Notes and Observations in International Commodity Markets

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KSU Agriculture Today Link - Grain market update, World grain supply and demand report: https://agtodayksu.libsyn.com/grain-market-update-world-grain-supply-and-demand-report

GHA - News and information noted below are articles of Interest and gathered from numerous sources. This news and information do not reflect the opinions of KSU-IGP or myself, but are provided as matter of interest.

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USDA Report neutral to bearish as NOLA recovering from Hurricane Ida

GHG – Friday’s USDA WASDE Report was neutral to bearish. However, I would
suggest that much of the bearishness was already built into the recent price decline in
both corn and soybeans. Despite what, on the surface, appeared to be a bearish
September WASDE report, soybeans, corn and meal recovered from lower prices
early in the day to finish Friday modestly higher. Wheat recovered from heavy early
losses, especially Minneapolis HRS wheat.

September corn closed up 6 3/4 cents per bushel and December corn was up 7½
cents. September soybeans closed up 16½ cents and November soybeans were up
16 cents. December KC wheat closed down ¾ cent, December Chicago wheat was
down 3 ¾ cents and December Minneapolis wheat was up 4½ cents.

In other markets:
- September U.S. Dollar Index is trading up 0.115 at 92.595.
- October crude oil is up $1.48 at $69.62, October heating oil is up $0.0299, October
RBOB is up $0.0512 and October natural gas is down $0.066.
- December gold is down $10.20 at $1,789.80, December silver is down $0.33 at
$23.85 and December copper is up $0.1535 at $4.4390.
- The Dow Jones Industrial Average is down 45.48 points at 34,833.90.

US Dollar & Foreign Exchange

- US Dollar Index- Gains Friday On Weak Stocks, Stronger T-Notes

US Dollar Index Gains Friday On Weak Stocks, Stronger T-Notes

Higher T-note yields on Friday supported the dollar along with weakness in stocks,
which boosted the liquidity demand for the dollar. The dollar index on Friday rose
+0.100 (+0.11%). EUR/USD fell -0.0011 (-0.09%). USD/JPY rose +0.17 (+0.15%)
The dollar on Friday posted modest gains.

EUR/USD on Friday moved lower on comments from ECB President Lagarde, who
said the ECB is “determined” to provide the necessary support as the Eurozone
economy is not out of the woods yet.

Export capacity at NOLA is slowly recovering from Hurricane Ida that swept through
of the 29th of August causing disruptions to the movement of grain in the gulf. Damage
to facilities, power lines and vessels caused wide spread shut downs to export
terminals in New Orleans and pressured the trade as it awaited to see the extent of
the damage done. As of September 7th, it was reported that the lower Mississippi
River had been cleared of enough debris from Hurricane Ida’s aftermath to resume
ship and barge movement through the ports of New Orleans. As conditions continue
to improve and power restoration continues to ramp up, export shipments will slowly
return to normal pace.

Have a good weekend! ☺
USD/JPY on Friday rose moderately. The yen weakened Friday on reduced safe-haven demand after the Nikkei Stock Index rallied to a 5-1/2 month high. The yen also fell back Friday from higher T-note yields.

December gold on Friday closed down -7.90 (-0.44%), and Dec silver closed down -0.277 (-1.15%). Precious metals fell back Friday on a stronger dollar. Gold prices were also under pressure Friday from higher T-note yields. Losses in gold were limited Friday after U.S. Aug producer prices rose more than expected, which boosted demand for gold as an inflation hedge.

U.S. Aug PPI final demand rose +0.7% m/m and a record +8.3% y/y (data from 2010), stronger than expectations of +0.6% m/m and +8.2% y/y.

Comments on Friday from Cleveland Fed President Mester were bullish for the dollar when she said, "we've basically met both sides of substantial further progress," and she favors "tapering sometime this year."

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 Japanese government on Wednesday said it would extend the Covid state of emergency in Tokyo, Osaka, and 17 other prefectures until Sep 30.

- Export capacity drops at U.S. Center Gulf

U.S. center gulf exports out of NOLA has significantly dropped in the wake of Hurricane Ida as disruptions at the Gulf has seen CIF NOLA basis collapsed, and FOB values soar.

Last week, Mississippi River terminals at St. Louis were showing a 13 cent carry from FH Oct to LH Dec and December basis was +4 cents over DVE. Fast forward to today, there's 50 cents of carry and Dec basis is +5 cents below DVE. JFM basis is 3 to 5 cents lower.

In addition, barge tow sizes have been limited to 36 barges southbound, and 42 barges northbound, with a six-wide maximum. An article this week was quoting the LA Dept of Ag indicated that only 50% of grain barges have been identified, presenting a logistical mess.

If disruptions extend into October, bids might not be cheap enough. ADM STL would need to drop bids by another 15 cents to make a 10 cent margin on corn heading south by rail on the CSX.

Private trade analyst from Advance Trading Inc. (ATI) out of Bloomington, Illinois are suggesting that U.S. center gulf export capacity will not return to a "near normal" volume until October. The above graph compares last year's 2020's September program with the current year 2021 pre-Hurricane Ida estimate, and post-Hurricane Ida projections. ATI

ATI used no exports for the first week of September, with 20% loading in week two, 60% in week three, 80% in week four, and then 90% by the last week of September. ATI suggests that there could be ~145 mbu of volume that must either find another port with capacity, roll the business forward or risk losing the business.

The trade will continue to closely watch the progress of repairs as elevation capacity comes back on-line.

NOLA Terminal Update/Estimate 8 September, from one shipping agency:
- Fully Operational: ARTCO Rig, Cooper Rig, MGMT Rig, LDC Port Allen
- Limited Operations: ADM Destrehan

Not Operational and Est Date of Power
- ADM Ama 9/29
- ADM Reserve 9/29
- Bunge Destrehan 9/17
- Cargill Reserve 9/29
- Cargill Westwego 9/17
- CHS Myrtle Grove 9/8 (?)
- Zen-Noh Convent 9/29

Optimum harvest weather across the grain belt is expediting early harvest pressure, pushing barge freight higher and tightening rail logistics. As such, while FOB values have strengthened, interior prices have faded with price structures moving to a larger carry. In the wake of harvest pressure, this should allow the country elevator to
increase its merchandising margin and originate some ownership at cheaper basis levels.

Merchandising: As many were reminded from earlier this year; if cash basis is over DVE (Delivery Value Equivalents), spreads are subject to firming (with forward price structures moving to smaller carry or a larger inverse) and its ultimately bullish futures as the market tries to get cash to move. The exact opposite is the case when basis is below DVE, (with forward price structures moving to smaller inverse or a larger carry). Barring a major yield surprise, bushels are likely to chase space and freight and futures are subject to weakening to stem cash movement. This might feel like a headscratcher when the balance sheet is 1.2-1.3bbu, but it’s the science of the market so be cautious in overstaying a position if the river basis is in opposition to it.

Port of NOLA Container Vessel Operations Resume After Hurricane

Port of New Orleans container vessel operations resumed Tuesday, the 7th of September, just nine days after Hurricane Ida made landfall in southeast Louisiana as a category 4 storm. The first two ships worked at the Napoleon Avenue Container Terminal were the Hapag Lloyd CSL Manhattan at Ports America and the MSC Charleston at New Orleans Terminal. Seacor’s container on barge service is also being worked Sept. 7 by Ports America.

“The Port of New Orleans and New Orleans Public Belt Railroad are resilient and strong. Our wharves are busy today, handling both container and breakbulk cargo vessels, and trains are moving,” said Brandy D. Christian, President and CEO of Port NOLA and CEO of NOPB. “Our success can be attributed to coordination with a long list of partners: FEMA, MARAD, our local, state and federal leaders, terminal operators, tenants, International Longshoremen’s Association, river pilots, Entergy, Carnival Cruise Line, our dedicated Port and NOPB teams, and others.”

Port NOLA’s breakbulk vessel operations resumed Sept. 2, just four days after Hurricane Ida with the MV Ishizuchi Star that worked at Coastal Cargo. NOPB operations also resumed Sept. 2 to connect with BNSF Railway, CN, CSX, Kansas City Southern, Norfolk Southern, and Union Pacific. Navigation on the Gulf Intracoastal Waterway east of the Mississippi River through the Inner Harbor Canal Lock has also resumed.

Though Hurricane Ida’s winds caused mass power outage throughout the entire region and shut down operations, the port says its terminals and industrial real estate properties sustained no major damage, due to their location within the $14 billion federal Hurricane and Storm Damage Risk Reduction System. Port NOLA’s Louisiana International Terminal development is also located within those boundaries; that property was not materially impacted by the storm.

Power outages slash U.S. Gulf Coast grain exports as river reopens

Reuters Sept 7 - Grain exports from U.S. Gulf Coast terminals in southern Louisiana remained severely limited on Tuesday, even after the U.S. Coast Guard reopened the lower Mississippi River to shipping traffic over the weekend.

A large terminal near Baton Rouge owned by Louis Dreyfus Co has resumed loading export vessels. But lingering power outages kept most of about a dozen other terminals in the area shuttered, more than a week after Hurricane Ida roared through the busiest U.S. export outlet for grains.

Just weeks before peak grain export season, Ida roared through and crippled grain and oilseed shipments from the Gulf Coast, outlet for about 60% of U.S. exports.

Export inspections last week of U.S. soybeans, a gauge for eventual shipments, were the lowest in seven years, U.S. Department of Agriculture (USDA) data showed. No soybeans were inspected in the Gulf, the data showed.

USDA said 275,799 mts of corn were inspected for export in the week ended September 2nd, including just 84,733 mts at the Louisiana Gulf, the slowest week in two years.

Archer-Daniels-Midland Co, which operates four export elevators in Louisiana, and Bunge Ltd, which has an export terminal and a soy processing plant there, said on Tuesday their facilities remain without power. Terminals owned by Cargill Inc and CHS Inc sustained some damage and also are waiting for power to be restored.

Commodity trader and logistics firm Hansen-Mueller Co said the company has been contacted by exporters looking to ship wheat, corn and soybean meal out of its Houston facility amid disruptions in New Orleans.

"We anticipate that until capacity in (New Orleans) starts to come back online that Houston will continue to see grain shipments it would normally not see," said Paul Johnson, chief operating officer at Hansen-Mueller.

Ship and barge traffic has picked up after the Mississippi River reopened, although movement is slow as the channel remains littered with various obstructions, including sunken barges, according to shipping notices seen by Reuters.

The bulk vessel Limnionas, the first grain export vessel to set sail since the storm hit, entered the Gulf of Mexico on Tuesday after loading with about 75,000 mts of soybeans on Sunday at Louis Dreyfus’ Port Allen terminal, according to grain shipping sources and Eikon vessel tracking data.
Mike Strain, commissioner of the Louisiana Department of Agriculture and Forestry, said crews are still working to clear the river and identify where the storm-battered barges are and who owns them.

"About 50% of the grain elevators’ barges have been identified so far," Strain said. Some grain elevators are using staging areas up-river to store these barges and park them in the water until the waterway is fully navigable, Strain said. Some of these barges are starting to head upriver, he said.

"We've got to get those empty barges up the river, so they can be filled," he said.

U.S. Agriculture Secretary Tom Vilsack said on Tuesday that although there are some disruptions from the storm, the USDA does not expect the damage to "significantly curtail our capacity to export" grains.

### U.S. Gulf Coast grain exports slowly resume after Ida

Reuters Sept 9 - Louisiana Gulf Coast grain exports are slowly ramping up after a nearly two-week halt due to damage from Hurricane Ida, with at least two large exporters loading vessels and power steadily being restored to other terminals, government and shipping sources said on Thursday.

More than 50 ocean going vessels have lined up along the lower Mississippi River waiting to dock and be loaded with soybeans or grain, according to Refinitiv Eikon shipping data and industry vessel lineup summaries seen by Reuters.

Restoring shipments from the busiest U.S. grain export hub is welcome relief to markets rattled by the storm disruptions as worries about prolonged outages sent export costs soaring and stoked fears about global food inflation.

Cash premiums for corn and soybean barges shipped to the Gulf Coast for export rallied by as much as 15 cents a bushel on signs that exports were beginning to flow again.

Archer-Daniels-Midland Co, one of the world's biggest grain traders, restarted operations on floating midstream rigs that transfer crops from barges onto bulk ships, according to a statement.

ADM expects Louisiana elevators in Ama and Reserve to resume operations by the end of the month, and repairs to an elevator in Destrehan, Louisiana, to take "a few weeks longer," the statement said. It added that estimates show power will be restored in the area late next week.

The vessel Navios La Paix was docked at ADM's facility in Destrehan on Thursday and loading with grain bound for Central America, shipping data showed.

A large export terminal owned by Louis Dreyfus Co near Baton Rouge was loading a corn vessel bound for Mexico on Thursday after loading a soybean vessel over the weekend. Some midstream rigs have also resumed loading.

"Things are finally starting to move again, which is good because the harvest is coming. Hopefully we can catch up pretty quick," said a U.S. export trader, asking not to be named as he is not authorized to speak with media.

