Notes and Observations in International Commodity Markets

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Contents
- New-crop corn and soybean futures rarely set annual tops in April ........................................ 2
- Canada farmers intending to plant more canola, barley - Statscan ........................................ 3
- US Dollar & FOREIGN EXCHANGE ....................................................................................... 3
- After losses through the week US Dollar makes gains on Friday ........................................... 3
- WHEAT ................................................................................................................................. 5
- French wheat, barley crop ratings ease, maize sowing picks up ............................................. 5
- Australia looking at a second big growing season since the drought ....................................... 5
- CME CBOT Wheat Futures .................................................................................................... 6
- CME KC HRW Wheat Futures ............................................................................................... 6
- MGE HRS Wheat Futures ...................................................................................................... 6
- COARSE GRAINS ................................................................................................................. 7
- Corn market bulls await bump in U.S. shipments to China .................................................... 7
- IGC: Global grain stocks to drop to five-year low ................................................................. 7
- CORN .................................................................................................................................. 8
- CME CBOT Corn Futures .................................................................................................... 8
- BARLEY ................................................................................................................................. 9
- GRAIN SORGHUM ............................................................................................................... 9
- Texas sorghum has good prices, needs rain .......................................................................... 9
- OATS ................................................................................................................................... 10
- Higher oats prices may be key to steady and reliable supply ................................................. 10
- OILSEEDS COMPLEX .......................................................................................................... 10
- Argentine farmers speed up soy harvesting thanks to drier weather .................................. 10
- Brazil soybean exports on track for all-time April high ....................................................... 10
- EU 2020/21 soybean imports at 11.94 mmts, rapeseed 5.37 mmts ........................................ 11
- CME CBOT Soybeans Futures ............................................................................................ 11
- China soybean stocks slide further as crush hit 11-wk high ................................................. 12
- ONE CBOT Soybean Meal .................................................................................................. 12
- US meat processor Perdue to import Brazilian soybeans into the US ................................. 12
- CME Soybean Oil ................................................................................................................ 13
- Egypt’s GASC buys 30,000 mts of soyoil in international tender ......................................... 13
- ICE canola futures surge to another record high ................................................................. 13
- Canadian farmers to boost canola production .................................................................... 13
- Viterra latest to build Canada canola plant as demand surges .......................................... 14
- CME Palm Oil Swaps May 2012 ......................................................................................... 14
- Palm jumps most in 11 months as rival soyoil gains .......................................................... 14
- OTHER RELATED NEWS .................................................................................................. 15
- China’s road restrictions could acerbate protein shortages as second ASF wave continues .......................................................... 15
- CME Group Expands Daily Price Limits for Grains ............................................................ 15
- LOGISTICS .......................................................................................................................... 16
- Ag exporters seek remedy for container shipping crisis .................................................... 16
- Fewer orders of new vessels supports dry bulk shipping outlook ....................................... 16
- Union Pacific Builds State-of-the-Art Transload Terminal in Chicago ................................ 16
- GOVERNMENT ................................................................................................................... 17
- Russian export duties on soybeans could be 20% starting July 1 ......................................... 17
- Argentine minister confirms export duty rise is under consideration .................................. 17
- Viterra’s Port of Adelaide receives exemptions .................................................................... 17
- Argentina dry weather forecast dispels fears of soy losses ................................................. 18
- USDA/WAOB Joint Agricultural Weather Facility – 24th April 2021 .............................. 18
- U.S. Agricultural Weather Highlights – Friday 30th April 2021 ....................................... 19
- USDA FAS OGA – May Crop Calendar .............................................................................. 20

AGAIN THIS WEEK, GRAIN AND OILSEED FUTURES MAKE NEW MULTI-YEAR HIGHS

GHA – Grain and oilseeds set new multi-year highs again this week as we commence deliveries against the nearby May contracts. Prices continue to be supported by firm cash markets and dwindling old-crop supplies.

Weather issues are threatening new crop production prospects for the 2021 harvests adding further fuel to the strong rally. In Brazil, where crops have faced plenty of adverse weather this year, dry conditions in the country’s south could stunt the production of the second corn crop, known as safra, Brazil’s FOB corn export prices remain near highs of the year, indicating elevated concern for the crop. If Brazil’s corn production comes up short, this will lead to more exports out of the US at a time when the US old crop balance sheet is currently the tightest since the 2013/14 crop year.

High feed grain prices are likely to take a toll on demand. Wheat is likely to help solve the supply shortage with increased wheat feeding expected.

Markets will again catch their breath over the weekend and go for another ride next week. It promises to be a wild rodeo this summer in agricultural commodity markets!
New-crop corn and soybean futures rarely set annual tops in April

By Karen Braun, Reuters - Price action for corn and soybeans on the Chicago Board of Trade has been nothing short of impressive this month, and more could be in store for the new-crop contracts as April is historically an uncommon time for their high-water marks.

Since 1973, new-crop November soybeans have made their annual highs in April only twice: 1986 and 1981. Along with October, April is the least common month for the high. December is not considered here since the analysis examines only the year of expiration. (https://tmsnrt.rs/3nwOdte)

June is the most popular month for highs in new-crop soybeans with 10 instances in the last 48 years. July and November are tied for second with seven apiece. May and August are next at four each. November soybeans SX1 had rallied as much as 13% since March 1st, when the U.S. Department of Agriculture began asking farmers’ planting intentions for the 2021 harvest. Only 2009 and 2016 featured larger gains during the same period, and November beans pushed even higher in May of both years. New-crop beans were up only 8% since March 1st after Wednesday’s session, finishing at $13.28 per bushel, almost 57 cents off Tuesday’s contract high.

The most-active soybean contract has made its annual high in April more recently than the new-crop one, in both 2004 and 1996. Most-active corn made April highs in 2004 and 1997, and both corn and soy have three instances apiece back in the 1980s.

CBOT December Corn: Month of High
(within expiration year; frequency from 1973 – 2020)

April highs for December corn have been more common since 1973 with four occurrences: 1981, 1997, 2004 and 2014. The key commonalities between the latter two is that both featured record U.S. corn crops and both were coming off lower supply years. (https://tmsnrt.rs/3dYD15K)

This year, it is not a foregone conclusion that upcoming U.S. corn supplies or the 2021 harvest will be stronger than in the previous year and it is unlikely the market will be able to make that call within the next month or two. That is part of the reason why new-crop corn futures have been on such an epic run recently, as the December contract has risen an unprecedented 16% since March 1st. The contract had been up as much as 21% earlier this week.

December corn CZ1 ended at $5.46½/bushel on Wednesday, almost 47 cents off Tuesday’s contract high of $5.93. May highs are even less common than April for new-crop corn with only three instances in 48 years. The most recent was in 2018, right before the U.S.-China trade war hit its stride. June is the most common month for a December corn high with eight years and July and August follow with a respective seven and six times. An October
high was seen just once, in 1974, and February follows closely with two years, the most recent being 1982.

November soybeans have lost a record amount of ground this month to December corn, with the ratio falling by 0.21 since March 31 to 2.42 on Wednesday. That is the largest decline in the new-crop soy-corn ratio in at least 25 years. 2011 is a distant second with a loss of 0.14 in April.

New-crop corn was rallying in April 2011 while November soybeans were not. The ratio went on to dip below 2.0 in May and beyond, and both new-crop contracts reached their annual highs at the end of August 2011.

- **IGC: Global grain stocks to drop to five-year low**

  LONDON - Global grain stocks are forecast to finish the 2020-21 marketing year at a five-year low at 609 mmts, according to the International Grains Council’s (IGC) most recent Grain Market Report released on April 29th.

