Notes and Observations in International Commodity Markets

5th November 2021
by Guy H. Allen – Senior Economist, International Grains Program, Kansas State University

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

Find me on Twitter @igpguy1

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

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

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

Contents

- U.S. Frozen turkey inventories 24% below 3-year average as consumers gobble up supplies .................................................. 2
- Pricey corn, soy to lift 2021 U.S. ag trade with China to new highs .................................................. 3

US DOLLAR & FOREIGN EXCHANGE

- US Dollar Index - Retreats From A 13-Month High, T-Note Yields Tumble .................. 3
- Are Historically High Shipping Rates Causing Consumer Price Inflation? .......................... 4

ENERGY

- CME WTI Crude Oil - Rallies Sharply On Energy Demand Optimism ...................... 5
- Rabobank: Biofuels outlook not promising .................................................. 6

WHEAT

- Australia Harvest underway ........................................................................ 6
- CME CBOT Wheat Futures ........................................................................ 7
- U.S. Export SRW Wheat Values – Friday 29th October 2021 ...................... 8
- CME KC HRW Wheat Futures ...................................................................... 8
- U.S. Export HRW Wheat Values – Friday 5th November 2021 ................. 9
- MGE HRS Wheat Futures ........................................................................ 9
- Durum prices continue to hold strong, steady ........................................... 9

COARSE GRAINS

- EU feed output forecast to decline slightly ............................................. 10
- Ukraine Grain Exports total 5 mmt in October ......................................... 10

CORN

- South Africa expecting another big corn crop ........................................ 11
- CME CBOT Corn Futures ....................................................................... 11
- U.S. Export Corn Values – Friday 5th November 2021 ......................... 11

BARLEY

- Statistics Canada's September Export Statistics - Barley .............................. 12

GRAIN SORGHUM

- U.S. Export Grain Sorghum Values – Friday 5th November 2021 .......... 13

OATS

- CME CBOT oat futures ......................................................................... 14
- Statistics Canada's September Export Statistics - Oats ........................................... 14
- U.S. oat prices soar as supply dips due to drought, demand ..................... 14

ETHANOL

- CME Ethanol Futures Nearby Continuous ........................................... 15
- U.S. Export Ethanol Values – Friday 5th November 2021 ...................... 15
- Global Sales Of U.S. Ethanol And DDGS Moderated In September .......... 16
- Rising Ethanol Demand Will Reduce US Corn Ending Stocks ...................... 16
- DDG's – Prices steady for the week .................................................. 17

OILSEEDS COMPLEX

- USDA attaché sees China 2021/22 soybean imports at 101 mmt ................ 18
- Chinese soybean imports to rise despite pullback in hog herd ............... 18

SOYBEANS

- Brazil's 2021/22 soybean planting reaches 52% of area .......................... 19
- Brazil's soybeans exports to reach 1.9m mt in November: Anec ............... 19
- Argentine soybean growing conditions a cause for concern ................. 19
- CME CBOT Soybeans Futures .............................................................. 19
- U.S. Export Soy Values – Thursday 4th November 2021 ...................... 20
- Brazil's soybeans in rare switch as prices undercut US in Dec ................. 20

CANOLA / RAPESEED

- ICE Canadian Canola Futures ................................................................ 21
- Statistics Canada's September Export Statistics – Canola ................. 21

VEGETABLE OILS

- Strong profit margins spark wave of US crushing investments ............. 22
- CME Soybean Oil ................................................................................ 23
- Egypt's GASC buys 15k mt of sunoil at tender, ignores soyoil ................. 23
- Russia: soybean &d balance shifting in favor of domestic crush .............. 23
- CME Palm Oil Swaps ......................................................................... 24
- Malaysia end-Oct palm oil stocks seen higher as exports plunge .......... 25
- Sunflower oil set to be the major growth driver for India's imports .......... 25
- India's edible oil producers' body urges members to cut prices ............. 25
- India's wholesale vegoil prices fall as trade group supports cuts ....... 24

PLANT PROTEIN MEALS

- CME CBOT Soybean Meal .................................................................... 25
- U.S. Export Soybean Meal Values – Thursday 4th November 2021 .... 26
- Brazil's soymeal exports to fall 20% in Nov. as crush slows down ........... 26

COTTON

- Brazil's 2021/22 soybean planting reaches 52% of area .......................... 19

OTHER MARKETS & RELATED NEWS

- France tightens bird flu measures as virus spreads in Europe .............. 27
- Loftly Chicken Margins Will Impact Supplies and Prices ....................... 27

TRANSPORTATION

- Dry Bulk Market On a Steep Slowdown as Demand Ebbs ................. 27
- Baltic Dry Freight Index - Daily = 2769 -861 for the week ......................... 28
- IFC Grains Freight Index ................................................................. 28
AG COMMODITIES MOSTLY WEEKER AHEAD OF NEXT WEEK’S USDA WASDE

GHA – Grains prices continued lower on Friday ahead of next Tuesday’s USDA WASDE Report. Except for December oats, which closed up 8 cents and are near its all-time high, all active grain contracts finished lower Friday. The largest percentage loss was a 17¼ cent drop in January soybeans, pressured by growing concerns about export demand with USDA’s next WASDE report due out Tuesday. The November 9th report is expected to show a small increase to the projected U.S. crop and average yield.

December CBOT and KC wheat both closed down 7¼ cents, while December Minneapolis wheat was down 7½ cents. December corn closed down 6¼ cents with March down 5½ cents. January soybeans closed down 17½ cents.

The U.S. Dollar Index posted a 13-month high on Friday before fading ahead of the close of trade. Grains were inhibited by the Fed’s actions this week to begin the tapering process of their Mortgage Backed Securities and Bond buying practice. Their action strengthened the US dollar index, making the exchange rate less favorable towards US exports.

Monthly USDA WASDE next week on Tuesday the 9th of December. Have a good weekend! 😊

U.S. Frozen turkey inventories 24% below 3-year average as consumers gobble up supplies

GHA: Your Thanksgiving or Christmas turkey is likely to cost you notably more this year as supplies are 24% below the three-year average. m

The chart above is drawn from USDA, Economic Research Service’s Livestock, Dairy, and Poultry Outlook, October 2021.

Remembering to defrost the turkey might not be the only challenge families face as they try to get that perennial centerpiece onto the Thanksgiving table this year. As of the 31st of August 2021, inventories of frozen whole turkeys and turkey parts were 24% lower than 3-year average volumes. Stocks of frozen turkey meat typically follow a seasonal pattern, building throughout the year until the fall, when retailers prepare to meet holiday demand.

In 2021, the seasonal build-up was less pronounced than usual, and stock volumes appear to have peaked before starting an earlier-than-normal decline. At the end of August 2021, 428.1 million pounds of turkey meat were in cold storage, a 19% decrease from the same month last year, and a decline of about 7 million pounds from the end of July 2021.

Stocks are lower partly because production of turkeys is lower than average this year. At 474.2 million pounds, August 2021 turkey production was mostly unchanged from the same time in 2020 but below the 3-year average, in part a result of high feed costs. August placements of turkey chicks, down about 4% from the 3-year average, are dampening expectations for both turkey production and stocks. August marks the
latest date by which a turkey chick can mature in time to be harvested for Thanksgiving.

- **Pricey corn, soy to lift 2021 U.S. ag trade with China to new highs**

  4 Nov 2021 Braun, Reuters - Although soybeans are the traditional cornerstone of U.S. agricultural exports to China, corn has proven the most valuable player so far this year as shipments have shunted previous highs.

  Soybeans will be the primary focus through the end of the year and the oilseed's elevated price should boost overall farm trade to China to a new record despite uncertainties about soy volumes.

  China is unlikely to meet the agricultural goals of the Phase 1 trade deal even with sky-high prices, though it is uncertain what penalties may ensue based on the apparent lack of direction from the U.S. side.

  Through September, exports of U.S. agricultural and related goods to China were valued at $21.2 billion, including $1.9 billion in September, according to U.S. Census Data published Thursday. That nine-month total is easily the best for the period, above 2012’s high of $17.8 billion.

  The full 2020 total had reached $28.75 billion, missing 2013’s record of $29.1 billion. That is despite 2020 tonnage of bulk commodities, including soybeans and corn, rising nearly 50% above the 2013 levels.

  The Phase 1 trade deal, inked in January 2020, implied China would purchase and import about $80 billion worth of U.S. farm goods between 2020 and 2021. The 2021 total was targeted around $43.5 billion.

  The agreement was seemingly written without consideration that commodity prices could drastically fluctuate as occurred in 2021. The price jump will work in China’s favor, though, even with lighter upcoming export volumes versus late 2020 levels.

  Through September, U.S. corn exports to China reached 16.9 million tonnes, valued at $4.6 billion. Soybean exports totaled $4.3 billion, and the January-September volume of 8.8 million tonnes was down 22% on the year.

  September U.S. corn and soybean export costs hit nine-year highs for the month, up around 60% and 50% from September 2020, respectively. However, prices had come down from the stronger mid-year levels.

  SOYBEAN ANCHOR - October U.S. soybean shipments to China were probably not a record by volume, but their value may have surpassed the all-time monthly record of $3.56 billion set in October 2020.

  That would allow November and December volumes to fall a bit below average and still single-handedly lift the year’s total farm exports to a new record, assuming current price levels hold.

  Adding in other products should secure the record, though similar to soybeans, sales of other commodities are not as high as last year. Outstanding corn sales as of a week ago were above year-ago levels, but the shipment pace has slowed in the last couple months.

  Even with record U.S. agricultural exports to China in 2021, the two-year total should fall short of the $80 billion target, and it is unclear what actions U.S. officials might take, if any.

  President Joe Biden has been quiet on trade issues with China since taking office in January, though onlookers expected U.S. Trade Representative Katherine Tai would clarify the administration’s strategy early last month.

  The result was highly underwhelming for many economists as Tai’s plan lacked specifics on negotiation and timing. Continuing the communication with Beijing appeared to be her only tangible next step. (Full Story)

  The original trade agreement suggests the trajectory of China’s purchases of U.S. commodities, services and manufactured goods would generally increase between 2022 and 2025, though no specific amount is stated.

  However, China’s less aggressive U.S. agriculture purchasing as of late supports the idea that domestic needs will be the primary driver of trade, not the Phase 1 agreement.

---

**US Dollar & Foreign Exchange**

- **US Dollar Index - Retreats From A 13-Month High, T-Note Yields Tumble**

  The dollar index on Friday fell by -0.050 (-0.05%) retreating from a 13-month high and posting modest losses. The dollar on Friday initially jumped to a 13-month high on a stronger-than-expected U.S. October payrolls report. However, the dollar gave up its gains and turned lower after T-note yields tumbled and the S&P 500 rallied to a new record high.
Friday’s U.S. economic data was bullish for the dollar. U.S. Oct nonfarm payrolls rose +531,000, stronger than expectations of +450,000, and Sep nonfarm payrolls were revised upward to +312,000 from the previously reported +194,00. Also, the Oct unemployment rate fell -0.2 to a 19-month low of 4.6%, showing a stronger labor market than expectations of 4.7%. In addition, Sep consumer credit rose +$29.913 billion, stronger than expectations of +$16.000 billion.

EUR/USD on Friday rose by +0.0006 (+0.05%). EUR/USD on Friday recovered from a 1-1/4 year low and posted slight gains. EUR/USD on Friday fell to a 1-1/4 year low after ECB Governing Council member Holzmann said no interest rate hike by the ECB in 2022 is in line with current ECB guidance. Also, weak economic data weighed on the euro after Eurozone Sep retail sales unexpectedly fell -0.3% m/m, weaker than expectations of +0.2% m/m. Also, German Sep industrial production unexpectedly fell -1.1% m/m, weaker than expectations of +1.0% m/m. However, weakness in the dollar sparked short-covering in the euro, and EUR/USD moved higher.

USD/JPY on Friday fell -0.37 (-0.33%). The yen climbed to a 1-week high against the dollar Friday after the 10-year T-note yield fell to a 1-1/4 month low. The yen also saw some safe-haven demand on concern that the property debt crisis in China was worsening. Property developer Kaisa Group Holdings Ltd and its Hong Kong-listed units were suspended from trading Friday, and Baida Group said that a property development company in China’s Hangzhou city missed a payment on a loan that was guaranteed by Fantasia Group China.

December gold (GCZ21) on Friday closed up +23.30 (+1.30%), and Dec silver (SIZ21) closed up +0.246 (+1.03%). Gold and silver rallied Friday, with gold at a 2-month high and silver at a 1-week high. A slump in global bond yields Friday boosted precious metals prices. The 10-year UK gilt yield and 10-year German bund yield on Friday fell to 6-week lows, and the 10-year T-note yield dropped to a 1-1/4 month low. Gold also has increased demand as an inflation hedge after U.S. Oct average hourly earnings rose +4.9% y/y, the biggest year-on-year increase in 8 months. The dollar and gold have continued safe-haven support from concern the worldwide spread of the delta Covid variant will crimp the global economic recovery. The pandemic in the U.S. has worsened slightly after the 7-day average of new U.S. Covid infections rose to a 2-week high Wednesday of 78,398.

**Are Historically High Shipping Rates Causing Consumer Price Inflation?**

1 Nov 2021 International Shipping News - Before coronavirus, there was norovirus. Thousands of cruise passengers fell ill each year. “Cruises from hell” blared headlines alongside eye-catching pictures of giant ships. In fact, the vast majority of people sickened by the bug weren’t infected on cruises, but given the media spotlight, norovirus became widely known as the “cruise virus.”

Now we have more eye-catching pictures of giant ships in the news: this time, images of anchored container vessels stretching to the horizon alongside headlines about supply chain chaos, consumer price inflation and emptying store shelves.

Which raises the question: **Does higher container shipping pricing actually cause inflation for U.S. consumers? And if not, will container shipping be associated with inflation anyway, given the media glare, like cruise lines with norovirus?**

**‘Human nature demands a scapegoat’**

One reason cruise lines got stuck with their norovirus stigma was data visibility — numbers that went along with the pictures. Cruise lines were the only entities required to report norovirus cases and the Centers for Disease Control publicly posted the tally. Container line quarterly results offer similar data visibility. The COVID era has been a gold mine for carriers, who are reporting the highest profits in the history of container shipping. Ocean carriers are on track to make $150 billion this year and another $150 billion in 2022, according to consultancy Drewry.

“An important point to stress — particularly now as the mainstream media seem to be latching onto the story more — is that human nature demands a scapegoat,” said Simon Heaney, senior manager of container research at Drewry, during a presentation last week. “I think it’s natural with the profits the carriers are reporting that most of the ire has been thrown their way, particularly by BCOs [beneficial cargo owners],” Heaney added.

“But in our view, carriers are not to blame for this situation. It’s not their fault that ports keep them waiting and sailing schedules are in disarray. Nor is it the fault of the ports that they’ve become parking lots for ships and boxes due to fewer truck drivers available and lower amounts of warehousing space. This situation was not caused by a single sector and neither can one group fix it alone.”

According to Jason Miller, associate professor of supply chain management at Michigan State University’s Eli Broad College of Business, “People love blaming things on other factors.” He called the spotlight on ocean rates “a classic case of ‘I want to be able to attribute this to another entity because it makes me feel less to blame.’”

Miller, who believes that current inflationary pressures are driven by commodity prices, not ocean rates, said, “The problem now is that the visibility of this [ocean shipping congestion] is attracting people to it as an explanation for inflation, and to me, assigning inflation to this doesn’t make sense.”

**Links between supply chain crunch and inflation**

Shipping costs could temporarily boost inflation, according to the Organization for Economic Co-operation and Development (OECD).

It said, “The empirical approach to answer this question: first, quantifying the pass-through of shipping costs to merchandise import price inflation, and second, assessing the transmission of import price inflation to consumer price inflation.”

**The evidence for import price inflation:** Both ocean shipping contract and spot rates are up sharply. Data provider Xeneta estimates that Asia-West Coast contract rates have doubled year on year, to $4,000-$4,500 per forty-foot equivalent unit. According to the Freightos Baltic Daily Index, spot rates in that lane are at around $16,100 per FEU, more than quadruple spot rates at this time last year.
How that translates into import price inflation hinges on what’s in the container and who the importer is. If the box is full of bulky sofas and shipped at spot rates, the effect may be huge; if it’s full of iPads or high-margin designer shirts and moving at a contract rate, it’s not.

CEOs on quarterly calls are clearly making the connection between supply chain costs and higher consumer prices.

On the October 19th call by Procter & Gamble (NYSE: PG), executives predicted $2.1 billion in incremental commodity costs in the current fiscal year (which started in July), plus $200 million in incremental freight costs, which will be partially “offset with price increases.” The company said it continues “to see pressure on transportation and warehousing” and has already announced price increases for nine out of its 10 product categories to offset these costs, with most price increases going into effect last month.

During Thursday’s call by Crocs (NASDAQ: CROX), executives cited “higher global logistics costs” and conceded that they “definitely have product on ships outside of Long Beach.” The company is diversifying cargoes toward Northwest and East Coast ports and plans to spend $75 million on airfreight next year, up from $8 million-$10 million this year. To compensate for higher costs, execs confirmed that Crocs will pull back on promotions and increase prices.

