Notes and Observations in International Commodity Markets

17th December 2021
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MARKETS MIXED AS HOLIDAY SEASON APPROACHES

GHA – Grains were higher by weeks end after some turmoil early in the week highlighted by the wheat market by the massing of troops along the Ukraine border. (Note the Ukraine is the breadbasket of Europe.) Wheat was able to recover a large portion of the losses seen earlier in the week.

On Friday corn and soybean futures vaulted above key resistance levels early and then stalled out. Corn reacted to the largest sales of the year last week. Soybeans had some positive demand news, with China buying 4.85 mbus of so, and India picking up 33,000 mts of bean oil.

By weeks end though, the lower interest rates and waning strength in the US dollar index, offered no resistance, and actually some support to traders that bid grains higher. The March U.S. Dollar Index is trading up 0.500 at 96.515. The Dow Jones Industrial Average is down 335.82 points at 35,561.82.

February gold is up $4.20 at $1,802.40. March silver is up $0.02 at $22.51 and March copper is down $0.0105 at $4.2940. January crude oil is down $1.53 at $70.85.

17 Dec 2021 – The dollar index on Friday rose +0.55 (+0.57%). The dollar saw continued support from the outcome of the Tue/Wed FOMC meeting, which fueled expectations that U.S. interest rates will start rising steadily in early 2022 after the Fed ends its QE program. The dollar also rose on safe-haven demand due to weakness in stocks and concern about the fallout from the spreading omicron variant.

The dollar was lifted by hawkish comments from Fed Governor Waller, who said the March FOMC meeting could be “live” for an interest rate hike. He said, “The whole...
point of accelerating the tapering was to end it much faster in March so that the March meeting could be a live meeting. "That was the intent." He also said, "My outlook is that it’s a very likely outcome that it could happen in March. It would take something like severe disruption from omicron to delay labor market improvement or keep unemployment from falling, to keep March from being a key date to think of for liftoff." Mr. Waller also said he favors starting to shrink the Fed’s balance sheet by early summer.

EUR/USD on Friday fell -0.0090 (-0.79%) on dollar strength and weak Eurozone economic news. The German Bundesbank cut its German 2021 GDP forecast to 2.5% from 3.7%. The German Dec IFO business climate index fell -1.9 to a 10-month low of 94.7, weaker than expectations of 95.3. Also, Eurozone Nov new car registrations fell -20.5% y/y to 713,346, the fifth consecutive monthly decline.

USD/JPY on Friday rose +0.07 (+0.06%). The yen was undercut by dollar strength and by the BOJ’s decision at its policy meeting to leave rates unchanged, which highlighted the Fed/BOJ divergence.

February gold on Friday closed up +6.70 (+0.37%), and March silver (SIH22) closed up +0.048 (+0.21%). Precious metals rallied Friday on safe-haven demand tied to the weak stock market and growing concern about the spreading omicron variant. Precious metals prices Friday were able to rally despite dollar strength.

Global Consumer Price Index - The consumer price index (CPI) is a leading measure of inflation. By looking at both the food and general CPI, we can see how the rise in food prices compares to the general economy. Figure 5 shows how the Food and Agricultural Organization’s global food and general consumer price indices have changed each year from 2001 to 2021. These indices are adjusted to represent the basket value indexed in 2015 dollars. In periods where there has been a rise in commodity prices (2007/08, 2010/11, and 2020/21), the food CPI grows at almost double the pace of the general CPI.

As of its June 2021 update, the FAO predicts that both indices will grow at about 4.3% in 2021 with general CPI growing at a higher rate year-over-year while the food CPI is expected to grow at a slower rate than in 2020.

USDA International Feature: Global Food Price and Policy Outlook

Introduction - Going into 2022, rising food prices continue to reflect the effects of the COVID-19 pandemic and are compounded by tight global grain supplies and supply chain issues.

The Food and Agricultural Organization (FAO) tracks the consumer food price index globally and by country. FAO finds the global consumer food price index increased more than 6% in 2020, just under the maximum year-over-year change of 8% from 2007 to 2008. The global consumer food price index is currently projected to be higher in 2021, but is increasing at a slower rate compared to 2020.

This article looks at the current global wheat conditions and how they compare with previous price spikes. We then examine how rising food prices vary by country and what steps countries are taking to mitigate the effects through trade policy changes.

Current Global Wheat Market Conditions - Global wheat production for 2021/22 fell by 1.4% from the first official USDA forecast in May to the December estimate but remains a record. The reductions in projected wheat exports are mainly accounted for by production shortfalls in Russia, Canada, and the United States.

Global consumption is projected at a record, outpacing growth in supplies and resulting in tighter stocks. Higher prices and strong demand provide incentives for exporters to export their stocks, further tightening the global balance sheet.

If realized, global 2021/22 wheat ending stocks-to-use ration (without China) will be 16%, the lowest since 2007/08. These tight stocks are one reason major exporters’ freight on board (FOB) bids to increase a from 21% to 55% since November 2020, with the largest increase coming from Canada.

Freight rates for major exporters, as reported by the International Grains Council, also increased by more than 40 percent during this time due to supply chain bottlenecks and tight supplies of cargo ships.

The FAO also publishes an annual FAO food price index (FFPI) that represents the change in the international price of a basket of food commodities in real terms (2014–16 base year) and is used as an indicator for food security.

As of December 2nd, the FFPI is projected to increase to 124.2 in 2021, the highest since 1975 and 25% higher than 2020. This means that if a consumer bought a basket of goods for $100 in the base year that the same basket of goods is $24 higher in 2021.

The FFPI is further broken into sub-indices representing major food groups (see table 4). By looking at the sub-indices, we can compare the effects of each major food group on the growth of the overall food price index. The FFPI increased for the fourth consecutive month in November, mainly driven by higher cereal and dairy prices.
Table 4 compares the year-over-year change in the food price sub-indices with previous analog years. In 2021, the meat and oils sub-indices are projected to have the greatest year-over-year change since at least 1990.

In previous analog years, the cereal price sub-index grew at a faster rate than the FFPI and had a more significant effect on the overall increase in the food price index. The current market condition shows that the cereal price index is growing at 24%, a slightly slower pace than the overall FFPI at 25%.

While wheat prices have been elevated in 2021, the cereal price index indicates a less pivotal role in the rise of global food prices from cereals than other categories, such as oils. The oils price sub-index is forecast to grow 62% year over year versus previous time periods when it only grew by 15% to 22%.

While looking at the effect of global food price indices is helpful to get a worldwide picture, it is important to see how increases in food prices differ across countries.

### Food Price Effect by Country

The consumer food price index (CFPI) is a common metric for analyzing food price trends facing consumers. The FAO publishes consumer food price index data by country for each month. Figure 6 shows how different countries and regions have been affected by increases in the yearly average consumer food price index compared with 2020. A positive change in the CFPI is a leading indicator for food inflation. The dark red countries saw the largest increase in the consumer food price index in 2021.

Outside of Canada, the United States, Europe, and China, most of the world is experiencing elevated growth in CFPI. In the November Wheat Outlook, ERS discussed the implications of rising wheat prices in the United States. We found that the consumer and producer price indices for wheat and flour products have not seen significant increases as compared to historical price increases.

China saw a decline in CFPI due to the recovery of the swine herd after African swine fever resulting in lower pork prices. Despite production issues in Canada, the data show that their CFPI has increased by only 1.1%.

Latin America and the Caribbean countries are predicted to see a 15% increase in CFPI compared with 2020, with some areas experiencing currency depreciation, food disruptions, and rising commodity prices. The CFPIs in Brazil and Argentina are expected to increase 10% and 36%, respectively, compared with 2020.

Western and Middle Africa also saw a significant increase of 13% to 15% CFPI in 2021. Other notable increases in CFPI are for Iran (43%) and Turkey (16%).

### Policy Changes to Control for Rising Food Prices

Over the past year, some countries have implemented trade policies intended to mitigate the effects of rising food prices on their producers and consumers.

For example, Russia, a major wheat exporter, has taxed wheat exports since February 2021 to help limit exports and secure lower priced domestic supplies for their consumers. Both Ukraine and Kazakhstan announced wheat export limits to increase domestic stocks. Other countries suspended import duties, expanded import quotas, or removed import tariffs. Despite having an above-average wheat crop this year, Morocco suspended import duties on durum and common wheat to maintain price stability and build stocks. Amid inflationary pressures, Pakistan approved expanded purchases of wheat to increase its strategic reserves and banned exports of wheat and flour products. Turkey eliminated its wheat import tariff to help combat tight domestic supplies and rising international wheat prices.

These policies can impact and possibly distort the global wheat market through reduced trade flows from exporters or by importers seeking new sources to maintain their supplies.

- Coceral sees smaller EU crop in 2022

13 Dec 2021 Arvin Donley - Wheat production in the European Union (EU) in 2022 is expected to decline by more than 3 mmts compared to 2021, according to Coceral, a European association representing the trade in cereals and other agricultural products. COCERAL sees the total grain crop in the EU-27+UK at 304.5 mmts, down slightly from the 307.6 mmts harvested in 2021.
In its first forecast for the 2022 EU-27+UK grain crop, Coceral projected wheat output at 139.8 mmts, down slightly from the previous year mainly due to a return to average yields in the Balkan region. The French wheat crop is forecast to be down by almost 1 mmts y/o/y, while the German crop is seen higher by about 500,000 mts.

The EU-27+UK 2022 barley production is forecast at 59 mmts, marginally down from 59.4 mmts this year.

The EU-27+UK 2022 corn crop is expected to be unchanged year-on-year at 66.4 mmts, with a much larger crop in Hungary, but slightly smaller crops in Poland, Germany, France and Romania.

The EU-27+UK rapeseed crop is forecast to recover from 18.5 mmts to 20 mmts, mainly because of higher plantings in several countries, including Germany, France, the UK, Romania and Bulgaria.

**WHEAT**

- **USDA WASDE Wheat**

9 Dec 2021 USDA FAS – The USDA global wheat outlook for 2021/22 is for higher supplies, greater consumption, increased trade, and higher ending stocks.

Supplies are projected rising by 4.3 mmts to 1,067.5 mmts, primarily on the combination of increased beginning stocks for Australia and the EU and upward production revisions for Australia, Russia, and Canada.

Australia’s production was raised 2.5 mmts to a record 34.0 mmts, based mainly on the latest Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) forecast.

Russia’s production was increased 1.0 mmts to 75.5 mmts, all for winter wheat on updated Ministry of Agriculture data.

Canada’s production was raised 0.7 mmts to 21.7 mmts on the latest Statistics Canada forecast. Despite the increases for Russia and Canada, their respective production levels remain significantly below last year.

Projected 2021/22 world consumption is raised 1.9 mmts to 789.4 mmts on higher feed and residual use more than offsetting lower food, seed, and industrial use. Most of the feed and residual use increases are for Australia and Russia on higher production and for the EU, as more wheat feeding is expected with extended rains affecting grain quality at harvest.

Projected 2021/22 global trade is raised 2.3 mmts to a record 205.5 mmts on higher exports by Australia, EU, India, and Ukraine. The largest import change is for Iran, up 1.5 mmts to 7.0 mmts on further reductions in production and heightened import activity. These would be the largest Iranian wheat imports on record, surpassing 6.8 mmts in 2008/09.

Projected 2021/22 world ending stocks were raised 2.4 mmts to 278.2 mmts with most of the increases from Australia, Canada, and the United States. Despite upward revisions to global stocks this month, they are still at a 5-year low.

- **Australia Helps Boost 2021/22 Global Production**

13 Dec 2021 USDA ERS - Global wheat production for 2021/22 was adjusted 2.6 mmts higher to 777.9 mmts based on higher-than-expected production in Australia, Russia, and Canada.

If realized, Australia will have back-to-back record production years. While Australia has received recent rains delaying harvest, yield is projected to reach a near record 2.60 mts/ha. Russia production increased by 1.0 mmts to 75.5 mmts due to new harvest reports. This revision was allocated only to winter wheat production (+1.0 mmts to 51.5 mmts), while spring wheat remained unchanged (23.0 mmts). Canada is raised 0.7 mmts to 21.7 mmts based on revised data from Statistics Canada.

Partially offsetting this increase are downward revisions for Iran and Ethiopia. Iran is projected to have the lowest domestic production since 2001/02 at 12.0 mmts based...
Ethiopia remains in a state of emergency that has slowed the harvest of their wheat crop. While production would have been good, the inability to get into the field due to safety concerns will result in higher abandonment. Table 2 shows an overview of all the production changes.

Table 2 - Wheat production at a glance (2021/22), December 2021

<table>
<thead>
<tr>
<th>Country or region</th>
<th>Marketing year</th>
<th>Production</th>
<th>Month-to-month change</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td></td>
<td>777.9</td>
<td>2.6</td>
</tr>
<tr>
<td>Foreign</td>
<td></td>
<td>733.1</td>
<td>2.6</td>
</tr>
<tr>
<td>United States</td>
<td>June-May</td>
<td>44.8</td>
<td>-</td>
</tr>
<tr>
<td>Australia</td>
<td>October-September</td>
<td>34.0</td>
<td>2.5</td>
</tr>
<tr>
<td>Canada</td>
<td>August-July</td>
<td>21.7</td>
<td>0.7</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>October-September</td>
<td>4.8</td>
<td>(0.4)</td>
</tr>
<tr>
<td>European Union</td>
<td>July-June</td>
<td>138.7</td>
<td>0.3</td>
</tr>
<tr>
<td>Iran</td>
<td>April-March</td>
<td>12.0</td>
<td>(1.5)</td>
</tr>
<tr>
<td>Russia</td>
<td>July-June</td>
<td>75.5</td>
<td>1.0</td>
</tr>
<tr>
<td>South Africa</td>
<td>October-September</td>
<td>2.2</td>
<td>0.1</td>
</tr>
</tbody>
</table>

Note: Changes less than 100,000 metric tons are not included.
Source: USDA, Foreign Agricultural Service, Production, Supply, and Distribution database.

Record Australia Wheat Exports Amid Bumper Crop, Strong Demand

A second consecutive record wheat crop, strong global demand, and reduced competition are set to propel Australia’s wheat exports to record volumes. It is set to be the third-largest exporter, eclipsing the United States and Canada, which both have smaller crops, tighter stocks, and high prices.

After 3 years of drought, Australia benefited from improved precipitation in 2020/21 and 2021/22 with near-record yields, resulting in this year’s crop estimated at a record 34.0 mmts. Despite large volumes, the good precipitation throughout the growing season led to lower protein levels in some regions, and untimely rains at harvest in eastern Australia have raised concerns about quality. With high protein wheat scarce amid dismal U.S. and Canadian crops, some importers are scrambling to purchase what is needed for bread and pasta. With a large crop and relatively robust beginning stocks, Australia will be able to supply its core Asian markets with both milling and feed-quality wheat. However, due to expected quality issues, a significant share of Australia wheat exports may be low protein.

Strong global demand for wheat has been a key factor sustaining Australia exports. Global trade for 2021/22 is up nearly 5% to over 205 mmts. Global consumption is up, but global production is relatively flat. The third- and fourth-largest importers, Indonesia and China, are set to remain very strong buyers this year and are heavily dependent upon Australia. Indonesia will likely purchase both milling and feed-quality wheat from Australia. Southeast Asian buyers and South Korea will rely more heavily on Australia for feed-quality wheat.

While Australia faces less competition from the United States and Canada in markets such as China, it will face some increased competition from India and Argentina in other markets. India exports have continued to soar, offering an attractively priced alternative for Asian markets as major wheat exporter quotes continue to climb. Argentina is expected to have a bumper crop that it will seek to export not only to the Western Hemisphere but also to Asia.

Major Wheat Exporters’ Ending Stocks See Relief

13 Dec 2021 USDA ERS - 2021/22 global ending stocks are projected at 278.2 mmts, up 2.4 mmts from November based on higher global production.
Upward revisions were made for a few major exporters including: Australia (+1.0 mmts to 4.5 mmts), Canada (+0.7 mmts to 5.1 mmts), the EU (+0.2 mmts to 9.9 mmts), Russia (+0.3 mmts to 10.2 mmts), and the United States (+0.4 mmts to 16.3 mmts).

Ending stocks in Argentina are adjusted down 0.2 mmts to 2.3 mmts. These revisions bring major exporters’ 2021/22 ending stocks to 50.7 mmts, up 2.3 mmts m/o/m. While this brings some relief to the tight balance sheet, major exporters’ ending stocks remain the lowest since 2007/08.