  The IGC said an increase in total grains (wheat and coarse grains) production of 36 mmts from the previous marketing year will be offset by a 44 mmts rise in consumption, leaving stocks 8 mmts lower than a year ago.

  “The drop in stocks is mainly because of another drawdown of maize, to the least in eight years, which contrasts with a buildup for wheat to a record,” the IGC said.

  The IGC projects wheat stocks to increase to 289 mmts from 278 mmts in 2019-20, while maize stocks are forecast to decline by 26 mmts despite an increase in production from 1.12 mmts to 1.14 mmts.

  Total grains consumption is forecast to trend higher, led by a 20 mmts increase in wheat demand.

  Largely tied to a production upgrade in Brazil, global soybean output in 2020-21 was forecast up 1% month-on-month, to 362 mmts, which is 7% higher than a year ago.

  “Nevertheless, with an expected solid increase in consumption, stocks are seen falling for the second consecutive season, including US carryovers contracting by 80% year-on-year,” the IGC said.

  Reflecting larger crops in Asia, world rice production in 2020-21 is estimated at a record-high 504 mmts, although record utilization, also projected at 504 mmts, will result in marginal tightening inventories, according to the IGC.

  With strong gains for all the components other than rice, the IGC Grains and Oilseeds Index (GOI), which measures average prices, rose by 8% from last month to 285, a 54% increase year-to-year and its highest level since 2013.

  The IGC said the eight-year high GOI comes “as weather worries and tightening supply outlooks sparked solid gains in maize, wheat, soybean and barley prices.”

- **Canada farmers intending to plant more canola, barley - Statscan**

  Reuters - Canadian farmers expected to plant 3.6% more canola in 2021 than in 2020, while overall wheat plantings were seen dropping by 6.9%, Statistics Canada said on Tuesday.

  The survey was conducted from March 1st to 29th, and included about 11,500 farmers.

- **March intentions of principal field crop areas**

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NOTE: Grain traders surveyed by Reuters estimated, on average, plantings of canola at 22.6 million acres, all-wheat at 23.7 million acres; durum at 5.5 million acres, oats at 3.6 million acres, barley at 8.0 million acres, flax at 1.0 million acres and peas at 4.1 million acres.

- **US DOLLAR & FOREIGN EXCHANGE**

  - **After losses through the week US Dollar makes gains on Friday**

    The dollar index on Friday posted moderate gains. Liquidity demand for the dollar increased Friday after U.S. stock indexes retreated. The dollar added to its gains on Friday’s better-than-expected U.S. economic data.

    The dollar index (DXY00) on Friday rose +0.692 (+0.76%). June euro-fx futures (E6M1) closed down -0.0103 (-0.85%), and EUR/USD (^EURUSD) fell -0.0102 (-0.84%). June yen futures (J6M1) closed down - 0.0037 (-0.40%), and USD/JPY (^USDJPY) rose +0.39 (+0.36%).
EUR/USD on Friday fell back on dollar strength along with political risks in Germany after polls show Germany’s Green Party increased its lead over Chancellor Merkel’s Christian Democrat party ahead of parliamentary elections in September. USD/JPY (^USDJPY) rallied to a 2-1/2 week high as investors liquidated long yen positions ahead of Japan’s Golden Week holidays.

U.S. stock index futures on Friday retreated and boosted liquidity demand for the dollar. After climbing to a record high Thursday, the Nasdaq 100 fell as weakness in technology stocks weighed on the overall market. Also, -2% fall in crude oil price on Friday undercut energy stocks.

Friday’s U.S. economic data was bullish for the dollar. U.S. Mar personal spending rose +4.2% m/m, slightly stronger than expectations of +4.1% m/m and the biggest increase in 9 months. Also, Mar personal income rose by a record +21.1% m/m (data from 1946), stronger than expectations of +20.3% m/m. In addition, the U.S. Q1 employment cost index rose +0.9% (q/q annualized), stronger than expectations of +0.7% and the largest increase in 13-1/2 years.

Comments on Friday from Dallas Fed President Kaplan were supportive for the dollar when he said, “we’re now observing excesses and imbalances in markets, and I think it will be appropriate for us to start talking about adjusting asset purchases.”

The dollar continues to be undercut by the ongoing Covid pandemic that has slowed economic growth and is dovish for Fed policy. The World Health Organization on Wednesday reported that new global Covid infections rose for the ninth consecutive week by a record 5.7 million, led by a +52% surge in India. However, the pandemic situation in the U.S. has improved after the 7-day average of new U.S. Covid infections fell to a 6-1/2 month low of 51,479 on Thursday. Globally, Covid infections have risen above 151.250 million, with deaths exceeding 3.182 million.

EUR/USD (^EURUSD) on Friday moved lower the entire day as an increase in political risks in Germany weighed on the euro. A YouGov poll on Friday showed support for Germany’s Green party rose 7 points to 25% compared with a January poll, while support for Chancellor Merkel’s Christian Democrat party fell -12 points to 24%. German parliamentary elections are scheduled for September 26.

Eurozone economic data on Friday was mostly supportive of EUR/USD. Eurozone Q1 GDP fell -0.6% q/q and -1.8% y/y, stronger than expectations of -0.8% q/q and -2.0% y/y. Also, Eurozone Apr CPI rose +1.6% y/y, right on expectations and the fastest pace of increase in 2 years, and Apr core CPI rose +0.8% y/y, right on expectations. In addition, the Eurozone Mar unemployment rate fell -0.1 to a 9-month low of 8.1%, showing a stronger labor market than expectations of 8.3%.

USD/JPY (^USDJPY) on Friday rallied to a 2-1/2 week high. Liquidation of long yen positions on Friday by investors ahead of Japan’s Golden Week holidays next week weighed on the yen and pushed USD/JPY higher. Japanese financial markets will be closed through next Wednesday for the Golden Week holidays.

The yen on Friday moved lower despite stronger-than-expected Japanese economic data. Japan Mar industrial production unexpectedly rose +2.2% m/m, stronger than expectations of +2.0% m/m. Also, the Japan Mar jobless rate unexpectedly fell -0.3 to an 11-month low of 2.6%, showing a stronger labor market than expectations of 2.9%. In addition, the Japan Apr consumer confidence index fell -1.4 to 34.7, stronger than expectations of 34.2.

**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,
3. higher T-note yields that strengthen the dollar's interest rate differentials as the 10-year T-note yield recently rose to a 1¼ 1.753%.

**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,
5. reduced liquidity demand for the dollar with the recent all-time highs in U.S. stock indexes, and
6. the wide U.S. budget and current account deficits.
French wheat, barley crop ratings ease, maize sowing picks up

Reuters - The condition of French wheat and barley crops deteriorated marginally for a second week but was still good, data from farm office France AgriMer showed on Friday, suggesting a moderate impact so far from recent cold, dry spells.

An estimated 85% of French soft wheat was in good or excellent condition in the week to April 19, down from 86% the prior week and 87% two weeks earlier, according to France AgriMer’s cereal crop progress report.

The good/excellent score for winter barley fell to 81% from 83% after also shedding two points the week before, while the spring barley rating lost one point to 87% after a sharper four-point decline the week before.

The wheat and barley ratings remained well above levels seen last year when crops were hurt by torrential rain during sowing.

Unusually severe frosts in France two weeks ago ravaged vineyards, fruit orchards and sugar beet fields, with losses expected to be more limited for cereals.

France AgriMer’s cereal reports do not give commentary on crop conditions. The head of the offices crop committee told reporters last week that there was concern about damage in parts of central and southern France, but it would take time to measure.

A thawing in temperatures helped grain maize sowing accelerate last week. Farmers had planted 41% of the expected area by April 19 against 18% the prior week, although still lagging year-earlier progress of 50%, France AgriMer said.

