Notes and Observations in International Commodity Markets
17th September 2021
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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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Cargill restarts Westwego, Louisiana, grain export terminal after Ida

KCS Agrees To Merge With CP, Nixes Plans With CN

Railroad execs hope CP-KCS merger could be done by late 2022

U.S. Farm and Biofuel Leaders Seek Aviation Fuel Fix to Budget Bill

Argentina primary defeat puts Peronists in tough spot

Argentine farmers urge govt to review export caps, taxes after election

International Crop & Weather Highlights

USDA/WAOB Joint Agricultural Weather Facility – 11th September 2021

Agricultural Weather Highlights – Friday, 17th September 2021

Reference: Conversion Calculations

USDA FAS OGA Crop Calendar

US Dollar & Foreign Exchange

US Dollar Index- Rallies On Stronger T-Note Yields And Weaker Stocks

The dollar index on Friday climbed to a 3-1/2 week high. Higher T-note yields on Friday supported moderate gains in the dollar along with weakness in stocks, which fueled some liquidity demand for the dollar.

The dollar index on Friday rose +0.261 (+0.28%). EUR/USD fell -0.0037 (-0.31%). USD/JPY rose +0.18 (+0.16%).

EUR/USD on Friday dropped to a 3-1/2 week low. The euro came under pressure Friday on speculation the ECB will maintain record-low interest rates for longer after the ECB said that a Financial Times report published Thursday "that a lift-off of interest rates could come already in 2023 is not consistent with our forward guidance."

USD/JPY on Friday posted moderate gains. The yen retreated Friday on higher T-note yields after the 10-year T-note yield rose to a 2-month high of 1.384%. The yen was also under pressure Friday from strength in Japanese stocks, which reduced the safe-haven demand for the yen after the Nikkei Stock Index on Friday closed up +0.58%.

Friday’s U.S. economic data was bearish for the dollar. The University of Michigan U.S. Sep consumer sentiment rose +0.7 to 71.0, weaker than expectations of 72.0.

The dollar index on Friday closed down -5.30 (-0.30%), and Dec silver closed down -0.457 (-2.00%). Precious metals on Friday moved lower, with silver falling to a 1-1/4 month low. A rally in the dollar index on Friday to a 3-1/2 week high was bearish for precious metals. Gold prices were also undercut Friday by higher global bond yields.

Have a good weekend!
after the 10-year German bund yield rose to a 2-1/4 month high and the 10-year T-note yield rose to a 2-month high.

The dollar and gold have continued safe-haven support from concern the worldwide spread of the delta Covid variant will crimp the global economic recovery. The 7-day average of new U.S. Covid infections rose to a 7½ month high Monday of 171,850.

Supermarket Chain Warns Inflation Is About to Impact More Americans

Epoch Times Sept 12 - An executive of Kroger, one of the largest supermarket chains in the United States, warned grocery prices are about to become even higher this year as inflation sets in.

Inflation is running hotter than previously anticipated, and prices are slated to rise an additional 2 to 3 percent over the second half of 2021, Kroger CFO Gary Millerchip said during a call with reporters.

Kroger will be “passing along higher cost to the customer where it makes sense to do so,” he said on Sept. 10.

The comment comes as the price for beef, poultry, and pork have risen at grocery stores in recent months, leading White House officials to blame meat processing companies.

“Just four large conglomerates control the majority of the market for each of these three products [beef, pork and poultry], and the data show that these companies have been raising prices while generating record profits during the pandemic,” said National Economic Council Director Brian Deese at a press briefing on Sept. 8.

“Those companies have seen record or near-record profits in the first half of this year,” Deese said, taking aim at JBS, Tyson Foods, Cargill Meat Solutions Corp., and the National Beef Packing Company. “And that has coincided with a period where we’ve seen disproportionate increase in prices in those segments.”

Secretary of Agriculture Tom Vilsack claimed that some food companies may be price-gouging, although he noted that labor and transportation costs have risen since the start of the COVID-19 pandemic.

“Our job is to make sure that that farmer gets a fair price and that the producer … when I go to the grocery store, and I’m in the checkout line, I’m paying a fair price,” Vilsack said.

Neither official signaled that inflation may be the cause despite the producer price index increasing by 0.7 percent in August 2021 over the previous month. Final demand prices have also risen 8.3 percent from a year ago, which is the biggest increase since 2010, according to a Department of Labor report issued on Sept. 10.

Other than Kroger’s warning, food giant Nestle’s Chief Financial Officer, Francois-Xavier Roger, acknowledged a higher input cost inflation in 2022 than this year.

“If we talk of 2022, it is likely that input cost inflation will be higher next year than this year,” Roger said at a Barclays consumer staples conference, reported the Reuters news agency. “Our strategy is to offset anything we receive through pricing. The idea is to pass it on to the trade and to consumers whenever we receive it,” he said.

Earlier this year, CEO of supermarket chain Albertsons, Vivek Sankaran, said that regarding inflation, “It could go a little bit higher, but … we have a strong consumer” base in the United States.

Argentina’s soybean harvest will be 44 mmts, corn a record 55 mmts

Reuters Sept 14 - Argentina’s soybean crop is expected to increase to 44 mmts in the 2021/22 season from 43.2 mmts in the previous season, and corn 21/22 will reach a record harvest of 55 mmts, from 50.5 mmts in the previous season, the Buenos Aires Grain Exchange said on Thursday.

Regarding wheat for the 2021/22 cycle, the exchange raised its crop estimate to 19.2 mmts, from 19 mmts previously estimated.

Argentina is the world’s leading exporter of soybean oil and meal, the second largest exporter of corn and a key global supplier of wheat.

WHEAT

China’s wheat imports reach highest level in more than two decades

China’s wheat imports, 2000-20

<table>
<thead>
<tr>
<th>Year</th>
<th>From other countries</th>
<th>From United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000/01</td>
<td>1.0</td>
<td>0.8</td>
</tr>
<tr>
<td>2005/06</td>
<td>1.2</td>
<td>1.1</td>
</tr>
<tr>
<td>2010/11</td>
<td>1.4</td>
<td>1.2</td>
</tr>
<tr>
<td>2015/16</td>
<td>1.6</td>
<td>1.4</td>
</tr>
<tr>
<td>2020/21</td>
<td>1.8</td>
<td>1.5</td>
</tr>
</tbody>
</table>

Note: Marketing year (July-June) data.
China is the world’s largest consumer of wheat, accounting for 19% of global wheat consumption in marketing year 2020/21 (July–June), more than four times the U.S. share.

China also became a leading importer during 2020/21, with purchases estimated at 10.6 mmts, China’s highest import total since the 1990s. USDA forecasts China’s 2021/22 imports at 10 mmts. Before the 2010/11 marketing year, China’s wheat imports typically totaled 1 mmts or less. More recently, wheat imports totaled 3 to 5 mmts most years between marketing years 2011/12 to 2019/20. The surge in imports in 2020/21 can be attributed to China’s strong demand for wheat use in animal feed, replenishment of the Chinese Government reserves with high-quality wheat, and efforts to meet import commitments in the U.S.-China Phase One trade agreement.

According to China’s customs data, the United States supplied 3 mmts of 2020/21 wheat imports, approximately a 28% share.

**2021/22 Global Wheat Production Remains at Record**

<table>
<thead>
<tr>
<th>Country or region</th>
<th>Marketing year</th>
<th>Production</th>
<th>Month-to-month change</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td></td>
<td>780.3</td>
<td>3.4</td>
</tr>
<tr>
<td>Foreign</td>
<td></td>
<td>734.1</td>
<td>3.4</td>
</tr>
<tr>
<td>United States</td>
<td>June-May</td>
<td>46.2</td>
<td>-</td>
</tr>
<tr>
<td>Argentina</td>
<td>December-November</td>
<td>20.0</td>
<td>(0.5)</td>
</tr>
<tr>
<td>Australia</td>
<td>October-September</td>
<td>31.5</td>
<td>(2.0)</td>
</tr>
<tr>
<td>Canada</td>
<td>August-July</td>
<td>23.0</td>
<td>(1.0)</td>
</tr>
<tr>
<td>China</td>
<td>July-June</td>
<td>136.9</td>
<td>0.9</td>
</tr>
<tr>
<td>European Union</td>
<td>July-June</td>
<td>139.0</td>
<td>0.4</td>
</tr>
<tr>
<td>India</td>
<td>April-March</td>
<td>109.5</td>
<td>1.5</td>
</tr>
<tr>
<td>Serbia</td>
<td>July-June</td>
<td>3.2</td>
<td>0.3</td>
</tr>
<tr>
<td>South Africa</td>
<td>April-September</td>
<td>2.1</td>
<td>0.2</td>
</tr>
</tbody>
</table>


USDA ERS - Global wheat production is revised up 3.4 mmts to 780.3 mmts, driven entirely by larger foreign wheat production, with the U.S. crop still estimated at 46.2 mmts.

Australia and India lead the increase with 1.5 mmts adjustments to both countries based on updated estimates from their statistical agencies.

Production in Canada is lowered 1 mmts to 23.0 mmts. This is based on a decrease in yield of 0.11 mts/ha to 2.5 mts/ha, driven by updated estimates from Statistics Canada. An increase in rainfall in late August in the Prairies has stalled the spring wheat harvest. While this rain replenished soil moisture for next year, it could further degrade the quality of the current spring wheat crop.

Argentina sees a decrease in production of -500,000 mts as dry conditions during emergence and booting (last stage prior to head emergence and flowering) led to a lower yield estimate (down 0.07 mts/ha to 3.08 mts/ha). While east and south Argentina received rains, they are not enough to sustain an optimal wheat crop.

Timely rains could help keep production in Argentina at a record of 20.0 mmts.

Offsetting these reductions, production in Australia is revised upwards to 31.5 mmts based on a yield increase (0.13 mts/ha to 2.41 mts/ha), which more than offsets a reduction to harvested area of -100,000 hectares to 13.1 million). The Normalized Difference Vegetation Index is reading average to above average for the month of August. As the crop approaches flowering stages, September precipitation will be pivotal for yield potential as areas that received below average precipitation in August will need a boost in soil moisture.

In Europe, Balkan states led the upward revisions to production with Germany partially offsetting these revisions. Production estimates increase to new records in Bulgaria (+650,000 mts to 6.7 mmts) and Romania (+300,000 mts to 10.3 mmts) on upward revisions to yield expectations. Germany saw a downward revision in production of 500,000 mts to 22.1 mmts based on lower yield expectations (-0.17 mts/ha to 7.62 mts/ha). Overall, the European Union (EU) production estimate increases by 400,000 mts to 139.0 mmts. The yield estimate for the EU is revised up to 5.81 mts/ha and remains short of the record. Production in Serbia is anticipated to match the current record of 3.2 mmts (up 300,000 mts from the previous month) based on higher anticipated yields (5.33 mts/ha).

Outside the major exporters, production in India is revised upward to 109.5 mmts with a yield increase (+0.09 mts/ha to 3.46 mts/ha) more than offsetting a reduction in harvested area (-385,000 hectares to 31.6 million).

Based on updated official data, China production is revised up 900,000 mts to 136.9 mmts with higher harvested area more than offsetting a lower yield.

South Africa has received above average rain during May through July leading to a production increase of 200,000 mts to 2.1 mmts. Yield expectations are just short of the record at 4.02 mts/ha, up 0.33 mts/ha month-to-month.
Global Wheat Consumption Increase Led by Feed and Residual Use

The global wheat consumption forecast in 2021/22 increased by 2.1 mmts to 786.9 mmts. This increase is largely due to an upward revision to feed and residual of 1.8 mmts to 159.2 mmts, which if realized will be a new record in 2021/22.

