Notes and Observations in International Commodity Markets

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KSU Agriculture Today Podcast Link – March USDA WASDE Comments: https://agtodayksu.libsyn.com/starter-fertilizer-management-for-corn

KSU Ag Manager Link: https://www.agmanager.info/grain-marketing/grain-market-outlook-newsletter

KSU Agriculture Today Podcast Link https://agtodayksu.libsyn.com/world-grain-report-dormant-pruning-of-fruit-trees?dest_id=54498&subid=ivaQ2Ck4yHTT1yz8H0xOZGJ80VF5s_7971dVnTr6Ky6BekPsz-u0SJJ

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VEG OIL RALLIES TO NEW CONTRACTS
HIGHS LENDING SUPPORT TO OILSEEDS

GHA – After a strong start on Monday agriculture commodities traded mostly lower through the week. On Monday, Brent Crude oil climbed above $70 for the first time in over 12 months, on talk of bombings on the largest refinery in the Middle East, before slipping back to $69.25 on Monday morning as concern was short lived. WTI crude oil rose to $66.06 a barrel. The prices had risen last week after the OPEC+ producer group decided to keep production limits in place.

Those hoping for something new in this past Tuesday’s USDA WASDE Report were disappointed, with numbers little changed for corn and soybeans. World wheat ending stocks for 2020/21 were decreased by 3.03 mmts to 301.19 mmts, lending some support for wheat values.

The USDA also made a few changes to the China numbers this week, increasing wheat feeding by 5 mmts, reducing the soybean crush by 1 mmts and scaling back domestic soybean meal consumption by 800 kmts, but leaving corn and soybean imports unchanged.

In the soy complex, soybean futures finished narrowly mixed, caught between surging soyoil futures amid tightening world vegetable oil supplies, and slowing demand for soymeal, a hog feed ingredient. May soybeans ended down at $14.13½/bu, while...
**Global Feed Output Rises 1% in 2020**

By Arvin Donley, World Grain - Led by growth in China and Latin America, global feed production increased by 1% in 2020, to 1.187 billion mts, according to the annual Alltech Global Feed Survey released on the 26th of January.

The report reversed last year's decline of 1%, the only time in the 10 years of the survey in which global production has decreased.

China saw 5% growth in feed output and reclaimed its position as the top feed-producing country in 2020 at 240 mmts, according to the survey. “In the face of challenges of disease and lockdown, China’s rebound has been faster than expected.”

The top 10 feed-producing countries, including tonnage and growth percentage, are:

1. China (240.0 mmts, +5%)
2. United States (215.9 mmts, +1%)
3. Brazil (77.6 mmts, +10%)
4. India (39.3 mmts, +5%)
5. Mexico (37.9 mmts, +4%)
6. Spain (34.8 mmts, 0%)
7. Russia (31.3 mmts, +3%)
8. Japan (25.2 mmts, 0%)
9. Germany (24.9 mmts, 0%)
10. Argentina (22.5 mmts, +7%).

All together these countries account for 63% of the world’s feed production and can be viewed as an indicator of the overall trends in agriculture, Alltech said.

**Latin America Output Surges**

By region, feed production increased 4% in Latin America (176.5 mmts), 2% in Asia-Pacific (443.9 mmts) and 1% in North America (237.2 mmts). It decreased 2% in Africa (43 mmts), the Middle East (24.8 mmts) and Oceania (10.4 mmts) and fell 1% in Europe (261.9 mmts).

Leading the way in Latin America’s surge in production was Brazil, the only country with double-digit growth at 10%, and Argentina, which increased its tonnage by nearly 1.6 mmts, or 7%.

Latin America saw an increase in feed output for broilers, swine, dairy cattle and aquaculture. The survey noted that Latin America’s 8% increase in aquaculture feed production was led primarily by Brazil and Ecuador. It also posted the highest gains in dairy feed production (7%) and swine feed production (7%) among the world’s seven regions.

**Resurgence Of African Swine Fever In China Threatens Grain Demand**

GroIntel - A resurgence of African Swine Fever has stalled China's hog population recovery and threatens to put the brakes on soaring global feed grain demand.

A Gro data based on a survey of major hog producers shows the hog population fell in each of the first two months of this year, the first declines since August 2019. The sow population also dropped in February from the previous month. China’s September hog futures prices have jumped 16% and cash prices have risen 7% in recent weeks.

China is a key driver of global pork demand. The latest setbacks could undermine Beijing’s expectation for a full hog herd recovery in Q1 or Q2 of this year, after ASF wiped out nearly half of China’s hog population in 2018.

The hog herd recovery is the main driver of China’s record high grain imports in 2020. But with that recovery now hitting a speed bump, inventory of corn, barley, and sorghum at Guangdong, the main destination for grain imports, is at a 5-year high.

The USDA reports that at least 11.7 mmts of US corn and 2 mmts of US sorghum outstanding sales haven’t been executed yet. China never fully eliminated ASF, but has managed to keep it sufficiently in check to allow the hog herd to grow. Winter temperatures increased the number of ASF cases at the start of this year. If China is unable to control the latest ASF resurgence as the weather turns warmer in coming weeks, the fallout could have global impact on demand for pork and feed grains.

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African Swine Fever Impact

The global data, collected from more than 140 countries and more than 28,000 feed mills, indicates feed production by species as follows: broilers, 28%; pigs, 24%; layers, 14%; dairy, 11%; beef, 10%; other species, 7%; aquaculture, 4%; and pets, 2%. The predominant growth came from the broiler, pig, aquaculture and pet feed sectors. Broiler feed output rose 1% as the growth was led by the Asia-Pacific region, especially in China but also Bangladesh and Vietnam, as well as Latin America, including Brazil, Venezuela and Chile.

The survey said some declines in broiler feed demand were seen initially as the result of the closing of restaurants and hotels in first several months of the pandemic, although this was later offset by increased at-home cooking, “particularly as this meat is considered low-cost and easy to cook.” Disease continues to challenge swine producers, and there is concern in Oceania about the spread of African swine fever as it continues to spread throughout the Asia-Pacific region.

“Despite that challenge in some areas of Asia-Pacific, China has bounced back significantly from African swine fever,” Alltech said. “Asia-Pacific remains flat in growth because many other countries, such as the Philippines and Thailand, continue to struggle with the disease.”

Pig Feed Production Increased 1% Globally.

Alltech noted that as China returns to self-sufficiency, many other countries’ pork exports will decline in the coming years.

As for the pet industry, which saw global feed output grow by 8%, Alltech said it was one of the few industries that reaped benefits from COVID-19 and the related lockdowns, with pet adoption rates soaring.

“As a result, the pet food industry experienced its largest growth in the past three years,” Alltech said. “Premium pet foods continue to see growth, although economic conditions also allowed for an increase in the purchase of lower-cost feeds as well.” Global output of aquaculture feed grew 3% as the industry continued to see consolidation of production.

“While China is primary leader in Asia-Pacific, the main growth in this region was seen in Vietnam, Bangladesh and the Philippines, accounting for nearly 1 mmnts more of aquafeed,” Alltech said.

Feed production for layers remained flat, partly due to disease, such as avian influenza, affecting Europe, especially in the latter part of the year.

The only protein segment to see a decrease in global feed production was beef cattle, which decreased 1%. Alltech foresees a continuation of this trend.