On Monday, during the call by Kimberly-Clark (NYSE: KMB), executives pointed to high commodity costs as well as “challenges on the supply chain side … getting the product to our customers,” including problems with global shipping. They said that transportation market issues “ripple through cost” and as a result, the company intends “to fully offset inflation with both pricing and cost reduction.”

**Anchored ships as inflation bellwether**

For at least some importers, particularly smaller ones paying spot rates, ocean shipping costs are a major source of import price inflation. To the extent shipping costs can be passed on, they would drive consumer price inflation for those particular imports.

“I don’t know how you can pay $20,000 to move an FEU from Southern China to North America and that cost doesn’t get reflected somewhere,” said Harvard Business School professor Willy Shih during a recent talk hosted by investment bank Evercore ISI. “We’re going to see price increases.”

But looking at inflation countrywide — inflation with a big "I" — the linkage with ocean shipping remains under debate. First, most import volume is shipped by larger players like Wal-Mart (NYSE: WMT) that pay far less than $20,000 per FEU.

Second, while ocean shipping is the most heavily featured aspect of the supply chain crunch in the media, it’s just one facet of the broader transportation and storage chain, which also includes trucking and warehousing.

Third, commodity inflation may play a larger role in consumer price rises than supply chain issues, as argued by Miller. And fourth, demand may play a much larger role than supply costs. Aneta Markowska, chief economist at investment bank Jefferies, views current inflationary pressures as “largely demand-pull, rather than cost-push, which is consistent with the lack of demand destruction thus far.”

Even so, it’s a safe bet that inflation watchers will keep a sharp eye on ocean shipping, if not as a price driver then as a bellwether of what happens next. The rise in trans-Pacific spot rates and the number of ships at anchor off Los Angeles/Long Beach did coincide with rising consumer price inflation. The same correlation could hold on the way down.

“At some point port congestion will go away,” said Stifel analyst Ben Nolan. “At the moment, nothing is normal, and it does not seem to be normalizing, so 2022 looks like it will still be chaotic. Inflation here we come.”


**ENERGY**

- **CME WTI Crude Oil - Rallies Sharply On Energy Demand Optimism**

After making new contract highs and touching $85.41 last week, CME WTI December 2021 closed on Friday at $81.43/barrel, up $2.62 on the day, and losing $2.14 for the week. December RBOB gasoline closed up +2.83 (+1.23%).

WTI crude oil and RBOB gasoline prices on Friday moved sharply higher. Optimism in the U.S. economic outlook is positive for energy demand and pushed crude prices higher Friday after U.S. October payrolls rose more than expected, and the U.S. unemployment rate fell to a 19-month low. Also, a weaker dollar on Friday supported gains in energy prices.
A bullish factor for crude was Tuesday’s statement from BP Plc that global oil demand has bounced back above 100 million bpd, a level not seen since the pandemic began. A possible bearish factor for crude is speculation that since OPEC+ did not boost its production as much as the U.S. had pushed for, the Biden administration may release crude from the U.S. SPR to add more supplies to the market. U.S. Energy Secretary Granholm on Friday said that President Biden “is looking at” a potential release of crude from the SPR to bring down gasoline prices.

In a bearish factor for oil prices, Iran’s deputy foreign minister on Wednesday said that negotiations to revive the 2015 nuclear deal would resume November 29 in Vienna. The talks are likely to be difficult, but a successful conclusion would mean that some sanctions on Iran would be dropped, and that Iranian crude oil could start flowing into the world markets again.

A bearish factor for crude is increased Russian crude output as data from Russia’s Energy Ministry showed Russian Oct crude production rose +1.1% m/m to 10.843 million bpd.

OPEC Oct crude production rose +140,000 bpd to a 1-1/2 year high of 27.58 million bpd. The +140,000 bpd increase was below the +400,000 bpd increase OPEC+ had agreed to for October due to output losses in Angola and Nigeria.

A decline in global crude oil stored on oil tankers throughout the world is bullish for crude prices. Vortexa on Monday said that crude oil stored on tankers that have been stationary for at least seven days in the week ended Oct 29 fell -26% w/w to 87.23 million bbl.

Wednesday’s weekly EIA report showed that (1) U.S. crude oil inventories as of Oct 29 were -5.7% below the seasonal 5-year average, (2) gasoline inventories were -3.2% below the 5-year average, and (3) distillate inventories were -5.5% below the 5-year average. U.S. crude oil production in the week ended Oct 29 rose +1.8% w/w to 11.5 million bpd, which was +1.6 million bpd (+12.2%) 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 Nov 5 rose by +6 rigs to a 1-1/2 year high of 450 rigs. U.S. active oil rigs have risen sharply from last August’s 15-year low of 172 rigs, signaling an increase in U.S. crude oil production capacity.

**Rabobank: Biofuels outlook not promising**

4 Nov 2021 Susan Reidy - The future of biofuels beyond 2045 does not look promising, according to a new study by Rabobank.

Demand is expected to decline, which will encourage biofuel companies to look for alternative uses for their products.

Decarbonization of EU road transportation will require a multifaceted approach beyond traditional biofuels that includes renewable electricity, green hydrogen and other advanced biofuels. This, along with regulations banning internal combustion engine cars by 2035, will impact the demand for fossil fuel and biofuel as early as 2025, with a bigger impact after 2030.

The EU is looking to become climate neutral while achieving net-zero GHG emissions by 2050. “The road transport sector is by far the biggest contributor of GHG emissions, representing 22% of the total share of emissions of the entire industry in the EU,” said Maria Afonso, senior analyst – Sugar, Grains & Oilseeds at Rabobank.

“This explains the need for tighter policies in this sector, especially for passenger cars, which account for 61% of road transport emissions. The proposed reduction target for the transport sector is 13%.”

The pathway to decarbonization in the EU is geared toward the electrification of the car fleet, and the use of renewable or green hydrogen in heavy and commercial vehicles. Electrification and hydrogen adoption in road transport will have a negative impact on the demand for fossil and biofuels, especially after 2030. In the short term until 2025, given the higher replacement rate of diesel vehicles, Rabobank forecasts that diesel and biodiesel demand will decline at the same rate of almost 4% from 2020 levels.

On the other hand, gasoline and bioethanol demand is expected to grow by 5% until 2025, as the replacement rate of gasoline motor vehicles will take longer to have an impact. A steeper decline will show in the years that follow, as new technologies start to replace the old vehicle fleet.

“By 2030, we expect diesel demand to be 10% below its 2020 levels, and bioethanol to be down by 5%. By 2050, biofuel demand will be more than half lower than 2020 levels,” Afonso said.

The long-term outlook for biofuels, beyond 2045, does not look good, Rabobank said. By then, most of the EU vehicle fleet already will have been replaced with electric and hydrogen vehicles. The expected decline in biofuels demand is likely to encourage biofuel companies to look for alternative uses for their products.

Afonso said that unless policies change to allow these biofuels to be used directly as fuel, it is unlikely that there will be additional investments to expand capacity of conventional biofuels even with the positive short-term outlook and considering that there is existing idle capacity available.

**Wheat**

**Australia Harvest underway**

5 Nov 2021 GHA - Australia’s harvest is underway. There is a lot of talk about reliance on Aussie crops this year, across the world. With wheat supplies short, the world needs a decent Australian crop to aid supply through to harvest 2022.

According to USDA data, 2021/22 global wheat stocks are 35% of annual demand (stocks-to-use), the lowest since 2015/16.

Historically high ocean freight rates will likely keep prices historically high for importers. Rates for ocean freight and related charges are up between 300-375% from
pre-COVID levels. This further increases the comparative advantage in transportation Australia has into the high value markets of Asia. Currently, the USDA estimate Australian wheat production at 31.5 mmts, and the third highest on record. This comes in below the ABARES forecast of 32.6 mmts, the second largest on record. Early yields would suggest Australia is on track for near record production.

Currently, the USDA estimate Australian wheat production at 31.5 mmts, and the third highest on record. This comes in below the ABARES forecast of 32.6 mmts, the second largest on record. Early yields would suggest Australia is on track for near record production.

Supply of wheat from elsewhere in the world has tightened and will be increasingly key to meeting demand. The Canadian crop is the smallest since 2007/08. There are also reduced exports from Russia and the U.S. Typically, Russia the largest exporter of wheat, with the E.U. number two and the U.S. as number three. Rounding off the top five are the Ukraine (4), Australia (5), Canada (6), and Argentina (7); making up approximately 90% of global exports.

Because of this tightness, reliance on Australian exports is greater than usual for global supplies. Sources suggest that Australian ports are getting booked up for the coming months, assuming a good crop from the current harvest.

It is important to note a La Niña weather event is predicted for November. While this would suggest drier conditions for Argentina, Canada and parts of the U.S., for Australia this situation tends to bring above-average spring/summer rainfall. Increased rainfall could affect both harvest (short-term) and boat loading in the longer-term. The current outlook for November rainfall shows eastern Australia is most likely to be affected. Western Australia is the largest exporting state and forecasts suggest better weather.

CME CBOT Wheat Futures

Global wheat supplies are tightening as wheat prices have been rallied by global demand, along with rising Russian floating export tax on Black Sea wheat exports. Nearby wheat prices are approaching ten-year highs not seen since 2012. Back then, market drivers included; export restrictions from the Black Sea (Ukraine), strong global demand, and drought in the US impacting winter wheat crop development. These are all similar current drivers we are currently seeing in the market.

With harvest now complete northern hemisphere 2021 wheat production is now more clearly defined. The market now turns its supply focus on the pending harvest from Argentina and Australia. Supplies from these two nations will be key and are expected to be responsible for 19% of 2021/22 global wheat exports.

The wheat market has been trying but unable to find support, given the possibility of a lower US export number but higher Russian prices. South American weather has been mostly favorable with Argentina’s wheat crop rated 46% good to excellent and 10% harvested. Elsewhere weather is a concern. Eastern Australia has been getting perhaps too much rain, causing quality and yield concerns for their wheat crop. Additionally, the developing La Niña pattern could bring dryness to parts of the US next spring and summer, possibly lowering wheat production. US wheat is currently pricey compared to the rest of the world but may become competitive in January.

CBOT December 2021 Wheat Futures settled on Friday at $7.66½/bu, off 7¼ cents on the day, and dropping 6 cents for the week.

CFTC data showed managed money flipped back to net long in SRW, as equal short covering and net new buying moved their net position 14,519 contracts.

Due for release on Tuesday, the USDA’s Supply and Demand report could show less SRW wheat planted due to the wet conditions in the eastern Midwest.
U.S. Export SRW Wheat Values – Friday 29th October 2021
SRW Wheat Gulf barge quotes, in cents per bushel basis CBOT futures:
Changes are from the AM Barge basis report. Source: USDA
Gulf barge/rail quotes, in cents per bushel.

<table>
<thead>
<tr>
<th>CIF SRW WHEAT</th>
<th>11/4/2021</th>
<th>11/5/2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOV</td>
<td>75 / 85</td>
<td>75 / 85</td>
</tr>
<tr>
<td>DEC</td>
<td>80 / 95</td>
<td>80 / 95</td>
</tr>
<tr>
<td>JAN</td>
<td>75 / 100</td>
<td>75 / 100</td>
</tr>
<tr>
<td>FEB</td>
<td>75 / 100</td>
<td>75 / 100</td>
</tr>
<tr>
<td>MAR</td>
<td>75 / 100</td>
<td>75 / 100</td>
</tr>
</tbody>
</table>

U.S. Export HRW Wheat Values – Friday 5th November 2021
HRW Wheat Texas Gulf Rail quotes, in cents per bushel basis KCBT futures:
Changes are from the AM Barge basis report. Source: USDA

<table>
<thead>
<tr>
<th>TX GULF HRW</th>
<th>12% Protein</th>
<th>11/4/2021</th>
<th>11/5/2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOV</td>
<td>190 / -</td>
<td>190 / -</td>
<td>Z  UNC</td>
</tr>
<tr>
<td>DEC</td>
<td>190 / -</td>
<td>190 / -</td>
<td>Z  UNC</td>
</tr>
<tr>
<td>JAN</td>
<td>181 / -</td>
<td>181 / -</td>
<td>H  UNC</td>
</tr>
<tr>
<td>FEB</td>
<td>181 / -</td>
<td>181 / -</td>
<td>H  UNC</td>
</tr>
<tr>
<td>MAR</td>
<td>181 / -</td>
<td>181 / -</td>
<td>H  UNC</td>
</tr>
</tbody>
</table>

CME KC HRW Wheat Futures

Weekly Sales - USDA reported an improved pace of export demand for U.S. wheat last week, primarily from hard red winter sales but also an improved tally for all classes. A total of 14.7 mbus in new sales were reported last week, putting the year-to-date tally at 478 mbus, which is 22% behind a year ago and 17% below the five-year average pace.

Hard red winter showed 7.6 mbus in new commitments, putting sales 16% behind a year ago and 11% off the average pace at 190 mb.

Hard red spring booked 2.7 mbus and with 172 mbus in sales, sets 27% behind a year ago and 25% below average.

Soft white saw 2.5 mbus in new business, putting sales at 86 mb and setting 42% behind last year at this time and 30% below the average pace.

Top Buyers were Mexico as the big buyer last week, securing 3.7 mbus of hard red winter wheat, South Korea booked 1.8 mbus, Taiwan bought another 1.7 mbus, and Unknown took on 1.2 mbus of white wheat.

Middle Eastern and North African countries are lacking wheat and need to make purchases. The US ag attaché to India has raised their exports to 5 mmts vs the USDA’s 4 mmt. Paris milling futures had a lower close today but remain near the contract high.

Kansas December 2021 HRW Wheat Futures settled on Friday at $7.78¾/bu. off 7¼ cents on the day, and losing 11¾ cents on the week.

CFTC data showed managed money in HRW were 4,342 contracts more net long to 57,315 by way of short covering through the week that ended 11/2.

Cash trades in HRW remain limited, still with emphasis on 12% protein. The lack of interest in deliverable proteins has helped ease spreads slightly. The Z/H HRW traded in volume at -4 today, matching the widest trade since the cancellation of delivery certs on October 21st. Still, from a futures only standpoint, HRW moves ahead of corn and soybeans. Shippers are emerging from fall harvest and likely to offer more Dec/Jan if futures spreads remain tight.
MGE HRS Wheat Futures

MGE December 2021 HRS Wheat Futures settled on Friday at $10.09½/bu, off 7½ cents on the day, and losing 42½ cents for the week.

CFTC data showed managed money in MPLS saw net new buying from the spec funds, pushing their net long to 17,389 contracts.

PNW - Portland Price Trends

<table>
<thead>
<tr>
<th></th>
<th>11-01-20</th>
<th>01-01-20</th>
<th>10-01-21</th>
<th>10-28-21</th>
<th>11-04-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1 SWW (bu)</td>
<td>6.05</td>
<td>6.65</td>
<td>9.75</td>
<td>10.60</td>
<td>10.60</td>
</tr>
<tr>
<td>White Club</td>
<td>6.40</td>
<td>6.65</td>
<td>11.75</td>
<td>12.60</td>
<td>12.60</td>
</tr>
<tr>
<td>DNS 14%</td>
<td>6.76</td>
<td>7.14</td>
<td>10.69</td>
<td>11.54</td>
<td>11.34</td>
</tr>
<tr>
<td>HRW 11.5%</td>
<td>6.88</td>
<td>7.38</td>
<td>9.19</td>
<td>9.48</td>
<td>9.42</td>
</tr>
<tr>
<td>#2 Corn (ton)</td>
<td>180.00</td>
<td>211.00</td>
<td>255.00</td>
<td>269.00</td>
<td>270.00</td>
</tr>
<tr>
<td>#2 Barley</td>
<td>135.00</td>
<td>145.00</td>
<td>240.00</td>
<td>240.00</td>
<td>240.00</td>
</tr>
</tbody>
</table>

4 Nov 2021 DTN – West coast white wheat bids remained on a sideways trek through the week, while both dark northern and hard red winter wheat saw the spot basis weaken against higher futures.

Farmer selling remains very limited but strong U.S. wheat prices continue to subdue global buying interest.

Durum prices continue to hold strong, steady

31 Oct 2021 Mark Conlon - The durum market continued to hang on to some pretty strong prices and seemed to be in a holding pattern at the end of October.

Producer prices across the region were ranging from $15.75-$16, according to Jim Peterson, market director for the North Dakota Wheat Commission.

“Looking back from where we’ve been, back on September 8th the Minneapolis Durum Index reached a high of $17 and we quickly sold off to the lower $13 range on the index,” he said. “As of October 22nd, we were back up to $15.50, so we’ve recovered some.

“The question going forward now is a matter of who might blink first,” he continued. “Buyers, domestically, certainly have some coverage, but they’re going to need to come in and buy some more before the end of the year or certainly right after the first of the year. Are producers going to sell at these levels or feel comfortable holding out for further price gains? Typically, the month of November is kind of when the market reaches a fall peak and then either holds steady or trails off through the winter.”