A lack of rain since March in France, the European Union’s biggest grain producer, is also becoming a concern for analysts. After more dry weather this week, widespread showers were not forecast until at least the middle of next week.

GHA: FranceAgriMer estimates French wheat conditions were 81% good/ex as of April 26, which is down from 85% good/ex last week.

The European commission reduced their EU wheat output forecast from 126.7 mmts to 124.8 mmts. The commission left exports unchanged at 30 mmts, to reduce EU wheat ending stocks by 1.5 mmts to 11.4 mmts.

Australia looking at a second big growing season since the drought

In the second growing season since drought, Australia is expected to produce another big grain crop in marketing year 2021/22. Favorable conditions around the time of winter grain planting across most production regions of Australia bodes well for the forecast year of wheat and barley production.

However, production is still expected to be down from last year’s record-breaking wheat crop, and a barley crop that was the second largest on record. Although overall grain area is anticipated to be large, yields are expected to fall to more typical levels from last year’s exceptionally high yields.

Consumption of wheat and barley is forecast to remain the same as the prior year, but much lower than the level reached during the drought when the need for supplementary feed was much higher. Wheat and barley exports are set to decline in the forecast year from a historically high volume due to the forecast of reduced production. In addition, although Australian feed barley exports have diversified away from China and into Middle East markets in 2020/21, export competition for these markets in 2021/22 is expected to intensify.

USDA FAS Canberra forecasts Australia’s 2021/22 wheat production at 27 mmts, a 6.3 mmts decrease from the record breaking 2020/21 crop of 33.3 mmts. This would still be 11% higher than the previous 10-year average of wheat production in Australia.

Although there is a slight increase in forecast harvested area to 13.2 million hectares in 2021/22, from 13 million hectares in the previous year, yields are expected to return to more normal levels after last year’s record production. An increase in wheat area is expected to be supported by the high world wheat prices, as well as caution around Chinese import duties on Australian barley resulting in some area shift to wheat.

Soil moisture conditions at the start of planting across Australia are broadly as good or better than the same time the previous year. However, the forecast rainfall in the early to mid-growing season is for below-average chance of achieving median rainfall, which is expected to result in lower yields than the previous record-breaking year.
**CME CBOT Wheat Futures**

Wheat prices rallied on the last day of April. **CBOT July 2021 Wheat Futures** - New crop July 2021 wheat reached a new high on Tuesday touching $7.69½/bu, the highest levels since February 2013, before settling on Friday at $7.34¾/bu, up 5¾ cents on the day, and gaining 20 cents for the week.

**CBOT May 2021 Wheat Futures** - Old crop May 2021 wheat settled on Friday at $7.43/bu, at 8¼ cent premium to new crop as we enter the delivery period next week.

CME will expand winter wheat futures’ daily price limits by a nickel effective May 3rd.

There were zero WK deliveries with WKWN closing at 7¼ carry.

The Commitment of Traders report showed managed money funds were 11,816 contracts more net long in SRW through the week ending 4/27. The simultaneous net new buying and short covering left the group 13,399 contracts net long.

**CME KC HRW Wheat Futures**

**Kansas July 2021 HRW Wheat Futures** – also reached a new high on Tuesday touching $7.41¼/bu, the highest levels since 2013, before settling on Friday at $7.03¼/bu, up 9 cents on the day, and gaining 22 cents for the week.

The nearby May contract settled at $6.93½/bu as it enters delivery next week.

Stronger corn prices provided good support as price relationships continue to encourage heavy wheat feeding. With the sharp rally in corn the KN/CN spread dropped 16 cents to close at +30 and traded a low of +18.

**MGE HRS Wheat Futures**

**MGE July 2021 HRS Wheat Futures** - also reached a new high on Tuesday touching $7.73¾/bu, the highest levels since 2013, before settling on Friday at $7.63/bu, up 19 cents on the day, and gaining 18 cents for the week.

The nearby May contract settled at $7.63/bu as it enters delivery next week.

CHS put out 337 MGE May receipts with WF stopping 285. The trade must be worried these receipts will get loaded out. MK/MN narrowed 8½ to close at a ½ carry.

The trade is worried over Western Canada and US HRS weather.

HRS is expected to be 50% planted by Monday.

The Commitment of Traders report showed managed money was 1,961 contracts more net long in MGE wheat futures and options as well.
Corn market bulls await bump in U.S. shipments to China

By Karen Braun, Reuters - The rapid increase in feed demand from China that began last year has been a big part of why Chicago corn futures are at multiyear highs, though a little more follow-through for U.S. exports would go a long way in confirming the storyline.

China had not been a major corn importer for several years, but domestic corn prices began rising in early 2020, prompting unusually large U.S. bookings. Through April 22, the Asian country had purchased 23.2 mmts of U.S. corn for delivery in the 2020/21 year that ends on August 31st.

Sales have cooled off in recent weeks and the focus has turned to exports, which have picked up in pace but to a perhaps lesser degree than expected. Weekly export data suggests the United States shipped about 1.75 mmts of corn to China in March, a record monthly volume.

The U.S. Census Bureau is set to publish official March trade data on Tuesday, and that is expected to show last month’s overall U.S. corn exports at a new all-time high for any month, potentially topping 9 mmts.

Shipments to China in April are faring better at about 1.8 mmts through the 22nd of April, but the weekly volumes still need to increase.

The USDA’s export sales report on Thursday showed 12.5 mmts still awaited shipment to China as of the 22nd of April, more than half of the country’s full-year commitments. That accounts for 47% of all outstanding 2020/21 sales, the largest share since the start of the marketing year.

China’s remaining balance requires an average weekly shipping pace of about 670,000 mts per week between now and the 31st of August. Inspection data suggested last week’s total at about 633,000 mts, roughly a cargo more than in the previous three weeks and a step in the right direction. (https://tmsnrt.rs/3t49hIW)

The China export requirement has become much larger relative to other destinations. Considering all outstanding sales as of the 22nd of April, the total weekly export pace would have to average just over 1.4 mmts, well below the recent four-week average of 1.85 mmts. These paces are assuming insignificant forward export sales and no cancellations or rolls to the next marketing year. Sales as of the 22nd of April accounted for 99.7% of USDA’s full 2020/21 export forecast.

China so far in 2021 has taken in substantially more corn than ever before. In the first three months, imports hit 6.73 mmts, up more than 400% from the first quarter of 2020. March imports alone were just shy of 2 mmts.

Chicago corn futures have been on a historic rise that started last year, and a lot of that strength is predicated on China importing a slew of U.S. corn in this marketing year and potentially even more in the next. But the market will undoubtedly face headwinds if China does not take all its purchases. The relatively smaller weekly export volumes already have some traders wondering whether China will roll orders to the next marketing year or potentially cancel some of them. Either of those outcomes would reduce expectations for corn exports in the current year and raise doubts about China’s future needs.

The soybean market has already felt the effects of trust issues with Chinese demand. Soybean futures have risen in recent months, but the gains have been less than those of corn. That has been partially attributed to concerns about hog disease in China, which could reduce soybean needs, and it comes despite a razor-thin U.S. supply picture that could continue into 2022.

IGC: Global grain stocks to drop to five-year low

Mainly because of an increase for maize, the forecast for world total grains (wheat and coarse grains) production in 2020/21 is 2 mmts higher m/o/m, to 2,226 mmts, up 2% y/y/y. The supply boost is absorbed by greater use, including higher feeding of wheat and larger industrial usage of maize, leaving projected stocks broadly unchanged.
m/m. As an upgrade for barley is outweighed by cuts for wheat and maize, the figure for global trade is fractionally lower m/m.

