Notes and Observations in International Commodity Markets

11th February 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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MARKETS CONTINUE STRONG ON RUMORS AND GEO-POLITICAL TENSIONS PERSIST

GHA – The 2022 Beijing Winter Olympic Games have begun in earnest with a spectacular opening ceremony. Shortly following, Russian President Vladimir Putin and China's President Xi Jinping met holding face-to-face talks for the first time in more than two years. It was later announced that China had agreed to allow imports of wheat and barley from all regions of Russia. Russia has long wanted to expand cereal trade with China. Last week's agreement opens up sales opportunities for Russia, as well as further securing critical food supplies for China, a country that has emerged as a significant importer of oilseeds, wheat and barley. Also significant is this trade will not occur in U.S. dollars, but most likely in Euro's, circumventing the global banking system controlled by the U.S.

On Wednesday the USDA released its February WASDE Report without any surprises. The biggest news was their cut to the No. 1 soybean exporter Brazil's 2021/22 soybean crop estimates to 134 mmts, from 139 million in January, and 144 million in December. Then on Thursday, Brazil's government agency CONAB slashed its estimate of Brazil's soybean crop to 125.471 mmts, down from its previous estimate of 140.5 million and way below the USDA's forecast. This sparked the market to rally to new highs before falling back before the close.

What started as a relatively boring day on Friday turned into an explosion session around noon. Then, Jake Sullivan, Biden's national security advisor said, "we continue to see signs of Russian escalation, including new forces arriving at the Ukrainian border". He went on to say, a full-scale invasion could begin during the Olympics, which are scheduled to end next week. Also said all Americans should leave the Ukraine in the next 24-48 hours. On the news all commodities pushed higher and the stock markets lower.

Commodity prices, led by wheat rocketed higher on renewed concerns of a Russian invasion of Ukraine. Though unconfirmed, there were reports circulating that Putin does plan to invade Ukraine and communicated as such to the Russian military. The invasion is believed to begin sometime next week. The rumors sparked WTI crude oil to rally sharply to $93.81/barrel, with grains and oilseeds complexes following. The rumor proved unfounded before the close, as the DOD clarified the statement, but highlights the sensitivity of markets to geo-political news coming out of this theater. It promises to be a volatile ride ahead.

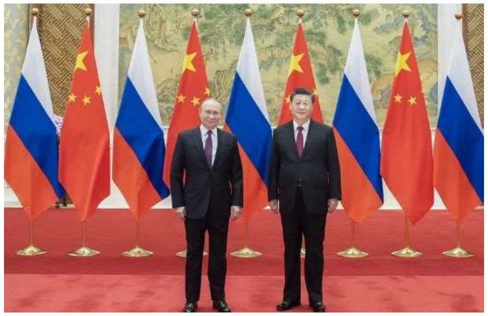
The March U.S. Dollar Index is trading up 0.417 at 95.965. The Dow Jones Industrial Average is down 442.11 points at 34,799.48. April gold is up $22.70 at $1,860.10, March silver is up $0.04 at $23.56 and March copper is down $0.1890 at $4.4705. March crude oil is up $3.14 at $93.02, March heating oil is up $0.0808, March RBOB is up $0.0673 and March natural gas is down $0.015.

The Lantern Festival on the 15th of February, the year of the Tiger. Have a good weekend! ☺

➢ **China opens the door to Russian cereal imports…**

7 Feb 2022 Peter McMeekin, Grain Market Commentator in addition to my role as Operations & Support Manager at ETG Commodities Pty Ltd

The 2022 Beijing winter Olympic Games were officially opened last Friday with a spectacular opening ceremony. Russian President Vladimir Putin and China's President Xi Jinping attended the celebrations after earlier holding face-to-face talks for the first time in more than two years.



It was later announced that China had agreed to allow imports of wheat and barley from all regions of Russia. Up to now, imports have been restricted due to phytosanitary concerns, in particular the dwarf bunt fungus, which is common to many grain-growing regions of Russia. China had previously allowed imports from seven Russian regions, none of which were major grain-growing areas.

Russia has long wanted to expand cereal trade with China. Last week's agreement opens up sales opportunities to a country that has emerged as a significant importer of wheat and barley. Russian wheat exports have been gaining traction into countries such as Algeria and Saudi Arabia in recent years after the importers changed the terms of their tenders to include wheat of Russian origin. China was one of the few major destinations that remained unconquered for the Black Sea export powerhouse.

China has been an important destination for French wheat over the last two years, and the significance of the market to French farmers escalated in 2021 as the European Union's biggest wheat exporter lost market share into Algeria. While Algeria remains the biggest destination for European Union wheat in the 2021/22 marketing year, China has climbed into third place, just behind Egypt.

The move is also likely to be a big blow to the United States which has been desperately trying to increase wheat sales to China as part of the Phase One trade deal struck between the two countries in January 2020.

However, with the wheat export restrictions currently in place in Russia, the sales campaign to China is unlikely to start in earnest until the 2022/23 marketing year, assuming production recovers and global price relativities normalise. According to the Russian Union of Grain Exporters, it will probably kick off with one or two test deliveries this season but will very quickly move to volumes of in excess of 1MMT per annum, all going well.

Chinese wheat imports in 2021 were up 16.6% year-on-year to 9.77 mmts and, in the process, filled its TRQ quota for wheat for the first time since joining the WTO. Wheat imports in December 2021 were up 6.9% year-on-year to 940,000 mts. Australia was the primary supplier of wheat to China in 2021, shipping 2.94 mmts, followed by the United States at around 2.7 mts, and Canada just behind on 2.54 mmts.

Barley imports for the 2021 calendar year jumped a staggering 54.5% compared to 2020, coming in at 12.48 mmts on the back of increased feed demand. Barley imports totaled 1.02 mts in December 2021, up 3.6% on the corresponding period in 2020.

Over the last 20 years, China's wheat consumption has grown from around 110 mmts to a record 150 mmts last year as the country’s feed and residual wheat demand surged by around 22 mmts. The feed demand was largely satisfied through sales of government wheat reserves, while flour mills and food processors predominantly used the imported wheat.

However, the use of wheat in stock feed formulations is set to fall in 2021/22 as high prices slash demand and corn resumes its dominance in most rations. If the current price relativities persist, wheat use in the livestock sector could fall from a high of 40MT in 2020/21 to less than 20 mmts in 2021/22, with the most pessimistic analysts saying a drop to as low as 10 mmts is a possibility.

New government restrictions that prohibit the use of wheat sold from state stockpiles by stock feed producers will also decrease demand for wheat as a feedstock. Lower use of wheat, which has a higher protein content than corn, means higher demand for both corn and soybean meal, the primary protein sources in animal feeds.

Sales of wheat at state auctions in 2020/21 were robust, essentially due to good stock feed demand. More than 40 mmts of wheat was released, with a vast majority going into the stock feed sector. However, that fell dramatically at the end of last year after Beijing refocused its agriculture policy priority toward food security and introduced the auction restrictions.

Some stock feed mills with wheat inclusion rates as high as 40% midway through 2021, have cut wheat to a bare minimum. Others have dropped wheat altogether. Another impediment to high wheat use by upcountry feed mills has been a lack of continuous supply, with stocks previously purchased from state reserves running out, and consumers find it hard to buy through the domestic market.

The impact on Chinese wheat imports for the balance of 2021/22 will be interesting. With an increased focus on food security, they will certainly need to rebuild state reserves sold down last year. The USDA had them in for 9.5 mmts of wheat import in its January supply and demand update. The February report will be released this week. China has been an active buyer of Australian wheat this season, especially when quality concerns emerged during the harvest of the French crop last year.

Imports of Australian wheat in December 2021 totaled 715,000 mts compared to 807,000 mts a year earlier.

The biggest concern for the Australian farmer is the lifting of import restrictions on Russian wheat gives China a large and willing supply alternative should Beijing find a reason to escalate the current trade restrictions beyond barley.

- **USDA: American Agricultural Exports Shattered Records in 2021**

In a statement posted on Tuesday, Secretary of Agriculture Tom Vilsack announced that the American agricultural industry posted its highest annual export levels ever recorded in 2021.

The final 2021 trade data published by the Department of Commerce this morning shows that exports of U.S. farm and food products to the world totaled $177 billion, topping the 2020 total by 18% and eclipsing the previous record, set in 2014, by 14.6%.

The United States’ top 10 export markets all saw gains in 2021, with six of the 10 – China, Mexico, Canada, South Korea, the Philippines and Colombia – setting new records. Worldwide exports of many U.S. products, including soybeans, corn, beef, pork, dairy, distillers grains and pet food, also reached all-time highs. China remained the top export destination, with a record $33 billion in purchases, up 25% from 2020, while Mexico inched ahead of Canada to capture the number two position with a record $25.5 billion, up 39% from last year.

US Dollar & Foreign Exchange

- **US Dollar Index – Climbs As Stocks Fall On Ukraine Tensions**

11 Feb 2022 Rich Asplund, Barchart – The dollar index on Friday rose +0.518 (+0.54%) and posted a 1-week high. Ramped up geopolitical risks weighed on stocks Friday and boosted the liquidity demand for the dollar after the U.S. warned a Russian invasion of Ukraine could come as soon as next week. The dollar Friday also had carry-over support from Thursday when the stronger-than-expected U.S. Jan CPI report bolstered the outlook for tighter Fed policy.

EUR/USD on Friday fell -0.0084 (-0.74%). EUR/USD on Friday dropped to a 1-week low. Geopolitical risks in Europe weighed on EUR/USD on concern a Russian invasion of Ukraine is imminent. EUR/USD was also weighed down Friday on dovish comments from ECB President Lagarde, who pushed back on the prospects for the ECB to raise interest rates, saying that raising interest rates "would not solve any of the current problems, and on the contrary, if we acted too hastily now, the recovery of the Eurozone economy could be considerably weaker, and jobs could be jeopardized."

USD/JPY on Friday fell -0.81 (-0.70%). USD/JPY Friday retreated as ramped-up Ukraine tensions hammered stocks and boosted the safe-haven demand for the yen. Also, lower T-note yields Friday were supportive of the yen. Trading activity in the yen was muted Friday as Japanese markets were closed for a holiday.

Friday's U.S. economic data was bearish for the dollar after the University of Michigan's Feb U.S. consumer sentiment index fell -5.5 to a 10-1/4 year low 61.7, weaker than expectations of 67.0.

April gold (GCJ22) on Friday closed up +4.70 (+0.26%), and March silver (SIH22) closed down -0.153 (-0.65%). Precious metals Friday settled mixed with gold climbing to 2-3/4 month high. Geopolitical risks hammered stocks Friday and boosted the safe-haven demand for gold after the U.S. warned that a Russian military offensive against Ukraine could begin as soon as next week. A jump in inflation expectations also sparked demand for gold as an inflation hedge after the U.S. 10-year breakeven inflation rate jumped to a 1-month high of 2.506%. A rally in the dollar index Friday to a week high undercut gold and silver prices.

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. However, the pandemic in the U.S. has improved after the 7-day average of new U.S. Covid infections fell to a 1-1/2 month low Thursday at 206,569.

GHA - As the U.S. central bank prepares for the first of several interest rate hikes of 2022 next month brace for volatility. If the policy shift is too abrupt, and the Fed over reacts, as they usually do, the rate hikes are likely to adversely affect the economy and drive volatility in the stock market. The central bank has spent too much valuable time continuing the loose money policy before tightening things up, and dragging its feet on combating the early signs of inflation.

- **U.S. CPI soars as food prices climb higher**

11 Feb 2022 Eric Schroeder - The Consumer Price Index for baked foods and cereal products rose 1.7% in January, according to the Bureau of Labor Statistics of the US Department of Labor. The index for all food at home, meanwhile, increased 1.2%. Both increases represented the sharpest month-over-month gains since April 2020.

Of the 18 items followed by Milling & Baking News, a sister publication of World Grain, 17 posted month-over-month increases and only breakfast cereal finished lower.

The January index for Cereals and Bakery Products before seasonal adjustment was 302.2% of the 1982-84 average, up 6.8% from a year ago and the biggest year-over-year gain since March 2009. For all food at home, the January index was 270.7, up 7.4% from January 2021 and the sharpest year-over-year gain since October 2008.

The sharp year-over-year gains were a reflection of the broader CPI, which was up 7.5% from a year ago. The 7.5% increase is the biggest increase in the overall CPI since February 1982. In fact, the year-over-year change in the overall CPI rarely exceeds 3%, having done so only 10 times in the past decade, with all 10 of those times taking place in the past 10 months.

The overall food index also was much stronger than a year ago, posting a 7% year-over-year increase. The 7% increase was the food index's sharpest year-over-year gain since August 1981.

The CPI for cereals and cereal products in January was 246.5, up 1.1% from December and up 6% from January 2021. The index for products within this category included: flour and prepared mixes, 264.5, up 6.5% from December and up 10.3% from the previous year; breakfast cereal, 238.2, down 1.4% from the previous month but up 5.2% from a year ago; and rice, pasta and corn meal, 255.5, up 1.6% from December and up 5% from January 2021.

The price index for bakery products in January was 334.6, up 2% from December and up 7.2% from January 2021.

The January index for bread was 202.8, up 1.1% from December and up 5.9% from January 2021. Under this heading, the CPI for white bread was 365.3, up 1.1% from December and up 5.6% from January 2021. For bread other than white, the index was 398.1, up 1.2% from December and up 6.3% from a year ago.

The price index for fresh biscuits, rolls and muffins in January was 197.9, up 1.8% from December and up 6.1% from January 2020. The January index for cakes, cupcakes and cookies was 315.2, up 2.4% from December and up 6.1% from January 2021. Under this segment, other price indexes included fresh cakes and cupcakes, 336.7, up 2.4% from December and up 6.4% from January 2021; and cookies, 294.3, up 2.9% from the previous month and up 6.1% from the previous year.

The CPI for other bakery products in January was 298.3, up 2.4% from December and up 9.9% from January 2021. Under this heading, other price indexes in January included: fresh sweet rolls, coffee cakes and donuts, 346.6, up 2.8% from December and up 7.2% from January 2021; crackers and cracker products, 350.4, up 2.8% from December and up 12.6% from January 2021; and frozen and refrigerated bakery products, pies, tarts and turnovers, 287.7, up 1.6% from December and up 8.4% from the previous year.

WHEAT

➢ USDA FAS WASDE – World Wheat

Wheat World as of February 2022					
Attribute	21/22 Feb'22	Change	21/22 Jan'22	20/21	19/20
Area Harvested (1000 HA)	222,621	-777(-.35%)	223,398	220,883	215,527
Beginning Stocks (1000 MT)	289,867	+1046(+.36%)	288,821	296,535	281,091
Production (1000 MT)	776,418	-2182(-.28%)	778,600	775,867	762,172
MY Imports (1000 MT)	204,761	+2200(+1.09%)	202,561	194,765	188,366
TY Imports (1000 MT)	204,639	+2200(+1.09%)	202,439	194,872	189,445
TY Imp. from U.S. (1000 MT)	0	-	0	26,575	26,277
Total Supply (1000 MT)	1,271,046	+1064(+.08%)	1,269,982	1,267,167	1,231,629
MY Exports (1000 MT)	206,693	+2292(+1.12%)	204,401	202,656	193,869
TY Exports (1000 MT)	208,448	+1750(+.85%)	206,698	198,759	194,412
Feed and Residual (1000 MT)	160,691	+1130(+.71%)	159,561	157,680	139,648
FSI Consumption (1000 MT)	625,456	-616(-.1%)	626,072	616,964	601,577
Total Consumption (1000 MT)	786,147	+514(+.07%)	785,633	774,644	741,225
Ending Stocks (1000 MT)	278,206	-1742(-.62%)	279,948	289,867	296,535
Total Distribution (1000 MT)	1,271,046	+1064(+.08%)	1,269,982	1,267,167	1,231,629
Yield (MT/HA)	3.49	-	3.49	3.51	3.54

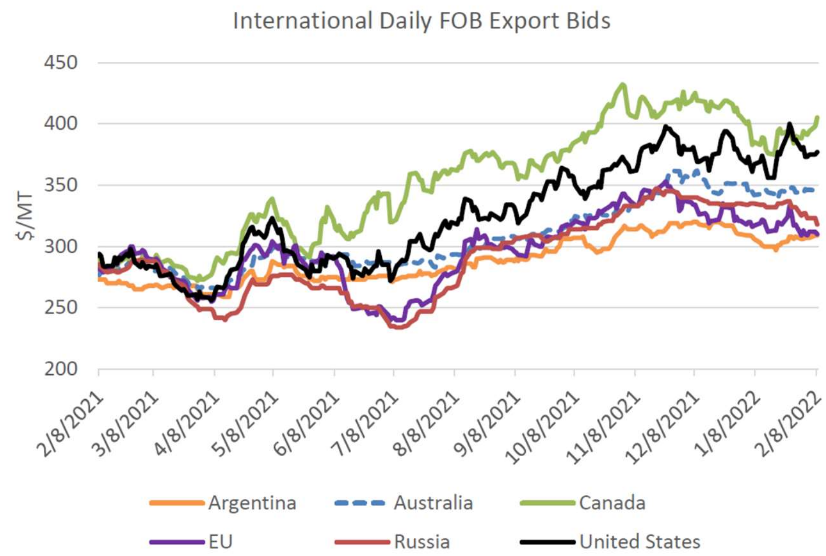
9 Feb 2022 USDA - The monthly USDA WASDE global wheat outlook for 2021/22 showed lower supplies, higher consumption, increased trade, and reduced ending stocks. Supplies are projected falling by 1.1 mmts to 1,066.3 mmts as reduced production more than offsets higher beginning stocks.

The majority of production decreases are in the Middle East, where both Iraq and Syria are reduced due to the prolonged dry conditions.

Projected 2021/22 world consumption is raised 0.6 mmts to 788.1 million on higher feed and residual use more than offsetting lower food, seed, and industrial use. The largest feed and residual use changes are for Canada and China. Canada is raised 1.7 million to 4.5 mmts as the Statistics Canada December 31st stocks report indicated greater August-December disappearance than previously expected. China is lowered 1.0 million to 35.0 mmts as domestic wheat prices are no longer at a discount to corn and wheat auctions have not been as active this year.

Projected 2021/22 global trade was raised 2.3 mmts to 206.7 mmts, primarily on higher exports by India and Argentina. India's exports are increased to 7.0 mmts, which would be a record, exceeding 2012/13 exports. India's export pace continues to be robust, and its prices are competitive in Asian markets. Argentina's exports are raised 0.5 million to a record 14.0 mmts on an early strong pace.

Projected 2021/22 world ending stocks are lowered 1.7 mmts to 278.2 mmts with reductions for Canada and India partially offset by increases by the United States and Ukraine. Global stocks are now projected at a 5-year low.



Source: IGC
*Note on FOB prices: Argentina- 12.0%, up river; Australia- average of APW; Kwinana, Newcastle, and Port Adelaide; Russia - Black Sea- milling; EU- France grade 1, Rouen; US- HRW 11.5% Gulf; Canada- CWRS (13.5%), Vancouver

Argentina	Australia	Canada	EU	Russia	United States
$309	$347	$405	$310	$318	$377

Note: As of February 8, 2022

Global wheat prices for most major exporters were up slightly over the past month as geopolitical tension in the Black Sea region fueled concerns about availability.

U.S. quotes were also up $8/mt, tied to the deteriorating condition of the U.S. winter crop due to continued dry weather across much of the wheat growing regions.

Canadian quotes had the largest increase, rising $22/mt from the previous month.

Australian quotes rose $5/mt as the new crop merchandising began with strong international demand, particularly from China and Indonesia.

Argentine quotes rose $6/mt, supported by strong purchases from Brazil.

EU quotes were down $9/mt as Algeria shifted purchases to suppliers in the Black Sea region. Russian quotes were down $16/mt, as importers eye alternative suppliers in advance of the implementation of the export quota.

United States: The outlook for 2021/22 U.S. wheat this month was for stable supplies, lower domestic use, reduced exports, and higher ending stocks.

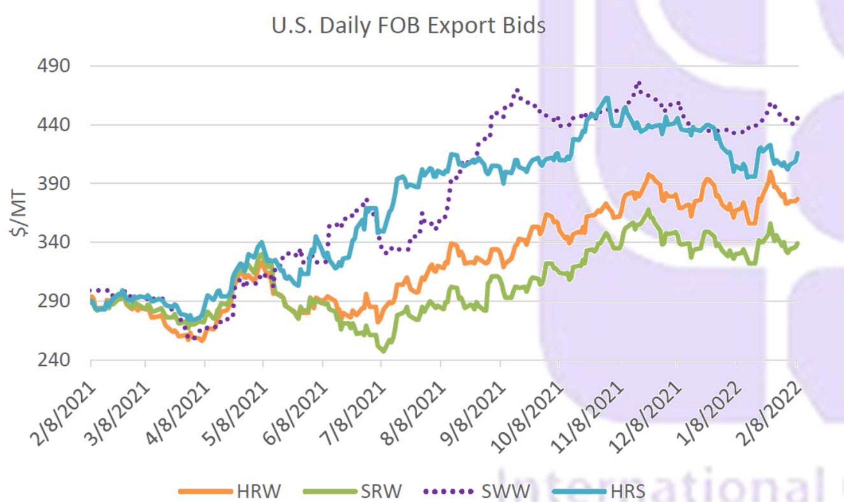
Food use is lowered 3 mbus to 959 mbus with durum accounting for the entire reduction. This is primarily based on the latest *NASS Flour Milling Products* report. Seed use is revised downward 2 mbus to 64 mbus on the incorporation of NASS seed use data for the first two quarters of the marketing year. Seed use is also revised for the previous two years with updated NASS data.

U.S. exports are lowered 15 mbus to 810 mbus on slowing export sales and shipments with reductions for Hard Red Winter and White.

Projected 2021/22 ending stocks are raised 20 mbus to 648 mbus but are still 23% lower than last year.

The USDA projected season-average farm price (SAFP) is raised $0.15/bu to $7.30 on NASS prices reported to date and expectations for cash and futures prices for the remainder of 2021/22. This would be the highest SAFP since 2012/13.

All U.S. FOB cash prices have increased slightly since the January WASDE report, driven by reports of tensions in the Black Sea region, continued dry conditions across much of the wheat growing regions, and logistical challenges due to labor shortages.



Source: IGC
*Note on FOB prices: HRW (Hard Red Winter); SRW (Soft Red Winter); SWW (Soft White Wheat); HRS (Hard Red Spring)

U.S. Soft White Winter (SWW) climbed $12/ton to $446/ton due to tight supplies.

Hard Red Winter (HRW) rose $8/ton to $377, reflecting persistent extreme drought conditions in Texas and Oklahoma. Soft Red Winter (SRW) settled at $339, up $8/ton.

Similarly, Hard Red Spring (HRS) rose $14/ton from last month to $416, as poor rail performance and high bids for rail services support high export basis.