Peterson referred to this year as “an anomaly” just with how tight supplies are in the U.S. and Canada, so typical trends may not mean as much. In 2007-08, a similar tight period when prices were in the double-digits, prices continued to rally into the early part of the next year, but then the world situation was also much tighter. “I think the big unknown is how much higher are domestic mills willing to press this market to get some coverage,” he said. “I think producers have pretty good staying power. They’ve had a number of other crops to market and have had some government payments, so they’re certainly not at a need to sell from a cash standpoint, but obviously, they don’t want to miss the opportunity at these levels either.”

Looking north at Canada, prices there are 20 to as much as 50 cents a bushel higher than in the U.S. right now. The current estimate for the Canadian crop is 130 million bushels (MB), but there’s a lot of speculation that it may be smaller than that. Updated Canadian production numbers won’t come out until December.

“Certainly there’s a lot of fundamental support under the market just based on sheer supply availability,” he said.

The next big factor is demand and that raises the topic of values and, right now, prices in the U.S. and Canada are still at a notable premium to world values, although they have narrowed somewhat with world values increasing a little.

In terms of nearby demand, Peterson pointed out that importers are pulling out available supplies from Mexico and Kazakhstan and are hopeful for a good Australian harvest, which will take place over the next month to fill some nearby needs.

“But we’ve got a long way to go until we get to 2022 replenishment supplies early next summer. Odds are larger import countries are going to have to come to the U.S. or Canadian market at some point going forward. However, the volume will probably be somewhat limited,” he said.

According to the recent International Grains Council (IGC) estimates, the world durum crop is currently pegged at 1.2 bbus. That’s down 5% from last year. Production increases in the European Union accounted for a 294 MB crop this year compared to a 264 MB crop a year ago.
Looking at world trade projections, the IGC is looking at about a 20% cut in trade to about 265 MB vs. 330 MB a year ago. Canadian potential exports are projected down 40%, as is the U.S. The IGC had increases to Mexico, the EU, and Kazakhstan. Even so, the current projection for world trade would be the lowest in close to 20 years.

“On a positive note, the most recent estimate from the IGC was for slightly higher import needs into Algeria, which is still down from a year ago but nonetheless a little more import needs than what was thought just a couple months ago,” Peterson said. “Going forward, how much more strength our market can maintain if world values continue to close the gap on U.S. and Canadian prices making it more attractive for importers to look to the U.S. or Canada,” he added.

As to be expected with U.S. durum prices as much as $2 to even $3 above the world market, the current export pace for the U.S. is very slow. Currently, the U.S. has 3.7 MB in sales on the books. That compared to 20 MB at this time last year. The U.S. has sales on the books to four markets at this time including Italy, Japan, Guatemala and Panama.

“Obviously, export trade is not going to drive the market this year until world prices start to improve,” he said.

Looking at domestic food use, USDA is currently projecting a 7% cut in U.S. domestic durum grind. Part of that is due to some mills and pasta companies blending in some spring wheat, depending on the product. Even though spring wheat is at some very strong prices, it’s still cheaper than durum values.

“We’ll see if that holds,” he said. “Pasta consumption is still very strong, although it is down from the records set in 2020 with the lockdowns related to the pandemic. We have a very good quality crop and hopefully pasta consumption remains strong.”

Looking at 2022, Peterson anticipates U.S. desert durum plantings to be higher. Last year, producers planted 80,000 acres in Arizona and California. With typical yields at 100 bushels per acre, that’s about 8 MB in production.

“Depending on water restrictions in the area or quota limits due to the drought and a dry down in some of the reservoirs, that may curtail plantings a little, but I don’t think it’s out of the question that they could be looking at 15 mbus of production next year, maybe even higher,” he said. “But those supplies won’t be available until early June.”

Desert durum producers are expected to start planting the end of the month and continue into January with harvest next summer.

“Producers will continue to sit and watch the market and see what transpires. But prices seem to be holding steady with where they’ve been over the past few weeks,” he concluded.
Ukraine Grain Exports total 5 mmts in October
1 Nov 2021 Reuters - Ukraine exported 5.05 mmts of grain in October, bringing the total export volume to 19.4 mmts in the first four months of the 2021/22 July-June season, agriculture ministry data showed on Monday.
The volume included 12.4 mmts of wheat, 4.5 mmts of barley and 2.3 mmts of corn, the data showed.
in the same period in 2020/21, exports totaled 16.5 mmts and included 10.6 mmts of wheat, 2.5 mmts of corn and 3.4 mmts of barley.
Ukraine plans to thresh a record 80.3 mmts of grain in 2021, up from 65 mmts in 2020. Exports could jump to 61.5 mmts from 44.7 mmts in 2020/21.
The government has said that grain exports could include 24.5 mmts of wheat, 30.9 mmts of corn and 5.2 mmts of barley.
The ministry said farms had harvested 60.7 mmts of grain by October 28th from 80.1% of the sown area, with an average yield of 4.72 mts/hectare.

CORN

South Africa expecting another big corn crop

South Africa is coming off a year in which it produced the second largest corn crop on record at 16.8 mmts. The USDA forecasts corn exports to reach 3 mmts, slightly lower than the estimated 3.5 mmts exported in 2020-21.
Commercial demand for corn is expected to increase slightly to 11.8 mmts, the report said. The USDA noted that economic growth in South Africa is expected to be limited, which will “hinder any major increase in the demand for corn, especially for animal feed purposes.”
South Africa’s corn sector has shown tremendous growth since 2015/16, with production more than doubling from 8 mmts and exports quadrupling from 800,000 mts.

CME CBOT Corn Futures
This week’s early price rally to new nearby highs and subsequent reversal on Tuesday and follow through selling suggests the market moved high enough to encourage farmer selling. A less than stellar export sales figure and weakness in soybeans added to traders’ sentiment of stepping aside longs. A rally in the dollar weighed on prices by the end of the week.
CME Corn December 2021 new crop contract settled on Friday at $5.53/bu, off 6¾ cents on the day, and dropping 15¼ cents for the week. Corn futures finished their first weekly decline in three weeks in a continued corrective pullback from the sharp gains to start the week.

Corn South Africa as of October 2021

<table>
<thead>
<tr>
<th>Attribute</th>
<th>21/22 Oct 21</th>
<th>Change</th>
<th>21/22 Sep 21</th>
<th>2021</th>
<th>19/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area Harvested (1000 HAA)</td>
<td>3,100</td>
<td>-</td>
<td>3,100</td>
<td>3,120</td>
<td>2,908</td>
</tr>
<tr>
<td>Beginning Stocks (1000 MT)</td>
<td>2,827</td>
<td>-90(-3.09%)</td>
<td>2,917</td>
<td>2,117</td>
<td>1,020</td>
</tr>
<tr>
<td>Production (1000 MT)</td>
<td>17,000</td>
<td>-17,000</td>
<td>16,900</td>
<td>15,844</td>
<td></td>
</tr>
<tr>
<td>MY Imports (1000 MT)</td>
<td>0</td>
<td>-</td>
<td>0</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>TY Imports (1000 MT)</td>
<td>0</td>
<td>-</td>
<td>7</td>
<td>258</td>
<td></td>
</tr>
<tr>
<td>TY Imp. from U.S. (1000 MT)</td>
<td>0</td>
<td>-</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total Supply (1000 MT)</td>
<td>19,827</td>
<td>-90(-0.45%)</td>
<td>19,917</td>
<td>19,027</td>
<td>16,864</td>
</tr>
<tr>
<td>MY Exports (1000 MT)</td>
<td>3,200</td>
<td>-3,200</td>
<td>3,200</td>
<td>2,547</td>
<td></td>
</tr>
<tr>
<td>TY Exports (1000 MT)</td>
<td>3,200</td>
<td>-3,200</td>
<td>3,200</td>
<td>2,456</td>
<td></td>
</tr>
<tr>
<td>Feed and Residual (1000 MT)</td>
<td>7,300</td>
<td>-7,300</td>
<td>7,200</td>
<td>6,400</td>
<td></td>
</tr>
<tr>
<td>FS1 Consumption (1000 MT)</td>
<td>6,000</td>
<td>-6,000</td>
<td>5,800</td>
<td>5,800</td>
<td></td>
</tr>
<tr>
<td>Total Consumption (1000 MT)</td>
<td>13,300</td>
<td>-13,300</td>
<td>13,000</td>
<td>12,200</td>
<td></td>
</tr>
<tr>
<td>Ending Stocks (1000 MT)</td>
<td>3,327</td>
<td>-90(-2.63%)</td>
<td>3,417</td>
<td>2,827</td>
<td>2,117</td>
</tr>
<tr>
<td>Total Distribution (1000 MT)</td>
<td>19,827</td>
<td>-90(-0.45%)</td>
<td>19,917</td>
<td>19,027</td>
<td>16,864</td>
</tr>
<tr>
<td>Yield (MT/HA)</td>
<td>5.48</td>
<td>-</td>
<td>5.48</td>
<td>5.42</td>
<td>5.45</td>
</tr>
</tbody>
</table>
Day 1 of the Index Roll complete, and CZ/H was ¾ cents weaker at -9’2 carry. This roll will finish next Thursday and is expected to push CZ/H 1-2 cents wider. After the index roll completes, expect corn spreads to firm is the consensus.

CFTC data showed that managed money was 324,560 contracts net long on the 2nd of November. That was 79,770 contracts more net long from the week prior, shown as net new buying. The commercials were adding short hedges as well, extending their net short 68k to 559,794 contracts.

To date, we would summarize weather for the current planting and growing season in South American as a non-event implying expectations for average to above average first crop corn and on pace for a record second crop as soybean planting is on or ahead of schedule. Rain in Argentina over the past week helped propel 2021/22 corn sowing, the Buenos Aires Grains Exchange said yesterday. Argentine growers have planted 28.4% of land expected to be planted with corn this season, with the harvest expected at 55 mmts.

Cash markets are showing some signs of weakness with east/west rail markets fading slightly in the west and more so in the east. It is interesting the “heavier basis” timing is with the index roll.

The Gulf/PNW freight spreads are breaking significantly as well, shown by the Baltic Index, which will push back weaker basis into the interior and reduce DVE levels. CIF values are also weaker for December with offers around +70Z. Using 420% ILR freight, puts DVE Zone 3 before misc. costs at 2 cents over that at +72Z.

Corn sales to the Far East are so far this marketing year are abysmal with volumes to Japan, Taiwan and other Asian/Mid-East markets down 121 mbus (52%) versus a year ago. China liftings slow but Dalian DCE corn continues to rally. No corn inspected for export to China last week and year-to-date shipments are down over 60%, at 33 mbus. Other non-PRC loadings aren’t faring much better, up less than 5%; despite 244 mbus (60%) less for Sep-Oct exports out of Brazil.

One reliable consulting group estimates the latest corn harvest results for Ukraine at 40.7 mmts; the USDA estimate is currently 38.0 mmts.

U.S. corn harvest Monday is expected to be 85% vs 74% LW and 75% average—has been a good week of harvest w/ open weather into the weekend.

Tuesday is the WASDE report where c/o is expected to shrink 20 mbus down to 1.480 bbus. The estimated average nationwide yield is expected to increase to 176.9 bu. per acre, up 0.1 BPA from last month.

The challenge longer term for corn is the USDA, the US has over 900 mbus left to ship for the 21/22 marketing year with nearly half that number being future sales to China. While its very early in the marketing year with 43 weeks left, I believe China will not have that much demand for corn. Talk in the market is that China will likely cancel those shipments in favor of cheaper South American supplies.

Secondly, although La Nina forecasts loom, both Brazil and Argentina could grow massive crops amid higher planted area. Those crops would be harvested late Spring and early summer, easing the global balance sheet.

It would seem ahead of spring planting new crop Dec22 corn needs an inflationary rally to cover rising production costs. Wheat will follow as it must stay prices out of the feed ration as end stock projects tighten and wheat futures hitting ten year highs.

**U.S. Export Corn Values – Friday 5th November 2021**

Corn CIF NOLA Gulf barge/rail quotes, in cents per bushel basis CBOT futures: USDA (U.S. No. 2, 14.5% moisture, CIF NOLA

Changes are from the AM Gulf barge basis report.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>LH NOV</td>
<td>-</td>
<td>65 / 68</td>
<td>Z</td>
</tr>
<tr>
<td>DEC</td>
<td>67 / 72</td>
<td>69 / 70</td>
<td>Z</td>
</tr>
<tr>
<td>LH DEC</td>
<td>71 / -</td>
<td>71 / -</td>
<td>Z</td>
</tr>
<tr>
<td>JAN</td>
<td>66 / 71</td>
<td>66 / 70</td>
<td>H</td>
</tr>
<tr>
<td>FEB/MAR</td>
<td>67 / -</td>
<td>68 / 71</td>
<td>H</td>
</tr>
<tr>
<td>MAR</td>
<td>66 / 70</td>
<td>67 / 69</td>
<td>H</td>
</tr>
<tr>
<td>JAN/FEB/MAR</td>
<td>-</td>
<td>67 / -</td>
<td>K</td>
</tr>
<tr>
<td>APR/MAY</td>
<td>64 / -</td>
<td>-</td>
<td>K</td>
</tr>
<tr>
<td>JUN/JUL 22</td>
<td>- / 66</td>
<td>-</td>
<td>N</td>
</tr>
</tbody>
</table>

**BARLEY**

**Australia exports 547,544 mts of barley in September - ABS**

5 Nov 2021 Liz Wells - Australia exported 32,729 mts of malting barley, and 514,815 mts of feed barley in September, according to the latest export data from the Australian Bureau of Statistics (ABS).
The malting figure is down 52% from the August total, with Ecuador and Peru both destination for 13,000 mts cargoes accounting for most of the volume. The feed tonnage was down 12% on the month, with Saudi Arabia on 131,557 mts, Kuwait on 90,676 mts and Qatar with 55,125 mts the biggest customers. Flexi Grain pool manager Sam Roache said barley surprised a little this month, with higher export volumes versus earlier expectations in the back end of the program. “This continuation of program is a pointer that crops were slightly bigger than estimates, especially in New South Wales,” Mr Roache said. “That’s where we have seen a significant drop-off in imports due to timing of the local crop harvest.”

Global markets buoyant, Barley markets remain strong.

Demand continues to the usual Middle Eastern and Asian demand points, aside from Thailand. With stock availability waning across Australia, Mr Roache said barley volume is expected to drop off a little in October and November when new-crop feed barley starts to ship in late November and early December.

“There’s very good demand due to the big China program, along with a significant uptick in Turkish demand, and a real lack of competition from the Black Sea and Europe. Australian feed barley is very well priced into the export market and will suffer no shortage of demand.”

While ABARES has the national crop from the current harvest penciled in at 12.5 mmts, industry estimates are mostly higher. This is based on bumper late season conditions in parts of NSW, Western Australia and Queensland, and Flexi Grain is calling the crop at more than 14 mmts.

Mr Roache said barley faces the same headwinds as wheat on local pricing, with the production and export demand far exceeding elevation and shipping capacity, leading to high export margins. “We do not expect this situation to change anytime soon.”

Malting volumes dropped month on month, with availability limited at the end of the season.

“We continue to see the South American business underpinning the demand profile, and while we expect a drop in October-November due to limited availability of stocks, we should see the South and Central American malt program continue solidly once new-crop is available. Rumoured new-crop malting business to Canada and Europe, our usual export competitors, has seen malt spreads pick up in the past three weeks, with local maltsters trying to cover business prior to the grower selling period as the malt hits the bins.”

“On malting, the export capacity and margin situation matches that of feed, with even larger export and elevation margins able to be attracted.”

Malt is also in demand from regular export markets, mostly in Asia, and others, with Boortmalt WA about to load its latest cargo bound for Brazil.

Note: With an 80% import tariff by China on the imports of Australian barley, very little, if any, Australian barley is being shipped to the worlds largest buyer of barley.

Statistics Canada’s September Export Statistics - Barley
5 Nov 2021 - Canada exported 366,044 mts of barley in September, the largest volume shipped in four months, with 97% destined for China. This month’s exports of barley were only 1% below the volume shipped in 2020 over the same period while 103% higher than the five-year average. After just one month, exports account for 18.4% of the current 2.050 mmts forecast (grain plus barley product exports), well-ahead of the pace needed to reach this forecast.

GRAIN SORGHUM

U.S. Export Grain Sorghum Values – Friday 5th November 2021
Quotes, in cents per bushel basis CBOT futures:

<table>
<thead>
<tr>
<th></th>
<th>11/4/2021</th>
<th>11/5/2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIF MILO</td>
<td></td>
<td></td>
</tr>
<tr>
<td>November</td>
<td>na</td>
<td>na</td>
</tr>
<tr>
<td>TX FOB VESSEL</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MILO (USc/MT)</td>
<td>11/4/2021</td>
<td>11/5/2021</td>
</tr>
<tr>
<td>December</td>
<td>210</td>
<td>200</td>
</tr>
<tr>
<td>January</td>
<td>205</td>
<td>185</td>
</tr>
<tr>
<td>February</td>
<td>180</td>
<td>H</td>
</tr>
</tbody>
</table>

Domestically in the U.S. grain sorghum is currently being drawn into the PNW favoring northern bushels, keeping sorghum potentially competitive for Kansas and Texas ethanol producers. Hereford, Texas sorghum into the feed lots has values on par with Garden City, Kansas values which is an odd relationship.

