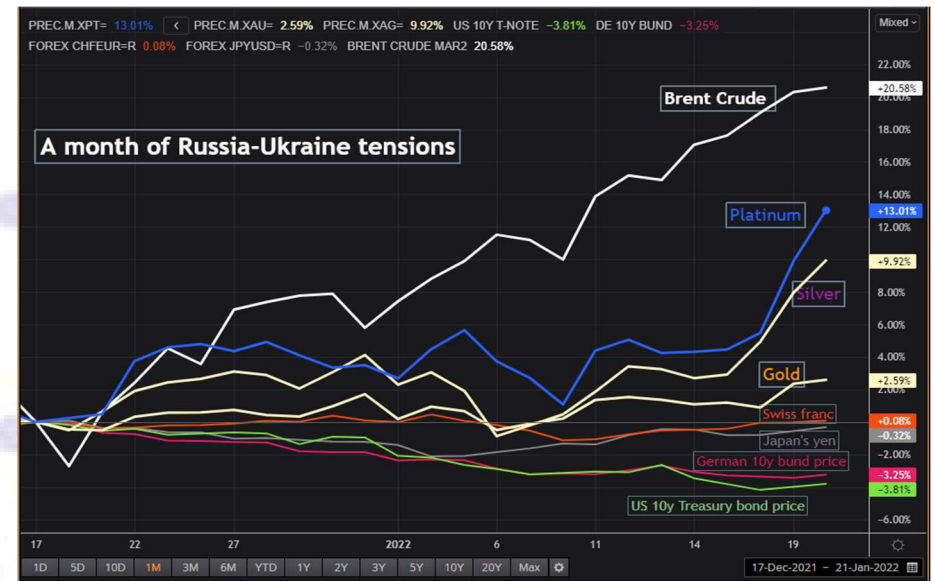
➤ **How a Russian-Ukraine conflict might hit global markets**

21 Jan 2022 Reuters - A potential invasion of Ukraine by neighbouring Russia would be felt across a number of markets, from wheat and energy prices and the region's sovereign dollar bonds to safe have assets.

Below are four charts showing where a potential escalation of tensions could be felt across global markets:

SAFE HAVENS - Inflation at multi-decade highs and impending interest rate rises have made for a bad month for bond markets, but an outright Russia-Ukraine conflict could change things.

Two-year U.S. Treasury yields have seen the biggest monthly jump since 2016 and 10-year rates appeared headed for the key 2% level. In Germany, 10-year yields rose above 0% for the first time since 2019.



A major risk event usually sees investors rushing back to bonds, which represent the safest assets on planet and this time may not be different, even if a Russian invasion of Ukraine risks further fanning oil prices -- and therefore inflation.

"Clearly if the Ukraine story was to go wrong there would be quite a significant bid for Treasuries, and this notion of the 10-year getting to 2% would be put on hold," said Padhraic Garvey, regional head of research, Americas at ING.

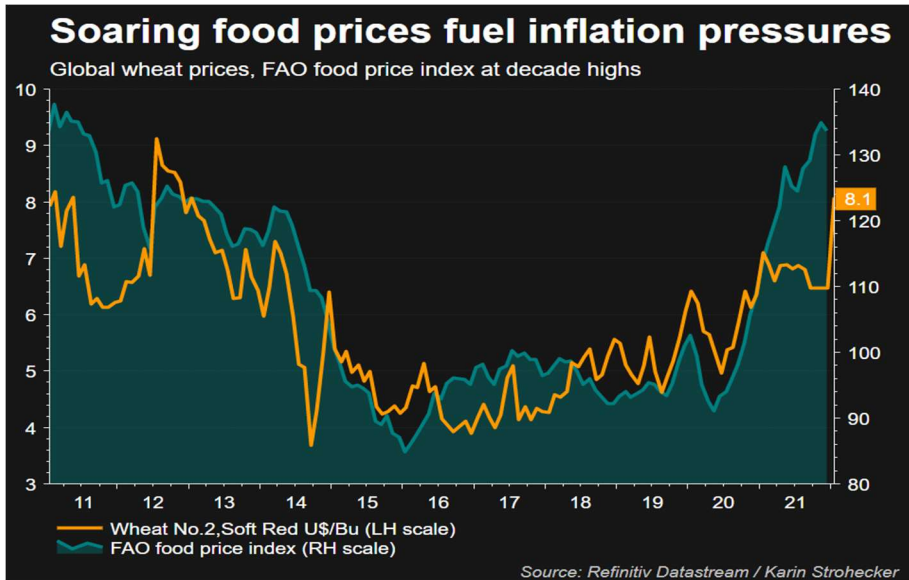
Other safe-havens include gold, already at two-month peaks XAU= as well as the yen.

GRAINS AND WHEAT - Any interruption to the flow of grain out of the Black Sea region is likely to have a major impact on prices and add further fuel to food inflation at a time when its affordability is a major concern across the globe following the economic damage caused by the COVID-19 pandemic.

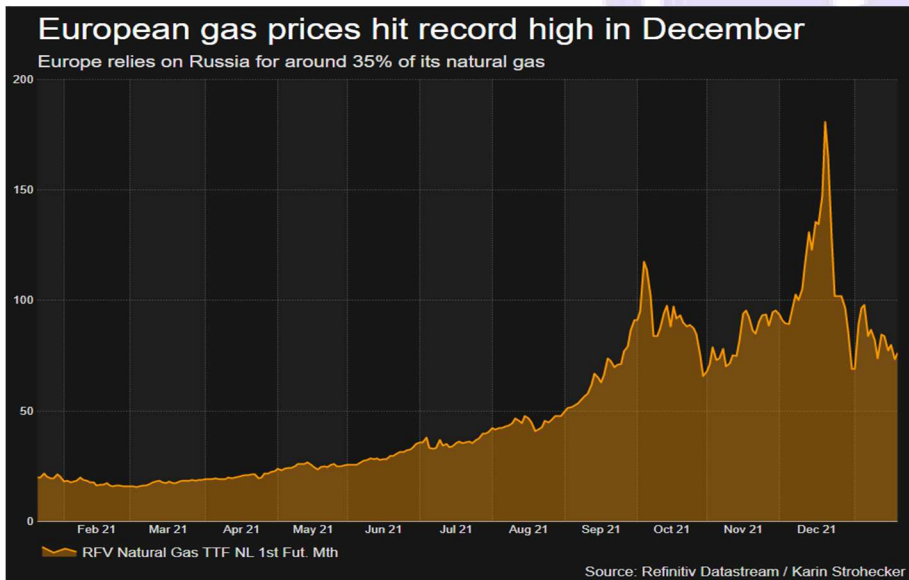
Four major exporters - Ukraine, Russia, Kazakhstan and Romania - ship grain from ports in the Black Sea which could face disruptions from any military action or sanctions.

Ukraine is projected to be the world's third largest exporter of corn in the 2021/22 season and fourth largest exporter of wheat, according to International Grains Council data. Russia is the world's top wheat exporter.

"Geopolitical risks have risen in recent months in the Black Sea region, which could influence wheat prices ahead," said Dominic Schnider, strategist at UBS.



NATURAL GAS AND OIL - Energy markets are likely to be hit if tensions turn into conflict. Europe relies on Russia for around 35% of its natural gas, mostly coming through pipelines which cross Belarus and Poland to Germany, Nord Stream 1 going directly to Germany, and others through Ukraine.



In 2020 volumes of gas from Russia to Europe fell after lockdowns suppressed demand and did not recover fully last year when consumption surged, helping to send prices to record highs.

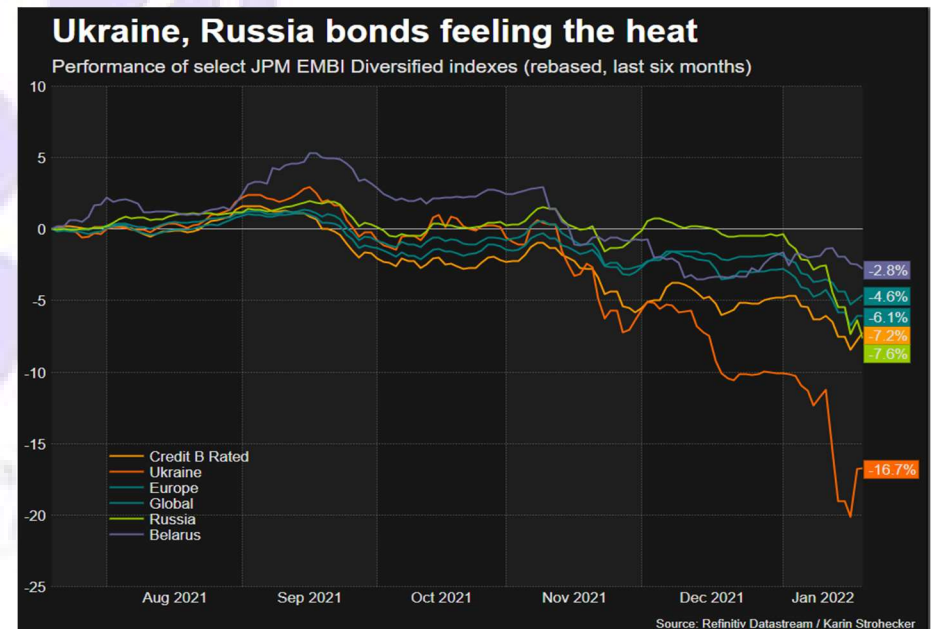
As part of possible sanctions in the case Russia invaded Ukraine, Germany has said it could halt the new Nord Stream 2 gas pipeline from Russia that was expected to increase gas imports to the bloc but also underlines Europe's energy dependence on Moscow.

SEB commodities analyst Bjarne Schieldrop said markets would see natural gas exports from Russia to Western Europe likely significantly reduced both through Ukraine and Belarus in the event of sanctions and gas prices revisit Q4 levels.

Oil markets could also be affected. JPMorgan said the tensions risked a "material spike" in oil prices and noted that a rise to \$150 a barrel would reduce global GDP growth to just 0.9% annualised in the first half of the year, while more than doubling inflation to 7.2%.

REGIONAL DOLLAR BONDS AND CURRENCIES - Russian and Ukrainian assets will be at the forefront of any markets fallout from potential military action.

Both countries' dollar bonds have underperformed their peers in recent months as investors trimmed exposure amid escalating tensions between Washington and its allies and Moscow.



Ukraine's fixed income markets are chiefly the remit of emerging market investors, while Russia's overall standing on capital markets has shrunk in recent years amid

sanctions and geopolitical tensions, somewhat cushioning any threat of contagion through those channels.

However, Russia's rouble and Ukraine's hryvnia have also suffered, making them the worst performing currencies in the emerging markets universe so far this year.

Geopolitics on the Ukraine-Russian border presented "substantial uncertainties" to foreign currency markets, said Chris Turner, global head of markets at ING.

"The events of late 2014 remind us of the liquidity gaps and U.S. dollar hoarding that led to a substantial drop in the rouble at that time," said Turner.

(Reporting by Karin Strohecker, Sujata Rao, Nigel Hunt and Susanna Twidale in London; Writing by Karin Strohecker; Editing by Alison Williams).

WHEAT

➤ USDA ERS - Wheat

Wheat World as of January 2022					
Attribute	21/22 Jan '22	Change	21/22 Dec'21	20/21	19/20
Area Harvested (1000 HA)	223,398	+36(+.02%)	223,362	220,883	215,527
Beginning Stocks (1000 MT)	288,821	-819(-.28%)	289,640	295,994	280,712
Production (1000 MT)	778,600	+710(+.09%)	777,890	775,870	762,202
MY Imports (1000 MT)	202,561	-402(-.2%)	202,963	194,002	188,172
TY Imports (1000 MT)	202,439	-530(-.26%)	202,969	194,108	189,252
TY Imp. from U.S. (1000 MT)	0	-	0	26,575	26,277
Total Supply (1000 MT)	1,269,982	-511(-.04%)	1,270,493	1,265,866	1,231,086
MY Exports (1000 MT)	204,401	-1068(-.52%)	205,469	202,479	194,354
TY Exports (1000 MT)	206,698	-160(-.08%)	206,858	198,582	194,899
Feed and Residual (1000 MT)	159,561	-1040(-.65%)	160,601	157,705	139,204
FSI Consumption (1000 MT)	626,072	-171(-.03%)	626,243	616,861	601,534
Total Consumption (1000 MT)	785,633	-1211(-.15%)	786,844	774,566	740,738
Ending Stocks (1000 MT)	279,948	+1768(+.64%)	278,180	288,821	295,994
Total Distribution (1000 MT)	1,269,982	-511(-.04%)	1,270,493	1,265,866	1,231,086
Yield (MT/HA)	3.49	+(+.29%)	3.48	3.51	3.54

14 Jan 2022 USDA ERS - Global Production for 2021/22 Inched Higher

2021/22 global production rose modestly up 0.7 mmts to 778.6 million with upward revisions for Argentina and the European Union (EU).

Argentina wheat crop conditions improved as they received timely rains at the critical stages of the growing season after early dryness concerns. As a result, Argentina's production is a record 20.5 mmts.

The EU increase is driven by higher area in France (+35,000 hectares to 5.3 million). Partially offsetting this revision is a decrease in production for Brazil (-100,000 to 7.8 million) and Paraguay (-100,000 to 1.1 million). Seasonal dryness was extreme at the end of the production season in Paraguay limiting yield potential (-0.11 MT/hectare to 2.20). Table 2 provides a summary of the production changes this month.

2021/22 Consumption Revised Down - Global consumption for 2021/22 is revised down 1.9 mmts to 787.5 million based on downward revisions for both food, seed, and industrial use (-171,000 mts to 626.1 million) and feed and residual use (-1.0 mmts to 159.6 million). EU's feed and residual use is lowered (-250,000 mts to 45.5 million) as domestic wheat prices are uncompetitive with feed grains.

U.S. feed and residual use is reduced 0.7 mmts to 3.0 million on larger-than-expected December 1st stocks. An adjustment is also made to total consumption based on the local marketing year trade adjustments for 2021/22. The unaccounted trade is revised down by 0.7 mmts to 1.8 million as a result of marketing year exports decreasing relatively more than marketing year imports. By adding this updated calculation of unaccounted trade to total consumption, the total adjusted consumption in 2021/22 is projected at 787.5 mmts.

The following Table 3 shows a full summary of trade revisions:

Table 3 - Summary of 2021/22 trade adjustments, January 2022					
Country or region	Trade year exports		Trade year imports		
	January estimate	Change	January estimate	Change	
		1,000 metric tons		1,000 metric tons	
World	206,698	↓ (160)	202,439	↓ (530)	
United States	23,000	↓ (500)	2,800	↓ (200)	
Algeria	10	⇒ -	7,700	↑ 200	
Argentina	14,000	↑ 1,000	4	⇒ -	
Cuba			720	↓ (100)	
European Union	37,500	↑ 500	5,200	⇒ -	
Kazakhstan	7,200	⇒ -	1,000	↑ 200	
Mongolia			100	↓ (150)	
Mozambique			800	↓ (100)	
Pakistan	500	↓ (100)	2,200	↓ (300)	
Russia	35,000	↓ (1,000)	500	⇒ -	
South Africa	160	⇒ -	1,700	↓ (200)	
Syria			900	↑ 100	

Note: Changes less than 100,000 metric tons are not included.
Source: USDA, Foreign Agricultural Service, *Production, Supply, and Distribution* database.

Global Wheat Trade Lower with Offsetting Revisions - 2021/22 global trade is slightly lower m/o/m with a decrease to trade year exports of 160,000 mts to 206.7 million with offsetting revisions.

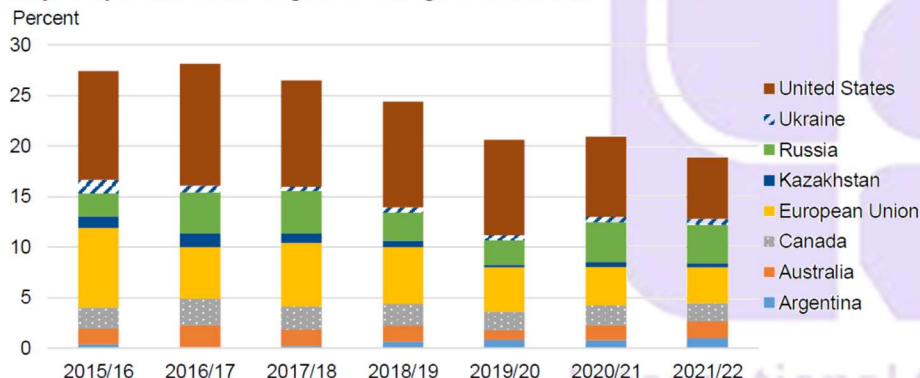
Argentine exports are revised up 1.0 mmts to 14.0 million due to higher production. This was offset by a 1.0 mmts decrease for Russian exports. Russia's Ministry of Agriculture has confirmed an 8.0 mmts quota will be put in place from February 15th through June 30th. The quota, combined with a variable export tax that is currently almost \$100/mt, likely limits the amount of wheat Russia can export.

With Russia's shipments reduced, the EU is expected to be the main beneficiary as they remain competitively priced in markets like Egypt, where Russia is a leading competitor. As a result, EU exports are forecasted up 500,000 mts to 37.5 million. This was offset with a 500,000 mt reduction to United States exports as pace remains weak.

Global imports are adjusted down 530,000 mts to 202.4 million as pace is slower than expected. While Pakistan has approved up to 3.0 mmts of wheat imports, they are revised down 300,000 mts to 2.2 million as they are behind pace to fill this quota.

Imports are reduced for Mongolia as they have a larger crop and imports from Russia have been slow. The import pace is slower than expected for both the United States and South Africa resulting in downward revisions. These were partially offset with an increase for Kazakhstan as they are importing more from Russia and an increase for Algeria as their tenders remain robust despite high prices.

Major exporters' share of global ending stocks, 2015/16 – 2021/22



Source: USDA, Foreign Agricultural Service, Production, Supply, and Distribution database.

As global trade is reduced, global ending stocks for 2021/22 are revised higher by 1.8 mmts to 279.9 million. Major exporters' ending stocks see some relief with an increase of 2.1 mmts to 52.8 million. Even with this increase, major exporters' ending stocks are the tightest since 2007/08 and only account for 19% of global ending stocks.

Higher production for Argentina allows for more cushion in their stocks (+369,000 mts to 2.7 million). Russia and Kazakhstan are both revised up 400,000 MT to 10.6 million and 1.2 million respectively.

Outside of the major exporters, there were downward revisions for Pakistan (-200,000 mts to 4.4 million), South Africa (-156,000 mts to 0.6 million), and Brazil (-100,000 mts to 0.8 million).

2020/21 ending stocks were revised down by 0.8 mmts to 288.8 million, driven by Russia (-600,000 MT to 11.4 million), Argentina (-131,000 to 2.2 million), and South Africa (-156,000 MT to 0.5 million). Kazakhstan 2020/21 ending stocks were 200,000 mts higher to 1.5 million due to an increase in estimated border trade from Russia.

Citation - Sowell, Andrew R. and Bryn Swearingen. Wheat Outlook: January 2022, WHS-22a, U.S. Department of Agriculture, Economic Research Service, 14th January 2022.

Russia Wheat Exports Tempered by Restrictive Export Policies

12 Jan 2022 USDA FAS - Russia's 2021/22 wheat export forecast has been trimmed to 35.0 mmts as the country continues to announce and implement policies designed to ensure sufficient domestic supplies and stabilize domestic food prices by constraining exports.

The government announced an 11.0 mmts grain export quota from February 15th to June 30th, 2022, of which wheat will account for 8.0 mmts. Russia exported 21.6 mmts from July to December 2021.

Last year, exporters rushed to export their wheat before the quota implementation on



February 15th, a pattern that will likely be followed again this year.



In light of a smaller crop and food price inflation, Russia began a floating export tax in June 2021 which is updated on a weekly basis. The formula-based export tax is set at 70% of the difference between \$200/mt and a calculation based on export contracts registered to the Moscow Exchange. The tax has escalated from \$28/mt (June 2 - 8, 2021) to reach a high of over \$98/mt (January 12 - 18, 2022). In December 2021, the Russian government approved a plan that

would tax exports at progressively higher rates. Exports within the proposed quota will still be subject to the export tax.

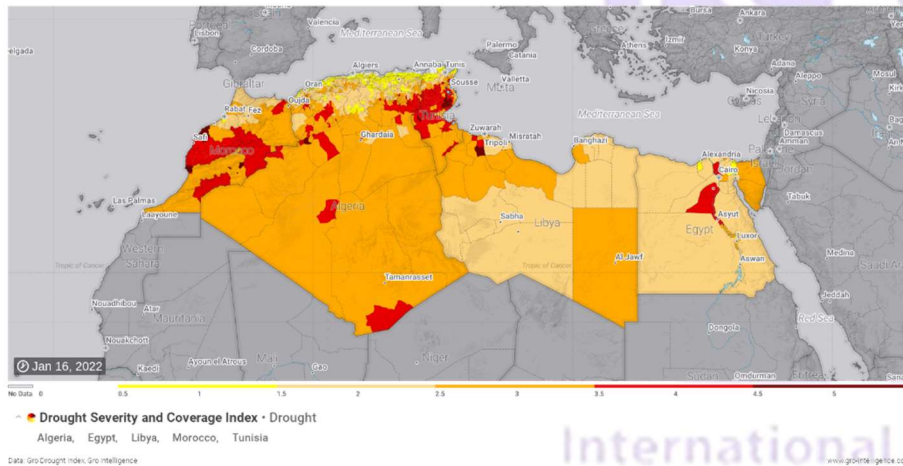
These various policies have affected some major export markets. While Egypt continues to be one of Russia's top export markets, its government tenders have begun sourcing more wheat from Ukraine and the EU this year. In contrast, Turkey will likely remain heavily dependent on Russia for wheat this year with its drought-reduced crop, projected record imports, and its historical reliance on this exporter.

Meanwhile, reduced production in Iran has resulted in it becoming a new major destination for Russian wheat. Notably the restrictions on Russian wheat exports do not apply to Eurasian Economic Union (EAEU) countries which, in addition to Russia, include Armenia, Belarus, Kazakhstan, and Kyrgyzstan. Exports to these countries from Russia have remained robust over the past year, particularly to Kazakhstan.

➤ **North Africa Wheat Imports Could Jump as Region Battles Drought**

18 Jan 2022 Gro Intelligence - North Africa, already the largest wheat-importing region, could see grain imports rise sharply this season as drought threatens cereal crops in several countries. An increased reliance on imports could potentially strain national budgets and further fuel food price inflation.

Drought - Drought Severity and Coverage Index - Algeria (Gro Drought Index) 



Gro's Drought Index shows "severe" drought levels in much of Algeria, while "extreme" drought readings are widespread in Morocco and Tunisia. Should dry conditions continue for the remainder of the growing season through May, grain shipments to the region could begin to ramp up. Based on crop planting/harvesting dates, wheat and barley crops are most at risk.

North African countries, which also include Egypt and Libya, are collectively the largest importers of wheat worldwide, with shipments coming mainly from Russia, the

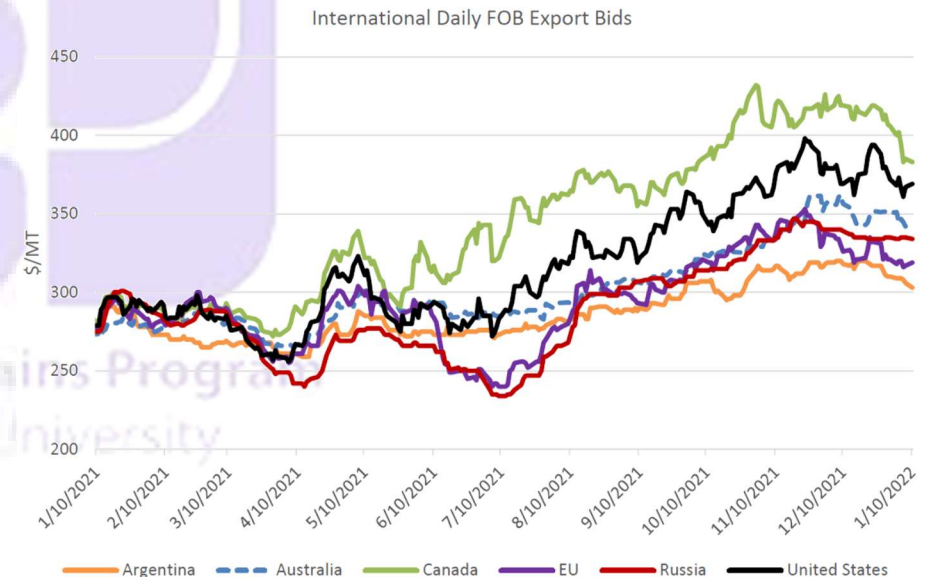
EU, Ukraine, and the United States. An increase in North Africa's import demand would come at a time when global wheat supplies are at their lowest levels in many years, and wheat prices have risen 25% over the past year. In addition, several countries, including top exporter Russia, have enacted protectionist measures capping wheat exports to counter domestic inflation.

Gro's Drought Index shows 'severe' drought levels in much of Algeria, while 'extreme' drought readings are widespread in Morocco and Tunisia. The rainy season in Algeria, Morocco, and Tunisia typically runs from August to December. But this year, accumulated precipitation for these months was 36% below the 10-year average in Algeria, 46% below normal in Morocco, and 48% below normal in Tunisia.

Morocco, one of the top wheat producing countries in Africa and a large wheat importer, is currently in the middle of its winter wheat growing season, and already signs of crop stress are present. Morocco's wheat growing areas, shows NDVI, an important measure of vegetative health, is at the lower end of readings since 2000. Comparable growing conditions for this time of year were seen in 2001, when Morocco's wheat harvest was 56% below its five-year average, while imports rose 46% above average.

Unlike its neighbors, Egypt, the most populous country in the region, grows most of its wheat is under irrigation. This has spared the country from the wide fluctuations in cereal production caused by recurrent droughts in the region over the past 10 years.

➤ **Global Wheat Price Comparisons**



Argentina	Australia	Canada	EU	Russia	United States
\$303	\$343	\$383	\$319	\$334	\$369

Note: As of January 10, 2022

12 Jan 2022 USDA FAS - Global wheat prices were lower over the past month as the harvest progressed for record crops in Argentina and Australia. Canadian quotes had the largest decline, falling \$36/mt from the previous month, following a larger production estimate from Statistics Canada.

EU quotes were down \$17/mt as demand from major buyer Algeria remained below expectations. Australian quotes dropped \$13/mt as harvest conditions improved.

Argentine quotes fell \$16/mt as a record harvest continued and the Buenos Aires Grain Exchange raised its production forecast. U.S. quotes were also down \$10/mt with weak international demand exhibited by recent weekly Export Sales Report.

Russian quotes, meanwhile, were down \$6/mt despite robust global import demand as the proposed wheat export quota dampened prices.



Source: <http://www.dtnipp.com/index.cfm?show=62>

CBOT March 2022 Wheat Futures settled on Friday at \$7.80/bu, off 10¼ cents on the day, but gaining 38½ cents for the week. March SRW was still 5.2% higher from Friday to Friday.

The CFTC's weekly Commitment of Traders report showed managed money firms were buying SRW through the week that ended the 18th of January. That left the group 2,863 contracts less net short at 24,901.

U.S. Export SRW Wheat Values – Friday 21st January 2022

SRW Wheat Gulf barge quotes, in cents per bushel basis CBOT futures:

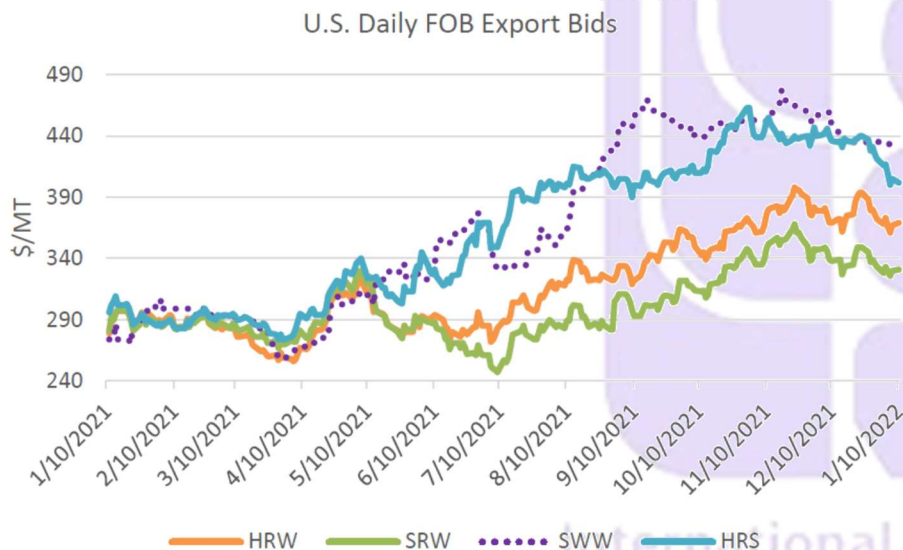
Changes are from the AM Barge basis report. Source: USDA

Gulf barge/rail quotes, in cents per bushel.