Global Wheat Trade Projected to Reach New Record

13 Dec 2021 USDA ERS - If realized, 2021/22 global wheat production is projected to be a record with trade year (TY) exports at 206.9 mmts and TY imports at 203.0 mmts. Australia and the EU export forecasts are revised up based on larger domestic production. Australia exports are projected at a record 26.0 mmts, 32% above 2020/21 exports. Strong first quarter shipments result in higher exports for India and Ukraine.

The largest change to TY imports is for Iran (+1.5 mmts to 7.0 mmts) which continues to receive shipments from Russia, despite the wheat export tax continuing to rise. As Indonesia starts to ease COVID-related restrictions, its food use and imports of wheat are expected to increase as food away from home resumes. China has had a slow pace on wheat shipments and reduced purchases from France resulting in a decrease to imports by 0.5 mmts to 9.5 mmts.

The summary of all adjustments is presented in table 3.

CME CBOT Wheat Futures

Wheat markets went into the weekend with gains in the winter wheat futures. For Chicago SRW, Friday’s session ended 1 1/4 to 4 1/2 cents higher. At $7.75, the March contract closed 10 1/4 cents below last week’s close. KC wheat ended the day 4 1/2 to 6 1/4 cents higher. March HRW closed 7 cents off the high for the day, which was also the high for the week, but was still a net 4 1/2 cents above last Friday. Spring wheat futures traded 4 to 4 1/4 cents in the red, with March just 3/4 of a cent above last Friday’s close.

IHS Markit projects 2022 wheat area will reach 48.603 million acres. That compares to their November forecast of 49.373 million acres. They reduced their winter wheat area by 360k acres from their November figure to 34.033 million acres. The consulting firm sees spring wheat planted area reaching 12.72 million acres, down from their November figure of 13.03 million acres, but still a 1.3 million acre boost y/o/y.

The Buenos Aires Grains Exchange reported Argentina’s wheat harvest at 66% complete as of 12/16. Their output figure was steady at 21 mmts.
The European Commission raised their wheat output figure from 130.4 mmts to 130.6 mmts, but left exports to non-EU members at 32 mmts.

The Grain Industry Association of Western Australia released a statement regarding the wheat quality concerns, reminding that the downgrades were regional and will not effect the quantity which is set to be a record.

SRW and HRW trading higher with HRS seeing some pressure. CBOT March 2022 Wheat Futures settled on Friday at $7.75/bu, off up 4½ cents on the day, but losing 10 ¼ cents for the week.

Through the week, the funds were exiting longs and adding new shorts for an 8,024 contract swing and a 7,303 contract net short at the settle on the 14th of December.

U.S. Export SRW Wheat Values – Friday 17th December 2021

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

Gulf barge/rail quotes, in cents per bushel.

<table>
<thead>
<tr>
<th>CIF SRW WHEAT</th>
<th>12/16/2021</th>
<th>12/17/2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEC</td>
<td>95 / 105</td>
<td>95 / 105</td>
</tr>
<tr>
<td>JAN</td>
<td>95 / 105</td>
<td>95 / 105</td>
</tr>
<tr>
<td>FEB</td>
<td>95 / 105</td>
<td>95 / 105</td>
</tr>
<tr>
<td>MAR</td>
<td>95 / 105</td>
<td>95 / 105</td>
</tr>
</tbody>
</table>

U.S. wheat remains largely uncompetitive in global markets.

China was said to be a buyer of up to 10 cargoes of Australian wheat the past week. Wondering given ABARE’s production estimate and the issues with quality, how much of this total might have been possibly feed quality? That said, Australian feed wheat rarely finds its way into export channels, staying on farm and working to domestic feed markets.

Russia will limit their February to July exports to 8 mmts of wheat, down from the previously rumored 9 mmts, as well as increasing the export tax multiplier if prices reach $375/mt, about $40/mt above current FOB values. Through December exports are expected to be around 19 mmts. This leaves a pretty big burden for Jan to FH Feb program if they are going to meet the USDA 36 mmts export forecast, which was left unchanged in the December USDA WASDE report. More in the trade suggest Russian export totals around 31 mmts, leaving Jan/FH Feb needs around 4 mmts.

French wheat being sold to China again as more wheat is being freed up with high prices supporting increased EU corn imports.

Aussie quality and tightening Russian export restrictions open the door for HRW and maybe some HRS exports but not at “any” price. Bids are following freight markets higher as rail/barge values keep firming. Values in all classes are above delivery in either the export or domestic market, or both.

Kansas March 2022 HRW Wheat Futures settled on Friday at $810/bu. up 6 ¼ cents on the day, and gaining 4½ cents on the week. KW H/K was +3/4 at -1/4 carry and K/N +1/2 at +8 ¾ inverse. KC protein scales were up 20 cents for 11-12.5 pro.

In HRW, CFTC data showed spec funds were 2,411 contracts less net long to 57,164. Market will continue to watch HRW weather but further rally in futures is keeping un uncompetitive in the world market old and new. A dry weather pattern remains for the HRW belt over the next 10-days before some cooler temperatures increase chances for rain/snow. 60% of the HRW belt weighted by production has seen less than 75% of
normal precipitation over the last 90-days. That 60% would rank as the 4th highest level over the last 10 years. Recent winds have also been a concern - a long time before the wheat crop is made but no doubt the recent weather is adding support to the HRW board with HRW/SRW July/July spread now at 31 3/4, rallying 35 cents over the last month.

- **U.S. Export HRW Wheat Values – Friday 17th December 2021**

HRW Wheat Texas Gulf Rail quotes, in cents per bushel basis KCBT futures:

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

<table>
<thead>
<tr>
<th>TX GULF HRW</th>
<th>12% Protein</th>
<th>12/16/2021</th>
<th>12/17/2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEC</td>
<td>190 / -</td>
<td>195 / -</td>
<td>H</td>
</tr>
<tr>
<td>JAN</td>
<td>190 / -</td>
<td>190 / -</td>
<td>H</td>
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<td>FEB</td>
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<tr>
<td>MAR</td>
<td>190 / -</td>
<td>190 / -</td>
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</tbody>
</table>

USDA reported the best week of sales for the marketing year last week, as lower prices attracted traditional buyers back to the U.S. market. Sales of 23.9 mbus put the ytd total at 559 mbus which sets 23% behind a year ago and 18% below the five-year average pace. Top seller was hard red winter with 12 mb, putting sales at 224 mbus which is 12% behind last year and 11% below average.

Hard red spring registered 4.8 mbus to put sales 26% behind both a year ago and the average pace at 148 mbus. Soft white recorded the second best week of sales for this year at 4 mbus, placing sales at 82 mbus; 48% behind a year ago and 33% off the five-year average pace.

Top Buyers this week were Mexico with 6.2 mbus, followed by Japan with 5.9 mbus, Peru with 3.8 mb of hard red winter, South Korea at 2.7 mb and the Philippines bought 2.6 mb.

- **Portland Price Trends**

<table>
<thead>
<tr>
<th>Portland Price Trends</th>
<th>12-01-20</th>
<th>01-01-20</th>
<th>11-01-21</th>
<th>12-09-21</th>
<th>12-16-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1 SWW (bu)</td>
<td>6.35</td>
<td>6.65</td>
<td>10.60</td>
<td>10.80</td>
<td>10.70</td>
</tr>
<tr>
<td>White Club</td>
<td>6.60</td>
<td>6.65</td>
<td>12.60</td>
<td>12.80</td>
<td>12.70</td>
</tr>
<tr>
<td>DNS 14%</td>
<td>6.59</td>
<td>7.14</td>
<td>11.72</td>
<td>11.35</td>
<td>11.34</td>
</tr>
<tr>
<td>HRW 11.5%</td>
<td>6.69</td>
<td>7.38</td>
<td>9.60</td>
<td>9.61</td>
<td>9.74</td>
</tr>
<tr>
<td>#2 Corn (ton)</td>
<td>193.00</td>
<td>211.00</td>
<td>277.00</td>
<td>275.00</td>
<td>277.00</td>
</tr>
<tr>
<td>#2 Barley</td>
<td>135.00</td>
<td>145.00</td>
<td>240.00</td>
<td>240.00</td>
<td>240.00</td>
</tr>
</tbody>
</table>

- **MGE HRS Wheat Futures**

MGE March 2022 HRS Wheat Futures settled on Friday at $10.22½/bu, off 4¼ cents on the day, and gaining ¾ cents for the week. HRS H/K -1/4 at +10 ½ inverse.

Spring wheat spec traders were 13,210 contracts net long, which was a 665 stronger position on the week due to light short covering.

MSW continues to hold its own and is seemingly only waiting for the next flour mill to come calling for product.

HRS spot floor saw 23 cars and 0 trains. 14 pro bid +145 and 15 at 165/180. HRS 14 pro bids are flat to May, with bids offsetting the inverse but freight cost nearby at premium

- **U.S. Wheat Exports Slowing in Recent Months**

13 Dec 2021 USDA ERS - U.S. wheat exports in October dropped by nearly half from the previous month to only 46 mbus, the smallest monthly total in more than 30 years. Furthermore, USDA/Foreign Agricultural Service’s Export Sales data show a continued weak pace of sales and shipments throughout November, suggesting that a quick turnaround in export pace is unlikely.

Tight domestic supplies and high prices have put U.S. wheat in an uncompetitive position internationally with other major exporters. U.S. wheat will likely maintain much
of its typical sales to core markets in Latin America and Asia, but exports are expected to be uncompetitive to much of Africa and the Middle East.

**U.S. all-wheat monthly exports, 2017/18–2021/22**

The 2021/22 all-wheat export forecast is reduced 20 million bushels to 840 million on a weakening pace of export sales and shipments. Official exports (calculations based on U.S. Bureau of the Census data) for June through October total 383 million bushels, down about 12 percent from the same period last year. This 5-month total represents about 40 percent of the full marketing year (June-May) projection. Notably, shipments in October fell by 46 percent from the previous month. Export sales (both new sales and shipments) have remained slow throughout November, as reported by USDA’s Foreign Agricultural Service (FAS) in the U.S. Export Sales report.

- The Hard Red Spring (HRS) export forecast is reduced 10 million bushels to 205 million based on a slow pace of export sales. Official export data for June through October represent nearly half of the marketing year export projection, but sales of this class have been very slow for the past two months. Due to severe drought which affected production in the Northern Plains, supplies of this high-protein class are unusually tight this year and prices have been very elevated.
- Projected Hard Red Winter (HRW) exports are reduced 10 million bushels to 350 million. HRW production this year was relatively strong, but prices remain high driven by tight beginning stocks and strong domestic demand. Internationally, U.S. HRW prices are expected to remain at a premium to many key competitors, which will limit exports.
- The 2021/22 all-wheat import forecast is reduced 5 million bushels to 110 million on the pace of trade. Projected HRS imports are reduced by 5 million bushels to 50 million, while imports for all other classes are unchanged this month. U.S. imports of HRS during June through October totaled 19 million bushels, representing 38 percent of the full marketing year projection for this class. Last year, HRS imports during the same 5 months were about 24 million bushels and represented just over half of the full marketing year imports.

**COARSE GRAINS**

- **USDA WASDE Coarse Grains**

  9 Dec 2021 USDA FAS – This month’s USDA 2021/22 U.S. corn supply and use outlook was unchanged from last month. The USDA projected season-average farm price remained at $5.45/bu.

  Global coarse grain production for 2021/22 is forecast 2.7 mmts higher to 1,501.7 mmts. The non-U.S. coarse grain outlook is for greater production, increased trade, and larger ending stocks relative to last month.

  Non-U.S. corn production is forecast higher as increases for the EU and Ukraine more than offset a reduction for China. EU corn production is raised reflecting increases for France, Romania, and Poland. Ukraine corn production is higher based on harvest results to date. China corn production is reduced reflecting the latest information published by the National Bureau of Statistics which indicated higher area that was more than offset by a reduction in yield.

  Barley production was raised for Australia but lowered for the EU and Iran. Sorghum production is increased for Australia.

  Corn exports were raised for Ukraine and the EU. Imports are raised for Iran, Egypt, Saudi Arabia, and the United Kingdom, but lowered for Israel. For 2020/21, corn exports for Brazil are raised for the local marketing year beginning March 2021, based on higher-than-expected shipments through the month of November.

  Sorghum exports for 2021/22 are raised for Australia, with higher imports projected for China. Non-U.S. corn ending stocks were raised, mostly reflecting increases for Ukraine, the EU, Mexico, and Iran that are partly offset by a reduction for China.

- **World Coarse Grain Production Projected Higher, Driven by Corn**

  13 Dec 2021 USDA ERS - World coarse grain production for 2021/22 was projected 2.7 mmts higher from November WASDE report, as higher projections for Ukrainian corn and Australian barley are partly offset by lower winter crop output in a number of countries. Although total coarse grain production for the European Union (EU) is marginally down, EU corn output is projected higher, while reduced output for other coarse grain is offsetting (see text below and table A2).
Corn production for 2021/22 in Ukraine is raised 2 mmts this month, to reach a record-high of 40 mmts, 32% higher than last year. Late harvest reports indicate record-high yields in the northwestern part of the country. However, the eastern part of the country did not perform as well. Growing area under corn in Ukraine has been an important factor in reaching this record, as corn yields are projected to be lower than the record-high yields of 2018/19.

Corn output for 2021/22 is boosted 2.5 mmts for the European Union, with higher projected area and yields. The change in the EU area is driven by the revisions for Poland. Based on the recently issued results of its agricultural area survey, the Polish Main Statistical Office (MSO) substantially revised area for all types of grain. The revised corn area in Poland is now projected almost 10% higher for 2021/22, and...
more than 30% higher for 2020/21. At the same time, barley, rye, and mixed grain area in Poland are all projected lower than before, with corresponding reductions in output for Poland and the whole European Union. Based on harvest reports for the major European corn producers, corn area and yields are projected higher for France, and corn yields are expected higher in Romania, but are reduced for Hungary. Partly offsetting the above corn production increases is a reduction for China, down 0.4 million tons, a small fraction of a percent of its total corn output of 272.6 mmts. Following a data release by the National Bureau of Statistics of China (NBS), corn yields are projected lower, while area is boosted by more than 1 million hectares, which is consistent with a reduction in soybean area.

For the previous 2020/21 crop year, world corn production is revised higher, with 2.7 mmts of additional corn output for the European Union (upward Polish area data revision and higher yields in Romania), and a 1.0 mmts increase for Brazil. Export data indicate that Brazilian second-crop corn production was larger-than-expected, in line with the latest report of the Government statistical agency, CONAB (Companhia Nacional de Abastecimento).

A number of production changes are made this month for 2021/22 crop year, across countries and commodities. Changes in global, foreign, and U.S coarse grain production (by type of grain) are shown in table A1, while by country and by crop changes are presented in table A2.

**Coarse Grain Use and Stocks Projected Higher**

Global coarse grain consumption in 2021/22 is projected 2.7 mmts higher this month at 1,493.2 mmts. Virtually all the increase comes from foreign consumption (up 2.5 mmts), with a small addition in higher domestic use for oats and rye in the United States (see the domestic section of the report).

Consumption revisions for many countries follow this month’s production changes. Although total coarse grain consumption in the European Union is unchanged this month, a higher projected corn output encourages greater domestic use, while a decline in barley and other types of coarse grain production is expected to limit consumption of those grains within the region. Another production-related change in domestic consumption is projected for Australia, where part of increased (but low-quality) barley output is expected to boost feed use.

Sorghum feeding for China is projected higher this month, with expectations of even higher demand for feed grain in the country’s southern provinces that do not produce nearly enough grain to feed their large livestock herds, pushing this year’s record even higher. China is expected to import additional sorghum from Australia (see the trade section below).

Higher coarse grain consumption is projected this month for Iran, on the expectation that the country will import enough grain (corn and barley) to come closer to last year’s level of feed consumption, after drought sharply reduced the country’s crop output. Several smaller changes in coarse grain use are also made this month for a number of countries.

Changes in world 2021/22 coarse grain ending stocks are mostly offsetting, a mere 0.9 mmts higher (0.3%) than a month before, as larger corn stocks in Ukraine and the European Union are partly offset by a reduction for China. Corn ending stocks are projected 1.1 mmts higher, while changes in rye stocks are slightly offsetting, with a reduction for the European Union (lower projected output). Barley and other coarse grain stocks are virtually unchanged.

It is worth mentioning that world barley stocks (at 16.9 mmts) are the lowest in almost 40 years, as global barley demand outstripped supply this year, leading to a surge in prices.

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**Ukraine and Brazil Lead Rise in Corn Exports**

13 Dec 2021 USDA ERS - Projected 2021/22 world coarse grain trade for the international trade year (October-September) is up 3.4 mmts to 242.0 mmts this month, with higher trade for all types of coarse grain.

