Notes and Observations in International Commodity Markets

12th November 2021

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US Food Prices Jump 20%, Gro Index Shows

Ocean Freight drops by half supporting export values, while markets rally in wake of USDA WASDE Report

GHA – The ag markets had an impressive week as a perfect storm seemed to come together. Dry weather in the US and Europe, rains in Australia at the commencement of harvest which may impact quality, a USDA Report showing wheat carryover the smallest since 2008, export restrictions discussed by Russia, and US inflation at 31-year highs bringing outside money into commodities as a hedge against inflation have all provided underlying support to wheat in particular. Food inflation index jumps 20% year on year.
12 Nov 2021 Gro Intelligence - Gro’s US Food Price Index is up nearly 20% from this time last year, signaling intense inflationary pressure on basic food necessities from beef and chicken to grains used in making a wide variety of packaged food products. The Gro Food Price Index’s current reading is 134.7, the highest level in the index’s history. The index rose 11% just in the past month, underscoring the risk that food price inflation will be an ongoing concern. That will have global impact, given the outsize role of the US in worldwide food and agricultural markets.

The latest jump in food prices comes as the US government this week reported that the Consumer Price Index increased by 6.2% in October from a year earlier, the fastest gain in more than 30 years.

Gro’s Food Price Index reflects prices on a representative basket of consumer food items. The index updates daily and provides an inflation estimate for the current month, which is up to six weeks ahead of when official US government data becomes available.

Beef prices are up 33% from the beginning of the year, while poultry prices have more than doubled. Driving prices are strong domestic and international demand, high feed costs, and supply chain disruptions. Grain prices also have increased, driven by crop losses, especially in wheat and oats. Wheat prices have increased 20% this year, while oats have traded to a new record high, gaining 43% year to date, as Gro wrote about here.

Surging fertilizer prices could prolong food inflationary pressures into next year by boosting farm operating costs. For US corn farmers, for instance, fertilizer costs represent between 33% and 44% of total operating costs. Farmers could also respond by cutting fertilizer application rates, which could reduce yields, impacting crop production, animal feed costs, and consumer protein prices.

US DOLLAR & FOREIGN EXCHANGE

- US Dollar Index - Retreats From A 1-1/4 Year High On Strong Stocks

The U.S. Dollar index on Friday fell -0.060 (-0.06%). The dollar on Friday retreated from a 1-1/4 year high and moved slightly lower. The dollar gave up its advance Friday after a rally in stocks reduced liquidity demand for the dollar.

Also, gains in the yuan pressured the dollar after the yuan rallied to a 2-1/2 week high against the dollar Friday when Chinese President Xi Jinping said China would firmly expand opening up and share development opportunities with the world and other Asia-Pacific nations.

EUR/USD on Friday fell -0.0006 (-0.05%). The euro on Friday extended this week’s losses down to a new 1-1/4 year low. The euro was under pressure Friday on concern that the worsening pandemic in Germany will lead to pandemic restrictions that curb economic activity and growth. New Covid infections in Germany jumped more than 50,000 on Thursday to a record, and Bavaria declared the latest wave a “disaster situation.” Losses in EUR/USD were limited Friday after Eurozone Sep industrial production fell -0.2% m/m, stronger than expectations of -0.5% m/m. Also, the German Oct wholesale price index soared +15.2% y/y, the fastest pace of increase in 47-1/2 years, which is hawkish for ECB policy.

USD/JPY on Friday fell -0.15 (-0.13%). The yen recovered from a 1-1/2 week low Friday and moved higher after the Nikkei newspaper reported that the Japanese government plans to implement an economic stimulus package of more than 40 trillion yen ($350 billion) in fiscal measures as Prime Minister Kishida looks to revive Japan’s sputtering economy.

Friday’s U.S. economic data was mixed for the dollar. On the bearish side, the University of Michigan U.S. Nov consumer sentiment unexpectedly fell -4.9 to a 10-year low of 66.8, weaker than expectations of an increase to 72.5. Conversely, the Sep JOLTS job openings fell -191,000 to 10.438 million, showing a stronger labor market than expectations of a decline to 10.300 million.

December gold on Friday closed up +4.60 (+0.25%), and Dec silver closed up +0.045 (+0.18%). Precious metals prices on Friday settled higher, with gold posting a new 5-month high and silver posting a new 3-1/4 month high. A weaker dollar on Friday was supportive of precious metals prices. Gold also found increased demand as an inflation hedge as U.S. inflation expectations soared Friday after the 10-year breakeven inflation rate jumped to a 16-1/2 year high. Gains in precious metals were limited Friday as stocks rallied.

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. Germany reported a record 50,196 new Covid infections on Thursday, with Bavaria declaring the latest wave of the pandemic a “disaster situation.” The pandemic in the U.S. has also worsened slightly after the 7-day average of new U.S. Covid infections rose to a 3-week high last Wednesday of 78,398.
Stocks slip, dollar gains as US CPI sparks tightening fears

10 Nov 2021 Reuters - A gauge of global stock markets edged lower and the dollar gained on Wednesday after U.S. consumer inflation surged to its highest since 1990, raising concerns the Federal Reserve will tighten monetary policy sooner than expected.

Gold prices hit a five-month high as the Labor Department reported another jump in the consumer price index in October, bolstering the metal's appeal as a hedge against inflation. Real yields on U.S. Treasuries slid to record lows.

CPI rose 0.9% on a monthly basis after rising 0.4% in September as the largest gain in four months boosted the annual increase to 6.2%. It was the biggest year-on-year rise since November 1990 and followed a 5.4% leap in September. read more

Economists polled by Reuters had forecast the overall CPI to rise 0.6%.

"It's tough for policymakers to ignore this report because the gains were so broadly distributed," said Russell Price, chief economist at Ameriprise Financial Services Inc in Troy, Michigan.

George Mateyo, chief investment officer of Key Private Bank in Cleveland, said the term transitory should be terminated. "The case is closed that inflation is likely to be a little stickier than we would have thought," he added.

"We're in a moment right now where the Fed has to play catch up and maybe start to consider raising interest rates next year," Mateyo said.

The CBOE Volatility index (.VIX), Wall Street's so-called fear gauge, touched its highest level in nearly one month. MSCI's all-country world index slid 0.71% as a decline on Wall Street accelerated. But the broad STOXX Europe 600 index rose 0.22% to end at a record closing high following strong earnings from the media and energy sectors.

Profits of companies listed on the STOXX 600 are expected to jump 60.7% in the third quarter to 104.4 billion euros ($120.7 billion) from a year earlier, new Refinitiv data showed. The Dow Jones Industrial Average slid 0.66%, the S&P 500 lost 0.82% and the Nasdaq Composite declined 1.66% as the big U.S. megacap names led the downturn. Growth stocks fell 1.26% but value shares just 0.29%.

Despite the slide on Wall Street the U.S. economy is booming and corporate pricing power is resilient, which means revenues can grow and lift profits too, Mateyo said.

"The overall take away from us is that economic growth can stay strong and somewhat upset these inflation pressures," he said.

The dollar jumped on the CPI data, with the euro hitting a 16-month low against the greenback. The dollar index, which tracks the greenback versus a basket of six currencies, rose 0.914% to 94.886. The euro fell 0.97% at $1.1479, while the yen gained 0.95% at $113.920.

While investors expressed fear of an acceleration in price pressures near-term, longer-dated measures show they do not expect inflation to persist.

"We still think maybe the market's getting a little bit ahead of itself with those rate hikes," said Jack Janasiewicz, lead portfolio strategist at Natixis Investment Managers. "Maybe the Fed continues to sort of hold its ground. You get a little bit of a dovish pivot from the markets because they might be pressing a little bit too aggressive of a rate path, at least for the next year," he said.

The Treasury breakeven inflation curve, a measure of what inflation level an investor would break even with on a given Treasury note yield, shows investors expect inflation to run at 4.72% in the coming year, before declining to 3.59% in two years, 3.14% in five years and 2.67% in 10 years.

The yield on benchmark 10-year U.S. Treasury notes rose 11.4 basis points to 1.5630% in late trade on Wednesday, after touching a six-week low of 1.4150% on Tuesday.

Euro zone bond yields also ticked up, with Germany's 10-year yield, the benchmark for the bloc, up 4 basis points at -0.243%, above a seven-week low of -0.299% touched on Tuesday.

Oil prices slumped, hit by the surging dollar, after President Joe Biden said the U.S. administration was looking for ways to reduce energy costs amid a broader surge in inflation. Brent crude fell $2.14 to settle at $84.64 a barrel. U.S. crude lost $2.81 to settle at $81.34 a barrel.

U.S. gold futures settled 1% higher at $1,848.30 an ounce.
ENERGY

- CME WTI Crude Oil - Closes Lower On Speculation, Biden May Tap SPR

CME WTI December 2021 closed on Friday at $80.79 to 81.43/barrel, off $3.66 on the day, and losing $0.64 for the week. RBOB gasoline (RBZ21) closed down -0.64 (-0.28%).

Rising US crude stocks and falling US total product demand resulted in days cover increasing to a 12 week high and crude prices trended lower. Traders are also worried the US Government might release oil from the SPR following comments from the US Energy Secretary. Stocks typically increase during November while demand falls. As a result the near term pressure remains to the downside.

WTI crude oil and RBOB gasoline prices on Friday posted moderate losses, with gasoline falling to a 1-month low. Energy prices were under pressure Friday on concern President Biden will soon take measures to lower fuel prices, either by banning U.S. crude and gasoline exports or releasing crude from the Strategic Petroleum Reserve (SPR). Crude prices held moderate losses Friday after data showed U.S. University of Michigan Nov consumer sentiment unexpectedly fell to a 10-year low. On Friday, energy prices recovered from their worst levels after the dollar index fell from a 1-1/4 year high and moved lower.

The pressure is on President Biden to do something about soaring fuel prices. Eleven Democratic senators sent a letter to President Biden this week stating that they want him to ban U.S. oil exports or release crude from the Strategic Petroleum Reserve (SPR) in an attempt to lower crude prices.

Friday's global economic data was mixed for crude prices. On the bearish side, the University of Michigan U.S. Nov consumer sentiment unexpectedly fell -4.9 to a 10-year low of 66.8, weaker than expectations of an increase to 72.5. Conversely, the U.S. Sep JOLTS job openings fell -191,000 to 10.438 million, showing a stronger labor market than expectations of a decline to 10.300 million. Also, Eurozone Sep industrial production fell -0.2% m/m, stronger than expectations of -0.5% m/m.

Thursday's monthly report from OPEC was supportive of crude prices as it showed OPEC Oct crude production rose by +217,000 bpd, well below the cartel's share of the OPEC+ monthly 400,000 bpd supply hike.

A bullish factor for crude was the action by Saudi Aramco to raise the pricing for all crude grades to Asian customers for December delivery by $1.40-$2.70 per barrel, much more than expectations of an increase of 50 cents to $1 per barrel. Saudi Arabia sends more than 60% of its crude exports to Asia, with China, Japan, South Korea, and India the biggest buyers.

Weak global air traffic is negative for jet fuel demand and crude prices. European air traffic is -21% lower than at the same time in 2019, and China is operating -23% fewer airline seats now than in 2019.

A bearish factor for crude is reduced demand from China after China's General Administration of Customs data showed China Oct crude imports fell -8% m/m to 8.9 million bpd, the lowest in more than three years.

In a bearish factor for oil prices, Iran's deputy foreign minister last 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.

An increase in global crude oil stored on oil tankers throughout the world is bearish for crude prices. Vortexa on Monday said that crude oil stored on tankers that have been stationary for at least seven days in the week ended Nov 5 rose +3.5% w/w to 98.41 million bbl.

Wednesday's weekly EIA report showed that (1) U.S. crude oil inventories as of Nov 5 were -6.4% below the seasonal 5-year average, (2) gasoline inventories were -3.5% 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 Nov 5 was unchanged w/w at 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 12 rose by +4 rigs to a 19-month high of 454 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.
Brazilian flour milling association Abitrigo said it would ask the president’s office to convene a national biosecurity committee to review a decision allowing imports of GMO wheat flour from Argentina, according to a statement on Thursday.

Abitrigo also said it is evaluating legal options to suspend a decision by Brazilian biosecurity agency CTNBio on Thursday approving the flour imports from Argentina.

USDA WASDE Report - Wheat

Wheat

11 Nov 2021 Reuters - Brazilian flour milling association Abitrigo said it would ask the president’s office to convene a national biosecurity committee to review a decision allowing imports of GMO wheat flour from Argentina, according to a statement on Thursday.

Abitrigo also said it is evaluating legal options to suspend a decision by Brazilian biosecurity agency CTNBio on Thursday approving the flour imports from Argentina.

USDA WASDE Report - Wheat

9 Nov 2021 USDA FAS – On Tuesday the USDA global wheat outlook for 2021/22 showed reduced supplies, slightly higher consumption, increased trade, and lower ending stocks.

World supplies were projected down by 1.0 mmts to 1,063.2 mmts based on a decrease in beginning stocks and production. World production is lowered 0.6 mmts to 775.3 mmts, but still at a record level, as decreases in the EU, the UK, and Uzbekistan more than offset an increase for Russia. EU production is lowered primarily due to downward revisions in France and Germany that are only partially offset by an increase in production in Romania.