At least three of the region's nearly dozen terminals are still without power, including a CHS Inc facility in Myrtle Grove and a heavily damaged Cargill Inc terminal in Reserve, Louisiana Agriculture Commissioner Mike Strain said.

Bunge Ltd's facility in Destrehan is "still not operational" and the company has no estimate yet as to when it will be back online, said Daiana Bein Endruweit.

Asia's grain and oilseed buyers were preparing for shipping delays of at least a month after the storm, traders and a miller said on Wednesday

Barge-loading river elevators in the U.S. farm belt have been holding back downriver shipments of grain as hurricane damage is cleared and power is restored.

Just 258,000 tons of corn and soybeans were shipped through key river locks on the Mississippi River and its tributaries in the week ended Sept. 4, down 65% from the same week last year, according to the U.S. Department of Agriculture.

The U.S. Army Corps of Engineers expects the bulk of shipping channel obstructions on the lower Mississippi to be removed by Sept. 21 and dredged by Sept. 23, Strain said.

Officials are currently restricting the number of barges that each towboat will be allowed to haul at one time through the area for safety, he said.

In another move toward recovery, CF Industries Holdings Inc, one of world's biggest fertilizer producers, said it began restarting ammonia plants in Donaldsonville, Louisiana, after halting production there on August 28th.

### ADM to restart two Louisiana Gulf Coast terminals by end of month

Sept 9 (Reuters) - Global grains trader Archer-Daniels-Midland Co expects to resume export loadings at its Louisiana Gulf Coast terminals in Ama and Reserve by the end of the month, while repairs at its Destrehan terminal following Hurricane Ida will take "a few weeks longer," the company said on Thursday.

ADM said it expects power to be restored in the area around its terminals "late next week," but has already resumed loading export shipments with its mid-stream equipment on the lower Mississippi River.

### Asian crop importers brace for delays after Ida hits U.S. export hub

Reuters Sept 8 - Asia's grain and oilseed buyers are set to face shipping delays of at least one month after Hurricane Ida damaged key export terminals around the U.S. Gulf Coast, two traders and one miller said.
The slowdown in supplies is likely to stoke food inflation fears for price-sensitive consumers in Asia, where many importers have already drawn down crop inventories after having been forced to curb purchases amid volatile crop prices and COVID-related supply disruptions this year.

Importers led by top soybean buyer China, major corn buyer Japan and number two wheat importer Indonesia are likely to take a hit after top exporters such as Cargill suffered damage to grain-loading facilities.

"We have trading companies asking us to roll over shipping contracts from September to October, as it will take at least one month to get things back to near normal," said one trading manager at an international company which runs soybean and wheat processing plants across Asia. "There is also talk of cancellations."

The sources declined to be identified because they weren't authorized to speak to the media.

Hurricane Ida which roared ashore last week caused damage to export facilities with more suppliers reporting losses.

Crop exports from Gulf coast terminals in southern Louisiana - which handle roughly 60% of U.S. crop shipments - remained severely limited on Tuesday, even after the U.S. Coast Guard reopened the lower Mississippi River to shipping traffic over the weekend.

The damaged infrastructure is already having an effect on export volumes.

U.S. exporters inspected just 68,059 mts of soybeans for shipment in the week ended September 2nd, down 82% from a week earlier and 96% less than the year-ago period. Corn exports of 275,799 mts were 53% lower than the week prior and 69% below the same week a year ago, according to the USDA.

"Buyers will have to wait or seek alternative sources if suppliers declare Force Majeure," said a Singapore-based feed grains trader, referring to a common clause in contracts which frees both parties from liability or obligation when an event beyond their control takes place.

Asia is by far the top market for the U.S. soybean crop which is approaching harvest, and importers typically conduct a majority of their purchases soon after harvest when supplies are abundant, and prices tend to come under pressure.

Between 2016 and 2020, Asia accounted for around 71% of total U.S. soybean exports, 56% of which were shipped to Asian buyers between September and December of those years, according to USDA data.

Some crops are expected to be rerouted to Pacific Northwest ports to try to maintain flows, though "this is likely to result in congestion at the PNW ports, which will impact wheat exports as well," a second Singapore-based trader said.

Any lengthy delays in restoring U.S. export loadings will have a direct impact on top buyer China, where soy processing margins have recently recovered from a plunge in June tied to worries about demand from the country's hog sector.

"It is possible that we might have problems with supplies due to various factors including the impact from the hurricane," said a China-based manager at a major soybean crusher. "If soybean supplies drop, crush margins could go up."

**Wheat**

**USDA WASDE - Wheat**

USDA FAS - The global wheat outlook for 2021/22 was for increased supplies, higher consumption, more trade, and higher ending stocks.

Supplies are projected rising by 7.1 mmt to 1,072.8 mmt, on the combination of larger beginning stocks for Canada, EU, and India and higher production for Australia, India, and China.

Australia’s production is raised by 1.5 mmt to 31.5 mmt on continued widespread favorable conditions to date. This would be Australia’s 3rd largest wheat crop on record.

India’s production is increased by 1.5 mmt to 109.5 mmt on the government’s 4th Advance Estimate and this would be India’s 5th consecutive record crop.

China’s production is increased 900,000 mts to 136.9 mmt, mainly on a higher area estimated by the National Bureau of Statistics. Partially offsetting these increases, Canadian production is lowered by 1.0 mmt to 23.0 mmt, based on the Statistics Canada forecast issued August 30th, and Argentina is reduced 500,000 mts to 20.0 mmt on dry conditions.

Projected 2021/22 world wheat consumption was raised by 3.0 mmt to 789.6 mmt.

Most of the higher consumption is for feed and residual use, led by China, increasing by 1.0 mmt to 36.0 mmt.

Projected 2021/22 global wheat trade was raised by 1.5 mmt to 199.7 mmt as higher exports by Australia and India more than offset reduced exports for Canada.

Projected 2021/22 world wheat ending stocks were increased by 4.2 mmt to 283.2 mmt with India, EU, and Canada accounting for most of the increase, although global stocks remain below last year.

**United State:** The outlook for 2021/22 U.S. wheat this month was for reduced supplies, slightly higher domestic use, unchanged exports, and decreased ending stocks.

Wheat supplies were reduced as imports are lowered by 10 mb to 135 mb on the import pace.
On the demand side food use was raised by 2 mbus to 964 mbus, reflecting an upward revision of 2020/21 food use.

Exports were unchanged at 875 mbus, but there are offsetting wheat-by-class changes.

U.S. projected 2021/22 ending stocks were reduced by 12 mbus to 615 mbus and were 27% below last year and the lowest in eight years.

The projected 2021/22 USDA season-average farm price was lowered $0.10 to $6.60/bushel on reported NASS prices to date and price expectations for the remainder of 2021/22.

Domestic: Export quotes for all U.S. wheat classes moved higher again this month. Soft White Winter (SWW) rose a dramatic $92/ton to a remarkable $450, nearly double what it was one year ago. So far this marketing year, demand has remained strong with exports of this class down less than 10% year to date, despite production being down by nearly one-third and the lowest in decades based on low yields.

Hard Red Winter (HRW) rose $14/ton to $332 and Soft Red Winter (SRW) went up $26/ton to $309 amid smaller reported global harvests.

However, the higher prices have led to much lower outstanding sales. Hard Red Spring (HRS) increased $7/ton to $405 as harvest nears completion, reflecting a smaller spring wheat crop.

Global: Major wheat exporters’ quotes continued to rise over the past month. EU and Argentine quotes only went up $5/mt and $8/mt, respectively, with larger crops this year. Russian quotes have spiked $37/mt with smaller harvest results and its continually rising export taxes. Australian quotes have crept $15/mt higher, despite improved prospects for the upcoming crop. U.S. quotes were $14/mt higher, while Canadian quotes have risen just $5/mt, even though production prospects continue to erode.

Canada Wheat: Production and Yield Revised Down

USDA estimates Canada wheat production for marketing year 2021/22 at 23.0 mmts, down 1.0 mmts, (4%) from last month, 12.2 mmts, (35%) from last year, and 29% below the 5-year average. Harvested area was estimated at 9.2 million hectares, unchanged from last month, but 8% below last year, and 3% below the 5-year average. Yield was estimated at 2.50 mts/hectare, down 4% from last month, 29% from last year, and 27% below the 5-year average.
USDA has revised wheat production and yield estimates down further, based on reporting from Statistics Canada (StatCan) and its recently released July production estimates. StatCan produces these estimates using a model-based approach that incorporates, among other evidence, satellite derived Normalized Difference Vegetation Index (NDVI) values from Agriculture and Agri-Food Canada’s Crop Condition Assessment Program (CCAP).

The NDVI time series curve for spring wheat (73% of the total wheat crop, on average) is suggestive of conditions in 2003; however, the CCAP has noted that the impacts of the current drought are much more extensive over the whole of Western Canada than those of previous droughts, such as in 2002 and 2003.

StatCan expects overall wheat yield to be 29 percent below last year, as the spring and durum wheat crops have been severely degraded by the drought conditions on the Prairies. Provincial reports from Manitoba and Alberta indicate early yield estimates 32% and 46% below their 5-year provincial averages for spring wheat, respectively.

**Australia Wheat: Production Revised Higher**

USDA forecasts Australia marketing year (MY) 2021/22 wheat production at 31.5 mmts, up 1.5 mmts or 5% from last month, but down 1.5 mmts or 5% from last year’s record.
Harvested area is estimated at 13.1 mha, down 0.1 mha from last month, but up 0.1 mha or 1% from last year. Yield is forecast at 2.40 mts/hectare, up 6% from last month, but down 6% from last year.

The wheat area estimate for MY 2021/22 is supported by the high world wheat prices, and favorable seasonal conditions to date across much of the grain growing regions of Australia. Yield potential remains above average, particularly in the two largest producing states of Western Australia (36%) and New South Wales (26%). Abundant precipitation since sowing has benefited crop establishment. The recent satellite-derived Normalized Difference Vegetation Index (NDVI) depicts strong crop vigor, especially in the wheat belt of New South Wales and Western Australia.

Currently, additional rainfall is needed in all growing states to sustain the current production potential. Harvest begins in November for the main wheat growing areas.

Argentina Wheat: Dry Conditions Lower Production Expectations

USDA forecasts Argentina wheat production for marketing year 2021/22 at a record 20.0 mmts, down 2% from last month but up 13% from last year.

Increases in crop prices and export potential have encouraged Argentina farmers to plant more wheat this year. Yield is forecast at 3.08 mts/ha, down 2% from last month, but up 12% from last year.

Harvested area is estimated at 6.5 mha, the same as last month, but up 2% from last year. Harvest begins in November.

Lack of adequate moisture limits crop yield potential; currently soil moisture is less than ideal in western and northern regions where wheat is grown. Although the crop is planted, stand counts and tillering of the crop vary from field to field. Recent showers in part of the core planted area have helped crops in Buenos Aires, Entre Rios, and Santa Fe provinces. Timely rains in September and October are essential to maintain wheat yields.

Bangladesh Turns to India for Wheat Imports

Bangladesh wheat imports have nearly tripled over the past decade amid relatively stable wheat production, a significant shift in dietary preferences toward more wheat-based foods, and a growing population.

Rice consumption increased 5 percent to 36.5 mmts, whereas for wheat it nearly doubled to 7.8 mmts. However, unlike rice for which Bangladesh is typically self-sufficient, growth in wheat demand will be primarily satisfied with imports.
Over the past several years, major exporters have vied for market share in this large and growing market—now the fifth largest importer of wheat globally—while neighboring India barely exported anything. In 2020/21, India suddenly emerged as the primary supplier to Bangladesh, sending over 1.8 mmts.

In recent years, Bangladesh has largely bought from competitively priced Black Sea suppliers Russia and Ukraine, although it also buys premium Canadian red spring wheat. But during 2020/21, Ukraine faced a smaller crop, Russia began taxing its exports, and global wheat and freight prices soared, so Bangladesh began purchasing closer to home. Suddenly Indian wheat was priced attractively relative to other exporters, aided by the ample supply situation in India. Demand from Bangladesh caused Indian exports to soar to the highest level in 7 years.

Looking ahead, Bangladesh import demand is forecast to rise but growth is expected to be muted by relatively high global wheat prices. Market shares are expected to change as key suppliers eye this dynamic market.

Severe drought has cut the prospects for Canadian wheat exports. U.S. HRS supplies are expensive, making it challenging for the U.S. exports to completely replace reduced Canadian supplies.

Bangladesh will likely continue to import significant quantities from India but may also shift back to Ukraine as both exporters boast record production and stocks. Other exporters with robust exportable supplies such as Argentina and Australia may increase sales to Bangladesh. Thus far the European Union, despite being a top global exporter, has had limited success in the Bangladesh market.

Market shares over the coming year will be determined not only by export prices, but also by the landed cost in Bangladesh. With freight prices remaining strong, India continues to have an advantage in supplying the market at a competitive price.

