Notes and Observations in International Commodity Markets

6th August July 2021

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

NEW! IGP Market Information Website: http://www.dtnigp.com/index.cfm

KSU Ag Manager Link: https://www.agmanager.info/grain-marketing/grain-market-outlook-newsletter/notes-and-observations-international-commodity

KSU Agriculture Today Link - Grain market update, World grain supply and demand report: https://agtodays.kansasstate.edu/grain-market-update-world-grain-supply-and-demand-report

Contents

US DOLLAR & FOREIGN EXCHANGE ................................................................. 2
- US Dollar Index- Dollar Rallies To A 1-1/2 Week High .......................... 2
- Import Surge Sends US Trade Deficit to Record High ......................... 2

WHEAT ........................................................................................................... 3
- Argentina expects record 2021/22 wheat production .......................... 3
- Kazakhstan wheat output challenged with dry weather .................. 3
- CME CBOT Wheat Futures ................................................................. 3
- CME KC HRW Wheat Futures .......................................................... 4
- MGE HRS Wheat Futures ................................................................. 5

COARSE GRAINS .......................................................................................... 5
- Argentina expects record 2021/22 corn production ............................ 5
- Brazilian meat packer imports 30 shiploads Argentine corn .......... 5
- Brazil’s plan to boost first crop corn stalks on soybean’s lure .......... 6

BARLEY ......................................................................................................... 7
- Argentina 2021/22 barley production and exports ......................... 7
- Australian Barley .................................................................................... 7
- Turkey provisionally buys feed barley in tender ............................. 8
- Jordan gets only one participant in 120,000 tonne barley tender - trade 9

GRAIN SORGHUM .................................................................................... 9
- Argentina 2021/22 grain sorghum production and exports ............. 9
- Record Grain Sorghum Demand ....................................................... 9

ETHANOL .................................................................................................... 11
- CME Ethanol Futures .................................................................... 11

OILSEEDS COMPLEX ........................................................................... 12
- Brazil’s soybean exports tank on reluctant Chinese buying .......... 12
- Brazil’s Mato Grosso soybean output raised, corn production trimmed 12
- Argentine farmer sales of 2020/21 soy down 7.7% from last year ... 12
- Argentina’s grain shipments fall but vegetable shipments soar .. 13
- Argentina’s soybean crush reaches 22.06m mt in H1 2021: BCR ....... 13
- Record harvest expected for EU oilseeds ........................................... 14

SOYBEANS .............................................................................................. 14
- EU 2021/22 soybean imports at 1.07 mmts, rapeseed 250,681 mts .... 14
- India soya futures hit record high, processors seek curb on speculation 14

CANOLA / RAPESEED .......................................................................... 15
- CME CBOT Soybeans Futures .......................................................... 15
- ICE Canadian Canola Futures ......................................................... 15
- Canada: canola yields shrivel ......................................................... 15

VEGETABLE OILS ..................................................................................... 16
- Palm rallies on tight output, CBOT continues to slide ................. 16
- CME Palm Oil Swaps ................................................................. 17
- CME Soybean Oil ................................................................. 17

PLANT PROTEIN MEALS .................................................................... 17
- CME CBOT Soybean Meal .............................................................. 17
- Record-breaking soymeal exports continued in Brazil ............... 17

OTHER RELATED NEWS ...................................................................... 18
- Cotton Climbed Triple Digits To New Life of Contract Highs ......... 18
- Bayer suspends the sale of soybeans in Argentina ......................... 18
- Ten entities ask France to cut imports of Brazilian products .......... 18

LIVESTOCK NEWS & ISSUES .............................................................. 19
- Dominican Republic Proposes Drastic Measures to Control ASF .... 19
- Dominican Republic to Kill Pigs Over African Swine Fever Outbreak 20

TRANSPORTATION ............................................................................. 20
- Baltic Dry Index - Higher rates propel Baltic index to over 1-month high 20
- Baltic Dry Freight Index - Daily ......................................................... 20
- Historic low river levels force Argentine grains ships to cut cargoes 25% 21
- Freightos Baltic Index (FBX): Global Container Freight Index - Daily 21
- Freightos West Coast N.A. – China/East Asia Container Index - Daily 22
- STB Asks Class I Railroads To Provide Information on Container Congestion 22

LOGISTICS ............................................................................................ 22
- Strike at Argentina port suspended ............................................... 22
- Strike at Argentina port suspended ............................................... 22
- Argentina Bunge facility shut down after silo collapse ............... 23
- Argentina Bunge facility shut down after silo collapse ............... 23
- Argentina declares state of water emergency ............................... 23
- Unrest in Cuba shakes up ag trade outlook ................................. 23
- U.S. Congress advancing agriculture appropriations bill .......... 24

GOVERNMENT ...................................................................................... 24
- India’s monsoon rains forecast to be average in August, September 26
- USDA/WAOB Joint Agricultural Weather Facility – 17th July 2021 26
- Reference: Conversion Calculations ............................................. 26
- USDA FAS OGA Crop Calendar ...................................................... 27
MARKETS FINISHED THE WEEK ON A STRONGER NOTE

GHA – Grains and oilseeds finished the week on a stronger note after a mixed week, as a stronger U.S. Dollar limited gains.

- September KC wheat was the leading percentage gainer among grain contracts this week, benefitting from adverse weather in Russia and Europe.
- September KC wheat closed up 14 ¼ cents, Chicago wheat was up 6 ¾ cents and Minneapolis wheat was up 12 ½ cents.
- While September corn closed down ¾ cent, December corn ended up 3 ½ cents.
- November soybeans were up 8 ¼ cents, marking time while traders wait to see how much rain comes from this weekend’s forecast.
- Friday cotton rallied triple digits for October and December contracts as prices set new life of contract highs.
- U.S. gas prices have surged to a new seven-year high following crude oil prices, lending support to both ethanol and biodiesel.

We will be awaiting the August 12th USDA WASDE Report next week.

Enjoy your weekend! 😊

US DOLLAR & FOREIGN EXCHANGE

- US Dollar Index- Dollar Rallies To A 1-1/2 Week High

EUR/USD (^EURUSD) on Friday dropped to a 2-week low on dollar strength along with weaker-than-expected Eurozone economic data. German June industrial production unexpectedly fell -1.3% m/m, weaker than expectations of +0.5% m/m. The dollar index on Friday rose +0.533 (+0.58%). EUR/USD fell -0.0073 (-0.62%). USD/JPY rose +0.44 (+0.40%). The dollar index on Friday rallied to a 1-1/2 week high on the strong U.S. payroll report and the jump in the 10-year T-note yield to a 2-week high of 1.299%, which strengthened the dollar’s interest rate differentials.

USD/JPY on Friday climbed to a 1-1/2 week high as higher T-note yields supported USD. Also, Japanese economic concerns weighed on the yen after Japan June household spending unexpectedly fell -5.1% y/y, weaker than expectations of +0.2%. Friday’s U.S. economic data was bullish for the dollar. U.S. July nonfarm payrolls rose +943,000, stronger than expectations of +870,000 and the biggest increase in 11 months. Also, the July unemployment rate fell -0.5 to a 16-month low of 5.4%, showing a stronger labor market than expectations of 5.7%. In addition, U.S. June consumer credit rose a record +$37.69 billion (data from 1905), stronger than expectations of +$23.00 billion.

August gold (GCQ21) on Friday closed down -45.10 (-2.50%), and Sep silver (SIU21) closed down -0.966 (-3.82%). Precious metals on Friday sold off, with gold falling to a 5-week low and silver sinking to a 4-month low. Friday’s better-than-expected U.S. July payroll report boosted the dollar and sent T-note yields soaring, and prompted long liquidation pressure in precious metals. Precious metals remained under pressure Friday after the S&P 500 rallied to a new record high, curbing the safe-haven demand for precious metals.

The dollar and gold have continued safe-haven support from concern the worldwide spread of the delta Covid variant will crimp the global economic recovery. The 7-day average of new U.S. Covid infections rose to a 5 ¼ month high Thursday of 98,369.

Import Surge Sends US Trade Deficit to Record High

Epoch - The U.S. trade deficit in goods and services rose to a record high in June, largely due to a surge in imports as businesses built up inventories to meet robust consumer demand.

The Commerce Department said in an August 5th statement that the trade deficit, the difference between exports and imports of goods and services, rose by 6.7% in June, hitting an all-time high of $75.7 billion. Imports climbed to a record high as well, rising by 2.1% over the month to $283.4 billion. Exports edged up by just 0.5% in June to $207.7 billion.
The June increase in the trade deficit was driven by a rise in the goods deficit of $4 billion to $93.2 billion and a drop in the services surplus of $700 million to $17.4 billion. In the year-to-date, the trade deficit increased by 46.4 percent to $135.8 billion compared to the same period in 2020. Some analysts believe that the trade deficit will taper in the coming months, as the surge in consumer spending associated with the re-opening of the economy wanes.

WHEAT

FranceAgriMer reported the French wheat harvest had reached 66% complete. That trails last season’s pace of 97% as mid-July rains delayed the harvest start and presented quality concerns. USDA’s FAS reported 308,275 mts of wheat export sales during the week ending July 29th. YTD wheat commitments were seen at 8.413 mmts (309.1 mbu), which was 18% below last season’s pace.

Japan purchased 92,285 mts of wheat via their regular tender. Of that, 64,480 mts were to be sourced from the U.S.

South Korea issued a 135 kmts wheat tender for U.S., Canada, and Australia. Jordan issued an international tender for 120 kmts of wheat.

Russia’s weekly wheat export tax rate was ~40 cents/mt lighter and will be ~$31/mt for next week.

Argentina expects record 2021/22 wheat production

USDA - Argentina’s wheat production is expected to reach record levels in 2021/22 along with wheat exports, according to a report from the USDA’s FAS. Wheat production is estimated at 20.8 mmts with exports at 14 mmts (including wheat flour).

“Despite increases in agricultural input prices, farmers are continuing to make investments in improved seed varieties and agrichemicals to improve quality and yields, as they anticipate positive financial returns at current prices,” FAS said.

Exports in the first four to months of the new marketing year will most likely go to Southeast Asia and African countries. Exports to Brazil are stable throughout the year, with a projected total volume of 5.8 to 6.0 mmts, FAS said.

In an effort to control domestic food prices by increasing domestic supplies, the government of Argentina has imposed various export controls, most recently in beef and earlier in corn. Wheat is also considered a key commodity and local market participants are aware that the government would be willing to intervene in the wheat export market if there was perceived to be a lack of supply in the

Kazakhstan wheat output challenged with dry weather

Reuters - Kazakhstan’s drought-challenged 2021 wheat crop will be boosted by high stocks and Russian grain imports.

The country has experienced dry, hot weather in recent weeks and plans to prohibit rye exports and limit barley and wheat exports for feed use for six months beginning August 15th.

Kazakhstan, one of the largest grain producers in Central Asia, decreased its wheat 2021 wheat output estimate to 11.9 mmts from 13 mmts. The country harvested 13.66 mmts of wheat in 2020.

Viktor Aslanov, the head of Kazakhstan’s Grains and Oilseeds research bureau, told Reuters: “One should not look only at production. The supply will not change significantly year on year.”

By September 1st, Aslanov expects Kazakhstan to have about 1.3 mmts in stocks and to import about 2 mmts of wheat from Russia this year, creating a total supply of 12.7 mmts for 2021.

The push for restrictions on wheat exports has received mixed reviews. Kazakhstani grain millers have inquired that the government implement export duties on wheat while Kazakhstan’s Grain Union has urged for no intervention for fear of losing traditional Central Asian markets, Reuters reported.

CME CBOT Wheat Futures

Wheat climbed higher this week as the world crop outlook shrinks, as from Friday to Friday September SRW was a 15¾ cent gain, KC was a 32½ cent gain, and spring wheat was up 11½ cents.
Crops in the U.S., Canada, Russia, and the EU all dwindling in size due to adverse weather conditions. The supply of wheat is becoming tighter and tighter, harvesting is making only sluggish progress in many places. Southwestern Russia continues to contend with high temperatures. Western Europe is dealing with rain at harvest time and Argentina has experienced low temperatures, unfavorable for wheat.

