Notes and Observations in International Commodity Markets

22nd January 2021

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

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


- IGC Forecast Total Grains Output Record in 2020/21
- China’s Corn, Wheat Imports in 2020 reach record highs
- US Dollar & Foreign Exchange
  - CME Wheat Futures
  - CME KC HRW Wheat Futures
  - MGE HRS Wheat Futures
- Coarse Grains
  - CME Corn March 2021
  - CME Ethanol February 2021
- Oilseeds Complex
  - Brazil 2020/21 Soybean Crop Estimated at 132.6 mmts
  - 2020/21 Argentina Soy 97.5% Planted, Rated 18% Good/Excellent
  - CME Soybeans March 2021
  - China’s 2020 U.S. Soybean Imports Surged, May Missed Trade Targets
  - EU Soybean Imports from U.S. Dwindle
  - CME Soybean Oil March 2021
  - CBOT Soybean Meal March 2021
  - China’s Soymeal Stocks Slump Further Despite Higher Crush
- Other Related News
  - South Korea Avian Influenza Culls 19.9 mln Birds
  - New China Swine Fever Strains Point to Unlicensed Vaccines
- Transportation & Logistics
  - Export Companies in Argentina Concerned By Truckers’ Protest
  - Diesel Fuel Prices Continue To Rise
- Government
  - Taiwan is Realistic About US Trade Deal, Will Happen Eventually
  - Brazilian Ambassador Issues Statement on Ethanol
- International Crop & Weather Highlights
  - USDA/WAOB Joint Agricultural Weather Facility
- January Crop Calendar

Commodity Price Retreat Lower Following Last Week’s Highs

GHA – US commodity prices retraced from last week’s new contract highs set by benchmark corn and soy prices on the Chicago Mercantile Exchange as they ran to their highest levels since at least 2014 on the back of concerns of tightening global stocks, adverse South American crop weather and various recent supply disruptions in Argentina. Rising global grain and oilseed costs have stoked worries about food price inflation and already triggered limits on grain exports from major suppliers such as Argentina and Russia. This following last week’s bullish USDA WASDE Reports outlining a tight global supply and demand outlook.

Soybean futures dropped lower as rain occurred across South America increasing optimism on crop production prospects, as the Brazil commences its soybean harvest, which could ease supply concerns. Falling palm oil futures further weighed on the oilseed complex.

Corn followed soybeans lower, even though it was supported by strong export sales and talk of possible limits on Ukrainian exports. Top importer China is purchasing a record volume of corn this marketing year, 11.3 mmts ytd.

Wheat also followed the downward trend, even though prices were supported by an export tax on wheat by the largest exporter, Russia. Wheat is also benefitting from China’s increased imports, with a record 8.38 mmts ytd of US wheat scheduled imported in 2020/21.

Despite the drop, there is still upside potential as small changes in fundamental in a tight situation can rapidly move markets in either direction. All we can say for certain is that volatility will remain high for a time yet.

- IGC Forecast Total Grains Output Record in 2020/21

IGC – World total grains (wheat and coarse grains) production is forecast to increase to a record of 2.2 billion mts in the 2020/21 marketing year, according to the latest International Grains Council (IGC) grain market report released on January 14th. The projection includes record harvest totals for wheat (768 mmts) and barley (158 mmts). However, on a month-on-month basis, the IGC’s most recent projection for 2020/21 is slightly lower than the previous month’s outlook as a large reduction for corn, primarily in the United States, Argentina and Brazil, and are only partially offset by increases for wheat and barley.
IGC’s outlook for global soybean production is cut by 6 mmts, to 359 mmts, still up by 6% year-on-year, mostly reflecting downgraded expectations for South American crops.

Although the reduction is partly offset by a higher figure for opening stocks, linked to a slow sales pace by Argentine growers, consumption is still trimmed by 4 mmts to 365 mmts, a 4% increase y/y.

Global rice production in 2020-21 is forecast broadly unchanged from before, at 503 mmts but, due to a lower figure for opening stocks, total supplies are trimmed by 2 mmts m/m. It noted that as rice consumption is lifted to a new high, world carryovers are lowered to 175 mmts, up 1 mmts y/y, with much of the downward adjustment due to the major exporters, notably India.

