



Notes and Observations in International Commodity Markets

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KSU Agriculture Today Podcast Link – March USDA WASDE Comments:

<https://agtodayksu.libsyn.com/starter-fertilizer-management-for-corninternational-grain-market-update>

KSU Ag Manager Link: <https://www.agmanager.info/grain-marketing/grain-market-outlook-newsletter/notes-and-observations-international-commodity>

KSU Agriculture Today Podcast Link https://agtodayksu.libsyn.com/world-grain-reportdormant-pruning-of-fruit-trees?tdest_id=544948&fbclid=IwAR2CKp4yHXITVsHH0jvDZQJB4OVFSs_7i971dlVinTrG6KhBeKPNz-uO9JY

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COMMODITIES PRICES REMAIN STRONG ON BOTH SIDES OF THE USDA REPORT

GHA – New highs this week in a number of corn and soybean contracts on both sides of the USDA WASDE.

Friday's 9th of April9 USDA World Agricultural Supply and Demand Estimates (WASDE) report featured US wheat ending stocks coming in a bit higher than expected due to a cut in feed and residual. Yet, underlying economics would suggest heavier wheat feeding for the next three quarters, and would go a long way in solving a tight feed grains balance sheet.

Old and new drop corn made new life of contract highs this week. The numbers showed a slightly larger than expected cut in US corn ending stocks to 1.352 bbus, as exports, as well as corn use for ethanol, feed and residual, were all raised.

Soybean ending stocks were left unchanged, despite a rise in export sales. The USDA did tweak crush, down 10mbus on easing domestic meal demand, reduced residual use by 17 as a result of a higher than expected March 1st stocks numbers and adding 30 mbus to its export forecast. Bearish data was seen in a 2 mmts larger Brazil crop and while China's imports were unchanged at 100 MMT, crush was scaled back by 2 mmts, to 96.0mmts. A very tight U.S. new crop balance sheet likely means continued volatility driven by summer weather and China. New crop soybean continue to flirt with contract highs through the week.

Planting progress and weather will be the primary focus of the market in coming weeks and through the summer. The competition for planted acres will continue to be dynamic. Long range weather forecasts for potential dryness and expanding drought conditions in the Northern Plains and Canadian Prairies will add to volatility.

It is going to be interesting how the large inverses in the corn and soybean pricing structure will work themselves out as we move through the balance of the marketing year. Early new crop deliveries are likely to be highly rewarded.

Summer markets promises to be some of the most dynamic ever.

➤ Where did 4.4m acres of US planting intentions go?

Agricensus - The USDA failed to live up to analysts' expectations at last week's USDA Prospective Plantings report and futures for both corn and soybeans reflected the collective sense of surprise.

Its outlook for corn planting, 91.1 million acres, was compounded by an 87.6 million acre outlook for soybeans; both of which came in well below the 93.1 million acre expectation for corn and the 90 million acre outlook for beans.

Collectively, analysts missed the target by around 4.5 million acres – that's around 6,875 square miles and equates to a country the size of Kuwait. The scale of that miss was enough to drive corn and soybean futures to their limits in the immediate aftermath of the report, across multiple months.

However, it remains early in the planting cycle and farmers are likely to ramp up their field activity through April as they look to cash in on the higher prices, teeing up a period of potential volatility as planting and harvesting pass through key milestones in the months ahead.

But with such a discrepancy between farmers' outlooks and market expectations, fueled by the ongoing high prices for corn and soybeans, we explored some of the reasons why the USDA and the trade were so far apart.

The USDA - Market sources were quick to point to the USDA as being part of the problem, and its recent track record hasn't instilled confidence, missing the final 2020 corn planted area by 6.1 million acres, and 2019's soybean planted area by 8.5 million acres.

"This is where the USDA's National Agricultural Statistics Service (NASS) has come under fire recently... It's really not uncommon to see million plus acre swings from planting 'intentions'," Collin Watters of the Illinois Corn Growers Association said.

In both 2019 and 2020, the annual March report was higher than the ultimate final planted area for corn and soybeans, but both 2019 and 2020 were marked by extraordinary weather events.

Where corn and soybean prices were last at record highs, through the planting and cultivation window of 2012, the March report underestimated the final corn planted area by 1.4 million acres, and soybeans by 3.2 million acres – not far off the Kuwait-sized miss reported this year.

"The USDA never fails to surprise us," Diana Klemme, VP at Grain Service Corporation told *Agricensus*, pointing out that – overall – US planted area had still jumped by 6 million acres across all US agriculture, rising to 316.164 million acres.

The Farmers - The USDA publishes its first forecast in February at the Outlook Forum, with the March report capturing the intentions of farmers. But that also poses a problem, not just for the data coming into the agency, but also for the assumptions made around it.

"Remember that these estimates are based off real farmer surveys, and if you know farmers, you'll also know that they can be cagey about their operations," Watters said, although NASS does factor that into consideration when it produces its report.

Alongside that, the issue of prevented planting (PP) could be playing a part as well.

With so many acres lost to weather over the last two seasons, farmers were forced to make use of insurance schemes to compensate for crops lost when fields could not be planted. The issue was cited as a major swing factor facilitating the huge discrepancies between the March reports and final planted areas, and it could be that farmers have elected to not declare such an area this time around.

"The discrepancy between the trade and the USDA report involves US producers deciding not to project their PP acres into their 2021 planting intentions like they might have in the past," Jerry Gidel of Midland Research said.

Data for North and South Dakota – both hit hard by the weather in the last two seasons; hints that those states are expecting a significant recovery in available acres, up 10% for North Dakota and 8% for South Dakota.

"These things can change between now and June 10 US insurance planting dates, but maybe US producers wanted to keep these decisions closer to their vest this year, too," Gidel said.

The Competition - Another outside factor contributing to the change could be the loss of land to urbanisation or infrastructure development, with figures suggesting anything from 600,000 to 1.5 million acres of farmland is lost every year to residential or commercial developments.

One trade source estimated that total available acreage has declined from about 322 million acres in 2007 to 314 million acres by 2021; suggesting that the USDA's 316.1-million-acre figure is close to what's currently possible.

The Limits - But while it is feasible that encroachment is having some effect, trade sources are still confident that the final area for both corn and soybeans will be higher than the current outlook suggests, and the price support for both corn and beans will be key.

"It feels like we might be getting back into a quasi-super cycle situation, with higher crop prices bringing cropland back into row crops, bumping total corn/soybean/wheat acres up to that level," Watter said.

However, any expectations that the 90 million acre mark for soybeans and 93 million acre mark for corn could yet be achieved should be tempered by the physical constraints.

"A real concern I have is that we have never planted more than 180.3 million combined corn and soybean acres ever," Larry Shonkwiler of Advance Trading told *Agricensus*. "So, there isn't much room for additional acres versus the 178.7 million corn/soybean total," Shonkwiler added.

➤ **Brazil harvests 78% of soybean crop, second corn plantings finished**

Reuters - Brazilian farmers had harvested 78% of the area planted with the 2020/2021 soybean crop as of last Thursday, compared with 83% at the same point last year, agribusiness consultancy AgRural said on Monday.

In total, Brazil is poised to collect 133 mmts of soybeans this season. Based on historical trends, AgRural projects Brazil's second corn crop at 80.1 mmts, representing about 75% of Brazil's overall estimated corn output.

As the soybean season draws to a close, Brazilian farmers were able to finish planting their second corn crop, as much of it is grown in the same areas as the oilseeds.

Brazil's soybean harvesting is practically finished in Mato Grosso, the country's biggest-producing farm state, and nearly complete in other main producing regions. No significant quality problems have been detected due to excess humidity during collection of the grains, the consultancy said.

In Rio Grande do Sul state, which plants and harvests the soy later than other regions, the work is slightly behind because of scant rains last week. However, the state, one of Brazil's biggest producers, is expected to produce a good crop.

But because Brazil's second corn was planted outside the ideal climate window due to delays in the soy harvest, all attention now is on the weather, as rains are a crucial factor in the corn crop's development phase.

"At the moment, the crop is developing with adequate humidity in Goiás and in parts of Mato Grosso state, both with more rains forecast for this week," AgRural said, referring to second corn fields.

US DOLLAR & FOREIGN EXCHANGE

➤ **US Dollar down on the week**

The dollar index (DXY00) on Friday closed mildly higher on support from an increase in T-note yields that was driven by a larger-than-expected rise in the U.S. PPI report.

The dollar index (DXY00) on Friday rose +0.096 (+0.10%). June euro-fx futures (E6M1) closed down -0.0014 (-0.12%), and EUR/USD (^EURUSD) fell -0.0011 (-0.09%). June yen futures (J6M1) closed down -0.0033 (-0.36%), and USD/JPY (^USDJPY) rose +0.38 (+0.35%).

Friday's U.S. producer price data was hawkish for Fed policy and supportive for the dollar. U.S. Mar core PPI rose +0.7% m/m and +3.1% y/y, stronger than expectations of +0.2% m/m and +2.7% y/y. The +3.1% y/y gain was the largest in 10 years.

The 10-year T-note yield on Friday rose +4.3 bp to a 3-session high of 1.662%, which underpinned the dollar.

Fed comments on Friday were mixed for the dollar. On the positive side, Dallas Fed President Kaplan said "he wouldn't be surprised" to see 10-year T-note yields rise to pre-pandemic levels of 1.75% to 2.00% as the economy recovers. Conversely, Fed Vice Chair Clarida signaled the Fed is in no hurry to exit stimulus measures. He said

the Fed would await evidence on whether they are reaching their goals on price stability and employment with "hard numbers on the labor market and on prices" before adjusting monetary policy.



The dollar continues to be undercut by the ongoing Covid pandemic that has slowed economic growth and is dovish for Fed policy. The U.S. reported 79,661 new Covid infections on Thursday, the most in 7 weeks. Globally, Covid infections have risen above 134.683 million, with deaths exceeding 2.918 million.