These recent adverse weather conditions will bring a lot of attention to USDA’s August 12th report, but world wheat production will probably still be at a record high level.

Two private Canadian forecasters released estimates on crop size. LeftField Commodity 16.15 mmts non-durum and 3.57 mmts durum for a total of 19.72 mmts; and Kostal Ag 18.075 mmts non-durum and 4.175 mmts durum for a total of 22.25 mmts.

Paris Euronext wheat futures his contract highs today which likely helped influence US markets. Concerns about too much rain impacting the quality of the French wheat crop harvest was a major driver. Currently in France farmers have harvested 66% of their soft wheat crop. This is roughly 11 days behind the average pace the past 5-years. Harvest delays and low-test weights have pushed French export premiums higher as several vessels are waiting to get loaded. Heavy rains in Germany led to the farmer group DBV to cut their estimate of the German wheat crop by 2 mmts to 21 mmts.

USDA all wheat is 31.5 mmts, while the trade is likely thinking closer to 23 to 25 mmts. As such, the U.S. has pushed above world values, which should limit exports and upside short term unless continental values can catch up further. Although U.S. wheat exports are off to a slow start, 30% down from this time last year, global demand is very strong.

Commitment of Traders data showed spec traders were net long by 15,308 contracts as of the 3rd of August. That was a 12,240 contract swing from week to week as new spec buying outweighed the spec trader short covering. For KC wheat, spec traders were also net buying through the week ending 8/3. The 6,401 change left the group 38,166 contracts net long. CFTC data showed managed money at 10,1778 contracts net long. The simultaneous new spec buying and short covering made for a weekly change of 1,852 contracts to their net position.

U.S. domestic buyers seem fairly well covered for Aug/Sept. Cash price remains below DVE for both SRW & HRW. HRS basis remains above DVE for the most part. SRW harvest is now fully complete, and the USWA estimates a total production for the 2021/22 marketing year at 362 mbus (9.9 mmts).

Analyst survey responses going into the August WASDE report show an expected 22.5 mbus cut to wheat production on average. That comes via an expected 400 kbus to winter — itself via a 2.3 mbus to HRW, 1.5 mbus expected bump to SRW, and a 3.8 mbus trim to white, against another 22.9 mbus drop to spring and durum output. Spring wheat output estimates range from a 2.6 mbus cut to a 39.6 mbus cut.

CBOT September 2021 Wheat Futures settled on Friday at $7.19/bu, up 6¼ cents on the day, and gaining 15½ cents for the week.

Commitment of Traders data showed spec traders were net long by 15,308 contracts as of the 3rd of August. That was a 12,240 contract swing from week to week as new spec buying outweighed the spec trader short covering. For KC wheat, spec traders were also net buying through the week ending 8/3. The 6,401 change left the group 38,166 contracts net long. CFTC data showed managed money at 10,1778 contracts net long. The simultaneous new spec buying and short covering made for a weekly change of 1,852 contracts to their net position.

U.S. domestic buyers seem fairly well covered for Aug/Sept. Cash price remains below DVE for both SRW & HRW. HRS basis remains above DVE for the most part. SRW harvest is now fully complete, and the USWA estimates a total production for the 2021/22 marketing year at 362 mbus (9.9 mmts).

Analyst survey responses going into the August WASDE report show an expected 22.5 mbus cut to wheat production on average. That comes via an expected 400 kbus to winter — itself via a 2.3 mbus to HRW, 1.5 mbus expected bump to SRW, and a 3.8 mbus trim to white, against another 22.9 mbus drop to spring and durum output. Spring wheat output estimates range from a 2.6 mbus cut to a 39.6 mbus cut.

CBOT September 2021 Wheat Futures settled on Friday at $7.19/bu, up 6¼ cents on the day, and gaining 15½ cents for the week.

Kansas September 2021 HRW Wheat Futures settled on Friday at $7.05¾/bu, up 14½ cents on the day, and gaining 32½ cents for the week.

Kansas holds at 15-cent discount to Chicago, narrowing a bit with Minneapolis at a 192-cent premium, working back from the lower end of the range.

The US Wheat Associates said today that the HRW harvest is almost fully complete with less than 10% left to go.
MGE September 2021 HRS Wheat Futures settled on Friday at $9.16¼/bu, up 12½ cents on the day, and gaining 11½ cents for the week.

U.S. spring wheat supplies will continue to be extremely tight and that should keep the legs under the wheat market in the near term.

The spring wheat harvest of the northern Plains was expanding rapidly with the hot and dry conditions that wreaked havoc with crop yields and production prospects now speeding combines along.

The USDA's weekly Crop Progress report said the spring wheat crop was 17% harvested by August 1st compared with 3% a week earlier and 8% as the recent five-year average for the date. The harvest was furthest along in South Dakota, where 53% of the crop was harvested, compared with 37% as the five-year average for the date. The North Dakota harvest was 6% completed at the beginning of the week compared with 4% on average. The rapid pace was expected to continue into the weekend and next week.

The soft white (SW) harvest is more than 50% harvested with an estimated 80% of the winter and 33% of the spring crop complete.

**COARSE GRAINS**

- **Argentina expects record 2021/22 corn production**
  USDA - Argentina's corn production in 2021/22 is also forecast at a record of 51.5 mmts, in line with the past three crop seasons.

  Exports are forecast at 37.4 mmts, 1.4 mmts higher than the USDA on higher production and beginning stocks.

The Argentine economy is rebounding after last year’s pandemic, but at a slower pace than expected. High corn prices have raised costs for most livestock sectors, which are expected to grow, but only moderately. However, egg production is an exception, where a significant drop in production is expected due to low retail prices and increased production costs.

Corn consumption for bioethanol is expected to total 1.25 mmts in 2021, 150,000 mts higher than in 2020.

In an effort to control domestic food prices by increasing domestic supplies, the government of Argentina has imposed various export controls, most recently in beef and earlier in corn.

**Brazilian meat packer imports 30 shiploads Argentine corn**

Reuters - JBS SA, the world’s largest meat packer, imported 30 shiploads of corn from Argentina into Brazil due to a crop failure in Brazil, Reuters reported, citing a statement it received.

JBS said purchases from suppliers outside of Brazil represent 25% of the corn it is using as feed, with volumes greater than 1 mmts.

Imports from Argentina were more competitive because of an excellent crop. It believes Brazil will export 15 mmts less of corn and import at least 4 mmts, Reuters said. The government said the country will export 29.5 mmts of corn and import 2.3 mmts.
Weather-related problems with Brazil's second corn crop have led to companies exiting their contracts on washout clauses, threatening exports, Reuters said.

Brazil's second corn crop represents between 70% and 75% of all output in a given year and is the country's biggest corn crop.

- **Brazil's plan to boost first crop corn stalls on soybean's lure**
  Plans laid out earlier this year by Brazil's government to boost the amount of corn planted by farmers in the first harvest are likely to fall flat as the continuing lure of soybeans overcomes any state-backed incentives, trade sources said.

  The move came amid fears that the first corn crop, planted alongside the main soybean crop and primarily used to meet Brazil's domestic feed needs, was losing ground in the face of increasing soybean planting and was at risk from bad weather in the main planting and development phases.

  "At the beginning of the year, right after the failure in Rio Grande do Sul and Santa Catarina, the federal government announced some measures to try to boost the area in the 2021/22 season, which is about to start," Daniele Siqueira said.

  The measures largely amounted to improved access to finance and a guaranteed price for corn and sorghum under exceptional circumstances, but trade sources have cast doubt on whether the measures will halt the slide in first crop corn plantings – particularly in the face of strong bean prices.

  "The government is mulling over ways to force growers to increase first corn crop area to make up for the current dearth," Hedgepoint Global’s Victor Martins said, but the recent frosts have taken a toll on seed production and any early plantings. "Beyond reducing the supply of seeds, the frost conditions have impacted its quality and its plant strength at the early stage of development," Martins said, with farmers in states such as Rio Grande do Sul expected to start planting from August and September.

  Even against those challenges, the lure of soybeans is likely to continue to dominate farmers’ intentions, extending a trend of smaller first corn crops and bigger second corn crops that has persisted since the early 1990s.

  Data from state-backed food agency Conab shows that transition in the planted area, with first corn plantings peaking in the 1986/87 season at 14 mha, before declining slowly to stand at 4.1 mha by 2018/19.

  While the area has increased over the last two seasons, rising to 4.3 mha in 2020/21, it continues to dwindle as a proportion of the overall corn crop, representing 22% of total planted area, the lowest contribution ever recorded, according to Conab data.

  And that comes at a time when Brazil’s own domestic demand is rising as it strives to meet supply to a burgeoning livestock sector and amid a small, but increasing, pull from corn-based ethanol production.

  Against the backdrop of increasingly unpredictable weather - with Brazil suffering hot, dry conditions to damage the first crop and delay soybean plantings, followed by cold weather at a later stage - the second corn crop is likely to play an increased role in meeting that domestic need.

  "Farmers will not increase the first corn crop area. They'll go with soybeans... we'll not see an increase in first corn acreage," Siqueira said of the 2021/22 season.

  If so, that is a dynamic that could squeeze the country’s export firepower in future seasons, even if second crop corn acreage can continue to expand on the back of increased soybean plantings.

**CORN**

- **CME CBOT Corn Futures**

  CME Corn December 2021 new crop contract settled on Friday at $5.56½ , up 3½ cents on the day, and gaining 11¼ cents for the week.

  Nearby CME September 2021 corn is now trading at a 1½ cent discount to December.

  CFTC data showed corn spec traders extended their net long by 18,492 contracts to 246,500 through the week that ended August 3rd. That was via net new buying with managed money OI increasing 8,144 contracts. Commercials took a risk off approach through the week, reducing their OI by 10,767 contracts for a net 2,431 larger net short. The commercial corn net short was 497,543 contracts on Tuesday.

  We finally saw a very respectable weekly corn inspections figure at 54.5 mbus and the prior week's total was revised 5.8 mbus higher as well. This is a likely impact of Brazil's smaller safrinha crop finally taking effect.

  Internationally Brazil's corn crop continues to shrink CONAB/USDA 93.4/93, while privates in the 80s mmts. Brazil will continue to move along with the end of the second-crop season and harvest to expand soon with export estimates being cut again.
USDA reported 37% of US corn area is in some level of drought, which was up from 36% reported last week. Pollination is done and Midwest weather looks mostly favorable especially East of the Mississippi. This week’s crop condition ratings have dropped 2 points in the good to excellent category and the crop is past pollination. Should conditions during the fill stage not improve in the Dakotas, Minnesota, and parts of Iowa, in the weeks to come, corn should see some support.

The most recent 6-10 day forecast indicates the western Corn Belt to be below normal in precipitation and above normal in temperature. Most of the Midwest could use rain during August and the central and eastern parts have good chances of additional moisture in the days ahead.

Next week on Thursday the USDA will release its monthly Supply and Demand report. The August 12th report will be just one of several attempts to nail down the size of the harvest. The USDA currently has National yield at 179.5, a record high, but private forecasters like Informa have put it at 176.5. The average pre-report estimate for yield is 177.6 bushels and the average projected carry out at 1.096 bbis. Total production is forecasted at 15.004 bbis.

A strong cash basis is currently providing underlying support. Cash basis in Illinois still above DVE thru FH Sep, and below DVE for harvest, and back above DVE by last half November. U.S. producers are cash flush and likely motivated only by higher flat price or various drying and/or basis incentive to get corn moving this fall.

However, corn basis will likely continue to fade with cash inverses likely to see more pressure as early harvest gets going to the south. Normally harvest pressure wins out in the long run and the grain markets see harvest pressure in August and September amid funds getting a better grasp on crop size and ending stocks. However, this year is different. Coming out of pandemic, global stocks both domestically and globally are much tighter than they have been. The US Corn carry could be anywhere, from 600 million to 1 billion bushels less than it was two crop-years ago.

Next week a key event well be on Thursday at 11 a.m. when USDA weighs in with their 1st survey-based US state by state yield projections. Average trade guess 177.6 bus/acre with a range from 175.7 to 180.0 bus/acre.

South American production estimates by traders surveyed expect USDA to maintain the 48.5 mmts Argentine corn production figure. For Brazil, the average of trade estimates is to see another 5 mmts cut to 88 mmts, with some analysts estimates as low as 84 mmts. BAGE reported Argentina’s corn harvest at 89.2% complete, compared to the 81.4% average.