“Consumers confronted with poor economic conditions shifted toward cheaper proteins in 2020, and this trend is expected to continue,” Alltech said.

US DOLLAR & FOREIGN EXCHANGE

➢ U.S. Dollar Index - Higher On Weak Stocks And Higher T-Note Yields

The dollar index (DXY00) on Friday posted moderate gains. Weakness in stocks on Friday fueled some liquidity demand for the dollar. Also, higher T-notes yields on Friday improved the dollar’s interest rate differentials. EUR/USD (^EURUSD) fell -0.0034 (-0.28%). March yen futures (J6H1) closed down -0.0052 (-0.56%), and USD/JPY (^USDJPY) rose +0.54 (+0.50%).
Higher T-note yields were supportive for the dollar as the 10-year T-note yield climbed to a 13-month high Friday of 1.641%.

Friday’s U.S. economic data was hawkish for Fed policy and supportive for the dollar. U.S. Feb PPI ex-food & energy rose +2.5% y/y, the largest increase in 1-3/4 years but slightly below expectations of +2.6% y/y. Also, the University of Michigan U.S. Mar consumer sentiment rose +6.2 to a 1-year high of 83.0, stronger than expectations of 78.5.

An easing of the pandemic in the U.S. is hawkish for Fed policy and supportive for the dollar as the 7-day average of new U.S. Covid infections fell to 56,105 on Wednesday, a 4-3/4 month low. Globally, Covid infections have risen above 119.250 million, and deaths have exceeded 2.644 million.

Bullish Factors: (1) safe-haven demand for dollar liquidity as underlying 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) T-note yields that strengthen the dollar’s interest rate differentials as the 10-year T-note yield rose to a 13-month high of 1.64%.

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

USDA WASDE Report Wheat Projections for 2020/21

Global production is raised to a new record this month with a record crop in Australia. Global consumption is higher mainly on more feed and residual use in China. Global trade is lifted to a record with higher imports for China, Pakistan, and Nigeria. Exports are raised for Australia and Canada.

The projected U.S. season-average farm price remains at $5.00 per bushel.

Tight Wheat Stocks Among Exporters Constrain Global Stock Growth

The global wheat stocks-to-use ratio is anticipated to decline in 2020/21 despite record production, with consumption up more than 10% from the prior year on more use in China and India. Global stocks are up only marginally from 2019/20.

Approximately half of stocks are held by China, where the government has encouraged sustained large production by guaranteeing a high minimum purchase price. In turn, the government has purchased large volumes of wheat over the past several years, leading to temporary reserves in excess of a year’s supply. However, high domestic corn prices over the past year have induced the sale of substantial quantities of old-crop wheat stocks at government auctions, which is expected to be used for feed. Thus, China’s stocks are forecast to decline for the first time in 8 years as consumption rises by more than 15%.

Similarly, ending stocks among the top 8 exporters are projected to collectively decline. The largest reductions are forecast for the United States and the European Union, which both had smaller crops.

Major exporter stocks are usually an indicator of the overall supplies available to the world. However, Russia, the largest exporter, has set both an export quota and an export tax to encourage more wheat to remain within the country to quell high consumer prices. While Russia’s food use is forecast slightly higher, its stocks are forecast to expand, the largest increase in stocks among major exporters.

Stocks in India are also forecast to expand. Similar to the situation in China, the government has been supporting producers with high prices for many years which has in turn resulted in high stocks. This year, stocks are expected to grow, despite higher consumption, as the government distributes subsidized wheat to mitigate the economic impact of the pandemic. Ample stocks also allow India to become a significant exporter once again, with 2020/21 exports forecast at 2.5 mmtm, more than triple the amount of the previous trade year.

1 Russia, United States, European Union, Canada, Australia, Ukraine, Argentina, and Kazakhstan
USDA World Markets & Trade Export Prices for Wheat

U.S. wheat export quotes were little changed since the February WASDE. Hard Red Winter (HRW) also declined $6/ton to $282 on lack of demand, both domestically and abroad as U.S. wheat is uncompetitive in several export markets in the Western Hemisphere.

Hard Red Spring (HRS) climbed $8/ton to $295 and Soft Red Winter (SRW) at $284/ton was little changed.

Soft White Winter (SWW) had the largest change, declining $13/ton to $294 as sales slowed somewhat, although SWW exports continue to be significantly higher than last year.

International wheat prices rose in most major exporting countries since last month’s WASDE amid the implementation of Russia’s export policies and concerns with winter wheat conditions in the United States and Black Sea, combined with strong import demand from several major markets.

US White Wheat Growers Cash In As China Snaps Up Supplies

Reuters - China is scooping up supplies of U.S. white wheat to feed livestock, pushing export forecasts for the grain usually used to make sponge cakes and noodles to a 27-year-high. The purchases are the latest disruption in commodities markets caused by Chinese buying of grains and oilseeds during the coronavirus pandemic, pushing prices of major commodity crops to multi-year highs.

China has booked more U.S. white wheat this year than any country besides the Philippines, the top buyer of the grain. While U.S. producers have long tried to woo the growing Chinese market for confectionary foods made from white wheat flour, the recent purchases reflect a need for animal feed, Chinese traders and analysts said.

On Tuesday, the USDA raised its forecast for exports of U.S. white wheat to 245 mbus, the most since 1994, due to strong demand from China and South Korea. In a sign of the varied pace of global economic recoveries, USDA lowered its export...
forecast for the most common U.S. wheat class, hard red winter wheat, citing lower demand to “several Western Hemisphere markets.”

While white wheat is not typically fed to animals, high corn prices, benchmark U.S. futures hit 7-1/2-year highs last month, made it a viable alternative in China. China is scouring the globe for feed grains as it rebuilds the world’s largest hog herd, which was ravaged by African swine fever.

“Most of the imported wheat is going to the feed sector as corn prices are high and there is profit (to import),” said Li Hongchao, a senior grains analyst with Myagric.

China signed a trade deal with the United States in January 2020. More recent trade tensions between China and Australia, which grows a slightly different hard white wheat, have also sent China seeking alternative wheat supplies.

Nine months into the 2020/21 wheat marketing year, which begun the 1st of June 2020, China’s purchases of all U.S. wheat classes are at a seven-year high of 2.9 mmts, according to USDA’s weekly export sales data. White wheat bookings represent about a third of the total, at 947,863 mts as of the 4th of March.

Chinese purchases of U.S. white wheat began ramping up in November, after grinding to a near halt in 2018 and 2019 when Beijing and Washington were in the thick of a trade war. Prior to 2018, China had been building its U.S. white wheat purchases, booking 228,000 mts 2016/17 and 307,000 mts in 2017/18. The U.S. wheat industry, anticipating the growth of China’s economy, has spent years cultivating a relationship with China’s flour millers and bakers.

Most U.S. white wheat is soft white wheat, grown in the Pacific Northwest and preferred by bakers for its pale color and low gluten strength, ideal for cakes and steamed breads.

‘GOOD RUN-UP IN PRICES’ – While the wheat has been cheaper than corn in China, where feed grains are in high demand, it is earning US farmers a premium. The booming export market for white wheat has sent cash prices at the Portland, Oregon, export hub hovering around $7.50 a bushel, up about $2 or 35% from July post harvest. Idaho grower Cordell Kress says he sold about a third of his expected 2021 white wheat harvest and has even pre-sold some of his 2022 crop.