The outlook for total grains supply and demand in 2021/22 is mostly unchanged.

|          | 18/19 | 19/20 | 20/21 (f'cast) | 21/22 (proj.) | change  
|----------|-------|-------|---------------|---------------|--------
| Opening stocks | 650   | 622   | 617           | 609           | +1.4%  
| Production     | 2,141 | 2,185 | 2,226         | 2,287         | +2.7%  
| Total supply   | 2,790 | 2,807 | 2,843         | 2,895         | +1.8%  
| Total use      | 2,168 | 2,190 | 2,235         | 2,286         | +2.3%  
| of which:    
| Food          | 717   | 725   | 736           | 745           | +1.2%  
| Feed          | 965   | 989   | 1,017         | 1,046         | +2.9%  
| Industrial    | 368   | 356   | 360           | 369           | +2.5%  
| Closing stocks| 622   | 617   | 609           | 609           | +0.1%  
| Major exporters | 163  | 156   | 142           | 145           | +2.3%  
| Trade (Jul/Jun)| 364  | 395   | 416           | 409           | -1.7%  

An increase in global total grains (wheat and coarse grains) supply in 2020/21 of 36 mmts is expected to be outweighed by a 44 mmts rise in consumption, leaving stocks 8 mmts smaller y/o/y, at a five-year low of 609 mmts.

The drop in stocks is mainly because of another drawdown for maize, to the least in eight years, which contrasts with a build-up for wheat to a record. Trade is seen reaching a new high of 416 mmts (+21 mmts y/o/y).

Led by increases for wheat (+16 mmts) and maize (+52 mmts), only partly offset by decreases for barley, oats and rye, world total grains production in 2021/22 is projected to climb by 61 mmts, to a record 2,287 mmts. With the net increase in supply (+52 mmts), matched by the rise in use, world stocks are expected to stay at 609m at the end of 2021/22. However, inventories of maize are expected to fall again, to a nine-year low, while further accumulation is foreseen for wheat. Total grains trade is projected to be the second highest ever, at 409 mmts.

CORN

**IGC: Global corn imports in 2021/22 to dip for the first time in 13 years**

LONDON - According to the International Grains Council’s (IGC) most recent Grain Market Report released on April 29th, corn imports in 2021/22 by the top importers could dip for the first time in 13 years.
CME Corn May 2021 set new highs again on Friday reached the highest level since March of 2013 touching $7.46¼/bu, before settling on Friday at $7.39/bu, up 37 cents on the day, as there are no limits as we go into the delivery period. The contract gained 81 cents for the week. 

The July contract settled up limit the 25 cent limit, but was trading synthetically at $6.84¼/bu at the close.

Brazilian analysts are quite busy lowering winter corn prospects, about a month ago contacts were estimating a total of 107.5 mmts. However, SAFRAS and Mercado reduced their estimate for Brazil’s 2020/21 corn production. Their new forecast calls for a record 104.14 mmts crop, but is down 8.66 mmts from their last update.

CME will raise the daily price limits for corn futures from 25 cents/bu to 40 cents/bu effective May 3rd.

There were no delivery notices on FND for corn or mini sized corn futures on Friday. CME also reported zero notices against May ethanol.

CFTC data this afternoon showed managed money was 378,663 contracts net long in corn on 4/27. That was down 5,335 contracts from their net long last week as funds’ Open Interest dropped 10,137 contracts. Commercials also closed positions out on the week with a 100,813 cut to Open Interest. That reduced the commercial net short by 18,037 contracts to 710,596.

CME Corn December 2021 contract made new contract highs on Tuesday reaching $5.18¾/bu, before settling on Friday at $4.92¼/ bu, up 4¾ cents on the day, and gaining a net of 4 cents for the week.

CME will raise the daily price limits for corn futures from 25 cents/bu to 40 cents/bu effective May 3rd.

**BARLEY**

- **IGC: Global barley malt imports by far East Asia**

  ![Barley malt: Imports by Far East Asia](chart)

  Source: International Grains Council

**GRAIN SORGHUM**

- **Texas sorghum has good prices, needs rain**

  Adam Russell, Texas A&M - Sorghum acres are expected to be up this year as prices and increased export demand have made the crop a hot commodity, according to a Texas A&M AgriLife Extension Service expert. Ronnie Schnell, Ph.D., AgriLife Extension agronomist, Bryan-College Station, said sorghum producers could be in for a good year with timely rains.

  Schnell said about half of the state’s sorghum is planted at this point. Plantings in the Rio Grande Valley were at boot stage if not flowering already and areas along the Gulf Coast and Central Texas were progressing well. A few acres in the Rio Grande Valley were affected by the February winter storm, but weather conditions are allowing planting to remain on schedule for the rest of the state and provide good stands, he said.

  The U.S. Department of Agriculture reported the final tally of sorghum acres in 2020 was 1.8 million acres, and Schnell expects increased acreage this year due to good prices.
Sorghum off to good start - With good market conditions in place, weather will continue to be the question mark for much of the state. Sorghum tolerates heat and drier conditions better than other row crops, but water is necessary to produce good yields.

Most of the areas north of South Texas from the Upper Gulf Coast throughout the Blacklands have relatively good subsoil moisture indexes, but the soil surface is drying quickly. Areas still yet to plant sorghum, including the High Plains, are reporting short to very short soil moisture levels.

Storm systems delivered scattered rainfall recently, but the variation between the haves and have-nots was notable. “Fields are off to a good start from the Valley to North Central Texas, but we need rain to keep fields progressing well,” he said. “The majority of the state is under some level of drought condition, and while scattered rains have helped some, we need more rain-making systems to move through the state and cover a broader area.”

Few issues beyond drought - There have been very few problems with sorghum so far this growing season. Rains would help producers who have or will be making fertilizer applications soon, and dry conditions may make herbicide activation inconsistent, but disease and pest infestations have been light in South and Central Texas.

Seed companies have produced several sugarcane aphid-tolerant varieties that have helped curb their impact on sorghum yields, Schnell said. Monitoring the pests numbers and acting on good science-based recommendations to address infestations has also helped reduce their impact.

This year, herbicide-tolerant sorghum hybrids have been introduced to limited acres with more becoming commercially available soon, he said. Farmers will be able to broadcast apply herbicides over the top of sorghum for post-emerge grass control.

“All these hybrids were produced using traditional breeding methods and are non-GMO,” he said. “They’re just another set of tools farmers can use to manage weeds and protect yields.”

OATS

Higher oats prices may be key to steady and reliable supply

The outlook for the oat industry is outstanding with the spectacular expansion in demand for oat milk and other oat beverages a “real game changer,” Randy Strychar, president, Ag Commodity Research, Vancouver, British Columbia, Canada, told millers attending the virtual Spring Conference of the North American Millers’ Association on April 20th. But to meet the expanding demand for oat products, a steady and reliable supply must be assured, which, Strychar said, requires that oats be treated more as a special, even boutique, commodity and not primarily as a feed grain.

Strychar suggested oat milk, which has seen explosive demand, especially in the last 12 months, was expected to see 15% year-over-year growth through 2027. As a cow’s milk substitute, it was closing in on almond milk and may rival soy milk. Strychar pointed out this was a global trend and not at all confined to the North American market.

OILSEEDS COMPLEX

Argentine farmers speed up soy harvesting thanks to drier weather

Reuters - Argentine farmers sped up soy harvesting over the last week thanks to drier weather, the Buenos Aires Grains Exchange said on Thursday, although the pace of the harvest lagged that of the previous season due to severe rains last month.

Intense showers in early March made it difficult for harvesters to access the fields in the main agricultural areas of Argentina. The country is expected by the exchange to bring in a total 43 mmts of soy in the 2020/21 season.

Harvesting advanced 14.4 percentage points in the last seven days, to reach 32.9% of planted soy area, the exchange said in its weekly crop report. At this point last year, growers had brought in 68.2% of the 2019/20 harvest, the exchange said.