CIF SRW WHEAT	1/20/2022	1/21/2022		
JAN	110 / 120	110 / 120	H	UNC
FEB	110 / 120	110 / 120	H	UNC
MAR	110 / 120	110 / 120	H	UNC

USDA FAS Export Sales data showed 380,645 mts of wheat sales for the week. That was a 4-week high and 15% above the same week last year and at the top end of pre-report estimates. Nigeria was the week's top buyer, though 30 kmts of their 107 kmts purchases were switched from unknown destinations.

USDA reported the week's export at 391,370 mts, which was also a 3-week high and was 48% higher y/o/y. Accumulated wheat shipments reached 11.7 mmts, with another 4.8 mmts of unshipped sales on the books.



CME CBOT Wheat Futures

Chicago wheat futures were the weakest of the U.S. domestic markets, pulling back ahead of the weekend. At the close, SRW futures were 0.6% to 1.3% in the red and March was down by double digits.

By class, HRW led at 5.2 mbu with SRW at 4.1, HRS at 3.4, White at 1.4, and no durum. There were 3 buyers above 2 mbu lead by Nigeria at 3.7 mbu with Guatemala and 2.4 and Japan at 2.1.

APR	195 / -	195 / -	K	UNC
MAY	195 / -	195 / -	K	UNC

Bids on the red wheats remain reflective of movement in respective futures, gaining from the higher prices being registered today.

Weekly export inspections showed U.S. wheat shipments made a good rebound over the past week, coming in at 13.5 mbus to put year-to-date loadings at 471 mbus and 18% below a year ago. Hard red winter was the top shipper with 5.5 mbus, followed by hard red spring at 2.8 mbus and white wheat at 2.2 mb.

Vietnam was the top wheat destination off the PNW, taking 2.5 mb, followed by the Philippines and Guatemala. Japan accounted for most of the corn shipments off the west coast and China continues to take a large amount of soybeans from PNW ports.

➤ CME KC HRW Wheat Futures



Source: <http://www.dtnigp.com/index.cfm?show=62>

Kansas March 2022 HRW Wheat Futures settled on Friday at \$7.93 1/4/bu, off 3 1/4 cents on the day, but gaining 48 1/4 cents for the week.

HRW cash trade was again thin. HRW futures closed 0.3% to 0.44% weaker on Friday, which for March left the week's move at a 6.5% gain.

H/K firmed 1/4 cent on the day and K/N widened 1/2 cent. Shippers continue to slowly sell into domestic and export channels with limited depth on most bids.

The CFTC's weekly Commitment of Traders report showed managed money firms 36,119 contracts net long HRW wheat. That was a 25 week low for their net position driven by long liquidation.

➤ U.S. Winter Wheat Plantings Largest in 6 Years

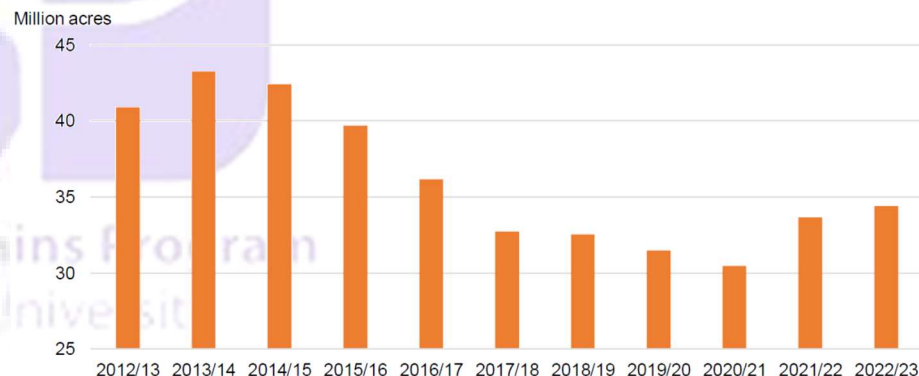
14 Jan 2022 USDA ERS - U.S. winter wheat plantings for the 2022/23 marketing year were reported in the January 12 Winter Wheat and Canola Seedings report published by USDA's National Agricultural Statistics Service (NASS).

Winter wheat is estimated to have been seeded on 34.4 million acres, up 2% from last year and the largest total since 2016/17 (figure 1).

Strong pricing for wheat in the fall months created a strong incentive to plant winter wheat. During this marketing year, wheat prices have been underpinned by tight supplies resulting from drought in major producing areas. U.S. 2021/22 wheat ending stocks, now projected at 628 mbus, would be the smallest since 2013/14.

Winter Wheat Progress - Winter wheat plantings are now up for the second year in a row after reaching the lowest level in 111 years in 2020/21.

U.S. winter wheat area planted, 2012/13 – 2022/23



Source: USDA, National Agricultural Statistics Service.

Winter wheat planting crop conditions were last reported by USDA/NASS in the January 4th Crop Progress – State Stories report.

➤ U.S. Export HRW Wheat Values – Friday 21st January 2022

HRW Wheat Texas Gulf Rail quotes, in cents per bushel basis KCBT futures:

Changes are from the AM Barge basis report. Source: USDA

TX GULF HRW

12% Protein	1/20/2022	1/21/2022		
JAN	215 / -	215 / -	H	UNC
FEB	210 / -	210 / -	H	UNC
MAR	210 / -	210 / -	H	UNC

Key HRW producing states such as Kansas, Oklahoma, Nebraska, and Colorado reported conditions generally worse than what was estimated at the end of November. However, winter conditions are not considered to be a major determinant of winter wheat production capability as spring conditions tend to influence yields to a greater degree. Large portions of these areas are dealing with drought which is covering 69% of overall winter wheat production area.

MGE HRS Wheat Futures

Symbol: @MWH2 [Future Symbol Search](#)

Last: 936'0 | Chg: -8'6 | Open: 943'2s | High: 947'0 | Low: 929'4

Current Month: @MWH2



Source: <http://www.dtnigp.com/index.cfm?show=62>

MGE March 2022 HRS Wheat Futures settled on Friday at \$9.36/bu, off 8 3/4 cents on the day, but gaining 58 cents for the week.

March MPLS wheat gained 6.6% from Friday to Friday, despite the front months dropping 4 3/4 to 9 cents on the week's final trade day.

The CFTC's weekly Commitment of Traders report showed spec traders were 3,857 contracts net long in MPLS wheat, a 1,877 weaker net position from the week prior.

Portland Price Trends

	01-01-20	08-01-21	12-01-21	01-11-22	01-18-22
#1 SWW (bu)	6.65	9.25	10.65	10.50	10.90
White Club	6.65	10.75	12.65	12.25	12.65
DNS 14%	7.14	10.33	11.30	10.41	10.05
HRW 11.5%	7.38	8.33	9.83	9.90	9.68
#2 Corn (ton)	211.00	251.00	269.00	281.00	280.00
#2 Barley	145.00	200.00	240.00	240.00	240.00

The recent CCC tender announcement for donation of more than 3 mbus of U.S. white wheat has spurred west coast prices. As is typically seen with these types of tenders, delivery is fairly prompt and in addition to the new demand, provides exporters an opportunity to ship higher protein white wheat from this past harvest.

COARSE GRAINS

USDA ERS – Coarse Grains

14 Jan 2022 USDA ERS – World Coarse Grain Production Prospects Reduced

Table A1 - World and U.S. coarse grain production at a glance (2021/22), January 2022				
Region or country	Production	Change from previous month ¹	YoY Change ²	Comments
Million tons				
Coarse grain production (total)				
World	1,500.1	-1.6	+66.2	
Foreign	1101.3	-2.4	+40.4	Partly offsetting changes are made for a number of countries and commodities. See table A2.
United States	398.7	+0.8	+25.8	See section on U.S. domestic output.
World production of coarse grains by type of grain				
CORN				
World	1,207.0	-1.8	+84.1	
Foreign	823.0	-3.1	+58.6	Reductions in Argentina, Brazil, Paraguay, the European Union, Mexico, and Kenya more than offset higher Ukrainian production. See Table A2.
United States	383.9	+1.4	25.5	See section on U.S. domestic output.
BARLEY				
World	147.1	+1.5	-13.5	
Foreign	144.5	+1.5	-11.9	Higher projected output in China and Russia. See table A2.
United States	2.6	No change	-1.6	See section on U.S. domestic output.
SORGHUM				
World	65.1	-1.2	+3.3	
Foreign	53.7	-0.6	+1.4	Lower output projected for China. See table A2.
United States	11.4	-0.6	+1.9	See section on U.S. domestic output.
OATS				
World	22.7	-0.4	-2.8	
Foreign	22.1	-0.4	-2.4	Lower production is projected for Russia. See table A2.
United States	0.6	No change	-0.4	See section on U.S. domestic output.
RYE				
World	12.6	-0.3	-1.7	
Foreign	12.3	-0.3	-1.7	Higher production projected for Russia. See table A2.
United States	0.2	No change	Fractional	See section on U.S. domestic output.
MILLET				
World/Foreign	30.2	+0.5	-2.8	Higher production projected for China and Russia. See table A2.

¹Change from previous month. ²YoY: year-over-year changes. ³Totals may not add due to rounding.

For changes and notes by country, see table A2.

Source: USDA, Foreign Agricultural Service, *Production, Supply and Distribution* database.

Table A2 - Coarse grain foreign production for 2021/22 at a glance, January 2022

Type of crop	Crop year	Production	Change in forecast ¹	YoY ² change	Comments
<i>Million tons</i>					
Coarse grain production by country and by type of grain					
UKRAINE					
↑ Corn	Oct-Sep	42.0	+2.0	+11.7	A preliminary harvest report by the Ukrainian Statistical Agency suggests higher corn yields. Final report is expected to be published in March 2022 (see the report text).
BRAZIL					
↓ Corn	Mar-Feb	115.0	-3.0	+28.0	Dry and hot conditions in the Southern states of Brazil reduced corn yields for the first-season crop. Year-over-year expansion of second-crop corn area keeps projected total corn output at a record-high (see the report text).
ARGENTINA					
↓ Corn	Mar-Feb	54.0	-0.5	+3.5	Dry conditions in some key early corn-producing regions are expected to reduce yields and production (see report text).
PARAGUAY					
↓ Corn	Jun-May	4.0	-0.3	+0.8	Paraguay is located west of the Southern states of Brazil and to the north of Argentina. A sizeable share of its corn is affected by the dryness and high temperatures experienced by its two neighbors.
EUROPEAN UNION					
↓ Corn	Oct-Sep	70.0	-0.4	+2.9	Harvest results indicate lower area and production in France, partly offset by an increase in Austria.
MEXICO					
↓ Corn	Oct-Sep	27.6	-0.4	+0.3	Corn area is revised slightly down, based on official government reports.
KENYA					
↓ Corn	Jul-Jun	3.5	-0.5	-0.5	Drought conditions over the eastern Horn of Africa reduced vegetation health and lowered corn yields in Kenya.
CHINA					
↑ Barley	Oct-Sep	2.0	+1.1	Fractional	Projections for 2021/22 are revised higher, based on the latest information from China's Rural Statistical Yearbook for several previous years. Barley area and yield are increased this month for 2018-2020 and for 2021/22.
↑ Millet	Oct-Sep	2.7	+0.4	-0.1	Projections for 2021/22 are revised higher, based on the latest information from China's Rural Statistical Yearbook for several previous years. Millet estimates are increased this month for 2018-20 and 2021/22.
↓ Sorghum	Oct-Sep	3.0	-0.6	Fractional	Projections for 2021/22 are revised lower, based on the latest information from China's Rural Statistical Yearbook for several previous years. Sorghum estimates are reduced this month for 2018-2020 and for 2021/22.
RUSSIA					
↑ Barley	Jul-Jun	17.5	+0.5	-3.1	Preliminary harvest results issued by the Russian Statistical Agency ROSSTAT with lower area, but higher yields.
↓ Oats	Jul-Jun	3.8	-0.4	-0.4	Preliminary harvest results issued by the Russian Statistical Agency ROSSTAT, with both area and yield projected lower.
↓ Rye	Jul-Jun	1.7	-0.3	-0.7	Preliminary harvest results issued by the Russian Statistical Agency ROSSTAT, area and yield projected lower.
¹ Change from previous month. Smaller changes are made for several countries, see map A for changes in corn. ² YoY: year-over-year changes.					
Source: USDA, Foreign Agricultural Service, Production, Supply and Distribution database.					

Global coarse grain production for 2021/22 is projected lower this month at 1,500.1 mmts, down 1.6 million. Higher estimated U.S. output partly offsets a decline in non-U.S. coarse grain production, forecast down 2.4 mmts to 1,101.3 million.

World corn production is projected down 1.8 mmts from last month's forecast. With corn output in the United States up 1.4 mmts, non-U.S. corn production is lowered by 3.1 mmts this month, with several partly offsetting changes.

The largest increase for non-U.S. corn production this month is for Ukraine, an increase of 2.0 mmts to 42.0 million, a record-high output by a wide margin. The increase is based on corn yield estimates reported by the State Statistical Service of Ukraine. Weather conditions in Ukraine throughout the growing period were not universally favorable. However, while the regions in the south and east of the country suffered from dryness and heat, the northwestern part of Ukraine enjoyed excellent corn-growing conditions, pushing yields to unprecedented highs for the non-GMO non-irrigated corn.

Hot and dry weather stressed corn yields in southern Brazil, particularly in the two states that produce first-crop corn—the western part of Parana (where most corn is grown) and Rio Grande do Sul, that combined, normally produce about one-third of the country's first-crop corn. A large share of the first-crop corn in these states is now going through the reproductive stage of crop development and is vulnerable to heat and lack of moisture. The region has gone through the driest 2 months (November and December) in 30 years, the lack of precipitation being further exacerbated by the heat. The Vegetation Health Index (VHI) (a proxy that is used to estimate crop condition and illustrates the severity of drought, based on the vegetation health and the influence of temperature on plant conditions) is recorded at the lowest level in many years. The assessment of the first-crop corn conditions has been worsening, with the share of crops rated "good" steeply declining. The first-crop corn represents only about a quarter of Brazilian total corn output, with the rest being produced as a second-crop (safrinha) corn and is usually planted after the soybean harvest in January-March. Corn prices are running high in Brazil and are expected to boost safrinha corn area by a non-trivial amount relative to last year. Area and yield assumptions for safrinha corn are unchanged this month. This month, all-crop corn yields for 2021/22 are projected 2.5% lower than a month ago, with corn production down 3.0 mmts to a still record-high of 115.0 mmts, and 28.0 mmts ahead of last year.

The same weather that hurt Brazil's South affected parts of Argentina, where corn output is now reduced by 0.5 mmts to 54.0 million. Two months ago, in October 2021, the projection for Argentine corn was increased resulting from higher projected area, while this month persistent dryness is projected to limit yields prospects of the early-planted corn. The dryness and heat occurred throughout the critical stages of the reproductive period of crop development in parts of the main corn-growing regions of the eastern areas of the country—Santa Fe, Entre Rios, and northern Buenos Aires. However, the share of early-planted corn is expected to be lower than average this year. Late-planted corn (that is still being planted) could compensate for the potential yield losses in early-planted corn. Consequently, with the larger share of late-planted corn, precipitation through the end of January and February will be critical for the crop.

The current yield forecast assumes normal weather going forward. The projected corn production is still the highest on record.

Paraguay, a country sandwiched between Brazil's South and the Argentine North-East, is experiencing the same heat and dryness. Corn output is projected down this month, reducing production by 0.3 mmts to 4.0 million, or by 7%.

Based on the recent release of the China's Rural Statistical Yearbook, the estimates for barley, millet, and sorghum for the 3 prior years (2018–2020) are revised this month with higher barley and millet production and lower sorghum output. The projections for the current 2021/22 crop year are adjusted accordingly (see table A2).

Russia's statistical agency published preliminary production numbers for 2021/22, revising the previous projections, based on harvest data from the Ministry of Agriculture. Increased barley yields more than offset a reduction in harvested area, boosting production.

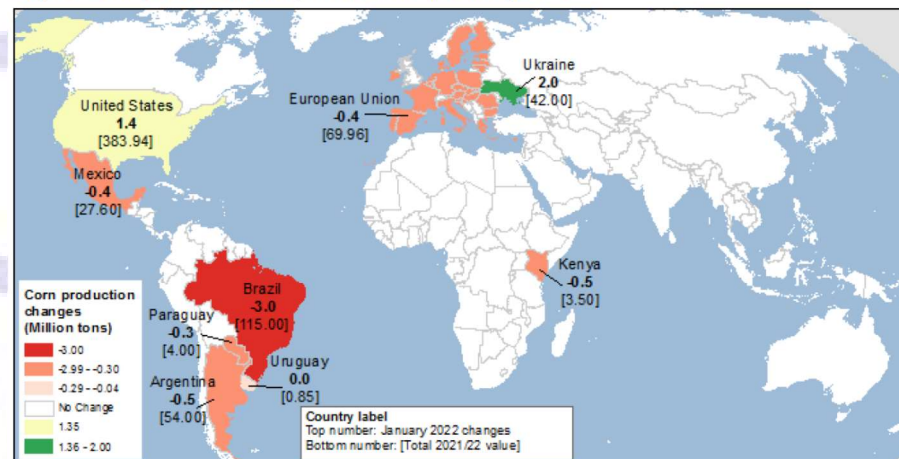
Rye and oats area and yields are reduced. There is also a small increase in millet production (see table A2).

In addition to the countries mentioned above, a number of production changes are made this month for the 2021/22 crop year, across countries and commodities.

Changes in global, non-U.S. and U.S coarse grain production (by type of grain) are shown in table A1, while by country and by crop changes are presented in table A2.

prospects for early-planted corn in key central growing areas, although with an increase in late-planted corn area for much of the crop the critical phase of the growing season lies in the months ahead. Brazil is lowered reflecting reduced yield expectations for first-crop corn in southern Brazil.

Map A – Corn production changes for 2021/22, January 2022



Source: USDA, Foreign Agricultural Service, Production, Supply, and Distribution database.

CORN

➤ USDA WASDE – Corn

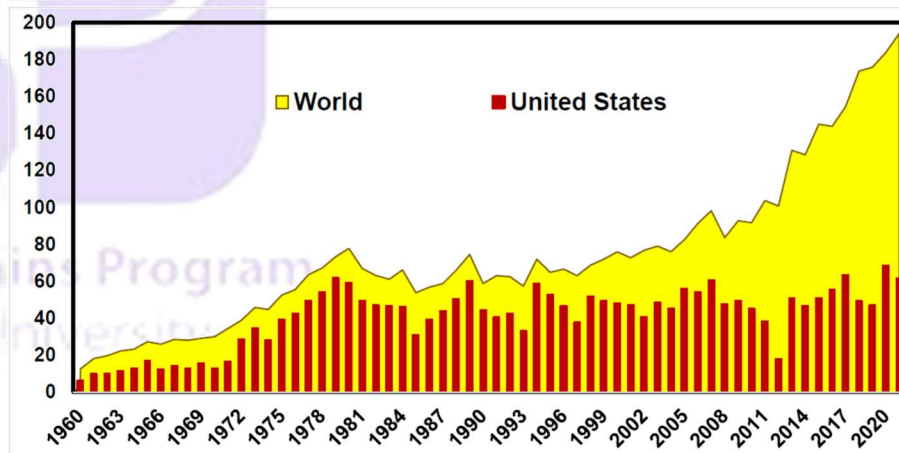
Corn World as of January 2022					
Attribute	21/22 Jan'22	Change	21/22 Dec'21	20/21	19/20
Area Harvested (1000 HA)	202,824	-153(-.08%)	202,977	198,813	193,596
Beginning Stocks (1000 MT)	292,230	-458(-.16%)	292,688	306,272	322,371
Production (1000 MT)	1,206,960	-1774(-.15%)	1,208,734	1,122,827	1,119,706
MY Imports (1000 MT)	186,807	+1356(+.73%)	185,451	186,311	167,768
TY Imports (1000 MT)	189,197	+1256(+.67%)	187,941	180,387	169,785
TY Imp. from U.S. (1000 MT)	0	-	0	66,818	47,067
Total Supply (1000 MT)	1,685,997	-876(-.05%)	1,686,873	1,615,410	1,609,845
MY Exports (1000 MT)	204,197	-662(-.32%)	204,859	179,357	172,335
TY Exports (1000 MT)	194,024	+1283(+.67%)	192,741	183,698	175,729
Feed and Residual (1000 MT)	751,107	+325(+.04%)	750,782	722,898	715,775
FSI Consumption (1000 MT)	427,626	+1937(+.46%)	425,689	420,925	415,463
Total Consumption (1000 MT)	1,178,733	+2262(+.19%)	1,176,471	1,143,823	1,131,238
Ending Stocks (1000 MT)	303,067	-2476(-.81%)	305,543	292,230	306,272
Total Distribution (1000 MT)	1,685,997	-876(-.05%)	1,686,873	1,615,410	1,609,845
Yield (MT/HA)	5.95	(-.17%)	5.96	5.65	5.78

12 Jan 2022 USDA FAS – Non- U.S. corn production is forecast lower with declines for Brazil, Argentina, Kenya, Mexico, the EU, and Paraguay that are partially offset by an increase for Ukraine. For Argentina, dryness during December reduces yield

➤ U.S. Corn Export Prospects Reduced as Competition

U.S share in global corn trade

Million tons



Source: USDA, Foreign Agricultural Service, Production, Supply, and Distribution database.

14 Jan 2022 USDA ERS – World 2021/22 corn trade for the October-September international trade year is projected up 1.3 mmts this month to 194.0 million, a rise of 10.3 mmts from the previous year.

Projected U.S. corn exports for 2021/22 are reduced this month, despite modestly higher projected output, due to increased competition from the major competitor countries, Brazil, Argentina, and Ukraine, combined with a strong U.S. domestic demand for ethanol that pulls corn away from exports (for a discussion on higher ethanol consumption, see the domestic section of the report).

U.S. corn exports are projected down 1.5 mmts this month for the October-September international trade year to 61.5 mmts (down 75 mbus to 2,425 mbus for the September - August local marketing year). A reduction in U.S. exports is projected for this month, despite increased global corn trade.

Although the United States continues to be (by far) the world's top corn producer and exporter, U.S. shares in both world output and exports have been declining. U.S. market share in global corn exports went from 80% up until the mid-1990s, to just above 30% recently. Competition from Brazil, Argentina, and Ukraine is driving down the U.S. corn export share as the higher surplus-generating grain production in these countries has reduced the U.S. share in global output. Since 2010, these three countries have captured a major share in the continuous growth in world corn trade that is driven by rising consumer incomes and demand for livestock products that require feed for expanding livestock herds.

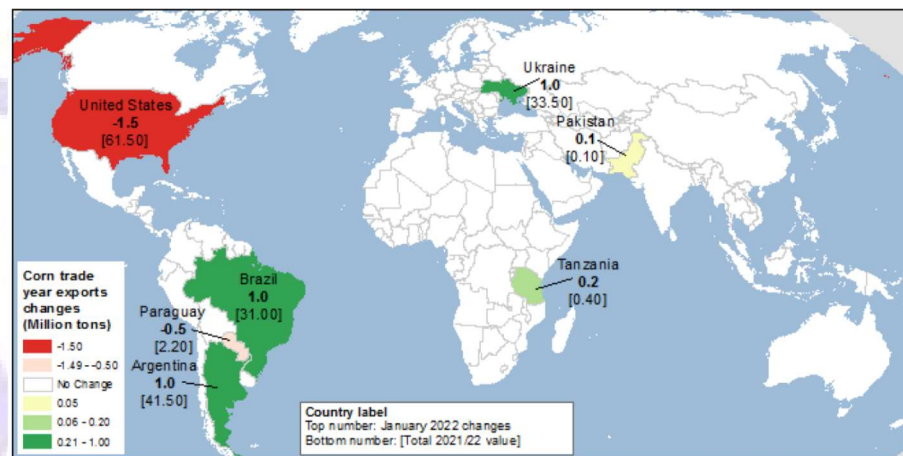
The U.S. global market share has become highly dependent on the crop size and price-competitiveness of these three countries, as larger crops and the depreciation of their currencies against the U.S. dollar boost these countries' price competitiveness that tends to limit U.S. exports. In 2021/22, the combined corn output for Brazil, Argentina, and Ukraine is projected to be 41.2 mmts higher than last year, while corn output in the United States is up year over year by 25.5 million. The currencies of all three U.S. competitor countries have depreciated since November 2021.

In the last 2 months (November and December), the pace of Brazilian corn exports accelerated, partially making up for the lackluster performance earlier in 2021. The ship lineup data (vessels that are scheduled to ship in the near future) suggest that January exports will be also above average. Despite the 2020/21 mediocre corn harvest, Brazil does not appear to be short of exportable corn supplies, exhibiting a high pace of exports in the tail end of the local crop season, before the start of the new corn harvest. Corn exports are expected to dwindle in February and revive in June-September 2022, with the harvest of second-crop corn. The higher recent pace of shipments boosts Brazilian corn exports by 1.0 mmts for both the local March-February 2020/21 (to 19.5 mmts) and the October-September trade year of 2021/22 (to 31.0 mmts).

Exports for **Brazil** are projected higher, despite a 3.0 mmts reduction in its corn output this month. The reason is that the Brazilian corn economy has two essentially separate regions: The South, with a large and well-developed livestock sector, with feeding supplies coming from local (or imported, when local supplies are inadequate) corn; and the export-oriented Center-West, where most of the second-crop corn is

produced. Although corn output is reduced for Brazil's South, the projections for the Center-West remain unchanged, as planting of second-crop corn has not yet started, thus, expectations of Brazilian export potential are unchanged relative to last month. However, because of lower first-crop corn production, Brazil will need additional corn for its livestock before the safrinha corn in the South comes up in July. The vast distances in Brazil and sometimes inadequate transportation system between the two regions, make it economically unviable to move corn from the Center-West to the South. Hence, the reduction in output is expected to boost the country's corn import demand up 0.3 mmts to 3.0 million. Brazil's South imports corn mainly from Paraguay and Argentina.

Map B – Corn trade year (TY) exports changes for 2021/22, January 2022



Source: USDA, Foreign Agricultural Service, *Production, Supply, and Distribution* database.

Argentina's corn exports are forecast up 1.0 mmts this month for both the local March-February 2020/21 (to 39.5 million) and the October-September trade year of 2021/22 (to 41.5 million). Argentina's corn prices are currently the most competitive in the world and are expected to remain as such for at least several more months. Exports are projected higher, despite a small production reduction this month, as corn sales and shipments picked up in recent weeks. However, until the new crop harvest becomes available (mostly in April), corn exports will be constrained by old crop supplies.

Corn supplies are projected higher this month in **Ukraine**, and 1.0 mmts of additional corn is expected to be shipped out, with exports reaching 33.5 mmts, on par with Brazil. Ukrainian corn exports in December 2021, according to port data, exceeded 5.0 mmts, indicating an all-time monthly record and a mmts higher than the previous record in December 2019.

Exports are projected to decline in **Paraguay**, reflecting a 7% corn production cut. Although Paraguay usually exports to a broad array of countries, its main destination is Brazil, where 50% of its corn exports go under normal conditions. Since September

2021, the pace of shipments slowed down substantially, but exports to Brazil were only slightly affected, as Brazil became Paraguay's only export destination.

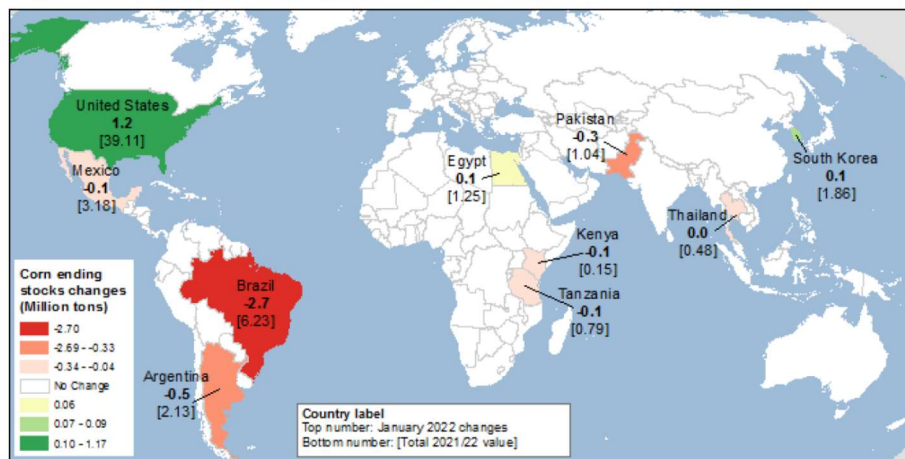
Tanzania is projected to export more non-GMO corn to Kenya, where drought reduced its corn supplies.

