Notes and Observations in International Commodity Markets

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Corn, Soybeans and Wheat Set New Highs for Christmas

GHA – US grains and oilseeds rallied to new highs as we approached the Christmas holiday season. Export troubles in Argentina, concerns on the South American crop, along with concerns of a new coronavirus strain hitting Britain lent strong support. The soybean complex lead the rally setting new six-year highs on multiple occasions throughout the week, their highest since June, 27, 2014. The new lead March 21 contract reach a high of $12.77/bu on Friday, with forward months trading at lesser values. More than 100 cargo ships were kept from loading agricultural goods in Argentina on Monday, as a wage strike continued. Meanwhile, continued dryness inhibits soybean planting in Argentina while concerns grow about global soybean supplies next year. Even though CME corn futures set new contract highs each day this week, strength was dampened by rains in Brazil, improving conditions for the drought-stricken crops competing with US exports. Wheat was more of a mixed bag as KS Wheat achieved new contract highs, and MGE and CBOT making two month highs. Wheat has inched higher as tightened exports from Russia support wheat demand from the U.S. and other global producers, including Ukraine, where export prices strengthened following Russia’s export tax announcement. Ukraine vowed it would not impose similar export restrictions. On a macro level, although the US Dollar Index has consolidated above the 90.3 level to finish the week, the Greenback has been falling since March 2020 to reach the lowest level since early 2018 amid a strong quantitative easing program in the US with US Federal Reserve asset balance reaching over $7.24 trillion. That environment of aggressive quantitative easing and printing of money has encouraged an inflationary environment adding support across the agricultural commodity sector. With no end in sight, this will extend well in to 2021 and beyond.
China's November Swine Herd Grows 29.8%, Sow Herd up 31.2% y-o-y
Reuters - China's pig herd grew 29.8% in November from a year earlier and its sow herd rose 31.2% on the year, the ministry of agriculture said on Monday, extending strong growth for the five consecutive months.
Pork prices have fallen to 45.8 yuan ($6.99) per kilogram, the lowest level so far in 2020, thanks to increasing meat supply in the market, the ministry said.

China November Pork Imports Up Nearly 44% On The Year
Reuters - China imported 330,000 tonnes of pork in November, customs data showed on Wednesday, up 43.7% on a year earlier, as the world's biggest meat consumer stocks up after a steep drop in its own pork output.
China's pork output plunged after fatal pig disease African swine fever devastated its huge hog herd during 2018 and 2019. While production has rapidly recovered, the country is still short of its favorite meat.
Imports for the first 11 months of the year were 3.95 mmts, the General Administration of Customs said, more than double what the country had imported a year earlier.
November imports were flat with the previous month's 330,000 mts.
China's pig herd has recovered to more than 90% of normal levels, according to the agriculture ministry, although many analysts are skeptical given still high hog and pork prices.
Pork prices fell steeply during October but have been rising since last month and remain far above normal levels.
Beef imports in November were down 9.1% year on year to 170,000 mts, with year-to-date beef imports were 1.91 mmts.

US DOLLAR & FOREIGN EXCHANGE

U.S. Dollar Index
Barchart - The US Dollar Index this week consolidated above the 90.300 level in thin pre-holiday trading. A rally in stocks is undercutting liquidity demand for the dollar.
U.S. stock indexes on Thursday rallied modestly, which weighed on liquidity demand for the dollar. The announcement on Thursday that the EU and UK had finalized a Brexit trade agreement lifted European stocks and underpinned U.S. stock indexes. Also, ramped-up Covid vaccination programs are bolstering confidence in a strong economic rebound next year as the U.S. has administered more than 1 million vaccinations in 10 days, and the UK has vaccinated more than 500,000.
EU and UK negotiators on Thursday announced that they had finalized their Brexit trade agreement. The accord will now go to UK Prime Minister Johnson and European Commission President von der Leyen for their formal approval.
EUR/USD on Thursday posted modest losses as the British pound gained against most currencies after the EU and UK agreed on a Brexit trade deal. Trading was thin, with markets in Germany and Switzerland closed for Christmas eve and other countries closing their markets early on Thursday.
The GBP/USD rallied to a 1-week high Thursday after the EU and UK finalized a Brexit trade agreement. EUR/USD fell back slightly in muted trading with forex and government bond trading closed in Germany for Christmas Eve.

