



Notes and Observations in International Commodity Markets

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MARKETS STEADY TO FIRMER FOLLOWING USDA WASDE REPORT

Commodity prices were steady to firmer on the week following Thursday’s release of USDA data. On Friday March corn closed up 4 cents and March soybeans were up 9¼ cents Friday, capping off a week of higher prices.

March KC wheat closed up 8¼ cents, supported by Thursday’s lower December 1st wheat stocks total and in spite of better precipitation chances in the two-week forecast.

➤ Large trade data misses in US grains tempered by demand cuts

12 Jan 2023, Karen Braun, Reuters - Karen Braun is a market analyst for Reuters. The opinions expressed here are those of the author, a market analyst for Reuters.

The U.S. Department of Agriculture’s January data dump reverted to its often-unpredictable nature on Thursday as analysts missed the mark on several key numbers, unlike their unusually strong year-ago performance.

However, most of the surprising figures, many of which were smaller-than-expected and thus bullish, had some opposing factors that may ease the market’s response.

Perhaps the biggest shock to the market came in 2022 U.S. corn production, which fell below the uncharacteristically narrow range of pre-report estimates. Analysts were especially unprepared for the 1.6 million-acre cut in corn harvested area, an exceptionally large reduction.

To put that in context, analysts missed corn harvested area in the previous 10 Januarys by an average of 223,000 acres with a high near 500,000 acres, but they overestimated it by more than 1.5 million acres on Thursday.

Harvested corn acres were primarily lost in western states including Nebraska, Kansas and South Dakota, where drought hit hard this summer.

Corn yield came in 0.8 bushel above the average trade guess, which is analysts’ worst performance in the 2022 season. However, for the January report, that miss ties for the third smallest of the latest 10 years.

The best analog for 2022 corn production may be 2002, which also featured a western drought. Harvested corn acres dropped 1.2 million from the previous estimate in January 2003, while the yield notably increased. Acres fell mildly following the 2012 drought that was focused in both the West and the East.

Traders should not forget about the 2022 U.S. corn harvest because its story may not be over. In recent years, Sept. 1 stocks were bearish in the years that featured the biggest



bullish surprises in the previous Dec. 1 figures. One cause for that may be if USDA underestimated the corn crop.

But a larger production number may never be printed, even if it is the word on the street. USDA's statistics service will review the 2022 corn crop ahead of the Sept. 1 stocks release on Sept. 29.

Dec. 1 U.S. corn stocks were the third-most bullish relative to analyst guesses since at least 2005, coming in more than 3% below the trade at a nine-year low of 10.8 billion bushels.

WHEAT AND SOY MISSES - Dec. 1 U.S. soybean and wheat stocks were both the most bullish versus market predictions since at least 2005. Wheat stocks came in 5% below trade guesses and soybean stocks were 3.6% below.

The 2022 U.S. soybean yield fell outside the trade range of guesses for the first time in three years and below it for the first time in 16 years.

The soy yield of 49.5 bushels per acre was smaller than in November by 0.7 bpa (1.4%), the largest November-January decline by both bushels and %age in 27 years. This was driven by light yield reductions across the board in almost all top states.

Analysts lowballed 2023 U.S. winter wheat seedings by the largest degree since at least 2000, coming in nearly 2.5 million acres too low. That marked their biggest miss in either direction in seven years.

USDA pegged 2023 U.S. winter wheat area at an eight-year high of 36.95 million acres, up 3.7 million on the year. Texas accounts for 38% of that annual increase, and Oklahoma and Illinois each account for 8%.

TEMPERAMENT - Cuts to the 2022 U.S. corn and soy crops were large enough to lower projected 2022-23 ending stocks from last month, against predictions for them to rise. But the export reductions to below 2 billion bushels on both balance sheets should not be overlooked.

Smaller exports were not necessarily surprising, especially for corn. Aside from weak U.S. export sales as of late, USDA on Thursday increased Ukraine's corn exports by 3 mmts from last month without raising the crop estimate.

For soybeans, Chinese imports were reduced to 96 mmts from 98 million last month, and Brazilian soy harvest targets are still huge, easing pressure on U.S. supplies.

World wheat stocks on Thursday drifted slightly higher than last month, though [traders in Australia think](#) the 2022-23 wheat crop may have reached 42 mmts. USDA left that estimate unchanged at 36.6 mmts, meaning global exportable wheat supplies, especially of feed quality, may be higher than the U.S. agency has stated.

The massive U.S. wheat area was the only number from Thursday not yet officially incorporated into USDA balance sheets as it falls in the 2023-24 marketing year. However, a larger crop would go a long way in pulling U.S. wheat ending stocks up from their projected 15-year low in 2022-23.

➤ **Supermarket prices rise modestly, but CPI eases**

Grocery prices rose 0.2% in December, driven in part by another spike in the cost of eggs and an increase in beef prices that helped offset declines in many other categories, reports *Agri-Pulse*.

The broader Consumer Price Index slipped 0.1% last month due to a 9.4% drop in the price of gasoline, the Bureau of Labor Statistics reported Thursday.

The impact of an outbreak of highly pathogenic avian influenza continues to weigh on consumers, primarily in the form of stubbornly high egg prices, which are up nearly 60% year over year. Poultry prices are 12.2% higher year over year but fell 0.6% in December.

[USDA's Economic Research Service](#) is forecasting that food-at-home prices will rise between 3% and 4% in 2023. Prices for fats and oils and for cereal and bakery products are projected to rise by 5% to 6%. Prices for poultry, eggs and dairy products are forecast 4% to 5% higher.

➤ **Food Retailers Continue to Get Larger**

Consumers continue to shift their food purchases away from traditional supermarkets to larger food retailers, such as national chains and nontraditional food retailers, according to *Agri-Pulse* and a [new report from the Economic Research Service](#).

Over the last 30 years, market concentration in the food sector has increased steadily, mostly due to the increased presence of national and regional retailers, ERS said. Food retailing markets in rural and small non-metro counties are "considerably more concentrated than food retailing markets in metro and large non-metro counties," the report said.

In 1990, 80% of the share of retail food spending occurred at traditional supermarkets, but that dropped to 62% in 2012. In 2019, supermarkets were the most common food retail venue, with 67% of retail food sales.

Supercenters and mass merchandisers such as Walmart and Costco have expanded their food offerings and now account for a third of all food sales, ERS said. Discount and dollar stores make up 10% of those sales.

➤ **Produce Groups Oppose Kroger-Albertson Merger**

The Hagstrom Report writes that Western Growers, the association of fruit and vegetable growers in California, Arizona, Colorado and New Mexico, joined the California Fresh Fruit Association and Colorado Fruit & Vegetable Growers Association [to send a letter to Federal Trade Commission Chair Lina Khan](#) opposing the merger between the Kroger and Albertsons grocery store chains.

In the letter, the produce groups said, "Family farmers like those represented by our organizations have good reason to be concerned that this deal is detrimental for suppliers of fresh produce. The two retail giants combined would account for 15.6%

of the U.S. grocery market share, second only to Walmart at 21%. But if this deal is granted approval by the FTC, suppliers of fresh produce will be harmed by shrinking competition among retailer buyers since the newly combined entity would have significantly more leverage over the growers and shippers that feed the nation.”

The groups added, “This will not only reduce farmers’ margins and pressure them to cut back on acreage, but also have negative impact on farmworker jobs and income. Consumers who purchase our members’ products will see prices in the produce aisles of grocery stores rise, making it more difficult for Americans to eat healthy fruits, vegetables, and tree nuts.”

➤ **Ukraine moves to take Russia’s spot in Nigeria’s grain market**

12 January 2023 by Olalekan Fakoyejo, Ripples Nigeria - Ukrainian government has disclosed that it will set up grain hubs in Nigeria and other African countries amid decline in importation of wheat from Russia in Africa’s largest economy.

Ripples Nigeria had reported that Russia invaded Ukraine in February 2022. The war between both countries has affected the oil and grain markets.

On Wednesday, during the visit of Ukrainian Minister of Agrarian Policy and Food, Mykola Solskyi, to Nigeria, the Eastern European country said Nigeria will become one of its grain hub. During his visit, he met with Nigerian Minister of Agriculture and Rural Development, Mohammad Abubakar, and Minister of Foreign Affairs, Geoffrey Onyeama in Abuja.

Responding to the grain hub plan, Onyeama said the decision demonstrates superhuman courage during a war that has killed or injured around 100,000 Russian and 100,000 Ukrainian soldiers according to US estimate in November 2022.

“Notwithstanding the situation in which your country finds itself, you are able to reach out a hand of friendship not just to Nigeria but to other African countries. This demonstrates superhuman courage and we really admire your generosity, we thank you for this support,” Onyeama told Solskyi.

Ukraine moves to take Russia’s spot

The war between Russia and Ukraine disrupted distribution of grain, especially from the former, which accounts for 10 per cent of the world wheat market, 15 per cent of the corn market, and 13% of the barley market according to European Commission.

After the invasion, grain price skyrocketed, with the war reducing supply. Russia was Nigeria’s main grain market before the war, but Ukraine is now looking to up its grain account in the country through the grain hub.

This move comes at a period Nigeria didn’t import wheat, which is its major grain import from Vladimir Putin’s country.

Despite importing durum wheat worth N753.6 billion between January to September of 2022, Russia was not on the list of importation sources.

Russia’s exclusion shows in the value of wheat imported, as it fell by 16.1%, in contrast to the N898.2 billion worth of durum wheat imported during the corresponding period in 2021

U.S. DOLLAR & FOREIGN EXCHANGE

Major Foreign Exchange Rate Indicators: as of 10 January 2023

	10 Jan 23	3 Jan	Year ago	% Chg, yoy
US Dollar Index	103.236	104.518	95.991	+ 8
Arg. Peso	180.4100	178.4400	103.490	+ 74
Australian Dollar	1.4533	1.4863	1.3947	+ 4
Brazil Real	5.2159	5.4257	5.6778	- 8
Canada Dollar	1.3431	1.3662	1.2677	+ 6
Euro	0.9316	0.9473	0.8829	+ 6
Japan Yen	132.2500	130.8300	115.1300	+ 15
Russia Rouble	69.6705	72.6205	75.0966	- 7

Source: International Grains Council

➤ **U.S. Dollar Under Pressure As Stocks Rally And Yen Strengthens**



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

13 January 20236 December 2022 by Rich Asplund – The dollar index on Friday fell -0.05% and posted a 7-1/4 month low. Strength in the Japanese yen and Chinese yuan Friday undercut the dollar. The yen rallied to a 7½ month high Friday against the dollar, and the yuan climbed to a 6-month high against the dollar. Also, the strength in stocks Friday reduced the liquidity demand for the dollar. Higher T-note yields Friday limited losses in the dollar.

Friday's U.S. economic news was hawkish for Fed policy and supportive of the dollar. Dec import price index ex-petroleum unexpectedly rose +0.8% m/m, the most in 9 months and above expectations of a -0.3% m/m decline. Also, the University of Michigan's U.S. Jan consumer sentiment index rose +4.9 to a 9-month high of 64.6, stronger than expectations of 60.7. In addition, the University of Michigan's January 5-10-year inflation expectations measure unexpectedly rose +0.1 to 3.0%, stronger than expectations of no change at 2.9%.

EUR/USD on Friday fell by -0.22% and posted an 8-1/2 month high. The euro Friday fell back from an 8-1/2 month high and posted moderate losses. Lower European government bond yields Friday weakened the euro's interest rate differentials and weighed on EUR/USD. Losses in the euro were limited by better-than-expected economic news and hawkish ECB comments.

Friday's economic news supported EUR/USD after Eurozone Nov industrial production rose +1.0% m/m, stronger than expectations of +0.5% m/m.

Hawkish ECB comments Friday were bullish for the euro. ECB Governing Council member Kazaks said, "it is possible for core inflation to continue trending up even as headline inflation is coming down due to swings in energy prices." Therefore, borrowing costs in the Eurozone should rise "well into restrictive territory." Also, ECB Governing Council member Vujcic said inflation remains high and "the ECB's response should be to continue to tighten monetary policy."

USD/JPY on Friday fell by -1.04%. The yen Friday added to Thursday's rally and posted a 7-1/2 month high against the dollar. Speculation that the BOJ will end its ultra-easy monetary policy as soon as next week has sparked short-covering in the yen. The yen also garnered support Friday from soaring Japanese government bond yields after the 10-year JGB bond yield rose to an 8-1/4 year high at 0.575%, well above the upper limit of the BOJ's 0.00%-0.50% targeted 10-year yield range. The yen rallied Friday even after the BOJ announced two unscheduled bond purchases.

The BOJ boosted QE and announced unscheduled bond purchases for a second time on Friday after the first round of buying failed to reduce the 10-year JGB bond yield. The BOJ bought a record amount of bonds Friday, including 1.8 trillion yen (\$14 billion) of one-to-25-year debt at market yields and 3.21 trillion yen of 10-year notes and futures-linked securities at a fixed yield of 0.5%.

The BOJ also said it would conduct additional outright purchases of Japanese government bonds on Monday, with the amounts to be determined by market conditions. The BOJ has conducted a combination of additional unlimited and fixed-

amount purchase operations every business day since Dec 28, except for Jan 5, 10, and 12.

February gold (GCG3) on Friday closed up +22.90 (+1.21%), and March silver (SIH23) closed up +0.368 (+1.53%). Precious metals Friday rallied and extended Thursday's gains, with gold posting an 8-1/2 month high and silver climbing to a 1-week high. Precious metals pushed higher Friday on a decline in the dollar index to a 7-1/4 month low. Also, metal rose on carry-over support from Thursday's benign U.S. Dec CPI report, which bolsters expectations for the Fed to dial back its rate-hike regime. In addition, record bond purchases Friday by the BOJ boosted demand for precious metals as a store of value.

➤ **CoBank Predicts a "Brief, Modest Recession" in 2023**

In a pessimistic outlook for the 2023 farm economy, CoBank analysts say the upcoming year will be shaped by political gridlock in Washington and a mild recession, according to *Agri-Pulse*.

Several of the bank's analysts contributed to a [year-ahead report](#) that details expectations for the impacts of the financial system on rural America, including "break-even at best" conditions for crop production.

Dan Kowalski, vice president of CoBank's Knowledge Exchange, said they expect softening in the U.S. economy through the first half of 2023, "ushering in a brief, modest recession."

"The unemployment rate could rise as high as 5%, indirectly leading to a decline in consumer spending," he said. "Without this softening in the labor market and the associated slowing of wage gains and spending, it will be difficult to stabilize prices."

WHEAT

➤ USDA – World Wheat

Wheat World as of January 2023							
Attribute	22/23 Jan'23	Change	22/23 Dec'22	21/22	20/21	19/20	18/19
Area Harvested (1000 HA)	220,013	+69(+.03%)	219,944	222,144	220,520	215,491	215,387
Beginning Stocks (1000 MT)	276,815	+546(+.2%)	276,269	289,989	298,104	282,573	285,891
Production (1000 MT)	781,312	+723(+.09%)	780,589	779,314	774,547	761,507	730,920
MY Imports (1000 MT)	205,046	+750(+.37%)	204,296	198,473	194,683	188,358	174,168
TY Imports (1000 MT)	204,880	+750(+.37%)	204,130	200,204	194,788	189,438	174,410
TY Imp. from U.S. (1000 MT)	0	-	0	8,105	26,574	26,277	26,114
Total Supply (1000 MT)	1,263,173	+2019(+.16%)	1,261,154	1,267,776	1,267,334	1,232,438	1,190,979
MY Exports (1000 MT)	211,621	+770(+.37%)	210,851	202,553	203,326	193,969	176,200
TY Exports (1000 MT)	209,629	+870(+.42%)	208,759	205,128	199,373	194,513	178,131
Feed and Residual (1000 MT)	155,302	+396(+.26%)	154,906	160,151	157,890	139,505	139,300
FSI Consumption (1000 MT)	627,861	-209(-.03%)	628,070	628,257	616,129	600,860	592,906
Total Consumption (1000 MT)	783,163	+187(+.02%)	782,976	788,408	774,019	740,365	732,206
Ending Stocks (1000 MT)	268,389	+1062(+.4%)	267,327	276,815	289,989	298,104	282,573
Total Distribution (1000 MT)	1,263,173	+2019(+.16%)	1,261,154	1,267,776	1,267,334	1,232,438	1,190,979
Yield (MT/HA)	3.55	-	3.55	3.51	3.51	3.53	3.39

Source: USDA PS&D

12 January 2022, USDA WASDE - The 2022/23 global outlook is for increased supplies, exports, consumption, and stocks. World supplies are raised 1.3 mmts to 1,058.1 million on production increases in Ukraine and the EU. World consumption for 2022/23 is raised by 0.2 mmts to 789.7 million as higher feed and residual use for the United States more than offsets a decline for Ukraine. Projected 2022/23 global trade is increased 0.8 mmts to 211.6 million as increases for the EU and Ukraine more than offset a decline for India. EU and Ukraine exports are raised 0.5 mmts each to 36.5 and 13.0 million respectively on higher exportable supplies. Projected 2022/23 global ending stocks are raised 1.1 mmts to 268.4 million, with increases for the EU, Ukraine, Kazakhstan, and India more than offsetting declines in Saudi Arabia and Iran.

➤ Australia Heads for Record Wheat Crop Even as Rains Hurt Yields

Bloomberg - Australia, one of the world's largest wheat exporters, is poised to harvest another record crop this season even as heavy rains hurt yields in the eastern states, according to the government forecaster.

Farmers are set to gather 36.6 mmts in 2022-23, Abares said, which is a jump of almost 14% from its September forecast, driven by spring rains which helped areas in Western Australia and South Australia. It's also an increase of 1% from the previous all-time high last season. Canola production is estimated at 7.3 mmts, the highest ever and 4% more than last season.

More wheat from Australia, ample supplies from Russia and the renewal of safe passage for Ukrainian exports through the Black Sea have helped drive benchmark futures in Chicago to the lowest intraday level since October last year. Prices have

dropped about 45% from a record high in March, cooling fears over global food inflation and security. Still, world inventories remain tight.

Supply pressure may last for some time even when La Nina conditions subside, as it will take more than one season to replenish inventories, Abares said.