IGC’s outlook for total grains consumption was lowered by 5 mmts, to 2.216 bmts, with downgrades for feed and industrial uses of corn outweighing small increases for other coarse grains and wheat. Primarily the result of a downward adjustment in corn, the forecast for all-grain stocks at the end of 2020/21 was down by 5 mmts, to 611 mmts, representing a 6 mmts y/y contraction.

Although the COVID pandemic continues to dampen demand in some sectors, particularly for fuel ethanol and brewing, overall consumption is predicted to grow for a fifth successive year. This includes gains of 8 mmts for both corn and wheat, and increases of 2 mmts for barley, sorghum and oats.

With all the components higher, the IGC Grains and Oilseeds Index (GOI) rallied by 10% since the November grain market report.

- **China's Corn, Wheat Imports in 2020 reach record highs**

   Reuters - China’s grains imports soared to record highs in 2020, customs data showed on Monday, after tight domestic corn supplies pushed prices to multi-year peaks, driving demand for cheaper imports.

   The table below shows imports of China’s major agriculture products in December. Data on soybean imports was released earlier this month.

   ![Chinese Dalian Corn Futures have rallied 40% in the past two months and hit record highs last week of 2,926 RMB/mt (US$11.47/bushel), exceeding the previous high set in September of 2014.](image)

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Dec 2020</th>
<th>% change y/y</th>
<th>Jan-Dec 2020</th>
<th>% change y/y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corn</td>
<td>2,250,000</td>
<td>207</td>
<td>11.3</td>
<td>135.7</td>
</tr>
<tr>
<td>Wheat</td>
<td>880,000</td>
<td>77.5</td>
<td>8.38</td>
<td>140.2</td>
</tr>
<tr>
<td>Barley</td>
<td>980,000</td>
<td>309.8</td>
<td>8.08</td>
<td>36.3</td>
</tr>
<tr>
<td>Sorghum</td>
<td>550,000</td>
<td>1,358.7</td>
<td>4.81</td>
<td>478.6</td>
</tr>
<tr>
<td>Pork</td>
<td>440,000</td>
<td>63.1</td>
<td>4.39</td>
<td>108.3</td>
</tr>
<tr>
<td>Sugar</td>
<td>910,000</td>
<td>324.7</td>
<td>5.27</td>
<td>55.5</td>
</tr>
</tbody>
</table>

China has accelerated buying of global grains in the past year due to healthy demand from a recovering pig sector, and a domestic shortfall in corn supplies.

China, the world’s top agricultural market, bought a record 11.3 mmts of imported corn last year, including 2.25 mmts in December alone, according to General Administration of Customs data. Corn imports in 2020 were more than double the previous year’s volume and exceeded their annual quota, which was set at 7.2 mmts, for the first time.

China also imported a record 8.38 mmts of wheat, against a quota of 9.64 mmts. In 2019, China only used 67% of its annual quota for corn and one-third of its quota for wheat.

Imports are expected to remain high this year for similar reasons, buyers and analysts said. "Domestic corn prices are too high. We will continue to buy alternatives including imported corn, wheat and barley," said a manager with a major feed and pig producer in southern China.
US DOLLAR & FOREIGN EXCHANGE

U.S. Dollar Index

Barchart - The US Dollar Index traded mostly lower through the week, but on Friday rose +0.117 (+0.13%) moderately higher. A slide in U.S. stock indexes on Friday boosted the liquidity demand for the dollar. The dollar maintained its gains on better-than-expected U.S. economic data. U.S. economic data on Friday was bullish for the dollar. The U.S. Jan Markit manufacturing PMI unexpectedly rose +2.0 to 59.1, stronger than expectations of -0.6 to 56.5, and the fastest pace of expansion since the data series began in 2007. Also, December existing home sales unexpectedly rose +0.7% to 6.76 million, stronger than expectations of a decline to 6.56 million.

However, ongoing Covid pandemic is leading to prolonged lockdowns, which slows economic growth and is dovish for central bank policies, and is negative for the dollar. Globally, Covid infections have risen above 98.204 million, and deaths have exceeded 2.103 million.