---

**Barley**

**Argentina 2021/22 barley production and exports**

The above chart shows Argentine barley exports for the first half of MY 2020/21 (December 2020- May 2021) which totaled 1.92 mmts. The chart is based on shipment data published by Nabsa, a local maritime agency, as Argentine government data reports the destination of cargoes as “Confidential”.

USDA - Argentina’s barley production for 2021/22 is estimated at 4.8 mmts, matching USDA Official, but on a slightly lower acreage. Planting is expected to be completed by the end of July. Late in the planting window, some producers in southeast Buenos Aires Province are shifting from wheat to barley, seeking higher returns.

Overall, the crop condition is very good, though some parts of central Buenos Aires Province are struggling with excess soil moisture. Despite increased production costs due primarily to higher fertilizer prices, farmers are expected to invest in inputs to maximize crop yields and quality.

Production for MY 2020/21 is estimated at 4.1 mmts, 9% lower than USDA Official estimates, on a harvested area of 950,000 hectares.

Current spot price for feed quality barley is US$210/mt and malting barley is US$235/mt. Some local contacts believe the persistence of these elevated prices
indicate that 2020/21 barley production could be lower than originally estimated by USDA Official, potentially as low as 3.9 mmts. USDA Post continues to forecast 2021/22 barley exports at 3.2 mmts, 300,000 mts lower than USDA Official estimate. Through early July 2021, there were 825,000 mts of barley export declarations, of which 90% was feed quality. China is the primary destination for this volume.

Exports for 2020/21 are expected to finish at 2.5 mmts, 500,000 mts tons lower than USDA Official, which has an estimated production significantly higher than USDA Post. Through mid-July 2021, exporters had made 2.35 mmts worth of barley export declarations. Traders do not expect further feed barley sales to China for the rest of the marketing year as France and the Ukraine are currently more competitive than Argentina. Some 150,000 metric tons of malting barley could be sold in the next few months, for a total of 1.0 mmts in MY2020/21.

In the first months of 2020-21 China purchased more than 90% of the feed barley (mostly graded FAQ – Fair Average Quality barley) as well as three vessel loads of malting barley totaling 180,000 mmts. Chinese demand for Argentine barley began in 2019/20 with a strong increase in 2021 after it entered a commercial dispute with Australia, its historic main supplier.

Rising international prices have had very little impact on local Australian markets. In fact, Australian prices look to have gone the other way. Falling wheat and barley prices this time last year were due to the improving season, along with the Chinese tariff issues (60%).

The big Australian crop saw price fall back to export parity, but they haven’t rallied in line with US prices over the last few months. Compared to this time last year, Geelong ASW is 20% stronger, while barley is at about the same price.

With Australian barley now close to $30 cheaper than corn it makes it a reasonably cheap feed grain. New crop barley is at a small discount to old crop, at a $40 discount to corn. Wheat has rallied recently with Geelong old crop ASW at a $20 discount to SRW, which is still historically cheap in international markets.

When we compare local wheat and barley markets, barley is also looking cheap. The wheat premium to barley has recently moved back to $75 which is at the top of the historical range.

**Turkey provisionally buys feed barley in tender**

*Reuters* - Turkey’s state grain board TMO initially bought about 325,000 mts of animal feed barley from optional origins in a tender which closed on Tuesday, European traders said.

The tender sought a total 515,000 mts and more is expected to be purchased later on Tuesday. Purchases are provisional and subject to final confirmation in coming days. Shipment of the barley was sought between September 1st and September 15th to a series of Turkish ports. Traders said these purchases were made in US Dollars / mt C&F, with port of unloading, tonnes sold and seller:

<table>
<thead>
<tr>
<th>Port Volume Seller Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Derince 50,000 tonnes Viterra $275.80</td>
</tr>
<tr>
<td>- Iskenderun 50,000 tonnes Viterra $278.00</td>
</tr>
<tr>
<td>- Iskenderun 25,000 tonnes Yayla $278.00</td>
</tr>
<tr>
<td>- Mersin 50,000 tonnes Viterra $279.60</td>
</tr>
<tr>
<td>- Mersin 25,000 tonnes Yayla $280.30</td>
</tr>
<tr>
<td>- Izmir 25,000 tonnes VAIT $281.80</td>
</tr>
<tr>
<td>- Izmir 25,000 tonnes Erser $277.90</td>
</tr>
<tr>
<td>- Izmir 25,000 tonnes Ameropa $281.80</td>
</tr>
<tr>
<td>- Bandirma 25,000 tonnes Viterra $279.30</td>
</tr>
<tr>
<td>- Bandirma 25,000 tonnes AP Zerno $275.00</td>
</tr>
</tbody>
</table>

Some prices from Turkish traders involve supplies from stocks in warehouses inside Turkey, traders said.

The tender continues recent brisk grain import demand from Turkey to ensure good domestic supplies with trade expectations the country will harvest smaller wheat and barley crops this year.
Jordan gets only one participant in 120,000 tonne barley tender - trade

 Reuters - Only one trading company is believed to be taking part so far in the international tender from Jordan’s state grains buyer to purchase 120,000 mts of animal feed barley which closed on Thursday, traders said.

Only trading house Viterra was said to be taking part. No purchase has yet been made and results are expected later on Thursday, traders said.

GRAIN SORGHUM

Argentina 2021/22 grain sorghum production and exports

USDA - Argentina’s grain sorghum production for 2021/22 is forecast at 4.5 mmts, 350,000 mts higher than USDA Official as USDA Post projects higher yields. Production would be the highest of the past 9 years.

In mid-2020 global sorghum prices began to increase significantly as a result of China’s increased demand. In Argentina, local sorghum prices rose higher for most of the year. Farmers responded by expanding area in MY 2020/21 and are expected to do so again in 2021/22.

Sorghum production peaked in Argentina in the 1970s, but after a resurgence during the period 2008/2013, there has been reduced interest among farmers and less investment by seed companies. However, during the last crop season, sorghum represented the best economic alternative for many farmers, combining high prices with lower production costs than corn.

Practically speaking, there is now no more sorghum seed available for the 2021/22 planting season, with vendors selling out several months ahead of planting. Sorghum is often grown on more marginal land as a low-risk/low-reward crop, but with higher expected returns this year, farmers are looking to planting sorghum in fields with better soils, using new hybrid seed, increasing the level of fertilization, and improving the use of crop protection products and management.

USDA Post projects the average yield at 4.7 mts/ha, 8% higher than USDA Official. An important factor that helps to explain the expansion of sorghum area is the fact that farmers can purchase futures contracts, locking in part of their potential income. Current sorghum futures prices (April 2022) are US$180/mt, 7.7% lower than that of corn.

Argentina is one of the four countries that have a phytosanitary protocol with China to export sorghum. Local exporters together with SENASA, the Argentina phytosanitary service, have invested in processes to ensure the quality of sorghum exports. One of their main focuses is preventing the presence of Johnson grass seed in China-bound shipments.

Exports in 2020/21 are estimated at 1.6 mmts, 300,000 mts higher than USDA Official. Through early July 2021, exporters requested export permits to ship 1.6 mmts of sorghum.

Based on private trade data, by mid-July 2021 Argentina has shipped 950,000 mts of sorghum. Only 4 to 5 companies participated, and China was the primary destination.

Record Grain Sorghum Demand

Progressive Farmer - Texas farmer Kody Carson planted more sorghum this year than ever before at the expense of corn and cotton. Further north, a field in Kansas farmed by Kent Winter has never been planted to sorghum until this year.

Why? Credit record grain sorghum demand, profit potential and climatic conditions.

“The sorghum industry is seeing more positive momentum than I can remember during my farming career,” says Carson, National Sorghum Producers (NSP) chairman, during the association’s virtual industry forum in March. He started farming near Olton in the mid-1980s.

DEMAND FIRSTS - China made its first purchase of U.S. grain sorghum for the 2021/22 marketing year a record 342 days before it starts on Sept. 1, according to USDA data. It bested the previous first new-crop sale to an export customer, which was Mexico in 2010, by 13 days.

Since China’s initial new-crop buy of 5 mbus, importers (mostly China) have booked a total of nearly 63 mbus as of the first week of June for the upcoming marketing year, according USDA data. The total for that time is also an all-time high.
Old-crop sorghum is sailing out of ports in record-setting fashion, too. The USDA announced on April 15th the previous week’s exports were 33.9 mbus, enough to fill 10 to 12 Panamax vessels, according to NSP, topping the previous high by more than 10 mbus. The top destination was China. The USDA projects total exports for the 2020/21 marketing year at 307 mbus, the highest level since 2015/16.

Florentino Lopez, United Sorghum Checkoff Program (USCP) international market development director, expects sorghum demand to remain strong after recent discussions with export customers. “(Sorghum producers) should have a positive year unless something occurs that is out of their control, such as a change in trade policy,” he says.

ACRES AND PRICES SOAR - Recent unprecedented demand and price hikes, along with weather-related factors, were a strong signal for Carson and other farmers to plant more sorghum this year. Nearly 6.5 million all-purpose acres were seeded, of which 5.8 million are for grain, according to the June USDA acreage report. Both 2021 acreage numbers are about 700,000 acres higher than last year.

Grain analysts and farmers say sorghum plantings could easily climb in years to come. "I think sorghum is in a prime position to increase its acres," Winter predicts.

The average sorghum farm price was $3.34 per bushel in 2019-20, according to the USDA. The agency in June projected the average farm price for the current marketing year at $5.15 per bushel and $6.10 per bushel for the 2021-22 marketing year.

Sorghum cash bids in Kansas City in early July hit $6.89 per bushel, according to the USDA cash bid report.

China’s insatiable appetite for sorghum to feed livestock and make an alcoholic drink called baijiu caused prices to soar during the past year. The country continues to rebuild its hog herd after it was decimated by African Swine Fever. China is also gobbling up U.S. commodities in an attempt to meet its obligations of the Phase 1 trade agreement.

"Trade is extremely important. It represents a large value coming back to farmers," Lopez explains.

Low cost of production is another big advantage for sorghum over other row crops. DTN Lead Analyst Todd Hultman adds.

The USDA estimates it will cost $324, on average, to grow an acre of sorghum this year. That’s compared to $775, $697 and $466 to grow an acre of corn, cotton and soybeans, respectively.

U.S. grain sorghum yields averaged 73 bpa the past three years. It’s not uncommon for yields to exceed 100 bushels or be double or more the national average. At $6 per bushel and 73 bpa, profit potential for the 2021 crop of $114 per acre exists with less financial risk than other row crops. If sorghum yields exceed the average, profits could be much higher.

"The way things look right now, sorghum is a very attractive choice for farmers," Hultman continues, noting other row crops are profitable, as well. Hultman warns that prices rise and fall with Chinese demand, which typically accounts for more than 80% of U.S. sorghum exports and a bulk of production. Farmers may want to consider locking in favorable prices during planting season or shortly after for at least 25 to 50% of expected production, he adds, as a hedge against trade uncertainty. "China either makes this market or shuts it down," Hultman asserts. "That's the roll of the dice with sorghum."

FARMER FIRSTS - A nearly 100-acre tract of land that Winter farms on shares near Mount Hope, Kansas, was planted to grain sorghum for the first time this year.

"The landowner told me years ago he didn’t like sorghum ... he was more interested in corn and soybeans (to make money)," says Winter, president of the Kansas Grain Sorghum Producers Association. "I got a call last November from the landlord asking me to consider raising grain sorghum on his land. He realized the profit potential."

Winter plans to increase his full-season sorghum crop to 300 acres this year (planted in early June) and lower corn and soybeans plantings to 225 acres each. Last year, acreage between the three crops were split equally. Winter also produces 750 acres of hard red winter wheat and 100 acres of alfalfa.

After the wheat harvest in mid-June, Winter planted 200 acres of sorghum and 200 acres of soybeans into the stubble. Both are an expansion of double-crop acres.

"(Prices and demand) gave me a lot of confidence to increase double-cropping," Winter says.

Carson increased sorghum to about 1,500 acres -- triple his normal amount. He only planted 350 acres of corn, a drastic reduction, on land not suitable for sorghum. Carson also raises winter wheat, cotton and black-eyed peas, and has pastureland.

