

Grains & Oilseeds Global Market Issues and Outlook

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GEO-POLITICAL AND MARCO ECONOMIC ISSUES

Today's primary drivers of commodity markets...

Current Market Overview, Outlook & Issues

Venezuela-Guyana conflict over the disputed Essequibo Region

- Venezuelan President Nicolás Maduro is plunging ahead with its plans to take over Essequibo, the oil-rich region controlled by neighboring Guyana.



- 95% of Venezuelan voters Sunday approved country's territorial claim on Guyana.
- President Maduro of Venezuela ordered state companies to exploit oil deposits and mines in the territory of Guyana after the referendum passed on Sunday.
- Guyana's president said he's reaching out to the UN and International Court of Justice for assistance.

Source: Barchart - <https://www.barchart.com/futures/quotes/DXY00/interactive-chart>

Current Market Overview, Outlook & Issues

U.S. Crude Oil WTI – Nearby Monthly

—Crude Oil WTI Cash (CLY00) – Barchart.com



Source: Barchart - <https://www.barchart.com/futures/quotes/ZSH21/interactive-chart>

Current Market Overview, Outlook & Issues

U.S. Dollar Index



Monthly Nearby

25 Year History

5th Dec 2023 = 103.906
September 2022 = 114.778

February 1985 = 164.720
June 2001 = \$121.020

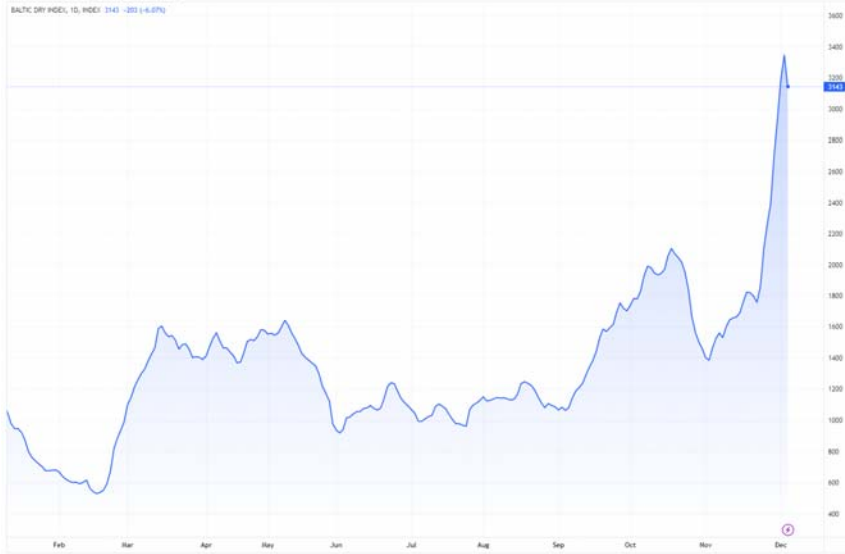
TRANSPORTATION

Spatial Relationships – Market over distance...

Ocean Freight Overview London Baltic Exchange – Dry Index



Published on TradingView.com, Dec 06, 2023 15:22 UTC
BALTC DRY INDEX, 15, INDEX: 3143 (-203 (-6.67%))



Dry Bulk Index – 3143

5th December 2023 - 3143
8th October 2021 - 5650
19th January 2021 - 1644

Source: Trading View - <https://www.tradingview.com/chart/?symbol=INDEX%3ABDI>

Ocean Freight Overview London Baltic Exchange – Dry Index



Published on TradingView.com, Dec 06, 2023 15:24 UTC
BALTC DRY INDEX, 15, INDEX: 3143 (-206 (-7.01%))