Rains, Floods

Predictions of bumper production in Australia won't be experienced evenly, Abares said. Widespread flooding in the eastern states has resulted in a mixed picture for growers there who have been battling crop losses, waterlogged machinery and damaged roads which are hampering the harvest.

Crop abandonment in the eastern states due to flooding and extreme rainfall over spring is estimated to total around 16% of planted area in New South Wales, 7% in Victoria and 5% in Queensland, according to the forecaster.

"Considerable uncertainty remains over winter crop harvest progress and grain quality in New South Wales and Victoria given ongoing high rainfall, which could lead to downgrades in production value," said Jared Greenville, Abares executive director. Harvests are likely to run well into the summer, he said.

Other highlights:

- Country's agricultural exports forecast to reach a record of more than A\$72 billion (\$49 billion) in 2022-23
- The wheat export price (Australian Premium White) is seen increasing by 11% in 2022-23, averaging A\$546/mt
- The climate outlook from November 2022 to January 2023 for many of the world's major grain- and oilseed-producing regions is for "average to below average rainfall" partly driven by La Nina
- World wheat production set to increase slightly in 2022-23 to a record, driven by higher output in Canada, Kazakhstan and Russia
- Still, Abares sees continuing supply tightness in global markets for hard, high-protein milling wheat as a result of US drought
- World wheat consumption forecast to stay historically high
- Global canola production estimated to rise by 14% to 84 mmts in 2022-23, driven by a recovery in yields in top grower Canada

Wheat Export Prices (FOB, US\$/mt) as of 10 January 2023

		TW	LW	LY	%Y/Y
US No 2 HRW 11.5% (Gulf)	Jan	368	389	369	-
US No 2 SRW (ord) (Gulf)	Jan	324	340	331	- 2
US No 2 SW (PNW)	Jan	321	327	434	- 26

US DNS 14% (PNW)	Jan	398	409	402	- 1
Argentina 12% (Up River)	Jan	373	380	303	+ 23
Australia ASW (Adelaide) c)	Jan	323	331	308	+ 5
Australia APW (Adelaide) c)	Jan	357	364	344	+ 4
Canada CWRS 13.5% St. Law	Jan	365	375	383	- 5
EU (France) grade 1 a)	Jan €	305 €	315 €	281	+ 9
EU (France) grade 1	Jan	328	333	319	+ 3
EU (Germany) B quality	Jan	334	339	330	+ 1
EU (Romania) Milling 12.5%	Jan	325	338	329	- 1
Ukraine <11%	Jan	266	266	315	- 16
Russia Milling 12.5%	Jan	311	311	334	- 7

Source: International Grains Council

➤ USDA – U.S. Wheat

Wheat United States as of January 2023					
Attribute	22/23 Jan'23	Change	22/23 Dec'22	21/22	20/21
Area Harvested (1000 HA)	14,358	-	14,358	15,032	14,888
Beginning Stocks (1000 MT)	19,008	+796(+4.37%)	18,212	23,001	27,985
Production (1000 MT)	44,902	-	44,902	44,804	49,751
MY Imports (1000 MT)	3,266	-	3,266	2,592	2,725
TY Imports (1000 MT)	3,100	-	3,100	2,706	2,687
TY Imp. from U.S. (1000 MT)	0	-	0	0	0
Total Supply (1000 MT)	67,176	+796(+1.2%)	66,380	70,397	80,461
MY Exports (1000 MT)	21,092	-	21,092	21,782	27,048
TY Exports (1000 MT)	21,500	-	21,500	21,501	26,636
Feed and Residual (1000 MT)	2,177	+816(+59.96%)	1,361	1,595	2,535
FSI Consumption (1000 MT)	28,467	+81(+.29%)	28,386	28,012	27,877
Total Consumption (1000 MT)	30,644	+897(+3.02%)	29,747	29,607	30,412
Ending Stocks (1000 MT)	15,440	-101(-.65%)	15,541	19,008	23,001
Total Distribution (1000 MT)	67,176	+796(+1.2%)	66,380	70,397	80,461
Yield (MT/HA)	3.13	-	3.13	2.98	3.34

Source: USDA PS&D

12 January 2022, USDA WASDE – The 2022/23 U.S. outlook this month is for increased supplies, larger domestic use, unchanged exports, and lower ending stocks. Supplies are raised on higher beginning stocks as reported in today's NASS Grain Stocks report. Feed and residual use is raised 30 million bushels to 80 million based on higher second-quarter implied disappearance based on the Grain Stocks report. Seed use is raised 3 million bushels to 69 million, reflecting larger than expected winter wheat plantings reported in today's NASS Winter Wheat and Canola Seedings report. Projected 2022/23 ending stocks are lowered slightly as larger domestic use more than offsets higher beginning stocks.

The USDA season-average farm price is unchanged at \$9.10/bus.

➤ CME CBOT Wheat Futures – Daily Nearby

The three major wheat classes all had different reactions today following the January USDA report. For HRW, KWH3 closed up 8¼ at \$8.43¾. For HRS, MWH3 closed down 4¾ at \$9.07½. Inter-commodity spreading was once again a key feature.

KWH3:WH3 rallied another 8 c/bu to \$1.00 – that's nearly a 24 c/bu move since Wednesday. From a feed standpoint, wheat continues to become more competitive with corn. WH3:CH3 made new contract lows for the 3rd time this week, falling another 3 c/bu to 68¾.

The January USDA WASDE projects global wheat production at 781.3 mmts, up 720,000 mts from the December estimates. Global consumption increased by 200,000 mts to 789.7 mmts, outpacing global production by 8.43 mmts. World wheat trade rode to 211.6 mmts, while global ending stocks also increased 1.1 mmts to 268.4 mmts. U.S. wheat domestic consumption increased by 900,000 mts to 30.6 mmts as seed, feed, and residual usage increased.

According to the USDA quarterly Grain Stocks Report, U.S. wheat stocks (both on and off-farm) decreased 7% from 2021 to 34.8 mmts. On-farm stocks are up 32% at 8.9 mmts, while off-farm stocks fell 17% to 24.9 mmts.

U.S. 2023 winter wheat planted area is projected up 11% from 2022 to 14.9 mha. The USDA Winter Wheat and Canola Seedings Report projects a 10% increase in the HRW area at 10.2 mha, a 20% increase for SRW at 3.2 mha, and a 3% increase in white wheat at 1.5 mha (3.7 ma).

Amid a foreign currency shortage, Egypt is working on releasing 1.0 mmts of agricultural goods backlogged at the country's ports. Due to the lack of foreign currency, banks could not execute payments in U.S. dollars, forcing the commodities to wait in port for the payment to be transferred. The quantity is primarily corn and soybeans, though some wheat and other commodities are also stuck.

Indian wheat production may reach record levels after high prices and government production subsidies incentivized farmers to expand wheat acres. Since Oct. 1 farmers planted 33.2 million hectares (82.04 million acres) of wheat, a 1% increase from 2022. Gyanendra Singh, director at the Indian Institute of Wheat and Barley Research, said production could reach 112.0 mmts. Increased production could help convince leaders to lift the ban on wheat exports and ease food price inflation concerns.

According to UkrAgroConsult analysts, the planted area wheat area in Ukraine totaled 3.76 million hectares (9.29 ma), a 40% decrease on the year. The 2023 production is estimated to be down 16% from 2022 at 15.8 mmts.



Source: <https://www.barchart.com/futures/quotes/ZWU22/interactive-chart>

CME SRW futures March 2023 CBOT wheat closed at \$7.43 $\frac{3}{4}$ /bu, up a penny on the day, and mostly unchanged on the week. May 23 CBOT Wheat closed at \$7.52, up 1 $\frac{1}{4}$ cents. Front old crop month wheat futures stayed firm on the session, while forward new crop months were mixed closing with fractional losses to 1 $\frac{1}{4}$ cent gains.

For the week, March was 1/4 of a cent in the black. KC wheat futures went into the 3-day MLK Jr Day break on 7 $\frac{1}{2}$ to 8 $\frac{3}{4}$ cent gains helping push March to a weekly gain of 11 $\frac{1}{4}$ cents. HRS futures closed within 2 cents of UNCH. March HRS settled 10 $\frac{1}{2}$ cents higher from Friday to Friday.

CFTC reported Chicago wheat specs at 63,134 contracts net short as of 1/10. That was a 10,419 contract stronger net short w/w given net new selling.

Market is still grappling with larger than expected winter wheat seedings from yesterday's report, which were up 11% from the year prior at 36.95 million. SRW saw a shocking 20% increase to 7.9 million, up roughly 1 million from the average trade guess. The largest increases were seen in IL (+290K), MO (+230K), MI 210K, IN (+160K), & OH (+140K). Michigan & Ohio were the easy states to gain SRW areas since they were down considerably last year. It'll be the largest wheat area planted in Illinois in 14 years, and 10-year highs for Ohio & Indiana. Ontario may be potentially looking at a record SRW crop as well.

➤ U.S. Export SRW Wheat Values – Friday 13th January 2023

SRW Wheat Gulf barge quotes, in cents/bus basis CBOT futures:

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

Gulf barge/rail quotes, in cents/bus.

CIF SRW WHEAT	1/12/2023	1/13/2023		
JAN	120 / 130	120 / 130	H	UNC
FEB	120 / 130	120 / 130	H	UNC

According to the U.S. Department of Agriculture's (USDA) weekly Export Sales Report, net sales of 90,800 mmts for 2022/2023 were reported, up 93% from the previous week, primarily for China (66,000 white), the Philippines (2,199 HRS, 21,000 white), Italy (18,899 DUR), South Africa (7,671 SRW), and Panama (400 HRW, 1,100 HRS, 4,500 DUR). USDA forecasts 2022/23 U.S. wheat exports (including donations) to total 21.09 mmts. Commitments to date (of wheat and wheat products) are 71% of total projected exports.

➤ CME KC HRW Wheat Futures – Daily Nearby



Source: <https://www.barchart.com/futures/quotes/KEU22/interactive-chart>

Kansas March 2023 HRW Wheat Futures settled on Friday at \$8.43¾/bu, up 8¾ cents on the day, and losing 12½ cents for the week. KC futures ended the trade with 7¾ to 8½ cent losses. Dec KC dropped 16½ cents from the session's high.

CFTC reported KC managed money firms flipped net short for the first time since August of 2020. Their combined long liquidation and net new selling had the group at 8,023 contracts net short as of January 10th.

Wheat has continued a weak pace in export demand weighing on prices this week, with west coast cash markets following the decline in futures. A tightened corn balance sheet did lend some support after the USDA WASDE Report. Over All changes to the U.S. wheat balance sheet showed an increase in total supplies from last month, with export forecasts holding unchanged and domestic demand up 33 mbus. As a result, projected carryout stocks were down 4 mbus. Higher domestic usage dropped white wheat stocks 8 mbus from last month, putting the stocks-to-use ratio at 20% which sets 4% below a year ago and 5% above the low of 15% set in 2006.

Looking globally, EU wheat futures in Paris hit 10-month lows today. The pressure was mainly driven by export competition in the Black Sea. Russia was successful in securing 2 major wheat tenders from Turkey and Egypt this week. Turkey booked +550 kmts of wheat via tender, likely to be sourced via the Black Sea. Japan booked 89,735 mts of wheat from U.S. and Canada. Both South Korea's MFG and NOFI booked 130 kmts of feed wheat via an international tender.

That activity continues to depress the EU wheat export outlook. Exports from France's main port of Rouen were again reported at zero. Russian supplies continue to be offered cheaper despite increases in ship insurance costs. Concerns that the rise in insurance costs would hinder Black Sea business seem to be dissolving. The IGC raised its estimate of global wheat output 5 mmts to 796 mmts; the USDA went up 800 kmts to 781 kmts.

The IGC reported their January wheat estimates for a 796 mmts global crop. That is 5 mmts higher from their December estimate reflecting increases to both Australia and the Ukraine offset by trims to Argentina and Canada. The IGC's wheat carryout was down by 1 mmts to 281 mmts.

➤ **U.S. Export HRW Wheat Values – Friday 13th January 2023**

HRW Wheat Texas Gulf Rail quotes, in cents/bus basis KCBT futures:

Changes are from the AM Barge basis report. Gulf barge/rail quotes, in cents/bus.

TX GULF HRW

12% Protein	1/12/2023	1/13/2023		
JAN	165 / -	165 / -	H	UNC
FEB	161 / -	161 / -	H	UNC

MAR	161 / -	161 / -	H	UNC
APR	154 / -	154 / -	K	UNC
MAY	154 / -	154 / -	K	UNC

Basis levels for U.S. wheat softened almost across the board as many traders look to position themselves for increased wheat exports following the typical seasonal response to increased overseas corn and soybean demand from October to December.

Gulf HRW held steady, supported by concern about Southern Plains drought stress, even as planted acres increased. PNW HRW softened slightly; however, limited exportable supplies should continue supporting basis levels.

Gulf HRS basis decreased as farmer selling improved, while PNW HRS also remained flat, with farmers in the Northern Tier still reluctant to sell.

PNW soft white wheat and Gulf SRW decreased in response to competition with other origins.

➤ **MGE HRS Wheat Futures – Daily Nearby**



Source: <https://www.barchart.com/futures/quotes/MWU22/interactive-chart>

MGE March 2023 HRS Wheat Futures settled on Friday at \$9.12¼ /bu, unchanged on the day, and gaining 10½ cents for the week.

CFTC reported the funds were 127 contracts less net short in spring wheat, now at 1,574.

Portland Price Trends 12nd January 2023

	01-01-22	08-01-22	12-01-22	01-05-23	01-12-23
#1 SWW (bu)	10.70	9.00	8.80	8.30	8.25
White Club	12.45	9.00	9.30	8.80	8.75
DNS 14%	10.78	10.08	10.18	9.89	9.95
HRW 11.5%	9.81	10.00	10.10	9.60	9.58
#2 Corn (ton)	274.00	279.00	295.00	287.00	292.00
#2 Barley	240.00	235.00	250.00	250.00	250.00

Weekly USDA reported sales showed another dismal week of export demand for U.S. wheat, coming in at just 3.3 mb for all classes of wheat. The year-to-date commitment total of 553 mbus sets 7% behind a year ago and 14% off the five-year average pace. Soft white wheat sales have now declined four straight weeks and with 136 mb in commitments, sets 28% ahead of a year ago but 30% behind the five-year average.

COARSE GRAINS

➤ USDA – World Corn

Corn World as of January 2023							
Attribute	22/23 Jan'23	Change	22/23 Dec'22	21/22	20/21	19/20	18/19
Area Harvested (1000 HA)	201,276	-693(-.34%)	201,969	206,859	199,017	194,440	192,644
Beginning Stocks (1000 MT)	305,954	-1139(-.37%)	307,093	292,535	307,407	322,560	341,454
Production (1000 MT)	1,155,934	-5930(-.51%)	1,161,864	1,214,875	1,129,203	1,123,144	1,128,682
MY Imports (1000 MT)	175,445	-979(-.55%)	176,424	184,082	184,935	167,665	166,502
TY Imports (1000 MT)	175,510	-1064(-.6%)	176,574	186,841	179,851	169,742	167,897
TY Imp. from U.S. (1000 MT)	0	-	0	62,918	68,536	47,067	49,421
Total Supply (1000 MT)	1,637,333	-8048(-.49%)	1,645,381	1,691,492	1,621,545	1,613,369	1,636,638
MY Exports (1000 MT)	178,174	-3460(-1.9%)	181,634	204,031	182,703	172,386	182,578
TY Exports (1000 MT)	181,017	-1260(-.69%)	182,277	193,839	184,070	175,871	173,586
Feed and Residual (1000 MT)	732,954	-2300(-.31%)	735,254	749,020	723,984	716,579	705,025
FSI Consumption (1000 MT)	429,786	-303(-.07%)	430,089	432,487	422,323	416,997	426,475
Total Consumption (1000 MT)	1,162,740	-2603(-.22%)	1,165,343	1,181,507	1,146,307	1,133,576	1,131,500
Ending Stocks (1000 MT)	296,419	-1985(-.67%)	298,404	305,954	292,535	307,407	322,560
Total Distribution (1000 MT)	1,637,333	-8048(-.49%)	1,645,381	1,691,492	1,621,545	1,613,369	1,636,638
Yield (MT/HA)	5.74	(-.17%)	5.75	5.87	5.67	5.78	5.86

Source: USDA PS&D

12 January 2022, USDA WASDE – The Global coarse grain production for 2022/23 is forecast down 7.3 mmts to 1,446.4 million. This month's non-US coarse grain outlook is for lower production, greater trade, and reduced stocks. Non-US corn production is forecast down with declines for Argentina and Brazil partly offset by an increase for China. Production is reduced for Argentina reflecting declines to both area and yield, as heat and dryness during December and into early January reduce yield prospects for early-planted corn in key central growing areas. Brazil corn production for 2022/23 is cut reflecting dry conditions for first-crop corn in parts of southern Brazil. China corn production is higher based on the latest area and yield data from the National Bureau of Statistics. Barley production is raised for the United Kingdom but lowered for Ukraine.

Major global coarse grain trade changes for 2022/23 include increased corn exports for Ukraine and reductions for Argentina and the United States. For 2021/22, Argentina's exports for the marketing year beginning in March 2022 are lowered based on observed shipments to date, while Brazil is raised. Corn imports for 2022/23 are lowered for Vietnam and Peru. China's corn feed and residual use is raised based on a larger crop and lower sorghum imports. Non-US corn ending stocks are down, mostly reflecting reductions for Ukraine, Brazil, Pakistan, and Paraguay with a partly offsetting increase for China. Global corn stocks, at 296.4 mmts, are down 2.0 million.