Even so, grain merchandisers and farmers do not expect much of a jump in US white wheat acres this spring, given strong prices for competing crops like canola. While most of the US white wheat crop was planted last autumn, before the price rally, a smaller portion is seeded each spring.

**Australia Wheat Production Reaches New Record**

USDA estimates Australia 2020/21 wheat production at a record 33.0 mmts, up 3.0 mmts or 10% from last month and up 17.8 mmts or 117% from last year. Area is estimated at 13.0 mha, unchanged from last month but up 2.8 mha or 27% from last year. Yield is estimated at 2.54 tons per hectare (t/ha), second only to the 2016/17 season record of 2.61 mt/ha. Yield is up 10% from last month, and up 70% from last year.

The revision is largely based on the latest information from the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES). Yields exceeded previous estimates as harvest progressed, particularly in the two largest producing states of Western Australia (39%) and New South Wales (24%).
favored wheat producing states except for Queensland due to below average rainfall during a large portion of growing season.

The satellite-derived Normalized Difference Vegetation Index (NDVI) showed strong crop vigor, especially in the wheat belt of southeastern Australia. Harvest was completed in early January.

- **Record Russia Wheat Production Driven by Yields**

USDA estimates Russia wheat production for 2020/21 at 85.4 mmts, essentially unchanged from last month, and up 16% from last year. The estimate includes 62.7 mmts of winter wheat and 22.7 mmts of spring wheat. USDA crop production estimates for Russia exclude estimated output from Crimea.

**RUSSIA: Winter Wheat Production**

Year-to-year spring wheat yields were also up in several key growing districts. Yields in the Siberia District, which is the top producing district, were the third highest on record. Yields in the Volga District, which is the second top producing district, were the second highest on record. According to Russian analysts, spring wheat yield increases were largely due to improvements in technology (seed treatments, pesticides, fungicides and newer farm equipment).

Total wheat yield is estimated at 2.98 mts/hectare, essentially unchanged from last month, and up 10% from last year. Total harvested area is estimated at 28.7 mha, essentially unchanged from last month and up 5% from last year.

Final data from the Russian statistical agency, Rosstat, cites record winter wheat yields in the Central and Volga Districts. Both the Southern and North Caucasus Districts’ winter wheat yields were down year-to-year due to difficult conditions throughout the growing season.

The lower winter wheat yield in the Southern District was offset by record winter wheat area, resulting in the third highest winter wheat production for the Southern District.
CME CBOT Wheat Futures
Chicago wheat futures fell for the third consecutive session and closed out the week at one-month lows.

CBOT July 2021 Wheat Futures - New crop July 2021 wheat settle on Friday at $6.31¼/bu, dropping 4 cents on the day, and losing 14¼ cents for the week.
The lead May contract settled on Friday at $6.38/bu, down 4½ cents on the day, and dropping 16½ cents for the week.
The main pressure for wheat stemmed from increased moisture in dry parts of the US Plains. Forecasts for rain and snow in parts of the western US look fairly substantial. Given that 35% of winter wheat is currently in drought, the moisture should be very beneficial as the crop emerges from dormancy.
The weekly Commitment of Traders report showed Chicago wheat specs reduced their net long 4,227 contracts last week on long liquidation, to 27,576 contracts.
Paltry US export demand likely played a role in the weaker futures board as well. Domestic SRW basis feels largely covered up aside from the occasional mill popping it’s head up.
Paris wheat futures were down slightly on the day as well. 88% of the French soft wheat crop was rated Good/Excellent according to FranceAgriMer. That’s unchanged from last week but well above 67% last year. Also worth noting are French wheat exports from Rouen almost doubled on fresh demand from several African countries.
Coceral cut its forecast for soft wheat production in the EU and Ukrain to 141.5 mmts; down from 143 MMT in December, but still well above last year’s 128.2 mmts.

CME KC HRW Wheat Futures
Kansas July 2021 HRW Wheat Futures - The July 2021 new crop HRW contract settle at $6.09/bu on Friday, off a penny on the day, but down 23 ¾ cents on the week.
The nearby May contract settled on Friday at $6.03¾/bu, off ½ cent on the day, but down 23 cents for the week.
HRW should see production prospects improve on forecasts of rain. The 7-day QPF from NOAA shows a band of moisture from the Nebraska/Colorado boarder stretching southeast to Alabama and Georgia. The entirety of Nebraska and Kansas are expected to get 3-4” accumulated. Oklahoma precipitation is forecasted to top out at 2.25” along the northern boarder. Texas will also receive some accumulation, but the forecast is topped out at 1.5” in the panhandle and less than an inch for the middle of the state.
Managed money funds were 47,664 contracts net long in HRW as of 3/9. That was 4,060 contracts less net long on the week via new sellers.
HRW/Corn spread continues to collapse which could promote some additional feed wheat demand.
MGE HRS Wheat Futures

MGE July 2021 HRS Wheat Futures contract settled Friday at $6.41¾/bu, off ¼ cent on the day, and down 9¼ cents for the week.
The nearby May contract settled at $6.33¼/bu on Friday, off ¼ cent on the day, and gaining 12 cents for the week.
HRS wheat ended the day fractionally mixed and March expired at $6.28¾/bu.
In HRS wheat, managed money funds were reported 2,489 contracts more net long to 16,590.

Coarse Grains

USDA WASDE Report Coarse Grains Projections for 2020/21

Global corn production is up from last month as larger crops in Bangladesh, India, and South Africa more than offset cuts to Mexico and Russia.
Global trade is up on higher imports for Bangladesh and Vietnam. India, South Africa, and Vietnam have higher exports.
The U.S. season-average farm price is unchanged at $4.30 per bushel.

CORN

USDA World Markets & Trade Export Prices for Corn

Since the February WASDE, major corn export bids are mostly unchanged with the exception of Argentina. Argentine bids are down $11/ton to $238 as weather concerns have eased; Argentine corn is now the least expensive of the major exporters.

Brazil's Alarmingly Slow Planting Pace Raises Concerns For Corn

Karen Braun Reuters - Yield risks arise whenever Brazil’s second corn crop is planted late. But this year the delays are the worst in a decade, and the pressure for favorable weather through the next several months is substantially higher than usual.
Historically dry conditions in Brazil last year led to a slow soybean planting pace. Late soybean sowing alone does not always mean the corn crop will be planted just as late, but rains have hampered the bean harvest, worsening the delays for the second corn sowing that immediately follows.
However, Brazil’s official statistics body, Conab, remains upbeat on the harvest prospects. The agency on Thursday increased the country’s total corn crop to 108.1 mmts from the previous forecast of 105.5 mmts.
That included a jump of 2.7 mmts for the second corn crop, which is still being planted, to 82.8 mmts on both area and yield increases. Conab also lifted Brazil’s soy harvest by 1% to a record 135.1 mmts.

But the No. 2 corn exporter still has many hurdles to clear to reach a bumper corn harvest. Consultancy AgRural estimated second corn planting as of a week ago at 54% versus 80% a year ago.

The timing of 2009’s planting was the same as 2011, but above-normal rainfall persisted the whole season, with near record accumulations observed in May and June. The lack of significant heat also added to the success of the 2009 crop, which produced sharply above-average yields.