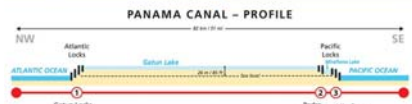


Dry Bulk Index – 3143

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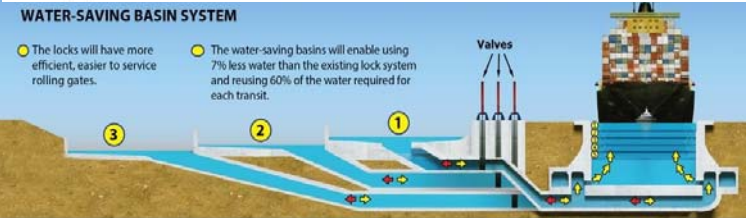
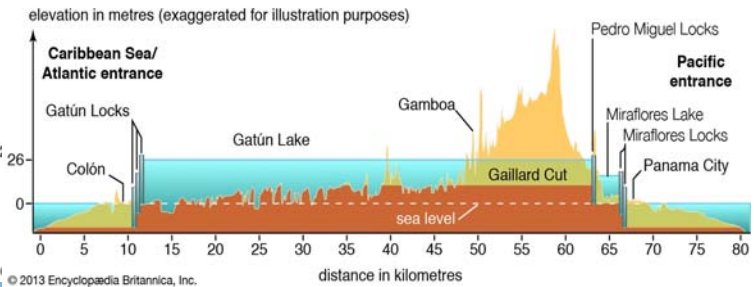
Source: Trading View

Current Market Overview, Outlook & Issues Panama Canal



Source: <https://www.elephango.com/userimages/panama-canal-map-12708.jpg>

Cross section of the Panama Canal



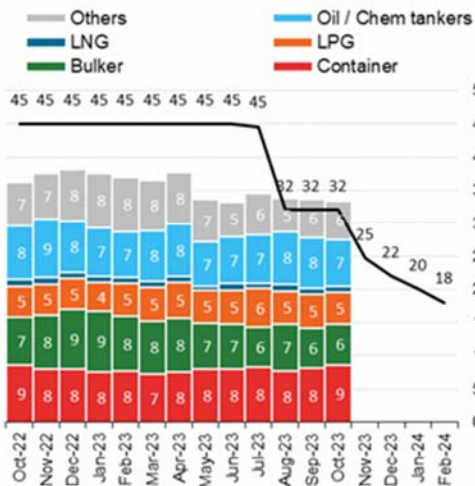
1, 2 and 3: Moves by gravity to water-saving basins for use in the following lockage.
4 and 5: It equalizes and moves to the next chamber and eventually to sea.

Source: <https://www.elephango.com/userimages/panama-canal-map-12708.jpg>

Current Market Overview, Outlook & Issues Panama Canal

Panama transits

Average daily transits, by no. of ships



Source: OB on Panama Canal Authority stats
Source: Barchart - <https://www.barchart.com/futures/quotes/DXY00/interactive-chart>

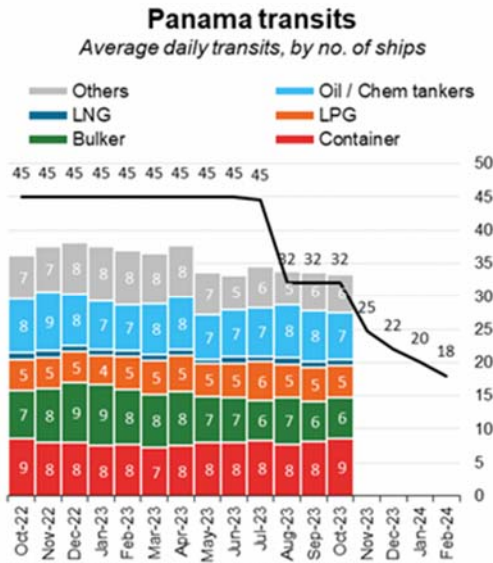
Condition 5: (effective from Nov 1st, 2023)

VESSEL CATEGORY	SPECIAL PERIOD* (730 TO 366 DAYS)	PERIOD 1 (90 TO 31 DAYS) NEOPANAMAX, 90 TO 15 DAYS PANAMAX (LOCKS)	PERIOD 1A** (30 TO 15 DAYS)	PERIOD 2 (14 TO 8 DAYS)	PERIOD 3**** (7 TO 2 DAYS)	TOTAL
Neopanamax	1	2	2	3***	1	8
Supers	3	6	N/A	5	3	17
Regulars	2	-	N/A	2	1	5
Total	6	8	2	9	5	30

- * Passenger vessels only
- ** Neopanamax only
- *** Including the conditional slot
- **** Maximum slots only
- 31 vessels transiting in avg. per day.
- 20 could be booked: 8 in the Neopanamax Locks, 22 in the Panamax Locks.
- Period 2: the slot award process is determined by Customer Ranking during competitions. Priority to Full Containers is suspended.
- Period 3: the slots will be offered through auctions, 7 days prior to the booking date. If there are no bidders, the slots will not become available.
- Panamax Plus are not allowed to transit the Neopanamax Locks.

