



# Notes and Observations in International Commodity Markets

14<sup>th</sup> January 2021

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*GHA - News and information noted below are articles of Interest and gathered from numerous sources. This news and information do not reflect the opinions of KSU-IGP, but are provided as matter of interest.*

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## MARKETS FINISH THE WEEK MIXED FOLLOWING WEDNESDAYS USDA WASDE REPORT

*GHA – In its January WASDE, the USDA left largely unchanged its US corn and soybean estimates, which are in line with forecasts. The USDA kept its corn yield estimate unchanged at 177.0 bus/acre and slightly increased its soybean yield to 51.4 bus/acre.*

*The USDA did increase its estimate of US corn demand for ethanol to 5.325 billion bushels in 2021/22, an increase of 75 mbus, long predicted was too low.*

*For South America's current growing season, the USDA lowered its estimates for corn and soybeans in both Brazil and Argentina due to dry conditions impacting yields. For Brazil, the largest soybean producer, the USDA reduced its forecast to 139 mmts of soybeans, a 3.5% decline from last month's WASDE and 1% above last year's production. However, current growing conditions are pointing to below-trend yields in Brazil as growing conditions continue to worsen, especially in the southern states of Paraná and Rio Grande do Sul. With Brazil soybean production on a downward slide, the US has potential to pick up additional export business.*

*The USDA also trimmed its estimate for Argentine corn by 1% to 54 mmts.*

*South American production will continue to be on the top of our mind as they get closer to harvest in coming weeks. In addition, attention will soon shift to U.S. prospective plantings for the 2022 crop year.*

*On Friday, March corn closed up 8¼ cents, with July corn up 5¼ cents. March soybeans closed down 7½ cents and July soybeans were down 8¼ cents.*

*Wheat continued its decline absent export demand as March KC wheat closed down 14¾ cents, March Chicago wheat was down 5¼ cents and March Minneapolis wheat was down 17¼ cents.*

*February gold is down \$4.00 at \$1,817.40, March silver is down \$0.23 at \$22.94 and March copper is down \$0.1180. February crude oil is up \$1.68 at \$83.80, February heating oil is up \$0.0245, February RBOB gasoline is up \$0.0361 and February natural gas is up \$0.016.*

*The March U.S. Dollar Index was trading up 0.42 at 95.19, while the Dow Jones Industrial Average was down 336.39 points at 35,777.23.*

*The U.S. has a three day weekend ahead. Have a good weekend! ☺*

## US DOLLAR & FOREIGN EXCHANGE

### ➤ US Dollar Index – Friday Gains On Strength In T-Note Yields



Gains the dollar were limited on weaker-than-expected U.S. economic data on December retail sales, December manufacturing production, and University of Michigan U.S. Jan consumer sentiment.

**EUR/USD on Friday fell -0.0038 (-0.33%).** EUR/USD was under pressure Friday from dollar strength, along with concerns that rising Covid infections in Europe will lead to pandemic restrictions that undercut economic growth after Germany reported a record 92,223 new Covid infections Friday. EUR/USD remained lower on dovish comments from ECB Executive Board member Schnabel who said, "We must not raise interest rates too soon because that could lead to the economic upswing being stalled."

**USD/JPY on Friday fell -0.06 (-0.05%).** USD/JPY on Friday dropped to a 3-1/2 week low as a -1.28% decline in the Nikkei Stock Index boosted safe-haven demand for the yen. The yen also rose Friday on a report from Reuters that said the BOJ might decide to raise interest rates even before Japan reaches the central bank's 2% price target.

U.S. economic data Friday was bearish for the dollar. U.S. December retail sales fell -1.9% m/m and -2.3% m/m ex-autos, weaker than expectations of -0.1% m/m and +0.1% ex-autos m/m and the biggest decline in 10 months. Also, Dec manufacturing production unexpectedly fell -0.3% m/m, weaker than expectations of +0.3% m/m. In

addition, the University of Michigan U.S. January consumer sentiment fell -1.8 to 68.8 weaker than expectations of 70.0.

February gold on Friday closed down -4.90 (-0.27%), and March silver closed down -0.244 (-1.05%). Precious metals on Friday moved lower on a stronger dollar. Gold prices also fell back on higher T-note yields. Silver prices were weighed down from Friday's weaker-than-expected U.S. economic data on Dec manufacturing that signals reduced demand for industrial metals.

The dollar and gold have continued safe-haven support from the negative impact of the worldwide spread of the omicron Covid variant on the global economic recovery. The 7-day average of new U.S. Covid infections rose to a record 796,332 on Thursday. Germany reported a record 92,223 new Covid infections Friday.

## WHEAT

### ➤ USDA WASDE - Wheat

Wheat World as of January 2022					
Attribute	21/22 Jan'22	Change	21/22 Dec'21	20/21	19/20
Area Harvested (1000 HA)	223,398	+36(+.02%)	223,362	220,883	215,527
Beginning Stocks (1000 MT)	288,821	-819(-.28%)	289,640	295,994	280,712
Production (1000 MT)	778,600	+710(+.09%)	777,890	775,870	762,202
MY Imports (1000 MT)	202,561	-402(-.2%)	202,963	194,002	188,172
TY Imports (1000 MT)	202,439	-530(-.26%)	202,969	194,108	189,252
TY Imp. from U.S. (1000 MT)	0	-	0	26,575	26,277
Total Supply (1000 MT)	1,269,982	-511(-.04%)	1,270,493	1,265,866	1,231,086
MY Exports (1000 MT)	204,401	-1068(-.52%)	205,469	202,479	194,354
TY Exports (1000 MT)	206,698	-160(-.08%)	206,858	198,582	194,899
Feed and Residual (1000 MT)	159,561	-1040(-.65%)	160,601	157,705	139,204
FSI Consumption (1000 MT)	626,072	-171(-.03%)	626,243	616,861	601,534
Total Consumption (1000 MT)	785,633	-1211(-.15%)	786,844	774,566	740,738
Ending Stocks (1000 MT)	279,948	+1768(+.64%)	278,180	288,821	295,994
Total Distribution (1000 MT)	1,269,982	-511(-.04%)	1,270,493	1,265,866	1,231,086
Yield (MT/HA)	3.49	+(+.29%)	3.48	3.51	3.54

**12 Jan 2022 USDA FAS** - The 2021/22 global wheat outlook is for stable supplies, decreased consumption, reduced exports, and increased stocks.

Production increases in Argentina and the EU are offset by decreased production in Brazil and Paraguay and lower beginning stocks for Russia. Argentina's production is increased 0.5 mmts to a record 20.5 mmts on updated harvest results. Russian beginning stocks are lowered 0.6 mmts on larger end-of-season exports in 2020/21.

World 2021/22 consumption is lowered 1.9 mmts to 787.5 mmts, primarily due to lower feed and residual use for the United States, the EU, and Ukraine. Relatively higher wheat prices compared to feed grains are expected to reduce global feed use.

Projected 2021/22 global trade is lowered 1.1 mmts to 204.4 mmts as reductions in exports for Russia and the United States are only partially offset by higher exports from the EU. Russia recently announced a wheat export quota of 8.0 mmts from mid-

February until the end of June, which is expected to constrain their exports in the latter half of the marketing year. Russia's exports are reduced 1.0 mmts to 35.0 mmts while EU exports are raised 0.5 mmts to 37.5 mmts.

Projected 2021/22 world ending stocks are raised 1.8 mmts to 280.0 mmts, with increases primarily for the United States, Russia, Kazakhstan, and Argentina. However, 2021/22 global ending stocks are still forecast at the lowest level since 2016/17.

**United States** - The outlook for 2021/22 U.S. wheat this month is for smaller supplies, reduced domestic use, lower exports, and higher ending stocks. U.S. imports were lowered 10 mbus to 100 mbus on a slower than expected pace for Durum and Hard Red Spring.

Feed and residual use is lowered 25 mbus to 110 mbus on lower implied feed and residual use in the second quarter, based on December 1<sup>st</sup> stocks reported in today's NASS Grain Stocks report. Seed use is unchanged at 66 million bushels, reflecting the latest estimated seed use for winter wheat plantings in the fall of 2021 reported in today's NASS Winter Wheat and Canola Seedings report.

U.S. exports are reduced 15 mbus to 825 mbus with all the reduction in Hard Red Winter. U.S. wheat sales and shipments continue to be sluggish as U.S. wheat remains uncompetitive in several markets.

U.S. projected 2021/22 ending stocks are raised 30 mbus to 628 mbus but still down 26% from last year and the lowest level since 2013/14.

The US season-average farm price is raised \$0.10 to \$7.15/bu based on NASS prices reported to date and expectations for prices in the remainder of the marketing year.

### ➤ Australian wheat exports triple in January-November

**11 Jan 2022 Brandon Gallagher** - Australia's wheat exports increased in November from both a month and year earlier, and could continue to rise into 2022 following a bumper harvest.

This helped take the country's January-November shipments to 23.45 mmts, almost triple the same period in 2020, according to trade data from the Australian Bureau of Statistics (ABS) supplied through GTT. Australia shipped 1.63 mmts of wheat in November, compared with 1.44 mmts in October and just 505,000 mts in November 2020.

The rise in November shipments compared with October was driven by higher exports to China, Indonesia and the Philippines, which more than offset declines in sales to Japan, South Korea and Vietnam. January-November shipments to China nearly doubled from the same period in 2020. Exports increased despite record-high rainfall in November that impeded harvesting, reduced crop quality and created logistics issues in the country, as demand remained strong.

Australian wheat markets are still very illiquid this week, with market participants just getting back to their desks after the festive break. Bids to growers have fallen by \$4-5 this week, with large traders not showing any rush to own and carry this massive crop.



The Australian wheat industry is export oriented, shipping about 65% -75% of the nation's total production to more than 50 countries. The majority of Australian wheat is exported in bulk cargoes with the top 10 importing countries accounting for 70% - 80% of exports.

Mills are reporting good quality milling wheat out of Queensland to start the year, as this was harvested before it really started to rain. It is unclear how much of this quality wheat will be held by domestic consumers rather than exported.

*IGC's January estimate expects world wheat production to reach 781 mmts for the 2021/22 marketing year, up 4 mmts. Australia being a key reason for the increase. World ending stocks were up 2 mmts at 276 mmts.*

*Paris futures earlier this week dropped to the lowest levels since mid-October on French stocks increasing.*

#### ➤ **U.S. Export SRW Wheat Values – Friday 14<sup>th</sup> January 2021**

**SRW Wheat Gulf barge quotes, in cents per bushel basis CBOT futures:**

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

Gulf barge/rail quotes, in cents per bushel.

CIF SRW WHEAT	1/13/2022	1/14/2022		
JAN	100 / 110	100 / 110	H	UNC
FEB	100 / 110	100 / 110	H	UNC
MAR	100 / 110	100 / 110	H	UNC

*A lack of export demand for U.S. wheat also weighed on prices.*

*Russia's Ag Ministry reported next week's export tax will be \$97.50/mt, which is 70 cents lower than \$98.20/mt last week.*

*Ukraine's Ag Ministry publicly mentioned they have no intentions of restricting wheat exports later this year.*

#### ➤ **CME KC HRW Wheat Futures**

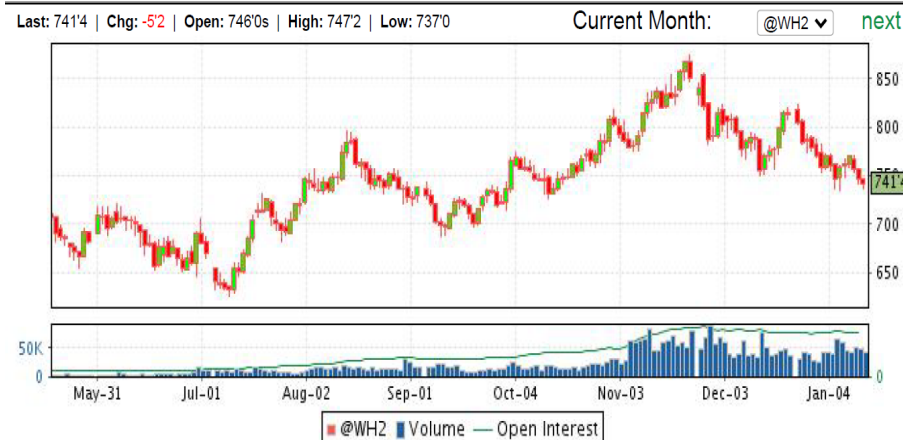
Symbol: @KWH2  [Future Symbol Search](#)



Source: <http://www.dtnigp.com/index.cfm?show=62>

#### ➤ **CME CBOT Wheat Futures**

Symbol: @WH2  [Future Symbol Search](#)



Source: <http://www.dtnigp.com/index.cfm?show=62>

*Going into the three day weekend, CBT SRW futures gave back 4½ to 5¼ cents. KC HRW closed with double digit losses of 11¼ to 14¾ cents. HRS prices ended the day down by as much as 19¼ cents.*

*CBOT March 2022 Wheat Futures settled on Friday at \$7.41½/bu, off 5¼ cents on the day, and losing gaining 37 cents for the week.*

*Chicago wheat nearby spreads were weaker while the new crop spreads narrowed a touch. The H/K spread traded at 4 cents carry Friday after trading into ¾ cents carry on Monday. The H/N spread has given elevators chances to get old crop hedges forward if they need time with the spread trading around even money. Like having open orders against new crop July hedges.*

*The weekly CoT report with data as of the 11<sup>th</sup> of January showed managed money funds were selling into the USDA reports. Spec traders were 7,919 contracts more net short in SRW to 27,7764 contracts. That was the spec's largest net short position since July of 2020.*

*The USDA on Wednesday pegged world wheat production at 778.6 mmts.*

**Kansas March 2022 HRW Wheat Futures** settled on Friday at \$7.45/bu, off 14¼ cents on the day, and dropping 30 cents for the week.

