Notes and Observations in International Commodity Markets

12th February 2021
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KSU Agriculture Today Podcast Link – February USDA WASDE Comments:

NOTE: In recognition of President’s Day, the US markets will be closed on Monday.

- China: High Corn Prices Spur Record Feed Use of Food Grains
- China Food Security: Time to Boost Domestic Output As Focus On Imports ‘Fundamentally Incompatible’

US DOLLAR & FOREIGN EXCHANGE
- U.S. Dollar Index

WHEAT
- Global Wheat Prices
- CME CBOT Wheat Futures
- CME KC HRW Wheat Futures
- MGE HRS Wheat Futures
- US FOB Wheat Prices
- India Wheat Exports Resume Amid High Global Prices
- Argentine Wheat Exports Cut on Lower Production, Logistical Challenges, and Renewed Competition

COARSE GRAINS
- Global Corn Prices
- CME Corn March 2021
- China Drives Corn Trade
- Surgeing Shipments & China Sales Support Higher US Corn Exports
- Lawsuits Likely In Mexico Over Proposed Corn Import, Glyphosate Bans

OILSEEDS COMPLEX
- CBOT Soybeans March 2021
- Global Soybean Prices
- Soybean Exports
- Brazil’s Slow Soybean Harvest Widens US Export Window
- China’s Imports Of Brazilian Soybeans Will Resume In April
- CME Soybean Oil March 2021
- India’s January Soymeal Exports Surge on Robust Demand

- CBOT Soybean Meal March 2021
- Organic Soybean Market Challenged with Potential Trade Issues

OTHER RELATED NEWS
- Hong Kong Culls Pigs in New African Swine Fever Scare
- US Ag Exports Set Record in December; Dairy Exports Record High
- China Faces High Hurdle to Meet 2021 Commitment

GOVERNMENT
- Russia Considering a Formula-Based Wheat Export Tax
- Argentina Won’t Hike Taxes on Grain Exports
- New U.S. Administration To Keep China in Focus
- White House Says It Aims To Strengthen Ties With Brazil
- Wyden Introduces Bill to Repeal Cuba Trade Embargo

INTERNATIONAL CROP & WEATHER HIGHLIGHTS
- USDA/WAOB Joint Agricultural Weather Facility
- February Crop Calendar

Corn Sets New Highs Ahead of USDA Report, Then Fades Lower...

GHA – The USDA’s February WASDE report typically isn’t a big market mover. However, this week heading into the report corn set a new high of $5.74¼/bu. Following the report’s Tuesday release the momentum quickly faded as traders seemed disappointed as the USDA numbers indicated larger corn and soybean carryout estimates than trade expected, resulting in a mild market reaction.

The next day, Wednesday US corn, soybean and wheat futures posted sharp losses on a round of long liquidation by investment funds after all three commodities The USDA forecast US 2020/2021 ending stocks for corn at 1.50 bbus vs the trade’s expectation of 1.39 bbus, only 50 mbus lower than the January estimate of 1.55 bbus. World numbers were adjusted higher as the USDA forecast 2020/21 world corn ending stocks at 286.5 mmts vs the trade’s expectation of 279.79 mmts, and up 3.5 mmts from their January estimate of 283 mmts.

The USDA forecast US wheat ending stocks to be 836 mbus vs the trade’s expectation of 834 mbus, unchanged from the January estimate of 836 mbus. For world wheat, ending stocks are forecasted to be 304.2 mmts vs the trade’s expectation of 312 mmts, and 8.8 mmts lower than the USDA’s January estimate of 313 mmts.
The USDA Report forecast pegged the US 2020/2021 soybean carryout at 120 mbus vs the trade’s expectation of 123 mbus, and 20 mbus lower than the USDA’s January estimate of 140 mbus.

For world soybeans, ending stocks are forecast at 83.4 mmts vs the trade’s expectation of 83.30 mmts, and down 1.09 mmts from the USDA’s January estimate of 84.31 mmts.

By the close of the CME and the disappointing news saw March corn futures finish 7¢ lower on the day at $5.56¾/bu, while new crop December corn futures closed 2½¢ lower at $4.55¾/bu.

Interestingly, but not unexpected, the USDA increased Chinese corn and wheat feeding by 6 and 5 mmts, respectively. The total for the two was up 24 mmts, or 11% y/y. The imbalance in Chinese corn supply and demand is suggested to now stand at 28.3 mmts, against our 29 mmts forecast. This is consistent with some trade estimates over 30 mmts of Chinese corn imports in 2021-22 vs the current USDA estimate of 24 mmts for the current 2020-21 marketing year, a 6.5 mmts increase from January estimates. The estimated shortage in the Chinese balance sheet is over 10 mmts y/y, and an imbalance that I believe will continue to grow as we move forward into subsequent marketing years.

So far this season we have seen standout sales of corn. However, actual weekly export inspections and shipment are starting to lag. We remain below the seasonal pace needed to achieve USDA forecasts. But last week we had a strong export week. The focus will now be to keep a close eye on corn shipments as soybean execution switches to South America and this capacity can be filled by corn.

The demand picture for corn is starting to fade from both South Korea and Japan. Other countries are staring to signal they may buy or be forced to look elsewhere for corn. At the moment there are not a lot of other countries where you can find a supply of corn at lower prices.

Even with supportive numbers, nearby March wheat futures settled 6¾¢ lower at $6.49½/bu, taking its lead from corn.

March soybean futures finished the day 14¼¢ higher at $14.01¾/bu. New crop November futures closed 11¢ higher at $11.90¾/bu.

March soymeal futures finished $2.10 higher at $438.70/ton, while March soybean oil futures closed 0.89 higher at $46.52 cwt.

The soybean complex was much less of a story as the number came in closer to what was expected, with the USDA raising US export numbers to the higher end of trade expectations. Soybean production in Brazil and Argentina were left unchanged with logistics in the seasonal shift to South American exports being the primary focus.

China: High Corn Prices Spur Record Feed Use of Food Grains

With record corn imports forecast this month at 24.0 mmts for 2020/21, China’s demand for feedstuffs continues to rise as its swine herd recovers from African Swine Fever (ASF). High corn prices are supporting record feed use of wheat and rice.

Although primarily consumed as food grains, feed use of these grains is rising with increased availability of old-crop wheat and rice from auctions at prices competitive to domestic corn.

China’s 2020/21 wheat nonfood use (feed and residual) is forecast at a record 30.0 mmts, more than 10 mmts higher than the previous year due to record auction volumes of domestic wheat and stronger compound feed production. High domestic corn prices have helped to drive these record auction volumes, with more than 12 mmts reported as sold in January. Beginning in December, domestic wheat prices trended below corn for the first time in more than 6 years (based on the national monthly average spot price).

China wheat imports are raised for the sixth consecutive month to 10.0 mmts, the highest level in more than 25 years. Although most wheat imports are allocated towards human consumption, their relatively low import prices compared to China’s domestic corn prices make wheat attractive for feed use in China’s southern region. France has been the largest supplier for the first half of 2020/21, with landed prices averaging $270/mt, more than $160/mt lower than domestic corn and $120/mt less than domestic wheat. This price spread continues to support stronger feed use of wheat and spur imports.