World corn trade is projected up 2.4 mmts this month to reach 192.7 mmts. Corn supplies are projected higher this month in Ukraine, as improved corn yields expand record-high supplies in this export-oriented country.

Ukrainian corn exports are projected 1.0 mmts higher to reach 32.5 mmts. Since 2010, Ukraine has almost quadrupled its corn production, by both expanding crop area and boosting yields, as well as incorporating new technologies and improved seed. In this period, exports grew more than sixfold, with a broad expansion of Ukrainian export markets. China has become the top single-country destination for Ukrainian corn—
with the European Union, Egypt, and other countries of North Africa and the Middle East becoming Ukraine’s other major foreign markets. In most of these countries, consumer incomes, and therefore demand for livestock products, are growing; and the appetite for feed grains is supporting corn import growth.

In the second part of October, the pace of Brazilian corn exports started to accelerate, and by the end of November, shipments became stronger than previously expected. This export growth at the tail end of the crop season is not typical. Grain crop cycles in the southern and northern hemispheres differ substantially, which makes comparing annual trade volumes between the two hemispheres challenging. For this reason, USDA’s Foreign Agricultural Service created the concept of an international October-September trade year that allows such comparison(s). Brazilian corn exports in the months of October through February are part of both the (March-February) local marketing year and to the (October-September) international trade year. In the case of Brazil, the trade year is 1 year ahead of the local year.

For example, the current month of December 2021 is part of both the LY 2020/21 and the TY 2021/22. Consequently, the higher recent pace of Brazilian corn exports is boosting both the local 2020/21 and trade 2021/22 years by 1.0 mmt. With this increase, Brazilian TY 2021/22 corn exports are now projected to reach 30.0 mmt, while the LY 2020/21 is now projected at 18.5 mmt. The projection for the LY 2021/22 (March-February) is unchanged this month at 43.0 mmt.

EU corn exports are also projected higher this month, up 0.5 mmt to 4.9 mmt. The increase reflects both higher projected corn output (especially in France and Romania, leading EU exporters, but also in Poland) and the current pace of exports.

With higher projected Ukrainian and Brazilian corn output and exports, imports are increased for several countries. Larger demand for imported grain in drought-stricken Iran, one of the top export destinations for both countries, is expected to boost coarse grain imports to provide feed to Iranian growing poultry operations. Relative prices for corn and barley suggest a substantial increase in corn imports, up 1.2 mmt, while barley imports are up just 0.1 mmt. Egypt and Saudi Arabia are also expected to get more corn from both Brazil and Ukraine, with total imports for both countries up 0.3 mmt. In addition, the United Kingdom is projected to import 0.3 mmt tons more from Ukraine, Brazil and the European Union.

The U.S. corn export forecast for 2021/22 is unchanged this month at 63.0 mmt, at about a 33% share of global corn trade and the third highest level of U.S. exports ever, following 2020/21 (record-high) and 2017/18. Last year, the U.S. share in global trade went above 37%, boosted by Chinese imports and lower competition from Brazil and Ukraine. Outstanding sales at the end of November 2021 are slightly lagging behind last year, and November grain inspections are essentially on par with a year ago.

However, all three major U.S. corn export competitors have the potential for bumper harvests and high exports. Ukraine has already started to expand its corn trade, as its harvest approaches its end, while Argentina and Brazil are expected to boost their export presence substantially in spring and summer 2022, which should limit U.S exports later in the year. At this time, the United States is expected to have a longer-than-usual window of price-competitiveness through the spring. The reason is that Argentina has a more-than-typical amount of late planted corn this year; which, under normal weather conditions, will delay the harvest, and therefore a seasonal increase of exports.


Global Corn Starch Exports

Since the removal of the support price for corn in China, wet milling (known as “deep-processing” in China) benefitted from ample milling capacity, large stocks of corn, support from central and provincial governments in the form of discounted corn supplies, and subsidies on transportation. Throughout 2020/21, however, the national average for domestic corn prices steadily rose. After setting a record at $453/mt in May 2021, prices have declined but remain above $400/mt. Strong prices for domestic

9 Dec 2021 USDA FAS - Starch (HS 110812) accounts for about 70% of a dry corn kernel. Extracted via the wet-milling process, corn starch is widely used in food manufacturing as well as in textiles, pharmaceuticals, cosmetics, biodegradable packaging, and other industrial goods.

After years of continuous growth, global trade fell 10% in 2020/21. Exports from China were at the smallest volume since 2016/17, while India became the top exporter.
corn likely pushed up costs and eroded returns for processors as most processing plants are not located to take advantage of cheaper imported corn.

For India, wet milling has been an important economic operation, supported by demand for corn starch primarily in textiles and pharmaceuticals. Moreover, record production of corn in 2020/21 combined with weak demand for feed from the poultry sector kept corn prices below the minimum support price of 18,500 rupees ($247)/mt. The wet milling sector is relatively small in India. Nevertheless, it seemed that the sector took advantage of converging domestic and global market dynamics, supported by growing demand in Southeast Asian countries.

CME CBOT Corn Futures

| Symbol: | @CH2 | Go | Future-Symbol Search |

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>JAN</td>
<td>-</td>
<td>- / 83</td>
<td>H</td>
</tr>
<tr>
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<td>77 / -</td>
<td>-</td>
<td>H</td>
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<tr>
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<td>76 / 80</td>
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<tr>
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<td>-</td>
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<tr>
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<td>72 / 75</td>
<td>70 / 74</td>
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<td>66 / 71</td>
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<tr>
<td>JUN/JUL</td>
<td>61 / -</td>
<td>61 / -</td>
<td>N</td>
</tr>
</tbody>
</table>

CME Corn March 2022 settled on Friday at $5.93¼/bu, up 2 cents on the day, and gaining 3¼ cents for the week. At the closing bell for the last trade day of the week, front month corn futures gains had faded back to 1 to 2 cents higher. The new crop contracts closed fractionally in the red.

Corn spreads all firm as cash continues to run strong around the US with big exports (2nd highest unshipped book in past 20 years), ethanol remaining strong, carryout historically tight, and transportation issues.

The weekly CoT report showed managed money firms were 345,980 contracts net long in corn on the 14th of December. That was a 13,479 contract stronger net long than the previous week, mostly driven by net new buying. Commercial corn hedges added shorts for the week, extending their net short 13.3k contracts to 648,338.

Ethanol plants around the country in various spots continued to pay big premiums for nearby coverage. Continue to expect corn spreads to firm until cash breaks.

Informa/IHS yesterday took its 2022/23 corn planting area up 800k to 91.6 million acres, while USDA estimate is at 93.3.

IHS Markit reduced their 1st crop corn output estimate for Brazil. The 1.2 mmts revision left their figure at 28.3 mmts.

AgRural cut its Brazilian estimate by 1.1 mmts to 114.4 mmts vs USDA at 118 mmts.

CONAB had their official 1st crop output at 29.066 mmts.

The European Commission raised their corn output from 68.4 MMT to 69.4 mmts.

U.S. Export Corn Values – Friday 17th December 2021

Corn CIF NOLA Gulf barge/rail quotes, in cents per bushel basis CBOT futures:

USDA (U.S. No. 2; 14.5% moisture, CIF NOLA

Changes are from the AM Gulf barge basis report.

In this past Thursday’s USDA Exports Report Mexico was the #1 corn buyer with 1,289.1 kmts for 2021022 delivery, and 754.4 kmts for 2022/23. Number 2 was Canada at 272.6 kmts and who now has a record YTD total of 2,592 kmts, versus just 407 kmt last year, and 51 kmts two years ago at this time. Expectations are for this total number to be between 5 to 7 mmts for the marketing year.

ANEC sees Brazil exporting between 2.5 a to 3.5 mmts of corn in December. This may explain the poor YTD exports by the U.S. to the Mid-East and Asia countries as
Brazil’s Sep-Dec exports could come in 1.5 mmts more than originally estimated in September.

China corn program appears to be finally kicking in with 10.8 mbu exported this week and 5.4 in the prior week. Q2 shipments last year averaged about 11.2 million per week.

This week it was noted that China is raising pork import tariffs to 12%, +4%, back to pre ASF levels. This would appear to indicate they are comfortable with current pig numbers and production capacity. It is also consistent with the thought that China prefers to import feed grains and produce the meat and livestock domestically.

**BARLEY**

<table>
<thead>
<tr>
<th>Attribute</th>
<th>21/22 Dec’21</th>
<th>Change</th>
<th>21/22 Nov’21</th>
<th>20/21</th>
<th>19/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area Harvested (1000 HA)</td>
<td>49,431</td>
<td>-418(-8.4%)</td>
<td>49,849</td>
<td>51,308</td>
<td>52,338</td>
</tr>
<tr>
<td>Beginning Stocks (1000 MT)</td>
<td>21,171</td>
<td>+199(+9.5%)</td>
<td>20,972</td>
<td>22,281</td>
<td>20,040</td>
</tr>
<tr>
<td>Production (1000 MT)</td>
<td>145,511</td>
<td>-732(-5%)</td>
<td>146,243</td>
<td>159,385</td>
<td>157,636</td>
</tr>
<tr>
<td>MY Imports (1000 MT)</td>
<td>34,576</td>
<td>-420(-12.3%)</td>
<td>34,156</td>
<td>35,195</td>
<td>28,744</td>
</tr>
<tr>
<td>TY Imports (1000 MT)</td>
<td>33,361</td>
<td>+27(+1.3%)</td>
<td>35,819</td>
<td>35,819</td>
<td>28,022</td>
</tr>
<tr>
<td>TY Imp. from U.S. (1000 MT)</td>
<td>0</td>
<td>-</td>
<td>0</td>
<td>325</td>
<td>154</td>
</tr>
<tr>
<td>Total Supply (1000 MT)</td>
<td>201,258</td>
<td>-113(-0.6%)</td>
<td>201,371</td>
<td>216,661</td>
<td>206,620</td>
</tr>
<tr>
<td>MY Exports (1000 MT)</td>
<td>34,136</td>
<td>+680(+14.3%)</td>
<td>33,656</td>
<td>35,000</td>
<td>29,004</td>
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<tr>
<td>TY Exports (1000 MT)</td>
<td>34,067</td>
<td>+475(+14.1%)</td>
<td>33,592</td>
<td>36,733</td>
<td>29,424</td>
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<tr>
<td>Feed and Residual (1000 MT)</td>
<td>105,254</td>
<td>-665(-6.3%)</td>
<td>105,919</td>
<td>113,996</td>
<td>109,423</td>
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<tr>
<td>FSI Consumption (1000 MT)</td>
<td>44,937</td>
<td>+40(+0.9%)</td>
<td>44,896</td>
<td>45,894</td>
<td>45,912</td>
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<tr>
<td>Total Consumpion (1000 MT)</td>
<td>150,191</td>
<td>-624(-0.4%)</td>
<td>150,815</td>
<td>159,890</td>
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<tr>
<td>Ending Stocks (1000 MT)</td>
<td>16,931</td>
<td>+31(+1.8%)</td>
<td>16,900</td>
<td>21,171</td>
<td>22,281</td>
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<tr>
<td>Total Distribution (1000 MT)</td>
<td>201,258</td>
<td>-113(-0.6%)</td>
<td>201,371</td>
<td>216,661</td>
<td>206,620</td>
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<tr>
<td>Yield (MT/HA)</td>
<td>2.94</td>
<td>+0.34%</td>
<td>2.93</td>
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**GRAIN SORGHUM**

<table>
<thead>
<tr>
<th>Attribute</th>
<th>21/22 Dec’21</th>
<th>Change</th>
<th>21/22 Nov’21</th>
<th>20/21</th>
<th>19/20</th>
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<tbody>
<tr>
<td>Area Harvested (1000 HA)</td>
<td>41,817</td>
<td>+30(+0.7%)</td>
<td>41,787</td>
<td>42,746</td>
<td>39,857</td>
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<tr>
<td>Beginning Stocks (1000 MT)</td>
<td>3,491</td>
<td>-56(-1.5%)</td>
<td>3,347</td>
<td>3,347</td>
<td>3,431</td>
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<tr>
<td>Production (1000 MT)</td>
<td>66,301</td>
<td>+250(+38%)</td>
<td>66,051</td>
<td>62,372</td>
<td>58,233</td>
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<tr>
<td>MY Imports (1000 MT)</td>
<td>11,770</td>
<td>+300(+26.2%)</td>
<td>11,470</td>
<td>9,914</td>
<td>5,958</td>
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<tr>
<td>TY Imports (1000 MT)</td>
<td>11,770</td>
<td>+300(+26.2%)</td>
<td>11,470</td>
<td>9,914</td>
<td>5,958</td>
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<tr>
<td>TY Imp. from U.S. (1000 MT)</td>
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<td>-</td>
<td>0</td>
<td>6,933</td>
<td>5,318</td>
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<tr>
<td>Total Supply (1000 MT)</td>
<td>81,562</td>
<td>+494(+61%)</td>
<td>81,068</td>
<td>76,117</td>
<td>69,340</td>
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<tr>
<td>MY Exports (1000 MT)</td>
<td>11,964</td>
<td>+300(+2.5%)</td>
<td>11,664</td>
<td>11,664</td>
<td>11,226</td>
</tr>
<tr>
<td>TY Exports (1000 MT)</td>
<td>12,438</td>
<td>+300(+2.5%)</td>
<td>12,138</td>
<td>10,672</td>
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<tr>
<td>Feed and Residual (1000 MT)</td>
<td>28,139</td>
<td>+250(+5%)</td>
<td>27,880</td>
<td>24,788</td>
<td>21,485</td>
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<tr>
<td>FSI Consumption (1000 MT)</td>
<td>37,488</td>
<td>-49(-0.5%)</td>
<td>37,488</td>
<td>37,488</td>
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</tr>
<tr>
<td>Total Consumpion (1000 MT)</td>
<td>65,618</td>
<td>-345(-0.5%)</td>
<td>65,268</td>
<td>61,610</td>
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<td>Ending Stocks (1000 MT)</td>
<td>3,978</td>
<td>-56(-0.5%)</td>
<td>4,034</td>
<td>3,991</td>
<td>3,831</td>
</tr>
<tr>
<td>Total Distribution (1000 MT)</td>
<td>81,562</td>
<td>+494(+61%)</td>
<td>81,068</td>
<td>76,117</td>
<td>69,340</td>
</tr>
<tr>
<td>Yield (MT/HA)</td>
<td>1.59</td>
<td>+0.63%</td>
<td>1.58</td>
<td>1.46</td>
<td>1.46</td>
</tr>
</tbody>
</table>

Poor weather also affected Canada’s barley production, which is the top foreign supplier of barley to the United States.

Total U.S. barley use for 2021/22 is projected at 136 mbus, including 125 mbus for domestic use and 11 mbus of exports. By comparison, barley for domestic use in 2020/21 is estimated at 172 mbus and exports at 14 mbus.

Ending stocks are unchanged from the November WASDE report, at 60 mbus. Current ending stock projections still represent 44% of projected use, however, keeping the stocks-to-use ratio in line with historical levels.

The projected USDA national season-average price for barley in 2021/22 is $5.15/bu, compared with $4.75/bu in 2020/21.

**Australia to offset reduce Canadian barley exports**

13 Dec 2021 USDA ERS - Global barley trade for the international October-September year is raised 0.5 mmts this month, with higher Australian exports that are partly offset by a reduction for Canada.

**Record-Low Barley Production Keeps U.S. Barley Supplies Tight**

13 Dec 2021 USDA ERS - There are no changes to the U.S. barley supply and use projections for 2021/22, nor to the projected season-average farm price.

U.S. barley production is projected at 118 mbus for 2021/22, making it the smallest U.S. barley crop since 1934. Total supplies are also down significantly, projected at 196 mbus, versus an estimated 258 mbus in 2020/21.

**Sorghum Balance Sheet Remains Unchanged from November WASDE**

13 Dec 2021 USDA ERS - Projected U.S. sorghum production for 2021/22 was reported unchanged this month at 471 mbus, by the December WASDE report.

Sorghum demand also remains steady from the November WASDE report, with sorghum exports projected at 320 mbus and ending stocks at 37 mbus.

Export pace during the first 2 months of market year 2021/22 have shown a change in the destination of sorghum exported, compared to the same period last year. After sorghum shipments predominantly went to China in 2020/21, Mexico has returned as a significant destination for U.S. sorghum. Mexico comprised 17% of exports in September and October, compared to just 0.2% during the same period in market year
2020/21. Overall, while lower than 2020/21, sorghum exports early in 2021/22 have been more diverse in their destinations.

