Notes and Observations in International Commodity Markets

24th 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.

Contents

US DOLLAR & FOREIGN EXCHANGE ................................................................. 2

- US Dollar Index- Dollar Climbs On Hawkish Fed Comments .................... 2
- Power rationing continues in China, Australian coal supplies shut off .......... 3
- Crush plants shut down as China energy consumption policy bites .......... 4
- China’s Evergrande: What to know ......................................................... 4
- IGC: Global grain output, ending stocks revised higher ......................... 4
- Trade estimates for USDA U.S. quarterly grain stocks ......................... 4

WHEAT ........................................................................................................... 5

- Argentina’s 2020/21 wheat sales hit 6.7 mmmts for 2021/22 .................... 5
- Mexico’s wheat output revised upward .................................................... 5
- CME CBOT Wheat Futures ................................................................. 5
- U.S. Export SRW Wheat Values – Friday 24th September 2021 ............ 6
- CME KC HRW Wheat Futures ............................................................. 6
- U.S. Export HRW Wheat Values – Friday 24th September 2021 .......... 6
- MGE HRS Wheat Futures ................................................................... 6
- U.S. Export PNW Wheat Values – Friday 24th September 2021 ........... 7
- Durum prices still strong following harvest ......................................... 7
- EU turns to Australian durum on Canadian tightness ......................... 8

COARSE GRAINS ......................................................................................... 8

- Argentina’s 2020/21 corn sales hit 40.4 mmmts ................................ 8
- Brazil’s corn exports to remain subdued ............................................. 8
- Corn Shortage in Brazil Will Not End Soon ....................................... 9

CORN ........................................................................................................... 9

- CME CBOT Corn Futures ................................................................. 9

BARLEY ........................................................................................................ 10

- Turkey provisionally buys 260,000 tonnes feed barley -traders ............. 10

GRAIN SORGHUM ................................................................................... 10

- U.S. Export Grain Sorghum Values – Friday 17th September 2021 ...... 10

OATS .......................................................................................................... 10

- CME CBOT Oat Futures ................................................................... 10
- Oats market sees unprecedented climb ............................................ 11

ENERGY & ETHANOL .............................................................................. 11

- CME Ethanol Futures ..................................................................... 11
- DDG’s – Weekly Average DDG Price Slightly Lower ....................... 12
- CME WTI Crude Oil Prices Fall On Dollar Strength, Russian Exports .... 12

OILSEEDS COMPLEX .............................................................................. 13

- Brazil starts sowing 2021/22 soybean crop; producers optimistic ........ 13
- Brazil’s soybean exports robust ....................................................... 14
- Argentina’s 2020/21 soybean sales hit 30 mmmts ............................ 14
- Argentina’s soy crushing at 38.5 million mt in 2021/22: BCR ................. 14
- China soybean, soymeal, soyoil stocks sink to multi-month low ........ 14
- China’s August soybean imports from Brazil rose 10.9% y/y ............... 15
- EU oilseed crush hits three month high; Fedil ................................ 15
- EU 2021/22 soybean imports at 2.86 mmmts, rapeseed 944,483 mmmts .... 15
- Pakistan’s 2021 oilseeds imports could jump 20% to a record .......... 15
- India’s 2021/22 soybean output seen sharply lower on year ............. 15

SOYBEANS ............................................................................................... 16

- CME CBOT Soybeans Futures ....................................................... 16
- U.S. Export Soy Values – Friday 17th September 2021 ................. 17

CANOLA / RAPESEED ............................................................................... 17

- ICE Canadian Canola Futures ......................................................... 17

VEGETABLE OILS .................................................................................. 18

- CME Soybean Oil ........................................................................... 18
- CME Palm Oil Swaps .................................................................. 18
- Palm Oil May Touch 4,400 Ringgit on Tight Supplies ...................... 18

PLANT PROTEIN MEALS ...................................................................... 19

- CME CBOT Soybean Meal ............................................................. 19
- U.S. Export Soy Values – Friday 17th September 2021 ................. 19
- Brazil soymeal exports rebound, Argentina exports above last year .... 19
- India Clarifies and Extends its Import Date for GM Soybean Meal ........ 19

OTHER RELATED NEWS ........................................................................ 20

- China lightens interest in U.S. pork but loads up on beef ................. 20

TRANSPORTATION .................................................................................. 20

- Baltic Dry Index - jumps to 12-year high on higher rates across vessels .... 21
- Baltic Dry Freight Index – 10 September 2021 Daily = 4644 -7 ........... 21
- Freightos Baltic Index (FBX); Global Container Freight Index .............. 22
- Freightos West Coast N.A. – China/East Asia Container Index - Daily .... 22
COMMODITY MARKETS MIXED,
AS CHINA DOMINATES HEADLINES

GHA – China headlines were major market drivers this week, even though they were on holiday the first part of this past week celebrating Mid-Autumn Festival. Their noted absences from the market provided a bearish undertone to start the week.

Interesting that while the beginning week Sunday overnight markets initially opened higher on reports of disappointing yields, futures quickly headed south, purportedly due to global macro issues related to Chinese property developer Evergrande. Social media experts were trying to compare the China Evergrande Group situation to the collapse of Lehman Brothers in 2008 which preceded the Global Financial Crisis. It is too early to make definitive judgements, but it wouldn’t appear the Chinese government is willing to let a bankrupt property developer bring down their financial system. The WSJ reported Chinese authorities are asking local gov’ts to prepare for the potential collapse of Evergrande Group. Local gov’t has been instructed to help handle unrest and mitigate the ripple effect on home buyers if they go under. Xi Jinping recently made a comment to officials “Homes are for living in, not for speculation”

On Thursday oats again rallied to new historical highs as the December contract touching $5.90/bu, not only a fresh contract high, but also the highest level ever traded on the continuous active chart.

Friday, December soybean oil closed higher Friday, boasting the top percentage gain among grain-related contracts for Friday and for the week. This as China is shutting down industries, along with a number of crushing plants, as a result of power shortages.

Row crops were quietly mixed as fall harvest heads into an active weekend. December corn closed down 2½ cents and March corn was down 2½ cents.

US DOLLAR & FOREIGN EXCHANGE

US Dollar Index- Dollar Climbs On Hawkish Fed Comments

The dollar index on Friday moved moderately higher. A jump in T-note yields on Friday was supportive for the dollar after the 10-year T-note yield rose to a 2-1/2
month high of 1.465%. Hawkish comments on Friday from Kansas City Fed President George and Cleveland Fed President Mester were also bullish for the dollar. The dollar index on Friday rose +0.239 (+0.26%). EUR/USD fell -0.0024 (-0.20%). USD/JPY rose +0.45 (+0.41%).

EUR/USD on Friday posted moderate losses on dollar strength along with weakness in German business confidence after the German Sep IFO business climate fell -0.8 to a 5-month low of 98.8, weaker than expectations of 99.0. USD/JPY on Friday moved higher for the third day and posted a 6-week high. The yen was under pressure the entire day Friday from higher T-note yields after the 10-year T-note yield rose to a 2-1/2 month high of 1.465%. The yen was also under pressure Friday on weak Japanese economic data after the Japan Sep Jibun Bank manufacturing PMI fell -1.5 to 51.2, the slowest pace of expansion in 8 months.

Friday’s U.S. economic data was bullish for the dollar after U.S. Aug new home sales rose +1.5% m/m to a 4-month high of 740,000, stronger than expectations of 715,000. Hawkish Fed comments on Friday were supportive of the dollar. Kansas City Fed President George said, "In my view, the criteria for substantial further progress has been met," and moving sooner rather than later on taper is appropriate. Also, Cleveland Fed President Mester said upside risks to inflation outweigh downside risks, and she supports tapering asset purchases in November.

December gold (GCZ21) on Friday closed up +1.90 (+0.11%), and Dec silver (SIZ21) closed down -0.254 (-1.12%). Precious metals on Friday settled mixed. A stronger dollar Friday undercut precious metals prices. Gold rose Friday on concern about fallout from the debt crisis of China Evergrande Group, which boosted safe-haven demand for gold. Gains in gold were limited from higher T-note yields after the 10-year T-note yield climbed to a 2-1/2 month high Friday of 1.465%.

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. However, the pandemic in the U.S. has improved after the 7-day average of new U.S. Covid infections fell to 126,169 on Thursday, a 6-week low.

**Power rationing continues in China, Australian coal supplies shut off**

ATI - Power rationing continues in China due to high coal costs and the goal to create cleaner air ahead of the winter Olympics. As previously reported, several soy crush plants are already down. This morning it was announced that the ports of Tianjin and Xinquan will limit hours to unload cargo.

Part of this high cost of electricity in China is due to the ban China put on Australian coal imports after the Australian gov’t called China out on their handling of the Wuhan virus.

**Crush plants shut down as China energy consumption policy bites**

23 Sept 2021 - Tens of soybean crushing plants have been ordered to shut down in China, particularly in Jiangsu and Tianjin, as provincial governments have curbed electricity supplies to the sector in a bid to meet stringent emission targets, several industry sources reported Thursday.

The curbs came as provincial authorities meet the central government’s energy saving plan; formally called “Dual Control System of Total Energy Consumption and Energy Intensity”, in order to reach President Xi Jinping’s goal of carbon neutrality by 2060. The system requires each provincial government to set an energy intensity target and build up lists of high energy consumption and energy-intensive industries, China’s National Development and Reform Commission (NDRC) has said.

Some provinces had been warned by Beijing that they are falling behind their targets and have urged them to make more efforts to meet their environmental goals this year, leading some to enforce shutdowns at critical manufacturing infrastructure. Moreover, a shortage of coal in the domestic market and surging energy prices this year have also pushed local governments into rationing electricity usage to ensure stable energy supplies in the coming winter.

Dozens of factories in those industrial powerhouses, such as Jiangsu, Tianjin, Zhejiang, have been ordered to cut or halt their operations, including some major soybean crushing plants, according to industry sources and local media.

“(For those oil plants), operation suspension mainly started in Jiangsu last week, and this week in Tianjin,” a China-based trader said.

According to local media, crushing plants of LDC, Beijing Grain Group, and Jiusan located in Tianjin issued urgent notices to halt operations due to power rationing on September 22nd.
Operational rates of oil plants in East China, the region with the highest crushing capacity, dropped to only 40% last week and are expected at 45-50% in the next few weeks, according to industry sources.

“(Lower production) would support high prices for soyoil and soymeal. But it also depends on how long (the power rationing) would last,” a trader said.

Soyoil contract of November on the Dalian Commodity Exchange jumped by nearly 2.7% on Thursday, in line with the contracts for later in the month that surged as much as 2.9% on the day.