Though rice is not widely used in feed due to its higher price, some feed mills in China are also beginning to use it in feed rations. Recent high corn prices have narrowed the premium that rice typically holds. China has been auctioning older stocks of rice from
state reserves at low prices, recently targeting auctions specifically for feed use. Rice must be crushed by a state owned enterprise (SOE) and mixed as an 85% rice and 15% wheat blend to ensure its use as feed. This rice-based feed is likely used for poultry, given narrowing margins in that sector. Rice consumption is raised by 1.5 mmts this month with much of the additional demand attributed to feed. Demand for low-priced rice has also spurred higher imports in recent months, especially from Burma and Pakistan. Additionally, China has begun to import broken rice from India for the first time in decades, reportedly to be used for feed. With China’s domestic feed use rising, especially for older rice from the reserves, exports that would otherwise go to price-sensitive markets are expected to decline.

Expanded use of wheat and rice as feed ingredients is expected as a short-term solution to current strong demand but is not expected to persist in the long-term. This present situation is only viable if wheat and rice are released into the market in large enough quantities and at significant price discounts to corn. As old-crop stocks are drawn down, the use of these two grains for feed will likely diminish.

GHA: The following article highlights the situation that China currently finds itself in... Its limited capacity to produced food and fiber, with a growing domestic demand the needs to be satisfied. They have now come to a point with feed grains, i.e. corn, as were they were with soybeans 25 years ago. With limited production capacity within China, particularly with water and the production capacity of land resources, the centrally controlled economy now has a choice; produce the animal protein and products they demand domestically and open up trade for the free inflow of feedstuffs, or, import more animal products. I would suggest the choice will eventually be the former, bring a new destination to the top of the major corn importers list.

The following article from the South China Morning Post highlights this dilemma the Chinese government continues to grapple with...

- As it bids to ensure the security of its food supply, China will switch to paying more attention to improving its domestic production having relied on record import levels during a coronavirus-hit 2020, a trade which is likely to stabilise or even start to drop this year.

Included in its dual circulation strategy, food supply self-reliance has become a hot political issue and economic priority ahead of the 100th anniversary of the Chinese Communist Party this year.

That is likely to impact the long term outlook for China's strategy, but for now at least in the short term, purchases of US produced grains have continued at a strong pace, in line with the requirements of the phase one trade deal.

Just over a week after Joe Biden was inaugurated as the new president of the United States, Chinese buyers bought 5.86 mmts of American corn at the end of January, marking the highest weekly purchase since records began in 1999 and a sharp rise from 75,899 mts a week earlier.

During the first four weeks of January, a total of 978,353 mts of US corn was shipped to China, over 730 times the amount during the same period in 2019, while net sales of American soybeans to China were over four times that of the previous-year period, according to the USDA.

Substantial grain purchases by China amid an increasingly tight worldwide supply, in addition to lower-than-expected production and inventories in the US, helped send global food prices to their highest level since July 2014 in January, according to the Food and Agricultural Organization of the United Nations.

Against this backdrop, the USDA projected in January that China will import 17.5 mmts of corn from all origins in the trade year ending in September, up 1 mmts from the previous forecast in December and over double the amount in the 2019/20 agricultural trade year. USDA forecasts for Chinese imports of wheat, rice, coarse grain and sorghum were also revised up substantially.

In its January report, the Chinese Agricultural Outlook Committee under the Ministry of Agriculture and Rural Affairs also revised up the estimates for China's imports of corn and soybeans in the 2020-21 trade year by 3 mmts each.

Both Beijing and Washington cited stronger demand for feed grains like corn and soybeans as the reason for the revisions due to a faster-than-expected recovery in Chinese pig production from the outbreak of African Swine Fever (ASF). The disease that broke out three years ago, wiped out around half the pig population in China, both the world's largest producer and consumer of pork. But at the end of 2020, China's hog population was up 31% from the previous year, restoring 91.2% of the country's pre-African swine fever level.

"A massive pork shortage will turn into a surplus in the second half of 2021," said Rory Green, China and South Korea economist at TS Lombard. Even though that rise fueled higher projections for China's corn imports this year, Green added that the demand for foreign crops would likely taper off, if not this year, then in 2022. "Excessive dependence of foreign food sources is fundamentally incompatible with the renewed focus on self-reliance and national security," he said.

Green's view was echoed by Ma Wenfeng, a senior analyst with Beijing Orient Agribusiness Consultant, who said that China's grain imports this year were likely to remain stable at last year's levels or even decrease, instead of climbing further. "[The importers] appear to be just carrying out the contracts signed in advance, [but] there..."
are unlikely to be many new [purchase] commitments, there is no food shortage in China," Ma said, noting that recent floods, typhoons and droughts have had only a limited impact on grain output.

Many of the crops imported recently are expected to be used to rebuild China's stockpiles rather than flow directly into the market.

Pan Chenjun, senior analyst of animal protein at Rabobank, said China's pork imports would decline from the record high of 4.39 mmts in 2020 due to rising domestic production. "Given China continues to dominate global trade, China's expected reduction in [pork] imports in 2021 will have ramifications for the rest of the world, especially in Europe, where trade bans for German exports have boosted local supply and are weighing on the market," Pan said.

China and other Asia countries banned pork imports from Germany, one of the world's largest pork exporters, in September after an outbreak of ASF among wild boars. The bans could last until no new cases are detected for 12 months.

In China, worries about new forms of ASF and more frequent outbreaks in northern and northeastern provinces have emerged in recent weeks, which experts said could have an impact on the continued recovery of the nation's pig production. China's agriculture ministry confirmed an outbreak of ASF at a farm with 1,015 pigs in Guangdong province towards the end of January, with a total of 214 pigs dying, while the rest were culled to prevent spread of the new disease.

Despite the risk of a renewed ASF fever flare up, strong imports in January point to continued strong domestic demand, at least in the short term. The latest record purchase of US cereal grains sat at the top of China's historic 140 mmts of grains import in 2020, when Beijing was facing the purchase pressure brought on by the phase one trade deal signed with the Trump administration in January last year and seeing a more unpredictable and unfriendly outside world amid the coronavirus pandemic.

"That's mainly because the imports have advantages in quality or price, not because there is a domestic supply shortage," said Qin Yuyin, chief of grain reserves at China's National Food and Strategic Reserves Administration.

Chinese buying enthusiasm is still being seen in other farm commodities, even reversing informal import bans suspected to be based on political grounds.

The country took delivery of 144,300 mts of foreign canola in January, a jump of 207.6% from a year earlier, with another 258,800 mts expected to arrive in February, up 11.64% year on year, according to China's Ministry of Commerce.

Due to the sharp increase in Chinese demand, Canada, the world's biggest canola grower, is running short of the oilseed some six months before the next harvest. In early 2019, China effectively banned imports of Canadian-grown canola, which at the time was suspected to be retaliation for Canada's seizure of Huawei Technologies Co. chief financial officer Meng Wanzhou at the request of the US for violating Iran sanctions. China cited pest infections as the reason for restricting the Canadian canola imports, a similar reason it cited when restricting imports of some Australian agriculture products last year as part of their escalating bilateral trade dispute.

Citing the need to protect itself from foreign instabilities, China's leadership has stressed the need for self-reliance, particularly in the nation's food supply.