Sorghum profit potential, which Carson calls "very exciting," is part of his decision to up acres at the expense of corn. But, his primary reason is risk mitigation. Sorghum’s low cost of production and ability to withstand heat and moisture stress makes it a good choice to plant.

Most of Carson’s land is irrigated, but wells only pump a fraction of what they once did because of the dwindling Ogallala Aquifer. Carson is more reliant on rainfall than ever.

Only 5 inches of rain fell in many of his fields in 18 months up until mid-April. Since that time, plentiful rain has all but eliminated drought conditions in the Texas Panhandle. During the latest drought, Carson almost entirely relied on irrigation to grow crops. He knows that can easily happen again at any time.

"Sorghum is a savior for us," Carson says. "It’s a sustainable, water-sipping crop."

RESILIENT SORGHUM - It takes a minimum of 11 inches of moisture to produce the first bushel of corn while sorghum requires 7 inches, according to Brent Bean, USCP agronomy director. He adds sorghum is usually more productive than corn when water availability is 15 inches or less.
Average sorghum and corn yields in Kansas last year were 85 and 134 bpa, respectively, according to USDA. Bean says it takes about 16 inches and 23 inches of water, respectively, to achieve that production.

Temperatures this growing season are expected to be several degrees above normal and precipitation below normal for the south and central Great Plains, where most of the sorghum is grown, according to DTN Ag Meteorologist Emeritus Bryce Anderson. "Sorghum is a real hardy crop that can do a lot with a little (moisture)," he says.

Ethanol

CME Ethanol Futures

CME Ethanol September 2021 closed on Friday at $2.1400/gallon, up 0.500 cents on the day, and up 0.250 cents for the week.

Ethanol margins will continue to see pressure with energies still working to find footing with the coming shift to cheaper fall blends, while corn remains rangebound.

Wednesday’s Energy Information Administration report showed domestic ethanol plant production was down a fourth week, though only slightly, with a dip of 1,000 barrels per day (bpd) to a 10-week low 1.013 million bpd. Four-week average output was at 1.024 million bpd, down 13,000 bpd from the four-week average the prior week.

U.S. gas prices have surged to a new seven-year high following crude oil prices. While some experts predict they’ll come down soon, others expect more pain at the pump if crude oil prices rise. For the week of August 2nd, the national average for a gallon of regular gasoline rose by a little over two cents compared to the prior week to $3.159, a seven-year high, according to the U.S. Energy Information Administration. The American Automobile Association said it expects gas prices to remain elevated at least through August.

Crude Oil - Crude oil prices have been on the defensive this week and fell to a 2-week low early Thursday from concern that the worldwide spread of the delta Covid variant will curb energy demand as more countries impose pandemic travel restrictions. The 7-day average of new U.S. Covid infections rose to a 5½ month high Thursday of 98,369. Also, Tokyo reported a record 5,042 new Covid infections on Thursday. Japan last Friday extended a state of emergency to areas surrounding Tokyo until the end of August.

The spread of the delta Covid variant in China may curb energy demand from the world’s second-largest crude consumer. The latest outbreak has reached nearly half of China’s 32 provinces in just two weeks and prompted China today to cancel flights in and out of Beijing and to place the city of Nanjing under lockdown. Also, Beijing on Tuesday banned train passengers from 23 regions, and 46 Chinese cities have advised residents against non-essential travel.

Bullish factors - (1) improving demand that is allowing OPEC+ to increase production, (2) the sharp drop in Iranian oil production due to U.S. sanctions and in Venezuelan oil production due to U.S. sanctions and domestic turmoil, (3) tight crude supplies that stand -5.8% below their 5-year average, (4) tight gasoline supplies that stand -3.5% below their 5-year average, and (5) tight distillate supplies that stand -6.7% below their 5-year average.

Bearish factors - (1) the OPEC+ decision to increase production by 400,000 bpd each month starting in August and into 2022, (2) the cessation of hostilities in Libya that has allowed Libyan crude production to increase to over 1.0 million bpd, and (3) the possibility of a nuclear deal with Iran that would see sanctions lifted and allow Iranian crude exports into the global market.

DDG’s - The DTN average price for DDG from 33 locations reporting for the week ending August 5th was $186/ton, up $4 from one week ago.

Prices moved higher again this week as soybean meal and other protein feed prices have been moving higher, even as the cash corn price has moved lower. The DTN National Corn Index was down 8 cents versus one week ago, while basis has been a mixed bag depending on who needs to buy old-crop corn nearby.

Based on the average of prices collected by DTN, the value of DDG relative to corn for the week ended Aug. 5 was 93.71% versus the three-year average of 112%. The value of DDG relative to soybean meal was 52.11%, and the cost per unit of protein for DDG was $6.89, compared to the cost per unit of protein for soybean meal at $7.51.

In their weekly DDGS export price update, the U.S. Grains Council said: "Export demand for DDGS has been quieter this week following the market’s recent pricing strength. Buyers were active the past few weeks on the break in DDGS prices and as the supply outlook for world feed grains tightened. Now, the DDGS market is turning sideways, and barge CIF NOLA offers are down $2 to $5/mt for August/September
shipment. FOB Gulf offers are steady/down $3 this week for nearby positions while deferred shipments are trading higher.

Lingering tightness in the container market is supporting prices, with offers for 40-foot containers to Southeast Asia up $1 to $5/mt this week. The average price for containerized DDGS to Southeast Asia is $324/mt for September shipment.

Industry sources note that some exporters are pulling offers for product into Hai Phong, Vietnam, due to congestion at a transshipment port.

The U.S. Census Bureau said Thursday that U.S. exports of DDGS totaled 939,177 mts in June, down from 1,044,067 mt in May, but up 12% from a year ago. Mexico was the top destination in May, taking 25% of U.S. exports and was followed by Vietnam and South Korea. In the first six months of 2021, U.S. exports of DDGS are up 10% from a year ago.

**OILSEEDS COMPLEX**

- **Brazil's soybean exports tank on reluctant Chinese buying**

  Brazil soybean exports fell to 1.5 mmt in the fourth week of July, down nearly 50% from last week, bringing the month's total volumes to 7 mmt, official customs data showed late Monday.

  The fall came as China's July purchases were heavily constrained by its deteriorating domestic crush margin.

  The shipment per working day rate was at 412,924 mts, down by 10.7% on the week and 4.6% below the figure registered in the same period of last year.

  As for now, around 1.4 mmt of soybeans are scheduled to leave Brazilian ports during the remaining days of July, which would bring the monthly total to 8.4 mmt, line-up data from shipping agency Cargonave showed Monday.

  However, the Brazilian grain exports association Anec gave a more optimistic estimate in its latest update that July soybean exports were expected to range between 8.9 mmt and 9.4 mmt.

  The country's total volumes for corn exports July so far jumped to 1.1 mmt, at a daily rate at 65,953 mts per day.

  At the same time, Brazil has imported over 136,846 mt of corn in July, over two times the volumes imported in the whole month of June in 2020, due to the strong demand from the domestic market.

- **Brazil's Mato Grosso soybean output raised, corn production trimmed**

  Soybean 2021/22 output estimates in Mato Grosso, Brazil’s agriculture powerhouse, were lifted by a further 0.3% from the previous forecasts set out at the start of July to reach a new record high of 37.41 mmt on the higher planted area, the state’s agriculture institute IMEA showed late Monday.

  But the agency also trimmed its corn production outlook, the latest sign of a torrid, drought-stricken season for many producers.

  The upward revision in soybean output is backed by a higher planted area expected, up by 3.6% on the previous season, on the back of robust demand for soybeans.

  Plantings for Mato Grosso have been increased by a further 3,000 hectares from July's estimate, to now stand at 10.84 million hectares.

  “The increase in area is due to the approaching planting season of the grain and the favorable perspectives for the oilseed,” the institute said. “However, it is important to consider the weather conditions closer to the planting period which will be key in the realization of the forecasts,” IMEA added. “Some western regions [in Mato Grosso] reported an increase in productivity, but a decline in yields is expected in regions such as the southeast,” IMEA said.

  Most acreage increases are continued to be expected in the region’s north-eastern part of the state, where more pastureland area is available for conversion.

  On corn, Mato Grosso’s 2020/21 corn production forecast was downwardly revised by 0.3% on the previous estimate to reach 31.91 mmt, mainly due to lower yields while the area harvested is expected to remained unchanged.

**Argentine farmer sales of 2020/21 soy down 7.7% from last year**

Reuters - Argentine producers have sold 26.3 mmt of soybeans from the 2020/21 season, the Agriculture Ministry said on Wednesday, marking a 7.7% reduction in sales versus the same point in the previous season.

At this time last year, 28.5 mmt of the oilseed had been sold, according to a report with data through July 28th.

Farmers say they are hanging onto more soy due to recent instability in the local currency, fearing that if they sell and bank pesos, the value of those savings will fall.

Argentine grains are priced in U.S. dollars and tend to hold their value.

The 2020/21 soybean harvest in Argentina ended in June with output of 43.5 mmt, according to the Buenos Aires Grains Exchange, after a 49 mmt crop in 2019/20.

Foreign exchange from agricultural exports is essential for Argentina’s battered economy, which has been in a state of stagflation for two years, a situation that has been aggravated by the COVID-19 pandemic.

For soybeans in the 2021/22 crop year, whose sowing begins in October in Argentina, there have already been sales of 1.3 mmt, below the 1.5 million registered on the same date in the cycle that has just ended, according to official data.

The government said in the report that 2020/21 corn sales had reached 35.8 mmt, about 3.1 mmt more than those registered by the same date last year.

The exchange expects a 2020/21 corn harvest of 48 mmt. It estimates that 81.4% of the harvest is in so far.
Argentina's grain shipments fall but vegoil shipments soar

Noticias Financieras - While grain exports fell almost 19% year-on-year in the first half of the year, vegoil exports soared 37.1%, reflecting a new phenomenon in the behavior of a key sector for foreign exchange income to Argentina.

A report by the Rosario Stock Exchange indicated that in the first six months of the year there was a lower tonnage shipped of grains, a product of lower production in the current season. Shipments of oils, however, showed a strong increase, and Asia remains the main destination for shipments.

During the first half of the year, Argentina embarked 48.4 mmts of grains, by-products and oils, 10.9% less than in the same period of 2020. This fall is mainly explained by the lower shipment of grains: between January and June 27.9 mmts were shipped, 19% less than the volume reached in the first six months of the previous year.

Shipments of by-products, meanwhile, also suffered a cut, although of a smaller magnitude, since 16.5 mmts are dispatched, compared to 17 mmts in 2020, that is, a decrease of 2.8%. The situation of shipments of vegetable oils is different.

If the analysis is opened to the interior of each of the categories of Argentine grains, the drop in grain shipments is explained by the decrease in shipments of the three main grains exported: wheat, corn and soybeans.

Wheat shipments from Argentine port terminals during the first six months of the year totaled 6.2 mmts, a drop of 24% compared to 2020 and 16% compared to the average of the last three years. This is due to the lower cereal production obtained during the last cycle, as a result of the severe drought that affected national production, particularly in the central and northern region, reducing exportable balances.

Corn shipments, meanwhile, have reached 16.7 mmts so far this year, with a fall of 15% compared to the same period of the previous year, with an increase of 5% over the average of the last three years.

Although corn production in the current cycle was practically identical to that obtained the previous year, the drop in shipments is a respond to another phenomenon. The drought considerably delayed the planting of corn, resulting in a smaller area sown with early maize and a larger area with late maize. This led to lower grain availability in the first few months of the marketing year that began in March, and therefore to lower on-board tonnage of the cereal.

In addition, soybean shipments amounted to 1.7 mmts in the first half of the year, registering a drop of 60% vs. 2020, and 38% vs. the average of the last three years.

As in the case of wheat, the lower soybean production obtained during the new cycle as a result of the February drought reduced the exportable balance of the oilseed.

But there is also another factor: the strong international demand for soy by-products, particularly soyoil, has raised prices sharply and improved the industry's margins.

In this way, it is projected that a greater tonnage of the oilseed will be processed locally and then exported by-products, instead of directly shipping the grains without industrialization, which provides greater added value to exports.