“Favorable conditions have allowed harvesting work to resume in the center of the country,” the exchange said, adding that “agro-climatic conditions of the next 10 days will be decisive.”

Meteorologists told Reuters this week that no significant rains are expected over the near term, which should allow farmers to make up of some of the time they lost harvesting over the last two months due to excessive wetness.

The exchange said this season’s corn harvest, which overlaps that of soy on the Pampas grains belt, has advanced only 19.5% so far as growers give priority to soybeans, the country’s main cash crop.

Brazil soybean exports on track for all-time April high

Brazil exported 14.6 mmts of soybeans in the first four weeks of April, with another 4 million mt loaded by the end of last week, which leaves the country on track to break a record for the month set last year. Official customs data published Monday showed Brazilian exporters on track to beat the 14.9 million mt set in April 2020.

The export rate per working day in April this year is at 974,650 mts, 31% above the level a year ago, with exports set to hit 16.8 mmts, according to grain exporters association, Anec. Record shipments in April are backed by a record crop, estimated at 135.5 mmts by the Brazilian food statistics agency Conab in early April, and by harvest delays that shifted loading volumes from March to April.

Brazil’s soybean harvest reached 91% by mid-April, with most areas yet to be harvested in the state of Rio Grande do Sul, the latest estimate from local consultancy Agrural showed on the 19th of April.
In the first quarter of 2021, Brazil exported 16.2 mmts of soybeans, 5% lower on the year due to harvest delays. In the first four weeks of April, Brazil exported just over 130,000 mts of corn at a daily rate of 8,676 mts compared to a negligible 335 mts per working day exported in April 2020.

- **EU 2020/21 soybean imports at 11.94 mmts, rapeseed 5.37 mmts**
  
  Reuters - European Union soybean imports in the 2020/21 season that started last July had reached 11.94 mmts the 25th of April, data published by the European Commission showed on Monday. That compared with 11.82 mmts cleared by the same week last season, the data showed.

  Since January 1st 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. EU rapeseed imports in 2020/21 had reached 5.37 mmts, compared with 5.18 mmts a year ago.

  Soymeal imports so far in 2020/21 were at 13.84 mmts against 14.57 mmts a year earlier, while palm oil imports were at 4.28 mmts versus 4.69 mmts a year ago.

- **CME CBOT Soybeans Futures**
  
  The lead contract CME May 2021 Soybean Futures made new contract highs on Tuesday reaching $16.08¾/bu on Friday, the highest levels since September of 2012, before settling at $15.73½/bu on the day, and gaining 33 cents for the week.

  Cargill put out 66 delivery certificates vs the SK after CIF NOLA bids faded 2 to 3 cents Thursday, but strong cash stoppers surfaced today to presumably to load out into the domestic market.

  July board crush +2c to 98. Record high D6 Rins continue to support crush margins and processors paid new highs vs the July this week to originate beans.

  It was noted this week that the latest China crush numbers were up 11% y/y; as the total since the 1st of October was up a like amount, which is more than double the USDA's forecast for the year.

  New crop CME November 2021 Soybean Futures also reached a new contract high on Tuesday of $13.84¾/bu, before settling on Friday at $13.41¾/bu. up 23 cents on the day, but gaining only 2 cents for the week.

  CME will raise the daily price limits for soybean futures from 70 cents/bu to $1.00/bu effective May 3rd.

  Hearing China is rolling a few Brazilian May cargoes forward as their pipeline is chuck full. Talk also that China may roll 4 mmts of state reserve beans in July and replace with new crop US beans. This likely means some of their remaining 26 mbus of unshipped purchases and some of the 58 mbus to unknown will get cancelled or rolled to new crop as well.

  More talk this week of a Brazilian soybean cargoes working into the east coast and also more displacement of US beans into Mexico. Data shows the US has 46 mbus of unshipped beans to Mexico, would expect that a significant portion of those get cancelled.
The US is also losing meal and oil export business as South American offers are well below the US. Recent 4-week soybean meal sales are down 25% and shipment pace is off 17%, nearly 2mbu/wk worth of crush.

- **China soybean stocks slide further as crush hit 11-wk high**
  Soybean stocks in China fell 220,000 mts on the week to 4.18 mmts last week, the lowest level since early May 2020 as the crush volume rebounded, according to China's National Grain and Oil Information Centre (CNGOIC) on Thursday.
  The weekly soybean crush volume figures jumped 160,000 mt to 1.78 mmts last week, data from CNGOIC showed.
  “Soybean arrivals increased recently and soymeal demand also improved. Crushers’ operation rates continue to rise,” said CNGOIC.
  Despite the higher crush, however, soymeal stocks were unchanged at 670,000 mts last week, down 100,000 mts on the month but were 500,000 mt higher year-on-year. Meanwhile, soyoil stocks gained 20,000 mt to 600,000 mt last week, down 80,000 mts compared with the same week last month.

- **CME CBOT Soybean Meal**

  CME July 2021 Soybean Meal Futures settled on Friday at $426.90/short ton, up $3.90 on the day, and gaining $1.40 for the week.

  The nearby May contract settled at $428.50/short ton, up $5.90 on the day, as we enter the delivery period.

  Export soybean meal demand continues to head south as export sales the past month are down close to 25% versus a year ago and shipments, off 17% or the equivalent of about 2 mbus of crush per week.

- **US meat processor Perdue to import Brazilian soybeans into the US**

  US-based meat processor Perdue has booked a 31,450 mts soybean cargo from Brazil into the US in a rare transaction amid a tight US market marked by low domestic stocks, line up data from Brazilian shipping agency Cargonave showed on Tuesday.
  The vessel named Four Turandot is expected to leave the Barcarena port in northern Brazil on May 9, according to Cargonave data, and will head to the US port of Norfolk in Virginia, Terry Reilly from Futures International told Agricensus.
  "It’s hard to get supply from the Midwest to those meat producers on the southeast coast," Reilly added.
  Brazilian beans are seldom exported to the US due to the latter’s large domestic production and to freight costs.
  Perdue’s cargo alone will be larger than all yearly beans exports from Brazil to the US since 2014 when just over 1 mmts of beans were traded between the two countries, mostly between April and July when soybean futures prices were close to current levels.
  The move follows reports that rival meat producer Smithfield, among the world’s biggest pork producers, sourced Argentinian corn late last week.
CME Soybean Oil

CME May 2021 Soybean Oil Futures reached the highest level since July 2008 on Thursday, touching $70.86 cwt, before settling at $67.80/cwt, up $1.81 on the day, and gaining $5.09 for the week. Soybean oil futures closed the Friday session mixed. Cargill also delivered 629 oil, but not from their own plants, ADM showed up to stop 116, would expect more strong stoppers if certificates recirculate.

Oil was back leading the market, BON closing limit higher, a new 12 yr high.

Egypt's GASC buys 30,000 mts of soyoil in international tender

Reuters - Egypt's state grains buyer, the General Authority for Supply Commodities (GASC,) said on Wednesday it bought 30,000 mts of soyoil in an international purchasing tender for arrival June 21st - July 10th.

GASC bought the soyoil from ADM at $1,263/mt for payment at sight, traders said. GASC also bought 34,000 mts of local vegetable oils in a domestic tender for arrival June 26th - July 15th, traders added. Traders gave the following breakdown of the purchases in the domestic tender:

- Alex co. For Seeds: 15,000 tonnes of soyoil at 19,725 Egyptian pounds
- Safa: 10,000 tonnes of soyoil at 19,725 Egyptian pounds
- El Magd: 5,000 tonnes of soyoil at 19,725 Egyptian pounds
- UCMMA: 4,000 tonnes of soyoil at 19,725 Egyptian pounds

ICE canola futures surge to another record high

ICE canola futures surged to a record high on Friday reaching C$919.90/mt, the highest level since March 2008, lifted by tight Canadian supplies and robust demand for oilseeds the May contract, trading in lower volume ahead of expiry on May 14, settled at 908.70 on Friday. All figures in Canadian dollars unless noted.