At several meetings in December, Chinese President Xi Jinping underscored that grain security was one of the nation's top priorities for 2021, with strict bans on the planting of non-grain crops and a focus on breakthroughs in new seed development to create higher yields from the country's limited farmland.

China's agricultural ministry later doubled down on Xi's priorities, and at a meeting at the start of February, its Party group approved an action plan for stabilizing and increasing grain output this year. New agricultural minister, Tang Renjian, confirmed that authorities would ensure that the annual output would be more than 650 mmts.

The National Development and Reform Commission, the country's top economic planning agency, had already decided in September to keep the 2021 low-tariff import quotes for the strategic gains of wheat, corn and rice unchanged from 2020, despite rising purchases from abroad.

Wang Hongguang, executive director of Peking University's China Centre for Strategic Studies, projected in a book published in November that China's annual grain imports could be controlled at around 100 mmts in the foreseeable future.

"In 2021, pork and corn supply and demand dynamics are set to reverse under state intervention," said TS Lombard's Green, noting Beijing was likely to try to solve its corn shortage by cutting demand rather than increasing supply. But he said the recovery of the pig population and larger chicken production might boost China's demand for soybean imports.

"Imported grain is no more than a supplement," added Ma from Beijing Orient Agribusiness Consultant. "China is a nation with 1.4 billion people rather than a small country, it will cause big problems if we rely too much on foreign crops to feed our own population."
US DOLLAR & FOREIGN EXCHANGE

**U.S. Dollar Index**

Barchart - The dollar index (DXY00) on Friday rose +0.057 (+0.06%). March euro-fx futures (E6H1) closed down -0.0015 (-0.12%), and EUR/USD (^EURUSD) fell -0.0014 (-0.12%). March yen futures (J6H1) closed down -0.0020 (-0.21%), and USD/JPY (^USDJPY) rose +0.22 (+0.21%).

**US Dollar Gains As The 10-Year T-Note Yield Climbs To A 10-1/2 Month High On Rising U.S. Inflation Expectations**

Barchart - The dollar index on Friday posted modest gains on higher T-note yields. The 10-year T-note yield on Friday rose to a 10-1/2 month high of 1.202%, which improves the dollar's interest rate differentials. Also, Friday's increase in the 10-year breakeven inflation expectations rate to a new 6-1/2 year high of 2.232% was hawkish for Fed policy and thus supportive for the dollar.

EUR/USD fell moderately Friday on dovish ECB comments. USD/JPY was moderately higher as the yen weakened on speculation the current accommodative monetary policy by the BOJ will continue for an extended period of time.

An easing of the pandemic in the U.S. is supportive for the dollar after the U.S. 7-day average of new Covid infections fell to 101,980 on Thursday, the lowest in 3 months. Friday's U.S. economic data was negative for the dollar after the University of Michigan U.S. Feb consumer sentiment unexpectedly fell -2.8 to a 6-month low of 76.2, weaker than expectations of an increase to 80.9.

Comments on Friday from Dallas Fed President Kaplan were hawkish for Fed policy and positive for the dollar when he said, "over the next year, it wouldn't surprise me if we see more price pressures."

The ongoing Covid pandemic continues to dampen economic growth and is dovish for central bank policies and negative for the dollar. Globally, Covid infections have risen above 108.391 million, and deaths have exceeded 2.380 million.

**Bullish Factors:**  (1) safe-haven demand for dollar liquidity as continued pandemic stress encourages flight into the world's reserve currency, (2) the influx of capital from overseas investors fleeing from over $10 trillion of negative-yielding debt, and (3) higher T-note yields that strengthen the dollar's interest rate differentials as the 10-year T-note yield rose to a 10-1/2 month high of 1.202%.

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

**WHEAT**

The February USDA WASDE report was seen as very bearish for corn, mildly bullish for wheat and neutral for soybeans.

For wheat the USDA's global production estimates were increased by 200 kmts vs the January forecast to 772.64 mmts. Major changes included a 1.75 mmts increase for Kazakhstan to 14.26 mmts, and a 300 kmts cut for Argentina to 17.2 mmts. Pakistan and South Africa were also lower slightly.

Global consumption was boosted on higher feed consumption in China and increased food, seed, and industrial use in India.

Global trade was higher with exports raised for Kazakhstan, the European Union, and India, more than offsetting lower exports for Argentina. Higher imports for China and Pakistan, meanwhile, more than offset lower imports for Indonesia, Saudi Arabia, and Sudan.

An increase in the current account surplus for China will provide support for soybeans, which are China's main feed source. Higher imports from China are likely to boost world soybean stocks and provide support for soybeans.

The forecast for China’s wheat imports rose 1 mmts to 10 mmts, the highest level since 1995/96. Wheat imports from South-East Asia are now seen at 25.95 mmts, down from 26.25 mmts in January, with exports to selected Middle Eastern countries dropping 200 kmts to 18 mmts.

Even though the reports numbers were supportive, prices have followed corn lower. The projected U.S. season-average farm price is raised $0.15 per bushel to $5.00.
Global Wheat Prices

Global wheat prices rose in most major exporting countries since last month’s WASDE due to higher global consumption and lower ending stocks, coupled with the continued strengthening of corn and soybean prices.

Russia witnessed the most significant climb based on policy announcements affecting grain exports. Canada and U.S. remain the most expensive origins, partly due to lower forecast ending stocks and strong exports.

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CME KC HRW Wheat Futures

The weekly CoT report showed Chicago wheat speculative traders were 19,306 contracts net long as of the 9th of February, a 578 contract reduction, on a 5,796 contract reduction to spec trader Open Interest.

CME CBOT Wheat Futures

CBOT May 2021 Wheat Futures settled on Friday at $6.42¾/bu, up 3¾ cents on the day, but down 3 cents for the week. May SRW wheat traded at a high of 6.62¾/bu on Tuesday prior to the release of the USDA WASDE Report.

New crop July 2021 wheat settle on Friday at $6.31, up 2¾ cents on the day, and gaining 10¾ cents for the week.
Kansas May 2021 HRW Wheat Futures settled on Friday at $6.23/bu, up 6 cents on the day on sub-zero temperatures across the HRW Wheat belt, but dropping 7 cents for the week.

The July 2021 new crop HRW contract settle at $6.26/bu on Friday, up 6½ cents on the day, but dropping 5¼ cents on the week.

Forecasts call for continued sub-zero temps this weekend for Kansas, Oklahoma and Texas where there is little to no snow cover. Some SRW is also exposed. Those weather concerns narrowed the new crop SRW/HRW spread from a 4 ¼ cent premium to a ¾ cent discount. The spot premium on the board is still 20 cents.

In KC wheat, funds covered their shorts on the week increasing their net long 3,961 contracts to 60,092.

MGE HRS Wheat Futures

MGE May 2021 HRS Wheat Futures settled at $6.26/bu on Friday, off a penny on the day, and dropping 2½ cents for the week.

The new crop MGE July 2021 HRS Wheat Futures contract settled Friday at $6.34/bu, ¾ cents lower on the day, and dropping 10 cents for the week.

Managed money position closing in MPLS wheat was mostly long liquidation as their net long was reduced to 12,933 contracts.

India Wheat Exports Resume Amid High Global Prices

As major exporter prices rise, India wheat exports are returning to the global market in a sizeable way for the first time in several years. India's ample supplies are poised to reach additional markets as stocks tighten among many of the top exporters.