Over the past month, however, the USDA’s Foreign Agricultural Service’s (FAS) Export Sales Reports have shown increased sorghum sales destined for China.

**U.S. sorghum exports, September through October marketing years 2000 to 2021**

<table>
<thead>
<tr>
<th>Million bushels</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
</tr>
<tr>
<td>Mexico</td>
</tr>
<tr>
<td>Japan</td>
</tr>
<tr>
<td>Other countries</td>
</tr>
</tbody>
</table>


- **China to import record 10.3 mmts of grain sorghum**
  
  13 Dec 2021 USDA ERS - Projected 2021/22 world grain sorghum trade is projected 0.3 mmts higher this month to reach 12.4 mmts, with higher Chinese imports and increased Australian exports.
  
  Along with higher projected Australian sorghum production and exports, China is expected to import additional sorghum from Australia, up 0.3 mmts to reach an all-time record of 10.3 mmts.
  
  An early onset of deep snow in the northeastern corn producing regions of China destabilized Chinese logistics. This is one of several factors triggering a surge in Chinese transportation costs between the feed-hungry south and grain-producing northeast. A growing price-split further incentivizes additional grain imports, and the extra amount of sorghum projected for Australia is expected to go to China (virtually all of Australia’s sorghum exports end up in China).
  
  The latest reported average U.S. sorghum cash-market price for the Gulf was $6.76/bu during September 2021 and $5.44/bu for Kansas City, Missouri in October 2021, continuing a downward trend compared to price peaks observed during the summer months.
Along with the trend seen in the current cash market and according to the November 30th Agricultural Prices Report published by NASS, sorghum prices received by farmers between September 2021 and October 2021 are down from $5.43 to $5.33/bu, but remain much higher than 2020/21 levels and recent historical levels. The season-average farm price on the balance sheet for sorghum remains unchanged from the November WASDE report, projected at $5.45/bu in 2021/22.

**U.S. Export Grain Sorghum Values – Friday 17th December 2021**

Quotes, in cents per bushel basis CBOT futures:

<table>
<thead>
<tr>
<th>CIF MILO</th>
<th>12/16/2021</th>
<th>12/17/2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>December</td>
<td>na</td>
<td>na</td>
</tr>
<tr>
<td>TX FOB VESSEL MILO (USc/MT)</td>
<td>12/16/2021</td>
<td>12/17/2021</td>
</tr>
<tr>
<td>January</td>
<td>215</td>
<td>215</td>
</tr>
<tr>
<td>February</td>
<td>210</td>
<td>215</td>
</tr>
<tr>
<td>March</td>
<td>215</td>
<td>H</td>
</tr>
</tbody>
</table>

**OATS**

**U.S. Oat Import Projections Raised, but Prices Also Higher for 2021/22**

U.S. cash-market prices for oats, monthly average

U.S. Dollars per bushel

13 Dec 2021 USDA ERS - Cash prices for oats averaged $7.47/bu in the Minneapolis market for November 2021. This number is up from $6.26 in October and continues
the historically high prices seen since poor summer weather conditions reduced the oat production outlook in the United States and Canada.

Oat production in the United States remains unchanged at 40 mbus for 2021/22. Projected imports are raised 8 mbus from the November WASDE report to 77 mbus. This increase is based on the pace of imports through October reported by the U.S. Census Bureau, as well as export data through November by the Canadian Grain Commission, and a slightly raised production figure in Canada for 2021/22.

The additional projected supplies are expected to result in additional feed and residual use for oats, raised 5 mbus to 45 mbus, and slightly more ending stocks; up 3 mbus to 28 mbus. Relative to 2020/21 estimates, however, current projections for total use and ending stocks are significantly lower.

The USDA season-average farm price for oats is projected at $3.70/bu, a $0.05 increase from the November WASDE report. The increase is based on the monthly price received reported by NASS through October. The October 2021 national average price exceeded $4.00/bu for the first time since March 2014. It is important to note, however, that historically, the majority of oats are marketed between June and September. Therefore, monthly prices after October are likely to have a smaller influence on the season-average price.

ENERGY

- CME WTI Crude Oil - Moderately Lower On Covid Concerns

WTI crude oil and RBOB gasoline prices on Friday closed sharply lower. Bearish factors included a stronger dollar and worries about the spreading omicron variant. Crude oil prices continue to see weakness from expectations for steadily rising interest rates starting in Q2-2022 after the FOMC took a hawkish turn at its meeting that ended Wednesday by accelerating its QE tapering.

In a supportive factor for crude oil prices, Iranian crude oil exports are unlikely to come back onto the market anytime soon. A senior U.S. official said that Iran hadn't shown seriousness in the latest talks to rejoin the 2015 nuclear agreement, and the U.S. is preparing for a scenario where restoring the deal won't be possible.

The rapid spread of the omicron variant has bolstered concern that countries may impose travel restrictions to slow the spread of the virus, which would hurt fuel demand and is bearish for crude prices. New pandemic restrictions are being imposed in parts of Europe.

An increase in global crude oil stored on oil tankers worldwide 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 Dec 10 rose +2.3 w/w to 88.75 million bbl.

Wednesday's weekly EIA report showed that (1) U.S. crude oil inventories as of Dec 10 were -7.2% below the seasonal 5-year average, (2) gasoline inventories were -6.1% below the 5-year average, and (3) distillate inventories were -9.1% below the 5-
year average. U.S. crude oil production in the week ended Dec 10 was unchanged at a 19-month high of 11.7 million bpd, which was -1.4 million bpd (-10.7%) below the Feb-2020 record-high of 13.1 million bpd.

Baker Hughes reported Friday that active U.S. oil rigs in the week ended December 17th rose by +4 rigs to a 1-¾ year high of 475 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.

Ethanol

- **Corn Used for Fuel Ethanol Strong in October 2021**

![U.S. corn utilization chart](image)

**Note:** 2020/21 is estimated, 2021/22 is projected.  

13 Dec 2021 USDA ERS – U.S. domestic corn use for food, seed, and industrial (FSI) use is projected at 6,680 mbus for 2021/22. The total FSI number includes a projected 5,250 mbus to be used for fuel ethanol.

Corn mill’s margins for ethanol production have been strong since the harvest season began in September. The margins are due to relatively high oil and gasoline prices, as well as improved market availability of corn, compared with the summer of 2021.

Through the first 2 months of the marketing year, corn crushed for fuel ethanol was significantly higher in 2021/22 than either 2019/20 or 2020/21—mostly led by a very strong October 2021 figure. The corn crush still lagged behind the pace set between 2016/17 and 2018/19, which saw the highest amounts of U.S. fuel ethanol production.

It is still early in the year to make strong inferences from the current data, however, coupled by much tighter beginning stocks for 2021/22 compared with those years.

**Weekly totals of U.S. gasoline product supplied, ethanol production, net inputs, and ending stocks**

![Weekly totals chart](image)

**Note:** Red line notes start of 2021/22 marketing year.  
Weekly ethanol and gasoline market data, reported by the U.S. Department of Energy’s Energy Information Administration (EIA), show that ethanol production declined during the summer when corn supplies were tight and cash prices were high. Likewise, the data also show the strong increase in ethanol production at the beginning of the 2021/22 marketing year—including the consecutive weeks ending October 22nd and October 29th that approached record production totals last set in December 2017. Domestic gasoline supplies, ethanol net inputs, and ethanol stocks have all been relatively stable during the fluctuations in ethanol production, however. The recent growing differentials between ethanol production and net inputs may suggest higher ethanol exports, which would likely be reflected in U.S. Census export data for November 2021, released in January 2022. The difference reported in ethanol production and net inputs could also be indicative of logistical issues in moving ethanol from production facilities to storage facilities. The transportation fuel market would likely need to see higher domestic gasoline use or higher ethanol exports for the recent ethanol production rates to be sustained through the duration of the marketing year.

**CME Ethanol Futures - Nearby Daily**

Cash ethanol bids ranged from $2.72/gal in SD to $3.15/gal in WI. Those compare to $2.77 - $3.23 prices last week, but are still above gasoline futures which were $2.11/gal.

As for DDGS bids, the weekly update showed NOLA was up $7 to $9/mt from last week to between $234 to $245, while the FOB from PNW was down $12 to $283/mt.

**U.S. Export Ethanol Values – Friday 17th December 2021**

<table>
<thead>
<tr>
<th>Nearby Ethanol Bids</th>
<th>12/16/2021</th>
<th>12/17/2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blair, NE</td>
<td>10</td>
<td>13</td>
</tr>
<tr>
<td>Cedar Rapids, IA</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>Decatur, IL</td>
<td>14</td>
<td>20</td>
</tr>
<tr>
<td>Fort Dodge, IA</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>N. Manchester, IN</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Portland, IN</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>

Wednesday’s Energy Information Administration (EIA) report showed total ethanol output declined 3,000 barrels per day (bpd) to 1.087 million bpd last week, about 14% above the same week in 2020. Midwest PADD 2 plant production fell 5,000 bpd to 1.025 million bpd as of Dec. 10, more than 12% above output during the corresponding week last year.

**US Ethanol Inventories Continue to Rise**

15 Dec 2021 DTN - Domestic ethanol inventories extended higher for a fourth week, rising 2% in the week ending the 10th of December even as demand increased for the first time in four weeks while total output, though down, remained at a multweek high, according to the latest data from the Energy Information Administration. Blending activity rose 17,000 barrels per day (bpd) or 2% to 879,000 bpd in the period profiled, about 10% above the same time in 2020 while blending activity during the four weeks ended Dec. 10 averaged 878,000 bpd versus 791,000 bpd during the same four weeks in 2020. Midwest blending increased 7,000 bpd in the week under review, while at the East Coast demand gained 3,000 bpd and Gulf Coast demand added 1,000 bpd on the week. For the four weeks ended Dec. 10, EIA data show PADD 2 blending activity was at 235,000 bpd while PADD 1 activity was 318,000 bpd and PADD 3 demand was 149,000 bpd.

EIA reported total ethanol output declined 3,000 bpd to 1.087 million bpd last week, about 14% above the same week in 2020. Midwest PADD 2 plant production fell 5,000 bpd to 1.025 million bpd as of Dec. 10, more than 12% above output during the corresponding week last year.

**USDA's look at the week's average cash corn oil prices show the localities ranged from 53 c/lb – 54.71 cents. Those compare to 53-57 cents/lb last week.**

CME Ethanol January 2022 closed on Friday at $2.22000, off 1.000 cents on the day, but losing 6.000 cents for the week.

USDA’s look at the week’s average cash corn oil prices show the localities ranged from 53 c/lb – 54.71 cents. Those compare to 53-57 cents/lb last week.
Agency data show overall ethanol inventories rose a fourth straight week, up 419,000 per barrel (bbl) to a six-week high 20.883 million bbl.

East Coast supply rose a second week, up 362,000 bbl to an eight-week high 6.034 million bbl while Midwest stocks edged up to 8.149 million bbl.

Gulf stocks posted a third consecutive weekly build, up 81,000 bbl build to 3.861 million bbl through December 10th and West Coast PADD 5 supply declined 60,000 bbl to 2.423 million bbl.

- **Biden Raises the Ethanol Gas Tax**
  
  Higher renewable fuel mandates may put refiners out of business.
  
  15 Dec 2021 WSJ - President Biden last week celebrated a small decline in gasoline prices. Meantime, his Environmental Protection Agency proposed changes to the renewable fuel standard—aka the ethanol mandate—that will raise them.
  
  The 2007 Energy Independence and Security Act requires gasoline sold in the U.S. to contain increasing volumes of renewable fuel. EPA assigns refiners and importers annual quotas they must blend into gasoline or diesel. Those that don’t meet their quotas must buy credits from others to comply.
  
  Last week EPA belatedly proposed volume blending mandates for 2020 through 2022. As usual Big Ethanol is grumbling—because EPA scaled back the corn-ethanol mandate for 2020 since gasoline consumption plunged during the lockdowns. This was a modest concession to economic reality and the EPA’s only one.
  
  As fuel economy has improved over the last decade, the quotas have become increasingly unattainable. Gasoline blends with more than 10% corn ethanol can erode older car engines. Many refiners thus buy credits to comply with their quotas or turn to expensive advanced biofuels, much of which is imported.
  
  Congress allowed small refiners to petition the EPA for an exemption if the program’s hefty compliance costs threaten their operations. Yet the EPA wants to deny exemptions to all 65 small refineries that have sought one. If these refineries shut down, there could be disruptions in the U.S. fuel supply, especially along the East Coast where small refineries are clustered. More fuel would be imported. But the shutdowns would make prices more volatile, as has happened in California.
  
  EPA also proposes to raise mandates next year for cellulosic ethanol, biodiesel and advanced biofuels that—irony alert—have drawn enormous investments from Big Oil. Each gallon of pure biodiesel costs between $0.50 and $1 more than the petroleum diesel it displaces. Renewable diesel costs even more. These costs are passed onto drivers.
  
  Oil giants invest in renewable and biodiesel because they can make more money than they can refining conventional gasoline or producing crude thanks to regulatory and tax credits. S&P Global Platts last fall estimated that the value of government credits for renewable diesel including from California’s low-carbon fuel standard was about $3.90 a gallon.

Due to EPA’s revisions, regulatory credits will become more valuable, which could bring a windfall to Big Oil and Big Ethanol, plus hedge funds that trade the credits. After EPA’s announcement last week, conventional ethanol regulatory credits jumped nearly 20 cents to $1.10 per gallon—the highest single-day jump since 2015.

Big Ethanol denies that the mandate raises gas prices. But compliance alone is adding about 14 cents to refiners’ cost per gallon of gasoline and diesel. Ethanol is currently trading at a premium to gasoline.

Last month Mr. Biden asked Federal Trade Commission Chair Lina Khan to investigate potential illegal conduct because unfinished gasoline (sans ethanol) prices had fallen while prices that consumers pay at the pump had risen. She doesn’t have to do much digging to find that ethanol prices this fall have increased significantly.

By the way, the ethanol mandate also contributes to higher food prices. About 40% of the U.S. corn crop is now used to produce ethanol, which increases corn prices, which raises meat prices. The Biden Administration’s energy policies are full of contradictions, and the renewable fuel standard is one more.

**U.S. wholesale fuel prices rise above pre-COVID-19 levels**

![Wholesale ethanol and gasoline prices, January 2016–November 2021](image)

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15 Dec 2021 USDA ERS – U.S. fuel markets faced shocks in 2020 as shutdowns during the Coronavirus (COVID-19) pandemic meant fewer driving miles and, as a result, less demand for transportation fuel. Since then, wholesale fuel prices slowly increased as demand rose again, but in recent months have surged to multiyear highs. Wholesale prices for Los Angeles Reformulated Gasoline Blendstock for Oxygenate Blending (RBOB), a common indicator for wholesale gasoline prices from the U.S. Department of Energy, Energy Information Administration fell below a dollar per gallon in the early months of the pandemic. Previous RBOB prices in January and February of 2020 were in line with the 2016-19 average of $1.80/gallon. Wholesale ethanol prices, based on USDA, Agricultural Marketing Service data from locations in Illinois, Iowa, Minnesota, Nebraska, South Dakota, and Wisconsin, were 10% below the 2016-19 average of $1.38/gallon in early 2020. Prices for both fuels began to fall in March 2020 when stay-at-home orders were first issued and eventually reached lows of $0.47/gallon for RBOB and $0.78/gallon for ethanol in April 2020. Since then, both price series have trended upward. In November 2021, RBOB prices averaged $2.55/gallon, while ethanol prices averaged $3.24/gallon. Ethanol, which in the United States is primarily produced from corn, is blended with gasoline to increase octane levels and to meet Renewable Fuel Standard obligations. On average, about 10% of retail gasoline is comprised of ethanol. This article is drawn from USDA, Economic Research Service’s March 2021 Feed Outlook report and features updated data.

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

17 Dec 2021 Mary Kennedy, DTN Analyst – The DTN average price for domestic distillers dried grains (DDG) from 34 locations reporting for the week ending the 16th of December was $190/ton, up $2/ton on average versus one week ago. DDG prices were mixed overall but found strength in the soybean meal rally this week, while the DTN National Corn Index was unchanged versus one week ago at $5.82. The market will likely be quiet as far as demand as we head into the Christmas and New Year holiday weeks. Based on the average of prices collected by DTN, the value of DDG relative to corn for the week ended December 16 was 89.98%. The value of DDG relative to soybean meal was 51.03% and the cost per unit of protein for DDG was $7.04, compared to the cost per unit of protein for soybean meal at $7.81.