At the same time, curbing electricity has also raised more concerns over those high energy-consuming industries, including fertilisers. “The price of urea has shot up,” a trader said. Urea futures on the Zhengzhou Commodity Exchange rallied by the daily limit on the first day after the mid-autumn national holiday at the start of this week, and hit their highest level on record. China’s state planner urgently reacted on Wednesday and vowed to maintain the supplies of fertilisers in the domestic markets, according to a notice from the NDRC website.

### China's Evergrande: What to know

Evergrande’s crisis is being compared to collapse of Lehman Brothers

One of China’s largest lenders, Evergrande Group, is facing billions of debt with the threat of default. The crisis is sending shockwaves through global financial markets, including in the U.S., where the company is being compared to Lehman Brothers, whose implosion in September 2008 sparked the Great Financial Crisis.

**EVERGRANDE GROUP** - Evergrande is one of China's leading lenders for everything from property to autos. The company has 2.3 trillion Chinese yuan in assets, which equates to about $355 billion in USD, according to the lender, which employs 200,000 workers. By 2022, Evergrande expects to reach 3 trillion yuan in total assets, 1 trillion yuan of annual sales and 150 billion yuan of annual profits and taxes to become "one of the world's top 100 companies."

**FACING DEFAULT ON BILLIONS** - Rating agencies say Evergrande Group appears unlikely to be able to repay all of the 572 billion yuan ($89 billion) it owes banks and other bondholders, as reported by the Associated Press, which also noted Beijing is likely to step in to prevent systemic damage.

"I suspect the Chinese government is on top of this, and I don’t doubt they will deal with it severely, but I don’t think it will have the global effects the market is suggesting this morning,” said Carlyle Group co-founder David Rubenstein during an appearance Monday on "Mornings With Maria." “Just about every bank in China has exposure to it severely, but I don’t think the major US banks are on the hook for very much money,” Rubenstein noted.

**IGC: Global grain output, ending stocks revised higher**

IGC Arvin Donley 23 Sept - Boosted by larger than previously predicted corn and sorghum harvests, global total grains production and ending stocks are forecast higher for the 2021/22 marketing year by the International Grains Council (IGC).

The IGC, which issued its latest monthly grain market report on September 23rd, sees total grains (wheat and coarse grains) output climbing 5% from the August forecast to 2.289 billion mts, and up 3% year on year.

The biggest reason for the increase was higher estimated corn production, which is projected to reach 1.209 billion mts, up from 1.127 billion mts in 2020/21. "Given larger than previously estimated opening stocks and increased production, and with the figure for consumption unchanged month-over-month, the outlook for global stocks at the end of 2021/22 is boosted by 10 mmts m/o/m, mainly for corn," said IGC.

Among the other highlights from the report was a decrease in global rice consumption in 2020/21. “Despite a further upgrade for Chinese feed demand, global rice consumption is placed 3 mmts lower month-over-month, the outlook for global stocks at the end of 2021/22 is boosted by 10 mmts m/o/m, mainly for corn,” said IGC.

Taking into account a higher figure for carry-ins, the forecast for rice global ending stocks is revised upward by 8 mmts to 182 mmts, the IGC said.

Global total grains trade for 2021/22 also was revised higher, up 2 mmts from the previous monthly forecast to 416 mmts, boosted mainly by increased wheat shipments.

**Trade estimates for USDA U.S. quarterly grain stocks**

 Reuters 24 Sep 2021 - The U.S. Department of Agriculture (USDA) will release its quarterly U.S. grain stocks report at 12 p.m. EDT (1600 GMT) on Thursday, September 30th.

The table above shows analysts’ estimates for U.S. quarterly grain stocks as of September 1st.

The average estimate for September 1st corn stocks, at 1.155 bbus, would be down 40% from a year earlier and represent the smallest September 1st stocks figure since
2013. The figure is below the 1.187 bbuses that the USDA projected in its last monthly supply/demand report on September 10th WASDE Report.
For soybeans, the average estimate of 174 bbuses would be down 67% from the prior year and represent the smallest September 1st soybean stocks figure since 2014. The figure is close to the 175 bbuses that the USDA projected on September 10th WASDE Report.
For wheat, the average estimate of 1.852 bbuses would be down 14% from the prior year and the smallest September 1st wheat stocks since 2007.

WHEAT

- **Argentina's 2020/21 wheat sales hit 6.7 mmts for 2021/22**
  Reuters Sept 21 - Argentine ministry said Argentine farmers have sold a total of 6.7 mmts of wheat for 2021/22, with the harvest starting in November, the government said. The Buenos Aires exchange estimates the new wheat crop at 19.2 mmts.

- **Mexico's wheat output revised upward**
  USDA GAIN - Mexico's wheat production in marketing year 2021/22 has been revised upward, according to a Global Agricultural Information Network report from the Foreign Agricultural Service of the US Department of Agriculture (USDA).
  The USDA’s updated projection has Mexico’s wheat output at 3.2 mmts, up 100,000 mts from the previous estimate and 235,000 mts higher than the 2020/21 crop.
  The USDA said the year-on-year increase was due to “higher planted area and favorable weather conditions.”
  With wheat consumption expected to increase by 200,000 mts in 2021/22, the USDA is projecting imports to increase by nearly 400,000 mts compared to the previous year.
  The USDA's projection for Mexico’s corn output is unchanged from the most recent forecast at 28 mmts, but is up 800,000 mts compared to the previous year.
  Mexico, which ranked second in the world in corn imports last year, is forecast to take in 17 mmts in 2021/22, a 500,000 mts increase.

- **CME CBOT Wheat Futures**
  Wheat markets ended the Friday session mixed. CBT SRW futures closed with 2 ¾ to 6¼ cent gains.
  Earlier today the IGC trimmed its global wheat production estimate by 1 mmts to 781 mts, slightly higher than the most recent USDA forecast.
  Ukraine’s Ag Ministry saw 18.3% of winter wheat planted as of the 23rd of September.
  Russia’s Ag Ministry indicated next week’s wheat export tax would be $53.50/mt, up $2.60 from last week. Rumors on further Russian wheat export restrictions have also supported prices this week. Russia is expected to export around 11.5 mmts of wheat July-Sept, which would be down roughly 9% from last year for the same timeframe.
  Paris wheat futures topped five-week highs on technical support & strong European exports. Additional French wheat sales to China have swirled around the trade recently as global importers have stepped up interest. At seemingly the same time, additional rumors circulated that China would be canceling some existing French wheat sales & replacing with Australian wheat, which created a bit of uncertainty.
  Jordan has also issued a tender for 120,000 mts of milling wheat closing on the 22nd of September.
  Next week’s USDA September Grain Stocks report for wheat stocks are estimated at 1.852 bbuses. If realized that would be down 303 mbu y/o/y. September 30th will also bring wheat production figures, with the trade looking for a 14.6 mbus cut. Other Spring is expected to be reduced 12.4 mbus on average to 331 mbus.

CBOT December 2021 Wheat Futures settled on Friday at $7.23 ¾/bu, up 6 cents on the day, and gaining 15 cents for the week. Chicago wheat posted gains for the third consecutive session.

SRW cash markets were largely mixed. Domestic demand seems well covered through at least October for the most part. Rumors circulated in the trade the past few days about China coming in for US SRW. They’re being met with skepticism given the healthy premium it’d have to be procured at compared to competing export origins.

CBT wheat spreads were mixed, with nearby WZ1/H2 closing slightly wider at -110 carry. Strong global demand was the primary driver.

CFTC data from the 21st of September showed managed money funds were 5,491 contracts net short in CBT wheat. That was 514 contracts less net short from week to week on a 9,840 contract lighter spec Open Interest.
U.S. Export SRW Wheat Values – Friday 24th 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>
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<th>CIF SRW WHEAT</th>
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<td>25 / 35</td>
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<tr>
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<td>40 / 50</td>
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<tr>
<td>NOV</td>
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U.S. Export HRW Wheat Values – Friday 24th 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>
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CME KC HRW Wheat Futures

Kansas December 2021 HRW Wheat Futures settled on Friday at $7.19¾/bu, off ¼ cent on the day, but gaining 6½ cents on the week.

KC wheat futures faded back from their midday gains to close fractionally to 1 3/4 cents in the red. From Friday to Friday Dec HRW was still 6 3/4 cents higher.

CFTC data from the 21st of September showed managed money funds in KC wheat were net buyers during the week, with a 1,388 contract boost to 39,034 contracts net long.

MGE HRS Wheat Futures

MGE December 2021 HRS Wheat Futures settled on Friday at $9.16/bu, up 4½ cents on the day, and gaining 13½ cents for the week.

Spring wheat futures ended the last trade day of the week with 2 1/2 to 4 1/2 cent gains.

CFTC data from the 21st of September showed managed money funds for spring wheat spec traders were 258 contracts less net long, dropping to 12,672 contracts.

Canadian spring wheat harvest in Saskatchewan reached 94% on the 23rd of September.
Durum prices still strong following harvest

*Mark Conlon Sept. 19th* - Although durum prices have slipped down some following harvest, they still remain quite strong in the low to mid-teens.

"Last week we hit a peak with the highest bid in the region at $17.50, but after that bids did drop by about $3-$4 depending on location," said Erica Olson, market development and research manager for the North Dakota Wheat Commission, on Sept. 13. "Most cash bids in the region are now around $13-$14.50."

Why the sudden drop? Olson is not sure there’s a real clear answer.

"At those high levels, I think there was a fair amount of producer selling as they took advantage of those high bids," she said. "There are more supplies in the pipeline now, but obviously, buyers are not too excited to purchase at those higher prices. I think there’s probably supplies sitting there that are available, but not a lot of takers as buyers are only making purchases as they need them, not really extending coverage."

Pasta manufacturers, through the end of the calendar year, seems to have fairly good coverage.

"As we’ve seen in previous years, when durum prices are high, where they can, they are going to make substitutions with other classes of wheat for durum. After the new year, I think there is the potential of more buying then," she said.

"Regardless though, I think we can expect that this will continue to be a volatile market. We’re looking at very tight durum supplies and really no new durum harvest for at least 6 months, so no new supplies on the market," she added.

Looking at world numbers, ending stocks for durum are expected to be down about 20 percent. Ending stocks have been declining the last few years and, when looking at the major exporters, those stocks are expected to hit a 14-year low. The reality, she noted, is that the world situation is tight.

"Digging into the U.S. numbers, you see they’re even tighter," she said, adding that the updated USDA WASDE report for September 10th. In the report, USDA lowered the import forecast for the U.S. by 5 mbus, down to 54 mbus. Olson feels that could potentially go lower as most of the U.S. durum imports come from Canada and they have a smaller crop, as well.

USDA also lowered domestic use by 2 mbus down to 85 mbus. Both food use and also feed residual numbers are expected to be down slightly from last year.