India's domestic support programs have a history of periodically expanding wheat production and burgeoning government-held stocks. In addition to supporting production, India also subsidizes domestic consumption, supplying most of its population with heavily discounted grain rations. This year, wheat consumption has risen sharply with additional allocations of wheat through programs intended to address the economic challenges stemming from the COVID-19 pandemic. Yet even with record consumption, stocks remain at record levels, primarily held in government grain reserves.

Several years ago, when stocks in India reached burdensome levels, relatively high Russian export prices opened opportunities for India to supply not only Asian but also Middle East markets. However, since 2016/17, the high domestic support prices have...
been reflected in high export prices, limiting India exports to primarily neighboring countries.

In recent months, Indian export prices have eased while prices for major suppliers have risen. Russia’s announcement of both a grain export quota and a 50 Euros/mt wheat export tax sent quotes for that top exporter and other suppliers rising. This will afford India the opportunity to seize greater market share in Bangladesh and expand to additional markets. However, the scale of exports from India is not likely to match that of several years ago, since a larger Australian crop will provide formidable competition in Southeast Asian markets.

**US FOB Wheat Prices**

Export quotes for most U.S. wheat classes eased lower after reaching a peak following the January WASDE.

- **U.S. Daily FOB Export Bids**

  Hard Red Winter (HRW) edged down $1/mt to $289/mt, while Soft Red Winter (SRW) declined $7/mt to $285/mt, both little changed overall. Hard Red Spring (HRS) declined $14/mt to $289/mt with softening demand. In contrast, Soft White Winter (SWW) jumped $25/mt to $299/mt on large export sales to Asian markets.

- **Argentina Wheat Exports Cut on Lower Production, Logistical Challenge**

  USDA - Argentina has been plagued by dry and cold conditions throughout the 2020/21 growing season, shrinking production estimates to 17.2 mmts, a 5-year low. The diminished wheat crop has significantly lowered exportable supplies, and wheat exports in the 2020/21 marketing year are projected to reach their lowest level in 5 years.

  Along with lower production, a crucial factor constraining exports is continued unrest at Argentine ports. Towards the end of 2020, various union strikes severely limited shipments of grain and other agricultural products.

  Argentina’s wheat harvest begins in November and exports typically peak shortly afterwards. Argentina ships its largest wheat volumes between December and February, with approximately 20% of annual exports shipped during January alone. However, due to labor disputes affecting shipping capacity, Argentina only exported 900,000 tons of wheat in December, down 60 percent year-over-year.

  By the first week of 2021, agreements were reached with the striking unions after nearly 1 month of unrest. Traders were hopeful that these resolutions would end port disruptions and allow for strong wheat exports in January to make up for a disappointing December.

  However, on the 15th of January, a trucker’s union began blockading roads surrounding key Argentine ports, further disrupting grain exports. Port loading data suggests that strikes continue to limit wheat shipments. The country loaded 1.7 mmts of wheat for shipment in January, only half of last year’s volume. With the labor disputes also affecting soybean and corn exports in December, competition for shipping capacity at the ports will intensify over the next few months, further challenging wheat exports.

  Argentina wheat must also compete with Australia wheat in foreign markets. With Australia’s larger supplies and price advantage in 2020/21, Argentina faces renewed competition for market share in Southeast Asia. Last year, Argentina loaded 1.4 mmts of wheat for Indonesia in the month of January, compared to 100,000 mts this year.

  Given these challenges, 2020/21 trade year exports (Jul-Jun) are lowered to 11.0 mmts, while local marketing year exports (Dec-Nov) are reduced to 11.5 mmts. To
achieve these forecasts, Argentina must export wheat during its typically slower months between March and November.

**Coarse Grains**

USDA - Global coarse grain production for 2020/21 is projected marginally higher to 1,438.9 mmts. This month’s non-U.S. coarse grain outlook is for higher production, lower consumption, and greater ending stocks relative to last month.

Non-U.S. corn production is up fractionally, with an increase for South Africa more than offsetting a reduction for Paraguay. For South Africa, production is raised based on higher indicated area. For Brazil, the corn production forecast is unchanged as greater area is offset by a reduction in yield. Slow second-crop planting progress in the Center-West dampens yield prospects but very favorable prices boost area expectations.

Major global trade changes for 2020/21 include higher projected corn exports for the United States, India, and South Africa. For 2019/20, Argentina and Brazil corn exports are raised for the local marketing year ending February 2021 based on larger-than-expected late-season shipments. Corn imports for 2020/21 are increased for China, with partly offsetting reductions for the EU-27+UK, South Korea, Japan, India, Saudi Arabia, and Turkey. China’s barley and sorghum imports are also higher this month, bringing total coarse grain imports to 40.3 mmts.

The February USDA WASDE report was seen as bearish for corn, but mildly bullish for wheat, and neutral for soybeans.

Global corn production is little changed as larger production in South Africa is mostly offset by smaller production in Paraguay.

Global trade is up as higher imports for China more than offset cuts to the European Union, Japan, and South Korea. Argentina, Brazil, India, and the United States have higher exports.

The biggest question over past months has been China’s corn imports. The USDA’s forecast for China’s corn imports was increased to 24 mmts, up from 6.5 mmts from January’s estimate. China’s domestic feed use for corn was pegged at 206 mmts, up 6 mmts. China’s ending stocks for corn are now estimated at 196.2, up 4.5 mmts from last month, (and still a highly questionable total).

While China corn imports were increased, it was offset by reductions in the EU and other minor importer to balance the equation. Numbers showed a 2.5 mmts cut to Europe’s corn imports, now at 15.5 mmts, and cuts of 500 kmts and 400 kmts, respectively, for South Korea and Japan.

As we establish new highs for the price of corn we are starting to ration demand in a number of sectors of the corn complex. Global corn ending stocks for 2020/21 are now forecast by the USDA to be at 286.5 mmts, up 2.7 mts from the January estimates.

Non-U.S. corn ending stocks for 2020/21 are up relative to last month, mostly reflecting increases for China, South Africa, and Mexico that are partly offset by reductions for Argentina and Brazil. The U.S. season-average farm price is up $0.10 to $4.30 per bushel.

- **CME Corn March 2021**

  The nearby CME Corn March21 made new contract highs of $5.74¼/bu just before the release of the USDA WASDE Report on Tuesday, then head south for the remainder of the week. The nearby contract settled on Friday at $5.39½/bu, closing down 1½ cents on the day, and loosing 9 cents on the week.

  The new crop CME Corn December21 contract closed on Friday at $4.49/bu, down 3½ cents on the day, and dropping 2½ cents for the week.

  Friday morning, USDA announced two large private export sales. Costa Rica purchased 195,338 mts of corn (split 70/30 old and new crop), and 115,577 mts of old crop were sold to Guatemala. Internationally, Turkey purchased 235,000 mts of optional origin corn in their tender.

  CFTC data from the week ending the 9th of February showed managed money had added 12,747 new longs (and closed 913 shorts) extending their net long to 358,807 contracts. Also from the weekly CoT report, commercials added 19k new shorts (and 498 longs) to extend their net short to 761,374 contracts.