U.S. stock indexes on Friday posted moderate losses, which benefitted liquidity demand for the dollar. Covid concerns undercut stocks Friday after President Biden late Thursday warned that the U.S. faces a "dark winter" as pandemic worsens before it improves, and another 100,000 U.S. Covid deaths are expected over the next month. Also, carry-over weakness from a slide in European stocks weighed on U.S. stock indexes as the Euro Stox 50 fell to a 2-week low Friday after the German government cut its economic growth forecasts. Germany on Friday cut its 2021 GDP estimate to 3.0% from a 4.4% projection in October, citing reduced economic activity after lockdowns were extended to slow the spread of Covid.

Bullish Factors: (1) safe-haven demand for dollar liquidity as the stress in the global financial system encourages flight into the world’s reserve currency, and (2) the influx of capital from overseas investors fleeing from over $10 trillion of negative-yielding debt.

Bearish Factors: (1) the Fed's new average inflation targeting scheme that is dovish for Fed policy, (2) the outlook for the Fed to keep the Fed funds rate near zero at least through 2023, (3) the Fed's extraordinary blast of monetary stimulus in response to the pandemic, (4) the severe U.S. and global economic damage caused by the Covid pandemic, which is dovish for Fed policy, (5) trade tensions and Washington political uncertainty, and (6) the wide U.S. budget and current account deficits.

WHEAT

The wheat complex fell in a broad grain sell-off through the week following the lead from soybeans and corn, retracing prices from last week’s new contract highs.

CME CBOT Wheat Futures

CBOT March 2021 Wheat Futures retraced from contract highs through the week, settling at $6.34½, down 26 ¾ cents on the day, and losing 40½ cents through the week.

New crop July 2021 wheat settle on Friday at $6.24½, down 23½ cents on the day, and losing 33 cents through the week.
USDA’s Export Sales report showed 329,647 mts of wheat booked on the week ending. That was on the low end of expectations and down 52% y/y. This week’s reported export shipments were reported at 264,007 mts, which were a 6-week low. New crop wheat sales are estimated to be below 50,000 mts for this week. China bought a SWW vessel and there was a vessel of HRS sold to unknown. HRS saw 2 trains and 17 singles on the floor. The question still remains if world wheat prices will follow the declines in US CME Futures, or will the US pick up more export business?

**CME KC HRW Wheat Futures**

Kansas March 2021 HRW Wheat Futures moved lower through the week, settling on Friday at $6.11 ¾, down 22½ cents on the day, and losing 32½ cents for the week.

The July 2021 new crop HRW contract settle at $6.46/bu on Friday, up 5½ cents on the day, after making new contract highs $6.61½/bu, and gaining 44 cents for the week.

The HRW market continues to hear of chatter from recent feed wheat trades, but the market still has to figure out how to manage through the historically tight feed grain situation as we move through the summer.

Dry conditions in Kansas, the largest HRW producing state, and bullish protein values have seen Texas Gulf 12% traded +163KH for Feb and Feb/Mar 11% at +136KH. HRS 14% still works to blend with HRW 11% to make HRW 12% for mills.

**MGE HRS Wheat Futures**

MGE March 2021 HRS Wheat Futures settled at $6.11/bu on Friday, down 22¾ cents on the day, and dropping 32½ cents for the week.

The new crop MGE September 2021 HRS Wheat Futures contract settled Friday at $6.27¼/bu, 22 cents low on the day, and losing 32 cents for the week.

The Commitment of Traders (CoT) report noted new speculator buying for SRW over the week, as managed money positions increased by 3,631 contracts, for a net long of 20,618 contracts. Short covering in KC wheat, left managed money 58,093 contracts net long, while MGE HRS wheat managed money showed an increase of 1,525 contracts, with a net long at 13,322 contracts.

Through the decline the wheat/corn spread relationships were relatively steady, considering the volatility through the week. Current values would suggest a significant acreage shifts out of spring wheat into oilseeds, which could limit the volumes of new crop protein wheat available.
**Coarse Grains**

- **CME Corn March 2021**

The nearby CME Corn March 21 contract settled on Friday at $5.00¼/bu, just above the five-dollar mark, and after trading down “limit for a time, closing down 22 cents cents on the day, and losing 30½ cents on the week. Funds reportedly sold an estimated 34k contract on the day.

The new crop CME Corn December 21 contract closed on Friday at $4.32/bu, down 16¾ cents on the day, and dropping 26¾ cents for the week.

Inter-month spreads were mixed with the H/K trading back out to -2^4 while the K/N firmed to 4^2.