China and Australia see an upward revision to feed and residual because of larger crops. China is revised up 1 mmts to 36.0 mmts and Australia is revised up 200,000 mts to 4.7 mmts.

While the discount for wheat relative to corn in China (measured by the national average price), has decreased since May 2021, wheat remains competitive in feed rations.

Kazakhstan and Pakistan see an increase in feed and residual use of 200,000 mts to 1.5 mmts and 1.2 mmts, respectively. For 2020/21, feed and residual is down 619,000 mts, with a reduction to Canada (-780,000 mts) partially offset by an increase to Bangladesh (+100,000 mts).

Food, seed, and industrial (FSI) consumption remains steady month to month with only a 239,000 mts upward revision to 627.7 mmts. For 2020/21, FSI consumption is revised downward by 916,000 mts to 618.2 mmts. India is projected smaller by 802,000 mts to 95.8 mmts. While the discount for wheat relative to corn in China (measured by the national average price), has decreased since May 2021, wheat remains competitive in feed rations.

Global Wheat Trade Marginally Higher for 2021/22

USDA ERS - Global wheat trade is raised slightly month to month. July-June marketing year exports increase by 1.1 mmts to 200.9 mmts with stronger exports for Australia and India.
Australia sees an increase in exports of 500,000 mts to 24.0 mmts because of larger anticipated production. India is revised upwards by 900,000 mts to 3.5 mmts based on abundant supplies and competitive prices to nearby markets, such as Bangladesh. Partially offsetting these upward revisions is a decrease in exports for Canada (-500,000 mts to 17.0 mmts) as difficult growing conditions continue to diminish crop prospects.

Several countries saw adjustments to the 2020/21 trade year exports due to finalized trade data. Most notably, the EU was revised down 1.1 mmts due to lower-than-expected shipments in the month of June.

See Table 3 for a summary of the major export changes this month.

Imports in 2021/22 are marginally revised upward by 910,000 mts to 197.1 mmts. The largest revisions are to Iran, Kazakhstan, and Bangladesh. Iran and Kazakhstan are both projected to import more wheat due to lower production y/y, with Russia the major supplier in both cases. Bangladesh is revised upward by 300,000 mts to 7.2 mmts based on consumption growth in prior years. Imports in 2020/21 remain steady with offsetting reductions.

See Table 4 for a summary of major import adjustments for 2020/21 and 2021/22.
**U.S. Exports Set to Overcome Slow Start**

USDA ERS - Total U.S. commitments of wheat as of the 2nd of August (week 14) stand at 9.8 mmts, the sum of 5.8 mmts accumulated exports and 4.0 mmts outstanding sales, according to USDA's Foreign Agricultural Service Export Sales Reporting.

Total commitments are down 23% from the same time last year, but total exports for the full (June-May) marketing year are projected down by only 12%.

U.S. wheat total export commitments represent only 41% of the (projected) marketing year total, which is down from 47% last year.

U.S. exports are expected to benefit from reduced competition in the second half of the marketing year as competitor supplies become more limited, particularly considering tight supplies in Canada and uncertainty regarding Russia's export tax.

A similar situation emerged in 2018/19, when total export commitments as of week 14 represented only 38% of the marketing year total. Shipments that year surged in the second half as exports from Russia tapered off and U.S. wheat became more competitively priced in key markets.

**Canada cuts wheat estimates further due to drought**

Sept 14 - A drought has damaged Canada's wheat harvests even more than it appeared weeks ago, according to a Statistics Canada report.

Record-hot summer temperatures in Canada's western crop belt, combined with sparse rain, sharply reduced farm yields.

StatsCan cut its estimate for production of spring wheat, which Canada exports to the United States, Japan and elsewhere for milling into baking flour. The agency estimated spring wheat output at 15.3 mmts, down 41% year over year and lower than StatsCan's previous estimate of 16.1 mmts. It is Canada's smallest spring wheat crop since 2007.

Canada's all-wheat harvest, which also includes durum and winter wheat, looks to be 21.7 mmts, down from StatsCan's previous estimate of 22.9 mmts.

StatsCan's report used satellite imagery to August 31st, one month later than its previous report. Crop weather improved midway through August, but it was too late for developing crops, Townsend said.

**CME CBOT Wheat Futures**

CBOT December 2021 Wheat Futures settled on Friday at $7.08¾/bu, off 4¾ cents on the day, but gaining 20 cents for the week. The wheat market was lower Friday with weakness in neighboring markets.

For the week KC was the leader higher up roughly 30 cents. The SRW and HRS markets were up around 20 cents on the week.

Chicago wheat spreads were steady Friday. Not much has changed for merchandising.

CFTC's weekly Commitment of Traders report showed SRW spec traders were 6,005 contracts net short on 9/14. That came after 7 weeks of being net long.

U.S. wheat planting is expected to keep moving along at a good pace with the dry/warm forecast. The trade is looking for wheat planting to be 21-23% complete as of Sunday vs. the average of 18%. Informa mid-day Friday released their September acre data and estimated the US wheat acres were going to be up 1.8 to 48.5 million acres. This is up 3.3% from last year.

The Ag ministry in Ukraine noted that the crop there was potentially a record just over 33 mmts, which is up 33% from last year. Not the same can be said for Russia. IKAR pegged the Russian crop in the 74 to 75 mmts range vs. their estimate of 77 mmts in August. The last USDA estimate was 72.5 mmts.
U.S. Export SRW Wheat Values – Friday 17th September 2021

SRW Wheat Gulf barge quotes, in cents per bushel basis CBOT futures:
Changes are from the AM Barge basis report. Source: USDA

<table>
<thead>
<tr>
<th>CIF NOLA SRW WHEAT</th>
<th>9/16/2021</th>
<th>9/17/2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEP</td>
<td>20 / 35</td>
<td>20 / 35</td>
</tr>
<tr>
<td>OCT</td>
<td>35 / 50</td>
<td>35 / 50</td>
</tr>
<tr>
<td>NOV</td>
<td>50 / 60</td>
<td>50 / 60</td>
</tr>
</tbody>
</table>

CME KC HRW Wheat Futures

MGE HRS Wheat Futures

September 16, 2021 - Portland Price Trends

MGE December 2021 HRS Wheat Futures settled on Friday at $9.04½/bu, off 6 cents on the day, but gaining 25¾ cents for the week.

CFTC’s weekly Commitment of Traders report showed managed money was at 12,930 contracts net long in spring wheat. That was down 2,717 contracts from week to week.

U.S. Export HRW Wheat Values – Friday 17th September 2021

HRW Wheat Texas Gulf rail quotes, in cents per bushel basis KCBT futures:
Changes are from the AM Barge basis report. Source: USDA

<table>
<thead>
<tr>
<th>TX GULF HRW</th>
<th>9/16/2021</th>
<th>9/17/2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>12% Protein SEP</td>
<td>148 / -</td>
<td>148 / -</td>
</tr>
</tbody>
</table>

Kansas December 2021 HRW Wheat Futures settled on Friday at $7.13/bu, off 7½ cent on the day, but gaining 24½ cents on the week.

CFTC’s weekly Commitment of Traders report showed HRW managed money firms were closing positions through the week ending the 14th of September. Long liquidation outweighed the fund short covering for a 3,589 contract reduction to the group net long.

CME December 2021 HRW Wheat Futures settled on Friday at $7.13/bu, off 7½ cent on the day, but gaining 24½ cents on the week.

CFTC’s weekly Commitment of Traders report showed HRW managed money firms were closing positions through the week ending the 14th of September. Long liquidation outweighed the fund short covering for a 3,589 contract reduction to the group net long.

HRS Wheat managed money firms were closing positions through the week ending the 14th of September. Long liquidation outweighed the fund short covering for a 3,589 contract reduction to the group net long.

September 16, 2021 - Portland Price Trends

<table>
<thead>
<tr>
<th></th>
<th>09-01-20</th>
<th>01-01-20</th>
<th>08-01-21</th>
<th>09-09-21</th>
<th>09-16-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1 SWW (bu)</td>
<td>5.35</td>
<td>6.65</td>
<td>9.25</td>
<td>10.85</td>
<td>10.85</td>
</tr>
<tr>
<td>White Club</td>
<td>5.70</td>
<td>6.65</td>
<td>10.75</td>
<td>12.85</td>
<td>12.85</td>
</tr>
<tr>
<td>DNS 14%</td>
<td>6.51</td>
<td>7.14</td>
<td>10.33</td>
<td>10.86</td>
<td>10.41</td>
</tr>
<tr>
<td>HRW 11.5%</td>
<td>6.20</td>
<td>7.38</td>
<td>8.33</td>
<td>8.43</td>
<td>8.80</td>
</tr>
<tr>
<td>#2 Corn (ton)</td>
<td>163.00</td>
<td>211.00</td>
<td>246.00</td>
<td>239.00</td>
<td>249.00</td>
</tr>
<tr>
<td>#2 Barley</td>
<td>130.00</td>
<td>145.00</td>
<td>200.00</td>
<td>240.00</td>
<td>240.00</td>
</tr>
</tbody>
</table>
PNW west coast white wheat bids once again held steady through the week at $10.85/bu as basis tapered back about 25 cents against the gains in Chicago futures. Protein wheats recovered some ground this week as hard red winter was up 37 cents and dark northern spring gained 34 cents.

USDA reported the best weekly tally of wheat sales for the year, coming in at 22.7 mbus on the shoulders of larger HRW demand. Total sales now stand at 383 mbus, which is running 21% behind last year at this time and 16% below the five-year average pace.

Sales of HRW led the charge with 16.5 mbus, lifting commitments for the year to 150 mbus which is 17% behind a year ago and 12% below average. HRS registered 2.8 mbus to put sales at 103 mb, setting 27% behind last year and 23% below average. White wheat garnered 1.7 mb and with 66 mb in commitments, sets 34% behind a year ago and 30% below average. Top buyers were Nigeria with 12.1 mbus of hard red winter, followed by Mexico with 2.8 mbus and South Korea booking 2.5 mbus.

COARSE GRAINS

World Coarse Grain Production Got a Boost

USDA ERS - Global coarse grain production for 2021/22 is up 12.5 mmts this month, as corn production is projected up 11.7 mmts to 1,197.7 mmts.

Sorghum production is also up (solely on the account of the United States), while the outputs of barley, oats, and mixed grains are slightly down, and rye is fractionally up. Non-U.S. coarse grain production is projected 5.1 mmts higher this month. Apart from the United States, most of the production increase is from Chinese and Argentine corn, along with Australian and Ukrainian barley, with partly offsetting reductions for Canadian and Russian barley, as well as lower projected Serbian corn.

For the 2020/21 projection, coarse grain production is up 1.7 mmts, mainly because of higher Argentine corn output, as well as higher Indian corn and millet totals that are partly offset by production reductions in Brazil and Serbia.

The largest expected foreign production increase is from China’s corn, up 5 mmts to 273 mmts. Rainfall and weather conditions across the prime corn area of the country; the northeast of China and down to the North China Plain (the regions of Inner Mongolia, the bordering western Heilongjiang, and Jilin, among others), dramatically improved in August, during the critical reproductive stage period. Virtually ideal weather boosted expected corn yields to a new record, up almost 2% to reach 6.5 mts/hectare.