If a Panamax or Supramax, or other, Grain ship loads the US Gulf this week, or in the next three months, and wants to travel to Asia, they will need to contact the Panama Canal Authority and book a for fee booking slot for a specific day in the future. And that possibility greatly depends on if a booking slot is available.
If no booking slot is immediately available, the vessel must wait and keep trying for it cannot transit thru the Canal unless it is lucky enough obtain a booking slot or to win a two million to four million dollar plus slot in the daily auction. And, as the booking slots are further reduced in the coming months, the auction bids will get larger.

Current Market Overview, Outlook & Issues Panama Canal



Source: OB on Panama Canal Authority stats
Source: Barchart - <https://www.barchart.com/futures/quotes/DXY00/interactive-chart>

USG to China				
Dec-23				
		USD	Adj, Freight cost	
65,000 tonnes				
Freight rate	\$ 60.00	\$ 3,900,000.00		
Canal Booking Fee		\$ 55,000.00		
Canal Toll		\$ 85,000.00		
Sub total		\$ 4,040,000.00	\$ 62.15	
Auction cost		\$ 2,000,000.00		
Total Freight		\$ 6,040,000.00	\$ 92.92	

(Yes, added doubled the Booking Fee with the Auction fee in the above total. Suggest the auction cost will be much more than 2 million USD).

Grain vessels are really going to be left out in the cold and largely unable to use the Canal until the water situation improves. Lower valued goods on Bulk carriers can not compete with Container vessels and LNG/LPG tanker vessels that can, and do, go for 2 to 4 million USD plus.

This means that the majority of grain shipments from the USG will be taking the long way around via Suez or the Cape of Good Hope to get to Asia.

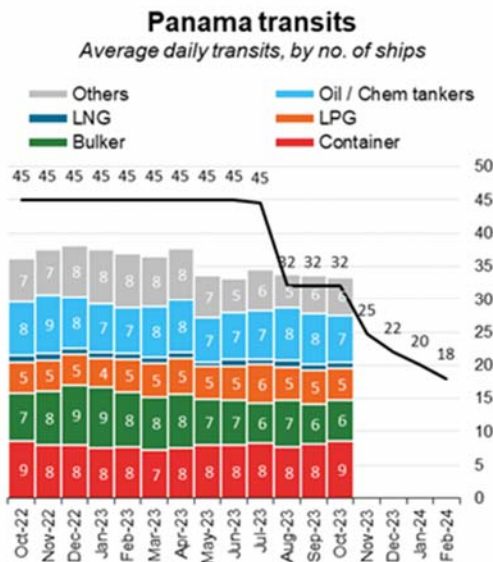
This will add 7-9 extra days via Suez and up to 25 extra days via the Cape of Good Hope to the voyage (depending on exact load and discharge port).

And freight rates will need to reflect these new economics.

Buyers need to be prepared for much longer transit times and higher freight costs.

- H. Jay O'Neil

Current Market Overview, Outlook & Issues Panama Canal



Source: OB on Panama Canal Authority stats
Source: Barchart - <https://www.barchart.com/futures/quotes/DXY00/interactive-chart>

This is a big deal for those that traditionally use the Canal.

For grains, my take is that it does not have too great of an immediate impact at moment as everything coming out of the gulf is already headed east.

If we see some export sales for corn that need to head to Asia or west, they should originate off PNW.

It does look like this will mean most of China bean exports will come from the PNW, which are the cheapest already.

The market impact is likely soybean calendar spreads may move a little wider than the market currently shows, if some more exports destined for China would have shipped out of the gulf.

Probably not a big change for wheat.

All in all, thinking a little positive for PNW elevation margins and opposite for gulf.

- Guy H. Allen

Current Market Overview, Outlook & Issues Mississippi River



Barge: For the week ending November 25, barged grain movements totaled 928,050 tons. This was 25% more than the previous week and 24% more than the same period last year.

