# Notes and Observations in International Commodity Markets

**28th January 2021**

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

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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.

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**Geo-Political Tensions Persist as Corn, Soybeans, Palm and Crude Oil Make New Highs**

GHA – We saw a solid finish to the week as the U.S. Dollar Index made fresh 18-month highs. However, this didn’t seem to deter most commodity contracts. Sharp gains posted by corn, soybeans and Minneapolis wheat. A strong energy sector added support. New contract highs were set in soybeans while corn sits just below contract highs made last spring as March corn closed up 10⅝ cents per bushel and July corn was up 10½ cents.

March soybeans closed up 21⅝ cents and July soybeans were up 20 cents. Contract highs being made on the Dalian for soybeans, meal, soybean oil and palm oil along with another historical high for palm oil at $0.61+ per pound on the Bursa Malaysia Derivatives Exchange.

March KC wheat closed up 8¾ cents, March Chicago wheat was up 9¼ cents and March Minneapolis wheat was up 17½ cents. February gold was down $8.90 at $1,784.20, March silver is down $0.43 at $22.25 and March copper is down $0.1220 at $4.3015.

March crude oil is down $0.00 at $86.61, March heating oil is down $0.0092, March RBOB is up $0.0142 and March natural gas is up $0.326.

The March U.S. dollar index is trading up 0.038 at 97.280. The Dow Jones Industrial Average is down 339.82 points at 35,028.65. BOA joining a few others that are forecasting the Fed will raise rates 7 times during ’22 and this is line with the latest Fed Futures rate for ’22 at 1.27%.

The Lunar New Year begins on the 1st of February, the year of the Tiger. As such, most of East Asia will be out for a two-week holiday. Have a good weekend!

**Russia/Ukraine Standoff Drives Wheat and Corn Prices Higher**

Russian continues their saber rattling on the border of Ukraine as an invasion of forces now appears eminent. As a result, global grain prices have been driven higher amid fears that a military invasion could curb exports from Ukraine, as well as Russia, two of the world’s biggest suppliers of wheat, as well as major exporters of corn and sunflower seed.

The international standoff and rising tensions come as global wheat stocks are at their tightest levels in years following weak crops in North America. Wheat exports by Russia, the world’s biggest wheat exporter, are down 30% so far this year after Moscow enacted export restrictions to tame domestic inflation. Concurrently, drought in South America, a major supplier of grains and oilseeds, threatens to reduce that region’s production.

Wheat futures prices have been hovering around record levels, fueling food price inflation worldwide. Corn futures also moved higher.

Ukraine is the world’s fourth-largest wheat exporter, shipping mainly to North Africa (Egypt) which is currently experiencing near-record drought, and the No. 3 corn exporter, primarily to China.

Any cutoff in wheat shipments would likely direct additional sales to top EU exporters, especially France and Germany. Other major exporters of wheat and corn, including the US, would also face increased demand. Ukraine also is the biggest producer of sunflower seeds and sunflower oil.

Ukraine has already shipped 16 mmt of wheat for the current marketing year, up 27% from a year earlier, helped by a bumper crop. The shipments represent nearly two-thirds of the wheat export limit Ukraine set for 2021/22. Most of Ukraine’s grain exports ship from the Black Sea port cities of Mykolaiv and Odessa. These lie to the west of the Crimea Peninsula, an area which Russia annexed after a previous invasion of Ukraine in 2014.

Ukraine’s new winter wheat crop will be significantly larger than last year as farmers are estimated to have planted 13% more wheat acreage for 2022/23 than last year. Ukraine’s Agriculture Ministry said farmers expect to plant 6.68 mha of winter wheat for the 2022/23 marketing year, which begins next July, up sharply from 6.1 mha in the previous year when early-season drought cut into area planted.

Currently, the Ukraine’s winter wheat crop appears to be doing better than last year; however, its prospects will become clearer as the crop emerges from dormancy with spring weather in coming weeks.

Winter wheat areas in Russia are also seeing improved growing conditions relative to last year.

A favorable Ukraine and Russian wheat crop would be good news for world supplies after disappointing harvests last year in the US, Canada, and Russia led to reduced global wheat production and tightening world ending stocks.

P.S. – Let’s not get distracted and forget about the issues with China and the growing tension with Taiwan and the South China Sea situation…
major energy-producing countries are discussing the protection of energy supplies, but Ukraine’s leader urged calm in a televised address Tuesday.

It is uncertain how exports might be affected, if at all, should the conflict escalate. Although not a direct comparison, the Russian occupation of Ukrainian territory eight years ago did not necessarily hamper grain exports, though the destabilization in Ukraine’s currency raised crop worries.

Global food security is of top concern if Ukraine’s exports are disturbed as much of its grains are destined for Middle East and African nations that depend heavily on imports. Recently, more than 40% of Ukraine’s annual corn and wheat shipements have headed to the Middle East or Africa.

By comparison, the United States’ proximity disadvantage means less than 10% of its corn and wheat exports set out for those regions. Historic droughts in the Middle East and North Africa last year have exacerbated grain needs with rising domestic food prices and lingering shortage fears.

Grain exports are a cornerstone of Ukraine’s economy. The country this year is expected to export more than three-fourths of its domestic corn and wheat crop. That compares with one-fifth for the United States.

Ukraine is increasingly important for oilseeds as it accounts for half of the world’s sunflower oil exports and is the No. 3 rapeseed exporter. Many global oilseeds, particularly vegetable oils, have hit record-high prices within the last year.

This year, Ukraine is predicted to account for 12% of global wheat exports, 16% for corn, 18% for barley and 19% for rapeseed.

 EXPORT INTERRUPTION?

As of last Friday, Ukraine’s grain exports since July 1st were up 28% from a year ago and up 6% from two years ago following a record 2021 harvest. The country’s wheat shipments usually peak in August or September, but more than half of Ukraine’s expected corn volume must be shipped in the next five months.

Much of that corn is destined for China, as Ukraine was its top supplier before the United States took over last year. It is unknown whether China is confident in fulfillment, but there have not been significant Chinese purchases of U.S. corn since May, signaling it is not yet seeking alternatives.

Ukraine’s agriculture ministry expects 2021-22 corn exports at 30.9 mmts, and 17.2 mmts (677 mbus) remained as of Friday for shipment before June. By comparison, U.S. corn exports are pegged at 61.6 mmts in its September-August 2021-22 marketing year.

Ukraine and the United States are the only world suppliers of corn right now, as Argentina’s crop is a couple months away from the market and Brazil’s several months away. There is already plenty of uncertainty over South American export potential given dicey weather, but Brazil’s exported corn crop is only now being planted.

China does not purchase South American corn, so the U.S. market would be the recipient if the Asian country develops jitters over the Ukraine situation.

PRODUCTION IMPACT?

Ukraine’s currency, the hryvnia UAH=, started declining against the dollar in early 2014 during the revolution and Russian occupation of Crimea and conflict in Eastern Ukraine. That devaluation rapidly peaked in early 2015, and weakness in the hryvnia has remained at more than three the pre-2014 levels ever since.

While currency weakness typically fosters exports, it also raised costs for agricultural inputs, many of which are imported. Producers for 2015 reportedly reduced purchases of quality inputs and used fewer chemical applications to save on expenses.

Yield hits were expected, but the results were mostly positive. Ukraine’s primary grain exports went on to new records in every year from 2013-14 through 2016-17.

Ukraine’s increasing role in the global agricultural market has drawn a lot of foreign investment to the country, boosting yields and crop reliability. However, farmers have already cited concerns ahead of the 2022 corn season about the potential negative impact of high fuel prices.

The hryvnia has weakened more than 5% so far this year on the recent geopolitical instability and Tuesday’s parity of more than 28:1 against the dollar is among the largest on record. Karen Braun is a market analyst for Reuters. Views expressed above are her own.
US DOLLAR & FOREIGN EXCHANGE

- **US Dollar Index – Slightly Higher, new 1½ year high On Hawkish Fed**

  The dollar index on Friday rose +0.028 (+0.03%). The dollar index on Friday rose to a new 1-1/2 year high and finished slightly higher. Hawkish comments Friday from Minneapolis Fed President Kashkari were supportive for the dollar when he said inflation has been higher and lasted longer than he expected and "we just don't know" if three rate hikes in 2022 are enough. The dollar fell back from its best levels Friday on weaker-than-expected U.S. economic data and on a rebound in stocks, which reduced liquidity demand for the dollar.

  EUR/USD on Friday fell -0.0001 (-0.01%). EUR/USD on Friday posted a fresh 1-1/2 year low before recovering to close little changed. EUR/USD was under pressure Friday news that the Eurozone Jan economic confidence index fell -1.1 to a 9-month low of 112.7, weaker than expectations of 114.5. Also, the German Q4 GDP report of -0.7% q/q and +1.4% y/y was weaker than expectations of -0.3% q/q and +1.8% y/y. The euro recovered most of its losses Friday on strength in German bund yields after the 10-year German bund yield rose to a 1-week high of -0.008%.

  USD/JPY on Friday fell -0.16 (-0.14%). USD/JPY on Friday fell back from a 2-1/2 week high and posted moderate losses as the yen strengthened on lower T-note yields. The yen initially fell to a 2-1/2 week low on reduced safe-haven demand after the Nikkei Stock Index Friday closed up more than +2%.

  Comments on Friday from Minneapolis Fed President Kashkari, one of the Fed's most ardent doves, supported the dollar when he said inflation has been higher and lasted longer than he expected and "we just don't know" if three rate hikes in 2022 are enough.

  Friday's U.S. economic data was mixed for the dollar. On the positive side, the Dec core PCE deflator rose +4.9% y/y, stronger than expectations of +4.8% y/y, and the fastest pace of increase in more than 38 years. On the bearish side, Dec personal spending fell -0.6% m/m, right on expectations and the biggest decline in 10 months. Also, Dec personal income rose +0.3% m/m, weaker than expectations of +0.5% m/m. In addition, the Q4 employment cost index rose +1.0% q/q, weaker than expectations of +1.2% q/q. Finally, the University of Michigan U.S. Jan consumer sentiment index was unexpectedly revised lower by -1.6 to a 10-year low of 67.2, weaker than expectations of unchanged at 68.8.

  February gold on Friday closed down -8.20 (-0.46%), and March silver closed down -0.375 (-1.65%). Precious metals Friday extended Thursday's losses, with gold falling to a 6-week low and silver dropping to a 1-1/2 month low. Gold was pressure from a stronger dollar, and reduced demand as an inflation hedge after the U.S. Q4 employment index rose less than expected. Silver prices were under pressure on industrial metals demand concerns after German Q4 GDP slowed more than expected.