The recent pandemic surge has prompted many states and countries to impose more restrictions, which will undercut economic activity and is dovish for central bank policies and negative for the dollar. Tokyo reported a record 888 new Covid infections on Thursday. Also, the UK's Centre for Mathematical Modeling of Infectious Diseases at the London School of Hygiene and Tropical Medicine said the new Covid strain that has been spreading in the UK is 56% more transmissible than other strains, and will likely lead to higher levels of hospitalizations and deaths next year. The Covid virus has infected 79.2006 million persons globally, with deaths exceeding 1.740 million.
Supportive factors for the Dollar Index include: 1) safe-haven demand for US Dollar liquidity as the stress in the global financial system encourages flight into the world's reserve currency, and 2) the influx of capital from overseas investors fleeing from over $10 trillion of negative-yielding debt.
Negative for the US Dollar include: 1) the Fed's new average inflation targeting scheme that is dovish for Fed policy, 2) the outlook for the Fed to keep the Fed funds rate near zero at least through 2023, 3) the Fed's extraordinary blast of monetary stimulus in response to the pandemic, 4) the severe U.S. and global economic damage caused by the Covid pandemic, 5) trade tensions and Washington political uncertainty, and 6) the wide U.S. budget and current account deficits.
WHEAT

Front month wheat futures are mixed on a shortened trading week and early close on Thursday.

Chinese customs data reported 800 kmts of wheat imports for November. That was up 77.6% y-o-y, and brought y-t-d wheat imports to 7.49 mmts, a 150.6% increase from 2019. Jordan purchased 60,000 kmts of optional origin wheat from an international tender.

- **UK Wheat Output in 2020 Projected to Drop 40%**

  The United Kingdom’s 2020 wheat harvest is projected to drop by 40% compared to the 2019 crop, according to Britain’s farming and environment ministry, which gave its final estimate for the year on December 22nd.

  The sharp reduction in production, to around 10 mmts, is due to a wet fall in 2019 that forced farmers to spring-planted crops such as barley, as well as a dry spring that led to lower yields, the ministry said. Because of the poor domestic crop, the UK has been forced to nearly double its wheat imports for 2020.

  The ministry also cut its 2020 estimates for barley and rapeseed. The ministry projects barley output at 8.36 mmts, down from its October estimate of 8.36 mmts, but almost 1% higher than the 2019 crop. The ministry reduced its estimate for the UK rapeseed crop from 1.07 mmts in October to 1.04 mmts, a 40% decrease year-on-year.

- **CME Wheat Futures**

  - **CBOT March 2021 Wheat Futures** reach a two-month high of $6.33¾, before settling on Thursday at $6.27¾/bu, off 2 cents on the day, but gaining 20 cents for the week.

  - **Kansas March 2021 HRW Wheat Futures** reached new highs on Wednesday of $5.93/bu, before settling on Thursday at $5.90/bu on Friday, up 2 cents on the day, and gaining 20½ cents for the week.

  - **MGE March 2021 HRS Wheat Futures** settled at $5.85/bu on Friday, up 5 on the day, and gaining 16½ cents for the week.
Rosstat, Russia’s federal statistic service, reported that 85.9 mmts of wheat has been harvested. The USDA December WASDE Report had an estimate of 84 mmts.

**Russia Unveils First Wheat Delivery Futures**

MOSCOW, RUSSIA — VTB Capital in collaboration with the Moscow Exchange on the 21st of December announced that it has developed Russia’s first wheat delivery futures. Trading in these futures contracts will begin on the Moscow Exchange derivatives market on December 21st. VTB Capital will act as the main market maker under the contract.

Futures are quoted in rubles for one ton of fourth-class grains. The contract volume is 25 tonnes. The contract provides for the delivery of wheat in March, September and December to the Voronezh Region silos.

At the start of trading, the Rossoshansky silo and the Povorino Grain Base will act as registered silos for delivery. There are plans to expand the list of silos in the future.

“The launch of the grain delivery futures is an important step in the development of the Russian derivatives market,” said Atana Djumaliev, head of global commodities at VTB Capital. “Russia is a major producer and consumer of grain, and that is why we decided to launch a contract with local delivery. At the same time, we expect that in the future this instrument will also be of interest to large global players who are looking for additional opportunities to hedge risks. We are currently continuing to work on developing infrastructure and expanding our investor base, and we are confident that VTB Capital’s international experience and expertise in the financial and grain markets will allow us to create a liquid contract that will become the main price benchmark for Russian grain, both locally and globally.”