Canada's agriculture ministry estimated canola plantings to rise 4% from last year to 21.6 million acres. Trade expects, on average, Canadian canola plantings of 22.6 million acres, up from 20.8 million a year ago, according to a Reuters survey. Statistics Canada will issue its planting intentions report on April 27th.

Canadian farmers to boost canola production

Bloomberg Ottawa Citizen - Canadian farmers will up their acreage of commodities in high global demand this spring such as canola, barley and soy, while planting less wheat and peas, according to Statistics Canada.

Canola plantings are seen increasing for the first time since 2017 after prices soared to the highest in more than a decade this month amid strong appetite from China, the agency said in a report which was released Tuesday.

Meanwhile, farmers will boost barley acreage by about 14% during the 2021-2022 crop year and soybean plantings will also rise following price rallies in both commodities.

"Area dedicated to wheat may decrease as some farmers anticipate planting more oilseeds," according to Statistics Canada.
Stronger global demand for canola this year has sparked fears of a shortage of the oilseed used for vegetable oil, processed foods and animal feed.

China has accelerated its imports from Canada, the world’s biggest canola producer, leading to dwindling stockpiles.

Meanwhile, several suppliers have plans in the works to increase their Canadian canola processing over the next few years.

Farmers are forecast to plant 23.3 million acres of wheat in 2021, down about 7% from last year, largely due to a drop in spring wheat plantings. Meanwhile, peas, used in plant-based food products that are rising in popularity, will see a 10% drop in planted area.

Viterra latest to build Canada canola plant as demand surges

Reuters - Private agribusiness Viterra Inc said on Monday that it will build the world's biggest canola-crushing plant at Regina, Saskatchewan, and open it in late 2024, as interest in turning oilseeds into renewable fuel stokes already strong demand.

Rivals Cargill Inc and Richardson International also announced plans recently to build plants in the same Canadian province, with canola futures hitting record highs. U.S. soybean-crushing capacity is also increasing.

Rotterdam-based Viterra said its new plant will crush up to 2.5 mmts of canola per year, eclipsing Richardson's plan.

Viterra, owned by commodity trader Glencore PLC, and Canadian pension managers CPP Investments and British Columbia Investment Management Corp, did not disclose the plant's cost. Viterra operates smaller canola crush plants in Quebec, Manitoba and Washington state.

Canada is the biggest global producer and exporter of canola, a variant of rapeseed, that crushers process into oil and meal. Canola oil is used in salad dressings and other foods, and refiners plan to also produce renewable diesel, a clean-burning fuel, from it.

"We continue to feel there will be added demand on top of food, with increased fuel demand," said Kyle Jeworski, chief executive officer of Viterra’s North America operations, in an interview. "Our intent is to service both markets." Viterra has no plans to produce renewable diesel from its own canola oil, he said.

Plans for more crush plants in Saskatchewan underline questions about supply. Canola plantings have levelled off in recent years. Jeworski expects plantings to increase, adding that developers are producing better seeds to increase yields.

"Our western Canadian farmers are somewhat underappreciated in terms of the sophistication in technology and improvements in agronomic practices that they continually undertake - that bodes very well for projects such as this," he said.

CME Palm Oil Swaps May 2012

CME May 2021 Palm Oil Swaps reached new highs on Tuesday, touching $972.25/mt, before settling on Friday at $941.25/mt, down $11.00/mt this week.

Palm jumps most in 11 months as rival soyoil gains

Reuters - Malaysian palm oil futures logged their biggest jump in 11 months to close 4.76% higher on Tuesday after falling for two straight days, tracking gains in U.S. soyoil prices.

The benchmark palm oil contract for July delivery on the Bursa Malaysia Derivatives Exchange last traded at 4,072 ringgit (US$994.14/mt) on Tuesday, the highest closing price since the 15th of March.

"Since palm is trading at big discount to soy, any strong upside in soy, palm will follow up," a Kuala Lumpur-based trader said.

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

The Chicago Board of Trade soyoil contract jumped 4.11% and Dalian's most-active soyoil contract added 0.09%. Dalian's palm oil contract slipped 0.24%.
China's road restrictions could acerbate protein shortages as second ASF wave continues

Global AgriTrends - This week, China has started to recognize the enormous problem it has with the second wave of ASF and the significant losses its incurring. Transport restrictions will come into law this May and are likely to see a reallocation of resources within China. The transport controls are expected to prevent 140 million hogs from being transported across China each year and will see in the short to medium term a distortion in hog prices across the country.

Hog prices in the south are likely to be pushed higher due to limited availability and be depressed in the north due to excess animals and limited kill capacity. Meat processing facilities will need to be built in China's north and pig farms in the south. Regional controls have worked in other countries like Brazil and Spain on preventing the spread of diseases, and China's inability to contain the second wave of ASF has led to these new transport controls.

China's ASF problems will be exacerbated by these restrictions as resources in the north should be in the south of China and vice versa. The ability to build new breeding and finishing facilities in south China is likely to occur once the second wave has been brought under control. The lack of skilled labour is just as big a problem in China as it is in other parts of the world, and the lack of building materials and higher commodity prices takes that has taken its toll on industries globally that are trying to expand at the moment.

Market evidence also points to ongoing outbreaks of ASF in China, the recent announcement on livestock transport restrictions is likely to see the government rhetoric of the hog herd being back to 97.5% of its capacity die down. The price actions in the China market paint a far more bleak picture.

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Key points in recent weeks that point to significant hog losses due to a second wave and a large protein deficit Record meat imports in March for pork - a country that is supposedly almost back to 100% of its hog herd would not be increasing its pork imports to record levels.

China domestic hog and beef prices remain at very high levels, indicating an ongoing shortage. The recent fall in domestic hog prices due to the 'rush to the door' has seen a 40% fall prices. These prices looked like they have bottomed at 21.7 RMB/kg in the last week and started to move higher with the latest price this week at 23.6 RMB/kg.

Domestic piglets and sow prices remain at elevated levels exceeding more than double their pre-ASF levels.

CME Group Expands Daily Price Limits for Grains

The CME Group announced after a routine biannual review, it has decided to expand daily price limits for Chicago Board of Trade grain and soy futures. The new limits will take effect the 2nd of May for trades dated May 3rd.

It also widened limits for oats, rough rice, lumber futures and other grain futures contracts. Here are some of the new limits:

- SRW and HRW wheat futures: 45¢ per bu. (40¢ per bu.)
- Corn: 40¢ per bu. (currently at 25¢ per bu.)
- Soybeans: $1.00 per bu. (70¢ per bu.)
- Soymeal: $30 per short ton ($25 per short ton)
- Soy oil: 3.5¢ per lb. (2.5¢ per lb.)

"Some of these limits are expanded by 50%," says Jerry Gulke, president of the Gulke Group. "That’s huge volatility."

Price limits represent the maximum price range permitted for a futures contract in each trading session, according to CME. Price limits vary from product to product, as does what happens when a price limit is hit. Grain futures, for example, have daily hard limits.

For example, he says, limit up and limit down in corn will now be 80¢. On 200 bu.-per-acre corn that’s $160 an acre. On 10,000 acres, gross income could move around $1.5 million in one day.

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“Watching markets on a weekly basis should make for interesting times ahead and give volatility a whole new meaning especially with new limits widened appreciably,” Gulke says. “There’s an old saying the markets will shake the loose leaves off the trees, but none of us have ever seen volatility like this.”