- **Argentina's Rosario exchange boosts wheat estimates**
  - Reuters Sept 9 - Argentina is a leading global wheat supplier, the world's No.2 corn exporter, and the main global exporter of soy oil and meal.
  - The exchange also predicted the season's wheat harvest would hit 20.5 mmts, up slightly from an estimate of 20.1 mmts.
  - "For wheat 2021/22 these rains marked a milestone because they leave behind a very different scenario," the exchange report said, noting particularly high rainfall in key wheat planting areas.

- **French wheat shipments outside EU at three-year high in August**
  - Reuters - French soft wheat shipments outside the European Union rose to their highest in three years, Refinitiv data showed, as exports to Algeria ramped up following a slow start in July.
  - Soft wheat exports to destinations outside the 27-country bloc totaled 834,600 mts in August, the second month of the 2021/22 season, an initial estimate based on Refinitiv loading data showed.
  - Algeria was the largest non-EU destination for French soft wheat last month, with an initial estimate of 335,900 mts, followed by Ivory Coast with 122,100 mts.
  - Soft wheat exports to China are expected to ramp up in the coming month as two ships totaling an expected 136,300 mts are waiting to load.
  - French soft wheat exports outside the EU over the full July-June 2021/22 season are expected to be 3 mmts higher than last season at 10.5 mmts, according to farming agency FranceAgriMer.
  - For sea exports within the EU, soft wheat shipments last month were 100,000 mts, while all-grain shipments totaled 172,200 mts.
  - Most French grain exported inside the EU is transported via non-maritime routes.
Total grain shipments to all destinations from French ports in August - including barley, malting barley, maize, waxy maize, malt and durum wheat - were at the highest on record stretching back to the 2009/10 season at 1.96 mmts.

**CME CBOT Wheat Futures**

CBOT December 2021 Wheat Futures settled on Friday at $6.88½/bu, off 3¾ cents on the day, and losing 38 cents for the week. The nearby September contract settled at $6.75 showing a 13½ cent/bushel carry to December.

After board weakness going into the report, wheat futures ended the Friday session mixed. Friday’s USDA WASDE was neutral as U.S. all wheat ending stocks were lowered by 12 mbus to 0.615 bbus due primarily to a reduction in imports. Notable changes in the world numbers were a 1.5 mmts increase in production in Australia to 31.5 mmts, which if realized would be the third largest on record. Production in Canada was lowered by 1.0 mmts to 23.0 mmts, while output in Argentina was reduced by 0.5 mmts to 20.0 mmts. No changes were made to production or exports in Russia, Ukraine or Kazakhstan. The Southern Hemisphere weather will be a key to keeping the estimates larger crop size, as well as protecting Argentine production.

U.S. intra-class dynamics saw HRS and SRW each drop 5 mbu in ending stocks with HRW essentially unchanged. Globally the world ending stocks were forecast 4.16 mmts higher than in the August report, giving a slight easing to global stock/use ratios. The market will now focus on weather in Australia and Argentina as those crops move through the critical part of their respective growing seasons. Indications persist that winter wheat acreage will increase this fall in various northern hemisphere regions, weather permitting.

The Commitment of Traders data released after the close showed SRW spec traders reduced their net long by 6,023 contracts to leave the group 5,167 contracts net long as of 9/7. Their net long reduction was due to both long liquidation and new selling.

USDA’s Labor Day delayed Export Sales report showed 388,384 mts of wheat was booked during the week that ended the 2nd of September. Total 21/22 wheat commitments now trail 2020/21’s pace by 23% with 9.81 mmts.

**U.S. Export SRW Wheat Values – Friday 10 September 2021**

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Write to Rose Ridinger at csstat@dowjones.com

**CME KC HRW Wheat Futures**

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Kansas December 2021 HRW Wheat Futures settled on Friday at $6.82½/bu, off ¼ cent on the day, and losing 40½ cents on the week. The nearby September contract settled at $6.75/bu, showing a 7½ cent/bushel carry to December. KC HRW was firm, with fractional losses to a 3 cent gain in July ’22 contracts. HRW cash markets were generally quiet. The Commitment of Traders data released after the close showed KC HRW wheat, managed money funds were 6,470 contracts less net long to 41,235 contracts, given a 5,758 long liquidation from Tuesday to Tuesday.

MGE HRS Wheat Futures

Global pasta demand surged during the first half of 2020, as pandemic stay-at-home orders boosted consumption of pasta products. After board weakness going into the report, wheat futures ended the Friday session mixed. Spring wheat rallied back to post 3 to 7 cent gains on the day, though December gave back 32 3/4 cents from Monday’s open price.

Rising Durum Prices Challenge Major Pasta Exporters

Global exports of pasta surpassed 5 mmts tons during the 2019/20 trade year and remained strong throughout 2020/21. Tightening supplies of durum wheat, however, have posed additional challenges for the world’s major pasta producers and exporters in the current trade year. Italy typically dominates the global pasta market. According to the International Pasta Organisation, Italy was the leading pasta producer in 2019 at 3.8 mmts, followed by the United States and Turkey. These countries produce durum wheat, the principal raw ingredient in pasta production. However, given the ballooning demand for pasta, major pasta producing countries must import additional durum wheat to supplement their domestic supplies.

As hot and dry conditions ravaged durum crops across the Northern Hemisphere, the resultant tight supplies have caused durum prices to surge. This has presented large pasta manufacturers with increased shortages and higher production costs. In Italy, both domestic and imported durum wheat prices have climbed past $400/ton. These prices are approaching record levels reached in 2008/1.

With extremely high durum prices, pasta prices will likely also rise in 2021/22. Top pasta exporters Turkey, European Union (primarily Italy), and China may struggle to price their pasta for export and may see declining shipments. This is especially true for more price-sensitive markets, including Venezuela, Somalia, and Iraq, which may shift to more affordable alternatives such as rice. Other top pasta importers include the United States, United Kingdom, Canada, and Japan. Given the higher per capita income levels in these markets, escalating pasta prices are less likely to erode demand.
USDA WASDE – Coarse Grains

USDA FAS - The 2021/22 non-U.S. coarse grain outlook was for larger production, greater trade, and increased stocks relative to last month.

Non-U.S. corn production was forecast to be higher relative to last month with increases for China and Argentina more than offsetting reductions for Russia and Serbia. China corn production is raised with a boost in yield prospects, based mostly on near to above normal rainfall in the key Northeast provinces of Heilongjiang, Jilin, Inner Mongolia, and Liaoning. Argentina corn production is raised based on expectations of higher area.

Non-U.S. barley production was virtually unchanged, as increases for Australia, Ukraine, and the EU are essentially offset by declines for Canada and Russia.

On the demand side; China, corn feed and residual use for 2020/21 was lowered based on indicated soybean meal equivalent protein consumption and expanded use of alternative energy feedstuffs such as barley and sorghum. For 2021/22, feed and residual use was raised based mostly on a larger crop and lower expected internal market prices. Food, seed and industrial use is lowered for 2020/21 and 2021/22 based on a reduction in the expected amount of corn used for ethanol and corn product exports. Despite a forecast increase in corn production, imports are unchanged for 2021/22 as the gap between China’s domestic and international corn prices is expected to persist, particularly in the feed deficit South.

Major global coarse grain trade changes for 2021/22 include larger corn exports for Argentina, with partly offsetting reductions for Serbia and Russia. Corn imports were raised for Canada and Mexico but are reduced for Vietnam. For 2020/21, for the local marketing year beginning March 2021 corn exports were lowered for Brazil but raised for Argentina.

Non-U.S. corn ending stocks for 2021/22 were raised 8.8 mmts to 261.9 mmts, mostly reflecting an increase for China.

United States: This month’s 2021/22 U.S. corn outlook was for larger supplies, increased feed and residual use, greater exports, and higher ending stocks.

Projected U.S. beginning stocks for 2021/22 were 70 mbus higher based on a lower use forecast for 2020/21, with reductions in corn used for ethanol and exports.

U.S. corn production for 2021/22 was forecast at 15.0 bbus, up by 246 mbus from last month on increases to harvested area and yield. The national average yield is forecast at 176.3 bus/acre, up 1.7 bushels, while harvested area for grain is forecast at 85.1 million acres, up 0.6 million.

Total U.S. corn use for 2021/22 was up by 150 mbus to 14.8 bbus. Feed and residual use was raised by 75 mbus based mostly on a larger crop and lower expected prices. U.S. exports for 2021/22 were up by 75 mbus to 2.5 bbus.
With supply rising more than use, U.S. ending stocks were increased 166 mbus to 1.4 bbus. The USDA season-average corn price received by producers is lowered 30 cents to $5.45/bushel.

Global: Since the August WASDE, major export bids have declined. Brazilian bids are down $9/mt to $258 and Argentine bids are down $10/mt to $230 on harvest pressure. Ukrainian bids are down $3/mt to $265 amid expectations of a record crop. U.S. bids are down $9/mt to $267 on weak foreign demand.

The U.S. Coast Guard has opened the Lower Mississippi River to all vessel traffic after Hurricane Ida, although elevator operations continue to be severely hampered.

China Corn: Production Increased Due to Record Yield
USDA estimates China marketing year (MY) 2021/22 corn production at a record 273.0 mmts, up 5.0 mmts or 2% from last month, up 5% from last year, and 5% above the 5-year average of 260.3 mmts.

Yield was estimated at a record 6.5 mts/hectare, up 2% from last month, 3% from last year, and 5% above the 5-year average.

Harvested area is estimated at 42.0 mha, no change from last month, but up approximately 0.7 mha or 2% from last year. In recent years there has been marginal increases or stable corn area in the major production provinces of Heilongjiang, Jilin, Shandong, Henan, Inner Mongolia, and Hebei. This has been primarily attributed to changes in agricultural policy.
In addition to the favorable seasonal conditions, farmers were also encouraged by government policies to reduce the area left fallow and to increase rotation of grain crops. Additionally, the government provision of targeted incentives and subsidies to corn processors and ethanol program initiatives have increased corn area. Previously, government policy aimed to reduce corn area. The policies are expected, in the short run, to contribute to the increase in corn production. Approximately 75% of China’s corn is used for feed.

Favorable weather contributed to increased biomass at an earlier stage. The satellite-derived Normalized Difference Vegetation Index (NDVI) phenological curves show favorable year-to-year differences. USDA’s satellite- and growing degree day-based (GDD) crop assessment models indicated that the corn crop was at advanced maturity and harvesting stages. Harvest began at the end of August and will continue through October.

- **China Corn Consumption Revised**

  China total corn consumption for 2020/21 is revised lower this month. The feed and residual use category is adjusted lower to be in line with the forecast growth in use of protein meals and to reflect more use of other grains. The use for food, seed, and industrial (FSI) is estimated lower, reflecting the decline in exports of corn-based products and on an assumption that less corn is used for fuel ethanol production over other alternatives.

  Data on corn milling in China is not publicly available, but China Customs data shows that exports of major corn-based products are well behind past years. For the first 10 months (Oct-Jul), exports of corn starch were the smallest in volume since 2015/16, while corn based sweeteners were the smallest since 2014/15. China has been the largest exporter of corn starch in recent years. For corn-based sweeteners, China surpassed the United States in 2019/20 to become the largest exporter.

  On the other hand, imports of cassava, an alternative to corn in fuel ethanol production, were up 56% to 4.1 mmts from a year ago, the largest volume since 2017/18.

  Corn use for feed and residual consumption, although slightly down from last month due to greater use of barley and sorghum, is forecast to grow. With the recovery in swine herds from African swine fever, demand for feedstuffs has been supportive of prices.
Domestic corn prices have remained near record levels, despite the substantial release of wheat and rice stocks from reserves earlier this year as reported by news media. Strong prices in the domestic market, however, must have pushed up costs of milling operations and squeezed margins.

For 2021/22, China corn production is revised higher this month. Feed and residual consumption is forecast to grow supported by larger available supplies. FSI consumption, however, is currently forecast to decline with an assumption that fuel ethanol operations would favor cheaper alternatives (i.e., cassava) over domestic corn. Unit values of imported cassava averaged $272 per ton in 2020/21.

**India Corn Exports to Southeast Asia Skyrocket**

Traditionally, Indian corn prices have not been competitive with prevailing prices from the world’s major exporters.

In 2020/21, high global corn prices, supported by the steep fall in Brazil’s production due to drought and shrinking stock levels in the United States, have made Indian corn a viable option on the global market.

India’s average FOB export price in May 2021 was $243/mt, less than the United States ($269), Brazil ($304/mt) and Ukraine ($292). This, combined with a domestic poultry sector slowdown due to COVID-19, has been the catalyst for an explosive year of growth for India corn exports.

India is forecast to ship 3.5 mmts of corn in 2020/21 (Oct-Sept), with exports to Vietnam and Malaysia over 1.1 mmts combined, nearly as much as all of India’s corn exports in 2019/20.

Surging freight prices are another reason India corn is making its way into Southeast Asian countries. Global ocean freight rates increased rapidly due to higher Chinese demand for agricultural commodities, leading to congestion in Chinese ports, delays, and lower availability for vessels.