  Citing weather improvements, Rosario Grains Exchange increased their corn production forecast for Argentina by 2.5 mmts to 48 mmts.
China Drives Corn Trade

U.S. exporters reported nearly 5.9 mmts of corn sales to China in January for delivery by the end of August 2021. The volume alone implies that China imports for calendar year 2021 will again exceed its Tariff Rate Quota (TRQ), given that China will also buy corn from Ukraine and others. Last September, China’s National Development Reform Commission announced that the corn TRQ for 2021 remains unchanged at 7.2 mmts. For 2020/21, U.S. total sales and shipments to China stand at a record 17.7 mmts at the end of January. Reflecting the large volume, China imports are raised 6.5 mmts from last month to 24.0 mmts. If realized, China would become the largest importer by a sizable margin.

China’s total consumption is also forecast higher driven by feed and residual use with an assumption that imported corn is primarily to satisfy robust feed demand in the swine sector. The forecast consumption for food, seed, industrial (FSI), however, is trimmed based on significantly smaller exports of corn-based products such as starch, corn gluten feed (CGF) and corn gluten meal (CGM), sweeteners, citric acid, and glutamic acid for the October-December period. While China’s corn milling data is not publicly available, substantially smaller exports of various corn-based products and higher unit values are indicative of slow milling activities.

Surging Shipments & China Sales Support Higher US Corn Exports

Reuters - The slow start to the marketing year for US corn exports had many industry participants doubting whether US exporters could hit the record U.S. government prediction, especially after a massive string of sales to China at the end of January. Corn shipments have notably picked up in recent weeks, and the current and potential pace of exports could probably accommodate an even higher forecast than most were originally expecting.
The USDA reduced domestic corn exports by 100 mbus in January to 2.55 bbus, which would still be a record. The reasoning was sharply lower supplies and higher prices. But that was before China bought an unprecedented 5.85 mmts (230 mbus) of the US grain late last month, despite elevated prices.

US corn exports for the first three months of the 2020-21 marketing year that began on the 1st of September, were largely average, despite a strong forecast and an above-normal sales pace. But shipments have jumped significantly in recent weeks. Data published by the U.S. Census Bureau on Friday showed December corn exports at 4.6 mmts, a 13-year high for the month and more than a third higher than the recent five-year average. Shipments have been rocking ever since.

Corn exports are typically strongest from March through June, so the largest volumes are likely to be observed in this window. But given the recent pace, monthly totals during peak season would hardly need to surpass prior highs even if the full-year forecast were raised by 200 mbus to 2.75 bbus.

February is already off to a tremendous start. Corn export inspections for the week ending the 4th of February came in at 1.58 mmts, the best for any week since 2018 and unusually high for the time of year.

Since the January WASDE, major corn export bids continue to rise with the exception of Argentina. Argentine bids are down $5/mt to US$249/mt as above-average January rains ease supply concerns. Brazilian bids are up $13/mt to US$277/mt as the second-crop planting in Center-West is off to a slow start due to delays in the soybean harvest.

Black Sea bids are up $20/mt to US$264/mt on continued strong demand from China in conjunction with an export quota on Ukrainian corn. U.S. bids are up $11/mt to US$251/mt on robust sales and shipments, primarily to China.

**Lawsuits Likely In Mexico Over Proposed Corn Import, Glyphosate Bans**

Reuters - The Mexican government’s plan to stop importing genetically modified (GMO) corn as well as the widely used herbicide glyphosate will likely face legal challenges this month to reverse the proposal, according to the new head of Mexico’s top farm lobby.

Juan Cortina, president of Mexico’s Farm Council (CNA), told Reuters late on Wednesday that he thinks the lawsuits are needed to get the government to back down. “Unfortunately, I think there will need to be legal challenges brought by all the people who use glyphosate and genetically-modified corn,” said Cortina, adding that he also expects U.S. exporters to appeal to provisions of the USMCA trade pact to declare the measures illegal.

Late last year, the Mexican government published a decree banning the use of both GMO corn and glyphosate over the next three years, arguing both present health risks and that boosting traditional corn supplies domestically should be prioritized. The vaguely worded decree has generated across-the-board industry opposition plus frenzied lobbying efforts aimed at urging officials to reconsider.

Cortina noted that last year Mexico’s agricultural sector grew by about 2% despite the economic slump caused by the coronavirus pandemic, even as the rest of the economy contracted sharply.

Mexico’s booming livestock sector could face a loss of competitiveness under the import ban due to its heavy dependence on the bulk of some 17 mmts annually of imported yellow corn, used to fatten cows, pigs and chickens, and nearly all of it supplied from U.S. farmers who almost exclusively grow GMO varieties of the grain.

Cortina argues that government must present alternatives, and that farmers would welcome them if they were price-competitive and equally effective. “Many aspects of the decree need to be clarified,” added Cortina.

The CNA estimates that Mexico’s livestock sector accounts for about 40% of the country’s farm economy, worth about $24 billion last year.

Industry critics have noted that the measure does not differentiate between yellow corn, mostly used for animal feed and other industrial uses, and white corn, which is used in Mexico for the country’s staple tortillas. The country is mostly self-sufficient in...
white corn. Nor does it define which products are included in its proposed ban on GMO corn for human consumption.

Cortina, who took the helm of the CNA last month and is the long-time head of Mexico’s sugar chamber, implored policy makers to make decisions “based on science, not on ideology.” While he argued that decades of research into genetically modified crops like corn have shown they are safe, critics counter that the seeds contaminate native corn strains which harms the biodiversity of the crop in Mexico, where corn was first domesticated. Cortina also defended glyphosate’s track record. The main producer of glyphosate-based herbicides is Germany’s Bayer AG, which inherited the business from its acquisition of Monsanto in 2018. Earlier this month, Bayer reached a $2 billion settlement over future claims that the popular weedkiller causes cancer.

OILSEEDS COMPLEX

Global 2020/21 oilseed production was forecast at 595 mmts, over 600,000 mts above January. Higher cottonseed and slightly higher sunflower, soybean, and rapeseed production more than offset small declines for palm kernel and peanut. The global cottonseed crop is up more than 500,000 mts with higher production in China, Pakistan, and others offsetting lower production in India.

Global oilseed exports, at 194 mmts, are up over 1 mmts mostly on higher Canada rapeseed and U.S. soybean trade.

Global oilseed crush is raised over 700,000 mts to 513 mmts. Larger rapeseed, cottonseed, sunflower seed, and peanut crush more than offset lower soybean crush (excluding the addition of Lebanon).

Global oilseed stocks are down nearly 1 mmts primarily on lower soybean stocks in the United States, Brazil, and Canada, partially offset by higher stocks in Argentina.

Protein meal production and consumption are fractionally higher while stocks fell slightly from January as all adjustments are small. Protein meal exports are raised 600,000 mts due in part to higher Argentina soybean meal shipments.

Global vegetable oil production, consumption, and trade are fractionally higher while stocks grew almost 1 mmts on a rise in palm and rapeseed oil carry-in from 2019/20.

The February USDA WASDE report was seen as neutral for soybeans. Global 2020/21 soybean supply and demand forecasts include higher exports and lower ending stocks.

World ending stocks for soybeans were been cut to 83.36 mmts vs January at 84.31 mmts, with the estimate for Chinese soybean imports unchanged at 100 mmts.

Global exports are raised 0.6 mmts to 169.7 mmts on higher exports from the US and Russia. Higher imports for Argentina are partially offset by reductions for the EU-27+UK, Canada, and Bangladesh.

