Notes and Observations in International Commodity Markets

22nd October 2021

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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, but are provided as matter of interest.

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WHEAT AND PALM OIL MAKE NEW CONTRACT HIGHS

GHA – Wheat markets surge to new highs on Friday as Minneapolis HRS wheat traded over $10.00 for the first time in more than nine years. With no real news impacting the markets, all three wheat markets took off to the upside as both KC and Minneapolis scored new contract highs. Minneapolis December wheat eclipsed $10 for the first time since 2012 closing at $10.13/bu, up 31¾ cents, as U.S. and world stocks tighten. December KC wheat closed up 26¼ cents, at $7.74/bu December Chicago wheat was up 14¾ cents at $7.56/bu.

December corn settled at $5.38/bu, closing up 5¾ cents per bushel and March corn was up 5½ cents. USDA’s forecast for a 1.4 bbu increase in South American corn production in 2022 and a 440 mbu increase in beans may become less likely with forecaster’s estimating a 70-80% chance of back-to-back La Nina’s.

Soybeans were the weak leg of the grain and soybean complex, with November again moving lower and challenging the $12.00 support area. November soybeans closed down 3½ cents at $12.20½ and January soybeans were down 2¼ cents at $12.30¼/bu.

The December U.S. Dollar Index is weaker, trading down 93.665, while the Dow Jones Industrial Average is up 79.69 points at 35,696.77.

December gold is up $12.60 at $1,794.50, December silver is up $0.23 at $24.40 and December copper is down $0.0585 at $4.5000. December crude oil is up $1.17 at $83.67, December heating oil is down $0.0131, December RBOB is down $0.0079 and November natural gas is up $0.168.

Dalian Commodity Exchange has climbed 30% since mid-June to hit 10,278 yuan ($1,606.09)/mt on Thursday, highest since October, 2012, before edging down on Friday. Have a good weekend! 😊
USD/JPY on Friday fell -0.45%. The yen saw support from positive Japanese economic news after the Japan Oct Jibun Bank services PMI rose +2.9 to 50.7, the first time Japan’s service sector has expanded in 21 months.

December gold on Friday closed +14.40 (+0.81%), and Dec silver closed +0.279 (+1.15%). Gold on Friday climbed to a 1-1/4 month high, while silver rose to a 1-1/2 month high. Precious metals prices saw support from a weaker dollar and lower T-note yields. Gold also saw support from increased demand as an inflation hedge as the 10-year breakeven inflation expectations rate on Friday climbed to a new 9-year high.

The dollar and gold have continued safe-haven support from concern the worldwide spread of the delta Covid variant will crimp the global economic recovery. However, the pandemic in the U.S. has improved after the 7-day average of new U.S. Covid infections on Wednesday fell to a 2-1/2 month low of 76,753.

**ENERGY - CHINA POWER SHORTAGES**

GHA: As China is experiencing power shortages across many of their northern provinces in recent weeks, a good portion of industrial activities are being shut down. This situation is undoubtedly affecting the country’s entire fee and food marketing supply chain.

With China being the destination for 60% of global exports, the effects are reverberating throughout the global oilseeds market. Crushing facilities across China’s affected regions may have been impacted and are shutting down or operating at a reduced capacity. Closed crushing plants do not buy soybeans.

Whether the power shortages in China will be solved shortly or are to be long-lived remain to be seen; however, trade partners of Argentina, Brazil, and the United States have felt immediate impacts. I would suggest that these problems will persist longer than currently anticipated, resulting in a decline in U.S. exports, as well as weighing on current prices.

Traders are currently weighing the impact of strong demand as power plants try to stock up on fuel for winter against the potential for fresh government intervention and prospective price caps. Officials are also accelerating efforts to ensure coal supplies, urging miners to boost output, raising power prices and curtailing electricity to large industrial users.

Favorable supply and demand dynamics mean there’s a chance the rally in coal could continue. Further increases in the coal price are likely to continue as we are approaching the winter heating season, as coal provides more than half the country’s energy.

This week Chinese coal futures surged to new record levels after the state planning agency last week issued a notice on electricity pricing reform, according to which on-grid tariffs for coal-fired power generation will be liberalized.
December crude oil is up $1.17 at $83.67, December heating oil is down $0.0131, December RBOB is down $0.0079 and November natural gas is up $0.168.

22 Oct 2021 BarChart - Global economic data on Friday was mixed for energy demand and crude prices as November WTI crude oil and Nov RBOB gasoline prices on Friday settled mixed. A weaker dollar on Friday supported energy prices, along with concern that global crude supplies will remain tight as OPEC+ sticks to its plan of gradual production increases. Gains in crude were limited by energy demand concerns due to Friday’s uneven global economic data.

On the positive side, the Eurozone Oct Markit manufacturing PMI fell -0.1 to 58.5, stronger than expectations of 57.1. Also, the Japan Oct Jibun Bank services PMI rose +2.9 to 50.7, the first time Japan’s service sector has expanded in 21 months. On the negative side, the U.S. Oct Markit manufacturing PMI fell -1.5 to a 7-month low of 59.2, weaker than expectations of 60.5.

Weakness in the crack spread is bearish for crude prices after the crack spread on Friday fell to a 3-week low, discouraging refiners from purchasing crude oil to refine into gasoline.

A report from JPMorgan Chase on Thursday warned that if crude oil withdrawals from Cushing continue at the current pace, the WTI storage hub could run out of crude in weeks and push crude prices into "super backwardation" as Cushing's "operational tank bottoms are likely 20%-25% of capacity" or about 20 million bbl. The EIA reported Wednesday that crude supplies at Cushing, the delivery point of WTI futures, fell -2.32 million bbl to a 3-year low.

An improvement in the pandemic in the U.S. may lead to an easing of lockdowns and lifting of travel restrictions, which would be positive for fuel demand and crude prices. The 7-day average of new U.S. Covid infections fell to 75,799 on Thursday, a 2-3/4 month low.

An increase in global crude oil stored on oil tankers throughout the world is bearish 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 Oct 15 rose +0.6% w/w to 101.46 million bbl.

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 that it expects to resume talks with world powers to revive the 2015 nuclear deal within the next few weeks.

Wednesday’s weekly EIA report showed that (1) U.S. crude oil inventories as of Oct 15 were -6.1% below the seasonal 5-year average, (2) gasoline inventories were -3.2% below the 5-year average, and (3) distillate inventories were -10.0% below the 5-year average. U.S. crude oil production in the week ended Oct 15 fell -0.9% w/w to 11.3 million bpd, which was -1.8 million bpd (-13.7%) 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 Oct 22 fell by -2 rigs to 443, falling back from the prior week’s 1-1/2 year high of 445 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.

IGC: Global stocks-to-use ratio to hit eight-year low

21 October 2021 IGC - Although global grain stocks are forecast to decline only fractionally to 600 mmt in the 2021/22 marketing year, higher consumption is expected to drop the stocks-to-use ratio to an eight-year low of 26%, according to the latest International Grains Council Grain Market Review report released on the 21st of October.

Total grains output is projected to increase by 79 mmt year-on-year, with an 84 mmt increase in corn production leading the way, but consumption also is expected to rise in 2021/22 by 64 mmt, led by a 54 mmt increase in corn use.

The IGC raised its forecast for total grains production by 2 mmt from the previous monthly forecast to 2,290 billion mts. Included in that total were increases in corn, wheat and sorghum output.
Led by higher forecasts for wheat and barley trade, only partly offset by a decline in corn, global grain exports are predicted at 421 mmts in 2021/22, an increase of 4 mmts from the previous month.

Global soybean production was unchanged from the September report, at a record 380 mmts, while trade is projected to decline by 100,000 mts. However, the export total of 170 mmts would still be 5% higher y/o/y.

Oilseeds - With record harvests anticipated in the US and Brazil, global soyabean production in 2021/22 is predicted at a peak of 380 mmts, a gain of 14 mmts y/o/y. Assuming an uptick in growth in Asia, as well as key processors in the Americas and elsewhere, uptake is seen rising by 4% y/o/y, to a new high. Offsetting adjustments for key producers leave the forecast for 2021/22 world soyabean output unchanged m/o/m, at a record of 380 mmts.
With consumption broadly steady m/o/m, at a peak of 376 mmts (+4% y/o/y), together with a higher carry-in, the outlook for end-season inventories is raised by 3 mmts, including uprated figures for the US and major exporters’ reserves.

On the basis of an increased outlook for shipments to Asia, the forecast for world rice trade in 2021 is lifted to a new high of 48 mmts (+4 mmts y/o/y). Reflecting an upgrade for India, the projection for global production in 2021/22 is raised by 1 mmts, to a peak.

The IGC Grains and Oilseeds Index (GOI) was only fractionally higher m/m, as weaker soyabean prices were offset by gains in the other components.

### WHEAT

#### USDA ERS – 2021/22 Global Wheat Production Declines Month-to-Month

<table>
<thead>
<tr>
<th>Attribute</th>
<th>21/22 Oct’21</th>
<th>Change</th>
<th>21/22 Sep’21</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area Harvested (1000 HA)</td>
<td>223,600</td>
<td>-1330(-5.9%)</td>
<td>224,930</td>
<td>221,181</td>
</tr>
<tr>
<td>Beginning Stocks (1000 MT)</td>
<td>288,357</td>
<td>-4207(-1.4%)</td>
<td>292,564</td>
<td>294,785</td>
</tr>
<tr>
<td>Production (1000 MT)</td>
<td>775,870</td>
<td>-4409(-0.5%)</td>
<td>780,279</td>
<td>774,739</td>
</tr>
<tr>
<td>MY Imports (1000 MT)</td>
<td>198,046</td>
<td>+993(+5.1%)</td>
<td>197,053</td>
<td>194,077</td>
</tr>
<tr>
<td>TY Imports (1000 MT)</td>
<td>198,144</td>
<td>+1065(+5.4%)</td>
<td>197,079</td>
<td>194,089</td>
</tr>
<tr>
<td>TY Imp. from US. (1000 MT)</td>
<td>0</td>
<td>-</td>
<td>0</td>
<td>25,918</td>
</tr>
<tr>
<td>Total Supply (1000 MT)</td>
<td>1,262,273</td>
<td>-7623(-0.6%)</td>
<td>1,269,896</td>
<td>1,263,601</td>
</tr>
<tr>
<td>MY Exports (1000 MT)</td>
<td>199,627</td>
<td>-110(-0.6%)</td>
<td>199,737</td>
<td>201,312</td>
</tr>
<tr>
<td>TY Exports (1000 MT)</td>
<td>201,813</td>
<td>-890(-0.4%)</td>
<td>200,923</td>
<td>198,018</td>
</tr>
<tr>
<td>Food and Residual (1000 MT)</td>
<td>158,886</td>
<td>-530(-0.3%)</td>
<td>159,216</td>
<td>158,872</td>
</tr>
<tr>
<td>FSI Consumption (1000 MT)</td>
<td>626,785</td>
<td>-939(-0.1%)</td>
<td>627,724</td>
<td>617,060</td>
</tr>
<tr>
<td>Total Consumption (1000 MT)</td>
<td>785,471</td>
<td>-1,469(-0.1%)</td>
<td>786,940</td>
<td>773,952</td>
</tr>
<tr>
<td>Ending Stocks (1000 MT)</td>
<td>277,115</td>
<td>-604(-2.1%)</td>
<td>283,219</td>
<td>288,357</td>
</tr>
<tr>
<td>Total Distribution (1000 MT)</td>
<td>1,262,273</td>
<td>-7623(-0.6%)</td>
<td>1,269,896</td>
<td>1,263,601</td>
</tr>
<tr>
<td>Yield (MT/HA)</td>
<td>3.47</td>
<td>-</td>
<td>3.47</td>
<td>3.50</td>
</tr>
</tbody>
</table>

14 Oct 2021 USDA ERS - Global wheat production is revised downward by 4.4 mmmts to 775.9 mmmts. This revision is led by significant production cuts for Canada, Iran, and the United States with a partially offsetting upward revision to the European Union. Canada continues to see cuts to production (-2.0 mmmts to 21.0 mmmts due to hot and dry weather conditions during the growing season. Area harvested reaches the lowest since 2010 at 8.5 million hectares based on a higher abandonment rate. Yield is down slightly m/o/m at 2.47 mts/ha, 26% below the 3-year average. With harvest almost complete, Kazakhstan is expected to produce 12.0 mmts of wheat. This reduction is driven by a decrease in yield of 0.03 mts/ha to 0.95 mts/ha due to hot and dry conditions.

Production in the EU is expected to be up 400,000 mts to 139.4 mmmts mainly driven by a slight increase in area harvested (+50,000 hectares). Higher production is expected in Bulgaria (+400,000 mts to 7.1 mmmts), Romania (+250,000 mts to 10.5 mmmts), and Czech Republic (+345,000 mts to 4.9 mmmts). The Normalized Difference Vegetation Index (NDVI) for the EU shows a slight increase in activity in mid-October改善.
Index for Bulgaria and Romania showed average to above average conditions warranting an increase in expected yield. This is partially offset by a reduction in France (-595,000 MT to 37.7 million) based on updated data from the Ministry of Agriculture.

Outside the major exporters, Iran saw a decline in production that was partially offset with upward revisions to Japan, Mexico, and Brazil. A 10% reduction in production compared to the previous marketing year is expected for Iran. Drought conditions have resulted in a lower yield, tighter domestic production, and large imports. Japan has experienced favorable weather conditions in main producing regions. The expected yield is just short of the record at 5.16 mts/ha, up 0.65 m/o/m. Production and yields in Mexico are revised upwards as drought conditions have subsided during the monsoon season. The impacts of Hurricane Grace in the Puebla and Tlaxcala regions are currently unknown. Production in Brazil reaches 7.9 mmts as they have experienced mild temperatures coupled with sufficient moisture during the growing season. Yield is expected to reach the second highest on record at 2.93mts/ha.

A multi-year revision was made for Iran that resulted in a tighter country balance. Iranian supplies in 2020/21 are now estimated to be at the lowest level in nearly a decade. 2020/21 production in Belarus was also revised up by 548,000 mts to 2.8 mmts based on finalized production data.