Bullish Factors (1) safe-haven demand for dollar liquidity as underlying pandemic stress encourages flight into the world's reserve currency, (2) the influx of capital from overseas investors fleeing from over \$10 trillion of negative-yielding debt, and (3) higher T-note yields that strengthen the dollar's interest rate differentials as the 10-year T-note yield rose to a 14-month high of 1.753%.

Bearish Factors (1) the Fed's average inflation targeting scheme that is dovish for Fed policy, (2) the outlook for the Fed to keep the Fed funds rate near zero at least through 2023, (3) the severe U.S. and global economic damage caused by the Covid pandemic, which is dovish for Fed policy, (4) trade tensions and Washington political uncertainty, and (5) the wide U.S. budget and current account deficits.



BULL



BEAR

➤ **Argentine farmers, facing peso uncertainty, hoarding soybeans**

Reuters - Argentine farmers are shrugging off high soy prices and hanging onto all the beans they can this season in a bid to avoid exposure to the country's anemic peso currency, even as rival growers in Brazil and the United States rush to sell.

The trend hits just as Argentina needs export revenue to help dig itself out of recession while COVID-19 cases spike and uncertainty abounds ahead of October congressional elections. Farmers fret that the vote might set the stage for increased government intervention in the agricultural markets.

Argentine Peso/U.S. Dollar – 5 Year Chart



The official peso rate has meanwhile swooned 29.6% in the 12 months through Thursday to 92.4 per dollar. With this kind of currency volatility, Argentine farmers have decided a bean in the bag is better than a peso in the bank.

"Our currency is soy. We cannot rely on the peso," said Francisco Santillan, a grower in the bread-basket province of Buenos Aires.

Argentina is the world's top supplier of soybean livestock feed used to fatten hogs and poultry from Europe to Southeast Asia. But as of the 31st of March, farmers had sold only 31% of their soon to be harvested 20/21 soybeans, the government says. At the same point last year, sales of the 19/20 crop were at 37%.

Soy and corn prices are at around seven-year highs as global supplies tighten. Last year at this time, Argentine farmers were getting about US\$220/mt of soybeans. Now it's at about US\$330/mt.

Farmers in top global producers Brazil and the United States have eagerly sold crops to lock in good prices. Brazil farmers sold 66.6% of estimated soy output through April 2, well above a 57.1% five-year historical average for the period, consultancy Datagro

said. It projects Brazil soybean output at 135.48 million tonnes in the 2020/2021 crop year. One grain dealer in the United States, which is on an opposite growing cycle from South America, said some farmers are selling up to half of their next crop before even planting.

Save in Pesos? - Santillan nonetheless said he and his neighbors in the Pampas grains belt are piling soybeans into long, white plastic silo bags that have come to dot the countryside. They are only selling as much as necessary to get cash to pay bills.

The local soy crushing industry is not expecting strong farmer selling this year. "Very much to the contrary," said a trader with a major international export firm who, in line with company policy, asked not to be named. "Uncertainty is keeping farmers from selling because when they sell, what do they do with the money? Save in pesos? Not one farmer in this country wants to do that," the trader said.

The Argentine soy crushing industry is operating with an idle capacity of 46%, with peaks of 50% or higher last year, according to the CIARA-CEC crushing and export company chamber. "The problem is the level of uncertainty, particularly on the exchange rate over the coming months," said CIARA-CEC chief Gustavo Idigoras.

Farmers were jolted early this year when the agriculture ministry proposed an increase in export duties and a clampdown on shipments of some grains. It backed off the plan after an outcry from exporters. Argentina currently slaps a 33% export tax on soybeans, 31% on soybean meal and soybean oil, 12% on corn and 12% on wheat.

"We encourage the government to give full certainty that there will be no more intervention during the 2020/21 season regarding export taxes, export limits or any other kind of measure that would go against farm production," Idigoras said.

Slow selling is not the only factor putting downward pressure on expected Argentine soy exports. A drought on the Pampas last year and in early 2021 prompted the Buenos Aires and Rosario grains exchanges to cut their 2020/21 soy harvest forecasts to 43 mmts and 45 mmts, respectively.

WHEAT

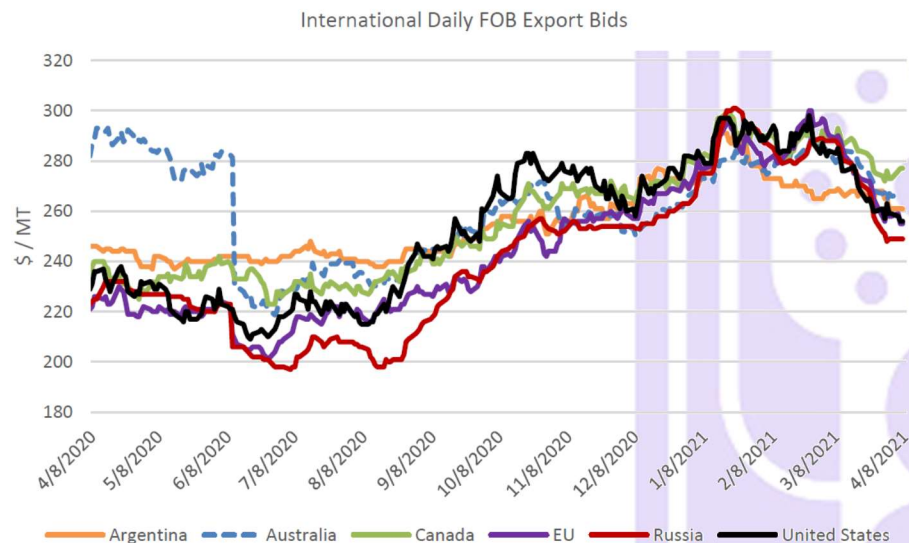
On Friday the USDA WASDE 2020/21 global wheat outlook was for slightly smaller supplies, increased consumption, higher exports, and reduced stocks this month.

Total world supplies were lowered 0.5 mmts to 1,076.5 mmts, while 2020/21 production remains at a record 776.5 mmts.

World 2020/21 consumption was increased 5.1 mmts to 781.0 mmts, primarily on higher feed and residual use for China. China Reserve Auction sales of old-crop wheat stocks continue to be large, while domestic prices for corn in China remain at a premium to wheat. This is expected to further increase China's 2020/21 wheat feed and residual use, raised 5.0 million tons to a record 40.0 million.

Projected 2020/21 global trade was increased 1.2 mmts to a record 198.9 mmts, on higher exports by Russia and the EU-27+UK. Russia's exports are raised 0.5 mmts to 39.5 mmts despite the recent imposition of an export tax. Russia's monthly exports

continue to be large, and its prices remain competitive internationally. EU-27+UK exports are increased 0.5 mmts to 27.5 mmts on a stronger than expected pace. Projected 2020/21 world ending stocks are lowered 5.7 million tons to 295.5 million with China accounting for most of the reduction. Stocks in China in 2020/21 are projected to decline for the first time in eight years (or since 2012/13).



Global wheat prices fell across all major exporting countries since last month's WASDE with improved winter wheat conditions in several key production regions. Furthermore, some importers are delaying purchases awaiting the upcoming harvest in anticipation of lower new crop prices.

Argentina	Australia	Canada	EU	Russia	United States
\$261	\$266	\$277	\$255	\$249	\$256

Note: As of April 7, 2021

The biggest reduction over the past month has been for Russia, where crop prospects have improved and export quotes have eased amid the current export policies, including the announcement of floating taxes for the new crop year. Its quotes are currently the most competitive. EU quotes have also eased and remain slightly above Russia. Argentine quotes have fallen modestly with slowing farmer sales. Australian quotes have edged somewhat lower with new supplies but remain supported by strong demand from Asian markets. Quotes from Canada are currently the highest among major suppliers.

➤ **Russian weekly wheat exports drop 60%, corn and barley at zero**

Wheat exports from Russia more than halved in the week to April 1, while corn and barley shipments dropped to zero, data from the country's state food watchdog showed Friday. Weekly exports dropped 60% to 200,000 mts, with half of this volume loaded to Egypt, the largest importer of Russian wheat.

Despite the weekly drop, total wheat exports since the start of the 2020/21 marketing year on July 1st are still up 22% y/o/y at 35.3 mmts.

Weekly shipments of barley dropped to zero from 100,000 mt in the previous week, which left the total loadings since July 1st at 5.2 mmts, up 56% y/o/y.

There were no corn shipments in the week to April 1st and total loadings since the start of the 2020/21 marketing year remained at 2.7 mmts.

Weekly total grain and pulse shipments dropped 33% to 400,000 mts, pushing exports since the start of the 2020/21 marketing year to 44.5 mmts.

➤ **CME CBOT Wheat Futures**

On Friday the USDA WASDE 2020/21 US wheat outlook for 2020/21 was mostly neutral. The report showed US wheat with lower supplies, reduced domestic use, unchanged exports, and higher ending stocks.

Supplies were lowered with a reduction in projected imports by 10 mbus to 110 mbus on a lower than expected import pace with decreases in Durum and Hard Red Spring.

US domestic consumption is reduced primarily on less implied feed and residual use, down 25 mbus, as well as a small reduction in seed use. This was supported by the NASS Grain Stocks report, issued on the 31st of March, which indicated less feed and residual disappearance for both the second and third quarters. As a result, annual 2020/21 feed and residual use is lowered 25 mbus to 100 mbus.

US exports were left unchanged this month at 985 mbus, but there were offset by-class changes for White (up 5 mbus) and Hard Red Winter (down 5 mbus) of exports.

Projected 2020/21 US ending stocks were raised to 852 mbus. but are still 17% below last year. The season-average farm price is unchanged at \$5.00 per bushel.

Trading mostly stronger though the wee, wheat futures closed out higher again on Friday following the release of the USDA WASDE Report. Choppy trade was seen following the report, with attention focusing on northern hemisphere weather prospects, with the primary concern being dry conditions for spring wheat in U.S. Northern Plains and Canadian Prairies.