Improvement in some of the dry conditions in the HRW region seemed to be key to the weakness. A bit of hangover from the USDA also adding to the lower tone.

The weekly CoT report with data as of the 11<sup>th</sup> of January showed for KC wheat the funds had closed 10k longs during the week leading into the reports. That left the group 42,674 contracts net long.

#### ➤ U.S. Export HRW Wheat Values – Friday 14<sup>th</sup> January 2021

**HRW Wheat Texas Gulf Rail quotes, in cents per bushel basis KCBT futures:**  
Changes are from the AM Barge basis report. Source: USDA

##### TX GULF HRW

12% Protein	1/13/2022	1/14/2022	
<b>JAN</b>	205 / -	215 / -	H
<b>FEB</b>	200 / -	210 / -	H
<b>MAR</b>	200 / -	210 / -	H
<b>APR</b>	205 / -	200 / -	K
<b>MAY</b>	205 / -	200 / -	K

**Weekly Sales** - USDA reported an improved pace of export demand for U.S. week last week, but with that being said the weekly total of 9.7 mbus came in 20% below the four-week average. Overall year-to-date sales stand at 593 mbus, which is 23% behind a year ago and 19% below the five-year average pace.

Soft white registered 1.1 mbus and with 107 mbus in commitments is setting 48% behind last year's record pace and 32% below average.

The spike in HRW prices tempered demand, coming in at just 1.4 mbus for the week to put sales at 234 mbus; 12% behind a year ago and 13% below the average pace.

Top seller was hard red spring with 3.5 mbus, putting sales at 159 mbus which is 29% behind a year ago and 26% below average. Soft red winter garnered 2.4 mbus and with 87 mbus in sales, sets 50% ahead of a year ago and 20% behind average.

White Wheat export demand for U.S. white wheat shows that higher prices are certainly swaying buyers toward other sources, especially for two traditional "swing" buyers. China has booked 19 mbus, year to date versus 11 mbus at this time last year, while both Yemen and Indonesia have steered away from any U.S. purchases this year, compared to respective commitments of 11 mbus and 13 mbus at this time a year ago.

#### ➤ MGE HRS Wheat Futures

Symbol: @MWH2  [Future Symbol Search](#)

Last: 878'2 | Chg: -17'2 | Open: 895'4s | High: 895'4 | Low: 876'0

Current Month: @MWH2



Source: <http://www.dtnigp.com/index.cfm?show=62>

**MGE March 2022 HRS Wheat Futures** settled on Friday at \$8.78 ¼ 9.23¼/bu, off 17¼ cents on the day, and dropping 45 cents for the week.

The weekly CoT report with data as of the 11<sup>th</sup> of January showed managed money funds were selling into the USDA reports. Spec traders were reported at 5,734 contracts net long for MGE wheat. That was down 3,747 contracts from the week prior mostly from long liquidation.

#### Portland Price Trends

	01-01-20	08-01-21	12-01-21	01-06-22	01-13-22
#1 SWW (bu)	6.65	9.25	10.65	10.50	10.70
White Club	6.65	10.75	12.65	12.25	12.45
DNS 14%	7.14	10.33	11.30	10.33	10.05
HRW 11.5%	7.38	8.33	9.83	9.75	9.60
#2 Corn (ton)	211.00	251.00	269.00	283.00	281.00
#2 Barley	145.00	200.00	240.00	240.00	240.00

PNW wheat markets remained well below the recent highs as the futures complex went further adrift this week. Soft white bids did see a rebound today, drawing support on word of a snap PL-480 tender on 3.2 mb of white wheat for shipment in mid-February. As a result, spot basis to Chicago strengthened 40 cents from last week to \$3.23 over March futures.

## COARSE GRAINS

### ➤ USDA WASDE – Coarse Grains

12 Jan 2022 USDA FAS - Global coarse grain production for 2021/22 is forecast 1.6 mmts lower to 1,500.1 mmts. This month's Non-U.S. coarse grain outlook is for lower production, consumption, and stocks. Non- U.S. corn production is forecast lower with declines for Brazil, Argentina, Kenya, Mexico, the EU, and Paraguay that are partially offset by an increase for Ukraine. For Argentina, dryness during December reduces yield prospects for early-planted corn in key central growing areas, although with an increase in late-planted corn area for much of the crop the critical phase of the growing season lies in the months ahead. Brazil is lowered reflecting reduced yield expectations for first-crop corn in southern Brazil. Other major coarse grain production changes include updated barley, sorghum, and millet production for China based on the latest information from the Rural Statistical Yearbook.

Major global coarse grain trade changes for 2021/22 include greater corn exports for Ukraine, Pakistan, and Tanzania with a reduction for Paraguay. For 2020/21, Argentina and Brazil's exports for the marketing year beginning in March 2021 are raised based on observed shipments to date. For 2021/22, corn imports are raised for Kenya, Brazil, Canada, and Mexico, but lowered for Bangladesh. Barley imports are raised for Iran but lowered for Saudi Arabia. Foreign corn ending stocks are lower, mostly reflecting reductions for Brazil, Argentina, and Pakistan. Global corn stocks, at 303.1 mmts, are down 2.5 mmts.

**United States** - This month's 2021/22 U.S. corn outlook is for higher production, greater food, seed, and industrial use (FSI), lower exports, and larger ending stocks. U.S. corn production is estimated at 15.115 bbus, up 53 mbus on a 0.3-million acre increase in harvested area.

Total U.S. corn use is virtually unchanged at 14.835 bbus. Exports are lowered 75 mbus to 2.425 bbus, reflecting expectations of increased competition from other exporters. FSI use is raised 80 mbus. Corn used for ethanol is raised 75 mbus to 5.325 bbus, based on data through November from the Grain Crushings and Co-Products Production report and weekly ethanol production data as reported by the Energy Information Administration for the month of December. The projected amount of corn used for glucose and dextrose is raised 5 million bushels.

U.S. feed and residual use is unchanged at 5.650 bbus, based on indicated disappearance during the September-November quarter as reflected by the Grain Stocks report.

With use essentially unchanged and supply rising, corn stocks are raised 47 mbus.

The U.S. season-average corn price received by producers is unchanged at \$5.45/bushel.

## CORN

### ➤ USDA WASDE – Corn

Corn World as of January 2022					
Attribute	21/22 Jan'22	Change	21/22 Dec'21	20/21	19/20
Area Harvested (1000 HA)	202,824	-153(-.08%)	202,977	198,813	193,596
Beginning Stocks (1000 MT)	292,230	-458(-.16%)	292,688	306,272	322,371
Production (1000 MT)	1,206,960	-1774(-.15%)	1,208,734	1,122,827	1,119,706
MY Imports (1000 MT)	186,807	+1356(+.73%)	185,451	186,311	167,768
TY Imports (1000 MT)	189,197	+1256(+.67%)	187,941	180,387	169,785
TY Imp. from U.S. (1000 MT)	0	-	0	66,818	47,067
Total Supply (1000 MT)	1,685,997	-876(-.05%)	1,686,873	1,615,410	1,609,845
MY Exports (1000 MT)	204,197	-662(-.32%)	204,859	179,357	172,335
TY Exports (1000 MT)	194,024	+1283(+.67%)	192,741	183,698	175,729
Feed and Residual (1000 MT)	751,107	+325(+.04%)	750,782	722,898	715,775
FSI Consumption (1000 MT)	427,626	+1937(+.46%)	425,689	420,925	415,463
Total Consumption (1000 MT)	1,178,733	+2262(+.19%)	1,176,471	1,143,823	1,131,238
Ending Stocks (1000 MT)	303,067	-2476(-.81%)	305,543	292,230	306,272
Total Distribution (1000 MT)	1,685,997	-876(-.05%)	1,686,873	1,615,410	1,609,845
Yield (MT/HA)	5.95	(-.17%)	5.96	5.65	5.78

12 Jan 2022 USDA FAS –

### ➤ CME CBOT Corn Futures



Source: <http://www.dtnigp.com/index.cfm?show=62>

**CME Corn March 2022 settled on Friday at \$5.96¼/bu, up 8¾ cents on the day, but losing 10½ cents for the week. Corn futures rebounded on Friday after the sell off**



through most of the week. The GFS models were a bit drier for Southern Brazil and Argentina. New crop corn futures were fractionally to 1 3/4 cents firmer at the bell.

Corn spreads all rebounded as well as the CH/Z was up 8.25 cents.

The CFTC reported managed money corn traders at 344,379 contracts net long as of the 11<sup>th</sup> of January, down 21k contracts from last week due to long liquidation into the USDA reports. The commercials were seen 2,2k contracts more net short as they added 8.8k contracts of hedge Open Interest w/o/w.

U.S. producer movement has been very slow. Looking at farmer movement the past 30 days and it has been very slow.

The International Grains Council reduced their global corn output forecast by 5 MMT to 1,207 mmts, with ending stocks steady at 287 mmts as IGC reduced the consumption.

#### ➤ U.S. Export Corn Values – Friday 14<sup>th</sup> January 2021

**Corn CIF NOLA Gulf barge/rail quotes, in cents per bushel basis CBOT futures:**  
USDA (U.S. No. 2, 14.5% moisture, CIF NOLA

Changes are from the AM Gulf barge basis report.

CIF CORN	1/13/2022	1/14/2022	Del. Mo.
JAN	- / 105	95 / -	H
FH FEB	85 / -	-	H
FEB	82 / -	83 / -	H
MAR	76 / -	77 / -	H
APR	72 / -	73 / 78	K
APR/MAY	71 / -	71 / 75	K
MAY	69 / 72	68 / 72	K
FH JUN	65 / -	-	N
JUN/JUL	-	61 / -	N
OCT	- / 70	55 / 70	Z
NOV/DEC	-	55 / -	Z

Mexico bought another 100 kmts of 2021/22 corn on Friday as demand there remains healthy. CIF NOLA today saw a few players bid up the front end despite high barge freight, with valued now 20 cent under DVE. Keep a watch on the March through June levels which are 1 to 7 cents over DVE. The ABCD's were also bidding up for April at 12 over DVE.

Watch Argentina's FOB offers as they continue to fight low water amongst other problems.

## GRAIN SORGHUM

### ➤ USDA WASDE – Sorghum

Sorghum World as of January 2022					
Attribute	21/22 Jan'22	Change	21/22 Dec'21	20/21	19/20
Area Harvested (1000 HA)	41,703	-114(-.27%)	41,817	42,651	39,747
Beginning Stocks (1000 MT)	3,415	-76(-2.18%)	3,491	3,768	5,509
Production (1000 MT)	65,095	-1206(-1.82%)	66,301	61,792	57,770
MY Imports (1000 MT)	11,770	-	11,770	9,920	5,598
TY Imports (1000 MT)	11,770	-	11,770	9,938	5,627
TY Imp. from U.S. (1000 MT)	0	-	0	6,965	5,318
Total Supply (1000 MT)	80,280	-1282(-1.57%)	81,562	75,480	68,877
MY Exports (1000 MT)	12,012	+46(+.38%)	11,966	11,254	6,513
TY Exports (1000 MT)	12,438	-	12,438	10,657	6,390
Feed and Residual (1000 MT)	26,971	-1159(-4.12%)	28,130	24,242	21,185
FSI Consumption (1000 MT)	37,485	-3(-.01%)	37,488	36,569	37,411
Total Consumption (1000 MT)	64,456	-1162(-1.77%)	65,618	60,811	58,596
Ending Stocks (1000 MT)	3,812	-166(-4.17%)	3,978	3,415	3,768
Total Distribution (1000 MT)	80,280	-1282(-1.57%)	81,562	75,480	68,877
Yield (MT/HA)	1.56	(-1.89%)	1.59	1.45	1.45

12 Jan 2022 USDA FAS –

### ➤ U.S. Export Grain Sorghum Values – Friday 14<sup>th</sup> January 2022

**Quotes, in cents per bushel basis CBOT futures:**

CIF MILO	1/13/2022	1/14/2022	
January	na	na	UNC
TX FOB VESSEL			
MILO (USc/MT)	1/13/2022	1/14/2022	
February	215	215	H UNC
March	215	215	H UNC
April	215	215	K UNC

### ➤ U.S. Sorghum exports close 2021 on a high note

12 Jan 2022 Jody Heemstra - USDA data issued on December 16, 2021, showed that U.S. sorghum's new export sales during the prior week were a marketing-year high of 16.6 mbus. The vast majority of that sale went to China.