### Downward Revision to 2021/22 Global Wheat Consumption

14 Oct 2021 USDA ERS - Global wheat consumption is revised downwards by 1.5 mmts to 785.5 mmts due to cuts to both feed and residual use and food, seed, and industrial (FSI) consumption.

FSI consumption leads this downward revision with a 939,000 mts cut to 626.8 mmts based on cuts to Canada and India. Based on tighter domestic supplies, Canadian FSI consumption decreases by 100,000 mts to 5.1 mmts. India sees a 500,000 mts cut to FSI consumption as they continue to have a competitive edge to export to nearby markets. Sudan and Iran both see a 100,000 mts decrease to 2.8 mmts and 15.6 mmts, respectively. Bangladesh partially offsets these revisions with a 100,000 mts increase to 7.9 mmts. 2020/21 FSI consumption is adjusted down 1.2 mmts to 617.1 mmts led by revisions for Canada (-251,000 mts to 4.9 mmts) and Iran (-200,000 mts to 15.4 mmts).

Feed and residual use is adjusted down slightly based on tighter stocks as well as general expectations of a large price premium for wheat relative to corn. The most notable revisions were cuts to Kazakhstan (-250,000 mts to 1.3 mmts) and the United States (-680,000 mts to 3.7 mmts) due to tighter domestic supplies. These were partially offset with an increase to Russia (+500,000 mts to 17.5 mmts) that offsets the reduction to Russia’s coarse grain feed use. For 2020/21 feed and residual use, Iran is adjusted downward by 500,000 mts to 1.5 mmts and India to 4.5 mmts as exports remain robust.

A slight adjustment is also made to total consumption based on the local marketing year trade adjustments for 2021/22. The unaccounted trade is lowered by about 1.1 mmts to 1.6 mmts as a result of exports decreasing slightly while imports are adjusted higher. By adding this updated calculation of unaccounted trade to total consumption, the total adjusted consumption in 2021/22 is projected at 787.1 mmts.

### Global Wheat Trade Higher Despite Decline in Production

14 Oct 2021 USDA ERS - Global wheat trade remains robust as wheat continues to be traded despite production concerns and higher export prices. July-June trade year (TY) exports increase by 890,000 mts to 201.8 mmts with stronger exports for Australia, the EU, and India. Ample supplies, at attractive prices, allows Australia to export to additional markets and become the third-largest exporter.

India is projected to have the largest exports since 2013/14 as global prices and demand remain strong. Partially offsetting this increase is a downward revision to Canadian exports due to production shortfalls. Canadian exports are revised down 1.5 million MT to 15.5 million, the lowest since 2004/05.

Total year imports in 2021/22 were revised up by 1.1 mmts to 198.1 mmts this month due to a large revision for Iran. Iran received a surge of imports from Russia in 2020/21 and is expected to be continue large imports in 2021/22 due to smaller domestic production. The 2.0 mmts increase in Iranian imports is partially offset by

<table>
<thead>
<tr>
<th>Country or region</th>
<th>Marketing year</th>
<th>Production</th>
<th>Month-to-month change</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td></td>
<td>775.9</td>
<td>(4.4)</td>
</tr>
<tr>
<td>Foreign</td>
<td></td>
<td>731.1</td>
<td>(3.0)</td>
</tr>
<tr>
<td>United States</td>
<td>June-May</td>
<td>44.8</td>
<td>(1.4)</td>
</tr>
<tr>
<td>Brazil</td>
<td>October-September</td>
<td>7.9</td>
<td>0.2</td>
</tr>
<tr>
<td>Canada</td>
<td>August-July</td>
<td>21.0</td>
<td>(2.0)</td>
</tr>
<tr>
<td>European Union</td>
<td>July-June</td>
<td>139.4</td>
<td>0.4</td>
</tr>
<tr>
<td>Iran</td>
<td>April-March</td>
<td>13.5</td>
<td>(1.5)</td>
</tr>
<tr>
<td>Japan</td>
<td>July-June</td>
<td>1.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>September-August</td>
<td>12.0</td>
<td>(0.5)</td>
</tr>
<tr>
<td>Mexico</td>
<td>July-June</td>
<td>3.2</td>
<td>0.1</td>
</tr>
<tr>
<td>Serbia</td>
<td>July-June</td>
<td>3.3</td>
<td>0.1</td>
</tr>
</tbody>
</table>

decreases to Algeria, the EU, and the United States. Algerian imports are revised down 150,000 mts to 7.0 mmts due to lower available reductions to Canadian supplies of durum. A summary of 2021/22 trade adjustments is available in table below.

Table 4 - Summary of 2021/22 trade adjustments, October 2021

<table>
<thead>
<tr>
<th>Country or region</th>
<th>October exports</th>
<th>Change</th>
<th>Trade year imports</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>201,813</td>
<td>890</td>
<td>198,144</td>
<td>1,065</td>
</tr>
<tr>
<td>United States</td>
<td>24,500</td>
<td></td>
<td>3,500</td>
<td>(200)</td>
</tr>
<tr>
<td>Algeria</td>
<td>10</td>
<td></td>
<td>7,000</td>
<td>(150)</td>
</tr>
<tr>
<td>Australia</td>
<td>24,500</td>
<td>500</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>Bangladesh</td>
<td>15,500</td>
<td>(1,500)</td>
<td>700</td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>15</td>
<td></td>
<td>1,800</td>
<td>100</td>
</tr>
<tr>
<td>Chile</td>
<td>15</td>
<td></td>
<td>1,800</td>
<td>100</td>
</tr>
<tr>
<td>European Union</td>
<td>35,500</td>
<td>500</td>
<td>5,300</td>
<td>(100)</td>
</tr>
<tr>
<td>India</td>
<td>4,500</td>
<td>1,000</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>Iran</td>
<td>250</td>
<td></td>
<td>4,500</td>
<td>2,000</td>
</tr>
<tr>
<td>Iraq</td>
<td>250</td>
<td></td>
<td>2,600</td>
<td>(200)</td>
</tr>
<tr>
<td>Japan</td>
<td>300</td>
<td></td>
<td>5,600</td>
<td>(100)</td>
</tr>
<tr>
<td>Mexico</td>
<td>800</td>
<td>100</td>
<td>5,100</td>
<td></td>
</tr>
<tr>
<td>Philippines</td>
<td>70</td>
<td></td>
<td>6,400</td>
<td>(100)</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>150</td>
<td></td>
<td>3,000</td>
<td>(200)</td>
</tr>
</tbody>
</table>

For more detail, see this month’s Grain: World Markets and Trade published by the Foreign Agricultural Service.

Global Ending Stocks Projected to be the Lowest Since 2016/17

14 Oct 2021 USDA ERS - Global ending stocks are projected to be down 6.0 mmts to 277.2 mmts in 2021/22. This is the lowest since 2016/17 and is largely driven by a 3.2 mmts decrease to major exporters’ ending stocks.

Ending stocks held by exporters are typically considered a relevant metric for measuring supplies that are available to the world market.

Major exporters’ 2021/22 ending stocks are expected to be 33% lower than 2016/17 at 50 mmts. Tighter ending stocks are expected for Australia (-800,000 mts to 4.1 mmts) and the EU (-248,000 mts to 10.7 mmts) due to higher exports. Due to lower beginning stocks, Argentina ending stocks are revised down 500,000 mts to 2.7 mmts. Russia also sees a 500,000 mts downward revision to 9.5 mmts due to higher anticipated feed and residual use.

Outside of the major exporters, Iran is expected to have 4.0 mmts in ending stocks at the end of 2021/22, down 3 mmts compared to September estimates. This makes Iran’s 2021/22 ending stocks the tightest in 10 years.

2020/21 global ending stocks are also expected to be tighter by 4.2 mmts to 288.4 mmts largely due to the multi-year revision to Iran. Iran 2020/21 ending stocks are nearly cut in half to 3.9 mmts. Argentina and Australia’s 2020/21 ending stocks are revised down 500,000 mts each due to robust exports.
Venezuela expected to import more wheat
18 Oct 2021 Susan Reidy - Venezuela will import 16% more wheat in 2021/22, according to a report from the USDA FAS. In 2020/21, Venezuelan wheat imports were 1,078,000 mts, a slight decrease of 4% from the USDA official estimate. This was due to local financing and the reduced purchase power of the industry.

The United States and Canada were the main suppliers in 2020/21, but imports from both are expected to fall in 2021/22 since production is down in both those countries. Reduced global wheat supplies this year will impact the availability for Venezuelan importers, the USDA said, as the United States and Canada are the preferred origins for hard red winter or its Canadian equivalent Canada western red wheat, for all-purpose flour and bakery flour production. The only viable alternative is American hard red winter upon availability, since Canadian logistics are more complicated and expensive.

Venezuela also will import Mexican durum, although this is less preferred due to lower quality and yields. Argentinian durum is not a cost-effective option.

Turkey and Brazil are the main suppliers of processed wheat products such as pasta and wheat flours. Price is the key factor determining imports of wheat products to Venezuela. The average monthly exports of Turkish pasta almost double monthly Venezuelan production due to low prices. The average price for the national pasta is around $1 per kg., while the price of imported Turkish pasta ranges between 70¢ to 85¢ per kg.

CME CBOT Wheat Futures
Domestic wheat futures set new contract highs on the last trade day of the week. December HRW futures were 1.7% to 3.5% higher with December setting new life of contract highs at $7.75.

For HRS wheat, prices closed 1% to 2.8% higher on the day pulling the December contract above $10.00 for the first time since 2012.
CBOT SRW prices were 1.2% to 1.99% higher, extending the December contracts rally to 22 cents for the week.

Export demand hasn’t been great YTD but what will the balance of the marketing year look like? And a reminder that world major exporter stocks/use ratios are near record tight. It is also a La Nina year and CWG notes that 50% of Argentine wheat is seeing some sort of moisture stress.

French wheat planting reached 40% as of 10/18. That was a week’s advancement of 27% points and is now even with last season’s pace, according to data from FranceAgriMer. The Ukrainian Ag Ministry reported grain harvest at 76.5% complete as of 10/22, which includes 56.3 MMT of wheat collected. Russia’s variable rate export tax is calculated at $67/MT next week, up another $6.

The IGC left global wheat output at 781 mmts for the 2021/22 season. That’s up from 773 mmts last season. World trade was increased by 3 mmts, though carryout was only dropped by 1 mmts to 276 mmts in the October forecast.

CIF SRW

<table>
<thead>
<tr>
<th></th>
<th>10/21/2021</th>
<th>10/22/2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>OCT</td>
<td>45 / 55</td>
<td>45 / 55</td>
</tr>
<tr>
<td>NOV</td>
<td>60 / 68</td>
<td>60 / 68</td>
</tr>
<tr>
<td>DEC</td>
<td>70 / 80</td>
<td>70 / 80</td>
</tr>
</tbody>
</table>
CME KC HRW Wheat Futures

Kansas December 2021 HRW Wheat Futures settled on Friday at $7.74/bu, up 26¼ cents on the day, and gaining 30¼ cents on the week. HRW area in the South will have a mostly dry week, with some rain (> 3/4") along the Eastern borders of Nebraska, Kansas, and Oklahoma.

CFTC CoT data showed HRW spec traders were 47,390 contracts net long. That was little changed from the week prior.

Although KZ/KH spread was the feature in the cash markets, after ADM cancelled their Hutch receipt’s leaving only 108 outstanding. This drove big volume into the KZ/KH of 21k, 3x the daily average. KZ/KH closed at 2½ cent carry with a 5 cent trading range of ¾ carry to 5¾ carry. HRW guys only need to look at the HRS market to see how fast spreads can change. MZ/MH, that has traded a couple months in a narrow range near a 10 inverse, is now at 25 inverse. KZ open interest is the 4th highest out of the past 20-yrs. HRW total deliverable stocks, not registered, are 82 mbus.

U.S. Export HRW Wheat Values – Friday 22nd October 2021

MGE HRS Wheat Futures

HRS Wheat made new contract highs on Friday, touching $10.18/bu. MGE December 2021 HRS Wheat Futures settled on Friday at $10.13 9.68¾/bu, up 27¾ cents on the day, and gaining 44¼ cents for the week.

CFTC CoT data showed managed money firms were 16,320 contracts net long in MPLS wheat, that was a 424 contract boost on light new buying and even lighter short covering.

PNW - Portland Price Trends

TX Gulf basis has been trading near or just below single car DVE.

| JAN  | 181 / - | 181 / - | H  | UNC |
| FEB  | 181 / - | 181 / - | H  | UNC |
| MAR  | 181 / - | 181 / - | H  | UNC |

21 Oct 2021 DTN - PNW west coast wheat markets showed dark northern spring was the big gainer for the week, moving above $11 for the first time since 2012. Hard red
winter 11.5% protein markets also held the $9 level, while white wheat continued on a
steady course, with exporters posting premiums for low protein deliveries. Carries
remained flat across all the markets.
Weekly Sales...USDA reported overall wheat sales coming in just below the four-week
average at 13.3 mb, putting year-to-date commitments at 453 mb which sets 20%
behind a year ago and 16% below the 5-year average pace. Hard red winter was the
top seller with 7.6 mb to put sales at 17% behind a year ago and 11% below average
at 177 mb. Hard red spring booked 2.3 mb for the week and with 123 mb in
commitments, sets 24% behind last year at this time and 22% below average. White
wheat registered 2.2 mb and with 82 mb in bookings, sets 34% behind last year and
27% below average.
Top Buyers...Nigeria was the big wheat buyer last week, booking 3.6 mb. This was
followed by Japan with 3.4 mb, Colombia with 2.8 mb, Thailand at 1.9 mb and
Venezuela buying 1.2 mb.