In addition to higher projected imports for **Brazil** discussed above, corn imports are also projected higher for **Canada**, based on high commitments data. **Mexican** corn imports are also up, reflecting the pace of sales of yellow corn (while the country itself produces mainly white corn).

Corn imports are adjusted down for **Bangladesh** for both 2020/21 and 2021/22.

Higher corn imports are also projected for **Iran**, a top export market for Brazil, where exports are projected higher this month. With lower projected corn output, imports are projected up in **Kenya**. The country import duty was cut for non-GMO corn, which it is expected to source mainly from Tanzania.

Map D – Corn ending stocks changes for 2021/22, January 2022



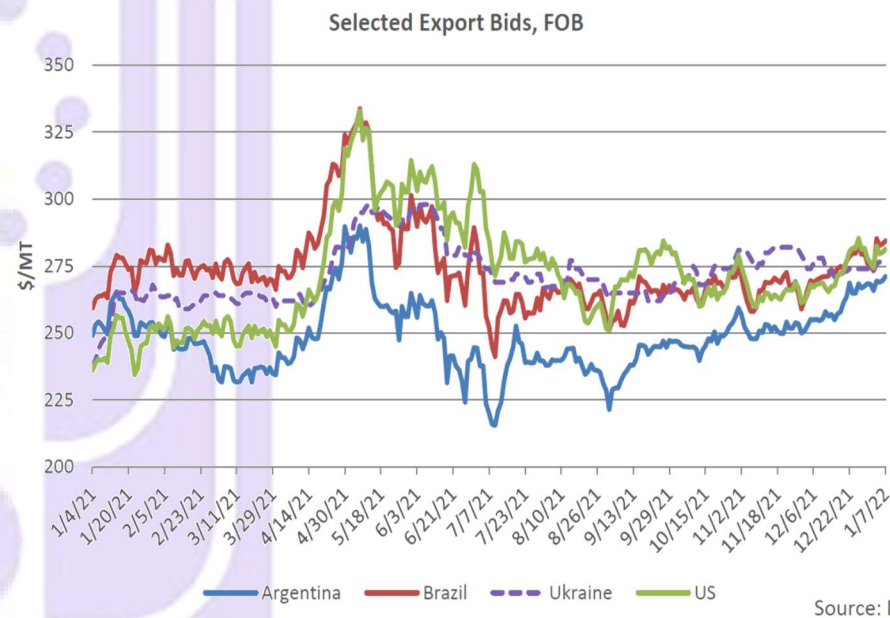
Source: USDA, Foreign Agricultural Service, *Production, Supply, and Distribution* database.

World Corn Stocks Projected Down - Non- U.S. feed use prospects for 2021/22 were marginally up this month. Increased corn output in Ukraine boosts its feed and residual prospects. With higher projected corn imports, Canadian feed use is also up. Partly offsetting are reductions for Argentina and the European Union (lower corn crop) and for Bangladesh (lower imports). Forecast feed use for the previous crop year 2020/21 is reduced 1.8 mmts this month, with Brazil and Argentina accounting for most of the decline. Higher exports by Brazil and Argentina for the March-February marketing year 2020/21 (that appear as 2021/22 imports in importing countries) are expected to reduce feed and residual use in these countries in 2020/21.

Global corn stocks took a 2.5 mmts reduction this month at 303.1 million, roughly 11 mmts higher than a year ago, but with a slightly lower stocks-to-use ratio of 25.3%.

Non-U.S. corn stocks are projected down 3.7 mmts this month. The largest reduction is made for Brazil, down 2.7 mmts, as its production reduction is mostly absorbed by stocks. The new projection for Brazilian stocks is close to the level observed in the last 3 years.

Global Corn Price Comparisons



12 Jan 2022 USDA FAS - Since the December WASDE, exporters' bids moved up for Argentina, Brazil, and the United States.

Argentine bids were up \$16/mt to \$271/mt and Brazilian bids were up \$15/mt to \$285/mt on late season export demand as well as ongoing dryness impacting the new crop corn in both countries.

U.S. bids rose \$13/mt to \$281/mt supported by the potential impact of dryness in South America and relatively strong demand for fuel ethanol in the domestic market.

In contrast, Ukrainian bids were down \$2/mt to \$276/mt reflecting record exportable supplies.

CME CBOT Corn Futures

Corn futures closed higher for the fifth straight session. CME Corn March 2022 settled on Friday at \$6.16¼/bu, up 5¼ cents on the day, and gaining 20 cents for the week. The March contract completed the week with a 3.35% gain.

Prices hit some technical resistance as it pressed the high-end of its 20-day Bollinger Band range. Corn futures were able to maintain positive momentum despite selloffs in soybeans and wheat.

New crop CZ22 closed up 3 cents/bu at \$5.65¼. Some analysts said U.S. corn acres would be 90.4m for 22/23. If realized, that would be a nearly 3m acre dip yr/yr, with high fertilizer costs as the driver.

Brazilian BMF corn rallied in tandem with CBOT corn futures. Strong demand was the key driver that pulled corn into positive territory after trading lower much of the night session.

Nearby CH/K made new highs, firming 2 cents/bu to close at a 2¼ inverse.



Source: <http://www.dtnigp.com/index.cfm?show=62>

CFTC data had managed money at 326,523 contracts net long in corn as of the 18th of January settle. That was a 17,856 contract weaker position than the week prior due to spec trader long liquidation. The commercials were also lifting hedges through the week, with a 20k contract weaker net short of 630,775.

In U.S. cash markets corn basis was mixed, despite yesterday seeing arguably the largest amount of farmer selling in over a month. Cash remains above DVE in the export channels for March/April/May, which continues to support the firmer spreads on the front-end of the curve. If the basis doesn't break, additional spread "inversion" can be expected.

➤ **U.S. Export Corn Values – Friday 21st January 2022**

Friday morning the USDA announced the sale of 247,800 tons of U.S. corn to "unknown destinations". This was the first flash sale for corn in more than a week. The weekly export sales report was also released today. The one-day delay was due to Monday's holiday. U.S. exporters were said to have sold 43 mbus of corn for the week

ending January 13th. This was well above the week prior (18 mbus) and exceeded the expected trade range (20-39 mbus).

North American trading partners Canada and Mexico continue to be aggressive importers of U.S. corn: shipments to the former are up 5-fold at 40 mbus; Mexico has so far taken 32% more corn this year at 245 mbus.

Corn CIF NOLA Gulf barge/rail quotes, in cents per bushel basis CBOT futures:

USDA (U.S. No. 2, 14.5% moisture, CIF NOLA

Changes are from the AM Gulf barge basis report.

CIF MORNING UPDATES - January 21, 2022

CIF CORN	1/20/2022	1/21/2022	Del. Mo.
JAN	105 / -	115 / -	H
FH FEB	96 / -	98 / -	H
FEB	90 / -	95 / -	H
MAR	85 / 90	86 / 90	H
APR	84 / 85	83 / -	K
MAY	72 / 78	- / 78	K
SEP	-	55 / 70	Z
OCT	55 / 70	- / 70	Z

Preliminary Sep-Nov export data from the 4 major U.S. corn competitors indicated a 180 mbus y/o/y decline, while U.S. shipments for the first quarter also fell (12 mbus), as China seems in no hurry to shift its purchases. Maybe they are waiting for ocean freight to fall a little lower from its already sharp declines of October's 13 year highs.

Many believe buyers are tapping into U.S. supplies due to concerns about smaller South American production, along with rising tensions in Russia/Ukraine.

Brazil shipped approximately 280 kmts of corn last week or about half of that last year's total. Shipments for the month of 980 kmts were down 16% versus the Jan 2021 level.

Global FOB corn values continue to rally as traders nervously monitor the situation in the Black Sea. Bids in Ukraine, Romania & several other European origins were all said to be higher today. Ukraine corn exports from December 24th to January 21st came in at 4.2 mmts. This has bumped their total corn exported since July to 13.7 mmts, up roughly 19% y/o/y.

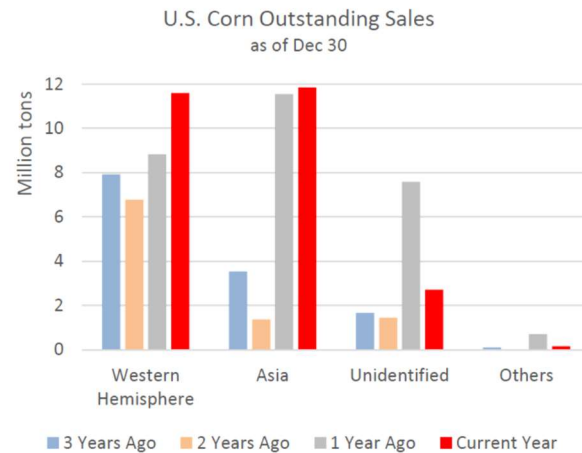
➤ **U.S. Corn Exports Face Headwinds**

12 Jan 2022 USDA FAS - U.S. corn exports for 2021/22 (Oct-Sep) are forecast lower this month, reflecting a slower pace of sales, except to the Western Hemisphere.

In addition, U.S. corn is expected to face intense competition from Ukraine, Argentina, and Brazil. Several months into the current season, reported outstanding sales have been slow.

The Western Hemisphere has been the bright spot, particularly Mexico and Canada. At the end of December, sales to Mexico totaled 6.5 mmts, up 16% from a year ago. Mexico was the top destination for U.S. corn until 2019/20.

Sales to Canada are at 2.2 mmts, up nearly nine-fold from a year ago, as the country looks for feedstuffs to substitute for tight grain supplies in the Prairies.



Outstanding sales reported to China remain at 10.0 mmts, compared to 6.5 million a year ago. However, much of the sales on the books were made last May and then carried over to the current season. Fresh sales to China have amounted to approximately 400,000 tons since September.

Strong exports from Ukraine, Argentina, and Brazil are expected to dampen demand for U.S. corn overseas this year. There have been unconfirmed wire news

stories that China purchased a large volume of Ukraine corn. Moreover, exports from South America have been stronger than anticipated even though its marketing season is nearing the end.

Despite sluggish demand, U.S. corn remains higher priced than Ukrainian and Argentine corn, supported by U.S. domestic demand for fuel ethanol.

➤ U.S. Corn Export Projections Lowered for 2021/22

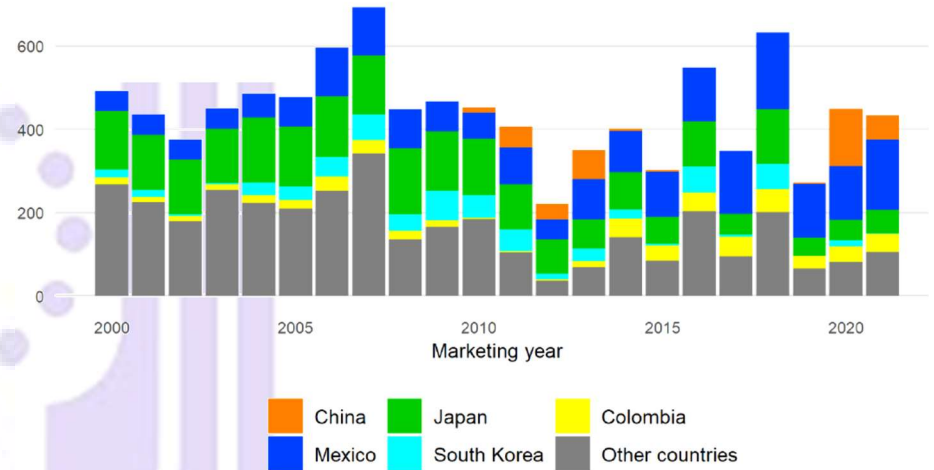
14 Jan 2022 USDA ERS – U.S. corn exports are projected to total 2,425 mbus for 2021/22, a 75 mbus reduction from the December projection.

The reduction is primarily due to increased global competition expected for the current marketing year. In the first 3 months of the marketing year, U.S. corn exports totaled 433 mbus, according to the U.S. Bureau of the Census.

This marketing year's first-quarter exports were below 2020/21's levels of 449 mbus. The current corn exports pace is still strong, by historical terms. Additionally, while 2020/21 corn exports were largely defined by a large amount of shipments to China, shipments in 2021/22 have been destined for a wider base of customers; in particular, more shipments to the North American markets of Mexico and Canada.

U.S. corn exports, September through November marketing years 2000 to 2021

Million bushels



Source: U.S. Department of Commerce, Bureau of the Census.

Seasonally, corn export shipments are typically at their highest levels during the March-to-May quarter. As a result, future market events could have important implications for the outlook of U.S. corn exports.

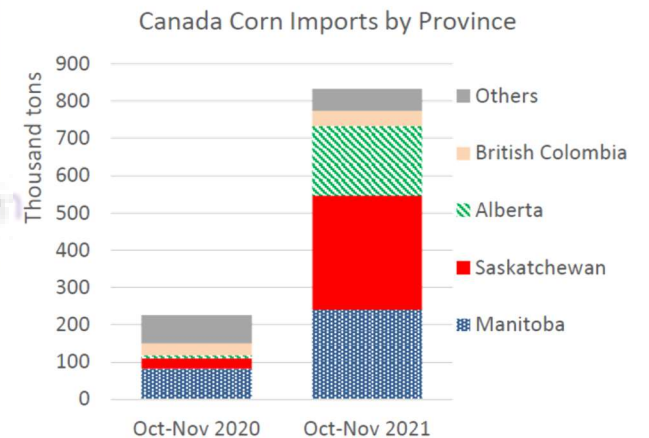
If realized, the current export forecast would represent the third-highest corn export total ever, behind 2020/21's record-setting exports and 2017/18's total of 2,437 mbus.

➤ Canada Corn Imports Robust

12 Jan 2022 USDA FAS

- Canada corn imports are forecast at 3.3 mmts, up 10% from last month. If realized, it would be the largest level of imports since 2002/03.

Imports have been robust for the first two months (Oct-Nov) of 2021/22, nearly quadrupling the volume from a year ago. Imports for Saskatchewan and Alberta already exceed



the volume imported during all of last year. Moreover, the U.S.

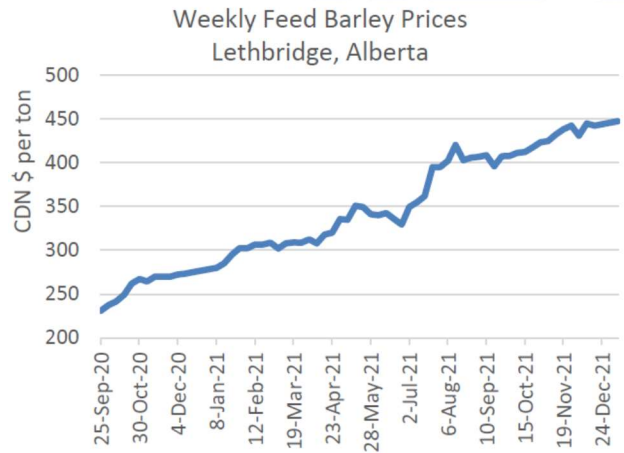


Export Sales Report shows outstanding sales of 2.2 mmts at the end of December, suggesting large imports ahead.

The pace of U.S. corn sales and strong imports are indicative of the feed grain situation in western provinces where the cattle inventory is concentrated. Summer drought sharply reduced supplies of barley, oats, and wheat, with barley being the primary feed grain in the region.

Since last summer, prices of feed barley in Alberta have trended up and averaged CDN \$439 per ton during December compared to CDN \$274 a year earlier, suggesting strong demand for a substitute, primarily corn.

Canada corn production for 2021/22 is currently estimated at 14.0 mmts, and this would be the third-largest crop on record. Grown primarily in Ontario, Quebec, and to a lesser extent in Manitoba, some domestic corn may travel west to the Prairies for feed use. However, transportation routes and economics typically favor importing corn from south of the border instead.



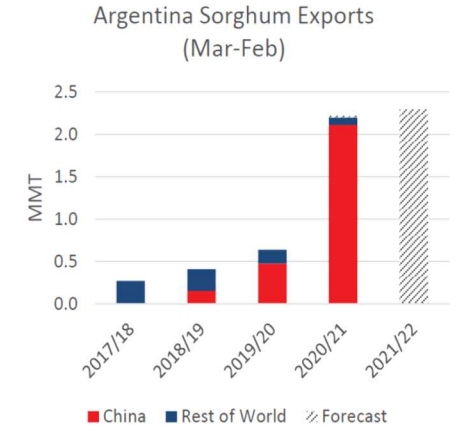
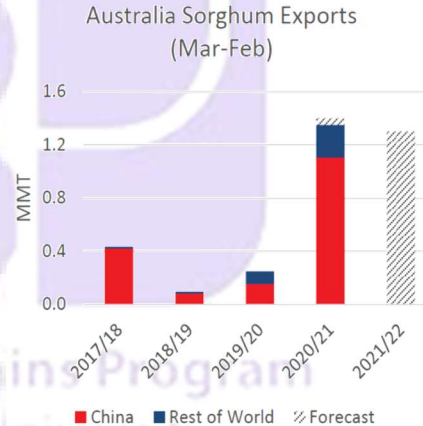
GRAIN SORGHUM

➤ USDA WASDE – Sorghum

Sorghum World as of January 2022					
Attribute	21/22 Jan'22	Change	21/22 Dec'21	20/21	19/20
Area Harvested (1000 HA)	41,703	-114(-.27%)	41,817	42,651	39,747
Beginning Stocks (1000 MT)	3,415	-76(-2.18%)	3,491	3,768	5,509
Production (1000 MT)	65,095	-1206(-1.82%)	66,301	61,792	57,770
MY Imports (1000 MT)	11,770	-	11,770	9,920	5,598
TY Imports (1000 MT)	11,770	-	11,770	9,938	5,627
TY Imp. from U.S. (1000 MT)	0	-	0	6,965	5,318
Total Supply (1000 MT)	80,280	-1282(-1.57%)	81,562	75,480	68,877
MY Exports (1000 MT)	12,012	+46(+.38%)	11,966	11,254	6,513
TY Exports (1000 MT)	12,438	-	12,438	10,657	6,390
Feed and Residual (1000 MT)	26,971	-1159(-4.12%)	28,130	24,242	21,185
FSI Consumption (1000 MT)	37,485	-3(-.01%)	37,488	36,569	37,411
Total Consumption (1000 MT)	64,456	-1162(-1.77%)	65,618	60,811	58,596
Ending Stocks (1000 MT)	3,812	-166(-4.17%)	3,978	3,415	3,768
Total Distribution (1000 MT)	80,280	-1282(-1.57%)	81,562	75,480	68,877
Yield (MT/HA)	1.56	(-1.89%)	1.59	1.45	1.45

12 Jan 2022 USDA FAS –

➤ Australia Mirrors Argentina in Robust Sorghum Exports



Source: Trade Data Monitor LLC

12 Jan 2022 USDA FAS - Australia is currently forecast to export 1.4 mmts of sorghum in the 2020/21 marketing year (Mar 2021 – Feb 2022) on production of 1.5 mmts, a 93% exports-to-production ratio.

In the past, Australian sorghum used to be exported to a wide range of destinations; however, ever since China entered the sorghum market in earnest in 2013/14, most Australia sorghum exports have been destined for China. Despite the ongoing trade dispute between the two countries that has halted the flow of Australian barley to China, bilateral sorghum trade remains strong.

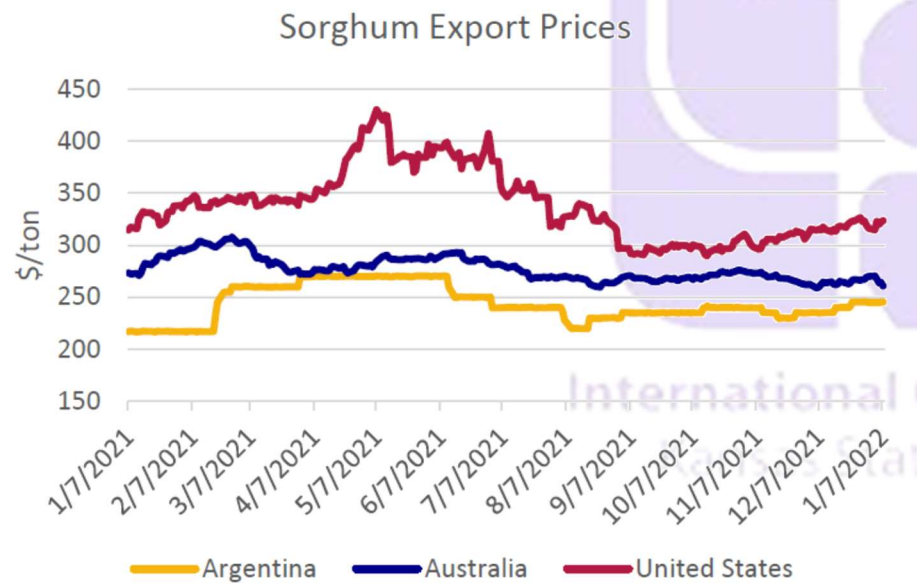
Argentina is experiencing a similar sorghum boom. After several years of sorghum exports below 1.0 mmts, exports in the 2020/21 marketing year (also Mar 2021 – Feb 2022) have shot up and are now forecast to more than triple from the prior year to just over 2.2 mmts. As the world's largest sorghum importer, China is also the primary destination for Argentina sorghum this year.

➤ **Australia's biggest sorghum crop in 7 years**

21 Jan 2022 Brandon Long – Australian sorghum growers have started harvesting what is potentially the biggest crop in seven years.

ABARES' latest forecast has the national crop pegged at 1.97 mmts from 586,000 hectares sown. Average to above average rainfall across Queensland in October and November supported the establishment of early sown sorghum, as well as encouraging further planting across the state.

Although record high November rainfall in NSW likely damaged some early sown crops and may have limited some planting, later planted sorghum will benefit from further rainfall.



Source: IGC

Despite the strong performances of both Australia and Argentina, the United States remains the world's top exporter of sorghum and is the top supplier to China. However, with U.S. prices higher than its competitors, China is diversifying its suppliers. If 2020/21 is any indication, if China is willing to buy, Australia and Argentina are ready to sell. In 2021/22 (Oct-Sep), China is forecast to import a record 10.3 mmts of sorghum.

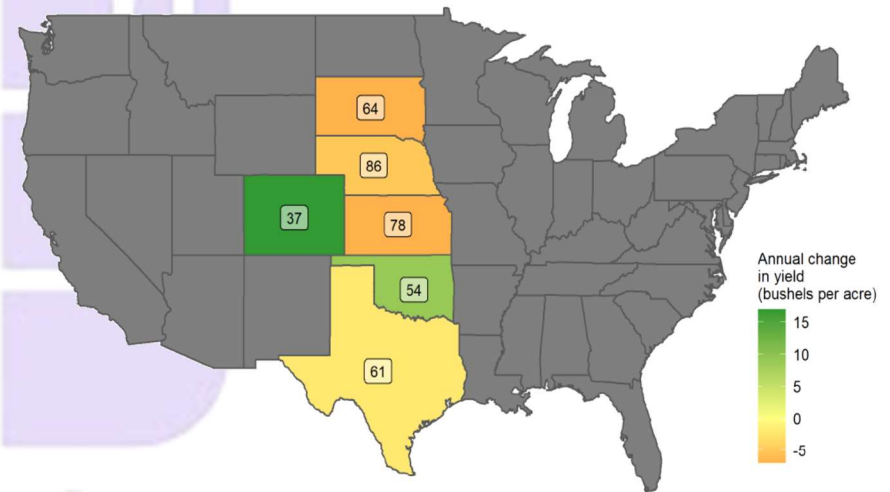
➤ **U.S. Sorghum production surged in 2021**

14 Jan 2022 USDA ERS – Sorghum production was up sharply in 2021 as producers increased acreage to meet demand expectations, especially from China.

The USDA says the crop of 447.81 mbus was down more than 20 mbus from the previous guess, but up 74.85 mbus from 2020, with an expansion in planted area cancelling out a decrease in yields, from 73.2 bus/acre in 2020 to 69 bus/acre in 2021.

Sorghum ending stocks are seen at 33 mbus, 4 mbus less than in December on that month to month reduction in production, which canceled out lowered expectations for feed and export demand.

U.S. 2021/22 sorghum yields and annual change from 2020/21, bushels per acre



Source: USDA, National Agricultural Statistics Service.

Year-to-year comparisons for applicable states:

Kansas: 265.2 mbus, compared to 238 mbus in 2020; average yield of 78 bus/acre, compared to 85 bus/acre a year ago; harvested area of 3.4 million acres, compared to 2.8 million last year

Nebraska: 19.78 mbus, compared to 13.65 mbus in 2020; average yield of 86 bus/acre, compared to 91 bus/acre a year ago; harvested area of 230,000 acres, compared to 150,000 last year

South Dakota: 13.44 mbus, compared to 11.36 mbus in 2020; average yield of 64 bus/acre, compared to 71 bus/acre a year ago; harvested area of 210,000 acres, compared to 160,000 last year

Sorghum Feed and Residual and Exports Projections Lowered for 2021/22

Sorghum feed and residual use for 2021/22 is reduced 10 mbus to 115 million, due to reduced supplies available.

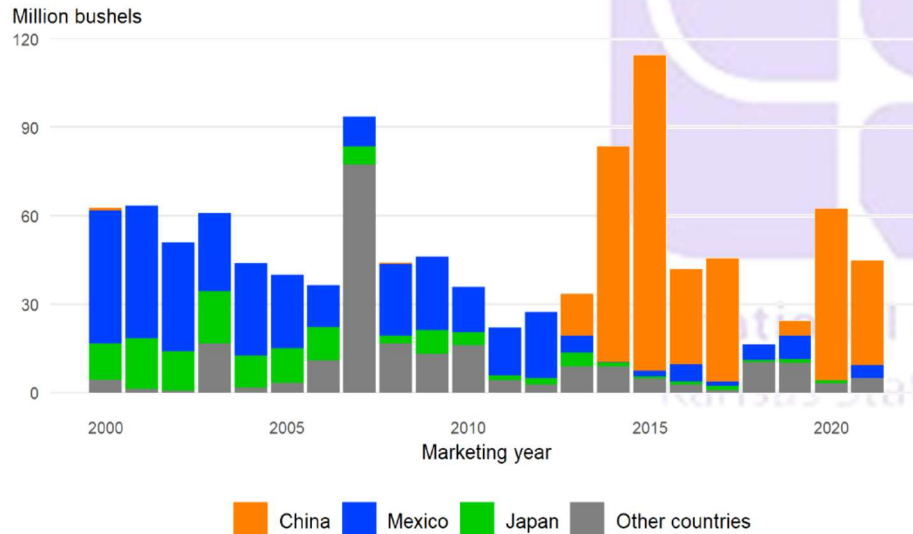
Decreased sorghum use is only partially offset by lower supplies, reducing U.S. sorghum ending stocks for 2021/22 by 3 mbus to 33 million bushels.

Projected sorghum exports are lowered by 10 mbus to 310 mbus, as year-to-date sorghum exports and inspections trail the high levels observed September through November in marketing year 2020/21. The outlook for global demand for sorghum remains strong, supporting the annual increase projected in exports for 2021/22.

According to the latest NASS Grain Stocks report, December 1, 2021 sorghum inventories totaled 289 mbus, up 32% from the same period in marketing year 2020/2021; a reflection of higher y/o/y sorghum production.

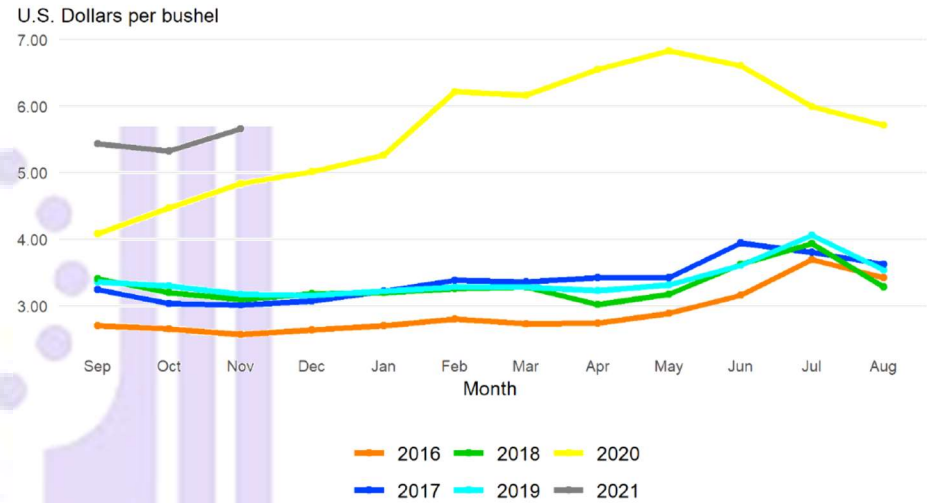
NASS's latest Agricultural Prices report shows the national farm price received for sorghum increased to \$5.66/bushel in November 2021, compared with \$5.33/bushel in October and consistent with the current market conditions of low supply that reflect in sorghum higher prices.