Argentina's soybean crush reaches 22.06m mt in H1 2021: BCR

Soybean crushing in Argentina reached a total of 22.06 mmts in the first half of the year, marking the highest volume since 2016, according to a report by the Rosario Grain Exchange (BCR).

In the first half of 2020, soybean crushing had amounted to 19.07 million mt, while the volume in the second half of last year totaled almost 17 million mt, the exchange said.

"The year 2021 began with a commercial stock of soybeans well above the usual with 8.4 million mt in the month of January, that is 65% higher than the same month of the previous year and 120% higher than the average of the last five years," BCR said, after the tail end of 2020 had been hit by the Covid pandemic.

"Under this scenario of high stocks and external commitment to be fulfilled by the industries, a high volume of soybeans began to be processed mainly in the port terminals of Greater Rosario," the exchange added.

Argentina's crushing industry utilization rate reached 77% at the end of May, up 5 percentage points compared with the previous month, according to a recent study by local oilseed crushing and exporters chamber Ciara-CEC.

The chamber highlighted that the utilization rate of the industry has recovered from the historical low of 15% in December last year.

Argentina is forecast to crush 40.5 million mt of soybeans this year, up 12.5% compared with nearly 36 million mt of soybeans crushed in 2020, which was the lowest since 2013, Ciara-CEC previously said.
Record harvest expected for EU oilseeds

The oilseed harvest in the EU-27 is likely to see yet another rise this year following a bumper crop of soybean and sunflower seeds.

The rapeseed harvest has also seen an increase in the past 12 months. The EU Commission currently estimates output for 2021 at 30.6 mmts. This will translate to a rise of just under 11% over the previous year. However, production will still fall about 1% short of the long-term average. Rapeseed traditionally accounts for the largest share in oilseed output with a large rapeseed harvest expected following a 3% expansion in area.

Based on quantity, sunflower seed is the second most important oilseed crop in the EU-27. The projected increase in sunflower seed is particularly sharp with the main reason being the expected exceptional yields. The recently forecast 10.8 mmts will not only be a rise of just about a quarter year-on-year, but will also result in a record-breaking volume.

The third most important oilseed crop is soybeans. According to Brussels, based on a 3% expansion in area planted and an estimated increase in yield of 8%, the EU soybean harvest is set to reach 2.9 mmts. This will mean an 11% rise year-on-year and the largest harvest ever in the EU-27.

EU 2021/22 soybean imports at 1.07 mmts, rapeseed 250,681 mts

Reuters - European Union soybean imports in the 2021/22 season that started in July had reached 1.07 mmts by August 1st, data published by the European Commission showed on Tuesday. That compared with 1.43 mmts by the same week in the previous 2020/21 season, the data showed.

EU rapeseed imports in 2021/22 reached 250,681 mts, compared with 191,335 a year earlier.

Soymeal imports 2021/22 totaled 963,904 mts against 1.57 mmts a year ago, while palm oil imports stood at 306,297 mts versus 567,372 mts.

The report is not complete for the full EU as data from Italy has been missing for the previous four weeks, the Commission said.

Since January 1st, the European Commission's data has covered the EU's 27 countries only, whereas previous figures up to December 31st covered both the EU-27 and Britain.

India soya futures hit record high, processors seek curb on speculation

As soybean futures hit a record high of Rs9,106, Indore-based Soybean Processors Association of India (SOPA) has urged National Commodity and Derivatives Exchange (NCDEX) to take measures to curb the speculation in the oilseed complex.

Over the past seven trading sessions, soybean futures have gained 22% from Rs. 7,479 on July 15th to Rs. 9,106 on Monday. The contract hit the upper circuit four times during this period, SOPA said.

"The soybean futures contract on NCDEX has been completely taken over by the speculators. The contract is no longer a price discovery and hedging tool," said Davish Jain, Chairman, SOPA, in a letter to NCDEX Managing Director Arun Raste on Monday, urging immediate steps to curb such speculation.

SOPA has requested NCDEX to increase the margin money from the current 25% to 50% for lean season contracts. Besides, it has suggested that circuit limit in lean season should be reduced to 2% a day.

Soybean futures gained 6% on Monday, while in the spot market at Indore prices ended 1.61% higher at Rs. 9,558 per quintal. Similarly, in Kota, Rajasthan, spot prices gained 1.44 per cent at Rs. 9,230 per quintal.

SOPA said the soybean processing industry and aquaculture and poultry sectors, which use the end product the soymeal, has been affected badly because of the excessive speculation. Although the supply and demand situation for oil year 2020/21 is slightly tight, it does not support the kind of price rise seen in the last few months, Jain said. Further, there is no physical stock in NCDEX warehouses which is further fueling the speculation, he added. SOPA said it is also taking up the issue with market regulator SEBI.

Acreage seen up - Meanwhile, SOPA, based on its field survey has estimated India's soybean acreage at 109.62 lakh hectares (lh) as against the Agriculture Ministry's estimate of 102.5 lh as on July 23rd. SOPA sees a 10% increase in Maharashtra at 44 lh, while sowing has been affected in Rajasthan and Madhya Pradesh due to a 'break' in monsoon and erratic rainfall.

SOPA estimates that the acreage is lower in MP by 17% at 48.51 lh, while in Rajasthan the sowing has been lower by 24%. In Karnataka and Gujarat, the acreage are higher by 10% and 34%, respectively.

SOYBEANS

CNGOIC reported a near-9% drop in China's weekly soybean crush to 1.72 mmts, down 17% versus 2020. Chinese crush this past month is 12% below last year, suggesting a potential 12 mmts decline in annual soybean demand if the pace continues. China private market adviser JCI says China's soybean crush last week fell to 1.5 mmts.

Brazil's soyline-up declined 17 to 183 mbus this week and is 27% / 67 mbus smaller than a year ago. Yet, taking into account and crop size along with year to date usage at face value; estimated end of July stocks are almost 20% / 260 mbus greater this year.
The EU’s demand for SB/SBM pales in comparison to China and it is still early in the year, but year to date imports by the EU are down nearly 25% and soybean meal, 60% behind last year's pace.

**CME CBOT Soybeans Futures**

New crop CME November 2021 Soybean Futures settled on Friday at $13.36¾/bu, up 8¾ cents on the day, but losing 12½ cents for the week.

The nearby CME August contract, which are in delivery and will rolling off the board next Friday, settled on Friday at $14.22¼, while the September contract settled at $13.44¼. August soybeans futures showing 1721 contracts of open interest to start the day. Zero deliveries against the August.

Flash export sales of 131 kmts of 21/22 to China were supportive today, yet the market is still not seeing enough sales to suggest importers are anything more than hand-to-mouth.

The weekly CoT report showed soybean specs were 78,286 contracts net long on August 3rd. That was down by 15,765 as long liquidation and net new selling was noted. Commercial soybean traders reduced their exposure by 19,569 contracts for a 10,977 contract weaker net of 156,765 contracts. The report showed managed money trimmed net long 16K contracts to a net of 72,000 contracts.

An improvement this week in crop ratings and weaker soybean oil weighed on prices early in the week. The need for rain along with calls on the 10 to 14 day outlook for warmer and drier provided support late in the week. We are in the critical August pod fill month and weather forecasts are not favorable for the NW corn belt.

While prices were down this week, we expect next week’s supply and demand figures, as well as weather, to provide underlying support.

Reuters published average estimates for next week’s USDA Supply and Demand report. Yield is forecasted at 50.4 bushels an acre, slightly less than the 50.8 on last month’s report. Projected carryout for this marketing year is 135 mb and for the 2021/2022 season 155 mb. Total production is forecasted at 4.375 bb. The longer-range forecasts through today are not offering much for the regions that need copious moisture.

**CANOLA / RAPESEED**

**ICE Canadian Canola Futures**

New crop ICE November 2021 Canola Futures settled on Friday at C$891.80/mt, up C$12.40 on the day, and gaining $49.60 for the week.

**Canada: canola yields shrivel**

This week’s Ottawa’s optimistic crop forecast was met with shock as those on the ground expect more dire outcome. If the early estimates are correct, Canada’s canola crop will be at least 10 bus/acre below Agriculture Canada’s forecast and possibly a whole lot more.

Canada’s national average canola yield will be 10 to 20 bushels per acre below normal this year, according to estimates from farmers and provincial governments. Alberta is the first province to publish an official estimate. It is forecasting 24.9 bus/acre, well below the previous five-year average of 41.7 bus/acre. It cautions that its estimate is based on “extremely limited information” and will be updated bi-weekly.
**VEGETABLE OILS**

- **Palm rallies on tight output, CBOT continues to slide**

  Malaysian palm oil futures at the Bursa Malaysia rose for a second consecutive session on Wednesday - with the front-month rising by nearly 4% on the day - on the back of lower output expectations and strong demand from India.

  The gains mean that the contract has now recovered much of the ground lost at the end of July and early August after disappointing export data had weighed on sentiment.

  Palm oil’s most liquid October contract climbed by as much as 4.6% on the day, but had pared some of the gains by closing time to end at MYR 4,293/mt ($1,017/mt) on August 4, up 3.6% on the prior day’s settlement.

  Trailing contracts also traded higher, with the November contract up by 3.6% to close at MYR 4,146/mt ($982.1/mt), and the December contract up by 3.2% on the day to close at MYR 4,055/mt ($960.6/mt).

  “The BMD [Bursa Malaysia Derivatives] is rallying due to two major factors: a Dalian rally from Chinese funds pushing it up, and Indian physical buying this week,” Singapore-based broker Andy Soo, from Tropical Oil ACI, said.

  “Palm oil prices were also well supported by lower July palm oil output and better expectations of August 1st – 5th export numbers,” Anilkumar Bagani, research head at Mumbai-based vegetable oil broker Sunvin Group, said.

  Provisional export volumes for August 1-5 from cargo inspector ITS is expected to show an increase of 15.4% on the month, higher on the July export data which showed a decline of around 5.2% on the month.

  In China, vegoil futures at the Dalian Exchange rallied on Wednesday on heavy activity by Chinese funds, with the palm oil contract jumping by 2.9%, closing at CNY 8,422/mt ($1,302.88/mt), while the soyoil contract rose by 2.0% to end at CNY 8,820/mt ($1,364.45/mt).

  By Wednesday in the US soyoil futures on CBOT fell by a fourth-consecutive day as the better-than-expected crop ratings released by the USDA last Monday continued to lend downward pressure alongside forecasts showing additional rainfall for the soybean belt area.

  On outside markets weaker energy prices were experienced, with WTI down by 3.4% on the day, while the US dollar index was trading slightly up by 0.2% at the time of writing.

  In Argentina, soyoil basis premiums continued to firm on a sliding CBOT and tight soyoil availability for prompt delivery.

  September soyoil shipments were assessed at 4.85 ct/lb under the September CBOT contract, firming by a further 35 points on the day, resulting in spot soyoil prices to be equivalent to $1,259.25/mt FOB Up River, slightly up by 0.2% on the prior assessment.

  In Ukraine, the sunflower oil market for old crop remained muted, as buyers are quiet due to weak demand. Sunflower oil volumes for September loading were offered at $1,260/mt FOB Ukraine, versus bids heard at $1,230/mt FOB Ukraine, while APM-16 was assessed at $1,245/mt FOB.

  “From the beginning of this week trading activity for August -September more focused on destinations,” said Sergiy Repetskiy, managing partner at brokerage Sunstone Brokers SA.

  Sunflower oil volumes with loading in August-September were offered at $1,260/mt versus bids at $1,230/mt, while APM-16 was assessed at $1,245/mt FOB.

  “We traded few cargoes at $1,240-1,250/mt FOB replacement value of Black Sea origin (Ukraine, EU, Russia). At DAP port also see buying interest at $1,220/mt, $1,230-1240/mt FOB. FOB sellers with small paper volume offering $1,280/mt and big lots at $1,300/mt,” added managing partner at brokerage Sunstone Brokers SA.

  Ukrainian sunoil volumes for Q4 shipment were offered at $1,215/mt FOB, with bids at $1,190/mt FOB.

  CPT spot bids started at $1,225/mt, while buyers and sellers are inactive.

  There was a lack of sunmeal offers for spot delivery, while new crop offers were quite stable at $290/mt for October and $265/mt for November-December loading.