Coarse Grains

USDA ERS – Coarse Grain Use Projected Lower
14 Oct 2021 USDA ERS – World 2021/22 coarse grain production was projected lower
this month. While non-U.S. corn production revisions are mostly offsetting, output for
all other coarse grain is projected lower.
Global coarse grain use in 2021/22 is projected down 3.6 mmts this month to 1,486
mmts. Given that domestic use in the United States is projected 0.7 mmts lower (see
domestic section of the report), foreign use of coarse grain is down 2.9 mmts this
month.
Non-U.S. coarse grain use projections are revised for multiple countries this month,
with partly offsetting changes. Feed use prospects are projected down, reducing
foreign coarse grain feed and residual use 3.6 mmts. The largest decline for coarse
grain feed use comes from Australia, where the brisk pace of barley exports is
expected to leave less grain for domestic consumption. Corn feed use is projected
lower for Vietnam and Iran, reflecting the lower pace of reported imports. Another
large change is for India, where corn feed use is reduced, with a higher-than-projected
pace of exports to Bangladesh, where feed use is raised accordingly. In Ukraine and
Russia, lower corn use is expected (along with reduced output), while higher corn use
is forecast for the European Union and Canada, as well as several other countries.
With higher projected imports, barley feed use is increased for Turkey—although it is
still much lower than in the previous 2 years, owing to the lowest barley output in 5
years. Barley feed use for Saudi Arabia is reduced for 2 consecutive years because of
lower projected imports.
Food, seed, and Industrial (FSI) use for non-U.S. countries for coarse grain is also
projected lower, down 1.7 mmts, mainly on account of India. With millet and sorghum
production down, a decline is projected for the country’s FSI consumption of these two
grains.

World Corn Trade Down, U.S. Exports Projected Higher
World corn trade projected for the 2021/22 October-September international trade
year was reduced 1.5 mmts this month to still a record of 190.9 mmts, and 8.1 mmts
above the 2020/21 previous record.
U.S. corn exports were projected higher, while trade-year-basis non-U.S. corn grain
trade was reduced; led by lower Brazilian, Russian, and Ukrainian exports. Barley
trade is partly shifting from Canada and Russia to Australia, as the latter continues to
reshape its barley export trade map in response to China’s imposition of tariffs on
Australian barley that render imports by private enterprises economically unviable.
Brazilian exports are reduced again this month, to 31 mmts, as export data through
September was lower than expected.
On the demand side, the largest reductions this month are for projected corn imports
by Vietnam (based on customs data) and Chile. For these countries, the 2020/21 corn
imports turned out to be lower than expected. Using realistic expectations for a year-
over-year growth, projected corn imports for 2021/22 for these countries are also
reduced. Similar, although smaller, reductions are also made for a number of
countries. Partly offsetting the decline, corn imports are projected higher for
Bangladesh, reflecting a larger-than-expected amount of corn coming from India.
Coarse Grain Stocks Projected Higher
World 2021/22 coarse grain ending stocks are forecast to increase 3.7 mmts this
month to 327.5 mmts, driven mainly by higher beginning stocks, that are up 3 mmts.
Higher global 2020/21 ending stocks (and consequently, 2021/22 beginning stocks)
are increased largely on account of the United States (stocks’ increase is based on the
September Grain Stocks report), and on China, where higher projected corn imports
for 2020/21 pushed projected stocks up by almost 1% (or 2 mmts. Total non-U.S. corn
ending stocks are projected higher by 1.8 mmts this month to 263.6 mmts, which is 5.1
mmts higher than last year, mainly because of year-to-year increase in China.
Changes in other countries are collectively offsetting.
Corn production changes for 2021/22, October 2021

<table>
<thead>
<tr>
<th>Attribute</th>
<th>21/22 Oct'21</th>
<th>Change</th>
<th>21/22 Sep'21</th>
<th>20/21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area Harvested (1000 HA)</td>
<td>200,377</td>
<td>-74 (+0.04%)</td>
<td>200,303</td>
<td>197,676</td>
</tr>
<tr>
<td>Beginning Stocks (1000 MT)</td>
<td>289,957</td>
<td>-505 (-1.22%)</td>
<td>286,482</td>
<td>306,092</td>
</tr>
<tr>
<td>Production (1000 MT)</td>
<td>1,198,215</td>
<td>+44 (+0.04%)</td>
<td>1,197,767</td>
<td>1,115,504</td>
</tr>
<tr>
<td>MY Imports (1000 MT)</td>
<td>185,846</td>
<td>-2100 (-1.3%)</td>
<td>185,946</td>
<td>186,424</td>
</tr>
<tr>
<td>TY Imports (1000 MT)</td>
<td>186,331</td>
<td>-1500 (-0.8%)</td>
<td>187,831</td>
<td>182,358</td>
</tr>
<tr>
<td>TY Imp from U.S. (1000 MT)</td>
<td>0</td>
<td>-</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total Supply (1000 MT)</td>
<td>1,672,048</td>
<td>-1853 (-1.1%)</td>
<td>1,670,195</td>
<td>1,608,020</td>
</tr>
<tr>
<td>MY Exports (1000 MT)</td>
<td>201,909</td>
<td>+635 (+3.2%)</td>
<td>201,274</td>
<td>177,974</td>
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<tr>
<td>TY Exports (1000 MT)</td>
<td>190,901</td>
<td>-1500 (-7.8%)</td>
<td>192,401</td>
<td>182,776</td>
</tr>
<tr>
<td>Feed and Residual (1000 MT)</td>
<td>746,162</td>
<td>-3075 (-4.1%)</td>
<td>749,237</td>
<td>723,279</td>
</tr>
<tr>
<td>FSI Consumption (1000 MT)</td>
<td>422,235</td>
<td>-177 (-0.4%)</td>
<td>422,058</td>
<td>416,780</td>
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<tr>
<td>Total Consumption (1000 MT)</td>
<td>1,168,397</td>
<td>-2898 (-2.5%)</td>
<td>1,171,295</td>
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<td>Ending Stocks (1000 MT)</td>
<td>301,742</td>
<td>-4116 (-13.3%)</td>
<td>297,626</td>
<td>289,987</td>
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<tr>
<td>Total Distribution (1000 MT)</td>
<td>1,672,048</td>
<td>-1853 (-1.1%)</td>
<td>1,670,195</td>
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<tr>
<td>Yield (MT/HA)</td>
<td>5.98</td>
<td>-</td>
<td>5.98</td>
<td>5.64</td>
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</table>


14 Oct 2021 USDA ERS - World corn trade projected for the 2021/22 October-September international trade year is reduced 1.5 mmts this month to still a record of 190.9 mmts, and 8.1 mmts above the 2020/21 previous record.

Brazilian exports are reduced again this month, to 31 mmts, as export data through September was lower than expected. Corn exports by Brazil are down 2 mmts this month for the October-September 2021/22 international trade year.

For 2020/21, the lowest corn supplies in 7 years are expected to weigh down on Brazilian exports through February, the end of its 2020/21 local marketing year, and 5 months into the 2021/22 October-September trade year. The current pace of corn exports from Brazil is lower than previously expected. For the Brazilian local March-February marketing year, a corn export reduction is applied to 2020/21, while for the local 2021/22 corn year, exports are unchanged and still projected at the all-time-high of 43 mmts.

Output-related changes reduce Ukrainian and Russian corn exports, while an increase in European Union exports is partly offsetting. India’s accelerated corn sales to its neighboring countries (Bangladesh, Nepal, and Malaysia) boost its exports for both 2020/21 and 2021/22 to a level not seen in 6 years, supported by expectations of continued relatively high world market prices for corn. The custom statistics data for Vietnam indicate lower corn exports to neighboring countries.

On the demand side, the largest reductions this month are for projected corn imports by Vietnam (based on customs data) and Chile. For these countries, the 2020/21 corn imports turned out to be lower than expected. Using realistic expectations for a year-
over-year growth, projected corn imports for 2021/22 for these countries are also reduced.

**Corn trade year (TY) import changes for 2021/22, October 2021**

![Map showing corn trade year (TY) import changes for 2021/22, October 2021]


Similar, although smaller, reductions are also made for a number of countries. Partly offsetting the decline, corn imports are projected higher for Bangladesh, reflecting a larger-than-expected amount of corn coming from India. See map E below for an at-a-glance view of this month’s changes in corn imports.

- **Ag Minister say Mexico will not limit GMO corn imports from U.S.**
  
  20 Oct 2021 Reuters - Mexico's agriculture minister said the country would not limit imports of genetically modified (GMO) corn from the United States during a meeting with U.S. Agriculture Secretary Tom Vilsack in Iowa on Wednesday.

  Mexico published an executive order late last year that sought to ban in three years the use of GMO corn for human consumption, but did not define what products would be included, generating confusion in the agriculture industry. The government pledged to substitute imports with local production by 2024.

  Mexico is the No. 2 buyer of U.S. corn after China. Mexican Agriculture Minister Victor Villalobos said Mexico would not allow the cultivation of GMO corn but would allow imports from the United States.

  "We will continue requiring and demanding yellow corn from the United States," he told reporters. He said Mexico depended on yellow corn "for agro industries."

  Vilsack said seeds are the next thing the Department of Agriculture will look at under a Biden administration order on competition.

  The administration plans to take a look at the seed industry and "why it's structured the way it's structured," Vilsack said. "You wonder whether these long patents make sense."

  Companies, including Bayer AG and Corteva Inc, develop genetically modified seeds and herbicides that other companies can only produce once a patent expires. Bayer, which acquired Monsanto in 2016, has long been dominant in the U.S. market.

  Bayer and Corteva did not immediately respond to requests for comment.

- **CME CBOT Corn Futures**

  The International Grains Council forecasts 21/22 corn production at 1,210 MMT. That is up 1 MMT from their prior forecast, and up 84 MMT yr/yr. Stocks were raised by 3 MMT to 285 MMT, which is now 9 MMT above 2020/21.

  FranceAgriMer reported corn harvest at 32% complete. That is up 17% points on the week, but still trails last year’s pace – which was 75% complete. Ukraine’s Ag Ministry reported harvest for fall grains was 76.5% complete, including 11.2 MMT of corn.

  Corn planting in Argentina reached 26.3% completion according to BAGE. That was only 3.1% points above last week’s area.

  China is off to a rather slow start in lifting U.S. corn. Shipments through October 14th total 31 mbus, 5.7 mbus this week, down from approximately 68 mbus in 2020 and suggesting they may fall well short of the 130 +/- lifted during SON of last year.

  Corn prices on China’s DCE Dalian Exchange were up about $.30 versus a year ago at this time (U.S.: +$1.28/nu). With domestic coarse grain supplies 17 mmts larger via USDA estimates, and expected use up +10 mmts; corn imports should fall by 2 mmts.
CME Corn December 2021 new crop contract settled on Friday at $5.38/bu, up 5 ¾ cents on the day, and gaining 12¾ cents for the week. Corn prices worked higher through the week, with weakness on Tuesday and Thursday to limit the overall move.

CFTC data had managed money funds at 219,568 contracts net long in corn on the 19th. That is down 8,363 contracts w/o/w as the spec longs closed faster than the shorts. Commercial traders added to their position, end user longs outweighed the new sellers for a net 2,831 contract reduction to the net short at 452,719.

The big news is the forecast for 2-3 inches of general rains from that is expected to slow harvest activity from southern Iowa to northern Missouri on Saturday, then progress east and knock nearly everyone else Sunday and Monday. Estimates for corn harvest progress to be around 63% on Monday’s report, with the 5-year average at 53%. Harvest delays are generally bullish basis as harvest slows and the domestic processor with near record margins for the ethanol grind at breakneck volumes. As such, the warehouse industry has less demand for space.

The IWDS is at delivery for Dec/March and May; very firm numbers for “gut slot” harvest, and that is simply bullish corn spreads. Z/H was ½ firmer at -8¾, Z/K ¾ firmer @ -12%, and Z/N ¼ firmer @ -13.0.

- U.S. Export Corn Values – Friday 22nd October 2021
  Corn CIF NOLA Gulf barge/rail quotes, in cents per bushel basis CBOT futures:
  USDA (U.S. No. 2, 14.5% moisture, CIF New Orleans, La)

  Changes are from the AM Barge basis report. Source: USDA

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<tr>
<th>CIF CORN</th>
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<th>10/22/2021</th>
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<td>- / 65</td>
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</tr>
<tr>
<td>NOV</td>
<td>70 / 76</td>
<td>69 / 74</td>
<td>Z</td>
</tr>
<tr>
<td>DEC</td>
<td>71 / 75</td>
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<td>Z</td>
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<tr>
<td>JAN</td>
<td>67 / 71</td>
<td>67 / 70</td>
<td>H</td>
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<tr>
<td>JAN/FEB</td>
<td>72 / -</td>
<td>-</td>
<td>H</td>
</tr>
<tr>
<td>FEB/MAR</td>
<td>72 / -</td>
<td>-</td>
<td>H</td>
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<td>MAR</td>
<td>69 / 71</td>
<td>67 / 71</td>
<td>H</td>
</tr>
<tr>
<td>APR</td>
<td>67 / -</td>
<td>-</td>
<td>K</td>
</tr>
<tr>
<td>APR/MAY</td>
<td>66 / -</td>
<td>-</td>
<td>K</td>
</tr>
<tr>
<td>MAY</td>
<td>64 / 66</td>
<td>63 / 66</td>
<td>K</td>
</tr>
</tbody>
</table>

- U.S. Corn Production Raised Slightly for 2021/22

14 Oct 2021 USDA ERS -U.S. corn supplies are projected to be higher in 2021/22 according to the latest World Agricultural Supply and Demand Estimates (WASDE), with both beginning stocks and production slightly higher than the previous report. Corn production in 2021/22 is projected to total 15,019 mbus according to the NASS latest Crop Production report. The total represents a 23 mbus increase from the September Crop Production report.

The increase in projected production is due to a raised national yield forecast—now at 176.5 bushels per acre compared with the September forecast of 176.3 bushels. Area harvested remains unchanged from September at 85.1 million acres. Yield forecasts in the Eastern Corn Belt were reduced, including in: Illinois (down 4 bus/acre to 210), Indiana (down 3 bus/acre to 194), and Ohio (down 2 bus/acre to 188).