  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.

WHEAT

- **Russia – Ukraine possible export disruptions likely to be limited**

  In an article published on the Thomas Elders Markets (TEM) website this week, TEM analyst Andrew Whitelaw said the situation on the Ukrainian-Russian border has caused wheat prices to rise sharply in the past week.

  Russia and Ukraine have grown in importance for the global grain trade in the past 20 years. Russia has moved from being a net wheat importer to the world's largest wheat exporter.
Mr Whitelaw agrees, and said if the hot war does not eventuate, risk premiums currently priced into the market will begin to fade.

**Are grain terminals beyond troubled zone?**

Rabobank agricultural analyst Dennis Voznesenski said the distance between the likely flashpoint of an open conflict and Ukraine’s grain terminals is likely to mitigate much of the impact of open conflict on markets.

“If conflict eventuates, it will begin in eastern Ukraine, while the vast majority of Ukrainian grain export terminals, over 80%, are in the south-west of the country. This means that the world market will likely still be able to procure Ukrainian wheat, at least in the short term even if a conflict eventuates.

During the Crimean crisis of 2014, Russian grain export logistics were not disrupted. “We expect a Ukrainian response to be defensive to Ukrainian territory only and so not disrupt Russian exports. Turkey could theoretically close the Bosporus Strait which could disrupt Russian exports, but they did not in 2014, and there are no expectations it would do so in a conflict in 2022.”

With around 40% of Ukraine’s wheat production in its east, Mr Voznesenski said a full-scale and prolonged confrontation could disrupt a large volume of production. “Ukraine accounts for nearly 10% of global exports on average and just under half of those exports head to Asia.”

Mr Voznesenski said while the Black Sea export program was currently in its quieter period, it picks up towards harvest in July-August. “That means that a near-term disruption to world markets will be notable but not catastrophic.”

“For wheat itself however, it’s worth noting that Russia’s largest export customers are Turkey and Egypt, and they are unlikely to follow suit on sanctions, especially in the high-price market they are buying in already.”

“As long as the tensions remain, markets will be trading higher on the risk of a conflict simply because two large wheat trading nations are involved, and a short-term conflict is possible.”

**China Exceeded Annual Wheat TRQ Volume In 2021**

27 Jan 2022 USWA - China’s latest customs numbers are in, and the news is significant. After clearing 933,500 mts of wheat through customs in December, China in calendar year 2021 exceeded its 9.636 mmts annual wheat TRQ (tariff rate quota) established in its World Trade Organization (WTO) membership. The official tally was 9.718 mmts of imported wheat.

According to customs, Australian wheat and U.S. wheat at more than 2.7 mmts each were China’s largest suppliers in 2021. The difference between them is a mere 9,000 mts. That is about the volume that fits into one hold on a bulk freight vessel.

Customs data showed China exceeded its annual wheat TRQ in part by importing 2.544 mmts of Canadian wheat and 1.412 mmts of French wheat in 2021. The volume China imported from those four wheat suppliers indicates to U.S. Wheat Associates (USW) that buying from deep and transparent markets with good ocean shipping infrastructure is still attractive to China’s buyers. The remaining 3% of its total 2021 imports arrived from Kazakhstan and Russia.

Image of U.S. HRW wheat and list of functional benefits included to show how China exceeded its annual wheat TRQ with help from USW.

**Introducing HRW Wheat** - China imported a significant amount of U.S. hard red winter (HRW) wheat in 2021. In September, USW used presentations (above) and technical demonstrations to help Chinese millers and grain buyers understand the functional benefits of HRW.

**CME CBOT Wheat Futures**

Wheat prices recovered on Friday after sharp drops Wednesday and Thursday. Spreads in all three classes continue to provide very little carry or are inverted. Wheat futures rallied today in what appeared to be a risk on session led by soybeans.

Despite the US Dollar index closing at its highest level in a year and a half yesterday, wheat rallied today, dismissing that pressure on the market. Perhaps spillover help from was the reason, as corn and soybeans also had solid gains today. A strong export sales number at 24.9 mb this week may have also helped – that is the highest weekly sale for 21/22.

While the tensions have somewhat eased on the Ukrainian border, the situation in that region is far from over with around 100,000 Russian troops remaining there. If Russia does end up invading Ukraine the European wheat market will probably benefit the most (though US exports would be expected to increase too).

With China being a steady buyer of French origin wheat, Agritel estimates they may become the top buyer for the first time. With more Chinese eating at home, due to covid and travel restrictions. There is discussion that China may have to import more quality wheat. China officially approved the 2022 TRQ’s with wheat steady at 9.6 mmts.

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CBOT March 2022 Wheat Futures settled on Friday at $7.86¼/bu, up 9¼ cents on the day, but gaining 6¼ cents for the week.

COT reported index funds net sellers in grains, and they are still up 62k contracts in all grains since January 1st. The weekly CoT report showed wheat specs were 11,474 contracts less net short in CBT SRW. The net new buying left managed money at a 13,427 contract net short as of 1/25.

Egypt’s GASC booked 420k MT of wheat, to be sourced 180k MT from the Ukraine, 120k MT Russian, and 120k MT Romanian with a mid-March delivery.

On a bearish note, the USDA Foreign Agricultural Service raised their estimate of Argentina’s wheat crop to be record large at 21.8 mmts. This is up 1.3 mmts from the January USDA estimate.

**U.S. Export SRW Wheat Values – Friday 28th January 2022**

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

<table>
<thead>
<tr>
<th>CIF SRW WHEAT</th>
<th>1/27/2022</th>
<th>1/28/2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>JAN</td>
<td>110 / 120</td>
<td>110 / 120</td>
</tr>
<tr>
<td>FEB</td>
<td>110 / 120</td>
<td>110 / 120</td>
</tr>
<tr>
<td>MAR</td>
<td>110 / 120</td>
<td>110 / 120</td>
</tr>
</tbody>
</table>

Gulf barge/rail quotes, in cents per bushel.

USDA reported a resurgence in export demand for US wheat last week, as buying set a marketing year high of nearly 25 mb. This puts year-to-date commitments at 632 mb, which sets 21% behind a year ago and 17% behind the five-year average pace. Top seller was hard red winter with 10.3 mb, putting sales 8% below a year ago and 11% behind average at 249 mb.

Hard red spring booked 7.3 mb to put sales at 170 mb, which is 28% behind a year ago and 24% below average. Soft white garnered 4 mb to put commitments at 112 mb, which stands 47% behind last year’s record pace and 32% behind average.

Soft red winter also saw another relatively good week with 3.2 mb and with 95 mb in sales, sets 61% ahead of a year ago and 28% above average.

Top Buyers...The Philippines and Nigeria were the big buyers, with each committing to another 4 mb. This was followed by Japan with 3.8 mb, Mexico with 2.9 mb and South Korea buying 2.8 mb.

**U.S. Export HRW Wheat Values – Friday 28th January 2022**

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

<table>
<thead>
<tr>
<th>TX GULF HRW</th>
<th>12% Protein</th>
<th>1/27/2022</th>
<th>1/28/2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>JAN</td>
<td>210 / -</td>
<td>206 / -</td>
<td></td>
</tr>
<tr>
<td>FEB</td>
<td>206 / -</td>
<td>206 / -</td>
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<td>MAR</td>
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<td>206 / -</td>
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<tr>
<td>APR</td>
<td>195 / -</td>
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<td></td>
</tr>
<tr>
<td>MAY</td>
<td>195 / -</td>
<td>195 / -</td>
<td></td>
</tr>
</tbody>
</table>

HRW 11’s and 12’s n 10 – 20c. TX Gulf HRW 11’s FOB are a $9 to $10 premium to Russian FOB for A/M shipment. Shuttle freight went no bid for Feb/Mar, which should lower delivered premiums and possibly raise FOB values. Egypt booked 420 kmt of wheat with lowest CNF offers from Ukraine.
**MGE HRS Wheat Futures**

Symbol: [MWH2]  
Future Symbol Search

Current Month: [MWH2] next

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

**MGE March 2022 HRS Wheat Futures** settled on Friday at $9.20¼/bu, up 17¾ cents on the day, but losing 16 cents for the week. The weekly CoT report showed long liquidation for MPLS wheat spec traders. That reduced their net long by 517 contracts to 3,340.

In physical cash markets HRS saw 43 cars and 2 trains for sale.

**Portland Price Trends**

January 27, 2022

<table>
<thead>
<tr>
<th></th>
<th>01-01-20</th>
<th>08-01-21</th>
<th>12-01-21</th>
<th>01-20-22</th>
<th>01-27-22</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1 SWW (bu)</td>
<td>6.65</td>
<td>9.25</td>
<td>10.65</td>
<td>11.00</td>
<td>10.75</td>
</tr>
<tr>
<td>White Club</td>
<td>6.65</td>
<td>10.75</td>
<td>12.65</td>
<td>12.75</td>
<td>12.50</td>
</tr>
<tr>
<td>DNS 14%</td>
<td>7.14</td>
<td>10.33</td>
<td>11.30</td>
<td>10.55</td>
<td>10.12</td>
</tr>
<tr>
<td>HRW 11.5%</td>
<td>7.38</td>
<td>8.33</td>
<td>9.83</td>
<td>9.96</td>
<td>9.93</td>
</tr>
<tr>
<td>#2 Corn (ton)</td>
<td>211.00</td>
<td>251.00</td>
<td>269.00</td>
<td>287.00</td>
<td>292.00</td>
</tr>
<tr>
<td>#2 Barley</td>
<td>145.00</td>
<td>200.00</td>
<td>240.00</td>
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</table>

West coast white wheat markets saw a modest retreat this week as exporters completed the offer on the 3 mb CCC donation tender. Spot basis for white wheat moved within a 20 cent range this week against movement in Chicago futures, but closed near 300 over Chicago futures today.

**COARSE GRAINS**

**Global feed output jumps 2.3% in 2021**

25 Jan 2022 Arvin Donley - Global feed production increased 2.3% in 2021, according to the 11th annual Alltech feed survey, released on January 25th.

The survey, which includes data from more than 140 countries and more than 28,000 feed mills, found that international feed production increased to 1.235 billion tonnes, up from 1.187 billion tonnes in 2020.