Cory Jacob, oilseed specialist with Saskatchewan Agriculture, thinks the province’s crop will likely end up in the 20 to 30 bu. per acre range. “Somewhere in there might be realistic,” he said. The low end of that range would be half of the previous five-year average of 40.7 bu. per acre.

Jack Froese, director of Manitoba Canola Growers, said the crop will be well below the average of 41.6 bu. per acre in his home province. “I just can’t see a 30 bus/acre average, I just can’t,” he said.

That is why growers were aghast when Agriculture Canada released its July 20th production report calling for a national average yield of 39.27 bus/acre, just slightly below the five-year average of 41.4 bus/acre. The government is forecasting 19.89 mmts of production, while the trade believes it will be around 18.5 mmts.

If the early estimates are correct, the national yield will be at least 10 bus/acre below Agriculture Canada’s forecast and possibly a whole lot more. That would shave 5 mmts off of the government’s production number, resulting in the smallest crop since the 13.87 mmts produced in 2012 when harvest plow winds tossed swaths into the air.

Statistics Canada will release its survey-based yield and production estimates on August 30th, adding some clarity to the situation. The vast majority of the prairie region is in drought, having received between 40% and 85% of average precipitation since the start of the growing season, according to Statistics Canada.

A satellite-based vegetation index map shows conditions are worse than the last severe drought in 2002 in the extreme southwest of Saskatchewan and southern Alberta.
CME Palm Oil Swaps settled at $953.250/mt on Friday, off $14.75/mt on the day, and losing $46.50 for the week. A Reuters survey had projected July inventories likely expanded 1.6% to 1.64 mmts, but analysts said it remains below potential. The Malaysian Palm Oil Board will release the official data on Aug. 11.

CME September 2021 Palm Oil Swaps settled at $953.250/mt on Friday, off $14.75/mt on the day, and losing $46.50 for the week. A Reuters survey had projected July inventories likely expanded 1.6% to 1.64 mmts, but analysts said it remains below potential. The Malaysian Palm Oil Board will release the official data on Aug. 11.

CME Soybean Oil

CME September 2021 Soybean Oil Futures settled on Friday at $61.81/cwt, up $0.34 on the day, but losing $2.61 for the week. In bean oil, CFTC August 3rd data showed managed money funds were net buyers on the other hand for soybean oil. soy oil specs were 64,687 contracts net long, up by 3,425.

Soybean oil, while choppy in price, will remain supported due to tight world inventory. Canada will experience a shortfall of canola due to dry conditions.

CME Soybean Oil

CME August 2021 Soybean Meal Futures settled on Friday at $355.80/short ton, up $0.30/ton on the day, and gaining $4.50/ton for the week. In soymeal, CFTC August 3rd data showed spec traders were 17,929 contracts net long. That was a 4,265 contract reduction in their net long from week to week, as net new selling outweighed the long liquidation.

Record-breaking soymeal exports continued in Brazil

Refinitiv Commodities Research - Brazil soymeal exports peaked in May (1.7 mmts) and the record fast exports continued in June and July, close to the monthly record set in May. In addition, 1.69 mmts of soymeal are loaded or scheduled to load in July according to the latest line-ups report (released on 23 July).

Year-to-date (YTD) exports totaled 9.07 mmts, exceeding last year’s record. Top destinations of Brazilian soymeal include Thailand (1.39 mmts), Indonesia (1.17...
Argentina soybean exports have dropped to 5-year lows since May. Refinitiv trade flows tracked only 1.6 mmts of Argentina soybean shipments in June, as low as the preceding month. In July, Refinitiv tracked 1.2 mmts of soybean exports as of 25 July. Total exports in July may be about 1.5 mmts. YTD exports totaled 11.4 mmts, slightly above last year, but well below the five-year average. Should current slow export pace continue, Argentina soybean exports in 2021 could drop to last year's low levels.

On the other hand, YTD soyoil exports in Argentina maintain at the highest level since 2017 and 16% above last year during the time. According to Refinitiv's trade flows, Argentina soybean exports stayed at the near normal level in June, but declined to the 5-year lows in July.

Russia soybean exports stayed at relatively high levels, but lower than last year's record. Soybean exports in Russia have picked up in June and July.

**OTHER RELATED NEWS**

- **Cotton Climbed Triple Digits To New Life of Contract Highs**

Friday cotton trading left the board triple digits stronger in October and December contracts as prices set new LOC highs, as October touched 0.9242 and December 0.9170. The deferred contracts closed 81+ points stronger as well, setting new LOC highs through May '23. From Friday to Friday, Dec cotton added 2.31 cents of value.

CFTC data showed funds were net buyers in cotton through the week ending 8/3. That increased managed money's net long by 3,044 contracts to 67,480 contracts. Commercial cotton traders were still 155,536 contracts net short, as the week's adjustments only reduced their net short by 924 contracts.

USDA's 8/6 DSQ again reported no sales. The Cotlook A was 50 points stronger to 98.90 on 8/5. The updated FAS AWP for cotton for the week was 3.04 cents weaker to 75.43 cents/lb.

- **Bayer suspends the sale of soybeans in Argentina**

The multinational Bayer announced on Friday "the suspension of the soybean seeds and biotechnology business in Argentina."

"Consistent with the previously announced Global Transformation plans, the company has decided to suspend its soybean seed and biotechnology business in Argentina from the 2021/22 marketing year," Bayer said in a statement.

The company argued that "with lower insect pressure than other regions, Argentina accounted for approximately 10% of the total area sown with Intact RR2 Pro in South America in 2020/21."

In other words, the decision to stop selling soybeans is due to an issue linked to the profitability of the business, which would not be what the company expects at the moment. On the other hand, the firm assured through spokesmen that in this decision has nothing to do with the lack of sanction of a new Seed Law.

Bayer said in this regard that it "will redirect its investments in Argentina towards profitable and innovative projects that promote greater competitiveness for agriculture."

Specifically, "the plan is to redirect investments in Argentina towards profitable and innovative projects, focused on promoting digital transformation and new business models; such as the Digital Platform Orbia, or the Carbon Initiative, which was launched last week in the country, and which will drive Argentine agriculture towards new levels of competitiveness and greater sustainability."

"The company will seek an orderly transition to accompany its customers and partners and remains fully committed to its corn, crop protection and digital agriculture businesses in the country," Bayer added.

He concluded: "With more than 100 years of experience in the country, Bayer thanks all those who participated in and supported the soybean seed and biotechnology business in Argentina and reiterates its commitment to offer comprehensive solutions to producers through its corn, crop protection and digital agriculture businesses."

- **Ten entities ask France to cut imports of Brazilian products**

Presidents of ten French environmental organizations, including national sections of WWF and Greenpeace, publicly accused on Friday the 30th of July 2021, President
Jair Bolsonaro of allowing the devastation of the Amazon and the Pantanal and called for "immediate action" to prohibit the import of products linked to deforestation.

"The year 2020 was marked by fires that devastated more than 310,000 km², with the endorsement of President Jair Bolsonaro," activists write in an open letter published in Le Monde, one of the country's leading newspapers.

In addition to restrictions on current trade, they call on France to block the association agreement between the European Union and Mercosur, which, according to the text, would increase deforestation in South American countries by up to 25% a year for six years.

One of the countries that most often declares it impossible to ratify the EU-Mercosur agreement, France adopted in 2018 a national strategy to combat imported deforestation, and in 2019 Macron pledged to take action to contain the destruction of the Amazon.

"Two years later, the report is bitter: our imports of deforestation have not decreased and the destruction of the Amazon has accelerated," the mississivists say.

In addition to France, the Netherlands, Austria and part of Belgium are publicly opposed to the agreement signed with the South American countries, but countries led by Portugal and European industrialists are advocating its ratification.

The Brazilian government, which this year exchanged the holders of two ministries questioned by European authorities - foreign and environmental authorities - has already said that it is willing to negotiate environmental clauses, one of the options in which the European Commission (the EU Executive Branch, which negotiated the treaty and advocates its ratification) also works.

European politicians have, however, declared that Brazil's environmental credibility depends on practical measures to protect ecosystems, not on the minister's name.

After 20 years of meetings, negotiations on the agreement between the two blocs ended in 2019, but since then the procedure has been frozen. The text is still in the legal review phase, in which points are adjusted about which there are doubts.

Then it is necessary to translate into the languages of all member countries, obtain approval in the European Parliament and the European Council (which brings together the 27 EU leaders) and ratification in the national and regional parliaments (in Belgium) of all the countries involved.

Analysts and negotiators say the process will not come out of the fridge before the presidential elections in France next year.

Meanwhile, the letter's authors want "urgent action" to force French importers to ensure that the products they place on the market are not linked to deforestation or the destruction of ecosystems.

Environmentalists criticize the French government for remaining passive "in the face of this environmental, climate and social disaster" and continue to buy products from Brazilian agribusiness: "Our imports of deforestation products contribute to the destruction (...), the Amazon and the cerrado give way to pastures and soybean fields that France imports massively."

A bill to combat deforestation is already being drafted by the European Commission and should be evaluated in the first half of 2022, when France holds the rotating presidency of the bloc's council —which gives it more influence on the agenda of discussions.

But according to the letter, immediate measures are necessary because the figures point to new fire records in Brazil this summer.

"In the first half of 2021, deforestation in the Amazon increased by 17% compared to the first half of 2020. With the beginning of the drought in Brazil, the number of fires exceeds that of last year in the same period", says the text.

**LIVESTOCK NEWS & ISSUES**

**Dominican Republic Proposes Drastic Measures to Control ASF**

AGDAY TV - The battle over African Swine Fever (ASF) appears far from over after another country reported cases of the virus, this time in the North American hemisphere. It marks the first time ASF has been detected in the Western hemisphere in approximately 40 years.

Last week on Wednesday, USDA confirmed ASF was confirmed in the Dominican Republic. It says it was found in samples from pig via a cooperative surveillance program. As a result, the Department of Homeland Security's Customs and Border Protection says it is "increasing inspections of flights from the Dominican Republic to ensure travelers do not bring prohibited products" into the U.S.

According to Reuters, the Dominican Republic is also taking action by restricting pig shipments and mobilizing the military to contain the spread of ASF. The agriculture ministry made the announcement on Thursday.

In the U.S., USDA says it has offered additional testing support to the country, which includes nearly 400 samples of hogs raised on farms and in backyards from the Sánchez Ramírez and Montecristi provinces. Officials in the Dominican Republic say Sánchez Ramírez has 15,000 pigs and Montecristi has 4,600 pigs out of 1.8 million nationwide.

The U.S. also says it will consult to the country and offered similar help to Haiti, which shares a border with the Dominican Republic.

In addition to the U.S., Mexico also took steps to prevent the virus from spreading there, blocking shipments of pork from the Dominican Republic.

"There is no type of vaccine for this terrible illness," said Rafael Abel, the Dominican Republic's president of the agricultural commission of the chamber of deputies, as he proposed killing all the pigs in the affected areas, which he says would result in around $180 million in losses.
According to Reuters, drastic measures have happened before. The Dominican Republic, with help from the United States and others, killed all its 1.4 million pigs to end its last ASF outbreak in 1978, according to a report presented to the World Organization for Animal Health (OIE).

**Dominican Republic to Kill Pigs Over African Swine Fever Outbreak**

Reuters - The Dominican Republic will slaughter tens of thousands of pigs after detecting outbreaks of African swine fever in 11 of the country's 32 provinces, authorities said on Monday.

Fernando Duran, administrator of the state-run Banco Agricola, told a news conference the government will pay pig farmers the market price of each animal slaughtered.

Announcement of the slaughter comes after authorities sent 389 samples from pig farms across the country to U.S. laboratories after registering the widespread death of animals in three provinces. The government on Friday confirmed the presence of the virus in the Montecristi provinces, in the northwest, and Santiago Rodriguez, in the center of the country, where it has imposed quarantines in farms and sanitary cordons.

Authorities said the only way to stop the disease, which is lethal and for which there is no vaccine, is to kill the entire pig population in farms where it has been detected.

Officials are still investigating the origin of the outbreak and have not said how many pigs will be slaughtered.