Australia exports 252,729 mts if sorghum in September - ABS
5 Nov 2021 Liz Wells - Australia exported 252,729 mts of sorghum in September, according to the latest export data from the Australian Bureau of Statistics (ABS). September’s sorghum exports surged 91% from the August total to reflect more volume sales; 179,803 mts, or 71% of the total to China, plus a cargo each to Japan and Kenya.

Sorghum saw an uptick in volume, mainly on China’s insatiable appetite for it, and the return of what was once Australia’s biggest sorghum market, Japan. Kenya, where sorghum is used in the staple uji porridge, has also been a customer this year.

“We are close to our expected export number being completed, so expect volumes to drop in October-November, and come almost to a stop once the export program switches to canola, wheat and barley.”
Australian sorghum exports in July, August and September 2021 - Source: ABS

<table>
<thead>
<tr>
<th>SORGHUM</th>
<th>July</th>
<th>August</th>
<th>September</th>
<th>Tonnes</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>210628</td>
<td>125575</td>
<td>179803</td>
<td>516006</td>
</tr>
<tr>
<td>Japan</td>
<td>583</td>
<td>97</td>
<td>42186</td>
<td>42866</td>
</tr>
<tr>
<td>Kenya</td>
<td>0</td>
<td>0</td>
<td>22000</td>
<td>22000</td>
</tr>
<tr>
<td>Philippines</td>
<td>2137</td>
<td>3655</td>
<td>3545</td>
<td>9337</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>46</td>
<td>0</td>
<td>46</td>
<td>92</td>
</tr>
<tr>
<td>South Korea</td>
<td>0</td>
<td>0</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>Taiwan</td>
<td>2371</td>
<td>2800</td>
<td>5125</td>
<td>10296</td>
</tr>
<tr>
<td>TOTAL</td>
<td>215765</td>
<td>132127</td>
<td>252729</td>
<td>600621</td>
</tr>
</tbody>
</table>

"If the exports continue to perform above expectation, it is a pointer that the sorghum crop could have been slightly larger than the market’s early expectation."

"Sorghum is pretty simple: China will buy it until there is nothing much left around the world. Only a policy shift will stop that flow coming from Australia in the shorter term."

OATS

- **CME CBOT Oat Futures**

CME December 2021 Oats Futures made new contract highs on Tuesday touching 7.79½ before settling at $7.49/bu, up 8 cents on the day, and gaining 19½ cents for the week.

- **Statistics Canada’s September Export Statistics - Oats**

5 Nov 2021 – Canada’s September exports of oats totaled 169,071 mts, the largest monthly volume shipped in nine months.

Cumulative exports of 336,863 mts is down 15.6% from the same month in 2020, while down 4.8% from the five-year average.

Current exports account for 18.7% of the current 1.8 mmts export forecast, which includes grain and grain product exports, well-ahead of the pace needed to reach this forecast.

AAFC is currently forecasting 2021/22 oat exports (including products) to fall by 38.5%.

- **U.S. oat prices soar as supply dips due to drought, demand**

4 Nov 2021 Ron Sterk - Oat supplies in the United States for the 2021/22 marketing year (June-May) are forecast to be the lowest on record.

CME nearby oat futures are record high. Food-grade oat flake prices as reported by Sosland Publishing Co. in mid-October were up 62% from a year ago.

While many industries are experiencing COVID-19 related shortages, the dire oat situation mainly is a factor of basic supply-and-demand. Major oat growing areas in the United States and Canada were impacted by drought during the 2021 growing season. At the same time, demand for oats has been climbing due to its long-recognized health benefits, popularity in snack products and most recently; oat “milk.” And the strong demand season for oats as a hot breakfast cereal, oatmeal, is about to arrive.

"Demand for oats and processed oats products has seen good growth over the years, but in the last year that has escalated with demand for oat-based dairy alternatives," said Steve Eilertson, president and chairman of Grain Millers, Inc., which has plants in the United States and Canada.

Oat milk sales have risen about 70-fold since 2017, account for 16% of non-dairy milk sales (more than soy, rice and coconut milk combined), and are second only to almond milk, Bloomberg noted in a recent article. New oat milk plants are being built, adding to demand for the scarce commodity.

"The oat has a humble history as a staid breakfast choice in the form of oatmeal or cereal," Bloomberg said. "But more recently it’s become a trendy darling of millennials. Food companies targeting younger, more affluent consumers are billing it as an accessible superfood."

US 2021 oat production was estimated by the US Department of Agriculture at 39.836 mbus, down 39% from 2020 and the lowest in records back to 1866. Oats outturn in the four largest-producing states (Minnesota, North and South Dakota and Wisconsin) was down an aggregate 58%.

“We came into the year with low stocks,” Eilertson said. “We needed a good growing season to build stocks back. And we know what happened; production approaching
half of what was needed. Much of this deterioration happened late in the growing season and really caught a lot of people by surprise.”

US oats primarily is used as a feed ingredient with US millers highly dependent on imports from Canada, where 2021 production was estimated down 44% from 2020 and an 11-year low. Canada typically is the world’s largest oats exporter.

“Total (US) oat supplies for 2021/22 are projected to be 147 mbus, compared with the 2020/21 estimate of 188 mbus (down 22%),” the USDA said. “This amount is the lowest total supply on record.”

Further, US oats imports in 2021/22 are forecast at 69 mbus, down 19% from 2020/21 due to the small Canadian crop. Domestic food, seed and residual use is forecast at 80 mbus, up 2.6% from 2020-21, resulting in oats carryover on June 1st, 2022, in the United States at 25 mbus, also record low.

CME Group nearby oats futures closed at a record-high $6.62/bushel on October 18th, up about 125% from a year earlier when values were below $3.00/bushel. Oat futures typically follow corn futures since corn is the most widely grown feed grain. Oat futures prices have topped corn futures briefly only a couple times in the past decade, until this fall when oats futures have at times been more than $1.00/bushel, or about 20%, above corn.

Food-grade oat flake prices were quoted by Sosland Publishing Co. at about $45 per cwt in mid-October, also record high.

“We would run out of oats at $3.50/bushel, but we won’t run out at $10.00 – that’s where we’re headed,” Eilertson said.

Spot oats prices already were $8.00/bu FOB. in the United States and $10.00/bu in Canada, he said, with oat flakes headed to $50.00/cwt. “I would expect the price would ultimately ration demand,” he said.

Also, Eilertson said users earlier contracted 60% to 80% of their needs for 2021/22 at much lower prices, so the current record-high prices apply to the last 20% to 40% of needs, but a shortage of just 10% is enough to “blow up” the market.

“The drought in the United States of 1988 is the last time the market was severely short oats and was able to source a significant amount of oats from northern Europe,” Eilertson said. “The EU oat market should have some oats to export to North America. Will it be enough to help us get to new crop? That is the question.”

Production of oats in the United States has declined for decades as demand for the grain as horse feed has declined and as other crops were much more profitable. Whether growers will respond to high oat prices by planting more oats in 2022 depends on where oat prices are closer to planting early next spring and on prices of competing crops, which have been elevated as well, especially in the Upper Midwest and Canadian Prairie oats growing areas.

“Plant oats; get rewarded,” Eilertson said. “For oat-based ingredient buyers, it will be a year that will come with challenges but know there will be a light at the end of the tunnel, a new harvest.”

---

**Ethanol**

**CME Ethanol Futures Nearby Continuous**

CME Ethanol December 2021 closed on Friday at $2.55000, up 4.000 cents on the day, and gaining 36.500 cents for the week; with the nearby November contract making new highs of $3.10000 as that contract enters delivery.

Ethanol margins remain very good and swaps continue to trade much higher due to pinches in logistics. We continue to see plants pay up in the fall and even out in the spring/summer.

**U.S. Export Ethanol Values – Friday 5th Novdmber 2021**

<table>
<thead>
<tr>
<th>Nearby Quotes, Basis CBOT futures:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blair, NE</td>
</tr>
<tr>
<td>Cedar Rapids, IA</td>
</tr>
<tr>
<td>Decatur, IL</td>
</tr>
<tr>
<td>Fort Dodge, IA</td>
</tr>
<tr>
<td>N. Manchester, IN</td>
</tr>
<tr>
<td>Portland, IN</td>
</tr>
</tbody>
</table>

Wednesday's Energy Information Administration (EIA) report showed domestic ethanol inventories moved higher as production continued to increase, nearing a level not achieved since early December 2017. Overall production increased for a fifth consecutive week, up 1,000 barrels per day (bpd) to 1.107 million bpd, just shy of the
1.108 million-bpd output rate for the first week of December 2017 while 15.2% above the same week in 2020. Midwest PADD 2 plant production held at a record 1.051 million bpd, 15.1% higher than output during the corresponding week last year.

- **Global Sales Of U.S. Ethanol And DDGS Moderated In September**
  4 Nov 2021 Renewable Fuels Association - U.S. ethanol exports in September slowed by 6% to 75.84 million gallons (mg). Export market share was notably concentrated, with the bulk of shipments going to just two countries.


  RFA is the leading trade association for America's ethanol industry, working to drive expanded demand for American-made renewable fuels and bio-products worldwide. Visit our website at [https://ethanolrfa.org/](https://ethanolrfa.org/).

  Canada remained the top destination for U.S. ethanol exports for the sixth straight month with imports of 36.2 mg, up 7%. This marks the largest monthly shipments to cross the border in over three years and accounts for nearly half (48%) of the September U.S. ethanol export market.

  Exports to South Korea jumped 81% to a five-month high of 17.9 mg (accounting for 24% of September exports). Mexico (4.8 mg, +20%), Peru (4.7 mg, -24%), and the United Kingdom (4.1 mg, -38%) were other larger customers. Once again, former key destinations Brazil, China, and India were nearly absent from the market. Shipments over the first nine months of the year were 872.2 mg, down 10% from the same period in 2020.

  The U.S. imported 12.9 mg of undenatured ethanol from Brazil, the largest monthly volume to enter our borders this year.

  **DDGS** - U.S. exports of dried distillers grains (DDGS), the animal feed co-product generated by dry-mill ethanol plants, sank 31% to a seven-month low of 853,751 mts after hitting a six-year high in August.

  In a departure from recent norms, just five countries accounted for two-thirds of total DDGS exports in September. Exports to Mexico, our top customer for the last year, declined by 22% to 159,658 mts (representing 19% of all shipments in September). U.S. DDGS sales to Vietnam scaled back by 40% to 116,725 mts. Exports to South Korea perked up by 35% to 108,086 mts, a high for the year. Canada imported 93,449 mts DDGS, up 8% for the largest volume in over a decade. Shipments also increased to Indonesia, up 6% to 68,724 mts. Additionally, substantial volumes landed in China (49,977 mts, -12%), Turkey (28,489 mts, -67% to a 17-month low), Ireland (28,038 mts, +51%), New Zealand (22,000 mts, -56%), and Spain (19,378 mt, -54%).

  Total DDGS exports through September were 8.59 million mt, which is 5% ahead of last year at this time.

- **Rising Ethanol Demand Will Reduce US Corn Ending Stocks**
  1 Nov 2021 Gro Intelligence - Rising crude oil prices and gasoline use have sharply increased demand for US ethanol over the past few weeks. Gro expects that corn used in ethanol production will exceed current USDA estimates, lowering corn ending stocks for 2021/22.

  ![Production Quantity (volume/time) - United States (EIA)](https://grointelligence.com)

  View historical trade data at [https://grointelligence.com](https://grointelligence.com).

  Canada remained the top destination for U.S. ethanol exports for the sixth straight month with imports of 36.2 mg, up 7%. This marks the largest monthly shipments to cross the border in over three years and accounts for nearly half (48%) of the September U.S. ethanol export market.

  Exports to South Korea jumped 81% to a five-month high of 17.9 mg (accounting for 24% of September exports). Mexico (4.8 mg, +20%), Peru (4.7 mg, -24%), and the United Kingdom (4.1 mg, -38%) were other larger customers. Once again, former key destinations Brazil, China, and India were nearly absent from the market. Shipments over the first nine months of the year were 872.2 mg, down 10% from the same period in 2020.

  The U.S. imported 12.9 mg of undenatured ethanol from Brazil, the largest monthly volume to enter our borders this year.

  **DDGS** - U.S. exports of dried distillers grains (DDGS), the animal feed co-product generated by dry-mill ethanol plants, sank 31% to a seven-month low of 853,751 mts after hitting a six-year high in August.

  In a departure from recent norms, just five countries accounted for two-thirds of total DDGS exports in September. Exports to Mexico, our top customer for the last year, declined by 22% to 159,658 mts (representing 19% of all shipments in September). U.S. DDGS sales to Vietnam scaled back by 40% to 116,725 mts. Exports to South Korea perked up by 35% to 108,086 mts, a high for the year. Canada imported 93,449 mts DDGS, up 8% for the largest volume in over a decade. Shipments also increased to Indonesia, up 6% to 68,724 mts. Additionally, substantial volumes landed in China (49,977 mts, -12%), Turkey (28,489 mts, -67% to a 17-month low), Ireland (28,038 mts, +51%), New Zealand (22,000 mts, -56%), and Spain (19,378 mt, -54%).

  Total DDGS exports through September were 8.59 million mt, which is 5% ahead of last year at this time.
US ethanol production has already shot up 20% in the past five weeks as more corn supplies have become available from the Midwest. Gro’s current forecast of corn usage for ethanol this marketing year is 5.241 billion bushels, 41 million bushels greater than the USDA’s projection in the October WASDE.

As a result, Gro believes the USDA is currently overestimating corn carryout for 2021/22, as seen via Gro’s US Corn Balance Sheet. Since 35% of the US corn crop goes to making ethanol, higher demand for the fuel additive increases demand for corn. Demand for US gasoline rose nearly 10% year over year in the four weeks ended Oct. 22.

Ethanol production in the latest week was 1.106 million barrels per day, the second-largest weekly pace ever. Production has more than doubled since the COVID-induced low levels of April 2020. High demand also has drawn down ethanol inventory, which is down 12% from its summer peak.

Gro’s forecast of corn usage for ethanol is based on a regression analysis of the pace of ethanol production so far this year against the historical pace of production for the same time periods in prior years.

Energy shortages in Europe and Asia also could drive up demand for US ethanol. While US ethanol exports are down 12% so far in 2021 from the previous year, increased global interest in the fuel additive could present an opportunity for the US ethanol industry.

US corn is also well positioned to pick up more export business, as US export prices on an FOB basis are cheaper than competitors.

The USDA projects corn consumption for ethanol to rise more than 3% in 2021/22 from the previous year as global energy demand rebounds. But Gro believes the USDA is underestimating corn demand for ethanol, particularly as higher crude oil prices make crushing corn for ethanol more profitable.

---

**DDG’s – Prices steady for the week**

5 Nov 2021 Mary Kennedy, DTN Analyst – The DTN average price for domestic distillers dried grains (DDG) from 33 locations reporting for the week ended November 4th was $187/ton, unchanged on average from one week ago.

DDG prices were steady as demand has been quiet recently, while soybean meal prices have risen this week.

Based on the average of prices collected by DTN, the value of DDG relative to corn for the week ended Nov. 4 was 93.62%. The value of DDG relative to soybean meal was 55.69% and the cost per unit of protein for DDG was $6.93, compared to the cost per unit of protein for soybean meal at $7.07.

In its weekly DDGS export price update, the U.S. Grains Council said: “Export markets for DDGS are quiet again this week, though values are firming slightly. Barge CIF NOLA offers are steady/down $1 per metric ton (mt) as freight rates ease from recent highs while FOB Gulf offers are up $4 for November shipment and $2/mt for December/January. Bids and offers for containerized DDGS into Southeast Asia remain spotty with light trade, but indications are mostly higher and average $358/mt this week.”

The U.S. Census Bureau said this past week that U.S. exports of DDGS totaled 853,751 mt in September, down from 1,243,698 mt in August and down 24% from a year ago. Mexico was the top destination in September, taking 19% of U.S. exports and was followed by Vietnam and South Korea. In the first nine months of 2021, U.S. exports of DDGS are up 5% from a year ago.
**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>11/4/2021</td>
<td>$5.5925</td>
<td>$199.73</td>
</tr>
<tr>
<td>Soybean Meal</td>
<td>11/4/2021</td>
<td>$335.80</td>
<td></td>
</tr>
<tr>
<td>DDG Weekly Average Spot Price</td>
<td></td>
<td>$187.00</td>
<td></td>
</tr>
</tbody>
</table>

**DDG Value Relative to:** 11/4 10/28  
Corn 93.62% 93.04%  
Soybean Meal 55.69% 56.52%  

**Cost Per Unit of Protein:**  
DDG $6.93 $6.93  
Soybean Meal $7.07 $6.97  

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.