The top 10 feed-producing countries in 2021 were China (261.424 mmts), the United States (231.538 million), Brazil (80.094 million), India (44.059 million), Mexico (38.857 million), Spain (35.580 million), Russia (33.000 million), Turkey (25.300 million), Japan (24.797 million) and Germany (24.506 million).

Alltech said these countries produced 65% of the world’s feed production, and they can be viewed as indicators of the trends in agriculture. Additionally, when combined, the feed production of these countries increased by 4.4%, compared to the overall global growth of 2.3%.

The country with the largest increase in feed production by tonnage was China by 8.9%. A key trend resulting in this growth, Alltech said, was the continuation of the consolidation and modernization of the country’s feed industry. Swine farms and feed production have moved from utilizing food waste to contracting with professional feed mills. As a result, commercial feed tonnage increased, driven mostly by the growth and continued modernization of the pig sector.

Feed production met local expectations in about half of the surveyed countries while falling short of expectations in about 25% of countries due to continued restaurant closures, high raw material prices and/or African swine fever (ASF). The remaining 25% of countries exceeded expectations, mainly due to recovery from COVID-19 lockdowns, including increased exports to re-opening restaurants.

The poultry sector experienced a slight reduction in layer feed tonnage (down 1.4%), whereas broiler feed production increased (by 2.3%).

The layer business has been facing challenges in many countries due to the high costs of raw materials, combined with flat/low retail prices for eggs. Animal welfare concerns are also a driver, as cage-free and free-range production are on the rise in many countries. In Europe, the most significant decreases occurred in Norway, Russia, Ukraine and Poland. Asia-Pacific also saw output decrease, while tonnage in Australia grew by 4%.

Factors that have aided the broiler sector include an increased demand for easy-to-cook proteins as restaurants closed during the pandemic and an affordable protein option, as the prices of other meat proteins increased. China and India accounted for the most significant increases in Asia-Pacific. In Latin America, Peru, Brazil, Paraguay and Mexico contributed significantly to the region’s 5% increase.

Pig feed production increased significantly, by 6.6%, which was primarily boosted by Asia-Pacific’s recovery from ASF. Japan, South Korea, Malaysia and China demonstrated just such a recovery from ASF, but Indonesia, Myanmar, the Philippines, Thailand and Vietnam continued to feel the impact of the disease.
Europe, countries where ASF is not or is no longer a problem were still impacted by a pork surplus due to a reduced demand from China.

Dairy feed tonnage increased slightly, by 1.9%. Asia-Pacific saw the biggest increase, which mostly is attributed to growth in India. As COVID-19 lockdowns eased around the world, the reopening of the hospitality industry and in-person classroom education helped boost milk consumption overall. In Australia and New Zealand, dairy feed tonnages were down 6.7% and 2.5%, respectively.

Beef feed production shrunk by 1.9% globally. The industry continues to be challenged by GHG regulations and perceptions of environmental and health impacts. European markets are focused on reducing GHG emissions to align with COP26, the EU Green Deal and the FEFAC Feed Sustainability Charter 2030.

The United States experienced an increased steer and heifer harvest due to carryover from 2020, as well as a record demand for beef exports. Argentina saw a significant reduction due to reduced exports, and high inflation and the devaluation of the local currency also are affecting Argentinians’ purchasing power, although export regulations are easing and could impact Argentina’s outlook for 2022.

The aquaculture industry continues to grow in many markets and increased by an impressive 3.7%. Recirculating aquaculture systems (RAS) are becoming more prevalent, and consumer demand for fish is on the rise, Alltech said. Markets with ASF challenges saw additional growth due to their reduced pork supply. India saw a significant increase in its aquaculture feed tonnage of 9%, while Indonesia accounted for 10% of Asia-Pacific’s growth. In Latin America, Chile, Brazil, Honduras and Ecuador contributed to the regional growth of 5.6%.

Pet feed production had the highest increase among the sectors, with an 8.2% rise in production. Alltech said this significant increase largely is due to the rise in pet ownership amid the COVID-19 pandemic. While some regions remained flat, there were no reported decreases in any region around the world.

North America saw steady growth of 1.9% over the last year, and the United States remained the second-largest feed-producing country globally, behind China.

Latin America experienced moderate growth of 0.5%, and Brazil remained the leader in feed production for the region and ranked third overall globally.

Europe saw a decrease of 1.2% in its feed production due to issues such as ASF and high raw material costs, combined with low end-product prices, declines in ruminant feed production and COVID-19-related government regulations.

Asia-Pacific saw the largest regional growth of 5.7% and is home to several of the top 10 feed-producing countries, including China, India and Japan.

Africa saw growth of 2.4%, despite challenges caused by high raw material prices, foot and mouth disease and geopolitical tensions that have impacted the exports of foods of animal origin and caused raw material shortages in some areas.

To access more data and insights from the 2022 Alltech Agri-Food Outlook, including an interactive global map, visit alltech.com/agri-food-outlook.

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**Ag Canada Forecasts Fewer Canola Acres in 2022; More Wheat**

21 Jan 2022 Ag Canada - Canadian producers will plant less canola and barley but more wheat and oats in 2022, according to preliminary new-crop supply-demand estimates released by Agriculture Canada on Friday.

All wheat area planted area is anticipated to climb 5.8% to 24.82 million acres, with durum up roughly 9.5% to 6.05 million and wheat (excl durum) rising 4.7% to 18.77 million. (Total winter wheat area is seen up 1% to 1.35 million acres and spring wheat seeded area up 6% to 17.42 million). Oat planted area for 2022 is estimated at 3.7 million acres, an increase of 8.3%.

Ag Canada attributed the projected decline in canola acres to a shift into alternative cereals, while tight old-crop supplies, robust demand and high spot prices are expected to prevent the 2022 barley area from shrinking "too much," despite strong competition for acres from other crops. For durum, wheat and oats, new-crop planted area is expected to be supported by strong pricing, and tight carry-in stocks.

The government forecast assumes a return to more typical growing weather and average yields in 2022 after last year’s drought-related disaster.

For durum, 2022 production is expected to increase to 5.5 mmt (up from 2.65 million in 2021), in line with the last five-year average. Ending stocks are expected to rise to 750,000 mts, up 67% from a year earlier, while the average price drops to $400/mt from $700/mt (avg SK producer spot price). Wheat (excl durum) output is forecast 35% higher at 25.6 mmt, while ending stocks are seen increasing 1 mmt to 4 mmt. The average price, at $350/mt (avg SK producer spot price), is projected down $60.

Barley production is expected to increase by 52% to 10.59 mmt, with ending stocks more than tripling to 1 mmt. The season average 2022-23 barley price is pegged at $310/mt (I/S Lethbridge) down from $420/mt in 2021/22.

Total oat production projected to increase by 67% to 4.36 mmt, while ending stocks climb 300,000 mts from the 2021/22 forecast to 500,000mts. At $400/mt (CBOT nearby futures), the average price is seen falling $150 from the current marketing year.

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**CME CBOT Corn Futures**

The nearby corn futures rally extended into the weekend adding another dime for old crop, and ending the session near the high of the day. CME March 2022 Corn Futures settled at $6.36/bu, up 10 ¾ cents on the day, but gaining 20 cents for the week. The March contract was within 3½ cents of the contract high on Friday and completed the week with a 19% cent gain. March corn futures have gained over 50 cents since January 14.

December new crop was 2¼ firmer, adding 4½ cents for a new weekly contract high of 5.69%.

Corn spreads were very firm with the back end (CN/Z) legs leading the charge. Despite being in a technical over-sold condition, futures are brushing off technical signals and instead focusing more on ideas of increased export potential for the U.S. due to smaller crop expectations in Argentina and first crop Brazil corn.
CFTC’s weekly CoT report had managed money firms at 365,605 contracts net long at the settle for the 25th of January. That was a 39,082 contract stronger net long from last week, fueled by net new spec buying. The commercials also added 46,488 new shorts for a 47.5k contract stronger net short of 678,313 contracts. That was the strongest commercial net short since May of last year.

Processor’s have been quiet as well except for a large plant in Zone 3 paying 10+ cents over DVE for AM. Decatur had been pushing DVE+ as well earlier this week. Firm energy prices and uncertainty regarding the buildup of tension between Russia and Ukraine were supporting factors, along with adverse weather in South America, short covering, inflation concerns and good export sales all proved support for prices this week despite gains in the US dollar. Some are suggesting that Ukraine will need to ship about 20 mmt of corn by summer.

The most recent weather outlooks suggest more of the same for Southern Brazil, which is scattered rain. The USDA attached to Argentina cut its production and export forecast by 3 mmts. That potentially could imply an additional 120 mbus of exports for the U.S. and a reduction of carryout by the same amount.

USDA’s Ag Attache had Argentina’s corn crop at 51 mmts. That was 3 mmts under the USDA official forecast.

The market is telling us the export markets are not properly fed as basis, spreads, and futures are all firm. The Canada program FOB Illinois continues to run strong and continue to hear them looking for corn this week. With corn heading north and to the Gulf, FOB Illinois, it will be interesting to see the supply of corn in Illinois by the springtime as supplies could be tight supply.

Rail freight, east and west, is feeling heavy with a sharp drop in return freight. Out west, rail started to show signs of basis weakness for Feb/Mar, however, continue to see values at/close to DVE into the springtime.

Barge freight continues to run firm as shippers are covering freight. CIF corn was showing signs of weakness FOB IWDS w/ the rally in barge freight, but spreads were not deterred. CIF at the close also look fairly unchanged as exporters don’t feel covered yet.

### GRAIN SORGHUM

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

<table>
<thead>
<tr>
<th>Quotes, in cents per bushel basis CBOT futures:</th>
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<tbody>
<tr>
<td>CIF MILO</td>
</tr>
<tr>
<td>January</td>
</tr>
<tr>
<td>1/27/2022</td>
</tr>
<tr>
<td>1/28/2022</td>
</tr>
</tbody>
</table>

| TX FOB VESSEL                                   |
| MILO (USc/MT)                                  |
| 1/27/2022                                     |
| 1/28/2022                                     |

**CIF CORN**

- **FH FEB**: 108 / - H

**Modern Farmers Snippet**

Source: http://www.dtnigp.com/index.cfm?show=62
**BARLEY**

- **Iran's SLAL tenders for 60,000 tonnes each barley, corn soymeal**
  
  25 Jan Reuters - Iranian state-owned animal feed importer SLAL has issued international tenders to purchase up to 60,000 mts of animal feed barley, 60,000 mts of feed corn and 60,000 mts of soymeal, European traders said on Tuesday.
  