Changes to forecasts for Western Corn Belt States were predominantly raised, including: Iowa (raised 3 bus/acre to 201), Minnesota (raised 4 bus/acre to 178), Nebraska (raised 2 bus/acre to 190), while South Dakota remained unchanged at 133 bus/acre. Drought conditions during the summer in the Western Corn Belt continue to be a significant part of the 2021/22 market. Yield forecasts for Minnesota, South Dakota, and North Dakota remain significantly lower than the 2020/21 crop and historical trends. Corn production in these States is partially offset by higher planted area, particularly in the Dakotas. Production is higher than a year ago in most States; particularly in Iowa (which saw a below-trend yield in 2020/21).

Tighter September 1st stocks, particularly away from the Mississippi River transportation complex, will likely be compounded by the weather-induced lower yields for many of the Western Corn Belt States. As the harvest concludes and the marketing year progresses, local cash-market prices and basis levels should be the mechanism to move corn from well-supplied areas to ones with local deficits.
**USDA ERS - U.S. Corn Exports**

14 Oct 2021 USDA ERS - With higher supplies and reduced expectations for Brazilian exports in the first part of the trade year (as well as for Ukrainian exports), U.S. corn export prospects for 2021/22 are increased this month, up 0.5 mmts to 63 mmts (for the September-August local marketing year, exports rise by 25 mbus to 2,500 mbus). U.S. export projections for all other coarse grains for 2021/22 are unchanged. With lower Canadian supplies, U.S. imports of oats are projected 0.1 mmts lower this month at 1.2 mmts.

For the 2020/21 trade year, U.S. corn exports are reduced further by 2.1 mmts, to a still record-high of 68.3 mmts. A much lower export pace in September happened in the aftermath of Hurricane Ida at the end of August. The revised record exports are still 21.3 mmts higher than in 2019/20.

**BARLEY**

**USDA ERS – Barley**

Barley production changes for 2021/22, October 2021

For Australia, the brisk pace of barley exports to Japan, Saudi Arabia, Vietnam, Iran, and many other new and traditional destinations push export estimates for both 2020/21 and 2021/22 higher, as Australia continues to reshape its barley exports trade map in response to China’s imposition of tariffs on Australian barley that render imports by private enterprises economically. Note that China’s imports of sorghum and oats from Australia not only continue but are growing.

**USDA WASDE – Barley**

Barley global trade for the 2021/22 international trade year is projected slightly higher this month, by 0.1 mmts, though 1.7 mmts lower compared to 2020/21. The adjustments reflect this month’s shift in barley exports from Canada and Russia to Australia. For Canada and Russia, the reduction in exports follows production changes.
12 Oct 2021 USDA - This month’s 2021/22 barley production estimates were updated based on the September 30th Small Grains Summary report.

14 Oct 2021 DTN - The USDA’s barley analysis doesn’t make many headlines on report day but the tight global supply according to recent estimates bears watching. Since first reporting 2021/22 statistics in May, the USDA has revised its global barley production estimate lower each month, starting at 157.31 mmmts in May to the recent 147.99 mmmts seen in this week’s October report. This is the smallest global production estimated in three years, after reaching production of 160.545 mmmts in 2020-21, the highest production estimated since 1994-95.

This month’s estimates included downward revisions in production for some of the largest producers, with European Union production revised 300,000 mts lower, Russian production revised 700,000 mts lower and Canadian production revised 700,000 mts lower.

The USDA’s latest estimates show global demand exceeding production by 3.652 mmmts, the first time in three years that global production is estimated below global demand, while the largest deficit seen since 2010/11, or 11 years. The USDA’s consumption estimate has exceeded production in six of the past 10 years.

**GRAIN SORGHUM**

- **USDA FAS – World Grain Sorghum**

<table>
<thead>
<tr>
<th>Sorghum World as of October 2021</th>
<th>21/22 Oct’21</th>
<th>Change</th>
<th>21/22 Sep’21</th>
<th>20/21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area Harvested (1000 HA)</td>
<td>41,792</td>
<td>-278 (-0.66%)</td>
<td>42,070</td>
<td>48,842</td>
</tr>
<tr>
<td>Beginning Stocks (1000 MT)</td>
<td>3,930</td>
<td>+159 (+4.22%)</td>
<td>3,771</td>
<td>3,908</td>
</tr>
<tr>
<td>Production (1000 MT)</td>
<td>65,688</td>
<td>-82 (-1.22%)</td>
<td>65,770</td>
<td>62,508</td>
</tr>
<tr>
<td>MY Imports (1000 MT)</td>
<td>11,275</td>
<td>+50 (+4.45%)</td>
<td>11,225</td>
<td>10,025</td>
</tr>
<tr>
<td>TY Imports (1000 MT)</td>
<td>11,275</td>
<td>+50 (+4.45%)</td>
<td>11,225</td>
<td>10,076</td>
</tr>
<tr>
<td>TY Imp. from U.S. (1000 MT)</td>
<td>0</td>
<td>-</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total Supply (1000 MT)</td>
<td>80,893</td>
<td>+127 (+0.16%)</td>
<td>80,766</td>
<td>76,441</td>
</tr>
<tr>
<td>MY Exports (1000 MT)</td>
<td>11,466</td>
<td>+100 (+0.88%)</td>
<td>11,366</td>
<td>10,831</td>
</tr>
<tr>
<td>TY Exports (1000 MT)</td>
<td>11,938</td>
<td>+100 (+0.84%)</td>
<td>11,838</td>
<td>10,578</td>
</tr>
<tr>
<td>Feed and Residual (1000 MT)</td>
<td>27,760</td>
<td>+130 (+0.47%)</td>
<td>27,630</td>
<td>24,977</td>
</tr>
<tr>
<td>FSJ Consumption (1000 MT)</td>
<td>37,227</td>
<td>-199 (-0.51%)</td>
<td>37,426</td>
<td>36,703</td>
</tr>
<tr>
<td>Total Consumption (1000 MT)</td>
<td>64,987</td>
<td>-60 (-0.09%)</td>
<td>65,047</td>
<td>61,680</td>
</tr>
<tr>
<td>Ending Stocks (1000 MT)</td>
<td>4,440</td>
<td>+57 (+2.1%)</td>
<td>4,383</td>
<td>3,950</td>
</tr>
<tr>
<td>Total Distribution (1000 MT)</td>
<td>80,893</td>
<td>+127 (+0.16%)</td>
<td>80,766</td>
<td>76,441</td>
</tr>
<tr>
<td>Yield (MT/HA)</td>
<td>1.57</td>
<td>+(0.64%)</td>
<td>1.56</td>
<td>1.53</td>
</tr>
</tbody>
</table>


14 Oct 2021 USDA ERS -

- **U.S. Export Grain Sorghum Values – Friday 22nd October 2021**

<table>
<thead>
<tr>
<th>CIF MILO</th>
<th>10/21/2021</th>
<th>10/22/2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>October</td>
<td>na</td>
<td>na</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TX FOB VESSEL MILO (USc/MT)</th>
<th>10/21/2021</th>
<th>10/22/2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>November</td>
<td>220</td>
<td>220</td>
</tr>
<tr>
<td>December</td>
<td>205</td>
<td>205</td>
</tr>
<tr>
<td>January</td>
<td>185</td>
<td>185</td>
</tr>
</tbody>
</table>

- **Sorghum Production Increased, Exports Unchanged for 2021/22**

  14 Oct 2021 USDA ERS - The October WASDE report projects sorghum production of 471 mbus, up 17 mbus from September. The increase in sorghum production comes from an increase in the projected average yield of 2.6 bus/harvested acre in yield to 72.3 bus/acre, according to the NASS’ October Crop Production report. Harvested acreage remains unchanged at 6.5 million acres.

  Beginning stocks for the 2021/22 marketing year are increased by 7 mbus to 20 mbus. When combined with the raised production projection, total sorghum supply for 2021/22 is 24 mbus higher than September.

  U.S. sorghum feed and residual use for 2021/22 is revised up to 125 mbus compared to the September WASDE report. Projected exports remain unchanged at 320 mbus.

- **Higher U.S. Sorghum Ending Stocks for 2020/21, Increasing for 2021/22**

  14 Oct 2021 USDA ERS - The U.S. sorghum balance sheet for 2020/21 crop saw minor changes from the September WASDE release, based on the release of official data through August 2021. Exports are lowered 1 mbus to a total of 284 mbus, based on U.S. Census Bureau data.

  U.S. Ending Stocks are 20 mbus, 7 mbus higher than the September estimates, according to NASS’s September Grain Stocks report published on September 30th. As a result, feed and residual use for 2020/21 is lowered 6 mbus to 89 mbus.

  NASS estimates on-farm inventories, in terms of volume and as a proportion of total stocks, are the lowest in the last 5 years. The reduction illustrates the strong market demand over the 2020/21 market year.

  The USDA 2021/22 sorghum season-average farm price is projected at $5.45/bu, down $0.40 from the September WASDE report, as market prices have declined relative to corn.
OATS

- USDA FAS – World Oats

<table>
<thead>
<tr>
<th>Attribute</th>
<th>21/22 Oct’21</th>
<th>Change 21/22 Sep’21</th>
<th>21/22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area Harvested (1000 HA)</td>
<td>9,432</td>
<td>-128(-1.35%)</td>
<td>10,019</td>
</tr>
<tr>
<td>Beginning Stocks (1000 MT)</td>
<td>2,897</td>
<td>-82(-2.72%)</td>
<td>2,217</td>
</tr>
<tr>
<td>Production (1000 MT)</td>
<td>22,756</td>
<td>-623(-2.66%)</td>
<td>23,379</td>
</tr>
<tr>
<td>MY Imports (1000 MT)</td>
<td>2,073</td>
<td>-37(-1.78%)</td>
<td>2,210</td>
</tr>
<tr>
<td>TY Imports (1000 MT)</td>
<td>2,034</td>
<td>-86(-4.11%)</td>
<td>2,120</td>
</tr>
<tr>
<td>TY Imp. from U.S. (1000 MT)</td>
<td>0</td>
<td>-12(-12%)</td>
<td>0</td>
</tr>
<tr>
<td>Total Supply (1000 MT)</td>
<td>27,726</td>
<td>-620(-2.26%)</td>
<td>28,346</td>
</tr>
<tr>
<td>MY Exports (1000 MT)</td>
<td>2,186</td>
<td>-12(-0.52%)</td>
<td>2,298</td>
</tr>
<tr>
<td>TY Exports (1000 MT)</td>
<td>2,187</td>
<td>-12(-0.52%)</td>
<td>2,300</td>
</tr>
<tr>
<td>Feed and Residual (1000 MT)</td>
<td>15,766</td>
<td>-159(-1.0%)</td>
<td>16,925</td>
</tr>
<tr>
<td>FSI Consumption (1000 MT)</td>
<td>7,634</td>
<td>+15(+2%)</td>
<td>7,849</td>
</tr>
<tr>
<td>Total Consumption (1000 MT)</td>
<td>23,400</td>
<td>-292(-1.25%)</td>
<td>23,692</td>
</tr>
<tr>
<td>Ending Stocks (1000 MT)</td>
<td>2,140</td>
<td>-24(-1.14%)</td>
<td>2,364</td>
</tr>
<tr>
<td>Total Distribution (1000 MT)</td>
<td>27,726</td>
<td>-680(-2.46%)</td>
<td>28,386</td>
</tr>
<tr>
<td>Yield (MT/HA)</td>
<td>2.41</td>
<td>-0.13%</td>
<td>2.55</td>
</tr>
</tbody>
</table>


- Tight Oat Supplies in North America, Projected Ending Stocks

14 Oct 2021 USDA ERS - U.S. oat production was projected at 40 mbus for 2020/21, according to the NASS Small Grains Summary, released on September 30th. This is a 1 mbus decrease from the September WASDE projection.

U.S. yields were raised from 57.4 bushels/acre in the September WASDE to 61.3 bushels/acre in the final report. Harvested area for 2021/22 came in at 650,000 acres, compared with 722,000 acres projected prior.

U.S. imports were reduced 5 million bushels to 69 mbus due to similar production and supply limitations in Canada, the top foreign supplier for the United States.

The production prospects for both the United States and Canada result in a sharp reduction in oat supplies for the U.S. market. Total oat supplies for 2021/22 are projected to be 147 mbus, compared with the 2020/21 estimate of 188 mbus. This amount is the lowest total supply level on record.

Relatively small supplies are expected to result in tight inventories and use. Feed and residual use for 2021/22 is projected to be 40 mbus, a 5 mbus reduction from September and a sharp drop from the 2020/21 level of 68 mbus.

Ending stocks are projected to be 25 mbus, a 3 mbus decline from September and the lowest level on record.

As a result, the USDA season-average farm price for oats is projected at $3.60/bu, unchanged from September.

GHA: Given current cash prices this USDA estimate would appear to have a significant amount of up-side.

- CME CBOT Oat Futures

CME December 2021 Oats Futures settled on Friday at $6.67½/bu, up 7½ cents on the day, and gaining 7 cents for the week.

- Cereal And Oat Milk Makers Feel The Crunch From Oats Shortage

22 October 2021 Gro Intelligence - CBOT December Oats futures prices are stuck near contract highs, and US cereal companies and oat milk makers will likely have to wait another year before they see relief from high prices.

Crippling droughts in North America have cut US oat production by 40% and exports from America’s main supplier Canada are expected to be cut in half from last year, falling to their lowest levels since 2010.

The Canadian oat situation poses unique challenges for US buyers for the 2021/22 crop year. As the world’s largest oat producer and exporter, Canada’s oat production drives global trade, and this year its crop shrunk 44%, taking projected end of year stockpiles to just 268,000 mts, a record low. That’s down 60% in just one year.

Oat imports account for half of total US supply, and the vast majority come from Canada. The losses in production both domestically and in the main supplier of imports means the US has few options to boost domestic supplies. The US imports minuscule amounts of oats from Finland and Sweden, as seen in this Gro display.
In late March 2022, the USDA’s prospective plantings report will shed some light on whether oats, at their current record high prices, will steal acres from spring wheat and row crops. However, with the drought in Canada and the US Northern Plains hurting many small grain crops simultaneously, plantings competition in the region could be fierce. Canola, spring wheat, barley, and durum wheat are also attracting steep prices and could see increased acres next year.