Corn Export Prices (FOB, US\$/mt)**as of 10 January 2023**

		TW	LW	LY	%Y/Y
US 3YC (Gulf)	Jan	305	313	279	+ 9
Argentina (Up River)	Jan	305	311	269	+ 13
Brazil (Paranagua)	Feb	299	311	282	+ 6
Ukraine	Jan	264	264	277	- 5

Source: International Grains Council

CORN➤ **USDA – U.S. Corn**

Corn United States as of January 2023					
Attribute	22/23 Jan'23	Change	22/23 Dec'22	21/22	20/21
Area Harvested (1000 HA)	32,054	-663(-2.03%)	32,717	34,527	33,311
Beginning Stocks (1000 MT)	34,975	-	34,975	31,358	48,757
Production (1000 MT)	348,751	-5085(-1.44%)	353,836	382,893	358,447
MY Imports (1000 MT)	1,270	-	1,270	615	616
TY Imports (1000 MT)	1,250	-	1,250	607	629
TY Imp. from U.S. (1000 MT)	0	-	0	0	0
Total Supply (1000 MT)	384,996	-5085(-1.3%)	390,081	414,866	407,820
MY Exports (1000 MT)	48,897	-3810(-7.23%)	52,707	62,776	69,776
TY Exports (1000 MT)	51,000	-4000(-7.27%)	55,000	62,978	68,293
Feed and Residual (1000 MT)	133,991	-635(-.47%)	134,626	145,253	142,426
FSI Consumption (1000 MT)	170,570	-253(-.15%)	170,823	171,862	164,260
Total Consumption (1000 MT)	304,561	-888(-.29%)	305,449	317,115	306,686
Ending Stocks (1000 MT)	31,538	-387(-1.21%)	31,925	34,975	31,358
Total Distribution (1000 MT)	384,996	-5085(-1.3%)	390,081	414,866	407,820
Yield (MT/HA)	10.88	+(-.55%)	10.82	11.09	10.76

Source: USDA PS&D

This month's 2022/23 U.S. corn outlook is for reduced production, food, seed, and industrial use (FSI), feed and residual use, exports, and ending stocks. Corn production is estimated at 13.730 billion bushels, down 200 million as an increase in yield is more than offset by a 1.6 million acre cut to harvested area. Total corn use is reduced 185 million bushels to 13.915 billion. Exports are reduced 150 million bushels to 1.925 billion, reflecting the slow pace of shipments through December, and the lowest level of outstanding sales as of early January since the 2019/20 marketing year. FSI use is lowered 10 million bushels, with reductions in corn used for starch and glucose and dextrose. Feed and residual use is down 25 million bushels to 5.275 billion, based on indicated disappearance during the September-November quarter as reflected by the Grain Stocks report. With supply falling more than use, 2022/23 corn stocks are lowered 15 million bushels.

The USDA season-average farm corn price received by producers is unchanged at \$6.70 / bus.

➤ **CME CBOT Corn Futures – Nearby Daily**Source: <https://www.barchart.com/futures/quotes/ZCZ22/interactive-chart>

CBOT March 2023 Corn Futures settled on Friday at \$6.75/bu, up 4 cents on the day, and gaining 21¼ cents on the week following the 24½ cent drop the previous week. May 23 Corn closed at \$6.73¾, up 4¼ cents, while Jul 23 Corn closed at \$6.63¾, up 2¼ cents.

New crop December corn futures bounced 2½ cents, ending with Dec23 at \$5.98½/bu, ending the day within 1½ cents of the \$6 mark.

Corn pushed higher on follow through buying from yesterday's friendly report.

Spreads firmed with the ck/cn up .02 at \$.10 as the spread story got a lot more friendly after yesterday's numbers.

CFTC data as of the 10th of January had a strong bear move from the funds. Through the week, managed money funds closed 31.7k longs and added 15k shorts for a 46.8k contract weaker net long of 149,605 contracts. The commercials moved in a bullish direction through the week, with 29.5k new long hedges and 16.8k fewer short hedges as of 1/10's settle. That left the group 372,866 contracts net short.

Corn harvest in Ukraine reached 85% of planted area (or 8.9m acres) with 23.5 mmts hauled in.

The International Grains Council estimated global corn production at 1.161 billion MT in their Jan figure. That was down by 5 mmts mostly via cuts to Argentina and the EU partially offset by increases to China and Ukraine. Their consumption was reduced by 2 mmts for a net stocks drop of 3 mmts from December (-27 mmts yr/yr) to 254 mmts.

Cash basis levels were relatively steady in the east with NS FTW 6/10H for January and 9/12H for February, while the processors continue to see decent January movement with favorable weather.

Ethanol margins snapped back aggressively today with the Platts window sharply higher trading \$2.215 for Argo and 2.29 NYH before going out \$2.30 bid. Margins were up around a nickel today but down \$.06-.08 gal WoW.

Expect to see an increase in ethanol production in next week's EIA with most of the trade in the 970-1000 kbpd camp while we should also see a build in stocks. Rboblcrude continued its march higher today.

➤ U.S. Export Corn Values – Friday 13th January 2023

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

USDA (U.S. No. 2, 14.5% moisture, CIF NOLA Gulf barge/rail quotes, in cents/bus.

CIF CORN	1/12/2023	1/13/2023	Del. Mo.
JAN	/ 91	84 / 88	H
FEB	/ 94	85 / 90	H
MAR	/ 90	85 / 89	H
APR	/	84 / 85	N
MAY	/	84 / 85	N
APR/MAY	81 /	/	N
JUN	/	83 / 85	N
JUL	/	83 / 85	N
JUN/JUL	81 /	/	N

BRAZIL FOB CORN @ PORT PARANAGUA

	1/12/2023	1/13/2023		
JUL	50 / 65	50 / 65	N	UNC
AUG	80 / 90	70 / 95	U	
SEP	80 / 95	70 / 95	U	
OCT	100 / 110	100 / 110	Z	UNC

BARLEY

➤ USDA – World Barley

Barley World as of January 2023							
Attribute	22/23 Jan'23	Change	22/23 Dec'22	21/22	20/21	19/20	18/19
Area Harvested (1000 HA)	47,127	-50(-.11%)	47,177	48,619	52,452	52,606	48,851
Beginning Stocks (1000 MT)	18,178	+58(+.32%)	18,120	20,793	21,718	20,169	21,437
Production (1000 MT)	149,465	-65(-.04%)	149,530	145,469	160,905	158,360	139,598
MY Imports (1000 MT)	29,503	+490(+1.69%)	29,013	30,131	36,077	28,647	24,763
TY Imports (1000 MT)	28,998	+221(+.77%)	28,777	29,128	36,922	28,008	25,170
TY Imp. from U.S. (1000 MT)	0	-	0	69	347	154	99
Total Supply (1000 MT)	197,146	+483(+.25%)	196,663	196,393	218,700	207,176	185,798
MY Exports (1000 MT)	29,695	+128(+.43%)	29,567	32,413	36,281	28,951	25,537
TY Exports (1000 MT)	29,561	+75(+.25%)	29,486	28,515	37,372	29,478	27,135
Feed and Residual (1000 MT)	104,231	+549(+.53%)	103,682	99,849	115,800	110,765	95,773
FSI Consumption (1000 MT)	45,485	-21(-.05%)	45,506	45,953	45,826	45,742	44,319
Total Consumption (1000 MT)	149,716	+528(+.35%)	149,188	145,802	161,626	156,507	140,092
Ending Stocks (1000 MT)	17,735	-173(-.97%)	17,908	18,178	20,793	21,718	20,169
Total Distribution (1000 MT)	197,146	+483(+.25%)	196,663	196,393	218,700	207,176	185,798
Yield (MT/HA)	3.17	-	3.17	2.99	3.07	3.01	2.86

Source: USDA PS&D

Barley markets continue to track the wider grain complex, with prices supported by a tight grain supply and demand balance.

While EU (French) prices have been underpinned by confirmation of additional scheduled loadings for China, a pullback in wheat markets contributed to more recent declines.

Harvesting in Argentina is now broadly complete, similar to last year, with farmers reporting widespread drought and frost damage. Reports circulated of some private crop estimates being lowered to around 3.7 mmts, compared to the Ag. Ministry's latest forecast of 4.7 mmts and down from 5.2 mmts in the season before.

Harvesting of winter crops in Australia made continued good progress, with talk of strong yields.

Barley Export Prices (FOB, US\$/mt) as of 10 January 2023

		TW	LW	LY	%Y/Y
EU (France) Feed (Rouen)	Jan	290	296	298	- 3
Australia Feed (Adelaide) b)	Jan	290	289	265	+ 10
Black Sea Feed	Jan	300	302	297	+ 1
Argentina Feed	Feb	293	294	264	+ 11
EU (France) Spring Malting	Jan	-	-	-	-
Australia Malting (Adelaide) c)	Jan	361	362	294	+ 23

Source: International Grains Council

In reported trades, Tunisia's state grains agency bought about 75,000 mts feed barley from optional origins, at \$318-\$320 C&F for January/February, while a group of importers in the Philippines passed on all offers at a tender last week.

GRAIN SORGHUM

➤ USDA – World Grain Sorghum

Sorghum World as of January 2023							
Attribute	22/23 Jan'23	Change	22/23 Dec'22	21/22	20/21	19/20	18/19
Area Harvested (1000 HA)	40,938	-369(-.89%)	41,307	41,459	42,836	39,666	41,096
Beginning Stocks (1000 MT)	4,391	-146(-3.22%)	4,537	3,965	3,855	5,491	4,684
Production (1000 MT)	58,842	-1219(-2.03%)	60,061	62,197	62,572	57,719	59,363
MY Imports (1000 MT)	6,866	-1493(-17.86%)	8,359	12,564	9,920	5,605	3,326
TY Imports (1000 MT)	6,866	-1493(-17.86%)	8,359	12,530	9,958	5,629	3,248
TY Imp. from U.S. (1000 MT)	0	-	0	7,291	7,000	5,325	2,383
Total Supply (1000 MT)	70,099	-2858(-3.92%)	72,957	78,726	76,347	68,815	67,373
MY Exports (1000 MT)	7,762	-1397(-15.25%)	9,159	11,936	11,423	6,514	3,402
TY Exports (1000 MT)	7,322	-1500(-17%)	8,822	11,779	10,552	6,386	3,334
Feed and Residual (1000 MT)	21,786	-1493(-6.41%)	23,279	27,282	24,182	21,240	20,887
FSI Consumption (1000 MT)	36,736	-	36,736	35,117	36,777	37,206	37,593
Total Consumption (1000 MT)	58,522	-1493(-2.49%)	60,015	62,399	60,959	58,446	58,480
Ending Stocks (1000 MT)	3,815	+32(+.85%)	3,783	4,391	3,965	3,855	5,491
Total Distribution (1000 MT)	70,099	-2858(-3.92%)	72,957	78,726	76,347	68,815	67,373
Yield (MT/HA)	1.44	(-.69%)	1.45	1.50	1.46	1.46	1.44

Source: USDA PS&D

➤ USDA – U.S. Grain Sorghum

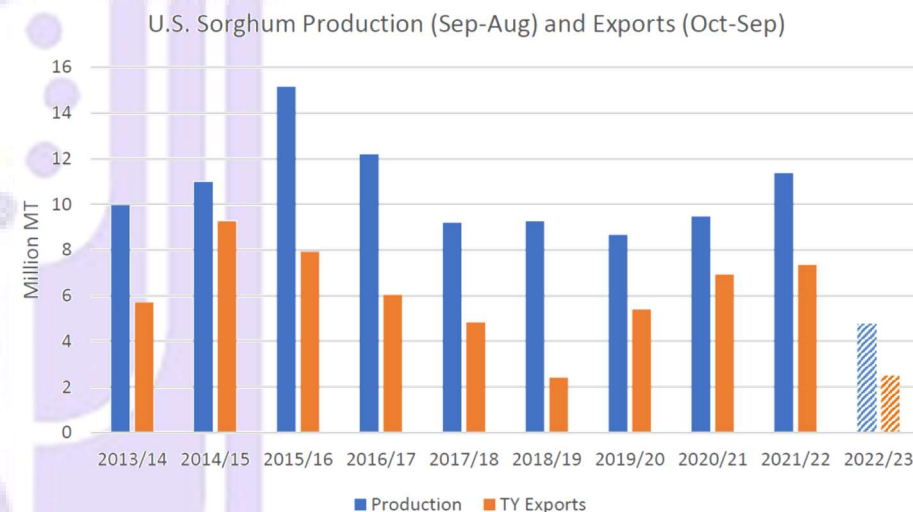
Sorghum United States as of January 2023					
Attribute	22/23 Jan'23	Change	22/23 Dec'22	21/22	20/21
Area Harvested (1000 HA)	1,849	-369(-16.64%)	2,218	2,626	2,062
Beginning Stocks (1000 MT)	1,201	-151(-11.17%)	1,352	516	764
Production (1000 MT)	4,770	-1219(-20.35%)	5,989	11,375	9,474
MY Imports (1000 MT)	1	-	1	0	1
TY Imports (1000 MT)	1	-	1	1	1
TY Imp. from U.S. (1000 MT)	0	-	0	0	0
Total Supply (1000 MT)	5,972	-1370(-18.66%)	7,342	11,891	10,239
MY Exports (1000 MT)	2,540	-1397(-35.48%)	3,937	7,476	7,085
TY Exports (1000 MT)	2,500	-1500(-37.5%)	4,000	7,351	6,926
Feed and Residual (1000 MT)	1,778	-	1,778	2,066	2,465
FSI Consumption (1000 MT)	1,016	-	1,016	1,148	173
Total Consumption (1000 MT)	2,794	-	2,794	3,214	2,638
Ending Stocks (1000 MT)	638	+27(+4.42%)	611	1,201	516
Total Distribution (1000 MT)	5,972	-1370(-18.66%)	7,342	11,891	10,239
Yield (MT/HA)	2.58	(-4.44%)	2.70	4.33	4.59

Source: USDA PS&D

➤ U.S. Sorghum Exports Fall Precipitously

12 January 2022, USDA FAS - U.S. sorghum exports for 2022/23 are forecast down 1.5 mmts to 2.5 million (Oct-Sep), the lowest since 2018/19 and the second-lowest volume of the last decade. The flagging export prospects come on the heels of the smallest sorghum crop since 1944/45 at just under 4.8 mmts. Dry conditions in

Kansas and Texas, two major sorghum-producing states, negatively impacted yields and overall production.



The stark impact of lower supplies is evident in export volumes for the October to December period. Last year, the United States exported a total of 1.5 mmts of sorghum over these 3 months. This year, Census data shows just under 300,000 tons for October and November combined, while Federal Grain Inspection Service (FGIS) data for December shows inspections for export of just 64,000 mts. The 3 months total 360,000 mts, a 77% decline year over year. Per Export Sales Reporting, total commitments of sorghum to the world for the current marketing year are just 361,000 mts versus 5.3 mmts at the same time a year ago.

China is by far the world's largest importer and the top destination for U.S. sorghum. The steep decline in total commitments represents the near-evaporation of China's sorghum demand from the United States; in an October GAIN report, FAS/Beijing reported quotes of over \$500/mts for imported U.S. sorghum at major ports in China, about \$100/ton higher than a year ago. China has diversified its sourcing of grain, with the United States continuing to face competition from Argentina and Australia in the sorghum market. This year, U.S. sorghum must also compete against a larger pool of origins for corn. In May 2022, an agreement was reached that would allow Brazilian corn to be exported to China. The fruits of this agreement were borne out last month as Brazil reported 1.1 mmts of exports to China, becoming the top market

for Brazilian corn in December. With Brazil corn exports winding down seasonally in the next few months and Ukraine corn exports still dependent on the continuation of the Black Sea Grain Initiative, competition from corn in China's grain market may ease slightly, but by all appearances, 2022/23 is expected to be a rough year for U.S. sorghum.

Grain Sorghum Export Prices (FOB, US\$/mt) as of 10 January 2023

		TW	LW	LY	%Y/Y
US (Gulf)	Jan	360	366	321	+ 12
Argentina (Up River)	Jan	291	291	245	+ 19
Australia (Brisbane)	Jan	330	328	261	+ 26

Source: International Grains Council

US Gulf sorghum export quotations eased by 2% w/w on losses in maize futures. In contrast, FOB values were modestly firmer in Australia on steady export demand and thin farmer sales.

Export inspections in the week ending 5 January totaled 11,332 mts, with the 22/23 (Sep/Aug) cumulative tally at 0.4 mmts (-78% y/y).

22/23 plantings in Argentina were estimated to be 77% done by 5 January, 10% points ahead of a year earlier.

➤ **U.S. Export Grain Sorghum Corn Values – Friday 13th January 2023**

Grain Sorghum CIF NOLA Gulf barge/rail quotes, in cents/bus basis CBOT futures: USDA (U.S. No. 2, CIF NOLA Gulf barge/rail quotes, in cents/bus.

CIF MILO	1/12/2023	1/13/2023	
January	na	na	UNC
TX FOB VESSEL			
MILO (USc/mts)	1/12/2023	1/13/2023	
February	260	255	H
March	260	245	H
April		245	K

OATS

➤ **USDA – World Oats**

Oats World as of January 2023							
Attribute	22/23 Jan'23	Change	22/23 Dec'22	21/22	20/21	19/20	18/19
Area Harvested (1000 HA)	9,451	-	9,451	9,610	10,078	9,555	9,840
Beginning Stocks (1000 MT)	2,373	+179(+8.16%)	2,194	3,094	2,229	2,186	3,019
Production (1000 MT)	24,853	-50(-.2%)	24,903	22,528	25,723	23,214	22,205
MY Imports (1000 MT)	2,738	-5(-.18%)	2,743	2,403	2,527	2,511	2,342
TY Imports (1000 MT)	2,627	-5(-.19%)	2,632	2,335	2,616	2,517	2,243
TY Imp. from U.S. (1000 MT)	0	-	0	22	42	23	20
Total Supply (1000 MT)	29,964	+124(+.42%)	29,840	28,025	30,479	27,911	27,566
MY Exports (1000 MT)	2,783	-	2,783	2,486	2,766	2,529	2,359
TY Exports (1000 MT)	2,749	-5(-.18%)	2,754	2,333	2,700	2,632	2,328
Feed and Residual (1000 MT)	16,581	-55(-.33%)	16,636	15,393	16,953	15,621	15,901
FSI Consumption (1000 MT)	7,959	-	7,959	7,773	7,666	7,532	7,120
Total Consumption (1000 MT)	24,540	-55(-.22%)	24,595	23,166	24,619	23,153	23,021
Ending Stocks (1000 MT)	2,641	+179(+7.27%)	2,462	2,373	3,094	2,229	2,186
Total Distribution (1000 MT)	29,964	+124(+.42%)	29,840	28,025	30,479	27,911	27,566
Yield (MT/HA)	2.63	-	2.63	2.34	2.55	2.43	2.26

Source: USDA PS&D

CME CBOT Oat Futures – Daily Nearby



Source: <https://www.barchart.com/futures/quotes/ZOU22/interactive-chart>

CME March 2023 Oats Futures settled on Friday at \$3.64/bu, up 2 3/4 cents on the day, and gaining 19 3/4 cents for the week.