  The deadline for submission of price offers in the tender is Wednesday, the 26 of January. Shipment for all the grains and soymeal was sought in February and March.
  
  Iran needs to import millions of tonnes of grain after its crop was damaged by the worst drought in 50 years last summer, Reuters reported in October. But western sanctions on Iran continue to make payment difficult, traders say.
  
  Another Iranian state agency, the Government Trading Corporation (GTC), has been purchasing wheat heavily in the last two months.
  
  Neighboring Turkey, which also suffered drought damage to its crops, has also been purchasing wheat and barley recently in global markets.

**OATS**

- **CME CBOT Oat Futures**
  
  CME March 2022 Oats Futures settled at $6.75½/bu, up 20½ cents on the day, but gaining 52½ cents for the week.

**ENERGY**

- **CME WTI Crude Oil - Closes 7¼ Year High On Global Supply Concerns**
  
  March WTI crude oil on Friday closed up +0.21 (+0.24%), and March RBOB gasoline closed up +1.69 (+0.67%).
Wednesday’s weekly EIA report showed that (1) U.S. crude oil inventories as of Jan 21 were -7.9% below the seasonal 5-year average, (2) gasoline inventories were -1.8% below the 5-year average, and (3) distillate inventories were -17.8% below the 5-year average. U.S. crude oil production in the week ended Jan 21 fell -0.9% w/w to 11.6 million bpd, which is -1.5 million bpd (-11.5%) 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 28 rose by +4 rigs to a 1-3/4 year high of 495 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

Historic growth for U.S. ethanol stocks as demand sags
26 Jan 2022 Karen Braun Reuters

- U.S. ethanol producers late last year had seemingly put the pandemic lull behind them with sky-high output and profit margins to match. But demand has recently slipped and oil prices have accelerated, sparking a record build-up in ethanol stocks.

Chicago corn futures have also strengthened in recent months and sit at nine-year highs for the date. However, with ethanol production claiming about 36% of annual U.S. corn usage, poor demand and vanishing margins could be a weight on corn prices.

The relatively normal output does not reflect the huge slashing of margins in the last two months. Corn processing margins reached $1.80 per gallon at the end of November, the strongest since 2014, but this week it hovers a few cents above zero.

Exploiting oil prices have not helped. U.S. crude oil futures CLc1 have surged 32% since the beginning of December and on Wednesday reached the highest levels since October 2014.

Ethanol margins and output could be threatened through mid-February with forecasts for a U.S. cold spell. Natural gas prices may spike if the weather is sufficiently cold, which could prompt ethanol processors to ease operations as they did in February 21. However, last year’s interruption is a very extreme example, as the 28% weekly drop in ethanol output was the largest ever recorded, even including the pandemic weeks. Winter is already a slower time for U.S. motor gasoline and ethanol demand, though the downturn has been worse than usual, contributing to the ethanol stock growth.

Despite a jump in the latest week, gasoline demand is averaging about 6% below pre-pandemic norms. Implied ethanol disappearance is 7% below.

Earlier this month, Reuters reported that the Biden administration was considering lowering the 2022 U.S. ethanol blending mandate, another potential setback for the
ethanol and corn industries. (Exclusive: Biden weighing cuts to 2022 ethanol blending mandate proposal) That follows the December proposal for 15 billion gallons, up from the prior two years and equal to 2019.

However, the EIA this month projected 2022 U.S. gasoline consumption below the 2019 levels, which does not support the December blending target. The ethanol industry argues that reducing the mandate violates the Renewable Fuel Standard, regardless of demand.

The EIA’s report suggests 2022 and 2023 driving trends will top pre-virus levels, but growth in U.S. gasoline demand will be offset by increases in fuel economy. Electric vehicles have also been seen as a potential long-term threat to U.S. ethanol. (EIA expects gasoline and diesel prices to fall in 2022 and 2023 as demand growth slows)

CME Ethanol Futures - Nearby Daily

CME Nearby Ethanol February 2022 closed on Friday at $2.16, unchanged on the day, but only gaining 0.500 cents for the week.

Wednesday’s Energy Information Administration (EIA) report showed U.S. ethanol production fell 18,000 barrels per day (bpd) as of Jan. 21 to 1.035 million bpd, but remained above 1 million bpd for a 16th consecutive week. Output in the week profiled was 11% more than the same time in 2021.

March crude oil is down $0.00 at $86.61, March heating oil is down $0.0092, March RBOB is up $0.0142 and March natural gas is up $0.326.

Logistics apparently having a significant impact on ethanol inventory levels compared to two years ago. East Coast reserves are 20% smaller at 6.9 mb while in the Midwest, stocks as of last week were just the reverse, up 20% vs 2020,

U.S. Export Ethanol Values – Friday 28th January 2022

<table>
<thead>
<tr>
<th>Nearby Ethanol Bids</th>
<th>1/27/2022</th>
<th>1/28/2022</th>
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<tbody>
<tr>
<td>Blair, NE</td>
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<td>0</td>
</tr>
<tr>
<td>Cedar Rapids, IA</td>
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<td>6</td>
</tr>
<tr>
<td>Decatur, IL</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>

H = High, UNC = Unclear
DDG’s – Continued Demand Keeps DDG Price Higher

21 Jan 2022 Mary Kennedy, DTN Analyst – The DTN average price for domestic DDGs from 34 locations reporting for the week ending the 27th of January was $215 per ton, up $3 per ton versus one week ago. DDG prices have been moving higher during the month of January, fueled by strong soybean meal prices and strong demand from feeders.

Based on the average of prices collected by DTN, the value of DDG relative to corn for the week ended Jan. 27 was 96.28%. The value of DDG relative to soybean meal was 53.13%, and the cost per unit of protein for DDGs was $7.96, compared to the cost per unit of protein for soybean meal at $8.52.

In their weekly DDGS update, the U.S. Grains Council said, “Persistent cold weather and logistical difficulties continue to support rail and barge markets. U.S. rail rates are up $4 to $5/mt this week with rates to Laredo, Texas, seeing the largest increase ($7/mt) for spot positions.

The Barge CIF NOLA market is similarly higher, up $6/mt for spot and up $7/mt for March positions, while FOB Gulf offers are up $4 to $5/mt. Prices for DDGS containers to Southeast Asia continue to grind higher, rising $3 to $5/mt for February through April positions. International buyers continue to show steady interest in U.S. product with recent declines in freight values helping bolster inquiries and purchases. Prices for 40-foot containers into Southeast Asia are averaging $368/mt so far this week.”

### VALUE OF DDG VS. CORN & SOYBEAN MEAL

<table>
<thead>
<tr>
<th>Settlement Price</th>
<th>Quote Date</th>
<th>Bushel</th>
<th>Short Ton</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corn</td>
<td>1/27/2022</td>
<td>$6.2525</td>
<td>$223.30</td>
</tr>
<tr>
<td>Soybean Meal</td>
<td>1/27/2022</td>
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<td>$404.70</td>
</tr>
<tr>
<td>DDG Weekly Average Spot Price</td>
<td>1/28</td>
<td>1/13</td>
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</tr>
<tr>
<td>DDG Value Relative to: Soybeans</td>
<td>96.28%</td>
<td>100.01%</td>
<td></td>
</tr>
<tr>
<td>DDG Cost Per Unit of Protein</td>
<td>53.13%</td>
<td>49.56%</td>
<td></td>
</tr>
<tr>
<td>Corn</td>
<td>1/27/2022</td>
<td>$6.2525</td>
<td>$223.30</td>
</tr>
<tr>
<td>Soybean Meal</td>
<td>1/27/2022</td>
<td></td>
<td>$404.70</td>
</tr>
</tbody>
</table>

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.
Production reached 7.6 mts for soymeal and 2.1 mts for oil. In December 2021, soybean crushing reached 786,470 mts, the biggest volume for the month so far, according to IMEA.

"This scenario was driven by the maintenance of external demand for soymeal and oil, which favored a higher production of the byproducts in the state," IMEA stated. The institute also stated that 2022/23 costs increased 1.14% in December versus the prior month, to BRL 4,619.56 per hectare, due to higher input prices such as herbicides (+3.13%), seeds (+2.02%), and macronutrients (+1.26%). In comparison to the 2021/22 costs, inputs were 57.81% higher.

- **EU 2021/22 soybean imports at 7.34 mmts, rapeseed 2.73 mmts**
  25 Jan 2022 Reuters - European Union soybean imports in the 2021/22 season that started in July had reached 7.34 mmts by the 23rd of January, data published by the European Commission on Tuesday showed. The volume compared with 8.37 mmts by the same week in the previous 2020/21 season, the data showed.
  
  EU rapeseed imports so far in 2021/22 had reached 2.73 mmts, compared with 4.02 mmts a year earlier.
  
  Soymeal imports so far in 2021/22 were at 9.01 mmts against 10.01 million a year ago, while palm oil imports stood at 3.01 mmts versus 3.38 million.
  
  Figures for France were only complete up to December, the Commission said in its report, without indicating the reason. The delay follows months of missing French data earlier this season due to a technical problem at France’s customs service.

- **Canadian Soybean Acres to See Steeper Rise versus Corn**
  24 Jan 2022 Ag Canada - The area planted to both crops is expected to increase compared to a year earlier, but Agriculture Canada has soybean acres rising more than corn in 2022.
  
  In its first supply-demand estimates for the upcoming 2022-23 marketing year on Friday, Ag Canada pegged new-crop nationwide corn area at 3.5 million acres, up a minor 0.5% on the year. On the other hand, soybean area in 2022 is seen climbing 7% to 5.68 million acres, potentially the highest since 5.71 million acres were seeded in 2019.
  
  High prices should help boost soybean acres, Ag Canada said, suggesting that planted area this year might have been even higher if not for concerns over dry soil conditions in portions of Western Canada. Despite the expected small increase in 2022 corn acres, planted area would still be 2% lower than the previous five-year average.
  
  With the uptick in seeded area and assuming five-year average yields, new-crop national soybean production is forecast by Ag Canada at 6.6 mmts, versus 6.3 million in 2021/22 and 6.4 million in 2020/21. Exports are projected to increase by 7% to 4.5 mmts, with the domestic crush forecast up slightly to 1.9 mmts last year.

However, the 2022/23 season average soybean price is forecast down $40/mt ($1.09/bu) from 2021/22 at $550 ($14.97/bu) on an expected easing of US prices and a stable Canadian-US dollar exchange rate.