---

**OILSEEDS COMPLEX**

- **USDA attaché sees China 2021/22 soybean imports at 101 mmts**  
  4 Nov 2021 Reuters - Following are selected highlights from a report issued by the U.S. Department of Agriculture’s Foreign Agricultural Service post in Beijing:  
  “China’s soybean imports in marketing year 20/21 hit a record 99.8 mmts on high feed demand in the swine and poultry sectors. Soybean imports are expected to reach 101 mmts in 21/22 on increasing demand for soybean meal and soybean oil and lower imports of rapeseed year-over-year. U.S. share of China's soybean imports reached 37.2% in 20/21.

- **Chinese soybean imports to rise despite pullback in hog herd**  
  5 Nov 2021 Krissa Welshans Feedstuffs - As the country continues to recover from the impact of African swine fever (ASF), China’s soybean imports are expected to be even higher during marketing year 2021/22, at 101 mmts, due to increasing demand for soybean meal and soybean oil and lower imports of rapeseed, according to a USDA “Global Agricultural Information Network” report. Swine sector continues to account for approximately 40-45% of China’s soybean meal consumption. China’s soybean imports in 2020/21 had already reached a record 99.8 mmts due to high feed demand in the swine and poultry sectors. The U.S. share of those soybean imports was 37.2%.

USDA Foreign Agriculture Service (FAS) staff in China relayed that the swine sector continues to account for approximately 40-45% of China’s soybean meal consumption. China’s National Statistics Bureau (NSB) data showed as of September 2021, the live pig inventory stood at 437.6 million heads, up 18.2% from the same period last year.

Breeding sows accounted for 44.59 million of that, which was a 16.7% over the same period last year. FAS said this is much higher than the ministry of agriculture’s annual 41 million breeding sows target during the 2021 to 2025 period.

To address concerns of excess capacity, FAS said China's Ministry of Agriculture and Rural Affairs (MARA) has encouraged the industry to restructure by eliminating low efficiency sows to reduce over-supply and minimize losses. However, a Chinese industry source estimated breeding sows were already reduced 41.3 million by the end of August, which the GAIN report said calls into question the NSB’s September sow figures.

According to NSB, total meat production increased to 64.28 MMT in the first three quarters of 2021, up 22.4% from the previous year. FAS staff pointed out that yearly meat production before the ASF outbreak averaged 86.8 MMT from 2015 to 2017, according to the NSB.

“Given the sharp decline of pork prices throughout 2021 and producer losses beginning in June 2021, it remains to be seen if prices will stabilize and producers return to profit by the end of the year. Ongoing efforts to lower sow production along with expected higher demand in the lead up to the Chinese Lunar New Year will likely raise prices and producer margins in 2022,” the GAIN report noted.

In its “Pork Quarterly Q4 2021,” Rabobank relayed that hog prices were down 60% year over year at the end of September.

“Producers have posted six months of losses, forcing them to cull their herd or exit the market entirely,” the firm reported.

Rabobank said it expects pork supplies will remain ample following herd reduction and previous restocking. However, it said supplies could be short if economic trends improve. Currently, however, demand remains weak due to dining restrictions associated with the ongoing COVID-19 pandemic.

Based on MARA surveys, FAS said total feed production during the first nine months of 2021 was 218.4 mmts, up 16.9% from the previous year. Of the total, swine feed was 95.1 mmts, aquatic feed was 19.7 mmts and ruminant feed was 10.4 mmts, up 56.2%, 13.2%, and 13.3%, respectively, from the previous year. Layer feed and broiler feed, on the other hand, have been down by 9.7% and 5.2%, respectively, from the previous year.

“It is worth noting that reported total feed production in September declined 2.5% from August, although up 2.7% from the previous year,” FAS staff said, adding that swine feed in September was 11 MMT, down 1.7% from August but 19.9% higher than the previous year.

As swine production continues to recover and production at large-scale farms increases, FAS staff said soybean meal (SBM) consumption is expected to rise. FAS forecasts 2021/22 SBM feed use at 75.3 mmts compared to an estimated 72.9 mmts in 2020/21.
SOYBEANS

- Brazil's 2021/22 soybean planting reaches 52% of area
  1 Nov 2021 Reuters - Planting of Brazil's 2021/22 soybean crop reached 52% of the estimated area as of the 28th of October, the second-fastest pace ever for sowing at this time in the season, agribusiness consultancy AgRural said on Monday.
  Planting was up 14%age points from the previous week and higher than the 42% for the same period of 2020/21, when fieldwork was delayed by irregular showers, AgRural said. According to the consultancy, this season's planting was favored by abundant and regular rainfall in October.
  Some farmers in the state of Parana might even have to replant some areas due to excessive rains, but it should not affect the crop's "good progress," AgRural noted.
  Overall, Brazil's current pace of planting lags only 2018/19 season's one.
  For the country's 2021/22 first corn crop, AgRural said planting reached 63% of the area in the Center-South region, compared with 53% in the previous week and 54% a year earlier, supported by good weather.
  AgRural also said early planting of soybeans in the state of Mato Grosso, Brazil's largest grain producer, will give farmers the opportunity to plant their second corn crop within the ideal climate window, unlike last year.
  Second corn is planted after soybeans are harvested in the same fields and represent 70-75% of total corn output in a given year. AgRural said Mato Grosso's second corn will be planted in the first two months of 2022.

- Brazil's soybeans exports to reach 1.9m mt in November: Anec
  4 Nov 2021 - Brazil's soybeans exports are close to setting a new record volume as shipments are expected to reach 1.9 mmts in November, versus 770,328 mts in the same month last year, according to the country's grain exporters' association Anec's latest report, released on Wednesday.
  Soybean exports reached 2.9 mmts in October, 34.4% higher on the year, but below Anec's 3 to 3.4 mmts range forecast.
  If the forecast is confirmed, Brazil's annual soybean exports will reach 83.8 mmts by the end of this month, a record volume, above the 82.1 mmts shipped in the same period last year, and surpassing the 82.3 mmts total volume of shipments from 2020.
  Brazil's record volume for soybeans exports was reached in 2018 when the country shipped 82.9 mmts.
  Corn exports are expected to reach 1.9 mmts in November, 60.2% lower on the year.
  In October, Brazil shipped 1.8 mmts of corn, a 59.1% decrease compared with the 4.5 mmts volume exported in October 2020, while Anec expected a range between 2 and 2.1 mmts. If the forecast is confirmed, Brazil will export 16.5 mmts of corn by the end of this month, versus 29.5 mmts in the same period last year. In 2020, the country shipped 33.4 mmts of corn in total.

- Argentine soybean growing conditions a cause for concern
  29 Oct 2021 - Soybean growing conditions in Argentina that got underway this week are causing concern in view of the current dry weather conditions and the onset of La Nina weather conditions, the Rosario Grain Exchange (BCR) said late Thursday.
  Soybean crop plantings of the 2021/22 crop have started with less soil moisture than the conditions experienced a year ago, and with dry weather conditions resulting from the onset of La Nina, worries are deepening about crop yields.
  “The lack of water in the last two years has changed the landscape in the region and does not stop being a strong threat for the 2021/22 cycle," the BCR said. "With La Nina weather conditions ahead, it will be very difficult to reverse this [dry conditions]." added the exchange.
  Farmers are fretful that dry soil is delaying the planting of crops and that longer-term concerns about the La Nina's weather phenomenon's impact on weather conditions in February next year – before April's harvest – and therefore a critical period to achieve favourable crop yields.
  Key grain-producing region Santa Fe has registered about 35% less rainfall in 2021 than in a normal year, and it is expected that rainfall in October will likely come below the average rainfall levels.
  Around 12% of the first stage bean crop has been planted in the core region.
  But concerns are also growing about a potential infestation by pests such as moths and mites that are often worse during dry conditions.
  The BCR expects that 16.2 million hectares will be planted with soybean crop in 2021/22, down 4% on the previous season, and the lowest planted area in the past 15 years.

- CME CBOT Soybeans Futures
  This week's trade put soybean futures at 3-week lows, and only a dime away from clearing 8-month lows. Most of the negative price action was attributed to profit taking & position squaring ahead of next Tuesday's USDA report.
  General market thoughts lean slightly bearish, with expectations that the USDA will once again raise soybean ending stocks despite the big jump in October. Average trade guess is that carryout will increase 42 mbus to 362 mbus.
USDA’s Ag Attache estimates China’s soybean imports at 101 mmts for the 2021/22 season. That compares with 99 mmts last season and matches USDA’s October forecast for 2021/22. USDA will release their November version of the world S&Ds next Tuesday.

CME January 2022 Soybean Futures settled on Friday at $12.05½/bu, off 17¼ cents on the day, and losing 44 cents for the week, as soybean futures sold off for the third consecutive session. For the November contract that was a 44 cent drop from the Monday start, while Jan beans completed the first week of the month with a 43 1/2 cent pullback.

The weekly CoT report showed soybean spec traders were 18,770 contracts more net long as of 11/2. That came as net new buying through the week, and pushed their net long to 42,681 contracts. Commercial soybean traders took a risk off approach through the week, however the long liquidation out weighed the commercial short covering for a 16k contract stronger net short of 173,655 contracts.

Cash bean basis was firm in the interior, with several processors taking bids up 5-10 cents/bu late this week. Farmer sales have slowed on the market break despite U.S. harvest pressure, which is expected to be 88-90% complete by the end of the weekend. Cash values in the export channels remain well under-DVE, particularly Dec-forward. That helped spreads continue to leak out; SF2/H2 broke ½ c/bu to close at -12 carry, the widest level on record.

Crushing margins remain sky high, with board crush improving 1 to 2 cents/bu through the front-end of the curve.

U.S. soybean exports appear likely to continue to struggle as there are more than 2½ times as many beans in the Brazil export line-up than a year ago and exports could increase from 29 mbus last year in November to nearly 80 mbus this year. No flash sales from the USDA this morning reinforced some concerns about sagging U.S. export demand.

In Brazil, Mato Grosso planting will likely reach 94% complete this week, well ahead of 83% last year. This could lead to new Brazilian bean stocks being available earlier in the marketing year than normal. A Reuters poll showed the average trade guess for Brazil’s soybean crop up slightly from their previous estimate to a record 143.94 mmts. The BA Grains Exchange pegged Argentina soybean planting at 7% complete; 3% ahead of last year.

- **U.S. Export Soy Values – Thursday 4th November 2021**
  - U.S., FOB Gulf - $484.75/mt
  - U.S., FOB PNW - $525.75/mt
  - Brazil, FOB - $500.00/mt
  - Argentina, FOB UpRiver, $535.00/mt

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

<table>
<thead>
<tr>
<th></th>
<th>CIF BEANS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>11/4/21</td>
<td>NOV 64 / 72</td>
<td>LH NOV 67 / -</td>
<td>DEC 67 / 75</td>
</tr>
<tr>
<td></td>
<td>NOV/DEC -</td>
<td>NOV/DEC -6 / -2</td>
<td>DEC/DEC - / 1</td>
</tr>
<tr>
<td>11/5/21</td>
<td>64 / 70 F</td>
<td>66 / 70 F</td>
<td>67 / 72 F</td>
</tr>
<tr>
<td></td>
<td>DEC - / 1</td>
<td>DEC - / 1 F</td>
<td>DEC/JAN - / 1 F</td>
</tr>
<tr>
<td></td>
<td>JAN - / 76</td>
<td>JAN 68 / 73 F</td>
<td>FH JAN - / 65</td>
</tr>
<tr>
<td></td>
<td>FH FEB 62 / -</td>
<td>FH FEB 60 / 64 H</td>
<td>AM - / 63</td>
</tr>
<tr>
<td></td>
<td>AM - / 65</td>
<td>AM - / 64 H</td>
<td>AMJJ - / 63 N</td>
</tr>
</tbody>
</table>

Brazil’s soybeans in rare switch as prices undercut US in Dec.
3 Nov 2021 - Brazilian soybeans have become more competitive into the main Chinese market than U.S. soybeans this week; a rare dynamic at this time of the year, as basis premiums in the South American country have plunged amid heavy selling pressure, Agricensus data shows.

From August to December, US beans are typically more competitive than those sourced from Brazil as the North American harvest is at full steam while Brazil is typically in its off-season.

According to price assessments, however, December soybean cargoes out of Brazil dropped from 375 cents/bu on October 27th to 320 cents/bu on November 3rd.

Meanwhile, CFR China premiums for beans out of U.S. Gulf ports fell from 355 cents/bu to 342 cents/bu during the same time frame.

This means that, as of Wednesday, Brazilian beans were $10/mt cheaper than their US counterpart into the Chinese market on a flat price, delivered basis.
Premiums in both origins fell over the week, pressured by declining freight rates and, in the US case, by a continuing normalization of elevation margins after disruptions brought about by Hurricane Ida.

“Freight rates plunged recently, heavily weighing on FOB premiums basis, as well as the CFR premiums,” a China-based trader said.

However, in Brazil such a steep decline in premiums was unexpected, especially considering the country is now off-season, with new crop beans not expected to hit the market before early-2022.

“Brazil is facing selling pressures now. The harvest is expected to be ahead of schedule, so they want to clear the old crops as soon as possible,” a China-based analyst working in a trading house told Agricensus.

Corn is also undergoing a similar dynamic, with late season supply making the country competitive again despite relatively poor production and a slow export pace.

“There is a good crop on the way,” a broker from Brazil said, adding that farmers want to make room to stock new crop beans as the expected bumper crop starts to be lifted from the fields in early-2022.

“I believe the fact that we have not exported large corn volumes this year also contributes as many trading houses have ‘take-or-pay’ railway agreements that they need to fulfill,” another market source told Agricensus. “These traders had the intention to fulfill these agreements with corn, but since volumes were insufficient, they are now lowering bean premiums to secure the demand they need,” the source added.

“On top of these factors, the depreciation of the Brazilian real against the US dollar makes prices more attractive in Brazil,” Agrural’s Daniele Siqueira said. Siqueira added that “the good planting pace and prospects of a bumper 2021/22 crop may pressure prices further ahead, which has also favoured old crop sales over the last days.”

The price of different origin beans into the Chinese market has a direct impact on Chinese crush margins and hence on how the country tailors its origination strategies.

“Crush margins [for soybeans] from Brazil improved a lot this week, so we expected there will be some more [Brazilian beans] trades coming soon,” the Chinese analyst said.

China’s domestic gross crush margins for Brazilian soybeans from February to July 2022 landed in slightly positive territory on Wednesday, while margins using US beans remained negative, according to Agricensus’ assessment.

With Brazilian beans more competitive, buying interest is expected to shift even more intensely to the country, where the cargo market has already been more active than anticipated since September.

Jeopardy - The other side of the coin is that the shift in interest of the world’s top soybean buyer from the U.S. to Brazil has the potential to jeopardize an already tight shipping schedule if the U.S. is to meet the USDA’s 2021/22 export estimate.

According to USDA data, the U.S. must ship over 2.2 mmts of beans per week on average until the end of February to meet 85% of its export program; a typical achievement rate for the middle of the marketing year when Brazilian new crop beans tend to kick in.

This is nearly 100,000 mts higher than the average rate of shipment during the same period last year, and the program tends to face further headwinds as beans will compete for logistical capacity with corn that is also under a tight shipping schedule.

Considering this outlook, many market participants believe the USDA will lower its 2021/22 export estimates in its upcoming supply and demand outlook to be released on November 9th.

**CANOLA / RAPESEED**

- **ICE Canadian Canola Futures**

  Canadian canola made new 45 year highs a week ago Friday touching C$1,058.00/mt. However, **ICE November 2021 Canola Futures** settled this Friday at C$998.50/mt, off C$4.80 on the day, and losing C$59.50 for the week.

- **Statistics Canada’s September Export Statistics – Canola**

  5 Nov 2021 - Canada canola oil exports totaled 202,042 mts in September, up from the previous month. Cumulative exports of 395,090 mt are down 25% from the previous year and 25% below the three-year average.

  Canola meal exports reached 361,914 mts in September, down slightly from the previous month. During the first two months of the crop year, 726,768 mts of canola
meal has been exported, down 4.5% from the same period in 2020-21 and 6% below the three-year average.

**VEGETABLE OILS**

- **Strong profit margins spark wave of US crushing investments**

2 Nov 2021 - The US Midwest is in the midst of a wave new investment in soybean crushing capacity with strong demand for oil and meal and healthy 2021/22 crop prospects supporting a sharp increase in soybean crushing margins in recent months.

Agriensus looks at some of the factors driving the investments and weighs the scale of the new production capacity.

**Margins** - Following a subdued start to the year, crushing margins increased significantly during the second half of 2021 with Q3 margins averaging $1.11/bu up by approximately 49% year-on-year. While average monthly profit margins retreated to approximately 92 cents/bu in September, October accounted for a significant rebound with average margins increasing to around $1.49/bu, up 24% year-on-year.

The growth in profit margins has been fueled primarily by high prices for soybean oil and solid soybean crop prospects. As a result, the CBOT oil share — the proportion of the oil value as part of the bean crush — strengthened to a monthly average of 48.7% in October, up from 31.1% seen around the same time last year.