U.S. sorghum exports, September through November marketing years 2000 to 2021



Source: U.S. Department of Commerce, Bureau of the Census.

Price received for sorghum, monthly



Source: USDA, National Agricultural Statistics Service.

The USDA season-average farm price for 2021/2022 is projected at \$5.45 per bushel, unchanged from December WASDE report.

U.S. Export Grain Sorghum Values – Friday 21st January 2022

Quotes, in cents per bushel basis CBOT futures:

CIF MILO	1/20/2022	1/21/2022		
January	na	na		UNC
TX FOB VESSEL MILO (USc/MT)	1/20/2022	1/21/2022		
February	215	215	H	UNC
March	215	215	H	UNC
April	215	215	K	UNC

U.S. Sorghum exports forecasts unchanged

14 Jan 2022 USDA ERS – USDA WASDE forecast sorghum global exports were unchanged this month, with two offsetting changes: Lower U.S. and higher Australian exports.

The current pace of sales suggests a 0.3 mmts reduction in the U.S. shipments to China, down to 8.0 mmts. Australia makes up for this change by increasing its sorghum exports to China by the same amount, to reach 1.3 mmts.

Chinese sorghum imports are left unchanged this month.

BARLEY

➤ USDA WASDE – Barley

Barley World as of January 2022					
Attribute	21/22 Jan'22	Change	21/22 Dec'21	20/21	19/20
Area Harvested (1000 HA)	49,591	+160(+.32%)	49,431	51,558	52,589
Beginning Stocks (1000 MT)	21,488	+317(+1.5%)	21,171	22,356	20,304
Production (1000 MT)	147,051	+1540(+1.06%)	145,511	160,527	158,947
MY Imports (1000 MT)	34,495	-81(-.23%)	34,576	35,217	28,744
TY Imports (1000 MT)	33,291	-70(-.21%)	33,361	35,979	28,022
TY Imp. from U.S. (1000 MT)	0	-	0	344	154
Total Supply (1000 MT)	203,034	+1776(+.88%)	201,258	218,100	207,995
MY Exports (1000 MT)	34,107	-29(-.08%)	34,136	35,563	29,004
TY Exports (1000 MT)	34,038	-29(-.09%)	34,067	36,698	29,424
Feed and Residual (1000 MT)	106,762	+1508(+1.43%)	105,254	114,961	110,623
FSI Consumption (1000 MT)	45,077	+140(+.31%)	44,937	46,088	46,012
Total Consumption (1000 MT)	151,839	+1648(+1.1%)	150,191	161,049	156,635
Ending Stocks (1000 MT)	17,088	+157(+.93%)	16,931	21,488	22,356
Total Distribution (1000 MT)	203,034	+1776(+.88%)	201,258	218,100	207,995
Yield (MT/HA)	2.97	+(+1.02%)	2.94	3.11	3.02

12 Jan 2022 USDA FAS –

GHA –Canada, normally the 5th largest exporter of the product, makes a rare import of European barley after drought significantly reduced available supplies. The ship "Federal Spey" is reportedly under loading in Rouen.

➤ U.S. Barley Imports Raised for 2021/22

14 Jan 2022 USDA ERS – U.S. barley production remains unchanged for 2021/22, projected at 71 mbus, a substantially lower amount due to drought conditions in key-growing regions in the Northern Plains during the summer of 2021.

U.S. barley imports are raised 2 mbus to a projected total of 9 million, however, based on a strong pace of imports seen in the September-to-November quarter.

Total supplies are projected at 198 mbus, a 2 mbus increase from the December projection, but still substantially lower than the previous year's total of 258 mbus.

U.S. barley feed and residual use is raised 5 mbus to 15 million, due to the increased supply projections and the pace of barley disappearance reflected in the Grain Stocks report through December 1st.

Food, seed, and industrial use remains unchanged at 115 mbus.

Ending stocks for 2021/22 are projected to be 57 mbus, a 3 mbus decrease from the December projection. T

The USDA season-average farm price for 2021/22 is projected at \$5.15/bushel; unchanged from the December forecast, but still elevated from the 2020/21 price of \$4.75/bushel.

➤ Turkey receives offers in 345,000 mts barley purchase tender

20 Jan 2022 Reuters - The lowest price offered in the first round of Thursday's tender from Turkey's TMO state grain board to buy 345,000 tonnes of animal feed barley was believed to be \$324.65/mt C&F, traders said in initial assessments.

No purchase has yet been reported, they said. The TMO traditionally undertakes several rounds of negotiations in tenders, seeking lower offers each round.

The lowest offer was said to have been submitted by trading house AP Grain for a consignment of at least 25,000 mts for shipment to the port of Bandirma. Shipment is sought between February 15th and March 10th to a series of Turkish ports.

Other offers included barley for shipment to Derince at \$334.92/mt c&f, to Iskenderun at \$332.42/mt c&f, to Mersin at \$332.42/mt c&f, to Izmir at \$338.70/mt c&f, to Tekirdag at \$330.80/mt c&f, to Samsun at \$333.65/mt and to Trabzon at \$338.00/mt, they said.

Supplies already in warehouses in Turkey can be offered in the tender. Dealers say some exporters have made advance shipments to Turkey to escape rises in Russian grain export taxes, which are being increased in stages to conserve Russia's domestic supplies. The tender continues recent brisk grain import demand from Turkey to ensure good domestic supplies after the country's crops suffered drought damage last summer. Provisional results of the tender are expected later on Thursday.

➤ French wheat shipments slow in December, no feed barley exported

21 Jan 2022 Forrest Crellin, Reuters - French soft wheat shipments outside the European Union last month were lower than in November as shipments to Algeria fell and no feed barley exports beyond the EU were recorded during the month.

No feed barley loaded for non-EU destinations in December, reflecting the absence of loadings for China, which has dominated French exports of the grain this season.

French malting barley exports outside the EU reached 22,000 tonnes. Turkey was the top malting barley destination with 10,500 tonnes, with Brazil at 5,500 tonnes in second.

Grain shipments to all destinations from French ports last month - including barley, malting barley, maize, waxy maize, malt and durum wheat - totaled 1.14 mmts.

The loading data is subject to revision and can differ from monthly customs figures depending on when ships are counted as leaving France.

OATS

➤ USDA WASDE – Oats

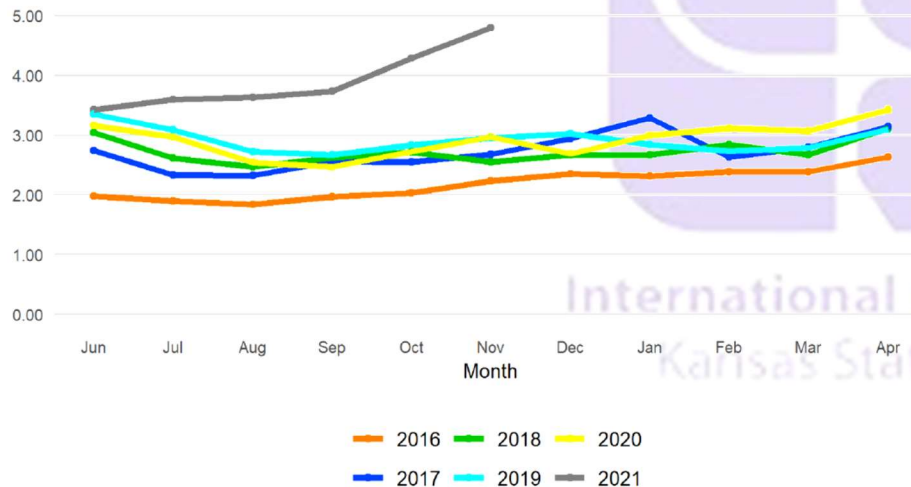
Oats World as of January 2022					
Attribute	21/22 Jan'22	Change	21/22 Dec'21	20/21	19/20
Area Harvested (1000 HA)	9,479	-50(-.52%)	9,529	9,995	9,559
Beginning Stocks (1000 MT)	2,863	+1(+.03%)	2,862	2,229	2,186
Production (1000 MT)	22,677	-350(-1.52%)	23,027	25,511	23,219
MY Imports (1000 MT)	2,322	+50(+2.2%)	2,272	2,527	2,525
TY Imports (1000 MT)	2,294	+50(+2.23%)	2,244	2,630	2,527
TY Imp. from U.S. (1000 MT)	0	-	0	42	23
Total Supply (1000 MT)	27,862	-299(-1.06%)	28,161	30,267	27,930
MY Exports (1000 MT)	2,434	+51(+2.14%)	2,383	2,769	2,530
TY Exports (1000 MT)	2,435	+51(+2.14%)	2,384	2,699	2,634
Feed and Residual (1000 MT)	15,655	-251(-1.58%)	15,906	16,965	15,635
FSI Consumption (1000 MT)	7,604	-50(-.65%)	7,654	7,670	7,536
Total Consumption (1000 MT)	23,259	-301(-1.28%)	23,560	24,635	23,171
Ending Stocks (1000 MT)	2,169	-49(-2.21%)	2,218	2,863	2,229
Total Distribution (1000 MT)	27,862	-299(-1.06%)	28,161	30,267	27,930
Yield (MT/HA)	2.39	(-1.24%)	2.42	2.55	2.43

12 Jan 2022 USDA FAS –

➤ Oat Season-Average Price Raised for 2021/22

Price received for oats, monthly

U.S. Dollars per bushel



Source: USDA, National Agricultural Statistics Service.

14 Jan 2022 USDA ERS – The U.S. oat supply and use outlook for 2021/22 remains unchanged in January, relative to the December projections.

Production for 2021/22 remains projected at 40 mbus. Total supplies are projected at 155 mbus. Supplies are down sharply from 2020/21. This reduction is due to poor production conditions in both the United States and Canada during the summer of 2021, hampering both U.S. production and imports, as Canada provides most non-U.S. produced oats to the U.S. market.

Oat use remains unchanged from December's projections. For 2021/22, total oat-use projections of 127 mbus compare with 150 mbus used in 2020/21; the sharp decline reflecting tight North American supplies.

The USDA season-average farm price of oats for 2021/22 is raised \$0.10 per bushel to \$3.80, based on the pace of prices received by farmers through November.

Cash prices for oats have also continued to increase, far exceeding record levels. It is expected that producers have marketed the majority of their 2021/22 oat production in the first half of the marketing year (beginning June 1st), however. This means that subsequently reported prices received will have less influence on the annual season-average price.

➤ CME CBOT Oat Futures

Symbol: @OH2 [Future Symbol Search](#)

Last: 6230 | Chg: -180 | Open: 6410s | High: 6440 | Low: 6156

Current Month: @OH2



Source: <http://www.dtnigp.com/index.cfm?show=62>

CME March 2022 Oats Futures settled at \$6.23/bu, off 18 cents on the day, but gaining 14 cents for the week.

➤ **White-hot oat market expected to continue**

20 Jan 2022 Brian Cross - The value of oat futures contracts rose by 90% last year, jumping to US\$6.83/bu the 1st of January 2022, from \$3.61/bu a year earlier. Cash prices may soften soon, but average values should remain well above historical values for the foreseeable future

Markets for prairie oats have been on an incredible run since the beginning of the 2021/22 crop year, and there's nothing to suggest the sky-high oat market is going to return to earth any time soon, according to independent market consultant Brennan Turner.

Turner, who delivered an oat market outlook during SaskOats' annual general meeting Jan. 12, said cash prices for prairie oats, which have softened slightly since last month, might be expected to soften a bit more in the first half of 2022.

This is normal as domestic markets digest new production and seeded acreage estimates. However, average cash values should remain well above historical values for the foreseeable future.

"Where does this (market) compare to years past?" Turner asked. "The answer is it doesn't compare. It's a completely different ecosystem, a different galaxy. We haven't seen these levels before and net-net, I think that's a positive that will continue."

According to Turner, oats were the best performing of all Canadian commodities in 2021. Y/o/y, from January 1st, 2021, to January 1st, 2022, the value of oats futures contracts rose by 90% last year, jumping to US\$6.83/bus on the 1st of January 2022, from \$3.61/bu a year earlier.

By comparison, canola saw a 59% year-over-year increase and hard red wheat rose by 33%, based on January-to-January month-opening contracts.

Support for record Canadian oat prices is a function of several factors including low global inventories, stable demand from traditional buyers and new markets, said Turner.

Globally, the world's oat producers harvested an estimated 23 mmts of oats in 2021/22, a reduction of nearly 10% from the previous year.

In fact, the world's four largest oat producers (the European Union, Canada, Russia and Australia) all saw a reduction in domestic production last year, as did the United States, Canada's top export market.

In 2021, Canadian oat production dropped by 43% on a y/o/y basis, falling to 2.6 mmts in 2021 from nearly 4.6 mmts a year earlier. Canada is easily the world's biggest exporter of oats, so it's no surprise that a 43% reduction in production has affected global markets and inventories.

Global carry-out stocks as of August 2022 are expected to be 23% lower than they were in August 2021, Turner said.

Y/o/y domestic ending stocks are also projected to be lower in the U.S. (-27%), the EU (-11%) and Canada (-58%). This, combined with the expectation of stable demand from processors, millers and the rapidly growing oat milk industry points to a bullish market throughout 2022.

Turner encouraged growers to watch for market signals. Depending on 2022 production, it could take years for domestic carry-out stocks to rebound from record low levels, he said. Canada's seeded acreage will likely increase a bit in 2022, but prairie yields could be impacted by ongoing drought conditions, he added.

Saskatchewan typically accounts for nearly 50% of seeded oat acres in Canada.

According to Agriculture Canada, oat ending stocks are projected to sink to a record low 200,000 mts by August 1st, the end of the 2021/22 crop year. Turner suggested that actual inventories could be closer to 100,000 mts. The last time Canada's ending oat stocks dipped below 400,000 mts was 20 years ago, back in the 2001/02 crop year.

"In terms of where we're going to end from a global standpoint ... it's (going to be) pretty tight," said Turner.

Global ending stocks are expected to be roughly 20% below the five-year average and U.S. stocks will be the smallest in almost a decade.

For Canada "at 100 kmts, even 200 kmts, that's basically a nil carryout. There is not a lot out there," Turner said.

"The point here is that there is a lot riding on this coming harvest year and growing season. It's going to be pretty important because there's a significant tight scenario on the global balance sheet."

ENERGY

➤ **CME WTI Crude Oil – makes new LOC highs this week – US\$87.10**



Crude prices on Thursday rallied to a 7-1/4 year nearest-futures high on signs of stronger demand amid dwindling supplies.

However, on Friday, WTI crude oil and RBOB gasoline prices on Friday closed moderately lower. A slump in the S&P 500 to a 3-1/4 month low Friday undercut confidence in the economic outlook and prompted long liquidation in most commodities, including crude oil. Crude prices also have negative carry-over from Thursday when the EIA reported an unexpected increase in weekly U.S. crude inventories. Losses in crude were limited Friday from a weaker dollar.

The IEA Wednesday, in its monthly global crude demand forecast, raised its 2022 global oil demand estimate by +200,000 bpd to 99.7 million bpd and said global oil demand suffered little impact from the omicron Covid wave. The IEA also said there was a "massive" 1.66 million bpd drawdown on average in 2021 and global crude inventories fell to 7.4 billion bbl at the end of 2021, well below pre-pandemic levels.

Goldman Sachs said Monday that it expects Brent crude to climb to \$100 per barrel by Q3 of 2022 as OECD crude inventories fall to their lowest levels since 2000 alongside a decline in OPEC+ spare capacity to historically low levels of 1.2 million bpd.

Signs of strength in China's economy bolsters the outlook for the global economy and energy demand after China Dec exports rose +20.9% y/y, stronger than expectations of +20.0% y/y.

The rapid spread of the omicron variant has bolstered concern that countries may impose travel restrictions to slow the spread of the virus, which would hurt fuel demand and is bearish for crude prices.

A rebound in crude oil consumption in India, the world's third-largest crude consumer, is bullish for prices. Data from India's oil ministry showed India Dec oil-product consumption rose +0.4% y/y to 18.3 MMT, the highest in 9 months.

OPEC+ on January 4th agreed to boost its crude production output by 400,000 bpd in February, as expected. Crude prices gained even after the decision by OPEC+ to hike output since the group's production increases are likely to be less than what they agreed to. According to Energy Aspects, only 130,000 bpd of additional OPEC+ crude will hit the markets in Jan, and only 250,000 bpd will make it to global markets in Feb as some countries such as Angola and Nigeria struggle to hit their production targets. In addition, OPEC Dec crude production only rose by +90,000 bpd.

A decline in global crude oil stored on oil tankers worldwide is bullish for crude prices. Vortexa on Monday said that crude oil stored on tankers that have been stationary for at least seven days in the week ended Jan 14 fell -18% w/w to 83.20 million bbl, the lowest in 4 months.

Thursday's weekly EIA report showed that (1) U.S. crude oil inventories as of Jan 14 were -7.9% below the seasonal 5-year average, (2) gasoline inventories were -1.1% below the 5-year average, and (3) distillate inventories were -16.0% below the 5-year average. U.S. crude oil production in the week ended Jan 14 was unchanged w/w at 11.7 million bpd, which is -1.4 million bpd (-10.7%) below the Feb-2020 record-high of 13.1 million bpd.

Baker Hughes reported Friday that active U.S. oil rigs in the week ended Jan 21 fell by -1 rig to 491 rigs, down slightly from the prior week's 1-3/4 year high of 492 rigs. U.S.

active oil rigs have risen sharply from the Aug-2022 15-year low of 172 rigs, signaling an increase in U.S. crude oil production capacity.

ETHANOL

➤ CME Ethanol Futures - Nearby Daily



CME Nearby Ethanol February 2022 closed on Friday at \$2.15500, off 3.500 cents on the day, but only gaining 0.500 cents for the week.

USDA reported the week's average cash corn oil price ranged from 62.5 cents to 64.38 cents regionally. That was between a 70 point and a 158 point increase from last week's market. Spot DDGS FOB rates were firm to \$4/ton lower with NOLA ranging \$241-252/ton and PNW at \$287.

U.S. ethanol production and stocks both climbed higher last week. The U.S. Energy Information Administration says the domestic supply hit a 48-week high at 23.592 mbarrels, an increase of 681,000 on the week, but a decrease of 100,000 on the year.

The Renewable Fuels Association says net inputs by refiners and blenders and the volume of gasoline supplied to the market were both above week ago and year ago levels. Production averaged 1.053 million barrels a day, 47,000 above the previous week and 112,000 more than last time last year.

Iowa State University's Center for Agricultural and Rural Development says margins remain well below the 2021 peak, but are still in positive territory.

Wednesday's Energy Information Administration (EIA) report showed that, while holding above the 1 million barrels per day (bpd) level for a 15th straight week, the second week of January marked the first uptick in overall ethanol output in three weeks, noted DTN Refined Fuels. U.S. plant production of ethanol rose 47,000 bpd to

1.053 million bpd last week, 11.4% more than the same week in 2021. Ethanol plant production in PADD 2 also rose 47,000 bpd through Jan. 14 to 994,000 bpd.

March crude oil is down \$0.52 at \$85.03, March heating oil is up \$0.0063, March RBOB is down \$0.0206 and February natural gas is up \$0.181.

➤ **U.S. Export Ethanol Values – Friday 21st January 2022**

Nearby Ethanol Bids	1/20/2022	1/21/2022		
Blair, NE	1	1	H	UNC
Cedar Rapids, IA	4	3	H	
Decatur, IL	10	10	H	UNC
Fort Dodge, IA	15	15	H	UNC
N. Manchester, IN	9	9	H	UNC
Portland, IN	15	15	H	UNC

➤ **DDG's – Continued Demand Keeps DDG Price Higher**

21 Jan 2022 Mary Kennedy, DTN Analyst – The DTN average price for domestic distillers dried grains (DDG) from 34 locations reporting for the week ending the 20th of January was \$212 per ton, up \$2 per ton versus one week ago.

There is still good demand from livestock feeders and while soybean meal futures have been fluctuating, cash soybean meal prices are still up about \$25 per ton since the beginning of January.

In their weekly DDGS update, the U.S. Grains Council said, "Cold weather and the associated logistical difficulties are impacting barge markets and pushing freight rates higher, which, in turn, is supporting export destined DDGS prices. Gains in barge freight rates have pushed offers for DDGS. Barge CIF NOLA up \$7/mt for February while March and April offers are up \$5/mt. Similarly, FOB NOLA offers are up \$11/mt to \$298/mt for February, while March positions are up \$8/mt at \$287.

Prices for DDGS containers to Southeast Asia are mostly higher this week, rising \$3 to \$8/mt for February through April positions. Like last week, brokers report steady increases in export interest but that both buyers and sellers remain patient. Prices for 40-foot containers into Southeast Asia are averaging \$365 mt so far this week."

VALUE OF DDG VS. CORN & SOYBEAN MEAL

Settlement Price:	Quote Date	Bushel	Short Ton
Corn	1/20/2022	\$6.1100	\$218.21
Soybean Meal	1/20/2022		\$400.80
DDG Weekly Average Spot Price			\$212.00

DDG Value Relative to:	1/20	1/13
Corn	97.15%	100.01%

Soybean Meal	52.89%	49.56%
Cost Per Unit of Protein:		
DDG	\$7.85	\$7.78
Soybean Meal	\$8.44	\$8.92

Notes: Corn and soybean prices take from DTN Market Quotes. DDG price represents the average spot price from Midwest companies collected on Thursday afternoons. Soybean meal cost per unit of protein is cost per ton divided by 47.5. DDG cost per unit of protein is cost per ton divided by 27

Based on the average of prices collected by DTN, the value of DDG relative to corn for the week ending the 20th of January was 97.15%. The value of DDG relative to soybean meal was 52.89%, and the cost per unit of protein for DDG was \$7.85, compared to the cost per unit of protein for soybean meal at \$8.44.

OILSEEDS COMPLEX

➤ **USDA WASDE – Oilseeds**

12 Jan 2022 USDA FAS - The 2021/22 global soybean outlook includes lower production, crush, exports, and stocks.

Non-U.S. soybean production is lowered 9.5 mmts on reduced crops for Brazil, Argentina, and Paraguay. Brazil's soybean crop is lowered 5 mmts to 139 mmts, reflecting dry weather conditions in December and early January in southern Brazil.

Argentina's crop is reduced 3 mmts to 46.5 mmts on both a lower area and yield, resulting in lower crush and exports of meal and oil. Paraguay's crop is lowered 1.5 mmts to 8.5 mmts leading to lower exports mainly to neighboring countries.

Other notable oilseed changes include lower palm oil production for Malaysia and higher rapeseed production for India on a faster-than-expected planting pace.

Global soybean stocks are reduced 6.8 mmts to 95.2 mmts on lower stocks for Brazil and Argentina.

➤ **EU 2021/22 soybean imports at 7.01 mmts, rapeseed 2.57 mmts**

18 Jan 2022 Reuters - European Union soybean imports in the 2021/22 season that started in July had reached 7.01 mmts by January 16th, data published by the European Commission on Tuesday showed. The volume compared with 8.09 mmts by the same week in the previous 2020/21 season, the data showed.

EU rapeseed imports so far in 2021/22 had reached 2.57 mmts, compared with 4.02 mmts a year earlier.

Soymeal imports so far in 2021/22 were at 8.75 mmts against 9.73 million a year ago, while palm oil imports stood at 2.89 mmts versus 3.30 million.

The Commission earlier this month completed the retrieval of missing French data following partial transmission of figures in recent months due to a technical problem at France's customs

SOYBEANS

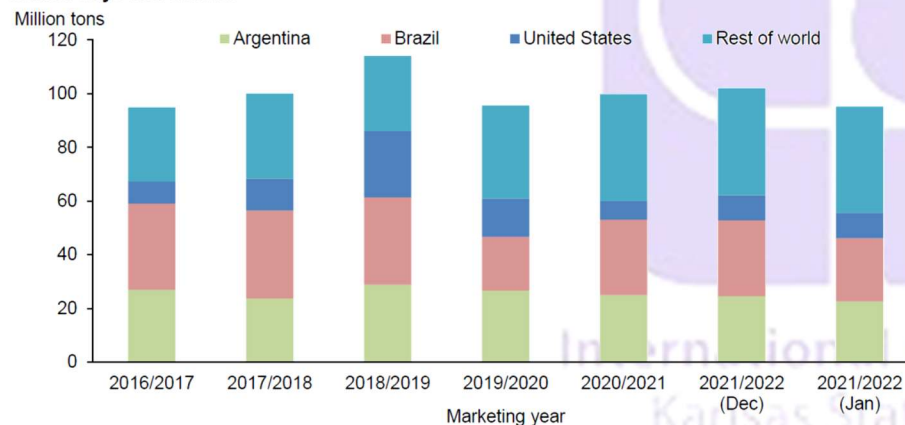
➤ USDA WASDE – Soybeans

Oilseed, Soybean World as of January 2022					
Attribute	21/22 Jan'22	Change	21/22 Dec'21	20/21	19/20
Area Harvested (1000 HA)	129,998	-447(-.34%)	130,445	127,884	122,925
Beginning Stocks (1000 MT)	99,880	+72(+.07%)	99,808	95,595	114,087
Production (1000 MT)	372,563	-9220(-2.41%)	381,783	366,231	339,877
MY Imports (1000 MT)	168,426	-1355(-.8%)	169,781	165,614	165,044
Total Supply (1000 MT)	640,869	-10503(-1.61%)	651,372	627,440	619,008
MY Exports (1000 MT)	170,740	-1600(-.93%)	172,340	164,727	165,058
Crush (1000 MT)	325,721	-2025(-.62%)	327,746	315,573	312,420
Food Use Dom. Cons. (1000 MT)	21,902	-10(-.05%)	21,912	21,100	20,291
Feed Waste Dom. Cons. (1000 MT)	27,302	-71(-.26%)	27,373	26,160	25,644
Total Dom. Cons. (1000 MT)	374,925	-2106(-.56%)	377,031	362,833	358,355
Ending Stocks (1000 MT)	95,204	-6797(-6.66%)	102,001	99,880	95,595
Total Distribution (1000 MT)	640,869	-10503(-1.61%)	651,372	627,440	619,008
Yield (MT/HA)	2.87	(-2.05%)	2.93	2.86	2.76

12 Jan 2022 USDA FAS –

➤ 2021/22 Global Soybean Stocks Fall with South American Production

Global soybean stocks



Note: Stocks of September 1 for the United States and October 1 for Brazil and Argentina.

Source: USDA, Economic Research Service using data from USDA, Foreign Agricultural Service, *Production, Supply, and Distribution* database.

14 Jan 2022 USDA ERS – Global soybean production for 2021/22 is reduced by 9.2 mmts to 372.56 mmts in response to lower yields in South American crops.

Nevertheless, 2021/22 global production will eclipse the 2020/21 production of 366.23 mmts by 6.3 mmts, if realized. Moreover, dry weather in Southern Brazil, Argentina, and Paraguay through the early portion of the season has reduced the potential for bumper soybean production.

The anticipated reduction in soybean output is expected to lower 2021/22 global ending stocks by 6.8 mmts to 95.2 million, 5% below last year. This would be the lowest global soybean inventory since 2016/17.

➤ Poor Weather Impacts Soybean Crops in South America

14 Jan 2022 USDA ERS – Brazil's soybean production has been reduced this month by 5 mmts to 139 million. Precipitation throughout southern Brazil during November and December 2021 was about half of the normal amount.

Farmers in Paraná were among the first to plant their 2021/22 soybean crop in Brazil and these crops are, thus, the most developed. As a result, the focus is on the severity of weather-induced yield damage for this production region. After recording the lowest rainfall totals in recent history during December 2021, the degree of yield loss will depend on the distribution of rainfall across southern Brazilian states throughout January and February.

In contrast, states in northern Brazil have received better weather conditions after the early soybean plantings. Very good growing conditions in Mato Grosso, Goiás, and Bahia are expected to produce yields that will partly offset anticipated losses in the southern Brazil.

Despite expectations of a smaller-than-anticipated crop, Brazil is still expected to lead global soybean trade with exports for the 2021/22 marketing year (October 2021–September 2022O) forecast unchanged at 94 mmts, 12.35 mmts higher than last year. In contrast, due to lower supplies, USDA reduces exports for Brazil's local year (ending in 2023) by 4.3 mmts to 90 million, allowing for increased competition for the United States in the fall of 2022.

Continued dry weather conditions in Argentina and Paraguay may further support that export program. In response to this lower crop projection, the Brazilian soybean crush estimate has been reduced by 0.5 mmts to 47.2 million, which is still 450,000 mts higher than in 2020/21.