**Ukraine Corn: Crop Travel Informs Yield Analysis**

Ukraine corn production for marketing year 2021/22 is estimated at 39.0 mmts, unchanged from last month but up 29% from last year.
Yield is estimated at 7.20 mts/hectare, unchanged from last month but 28% higher than last year. Harvested area is estimated at 5.4 mha, unchanged from last month but up less than 1% from last year.

Yield is unchanged m/o/m due to generally favorable August rainfall and indications from remote sensing data such as the satellite-derived Percent of Average Seasonal Greenness (PASG) and the Normalized Difference Vegetation Index (NDVI) highlighting above-average crop conditions in the main Forest Steppe corn growing region. Expectations of yield, however, are tempered chiefly due to concerns over pests, mold, and corn kernel development as seen from crop travel.

FAS Kyiv conducted crop travel during the middle of August and noted that crop conditions are variable throughout the country. In discussions with farmers and other contacts, some regions, throughout the summer, received an abundance of moisture and others suffered from a lack of moisture, which led to the various issues listed above. In general, however, quality seeds, irrigation, and access to inputs are expected to offset many of the earlier summer weather issues.

Harvest has just begun. USDA crop production estimates for Ukraine include estimated output from Crimea.

**Brazil Sept corn exports down 3%**

ANEC - Brazilian corn exports are expected to decrease 3.2% year-on-year, to 2.7 mmts. Brazilian corn exports for the year are expected to reach 12.8 mmts by the end of the month, below last year's 20.2 mmts in the same period.

**Argentina's Rosario exchange boosts corn estimates**

*Reuters Sept 9* - Argentine 2021/22 corn crop, however, is estimated at between 55 and 56 mmts, up slightly versus the exchange's previous forecast of 55 mmts, the report said.

Argentina is a leading global wheat supplier, the world's No.2 corn exporter, and the main global exporter of soy oil and meal.

Recently, some farmers have turned to corn over soybeans, however, to confront drought and take advantage of higher profitability.

To explain the new cut, the exchange said current profit margins for soybeans were "lower than corn," and noted falling yields due to "lack of water and the greater tax burden on oilseed." The tax on corn exports is substantially lower at 12%.

The exchange added 100,000 hectares to its forecast for the 2021/22 corn planting area, for a total of 6.9 million hectares, but noted the estimate does not include the grains used by the producers themselves.

"The storms that began on September 1st and have lasted until today (Wednesday) ended with three months of lack of water in the Pampas region," the exchange report said, referring to the main agricultural region of Argentina.

**CME CBOT Corn Futures**

CME Corn December 2021 new crop contract settled on Friday at $5.17½ 5.24/bu, up 7½ cents on the day, but losing 6½ cents for the week.

The nearby September contract, which is in delivery, settled at $5.02¾/bu, showing a 15 cent / bushel carry to December.

The USDA WASDE Report was uneventful showing U.S. production coming in in 95 mbus above the trade average and ending stocks were about 70 mbus larger than expected. Yield topped the trade average by 7/10's of a bushel. All of these seem rather negative, yet the market was trading 7 to 8 cents higher as we near the close.

The question now is does yield keep trickling higher or is lower test weight/disease due to heat going to prove that the USDA’s guess is fair.

USDA saw Brazilian corn production at 86 mmts, compared to 87 mmts in August, the average trade guess of 84.8 mmts, and CONAB’s 85.75 mmts. USDA also raised Argentina production by 1.5 to 50 mmts.

CFTC data released after the close, reflecting the Tuesday settle showed a 43,6131 contract reduction in managed money’s net long. That came via a 23k contract long liquidation and a 20k contract expansion to the spec short position. On net managed money was still 215,172 contracts net long.
U.S. Export Corn Values – Friday 10 September 2021
Corn CIF NOLA Gulf barge/rail quotes, in cents per bushel basis CBOT futures:
USDA (U.S. No. 2, 14.5% moisture, CIF New Orleans, La)
Changes are from the AM Barge basis report. Source: USDA

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BARLEY

Global Barley Trade Up Despite Production Cuts

Among the major global producers and exporters of barley, Canada and Kazakhstan are expected to have substantially smaller crops in 2021/22 than initially forecast, with a production decline of 38% in each country’s forecast between May and September. Dry conditions contributed to the worsening outlook for their crops.

Demand is expected to remain strong for barley, driven primarily by China and Saudi Arabia. These two countries are the world’s largest barley importers, accounting for about half of world trade. Between May and September, 2021/22 forecasts for Saudi Arabia imports were unchanged; for China, imports were down 400,000 mts, despite the 2.5 mmts export cut for Canada, China’s top supplier in 2020/21.

Additionally, barley imports by Vietnam and Thailand have ticked up as Australia barley exports to China screeched to a halt earlier this year. For these countries, much of this trade is expected to be for feed-quality barley, though China also imports a large volume of malting-quality barley.

In order to meet this demand, other exporters are squeezing out additional barley to fill the gap left by Canada and Kazakhstan.

For Ukraine and Australia, production and exports are forecast higher in September than in May, offsetting the cuts to Canada and Kazakhstan.

The production forecast for the European Union, the world’s largest barley producer, is also down slightly, but reduced competition from Canada is expected to improve EU export prospects.

USDA - Despite a 5% global production cut from the initial USDA forecast in May, the forecast for global barley trade in 2021/22 has actually gone up over the same period.
This month’s USDA global barley exports (Oct-Sep) are forecast at 33.5 mmts, about 500,000 mts up from May and, if realized, would be the second-highest trade volume on record behind 2020/21. With this level of trade and lower forecast production, ending stocks have tightened by 2.7 mmts compared to May.

Global barley prices have also recovered after a period of easing due to harvest pressures in several large grain producers and are now 25% higher than a year ago. Elevated corn prices are contributing to barley’s competitiveness as well.

- **French barley shipments in August**

   Reuters - French total barley exports outside the EU reached 909,900 mts last month, the highest for August in at least a decade.

   That was dominated by 712,980 mts of feed barley and 104,200 mts of malting barley shipped to China. Another 88,520 mts of feed barley was sent to Mexico and 4,200 mts of malting barley was shipped to Sweden.

   Two ships expecting to carry 60,000 mts of barley to Mexico and 30,000 mts of soft wheat to Ivory Coast were cancelled in mid-August.

   Most French grain exported inside the EU is transported via non-maritime routes.

   Total grain shipments to all destinations from French ports in August - including barley, malting barley, maize, waxy maize, malt and durum wheat - were at the highest on record stretching back to the 2009/10 season at 1.96 mmts.

   - **Australia exports 571,826 mts of barley in July**

   Liz Wells Sept 10 - AUSTRALIA exported 571,826 mts of barley, according to the latest export data from the Australian Bureau of Statistics (ABS).

   The barley figure comprises 43,289 mts of malting, up 21% from 35,680 mts shipped in June, while feed at 528,537 mts surged 42% from 371,291 mts exported in June.

   Mexico was the only destination to take a cargo of malting barley in July, while on feed, Japan, followed by the United Arab Emirates and Kuwait were the three biggest customers, with Saudi Arabia and The Philippines also taking panamax cargoes.

   Flexi Grain pool manager Sam Roache said July’s malting barley exports were supported by a return in Mexican demand.

   “We have seen South and Central American demand right out into the new-crop year already, so we expect this business to continue to increase with the small and poor-quality Canadian harvest,” Mr Roache said. “Given the higher base price for feed and assuming a normal quality profile, it will still be hard to see the grower malt spread maintain a long-term rally over $10-15/mt plus without a Chinese re-entry.”

   Despite feed barley shipments being sharply higher in July than in June, they underperformed on expected volume to Saudi Arabia.

   “Considering this, we suggest that August could be a surprisingly big month to Saudi, as there was certainly some demand set out of Australia for the July-August period. In Asia, Philippines demand was large, with a potentially record 55,000t month, a great signal of continued Asian demand growth.”

   “Thailand was uncharacteristically small this month, but we are going through a shipment period where the market switched into cheap Black Sea feed wheat in the pressure before Ukraine and Russian harvest. The wheat market quickly recovered higher, sending demand back to barley from wheat-switching countries like Thailand, The Philippines and Vietnam, so we expect demand to re-emerge, if there is enough barley left.”

   Roache said the market had consistently seen barley shipments exceed expectations. “We expect August to be larger than July, which is leading barley to a very tight carry-out across all zones. We expect to be running on fumes by the time the headers are in paddocks, especially in the southern states.”

   Mr Roache said barley had a very different supply-and-demand scenario to wheat. “It does not have the burdensome carryout in New South Wales, and therefore could trade very differently into 2022 than the broad expectation, especially in the event of a weather issue on the east coast over the next 12 months.”

   New-crop feed barley business is said to be slow. “Buyers are hanging back for Australian selling pressure, and Australian sellers are holding back for buyers to come into market.”

   Mr Roache said Australia was clearly the cheapest origin in the world for generic barley for the November-December forward period. “Aussie replacement is currently around $20-25/tonne below competing origins on a free-on-board basis.

   “Australia enjoys a substantial freight advantage to around 30% of its demand calculated on the last three months of shipment data. In general terms, we are even to slightly cheaper on freight costs versus Black Sea to the other 70% of the demand we service, so we only need to be slightly cheaper in FOB terms to win the business.”

   - **GRAIN SORGHUM**

   - **Australia exports 222,410 mts sorghum in July**

   Liz Wells Sept 10 - AUSTRALIA exported 222,410 mts of sorghum in July, according to the latest export data from the Australian Bureau of Statistics (ABS).

   July sorghum exports at 222,410 mts were up 31% from 169,986 mts shipped in June, with China on 215,889 mts buying 97% of July shipment.

   Sorghum appears well on track to reach 1 mmt expected in the current shipping year which started in autumn.

   “We expect China to continue to take the vast majority of shipments until we run out, or there is political intervention. This situation with China should continue into the new-
crop sorghum year and there is demand and scope to elevate more sorghum if we have the crop, especially in Central Queensland, where the supply chain has been under-utilised due to lower production of total crop."

**U.S. Export Grain Sorghum Values – Friday 10 September 2021**

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<th>9/10/2021</th>
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<tbody>
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<td>TX FOB VESSEL</td>
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**CME Ethanol Futures**

CME Ethanol October 2021 closed on Friday at $2.025/gallon, off 6.50 cents on the day, and down 5.50 cents for the week.

Wednesday’s Energy Information Administration report showed domestic inventory of ethanol posting a sixth straight weekly draw, falling to a 12-week low though production posted the first increase in over two months. Data showed overall production moved off a six-month low, up 18,000 barrels per day (bpd) or 2% to 923,000 bpd.

**US Ethanol Output Up First Time in 9 Weeks; Stocks at 12-Week Low**

DTN – U.S. domestic inventory of ethanol posted a sixth straight weekly draw, falling to a 12-week low, though production posted the first increase in over two months, the Energy Information Administration reported on Thursday, September 9th.

Data show overall production moved off a six-month low, up 18,000 barrels per day (bpd) or 2% to 923,000 bpd. Midwest PADD 2 plant production also rose for the first time in nine weeks, up 19,000 bpd or 2.2% to 870,000 bpd.

Total ethanol inventories dropped 720,000 barrels (bbl) to 20.390 million bbl as of September 3rd, 2% more than the same time in 2020.

**CME December 2021 Oats Futures** settled on Friday at $4.93/bu, up 5 ½ cents on the day, but off 16 ¼ cents for the week.
East Coast PADD 1 ethanol inventories decreased a second week, down 32,000 bbl to 6.921 million bbl, while Midwest PADD 2 stocks fell a fifth straight week, down 215,000 bbl to a 12-week low 7.488 million bbl.

West Coast PADD 5 supply posted the first draw in three weeks, down 275,000 bbl to 2.870 million bbl and at the Gulf Coast PADD 3, stocks fell a fifth week, down 228,000 bbl to 2.706 million bbl week. Stocks are at the lowest level since the week ended Oct. 14, 2014.

Blending activity slid 20,000 bpd to 906,000 bpd, 9.2% above the same time in 2021. Blending activity during the four weeks ended Sept. 3 averaged 920,000 bpd; down 6,000 bpd from four weeks prior.

Midwest PADD 2 blending dropped 10,000 bpd in the period profiled, while at the Gulf Coast, demand slipped 1,000 bpd. For the four weeks ended Sept. 3, EIA reports PADD 2 blending activity was at 254,000 bpd, while PADD 3 activity was 150,000 bpd.

DDG’s – Weekly Average DDG Price Moves Lower

DTN - The average price for domestic distillers dried grains (DDG) from 33 locations reporting for the week ending the 9th of September was $197/ton, down $4.00 from one week ago. Prices moved lower on average this week due in part to slowing exports out of the Gulf, leaving plants the need to find more homes in the domestic market nearby. Given the past nine weeks prior to last week showing a slowdown in plant production, supplies are not becoming burdensome.