For the week ending November 25th, 592 grain barges moved down river—119 more than last week.

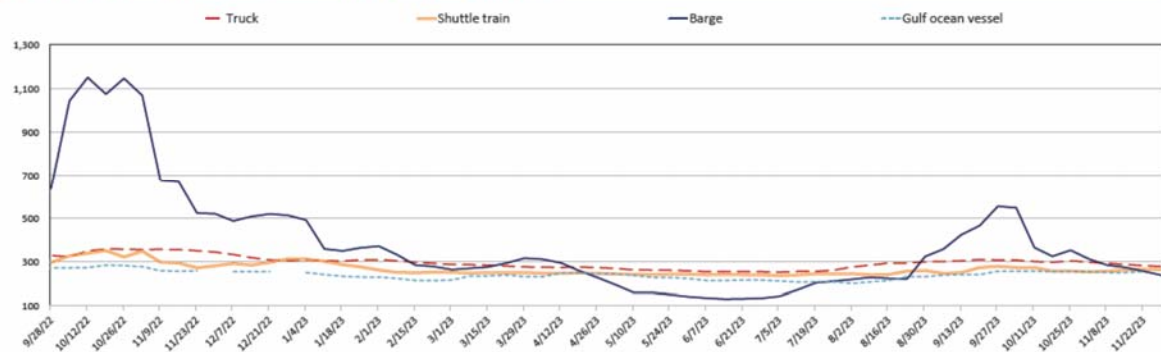
There were 641 grain barges unloaded in the New Orleans region, 10% fewer than last week.

Source: CNN <https://www.cnn.com/2023/10/11/us/mississippi-river-low-level-record-memphis-climate/index.html>



Current Market Overview, Outlook & Issues Mississippi River – Barge Freight

Figure 1. Grain transportation cost indicators as of week ending 11/29/23



Source: USDA, Agricultural Marketing Service.

For the week ending November 28th: 8% lower than the previous week; and, 54% lower than last year; and 38% lower than the 3-year average.



Source: USDA GTR

Current Market Overview, Outlook & Issues

Mississippi River – Barge Freight 29 Nov 2023

➤ Current Barge Freight Rates

IL RIVER FREIGHT			MID MISSISSIPPI			LOWER		
	11/28/2023	11/29/2023	McGregor	11/28/2023	11/29/2023	OHIO RIVER	11/28/2023	11/29/2023
Dec	400/450	400/450	Dec	out	out	Dec	425/475	425/475
Jan	400/450	400/450	Jan	out	out	Jan	400/450	400/450
Feb	400/450	400/450	Feb	out	out	Feb	400/450	400/450
March	375/425	375/425	March	450/500	450/500	March	375/425	375/425
April	350/400	350/400	April	400/450	400/450	April	350/400	350/400
May	350/400	350/400	May	350/400	350/400	May	325/375	325/375
June	350/400	350/400	June	350/400	350/400	June	325/375	325/375
July	350/400	350/400	July	350/400	350/400	July	325/375	325/375
UPPER MISSISSIPPI			ST LOUIS BARGE			MEMPHIS CAIRO		
ST PAUL/SAVAGE	11/28/2023	11/29/2023	FREIGHT 14'	11/28/2023	11/29/2023		11/28/2023	11/29/2023
Dec	out	out	Dec	350/400	350/400	Dec	300/350	300/350
Jan	out	out	Jan	325/375	325/375	Jan	300/350	300/350
Feb	out	out	Feb	325/375	325/375	Feb	300/350	300/350
March	out	out	March	325/375	325/375	March	300/350	300/350
April	425/475	425/475	April	300/350	300/350	April	275/325	275/325
May	375/425	375/425	May	300/350	300/350	May	250/300	250/300
June	375/425	375/425	June	300/350	300/350	June	250/300	250/300
July	375/425	375/425	July	300/350	300/350	July	250/300	250/300
							UNC	

Calculating barge rate per ton: (Rate* 1976 tariff benchmark rate per ton)/100 Select applicable index from market quotes and the 1976 benchmark rates per ton.



Source: ATI - Bloomington, Illinois

THANK YOU FOR YOUR ATTENTION

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