**Legislation** - Soybean prices have strengthened in recent months supported by the recent spike in crude oil prices as well as government incentives such as the Renewable Fuel Standard and California’s Low Carbon Fuel Standard. Collectively, the legislative landscape is expected to underpin an increased requirement for renewable diesels which are in turn driving a significant increase in biodiesel production capacity, with soybean oil a critical feedstock.

According to the US Energy Information Administration (EIA), the current number of projects in the planning and construction phase suggests that US production capacity for biodiesel could reach more than 5 billion gallons per year by 2024, up from 0.6 billion in 2020.

**Investment** - In order to meet this demand, several food processors have subsequently announced a string of new investments in soybean crushing capacity with more than 250 million bushels/year of crushing capacity set to enter production by 2024. This added capacity represents an increase of 11% over the current USDA forecast of 2.2 billion bu/year for the 2021/22 US soybean crush.

The new investments include the following:

- In March 2021, CHS announced that it plans to invest $475 million to modernize its US soybean processing plants across seven states with the largest expansions will take place in Sidney, Ohio where crushing capacity will be doubled and in Cedar Rapids, Iowa where capacity will be increased by 10%.
- In May, Shell Rock Soy Processing (SRSP) announced that it had raised the necessary capital to construct a new $270 million crushing plant in Shell Rock, Iowa capable of crushing 40 million bushels of soybeans per year with completion set for 2022.
- In September, CHS announced that it plans to spend $60 million to increase annual refined soybean oil production at its existing Mankato facility in Minnesota by 35% by late summer 2023.
- In September, newly formed Platinum Crush, LLC announced plans invest $350 million to build a new soybean crushing plant in Buena Vista County, Iowa, capable of crushing 38.5 million bushels of soybeans per year, or about 110,000 bushels per day.
- In October, Bartletts obtained regulatory approval to develop a soybean crushing facility in Montgomery County, Kansas, capable of processing 38.5 million bushels of soybeans annually (110,000 bushels per day) with crushing operations schedule to begin in 2024.
- In October, ADM announced plans to construct a $350 million crush and refining complex in Spiritwood, North Dakota, capable of processing 150,000 bushels of soybeans per day with completion set for the start of the 2023 harvest.
- In October, Marquis Inc. announced plans to construct a soybean crushing facility on a new 2500-acre carbon neutral industrial park in Hennepin, Illinois, to produce soybean oil for biodiesel production.
- Local reporting also indicates that a large, multi-national company is eying construction of a $400 million soy crushing plant in Casselton, North Dakota, capable of processing an estimated 45 million bushels of soybeans annually.

Amid strengthening demand for soybean oil for biodiesel and renewable diesel production and healthy crush margins, further investments in crushing capacity are anticipated over the coming years, particularly along the West Coast where government incentives are supporting the growing adoption of biofuels in California and Oregon.

According to data from the Energy Information Agency, around 2.8 billion gallons worth of renewable diesel capacity is expected to be up and running on the US West Coast by 2024, while the Gulf Coast will also be a major regional player, with forecast production of around 1.75 billion gallons over the same timescale.
“Crushers located in the western US that are expanding business should benefit the most, as the renewable story is being driven by California,” said Terry Reilly, Senior Commodity Analyst at Futures International said.

“Eventually other states with stricter laws will follow them, meaning demand for vegetable oils will increase for industrial use,” he added.

ADM noted in its third quarter results last week that increasing production capacity for renewable diesel contributed to superior margins from July to September -- a pattern which ADM expects to continue, illustrated by its May announcement to build a dedicated soybean crushing plant and refinery in North Dakota to meet the fast-growing demand from biofuel, food and feed customers.

The company also announced in August that it would form a joint venture with Marathon Petroleum Corp. to produce soybean oil to supply the rapidly growing demand for renewable diesel fuel in the US.

With soybean oil prices likely to remain high on account of strengthening biodiesel production, it is also expected that oil will assume a greater proportion of overall crush value relative to meal.

"Looking at the meal/oil relationship, I think SBO oil share values, currently at very high levels, will remain strong and above their 10-year historical average over the next 2-4 years," said Reilly.

**CME Soybean Oil**

<table>
<thead>
<tr>
<th>Symbol:</th>
<th>Go</th>
<th>Future Symbol Search</th>
</tr>
</thead>
<tbody>
<tr>
<td>Last: 58.78</td>
<td>Chg: -0.80</td>
<td>Open: 59.55s</td>
</tr>
</tbody>
</table>

CME December 2021 Soybean Oil Futures settled on Friday at $58.78/cwt, off $0.80 on the day, and losing $2.49 for the week.

Futures touched prices not seen since September on the low for the day, but bounced back some to close 69 to 82 points in the red.

Biodiesel prices reported by USDA averaged 11 cents/gallon higher this week at $5.59/gallon spot.

In soybean oil, CFTC data showed spec traders were 3,117 contracts more net long at 88,748 contracts.

**Egypt’s GASC buys 15k mt of sunoil at tender, ignores soyoil**

3 Nov 2021 - Egypt’s state buyer GASC has bought 15,000 mt of sunoil at an international tender which closed Wednesday, paying more than at the previous tender, trade sources told Agricensus.

At the same time, the agency ignored offers of soybean oil and made no purchase in the accompanying tender due to the high price of the oil, market sources said.

GASC bought 15,000 mts of internationally supplied sunoil and paid $1,440/mt CFR Egypt to Belluno, on payment at sight basis.

That amounts to an 11% increase versus the previous purchase of sunflower oil in September.

The shipment must be delivered between December 25th and January 15th.

While tendering, GASC failed to make a purchase of soyoil as the offers were too high versus buying expectations, with the most competitive offer at $1,517/mt on CFR Egypt basis from Belluno.

That would have represented a 3% increase since the agency’s last purchase in October.

**Russia: soybean s&d balance shifting in favor of domestic crush**

3 Nov 2021 UkrAgroConsult - This past season 2020/21 broke an upward trend in Russian soybean production seen since six years ago, but the path of increasing its crop had been taken much earlier.

The 2020/21 soybean crop at a near record was obtained amid an almost 8% decrease in plantings and record high yields.

Russia is aimed at a new record in soybean production, subsidies for growers of oilseeds, including soybeans, are provided in MY 2021/22 under the “Agricultural Exports" project.

The current soybean crop forecast is slightly higher compared to 2020/21 due to expanded plantings and high yield, UkrAgroConsult reports.

Soybean crush is expected to rise in the 2021/22 and soybean products exports are set to increase. Russian soybean imports are forecast at a traditional level.

**Sunflower oil set to be the major growth driver for India’s imports**

5 Nov 2021 Freight News - India’s vegetable oil imports are set to rise to 14 mmts in the marketing year 2021/22 (November-October), driven largely by a pickup in
sunflower oil imports, Sandeep Bajoria, CEO of Mumbai-based vegetable oil broking firm Sunvin Group said Nov. 3.

Sunflower oil imports are expected to rise to 2.4 mmts in 2021/22 from an estimated 1.88 mmts in 2020/21, as a steep cut in import duty combined with better global production will bring its prices closer to palm and soybean oils, Bajoria said.

India is the largest importer of vegetable oils in the world and has slashed its import tax on edible oils thrice in as many months amid rising international prices to keep domestic food inflation in check. The last import duty cut was announced October 13th. Post the latest cut, imports of crude sunflower oil are taxed at 5%, same as soybean oil and lower than the 7.5% charged on the crude palm oil. While palm oil is still the cheapest of oils due to its price advantage at origin markets, a record sunseed crop in Ukraine and Russia is narrowing the gap, according to Bajoria.

“We project World 2021/22 Sunflower seed production at 56.5 mmts, up 6.5 mmts from 2020/21. The increases are from Ukraine, Russia, EU and Argentina,” Bajoria said. Bajoria added that erratic weather, changes in the Russian export taxes on sunflower seed and oil, as well as slow farmer selling could pose challenges to the sunseed crop.

As of November 1st, the price of sunflower oil FOB Black Sea Ukraine was $1,370/mt while crude palm oil FOB Indonesia was at $1,347.5/mt, a price difference of $22.5/mt, assessments by S&P Global Platts showed. A year ago, the price difference was $202.5/mt

In terms of cost at the destination, the average cost of importing a mt of crude sunflower oil was $1,460 in Mumbai, India while crude palm oil cost $1,455 as of October 29th, a press release by national trade body, the Solvent Extractors’ Association of India said.

At these rates, total duty paid on crude sunflower oil is Rupee 6,003.36/mt ($80.59), lower than the duty of Rupee 7,748.09/mt ($104.01) paid on crude palm oil, trade sources told Platts. Sunflower oil also commands a much higher price in the domestic retail market than palm oil.

While directly importing refined palm oils is currently the cheapest option, as per New Delhi’s edible oil policy, imports of refined palm oils such as RBD palm olein or refined, bleached and deodorized palm olein are unrestricted only till December 31st.

In 2021/22, India’s imports of palm oil may shrink to 8.375 mmts from 8.66 mmts in 2020/21, Bajoria said.

In Q4 of the calendar year 2021 (October-December), Indian palm oil imports are expected to average around 600,000 mts monthly, with soybean oil at 375,000 mts and sunflower oil at 180,000 mts, according to estimates by the Sunvin Group.

**India’s wholesale vegoil prices fall as trade group supports cuts**

2 Nov 2021 - A reduction in duties levied on vegetable oils has been reflected in lower domestic prices in key importer India, allowing an industry group to commit to a substantial cut to wholesale prices.

The Solvent Extractors Association of India (SEA) has committed to cutting the whole price of edible oils by up to INR7,000/mt, according to an official statement from the group.

“Members of SEA have already committed and reduced wholesale bulk prices by INR4,000 to 7,000/mt (INR 4-7/litre) and others are also following to reduce the edible oil prices,” Shri Atul Chaturvedi, President of the SEA, said, with the cut coming ahead of a national festive season this week.

The reduction amounts to a fall of between $54-94/mt, but the wholesale price falls come after local market prices have fallen by about 6% on the previous month after the government implemented the latest cut to import duties for vegetable oils on October 14th.

Palm olein prices have fallen to INR119/kg as of the 2nd of November, down from $127/kg from the 10th of October, just prior to the latest import duty cut.

A similar decline has been seen in soyoil, with prices dropping to around INR126-130/kg on November 2nd, from INR134/kg on October 10th.

The pledge in lowering domestic wholesale prices for vegetable oils comes amid near-record prices experienced in India this year, which has led the Indian government to implement a series of reductions in import taxes.

The latest duty cut implemented by the Indian government came on the 14th of October, when it lowered crude and refined import taxes for edible oils, which will remain in force until the 31st of March 2022.

**CME Palm Oil Swaps**
**CME December 2021 Palm Oil Swaps** settled at $1,111.50/mt on Friday, off $49.50 on the day, and dropping $49.25 for the week.

- **Malaysia end-Oct palm oil stocks seen higher as exports plunge**
  5 Nov 2021 Reuters - Malaysia’s palm oil inventories likely rebounded at the end of October, lifted by a plunge in exports amid shrinking output. Palm oil stockpile at the world’s second largest producer is pegged to rise 3.4% to 1.81 mmt, according to a median estimate of nine planters, traders and analysts polled by Reuters. Production is seen declining 0.98% to 1.69 mmt. It likely fell for a second consecutive month to its lowest in three months, as the peak production season ends.

The decline, much lower than historical trends, reflects the ongoing severe shortage of foreign workers, ageing trees due to slow replanting, slower new planting rates, and lower fertiliser input due to logistics issues, Ivy Ng, regional head of plantations research at CGS-CIMB Research, said in a note.

Exports likely slumped 11.7% to 1.41 mmt, as data from cargo surveyors showed slower shipments to top buyers India and the European Union. "We suspect the weaker exports could be partly due to the high prices and low supply from Malaysia," Ng said.

Malaysia’s benchmark crude palm oil prices hit record highs of 5,220 ringgit (US$1,255.71) a tonne in October due to supply tightness in global edible oils. The Malaysian Palm Oil Board will release official data on Nov. 10.

Breakdown of October estimates (in tonnes):

<table>
<thead>
<tr>
<th>Range</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>1,669,665-1,950,000</td>
</tr>
<tr>
<td>Exports</td>
<td>1,389,732-1,770,000</td>
</tr>
<tr>
<td>Imports</td>
<td>0-85,000</td>
</tr>
<tr>
<td>Closing Stk</td>
<td>1,752,520-2,000,000</td>
</tr>
</tbody>
</table>

* Official stocks of 1,746,520 tonnes in September plus the above estimated output and imports yield a total October supply of 3,656,505 tonnes. Based on the median of exports and closing stocks estimate, Malaysia’s domestic consumption in October is estimated to 312,592 tonnes. (US$1 = 4.1570 ringgit) (Reporting by Mei Mei Chu; Editing by Rashmi Aich)

- **India's edible oil producers' body urges members to cut prices**
  1 Nov 2021 Reuters - The head of India’s edible oil producers’ association called on producers on Monday to voluntarily cut wholesale prices to help consumers reeling from a sharp increase in global prices.

Domestic demand for edible oils in India, the world’s biggest consumer of cooking oils, rises in October and November when Indians - whose diet contains a lot of high-calorie and deep-fried food - celebrate a series of festivities such as the upcoming Diwali festival of lights.

"Ahead of Diwali, a lot of our members have already decided to reduce the price of edible oils by 3,000 rupees ($40.03)/mt to 5,000 rupees/mt," said Atul Chaturvedi, president of the Solvent Extractors Association of India. "We've requested everyone involved either in production or marketing of edible oils to reduce prices by at least 3,000 rupees/mt to 5,000 rupees/mt to give relief to consumers," Chaturvedi said.

India imports more than two thirds of its edible oils, and a rally in international prices has pushed up local rates. The country imports palm oil mainly from top producers Indonesia and Malaysia, while other oils, such as soy and sunflower, come from Argentina, Brazil, Ukraine and Russia.

The benchmark palm oil contract on the Bursa Malaysia Derivatives Exchange has risen 37% this year.

Last month, India slashed various import taxes on palm oil, soyoil and sunflower oil to help consumers. The reduction in import taxes on edible oil has already led to a drop in local prices. Domestic wholesale prices of edible oils have dropped by 7% to 11% in the past few weeks, Chaturvedi said.

New-season harvests of the soybean and peanut crops would further bring down prices, he said, as both oilseed crops look robust this year.

---

**PLANT PROTEIN MEALS**

- **CME CBOT Soybean Meal**

  CME December 2021 Soybean Meal Futures settled on Friday at $332.70 330.90/short ton, off $3.10/ton on the day, but gaining $1.80/ton for the week. In soymeal, CFTC data showed managed money reduced their net short 8,807 contracts to 6,334.

CME December 2021 Soybean Meal Futures settled on Friday at $332.70 330.90/short ton, off $3.10/ton on the day, but gaining $1.80/ton for the week.

In soymeal, CFTC data showed managed money reduced their net short 8,807 contracts to 6,334.
U.S. Export Soybean Meal Values – Thursday 4th November 2021

U.S., FOB Gulf - $411.00/mt  
Brazil, FOB Paranagua, $377.25/mt  
Argentina, FOB Upriver, $383.50/mt

Soybean Meal Gulf barge/rail quotes, basis CBOT futures: (USDA, CIF New Orleans)

<table>
<thead>
<tr>
<th>CIF SOYBEAN MEAL</th>
<th>11/4/2021</th>
<th>11/5/2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOV</td>
<td>30 / -</td>
<td>30 / -</td>
</tr>
<tr>
<td>DEC</td>
<td>25 / 40</td>
<td>25 / 40</td>
</tr>
<tr>
<td>JAN</td>
<td>- / 34</td>
<td>- / 34</td>
</tr>
<tr>
<td>FEB</td>
<td>- / 30</td>
<td>- / 30</td>
</tr>
<tr>
<td>MAR</td>
<td>- / 30</td>
<td>- / 30</td>
</tr>
</tbody>
</table>

Brazil's soymeal exports to fall 20% in Nov. as crush slows down

4 Nov 2021 - The seasonal end-of-season slowdown in Brazil crush operations is likely to lead in November to a 20% drop in soymeal exports versus the previous month, data from the country’s grain exporters association Anec showed.

The association forecasts Brazil soybean meal exports falling to 1.16 mmts in November, a drop of 17% from October volumes, with the wider trade also anticipating a drop off in production as the season winds down.

"We expect lower [soymeal] exports due to a crushing pace reduction, and logistics heading towards corn," HedgePoint Global’s Victor Martins said.

If the Anec forecast is confirmed, it would be the lowest volume exported since February this year, when 890,000 mts of soymeal were shipped from the country.

We are expecting a 5% reduction in bean crushing pace for November versus October," a local trade source told Agricensus, with the same level of reduction also expected between November and December, the source said.

The crush typically slows down in the last few months of the year as old crop supply availability declines ahead of the arrival of new crop beans, which can be due as early as January next year.

COTTON

CME Cotton – Continuous Chart

This week ICE cotton futures continued to set new ten year highs as the balance sheet continues to tighten. Prices rallied early in the week to $198.40/lb before fading on Friday.