TRADE CHANGES IN 2021/22 (1,000 MT)

Country	Attribute	Previous	Current	Change	Reason
Brazil	Imports	6,500	**6,700**	**200**	Higher shipments from Argentina
Indonesia	Imports	10,750	**11,000**	**250**	Greater feed demand
Iraq	Imports	2,600	**3,100**	**500**	Additional wheat grain demand following drought
Kazakhstan	Imports	1,000	**1,200**	**200**	Strong purchases from Russia
Morocco	Imports	4,500	**5,000**	**500**	Stronger shipments following suspension of import duty
Syria	Imports	900	**1,400**	**500**	Increased shipments from Russia
Thailand	Imports	3,100	**2,900**	**-200**	Lower feed use, lagging import pace
United Kingdom	Imports	2,000	**2,300**	**300**	Smaller crop
Argentina	Exports	14,000	**14,500**	**500**	Record crop and strong early pace of exports
Brazil	Exports	1,300	**1,500**	**200**	Strong early pace of exports
India	Exports	5,500	**7,000**	**1,500**	Sustained large shipments to nearby markets, especially Bangladesh
Ukraine	Exports	24,200	**24,000**	**-200**	Slowing shipments, especially to Asia
United States	Exports	23,000	**22,500**	**-500**	Sluggish shipments of Hard Red Winter and White wheat

➢ **Iraq Wheat: Production down due to crop damage, water scarcity**

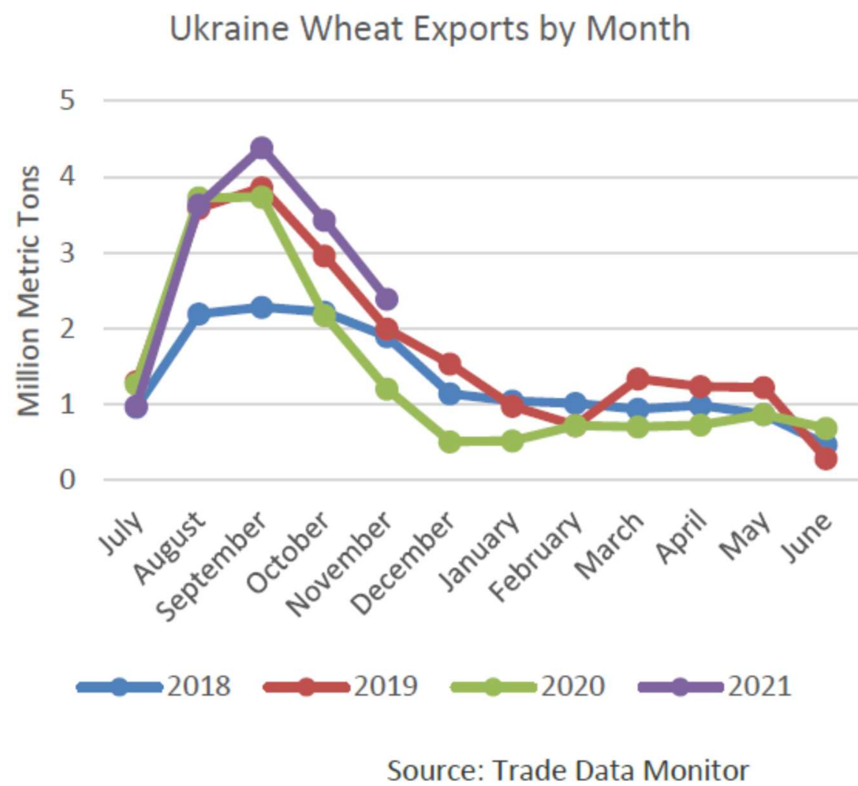
9 Feb 2022 USDA - USDA estimates Iraq wheat production for marketing year 2021/22 at 3.5 mmts, down 24% from last year and 22% from last month. Yield is estimated at 1.75 mts/ha, down 9% from last year. Harvested area is estimated at 2.0 million hectares, down 17% from last year and 20% from last month. This is also supported by the Iraqi's Central Statistical Organization (CSO), which reports 74% of wheat damaged area in Nīnawá alone. CSO's crop statistics, however, do not reflect the whole country.

Iraq is the third largest wheat producer in the Middle East with an average production of 4.1 mmts (based on the MY 2016/17-2020/21 5-year average). The key wheat producing area for Iraq is northern Iraq. This includes the governorates of Nīnawá, Arbīl, Dahūk, As Sulaymānīyah, and At Ta'mīm. Wheat is typically planted in November and harvested between May and June.

The 2020-2021 wheat growing season (MY 2021/22) was hampered by extensive drought, which spread across the entire Middle East. The below average precipitation that lasted during the whole growing season not only resulted in persistent suboptimal soil moisture conditions, but also substantially limited the availability of irrigation water.

This excessive water scarcity hindered yields and caused vast crop damage in the key wheat producing governorates.

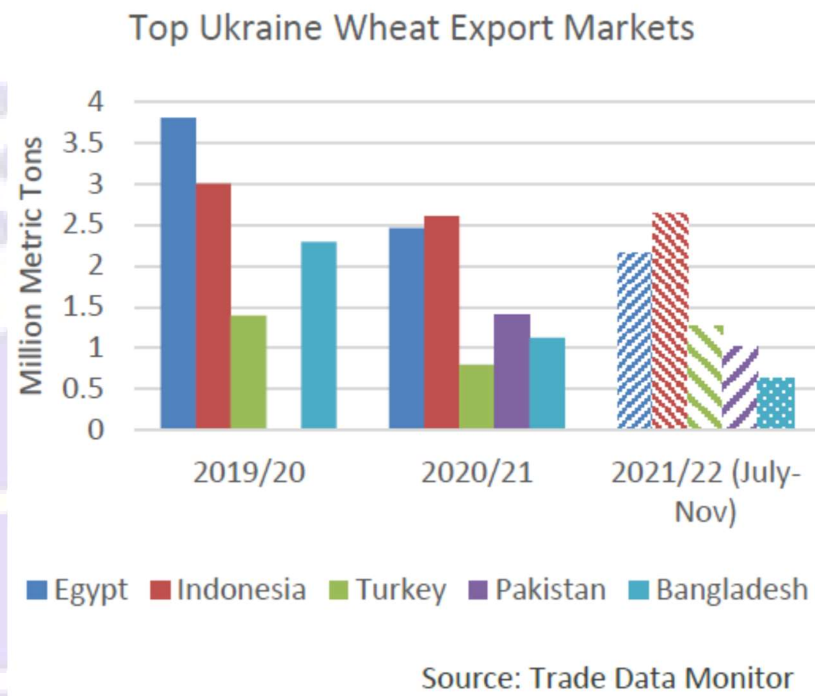
➢ Ukraine Wheat Exports: Lowered this Month but on Track for a Record



9 Feb 2022 USDA - Amid a bumper crop and competitive prices, Ukraine wheat exports are forecast at a record 24.0 mmts, with over 17.0 million exported between July and the end of January. Ukraine harvested a record crop of 33.0 mmts and has followed its typical pattern of strong exports in the first half of the year. Exports are usually brisk in the first few months given the limited storage infrastructure and the pressure to ship other grains, especially corn, later in the season.

Ukraine directly competes with Russia in nearby markets such as Egypt and Turkey and has been very price competitive thus far. Ukraine has significantly expanded its wheat exports to Turkey in the first 5 months of the year and aims to deepen that trading relationship with the signing of a bilateral free trade agreement this month. Pakistan has been a recent global importer and has relied once again this year on price-competitive Ukraine wheat.

The forecast was lowered slightly this month on trade to date and more competition from India, Australia, and Argentina for supplying feed-quality wheat to Asian importers. Exports to Indonesia are now challenged by large Australian exportable supplies. Meanwhile, Bangladesh is sourcing most of its imports from India, which is now forecast at its highest exports since 2012/13.



Record Argentina production is forecast to lead to record exports, some of which will compete in Asian feed markets.

The current export quota MOU between the Ukrainian government and wheat industry is set at 25.3 mmts, and therefore does not present an impediment to the current forecast.

➢ Severe drought lowers Turkey's wheat harvest

3 Feb 2022 USDA FAS - Due to severe drought, Turkey's 2021/22 wheat production is down 2 mmts, to 16.25 mmts. Looking ahead to next year, rainfall levels from October to December were better compared to the same period a year ago. However, the rising cost of agricultural inputs and the government's continued market interventions may dampen spring planting decisions, the USDA said.

Wheat import estimates for 2021/22 are revised slightly downward to 10.8 mmts but remain 2.7 mmts higher than the previous year because of the increased need for imports resulting from the drought losses.

According to the Turkish Statistic Institute (TUIK), Turkey's wheat imports during the first six months of 2021/22 increased by 20% year-over-year, reaching 5.3 mmts. Russia and Ukraine were the main suppliers.

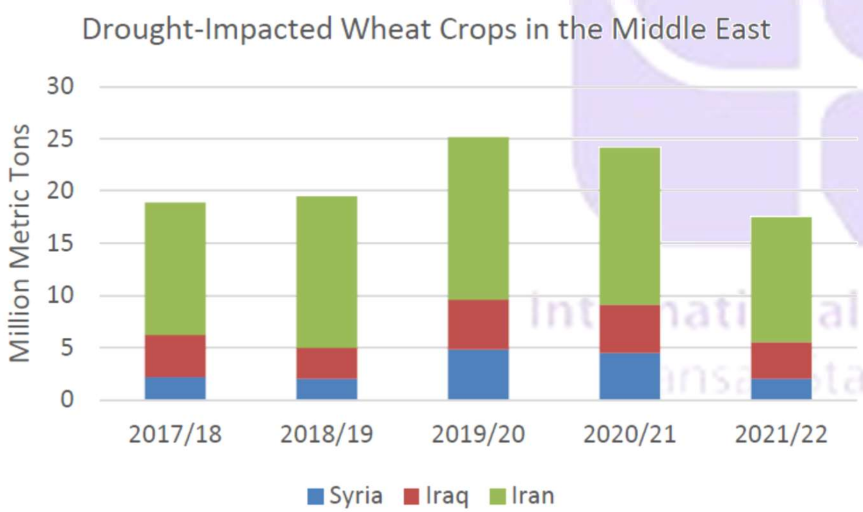
Turkey's wheat exports, including wheat products, are forecast slightly higher at 6.55 mmts, which is close to the previous year's export level. This estimate assumes better flour exports than last year, and stable exports of pasta and transshipped wheat to neighboring countries.

Turkey's wheat flour exports during the first six months of 2021/22 were just above last year's exports of the same period, reaching 1.67 mmts.

Turkey continues to struggle with food inflation, which stems from major grain production losses, depreciation of the Turkish lira, rising international commodity prices and higher input costs. The Turkish government has undertaken various measures to minimize rising inflation. On the 31st of December 2021, the government extended its zero-import duty for corn, wheat, barley, rye, and oats throughout 2022.

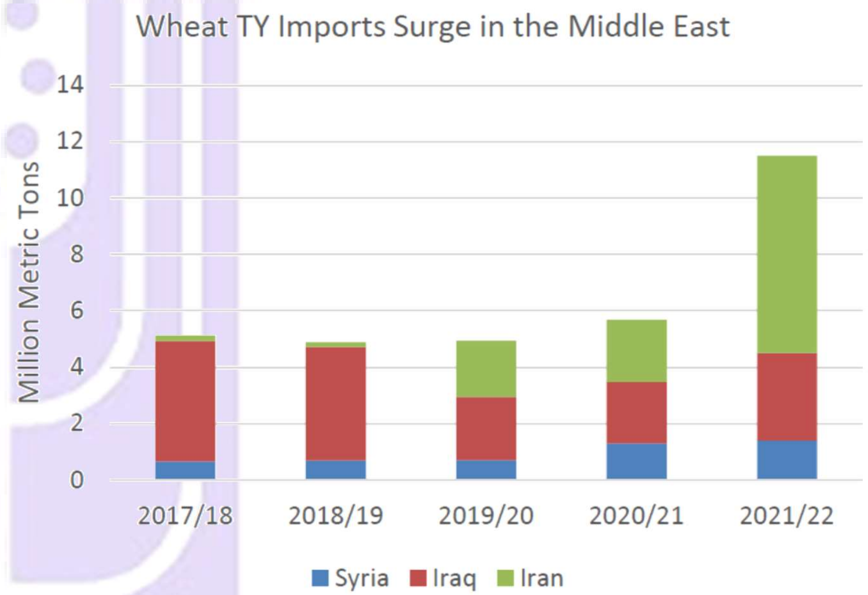
In addition to tariff cuts, in the summer of 2021, President Erdogan instructed the Turkish Grain Board (TMO) to initiate a "Flour and Feed Regulation Action," which is a long-term strategy for regulating flour and feed prices. As part of this action, TMO announced it would purchase and sell imported grains to industry end-users at a discount until the next harvest to stabilize prices in the country, the USDA said.

➢ **Drought in Middle East Causes Spike in Wheat Imports**



9 Feb 2022 USDA - Below-average rainfall and high temperatures have dramatically weakened wheat yields in Iran, Iraq, and Syria.

Wheat production in Iran is estimated down 3.0 mmts this year to 12.0 million. Production has been adjusted lower to 3.5 mmts in Iraq and 2.0 mmts in Syria this month to reflect the impact of severe drought. Production shortfalls have led to tightening domestic supplies and prompted a surge in wheat imports for the region in 2021/22. Russia has been the primary supplier given its transportation advantage and relatively lower prices compared to other major exporters.



Iran is projected to import 7.0 mmts of wheat this year, up 4.8 million from the previous trade year. Russia, which dominates this wheat market, has already shipped 4.0 mmts to the country from July to January. Smaller amounts have been purchased from the European Union through government tenders.

Syria wheat imports have also expanded. Beginning in February 2021, Russia began shipping large amounts of wheat grain to Syria. Russia sent over 800,000 mts in 2020/21 and has shipped over 400,000 tons so far this trade year. The Syrian Economic Minister recently stated that the annual wheat import requirement is at least 1.5 mmts due to drought and production shortfalls. As such, Russian shipments to Syria are expected to continue throughout the year as Syria rebuilds stocks.

Iraq, meanwhile, is typically an importer of wheat flour and products, mostly from Turkey. This year, however, Iraq began importing more wheat grain to supplement its tighter domestic supplies. Unlike Iran and Syria, Iraq's wheat grain is likely to be supplied by Australia. The state grains buyer made two purchases of wheat grain from Australia through an international tender, totaling 650,000 mts.

CME CBOT Wheat Futures

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

***CBOT March 2022 Wheat Futures** settled on Friday at $7.97¾/bu, up 26¼ cents on the day, and gaining 34½ cents for the week falling just below the magical $8.00 level.*

The rally in wheat narrowed the wheat spreads. The H/K settled at 6¼ cents, a penny narrower on the day. The new crop spreads were also ¾ cent to 1¼ narrower.

What started as a relatively boring day, turned into an explosion before the close. Wheat rocketed higher on renewed concerns of a Russian invasion of Ukraine. Though unconfirmed, there were reports today that Putin does plan to invade Ukraine and communicated as such to the Russian military. The invasion is believed to begin sometime next week. Again, these are unconfirmed reports at this time, but it is noted that President Biden did suggest any U.S. citizens in Ukraine should leave.

Weekly CFTC data showed CBOT spec traders were 3,100 contracts more net short to 29,552 contracts on 2/8.

U.S. Export SRW Wheat Values – Friday 11th February 2022

SRW Wheat Gulf barge quotes, in cents per bushel basis CBOT futures:
Changes are from the AM Barge basis report. Source: USDA

Gulf barge/rail quotes, in cents per bushel.

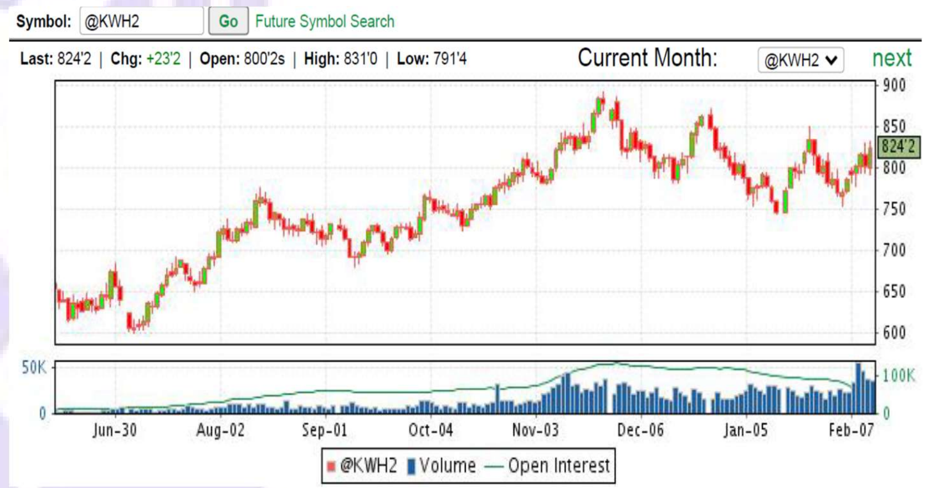
CIF SRW WHEAT	2/10/2022	2/11/2022		
FEB	115 / 130	115 / 130	H	UNC
MAR	115 / 130	115 / 130	H	UNC
APR	115 / 125	115 / 125	K	UNC
MAY	110 / 120	110 / 120	K	UNC

Because of how important the Black Sea Region is to world wheat exports it seems wheat might be taking some of the limelight from soybeans and South American weather. Logistics are the main concern.

U.S. exports continue to struggle approaching the final quarter of the crop year, with increased competition relative to 20/21 from FSU-15, EU, Australia and Argentina more than offsetting reduced shipments from Canada. U.S. sales of 2.1 mbus were down sharply from the previous week's marketing year high of 24.9 mbus, and considerably below last year's 23.6 mbus. Nearby export forecast range is unchanged at 10 to 15 mbu per week, with; SRW is pegged at 1 to 2 mbus; HRW liftings forecast at 4 to 6 mbus; and HRS shipments are estimates at 3 to 5 mbus.

U.S. domestic cash SRW basis continues to be quiet with some mills paying premium for higher falling number wheat.

CME KC HRW Wheat Futures



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

***Kansas March 2022 HRW Wheat Futures** settled on Friday at $8.24¼/bu, up 23¼ cents on the day, and gaining 38¾ cents for the week.*

Weekly CFTC data showed KC wheat funds were closing their longs for a 3,326 contract weaker net long of 34,473 contracts.

The U.S. Southern Plains look to remain dry for the next seven to ten days. There is some precipitation in the forecast with a front moving through, but the outlook suggests that the moisture will only hit the very eastern HRW wheat areas.

- **U.S. Export HRW Wheat Values – Friday 11th February 2022**

HRW Wheat Texas Gulf Rail quotes, in cents per bushel basis KCBT futures:
Changes are from the AM Barge basis report.

TX GULF HRW				
12% Protein	**2/10/2022**	**2/11/2022**		
FEB	205 / -	205 / -	H	**UNC**
APR	195 / -	195 / -	K	**UNC**
MAY	185 / -	185 / -	K	**UNC**

- **MGE HRS Wheat Futures**

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

MGE March 2022 HRS Wheat Futures settled on Friday at $9.61½/bu, up 19¼ cents on the day, and gaining 47½ cents for the week.

Weekly CFTC data showed Minneapolis wheat, spec traders were 364 contracts less net long to 3,596 contracts.

COARSE GRAINS

- **USDA FAS WASDE – Coarse Grains**

9 Feb 2022 USDA - The monthly USDA WASDE Report showed global coarse grain production for 2021/22 projected 2.7 mmts lower to 1,497.4 mmts.

This month's non-U.S. coarse grain outlook is for lower production and consumption, and smaller ending stocks relative to last month. Non-U.S. corn production is lower, mostly reflecting declines for Brazil and Paraguay that are partially offset by an increase for the Philippines. Brazil corn production is reduced based on lower yield expectations for first crop corn. Paraguay corn production is down as extreme heat and dryness sharply reduce yield prospects. Foreign barley production is reduced reflecting declines for Iraq and Syria.

Major global coarse grain trade changes for 2021/22 include lower corn exports for Paraguay. For 2020/21, Argentina and Brazil's exports for the marketing year beginning in March 2021 are raised based on observed shipments to date. For 2021/22, corn imports are raised for Iran and Canada. Barley exports are increased for the EU, with higher imports projected for China but lowered for Saudi Arabia.

Non-U.S. corn ending stocks are down, mostly reflecting a forecast reduction for Brazil that is partly offset by an increase for Argentina. Global corn stocks, at 302.2 mmts, are down 0.9 million.

CORN

- **USDA FAS WASDE – World Corn**

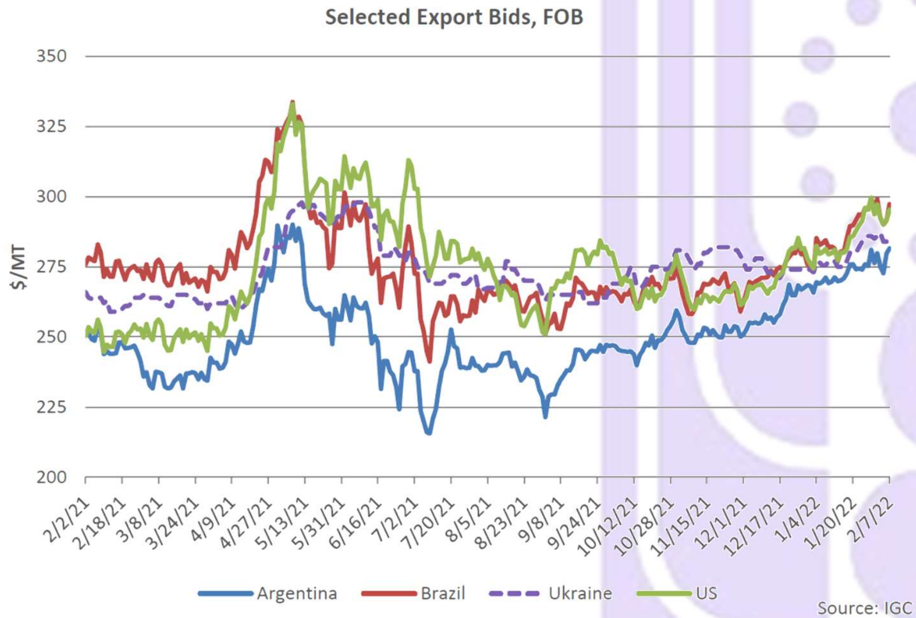
Corn World as of February 2022					
Attribute	**21/22 Feb'22**	**Change**	**21/22 Jan'22**	**20/21**	**19/20**
Area Harvested (1000 HA)	202,718	-106(-.05%)	202,824	198,748	193,564
Beginning Stocks (1000 MT)	292,047	-183(-.06%)	292,230	306,342	322,357
Production (1000 MT)	1,205,345	-1615(-.13%)	1,206,960	1,123,074	1,119,592
MY Imports (1000 MT)	188,167	+1360(+.73%)	186,807	185,800	167,778
TY Imports (1000 MT)	190,077	+880(+.47%)	189,197	180,368	169,795
TY Imp. from U.S. (1000 MT)	0	-	0	66,818	47,067
Total Supply (1000 MT)	1,685,559	-438(-.03%)	1,685,997	1,615,216	1,609,727
MY Exports (1000 MT)	203,669	-528(-.26%)	204,197	180,756	172,245
TY Exports (1000 MT)	194,996	+972(+.5%)	194,024	183,697	175,729
Feed and Residual (1000 MT)	751,862	+755(+.1%)	751,107	721,488	715,675
FSI Consumption (1000 MT)	427,806	+180(+.04%)	427,626	420,925	415,465
Total Consumption (1000 MT)	1,179,668	+935(+.08%)	1,178,733	1,142,413	1,131,140
Ending Stocks (1000 MT)	302,222	-845(-.28%)	303,067	292,047	306,342
Total Distribution (1000 MT)	1,685,559	-438(-.03%)	1,685,997	1,615,216	1,609,727
Yield (MT/HA)	5.95	-	5.95	5.65	5.78

9 Feb 2022 USDA - The monthly USDA WASDE Report showed global corn production was down with smaller crops in Brazil, Moldova, and Paraguay more than offsetting a larger crop in the Philippines.