Although corn harvested area is unchanged this month, it is 0.7 million hectares higher year over year, as prices and returns for domestic corn are running high and farmers are eager to cash in on demand- and policy-fueled prices.

Argentina’s corn production is projected higher on increased area for 2 consecutive years (2020/21 and 2021/22) and is raised 1.5 mmts 2 mmts this month to 50 mmts and 53 mmts, respectively. All three elements of agronomy, weather, and economics have combined to boost corn plantings. Faster growing yields, supported by genetic advances in corn, lower export taxes, and relative prices, all moved in favor of corn that is enjoying higher profit margins compared to soy. Moreover, recent September rains replenished moisture in the main corn growing areas of La Pampas (Buenos Aires, Cordoba, and Entre Rios) and are expected to encourage additional corn seeding.
China Corn Imports To Drop In 2021/22

Gro Intelligence Sept 15 - China’s corn imports will decrease in 2021/22 to below current USDA forecasts, as a Gro analysis shows a bearish development that will cut demand for US corn supplies.

Chinese annual corn demand has more than doubled in the past decade, largely for livestock feed, and US exporters in the past two years have emerged as primary beneficiaries. In 2020, China imported 11.3 mmts of corn, of which 40% came from the United States. So far this calendar year, nearly two-thirds of China’s 18.2 mmts of corn imports shipped from the US.

Domestic corn production in China is headed for a bumper crop this season, according to Gro’s China Corn Yield Forecast Models, which will make imports less attractive in the upcoming marketing year. At the same time, weakening domestic corn prices and slowing growth in local meat production, as seen via Gro’s China Pork Demand Forecast Model, support the notion that China’s corn imports will be muted during the 2021/22 season.

The USDA currently estimates Chinese 2021/22 corn production at a record 273.0 mmts, which would represent a 5% increase from last year and from the 5-year average. Meanwhile, the USDA is forecasting an unchanged China corn import figure of 26 mmts for 2021/22 (Oct-Sept crop year), but Gro expects the USDA will need to revise this figure lower.

Traditionally, China was never a huge buyer of world corn. But its supply deficit widened after years of reducing state corn stockpiles and as its hog herd numbers rebounded from the African swine fever outbreak in 2018.

China consumes over 285 mmts of corn annually, meaning that the country’s corn inventories significantly influence the global corn balance sheet. However, it can be difficult to obtain public sources for in-season yield estimates for the Chinese crop.

CORN

Updates to China’s Grain Use Give a Boost to Feed Use and Stocks

USDA ERS - The changes to the global 2020/21 coarse grain supply and demand boost 2021/22 beginning stocks by 5 mmts, accounting for 40% of the month-to-month increase in coarse grain supplies.

Global coarse grain use is projected 4.7 mmts higher this month to 1,489.6 mmts, with non-U.S. use up 2.3 mmts. Apart from the changes in U.S. feed grain use, the changes in corn use this month, for both 2020/21 and 2021/22, are largely dominated by the changes for China.

The use of corn in milling and ethanol production has been reportedly lower than expected. It appears that a much cheaper cassava has been increasingly replacing corn, and a twofold increase of cassava imports into China supports this evidence. Consequently, food, seed and industrial (FSI) use of corn is reduced for both 2020/21 and 2021/22 by 1 and 3 mmts, respectively.

Unlike the changes in FSI use, changes in feed and residual use for 2020/21 and 2021/22 go in different directions for each year. Record-high corn prices in 2020/21 encouraged higher imports and the use of alternative grains, (barley and sorghum), for feeding, thereby reducing corn use. Both barley and sorghum imports and feed use for China were increased this month for 2020/21.

Moreover, soybean meal protein consumption, that is a reasonable but imperfect proxy that provides an indication of corn feed and residual use, is pointing to lower use of corn. As a result, for 2020/21, corn feed use in China is projected down 3 mmts. For the 2021/22 projection, a large increase in corn production is expected to give a boost to feed and residual use, up 3 mmts.

The above revisions of China’s corn balance boosted its corn stocks for both years, up 4 mmts and 9 mmts, respectively. Recently published estimates by the CGNOIC (China National Grain & Oils Information Center) that suggested higher year-over-year corn stocks support this change. Higher corn stocks can turn out to be a useful tool in dampening inflation in China, as has been the case in the past, as consumer price inflation remains one of the major concerns of the Chinese Government.

Global coarse grain ending stocks are expected to rise 12.8 mmts in 2021/22 compared to the August forecast, which is 7.2 mmts higher from the year before, but are forecast to be virtually unchanged relative to global consumption year over year. China and the United States lead the increase, while stocks for foreign countries (excluding China) are projected lower.
U.S. Corn Export Prospects Improved for 2021/22, Reduced for 2020/21

USDA ERS - The September forecast for the already record-high world corn trade for the international October-September trade year 2021/22 is increased compared to the August forecast, up 1 mmts to 192.4 mmts. Compared to last year, the September forecast is higher by 8.6 mmts, or 4.7%. U.S. corn exports are now projected up 1.5 mmts at 62.5 mmts, compared to last month and 7 mmts lower over the last year of 2020/21.

Non-U.S. corn exports are projected slightly lower, down 0.5 mmts tons this month. However, there were several largely offsetting changes for other exporters.

This month, a shift from Brazil to Argentina is projected for these countries’ world export shares. Since the beginning of February 2021, Argentina has been the most price-competitive corn exporter in the world. A projected hefty boost in corn supplies this month makes the country an even more formidable competitor, expected to capture a larger (above 20%) share of the record global corn trade. The country is expanding corn exports to South Korea and Japan, North Africa and the Middle East (Saudi Arabia, Tunisia), the African continent (Senegal, Angola, Ghana, among others), and South America (Colombia, Dominican Republic, and Uruguay), often supplanting reduced Brazilian exports. Argentine corn exports are projected 1 mmts higher this month for both the 2020/21 trade year (that ends in September 2021) and for the next 2021/22 October-September international trade year. Argentine corn exports are projected to reach 38.5 mmts in 2021/22, 3 mmts higher than in 2020/21.

At the same time, Brazilian corn exports are reduced, reaching 33 mmts. Corn exports by Brazil are down 1 mmts this month for the 2021/22 international trade year, as lower corn supplies for 2020/21 are expected to weigh down on Brazilian exports through February, almost 6 months into the October-September trade year. This reduction comes despite record-high projected corn output and exports from Brazil in its local 2021/22 marketing year (March 2022-February 2023).

With lower output, Serbian and Russian corn exports are projected down. Although corn production in Russia is reduced 1 mmts, its exports are down only 0.2 mmts. It appears that Russian corn exports have not been seriously affected by the recently introduced tax regime as the country continues to vigorously export corn and other grains despite new export levies.

Corn import prospects are increased for Canada and Mexico this month. Smaller Canadian wheat and barley crop is expected to make the livestock industry in the Prairies, where most wheat and barley are grown, hungry for additional feed and rely more on corn imports this year. In years of poor Canadian wheat and barley harvests, the country routinely imports higher volumes of corn from the United States. With higher projected corn supplies this month, U.S. corn exports for 2021/22 are projected larger, up 1.5 mmts to 62.5 mmts. The United States is currently (seasonally) the least price-competitive global corn exporter. Moreover, its ability to ship grain was affected by Hurricane Ida (at the very end of August) that damaged key export terminals around the Gulf Coast, although port disruptions caused by Hurricane Ida are presumed to be temporary (based on all available information). The increase in corn exports assumes larger shipments to Canada and Mexico, the two destinations where grain can be transported via rail and trucks, thereby avoiding the current disruptions with the Gulf.

For the 2020/21 trade year, U.S. corn exports are reduced by 3 mmts, to a still record-high of 69.5 mmts. Declining price competitiveness and a subsequent lower export pace in August were likely exacerbated by Hurricane Ida at the end of that month. The hurricane’s negative effects are expected to affect September shipments (which is the
end of the 2020/21 international trade year). The (downwardly revised) record exports are 22.5 mmts higher than in 2019/20.

- **CME CBOT Corn Futures**

CME Corn December 2021 new crop contract settled on Friday at $5.27¼/bu, off 2¼ cents on the day, but gaining 9¾ cents for the week.

USD$ stronger today which pushed fund selling along, highest levels seen since August 27th. Equities seem wary of economic growth and uncertainty. Fresh news overall is lacking, and the slow pace of new export buying is also weighing on the market as well as the above mentioned.

USDA’s weekly Grain Transport report noted barge corn transported during the week were just 28 kmts. That compared to 275 kmts for the same week in 2020. The 3rd week average prior to Hurricane Ida was to see 372 kmts of corn on barges along the Mississippi, Illinois, Ohio, and Arkansas rivers. The 3 week’s since averaged just 52 kmts, or 83.6% below their respective week last year.

CFTC data showed managed money was 212,229 contracts net long in corn as of the 14th of September. That was down 2,943 contracts from the previous week as spec long liquidation did not fully offset the spec short covering. Managed money OI was down 15,097 contracts w/o/w.

Corn ratings expected to be unchanged this Monday at 58%. Harvest pace expected at 9% next week, which is average.

GFS this afternoon is drier, and rain looks to be heaviest in the 10-day across the delta/east, with light rains across the Midwest. Harvest will be big over the weekend into next week and expected harvest to have a pretty good dent in it by the end of September. Hearing better yields in Illinois already and believe this state’s crop to be variable. Iowa yields seem to be pretty good thus far. Yields elsewhere around the county look pretty good where harvest is happening.

Producer selling is mixed. New sales are trickling in where harvest is going but would say the percentage is pretty negligible. A lot of corn is going on previously contracted sales and DP.

Informa estimates corn acres at 93.7 (USDA 93.3) and 94.3 next year, up slightly.

Brazil’s corn exports of 725 kmts for the 2nd week of September were 40% below the same period last year.

Corn competition from Argentina is increasing as the BA Grain Exchange expects the 2022 harvest to reach 55 mmts, up 4½ mmts from this year and 2 mmts more than this year. And exports could go as high at 42 mmts (1.65 bbu).

France’s AgriMer reported corn conditions were 89% good/excellent as of 9/13, compared to just 59% at the same point last season. USDA reported 30% of U.S. corn remains in some level of drought, which was unchanged from last week’s reading.

- **U.S. Export Corn Values – Friday 17th 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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<td>MAY</td>
<td>68 / 71</td>
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Write to Rose Ridinger at csstat@dowjones.com

Cash markets remain defensive ahead of harvest but w/ strong ethanol margins, seeing basis do the heavy lifting in various spots (whack amoles) around the US paying beefy numbers. Par for the course given tight c/o.

Corn spreads continue to firmer into heavy harvest. Barge freight continues to firm, especially where harvest is in full swing.
Higher Area and Yield Forecasts Raise 2021/22 Corn Supply Projections

USDA ERS - The USDA’s September World Agricultural Supply and Demand Estimates (WASDE) report raised projected U.S. corn supplies for 2021/22 compared with August, due to an increased production forecast from the National Agricultural Statistics Service’s (NASS) September Crop Production report. In its report, NASS forecasts U.S. corn production to be 14,996 mbus for 2021/22, a 246 mbus increase from its August forecast. If realized, this increase would be the second-largest corn crop on record, behind the 2016/17 crop that totaled 15,148 mbus.

The increase in production is due to raised area and yield forecasts in the latest Crop Production report. Corn harvested area is forecast at 85.1 million acres, a 0.6 million acre increase from the previous month. Planted area is also raised 0.6 million acres from August to 93.3 million acres. The national-yield forecast is raised from 174.6 bus/acre in the August report to 176.3 bus/acre in September.