OILSEEDS COMPLEX

SOYBEANS

➤ USDA – World Soybean

Oilseed, Soybean World as of January 2023							
Attribute	22/23 Jan'23	Change	22/23 Dec'22	21/22	20/21	19/20	18/19
Area Harvested (1000 HA)	136,143	+1098(+.81%)	135,045	130,949	128,997	123,197	125,458
Beginning Stocks (1000 MT)	98,215	+2630(+2.75%)	95,585	100,034	94,732	114,259	99,881
Production (1000 MT)	388,008	-3161(-.81%)	391,169	358,100	368,522	340,367	362,660
MY Imports (1000 MT)	164,318	-1894(-1.14%)	166,212	157,127	165,545	165,124	146,022
Total Supply (1000 MT)	650,541	-2425(-.37%)	652,966	615,261	628,799	619,750	608,563
MY Exports (1000 MT)	167,532	-1845(-1.09%)	169,377	153,888	164,994	165,556	149,187
Crush (1000 MT)	327,323	-1994(-.61%)	329,317	314,194	315,443	312,301	298,619
Food Use Dom. Cons. (1000 MT)	23,045	+500(+2.22%)	22,545	21,700	21,676	20,954	20,091
Feed Waste Dom. Cons. (1000 MT)	29,124	+111(+.38%)	29,013	27,264	26,652	26,207	26,407
Total Dom. Cons. (1000 MT)	379,492	-1383(-.36%)	380,875	363,158	363,771	359,462	345,117
Ending Stocks (1000 MT)	103,517	+803(+.78%)	102,714	98,215	100,034	94,732	114,259
Total Distribution (1000 MT)	650,541	-2425(-.37%)	652,966	615,261	628,799	619,750	608,563
Yield (MT/HA)	2.85	(-1.72%)	2.90	2.73	2.86	2.76	2.89

Source: USDA PS&D

12 January 2023 USDA WASDE - The 2022/23 non-US soybean supply and demand forecasts include higher stocks and lower production, crush, and trade. Beginning stocks were raised due to an upward revision to Brazil's 2021/22 soybean crop to 129.5 mmts, driven by higher-than-expected use through the end of the local year.

Non-US 2022/23 soybean production is lowered 1.3 mmts as lower production for Argentina and Uruguay is partly offset by higher production for China and Brazil. Argentina's soybean crop is reduced 4 mmts to 45.5 million on lower area and early season heat and dry weather conditions. China's soybean crop is increased 1.9 mmts to 20.3 million on reports from China's National Bureau of Statistics. Brazil's crop is increased 1.0 mmts to 153.0 million on higher area.

Non-US 2022/23 soybean crush is reduced 2.0 mmts mainly for Argentina and China. Argentina's crush is reduced on lower supplies while crush for China is reduced on a lower-than-expected pace during the first quarter of the marketing year.

Partly offsetting is higher soybean crush for Brazil. Non-US soybean exports are reduced on lower exports for Argentina that are partly offset by higher exports for Brazil. China's imports are lowered 2 mmts to 96 million on lower crush demand. With higher beginning stocks and lower use, global soybean ending stocks are increased 0.8 mmts to 103.5 million.

Soy Export Prices (FOB, US\$/mt)

		TW	LW	LY	%Y/Y
US 2Y (Gulf)	Jan	608	605	553	+ 10
Argentina (Up River)	Jan	615	610	602	+ 2

as of 10 January 2022

Brazil (Paranagua) Jan 599 592 542 + 11

Source: International Grains Council

➤ USDA – U.S. Soybeans

Oilseed, Soybean United States as of January 2023					
Attribute	22/23 Jan'23	Change	22/23 Dec'22	21/22	20/21
Area Harvested (1000 HA)	34,939	-119(-.34%)	35,058	34,929	33,428
Beginning Stocks (1000 MT)	7,468	+18(+.24%)	7,450	6,994	14,276
Production (1000 MT)	116,377	-1889(-1.6%)	118,266	121,528	114,749
MY Imports (1000 MT)	408	-	408	433	539
Total Supply (1000 MT)	124,253	-1871(-1.48%)	126,124	128,955	129,564
MY Exports (1000 MT)	54,159	-1497(-2.69%)	55,656	58,721	61,665
Crush (1000 MT)	61,099	-	61,099	59,978	58,257
Food Use Dom. Cons. (1000 MT)	0	-	0	0	0
Feed Waste Dom. Cons. (1000 MT)	3,275	-102(-3.02%)	3,377	2,788	2,648
Total Dom. Cons. (1000 MT)	64,374	-102(-.16%)	64,476	62,766	60,905
Ending Stocks (1000 MT)	5,720	-272(-4.54%)	5,992	7,468	6,994
Total Distribution (1000 MT)	124,253	-1871(-1.48%)	126,124	128,955	129,564
Yield (MT/HA)	3.33	(-1.19%)	3.37	3.48	3.43

Source: USDA PS&D

➤ CME CBOT Soybeans Futures – Nearby Daily



Source: <https://www.barchart.com/futures/quotes/ZSF23/interactive-chart>

CME March 2023 Soybean Futures settled on Friday at \$15.27¼/bu, up 9¼ cents on the day, and gaining 35½ cents for the week. The January contract expired at \$15.38¼, a 10½ cent premium to the March. May 23 Soybeans closed at \$15.27¼, up 8 cents.

Soybean futures went into the 3-day MLK Jr Day weekend with 3 to 8 ¾ cent gains in old crop and fractional to 3¼ cent losses in new crop.

Beans were able to settle higher Friday while the products side was each weaker. March beans closed up 9¼ cents, meal was down \$5 in March and oil was .19 cents weaker. Board crush was down hard today dropping 25 cents for March to \$2.11 and almost 20 cents for May closing at \$1.80.

SH/SK firmed to +3¼ earlier today and finished +1/2 strengthening 1¼ on the day. SK/SN finished at +2 ¼ which was 1 ½ cents firmer on the day.

Weekly CFTC data showed managed money firms trimmed their net long by 11.3k contracts to 131,704 as of 1/10. That came via 9k closed longs and 2.2k new spec shorts added through the week. Commercial soybean hedgers added positions, with 15.9k new longs in play against 8.5k new shorts. That left the commercial net position at 166,462 contracts net short as of 1/10. For the soy-products, managed money was 834 contracts more net long in meal and 9k contracts less net long in soy oil.

Support for soybeans was again seen on the back of Argentina news with confirmation of 200 to 300 kmts sale of Brazilian soybeans for Feb/Mar delivery being sold to Argentina. No markets Sunday night so traders will be focused again on weather in S.A. Stay current on old crop sales.

Soybean harvest in Mato Grosso is early but, starting to fall behind with 2.4% completed vs 4.2% last year and 3.5% average. Nearby weather remains drier and warm keeping conditions under fire. Ratings for G/E dropped another 4% from 8% to 4% vs last week and 56% of their crop is P/VP vs 38% last week. Soybean planting is 88% complete versus almost 98% last year.

China reported their December Soybean imports at 10.55 mmts, completing the 2022 CY with 5.6% lighter volume of 91.08 mmts.

BAGE estimated Argentina's soybean production at 41 mmts for the 22/23 season, while trimming the planted area. BAGE has 35.5 mmts on the table for a final estimate if the drought conditions persist. Weather forecasts have some relief rainfall for Argentina on the menu this coming week.

The IGC reduced their global soy production outlook by 3 mmts to 385, as dryness in Argentina offset boosts to Brazil and China. Consumption was also trimmed by 3 mmts, leaving carryout at 54 mmts compared to 45 last season and 55 mmts 2 years back.

➤ **U.S. Export Soy Values – Friday 13th January 2023**

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

USDA (U.S. No. 2, CIF New Orleans) Gulf barge/rail quotes, in cents/bus.

CIF BEANS	1/12/2023	1/13/2023	
FH JAN	135 / 145	/	H
JAN	128 / 133	120 / 125	H
FH FEB	115 / 128	/	H
FEB	103 / 123	108 / 120	H
FH MAR	100 /	/	H
MAR	95 / 103	94 / 100	H
MAY	/ 94	/ 92	N
AMJJ	87 /	/	N
JUL	/ 92	/ 90	N
SEP	/	110 /	X
NOV	/	100 /	X

BRAZIL FOB BEANS @ PORT PARANAGUA

	1/12/2023	1/13/2023	
FEB	62 / 72	55 / 66	F
MAR	42 / 44	35 / 42	H
APR	30 / 37	24 / 35	K
MAY	40 / 47	35 / 45	K
JUN	45 / 55	40 / 55	H
JUL	55 / 65	50 / 65	H

CIF NOLA started to take a breather later in the session offsetting weaker freight values for Feb and March. LH Jan and Feb basis at Zone 3 remain above DVE and for March bids are just below DVE. 50 contracts of beans were put out overnight and all stopped by Cargill.

Analysts are looking for NOPA December soy crush to be 182.9 mbu. The full range of pre-report expectations is from 174.4 mbu to 188 mbu. BO stocks are estimated at 1.725b lbs going into the report.

CANOLA / RAPESEED

➤ USDA – World Rapeseed

Oilseed, Rapeseed World as of January 2023							
Attribute	22/23 Jan'23	Change	22/23 Dec'22	21/22	20/21	19/20	18/19
Area Harvested (1000 HA)	40,509	+404(+1.01%)	40,105	38,142	34,916	34,707	35,868
Beginning Stocks (1000 MT)	4,477	+145(+3.35%)	4,332	6,297	7,566	9,802	8,040
Production (1000 MT)	84,786	+445(+.53%)	84,341	74,240	73,892	69,635	72,886
MY Imports (1000 MT)	16,914	+327(+1.97%)	16,587	13,883	16,662	15,711	14,635
Total Supply (1000 MT)	106,177	+917(+.87%)	105,260	94,420	98,120	95,148	95,561
MY Exports (1000 MT)	18,249	+540(+3.05%)	17,709	14,626	18,106	15,982	14,678
Crush (1000 MT)	77,802	+362(+.47%)	77,440	71,680	71,194	68,490	68,044
Food Use Dom. Cons. (1000 MT)	650	-	650	650	650	250	150
Feed Waste Dom. Cons. (1000 MT)	2,721	+63(+2.37%)	2,658	2,987	1,873	2,860	2,887
Total Dom. Cons. (1000 MT)	81,173	+425(+.53%)	80,748	75,317	73,717	71,600	71,081
Ending Stocks (1000 MT)	6,755	-48(-.71%)	6,803	4,477	6,297	7,566	9,802
Total Distribution (1000 MT)	106,177	+917(+.87%)	105,260	94,420	98,120	95,148	95,561
Yield (MT/HA)	2.09	(-.48%)	2.10	1.95	2.12	2.01	2.03

Source: USDA PS&D

➤ AOF forecasts record Australian canola crop at 7.6Mt

12 January 2023, Grain Central – Despite one of the most challenging canola harvests eastern Australia has ever seen, the national canola crop this year will year deliver another record, potentially exceeding 7.5 mmts (Mt).

The estimate was released on December 20 by the Australian Oilseeds Federation and factors in figures from ABARES and the Grain Industry Association of Western Australia.

The AOF national total sits above ABARES most recent estimate of 7.3Mt released in its December 6 Australian Crop Report.

AOF chief executive officer Nick Goddard said WA alone will deliver what would have been regarded as a strong national crop a few years ago, of more than 4.2 mmts.

“Exceptional conditions in WA and South Australia this year have delivered strong yields, on the back of a significant lift in area of 7pc and 25pc respectively, while in NSW and Victoria the harvest has been much better than expected,” Mr Goddard said. “Waterlogging, disease and crop losses due to flooding in NSW and Victoria, while devastating for affected farmers, have not significantly impacted the volumes we are seeing delivered across those states. Overall, quality has been fit for purpose and oil levels in the average range.”

The AOF introduced a seasonal receival grade for canola this year which has enabled many growers to deliver grain that might otherwise have been rejected. This standard lifted the allowable mouldy seed count to 40 from five per thousand.

“The absolute size of this year’s crop is testament to the investment in disease management, best-practice agronomy, and broader farming-systems work that has been undertaken in recent years” Mr Goddard said. “It is also a recognition of Australian canola growers’ adoption of best practice and response to market signals.”

STATE	2022-23 metric mts
New South Wales	1,350,000
Victoria	1,400,000
South Australia	610,000
Western Australia	4,240,000
Tasmania + Queensland	20,000
TOTAL	7,620,000

Source: AOF, ABARES, GIWA

The record Australian crop comes as the USDA forecasts global record oilseed production of 644 mmts, up 7% on last year.

Soybean production is expected to come in just under 400 mmts, which is a record, while canola/rapeseed is also expected to reach a record of 84.3 mmts, despite a drop in yield for the Canadian crop and ongoing challenges in Ukraine.

The loss of production in sunflower seed, projected to be 12%, will provide support for alternate oils such as canola.

Mr Goddard said record production levels have resulted in good global oilseed stock levels, despite strong demand for food and biodiesel usage

The US EPA recently approved canola oil-derived renewable diesel as an advanced biofuels under the Renewable Fuel Standard (RFS) program, which is likely to further strengthen global demand for canola.

➤ ICE Canadian Canola Futures – Daily Nearby



Source: <https://www.barchart.com/futures/quotes/R SX22/interactive-chart>

ICE March 2023 Canola Futures settled on Friday at C\$840.00/mt, off C\$2.40 on the day, and losing C\$28.90 for the week.

Canola, Rapeseed, Sunseed Export Prices (FOB, US\$/mt) as of 10 January 2022

		TW	LW	LY	%Y/Y
Canola					
Canada (Vancouver)	Jan	676	686	880	- 23
Australia (Kwinana) b)	Jan	730	731	693	+ 5
Sunflower Seed					
EU (France) (Bordeaux)	Jan	633	649	719	- 12

Source: International Grains Council

Support stemmed from worries about Argentine production prospects owing to a prolonged period of hot, dry weather. There was also talk that some intended acres may go unplanted unless significant precipitation arrives in the next two weeks. In its latest assessment, Soybean & Corn Advisor Inc. trimmed its outlook for production to 41.0m t (44.0m Ag. Ministry, previous year).

However, offsetting pressure came from prospects for a record crop in Brazil, where early harvesting was underway in Mato Grosso and Rondonia, albeit as fieldwork was slowed by wet conditions. While Safras & Mercado, an analyst, reduced its forecast owing to dryness in Rio Grande do Sul, 22/23 output was pegged at 153.4 mmts (153.5 mmts Conab Dec f'cast, 125.6 mmts previous year).

In addition to broad-based economic worries, a surge in COVID-19 infections in China was seen potentially compressing demand. As an aside, Rabobank suggested that soyabean imports may already have peaked, with any future expansion likely to be slower and arrivals potentially declining by 2030. This was linked to prospects for reduced growth in meat production, as well as improved agricultural practices and the inclusion of reduced quantities of soyameal in feed rations.

SUNFLOWERS

➤ USDA – World Sunflower Seed

Oilseed, Sunflowerseed World as of January 2023							
Attribute	22/23 Jan'23	Change	22/23 Dec'22	21/22	20/21	19/20	18/19
Area Harvested (1000 HA)	27,090	+194(+.72%)	26,896	28,819	26,857	25,984	25,810
Beginning Stocks (1000 MT)	8,034	+38(+.48%)	7,996	2,626	3,033	2,688	2,875
Production (1000 MT)	51,072	+372(+.73%)	50,700	57,314	49,196	54,160	50,659
MY Imports (1000 MT)	5,339	+7(+.13%)	5,332	3,784	2,735	3,343	2,890
Total Supply (1000 MT)	64,445	+417(+.65%)	64,028	63,724	54,964	60,191	56,424
MY Exports (1000 MT)	5,395	+50(+.94%)	5,345	3,910	2,900	3,687	3,213
Crush (1000 MT)	48,472	+686(+1.44%)	47,786	47,216	45,099	49,286	46,518
Food Use Dom. Cons. (1000 MT)	2,116	-	2,116	2,078	2,083	2,087	2,071
Feed Waste Dom. Cons. (1000 MT)	2,733	-	2,733	2,486	2,256	2,098	1,934
Total Dom. Cons. (1000 MT)	53,321	+686(+1.3%)	52,635	51,780	49,438	53,471	50,523
Ending Stocks (1000 MT)	5,729	-319(-5.27%)	6,048	8,034	2,626	3,033	2,688
Total Distribution (1000 MT)	64,445	+417(+.65%)	64,028	63,724	54,964	60,191	56,424
Yield (MT/HA)	1.89	-	1.89	1.99	1.83	2.08	1.96

Source: International Grains Council

International Grains Program
Kansas State University

VEGETABLE OILS

➤ USDA – World Soybean Oil

Oil, Soybean World as of January 2023							
Attribute	22/23 Jan'23	Change	22/23 Dec'22	21/22	20/21	19/20	18/19
Crush (1000 MT)	327,323	-1749(-.53%)	329,072	314,194	315,443	312,301	298,619
Extr. Rate, 999.9999 (PERCENT)	0.19	-	0.19	0.19	0.19	0.19	0.19
Beginning Stocks (1000 MT)	4,563	+1(+.02%)	4,562	5,293	5,375	4,717	4,275
Production (1000 MT)	61,494	-381(-.62%)	61,875	59,259	59,232	58,519	56,063
MY Imports (1000 MT)	11,346	-210(-1.82%)	11,556	11,461	11,712	11,479	10,978
Total Supply (1000 MT)	77,403	-590(-.76%)	77,993	76,013	76,319	74,715	71,316
MY Exports (1000 MT)	12,280	-336(-2.66%)	12,616	12,150	12,610	12,372	11,479
Industrial Dom. Cons. (1000 MT)	12,534	+80(+.64%)	12,454	11,869	11,224	11,193	11,103
Food Use Dom. Cons. (1000 MT)	47,709	-268(-.56%)	47,977	47,366	47,102	45,670	43,907
Feed Waste Dom. Cons. (1000 MT)	80	-	80	65	90	105	110
Total Dom. Cons. (1000 MT)	60,323	-188(-.31%)	60,511	59,300	58,416	56,968	55,120
Ending Stocks (1000 MT)	4,800	-66(-1.36%)	4,866	4,563	5,293	5,375	4,717
Total Distribution (1000 MT)	77,403	-590(-.76%)	77,993	76,013	76,319	74,715	71,316

Source: USDA PS&D

Soybean Oil Prices – (FOB, US\$/mt)

Argentina (Up River) Nov \$1,184

Brazil (Paranagua) Nov \$1.183

➤ USDA – U.S. Soybean Oil

Oil, Soybean United States as of January 2023					
Attribute	22/23 Jan'23	Change	22/23 Dec'22	21/22	20/21
Crush (1000 MT)	61,099	-	61,099	59,978	58,257
Extr. Rate, 999.9999 (PERCENT)	0.20	-	0.20	0.20	0.19
Beginning Stocks (1000 MT)	903	-	903	967	840
Production (1000 MT)	11,934	-	11,934	11,858	11,350
MY Imports (1000 MT)	136	-	136	138	137
Total Supply (1000 MT)	12,973	-	12,973	12,963	12,327
MY Exports (1000 MT)	363	-136(-27.25%)	499	804	785
Industrial Dom. Cons. (1000 MT)	5,262	-	5,262	4,694	4,046
Food Use Dom. Cons. (1000 MT)	6,486	+136(+2.14%)	6,350	6,562	6,529
Feed Waste Dom. Cons. (1000 MT)	0	-	0	0	0
Total Dom. Cons. (1000 MT)	11,748	+136(+1.17%)	11,612	11,256	10,575
Ending Stocks (1000 MT)	862	-	862	903	967
Total Distribution (1000 MT)	12,973	-	12,973	12,963	12,327

Source: USDA PS&D

➤ CME Soybean Oil – Nearby Daily



Source: Barchart <https://www.barchart.com/futures/quotes/ZLU22/interactive-chart>

CME March 2023 Soybean Oil Futures settled on Friday at \$63.06/cwt, off 19 cents on the day, and losing 11 cents for the week.