**ETHANOL**

- **CME Ethanol Futures Nearby Continuous**

  CME Ethanol November 2021 closed on Friday at $2.80000/gallon, up 1.500 cents on the day, and gaining down 40.000 cents for the week.

  USDA’s cash average corn oil price through the week ending the 22nd of October range from 62.92 cents/lb in Nebraska to 63.75 cents in the eastern cornbelt. That was up from 61 – 61.75 cents last week.

  DDGS prices were firmer, to $4/ton higher on the week with PNW prices now $258/ton FOB.

  Wednesday’s Energy Information Administration (EIA) report showed domestic ethanol inventories increased in the week ended Oct. 15 as production at nationwide plants held higher, rising 6.2% on the week to the highest level in more than two years. Overall production was once again higher, up 64,000 barrels per day (bpd) to 1.096 million bpd, the highest level since the first week of June 2019 and 20% above the same week in 2020. Midwest PADD 2 plant production jumped 64,000 bpd or 6.6% to 1.041 million bpd, a record high.

  **U.S. Export Ethanol Values – Friday 22nd October 2021**

  Nearby Quotes, Basis CBOT futures:

<table>
<thead>
<tr>
<th>Bids</th>
<th>10/21/2021</th>
<th>10/22/2021</th>
<th>Basis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blair, NE</td>
<td>-10</td>
<td>-12</td>
<td>Z</td>
</tr>
<tr>
<td>Cedar Rapids, IA</td>
<td>15</td>
<td>10</td>
<td>Z</td>
</tr>
<tr>
<td>Decatur, IL</td>
<td>10</td>
<td>10</td>
<td>Z</td>
</tr>
<tr>
<td>Fort Dodge, IA</td>
<td>14</td>
<td>14</td>
<td>Z</td>
</tr>
<tr>
<td>N. Manchester, IN</td>
<td>-15</td>
<td>-15</td>
<td>Z</td>
</tr>
<tr>
<td>Portland, IN</td>
<td>20</td>
<td>20</td>
<td>Z</td>
</tr>
</tbody>
</table>

  **Ethanol Output Is Back to Pre-Covid Level in U.S.**

  20 Oct 2021 Bloomberg - Bumper corn harvests and more Americans filling up gasoline tanks pushed U.S. ethanol production to the highest since pandemic lockdowns brought the industry to a near standstill.

  **Ethanol Recovery**

  U.S. production surged to a two-year high last week

  U.S. output of the corn-based biofuel last week surpassed analyst expectations and swelled to the most since June 2019. Gasoline demand on a four-week rolling average hit the highest since 2007 for this time of year.

  The revival of biofuel production comes a day after spot ethanol soared close to a seven-year high amid surging crude oil prices. At the same time, corn is both plentiful
and relatively cheap, setting the stage for fatter producer margins and a potential boost in overseas demand for U.S. supplies. “We could potentially start to see incremental exports -- given the U.S. stance as far and away the leading ethanol producer -- should petroleum-derived fuel prices continue to climb or we start to see any true fuel shortages,” Truist Securities analyst Jordan Levy said in an email.

**DDG’s – Price Lower on Average as Corn**

22 Oct 2021 DTN – The average price for domestic distillers dried grains (DDG) from 33 locations reporting for the week ended the 21st of October was $188/ton, down $2 on average from one week ago.

DDG prices were steady to slightly lower as supplies are plentiful and the market is slow right now, according to one merchandiser.

In its weekly DDGS export price update, the U.S. Grains Council said: "On the export market, barge CIF NOLA rates up $10/mt for Q4 shipment and up $8/mt for January 2022. FOB Gulf offers are down $3/mt this week with bids and offers both harder to obtain. Brokers say Asian demand remains quiet for containerized DDGS and prices are unchanged from last week at $351/mt for 40-foot containers to Southeast Asia.”

Based on the average of prices collected by DTN, the value of DDG relative to corn for the week ended the 21st of October was 98.90%. The value of DDG relative to soybean meal was 58.02% and the cost per unit of protein for DDG was $6.96, compared to the cost per unit of protein for soybean meal at $6.82.

**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>10/21/2021</td>
<td>$5.3225</td>
<td>$190.09</td>
</tr>
<tr>
<td>Soybean Meal</td>
<td>10/21/2021</td>
<td>$324.00</td>
<td></td>
</tr>
<tr>
<td>DDG Weekly Average Spot Price</td>
<td>10/21/2021</td>
<td>$188.00</td>
<td></td>
</tr>
</tbody>
</table>

**DDG Value Relative to:**

<table>
<thead>
<tr>
<th>10/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corn</td>
</tr>
<tr>
<td>Soybean Meal</td>
</tr>
</tbody>
</table>

**Cost Per Unit of Protein:**

| DDG | $6.96 |
| Soybean Meal | $6.82 |

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.

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**OILSEEDS COMPLEX**

**USDA ERS – World Soybeans**

<table>
<thead>
<tr>
<th>Attribute</th>
<th>21/22 Oct21</th>
<th>Change</th>
<th>21/22 Sep21</th>
<th>20/21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area Harvested (1000 HA)</td>
<td>131,885</td>
<td>-5155(4%)</td>
<td>132,420</td>
<td>127,606</td>
</tr>
<tr>
<td>Beginning Stocks (1000 MT)</td>
<td>98,161</td>
<td>+408(4.03%)</td>
<td>95,976</td>
<td>95,483</td>
</tr>
<tr>
<td>Production (1000 MT)</td>
<td>385,139</td>
<td>+717(+19%)</td>
<td>384,422</td>
<td>367,256</td>
</tr>
<tr>
<td>MY Imports (1000 MT)</td>
<td>170,621</td>
<td>-317(-19%)</td>
<td>170,938</td>
<td>165,852</td>
</tr>
<tr>
<td>Total Supply (1000 MT)</td>
<td>564,921</td>
<td>+4485(+6%)</td>
<td>560,436</td>
<td>562,591</td>
</tr>
<tr>
<td>MY Exports (1000 MT)</td>
<td>173,078</td>
<td>-95(-0.5%)</td>
<td>173,173</td>
<td>164,869</td>
</tr>
<tr>
<td>Crush (1000 MT)</td>
<td>328,843</td>
<td>-953(-29%)</td>
<td>329,246</td>
<td>315,612</td>
</tr>
<tr>
<td>Feed Use Dom. Cons. (1000 MT)</td>
<td>21,742</td>
<td>-10(-0.05%)</td>
<td>21,752</td>
<td>20,926</td>
</tr>
<tr>
<td>Feed Waste Dom. Cons. (1000 MT)</td>
<td>27,138</td>
<td>-133(-4.9%)</td>
<td>27,271</td>
<td>26,023</td>
</tr>
<tr>
<td>Total Dom. Cons. (1000 MT)</td>
<td>377,273</td>
<td>-1096(-29%)</td>
<td>376,369</td>
<td>362,561</td>
</tr>
<tr>
<td>Ending Stocks (1000 MT)</td>
<td>104,570</td>
<td>+5676(+5.7%)</td>
<td>98,894</td>
<td>99,161</td>
</tr>
<tr>
<td>Total Distribution (1000 MT)</td>
<td>564,921</td>
<td>+4485(+6%)</td>
<td>560,436</td>
<td>562,591</td>
</tr>
<tr>
<td>Yield (MT/HA)</td>
<td>2.92</td>
<td>+0.99</td>
<td>2.90</td>
<td>2.86</td>
</tr>
</tbody>
</table>


**SOYBEANS**

**Power Outages Disrupt Chinese Trade**

14 Oct 2021 USDA ERS - China has experienced power shortages/outages in many of their northern provinces in recent weeks. Not only has this situation undoubtedly affected the country’s entire food marketing system, but effects are also seen reverberating throughout the global oilseeds market since China is the leading importer of soybeans.

The 2020/21 Chinese soybean crush was lowered by 1 mm to 93 mmts. Domestically, crushing facilities housed in China’s affected regions may have been impacted. As such, China is expected to maintain a healthy supply of soybeans totaling 153.723 mmts, carrying an additional 925,000 mts of soybeans into the new marketing year.

Whether the power shortages in China are short- or long-lived remain to be seen; however, as discussed above, typical trade partners (i.e., Argentina, Brazil, and the United States) have felt immediate impacts. Heightened competition is expected to ensue in the global soybean trade market when China begins to increase imports, particularly with larger supplies for Argentina and Brazil heading into the United States export season.
China's Sept soy imports from Brazil fall 18% y/y on flat demand
20 Oct 2021 Reuters - China's soybean imports from Brazil fell 18% in September from a year earlier, customs data showed on Wednesday, as poor crush margins limited demand.

The world's top buyer of soybeans brought in 5.936 million tonnes of the oilseed from Brazil last month, down from 7.25 mmts in the corresponding period a year earlier, data from the General Administration of Customs showed.

Crushers stepped up purchases last year from top supplier Brazil as a fast-recovering hog herd pushed up demand. But their buying has slowed in recent months, as falling hog prices hit margins.

China's hog margins remain in negative territory, despite a pick-up in the past week. Soybean brought in by Chinese crushers is processed into feed ingredients for the livestock sector, and for use as cooking oil.

Imports from the United States stood at 169,439 mts, down from 1.17 mmts a year earlier, after hurricane Ida hit shipments by forcing the closure of some grain terminals on the U.S. Gulf Coast. The supply woes prompted Chinese buyers to turn to costly beans from Brazil. The impact could last for weeks during the peak U.S. export season, pushing Chinese buyers to buy more Brazilian beans, traders said, although U.S. cargoes are expected to pick up from November.

October's total soybean arrivals are expected to stay lower than last year, fanning concern over supply of soymeal in China, just as an unprecedented power crunch forced some crushing plants to shut or cut operations.

Inventories of soymeal and soybean meal in China have both fallen in the past week, says agriculture consultancy Myagric.com.

Crushers in Rizhao in the eastern province of Shandong now make 61 yuan ($9.54) for each tonne of soybeans processed, up from negative 650 yuan in June.

Brazil Export Pace Remains Sluggish
14 Oct 2021 USDA ERS - Brazil planted 38.6 million hectares of soybeans in the 2020/21 marketing year. With yields reaching all-time highs of 3.55 mts/ha, Brazil produced a total of 137 mmts of soybeans.

Despite high production numbers in the current marketing year, exports are lowered by 350,000 mts to 81.65 mmts as Brazil's main trade partner, China, has slowed their soybean purchases. Brazil is expected to store these soybeans, raising October 1st beginning stocks for the 2021/22 marketing year to 26.95 mmts which is up 7 mmts from last year.

Although Brazil has not experienced problems crushing soybeans like Argentina, Brazil's soybean meal exports remain slow. Brazil's soybean meal exports are forecast down by 470,000 mts to 16.63 mmts for the 2020/21 marketing year.

While 2020/21 was a record production year for Brazil, producers are expected to rewrite the record book in the upcoming marketing year. Yield is anticipated to slightly increase from 2020/21 on a larger harvested area of 40.4 million hectares, resulting in a new production record of 144 mmts of soybeans. It is expected 47.7 mmts of these soybeans will be crushed. It is anticipated that Brazil soybean meal and soybean oil exports will remain strong in the 2021/22 marketing year, with no changes from last month's estimates.

2021/22 Brazilian Soybean Planting Second Fastest on Record
21 Oct 2021 Soybean & Corn Advisor, Inc. - The weather in central Brazil continues to improve and Brazilian farmers are taking advantage of the improved soil moisture to rapidly plant their 2021/22 soybeans.

Nationwide, Brazilian farmers had planted 24.4% of their 2021/22 soybeans as of the end of last week compared to 9.2% last year and 15.8% average according to the consulting firm DATAGRO. This represents an advance of 10.3% for the week and it is currently the second fastest soybean planting on record.

In the municipality of Rio Verde in southern Goias, the rainfall has been improving since early October and farmers have now planted 50% of their anticipated soybean
acres. Last year at this time, the soybean planting was just getting started due to dry conditions.

This is a good start for soybean planting and if the weather cooperates for the rest of the growing season, soybean yields in the municipality should be in the range of 60 sacks per hectare (53.6 bu/ac), which is the recent historical average.

The rapid soybean planting is good news for farmers who will plant a second crop of corn. At the current soybean planting pace, the safrinha corn in Rio Verde should all be planted during the month of February, which is within the ideal planting window for safrinha corn.

- Brazil’s soybean production expected to hit record level

**Brazil: Second Season Corn Production**

The rapid soybean planting is good news for farmers who will plant a second crop of corn. At the current soybean planting pace, the safrinha corn in Rio Verde should all be planted during the month of February, which is within the ideal planting window for safrinha corn.

**Key reasons for y/y yield gains include growers’ adoption and investment in technology and the use of cutting-edge chemicals and fertilizers, the report said. Increasing global demand and high domestic soybean prices are encouraging farmers to expand their soybean production. Planted area is estimated at 40.5 million hectares in 2021/22, up from 39 million hectares.**

Soybean exports are estimated at 92 mmt, up from 85.3 mmt a year ago. The estimate is based on expectations of ample available supplies and a favorable exchange rate, the USDA said.

“The export forecast also assumes that global demand for soybeans will continue to hold steady if pandemic situation continues to improve in 2022, and that increased vaccination will mitigate the negative impacts of the Delta variant,” the USDA said.

China is expected to remain the top importer of Brazil’s soybeans as it looks to rebuild its swine herd following the African swine fever outbreak in 2019.

- Argentine Crush and Production Move Lower

**20 Oct 2021 By Susan Reid** - Brazil is expected to produce a record volume of soybeans in 2021/22 and increase exports, according to the USDA FAS. Production is estimated at 145 mmt, which compares with 137 mmt in 2020/21. The estimate is based on a yield of 3.58 mts/ha.