So U.S. ending stocks have gotten even tighter and are down another 3 mbus this month. That puts potential ending stocks for the U.S. at 18 mbus by the end of May 2022. That would be a stocks-to-use ratio of 18%, which would be the second lowest ending stocks level in recent history, second only to the 2007/08 crop year when it got down to 8 mbus.

Olson also noted that harvest is nearing completion for North Dakota and Montana, with 96% harvested according to the last crop progress report. That compares to the average of 78%.

"We’re still seeing fairly good quality, very high protein, high falling number values and good color," she said. "We did get some rain on the last portion of harvest, so there’s probably some quality downgrade in some areas."

Elsewhere, the Canadian crop report came out recently and showed that in Saskatchewan and Alberta about 75% of the durum had been harvested. In Saskatchewan, the estimated yield was only 19 bus/acre. The Alberta report had no estimate for durum, but for other cereal crops the estimates were well below average, so it’s likely the same can be said for durum.

Agriculture Canada’s last report in August had a yield estimate for Canada of 27 bus/acre for durum, so Canada, too, has well below average yields.

"On the demand side, for exports, unfortunately, there were no new sales," Olson said. "We’re still just sluggish. We’re still at just under 2 mbus in sales. For overseas sales, it seems the world market is just waiting for the new crop to see if it’s more competitive."

Regardless though, when the new crop comes in, it seems likely the market will react. It could be moving up or down, it’s a waiting game of sorts."
customers, those prices are tough and there is better production in some of those
countries, as well. Durum, I think, is going to be an interesting market until next spring”

- **EU turns to Australian durum on Canadian tightness**
  
  Bilal Muftuoglu 22 Sept - The EU has turned to Australia for durum wheat supply in the
  2021/22 marketing year amid supply tightness in Canada, the world's largest
  producer of crop. Australian durum wheat exports to the EU totaled 65,000 mts in the
  first 12 weeks of the 2021/22 marketing year, which runs to 19th September;
  provisional data from the European Commission shows. This was up from just 41 mts
  over the same time a year earlier.

  Deliveries from Australia accounted for 23.1% of the EU's overall imports so far this
  marketing season. In comparison, Canada exported 170,100 mt during the period,
  considerably below the 485,000 mts a year earlier, when the country supplied nearly
  72% of the EU's durum needs.

  The EU last year imported a record 2.92 mmts of durum wheat in the 2020/21, up from
  2.32 mmts a year earlier. This was largely a result of a recovery in pasta production to
  pre Covid-19 levels, particularly in Italy, the largest importer of crop in the bloc. At the
  same time, lower domestic output within the EU further increased the call on imports.

  **Canadian durum exports to EU (in metric tonnes)**

  Higher demand was mostly met by Canada, which exported a record 2.03 mmts to the
  EU in the past marketing year. The country was able to step up shipments on the year,
  with its domestic production hitting 6.57 mmts in 2020/21, its highest in four years.

  But persisting dry and hot weather in North America this summer has heavily weighed
  on Canada's wheat yields, with government statistical agency StatCan pegging the
  country's 2021/22 durum wheat output as low as 3.55 mmts last week. This also
  implies Canadian durum exports could nearly halve on the year.

  Reduced output this year has boosted durum prices, with Canada’s second grade
  western amber durum (2 CWAD) quoted around $640/mt FOB Vancouver today, more
  than doubling on the year.

  But Australia’s comparatively smaller durum production suggests that the country may
  not supply the EU's requirements alone, even with high yields. Australian durum
  exports to the EU previously hit a record 400,000 mts in 2001-02 and have averaged
  below 300,000 mts/yr since 2012/13. The country was also almost fully displaced from
  the EU market in 2018/20 when drought conditions hit its wheat production.

  This also suggests Italy in particular might need to return to Canada for durum supply
  later this year and could purchase up to 700,000t from the latter, participants said.

  French pasta-maker groups Sifpaf, CFSI, as well as Italy's Unione Italiana Food have
  warned since last month that European pasta prices could go up this year due to
  limited and costlier imports.

- **COARSE GRAINS**

  **Argentina’s 2020/21 corn sales hit 40.4 mmts**
  
  Reuters Sept 21 - Argentine ministry said sales of 2020/21 corn had reached 40.4
  mmts, 3.6 mmts more than sales registered at the same time last year.

  The exchange estimates 50.5 mmts of corn were harvested in the 2020/21 season
  and expects a record 55 mmts crop for the 2021/22 season. New season corn planting
  started in the last week.

  **Brazil’s corn exports to remain subdued**
  
  Sept 21 - Brazil exported 437,662 mts of corn in the third week of September with total
  monthly volumes shipped to date at 1.7 mmts.

  Corn exports remain largely subdued compared to year-ago levels, a reflection of
  major crop losses and an extremely tight domestic market.

  With 141,455 mts exported per working day, the pace of average shipments widened
  the year-on-year gap to 53%.

  The country is expected to export between 2.8 and 2.9 mmts of corn in September
  according to estimates from Anec and Cargonave, down from 6.4 mmts year-ago.

  Brazil’s September corn imports to date reached 245,301 mt, way above volumes
  imported in the previous year as consumers in the south turn to Argentine and
  Paraguayan corn.

  Daily corn imports per working day declined on the week to 20,442 mts but remained
  over 190% higher on the year.
**Corn Shortage in Brazil Will Not End Soon**

Michael Cordonnier, Soybean & Corn Advisor, Inc. September 20, 2021 - The disastrous 2020/21 safrinha corn crop in Brazil has led to very tight domestic supplies and these tight supplies will probably remain in place until the 2021/22 safrinha harvest next June-July-August in spite of ramped up corn imports.

Southern Brazil does not produce enough corn to meet its domestic needs, so corn is generally brought in from other regions of Brazil. The states of Parana and Santa Catarina each will have to import 5 mmts of corn to meet domestic demand. The state of Rio Grande do Sul will have to import 4 mmts. So, collectively, the three southern states of Brazil will need 14 mmts of corn from other regions of Brazil or from neighboring Argentina and Paraguay.

The state of Parana is usually self-sufficient in corn, but that will not be the case in 2021. The combination of late planting, drought, and frosts reduced the expected 11 mmts of corn production in 2020/21 to closer to 5 mmts. The state of Santa Catarina will consume 7 mmts of corn, but the state only produced 2 mmts. The state of Rio Grande do Sul also came up short on corn production in 2020/21. Conab is estimating the 2020/21 corn production in Brazil at 85.7 mmts which is down 16.4% from the previous year. The 2020/21 safrinha was planted later than normal, then it encountered a severe drought and early frosts resulting in a disastrous crop. Finally, massive front-loaded corn exports dried up the domestic market. The combination of these factors have led to domestic corn prices in Brazil as high as R$ 100 per sack (approximately $8.75/bus).

Local livestock producers in southern Brazil are set to import a record amount of corn from neighboring Argentina and Paraguay and they are encouraging farmers to plant more first crop corn even it comes at the expense of less soybean production. Brazilian farmers are now actively planting their first corn crop and it looks like they will increase their corn acreage due to strong profit margins for corn production.

The first corn crop only accounts for approximately 25% of Brazil's total corn production and the eventual production will depend on the weather. Unfortunately, there is a 70% chance of another La Nina and dryer-than-normal weather in southern Brazil during October and November which could impact the corn during the critical pollination and grain filling periods.

**CORN**

**CME CBOT Corn Futures**

CME Corn December 2021 new crop contract settled on Friday at $5.26 ¾/bu, off 2½ cents on the day, and down ½ cents for the week. On Friday, corn prices worked lower to close 2 to 2½ cents in the red. New crop futures were firmer with Red Dec only giving back ¾ cents while September gained 1¾ cents.

For the week the Dec to Dec spread tightened by 2¼ cents from Monday’s open.
**BARLEY**

- **Turkey provisionally buys 260,000 tonnes feed barley -traders**
  
  Reuters 21 Sept - Turkey's state grain board TMO about 260,000 mts of animal feed barley from optional origins in a tender for the same volume which closed on Tuesday, European traders said. Purchases are provisional and subject to final confirmation in the coming days. No more purchases are expected on Tuesday, traders said.
  
  Shipment is sought between Oct. 8 and Oct. 31 to a series of Turkish ports.
  
  Traders said some Russian exporters had made advance shipments to Turkey to avoid increases in Russia’s grain export taxes, enabling sales of barley in warehouses already in Turkey. Traders said these purchases were made in dollars per tonne c&f, with port of delivery, tonnes, seller, price and if from warehouse:
  
  - Port Tonnes Seller Price
  - Iskenderun 25,000 Yayla $306.70 warehouse
  - Iskenderun 25,000 Viterra $307.27 warehouse
  - Mersin 25,000 Viterra $312.90 warehouse
  - Izmir 25,000 Yayla $305.90
  - Izmir 25,000 Erser $305.80
  - Derince 25,000 VAIT $301.70
  - Bandırma 25,000 Bek Tanm $303.40 warehouse
  - Tekirdag 25,000 ADM $298.20
  - Samsun 25,000 MK Merc. $297.00
  - Trabzon 10,000 Prime $303.90 warehouse
  - Karasu 25,000 GTCS $304.90

  The tender continues recent brisk grain import demand from Turkey to ensure good domestic supplies with trade expectations the country has harvested smaller wheat and barley crops this year after drought.

  In its last reported barley tender on September 7th, the TMO bought 245,000 mts at the lowest price of $291.90/mt C&F.

**GRAIN SORGHUM**

- **Sorghum harvest expected to be average with demand increasing**

  By Kellan Heavican 23 September - The CEO of the National Sorghum Producers says he’s expecting average yields this harvest season.

  Tim Lust tells Brownfield poor growing conditions will cause yield variability. “Areas that are going to have really good yields, some areas with more average yields, but a big increase in acres this year and the crop looks good for quality and as we move further north, it looks excellent,” Lust says. “A lot of combines running across the sorghum belt this week.” He says demand for the crop continues to increase. “China last year sent some very clear market signals for more acres and more production and we’ve really since those export bids really drive a lot of increased acres.”

  Nate Blum, Executive Director with the Nebraska Grain Sorghum Board, told Brownfield at Husker Harvest Days Nebraska is no exception with a 54 percent increase in planted acres over the last two years. “There’s more demand domestically for sorghum-based products that we’ve never seen before,” he says. “Internationally, it’s not just China that’s buying, it’s places like Africa, Europe and Southeast Asia and I think for the second year in a row, we will have more demand than supply.”

  Lust spoke with Brownfield during the Ag Outlook Forum in Kansas City sponsored by AgriPulse and the Agribusiness Council of Kansas City.