China production estimate is unchanged at 136.9 mmts, compared to 134.3 mmts last year, with imports pegged at 10.0 mmts, compared to 10.6 mmts in 2020/21. China’s wheat feeding for 2021/22 was estimated at 36.0 mmts, unchanged from last month, but below last year’s 40.0 mmts.

Russian wheat production was estimated at 2.0 mmts higher to 74.5 mmts based on Ministry of Agriculture harvest results that lowered harvested area but increased yields for both winter and spring wheat. Export projections were boosted by 1.0 mmts to 36.0 mmts, although that is still 6% below the 38.5 mmts total for 2020/21.

Ukraine production forecast was unchanged from October at 33.0 mmts, but is up 30% from the 2020/21 of 25.4 mmts. Exports were forecast at 24.0 mmts, up 0.5 mmts from last month and 42% above 16.85 mmts in 2020/21.

Canada production est. was unchanged from October at 21.0 mmts, which is 40% below last year’s 35.2 mmts. Export projection were also steady from last month at 15.0 mmts, compared to 26.4 mmts last year.

The Australia crop estimate was left unchanged at 31.5 mmts, compared to 33.0 mmts, with exports steady compared to a month ago at 23.5 mmts, compared to 24.5 mmts last year.

The Argentina crop was forecast to be steady compared to last month at 20.0 mmts, and 17.7 mmts last year. The export forecast was unchanged at 13.5 mmts, compared to 11.2 mmts in 20/21.

TRADE CHANGES IN 2021/22 (1,000 MT)

<table>
<thead>
<tr>
<th>Country</th>
<th>Attribute</th>
<th>Previous</th>
<th>Current</th>
<th>Change</th>
<th>Reason</th>
</tr>
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<tbody>
<tr>
<td>Algeria</td>
<td>Imports</td>
<td>7,000</td>
<td>7,500</td>
<td>500</td>
<td>Strong recent tendering</td>
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<tr>
<td>Iran</td>
<td>Imports</td>
<td>4,500</td>
<td>5,500</td>
<td>1,000</td>
<td>Recent tendering for feed-quality wheat</td>
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<td>Korea, South</td>
<td>Imports</td>
<td>3,900</td>
<td>4,100</td>
<td>200</td>
<td>Pace of trade to date</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>Imports</td>
<td>3,000</td>
<td>3,500</td>
<td>500</td>
<td>Large recent tender</td>
</tr>
<tr>
<td>Thailand</td>
<td>Imports</td>
<td>3,300</td>
<td>3,100</td>
<td>-200</td>
<td>Feed use shifts toward corn and barley</td>
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<tr>
<td>Turkey</td>
<td>Imports</td>
<td>10,000</td>
<td>11,000</td>
<td>1,000</td>
<td>Smaller crop, large recent purchases in response to food price inflation</td>
</tr>
<tr>
<td>United States</td>
<td>Imports</td>
<td>3,500</td>
<td>3,200</td>
<td>-300</td>
<td>Durum and spring wheat purchases from Canada lower than expected</td>
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<tr>
<td>European Union</td>
<td>Exports</td>
<td>35,500</td>
<td>36,500</td>
<td>1,000</td>
<td>Strong exports to Africa and the Middle East</td>
</tr>
<tr>
<td>India</td>
<td>Exports</td>
<td>4,500</td>
<td>5,250</td>
<td>750</td>
<td>Competitive prices to nearby markets</td>
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<tr>
<td>Russia</td>
<td>Exports</td>
<td>35,000</td>
<td>36,000</td>
<td>1,000</td>
<td>Demand from Middle East markets</td>
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<tr>
<td>Turkey</td>
<td>Exports</td>
<td>6,000</td>
<td>6,250</td>
<td>250</td>
<td>Steady wheat flour and product shipments</td>
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<tr>
<td>Ukraine</td>
<td>Exports</td>
<td>23,500</td>
<td>24,000</td>
<td>500</td>
<td>Large recent shipments of feed-quality wheat</td>
</tr>
<tr>
<td>United States</td>
<td>Exports</td>
<td>24,500</td>
<td>24,000</td>
<td>-500</td>
<td>Rising prices and sluggish sales</td>
</tr>
</tbody>
</table>

World consumption is raised 0.4 mmts to 787.2 mmts, primarily on feed and residual changes as increases for Russia, Iran, and Turkey more than offset reductions for the EU, the UK, Ukraine, and Uzbekistan.
Non-U.S. wheat feeding, excluding China, was forecast at 122.6 mmts, down 0.13 mmts from October, but is 5.4 mmts (4.6%) higher than 2020/21. (GHA: this is likely overstated by my estimates given current price relationships.)

The forecast for global trade increased 3.5 mmts to a record 203.2 mmts, primarily on higher exports from the EU, India, Russia, and Ukraine.

U.S. exports were lowered 0.4 mmts to 23.4 mmts, on lower anticipated exports of Hard Red Spring and White wheat based on high domestic prices and muted export sales.

Projected global ending stocks are down 1.4 mmts to 275.8 mmts, with Australia, the EU, and India accounting for most of the reduction. Ending stock-to-use ratio for the current 2021/22 marketing year was pegged at 35.0% vs. 35.2% last month and 36.8% for 2020/21.

U.S. projected 2021/22 ending stocks were raised slightly to 15.9 mmts, up 0.082 mmts from last month’s forecast. The all wheat ending stocks-to-use ratio is 28.8% compared to 28.5% in October. This is still the lowest U.S. ending stocks levels since 2007/08.

The projected USDA 2021/22 season-average farm price was raised $0.20 per bushel to $6.90/bushes on reported NASS prices to date and expectations on cash and futures prices for the remainder of the marketing year.

Canada’s wheat output forecast as smallest in 14 years

10 Nov 2021 Arvin Donley - Canada’s wheat output in marketing year 2021/22 is expected to shrink significantly due to one of the hottest and driest summers on record, according to a Global Agricultural Information Network report from the Foreign Agricultural Service of the US Department of Agriculture (USDA).

The USDA projects wheat production at just 21.7 mmts, 38% lower than the previous year and the lowest mark since a 20 mmts harvest in 2007-08.

The average yield for all types of wheat is expected to fall more than 30% below the five-year average of 3.42 mts/ha, the USDA said.

“Drought conditions stretched across vast regions of farmland in 2021,” the USDA said. “Typically, moisture levels and temperature vary significantly across the prairies and drought occurs in isolated pockets. However, 80% of crops in Alberta, for example, are of lower quality than the previous year, largely due to an uncommonly expansive drought.”

The country’s wheat exports also will be impacted, with the USDA projecting only 15.7 mmts to be shipped. If realized it would be the lowest total since 2004/05, when 14.8 mmts were exported.

Canada is one of the world’s most important wheat suppliers. It ranked fourth in wheat exports in 2020/21 at 26.4 mmts, just a couple of thousand tonnes behind the United States.

Global wheat supplies are the tightest they have been in years, causing the price of wheat to skyrocket in recent weeks.

Australia ships 1.3 mmts wheat in September, down 38% from August

8 Nov 2021 Liz Wells – Australia exported 1,309,094 mts of wheat in September, down 38% from the August total of 2,115,064 mts, according to the latest export data from the Australian Bureau of Statistics (ABS).

South Korea on 213,506 mts was the biggest market for September exports, followed by China on 135,713 mts and Indonesia on 119,600 mts. Other major volume markets included The Philippines on 98,808 mts, Japan on 83,805 mts and Italy. Italy has been a volume buyer of Australian durum all year, and its second cargo of Australian bread wheat for the year loaded in September to take the total shipped for the month to 80,219 mts.

From October, Australian export data will reflect new-crop wheat being shipped out of the Central Queensland ports of Gladstone and Mackay as old-crop shipments continue to run down carryover stocks.

Record Trade, Tightening Global Stocks, Pave the Way for India Exports

9 Nov 2021 USDA FAS – Wheat prices have risen sharply over the past several months, reflecting strong consumption growth despite relatively flat global production. Production was down sharply from last year among several of the major suppliers, including Canada, the United States, Kazakhstan, and Russia. While somewhat offset by larger crops in the European Union, Ukraine, and Argentina, strong global demand is a major factor leading to tighter global stocks. Import demand is surging as dry weather in the Middle East spurs additional imports, especially for Iran and Turkey.
Tendering from the Middle East and North Africa has been robust especially over the past month despite global wheat prices significantly higher than last year. About one-half of global stocks are held by China and generally have not played a significant role in the global market. But over the past year, high feed demand prompted China to offload some of the multi-year-old government-held stocks into the domestic market via auctions. Wheat stocks in China declined in 2020/21 for the first time in over a decade.

Meanwhile, China import demand for milling-quality wheat soared, propelling it to become the second-largest importer. Imports are forecast at high levels again in 2021/22, with China forecast as the fourth-largest importer.

The major exporters’ stocks are set to decline in 2021/22, representing tighter supplies available to the global market. Owing to drought-affected production, U.S. and Canada stocks are expected to draw down to the lowest level since 2007/08, despite lower exports from both countries. While Ukraine stocks remain steady, Russia stocks are set to decline with its smaller crop and strong exports to the Middle East. EU and Australia stocks are also expected to decline due to exceptionally high exports.

India wheat stocks have moved in the opposite direction to the major exporters and now account for 10% of global stocks. Over the past several years, production in India has been rising with increasing domestic procurement prices and the government has boosted purchases of wheat for its food security programs. With larger crops and government procurement, India wheat stocks have ballooned well above desired buffer stock levels. Tightening global supplies and high prices from major exporters has made India wheat competitive for the first time in several years.

Indian wheat export prices averaged an attractive $265/ton in August and have the advantage of lower freight rates to nearby countries. Exports are forecast to be almost 50% higher than last year and nearly nine times higher than 2 years ago. If realized, its exports would be the highest since 2013/14.

**Middle East & North Africa Imports Remain Strong Despite High Prices**

9 Nov 2021 USDA FAS – The Middle East and North Africa are projected to be the largest wheat importing regions in 2021/22, with the world’s top importers Egypt and Turkey leading the way. Wheat consumption has steadily expanded in the Middle East and North Africa, mostly due to population growth, outpacing domestic production. Therefore, despite global wheat prices climbing to extremely high levels, importers in these regions are continuing to purchase wheat from international markets.

Egypt is forecast to import 13.0 mmts in 2021/22. State buyer GASC, the largest importer, has purchased 3.0 mmts through international tenders so far this trade year. While GASC had sporadic tenders in the early part of the year and even canceled some due to high prices, there was an uptick in tenders over the past month. While tender volume is down 15% from the same period last year, continued tenders and private sector purchases are expected to result in record imports.

GASC typically buys wheat from Russia; however, Russia’s tight supply and export tax have limited 2021/22 exports, prompting GASC to purchase lower-priced wheat from Ukraine and Romania. So far this year, GASC has purchased 20 times more...
Romanian wheat compared to the same period last year. Purchases from Ukraine are up 58% compared to last year, while purchases from Russia are down 68%.

Turkey, meanwhile, is forecast to import 11.0 mmts in 2021/22, up 37% from the previous trade year due to its smaller domestic crop and additional feed and FSI demand.

Turkey’s state buyer TMO has actively tendered for international wheat this year to satisfy expanding demand. Purchases are up slightly compared to the same period last year, although the average purchase price is $39/mt higher.

Compared to 2018/19, however, purchases are up nearly seven-fold reflecting Turkey’s significantly larger role in global imports. In recent years, TMO has been buying international wheat to temper high domestic food price inflation.

Algeria imports are forecast up this month to 7.0 mmts tons as state buyer OAIC continues actively tendering despite climbing prices.

Purchases are up 17% compared to last year while the average purchase price surged to $369/mt, $122/mt higher than last year.

OAIC’s purchase prices are elevated compared to other importers in the region due to their demand for higher-cost durum wheat.

Saudi Arabia imports are also forecast up this month to 3.0 mmts. Purchases from state buyer SAGO are up 20% compared to last year despite a larger domestic crop. The average purchase price is $86/mts higher than last year.

Other major importers in Middle East and North Africa, including Iran and Tunisia, also show signs of rising import demand and increased state buying.

Unabated tendering from governments in the Middle East and North Africa indicates strong demand. State buying continues even as international prices escalate, given concerns about domestic food prices. Many of these countries implement consumer subsidies that mitigate the impact of price fluctuations on their populations, often keeping consumer demand insulated from high prices. Globally, sustained imports by the Middle East and North African region have contributed to tightening for major exporter stocks and continued upward pressure to global prices.

➢ **USDA World Markets & Trade - Wheat**
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. This week’s grain rally hits as worry intensifies about runaway inflation. U.S. consumer
Prices last month jumped at the fastest annual pace since 1990 and the world’s food-import bill this year is poised to reach its biggest ever.

After trading with double digit gains to new LOC highs, the wheat markets cooled off at the close. CBOT December 2021 Wheat Futures made new contract highs touching 8.26¾/bu before settling on Friday at $8.17/bu, up 4½ cents on the day, and gaining 50½ cents for the week. A choppy session but higher markets won out as we settled in the middle of the day range.