Soybean oil futures faded by 16 to 19 points on Friday, with the January contract expiring at 63.25 cents. March takes over as the lead month on Tuesday following the holiday.

USDA quoted the weekly B100 cash price as \$5.70/gal, UNCH from last week's market.

➤ USDA – World Palm Oil

Oil, Palm World as of January 2023							
Attribute	22/23 Jan'23	Change	22/23 Dec'22	21/22	20/21	19/20	18/19
Area Harvested (1000 HA)	25,479	-	25,479	25,138	24,474	24,078	23,383
Beginning Stocks (1000 MT)	16,738	-21(-.13%)	16,759	15,128	15,829	14,878	12,840
Production (1000 MT)	77,215	-	77,215	73,826	73,076	73,030	74,178
MY Imports (1000 MT)	49,478	-10(-.02%)	49,488	42,692	47,526	47,477	50,541
Total Supply (1000 MT)	143,431	-31(-.02%)	143,462	131,646	136,431	135,385	137,559
MY Exports (1000 MT)	50,893	+5(+.01%)	50,888	43,790	48,188	48,491	51,746
Industrial Dom. Cons. (1000 MT)	24,586	-70(-.28%)	24,656	22,191	23,430	23,144	22,640
Food Use Dom. Cons. (1000 MT)	50,621	+105(+.21%)	50,516	47,396	48,986	47,215	47,605
Feed Waste Dom. Cons. (1000 MT)	832	-	832	1,531	699	706	690
Total Dom. Cons. (1000 MT)	76,039	+35(+.05%)	76,004	71,118	73,115	71,065	70,935
Ending Stocks (1000 MT)	16,499	-71(-.43%)	16,570	16,738	15,128	15,829	14,878
Total Distribution (1000 MT)	143,431	-31(-.02%)	143,462	131,646	136,431	135,385	137,559
Yield (MT/HA)	3.03	-	3.03	2.94	2.99	3.03	3.17

Source: USDA PS&D

➤ CME Palm Oil Swaps – Daily Nearby



Source: Barchart <https://www.barchart.com/futures/quotes/CUU22/interactive-chart>

CME December 2022 Palm Oil Swaps settling at \$889.25/mt on Friday, off \$13.50 on the day, and losing \$27.25/mt for the week.

Palm oil rose in early trade on Friday, trimming some of the week's losses which have been driven by worries about Chinese demand and expectations a high price cap planned by the Group of Seven nations on Russian oil will keep supply flowing.

RBD PALM OIL Export Prices – (FOB, US\$/mt)

Malaysia Dec \$953

➤ Why Malaysia is considering a ban on palm oil exports to the EU

14 January 2023 by Mei Mei Chu - A worker pushes a wheelbarrow of fresh fruit bunches of oil palm tree during harvest at a palm oil plantation in Kuala Selangor

A worker pushes a wheelbarrow of fresh fruit bunches of oil palm tree during harvest at a palm oil plantation in Kuala Selangor, Selangor, Malaysia April 26, 2022.

REUTERS/Hasnoor Hussain

KUALA LUMPUR, Jan 16 (Reuters) - Malaysia, the world's second-largest palm oil producer, on Thursday said it might stop palm exports to the European Union after the bloc imposed additional import restrictions on the edible oil due to concerns over deforestation.

WHAT IS THE DISAGREEMENT ABOUT?

Malaysia and Indonesia have for years been at loggerheads with the European Union over curbs on imports of palm oil, which the two countries say are trade barriers and protectionist measures for the bloc's domestic oilseed industries.

The EU deforestation regulation is in addition to an EU renewable-energy directive, announced in 2018, that requires the phasing out of palm-based transportation fuels by 2030.

The bloc has also set a separate safety limit on food contaminant 3-MCPD esters for palm oil compared to soft oils derived from crops such as soybean, canola and sunflower.

WHAT HAS MALAYSIA DONE ABOUT EU RESTRICTIONS?

Indonesia and Malaysia, which account for 85% of the world's palm oil exports, have filed separate World Trade Organisation suits against the EU over the renewable-energy directive.

The palm oil producers say they have taken steps to meet EU requirements, including stepping up their national sustainable palm oil certification standards and improving environmental protection and food safety standards, but that the bloc keeps imposing new restrictions.

EU officials say their regulations do not target any one country and are aimed at ensuring that commodity production does not further drive deforestation and forest degradation.

HOW IS THE MARKET REACTING?

Bursa Malaysia's benchmark crude palm oil futures have yet to react to Malaysia's proposal, although some traders said they see it as a bearish signal.

Some in the palm industry view the proposed ban as a knee-jerk reaction that will hurt the sector, and others laud Malaysia for putting its foot down.

Malaysia said it will discuss with Indonesia the possible ban and other strategies to tackle the EU measures, as both have agreed to increase cooperation to fight "discrimination" against the commodity.

HOW WILL MALAYSIA HALT EXPORTS TO EU?

It is not clear whether Malaysia is considering a direct ban on exports to the European Union or enacting tariffs.

WHAT ABOUT MALAYSIAN PALM OIL EXPORTS TO EUROPE?

The EU accounts for 9.4% of Malaysia's export volume in 2022. Malaysian Palm Oil Board data indicates that exports to the 27-member bloc have been declining since 2015.

In 2022, Malaysia's exports to the EU fell 10% from the previous year to 1.47 mmts. That is a 40% plunge from 2.43 mmts in 2015.

The Malaysian Biodiesel Association last year urged industry officials to come to terms with a steady decline in shipments of palm-based biofuels to the EU.

WHERE ELSE CAN MALAYSIA PALM OIL EXPORTS GO?

The palm oil industry makes up about 5% of Malaysia's economy. Malaysia has in recent years actively explored new markets to offset losses from Europe, including food-importing countries in the Middle East, Central Asia and North Africa.

Several publicly-listed Malaysian palm oil companies, however, have established refineries in Europe and an export ban would disrupt their operations.

➤ **Indonesia palm oil exports, biodiesel plans to hit world vegoil supplies**

13 January 2023 by Naveen Thukral and Bernadette Christina, Reuters - A move by top palm oil exporter Indonesia to restrict shipments and boost domestic biodiesel consumption is set to squeeze global vegetable oil supplies already undercut by lower output in Southeast Asia and Latin America.

Edible oil buyers, including price-sensitive consumers in South Asia and Africa, will bear the brunt of the supply-side constraints that come just as demand is forecast to climb, with China easing COVID-19 controls and India boosting purchases.

Indonesia's new restrictions are another challenge for food-importing countries hurting from last year's red-hot inflation, which pushed prices of key staples wheat, corn and soybeans to all-time or multi-year highs.

"The implementation of (the) B35 mandate in Indonesia in 2023 definitely changes (the) global palm oil SND (supply and demand) situation," said Oscar Tjakra, a senior analyst at food and agribusiness research at Rabobank. "I'm now expecting global palm oil SND will be in a slight deficit."

Indonesia's B35 mandate, the highest in the world, stipulates diesel sold in the country from Feb. 1 has to contain 35% palm-based fatty acid methyl ester. By comparison, Malaysia has partially implemented a 20% biodiesel blending mandate and other countries have measures calling for single and double digit%ages of bio content for diesel or gasoline.

The Indonesia Biofuel Producers Association says the B35 mandate will take up 11.44 mmts in palm oil this year, up from 9.6 million in 2022 under the country's B30 measure.

Indonesia, producer of more than half of global palm oil supplies, also tightened trade rules this year, allowing exporters to ship just six times their domestic palm oil sales volume, less than a fourth-quarter 2022 ratio of eight times.

"Indonesian palm oil export definitely will drop, as output will decline, domestic consumption will increase," Fadhil Hasan, an Indonesian Palm Oil Association (GAPKI) official, told Reuters.

Indonesia produced 51.3 mmts of palm oil in 2022 and exported 33.7 million, GAPKI estimated. In 2023, palm oil output is expected at 50.82 mmts and exports 26.42 million, it said.

On Thursday, Malaysia said it could stop exporting palm oil to the European Union in response to a new EU law aimed at protecting forests by strictly regulating sales of the product.

Malaysian benchmark palm oil futures are expected in a range of 4,000-4,200 ringgit (\$920-\$970) per tonne this year, according to the Malaysian Palm Oil Board Director General Ahmad Parveez Ghulam Kadir.

That's lower than a record average of 4,910 ringgit in 2022, with prices skewed higher by disruption to edible oil supplies and distribution by Russia's invasion of Ukraine. But it's still comparatively high. Prices averaged 3,260 ringgit a tonne between 2018 and 2022.

On Friday, Malaysian palm futures were trading near a three-week low around 3,860 ringgit. (\$1 = 4.3350 ringgit)

Other threats to edible oil supplies include Argentina's worst drought in 60 years, which is forecast to cut its soybean output to 41 mmts, down from 48 million previously estimated.

STRONG DEMAND

India's palm oil imports in December jumped 94% from a year earlier to a record high as the product's higher discount to rival vegetable oils led refiners to boost purchases.

"Palm oil's discount to rival oils is around \$300/mt, we expect this discount to narrow to around \$200 by March," said Sandeep Bajoria, chief executive of Sunvin Group, a vegetable oil brokerage. "But India's strong demand for palm oil will continue as it is still the cheapest edible oil."

Palm oil purchases by China, the world's second-largest importer, are also expected to climb this year, after dropping sharply in 2022 because of Beijing's then strict COVID controls.

PLANT PROTEIN MEALS

➤ USDA – World Soybean Meal

Meal, Soybean World as of January 2023							
Attribute	22/23 Jan'23	Change	22/23 Dec'22	21/22	20/21	19/20	18/19
Crush (1000 MT)	327,326	-1994(-.61%)	329,320	314,197	315,446	312,306	298,624
Extr. Rate, 999.9999 (PERCENT)	0.78	-	0.78	0.78	0.79	0.79	0.78
Beginning Stocks (1000 MT)	13,993	-43(-.31%)	14,036	14,344	15,540	16,039	16,395
Production (1000 MT)	256,927	-1572(-.61%)	258,499	246,571	247,820	245,312	233,884
MY Imports (1000 MT)	65,451	-184(-.28%)	65,635	65,234	64,071	62,502	63,640
Total Supply (1000 MT)	336,371	-1799(-.53%)	338,170	326,149	327,431	323,853	313,919
MY Exports (1000 MT)	69,735	-350(-.5%)	70,085	68,190	68,975	67,592	68,018
Industrial Dom. Cons. (1000 MT)	1,407	-	1,407	1,332	1,367	1,367	1,336
Food Use Dom. Cons. (1000 MT)	817	-	817	806	741	761	581
Feed Waste Dom. Cons. (1000 MT)	250,290	-807(-.32%)	251,097	241,828	242,004	238,593	227,945
Total Dom. Cons. (1000 MT)	252,514	-807(-.32%)	253,321	243,966	244,112	240,721	229,862
Ending Stocks (1000 MT)	14,122	-642(-4.35%)	14,764	13,993	14,344	15,540	16,039
Total Distribution (1000 MT)	336,371	-1799(-.53%)	338,170	326,149	327,431	323,853	313,919
SME (1000 MT)	250,290	-807(-.32%)	251,097	241,828	242,004	238,593	227,945

Source: USDA PS&D

➤ USDA – U.S Soybean Meal

Meal, Soybean United States as of January 2023					
Attribute	22/23 Jan'23	Change	22/23 Dec'22	21/22	20/21
Crush (1000 MT)	61,099	-	61,099	59,978	58,257
Extr. Rate, 999.9999 (PERCENT)	0.78	-	0.78	0.78	0.79
Beginning Stocks (1000 MT)	282	-	282	309	310
Production (1000 MT)	47,935	-	47,935	47,002	45,872
MY Imports (1000 MT)	544	-	544	589	712
Total Supply (1000 MT)	48,761	-	48,761	47,900	46,894
MY Exports (1000 MT)	12,428	-	12,428	12,269	12,406
Industrial Dom. Cons. (1000 MT)	0	-	0	0	0
Food Use Dom. Cons. (1000 MT)	0	-	0	0	0
Feed Waste Dom. Cons. (1000 MT)	36,015	-	36,015	35,349	34,179
Total Dom. Cons. (1000 MT)	36,015	-	36,015	35,349	34,179
Ending Stocks (1000 MT)	318	-	318	282	309
Total Distribution (1000 MT)	48,761	-	48,761	47,900	46,894
SME (1000 MT)	36,015	-	36,015	35,349	34,179

Source: USDA PS&D

➤ CME CBOT Soybean Meal



Source: Barchart <https://www.barchart.com/futures/quotes/ZMU22/interactive-chart>

CME March 2023 Soybean Meal Futures, settled on Friday at \$476.30/short ton, off \$5.00 on the day, and losing \$1.70/short ton for the week. Across the strip soybean meal prices settled the session \$3.90 to \$5 lower.

The January meal contract went off the board at \$513/ton, a \$36.70/ton premium to the March.

➤ U.S. Export Soybean Meal Values – Friday 13 January 2023

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

USDA, CIF New Orleans, LA

CIF SOYBEAN MEAL	1/12/2023	1/13/2023		
JAN	55 / -	55 / -	F	UNC
FEB	45 / 60	45 / 60	H	UNC
MAR	40 / 55	40 / 55	H	UNC
APR	25 / 35	25 / 35	K	UNC
MAY	25 / 35	25 / 35	K	UNC

Export Prices – (FOB, US\$/mt)

U.S., FOB Gulf
\$591.50/mt

Brazil, FOB Paranagua
\$578.00/mt

Argentina, FOB Upriver
\$598.00/mt

➤ DDG's – Prices lower on average

13 January 2023 Mary Kennedy, DTN – The DTN average price for domestic distillers dried grains (DDG) from 35 locations reporting for the week ending the 12th of January was \$274/ton, up \$3 on average from one week ago. Prices were mixed, but overall ended up slightly higher on average, even as plant production increased last week.

VALUE OF DDG VS. CORN & SOYBEAN MEAL

Settlement Price:	Quote Date	Bushel	Short Ton
Corn	1/12/2023	\$6.7100	\$239.6429
Soybean Meal	1/12/2023		\$513.00
DDG Weekly Average Spot Price			\$274.00
DDG Value Relative to:	1/12/2023		1/5/2022
Corn	1.14%		1.16%
Soybean Meal	53.41%		55.45%
Cost Per Unit of Protein:			
DDG	\$10.15		\$10.04
Soybean Meal	\$10.80		\$10.29

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.

COTTON

➤ USDA – World Cotton

Cotton World as of January 2023							
Attribute	22/23 Jan'23	Change	22/23 Dec'22	21/22	20/21	19/20	18/19
Area Harvested (1000 HA)	31,916	-148(-.46%)	32,064	32,313	31,366	34,466	33,216
Beginning Stocks (1000 480 lb. Bales)	85,340	-104(-.12%)	85,444	86,733	98,406	82,575	82,828
Production (1000 480 lb. Bales)	115,396	-332(-.29%)	115,728	115,715	111,489	120,163	118,490
Imports (1000 480 lb. Bales)	41,626	-645(-1.53%)	42,271	42,889	48,693	40,703	42,451
Total Supply (1000 480 lb. Bales)	242,362	-1081(-.44%)	243,443	245,337	258,588	243,441	243,769
Exports (1000 480 lb. Bales)	41,656	-595(-1.41%)	42,251	42,863	48,726	41,057	41,484
Use (1000 480 lb. Bales)	110,853	-846(-.76%)	111,699	117,501	123,188	104,064	119,783
Loss (1000 480 lb. Bales)	-80	-12(17.65%)	-68	-367	-59	-86	-73
Total Dom. Cons. (1000 480 lb. Bales)	110,773	-858(-.77%)	111,631	117,134	123,129	103,978	119,710
Ending Stocks (1000 480 lb. Bales)	89,933	+372(+.42%)	89,561	85,340	86,733	98,406	82,575
Total Distribution (1000 480 lb. Bales)	242,362	-1081(-.44%)	243,443	245,337	258,588	243,441	243,769
Stock to Use % (PERCENT)	58.97	+1(+1.36%)	58.18	53.22	50.45	67.81	51.20
Yield (KG/HA)	787	+1(+.13%)	786	780	774	759	777

Source: USDA PS&D

12 January 2023 USDA WASDE - The World 2022/23 ending stocks are forecast 370,000 bales higher this month as lower production is more than offset by a reduction in consumption.