The sales reported during the week of December 16 were up 27 percent from the prior week and 57 percent higher than the previous four-week average. In addition to setting a marketing-year high for sorghum sales, 12.4 million bushels were shipped to China, another marketing year high.

“As of the December 16 export report, demand for U.S. sorghum, particularly from China, remains very strong,” says National Sorghum Producers CEO Tim Lust. “This marketing-year high is very assuring as we wrap up one growing season and head into the next.”

Purchases of sorghum as of December 16 hit just over 200 million bushels, 63 percent of the December WASDE estimates, with eight months left in the marketing year.

### ➤ **U.S. Sorghum production surged in 2021**

13 Jan 2022 John Perkins Filed Under, USDA - Sorghum production was up sharply in 2021 as producers increased acreage to meet demand expectations, especially from China.

The USDA says the crop of 447.81 mbus was down more than 20 mbus from the previous guess, but up 74.85 mbus from 2020, with an expansion in planted area cancelling out a decrease in yields, from 73.2 bus/acre in 2020 to 69 bus/acre in 2021.

Sorghum ending stocks are seen at 33 mbus, 4 mbus less than in December on that month to month reduction in production, which canceled out lowered expectations for feed and export demand.

Year-to-year comparisons for applicable states:

**Kansas:** 265.2 mbus, compared to 238 mbus in 2020; average yield of 78 bus/acre, compared to 85 bus/acre a year ago; harvested area of 3.4 million acres, compared to 2.8 million last year

**Nebraska:** 19.78 mbus, compared to 13.65 mbus in 2020; average yield of 86 bus/acre, compared to 91 bus/acre a year ago; harvested area of 230,000 acres, compared to 150,000 last year

**South Dakota:** 13.44 mbus, compared to 11.36 mbus in 2020; average yield of 64 bus/acre, compared to 71 bus/acre a year ago; harvested area of 210,000 acres, compared to 160,000 last year

The average estimated farm price was unchanged on the month at \$5.45/bushel.

The USDA's next set of supply and demand projections is out February 9<sup>th</sup>

### ➤ **Australia exports 119,944 mts sorghum in Nov**

14 Jan 2022 Liz Wells - AUSTRALIA exported 119,944 mts of sorghum in November, according to the latest export data from the Australian Bureau of Statistics (ABS).

The sorghum total is down 60% from October to reflect dwindling supplies from the 2021 harvest. Export numbers have started to dwindle on sorghum, with limited stocks available in the face of insatiable demand from China.

“Again, the size of the shipping month implies a slightly larger old-crop production, but we are starting to see the end of the program before shipments pick up in the February forward period with new crop.”

## **BARLEY**

### ➤ **USDA WASDE – Barley**

Barley World as of January 2022					
Attribute	21/22 Jan'22	Change	21/22 Dec'21	20/21	19/20
Area Harvested (1000 HA)	49,591	+160(+.32%)	49,431	51,558	52,589
Beginning Stocks (1000 MT)	21,488	+317(+1.5%)	21,171	22,356	20,304
Production (1000 MT)	147,051	+1540(+1.06%)	145,511	160,527	158,947
MY Imports (1000 MT)	34,495	-81(-.23%)	34,576	35,217	28,744
TY Imports (1000 MT)	33,291	-70(-.21%)	33,361	35,979	28,022
TY Imp. from U.S. (1000 MT)	0	-	0	344	154
Total Supply (1000 MT)	203,034	+1776(+.88%)	201,258	218,100	207,995
MY Exports (1000 MT)	34,107	-29(-.08%)	34,136	35,563	29,004
TY Exports (1000 MT)	34,038	-29(-.09%)	34,067	36,698	29,424
Feed and Residual (1000 MT)	106,762	+1508(+1.43%)	105,254	114,961	110,623
FSI Consumption (1000 MT)	45,077	+140(+.31%)	44,937	46,088	46,012
Total Consumption (1000 MT)	151,839	+1648(+1.1%)	150,191	161,049	156,635
Ending Stocks (1000 MT)	17,088	+157(+.93%)	16,931	21,488	22,356
Total Distribution (1000 MT)	203,034	+1776(+.88%)	201,258	218,100	207,995
Yield (MT/HA)	2.97	+(+1.02%)	2.94	3.11	3.02

12 Jan 2022 USDA FAS –

### ➤ **Turkey tenders to buy 345,000 tonnes feed barley -traders**

12 Jan 2022 Reuters - Turkey's state grain board TMO has issued an international tender to purchase 345,000 mts of animal feed barley, European traders said on Wednesday. The deadline for submission of price offers is January 20<sup>th</sup>. Shipment is sought between February 15<sup>th</sup> and March 10<sup>th</sup>. A series of consignments are sought for unloading in the Turkish ports of Derince, Iskenderun, Mersin, Izmir, Bandirma, Tekirdag, Samsun and Trabzon. The TMO reserves the right buy up to 5% more or less than the tender volume at its own discretion, the traders said.

Barley already in warehouses in Turkey can be offered in the tender. Traders said some exporters have made advance shipments of grains to Turkey to avoid rises in Russia's grain export tax.

The tender continues recent brisk grain import demand from Turkey to ensure good domestic supplies after the country's crops suffered drought damage in the summer.

Turkey also issued a separate tender on Tuesday, seeking to buy about 335,000 tonnes of milling wheat.

### ➤ **Japan to seek 100,000 tonnes barley via tender**

12 Jan 2022 Yoko Matsudaira Reuters - Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF) said on Wednesday that it will seek 100,000 mts of feed barley to be loaded by February 15<sup>th</sup> and arrive in Japan by March 17<sup>th</sup>, via a simultaneous buy and sell (SBS) auction that will be held on January 19<sup>th</sup>.



Japan buys and sells its feed wheat and barley via so-called SBS auctions, in which end-users and importers specify the origin, price and quantity of grain, allowing millers to meet their varied needs for the feed grain.

### ➤ **Australia exports 659,513 mts barley in Nov**

14 Jan 2022 Liz Wells - AUSTRALIA exported 61,308 mts of malting barley, and 598,205 mts of feed barley in November, according to the latest export data from the Australian Bureau of Statistics (ABS).

The malting figure is down 26% from the October total to reflect the normal rundown in old-crop availability, while the feed total is up 71% for the month.

Flexi Grain pool manager Sam Roache said November was a huge counter-seasonal month for total barley exports, with the largest numbers seen since May 2021.

"Malt barley continues to show consistency, with strong relative exports and South American destinations leading the way. Feed barley showed the larger Saudi numbers we have been waiting for, with their largest month since March, along with good demand to other Middle Eastern homes. The biggest surprise came from The Philippines, which had its largest month of imports ever, and more than doubled its previous record."

In November shipments, Mexico on 33,000 mts and Peru on 19,436 mts were the biggest markets by far, while on feed, Saudi Arabia was the destination for 317,955 mts, followed by The Philippines on 149,273 mts and Vietnam on 53,959 mts.

"Australian barley has been the cheapest origin in a tight global barley balance sheet, with tightness driven by huge and continuing Chinese demand, along with exploding Turkish demand this year. We are aware of significant Chinese new-crop Ukraine/French purchases in the last month."

### **Competition from corn, feed wheat expected**

Mr Roache said Australian barley has been a relatively cheap feedgrain, and has taken demand from both feed wheat and corn into Asia and the Middle East over the past two years. "Feed wheat and corn have become more competitive recently, in part due to Australian downgrading, so we expect to lose the swinging demand into The Philippines and Vietnam to feed wheat ex Australia, and some Middle East demand to South American corn in the January forward timeframe."

Mr Roache said solid demand from the Middle East and Japan is expected for Australian feed barley throughout the marketing year.

"In the back half of the year, a combination of competition from the Black Sea and dwindling stocks in all states bar Western Australia will slow our program down considerably, with elevation margins favouring other grains versus barley in Victoria and South Australia already."

Saudi Arabian demand for Australian feed barley has been subdued recently, with importers there suggesting lower demand overall which makes them well covered.

"We expect them to be back before the Black Sea harvest timeframe despite this talk, so we should see some action in barley before the Northern Hemisphere harvest spoils our party for the remainder of the year."

## **OATS**

### ➤ **USDA WASDE – Oats**

Oats World as of January 2022					
Attribute	21/22 Jan'22	Change	21/22 Dec'21	20/21	19/20
Area Harvested (1000 HA)	9,479	-50(-.52%)	9,529	9,995	9,559
Beginning Stocks (1000 MT)	2,863	+1(+.03%)	2,862	2,229	2,186
Production (1000 MT)	22,677	-350(-1.52%)	23,027	25,511	23,219
MY Imports (1000 MT)	2,322	+50(+2.2%)	2,272	2,527	2,525
TY Imports (1000 MT)	2,294	+50(+2.23%)	2,244	2,630	2,527
TY Imp. from U.S. (1000 MT)	0	-	0	42	23
Total Supply (1000 MT)	27,862	-299(-1.06%)	28,161	30,267	27,930
MY Exports (1000 MT)	2,434	+51(+2.14%)	2,383	2,769	2,530
TY Exports (1000 MT)	2,435	+51(+2.14%)	2,384	2,699	2,634
Feed and Residual (1000 MT)	15,655	-251(-1.58%)	15,906	16,965	15,635
FSI Consumption (1000 MT)	7,604	-50(-.65%)	7,654	7,670	7,536
Total Consumption (1000 MT)	23,259	-301(-1.28%)	23,560	24,635	23,171
Ending Stocks (1000 MT)	2,169	-49(-2.21%)	2,218	2,863	2,229
Total Distribution (1000 MT)	27,862	-299(-1.06%)	28,161	30,267	27,930
Yield (MT/HA)	2.39	(-1.24%)	2.42	2.55	2.43

12 Jan 2022 USDA FAS –

### ➤ **CME CBOT Oat Futures**

Symbol: @OH2  [Future Symbol Search](#)

Last: 609'0 | Chg: -14'0 | Open: 622'4s | High: 622'4 | Low: 600'6

Current Month: @OH2



Source: <http://www.dtnigp.com/index.cfm?show=62>

**CME March 2022 Oats Futures** settled at \$6.09/bu, off 14 cents on the day, and losing 59 cents for the week.

## ENERGY

### ➤ **CME WTI Crude Oil - At A 2-Month High On Amid Tight Supplies**



On Friday, WTI crude oil closed up +1.70 (+2.07%), and February RBOB gasoline (RBG22) closed up +3.49 (+1.46%). WTI crude oil and RBOB gasoline prices on Friday rallied moderately and posted new 2-month highs. Signs of economic strength in China, the world's second-largest crude consumer, is positive for crude price. Also, optimism that global energy demand will see a limited impact from the less severe omicron Covid variant supports gains in crude prices.

ABN Amro on Friday said that the risk of future global oil shortages has increased as global spare crude reserves dropped to roughly 2 million bpd versus 6 million bpd in early 2021.

Signs of strength in China's economy bolsters the outlook for the global economy and energy demand after China Dec exports rose +20.9% y/y, stronger than expectations of +20.0% y/y.

U.S. economic data on Friday was bearish for economic activity and energy demand. U.S. Dec retail sales fell -1.9% m/m and -2.3% m/m ex-autos, weaker than expectations of -0.1% m/m and +0.1% ex-autos m/m and the biggest decline in 10 months. Also, Dec manufacturing production unexpectedly fell -0.3% m/m, weaker than expectations of +0.3% m/m. In addition, the University of Michigan U.S. Jan consumer sentiment fell -1.8 to 68.8. weaker than expectations of 70.0.

The rapid spread of the omicron variant has bolstered concern that countries may impose travel restrictions to slow the spread of the virus, which would hurt fuel demand and is bearish for crude prices. The 7-day average of new U.S. Covid infections rose to a record 796,332 on Thursday. Germany reported a record 92,223 new Covid infections Friday.

A bearish factor for crude is reduced air travel to China, which signals weaker demand for jet fuel. Fewer than 500 inbound flights were scheduled this week for China versus about 10,000 this time two years ago.

A rebound in crude oil consumption in India, the world's third-largest crude consumer, is bullish for prices. Data from India's oil ministry showed India Dec oil-product consumption rose +0.4% y/y to 18.3 MMT, the highest in 9 months.

An increase in Libyan oil production is bearish for prices after Libya's oil production rose to 1.0 million bpd after a pipeline linking the eastern Samah and Dhuhra oil fields to Libya's biggest oil port Es Sider was fixed. The closure had curbed production by -200,000 bpd.

OPEC+ last Tuesday agreed to boost its crude production output by 400,000 bpd in February, as expected. Crude prices gained even after the decision by OPEC+ to hike output since the group's production increases are likely to be less than what they agreed to. According to Energy Aspects, only 130,000 bpd of additional OPEC+ crude will hit the markets in Jan, and only 250,000 bpd will make it to global markets in Feb as some countries such as Angola and Nigeria struggle to hit their production targets. In addition, OPEC Dec crude production only rose by +90,000 bpd.