COT report delayed until Monday due to the Veterans Day holiday this week.

Chicago board spreads were narrower with the exception of the H/K that relaxed a little. The new crop N/U spread settled at 2¼ cent inverse, which is narrowest it has been since May when it briefly reached a 4½ cent inverse. Old crop Chicago hedges should be in March, unless you have quality issues and/or deferred obligations. If that is the case, look to have those hedges out further or matched up obligations.

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.

U.S. Export SRW Wheat Values – Friday 12th November 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.

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The weekly FAS Export Sales report showed 285,915 mts of wheat were booked through the week that ended the 4th of November. That was 29% under last week’s sale and 5% below the same week last year. The trade was looking for between 200,000 and 500,000 mts going in. Weekly shipments were reported at 269,975 mts of wheat. That was a 4-week high but still 24% under the same week last year. Accumulated wheat shipments through the first 23 weeks are 21% behind last season at 8.96 mmts (329.35 mbu).

On Tuesday the USDA lowered US wheat exports by 15 million bushels, raised Russia production by 2.0 million tonnes, but now more in line with international estimates, and increased Russian wheat exports. This wheat spike may in fact be more Russian roulette. Russia’s Ag Ministry reported the next week’s export tax rate at $77.10/mt, compared to $69.9/mt for this week. This seems to be a reminder to the trade that wheat supplies in the world for the moment are less than ideal.

China and Iraq have recently bought wheat or inquired about buying wheat from Australia. The Australia crop should help the immediate situation, as rain this week delays harvest getting underway. Weather looks better for harvest in Eastern Australia with less rain forecasted into early next week.

CME KC HRW Wheat Futures

Futures tied to hard red winter wheat also rose, reaching the priciest level in seven years. Tight supply of higher protein spring wheat is also boosting demand for the winter grains to use as a substitute in some baked goods.

KC HRW futures ended the day 3 to 5 cents in the black as well, with the New LOC high for December at $8.43½. Kansas December 2021 HRW Wheat Futures made new contract highs touching 8.43½/bu. before settling on Friday at $8.33/bu. up 5 cents on the day, and gaining 44¼ cents on the week.

July 2022 new crop KC wheat closed the week at $8.18 after making a new, recent daily high on Thursday at $8.23½. This market is due for profit taking, but seems to have plenty of support at this point for further follow through. $8.00 July 2022 KC puts were running around $0.58 per bushel on Friday.

COT report delayed until Monday due to the Veterans Day holiday this week.

U.S. Export HRW Wheat Values – Friday 11th 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
Spring wheat futures closed fractionally higher to 3¾ cents in the red for nearby Dec and March. **MGE December 2021 HRS Wheat Futures** settled on Friday at $10.50 10.09½/bu, off 3¼ cents on the day, but gaining 40½ cents for the week. The deferred months held on to 3 to 6 cent gains.

The shortage of quality wheat has higher protein spring wheat leading the move followed by Kansas City wheat.

9 Nov 2021 USDA FAS – On Tuesday this month’s USDA 2021/22 non-U.S. coarse grain outlook is for larger production, increased trade, and higher stocks relative to last month. The USDA forecast total global coarse grain production for 2021/22 to be 1,499.0 mmts, up 5.1 mmts.

**CORN** – The U.S. corn outlook was for greater production, increased corn used for ethanol, and marginally lower ending stocks. Corn production is forecast at 382.6 mmts, up 1.1 mmts from last month on a 0.5 bus/acre increase in yield to a record 177.0 bus/acre.

Non-U.S. corn production is forecast higher as increases for Argentina, the EU, and several African countries more than offset a decline for the Philippines. For Argentina, production is raised mostly reflecting increased area expectations for late-planted corn. Corn production in the EU is higher based on increases for Poland, Romania, and France.

Com 2021/22 exports were raised for Argentina and the EU but lowered for Bangladesh. For 2020/21, corn exports for Argentina are raised but reduced for Brazil for the local marketing year beginning March 2021, based on shipments observed through October. Argentina up 1 mmts to 39.0 mmts (38.5 mmts LY); Brazil steady at 43.0 mmts (17.5 mmts LY); Russia, unchanged at 4.5 mmts (3.9 mmts LY), Ukraine, unchanged at 31.5 mmts (23.8 mmts LY) and South Africa, steady at 3.2 mmts (3.2 mmts LY)

Com 2021/22 imports are raised for Iran and Thailand but lowered for Nigeria and Turkey. The USDA did raise old crop PRC imports by 1.5 mmts (as China did the same with its monthly S&D released the day before but no change in the 2021/22 estimate, still at 26.0 mmts.
Global corn ending stocks, at 304.4 million tons, are up 2.7 million. With domestic use rising slightly more than supply, U.S. corn ending stocks are lowered 0.17 mmts. The USDA season-average farm price for corn was unchanged at $5.45 per bushel.

GRAIN SORGHUM – Not many changes to the US situation. Estimated yield was steady at 72.3 bus/acre, leaving production steady just under 12 mmts. There were no changes on the demand side with feed and residual steady at 3.18 mmts, FSI at 0.25 mmts. Exports remain at 8.13 mmts. US ending stocks were left unchanged at 0.93 mmts, versus 0.94 last year.

The USDA season-average farm price for corn was unchanged at $5.45/bushel.

BARLEY - Non-U.S. barley production was lowered based on declines for Turkey, the EU, Russia, and Ukraine.

For 2021/22, barley imports are raised for China and Turkey but reduced for Saudi Arabia. Foreign corn ending stocks are higher relative to last month, reflecting increases for China, Brazil, Burkina Faso, and Angola.

**OATS** – Oats supplies for 2021/22 are 2.350 mmts less than last year, primarily due to drought conditions in Canada, the world’s largest producer. This week’s changes by the USDA 2021/22 marketing year showed an increased in supply of 32 kmts with increases in both beginning stocks and production, while feed and residual use was increased by 15 kmts. This left an increase in world ending stocks of 17 kmts.

**TRADE CHANGES IN 2021/22 (1,000 MT)**
China Imports of Feedstuffs in 2020/21

9 Nov 2021 USDA FAS – China coarse grain imports for 2020/21 are now complete. Based on China Customs’ data, combined imports of corn, sorghum, and barley from the world totaled 50.2 mmts, doubling the previous record set in 2014/15.

Imports of corn and barley each reached new highs, while sorghum reached the second-largest volume on record. Major suppliers for corn were the United States (69%) and Ukraine (29%); for sorghum, the United States (77%) and Argentina (14%); for barley, Canada (29%), France (26%), and Ukraine (26%).

The import growth can be attributed to a convergence of events. Aside from the implementation of the U.S.-China Phase One agreement, the recovery in the swine sector from African swine fever favored the use of corn in feed rations and drove domestic corn prices higher.

The run-up in prices widened the spread between imports and domestic corn, making imports highly profitable. Higher prices also boosted imports of sorghum and barley. These corn substitutes are not genetically modified, making imports and use less administratively burdensome.

Since June, domestic corn prices have declined but are still above a year ago despite expectations of a record harvest this fall.

Imports of non-grain feed ingredients (NGFI) also grew from the prior year. Strong cassava imports can be attributed to high domestic corn prices as feed mills and fuel ethanol plants may have turned to a cheaper alternative to domestic corn. Imports of distillers’ dried grains (DDGS) improved from a year ago but were small as the antidumping and countervailing duties on U.S. DDGS remain in place. Imports of dried peas, used as a protein source in feed rations, continued to set new highs.
CORN

- **China’s 2021/22 corn imports held steady**

  9 Nov 2021 - China’s corn imports for the 2020/21 marketing year also rose to 29.56 mmts, up 3.56 mmts from the estimate last month and pushing domestic ending stocks to 8.06 mmts.

  Estimates for corn imports and demand in 2021/22 were left unchanged at 20 mmts and 290.7 mmts, respectively.

  “Corn harvest in China has been basically completed... the recent rain and snow have litter impact on the crops in the planted areas in Northeast China, so a bumper corn harvest is a foregone conclusion,” the Casde report said.

  Therefore, China maintained its estimates for corn production for the 2021/22 marketing year stable at 270.96 mmts.

- **Argentina Corn: Despite Seasonal Dryness, More Area Expected**

  Marketing year 2021/22 Argentina corn area is forecast higher based on better gross returns for corn and corn seed with a wide array of maturities.

  Corn area is estimated at 6.8 million hectares, 5% higher than last month and 6% higher than last year.

  Corn production is expected to be at 54.5 mmts, up 3% from last month and up 8% from last year.

  Yield is set at 8.01 tons per hectare, down 2% from last month, but up 2% from last year.

  Recent rainfall has helped early planted corn, but rains have not replenished soil moisture reserves enough; there is concern about potential yield.

  More corn is expected to be planted late in the cycle to avoid flowering in late December and early January when it is often very hot and dry. Later planted corn tends to flower in February when rainfall is typically more abundant. Early hybrids could benefit farmers this season because of improved dry down and stalk strength. However, early hybrids have lower yield potential. Additionally, early hybrids have less stay-green, and limited stacked-gene selections.

- **Argentina and Brazil: Inverse Corn Export Prospects in 2020/21**

  9 Nov 2021 USDA FAS – Argentina corn exports for MY 2020/21 (Mar 2021-Feb 2022) are currently forecast at 38.5 mmts; if realized, this volume would be Argentina’s largest corn exports on record. The outlook for Argentine corn is buoyed by weakening prospects for Brazil, whose exports for 2020/21 (also Mar 2021-Feb 2022) are forecast at just 17.5 mmts on a poor safrinha harvest.

  A depreciating Argentine peso has favored exports, whereas strong domestic demand in Brazil has had the opposite effect.

  Though the pace of Argentina exports from March to September 2021 is modestly higher than last year, volumes for the remaining months are expected to pick up and exceed year-ago levels; sailed vessel data indicate that this will be the case for October.

  In contrast, Brazil’s exports over the same period are down by nearly half and data for October show just over 1.8 mmts of exports, a far cry from the 5.0 mmts in Oct 2020.
Argentina and Brazil usually compete in several major markets, including South Korea, Malaysia, and Taiwan.

Looking at this subset of markets reveals how Brazil’s exportable supply woes have tipped the balance in favor of Argentina this year. For each country, Argentina exports are greater than a year ago, whereas Brazil volumes are down year over year.

Fortunes for both Argentina and Brazil are expected to improve in marketing year 2021/22. Production as well as exports are forecast at a record for both countries. Notably, Brazil is forecast to produce 118.0 mmts of corn in 2021/22 with exports more than doubling to 43.0 mmts.

**Paraguay’s October corn export surge**

10 Nov 2021 - Paraguay exports of corn registered a sharp increase in shipments, jumping 17% on the year to 1.59 mmts between January-October, with Brazil taking the lion share of the tonnage exported from Paraguay.

Brazil’s southern states have continued to seek Paraguayan and Argentine volumes amid the extremely tight domestic supply following massive losses among the second crop corn production this year.

**USDA World Markets & Trade - Corn**

9 Nov 2021 USDA FAS – Since the October WASDE, major exporters’ bids have been mixed, with Brazilian and U.S. bids lower while Argentine and Ukraine bids are higher. Argentine bids are up $3/mt to $248/mt on strong foreign demand. Brazilian bids are down $7/mt to $258/mt with sharply smaller October exports from a year ago (1.8 mmts in 2021 vs 5.0 mmts in 2020) and South American weather continues to be favorable for production. Ukrainian bids finished the month up $9/mt to $281/mt, reflecting the delay in harvests as a result of significant rainfall. U.S. bids are down $9/mt to $260/mt, as export sales continue to disappoint to begin the new marketing year.

It is important to note that bids in all major exporters have declined sharply to start November with progressing harvests of expected bumper crops in South America and Ukraine.

**CME CBOT Corn Futures**

Early in the week the corn market faced some headwinds from the USDA WASDE Report on Tuesday as a slightly higher than expected bump in US yields to 177 bus/acre, tying 2016 for a record yield, versus 176.7 bus/acre expected and last month’s 176.5 bus/acre. Corresponding production increased to 15.062 bbus from 15.038 bbus expected. US and world ending stocks came in higher than expected for corn. With the strength in ethanol production as of late, the USDA increased corn usage from ethanol by 50 million bushels. After minimal gains in Tuesday’s session,
the corn market surged higher to close the week at $5.77¼ after reaching highs at $5.82, yet to surpass the November 2nd high at $5.86.

After opening lower on corn in overnight trade, friendly export sales and spillover support from neighboring beans helped corn close higher. CME Corn December 2021 settled on Friday at $5.77¼/bu, up 7¾ cents on the day, and gaining 24¼ cents for the week. Despite the flat price rally, producer movement was light again today.

COT report delayed until Monday due to the Veterans Day holiday this week.

Domestic processor bids remain firm, pulling bushels away from the river. The domestic vs export battle continues to push corn spreads, Z/H trading into 7¼ today, Z/K traded into 10¾ closing 1¼ tighter at 11½ carry, Z/N closing in 2¼ cent at 11½ carry as well.

Noteworthy that China's Dalian exchange corn reached highs not seen since June as ongoing weather related harvest heightens crop quality concerns while lofty energy costs have raised drying and transportation cost. China’s corn drying towers are mostly coal fueled and rail and rail/other transport has been focused on coal transport, tightening transportation availability for other products and elevating transportation fuel prices.