World cotton production is forecast 330,000 bales lower than it was in December as lower production in India more than offsets gains in the United States and Brazil.

Projected world cotton consumption is 850,000 bales lower this month, at 110.9 million bales, a 5.7% decline from the previous year. Compared with the December outlook, India's 2022/23 consumption is forecast 500,000 bales lower, with smaller declines for Indonesia and Vietnam. Projected world trade is down 600,000 bales, to 41.7 million, as projected exports from the United States, India, and Argentina decline. Imports by China, Indonesia, and Vietnam are also projected lower.

Global Cotton Prices

Global cotton prices were mostly unchanged since last month's WASDE. Slightly higher prices on the Intercontinental Exchange (ICE) supported U.S. spot prices despite relatively low foreign sales.

For the last eight USDA reports, the total sum of net sales has not exceeded 120,000 bales and is well below normal seasonal levels. India origin was the only spot price to witness a monthly decline despite plummeting arrivals of seed cotton. According to the India Ministry of Agriculture, arrivals are roughly 40% lower compared with the previous year.

➤ USDA – U.S Cotton

Cotton United States as of January 2023					
Attribute	22/23 Jan '23	Change	22/23 Dec '22	21/22	20/21
Area Harvested (1000 HA)	3,011	-176(-5.52%)	3,187	4,157	3,325
Beginning Stocks (1000 480 lb. Bales)	3,750	-	3,750	3,150	7,250
Production (1000 480 lb. Bales)	14,680	+438(+3.08%)	14,242	17,523	14,608
Imports (1000 480 lb. Bales)	5	-	5	5	2
Total Supply (1000 480 lb. Bales)	18,435	+438(+2.43%)	17,997	20,678	21,860
Exports (1000 480 lb. Bales)	12,000	-250(-2.04%)	12,250	14,622	16,352
Use (1000 480 lb. Bales)	2,200	-	2,200	2,550	2,400
Loss (1000 480 lb. Bales)	35	-12(-25.53%)	47	-244	-42
Total Dom. Cons. (1000 480 lb. Bales)	2,235	-12(-.53%)	2,247	2,306	2,358
Ending Stocks (1000 480 lb. Bales)	4,200	+700(+20%)	3,500	3,750	3,150
Total Distribution (1000 480 lb. Bales)	18,435	+438(+2.43%)	17,997	20,678	21,860
Stock to Use % (PERCENT)	29.58	+5(+22.13%)	24.22	21.84	16.80
Yield (KG/HA)	1,062	+89(+9.15%)	973	918	957

Source: USDA PS&D

12 January 2023 USDA WASDE - This month's U.S. 2022/23 cotton forecasts include higher production and ending stocks, no change in U.S. mill use, and lower exports. US production is 438,000 bales higher, at 14.7 million, with yield at a record 947 pounds/acre, up 9% from the December estimate.

U.S. 2022/23 exports are lowered 250,000 bales compared with the previous month to 12.0 million bales. This is despite higher U.S. production and is attributed to lower global demand, with global consumption forecast down more than 800,000 bales compared with the previous month to 110.9 million.

Major consumers including China, India, and Pakistan are facing challenges including a downward trend in profit margins and yarn orders, which in turn have resulted in conservative buying practices for cotton lint. Additionally, a lower global consumption forecast reflects the slowing of overall global demand for cotton products.

China still remains the largest destination for U.S. cotton exports, but outstanding sales are significantly lower compared with the previous year. Despite Pakistan holding the largest portion of U.S. outstanding sales, issues with financing are slowing shipments and new sales.

Lower projected U.S. exports are expected to increase U.S. ending stocks to 4.2 million bales, 700,000 bales higher compared with last month and symbolic of lower global consumption prospects.

The USDA upland season-average farm price received by U.S. farmers is projected 2 cents lower this month at 83 cents per pound.

➤ CME Cotton – Weekly Nearby



Source: Barchart <https://www.barchart.com/futures/quotes/ZMU22/interactive-chart> Weekly

CME March 2023 Cotton Futures settled on Friday at \$82.29/cwt, up 25 points on the day, and losing \$3.39/cwt for the week. May 23 Cotton closed at 82.6, up 33 points, while July 23 Cotton closed at 82.87, up 52 points

Nearby cotton prices were 25 to 75 points stronger at the settle on Friday. For the week, March saw a 632-point range and closed 339 points lower. As a reminder, ag markets are closed on Monday for the MLK federal holiday.

CFTC's weekly Commitment of Traders report showed managed money was 9,110 contracts net long in cotton as of 1/10. That was a 2,295 contract weaker net long through the week following long liquidation. Commercial cotton hedgers put on new positions through the week, with a total of 9.6k new contracts open. On net, their net short was 1,352 contracts lighter to 37,727 as of 1/10.

USDA's weekly Cotton Market Review showed 32,800 bales were transacted during the week, averaging 83.27 cents/lb.

The Cotlook A Index from 1/12 was 70 points lower to 100.10 cents. The FSA raised the AWP for cotton by 170 points to 74.68 cents.

ENERGY & ETHANOL

➤ CME Ethanol Futures - Nearby Weekly



Source: Barchart <https://www.barchart.com/futures/quotes/FLV22/interactive-chart>

CME Nearby Ethanol March 2023 settling on Friday at \$2.1950/gallon, up 6.500 cents on the day, and gaining 1.750 cents for the week.

Feb WTI crude oil on Friday closed up +1.47 (+1.88%), and Feb RBOB gasoline closed up +5.75 (+2.32%).

The Energy Information Administration (EIA) at midweek showed the first gain in domestic ethanol production in five weeks, up 99,000 barrels per day (bpd) or 12.7% to 943,000 bpd, 6.3% lower than a year ago for the week ended Jan. 6. Output in the Midwest rose 101,000 bpd to 895,000 bpd, down 5.5% from this time in 2022.

USDA's weekly Ethanol review showed prices were 9 to 16 cents lower through the week, from \$2.02 to \$2.20/gal regionally. Corn oil was quoted mostly firm through the week, from 65 to 70 cents/lb. The DDGS market was \$250 to \$325/ton regionally through the week, mostly lower within \$40/ton of UNCH.

Ethanol margins snapped back aggressively today with the Platts window sharply higher trading \$2.215 for Argo and 2.29 NYH before going out \$2.30 bid. Margins were up around a nickel today but down \$.06-.08 gal WoW.

Expect to see an increase in ethanol production in next week's EIA with most of the trade in the 970-1000 kbpd camp while we should also see a build in stocks. Rbob/crude continued its march higher today.

➤ U.S. Corn Values delivered Ethanol Plants – Friday 13th January 2023

Corn Delivered Selected Plants / Road quotes, in cents/bus basis CBOT futures: USDA (U.S. No. 2, 14.5% moisture, in cents/bus.

Nearby Ethanol Bids	1/12/2023	1/13/2023		
Blair, NE	50	50	H	UNC
Cedar Rapids, IA	7	-5	H	
Decatur, IL	30	22	H	
Fort Dodge, IA	43	43	H	UNC
N. Manchester, IN	10	5	H	
Portland, IN	16	16	H	UNC

➤ NYMEX WTI Crude Oil – Daily Cash



Source: Barchart <https://www.barchart.com/futures/quotes/CLY00/interactive-chart>

NYMEX Cash WTI Crude Oil Futures settled on Friday at \$79.86/barrel, up \$1.47 on the day, and gaining \$6.07 for the week. Feb WTI crude oil on Friday closed up +1.47 (+1.88%), and Feb RBOB gasoline closed up +5.75 (+2.32%).

➤ **Crude Rallies On Weak Dollar And Chinese Energy Demand Optimism**

13 January 2023 by Rich Asplund, Barchart – Crude oil and gasoline prices Friday climbed to new 1-week highs and closed moderately higher. A decline in the dollar index to a 7-1/4 month low was bullish for energy prices. Also, optimism that Chinese energy demand will surge as the country reopens from pandemic restrictions is bullish for crude prices. Gains in crude accelerated Friday after the U of Michigan U.S. Jan consumer sentiment index rose more than expected to a 9-month high.

Crude prices have support from signs of stronger energy demand in China. Demand for jet fuel in China has improved after capacity data from OAG today showed airline seat capacity for Northeast Asia, which includes China, jumped +10.2% w/w for the week ended January 9. Also, domestic and international flights are set to soar in China during the week-long Lunar New Year on January 21 with the removal of pandemic travel restrictions.

China boosted its crude import quotas on Monday, a sign from the world's largest crude importer that it is gearing up to meet higher demand. As of this week, China has issued a combined 132 million metric tons (MMT) of quotas for crude imports in 2023, well above the quota for 109 MMT at the same time last year.

Strength in the crude crack spread is bullish for oil prices. The crack spread Friday climbed to a 1-1/2 month high, encouraging refiners to boost their crude oil purchases and refine into gasoline and distillates.

Crude prices garnered support Wednesday on a forecast from Goldman Sachs for Brent crude to rally to \$110 per bbl by Q3 if China and other Asian economies fully reopen from Covid restrictions. Also, ING Groep NV late Tuesday projected Brent crude prices would average \$104 per barrel this year as China reopens and Russian supply drops.

Saudi Arabia's state-controlled Saudi Aramco last Thursday reduced its crude oil prices to customers, which was bearish for crude oil prices. Saudi Aramco cut its price of Arab Light grade crude to Asian customers for delivery in Feb by -\$1.45 per barrel and also cut prices for its customers in Europe and the Mediterranean region.

Increased OPEC crude output is bearish for oil prices. OPEC Dec crude production rose +150,000 bpd to 29.140 million bpd. OPEC+ on December 4 decided to keep the group's crude production targets unchanged for January, in line with expectations. OPEC+ will meet again on February 1 to discuss its production targets.

Crude oil prices found support after Russia's Deputy Prime Minister Alexander Novak said in late December that Russia might cut production by 500,000-700,000 bpd in response to Europe's partial oil embargo on Russian oil imports. The European embargo is having a significant impact, as Bloomberg reports that total oil shipment volume from Russia in mid-December fell sharply by -54%.

In a bullish factor, Vortexa reported Monday that the amount of crude stored on tankers that have been stationary for at least a week fell -5.9% w/w to 89.52 million bbl in the week ended January 6.

Wednesday's EIA report showed that (1) U.S. crude oil inventories as of January 6 were +0.4% above the seasonal 5-year average, (2) gasoline inventories were -7.0% below the seasonal 5-year average, and (3) distillate inventories were -17.1% below the 5-year seasonal average. U.S. crude oil production in the week ended January 6 rose +0.8% w/w to 12.2 million bpd, which is only 0.9 million bpd (-6.9%) 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 January 13 rose by +5 rigs to 623 rigs, modestly below the 2-1/2 year high of 627 rigs posted on December 2. U.S. active oil rigs have more than tripled from the 17-year low of 172 rigs seen in Aug 2020, signaling an increase in U.S. crude oil production capacity.

➤ **NYMEX Natural Gas – Daily Cash**



Source: Barchart <https://www.barchart.com/futures/quotes/CLY00/interactive-chart>

NYMEX December 2022 Natural Gas Futures settled on Friday at \$3.419/MMBtu, off \$0.276 on the day and losing 2.91 cents for the week..

➤ **Nat-Gas Prices Sink To 1½-Year Lows On Above-Normal Winter Temps**

13 January 2023 by Rich Asplund, Barchart – Feb nat-gas Friday tumbled to a new 1-1/2 year nearest-futures low. Prices are under pressure on expectations for warm U.S. weather to reduce heating demand for nat-gas. Forecaster Atmospheric G2 said Friday that well above-average temperatures are expected across the eastern

two-thirds of the U.S. through January 22. In addition, a slump in European nat-gas prices to a 14-month low Friday also weighed on U.S. nat-gas prices.

Nat-gas prices have fallen sharply over the past month as abnormally mild weather across the northern hemisphere erodes heating demand for nat-gas. The National Oceanic and Atmospheric Administration (NOAA) expects above-normal temperatures for most of Europe and the U.S. through the end of this month. The warm temperatures this winter have caused rising European nat-gas inventories, with gas storage across Europe currently 82% full as of Thursday, far above the 5-year average for this time of year of 70%.

A negative factor for nat-gas prices is the continued closure of the Freeport LNG export terminal. Last Thursday, the Rapidan Energy Group said that the Freeport LNG export terminal, closed since an explosion on June 8, will likely be offline "for several more months." The report cited the delay in the "extensive personnel training" that is being required by federal regulators overseeing the restart of the terminal. The closure of the facility has been bearish for nat-gas prices since the reduction in LNG exports has boosted U.S. nat-gas inventories. The Freeport terminal normally accounts for about 20% of all U.S. nat-gas exports and receives about 2 bcf, or 2.5%, of the output from the lower 48 U.S. states.

Lower-48 state dry gas production on Friday was 100.8 bcf (+6.0% y/y), modestly below the record high of 103.6 bcf posted on Oct 3, according to BNEF. Lower-48 state gas demand Friday was 93.0 bcf/day, up by +0.4% y/y, according to BNEF. LNG net flow to U.S. LNG export terminals Friday was 12.8 bcf/day, up +1.5% w/w.

A decline in U.S. electricity output is bearish for nat-gas demand from utility providers. The Edison Electric Institute reported Wednesday that total U.S. electricity output in the week ended Jan 7 fell -11.3% y/y to 73,106 GWh (gigawatt hours). However, cumulative U.S. electricity output in the 52-week period ending Jan 7 rose +2.4% y/y to 4,133,554 GWh.

Nat-gas prices have support as EU countries agreed to cut nat-gas demand from Russia by 15% by early 2023. Also, Russia recently slashed nat-gas exports to Europe to 20% of capacity, putting upward pressure on European nat-gas prices.

Thursday's weekly EIA report was bearish for nat-gas prices since it showed U.S. nat gas inventories unexpectedly rose +11 bcf in the week ended Jan 6 versus expectations of a draw of -12 bcf. The increase in nat-gas supplies is the first increase ever for this time of year. Nat-gas inventories are -1.4% below their 5-year seasonal average.

Baker Hughes reported Friday that the number of active U.S. nat-gas drilling rigs in the week ended Jan 13 fell by -2 to 150 rigs, an 8-month low and moderately below the 3¼ year high of 166 rigs posted in the week ended Sep 9. Active rigs have more than doubled from the record low of 68 rigs posted in July 2020 (data since 1987).

OTHER MARKETS

➤ LME Chair Huey Evans to Step Down in Wake of Nickel Crisis

- Most senior departure since nickel short squeeze last March
- Exchange faces lawsuits and regulatory reviews into its role

5 January 2023 by Mark Burton, Jack Farchy - London Metal Exchange Chairman Gay Huey Evans is stepping down as the exchange continues to grapple with the fallout from the crisis in its nickel market last year.

Huey Evans will not seek re-election and will step down once a new chair has been appointed, the exchange said in a statement, without giving a reason for her departure. She will continue to support the board and the executive during the transition, after which she will become a senior adviser to the commodities business of LME owner Hong Kong Exchanges & Clearing Ltd.

The announcement marks the most senior departure since the nickel crisis last March, when the exchange responded to a runaway short squeeze by closing the market for a week and controversially canceling billions of dollars worth of trades. It comes ahead of the planned publication next week of an independent review into the crisis.

The 146-year-old LME has been lambasted by investors for its handling of the crisis, with Citadel Securities founder Ken Griffin describing it as "one of the worst days in my professional career in terms of watching the behavior of an exchange." The LME is being sued in London by hedge fund Elliott Investment Management and trading firm Jane Street.

The market is also awaiting the conclusions of regulatory investigations by the Financial Conduct Authority and Bank of England into the governance, market oversight and risk management of the LME and its clearinghouse. The exchange has commissioned its own review of the crisis, which it said last month would be published on or about January 10th.

Huey Evans was appointed chairman of the LME in 2019 after a 30-year career in finance that included roles at the Financial Services Authority and the Financial Reporting Council. She also sits on the boards of Standard Chartered Plc and S&P Global Inc.

The LME also announced the appointment of two new independent non-executive directors, Martin Fraenkel and Pierre Vareille. The FCA said in April that the exchange had agreed to add new directors to strengthen its governance. They will join the board subject to FCA approval.

TRANSPORTATION

➤ Baltic Dry Freight Index – Daily = 946



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

After a weak start to the calendar year, a bearish tone continued to prevail in the dry bulk freight complex during the past week, as the Baltic Dry Index fell by 12%, reaching the lowest level in more than four months. Amid generally tepid demand, in part linked to New Year festivities and seasonal factors, the largest declines in timecharter rates were registered across the grains and oilseeds carrying segments.

Reported discounts in Asia, coupled with weak supply and demand fundamentals in the Atlantic, pressured Panamax rates recently, while the Supramax market witnessed quiet activity at the US Gulf and limited enquiry levels in the northern Pacific. Declines in Handysize values in part reflected negative sentiment in Europe and the Mediterranean. The Capesize sub-Index extended earlier losses amid reduced trading activity on transatlantic routes and limited demand in the Pacific.

The ongoing easing of COVID-19 restrictions in China was welcome by market participants, although demand from that country was expected to remain relatively slow in light of the upcoming New Year holidays, while local infection rates were also closely monitored.

➤ Baltic index hits over 2-1/2-year low on weak vessel demand

13 January 2023 International Shipping News - The Baltic Exchange's main sea freight index on Friday fell to its lowest since June 2020 as demand across all vessel segments declined.

The overall index, which factors in rates for capesize, panamax and supramax shipping vessels, was down 30 points, or about 3.1%, at 946.

The index was down about 16.3% this week, its third consecutive weekly fall.

The capesize index lost 50 points, or about 3.7%, at 1,299. It was down about 14.1% for the week.

Average daily earnings for capesizes, which typically transport 150,000-tonne cargoes such as iron ore and coal, were down \$418 at \$10,770.

The panamax index dropped 15 points, or about 1.4%, to 1,069. The index posted its worst week since late-August 2022, down about 17.7%.