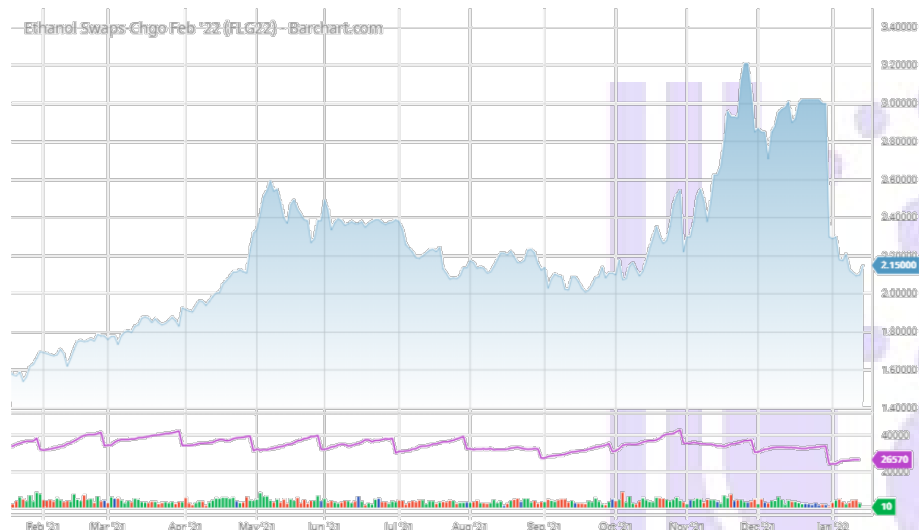
A decline in global crude oil stored on oil tankers worldwide is bullish for crude prices. Vortexa on Monday said that crude oil stored on tankers that have been stationary for at least seven days in the week ended Jan 7 fell -3.7% w/w to 98.34 million bbl.

Wednesday's weekly EIA report showed that (1) U.S. crude oil inventories as of Jan 7 were -8.5% below the seasonal 5-year average, (2) gasoline inventories were -1.2% below the 5-year average, and (3) distillate inventories were -13.8% below the 5-year average. U.S. crude oil production in the week ended Jan 7 fell -0.8% w/w to 11.7 million bpd, which is -1.4 million bpd (-10.7%) below the Feb-2020 record-high of 13.1 million bpd.

Baker Hughes reported Friday that active U.S. oil rigs in the week ended Jan 14 rose by +11 rigs to a 1-3/4 year high of 492 rigs. U.S. active oil rigs have risen sharply from the Aug-2022 15-year low of 172 rigs, signaling an increase in U.S. crude oil production capacity.

## ETHANOL

### ➤ CME Ethanol Futures - Nearby Daily



**CME Nearby Ethanol February 2022** closed on Friday at \$2.15000, up 5.000 cents on the day, but only gaining 1.000 cents for the week.

The weekly average ethanol cash prices came were significantly lower. USDA had South Dakota ethanol cash prices at \$2.50/gal last week compared to \$1.99 for the week that ended January 14<sup>th</sup>. The other regions dropped from \$2.34 - \$2.07 last week to \$2.11 - \$1.94/gal.

USDA saw corn oil prices between 61.75 and 63.70 cents/lb regionally this week. Average prices last week ranged 57.5 to 59 cents regionally. DDGS prices were steady to weaker compared to last week, as USDA saw the week's average NOLA FOB at \$248.50/ton and the PNW at \$287/ton.

### ➤ U.S. Export Ethanol Values – Friday 14<sup>th</sup> January 2021

Nearby Ethanol Bids	1/13/2022	1/14/2022		
Blair, NE	2	1	H	
Cedar Rapids, IA	8	9	H	
Decatur, IL	10	10	H	UNC
Fort Dodge, IA	15	15	H	UNC
N. Manchester, IN	5	5	H	UNC
Portland, IN	15	15	H	UNC

Wednesday's Energy Information Administration (EIA) report showed overall U.S. ethanol plant production dropped 42,000 barrels per day (bpd) to 1.006 million bpd in the week reviewed and averaged 1.041 million bpd over the most recent four weeks.

### ➤ Ethanol Groups Sound the Alarm Over Possible Cut

12 Jan 2022 - Ethanol trade groups are raising concerns over a report that the Biden administration might trim the 15-billion-gallon conventional biofuel mandate proposed for this year.

According to Reuters, the administration is facing pressure to cut the 2022 renewable volume obligation after already proposing to trim the targets for 2020 and 2021. One ethanol industry source called the report "the same old playbook from the oil industry" — a bid to lower the price of compliance credits "and nothing more."

During a House Ag Committee hearing Tuesday, Renewable Fuels Association President Geoff Cooper said his group would be "greatly concerned if EPA is backtracking on its very recent proposal."

Growth Energy CEO Emily Skor said the Biden administration "has indicated blending requirements will remain strong ... and we have every expectation they will deliver on that promise."

Keep in mind, [says Agri-Pulse](#), the Biden administration's multi-year RVO proposal drew the ire of many in the biofuels industry for its cuts to previous years; the 2022 volumes were among the only bright spots for ethanol producers.

### ➤ DDG's – Prices push higher for the week

14 Jan 2022 Mary Kennedy, DTN Analyst – Weekly spot price for U.S. domestic distillers dried grains during the week ended January 13<sup>th</sup> up \$3 on average versus one week ago. The DTN average price for domestic distillers dried grains (DDG) from 34 locations reporting for the week was \$210 per ton, up \$3 per ton on average versus one week ago.

The lower corn board has not really affected DDG prices, as higher soymeal prices continue to support the market. With demand from feeders still strong and less supply due to slower runtimes, DDG prices remain firm.

In their weekly DDGS update, the U.S. Grains Council said, "On the export market, DDGS values are holding steady with two weeks of slower ethanol run rates and DDGS production helping tighten supplies. Barge CIF NOLA and FOB NOLA prices are each down \$1-\$2 per metric ton (mt) for Q1 shipment, while April barges are up \$5/mt. U.S. rail rates are steady/up \$1, on average, but offers for product delivered to KC rail yards are up \$5-6/mt. Prices for DDGS containers to Southeast Asia are up modestly this week, rising \$2/mt for February positions and up \$1/mt for March and April. Brokers report a gradual increase in buying interest, but that markets remain quiet overall. Prices for 40-foot containers into Southeast Asia averaged \$362/mt so far this week."



The Chinese Ministry of Commerce (MOFCOM) recently said it will maintain anti-dumping and anti-subsidy tariffs on imports of DDGS from the U.S., originally imposed in 2016, during a review of the current tariffs. Reuters noted that according to MOFCOM, the review should be finalized before Jan. 12, 2023. U.S. DDGS currently exported to China have been going to duty-free zones, according to USGC.

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

Settlement Price:	Quote Date	Bushel	Short Ton
Corn	1/13/2022	\$5.8750	\$209.82
Soybean Meal	1/13/2022	\$423.70	
DDG Weekly Average Spot Price			\$210.00
DDG Value Relative to:	1/13	1/6	
Corn	1.01%	96.00%	
Soybean Meal	49.56%	49.24%	
Cost Per Unit of Protein:			
DDG	\$7.78	\$7.67	
Soybean Meal	\$8.92	\$8.85	

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

Based on the average of prices collected by DTN, the value of DDG relative to corn for the week ended January 13<sup>th</sup> was 1.0085%. The value of DDG relative to soybean meal was 49.56%, and the cost per unit of protein for DDG was \$7.78, compared to the cost per unit of protein for soybean meal at \$8.92.

#### ➤ China to maintain tariffs on US DDGS during review

11 Jan 2022 Susan Reidy Reuters - China will maintain its anti-dumping and anti-subsidy tariffs on distillers grains (DDGS) imports from the United States, Reuters reported.

DDGS is a byproduct of ethanol production and is used in animal feed. China first implemented the tariff in 2016 at a rate of 33.8%. Anti-dumping duties were increased to the current level of 42.2% to 53.7% in January 2017 and the anti-subsidy tariffs were raised to 11.2% to 12%.

An expiration review on the measures will start January 12<sup>th</sup> and it should end before January 12<sup>th</sup> 2023, China's commerce ministry said.

The ministry received on October 25<sup>th</sup> an application for expiration review from the China Alcoholic Drinks Association on behalf of China's dried corn distiller's grains industry.

## OILSEEDS COMPLEX

### ➤ USDA WASDE – Oilseeds

12 Jan 2022 USDA FAS - The 2021/22 global soybean outlook includes lower production, crush, exports, and stocks.

Non-U.S. soybean production is lowered 9.5 mmts on reduced crops for Brazil, Argentina, and Paraguay. Brazil's soybean crop is lowered 5 mmts to 139 mmts, reflecting dry weather conditions in December and early January in southern Brazil.

Argentina's crop is reduced 3 mmts to 46.5 mmts on both a lower area and yield, resulting in lower crush and exports of meal and oil. Paraguay's crop is lowered 1.5 mmts to 8.5 mmts leading to lower exports mainly to neighboring countries.

Other notable oilseed changes include lower palm oil production for Malaysia and higher rapeseed production for India on a faster-than-expected planting pace.

Global soybean stocks are reduced 6.8 mmts to 95.2 mmts on lower stocks for Brazil and Argentina.

### ➤ Brazil starts 2022 with soybean 15-fold year-on-year rise

10 Jan 2022 - Brazil exported 754,259s mt of soybeans in the first week of 2022, a 15-fold increase versus the full January figures for 2021 of 49,498 mt last year, official customs data showed on Monday.

The country shipped on average 150,851 mts per working day compared to last year's 2,474 mt per working day in January. Last year, shipments were lower than usual due to the low availability of soybeans, reflecting record volumes shipped in 2020 and the delay in harvesting as drought kept producers from sowing in time.

Corn exports, on the other hand, reached 697,495 mts in the first week of January, versus 2.3 mmts in the whole month last year. The country shipped on average 139,495 mts per working day compared to last year's 117,315 mts per working day in January, a 18% yearly increase.

Brazil has also exported 482,977 mt of soymeal in the first week of this month, versus 1.06 mmts in January 2021. The average shipping rate reached 96,595 mts, above last year's 53,034 mts full month figure.

### ➤ Brazil soy crop estimate cut as yields forecast to reach 6-year low

13 Jan 2022 Reuters - Brazil is poised to reap just above 134 mmts of soybeans this season, 7% below the previous November forecast by agribusiness consultancy Agroconsult, as a drought may cause the country's average yields to reach a 6-year low. According to a presentation on Thursday, the projection also represents a 2% drop from the 137.1 mmts produced in 2021.

Agroconsult, which is sending teams to inspect fields and speak to farmers starting this week, expects Brazil's average yields will fall to 55 60-kilo bags per hectare in the

world's largest producer and exporter of the oilseed. This is the lowest since the 2015/2016 cycle, it noted.

Reduced product availability is likely to affect soy exports this year, which could be below 90 mmts from an initially expected 92 mmts, Andre Pessoa, Agroconsult's partner, told reporters. In January, on the other hand, a lot more soy will be shipped from Brazilian ports than in 2021, increasing competition with the United States, as early planting in Brazil means more of the crop is ready for early-year shipping in 2022, Pessoa said.

The drought caused by the La Nina weather pattern hit grain farmers in Parana, where soy yields may fall by as much as 26% from last year, as well as Mato Grosso do Sul and Rio Grande do Sul, Agroconsult said. But due to regional weather disparities, some states are likely to produce as much or more soybeans than in 2021, Agroconsult said, citing top grower Mato Grosso.

The drought has also led to a 16% reduction in Brazil's summer corn output forecast, to 24.5 mmts, Agroconsult said. Still, Brazil's total corn production, which also includes winter corn, may rise to 119.4 mmts on a projected area expansion in big growing states. Winter corn is planted after soy is harvested and represents 70-75% of the country's entire production in a given year.

#### ➤ **Argentina's soybean area down by 100,000 hectares**

14 Jan 2022 BAGE - As the sowing of Argentina's soybean crop nears completion, the Buenos Aires Grains Exchange (BAGE) has reduced its forecast for Argentina's planted acreage by 100,000 hectares, reducing it to 16.4 million hectares in its weekly report, published late Thursday.

Despite increasingly dire outlooks for the country's corn and bean production, BAGE also confirmed record yield and production figures for the 2021/22 wheat harvest as it officially concluded.

The lack of rain at the end of the ideal sowing period has prevented land from being planted in the southern agricultural area. Sowing advanced 5.8 points on the week to reach 92.5%, now 5 percentage points behind last year and below the 98.4% average of the last five years.

"As 8.5% of the area is starting its critical period, the lack of rain could affect the development of the crop," BAGE stated. The exchange said it will update its output forecast, which currently stands at 44 mmts, at the end of the sowing campaign.

Yesterday, the Rosario Grain Exchange (BCR) cut its estimates for soybeans and corn to 40 mmts and 48 mmts, respectively - huge reductions versus estimates from earlier in the season.

BAGE rated 31% of the area as good or excellent, 17 percentage points down on the week, while normal rated areas reached 40%, a 1 percentage point weekly increase. Areas rated as average or bad more than doubled to stand at 29% versus 13% last week.

#### ➤ **Drought set to cut Paraguay 21/22 soybean output 30% to 7 mmts**

11 Jan 2022 - The lack of rain affecting large parts of Paraguay and other countries across South America is expected to cut the country's soybean production by nearly 30% in the current crop cycle, said Lucas Machado from Paraguay-based brokerage ProGrain.