Julio Cesar Estevez, director of the Ministry of Agriculture in the Northwest region, told Reuters that brigades equipped with biosecurity suits would handle the slaughter and bury the animals in pits to try to contain the spread of the illness. Estevez said brigade members would also confiscate pigs raised privately for personal consumption. He estimated that if operations to kill the pig population began immediately, the outbreak could be eradicated in about five months.

Rafael Abel, head of the agriculture committee in the lower house of Congress, last week estimated the slaughter would result in economic losses of around $180 million.

Pork is a staple of the Caribbean country's diet and a core ingredient of local Christmas dinners.

**TRANSPORTATION**

**Baltic Dry Index - Higher rates propel Baltic index to over 1-month high**

Reuters – The Baltic Exchange's main sea freight index, which tracks rates for ships ferrying dry bulk commodities, scaled its highest in more than a month on Wednesday, supported by gains across all vessel segments.

- The overall index, factoring in rates for capesize, panamax, supramax and handysize shipping vessels, added 37 points, or 1.1%, to 3,318.
- The capesize index rose 56 points, or 1.3%, to 4,302 points, registering its first gain in three days.
- Average daily earnings for capesizes, which typically transport 150,000-tonne cargoes such as iron ore and coal, were up $459 at $35,675.
- Chinese coking coal and coke futures ended higher on Wednesday, as a recent coronavirus outbreak in the country sparked supply concerns for the steelmaking ingredients.
- The panamax index rallied 51 points, or 1.5%, to 3,358, the highest since July 28th.
- Average daily earnings for panamaxes, which usually carry coal or grain cargoes of about 60,000 to 70,000 tonnes, increased by $456 to $30,222.
- The supramax index rose 14 points to 2,983.

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

Not restricted to Baltic Sea countries, the index provides “an assessment of the price of moving the major raw materials by sea. Taking in 23 shipping routes measured on a time-charter basis, for dry bulk carriers carrying a range of commodities including coal, iron ore, grain, and other commodities.”
Because dry bulk primarily consists of materials that function as raw material inputs to the production of intermediate or finished goods, the index is also seen as an efficient economic indicator of future economic growth and production.

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

**Panama Canal Makes Way for Larger Vessels**

As of May 21st, the maximum allowable length for vessels transiting the Panama Canal's Neopanamax Locks has increased from 367.28 meters (1,205 feet) to 370.33 meters (1,215 feet). With this increase, 96.8% of the world’s container fleet can now transit the Canal, thereby shortening routes and benefiting economies around the world.

The Panama Canal Authority also increased the maximum allowable draft to 15.24 meters (50 feet). By offering larger capacity along with shorter travel distances, the Canal reduces vessels’ fuel consumption and emissions and helps reduce global greenhouse gases. The changes in allowable vessel length and draft were made in anticipation of the fifth anniversary of the Canal’s expansion, on June 26th.

The Panama Canal is an important outlet for containerized grain shipped from the U.S. East and Gulf Coasts destined for China and other Asian countries.

**Historic low river levels force Argentine grains ships to cut cargoes 25%**

Reuters - Ships leaving the Argentine grains hub of Rosario on the Parana River are having to cut cargoes by 25% due to severely low water levels, the head of the local ports chamber said on Friday, with no relief in sight and the area expected to stay dry for months.

The Parana, which carries some 80% of Argentina's farm exports, is at a 77-year low level amid prolonged dryness upriver in Brazil, which has impacted shipments of the country's key exports, including soy, wheat and corn.

Dryness in neighboring Brazil, where the river originates, has reduced the amount of cargo that can be carried by ships at the height of the Argentine corn and soy export season, with questions mounting over the Parana's ability to handle wheat export traffic late this year.

"Today ships are loading about 25% less than they do when the river is at normal levels," Guillermo Wade, manager of Argentina's Chamber of Port and Maritime Activities (CAPyM), told Reuters in an interview. "If the situation does not reverse, and nothing suggests that it will, we will be losing 40% of what ships usually carry when water levels are normal," he added, an unreported forecast underscoring the potential severity of the issue.

Argentina's is a major corn and wheat exporter, as well as the world's top supplier of soymeal livestock feed. The uncertainty about the Parana hits at a time of rising international food prices with U.S. corn and soybean prices boosted by drought in parts of the nation's farm belt.

Argentina's government is asking people to limit water use in a bid to alleviate pressure on the Parana. Grains exports are the country's main source of foreign currency needed to refresh central bank reserves stained by a weak currency and long recession.

"We expect drier than normal conditions to persist for another three months across Southern Brazil. This would suggest that river levels will remain low or even drop lower in the months ahead," said Isaac Hankes, a weather analyst at Refinitiv, the financial and risk business of Thomson Reuters.

The Buenos Aires Grains Exchange a 2021/22 Argentine wheat crop of 19 mmts and exports of 12 mmts. Harvesting is in December and January. It is an open question whether the river will be ready to handle the traffic.

A statement from Argentina's National Weather Service called the impact of the crisis "multiple, widespread and costly." It said the shallowness was caused by a prolonged drought in the upper part of the Parana Basin, in southern Brazil.

"We are suffering the effects of a drought that began in June 2019. It is a cycle that has not ended, and it is not clear when it will," the service said in the statement.

**Freightos Baltic Index (FBX): Global Container Freight Index - Daily**

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

Prices used in the index are rolling short term Freight All Kind (FAK) spot tariffs and related surcharges between carriers, freight forwarders and high-volume shippers. Index values are calculated by taking the
median price for all prices (to ignore the influence of outliers on active lanes) with weighting by carrier. 50 to 70 million price points are collected every month.

The weekly freight index is calculated as an average of the five business days from the same week and published each Friday.

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

- **Freightos West Coast N.A. – China/East Asia Container Index - Daily**

- **STB Asks Class I Railroads To Provide Information on Container Congestion**
  
  On July 22nd, the Surface Transportation Board (STB) asked Class I railroads to provide information on congestion at key container terminals. STB also requested the railroads' policies and practices for assessing storage charges.

  These requests came in response to concerns over persistent intermodal congestion and significant container storage fees some shippers must pay to receive their containers.

  STB hopes to better understand the magnitude of container congestion, the purpose and effect of storage fees, and whether there is relief for receivers who cannot facilitate the release of their containers.

  Tracking just one of several affected grain commodities, the Soybean Transportation Coalition expects “supply chain issues for exporters to continue for the foreseeable future, including the container squeeze and rail availability, as well as the nationwide shortage of truck drivers.” Soybeans are the largest U.S. containerized grain export, representing more than 40 percent of the market on average.

  **Logistics**

  - **Argentine lorry drivers block Bahia Blanca port for sixth day**
    
    The port of Bahia Blanca, in the south of Argentina’s Buenos Aires province remains blocked for the sixth consecutive day by a group of lorry drivers demanding a fixed freight tariff, according to local media reports.

    The drivers are also demanding the suspension of a law regulating the weight and power of lorries transporting goods and has been running since last Thursday.

    Local press reports said that representatives of the truckers would hold meetings with representatives of the port on Thursday.

    Current legislation has set a timeline to phase out low power trucks out of circulation in a bid to boost road safety on the routes.

    Gustavo Idigoras, head of the country’s grain export chamber CIARA-CEC said that the protest had been some violence among some of the strikers, but authorities were slow to respond.

    “The Ministry of Transport is currently intervening in this conflict as the authorities of the Buenos Aires Province are not taking any action at all to try to solve this conflict,” Idigoras said.

    The action targets port facilities at a key time in Argentina’s corn export programme, as mounting orders battle with historically low water levels along the key arteries that feed into the Up River network – particularly the Parana river.

  - **Strike at Argentina port suspended**
    
    Argentina’s Bahia Blanca grain port returned to normal operations on August 5th after five days of disruptions due to a truckers’ protest that included roadblocks, Reuters reported.

    The protest, which kept grains cargoes from entering the terminal, could resume in 72 hours if the truckers’ demands, which include higher wages, aren’t met, Carlos Sosa, a member of the board of the Bahia Blanca Port Management Consortium told Reuters.

    The port, located in southern part of the Buenos Aires province, is used by major grain exporters such as Archer Daniels Midland Co., Cargill and Louis Dreyfus.

    Research suggests that typically around 68% of total corn exports are handled by the Up River hub, but the low water has seen a shift in operations as Atlantic ports, like Bahia Blanca and Necochea, pick up extra work, with Up River declining to 55% of all loadings.

    Argentina is already dealing with export challenges as low water levels on the Parana River are forcing grain exporters to reduce the size of their cargo.
Argentina is the world’s leading exporter of soybean oil and soymeal and is also among the world’s top corn and soybean exporters.

**Argentina Bunge facility shut down after silo collapse**
An accident at a Bunge facility in Argentina’s Up River hub has led to suspension of activity and fears of injuries at one of the group’s main processing sites in the country, according to multiple trade sources.

The facility, thought to be the Puerto General San Martin (PGSM) industrial complex, was reported to have suffered the collapse of a silo earlier today, leading to reports of injuries among workers.

Maritime sources say the accident has not affected berths or loading operations at the facility, but the terminal has been shut down.

“It happened earlier today. I don’t have much info yet, but one person was transferred to hospital… the accident was in a big silo,” one source said, with other sources identifying the Pampa and Dempa terminals that make up part of the complex had been affected.

The facility is identified on the Bunge Argentina corporate website as a crushing plant, port terminal, and storage plant handling grains, meals and oils.

At full capacity, the crusher can handle 8,000 mt of soybeans a day, and offers 530,000 mts of storage, split between 370,000 mts of grains and 160,000 mts of by-products.

The facility can also store 48,000 mt of soyoil and has a soybean refining capacity of 500 mts/day, while its two berths are able to handle 3,000 mts loading per hour.

The company, one of the so-called ABCD quartet alongside ADM, Cargill and Louis Dreyfus, is headquartered in Missouri in the United States, but has extensive operations across South America.

Argentina's Up River hub is home to a significant portion of the country's crush and export capacity, but the primary river - the Parana - has suffered extreme low water levels in recent weeks, cutting its export capacity and slowing operations.

**Argentina declares state of water emergency**
Reuters - The government of Argentina on Monday declared a 180-day “water emergency” for the Parana River, which is suffering a historic bout of shallowness that has affected the amount of grains that can be shipped from the country's key ports hub of Rosario.

The country is a major international food supplier. The Parana, which originates in a drought-hit part of Brazil, carries about 80% of Argentina's agricultural shipments, which are the country's main source of export dollars.

The river is at its lowest level in 77 years. The state of emergency, which will take effect on Tuesday, was published in the government's gazette and covers wide parts of the Parana River basin, affecting the provinces of Formosa, Chaco, Corrientes, Santa Fe, Entre Ríos, Misiones and Buenos Aires.

Residents and businesses in these areas are urged to reduce the amount of water they use.

"The extraordinary magnitude of the emergency requires that all areas of the national government join forces to mitigate this hydrological phenomenon in the areas affected," the government decree said.

Ships departing from Rosario are having to leave grains ports with 25% less cargo than usual due to river shallowness, which is not expected to improve for months.

The emergency is hitting at the peak of soy and corn export season. Argentina is the world's No. 3 corn exporter and top supplier of soymeal livestock feed, used to fatten hogs and poultry from Europe to Southeast Asia.

**GOVERNMENT**

**Unrest in Cuba shakes up ag trade outlook**
Bill Tomson - Public protests in communist Cuba are rare, so when people recently took to the streets to demonstrate in protest against the government, the world took notice and America’s ag sector is still weighing the implications for trade between the two countries.

While Dalton Henry, vice president of policy for the U.S. Wheat Associates, says it’s just too early to gauge whether the unrest hurts or helps advocates for allowing increased ag trade, Peter Bachmann, vice president of international trade policy for the USA Rice Federation, says he’s hopeful. “We are encouraged that something different is happening,” said Bachmann. “Because of lockdowns and food shortages, the Cubans are demanding change. The U.S. has to support these people who are standing up to their government and want freedom from communism.”

The unrest from within Cuba has united governments, including the U.S. and from around the globe to denounce the Cuban regime’s harsh treatment of protesters.