**LOGISTICS**

- **Ag exporters seek remedy for container shipping crisis.**

As the container shipping crisis continues its crippling effect on U.S. exporters, the Specialty Soya and Grains Alliance joined nearly 300 agricultural and forest product associations and companies, including several SSGA members, this week in signing on to a letter to Transportation Secretary Pete Buttigieg, urging immediate intervention to remedy the situation. “We need action now,” the letter states, “not additional studies.” SSGA agrees, as U.S. exporters and their access to foreign markets must be protected.

The letter requests that the Department of Transportation assist the Federal Maritime Commission (FMC) “in expediting its enforcement options” and “consider its existing authorities” to determine how it can assist U.S. exporters and the ag producers they serve in their transportation needs.

For more than six months, U.S. ag exporters, including SSGA members who supply Identity Preserved soya and specialty grains for food manufacture, have suffered under unreasonable practices by ocean carriers. These practices include the declining of U.S. agricultural and other exports in favor of sending empty containers back overseas in order to keep up with the massive demand for consumer imports.

The imbalance has caused congestion, delays and even cancelation at the ports, and carriers have failed to provide accurate notice of arrival, departure and loading times. Carriers have also imposed unreasonable, punitive financial penalties on exporters, who, through no fault of their own, have missed loading windows. This is in violation of detention and demurrage guidelines set forth by the FMC. SSGA and other associations have previously supported FMC’s investigation into these practices.

It has been estimated that $1.5 billion in ag exports has been lost during this crisis, which has come on the heels of a pandemic that has also severely injured the market.

With no sign of the crisis letting up in the immediate future, SSGA is hopeful that Secretary Buttigieg will act upon this increasingly dire situation. Our members, allies and partners at the Agriculture Transportation Coalition have specific measures to propose and are requesting the opportunity to present them.

Copies of the letter were also sent to Agriculture Secretary Tom Vilsack and leadership of the Senate and House transportation committees.

- **Fewer orders of new vessels supports dry bulk shipping outlook**

Reuters - A lack of orders for new ships is providing further support to the dry bulk freight market as demand for commodities accelerates, a senior executive at U.S. agribusiness giant Cargill said.

The Baltic Exchange’s main sea freight index, which gauges the cost of shipping commodities such as grain, iron ore, cement, coal and fertiliser, has rallied close to an 11-year high this week, helped by rising rates for larger capesize ships.

Shipping officials say orders for new vessels are slowing partly due to the uncertainty over what technology to invest in as the industry comes under pressure to slash greenhouse gas emissions in the coming decades.

The rally in rates has been driven especially by a surge in demand for commodities in China, the world’s second-biggest economy and one of the biggest importers of dry bulk goods.

"We are seeing demand continuing to be strong, especially on the main commodities," Jan Dieleman, president of Cargill’s ocean transportation division, told Reuters. Capacity in the dry bulk fleet is projected to rise 2.0% in 2021 and just 0.8% in 2022, compared with 3.2% last year and 4.1% in 2019, Refinitiv analysis showed.

"We do not have this ordering boom that we have always seen when there was a bit of an uptick in rates," Dieleman said, adding that this meant the recent rise in shipping rates looked set to be sustained.

Cargill is one of the world’s biggest charterers of ships with between 600 to 700 vessels in its chartered fleet, of which 90% are for dry bulk.

It takes up to three years on average from placing an order for a new ship to delivery and vessels typically operate for more than 20 years, by which time ships that pump out higher emissions may not be viable.

"What are you going order for the next 20 years? It's not that obvious," Dieleman said.

- **Union Pacific Builds State-of-the-Art Transload Terminal in Chicago**

PRNewswire - Union Pacific today announced that it is building a state-of-the-art grain transload facility within its Global IV intermodal terminal in Joliet, Illinois that will reduce supply-chain costs for agricultural producers and processors. The Union
Government

- **Russian export duties on soybeans could be 20% starting July 1**
  Interfax - Russian export duties on soybeans could be 20% starting on July 1, though not less than $100 per tonne, a source familiar with the discussions on the matter prior to the meeting of the customs subcommittee has told Interfax.
  The source also said that the export duties would be valid until September 2022.

- **Argentine minister confirms export duty rise is under consideration**
  Argentina’s interior trade secretary Paula Espanol has confirmed that the government is studying increasing controversial export duties as part of its attempt to decouple rising international prices from firmer domestic food prices during an interview with a local radio station.
  “The increase in export duties is part of a range of measures and is under analysis. Let’s not pay for food here like in the rest of the world,” Espanol said during the interview, going on to explicitly link the export duties with “decoupling prices from international levels. In order to decouple export prices from domestic prices, measures or certain tools must be used, whether they are export declarations, export duties or certain quotas or reserve requirements to be more specific,” Espanol continued.
  The minister highlighted that the international price of sunflower has increased by 130% in dollars in one year and noted that the same dynamics were at play with soybeans, wheat and corn, “which is the input for chicken and pork.”
  The national government is extremely worried about growing domestic inflation rates, particularly around staples such as corn, wheat and meat prices, which could affect the performance of the ruling Frente de Todos coalition in the upcoming mid-term election, scheduled for the last quarter of the year.
  Jorge Chemes, head of rural entity CRA, told Agricensus that these statements made by Espanol are against of the current needs of the productive sectors.
  “The main rural entities had a meeting with Agriculture minister Luis Basterra, and he proposed us a number of initiatives with the aim of boosting production. In less than 24 hours, we see a new direction that is totally contrary of what they proposed,” Chemes said. “We told the minister that in order to move forward with these proposals, first we need to generate trust between the government and the rural sector. These new statements by Espanol generate greater mistrust and the farmers will not trust the government even if they say that they intend to carry out policies to incentivise investments in the rural sector,” Chemes added.
  Last year, the government modified the export duty scheme and implemented a gradual cut with the aim of boosting exports. Following the three-month reduction plan, soybean export duties for the largest producers now stand at 33% while export duties for soymeal and soyoil are at 31%. Prior to these modifications, all exports in the soybean complex paid a similar level of duties.
  Currently the export duty for wheat and corn is set at 12%, but under Argentine law the government can establish a maximum export duty for cereals of up to 15%, meaning that the government still has room to increase duties for these grains by up to three points.

- **Viterra’s Port of Adelaide receives exemptions**
  The Australian Competition and Consumer Commission (ACCC) has decided to exempt Viterra’s Port Adelaide Inner Harbor and Outer Harbor facilities from parts of the Port Terminal Access (Bulk Wheat) Code but not to exempt the grain handler’s services at its Wallaroo and Port Giles facilities.
  The decision means Viterra will no longer be subject to requirements not to discriminate against exporters seeking access to its facilities and will not be subject to access-related dispute resolution processes at Inner Harbor and Outer Harbor. The company also will not require ACCC approval of its capacity allocation systems and will no longer be required to publish certain information about expected capacity or bulk grain stocks held at these port terminals. However, Viterra still will have to follow these requirements at its Port Giles and Wallaroo facilities.
“While Viterra is the dominant port service provider for South Australia’s bulk grain export market, we believe their Inner Harbor and Outer Harbor facilities now experience sufficient competition to justify a reduction in regulation,” said Mick Keough, deputy chair of the ACCC. “We are satisfied that Viterra’s Port Adelaide terminals face adequate competitive constraint from three main sources: nearby third-party terminals, Port Adelaide’s containerized export, and domestic grains markets.”

Keough said the ACCC believes it is able to reduce regulation at Viterra’s Port Adelaide operations as the level gives users options in getting their grain to market. “We don’t believe, however, that Viterra’s Port Giles and Wallaroo facilities currently face enough competition to support a decision to exempt it from the parts of the code which regulate access to the facility by other parties,” Keough said. “But we will continue to closely monitor developments in the South Australian market to see if additional competitors emerge.”