Basis values remained firm and above DVE levels as the river basis at upper Illinois River terminals were bidding “double digit” overs March futures through July on Friday. Most rail markets were steady with a little end user buying being reported.

New crop corn is going to have to rally verses soybeans if it needs to buy in more planted acres this spring.

- **Brazilian Ambassador Issues Statement on Ethanol**

In a statement issued by the embassy, Brazilian Ambassador to the U.S. Nestor Forster welcomed the Biden administration, saying, “We are sure that, from this day on, with the presidential inauguration, our governments will have the opportunity to know each other better, undo misunderstandings and work together.”

The friendly words come amid rising U.S. frustration over Brazil’s ethanol tariffs, which were reimposed in December, reports Agri-Pulse. Brazil – once the largest foreign market for U.S. ethanol – is not buying any of the fuel, but the Ambassador is stressing the need for strong bilateral ties.

“On the Brazilian side, we have been reaffirming our willingness to further deepen our ties with the United States, within a long-term perspective, so as to promote the well-being of our peoples and to strengthen democracy, prosperity and security.” he said.

- **CME Ethanol February 2021**

CME February 21 Ethanol Futures settled at $1.600/gal on Friday, unchanged on Friday, but down 3 cents from last weeks close of $1.630/gal.

**Oilseeds Complex**

- **2020/21 Argentina Soy 97.5% Planted, Rated 18% Good/Excellent**

Michael Cordonnier/Soybean & Corn Advisor, Inc. - Argentina received two episodes of rain last week, one early in the week and one late and the temperatures cooled as well. Many areas received a good rain, but the distribution was unequal once again. The forecast is calling for a hotter and dryer pattern to return in the short term. Any forecasted rainfall appears to be more likely across the northern part of the country.

The 2020/21 soybean crop in Argentina was 97.5% planted late last week compared to 100 last year and 98.6% average. This represented an advance of 4% for the week.
The only soybeans left to plant are in far northern Argentina. The early planted soybeans are about 52% blooming and just starting to set pods.

The soybeans were rated 19% poor to very poor, 63% fair, and 18% good to excellent. The good to excellent percentage compares to 27% last week and 54% last year. The good to excellent declined 9% from last week. The soil moisture for the soybeans was rated 32% short to very short and 68% favorable to optimum. The favorable to optimum percentage compares to 51% last week and 95% last year. There is a dilemma here because the soil moisture improved, but the soybean condition declined.

The Buenos Aires Grain Exchange is estimating the soybean production at 46.5 mmts, while the USDA is estimating the crop at 48.0 mmts, which is down 2.0 mmts from their December estimate. The Rosario Exchange is estimating the crop at 47.0 mmts. In 2019/20 Argentina produced 49.0 mmts of soybeans.

Brazil 2020/21 Soybean Crop Estimated at 132.6 mmts
(Reuters) – Brazil's soybean production estimate by Stonex this week was 132.6 mmts vs 133.9 mmts in its previous forecast. Yield was dropped to 3.46 mts/hectare vs the previous estimate of 3.49 mts/hectare. Harvested area was seen at 38.29 million hectares vs 38.32 million hectares previously.

CBOT Soybeans March 2021

The lead CME March 2021 Soybean Futures contract retraced from last week's contract highs of $14.36½/bu, before settling on Friday at $13.11¾/bu, down 58½ cents on the day, and dropping $1.03 for the week. Friday, March soybean futures traded within a nickel of down "limit" ($0.70 cents), which would have put them at $13.00/bu. The market is now $1.25/bu off of contract highs set the day after the USDA WASDE Report on the 13th of January.

Intermonth spreads also weaker across the board. The SH/SK closed at "even money".

Then new crop CME November 2021 Soybean Futures contract settled on Friday at $11.14/bu, off 54½ cent on the day, and losing 82 cents through the week.

However, the decline in "flat price" came in the wake of supportive fundamental news. Weekly soybean export sales were 66.8 mbu on the week, vs 33.4 mbu last week; above the trade's expectation. On Friday we also saw USDA report a 136,000 mts sale to China prior to 9:30 am open. Perhaps these are "optional origin" purchases. CIF NOLA basis values eased as well, as February values were thought to be off 3 to 4 cents, and March was off 1 to 3 cents. Brazil's basis values were also weaker by 3 to 5 cents as well.

GHA - Last week's move lower took away any positive response to last week's USDA report.