Buenos Aires Grain Exchange weekly report pegged Argentina first season Corn planting nationwide at 60.9% complete (last week 59.8%), year ago week 62.2%; long term average 69.6% - crop conditions 84% good to excellent, vs. 82% good to excellent last week.

Corn export sales out, a day later than usual on Friday morning, were well over the mid-range of trade expectations (28-55 mbus) at 42 mbus, with Canada expected to climb to historical highs (14 mbu), Columbia (12), Mexico (11) and Japan (5.9) were included in the total. SON corn export forecast of 400 mbu increasingly looks to be 50-60 on the high side. China has supposedly booked around 225-235 mbu of Ukrainian corn.

Important to note that with the recent drop in ocean freight over the past four weeks vessels were heading out of Pacific are now moving more towards Atlantic origins as the lowers rates make U.S. Gulf origins more advantageous. This will see a switch from PNW to Gulf origin, and will push steer export activity to the gulf for corn and milo, supporting these values and as they help the U.S. compete against other global suppliers.

The Russia’s Ag Ministry set their November 17th-23rd grain export taxes. Corn export tax for the period will rise to $62.90/mt from $50.10/mt.

**U.S. Export Corn Values – Friday 12th November 2021**

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**BARLEY**

**Vessel shortage curbs Saudi barley imports**

9 Nov 2021 Reuters - According to Saudi importers, the decrease in barley imports thus far for this marketing year was caused by a shortage of vessels that are either lined up to load commodities to China or waiting at Chinese ports to unload cargoes.

Following are selected highlights from a report issued by the U.S. Department of Agriculture's Foreign Agricultural Service post in Riyadh:

*Saudi Arabia's barley imports for the first six months of MY2021/22 (July – Dec. 2021) is estimated at 2.8 mmts, a reduction of 30% compared to the same period last year. According to local importers, the decrease in barley imports thus far for this marketing year was caused by a shortage of vessels that are either lined up to load commodities to China or are waiting at Chinese ports to unload cargoes.

**The shortage has significantly affected barley imports to Saudi Arabia as well increase the overall price. In recent months, the C&F barley price increased from $US260/mt in August to $US340/mt at the end of October. As a result of several**
factors, The USDA Post's current projection for total Saudi barley imports for 2021/22 is 5.5 mmts, down 21% compared to the USDA official estimate of 7 mmts."

- **Tunisia buys barley in tender**
  10 Nov 2021 Reuters - Tunisia's state grains agency is believed to have purchased about 50,000 tonnes of feed barley in an international tender which closed on Wednesday, European traders said.
  
  It was believed only 50,000 mts of barley was bought although 75,000 mts had been sought in the tender as prices were regarded as too expensive, they said.
  
  Casillo sold 25,000 mts of barley at $356.49/mt C&F and Viterra sold 25,000 mts at $358.49/mt C&F, the traders said in assessments. The barley was sought for shipment between Dec. 15th, 2021 and Jan. 20th, 2022, also depending on origin supplied.
  
  In its last reported tender on October 22nd, the agency purchased about 50,000 mts C&F of animal feed barley at the lowest price of $346.05/mt C&F.

- **Jordan buys estimated 60,000 tonnes feed barley in tender**
  10 Nov 2021 Reuters News - Jordan’s state grain buyer has purchased about 60,000 mts of animal feed barley to be sourced from optional origins in an international tender which closed on Wednesday, traders said.
  
  It was bought at an estimated $337.00/mt C&F for shipment in the second half of April 2022. Seller was believed to be trading house Australian Grain Export. Trading houses participating were believed to be Viterra, ETG and Australian Grain Export.
  
  A new barley tender is expected to be issued in coming days closing on November 17th again seeking shipment in March and April 2022, traders said.

**Grain Sorghum**

- **U.S. Export Grain Sorghum Values – Friday 11th November 2021**

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Another big week for grain sorghum sales, at 10.3 mbus, with all going to China. With this, year to date unshipped sales have now caught up to last year’s levels. Chinese grain sorghum interest was rumored to have surfaced again this week with some early sales for 2022 being booked.

- **USDA World Markets & Trade - Oats**

9 Nov 2021 USDA FAS – Canada has been the top global exporter of oats for the past 3 decades. For 2021/22, exports (Oct-Sep) are currently forecast at 1.1 mmts, down drastically from previous years and the lowest level since 2003/04. Typically, about half 1of production is destined for export.

Production is currently forecast at 2.3 mmts, down 50% from a year ago due to hot and dry weather this past summer. This would be the smallest crop since 1991/92.

The United States has been the top destination for Canada oats. On average, a little over 60% of oats consumed in the United States are imported, supported by demand for food and industrial uses as well as demand for high-quality feed for horses.

In recent years, Mexico, Chile, and Peru have increased imports of Canada oats as these countries have expanded their processing sectors for export of oat-based food products to neighboring countries.

Reduced supplies in Canada are expected to boost export opportunities for other oats exporters including Australia and the European Union.
Reflecting the supply situation, export prices have soared since July and in October reached at $565/mt, the highest level on record.

**CME CBOT Oat Futures**

CME December 2021 Oats Futures settled at $7.34/bu, up 9 cents on the day, but losing 15½ cents for the week.

COT report delayed until Monday due to the Veterans Day holiday this week.

**Ethanol**

- **CME Ethanol Futures - Nearby Monthly**

  CME Ethanol December 2021 closed on Friday at $2.6250, up 4.000 cents on the day, and gaining 7.500 cents for the week; with the nearby December contract making new seven year highs.

- **U.S. Export Ethanol Values – Friday 11th November 2021**

  Nearby Quotes, Basis CBOT futures:

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Wednesday’s Energy Information Administration (EIA) report showed domestic ethanol inventories continued to the upside during the first week of November, though production retreated for the first time in over a month, moving off a near four-year high. Overall production declined for the first time in six weeks, down 68,000 barrels per day (bpd) to 1.039 million bpd, 6.3% above the same week in 2020. Midwest PADD 2 plant...
production moved off a record high, down 69,000 bpd or 6.6% to 928,000 bpd, 5.9% higher than output during the corresponding week last year.

**DDG’s – Prices lower for the week**

12 Nov 2021 Mary Kennedy, DTN Analyst – The DTN average price for domestic distillers dried grains (DDG) from 33 locations reporting for the week ending the 11th of November was $183/ton, down $4 per ton on average from one week ago.

DDG prices were under pressure the past week from a slowdown in spot demand, while supplies remain plentiful at most plants.

Based on the average of prices collected by DTN, the value of DDG relative to corn for the week ended Nov. 11 was 89.97%. The value of DDG relative to soybean meal was 53.12% and the cost per unit of protein for DDG was $6.78, compared to the cost per unit of protein for soybean meal at $7.25.

In its weekly DDGS export price update, the U.S. Grains Council said: "DDGS prices are mixed on the export market with Barge CIF NOLA and FOB NOLA offers rising this week. Barge rates are up $8 to $10/mt this week while FOB Gulf offers are up $7/mt for December positions and up $5 to $6/mt for Q1 2022. Brokers report Asian destinations remain quiet despite the recent pullback in freight values. The average offer price for 40-foot containers to Southeast Asia hit $350/mt for December/January shipment this week, down $8/mt from last week".

**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>
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</tr>
<tr>
<td>Soybean Meal</td>
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<tr>
<td>DDG Value Relative to:</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Corn</td>
<td>11/11</td>
<td>11/4</td>
<td>89.97% 93.62%</td>
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<tr>
<td>Soybean Meal</td>
<td>53.12%</td>
<td>55.69%</td>
<td></td>
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<tr>
<td>Cost Per Unit of Protein:</td>
<td></td>
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<tr>
<td>DDG</td>
<td>$6.78</td>
<td>$6.93</td>
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<tr>
<td>Soybean Meal</td>
<td>$7.25</td>
<td>$7.07</td>
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</table>

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

**OILSEEDS COMPLEX**

**USDA WASDE Report – Soybeans**

9 Nov 2021 USDA FAS – On Tuesday this month’s USDA 2021/22 soybean production was reduced by 1.1 mmts to 384.0 mmts as lower production for the United States and Argentina is partly offset by higher Indian production.

U.S. soybean production was forecast at 120.4 mmts, down 0.63 mmts on lower yields. Lower yields in Indiana, Iowa, Ohio, and Kansas account for most of the change in production.

Argentina’s production was lowered 1.5 mmts to 49.5 mmts on a lower harvested area.

Production for India was raised 0.9 mmts to 11.9 mmts based on data from the Soybean Processors Association of India.

Global soybean exports were lowered 1.0 mmts to 172.1 mmts, with lower exports for Argentina and the United States partly offset by higher exports for Brazil and India.

U.S. exports were reduced by 1.09 mmts this month to 55.8 mmts, reflecting reduced global imports and lower-than-expected shipments through October. Correspondingly, China’s imports were reduced 1.0 mmts to 100 mmts.

Global soybean ending stocks were reduced 0.8 million tons to 103.8 million as lower stocks for Argentina and China are partly offset by higher U.S. stocks.

With U.S. domestic use falling more than supply, U.S. soybean ending stocks are raised 0.54 mmts to 9.25 mmts

The U.S. season-average farm price for soybeans for 2020/21 is forecast at $12.10/bush, down 25 cents.

Soybean meal and oil prices are unchanged at $325.00 per short ton and 65.0 cents per pound, respectively.
China’s soybean crush at 10-wk high as power rationing ends
10 Nov 2021 CNGOIC - China’s soybean crushing volumes in the week to November 7th rose for a second consecutive week and reached a 10-week high, data from the National Grain and Oil Information Centre (CNGOIC) showed Thursday. The increase came as operation rates resumed amid the end of the power crunch, along with higher arrived volumes of soybeans in the prior week. Crushing rates came in at 2.07 mmts last week, up 170,000 mts from the previous week and 230,000 mts from the three-year average. However, the figure was 20,000 mts lower than the level recorded a year ago. “The phenomenon of power rationing in oil plants ended last week, and the quantity of soybean arrived gradually increased. In addition, soybean crush margins improved, so the operation rates continued to climb,” CNGOIC said. The changes meant soybean stocks declined by 310,000 mts from the previous week to 4.5 mmts last week, down 1.1 mmts on the month and 2.37 mmts on year. At the same time, soymeal stocks rebounded to 550,000 mts, up 100,000 mts from the previous week, but still 50,000 mts lower than the figure recorded in the prior month. Soyoil inventories meanwhile fell 15,000 mts on the week to 820,000 mts, amid the higher procurement pace from downstream companies. The figure was down 100,000 mts m/o/m and down 410,000 mts y/o/y. Finally, CNGOIC lifted its estimates for the soybean landing volumes in November to 7.4 mmts, 200,000 mts higher than the forecast made last week.

China’s 2020/21 soybean imports increase, 2021/22 held steady
9 Nov 2021 - China’s soybean imports for the 2020/21 marketing year were raised by 1.1% to 99.78 mmts as the country’s monthly update on agricultural supply and demand estimates (Casde) was released on Tuesday. The figure is a slight increase versus the 98.6 million mt the agency estimated last month. Accordingly, the year-end balance between supply and demand for 2020/21 soybeans rose 1.18 mmts from the previous estimate to 6.06 mmts, as estimates for domestic production and demand were held at 19.6 mmts and 113.26 mmts, respectively. At the same time, the report maintained its forecast for soybean imports and demand for the 2021/22 marketing year at 102 mmts and 119.08 mmts. China’s Ministry of Agriculture and Rural Affairs (MARA) has raised its estimate for edible oil production in 2020/21 to 28.56 mmts, due to “the increase of soybean imports”.

However, imports for edible oil in 2020/21 were forecasted to fall 290,000 mt from the previous estimates to 10.74 mmts, on lower-than-expected imports of peanut and sunflower oil.

EU 2021/22 soybean imports at 4.26 mmts, rapeseed 1.54 mmts
9 Nov 2021 Reuters - European Union soybean imports in the 2021/22 season that started in July had reached 4.26 mmts by November 7th, data published by the European Commission showed on Tuesday. That compared with 5.17 mmts by the same week in the previous 2020/21 season, the data showed. EU rapeseed imports in 2021/22 reached 1.54 mmts, compared with 2.58 mmts a year earlier. Soymeal imports 2021/22 totaled 4.86 mmts against 6.47 mmts a year ago, while palm oil imports stood at 1.93 mmts versus 2.35 mmts. The Commission said that the data for France in the report was still only complete until July 2021. Since January 1st, the European Commission’s data has covered the EU’s 27 countries only, whereas previous figures up to December 31st covered both the EU-27 and Great Britain.

Paraguay’s October soybean shipments fall 5% y-o-y
10 Nov 2021 - Paraguay exported a total of 5.88 mmts of soybeans between January-October, down 5% compared with the 6.19 mmts registered in the same period of 2020, the latest data from the country’s central bank shows.
Paraguay’s soybean exports continued to slow down in October, dropping 23% on the month, as availability declines seasonally, with shipment levels registering the lowest activity since February this year – prior to the harvest.