The ACCC noted that Viterra is still required to deal with grain exporters in good faith, publish a port loading statement and loading procedures, and make standard terms and reference prices available at the Port of Adelaide. It also remains subject to the competition law provisions in Part IV of the Competition and Consumer Act 2010.

“The ACCC can revoke its decision to exempt the Port Adelaide terminals at any time, should the reasons for granting it no longer apply,” Keough said.

Viterra made applications to be exempt from Parts 3 to 6 of the Code at all six of its South Australian port terminals in July 2019. The ACCC’s assessment has required consideration of Viterra’s operations and the broader South Australian grain industry. Given the ongoing changes and market developments, the ACCC has consulted stakeholders and considered a range of data, including current peak season shipping data.

The ACCC anticipates it will release final determinations for Viterra’s Port Lincoln and Thevenard facilities in July 2021, after it considers peak period shipping data.

**International Crop & Weather Highlights**

- **Argentina dry weather forecast dispels fears of soy losses**
  Reuters - The driest weather conditions of the coming weeks would drive the delayed harvest of 2020/21 soybeans in Argentina, driving away fears of further productive losses due to excess humidity, said a climate specialist and an analyst at the Buenos Aires Grain Exchange (BdeC).

  Argentina is the world's leading supplier of soybean oil and flour. According to the BdeC, the country would report a production of 43 mmts of oilseeds due to the effects of a drought during the campaign. However, in recent weeks the focus was on the significant delay in soybean harvesting due to heavy rains in important agricultural areas, which ignited alarms about potential productive losses.

  “There's going to be good weather for at least a week, it can be up to ten days. The pace (soybean harvesting) is going to be recomposed under these conditions,” said Germán Heinzenknecht, meteorologist at the Consultant for Applied Climatology (CCA).

  According to the BdeC, soybean harvesting in Argentina is 37.9 percentage points delayed from the harvest rate of the previous year, at 18.5%.

  Delays in harvesting the grain due to excess moisture - which make it difficult for harvesters to enter the fields - are a threat to farmers, as there is a risk that soybean beans will sprout in pods, resulting in a loss of the harvestable area.

  "We are seeing between 10 and 14 days without major rainfall,” said Andrés Paterniti, an analyst at BdeC, who noted that "work in the fields should be intensified" with the weather conditions envisaged. Paterniti noted that the delay in oilseed harvesting is partly due to Argentine producers delaying the planting of many early batches due to the drought that affected the country in the first half of 2020, which can affect the productivity of these plants.

- **USDA/WAOB Joint Agricultural Weather Facility – 24th April 2021**

  **Europe** – Increasingly Dry In England, France, And Germany
  - Increasingly dry weather in England, France, and Germany reduced soil moisture for vegetative winter crops, though rapeseed and wheat were reproductive in parts of France.
  - Showers maintained favorable conditions for vegetative to reproductive winter grains in Spain.
  - Locally heavy rain sustained good early-season prospects for vegetative winter grains and oilseeds in the Balkans, though chilly weather slowed crop development.

  **Western FSU** – More Rain
  - Additional rain maintained abundant soil moisture for vegetative winter crops in the Black Sea Region.
Middle East – Heat Was Untimely In The Central And East
- Intensifying heat was untimely for winter grains approaching or progressing through reproduction in Syria, Iraq, and Iran.
- Showers in western Turkey benefited vegetative to reproductive wheat and barley.

Northwestern Africa – Winter Grains Approaching Maturity
- Winter wheat and barley were approaching or progressing through the filling stages of development across the region; conditions are very good in Morocco and Tunisia but variable in Algeria.

South Asia – Hot, Some Showers
- Periods of showers and seasonably hot weather prevailed across India and southern Pakistan, rabi (winter) crop harvesting continued and preparations where underway for the kharif (summer) growing season.

East Asia – Beneficial Rain
- Showers in eastern and southern China supported reproductive wheat and rapeseed (east and south) as well as vegetative early-crop rice (south).

Southeast Asia – Typhoon Surigae, Shifting Seasonal Rainfall
- Typhoon Surigae passed off the eastern coast of the Philippines, only producing heavy showers in eastern-most locales.
- Seasonal rainfall shifted northward in the region, bringing drier weather to southern Indonesia and wetter weather to southern parts of Thailand. Field and paddy preparations continued in northern portions of the region ahead of the start to the wet season.

Australia – Generally Favorable For Crops
- In the wheat belt, adequate to abundant soil moisture and mostly dry weather promoted early winter crop planting and allowed summer crop harvesting to proceed.

South America – Wetness Continued In Argentina; Dryness Dominated South Brazil
- In Argentina, heavy rain increased long-term moisture reserves for establishment of winter wheat and barley, but the wetness disrupted harvesting of summer grains, oilseeds, and cotton.
- Showers benefited corn and cotton in Brazil’s northern farming areas, but unseasonable dryness reduced moisture for corn, and emerging wheat, farther south.

Mexico – Most Major Farming Areas Remained Unseasonably Dry
- Moisture was limited for germination of corn and other rain-fed summer crops.

U.S. Agricultural Weather Highlights – Friday 30th April 2021

In the West, very warm, dry weather favors fieldwork and crop development. Today’s high temperatures will exceed 100°F in parts of the Desert Southwest. However, many rain-fed crops lack moisture, as 84% of the 11-state Western region is experiencing drought, according to the April 27 U.S. Drought Monitor. On April 25, USDA/NASS reported topsoil moisture at least 50% very short to short in eight Western States.

On the Plains, scattered locations in Oklahoma and Texas are recovering from recent strong thunderstorms; on Wednesday evening, hail up to 4 inches in diameter was reported in several communities. Meanwhile, the arrival of unusually warm weather across the northern Plains is aggravating the effects of drought on winter wheat and emerging summer crops. Today’s high temperatures should approach 90°F in eastern Montana and the western Dakotas.

In the Corn Belt, cool, dry, breezy weather prevails in the Great Lakes region, where today’s high temperatures will remain below 65°F. Meanwhile, encroaching warmth across the western and southwestern Corn Belt, including Missouri and Nebraska, favors a rapid corn and soybean planting pace. In the South, showers across eastern Texas are generally benefiting recently planted crops (e.g. cotton and rice) but resulting in local flooding. Dry weather covers much of the remainder of the region, although lingering warmth in the southern Atlantic region contrasts with windy, cooler conditions in the middle Atlantic States.

Outlook: A frost advisory has been issued for Saturday morning across portions of the middle Ohio Valley and environs. Farther south, rainfall through Saturday could total 2 to 6 inches or more in parts of central, southern, and eastern Texas. By Sunday, shower activity will shift eastward in conjunction with a disturbance crossing the nation’s mid-section. Five-day rainfall could reach 1 to 3 inches in the Mississippi Delta and Tennessee Valley. In contrast, little or no rain will fall during the next 5 days in the Pacific Coast States, Great Basin, Desert Southwest, northern Plains, and southern Atlantic region. Elsewhere, a brief surge of warmth across the Plains and Midwest will retreat into the South early next week, while cool weather will return across the Rockies, northern and central Plains, and upper Midwest. The NWS 6- to 10-day outlook for May 5 – 9 calls for the likelihood of near- or above-normal temperatures and near- or below-normal precipitation in most areas from the Pacific Coast to the Plains. However, cooler-than-normal conditions will prevail from the middle and upper Mississippi Valley into the Great Lakes States, while wetter-than-normal weather should cover the lower Southeast, as well as the Northeast and portions of the Great Lakes region.

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

*Crop stage sensitive to moisture and temperature stresses.

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