In its weekly DDGS export price update, the U.S. Grains Council said: “Once again, DDGS demand is quiet on the export market, but Barge CIF NOLA and FOB NOLA offers are higher this week. Barge rates are up $4 to $7/mt for 1st quarter positions while FOB Gulf offers are up $2 to $5/mt for the same period. U.S. rail rates are lower this week, with rates for product into the PNW, declining $10 to 13/mt for January / February. Brokers also report containerized DDGS markets are steady with the prior week and that buying interest is waning seasonally with the holidays approaching.”

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

<table>
<thead>
<tr>
<th>Settlement Price</th>
<th>Quote Date</th>
<th>Bushel</th>
<th>Short Ton</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corn</td>
<td>12/16/2021</td>
<td>$5.9125</td>
<td>$211.16</td>
</tr>
<tr>
<td>Soybean Meal</td>
<td>12/16/2021</td>
<td>$372.30</td>
<td>$190.00</td>
</tr>
<tr>
<td>DDG Weekly Average Spot Price</td>
<td></td>
<td>$190.00</td>
<td></td>
</tr>
</tbody>
</table>

DDG Value Relative to:

- Corn: 89.98% (vs. 89.45% last week)
- Soybean Meal: 51.03% (vs. 50.98% last week)

Cost Per Unit of Protein:

- DDG: $7.04 (vs. $6.96 last week)
- Soybean Meal: $7.84 (vs. $7.76 last week)

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.

Based on the average of prices collected by DTN, the value of DDG relative to corn for the week ending November 18th was 89.91%. The value of DDG relative to soybean meal was 49.68% and the cost per unit of protein for DDG was $6.81, compared to the cost per unit of protein for soybean meal at $7.80.

**OILSEEDS COMPLEX**

- **USDA WASDE Oilseeds**

9 Dec 2021 USDA FAS – The 2021/22 global oilseed supply and demand forecasts include lower production and lower ending stocks compared to last month. Global oilseed production is projected at 627.6 mmts, down 0.4 mmts from last month mainly driven by lower soybean production reported by China’s National Bureau of Statistics. China’s soybean production is down 2.6 mmts to 16.4 mmts on lower area. Largely offsetting China’s reduction is higher sunflower and soybean output for Russia and Ukraine based on harvest results. Rapeseed production is increased for Australia and lowered for Canada based on recent government reports, and India’s production is increased on a faster-than-expected planting pace. Global crush is reduced as lower soybean crush for China more than offsets higher sunflower seed crush for Russia and Ukraine.
Global oilseed trade for 2021/22 is projected at 196.0 mmts, up 0.5 mmts from last month. Increased rapeseed exports for Australia and increased soybean exports for Canada and Ukraine account for most of the gains. Global oilseed ending stocks are projected at 114.1 mmts, down 1.1 mmts from last month mainly on lower soybean stocks for China.

SOYBEANS

### Brazil soy farmers nearly done planting as drought hits southern fields

13 Dec 2021 Reuters - Sowing of the 2021/22 soybean crop reached 96% of the estimated planted area for Brazil, the world’s biggest exporter and producer of the commodity, data from agribusiness consultancy AgRural showed on Monday. In southern Brazil, however, dry weather has delayed the pace of planting and is threatening the overall prospect of the grain crop. In some parts of Rio Grande do Sul, farmers had to replant their soy seeds because dryness hurt the plant in the germination state, AgRural said. At the same time in Paraná, farmers need rain "immediately" or else fields in the west of that state will suffer, the consultancy said. In the case of summer corn, lack of rainfall has worried farmers in Paraná and Santa Catarina. In Rio Grande do Sul, however, dryness has already caused irreversible losses in some corn fields, AgRural said. The consultancy said it will release new production estimates for Brazil’s summer corn and soybeans in the 2021/2022 harvest for clients later this week. In early November, it estimated summer corn production at 28.7 million tonnes and soybean output 145.4 million tonnes.

### Paraguay soybean production down on continued dryness in

15 Dec 2021 Refinitiv Commodities Research - Continued dryness and low soil moisture throughout key producing areas of the southeastern Oriental Region lower 2021/22 Paraguay soybean production by 3% to 9.82 [9.03–10.74] mmts. Our median production estimate is below the USDA World Agricultural Outlook Board (WAOB)’s 10.0 mmts, which assumes national level area and yield at 3.4 million hectares and 2.94 mts/ha, respectively (vs. Refinitiv Ag Research’s 3.36 mha and 2.92 mts/ha, respectively).

### China’s Soybean Production Revised Down on Lower Sown Area

13 Dec 2021 USDA ERS – This month, China’s soybean production forecast was reduced by 2.6 mmts to 16.4 mmts, as reported by China’s National Bureau of Statistics. The smaller production forecast is 2020/21, down 15%, or a net reduction of 1.5 million hectares. Yield is also slightly lower at 1.95 mts/ha.

China’s soybean crush was reduced by 1 mmts this month as crush margins are low and does not support the pace forecasted last month. The annual crush forecast now stands at 97 mmts. Both domestic meal and oil production is adjusted downwards to 76.8 mmts and 17.4 mmts, respectively, based on the slower than anticipated growth in consumption.

China’s soybean imports are unchanged this month at 100 mmts. With unchanged imports and lower production, ending stocks are reduced this month by 1.6 mmts to 34 mmts. The forecasted ending stocks are the second largest after last year.

### China’s soymeal and soyoil stocks lower on firm demand: CNGOIC

16 Dec 2021 - Soymeal and soyoil stocks in China last week fell versus the previous week, as demand from downstream companies strengthened on the back of Covid fears and pre-holiday replenishment, the National Grain and Oil Information Centre (CNGOIC) said on Thursday.

Soymeal stocks fell 60,000 mt on the week to 520,000 mts last week, and were also down 60,000 mts w/o/w and 390,000 mts y/o/y. “Due to the increasing demand for pig raising ahead of the spring festival and worries about the impact of epidemics on logistics and transportation, some breeding companies sped up their procurement pace,” CNGOIC said in the report. Similarly, soyoil inventories also declined for a third consecutive week to 790,000 mts, reaching a multi-month low. The figure was down 10,000 mts w/o/w and 260,000 mts y/o/y. “Although crushing rates in domestic oil plants are expected to remain at a high level in December, soyoil inventories will be lower on a faster restocking pace before the spring festival holiday,” the report said. Crush volumes rebounded slightly to 1.91 mmts last week, up 20,000 mts from the prior week but still 40,000 mts below the
record level at the same point of the previous year. At the same time, soybean stocks rose 80,000 mt on week to 4.3 mmts, but were still down 2.06 mmts from a year ago. Finally, CNGOIC expects that China will increase rapeseed imports from Australia in 2022, as the country is expected to produce higher output next year, while Canada the world’s top rapeseed exporter, is forecasting significantly lower estimates for 2022 production.

CME CBOT Soybeans Futures
The domestic soy futures complex closed the Friday session mixed, with gains in the meal and beans. Soybean contracts were off their highs at the bell, but still 6¾ to 10¼ cents in the black. Soymeal prices rallied $7.20 to $7.80/ton higher on Friday. Soybean oil closed near the lows for the day, going into the weekend on 76 to 77 point losses.

U.S. cash markets were steady for soybeans, with a few processors noted to be pushing off posted bids in an effort to secure adequate holiday coverage. USDA reported the average B100 cash biodiesel prices were $4.91/gallon for the week that ending the 17th of December. That was unchanged from the week prior. Dry weather outlooks are still a concern for southern Brazil, Argentina & Paraguay. We’ve seen some private analysts begin reducing production outlooks on pessimistic yield expectations in those regions. Argentina soybean planting was said to have advanced 8.7% this past week to 64.5% complete. IHS left their Brazilian 21/22 soybean production forecast unchanged at 145 mmts. AgRural reduced their forecast by 700 kmts to 144.7 mmts due to the noted dryness concerns in some of the southern states.

IHS Markit sees the Brazilian soy crop reaching 145 mmts, matching their prior figure and remaining 1 mmts above the USDA official. Planalytics estimated the Brazilian soybean yield at 3.53 mts/ha (~ 52.5 bus/acre). That compares to CONAB’s 3.379 mts/ha (~50.24 bus/acre).

In Argentina, Planalytics figures 2.92 mts/ha (~ 43.42 bus/acre).

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

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

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CME January 2022 Soybean Futures settled on Friday at $12.85½/bu, up 8 cents on the day, and gaining 17½ cents for the week. Soybean futures traded higher on Friday for the fourth consecutive session. Soybean futures maintained a positive posture despite pressure from the outside markets. Friday marks the highest close for the contract since late September. Note that despite the positive finish, the January22 contract closed 12 cent off the high of the day.

CFTC data from the the 14th of December settle showed managed money firms were 40,975 contracts net long in beans. That was 3,093 contracts more net long on a 7,601 contract (6.1%) lighter spec Open Interest. Commercial soybean traders also lifted coverage, dropping 31,444 contracts (4.7%), lightening their net short 2,766 contacts to 165,817.
Export values looked a bit weaker for Dec/Jan/Feb. CIF is a little more than 2 cent under DVE for LH Jan, which spurred some weakness in front-end spreads. SF/H widened 2¼ c/bu to -3 ¼ carry, after trading in to just -¼ carry in the early going. CIF firmer March-beyond. SH-forward spreads firmed accordingly.

The USDA announced a few flash sales which helped bolster oilseed support coming out of the morning trade break. 132 kmts of soybeans to China and 33 kmts of soybean oil to India, both for the current 21/22 marketing year.

China is said to be around 72% covered for its January needs, up from 63% last week.

CANOLA / RAPESEED

Record Rapeseed Production in Australia to Offset Losses in Canada
13 Dec 2021 USDA ERS – The 2021/22 forecast of global rapeseed production is revised upwards 850,000 mts to 68.35 mmts this month as crops in Australia, the European Union, India, and Russia are revised upwards while the crop in Canada is reduced by 0.4 mmts.

For Australia, rapeseed production is forecast to reach a new national record of 5.5 mmts, which is 0.7 mmts higher than last month’s forecast and 1 mmts higher than last year’s crop. Australian farmers increased harvested area by 550,000 hectares to 3 million hectares. The favorable growing conditions observed in New South Wales, Victoria, and Western Australia contributed to record rapeseed yields in those States and buoy the national rapeseed yield close to a record of 1.83 mts/hectare. As a result of a higher rapeseed crop in Australia, 2021/22 exports are revised up by 600,000 mts to a record 4.6 mmts with Japan and United Arab Emirates receiving the majority of increased shipments.

Higher Australian exports will more than offset the 400,000 mts reduction in Canadian rapeseed exports this month, which are now projected at 5.3 mmts. The reduced supply of 2021/22 rapeseed portends very tight season-ending stocks for Canada. This outcome is conditioned on a firm outlook for rapeseed demand for crush in Canada that was left unchanged this month at 8.5 mmts.

Australia Rapeseed: Record Production

9 Dec 2021 USDA FAS – USDA forecasts Australia rapeseed production for marketing year 2021/22 at a record 5.5 mmts, up 0.7 mmts, or 15%, from last month, and up 1.0 mmts, or 22%, from last year. Yield is forecast at 1.83 mts/hectare, up 15% from last month, but down slightly from last year.

Strong prices bolstered harvested area by 22% over last season. Above-average rainfall prior to sowing in the two largest producing states of Western Australia and New South Wales provided beneficial soil moisture for planting and throughout germination.

Favorable seasonal conditions followed across much of the grain growing regions of Australia.

Rapeseed production is distributed across the four main agricultural producing states. New South Wales produces the largest portion of Australia’s rapeseed with 31% (5-
year average) and the remaining production is split among Western Australia (26%), Victoria (25%) and South Australia (18%).

Rapeseed sowing commences in April and continues into June. Rapeseed harvesting is currently underway and will conclude later in December.

**Tight Canada Rapeseed Supplies Disrupt Exports**

9 Dec 2021 USDA FAS – Canada rapeseed production in 2021/22 was forecast down 400,000 mts this month by the USDA to a 14-year low of 12.6 mmts.

With beginning stocks already tight due to strong demand over the past few years, the smaller crop is suppressing available supplies for both crush and exports. However, due to strong Canadian crush margins, the disruption is disproportionately affecting rapeseed exports over crush. Through the first 3 months of the marketing year, crush is down 9% while exports are down by almost 50%.

The plummet in Canada rapeseed exports through the first 3 months of 2021/22 has affected all its major destinations. Exports to the EU fell by nearly two-thirds, the UAE experienced a 50% dip, and China and Japan saw 40-percent declines.

Markets in North America experienced more muted declines with Mexico down 12% and the United States down just 4%.

While not as drastic as seed exports, Canada rapeseed oil exports are down nearly 20% through the first 3 months of 2021/22. Production is forecast down more than 20% from last year on both smaller crush and a lower oil extraction rate.

According to Statistics Canada crush data, rapeseed oil extraction rates are down significantly in 2021/22 as high temperatures experienced during seed development resulted in lower oil content for the crop. In total, Canada rapeseed oil production is forecast down 1.0 mmts from last year, and exports down nearly 600,000 mts.

The United States and China are the two largest markets for Canada rapeseed oil, accounting for about 85% of exports. From August-October, rapeseed oil exports to the United States are up over 20%, but are unlikely to sustain this strong growth. Exports to China are down nearly 90% as tight Canada supplies have impacted China and other smaller markets much more drastically.

As a result, China will likely shift to sunflower seed oil from Russia and Ukraine to meet edible oil demand. Further supported by a combined 1 mmts greater supplies of sunflower seed production in Russia and Ukraine this month, there will be ample exportable sunflower seed oil supplies on record production and crush coupled with high beginning stocks. Trade and consumption of sunflower seed oil is forecast to grow in 2021/22 for China and other import markets impacted by tight Canada rapeseed oil.

**ICE Canadian Canola Futures**

Canadian ICE January 2022 Canola Futures settled on Friday’s at C$1,014.30/mt, up C$13.30 on the day, and gaining loosing C$8.70 for the week.

With tight global supplies and Canada exports plunging, major importers will likely turn to Australia to offset displaced imports. Opposite to Canada, Australia rapeseed production is revised up 500,000 mts in 2020/21 and 700,000 mts in 2021/22. As a result, both production and exports are forecast to be records at 5.5 mmts and 4.6 mmts, respectively.

![Canada Rapeseed Exports](chart.png)
Canola futures were higher at midday Friday, gleaning strength from gains in Chicago soybeans and soymeal, with additional support from strong upticks in Malaysian palm oil as well as more moderate increases in European rapeseed. However, declines in Chicago soyoil and global crude oil prices were weighing on edible oil values.

The Canadian dollar was lower with the loonie at 77.99 U.S. cents compared to Thursday’s close of 78.24. Markets are looking at dry conditions in South America affecting soybean crops in Argentina and Brazil. There is little in the way of a surplus of the oilseed complex, and a sharp drop in South American production would lead to price hikes across all oilseeds.

**SUNFLOWER SEED**

Sunflower Seed Production in Russia & Ukraine Exceeds Expectations

13 Dec 2021 USDA ERS – Global sunflower seed production for 2021/22 is forecast at 57 mmts, up 7.9 mmts from last year. Output gains for this month total 1 mmts because of higher crop estimates for Russia and Ukraine.

For Russia, the sunflower seed crop is raised 500,000 mts this month to 15.5 mmts on higher harvested acreage.

Additional sunflower seed production for both Russia and Ukraine would primarily be crushed domestically with the by-products exported. In Russia, the 2021/22 sunflower seed crush is expected to total 14.15 mmts, well above the 2020/21 total of 12.4 mmts. For the Ukraine, the sunflower seed crop is revised up by 500,000 mts to reach 17.5 mmts as the final reported yield was better than expected. This year’s crop in Ukraine is 3.4 mmts higher than last year and will be a record for the country. This additional supply is expected to prompt an increase in sunflower seed crush that is forecast to reach 16.95 mmts, up 400,000 mts from last month and 3.2 mmts higher than last season.
With a record crush forecasted for Ukraine and Russia, world sunflower seed oil production in 2021/22 is expected to reach 22 mmts, which is 2.9 mmts higher than last year and 258,000 mts higher than last month’s forecast. The additional output of sunflower seed oil is primarily exported to China, the European Union, and Turkey as well as consumed domestically. Sunflower seed meal production is also revised upwards this month by 243,000 mts and predicted to reach 23.5 mmts.

**Ukraine Sunflower Seed: Final Harvest Data Boosts Yields Higher**

Ukraine sunflower seed production for marketing year 2021/22 is estimated at a record 17.5 mmts, up 3% from last month and 24% from last year. Yield is estimated at 2.54 mts/ha, up 4% from last month and 26% from last year. Harvested area is estimated at 6.9 mha, down 1% from last month and last year. Planted area is down m/o/m based on final-season harvest progress data from the Ukraine Ministry of Agriculture while yield is up month-to-month. Over the last few years, the Ministry of Agriculture has under-reported yields as compared to the State Statistics Service (SSS) and this bias is expected to continue for the current year. Sunflower seed production is also routinely under-reported by SSS, on average by about 7%.