**OATS**

- **CME CBOT Oat Futures**

  CBOT December Oats set new historical highs on Thursday touching $5.90/bu. CME December 2021 Oats Futures settled on Friday at $5.75¼/bu, off 4¼ cents on the day, but gaining 32½ cents for the week.
CME 1969-2021 Nearby Oats Futures On Thursday oats again rallied to new historical highs as the December contract touching $5.90/bu, not only a fresh contract high, but also the highest level ever traded on the continuous active chart.

The US oat crop was harvested in early September. Typically futures prices hit lows following harvest as additional product is available, pressuring supply. Markets are concerned that production will be revised even lower when the actual harvested acres are calculated. This year’s drought could have lasting effects on oats prices for several months. In 2021, US farmers planted 2.4 million acres of oats, 20% below the previous year as competing crops took greater share. The heightened drought in the Northern Plains also impacted yields, dealing a double blow to production.

North Dakota historically has produced about 10% of the total US oat crop, with Minnesota and South Dakota also major producers. But this year Iowa took the reins as the top producing state because of declining output in the Northern Plains.

Drought pressures also hit crops in Canada, where production of oats fell 44% versus last year, spring wheat was down 41% and canola declined 34%, which represented the lowest canola production in a decade.

- **Oats market sees unprecedented climb**
  Des Moines Register, Breitinger, Paragon - The crazy explosion in oats continued this week, with oats climbing an unprecedented 60 cents per bushel over corn.

It’s counterintuitive for oats to be worth more than corn and goes against economic laws. The adage “oats know,” which is based on the historical tendency for oats price moves to precede moves in other grains, especially corn, makes the size and timing of the jump catch even more attention.

Few explanations have been accepted for the rally so far. However, previous sharp rises in oats have been associated with transportation problems in Canada (a major exporter with limited rail space), and the drought and extreme heat. Others have attributed it to a “short squeeze,” a type of panic buying that occurs when a major market participant sells a portion of a commodity they don’t yet own. Those who are short are forced to chase prices higher to “cover” their short positions. Short squeezes often end in a blow-off top and downward price swing, causing many traders to remain especially alert and cautious.

Oats for December delivery traded for $5.70 per bushel Friday afternoon, whereas December corn brought $5.27.

Oats, while a popular human cereal, are primarily used in animal feeds. Their high fiber, starch and 17% protein content create a nutritious combination for horses, cattle, sheep and poultry. They are packed with manganese, phosphorus, B vitamins, antioxidants, and soluble fiber, which lowers cholesterol levels. Their fat or oil content is higher than other cereals and provides energy value for both livestock and people.

**ENERGY & ETHANOL**

- **CME Ethanol Futures**

CME Ethanol October 2021 closed on Friday at $2.09000/gallon, up 0.500 cents on the day, and gaining down 2.500 cents for the week.
November crude oil is up $0.72 at $74.02, November heating oil is up $0.0115 and November natural gas is up $0.169. Wednesday’s Energy Information Administration (EIA) report showed overall ethanol plant production declined after two weeks of higher output -- down 11,000 barrels per day (bpd) or 1.2% to 926,000 bpd. Some plants are taking seasonal maintenance which added to the lower production rates.

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

**VALUE OF DDG VS. CORN & SOYBEAN MEAL**

<table>
<thead>
<tr>
<th>Settlement Price:</th>
<th>Quote Date</th>
<th>Bushel</th>
<th>Short Ton</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corn</td>
<td>9/23/2021</td>
<td>$5.2925</td>
<td>$189.02</td>
</tr>
<tr>
<td>Soybean Meal</td>
<td>9/23/2021</td>
<td>$336.60</td>
<td>$195.00</td>
</tr>
<tr>
<td>DDG Weekly Average Spot Price</td>
<td>9/23/2021</td>
<td>$195.00</td>
<td></td>
</tr>
<tr>
<td>DDG Value Relative to:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corn</td>
<td>9/23</td>
<td>103.16%</td>
<td>103.65%</td>
</tr>
<tr>
<td>Soybean Meal</td>
<td>9/23</td>
<td>57.93%</td>
<td>57.61%</td>
</tr>
<tr>
<td>Cost Per Unit of Protein:</td>
<td></td>
<td></td>
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<tr>
<td>DDG</td>
<td>$7.22</td>
<td>$7.26</td>
<td></td>
</tr>
<tr>
<td>Soybean Meal</td>
<td>$7.09</td>
<td>$7.16</td>
<td></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.

DTN – The DTN average price for domestic distillers dried grains (DDG) from 33 locations reporting for the week ended Sept. 23 was $195/ton, down $1 on average from one week ago. Domestic DDG prices were slightly lower on average as there is no issue with supplies right now according to some merchandisers. Export DDGs are struggling as poor availability and high cost of containers is affecting that market.

Based on the average of prices collected by DTN, the value of DDG relative to corn for the week ended Sept. 23 was 103.16%. The value of DDG relative to soybean meal was 57.93% and the cost per unit of protein for DDG was $7.22, compared to the cost per unit of protein for soybean meal at $7.09.

In its weekly DDGS export price update, the U.S. Grains Council said: "On the export market, DDGS values are slightly lower this week, though the reasoning remains unclear. Barge CIF NOLA offers are down $2 for spot positions and $5 to $6 for deferred while FOB Gulf offers are down $5 to $7 metric ton (mt) at $260 for October/November shipment. At the same time, brokers report strong demand from Southeast Asia with 'buyers chasing values higher.' Offers for 40-foot containers to Southeast Asia are up $10/mt on average this week at $346/mt."

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

CME WTI October 2021 closed on Friday at $70.56/barrel, up $0.27 on the day, but down $1.41 for the week.

Nov WTI crude oil and Nov RBOB gasoline prices on Friday closed moderately higher, with crude at a new 1-1/2 month high and gasoline at a 1-week high. Concern about tighter global crude supplies is underpinning prices. Gains in energy crude prices were contained Friday due to strength in the dollar.

US crude stocks fell by 3.5mb and are extending lower well below the five year average. Total product demand is high, increased by 1.234mb bpd and is holding above the five year average. The recovery in US Gulf of Mexico crude production has now stalled with nearly 300,000 bpd remaining shut-in. It is expected it will take between 3 and 6 months for Shell to repair the damage to it's facilities by Hurricane Ida and our expectation is for about 200,000 bpd to remain shut-in during Q4 and 100,000 bpd for most of Q1 2022. Add to this the European gas shortage and crude prices look well supported with $80/b in sight.

A slow return of U.S. crude production in the Gulf of Mexico is supportive of prices. As of Thursday afternoon, 294,414 bpd (16.2%) of U.S. crude production in the Gulf of Mexico was still offline from Hurricane Ida. The resumption of U.S. Gulf crude production was delayed by last week's landfall of Tropical Storm Nicholas. Meanwhile, Royal Dutch Shell said that its crude oil and nat-gas platforms in the Gulf of Mexico received more damage from Hurricane Ida than initially suspected.

Concern about tighter global crude supplies is bullish for prices. According to data from Kayrros, global onshore crude supplies dropped by 20.9 million bbl in the week ended Sep 19, led by a 14 million bbl decline in Chinese crude inventories.
Wednesday's weekly EIA data showed U.S. crude supplies fell to a 2-3/4 year low. The recent surge in natural gas prices to a 7-1/2 year high may also prompt some consumers to switch to oil, which could tighten the market further ahead of the northern hemisphere winter.

An improvement in the pandemic in the U.S. may lead to an easing of lockdowns and lifting of travel restrictions, which is positive for fuel demand and crude prices. The 7-day average of new U.S. Covid infections fell to 126,169 on Thursday, a 6-week low.

A positive factor for crude is the outlook for increased jet fuel demand after the U.S. on Monday lifted restrictions on air travel to the UK and EU. According to Energy Aspects Ltd, the lifting of U.S. travel restrictions could increase demand for jet fuel by as much as 200,000 bpd.

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 17 fell -25% w/w to 69.94 million bbl, the lowest in 17 months.

The outlook for sanctions to remain on Iranian crude exports in the near term 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. However, Iran said today that it expects to resume talks with world powers to revive the 2015 nuclear deal within the next few weeks.

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.

Wednesday's weekly EIA report showed that (1) U.S. crude oil inventories as of Sep 17 were -8.2% below the seasonal 5-year average, (2) gasoline inventories were -2.4% below the 5-year average, and (3) distillate inventories were -13.8% below the 5-year average. U.S. crude oil production in the week ended Sep 17 rose +5.0% w/w to 10.6 million bpd, which was -2.5 million bpd (-19.1%) below the Feb-2020 record-high of 13.1 million bpd.

Baker Hughes reported Friday that active U.S. oil rigs in the week ended Sep 24 rose by +10 rigs to a 17-month high of 421 rigs. 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

- **Brazil starts sowing 2021/22 soybean crop: producers optimistic**

Sept 20 - The planting of the new soybean crop started this week in Brazil, as producers from Paraná, São Paulo and Mato Grosso initiated the sowing process.

In southern state Paraná, 1% of the estimated 5.62 million hectare area was sown this week, data from the state's agricultural entity Deral showed, with the arrival of rain meaning soil conditions will be favorable for the continuity of the planting in most of the regions in the next few days.

In Mato Grosso, sowing reached 0.28% of the 10.8 million hectares expected for the new season, while last year 0.2% of the area was planted in the same period.

"Producers are optimistic as rain fell before planting started and there is more to come in the next few days. We will only be worried if it doesn’t rain in the first half of October," Imea’s market analyst Cleiton Gauer said.

Planting started a week in advance versus the average for the last five years and Mato Grosso is expected to harvest 37 million mt, according to Imea, as higher prices should stimulate producers to increase their sowing area.
According to the Mato Grosso soybean producers association, Aprosoja MT, producers believe the rain will be enough so that soybean sowing is not delayed, as happened last season, and safrinha corn crop will be planted at the correct time.

“Also, if producers manage to plant at the same time the risk for plagues is reduced”, Aprosoja’s vice-president Lucas Beber indicated.

In São Paulo, producers started sowing on Wednesday.

Brazil’s soybean output is expected to reach a record 141.26 mmts, a 3.6% increase from 2020/21 when the country produced 136 mmts.

Total Brazilian corn crop estimates are at 115.9 mmts, 33.8% higher on the year, Brazilian food agency Conab showed in its first estimate for the new crop last month.

**Brazil’s soybean exports robust**

Sept 21 - Brazil kept the pace of soybean exports significantly above year-ago levels in the third week of September while the already subdued corn exports edged even lower on the week, official customs data showed late Monday.

Weekly soybean shipments came in at 1.3 mmts lifting the month’s total to date to 3.2 mmts. The country exported an average of 270,141 mts of beans per working day, slightly lower than the 280,323 mts registered in the previous week but still 33% above year-ago levels.