With the U.S. crush left unchanged, soybean ending stocks are reduced 544 kmts to 3.267 mmts. If realized, soybean ending stocks would be down 77% from 2019/20, and the lowest since 2013/14.

The projected U.S. season-average farm price for soybeans is unchanged at $11.15/bu. The soybean meal price is forecast at $400.00 / short ton, up $10.00. The soybean oil price forecast is raised 1.5 cents to $40.00 cwt.

CBOT Soybeans March 2021

The lead CME March 2021 Soybean Futures settled on Friday at $13.71/bu, up 3½ cents on the day, and losing 2 ½ cents for the week.

Then new crop CME November 2021 Soybean Futures contract settled on Friday at $11.73/bu, down 1½ cents on the day, and gaining 12 cents through the week.

CFTC’s weekly Commitment of Traders report showed soybean specs were 171,770 contracts net long as of 2/9. That was a weekly increase of 15,505 contracts by way of net new buying. Commercials extended their net short to 293,187 contracts. In soymeal managed money was 2,114 contracts more net long to 69,625. Fund traders also extended their net long in soybean oil to 110,392 contracts on the week.

Analysts surveyed ahead of the NOPA crush report expect January crush to be between 180 and 186.3 mbu for a 183.1 mbu average. If realized, that would be near even with December but represent the largest Jan crush on record. The average analyst estimate for soybean oil stocks is 1.763b lbs, up 64 million from December.
Rosario Grains Exchange increased their Argentine soy output estimate to 49 mmts, from 47 last month.

- **Global Soybean Prices**

Prices in the United States and Argentina strengthened for the eighth consecutive month, reaching the highest levels since June 2014 and March 2014, respectively. Prices continued to rise in the first half of the month on strong export demand, tightening global stocks, and dry weather in South America. Monthly gains were partially offset by lower prices in the second half of January owing to rainfall in South America.

Export prices for the three largest soybean exporters rose in January despite retreating in the second half of the month.

- **Soybean Exports**

As of the 28th of January 2021, cumulative global U.S. soybean shipments hit a record of 47.5 mmts. This record pace is driven primarily by higher shipments to China, 32.4 mmts, nearly triple, from the same month in 2019/20. Outstanding sales to all destinations are more than double those of this time last year, led by China.

Due to growth in exports and outstanding sales to China, total global export sales commitments reached a new record of 58.7 mmts, up 7.9 mmts tons from the previous record in 2016/17.

- **Brazil's Slow Soybean Harvest Widens US Export Window**

Reuters - Harvesting delays in Brazil, the world's top soybean producer, are prompting buyers led by China to rely on rival exporter the United States for longer than usual in 2021, according to government data and traders.
Sustained demand for US soybeans is accelerating an historic drawdown of US supplies of the oilseed and could further drive-up soybean prices at a time of rising food inflation as countries hoard staples during the pandemic.

Concerns over tight global soybean supplies after China dramatically increased purchases in recent months ignited a 4½% rally in US soybean futures last month to a 6-1/2-year high.

Brazil usually harvests its soybeans in the first three months of the year, marking an end to the dominance of U.S. exports. However, that process has been delayed by a drought last year that slowed plantings, and rainfall at harvest time. The country’s shipments of soybeans in January were 28 times lower than a year before at 49,500 mts, an amount insufficient to fill up a single vessel, Brazilian trade data showed.

In contrast, the United States, its biggest rival in global markets, inspected some 8.9 mmts for shipment in the month, the highest on record, according to USDA data.

Anec, a Brazilian group representing grain exporters like Cargill and Bunge, confirmed current shortages in Brazil may give competitors an edge. “We assume this is happening,” Anec director Sergio Mendes said by telephone, adding Brazil's low soy availability is elongating the US export window. In February Brazilian soy shipments could be as little as 6 mmts, down from 8.5 mmts initially expected, Anec has said.

Brazil's supplies are only expected to normalize by March, one large trader told Reuters. That could spell chaos at Brazilian ports, as by March and April soybeans will be competing with sugar for finite loading capacity. Speaking on condition of anonymity, the trader said it is tapping grain suppliers in the US and Argentina. Much of the burden will fall on the US, as Argentina's soy harvest does not start until March.

Importing countries, particularly China, have been boosting purchases of grains and oilseeds during the pandemic to guard against shipping disruptions or further price increases in agricultural commodities. China buys grains and oilseeds from South and North America to make livestock feed. It is currently rebuilding its hog herd after a deadly pig disease killed millions of animals.

The nearly 5.6 mmts bound for China from U.S. ports last month represented the largest ever January US soy shipments to the world's top importer of the foodstuff. January shipments to other top US soy buyers Mexico and Egypt were also the largest on record, USDA data show.

US soybean stocks are expected to shrink to the smallest in seven years just before the northern hemisphere harvest ramps up in September. At that point the country is expected to have just 9½ days' worth of soybean supplies, the tightest on record and down sharply from the seven-week supply held at the same point last year.

Despite the delay to its harvest, Brazil, which sells the bulk of its soybeans to China, is poised to reap a record 133 mmts crop in coming months.

In an indication it thinks any shortfalls from a slow start to Brazil's harvest will be made up by September 1st, the USDA this week left its 2020/21 projection for Brazilian exports unchanged, while raising its U.S. soybean export forecast by 550,000 mts.

With strong demand and uncertainty surrounding logistical issues at ports, it remains unclear whether that will ease upward pressure on prices.

China's Imports Of Brazilian Soybeans Will Resume In April

Refinitiv’s trade flows tracked 8.3 mmts of soybean imports in China in January, with 7.8 mmts from the US and 0.5 mmts from Brazil. Due to the export seasonality in the Northern and Southern hemispheres, US soybean arrivals will decline largely over the next few months while South America soybean arrivals will soar after late March/April.

China imported 7.8 mmts of US soybeans in January, breaking the month's prior record of 6.9 mmts set in 2017. US soybean arrivals in February will decline to 5.7 mmts. That remains the highest volume for the month. In addition, 4.1 mmts of US soybeans have sailed and will arrive in China in March. However, the depletion of US soybean inventory may reduce US soybean arrivals after April to the lowest levels.

Low soybean inventory in Brazil has resulted in near or record low soybean imports from Brazil in December and January. The weak imports from Brazil will continue over the next two months. According to Refinitiv’s trade flows, we project little Brazil soybean arrivals in February and only 0.4 mmts of imports in March. However, record high soybean harvest, of 130 mmts, will replenish Brazil soybean supplies and boost exports when the new export season starts in February.

The latest line-up data released on the 5th of February shows soaring soybean exports of 8.6 mmts in Brazil in February. As the top buyer of Brazil soybean and considering 40-60 days of sailing time from Brazil to China, we expect to see surging imports from Brazil in April. Brazilian soybean arrivals in April may reach prior record for the month.

CME Soybean Oil March 2021
Soybean Oil values made new highs on Tuesday touching $46.67/cwt, and coming close to these levels again on Wednesday. The lead CME March 2021 Soybean Oil Futures settled Friday at $46.04/cwt, up 41 cents on the day, gaining $2.64 cents for the week.

CBOT Soybean Meal March 2021

CBOT (March 2021) settled Friday at $427.20/short ton, off $1.70 on the day, and loosing $3.30 for the week.