Argentina remains the largest receiver of soybeans, with shipments coming in at 4.17 mmts in the first 10 months of the year, down 13% on the same period a year ago, and representing 71% of Paraguay’s total soybean exports during the period.

Meanwhile, bean exports to Brazil climbed 13% y/o/y to come at 738 mmts mt and representing for 13% of Paraguay’s soybean exports.

A decline in soymeal shipments was also registered for the period, with cumulative volumes for the year to October pegged at 1.5 mmts, down 12% on the same period a year ago.

Paraguayan exports to Argentina have continued to face logistical issues due to the ongoing low water levels at the Parana River.

South Korea tenders to buy 115,000 mts GMO-free soybeans - traders
9 Nov 2021 Reuters - South Korea’s state-backed Agro-Fisheries & Food Trade Corp. has issued international tenders to purchase around 115,000 tonnes of soybeans free of genetically-modified organisms (GMOs), European traders said on Tuesday.

The food-quality soybeans are sought from optional origins for arrival in South Korea in 2023. The corporation regularly buys supplies for arrival in later years. The deadline for submission of price offers in the tender is November 17th. Some 90,000 mts are sought as bulk cargoes and 25,000 mts in shipping containers.

Fast planting makes Brazil soy more competitive against rival U.S.
11 Nov 2021 Reuters - Soybean planting for the 2021/22 season is proceeding at such a fast pace that futures prices for Brazilian soy are falling and making it more competitive against its main rival, the United States, according to experts consulted by Reuters.

Data from consultancy Safras & Mercado show soybean port premiums at Paranagua are 130 cents per bushel for January and 50 cents/bushel for February. Last year, when the start of the harvest was delayed due to lack of rain, the port premium for February soy was 125 cents/bushel.

"Premiums for early 2022 are well in line with a market that will have a harvest in January and will have carryover stocks," said Safras analyst Luiz Fernando Roque.

Port premiums reflect the difference in price between Brazilian soy and benchmark contracts in Chicago. Premiums are affected by logistics costs, exchange rate and other factors.

Port premiums for February soy in Brazil are more competitive than those in Chicago exchange, he added.

Analyst Vitor Belasco, at HIS Markit consultancy, said it is very likely Brazil, the largest global producer and exporter of soy, will have volumes of soybean available sooner than usual because it is planting faster than last year and there has been an increase in the area planted.

The director of consulting firm Celeres, Anderson Galvao, said many farmers will already be harvesting in the first half of January, which will mean lower port premiums than in the previous season.

"For sure the Chinese will already make some purchases of our soybeans in January ... and knowing that large volumes are to come, a record crop of more than 140 million tonnes, it is possible that prices will fall sooner too," he said.

Earlier shipments in the first month of 2022 would intensify competition with the United States, Roque said.

"Today the U.S. premium in the Gulf for February is between 60 and 67 cents a bushel, so ours is better precisely because of the earlier crop coming in," the Safras & Mercado analyst said.

The earlier arrival of soybeans could cause logistical problems and transport bottlenecks in Brazil, Galvao noted.

"January is still a rainy month and ports stop working in bad weather. That may cause delays in shipments," he said.
2021/22 Brazil Soybeans 67% Planted, Weather Continues Beneficial
10 Nov 2021 Author: Michael Cordonnier/Soybean & Corn Advisor, Inc. - The 2021/22 Brazil soybeans were 67% planted as of late last week compared to 56% last year. This reflects an increase of 15% for the week and the planting continues to be the second fastest, trailing only the 2018/19 growing season.

Weather last week in Brazil was generally favorable for soybean planting especially in central and northeastern Brazil. The forecast for this week is calling for good rains to continue across central Brazil with dry weather predominating in southern Brazil. The 6-10 day is forecasting good rains in central Brazil with some rain returning to southern Brazil.

Mato Grosso - The farmers in Mato Grosso had planted 95.7% of their soybeans as of late last week. This reflects an advance of 12.6% for the week and it is 12% ahead of average. Only the northeastern part of the state is below 90% planted. This rapid planting pace is not only good for the soybeans, but also for the safrinha corn which Imea estimates will be 92% planted within the ideal planting window (see later article).

Below is the soybean planting progress in Mato Grosso from the Mato Grosso Institute of Agricultural Economics (Imea). The red line is this year’s progress, the dark line is last year’s progress, and the dotted line is the five-year average. The green area is the maximum and minimum for the last five years.

Parana - In the city of Castro in eastern Parana, farmers have planted at least 60% of their soybeans and they are expecting good yields. The remaining soybeans will be planted after farmers in the region finish the wheat harvest in approximately 10 days. The wheat yields are good, but the quality was hurt by excessive rains at harvest.

Rio Grande do Sul - Farmers are actively planting their soybeans after the wheat is harvested. Farmers are concerned because the forecast is calling for below normal rainfall for the next two weeks. They are reporting problems sourcing Roundup and certified seed. Emater estimates that the wheat is 48% harvested, 40% is maturing, and 12% is filling grain.

Tocantins - In the municipality of Darcinopolis in northern Tocantins, farmers started planting their soybeans earlier than in recent years and they have planted half of their intended soybeans. If the weather cooperates, yields are expected to be in the range of 55 sacks per hectare (49 bu/ac).

Northeastern Brazil - Farmers are actively planting their soybeans, but the forecast is calling for ample rainfall this week which may slow planting progress.

Brazil’s B3 bourse to launch local soybean futures contract
10 Nov 2021 Reuters - Brazilian stock exchange operator B3 SA will launch a local soybean futures contract developed in partnership with the CME Group, B3 said on Wednesday, as it aims to improve hedging tools for the grain supply chain in Brazil. According to B3, the so-called "Futuro de Soja Brasil" contract, will have Santos port exporting prices as its benchmark and financial liquidation in U.S. dollar per ton. It will start trading on the 29th of November 2021.

Argentina Soybeans: Dry Conditions, Export Taxes Limit Planted Area
USDA forecasts Argentina soybean production for marketing year 2021/22 at 49.5 mmts, down 3% from last month, but up 7% from last year. Area is estimated at 16.4 million hectares, down 3% from last month and down less than 1% from last year. Yield is set at 3.02 mts/hectare, unchanged from last month, but up 8% from last year.

Soybean planting expectations have decreased with farmers favoring corn as soybean prices have declined relative to corn. In addition, corn has a wide array of maturities and the increased hybrid maturity selection provides farmers more flexibility. Although soybeans are seeded and produced at a lower cost of production, they do not have the profit margin that corn currently has due to pricing.

Argentina export taxes of 31% to 33% on soybeans subtracts from the profit margin. Raw soybeans are taxed at 33%. Soy oil and soy meal are taxed at 31%.

Soybean planting continues, but low soil moisture requires more rainfall to replenish depleted reserves.

USDA Report – Soybeans
9 Nov 2021 USDA FAS – October prices for U.S. soybeans declined on larger supplies and slower export pace.

Exports were slowed by weak China demand and reduced U.S. export capacity in early October from hurricane damage.

Brazil soybean prices were also down on weak China demand. Argentina soybean prices were mostly flat on decreased seasonal exports and larger supplies, offset by dry weather ahead of the 2021/22 crop planting.
The projected U.S. season-average farm price for soybeans is down 25 cents to $12.10/bushel.

CME CBOT Soybeans Futures

CME January 2022 Soybean Futures settled on Friday at $12.44¼/bu, up 22¾ cents on the day, and gaining 39 cents for the week. COT report delayed until Monday due to the Veterans Day holiday this week.

On Friday we saw a “flash” soybean sale of 275 kmts to “unknown” reported by the USDA, most likely to China. There are also rumors of other sales as well. Not surprising to see buyers come into the market as ocean freight has drop by half since a month ago.

Brazil’s CONAB estimated soybean output at 140.8 mmts in their November update. That was 0.89% above their prior figure, but below USDA’s 144 mmts projection. The Rosario Grains Exchange reported soybean planting at 17% of the forecasted area, citing the lowest Argentine acreage total for beans in 15 years; at ~16.18 mts/ha.

U.S. Export Soy Values – Thursday 11th November 2021

U.S., FOB Gulf - $482.75/mt
U.S., FOB PNW - $525.00/mt
Brazil, FOB - $498.25/mt
Argentina, FOB UpRiver, $535.00/mt

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

USDA (U.S. No. 2, CIF New Orleans)

CIF BEANS

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<th>11/12/2021</th>
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<tr>
<td>FH FEB</td>
<td>62 / 65</td>
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</table>

The weekly export report showed soybeans export sales through the week that ended the 4th of November were 1.289 mmts. The week’s shipments were a record, 3.702 mmts (136 mbus), the equivalent of more than 2,000 barges! (not including the government shutdown compiled reporting) China was the week’s top destination with 2.34 mmts of the total. Accumulated soybean exports were back to within 18% of last year’s pace, at 14.28 mmts, with 1.223 bbus of MYTD commitments.

In addition, this week we saw a good recovery in Chinese crush with CNGOIC reporting a 10% w/o/w increase, as energy conservation measures are relaxed. The past couple of months has seen Chinese crushing plants closed due to lack of power/electricity; and as such they did not need to purchase soybeans. This week’s crushing number to China was just 1.2% below the 2020 weekly number. However, I would still suggest it is likely China’s soybean imports will decline for the marketing year. Similarly, this week the USDA took China’s imports down 1 mmts and correspondingly decreased U.S. exports down 2.05 bbus, 210 mbus below the 2020/21 totals. YTD sales trail last year by close to 600 mbus (33%). This will leave room for U.S. domestic soybean crushing demand to expand in coming months.
**CANOLA / RAPESEED**

- **ICE Canadian Canola Futures**
  
  Canadian canola made new 45 year highs again this week touching C$1,028.90/mt on Friday. **ICE November 2021 Canola Futures** settled just under Friday’s new high at C$1,025.30/mt, up C$20.90 on the day, and gaining C$26.80 for the week.

- **USDA WASDE Report – Canola / Rapeseed**
  
  On Tuesday this month’s USDA 2021/22 rapeseed / canola production was increased by 0.145 mmts to 67.5 mmts. Global rapeseed ending stocks are forecast to drop to 4.05 mmts, the lowest level in 18 year, 2003/04.

**SUNFLOWERS**

- **USDA WASDE Report – Sunflowers**
  
  On Tuesday this month’s USDA 2021/22 Sunflowerseed production was high despite seasonal dryness.

9 Nov 2021 USDA FAS – On Tuesday this month’s USDA 2021/22 Sunflowerseed production was high despite seasonal dryness.
USDA estimates sunflower production for marketing year (MY) 2021/22 at 1,750 kmts, up 12% from last year, but down 3% from last month. Production is the second highest on record, matching MY 2019/20.

The area is estimated at 760,000 hectares, up 6% from last year.

The yield is estimated at 2.30 mts/hectare, which is the third highest on record.

Sunflower is the most important oil crop in Turkey. It is mainly grown in the Konya province (Central Anatolia), the Thrace area (the European part of the Marmara region) and the Adana province in the Çukurova region. Sunflower is typically planted between April and May and harvested between August and September.

Generally, sunflower tolerates drier conditions better than other crops, thus, a large portion of the sunflower grown in Turkey is cultivated in non-irrigated fields.

As reported by USDA’s Office of Agricultural Affairs in Ankara, Turkey, sunflower planting started two weeks later than normal due to unfavorable weather. Some of the non-irrigated fields in the Marmara region were partially impacted by this year’s dry and hot weather.

Despite these problems, production is the second highest on record owing to good overall yields and an increase in area.

(For more information, please contact Iliana.Mladenova@usda.gov.)
The volume of soybeans processed in Argentina reached 33.2 mmts between January-September 2021, the second highest volume of the decade, but still - the association argues - a sign of slowdown and stagnation in the sector.

Soybean processing levels in the year to date are well below the volume processed in 2010, while soybean production has increased by less than 1% over the past decade.

Ciara projects crushing capacity in 2021/22 to be the second-lowest for the past ten years, estimated at 56% in the current season a drop of six percentage points from 2020/21. “The crushing industry has 53% of idle installed capacity, a fact that causes an increase in operating costs per unit of processed soybeans,” Ciara said.

“In the industrial process, fixed costs are only diluted by increasing the volume processed and therefore [soybean] purchases... And many times it is convenient to buy with negative margins, since if you do not buy the margins are much more negative,” added the association.

But there has been a pickup in soybean farmer selling registered between May and October 2021, with a considerable increase experienced in the last three months of the year supported by high market prices.

Soybean farmer sales came to 6.5 mmts between August and October, at a jump of nearly 35% on the same period a year ago.

For this year, Argentina is forecast to crush 40.5 mmts of soybeans this year, up 12.5% compared with nearly 36 mmts of soybeans crushed in 2020, according to Ciara-CEC.

CME Soybean Oil

CME December 2021 Soybean Oil Futures settled on Friday at $58.97/cwt, off $0.17 on the day, but gaining $0.19 for the week.

Ahead of the Monday NOPA crush report, analysts expect NOPA members processed 181.945 mbus of soybeans in October. The full range of estimates is 176 to 187 mbus. Soybean oil stocks on hand as of the end of October are estimated to come in at 1.724 billion lbs.