VALUE OF DDG VS. CORN & SOYBEAN MEAL:

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<table>
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<tr>
<th>DDG Value Relative to:</th>
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<td>Soybean Meal</td>
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<tr>
<td>Cost Per Unit of Protein:</td>
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<td>$7.44</td>
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Based on the average of prices collected by DTN, the value of DDG relative to corn for the week ending the 9th of September was 111.21%. The value of DDG relative to soybean meal was 58.58%, and the cost per unit of protein for DDG was $7.30, compared to the cost per unit of protein for soybean meal at $7.08.

In its weekly DDGS export price update, the U.S. Grains Council said: “Exporters and merchandisers report spotty offers and indications for September/October shipment from the U.S. Gulf, with ingredient traders offering the only true interest in assessing logistics or booking product. Roughly speaking, Barge CIF NOLA values are up $6/mt this week while FOB Gulf offers are up $5/mt for October (based on scant indications), but November and December positions are steady/down $3/mt.

Indications for 40-foot containers to Southeast Asia are wide-ranging this week, but the general trend seems to be sideways.”

USGC added, "Please note that FOB Gulf markets will likely be more volatile than normal as the industry works to recover full capacity in New Orleans area export facilities. There are significant questions about elevator capacity and availability and the DDGS market will have to compete with other grains as the U.S. new-crop harvest approaches. Consequently, both flat prices and spreads versus other markets may see greater than normal volatility."

CME WTI Crude Oil Futures Lower On Global Energy Demand Concerns

CME WTI October 2021 closed on Friday at $69.72/barrel, up $1.58 on the day, and up $0.43 for the week.

Crude oil prices rose on Friday on growing signs of tightness in U.S. markets after Hurricane Ida hit offshore output, although benchmarks were heading for weekly losses of about 1% after China announced plans to sell crude from its strategic reserves.
Brent crude futures for November rose 44 cents, or 0.6%, to $71.89 a barrel by 0324 GMT. U.S. West Texas Intermediate (WTI) crude futures for October was at $68.49 a barrel, up 35 cents, or 0.5%.

Brent is headed for a second straight weekly loss. Both contracts fell more than 1% to settle at their lowest since August 26th on Thursday after China said it would release crude oil reserves to the market via public auction to ease the pressure of high feedstock costs on domestic refiners, in a move that was described as a first. Some analysts said the announcement had likely been made to confirm the sale of reserves in July and August.

"While this sale likely weighed on China's crude imports this summer, alongside depleted teapot import quotas, we expect limited further draws in China’s onshore crude inventories this year and a resumption of higher imports into year-end as demand picks up seasonally and following the recent COVID-19 outbreak," Goldman Sachs analysts said in a note.

Energy Aspects analyst Liu Yuntao said the release from the reserve came as Chinese majors had to replace supplies they had bought for September and October loadings from Shell in the U.S. Gulf of Mexico.

Royal Dutch Shell Plc, the largest oil producer in the U.S. Gulf of Mexico, has cancelled some export cargoes due to Ida's damage to offshore facilities. Almost 1.4 million barrels per day (bpd) of offshore oil production remains shut in the Gulf of Mexico and 1 million bpd of refining capacity is also still offline.

To cushion the impact, the U.S. Energy Department said on Thursday it has approved a second loan of 1.5 million barrels of oil to Exxon Mobil Corp from the Strategic Petroleum Reserve (SPR).

OILSEEDS COMPLEX

USDA WASDE - Oilseeds

USDA FAS – The non-U.S. 2021/22 oilseed supply and demand forecasts included higher beginning stocks and lower production, exports, and crush.

Non-U.S. oilseed production was lowered by 1.5 mmts to 499.8 mmts, mainly on lower canola production for Canada and the EU. Partly offsetting is higher canola output for Australia and higher peanut production for India. Canada’s canola crop is lowered by 2.0 mmts to 14 mmts, reflecting recent government reports.

Lower canola supplies for Canada leads to lower exports of the oilseed and products to the EU, China, and the United States. Lower global rapeseed supply was offset by increased soybean beginning stocks, mainly driven by higher-than-expected 2020/21 imports for China. Higher beginning stocks for China and higher U.S. ending stocks account for most of the global 2021/22 soybean ending stocks increase, which are raised 2.7 mmts to 98.9 mmts.

Another notable oilseed change includes higher soybean meal imports for India as the government allows shipments of soybean meal made from genetically modified soybeans through October 31st.

EXPORT PRICES - August export prices for U.S. soybeans dropped slightly due to improved weather and anticipated weaker demand from China. Argentina prices held firm with growing China purchases, while Brazil prices declined slightly on a slower export pace.
United State: U.S. soybean supply and use changes for 2021/22 include higher beginning stocks, production, exports, ending stocks, and lower crush. Higher U.S. beginning stocks reflect a lower crush forecast for 2020/21. U.S. soybean production is projected at 4.4 bbus, up by 35 mbus with lower harvested area more than offset by a higher yield forecast of 50.6 bus/acre. U.S. harvested area was down 0.3 million acres from the August forecast. The U.S. soybean crush was reduced 25 mbus reflecting a lower forecast for domestic soybean meal disappearance, while the U.S. soybean export forecast was raised 35 mbus on increased supplies and lower prices. U.S. ending stocks were projected at 185 mbus, up by 30 mbus from last month. Other changes this month include lower peanut and higher cottonseed production. Soybean and soybean meal prices for 2021/22 were reduced from the previous forecasts. The USDA season-average soybean price was forecast at $12.90/bushel, down 80 cents. The soybean meal price was forecast at $360/short ton, down $25. The soybean oil price forecast was unchanged at 65 cents/pound.

Brazil Sept soybean exports to rise 13%
ANEC - Brazilian soybeans exports are expected to reach 4.4 mmmts in September, a 13.3% increase from last year when September exports stood at 3.9 mmmts, data from Brazil’s grain exporters association Anec showed late Wednesday. If the figure is confirmed, Brazil’s annual soybean exports will reach 78.7 mmmts by the end of this month, versus 79.2 mmmts in the same period last year. Soymeal shipments are expected to increase by 7.5% in September, to reach 1.4 mmmts. Between January and September, Brazilian soymeal exports are expected to reach 12.7 mmmts, versus 13 mmmts last year.

Argentina’s Rosario exchange cuts soy harvest predictions
Reuters Sept 9 - Argentine farmers are expected to harvest 48.8 mmmts of soy in the 2021/22 season, down from a previous estimate of 49 million, the Rosario Grains Exchange said in a report late on Wednesday. Argentina is a leading global wheat supplier, the world’s No.2 corn exporter, and the main global exporter of soy oil and meal. Recently, some farmers have turned to corn over soybeans, however, to confront drought and take advantage of higher profitability. The Rosario Exchange said the area planted with soybeans in 2021/22, due to ramp up in October, will likely be 16.2 million hectares, cutting an additional 200,000 hectares of planted area from its prior forecast, for a total of 700,000 hectares less than the previous season. To explain the new cut, the exchange said current profit margins for soybeans were “lower than corn,” and noted falling yields due to “lack of water and the greater tax burden on oilseed."

In Argentina, soybean exports pay a 33% tax, while shipments of soybean oil and meal are subject to a 31% tax. The tax on corn exports is substantially lower at 12%.
“*The storms that began on September 1 and have lasted until today (Wednesday) ended with three months of lack of water in the Pampas region,*” the exchange report said, referring to the main agricultural region of Argentina.

China’s August soybean imports fall on flat demand
Reuters Sept 7th - China's soybean imports fell in August from the same month a year ago, customs data showed on Tuesday, as low crushing margins and high international bean prices weighed on demand. China, the world’s top buyer of soybeans, brought in 9.49 mmmts of the oilseed in August, slightly down from 9.6 mmmts a year ago, data from the General Administration of Customs showed. Crushers ramped up purchases of soybeans in the early months of the year on expectation of strong demand from a fast-recovering pig herd. Shipments slowed more recently, however, as falling hog prices pushed down demand. August imports were up 9.5% from 8.67 mmmts in July, according to the data. Soybean crush margins in China have climbed from record low levels in June but still remain under pressure due to flat demand and the high cost of imports. Chinese crushers bring in soybeans to crush into soymeal to feed the massive livestock sector and provide cooking oil. Crushers in Rizhao, Shandong province, a major soybean processing hub in northern China would lose about 80 yuan ($12.40)/mt of soybean processed as of Monday. China's hog margins have plummeted since the start of the year and stayed at low levels on tumbling pork prices. Margins in Sichuan, a top producer in China, were at negative 200 yuan.

Chicago Board of Trade soybeans prices, on the other hand, have risen more than 30% from the previous year. Demand for soymeal usually picks up in late August and September as farmers fatten pigs to prepare for upcoming festivals and winter. However, soybean shipments in the next few months are not expected to spike as China built up ample supplies earlier in the year, while hog margins should remain low, traders said.
USDA attaché sees China 2021/22 soybean imports at 101 mmts
Reuters - Following are selected highlights from a report issued by the U.S. Department of Agriculture's Foreign Agricultural Service (FAS) post in Beijing:
"Soybean imports are forecast at 101 mmts in marketing year 21/22, up 3 mmts from the previous year. The increase is based on growing soybean meal feed use, lower soybean production, and limited imports of rapeseed. Soybean imports for MY20/21 are estimated at 98 mmts, a slight fall from the previous year that is mainly due to decreased pork and poultry profitability. Soybean production for 21/22 is forecast 0.6 mmts lower than 20/21 as farmers switched soybean acreage to corn in response to high corn prices in 20/21."

Paraguay's 21/22 soybean production to reach 10 million mt: UGP
Paraguay is expected to produce nearly 10 mmts of soybean in the 2021/22 crop cycle, with a planted area of 3.7 million ha, local newspaper La Nacion reported citing Hector Cristaldo, the head of national production association UGP. The figures are broadly unchanged on the previous season.
Lucas Machado from Paraguayan-based brokerage ProGrain SA. said that the firm was initially forecasting a soybean area of 2.7-2.95 million ha for the coming crop cycle. "It is difficult to determine the soybean area yet as there will be farmers that will also plant corn in the summer," the analyst said.
Cristaldo said that recent rains registered in the south of the country will pave the way for the start of the soybean sowing in that region. However, with no rainfall expected in the upcoming forecasts, there remain significant challenges ahead.
Edgar Mayeregger, coordinator of the Risk Management Unit of the Ministry of Agriculture and Livestock, said that the shortage of rain could have a potential negative impact on grain production this crop cycle. "Rains are below normal... The temperatures are also beginning to have an influence and the irregularity of the rains is a bit worrisome," the official said during an interview with a local radio station.
"From November there is more uncertainty because there is a forecast that we will have La Nina event, which generates a water deficit in the country and the region in times of significant rainfall. It's not that it's going to stop raining, we're going to have less rain at a time when temperatures are higher," the official said during an interview with a local radio station.
Local exporters are also currently facing logistical obstacles to ship soybeans via the Parana river due to the very low water levels, a situation that affected exporters during most of last year too.

SOYBEANS
CME CBOT Soybeans Futures
Soybean futures rebounded after falling to the lowest levels since late June.
CME November 2021 Soybean Futures settled on Friday at $12.86½/bu, up 16 cents on the day, but losing 5½ cents for the week.
Heavy technical buying was evident following the release of the USDA September WASDE. In today’s report, the USDA showed a 300,000 acre drop in US soybean area which to some degree helped offset a 6/10’s bpa increase in the yield (now 50.6 bpa). Production was just 9 mbu above the trade average. Ending stocks were only 3 mbu higher than the average trade guess at 185 mbu for the current 21/22 marketing year. Exports increased 35 mbu which drew some scrutiny, but crush was lowered 25 mbu so it didn’t shake up the demand side of the balance sheet too much.
Oct SBO futures fell 28 points to $55.78/cwt, was ending stocks increased 25 mil lbs to 1.478 bil. This was largely due to an increase carry-in. October meal rallied $4.40/ton to $339.50, as production fell 650k tons to 51.4 mtons.
Demand optimism was one of the main driving forces. In a morning flash the USDA confirmed China secured 132,000 mts of US beans for the upcoming crop year. This is the third consecutive day they’ve been in the market for US soybeans. There were market rumblings China was back in for some US beans out of the PNW during today’s session as well, so don’t rule out another flash on Monday.
Earlier this morning, FAS Export Sales data had 1.806 mmts of old crop outstanding sales rolled into the 21/22 book. New bookings were calculated at 1.472 mmts, though 512 kmts were previously announced. Total new crop outstanding sales were 21 mmts
as of the 2nd of September, or 29% below the start to last year. Weekly data reported 2020/21 soybean exports at 2.226 bbu, or 97.6% of USDA’s forecast. Brazil’s soybean exports for the 1st 3 days of September were up 24% greater than last year’s average for the period at 757 kmts; while meal shipments were sharply lower, off nearly 80% at just 41 kmts. This is primarily a result business being switched from the U.S. center gulf to Brazil ahead of Hurricane Ida hitting the NOLA. Increased Brazilian shipments are expected to continue for the next month until the U.S. gulf is back operation near capacity. China’s Ag Supply & Demand agency held steady with its 21/22 soybean output and import estimates today at 18.65 mmts and 102 mmts respectively. China imported 9.5 mmts of beans in August which puts the Oct-Aug total at 92.9. September numbers need only be a modest 4.1 mmts to reach the USDA forecast. Final 20-21 import total likely exceed the USDA by 2.5 mmts+/-. China demand will need to be watched closely going forward, as will the situation in the US Gulf & the early stages of the South American crop production cycle.