The 2009 and 2011 examples in Mato Grosso should be used with caution because today’s planted corn area is more than three times larger. The 2015 crop featured the next-slowest planting effort, but mild temperatures and ample April and May rainfall secured the big yields.

PARANA – The number two corn producer Parana in the south observes rain more consistently throughout the year than its northern counterparts. However, the second corn planting pace is shockingly slow and there are no recent, comparable years available. As of Monday, the state reported corn planting at 43%, well below the five-year average of 82%. The next-closest year would be 2011, but several weeks of data are missing that year so the comparable pace cannot be confirmed.

Expansion of corn area in Parana has not been as sharp as that for Mato Grosso. Since 2011, Parana’s second corn planting has jumped 35% to around 2.3 million hectares. However, some 17% of Parana’s corn crop was planted on the 21st of February 2011, compared with about 10% on the same date this year. By the 21st of March 2011, progress had reached 87%, just a bit below average.

Unsurprisingly, Parana’s better outcomes were associated with ample rainfall during the growing season and a timely planting pace. May 2011 rainfall was among the lowest on record, and April and May 2018, another slow planting year, were also critically light on moisture. Second corn yields were poor in both of those years.

Mato Grosso has a strong seasonal rain cycle and receives virtually no rain between June and August. That is generally favorable for the harvest occurring at that time, but it could be a death sentence for late crops because once the rain shuts off, it shuts off.

Corn planting was late in 2011, but rainfall was at or above normal levels through April. However, most of April’s rain fell in the first 10 days, and then May was among the driest on record. Despite normal to cooler temperatures during the season, Mato Grosso’s 2011 second corn yield dropped more than 15% from the long-term trend.

The expected harvest delays push the availability of the second crop even later, causing more concern for domestic supplies by mid-year.

Conab on Thursday pegged Brazil’s 2020-21 first corn crop at 23.5 million tonnes, down slightly from the prior outlook. That is also notably down from the initial October outlook of 28.8 mmts and last year’s 25.7 mmts. Yields have fallen 14% since the October estimate.

Conab’s 82.8 mmts second crop forecast is up 8% since the initial outlook, primarily on an expected increase of plantings. That compares with last year’s harvest of 75.1 mmts.
CME CBOT Corn Futures

The week started in anticipation of a China export announcement, which never came, but ethanol margins improved another +5½ cents helping provide support. New crop CME Corn December 2021 made new contract highs on Monday reaching $4.85¾/bu before trading lower through the rest of the week. Friday the contract settled at $479¼/bu, down 4¼ cents on the day, and losing 2¼ cents for the week.

The nearby May contract settled at 5.39¾/bu, up 1¼ cents on the day, but losing 5¼ cents for the week.

Today was the last trading day for CH, with basis finally converging down to delivery value. March corn futures roll off the board at the close with no deliveries scheduled through the 11th of March.

The national average corn basis from cmdtyView was 16.17 cents under.

CFTC data from the week ending the 9th of March showed managed money added 10,350 new longs, extending the net long 7,968 contracts to 356,514. Commercials reduced their net short by 6,374 contracts to 723,193.

Dalian Corn Prices are down 156 RMB/mt (~ 61 cents/bu) from the January high. May futures were 2,716 RMB/mt (~ $10.66/bu) on the 11th of March.

Spot DDGS prices in China were firm on the 12th of March, but remain elevated at about 2,766 RMB/mt (US$386.82/mt).

GRAIN SORGHUM

USDA World Markets & Trade Export for Grain Sorghum

At the end of February, U.S. sorghum outstanding sales for delivery by August 2021 stand at 2.8 mmts, the second-largest volume in history. Almost three-quarters of these sales are slated to go to China, while the rest is mostly reported for unknown destinations. Sales to traditional markets, Japan and Mexico, have been insignificant.

Reflecting robust sales, sorghum prices at Gulf ports have steadily moved up and currently hover around $350 per ton, the highest over the past decade.
Most U.S. sorghum is destined for southern China, where animal production is concentrated and demand for feedstuffs runs strong. Imported sorghum has been commonly used as a substitute for corn in feed rations. U.S. sorghum continues to be price competitive relative to domestic corn in the Guangdong area. Typically, corn prices in Guangdong are modestly higher than northern China. Strong prices are expected to boost 2021/22 U.S. sorghum planting in the spring, leading to larger production. Exports are projected to reach a record, reflecting larger available supplies and strong foreign demand. There are already 703,000 tons of sales on the books for delivery in 2021/22, an unprecedented volume of sales this early in the year.

2 Price Sources: International Grains Council and China National Grain and Oilseed Information Center
3 The 2021/22 sorghum Supply and Use balance sheet was released at the February 2021 USDA Ag Outlook Forum.

Mexico Freezing Weather Lowers Sorghum Planted Area in Tamaulipas

USDA - Mexico’s sorghum production for 2020/21 is estimated at 4.3 mmts, down 0.2 mmts (about 4%) from last month, and down about 1% from last year. Area is estimated at 1.3 mha, down 4% from last month and down 6% from last year. Yield is estimated at 3.31 mts per hectare, relatively unchanged from last month, but up 5% from last year.

Mexico has two sorghum crops: summer (about 45% of production) and winter (about 55% of production). Planting was finished for the summer sorghum crop in September and harvest was completed in January. The winter sorghum crop is typically planted from January to April and harvested from May to July, with about 78% of the winter production found in Tamaulipas.

According to data from Servicio de Información Agroalimentaria y Pesquera (SIAP), Tamaulipas winter sorghum production’s most recent 5 year average is about 2.0 mmts.

During February 2021, freezing weather conditions damaged planted winter sorghum in northern Tamaulipas, significantly impacting the crops in the municipalities of San Fernando, Río Bravo, Valle Hermoso, Reynosa, Gustavo Díaz Ordaz, and Miguel Alemán. In these areas, snow depth averaged 1 to 5 cm during the week of February 15 to February 21 with the extreme minimum temperatures throughout the month ranging from -10 °C to 0 °C.

Tamaulipas, Mexico: Low NDVI in Sorghum Production Areas

The satellite-derived Normalized Difference Vegetation Index (NDVI) image depicted above average vegetation conditions in the major sorghum growing areas as of the 25th of February 2021, confirming freeze damage to the vegetative crop.
The final winter sorghum crop damage assessment will be completed when planting is finished. Private sources currently estimate that approximately 20 to 40% of the winter sorghum crop will have to be replanted. The amount of sorghum replanting that occurs will depend on the government providing farmers funding for seeds and other financial support.

**Australia Sorghum Production Revised Lower, But Above Last Year**

**Australia Sorghum Production Distribution Map**

USDA - USDA estimates Australia 2020/21 sorghum production at 1.45 mmts, down 0.25 mmts or 15% from last month, but up 1.15 mmts or 383% from last year.

Area is estimated at 0.51 mha, down 0.09 mha from last month, but up 0.36 mha or 240% from last year.

Yield is estimated at 2.84 mts/hectare, up 42% from last year’s drought-ravaged crop.

Sorghum production is concentrated in two eastern states. Queensland produces the bulk of Australia’s sorghum with 66% (5-year average) and New South Wales accounts for the remaining 34%.

The downward revision is due to dry conditions in portions of the sorghum belt.