“We urge the Cuban government to heed the voices and demands of the Cuban people,” U.S. Secretary of State Antony Blinken, together with foreign ministers of 20 nations, said in a joint statement issued July 25. “The international community will not waver in its support of the Cuban people and all those who stand up for the basic freedoms all people deserve.”
Still, it’s unclear if the recent turmoil will push the Biden administration to reach out and support policy changes that would improve the lives of Cubans.

Dalton Henry, U.S. Wheat Associates “It’s tough to see how this situation plays out,” says Henry, who says the Cuban protests are more of a complicating factor than a catalyst for change. “It certainly makes things more challenging.”

President Joe Biden still has not taken the steps many were hoping he would to continue the Obama administration’s push to improve relations between the U.S. and Cuba. Biden hasn’t even rolled back any of the Trump administration’s travel or other restrictions on Cuba.

USW, along with many farm groups, advocates that one of the best things the White House and Congress could do is end restrictions that stop the U.S. from supplying Cubans with farm commodities like wheat, rice and corn.

“That’s been our argument for a long time,” Dalton said about the point of view that the best way to support the Cuban people is to help feed them.

Cuba imports about $2 billion worth of ag commodities per year, but the U.S. gets only about 10% of that business even though the two countries are separated by only about 90 miles of water.

“The Cuban people want our goods, especially U.S. rice, which is easily the safest, most efficient and most sustainable food supply in all of the world,” said Louisiana rice merchant Scott Franklin in a statement released by USA Rice. “This is the last trade frontier for the U.S., and its significance cannot be overstated.” The U.S. was the largest foreign supplier of rice to Cuba before the embargo was put in place in 1960, but now “U.S. rice exports to Cuba are essentially zero,” says USA Rice.

Now ordinary Cubans, many of whom the State Department says were beaten or arrested, have taken a bold step and the U.S. has to back them up with policies, says Bachmann. “If the U.S. comes in heavy-handed and tries to tell (Cubans) what to do, that’s probably not going to help in the long run,” says Bachmann. “The change has to come from within and this is the first time in decades that there’s been this Cuba-driven demand for change.”

U.S. politics surrounding policy change with Cuba is polarizing and has been for decades, especially in the swing state of Florida, home to the anti-communist passion of many Cuban Americans.

Ag Secretary Tom Vilsack was among the Obama administration officials who visited Cuba in 2015. Sen. Marco Rubio, a Florida Republican who has been outspoken on Cuba policy, accused the Biden administration of supporting “engagement” with the Cuban government during a recent appearance on Fox News, and criticized trips to the country by lawmakers. And now Rubio, House Minority Leader Kevin McCarthy, R-Calif., Sen. Rick Scott, R-Fla., and other lawmakers are demanding an audience with Biden “to discuss how Congress and your administration can work together to bring an end to the oppressive communist regime in Havana and liberate the Cuban people,” according to a letter they sent to Biden July 26. But it is engagement with Cuba that many farm groups want.

Some of the biggest farm groups in the country signed on to a letter last month in support of legislation by Sens. John Boozman, R-Ark., and Michael Bennet, D-Colo., that would allow for private financing of U.S. ag exports to Cuba and permit U.S. companies to set up agricultural businesses in Cuba.

Congress allowed U.S. farmers to once again export to Cuba when it passed the Trade Sanctions Reform and Export Enhancement Act of 2000, but the law also required Cubans to pay cash in advance for U.S. ag commodities, which puts the U.S. at a severe disadvantage to suppliers from Europe, Asia and South America.

Cuba imports about 30 million bushels of wheat every year, but none of it is coming from U.S. fields. Instead, it’s mostly European and Canadian producers that supply Cuba’s demand.

**U.S. Congress advancing agriculture appropriations bill**

In action Monday, the Senate Appropriations subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies approved a budget of $25.855 billion, which is an increase of $2.5 billion above fiscal year 2021 enacted level, in discretionary funding to support federal agriculture and nutrition programs in Fiscal Year 2022. The full Senate Appropriations Committee will take up the legislation on Wednesday. Last week the House advanced the agriculture spending bill as part of a minibus package.

Included in the appropriations, senators advanced more than $7 billion in disaster assistance to help farmers and ranchers with losses due to drought and other natural disasters. This includes $6.28 billion for disaster assistance to aid producers who suffered losses due to droughts, hurricanes, wildfires, floods and other qualifying natural disasters in calendar year 2020 and 2021. It also includes $750 million for livestock producers for losses incurred during 2021 due to drought or wildfire. This disaster assistance will build on top of existing farm bill programs for livestock producers.

Sen. John Hoeven, R-N.D., ranking member of the Senate Agriculture Appropriations Committee, says with many of our farmers and ranchers facing a severe drought and other natural disasters, the committee worked to include more than $7 billion in this year’s agriculture appropriations bill, including $750 million for livestock producers.

"This will help to cover losses and keep our producers in the game as they overcome these challenges," says Hoeven.

Senate Agriculture Committee Ranking Member John Boozman, R-Ark., adds he appreciates Hoeven's leadership to ensure that disaster assistance was included in this bill. "We are committed to working in a bipartisan manner with our Senate.
business growth in rural areas.

The bill provides $1.125 billion for the Animal and Plant Health Inspection Service, an increase of $35.4 million above the FY21 enacted level. It prohibits the closure of FSA county offices and provides resources for IT improvements and personnel across county offices. The bill also increases funding for direct and guaranteed farm ownership loans to meet expected demand.

The bill provides $1.88 billion for the Natural Resources Conservation Service for Conservation Operations, $198 million for Watershed and Flood Prevention Operations, and $10 million for the Watershed Rehabilitation Program.

The bill provides $900 million for broadband expansion to provide economic development opportunities and improved education and healthcare services in rural communities. The bi

The bill provides $1.76 billion for Food for Peace Title II Grants, an increase of $20 million, and $245 million for the McGovern-Dole International Food for Education program, an increase of $15 million.

House increases ag investments

The House Agriculture Committee on July 28 passed H.R. 267, the 2020 Wildlife and Hurricane Indemnity Programs Plus Reauthorization Act, including the On-Farm Storage Loss and Milk Loss Programs for 2020 and 2021.

On July 29 the full House passed, on a 219-208 vote, its annual appropriations bill with seven appropriations bills including agricultural funding. The "minibus" included a total of $26.55 billion, which is $2.85 billion over fiscal year 2021 for USDA and related agencies.

Chair of the House Agriculture appropriations subcommittee, Rep. Sanford Bishop, D-Ga., says the bill addresses three key priorities: "First, it provides nearly $400 million in investments to ensure equitable participation in USDA programs. Second, the bill provides nearly $350 million to address the impacts of climate change. And third, it fully funds federal pay costs and it rebuilds the leadership offices at USDA that were decimated over the past several years."

The American Soybean Association led an effort with other agricultural stakeholder groups to help defeat an anti-neonicotinoid pesticide amendment. The amendment - offered and later withdrawn by Rep. Earl Blumenauer, D-Ore. - sought to ban federal funds from being used to register neonicotinoid pesticides, effectively banning the chemistries.

The House voted not to adopt amendments that would withhold funding from the administration, thus preventing it from repealing, revising, or replacing the current Waters of the U.S. rule or implementing the Executive Order on Tackling the Climate Crisis at Home and Abroad, which includes the 30x30 initiative. No amendments to cut crop insurance or the farm safety net were considered by the House.

The bill provides $4.7 billion for Rural Development initiatives, including more than $900 million for broadband expansion to provide economic development opportunities and improved education and healthcare services in rural communities.

The bill provides $2.9 billion in farm and conservation programs, $3.4 billion for agricultural research including a significant increase for the 1890 land-grant institutions, and $1.74 billion for Food for Peace grants and $245 million for the McGovern-Dole program to use our agriculture commodities in support of our nation's diplomacy.

Despite this movement in the House prior to the August recess, it is all but inevitable that Congress will have to return in the fall and pass a Continuing Resolution in order to avoid a government shutdown on October 1.
International Crop & Weather Highlights

- **India's monsoon rains forecast to be average in August, September**
  
  Reuters - India is likely to receive an average amount of rainfall in August and September, the state-run weather office said on Monday, raising expectations of higher crop yields in Asia's third-biggest economy, which relies heavily on the vast farm sector.
  
  "As per most parameters, we expect monsoon rains to be normal in August and September this year," Mrutyunjay Mohapatra, Director General of the state-run India Meteorological Department (IMD), told a news conference.
  
  The IMD defines average, or normal, rainfall as between 96% and 104% of a 50-year average of 88 cm (34 inches) for the four-month season beginning in June.

- **USDA/WAOB Joint Agricultural Weather Facility – 17th July 2021**
  
  **Europe** – Widespread Showers Continued, But Heat And Dryness Lingered In The Balkans
  - Moderate to heavy rain was beneficial for reproductive to filling spring grains and summer crops across much of central and northern Europe.
  - Hot, dry weather trimmed yield prospects for filling corn and sunflowers in the lower Balkans.
  - Sunny skies and cool temperatures favored corn and sunflowers in western France, while short-term dryness intensified in northern Spain’s corn areas.

  **Western FSU** – Warm, With Beneficial Showers In Northern Ukraine
  - Warm, sunny weather in central and southern Ukraine maintained good prospects for reproductive corn, sunflowers, and soybeans, while much-needed showers arrived in drier northern crop areas.
  - In western Russia, showers favored reproductive corn and sunflowers in the north, while sunny skies ushered summer crops toward maturity in the south.

  **Eastern FSU** – Additional Showers Aided Drought-Afflicted Spring Grains
  - Additional showers further eased drought and improved prospects for later-developing spring grains in northern Kazakhstan and central Russia. Farther east, spring wheat continued to develop favorably in the Siberia District following recent rain.
  - Sunny skies favored open-boll cotton in Uzbekistan and environs.

  **Middle East** – Dry Weather In Turkey
  - Sunny skies in Turkey promoted the development of late-reproductive to filling summer crops.

  **South Asia** – Improved Moisture In Central India
  - Showers across central India improved moisture conditions for kharif crops following poor rainfall during the first half of the season.

  **East Asia** – Typhoon In-Fa
  - Typhoon In-Fa produced heavy rain in eastern-most China, alleviating short-term dryness for summer crops but causing flooding in the lower Yangtze River.

  **Southeast Asia** – Drier Weather Returned To Thailand
  - While rice in much of Indochina continued to receive ample rainfall, dry weather returned to parts of interior Thailand.

  **Australia** – Continued Favorable For Winter Grains And Oilseeds
  - In the south and west, widespread showers helped maintain good to excellent winter crop prospects.
  - In the northeast, sunny skies and abundant moisture supplies favored wheat development.

  **South America** – Another Freeze Hit Southern Brazil
  - For a second week, freezing temperatures raised concern for potential damage to corn, coffee, and other crops in southern Brazil.
  - In Argentina, the cold weather slowed early winter grain growth as dryness supported corn harvesting.

  **Mexico** – Beneficial Rain Continued Throughout Much Of Mexico
  - Showers benefited rain-fed summer crops and helped to recharge reservoirs.

  **Canada** – Heat And Dryness Maintained Stress On Crops And Forage
  - Unseasonable warmth and dryness persisted in most spring grain and oilseed areas.

  **Web Site:** [https://www.usda.gov/sites/default/files/documents/TODAYSWX.pdf](https://www.usda.gov/sites/default/files/documents/TODAYSWX.pdf)
  **Source:** [https://www.usda.gov/oce/weather-drought-monitor/publications](https://www.usda.gov/oce/weather-drought-monitor/publications)
  **Web Site:** [https://www.usda.gov/sites/default/files/documents/TODAYSWX.pdf](https://www.usda.gov/sites/default/files/documents/TODAYSWX.pdf)

- **Reference: Conversion Calculations**
  
  Metric tonnes to Bushels:
  - Wheat, soybeans = metric tonnes * 36.7437
  - Corn, sorghum, rye = metric tonnes * 39.36825
  - Barley = metric tonnes * 45.929625
  - Oats = metric tonnes * 68.894438

  Metric tonnes to 480-lb bales
  - Cotton = metric tonnes * 4.592917

  Metric tonnes to hundredweight
  - Rice = metric tonnes * 22.04622

  Area & weight
  - 1 hectare = 2.471044 acres
  - 1 kilogram = 2.204622 pounds
August Crop Calendar

- **USDA FAS OGA 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/may_calendar.gif