Corn production is forecast to fall 3% to 13.6 mmts, as a return to more typical yields in Ontario and Quebec – after an excellent growing season in 2021 - more than offsets the slightly larger planted area. Total supply is projected to fall more sharply, down 7%, due to a one-third drop in US corn imports in the wake of an expected recovery in Prairie barley production following last year’s drought.

- **Adverse Weather in Paraguay Could Reduce Soybeans by 50%**
  26 Jan 2022 Michael Cordonnier, Soybean & Corn Advisor, Inc. - Soybean farmers in Paraguay have experienced some of the worst weather in recent memory. Temperatures last week in Paraguay were extremely high in the range of 100-110°F and they received very little rainfall.
  
  The soybeans in Paraguay have been filling pods under extremely adverse conditions. There are reports of yields as low as a few bushels per acre with some fields not even being harvested. The hot and dry conditions are forcing an early end to the soybean growth cycle and the soybeans are approximately 40-50% harvested. Yield losses are expected to be 50% or greater in most of southeastern Paraguay.
  
  Farmers in Paraguay will try to recoup some of their losses by planting a second crop of soybeans, but many farmers will probably delay planting another crop of soybeans until there is improved soil moisture.
  
  Paraguay did receive some rain over the weekend and there is more in the forecast. Any rain from this point forward would be beneficial for the planting of the safrinha soybeans and safrinha corn.

- **U.S. set to win new soybean sales due to small South American crops**
  25 Jan 2022 Reuters - Smaller soybean crops expected in key South American producers are likely to push major soybean export business to the United States from June onwards, Hamburg-based oilseeds analysts Oil World said on Tuesday.
  
  Oil World estimates the combined soybean harvests in the current 2021/2022 season in Brazil, Argentina, Paraguay and Uruguay will fall to about 186.3 mmts, down by 7.4 mmts from the last season, and a four-year low.
  
  Amid uncertainty about final crop sizes after unfavorable weather ranging from drought to excessive rain, South American farmers may also be restrained sellers in coming months, keeping more soybeans in stock as a hedge against inflation, Oil World said.
  
  “U.S. farmers will benefit, as buyers in the importing countries will increasingly shift to U.S. soybeans from June or July onward, with the biggest increase on the year likely to occur in September/December 2022,” Oil World said.
  
  “But already in the next few weeks, export sales of U.S. soybeans are likely to pick up for shipment in the second half of this season as well as for next season.”
Oil World forecasts Brazil’s soybean crop will fall to about 135 mmts from 138.5 mmts last year. It estimates Argentina’s crop at around 42 mmts from 43.8 million tonnes last year.

Reduced world soybean harvests will also result in lower-than-expected global soybean imports and crushings this year, it said. “The major effect will be on soymeal and it is therefore likely that soymeal prices will strengthen relative to soyoil in the next three to six months,” Oil World said.

- CME CBOT Soybeans Futures

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

Soybean futures notched contract highs for the second consecutive day. **CME March 2022 Soybean Futures** settled on Friday at $14.70/bu, up 21¾ cents on the day, and gaining 55 ¾ cents for the week, capping a trading week that saw nearly $1.00 rally from Monday’s low to Friday’s high. Since mid-November, March futures have rallied 2.86 with over 1.00 the last two weeks.

November new crop added 13 ½ cents to end the session at 13.51½.

The next upside target for March futures is 15.00 and 14.00 for November.

Announced daily private sales of near 25 mb by the USDA this morning provided support as did continuing weather forecasts calling for more of the same, which is warmer with scattered rain in southern Brazil for early Feb. For the week, March futures added 55-3/4 cents. Last week’s gain was 44-1/2 cents. November gained 35-1/4 cents after adding 23-2/4 last week.

Cash soybeans were steady to slightly weaker in spots, likely reacting to the continued uptick in farmer/commercial selling. Casey firm to DVE yesterday on the IL River for March, which was a double-digit improvement from earlier in the week. Spreads have narrowed aggressively as export values quickly firm.

In Brazil, Safras & Mercado cuts its forecast for exported soybeans from 90 mmts to 85.5 due to dry weather reducing crop size. In early fall, private crop estimates were suggesting near 144 mmts for Brazil soybean production. This month, the USDA estimate was 139 mmts, and private firms have been moving closer to 130 mmts or lower.

ABIOVE trimmed their Brazilian production forecast by 4.2 mmts to 135.8 mmts.

Weather in South America will be as critical as ever for the next several weeks as the market wrestles with anticipated production losses from the ongoing drought. Recent rains in Argentina since mid-Jan have eased the dry conditions in spots, but many expect yields to have already been reduced there and in South Brazil. Lower forecasts for production have caused many analysts to increase their estimates for U.S exports, despite paltry Chinese buying the past few months.

- U.S. Export Soy Values – Friday 28th January 2022

<table>
<thead>
<tr>
<th></th>
<th>1/27/2022</th>
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<tr>
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Rumors of additional U.S. sales were confirmed this morning as the USDA released a series of flashes. In their morning push, the USDA stated that U.S. private exporters
reported the sales of 265k tons of beans to China, 141.5k tons of beans to Mexico, and 251.5k tons of beans to “unknown destinations”. Brazil exported 486 kmts of soybeans in the third week of January. This puts the country on pace to ship a record 2.3 mmts (85 mbus) for the month, exceeding the previous January high of 1.9 mmts set in 2019.

**CANOLA / RAPESEED**

- **ICE Canadian Canola Futures**

Intercontinental Exchange (ICE) canola futures surged higher at midday Friday, especially in the old crop contracts. Canadian ICE March 2022 Canola Futures settled on Friday’s at C$1,017.60/mt, up C$10.50 on the day, but losing C$2.70 for the week. (Settlement prices are in Canadian dollars per metric tonne.)

Canola has been lagging behind the Chicago soy complex as soybeans reached new contract highs, the trader noted. While it’s unlikely canola will pull back anytime soon, he wondered how much longer this bullish edible oil market will continue.

Gains in European rapeseed were also lending support to canola, and further increases in global crude oil prices pushed edible oils upward.

The Canadian dollar added a little bit of support into the mix. The loonie dropped back to 78.39 U.S. cents when compared to Thursday's close of 78.67.

- **Ag Canada Forecasts Fewer Canola Acres in 2022; More Wheat**

21 Jan 2022 Ag Canada - Canadian producers will plant less canola and barley but more wheat and oats in 2022, according to preliminary new-crop supply-demand estimates released by Agriculture Canada on Friday.

Ag Canada sees canola planted area for this spring at 21.74 million acres, down about 3.2% from a year earlier. At 8.15 million acres, new-crop barley area is projected down about 2% from the 12-year high achieved in 2021.

On the other hand, all wheat area planted area is anticipated to climb 5.8% to 24.82 million acres, with durum up roughly 9.5% to 6.05 million and wheat (excl durum) rising 4.7% to 18.77 million. (Total winter wheat area is seen up 1% to 1.35 million acres and spring wheat seeded area up 6% to 17.42 million). Oat planted area for 2022 is estimated at 3.7 million acres, an increase of 8.3%.

Ag Canada attributed the projected decline in canola acres to a shift into alternative cereals, while tight old-crop supplies, robust demand and high spot prices are expected to prevent the 2022 barley area from shrinking “too much,” despite strong competition for acres from other crops. For durum, wheat and oats, new-crop planted area is expected to be supported by strong pricing, and tight carry-in stocks.

The government forecast assumes a return to more typical growing weather and average yields in 2022 after last year’s drought-related disaster. Canola output, for example, is forecast to rebound by 60% to 20.2 mmts, the third highest on record. However, new-crop canola ending stocks are nonetheless projected to remain relatively tight, increasing just 200,000 tonnes to 700,000. Canola prices are forecast to decline sharply in 2022-23, falling 33% from the record highs in 2021-22 to $800/mt (track Vancouver) – but still the second highest on record.

For durum, 2022 production is expected to increase to 5.5 mmts (up from 2.65 million in 2021), in line with the last five-year average. Ending stocks are expected to rise to 750,000 mts, up 67% from a year earlier, while the average price drops to $400/mts from $700/mt (avg SK producer spot price). Wheat (exl durum) output is forecast 35% higher at 25.6 mmts, while ending stocks are seen increasing 1 mmts to 4 million. The average price, at $350/mt (avg SK producer spot price), is projected down $60.

Dry pea area is forecast to marginally to just over 4 million acres, while production rebounds 68% to 3.8 mmts. New-crop ending stocks are forecast at 150,000 mts, up from 50,000 mts for 2021/22. The average price is pegged at $450/mt (producer price FOB plant), down from $610/mt.

Lentil area is seen up 3% to 4.4 million acres with production rising 56% to 2.5 mmts. New-crop ending stocks are expected to double to 100,000 mts, while the average price drops to $725/mt from $1,080/mt for the current year.

**SUNFLOWERS**

- **Europe increasing import of Ukrainian high-oleic sunflower oil**

27 Jan 2022 - According to APK-Inform, September-December 2021/22 MY, Ukraine exported minimal over the last three years volume of high-oleic sunflower oil, down 12% compared to the same period of 2020/21 marketing year.

European countries accounted for more than 70% of the totaled volume exported. This share was 46% in September-December 2020/21.

Europe has increased import of Ukrainian high-oleic oil by 38% y/y to 99 thsd tonnes so far this season.
The Netherlands (+27%), Spain (up 2.3 times), Italy (+39%) and UK (+39%) were the main countries that increased import of Ukrainian high-oleic oil. Until 2018/19 MY, about 70-90% of Ukrainian high-oleic sunflower oil went to Europe. However, the share of the region started declining next two seasons due to higher own production. The restoring of European demand is seeing this season. Ukraine will export 400 kmts of high-oleic sunflower oil in 2021/22, down 7% y/o/y. APK-Inform pointing that the premium for high-oleic sunflower seed growing in Ukraine along with restoring demand for oil.

26 Jan 2022 - Ukraine is the biggest producer of sunflower seeds and sunflower oil. On Wednesday, Ukrainian FOB spot bids for sunflower oil remained stable throughout the day at $1,345-1,350/mt. Ukrainian sunmeal spot bids prices ranged from $265-266/mt CPT Mykolaiv to $280/mt CPT Odesa.

Some buyers of sunflower meal reported limited supply of sunflower meal from producers due to competition with domestic consumers, as well as low production due to low stocks at factories. Sunflower sales by farmers were at prices as high as $22,000/mt ($764/mt) CPT, with minimum prices rising due to the fall of the hryvnia.