Vitaly Sergychuck, CEO of Demetra-Holding, PLC, said the launch of such an instrument is an important step for the development of the entire industry. “The use of futures will allow producers, exporters and domestic consumers of Russian grain to get transparent pricing and reduce the costs of finding and checking counterparties,” he said. “I hope that in the future this instrument will be in demand and will compete with foreign trading platforms in the setting the prices on the grain market.”

Igor Marich, member of the executive board and managing director for sales and business development of the Moscow Exchange, added: “Russia is the world’s largest grain exporter, and Russian wheat plays an important role in shaping the balance of the global grain market. However, so far in Russia there was no universal price benchmark for grain. We hope the new futures contract will become such a benchmark and provide grain market participants with a convenient and reliable mechanism for hedging price risks.”

**Coarse Grains**

**CME Corn March 2021**

A bullish week for corn as we the market set new contract highs every day of this shorten trading week.

The CME Corn March 2021 contract reached a new high of $4.51½/bu, before settling at $4.50½/bu, closing up 3¼ cents cent on the day, and up 20 cents on the week.

China’s General Administration of Customs reported November corn imports were 1.23 mmts. That was a 1,142% increase from November19, with y-t-d corn imports running more than double (122% higher) 2019’s pace with 9.04 mmts imported through November.

The Buenos Aires Grain Exchange reported that 61.2% of the expected Argentine corn acres were planted.

**World Sorghum Trade Increase for 2020/21**

China’s General Administration of Customs reported November grain sorghum imports were 240 kmts in November, pushing the y-t-d sorghum imports to 4.27 mmts. That is up 437.2% from 2019’s 11 month total.

Earlier this month the USDA estimated world sorghum trade for 2020/21 is raised from the previous month. China sorghum imports are raised 0.8 mmts to 7.0 mmts. As with corn, this is a substantial increase from 2019/20 sorghum imports of 3.7 mmts, due to higher domestic feed demand.
Sorghum exports for 2020/21 are raised for Argentina (by 0.4 mmts), based on increased projected production, and the United States (by 0.4 mmts), due to less sorghum being used in domestic industrial use, freeing additional supplies.

- **CME Ethanol February 2021** – (in US$/gal)

  Ethanol Futures were mostly steady through the week ahead of the Christmas holiday. **CME February 21 Ethanol Futures** settled at $1.335/gal on Thursday, a half from last weeks close of $1.330/gal.

**Oilseeds Complex**

A very bullish week across the oilseed complex and new multiple highs were set each day on this shorten trading week. Chinese futures at Dalian are trading at multi-year highs, over $16.60/bu. BAGE reported 77.2% of Argentina’s bean acres were planted in their weekly crop report. The exchange also referenced concerns for planting the remaining 3.9 mt/ha, citing the prolonged dryness and suggesting a possible reduction to come.

- **China to import record 100 mmts of Soybeans in 2020**

  Reuters - China is expected to import more than 100 mmts of soybeans in 2020, a record high, said an executive with leading state-owned grains trader COFCO on Tuesday, as rebuilding of the country's huge hog herd boosts demand for the protein.

  The country is expected to crush 92.6 mmts of soybeans this year, Zhou Jishuai, deputy general manager of the hedging and trading department of COFCO Oils and Oilseeds, a unit of COFCO Group, told a conference in Guangzhou.

  After being decimated by African swine fever, China's agriculture ministry has said the country's pig herd recovered to more than 90% of normal levels by the end of November, even though some analysts remain skeptical about the extent of the recovery.

  Zhou said soymeal demand will remain strong this quarter and into the first quarter of next year. Demand for soybean oil is also set to rise more than 6% this year, thanks to increasing use of the oil in biodiesel and animal feed.

- **CBOT Soybeans March 2021**

  The new lead **CME March 2021 Soybean Futures** contract made new highs every day this week reaching $12.75/bu before settling at $12.64¾/bu, up 4¾ cents on the day, and 51 cent higher for the week.

- **EU + UK 2020/21 Soybean Imports 6.94 mmts by December 20th, Up 4%**

  Reuters - Soybean imports into the European Union and Britain in the 2020/21 season that started in July totaled 6.94 million tonnes by December 20th, up 4% y-o-y, official EU data showed on Monday.

  EU and UK 2020/21 rapeseed imports had reached 3.24 mmts, down 11%, while soymeal imports stood at 8.63 mmts, down 8%, the data published by the European Commission showed. Palm oil imports were at 2.88 million tonnes, up 8%.
The data will not be updated next Monday, with the weekly publication resuming on January 4th, the Commission said.