USDA adjusts final sunflower seed estimates by using sunflower oil and seed export trade data. Therefore, these multiple factors account for the difference in the Ministry of Agriculture’s data and USDA’s estimates. For the last few years, there has been no net-to-bunker conversion for sunflowers. USDA crop production estimates for Ukraine include estimated output from Crimea.

**VEGETABLE OILS**

**Soybean Oil Domestic Use Expected to Grow**

13 Dec 2021 USDA ERS – U.S. processors crushed a record 197 mbus of soybeans in October, nearly 0.5 mbus higher than the record established in October 2020. This translates to an impressive 6.35 mbus of soybeans crushed per day. Although soybean meal production increased by 19% from September to 4.6 million short tons, a larger increase was realized in soybean oil production, up by 21% to 2.35 billion pounds. Thus, 0.5 fewer pounds of soybean meal were extracted per bushel in October (46.6 pounds) while each bushel of soybeans crushed produced an additional 0.10 pound of soybean oil (11.9 pounds/bushel). However, these factors did not alter the 2021/22 soybean crush forecast which remains unchanged at 2.19 bbus. The USDA U.S. season average soybean and soybean oil price forecasts for 2021/22 remained unchanged this month at $12.10/bu and 65 cents per pound, respectively. The average soybean meal price forecast was raised by $5 to $330 per short ton.

In response to the monumental crush volume, the 2021/22 soybean oil extraction rate was raised from 11.66 to 11.75 pounds of oil/bushel. Increased production of soybean oil, projected at 25.7 billion pounds, is expected to be consumed domestically through food, feed, and other industrial uses which is raised 150 million pounds to 14.15 billion pounds. This is largely influenced by surging alternative vegetable oils prices and lower consumption of canola oil and cottonseed oil.

Soybean oil use for 2020/21 biofuel production was finalized this month at 8.85 billion pounds as projected by USDA. After reviewing the Environmental Protection Agency’s (EPA) proposed rules for 2020–2022 renewable fuel obligation targets, soybean oil used for biofuels in 2021/22 is unchanged from last month’s forecast at 11 billion pounds. This projection is 2.2 billion pounds higher than 2020/21 and considers expansions in renewable diesel production capacity planned in 2022, elevated feedstock prices, and substitution impacts among biofuel categories.

Data from the U.S. Department of Energy’s U.S. Energy Information Administration (EIA), above, shows the recent growth in renewable diesel production. Incentives associated with California’s Low Carbon Fuel Standard (LCFS), the Renewable Fuel Standard (RFS), and blender’s tax credits have provided production capacity growth opportunities across feedstock categories.
Over the past few years, renewable diesel production has grown while total biomass-based diesel production has remained relatively constant. Thus, renewable diesel now captures a larger share of total biomass-based diesel production.

Increased production of renewable diesel has come at the expense of biodiesel (fatty acid methyl ester (FAME)) production, however, as feedstock prices increased dramatically over the last year. In fact, renewable diesel has replaced biodiesel production in a near 1:1 tradeoff throughout 2021. Expectations of large expansions in renewable diesel production capacity point toward greater use of soybean oil in future biofuel production.

Recent RFS volume obligations proposed by the EPA indicate support for expanded biomass-based diesel production. Markets have evolved such that renewable diesel fuel production currently commands 30% of the total biomass-based diesel market. The prospect of a large expansion in 2022 renewable diesel capacity suggests feedstock prices will remain elevated, continuing to foster competition between FAME and renewable diesel producers.

As soybean oil looks to expand its share of feedstocks utilized for biofuel production in 2022, profitability opportunities remain a key consideration for producers in future production decisions.

**NOPA November U.S. soybean crush at 179.462 mbus, below estimates**

15 Dec 2021 Karl Plume, Reuters – The U.S. soybean crush fell below most trade estimates in November, while end-of-month soyoil stocks tightened for the first time in five months, according to National Oilseed Processors Association (NOPA) data released on Wednesday.

NOPA members crushed 179.462 mbus of soybeans last month, down 2.5% from a nine-month high of 183.993 mbus in October and 0.9% from the 181.018 mbus in crushed November 2020. However, the average daily crush rate rose slightly to 5.98 mbus a day in November, up from 5.94 mbus in October. It was also the second-largest November crush on record and the seventh-largest crush for any month.

Soy processors had been expected to crush 181.640 mbus in November, according to the average of estimates from 12 analysts. Estimates ranged from 178.000 mbus to 185.000 mbus, with a median of 181.600 mbus.

NOPA said soyoil supplies among its members as of Nov. 30th slipped to 1.832 billion lbs, from 1.835 billion lbs at the end of October and the first monthly decline since June. Oil stocks had been expected to rise to 1.903 billion lbs, based on estimates gathered from nine analysts. Estimates ranged from 1.817 billion to 2.150 billion, with a median of 1.875 billion.

**Edible oil manufactures' body seeks introduction of GM oilseed crops**

17 Dec 2021 Indian Express - The Sovent and Extractors Association of India (SEA), the apex body of edible oil manufactures, importers and processors in the country, has requested the Centre for introduction of genetically modified oilseed crops in the country. In their pre-budget consultation with the Centre, the organization also batted for shifting of grains to oilseeds in north India.

Currently, cotton is the only GM crop allowed for cultivation in the country. The introduction of other GM crops has been a long-standing demand from various farm bodies, but the government has not allowed field trials of any such crop.

Atul Chaturvedi, president of SEA, said that the per-acre yield of soyabean in the country is low at .800 to 1.000 tonnes per hectare. Whereas GM soyabean offers yield as high as 3 to 4 tonnes per hectare, he added.

"Even if, the government continues increasing the Minimum Support Price (MSP) on a year-on-year basis, it will not translate into great gains for farmers. Technology would help in increasing farmers' yields and thus increase their income," Chaturvedi said.

Opposition technology is not scientific as the country has been consuming cottonseed oil for some years now, the SEA president said. Also, the livestock industry has been using cotton seed cake as a protein supplement for years. "Without better technology, India would not be able to be self-reliant in oil seeds ever," he said.

SEA has also asked for a diversion of the area under wheat cultivation in northern India for the cultivation of the mustard crop. This, would help in replenishing the water table and also help in the diversification of crops in the states of Punjab and Haryana.

"Between Punjab and Haryana, around 60 lakh hectares of land is earmarked for wheat cultivation. Assuming we can shift 50 per cent of the available land for cultivating mustard in the next two to three years, through better incentives for shifting,
the additionally available crop would be 60 lakh tonnes of mustard, which translates into an additional 25 lakh tonnes of additional oil," the body added.

- **CME Soybean Oil**

  CME January 2022 Soybean Oil Futures settled on Friday at $53.88/cwt, off $0.77 on the day, but gaining $0.19 for the week.

  SBO was lower as the nearby ZLF22 closed down 77 points at 53.88 c/lbs. Board crush was steady to slightly lower along the curve.

  In the products, the CFTC reported managed money firms closed longs and opened shorts in soy oil through the week, leaving their net position 14,045 contracts weaker at 44,783 contracts net long. That was the group’s weakest net long since September 28th.

- **Marrying Soybeans and Renewable Diesel**

  16 Dec 2021 Chris Clayton, DTN - Analysts are having a hard time modeling out the soybean oil needs in the near term and long term as more renewable diesel projects are announced. For now, forecasts call for higher soybean prices, expanded acreage, and not enough soybean oil to go around.

  If everything is built out as projected, farmers would have to add tens of millions of acres of soybeans and yield increases to keep up with the crush demand. To hit the numbers, soybean production would have to grow by roughly 3.6 billion bushels by 2030.

  USDA’s Economic Research Service this week projected soybean oil will see greater demand starting in 2022, while Rabobank offered a similar outlook projecting greater crush capacity starting in 2023 as more renewable diesel facilities come online.

  Renewable diesel right now has multiple government policies driving new production. The Renewable Fuel Standard generates renewable identification numbers, or RINs, for renewable diesel. Then there is the $1-per-gallon Biodiesel and Renewable Diesel Tax Credit that is set through 2022 but could be extended through 2026 in the Build Back Better Act.

  **Figure 3: Rapid ramp-up in US renewable diesel production capacity, 2010-2030**

  Renewable Diesel Plans Could Outstrip Soybean Acres, Soy Oil Supplies

  California’s low-carbon fuel standard (LCFS) is the biggest factor right now as California and a few other states move to decarbonize liquid fuels. Under California’s law, there are a lot of products and pathways to reduce emissions, but renewable diesel has taken hold.

  “They (California) put together their law to meet their annual goals of reducing carbon emissions, which is an admirable goal, and we’ll make that comment up front,” said Steve Nicholson, senior grains and oilseed analyst at Rabobank.

  That’s ramped up production to the point renewable diesel is now the single-largest fuel segment for generating LCFS credits at $153 per carbon ton, down in value about $32 a ton since early July. While each facility gets a different carbon score, an LCFS credit generally translates into 83 cents to 86 cents a gallon for renewable diesel or biodiesel.
Oil refiners are helping drive the move to renewable diesel by modifying their refineries or building new ones. They are also increasingly partnering with agricultural companies to make that happen.

"And they are able to get their green box checked and get investors off their backs if you have activist investors and be able to make some money in some new industry," Nicholson said. "But in the sense of putting this together, no one thought, 'Oh, do we have enough feedstocks to do this?' And the bottom line is we don't."

The list of proposed and under-construction renewable diesel facilities around the country would spike production from 770 million gallons in 2021 to at least 3 billion gallons in 2023. EPA already forecasts 2022 production at 1.59 billion gallons. The U.S. Soybean Export Council projected total new capacity looking ahead at 5.97 billion gallons.

That stacks on top of biodiesel production, which is a separate product and different fuel. Without diving into a technical paper, renewable diesel is a hydrocarbon while biodiesel is a mono-alkyl ester, produced in different processes. Renewable diesel can replace petroleum diesel, while biodiesel is approved to blend with petroleum diesel fuel, according to the Department of Energy.

ADM and Marathon Petroleum Corp. on Wednesday announced they are partnering on a $350 million soybean processing facility in Spiritwood, North Dakota "to supply the rapidly growing demand for renewable diesel fuel." Their project, which is expected to be completed in 2023, "is expected to produce approximately 600 million pounds of refined soybean oil annually, enough feedstock for approximately 75 million gallons of renewable diesel per year."

Dan Basse, president of AgResource, told agricultural bankers in November he had never had oil refiners reaching out to him about soybean supplies until this year. The LCFS credits, the EPA RINs and tax credits add up, he said.

"When you look at the credits out of California or these other states for renewable diesel, and you get twice the RINs that come along with it," he said. "It's a no-brainer."

**Brazil's FOB soybean oil basis lower than Argentina's on biodiesel cut**

13 Dec 2021 - From Nov. 30th to Dec. 7th, the Brazilian FOB Paranagua soybean oil premium for January loading was assessed as lower as 30 points compared to Argentina's FOB Up River, according to S&P Global Platts. By this time last year, in contrast, Brazilian FOB Paranagua basis was as higher as 100 points than the reported in Argentina.

The Brazilian FOB Paranagua basis for January shipment was assessed Dec. 7th at plus 480 points to CBOT, from plus 640 points by this time in 2020.

FOB soybean oil port differentials in Brazil are used to having a premium over Argentina's given its geographical location and the fact that most of Brazilian agricultural exports are via sea-based ports, while Argentina relies on the Parana River, with subsequent reduction in loading capacity, to ship more than 80% of its agricultural goods.

But on Nov. 29th the Brazilian council for energy policy, or CNPE, announced that the biodiesel mandate for the whole year of 2022 will be 10%. The 16/2018 regulation, however, previously stated a 13% blend for January and February and a 14% mixture from March 2022.

According to CNPE, such a decision "fits with society's interests and reconciles measures to contain diesel prices." Throughout 2021, the Brazilian government also reduced the required blend from 13% to 12% or 10% amid concerns of inflation impacts.

Soybean oil is the main raw material for biodiesel production in Brazil, so a lower-than-expected mandate for the biofuel could eventually mean a surplus of the edible oil to be redirected towards the export side. That's why such a pressure over nearby FOB Paranagua basis levels has been observed, according to sources.

For the rest of 2022, however, soybean crush operations could possibly decrease given the lower necessity of soybean oil to produce biodiesel, according to market participants.

**CME Palm Oil Swaps**

CME March 2021 Palm Oil Swaps settled at $1,022.50/mt on Friday, unchanged on the day, but losing $41.00 for the week.

SMB and major grain contracts tracked higher as well. Nearby SMF22 finished up $7.20 at $379.50, the highest close in more than five months.
Palm oil jumps over 1% as rivals rise: heads for weekly drop

17 Dec 2021 Reuters - Malaysian palm oil futures ended four sessions of losses to jump 1.4% on Friday, as it tracked costlier rivals, but is set to record its biggest weekly loss in six months as weaker exports in December weighed.

The benchmark palm oil contract for March delivery on the Bursa Malaysia Derivatives Exchange gained 60 ringgit to 4,460 ringgit ($1,059.63) by the midday break. The jump was likely due to costlier rival oils on the Dalian Commodity Exchange, a Kuala Lumpur-based trader told Reuters.

Dalian’s most-active soyoil contract DBYcv1 rose 1.8% while its palm oil contract jumped 2.9%. Soyoil prices BOc2 on the CBOT, however, fell 0.3%.

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

The contract is, however, set to plunge 7.1% for the week due to weaker-than-expected exports during the first half of December. This would be the biggest weekly loss since June 11th.

Palm oil may gain more into a range of 4,555 ringgit to 4,625 ringgit/mt as suggested by its wave pattern, Reuters technical analyst said. ($1 = 4.2090 ringgit)

India’s November soyoil imports surge, palm oil slumps: SEA

13 Dec 2021 - India’s soybean oil imports more than doubled in November, while imports of palm oil dropped nearly 25% over the month, data from the Solvent Extractors Association of India (SEA) showed Monday.

India’s soybean oil imports were pegged at 474,200 mts for November, more than double the 217,000 mts recorded in the prior month. The surge was enough to overtake imports of palm oil into the country for the month, an unusual situation for vegetable oil imports.

Palm oil arrivals, on the other hand, dropped 25% through November to come in at 477,200 mts, a decline of 19% on the year.

Soft oil imports now represent 53% of total vegoil imports, up ten percentage points from a year ago, with the balance comprised of palm oil arrivals which fell ten percentage points from a year ago.

Supporting the switch from the tropical oil is the narrowing price spread between palm oil and soybean oil that is likely to favor further rises in imports against the particularly price-sensitive Indian consumer market.

According to the SEA, the price differential on a delivered CIF basis between palm oil and soybean oil has narrowed significantly when compared to the previous month, with the association estimating the difference at $27/mts in November. That compares with $84/mts in October.

On a cumulative basis, India’s vegetable oil imports totaled 1.17 mmts in the marketing year that runs from November 2021, up 11% from the 1.10 mmts imported on the same month last year.

Finally, India’s plant stocks as of December 1st were 1.65 mmts, down 6% on the previous month, but up 15% compared with the same time last year.

PLANT PROTEIN MEALS

CME CBOT Soybean Meal

CME January 2022 Soybean Meal Futures settled on Friday at $379.50/short ton, up $7.20/ton on the day, and gaining $12.70/ton for the week.

In the products, the CFTC reported soymeal specs were 12,636 contracts more net long at 40,534 as of the 14th of December.

Soybean meal has been leading the grain and oilseeds complex higher over the past few weeks, taking out the prior peak set November 17 to trade this week at the loftiest levels since the start of June with the expiring December contract popping over the $400 level at its highest point since mid-May.

Soybean meal does have supporting factors including tight supplies, good demand, lack of lysine (upping inclusion rates in feed) and a plunge in Canadian canola meal availability.

U.S. Export Soybean Meal Values – Friday 17th December 2021

U.S., FOB Gulf - $434.75/mt
Brazil, FOB Paranagua, $403.00/mt
Argentina, FOB Upriver, $411.75/mt
Soybean Meal Gulf barge/rail quotes, basis CBOT futures:
(USDA, CIF New Orleans)

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<td>MAY</td>
<td>- / 25</td>
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**India government rejects GM soymeal import deadline extension**

13 Dec 2021 - Indian government authorities have rejected calls to extend the arrival deadline for shipments of genetically modified (GM) soymeal beyond January 31st, according to local press reports.