U.S. Export Soy Values – Friday 10 September 2021

Soybeans / Soymeal Gulf barge/rail quotes, in cents per bushel basis CBOT futures: USDA (U.S. No. 2, 14.5-pct moisture, cif New Orleans)

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CIF SOYBEAN MEAL

| SEP             | - / 22   | - / 22   | V  |
| OCT             | - / 22   | - / 22   | V  |
| NOV             | - / 22   | - / 22   | Z  |
| DEC             | - / 22   | - / 22   | Z  |

ICE Canadian Canola Futures

New crop ICE November 2021 Canola Futures settled on Friday at C$853.70 886.20/mt, up C$1.00 on the day, and losing $32.50 for the week. ICE canola futures saw gains in the front months on Friday morning, with declines in the deferred positions. While there was support from small gains in Chicago soybeans and soymeal, there were slight losses in soyoil. Canola was also getting spillover from higher European rapeseed, but declines in Malaysian palm oil weighed on values. Saskatchewan reported Thursday that its province-wide harvest of all major crops hit the halfway point, with the combining of canola at 31% complete. After pushing into the low 30’ Celsius in some parts of the Prairies yesterday, daytime highs for the region are forecast to be in the low to mid 20’s today and likely slipping into the teens tomorrow. Scattered showers are also expected for parts of the Prairies. The Canadian dollar was stronger this morning with the loonie at 79.40 U.S. cents, compared to Thursday’s close of 79.03.

Canada Rapeseed: Production and Yield Revised Downward

USDA estimates Canada rapeseed production for marketing year 2021/22 at 14.0 mmts, down 2.0 mmts, (13%) from last month, 5.5 mmts (28%) from last year, and 31% below the 5-year average.
Harvested area is estimated at 8.8 million hectares, up 1% from last month, 6% above last year, and 1% above the 5-year average. This harvested area increase is a relatively small adjustment based on new reporting from StatCan and provincial government weekly reports.

Yield is estimated at 1.59 mts/hectare, down 13% from last month, and 32% below last year and the 5-year average.

StatCan released its July 2021 production estimates for principal field crops, indicating substantially lower yield expectations. Rapeseed yield is estimated at 32% below the 5-year average, due to the severe drought on the Prairies, where most of the rapeseed crop is grown.

A modelling approach that incorporates satellite imagery with other elements such as temperature and precipitation and crop insurance data, is used to produce these estimates. StatCan, however, is reporting historical averages for harvested area, though it has indicated that higher abandonment may occur this year, which would lower final harvested area and potentially production estimates when published in December.

Industry and provincial sources have, throughout the summer, consistently reported lost acreage due to the ongoing drought. In addition, crop insurance agencies have incentivized salvaging poor crops (as opposed to abandonment) for feed to offset feed shortages. USDA expects abandonment to be above average, resulting in lower harvested area than current StatCan estimates.

VEGETABLE OILS

USDA WASDE – Vegetable Oils

PROJECTION FOR 2021/22 - Global vegetable oil production, trade, and consumption are slightly lower while stocks are up nearly 1 mmts on higher palm oil stocks in Indonesia and India more than offsetting reductions of soybean and rapeseed oil stocks.

PROJECTION FOR 2020/21 - Global vegetable oil production is marginally lower, imports are cut nearly 2 mmts primarily on lower India palm oil imports. As a result, palm oil exports contract over 1 mmts on lower Indonesia exports with stocks raised 1 mmts mostly on higher Indonesia stocks.

EXPORT PRICES - U.S. soybean oil prices fell in August, while Argentina and Brazil prices rose. U.S. soybean oil prices fell as short-term prospects for expanded renewable diesel production declined along with export demand. Brazil and Argentina prices are up as buyers moved to cheaper South American supplies.
Palm oil export prices rose on tighter supplies and tracking global soybean oil prices.

- **CME Soybean Oil**

  - CME October 2021 Soybean Oil Futures settled on Friday at $55.78/cwt, off $0.28 on the day, and losing $3.22 for the week.
  - USDA did leave the 21/22 soybean oil cash price at 65 cents/lb.
  - The run-up in vegetable oil prices may be with us for a while as Indian consumption is expected to grow 2-3% annually the next few years and creating a supply shortfall of 10 to 10 ½ mmts.

- **Brazil reduces minimum biofuel content in diesel to 10%**

  - Reuters Sept 6th - Brazil’s National Energy Policy Council (CNPE) on Monday approved a reduction in the minimum biofuel content in diesel fuel for the 82nd biodiesel auction to 10% from 13% previously.
  - The council cited a jump in prices of soy, a key ingredient in Brazilian biodiesel. Rising energy and commodity prices have stoked inflation in Brazil, forcing aggressive interest rate increases and adding to concerns about an economic recovery.

- **Chevron to sell test batch of sustainable aviation fuel to Delta Air**

  - Reuters Sept 7 - Chevron Corp plans to produce a test batch of sustainable aviation fuel (SAF) and sell it to Delta Air Lines at the Los Angeles International Airport, the companies said on Tuesday.

  - The move is part of a partnership the companies announced with Alphabet Inc-owned Google to track SAF test batch emissions data using cloud-based technology.
  - Delta has pledged to replace 10% of its jet fuel with SAF by 2030. Sustainable aviation fuel is made from feedstocks such as used cooking oil and animal fat and can be three or four times more expensive than making traditional jet fuel.
  - The Biden administration is quietly discussing a target date of 2050 for weaning aircraft off fossil fuels as part of the White House’s broader push to fight climate change, Reuters reported last month citing sources.
  - Through the project, Chevron expects to produce the SAF at its El Segundo Refinery for Delta and Google Cloud plans to build a framework to analyze the emissions data.
  - The companies expect to create a more transparent model for analyzing potential greenhouse gas emissions reductions that could be adopted by organizations considering SAF programs.

- **CME Palm Oil Swaps**

  - CME September 2021 Palm Oil Swaps settled at $998.75/mt on Friday, off $24.50/mt on the day, but gaining $12.25 for the week.
  - Malaysian palm oil futures fell nearly 2% on Thursday to end a five-session rally on expectations of higher stockpiles in August, ahead of the release of supply and demand data.
Speculative selling took over after the USDA released its monthly report. The selling in futures provided an excellent opportunity for buyers to cover their exposure. However, prices were expected to recover quickly next week.

**India: Lower Import Duty Likely on Edible Oils**
The Economic Times 8 Sept - India is likely to lower the effective import duty on edible oils to provide some respite to households from rising prices. The government is considering reducing the effective import duty, which includes cess and other charges, on crude palm, soya and sunflower oil to 24.75% from 30. 25% and on refined palm and soya oil to 31.75% from 41.25% now.

"This is a crackdown on food inflation and a step to ensure that prices during the festive season remain under control, " said an official in the know of the development. The move comes in the wake of prices of mustard, vanaspati, soya and palm oil having increased almost 30% while that of sunflower oil by more than 40% over the last year. Oil and fats retail inflation in July was 32.

53% compared to 6.65% in January. India is the largest importer of vegetable oils and above 65% of the domestic demand is met through imports.
New Delhi buys palm oil from Indonesia and Malaysia while soya oil and sunflower oil are imported from Argentina, Brazil, Ukraine and Russia.

**PLANT PROTEIN MEALS**

**CME CBOT Soybean Meal**

CME October 2021 Soybean Meal Futures settled on Friday at $339.50/short ton, up $4.40/ton on the day, and gaining $1.40/ton for the week.

**USDA WASDE - Meal**

**PROJECTION FOR 2021/22** - Global production of protein meals is forecast at 362 mmts, down 800,000 mts from August, primarily on lower rapeseed meal production.
Protein meal imports are raised almost 1 mmts, primarily on higher India soybean meal imports. Protein meal consumption and stocks are mostly unchanged.
The projected U.S. season-average farm price for soybeans is down 95 cents to $12.90/bushel.

**PROJECTION FOR 2020/21** - Global protein meal production is down nearly 1 mmts on lower Argentina and U.S. soybean meal production.
Protein meal imports are up about 700,000 mts mostly on higher India soybean meal imports. Global consumption and stocks are mostly unchanged.
The projected U.S. season-average farm price for soybeans is down 15 cents to $10.90/bushel.

EXPORT PRICES - Prices for soybean meal in August were down slightly from July reflecting the downward trend in soybean prices.
Brazil prices fell more to improve competitiveness with Argentina exports.
India allows GM soymeal imports via three more ports

Reuters Sept 3rd - India on Friday allowed imports of genetically modified (GM) soymeal through three more ports, according to a government order seen by Reuters, facilitating overseas purchases of the animal feed in large volumes.

New Delhi last month allowed imports of GM soymeal for the first time to help the poultry industry, which is reeling from a surge in local soymeal prices that tripled in a year to a record high.

But the government permitted overseas purchases of the animal feed only through the Nhava Sheva Port, primarily for containers. Traders said the restriction slowed down imports.

Friday’s government order said that besides the Nhava Sheva Port, traders could now import soymeal via the Mumbai Sea Port, the Tuticorin Sea Port and the Visakhapatnam Sea Port.

Reuters on Wednesday reported that India has contracted to import 250,000 mts of soymeal, including 15,000 mts that Indian dealers had shipped out only two months ago.

India Allows GE Soybean Meal Imports in Response to Domestic Prices

Soaring exports of India’s genetically engineered (GE)-free soybean meal, rising on strong demand from the United States and Europe, have created a perfect storm for India’s livestock producers. India’s total soybean meal exports in MY 2020/21 reached 1.9 mmts through May, more than double last year’s total. This dramatic increase has tightened supplies and boosted prices, negatively impacting feed margins.

Domestic soybean meal prices diverged from global levels in early 2021 as supplies tightened and as exports continued. Prices at the end of August stood near $1,200/ton, roughly three-fold over average global prices. India’s poultry, egg, dairy, and aquaculture producers, who depend on domestic soybean meal for feed, pressured the Indian government to take historic action.

On August 24th, the Indian government relaxed its import policy through October 31st to allow up to 1.2 mmts of soybean meal only through Nhava Sheva port on the west coast and the Petrapole border crossing on the Bangladeshi border. On September 3rd, India announced these shipments could also arrive via three additional seaports – Mumbai, Tuticorin, and Visakhapatnam.

India’s move to allow GE soybean meal imports stands to benefit livestock and aquaculture producers. However, the government action has been criticized by activists questioning its legality and environmental safety. Others argue the government’s action is too late, as India’s soybean harvest will start arriving in October, helping to soften domestic soybean meal prices.

India’s initial announcement allowing imports of GE soybean meal through October 31st (7 weeks from now), via only two ports – one land and one ocean port primarily for containers – appeared to limit bulk shipments from the United States and South America. Initially, this would have constricted the volume of meal that can enter.

However, the opening of three additional seaports widens the opportunity for bulk shipments and introduces the possibility to divert shipments in transit to other Asian markets to meet the deadline. Given this, there is a better chance of reaching the 1.2 mmts limit through direct or diverted bulk shipments from the United States and South America, though the longer sailing time means the window is still short.

Right to Protein introduces Soy Fed Product label in India

Right To Protein, a nationwide public health initiative announced the launch of India’s first feed label - ‘Soy Fed’ for animal protein products, earmarking the celebration of National Nutrition Month, September 2021.

Livestock that is fed with high-quality soy is healthier and a richer protein source for human consumption. India’s leading poultry producer Sneha Group will be the first to adopt the voluntary ‘Soy Fed Product’ label across all its new range of Sneha Select ready-to-cook chicken marinades, developed with soy fed poultry, free from preservatives and antibiotics. The label will help end-consumers distinguish packaged poultry, meat, and fish fed with soy - which is a high-quality source of protein feed for livestock.

Taking a step to empower consumers in making informed choices to identify protein-rich livestock and aquaculture products, the #SoyFed label will also help the industry
to distinguish soy as a quality protein source for animal feed. "Like humans, livestock and aquaculture also acquire their protein from dietary sources such as soy, that in-turn helps to define the quality of protein humans consume.

Soybean meals are regarded as an ideal feed for livestock and aquaculture because of the nutrition content it contains. The introduction of the 'Soy Fed' label is an important step of growing awareness around soy-based feed and its role in quality protein consumption and informing consumers that to know your food, you need to know the feed," stated Jaison John, Lead - India, US Soybean Export Council (USSEC) and Right To Protein supporter.