**Brazilian December Soybean Exports Hit 6-Year Low, Corn 5-Year High**

Soybean exports in Brazil are set to hit their lowest December volumes since 2014 after the world’s largest producer and exporter sold out all its beans earlier in the season, while corn exports are set to end at its highest volume since 2015, Brazilian customs and line up data showed.

A further 44,000 mts of soybeans was exported during the week ending December 18th taking the total for the first three weeks of December to 181,475 mts, weekly customs data released late Monday showed.

At the same time, line up data provided by shipping agency Williams indicated no additional vessels will export Brazilian soybeans before the start of 2021, meaning December’s final volume is likely to end up at 181,475 mts.

While that figure is up from the full month forecast of Brazilian exporters’ association ANEC of 88,900 mts, it would still be the lowest since December 2014 when 138,000 mts of beans were exported.

The slow export pace comes at the end of a record soybean production and export campaign as Chinese demand for the oilseed surged earlier this year and just a few months before Brazil’s next soybean harvest comes into full swing.

During the last week, Brazil exported a further 556,000 mts of corn, taking this month’s total so far to 2.82 mmts.

Line up data showed an additional 1.6 mmts is expected to leave Brazil before the end of year taking the expected December exports to 4.41 mmts, in line with ANEC’s earlier expectations. This compares with 4.37 mmts exported in December last year and would be the highest volumes for December since 2015 when 6.26 mmts was exported.

**Brazil 2020/2021 Soybean Crop Forecast Slashed by 2 mmts**

Reuters - Aprosoja, an association representing Brazilian grain growers, has cut its forecast for the country’s 2020/2021 soybean crop, citing an expectation of falling yields due to dryness in key producing states.

In a new estimate disclosed on Tuesday, Aprosoja said it now expects farmers in the world’s largest soy producing nation to harvest 127 mmts of the oilseeds, down from 129 mmts in its previous forecast.

If confirmed, Brazil’s projected output would break last season’s record as estimated by Brazil’s food and statistics agency Conab. In the previous soybean cycle, Brazilian farmers produced some 124.8 mmts of the oilseeds, government data shows.

Earlier this year, Aprosoja had predicted the crop had the potential to reach 134.5 mmts in the current season. However, planting delays amid dry weather and the absence of regular rains in the last few months have partly affected yields.

**CBOT Soybean Meal March 2021**

CME March 2021 Soybean Meal Futures also traded to new highs reaching $422.80/short ton on Thursday, before settling lower at $413.90/short ton, loosing $5.10 cents on the day, but up $8.60 for the week.

**China Soybean Crush Margins at 6-wk High As Meal Futures Spike**

Soybean crush margins in China on Monday reached their highest level since early November 2020 as soymeal futures on the Dalian Commodity Exchange spiked 4% across the board pricing in higher CBOT prices and inflationary macro environment amid weaker US dollar.

Gross crush margins for soybeans in China jumped $10/mt across the curve on Monday with January shipment of Brazilian beans at $6.25/mt and that of US beans at $14.65/mt – both at their highest point in six weeks.

This was largely fueled by higher soymeal futures in China which rose 4% on Monday with the most liquid contract up 4.14% to CNY3,298/mt (US$503/mt) by 1500 Beijing time, marking the largest intraday movement since late July this year.

Trade sources all pointed to higher CBOT soybean futures as the main driver, along with macro inflation.

Soybean futures in Chicago CBOT clawed back above the $12.00/bu mark last week on expectations of lower-than-expected US 2020/21 output, drier South American weather, the ongoing strikes in Argentina, and a weaker US dollar.
After breaking the key resistance of $12.00/bu, the market has rallied further with January contract hitting the highest level in six years at $12.24/mt by Friday’s close.

On a macro level, the US dollar index has been falling since March 2020 to reach the lowest level since early 2018 amid a strong quantitative easing program in the US with US Federal Reserve asset balance reaching over $7.24 trillion.

That has encouraged an inflationary environment for the commodity sector.

- **CME Soybean Oil March 2021**

Soybean oil values made new highs on multiple days this week reaching $41.25/cwt on Thursday as the new lead CME March 2021 Soybean Oil Futures settled at $41.09/cwt, up .48 cents on the day, and gaining $1.44 cents for the week.

- **Brazil’s Biodiesel Will Increase to 13% Vegetable Oil in March 2021**

Soybean & Corn Advisor, Inc. - The percentage of vegetable oils blended with petroleum diesel to make biodiesel in Brazil continues to increase on an annual basis. Soybean oil is the main vegetable oil component of biodiesel in Brazil. The percentage of soybean oil allowed in biodiesel is capped at 80% with the remaining 20% being devoted to other vegetable oils or animal fats.