India's January Soymeal Exports Surge on Robust Demand

Reuters - India's January soymeal exports jumped 484% year on year to 336,390 mts as a rally in global prices to their highest in 6½ years made shipments from the country lucrative for European and Asian buyers. Higher exports from India could trim shipments of South American soymeal into Asia and support local soybean prices despite a bird flu outbreak hitting demand from the local feed industry.

France, Germany, Indonesia and Bangladesh were among key buyers driving robust demand for Indian soymeal in January, the Soybean Processors Association of India (SOPA) said in a statement on Wednesday.

India's soymeal exports more than tripled to 950,134 mts in the first four months of the 2020/21 marketing year that started on the 1st of October. India's soymeal exports could jump to more than 2 mmts in the 2020/21, from 825,000 mts shipped the previous year, industry officials estimate.

U.S. soymeal futures hit a 6-1/2 year high in January on tightening supplies and robust demand from China.

USDA - Meal prices further strengthened throughout January to roughly 7-year highs, reflecting fluctuations in soybean prices.

Organic Soybean Market Challenged with Potential Trade Issues

The USDA's National Organic's Program (NOP) will end its agreement with India's Agriculture and Processed Food Products Export Development Authority (APEDA), which could potentially challenge organic soybean supply, according to Mercaris, the organic and non-GMO trading platform and market information company.

"India is by far the largest supplier of organic soy products to US markets," said Ryan Koory, director of economics for Mercaris. "We estimate that they provided 42% of total US organic soybean and meal supplies over the 2019-20 marketing year. To put this bluntly, organic soy imports from India over 2019-20 were nearly double US production during that same period."

Indian imports of organic soybean meal increased 90% year-over-year through January 2020-21, according to Mercaris.

Koory does not anticipate any market implications to be felt until about August 2021, affecting the supplies for the 2021-22 marketing year. "In our October commodity
outlook, we outlined a stable US organic soybean market following a slight increase in imports from India this year,” Koory said. “That increase could easily be accomplished by April given the current pace of imports, avoiding any significant shortfall for supplies in this marketing year.”

The NOP will allow for recertification until the 12th of July, but it is unknown how much of India’s organic market will do so before the deadline and how that will impact organic soybean supply.

OTHER RELATED NEWS

- **Hong Kong Culls Pigs in New African Swine Fever Scare**

  Agri-Pulse - Hong Kong authorities have culled 830 pigs after the discovery of African Swine Fever (ASF) infections on a farm. It’s the first ASF discovery in domestically born pigs in about a decade and the government moved quickly to try to stop any spread, according to a report from USDA FAS.

  All of the pigs that shared the same shed as the infected animals were culled and the farm has been barred from removing any other pigs from the farm. That trade precaution was widened to include three other nearby farms.

  Hong Kong’s Agriculture, Fisheries and Conservation Department says it is working to pinpoint the source of the virus.

- **US Ag Exports Set Record in December; Dairy Exports Record High**

  DTN - U.S. ag exports totaled $15.91 billion in December, setting a new record for the month and marking the first time that value of US agriculture exports has topped $15 billion three months in a row. The prior monthly record was $15.82 billion that was set in December 2013.

  Imports of ag products totaled $11.65 billion, up from $11.37 billion in November. That left a trade surplus of $4.26 billion for the month. USDA forecasts U.S. ag exports at $152 billion in Fiscal Year 2021 against imports of $137 billion for a surplus of $15 billion. Three months into FY 2021, exports already total over 30% of the forecast for the entire fiscal year.

  Further, the US exported about 2.4 mmts of dairy products in the 2020 calendar year, setting a new record high, according to the International Dairy Foods Association and USDA data.

  “While logistical issues challenged the industry in 2020 and some continue today, U.S. dairy exports maintained an accelerated pace throughout the year,” said IDFA President and CEO Michael Dykes. “Export volumes were boosted by 10% over 2019, setting an all-time record for export volumes in one year and pushing export values to more than $6 billion for the first time since 2014.”

- **China Faces High Hurdle to Meet 2021 Commitment**

  AFBF - China missed the purchasing goal set in the “phase one” agreement for the 2020 calendar year, even though the Chinese imported record amounts of US ag commodities, according to a new analysis from the American Farm Bureau Federation.

  AFBF calculates that China’s ag purchases totaled $27.2 billion last year, well short of the goal. The 2020 goal set in the text of the deal is $36.5 billion, but the Farm Bureau calculates that commitment to be $33.4 billion when factoring in the cost of shipping and freight. China’s two-year commitment is the equivalent of $73 billion, so ag exports will have to hit $45.8 billion to meet that, AFBF says.

  “This would be equivalent to a nearly 69% increase in exports over 2020 levels and a whopping 120% increase over 2017,” the analysis says.

  GHA: I do believe this is achievable due to 1) the underlying potential needs for basic commodities in the immediate futures, 2) the higher relative price for these commodities will make it easier to meet the target levels.

- **Government**

  - **Russia Considering a Formula-Based Wheat Export Tax**

    Reuters - Russia is considering bumping up the timeline to implement a formula-based tax on wheat exports, citing government sources.

    Russia is working to limit increasing domestic food prices with the proposed wheat export tax. The country originally planned to begin the new tax in July but is now deliberating applying it in the 1st of June 2021.

    The formula may be set at 70% of the difference between the price of wheat per metric tonne and $200, adding officials are still discussing what to set as the price for the formula.

  - **Argentina Won’t Hike Taxes on Grain Exports**

    Reuters - Argentine farmers will hold protests if the government increases export taxes in a bid to control domestic food prices, the country’s CRA rural association said on Wednesday ahead of an afternoon meeting with President Alberto Fernandez.

    There is currently a tax of 33% on soybean exports from Argentina and 31% on soyoil and soymeal. In the case of corn and wheat, the tax on their sales abroad is 12%. The taxes are paid by export companies, which pass the cost down to farmers.

    Government officials have said those levies might be increased as the country struggles with consumer price inflation that hit 36% last year, and 4% in December alone. Fernandez was set to meet with farm leaders Wednesday afternoon.

    Argentina’s farm chambers said on Wednesday that there would not be any tax increase on farm exports or quotas imposed on sales after a key meeting with government to help defuse recent tensions in the grain producing nation.
The government, spooked by recent rising inflation, had made threats to raise export taxes or impose quotas on exports unless the farm sector helped resolve the issue of keeping domestic prices from rising too fast.

**New U.S. Administration To Keep China in Focus**

Surging demand from China and weather worries in major crop growing areas have driven grain and oilseed prices sharply higher this past year. Given past tensions with the Trump administration, China will be a focal point for agricultural commodity markets as we commence the new Biden presidential administration.

China has fallen short of its commitments signed a year ago in a Phase 1 Agreement with the United States, with the persisting Covid pandemic frustrating the situation. Through November 2020, China had bought barely 50% of an agreed US$159 billion in US goods and services. However agricultural products are faring better, as China has purchased more than two-thirds of its targeted amount.

Strong demand for soybeans and related products has pushed prices to multi-year highs. The US Department of Agriculture is forecasting China will import over 100 mmt of soybeans in 2020-21 marketing year.