“Although there is concern for the planting of second-season crops if soybean plantings slow down, at this point there is no impact for soybean yields, as long as weather patterns are normal during the rest of the growing season,” the USDA said.
The bean complex closed mixed with beans and oil settling weaker and meal settled firmer. Soybean prices for this week topped on Wednesday with a fade into the weekend. Thursday and Friday drops were not enough to offset the early week gains, CME November 2021 Soybean Futures settled on Friday at $12.20½/bu, off 3½ cents on the day, but gaining 2¼ cents for the week. However, November was 29 cents below the midweek high.

NOAA’s updated 7-day QPF shows a rain band of up to 4” running across southern IA to the Western border of OH. Surrounding areas will also get rain of +3/4”, though the WCB and Northern Plains will remain mostly dry through the next week.

Commitment of Traders data showed bean spec traders were 18,165 contracts net long on 10/19. That was down by another 10.9k contracts reflected net new selling. Commercial soybean traders reduced their hedges through the week, leaving them 99,486 contracts net short as a group. That is the lightest commercial net short since February 2020.

The X/F board spread did settle ¾ cents weaker to settle at -10¼. F/H though firmed 1 cent to settle at -9. Unless we see some additional China business to firm the export market, spreads should continue to widen beyond today’s close. The spot CIFNOLA values were weaker while November bids were up. Zone 3 values remain well below DVE by over a dime vs the Nov21 and closer to 15 cents under vs the Jan21F. Harvest progress is wrapping up in the west while the east still needs good weather to finish up the 30% to 50% still left in the field.

Processors remain more aggressive on sourcing beans as crush margins remain excellent. Spot board crush was back up almost 5 cents to $1.82 and Jan was up 1 cent to $1.62. Keep selling these over DVE processor numbers if available, especially if it can help free up needed corn space for later.

CNG&OIC reported an 18% / 260 kmts increase in weekly Chinese crush as activity following the National Holiday. However, the number came in 20% below last year’s number, and the 4-week average is still 12% below the year ago pace.

The October forecast from the International Grains Council left their production output at 380 MMT for 21/22 beans. That is still a 14 MMT increase from 20/21. Carryover was seen 3 MMT higher than their prior estimate, though up 9 MMT from 20/21.

Planting progress in Brazil continues well ahead of last year’s pace and vs the average. IMEA projects that Mato Grosso planting pace is almost 69% vs 25% last year and 41% on average. This should also mean exports out Brazil should be available in LH Jan or FH Feb assuming mother nature cooperates.

CME CBOT Soybeans Futures

CME November 2021 Soybean Futures settled on Friday at $12.20½/bu, off 3½ cents on the day, but gaining 2¼ cents for the week. However, November was 29 cents below the midweek high.

NOAA’s updated 7-day QPF shows a rain band of up to 4” running across southern IA to the Western border of OH. Surrounding areas will also get rain of +3/4”, though the WCB and Northern Plains will remain mostly dry through the next week.

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U.S. Export Soy Values – Thursday 21st October 2021

U.S., FOB Gulf - $493.00/mt
U.S., FOB PNW - $530.50/mt
Brazil, FOB - $515.50/mt
Argentina, FOB UpRiver, $534.75/mt

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

<table>
<thead>
<tr>
<th>Soybeans Gulf</th>
<th>10/21/2021</th>
<th>10/22/2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIF BEANS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OCT</td>
<td>60 / 76</td>
<td>60 / -</td>
</tr>
<tr>
<td>NOV</td>
<td>63 / 79</td>
<td>66 / 78</td>
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<tr>
<td>LH NOV</td>
<td>75 / 79</td>
<td>75 / -</td>
</tr>
<tr>
<td>NOV/DEC</td>
<td>- / 7</td>
<td>-</td>
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<tr>
<td>DEC</td>
<td>67 / -</td>
<td>69 / -</td>
</tr>
<tr>
<td>JAN</td>
<td>- / 75</td>
<td>65 / 75</td>
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NOPA September soy crush hits three-month low at 153,800 mbus

15 Oct 2021 Reuters - The U.S. soybean crush hit a three-month low in September and fell below an average of trade estimates, while soyoil stocks at the end of last month rose for a third straight month, according to National Oilseed Processors Association (NOPA) data released on Friday.

NOPA members, which handle about 95% of all soybeans processed in the U.S., crushed 153,800 mbus of soybeans last month, down 3.2% from the 158,843 mbus crushed in August and 4.8% below the 161,491 mbus in crushed September 2020. The September crush had been expected to drop to 155,072 mbus, according to the average of estimates from 10 analysts. Estimates ranged from 148.0 mbus to 162.8 mbus, with a median of 154.150 mbus.

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<td>67 / -</td>
<td>69 / -</td>
</tr>
<tr>
<td>JAN</td>
<td>- / 75</td>
<td>65 / 75</td>
</tr>
</tbody>
</table>
NOPA said soyoil supplies among its members as of September 30th rose to 1.684 billion lbs, from 1.668 billion lbs at the end of August.

Oil stocks had been expected to decline to 1.663 billion lbs, based on estimates gathered from seven analysts. Estimates ranged from 1.625 billion to 1.718 billion lbs, with a median of 1.650 billion.

Soymeal exports last month fell to 603,545 tons, down from 856,619 tons in August and 991,134 tons in September 2020, NOPA said.

- **Mexico exempts 500,000 mt of soybeans from import taxes**
  - Mexico has enforced an import tax exemption for 500,000 mts of soybeans from all origins until the end of the 2021 calendar year to counterbalance “tight US supplies”, the country’s secretariat of economy said on the 1st of October.
  - The measure, designed on a first-come first-served basis, aims to stabilize soyoil prices with an eye on rising domestic consumer prices.
  - “It is necessary to increase the sources of soybean supply to guarantee competitive prices and stabilize soyoil prices, to the benefit of consumers,” the secretariat said.
  - The USDA local office in Mexico has released a report dated October 16th on the matter on Wednesday stating that the tax exemption came “to open [the Mexican] market in response to tight US supplies and high prices.”
  - “Although U.S. soybean prices increased considerably during this period, U.S. soybeans remained the only viable supply option given their zero duty under USMCA (versus duties of 15% for Brazil and Argentina, for example),” the USDA added.
  - In 2020 Mexico imported 5.7 mmts of soybeans, 85% sourced from the US and the remainder from Brazil.

**CANOLA / RAPESEED**

- **Rapeseed widening premium over soyabeans**
  - On Wednesday, Paris rapeseed futures set a record high closing (in euro terms) at €698.25/mt. The price has since dropped slightly, to close yesterday at €686.25/mt.
  - The Nov-21 contract traded as high as €700.00/mt on Wednesday, matching the highest trade set on the 30th of April 2021 by the May-21 contract.
  - Similar to last April, the nearby prices have been squeezed by short-coverings before contract expiry.
  - These high futures values have support domestic prices too, which poses opportunities for domestic growers with 2021 crop left to sell. Last Friday, rapeseed (15 October) delivered (into Erith, Nov-21) was quoted at £567.50/mt.
  - However, despite all this recent support in rapeseed markets, global soyabees prices have slowly been drifting downwards.

**ICE Canadian Canola Futures**

After making new contract highs on Thursday and touching C$953.50, ICE November 2021 Canola Futures settled on Friday at C$929.70/mt, off C$7.70 on the day, but gaining C$14.20 for the week. C$953.50

We knew global canola/rapeseed supplies were going to be tight this 2021/22 marketing year as drought across the Canadian Prairies has had a significant impact on Canadian canola production. However, the recent record high rapeseed prices are somewhat unexpected as soyabean prices have been dropping with a bearish fundamental outlook and a forecasted larger Brazilian crop. Nearby Chicago soyabean prices have dropped 11.3% since the start of August 2021. Over the same period (1 Aug – 21 Oct) nearby Paris rapeseed futures have gained 29.9%.

Values for canola/rapeseed are being supported by record high vegetable oil values. Canola / rapeseed id 40% - 45% oil, while soybeans are only 18% to 20% oil. With the relative value of vegetable oil over meal continuing to widen, we could see rapeseed’s price gap over soyabees widen even further.

There is 5.0 mmts of Australian canola coming to market at the moment, and this production is 11.3% greater than last year’s production of 4.5 mmts. While this could temper prices as the crop comes to market, fundamentally the rapeseed picture is still tight. Although this is a very large Australian crop, it’s not enough to balance the global supply and demand fundamentals. Global ending stocks are expected to drop to as low as 6% of annual demand in 2021/22 (USDA).
U.S. Canola Crop Production

The most recent USDA, NASS Crop Production report also includes the first survey-based canola production forecast for the 2021/22 marketing year. This report indicates 328,000 more acres of canola were planted than in 2020/21, totaling 2.152 million acres. However, the majority of U.S. canola is produced in the north-central region of North Dakota, just below the major Canadian canola producing provinces of Saskatchewan and Manitoba. Much like these provinces, weather conditions have been unfavorable for canola producers in North Dakota. Consequently, yields are expected to be 42% smaller than in 2020/21, settling at 1,119 lbs/acre. In addition to North Dakota, Kansas, Montana, and Washington have seen smaller yields while output in Minnesota is nearly 41% higher than last year. Ultimately, this means the U.S. can expect a reduction in canola production of 1.1 billion pounds from 2020/21, totaling 2.152 million acres.

Along with an expected y/o/y decrease in imports of nearly 100 million pounds to 882 million pounds, total canola supply for 2021/22 is expected to decrease by 25% to 3.371 billion pounds. This supply decrease limits the amount of canola available to be crushed in the U.S. to 3.22 billion pounds.

The U.S. is not the only canola producing country experiencing record-low canola production. In fact, canola production estimates in Canada, the world’s largest canola producer, have been lowered from previous forecasts. Specifically, USDA estimates 2021/22 Canadian canola yield will decline to 1.48 mts/ha from last month’s estimate of 1.59 mts/ha, resulting in a 33% y/o/y decrease in total production to 13 mmts. With lower production, crush is reduced by 555 million pounds and results in lower domestic use of canola meal and oil.

Australia exports 151,763t canola in August

**Australia's June, July and August 2021 canola exports**, Source: ABS

<table>
<thead>
<tr>
<th>CANOLA</th>
<th>June</th>
<th>July</th>
<th>August</th>
<th>Tonnes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>2,207</td>
<td>210</td>
<td>210</td>
<td>2,627</td>
</tr>
<tr>
<td>Belgium</td>
<td>24,878</td>
<td>0</td>
<td>0</td>
<td>24,878</td>
</tr>
<tr>
<td>France</td>
<td>25,000</td>
<td>0</td>
<td>0</td>
<td>25,000</td>
</tr>
<tr>
<td>Germany</td>
<td>63,316</td>
<td>0</td>
<td>0</td>
<td>63,316</td>
</tr>
<tr>
<td>Japan</td>
<td>1,200</td>
<td>39,404</td>
<td>85,824</td>
<td>12,6428</td>
</tr>
<tr>
<td>Malaysia</td>
<td>6,787</td>
<td>3,933</td>
<td>53,52</td>
<td>16,072</td>
</tr>
<tr>
<td>Nepal</td>
<td>15,284</td>
<td>13,918</td>
<td>15,377</td>
<td>44,579</td>
</tr>
<tr>
<td>New Zealand</td>
<td>1,500</td>
<td>492</td>
<td>0</td>
<td>1,992</td>
</tr>
<tr>
<td>Pakistan</td>
<td>49,500</td>
<td>125</td>
<td>0</td>
<td>49,625</td>
</tr>
<tr>
<td>South Korea</td>
<td>222</td>
<td>244</td>
<td>0</td>
<td>466</td>
</tr>
<tr>
<td>UAE</td>
<td>0</td>
<td>51,194</td>
<td>45,000</td>
<td>96,194</td>
</tr>
<tr>
<td>TOTAL</td>
<td>189,894</td>
<td>109,520</td>
<td>151,763</td>
<td>451,176</td>
</tr>
</tbody>
</table>

18 Oct 2021 Liz Wells – Australia exported 151,763 mts of canola in August, up 39% from 109,520 mts shipped in July, according to the latest data from the Australian Bureau of Statistics (ABS). Japan on 85,824 mts was Australia's biggest market, followed by the United Arab Emirates on 45,000 mts and Nepal on 15,377 mts. Australia's August 2021 canola export figures are well up from the 1636t shipping in August 2020, a tiny figure which reflects the rundown on stocks from an export year heavily impacted by drought in New South Wales.

This year Australia is on track to produce 5 mmts of canola, with the first cargo of new crop due to load in Western Australia late this month. Exporters of Australian canola are seeing heady demand for new-crop cargoes as global markets look to fill deficits caused by the Canadian drought, which has reduced Canada’s export surplus considerably.

Japan is a loyal and long-term buyer of Australian canola, but Canada has traditionally been the major supplier to this market which annually imports around 2.4 mmts. Australia's share of Japan business dropped to around 2% because of the NSW drought, but is expected to rebound strongly this year to exceed the normal 5% to 10% market share as Canada battles to fill its orders globally.
**SUNFLOWERS**

- **U.S. Sunflower Crop Production**

  14 Oct 2021 USDA ERS - With 88,800 less acres harvested than anticipated, USDA, NASS reports 2021/22 U.S. sunflower seed production to be 1.9 billion pounds, 36% lower than 2020/21 production.

  Mainly due to poor weather conditions, the largest decreases are expected in states that have historically accounted for nearly 75% of sunflower seed production: North Dakota and South Dakota. Moreover, sown acreage for these top two producing States decreased this year by 33% and 16%, respectively.

  Drought conditions diminished U.S. average expected yield from 2020/21 by 236 lbs/acre to 1,554 lbs/acre. Per the October 12th Crop Progress report released by USDA, NASS, 19% of sunflower seed crops had been harvested.

  September 1st sunflower seed stocks are reported at 388 million pounds in the most recent USDA, NASS Grain Stocks report, up 100% from last year. Of this total, 298 million pounds are oil type sunflower seed and 90 million pounds are non-oil sunflower stocks. Even still, overall supplies are down 904 million pounds from last year to 2.65 billion pounds.