So, what has changed? As the market transitions from US supplies of soybeans to South American supplies, (at least by the numbers on paper), we will not be running out of soybeans. After nine days the market has become more comfortable with the size of the South American crop as various reports show Brazil production at 130+ mmts, and Argentina production at 47+ mmts, as harvest activity becomes closer and South American vessel line-up is growing. At the moment, Brazil's IMEA has Mato Grosso harvest 2.23% complete, compared to 14.4% last year. Argentina is now 98.6% planted.

So, what is the risk of continued downward movement? The South American crop could come in larger than expected…? China could cancel or washes out of US purchases, or move them to Brazil…? The funds could have a change of heart and exit the market…? It doesn't take a lot of imagination to change the current outlook.

China's 2020 U.S. Soybean Imports Surged, May Missed Trade Targets
(Reuters) - China's soybean imports from the United States in 2020 rose by 52.8% from a year earlier, customs data showed on Wednesday, though the stepped up buying likely fell short of what was needed to fulfil last year's trade deal between the countries.

China's total soybean imports in 2020 were a record 100.33 mmts. China is expected to import even more soybeans in the new year on strong demand and crush margins.
The world's top soybean buyer last year brought in 25.89 mmmts of the oilseed from the U.S., its second-largest supplier, up from 16.94 mmmts in 2019.

Chinese buyers stepped up U.S. farm produce purchases to meet China's pledge to buy $36.5 million in farm goods in 2020 under the Phase 1 trade deal signed with Washington last January. Soybean purchases were expected to make up half of the monetary target and estimates showed China needed to import about 40 mmmts to make good on the deal. Besides the push to meet the trade deal, soybean imports also rose as China rapidly replenished its pig herd after it was decimated by the deadly African swine fever during the last two years.

Chinese crushers mostly buy soybeans to crush into soymeal to feed livestock, mainly pigs, and soybean oil. Crushers in Rizhao in Shandong province, a major processing hub for the beans, can make about 237 yuan/mt (US$36.64/mt) from every metric ton of beans crushed, about twice what it was a year ago. In December, U.S. arrivals surged to 5.84 mmmts, up from 3.09 mmmts on the previous year, data from the General Administration of Customs showed.

Shipments from Brazil, China's biggest soybean supplier, were 1.18 mmmts in December, down from 4.83 mmmts y/y, as shipments dwindled after abundant arrivals in earlier months. For 2020, Brazilian shipments were 64.28 mmmts, up 11.46% from 2019's 57.67 mmmts, and almost two-thirds of total annual imports.

CME Soybean Oil March 2021

Soybean Oil values traded mixed through the week. The lead CME March 2021 Soybean Oil Futures settled Friday at $42.27/cwt, down $1.16 on the day, but gaining 38 cents for the week.

EU 2020/21 Soybean Imports 8.04 mmmts, Rapeseed 3.91 mmmts

Reuters - European Union soybean imports in the 2020/21 season that started last July had reached 8.04 mmmts by January 17th, data published by the European Commission showed on Monday. That compares to 7.66 mmmts y/y. EU rapeseed imports in 2020/21 had reached 3.91 mmmts, compared to 3.96 mmmts y/y. Soymeal imports so far in 2020/21 were at 9.63 mmmts, compared to 10.57 mmmts y/y, while palm oil imports were at 3.24 mmmts, up from 3.10 mmmts y/y.

EU Soybean Imports from U.S. Dwindle

Biofuels International - EU oilseed production can only cover around 56% of EU demand. As such, the EU-27 plus UK has always depended on oilseed imports from non-EU countries. Soybeans account for the largest share of oilseed imports, as soybean production in the EU is still relatively low. In the first half of the crop year 2020/21, the EU-27 plus UK imported around 7.1 mmmts of soybeans. This was up approximately 5% compared to last year's period and down around 2% compared to two years earlier. The biggest share of soybean EU imports, 2.9 mmmts, or 40%, come from the US. Compared to the same period a year earlier, imports from the US declined by around 12%. Compared to 2018/19, the decrease amounted to as much as 46%.

According to Agrarmarkt Informations-Gesellschaft, the reason for the considerable fall off in soybean shipments from the US is probably the partial settlement of the US-China trade dispute. Since China started to place plenty of orders with the US again, fewer US soybeans have been available for exports to the EU. As a consequence, EU demand has been covered to a greater extent by soybean imports from Brazil. These imports amounted to around 2.8 mmmts between July and December 2020. This was just about twice the amount of the previous year. The third most important supplier was Canada, followed by Ukraine and Serbia.