Bean exports are expected to remain robust through the coming weeks, especially when the effects of US Gulf port disruptions that shifted volumes from the US to Brazil are factored in.

Last week, the country’s grain exporters association Anec estimated September’s bean exports at 4.8 mmts, above the 4.3 mmts shipped year ago, but more up to date line up data from shipping agency Cargonave suggests monthly exports could reach 5 mmts.

**Argentina’s 2020/21 soybean sales hit 30 mmts**

Reuters Sept 21 - Argentine farmers have sold a total 30 mmts of soybeans from the 2020/21 crop, after registering sales over a seven-day period of 650,200 mts, the Ministry of Agriculture said on Tuesday.

The sales volume of one of Argentina's main crops lagged that of the previous season, when by the equivalent point some 31.6 mmts of the oilseed had been traded, the ministry said in report with data through September 15th.

The 2020/21 soy harvest in Argentina ended in June at 43.1 mmts, according to the Buenos Aires grains exchange, compared with 49 mmts in the 2019/20 season.

Soy is a major driver of export dollars needed to replenish central bank foreign currency reserves strained by a three-year recession exacerbated last year by the COVID-19 pandemic.

The Buenos Aires exchange estimated the coming 2021/22 soy crop, which will start to be sown in October, at 44 mmts.

**Argentina’s soy crushing at 38.5 million mt in 2021/22: BCR**

22 September 2021 - Argentina is forecast to crush at a historically-low level of 38.5 mmts in the 2021/22 season, due to lower soybean availability domestically, the BCR said at a conference on Wednesday.

The total of 38.5 mmts is expected to be processed in Argentina this season is nearly 4% down on the five-year average, BCR senior economist Federico Di Yenno told the ACSOJA conference on September 22nd; “Lower crushing is forecast due to lower availability of soybeans domestically,” said Di Yenno.

The exporter chamber Ciara-CEC had previously pegged Argentine bean crushing at 40.5 million mt in 2021, up 12.5% compared with nearly 36 mmts of soybeans crushed in 2020.

And while Argentine crushing capacity has been increasing in recent years, capacity utilization is still only 57%, thus around 43% remain un-utilized in 2020.

Argentina's processing capacity utilization is one of the lowest in South America, and well below Brazil's 85% crushing capacity, according to the BCR.

“Therefore, Argentina has the challenge to increase capacity utilization supported by increased in demand for meal and oils,” said Di Yenno.

Argentina is expected to remain the main exporter of soyoil globally, dominating the global market with 47% of market share, exporting 5.4 mmts in 2020/21.

**China soybean, soymeal, soyoil stocks sink to multi-month low**

23 September 2021 - Soybean and soyoil stocks in China last week sank to the lowest level since late June, while soymeal inventories also contracted to a four-month low, according to a weekly update from China’s Grain and Oil Information Centre (CNGOIC) on Thursday.

The falls came as arrivals of soybean volumes continued to decline week-on-week, and pre-holiday demand for both soyoil and soymeal offset higher output from increased crush volumes.

Total commercial soybean stocks fell slightly, down 20,000 mts, from the previous week to 6.41 mmts, but are down 760,000 mts m/o/m and were 800,000 mts lower than the same week last year.

“Volumes of soybeans arriving in ports during September and October is low… Although soybean crush increased slightly, soymeal stocks continued to decline due to faster procurement of feed and animal husbandry companies,” said CNGOIC.

Soymeal stocks fell for a fourth consecutive week to 800,000 mts, down 80,000 mts on the week and were 100,000 mts lower than last month.
At the same time, soyoil inventories dropped marginally 5,000 mts to 845,000 mts last week, down 40,000 mts on month and 500,000 mts lower than a year ago. Meanwhile, soybean crush rates have continued to increase 30,000 mts on week to 1.89 mmts, but were still lower than the 2.18 mmts recorded in the same week last year.

**China's August soybean imports from Brazil rise 10.9% y/y**

Reuters Sept 20 - China's August soybean imports from Brazil rose 10.9% from the same month last year, customs data showed on Monday, while shipments from the United States fell sharply.

China, the world's top importer of soybeans, brought in 9.04 mmts of the oilseed from Brazil in August, up from 8.15 mmts a year earlier, data from the General Administration of Customs showed.

Overall, China imported 9.49 mmts of soybeans in August. Soybeans are crushed for soybean meal to feed China's livestock and for soyoil for cooking. Chinese crushers stepped up soybean purchases last year to meet strong demand as the country rebuilt its pig herd after it was decimated by deadly African swine fever.

In contrast, imports from the United States last month fell to 17,575 mts, down 89.4% from 166,370 mts in August 2020.

Chinese buyers bought four to six bulk cargoes of Brazilian soybeans early last week, amid concerns among global importers that U.S. shipping delays in the wake of Hurricane Ida could last well into the peak season for U.S. exports.

Ida made landfall in Louisiana in late August before dissipating in early September.

**EU oilseed crush hits three month high: Fediol**

Fediol Sept 20 - Oilseed crushing in the EU continued to recover in August reaching a three-month high as a decline in sunflower and soybean processing was offset by a sharp increase in rapeseed crushing, data from the EU’s vegetable oil and protein meal industry association Fediol showed on Monday.

The EU processed a total of 3 mmts in August, at an increase of 5% on the month and the highest volume registered since June this year, Fediol data showed.

Sunflower volumes going through the grind in August fell to 189,000 mts, the lowest so far this year, bringing the total volume of sunflower seeds crushed in the first eight months of the year to 2.92 mmts, down by 11% from the same period a year ago, owing to tight supplies from key producer Ukraine.

Soybean crushing for August fell to 1.11 mmts, sharply down by 17% on the month, bringing cumulative volumes to 9.9 mmts for the year to August, on par with a year ago.

However, rapeseed processing jumped nearly 40% in August due to strong prices for oil and a tight international oilseeds market, with processed volumes pegged at 1.7 mmts, the highest volume since March this year. Total rapeseed volume going through the grind in the year to August were pegged at 12.34 mmts, an increase of 7% on the same period last year.

Capacity utilization from the industry has risen to 81% in August, from 77% on the prior month, and largely in line when compared to a year ago.

**EU 2021/22 soybean imports at 2.86 mmts, rapeseed 944,483 mmts**

Reuters Sept 21- European Union soybean imports in the 2021/22 season that started in July had reached 2.86 mmts by September 19th, data published by the European Commission showed on Tuesday. That compared with 3.42 mmts by the same week in the previous 2020/21 season, the data showed.

EU rapeseed imports in 2021/22 reached 944,483 mts, compared with 1.52 mmts a year earlier.

Soymeal imports 2021/22 totaled 3.10 mmts against 4.02 mmts a year ago, while palm oil imports stood at 1.24 mmts versus 1.50 mmts.

The Commission said the data lacked figures from France since August 12th and from Italy since September 10th.

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.

**Pakistan's 2021 oilseeds imports could jump 20% to a record**

Reuters 24 Sept - Pakistan's oilseeds imports are likely to jump 20% in 2021 from a year ago to a record 3.53 mmts as local production fell amid a rise in consumption, the head of an industry body said on Friday.

Pakistan has already imported 2.73 mmts of oilseeds in the first eight months of 2021 and has contracted another 800,000 mts for shipments in September to December, Rasheed Jammohammed, chairman of Pakistan Edible Oil Refiners Association told the Globoil India conference.

**India's 2021/22 soybean output seen sharply lower on year**

India's soybean production may decline sharply in the marketing year 2021/22 (October-September) as erratic rainfall during the sowing season affected yields, according to a survey by S&P Global Platts. A poor soybean crop could increase India's reliance on edible oil imports and endanger its exports of soybean meal in the coming months, analysts said.
India's soybean production in 2021/22 is expected to be around 10.8 mmts, nearly 16.6% lower on the year, an average estimate of 13 analysts and traders showed. India harvested 12.9 mmts of soybean in 2020/21, according to ministry of agriculture. The likely decline in the output is primarily due to an expected fall in yields due to erratic showers, analysts said.

According to India's ministry of agriculture, planted area under soybean was at 12.2 million hectares in 2021/22, slightly higher than 12.1 million hectares in 2020-21. Soybean, the largest-grown oilseed in India, is sown in June-July and harvested in September-October. India's agriculture ministry is expected to release its production estimates later this month.

**India's soybean prices crash, farmers seek inquiry into price drop**

Indian Express 23 Sept 2021 - A sharp decrease in ex-mill soyabean prices has worried growers in Maharashtra ahead of the harvest season. While the oilseed is trading above its government-declared Minimum Support Price (MSP) of Rs 3,950 per quintal, over the past few days, soyabean prices have seen a decrease of Rs 2,000 per quintal with a further dip not being ruled out.

Import of genetically modified soymeal and reduction in import duty of crude and refined soya oil are being touted as the main reasons for this price dip.

Over the past few months, soybean prices had touched a historic high with average traded prices in Latur's mandi crossing Rs 10,000 per quintal. Ex-mill prices in districts like Nanded had even touched Rs 11,000 per quintal. This was mainly due to the shortage of the oilseed, both in domestic and international markets. Increase in price of the oilseed had led to an all-time high price of de-oiled soymeal cake, which acts as an important protein source for poultry feed.

Multiple representations by the poultry industry had led to the government allowing import of 12 lakh (a hundred thousand) tonnes of GM soymeal. This would be the first time that the government had allowed import of GM material to be used in feed industry.

Imports were to reach India either by sea or the land port of Petropole by October 31st. Of the 12 lakh tonnes, at least 4 lakh tonnes would reach Indian ports by the given deadline, industry insiders had said. But since then, the government had allowed shipments to reach India by the 31st of January 2022, while the last date for deals to be finalised was October 31st.

Given the extended time period, the poultry industry now feels that all the 12 lakh tonnes will land in India. Industry insiders say the majority of the deals that have been signed are for soymeal originating from Argentina.

To date, deals of 8 lakh tonnes have been inked and 80% of this is expected to land in India in the next few weeks. Meal from Bangladesh would have taken a smaller time to arrive by road, but it did not have much excess to export. So, Vietnam and Argentina have emerged as the major source for imports. Landed cost of imported soymeal is around Rs 55-60/kg while ex-mill price of domestic produce is around Rs 80-85/kg.

However, growers have expressed concern about the constant decrease in soymeal prices. At Latur's wholesale mandi, the average traded price of the oilseed is Rs 8,200 per quintal - a Rs 2,000 per quintal dip since the Rs 10,000 per quintal prices the oilseed had reached.

The dip is more at the mill gates of Nanded, Latur, Osmanabad and Akola, where at present farmers are able to sell their produce for Rs 6,000-6,300 per quintal as against the Rs 10,000-11,000 per quintal mark.