  This supply decrease facilitates an increase in the USDA season-average price forecast to $30.10 per hundredweight from $21.30 in 2020/21.

**VEGETABLE OILS**

- **CME Soybean Oil**

  Soybean oil futures were 49 to 53 points in the red at the bell on Friday. **CME December 2021 Soybean Oil Futures** settled on Friday at $62.09 61.26/cwt, off $0.49 on the day, but gaining $0.83 for the week.

  Note the sharp jump in Chinese SBO and Palm oil prices overnight on Thursday morning. Growth in China's vegetable oil consumption is pegged at +4% / 1.7 mmts, this year but if soybean crush is running 15% or so behind last year. For the products, CFTC reported soybean oil specs were 9,227 contracts more net long on net new buying to 82,211 contracts. That left the group the most net long since June.

  **China's soyoil hit near 10-year high, crush margins swing back to profit**

  The most actively traded soybean oil futures on Dalian Commodity Exchange has climbed 30% since mid-June to hit 10,278 yuan ($1,606.09)/mt on Thursday, highest since October, 2012, before edging down on Friday.

  Soyoil's rally has helped soybean crush margins in China's top soy processing hub Shandong rise to their strongest since March, and fully recover from their plunge to record lows in June due to weakening soymeal demand from loss-making hog producers.
“Soybean crushing margins are recovering mainly thanks to the rising soybean oil prices,” said Teng Hao, agriculture analyst with Chinese commodity consultancy Mysteel. “While pig prices fluctuate around low levels, demand for soymeal is not very good. Crushers would try to ensure profits from soyoil.”

Crushers buy soybeans to crush into soybean meal to feed livestock and soyoil for cooking, with the ratio of the two products at roughly 80:20. Crushers in Shandong province, a key processing hub in northern China, now make around 150 yuan with each tonne of soybean crushed, up from record losses of 650 yuan in June.

A collapse in hog production margins to record lows in 2021 due to massive volumes of heavy pigs being sent to slaughter has stifled demand for soymeal, however, and resulted in a drop in China’s demand for soybeans in recent months.

**Flying Oil** - China’s soybean oil rally has been driven by both domestic and international markets, analysts and traders said. “The (Chinese) market is expecting a peak demand season for oils as it gets cold. On the supplies end, crushers cut operations on power curbs in many areas, which directly pushed up prices,” said Teng, the analyst.

Crushers in parts of northern China were forced to shut down following government orders to curb electricity use amid an unprecedented nationwide power crunch.

“Soybean oil inventories are low at crushing plants in general, and we should have (soyoil) shortage through second half of the year,” said a manager with a crusher that has plants across China.

Weekly soybean oil inventories by October 15th were at 933,800 mts, down 0.5% from last month, and down 14.5% from a year earlier, according to Mysteel data.

Malaysian palm oil futures and Zhengzhou rapeseed oil futures have also scaled multi-year or record highs recently, and are expected to remain well supported going forward by a mix of production issues and rising global use.

**Recovering Margins** - With soybean imports expected to stay muted through October and November, China’s soyoil inventories are expected to stay tight and lend support to crush margins.

"Profit from soybean oil is so good at the moment, I think crushers all want to produce and sell as much soyoil as possible," said the crushing plant manager. "But that means soybean meal stocks are building up on the other hand," he said about the unavoidable rise in soymeal supplies during the soybean production process.

Pig producers in top producer Sichuan currently lose around 84 yuan from each pig raised. China’s agriculture ministry said pig prices could fall further next year if production is not substantially reduced.
The deadline for these volumes has since been extended to the 31st of January 2022 from a previous deadline of the 31st of October 2021.

In the same release, the SEA reported that India’s exports of rapeseed meal fell by 0.5% to 63,058 mts between August and September. However, export volumes for the 6 months to September 30 reached 605,355 mts, a year-on-year decline of 4% with volumes underpinned by healthy shipments to Bangladesh (38,502 mts), Thailand (7,769 mts), Vietnam (6,712 mts) and Taiwan (3,771 mts).

**CME CBOT Soybean Meal**

CME December 2021 Soybean Meal Futures settled on Friday at $327.4316/short ton, up $3.40/ton on the day, and gaining $10.80/ton for the week. Soybean meal futures went into the weekend with $1.80 to $3.40 gains, which for December completed the week with a $10.30 gain.

For the products, CFTC reported managed money firms at 32,159 contracts net short on the 19th of October. That is 8,165 contracts less net short from the week prior on short covering.

Meal basis continues to firm helping support futures and has turned the SMZ/SMF spread from a carry to and inverse of $2.00 and the SMF/SMH spread settled at even money today.

**Soybean Meal Prices Under Pressure**

GHA: While soybean oil can be stored and carried for a good length of time, soybean meal can not and has a limited “shelf-life” before quality deteriorates. As such, when the “crush” is being driven by oil, as it is at the moment, meal values must reach a level that will “clear” the inventories in a reasonably short period of time. This would imply meal will increasingly price into the feed rations as energy, and not only for its protein value.

**U.S. Export Soybean Meal Values – Thursday 21st October 2021**

U.S., FOB Gulf - $403.50/mt
Brazil, FOB Paranagua, $387.50/mt

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

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<thead>
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<tr>
<td>MAR</td>
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**USDA, CIF New Orleans**

Argentina, FOB Upriver, $387.00/mt

14 Oct 2021 USDA ERS - Despite a strong start to the 2020/21 soybean meal marketing year, meal exports waned over the summer even though prices fell.
As U.S. prices continue to decline, the potential for U.S. soybean meal exports capturing market share of world exports for 2021/22 improves. Slow growth in domestic feed demand puts pressure on soybean meal prices. Annual commercial red meat and poultry production forecasts remain relatively unchanged from 2020 to 2021 and dropped slightly for 2021 to 2022.

However, with declining availability of alternative protein meal sources (canola and sun meal), increased domestic use of soybean meal is expected. Soybean oil prices are expected to remain relatively high due to strong biofuel production. An expectation of expanded crush to meet burgeoning soybean oil demand looks to place pressure on soybean meal prices during the forthcoming 2021/22 marketing year.

**OTHER MARKETS & RELATED NEWS**

**COTTON**

- **CME Cotton – Continuous Chart**

[CME Cotton Chart]

CME December 2021 Cotton Futures settled on Friday at $1.08.26/bale, up $2.12/bale on the day, and gaining $9.30/balen for the week.

GHA – The reasons for the rally ICE cotton futures to ten year highs can be highlight by the tightness in U.S. ending stocks and the subsequent seasonal “Stock vs Use” ratios shown in the following U.S. Cotton Balance Sheet; below. This same level of tightness does not show in the previous World Cotton Balance Sheet; below.

**USDA ERS – World Cotton**

<table>
<thead>
<tr>
<th>Attribute</th>
<th>21/22 Oct ‘21</th>
<th>Change</th>
<th>21/22 Sep ‘21</th>
<th>20/21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area Harvested (1000 HA)</td>
<td>52,554</td>
<td>-300(-0.91%)</td>
<td>52,854</td>
<td>31,411</td>
</tr>
<tr>
<td>Beginning Stocks (1000 480 Bales)</td>
<td>90,295</td>
<td>-1007(-1.13%)</td>
<td>91,302</td>
<td>97,851</td>
</tr>
<tr>
<td>Production (1000 480 Bales)</td>
<td>120,280</td>
<td>+659(+5.51%)</td>
<td>119,685</td>
<td>112,162</td>
</tr>
<tr>
<td>Imports (1000 480 Bales)</td>
<td>46,445</td>
<td>-314(-6.7%)</td>
<td>46,759</td>
<td>48,955</td>
</tr>
<tr>
<td>Total Supply (1000 480 Bales)</td>
<td>257,020</td>
<td>-626(-24.4%)</td>
<td>257,646</td>
<td>258,768</td>
</tr>
<tr>
<td>Exports (1000 480 Bales)</td>
<td>46,425</td>
<td>-335(-7.2%)</td>
<td>46,760</td>
<td>48,494</td>
</tr>
<tr>
<td>Use (1000 480 Bales)</td>
<td>123,401</td>
<td>-73(-0.51%)</td>
<td>124,135</td>
<td>119,928</td>
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<tr>
<td>Loss (1000 480 Bales)</td>
<td>64</td>
<td>+3(+4.8%)</td>
<td>67</td>
<td>51</td>
</tr>
<tr>
<td>Total Domestic (1000 480 Bales)</td>
<td>123,465</td>
<td>-73(-0.59%)</td>
<td>124,202</td>
<td>119,979</td>
</tr>
<tr>
<td>Ending Stocks (1000 480 Bales)</td>
<td>87,130</td>
<td>+446(+51%)</td>
<td>86,684</td>
<td>90,295</td>
</tr>
<tr>
<td>Total Distribution (1000 480 Bales)</td>
<td>245,050</td>
<td>-626(-24.4%)</td>
<td>255,766</td>
<td>254,768</td>
</tr>
<tr>
<td>Stock to Use % (PERCENT)</td>
<td>51.31</td>
<td>-1(-1.16%)</td>
<td>50.72</td>
<td>51.61</td>
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<td>Yield (KG/HA)</td>
<td>804</td>
<td>-11(-1.39%)</td>
<td>793</td>
<td>777</td>
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</table>


GHA – The textile industry is experiencing a paradigm shift across the industry as manufacturing and supply chains are exiting China for more attractive domiciles. These countries include India, Pakistan, Bangladesh, and Turkey. Along with a number of Latin America countries. For a good number of years China has not longer been the lowest cost source of labor. Technology and increased automation have compensated for much of this change. However, shifting the location of this type of industry is not an easy transition as the textile sector is a vertically integrated and concentrated industry commencing with first stage processing of the primary inputs, extending into spinning, weaving, cutting, and manufacturing of the final products. Cotton is not the only sector experience this shift in supply chains. Through this relocation we can expect to see supply chain disruptions as related shifts trade flows of both inputs and outputs are implemented.
China and India Lead 2021/22 Global Cotton Mill Use Increase

Leading global cotton consumers

14 Oct 2021 USDA ERS - The latest USDA estimates indicate that world cotton mill use in 2021/22 (August–July) is projected at 123.4 million bales, 3% above 2020/21. China and India lead the way, accounting for a combined 53% of the total. In addition, gains are seen for Pakistan, Bangladesh, Turkey, and others.

Global cotton production is forecast at 120.3 million bales in 2021/22, 7% above the year before, as a rebound in harvested area and a forecast record yield combine for the higher output.

World cotton trade is projected at 46.4 million bales this season, second to 2020/21’s record and supportive of the higher mill use estimate.

Global cotton mill use remains forecast above production, reducing 2021/22 ending stocks to 87.1 million bales, the lowest in 3 years. Likewise, the world stocks-to-use ratio is expected at its lowest since 2018/19, strengthening world cotton prices to levels not seen in a decade.

TRANSPORTATION

Baltic Dry Freight Index - Daily = 4653 –553 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

Baltic index extends fall as capesizes falter

22 Oct 2021 Reuters –The Baltic Exchange’s dry bulk sea freight index registered its worst day in nine months on Friday, as capesize rates faltered.

- The overall index, which factors in rates for capesize, panamax, supramax and handysize vessels, fell 243 points, or 5.2%, to 4,410. The index logged a weekly loss of 9.1%.
- The capesize index fell 713 points, or 10.3% - biggest since Jan. 27 - to 6,205. The index recorded a weekly loss of 20.1%.
- Average daily earnings for capesizes, which transport 150,000-tonne cargoes such as iron ore and coal, fell $5,911 to $51,463.
- Chinese ferrous futures plunged on Friday, with steel and steelmaking ingredients all logging major weekly declines as Beijing beefed up efforts to control rising coal prices.
- The panamax index added 23 points, or 0.5%, to 4,327, its highest in over 11 years. The index was up 6.4% for the week.
- Average daily earnings for panamaxes, which ferry 60,000-70,000 tonne coal or grain cargoes, increased by $208 to $38,945.
- The supramax index fell 40 points to 3,584, snapping a winning streak of 13 sessions.

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

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

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

The weekly freight index is calculated as an average of the five business days from the same week and published each Friday. Source: https://fbx.freightos.com/

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

Source: https://fbx.freightos.com/
Source: https://www.hellenicshippingnews.com/container-xchange-monthly-container-logistics-update/

**LOGISTICS**

**Ocean freight market eases briefly**

21 Oct 2021 Will Waters, Lloyd’s Loading List - Asia-US spot rates went unchanged this week, staying 16% below their September peak, Freightos reports, with anecdotal reports that some shipments can be booked as little as one week in advance without paying a premium. But it expects the lull to be short-lived ahead of early bookings for Lunar New Year.

A slight easing in major global ocean freight markets and prices since China’s early October Golden Week holiday has continued this week, especially on the transpacific, with prices stable on the main trades, including ex-Asia, according to the latest figures from Freightos and Drewry.

But despite easing rates with anecdotal reports that some shipments can be booked as little as one week in advance without paying a premium, the lull is likely to be short-
Judah Levine, head of research at Freightos, noted that despite continued delays at the ports of LA and Long Beach, skepticism that the White House push to keep truck gates open 24/7 will drive improvement in the near term, and congestion spreading to other ports, “there are indications that Asia-US ocean demand is easing, at least a little”.

In addition to Asia-US West Coast rates going unchanged this week and remaining 16% lower than their mid-September peak, he said logistics providers on the Freightos.com marketplace “are seeing other signs of a let up”.

**Fewer booking premiums** - For example, Robert Khachatryan, CEO of the company Freight Right, reports that for the first time since June some transpac space can not only be booked without premium guarantees, but also is “available as little as one week in advance.” Khachatryan attributes part of the dip to the delays, with shippers still waiting for containers en route holding off or cancelling any additional shipments.

And according to Miranda Qin of Seabay Logistics, another forwarder available on freightos.com, both suppliers and importers say that supply constraints from the recent energy shortages in China – driven by rising coal costs and efforts to reduce emissions, which are expected to continue until the spring – are also contributing to a dip in demand, Levine highlighted.