The analyst said that the sector's initial estimate was a soybean production of nearly 10 mmts for the 2021/22 cycle, but lower yields due to the extended drought could cut production forecasts to 7 mmts.

Machado had previously said that the brokerage expected local farmers to have planted a total of 2.85 mha with soybean in the current crop cycle, relatively flat compared to the previous cycle.

"The recent rains did not provide any relief for the soybean crop. The first soybean crop, which is being harvested right now, is showing a cut in yields of up to 50-60%," Machado said, but the losses are likely to be offset by improved yields in the second crop. "Given the current climate scenario, I do not see many opportunities for soybean production to recover and reach the initial estimates," Machado warned.

Paraguayan farmers could still increase the area for the safrinha crop, which was initially expected to produce 600,000 mts of soybean but will likely increase to compensate for losses to the summer crop.

"Farmers will use soybeans produced in the safrinha to improve the quality of soybeans and fulfill the quality commitments of certain contracts," Machado said.

Paraguay is expected to produce 10 mmts of soybean in the 2021/22 crop cycle, according to the latest update from the USDA, broadly stable on the previous year. However, production outlooks are being slashed across the region as persistent dry conditions haunt the development of the new season's production.

Soybean exports are forecast at 6.35 mmts in the 2021/22 crop, down from 6.6 mmts in the previous cycle, with much of the country's exports heading to Argentina, where it's used to boost protein content in finished soymeal.

Last week, Paraguay's government announced a number of economic measures to support drought-stricken farmers amid ongoing drought conditions.

Meanwhile, the country's crush industry reported the lowest utilisation rate since 2013 at the end of November, according to oilseed crushing chamber Cappro.

At 62%, utilisation is 11 percentage points down versus November 2020, according to Cappro.

#### ➤ **China 2021 soybean imports at 96.52 mmts**

14 Jan 2022 Reuters - China's soybean imports in 2021 fell from the previous year, customs data showed on Friday, on weakening demand from its massive livestock sector.

China, the world's top buyer of soybeans, brought in 96.52 mmts of the oilseed in the 12 months of 2021, down 3.8% from 100.33 mmts in 2020, data from the General

Administration of Customs showed, as falling hog margins and increased wheat feeding curbed demand.

December imports came to 8.87 mmts, the data also showed.

## SOYBEANS

### ➤ USDA WASDE – Soybeans

Oilseed, Soybean World as of January 2022					
Attribute	21/22 Jan'22	Change	21/22 Dec'21	20/21	19/20
Area Harvested (1000 HA)	129,998	-447(-.34%)	130,445	127,884	122,925
Beginning Stocks (1000 MT)	99,880	+72(+.07%)	99,808	95,595	114,087
Production (1000 MT)	372,563	-9220(-2.41%)	381,783	366,231	339,877
MY Imports (1000 MT)	168,426	-1355(-.8%)	169,781	165,614	165,044
Total Supply (1000 MT)	640,869	-10503(-1.61%)	651,372	627,440	619,008
MY Exports (1000 MT)	170,740	-1600(-.93%)	172,340	164,727	165,058
Crush (1000 MT)	325,721	-2025(-.62%)	327,746	315,573	312,420
Food Use Dom. Cons. (1000 MT)	21,902	-10(-.05%)	21,912	21,100	20,291
Feed Waste Dom. Cons. (1000 MT)	27,302	-71(-.26%)	27,373	26,160	25,644
Total Dom. Cons. (1000 MT)	374,925	-2106(-.56%)	377,031	362,833	358,355
Ending Stocks (1000 MT)	95,204	-6797(-6.66%)	102,001	99,880	95,595
Total Distribution (1000 MT)	640,869	-10503(-1.61%)	651,372	627,440	619,008
Yield (MT/HA)	2.87	(-2.05%)	2.93	2.86	2.76

#### 12 Jan 2022 USDA FAS –

**United States** - U.S. oilseed production for 2021/22 is estimated at 130.6 mmts, up 0.3 mmts from last month. Larger soybean, canola, sunflowerseed, and peanut crops are partly offset with lower cottonseed production.

Soybean production is estimated at 4.44 bbush, up 10 mbush with gains for Iowa and Indiana. Harvested area is estimated at 86.3 million acres, down slightly from the previous report. Yield is estimated at 51.4 bushels per acre, up 0.2 bushels.

U.S. soybean supplies are raised 11 mbush on higher production and slightly higher beginning stocks. With U.S. crush and export forecasts unchanged, ending stocks are projected at 350 mbush.

The U.S. season-average soybean price for 2021/22 is forecast at \$12.60/bu, up 50 cents, reflecting tighter global soybean stocks and lower production forecasts for Brazil, Argentina, and Paraguay.

### ➤ CME CBOT Soybeans Futures

*The International Grains Council revised their soybean production forecast to 368 mmts in their January figure, 12 mmts above their prior November forecast. Ending Stocks were forecasted at 52 mmts, which was 8 mmts tighter.*

Symbol: @SF2 Go Future Symbol Search

Last: 1356 1/8 | Chg: -8 1/4 | Open: --- | High: --- | Low: ---

Current Month: @SF2 ▼ next



Source: <http://www.dtnipg.com/index.cfm?show=62>

**CME March 2022 Soybean Futures** settled on Friday at \$13.56 3/4/bu, off 8 1/2 cents on the day, and losing 53 1/2 cents for the week. A quiet end to the week as the market digested the changes from USDA this week.

January futures rolled off the board at \$13.56 3/4 for beans, trading only 42 times in quiet trade, \$445 on meal, and 58.15c/lb for bean oil.

Commitment of Traders data showed soybean spec traders extended their net long during the week that ended the 11<sup>th</sup> of January. The 7,960 contract stronger spec position was fueled by net new buying into the USDA reports and left managed money 106,879 contracts net long. Commercial bean traders added 17,710 shorts and lifted 1.8k long hedges during the week that ended 1/11. That left the PMPUs 252,226 contracts net short soybeans going into the reports.

The lower board, brought producer selling to a halt. U.S. processor bids were showing cash carry as they have plenty of 30 day ownership and some well covered for JFM.

CIF NOLA bids still fighting huge barge freight premiums; Jan 1-20 bid 115, full Jan 110, FH Feb 87. SH/K traded out to -10,

Central and Northern areas of Argentina's crops are expected to get thunderstorms Sunday thru Tuesday with scattered showers. Later in the week, chances are improve for a larger weather front to hit move through of Argentina crops and RGDS with a solid 1-2" rains forecast.

### ➤ U.S. Export Soy Values – Friday 14<sup>th</sup> January 2021

U.S., FOB Gulf	-	\$550.00/mt
U.S., FOB PNW	-	\$592.25/mt
Brazil, FOB	-	\$529.50/mt



Argentina, FOB UpRiver, \$539.00/mt

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

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

CIF BEANS	1/13/2022	1/14/2022		
FH JAN	125 / -	125 / -	F	UNC
JAN	110 / -	110 / -	H	UNC
FH FEB	83 / -	-	H	
FEB	78 / -	- / 85	H	
MAR	72 / 80	70 / 80	N	
APR/MAR	- / 74	-	N	
AMJJ	- / 74	- / 74	N	UNC
JUN	- / 75	- / 75	Q	UNC
JJ	70 / -	-	Q	
AUG	72 / -	72 / -	Q	UNC
SEP	94 / 105	94 / 105	X	UNC
OCT22	86 / 90	86 / 89	X	
NOV22	-	-	X	UNC

Chinese customs data showed 8.866 MMT of beans were brought in during December. China's crush fell 8% to 1.46 mmts last week and, was off 13% y/o/y. Estimated crush since the 1<sup>st</sup> of October trails the 2020/21 pace by 2.5 mmts. China's crush now needs to run about 10% higher, 6 mmts, to achieve the USDA forecast, which is a very optimistic expectation.

Another disappointing week for U.S. soybean shipments to China as this week's USDA numbers showed 21.2 versus a revised 29.9 last week (from 27.5), and well below last year's 40.0 figure. YTD shipments trail last year by 263 (26%). USDA are forecasting a 215 decline to all destinations.

### ➤ U.S. soybean export inspections miss expectations again at 905k mt

10 Jan 2022 - US soybean export inspections in the week to January 6<sup>th</sup> slid 44% on the week, USDA data showed Monday, and landed below market expectations for a second consecutive week.

Weekly inspections came in at only 905,149 mts, while analysts were expecting the figure in the range of 1.2 mmts to 1.45 mmts. As ever, China was among the largest destinations with 577,186 mts, followed by Mexico at 92,622 mts and Bangladesh at 57,469 mts. US Gulf ports inspected the largest volume over the week at 588,837 mts, along with the Pacific Northwest at 201,270 mts, the interior at 106,125 mts, and Atlantic ports at 8,917 mts. Weekly volumes pushed total inspections since the start of the 2021/22 marketing year to 31.6 mmts, down 23.1% year-on-year.

## CANOLA / RAPESEED

### ➤ USDA WASDE – Canola / Rapeseed

Oilseed, Rapeseed World as of January 2022					
Attribute	21/22 Jan'22	Change	21/22 Dec'21	20/21	19/20
Area Harvested (1000 HA)	37,788	-141(-.37%)	37,929	34,705	34,680
Beginning Stocks (1000 MT)	6,032	-116(-1.89%)	6,148	7,846	9,964
Production (1000 MT)	69,269	+917(+1.34%)	68,352	73,209	69,598
MY Imports (1000 MT)	14,006	+25(+.18%)	13,981	16,530	15,683
Total Supply (1000 MT)	89,307	+826(+.93%)	88,481	97,585	95,245
MY Exports (1000 MT)	13,848	-28(-.2%)	13,876	17,458	15,907
Crush (1000 MT)	68,622	+1178(+1.75%)	67,444	71,314	68,356
Food Use Dom. Cons. (1000 MT)	650	+200(+44.44%)	450	650	250
Feed Waste Dom. Cons. (1000 MT)	2,103	-235(-10.05%)	2,338	2,131	2,886
Total Dom. Cons. (1000 MT)	71,375	+1143(+1.63%)	70,232	74,095	71,492
Ending Stocks (1000 MT)	4,084	-289(-6.61%)	4,373	6,032	7,846
Total Distribution (1000 MT)	89,307	+826(+.93%)	88,481	97,585	95,245
Yield (MT/HA)	1.83	+(+1.67%)	1.80	2.11	2.01

12 Jan 2022 USDA FAS –

### ➤ ICE Canadian Canola Futures



*Canadian ICE March 2022 Canola Futures settled on Friday's at C\$982.90/mt, up C\$1.00 on the day, but losing C\$52.20 for the week. (Settlement prices are in Canadian dollars per metric tonne.)*

*There were 40,596 contracts traded on Friday, which compares with Thursday when 39,133 contracts changed hands. Spreading accounted for 30,524 contracts traded.*

*Intercontinental Exchange (ICE) canola futures finished mixed on Friday, with only a small loss in the nearby March contract as trading volumes continued to spike upwards. Sharp increases in European rapeseed and Malaysian palm oil aided the about-face in canola, but losses in the Chicago soy complex weighed on values. Support for edible oils came from upticks in global crude oil prices.*

*As the US Dollar found its footing, the Canadian dollar pulled back. At mid-afternoon, the "loonie" tumbled to 79.60 U.S. cents, compared to Thursday's close of 80.10.*

*Tight supplies continued to underpin canola, but export demand has already been rationed considerably.*

### ➤ **U.S. poised to approve canola for renewable diesel**

13 Jan 2022 Sean Pratt - The U.S. Environmental Protection Agency is close to approving a pathway for canola oil to be used in the burgeoning renewable diesel sector, says an industry official.

"We could see a proposed rule as early as this month and a final rule as early as July of this year," said Chris Vervet, executive director of the Canadian Oilseed Processors Association. Those are the dates that have been announced by the EPA, but he stressed they are not set in stone. "It's great and encouraging to see it on the agenda," he said. "It really is good news for the entire canola industry."

COPA estimates that 6.5 mmmt of U.S. and Canadian canola could be used in North American biodiesel and renewable diesel production by 2030, up from 1.8 mmmt today. Canola oil is approved as a biodiesel feedstock in the U.S. but not yet for renewable diesel.

Most of that growth in the biofuel sector is expected to come from renewable diesel. The U.S. National Biodiesel Board is forecasting 22.6 billion litres of new annual renewable diesel production capacity by 2024, in addition to today's 3.7 billion litres.

"The capacity buildout for renewable diesel in the United States has been nothing short of amazing," said Vervet.

To put it in perspective, the NBB forecast calls for total renewable diesel capacity amounting to nearly three times the existing biodiesel capacity in the U.S. in just three years. Fred Ghatala, director of carbon and sustainability with Advanced Biofuels Canada, said that is why it is critical to get the EPA approval. "The sooner the better as it's obvious there is a race to (ramp) up renewable diesel production," he said. He wants to see some canola-based Canadian renewable diesel projects competing in that race. "The sooner that a canola renewable diesel pathway is officially greenlit by EPA, it removes an amount of project risk and will help our buildout progress," said Ghatala.

There is strong north-south trade in biofuels and a plant would be far more viable if it could access both the U.S. and Canadian markets.