At the closing bell on Friday, wheat futures were still up by double digits. The lead CBOT May contract settled on Friday at \$6.39/bu, up 10½ cents on the day, and gaining 28 cents for the week, the highest level in three weeks.

CBOT July 2021 Wheat Futures - New crop July 2021 wheat settle on Friday at \$6.39 $\frac{3}{4}$ /bu, up 9 $\frac{1}{4}$ cents on the day, and gaining 29 $\frac{3}{4}$ cents for the week.



A quiet day in SRW cash markets, domestic & export. WK1/N1 closed unchanged at -1 $\frac{1}{4}$ carry.

After the close, the weekly COT report showed managed money funds were net short 7,583 contracts SRW wheat on 4/6. The report showed spec trader short covering through the week.

➤ **Indonesia's wheat imports to increase as economy rebounds**

USDA FAS - A modest increase in 2021/22 wheat imports in Indonesia is expected as the population grows and the economy rebounds, according to the USDA.

Imports are estimated at 10.4 mmts, up slightly from 10 mmts in 2020-21.

Based on increased demand from small businesses and higher production of wheat-based products for export, the USDA estimated declines in food sector consumption of wheat flour will be offset with total food consumption increasing by 1%.

Demand for wheat in the feed sector is expected to decline significantly as comparatively lower priced domestic corn will reduce feed miller's incorporation of wheat into feed rations, the USDA said.

Wheat consumption by feed mills in 2020-21 is expected to drop from 1.8 mmts to 1.3 mmts. It is expected to decrease further to 1 mmts in 2021-22.

"Declining wheat consumption among poultry feed may in part be offset by increasing demand for wheat in aquaculture feed," the USDA said.

Indonesian corn production is expected to decline to 11.6 mmts from the previous estimate of 12.1 mmts in 2020-21, due to lower harvested areas. Imports are expected to reach 900,000 mts in 2020-21 and 1.3 mmts in 2021-22.

➤ **CME KC HRW Wheat Futures**



Kansas July 2021 HRW Wheat Futures - The July 2021 new crop HRW contract settle at \$5.95/bu on Friday, up 11 $\frac{1}{4}$ cents on the day, and gaining 23 cents for the week.

The nearby May contract settled on Friday at \$5.87/bu, up 10 $\frac{1}{2}$ cents on the day, and gaining 22 cents for the week.

HRW ending stocks increased 28 mbus due to adjustments in domestic use & exports.

Some are questioning how the USDA can increase world wheat feeding substantially while simultaneously lowering US wheat feeding 25 mbus, particularly when US HRW in the Southern Plains is trading roughly 90% the value of corn.

After the close, the weekly COT report showed managed money funds in KC wheat reduced their net long 7,212 contracts, via new selling, to 14,510 contracts.

➤ **MGE HRS Wheat Futures**

MGE July 2021 HRS Wheat Futures contract settled Friday at \$6.61 $\frac{1}{4}$ /bu, up 13 $\frac{3}{4}$ cents on the day, and gaining 52 $\frac{1}{4}$ cents for the week.

The nearby May contract settled at \$6.54/bu on Friday, up 13 $\frac{1}{2}$ cents on the day, and gaining 55 cents for the week.



After the close, the weekly COT report showed managed money funds long liquidation from spring wheat spec traders, leaving the group 5,483 contracts net long.

COARSE GRAINS

On Friday the USDA WASDE forecast global coarse grains production for 2020/21 to be 1.2 mmts higher, increasing the total to 1,446.0 mmts. This month's 2020/21 non-US coarse grains outlook is for higher production, reduced trade, and larger stocks relative to last month.

Corn production is raised for Pakistan, the EU-27+UK, and Ecuador, with partly offsetting reductions for Argentina and Indonesia.

Major global trade changes include lower forecast corn exports for Ukraine, based on year to date shipments. Corn imports are raised for Bangladesh.

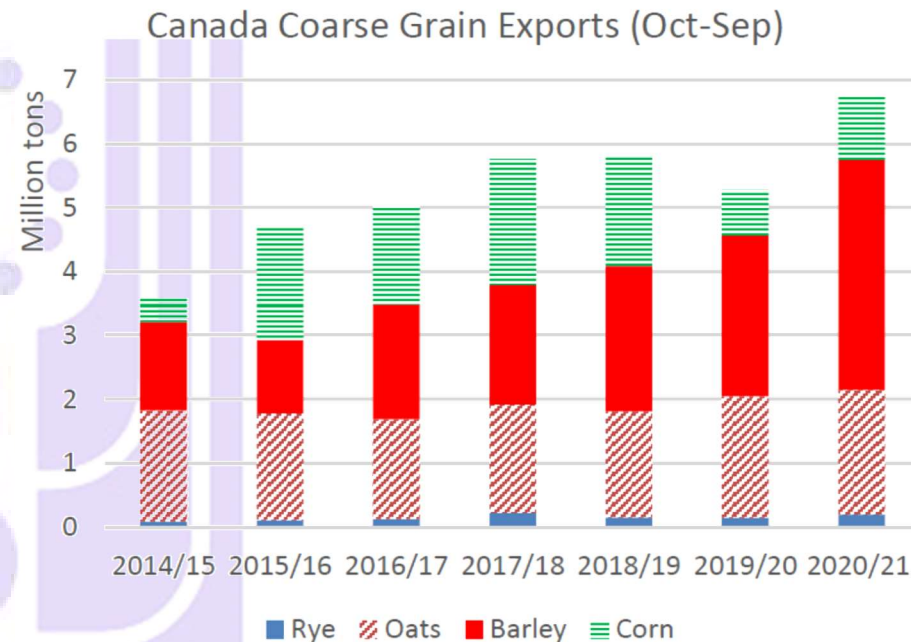
Non-US corn ending stocks are essentially unchanged from last month, mostly reflecting increases for South Korea and Pakistan that are offset by a reduction for Saudi Arabia.

Barley production was higher for Argentina and the EU-27+UK, but lowered for Mexico.

Barley exports are raised for Canada, Argentina, and the EU-27+UK, with partly offsetting reductions for Iraq and Kazakhstan. Barley imports are sharply higher for China, with a partly offsetting reduction for Morocco.

➤ Canada Coarse Grain Exports to Rise Higher

USDA - Canada's combined exports of coarse grains – corn, rye, barley, and oats – are expected to reach a new high in 2020/21 primarily led by barley. For most of these grains, the United States has been the top destination, while exports to other countries have grown, reflective of underlying trade dynamics in each grain.

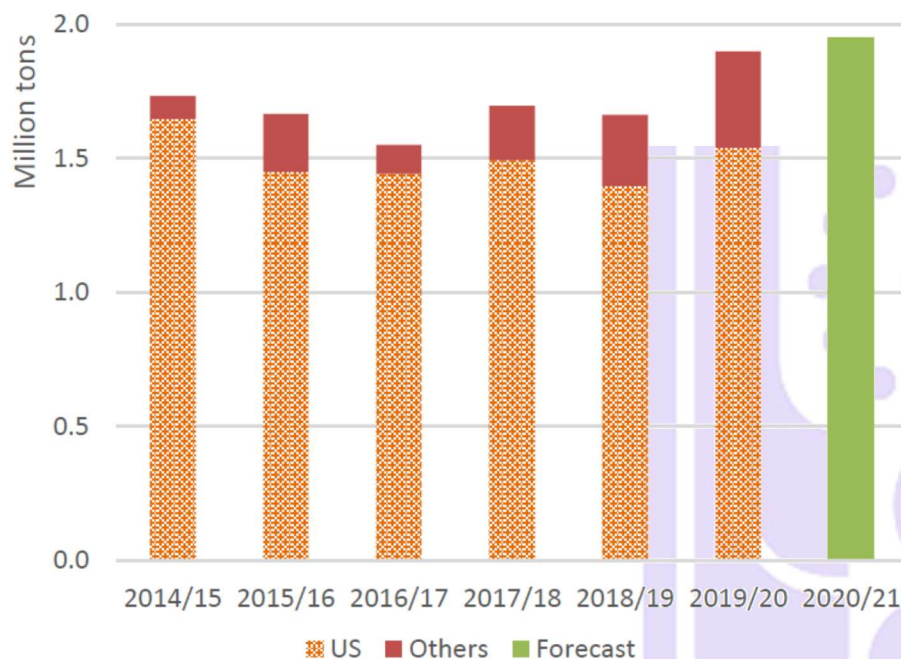


Source: PSD

Canadian corn exports are currently forecast to rebound from a year ago supported by demand in Europe, while rye exports mirror demand in the United States for food and feed use.

Canadian barley exports are currently forecast at 3.6 mmts for 2020/21. If realized, it would be the largest volume since 1993/94. While China has been the top destination, Canada's export prospects to China have sharply improved since last year because China has imposed anti-dumping and countervailing duties on barley from its top supplier, Australia. Moreover, China has been active in purchasing competitively priced feed grains as substitutes for domestic corn. For October 2020 through February 2021, barley exports to China are already at the same level as the amount exported for all of last year. Canada is the fifth-largest exporter of barley in the global market.

Canada Oats Exports (Oct-Sep)



Source: Trade Data Monitor LLC

Canada has been the top global exporter for oats. Oats exports for 2020/21 are currently forecast at 2.0 mmts, the largest since 2007/08. The United States has been the top market supported by demand for high quality feed for horses and for food use. Since last year, exports to Latin America, particularly to Chile, have grown substantially. Chile has expanded processing of oats and exports them to neighboring countries. On average, nearly half of oats production in Canada is destined for export.

CORN

On Friday the USDA reduced US Corn 2020/21 ending stocks by 150 mbus to 1.352 bbus as a result of increased use in all three demand sectors with; feed/residual use up 50 mbus, ethanol grind up 25 mbus, and US exports 75 mbus higher. The decline in USDA forecast ending stocks to 1,352 mbus a slightly greater than the average trade estimate of 1,379 mbus.