With its launch, #SoyFed has already received support from Sneha Group, among others, who are championing the initiation of the label as an assurance of the quality of their livestock and aquaculture products available in the market. Talking about this, D. Varun Reddy, Director and CEO of Sneha Group said, "Food labels have traditionally impacted consumer choice of food, nutrients and farming practices. However, in India food labels have only become crucial in the recent times. We're happy to be the first adopters of the Soy Fed label - as the first-ever feed label. As a market leader in the whole chain of poultry production, our mission has always been to set a benchmark in the industry as the producer of highest quality products. Keeping in mind the nutritional benefits of soy, we have been incorporating this feed in the food regime of our livestock. We believe that the launch of the label is the right moves to help establish the fact that the product has been fed with high-quality feed, a key distinguisher for animal-protein sources."

The 'Soy Fed' label is now in the process of reaching out to more retail brands in India for the voluntary inclusion of this label as a part of their packaged protein products - meat, poultry, and fish - to help citizens learn that we are what our food is fed!

**OTHER RELATED NEWS**

- **Canadian Drought To Fan Global Food Inflation**
  
  Canada’s role as the world’s largest producer and exporter of lentils is increasing the likelihood that its drought-ravaged Canadian Prairies will have an outsized impact on global food inflation, which is already at alarming high levels.

  Currently, the lentil-weighted Gro Drought Index (GDI) for Canada, which produces 40% of the world’s lentils, is at a 20-year high for this time of year, suggesting a further decline in forecasted Canadian production. The lentil-weighted GDI for Canada has been indicating 20-year highs since mid-June.

  Turkey, another leading lentil producer, is also suffering from drought that has impeded its crop. The lentil-weighted GDI for Turkey is now also at a 20-year high for this time of year. Wildfires are burning out of control in the country.

  Sri Lanka, the world’s seventh-largest lentils importer, has declared an economic emergency authorizing authorities to seize stocks of staple foods and set their prices in order to combat inflation. This is one of the most aggressive actions taken by a government thus far, but similar moves could happen elsewhere.

  Additionally, to reduce the high cost of lentil imports, India, the world’s largest lentils importer, recently lowered its import tax from 10% to 0%.

  According to Statistics Canada’s (STATCAN) projections, lentil production in the Canadian Prairies will likely come in at 1.98 mmts, a 31% decline versus last year. Comparable yield declines, such as those seen in 2001 and 2003, suggest that this year’s production will come in even lower, below 1.5 mmts. As Canada’s lentil harvest is ongoing, STATCAN will be updating its model-based field crop report later this month.

  These contractions in lentil production arrive at a particularly bad time; governments worldwide are under pressure to combat food inflation linked to soaring grain and oilseed prices.

  The latest announcements from India and Sri Lanka indicate inflationary pressures are still strong around the world.

- **China’s Beef Supply Is Thrown Another Curve Ball**
  
  Gro Intelligence - Two confirmed cases of “atypical” mad cow disease in Brazil have put additional strain on China’s beef supply options. Brazil’s suspension of beef exports to China this weekend comes less than a week after Argentina’s decision to extend its beef export restrictions as part of an effort to rein-in domestic inflation.
Argentina’s beef shipments will be capped at 50% of the previous year’s level through the end of October. Like Brazil, Argentina is a top supplier to China, but Brazil’s momentary halt on beef exports is expected to deal a major short-term blow to China.

Brazil, the world’s largest beef exporter, supplies nearly 40% of China’s frozen beef imports. China’s appetite for beef has been surging since African swine fever was detected in China back in 2018. China’s frozen beef imports from Brazil jumped 112% between 2019 and 2020, and 2019’s imports were more than 2.5 times the 2018’s level.

Brazil and Argentina’s reduced exports will likely force China to rely more heavily on the United States. US beef export commitments to China have already increased over 400% compared with this time last year, largely due to Argentina’s food inflation woes and Australia’s drought. Australian beef is also subject to Chinese trade restrictions related to a suit involving several commodities.

Brazil’s export halt, which went into effect on Saturday, was declared in compliance with health protocols between the two countries. Beijing is set to decide when it will begin importing again.

“Atypical” mad cow is considered to be of lower risk than the classical form of the disease, as it occurs naturally and only sporadically in older cattle. “Classical” mad cow disease, or bovine spongiform encephalopathy (BSE), is transmitted by contaminated feed. A cow gets BSE by eating feed contaminated with parts that came from another cow that was sick with BSE.

TRANSPORTATION

- Baltic Dry Freight Index – 10 September 2021 Daily = 3864

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

Not restricted to Baltic Sea countries, the index provides “an assessment of the price of moving the major raw materials by sea. Taking in 23 shipping routes measured on a time-charter basis, for dry bulk carriers carrying a range of commodities including coal, iron ore, grain, and other commodities. Because dry bulk primarily consists of materials that function as raw material inputs to the production of intermediate or finished goods, the index is also seen as an efficient economic indicator of future economic growth and production. Source: https://www.tradingview.com/chart/?symbol=INDEX%3ABDI

- Baltic Dry Index - Rates for Capesize, Panamax Bulk Carriers Jump

Reuters Sept 10 - The Baltic Exchange’s main dry bulk sea freight index rose more than 6% to its highest in about a week on Friday, aided by a jump in the capesize and panamax segments.

The overall index, which factors in rates for capesize, panamax, supramax and handysize vessels, rose 221 points, or 6.1%, to 3,864. The main index fell about 2%
this week. This upcycle in asset values confirms that supply/demand fundamentals look very promising for future prospects of dry bulk earnings.

Sentiment in the sector remains buoyant as global economy and seaborne trade are both recovering from major pandemic challenges, EastGate Shipbrokers added.

The capesize index advanced for a second straight session to 605 points, adding 12.2%, to 5,567. But the index fell 1% for the week.

Average daily earnings for capesizes, which transport 150,000-tonne cargoes such as iron ore and coal, increased $5,021 to $46,172.

Iron ore futures in top steel producer China were headed for a second consecutive weekly loss, with the benchmark Dalian price hovering near its lowest in seven months on fears of more steel production curbs.

The panamax index also rose for a second straight session, gaining 85 points, or 2.4%, to 3,595, its highest since September 3rd. The panamax segment registered a 0.3% weekly decline. Average daily earnings for panamaxes, which usually carry coal or grain cargoes of about 60,000 tonnes to 70,000 tonnes, increased $767 to $32,356.

Among smaller vessels, the supramax index extended its fall to a straight eight sessions and dipped 9 points to a more than three-week low of 3,170. The index fell 5.3% this week.

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

  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**

  Source: https://fbx.freightos.com/
On Sept. 4, 2021, four days after the Surface Transportation Board slammed the door shut on the CN-Kansas City Southern voting trust, effectively killing the proposed merger of the two Class I’s, the KCS Board of Directors has unanimously determined, after consultation with outside legal and financial advisors, that the “unsolicited proposal” received from Canadian Pacific on Aug. 31, 2021 to acquire KCS in a cash and stock transaction valued by CP at $300 per KCS share “could reasonably be expected to lead to a ‘Company Superior Proposal’ as defined in KCS’s merger agreement with CN.”

KCS said it now “intends to provide CP with nonpublic information and to engage in discussions and negotiations with CP with respect to CP’s proposal, subject in each case to the requirements of the CN merger agreement. KCS remains bound by the terms of the CN merger agreement, and KCS’s Board has not determined that CP’s proposal in fact constitutes a Company Superior Proposal as defined in the merger agreement with CN. In addition, KCS notes that there can be no assurance that the discussions with CP will result in a transaction.”

“On the heels of a stinging rebuke of the CN transaction by the STB, KCS’s board took the steps necessary to reengage with CP,” comments Cowen and Company Managing Director and Railway Age Wall Street Contributing Editor Jason Seidl. “While KCS is still bound to CN, the likelihood of that transaction closing appears slim. We continue to believe that CP will be the ultimate merger partner for KCS. Recall that the CP offer at the time was valued at ~$300, and more important, received voting trust approval from the STB. While we await a potential rebuttal from CN (we do see a scenario where they sweeten the offer), we believe it is in CN’s best interest to walk away from the deal, given the clear messaging from the STB. KCS has until Sept. 12 to make a decision on the CP offer and will then have its shareholder votes scheduled for September 24th.

“We believe it is in CN’s best interest to walk away from the deal, given the clear messaging from the STB.” – Jason Seidl

Canadian Pacific responded to KCS by saying it “is ready to re-engage with the KCS Board of Directors. “We look forward to re-engaging with the KCS Board of Directors to advance this unique and achievable Class I combination that provides compelling short- and long-term value,” said CP President and CEO and Railway Age 2021 Railroader of the Year Keith Creel. “CP-KCS is the only truly end-to-end Class I merger that preserves and enhances competition. It is the perfect combination, and we are ready to go to work to unlock this unique opportunity, creating something special for the rail industry and for commerce in North America.”

CP had reaffirmed its offer originally submitted August 10th and resubmitted August 31st to combine with KCS that “recognizes the premium value of KCS while providing regulatory certainty. CP believes it ought to be deemed a superior proposal and has placed a deadline of September 12th on that offer.”

The proposed transaction values KCS at $300 per share, representing a 34% premium, based on the CP closing price on August 9th, 2021 and KCS unaffected closing price on Friday, March 19, 2021, the last business day prior to CP and KCS announcing their original deal on Sunday, March 21st, 2021. Following the closing into a voting trust, which the STB approved on, common shareholders of KCS will receive 2.884 CP common shares and $90 in cash for each share of KCS common stock held. The proposed transaction includes the assumption of $3.8 billion of outstanding KCS debt.

In addition to approving CP’s use of a voting trust, the STB has also affirmed CP-KCS’s waiver from the new rail merger rules it adopted in 2001 “because a CP-KCS combination is truly end-to-end, and pro-competitive.” The combined railroads would most likely revert to their original plan, in terms of organizational structure, including use of the “Canadian Pacific Kansas City” (CPKC) name.

REVISITING KEY ELEMENTS

Canadian Pacific took the opportunity to restate what it says are the merger’s key benefits:

“A CP-KCS combination would create more competition—not less—in the freight rail industry and would be better for Amtrak. It brings more competition among railways and protects obligations to passenger service. It offers all the same benefits—and more—to rail shippers and the supply chain with none of CN-KCS’ harms or need to enforce promises through regulation:

- “Creates single-line routes to all the markets that a CN-KCS network would reach.
- “Brings new competition to and from Upper Midwest markets dominated by BNSF or Union Pacific that CN-KCS cannot address.
"Creates new competition vs. CN that CN-KCS actually eliminates.

"Has a route network that does not funnel all of its traffic through the congested Chicago area.

"Unlocks new capacity for Amtrak passenger service, rather than interfering with passenger service between Baton Rouge and New Orleans and south of Chicago.

"CP-KCS would enhance competition, create new and stronger competitive single-line options against existing single-line routes while taking trucks off the highway. CP-KCS would maintain all existing freight rail gateways and maintain competition in the Baton Rouge to New Orleans corridor, while creating new north-south lanes between Western Canada, the Upper Midwest and the Gulf Coast and Mexico."

Addressing one of the STB’s main points in denying the CN-KCS voting trust, CP said that CP-KCS transaction “would diminish the pressure for downstream consolidation by preserving the basic six-railroad structure of the North American rail network: two in the west, two in the east and two in Canada, each with access to the U.S. Gulf Coast. By contrast, a CN-KCS transaction would fundamentally disrupt this balance.”

CP went one step further, stating that it “is willing to host intercity passenger rail service between New Orleans and Baton Rouge, an outcome with far more operational flexibility and less risk to Louisiana taxpayers. CP has consistently received an A rating from Amtrak, leading the industry for the previous five years-plus, in its annual host railroad report card recognizing its industry-leading on-time performance record. CP is also the first Class I railroad to complete 100% certification of its Amtrak schedules.”

BoA Securities and Morgan Stanley & Co. LLC are serving as financial advisors to Kansas City Southern. Wachtell, Lipton, Rosen & Katz, Baker & Miller PLLC, Davies Ward Phillips & Vineberg LLP, WilmerHale, and White & Case, S.C. are serving as legal counsel to Kansas City Southern.

Additional information on the CP-KCS combination is available at: FutureForFreight.com.

*Editor’s Note: I believe they will result in a transaction, and I think most readers would agree. This cautionary language is just a formality insisted upon by highly compensated attorneys—right? If the discussions don’t result in a transaction, then, well, my “reasonably certain” educated guess was wrong, eh? – William C. Vantuono

Supplemental Comment - One of the questions is will President Joe Biden’s July executive order have an impact on a CP-KCS merger?

By Mary Kennedy, DTN Basis Analyst (See https://www.dtnpf.com/...)

On July 9th, President Biden issued an executive order, “Promoting Competition in the American Economy.” The order stated, “A fair, open, and competitive marketplace has long been a cornerstone of the American economy, while excessive market concentration threatens basic economic liberties, democratic accountability, and the welfare of workers, farmers, small businesses, startups, and consumers.” The order further reaffirms the policy of the U.S. “to combat excessive concentration of industry, abuses of market power, and the harmful effects of monopoly and monopsony.”