The corn harvest has begun, primarily in the Southern-growing States. Of the major corn-producing States, NASS Crop Progress reports only show small amounts of harvesting activity in Kansas and Missouri through September 5. At the national level, the harvest gets fully underway in mid-to-late September, with most of the crop harvested by the end of October.

On an annual basis, the State-level production narrative remains relatively unchanged from August. Corn yields in Minnesota, North Dakota, and South Dakota remain relatively low, due to drought conditions that have affected the Western Corn Belt for much of the growing season. In contrast, the Eastern Corn Belt areas of Illinois, Indiana, and Ohio experienced better growing conditions and are forecast to have better yields and production prospects.

On a month-to-month basis, the 246 mbus increase in the U.S. corn production forecast is due to a combination of adjustments to State-level area harvested and yield forecasts. This month’s yield forecast is based on farmer and objective yield-survey results, as well as satellite imagery.

This is the first month of the 2021 forecast cycle that objective yield-survey data is available. Compared with the August forecast, NASS reported yield increases for several key-producing States, including: Minnesota (up 8 bus/acre), Iowa (up 5 bus/acre), and Nebraska (up 2 bus/acre). The most significant State-level reductions were Ohio (down 3 bus/acre) and Missouri (down 2 bus/acre).

Significant State-level harvested area-forecast adjustments include increases in North Dakota (up 400,000 acres), Missouri (up 300,000 acres), and Nebraska (up 200,000 acres), being offset by declines in Iowa (down 300,000 acres), Minnesota and Illinois (both down 200,000 acres).

The biggest overall shifts in month-to-month production are for North Dakota (up 57 mbus) and Nebraska (up 56 mbus), partially offsetting less production expected in Illinois (down 43 mbus).

BARLEY

U.S. Barley Projected 2021/22 Farm Price Lowered

USDA ERS - The 2021/22 average-farm price for barley is lowered $0.30/bus to $5.45/bus. The reduction is due to both the feed barley and malting barley markets.
While reduced from August, prices remain high by historical standards. If realized, the current projection would be the highest price level since 2015/16.

Barley production projections for 2021/22 remain unchanged at 106 mbus. Barley export projections for 2021/22 are raised from 6 mbus in the August WASDE to 9 mbus in September.

Drought conditions that have affected the major U.S. barley-growing regions in the Northern Plains have also affected Canadian barley production and are expected to affect global trade flows. U.S. food, seed, and industrial use is lowered 5 mbus, as barley supplies are projected to be relatively tight for the year.

Barley global trade for the 2021/22 international trade year is projected 0.4 mmts higher this month, though 1.5 mmts lower compared to the previous year of 2020/21. The adjustments mainly reflect this month’s changes in barley production: Higher exports are projected for Australia, Ukraine, and the European Union, while reductions are expected for barley exports by Canada.

U.S. barley exports (to Canada) are projected 0.1 mmts higher, based on the current pace of exports, despite historically low U.S. barley supplies and stocks.

**Jordan buys about 120,000 mts of feed barley in tender**

Reuters Sept 16 - Jordan’s state grain buyer has purchased about 120,000 mts of animal feed barley to be sourced from optional origins in an international tender which closed on Thursday, traders said.

Some 60,000 mts was bought at an estimated $315.00/mt C&F for shipment in the first half of January 2022. Seller was believed to be trading house Viterra.

Another 60,000 mts were bought at an estimated $319.25/mt C&F for shipment in the first half of February 2022. Seller was believed to be an Australian trading house.

**Turkey tenders to buy 260,000 mts feed barley**

 Reuters Sept 14 - Turkey’s state grain board TMO has issued an international tender to purchase around 260,000 mts of animal feed barley, European traders said.

The deadline for submission of price offers in the tender is September 21st. Shipment is sought between October 8th and October 31st.

A series of consignments are sought for unloading in the Turkish ports of Derince, Iskenderun, Mersin, Izmir, Bandirma, Tekirdag, Samsun, Trabzon and Karasu.

The TMO reserves the right to buy up to 5% more or less than the tender volume at its own discretion, the traders said.

The tenders continue recent brisk grain import demand from Turkey to ensure good domestic supplies with traders saying the country’s crops suffered drought damage.

**Projected 2021/22 U.S. Sorghum Production Increases**

The 2021/22 U.S sorghum harvested area projection is raised 0.7 million acres from August to 6.5 million acres, while projected sorghum yields are reduced 1.1 bus/acre to 69.7 bus/acre. As a result, the sorghum production forecast is revised higher to 454 mbus, up 45 mbus compared to the August report.

The September 7th, 2021, NASS Crop Progress report shows that 19% of the U.S. sorghum crop has been harvested by September 5th, with Texas leading other States.
with 66% of the State’s sorghum crop harvested. Texas has historically been the first State to begin harvesting its sorghum crop, but is slightly behind last year’s progress, when 72% of the crop was harvested at this time a year ago.

Due to the increase in supply, the September WASDE report raises 2021/22 projected ending stocks 15 mbus to 32 mbus. Larger stocks, as well as lower projected corn prices, result in a $0.30/bu drop in the projected average-farm price to $5.85/bu, from August’s projection of $6.15/bu.

No changes are made to 2021/22 projected sorghum exports at 320 mbus. Feed and residual are raised 30 mbus to 105 mbus, based on the increased supply availability and lower prices expected for 2021/22.

The 2020/21 sorghum crop had no changes made to the September WASDE balance sheet. Yields and production are unchanged from last month, as were all domestic disappearance numbers. Exports are maintained at 285 million bushels, based on inspections data through the month of August, leaving ending stocks at 13 million bushels.

OATS

CME CBOT Oat Futures

The continuous chart shows a high of $6.00 reached on the March 2014 contract, achieved on March 10, 2014, just prior to expiry. The continuous active chart shows Thursday’s high of $5.64/bu as the all-time high.

On August 30th Statistics Canada estimated Canada’s 2021 oat production at 3.070 mmts based on the July model, down from 4.5758 mmts produced in 2020. On September 8th, Statistics Canada estimated July 31st stocks are 659,000 mts, above expectations, 55% higher than July 31st, 2020, and the highest ending stocks in three years. The relief was short lived, with the September Statistics Canada production estimate based on the August model leading to a production estimate of 2.579 mmts, the smallest production since 2010.

A concern remains that production will be revised even lower when the actual acres harvested are calculated, as more than normal acres are salvaged for feed.

A combination of the July 31st stocks and the most recent production estimate leads to crop-year supplies of 3.238 mmts, down 35% from 2020-21, and would be the tightest supplies since the 1991/92 crop year. To compare to the previous crop year, 2020/21 Canadian exports reached an all-time high of 2.928 mmts (grain plus products), while domestic disappearance totaled 1.4313 mmts.

Since USDA released their first 2021/22 forecasts in the month of May, they have pared their forecast for oat imports for both the 2020/21 and 2021/22 crop years. Overall, 2020/1 imports have been pared by a modest 5 mbus (77,113 mts), while U.S. imports for 2021/22 have been pared by 22% from 95 mbus to 74 mbus (1.141 mmts) as the pool of available imports shrinks in size.

Canada’s oat stocks were expected to reach an all-time low in 2020/21 as seen in AAFC’s unofficial estimates, but this will certainly be the situation in 2021/22. U.S.
stocks are estimated by the USDA at 27 mbus (416,410 mts), the lowest since 2013/14.
As of September 15th Saskatchewan Agriculture reports No.2 CW oats were prices at $329.70/mt ($5.08/bus), while at least one Manitoba plant is advertising $6.25/bu oats with delivery from October through March.

- **Lower Oat Imports Trim Supplies and Feed and Residual Use**
  USDA ERS - Oat imports for 2021/22 are projected to be 74 mbus, down 3 mbus from the August WASDE, primarily due to tight supplies from Canada (the most significant foreign supplier for the United States). Projected feed and residual are reduced 5 mbus to offset the lower supplies. The projected season-average farm price is unchanged for 2021/22 at $3.60/bus.

- **Energy & Ethanol**
  - **CME Ethanol Futures**

**DDG’s – Weekly Average DDG Price Slightly Lower**

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<th>Bushel</th>
<th>Short Ton</th>
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<tr>
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<td>$340.20</td>
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<td>DDG Weekly Ave Spot Price</td>
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<td>$196.00</td>
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**DDG Value Relative to:**

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<tr>
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<th>9/16</th>
<th>9/9</th>
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<tbody>
<tr>
<td>Corn</td>
<td>103.65%</td>
<td>111.21%</td>
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<tr>
<td>Soybean Meal</td>
<td>57.61%</td>
<td>58.58%</td>
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**Cost Per Unit of Protein:**

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<tbody>
<tr>
<td>DDG</td>
<td>$7.26</td>
<td>$7.30</td>
</tr>
<tr>
<td>Soybean Meal</td>
<td>$7.16</td>
<td>$7.08</td>
</tr>
</tbody>
</table>

Notes: Corn and soybean prices take from DTN Market Quotes. DDG price represents the average spot price from Midwest companies collected on Thursday afternoons. Soybean meal cost per unit of protein is cost per ton divided by 47.5. DDG cost per unit of protein is cost per ton divided by 27.

DDGS prices were higher during the week, to between $208 and $227/ton in the Gulf and $245 - $255 FOB in the PNW.

DTN – The DTN average price for domestic distillers dried grains (DDG) from 33 locations reporting for the week ending the 16th of September was $196/ton, down $1 on average from one week ago.

Prices were slightly lower this week as buyers have moved to the sidelines for now. In addition, DDG supplies are starting to creep higher with another increase in ethanol plant production last week.

Based on the average of prices collected by DTN, the value of DDG relative to corn for the week ending September 9th was 103.65%.

The value of DDG relative to soybean meal was 57.61% and the cost per unit of protein for DDG was $7.26, compared to the cost per unit of protein for soybean meal at $7.16.

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Wednesday’s Energy Information Administration (EIA) report showed domestic inventory of ethanol was again drawn down, falling to a 14-week low through September 10th, though demand dropped to an over four-month low and production held higher.

EIA reported overall production continued higher a second week, up 14,000 barrels per day (bpd) or 1.5% to a four-week high 937,000 bpd.
In its weekly DDGS export price update, the U.S. Grains Council said: “On the export market, DDGS values are quoted steady or $4 to $5/mt higher this week, depending on the source. Some brokers report offers moved higher earlier this week, but it remains unclear if stronger trade interest drove the rally or supply-side dynamics.

Regardless, FOB Gulf offers are steady this week at $265/mt while November and December positions are up $5/mt. Prices for 40-foot containers to Southeast Asia are mostly steady to slightly higher this week, with rates to Vietnam, Malaysia, and Myanmar leading the way.”

**CME WTI Crude Oil Prices Fall On Dollar Strength, Russian Exports**

CME WTI October 2021 closed on Friday at $71.97 69.72/barrel, off $0.64 on the day, but up $2.25 for the week.

Oct WTI crude oil and Oct RBOB gasoline prices this morning are moderately lower. A rally in the dollar index today to a 3-week high is bearish for energy prices, along with weakness in stocks, which curbs confidence in the economic outlook. Crude oil prices are also being undercut by signs that Russia plans to boost its crude exports. Crude prices were undercut after a weaker-than-expected U.S consumer sentiment index report.