NOPA October U.S. soybean crush seen at 181.945 mbus

11 Nov 2021 Reuters - The U.S. soybean crush likely rebounded in October from a three-month low the prior month as newly harvested beans bolstered crushing supplies, according to analysts polled ahead of a monthly National Oilseed Processors Association (NOPA) report due on Monday.

NOPA members, which handle about 95% of all soybeans processed in the United States, were estimated to have crushed 181.945 mbus of soybeans in October, according to the average of estimates from 11 analysts.

If realized, the figure would be up 18.3% from the 153.800 mbus processed in September and the fourth largest crush for any month on record. But it would be 1.8% below the 185.245 mbus processed in October of last year, which was the largest-ever crush for any month.

Estimates for the October 2021 crush ranged from 176.900 million to 187.789 mbus, with a median of 181.700 mbus.

The monthly NOPA report is scheduled for release at 11 a.m. CST on Monday. NOPA releases crush data on the 15th of each month, or the next business day.

Soyoil supplies at the end of October were seen rising for a fourth straight month to 1.724 billion pounds, based on estimates from eight analysts. If realized, it would be up 2.4% from 1.684 billion at the end of September. Stocks estimates ranged from 1.590 billion to 1.834 billion pounds, with a median of 1.742 billion.

NOPA’s monthly release will no longer include soymeal export totals reported by its members “due to likely inadvertent under-reporting,” the group said.

“While our members have adequate information about the location of their direct customer-buyers, they currently have no way of knowing with certainty whether the product may ultimately be moved or transferred into shipment channels that are actually destined for export,” NOPA said in a statement.

India Implements Further Cuts to Palm Oil Duties

9 Nov 2021 USDA FAS – India’s latest import duty cut on palm oil is another effort by the government to reduce domestic oil prices and food price inflation amid soaring global palm oil prices.

Effective the 14th of October 2021, the Indian government cut import duties on crude and refined palm oil, a move following its earlier vegetable oil duty reductions in June and September. The October cut eliminated the base import duty for crude palm oil and reduced the duty for refined palm oil to 17.5% through the 31st of March 2022.

The government has also limited stocking of edible oils and oilseeds through March in an effort to discourage importers from purchasing excess supplies to market after the...
duty reductions expire. Effective June 30th, India reduced import duties on crude palm oil from 15 to 10% and on refined oil from 45 to 37.5%; in September, it cut the duty again on crude palm oil to 2.5%, and on refined palm oil to 32.5%. The September and October cuts also apply to soybean and sunflower oil duties.

The lower duties are expected to boost India palm oil imports. Reports indicate that this series of duty reductions could benefit Indian consumers by lowering the cost of oil by 15 to 20 rupees per kilogram. Some major Indian edible oil companies have also reduced wholesale prices to provide consumers relief.

As a result, India 2020/21 palm oil imports are anticipated up 470,000 mts to 8.5 mmts and 2021/22 imports forecast up 300,000 mts to 8.6 mmts. Some global suppliers of palm oil have already increased exports to India.

Following the first wave of tariff reductions, palm oil imports in August and September more than doubled from the January-July 2021 monthly average. Indonesia, the top palm oil supplier to India, has been the primary beneficiary of the increase in demand. Indonesia exporters maximized shipments ahead of their own September export tax hike on crude palm oil. Malaysia and Thailand palm oil exports to India also rose markedly in August and September.

CME Palm Oil swaps

CME December 2021 Palm Oil Swaps settled at $1,113.00 1,111.50/mt on Friday, up $10.00 on the day, and gaining $1.50 for the week.

Palm oil slips to 5-week closing low on demand worries, weaker rivals

9 Nov 2021 Reuters - Malaysian palm oil futures fell to a five-week closing low on Tuesday, dragged by weakness in rival Dalian oils and concerns that a slowdown in demand would raise inventories.

The benchmark palm oil contract for January delivery on the Bursa Malaysia Derivatives Exchange closed 106 ringgit, or 2.17%, lower to 4,789 ringgit ($1,151.76)/mt, its lowest closing since October 5th. The contract had earlier declined as much as 3.9%.

"Physical prices are holding strong but futures in Bursa Malaysia is coming down fast," a Kuala Lumpur-based trader said. Weaker Dalian palm olein and overnight drop in soyoil prices, and concerns over lower Indian imports are weighing in, the trader added.

A typical low palm oil production cycle ahead will likely draw down stock levels but potential slower exports due to high prices, India edible oil duties, post-festive season and the upcoming winter season could keep inventories elevated, Refinitiv Agriculture Research said in a note.

"If key destinations slow down their purchases in the weeks ahead, we expect ending stocks build-up sooner, weighing on the palm market," Refinitiv wrote.
A higher-than-expected forecast of 1.7% rise in October production by the Malaysian Palm Oil Association on Monday have also stoked concerns that inventories may rise faster than previously estimated.

The Malaysian Palm Oil Board is scheduled to release official data on Wednesday. Dalian's most-active soyoil contract fell 1.9%, while its palm oil contract slipped 1.8%. Soyoil prices on the Chicago Board of Trade were up 0.4%

Palm oil is affected by price movements in related oils as they compete for a share in the global vegetable oils market.

**PLANT PROTEIN MEALS**

- **USDA Report – Protein Meal**

9 Nov 2021 USDA FAS – 2021/22 global production of protein meal is forecast higher with the larger crush expected. Protein meal trade is up primarily on higher India soybean meal exports and Canada’s focus on producing and exporting rapeseed products instead of seed.

Protein meal consumption is little changed overall, while stocks are up mostly on higher soybean meal stocks in Argentina and India. Prices for U.S. soybean meal in October were down from September reflecting the downward trend in soybean prices, weaker export demand, and increased oil share in soybean value.

Argentina prices were also down on lower export pace. While the average price is down, U.S. prices have diverged from South America prices in recent weeks. Increasing premiums for U.S. soybean oil have allowed U.S. processors to maintain crush margins with higher meal prices than competitors without impacting local meal demand.

- **CME CBOT Soybean Meal**

- **CME December 2021 Soybean Meal Futures** settled on Friday at $362.10/short ton, up $17.60/ton on the day, and gaining $29.40/ton for the week.

- **U.S. Export Soybean Meal Values – Thursday 11th November 2021**

U.S., FOB Gulf - $420.75/mt
Brazil, FOB Paranagua, $385.50/mt
Argentina, FOB Upriver, $382.75/mt

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

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<td>F</td>
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<tr>
<td>U.S. Gulf</td>
<td>- / 30</td>
<td>- / 30</td>
<td>H</td>
</tr>
<tr>
<td>Brazil (Paranagua)</td>
<td>- / 30</td>
<td>- / 30</td>
<td>H</td>
</tr>
</tbody>
</table>
COTTON

- **USDA WASDE Report – Cotton**

<table>
<thead>
<tr>
<th>Attribute</th>
<th>21/22 Nov'21</th>
<th>Change</th>
<th>21/22 Oct'21</th>
<th>20/21</th>
<th>19/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area Harvested (1000 HA)</td>
<td>32,726</td>
<td>+172 (+5.3%)</td>
<td>32,554</td>
<td>31,411</td>
<td>34,833</td>
</tr>
<tr>
<td>Beginning Stocks (1000 480 lb. Bales)</td>
<td>89,283</td>
<td>-102 (-1.2%)</td>
<td>90,295</td>
<td>97,451</td>
<td>79,513</td>
</tr>
<tr>
<td>Production (1000 480 lb. Bales)</td>
<td>121,789</td>
<td>+159 (+1.2%)</td>
<td>120,280</td>
<td>112,162</td>
<td>121,396</td>
</tr>
<tr>
<td>Imports (1000 480 lb. Bales)</td>
<td>46,620</td>
<td>+175 (+38%)</td>
<td>46,445</td>
<td>49,010</td>
<td>40,810</td>
</tr>
<tr>
<td>Total Supply (1000 480 lb. Bales)</td>
<td>257,692</td>
<td>+672 (+26%)</td>
<td>257,020</td>
<td>256,629</td>
<td>241,721</td>
</tr>
<tr>
<td>Exports (1000 480 lb. Bales)</td>
<td>46,605</td>
<td>+130 (+39%)</td>
<td>46,425</td>
<td>48,405</td>
<td>41,233</td>
</tr>
<tr>
<td>Use (1000 480 lb. Bales)</td>
<td>124,101</td>
<td>+700 (+55%)</td>
<td>123,401</td>
<td>120,884</td>
<td>103,073</td>
</tr>
<tr>
<td>Loss (1000 480 lb. Bales)</td>
<td>58</td>
<td>-6 (-9.3%)</td>
<td>64</td>
<td>51</td>
<td>-36</td>
</tr>
<tr>
<td>Total Domestic Cons. (1000 480 lb. Bales)</td>
<td>124,159</td>
<td>+694 (+56%)</td>
<td>123,465</td>
<td>120,935</td>
<td>103,073</td>
</tr>
<tr>
<td>Ending Stocks (1000 480 lb. Bales)</td>
<td>86,928</td>
<td>-202 (-23%)</td>
<td>87,130</td>
<td>89,283</td>
<td>97,451</td>
</tr>
<tr>
<td>Total Distribution (1000 480 lb. Bales)</td>
<td>257,692</td>
<td>+672 (+26%)</td>
<td>257,020</td>
<td>256,629</td>
<td>241,721</td>
</tr>
<tr>
<td>Stock to Use % (PERCENT)</td>
<td>50.92</td>
<td>(-70%)</td>
<td>51.31</td>
<td>52.74</td>
<td>67.53</td>
</tr>
<tr>
<td>Yield (KG/HA)</td>
<td>830</td>
<td>+6 (+7.5%)</td>
<td>804</td>
<td>777</td>
<td>758</td>
</tr>
</tbody>
</table>

**2021/22 Trade Outlook (1,000 480-lb Bales)**

<table>
<thead>
<tr>
<th>Major Importers:</th>
<th>Previous</th>
<th>Current</th>
<th>Change</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>WORLD</td>
<td>46,445</td>
<td>46,620</td>
<td>175</td>
<td>Higher use</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>8,200</td>
<td>8,300</td>
<td>100</td>
<td>Higher use</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Major Exporters:</th>
<th>Previous</th>
<th>Current</th>
<th>Change</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>WORLD</td>
<td>46,425</td>
<td>46,605</td>
<td>180</td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>3,600</td>
<td>3,900</td>
<td>300</td>
<td>Larger crop</td>
</tr>
<tr>
<td>Greece</td>
<td>1,350</td>
<td>1,150</td>
<td>-200</td>
<td>Smaller crop</td>
</tr>
<tr>
<td>Brazil</td>
<td>8,000</td>
<td>8,100</td>
<td>100</td>
<td>Larger crop</td>
</tr>
</tbody>
</table>

9 Nov 2021 USDA FAS – On Tuesday this month’s USDA global cotton balance sheet for 2021/22 includes higher production and consumption, and slightly lower ending stocks.

Beginning stocks this month are also lower, by 1 million bales, due to higher estimated consumption in earlier years for India, Pakistan, and Mexico.

The world production forecast is 1.5 million bales higher as gains for Brazil, Australia, Pakistan, and the United States more than offset a 200,000-bale decline in Greece following unusually heavy October rainfall.

The USDA projected use in the current year is also higher this month, and total global consumption is up 700,000 bales.

World ending stocks are projected at 86.9 million bales, 200,000 bales lower than in October, and 2.4 million bales lower than in 2020/21.

- **Australia Cotton Production Revised Up Due to Increased Water Storage**

9 Nov 2021 USDA FAS – Australia’s marketing year 2021/22 cotton production is forecast at 5.3 million 480-pound bales, up 0.6 million bales from last month, and up 2.5 million bales or 89% from last year.

Harvested area is forecast at 600,000 hectares (ha), up 25,000 ha from last month, and up 325,000 ha or 118% from last year.

Yield is forecast at 1,923 kilograms per hectare, up 8% from last month. Yield is expected to increase because of a forecast decrease in the share of the total area sown to dryland cotton this season as compared to last. Irrigated cotton yields are substantially higher than dryland yields, and the difference widens in low rainfall years.

Irrigated cotton area comprises about 90% of Australia's total cotton production.

Dryland cotton planting tends to vary with the seasonal weather forecast and prices at sowing. This will be the first time in several years that significant area has been planted to dryland cotton.
Above average rainfall this season has increased water storage for irrigated cotton and provided adequate soil moisture in dryland cotton areas. Irrigated cotton area is forecast to increase, reflecting increased water storage levels in reservoirs supplying cotton growing regions. Also, higher world cotton prices motivated producers to expand total plantings.

Sorghum and cotton are the two dominant summer crop options in eastern Australia. Cotton planting began in September with October being the primary planting month. Typically harvest begins in March and peaks in April. The two major cotton producing states are New South Wales (67%) and Queensland (33%) based on the current five-year average.