Like in southern Brazil, dry weather in major producing provinces of Argentina is slowing the planting progress while also reducing crop yields in areas that planted early. According to Argentina's Ministry of Agriculture, 93% of the expected soybean area was sown by the 4th of January 2022 compared with 97% a year earlier. Within a couple of weeks, the planting window will close and second-crop soybeans will account for much of the remaining unsown area.

As such, further planting is conditional on the development of late-season rainfall that can deposit enough moisture for crop germination. Recently, some light rains improved conditions for northern and western Argentina but missed the core soybean crop areas in Córdoba, Santa Fe, and Entre Ríos. As a result, Argentine soybean

production was reduced by 3 mmts from last month's estimate to 46.5 million. The harvested acreage was adjusted to 16.2 million hectares; 200,000 less than last month, and soybean yield declined from 3 mts/ha to 2.87 mts/ha, or 5% down from last month.

With a lower output, both soybean exports and crush have been reduced, down by 0.5 mmts to 4.85 million and by 0.8 mmts to 41.2 million, respectively.

In light of persistent dry conditions, Paraguayan soybean production has been reduced this month, down by 1.5 mmts to 8.5 million. The harvested area was also reduced from 3.4 million hectares to 3.2 million hectares. In addition, soybean yield was adjusted down from 2.94 mts/ha to 2.66 mts/ha. As a result of the smaller crop, soybean exports are expected to fall and are reduced this month by 1.1 mmts to 5.25 mmts. The soybean crush forecast is also lowered by 0.3 mmts to 3.1 mmts from last month's forecast.

➤ **USDA attaché sees Brazil 2021/22 soy crop at 136 mmts**

18 Jan 2022 Reuters - USDA Foreign Agricultural Service post in Brasilia lowered its 2021/22 forecast for soybean planted area to 40.4 million hectares and soybean production to 136 mmts.

This season sowing began optimistically, with most soybeans planted on time compared to last year. However, extreme weather, with drought in some regions and excessive rain in others, has dampened prospects for a record crop.

Consequently USDA attaché' has lowered the 2021/22 soybean export forecast to 88 mmts. Based on strong performance in the 2020/21 season, Post revised up the soybean export estimate to 88.5 mmts, a new record. For the 2021/22 MY, Post adjusted down slightly the soybean processing forecast to 46 mmts, and maintained the 2020/21 crush estimate at 46.5 mmts of soybeans. The crush forecast and estimate is driven by domestic soy oil demand, which will likely decline when the biofuel mandate is reduced to 10% in 2022.

With China's strong appetite for Brazilian soybeans, Brazilian soy stocks will hover at less than 5% of the domestic supply."

➤ **Indonesia's relies on imported soybean due to production shortfall**

18 Jan 2022 ANTARA - Indonesia still relies on imported soybean, as its production falls short of the national needs, Chief of the Indonesian Association of Tempeh and Tofu Producers (Gakoptindo) Aip Syarifuddin stated.

"Our soybean demand currently stands at more than 3 mmts (per year), while our soybean production, based on the information we have received, continues to fall to up to 300 kmts in 2021 as compared to almost 2 mmts in the past," Syarifuddin noted here on Tuesday.

To fulfill the demand for soybean, Indonesia imports nearly 2.6 mmts of the commodity annually, he remarked. "Slowly but surely, local soybean production declines and soybean imports increase," he pointed out.

Indonesia had achieved self-reliance in soybean production in 1992 when its production touched 1.8 mmts per year. However, production continued to drop to 963.18 kmts in 2015, some 859.65 kmts in 2016, and some 538.73 kmts in 2017. Production rose slightly to 650 kmts in 2018 though plunging again to 424.19 kmts in 2019.

On the other hand, soybean imports continued to increase from 2.26 mmts in 2016 to 2.67 mmts in 2017. Soybean imports fell to 2.58 mmts in 2018, though it increased again to 2.67 mmts in 2019 and dropped to 2.47 mmts in 2020.

Syarifuddin remarked that the demand for tempeh(soybean cake) and tofu necessitates daily soybean stocks to enable tempeh and tofu producers to produce the commodities on a daily basis. Domestic soybean production cannot meet the daily soybean requirements, he noted. "Sometimes, local soybean is available and at times is unavailable," he remarked.

On the quality side, imported soybean has a standard shape, size, and color, while local soybean does not have good standardization, he pointed out.

This is because imported soybean is produced using technology and mechanism, he added.

➤ **CME CBOT Soybeans Futures**



Source: <http://www.dtnigp.com/index.cfm?show=62>

CME March 2022 Soybean Futures settled on Friday at \$14.14¼/bu, off 11½ cents on the day, but gaining 57½ cents for the week.

Soybeans settled down 11.5c on each of the first 3 contract months today as yesterday's rally didn't see follow through. After rallying sharply on Wednesday and Thursday, soybeans eased back 10¼ to 11½ cents on the week's final trading day.

Managed money was thought to be a modest seller on the day. For the March contract, that capped the week's gain @ 3.25%.

The flat price moved helped firm H/K modestly this week with a high of -8 cents on the day. The memory of F/H tightening to even money has March shorts watching closely. In the end the January converged with cash which had been well below DVE approaching January 1st.

The weekly CoT report had soybean spec traders at 99,639 contracts net long on the 18th of January. That was a 7,240 contract weaker net position than the previous week, due to net new spec selling. Commercial soybean traders were just 1,720 contracts less net short at 249,506.

Yesterday's futures rally saw most processors taking a small basis decline though there were a few notable changes higher too. Soybeans remain below DVE at least through July.

The weather forecast for Argentina continues to show decent rains while Southern Brazil shows sporadic rains with temps higher than desirable. Argentine planting is 95% complete.

➤ **U.S. Export Soy Values – Friday 21st January 2022**

U.S., FOB Gulf	-	\$561.00/mt
U.S., FOB PNW	-	\$607.00/mt
Brazil, FOB	-	\$550.00/mt
Argentina, FOB UpRiver,		\$543.75/mt

Soybeans Gulf barge/rail quotes, in cents per bushel basis CBOT futures:

USDA (U.S. No. 2, CIF New Orleans)

CIF BEANS	1/20/2022	1/21/2022		
JAN	- / 130	- / 133	H	
FH FEB	-	90 / -	H	
FEB	85 / -	87 / -	H	
FEB/MAR	-	6 / -	N	
MAR	80 / -	85 / -	N	
APR/MAY	73 / -	74 / -	N	
MAY	-	- / 78	N	
JUL	73 / -	73 / -	Q	UNC
AUG	-	74 / -	Q	
SEP	-	97 / -	X	
OCT	- / 91	89 / 95	X	
NOV	-	89 / -	X	

USDA announced a reportable private export sale this morning as China booked 132 kmts of soybeans. The weekly data showed 671 kmts of beans were booked during the week that ending the 13th of January. That was at the low end of pre-report estimates and down 63% y/o/y. Bean exports were 1.8 mmts for the week, leaving the MYTD export program at 33.4 mmts (1.23 bbu). USDA data still had 9.7 mmts of bean bookings on the books for 21/22. Next marketing year 2022/23 soybeans had 994 kmts on the books. Product sales were also strong on the week.

Rumors continue that China is buying 1.5 MMT or more of U.S. beans as part of a trade package but lack of further confirmation seemed to temper enthusiasm.

We saw a sizable increase in China's soybean crush last week, up almost 30% to 1.89 mmts, reversing four weeks of decline. As more beans arrive processors are ramping up the crush and production of SBM and SBO ahead of the Lunar New Year beginning the 1st of February.

➤ **US soybean inspections overtake expectations at 1.7 mmts**

18 Jan 2022 - Export inspections of US soybeans exceeded expectations and landed at 1.7 mmts in the week to January 13th, up 74% on the week, USDA data showed Tuesday. Weekly volumes landed above market analysts' expectations that ranged from 950,000 mts to 1.25 mmts.

Among the largest destinations were China (1,263,724 mt), Italy (137,567 mt), South Korea (58,166 mt), the United Kingdom (56,034 mt), Mexico (53,983 mt), Egypt (51,731 mt), and Taiwan (21,398 mt).

Gulf ports inspected 1.1 million mt, the Pacific 464,171 mt, interior road and railway links 118,179 mt, and the Atlantic 36,724 mt.

Weekly volumes pushed total inspections since the start of the 2021/22 marketing year to 33.5 million mt, down 23% year-on-year.

➤ **China favors Brazilian soybeans, but reduces U.S. soybean imports**

17 Jan 2022 Refinitiv Commodities Research - China soybean imports reached a six-month high in December, closing at 9.3 mmts. Among them, imports from the U.S. totaled 7.6 mmts. Imports from Brazil totaled 1.6 mmts, compared to 1.1 mmts for last December. In January, imports from the U.S. will decline to 5.6 mmts while imports from Brazil will increase to 1.8 mmts. Total imports in January are projected at 7.6 mmts, slightly below last year thanks to the increased imports from Brazil.

Since the current export season commenced in September in the U.S. and February in Brazil, China's accumulated soybean imports from the U.S. (December-January) have declined by 30% from a year ago to 17.8 mmts. The figure is lower than the levels prior to the U.S.-China trade war. On the contrary, Accumulated Brazilian soybean imports (April-January) have exceeded the prior season and reached 54.1 mmts.

Trade flows data indicate that imports from Brazil will remain well above last year's same period during February-March due to sufficient supplies in Brazil. Apparently, China, as the top buyer of soybeans, favors Brazil soybeans.

In spite of recent drought concerns, Brazil is expected to harvest a record amount of soybeans in February (141.5 mmts by Refinitiv Agriculture Research). Competitions of Brazilian new crop soybeans will further reduce China's appetite for the US soybeans.

On the other hand, China's hog stock has recovered to the levels prior to the outbreak of Africa Swine Fever, according to the Ministry of Agriculture and Rural Affairs (MARA). However, currently low pork prices and supply surplus will likely curb the growth of hog stock and subsequently affect feed demand and soybean imports.

China's soybean crush margins are currently near the long-term average. In addition, MARA announced a plan of increasing soybean production by 40% to 23 mmts by 2025. As a result, China soybean imports growth may be limited in 2022.

CANOLA / RAPESEED

➤ USDA WASDE – Canola / Rapeseed

Oilseed, Rapeseed World as of January 2022					
Attribute	21/22 Jan'22	Change	21/22 Dec'21	20/21	19/20
Area Harvested (1000 HA)	37,788	-141(-.37%)	37,929	34,705	34,680
Beginning Stocks (1000 MT)	6,032	-116(-1.89%)	6,148	7,846	9,964
Production (1000 MT)	69,269	+917(+1.34%)	68,352	73,209	69,598
MY Imports (1000 MT)	14,006	+25(+.18%)	13,981	16,530	15,683
Total Supply (1000 MT)	89,307	+826(+.93%)	88,481	97,585	95,245
MY Exports (1000 MT)	13,848	-28(-.2%)	13,876	17,458	15,907
Crush (1000 MT)	68,622	+1178(+1.75%)	67,444	71,314	68,356
Food Use Dom. Cons. (1000 MT)	650	+200(+44.44%)	450	650	250
Feed Waste Dom. Cons. (1000 MT)	2,103	-235(-10.05%)	2,338	2,131	2,886
Total Dom. Cons. (1000 MT)	71,375	+1143(+1.63%)	70,232	74,095	71,492
Ending Stocks (1000 MT)	4,084	-289(-6.61%)	4,373	6,032	7,846
Total Distribution (1000 MT)	89,307	+826(+.93%)	88,481	97,585	95,245
Yield (MT/HA)	1.83	+(-1.67%)	1.80	2.11	2.01

12 Jan 2022 USDA FAS –

➤ Australia exports 213,493 mts canola in November

21 Jan 2022 Liz Wells – Australia exported 213,493 mts of canola in November, almost 14 times the amount shipped in the previous month, to reflect the availability of new crop.

Pakistan on 64,458 mts took the greatest volume of November-shipped canola, followed by The Netherlands on 64,458 mts and Belgium on 54,654 mts.

This latest monthly figure is 9% below the 233,931 mts of canola exported in November 2020, when Germany was the month's biggest customer.

According to Lachstock Consulting's latest supply-and-demand report for canola released January 11th, a number of vessels due to load canola in November were

rolled into December. "The pace will need to remain heavy as we move through the first half of the calendar year in order to clear our export program," the report said.

With a record crop now in the bin which ABARES last month estimated at 5.7 mmts, exports are expected to eclipse the record 3.5 mmts shipped in both 2012/13 and 2016/17, and the 3.3 mmts shipped in 2020/21.

➤ German oil mills face 'critical' situation on rapeseed tightness

14 Jan 2021 - An acute shortage of rapeseed supply across Germany, Europe's top rapeseed producing country, has made securing feedstock difficult for oilseed millers and processors and threatens to derail the sector's profitability in the coming weeks, market sources said.

The situation comes after poor seasons in main producing regions slashed global production, with trade sources warning of demand destruction at current rapeseed oil prices and estimating that the country needs to secure 1.4 mmts of feedstock supply to keep machines running.

"German oil mills are in a critical situation because they are not getting the oilseed material needed for processing," Stephan Arens, from German oilseed union UFOP, indicated. "Crushers are sold out (of oil), but they are struggling to get the tonnes needed for grinding," a local trade source said.

It comes as rapeseed oil prices have reached multi-year high levels, further incentivizing the grinding of oilseeds amid good crush margins.

Oilseed Woes - Rapeseed futures listed on the Euronext exchange have hit surged to €828/mt on January 10th amid the very tight supply situation, with little relief in sight ahead of the harvest later in the year.

While the February contract for rapeseed has settled back since then, closing at €779/mt on January 12th, but still remains over 75% up versus the same time last year.

The tightness in the physical rapeseed market follows a smaller-than-expected rapeseed crop in 2021, where output fell 7% versus the five-year average, while extreme heat in Canada cut production there and dried up a major resupply option for the continent.

Weekly deliveries of rapeseed to the EU as of January 9 have plummeted 33% for the season that started in July 2021, at 2.56 mmts, according to the latest Eurostat data.

"Rapeseed in Europe is in very short supply and those that aren't covered are going to be in trouble," a trade source said.

The current high rapeseed prices have led to farmers to contract a larger proportion of their crop, further underpinning feedstock prices. Usually, a farmer sells about a third of their crop in forward contracts, but this year German farmers have sold about 50% of the crop due to be harvested in 2022, according to market sources. And while the rapeseed crop in Germany is expected to see an expansion of about 80,000 ha, or 9% up on the year, there are many factors that move yields up or down, such as high fertilizer costs, insect problems and winterkill.

"There are too many unknown factors at the moment and speculation is very high... no one expected rapeseed futures at Euronext to exceed €800/mt," Arens said.

➤ **Indian Farmers to Produce Bumper Rapeseed Crop**

14 Jan 2022 USDA ERS – With a fast-sowing pace of the 2021/22 rapeseed crop, farmers in India are expected to harvest 8.3 million hectares, 1.6 million more hectares than last year.

The area increase was prompted by strong domestic oil prices producing relatively better returns for rapeseed compared with wheat, along with favorable weather during planting. As a result, the forecast of Indian rapeseed production has increased this month to 9.5 mmts from 8.85 million.

As a result of higher rapeseed crush and oil production, the 2021/22 palm oil import forecast is reduced by 150,000 mts to 8.45 mmts this month.

➤ **ICE Canadian Canola Futures**



Canadian ICE March 2022 Canola Futures settled on Friday's at C\$1,020.30/mt, up C\$0.30 on the day, and gaining C\$37.40 for the week. (Settlement prices are in Canadian dollars per metric tonne.)

About 24,336 canola contracts traded on Friday, which compares with Thursday when 26,697 contracts changed hands. Spreading accounted for 13,534 of the contracts traded.

Speculators were behind much of the activity throughout the session, adjusting their positions ahead of the weekend. Losses in Chicago Board of Trade soybeans put

some spillover pressure on the Canadian oilseed. However, gains in soyoil provided some underlying support. Malaysian palm oil was also up overnight.

Weakness in the Canadian dollar was also supportive. While export demand is being rationed at current price levels, solid demand from domestic crushers contributed to the eventual gains.

➤ **Canada rushes to crush more canola despite crop crunch**

21 Jan 2022 Rod Nickel, Reuters - Soaring demand for Canadian canola oil used in food and fuel has resulted in plans for a massive increase in capacity to process canola seeds, including this week's announcement of a C\$360 million (\$289 million) crush plant project.

But while buyers are lining up, some analysts wonder if there is enough of the crop to go around and doubt all the projects will proceed.

Canola hit record high prices last year due to strong vegetable oil demand and a severe Canadian drought that shrunk crops in the world's top producing country. Palm and soybeans are also in tight supply, helping drive up food inflation.

Federated Co-operative Limited (FCL) and partner AGT Food and Ingredients said on Monday they would build a Saskatchewan plant to crush 1.1 mmts of canola annually to supply oil for FCL's renewable diesel facility.

Richardson International, Ceres Global Ag Corp, Cargill Inc and Viterra Inc announced similar plans last year, drawn by demand for canola oil in foods like margarine and salad dressing, or for production of low-emitting fuels.

Combined, the plans would increase Canada's canola crush capacity by 6.8 mmts, or 62%.

That is a tall order to fill for Canadian farmers, whose canola production peaked in 2017, said Marlene Boersch, managing partner of Mercantile Consulting Venture. She is skeptical that all of the crush plants will materialize. "We do have a (crop) production problem. I don't think we'll see these substantial investments for years to come."

Output concerns go beyond last year's drought. Canola acreage also hit a peak in 2017 and yields were flat from 2017-2020 before the drought.

Patrick Bergermann, FCL's associate vice-president of energy roadmap, expects its plant to purchase some canola that would otherwise go for export, which usually accounts for about half the annual crop. FCL's plant, which may open in 2025, pending Ottawa finalizing its clean fuel regulation, will add value both from generating oil for fuel and from meal for use as a potential food protein source, he said. "There's still ample opportunity for the industry to add crush capacity," he said.

For crushers to attract more canola seed away from export channels, they would have to bid aggressively for it, which would reduce margins, said Ken Ball, a commodity futures advisor with PI Financial. He expects project delays or cancellations.

Saskatchewan farmer Bernie McClean says the new crush plants will reduce farmers' vulnerability to trade restrictions on Canadian exports, such as from China. Farmers

may boost plantings if they can successfully grow canola in hotter, drier areas, he said. McClean, who sows 40-50% of his fields with canola, does not intend to plant more in the future, however. Sowing canola too often on the same fields can spread crop disease. "If we get too carried away, Mother Nature has a way of coming around to bite us in the butt," McClean said.

The Canola Council of Canada industry group sees production rising to 26 million tonnes by 2025, a 33% increase from pre-drought output, based on higher yields per acre. Canola Council Chief Executive Jim Everson expects productivity to increase as companies develop more robust seeds using gene-editing technology, but he could not identify any specific, promising seed products in development.

Demand, however, continues to rise, enticing the crushers.

A proposed rule is expected early this year from the U.S. Environmental Protection Agency approving canola for use in making renewable diesel or greener jet fuel, Everson said. North American biofuels could consume some 6.5 mmts of canola annually by 2030, nearly four times the current volume, he said.

➤ **Minor Oilseed Crop Production Estimates Updated**

14 Jan 2022 USDA ERS – According to the USDA, NASS Crop Production—2021 Summary report, U.S. canola producers planted a total of 2.15 million acres in 2021/22, which is 328,000 more acres than in 2020/21. However, poor weather conditions in North Dakota have adversely affected yields.

Over the past 3 years, North Dakota has accounted for roughly 85% of total U.S. canola production. Thus, the 620 pound per acre reduction in 2021/22 North Dakota canola yield to 1,340 pounds per acre has drastically affected national production.

It is estimated that U.S. canola production will be 733 million pounds lower than the previous marketing year at 2.72 billion pounds.

Much like North Dakota, major canola producing Provinces in Canada have experienced lower yields—resulting in a record-low production of 12.6 mmts. Consequently, U.S. imports are forecast to be 64 million pounds lower than 2020/21 at 915 million pounds.

Despite the diminished supply, U.S. processors have maintained a healthy domestic canola crush program that is supported by strong canola oil and meal prices. During the first half of the 2021/22 canola marketing year, a little more than 2 billion pounds of canola have been crushed in the U.S. Despite strong crush in the first half of the marketing year, limited supplies results in a lower annual crush forecast of 3.59 billion pounds.

As a result, 2021/22 U.S. ending stocks are forecast to be tight at 175 million pounds.

Higher canola meal extraction rates over the last several months has lifted the forecast up to 0.58 pounds of meal per pound of canola crushed. In conjunction with expectations of higher canola crush volumes, this raises the canola meal production estimate by 76,000 short tons to 1.1 million.

Similarly, canola oil production is anticipated to increase by 80 million pounds. Like canola meal, this marketing year runs from October–September and is affiliated with a 2021/22 canola oil production estimate of 1.5 billion pounds. Increases in canola oil and meal production estimates are expected to satisfy growing domestic demand.

The canola seed price forecast is at a record high of \$32.00 per hundredweight. For reference, the season average price for 2020/21 was \$13.60 per hundredweight lower at \$18.40 per hundredweight.

Average canola meal prices increased in December 2021 by \$32.75 per short ton to \$383 per ton. As a result, the season average price forecast is raised from \$325 to \$355 per short ton. Canola oil prices remain elevated at \$0.80 per pound.

Flax Seed - USDA, NASS reports a large decrease in 2021/22 flaxseed production from the previous year of 5.7 mbus to 2.7 mbus. These changes are the result of a 9.2 bushel/acre decrease in yield on 28,000 less harvested acres (268,000 acres) impacted by the drought in the major producing States. Prices have responded to the subdued flaxseed supply, which have resulted in a \$16.00/bushel y/o/y increase in the season average price projection of \$27.00/bushel.

Cotton Seed - Although the January U.S. cottonseed production forecast was lowered by 199,000 short tons to 5.38 million, it is 21% higher than the 2020/21 crop production.

Driven by healthy demand from the dairy market, the higher supply is forecast to increase 2021/22 feed use by 35% from last year to 3.6 million short tons. Conversely, the 2021/22 crush is forecast to be slightly lower at 1.5 mmts.

The cottonseed export forecast is also slightly down from 2020/21 exports at 250,000 tons as domestic demand keeps prices firm. The cottonseed prices are predicted to reach \$245.00 per short ton.

SUNFLOWERS

14 Jan 2022 USDA ERS – Like canola, drought and intense summer heat took a heavy toll on U.S. sunflower seed yields across the Northern Plains region. Not only is 2021/22 yield 15% lower than last year at 1,530 pounds per acre, but sown acreage also dropped 25% from 1.72 million acres to 1.3 million.

Hence, U.S. sunflower seed production is reduced by almost 36% in 2021/22 (to 1,903 million pounds) from the preceding year's bumper crop, with smaller harvests in North Dakota and South Dakota accounting for 86% of the reduction.

Sunflower seed prices have been much higher in 2021/22 than previous years, averaging \$31.55 per hundredweight.

Furthermore, U.S. demand for trans-fat free high- and mid-oleic sunflower seed oils have experienced steady growth. Because domestic sunflower seed oil consumption is forecast to reach a record level of 725 million pounds, oil exports are expected to decline, correspondingly, to 85 million pounds.

VEGETABLE OILS

➤ CME Soybean Oil



Source: <http://www.dtnigp.com/index.cfm?show=62>

CME March 2022 Soybean Oil Futures settled on Friday at \$63.00/cwt, up \$0.12 on the day, and gaining \$4.85 for the week.

Soybean oil futures rallied to new highs this week, having gained 7.7% from Friday to Friday. At the bell, front month soybean oil futures were 12 to 17 points higher.

The weekly CoT report showed managed money 58,208 contracts net long in soy oil. The net long was 2,301 contracts stronger to a 6-week high.

USDA had B100 cash prices at \$5.18/gal through the week, firm with last week's cash market.

➤ NOPA December soy crush jumps to record-high 186.438 mbus

18 Jan 2022 Karl Plume, Reuters - U.S. soybean processors crushed a record monthly volume of soybeans in December and soybean oil stocks swelled to the largest in 20 months, topping trade expectations, according to National Oilseed Processors Association (NOPA) data released on Tuesday.

NOPA members crushed 186.438 mbus of soybeans last month, up 3.9% from the 179.462 mbus in November and up 1.8% from the 183.159 mbus processed in December 2020. It was the largest-ever monthly crush, topping the previous record of 185.245 mbus set in October 2020.

Processors had been expected to crush 184.996 mbus in December, according to the average of estimates from 11 analysts. Estimates ranged from 181.700 million to 188.700 mbus, with a median of 185.300 mbus.

NOPA said soybean supplies among its members as of the 31st of December jumped to 2.031 billion lbs, up 10.9% from 1.832 billion lbs at the end of November and up 19.6% from the 1.699 billion lbs among NOPA members at the end of December 2020.

Oil stocks had been expected to rise to 1.892 billion lbs, based on estimates gathered from eight analysts. Estimates ranged from 1.825 billion to 2.000 billion, with a median of 1.877 billion.

➤ Less than half of projected U.S. renewable diesel output likely by 2025-study

18 Jan 2022 Laura Sanicola, Reuters - U.S. refiners and biofuel companies are likely to reach less than half the renewable diesel production projected by the U.S. government for 2025 due to policy and feedstock constraints, according to a study released Tuesday from consultancy Ceruly.

Numerous petroleum refiners across North America are planning to convert facilities to process waste and vegetable oils into renewable fuels, a small but growing market backed by government incentives.

The Energy Information Administration estimates renewable diesel production capacity in the United States could increase fivefold by 2024 from 1 billion gallons currently to more than 5 billion gallons per year.

But Ceruly estimated the projects are more likely to yield approximately 2 billion gallons of total renewable diesel production capacity in 2025, meaning at least 2 billion gallons of already announced capacity additions are likely to be delayed, canceled or downsized.

Achieving EIA predictions would be "exceedingly difficult" and would likely require relying heavily on feedstock imports and a very significant reduction in production of biodiesel - a biofuel made from similar feedstocks but blended with petroleum-based diesel - according to Chris Malins, who authored the report backed by the International Council on Clean Transportation.

Achieving EIA forecasts would require an increase of 1.3 billion gallons of feedstock for renewable diesel, largely by diverting waste oils and fats from traditional biodiesel production, raising U.S. soy oil production and increasing U.S. vegetable oil imports, the report said.

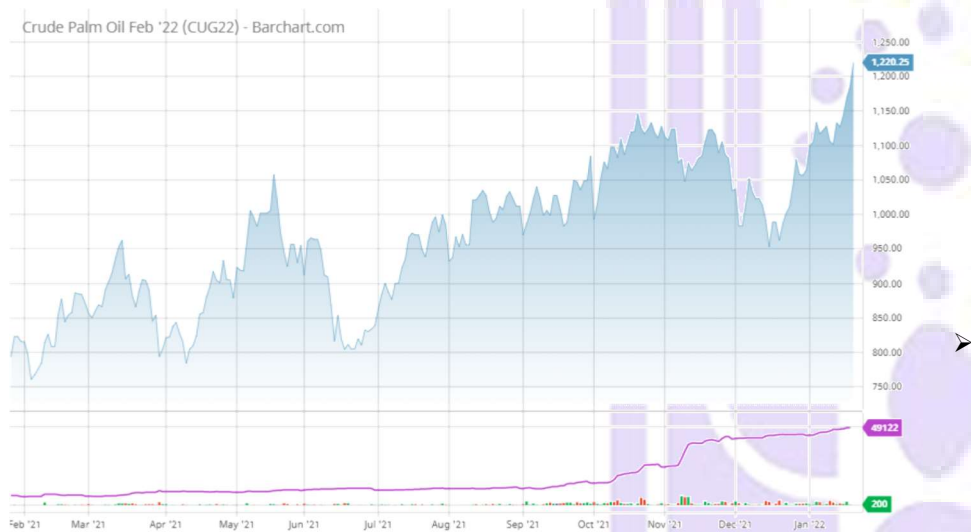
However, while the fuel significantly reduces greenhouse gas emissions compared with petroleum diesel, several parties are concerned the increased demand for the oils needed to create it will result in indirect land use change and cause food prices to rise.

Annual production of 2 billion gallons of renewable diesel by 2025 is a "high-end estimate" for what can be achieved without causing strong market distortions, Malins said.

In addition, policies meant to promote renewable diesel are not strong enough. The U.S. Renewable Fuel Standard and state policies such as California's Low Carbon Fuel Standard are meant to achieve growth in renewable diesel.

The U.S. Environmental Protection Agency has highlighted the risk of negative market and environmental impacts if the supply of biomass-based diesel is further increased, Malins added.

➤ **CME Palm Oil Swaps**



CME February 2021 Palm Oil Swaps made new all-time highs on Friday settling at \$1,220.25/mt on Friday, up \$34.25 on the day, and gaining \$92.75 for the week.

The weekly CoT report showed managed money 64,743 contracts net long in meal. Compared to last week, spec traders were selling meal for a 8,177 contract weaker net long.