It is important to note that there is still a fair amount of uncertainty regarding the size of the Brazilian corn crop, which was left unchanged by the USDA, as well as

implications of a 1.0 mmts reduction in expected Ukraine exports. This will have a direct impact on the final U.S. numbers

New crop values will continue to be driven by weather and its impact on final US acreage totals and development through the growing season.

CME CBOT Corn Futures



CME Corn December 2021 contract made new contract highs on Friday, breaking the \$5.00 mark and reaching \$5.03 3/4/bu, before settling on Friday at \$4.94 1/2/bu, up 1/4 cent on the day, and gaining 10 cents for the week.

The nearby May contract also made new highs, reaching \$5.95/bu, before settling on Friday at 5.76/bu, down 3 1/2 cents on the day, but gaining 35 1/4 cents for the week.

USDA left the average cash price for the marketing year at \$4.30/bu for corn, but raised the sorghum cash price a nickel to \$5.05/bu.

Old crop corn carryout was reduced 150 mbus to 1.352 billion. That was the largest March to April cut since 2008 (155 mbus). Traders were anticipating a 124 mbu cut on average. Ethanol was 25 mbus higher to 4.975 bbus, feed and residual was raised 50 mbus, and exports were increased by 75 mbus to 2.675 billion.

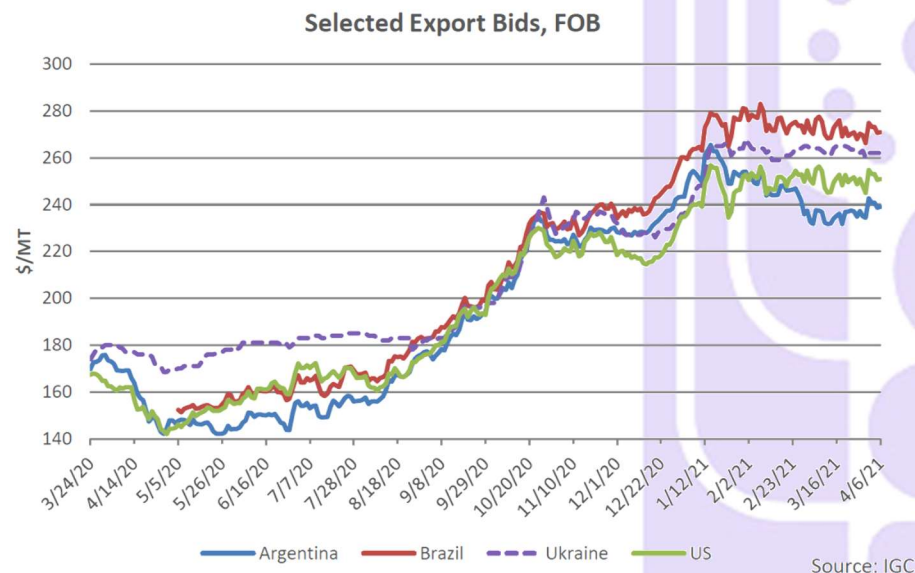
The U.S. export market share was 36.3%, up from 35.4% in March, as the 1.91 mmts additional exports were partially offset by a 1 mmts cut to Ukraine.

CFTC data from the week ending April 6 showed long liquidation from spec funds, as managed money's net long was reduced by 8,965 contracts to 386,619. Commercials

added shorts, but an increase to commercial longs as well reduced their net short by 12,650 contracts to 713,907.

Week on week ethanol flat price covered the 17¢ gain in corn futures, but rising corn basis, along with falling DCO and DDGs relative values brought cash grind down a nickel w/o/w. Record high corn prices may challenge Brazil's corn ethanol industry to account for their expected 11% share of total ethanol production.

Earlier in the week, two private entities reduced their Brazil safrinha corn production estimates 4.5 and 4.0 mmts, respectively.



Since the March WASDE, major corn export bids are in a holding pattern, remaining little changed. Argentine bids are up just \$1/ton to \$239, maintaining its place as the least expensive of the major exporters. Brazilian bids, while down \$5/ton to \$271, continue to be elevated relative to the rest of the world. Ukrainian bids (formerly published as Black Sea) dropped \$2/ton to \$262.

The Prospective Plantings report from NASS was published on March 31 and planting intentions came in under industry expectations. Despite the spike in corn futures, U.S. export bids were unfazed and are down by \$4/mt to \$251.

OILSEEDS COMPLEX

On Friday, the USDA WASDE 2020/21 global oilseed forecast higher production, exports, and stocks compared to last month. Global oilseed production was raised 2.2

mmts to 598.0 mmts, with higher soybean, rapeseed, and peanut output partly offset by lower palm kernel, sunflower seed, and cottonseed.

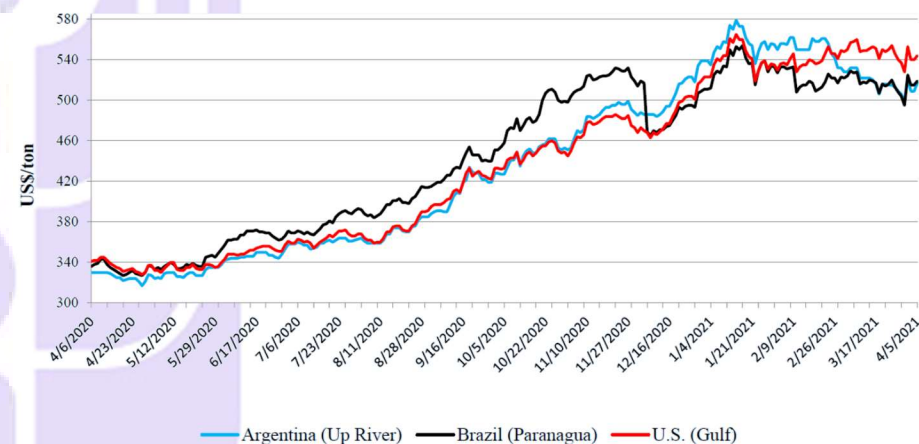
Global soybean production is raised 1.4 mmts to 363.2 mmts, reflecting a 2 mmts increase to 136 mmts for Brazil. Favorable crop conditions in Brazil's southern state of Rio Grande do Sul and updated harvest results from national and state agencies support higher yields. This increase was partly offset a reduction in soybean production for the EU-27+UK and Paraguay.

Rapeseed and peanut production are increased for India on higher area estimates.

Palm oil production is reduced for Malaysia on lower-than-expected output during January and February.

Global soybean crush is forecast lower mainly on lower crush for China, which is reduced 2 mmts to 96 mmts on the recent slow crushing pace.

SOYBEAN EXPORT PRICES



Global soybean exports are increased 1.2 mmts to 170.9 mmts. Brazil, Russia, and U.S. exports are revised higher, while Paraguay and Ukraine shipments are lowered. China's imports were unchanged at 100 mmts, crush was scaled back by 2, to 96.0.

Global soybean ending stocks are raised 3.1 mmts to 86.9 mmts, largely on higher stocks for China and Brazil.

➤ **Brazil's Conab raises 2020/2021 soybean crop estimate to 135.540 MMT**

CONAB - Brazil's 2020/2021 Soybean crop estimated at 135.540 mmts vs 135.132 mmts in March and 124.845 mmts in 2019/2020

Brazil's average soybean yield for 2020/2021 is estimated at 3.523 mts/ha, vs 3.513 mts/ha last month and 3.379 mts/ha last year

Brazil is expected to export 85.6 mmts of soybeans this marketing year as Chinese demand remains strong.

➤ **India's oilseeds production in 2021/22 to reach 40m mt: USDA**

USDA - India's total oilseed production for the 2021/2022 marketing year will rise to 39.9 mmts as strong market prices have encouraged higher planted area for soybeans, rapeseed, and sunseed.

The USDA's local office in New Delhi estimated Wednesday that output will grow 4% from last year.

The soybean production forecast was put at 11.2 mmts, up 6% year-on-year, while the rapeseed crop is expected to come to 8.4 mmts, slightly higher than last year.

India's total oilseed use is estimated to rise by 2% to 32 mmts, and with the hospitality industry's demand expected to recover, edible vegetable oil consumption is estimated to increase similarly to 22.9 mmts.

"Edible oil imports in 2021/22 are forecasted to rise 1% to 14.5 mmts, of which 8.5 mmts is palm oil and 3.7 mmts soybean oil", the USDA post said.

Larger oilseed production and higher demand will support meal production in 2021/22, with output set to rise 2% to 18.8 mmts.

It is forecast to produce 5.7 mmts of soymeal, 2.4 mmts of rapemeal, while sunmeal production is expected to come the smallest at 184,000 mts, but still up 3% y/o/y.

➤ **China soybean, soybean oil stocks continue to shrink**

Soybean stocks in China continued to fall last week after touching the lowest level in 10 months as cargo delays slowed vessel landing pace at ports, while soybean oil stocks fell further due to lower crushing.

Soybean stocks in the country slid 180,000 mts w/o/w to 4.48 mmts last week, down 1.15 mmts on the month, but were still 1.2 mmts higher y/o/y, according to China's National Grain and Oil Information Centre (CNGOIC) on Thursday.

Soybean oil stocks also fell 50,000 mts on the week to 630,000 mts, down 210,000 mts from the same point last month.

Soybean vessel landing volume remained low in China, forcing crushers to limit output. "Some crushers halted operations and limited output due to a shortage of soybeans, so operation rates remained at a low level," CNGOIC said. Soybean crush volume fell 10,000 mt to 1.55 million mt last week.

In contrast, soymeal stocks rebounded 30,000 mts on the week to 790,000 mts as procurement from feed companies slowed amid concerns over African swine fever.

The stock level was down 80,000 mts on the month but 620,000 mts higher y/o/y.