Oil millers at Latur's market say the present dip is mostly due to the extension of import window and also the reduction in duties for import of edible oil.

Manikrao Kadam, farmer leader from Parbhani district, has demanded an inquiry into this price dip. "The domestic harvest is yet to arrive, but there is a drastic drop in prices. This has to be investigated," he said.
The commercial soybean players were 12,619 contracts less net short due to new end user buying.

This will be a big harvest weekend. Nov CIF NOLA values remains below DVE and the SX/SF spread continues to leak trading just shy of 10 carry. Commercials continue to book Brazilian origin beans with LDC booking an Oct 15 - 20 vsl to China.

UP rail car values firming to +$1,000 and BNSF offered +$600; as we are starting to see more interest for January shipments with PNW +180/+190.

More negative news out of China as power rationing continues in China due to high coal costs (or is it scarce supplies) and the goal to create cleaner air ahead of the winter Olympics. Part of this high cost of electricity in China is due to the ban China put on Australian coal imports after the Australian gov’t called China out on their handling of the Wuhan virus. Reports suggest as many as 20 Chinese soy crush plants have suspended operations due China’s stricter emission goals. The Louis Dreyfus plant in Tianjin is a 25 kmts/day capacity plant and will reportedly remain offline into October.

China’s soybean crush edged up 30 kmts to 1.89 mmts as the latest 4-week average is now 8+% behind last year’s 2020 pace. The Chinese government has ordered several crushing plants in Jiangsu and Tianjin provinces to shut down in an effort to conserve electricity usage. Not sure what to make of this…

Dalian soybean oil futures were up 200 yuan/MT to 9,656 (~ 67.77 cents/lb). Meanwhile Dalian meal traded 25 yuan/MT weaker to 3,814 yuan/MT (~$535.26/ton).

Argentina’s August crush fell 7% from July to 3.57 mmts, 4% higher than August 2020. The Apr-Aug crush stands at 20.0 mmts, a 9% increase over last year, but running behind the USDA’s 14%-forecasted increase for the year.

Analyst estimates ahead of the quarterly Grain Stocks report shows the trade expects a 174 mbu soybean carry-in from the 20/21 season. The September WASDE estimated soybean stocks would be 175 mbu.

U.S. Export Soy Values – Friday 17th September 2021

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Soybeans Gulf barge/rail quotes, in cents per bushel basis CBOT futures:

The ICE Futures canola market was up sharply Friday, finding spillover support from outside vegetable oil markets. New crop ICE November 2021 Canola Futures settled on Friday at C$887.90/mt, up C$11.00 on the day, and gaining $14.20 for the week. About 22,772 canola contracts traded on Friday, which compares with Thursday when 19,134 contracts changed hands. Spreading accounted for 14,752 of the contracts. European rapeseed and Malaysian palm oil futures both set fresh contract highs overnight, with Chicago soyoil also posting solid gains.

Tight supplies and drought concerns were also supportive, although seasonal harvest pressure did temper those gains. Ideas that canola remains overpriced also weighed on prices.

Weekly data from the Canadian Grain Commission showed total canola exports through the first seven weeks of the 2021/22 crop year of 387,900 metric tons running nearly a million metric tons behind the previous year's pace.
French growers see rapeseed sowings up 15-20% for 2022 harvest
Reuters Sept 16 - Rapeseed sowings ahead of the 2022 harvest are set to rise between 15% and 20% compared with the previous year as farmers are encouraged by good yields this season and high prices, French oilseed growers group FOP said on Thursday.
Rapeseed prices have surged this year, supported by concerns over tight global supplies, notably lower-than-expected forecasts for Canada’s drought-hit canola crop. A rise of 15-20% in the French 2022 rapeseed area would put it between 1.12 million and 1.17 million hectares, against 977,000 hectares this season. It would still be well below the 2016-2020 average area of 1.36 million hectares, according to farm ministry data.
Improved weather was also supporting expanded area for next year, FOP said.
Summer rain, which damaged wheat crops, has boosted soil moisture for rapeseed which is drilled in late summer.
Rapeseed sowings ahead of the 2021 crop were disrupted by drought and the area also was hit by frosts and pest attacks later in the season. Farmers and the ministry had feared that the fall in area would push the final crop below 3 mmts for the first time in 20 years but good yields compensated for the loss.
FOP estimated this year’s rapeseed crop at 3.35 mmts, up 2% on last year and slightly above the farm ministry’s latest estimate of 3.31 mmts.

VEGETABLE OILS

- **CME Soybean Oil**
  - Symbol: BOV1
  - CME October 2021 Soybean Oil Futures settled on Friday at $57.97/cwt, up $0.87 on the day, and gaining $1.68 for the week.
  - The weekly CoT report showed soybean oil managed money was 38,980 contracts net long. That was down 8,114 contracts from week to week.

- **CME Palm Oil Swaps**
  - Symbol: BOV1
  - CME October 2021 Palm Oil Swaps settled at $1,047.00/mt on Friday, off $2.50 on the day, but gaining $29.25 for the week. On Thursday the contract made new highs reaching $1,049.50.
  - Malaysian crude palm oil prices, which have hovered near last month’s record highs, will stay firm until February, but start to ease from March, on rising output in the top two producer nations, leading industry analyst Dorab Mistry said on September 25th.
  - Benchmark crude palm prices have jumped nearly a quarter this year, rallying for a third consecutive year as a pandemic-induced labour shortage crimped output in Malaysia, the world’s second largest producer.
  - The contract touched a record of RM4,560/mt in mid-August, but the high prices have hurt demand in price sensitive markets, such as India, the world’s top buyer of edible oils.

- **Palm Oil May Touch 4,400 Ringgit on Tight Supplies**
  - Bloomberg 24 Sept - Palm oil futures will stay strong at least until March on an increase in export levies by top grower Indonesia, with supplies seen tight during the first two months of 2022, according to veteran trader Dorab Mistry.
The most-used vegetable oil is expected to trade between 4,000 ringgit ($955) to 4,400 ringgit per ton during the October-February period, before slightly dropping in March, Mistry, director at Godrej International Ltd., said at the Globoil conference on Saturday. Futures have averaged 3,908 ringgit so far this year.

Higher benchmark prices may potentially curb purchases by top importer India in the coming months as the festive-season buying by the South Asian nation will almost be over by next month. Malaysian stockpiles may swell further going forward, after surging 25% in August from a month earlier. Palm oil prices will be underpinned by Indonesia’s biofuel mandate and higher export taxes, Mistry said. Palm oil prices will be underpinned by Indonesia’s biofuel mandate and higher export taxes, Mistry said. Indonesia last month raised its palm oil export duty for September to $166 a ton from $93 a month earlier following a rally in the tropical oil. Any move by Indonesia to increase its export tax generally boosts demand for Malaysian palm oil and supports futures in Kuala Lumpur.

PLANT PROTEIN MEALS

➢ **CME CBOT Soybean Meal**

CME October 2021 Soybean Meal Futures settled on Friday at $336.10/short ton, off $0.50/ton on the day, and losing $2.40/ton for the week.

The weekly CoT report showed soymeal specs were 18,553 contracts net short on the 21st of September, after more long liquidation expanded the net short from 16,332 on the 14 of September.

➢ **U.S. Export Soy Values – Friday 17th September 2021**

U.S., fob Gulf - $430.25/mt

Brazil, fob Paranagua, $421.50/mt

Argentina, fob upriver, $408.25/mt

**Soybean Meal Gulf barge/rail quotes, basis CBOT futures:**

USDA, CIF New Orleans

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➢ **Brazil soymeal exports rebound, Argentina exports above last year**

Refinitiv Commodities Research 21 Sept - Brazil soymeal exports were slashed in August after rapid deliveries during May-July. Refinitiv trade flows tracked only 1.0 mmts of soymeal exports in August, down 35% from a month ago. However, the latest line-ups report (released on the 17th of September) indicates that soymeal exports will rebound in September with 0.9 mmts of sailed as of the 17th of September and 0.8 mmts scheduled to sail.

YTD exports totaled 11.3 mmts, slightly below last year's 11.5 mmts. Thailand, Indonesia and South Korea continue to be the top three importers. Besides Asia, Europe is the second largest market of Brazilian soymeal.

Argentina soymeal exports have remained at low levels, but slightly above last year. Refinitiv trade flows tracked 1.3 mmts of soymeal shipments in August, the lowest monthly exports in 2021. This month’s 0.8 mmts of exports were tracked as of the 19th of September. YTD exports totaled 13.9 mmts, slightly above last year's same period of 13.0 mmts.

Customs data shows that Argentina exported 3.88 mmts of soyoil during January-July, compared to 3.35 and 3.23 mmts for 2020 and 2019.

➢ **India Clarifies and Extends its Import Date for GM Soybean Meal**

On September 13th, 2021, India’s Ministry of Commerce and Directorate General of Foreign Trade (DGFT), clarified that it is authorizing the import of consignments of soybean meal and soy cake derived from genetically engineered soybeans with a bill of lading or lorry receipt date issued on or before October 31st, 2021.

In addition to the bill of lading requirement, all GE-soybean meal consignments must arrive to India prior to January 31st, 2022. The current notification is in continuation of the previous DGFT notifications.
OTHER RELATED NEWS

- China lightens interest in U.S. pork but loads up on beef
  Reuters, Karen Braun  21 Sept - U.S. pork trade with China made a big breakthrough two years ago as the Chinese hog herd was thinned by disease and political relations began to mend, though U.S. exports to the top pork consumer have not performed as well this year relative to those from other suppliers.
  China's pork production is expected to weaken in 2022 due to a smaller herd and low producer profits, and that is likely also to ease consumption as the gap will not be filled by imports. The United States is China's No. 2 pork supplier after Spain, but sales have slowed perhaps more than expected. China's expanded affinity for U.S. beef is making up for at least some of that, driving those exports to record levels.
  Pork prices in China last week slid to the lowest levels since early 2019, when the global market first learned the severity of African swine fever (ASF) in China's hogs. Those prices are more than 60% off the year-ago ones, making profitability for producers very low or negative.
  That is expected to limit next year's pork output, which the U.S. Department of Agriculture's Beijing office last month placed at 41.5 mmts. That would be down nearly 14% from its estimate for this year and up 14% from 2020, but well off the pre-ASF levels of around 54 mmts. This has been of concern for global grain and oilseed traders because if China's pork production declines, that could reduce its import demand for feed ingredients, especially if China has the record grain crops that are expected this year. However, that may be good news for meat exporters.