China’s Soymeal Stocks Slump Further Despite Higher Crush

Soymeal stocks in China fell for the second consecutive week as stronger procurement demand ahead of the Chinese New Year holiday counterbalanced a sharp rebound in soybean crush volumes, data from China’s National Grain and Oil Information Centre (CNGOIC) showed Thursday.

Soymeal stocks dropped 190,000 mts to 640,000 mts last week reaching the lowest level since mid-May 2020 and a fall of 240,000 mts m/m. However, versus the same week in January 2020, the figure was up 160,000 mts.
“Feed makers and animal farming companies replenished pre-holiday inventory recently. Soymeal trade volume and procurement volume was large. And crushers were very active,” said CNGOIC.

Soybean crush volumes jumped 300,000 mts on the week to reach 1,98 mmts, the highest level in a month, but was still down 20,000 mts y/y.

Soyoil stocks also retreated last week, down 30,000 mt on the week to 860,000 mt. Meanwhile, soybean stock levels rose 30,000 mts to 6.23 mmts last week on the large volume of vessels landing, but overall, they were still 20,000 mts lower than the same week last month.

CBOT Soybean Meal March 2021

CME March 2021 Soybean Meal Futures had a sharply down week, settling Friday at $421.6/short ton, off $16.60 on the day, and losing $40.80 for the week.

New China Swine Fever Strains Point to Unlicensed Vaccines

 Reuters - A new form of African swine fever identified in Chinese pig farms is most likely caused by illicit vaccines, industry insiders say, a fresh blow to the world’s largest pork producer, still recovering from a devastating epidemic of the virus.

Two new strains of African swine fever have infected more than 1,000 sows on several farms owned by New Hope Liuhe, China’s fourth-largest producer, as well as pigs being fattened for the firm by contract farmers, said Yan Zhichun, the company’s chief science officer.

Export Companies in Argentina Concerned By Truckers’ Protest

 Reuters – Agricultural export companies in Argentina are increasingly concerned about independent truck owners who are blocking roads as part of a protest over what drivers say are exorbitant taxes and highway tolls, the CIARA-CEC export industry chamber said on Tuesday.

Owners and drivers, grouped in the informal TUDA association (Transportistas Unidos de Argentina), began blocking highways over the weekend, making it hard for grains to reach port terminals. The protest adds uncertainty to a sector that was racked by several Argentine port workers’ strikes last month.

"Currently everything is operating, but the terminals only have a certain amount of storage capacity... If the protest extends over time, it will generate problems. There is concern," CIARA-CEC spokesman Andres Alcaraz told Reuters.
The entry of grains cargo trucks at port facilities in Argentina’s main export hub of Rosario on the Parana River fell on Tuesday by 88% week-on-week to 294 vehicles, according to data from the Rosario grains exchange. Drivers are demanding a review of their costs, including tolls, insurance rates, taxes and fuel prices, TUDA trucker Santiago Carlucci told local farm news site Bichos de Campo.

Argentine port-side grain inspectors early in January ended a month-long strike after reaching a contract deal with export companies. Oilseed workers held a strike in December that hit key ports throughout Argentina, the world’s No. 3 corn exporter and top supplier of soymeal livestock feed.

- **Diesel Fuel Prices Continue To Rise**
  During the week ending January 18th, U.S. Average On-Highway Diesel Fuel Prices increased 2.6 cents to reach $2.696 / gallon.
  Diesel fuel prices have risen for 11 consecutive weeks as demand for truck and other transportation services climbed and fuel oil inventories fell.

  The Department of Energy’s Energy Information Administration forecasts diesel prices will average $2.71 / gallon in 2021 and $2.74 / gallon in 2022. These forecasts are based on expectations U.S. gross domestic product will rise in 2021, boosting demand for fuel energy.