October WTI crude oil (CLV21) this morning is down -0.95 (-1.31%), and October RBOB gasoline (RBV21) is down -0.0251 (-1.15%). October Nymex natural gas (NGV21) is down -0.106 (-1.99%).

temperatures, which will curb nat-gas demand from electricity providers to provide power for air conditioning usage. Maxar today forecast cooler temperatures for the eastern half of the U.S. from Sep 22-26 and said it expects cooler temperatures for the Midwest from Sep 27-Oct 1.

As of Thursday afternoon, 513,878 bpd (28%) of U.S. crude production in the Gulf of Mexico was still offline from Hurricane Ida. U.S. Gulf crude production may be delayed further as Tropical Storm Nicholas slowly makes its way along the U.S Gulf Coast.

Nat-gas prices this morning are posting moderate losses on forecasts for cooler U.S. Today’s U.S. economic data was bearish for crude after the Sep University of Michigan U.S. consumer sentiment index rose +0.7 to 71.0, weaker than expectations of 72.0.

An increase in Russian crude exports is bearish for crude after Interfax reported today that Russia plans to increase its Q4 crude exports by +3% q/q to 53.49 MMT.

Tuesday’s monthly report from the International Energy Agency (IEA) was supportive of crude prices. The report said global oil supplies fell -540,000 bpd in August amid unexpected disruptions and that global crude supplies may not increase until October as U.S. crude output losses from Hurricane Ida wiped out increases in production from OPEC+.

The outlook for sanctions to remain on Iranian crude exports is supportive of crude prices. Iran’s new government continues to increase the production of enriched uranium and has failed to resume full cooperation with international monitors. The International Atomic Energy Agency recently said that Iran has increased its stockpile of uranium enriched close to the levels needed for weapons-grade and continues to restrict monitoring of facilities and an investigation into undeclared activities.

A bearish factor for crude oil is the closure of refineries along the Gulf Coast due to Hurricane Ida, which puts upward pressure on U.S. crude inventories as refineries are unable to process crude while they are closed. About 2.11 million bpd of refining capacity, or about 12% of the U.S. total, was closed or reduced due to the hurricane. According to Lipow Oil Associates, many refineries could be closed for 4-6 weeks because of the effects of the hurricane.

A decline in global crude oil stored on oil tankers throughout the world is bullish for crude prices. Vortexa on Monday said that crude oil stored on tankers that have been stationary for at least seven days in the week ended Sep 10 fell -8.9% w/w to 94.96 million bbl.

The spread of the delta Covid variant is negative for crude prices since it may lead to tighter restrictions that curtail economic growth and energy demand. The Japanese government last Wednesday extended the Covid state of emergency in Tokyo, Osaka, and 17 other prefectures until Sep 30. Also, the 7-day average of new U.S. Covid infections rose to a 7-1/2 month high Monday of 171,850.

Wednesday’s weekly EIA report showed that (1) U.S. crude oil inventories as of Sep 10 were -7.7% below the seasonal 5-year average, (2) gasoline inventories were -4.3% below the 5-year average, and (3) distillate inventories were -13.0% below the 5-year average. U.S. crude oil production in the week ended Sep 10 rose +1.0% w/w to
10.1 million bpd, which was -3.0 million bpd (-22.9%) below the Feb-2020 record-high of 13.1 million bpd.

Baker Hughes reported last Friday that active U.S. oil rigs in the week ended Sep 10 rose +7 rigs to 401 rigs, moderately below the 16-1/4 month high of 410 rigs from Aug 27. U.S. active oil rigs have risen sharply from last August's 15-year low of 172 rigs, signaling increased U.S. crude oil production.

**OILSEEDS COMPLEX**

- **China snaps up Brazil soybeans on urgent demand, tight US supply**
  Sept 14 - Chinese soybean importers have turned to Brazil to secure cargoes for October shipment as a shortage of spot supply from both the US Gulf and the Pacific Northwest export hubs makes it hard to meet urgent prompt demand from North America, several trading sources have indicated.

  The move is unusual as typically the U.S. would be dominant during this period of the year, but a range of issues across the country mean none of the primary export hubs are working at anything close to capacity.

  China's crushers were heard scrambling to secure October shipments from Brazilian soybeans to cover short-term demand, with six cargoes out of Brazil booked for next month on Monday. Those cargoes were traded at prices between 417 cents/bu and 425 cents/bu over November futures, hitting the highest level on record.

  The large purchases from Brazil during the country's soybean off-season came in the aftermath of Hurricane Ida's hit on the US Gulf at the end of August, with the storm thwarting exports since then. The damage caused to the US's busiest grain export hub interrupted China's buying pace for US soybeans during the harvest period - when pricing is typically at its most competitive.

  At the same time, the US Pacific Northwest ports are also showing a scarcity of supply for soybeans. "There is no more soybean in the US PNW ports for October shipment. Only a few are left for November and December loading," a China-based trading manager in grain said.

  The world's top soybean buyer has been seriously behind its typical purchase pace, with China only completing 74% of total planned buying for October and nearly five million mt more needed to buy to put November's plan to bed.

  Markets are expecting China to ramp up its soybean purchases from the US Gulf to cover spot demand once facilities in those ports resume operations this week. However, Brazil-based sources warned that the cargoes could still be executed out of the US, should logistics improve.

  "I think that we could see some future washouts from PNW to Gulf when the US Gulf logistics come back," Victor Martins from Hedgepoint Global Markets said. "Those six cargoes from Brazil to China were for optional origin, which I believe can be switched back to Gulf," he added.

- **U.S. soybean exports may decline to 58 mmts from last year's high**
  Refinitiv Commodities Research 14 Sep - The U.S. shipped 1.05 mmts of soybeans in August, bringing 2020/21 shipments to 59.25 mmts.

  Provided that total exports are generally 2-4% above the shipments reported by USDA grains export inspection data, 2020/21 U.S. soybean exports ended between 60.2 to 61.5 mmts. Exports to China totaled 35.3 mmts.

  After taking into account low beginning stocks and Refinitiv's 2021/22 soybean production estimate, 2021/22 U.S. soybean supply will be about 2 mmts less than 2020/21. As a result, 2021/22 exports are estimated at 58.1 [54.3 to 61.8] mmts, lower than the record set in 2020/21.

  2021/22 U.S. soybean exports partially depend on the volume of South America soybean production. Should Brazil and Argentina soybean production over the upcoming season reach USDA's projection of 144 and 52 mmts. Strong competition from South America could lower 2021/22 U.S. exports to 54.3 mmts.

  Alternatively, production losses and tight supplies in SAM could increase U.S. soybean exports to 61.8 mmts. As of the 2nd of September, outstanding sales for delivery in 2021/22 totaled 21 mmts, below last year's 29 mmts amid less sales to China. Damage of hurricane Ida to the U.S. Gulf Coast has also slowed soybean shipments in the U.S.

  Brazil soybean exports continued to decline in August, but we anticipated that exports over the following months will be stronger than last year. According to Refinitiv trade flows, Brazil shipped 5.6 mmts of soybeans in August, down 29% from July and 4% from the month last year. Accumulated exports during February-August totaled 70.9 mmts, compared to 71.9 mmts for last season. However, adequate supply indicates that exports over the remaining five months of 2020/21 won't be as weak as last year when the depletion of soybean stocks lowered exports to near zero at the end of the season. As such, we maintain 2020/21 Brazil soybean exports at 82 mmts.

  Argentina soybean exports have picked up recently. Refinitiv trade flows tracked 1.0 mmts of soybean shipments in August, doubling the volume in July. Accumulated exports during April-August totaled 3.1 mmts, compared to 5.7 mmts for last year's same period. Total soybean exports in 2020/21 are estimated at 5.3 [4.5 to 7.1] mmts, up 1.3 mmts from our July estimate, but below last year's 6.7 mmts.

- **Brazil to export 4.8 mmts of soybeans in September**
  Anec Sept 15 - Brazil's grain exporters association, Anec, increased its expectations for the country's corn and soybean exports in September, data from its weekly report showed late Tuesday. Soybean shipments are expected to reach 4.8 mmts in September, an increase of 400,000 mts from last week's 4.4 mmts forecasts.
The figure represents a 23.4% increase from last year when September exports stood at 3.9 mmts. If the forecast is confirmed, Brazil's annual soybean exports will reach 79.1 mmts by the end of this month, versus 79.2 mmts in the same period last year. Corn exports are now expected to reach 2.9 mmts, a 200,000 mts weekly increase, but a 49.3% yearly decrease. Brazilian corn exports for the year are forecast to reach 13 mmts by the end of the month, well below last year's 20.2 mmts in the same period. Soymeal shipments are also expected to increase by 18.4% in September, to reach 1.5 mmts. Brazilian soymeal exports are set to reach 13 mmts between January and September, the same amount as last year.

Farmers in Brazil's Paraná start planting 2021/2022 soy
Reuters Sept 13 - Occasional rain showers in soybean areas of Paraná state enabled some soy growers to start sowing their new 2021/2022 crop, agribusiness consultancy AgRural said on Monday.

After the showers, the first fields in the west and southwest of Paraná began to be planted, as these areas received more volumes of rain in recent days, AgRural said.

The expectation is that soy planting will also start this week in isolated areas of Mato Grosso, Brazil's top grain state, as well as in Mato Grosso do Sul and São Paulo. "Although volumes are still small and more humidity is needed for the beginning of the 2021/22 crop, the rainfall recorded since the end of August is better than those observed in the same period last year," AgRural said.

However, with models showing high maximum temperatures and scarce rains for the coming days, most producers will tend to wait for even better soil moisture conditions to sow their soy in earnest, AgRural noted.

Brazil is expected to harvest a record grain crop of 289.6 million tonnes in 2021/2022, driven by higher soybean and corn production.

In its first forecast for the cycle starting now, the government projected Brazil's soybean crop will grow by 3.9% to 141.3 mmts, and its total corn output will rise 33.8% to 116.0 mmts.

In the 2020/2021 season, Brazil's grain output was reduced by delays to plant soybeans and then a drought and an ill-timed frost that significantly slashed corn production.

Planting of Brazil's 2021/2022 summer corn reached 16% of the estimated area for the center south of Brazil, according to AgRural's estimates. That compares with 20% of the area last year.

Logistical Issues Slow Pace of Soybean Crush in Argentina
Low water levels in the Paraná River have hindered the ability to fully load vessels with soybean products for shipment from major crushing facilities located along this major Argentine waterway. This impediment has raised the marginal costs of crushing soybeans, and, ultimately, has reduced profitability.

For this reason, Argentina's 2020/21 soybean crush forecast was lowered by 0.7 mmts from last month's forecast to 40.8 mmts. Thus, despite favorable soybean oil export prices, the lower crush volumes lead to a reduction in the 2020/21 soybean oil export forecast for Argentina.

Shipments are projected to decrease from 6.2 mmts to 6 mmts for 2020/21, decreasing by the same amount in 2021/22 to 6.3 mmts. Additionally, old-crop soybean meal exports are forecast down by 0.3 mmts to 28.2 mmts. Incentives in Argentina are shifting from crushing soybeans to an expansion of soybean exports by 1.5 mmts to 5.2 mmts with China as the likely trade partner. These trade and domestic use changes result in lower ending stock forecasts. Specifically, 2020/21 Argentine soybean ending stocks are forecast down from last month's estimate of 25.3 mmts to 24.6 mmts.

EU 2021/22 soybean imports at 2.61 mmts, rapeseed 790,741 mts
Reuters Sept 14 - European Union soybean imports in the 2021/22 season that started in July had reached 2.61 mmts by September. 12th, data published by the European Commission showed on Tuesday.