PORK IMPORT SLOWDOWN - Higher pork production this year versus last has eased China's imports of its staple protein. August imports totaled 280,000 mts, the lowest monthly volume in well over a year and down 21% from August 2020. The January-August volume reached 2.93 mmts, up just 1% from the same period last year, according to customs data.
  May 2021 marked the first time in more than a year that China's monthly pork imports were lower than in the same month a year earlier, and that gap versus 2020 has widened each month since.
  China’s reliance on U.S. pork seems to be slipping more than its overall imports. Monthly U.S. pork exports to China have not been greater than in the prior year since November. (https://tmsnrt.rs/39wC6Gp)
  Through September 9th, China had purchased 361,454 mts of fresh, chilled or frozen muscle cuts of U.S. pork for export in 2021, and 7% still awaits shipment. Those commitments are down about 43% from the same date in 2020 but up 29% from 2019, and they represent 25% of all 2021 U.S. sales.
  Last year at this time, China accounted for 39% of all U.S. pork sales and Mexico was second at 25%, though Mexico leads in 2021 at 34% as its purchases are up about 19% on the year.
  Through July, 2021 exports of U.S. pork and pork products to China were down 20% from the same period a year ago. But both Europe's and Brazil's pork exports to China during this time were up from last year. The European Union accounts for about 60% of China's pork imports and Brazil is the No. 3 supplier.
BEEF SURGE - U.S. exports of beef and beef products to China have greatly taken off in 2021, and USDA partially attributes this to Chinese consumers' ability and willingness to pay more for what is considered a luxury protein.

Beijing in 2017 lifted a 14-year ban on U.S. beef, though the most noticeable impact on U.S. business has materialized this year. High domestic beef and pork prices have also driven recent growth in beef imports.

Sales of fresh, frozen or chilled U.S. beef to China totaled 130,319 mts as of September 9th, up nearly 400% from a year ago and more than 20 times the 2019 volume to date. Those sales account for 15% of sales to all buyers.

January-July U.S. beef exports to China topped 99,000 mts, accounting for 12% of exports to all destinations versus 1.3% in all of last year. So far in 2021, China is the No. 4 recipient of U.S. beef behind Japan, South Korea and Mexico, up from No. 8 in 2020 and No. 13 in 2019. (https://tmsnrt.rs/2Zl6PVh)

Beef's priciness versus other meats makes those exports stand out in terms of dollar value. At $773 million, U.S. beef exports to China in the first seven months of the year accounted for 4.5% of all U.S. agricultural exports to the Asian country versus 1% in full-year 2020.

That puts beef at No. 7 on the list so far this year. Corn was the top U.S. product to China between January and July, valued at $4.1 billion, and soybeans placed second at $3.6 billion.

South American countries as well as Australia and New Zealand also supply China with beef. USDA’s Beijing counterpart reports that the United States is seen as a premium-priced beef supplier providing consistent and standardized high-end cuts.

The agency predicts China’s 2022 beef imports will rise 6% to a new record of 3.3 mmts. Next year’s pork imports are pegged at 5.1 mmts, slightly off the 2020 high. (karen.braun@thomsonreuters.com; Twitter: https://twitter.com/kannbwx)

TRANSPORTATION

Baltic Dry Index - jumps to 12-year high on higher rates across vessels

Reuters Sept 24 –The Baltic Exchange’s main dry bulk sea freight index slipped on Friday due to a decline in capesize rates, although the main index posted a weekly gain of 8.6%

- "We believe dry bulk fleet growth will remain below 2% in the coming years, which will likely further support stronger rates," added Jefferies.
- The capesize index decreased by 45 points, or 0.6%, to 7,393. However, the index rose 15.2% this week, after rising to its highest since November 2009 on Sept. 23.
- Average daily earnings for capesizes, which transport 150,000-tonne cargoes such as iron ore and coal, fell $374 to $61,309.
- China's benchmark iron ore futures gained for a second straight session on Friday, though demand for the steelmaking ingredient is expected to stay cool amid environment-related curbs.
- The panamax index rose 18 points, or 0.5%, to 4,012, its highest in more than 10 weeks.
- The panamax vessel segment witnessed a rise of 2.8% for the week.

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

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

LOGISTICS

Ida, Nicholas Temporarily Halt Grain Exports on Lower Mississippi

David Murray Sept 20, 2021 - The double whammy of Hurricane Ida and Hurricane Nicholas have slowed or halted grain exports from ports in Texas and Louisiana for the past two weeks.

In its grain barge movement reports, the Army Corps of Engineers reported barged grain for the week ending August 28th were down 28% from the previous week and 69% from a year ago, because of hurricane preparations.

The Mississippi River was reopened relatively swiftly to river traffic after Hurricane Ida, on September 4th, with some restrictions. The Gulf Intracoastal Waterway is open, despite some press reports to the contrary, although traffic is slowed.

Weekly U.S. Department of Agriculture grain inspections data, an early indicator of shipments abroad, showed the volume of corn weighed and certified for export last week was the lowest in 8-1/2 years as no grain was inspected along the Louisiana Gulf Coast, the busiest outlet for U.S. crops.

According to Farm Policy News, more than 50 bulk vessels were waiting on the Lower Mississippi River for grain terminals to reopen.
Ida’s high winds caused damage to multiple grain elevators and knocked down 30,000 power towers, more than Hurricane Katrina did in 2005, depriving 90,000 people of power. “There’s been some damage to grain terminals along the Gulf Coast that is being evaluated,” said Deb Calhoun, senior vice president of Waterways Council Inc. Some facilities had damage to conveyor belts and other equipment. The damage has led to delays in some barges’ schedules. “A lot of assets have to be moved,” Calhoun said.

Just when recovery efforts were kicking in, Hurricane Nicholas brought in more heavyflooding to the Texas and Louisiana coasts. U.S. grain cooperative CHS said September 2nd that it would take two to four weeks for power to be restored at its Myrtle Grove, La., grain export terminal after Ida knocked out power. CHS said it planned to divert exports to its facility in Kalama, Wash., and has not accessed the Myrtle Grove terminal for further assessment because of localized flooding.

The Port of New Orleans said each day the river is closed to commerce, there’s a direct economic loss of more than $295 million. The recent closures will add up to more than $1 billion in losses. Reuters reported September 14 that some terminals were resuming operations.

Calhoun said customers have reason to be optimistic. “This is a resilient industry, and we are used to getting things done at the worst of time,” she said.

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.

Government

- **China Extends Section 301 Retaliatory Tariff Exclusions**

  *USDA GAIN* – On the 16th of September China’s Ministry of Finance published Tariff Commission Announcement No. 7 (2021) of the State Council Customs Tariff Commission (SCCRTC) extended again the Section 301 retaliatory tariff exclusions on 11 agricultural products, including shrimp for cultivation, whey for feed, fishmeal for feed, alfalfa and six hardwood products.

  The 11 agricultural tariff lines are part of a list of 81 commodities that had their Chinese Section 301 retaliatory tariff exclusions extended through the 16th of April 2022.

  The exclusions were set to expire on the 16th of September 2021.

  This report provides relevant trade data and an unofficial translation of the announcement, which is available at: [http://gss.mof.gov.cn/gzdt/zhengcefabu/202109/t20210916_3753336.htm](http://gss.mof.gov.cn/gzdt/zhengcefabu/202109/t20210916_3753336.htm)

- **Argentine gov. applies to extend export duty scheme to end-2024**

  September 21, 2021 - The government of Argentina sent its draft budget bill for 2022 to Congress last week, including an article to extend government powers to manage grain export duties until the end of 2024 in a move that could signal fresh discontent among the agriculture sectors.

  Currently, the powers are expected to lapse at the end of this year, but the change is planned so that the government can extend the power for another three years - beyond the span of the current president, Alberto Fernandez.

  Nicolás Pino, president of the Argentine Rural Society (SRA), expressed his opposition to the continuity of the export rights scheme.

  "We regret that in the budget they request the Congress to maintain export duties knowing that it is a terrible tax that hurts producers and limits the productive potential of the sector," local newspaper La Nacion reported Pino, as saying.

  Gustavo Idigoras, head of Argentina’s crushing industry and grain exporter Ciara-CEC, said that the Argentine Agroindustrial Council (CAA) had asked the national government to revise export duties of cereals, oilseeds and meat.

  "We are urging the government to revise soybean export duties, which are at a very high level at this point. The government failed to revise these export as of now and it seems they now intend to maintain faculties to decide on the export duties scheme," Idigoras said.

  In December 2019, when President Alberto Fernandez took office, the Congress approved law 27,541, which included an article that gave the Executive Power the ability to cap soybean export duties at 33%.

  Soybean export duties for the largest producers now stand at 33% while export duties for soymeal and soyoil stand at 31%.

  In a previous scheme, all exports in the soybean complex paid a similar level of duties.
The government would require a new law in Congress to raise export duties in the soybean market.

Currently the export duty for wheat and corn is set at 12%, but under Argentine law the government can establish a maximum export duty for cereals of up to 15%, meaning that the government still has room to increase duties for these grains by up to three points.

### Argentine farmers want fast dialogue, 'solutions' from new ag minister

Reuters Sept 20 - Argentina's farm sector, the country's main exporter, is pushing to speed up dialogue with the new farming minister to resolve simmering tensions between the industry and the government including around contentious limits on beef exports.

Center-left President Alberto Fernandez reshuffled his Cabinet on Friday evening after a bruising primary election loss sparked rifts within his administration, including naming a new agriculture minister, Julian Dominguez.

Dominguez is an ally of militant Vice President Cristina Fernandez de Kirchner, and was farming minister from 2009 to 2011 during her presidency, when he inherited policies including limits on corn and wheat exports.

Argentina is the world's top exporter of processed soymeal and oil, the second-largest global exporter of corn and a major producer of wheat, barley and beef. The sector is the main source of much-needed foreign currency for the government.

"What we say to Dominguez is: 'Minister, there are things we need to solve now,'" said Nicolas Pino, president of the major Argentine Rural Society (SRA), adding the new minister was "very dialogue-oriented" and seen as a problem-solver.

"Time is getting short, we cannot continue waiting for dialogue."

The new officials, including a farming minister and new chief of staff, will be sworn in on Monday afternoon.

Elbio Laucirica, head of the Coninagro agricultural association, added Dominguez understood the reality of the sector and pointed to his deep political experience.

The farm leaders said they would push for the new minister to walk back the current quota for beef exports - 50% of the usual volume - applied by the government earlier this year in a bid to contain a sharp rise in domestic prices.

Both Pino and Laucirica said the sector continues to evaluate protests over the quotas.

"Given the change of authorities, we must give him some time to see how things unfold, but that doesn't mean we take this sort of action off the table," said Coninagro's Laucirica.