- **USDA Sees bigger cotton crop**
  9 Nov 2021 John Perkins - The USDA has increased its outlooks for U.S. cotton. The upland cotton crop is pegged at 17.852 million bales, up 201,000 from October following an upward revision for average yield to 874 pounds per acre, and 27% above 2020 due to an increase in planted area. There were no harvested area adjustments. The U.S. cotton harvest is 55% complete as of Sunday, while the rice harvest is officially over for the year.
  In 2020, upland cotton totaled 14.061 million bales with an average yield of 835 pounds per acre and harvested area of 8.081 million acres, while rice production was 227.583 million hundredweight with an average yield of 7,619 pounds per acre and harvested area of 2.987 million acres.
  The USDA also increased U.S. ending stocks estimates, while lowering the world supply guess for cotton due to consumption expectations.
  The 2021/22 USDA estimated average farm price for cotton is at $.90 per pound, compared to $.90 a month ago and $.663 for 2020/21.
  The USDA’s next set of supply, demand, and production estimates is out December 9th.

- **USDA Report – Cotton**
  9 Nov 2021 USDA FAS – Global cotton prices rose since last month’s WASDE following upward movements on the Intercontinental Commodity Exchange’s December 2021 contract and strong global demand for nearby and available supplies.
Note: A-Index is the average of the five cheapest quotations (quality being Middling 11/8) for Cost and Freight (CFR) at a Far Eastern Port (more info here); U.S. is the simple average of spot quotations reported by the Agricultural Marketing Service (more info here); China is the reported China Cotton Price Index (i.e. CCIndex 3128B) and reflects the national weighted average of cotton (3128B grade) delivered to more than 200 enterprises in China; India is the Shankar-6 (grade 29-3.8-76) spot price reported here; Brazil is the delivered price in São Paulo city (grade strict low middling).

Spot prices in Gujarat (India) climbed more than 15 cents to exceed U.S. spot prices (Gujarat prices were roughly 7 cents cheaper than U.S. last month).

Strong domestic and global demand for Indian cotton, coupled with lower supplies relative to last year, have helped to strengthen prices.

China’s spot prices remain significantly elevated relative to other origins despite robust sales from the State Reserve.

More than 4.5 million bales have sold this year with the 2021 sales program set to expire later this month.

CME December 2021 Cotton Futures settled on Friday at $1.1769/lb, off $0.0085/lb on the day, but gaining $0.0072/lb for the week. Cotton futures turned south in the afternoon portion of Friday trading.

USDA reported export cotton bookings from the week that ended THE 4TH OF November at 127,968 RBs. That was down from 139k last week and about half of the trailing 4-wk average.

China was the week’s top buyer with 78k RBs. MYTD China has booked 2.67m RBs of the 8.636m total commitments. Cotton export commitments at the same point last season were 9.102m RBs.

The Seam reported 7,443 bales were sold for an average 114.30 cents/lb on 11/11. USDA’s weekly Classings report showed 1.183m bales were classed during the week, bringing the season’s total to 4.829 million bales. The Cotlook A Index was back down by 30 points higher on 11/11 to 127.25 cents. The AWP was raised another 57 points to 101.56 cents/lb.

OTHER MARKETS & RELATED NEWS

➢ China Pork Imports To Drop Sharply Next Year, Gro Predicts

9 Nov 2021 Gro Intelligence - Gro expects China’s pork imports are on track to drop sharply next year, contrary to the USDA’s forecast for higher pork imports.

As China’s hog herd size returns to levels seen before the 2018 African swine fever epidemic, and as Chinese domestic pork prices plunge, there is less incentive for the country to continue importing large quantities of pork.
Gro expects China will import between 1 million and 2 million tonnes of pork in 2022, comparable to pre-ASF import levels. That would be a steep decline from imports of 4.5 mmts estimated by the USDA for 2021.

The USDA is forecasting Chinese pork imports will increase next year to 4.75 mmts, which Gro believes is too high. Gro first predicted a decline in Chinese pork imports in an Insight article in July.

A drop in Chinese pork imports next year would lower export demand primarily in Brazil and the US, where pork exports to China have already fallen in recent months. Reduced import demand by China could have negative implications for the profitability of US pork processors.

However, China’s increased hog herd size, and an expansion of industrial hog farming, will raise the country’s import demand for animal feed grains and oilseeds, including broken rice, feed wheat, corn, and soybeans. Since ASF began decimating China’s hog herd in 2018, international dry bulk shipping companies have kept a watchful eye on the country’s grain requirements and will likely need to continue to adjust forecasts for grain imports.

China’s falling pork prices, which suggest domestic pork supplies are sufficient to satisfy demand, erode incentives to import pork from abroad. Cash prices have dropped to 22.58 RMB/kg, similar to pre-ASF levels, from more than double that price at the start of 2021. Meanwhile, pork demand is yet to fully recover, as seen via Gro’s China Pork Demand Forecast Model.

As a result, monthly pork import volumes have fallen to about 200,000 mts in September from 400,000 mts early this year.

Weak producer margins have spurred an increase in slaughter volumes, as the cost of feed makes it uneconomic to keep the hogs for longer. When margins turned negative, the Chinese government intervened to purchase pork for its reserves in July, pushing margins into positive territory again.

The government’s action aligns with its strategic goal for China to reach 95% self-sufficiency in pork production, as Gro detailed in its 2020 white paper “China’s New Push for Food Security.”

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**TRANSPORTATION**

- **IGC Grains Freight Index**

Baltic index edges lower as smaller vessels weigh

12 Nov 2021 Dry Bulk Market, International Shipping News - The Baltic Exchange's dry bulk sea freight index snapped a three-session long streak of gains on Thursday, pressured by weaker rates for panamax and supramax vessels.

The overall index, which factors in rates for capesize, panamax and supramax vessels, decreased by 17 points, or 0.6%, to 2,844.

The capesize index edged up 2 points to 3,872. Average daily earnings for capesizes, which transport 150,000-tonne cargoes such as iron ore and coal, rose $10 to $32,109.

Prices for steel products and steelmaking ingredients on China’s commodity futures bourses surged on Thursday, following reports that China Evergrande Group had made coupon payments to bondholders, averting a destabilising default.

The panamax index fell 53 points, or 1.7%, to 3,026, its lowest in five months. Average daily earnings for panamaxes, which ferry 60,000-70,000 tonne coal or grain cargoes, decreased by $471 to $27,237.

The supramax index decreased by 8 points to a six-month trough of 2,251.

Source: Reuters (Reporting by Kavya Guduru in Bengaluru; Editing by Shailesh Kuber)

Baltic Dry Freight Index - Daily

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

Not restricted to Baltic Sea countries, the index provides "an assessment of the price of moving the major raw materials by sea. Taking in 23 shipping routes measured on a time-charter basis, for dry bulk carriers carrying a range of commodities including coal, iron ore, grain, and other commodities.

Because dry bulk primarily consists of materials that function as raw material inputs to the production of intermediate or finished goods, the index is also seen as an efficient economic indicator of future economic growth and production.

Source: https://www.tradingview.com/chart/?symbol=INDEX%3ABDI

Baltic index records first weekly gain in five as capesizes strengthen

12 Nov 2021 Reuters – The Baltic Exchange’s dry bulk sea freight index eased on Friday, but posted its first weekly rise in five weeks, helped by stronger rates for the larger capesize vessel segment.

- The overall index, which factors in rates for capesize, panamax and supramax vessels, was down 37 points, or 1.3%, at 2,807.
- The main index gained 3.4% for the week.
- The capesize index eased 36 points, or 0.9%, to 3,836, snapping a five-session winning streak. However, it saw a weekly gain of 17%.
- Average daily earnings for capesizes, which transport 150,000-tonne cargoes such as iron ore and coal, decreased $298 to $31,811.
- Iron ore prices were on track for a fifth straight weekly fall on Friday, as worries over weak demand for the raw material in top steel producer China outweighed hopes for an easing of financing curbs in the country’s debt-laden property sector.
- The panamax index shed 96 points, or 3.2%, to 2,930, the lowest level in five months. It registered a 4.6% weekly decline.
- Average daily earnings for panamaxes, which ferry 60,000-70,000 tonne coal or grain cargoes, was down $867 to $26,370.
- The supramax index rose 2 points, or 0.1%, to 2,253, ending a 15-session losing streak. The index decreased 6.7% this week.
- Shipping companies that transport the world's coal are in the crosshairs of some financial backers who are cleaning up their businesses in the absence of a truly global drive by nations to renounce the dirtiest fossil fuel.
Freightos Baltic Index (FBX): Global Container Freight Index

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

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

The weekly freight index is calculated as an average of the five business days from the same week and published each Friday.

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

World Container Index Down 4.9% This Week

6 Nov 2021 International Shipping News - Drewry’s composite World Container index decreased 4.9% to $9,195.41 per 40ft container this week.

The composite index decreased 4.9% this (last) week, but remains 252% higher than a year ago. The average composite index of the WCI, assessed by Drewry for year-to-date, is $7,293 per 40ft container, which is $4,701 higher than the five-year average of $2,592 per 40ft container.

Drewry’s World Container index composite index decreased 5% and reached $9,195.41 per 40ft container, but is 252% higher than the same week in 2020. Freight rates on Transpacific Eastbound lanes, Shanghai – Los Angeles dropped 10% or $1,119 to reach $9,857 and Shanghai – New York fell 7% or $887 to reach $12,667 per 40ft box. Similarly, spot rates from Shanghai – Genoa declined 3% to $12,693 and Shanghai – Rotterdam dropped 2% to $13,798 per feu respectively. Rates on Los Angeles – Shanghai and Rotterdam – New York fell 1% each to reach $1,288 and $6,123 per 40ft container. Rates on New York – Rotterdam and Rotterdam – Shanghai hovered around previous weeks level. Drewry expects rates to remain steady in the coming week.

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

Shipping costs begin to fall after rising for a year

12 Nov 2021 Zhang Shixuan, Jin Yang - Ocean shipping is a crucial part of the world's interconnected transportation system, and handles more than 95 percent of China's global trade. Shipping costs have skyrocketed over the past year, so it was a surprise to everyone when they started to decline – at least for a while.

Anyone involved in world trade remembers when global shipping rates started to take off in June last year. They hit another peak this September, topping $20,000 to move a container from China to the U.S. That was a remarkable 10-fold jump from the price before the outbreak. But then things suddenly turned around, with the freight rate from China to the US west coast dropping by almost half in just four days.

Jack Ben, executive director of Shanghai Newseas Navigation, said the U.S. government recently ordered ports to work longer hours and improve their efficiency, so as to move inventory off the docks as soon as possible. “So we are seeing shorter
Shuang Ding, chief economist of Greater China & North Asia at Standard Chartered Bank, said the import price is higher than export price. "In volume terms, the outperformance of export is even more significant. So the record trade surplus reflects a very strong external demand and China's ability to meet that demand, because China's supply chain remains resilient."

**LOGISTICS**

- **STB Proposes a Procedural Schedule in the CP-KCS Merger**

  10 Nov 2021 USDA GTR - On October 29th the Canadian Pacific Railway (CP) and Kansas City Southern Railway (KCS) filed a merger application at the Surface Transportation Board (STB).

  If STB approved the merger, the new railroad would be called Canadian Pacific Kansas City (CPKC) and would offer the only single-line service connecting Canada to Mexico.

  Based on 2017-21 originated carload numbers from STB, CP and KCS are the smallest of the Class I railroads. With their combined traffic, CPKC would still be the smallest Class I. However, because there are only seven Class I railroads currently, any merger is significant. So far in 2021, CP has originated 7.3% of grain carloads and KCS originated 2.7%. However, KCS represents 18% of received grain carloads so far in 2021, second only to Union Pacific, which reflects KCS's role as a critical gateway for receiving and delivering railway grain to Mexico.

  On November 2nd the STB proposed a procedural schedule for application review that extends through July of next year. Comments on the proposed schedule are due November 12th. If the proposed schedule is unchanged, comments from the public would be due the 27th of January 2022 and replies would be due the 23rd of March 2022.

**GOVERNMENT**

- **U.S. Congress Passes Bipartisan Infrastructure Bill**

  As President Biden joked over the weekend, last week was finally “Infrastructure Week” as the House passed the bipartisan infrastructure bill late last Friday. The 228 to 206 vote had 13 Republicans joining a majority of their House Democratic counterparts voting in favor of the bill. This was critical as six progressive members of the Democratic caucus opposed the bill due to concerns about passing the much larger reconciliation bill. The newly passed bipartisan infrastructure bill will head to the President’s desk on Monday to be signed into law. The legislation will authorize more than $1 trillion in total spending on physical infrastructure projects, $550 billion of which is new spending.

  As Congress returns next week, Democrats most likely will return to the debate on what they should include in the reconciliation bill (Build Back Better Act). The Build Back Better Act includes additional funding for affordable housing and increases in funding for Rural Development programs at USDA, as well as several other provisions waiting times for ships at U.S. ports. Prices will see some fluctuations during peak seasons like Christmas, but should gradually return to something normal over time. Of course they will still be higher than in 2019, considering problems like crew costs, and supply chain congestion,” Ben said.

  According to recent data released by the Shanghai Shipping Exchange, the China Containerized Freight Index from China to the west coast of the U.S. dropped another 6.8 percent on November 5 from the previous week. Still, industry insiders said the price may not continue to see sharp declines for long.