India’s central government has decided not to extend the import of 1.2 mmts of GM-soymeal, according to reports from The Indian Express.

The news comes as India’s poultry industry association has been lobbying for an extension in the date of shipment of genetically modified soymeal out to March 31st, 2022.

But the Soybean Processors Association (SOPA) opposed the calls, pointing to what it says was sufficient soymeal supply domestically and to the fact that fundamentals do not support any need for a further extension in the date of shipment.

“It is not a big deal that India rejected the extension of the import quota,” Gaurav Jain from AgPulse Analytica said. “This is because India might not import the full 1.2 million mt anyway,” Jain added.

The Indian government announced on August 24th that it will allow the import of up to 1.2 mmts of GM soymeal in order to compensate for the supply shortage in the local market and regulate domestic prices.

This means that soymeal, tur (pigeon peas) and urad (black matpe beans) will be imported tax-free as long as the bill of lading is issued prior to January 31st.
COTTON

- **USDA WASDE Cotton**

<table>
<thead>
<tr>
<th>Attribute</th>
<th>21/22 Dec/21</th>
<th>Change</th>
<th>21/22 Nov/21</th>
<th>20/21</th>
<th>19/20</th>
</tr>
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<tbody>
<tr>
<td>Area Harvested (1000 HA)</td>
<td>32,653</td>
<td>-73(-22%)</td>
<td>32,716</td>
<td>31,395</td>
<td>34,729</td>
</tr>
<tr>
<td>Beginning Stocks (1000 480 bales)</td>
<td>88,577</td>
<td>-106(-79%)</td>
<td>89,283</td>
<td>97,283</td>
<td>79,697</td>
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<tr>
<td>Production (1000 480 bales)</td>
<td>121,565</td>
<td>-224(-18%)</td>
<td>121,789</td>
<td>111,704</td>
<td>120,986</td>
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<tr>
<td>Imports (1000 480 bales)</td>
<td>46,940</td>
<td>+320(+69%)</td>
<td>46,620</td>
<td>49,010</td>
<td>40,810</td>
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<tr>
<td>Total Supply (1000 480 bales)</td>
<td>257,082</td>
<td>-610(-24%)</td>
<td>257,692</td>
<td>257,997</td>
<td>241,493</td>
</tr>
<tr>
<td>Exports (1000 480 bales)</td>
<td>46,945</td>
<td>+340(+73%)</td>
<td>46,665</td>
<td>48,455</td>
<td>41,173</td>
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<tr>
<td>Loss (1000 480 bales)</td>
<td>134</td>
<td>+76(+131%)</td>
<td>134</td>
<td>58</td>
<td>36</td>
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<tr>
<td>Total Domestic Consumption (1000 480 bales)</td>
<td>124,405</td>
<td>+246(+20%)</td>
<td>525,149</td>
<td>124,159</td>
<td>120,965</td>
</tr>
<tr>
<td>Ending Stocks (1000 480 bales)</td>
<td>85,732</td>
<td>-519(-18%)</td>
<td>86,928</td>
<td>88,577</td>
<td>97,283</td>
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<tr>
<td>Total Distribution (1000 480 bales)</td>
<td>257,082</td>
<td>-610(-24%)</td>
<td>257,692</td>
<td>257,997</td>
<td>241,493</td>
</tr>
<tr>
<td>Stock To Use % (PERCENT)</td>
<td>50.07</td>
<td>-1(-1.67%)</td>
<td>50.92</td>
<td>52.30</td>
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<tr>
<td>Yield (Kg/HA)</td>
<td>811</td>
<td>+3(+1.24%)</td>
<td>810</td>
<td>775</td>
<td>758</td>
</tr>
</tbody>
</table>

9 Dec 2021 USDA FAS – The USDA U.S. cotton 2021/22 supply and demand forecasts were largely unchanged this month, with only a slight increase in production. The U.S. production forecast was raised about 0.5% as higher yields in other regions offset lower yields for the Southwest. U.S. exports, mill use, and ending stocks are unchanged from their November forecasts.

The USDA upland cotton’s projected season-average price is also unchanged from November, at 90 cents per pound, 36% above its year-earlier level.

USDA projected 2021/22 world cotton ending stocks were 1.2 million bales lower this month due to lower beginning stocks, lower production, and slightly higher consumption.

Historical adjustments to Indian production over 2018-2020 reflect updated official estimates from India, resulting in a net 500,000-bale decline in 2021/22 beginning stocks there, and accounting for most of a 700,000-bale decline in global beginning stocks.

Projected world production in 2021/22 is 200,000 bales lower this month as a 1.0 million bale drop in Pakistan more than offsets gains in Benin, Turkey, Uzbekistan, and Cameroon.

World cotton trade was forecast 300,000 bales higher this month as higher expected imports for Pakistan, Vietnam, and smaller markets in Central America and Southeast Asia more than offset a 250,000-bale decline for China. Exports were projected higher for Brazil and the Franc Zone.

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CME Cotton

CME March 2022 Cotton Futures settled on Friday at $1.0730/lb, off 0.0238/lb on the day, but gaining $0.0059/lb for the week.

After the sharp +3 cent rally on Thursday, front month cotton futures went home on Friday with 122 to 238 point losses. For March, that was 39% of the Thursday spike, leaving futures a net 107 points (1%) higher from the week’s open. New crop prices also pulled back on Friday, though only by 47 to 55 points.

CFTC data showed cotton spec traders were 673 contracts less net long for the week ending the 14th of December. That came on a 1,055 contract reduction in managed money open interest, and left the group 69,636 contracts net long. Commercial cotton traders also reduced their position by 2,629 contracts during the week, leaving the group 1,159 contracts less net short at 146,095.

IHS Markit forecasts the 2022 US cotton area at 11.844m acres. The firm was at 12.093m in November.

The Cotlook A index for the 16th of December was down 5 points to 118.65 cents/lb. The week’s new AWP for cotton is 94.81 cents/lb, which was 126 points higher.

The online cotton trading platform The Seam reported 10,851 bales were sold at an average gross price of 101.03 cents on 12/15. The Daily Spot Quotations report from 12/16 showed 18,696 bales were sold. The Cotlook A index for 12/16 was down another 5 points to 118.65 cents/lb. The week’s new AWP for cotton is 94.81 cents/lb, which was 126 points higher.
US Beef Exports Face Setbacks as Rival Suppliers Return

16 Dec 2021 Gro Intelligence - US beef exporters will soon face greater global competition, as Argentina and Brazil get ready to increase sales.

Argentina announced it will relax a beef export cap enacted midyear to curb domestic food inflation. And China said it will ease restrictions on Brazilian beef imports imposed after “atypical” mad cow was detected in early September. The two South American countries are among the world’s biggest beef producers and exporters.

US beef exports have risen 20% so far this year, compared with a year earlier, as Argentina and Brazil remained sidelined from export markets for several months. A return by Argentina and Brazil to their traditional export pace could pressure beef processor margins in the US, and further reduce beef prices to US consumers and restaurants. US beef prices remain well above historical averages, although they are down 20% from an August peak, as Gro predicted here.

China has emerged as a major buyer of beef, in the wake of the African swine fever epidemic in 2018. Argentina traditionally provided about a quarter of China’s beef imports, while Brazil provided about 40%.

Argentina has a longstanding problem with inflation, currently around 50% annualized, and the country’s beef export ban was intended to help tame domestic food price increases. Other countries, including Russia and Ukraine, also have restricted exports to curb food inflation.

Argentina’s relaxation of its export ban follows pressure from the country’s beef industry. In addition, a decline in the value of the peso makes beef exports, which are valued in dollars, all the more profitable for producers and can bring greater tax revenue for the government.

Brazil’s pork, poultry exports to hit record volume in 2022: ABPA

17 Dec 2021 ABPA - Brazil’s poultry and swine production and exports are expected to smash records in both 2021 and 2022, the Brazilian Association of Animal Protein (ABPA) said late Thursday during a press conference.

The country’s poultry exports are expected to reach a range from 4.5 to 4.6 mmts in 2021, an increase of up to 8% higher on 2019.

In 2022, exports are forecast at 4.6 - 4.7 mmts, which would mean an increase of up to 5% in comparison to the volume forecast for this year.

Production is also expected to reach its highest volume in history in 2021, forecast at between 14.3 - 14.35 mmts, a 3.5% increase on the year.

The volume is expected to be surpassed in 2022 when it could reach 14.7-14.9 mmts, up to 4% higher than the expected 2021 figure.

A similar dynamic is expected to mark pork production and exports, with the association forecasting 2021 exports at 1.11 - 1.15 mmts, up 10.5% versus 2020. Next year, exports are expected to reach 1.15 - 1.2 mmts, a 7.5% yearly increase compared to 2021 estimates.

Production is also expected to increase by 6% on the year, to 4.67 - 4.7 mmts in 2021, rising to 4.8 - 4.85 mmts in 2022, up 4% than the volume expected in 2021.

“We expect an increase in the domestic consumption for both proteins, with the economy growing in the second half of the year and also with the government emergency aid and increase in the salary,” Ricardo Santin, president of ABPA, stated at the press conference.

Part of the growth came on the back of spiraling domestic prices for beef - a staple of the Brazilian diet - forcing households to displace beef demand with chicken or pork due to the high prices of red meat in 2021. Abiec expects that behavior will be consolidated next year.

China - On top of the domestic demand, China remains Brazil’s main buyer for both chicken and pork meat, with demand boosted by the onset of African swine fever (ASF) that caused its swine population to tumble nearly 50% in 2019.
Brazil has emerged as an important supplier to address the gap in its protein demand and production has ramped up to meet that demand in recent years - a dynamic that has had consequences for Brazil's domestic feed demand for corn, soybeans and soymeal.

Despite domestic Chinese production increasing in the last few months, as the disease became under control, Santin believes that import "demand will grow in the second half of 2022 when domestic availability will be lower than it is now."

However, there are challenges ahead - despite the government of China's Hebei province confirming a new ASF outbreak in pigs being transported from other provinces on Wednesday.

Chinese traders played down the significance of the outbreak and said the government's measures had been effective in stamping out outbreaks.

Alongside that, Chinese authorities also announced recently that the country will raise its import tariff on most pork products in 2022, as demand for imports has been reduced after its domestic production resumed.

Tariffs for countries classified as 'most favored nations' will return to 12% on January 1, 2022, compared with the 8% that applied in 2021, according to a statement from the Ministry of Finance on its official website on Wednesday, but the overall appetite could ensure demand persists.

"In some cases, it will make the Brazilian product not as competitive as the domestic one, but it will not lose its market share as China is not saying it aims to produce as much as it used to but to produce more than it does now," Santin said.

Corn - Despite early signs that the first corn crop - the key supplier of corn to the domestic market - is facing water stress already, ABPA does not believe there will be a shortage in grain availability to feed animals.

Soymeal and corn play a key part in feeding many of the animals while next year's Brazilian corn production is expected to be a record, at 117 mmts across both the first and second harvests.

"This year, despite the high prices and the drought, there was no shortage", Santin stated. "We will have a change in the cost level of soy and corn, which will remain stable but at high levels next year" he added.

ABPA stated that the protein producers can also import corn from Argentina and use other cereals such as wheat. As heavy consumers of corn, the size of the chicken and pork population is intrinsically linked to domestic demand for the grain.

US Beef Export Pace Will Depend on China

7 Dec 2021 Gro Intelligence - US beef exports reached a record high so far this year, buoying beef prices. Whether that heady export pace extends into 2022 will depend largely on China continuing its appetite for US beef.

US beef exports are up 20% to 848,000 mts (1.87 million pounds) through September compared with the prior year, which is 10% above the previous record from 2018.

Driving the increase are exports to China, which jumped sevenfold in the latest period. For all of 2021, total sales commitments to China, representing accumulated plus outstanding sales, are up 9% from last year to 310,000 mts.

Given its key role in global trade flows, China’s protein import demand has repercussions for US consumers and restaurants, as well as beef processors' profit margins. A reduction in China’s beef import demand, or a shift in beef origin countries, could further pressure US beef prices.

US beef prices, while still elevated, are already some 20% below a recent peak in August, as Gro predicted here. US ranchers expanded their herds. They also moved cattle into feedlots at a faster rate as drought conditions devastated pasturelands in some states.

The US increased beef exports to China in 2020 as China’s domestic pork supplies decreased and imports from traditional suppliers decreased. Today, China relies on several countries for beef imports and could again shift origins. Even as imports from the US shot up in 2021, China’s beef purchases from Australia dropped sharply amid a diplomatic dispute. In addition, Argentina, one of the biggest exporters of beef, limited beef exports in mid-2021 in an effort to quell domestic food inflation, as Gro wrote about here.

Gro expects China to reduce other meat imports. China’s hog herd recovery following the 2018 African swine fever epidemic has increased domestic pork supplies and pushed pork prices lower. Gro is forecasting that China’s pork imports will drop sharply next year to pre-ASF import levels, contrary to the USDA’s forecast for higher pork imports.
**TRANSPORTATION**

- **Baltic Dry Freight Index - Daily** = 2498 for the week

The Baltic Dry Freight 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](https://www.tradingview.com/chart/?symbol=INDEX%3ABDI)

- **Baltic Index marks worst week in nearly three years as vessel rates sink**

17 Dec 2021 Reuters – The Baltic Exchange’s dry bulk sea freight index declined on Friday, posting its biggest weekly fall since early February 2019, as demand waned across its vessel segments.

The Baltic Exchange’s dry bulk sea freight index fell to its lowest level in a month, as rates declined across all its vessel segments, with capesizes touching their lowest in six months.

- The overall index, which factors in rates for capesize, panamax and supramax vessels, was down 119 points, or 4.8%, to its lowest level since mid-April at 2,379.
- The main index lost 27.3% this week.
- The capesize index (.BACI) shed 167 points, or 5.8%, to an over six-month low of 2,727. It posted a 43.5% weekly decline, its worst week since May-end 2020.
- Average daily earnings for capesizes, which transport 150,000-tonne cargoes such as iron ore and coal, decreased by $1,390 to $22,613.
- China’s iron ore prices jumped to a seven-week high and were set for a fourth straight weekly gain, on growing hopes of a recovery in steel demand in the world’s biggest producer of the construction and manufacturing material.
- The panamax index (.BPNI) lost 182 points, or 6.9%, to its lowest in over three weeks at 2,444. It fell 20.3% this week.
- Average daily earnings for panamaxes, which ferry 60,000-70,000 tonne coal or grain cargoes, fell $1,636 to $21,994.
- The supramax index (.BSIS) fell 45 points, or 1.8%, to 2,469, its lowest since the 6th of December.

- **IGC Grains Freight Index**

The IGC Grains Freight Index is a weekly index that measures the cost of transporting grains and oilseeds by sea. It is a valuable indicator of the global grain trade and can provide insights into the economic health of the agricultural sector.

[Graph of IGC Grains Freight Index]

IGC Grains and Oilseeds Freight Index (GOF) & sub-Indices

[Graph showing trends for different sub-indices]

**Source:** [https://www.igc.com](https://www.igc.com)
FBX stands for Freightos Baltic Index. It is the leading international Freight Rate Index, in cooperation with the Baltic Exchange, providing market rates for 40’ containers (FEUs).

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

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

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

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

GHA: The continuing surge in container shipping rates could send consumer prices 1.5% higher over the next year, according to a report from the United Nations Conference on Trade and Development (UNCTAD).

The rate for a single shipping container has increased by over four-fold over the past 18 months, with some routes have seen costs rise by seven times, if not more, as the coronavirus pandemic and other issues continue to disrupt supply chains and trade channels.

Agricultural commodities and related products, along with electronics, furniture, and apparel could see some of the greatest price increases in cost, (of at least 10%
CP Acquisition of KCS Now Awaits Transportation Board Approval

14 Dec 2021 Mary Kennedy, DTN - The merger of the CP and KCS railroads took another step forward last week and now awaits action by the U.S. Surface Transportation Board. The stockholders of the Canadian Pacific (CP) and Kansas City Southern (KCS) voted to accept the merger of the two railroads, and shares have been closed into a voting trust as the deal awaits approval from the U.S. Surface Transportation Board (STB). If approved, the railroad would become the CPKC.

On the 8th of December CP’s stockholders "overwhelmingly" voted to approve the issuance of the CP common shares to KCS stockholders in connection with the proposed merger. On Dec. 10, approximately 99.6% of KCS stockholders were in favor of the adoption of the proposed merger agreement.

On the 14th of December Canadian Pacific announced they completed acquisition of Kansas City Southern. The transaction represents an enterprise value of approximately $31 billion. KCS stockholders will receive 2,884 CP common shares and $90 in cash for each share of KCS common stock held and $37.50 in cash for each share of KCS preferred stock held, noted a news release from CP.