Global corn trade was forecast to be higher than last month as Argentina and Brazil continue to exhibit strong late-season old crop exports, more than offsetting lower exports for Paraguay.

Global imports are up on higher imports for Canada and Iran.

This month's 2021/22 U.S. corn supply and use were unchanged relative to last month.



Since the January WASDE, all four major exporters' bids moved up. Late-season export demand continued for Argentina and Brazil, bringing Argentine bids up $11 to $282/mt and Brazilian bids up $12 to $297/mt. Despite rainfall alleviating some of the dryness in South America, potential impacts on corn production have lingered.

U.S. bids were up $14 to $295/mt on potential South American production impacts as well as strong domestic fuel ethanol demand. Ukrainian bids were up $10 to $286/mt reflecting heavy snow disrupting port operations.

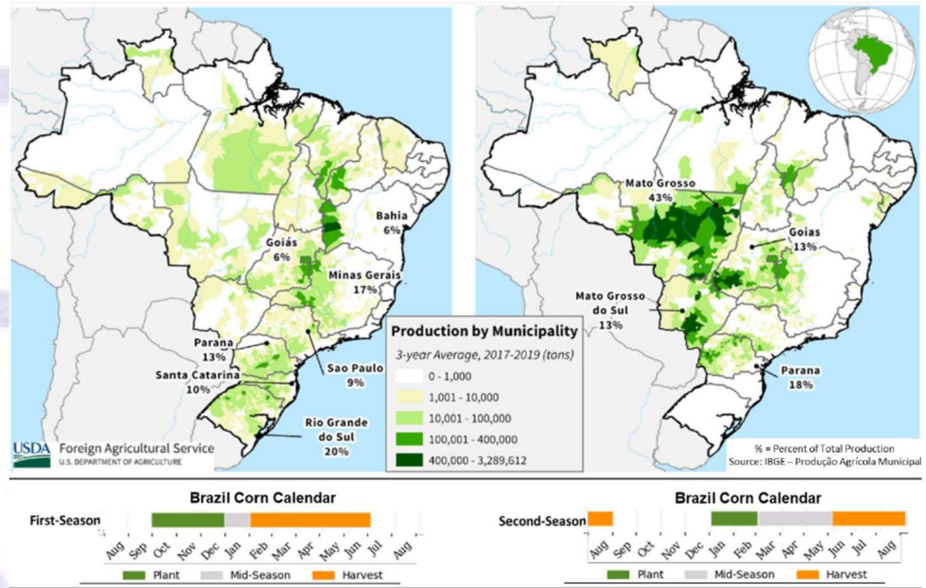
The USDA season-average farm price remains at $5.45/bushel.

➢ **Brazil Corn: Production Lowered Due to Reduced Yields for First Crop**

9 Feb 2022 USDA -Brazil total corn production for marketing year 2021/22 is estimated at a record 114.0 mmts, lower by 1.0 mmts (1%) from last month, but larger than last year's crop by 27.0 mmts (31%).

Total harvested area, for all three corn crops, is estimated at a record 20.8 mha, up 0.9 mha (5%) from last year. Yield is estimated at 5.48 mts/ha, about 1% lower than last month, but 25% above last year's dismal crop, and 5% above the 5-year average. This month's reduction reflects the yield losses for the first crop in the southern states of Paraná, Rio Grande do Sul, and Santa Catarina.

First-Season Corn Production (~25 mmt) **Second-Season Corn Production (~75 mmt)**

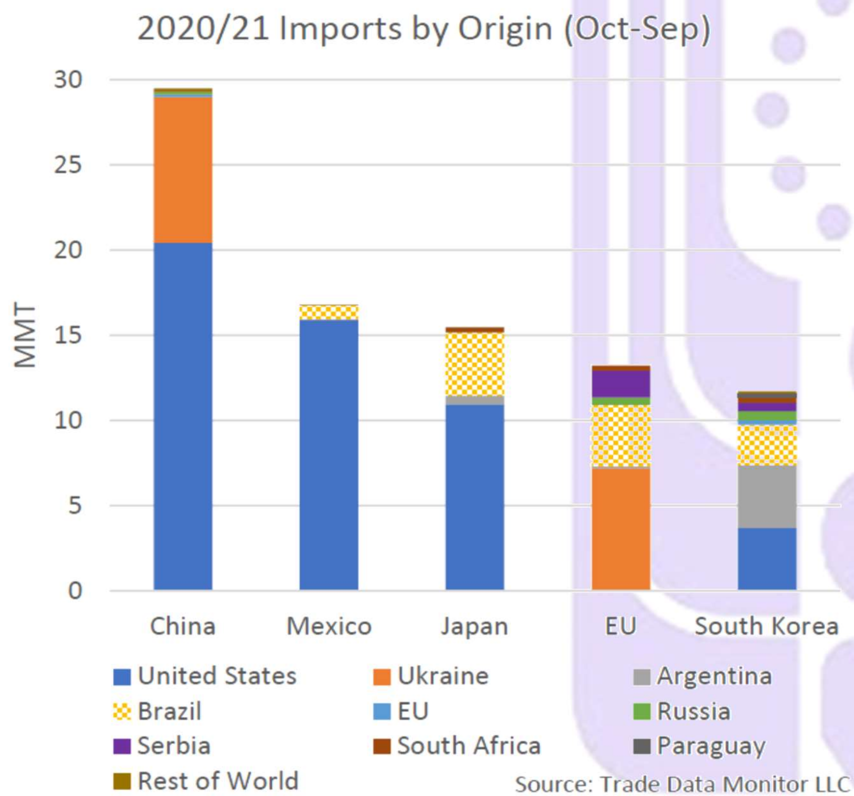


Drought conditions persisted through mid-January for the largest first-crop producing region of southern Brazil. Low rainfall amounts combined with high maximum temperatures resulted in high evaporative stress for crops, shown by the seasonal Evaporative Stress Index (ESI). Further evidence is provided by the satellite-derived Normalized Difference Vegetation Index (NDVI) that indicates low vegetation vigor throughout the south (roughly 36% of total first-crop area).

Brazil's Agriculture Ministry, Companhia Nacional de Abastecimento (CONAB), reduced first-crop yield by 15% from their prior month estimate. Production in Paraná, Rio Grande do Sul, and Santa Catarina were reduced by 35%, 48% and 3%, respectively. Although CONAB reduced estimates in Santa Catarina by 3%, according to state-level organizations, Santa Catarina yield losses are over 40%. Weather was more favorable in the northeastern regions. Harvest is underway in the southern regions with 11% harvested overall.

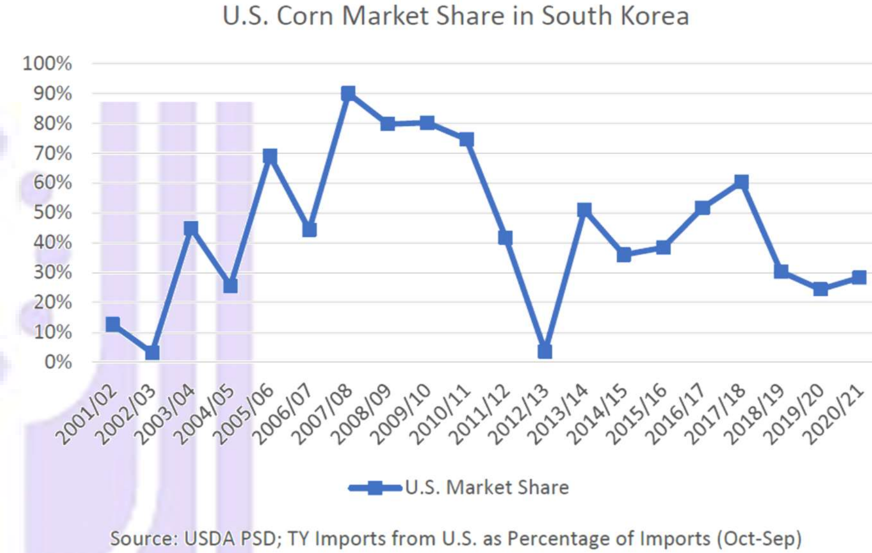
Planting of the larger second-season crop, roughly 75% of total production, follows the soybean harvest. With a timely soybean season this year, the expectation is for a timely safrinha planting in contrast to the delayed planting and dismal crop last year. Farmers are anxious to plant the safrinha crop on time as this improves the likelihood of a normal yield outcome, specifically in Mato Grosso where the rainy season typically ends in mid to late April. Currently, planting stands at 15% nationally with the state of Mato Grosso (45% of second-crop production) setting a brisk pace in January, 12% ahead of the 5-year average. Weather conditions are favorable for planting in the center-west and the south, where rains returned mid-January in Paraná (15% of safrinha production).

➢ <u>South Korea Diversifies Corn Suppliers</u>



9 Feb 2022 USDA - South Korea was once a market where U.S. corn did reliably well, but in recent years it has noticeably diversified its suppliers for corn. Excluding the drought-affected 2012/13 year, U.S. market share in South Korea has fallen to the lowest level since 2004/05.

Though global corn trade is inherently concentrated in several major and some secondary exporters, South Korea has proven willing to import from a wide variety of suppliers. Of the top five corn importers in 2020/21 (Oct-Sep), U.S. corn dominated in China, Mexico, and Japan. Ukraine was the predominant supplier to the European Union, followed by Brazil. In contrast, South Korea imported similar volumes from Argentina, Brazil, and the United States, as well as residual amounts from secondary exporters like Russia and Paraguay.

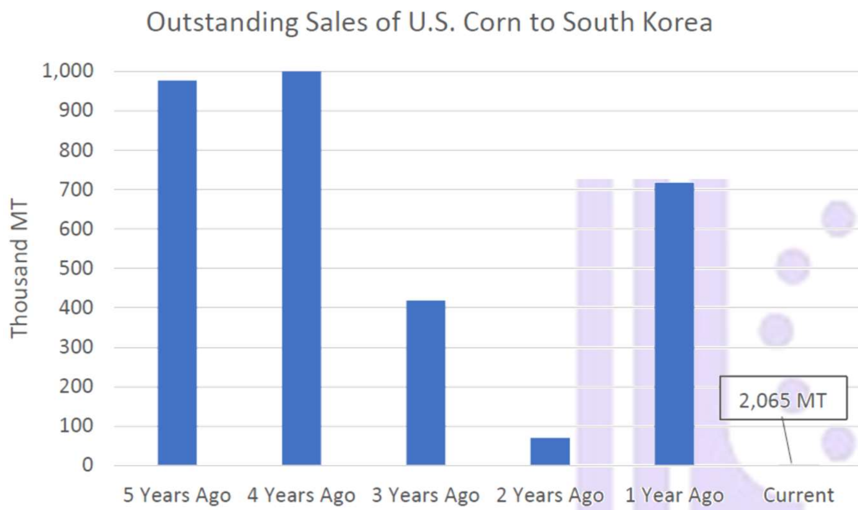


The Herfindahl-Hirschman Index (HHI) is a measure of market concentration. It is calculated by squaring the market share of each competitor and summing these numbers, resulting in a value between 0 and 1. An HHI closer to 0 represents a market with many competitors, each with small market share, whereas an HHI closer to 1 represents a highly concentrated market. As such, Mexico has a 2020/21 corn HHI of 0.90 since 95% of its corn imports were from the United States. Of course, the United States has an advantage in geographic proximity to Mexico, which has a livestock sector that is well integrated with the U.S. corn market, contributing significantly to the dominance of U.S. corn. Of the top 5 importers, South Korea has the lowest HHI at 0.24, quantifying its variety of origins.

Country	2020/21 HHI for Corn
China	0.56
Mexico	0.90
Japan	0.56
European Union	0.33
South Korea	0.24

Per reporting from FAS/Seoul, reportedly high levels of broken corn and foreign material in U.S. corn have been a recurring issue for Korean importers. As a result, some buyers have turned away from U.S. corn loaded in the Pacific Northwest (PNW) and are even willing to pay a slight premium for South American origins to avoid PNW-loaded corn.

In 2021/22, USDA currently forecasts record or near-record corn production for the major exporters:



Source: FAS Export Sales Reporting

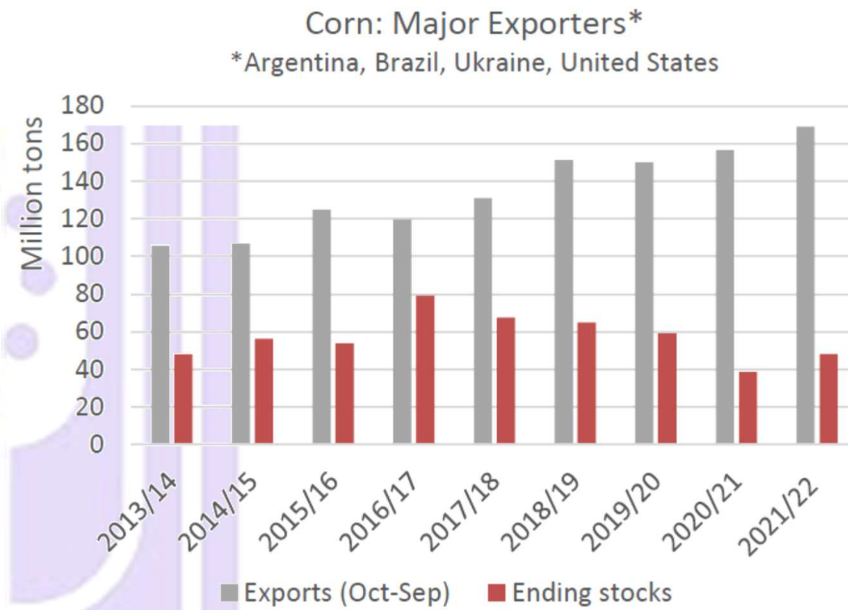
Argentina, Brazil, Ukraine, and the United States. While global trade is expected to grow once again, with the recent emergence of China as a robust demand source for U.S. corn, South Korea has turned to alternative suppliers such as Argentina, which currently does not export corn to China. This has itself manifested in just 7,000 tons of reported corn imports from the United States year to date (Oct-Dec).

Moreover, outstanding sales to South Korea at this point in the year are the lowest in at least 5 years at just 2,000 mts. Given the data available so far, it seems that the trend of lower U.S. corn market share in South Korea could continue in 2021/22.

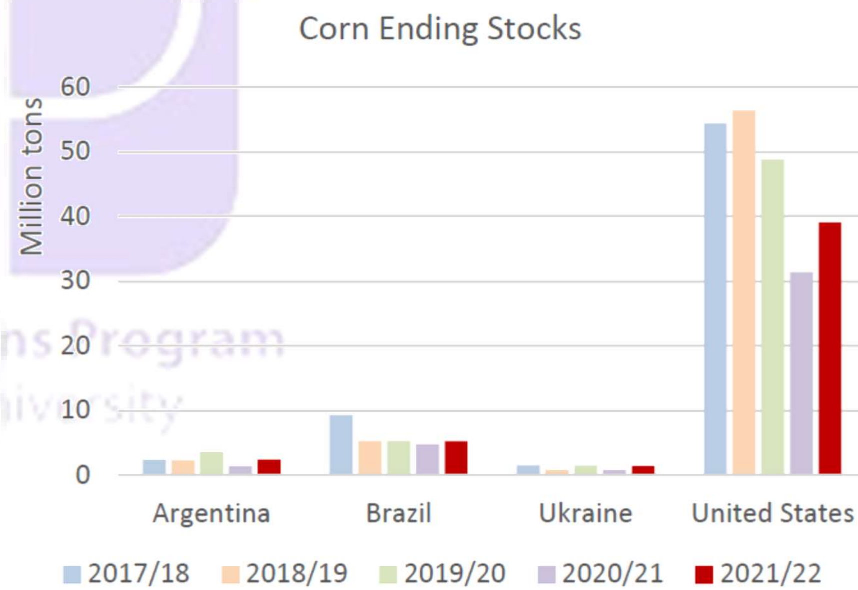
TRADE CHANGES IN 2021/22 (1,000 MT)

Country	Commodity	Attribute	Previous	Current	Change	Reason
Argentina	Corn	Exports	41,500	**42,000**	**500**	Continued strong pace
Brazil	Corn	Exports	31,000	**32,000**	**1,000**	Strong late-season exports
	Corn	Imports	3,000	**2,500**	**-500**	Trade to date, lower exports from Paraguay
Canada	Corn	Imports	3,300	**3,800**	**500**	Strong U.S. sales and shipments
China	Barley	Imports	10,100	**10,500**	**400**	Stronger pace to date
European Union	Barley	Exports	7,300	**7,500**	**200**	Pace of trade
Iran	Corn	Imports	7,700	**8,300**	**600**	Top destination for Brazil
Paraguay	Corn	Exports	2,200	**1,700**	**-500**	Smaller crop
Saudi Arabia	Barley	Imports	6,200	**5,400**	**-800**	Slower pace to date
Turkey	Barley	Imports	1,800	**2,100**	**300**	Stronger pace to date

➢ A Look at Corn Ending Stocks in Major Exporters



9 Feb 2022 USDA - Global corn trade has grown, supported by rising demand for competitively priced feedstuffs around the world.



Argentina, Brazil, Ukraine, and the United States have been the major suppliers, accounting for 85% of global exports. Combined ending stocks held by these countries, however, have tightened steadily and are currently estimated to be about a quarter of their exports in 2020/21, lower than the average of the past several years.

Combined ending stocks are projected to grow for 2021/22, but still relatively tight with little room in the case of global production shortfalls or unexpected import demand surges. Ending stocks for Argentina, Brazil, and Ukraine are projected to remain small as a large portion of their production is typically destined for foreign markets. Domestic use for Argentina (26%) and Ukraine (19%) is small relative to their production. For Brazil, the second crop corn, which accounts for three-quarters of the national production, is primarily destined for overseas, while first-crop corn is used in the domestic market. In comparison, the United States has ample storage facilities and a large level of consumption. On average over the past several years, 85% of the U.S. crop is used domestically. Again, the United States is projected to carry the lion's share of exporter ending stocks for 2021/22.

Other producers maintain large stocks (e.g., China), but generally only exporters' stocks are available to world markets. Typically, exporters' stocks are inversely related to global prices. Several factors have been supportive of current price levels – continued growth for global feed demand, smaller supplies of other grains (and oilseeds) due to last year's Northern Hemisphere droughts, relatively strong demand for fuel ethanol in the United States, and concerns over crops in South America. Much of the late-planted corn in Argentina is in a critical phase of development, while in Brazil, rapid planting progress of the second-crop corn in the Center-West contrasts with dry conditions in the South. It is likely that exporter prices will remain elevated as long as the size of the corn crops in Argentina and Brazil remain uncertain.

- **<u>CME CBOT Corn Futures</u>**

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

Corn futures traded both sides of steady, finishing the session on a firm note with a late session rally on wire service reports that Russia will invade Ukraine next week.

***CBOT March 2022 Corn Futures** makes new eight month highs, touching $6.57¾/bu, before settling on Friday at $6.51/bu, up 9¼ cents on the day, and gaining 30½ cents for the week. The new crop December contract added 10 cents on the session closing at 5.94¾/bu.*

The week was highlighted with lower than anticipated downgrades to both the Argentine and Brazil crops on the WASDE report Wednesday. Yet, private analysts suggested even smaller corn crops for Argentina and Brazil first crop will be noted on subsequent reports. Brazil's second corn crop (Safrinha) is still forecasted to be record large. Currently, however, it is too early to draw any conclusions to Brazil's second crop. Critical weather in the weeks ahead will determine progress and likely price movement.

Futures continue to trade upward with expectations that old crop may reach 7.00 in the weeks ahead if South American weather is less than ideal. New highs posted this week in the energy complex as well cattle, hogs, and milk futures also suggest no let-up in feed demand.

CFTC data showed that managed money funds closed 27.9k longs through the week leading into the report. That reduced their net long by 35,219 contracts to 337,332 contracts. The commercials reduced shorts, but added long hedges for a 22,679k contract weaker net short.

The Buenos Aires Grains Exchange said that up to 51 mmts of Argentine corn production is still uncertain with timely rains, though mentioned persistent dryness would warrant further cuts.

Rosario Grains Exchange maintained their estimate at 48 mmts for February.

- **U.S. Export Corn Values – Friday 11th February 2022**

Corn CIF NOLA Gulf barge/rail quotes, in cents per bushel basis CBOT futures:
USDA (U.S. No. 2, 14.5% moisture, CIF NOLA

CIF MORNING UPDATES - February 11, 2022

CIF CORN	2/10/2022	2/11/2022	Del. Mo.	
FEB	95 / 100	-	H	
MAR	87 / 90	86 / 87	H	
APR	82 / 86	83 / 84	K	
MAY	77 / 78	76 / 79	K	
JUN	-	77 / -	N	
JUL	70 / 76	- / 76	N	
JUN/JUL	73 / -	73 / 78	N	
SEP	75 / -	75 / -	Z	UNC
OCT	73 / -	73 / -	Z	UNC
NOV	-	74 / -	Z	
DEC	-	75 / -	Z	
NOV/DEC	74 / -	-	Z	

The CIF NOLA market continues to look heavy for Feb due to high barge freight. Barge freight showing some signs of relief w/ higher river levels into early next week and should push drafts higher, otherwise barge freight was quiet today. March-July CIF continues to hang right above DVE by 3 to 5 cents, which will continue to support corn spreads.

Western corn values continue to feel heavier until June/July (Group 3 10/16N w/ spread), and east is fairly cheap until June/July, when it has values over DVE with the spread.

A Friday "flash" sale of 128 kmts of 21/22 US corn sold to Japan was reported.

This week's export sales for corn came in at 46.3 mbus, compared to 55.2 mbus last week, and 292.8 last year. Moving forward the expected pace is 24 to 51 mbus, with 20.9 mbus need to reach the current USDA number.

This week the Chinese USDA Ag attaché kept his 22-23 corn import forecast at 20 mmts, 6 mmts less than the official WASDE figure. He cited a slightly larger crop, sluggish consumption, more Ukraine sourcing and slow pace of U.S. shipments

Late in the week rumors continue to circulate that China is in the market for large amounts of U.S. corn (perhaps 2 mmts or near 80 mbus), as tightening world supplies and high internal prices keep the expectation for stronger U.S. exports on the front burner of reasons why corn futures may continue higher.