In recent years, the Brazilian government set in motion a process that will slowly increase the amount of vegetable oils used to make biodiesel fuel. Currently, the percentage of vegetable oils in biodiesel is 12% or B12. The percentage is going to increase to 13% (B13) in March of 2021 and it is scheduled to increase 1% per year until at least the year 2028 when the percentage will be 20% (B20).

The soybean oil is provided by soybean crushers who are members of the Brazilian Association of Vegetable Oil Industries (Abiove). In anticipation of the increased use of soybean oil to make biodiesel, Abiove members have been ramping up their production capacities.

The chief economists for Abiove has stated that the industry already has the capacity to meet a B14 blend and that investments have already been made that will allow for an 8.5% increase in biodiesel production. In fact, Abiove has been pushing for an acceleration of the percentage of soybean oil used in biodiesel especially in large urban areas as a way to reduce air pollution.

They feel the use of biodiesel strengthens Brazil’s energy sector by utilizing a locally produced less polluting renewable source of energy.

- **CME Crude Palm Oil January 2021 – (in US$/mt)**

Palm oil continues to lend support across the oilseed complex as CME January 2021 Crude Palm Oil Futures made new 8-year highs gain on Friday. The nearby contract settled at $863.00/mt, up $22.75 from last weeks close of 840.25/mt.

**OTHER RELATED NEWS**

- **Construction of Smart Fish Farming Ship Starts in Eastern Chinese City**

Xinhua - Construction of the world’s first 100,000-tonnage smart fish farming ship has started in the eastern Chinese city of Qingdao. The aquaculture ship Conson No.1, which is 249.9 meters long and 45 meters wide, is expected to be delivered in March 2022, said Dong Shaoguang, deputy general manager of Qingdao Conson Development Group, an investor in the construction project.
With a water body displacement of 130,000 tonnes and a design speed of 10 knots, it can move to avoid typhoons, red tides and other types of severe weather and disasters, and carry out aquaculture operations in global waters, Dong said. The ship is equipped with a water exchange system and a deep water intake device, which will help the fish grow and improve the breeding quality, he added.

Wang Xiaohu, head of the Chinese Academy of Fishery Sciences, said in order to solve the problems of insufficient fishing resources and deterioration of the breeding environment, Chinese scientists put forward the idea of fish farming ships around the 1980s. Since 2019, the Group has started research with major Chinese shipbuilders and research institutes on a project to build 100,000-tonnage cruising fish farming ships. The company said it would cooperate with partners to build 50 such ships with a total tonnage of more than 5 million tonnes, to form a deep-sea aquaculture industrial chain with an annual output of more than 200,000 tonnes of high-value fish worth more than 11 billion yuan (1.68 billion US$).

**China Signals GM, Biotech Push in Key Policy Statement**

Reuters - China will industrialize biotech breeding as part of a campaign to improve food security, top leaders said in a policy statement late on Friday, signaling Beijing could soon take a further step towards commercializing genetically modified (GM) crops. According to a statement issued after the annual Central Economic Work Conference held on December 16th to 18th, China needs to make better use of science and technology to achieve a "turnaround" in its seed industry.

"The key to ensuring food security lies in implementing the strategy of storing grain in the ground and storing grain in technology," according to the statement, published by the official Xinhua news agency. The statement identified the seed industry and the state of China's arable land as major priorities over the next year. It said the country needed to prevent the misuse of land and build a "national food security industrial belt".

Beijing has invested heavily in GM research and development, and it made a breakthrough last year when it decided to issue biosafety certificates for domestic strains of genetically-modified soybean and corn. However, it has been cautious when it comes to the commercialization of GM crops. Though the statement did not refer specifically to GM, analysts said it emphasizes the role new technology must play in China's food security efforts, now a major priority as the country tries to insulate itself from trade disruptions and ensure it makes the most of its scarce farmland.

"The meeting proposed the orderly advance of the industrialization of biotech breeding," said Mao Yifan of Industrial Securities. "With the combination of the arrival of genetically-modified corn strains at the end of 2019 and the significant increase in corn prices, genetically-modified corn seeds with improved efficiency will be promoted or accelerated in China," Mao added.

The Central Economic Work Conference is an annual gathering in which top leaders and policymakers plot the country's economic course for the following year.