➤ **Larger global rapeseed harvest expected this year**

According to the International Grains Council (IGC), slightly more rapeseed will be harvested worldwide in the upcoming crop year, while consumption is seen to remain virtually unchanged.

The IGC has forecast that the world's four largest rapeseed producers - Canada, the EU, China and India - will harvest more rapeseed in the 2021/22 crop year than the previous year.

According to the IGC estimate, global rapeseed production will rise from 70.4 mmts in 2020/21 to 72.8 mmts in 2021/22. The IGC outlook is based on a 2% increase in area planted, but also on yield increases.

Global rapeseed consumption is seen to decline marginally compared to the previous year due to strong demand in Asia and Europe. However, it is set to remain at a high level. Prospects for a bounce-back in global rapeseed supply in 2021/22 appear to be poor considering the expected low level of beginning stocks and moderate growth in production.

Stocks of the three big exporters, Australia, Canada and Ukraine, are anticipated to shrink to 1 mmts (from 1.2 mmts the previous year). This is mainly due to the decline in stocks in Canada.

Prospects for world trade in from October to September will depend on demand from the EU-27 and key buyers in Asia, including China, Japan and Pakistan.

Harvest volumes in the EU-27 are seen to remain tentatively stable at 17.3 mmts in the 2021/22 crop year. Agrarmark Informations-Gesellschaft has underlined that an expansion in area planted in the EU is the main prerequisite for improving supply to the European oil mills.

➤ **Egyptian soybean imports on the rise**

USDA GAIN - Domestic feed and crushing demand is pushing Egypt's imports of soybeans for the 2021/22 marketing year.

USDA forecasts Egyptian soybean production in the 2021/22 marketing year to remain unchanged at 25,000 mts. With increases in demand from crushing, Egypt's soybean consumption in the 2021/22 marketing year is expected to rise 2.2% to 4.64 mmts.

With increased consumption, the expanded local crush capacity to meet the demand of high protein soybean meal for the feed industry is anticipated to buoy Egypt's soybean imports as the USDA projects soybean imports for the 2021/22 to increase 200,000 mts to 4.6 mmts.

➤ **EU 2020/21 Soybean imports 11.20 mmts, Rapeseed 5.25 mmts**

Reuters - European Union soybean imports in the 2020/21 season that started last July had reached 11.20 mmts by April 4th, data published by the European Commission showed on Tuesday. That compared with 10.96 mmts cleared by the same week last season.

Since the 1st of January the European Commission's data has covered the EU's 27 countries only, whereas previous figures up to the 31st of December covered both the EU-27 and Britain.

EU rapeseed imports in 2020/21 had reached 5.25 mmts, compared with 4.93 mmts a year ago.

Soymeal imports so far in 2020/21 were at 12.86 mmts against 13.72 mmts a year earlier, while palm oil imports were at 4.10 mmts versus 4.34 mmts a year ago.

➤ CME CBOT Soybeans Futures

The lead contract **CME May 2021 Soybean Futures** settled on Friday at \$14.03¼/bu, down 12 cents on the day, but up a penny for the week.



New crop **CME November 2021 Soybean Futures** settled on Friday at \$12.63 ¼/bu, down 10 cents on the day, and off ¼ cents for the week.

On Friday, the USDA WASDE Report for 2020/21 include higher exports, lower crush, residual use, and seed use. US soybean exports are raised mainly reflecting record exports through the first half of the marketing year.

The US soybean crush was reduced 10 mbus this month on a lower domestic soybean meal disappearance forecast and a higher projected extraction rate.

Seed use is reduced in line with plantings for the 2021/22 crop indicated in the March 31st Prospective Plantings report. Residual use was reduced 17 mbus based on indications in the March 31st Grain Stocks Report.

Soybean ending stocks are projected at 120 mbus, unchanged from the previous forecast. Uncertainty in Chinese demand and a very tight US new crop balance sheet will bode for continued volatility.

The USDA season-average soybean price is forecast at \$11.25/bushel, up 10 cents.

The CFTC data showed soybean spec traders had increased their net long by 12,425 contracts through the week ending the 6th of April. That came via both new buying and short covering, and left the group 154,305 contracts net long. COT report had funds long 154k beans +12k, but Index longs sold off 18k of their length to a +74k long. Commercials were short 257k +20k.

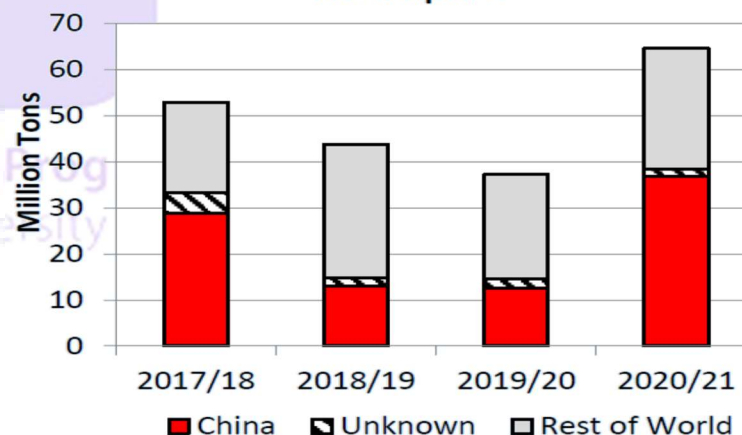
The fresh cash average price for old crop beans was a dime higher at \$11.25/bu. The fireworks this week were more in the cash markets as processors try to originate more summer MJJ bushels. Heard there was a first triple digit basis level trade at a western plant this week, a few trades at +75k/n and several plants paying >+50k/n.

In regards to DVE, the delivery market now has zero new origination drawing arc, as it should, but taking beans out of the delivery market to the domestic market is not nearly as clean as loading a barge. That said, the basis is at levels where a few processors tributary to the river are paying levels that can pull deliveries, come May, so would not be short the SK. These big processor pushes mean it's time to start talking about getting short the basis.

While the commercial hedgers and processors are holding their cards for the delivery game, the not so cash connected fund money is eyeing the tight 2021/22 balance sheet and looking more at SX to build length.

No confirm yet from Brazil on dropping their B13 mandate, but wire stories suggest it's just a matter of whether its B10 or B11.

**U.S. Soybean Total Commitments
As of April 1**



Due to growth in sales and exports to China, total export sales commitments reached a record 64.7 mmts, up nearly 75% (27.4 mmts) from last year.

As of the 1st of April 2021, cumulative global U.S. soybean shipments reached 59.0 mmts, with China accounting for 60% (35.8 mmts). Exports to China have nearly tripled from the same period in 2019/20.

U.S. Soybean Export Sales as of Apr 1, 2021 (Million Tons)

	Apr 2 2020	Apr 1 2021	Net Change YOY	% Change
Accumulated Exports				
China	12.1	35.8	23.7	195%
ROW	19.8	23.2	3.4	17%
Outstanding Sales				
China	0.5	0.9	0.5	98%
ROW	4.8	4.6	-0.1	-3%
Total Commitments				
China	12.6	36.8	24.2	191%
ROW	24.6	27.9	3.3	13%

Outstanding sales to all destinations are 5.6 mmts, up 6% from last year. These are led by outstanding sales to China of just over 900,000 mts, which are almost doubled from last year.

March 2021 Soybean Export Prices

	U.S.	Argentina	Brazil
March Avg Price	\$548/ton	\$520/ton	\$517/ton
Change vs February	+\$10/ton	-\$35/ton	-\$4/ton

Source: International Grains Council. All prices are FOB: U.S. Gulf, Argentina Up River, and Brazil Paranagua.

USDA export prices for US soybeans rose slightly in March while Brazil prices held flat and Argentina prices saw a steeper decline. U.S. prices approached 7-year highs as continued late-season exports further tightened stocks. Brazil fell slightly due to expectations of seasonally large new-crop and higher exportable supplies. Argentina soybean prices fell as rains provided much needed moisture and slowed crop losses in drought-hit regions.

Oil World reported earlier in the week that based on the March 1st US soybean stocks report, last fall's crop could be underestimated by as much as 1.5 to 2.0 mmts (55-73 mbus); markets seem to be ignoring that this...

The Buenos Aires Grain Exchange trimmed their estimate of the Argentine soybean crop back by 1 mmts, to 43 mmts, 4½ mmts below the March USDA forecast.

➤ CME CBOT Soybean Meal

CBOT:ZMK2021, D 400.9 ▼ -5.9 (-1.45%) O:407.5 H:409.8 L:400.4 C:400.9



CME May 2021 Soybean Meal Futures settled on Friday at \$400.90/short ton, off \$5.90 on the day, and losing \$12.20 for the week.

On Friday, the USDA WASDE Report for 2020/21 left soybean meal prices unchanged at \$400/short ton. The report estimated world protein meal production is slightly down while exports are up fractionally. Consumption was cut almost 2 mmts.

Lower China soybean meal consumption more than offsets strengthened China rapeseed meal consumption. Ending stocks are raised 870,000 tons on higher soybean and rapeseed meal stocks.

➤ US February soybean crush falls 2 mbu short of expectation

USDA - US soybean crushing in February slumped 16% versus January as a cold snap hit processors and left the month's final figure falling 2.1 mbus below market expectations.