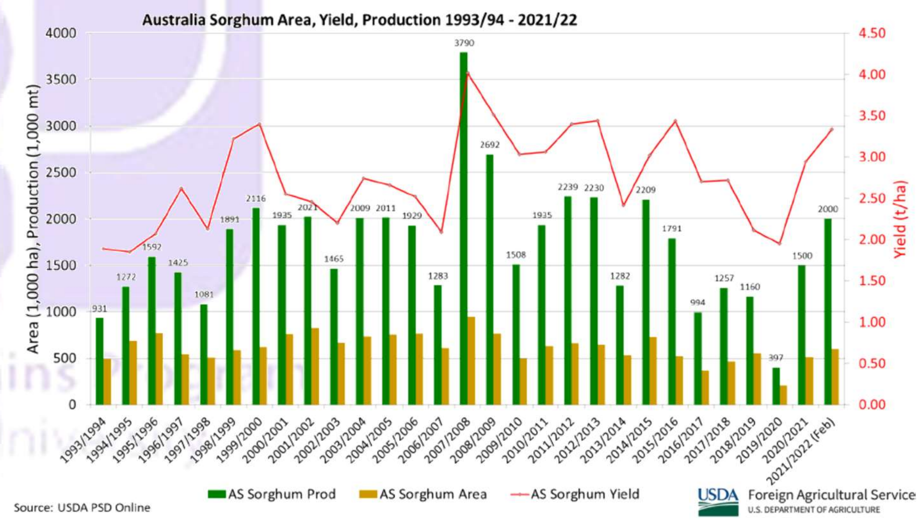
GRAIN SORGHUM

- **USDA FAS WASDE – World Sorghum**

Sorghum World as of February 2022					
Attribute	21/22 Feb'22	Change	21/22 Jan'22	20/21	19/20
Area Harvested (1000 HA)	41,743	+40(+.1%)	41,703	42,678	39,775
Beginning Stocks (1000 MT)	3,428	+13(+.38%)	3,415	3,897	5,507
Production (1000 MT)	65,308	+213(+.33%)	65,095	61,935	57,931
MY Imports (1000 MT)	11,871	+101(+.86%)	11,770	9,920	5,598
TY Imports (1000 MT)	11,871	+101(+.86%)	11,770	9,938	5,627
TY Imp. from U.S. (1000 MT)	0	-	0	6,965	5,318
Total Supply (1000 MT)	80,607	+327(+.41%)	80,280	75,752	69,036
MY Exports (1000 MT)	12,112	+100(+.83%)	12,012	11,404	6,513
TY Exports (1000 MT)	12,538	+100(+.8%)	12,438	10,657	6,385
Feed and Residual (1000 MT)	27,241	+270(+1%)	26,971	24,392	21,285
FSI Consumption (1000 MT)	37,260	-225(-.6%)	37,485	36,528	37,341
Total Consumption (1000 MT)	64,501	+45(+.07%)	64,456	60,920	58,626
Ending Stocks (1000 MT)	3,994	+182(+4.77%)	3,812	3,428	3,897
Total Distribution (1000 MT)	80,607	+327(+.41%)	80,280	75,752	69,036
Yield (MT/HA)	1.56	-	1.56	1.45	1.46

9 Feb 2022 USDA – World Grain Sorghum Supply & Demand Balance Sheet

- **Australia Sorghum: Production Revised Higher on Area and Yield**



USDA estimates Australia marketing year 2021/22 sorghum production at 2.0 mmts up 0.1 mmts or 5% from last month, and up 0.5 mmt or 33% from last year.

Area is estimated at 0.6 mha, up 0.02 mha from last month, and up 0.09 mha or 18% from last year. Yield is estimated at 3.33 tons per hectare, up 2% from last month and 34% above the 5-year average.

The area planted to sorghum increased this season as prices favored sorghum relative to some other summer crops. In the main producing state of Queensland, above-average precipitation during October into November supported the germination and establishment of early sown sorghum and led to additional sorghum acres. The production revision is a result of favorable weather conditions driving increases in area and yield in nearly all portions of the sorghum belt.

Sorghum production is concentrated in two eastern states. Queensland produces the bulk of Australia's sorghum with 72% (5-year average) and New South Wales accounts for the remaining 28%.

➢ U.S. Export Grain Sorghum Values – Friday 11th February 2022

CIF NOLA Gulf barge/rail quotes, in cents per bushel basis CBOT Corn futures:
Texas Gulf Rail quotes, in cents per bushel basis CBOT Corn futures:
Changes are from the AM Barge basis report.Quotes:

CIF MILO	2/10/2022	2/11/2022		
February	na	na		UNC

TX FOB VESSEL MILO (USc/MT)	2/10/2022	2/11/2022		
March	225	225	H	UNC
April	225	225	K	UNC
May	225	225	K	UNC

This week's sorghum dale came in at 3.19 mbus, compared to 12.93 mbus last week and 2.5 mbus last year. We need 2.1 mbus per week to reach the USDA estiamte. YTD sales now equal 245 mbus compared to 229 mbus last year.

➢ Australia exports 78,754 mts of sorghum in December

7 Feb 2022 Liz Wells, Grain Central - AUSTRALIA exported 78,574 mts of sorghum in December 2021, according to the latest data from the Australian Bureau of Statistics (ABS).

Sorghum exports in December fell 32% from the November total of 116,400 mts, again due to a rundown in stocks ahead of the harvest which has gotten under way in recent weeks. The December figure shows another drop since the October peak of 278,813 mts in the 2021/22 (Apr-Mar) shipping year, and indicates supply chains have switched to more lucrative new-crop wheat exports.

"China was the only sizeable destination, which will continue for the foreseeable future, or until we see policy change there." Mr Roache said sorghum exports are expected to pick from March to August to reflect harvest availability. "Elevation margins are likely better than wheat, so it will get access to stem and go out the door quickly as long as China purchasers are unrestricted."

BARLEY

➢ USDA FAS WASDE – World Barley

Barley World as of February 2022					
Attribute	21/22 Feb'22	Change	21/22 Jan'22	20/21	19/20
Area Harvested (1000 HA)	48,572	-1019(-2.05%)	49,591	51,469	52,549
Beginning Stocks (1000 MT)	20,947	-541(-2.52%)	21,488	22,144	20,179
Production (1000 MT)	145,788	-1263(-.86%)	147,051	160,034	158,762
MY Imports (1000 MT)	34,581	+86(+.25%)	34,495	35,213	28,742
TY Imports (1000 MT)	33,286	-5(-.02%)	33,291	35,981	28,022
TY Imp. from U.S. (1000 MT)	0	-	0	344	154
Total Supply (1000 MT)	201,316	-1718(-.85%)	203,034	217,391	207,683
MY Exports (1000 MT)	34,232	+125(+.37%)	34,107	35,569	29,004
TY Exports (1000 MT)	34,113	+75(+.22%)	34,038	36,696	29,424
Feed and Residual (1000 MT)	105,222	-1540(-1.44%)	106,762	114,787	110,723
FSI Consumption (1000 MT)	45,198	+121(+.27%)	45,077	46,088	45,812
Total Consumption (1000 MT)	150,420	-1419(-.93%)	151,839	160,875	156,535
Ending Stocks (1000 MT)	16,664	-424(-2.48%)	17,088	20,947	22,144
Total Distribution (1000 MT)	201,316	-1718(-.85%)	203,034	217,391	207,683
Yield (MT/HA)	3	+(+1.01%)	2.97	3.11	3.02

9 Feb 2022 USDA – World Barley Supply & Demand Balance Sheet

➢ Australia exports 961,924 mts barley in December

7 Feb 2022 Liz Wells, Grain Central - AUSTRALIA exported 19,199 mts of malting barley and 942,725 mts of feed barley and 78,574 mts of sorghum in December 2021, according to the latest data from the Australian Bureau of Statistics (ABS).

The malting figure was down 68% from the November total of 60,431 mts to reflect the rundown on old-crop stocks, while the feed figure surged 58pc from the November total to reflect new-crop availability primarily out of Western Australia and South Australia.

Sorghum exports in December fell 32% from the November total of 116,400 mts, again due to a rundown in stocks ahead of the harvest which has gotten under way in recent weeks.

Flexi Grain pool manager Sam Roache said December barley exports marked a return to the big numbers seen early in the 2020/21 (Oct-Sep) marketing year. "It was the largest export month since March 2021, and it was posted in December rather than November because of the softer finish and delayed harvest."

The jump in feed barley exports more than compensated for the drop in malting month on month. The reduced malting tonnage was reflecting uncertainty around barley quality after the rain-affected harvest in eastern Australia as well as dwindling old-crop stocks.

“This is not a flag on malt demand for subsequent months and we expect to see numbers recover in the January-forward period.” On feed, Mr. Roache said all the usual demand was evident in the December figures.

Saudi on 296,130 mts was the biggest feed market by far, followed by Japan on 160,070 mts and Vietnam on 71,759 mts, while Jordan, Qatar, Thailand and The Philippines each took 60,000 - 70,000 mts.

“Jordanian demand returned to Australia after a long hiatus, with the first of many cargoes we have seen sold in tenders shipped in December. This is a great measure of how competitive we have been versus Black Sea. Thailand also returned as a volume buyer for the first time since June. Thailand feed has been very quiet generally, so we don’t expect barley shipments to explode.”

Mr. Roache said demand from the Middle East, and Saudi Arabia in particular, as well as Japan, is expected to stay strong. “Other demand into Asia, including The Philippines, Vietnam and Thailand, will likely see declines in barley, with demand switching to more competitive feed wheat.”

Reports in the past week have stated that the Chinese Government has broadly approved imports of barley and wheat from Russia.

“In the current environment for barley, where Australia is more or less excluded for Chinese execution, this is likely a supportive environment for Australian barley. “It reduces the influence of Australia’s largest competitor into the Middle East, and Russia will be less likely to compete hard there if China as a higher-priced market is as an option.”

“At the same time, this opens up the Chinese market to a larger volume of potential imports of barley, allowing China imports to grow and service the seemingly insatiable appetite for feed grains. Notably for wheat, the Russian news is bearish if anything, opening up our likely largest export market to more competition.”

➢ U.S. Malting Barley industry hopes to rebound after last year

8 Feb 2022 Capital Press - The U.S. malting barley industry hopes to rebound after drought reduced last year's production by 31%.

Total U.S. barley production was estimated at nearly 118 mbus, down from nearly 171 mbus in 2020. In the Pacific Northwest, Oregon production was down 72%, from 2.2 mbus to 608,000 bus. Washington production was down 58%, from 6.4 mbus in 2020 to 2.7 mbus in 2021. Idaho was down 21%, from 55 mbus to roughly 47 mbus.

USDA doesn't distinguish between malt, feed and food barleys. The majority of malting barley acres are grown under contract.

"We were going into 2021 with low barley stocks, and then we ended 2021 with even lower barley stocks," said Ashley McFarland, vice president and technical director of the American Malting Barley Association. "Hopefully ... we'll be able to bounce back and get back to normal production volume, but we're really going to have to see what the snow pack is and what our drought monitor says going into the season," she said.

Canada also experienced drought conditions. "They were actually pulling barley from us at times, so our stocks dwindled even more than in a normal year," McFarland said.

The association recently released its annual list of recommended barley varieties for growers, intended to provide guidance for which varieties the industry may be purchasing this year.

The list is not a list of approved or certified malting varieties for use by brewers, distillers, food companies or maltsters. There may be many suitable malting barley varieties grown domestically or internationally that are not on the list, according to the organization.

That's particularly relevant this year, McFarland said. "We had such low production volumes coming off of 2021 because of the drought," she said, adding that it will likely increase the amount of barley the U.S. has to import.

A large maltster might have to ship in barley from Europe or Australia, McFarland said. "Just because a maltster is having to use a different variety that's not on our list doesn't mean it's bad," she said.

Over time, the list has become an industry "gospel" of sorts, McFarland said. "That's true in terms from a grower sense," she said. "What we don't want is a brewer saying, 'My maltster gave me this barley malt and it's not on the list.' That's not what the list is intended for."

New to the list this year are the varieties ABI Cardinal and Regina. ABI Cardinal is bred by Anheuser-Busch at Global Barley Research in Fort Collins, Colo. It represents a shift from Anheuser-Busch's six-row barleys to breeding two-row barleys, McFarland said.

The barley heads differ, from two rows of grain compared to six rows of grain. Six-row barleys have dominated larger, adjunct brewers for a long time, based on the profile the barley provides. McFarland said. "There's also certainly some yield enhancement with a six-row barley, but maybe you're not getting as plump a kernel," she said.

Two-row barleys are more in favor for all-malt and craft brewers, but breeding has evolved to perform just as well, increasing interest from larger brewers. Market preferences between two-row barley and six-row barley can depend on how the variety is used, growing area and its genetic makeup, McFarland said.

Regina is a German-bred winter variety that is grown in Ohio and surrounding states. The variety Conlon was removed because it was not used often, McFarland said.

"If our members are not seeing value in a variety, they certainly don't want to be recommending to farmers to be growing that," McFarland said. "We just want to make sure that list is most reflecting what they're wanting to buy."

Some varieties are used in large quantities and many others are used only in niche markets. Producers are encouraged to contact their local elevator, grain handler or processor to gauge market demand for any variety grown in their region prior to seeding.

Oats

➢ USDA FAS WASDE – World Barley

Oats World as of February 2022					
Attribute	21/22 Feb'22	Change	21/22 Jan'22	20/21	19/20
Area Harvested (1000 HA)	9,480	+1(+.01%)	9,479	9,970	9,559
Beginning Stocks (1000 MT)	2,863	-	2,863	2,229	2,186
Production (1000 MT)	22,655	-22(-.1%)	22,677	25,482	23,219
MY Imports (1000 MT)	2,322	-	2,322	2,527	2,525
TY Imports (1000 MT)	2,294	-	2,294	2,621	2,527
TY Imp. from U.S. (1000 MT)	0	-	0	42	23
Total Supply (1000 MT)	27,840	-22(-.08%)	27,862	30,238	27,930
MY Exports (1000 MT)	2,434	-	2,434	2,768	2,530
TY Exports (1000 MT)	2,435	-	2,435	2,699	2,634
Feed and Residual (1000 MT)	15,631	-24(-.15%)	15,655	16,937	15,635
FSI Consumption (1000 MT)	7,604	-	7,604	7,670	7,536
Total Consumption (1000 MT)	23,235	-24(-.1%)	23,259	24,607	23,171
Ending Stocks (1000 MT)	2,171	+2(+.09%)	2,169	2,863	2,229
Total Distribution (1000 MT)	27,840	-22(-.08%)	27,862	30,238	27,930
Yield (MT/HA)	2.39	-	2.39	2.56	2.43

9 Feb 2022 USDA – World Oats Supply & Demand Balance Sheet

➢ CME CBOT Oat Futures

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

***CME March 2022 Oats Futures** made new all-time highs on Thursday, touching $7.79½/bu before settling on Friday at $7.49¾/bu, off 6½ cents on the day, but gaining 18½ cents for the week.*

Energy

➢ CME WTI Crude Oil – Makes ne 8 year highs on Russian rumors

***NYMEX March 2022 WTI Crude Oil Futures** made highs on Friday around noon, touching $94.66/barrel before settling on Friday at $93.13/barrel, off 6½ cents on the day, but gaining 18½ cents for the week.*

March WTI crude oil on Friday closed up +3.22 (+3.58%), and March RBOB gasoline closed up +7.32 (+2.75%).

Crude Surges As U.S. Warns Russia May Attack Ukraine By Next Week

WTI crude oil and RBOB gasoline prices Friday rallied to 7-1/2 year nearest-futures highs and settled sharply higher. Crude oil prices are seeing strength on tightness in global crude supplies and strong demand. Gains in crude accelerated Friday afternoon after the U.S. warned that a Russian invasion of Ukraine could come as early as next week.

Crude oil surged Friday afternoon after U.S. National Security Advisor Sullivan said Russia could take offensive military action or attempt to spark a conflict inside Ukraine as early as next week. A potential Russian invasion of Ukraine could disrupt crude supplies from Russia and could also spark retaliatory sanctions from the U.S.

Crude prices also found support Friday after the International Energy Agency (IEA) raised its global 2022 oil demand forecast to 100.6 million bpd from a prior estimate of 99.7 million bpd. The IEA also warned that global oil prices could climb further because of the "chronic" struggle by OPEC+ to revive production.

Friday's U.S. economic data was bearish for energy demand and crude prices after the University of Michigan's Feb U.S. consumer sentiment index fell -5.5 to a 10-1/4 year low 61.7, weaker than expectations of 67.0.

A bearish factor for crude was Friday's estimate from Bank of America that there could be a global oil surplus of 500,000 bpd to 1.0 million bpd if a nuclear accord with Iran is reached and sanctions are lifted that allow Iranian crude supplies back into the global market.

Crude oil prices garnered support Thursday from OPEC's monthly report that said the recovery in global oil demand "could surpass" its 2022 forecast of 4.2 million bpd as the rebound in economic activity and travel from the pandemic gathers pace.

Increased crude demand in India, the world's third-biggest crude importer, is bullish for prices as 18 of 23 of India's refineries operated at more than 100% of capacity on average in January, up from 8 refineries that operated above 100% in August.

As expected, OPEC+ last Wednesday agreed to boost its crude production in March by +400,000 bpd. Crude prices moved higher on relief that OPEC+ did not boost crude output by more than 400,000 bpd.

OPEC Jan crude production rose +50,000 bpd to 28.14 million bpd, a 1-3/4 year high. The increase in OPEC crude production was limited after Libya Jan crude production fell -140,000 bpd due to blockade of its oilfields from militias.

An increase in global crude oil stored on oil tankers worldwide is bearish for crude prices. Vortexa said Monday that crude oil stored on tankers that have been stationary for at least seven days in the week ended Feb 4 rose +8% w/w to 108.29 million bbl.

Reduced concern about the spread of the omicron variant may allow travel restrictions to be lifted and is positive for fuel demand and crude prices. The 7-day average of new U.S. Covid infections fell to a 1-1/2 month low on Thursday of 206,569.

Wednesday's weekly EIA report showed that (1) U.S. crude oil inventories as of Feb 4 were -10.3% below the seasonal 5-year average, (2) gasoline inventories were -2.4% below the 5-year average, and (3) distillate inventories were -19.6% below the 5-year average. U.S. crude oil production in the week ended Feb 4 rose +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 Feb 11 rose by +19 rigs to a 1-3/4 year high of 516 rigs. U.S. active oil rigs have risen sharply from the 16-1/2 year low of 172 rigs from Aug-2020, signaling an increase in U.S. crude oil production capacity.

ETHANOL

- **CME Ethanol Futures - Nearby Daily**

__CME Nearby Ethanol February 2022__ closed on Friday at $2.0305, up 3.250 cents on the day, but off 0.075 cents for the week.

NASS reported a fairly strong December ethanol grind figure with corn used at 486 mbus, 8 mbus more than the trade average; 54 mbus higher than a year ago and 7 mbus above the 2019 total.

The Energy Information Administration says ethanol production plunged to its lowest level in four months during the week ending the 4th of February. Production dropped under one million barrels a day, finishing the week with an average of 994,000 barrels. That's down from 1.041 million barrels a day during the previous week and the lowest level since the week ending on October 1, 2021.

The nation's largest-producing region is the Midwest, where output dropped to an average of 939,000 barrels a day from the 981,000 during the prior week. That's the lowest production level in the Midwest since last October. Gulf Coast production declined by 20,000 barrels a day, while the Rocky Mountain region stayed steady at 15,000 barrels a day. The East Coast region was the only one to increase, averaging 12,000 barrels a day, up from 11,000 the previous week. Ethanol inventories during the week ending on February 4 declined to 24.79 million barrels.

- **U.S. Export Ethanol Values – Friday 11th February 2022**

Nearby Ethanol Bids	2/10/2022	2/11/2022		
Blair, NE	-11	-13	H	
Cedar Rapids, IA	-10	-10	H	**UNC**
Decatur, IL	15	15	H	**UNC**
Fort Dodge, IA	5	5	H	**UNC**
N. Manchester, IN	5	5	H	**UNC**
Portland, IN	12	12	H	**UNC**

- **DDG's – Prices March Higher**

11 Feb 2022 Mary Kennedy, DTN Analyst – The DTN average price for domestic distillers dried grains (DDG) from 34 locations reporting for the week ended Feb. 10 was $234/ton, up $6/ton versus one week ago.

DDG prices continue to move higher thanks to strong export demand as well as good domestic demand with the continued rise in soybean meal prices. DDG prices are also strong due to the slowdown in plant production, which in turn has caused tight supplies in some states.

Based on the average of prices collected by DTN, the value of DDG relative to corn for the week ended Feb. 10 was 102.09%. The value of DDG relative to soybean meal was 51.54%, and the cost per unit of protein for DDG was $8.67, compared to the cost per unit of protein for soybean meal at $9.56.

In their weekly DDGS update, the U.S. Grains Council said, "U.S. barge freight rates continue to rally and Barge CIF NOLA DDGS are up $6 to $7 mt for March/April/May shipment. FOB NOLA offers are up $15/mt for March and demand is shifting into Q2 positions, sending April offers up $17/mt. Prices for rail delivered DDGS are up $15 to $17/mt this week. The market for containerized DDGS to Southeast Asia is mixed so far this week with exporters citing a wide bid/ask spread. On average, offers are down $4 to $6/mt for March and Q2 positions with the average price for 40-foot containers to Southeast Asia hitting $366/mt this week."

The U.S. Census Bureau said Tuesday that U.S. exports of DDGS totaled 933,882 mt in December, down from 1,019,430 mt in December, but up 8% from a year ago. Mexico was the top destination in December, taking 18% of U.S. exports and was followed by South Korea and Vietnam. In 2021, U.S. exports of DDGS were up 6% from a year ago.

VALUE OF DDG VS. CORN & SOYBEAN MEAL

Settlement Price:	**Quote Date**	**Bushel**	**Short Ton**
Corn	2/10/2022	$6.4175	$229.20
Soybean Meal	2/10/2022		$454.00
DDG Weekly Average Spot Price			$234.00

DDG Value Relative to:	2/10	2/3
Corn	102.09%	103.51%
Soybean Meal	51.54%	52.16%
Cost Per Unit of Protein:		
DDG	$8.67	$8.44
Soybean Meal	$9.56	$9.20

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

OILSEEDS COMPLEX

- **USDA FAS WASDE – Oilseeds**

9 Feb 2022 USDA - The monthly USDA WASDE Report showed global 2021/22 soybean supply and demand forecasts include lower production, crush, exports, and stocks.