**OILSEEDS COMPLEX**

**USDA WASDE Report Oilseed Projections for 2020/21**

Global 2020/21 oilseed production is forecast at 596 mmts, 750,000 tons above February. Higher Brazil soybean production coupled with greater Australia and European Union rapeseed production more than offsets lower palm kernel, cottonseed, and sunflower seed production forecasts.

Global oilseed exports, at 195 mmts, are up 820,000 tons primarily on higher Australia and Ukraine rapeseed exports. Oilseed crush is raised 1,210,000 mts to 514 mmts. Larger Brazil and Argentina soybean crush and European Union rapeseed crush more than offset lower China soybean crush.

Global oilseed stocks are up 760,000 mts mostly on higher Brazil and China soybean stocks more than offsetting lower Argentina soybean stocks.

Protein meal production is up 1,150,000 mts and ending stocks are up 910,000 mts. Protein meal exports are raised 890,000 mts due to a 1 mmts increase in Argentina soybean meal shipments partially offset by other changes.

Global vegetable oil production is down 200,000 mts despite higher crush as lower palm oil production more than offsets higher rapeseed oil and soybean oil production. Vegetable oil exports are up 350,000 mts on higher Argentina soy oil and Black Sea
sunflower oil. Ending stocks are up 520,000 mts primarily due to higher India palm oil carryout.

The projected U.S. season-average farm price for soybeans is unchanged at $11.15/bu.

➤ **Record Brazilian Soybean Production Despite Further Harvest Delays**

Brazil soybean production for 2020/21 is forecast at a record 134.0 mmts, up 1.0 mmt (1%) from last month and 5.5 mmt (4%) from last season’s revised record crop of 128.5 mmts. The harvested area is forecast at a record 38.6 mha (mha), up 1.7 mha (5%) from last season’s record. Yield is forecast below the 10-year trend at 3.47 mts/ha and slightly below last season. Soybean area expansion continues for the fourteenth straight year.

Wet weather in much of the center-west states is compounding the soybean harvest delay that was already pushed back because of a late planting. Current harvest as of early March 2021 is about 25% complete versus 40% in 2019/20. The high rainfall prevents equipment from entering fields and high humidity affects yield. Due to these factors, state agencies in two of the states with the largest soybean production, Mato Grosso and Paraná, reduced their yield forecasts recently. The Instituto Mato-Grossense de Economia Agropecuária (IMEA) reports about 54% of soybeans harvested compared to 84% last season and 70% for the 5-year average. In contrast, Rio Grande do Sul staggered planting, with a significant delay, which benefited the crop when the rains arrived in December.

The satellite-derived Normalized Difference Vegetation Index (NDVI) reflects excellent crop development in Rio Grande do Sul, with a peak NDVI above the 5-year average. This is despite the staggered start of the season due to periodic dryness and is good news for farmers in the state following the poor crop for the last season. The gains in Rio Grande do Sul offset the current reductions in the center-west states.

➤ **USDA World Markets & Trade Export Prices for Soybeans**

Export prices for the three largest soybean exporters were given a slight reprieve as average prices declined in February on expectations of seasonally large new-crop exportable supplies in Brazil and Argentina. Prices in the United States and Argentina remained relatively flat while Brazil fell slightly as expectations of a large crop were mostly offset by slow harvest progress.
CME CBOT Soybeans Futures
The lead contract set new highs on Monday reaching $14.60/bu, before trading lower the rest of the week. CME May 2021 Soybean Futures settled on Friday at $14.13/bu, off ½ cent on the day, and down 17 cents for the week.

EU 2020/21 Soybean Imports at 9.94 mmts, Rapeseed 4.67 mmts
Reuters - European Union soybean imports in the 2020/21 season that started last July had reached 9.94 mmts by the 7th of March, data published by the European Commission showed on Monday. That compared with 9.70 mmts cleared by the same week y/o/y, the data showed. Since the 1st of January, the European Commission's data has covered the EU's 27 countries only, whereas previous figures up to the 31st of December covered both the EU-27 and Britain. The change reflects Britain's departure from the EU's customs union at the end of December, following its formal exit from the bloc in early 2020.
EU rapeseed imports in 2020/21 had reached 4.67 mmts, compared with 4.55 mmts y/o/y. Soymeal imports so far in 2020/21 were at 11.74 mmts against 12.45 mmts y/o/y, while palm oil imports were at 3.76 mmts compared with 3.88 mmts y/o/y.

Pakistan Bought 594,000 mts 2022 Soybeans In Recent Weeks
Reuters - Pakistani importers have in recent weeks purchased an estimated 594,000 mts of soybeans to be sourced optionally from Brazil or the United States for 2022 shipment as strong domestic demand for animal feed continues, European traders said on Monday.
"Pakistan is currently buying 200,000 to 250,000 mts of soybeans monthly due to strong demand for soymeal for poultry," one trader said. "Crush profit margins have come down but buyers in Pakistan are willing to book forward to ensure that they get the soybeans."
The purchases comprise three consignments each of 66,000 mts for February 2022 shipment, four each of 66,000 mts for March 2022 shipment and two each of 66,000 mts for April 2022 shipment.

CME CBOT Soybean Meal
CME May 2021 Soybean Meal Futures settled on Friday at $400.60/short ton, down $4.20 on the day, and losing $17.60 for the week.
Dalian soymeal futures were down to 3,171 RMB/mt (US$441.85/mt) on the 12th of March. That is down 8% on the week.
South Korea purchased 12,000 MT of soymeal from China via an international tender. USDA data shows that over the past 10 years China averages just 1.3 mmts of soymeal exports.
The market still trying to decipher China’s poor crush, and ASF still getting blamed. China is reportedly trying to roll Brazilian cargos forward and may have even canceled two or three soybean vessels. This will not likely impact US exports as unshipped sales of soybeans to other destinations are very high.

Also the market has not quit being concerned about the Argentina bean crop. Argentina crop ratings dropped by 4 points, to 6% Good/Excellent, down quite a bit from last year’s 35% Good/Excellent. The Rosario Grain exchange dropped their crop estimate by 4 mmts to 45 mmts, due to lack of rain. Midday weather forecasts were drier for 6-10 day forecast and 11-15 day forecast in Argentina.

CFTC data showed managed money extended their net long 4,040 contracts to 159,601 in the week ending the 9th of March.

It is still a couple weeks away, but the March 31st USDA acreage report the last 14 years has come in below the average trade estimate in 11 of 14 years, by an average of 1.490 million acres. Current estimates seem to be hovering around 90 million acres. A number of 88.5 million acres or less would be supportive of prices.

Meal prices declined throughout February reflecting the seasonal ramp-up in crush and availability of new-crop supplies with the onset of the soybean harvest in Brazil and Argentina coupled with softer demand for soybean meal.

**China’s Soymeal Futures Tumble On ASF Resurgence Fears**

Reuters - China’s soymeal futures slumped on Thursday on growing concerns that a resurgence in African swine fever outbreaks in the country’s huge hog herd will hit demand for the key animal feed ingredient in coming months.

China's most actively traded soymeal futures on the Dalian Commodity Exchange (DCE) for delivery in May fell 4.3% to 3,176 yuan (US$488.78/mt) in morning trade, closing down 3.56%, the biggest daily decline in more than two years.