**GOVERNMENT**

- **Taiwan is Realistic About US Trade Deal, Will Happen Eventually**
  Reuters - Taiwan is under no illusions it can quickly sign a “long hoped for” free trade deal with the United States but feels when the time is right “success will flow naturally”, the island’s chief trade negotiator said on Friday.
  Taiwan has long sought a bilateral trade deal with the United States, the Chinese-claimed island’s most important international backer and supplier of arms.
  Last year, the government lifted a ban on the import of pork containing a leanness-enhancing additive, ractopamine, removing a major stumbling block to an agreement with Washington.
  But President Joe Biden has only just assumed office, and his nominee for treasury secretary, Janet Yellen, told lawmakers this week they would prioritize domestic investment in workers and infrastructure before embarking on any new free trade agreements.

  Minister without portfolio John Deng, who leads trade talks, told Reuters Taiwan’s government well knew that for the United States to sign free trade agreements with anyone was a major issue, especially with a new government in office. "We absolutely understand U.S. politics and we do not have any unrealistic fantasies," he said, speaking in his office near the presidential office. "The new government has its priorities and of course we need to understand that."

  But Deng said he was confident a deal would happen eventually, pointing to the pork decision and support for an agreement among U.S. lawmakers. "We have always thought that this a matter of ‘when conditions are right, success will flow naturally’.”

  Trade-dependent Taiwan is also angling to join the revamped version of the Trans-Pacific Partnership, the 11-country Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), signed in 2018, without the United States.
  "This is a very high priority project for us. But we also understand this involves lots of other countries, 11 of them, so we’re not willing to set a timetable or a target," Deng said.

  While Taiwan is a member of the World Trade Organization, many countries are wary of signing trade deals with the tech-powerhouse fearing objections from China, though Taiwan does have free trade deals with Singapore and New Zealand.

  President Tsai Ing-wen told Britain’s newly appointed de facto ambassador in Taipei this week she hoped they could begin talks on a free trade or bilateral investment agreement. Britain has been looking for such deals since leaving the European Union.
  "There have been no negotiations but the British side knows Taiwan's interest," Deng said, when asked about the chances of a deal with Britain.

**International Crop & Weather Highlights**

- **USDA/WAOB Joint Agricultural Weather Facility – 19th January 2021**
  - **EUROPE** – Highlight: Cold, With Widespread Rain And Snow
    Widespread precipitation maintained good moisture supplies for dormant (north) to vegetative (south) winter grains and oilseeds.
    Cold weather may have caused some burnback to vegetative winter grains in northern Spain but led to the season’s first significant snow across much of eastern Europe.
  - **MIDDLE EAST** – Highlight: Drought-Easing Rain In Turkey
    Moderate to heavy rain across Turkey eased drought and improved moisture reserves for wheat and barley spring growth.
    Locally heavy showers along the eastern Mediterranean Coast contrasted with dry weather in Iran.
  - **NORTHWESTERN AFRICA** – Highlight: Drought Eradicated In Morocco
    Additional rain in Morocco eradicated drought and boosted moisture supplies for wheat and barley.
    Showers in Algeria and Tunisia favored winter grain development.
  - **SOUTH ASIA** – Highlight: Sunny, Cool
    Sunny, cooler-than-normal weather in northern India sustained good wheat and rapeseed conditions.
  - **EAST ASIA** – Highlight: Warmer In Wheat Areas
Milder weather in eastern China eased winterkill concerns for wheat following a period of bitter cold.

- **SOUTHEAST ASIA – Highlight: Widespread Showers**
  Drier weather in the northern Philippines followed weeks of heavy rainfall, while showers continued across the southern Philippines, Malaysia, and Indonesia, maintaining abundant moisture supplies for oil palm and rice.

- **AUSTRALIA – Highlight: Favorable For Summer Crops**
  In the east, intermittent rain and sunshine maintained good cotton and sorghum prospects.
  In the south and west, dry weather favored winter crop harvesting, reportedly nearing completion.

- **SOUTH AMERICA – Highlight: Much-Needed Rain Soaked Argentina’s Main Agricultural Areas**
  Heavy showers brought much-needed relief from dryness to reproductive summer grains and oilseeds throughout key Argentine farming regions.
  Showers scattered throughout central and southern Brazil benefited immature soybeans and first-crop corn, though pockets of dryness lingered in a few locations.

- **SOUTH AFRICA – Highlight: Showers Intensified Across The Corn Belt And Other Farming Areas**
  Locally heavy rain maintained favorable prospects of corn and other rain-fed summer crops.

January Crop Calendar

*Crop stage sensitive to moisture and temperature stresses.

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

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