2021/22 OUTLOOK CHANGES (All figures are in thousand metric tons)

Country	Commodity	Attribute	Previous	Current	Change	Reason
Argentina	Meal, Soybean	Exports	28,800	**28,000**	-800	Smaller crush following diminished soybean supplies
	Oilseed, Soybean	Exports	4,850	**3,750**	-1,100	Reduced exportable supplies
	Oilseed, Soybean	Imports	4,500	**3,100**	-1,400	Lower import volume from Paraguay
Australia	Oilseed, Rapeseed	Exports	4,600	**4,400**	-200	Reduced supplies on lower carryin from 2021
Brazil	Meal, Soybean	Exports	17,000	**16,850**	-150	Reduced exportable supplies
	Oilseed, Soybean	Exports	94,000	**90,500**	-3,500	
China	Meal, Soybean	Exports	1,100	**900**	-200	Reduced crush
	Oil, Palm	Imports	7,100	**6,700**	-400	Lower Indonesia exports
	Oilseed, Soybean	Imports	100,000	**97,000**	-3,000	Slowing demand on lower crush
Egypt	Oilseed, Soybean	Imports	4,470	**4,000**	-470	High prices and lower South America exports
European Union	Meal, Soybean	Imports	16,900	**16,600**	-300	High prices and lower South America exports
	Oil, Palm	Imports	6,600	**6,150**	-450	High prices and lower Indonesia exports
India	Oil, Palm	Imports	8,450	**7,750**	-700	High prices and reduced exports by Indonesia
	Oil, Soybean	Imports	3,400	**3,200**	-200	Greater rape oil supplies, rising prices limit demand
Indonesia	Oil, Palm	Exports	29,500	**28,000**	-1,500	Slower export pace
Iran	Meal, Soybean	Imports	2,000	**1,850**	-150	High prices and lower South America exports
	Oilseed, Soybean	Imports	2,000	**1,850**	-150	
Paraguay	Meal, Soybean	Exports	1,850	**1,285**	-565	Smaller crush limiting exports
	Oilseed, Soybean	Exports	5,250	**4,150**	-1,100	Drought-reduced crop reduces export availability
Russia	Oilseed, Rapeseed	Exports	600	**450**	-150	Slow export pace
Turkey	Oilseed, Soybean	Imports	2,975	**2,750**	-225	High prices and lower South America exports
UAE	Oilseed, Rapeseed	Imports	1,150	**950**	-200	Slow import pace
Vietnam	Meal, Soybean	Imports	5,300	**5,100**	-200	Reduced global exportable supplies
United States	Meal, Soybean	Exports	12,701	**13,063**	362	Larger crush and lower Argentina exports

Global soybean production is reduced 8.7 mmts to 363.9 mmts on drought in South America. Brazil's soybean crop is lowered 5 million to 134 mmts, Paraguay is lowered

2.2 million to 6.3 mmts, and Argentina is reduced 1.5 million to 45 mmts. Exports and crush are lowered in all three countries.

Lower supplies and higher prices reduce global meal demand, particularly for China where soybean crush and imports are lowered 3 mmts to 94 and 97 mmts, respectively.

Global ending stocks are down on lower soybean carryout in Brazil, the United States, and Argentina. Global soybean ending stocks are reduced 2.4 million to 92.8 mmts. Another notable oilseed change includes a 1.3 mmts increase to 10.8 million for Indian rapeseed production on a faster-than-expected planting pace and higher yields.

Global crush is down mostly on lower soybean crush in China, Argentina, and Paraguay more than offsetting higher India rapeseed and U.S. soybean crush.

Global protein meal production is down in line with crush as lower soybean meal production more than offsets higher rapeseed meal production. Global protein meal trade is down slightly on lower Argentina and Paraguay soybean meal exports partially offset by higher U.S. soybean meal exports. Protein meal stocks are mostly unchanged.

Global vegetable oil production is down marginally as lower soybean oil production more than offsets slightly higher rapeseed oil. Vegetable oil trade is down on lower Indonesia palm oil shipments as high prices continue to hamper exports. Ending stocks are little changed overall as higher Indonesia palm oil carryout is largely offset by lower palm and soybean oil stocks in India and China.

SOYBEANS

➢ USDA FAS WASDE – World Soybeans

Oilseed, Soybean World as of February 2022					
Attribute	21/22 Feb'22	Change	21/22 Jan'22	20/21	19/20
Area Harvested (1000 HA)	129,598	-400(-.31%)	129,998	127,881	122,925
Beginning Stocks (1000 MT)	100,415	+535(+.54%)	99,880	95,595	114,087
Production (1000 MT)	363,863	-8700(-2.34%)	372,563	366,231	339,877
MY Imports (1000 MT)	162,756	-5670(-3.37%)	168,426	165,614	165,044
Total Supply (1000 MT)	627,034	-13835(-2.16%)	640,869	627,440	619,008
MY Exports (1000 MT)	165,030	-5710(-3.34%)	170,740	164,327	165,058
Crush (1000 MT)	320,236	-5485(-1.68%)	325,721	315,308	312,420
Food Use Dom. Cons. (1000 MT)	21,902	-	21,902	21,100	20,291
Feed Waste Dom. Cons. (1000 MT)	27,032	-270(-.99%)	27,302	26,290	25,644
Total Dom. Cons. (1000 MT)	369,170	-5755(-1.53%)	374,925	362,698	358,355
Ending Stocks (1000 MT)	92,834	-2370(-2.49%)	95,204	100,415	95,595
Total Distribution (1000 MT)	627,034	-13835(-2.16%)	640,869	627,440	619,008
Yield (MT/HA)	2.81	(-2.09%)	2.87	2.86	2.76

9 Feb 2022 USDA - The monthly USDA WASDE Report showed this month's 2021/22 U.S. soybean outlook is for increased soybean crush and lower ending stocks.

U.S. soybean crush is forecast at 2.215 billion bushels, up 25 million from last month on favorable crush margins and improving prospects for soybean meal exports.

Soybean meal exports are reduced for Argentina, Brazil, and Paraguay as drought-reduced crops limit crush prospects. With soybean exports unchanged, ending stocks are reduced 25 mbus to 325 mbus.

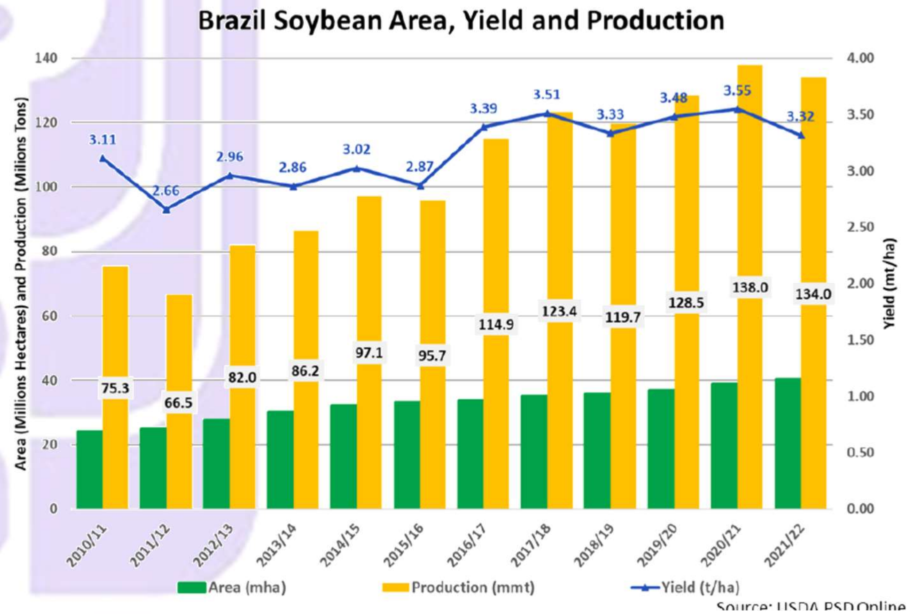
The USDA season-average soybean price for 2021/22 is forecast at $13.00/bushel, up 40 cents from last month partly reflecting the impact of drought in South America.

The USDA soybean meal price is forecast at $410.00/short ton, up 35 dollars.

The USDA soybean oil price forecast is raised 1 cent to 66.0 cents/pound.

➢ Brazil Soybeans: Drought Reduces Production Estimate

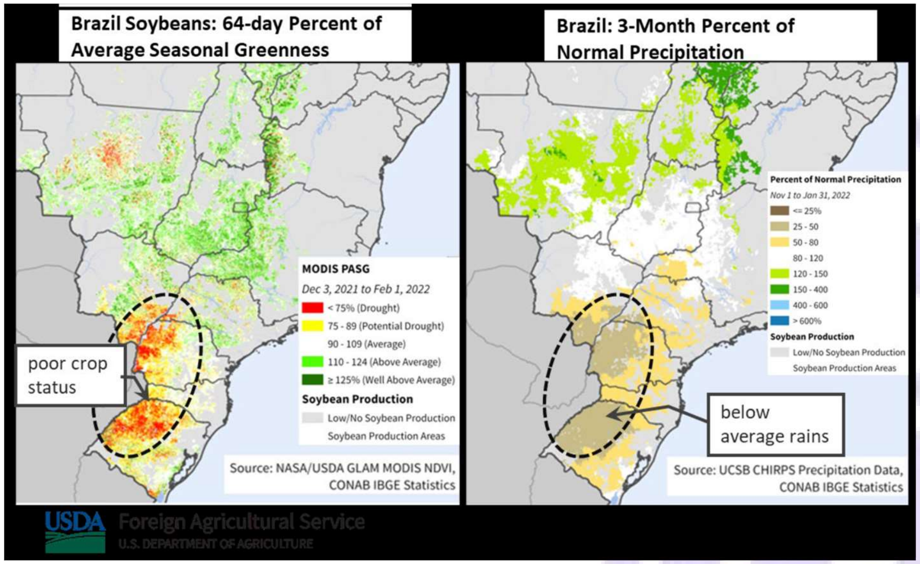
9 Feb 2022 USDA - Brazil soybean production for marketing year 2021/22 is estimated at 134.0 mmts, down 5.0 mmts (4%) from last month, and lower by 4.0 mmts (3%) from last season's record crop.



Harvested area is estimated at a record 40.4 million hectares (mha), up 1.5 mha (4%) from last season's record area. Yield is estimated at 3.32 mts/ha, 4% below last month and 7% lower than last season. The decline this month reflects the continuing poor vegetation status of crops and early harvest results in southern Brazil.

Roughly 30% of Brazil's soybean area is cultivated in the two states of Paraná and Rio Grande do Sul. This region is experiencing a historic drought with below-average precipitation and anomalously high daytime temperatures.

Similarly, southeastern Mato Grosso do Sul, where a large portion of the state's soybeans are grown, also received below-average rainfall. This situation resulted in high evaporative stress and coincided with the crop phenological stages most sensitive to moisture stress.



The drought-stricken areas correspond to areas exhibiting a significant reduction in crop vegetation status, shown in the satellite-derived Percent of Average Seasonal Greenness (PASG) index. The state reporting agency for Paraná, SEAB-DERAL (Secretaria de Estado da Agricultura e do Abastecimento Departamento de Economia Rural), and the Technical Assistance and Rural Extension of Rio Grande do Sul (EMATER-RS) report substantial yield losses. The return of rainfall in mid-January arrived too late for much of the crop, although it will benefit the later planted crop.

States in the center-west and northern regions received abundant rainfall and crop conditions were favorable during the growing season. Approximately 12% of the crop has been harvested nationally and about 32% in the largest producer Mato Grosso, well ahead of the 5-year pace of 17% for the state.

- **<u>Brazil's expected soy crop losses already a modern era record</u>**

10 Feb 2022 Braun, Reuters - A Brazilian soybean crop as large as 134 mmts seemed unimaginable just a couple of years ago, but that figure now represents unprecedented losses in the soybean market as it is known today.

These drought-induced harvest reductions keep this year's global soybean carryout projection at an eight-year low relative to demand, but the blow is softened by top importer China's diminishing needs.

The USDA on Wednesday cut No. 1 exporter Brazil's 2021/22 soybean crop to 134 mmts from 139 million in January and 144 million in December, which was the original outlook.

The 7% decline from December to February is USDA's largest two-month cut since the 2012 crop, which also battled drought. But the global soybean market has transformed drastically since then.

The 2011/12 season was the last time the United States was the top soybean exporter, but it has increasingly been Brazil's game ever since. Brazil's share of world soybean exports a decade ago was 40% versus about 55% today.

Brazil's exports have grown more than 150% in the last decade and even with the drought this year are set to outpace U.S. shipments by more than 60%. Ten-year U.S. export growth is about 50%.

Brazil's soybean boom has been made possible by the doubling of its crop over the last decade on both area and yield expansions. Brazil's harvest first surpassed the U.S. one in 2017-18.

USDA's latest reductions are among many industry outlooks calling for a smaller 2022 Brazilian soybean crop, but the agency's number is on the higher side. Some analysts have predicted a harvest up to 14% off original ideas, double the USDA's markdown.

Historical crop estimates do not give a great indication of how much further Brazil's soybean crop may fall because there are so few examples. The 2009 crop suffered similar losses as 2012, and final production in both years came in close to USDA's lowest estimates of the season.

Brazil's statistics body, CONAB, will publish fresh outlooks for the soybean crop on Thursday, but its starting point and cuts have been more conservative. The group in December saw the crop at 142.8 mmts but last month scaled back to 140.5 million.

USDA's Wednesday report supported recent ideas that China's soybean demand has slipped, and the current year import outlook was chopped to 97 mmts from 100 million last month, a relatively large monthly decline. That is below the year-ago 99.8 million.

Some market participants assumed Brazil's crop losses would be reflected on the U.S. balance sheet with an export bump, which did not pan out due to China's lower imports. But global buyers have recently been snapping up old-crop U.S. soybeans, so U.S. business could be due for a lift if Brazil's fortunes get any worse.

GHA – Following this article Brazil's CONAB released it estimates, slashed Brazil's soybean crop to 125.471 mmts, down from its previous estimate of 140.5 million and way below the USDA numbers. This rallied the markets on Thursday to new highs.

- **<u>Paraguay Soybeans: Historically Dry Conditions Limit Yields</u>**

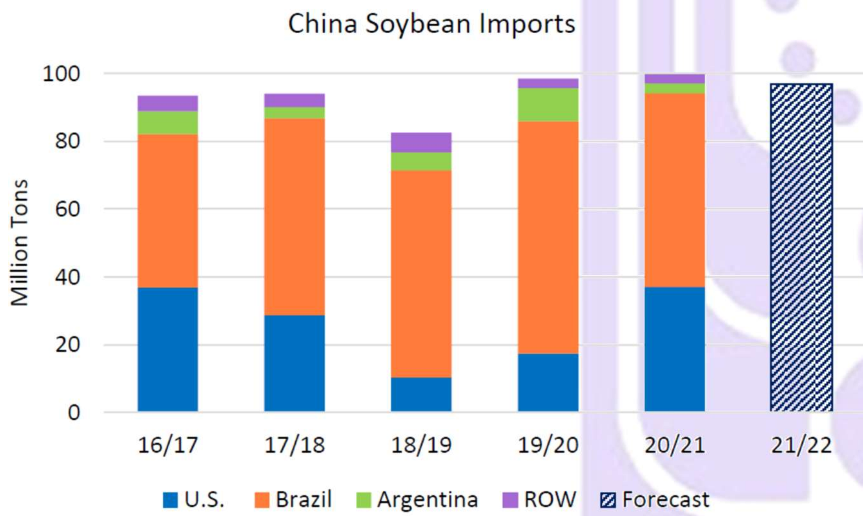
9 Feb 2022 USDA - USDA estimates Paraguay soybean production for marketing year 2021/22 at 6.3 mmts, down 26% from last month and 36% from last year.

Area is set at 2.8 million hectares, down 13% from last month and 11% from last year. Yield is estimated at 2.25 mts/hectare, down 15% from last month and 28% from last year.

Soybean production expectations continue to decrease after farmers reported dry field conditions and almost no rain. Widespread areas of eastern Paraguay reported persistent dry conditions throughout the growing season, including the top-producing department Alto Paraná.

For example, the department of Canindeyú did not have sufficient rain from the 30th of September through December. Much needed rain arrived in late January 2022. Soil moisture conditions across soybean regions have been suboptimal for crop growth and pod filling. High protein levels and very small beans are expected from this harvest. Combining has begun, but early reported yields are poor and below even past, historically low average yields in 2008/09 and 2011/12.

- **<u>China Soybean Imports Contract</u>**

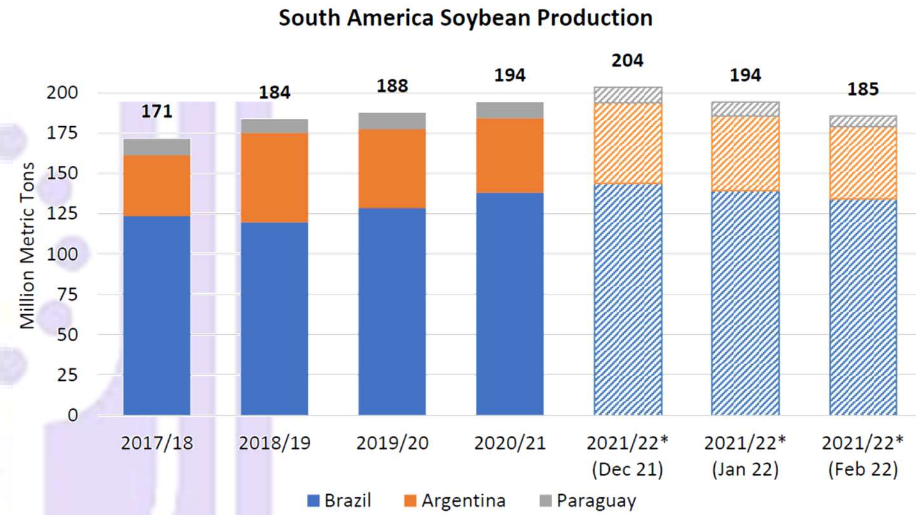


9 Feb 2022 USDA - China soybean imports in marketing year 2021/22 are forecast 3.0 mmts lower this month at 97.0 mmts. From October to December, imports were down 13% from the previous year.

The pace of soybean processing has slowed since October 2021 as margins are squeezed and crushers have been hampered by high input costs and low feed demand. Similarly, soybean processors in China are projected to reduce crush volumes by 3.0 mmts from the January forecast.

- **<u>Shrinking Sth Am Soybean Production Constricts Trade, Boosts Prices</u>**

9 Feb 2022 USDA - Dry weather in South America over the past two months has significantly depressed forecast soybean yields and slashed production. In the first USDA forecast released in May 2021, the combined total 2021/22 soybean crop in Brazil, Argentina, and Paraguay was a record but is now forecast to be the smallest crop since 2018/19. Since the December 2021 WASDE, soybean production in these three countries has been lowered by more than 18 mmts: down 7% in Brazil, down 9% in Argentina, and down 37% in Paraguay.



*For all 2021/22 forecasts in the chart, the parentheses indicate the month and year of the WASDE publication that coincide with the corresponding soybean production forecasts

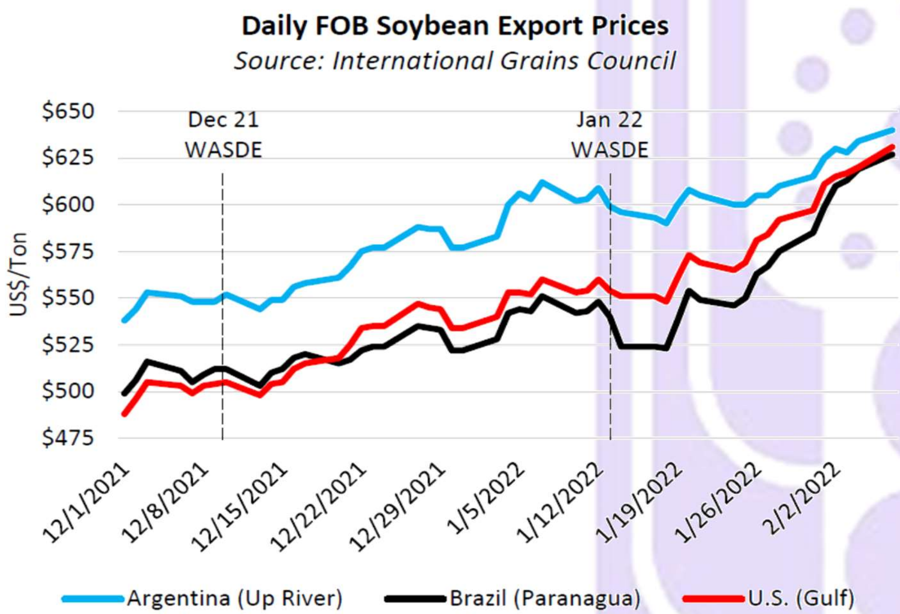
If realized, this massive decrease in the South American soybean crop is likely to significantly constrict global trade. In total, South America soybean exports are cut nearly 6 mmts this month and crush is down over 2 mmts. In Brazil, smaller production is expected to impact the export market more than domestic crush. In Paraguay, both exports and crush are forecast down around 1 mmts. Argentina supplies are squeezed from both lower production and smaller imports from Paraguay, resulting in both lower exports and crush.

Likewise, 2021/22 global soybean imports are no longer expected to be a record and global soybean meal consumption growth is forecast below 2% for the first time this forecasting cycle. With tighter supplies supporting higher prices, consumers are likely to import fewer soybeans and offset smaller supplies by drawing down stocks, decreasing soybean meal consumption, or substituting with other protein meals.

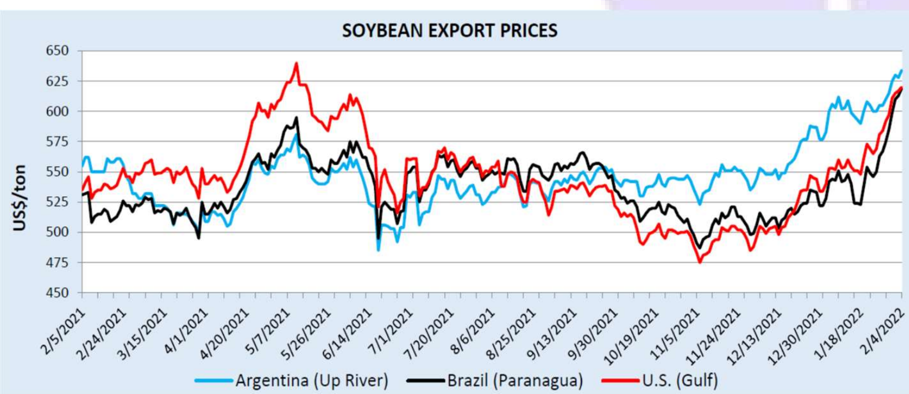
Along with waning soybean and meal trade, soybean prices have jumped in response to the smaller South American crop and forecast tight stocks. As of the 7th of February, soybean export prices have shot up to near - decade highs at $640/mt FOB Argentina (Up River) and $627/mt FOB Brazil (Paranagua).

Since the release of the December 2021 WASDE, soybean export prices have jumped 17% in Argentina and 22% in Brazil. A large portion of these price gains are due to expected tight soybean stocks in Argentina and Brazil at the end of September 2022, which are forecast to be an eight year low at a combined 45 mmts.

The changing soybean market dynamics in South America may have bullish implications on exports of the upcoming U.S. soybean crop. In response to climbing soybean prices in South America, U.S. soybean export prices are up 25% since the December WASDE. Additionally, tight South America stocks at the start of the U.S. harvest and peak soybean export season in October 2022 have the potential to boost U.S. exports. For instance, September 2022 ending stocks in Brazil are forecast to be only 2 mmts larger than they were 2 years prior, which coincided with a record export pace of U.S. soybeans during the beginning of the 2020/21 marketing year.