➤ **Palm rallies to record peak in fifth weekly climb**

21 Jan 2022 Mei Mei Chu, Reuters - Malaysian palm oil futures ended at a record high on Friday, notching their fifth straight weekly gain, driven by estimates of lower output in January and Indonesia's plans to limit exports of the commodity.

The benchmark palm oil contract for April delivery on the Bursa Malaysia Derivatives Exchange closed up 136 ringgit, or 2.62% to 5,323 ringgit (\$1,271.92) a tonne. For the week it gained 3.9%.

"Futures raced higher in the last two days underpinned by euphoria over Indonesia's soft controls on exports," said Sathia Varqa, co-founder of Singapore-based Palm Oil Analytics. But the contract is showing signs of running out of steam from profit-taking and adjusting to soybean oil prices, he added.

Indonesia's plan to limit palm oil exports that has driven prices to record highs is likely to make leading importer India shift to substitute soy and sunflower oils, potentially capping the market's rally, industry officials and analysts said on Thursday.

Malaysia's Southern Peninsula Palm Oil Millers' Association (SPPOMA) estimated production during Jan. 1-20 declined 16.7% from the month before, traders said.

Exports from the world's second-largest producer for Jan. 1-20 fell 43.1% to 626,029 tonnes from Dec. 1-20, cargo surveyor Societe Generale de Surveillance said.

Production in Malaysia throughout the pandemic has been hammered by a severe labor crunch due to border closures to control the coronavirus outbreak.

Meanwhile, Dalian's most-active soyoil contract rose 2.1%, while its palm oil contract gained 1.7%. Soyoil prices on the Chicago Board of Trade were up 0.3%, after jumping 3.5% overnight.

Palm oil is affected by price movements in related oils as they compete for a share in the global vegetable oils market.

➤ **Indonesia government drafting plan to limit palm oil exports - GAPKI**

19 Jan 2022 Bernadette Christina and Fransiska Nangoy, Reuters - A senior official at Indonesia's biggest palm oil group said on Wednesday the government was currently drafting a plan aimed at limiting shipments of the edible oil to tame domestic cooking oil prices, remarks the Trade Ministry swiftly denied.

Togar Sitanggang, deputy chairman of GAPKI, told a parliamentary hearing that a plan was already in the works to restrict exports, by as much as 20%. He did not elaborate, or say how GAPKI learned of the information. "The Trade Ministry is drafting up a plan to limit exports ... What we heard is the regulation is being written up," he said. His comments came amid calls by lawmakers at the hearing for palm oil producers to meet domestic demand first before exporting.

The world's top producer and exporter of palm oil has been trying to curtail the rise in domestic cooking oil prices that have climbed about 40% from a year earlier, in line with high global palm oil prices.

Global prices hit records amid demand recovery from major buyers India and China as production in Indonesia and rival Malaysia slowed.

Trade Ministry official Indrasari Wisnu Wardhana, responding to the GAPKI official's remarks, in a text message to Reuters denied there was such plan. "So far there are no new rules other than what have been announced by the trade minister," Wisnu said.

The regulations announced on Tuesday require exporters to obtain shipment approval from January 24th for exports of crude palm oil, used cooking oil and refined, bleached and deodorized palm olein (RBD palm olein). The rules will apply for six months.

Exporters are currently only required to do customs declarations for shipments.

Prices of palm oil benchmark contract in Malaysia rose as much as 3.2% in early trade on Wednesday in reaction to the Indonesian policy and amid higher crude oil futures.

DOMESTIC FOCUS - The Trade Ministry on Tuesday assured there would be no minimum requirement for palm oil domestic sales, or a Domestic Market Obligation (DMO), which some legislators have called for.

The DMO has been a contentious factor in a month-long suspension by Indonesia of thermal coal exports that has concerned major coal importers, as it seeks to ensure domestic supply to its power plants.

"It's only fair. The CPO (crude palm oil) was produced on Indonesian soil, the people of Indonesia have the right to enjoy low cooking oil price," parliamentarian Andre Rosiade said. GAPKI chairman Joko Supriyono prior to the hearing said he did not expect export disruption from the permit requirements. "This is for the sake of improving exports' orderliness amid the national cooking oil program to ensure availability and supply security," he added.

To secure export permits, palm oil companies must declare their plans, attaching sales contract proof as well as their six-month plans for exports and domestic distribution.

GAPKI data presented at the hearing showed it estimated 2021 CPO production at 46.89 mmts, relatively unchanged from 47 mmts output in 2020. GAPKI also estimated domestic palm oil consumption for food at 8.95 mmts last year.

Meanwhile, the government starting Wednesday set a single-price for cooking oil at 14,000 rupiah (\$0.9746) per liter for household consumption and small businesses, about a third lower than current retail price.

The government will maintain that by providing 7.6 trillion rupiah in subsidies for 250 million liters of cooking oil each month for six months.

14 Jan 2022 USDA ERS – The forecast for Malaysian palm production is revised down this month from 19.7 mmts to 18.7 mmts due to abnormal weather in December and continued labor issues the industry has faced since 2019.

Despite this reduction, the projected output is still almost 5%, or 846,000 mts, higher than in 2020/21 as both harvested area and yield are expected to increase.

Specifically, harvested area for palm is predicted to increase by 50,000 hectares from 2020/21, reaching 5.45 million hectares, in conjunction with a 4% increase in yield to 3.43 mts/ha.

According to the Malaysian Palm Oil Board (MPOB), December palm production decreased by 11.3 % this month at 1.45 mmts, falling to the lowest level in the last 9 months. The smaller output was a result of super typhoon Rai that flooded many plantations throughout Peninsular Malaysia and limited access for harvest crews.

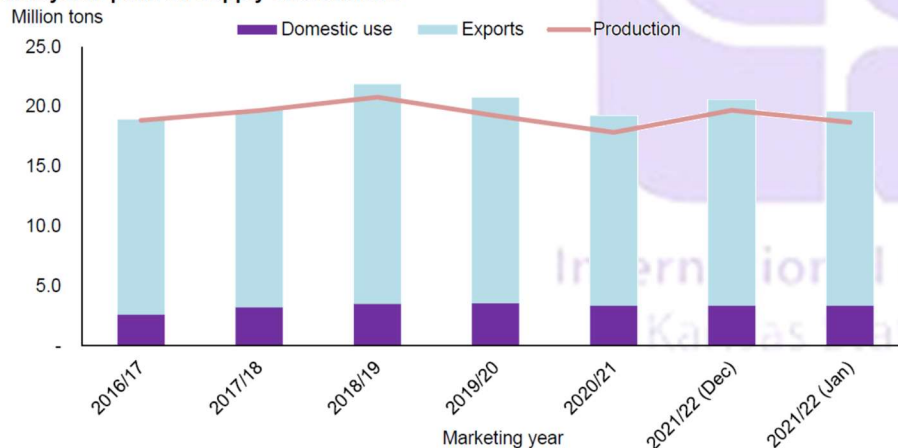
Recently, the Government of Malaysia (GOM) concluded a Memorandum of Understanding (MOU) on migrant labor with Bangladesh to help with labor shortages. However, a similar MOU with Indonesia—the primary supplier of migrant labor for Malaysia—remains outstanding.

Due to lower palm oil production and expectations of weaker non-U.S.demand, the palm export forecast has been reduced by 1 mmts to 16.22 mmts, which is 354,000 mts higher than last year. India, China, the European Union (EU), and Iran imports were revised lower this month reflecting lower exports from Malaysia.

As a result of reduced exports, the palm oil ending stocks in Malaysia are predicted to stay stable at 1.72 mmts.

➤ **Malaysian Palm Production Declines**

Malaysian palm oil supply and demand



Source: USDA, Economic Research Service using data from USDA, Foreign Agricultural Service, *Production, Supply, and Distribution* database.

➤ **PLANT PROTEIN MEALS**

➤ **CME CBOT Soybean Meal**

Symbol: @SMH2 [Future Symbol Search](#)

Last: 392.7 | Chg: -8.1 | Open: 400.6s | High: 400.7 | Low: 391.3

Current Month: @SMH2



Source: <http://www.dtnipg.com/index.cfm?show=62>

CME March 2022 Soybean Meal Futures settled on Friday at \$392.70/short ton, off \$8.10/ton on the day, and losing \$12.90/ton for the week.

Soymeal futures were \$6.40 to \$8.10 in the red on Friday, that completed the week with a \$12.90 loss in the March contract.

➤ **U.S. Export Soybean Meal Values – Friday 21st January 2022**

U.S., FOB Gulf - \$482.25/mt

Brazil, FOB Paranagua, \$460.00/mt

Argentina, FOB Upriver, \$460.00/mt

Soybean Meal Gulf barge/rail quotes, basis CBOT futures:

USDA, CIF New Orleans, LA

CIF SOYBEAN MEAL	1/20/2022	1/21/2022		
JAN	33 / -	33 / -	H	UNC
FEB	29 / 40	29 / 40	H	UNC
MAR	22 / 35	22 / 35	H	UNC
APR	20 / 25	20 / 25	K	UNC
MAY	- / 24	- / 24	K	UNC

COTTON

➤ **USDA WASDE – Cotton**

Cotton World as of January 2022					
Attribute	21/22 Jan'22	Change	21/22 Dec'21	20/21	19/20
Area Harvested (1000 HA)	32,696	+43(+.13%)	32,653	31,395	34,729
Beginning Stocks (1000 480 lb. Bales)	88,414	-163(-.18%)	88,577	97,300	79,697
Production (1000 480 lb. Bales)	120,957	-608(-.5%)	121,565	111,704	120,986
Imports (1000 480 lb. Bales)	46,560	-380(-.81%)	46,940	49,010	40,810
Total Supply (1000 480 lb. Bales)	255,931	-1151(-.45%)	257,082	258,014	241,493
Exports (1000 480 lb. Bales)	46,560	-385(-.82%)	46,945	48,685	41,156
Use (1000 480 lb. Bales)	124,241	-30(-.02%)	124,271	120,874	103,073
Loss (1000 480 lb. Bales)	124	-10(-7.46%)	134	41	-36
Total Dom. Cons. (1000 480 lb. Bales)	124,365	-40(-.03%)	124,405	120,915	103,037
Ending Stocks (1000 480 lb. Bales)	85,006	-726(-.85%)	85,732	88,414	97,300
Total Distribution (1000 480 lb. Bales)	255,931	-1151(-.45%)	257,082	258,014	241,493
Stock to Use % (PERCENT)	49.77	(-.6%)	50.07	52.14	67.46
Yield (KG/HA)	805	-6(-.74%)	811	775	758

12 Jan 2022 USDA FAS - U.S. 2021/22 cotton ending stocks are projected lower this month with lower production and a slight increase in domestic consumption more than offsetting lower exports.

➤ **CME Cotton – Daily Nearby**



Cotton prices closed the last trading session of the week 143 to 212 points in the red. **CME March 2022 Cotton Futures** settled on Friday at \$120.75 119.70/cwt, off 2.12/cwt on the day, but gaining \$1.05/cwt for the week.

Earlier in the session, prices had rallied by more than a penny to close their overnight gap. For the week, March cotton was 0.88% higher.

New crop cotton futures were also 4 to 68 points in the red at the settle on Friday.

Weekly CFTC data showed managed money firms were 844 contracts more net long in cotton during the week ending the 18th of January. The net new buying left the group 77,608 contracts net long. Commercial cotton traders added hedges on both sides for just a 302 contract stronger net short. Commercial OI increased 8,940 contracts through the week and the group was 152,697 contracts net short on 1/18.

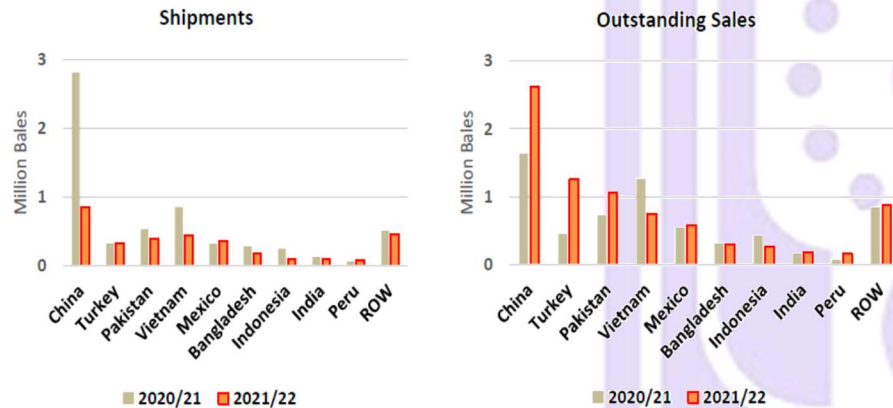
Cotton bookings from the weekly Export Sales report were 273,045 RBs. That was down 32% from last week and was 7% below the same week last year. Pakistan and China were the week's top buyers. FAS had cotton shipments from the week ending the 13th of January at 198,682 RBs. The top destinations were China and Vietnam. Accumulated bookings were up to 11.27m RBs as of 1/13, which was 7.3% behind last season's pace.

USDA's weekly Cotton Market Review reported 133,793 bales were sold during the week for an average cash price of 118.50 cents. The Cotlook A index was 137.50

cents/lb on 1/20, up by another 295 points. The FAS updated the adjusted world price for cotton to 110.44 cents. That was a 4.86 cent bump and is good through next Thursday.

➤ **U.S. Cotton Shipments Lag in First 5 Months as Disruption Continues**

U.S. Shipments Lag in First 5 Months as Disruption of Seasonal Patterns Continues



Note: Shipments and Outstanding Sales through Week 53 of the 2021 Calendar Year; ROW (Rest of World) Source: USDA Export Sales

The most recent Export Sales Report shows that total commitments for 2021/22 accumulated exports plus outstanding sales, OS) relative to forecast exports of 15.0 million bales for the 2021/22 marketing year (MY) are in line with historical levels.

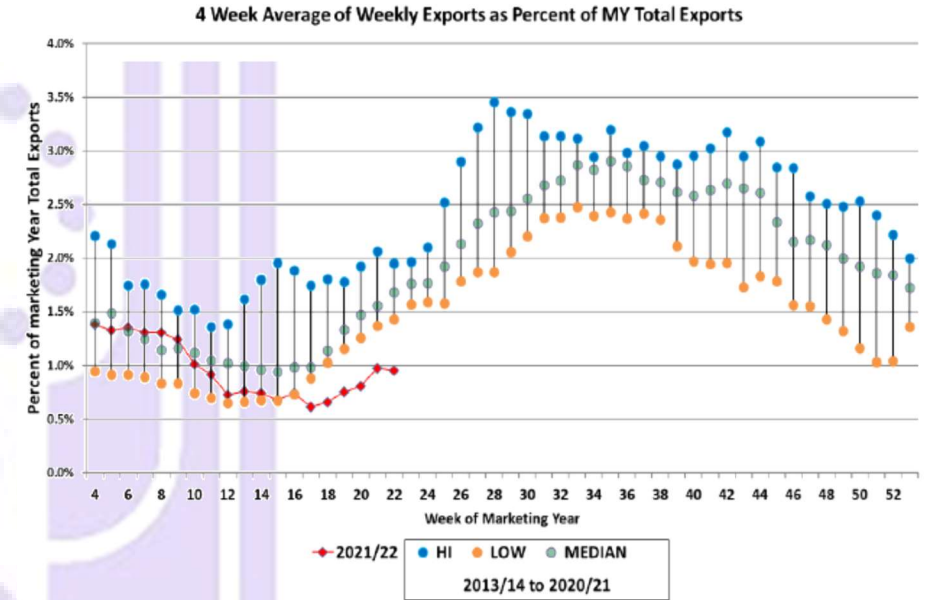
However, accumulated exports through week 22 as a percentage of forecast exports are the second-lowest since Export Sales Reporting started in 1974. At the same time, current outstanding sales as a percentage of projected exports are the second-highest in 10 years. Simply put, large outstanding sales are offsetting low physical shipments thus far.

Outstanding sales to China, Turkey, and Pakistan are up sharply from last year. A large portion of sales to China are believed to be destined for its State Reserve, with delivery expected in the second half of the marketing year.

Pakistan, which experienced a very poor crop in 2020, saw very high levels of buying in 2020/21 resulting in both large carryover sales and 2021/22 sales; outstanding sales at the beginning of 2021/22 were nearly double their previous record level.

Sales to Turkey have been strong with record forecast consumption exceeding the previous year's record by 800,000 bales; imports are forecast at their second-highest level

While overall sales have been adequate to reach the export forecast, shipments have been extremely slow, particularly in the last 2 months reflecting low beginning stocks, lags in harvesting and processing, and logistical issues.



Shipments through December are down 45% from last season (2021/22 exports are forecast down nearly 10% from the previous year).

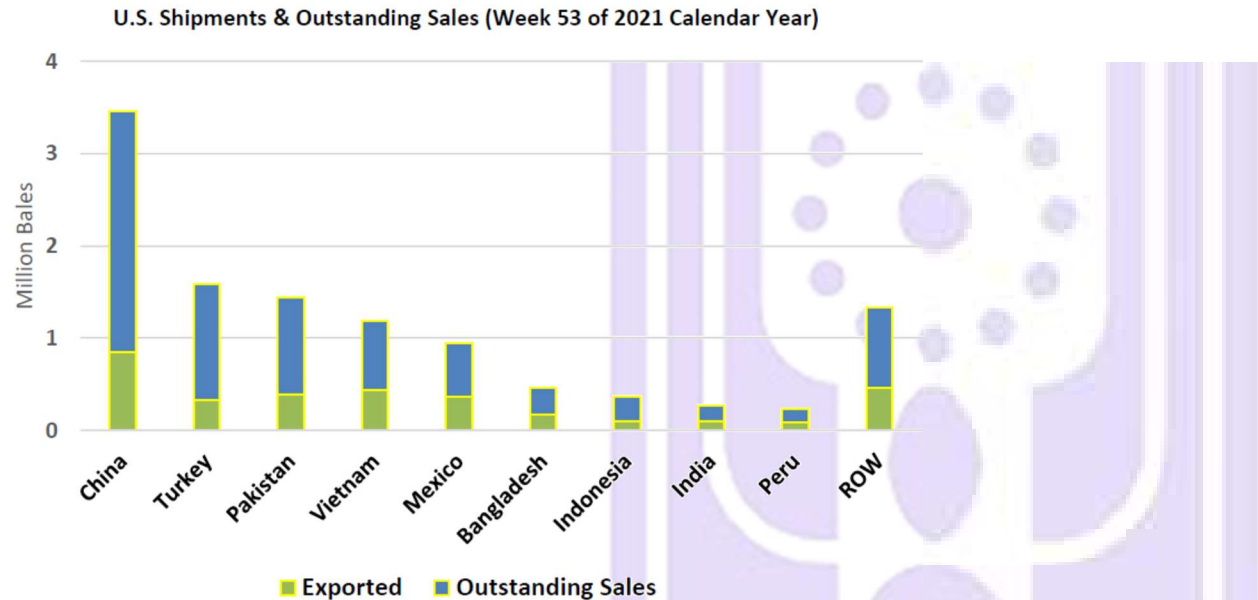
Exports to eight of the top 10 markets are down, with China down over 70% and Vietnam down by half. China's total imports during August-November 2021 are down nearly 60% from the same period, and U.S. market share has fallen from 61 to 42%. Slower demand is attributed to China liquidating record stocks of foreign cotton in bonded warehouses since the beginning of the marketing year.

Vietnam's total imports are up 15% through mid-December while U.S. shipments to the country are down 55%. Australia has greatly benefited from the fall in U.S. market share.

However, U.S. shipments are up to destinations outside last season's top ten, particularly to Central American markets. Logistical issues affecting textile and apparel shipments to the United States from Asia and the Withhold Release Order on cotton from Xinjiang are likely supporting stronger mill demand in Central America. Similarly, the primary and secondary shocks of the COVID pandemic have altered typical seasonal patterns for U.S. cotton exports on both the plus and negative sides at various times since February 2020.

Late harvested cotton is reportedly moving into position for export and later-season U.S. shipments are expected to be above typical seasonal norms.

Shipments in the remainder of 2021/22 are expected to total more than 11.4 million bales, 30% above last season and 25% above the average of the last 10 years. In only 2 years since 1974 has the United States shipped that level of cotton.



Source: USDA Export Sales; Note: ROW (Rest of World)

In addition to logistical issues, tighter beginning stocks and delayed classing have also contributed to the slow start. As shippers adjust to logistical issues and COVID-affected classing catches up, exports are expected to accelerate significantly enabling exports to reach the forecast. Similarly, during August-December 2020 U.S. cotton exports shot up 34% from the year before and 66% from 2 years earlier to a record high as shipments delayed by the pandemic's start were completed.

2021/22 Outlook - Global production is lowered from last month with smaller crops in the United States and India more than offsetting larger crops in China, Australia, and Pakistan.

Use is mostly unchanged and ending stocks are down more than 700,000 bales.

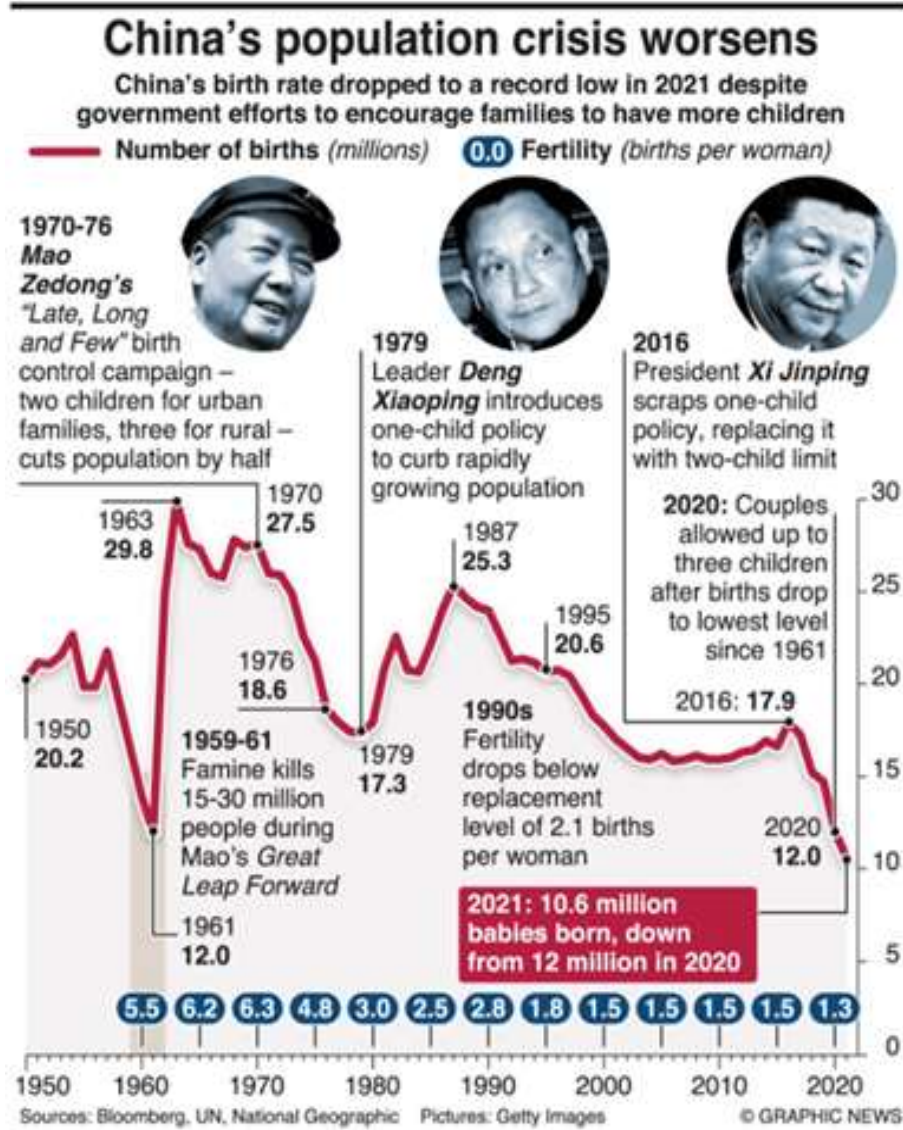
Global trade was trimmed with imports for China and U.S. exports both projected lower.

U.S. production is down more than 600,000 to 17.6 million bales. Exports are reduced 500,000 bales and use is raised 50,000 bales, with ending stocks 200,000 bales lower.

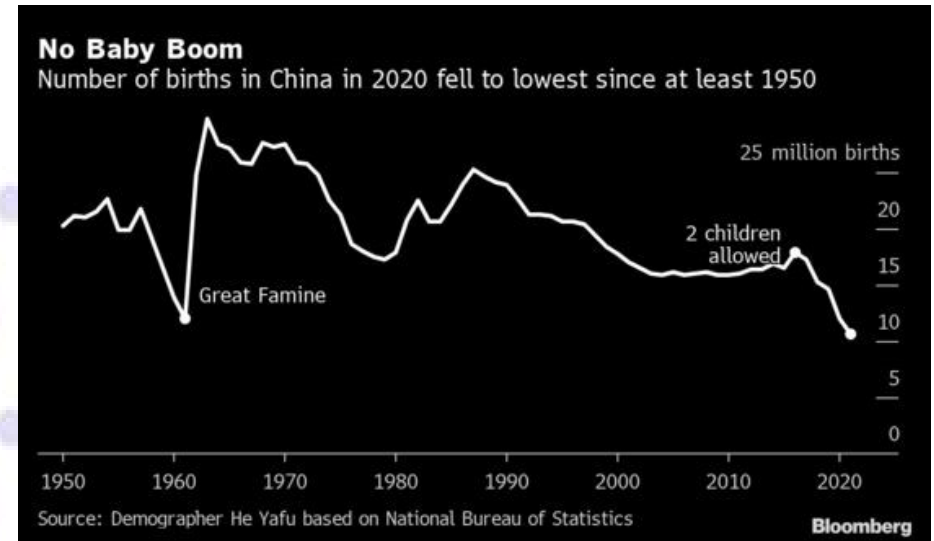
The USDA season-average farm price is unchanged at 90 cents per pound.

OTHER MARKETS – FOCUS ON CHINA

➤ China's Population Flat Lines With Fewest Births Since 1950



Graphic shows number of births by year and falling Chinese fertility rate.



- 1.4 million fewer babies born in 2021 compared to 2020
- Working-age population also continues to shrink as nation ages

16 Jan 2022 Bloomberg News — With assistance by John Liu, and Jing Li - China's population crisis continued to worsen in 2021, with the latest birth figures again sliding despite government efforts to encourage families to have more children.

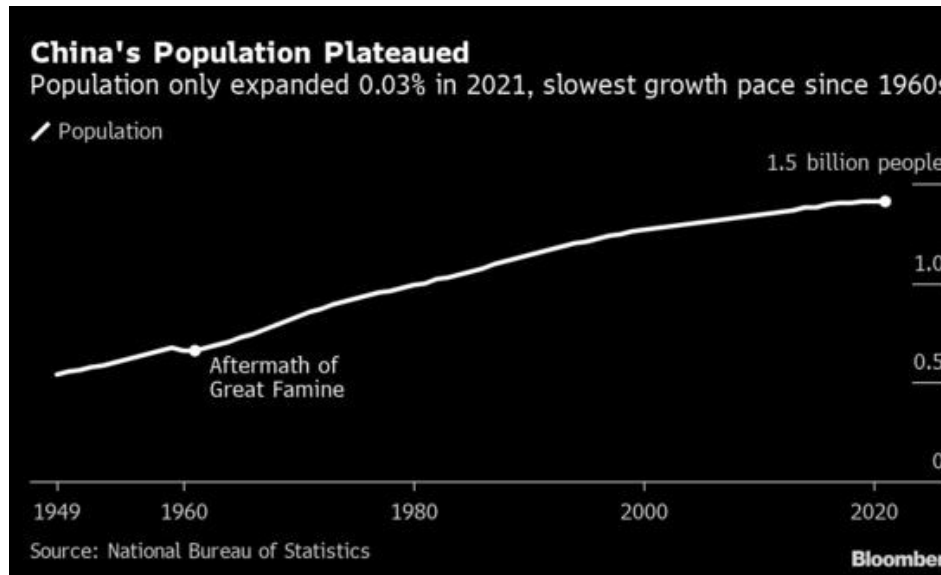
There were 10.62 million babies born in China last year, down from 12 million in 2020, according to data released by the National Statistics Bureau on Monday. That's the fewest number of births since at least 1950, according to calculations based on official data. The birth rate, or the number of newborns per 1,000 people, dropped to 7.52 last year, the lowest level since at least 1978.

The precipitous fall in the number of new babies means the population of the world's largest nation will likely start falling even earlier than expected. There were some forecasts that it could shrink this year, but the 10.1 million deaths was slightly lower than births, postponing that milestone for a while longer.