That compared with 3.15 mmts by the same week in the previous 2020/21 season, the data showed.

EU rapeseed imports in 2021/22 reached 790,741 mts, compared with 1.37 mmts a year earlier.

Soymeal imports so far in 2021/22 were at 2.93 mmts against 3.77 mmts a year ago, while palm oil imports stood at 1.08 mmts versus 1.41 mmts.

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

SOYBEANS

CME CBOT Soybeans Futures
CME November 2021 Soybean Futures settled on Friday at $12.84 12.86½/bu, off 12 cents on the day, and losing 2½ cents for the week.

Soybeans largely erased weekly gains, with today’s market sell off putting soybean futures down roughly 2 to 3 cents on the week. Concerns about export demand and disruptive Gulf logistics flowing hurricane Ida continue to linger.

USDA reported 26% of soy area remained under some level of drought, which was unchanged from last week’s reading.
The weekly CoT report showed managed money was 55,380 contracts net long in soybeans on 9/14. That was a weekly reduction of 2,136 contracts as long liquidation outweighed spec short covering. The commercial soybean traders were still 135,330 contracts net short, with 647,470 contracts of OI hedges.

The USDA did announce a flash sale this morning of 132k tons of US beans for the third time this week. This brings China’s weekly haul of US beans to 396 kmts, but support wanned given cancelations of 328 kmts on Wednesday. It was also noted that China will be auctioning approximately 294 kmts of imported soybeans towards the end of next week.

China’s weekly crush rose 7½% last week to 1.86 mmts. This was nearly 6% below the year ago figure with the 4-week average of 1.9 mmts per week running 5% less than in 2020. USDA forecast is for a 4 mmts/4+% annual gain.

Brazil’s soybean exports for the 2nd week of September were up nearly 50% year to year at 1.2 mmts as business was switched from the U.S. back to Brazil in the wake of damage by Hurricane IDA.

Oil World reported they expect Brazil to export 86.2 mmts of soybeans in 2021/22, up from 83.0 mmts this past year. Oil World is also projecting a 61%/5.3 mmts/193 mbus increase in Brazil’s Sep-Dec soybean exports.

**U.S. Export Soy Values – Friday 17th 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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November was the weakest on the day, adding to carry. Board spreads were slightly weaker with SX/F closing at -9’0 carry. Cash basis continues to converge towards all fall values in the domestic markets. CIF beans were steady to firmer in the post-harvest timeframe.

**CANOLA / RAPESEED**

**ICE Canadian Canola Futures**

New crop ICE November 2021 Canola Futures settled on Friday at C$873.70/mt, off C$1.80 on the day, but gaining $20.00 for the week.

The Canadian dollar was lower and supportive of canola. The loonie was at 78.49 U.S. cents compared to Thursday’s close of 78.90.

There had been support from European rapeseed, which hit new contract highs this week. However, it’s now mixed with gains only in the front month. Malaysian palm oil was on the downside as well.
Canola has been range-bound, staying within C$850 to C$900/mt. As harvest progresses, growers are selling their canola straight off the combines to the crushers. The Prairie weather forecast has called for warm temperatures over the weekend, which will help with the remaining harvest.

Saskatchewan reported yesterday that its harvest of major crops was 74% complete, with canola at 54% finished. Alberta is scheduled to issue its crop report later today. The Canadian Grain Commission said producer deliveries of canola, for the week ended September 12th, jumped 75% from the previous week at 685,900 mts. Canadian domestic usage was up 5.5% at 159,600 mts, while exports tumbled 82% at only 13,700 mts. At six weeks into the 2021/22 crop year, total canola exports of 297,100 mts have dropped 75% compared to this time last year.

**Canadian Canola and Soybean Production Update**

USDA ERS - The end of August brought with it much needed rainfall in the major canola producing regions of Saskatchewan, Alberta, and Manitoba. Although the late arrival of rain slightly alleviated drought conditions, much of August was plagued with the same poor weather conditions experienced in July. Many crops were too far advanced to benefit from the moisture. Moreover, the slight reprieve from extreme dryness is seen as untimely for canola producers since harvest is well underway.

The *Manitoba Crop Report* suggests 38% of canola crops were harvested by month’s end, however, the pace of harvest established at the beginning of August was slowed after the province received 25% of growing-season rainfall over a 1-week period.

Saskatchewan and Alberta have reported that 6% and 1.5% of canola crops have been harvested.

USDA forecasts the 2021/22 Canadian canola yield will decline to 1.6 mts/ha from last month’s estimate of 1.84 mts/ha, based on observed weather conditions and Canadian crop harvest reports. Consequently, the 2021/22 Canadian canola production estimate is lowered by 2 mmts to 14 mmts.

Decreased canola supply keeps the export price for Canadian canola high at $778/mt on this month with export forecasts lowered by 1.1 mmts from last month’s forecast to 5.6 mmts, a 15-year low.

Canadian soybean production was also lowered for Canada, down 200 kmts to 5.9 mmts.

**Canada canola production down 34.4% amid drought**

Reuters Sept 14 - Canola production in Canada plunged by 34.4% in 2021 to 12.8 mmts compared to 19.845 mmts in 2020 amid a bad drought while overall wheat production fell by 38.3%, according to a Statistics Canada model-based estimate released on Tuesday. Soybean production forecasted at 5.886 MMT versus 6.39 mmts in 2020.

The survey, based in part on satellite and agroclimatic data, also said harvest progress across the Prairies was reported to be well ahead of average due to advanced crop development.

**VEGETABLE OILS**

**CME Soybean Oil**
CME October 2021 Soybean Oil Futures settled on Friday at $56.29/cwt, off $0.54 on the day, but gaining $0.51 for the week. Soy products were weaker to finish the week as well. The “Board Crush” did creep higher to finish out the week: nearby Oct BC closed up 2 cents/bu at 80 cents on Friday. The US $ was up more than 200 points which added some outside macro-market pressure to the commodity complex. The weekly CoT report showed managed money in meal extended their net short by another 8,570 contracts to 16,332.

Recent Run-up in Vegetable Oil Prices Slows, Domestic Crush Wanes

USDA ERS - Throughout the 2020/21 marketing year, soybean oil prices have continued to rise; however, it is not the only vegetable oil that has been exhibiting higher prices in the U.S. In fact, the domestic prices of cottonseed, canola, and peanut oil have more than doubled since August 2020. Cottonseed and canola oil prices reached highs in May 2021 of 102 and 94 cents per pound, respectively, which have not been matched since the 1994/95 marketing year.

Corn oil prices also peaked at 68 cents per pound in May, nearly 26 cents higher than the 2020/21 marketing year opening price. Oil prices have moderated over the last couple of months as higher prices curtailed soybean oil use in the biofuel and export sector. Driven largely by expansion for biofuels, vegetable oil prices look to maintain strength moving forward in the next marketing year.

CME October 2021 Palm Oil Swaps settled at $1,027.75/mt on Friday, unchanged on the day, but gaining $29.00 for the week. Malaysian palm oil futures rose as robust exports in the first half of September and growing concerns over sluggish production boosted prices.

Exports during September 1-15 soared 54% to 832,555 mts from the same week in August, cargo surveyor Amspec Agri said. August output had expanded 11.8% from the previous month to stand at 1.7 mmts, the Malaysian Palm Oil Board said. India is lowering import taxes to curb food inflation, palm prices are relatively defensive.

Indonesia’s production during the second half of 2021 may miss expectations because of the lingering impact of drought in 2019 and insufficient fertiliser use, UOB KayHian said in a note. Incessant rains that have caused flooding in central and east Kalimantan since August could be a precursor of the upcoming monsoon season in Southeast Asia that could keep availability tight, it added.
High Vegetable Oil Prices Impact India

USDA ERS - Higher vegetable oil prices and tight supplies have begun to impact India, the world’s largest vegetable oil consumer and importer.

India’s domestic palm oil consumption is forecast 363 kmts lower for the 2020/21 marketing year at 8.5 mmts, while imports are forecast down by 1 mmts to 7.5 mmts. Additionally, domestic soybean oil consumption is projected to decrease by 50 kmts this marketing year to 5.28 mmts with soybean oil imports falling by 100 kmts to 3.6 mmts. Subsequently, these drawbacks are expected to be offset by a 100 kmts increase in sunflower oil consumption (to 2.55 mmts) and imports (to 2.35 mmts).

In conjunction, India’s domestic soybean meal prices began increasing in January 2021 and have reached unprecedented highs in recent months. The historical price surge peaked in July, more than double the Indian government’s minimum support price of $531/mt. After nearly 5 months of poultry producers petitioning the Indian government for relief from high domestic soybean meal prices, the Ministry of Commerce and Industry’s agency, the Directorate General of Foreign Trade, published a directive in The Gazette of India officially permitting India to import 1.2 mmts of genetically modified soybean meal. This directive will be in effect from its August 24th announcement until October 31st, 2021.

Regional suppliers are expected to temporarily benefit from this directive, namely Bangladesh, Vietnam, Malaysia, the United Arab Emirates, and Singapore. In fact, the day after this directive was issued, many soybean meal traders entered advanced soybean meal contracts with Bangladesh for an estimated 150,000 mts of soybeans. Correspondingly, domestic soybean meal prices declined by 4% to $1,112/mt.

PLANT PROTEIN MEALS

Brazil soymeal premium hits high on robust demand, tight supply

September 10th - Basis premiums over CBOT futures for Brazilian soymeal have jumped sharply in the second week of September buoyed by robust demand as a lack of Argentine soymeal availability in the export market continues.

Brazilian soymeal basis premiums have surged to $42/short ton above soymeal futures on CBOT on September 10, the highest premium since 2017, and have resulted in flat prices to reach $422/mt, the highest since mid-August.

The recent strength in prices has resulted in flat prices for meal in Brazil – the second largest exporter globally – to remain 11% above the levels registered a year ago on tight soybean supply from Latin America.

“Some processing plants [in Brazil] have become next soymeal exporters for the first time ever, ever since Argentine soymeal exporters started having problems in sourcing the international market,” Victor Martins from Hedgepoint Global Markets told Agricensus.

But soymeal exports from Brazil have been mostly lower so far this year when compared with a year ago, mainly due to less soybean available for crushers as export demand for soybeans has been robust this year, while farmers have been holding back soybean sales waiting for prices to rise.

“It has been very difficult to buy soybeans this year, and this is impacting in the availability of soybean products [oil and meal] domestically,” a local trade source told Agricensus.

Tight meal availability for the export market, coupled with the lower availability in Argentina, has also supported the premiums for soymeal.

Brazil’s grain exporters association Anec expects 1.4 mmts of soymeal to be exported in September, up 6% from last year’s shipments in the equivalent month.

Total soymeal shipments in the first eight months of the year have totaled 12.7 mmts, 3% down from the 13.06 mmts exported on the same time last year.

The USDA has estimated Brazilian soymeal exports at 17 mmts in 2021/22, 200,000 mts lower than the previous season, and below the 17.5 mmts from 2019/20.

CME CBOT Soybean Meal

CME CBOT Soybean Meal

CME October 2021 Soybean Meal Futures settled on Friday at $338.50 339.50/short ton, off $1.70/ton on the day, and losing $1.00/ton for the week.