**VEGETABLE OILS**

- **CME Soybean Oil**

  CME March 2022 Soybean Oil Futures settled on Friday at $65.27/cwt, up $0.93 on the day, and gaining $2.27 for the week.

  Energy markets have rallied hard this week. Some of that support seems to have spilled over into grains & oilseeds. Front-end Crude, RBOB & Heating Oil all hit new contract highs today. Malaysian Palm Oil also hit all-time highs as well, as top producer India is said to be limiting exports. This helped prop up soybean oil, which also hit new contract highs.

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

  18 Jan 2022 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 million bushels of soybeans last month, up 3.9% from the 179.462 million bushels in November and up 1.8% from the 183.159 million bushels processed in December 2020. It was the largest-ever monthly crush, topping the previous record of 185.245 million bushels set in October 2020.

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

  NOPA said soyoil supplies among its members as of Dec. 31 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.

CME Palm Oil Swaps

CME February 2021 Palm Oil Swaps made new all-time highs on Friday settling at $1,235.50/mt on Friday, up $46.00 on the day, and gaining $15.25 for the week. Traditionally, Malaysian palm oil has been the cheapest of the three major traded vegetable oils readily available to the market. The underlying changes in recent months in marker fundamentals and prices now make it the most expensive oil. As such, we have increasingly seen major buyers turn to soyoil and sunflower oil as more cost-effective alternatives to palm oil, particularly providing support for soybean oil and soybeans.

Since late in 2021, we have seen soybean oil prices rally from $52.00 cwt to $65.50, as soybean prices climb from below $12/bu to recent highs above $14.65/bu. Canola, which is between 40% to 44% oil, has also rallied to historical highs.

In addition, weather concerns in South America and downward revisions to production numbers have also supported prices as the month has progressed.

Expectations of significant grow in biofuels demand is also adding noted underlying support.

Palm surges to new record high, CBOT keeps rising

28 Jan 2022 Reuters - Malaysian palm oil futures hit a new all time high and a sixth weekly gain on Friday as top producer Indonesia limited exports amid lingering concerns of weak production.

The benchmark palm oil contract for April delivery on the Bursa Malaysia Derivatives Exchange closed at 5,633 ringgit ($1,345.03)/mt, surging 3.47% for the day. It hit a new record intraday high of 5,639 ringgit/mt. ($1 = 4.1880 ringgit) For the week, it rose 5.84% amid rising energy prices, supply concerns and anticipation of changes in Indonesia’s export policy.

Indonesia, the world’s biggest palm oil producer and exporter, on Thursday announced a 20% mandatory domestic sales for palm oil in a bid to cool down local cooking oil prices. read more

The portion set for mandatory local sales fell short of the previously anticipated 25%, traders said, but was a driving factor for Friday’s gains.

Elsewhere, soybean oil prices on the Chicago Board of Trade gained 0.92%, while Dalian’s soyoil contract for May delivery climbed 3.34%, and its palm oil contract rose 2.45%.

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

The Indonesia Palm Oil Association said it expected 2022 exports to come 3% below 2021 levels, but it was unclear if the group had taken into account the new mandatory domestic sales policy.

Although GAPKI expected 2022 production to increase, the prospect needs to be reassessed after the first-half of the year as scarcity of fertiliser and wetter weather at the start of the year might impact 2022 second-half production.

Palm oil prices jump on Indonesian export curbs

27 Jan 2022 AHDB - Thursday the Indonesian government announced plans to curb the exports of palm oil. This move would see 20% of the vegetable oil mandated to be sold domestically, thereby limiting volumes available to global markets.

Indonesian authorities have announced this ruling in an attempt to dampen rising local cooking oil prices, which have risen c.40% from a year earlier as global prices soar. No timeline has been given as to its end date, the trade minister for the country citing that they would be in effect until domestic prices have stabilized.

Malaysian palm oil prices have hit record levels this week, closing today at $1,343/mt (5,628 ringgit/mt) and trading as high as $1,346.47/mt during the session.

India’s Addiction to Cooking Oil Imports Seen Lasting for Years

21 Jan 2022 Bloomberg - Indians will probably buy expensive cooking oils from overseas for at least another 15 years, as demand continues to far outpace domestic production.

Consumption is expected to climb in India by as much as 17% over the next four years, according to B.V. Mehta, executive director of the Solvent Extractors’ Association. A rise that steep would further widen the manufacturing gap: India will likely produce about 10 mmts of edible oils in 2021/22, compared with local consumption of as much as 23 mmts.
India, one of the world’s largest buyers of vegetable oils, has struggled to wean itself off imports. Farmers have typically focused on growing cotton and staples like rice, wheat and sugar, partly because the government sets price floors for these crops and buys some of them -- such as food grains -- in bulk for its welfare programs.

A shift in mindset is not likely overnight. High-yielding rapeseed and sunflower varieties and remunerative prices could boost the nation’s output. But incentives for India’s farmers to grow oilseeds are still weak, according to Siraj Chaudhry, managing director and chief executive officer of National Commodities Management Services Ltd., a warehousing and trading company.

Change has to start locally, he said, with a close watch on the crop cycle. Rice farmers should be encouraged to grow sunflower during India’s rainy months, for instance, and wheat producers to cultivate rapeseed in the winter. Higher production of rice bran oil and expensive peanuts could also serve as supplements, he said.

Palm oil, in particular, has potential to close the production gap. Indians often prefer it over soft oils because it’s cheaper and can be blended easily with other fats. It also lasts longer than other choices, making it cost-efficient for bulk users such as restaurants and hotels.

Moving part of the supply chain locally may help. Commodities experts have lobbied the Indian government to import soybeans and crush them domestically, rather than simply purchase soybean oil. That would potentially boost soy oil supplies at home and meet rising demand for feed from the poultry industry.

“It has to be a combination of factors, including providing new technology to boost productivity,” Chaudhry said.

The Problem of Cost - Cooking oils are an integral part of the Indian diet. They play a starring role in feasts served during the country’s massive festivals. They’re used to fry jalebis, the sticky, road-side sweet, and for practically every other staple dish. Their ubiquity has made India the world’s biggest importer of palm, soybean and sunflower oil.

Increasing domestic palm oil production would augment the overall supply of vegetable oil in the country, according to Mehta. India aims to produce 1 mmts by 2026 and further boost output to 2.8 mmts by 2030, up from 300,000 tons, he said.

But price control is increasingly a wrinkle. India’s attempts to ease inflation by cutting duties on edible oil imports and imposing limits on inventories have so far failed to lower costs. Most of the commodities are linked to global prices that have rallied in the past year due to a supply crunch and rising biofuel use.

India’s consumer food prices rose in December at their fastest pace in six months amid soaring costs for vegetable oils, which jumped more than 24% from a year earlier, according to the statistics ministry. The increase comes despite a reduction in edible oil import taxes, which have further boosted world prices on expectations of higher purchases from India.

Food costs are rising around the globe. Crops that can be converted into fuel have been hit particularly hard due to surging crude oil costs. In Kuala Lumpur, the price of palm oil, the most consumed vegetable oil, was up more than 30% in 2021. Soybean oil in Chicago saw a similar surge during the same period.

Meanwhile, in New Delhi, vegetable oils -- such as those extracted from rapeseed, sunflower, soybean and palm -- rose between 12% to more than 30% in 2021, according to the food ministry.

Palm oil extended gains to a fresh record on Monday. Benchmark futures in Kuala Lumpur rose as much as 1.1% to 5,380 ringgit ($1,286) a ton, the highest ever for the most-active, rolling contract. Rival soybean oil in Chicago gained for a sixth day to 63.08 cents per pound.

“It will probably be better off if the country can meet 60% to 70% of its demand from domestic output and the rest from imports, reversing the current trend,” Chaudhry said.

**PLANT PROTEIN MEALS**

- **CME CBOT Soybean Meal**


  **CME March 2022 Soybean Meal Futures** settled on Friday at $411.20 392.70/short ton, up $6.50/ton on the day, and gaining $18.50/ton for the week.

  Soybean meal saw a healthy rally on Friday as well. Board crush was 2-3 c/bu firmer through the 2022 strip.

- **U.S. Export Soybean Meal Values – Friday 28th January 2022**

  - U.S., FOB Gulf - $480.75/mt
  - Brazil, FOB Paranagua, $457.50/mt
  - Argentina, FOB Upriver, $447.75/mt

Soybean Meal Gulf barge/rail quotes, basis CBOT futures:
USDA, CIF New Orleans, LA

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- **China’s soymeal stocks fall to 20-month low ahead of holidays**

27 Jan 2022 CNGOIC - China’s soymeal stocks have fallen to their lowest level since late April 2020, data from the National Grain and Oil Information Centre (CNGOIC) showed Thursday.

The decline in stocks came as downstream companies stepped up procurement ahead of the country’s Lunar New Year Holiday.

Soymeal stocks shrank 60,000 mts from the previous week to only 290,000 mts last week, which is 330,000 mts lower than the equivalent week last month and 210,000 mts lower on the year.

"Despite higher output due to increased beans crushing, soymeal stocks continue to decline last week on feed and breeding enterprises restock ahead of the Spring Festival," said the CNGOIC.

Soybean crush volumes across the country rose for a second consecutive week to 2.15 mmts, up 260,000 mts from the week before and 40,000 mts from a year ago.

Higher crushing pushed soymeal stocks to drop to 3.58 mmts last week, down 310,000 mts from the previous week and 2.13 mmts lower than the level recorded at the same point in the prior year.

Soyoil inventories slightly rebounded 1,500 mts on the week to 780,000 mts, almost unchanged from the previous month and down 40,000 mts m/o/m.

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**COTTON**

- **CME Cotton – Daily Nearby**

CME March 2022 Cotton Futures settled on Friday at $123.76 120.75 119.70/cwt, 2.13/cwt on the day, but gaining $3.01/cwt for the week.

The front month cotton futures market rallied triple digits for the last trade day of the week. The March contract traded with a 560 point range on Friday, setting a new contract high in the process, before ultimately going home 213 points in the black.

For the week, March cotton rallied 301 points. New crop prices were also stronger on Friday, closing 81 to 100 points higher.

The weekly CoT report from CFTC showed managed money was 76,396 contracts net long in cotton as of 25th of January, 1,212 contract lighter net position w/o/w, driven by light new short selling. The commercial net position was 4,728 contracts less net short, as end users were adding long hedges through the week.