"Today is a historic day for our two iconic companies," said Keith Creel, CP president and CEO. "CPKC will become the backbone connecting our customers to new markets, enhancing competition in the U.S. rail network, and driving economic growth across North America while delivering significant environmental benefits. We are excited to reach this milestone on the path toward creating this unique truly North American railroad."

Patrick J. Ottensmeyer, KCS president and CEO, stated, "As a board and management team, we are proud of the countless contributions and achievements of all those who work for Kansas City Southern. We are excited for the possibilities that will open to us through this combination with CP and we look forward to our next chapter."

Immediately upon the closing of the acquisition, the shares of KCS were placed into a voting trust with Dave Starling, former KCS president and CEO, appointed as the voting trustee. The voting trust, which ensures KCS will operate independently of CP, will remain in effect until the STB issues its decision on the companies' joint railroad control application. Basically, this means the merger is not final until approved by the STB, and both railroads will remain their own entity until that happens.

The STB's approval of CP's control of KCS would create Canadian Pacific Kansas City Limited (CPKC), the only single-line railroad linking the United States, Mexico and Canada. The STB review of CP's proposed control of KCS is expected to be completed in the fourth quarter of 2022.

Expected benefits from the business combination will not be realized until the STB approves CP's control of KCS' railroads. Upon obtaining control approval from the STB, the two companies expect to achieve full integration over the ensuing three years, unlocking the benefits of the combination.

The STB announced on their website Nov. 23 that it accepted for consideration the application filed on Oct. 29, 2021, by the CP and KCS concerning their potential merger. The STB noted, "It finds that the application is complete as it contains all information required by the board's regulations. In today's decision, following public comment, the board adopts a procedural schedule that sets deadlines for comments, responsive applications, final briefs, and other filings."

Notices of intent to participate are due by the 13th of December 2021. Subsequent deadlines are contained in the decision. The procedural schedule provides that any necessary public hearing will take place after the filing of final briefs, which are due on the 1st of July 2022.

Logistics

The other supply chain crisis: American farmers can't ship food abroad because foreign shippers won't take it

11 Dec 2021 Fox Business News – As Christmas approaches many Americans are concerned about the long backups at U.S. ports, particularly on the West coast, which are causing delays in the American supply chain and could make many gifts late for the holiday.

But many American farmers are dealing with essentially the opposite of that supply chain crisis – they’re having a hard time getting their goods out of the country to foreign buyers.

"It's the destruction of millions of dollars in value," Rep. Dusty Johnson, R-S.D., told FOX Business Wednesday. He was the chief sponsor of the Ocean Shipping Reform Act that passed the House Wednesday by a 364-60 vote.

Among the provisions in the bill, Johnson said the most important has to do with Asian ocean carriers that "unfairly discriminate against American cargo." He said that they will offload foreign goods in U.S. ports then simply sprint back to Asia so they can bring more goods back to the U.S., rather than taking the time to fill up with American goods to sell abroad.

"You look at Valley Queen, they're a cheese manufacturer in South Dakota. They had 2 million pounds of already sold lactose that has been sitting in a warehouse just..."
waiting for a shipment," Johnson said. "And a recent container load of lactose that they had sold... sat on the dock for 75 days."

"It started to spoil. And just on that one container load that was a $25,000 loss. And we have this happening throughout the American manufacturing and agricultural supply chain," he added.

Johnson also detailed the story of an Iowa pork producer who told Congress it is losing out on massive sums of money because its product is forced to sit on the dock for a long time and eventually has to be frozen.

"Asia loves chilled pork. They love never-frozen pork. And we ship a tremendous amount of pork over there. And when it has to sit on the dock for days at some point to keep it from spoiling, we have to freeze it. And that eliminates millions of dollars worth of premium that the Asians are willing to pay," Johnson said.

The problem exists broadly across the U.S. agriculture industry, particularly in states that rely on West Coast ports to ship their goods. The president of a California agricultural association told the Associated Press that 80% of shipments abroad were canceled in October. And the contracts that U.S. ag producers are forced to sign tend to encourage that type of behavior from shipping companies, Johnson said.

"Right now we've got five major ocean carriers, they're all foreign flagged, and frankly their interests are not very well aligned with the interests of this country," Johnson said.

"Unfortunately because it's an oligopoly.... you've got to take it or leave it if you're an American ag shipper," he added. "The terms often say that liquidated damages for you canceling a container is $100. Well there can be $100,000 of goods in each container."

Johnson said that the Ocean Shipping Reform Act would push back on this behavior by setting up "some basic rules of the road."

"If you're going to use this shared infrastructure, you're going to play fair, and you're not going to have unprecedented levels of rejection of American cargo -- which is what we're seeing actual rejection a refusal to take this cargo," he said.

Johnson said that the bill is not protectionism but is actually "the opposite," as it's meant to encourage trade with Asia. It addresses other elements of the supply chain crisis at U.S. ports as well -- including the long lines of ships trying to get goods into the U.S.

"Overall, the bill really creates an environment where efficiency is rewarded for these ocean carriers, and so you have provisions in the bill whereby data exchanges can be set up and are really -- they're incentivized to set them up," Johnson said. "That is going to make the whole system operate a lot better."

That efficiency could mean more than just that next year's Christmas gifts arrive on time. Many sectors of the U.S. economy are affected by the backlog of foreign goods, including farming.

"Farmers in my district are already looking at shortages on farm equipment and chemicals along with skyrocketing costs, which will impact what they are able to plant next year," Illinois congressional candidate Esther Joy King, a Republican, told FOX Business.

The Ocean Shipping Reform Act will now go to the Senate, where it will make its way to President Biden's desk if passed. The bill would be the biggest update to shipping regulations in 30 years if signed by the president, Johnson said.

**Government**

- **Argentina cuts taxes on grain exports, but only if they're organic**

15 Dec 20212 Reuters - Argentina will cut export taxes on soybeans, corn and wheat, but only if they are organics, which currently make up a small fraction of the major grains producer's harvest.

The South American country's government said many organic and ecological products would see export tariffs eliminated. Organic wheat, corn and soy would pay reduced rates under the scheme to encourage production and bring in export dollars.

The move may cheer some farmers, though it doesn't affect the vast majority of grains exports, which do not classify as organics. Argentina is the world's top exporter of processed soy, the No. 2 exporter of corn and a major wheat producer.

"This aims to align Argentina to the world market trend and increase the amount of products exported with organic certification," the Economy Ministry said in a statement.

The tariff cuts will include organic wines, sauces, fruits and vegetables. Organic corn and wheat will see rates cut to 7% from 12% previously, while organic soybeans and soy meal will see cuts to 28% and 25% respectively from 33% and 30% now.

Argentina is a major organics producer, but the segment makes up a small part of its farm produce. "We are the 2nd country in the world with the largest number of hectares planted with organic products, with more than 3.7 million hectares, only behind Australia," the ministry said. "However, organic production represents only 2.5% of the total hectares planted in the country."

The ministry, which is trying to bolster domestic production without losing vital tax income on grains sales, also cut export tariffs on some "regional products", which is said would impact products that saw exports of $2.4 billion in 2020.

- **Australia, Britain Sign Free Trade Deal**

17 Dec 20212 Reuters - Australia and Britain signed a free trade agreement Friday that will eliminate almost all taxes on exports between the countries. The FTA was signed at a virtual ceremony by Australian Trade Minister Dan Tehan in Adelaide and Britain's Secretary of State for International Trade Anne-Marie Trevelyan in London.

The deal abolishes 99% of taxes on exports, saving Australia about $10 billion on exports including lamb, beef, sugar and dairy. It is expected to save Britain 200 million Australian dollars ($144 million) a year on items such as cars, whisky and cosmetics.
Australian agricultural exporters also will have better access to the British market and 40 million Australian dollars ($29 million) a year of tariffs will be removed from Australian wines entering the United Kingdom.

Australians and Britons will find it easier to live and work in the other country.

Tehan said the deal, which will take effect sometime in 2022, will grow investments and help with the recovery from the pandemic. "Our economies will be able to operate seamlessly again," Tehan said. "The experiences and opportunities that young Australians and young Brits will be able to get through this initiative is just fantastic."

Britain has aggressively pursued trade agreements after its departure from the European Union. It has touted the deal as its largest "from scratch" agreement to be finalized.

Trevelyan said the deal showed what Britain can achieve "as an agile, independent sovereign trading nation. This is just the start as we get on the front foot and seize the seismic opportunities that await us on the world stage," she said.

The deal may help Britain's bid to gain access to a Pacific Rim trade initiative, the Comprehensive and Progressive Trans-Pacific Partnership, an 11-nation pact that includes Australia.

Tehan said involving Britain in the CPTPP would help counter trade uncertainty in the Indo-Pacific. "I look forward to building on this FTA," he said.

An in-principle deal between the two nations was announced by prime ministers Scott Morrison of Australia and Boris Johnson of Britain in June following months of negotiations. Johnson had to win the support of Britain's farm lobby and overcome fears Britain could be flooded by Australian exports.

The UK is Australia's eighth-largest two-way trading partner, worth almost 27 billion Australian dollars in 2018. It is also Australia's third-largest services trading partner, with Australian service exports valued at 5.5 billion Australian dollars and imports totaling 9.2 billion Australian dollars in the same year.

- The return of dry weather in Morocco renewed drought concerns after recent much-needed rain.
- Widespread moderate to heavy rain in Algeria and northern Tunisia maintained abundant moisture for winter wheat and barley. In contrast, drought persisted in central Tunisia's Steppe Region.

**Middle East – More Rain In Turkey, Mostly Dry Elsewhere**

- Additional timely rain over much of Turkey favored winter wheat and barley establishment. However, drought persisted across the GAP Region in the southeast.
- A lack of early-season rain from Syria into western Iraq kept soils devoid of moisture for winter crop establishment, though showers returned to locales on the immediate Mediterranean Coast.
- Early winter grain prospects in Iran varied from favorable in the west, due to recent wet weather, to increasingly dry in the northwest and northeast.

**South Asia – Tropical Cyclone Jawad**

- The remnants of a weak tropical cyclone (maximum sustained winds of 35 kts) brought heavy showers to southern Bangladesh and parts of northeastern India. Despite some localized flooding, the moisture was beneficial to seasonal rice.

**East Asia – Unseasonably Warm**

- Light showers and unseasonably warm weather throughout eastern and southern China further promoted wheat and rapeseed development.

**Southeast Asia – Wet Weather**

- Wetter-than-normal weather continued across southern and eastern portions of the region, benefiting rice, oil palm, and other crops but causing localized flooding.

**Australia – Wet Weather Persisted In The East**

- Widespread showers continued to fall across the east, maintaining abundant to locally excessive soil moisture for vegetative summer crops while further delaying winter crop harvesting.
- In the south and west, mostly dry weather allowed winter crop harvesting to proceed without delay.

**South Africa – Prospects Remained Favorable For Corn And Other Summer Crops**

- Widespread, locally heavy rain benefited emerging to vegetative summer crops..
Agricultural Weather Highlights – Friday, 17th December 2021

In the West, cool, dry weather prevails, aside from lingering snow showers in the northern Rockies and northern Intermountain West. With a high-pressure system settling across the Great Basin, gusty winds are developing across parts of southern California.

On the Plains, lingering warmth is generally confined to Oklahoma and Texas, where today’s high temperatures will generally range from 60 to 80°F. In contrast, today’s highs will remain below 10°F across parts of the northern Plains, where some light snow is falling. Producers across the central Plains continue to assess impacts from Wednesday’s high winds, which resulted in widespread blowing dust and localized damage to farm infrastructure.

In the Corn Belt, mostly tranquil weather prevails, although a few snow showers are occurring across the upper Midwest. In addition, rain showers are returning across southern Missouri. Cooler weather has arrived, but temperatures are not unusual for this time of year. Today’s high temperatures should range from near 10°F in the Red River Valley of the North to 50°F or higher along the Ohio River.

In the South, a warm weather pattern continues to promote late-season harvest efforts and growth of winter grains, cool season pastures, and cover crops. Today’s high temperatures will reach 80°F or higher in the western Gulf Coast region and across Florida’s peninsula. Showers and a few thunderstorms are developing across the mid-South, including some areas still recovering from recent deadly tornadoes.

Outlook: For the remainder of today into Saturday, a stalled frontal boundary across the mid-South will provide the focus for locally heavy showers and thunderstorms in areas affected by historically severe tornado activity just a week ago. Storm-total rainfall could reach 1 to 2 inches or more. During the weekend and early next week, similar rainfall totals should occur in the Gulf Coast region and along the southern Atlantic Coast. In contrast, little or no rain will fall during the next 5 days from southern California to the central and southern Great Plains. Farther north, however, periods of light snow may affect the North, while another slow-moving Pacific storm will deliver drought-easing precipitation as far south as central and northern California.

The NWS 6- to 10-day outlook for December 22 – 26 calls for the likelihood of near- or above-normal temperatures nationwide, except for colder-than-normal conditions across the Northern Tier. Meanwhile, below-normal precipitation from the central and southern Plains to the East Coast should contrast with wetter-than-normal weather in the West and along the Canadian border as far east as Lake Superior. southern Plains.

Contact: Brad Rippey, Agricultural Meteorologist, USDA/OCE/WAOB, Washington, D.C. (202-720-2397)
Web Site: https://www.usda.gov/sites/default/files/documents/TODAYSWX.pdf

References

Conversion Calculations

<table>
<thead>
<tr>
<th>Metric Tonnes to Bushels:</th>
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<tbody>
<tr>
<td>Wheat, soybeans = metric tonnes * 36.7437</td>
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</tr>
<tr>
<td>Corn, sorghum, rye = metric tonnes * 39.36825</td>
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<tr>
<td>Barley = metric tonnes * 45.92965</td>
<td></td>
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<tr>
<td>Oats = metric tonnes * 68.894438</td>
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</tbody>
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| 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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<tbody>
<tr>
<td>Argentina (Dec/Nov)</td>
<td>Argentina (Mar/Feb)</td>
<td>Australia (Nov/Oct)</td>
<td>Argentina (Mar/Feb)</td>
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<tr>
<td>Australia (Oct/Sept)</td>
<td>Brasil (Mar/Feb)</td>
<td>Canada (Aug/Jul)</td>
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<td>Canada (Aug/Jul)</td>
<td>Russia (Oct/Sept)</td>
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<td>South Africa (May/Apr)</td>
<td>Kazakhstan (Jul/Jun)</td>
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<tr>
<td>European Union (Jul/Jun)</td>
<td>Ukraine (Oct/Sept)</td>
<td>Russia (Jul/Jun)</td>
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<tr>
<td>India (Apr/May)</td>
<td>United States (Sep/Aug)</td>
<td>Ukraine (Jul/Jun)</td>
<td>United States (Jun/May)</td>
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<td>Russia (Jul/Jun)</td>
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<td>Turkey (Jun/May)</td>
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<td>Ukraine (Jul/Jun)</td>
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<tr>
<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.
December Crop Calendar

**United States**
- Winter Wheat & Rapeseed: Dormant

**Europe**
- Winter Wheat & Rapeseed: Dormant

**China & East Asia**
- Winter Wheat & Rapeseed: Dormant

**NW Africa & Egypt**
- Wheat: Planting

**Turkey, Middle East & Afghanistan**
- Wheat (Highlands): Dormant

**FSU**
- Winter Wheat & Rapeseed: Dormant

**Mexico**
- Sinaloa: Winter Corn (Irrigated): Silking*
  - Sorghum, Rice & Soybeans: Harvesting
  - Wheat: Planting

**West Africa**
- Sahel: Cotton: Harvesting

**East Africa**
- Kenya: Corn (Minor): Silking*

**South Asia (India)**
- Cotton (South): Harvesting
  - Corn, Sorghum, Rice, Millet, Groundnuts & Sunflower: Harvesting
  - Winter Wheat & Rapeseed: Vegetative

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

**Brazil**
- Center West: Soybeans: Flowering*
  - South: Corn & Soybeans: Flowering*
  - Groundnuts, Sorghum, Cotton, Sunflower, Rice & Millet: Vegetative

**Argentina**
- Late Corn & Cotton: Flowering*
  - Early Corn: Filling
  - 1st Soybeans, Sunflower, Rice, Sorghum & Millet: Vegetative
  - Wheat: Harvesting

**Australia:**
- Wheat & Rapeseed: Harvesting
  - Cotton, Corn, Groundnuts, Sunflower, Sorghum & Millet: Vegetative

*Crop stage sensitive to moisture and temperature stresses.

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

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