With strong growth across China’s livestock sector and the swine herd rapidly recovering from the devastating impact of African Swine Fever (ASF), a number of analyst are forecasting Chinese soybean imports in 2021/22 to reach as high as 110 mmt or more.

Many in the trade fear the new administration may relent on the pressure placed on China, previously applied by the Trump administration.

In his confirmation hearing, President Joe Biden’s choice for Secretary of State, Anthony Blinken, suggested that the previous negotiating approaches with China had failed. Blinken said, “There is no doubt that (China) poses the most significant challenge of any nation state in the world to the United States.”

As the new administration tries its hand at leveling the US-China playing field, it is likely that agricultural trade will become entangled once again. However, nothing new has been suggested, and if the approach by the previous Obama administration is any indication, there is not much likely to be offered.

**White House Says It Aims To Strengthen Ties With Brazil**

Reuters - The Biden administration is closely following developments in Brazil with regard to human rights and climate, but intends to continue strengthening US economic ties and trade with the South American country, White House press secretary Jen Psaki said on Monday.

The Biden administration on the 5th of February had announced an additional $1.5 million in funding from the U.S. Agency for International Development to bolster Brazil's emergency COVID-19 response, Psaki told a White House briefing. "We are by far the largest investor in Brazil, including in many of Brazil's most innovative and growth-focused companies, and will continue to strengthen our economic ties and increase our large and growing trade relationship in the months ahead," she said.

Asked about calls by human rights groups and Democrats in Congress for Washington to halt trade talks with Brazil over concerns about human rights and climate concerns, Psaki said the Biden administration would not refrain from raising concerns where there were differences. "Just as is true in many of our relationships, we look for opportunities to work together on issues where there is joint national interest, and obviously there's a significant economic relationship, and we will not hold back on areas where we disagree, whether it's climate or human rights, or otherwise."

The administration of former Republican President Donald Trump had sought to boost ties with Brazil, the largest economy in Latin America, and provide a counterweight to China, which has become Brazil's largest trading power. In October, Brazil and the US signed three agreements to ensure good business practices and stop corruption and set a target for doubling bilateral trade in the next five years from around $100 billion currently.

The Democratic-controlled US House of Representatives Ways and Means Committee last year blasted the Trump administration for cozying up to Brazil given its record on human rights and the environment under President Jair Bolsonaro. Bolsonaro last month wrote to Biden on the day he was inaugurated and said he hoped the two countries would pursue a broad free-trade agreement during Biden’s tenure.

**Wyden Introduces Bill to Repeal Cuba Trade Embargo**

Senate Finance Committee Chair Ron Wyden (D-OR) last week introduced the US-Cuba Trade Act of 2021 to repeal the major statutes that codify sanctions against Cuba, including the Helms-Burton Act and the Cuban Democracy Act, as well as other provisions that affect trade, investment, and travel with Cuba.

The bill would establish normal trade relations with the country, commented The Hagstrom Report. Joining Wyden on the bill were Sen. Patrick Leahy (D-VT).; Senate Majority Whip Richard Durbin (D-IL); and Sen. Jeff Merkley (D-OR). It has been legal to export US agricultural products to Cuba since the Trade Sanctions Reform and Export Enhancement Act (TSREEA) of 2000 re-authorized the direct commercial (on a cash basis) export of food products (including branded food products) and agricultural commodities from the United States to the Republic of Cuba, irrespective of purpose. The TSREEA does not include healthcare products, which remain authorized and regulated by the Cuban Democracy Act of 1992. Most other trade is illegal.

Since December 2001, agricultural commodity and food product exports reported from the United States to the Republic of Cuba amounted to $6,296,227,424, said Economic Eye on Cuba, a publication of the U.S. Trade and Economic Council. Agricultural commodity and food product exports from the United States to the Republic of Cuba in 2020 were $163,354,728, compared to $257,659,479 in 2019, representing a decrease of 36.6%, the council said Tuesday.
South Korea’s Yoo Drops Out of WTO Chief Race

DTN - The next leader of the WTO appears set to be former Nigerian finance minister Ngozi Okonjo-Iweala in the wake of South Korean Trade, Industry and Energy Minister Yoo Myung-hee ending her bid to lead the world trade body.

"Due to the prolonged vacancy of the leadership at the WTO, the future of the organization also has become uncertain," Yoo said at a briefing in Seoul, according to Yonhap News. "To speed up the consensus building among the member countries on selecting a new director-general, I have decided to renounce my candidacy through close cooperation with the United States, our strong ally."

Her last statement suggests she has coordinated the withdrawal or at least alerted the U.S. to her decision. The Trump administration had blocked the naming of Nigeria’s Okonjo-Iweala, with then-U.S. Trade Representative Robert Lighthizer arguing that the trade body needed to be headed up by someone with trade experience.

The Biden administration said Friday they now strongly backed putting the Nigerian atop the world trade body, setting the stage for that to happen soon.

International Crop & Weather Highlights

USDA/WAOB Joint Agricultural Weather Facility – 9th February 2021

- EUROPE – Highlight: Continued Warm, With More Rain And Snow
Widespread rain and snow maintained adequate to abundant moisture supplies for dormant (north) to vegetative (south) winter grains and oilseeds.

Warm weather minimized the risk of winterkill and kept western Europe devoid of snow cover.

- MIDDLE EAST – Highlight: Additional Rain
Additional rain in Turkey further improved moisture reserves for wheat and barley spring growth.

Moderate to heavy rain continued from the eastern Mediterranean Coast into northwestern Iran, maintaining favorable soil moisture for winter crops while boosting irrigation reserves.

- NORTHWESTERNAFRICA – Highlight: Some Showers, But Short-Term Dryness Has Developed
Showers maintained favorable soil moisture for wheat and barley in Morocco and northern Tunisia.

Short-term dryness has developed over parts of Algeria and interior Tunisia, though subsoil moisture remained adequate.

- SOUTH ASIA – Highlight: Good Rabi Crop Conditions
Light showers and cool weather supported good wheat and rapeseed conditions in northern India.

- EAST ASIA – Highlight: Mild Weather
Showers in eastern China’s Yangtze Valley maintained good moisture reserves for overwintering rapeseed, while mild weather favored overwintering wheat on the North China Plain.

- SOUTHEAST ASIA – Highlight: More Beneficial Showers
Continued showers in southern Indonesia (Java) sustained good moisture supplies for rice.

- AUSTRALIA – Highlight: Summer Crop Prospects Remain Good
In New South Wales, rain maintained adequate to abundant moisture supplies for summer crops.

In southern Queensland, generally sunny weather spurred cotton and sorghum development.

- SOUTH AMERICA – Highlight: Brazilian Showers Advance Eastward
Widespread, locally heavy showers provided much-needed moisture for summer crops across Brazil, including previously dry locations on the eastern edges of corn, soybean, and cotton production.

In Argentina, mild, showery weather favored summer grains, oilseeds, and cotton.

- SOUTH AFRICA – Highlight: Conditions Remained Favorable For Corn And Other Summer Crops
Warm, showery weather benefited reproductive to filling crops across the corn belt.

Web Site: https://www.usda.gov/sites/default/files/documents/TODAYSWX.pdf
Source: USDA https://www.usda.gov/oce/weather-drought-monitor/publications
February Crop Calendar

*Crop stage sensitive to moisture and temperature stresses.

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

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