The cotton futures market on the Intercontinental Exchange tends to take a staircase to the upside during rallies and an elevator lower when the price decides to correct. In 2008, as the global financial crisis gripped markets across all asset classes, the fluffy fiber futures reached a low of 36.70 cents per pound. Inflationary pressures and supply issues combined to push the price to an all-time high at $2.27 per pound in March 2011 in a rare explosive rally that ran upside fuel and was back below the $1 level by July 2011. Cotton has not probed above the $1.00 level since November 2011.

CME December 2021 Cotton Futures settled on Friday at $1.1687/lb, off $0.0205/lb on the day, but gaining $0.0202/lb for the week.

At the close, nearby cotton futures rallied to end the session with 18 to 41 point gains. New crop futures stayed red at the bell, closing 32 to 51 points weaker.

CFTC’s weekly update showed cotton spec traders were net buyers on the week that ended 11/2. Managed money OI was only up 412 contracts but extended their net long 1,202 to 78,338 contracts. The commercials added 5.4k contracts of short hedges taking their net short to 166,837 contracts.

Week to date sales on The Seam were 35,771 bales through Thursday for a wtd average price of $1.1341/lb. USDA’s weekly Cotton Market Review was 50,792 bales through Thursday for an average $1.1399/lb.

The weekly Classings report showed 1.064m bales of upland cotton were classed during the week, taking the season's total to 3.646 million. There have also been 46k bales of pima cotton classed MYTD. Cotlook A index was 150 points stronger on 11/4, up to 127.95. The new AWP for cotton for this week is 762 points stronger to 100.99 cents/lb.
**OTHER MARKETS & RELATED NEWS**

- **France tightens bird flu measures as virus spreads in Europe**
  5 Nov 2021 Reuters - The French government has put the entire country on high alert for bird flu as the virus spreads across Europe, the agriculture ministry said on Friday.
  The move will extend a requirement to keep poultry flocks indoors, a measure already implemented in certain areas since September.
  "Since the beginning of August, 130 bird flu cases or clusters have been detected in wild animals or on farms in Europe," the ministry said in a statement, adding that three cases had been identified among backyard birds in northeast France. "Reinforced prevention measures will therefore be implemented to protect poultry farms."
  The requirement to keep flocks indoors will be adapted, however, to take into account production practices such as free-range farming, the ministry said.
  Elsewhere in Europe, Dutch authorities last week ordered commercial farms to keep all flocks inside after bird flu was reported on a farm.
  France's measures will not threaten the bird flu-free status the country secured in early September after a previous wave of bird flu, the ministry added.
  France culled about 3 million birds last winter in its southwestern duck-breeding region as it grappled with the spread of the virus from wild birds to poultry flocks.

- **Lofty Chicken Margins Will Impact Supplies and Prices**
  2 Nov 2021 Gro Intelligence - Profit margins for US chicken producers are well above historical levels, according to Gro’s newly launched Broiler Chicken Margin Monitor.
  Those hefty margins today are likely to push up broiler supplies and pressure prices for almost the next two years.
  Restaurants and food service companies have been reeling as chicken breast prices have doubled over the past year. Now, chicken buyers can be expected to take advantage of the lofty producer margins to bargain for better prices going forward.
  For producers, the high margins are an incentive to expand production, as shown by the increased chicken slaughter pace this year. Gro expects that further production expansion is likely and could exert downward pressure on prices in the medium to long term.
  US chicken producer margins are currently at 13 cents/pound, the Gro Monitor shows. While that’s down from a recent peak of 19 cents/pound in June, margins are still sharply above the negative margins of minus 3 cents at the beginning of 2021. Over the past decade, chicken producer margins averaged 9 cents/pound. Margins got a big boost this year as chicken prices rose sharply, while feed costs have eased from their highs.
  Gro’s analysis shows a historical relationship between producer margins and later changes in price and slaughter rates. Over the past decade, the broiler chicken cutout — the weighted average price of carcass cuts — has declined by a half cent per pound for every cent of margin gained. The price change tends to begin six months after the margin increase and lasts for an additional 14 months, a total of 19 months from the initial margin move.
  Margin gains over the past decade also impacted slaughter rates, which rose by 10,000 mts/month following a 1-cent-per-pound increase in broiler producer margins. The acceleration in slaughter rate tends to lag the margin gain by four months, enough time to go from layer flock molting to slaughter of fully grown chickens.
  While 10,000 mts represents less than 1% of the current monthly slaughter volume, it’s a significant change for the industry and can pressure prices. Today’s high producer margins also could influence food service companies’ long-term decisions, with the knowledge that chicken supplies are likely to increase.

**TRANSPORTATION**

- **Dry Bulk Market On a Steep Slowdown as Demand Ebbs**
  4 Nov 2021 Hellenic Shipping News - The dry bulk market has entered a new reality of late, with rates retreating across the board, as evidenced by the Platts Dry Bulk weighted average indexes pictured.
  "With China slowing down on purchases of coal and iron ore as well as other minor bulks such as nickel ore, dry bulk freight rates have started to move south. We are witnessing big corrections in the freight rates for spot chartering Capesize, Panamax/Kamsarmax, Supramax and Handysize/Handymax bulkers. The market expects rates to descend further and sentiment to stay soft for most of Q4”, says Pradeep Rajan, Head of Asia Freight Pricing, S&P Global Platts.
  According to Mr. Rajan, “dry bulk freight rates have taken a huge beating after hitting multi-year highs across all segments. As the market entered Q4, the Chinese demand for raw materials during Q4, 2021 has started to ease.”
One of the key factors playing up on the demand for ships have been the commodity import demand destruction due to high product prices. The high iron ore and coal prices, which were witnessed in September and early October, saw charterers sitting on the sidelines and waiting it out.

In September, the iron ore inflows to China were fairly robust, while in October, the port maintenance in Australia saw vessel demand ease. Currently, the Chinese domestic coal supplies have increased and vessel queues off the Chinese coast have shortened. China imported 28.05 mmts of coal in August, while the figures for September and October were at 32.88 mmts and 26.9 mmts respectively, according to S&P Global Platts Analytics”.

“Also, Platts Analytics is maintaining a bearish forecast on dry bulk freight rates for the remainder of 2021 and expects the decline in rates to accelerate in October and November after commodity restocking has been completed. On the raw commodity side, coal and iron ore prices have fallen drastically. For instance, Platts Thermal Coal FOB Richards Bay 5500 NAR price after hitting a year’s high of $212.85/mt on Oct. 5 has fallen to $90.30 on Nov. 2. In the case of iron ore price, Platts IODEX Iron Ore fines 62% Fe price has dropped from $222.35/dmt on Jun. 14 to $96.45/dmt on Nov 2”, Mr. Rajan concluded.

**Baltic Dry Freight Index - Daily = 2769 - 861 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

**IGC Grains Freight Index**

Baltic index records worst week since July 2020 as vessel rates drop
5 Nov 2021 Reuters - The Baltic Exchange's dry bulk sea freight index dipped on Friday, registering its biggest weekly decline since July 2020, pulled lower by weakened rates across vessel segments.

- The overall index, which factors in rates for capesize, panamax and supramax vessels, was down 54 points, or 2%, to 2,715, its lowest since June 10.
- The main index suffered a weekly loss of 22.8%.
- The capesize index rose 59 points, or 1.8%, to 3,280, snapping a 11-session losing streak. It logged a weekly decline of 24.6%.
- Average daily earnings for capesizes, which transport 150,000-tonne cargoes such as iron ore and coal, increased $489 to $27,199.
- Benchmark iron ore futures in China fell on Friday and logged a fourth straight weekly decline as industrial demand remained sluggish due to steel output curbs in the country.
- The panamax index fell 95 points, or 3%, to 3,071, the lowest since June 9. The index fell 21.2% for the week.
- Average daily earnings for panamaxes, which ferry 60,000-70,000 tonne coal or grain cargoes, was down $851 to $27,641.
- The supramax index fell 147 points, or 5.7%, to 2,416, touching its lowest since May

Freightos Baltic Index (FBX): Global Container Freight Index

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

L O G I S T I C S

CP, KCS file merger application
2 Nov 2021 Arvin Donley - Canadian Pacific Railway Ltd. (CP) and Kansas City Southern (KCS) announced they have jointly filed a railroad control application with the Surface Transportation Board (STB) regarding the proposed transaction to create Canadian Pacific Kansas City (CPKC), the only single-line railroad linking the United States, Mexico and Canada.
We are excited to file our joint application for this unique, pro-competitive combination and once-in-a-lifetime partnership,” said Keith Creel, president and chief executive officer of CP. “CPKC is an extraordinary opportunity to inject new competition and new capacity into the US rail network, further USMCA trade flows, improve safety, grow employment and facilitate new passenger services. We are ready to work with the STB as the board gives this transaction a thorough and appropriate review, and ultimately look forward to approval so we can get to work delivering these benefits to the North American economy.”

Patrick J. Ottensmeyer, president and CEO of KCS, said filing the joint application brings the two rail companies closer to realizing a “historic opportunity.”

“In fierce competition with other railroads, trucks and other modes of transportation, CPKC will provide new routes, reach broader markets and create expanded shipping opportunities for customers,” he said. “This combination will also unlock new infrastructure investment and environmentally-friendly supply chain transportation options that will grow the USMCA economy.”

Earlier this year, it appeared that a merger would take place between KCS and Canadian National (CN), CP’s rival, after CN submitted a much higher bid than CP for KCS. But in September, CP upped its offer to $31 billion, still shy of CN’s bid of $33.6 billion, but enough to convince KCS to accept the CP proposal.

The comprehensive control application provides an overview of the proposed operational integration of the CP and KCS rail networks, the impact of that consolidation on the companies’ finances and labor needs, and the anticipated competitive and other benefits that will flow from providing shippers with new transportation alternatives. Information in the filing outlines the public and customer benefits a CP-KCS combination would bring, including more efficient north-south trade arteries to support the interconnected supply chains of the United States, Mexico and Canada.

The companies said that in addition to the central foundation of the transaction to invigorate transportation competition and support economic growth across North America, the CP-KCS combination will generate many other public benefits, including:

- The creation of more than 1,000 direct new jobs system-wide, including approximately 760 in the United States, over the next three years brought about by expanded rail operations across the combined network.
- Capital investments in new infrastructure of more than $275 million over the next three years to improve rail safety and capacity of the core north-south CPKC main line between Louisiana and the Upper Midwest.
- Avoidance of more than 1.5 million tons of greenhouse gas (GHG) emissions within five years due to the improved efficiency of CPKC versus current operations.

Capital investments in new infrastructure of more than $275 million over the next three years brought about by expanded rail operations across the combined network.

Diverting 64,000 long-haul truck shipments to rail annually with new CPKC intermodal services, eliminating another 1.3 million tons of GHG emissions over the next two decades, saving $750 million in highway maintenance costs.

Rail customers will not experience a reduction in independent railroad choices as a result of the CP-KCS combination, the companies said. The joint control application reiterates the applicants’ commitment to keep all existing freight rail gateways open on commercially reasonable terms, including the Laredo gateway between the United States and Mexico, and shows how customers will not lose competitive routings because no new regulatory “bottlenecks” are being created. It also describes how the combined company will compete aggressively to attract traffic to its network via new single-line lanes between Canada, the Upper Midwest and the Gulf Coast, Texas, and Mexico.

More than 960 stakeholders, including more than 440 shippers, 186 smaller railroads, dozens of public officials, eight major ports, railroad labor unions representing both CP and KCS employees and 289 rail industry suppliers have written letters to the STB supporting CP’s proposed combination with KCS.

CP has agreed to acquire KCS in a stock and cash transaction representing an enterprise value of approximately $31 billion, which includes the assumption of $3.8 billion of outstanding KCS debt. The transaction, which has the unanimous support of both boards of directors, values KCS at $300 per share, representing a 34% premium, based on the CP closing price on Aug. 9, 2021, the date prior to which CP submitted a revised offer to acquire KCS, and KCS’ unaffected closing price on March 19.

The transaction is subject to approval by shareholders of each company along with satisfaction of customary closing conditions, including Mexican regulatory approvals. Shareholders are expected to vote on the transaction later this year.

While remaining the smallest of six US Class 1 railroads by revenue, the combined company would have a much larger and more competitive network, operating approximately 20,000 miles of rail, employing close to 20,000 people, and generating total revenues of approximately $8.7 billion based on 2020 actual revenues, the companies said.

GOVERNMENT

U.S. - EU Trade Tensions Ease

5 Nov 2021 - The Biden administration announced it will ease tariffs on steel and aluminum imports from the EU under an agreement reached Saturday, reports POLITICO. The deal resolves a Trump-era dispute that resulted in retaliatory tariffs on multiple U.S. agriculture products.

The clearest winners of the new deal are industries that argue they never should have been dragged into the dispute in the first place, including many food and farm groups. The EU will cancel 25% retaliatory tariffs that have hampered exports of a wide range
of American goods, drawing celebratory remarks from makers of whiskey, butter, pork and more.

“While the dispute centered around steel and aluminum, farmers were swept up in the turmoil as the EU clamped down on U.S. agricultural exports like orange juice, butter, cheese, pork, nuts and many more,” American Farm Bureau Federation President Zippy Duvall said in a statement. “It’s crucial that we now restore those trade relationships.”

The EU was set to double its tariffs in June if the two sides had not agreed to start negotiations. Now some of those exporters are pushing the U.S. to go further and settle trade disputes with the U.K. and China that have kept tariffs in place on American goods.

“We welcome the announcement that the U.S. and EU have come to an agreement on the [Section] 232 steel and aluminum tariffs and the EU has pledged to eliminate retaliatory tariffs against U.S. exports,” Maria Zieba, assistant vice president of the National Pork Producers Council, said in a statement to POLITICO. “We are eager to see the U.S. turn its full attention to resolving the ongoing 232 steel and aluminum tariff dispute with China, where U.S. pork exports continue to face a [25%] retaliatory duty.”

Chris Swonger, CEO of the Distilled Spirits Council: “The end of this long tariff nightmare is in sight for U.S. distillers, who have struggled with the weight of the tariffs and the pandemic. It’s time for the U.K. to lift its tariff on American whiskies so we can all get back to toasts, not tariffs.”

**US-EU Deal Ends Steel Dispute, EU to Lift Retaliatory Duties**

30 October 2021 - The European Union has agreed to lift retaliatory tariffs on U.S. exports in exchange for getting tariff-free access for some steel and aluminum shipments to America, the Biden administration announced on Saturday.

The deal will bar transshipment through the EU of steel and aluminum produced in China or other third countries, administration officials said. The EU also agreed to negotiate a separate agreement with the United States on rules that will limit the carbon intensity of steel and aluminum that is traded.

The Trump administration used the president’s Section 232 authority to impose duties in 2018 on European steel and aluminum, and the EU responded with retaliatory tariffs on U.S. corn, rice and other commodities.

The dispute has been particularly important to corn growers because of a 25% duty the EU imposed.

**U.S., EU Launch Collaboration Platform on Agriculture**

5 Nov 2021 - On Wednesday, European Union Commissioner for Agriculture Janusz Wojciechowski and United States Secretary of Agriculture Secretary Tom Vilsack issued a statement on a newly created transatlantic collaboration platform on agriculture designed to take on the global challenges of sustainability and climate change.

According to the statement, the new platform will allow the two world powers “to exchange knowledge and information, and to promote mutual understanding and trust, as we work together to address global challenges and achieve common goals.”

The U.S. and EU reaffirmed their “mutual commitment to sustainable and climate-smart agricultural production” and recognized that both entities are “engaged in multiple, effective ways to achieve mutually desired outcomes.”

**Mexico Continues to be a Key Market for U.S. Dairy, says FAS**

5 Nov 2021 - The Mexican dairy market continues to offer growth potential to both U.S. exporters and domestic producers, according to a new report from USDA’s Foreign Agricultural Service (FAS).

Despite pandemic-related economic shocks in 2020, the dairy sector has proven resilient. For producers, a hardy dairy herd, access to water, and sizeable domestic feed production have helped continue to expand yield and milk supply. While ongoing macroeconomic challenges, such as rising inflation and unemployment, have dampened household dairy purchases, a growing population, and the ongoing reopening of key sectors, such as tourism and hotel, restaurant and institutional (HRI), are helping keep dairy demand afloat.

**U.S. and India Talk Trade**

5 Nov 2021 - U.S. Trade Representative Katherine Tai met virtually Wednesday with Indian Minister of Commerce and Industry Piyush Goyal to discuss the bilateral trade relationship between their respective countries and make plans for a meeting in New Delhi November 22nd to 23rd.

The Trump administration tried unsuccessfully to negotiate a trade pact with India, a country known for high tariffs, according to Agri-Pulse.

**Agriculture interests press Congress to tackle shipping delays**

1 Nov 2021 - Global shipping issues are harming US agricultural exports and intervention by Congress is urgently needed to address delays and congestion at US ports, ag interests told the House Transportation Coast Guard and Maritime Transportation Subcommittee.