The drop in the number of women at optimal age for childbearing, changing attitudes toward raising children and the impact of Covid-19 all contributed to the decrease in births, Ning Jizhe, head of the National Statistics Bureau, said at a press briefing in Beijing on Monday. However, the population will continue to hover at around 1.4 billion people, with around 10 million newborns expected in years to come, he said, as the new three-child policy gradually takes effect.

There were 1.41 billion Chinese people in mainland China at the end of last year, a 480,000 increase from the level at the end of 2020. Of those, 62.5% were of working-age, which China defines as people aged 16 to 59, down from more than 70% a decade ago, highlighting the challenges the country faces as its population ages.

The count excludes foreign citizens in China and the populations of Hong Kong, Macau and Taiwan.



Last week, a controversial economist was banned from China's Twitter-like Weibo platform after he called for the central bank to print 2 trillion yuan (\$314 billion) a year for a decade to help boost the fertility rate. Ren Zeping, China Evergrande Group's former chief economist, went on to argue in an article that women born between 1975 and 1985 should be the focus group for childbearing, as those born from the 1990s are not even willing to get married.

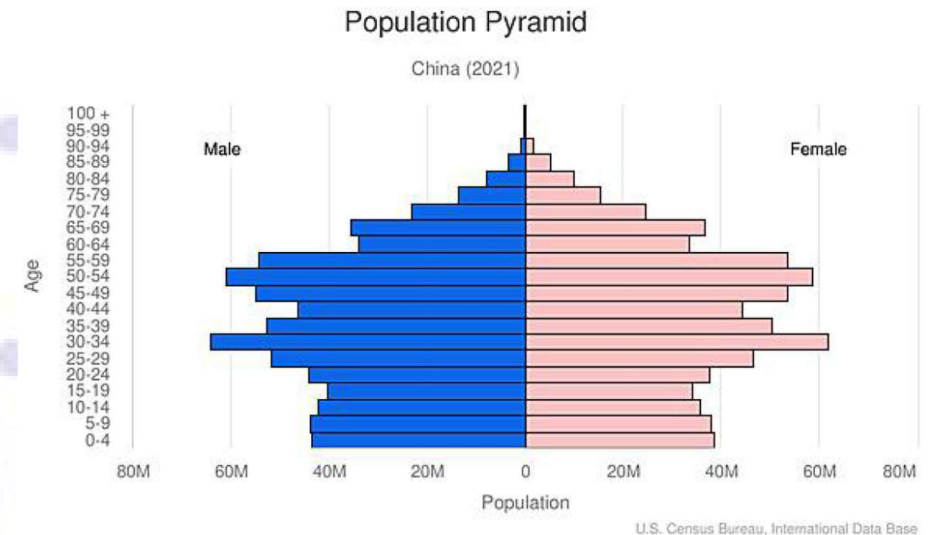
Although such remarks were widely criticized as sensationalist, Ren's comments might have shed some light on the challenges facing the authorities. Decades of stringent birth controls, a feminist awakening and uncertainties of the lingering Covid-19 pandemic have changed younger generations' attitudes toward family life.

Beijing has struggled to arrest the country's declining birthrate for years. While easing the stringent one-child policy in 2013 and allowing each family to have two children in 2016 led to a small up-tick in births, the effect was temporary. After births in 2020 dropped to the lowest level since 1961, Chinese authorities effectively got rid of any restrictions on the number of children families can have.

There are now various efforts to make it easier to have more children, including making education cheaper by wiping out the for-profit after-school tutoring industry, issuing a new guideline to reduce abortions, and even beginning to overhaul a decades-old law to better protect women's rights.

Regional governments across the country have also taken action. By late November, at least 20 provinces had come up with their own measures to boost fertility, according

to the official Xinhua News Agency, from extending maternity and paternal leave to offering subsidies and providing baby loans.



This is the population pyramid for China. A population pyramid illustrates the age and sex structure of a country's population and may provide insights about political and social stability, as well as economic development. The population is distributed along the horizontal axis, with males shown on the left and females on the right. The male and female populations are broken down into 5-year age groups represented as horizontal bars along the vertical axis, with the youngest age groups at the bottom and the oldest at the top. The shape of the population pyramid gradually evolves over time based on fertility, mortality, and international migration trends.

➤ **How China's Demographics Could Impact U.S. Agriculture**



14 Jan 2022 Sara Schafer AgWeb - Home to 21% of the world's population, China possesses only 7% of productive farmland. As such, shifts in the composition have effects that ripple across the globe.

In 2020, China's population hit 1.41 billion, with an average annual growth rate of 0.053% since 2010 (the lowest 10-year growth rate since its first population census in 1953).

In addition, China's population structure is changing, says Wendong Zhang, Iowa State University Extension economist. A growing share of residents are older than 65 and the birth rate is declining.

"With an aging population and a declining fertility rate, China's population pattern increasingly resembles developed countries," he says. "China population shift and income growth will increase demand for consumer-oriented products such as meat and vegetables, dairy and wine products versus bulk and intermediate products."

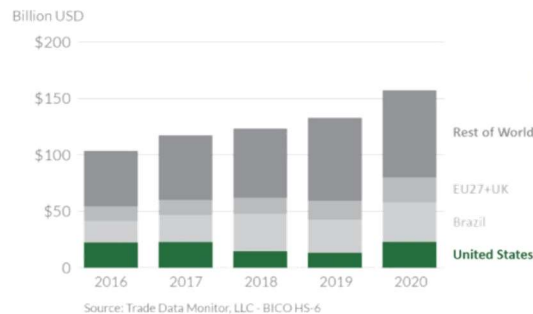
Change in Demand - While the sheer size of China's population drives the global economy, Zhang predicts these trends will slow the country's food demand from key trade partners, such as the U.S.

China committed to purchases nearly \$40 billion per year of U.S. agricultural products for the first two years (2020 and 2021) of the phase one agreement, which was signed on the 15th of January 2020.

"Even though China has substantially increased their ag purchases they are still behind the very ambitious target of the phase one deal," Zhang says. "The phase one deal left enough leeway to say purchases are contingent on market prices."

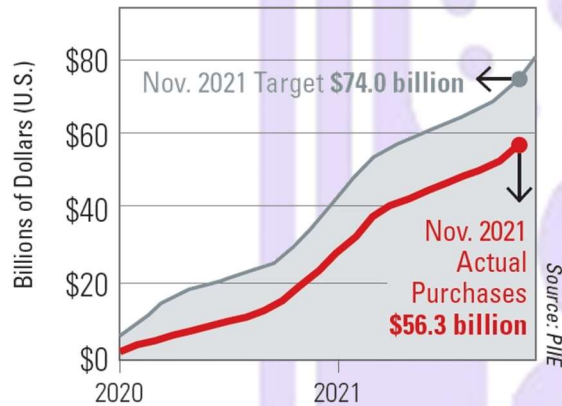
Due in part to the COVID-19 pandemic and related impacts on global demand, China missed its commitment by about 30%, USDA says.

China's Agricultural Suppliers



In 2020, U.S. agricultural exports to China totaled \$26.4 billion, up \$12.6 billion from 2019. China was the largest market for U.S. agricultural exports, a position it last held in 2016. Brazil (22% market share) and the United States (15%) were the top suppliers of agricultural goods to China, followed by the European Union with 14%.

China's Agriculture Imports



China Missed Mark on Phase One Ag Purchases

20 Jan 2022 Chris Clayton, DTN - China fell about \$16 billion short in meeting its commitments for agricultural purchases under the phase-one trade agreement and the Biden administration is looking for China to continue buying more agricultural products, U.S. Agriculture Secretary Tom Vilsack told lawmakers Thursday.

"We are giving China, we are putting them on notice, we want them to live up to the phase-one agreement," Vilsack told members of the House Agriculture Committee.

The secretary testified before the committee for four hours Thursday with lawmakers questioning Vilsack about an array of topics, though some major themes emerged over trade, supply chains, input prices and biofuels. Congressmen also touched repeatedly on funds for packing plants, disaster aid and dairy programs.

On China, Vilsack said, "We obviously have some unfinished business," when it comes to the two-year phase-one deal, which officially ended on Jan. 1. Over those two years, China vaulted back to being the No. 1 customer for U.S. agricultural products, but the totals still did not hit China's commitments. China had committed to buy an average of \$40 billion per year in agricultural products. Vilsack said China fell \$13 billion below that total for 2020 (\$27 billion) and will come in \$3 billion short for 2021 (\$37 billion).

Vilsack said China also had yet to revise import rules for crop biotechnology approvals, distillers dried grains, ethanol purchases, ractopamine acceptance levels in pork, and growth hormones for beef cattle.

"We're pushing on both of those aspects, more purchases and completing the sanitary and phytosanitary requirements of that agreement," Vilsack said.

Multiple lawmakers quizzed Vilsack on trade and the phase-one deal, asking what the Biden administration intends to do.

"It feels like China sold America a bill of goods and the Biden administration has made no effort to rectify the situation," said Rep. Tracey Mann, R-Kan.

U.S. Trade Representative Katherine Tai is taking the lead to convince China to meet its obligations under the phase-one deal, Vilsack said. The secretary added, though, that the administration is figuring out ways to "walk a fine line" with China, given that the country is the top destination for agricultural products again.

"It's not correct to suggest we haven't done anything. It is indeed correct to suggest that we have asked the Chinese to increase more," Vilsack said. He noted the trade war under the Trump administration caused commodity prices to decline. "We've seen better commodity prices in the last year, which is good news for farmers."

Overall, agricultural exports for fiscal year 2021 (1 October 2020, through 30 September 2021) saw exports hit a record \$172.2 billion, up 23% from fiscal year 2020. On a calendar basis, Vilsack said, preliminary numbers for 2021 forecast a record as well.

SUPPLY CHAINS - Compounding some of the lower-than-expected sales to China are the continuing problems with port congestion and shippers repeatedly willing to return

to China with empty containers rather than load them with U.S. products. That has slowed down at least some potential export sales to China.

"That's a real problem because our products need to be going on those ships back somehow to bring some semblance of balance of trade," said Rep. Doug LaMalfa, R-Calif. "Our almond growers and our walnut growers are just getting killed as stuff sitting on the docks and in storage and it's going to carry over" with continued pricing challenges.

Vilsack highlighted that the Biden administration has been pushing shippers to take agricultural products on containers. The administration also started working with the Port of Oakland, California, which Vilsack said is "underutilized" to help move more agricultural products by creating terminal space dedicated to agricultural commodities. See "Oakland Port Offers Ag Export Solutions" here: <https://www.dtnpf.com/...>

FERTILIZER CHALLENGES - Responding to multiple questions about fertilizer prices, Vilsack said there's "no silver bullet" and U.S. agriculture needs to look for ways to become less dependent on foreign sources of fertilizer. That includes providing more information and technology, including relying on precision technology, to reduce fertilizer usage.

Rep. Cindy Axne, D-Iowa, said she has heard farmers were considering planting less corn this spring because of the high fertilizer prices. Prices are higher because of high demand and import restrictions from other countries.

"Part of the reason is strong global demand and domestic demand," Vilsack said. "Part of the reason is we are reliant on outside sources for some of the fertilizer that we use, and those outside sources have made the decision to impose export controls, which makes it difficult for us to get the supply into the U.S."

One way to offset higher prices is through more investment in precision agriculture, Vilsack said. He cited an Iowa State University program using sensors that indicated potentially 30% of Iowa corn acres probably don't need as much or any fertilizer.

"So, I think encouraging additional precision agriculture so that our inputs are wisely done," Vilsack said, suggesting farmers and their agronomists will start looking at ways to "more accurately understand precisely where and how to utilize fertilizer, we could potentially lower those input costs,"

Rep. Tracey Mann, R-Kan., pushed back on the suggestion farmers may need to reduce fertilizer usage. "That's not going to cut it for my producers who have had plans in place and crop rotations for years," Mann said.

Vilsack countered that precision agriculture is going to become more important as farmers learn to "produce more with less." He pointed to the need to apply fertilizer "at the right place, right time and right amount."

Rep. Julie Letlow, R-La., talked about the concerns facing rice farmers with higher fertilizer prices given that rice prices have remained static and haven't increased similar to other commodities. Letlow cited the fertilizer study released last week by Texas A&M University when pointing to the cost increases facing rice. See "Tariffs Could Raise Fertilizer Prices" at <https://www.dtnpf.com/...>

"It's a challenge. There's no question about it," Vilsack said, adding, "There's no silver bullet. I wish there were, and if there were, we would certainly be on top of it."

Among ways to reduce fertilizer usage, Vilsack pointed to USDA's new insurance option for producers who split-apply nitrogen. (<https://www.dtnpf.com/...>)

BIOFUELS - Vilsack took umbrage at repeated Republican suggestions that the Biden administration doesn't support biofuels for the sake of expanding electric vehicles. He noted EPA's proposed blend levels for 2021 and 2022 would be the highest in the history of the program. Vilsack also said EPA is committed not to undercutting its RFS blend volumes and rejected 65 requests by refiners for small-refinery exemptions.

"It's an honest set of numbers, as opposed to what happened in the previous administration, where numbers were said then waivers were granted that undercut those numbers," Vilsack said.

Further, USDA is providing \$700 million in direct aid to ethanol producers from pandemic losses and added another \$100 million to expand blender pumps.

The Department of Energy is also investing in the "Sustainable Aviation Fuel Grand Challenge" that could create a 36-billion-gallon market for biofuels.

"I think it is very unfair to suggest this administration has not been supportive of the biofuel industry," Vilsack said.

DISASTER AID, USDA PROGRAMS - Rep. David Scott, D-Ga., chairman of the House Ag Committee, asked Vilsack to help aid cotton merchandisers who have been hit during the pandemic. He said cotton merchandisers are critical to the risk management and liquidity of cotton farmers, and he asked Vilsack to see what funds are available under COVID-19 relief for cotton.

Vilsack said he had been in consultation with the cotton industry, and the Farm Service Agency is drafting a notice of funds available to provide some aid to the industry under the American Rescue Plan or the CARES Act.

Vilsack also told Rep. Austin Scott, R-Ga., that USDA is working on enrollment procedures for the \$10 billion in disaster aid that was provided to USDA for crop disasters in 2021 and 2020. USDA is looking to use data from the Livestock Forage Program to make it easier to sign up livestock producers, ideally this spring. On crops, Vilsack said USDA is looking at Risk Management Agency data and data from the Non-insured Crop Disaster Assistance Program (NAP) to also put together a "pre-filled-out application. He expects aid will also go out in two separate tranches with the first payment in the spring.

"The goal here is to try to get these payments out this spring," Vilsack said. "We're trying to simplify the process by using existing data to try to speed up the process."

Other lawmakers had questions about when USDA would be rolling out \$150 million in initial funds to expand packing plant capacity in smaller or medium-sized producers. Vilsack said he expects the first details on that program in the coming weeks. This money, which will eventually top about \$375 million, will include grants, USDA direct loans and likely loan guarantees.

"It is designed primarily to jumpstart projects that are ready to go -- that are shovel ready," Vilsack said. "They just need a little encouragement. They could be an expansion of an existing facility, or they could be new construction."

Rep. Vicki Hartzler, R-Mo., thanked Vilsack for promoting local meat processing capacity. She noted there are concerns about companies that have already put themselves in debt to start operating, and she hoped they would be eligible for grants or loans. "Those people who put everything on the line" to start a plant, Hartzler said.

Chris Clayton can be reached at Chris.Clayton@dtm.com on Twitter @ChrisClaytonDTN

➤ **China 2021 pork output leaps 29%, recoups most of production**

17 Jan 2022 *Dominique Patton, Reuters* - China's 2021 pork output jumped 29% from the previous year, official data showed on Monday, recouping most of the production lost during a devastating outbreak of African swine fever two years before.

Annual output reached 52.96 mmts last year, just below the 53.4 mmts produced in 2017, the year before the hog disease began killing pigs across the world's top pork producer. The disease had wiped out about half of breeding farms by 2019.

The recovery comes after Beijing called for an urgent resumption in pork production in mid-2019 and released subsidies to support breeders, triggering a wave of investment in new, large-scale farms. The rebound in output has come earlier than many had predicted.

The numbers from the National Bureau of Statistics were in line with expectations and point to a growing oversupply that has weighed on prices since mid-2021.

While pork production is back to "normal" levels, demand is still weak due to frequent COVID-19 outbreaks. Pork prices are currently 60% lower than a year ago. They plunged this month even in the run-up to the Lunar New Year holiday on the 1st of February that normally spurs strong demand for meat.

"The market is not the market of several years ago. It needs to rebalance," said Pan Chenjun, senior analyst at Rabobank, adding that output could be even higher in 2022 based on the current breeding herd.

Pork production had plunged more than 20% in 2019, after the incurable African swine fever disease hit China in mid-2018 and wiped out farms in every province for many months afterwards. Though still infecting pigs, producers have boosted hygiene measures and also become better at detecting it and slowing its spread once it arrives on a farm.

Pork output rose to 13.79 mmts in the October-December period from 13 mmts in the same quarter a year earlier, according to Reuters' calculations based on statistics bureau data. It was the highest quarterly volume since the first quarter of 2019, when farmers were slaughtering entire herds to avoid the cost of tough measures imposed to control the spread of swine fever.

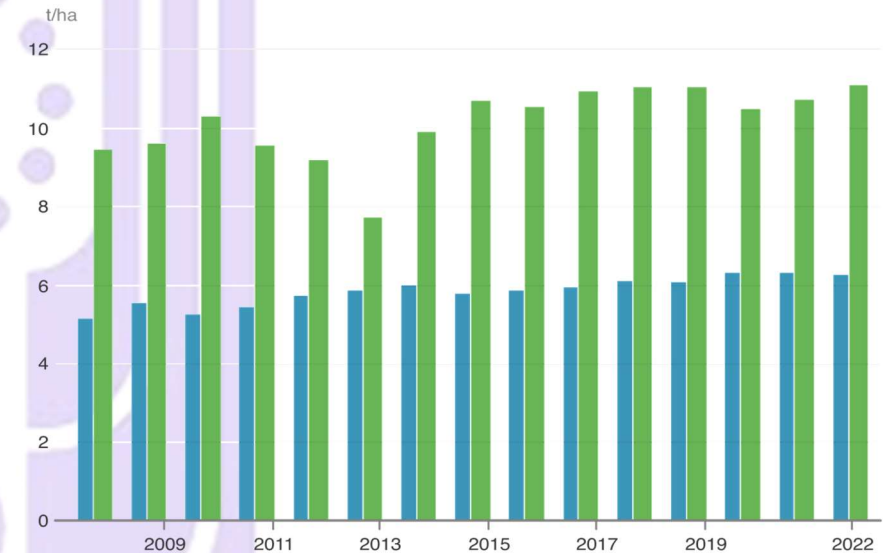
China slaughtered 671.28 million hogs in 2021, up 27% from a year earlier, the data also showed. The national pig herd reached 449.22 million heads by end December, up from 437.64 million heads at the end of September.

Output of poultry also increased, rising 0.8% in 2021 to 23.8 mmts. Beef output was up 3.7% to 6.98 mmts.

➤ **China to Accelerate Adoption of GMO Corn to Boost Production**

US vs China Corn Yield

● China, mainland ● United States



DATA: USDA PS&D, Gro Intelligence

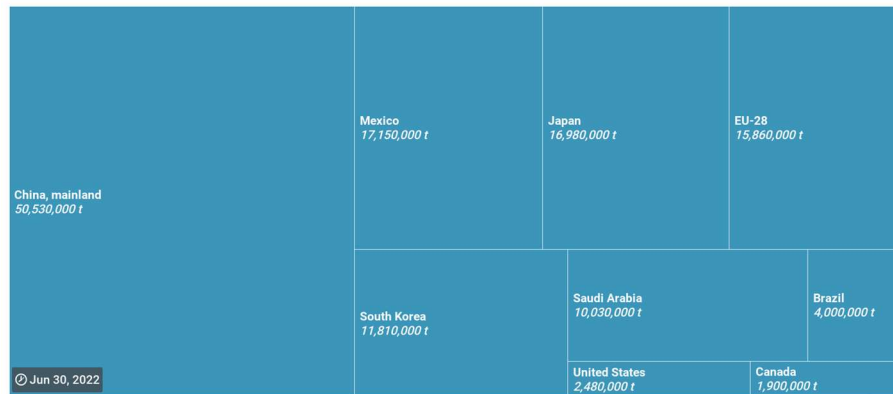
China's corn yield is more than 40% below US yields. Permitting Chinese farmers to plant GMO corn could narrow that gap.

17 Jan 2022 *Gro Intelligence* - China plans to speed up the adoption of genetically modified corn varieties, a move that could allow Chinese farmers to start seeding GMO corn as early as 2023. The plan would expand the use of biotechnology to boost crop yields and further ensure domestic food security in the world's top grain importer.

The plan by China's Ministry of Agriculture and Rural Affairs also calls for expanding soybean planted area, especially in Heilongjiang, the top soybean producing province. China currently produces only around 15% of its soybean needs, mainly for human consumption, while the balance is imported principally for animal feed. An expansion of domestic soybean production isn't likely to materially impact China's high import needs.

Chinese farmers are currently not permitted to plant GMO corn, although GMO crops can be imported for processing into animal feed. While China's corn yields per hectare grew 9% in 2021 from a decade earlier, boosted mainly by heavy use of nitrogen fertilizers, they remain more than 40% below US yields.

Coarse grains - Import Volume (mass) - World : World (WASDE)



Import Volume (mass) • Coarse grains, from World
by World

Data: WASDE, Gro Intelligence

www.grointelligence.com

China has become the biggest importer of grains and oilseeds in recent years, mainly as feed for its growing hog herd as meat consumption by the country's expanding middle class increases. In 2020/21, China's corn imports nearly quadrupled to a record from a year earlier, while total grain imports jumped 145%, according to Gro data.

With China's hog herd now recovered from the impact of African swine fever in 2018, China will continue to need large quantities of feed, much of it from imports, as its hog herd matures and the hog industry becomes more industrialized. For information about

The Chinese government has long emphasized the need for greater food self-sufficiency as a national security concern, and for the first time highlighted the role GMO seeds could play in boosting yields in a major policy document in early 2021.

Significantly improving Chinese yields, however, is potentially a decades-long undertaking, which also would require increasing farm size, expanding mechanization, and replenishing depleted soils. Nor is China able to expand total acreage, as nearly all its cultivable area is already being used.

China will remain a huge importer of grains and oilseeds for years to come. But as efforts to increase domestic production show results over the longer term, there will be major implications for global trade flows and the merchandisers and shipping companies that drive those flows.



TRANSPORTATION

Baltic Dry Freight Index - Daily = 1474

guiller5905 published on TradingView.com, Jan 21, 2022 15:09 UTC
BAL TIC DRY INDE X, ID: INDE X: 1474 -96 (-6.11%)
Vol: The data vendor doesn't provide volume data for this symbol.



The Baltic Dry Index is reported daily by the Baltic Exchange in London. The index provides a benchmark for the price of moving the major raw materials by sea. The index is a composite of three sub-indices that measure different sizes of dry bulk carriers: Capesize, which typically transport iron ore or coal cargoes of about 150,000 tonnes; Panamax, which usually carry coal or grain cargoes of about 60,000 to 70,000 tonnes; and Supramax, with a carrying capacity between 48,000 and 60,000 tonnes.

Not restricted to Baltic Sea countries, the index provides "an assessment of the price of moving the major raw materials by sea. Taking in 23 shipping routes measured on a time-charter basis, for dry bulk carriers carrying a range of commodities including coal, iron ore, grain, and other commodities.

Because dry bulk primarily consists of materials that function as raw material inputs to the production of intermediate or finished goods, the index is also seen as an efficient economic indicator of future economic growth and production.

Source: <https://www.tradingview.com/chart/?symbol=INDEX%3ABDI>

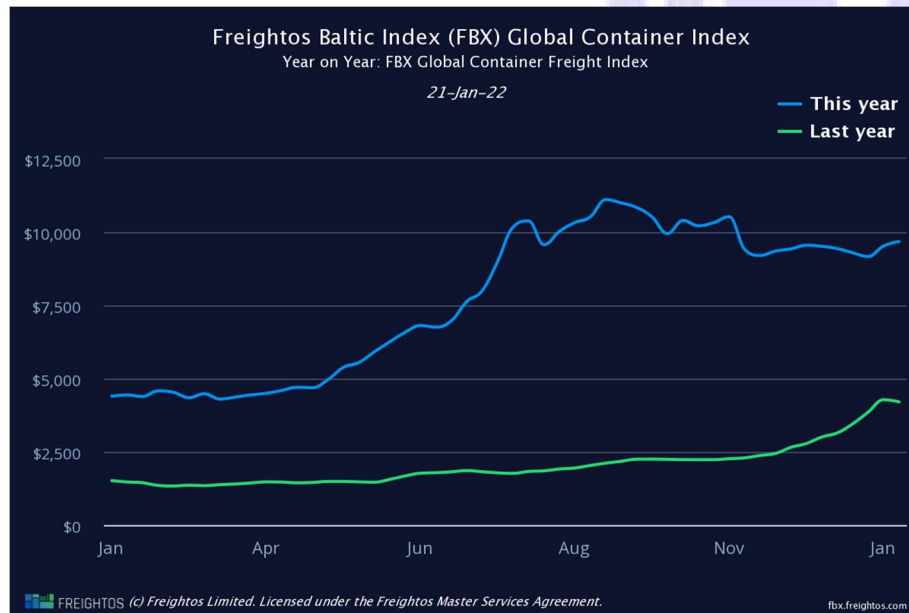
Baltic Index falls for eleventh day as vessel demand stays weak

21 Jan 2022 Reuters – The Baltic Exchange's dry bulk sea freight index fell for the eleventh straight session on Friday, en route to its second consecutive weekly decline, tracking weaker rates across all vessel segments.

- The overall index, which factors in rates for capesize, panamax and supramax vessels, fell 59 points, or 4%, to 1,415, its lowest since mid-February 2021.
- The index has lost nearly 19.8% this week.

- The capesize index dropped 140 points, or 13.6%, to 891, its lowest since June 2020. The index is down 40.4% this week, its biggest drop since the week ended the 17th of December.
- Average daily earnings for capesizes, which transport 150,000-tonne cargoes such as iron ore and coal, dropped by \$1,157 to \$7,390.
- Meanwhile, Chinese iron ore futures rose around 3%, posting a third straight weekly gain amid hopes for strong demand, fuelled by Beijing's fresh stimulus measures, while steel prices were range-bound as production curbs at mills weighed.
- The panamax index slipped 14 points, or 0.7%, to 2,010, its lowest since mid-April 2021. The index was down 15.3% for the week.
- Average daily earnings for panamaxs, which ferry 60,000-70,000 tonne coal or grain cargoes, fell by \$133 to \$18,087.
- The supramax index fell 24 points to its lowest level since end-February 2021 at 1,749. (Reporting by Kavya Guduru in Bengaluru; Editing by Ramakrishnan M.)

➤ **Freightos Baltic Index (FBX): Global Container Freight Index**



median price for all prices (to ignore the influence of outliers on active lanes) with weighting by carrier. 50 to 70 million price points are collected every month.

The weekly freight index is calculated as an average of the five business days from the same week and published each Friday.

Source: <https://fbx.freightos.com/>

➤ **Freight rates continue to climb, no decline in congestion at ports**

21 Jan 2022 Jyothi Shankaran - 2022 has been off to an ominous start for shippers - no let-up in climbing freight rates, port congestion globally at higher levels and demand continuing to increase in key markets like the U.S.

The Drewry's composite World Container Index (WCI) increased 1.6% to \$9,698.33/40ft container this week. This is 82% higher than a year ago. "The average composite index of the WCI, assessed by Drewry for year-to-date, is \$9,551/40ft container, which is \$6,656 higher than the five-year average of \$2,895 per 40ft container."

Spot rates on transpacific lanes have steadily been increasing for the seventh consecutive week, Drewry added. "Freight rates from Shanghai–Los Angeles gained five% to \$11,197 Drewry is expecting rates to climb higher in the coming week.

No decline in congestion, K+N highlights 11.6mn TEU waiting days - Congestion across Los Angeles/Long Beach ports continues with 103 container ships backed up as of Thursday, January 20, 2022, according to information from Captain J. Kipling (Kip) Louttit, Executive Director, Marine Exchange of Southern California & Vessel Traffic Service Los Angeles and Long Beach San Pedro, CA.