Some renewable diesel projects have already been announced in Canada. Imperial is building a plant next to its Strathcona, Alta., refinery that will be capable of producing more than one billion litres per year from locally grown feedstocks.

Covenant Energy Ltd. is constructing a \$500 million facility in southern Saskatchewan with an annual capacity of 300 to 325 million litres per year.

Federated Co-operatives Ltd. is planning to build a \$1 billion plant in Regina that will be operational by 2027.

Cresta Fund Management is converting an idled oil refinery in Newfoundland and Labrador into a renewable diesel and aviation fuel plant.

More plans could be unveiled when Natural Resources Canada announces the recipients of its \$1.5 billion Clean Fuels Fund in the coming months.

Vervet said it is paramount that Canada's Clean Fuel Regulations that are still under development are designed in a manner that creates a market for renewable diesel in Canada. He said there are still some outstanding issues about getting full sustainability recognition for canola oil and other crop-based feedstocks. "We still have some questions there that are left unaddressed," he said.

The hope is that Canada's canola crushers will soon be providing oil for renewable diesel plants on both sides of the border if governments get things right.

"It really (should) create a lot of opportunities for the crushers but (also) for the entire value chain here in Canada," said Vervet.

## VEGETABLE OILS

### ➤ **CME Soybean Oil**



Source: <http://www.dtnigp.com/index.cfm?show=62>

**CME March 2022 Soybean Oil Futures** settled on Friday at \$58.15 58.78/cwt, off \$0.03 on the day, and losing \$0.63 for the week.

March board crush unchanged at \$1.66.

CFTC showed managed money was 55,907 contracts net long in bean oil as of the 11<sup>th</sup> of January. That was a 2,719 contract stronger net position from the week prior.

Ahead of the NOPA crush data, analysts are on average expecting 185 mbus of soybeans were processed in December. The full range of estimates is to see between 181.7 to 188.7 mbus. The average estimate for BO stocks is 1.892 billion lbs.

USDA saw the weekly B100 cash price at \$5.18/gal for the week that ended the 14<sup>th</sup> of January, \$5/gal above last week.

The USDA soybean oil price forecast is unchanged at 65.0 cents per pound.

#### ➤ **NOPA December U.S. soybean crush seen at 184.996 mbus**

13 Jan 2022 Reuters Survey - U.S. soybean processors likely crushed a near-record volume of soybeans in December amid ample crushing supplies and good processing margins, according to analysts polled ahead of a monthly National Oilseed Processors Association (NOPA) report due on Tuesday.

NOPA members, which handle about 95% of all soybeans processed in the US, were estimated to have crushed 184.996 mbus of soybeans last month, according to the average of estimates from 11 analysts.

That would be up 3.1% from the 179.462 mbus processed in November and up 1.0% from the December 2020 crush of 183.159 mbus.

If realized, the figure would represent the second-largest monthly crush on record, behind only the 185.245 mbus processed in October 2020. It would also be the biggest-ever December crush, topping the prior record set in the final month of 2020.

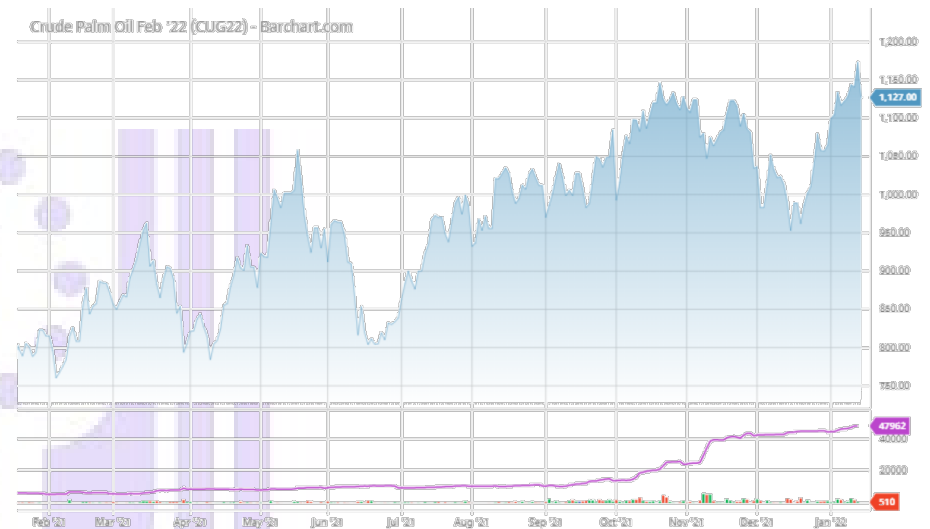
Estimates for the December 2021 crush ranged from 181.700 mbus to 188.700 mbus, with a median of 185.300 mbus.

Soyoil supplies at the end of December were estimated to have increased to 1.892 billion pounds, based on estimates from eight analysts. If realized, it would be up 3.3% from 1.832 billion pounds at the end of November and 11.4% higher than a year earlier, when end-of-month oil stocks stood at 1.699 billion pounds.

Stocks estimates ranged from 1.825 billion to 2.000 billion pounds, with a median of 1.877 billion.

The monthly NOPA report is scheduled for release at 11 a.m. CST (1700 GMT) on Tuesday. NOPA releases crush data on the 15th of each month, or the next business day.

#### ➤ **CME Palm Oil Swaps**



**CME February 2021 Palm Oil Swaps** settled at \$1,127, 122.25/mt on Friday, off \$46.50 on the day, and gaining \$4.75 for the week. The contract made new highs on Thursday touching \$1,173.50/mt.

#### ➤ **Palm Oil Will Stay Above 4,700 Ringgit Over Next Six Months**

13 Jan 2022 Anuradha Raghu, Bloomberg - Palm oil will likely ease over the next six months but remain above 4,700 ringgit (\$1,124) a ton as supply constraints that have pushed prices to record highs are set to persist, according to LMC International.

It will take another 12 months before palm oil production in Southeast Asia recovers to end-2019 levels, Julian Conway McGill, LMC's regional head, said in slides prepared for a seminar. This will imply three full years of zero growth as output from Malaysia and Indonesia shrank in 2020 and 2021, he said.

##### **Prices have soared in the past three years to record levels.**

Palm oil prices have more than doubled in the past three years, driven by a severe labor crunch in Malaysia and tight global vegetable oil supplies. The Covid-19 pandemic shuttered borders in the No. 2 grower and froze new recruitment of foreign workers, sending annual production to a five-year low.

The weak output from Malaysia was no surprise but the decline in Indonesia's production after one of its strongest first-half performance came as a shock, McGill said. He expects Malaysian production to rise 2.6% this year to 18.6 million tons and Indonesia's output to climb 5% to about 47 million tons.

- Tight palm oil supplies and higher soybean crushing will shift Indian imports toward soybean and sunflower oils. The market should keep an eye on Indian policies toward genetically modified soybean oil.



- Soybean crushing was below 2020 levels in most major producers and importers despite an excellent soybean crop. This has limited the volume of oil produced.
- As crushing margins improve, U.S. soybean oil supplies will become more competitive. In China, crushing has been undermined by power cuts despite better margins, but should rise after Lunar New Year.

#### ➤ **Biofuel consumption to fall by 2031, EU report reveals**

14 Jan 2022 - Biofuel demand in the European Union is set to fall by 2031 as the transport sector shifts from fossil fuel. Palm oil imports are also set to fall following tighter environment regulation, the European Commission revealed.

In its 2021-2031 Agricultural Outlook, the Commission projected that EU biodiesel use will fall 24% to 14.3 billion litres in 2031 after a peak at 18.9 billion litres in 2023. Bioethanol use would be less affected as it also has non-fuel applications, but it would still shed 10% to 6.4 billion litres in 2031 after rising to 7.1 billion litres in 2023. The decline in biodiesel would mostly affect palm oil use due to stricter sustainability criteria, while rapeseed oil use is expected to remain stable, representing around half of biodiesel feedstock, the report revealed.

Under the EU's renewable energy directive, palm oil-based fuels are to be phased out by 2030, since palm oil has been classified by the bloc as resulting in excessive deforestation, a move that raised outcry from the world's two largest palm oil producers Malaysia and Indonesia.

Palm oil imports in the EU are expected to decline to 4 million tonnes by 2031 from 6.5 million tonnes in 2021, with most of the decrease attributed to falling demand for biodiesel, the Commission said.

The EU is expected to remain a net importer of biofuels but biodiesel imports are also likely to be limited by countervailing duties on imports from Argentina and Indonesia.

In ethanol production, the Commission expects maize to remain the principal feedstock, with a share of around 44% while use of wheat is set to fall and other cereals and sugar beet would remain relatively stable.

#### ➤ **Malaysia keeps February crude palm oil export duty at 8%**

14 Jan 2022 Reuters - Malaysia has kept its February export tax for crude palm oil at 8%, a circular on the Malaysian Palm Oil Board website showed on Friday.

The world's second-largest palm exporter calculated a reference price of 4,907.14 ringgit per tonne for December.

The export tax structure starts at 3% for crude palm oil in a 2,250 to 2,400 ringgit/mt range. The maximum tax rate is set at 8% when prices exceed 3,450 ringgit/mt.

## PLANT PROTEIN MEALS

### ➤ **CME CBOT Soybean Meal**



Source: <http://www.dtnip.com/index.cfm?show=62>

**CME March 2022 Soybean Meal Futures settled on Friday at \$445.00 425.00/short ton, up \$21.30/ton on the day, and gaining \$20.00/ton for the week.**

**CFTC showed soymeal spec traders were 2,152 contracts more net long through the week to 72,920 contracts.**

The USDA soybean meal price is projected at \$375 per short ton, up 45 dollars.

### ➤ **U.S. Export Soybean Meal Values – Friday 14 January 2021**

U.S., FOB Gulf - \$487.75/mt

Brazil, FOB Paranagua, \$475.75/mt

Argentina, FOB Upriver, \$457.50/mt

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

USDA, CIF New Orleans)

**CIF SOYBEAN**

MEAL	1/13/2022	1/14/2022		
JAN	28 / 38	33 / -	F	
FEB	25 / 35	29 / 35	H	
MAR	20 / 28	20 / 30	H	
APR	- / 25	- / 25	K	UNC
MAY	- / 23	- / 23	K	UNC

## COTTON

### ➤ USDA WASDE – Cotton

Cotton World as of January 2022					
Attribute	21/22 Jan'22	Change	21/22 Dec'21	20/21	19/20
Area Harvested (1000 HA)	32,696	+43(+.13%)	32,653	31,395	34,729
Beginning Stocks (1000 480 lb. Bales)	88,414	-163(-.18%)	88,577	97,300	79,697
Production (1000 480 lb. Bales)	120,957	-608(-.5%)	121,565	111,704	120,986
Imports (1000 480 lb. Bales)	46,560	-380(-.81%)	46,940	49,010	40,810
Total Supply (1000 480 lb. Bales)	255,931	-1151(-.45%)	257,082	258,014	241,493
Exports (1000 480 lb. Bales)	46,560	-385(-.82%)	46,945	48,685	41,156
Use (1000 480 lb. Bales)	124,241	-30(-.02%)	124,271	120,874	103,073
Loss (1000 480 lb. Bales)	124	-10(-.746%)	134	41	-36
Total Dom. Cons. (1000 480 lb. Bales)	124,365	-40(-.03%)	124,405	120,915	103,037
Ending Stocks (1000 480 lb. Bales)	85,006	-726(-.85%)	85,732	88,414	97,300
Total Distribution (1000 480 lb. Bales)	255,931	-1151(-.45%)	257,082	258,014	241,493
Stock to Use % (PERCENT)	49.77	(-.6%)	50.07	52.14	67.46
Yield (KG/HA)	805	-6(-.74%)	811	775	758

**12 Jan 2022 USDA FAS - U.S.** 2021/22 cotton ending stocks are projected lower this month with lower production and a slight increase in domestic consumption more than offsetting lower exports.

Production is 660,000 bales lower at 17.6 million bales—largely due to revised Texas yields—and U.S. mill use is 50,000 bales higher, at 2.55 million bales, based on faster than expected gains through November. Exports are reduced with a lower U.S. crop, continuing logistical issues in the United States and elsewhere, and a decline in projected world trade.

Exports are reduced 500,000 bales to 15.0 million, and 2021/22 ending stocks are 200,000 bales lower relative to last month, at 3.2 million bales or 18% of use.

The projected upland season-average price received by U.S. farmers is unchanged this month, at 90 cents per pound.

Changes in the global 2021/22 balance sheet are relatively small this month, led by a 608,000-bale reduction in world production. Projected world production is reduced as lower U.S. production and a 500,000-bale decline in India's crop more than offsets increases for China, Australia, and Pakistan.

The 2021/22 world cotton trade forecast is 385,000 bales lower this month. A 500,000-bale decline in China's expected imports more than offsets a 200,000-bale increase for Pakistan, and smaller changes elsewhere. Exports are projected lower for the United States and Burkina Faso, but higher for Australia and smaller Franc Zone exporters.

The 2021/22 global consumption forecast is virtually unchanged as a 500,000-bale decline in China's cotton use is offset by gains for India, Mexico, and Pakistan.