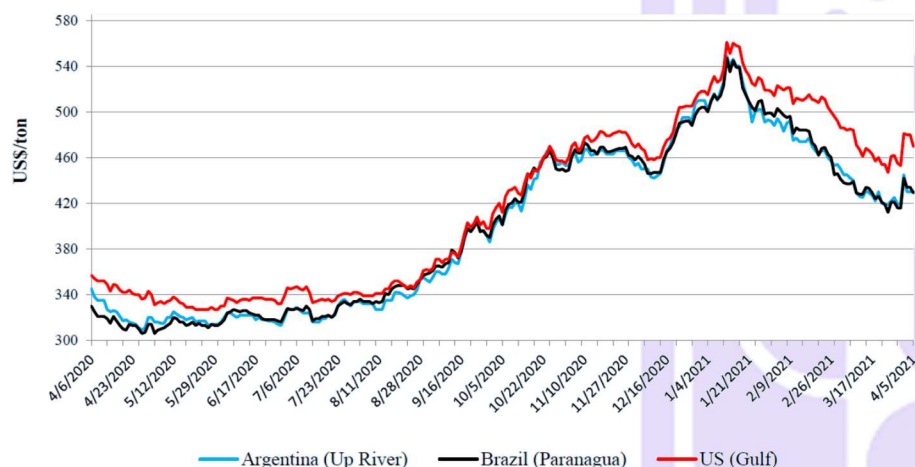
A total of 164.3 mbus (4.5 mmts) of soybeans went through the US grind in February, according to USDA data, the lowest level since September 2019 and down from a near-record for the month of 196.5 mbus, set in January.

February's figure fell short of the 166.4 mbus expectation set out by analysts and was down from last year's February crush of 175.3 mbus after a bitter cold snap in February forced some crushers to slow operations.

NOPA, which represents around 95% of US bean crushers, reported the February soybean crush figure a fortnight ago at 155.2 mbus (4.2 mmts) which also came in below expectations of 168.61 mbus (4.59 mmts).

US soybean oil stocks by the end of February came in higher than expectations at 2.31 billion pounds (1.05 mmts), mostly flat on the month and down 3% on the year.

SOYBEAN MEAL EXPORT PRICES



March 2021 Soybean Meal Export Prices

	U.S.	Argentina	Brazil
March Avg Price	\$469/ton	\$432/ton	\$430/ton
Change vs February	-\$44/ton	-\$44/ton	-\$53/ton

Source: International Grains Council. All prices are FOB: U.S. Gulf, Argentina Up River, and Brazil Paranagua.

Meal prices declined throughout March reflecting the seasonal increase in crush and availability of new crop supplies with the ongoing soybean harvest in Brazil and Argentina.

➤ Argentine crushers report idle capacity of 46% in Jan-Feb

Argentina's crushing industry is currently working with an idle capacity of 46%, up three percentage points versus an average of 43% last year, according to a new study by local oilseed crushing and exporters chamber Ciara-CEC.

The new monthly study highlighted that current idle capacity is at its highest level since 2015. In 2016, the industry had operated with an average idle capacity of just 27%, Ciara-CEC reported.

"The higher the idle capacity, the higher the share of fixed costs in the overall cost structure. Namely, it costs more to process a tonne of soybeans. And it is possible that the industry must pay less to the producer for soybeans, to offset the higher production cost and avoid crushing with negative margins," the entity said.

According to the report, the sector crushed a total of 6.07 mmts of soybean in the January-February period.

Ciara also highlighted that, conversely, shipments of soybean oil exports strongly rebounded during January (664,272 mts) and February (418,906 mts), totaling 1,083,178 mts in the first two months of the year.

"This figure is an absolute historical record for the period, which responds to the strong demand for soybean oil worldwide and the recovery of shipments after December, when the agro-export port activity was seriously affected by several strike actions carried out by unions."

In the soy meal segment, shipments in the first two months of the year amounted to 4.26 mmts.

According to the latest report by the USDA, Argentina's crushing industry is forecast to crush 40.2 mmts in the current crop, compared to 38.77 mmts in the previous cycle.

CME Soybean Oil

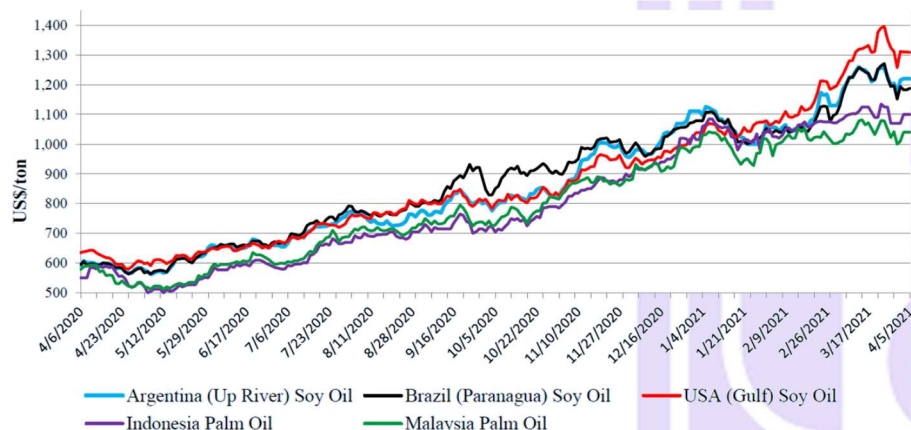
CME May 2021 Soybean Oil Futures settled on Friday at \$52.79/cwt, losing \$0.59 on the day, but gaining \$0.66 for the week.

CBOT:ZLK2021, D 52.79 ▼ -0.59 (-1.11%) O:53.68 H:54.14 L:52.70 C:52.79



On Friday, the USDA WASDE Report for 2020/21 the price for soybean oil was projected at 45.0 cents/pound, up 4 cents reflecting sharply higher prices in March. Stronger soybean oil prices are expected to continue in coming months as additional renewable fuel capacity comes online.

SOYBEAN AND PALM OIL EXPORT PRICES



Friday, the USDA WASDE Report estimated global vegetable oil production is marginally lower, mostly on reduced palm and palm kernel oil production that more than offset larger rapeseed oil production. Vegetable oil exports are down fractionally. Ending stocks are up 490,000 mts primarily due to higher palm and rapeseed oil carryout.

March 2021 Soybean and Palm Oil Export Prices

	U.S. Soybean Oil	Argentina Soybean Oil	Brazil Soybean Oil	Indonesia Palm Oil	Malaysia Palm Oil
March Avg Price	\$1,295/ton	\$1,210/ton	\$1,201/ton	\$1,097/ton	\$1,040/ton
Change vs February	+ \$177/ton	+ \$132/ton	+ \$139/ton	+ \$43/ton	+ \$20/ton

Source: International Grains Council; all prices are FOB: U.S. Gulf, Argentina Up River, Brazil Paranagua

Oil prices continued their nearly 12-month climb through March, with strength linked to expected improvement in a post-COVID economy. Soybean oil prices spiked in March driven by tight vegetable oil supplies and expectations of higher demand for soybean oil for biofuel use, pushing the U.S. soybean oil price to decade-level highs. Palm oil prices rose slightly on strong March exports and tracking rival oils.

➤ Sri Lanka - Palm Oil imports completely banned with immediate effect

Sri Lanka President Gotabaya Rajapaksa has instructed to completely ban the importation of Palm Oil with immediate effect.

The Controller General of Department of Imports and Exports Control has been advised to issue the relevant gazette order to give effect to this instruction, by the Secretary to the President P.B Jayasundera on the 5th of April.

Additionally, the Director-General of Customs has been informed of this decision and advised to refrain from clearing palm oil cargos at the Department of Customs. At the same time the cultivation of oil palm (katupol) will be completely banned.

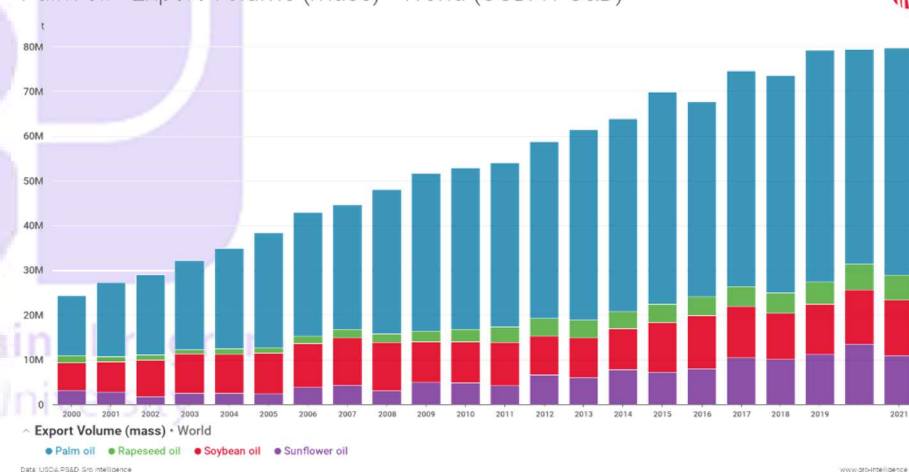
Meanwhile, orders have been issued under the relevant laws enforcing the advice given by the President to ban the cultivation of oil palm completely. About six months ago, the President had instructed to gradually ban the cultivation of oil palm in the country. Furthermore, those companies and entities which have done such cultivations shall be required to remove them on a phased out manner with 10% uprooting at a time and replacing it with the cultivation of rubber or environmental friendly crops each year to free Sri Lanka from oil palm plantation and palm oil consumption.

When this is fully operational, the government intends to stop the cultivation of oil palm and the consumption of palm oil completely.

Palm Oil, Climate And Global Supply Chains

Gro Intelligence - Supply concerns have caused vegetable oil prices to rise sharply this year, with volatility especially high in recent weeks. Palm oil prices on the Bursa Malaysia are still trading near their 10-year highs.

Palm oil - Export Volume (mass) - World (USDA PS&D)



Palm oil dominates the global vegetable oil market with a 60-70% share of global trade, but its lack of geographical diversification places great onus on production. In the last ten years, palm oil trade has increased by 15 mmts which is more than the growth of all of the other major vegetable oils combined. Any supply disruptions in the

principal producing areas of Indonesia and Malaysia can cause price reverberations across the supply chain.

The stocks-to-use ratio for the nine major vegetable oils is the lowest since the 1990s, underlining the tightness of supplies; and with crude oil prices rising, the demand environment is strong.