Average daily earnings for panamaxes, which usually carry coal or grain cargoes of about 60,000 to 70,000 mts, fell by \$139 to \$9,618.

Among smaller vessels, the supramax index fell 29 points to 686.

Source: Reuters

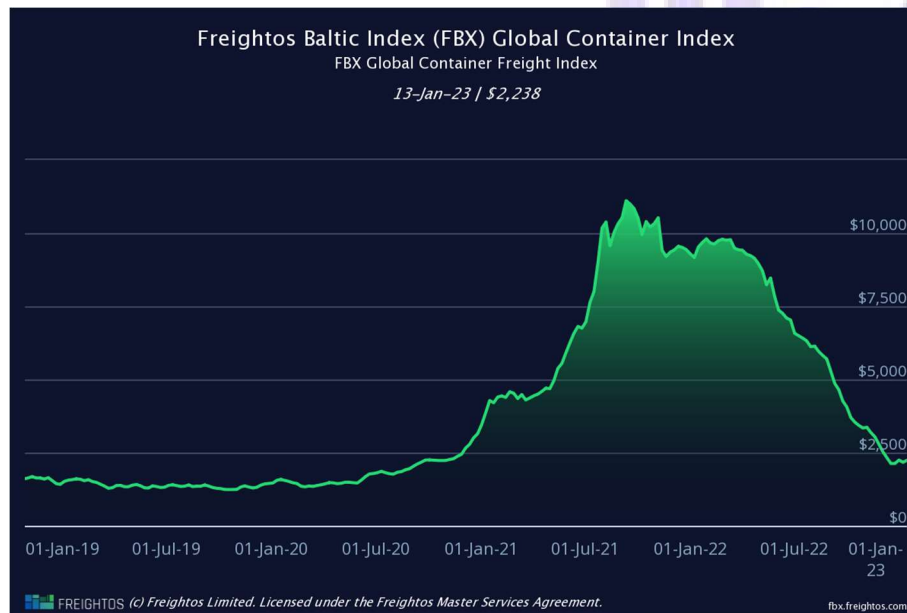
➤ Weak Vessel Demand Drags Baltic Dry Index Down Further

12 January 2023, Reuters - The Baltic Exchange's main sea freight index on Thursday posted its worst day since the start of this year on lower demand across all vessel segments.

- The overall index, which factors in rates for capesize, panamax and supramax shipping vessels, was down 67 points, or 6.4%, at 976, its lowest since early September.
- The capesize index lost 121 points, or 8.2%, at 1,349.
- Average daily earnings for capesizes, which typically transport 150,000-tonne cargoes such as iron ore and coal, were down \$1,000 at \$11,188.
- Cargo activity is expected slow down dramatically during the Chinese New Year holidays, shipbroker Fearnleys said. The upcoming rainy season in Brazil is adding to market uncertainty.
- The panamax index dropped 42 points, or 3.7%, to 1,084, a two-and-a-half-year low. The index has not gained in 14 sessions.
- Average daily earnings for panamaxes, which usually carry coal or grain cargoes of about 60,000 to 70,000 mts, fell by \$380 to \$9,757.
- Among smaller vessels, the supramax index fell 47 points to 715.

- Meanwhile, iron ore futures rose for a third straight session, with the Singapore benchmark scaling a fresh six-month high, underpinned by continued optimism about demand prospects in top steel producer China.
- The Buenos Aires grains exchange said on Wednesday it could slash its forecast for Argentina's 2022/23 soybeans and corn production by up to 25% if a prolonged drought in the country's agricultural region continues.
- (Reporting by Harshit Verma in Bengaluru; Editing by Shilpi Majumdar)

➤ **Freightos Baltic Index (FBX): Global Container Freight Index**

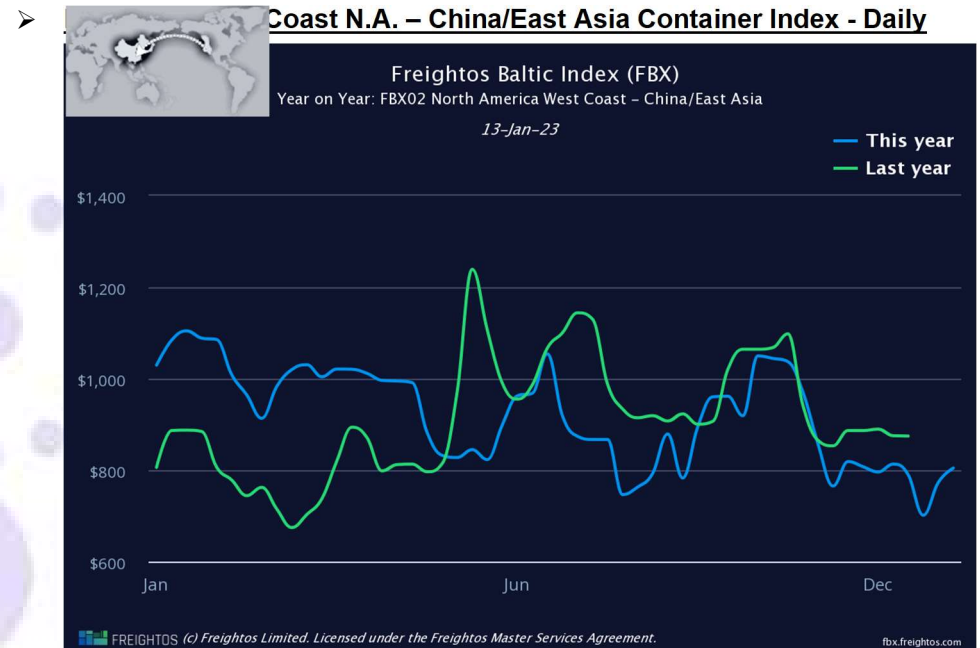


Source: <httpsfbx.freightos.com/>

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: <httpsfbx.freightos.com/>

➤ **Carriers take short-term rate hit and eye post-CNY demand surge**

13 January 2023 by Mike Wackett - Ocean carriers do not expect consumer demand in North Europe to recover until at least March, when they hope container freight rates from Asia will also rebound.

Low rates, down to \$750 per 20ft and \$1,000 per 40ft from China to North European ports, are being touted in the market either directly through local carrier offices, or via forwarding agents, valid until 1 March.

Moreover, for the immediate period after the Chinese New Year, when cargo prospects are looking particularly soft, one of the biggest carriers is offering shippers an FAK rate of \$550 per 20ft from Dalian to Felixstowe for a shipment window of 1 to 14 February. To qualify for this rate, a booking must be made by 15 January.

The container spot market indices are still not reflecting the 'market' rates to North Europe, although Xeneta's XSI was the closest this week, as its component slid by another 8%, to \$1,885 per 40ft.

"The supply of shipping space was abundant and the marketing strategy of carriers was still based on soliciting cargo, therefore the market rate dropped," says the Ningbo Containerized Freight Index (NCFI) weekly commentary.

However, there was better news this week for carriers serving the Asia-Mediterranean tradelane, where “increased demand” prompted 2M partners MSC and Maersk to reinstate a sailing on the AE11/Jade loop that had been voided.

Spot rates on the route, as recorded by Drewry’s WCI index, declined by 4% this week, but remain significantly higher than North European rates, at \$2,821 per 40ft.

Meanwhile, on the transpacific, carriers will be encouraged by the easing of inflation, down to an annualised rate of 6.5%, which is expected to result in the Federal Reserve being less aggressive with its interest rate hikes and thus encourage consumers to start spending again.

Container spot rates from Asia to the US west coast appear to have bottomed out, at between \$1,300 and \$2,000 per 40ft, as carriers cancelled half their sailings on the route ahead of the CNY.

And on the more robust Asia-US east coast tradelane, spot rates seem to be levelling out at around \$2,800 to \$3,600 per 40ft.

On the transatlantic, the impact of carriers deploying extra capacity and the start of services by market entrants is, unsurprisingly, putting pressure on freight rates.

Maersk announced this week that the 2M would be adding three extra vessels to its transatlantic loops. And UK-based Ellerman City Liners is upgrading its fortnightly service from North European ports to US east coast ports to weekly, after redeploying vessels from its now defunct Asia to North Europe service.

Container rates on the route, as recorded by the spot indices, are still at a highly elevated level of between \$5,500 and \$6,500 per 40ft, albeit that the weekly declines are accelerating, but ‘market’ rates from say Liverpool to New York are said by a forwarder contact to be “much lower”.

➤ Illinois River Barge Freight

13 January 2023 – Indicative values, “bid/offer”, as a% of tariff (1976 benchmark rates short ton (2,000 lbs)). Use to calculate “Delivery Value Equivalents” (DVE).

IL RIVER FREIGHT

	1/12/2023	1/13/2023	
wk 1/8	650/675	650/675	UNC
wk 1/15	625/650	625/650	UNC
wk 1/22	600/625	625/650	
wk 1/29	575/600	600/650	
Feb	550/575	575/600	
Mar	525/550	525/550	UNC
April	500/550	500/550	UNC
May	475/525	475/525	UNC
June	450/500	475/525	
July	475/525	475/525	UNC
August	550/625	550/625	UNC
Sept	650/750	650/750	UNC
Oct	750/900	750/900	UNC

LOGISTICS

➤ **Agriculture Transportation Working Group Endorses Bipartisan WRDA**

The Agriculture Transportation Working Group is calling on Congress to pass a recently crafted bipartisan agreement on the Water Resources Development Act. Members made their views known in a letter signed by more than 25 different trade organization.

The letter was addressed to Sens. Tom Carper (D-DE) and Shelly Capito (R-WV) the chair and ranking members of the House Committee on Environment & Public Works, as well as Reps. Peter DeFazio (D-OR) and Sam Graves (R-MO) who lead the House Committee on Transportation and Infrastructure.

The proposed bill would permanently set the current cost share for inland waterway projects at 65% general Treasury funds and 35% from the Inland Waterways Trust Fund.

While the associations would have preferred at 75/25% split, they agreed that a permanent policy will provide certainty, bolster investment in inland waterways and expedite modernization projects.

"WRDA can impact trade because barges move about half of all grains to export grain elevators, including 48% of corn, 62% of soybeans and 47% of wheat," the letter stated. "Critical farm inputs like fertilizer, feed and fuel are transported via the inland waterways system. From the Pacific Northwest to the Mississippi River and the Gulf Coast, the importance of inland waterways and ports to the ATWG and American agriculture is definitive."

Congress considers a new WDRA every two years. The act authorizes flood control, navigation and ecosystem restoration projects for the Army Corps of Engineers.

The house recently voted 350 to 80 in favor of a new act as part of this year's National Defense Authorization Act. The bill is now headed to the Senate.

➤ **STB Directs Rail Company to Deliver Feed to Foster Farms**

The Surface Transportation Board issued Dec. 30 a decision that directs Union Pacific Railroad Company (UP) to carry out specific service commitments to Foster Farms.

On December 29th, 2022, Foster Farms filed a petition for emergency service with the Board because of the "substantial, measurable deterioration of rail service" by UP to Foster Farms' Traver, Turlock, and Delhi facilities beginning October 2022. Corn delivered by UP to Foster Farms is used exclusively to feed hundreds of thousands of cattle and millions of chickens.

According to UP, Foster Farms' current crisis is largely the result of extreme winter weather that has affected many rail shippers. UP asserted that there are currently five loaded trains destined to Foster Farms' facilities in Traver, Turlock, and Delhi that will arrive between December 31, 2022, and January 3, 2023.

After reviewing the filings by both parties, the Board issued a decision ordering UP to deliver specific train sets of animal feed to Foster Farms on the time schedule specified by UP in order to avert a potential significant loss of livestock. The Board is also requiring UP to provide a status update to the Board by January 3, 2023, and to inform the Board and Foster Farms in writing of any need to deviate from its proposed schedules.

➤ **STB Told Improper Rail Embargoes Hurting Ag Shippers**

Agri-Pulse reports that National Grain and Feed Association CEO Mike Seyfert says railroad embargoes can force grain processors to run at lower-than-normal capacities, and that makes it harder for livestock and poultry operations to get feed delivered in time. The delays also can trigger demurrage fees by ocean carriers on grain exports, he told the Surface Transportation Board on Wednesday.

Testifying at a second day of STB hearings, Seyfert said NGFA knows railroads like Union Pacific may need to use embargoes to deal with weather events and other disasters outside of their control. But he said railroads should not be using embargoes to solve congestion issues stemming from their own actions.

"We strongly urge against the use of embargoes as a planned business practice when the system becomes congested because of the actions of the railroad, namely not having sufficient personnel or making necessary capital expenditures," Seyfert said.

Keep in mind: Railroads use embargoes to restrict the movement of goods to certain points to prevent congestion. UP has imposed more than 1,000 this year, compared to just five in 2017.

➤ **Port Of Savannah Prepares to Increase Container Capacity**

The Port of Savannah is preparing to begin renovations in January on its ocean terminal to expand its container operations, reports *Agri-Pulse*.

The plan is to discontinue its breakbulk operations at the terminal and double its capacity to load and unload container-carrying vessels, the Georgia Port Authority said in a statement released Monday.

Savannah, a key port for agricultural exports like poultry, will continue loading at the Ocean Terminal during construction.

"The realignment is part of a broader effort to transform the terminal into an all-container operation, shifting most breakbulk cargo to the Port of Brunswick," said Griff Lynch, GPA executive director. "Completion of this project will improve our flexibility and allow Georgia Ports to optimize cargo movement, supporting our customers in delivering goods to market efficiently."

➤ **FMC to Define 'Unreasonable Refusal' for Ocean Shipping**

The Federal Maritime Commission needs to define the term "unreasonable refusal" in its implementation of the [Ocean Shipping Reform Act](#), four senators wrote FMC Chairman Danniell Maffei last week.

In a [letter dated last Thursday](#), Sens. John Thune (R-SD), Amy Klobuchar (D-MN), and Senate Agriculture Appropriations Subcommittee Chairwoman Tammy Baldwin, D-Wis., and Sen. John Hoeven (R-ND) the ranking member on the subcommittee, pointed out that Congress passed the bill in part because shippers were declining to carry agricultural cargo and that they are worried about the "breadth of 'transportation factors'" that carriers might claim in refusing to carry cargo.

GOVERNMENT

➤ **Corn Refiner's Association - Trade Update**

3 January 2023 CRT Trade Update -

- **U.S. – Indo-Pacific:** IPEF negotiations, covering three of the four pillars: Pillar II (Supply Chains), Pillar III (Clean Energy), and Pillar IV (Anti-Corruption and Tax), are scheduled to take place from Feb. 8-11 in India. There is no word on the next round of talks regarding the trade pillar.
- **U.S. – Indo-Pacific:** IPEF negotiations, covering three of the four pillars: Pillar II (Supply Chains), Pillar III (Clean Energy), and Pillar IV (Anti-Corruption and Tax), are scheduled to take place from Feb. 8-11 in India. There is no word on the next round of talks regarding Pillar I, Trade.
- **USMCA:** Biden Administration trade officials are weighing reported modifications to Mexico's 2024 Presidential Decree to ban glyphosate and imported genetically modified (GM) corn. Several agriculture groups and lawmakers have requested the Administration pursue USMCA consultations regarding the decree.
- **U.S.- Taiwan:** The Biden Administration announced the U.S. and Taiwan will hold a negotiating round for the U.S.-Taiwan Initiative on 21st-Century Trade. U.S. and Taiwanese trade officials will meet in-person Jan. 14-17 in Taipei, Taiwan, to resume negotiations. The scope of negotiations range from trade facilitation to anti-corruption standards to deepening agriculture trade, but excludes market access (e.g. tariff reductions) provisions.
- **WTO:** Taiwan formally asked to join China's WTO complaint against U.S. export control sanctions on semiconductors as a third-party observer. The request comes as the U.S. and Taiwan commence trade talks in Taipei next week.

➤ **No Compromise with Mexico on Biotech Corn Ban, Vilsack Says**

There aren't any compromises that the Biden administration is willing to make when it comes to Mexico's effort to curtail its imports of genetically modified corn from the U.S., Agriculture Secretary Tom Vilsack said Monday.

"No, there's no reason to compromise," Vilsack told Agri-Pulse, when asked if the U.S. was preparing a counteroffer to Mexico's latest proposal on scaling back a ban on GM corn imports. "It's not about compromising."

Mexican President Andrés Manuel López Obrador met with President Joe Biden Monday in Mexico City, but there was no indication from a White House summary of the meeting that the biotech corn issue came up, only a glancing reference to the U.S.-Mexico-Canada trade deal.

"The two presidents reaffirmed their commitment to the United States-Mexico-Canada Agreement as the foundation for North American competitiveness and the basis for economic prosperity and social development," the White House summary said.

Vilsack said Monday that the U.S. pledged to give its response to Mexico by January 15th, but he also asserted that the U.S. position is unmovable.

"And the message is pretty simple, which is we believe in a science-based system," Vilsack said. "We understand and appreciate some of the challenges that (Obrador) has outlined But at the end of the day, the agreement we reached with Mexico and Canada is in support of a science-based system."

➤ **Vilsack Presses FMC for Changes to Ocean Carrier Proposal**

After two years of agriculture exporters enduring "ocean carriers' systematic neglect of exports in favor of higher value import cargo," Feedstuffs reports that Agriculture Secretary Tom Vilsack is offering key changes to the Federal Maritime Commission's (FMC) proposed rulemaking to define an unreasonable refusal to negotiate or deal with respect to vessel space accommodations.

While USDA believes the rulemaking "is one step toward righting an unfair situation," Vilsack recently sent a letter to several FMC officials, offering the following key changes to improve the proposal: (1) broaden the definition of an unreasonable refusal to negotiate or deal; (2) significantly narrow the guidance on reasonable refusals; (3) and encourage specific actions by carriers to guard against unreasonable refusals.

According to Vilsack, agricultural shippers over the past two years have continually dealt with broken export contracts, canceled bookings, inadequate receiving windows, and shortages of empty containers and other equipment. These issues, he noted, reduced prices paid to producers, compromised bottom lines for ag companies, and damaged U.S. agriculture's standing with global customers.

Beyond the issue at hand, Vilsack also expressed the need for FMC to promote competition in the industry and to consider the carrier consolidation and alliances that has occurred in recent years.