### Argentina to appeal U.S. biodiesel ruling

The national government will appeal the ruling of the United States Court of International Trade that ratifies the imposition of tariffs imposed in 2018 on the import of Argentine-produced biofuel, the Foreign Ministry reported this afternoon.

Faced with the ruling against the request for review due to changed circumstances, Argentina will be able to make use of the appeal to a higher court in the United States such as the Federal Court of the corresponding Circuit, within the next 60 days.

"The Argentine government will work together with the private sector of our country to reverse this decision," said a statement from the portfolio led by Santiago Cafiero, in which they also emphasized that "it reserves the right to resort to the dispute settlement system of the World Trade Organization (WTO) in order to defend the rights of its exporters."

In 2018 the US Department of Commerce applied harsh tariffs to Argentine biodiesel that together stood at around 146%, leaving the main export product to that country virtually out of its market.

Until 2016, Argentina's exports of biodiesel amounted to around US$ 1.3 billion. In that year the decision was taken due to the lobby exercised by the chamber of biofuel producing companies in that country (NBB, for its acronym in English) during the administration of Donald Trump to ensure that due to the differential taxes charged in Argentina between soybeans, soybean oil and biodiesel production was subsidized, while dumping was incurred.

However, "in a highly controversial decision from the technical point of view, then contradicted its previous arguments and reversed its preliminary decision although the objective conditions had not been altered in the least," said the Foreign Ministry.

"Argentine biodiesel exports, which come from one of the most competitive soybean complexes in the world, do not receive or need any subsidy. Export duties, far from being a desired instrument, have been and are an unavoidable fiscal tool in times of economic emergency like the present," the statement said.

From the private sector, the president of the Argentine Chamber of Biofuels (Carbio), Luis Zubizarreta, considered the ruling "unfair" and said that the sector seeks a negotiation that "serves the parties".

The also president of the Association of the Argentine Soybean Chain (Acsoja), highlighted the importance of the U.S. market: "biodiesel was the main export product to that destination, in the context of a balance that historically was negative. This made it possible to compensate for this deficit relationship".

"On the other hand, our participation in the American market is small, so we will see if we keep our claim in court, while we trust in some negotiation that allows us to reopen it, and allow the country to diversify products to that destination," he added.
Biden administration mulls cuts to biofuel mandates, win for oil industry

Reuters Sept 22 - The administration of U.S. President Joe Biden is considering big cuts to the nation's biofuel blending requirements, according to a document seen by Reuters, a move triggered by a broad decline in gasoline demand during the coronavirus pandemic.

If adopted, the proposal would be a win for the oil industry, most notably PBF Energy and CVR Energy, which argues biofuel blending is costly. The cuts would anger ethanol producers such as Archer-Daniels-Midland Co and the nation's corn farmers who produce the raw ingredients for ethanol - by far the most widely used biofuel.

After Reuters reported the news, credits used to prove compliance with the requirements, called RINs, fell to 92 cents each, down from $1.07 in the previous session, traders said.

Biden's Environmental Protection Agency, which administers the nation's biofuel policy, would reduce blending mandates for 2020 and 2021 to about 17.1 billion gallons and 18.6 billion gallons, respectively, the document showed. That would be lower than a level of 20.1 billion gallons that had been finalized for 2020 before the coronavirus pandemic. The agency also would set the level for 2022 at about 20.8 billion gallons, the document showed.

The EPA is setting the 2020 and 2021 mandates retroactively.

Ethanol would take the biggest hit. Levels for conventional renewable fuel, which includes ethanol, would drop from 15 billion gallons to about 12.5 billion gallons in 2020, 13.5 billion gallons in 2021 and 14.1 billion gallons in 2022, according to the document.

The EPA did not comment for this story, but administration officials cautioned that the numbers are not final and still subject to revisions before clearing an interagency review process. The agency sent a proposal to the Office of Management and Budget to start the review process in August.

Under the U.S. Renewable Fuel Standard, oil refiners must blend biofuels into the nation's fuel mix, or buy tradeable credits, known as RINs, from those that do.

The policy is intended to help the country's farmers while also reducing the need for U.S. petroleum imports. But the policy has been a political lightning rod for years. The farm lobby vigorously supports it because it has helped boost the market for corn. But oil refiners say that the mandates are too costly and threaten to put refineries and their workers out of business.

The coronavirus pandemic has added more complexity to the battle between the industries over the mandates, by decimating fuel demand and hurting oil refiners and biofuel producers alike.

Meanwhile, prices for RINS have shot up this year, and refinery advocates have pointed to those prices as a reason to relieve the industry of some requirements. RINs reached an all-time high of $2 each in May this year, but speculation around the future requirements has caused prices to fall over the last month.

Biofuel advocates fumed over the news.

"If these rumors are true, this would be backpaddling on the president's commitments (to) uphold the RFS," said Growth Energy Chief Executive Emily Skor. "It's hard to imagine any justification for the administration to make such a move."

Randy Feenstra, a Republican representative from Iowa, the nation's top corn-producing state, denounced the proposal. "I'll fight this tooth-and-nail," he wrote on Twitter.

Denmark proposes funds for deforestation-free soy and palm oil

Nordic News 23 Sept - As part of its deforestation action plan, the Danish government has proposed earmarking DKK 116mn (EUR 15.60mn USD 18.35mn) to initiatives to fight deforestation both in Denmark and globally.

With this action plan, the government wants to prevent Danish imports of soy and palm oil from resulting in increased felling of trees in other parts of the world. The government proposes that the Danish imports of soy and palm oil should be deforestation-free by 2025.
International Crop & Weather Highlights

- **USDA/WAOB Joint Agricultural Weather Facility – 18th September 2021**
  - **Europe** – Overall Wet, But Dryness Lingered In Some Southern Crop Areas
    - Widespread showers over much of western, central, and eastern Europe favored winter crop establishment but slowed summer crop harvesting and other seasonal fieldwork.
    - Rain on the Iberian Peninsula signaled a favorable start to the 2021-22 wet season, while drier-than-normal conditions lingered in southern portions of Italy and the Balkans.

- **Western FSU** – Dry In The South And East, Heavy Rain In The West
  - Heavy rain hampered summer crop harvesting in Belarus and western Russia.
  - Dry weather favored winter wheat planting and summer crop harvesting in eastern Ukraine and southwestern Russia, while showers slowed fieldwork in central and northern Ukraine.

- **Middle East** – Early-Season Showers In Turkey
  - Early-season showers in central Turkey provided topsoil moisture for winter grain planting.

- **South Asia** – More Beneficial Rainfall
  - Resurgent rainfall across central India further improved moisture conditions for kharif crops.

- **East Asia** – Wet Weather In China
  - Typhoon Chanthu skirted the southeastern coast of China and moved toward southern Japan, bringing locally heavy showers to rice and other crops in affected areas.
  - Wet weather in interior China was unfavorable for mature summer crops but boosted moisture reserves for upcoming winter crop sowing.

- **Southeast Asia** – Widespread Showers
  - Showers throughout the region continued to aid rice and other crops while also improving irrigation supplies for dry-season crops sown in the coming months.

- **Australia** – Crop Conditions Remained Good
  - Showers benefited reproductive winter grains and oilseeds in the south and west.
  - Sunny skies spurred winter wheat development and early summer crop sowing in the northeast.

- **South America** – Showers Lingered Over Southern Brazil
  - Rain provided timely moisture for reproductive wheat in southern Brazil. Meanwhile, spotty showers in Mato Grosso may have encouraged early soybean planting.
  - In Argentina, local dryness is limiting early summer crop planting.

- **Mexico** – Showers Continued Across The South And East
  - Rain provided late-season moisture for rain-fed summer crops.
  - Monsoon showers diminished over northwestern watersheds.

- **Canada** – Conditions Favored Rapid Harvesting Of Spring Crops
  - Dry weather supported spring grain and oilseed harvesting in most agricultural districts.

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

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**Agricultural Weather Highlights – Friday, 24th September 2021**

- **In the West**, spotty showers have developed across the Desert Southwest. Warm, dry weather across the remainder of the region favors crop maturation and fieldwork, including summer crop harvesting and winter wheat planting. Concerns in California’s Central Valley include hot weather (high temperatures approaching 100°F) and poor air quality. Wildfires in the southern Sierra Nevada are contributing to smoky, hazy conditions in parts of California; active fires include the 49,000-acre Windy Fire and the 36,000-acre KNP Complex.

- **On the Plains**, mostly dry weather continues, despite an increase in cloudiness. Isolated showers are occurring early today, however, across the northern Plains. With more than one-fifth (21%) of the intended U.S. winter wheat acreage planted by September 19, soaking rain will be needed soon in many of the Plains’ production areas to ensure even emergence and establishment. Especially significant short-term dryness has developed on the southern Plains.

- **In the Corn Belt**, widely scattered showers across the upper Midwest are causing only minor fieldwork delays. Dry weather covers the remainder of the Midwest. However, corn and soybean harvest activities remain on hold in parts of the eastern Corn Belt due to lingering wet field conditions, following the heavy rain event of September 20-23. Four-day rainfall totals included 4.83 inches in Toledo, Ohio, and 4.47 inches in Detroit, Michigan.

- **In the South**, any lingering showers are confined to southern Florida, where warm, humid weather prevails. Elsewhere, cool, dry weather favors fieldwork, including harvest activities for a variety of summer crops. This morning’s minimum temperatures ranged from 40 to 50°F across a broad area encompassing the interior Southeast.

**Outlook:** Tranquil weather will cover much of the country during the next 5 days. In fact, completely dry weather should prevail across much of California, the Great Basin, the northern and central Plains, and the Southeast. Some precipitation will linger through the weekend, however, in southern Florida, New England, and the Great Lakes region. Five-day rainfall totals in New England could reach 2 to 4 inches. In the western U.S., any precipitation should be limited to the Desert Southwest and the Northwest, with the highest amounts (locally 2 to 4 inches or more) occurring along the northern Pacific Coast and in the northern Cascades.

Meanwhile, cool weather will linger into the weekend in the Midwest and East, while above-normal temperatures will prevail across most of the remainder of the country.
Warmth will expand eastward early next week, while modestly cooler air should arrive in the Northwest.

The NWS 6- to 10-day outlook for September 29 – October 3 calls for the likelihood of near- or above-normal temperatures nationwide, except for cooler-than-normal conditions in the Far West. Meanwhile, below-normal rainfall in parts of Montana and nearly all areas from the Mississippi Valley eastward should contrast with wetter-than-normal weather in the Pacific Northwest, Four Corners States, and large sections of the Plains.

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
  - Cotton, Rice, Corn, Sorghum & Groundnuts: Maturing
  - Winter Wheat & Rapeseed: Planting

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

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

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

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

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

- **Mexico**
  - Sorgumh, 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, 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.

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

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