Soybean oil, Netherlands - Composite Prices (currency/mass) - World (GEM Commodities)



Soybean oil is a substitute for palm oil in some products, which translates into a close correlation between prices of the two commodities. The adjacent chart represents a good proxy for understanding price movements for commodities in northern Europe.

Rising vegetable oil prices will continue to be a key driver of food inflation this year, and governments may be forced to take action. With palm oil and soybean oil together accounting for over half of global vegetable oil production, keeping a close eye on palm oil will be vital.

➤ **U.S. renewable fuels market could face feedstock deficit**

Reuters - Demand for feedstocks from renewable fuel producers is expected to surge in the United States in coming years as companies scramble to expand output.

The United States and other nations are attempting to reduce overall carbon emissions and cut use of high-polluting fossil fuels. Refiners, farmers and agricultural giants are hoping to gain a foothold in fuel supply through production of fuels made from biomass. Energy from material that comes from plants and animals, or biomass, currently accounts for roughly 5% of U.S. energy use, slightly more than wind and solar energy. Most U.S. energy use is still based around fossil fuels like petroleum and natural gas. But biomass-based fuel production could face limits, as farmers need to harvest more soy and other products to meet growing demand, while companies that collect and process animal fats or spent cooking oil also would need to expand.

Fuels such as biodiesel, renewable diesel and sustainable aviation fuel draw from the same feedstock pool, and analysts have warned there might not be enough lower-carbon intensive feedstock to keep up. Demand for soybean oil alone is expected to far outstrip supply by 2023, according to a BMO Capital Markets report from October 2020. The financial services provider estimates an incremental demand of 8 billion pounds of soybean oil by 2023 because of an increase in renewable diesel production.

"The feedstock issue is going to be an enormous problem. Dealing with this matter is going to be hard," said Robert Campbell, head of oil products research at Energy Aspects.

Renewable energy made up 9.11 quadrillion British thermal units, or 9.8%, of the total energy consumption in 2020, according to Energy Information Administration's Annual Energy Outlook. By 2024, that's expected to grow to 12.23 quadrillion Btu, or 12.5%, of total energy consumption.

RENEWABLE PRODUCTION ON THE RISE

Biomass can make fuels such as renewable diesel, biodiesel, sustainable aviation fuel and ethanol.

The US produced 533 million gallons of renewable diesel in 2020, according to analysis of Environmental Protection Agency data. U.S. biodiesel production is roughly 110,000 barrels/day, according to the Energy Information Administration's Annual Energy Outlook, dwarfed by oil refineries, which last year had an operable crude distillation capacity of around 19 million barrels per day, according to EIA.

Renewable diesel production capacity is expected to nearly quintuple to about 2.65 billion gallons (63 million barrels) by 2024, investment bank Goldman Sachs said in October. But that would require an additional 17 billion pounds of feedstock, creating friction between existing biodiesel and food customers, the report said.

While biodiesel requires around 7.5 pounds of feedstock per gallon, renewable diesel needs about 8.5 pounds per gallon, Goldman Sachs said. They estimate a 13-billion pound feedstock deficit by 2024 as more processing capacity starts up. Sustainable aviation fuel production will further increase demand for renewable feedstock.

Though other, lower-carbon intensive feedstocks like tallow and used cooking oil are gaining traction because of government incentives, producers still rely mostly on corn and soybean oil to make biofuels.

OTHER RELATED NEWS

➤ **China's feed grains demand set to rise as African Swine Fever wanes**

Gro Intelligence - China appears to have brought under control a winter resurgence in African swine fever. New data shows the country's hog and sow populations began growing again in March, and this could signal heightened demand for feed grains in coming months.

Gro's data, based on a survey of major hog producers, shows that China's hog herd grew 1.06% in March from the previous month, while the sow population expanded

1.96%. That follows declines in herd size in both January and February, as colder temperatures stoked the ASF infection rate, especially in northern provinces.

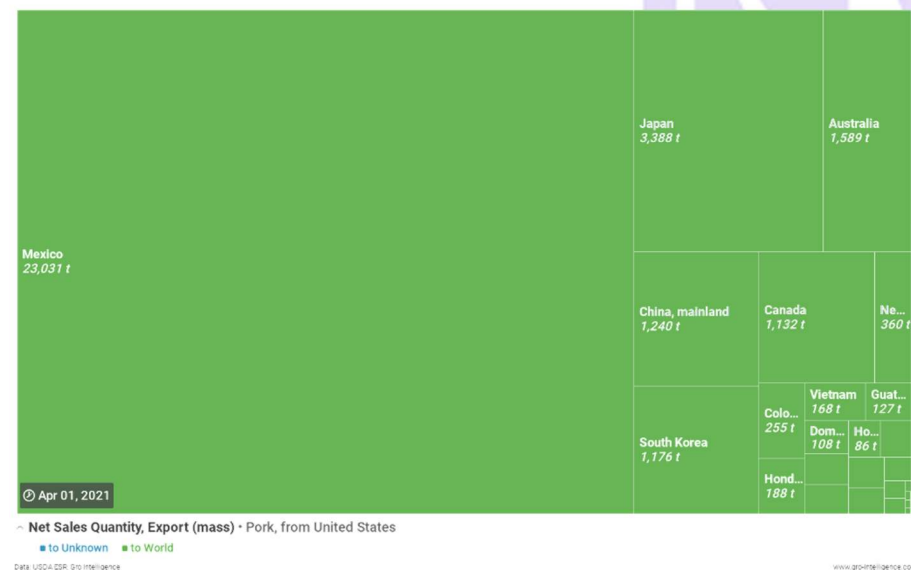
Renewed growth in China's hog population has pushed down the price of live hogs by 36% from a recent peak in January. Gro continues to expect a full recovery of China's hog herd in the second half of 2021, after ASF wiped out roughly half of China's hog population in 2018-19.

China is a key driver of global pork, grain and oilseed demand. The hog herd recovery, along with increased industrialization of the hog industry, was the main driver of China's record grain imports in 2020, including 4.3 mmts of US corn.

New crop plantings in the US will be critical to satisfy any future growth in China's feed demand. But a recent USDA report shows farmer planting intentions are for fewer corn and soy acres than the market had expected, and therefore ideal weather conditions will be needed to replenish currently tight supplies.

➤ **US Pork exports rise even as production falls**

Pork - Net Sales Quantity, Export (mass) - United States :
Unknown (USDA ESR)



US pork exports look set to match or top last year's record, with most sales going to China. That brisk export pace comes even as US hog supplies are contracting, driving prices sharply higher.

CBOT June 2021 lean hog futures are up 30% in 2021 and could rise further if China's appetite for pork continues to outpace domestic production.

Year-to-date commitments of US pork to all destinations are 840,507 mts, in line with 2020's record exports of 1.9 mmts, and possibly on track to exceed them. China accounted for nearly half of US pork exports in 2020, and 30% of pork exports so far in 2021.

Surging US pork exports come at a time when the US hog supply is contracting. Inventory of all hogs and pigs stood at 74.8 million head as of March 1st, down 3.3% from the previous quarter and 2% below year-ago levels.

Inventories of market hogs (animals raised for slaughter) as well as the breeding herd size and spring and summer farrowing intentions also declined, according to the USDA March Hogs and Pigs report. The data suggests smaller slaughter numbers starting in Q4 2021 all the way through Q1 2023.

China continues to see occasional flare-ups of African swine fever, which decimated the hog herd in 2019, indicating that hog supplies haven't entirely recovered.

Meanwhile, domestic pork demand has recovered after being jolted by the COVID pandemic last year.

LOGISTICS

➤ **Soybeans vessels moving out of Brazil**



Soybeans continue to flood out of Brazil at a strong pace, most on their way to China. March exports hit an all-time high for the month and April is set to follow suit.

GOVERNMENT

➤ USDA to expand forecasts on soyoil use in biofuels in May crop report

Reuters - The USDA will alter how it reports soybean oil use by biofuels producers beginning with its monthly World Agriculture Supply & Demand Estimates (WASDE) report in May, a USDA spokesperson told Reuters on Wednesday.

The change to the closely watched report, viewed as the global gold standard in agriculture data, comes amid rising demand for vegetable oils from producers of renewable diesel, a clean burning fuel made from soy and other fats and oils.

The unusual change is also an acknowledgment by the USDA of the strong demand potential for soybean oil at a time U.S. soybean supplies are the lowest in years.

The USDA currently reports use from the sector in a catch-all category that also includes demand from food makers and animal feed producers. Use by makers of soy biodiesel, which is different from renewable diesel, currently occupies its own demand category.

The updated soybean oil supply-and-demand forecast would combine use by biodiesel producers and renewable diesel producers to adhere to USDA's reporting confidentiality guidelines, Keith Menzie, an economist at USDA's World Agricultural Outlook Board (WAOB), told Reuters in early March.

Changes to the USDA report had hinged on expanded biofuels and feedstock data in a monthly Energy Information Administration report. The EIA began issuing that data on the 31st of March. Further details of the USDA's reporting changes will be released on Thursday, an agency spokesperson said.

The USDA is due to issue its May report on the 12th of May 2021.

➤ Indian Cooking Oil Prices Surge, Government Mulls Import Duty Cut: Report

The Indian government is likely to review the surging edible oil prices and announce relevant measures soon, reports suggest. In the wake of the increasing price, the government considers to 'cut import duty' on the edible oil, the Economic Times reported quoting sources.

The food ministry has sent a proposal to the Empowered Group of Ministers to review cooking oil prices, and a meeting may be called soon. Sources said a decision on import duty reduction may be taken in that meeting, mentioned the Economic Times in its report. The cooking oil prices have gone up by 35-95 per cent in the last one year. The prices of mustard oil nearly doubled while the rates of sunflower oil increased up to 95 per cent and a 50 per cent rise was noticed in peanut and soy oil prices.