Assuming import demand in China and other key markets remains little changed this year, 2022/23 U.S. soybean exports seem poised to benefit from both tight South American exportable supplies and high prices.



January 2022 Soybean Export Prices

	U.S.	Argentina	Brazil
January Avg Price	$563/ton	$602/ton	$547/ton
Change vs December	+ $46/ton	+ $41/ton	+ $30/ton

Source: International Grains Council. All prices are FOB: U.S. Gulf, Argentina Up River, and Brazil Paranagua.

Soybean prices were up in January due to unfavorable weather in South America that is reducing harvest prospects. The U.S. Gulf soybean price gains exceeded those in South America. Much of the gains since the January WASDE occurred in the last week of January and have continued into early February. From January through the 4th of February, U.S. prices have risen 9%, Brazil up 12%, and Argentina up 7%.

- **CME CBOT Soybeans Futures**

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

***CME March 2022 Soybean Futures** made new contract highs on Thursday touching $16.33/bu, before settling on Friday at $15.83/bu, up 8¾ cents on the day, and gaining 30 cents for the week. New crop November contract added 12 cents finishing the Friday session at $14.44/bu. adding 48¼ cents for the week. Today's market performance was the fourth consecutive week soybean futures have posted net gains.*

It was another solid week for soybean futures with much of the same story supporting prices as it has the last several weeks. Higher energy, weather concerns, and strong speculative buying interest all propelled prices higher. We believe farmers are rewarding higher prices this week, yet prices still moved higher because the Southern Hemisphere continues to experience less than ideal growing conditions.

Soybean futures received some ancillary support on Friday from outside markets. Crude rallied more than $4.00 midday to the highest level since 2014 as reports indicated US intelligence believes a Russian invasion of Ukraine is imminent. Soybean futures rallied shortly after open following the 8:30 central pause session, gaining 20 *plus cents only to give it all back and turn negative. However, late in the session wire service reports indicated that Russia will invade Ukraine next week. This had prices in positive territory, ending the session higher.*

The weekly CoT report showed soybean spec traders were adding longs going into the USDA report. That extended their net long by 11,827 contracts to 166,315 contracts. The commercials were also adding hedges going into the report, with a 41,943 contract boost to OI and a 5,867 contract stronger net short.

South American weather continues to apply some support underneath the market as there's been very little improvement to their ongoing weather situation. Thursday CONAB reduced their soybean forecast to 125.47 mmts, well below the previous estimate of 140.49 mmts. Safras & Mercado reduced their Brazilian crop estimate to 127.1 mmts, down 5 million from their previous estimate.

The Rosario Grains Exchange revised their Argentina soybean production to 500 kmts higher to 40.5 mmts.

Paraguay's ag minister announced the country's soybean harvest may fall by as much as 50% to roughly 5 mmts due to the drought, which would be the lowest in a decade.

➢ U.S. Export Soy Values – Friday 11th February 2022

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

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

CIF BEANS	2/10/2022	2/11/2022		
FEB	- / 115	- / 108	N	
MAR	93 / 105	93 / 100	N	
APR	80 / 90	80 / 96	N	
MAY	84 / 89	82 / 88	N	
JUN	86 / -	85 / -	Q	
JUL	87 / -	84 / 90	Q	
SEP	125 / -	125 / -	X	UNC
OCT	100 / 106	100 / 105	X	
NOV	96 / 106	97 / 110	X	
DEC	-	88 / -		

Supply issues are dominating the narrative in the soybean market as demand remains fairly strong. There was some talk of China washing out Brazilian soy cargoes for March-July shipment, although it was met with considerable skepticism.

Brazil's soybean export program off to a slow start with 371 knts of soybeans exported the first four days of February. That compares to nearly 600 K in 2021. However, soybean meal was noticeably higher at 385 kmts, vs 240 kmts last year.

Old news, Brazil's FOB soybean basis has more than doubled since the 1st of the year, rising to over +140 SH (vs +35 to +40 SH LY) as vessel line-up approaches 450 mbus (vs 420 mbus LY). Values are being supported by early harvest delays and declines in the crop size.

Rumors China have washed out of several Brazilian cargoes due to poor margins. Brazil's FOB basis reportedly falling as much as 23-25 cents late this week returning Brazilian soybean to a near-$20/mt advantage vs either the U.S. Gulf/PNW into China.

Weekly soybean sales this week came in at 40.3 mbus, compared to 37.7 mbus last week, and 28.2 mbus last year. We need 12.5 mbus per week to reach current USDA estimates. YTD Sales total 1,662 mbus, compared to 2,150 mbus last year.

Friday morning the USDA flashed sales of 108 kmts of beans to China for 2022/23, and 30 kmts of soybean oil to 'unknown destinations'. Announced daily "flash" export sales on nearly a daily basis are evidence that the world has turned to the U.S. to shore up near-term supply needs.

The USDA sliced Chinese soybean imports by 3 mmts on Wednesday and SBM consumption by 2.2 mmts. This week's 3.7 mmts reduction in global soybean meal use is the largest m/o/m reduction I can ever recall.

SUNFLOWERS

➢ USDA FAS WASDE – World Soybeans

Oilseed, Sunflowerseed World as of February 2022					
Attribute	21/22 Feb'22	Change	21/22 Jan'22	20/21	19/20
Area Harvested (1000 HA)	28,445	+25(+.09%)	28,420	26,861	26,026
Beginning Stocks (1000 MT)	2,105	-97(-4.41%)	2,202	2,772	2,580
Production (1000 MT)	57,259	+2(+%)	57,257	49,202	54,181
MY Imports (1000 MT)	3,428	-10(-.29%)	3,438	2,721	3,347
Total Supply (1000 MT)	62,792	-105(-.17%)	62,897	54,695	60,108
MY Exports (1000 MT)	3,820	-35(-.91%)	3,855	2,910	3,639
Crush (1000 MT)	52,348	-73(-.14%)	52,421	45,305	49,430
Food Use Dom. Cons. (1000 MT)	2,179	-	2,179	2,109	2,144
Feed Waste Dom. Cons. (1000 MT)	2,077	+78(+3.9%)	1,999	2,266	2,123
Total Dom. Cons. (1000 MT)	56,604	+5(+.01%)	56,599	49,680	53,697
Ending Stocks (1000 MT)	2,368	-75(-3.07%)	2,443	2,105	2,772
Total Distribution (1000 MT)	62,792	-105(-.17%)	62,897	54,695	60,108
Yield (MT/HA)	2.01	-	2.01	1.83	2.08

9 Feb 2022 USDA - World Sunflowerseed Supply & Demand Balance Sheet

➢ Sharp growth of sunflower seed supply forecast on the global market

7 Feb 2022 APK-Inform - In 2021/22 MY, farmers of Ukraine and Russia harvested impressive sunflower seed crop. APK-Inform estimates Ukrainian production at record 16.5 mmts compared to 13.8 mmts last year. Russian crop amounted to 13.8 mmts, down only 50 kmts from previous maximum.

However, the market has not seen yet the expected growth of production and export of sunflower oil. Reserved farmers' sales of oilseed feedstock was the main reason for this. Additionally, in the first months of the season, the activity of importers of sunflower oil was low, as they had expected more attractive prices due to the record sunflower seed crop in the Black Sea region.

As the result, current sunflowerseed processing is lower than potential level in Ukraine and Russia. Additionally, there are high accumulated stocks of the oilseed.

The timing of active sales of sunflower seed by farmers is the key question of the global sunflower complex. Oil World supposes that there are no more reasons to keep sunflower seed sales restricted in anticipation of more attractive prices for farmers, as the stocks are very high, Argentina has started harvesting its sunflowerseed crop and the production of vegetable oils is expected to increase on the global market in coming months. Higher sunflower seed crop in Southern Hemisphere, that will enter the market soon, as well as the high stocks in Northern Hemisphere may push farmers to start selling in short term, Oil World supposes. The experts forecast that sunflower seed supply will increase to 41.2 mmts in January-August 2022, up by 7.2 mmts compared to the same period of 2021.

CANOLA / RAPESEED

➢ USDA FAS WASDE – World Soybeans

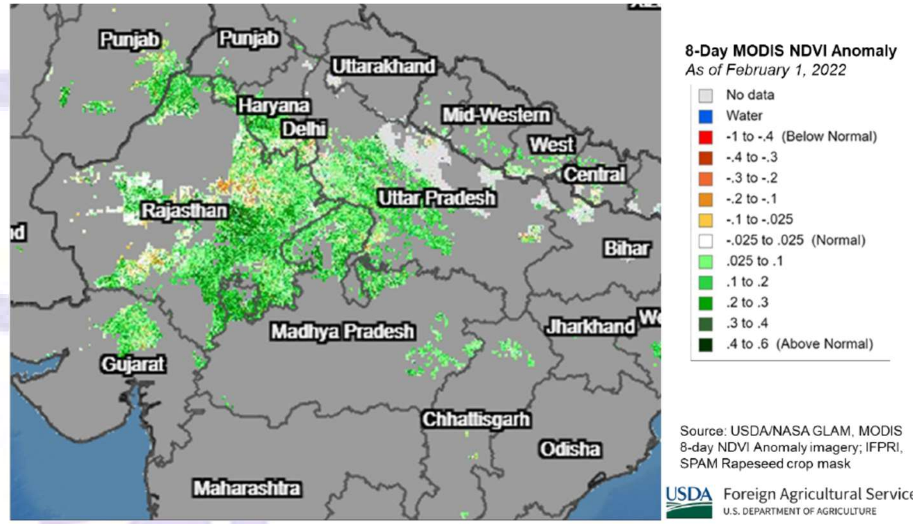
Oilseed, Rapeseed World as of February 2022					
Attribute	21/22 Feb'22	Change	21/22 Jan'22	20/21	19/20
Area Harvested (1000 HA)	37,998	+210(+.56%)	37,788	34,696	34,680
Beginning Stocks (1000 MT)	5,564	-468(-7.76%)	6,032	7,846	9,964
Production (1000 MT)	70,623	+1354(+1.95%)	69,269	73,161	69,598
MY Imports (1000 MT)	13,831	-175(-1.25%)	14,006	16,505	15,683
Total Supply (1000 MT)	90,018	+711(+.8%)	89,307	97,512	95,245
MY Exports (1000 MT)	13,473	-375(-2.71%)	13,848	17,889	15,907
Crush (1000 MT)	69,757	+1135(+1.65%)	68,622	71,290	68,356
Food Use Dom. Cons. (1000 MT)	650	-	650	650	250
Feed Waste Dom. Cons. (1000 MT)	2,232	+129(+6.13%)	2,103	2,119	2,886
Total Dom. Cons. (1000 MT)	72,639	+1264(+1.77%)	71,375	74,059	71,492
Ending Stocks (1000 MT)	3,906	-178(-4.36%)	4,084	5,564	7,846
Total Distribution (1000 MT)	90,018	+711(+.8%)	89,307	97,512	95,245
Yield (MT/HA)	1.86	+(+1.64%)	1.83	2.11	2.01

9 Feb 2022 USDA - World Canola / Rapeseed Supply & Demand Balance Sheet

➢ India Rapeseed: Production up 27% from Last Year

9 Feb 2022 USDA - USDA forecasts India rapeseed production for marketing year 2021/22 at 10.8 mmts, up 14% from last month and 27% from last year. Area is estimated at 8.5 million hectares, up 2% from last month and up nearly 27% from 2020 due to favorable planting conditions and a 9% higher minimum support price from 2020. Yield is forecast at 1.27 metric tons per hectare, up 11% from last month and up slightly from last year.

According to the India Ministry of Agriculture's "All India Crop Situation" report published the 27th of January 2022, farmers have planted 9.1 million hectares of rapeseed/mustard, up 25% from the same period last year. In Rajasthan, the largest producer, planting is up nearly 37% from the same period last year.



Currently, the rapeseed crop is flowering. The satellite-derived Normalized Difference Vegetation Index (NDVI) anomaly (January 24 - February 1, 2022) shows strong crop vigor in Rajasthan. Trade reports have not indicated any incidences of pests or disease. Rapeseed is grown only in the rabi season.

Rapeseed is planted in early November until January and harvested in late March.

➢ ICE Canadian Canola Futures

__ICE March 2022 Canola Futures__ settled on Friday's at C$1,000.60/mt, off C$5.00 on the day, and losing C$1.40 for the week. (Settlement prices are in Canadian dollars per metric tonne.)

➢ Canola prices expected to remain high

10 Feb 2022 Sean Pratt - Canola crops are looking good in other parts of the world, such as in Australia, but prices will likely remain high without a big rebound in Canadian production. New crop canola prices are more likely to head up than down, says a trader of the commodity.

PI Financial broker Ken Ball says new crop canola is comfortably valued at $840 per tonne right now. "It's certainly not likely to come crashing down even with a good crop in Canada, the European Union and the Black Sea," he said.

Ball believes November canola futures could quickly return to old crop values of $1,000 per tonne if Canada's 2022 crop gets off to a rocky start. "It wouldn't take all that much," he said. "We rarely get a 100% smooth crop year underway in canola. There's always problems with too dry, too wet, too cold, too hot somewhere."

The pressure is on Canada to produce a solid crop in the range of 19 to 21 mmts after last year's disastrous harvest of 14.5 mmts. There could be some supply relief coming from overseas.

Strategie Grains estimates farmers in the European Union planted 14 million acres of rapeseed, an eight percent increase over last year. It is forecasting 18.19 mmts of production, a 7%. That would be the biggest EU crop since 2018/19.

UkrAgro Consult is forecasting a similar rebound in Ukraine with a record 3.3 mmts of production, an eight percent increase over last year's output. Winter crop conditions are favourable in the EU and the Black Sea regions, according to Global Agricultural Monitoring's latest crop condition map.

"This is on top of the very large Australian production," said Ball. Australia has an extra 1.0 to 1.5 mmts to export this winter. "We are nibbling away at the impact of the Canadian deficit in the world marketplace," he said.

However, the world still needs a big rebound in Canadian production in 2022 or it will be another year of rationing demand through high prices.

Ball thinks the market went too far last year with old crop canola overpriced by $50 to $100/mt. "That's the nature of a market like this," he said. "It's always going to overshoot or overdo it."

He noted that canola oil and meal values have been on a tear since Christmas, but seed values have remained relatively static by comparison because they were already overvalued. Vegetable oil prices are being propped up in part by Indonesia's announcement of a 20% mandatory domestic sales requirement for all palm producers to temper hot cooking oil prices in that country. It's creating a de facto limit on palm oil shipments from the world's leading exporter of the commodity.

There is also a shortage of canola oil as Canadian crushers struggle to find supplies.

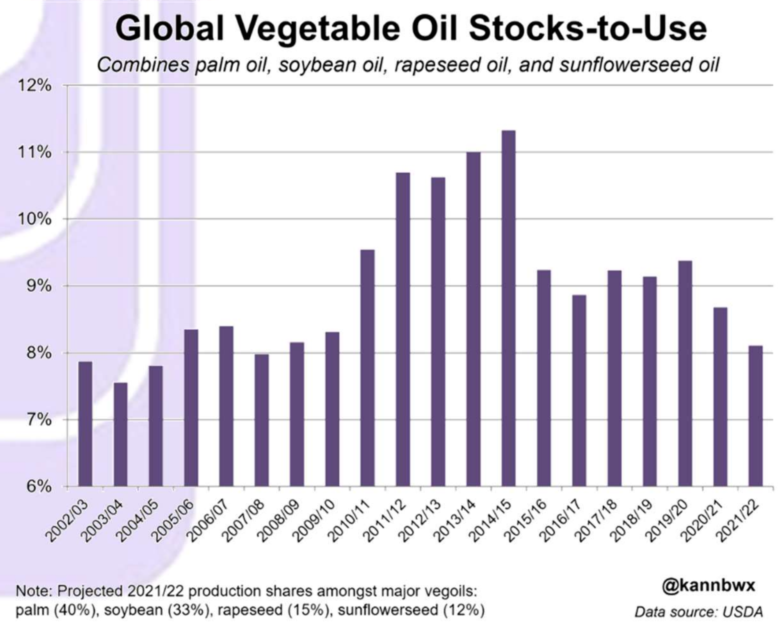
Ball thinks $840/mt canola is easily justified with today's handsome crush margins and with soybean oil selling for US$0.62 a pound and soybean meal at $395/mt.

Agriculture Canada expects Canadian farmers to plant 21.7 million acres of canola this spring, a three percent decline from last year. By contrast, some analysts are forecasting a three to seven percent increase in plantings.

Ball doesn't know what to think. At first his clients seemed to be leaning more toward planting cereals, but wheat prices have since backed off. He thinks growers may be holding out for new crop canola prices in the $1,000/mt range because they became accustomed to those lofty levels in 2021.

VEGETABLE OILS

➢ Palm oil leads historic vegoil rally as demand outpaces supply



1 Feb 2022 Braun, Reuters News - Global vegetable oil supplies have tightened in the last couple of years even as the pandemic slowed the demand growth rate, and that has had the most profound price impact on palm oil, the most widely used vegoil.

Although palm oil production is predicted to rebound in 2022, prices are expected to remain elevated as output gains could struggle to keep pace with continued demand increases for vegoils in general, especially as pandemic restrictions ease.

Benchmark Malaysian palm oil futures FCPOc3 hit lifetime highs on Monday, closing 60% higher than at the end of January 2021 and more than double the end-January 2020 price. Last month's gains alone totaled 19%.

Prices for all major vegetable oils, including soybean, rapeseed, and sunflowerseed, have skyrocketed since mid-2020, but palm oil has taken the brunt due to its cheaper nature and larger availability. Palm oil's surge has erased much of its traditional price advantage over other vegoils in recent months.

Weather and labor issues have led to slower growth in palm oil production this year, further straining inventories. Major vegoil supplies relative to demand are seen at 14-year lows in 2021-22, and a comfortable restoration of stocks could be at least a couple of cycles away.

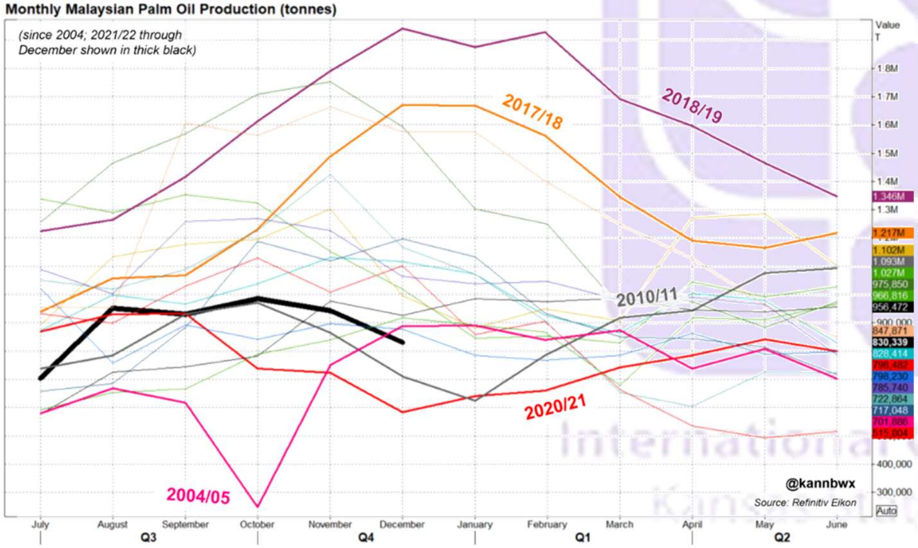
Near-term palm oil availability will likely worsen as top exporter Indonesia last week announced mandatory domestic sales to control prices, effectively curbing shipments and sending futures even higher.

That is bad news for countries like India, the top palm importer, which slashed import duties in October to deal with its own price inflation. It also keeps pressure on competing vegoils, some of which should have a production comeback this year, especially rapeseed oil.

Among the four major global vegetable oils, palm oil accounts for about 63% of annual exports, soybean and sunflowerseed oil 15% each, and rapeseed oil 7%. Soybean oil has a much larger share of the production pool with one-third, palm oil claims 40%, rapeseed oil 15% and sunoil 12%.

DEMAND CHASING OUTPUT

Monthly Malaysian Palm Oil Production (tonnes)



- For the most part, global palm oil output reliably rises each year in response to demand, though any serious interruptions can be felt for years across all vegoils. About 84% of the world's palm oil production occurs in Indonesia and Malaysia, where tropical weather patterns can disrupt.

Early last decade, stocks-to-use for the four major vegoils were hovering around 11%, well above previous values. But that changed in 2015-16, and stocks-to-use has not since returned to those prior levels.

El Nino, characterized by warmer-than-normal surface waters in the equatorial Pacific Ocean, developed in late 2014 and lingered until early 2016, reaching historic strength by late 2015. El Nino can cause drought in Southeast Asia, though sometimes effects on palm output lag due to the production process.

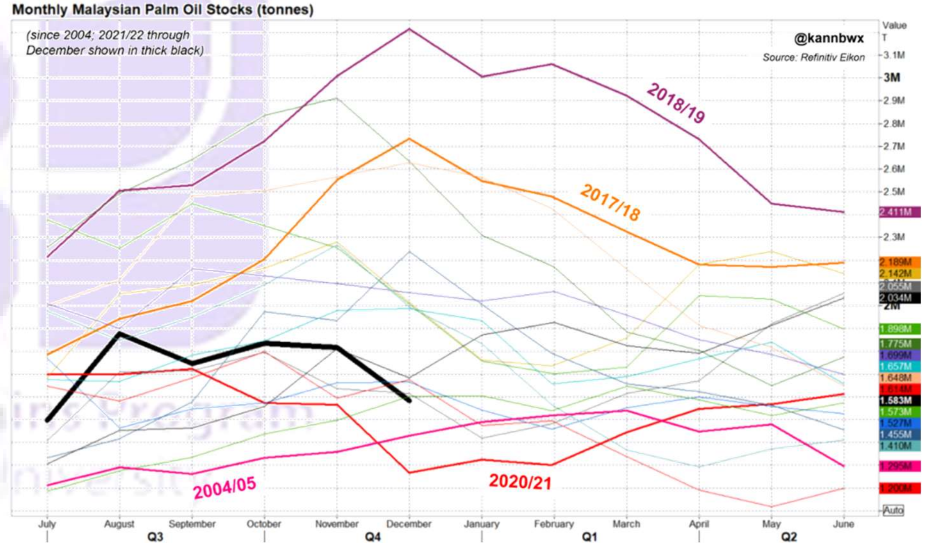
Back-to-back El Nino cycles caused 2015-16 global palm oil output to drop on the year for the first time since 1997-98, which also featured an epic El Nino and crop problems. Despite the production skid, global consumption has risen each year since 1997-98, and recently, output has scrambled to keep up. Over the last five years, annual palm oil production growth has averaged 3% versus demand expansion at 4%.

La Nina, El Nino's cool-water cousin, has dominated for well over a year. It often brings beneficial rains to palm areas, though excessive rains have recently curbed production.