  Henry Song, general manager of Business Development & Ocean at Freight Procurement of Cargo Services China, said that the domestic supply chain transportation in the U.S. is still seeing hold-ups due to the COVID-19 pandemic. "There is a lack of cargo trucks and cargo truck drivers. So we are making early bookings, one or two weeks early. We are now even arranging deliveries for before the Spring Festival. The demand is still huge, with tight supply from shipping companies. So we've already signed long-term agreement with companies for next year, to reduce uncertainty by locking in the price in advance."

  But locking in those prices comes at a cost to the shippers. China COSCO Shipping reported a net profit of more than 30 billion yuan ($4.7 billion) in the third quarter, more than ten times last year's figure. Japan's Kawasaki lines reported pretax profits of almost 230 billion Japanese yen ($2.02 billion) for the first half of its fiscal year, a 22-fold jump from a year ago, the best performance on the company's history. The high incomes have allowed shipping giants to be able to spend more on solving their problems. During the first three quarters, the number of new ships ordered in China jumped almost 260 percent from a year earlier, to the highest level in a decade. And some tech companies like Huawei have some different, high-tech ideas.

  Craig Burchell, senior vice president of Global Government Relations at Huawei Technologies, suggested taking the advantage of using digital technology. "At any one moment right now, there are four billion pieces of paper alive going around the world, being moved by couriers, being stamped on. If they are connected and use the digital technology, that will cut 80 percent of the time it takes, and make them more efficient."

  The Chinese government's policy support has also proved to be a big help for trading firms. "For example, China has raised tax refunds for some export products. We expect our refund this year will be several percentage points higher than last year. And it's easier to apply for tax refunds now that we can now submit applications through the Single Window online. And if everything's complete we can get the refund in three or four days. Previously, it took around a week. That has lowered our costs and eased cash flow pressures," said Song.

  His company is expected to have almost 10 percent more cargo space available during the fourth quarter of this year. The General Administration of Customs said China's foreign trade in goods in the first three quarters totaled 28 trillion yuan, up 23 percent year-on-year. So the demand is rising right along with China's shipping capacity.

  Meanwhile, data showed that China's exports surged in October, with trade surplus hitting record high.
that would benefit rural communities. However, timing on when the House will finish drafting that bill and vote remains uncertain. One aspect of the House Democrats’ internal agreement, which was included as part of the rules package in advance of the Infrastructure vote last Friday, includes having a score from the Congressional Budget Office. That agreement suggested a vote would take place no later than the week of Nov. 15, as long as the CBO findings are “consistent” with White House projections. However, CBO Director Phillip Swagel said Tuesday the agency would release individual portions of the bill as they are completed but could not provide a specific time estimate for the final report. “We anticipate releasing estimates for individual titles of the bill as we complete them, some of which will be released this week,” Swagel wrote. “Other estimates will take longer, particularly for provisions in some titles that interact with those in other titles. When we determine a release date for the cost estimate for the entire bill, we will provide advance notice.” So, whether the House will take up this bill before Congress recesses for the Thanksgiving holiday remains uncertain. The reconciliation legislation’s fate in the Senate remains unclear, too. Needless to say, Congress will stay busy on this and other must-pass items (raising the debt ceiling, etc.) as we move closer to the end of the year.

White House Announces Supply Chain Action Plan

12 Nov 2021 - Agri-Pulse - The White House has unveiled a new plan for addressing supply chain bottlenecks, mostly by accelerating the awarding of grants for ports, waterways and freight networks.

Within 45 days, the administration plans to launch programs “to modernize ports and marine highways with more than $240 million in grant funding.” The Transportation Department will award $230 million in funding for the Port Infrastructure Development Grant program and $13 million for the Marine Highway Program to support waterborne freight service.

The White House also says it will identify projects for Army Corps of Engineers construction at coastal ports and inland waterways within the next 60 days, providing “a roadmap for more than $4 billion in funding to repair outdated infrastructure and to deepen harbors for larger cargo ships.”

In addition, the administration will “prioritize key ports of entry for modernization and expansion within the next 90 days.”

FAO: Food supply chain surpassing farming in GHG emissions

12 Nov 2021 - Agri-Pulse - Environmentalists, Agri-Pulse says, generally point to farmers and ranchers as the most significant sources of greenhouse gas emissions in the ag and food sectors, but that’s likely to change soon, according to a new study released by the United Nations’ Food and Agriculture Organization.

The rapidly expanding food supply chain and input manufacturing industries are “on course to overtake farming and land use” as the largest sources of GHG emissions, the FAO says.

“Other estimates will take longer, particularly for provisions in some titles that interact with those in other titles. When we determine a release date for the cost estimate for the entire bill, we will provide advance notice.” So, whether the House will take up this bill before Congress recesses for the Thanksgiving holiday remains uncertain. The reconciliation legislation’s fate in the Senate remains unclear, too. Needless to say, Congress will stay busy on this and other must-pass items (raising the debt ceiling, etc.) as we move closer to the end of the year.

Vilsack Says Biden’s Climate Goals Don’t Call for Less Meat Production

12 Nov 2021 - At the climate meeting, Feedstuffs reports that President Joe Biden reinforced his September announcement that the United States was joining with the European Union in challenging the world to meet a global methane pledge and reduce the world’s methane emissions 30% from 2020 levels by 2030.

For agriculture, USDA is pursuing multiple workstreams to reduce methane emissions from the agricultural sector, voluntarily, as stated in the U.S. Methane Emissions Reduction Action Plan.

Reacting to the Humane Society International’s #TheCowntheRoom initiative to end animal agriculture, Secretary Tom Vilsack told reporters during a conference call while attending the UN Climate Conference, or COP26, “We don’t buy into that.”

“Livestock, including dairy, can provide critical climate solutions. Sustainably managed livestock systems play an important role globally in food and nutrition security, livelihoods and nutrient cycling and carbon storage. Increasing the rate of adoption of feed management, manure management and digesters will be key to reducing greenhouse gas emissions including methane,” Vilsack said.

Vilsack Pushes UK On Biotech Approvals

12 Nov 2021 - Agri-Pulse - U.S. Agriculture Secretary Tom Vilsack took time during his attendance at the COP26 climate summit in Glasgow to impress upon his British counterpart how important it is that the UK not delay the approval of genetically modified ag traits.

The U.S. is still hoping that the British will not keep the lengthy and burdensome approach to biotech approvals that typifies the European Union approach. Meanwhile, Vilsack said he highlighted during the meeting that there are 18 GM events still waiting for approval in the UK.

“The UK has indicated that they are embracing a science approach … which we think allows them to move forward on these 18 events,” Vilsack told reporters in a conference call.

International Crop & Weather Highlights

USDA/WAOB Joint Agricultural Weather Facility – 6th November 2021

Europe – Widespread Rain
- Widespread rain maintained or improved soil moisture for winter crop establishment over central and northern Europe, particularly in previously dry portions of Germany and western France.
Showers in Spain and Italy were favorable for emerging winter wheat and barley.

**Western FSU** – Showers In Ukraine, Dry In Russia
- Showers in Ukraine slowed corn harvesting, though producers made good progress last week.
- Dry weather in Russia promoted summer crop harvesting and late winter wheat sowing.
- Above-normal temperatures across the entire region precluded winter crops from going dormant early.

**Northwestern Africa** – Developing Drought In Morocco, Heavy Rain In Algeria
- Developing drought in Morocco likely discouraged winter grain sowing.
- Heavy rain in northern Algeria halted winter wheat and barley planting but improved soil moisture.

**Middle East** – Widespread Rain, But Dry In Central Turkey
- Widespread rain improved soil moisture for winter wheat and barley establishment across Iraq, Iran, and western and southern Turkey, though Turkey’s Anatolian Plateau remained overall dry.

**South Asia** – Showers Benefited Seasonal Crops
- Showers in southern-most India aided establishment of newly sown rabi crops, while similarly wet weather in Sri Lanka supported maha rice.

**East Asia** – Rain And Warm Weather For Winter Crops
- Occasional rain and unseasonably warm weather in eastern and southern China promoted wheat and rapeseed establishment and development.

**Southeast Asia** – Seasonably Drier Weather In Thailand
- Pockets of drier weather occurred in Thailand and environs, while increasing rainfall across southern sections of the region supported rice and oil palm.

**Australia** – Rain In The Southeast, Mostly Dry Elsewhere
- In New South Wales and Victoria, widespread showers slowed drydown and harvesting of mature winter crops but provided abundant moisture supplies for summer crop germination and emergence.
- Elsewhere, mostly dry weather favored wheat, barley, and canola maturation and harvesting.

**South America** – Much-Needed Rain Overspread Argentina
- Widespread, locally heavy showers improved planting prospects of summer grains, oilseeds, and cotton in key Argentine production areas.
- Beneficial rain continued in soybean areas of central and northeastern Brazil, while showers were more widely scattered in southern farming areas.

**South Africa** – Warm, Sunny Weather Favored Emerging Corn
- Conditions remained overall favorable for corn and other rain-fed summer crops.


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**Agricultural Weather Highlights – Friday, 12th November 2021**

**In the West**
- Mild, dry weather generally favors autumn fieldwork. However, rain and snow showers—confined to the Pacific Northwest and the northern Rockies—are providing limited drought relief. Even with recent Northwestern precipitation, topsoil moisture (on November 7) was rated 66% very short to short in Washington, along with 52% in Wyoming and 46% in Oregon. On the same date, Oregon led the U.S. with 51% of its winter wheat rated very poor to poor.

**On the Plains**
- A slowly departing storm system is producing wind and snow in the eastern Dakotas. In fact, a blizzard warning remains in effect this morning in northeastern South Dakota. Meanwhile, windy, dry weather is leading to an elevated wildfire threat across portions of the central and southern High Plains. Temperatures are relatively benign for this time of year, aside for some readings that will remain below 32°F all day in the storm-affected eastern Dakotas.

**In the Corn Belt**, a blizzard warning is in effect early today in northeastern South Dakota. Other parts of the upper Midwest—the eastern Dakotas, northwestern Iowa, and much of Minnesota—are experiencing transportation difficulties due to snow, blowing snow, and sub-freezing temperatures. Elsewhere, dry weather has returned across the southern and eastern Corn Belt, following recent rainfall, although fieldwork disruptions persist.

**In the South**, rain showers are confined to the Atlantic Coast States and the Ozark Plateau. Dry weather favors autumn fieldwork across the remainder of the region, although warmth in the Deep South and the southern Atlantic region contrasts with cooler conditions across the interior Southeast.

**Outlook**
- A storm system centered over the upper Mississippi Valley will drift northeastward and slowly weaken, with lingering impacts across a broad area. For example, wind-driven snow and sub-freezing temperatures will continue today across the upper Midwest, leading to livestock stress and travel disruptions.

Meanwhile, locally heavy showers will persist through Friday in the Northeast, where additional rainfall could total 1 to 2 inches. Cool air in the storm’s wake could lead to weekend freezes as far south as the southern Plains, the Tennessee Valley, and the Atlantic Coast States from Georgia northward. Elsewhere, mostly dry weather will prevail during the next 5 days across the southern half of the U.S., while weekend rain and snow showers will affect the Midwest. Late-season warmth in the West will expand eastward, reaching the nation’s mid-section early next week.

The NWS 6- to 10-day outlook for November 17 – 21 calls for near- or above-normal temperatures nationwide, except for cooler-than-normal conditions in the Pacific Northwest. An area stretching from southern California to the Rio Grande Valley will have the greatest likelihood of experiencing warmth. Meanwhile, near- or below normal precipitation across most of the country should contrast with wetter-than-normal weather in a narrow strip from the western Gulf Coast region into the lower Ohio Valley.

Contact: Brad Rippey, Agricultural Meteorologist, USDA/OC/EWAOB, 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-lbs Bales**
    - Cotton = metric tonnes * 4.592917
  - **Metric Tonnes to Hundredweight**
    - Rice = metric tonnes * 22.04622

- **Area & Weight**
  - 1 hectare = 2.471044 acres
  - 1 kilogram = 2.204622 pounds

- **Marketing Years (MY)**

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

<table>
<thead>
<tr>
<th>Wheat</th>
<th>Corn</th>
<th>Barley</th>
<th>Sorghum</th>
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<tr>
<td>Argentina (Dec/Nov)</td>
<td>Argentina (Mar/Feb)</td>
<td>Australia (Nov/Oct)</td>
<td>Argentina (Mar/Feb)</td>
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<td>Australia (Oct/Sept)</td>
<td>Brazil (Mar/Feb)</td>
<td>Canada (Aug/Jul)</td>
<td>Australia (Mar/Feb)</td>
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<tr>
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<td>Russia (Oct/Sept)</td>
<td>European Union (Jul/Jan)</td>
<td>United States (Sep/Aug)</td>
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<td>China (Jul/Jun)</td>
<td>South Africa (May/Jul)</td>
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<td>European Union (Jul/Jan)</td>
<td>Ukraine (Oct/Sept)</td>
<td>Russia (Jul/Jun)</td>
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<td>United States (Jun/May)</td>
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For a complete list of local marketing years, please see the FAS website (https://apps.fas.usda.gov/psdonline/): 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, 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

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

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

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

**Australia**
- Wheat & Rapeseed: Maturing
- Cotton, Corn, Groundnuts, Sunflower, Sorghum & Millet: Planting

*Crop stage sensitive to moisture and temperature stresses.

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

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