**COUNTRY FOCUS - ARGENTINA**

- **Argentine November Soybean Crush Under 3 mmts**

Argentina crushed 2.97 mmts of soybeans last month, slightly higher on the same point of last year, but below market expectations as crushers continued to struggle with weak crush margins and a lack of farmer selling, data released by the Argentine government showed on Wednesday. The November figure is down 4.4% on the month and slightly higher from the 2.93 mmts of beans that went through the grind in November last year. Yet despite beating last year’s figure, it remained the second lowest in the past seven years as crushers continued to struggle to source soybeans from farmers who remain reluctant to sell them as a hedge against the depreciating peso. Last month’s figure also came below the expected range of 3 to 3.1 mmts, which the Argentine soybean industry was expected to see.

The data means that Argentina, the world’s largest soymeal and oil exporter, has crushed a total of 35 mmts since the start of the calendar year, its second lowest volume in the past seven years and below last year’s 38.5 mmts.

- **Argentine Soybean Production Forecast for 2020/21 49.5 mmts**

Gro Intelligence - Latest estimates suggest Argentine soybean production for the 2020/21 season will stand around 49.5 mmts, slightly higher than last year’s production of 48.8 mmts. This compares to the USDA’s estimate of 50 mmts earlier in the December 10th WASDE Report. Drought has already affected other crops in Argentina. The USDA estimates that Argentina’s wheat production will fall to 18 mmts, nearly 10% below last year, due to ongoing drought conditions in the country’s grain producing belt. Some market participants are using production figures as low as 16.5 mmts. However, it is still very early in the growing season, and if dry conditions, linked to La Niña, persist into the soybeans’ key developmental growth stage, yields could decline significantly. With current supplies relatively tight, the size of the 2021 Brazilian and Argentine crops will be very important in determining the direction of crop prices over the next year or more. However, it is still very early in the growing season, and if dry conditions, linked to La Niña, persist into the soybeans’ key developmental growth stage, yields could decline significantly. With current supplies relatively tight, the size of the 2021 Brazilian and Argentine crops will be very important in determining the direction of crop prices over the next year or more.
The adjacent map shows the Drought Index (GDI) for Argentina. GDI, which is processed at the district level, measures drought severity on a scale from “0” or no drought to “5” or severe drought. GDI provides fully automated, high-resolution measurements of droughts worldwide and is based on a machine-learning model that updates daily with 46 separate environmental and climate inputs.

Soybean cultivation is concentrated in Cordoba, Santa Fe, and Buenos Aires provinces. Cordoba and Sante Fe, which combined account for over 45% of Argentina’s soybean production, are under extreme drought stress. Farmers in Buenos Aires, where dry conditions are not as severe, grow approximately 30% of Argentina’s soybean production.

- **More than 100 Grains Ships Delayed by Argentine Port Workers Strike**

Reuters - More than 100 cargo ships were kept from loading agricultural goods in Argentina on Monday, as a wage strike by grains inspectors and oilseed workers stretched into its second week, paralyzing exports from one of the world’s main bread baskets.

Argentina is the No. 1 international exporter of soymeal livestock feed used to fatten hogs and poultry from Europe to Southeast Asia. Contract talks between workers and export companies have broken down over compensation packages, with both sides accusing the other of intransigence.

"The strike continues without any expectation that negotiations will restart over the short term. We have more than 100 vessels waiting to be loaded," Gustavo Idigoras, head of Argentina’s CIARA-CEC export companies chamber, told Reuters.

The strike started on Dec. 9 by the Argentine oilseed workers federation, the Urgara union representing port-side grains inspectors and the SOEA soy crushing workers union, based in the northern part of Argentina’s main grains hub of Rosario, which ships about 80% of Argentina’s farm exports.

"There is high participation in the strike by our members and every time that the companies make a statement it generates more anger and much more support from the people," said Urgara spokesman Juan Carlos Peralta.

Urgara negotiates with the Private Commercial Ports Chamber, or CPPC, while the federation and SOEA negotiate with CIARA. Peralta said that Urgara has struck individual deals with some export companies, but that stark differences remain in negotiating positions and that a comprehensive deal was far off.

With soy and corn, Argentina's two main cash crops, currently being planted, December is not peak export season.

Farmers have been hanging onto all the stocks they can this year, waiting for further weakness expected in the local peso before selling. The currency has weakened 27.9% this year to 83.15 Pesos/US$.

- **Grain Inspections Rise After 2-Week Decline**

For the week ending December 17th, total inspections of grain (corn, wheat, and soybeans) for export from all major U.S. export regions totaled 3.8 mmts. Total grain
inspections were up 3% from the previous week, up 75% from last year, and up 49% from the 3-year average.