The plunge comes amid growing market consensus that African swine fever, in addition to other hog diseases, has significantly hit the country’s breeding herd in the last three months and could get worse.

"It definitely peaked during the winter, and although we ought to be past that, it’s dragging on," said Wayne Johnson, a veterinarian with Beijing-based Enable Ag-Tech Consulting.

Livestock analyst Simon Quilty told a conference earlier this month that between 7 million and 8 million sows had been culled since January.

"The market expects that African swine fever would spread further to southern China," said Wang Xiaoyang, an analyst with Sinolink Futures.

Soymeal futures had hit record highs in mid-January as the rapid rebuilding of China’s hog herd from a devastating epidemic of the disease during 2018 and 2019 drove strong demand for the protein.

But worries about falling demand have now overridden earlier concerns about supplies, as delayed shipments of Brazilian soybean imports led some crushers to consider cutting production. "Now it seems weak demand could offset some impact of cargo delay," said a manager with a crusher based in northern China, who said meal stocks were building up. End users also built up stocks ahead of the Spring Festival holiday in February so demand naturally fell after the holiday, he added.

"Also, the soyoil price is strong, and crushers would want to keep up high operation rates to profit from the edible oil, leading to higher soymeal stocks," Wang said.

**Swine Fever**

The Ministry of Agriculture and Rural Affairs, which typically confirms few disease outbreaks on farms, has reported six cases of swine fever this year, including four this month. The geographic spread of those cases, ranging from the southern province of Guangdong to central Hubei and southwestern Sichuan, is a bad sign, said Darin Friedrichs, senior analyst at StoneX. "This year it seems to be everywhere," he said.

Yongyi Consulting estimates that the sow herd has declined each month since December, with a 4.99% fall in January and a further 4.68% decline in February. Farm managers say the losses to the breeding herd will begin to hurt pig production from May onwards.

China's most active hog futures contract, for September delivery, closed up 3.2% on Thursday at 28,595 yuan/mt.
Soybean Oil values made new highs again this Friday reaching $55.59/cwt. The lead CME May 2021 Soybean Oil Futures settled Friday at $55.44 51.80/cwt, up 83 cents on the day, gaining $3.64 for the week.

Domestic soybean oil futures ended the session 75 to 79 points higher, allowing for May contracts to post another new LOC high.

Malaysian Palm prices were 98 ringgits stronger to a new high of 4,220 and nearing the all-time 4,298 high set in March of 2008.

Canadian Canola Prices are also sitting at all-time highs, with May $3.00 higher to $804.50 CAD/mt.

European Rapeseed Futures were $2.50 Euros/mt higher to $521.75, but still off the all-time high $528.75/mt, set 4 days ago.

Ahead of the NOPA crush report on Monday, analysts are expecting to see 168.61 mbus of beans crushed by NOPA members through February. If realized that would be the largest February crush on record. The average pre report estimate for soy oil stocks is 1.922 billion lbs.

Substitutes for bean oil like Rapeseed oil and Sunflower oil are very tight. Other vegetable oils are at a 25-year low in terms of Stock to use ratios, which is keeping Soybean Oil up and meal down.

Oil prices continued their nearly 12-month climb through February, but gains were partially offset by softening prices in the last few days of the month.

Palm oil prices continued to rally to near 9-year highs in February tracking strong rival oil prices and tight stocks.

China lifts 2020/21 Vegoil Output On Rising Rapeseed Acreage

CASDE - China has raised its estimates for total vegetable oil output in the 2020/21 marketing year to reflect expectations of much higher rapeseed output on a larger planting area, as part of the monthly update of the China Agriculture Supply and Demand Estimates (Casde), released on Tuesday.

China’s vegetable oil outputs including soyoil, rapeseed oil, palm oil and peanut oil in this marketing year is expected to climb 130,000 mts to 28.37 mmts as planting area is set to expand by 4 million mu (nearly 267,000 ha).

"The winter rapeseed planting area increased about 4 million mu compared to last year. Recently, temperature across rapeseed growing regions in the country was high and rainfalls were sufficient. The overall situation was beneficial for the growth of winter rapeseed," said Casde.
Rapeseed oil output for the year is expected to climb by more than 2% from the previous estimate to reach 5.43 mmts, while the estimate for total imports of palm oil, rapeseed oil and soyoil is unchanged at 8.45 mmts.

The move comes against a backdrop of rumors that Chinese companies have washed out Australian rapeseed cargoes amid lingering trade tensions between the two countries, a report that sparked fears over a potential hole in China’s vegetable oil supply.

Meanwhile, estimates for soybeans and corn were mostly unchanged from the previous month. Soybean output for 2020/21 flatlined at 19.6 mmts and imports remained at 98.1 mmts. For corn, total output remained at 260.67 mmts and imports were consistent at 10 mmts.

China’s 2020/21 marketing year runs a month behind the US’s marketing year for corn and soybeans, having started in October 2020 running through to September 2021.

- **Korean Soybean and Soybean Oil Imports Seen Steady To Higher**
  USDA - Korean soybean production and consumption is projected to remain mostly unchanged from the prior year, amid stagnant domestic production and flat consumer demand, following a small decline in 2020/21. 2021/22 soybean imports are also expected to hold steady, after a small in increase in 2020/21.

  Total Korean soybean consumption in MY 2021/22 is forecast to stay around 1.39 mmts, down 0.9% from the previous year, while 2020/21 soyoil imports are expected to increase slightly to 1.3 mmts. 2021/22 soybean imports are forecast to remain unchanged at 1.3 mmts. Demand for crushing soybeans will remain flat at 1 mmts if crushing margins remain steady.

  Korean 2021/22 soybean oil imports are forecast at 450,000 mts, up 5% from the current marketing year’s estimate. In MY 2020/21, soybean oil imports are expected to increase 7% to 430,000 mts.

  Korea resumed the use of soybean oil in biodiesel production in 2019 and soybean oil imports are expected to rise moderately over the next few years, with expanding U.S. market share.

  COVID-19 has created greater demand of soybean oil to produce mayonnaise for both home consumption and home meal replacement (HMR).

- **Argentine Soybean Oil Exports Grow with Declining Biodiesel Trade**
  With declining demand for biodiesel, Argentina exports of soybean oil have been rising despite lower crush. Local year 2020/21 (April-March) soybean oil exports are estimated at 5.9 mmts, 800,000 mts above the previous year, and come despite a 4 mmts decrease in soybean crush and 600,000 mts decline in soybean oil output.

  Biodiesel exports, produced primarily from soybean oil, have declined from nearly 1.8 mmts in 2017/18 to an estimated 400,000 mts in 2020/21. Relatively low global energy prices, barriers to imports, and recently, higher vegetable oil prices, all play a role in reducing biodiesel export prospects. This has freed up an estimated 750,000 mts of soybean oil for the food market and for exports.

Demand for soybean oil exports remains strong. Exportable supplies in Brazil and the United States are down in response to growing diversion of supplies to the fuel markets. Prices for competing oils have risen faster than those for soybean oil, while palm oil supplies remain tight on lower production growth.