Currently, three global companies, made up entirely of foreign companies, control almost all of ocean freight shipping. They have formed global alliances that now control 80% of global container ship capacity and control 95% of the critical East-West trade lines.

➤ **Ag Trade to Get Key Focus in IPEF Negotiating Round**

Ag trade issues will be on the negotiating table when the U.S. and 13 other Indo-Pacific Economic Framework nations meet in Brisbane, Australia, on Dec. 10, according to senior administration officials and reporting by *Agri-Pulse*.

The U.S. will be laying down text to deal with import licensing and sanitary and phytosanitary barriers that restrict U.S. ag trade, one official told reporters Tuesday evening.

There are “a whole range of topics we think will really help knock down barriers and make (U.S.) ag more accessible in these markets,” the official said.

The 13 countries that have signed up for the U.S.-led effort to counter Chinese expansion in the region include: Australia, Brunei, India, Indonesia, Japan, South Korea, Malaysia, New Zealand, Philippines, Singapore, Thailand, Vietnam and Fiji.

➤ **House Forming Panel to Counter China**

The House voted 365-65 Tuesday to create a special committee to guard against Chinese influence in the U.S., with House Speaker Kevin McCarthy making an impassioned speech in support of forming the committee.

“Worried about Chinese propaganda in our schools and lobbying efforts in Washington? The (Select Committee on China) will shine a bright light on it,” McCarthy said. “Outraged that the (Chinese Communist Party) is buying American farmland? The committee will work to stop it.”

McCarthy promised that the committee will be a bipartisan effort. The vote shows there is plenty of support on both sides of the aisle. Rep. Mike Gallagher, R-Wis., was named to chair the committee.

➤ **California GOP Members Reintroduce WATER Bill**

Rep. David Valadao and 11 other California Republicans, including House Speaker Kevin McCarthy, are bringing back a proposal to address water needs in the state.

Valadao has reintroduced the Working to Advance Tangible and Effective Reforms (WATER) for California Act, which the California Republican House delegation proposed last September. According to a release from Valadao’s office, the bill

“promotes water conveyance through the Sacramento-San Joaquin River Delta, consistent with the Endangered Species Act, and advances key surface water infrastructure projects.”

In addition to McCarthy and Valadao, the WATER bill is also cosponsored by California Republicans Doug LaMalfa, Kevin Kiley, Tom McClintock, John Duarte, Jay Obernolte, Mike Garcia, Young Kim, Ken Calvert, Michelle Steel, and Darrell Issa.

➤ **US Beef Exports Setting New Records in East Asia**

U.S. beef exports to East Asia are setting new records this year, [according to an analysis by USDA's Foreign Agricultural Service](#) and reporting by *Agri-Pulse*.

The U.S. shipped \$6.6 billion worth of beef to South Korea, China, Hong Kong, Japan and Taiwan from January through September, says FAS. That’s a 22% increase from the same time period in 2021, when U.S. exports totaled \$5.4 billion.

“On a volume basis, exports were up 6.4%,” FAS said in the analysis. “Despite surging food prices in recent months, higher-volume shipments indicate a continued demand for beef products and that East Asia’s relatively stable middle class with high disposable household income has been willing to absorb the rising costs.”

South Korea overtook Japan in 2021 as the most valuable destination for U.S. exports, a trend on pace to continue in 2022. And the outlook for years to come is even rosier as the long-term provisions of the South Korea-U.S. Free Trade Agreement, also known as KORUS, further improve trading conditions.

“After 10 years of a South Korea-U.S. Free Trade Agreement, tariff rates for beef products such as boneless beef, fresh, chilled, or frozen, sit at 10.6%,” says FAS. “Starting in 2026, U.S. beef products will enter duty-free, and a safeguard duty will no longer apply starting in 2027.”

➤ **U.S., Chinese Officials Meet After First Cultivated Meat Approval**

One month after the FDA’s approval of Upside Foods’ cultivated chicken product, the AgFood Future Center of Excellence (AGF) and the Agriculture Food Partnership (AFP) co-organized an online event where, for the first time, regulatory experts from two of the largest potential markets for meat innovation, the U.S. Food and Drug Administration (FDA) and China National Center for Food Safety Risk Assessment (CFSA), met to discuss the regulatory approval process and prospects for cultivated meat in these two major markets. The event was supported and attended by the Ministry of Agriculture and Rural Affairs (MARA) and the China Meat Association (CMA), who are also major influencers in developing China’s protein innovation market.

Feedstuffs reports that Jeremiah Fasano, senior policy advisor at the FDA’s Regulatory Review Office, provided a keynote at the event. Fasano played a key role in Upside’s pre-market approval process and is an FDA expert on cultivated meat. He

expressed FDA's ongoing support for food technology innovation, encouraging industry representatives to connect "early and often" to "discuss the development of food technology, promote industry development, and solve food safety problems together."

Fasano also shared his view on the prospect of the meat innovation industry, stating that the "FDA is communicating with different companies, and we are preparing public guidelines for the industry."

➤ **USDA Funds Meat Processor Expansions in 15 States**

USDA on Thursday announced a series of loan guarantees and grants to expand meat production capacity across the country in the latest of several steps by the Biden administration to grow small-scale processing following the supply chain problems during the COVID-19 economic shutdown, reports *DTN's Progressive Farmer*.

The agency awarded \$3.9 million in 23 Value-Added Producer Grants to help producer-owned companies process and market new products. In addition, USDA is providing \$5.7 million in loan guarantees for two companies through the Food Supply Chain Guaranteed Loan Program.

In all, the new \$9.6 million funding announcement centers on 25 projects in California, Illinois, Iowa, Kansas, Kentucky, Maine, Montana, Nebraska, New York, Ohio, Oklahoma, Texas, Virginia, Washington and Wisconsin.

The largest recipient of USDA dollars was Amarillo, Texas-based Bottomland Prime LLC to expand Edes Custom Meats, which is a cattle meat-processing and retail outlet. [View the latest funding recipients here.](#)

International Crop & Weather Highlights

➤ **USDA/WAOB Joint Agricultural Weather Facility – 7th January 2023**

Europe – Continued Unseasonably Warm

- Unseasonably warm weather continued over the entire continent, leaving winter crop areas devoid of snow cover and accelerating the premature melting of mountain snowpacks.
- Moderate to heavy rain in northern and western Europe contrasted with dry conditions across the Mediterranean Region.

Middle East – Increasingly Dry In Turkey, Rain In Central And Southern Areas

- Increasingly dry weather in Turkey further reduced moisture reserves for dormant (central and north) to vegetative (south) winter grains.
- Moderate to heavy rain boosted soil moisture for winter crops across central and southern Iraq, southwestern Iran, and much of Saudi Arabia.

Northwestern Africa – Continued Dry And Very Warm

- Dry and very warm weather accelerated winter grain development in Morocco following recent much needed early December rain but renewed drought concerns.
- The dryness and warmth further reduced soil moisture for wheat and barley in Algeria and Tunisia.

South Asia – Favorably Cool In India

- Cooler-than-normal weather benefited vegetative health of wheat and rapeseed in northern India.

East Asia – Unseasonably Mild For Winter Crops

- Unseasonably mild weather in eastern and southern China reduced cold hardness of dormant wheat and rapeseed, while showers in southern-most areas improved moisture reserves and favored seasonal vegetable crops.

Southeast Asia – Heavy Showers Continued

- Strong easterly winds brought heavy showers to windward areas of the region, sustaining flooding locally but overall benefiting moisture supplies for rice and other crops.

Australia – Dry Weather In The South And West, Showers In The East

- Dry weather in the south and west allowed winter crop harvesting to proceed at a swift pace.
- In the east, scattered showers helped maintain adequate to locally abundant soil moisture for summer crops, while periods of dry weather enabled winter crop harvesting to continue with minimal delays.

South America – Showers Brought Limited Drought Relief To Argentina

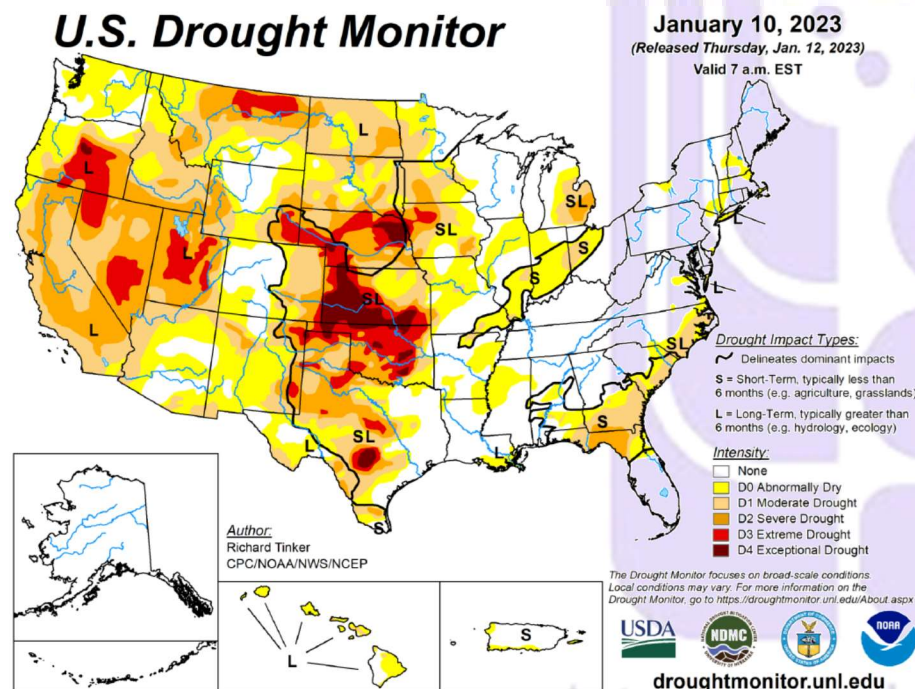
- Locally heavy rain benefited corn and soybeans in Argentina's southwestern production areas, although pockets of dryness persisted in some traditionally high-yield farming areas farther east.
- Dryness persisted in Rio Grande do Sul, Brazil, but prospects of soybeans and other summer crops remained overall favorable elsewhere.

South Africa – Mild, Showery Weather Continued In Major Commercial Summer Crop Areas

- Conditions remained overall favorable for corn and other rain-fed summer crops.

Source: USDA <https://www.usda.gov/oce/weather-drought-monitor/publications>

➤ **U.S. Agricultural Weather Highlights – Friday 13th January 2023**



In the West, wet weather stretches from the Pacific Northwest to northern California. With the return of wet, windy conditions, northern California faces another round of potential hazards, including flooding, debris flows, and power outages. In addition, several central California waterways, including the Salinas River, are running high from earlier rainfall and are susceptible to worsening floods as rain returns later today.

On the Plains, dry weather accompanies a warming trend. Today's high temperatures should reach 50°F or higher as far north as central Montana, further eroding any remaining snow cover across the northern High Plains. Deep snow cover remains, however, in the eastern Dakotas, where today's high temperatures will generally range from 20 to 30°F. Concerns persist with respect to winter wheat health across the central and southern Plains, due to the compounding effects of poor autumn establishment, exposure during the December cold outbreak, and long-term drought.

In the Corn Belt, cool, blustery weather prevails in the wake of a departing storm system. Snow showers are occurring in many areas, although precipitation is light. This morning's low temperatures dipped to 0°F or below in many deeply snow-covered upper Midwestern locations, mainly across eastern North Dakota and northern and central Minnesota.

In the South, more than two dozen tornadoes, the majority in Alabama, were spotted on Thursday. Early today, showers and thunderstorms are ending along the Atlantic Seaboard. In tornado-affected areas, recovery efforts are underway amid cool, breezy conditions. Sprinkles or snow flurries linger in the Tennessee Valley.

Outlook: Stormy weather will prevail across much of California through the weekend and into early next week, likely resulting in another wave of flood-related concerns, including rising river levels. California's 5-day precipitation totals could reach 4 to 8 inches or more, with heavy snow continuing to accumulate in the Sierra Nevada. Other areas of the West will also receive rain and snow, with locally heavy amounts possible in the Four Corners States. In contrast, dry weather will prevail through the weekend in the nation's mid-section, including the Great Plains. Early next week, however, portions of the central and southern Plains may receive some much-needed precipitation. Elsewhere, the South may face the threat of additional severe weather, starting late Sunday or Monday.

The NWS 6- to 10-day outlook for January 18 – 22 calls for the likelihood of near- or below-normal temperatures in the West, while warmer-than-normal conditions will prevail across the eastern half of the U.S. Meanwhile, near- or below-normal precipitation from southern California to central and southern Texas should contrast with wetter-than-normal weather across the remainder of the country.

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Web Site: <https://www.usda.gov/sites/default/files/documents/TODAYSWX.pdf>

References

➤ Conversion Calculations

Metric Tonne = 1000 kg, approximately 2204 lbs.

American or Short Ton = 2000 lbs.

British Tonne or Long Ton = 2240 lbs.

Metric Mts to Bushels:

- Wheat, soybeans = metric mts * 36.7437
- Corn, sorghum, rye = metric mts * 39.36825
- Barley = metric mts * 45.929625
- Oats = metric mts * 68.894438

Metric Mts to 480-lbs Bales

- Cotton = metric mts * 4.592917

Metric Mts to Hundredweight

- Rice = metric mts * 22.04622

Area & Weight

- 1 hectare = 2.471044 acres
- 1 kilogram = 2.204622 pounds

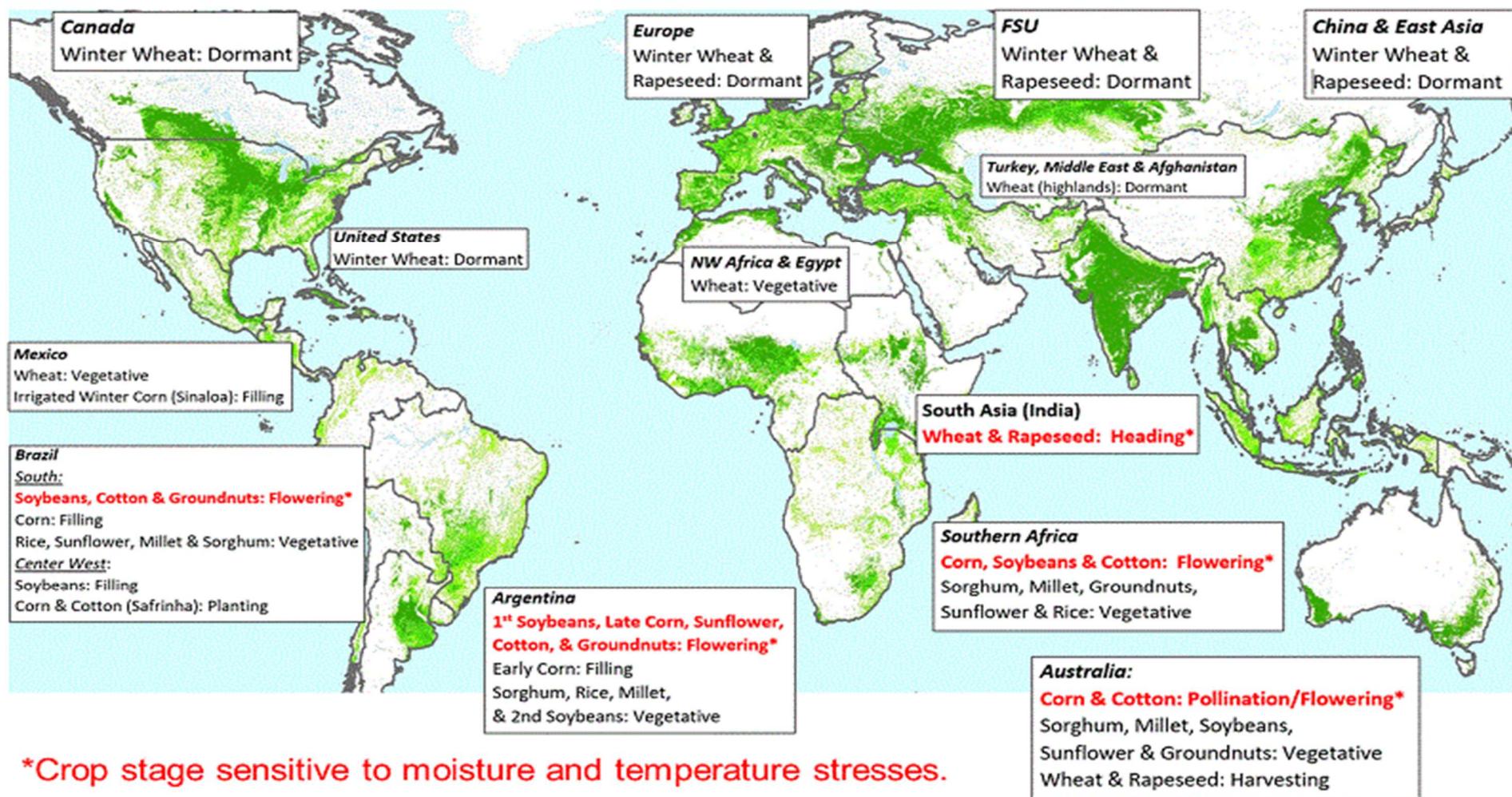
➤ Marketing Years (MY)

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:

Wheat	Corn	Barley	Sorghum
Argentina (Dec/Nov)	Argentina (Mar/Feb)	Australia (Nov/Oct)	Argentina (Mar/Feb)
Australia (Oct/Sep)	Brazil (Mar/Feb)	Canada (Aug/Jul)	Australia (Mar/Feb)
Canada (Aug/Jul)	Russia (Oct/Sep)	European Union (Jul/Jun)	United States (Sep/Aug)
China (Jul/Jun)	South Africa (May/Apr)	Kazakhstan (Jul/Jun)	
European Union (Jul/Jun)	Ukraine (Oct/Sep)	Russia (Jul/Jun)	
India (Apr/Mar)	United States (Sep/Aug)	Ukraine (Jul/Jun)	
Kazakhstan (Sep/Aug)		United States (Jun/May)	
Russia (Jul/Jun)			
Turkey (Jun/May)			
Ukraine (Jul/Jun)			
United States (Jun/May)			

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.

January Crop Calendar



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

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