Weather is not the only problem for palm production of late, as the pandemic has led to a labor shortage and slower productivity. Output slipped in 2019-20 and again a year later, though harvests are forecast to rebound in calendar-year 2022.

Palm oil production in Indonesia for 2022 was pegged on Friday by industry group GAPKI at 49 mmts, up from 46.89 million in 2021 but identical to the year-ago 2021 outlook. Malaysian production at 18.8 mmts would be up nearly 4% on the year.

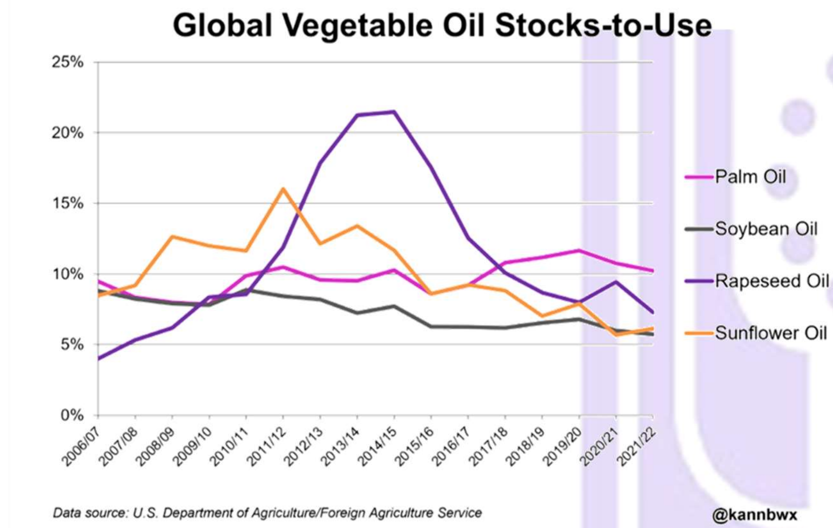
Monthly Malaysian Palm Oil Stocks (tonnes)



End-2021 palm oil stocks in top exporter Indonesia fell 51% on the year. No. 2 Malaysia's stocks were up 25% on the year but down 21% and 51% from the prior two and three years, respectively. Malaysia's palm oil output in calendar-year 2021 was the lowest since 2007. The two countries account for 90% of world exports.

COMPETING VEGOILS

According to predictions from the U.S. Department of Agriculture, stocks-to-use for the four major vegetable oils in the 2021-22 cycle will fall to a 14-year low of 8.1%. That compares with last year at 8.7% and a five-year average of 9.1%.



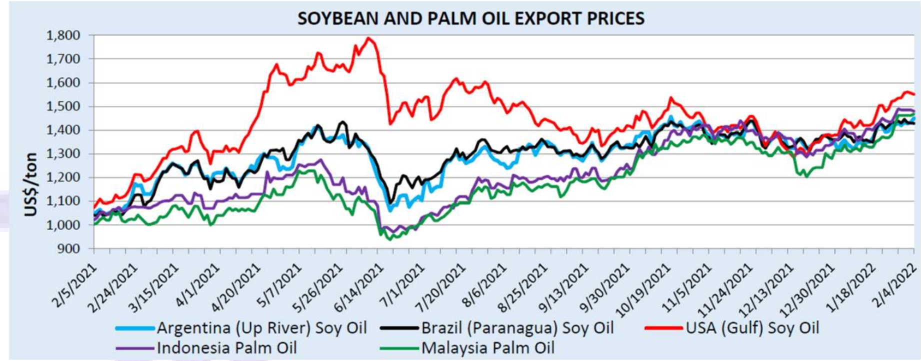
Last year's tightening was led by sunflowerseed oil as production and exports were slashed in Ukraine, which accounts for half of global sunoil trade. Sunoil stocks-to-use dropped to a 36-year low of 5.7% last year, but a small recovery is seen in 2021-22 after a record Ukrainian crop, assuming no export interruptions.

But stock thinning is expected for the other vegoils, especially soybean oil. USDA shows 2021-22 soyoil stocks to use at 5.7%, a 45-year low and down from 6% last year. Top exporter Argentina has not notably expanded output, especially when considering the growing consumption rate.

Most-actively traded Chicago soybean oil futures BOv1 jumped nearly 15% in January after trading at record-high levels for the month, though they remain about 11% below the June 2021 record, set during heightened excitement for U.S. renewable diesel prospects.

Rapeseed oil exports in 2021-22 have been hammered by Canada's disastrous canola crop, the smallest in 14 years, so recovery is a likely bet. Top producer and consumer the European Union's upcoming rapeseed crop is seen rising at least 7% this year after three seasons of sluggish output.

World rapeseed oil stocks-to-use in 2021-22 is projected at a 13-year low of 7.3%, down from 9.4% in the prior year and a five-year average near 10%.



January 2022 Soybean and Palm Oil Export Prices

	U.S. Soybean Oil	Argentina Soybean Oil	Brazil Soybean Oil	Indonesia Palm Oil	Malaysia Palm Oil
January Avg Price	$1,458/ton	$1,372/ton	$1,389/ton	$1,413/ton	$1,353/ton
Change vs December	+ $115/ton	+ $21/ton	+ $37/ton	+ $74/ton	+ $80/ton

Source: International Grains Council; all prices are FOB: U.S. Gulf, Argentina Up River, Brazil Paranagua

9 Feb 2022 USDA - Soybean and palm oil prices reversed trend in January, more than erasing the losses observed in December. Tight global vegetable oil supplies coupled with rising soybean prices contributed to the higher prices.

- **CME Soybean Oil**

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

***CME March 2022 Soybean Oil Futures** settled on Friday at $65.72/cwt, up $1.21 on the day, and mostly steady for the week.*

Soybean oil was also along for the ride on the surging crude oil market (up $3) as tensions between Russia and Ukraine seem to be on the rise ahead of the weekend.

The weekly CoT report showed BO traders were 7,694 contracts less net long to 72,782 contracts.

March board crush rallied hard on Friday, up 10¼ cents/bu to $1.44½. NOPA will release their January crush estimate on Tuesday. The average trade guess is 186.68 mbus for the month (range: 183.67 mbus to 188.50 mbus). If realized it would top the current record of 186.438 mbus processed in December, and would be up 1.1% from the 184.654 mbus processed in January 2021.

➢ **CME Palm Oil Swaps**

After making new all-time highs on Wednesday, touching $1,285.00/mt ***CME March 2021 Palm Oil Swaps*** *settling at $1,271.50/mt on Friday, up $4.00 on the day, and losing $8.25 for the week.*

(Reuters) - Malaysian palm oil futures gained on Friday on concerns over weak output, although they posted a second straight week of losses due to expectations of sluggish exports.

The benchmark palm oil contract for April delivery on the Bursa Malaysia Derivatives Exchange rose 0.81% to close at 5,580 ringgit ($1,332.38)/mt, after falling 1.1% a day earlier. It lost 0.66% for the week. ($1 = 4.1880 ringgit).

Palm prices on Friday were supported by expectations of lower production and stockpiles in February, a trader in Kuala Lumpur said. However, the forecast for weak demand this month capped gains, the trader added.

Malaysian palm oil products exports in the 1st to 10th of February fell between 5% and 6.5% from the same period last month, according to cargo surveyor Societe Generale de Surveillance and Intertek Testing Services. Meanwhile, independent inspection company AmSpec Agri Malaysia said exports rose 0.5%.

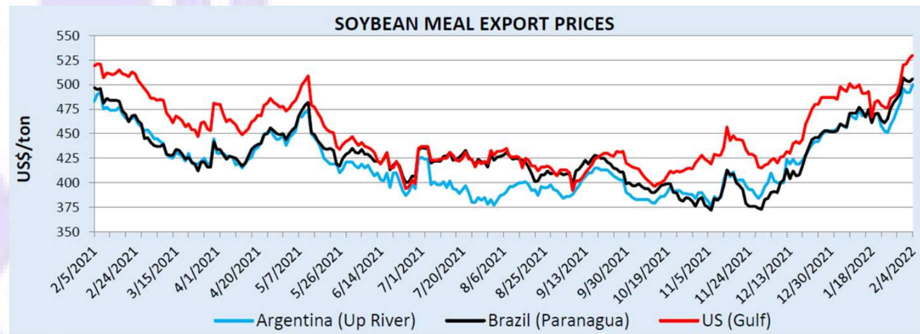
Meanwhile, Malaysia's palm oil inventories dropped more than anticipated at the end of January, hitting a six-month low as production and imports slumped, data from the industry regulator showed on Thursday.

On the Dalian commodity exchange, its most-active soyoil contract DBYv1 fell 1.3%, while the palm oil contract for May delivery DCPv1 was down 0.48%. Soyoil prices on the Chicago Board of Trade BOc2 rose 0.68%.

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

Palm oil looks neutral in a range of 5,528-5,608 ringgit per tonne, and an escape could suggest a direction, Reuters technical analyst Wang Tao said. TECH/C

Plant Protein Meals



January 2022 Soybean Meal Export Prices

	U.S.	Argentina	Brazil
January Avg Price	$489/ton	$465/ton	$470/ton
Change vs December	+ $38/ton	+ $39/ton	+ $49/ton

Source: International Grains Council. All prices are FOB: U.S. Gulf, Argentina Up River, and Brazil Paranagua.

9 Feb 2022 USDA - Prices for soybean meal were up in January reflecting higher soybean prices. Prices peaked in early January and dropped sharply towards the end of the month as soybean oil prices appreciated; however, prices rallied in early February on higher soybean prices.

➢ **China's soymeal prices hit record highs, deal fresh blow to hog sector**

11 Feb 2022 Hallie Gu, Gavin Maguire Reuters - China's soymeal futures soared to record highs this week on concerns about the scale of South America's drought-hit soybean crop and tightening meal supplies in domestic markets.

Elevated prices of soymeal, the top protein ingredient in animal feed, could lift production costs for Chinese hog farmers who are already struggling with huge losses, and may push some to exit the market, traders and analysts said.

The most actively traded soymeal futures on the Dalian Commodity Exchange rallied to 3,792 yuan ($596.22)/mt this week, the highest price on record, and up 13% from before the week-long Chinese New Year holiday. ($1 = 6.3601 Yuan Renminbi)

Worries about how smaller South American crops will tighten the global soybean balance was the main driver behind the meal rally, although tightness in the domestic meal market was also supportive, analysts and traders said.

“Soybean imports in the second half of last year were low, and importers were waiting for margins to improve,” said Darin Friedrichs, co-founder of agricultural research firm Sitonia Consulting.“But now there are production issues. U.S. futures have rallied a lot, and Dalian meal is playing catch-up,” Friedrichs said.

Chinese importers had been counting on abundant and cheap soybean supplies from Brazil to start arriving this month and fulfil their needs for the first quarter of 2022. But the South American crop issues have now caught some off guard.

“Crushing plants aren’t receiving sufficient cargos,” said a manager in southern China with a top crusher. “We did not make much purchases earlier as margins were low,” said the manager, who declined to be named because of the sensitivity of the issue.

LOW MARGINS - Strong international soybean prices alongside relatively weak domestic soymeal prices since mid-2021 have pressured crushing margins in China, and most crushers faced hefty losses late in the year.

Margins have recovered to positive territory this year, but remain well below the long-term average, stifling crusher appetite for soybeans. “Crush margins are bad and crushers aren’t motivated (to crush),” said a feed ingredient purchase manager in Shandong, a major processing hub in eastern China.

Cash prices of soymeal in the district jumped about 10% to more than 4,000 yuan per tonne this week because of tightening supplies after a protracted stretch of low crushing activity, according to the manager. “If hog margins are terrible, (crushers) they don’t want to have huge stocks of soy meal because farmers might leave (the industry) and they could have trouble selling the stocks,” Friedrichs said.

HUGE LOSSES - Some have already left, after months of negative margins last year and widening losses in 2022. Farmers in Shandong, a major hog producer, were losing 288 yuan with each pig raised this week.

The woes are expected to continue as China entered the traditionally weak consumption season after the Spring Festival holiday while meal prices push higher.

“If soymeal prices remain high, it will increase farming costs, pushing more farmers - big and small - to further cut production capacity,” said Li Ming, analyst with the agriculture section of Mysteel, a China-based commodity consultancy.

China’s sow herd was 43.29 million head by end of December 2021, down 2.9% from the previous quarter, according to official data.

“It is too much. Soymeal prices rose more than 500 yuan/tonnes after Spring festival,” said a manager with a feed producer in the northeastern region, declining to be named because of the sensitivity of the issue. “The end users can’t take this. Farmers can’t afford the losses any more, especially the smaller and medium ones, they had been losing since last year,” he said.

- **CME CBOT Soybean Meal**

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

***CME March 2022 Soybean Meal Futures** settled on Friday at $456.60/short ton, up $2.60/ton on the day, and gaining $12.70/ton for the week.*

The weekly CoT report showed soymeal spec traders were net buyers as well, extending their net long by 11,395 contracts to 88,138 as of 2/8.

- **U.S. Export Soybean Meal Values – Friday 11th February 2022**

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

USDA, CIF New Orleans, LA

CIF SOYBEAN MEAL	**2/10/2022**	**2/11/2022**		
FEB	32 / -	32 / -	H	**UNC**
MAR	31 / 40	31 / 40	H	**UNC**
APR	18 / 28	18 / 28	H	**UNC**
MAY	14 / 24	14 / 24	K	**UNC**
JUN	14 / 24	14 / 24	N	**UNC**
JUL	14 / 24	14 / 24	N	**UNC**

COTTON

USDA FAS WASDE – Cotton

Cotton World as of February 2022					
Attribute	21/22 Feb'22	Change	21/22 Jan'22	20/21	19/20
Area Harvested (1000 HA)	32,280	-416(-1.27%)	32,696	31,113	34,477
Beginning Stocks (1000 480 lb. Bales)	88,656	+242(+.27%)	88,414	97,468	80,092
Production (1000 480 lb. Bales)	120,154	-803(-.66%)	120,957	111,788	121,014
Imports (1000 480 lb. Bales)	46,441	-119(-.26%)	46,560	49,126	40,701
Total Supply (1000 480 lb. Bales)	255,251	-680(-.27%)	255,931	258,382	241,807
Exports (1000 480 lb. Bales)	46,445	-115(-.25%)	46,560	48,685	41,156
Use (1000 480 lb. Bales)	124,427	+186(+.15%)	124,241	121,005	103,224
Loss (1000 480 lb. Bales)	74	-50(-40.32%)	124	36	-41
Total Dom. Cons. (1000 480 lb. Bales)	124,501	+136(+.11%)	124,365	121,041	103,183
Ending Stocks (1000 480 lb. Bales)	84,305	-701(-.82%)	85,006	88,656	97,468
Total Distribution (1000 480 lb. Bales)	255,251	-680(-.27%)	255,931	258,382	241,807
Stock to Use % (PERCENT)	49.34	(-.86%)	49.77	52.25	67.51
Yield (KG/HA)	810	+5(+.62%)	805	782	764

9 Feb 2022 USDA - The monthly USDA WASDE Report showed World 2021/22 cotton ending stocks are 700,000 bales lower this month, largely a result of an 800,000-bale drop in production.

India's crop was reduced 500,000 bales as a slow pace for market arrivals indicates weaker than expected yields, and Tanzania's crop is 345,000 bales lower based on updated government data on planted area.

World beginning stocks for 2021/22 are 240,000 bales higher as several years of historical revisions for Iran and Syria raise global beginning stocks and consumption slightly. Projected consumption is nearly 200,000 bales higher this month.

World trade is 120,000 bales lower as China's imports are reduced 250,000 bales, partly offset by an increase for India's imports. Falling U.S., Brazilian, and Indian exports are partly offset by a higher export forecast for Australia.

The **United States** 2021/22 U.S. cotton supply and demand forecasts show slightly lower exports and higher ending stocks relative to last month, while production and domestic mill use are unchanged.

The export U.S. forecast is lowered 250,000 bales to 14.75 million based on lagging shipments due to logistical issues.

The USDA upland cotton marketing year average price received by producers is projected at 90 cents/per pound, unchanged from January..

Australia expects second-biggest cotton crop

1 Feb 2022 Grain Central, Cotton Australia - AFTER years of drought, Cotton Australia is forecasting the industry's second-largest crop on record due to favourable conditions across most of Australia's cotton-growing regions.

Cotton Australia CEO Adam Kay said substantial rain late last year and early this year has growers optimistic, and if good conditions continue, a crop of around 5.2 million bales (Mb) is possible. This will put it behind only the 5.3Mb crop grown in 2011-12.

The drought-impacted 2019-20 yield was less than 590,000 bales, the smallest crop in recent history, and was followed last year with a crop of 2.8Mb.

Mr Kay said some growing regions have not had enough rain and others have suffered severe flooding, but the majority have benefitted from warmer temperatures, good rain and manageable pest issues. While the yield per hectare can also vary significantly, particularly with dryland cotton, some are forecasting 12-14 bales a hectare under irrigation. Good results are also expected from dryland crops.

"It goes to show how diverse our cotton-growing regions are, with some farmers separated by thousands of kilometres," Mr Kay said. "What is clear is that most of Australia's 1500 growers are busy preparing for a good year and hoping they can find staff to help them through to harvest. "We are seeing cotton futures trading at more than A$700 a bale, and with strong global demand for quality cotton combined with low levels for sale in the US and China, the upward pressure on price is expected to continue." Mr Kay said the current level of the cotton market should enable Australia to double the value of its cotton exports from around $2 billion last year to $4 billion this year.

With the industry focused on developing new markets and with cotton-growing emerging in North Queensland, the Northern Territory, and Western Australia, export value is expected to continue to grow.

"The vast majority of our farmers, around 90 per cent, are family growers and when they have a good year they invest in their farms and spend money in their local community and that's a massive boost for rural and regional Australia."

Australian cotton has a reputation for being among the best quality sustainable cotton grown anywhere in the world, and the 2021 crop sold out despite the soft ban on our cotton from China.

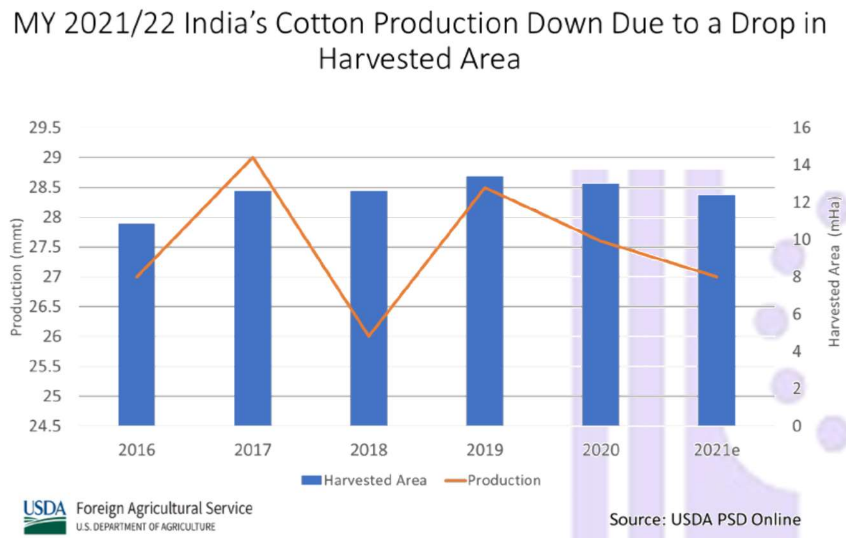
"Many of our farmers have already secured contracts for their 2022 cotton on the futures market, and with new market-development work funded by the Federal Department of Agriculture under the ATMAC program, we expect to sell every bale we produce again this season."

Picking of the bulk of Australia's cotton crops is expected to start in April, later than normal due largely to rain which delayed planting in some areas.

India Cotton: Harvested Area Down due to Crop Damage

9 Feb 2022 USDA - USDA estimated cotton production for marketing year 2021/22 at 27.0 million 480-pound bales, down 2% from last month and last year.

Harvested area is estimated at 12.4 million hectares, unchanged from last month, but down nearly 5% from last year. The downward area revisions year-to-year were due to crop damaged from the late withdrawal of rains in October and pink bollworm incidences in northern India.



The Cotton Corporation of India reported on January 31, 2022, that cotton arrivals were down marginally from the 5-year average. This marginal decrease in arrivals implies a lower MY 2021/22 production. Yields are estimated to reach 474 kilograms per hectare, down 2% from last month, but up nearly 3% from last year.

The main cotton harvest was completed in November; however, additional pickings of cotton ended in January. Cotton is grown only in the kharif season from May to October.

Tanzania Cotton: Reported Lint Production Greater Than Last Year

9 Feb 2022 USDA - Tanzania marketing year 2021/22 cotton production is estimated at 255,000 480-lb bales, down 345,000 bales (58%) from last month, but up 40,000 bales (19%) from last year.

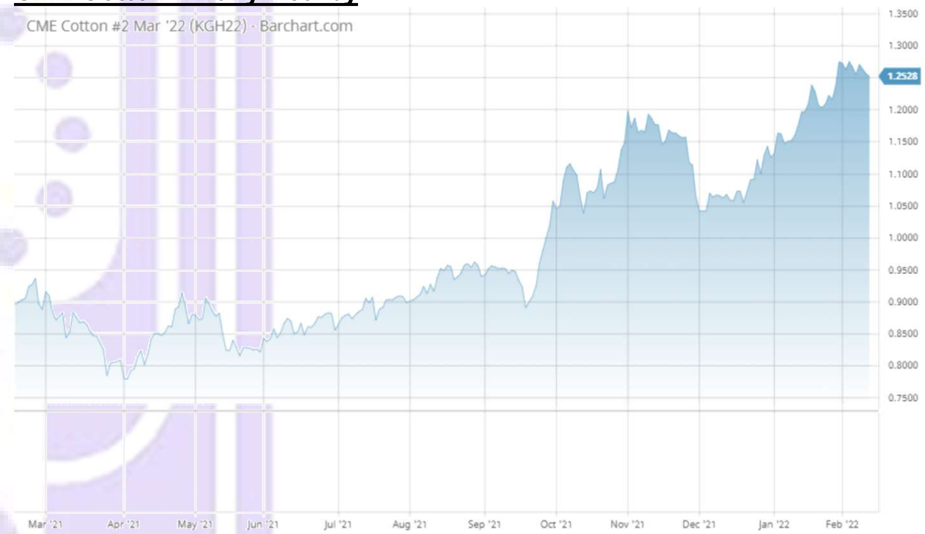
Yield is estimated at 231 kilograms of lint per hectare, up 6% from last month, down 19% from last year, but up 8% from the 5-year average. Harvested cotton area is estimated at 240,000 hectares, down 360,000 hectares (60%) from last month, but up 75,000 hectares (45%) from last year.

According to harvest reports from the Tanzania Cotton Board (TCB), productivity is constrained from low utilization of inputs due to lack of adequate credit, inadequate extension services, low adoption of new technologies, and low level of mechanization.

Cotton is generally planted from November through January and harvested from June through September. TCB reported that 30 ginning companies with 38 ginneries were in operation to gin this year's crop and final output was greater than last year. Gin operations were also completed by December and Tanzania typically exports between 75 to 80% of its total production depending on the size of the crop.