Argentine soybean producers have been reluctant sellers this year. Despite the rise in global prices, high inflation, export taxes, and a strong peso have discouraged producers from selling additional supplies of soybeans beyond the amount needed to meet expenses. Additionally, while soybean prices have risen on strong China demand and growing demand for crush in Brazil and the United States, global import demand for soybean meal has lagged in comparison due to its relatively small discount to soybeans. Given Argentina’s role as the largest soymeal exporter, without strong demand for soybean meal exports, boosting soybean oil supplies by expanding crush is difficult. Consequently, with most of the reduction in biodiesel exports already in place and amid difficulties in raising crush, additional expansion in Argentina’s soybean oil exports may be difficult to achieve in the coming year (April 2021-March 2022).

- **Palm Oil Climbs To 13 Year Highs On Supply Squeeze**
  Reuters - Malaysian palm oil futures continued to make new highs through the week and closed at a 13-year high as February inventories and production fell more than anticipated, but a slump in exports during the first 10 days of March capped the gains.

  The benchmark palm oil contract for May delivery on the Bursa Malaysia Derivatives Exchange ended up 60 ringgit, or 1.53%, at 3,975 ringgit (US$963.64/mt).

  Palm rose for a eighth straight day to its highest since March 2008.
It had earlier declined as much as 1.7% after data from cargo surveyors showed exports during the 1st to 10th of March slumped 22% from the same period in February. The lower exports would weigh on palm, albeit on a temporary basis, said Paramalingam Supramaniam, director at Selangor-based brokerage Pelindung Bestari. "Competing oils like soybean and sunflower are at multi-year highs, thus palm prices will remain defensive," he added.

Malaysia is in talks with Saudi Arabia to increase the kingdom's imports of the edible oil to 500,000 mts in the near future, state media Bernama reported. Malaysia's palm oil inventories fell more than expected in February as production declined to its lowest in five years and imports plunged, industry regulator data showed on Wednesday.

Stockpiles fell 1.8% from January to a three-month low of 1.3 million tonnes, while output fell 1.85% to 1.11 mmts, the Malaysian Palm Oil Board said. Palm oil is affected by price movements in related oils as they compete for a share in the global vegetable oils market.

- **CME Palm Oil Swaps - Nearby**

- **Malaysia Palm Oil: Production Reduced Due to Negative La Niña Affect**

USDA estimates Malaysia 2020/21 palm oil production at 19.6 mmts, down 2% from last month, but up 2% from last year. Harvested area is estimated at 5.4 mha, down 1% from last month, but up 1% from last year. Yield is estimated at 3.63 tons per hectare, down 1% from last month, but up 1% from last year.

Continued rains stemming from La Niña is negatively impacting the Crude Palm Oil (CPO) monthly output as workers ability to harvest oil palm has been limited, most notably in the Sabah state.

Sabah is the main producing oil palm state, accounting for 30% of total production. It has experienced significant year-to-year monthly output lows. According to the Malaysia Palm Oil Board, Sabah CPO output for the month of January was estimated 17% below last year.

Since the start of the market year in October 2020, output from Sabah is down 11% year to year and 22% down from the (October to January) 5-year average. Overall, Malaysia’s (October to January) CPO output is 3% down from last year and down 13% from the 5-year average. USDA’s market year for Malaysia palm oil is October through September.

**OTHER RELATED NEWS**

- **China Notifies U.S. of New African Swine Fever Case**

USDA - On the 22nd of February 2021, China’s Ministry of Agriculture and Rural Affairs (MARA) notified the U.S. Embassy in Beijing that on February 12, 2021, China detected African Swine Fever (ASF) in live hogs in Xinjiang Production and Construction Corps (XPCC).

China notified this ASF outbreak to the World Organization for Animal Health (OIE) and is continuing to monitor the situation.

- **Pertamina Aims To Start Green Refinery Operations by End 2021**

Reuters - Indonesia's state energy company PT Pertamina said on Saturday it plans to start production at its Cilacap green refinery by the end of this year to make oil products such as diesel and jet fuel, entirely out of palm oil.
Indonesia, the world’s largest palm oil producer, has a mandatory biodiesel program with 30% palm oil content known as B30, but the government is keen to expand the use of the vegetable oil for energy as it cuts down on fuel imports.

Ifki Sukarya, a senior Pertamina official, said “Green Diesel” uses Refined, Bleached and Deodorised Palm Oil (RBDPKO), which is palm oil that has been refined to remove free fatty acids and purification to remove colour and odour. Ifki said the production capacity for the green diesel and the jet fuel at its Cilacap refinery on Java island could be increased starting in 2023.

The other product is the “Green Jet Fuel,” which uses Refined, Bleached, and Deodorised Palm Kernel Oil (RBDPKO).

Pertamina will process 3,000 barrels of RBDPO per day to produce “D100” biodiesel, set to come onstream in December in the first stage. It will follow that with processing 6,000 barrels of crude palm oil per day to make biodiesel or jet fuel from December 2022. Trials for the biodiesel and jet fuel started in January 2021 and December 2020, respectively.

While biodiesel promises significantly lower carbon emissions, the land clearance taking place to grow palm oil has raised concerns among environmentalists about deforestation.

**Logistics & Transportation**

- **Greenfield Louisiana Files Permits For New Grain Terminal**
  World Grain - Greenfield Louisiana LLC of Baton Rouge has filed permit applications to build a 36-silo grain terminal on the west bank of St. John the Baptist Parish.

According to Greenfield Louisiana, the 248-acre export terminal would employ 60 people in barge, dock, rail, truck, storage, processing and elevator operations for wheat, corn and soybeans.

Filing of the permit applications continues a process that began last spring, when the Port of South Louisiana (POSL) requested $25 million in funding from the US Department of Transportation (DOT) under the 2020 Better Utilizing Investments to Leverage Development (BUILD) Transportation Discretionary Grants program for the port infrastructure project. If approved by the DOT, the POSL would lease the dock to Greenfield.

The POSL is the largest grain port in the United States, handling more than half of annual US grain exports.

Greenfield Louisiana is an export grain elevator that expects to move more than 11 mmts of agriculture products, primarily corn, wheat, and soybeans with some throughput from other locally grown specialty crops, to the export market. Products will principally be transported via barge on the Mississippi River or the inland waterway system to the new grain elevator, where they are unloaded, stored, cleaned and then loaded onto an ocean-going vessel for export.

**Government**

- **USDA To Expand Biofuels Forecasts As Renewable Sector Grows**
  Reuters - The US departments of agriculture and energy plan to change two closely watched monthly reports to account for the rapid growth of renewable diesel, a clean burning fuel made from soy and other fats and oils, officials told Reuters.

Surging demand for renewable diesel is part of a larger global transition to green fuels and could increase prices of crops such as soybeans and canola and it is derived from.

The USDA plans to adjust how it reports soyoil used in biofuel in its monthly World Agriculture Supply and Demand Estimates (WASDE) report as soon as this spring.

The changes would be made only after the U.S. Energy Information Administration (EIA) begins reporting more detailed data on the renewable diesel sector, Keith Menzie, an economist at USDA’s World Agricultural Outlook Board, said in an interview.

“We’re taking our lead from EIA. When they start publishing data, we will add that to the WASDE table,” Menzie said. “It could be as soon as May.”

The unusual change to USDA’s WASDE report, viewed as the global gold standard of agricultural commodities data, would be an acknowledgment of the strong demand potential for soyoil at a time U.S. soybean supplies are the lowest in years.