The government had announced a 10% cut in import duty in November to curb the rising prices. But the market forces had predicted the surging price of cooking oils till April-May 2021. The Solvent Extractors Association of India (SEA) had requested the government to 'freeze the tariff rate for the next six months' and 'to subsidize the sale

of edible oil through the public distribution system', according to a *Financial Express* report published in November 2020.

During the Budget announcement, Union Finance Minister Nirmala Sitharaman had slashed import duty and custom duty for edible oils. The basic import duty on crude palm oil was reduced to 15% from the earlier 27.5% and basic custom duty on soybean oil and sunflower oil also cut to 15% from 35% earlier.

The government's measures have not yielded results yet as the exporting countries increased prices and export duties on cooking oil. India imports around 70% of its required cooking oil from foreign countries, mostly from Indonesia and Malaysia.

Since the outbreak of the Covid-19 pandemic, the supply of the edible oils from the major exporting countries has gone down while the demand increased manifold in the domestic market. Now, a price review and import duty cut may bring much needed relief for the consumers.

International Crop & Weather Highlights

➤ USDA/WAOB Joint Agricultural Weather Facility – 3rd April 2021

Europe – Warm And Dry, But Showers In Spain And The Balkans

- Warm, dry weather accelerated winter crop development from France eastward into Poland after a recent cool spell; however, short-term dryness has intensified over these same areas, and rain will be needed soon as wheat, barley, and rapeseed progress toward reproduction.
- Showers maintained good moisture supplies for vegetative winter grains in Spain and the Balkans.

Western FSU – Warmer Weather Eased Winter Crops Out Of Dormancy

- Warmer weather eased winter crops out of dormancy, though widespread showers maintained abundant soil moisture supplies for spring growth.

Middle East – Chilly With Additional Rain In The West

- Chilly, showery weather in Turkey and along the eastern Mediterranean Coast favored vegetative (north) to reproductive (south) winter grains.
- Sunny skies and seasonable temperatures — save for abnormal warmth in southern Iran — facilitated winter grain development but maintained rainfall deficits in eastern Iran.

Northwestern Africa – Hot And Dry

- Sunny, warm weather in Morocco favored the development of reproductive to filling wheat and barley.
- After recent timely showers, hot and dry weather across Algeria and Tunisia stressed reproductive winter grains and accelerated crop development up to three weeks ahead of average.

South Asia – Beneficially Drier In Pakistan

- After recent wetness, drier weather in northern Pakistan benefited wheat harvesting, while seasonably hot weather continued across India where rabi crop harvesting continued.

East Asia – Showers And Warm Weather For Winter Crops

- Showers in portions of eastern China provided beneficial moisture for reproductive rapeseed and vegetative wheat, while unseasonably warm weather advanced crop development.

Southeast Asia – Favorable Moisture In Indonesia

- Unseasonably wet weather continued across southern Indonesia, maintaining abundant moisture supplies for second-crop rice and ensuring ample water supplies for third-crop rice sown in the summer.
- Pre-monsoon heat was prevalent throughout Thailand and environs.

Australia – Drier Weather Benefited Mature Summer Crops

- Warm, sunny weather in the east helped dry excessively wet summer crops and allowed floodwaters to recede in the wake of recent very heavy rain.

South America – Dryness Dominated Much Of Argentina And Brazil

- Following last week's beneficial rain, dry, generally mild weather returned to summer grain, oilseed, and cotton areas of central and northern Argentina.
- In Brazil, unseasonable warmth and dryness reduced moisture available to second-crop corn and cotton as the end of the rainy season approaches for many locations.

South Africa – Mild, Sunny Weather Prevailed Across The Region

- Conditions favored late development of corn and other maturing summer crops.

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

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

corn and soybean planting. Lingering warmth is mostly confined to the Ohio Valley, where today's high temperatures should range from 75 to 80°F.

- **In the South**, locally heavy showers are lurking near the Gulf Coast, especially across Florida's panhandle. Much of the remainder of the region is experiencing cloudy, humid, mild weather, resulting in minor fieldwork delays. Warm, dry weather continues, however, across Florida's peninsula, maintaining heavy irrigation demands.

Outlook: A weakening storm system over the upper Midwest will continue to drift northward. A trailing system, currently crossing the southern Plains, will intensify over the weekend while traversing the mid-South and Midwest.

Additional rainfall associated with the two storms could reach an inch or more in parts of the Midwest and 2 to 4 inches in the central Gulf Coast States. During the weekend, Florida's peninsula should receive some much-needed rain. However, the Southern rainfall will be accompanied by locally severe thunderstorms.

Meanwhile, dry weather will prevail during the next 5 days from California to the southern High Plains.

Early next week, a strong cold front crossing the northern Plains and upper Midwest could result in some rain and snow showers, along with post-frontal temperatures that could fall below 20°F.

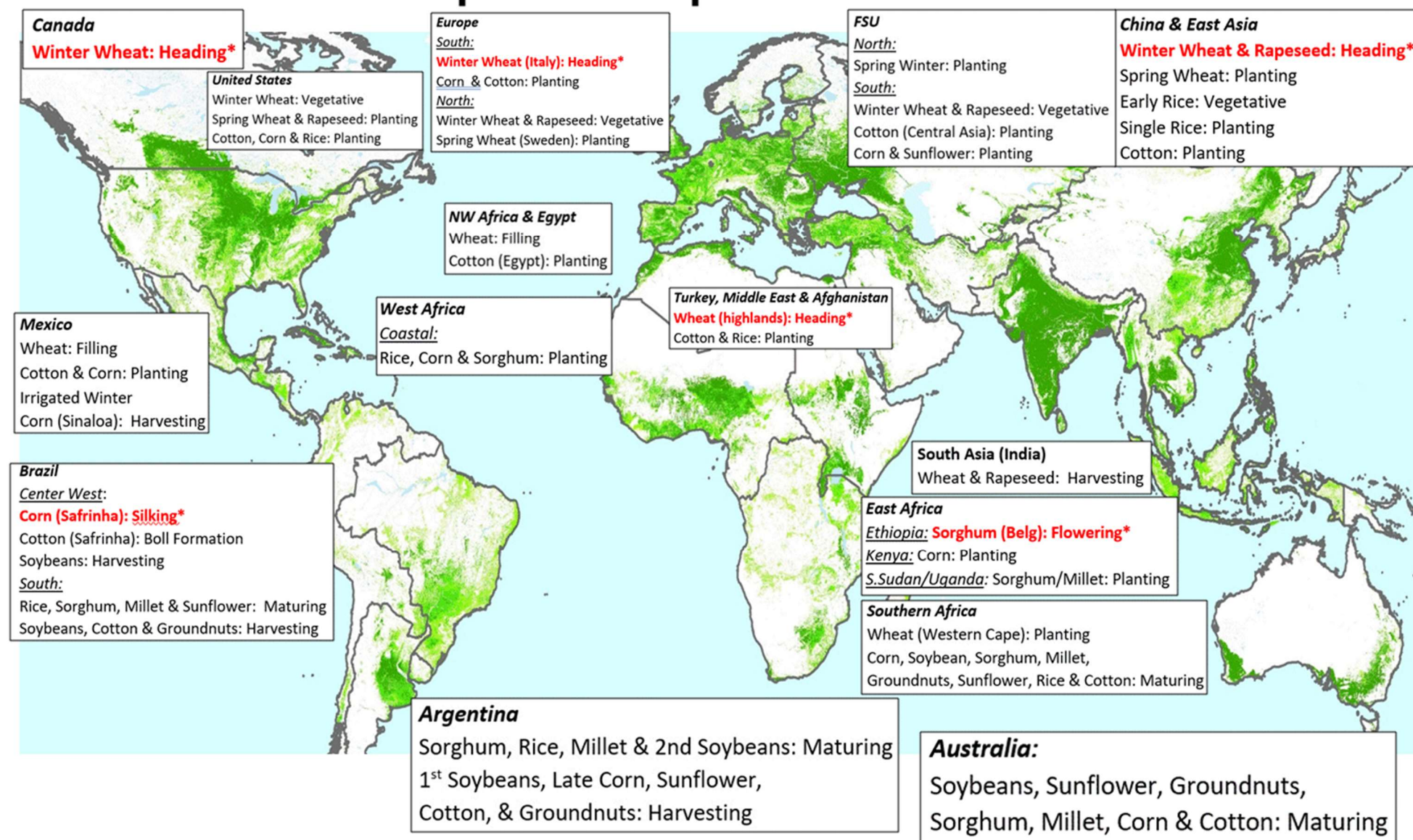
The NWS 6- to 10-day outlook for April 14th – 18th calls for the likelihood of below-normal temperatures in most areas from the Rockies to the Appalachians, while warmer-than-normal weather will be confined to New England, the Far West, and the lower Southeast. Meanwhile, below-normal precipitation from the Pacific Coast to the northern Plains and upper Midwest should contrast with wetter-than-normal conditions across the Atlantic and Gulf Coast States, as well as southern sections of the Rockies and Plains.

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

➤ **U.S. Agricultural Weather Highlights – Friday 9th April 2021**

- **In the West**, cool, dry weather prevails, aside from lingering warmth in the Desert Southwest. Freeze warnings were in effect early today in parts of southwestern Oregon. In New Mexico and environs, windy weather, low humidity levels, receptive fuels, and underlying drought are leading to an elevated wildfire threat.
- **On the Plains**, early-season heat is further reducing soil moisture reserves across much of Texas, where today's high temperatures will broadly reach 90°F or higher. Meanwhile, breezy, mostly dry weather accompanies near- or below normal temperatures across the northern and central Plains. Statewide topsoil moisture rated very short to short in North Dakota, at 92% on April 4, is higher than at any point during the drought of 2017 (peaked at 73% that year on July 30th).
- **In the Corn Belt**, cool, showery weather is focused across the upper Midwest. The damp weather is halting fieldwork but boosting topsoil moisture in advance of

➤ USDA FAS OGA – April Crop Calendar April Crop Calendar



*Crop stage sensitive to moisture and temperature stresses.



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