Nearly 99% of Tanzania's cotton is grown in the northwest, near Lake Victoria, with top producing regions being Simiyu (47%), Shinyanga (13%), Mwanza (10%), Geita (9%), Tabora (9%), and Mara (6%). Cotton is primarily produced by approximately 400,000 small landholders and typical farm sizes range from 0.5 to 5 hectares.

CME Cotton – Daily Nearby



***CME March 2022 Cotton Futures** settled on Friday at $125.28, up 0.28/cwt on the day, but losing $1.44/cwt for the week.*

At the close for Friday, cotton prices had weakened by 29 to 39 points in old crop and 8 to 14 in new crop. The March contract traded within a 149 point range on Friday. March was within a 245 point range through the week, and was 146 points weaker from Friday to Friday.

The weekly CoT report showed managed money firms were 457 contracts less net long at 80,405 contracts. The commercials were adding hedges into the weekly USDA report with a 9,636 contract increase to OI and a 2,118 contract stronger net short of 154,972 contracts.

USDA's weekly Cotton Market Review reported the week's average cash price at 122.37 cents/lb for the 51,966 bales sold. The Cotlook A index for 2/10 was 65 points lower to 140.40. The FSA updated the AWP for cotton to 117.60 cents/lb, up from 116.10 cents/lb last week.

Other Markets

➢ **Nat-Gas Prices Settle Lower, Forecasts For Above-Normal U.S. Temps**

11 Feb 2022 - Nat-gas prices Friday slid to a new 2-week low and closed moderately lower. Nat-gas prices are under pressure on the outlook for warmer U.S. temperatures, which would reduce heating demand for nat-gas. Maxar said today that warmer weather, expected across the Midwest from Feb 16-20, would make its way into eastern states near the end of the period, with above-normal temperatures in the East from Feb 21-25.

Nat-gas prices Friday afternoon recovered most of their losses after U.S. National Security Advisor Sullivan said Russia could take offensive military action or attempt to spark a conflict inside Ukraine as early as next week. A potential Russian invasion of Ukraine could disrupt nat-gas flows from Russia and send European countries scrambling to secure nat-gas supplies.

Weakened domestic nat-gas demand is bearish for prices as BNEF data shows lower 48-state nat-gas demand Friday was 88.2 bcf, down -16% y/y.

Strong U.S. gas production is negative for prices as BNEF data show U.S. lower-48 nat-gas production Friday at 95.8 bcf, up +12% y/y.

A bullish factor for nat-gas prices is strong foreign demand for U.S. supplies after BNEF data showed gas flows to U.S. export terminals Friday rose +1% y/y at 12.7 bcf, modestly below the record of 13.22 bcf set Jan 16.

An increase in U.S. electricity output is bullish for nat-gas demand from utility providers. The Edison Electric Institute reported Wednesday that total U.S. electricity output in the week ended Feb 5 rose +5.9% y/y to 84,301 GWh (gigawatt hours). Also, cumulative U.S. electricity output in the 52-week period ending Feb 5 rose +3.0% y/y to 4,055,111 GWh.

Thursday's weekly EIA report was neutral for nat-gas prices as it showed U.S. nat gas inventories fell -222 bcf to 2,101 bcf in the week ended Feb 4, right on expectations. Inventories are down -16.6% y/y and -9.3% below their 5-year average.

Baker Hughes reported Friday that the number of active U.S. nat-gas drilling rigs in the week ended Feb 11 rose by +2 rigs to a 2-year high of 118 rigs. Active rigs have recovered sharply from the record low of 68 rigs posted in July 2020.

Transportation

➢ **Baltic Dry Freight Index - Daily = 1940**

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

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

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

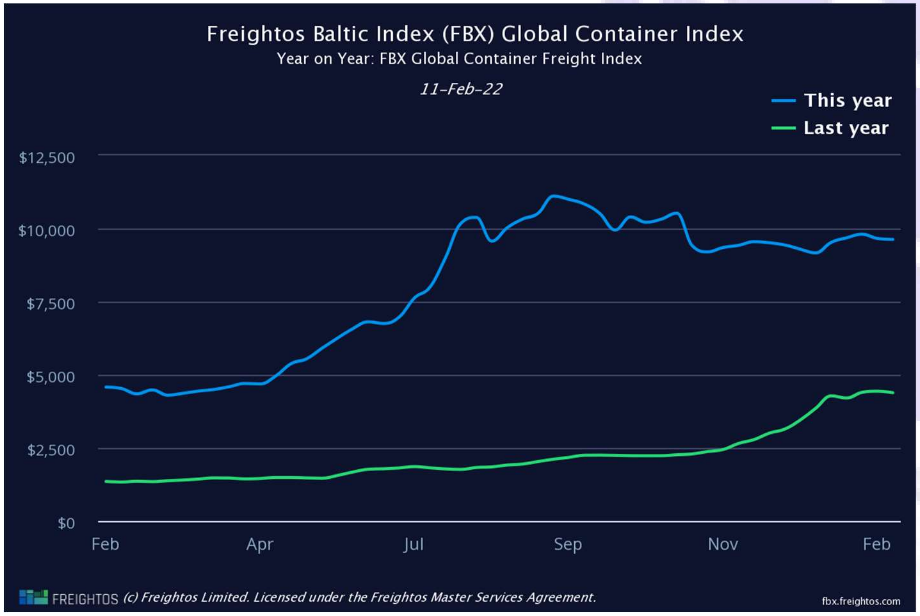
Source: https://www.tradingview.com/chart/?symbol=INDEX%3ABDI

➢ **Baltic Index posts best week in 8 months on strong vessel rates**

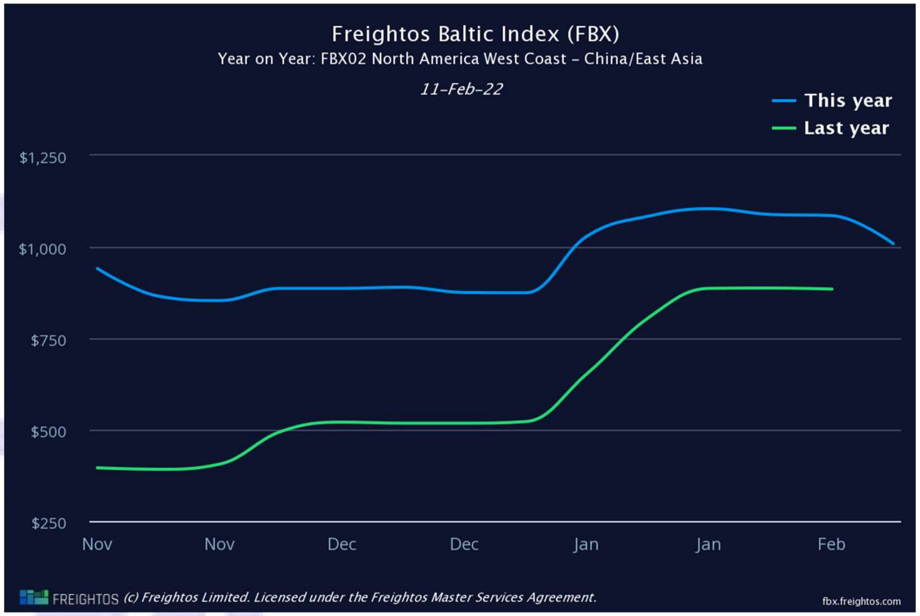
11 Feb 2022 Reuters – The Baltic Exchange's dry bulk sea freight index (.BADI) rose for a fourth straight session on Friday and registered its biggest weekly gain since June 2021, supported by strong demand across vessel segments.

- The overall index, which factors in rates for capesize, panamax and supramax vessels, rose 37 points, or 1.9%, to 1,977, its highest level since Jan. 12.
- The index has risen nearly 39% this week.
- The capesize index (.BACI) eased 47 points, or 2.5%, to 1,857. However, the index gained nearly 50% this week.
- Average daily earnings for capesizes, which transport 150,000-tonne cargoes such as iron ore and coal, fell by $392 to $15,397.
- The panamax index (.BPNI) gained 70 points, or 3%, to 2,403.
- Average daily earnings for panamaxes, which ferry 60,000-70,000 tonne coal or grain cargoes, rose by $625 to $21,623.
- The supramax index (.BSIS) climbed 101 points to 2,158.

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



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



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.

LOGISTICS

GHA - There's still a labor shortage and there does not appear to be any relief in sight. This week new data showed U.S. job openings moved higher to 10.9 million in December. This was well above the median economist forecast of 10.3 million. The numbers showed openings a just below record highs from July. There were about 0.6 unemployed people for every job opening, the lowest reading since 2006.

Meanwhile, the U.S. marked a 2021-low of 199,000 payrolls in December, which also missed economist estimates and reflected the winter hiring slowdown.

Employers are struggling to retain staff as about 4.3 million workers quit their jobs in December. This was the ninth straight month of workers quitting at near-record rates.

While the data continues to highlight a strained labor market. More workers are quitting or switching jobs, and bosses are firing fewer employees in an attempt to stave off the year-long job-quitting trend.

GOVERNMENT

- **USMCA:** Bilateral tensions on softwood lumber continue though the U.S. issued lower duties on softwood lumber imports from Canada. Canada maintains the reduced tariffs are "unjustified" and it will pursue all avenues, including litigation under USMCA and the WTO.
- **U.S. – China:** Biden administration officials ramped up public pressure on China to meet purchase obligations under the Phase One trade deal, indicating the administration is seeking "concrete actions" by China and that U.S. "patience is wearing thin."
- **U.S. – EU:** The U.S. and EU agreed to resume trade in bivalve shellfish (i.e. oysters, clams, mussels, and scallops), breaking a 10-year impasse over food safety issues.
- **U.S. - Brazil:** The U.S. – Brazil Protocol Relating to Trade Rules and Transparency went into effect last week. The Protocol provides enhanced border facilitation measures for agriculture products.
- **Indo-Pacific Economic Framework:** USTR officials said they will "be seeking binding commitments with our trading partners" and "high standard" rules under the anticipated Indo-Pacific Economic Framework talks. Several U.S. stakeholders are lamenting the conspicuous absence of market access ambitions and tariff reductions in the talks.
- **WTO:** Director General Ngozi Okonjo-Iweala launched organizational reforms in the Secretariat, designating two new Directors and creating a new Transformation Division. More changes in Secretariat leadership and reform are expected this year.

Finish Phase One with China Before Considering Phase Two

The U.S.-China relationship may be at a new low point after President Joe Biden announced a diplomatic boycott of the Beijing Olympics, but the Chinese need to meet several unfulfilled promises in "phase one" to first restore trust before any form of a "phase 2" can be considered, Secretary of Agriculture Tom Vilsack told *Agri-Pulse.*

"There's a deficit there," Vilsack said. "You take a look at what they promised under phase one and look at what they actually did. They came up short about $17.8 billion. So, as [U.S. Trade Representative Katherine]Tai negotiates with her counterpart, the question is … how do you even think about a second phase without making sure that you performed the first phase?"

But Vilsack isn't just focused on Chinese purchases. He also stressed that there are seven unmet and outstanding policy changes that China agreed to under "phase one." Those include reforming China's biotech approval process; Chinese risk assessment for the veterinary drug ractopamine in cattle and swine; Chinese publication of beef hormone maximum residue levels; Chinese protocol for the export of U.S. live breeding cattle; reforming China's process for accepting new U.S. seafood species; format for approval of U.S. feed additive facilities; and importation of U.S. non-animal-origin ingredient pet food.

Shippers Hope Senate Ocean Shipping Bill Will Change House Bill

After Sens. Amy Klobuchar (D-MN) and John Thune (R-SD), last week introduced the Senate version of the Ocean Shipping Reform Act, World Shipping Council President and CEO John Butler told *The Hagstrom Report* he hopes it leads to amending the House-passed bill.

"The deeply flawed bill passed by the House at the end of last year would place government officials in the role of second-guessing commercially negotiated service contracts and dictating how carriers operate ship networks — an approach that would make the existing congestion worse and stifle innovation," Butler said in a news release.

"We look forward to the opportunity to work with the Senate to craft a final bill that — in contrast to the House bill — takes a comprehensive, forward-looking view of the real root causes of supply chain congestion — and that does not make that congestion worse," Butler said.

The House added its Ocean Shipping Reform Act to the COMPETES bill the chamber passed last week. The Senate has also passed the COMPETES Act, but it a form that does not include an ocean shipping provision. The two bills will now go to conference.

USDA to Invest $1B in Establishing Climate Smart Commodities

While speaking at Lincoln University in Missouri on Monday, Secretary of Agriculture Tom Vilsack unveiled the USDA's Partnership for Climate-Smart Commodities initiative.

By authorizing $1 billion in funds from the Commodity Credit Corporation, Vilsack says the partnership will provide grants to partners to implement pilot projects that will help incentivize farmers to adopt climate-smart production practices, activities, and systems on working lands; measure/quantify, monitor and verify the carbon and greenhouse gas benefits associated with those practices; and develop markets and promote the resulting climate-smart commodities.

Funding will be provided in two funding pools, and applicants must submit their applications via Grants.gov. The first funding pool for proposals from $5 million to $100 million will need to apply by April 8, 2022. The second funding pool with proposals from $250,000 to $4,999,999 will have until May 27, 2022 to apply.

Proposals must provide plans to pilot implementation of climate-smart agriculture and/or forestry practices on a large-scale, including meaningful involvement of small and/or historically underserved producers; quantify, monitor, report and verify climate results; and develop markets and promote climate-smart commodities generated as a result of project activities.

"Our goal is to fund a portfolio of projects" Vilsack says with a wide range from cropland, specialty crops, livestock, forestry and rangelands, large and small. "It has to be available to all producers of all sizes, all methods, all types of production," he adds.

International Crop & Weather Highlights

➢ **USDA/WAOB Joint Agricultural Weather Facility – 5th Februar 2022**

Europe – Overall Favorable, But Dryness Increased On The Iberian Peninsula

- Mild, showery weather maintained favorable conditions for dormant wheat, barley, and rapeseed.
- Short-term dryness intensified in Spain, raising concerns for semi-dormant to vegetative winter grains.

Northwestern Africa – Moroccan Drought Intensified, Dryness Concerns Expanded

- Drought intensified in Morocco; winter barley was entering reproduction in abysmal shape in the south, while wheat was still vegetative but also in very bad condition.
- Elsewhere, conditions for wheat and barley have deteriorated on recent dryness, especially across western Algeria and central Tunisia.

Middle East – More Rain And Snow

- Heavy rain and snow over Turkey boosted moisture reserves for dormant wheat and barley.
- Additional rain and mountain snow were beneficial for wheat and barley from the eastern Mediterranean Coast into most of Iran, though precipitation deficits lingered in northeastern Iran.

South Asia – Beneficial Weather For Rabi Crops

- Sunny, mild weather advanced rabi crop development in India.

East Asia – Colder

- Colder-than-normal weather overspread eastern and southern China, but overwintering wheat and rapeseed continued to fair well.

Southeast Asia – Wet Weather Returned To Southern Sections

- Showery weather returned to Indonesia after a brief respite, maintaining ample moisture supplies for later-planted first-crop rice and subsequent rice crops.

Australia – Periodic Showers Persisted

- Relatively cool, showery weather persisted in the east, keeping fieldwork to a minimum but maintaining abundant moisture supplies for cotton, sorghum, and other summer crops.

South America – Beneficial Rain Covered Much Of The Region

- Showers continued in major corn and soybean areas of central Argentina, further improving prospects of later-planted summer crops. Meanwhile, rain expanded across northern Argentina, providing needed drought relief to immature grains, oilseeds, and cotton from Chaco, Argentina, northeastward into Paraguay.
- Warm, showery weather overspread much of Brazil, although pockets of dryness lingered in some southern corn and soybean areas.

South Africa – Warm, Showery Weather Maintained Mostly Favorable Summer Crop Prospects

- Conditions remained overall favorable for corn and other rain-fed summer crops..

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

➢ **Agricultural Weather Highlights – Friday, 11th February 2022**

In the West, a warm, dry weather pattern remains in place, especially west of the Rockies. Record-high temperatures for the date were set yesterday (February 10) in California locations such as Santa Ana (90°F), Santa Maria (88°F), and Redding (84°F). The warmth has begun to erode mountain snowpack, especially at lower latitudes and elevations, increasing the risk that drought will continue through a third consecutive winter wet season in parts of the West.

On the Plains, blustery conditions accompany a surge of cold air into the Dakotas. Today's high temperatures will remain below 10°F in much of eastern North Dakota. In contrast, mild, breezy, dry weather covers the remainder of the nation's mid-section. Today's high temperatures will exceed 70°F across much of Texas and southern Oklahoma, negating some of the positive effects of last week's snow and ice accumulations on rangeland, pastures, and winter grains.

In the Corn Belt, a low-pressure system over the upper Great Lakes region is resulting in generally light but wind-driven snow showers across the upper Midwest, along with the return of sharply colder weather. Due to snow showers and blowing snow, a blizzard warning is in effect early today in the Red River Valley of the North. In conjunction with the storm's trailing cold front, mild, breezy, showery weather prevails across the southern and eastern Corn Belt.

In the South, mild, dry weather has returned, following the recent spell of chilly weather. Today's high temperatures will surpass the 70-degree mark across much of the Deep South, promoting some early-season growth of winter grains and starting the recovery process for pastures burned back by late-January freezes.

Outlook: Cold, blustery conditions and snow showers will linger into Saturday from the Great Lakes region into New England. Late in the weekend, generally light precipitation (rain and snow) will fall in portions of the middle and southern Atlantic States. Early next week, a southward-bound disturbance will spin along the West Coast, briefly delivering some precipitation across the Pacific Coast States. Most of the remainder of the country, including the Southwest and large sections of the Plains, will remain dry during the next 5 days. Cold conditions will linger from the Great Lakes States into the Northeast, and slightly cooler air will overspread the West, but unusual warmth will continue across much of the nation's midsection.

The NWS 6- to 10-day outlook for February 16 – 20 calls for near- or above-normal temperatures nationwide, except for cooler-than-normal conditions in parts of the Desert Southwest. Spring-like warmth should be most expansive in the eastern U.S. Meanwhile, near- or below-normal precipitation from the Pacific Coast to the northern Plains should contrast with wetter-than-normal weather in most areas along and southeast of a line from New Mexico to Wisconsin.

Contact: Brad Rippey, Agricultural Meteorologist, USDA/OCE/WAOB, Washington, D.C. (202-720-2397)
Web Site: https://www.usda.gov/sites/default/files/documents/TODAYSWX.pdf

References

Conversion Calculations

Metric Tonne = 1000 kg, approximately 2204 lbs.
American or Short Ton = 2000 lbs.
British Tonne or Long Ton = 2240 lbs.

Metric Tonnes to Bushels:

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

Metric Tonnes to 480-lbs Bales

- Cotton = metric tonnes * 4.592917

Metric Tonnes to Hundredweight

- Rice = metric tonnes * 22.04622

Area & Weight

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

Marketing Years (MY)

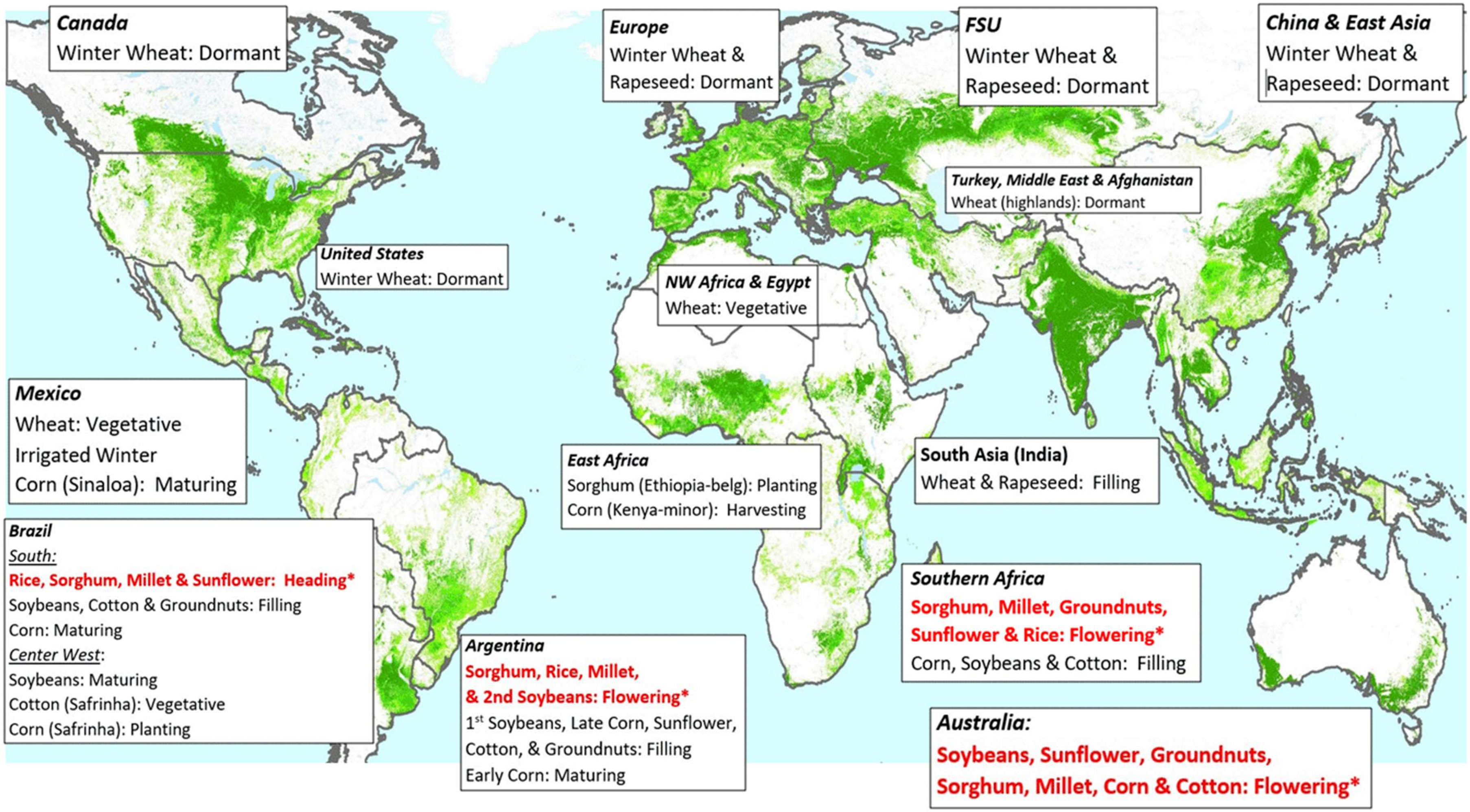
MY refers to the 12-month period at the onset of the main harvest, when the crop is marketed (i.e., consumed, traded, or stored). The year first listed begins a country's MY for that commodity (2021/22 starts in 2021); except for summer grains in certain Southern Hemisphere countries and for rice in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

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

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

➢ **USDA FAS OGA Current Crop Calendar**

February Crop Calendar



*Crop stage sensitive to moisture and temperature stresses.

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