The weekly Cotton Market Review showed 97,052 bales were sold at spot for the week that ended 1/27, with an average cash price of 117.64 cents. The Season update to cotton classings had 15.772m bales classed through the Jan 28 report. That compares to 13.3m bales at the same point last season. For pima USDA had 285,225 bales classed, 29% fewer y/o/y. The Cotlook A index was back 135 points higher at 136.45 cents for 1/27. The new FSA AWP for cotton is 1.99 cents higher for the coming week at 112.43 cents/lb.
**OTHER MARKETS**

- **China to promote soy, corn intercropping on 1 million hectares**
  
  26 Jan 2022 Reuters - China's agriculture ministry will promote intercropping of soybeans with corn on more than 1 million hectares of land this year, it said on Wednesday, seeking to boost output of the oilseed without reducing production of corn.

  China, the world's top soybean importer, said late last year that increasing its output of the oilseed was a political priority, but it has given little detail on how it will achieve an increase.

  Output fell 16% in 2021 from the previous year, as some farmers switched to more profitable crops like corn.

  The Ministry of Agriculture and Rural Affairs said in a statement it will promote "strip compound planting", or growing soybeans and corn in rows alongside each other, on 1 million hectares of land.

  The approach would achieve "basically no decrease in corn output" while adding an extra soybean season, it said.

  Soybean acreage had previously been estimated at 8.4 million hectares in the 2021/22 crop year, while corn will be grown on 43 million hectares.

  The ministry did not say how much intercropping is currently used, but it has been studied in China for years, and shown elsewhere to benefit soil health and improve nutrients in the crops.

  The latest research and new machinery has opened up "a new technical path for expanding soybean planting and improving soybean production capacity", added the ministry.

  China has often cited the need to boost domestic output of soybeans in recent years to secure grain security and cut reliance on imports from the United States.

  It is targeting production of about 23 million tonnes of soybeans by the end of 2025, up 40% from current output levels of 16.4 million tonnes, according to a recently published plan.

**TRANSPORTATION**

- **Dry Bulk Shipping: Vessel Demand Waning**
  
  25 Jan 2022 Marine Link - The Baltic Exchange's dry bulk sea freight index fell for a 13th straight session on Tuesday, dragged lower by weaker rates across all vessel segments.

  The overall index, which factors in rates for capesize, panamax and supramax vessels, fell 48 points, or 3.5%, to 1,343, its lowest since mid-February 2021.

  The capesize index dropped 91 points, or 10.9%, to 745, its lowest since June 2020.

  Average daily earnings for capesizes, which transport 150,000-tonne cargoes such as iron ore and coal, dropped by $755 to $6,180.

  Iron ore futures in China and Singapore rose on Tuesday after miner Fortescue Metals Group raised concerns over a labour shortage in Australia because of COVID-19 curbs, which could hamper output and shipments of the steelmaking ingredient.

  The panamax index eased 25 points to 1,988, its lowest since April.

  Average daily earnings for panamaxes, which ferry 60,000-70,000 tonne coal or grain cargoes, fell by $229 to $17,890.

  The supramax index dipped 35 points to its lowest level since end-February 2021 at 1,693.

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](https://www.tradingview.com/chart/?symbol=INDEX%3ABDI)
Baltic Index logs best day in four months

28 Jan 2022 Reuters – The Baltic Exchange’s dry bulk sea freight index (.BADI) registered its biggest daily percentage gain since September on Friday, boosted by a jump in capesize vessel rates.

- The overall index, which factors in rates for capesize, panamax and supramax vessels, rose 79 points, or 6.1%, to 1,381.
- However, the index is down 2% for the week, its fourth consecutive weekly decline.
- The capesize index (.BACI) climbed 257 points, or 31.4%, to 1,075, its highest level in more than a week.
- Average daily earnings for capesizes, which transport 150,000-tonne cargoes such as iron ore and coal, rose by $2,138 to $8,918.
- Dalian iron ore soared over 7% on Friday and was on course to post its biggest weekly gain since mid-December, buoyed by a combination of hopes China’s stepped-up monetary easing would stimulate demand and fears over tight supply prospects.
- The panamax index eased 6 points to 1,840, its lowest since April.
- Average daily earnings for panamaxes, which ferry 60,000-70,000 tonne coal or grain cargoes, fell by $58 to $16,557.
- The supramax index slipped 16 points to its lowest level since February 2021 at 1,597.

Baltic Index weaker demand drag Baltic index to one-year low

26 Jan 2022 Reuters – The Baltic Exchange’s dry bulk sea freight index fell to its lowest level in a year on Wednesday, pressured by lower rates across all vessel segments

- The overall index, which factors in rates for capesize, panamax and supramax vessels, slipped 47 points, or 3.5%, to 1,296, its lowest since mid-January 2021.
- The capesize index (.BACI) dropped 43 points, or 5.8%, to 702, its lowest since June 2020.
- Average daily earnings for capesizes, which transport 150,000-tonne cargoes such as iron ore and coal, fell by $354 to $5,826.
- Iron ore futures in top steel producer China jumped over 3% on Wednesday, underpinned by concerns over supply as traders digested reports of lower import arrivals and shipments departing Australia and Brazil.
- Australia accounts for about 60% of iron ore shipments to China, while Brazil is the second-biggest supplier with a share of about 20%.
- The panamax index fell 74 points, or 3.7%, to 1,914, its lowest since April.
- Average daily earnings for panamaxes, which ferry 60,000-70,000 tonne coal or grain cargoes, fell by $666 to $17,224.
- The supramax index dipped 39 points to its lowest level since end-February 2021 at 1,654.

Freightos Baltic Index (FBX): Global Container Freight Index

Source: https://fbx.freightos.com/
FBX stands for Freightos Baltic Index. It is the leading international Freight Rate Index, in cooperation with the Baltic Exchange, providing market rates for 40' containers (FEUs).

Prices used in the index are rolling short term Freight All Kind (FAK) spot tariffs and related surcharges between carriers, freight forwarders and high-volume shippers. Index values are calculated by taking the 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.

**Shippers wary of container shortages as Lunar New Year holiday nears**

25 Jan 2022 Ben Ames - Strict covid lockdown policies in China are layering additional delays on maritime container flows already struggling to keep up with pandemic conditions, even as the Asia-Pacific region prepares to lock down ports and factories for Chinese New Year celebrations next month, according to a report by Container xChange.

In a survey of forwarders and shippers, Hamburg, Germany-based Container xChange found that two-thirds of respondents expect Chinese New Year factory closures to further disrupt container shipping supply chains. Most respondents also expect that the February Lunar New Year holidays in China will result in delayed transit times and reduced availability of containers.

While the official public holiday for Chinese New Year lasts only a week—this year stretching from January 31st to February 6th, factory output in most previous years has been impacted for far longer, as many workers take extended holidays, the company said.

That forecast is even harder to make in 2022, as the Beijing Winter Olympics will begin in early February, raising the chance of covid outbreaks from increased international travel flows. The country also faces an ongoing power-shortage crisis caused by a national electricity ration imposed by Beijing that has forced closures at some manufacturing plants.

“We always expect a spike in container shipping demand ahead of Lunar New Year holidays in China as shippers look to ship cargo ahead of factory closures, as workers in coastal areas return to families inland, often for extended periods,” Johannes Schlingmeier, co-founder and CEO of Container xChange, said in a release. “Even though it is unclear if China will allow millions of workers to travel for holidays this year due to strict Covid lockdown policies, shippers and forwarders are still expecting output from OEMs to decline significantly next month and are planning accordingly by shipping early. This is no doubt a factor in some of the spot freight rate increases out of China we have seen in January.”

Supply chains are already stumbling over some of these issues, as the latest Chinese covid lockdowns have led to an increase in shipping delays from China to Europe from four days to six, according to supply chain visibility vendor Project44. Delays are likewise up for goods moving from China to the U.S. West Coast. The firm’s data also shows that that maritime carriers struggled with schedule reliability in December as congestion at ports and the omicron variant forced cancellations and delivery delays.

“COVID impacts to shipping will be a toss-up in terms of labor available at Asian manufacturers, ports, and throughout the supply chain. This will likely continue to impact carriers’ schedule reliability, which in turn will cause a ripple effect downstream of supply chains,” Josh Brazil, SVP of Supply Chain Insights at project44, said in a release. “Spot rates will remain high throughout most of 2022. However, it’s unlikely port conditions will return to pre-pandemic levels.”

In response to those supply chain threats, Container xChange said that 60% of respondents to its survey said they had planned for Chinese New Year factory closures by ordering inventory earlier. However, many others lacked specific plans to cope with potential container sourcing problems, with 32% of respondents replying they would do “nothing specific”, 25% saying they would make use of Shipper-Owned Containers (SOC), and 24% saying they would buy equipment [instead of renting containers].

“There are a lot of uncertainties over the next few months,” Schlingmeier said. “One potential upside is that if we do have reduced output from China in February, this could allow container lines to get vessel schedules in slightly better order which could improve the equipment availability situation globally and especially in China. The counterpoint to this is, of course, that we could see large backlogs of cargo building up in China which could be a factor at the end of the first quarter and into Q2.”

**LOGISTICS**

**Viterra to acquire Gavilon for $1.13 billion**

26 Jan 2022 World Grain - Viterra Ltd. announced it has reached an agreement to acquire many of the assets of Omaha, Nebraska, US-based Gavilon from Marubeni Corp. for $1.125 billion, plus working capital.

Gavilon originates, stores and distributes grains, oilseeds, as well as feed and food ingredients, to food manufacturers, livestock producers, poultry processors, soybean
processors and ethanol producers worldwide. The company has 105 grain storage facilities and total grain storage capacity of 345.447 million bushels, according to Sosland Publishing’s Grain & Milling Annual 2022.

Gavilon was established in 2008 with the sale by Conagra Foods Inc. of its Trading and Merchandising business to Ospraie Management LLC Special Opportunities Fund in a $2.1 billion transaction. With the sale, the business was renamed Gavilon LLC. The business was later acquired by Marubeni for $2.7 billion in 2013.

Today, Gavilon’s asset network is located in key growing areas across the United States, with access to major railroads, rivers and ports. It also has international operations in Mexico, South America, Europe and Asia, along with an indirect minority ownership interest in two port terminals located in Kalama, Washington, US, and Portland, Oregon, US.