The weekly CoT report showed soybean oil spec traders were shown at 47,094 contracts net long, down by 5,986 from w/o/w.
OTHER RELATED NEWS

- **Mad Cow disease outbreak prompts PHL to ban beef imports from Brazil**

  The Philippines has slapped a temporary import ban on Brazilian beef products, including live cattle, after the Latin American country reported an outbreak of Atypical Bovine Spongiform Encephalopathy (BSE) or Mad Cow disease a few weeks ago. Agriculture Secretary William D. Dar issued on Thursday Memorandum Order (MO) 54 authorizing the temporary ban on the importation of live cattle, meat and meat products derived from cattle from Brazil. Dar ordered the temporary import ban to protect the country’s cattle population as well as Filipino consumers due to history of Mad Cow disease affecting humans.

  “BSE is a zoonotic disease and there are studies showing that the atypical type of BSE or Mad Cow disease may pose a risk to consumers due to BSE’s assumed link with the variant Creutzfeldt-Jakob disease [vCJD] in humans,” Dar said in his order. With the order, the Bureau of Animal Industry has suspended the processing, evaluation of the application and issuance of the Sanitary and Phytosanitary (SPS) Import Clearance for Brazilian beef imports.

  “All shipments in transit/loaded/accepted unto port before the official communication of this order to the Brazilian authorities shall be allowed provided the slaughter and production date is on or before August 31, 2021,” Dar said in the order. Dar has also ordered veterinary quarantine officers to conduct a “more rigorous and tight inspection” on all arrivals of meat and meat by-products derived from cattle including live cattle.

- **Saudi Arabia bans Brazilian beef over mad cow disease**

  Saudi Arabia has suspended imports of Brazilian beef after cases of the cow mad disease were detected in the South American country, Saudi online newspaper Sabq has reported.

  The Brazilian Ministry of Agriculture disclosed that it was notified by Saudi Arabia of suspending beef imports from five factories due to the mad cow cases, the report said. Earlier this month, Brazil, the world’s biggest beef exporter, halted its meat exports to China, its top buyer, after two cases of “atypical” or abnormal cases of the disease were detected in two separate Brazilian states.

  The mad cow disease, also known as Bovine Spongiform Encephalopathy (BSE), first appeared in Britain in 1980s. BSE is a fatal neurodegenerative disease of cattle. In the past years, deaths were reported among people around the world after contracting the human variant, Creutzfeldt-Jakob disease, believed to be linked to eating infected beef.

- **Brazil suspends beef exports to China, confirming two BSE cases**

  Sept 15th – Export beef giant Brazil has suspended its beef exports to China, following confirmation of two separate cases of atypical BSE on Saturday.

  Brazil’s Ministry of Agriculture announced the export control measure on Saturday morning. The measure complies with the sanitary protocol between the two countries for the detection of Bovine Spongiform Encephalopathy (BSE). The export ban took effect immediately, a statement issued by the director of Brazil’s Department of Inspection of Products of Animal Origin (DIPOA) said.

  It is unclear when Brazilian beef exports to China may resume. When Brazil registered its last atypical case of BSE in 2019, sales to China were suspended for 13 days. Brazil, along with Hong Kong account for about 60% of Brazil’s beef export shipments. July volumes totalled about 91,000 tonnes – the second highest monthly figure on record – meaning any prolonged closure could put significant strain on China’s imported beef supply. Prices began to rise in Chinese wholesale meat markets soon after the decision was announced on Saturday morning.

  As the graphs published here show, Brazil in July accounted for 39% of China’s entire beef imports. Due to declining trade, Australia no longer justifies its own pie-chart ‘slice’ in China trade statistics, but instead is now included in the ‘other’ category, marked in brown. Brazil’s withdrawal leaves China in the unusual position where its largest (Brazil, 39pc) and second largest (Argentina, 24% marked in blue on the pie chart) imported beef suppliers are both out of the China market at present.

  Argentina recently extended its export trade ban on beef until the end of October.
**Transportation**

- **Baltic Dry Freight Index – 10 September 2021 Daily = 4215 -18**

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

- The main index registered a 10.6% weekly increase.
- The capesize index added 116 points, or 1.8%, to 6,420. The index rose 15.3% this week, its best weekly performance in four.
- It climbed to a 12-year peak on Sept. 14, with analysts crediting the rally to weather-related disruptions and port congestion, especially in China.
- Average daily earnings for capesizes, which transport 150,000-tonne cargoes such as iron ore and coal, increased $959 to $53,240.
- Futures prices for China’s steelmaking raw materials faltered on Friday, with benchmark iron ore contract leading losses, as Beijing mulls to include more cities under its environmental controls.
- The panamax index rose for a seventh straight session, adding 52 points, or 1.4%, to 3,904, its highest in three weeks.
- The panamax segment saw a rise of 8.6% for the week.
- Average daily earnings for panamaxes, which ferry 60,000-70,000 tonne coal or grain cargoes, increased $473 to $35,138.
- Among smaller vessels, the supramax index added 24 points to 3,307.
- The index registered a 4.3% weekly rise.

(Reporting by Rahul Paswan in Bengaluru; Editing by Maju Samuel)

- **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**

![Graph of Freightos Baltic Index (FBX) Year on Year: FBX02 North America West Coast – China/East Asia 17-Sep-21](https://fbx.freightos.com)

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

**LOGISTICS**

- **Cargill restarts Westwego, Louisiana, grain export terminal after Ida**
  
  Reuters Sept 14 - Global grain trader Cargill Inc restarted its Westwego, Louisiana, grain export terminal and on Monday unloaded its first grain barge since Ida shuttered the facility two weeks ago, the company said on Tuesday.

  Power was also restored to Cargill's heavily damaged terminal in Reserve, Louisiana, but the company is still assessing damages from the storm and developing "phased reopening plans," Cargill spokeswoman April Nelson said.

  The company is monitoring rains from Tropical Storm Nicholas on Tuesday, the second major storm to hit the region in recent weeks, but it has not yet impacted recovery efforts, Nelson said.

  Cargill is the latest major grain trader to revive export operations after Ida devastated the region's power grid and damaged some of the nearly dozen grain terminals dotted along the Mississippi River from Baton Rouge to the Gulf of Mexico.

  Rival exporters Louis Dreyfus Co and Archer-Daniels-Midland Co have been loading export shipments for several days, while a facility owned by Bunge Ltd remains shuttered, according to the companies and shipping sources.

  U.S. grain exports slumped to their lowest level in years last week as shippers struggled to restart their facilities at the Gulf, where some 60% of U.S. crop exports exit the country.

  Louisiana state officials said rains from Nicholas are complicating the recovery from Ida, particularly in flooded parishes and those still without power, and in areas along flood-swollen rivers.

  "We've gone through this sort of thing in the past, where we will get two storms at a time during the peak of hurricane system," said Mike Strain, commissioner of the Louisiana Department of Agriculture. "It complicates matters."

- **KCS Agrees To Merge With CP, Nixes Plans With CN**
  
  FreightWaves Sept 15 – The love triangle appears to have ended: Kansas City Southern has terminated plans to merge with Canadian railway CN and has agreed to merge with rival suitor Canadian Pacific.

  CP and KCS confirmed Wednesday that they have entered into a merger agreement, in which CP will acquire KCS in a stock and cash transaction worth $31 billion. The deal values KCS at $300 per share.

  The two expect that the Surface Transportation Board will complete its review of the merger sometime in the second half of 2022 and that the two companies will take about three years to integrate.
"Our path to this historic agreement only reinforces our conviction in this once-in-a-lifetime partnership," CP President and CEO Keith Creel said. "We are excited to get to work bringing these two railroads together. By combining, we will unlock the full potential of our networks and our people while providing industry-best service for our customers. This perfect end-to-end combination creates the first U.S.-Mexico-Canada rail network with new single-line offerings that will deliver dramatically expanded market reach for CP and KCS customers, provide new competitive transportation options and support North American economic growth."

Said KCS President and CEO Pat Ottensmeyer, "We are glad to be partnering with CP to create a railroad that is able to compete by providing the best value for the transportation dollar. The CP-KCS combination will not only benefit customers, labor partners, and shareholders through new, single-line transportation services, attractive synergies, and complementary routes, it will also benefit KCS and our employees by enabling us to become part of a growing and truly North American continental enterprise."

KCS will pay CN a $700 million termination fee, as well as provide another $700 million for the fee that CN paid when KCS terminated a previous merger agreement with CP.

Meanwhile, CN said it continues to believe that a CN-KCS merger would have resulted in enhanced competition but that "significant changes to the U.S. regulatory landscape since CN launched its initial proposal [in April and May] ... have made completing any Class I merger much less certain."

The railway also pointed to a July executive order from President Joe Biden asking for federal regulators to be mindful of ensuring healthy competition within the freight rail and maritime industries.

"While we are disappointed that we will not be able to deliver the many compelling benefits of this transaction to our stakeholders, the decision to bid for KCS was a bold and strategic move that still resulted in positive outcomes for CN," CN President and CEO JJ Ruest said. "We believe that the decision not to pursue our proposed merger with KCS any further is the right decision for CN as responsible fiduciaries of our shareholders' interests. CN will continue to pursue profitable growth and opportunities for excellence as a leading Class I railroad, and we look forward to outlining more details on our strategic, operational, and financial priorities in the near future."

Rivals CN (NYSE: CNI) and CP (NYSE: CP) had both been seeking to acquire KCS (NYSE: KSU). CP and KCS announced in March their plans to merge, but then CN put forth a competing $33.6 billion bid, and KCS opted in May to go with CP.

Following STB's decision, CP gave KCS a deadline of Sunday to decide whether to continue with CP's offer.

Then on Sunday, KCS declared CP's bid the "superior" offer.

CN said Wednesday it would "actively participate" in the merger approval process that KCS and CP must go through before STB, especially in light of the comments about the enhanced competition that STB had made when it didn't approve CN's voting trust application. Establishing a voting trust was part of the process to acquire KCS. CN's failed attempt to acquire KCS caused an activist shareholder to call for Ruest's removal, claiming that CN needs to focus on improving operations. Shareholder TCI Fund Management also seeks to replace four CN board members.

Railroad execs hope CP-KCS merger could be done by late 2022

The deal is the first merger of two of the continent's largest railroads since the 1990s.

Associated Press Sept 16 - Canadian Pacific hopes to complete its $31 billion acquisition of Kansas City Southern railroad before the end of next year.

Shareholders of both companies are likely to vote on the deal sometime in December, and then Mexican and American regulators will have to sign off on the combination before the two railroads can merge.

Officials from both railroads provided an update on the timing of the deal Thursday in a call with investors a day after announcing they had finalized their merger agreement. Canadian Pacific CEO Keith Creel said the Mexican review of the deal is expected to take between two and four months. After that is complete and if shareholders of both railroads approve, then a voting trust will be created to acquire Kansas City Southern and own it during the U.S. Surface Transportation Board's full review. That is the point when KCS shareholders would be paid.

Creel said he hopes the STB review of the deal will wrap up in October or November of next year and allow the two railroads to combine, but the regulatory review could take longer.

If it is approved, Canadian Pacific's acquisition of Kansas City Southern will be the first merger of two of the continent's seven largest railroads since the 1990s.

The combined company, based in Calgary, Alberta, Canada, is expected to employ about 20,000 people and it will maintain major U.S. operations centers in the Minneapolis and Kansas City areas.