Prompted by the onset of the coronavirus pandemic early last year, an array of ocean shipping supply chain issues have combined to play havoc with US exports. Driven initially by a shortage of shipping containers, maritime trade has become increasingly unpredictable for US exporters. As US consumers have ramped up spending in the past year, ocean carriers have declined to carry US ag commodity exports, opting instead to return empty containers to Asian markets to fill them with consumer goods to export back to the US.
Delays and Fees - The North American Meat Institute (NAMI) contends shipping issues have cost the ag industry more than $1.5 billion in lost revenue, warning in testimony to the subcommittee that if current ocean practices persist US producers will lose access to vital export markets.

U.S. House Transportation Committee Chairman Peter DeFazio (D-Ore.) noted that the average cost of transporting a shipping container has increased nearly 195% over the past year. "Concurrently, consumer demand for foreign made imports has grown exponentially, and ocean carriers are struggling to keep up," he explained. "This asymmetric demand for imports means that it is more profitable for shippers to carry high-value goods from overseas rather than lower value domestic exports. These conditions are taking a toll on West Coast exporters, including producers of citrus, almonds, walnuts, tomatoes, timber, seed, and hay, just to name a few. And with many agricultural products requiring refrigeration, delays in shipment could spell significant losses."

It is not just container shortages confounding exporters, but delays and additional costs – known as demurrage fees – when shipments are held in ports longer than expected. Ag producers and other exporters contend ocean carriers and marine terminal operators are charging unreasonable detention and demurrage fees and that US regulators should intervene.

"Today there is no predictability, continual changes and confusion," said Oregon farmer Alexis Jacobson, who testified on behalf of the US Forage Export Council, the National Hay Association and the Agriculture Transportation Coalition.

National Pork Producers Council (NPPC) President Jen Sorenson said there are hundreds of documented instances of ocean carriers declining or canceling export bookings, often at the last minute, when the cargo is loaded in a container, already on train to the ports. Ultimately, these additional costs are passed down the supply chain to farmers," she told the subcommittee.

The entire transportation system is feeling the effect, she explained, as containers sit at terminals, incurring detention and demurrage fees.

"The domino effect continues, tying up equipment at the ports, signaling packing plants that they need to adjust harvest capacity, and backing up supply all the way to the farm," Sorenson said. "This same scenario is being replicated throughout all of agriculture. It is not just Asian markets seeing these delays," she added. "Hapag-Lloyd, the world’s fifth-largest container line, recently halted all bookings coming from Latin America. The situation seems to be worsening as bottlenecks continue."

Sorenson called for expanded port hours and for the FMC to ramp up enforcement of fees imposed by carriers and terminal operators.

"The federal government can help us," Jacobson told the subcommittee. "Please give the FMC teeth to make carriers obey their demurrage and detention rule, make the FMC a resource to help us when dealing with the ocean carriers, and encourage the carriers to carry our export cargo rather than depart with empty containers." Congress should amend the Shipping Act to bolster FMC’s enforcement powers and encourage ocean carriers to maintain carriage of American exports, she said, and press US ports to operate additional hours to work through terminal congestion.

"Every day, our exporters and our truckers struggle through these challenges," Jacobson said. "Our harvest season is quickly approaching. Many exporters are very worried as we begin to harvest our crops soon what challenges the market will begin, especially for those with carryover from the 2020 harvest. We need action soon."

Republicans on the subcommittee said they were drafting legislation that could help the ag industry. "We have a problem where the shipping industry is able to discriminate against American exporters," said Rep. John Garamendi (D-Calif.), who touted work on a bill to amend the Shipping Act to require ocean carriers to include a statement of compliance with Shipping Act regulations. The legislation would also bar ocean carriers from declining all cargo bookings for exports, require FMC to disclose findings of false certifications and encourage the commission to ensure export opportunities for US exporters and promote reciprocal trade.

"What's currently happening to American exporters is not fair and not justified," Garamendi said.

Power and global pressures - FMC Commissioner Daniel Maffei said he would work with lawmakers on their proposal, noting that the FMC has limited power to take actions against a carrier or a terminal unless they engage in prohibited anticompetitive behavior, discriminatory practices against US companies or products, unlawful deception, or some other unreasonable practice.

"The law does not allow us to set rates or set a ceiling for what it costs to move an ocean container," he told lawmakers. "It does not allow us to demand that ships service certain ports, carry particular products, or establish a quota for the number of export containers it must accommodate. If a sky-high cost for shipping a container is due simply to the laws of supply and demand, we have no authority to change that."

In response to the current crisis, Maffei said the FMC has launched a formal investigation of issues at ports in Los Angeles, Long Beach, New York and New Jersey. But beyond ensuring compliance with the Shipping Act, there is little the US can do to address the underlying issues, he said.

"The nature of the current crisis and the ocean freight system make it impossible for the FMC – or even the US government as a whole – to alter or counteract much of the current situation," he explained. "Congestion, reliability, and cost issues are impacting
ports, businesses, and ocean linked transportation networks not just in the United States but in Europe, Asia, the Indian Sub-Continent, Australia. Point to a spot on the map and you will find a portion of the world’s ocean cargo system struggling.”

“Problems overseas create problems here and vice versa,” Maffei added. “That is of no comfort to a US-based importer or exporter trying to move their cargo, but it does point to the enormity of the underlying problems. It also illustrates that solutions, if there are any to be had, will not be US-derived ones alone.”

**Consumer demand** - The head of the World Shipping Council challenged the criticism that ocean carriers are taking advantage of the situation.

“What’s really driving these problems is the massive increase in US imports,” said John Butler, president and CEO of the council. “Some people have characterized that as essentially Asian exporters pushing product to the US. But on the shipping side, the majority of import cargo is contracted by US importers – they are US companies bringing these goods to the US for US consumers.”

Butler highlighted the interconnected network that makes up the global shipping industry and pushed back at the idea that US ag exports have been unfairly hit by disruptions.

“US government data does not support such claims,” he said, pointing to USDA statistics that find US ag exports are at record levels.

The problems with maritime shipping were not caused by “any one part of the supply chain, and no part of the system has been untouched,” Butler added. “To the contrary, all parts of the chain are affected, and all parties are working overtime to keep cargo moving. And while there are obviously disruptions, costs, and delays, the fact is that the international ocean and U.S. intermodal transportation system is moving more cargo right now than at any time in history. The system has bent, but it has not broken.”

---

**International Crop & Weather Highlights**

- **La Niña Pattern Re-Establishing Over Argentina**

  4 Nov 2021 John Baranick, DTN Meteorologist - Argentina got a much-needed break in the pattern during the last week. Since October 29th, a good portion of the country has received at least 50 millimeters (2 inches) of rainfall with isolated areas being estimated to have received over 75 mm (3 inches). There have been a couple of areas that have not seen the good rainfall, but those have been few and far between. The pattern is not over yet, but it is coming to a close.

  A frontal boundary that is currently found across Buenos Aires and La Pampa on November 4th will move northward through the country and into southern Brazil through November 7th before washing out. The front will still carry widespread showers through the country.

  Northern zones, which have had the least amount of precipitation during this pattern, are set to receive the most out of the rains with another 25 to 75 mm (1 to 3 inches) are forecast.

  The country has really needed the rain. Rainfall deficits across the country have been up to 75 mm (3 inches) since the beginning of October. Early planted corn has desperately needed rains for early growth and this will help out quite a bit. But it is only one week’s worth of good rainfall. The country will need much more to come out with a good season.

  After a front moves through Argentina by November 6th, drier conditions are anticipated for Argentina. But there will still be some showers going through next week. (DTN graphic)

  Planting progress has slowed down dramatically due to the dryness. Argentina producers plant their corn in two stages -- one early period in September and October, and the other in November and December. The strategy takes some of the risk out of dry stretches, which is a common occurrence in Argentina, from messing with the entire crop and only affecting part of it.

  So far, that early planted crop has not had good conditions. Producers have likely seen the dryness coming and are more focused on planting later, like in the La Nina-plagued season of 2020-2021. Corn planting in Argentina is just under 28% complete, which is slightly behind last year’s pace of 29% and behind the average pace of almost 36% complete. Heavily weighting the summer prospects as opposed to spring is risky, but it may turn out better this year, like it did last year.

  The front that sweeps through over the next couple of days will bring about a drier period back into the country. Complete dryness is likely for the weekend, but models are producing more showers next week, though in much more isolated fashion than
we have seen recently. The isolated showers will create more have-nots than haves, but for some producers down south, at least it will not be completely dry, like La Nina typically does.

The pattern also includes Brazil’s most southern state of Rio Grande do Sul, and similar conditions to Argentina have been felt here recently as well, though not to the same extent. Rainfall patterns over this state have been more generous, but only relatively. The state is still behind in rainfall for the season for most areas, though soil moisture is still sitting in good shape for now. A return to a drier pattern is not going to be beneficial for this state’s corn and soybeans.

But for the rest of Brazil, the beneficial pattern that has developed during the last month looks to continue its good coverage and intensity of rainfall for another week. Areas around Mato Grosso do Sul and Sao Paulo would beg to differ, as it is this small portion of the country that has had less intense and widespread precipitation than either farther north or south this season, but as the front moves north from Argentina this weekend, there should be renewed daily chances for showers into much of next week.

La Nina continues to rear its ugly head for South America’s weather over the next few months. Latest sea-surface temperatures in the Equatorial Pacific indicate further cooling from normal, or a strengthening event. A return to a drier stretch is likely for Argentina and far southern Brazil. And it should come as a reminder that even in an overall dry pattern, there are inevitably some days or stretches of good rainfall, much like we have seen during the last week.

**USDA/WAOB Joint Agricultural Weather Facility – 30th October 2021**

**Europe** – Beneficial Rain In Western Europe, Dry Elsewhere
- Moderate to heavy showers in Spain improved soil moisture for wheat and barley establishment.
- Dry weather in Greece allowed producers to resume cotton harvesting after October’s deluges.
- Sunny skies favored winter crop development across central and eastern Europe.

**Western FSU** – Dry Weather Favored Fieldwork
- Dry weather in Ukraine favored corn harvesting, though protracted harvest delays persisted.
- Sunny skies elsewhere promoted summer crop harvesting and other seasonal fieldwork.

**Northwestern Africa** – Dry Start To The Growing Season
- A very dry start to the cool wet season in Morocco and Algeria likely discouraged winter grain sowing.
- Early-season rain continued in northern Tunisia, favoring winter wheat and barley establishment.

**Middle East** – Seasonal Rain Increasing
- Dry weather for much of the week in western and central Turkey promoted fieldwork, though rain at the end of the period improved soil moisture for winter wheat and barley establishment.
- Seasonal rain from eastern Turkey into northwestern Iran provided the first moisture of the winter grain growing campaign, encouraging sowing and establishment.

**South America** – Beneficial Rain Continued Throughout Much Of Brazil
- Early soybean prospects remained overall favorable in central and southern Brazil.
- Unseasonable warmth and dryness dominated most Argentine farming areas, limiting moisture for emerging summer crops.

**Costa Rica** – Hurricane Rick Brought Heavy Showers To The Southern Coast
- Locally heavy rain fell in southern Mexico as seasonal dryness dominated the north.

**South Africa** – Showers Overspread The Corn Belt
- Conditions favored corn and other emerging summer crops.

**Source**: USDA [https://www.usda.gov/oce/weather-drought-monitor/publications](https://www.usda.gov/oce/weather-drought-monitor/publications)

**Agricultural Weather Highlights – Friday, 5th November 2021**

**In the West**, unsettled, showery weather continues along the northern Pacific Coast. Cool air has spread inland across the Pacific Coast States, but the remainder of the western U.S. is experiencing warm, dry weather. Southwestern warmth favors...
fieldwork, including cotton harvesting, which in Arizona was 45% complete at the end of October.

On the Plains, dry, breezy conditions accompany unusual warmth. Later today, high temperatures should reach or exceed 70°F as far north as southern South Dakota. In areas with adequate soil moisture, above-normal temperatures are promoting winter wheat development. However, in drier areas—including the central and southern High Plains and portions of Montana—proper autumn establishment of winter wheat remains a concern.

In the Corn Belt, a slow warming trend has commenced. Chilly conditions linger, however, in the eastern Corn Belt, where today’s high temperatures should range from 50 to 55°F—and some fields remain unfavorably wet. Meanwhile, harvest activities continue (or have resumed) in the western Corn Belt, where mild, dry weather prevails.

In the South, a storm system crossing the eastern Gulf of Mexico is producing widespread rain across Florida. Farther north, however, freezes occurred this morning along and north of a line extending from Arkansas to central North Carolina, ending the growing season in those areas.

Outlook: Rain across Florida will shift northeastward, lingering along the southern Atlantic Coast into the weekend. Stormtotal rainfall could reach 1 to 3 inches or more from Florida to the coastal Carolinas. Meanwhile, chilly conditions across the remainder of the eastern U.S. will ease, with above-normal temperatures returning by early next week. In fact, warmer-than-normal weather will prevail nationwide for several days next week, aside from below-normal temperatures in the Pacific Coast States. In addition, dry weather will cover much of the country, including the Plains, Midwest, mid-South, Northeast, and Southwest, during the next 5 days. Showery weather will continue, however, in the Northwest, with precipitation spreading as far south as central California and the northern Intermountain West by early next week. The NWS 6- to 10-day outlook for November 10 – 14 calls for near- or above-normal temperatures nationwide, with the greatest likelihood of warmth occurring in California and the middle and northern Atlantic States. Meanwhile, near- or below-normal precipitation from California to the southern half of the High Plains should contrast with wetter-than-normal weather in much of the eastern half of the U.S. and throughout the North

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>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina (Dec/Nov)</td>
<td>Argentina (Mar/Feb)</td>
<td>Australia (Nov/Oct)</td>
<td>Argentina (Mar/Feb)</td>
</tr>
<tr>
<td>Australia (Oct/Sep)</td>
<td>Brazil (Mar/Feb)</td>
<td>Canada (Aug/Jul)</td>
<td>Australia (Mar/Feb)</td>
</tr>
<tr>
<td>Canada (Aug/Jul)</td>
<td>Russia (Oct/Nov)</td>
<td>European Union (Jul/Jan)</td>
<td>United States (Sep/Aug)</td>
</tr>
<tr>
<td>China (Jul/Jun)</td>
<td>South Africa (May/Apr)</td>
<td>Kazakhstan (Jul/Jun)</td>
<td></td>
</tr>
<tr>
<td>European Union (Jul/Jan)</td>
<td>Ukraine (Oct/Nov)</td>
<td>Russia (Jul/Jun)</td>
<td></td>
</tr>
<tr>
<td>India (Apr/Mar)</td>
<td>United States (Sep/Aug)</td>
<td>Ukraine (Jul/Jun)</td>
<td></td>
</tr>
<tr>
<td>Kazakhstan (Sep/Aug)</td>
<td>United States (Jun/May)</td>
<td>United States (Jun/May)</td>
<td></td>
</tr>
<tr>
<td>Russia (Jul/Jun)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Turkey (Jun/May)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ukraine (Jul/Jun)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States (Jun/May)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

For a complete list of local marketing years, please see the FAS website (https://apps.fas.usda.gov/psdonline/): go to Reports, Reference Data, and then Data Availability.
November Crop Calendar

Canada
Corn, Soybeans, & Sunflower: Harvesting

United States
Corn, Sorghum & Soybeans: Harvesting
Winter Wheat & Rapeseed: Hardening

Europe
Winter Wheat & Rapeseed: Planting
FSU
Winter Wheat & Rapeseed: Dormant

China & East Asia
Late Rice: Maturing
Cotton, Corn, Sorghum, Soybeans, Sunflower & Groundnuts: Harvesting
Winter Wheat & Rapeseed: Vegetative

NW Africa & Egypt
Wheat: Planting
Rice (Egypt): Harvesting

Turkey, Middle East & Afghanistan
Rice: Harvesting
Wheat (Highlands): Planting

Mexico
Sorghum, Rice & Soybeans: Harvesting
Sinaloa: Winter Corn (Irrigated): Vegetative

West Africa
Rice, Corn, Sorghum, Cotton, Soybeans & Groundnuts: Harvesting

South Asia (India)
Cotton (South): Maturing
Corn, Sorghum, Rice, Millet, Groundnuts & Sunflower: Harvesting
Winter Wheat & Rapeseed: Planting

Brazil
South: Wheat: Harvesting
Corn & Soybeans: Vegetative
Groundnuts, Sorghum, Cotton, Sunflower, Rice & Millet: Planting

Center West:
Soybeans: Vegetative

Southern Africa
Wheat (Free State & Western Cape): Maturing
Corn, Cotton, Rice, Sunflower, Soybeans & Millet: Planting

East Africa
Sudan: Sorghum/Millet: Harvesting
Ethiopia: Wheat, Rapeseed, Corn, Millet & Sorghum (Meher): Harvesting
Kenya: Corn (Minor): Vegetative

Argentina
Early Corn: Silking*
Late Corn & Cotton: Vegetative
1st Soybeans, Sunflower, Rice, Sorghum & Millet: Planting
Wheat: Maturing

*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/nov_calendar.gif