Wheat inspections jumped 49% from the previous week as shipments destined primarily to Asia and Latin America increased.

Also, from the previous week, soybean inspections increased 5%, but corn inspections decreased 17% as shipments to Latin America receded notably.

**Export Sales**: For the week ending December 10th, unshipped balances of wheat, corn, and soybeans totaled 57.4 mmts. This was 1% lower than last week, but still represented a significant increase in outstanding sales from the same time last year. Net corn export sales were 1,925 mmts, up 41% from the past week. Net soybean export sales were 0.922 mmts, up 62% from the previous week. Net wheat export sales were 0.540 mmts, down 12% from the previous week.

**Rail**: U.S. Class I railroads originated 28,390 grain carloads during the week ending December 12th. This was a 2% increase from the previous week, 37% more than last year, and 27% more than the 3-year average. Average January shuttle secondary railcar bids/offers (per car) were $440 above tariff for the week ending December 17th. This was $99 more than last week and $808 more than this week last year. There were no non-shuttle bids/offers this week.

**Barge**: For the week ending December 19th, barge grain movements totaled 996,816 tons. This was 11% less than the previous week and 109% more than the same period last year. For the week ending December 19th, 617 grain barges moved down river—86 barges fewer than the previous week. There were 1,092 grain barges unloaded in New Orleans, 7% higher than the previous week.

**Ocean**: For the week ending December 17th, 43 oceangoing grain vessels were loaded in the Gulf, 65% more than the same period last year. Within the next 10 days (starting December 18th), 52 vessels were expected to be loaded, 30% more than the same period last year. As of December 17th, the rate for shipping grain from the U.S. Gulf to Japan was $42.00/mt. This was 1% higher than the previous week. The rate from PNW to Japan was $23.75/mt, 2% higher than the previous week.

**Fuel**: For the week ending December 21, the U.S. average diesel fuel price increased 6 cents from the previous week to $2.619 per gallon, 42.2 cents below the same week last year.

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**Government**

- **What’s in the U.S. COVID-19 Relief Package for Agriculture?**

  Forgetting for a moment that there looms the possibility of this legislation not becoming law, the COVID-19 stimulus package does provide $13 billion, approximately 1.4% of the $900 billion package, in financial assistance to help livestock, poultry, dairy, non-specialty and specialty crop producers continue to recover from COVID-19 disruptions.

  In addition to the direct support for agriculture, the bill includes other agriculture-related provisions including improvements to and additional funding for the Paycheck Protection Program, an extension to livestock mandatory reporting, several tax extender provisions, such as a $1.01 per gallon credit for the production of second-generation biofuels and a $0.50 per gallon excise tax credit for alternative fuel and alternative fuel mixtures, as well as $7 billion to increase broadband access.

  *For a full breakdown of the provisions by commodity, please see Farm Bureau’s Market Intel report.*

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- **Trade Representative Lighthizer, US-UK Trade Deal “Extremely Likely”**

  Feedstuffs reports that U.S. Trade Representative Robert Lighthizer said it’s “extremely likely” the US and UK can reach a free trade agreement before long, urging British officials to bend on their hardened positions on key issues like food safety.

  In an interview with the BBC, Lighthizer said there is still “a short period of time” for negotiators to complete a deal before President-elect Joe Biden is inaugurated on January 20th. “This is something that can happen,” he said. “It will require compromises on both sides.”

  Lighthizer said U.S. farmers want greater agricultural access to the U.K. market and Britain must be able to accept American standards in order to finalize a bilateral deal.

  “That is an important part of it,” he said. “Each side needs to get something out of it and these are complicated technical issues and these are the kinds of things that will get worked out, I think, in the final stages of a negotiation.”

- **USDA, NASA Sign Agreement to Improve Research**

  NASA and the USDA signed a memorandum of understanding aimed at strengthening their longstanding partnership on space-based assets benefiting life on Earth.

  The agreement brings together NASA’s experience with technology development and space-borne Earth science measurements and USDA’s scientific experience and knowledge of agricultural production, resource conservation, food security and safety, and forests and working lands.

  NASA and USDA will explore research gaps of importance to the agricultural community that could be addressed through innovative Earth observation systems and technologies developed over the next decade.