The EIA is planning to begin incorporating renewable diesel data in its Petroleum Supply Monthly report, with a goal to publish data for January by the end of this month, EIA told Reuters.

Renewable diesel can power conventional auto engines without being blended with diesel derived from crude oil, making it attractive for refiners aiming to produce low-pollution options. Production of the fuel is expected to nearly quintuple over the next three years, according to investment bank Goldman Sachs, using feedstocks from plant oils and animal fats to used cooking oil.

The USDA’s updated soyoil supply-and-demand forecast would combine use by biodiesel producers and renewable diesel producers to adhere to its reporting confidentiality guidelines, Menzie said. “This will allow us to be more granular in terms of the energy component and the food component,” he said.

Soyoil use by renewable diesel producers is currently included in a broad category that also includes use in food and livestock feed.

- **USDA’s Vilsack Discusses Ag, Trade Issues with EU Counterpart**
  DTN - USDA Secretary Tom Vilsack spoke with European Union Commissioner for Agriculture and Rural Development Janusz Wojciechowski Tuesday, focusing on “environment, rural economies, and trade. The secretary stated that he looks forward to a positive working relationship with the EU, as our shared interests should help us find positive solutions to challenges facing agriculture, and address longstanding issues.”
From the European side, Wojciechowski said on social media, "1st exchange with new US Secretary for Agriculture, Tom Vilsack. Happy to share similar views on issues of common interest such as sustainability, climate change and organics, where active bilateral cooperation is needed." He also noted that "collaboration is crucial for both sides." He also pointed to the suspension of tariffs in the civil aircraft dispute and agricultural quotas for the US following Brexit as signs of "positive bilateral work." Reports indicate Vilsack did not focus on the EU Farm to Fork initiative, an effort heavily criticized by the Trump administration as potentially reducing EU food supplies and setting new trade barriers in place. Initial sessions between government officials are usually short on any substantive results and usually are characterized as positive or constructive by the officials involved.

Future discussions on key areas of trade and ag policy will be even more important to monitor for those reasons.

**US Ag Exports to Cuba Spike in January**

Agri-Pulse - January is traditionally a major month for Cuban ag imports, and that was the case this year as U.S. shipments of poultry, soybeans, rice and other commodities were valued at about $19 million.

U.S. ag exports to Cuba in the first month of the year were about 42% higher than in January 2020. While that’s good news, says John S. Kavlilch, president of the U.S.-Cuba Trade and Economic Council Inc., the spike is not a result of any major policy changes that U.S. farm groups are hoping the Biden administration will support to remove trade restrictions.

**China Increases Domestic Grain Purchase Prices**

Reuters - In a move to circumvent rising grain prices, China plans to increase its domestic minimum purchase price for wheat and rice and expand corn planting area this year.

This move is seen as part of the state economic planning agency strategy after food security concerns were raised due to the COVID-19 pandemic.

"Ensuring that our people have enough food remains a top priority for our government," said Premier Li Keqiang in his 2021 work report. "We are resolved to ensure food security for our 1.4 billion people, and we know we can achieve this."

The first time since 2014 China lifted the minimum price for wheat this year. Rising corn prices have forced animal feed mills to shift toward using more wheat, decreasing grain supplies.

China has decided to prioritize corn production by expanding planting area in 2021 and support the production of grains on barren lands, Reuters reported.

**International Crop & Weather Highlights**

- **Argentine Farm Heartland Set For High Temperatures, Limited Rain**

  Reuters - Argentina’s central farming region will have high temperatures in the coming days and only some parts will get rain, the Buenos Aires grains exchange said on Thursday ahead of an anticipated cut to its estimates of soybean and corn harvest due to drought.

  The agricultural heartland of the South American country has suffered a drought for months. Although early-year rains brought partial relief, recent dry weather in February and March forced the Rosario exchange to sharply cut its 2020/21 soybean harvest estimate to 45 mmtms this week.

  Argentina is the world’s largest exporter of processed soybean oil and meal, and the third largest exporter of corn. Harvesting of 2020/21 soybeans and corn, the two main crops in the country, is set to begin in the coming weeks.

  “Tropical winds will return, causing very high maximum temperatures in the center of the agricultural area,” the Buenos Aires exchange said in a weather report. Its current forecast for the soybean and corn harvests is 46 mmtms each. “Towards the end of the forecast (by next Thursday), the passage of a storm front will begin, producing general rainfall of varying intensity over the western part of the agricultural area, but without reaching its easterly zone”, it said, referring to the area most affected by the drought.

  Esteban Copati, head of Agricultural Estimates at the Buenos Aires exchange, said on Wednesday that due to the lack of rainfall and high temperatures in recent weeks, it was possible the exchange would revise its production projections.

- **USDA/WAOB Joint Agricultural Weather Facility – 9th March 2021**

  **EUROPE – Highlight: Mild But Dry**

  - Mild, sunny weather promoted winter crop greening in France and Germany, while wheat, barley and rapeseed remained dormant across much of eastern Europe.
  - Additional showers in Spain were beneficial for vegetative winter wheat and barley.

  **MIDDLE EAST – Highlight: Generally Dry And Cool In Turkey, Rain And Snow In Iran**

  - Mostly dry, cool weather in Turkey favored early season fieldwork but kept winter grains dormant.
  - Rain and snow across much of Iran benefited dormant (north) to vegetative (south) wheat and barley, though drought conditions lingered in eastern Iran where more precipitation is needed.

  **NORTHWESTERN AFRICA – Highlight: More Timely Rain In Morocco**

  - Additional rainfall in Morocco boosted soil moisture for reproductive wheat and barley; yield prospects are vastly improved over last year’s drought-affected crops.
• Despite some much-needed showers, short-term dryness continued to afflict vegetative to reproductive winter grains across western and eastern Algeria as well as inland portions of Tunisia.

SOUTH ASIA – Highlight: Hot Weather
• Seasonal heat continued to build in India, advancing rabi crops through maturation.

EAST ASIA – Highlight: Unseasonable Warmth And Showers
• Warm, showery weather aided development of wheat and rapeseed in eastern China.

SOUTHEAST ASIA – Highlight: Showery Weather
• Wet weather in Indonesia supported immature main-season rice and boosted soil moisture for oil palm.

AUSTRALIA – Highlight: Scattered Showers Continued
• In southern Queensland and northern New South Wales, showers benefited immature cotton and sorghum, while pockets of drier weather favored drydown and harvesting of the earliest maturing crops.

SOUTH AMERICA – Highlight: Warmth And Dryness Continued Over Much Of Argentina
• Mostly dry, unseasonably warm weather further reduced moisture available for later-developing corn and soybeans in high-yielding farming areas of central Argentina.
• In Brazil, scattered showers maintained mostly favorable conditions for grains, oilseeds, and cotton, although excessive moisture is locally hampering fieldwork.

SOUTH AFRICA – Highlight: Warm, Sunny Weather Promoted Summer Crop Growth
• Dryness and summer warmth advanced development of corn, sugarcane, and other summer crops that have benefited from favorable moisture throughout the season. stages of development.

Web Site: https://www.usda.gov/sites/default/files/documents/TODAYSWX.pdf
Source: USDA https://www.usda.gov/oce/weather-drought-monitor/publications
March 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/mar_calendar.gif