CP followed by revising its offer to acquire KCS, presenting KCS with a stock and cash bid worth an estimated $31 billion in August. KCS subsequently declined the offer. Then STB on August 31st unanimously rejected CN's application to establish a voting trust that CN would use to acquire KCS, making unclear the prospect of a CN-KCS merger. STB said the proposed trust "is not consistent with the public interest standard under the board's merger regulations."
ARGENTINA

U.S. Farm and Biofuel Leaders Seek Aviation Fuel Fix to Budget Bill
14 SepT - America's top biofuel and farm advocates called on Democratic leaders to fix a major flaw in the House Ways & Means Committee text released Friday night for tax provisions of the budget reconciliation, which is set for consideration Tuesday.

As drafted, the text could leave American farmers and biofuel producers cut out of the Sustainable Aviation Fuels (SAF) market, in favor of foreign imports. Despite farm-friendly promises as recently as Thursday from White House leaders, the legislation under consideration would rely on foreign standards based on decade-old models, rather than updated lifecycling modeling by scientists at the Department of Energy who study the U.S. agricultural supply chain, including both direct and indirect land use.

"Without a change in these three bills before the House of Representatives, U.S. biofuel producers will not be able to participate in the SAF market, rural communities will be locked out from contributing to a cleaner climate, and our nation's ability to decarbonize the airline fleet will suffer," said Growth Energy, Advanced Biofuels Business Council, American Farm Bureau Federation, American Soybean Association, National Biodiesel Board, National Corn Growers Association, National Farmers Union, National Sorghum Producers, and Renewable Fuels Association in a letter Sunday.

Argentina primary defeat puts Peronists in tough spot
Reuters Sept 13 - Argentina's Peronists are caught between a rock and a hard place after a crushing defeat in midterm congressional primaries on Sunday: (shift to the center to win back crossover voters or double down on populist policies to fire up the base).

The Sunday vote, effectively a dry run ahead of the November 14th midterm that could swing the balance of power in Congress, saw the business-friendly opposition gain strongly against the center-left government, whose popularity has been battered by the pandemic.

With control of the legislature at stake, there is a chance the election loss could prompt the government to take short-term measures to revive its popularity ahead of the November ballot, opening spending taps to pump up growth at the risk of heating up already high inflation.

"There is a risk of radicalization after the results... not only in economic terms but also in political terms," said Gustavo Ber, economist at Estudio Ber in Buenos Aires.

Most analysts, however, said the government is more likely to moderate its position, taking on board the angry voice of the electorate, and potentially grappling with a weaker position in the legislature if it loses its Senate majority.

"If the electorate turns to the right, it makes no sense for the government to turn to the left," said political analyst Sergio Berensztein.

A government source told Reuters that there were discussions ongoing within the ruling Front for All Peronist coalition about the best way forward.

"This debate is taking place within the government. The government does not intend to radicalize, that would not be the way. What I do not know is if there is space for a new bet (to moderate)," the source said, asking not to be named.

Front for All won around 30% of Sunday's vote, versus some 38% for the center-right coalition Together for Change. It lost in its key stronghold of Buenos Aires province, which surrounds the capital.

If the results for the primaries are repeated in the November midterm vote, the ruling party would lose control of the Senate and its leading minority position in the lower Chamber of Deputies, analysts say.

President Alberto Fernandez will now face a tug-of-war within his own party. He represents the moderate wing of the Peronists, while a more militant wing is clustered around the vice president - and former two-term president - Cristina Fernandez de Kirchner.

Argentina's markets rose on Monday, cheering the election result as investors pinned hopes on a weakened government being forced to moderate its stance with an eye on presidential elections in 2023.

"In the short term there is the risk of a slight shift to more heterodox, interventionist and populist policies in an attempt to rebuild political support," Goldman Sachs analyst Alberto Ramos said in a note. "But the authorities are likely also aware that a significant hardening of heterodox policies could further damage the economy and therefore fail to pay political dividends in 2023."

Argentina farmers urge govt to review export caps, taxes after election
Reuters 13-Sep-2021 - Argentina's farming leaders on Monday called on the government to review what they called interventionist policies in the sector, including export caps on beef and grains taxes, following a primary election that badly bruised the ruling party.

President Alberto Fernandez's center-left government was badly beaten in the midterm congressional primary election on Sunday, which is likely to force a political rethink ahead of the full vote in November.

Leaders of two of the country's main agricultural bodies told Reuters that the election underscored the need for the government to rebuild bridges with farmers following clashes over the last year, especially over limits on exports of meat.

Argentina is the world's top exporter of processed soymeal and soybean oil, and a major producer of wheat, corn and beef. The country relies heavily on its farm exports to bring in much-needed foreign currency to rebuild depleted reserves.

"I think now they will have the motivation to change their minds, to rebuild the situation and not deepen the confrontation with the farm sector," said Argentine Agrarian Federation (FAA) President Carlos Achetoni.
The government has limited beef exports since May in a bid to tamp down domestic inflation, taken more direct control over tolls on a key grains waterway amid opposition from the sector, and threatened tax hikes on grains shipments.

"(Sunday's result) encourages me to think the government is starting to pay attention to measures that are being carried out with the farm sector and to see that they are wrong," said Jorge Chemes, head of the Argentine Rural Confederations (CRA).

RURAL PROTEST
Argentina's powerful Peronist party has historically clashed with farmers, though Fernandez had pledged a more cordial relationship when he swept into power in 2019. However, earlier this year the government temporarily imposed quotas on corn exports and threatened to raise taxes on wheat shipments, triggering protests. Farmers have recently threatened new protests over the beef export limits. Chemes said, however, that the possibility of more dialog after the election defeat could defuse the recent threats if the government came back to the table. Achetoni, meanwhile, said a thaw in the relationship would only happen with concrete and supportive measures from the government. Both agreed that the country's farming groups would reach a decision at the end of this week on new coordinated action.

"We feel some relief in the level of pressure, especially considering the possibility that this government reflects on things," said Chemes. "But without a doubt if the government doesn't reconsider things, the measures on our part are going to intensify."

International Crop & Weather Highlights

- **USDA/WAOB Joint Agricultural Weather Facility – 11th September 2021**
  - **Europe** – Mostly Dry, But Beneficial Showers In France
  - Drier weather over central and eastern Europe enabled fieldwork and summer crop maturation.
  - Showers in France improved soil moisture for winter wheat and rapeseed sowing.
  - **Western FSU** – Drier Weather Favorooed Summer Crop Harvesting
  - Drier weather promoted summer crop harvesting and winter crop sowing in Russia and Ukraine.
  - **Middle East** – Seasonably Dry Weather Continued
  - Despite a few showers, mostly dry weather promoted summer crop harvesting in Turkey.
  - **South Asia** – More Beneficial Rainfall
  - Widespread showers continued to improve moisture conditions for cotton and oilseeds in western India.
  - **East Asia** – Wet Weather In Northeastern China
  - Rainfall in northeastern China provided beneficial moisture to lingering immature corn and soybeans, but drier weather would be welcome to promote maturation.
  - **Southeast Asia** – Tropical Downpours
  - A tropical cyclone (Conson) tracked across the Philippines and into Indochina, bringing deluges to corn and rice in the northwestern Philippines and minor growing areas in central Vietnam.
  - **Australia** – Passing Showers
  - In Western Australia and New South Wales, passing showers benefited reproductive winter crops.
  - In South Australia and Victoria, warm, dry weather spurred winter grain and oilseed development.
  - In southern Queensland, sunny skies promoted winter wheat growth and summer crop planting.
  - **South America** – Scattered Showers Benefited Wheat In Key Production Areas
  - Beneficial rain extending from central Argentina to southern Brazil provided timely moisture for vegetative to reproductive wheat and barley.
  - In central Brazil, scattered showers helped to condition fields for soybean planting.
  - **Mexico** – Heavy Rain Overspread The Southeast
  - Locally heavy showers benefited rain-fed summer crops from the southern plateau eastward.
  - Showers increased northwestern reservoir levels for the upcoming winter grain crops.
  - **Canada** – Mostly Dry Conditions Supported Prairie Harvests
  - Spring grain and oilseed harvesting progressed with little delay in most agricultural districts.

Source: USDA https://www.usda.gov/oce/weather-drought-monitor/publications

- **Agricultural Weather Highlights – Friday, 17th September 2021**

  - In the West, windy, dry weather in advance of a Pacific cold front is resulting in an elevated wildfire threat from the Great Basin to the northern Rockies. Meanwhile, drought-easing rain has begun to overspread the Pacific Northwest. Elsewhere, warm, mostly dry conditions in California and the Southwest favor summer crop maturation and harvesting.

  - On the Plains, the season's first freeze occurred this morning in parts of Montana, where temperatures fell to 30°F or below in locations such as Cut Bank, Havre, and Lewistown. Meanwhile, cool, showery weather has developed across portions of the central Plains. Elsewhere, hot weather is further reducing soil moisture for newly planted winter wheat across the southern Plains, where today's high temperatures will exceed 95°F in some locations.
In the Corn Belt, showers in the vicinity of a cold front stretch from the upper Great Lakes region to Nebraska. Across the remainder of the Midwest, warm, dry weather continues to promote corn and soybean maturation, as well as early season harvest efforts. Today’s high temperatures will approach or reach 90°F as far north as central Illinois.

In the South, the remnant circulation of Nicholas—currently centered near Alexandria, Louisiana—continues to produce loosely organized showers in the Gulf Coast region. Unsettled weather also prevails in the southern Atlantic States, due to the complex interaction between tropical moisture and a cold front.

Outlook: Post-Tropical Cyclone Nicholas will continue to produce relatively minor rainfall impacts across the South, where additional rainfall could total 1 to 2 inches or more. Meanwhile, a low-pressure system near the middle Atlantic Coast will approach North Carolina’s Outer Banks before turning northeastward. Regardless of further development, this potential tropical cyclone will result in heavy surf along the Atlantic Seaboard, although most of the system’s significant impacts will remain offshore.

Farther west, a pair of cold fronts will cross the northern U.S. The leading front, currently stretching from the upper Great Lakes region to the central Plains, will weaken while traversing the Midwest. The trailing front, arriving today in the Northwest, will deliver sharply cooler conditions and drought-easing precipitation, extending as far south as the northern tier of California.

Early next week, the front will push eastward across the nation’s mid-section, accompanied by gusty winds and widespread showers. In contrast, mostly dry weather will prevail during the next 5 days across the nation’s southwestern quadrant.

The NWS 6- to 10-day outlook for September 22-26 call for the likelihood of near- or above-normal temperatures and near- or below-normal precipitation across most of the country. Cooler-than-normal conditions will be confined to the central Gulf Coast region and the Intermountain West, while wetter-than-normal weather should be limited to the middle and northern Atlantic States.

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 * 68.894438

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

Metric tonnes to hundredweight
- Rice = metric tonnes * 22.04622

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

- **Canada**: Corn, Soybeans, & Sunflower: Filling; Spring Wheat & Canola (Rapeseed): Harvesting
- **United States**: Soybeans, Sunflower & Millet: Filling; Corn, 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
- **Mexico**: Sorghum, Rice & Soybeans: Filling; Cotton & Corn: Maturing
- **Brazil**: South: Wheat: Filling; Corn & Soybeans: Planting; Center West: Soybeans: Planting begins on Sept. 15th.
- **Argentina**: Wheat: Heading*; Early Corn and Cotton: Planting
- **Southern Africa**: Wheat (Free State): Heading*; Wheat (Western Cape): Filling
- **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/Uganda: Sorghum/Millet: Harvesting
- **Southeast Asia**: Rice and Corn: Maturing
- **Australia**: Wheat & Rapeseed: Heading*

*Crop stage sensitive to moisture and temperature stresses.

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

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