According to Marubeni, the transaction will not include eight grain elevators held and operated by Gavilon in the northern United States. Those elevators will be transferred to Columbia Grain International, a subsidiary of Marubeni. Additionally, part of the equity interest of Kalama Holdco, LLC, a joint venture grain export terminal business on the US West Coast that is held by Gavilon, will be transferred to Columbia Grain International. Gavilon’s fertilizer business also is not included in the transaction and will be transferred to Marubeni America Corp.

“The addition of Gavilon supports our long-term strategy of significantly increasing our presence in the United States, one of the major producing and exporting regions, which will further strengthen our global network,” said David Mattiske, chief executive officer of Viterra Ltd. “The combination of the Gavilon and Viterra origination businesses will enable us to provide more value and flexibility to our customers. We will be able to rapidly enhance our sustainable supply chains, provide higher levels of quality control and reliability, while creating exciting opportunities for our customers and employees.

“We look forward to welcoming the employees of Gavilon to the Viterra team, and further strengthening the successful business and commercial relationships Gavilon has built with producers and consumers.”

Peter Mouthaan, chief financial officer at Viterra, said the transaction demonstrates “the continued support of our shareholders to execute on opportunities that deliver significant growth for our business, while maintaining a robust balance sheet.”

Viterra is the crop trading business spun out of Glencore back in November 2020. Viterra has more than 17,500 employees operating in 37 countries, and its network of storage, processing and transport assets connects producers and consumers to supply sustainable, traceable and quality-controlled agricultural products. According to the Grain & Milling Annual 2022, Viterra has a total of 85 grain storage facilities with a total storage capacity of 120.36 million bushels in North America.

Marubeni said the decision to sell Gavilon’s grain business followed re-evaluations of its grain business strategies and goals, and reflected the up trend in the grain supply industry and Gavilon’s good outcomes recently. As part of its post-divestiture strategy, Marubeni said it is “looking to enhance the ability of its grain business in the Asian market, especially in Japan, a focus area for the business.”

“To achieve this, Marubeni will work to further strengthen its grain business’s trade flow based on its grain handling operations in the northwest United States, and exportation from the PNW as its two major strengths,” Marubeni said. “Moreover, in response to heightened consumer awareness and concern over health and environmental issues, Marubeni is concentrating on reinforcing the handling of specialty crops, as well as developing its processing and downstream businesses. Marubeni has positioned the eight grain elevators in the northern United States, and equity interest in the JV grain export terminal business in the PNW that are to be transferred to CGI, as the focal points within the abovementioned strategy.”

The transaction is expected to close in the second half of 2022.

**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 (funded to completion)
- **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.**

**GOVERNMENT**

**WTO Arbitrator Grants Tariff Rights to China**

28 Jan 2022 - The World Trade Organization has granted China the right to impose tariffs on products valued at $645 million in a case in which the United States argued that China benefits from easier treatment at the WTO while subsidizing manufactured goods and dumping them on world markets. Reuters reported.

A spokesman for U.S. Trade Representative Katherine Tai said, “The deeply disappointing decision today by the WTO arbitrator reflects erroneous appellate body interpretations that damage the ability of WTO members to defend our workers and businesses from China’s trade-distorting subsidies.”
International Crop & Weather Highlights

**China Starts Review on Fate of Distillers Grain Duties**

Agri-Pulse reports that China’s Commerce Ministry is preparing to decide whether to renew its steep anti-dumping and countervailing duties on U.S. dried distillers grains with or without solubles, and a lot of potential trade hangs in the balance.

China announced last week that it has set the review process in motion and will be accepting public feedback through Feb. 7, according to USDA’s Foreign Agricultural Service.

China was the largest foreign market for DDGS from the U.S. before the Commerce Ministry levied the steep anti-dumping and countervailing duties. The U.S. exported 6.5 million metric tons of DDGs to China in 2015, worth $1.6 billion, according to the U.S. Grains Council.

**USDA/WAOB Joint Agricultural Weather Facility – 22nd January 2022**

**Europe** – Mostly Dry, But Some Snow In The East
- Beneficial snow fell in eastern Europe, insulating dormant wheat and rapeseed from the elements.
- Dormant winter crops over central and northern Europe were in good shape with no bitter cold.

**Northwestern Africa** – Moroccan Drought Intensified
- Warm, dry weather exacerbated drought in Morocco; time is running out for this year’s winter grains.
- Following recent rain, dry weather over Tunisia and eastern Algeria promoted the development of vegetative wheat and barley.

**Middle East** – Heavy Rain And Snow
- A slow-moving storm brought heavy rain and snow to Turkey and the eastern Mediterranean Coast, boosting moisture supplies for dormant (north) to vegetative (south) winter grains.
- Heavy rain and mountain snow were likewise beneficial for wheat and barley in Iraq and Iran, though northeastern Iran remained unfavorably dry.

**South Asia** – Beneficial Weather For Wheat And Rapeseed
- Showers and cooler-than-normal weather promoted good vegetative health for cool-season crops in northern India and Pakistan.

**East Asia** – Continued Mild Conditions
- Mild weather and light rain benefited overwintering wheat and rapeseed in eastern and southern China.

**Southeast Asia** – Favorably Wet In Southern Sections
- Seasonably wet weather across Indonesia and most of Malaysia maintained ample moisture supplies for rice and oil palm.
- Showers returned to the eastern Philippines, boosting moisture supplies for rice and corn, particularly in drier areas of the northeast.

**Australia** – Showers Continued In Summer Crop Areas
- In the east, periodic showers sustained good to excellent prospects for dryland crops, such as sorghum, and limited the supplemental water demands of irrigated crops, such as cotton.
- In the south and west, the winter crop harvest has reportedly concluded in all but a few pockets.

**South America** – Much-Needed Rain Overspread Central Argentina
- Following last week’s heat wave, locally heavy showers soaked corn and soybean areas of central Argentina. However, stressful heat and dryness persisted over Argentina’s northeastern cotton belt as well as Paraguay.
- Moisture remained limited for corn and soybeans in key production areas of southern Brazil. Rainfall tapered off in Brazil’s central and northeastern farming areas, supporting soybean harvesting and planting of second-season corn and cotton.

**South Africa** – Beneficial Rain Continued Across Much Of The Corn Belt
- Showers, accompanied by mild summer warmth, benefited corn and other rain-fed summer crops.


**Agricultural Weather Highlights – Friday, 28th January 2022**

**In the West**, a month-long spell of mild, mostly dry weather is deflating hopes of further drought relief, as the region moves into the second half of its climatological winter wet season. More immediate concerns include gusty winds in portions of southern California and the Southwest, as well as air stagnation and fog in parts of the Northwest.

**On the Plains**, lingering cold weather is limited to the eastern Dakotas. Elsewhere, mild, dry, breezy weather is reversing small gains in topsoil moisture that had occurred earlier in the week, especially on the High Plains, during generally minor snowfall events. Today’s high temperatures should reach 50°F as far north as the central one-third of Montana.

**In the Corn Belt**, generally light snow is falling east of the Mississippi River, mainly from Illinois to Ohio. Cold, dry weather covers the remainder of the Midwest. This morning’s low temperatures fell below -10°F as far south as northern Iowa. Including today, Des Moines, Iowa, has already reported 11 days this month with minimum temperatures of 0°F or below, the most in any January since 1997.
In the South, snow is developing across portions of the Tennessee Valley and the southern Appalachians, leading to local travel disruptions. Meanwhile, rain across the Deep South is heaviest in the western Gulf Coast region. A chilly weather pattern is in place throughout the region, except across southern Florida.

**Outlook:** For the remainder of today, the interaction between a cold front moving into the eastern U.S. and a developing low-pressure system near the southern Atlantic Coast will result in widespread snow from the Ohio and Tennessee Valleys to the middle Atlantic Coast. Later tonight and Saturday, the low-pressure system will intensify while moving northward near the Atlantic Seaboard, resulting in heavy, wind-driven snow and major travel disruptions from the middle Atlantic Coast into New England. The National Weather Service has issued a blizzard warning for coastal New England, from Massachusetts to Maine, for the likelihood of 1 to 2 feet of snow and wind gusts to 60 mph. In the storm’s wake, freezes may occur on Sunday morning, January 30, as far south as interior southern Florida. In contrast, much of the remainder of the country will continue to experience tranquil weather.

Late in the weekend, however, precipitation will return across the Northwest. Weather developments early next week should include a new storm system across the South and a new surge of frigid air into the northern Plains and upper Midwest. As the cold air and Southern storm begin to interact, wintry precipitation may spread across the mid-South and lower Midwest.

The NWS 6- to 10-day outlook for February 2 – 6 calls for the likelihood of near- or below-normal temperatures nationwide, except for warmer-than-normal weather along the Atlantic Seaboard. Meanwhile, below-normal precipitation in most areas from the Pacific Coast to the central and southern Plains should contrast with wetter-than-normal conditions across portions of the northern Plains and east of a line from eastern Texas to Lake Superior.

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

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**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:

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<th>Wheat</th>
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<th>Barley</th>
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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.
February Crop Calendar

- **Canada**: Winter Wheat: Dormant
- **Europe**: Winter Wheat & Rapeseed: Dormant
- **FSU**: Winter Wheat & Rapeseed: Dormant
- **China & East Asia**: Winter Wheat & Rapeseed: Dormant
- **United States**: Winter Wheat: Dormant
- **NW Africa & Egypt**: Wheat: Vegetative
- **Turkey, Middle East & Afghanistan**: Wheat (highlands): Dormant
- **South Asia (India)**: Wheat & Rapeseed: Filling
- **Southern Africa**: Sorghum, Millet, Groundnuts, Sunflower & Rice: Flowering*
  - Corn, Soybeans & Cotton: Filling
- **Argentina**: 
  - Sorghum, Rice, Millet, & 2nd Soybeans: Flowering*
  - 1st Soybeans, Late Corn, Sunflower, Cotton, & Groundnuts: Filling
  - Early Corn: Maturing
- **Brazil**: 
  - South: Rice, Sorghum, Millet & Sunflower: Heading*
  - Soybeans, Cotton & Groundnuts: Filling
  - Corn: Maturing
  - Center West: Soybeans: Maturing
  - Cotton (Safrinha): Vegetative
  - Corn (Safrinha): Planting
- **Mexico**: Wheat: Vegetative
  - Irrigated Winter Corn (Sinaloa): Maturing
- **Australia**: 
  - Soybeans, Sunflower, Groundnuts, Sorghum, Millet, Corn & Cotton: Flowering*

*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/feb_calendar.gif