Biden’s order urged STB Chairman Marty Oberman to work with fellow board members on certain transportation issues, including to make certain that a merger or acquisition is considered with the public interest in mind. The order said this should include “determining whether the merger or acquisition would give passenger rail
preferential treatment on the U.S. rail network, as Class I railroads are federally mandated to do so.

The Department of Transportation and the STB on the 15th of June 2001, adopted final regulations governing proposals for major rail consolidations, which addresses the merger issue noted in the executive order. The June 15th rules “substantially increase the burden on applicants to demonstrate that a proposed transaction would be in the public interest, by requiring them, among other things, to demonstrate that the transaction would enhance competition where necessary to offset negative effects of the merger, such as competitive harm or service disruptions.”

“During my time on the Board, I have been continually concerned with the significant consolidation in the rail industry that happened as a result of a series of mergers decades ago, which dramatically reduced the number of Class I carriers,” said Oberman in a July 9th statement on the STB website. “It is apparent that while consolidation may be beneficial under certain circumstances, it has also created the potential for monopolistic pricing and reductions in service to captive rail customers. Since consolidation, productivity gains often have been retained by carriers in lieu of being passed on to consumers, as would be expected in a truly competitive marketplace.

“For these reasons, I have previously stated my concerns with the sufficiency of competition in the rail industry and my interest in exploring ways the Board can improve the rail industry's competitive landscape in order to ensure fairer pricing. In my opinion, competition in the freight marketplace is paramount. In the absence of a truly competitive marketplace, the Board can and should focus on using its competition-related authorities where feasible and reforming its competition policies where necessary.”

Oberman added, “Accordingly, while underscoring that the STB is an independent agency and that maintaining its independence is vital, I welcome the nationwide policy contained in this new Executive Order. The President's emphasis on improving the competitive landscape across the entire economy fits well with my view of the Board's mission in the current rail environment.”

"Any deal involving one of the nation's six largest railroads needs to enhance competition and serve the public interest to get approved," said the STB.

The STB hasn't approved any major railroad mergers since the 1990s.

Calls for demonstrations at the upcoming national independence day holiday could act as flashpoints in a series of protests that are expected to be held on September 7th.

At the end of August, a number of major Brazilian agribusinesses released a manifesto in defense of the democratic rule of law and condemning "radical adventures" – in a veiled reference to the president's policies.

However, the powerful Mato Grosso soybean producers' association Aprosoja MT has stated it will support a pro-Bolsonaro demonstration to be held on September 7.

The August 30th manifesto was signed by the Brazilian Agribusiness Association (Abag), Brazilian Tree Industry Association (Ibá), Brazilian Palm Oil Producers Association (Abrapalma), the herbicide lobby group National Union of Plant Defence Products Industry (Sindiveg), Brazilian Vegetable Oil Industries Association (Abiove) and CropLife Brazil.

In the text, the organizations affirmed that Brazil cannot present itself to the international community “as a society permanently under tension, in interminable crises or at risk of setbacks and institutional ruptures.”

“Brazil is much bigger than the image we have projected to the world. This is costing us dear and will take time to reverse,” the group said.

Although the manifesto did not name Bolsonaro, it was evident that the organization addressed him when they demanded from the country's leaders a position that is up to Brazilian "grandeur".

Producers and agribusiness have been important allies of the Brazilian president since the election, but amid a deepening economic and institutional crisis, it has become harder for companies and entities to publicly maintain support to the president.

The manifesto came after Bolsonaro and allies called for a demonstration on Brazil's Independence Day, promoting radical agendas such as arming the population, challenging Supreme Court decisions, calling the electoral process in question, and minimizing the impact of Covid-19.

Further unrest came after a call from the deputy of the parliament's lower chamber, Sergio Reis, in which he urged lorry drivers to invade the capital Brasilia and depose supreme court ministers “by force”.

Despite the controversy, producers are thought to remain broadly supportive of Bolsonaro, with several players supporting and taking part in the pro-government demonstrations.

Aprosoja MT, which represents soybean farmers in Brazil's most important grain producer state Mato Grosso, said on August 31 that it will support pro-Bolsonaro events on Brazil's Independence Day “institutionally” but not with resources.

The entity referred to it as a “patriotic and democratic event” and that it will support only “democratic agendas”.

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**Government**

- **Brazil's agribusiness splits on backing Bolsonaro amid rising tensions**

  Sept 6th - Splits in Brazil’s agricultural hierarchy could be laid bare in the coming days after the country’s agribusiness entities went public with their disagreements regarding support for President Jair Bolsonaro and his recent political agenda.
Both the 30- and 90-day Southern Oscillation Index (SOI) values are above the La Nina threshold. (Queensland, Australia Government graphic)

As the calendar moves into the beginning of the fall season, the closely watched barometric pressure indicator of the El Nino-Southern Oscillation (ENSO) situation in the Pacific Ocean is showing signs of La Nina development. The Sept. 8 30-day running average of the Southern Oscillation Index (SOI) was a positive 7.68, and the 90-day SOI running average was logged at positive 8.48. Both values are above the La Nina threshold value of positive 7.00.

According to the NOAA Pacific Marine Environmental Laboratory (PMEL): "La Nina is defined as cooler-than-normal sea-surface temperatures in the central and eastern tropical Pacific Ocean that impact global weather patterns. La Nina conditions recur every few years and can persist for as long as two years." In very general terms, the SOI relates to a comparison of the barometer readings on the island of Tahiti in the central Pacific Ocean and the far northern Australia weather station at Darwin, Australia. The positive SOI numbers point to a higher-pressure value at the Tahiti location than the Darwin location. The SOI has been tracked for more than 100 years, going back to the late 1800s.

That pattern going on more than 5,000 miles from the central United States will get plenty of attention during this season. La Nina in the September-December time period has the potential to contribute to such large-scale features in the U.S. as: below-normal precipitation in the Southern Plains and Midwest; enhanced tropical storm development in the Atlantic Basin; drier conditions in Argentina and southern Brazil; and a wetter pattern in eastern Australia.

Crop impact from these features presents itself as follows:

-- The below-normal precipitation (drier) trend in the Southern Plains suggests reduced soil moisture for the 2021-22 winter wheat crop that will be planted during the next couple months. Most of the Southern Plains is drought-free in early September; however, more than half the key wheat state of Kansas has some phase of dryness or drought noted.

-- A drier pattern in the Midwest suggests generally favorable conditions for row crop ripening and harvest. A wild card is how any tropical storms or hurricanes that form in the Atlantic Basin would track through the region. The damaging heavy rain and wind from Hurricane Ida in late August came close to tracking into the southeastern Midwest.

-- Tropical storm and hurricane formation was off the charts a year ago in 2020, when La Nina set in during the last half of the Northern Hemisphere summer season and continued into Northern Hemisphere fall. As of early September, the Atlantic Basin has already had 13 named storms, with a new potential system forming in the Gulf of Mexico. Hurricane Ida and its remnants have already entered the record books for winds, heavy rain and flooding.

-- Tropical storm and hurricane formation was off the charts a year ago in 2020, when La Nina set in during the last half of the Northern Hemisphere summer season and continued into Northern Hemisphere fall. As of early September, the Atlantic Basin has already had 13 named storms, with a new potential system forming in the Gulf of Mexico. Hurricane Ida and its remnants have already entered the record books for winds, heavy rain and flooding.

-- In South America, drought damage to Brazil corn, coffee and sugarcane crops was widely noted in news coverage and in market trends during 2021. Argentina has also struggled with drought impact; the key Parana River had a 50-year low flow in 2021. La Nina-related dryness implies no relief from the drought and a threat to crop output for the 2022 harvest in Argentina. In Brazil, southern and south-central areas have the highest relationship to La Nina production impact. Already, early corn planting in south-central areas is off to a slow start because of low soil moisture.

-- On the other wide of the Pacific, La Nina formation promises to be a rain maker for eastern Australia. The Australia Bureau of Meteorology three-month forecast notes an 80% probability of above-media precipitation for the entire eastern half of the Australia continent. The suggestion is that wheat in all but Western Australia will have favorable moisture to finish its production cycle. Official forecasts point to the third-highest winter crop production figure on record for Australia.
Canada – Somewhat Drier Weather Improved Conditions For Prairie Harvests

- Drier conditions supported spring grain and oilseed harvesting.

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

Agricultural Weather Highlights – Friday, 10th September 2021

In the West, a few showers and higher humidity levels across northern California and the Pacific Northwest are aiding wildfire containment efforts. Early today, Redding, California, received its heaviest rain since April 25th. However, in areas of the Great Basin and northern Intermountain West where rain is not falling, an elevated wildfire threat persists due to gusty winds and the possibility of lightning strikes. Elsewhere, hot, dry weather covers the Southwest.

On the Plains, a late-season heat wave is peaking. Today’s high temperatures should top 90°F in most locations, with readings of 100°F or higher expected across portions of the central and southern Plains. The hot, dry weather favors fieldwork and summer crop maturation, but is reducing moisture availability for recently planted winter wheat.

In the Corn Belt, dry weather accompanies a warming trend, hardening summer crop maturation. High temperatures will range from near 75°F in Michigan to 90°F or higher in parts of the western Corn Belt. Despite recent rainfall, serious soil moisture deficiencies persist in drought-affected areas of the upper Midwest; on September 5th, for example, topsoil moisture in South Dakota was rated 66% very short to short.

In the South, hot, humid weather lingers across Florida’s peninsula and the western Gulf Coast region. Elsewhere, pleasant temperatures and lower humidity levels are promoting summer crop maturation and harvesting—and aiding hurricane recovery efforts. On September 5th, corn harvest completion among the Gulf Coast States ranged from 36% in Alabama to 90% in Louisiana. New Orleans, Louisiana, reported a low temperature of 73°F on September 9th, marking the first reading below the 75-degree mark in that location since August 8th.

Outlook: For the remainder of today, Post-Tropical Cyclone Mindy will move farther away from the Atlantic Coast, although showers will linger across parts of Florida. Elsewhere in the tropics, a wave will move into the Gulf of Mexico during the weekend, with the possibility of cyclone formation. Regardless of tropical development, heavy showers should overspread the western Gulf Coast region, with 5-day rainfall totals exceeding 5 inches in some locations. Much of the remainder of the South will experience dry weather during the next 5 days.

Meanwhile, a series of cold fronts will generate spotty showers across the northern half of the U.S., although most areas will receive less than an inch. Most of the country, particularly across the West, will experience unusually warm weather for this time of year. The NWS 6- to 10-day outlook for September 15th – 19th calls for the likelihood of warmer-than-normal weather nationwide, except for near- or below-normal temperatures in the Northwest and along the Pacific Coast. Meanwhile, wetter-
than-normal conditions in the Pacific Northwest, western Gulf Coast region, and most areas from the Mississippi River eastward should contrast with near- or below-normal precipitation across much of the western and central U.S.

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

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 * 68.89443

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
USDA FAS OGA Crop Calendar

September Crop Calendar

Canada
- Corn, Soybeans, & Sunflower: Filling
- Spring Wheat & Canola (Rapeseed): Harvesting

United States
- Soybeans, Sunflower & Millet: Filling
- Cotton, Rice, Corn, Sorghum & Groundnuts: Maturing
- Winter Wheat & Rapeseed: Planting

Europe
- North: Corn, Soybeans & Sunflower: Maturing
- South: Sorghum: Maturing
- Corn & Cotton: Harvesting

FSU
- North: Spring Winter (East): Harvesting
- South: Cotton (Central Asia): Early Harvesting
- Corn & Sunflower: Filling
- Winter Wheat & Rapeseed: Planting

China & East Asia
- Late Rice: Heading*
- Cotton, Single Rice, Corn, Sorghum, Soybeans, Sunflower & Groundnuts: Maturing
- Spring Wheat: Harvesting
- Winter Wheat & Rapeseed: Planting

NW Africa & Egypt
- Rice (Egypt): Maturing
- Cotton (Egypt): Harvesting

Turkey, Middle East & Afghanistan
- Cotton, Rice & Corn (Turkey): Maturing

South Asia (India)
- Cotton (South): Blooming*
- Corn, Sorghum, Rice, Rice, Millet, Groundnuts & Sunflower: Filling

East Africa
- Sudan: Sorghum/Millet: Filling
- Ethiopia: Wheat, Rapeseed, Corn (Meher): Filling
- Sorghum/Millet: Maturing
- Kenya: Corn (Main): Harvesting
- S Sudan/Luganda: Sorghum/Millet: Harvesting

Southeast Asia
- Rice and Corn: Maturing

Brazil
- South: Wheat: Filling
- Corn & Soybeans: Planting
- Center West:
- Sorghum: Planting
  - begins on Sept. 15th.

Argentina
- Wheat: Heading*
- Early Corn and Cotton: Planting

Southern Africa
- Wheat (Free State): Heading*
- Wheat (Western Cape): Filling

Australia:
- Wheat & Rapeseed: Heading*

*Crop stage sensitive to moisture and temperature stresses.

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