  “As we’ve seen over the past 100 years, increasing innovation in agriculture is limitless,” said U.S. Secretary of Agriculture Sonny Perdue. “This partnership between USDA and NASA will bring together the best research, science, and technology we have to offer to help produce more food to feed the growing world. We are continuing an already great collaborative effort to utilize space-based technologies across sectors and into agriculture.”
**International Crop & Weather Highlights**

- **USDA/WAOB Joint Agricultural Weather Facility – 22nd December 2020**
  - **EUROPE** – Highlight: Additional Rain In The South And West, Dry In The Northeast
    Occasional showers in western and southern Europe maintained good moisture supplies for dormant (north) to vegetative (south) winter grains and oilseeds. Dry weather intensified over northeastern Europe, but winter crops are dormant.
  - **MIDDLE EAST** – Highlight: Some Showers In Central Turkey, More Rain And Snow Elsewhere
    Much-needed showers in central Turkey eased drought and improved moisture reserves for spring growth of dormant winter grains. Additional moderate to heavy rain and mountain snow from the Mediterranean Coast into western Iran boosted moisture reserves for winter wheat and barley but likely caused localized flooding.
  - **NORTHWESTERN AFRICA** – Highlight: Some Showers In Morocco
    Light to moderate showers in Morocco promoted winter wheat and barley establishment, though longterm drought lingered. Conditions remained favorable in eastern Algeria and northern Tunisia for winter grain establishment.
  - **SOUTH ASIA** – Highlight: Seasonably Dry In Most Areas
    Seasonably dry weather continued to support rabi crop sowing in India and Pakistan, while showers in southeastern India and into Sri Lanka maintained good moisture supplies for crops.
  - **EAST ASIA** – Highlight: Light Showers In Southern China
    Showers in southern China benefited vegetative rapeseed and other winter crops, while colder-than normal weather overspread the entirety of the east, hardening dormant crops.
  - **SOUTHEAST ASIA** – Highlight: Widespread Showers
    A late-week tropical cyclone brought heavy showers across the Philippines, particularly eastern rice and corn areas. Widespread showers in Malaysia and Indonesia maintained abundant moisture supplies for rice and oil palm.
  - **AUSTRALIA** – Highlight: Summer Crop Growing Conditions Further Improve
    Widespread showers and seasonably warm weather further benefited summer crops in the northeast. Scattered showers likely caused limited winter crop harvest delays in the southeast. Warm, dry weather favored rapid winter grain and oilseed harvesting in the west.
  - **SOUTH AMERICA** – Highlight: Warm, Showery Weather In Argentina And Southern Brazil
    Showers benefited summer grains, oilseeds, and cotton throughout much of Argentina, although locally high temperatures elevated crop moisture requirements. Rain returned to southern Brazil, increasing moisture for corn and soybeans, as well as sugarcane and coffee. In contrast, showers were widely scattered and light in soybean areas of central and northeastern Brazil.
  - **SOUTH AFRICA** – Highlight: Showers Intensified In Northern And Eastern Farming Areas
    Conditions remained overall favorable for corn and other rain-fed summer crops.

**Web Site:** [https://www.usda.gov/sites/default/files/documents/TODAYSWX.pdf](https://www.usda.gov/sites/default/files/documents/TODAYSWX.pdf)

**Source:** USDA [https://www.usda.gov/oce/weather-drought-monitor/publications](https://www.usda.gov/oce/weather-drought-monitor/publications)
Historical Wet vs Dry Tendencies with La Niña

Southern Oscillation Index: Oceanic and atmospheric indicators reflect a mature La Niña with little variation over last fortnight. Model outlooks suggest the event will peak at moderate levels during December, returning to a neutral phase during March or April. The 30-day Southern Oscillation Index (SOI) for the 30 days ending the 6th of December was +10.4. The SOI has returned to values more consistent with La Niña. The MJO is over the Maritime Continent and may be contributing to increased values. The 90-day SOI value was +7.9.

Chances of La Niña conditions are greater than 95% January through March 2021, with a -65% chance of continuing through March to May 2021.
December Crop Calendar

*Crop stage sensitive to moisture and temperature stresses.

United States
Winter Wheat & Rapeseed: Dormant

Europe
Winter Wheat & Rapeseed: Dormant

China & East Asia
Winter Wheat & Rapeseed: Dormant

FSU
Winter Wheat & Rapeseed: Dormant

NW Africa & Egypt
Wheat: Planting

Turkey, Middle East & Afghanistan
Wheat (Highlands): 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, Rice, Millet,
Groundnuts & Sunflower: Harvesting
Winter Wheat & Rapeseed: Vegetative

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

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

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

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

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