But he said there had been “no comparable rates dip on the Asia-Europe lane, where importers are equally exposed to production slowdowns in China and are also dealing with port congestion challenges. So, the easing on the transpacific – with longer transit times and delays than to Europe and 25 December rapidly approaching – likely also indicates a let up in the underlying holiday-driven demand.”

Levine continued: “If this is the start of a minor lull, it is likely to be short-lived. Just as retailers pulled peak season orders earlier than usual to account for delays, so too the other ocean freight peak around Lunar New Year (which begins 1 February 1st) is likely to start early.”

**Air cargo rates extremely elevated** - In the meantime, ocean delays are helping to keep air cargo rates extremely elevated. The Freightos Air Index (FAX) composite global index is at $6.80/kg, 22% higher than at the start of the year, with Asia-US West Coast rates at $12.70/kg, a 40% climb since the end of August.

Drewry’s latest World Container Index report today indicated that the composite index of the e-eight east-west major trade lanes measured combined, decreased 0.4% this week, but at $9,865.14 per 40ft container it remains 281% higher than a year ago. The average composite index of the WCI, assessed by Drewry for year-to-date, is $7,191 per 40ft container, which is $4,661 higher than the five-year average of $2,530 per 40ft container.

Freight rates on New York – Rotterdam gained 3% or $35 to reach $1,189 and rates from Los Angeles – Shanghai grew 1% to reach $1,315 per 40ft box.

But otherwise, spot prices were flat or slightly declined. Rates on Shanghai to New York, Rotterdam to New York, Rotterdam to Shanghai and Shanghai to Genoa declined 1% respectively per 40ft container. Rates on Shanghai- Rotterdam and Shanghai-Los Angeles hovered around the previous week’s level.

Drewry expects rates to remain steady in the coming week.

**Dips in demand** - Freight forwarder Flexport’s latest Ocean Freight Market Update this week noted that the Asia to North America trade saw premium and extra loader market prices soften “due to dips in demand for the most expensive space on TPEB”.

Flexport added: “Whether rates will continue to flatten, further reduce, or even increase remains unclear. Carriers have indicated that the demand outlook remains strong through the end of the year. This is in line with projections by economists, indicating strong forecasts until inventories replenish. Congestion is expected to remain severe.”

It noted that carriers had “extended or even reduced rates as of 2H (second half of) October”, but highlighted that “rate levels remain elevated”, while space and availability of containers remained “critical”, with “severe undercapacity”, recommending that customers “continue to book well in advance – at least 4 to 6 weeks from CRD (cargo ready date) to target ETD for best chance of hitting timelines.”

For Asia to Europe (FEWB), “space and equipment crunches continue. Market demand is consistently exceeding supply, and rates have been very high for a long period”, Flexport said.

It noted that the overall space situation was still being worsened by blank sailings and poor equipment availability, noting: “Carriers are overcommitted and are limiting booking acceptance or rolling shipments. Continuous vessel delays and shifts, schedule reliability is very low. Power shortages are affecting factory production up to a certain extent and causing more changes in shipping plans.

“Rates remain at a record high level, but have been reasonably stable throughout October. Most carriers have extended their premium rates.”

**US terminal congestion** - On Europe to North America (TAWB), Flexport noted that “terminal congestion along the US East Coast is now impacting vessel schedules with some lines cancelling Savannah calls and replacing them with Charleston or Jacksonville. Congestion at LAX/LGB is also causing lines to now omit both ports and impacting schedules.”

On TAWB pricing, Flexport said GRI rate rises for 1 October had been implemented, predicting “rates will stay strong for all Q4 2021”.

And for Indian Subcontinent to North America, Flexport said forward-looking rates being softened, although “strong demand, equipment deficits, and port omissions continue to challenge the Indian Subcontinent”. But rates had softened, with no expected increases through end of October.

**GOVERNMENT**

- **Venezuela: Government agreement to consolidate soybean production**
  
  19 Oct 2021 - The Bolivarian Government of Venezuela signed an agreement for the production of soy between the government of the Monagas state and the Association
Biofuel investment should occur in California despite some opposition

19 Oct 2021 Reuters - California's biofuel projects are important for the state to achieve its decarbonization goals despite "tremendous pushback" in some instances, a top state environmental regulator said on Tuesday.

California's Low Carbon Fuel Standard program incentivizes energy companies to seek out new feedstocks that would lower the carbon intensity of fuels like diesel, jet fuel and gasoline. Refiners are trying to take advantage of the standard by selling more lower-emission products, currently a small part of overall fuel sales. Oil refiners Marathon Petroleum and Phillips 66 are converting their Bay Area refineries to run on feedstocks such as vegetable oils and animal fats.

"The worst outcome is those investments don't occur in the state," said Richard Corey, executive officer at the California Air Resources Board, at Argus' LCFS and Carbon Markets Summit in Napa, California.

Last year California Governor Gavin Newsom called on the state to expedite regulatory processes to repurpose and downstream oil production facilities such as refineries and to phase out the sale of internal combustion engines by 2030.

Some projects, which are currently undergoing environmental reviews by state and local agencies, have come under opposition from some people that "don't want any fuel," Corey said, without elaborating.

Environmental advocates have demanded that regulators consider the effects of the proposed biofuels projects on water, air quality and food prices, and have warned that the increased use of hydrogen in refining fats and oils might cause more flaring.

California is the largest consumer of both jet fuel and motor gasoline, according to data from the Energy Information Administration.

Last week, California's Contra Costa County released environmental impact reports for the projects from oil refiners Marathon Petroleum and Phillips 66.

The state welcomes the creative energy of some refiners exploring options to produce biofuels such as renewable diesel and sustainable aviation fuels, Corey said.

"Aviation ... is going to be using liquid fuels for a very long time," he said.

International Crop & Weather Highlights

- **USDA/WAOB Joint Agricultural Weather Facility – 16th October 2021**

**Europe** – Heavy Rain In Greece And The Balkans
- A prolonged period of heavy to excessive rainfall adversely impacted unharvested cotton in Greece.
- Moderate to heavy rain boosted moisture reserves for winter crops in the Balkans and alleviated lingering dryness concerns in the lower Danube River Valley.
- Dry weather over western, central, and northern Europe favored fieldwork, though showers were noted in Germany and along the Baltic and North Sea Coasts.

**Western FSU** – Showers Returned To Central Ukraine
- Showers in central Ukraine slowed corn and soybean harvesting, while dry weather elsewhere favored a rapid pace of summer crop harvesting.

**Middle East** – Heavy Rain In Western Turkey, Mostly Dry Elsewhere
- Heavy rain in western Turkey was untimely for unharvested cotton in the Aegean Region.
- Seasonably dry conditions prevailed from Syria into Iran, where rain typically returns by late October.

**South Asia** – Monsoon Withdrawal
- Monsoon showers continued to withdraw from India at a near-normal pace, ushering in drier conditions and aiding early-season kharif cotton and rice harvesting in the north.

**East Asia** – Mostly Dry As Winter Crop Sowing Continued
- Occasional showers in southern China provided additional moisture for recently sown rapeseed, while drier weather on the North China Plain aided wheat sowing.

**Southeast Asia** – Typhoon Kompasu
- Typhoon Kompasu skimmed the northern Philippines and made landfall in northern Vietnam, producing downpours and unfavorable wetness for mature rice in both countries.
Australia – Wet Weather
- In the west and south, scattered showers benefited filling winter crops.
- In the east, more widespread and heavier rain kept recently sown summer crops well watered and likely triggered additional planting but slowed drydown and harvesting of maturing wheat in the north.

South America – More Expansive Rain Benefited Brazilian Soybeans
- Widespread showers benefited emerging soybeans in central and southern Brazil.
- Rain provided timely moisture for immature winter grains and emerging summer crops in previously dry sections of central Argentina.

Mexico – Drier conditions prevailed in southern Mexico; Hurricane rain farther north
- Seasonably drier weather prevailed across central and southeastern Mexico, spurring late-season growth of corn and other maturing summer crops.
- Hurricane Pamela brought locally heavy rain to the Pacific Coast, causing localized flooding but providing a late-season boost to reservoir levels.

South Africa – Warm, Sunny Weather Dominated The Region
- Following recent rain, planting was likely underway in eastern sections of the corn belt.

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

Agricultural Weather Highlights – Friday, 22nd October 2021

In the West, the latest round of stormy weather is moving ashore across northern California and the Pacific Northwest. On northern California hillsides destabilized by recent large wildfires, flash flooding and debris flows are a threat. However, the precipitation is also helping to replenish topsoil moisture, which on October 17 was rated (by USDA/NASS) 87% very short to short in Washington, along with 75% in California and 69% in Oregon.

On the Plains, frost was noted early today as far south as scattered locations in northern Kansas and eastern Colorado. Meanwhile, dry weather and above-normal temperatures are promoting summer crop maturation and harvesting on the southern Plains, where today’s high temperatures should reach or exceed 80°F in much of Texas and parts of Oklahoma.

In the Corn Belt, frost and freezes were reported this morning generally along and northwest of a line from southeastern Nebraska to southern Wisconsin. Upper Midwestern freezes are normal this time of year; many locations experienced an extended growing season that only ended in the last day or two. Meanwhile, the growing season continues across the southern and eastern Corn Belt, despite a turn toward cooler (but more typical) weather.

In the South, lingering warmth from the western Gulf Coast region to the southern Atlantic Coast favors summer crop maturation and harvesting. Isolated showers across the lower Southeast are causing only fleeting fieldwork delays. Meanwhile, some cooler air has overspread the interior Southeast (e.g. Tennessee Valley), where today’s high temperatures will generally range from 60 to 75°F.

Outlook: The next several days will feature unsettled weather across the northern two-thirds of the western U.S., with the most intense storminess moving across northern California during the weekend and early next week. Five-day precipitation totals could exceed 10 inches in parts of the Sierra Nevada and should total 4 to 8 inches in a broader area covering much of northern California and the Pacific Northwest. In contrast, mostly dry weather will prevail during the next 5 days from southern California to the southern High Plains. Farther east, however, a significant rainfall event may unfold during the weekend and early next week from the mid-South and Midwest to the mid-Atlantic Coast, with event totals reaching 1 to 3 inches or more in some locations.

Generally mild weather will prevail in many parts of the country, with the growing season expected to continue at least into next week across the southeastern half of the Corn Belt.

The NWS 6- to 10-day outlook for October 27 – 31 calls for the likelihood of warmer-than-normal weather nationwide, except for near- or below-normal temperatures in the Northwest. Meanwhile, wetter-than-normal conditions in the East should contrast with near- or below-normal precipitation in all areas west of the Mississippi River, except the Northwest.

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

References

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
**Marketing Years (MY)**

MY refers to the 12-month period at the onset of the main harvest, when the crop is marketed (i.e., consumed, traded, or stored). The year first listed begins a country's MY for that commodity (2021/22 starts in 2021); except for summer grains in certain Southern Hemisphere countries and for rice in selected countries, where the second year begins the MY (2021/22 starts in 2022). Key exporter MY's are:

<table>
<thead>
<tr>
<th>Wheat</th>
<th>Corn</th>
<th>Barley</th>
<th>Sorghum</th>
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<tbody>
<tr>
<td>Argentina (Dec/Nov)</td>
<td>Argentina (Mar/Feb)</td>
<td>Australia (Nov/Oct)</td>
<td>Argentina (Mar/Feb)</td>
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<tr>
<td>Australia (Oct/Sept)</td>
<td>Brazil (Mar/Feb)</td>
<td>Canada (Aug/Jul)</td>
<td>Australia (Mar/Feb)</td>
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<td>South Africa (May/Apr)</td>
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<td>United States (Jun/May)</td>
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For a complete list of local marketing years, please see the FAS website ([https://apps.fas.usda.gov/psdonline/](https://apps.fas.usda.gov/psdonline/)): go to Reports, Reference Data, and then Data Availability.
October Crop Calendar

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

**United States**
- Soybeans, Sunflower, Cotton, Millet, Rice, Corn, Sorghum & Groundnuts: Harvesting
- Winter Wheat & Rapeseed: Vegetative

**Europe**
- Corn, Soybeans, Sunflower, Sorghum & Cotton: Harvesting
- Winter Wheat & Rapeseed: Planting

**FSU**
- Cotton (Central Asia), Corn & Sunflower: Filling
- Winter Wheat & Rapeseed: Vegetative

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

**North Africa & Egypt**
- Rice & Cotton (Egypt): Harvesting

**West Africa**
- Sahel: Corn, Sorghum, Cotton & Groundnuts: Maturing
- Nigeria: Soybeans: Harvesting
- Mali: Rice (irrigated): Harvesting
- Coastal: Rice, Corn & Sorghum: Harvesting

**Turkey, Middle East & Afghanistan**
- Cotton, Rice & Corn (Turkey): Harvesting
- Wheat (Highlands): Planting

**South Asia (India)**
- Cotton (South): Boll Formation
- Corn, Sorghum, Rice, Rice, Millet, Groundnuts & Sunflower: Harvesting

**Southeast Asia**
- Rice and Corn: Harvesting

**Brazil**
- South: Wheat: Harvesting
- Corn & Soybeans: Vegetative

**Center West**
- Soybeans: Planting

**Argentina**
- Wheat: Heading*-Filling
- Early Corn: Vegetative
- Late Corn: Planting
- Cotton: Planting
- 1st Soybeans: Planting

**Southern Africa**
- Wheat (Free State & Western Cape): Filling-Harvesting
- Corn & Cotton: Planting

**East Africa**
- Sudan: Sorghum/Millet: Harvesting
- Ethiopia: Wheat, Rapeseed, Corn, Millet & Sorghum (Meher): Harvesting
- Kenya: Corn (Minor): Planting
- S Sudan/Uganda: Sorghum/Millet: Harvesting

**Australia**
- Wheat & Rapeseed: Filling
- Cotton, Corn & Groundnuts: Planting

*Crop stage sensitive to moisture and temperature stresses.

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

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