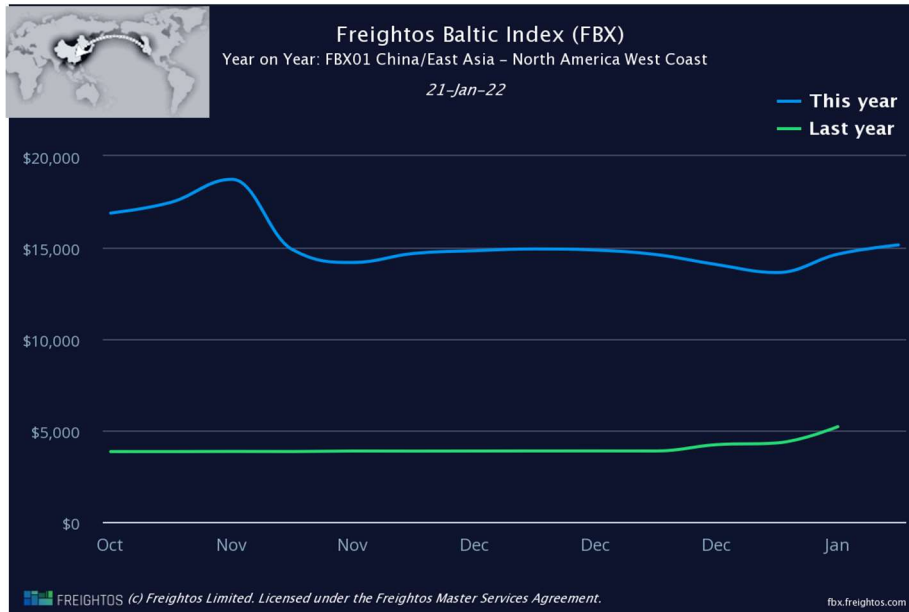
The 103 total container ships backed up includes eight container ships at anchor or loitering inside 40 miles from the ports plus 95 slow speed steaming or loitering outside the Safety and Air Quality Area.

The Omicron variant of Covid-19 is impacting the number of dockworkers with estimates of 1 in 10 staying home (as of last week), says Flexport in its weekly market update. "Shippers with urgent cargo or those working to replenish depleted inventories are willing to pay premium rates for scarce space although some softening is expected to be seen post-CNY."

Demand for space is increasing in the Indian subcontinent (ISC) as we are heading into the region's traditional peak from January to April. "This time period is the last quarter of India's financial calendar where we see demand rise as manufacturers look to close their books strongly to end the year."

A slight increase is seen for the second half of January. Rates are expected to continue to climb into February as is typical during the ISC peak season, Flexport added. "Space to the USWC is and will remain a challenge into 2022. Port omissions on services to the USWC continue to cut capacity out of the ISC."

➤ **Freightos West Coast N.A. – China/East Asia Container Index - Daily**



Source: <https://fbx.freightos.com/>

LOGISTICS

➤ **HMM, Maersk company and 21 carriers fined for illegal price fixing**

18 Jan 2022 *Tomas Kristiansen* - South Korea's Fair Trade Commission (FTC) hands out fines to 23 carriers, including HMM and a Maersk company, for illegal collaboration on price fixing up until 2018. Maersk confirms the matter to ShippingWatch. Updated.

23 shipping lines, including HMM and a Maersk company, have been fined by South Korea's competition authorities for illegal collaboration on freight prices over a 15-year period until December 2018, writes South Korean media Yonhap.

The fines total a sum of KRW 96.2bn (USD 80.7m) and were issued by the South Korean Fair Trade Commission (FTC). Since 2018, the competition authority has been examining allegations of illegal collaboration between HMM and 22 domestic and foreign container lines that allegedly sought to increase rates on Southeast Asian routes.

➤ **U.S. Army Corps of Engineers releases inland waterways spend plan**

20 Jan 2022 *Written by Marine Log Staff* - The U.S. Army Corps of Engineers has released its spend plans, outlining the Civil Works studies, projects and programs that the Corps will implement in Fiscal Year 2022.

The plans include \$22.81 billion in supplemental funding provided in two recently enacted laws—the Infrastructure Investment and Jobs Act and the 2022 Disaster Relief Supplemental Appropriations Act—allocated funding from the Infrastructure Investment and Jobs Act (Infrastructure Package).

According to the Waterways Council Inc., the spend plans will fund the following inland navigation construction projects at \$2.22 billion:

- Kentucky Lock (Tennessee River): \$465.49 million (funded to completion)
- Montgomery Lock (Ohio River): \$857.71 million (funded to completion)
- Lock and Dam 25 (Upper Mississippi River) (Navigation & Ecosystem Sustainability Program (NESP): \$732 million (funded to completion)
- Three Rivers (Arkansas River): \$109.15 million (spend plan summary lists this as funded to completion, but the project is authorized for \$184.39
- T.J. O'Brien Lock and Dam (Illinois Waterway), (Major Rehabilitation): \$52.52 million (funded to completion)
- Additionally, as part of the ecosystem restoration component of NESP, component, a fish passage at Lock 22 is funded at \$97.10 million to complete the design and to initiate construction.

“Today’s release of inland waterways infrastructure funds will not only advance the inland waterways construction portfolio but also create thousands of skilled jobs for America’s building trades, make American farmers more competitive, and promote energy security,” said WCI President/CEO Tracy Zea. “WCI thanks its members and supporters on Capitol Hill, who helped to push this funding over the goal line.”

“This morning’s announcement is the result of years of determined and persistent advocacy by agriculture, the barge and towing industry, and a variety of other inland waterway stakeholders,” said Mike Steenhoek, executive director, Soy Transportation Coalition. “The Waterways Council, in particular, provided effective leadership in helping make this a reality. Numerous elected officials throughout the Midwest were consequential in this project finally receiving the green light.”

LOCK AND DAM FUNDING

Agricultural interests, including the Soy Transportation Coalition, were especially pleased that Lock and Dam 25 funding was included in the spend plan.

Located in Winfield, Mo., Lock and Dam 25 was opened in 1939 is the most southern lock and dam on the Mississippi River. Almost every shipment of soybeans, corn, and other grain transported along the Mississippi River from the states of Illinois, Iowa, Minnesota, Missouri, and Wisconsin passes through Lock and Dam 25 en route to export facilities near the Gulf of Mexico.

Construction at Lock and Dam 25 will result in a new 1,200- by 110-foot lock chamber being built adjacent to the existing 600- by 110-foot lock chamber. This would enable a typical fifteen barge tow to transit the lock in one single pass (a 30-45 minute process) compared to disassembling the barge tow into two sections, which will result in two passes (over two hours). In addition, a second lock will provide needed resiliency and redundancy—allowing a key link in the supply chain to remain operational if one of the lock chambers was closed.



Categories: From the Editor, Inland, Inland and Coastal, News Tags: Civil Works budget, Infrastructure Investment and Jobs Act, inland waterways, Kentucky Lock, Lock and Dam 25, Soy Transportation Coalition, U.S. Army Corps of Engineers, Waterways Council Inc.

➤ **Minnesota prepares to offer farmers new export path to foreign buyers**

In just a little over two months the Port of Duluth is scheduled to begin for the first-time servicing ocean-going ships, which officials say will allow the port to accommodate the weekly shipping of hundreds of containers to Asia, Europe, South America and elsewhere.

The new shipping channel will be key for value-added commodities like food-grade soybeans that are shipped in containers, says Tom Slunecka, CEO of the Minnesota Soybean Growers.

"The trick with value-added agriculture is being able to export it," [Slunecka told Agri-Pulse](#). "All of that product is exported by containers and right now we can't get containers. We've got an entire industry – the food-grade soybean industry – that is losing momentum and losing sales every day because of the price of these containers."

The Port of Duluth successfully showed the Department of Homeland Security last year that it has made the investments in the technology necessary to scan containers to certify the security of imports and exports at its Clure Public Marine Terminal. The congestion-free shipping will be offered without the threat of large fees for containers that get stuck on docks like the situations at Los Angeles or Long Beach.

GOVERNMENT

➤ **Argentine lawmakers call for temporary cut to grain export duties**

20 Jan 2022 - A group of lawmakers from Argentina's opposition coalition party, Juntas por el Cambio (Together for Change), has submitted a draft bill to the country's Congress calling for a temporary zeroing of export duties on soybeans and corn.

The reduction would apply in areas where an agricultural emergency has been declared as a result of the drought conditions that have hurt crops in some of the country's main productive areas.

The initiative stipulates that the tax reduction, which today is 33% for soybeans and 12% for corn, would be in effect until the end of 2022.

"This bill raises the urgent need to modify the current scheme regarding export duties applied on soybean and corn production due to the significant loss of competitiveness experienced by the drought, the draft bill states, linking the situation to declining international prices and losses to producers. It is essential that the State react to this catastrophe [and] activate tax benefits, which will allow the producer to have some oxygen to restore losses," said Federico Angelini, a politician backing the bill.

As of now, the government of Santa Fe province has declared an agricultural emergency due to the severe drought conditions, while Entre Rios province was considering implementing a similar measure.

Rural producer Pedro Vigneau, who was recently appointed as the head of corn lobby group Maizar, told Agricensus that the implementation of export duties is negatively impacting corn producers, as many of them will not recover investments made in the

corn crop this cycle as a consequence of the drought. He said that any initiative to reduce or eliminate export duties is welcomed by the rural sector but added that the approval of this bill will be quite complicated. "I do not currently see a maturity in the political sector to acknowledge the importance of promoting the profitability of the rural sector and reducing the tax burden," Vigneau said.

Earlier this week, the Argentine Association of Self-Convened Producers (Aapa) also called for the removal of export duties to provide relief to those farmers affected by the drought situation.

According to a recent study by the Rosario Grain Exchange (BCR), local farmers will face a total loss of \$2.93 billion due to the drought conditions, although overall losses to the economy could reach \$4.8 billion, or nearly 1% of the country's GDP.

However, Agriculture Minister Julian Dominguez said that the elimination or the reduction of export duties was not in the government's agenda.

➤ **Biden Looks for Ways to Get China to Meet Phase 1 Ag Commitments**

China fell about \$16 billion short in meeting its commitments for agricultural purchases under the phase-one trade agreement and the Biden administration is looking for China to continue buying more agricultural products, [DTN/Progressive Farmer reports](#) that U.S. Agriculture Secretary Tom Vilsack told lawmakers Thursday.

"We are giving China, we are putting them on notice, we want them to live up to the phase-one agreement," Vilsack told members of the House Agriculture Committee.

Vilsack said China also had yet to revise import rules for crop biotechnology approvals, distillers dried grains, ethanol purchases, ractopamine acceptance levels in pork, and growth hormones for beef cattle.

The secretary testified before the committee for four hours Thursday with lawmakers questioning Vilsack about an array of topics, though some major themes emerged over trade, supply chains, input prices and biofuels. Congressmen also touched repeatedly on funds for packing plants, disaster aid and dairy programs.

➤ **India's Wheat, Rice Subsidies Under Fire**

[Feedstuffs reports](#) that a [letter from 28 House members](#) encourages United States Trade Representative Katherine Tai and United States Secretary of Agriculture Tom Vilsack to initiate the World Trade Organization litigation process against India's domestic support for its wheat and rice producers.

According to the letter led by Rep. Tracey Mann (R-KS) and Rep. Rick Crawford (R-AR), "American commodity producers are operating at a clear disadvantage to their competitors, primarily from India, where the government is subsidizing more than half of the value of production for rice and wheat, instead of the 10% allowable under WTO rules."

The letter follows up on a [similar letter](#) by Sen. John Boozman (R-AR) and 17 of his colleagues. The effort is supported by the National Association of Wheat Growers and

USA Rice. "Wheat and rice farmers rely on open markets and fair trade to facilitate trade, which plays a vital role in supporting our growers and jobs in rural America," says NAWG CEO Chandler Goule. "It is important that as a WTO member, India adhere to international commitments and not continue to create unfair advantages for its domestic production and distort world trade."

"This significant showing of bicameral support for the administration to initiate a WTO case against India has been years in the making," adds Betsy Ward, president and CEO of USA Rice. "If left unchecked, the Indian export market will continue to grow at an uncontrollable rate and threaten the viability of rice and wheat producers throughout the world."

➤ **Farm Groups Welcome Mississippi River Funding**

Fifteen years after being authorized by Congress, the first construction dollars are set to flow for rehabilitating locks and dams on the Mississippi River [reports Agri-Pulse](#).

The Army Corps of Engineers' [initial plan for spending](#) from the bipartisan infrastructure bill earmarks \$732 million for construction of Lock and Dam 25 near St. Louis. It is the southernmost of seven aging locks and dams that Congress in 2007 authorized for rehabilitation. The project will add a 1,200-foot lock chamber, twice as long as the existing one at the facility.

"Modernizing these outdated locks will help discipline rail rates, reduce wear and tear on U.S. roads and bridges, and make American agriculture more competitive," said Mike Seyfert, president and CEO of the National Grain and Feed Association.

International Crop & Weather Highlights

➤ **Wetter weather extends lifeline to Argentina's parched soybeans**

18 Jan 2022 By Karen Braun - It has been no secret that Argentina's soybean crop has been headed for potential disaster with a recent stretch of dry weather capped off by last week's record-setting heat.

But with plentiful and potentially excessive rains expected over the next week or so, it may be tempting for some market participants to dismiss forward risk, a dangerous move considering the most important timeframe lies ahead.

Even if upcoming rains play out as expected, Argentine farmers are unlikely to reap satisfying yields. However, January moisture can be game-changing, separating tough years like this one from catastrophic ones like 2018.

Last year's harvest may advise on possible outcomes when a rainy January spell inserts itself into an otherwise dry season. The most obvious link with last year is the presence of La Nina, which occurs when surface waters in the equatorial Pacific Ocean are unusually cool.

La Nina conditions are often associated with drought in Argentina, the top exporter of soybean products, though it does not guarantee poor yields. But all the country's worst soy and corn outcomes occurred during La Nina episodes.

Last week, the U.S. Department of Agriculture made an unexpectedly large reduction to the Argentine soy production forecast, to 46.5 million tonnes from 49.5 million in the prior month. That is the agency's biggest January percentage cut in well over a decade, possibly signaling a more proactive approach than in the past.

Argentina's Rosario grains exchange also got aggressive, reducing the soybean crop forecast to 40 million tonnes last Wednesday versus the previous outlook of 45 million. However, upcoming rainfall chances have further solidified since then.

2021 CLUES - When La Nina conditions are present, November and December rains are almost always below average, and the opposite is true during El Nino. But the same correlation is not guaranteed in the following three months.

Sufficient rainfall is most critical to Argentina's soybean yields in February and early March, and January totals can set the tone. January 2011 and 2021 rains were plentiful despite La Nina's presence and prominent dryness during planting. In those years, February and March rains came in below average, and last February was particularly dry with totals nearly half of normal. Soybean yield last year dropped about 11% below the long-term trend, while the 2011 harvest was 6% off typical levels.

Those results are decent compared with yield penalties near 25% during the 2017-18 La Nina-hit effort. January 2018 was unusually dry, but the next two months were easily the driest in multiple decades, and the soy crop had no chance.

January 2022 has been extremely parched, but forecasts suggest that upcoming rains could bring the month's total to at least average levels. If realized, this moisture could reinstate the possibility of near average soybean yields across Argentina, though crop health has deteriorated.

Crop conditions were a bit worse last year. As of Thursday, Argentina's Bolsa de Cereales rated 31% of soybeans good or excellent versus 48% a week earlier and 14% a year earlier. Some 29% was poor or very poor compared with 13% in the prior week and 23% in 2021.

February weather can be of particular risk to Argentine soybeans during La Nina years, and that may be true this year. Refinitiv's weather research noted on Tuesday that longer-term forecasts are hinting at the return to a dry pattern for Argentina at the end of the month, which would mark another 2021 similarity.

USDA's yield outlook is slightly above last year's result but about 10% below normal levels. Comparing 2021 and 2022 conditions and weather patterns implies the assessment is likely fair for now assuming the imminent rains do not disappoint.

➤ **Widespread rains bring relief to Argentina's grain crops**

17 Jan 1022 Reuters - Heavy rainfall has brought relief to Argentina's main agricultural areas over the weekend, interrupting several weeks of dry weather that led the Rosario grains exchange to trim its forecasts for both soybean and corn production.

German Heinzenknecht, meteorologist at the Applied Climatology Consultancy (CCA), said the weekend showers came as expected, reaching 15-60 millimeters [0.6" to 2.36"] in Argentina's main farm belt on Saturday and Sunday.

"That is what we have been expecting," Javier Dominguez, a farmer in the Buenos Aires province, told Reuters, saying the rainfall will help damaged soybean fields to recover and areas not yet sown to be planted. He added that late-planted corn also benefited from the showers, but noted they arrived too late for most of the early-planted corn.

The Rosario grains exchange last week cut its projection for Argentina's 2021/22 corn crop to 48 mmts from 56 mmts due to the recent heat wave, while the soybean crop was estimated at 40 mmts, down from a previous forecast of 45 mmts.

Nevertheless, the recent rainfall will be followed by below-average temperatures, which is expected to bring some relief in the coming days, Heinzenknecht said. Heinzenknecht also expects these showers to mark a shift in Argentina's rain pattern as the La Nina weather phenomenon subsides.

"It is obvious that there will be agricultural losses due to the drought, but these showers are interrupting it. If they had arrived a few days later, the outlook would have been completely different," Dominguez said.

➤ **Extreme Temperatures Continue to Impact Paraguay Soybeans**

19 Jan 2022 - The farmers in southeastern Paraguay cannot seem to catch a break as far as the weather is concerned. Paraguay did not receive significant rainfall over the weekend with temperatures in the range of 38°C to 44°C (100°F to 111°F). The forecast is calling for rain along the Atlantic coast of Brazil and in northwestern Argentina leaving Paraguay in sort of a "dry bubble" in between.

Approximately 23% of the soybeans in Paraguay have been harvested compared to an average of about 10%. Early soybean yields in Paraguay are terrible.

Estimating the soybean production in Paraguay is tricky because farmers in Paraguay may plant a second crop of soybeans. Approximately 20% of Paraguay's soybean production comes from the safrinha crop, but the safrinha soybeans are being planted slower than normal due to the dry conditions. The longer the safrinha soybean planting is delayed, the lower the yield prospects for the crop.

There are reports in Paraguay that farmers may plant as much as 600,000 hectares of safrinha soybeans to make up for some of the losses of the first crop of soybeans. Farmers who have forward contracted soybeans may need to plant a second crop of soybeans to fulfill their contracts.

➤ **USDA/WAOB Joint Agricultural Weather Facility – 15th January 2022**

Europe – Winter Crop Conditions Remained Favorable

- Locally heavy rain in Greece boosted irrigation reserves for warm-season crops and maintained good to excellent soil moisture for semi-dormant to vegetative winter grains.
- Dormant winter crops over central and northern Europe were in good shape with no bitter cold.

Northwestern Africa – Intensifying Moroccan Drought Contrasted With Heavy Rain

- Warm, dry weather exacerbated drought in Morocco; time is running out for this year's winter grains.
- Heavy rain over Tunisia and eastern Algeria alleviated localized dryness concerns and boosted prospects for vegetative wheat and barley.

Middle East – Widespread Moderate To Heavy Rain

- Widespread moderate to heavy rain boosted soil moisture for vegetative winter grains in central and southern growing areas and further improved moisture reserves for dormant winter wheat and barley in central Turkey and northwestern Iran.
- Despite the widespread precipitation, northeastern Iran remained unfavorably dry.

South Asia – Drier Weather

- Seasonably drier weather returned to northern India and Pakistan following last week's stormy weather.

East Asia – Unseasonably Mild

- Mild, mostly dry weather prevailed for overwintering wheat and rapeseed in eastern and southern China.

Southeast Asia – Favorably Wet In Southern Sections

- Showers were limited to the seasonably wetter southern sections of the region, benefiting oil palm and rice.

Australia – Showers In The East, Dry Elsewhere

- In the east, widespread showers kept summer crops well watered, although a pocket of drier weather in southern Queensland favored fieldwork, including additional sorghum planting.
- In the south and west, dry weather favored winter crop harvesting as it rapidly neared completion.

South America – A Heat Wave Severely Stressed Argentine Summer Crops

- In Argentina, an oppressive heat wave (daytime highs reaching the lower 40s degrees C) compounded stress on early-planted corn and soybeans already growing with limited moisture.
- Unseasonable warmth and dryness dominated large sections of southern Brazil, maintaining unfavorable prospects of reproductive to filling corn and soybeans. In contrast, abundant rainfall maintained favorable summer crop prospects in key central and northeastern farming areas.

South Africa – Warm, Showery Weather Benefited Corn

- Conditions remained overall favorable across the corn belt.

Source: USDA <https://www.usda.gov/oce/weather-drought-monitor/publications>

➤ **Agricultural Weather Highlights – Friday, 21st January 2022**

In the West, snow showers are limited to portions of the northern and central Rockies and Intermountain region. Mild, dry weather covers the remainder of the West, perpetuating a tranquil pattern that has persisted for more than 3 weeks. According to the California Department of Water Resources, the water equivalency of the Sierra Nevada snowpack— after peaking around 160% of average in late December— currently is less than 120% of the late-January average.

On the Plains, some wintry precipitation, mainly snow and freezing rain, is falling across eastern Montana and the Dakotas. Milder weather and gusty winds accompany the northern Plains' precipitation. Elsewhere, cold, dry weather dominates the central and southern Plains. Currently, drought covers more than two-thirds (68%) of the U.S. winter wheat production area, including at least three-quarters of the acreage in Colorado, Kansas, Montana, Nebraska, Oklahoma, and Texas.

In the Corn Belt, cold, dry weather prevails. Upper Midwestern livestock producers are contending with sub-zero temperatures and an extensive snow cover. This morning's minimum temperatures fell to near -20°F as far south as northern Iowa. Meanwhile, snow cover is lacking across much of the southern and eastern Corn Belt, especially from Missouri to western Ohio, although temperatures are not low enough to pose a threat to uninsulated winter wheat.

In the South, a mix of rain and wintry precipitation (snow, sleet, and freezing rain) lingers from southern Texas to the coastal Carolinas, leading to local travel disruptions. Overnight temperatures in the winter agricultural region of Deep South Texas were near to slightly above freezing. Farther north, temperatures below 10°F were reported this morning on the Ozark Plateau. In contrast, warm, humid conditions linger across southern Florida.

Outlook: Wintry precipitation will end today from southern Texas to the central Gulf Coast, but hazardous conditions will linger into early Saturday across the coastal Carolinas and southeastern Virginia. Mid-Atlantic coastal snowfall could reach 3 to 6 inches, accompanied by some freezing rain. Following the departure of that storm, tranquil weather will cover much of the country. Occasional snow showers will occur, however, from the northern Plains into the Northeast, where below-normal temperatures will persist.

Early next week, a new storm system will produce disorganized precipitation across the South, East, and lower Midwest. In contrast, dry weather will prevail during the next 5 days in the Far West, including the Pacific Coast States.

The NWS 6- to 10-day outlook for January 26 – 30 calls for the likelihood of near- or below-normal temperatures and precipitation across most of the country. Significantly colder-than-normal conditions should be focused across the eastern U.S., while warmer-than-normal weather will be limited to portions of the northern Plains and the Southwest. Meanwhile, wetter-than-normal conditions should be confined to the western Gulf Coast region.

Contact: Brad Rippey, Agricultural Meteorologist, USDA/OCE/WAOB, Washington, D.C. (202-720-2397)

Web Site: <https://www.usda.gov/sites/default/files/documents/TODAYSWX.pdf>

References

➤ Conversion Calculations

Metric Tonnes to Bushels:

- Wheat, soybeans = metric tonnes * 36.7437
- Corn, sorghum, rye = metric tonnes * 39.36825
- Barley = metric tonnes * 45.929625
- Oats = metric tonnes * 68.894438

Metric Tonnes to 480-lbs Bales

- Cotton = metric tonnes * 4.592917

Metric Tonnes to Hundredweight

- Rice = metric tonnes * 22.04622

Area & Weight

- 1 hectare = 2.471044 acres
- 1 kilogram = 2.204622 pounds

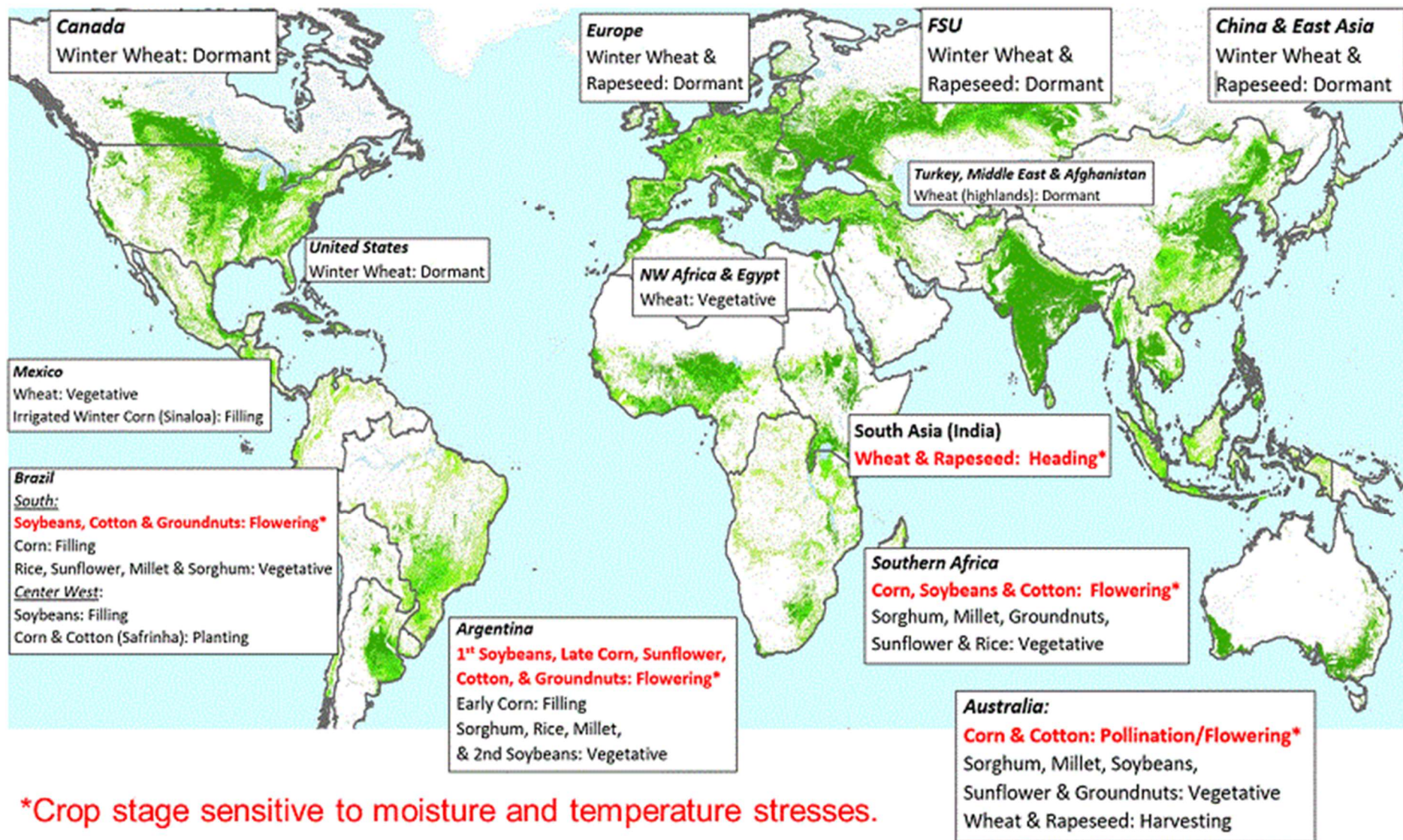
➤ Marketing Years (MY)

MY refers to the 12-month period at the onset of the main harvest, when the crop is marketed (i.e., consumed, traded, or stored). The year first listed begins a country's MY for that commodity (2021/22 starts in 2021); except for summer grains in certain Southern Hemisphere countries and for rice in selected countries, where the second year begins the MY (2021/22 starts in 2022). Key exporter MY's are:

Wheat	Corn	Barley	Sorghum
Argentina (Dec/Nov)	Argentina (Mar/Feb)	Australia (Nov/Oct)	Argentina (Mar/Feb)
Australia (Oct/Sep)	Brazil (Mar/Feb)	Canada (Aug/Jul)	Australia (Mar/Feb)
Canada (Aug/Jul)	Russia (Oct/Sep)	European Union (Jul/Jun)	United States (Sep/Aug)
China (Jul/Jun)	South Africa (May/Apr)	Kazakhstan (Jul/Jun)	
European Union (Jul/Jun)	Ukraine (Oct/Sep)	Russia (Jul/Jun)	
India (Apr/Mar)	United States (Sep/Aug)	Ukraine (Jul/Jun)	
Kazakhstan (Sep/Aug)		United States (Jun/May)	
Russia (Jul/Jun)			
Turkey (Jun/May)			
Ukraine (Jul/Jun)			
United States (Jun/May)			

For a complete list of local marketing years, please see the FAS website (<https://apps.fas.usda.gov/psdonline/>): go to Reports, Reference Data, and then Data Availability.

January Crop Calendar



https://ipad.fas.usda.gov/ogamaps/images/dec_calendar.gif



U.S. Department of Agriculture (USDA)
Foreign Agricultural Service (FAS)
Office of Global Analysis (OGA)
International Production Assessment Division (IPAD)