Global ending stocks for 2021/22 are down 726,000 bales this month, at 85.0 million bales, 3.4 million bales lower than in 2020/21..

### ➤ CME Cotton – Daily Nearby



**CME March 2022 Cotton Futures** settled on Friday at \$119.70. 115.12/cwt, up 2.86/cwt on the day, and gaining \$4.58/cwt for the week. A triple digit recovery on Friday led the front month cotton futures to new LOC highs.

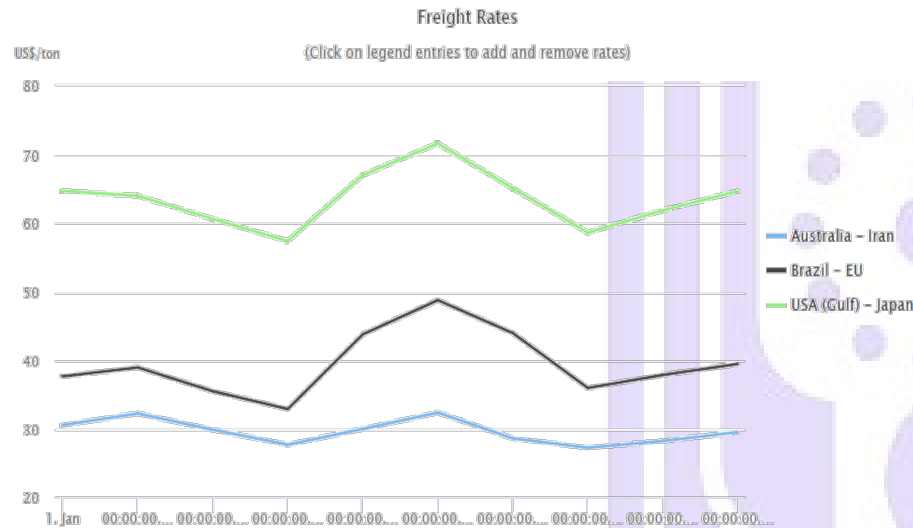
Prices were at fresh highs on Wednesday, before fading yesterday. For March, 119.90 is the new high with the contract 119.7 going home. New crop got as high as 97 cents on Friday, before ending the session with 92 to 115 point gains.

The weekly data release from CFTC showed cotton spec traders were 76,764 contracts net long as of 1/11. That was 3,513 contracts weaker from the week prior, driven by long liquidation. CoT data showed commercial cotton traders were 3,942 contracts less net short at 152,395 contracts.

Cotton sales on The Seam for the week through Thursday totaled 93,173 bales for a wtd ave price of 109.66 cents. USDA's Weekly cotton market review showed 93,669 bales sold at spot through January 13 at an average price of 111.39 cents. The Cotlook A index for 1/13 was another 160 points stronger at 131.15 c/lb. The new AWP for cotton for the week is 105.58 cents/lb, up by 173 points.

## TRANSPORTATION

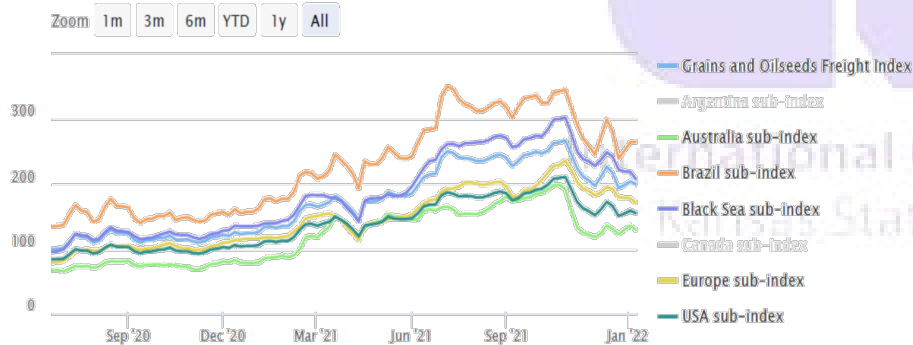
### ➤ IGC Grains Freight Index



	11 Jan	Weekly Change	Annual Change	52 Week Low	52 Week High
Australia - Iran	\$31	-2	49 %	\$21	\$47
Brazil - EU	\$38	-1	40 %	\$24	\$54
USA (Gulf) - Japan	\$65	+1	37 %	\$46	\$84

### New - IGC Grains and Oilseeds Freight Index (GOFI) & sub-Indices

(Weekly basis, 1 January 2013 = 100)



	11 Jan	Weekly Change	Annual Change	52 Week Low	52 Week High
IGC Grains and Oilseeds Freight Index	199	-5	50 %	132	267
Argentina sub-Index	256	-6	58 %	161	318
Australia sub-Index	129	-6	52 %	85	198
Brazil sub-Index	265	+1	50 %	172	350
Black Sea sub-Index	207	-12	49 %	139	303
Canada sub-Index	152	-5	37 %	110	212
Europe sub-Index	170	-8	45 %	113	236
USA sub-Index	155	-4	39 %	110	211

Source: IGC <https://www.igc.int/en/markets/marketinfo-freight.aspx>

### ➤ Baltic Dry Freight Index - Daily = 1873



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



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

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

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

#### ➤ **Baltic Index Extends Losses as Vessel Demand Wanes**

*14 Jan 2022 Reuters* – The Baltic Exchange's dry bulk sea freight index fell for a sixth straight session on Friday, weighed down by weaker rates across vessel segments.

The overall index, which factors in rates for capesize, panamax, and supramax vessels, fell 109 points, or 5.8%, to 1,764, its lowest since early March 2021. The index has lost nearly 23% this week.

The capesize index dropped 250 points, or 14.3%, to 1,496, its lowest since late Feb. 2021. The index is down 38% this week.

Average daily earnings for capesizes, which transport 150,000-tonne cargoes such as iron ore and coal, dropped by \$2,070 to \$12,407.

"This is normal seasonal softness going into mid to late January throughout February, the biggest reason is Chinese New Year. This year we need to add on Beijing Winter Olympics and weather disruptions in Brazil," said Randy Giveans, vice-president, equity research, at Jefferies. "The near-term outlook is certainly going to be weak and then we think there will be some pent up demand that boosts rates in late February into March and April."

China's December iron ore imports slumped 18% month-on-month to 86.07 million tonnes, sending its annual purchase to 1.12 billion tonnes in 2021, down from the record high a year earlier, customs data showed.

Heavy rains have pounded the mining region of Minas Gerais state in southeast Brazil relentlessly for the past two weeks, while French steel pipe maker Vallourec has suspended mining operations in Pau Branco.

The panamax index slipped 77 points, or 3.1%, to 2,375, its lowest since Dec. 21.

Average daily earnings for panamaxes, which ferry 60,000-70,000 tonne coal or grain cargoes, fell by \$693 to \$21,376.

The supramax index fell 18 points to its lowest level since April at 1,897.

#### ➤ **Weak demand across vessels drags Baltic index to 10-month low**

*13 Jan 2022 Dry Bulk Market, International Shipping News* - The Baltic Exchange's dry bulk sea freight index extended losses on Wednesday to a 10-month low, pressured by lower rates across all its vessel segments.

The overall index, which factors in rates for capesize, panamax and supramax vessels, fell 124 points, or 5.8%, to 2,027, its lowest since March 16.

The capesize index dropped 228 points, or 9.8%, to a 10-month low of 2,097.

Average daily earnings for capesizes, which transport 150,000-tonne cargoes such as iron ore and coal, dropped by \$1,894 to \$17,390.

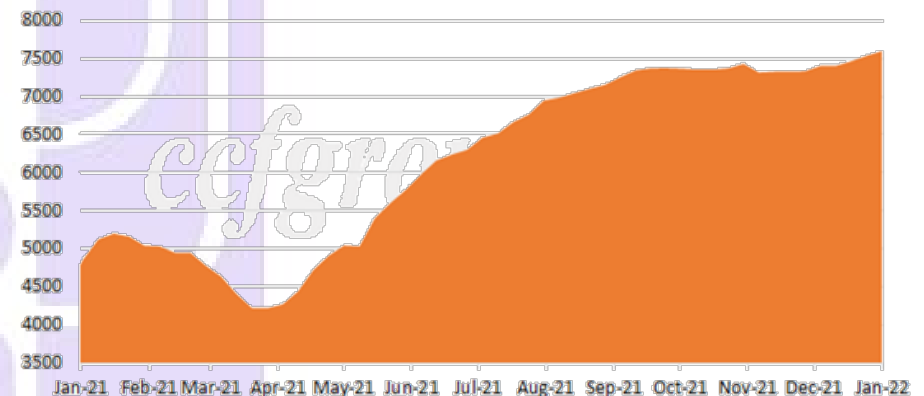
The panamax index fell 150 points, or 5.5%, to 2,565, its lowest since Dec. 23.

Average daily earnings for panamaxes, which ferry 60,000-70,000 tonne coal or grain cargoes, fell by \$1,354 to \$23,081.

Chinese coking coal futures on the Dalian Commodity Exchange jumped on Wednesday, boosted by restocking demand at steel mills as supply of the materials is relatively tight ahead of Lunar New Year holidays.

#### ➤ **Container: tight shipping space & higher freight before LNY**

CCFGroup ocean shipping freight index



*12 Jan 2022* - According to the latest World Container Index assessed by Drewry, the container index rose by 1.1% to \$9,408.81 per 40ft container by the 6<sup>th</sup> of January. The average comprehensive index per 40ft container was at \$9,409 year to date, around \$6,574 higher than the 5-year average \$2,835.

After a steady decline in freight for trans-Pacific routes since mid-September 2021, the freight has continued increasing for the fifth consecutive weeks, according to the Drewry index. Freight rates of Shanghai-Los Angeles and Shanghai-New York rose 3% to \$10,520 and \$13,518 per 40ft container, respectively. The freight is expected to climb up further with the coming of Lunar New Year (LNY for short, Feb 1<sup>st</sup>).

According to the CCFGroup ocean shipping freight index, it has kept rising from Apr 2021 and hit high at the beginning of 2022.

**European route:**

The spread of pandemic continued in a large scale in Europe with daily new infections keeping refreshing new high. The demand for daily necessities and medical supplies sustained high, stimulating transportation demand to better direction. The pandemic resulted into slower recovery of supply chain. The shipping space kept tight and the sea freight sustained high. The average utilization rate of seats at Shanghai port was high still.

#### **North America route:**

The spread of pandemic was deteriorating in US due to the large-scaled spread of Omicron variant and the daily new infections have been 1 million, which exerted negative effect on the recovery of economy. The economic recovery may face pressure in the future. Transportation demand remained high at the beginning of 2022, with stable supply and demand. The average utilization rate of seats in W/C America Service and E/C America Service was still near 100% at Shanghai port.

The average waiting time for container ships in the last week of 2021 was 4.75 days, while the average waiting time for the whole year was 1.6 days in New York port and New Jersey ports.

The shipping capability of container marine market is still constrained. The disruption of inland transport services in US greatly prohibited the shipping capability of supply chain. Meanwhile, the congestion at ports also apparently dragged down the circulation efficiency of shipping capability. According to the data from Marine Exchange of Southern California, as of last Friday, a record 105 container ships were waiting for berths in Los Angeles and long Beach.

As the shortage of equipment at the Asian port of departure continued, the shipping space was also extremely tight. Market demand has been exceeding supply, and prices have been stable at a high level for a long time. Due to the continuous delay and rescheduling of the cargo ships, the reliability of the voyage was very low, and the sailing delay before the Spring Festival will seriously affect the post-holiday shipping. Some carriers slightly raised prices in the first half of January. With the coming of traditional Spring Festival peak season, the price may be really adjusted up in the second half of Jan.

According to the latest data from Drewry, the 3 big shipping alliances in the world will totally cancel 44 sailings in the following 4 weeks, with THE Alliance ranking the first at 20.5 and Ocean Alliance the least at 8.5.

#### **Many shipping companies have released their performance for the first three quarters of 2021 and most saw remarkable achievement:**

From Jan to Nov in 2021, Evergreen Shipping's revenue totaled 459.952 billion Taiwan dollars (about 106.384 billion yuan), far exceeding the revenue of the same period in 2020.

In November 2021, Maersk, the world's largest shipping giant, reported third-quarter results with revenue of \$16.612 billion, up 68% from a year earlier. Of this total, revenue from the shipping business was \$13.093 billion, far exceeding the \$7.118 billion in the same period in 2020.

Another shipping giant, France's CMA CGM, reported third-quarter results for 2021, which showed revenue of \$15.3 billion and a net profit of \$5.635 billion. Of this total, revenue from the shipping sector reached \$12.5 billion, an increase of 101% from the same period in 2020.

According to the report for the first three quarters of 2021 released by Cosco, the leading container transportation company in China, the net profit belonging to shareholders of listed companies was 67.59 billion yuan, up 1650.97% from the same period last year. In the third quarter of 2021 alone, the net profit belonging to shareholders of listed companies reached 30.492 billion yuan, up 1019.81% on annual basis.

CIMC, a global container supplier, achieved revenue of 118.242 billion yuan in the first three quarters of 2021, an increase of 85.94% over the same period last year, and a net profit of 8.799 billion yuan belonging to shareholders of listed companies, an increase of 1,161.42% year on year.

All in all, with the approaching of Spring Festival (Feb 1), the logistic demand sustains strong. Congested and disrupted supply chain worldwide and the ongoing spread of pandemic continue arousing large-scaled economic challenges. Some barge service in South China will be suspended with the coming of Lunar New Year holiday (Feb 1-7). The freight demand will sustain strong before holiday and the freight volume will also remain high, while the spread of pandemic is expected to continue affecting the supply chain.

**That means the new Omicron variant and the Lunar New Year of China will be big challenges for the supply chain worldwide at the beginning of 2022.**

**As for a forecast for the first quarter of 2022, the freight shipping capability is estimated to be constrained due to the delay of shipment.**

According to Sea-Intelligence, 2% of shipping capacity was typically delayed before the outbreak of COVID-19 pandemic, but that number soared to 11 % in 2021. The data obtained so far showed that congestion and bottlenecks are worsening in 2022.

## **GOVERNMENT**

### **➤ U.S. Supreme Court Blocks Vaccine Mandate**

14 Jan 2022 - In [action on Thursday](#), the United States Supreme Court in a 6-3 vote blocked the Biden Administration's Occupational Safety and Health Administration Emergency Temporary Standard for COVID-19, requiring COVID-19 vaccinations or weekly testing for the workers of employers with over 100 employees.

The American Trucking Associations President and CEO Chris Spear praised the decision as it validates their claim that OSHA far overstepped its authority in issuing an emergency temporary standard that would interfere with individuals' private health care decisions.

"Trucking has been on the front lines throughout the pandemic – delivering PPE, medical supplies, food, clothing, fuel, and even the vaccines themselves," Spear says.

"Thanks to this ruling, our industry will continue to deliver critical goods, as our nation recovers from the pandemic and we move our economy forward."

#### ➤ **U.S. Senators Write to USTR: Enforce USMCA**

14 Jan 2022 - Senate Finance Committee Chairman Ron Wyden (D-OR) and Sen. Mike Crapo (R-ID) ranking member on the committee, wrote Trade Representative Katherine Tai on Thursday that she must enforce the U.S.-Mexico-Canada Agreement on trade.

In the letter, Senators Wyden and Crapo explained current obstacles to the trade of potatoes with Mexico and dairy with Canada. They also urged the swift consideration by Mexico of approval requests for U.S. biotechnology products.

[Read the full letter here.](#)

#### ➤ **Tai, Vilsack Announce Opening for U.S. Pork in India**

14 Jan 2022 - [The Hagstrom Report](#) writes that, on Monday, U.S. Trade Representative Katherine Tai and Agriculture Secretary Tom Vilsack announced that the government of India has agreed to allow imports of U.S. pork and pork products, removing a longstanding barrier to U.S. agricultural trade.

This news follows the successful revitalization of the U.S.-India Trade Policy Forum held in New Delhi in November 2021, during which Tai raised the importance of access for U.S. pork with Indian Minister of Commerce Piyush Goyal, USTR said in a news release.

"This new opportunity marks the culmination of nearly two decades of work to gain market access for U.S. pork to India — and it signals positive movement in U.S.-India trade relations," said Secretary Vilsack.

In 2020, the United States was the world's third-largest pork producer and second-largest exporter, with global sales of pork and pork products valued at \$7.7 billion. In fiscal year 2021, the United States exported more than \$1.6 billion of agricultural products to India, USTR said.

National Pork Producers Council (NPPC) President Jen Sorenson said, "After decades of work, a market that had been closed to U.S. pork is being opened. NPPC thanks the Biden administration for reaching an agreement with India on market access for our products. We look forward to the new access, which will allow us to provide affordable, wholesome and nutritious U.S. pork products to consumers in India."

### **International Crop & Weather Highlights**

#### ➤ **USDA/WAOB Joint Agricultural Weather Facility – 8<sup>th</sup> January 2022**

**Europe** – Warm, Wet Weather Prevailed

- Showers favored semi-dormant to vegetative winter grains in Spain, Italy, and Greece.

- Unseasonably warm and wet weather continued across central and northern Europe, keeping much of the region devoid of snow but maintaining overall favorable conditions for dormant winter crops.

**Northwestern Africa** – Moroccan Drought Persisted, Beneficial Showers Elsewhere

- Warm, dry weather exacerbated drought in Morocco; winter grains are in dire need of moisture.
- Showers provided limited drought relief in central Tunisia's Steppe Region but maintained good to excellent conditions for vegetative wheat and barley over much of Algeria and northern Tunisia.

**Middle East** – Heavy Rain In Parts Of Iran, Mostly Dry Elsewhere

- Heavy rain boosted moisture supplies for vegetative winter wheat in southern Iran and eased drought for dormant winter barley in northeastern Iran's Khorasan Province.
- Dry weather from central Turkey into Syria favored winter grain development in climatologically warmer southern crop areas, though heavy rain and snow were approaching at the end of the period.

**South Asia** – Stormy In Northern India And Pakistan

- Stormy weather brought downpours to northern India and Pakistan, greatly increasing soil moisture for wheat and other rabi crops but causing localized damage to the vegetative to reproductive crops.

**East Asia** – Unseasonably Mild

- Passing showers and unseasonably mild weather benefited overwintering wheat and rapeseed in eastern and southern China.

**Southeast Asia** – Favorable Rainfall In Eastern And Southern Sections

- Light to moderate rainfall in the Philippines eased moisture deficits in the north but more is needed, while wet weather continued across Malaysia and Indonesia, slowing oil palm harvesting but maintaining ample moisture for rice.
- Unseasonable heat in Thailand and environs increased irrigation needs for dry-season rice.

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

- In the east, widespread, soaking rain maintained abundant to locally excessive moisture supplies for cotton and sorghum but further hampered final winter crop harvests.
- In the south and west, dry weather enabled winter crop harvesting to advance closer to completion.

**South America** – Showers Brought Localized Drought Relief To Argentina And Southern Brazil

- Showers helped to stabilize drought-stressed soybeans and first-crop corn in southern Brazil.



- Meanwhile, wet conditions favored soybeans in key central and northeastern farming areas and maintained favorable levels of soil moisture for germination of second-crop corn and cotton.
- Rain brought seasonably cooler weather to soybeans and corn in central Argentina, although pockets of dryness lingered throughout Buenos Aires.

#### **South Africa – Warm, Showery Weather Prevailed**

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

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

The NWS 6- to 10-day outlook for January 19 – 23 calls for the likelihood of below-normal temperatures in most areas east of the Rockies, while warmer-than-normal weather will prevail in the Pacific Coast States and Desert Southwest. Meanwhile, near- or below-normal precipitation across the West, Midwest, mid-South, and southern half of the Plains should contrast with wetter-than-normal conditions on the northern half of the Plains, along and near the Gulf Coast, and in the Atlantic Coast States.

Contact: Brad Rippey, Agricultural Meteorologist, USDA/OCE/WAOB, Washington, D.C. (202-720-2397)

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

### ➤ **Agricultural Weather Highlights – Friday, 14<sup>th</sup> January 2021**

**In the West**, mild, dry weather prevails. However, some air stagnation is occurring across the interior Northwest, leading to the formation of locally dense fog. Some fog has also developed in California's San Joaquin Valley. With 11 weeks left until the Western winter wheat season unofficially ends (on April 1), additional precipitation will soon be needed to sustain the improvements in snowpack and soil moisture that occurred during December. Currently, the Sierra Nevada snowpack contains an average of 16 inches of liquid, about 130% of the mid-January average but less than 60% of the normal value for April 1, according to the California Department of Water Resources.

**On the Plains**, most areas are experiencing mild, windy weather. In fact, an elevated wildfire threat exists today across the parched southern High Plains, including much of western Texas. Farther north, however, snowy, breezy weather has developed in parts of the Dakotas, leading to difficult travel conditions and increased stress on livestock.

**In the Corn Belt**, snow is engulfing the upper Midwest, accompanied by breezy conditions and falling temperatures. The harshest conditions, extending southeastward from eastern North Dakota, are resulting in travel disruptions and increased livestock stress. In the upper Great Lakes region, today's high temperatures will remain below 20°F.

**In the South**, dry weather accompanies near- or above-normal temperatures. Later today, temperatures should reach 75 to 80°F or higher in the western Gulf Coast region. Outdoor activities include farm maintenance and preparations for the upcoming winter storm.

**Outlook:** A potent but fast-moving storm system will deliver wind-driven snow while diving southeastward from the upper Midwest, reaching the mid-South by early Saturday. During the weekend, the intensifying low-pressure system will traverse the Mississippi Delta, the southern Appalachians, and the Atlantic Coast States. In the East, significant snow will fall just northwest of the storm's path, while mixed precipitation will occur closer to the Atlantic Coast. Heavy precipitation will linger into Monday across the Northeast.

Early next week, relatively tranquil weather will prevail nationwide, aside from patchy snow in the Great Lakes region and the Northwest. A new surge of bitterly cold air could reach the northern Plains and upper Midwest by the middle of next week.

## References

### ➤ Conversion Calculations

#### **Metric Tonnes to Bushels:**

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

#### **Metric Tonnes to 480-lbs Bales**

- Cotton = metric tonnes \* 4.592917

#### **Metric Tonnes to Hundredweight**

- Rice = metric tonnes \* 22.04622

#### **Area & Weight**

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

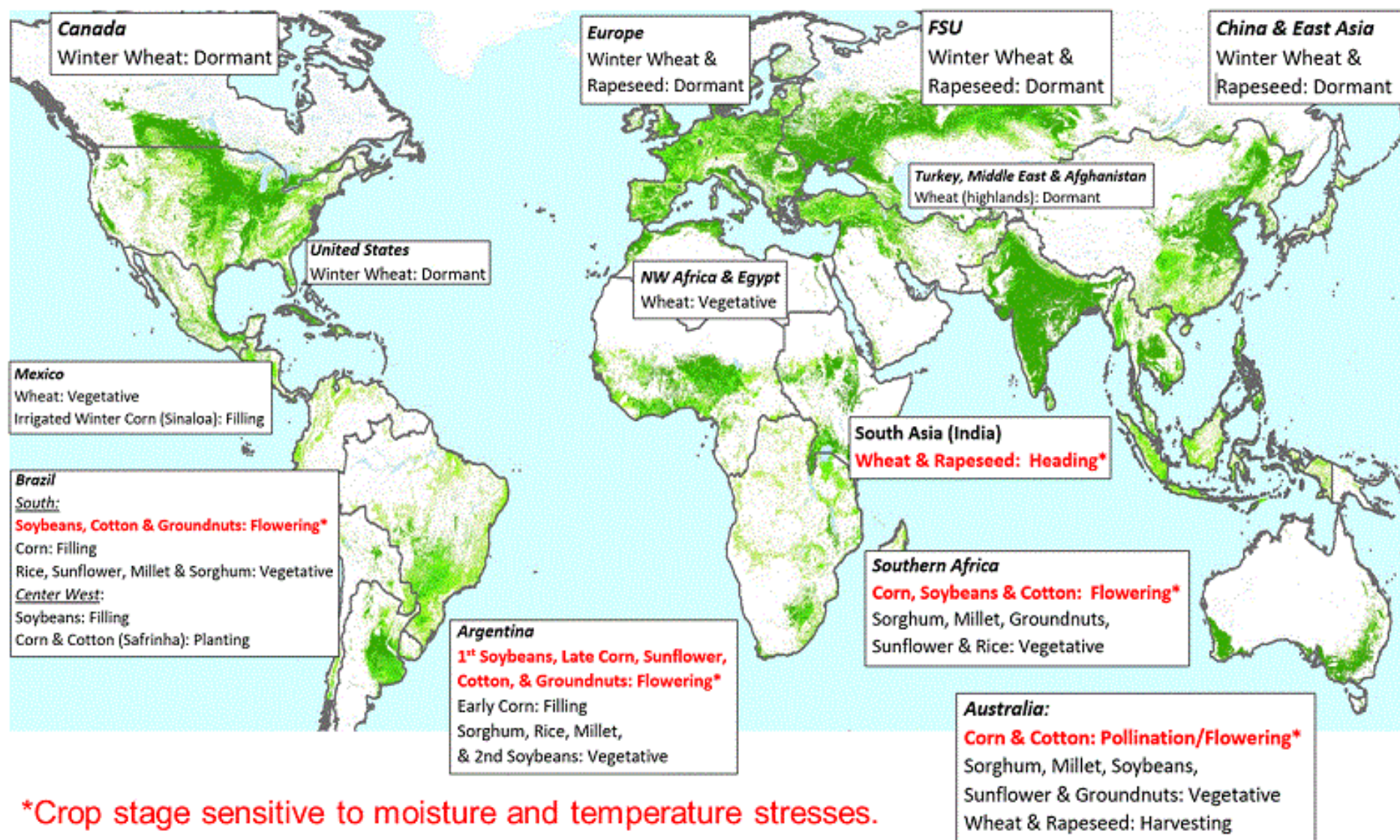
### ➤ Marketing Years (MY)

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

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



[https://ipad.fas.usda.gov/ogamaps/images/dec\\_calendar.gif](https://ipad.fas.usda.gov/ogamaps/images/dec_calendar.gif)



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