



# Notes and Observations in International Commodity Markets

14 May 2024

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Quote for the month: **“Prediction is very difficult, especially if it’s about the future!”** – Niels Bohr, Nobel laureate in Physics

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## FRIDAY'S USDA WASDE REPORT WAS SUPPORTIVE OF COMMODITY PRICES

*Last Friday's USDA WASDE Report was supportive of wheat and corn prices, which lent spillover support to the oilseeds complex.*

*The report projected world wheat ending stocks to decline. Initial survey-based estimate of U.S. winter wheat production of 1.278 bbus was moderately below the average trade estimate of 1.324 bbus. HRW is projected at 0.705 bbus, up 17% from last year, but SRW was only 0.344 bbus; considerably below the average trade guess of 0.413 and down 23% compared to a year ago.*

*The first look at the 24/25 world numbers shows a 4% decline in Russia production, with exports forecast to fall by 1.5 mmts (3%). Ukraine production and exports are forecast to decline by 2.0 mmts and 3.5 mmts, respectively. This is partially offset, however, by larger production and exports from Australia (+3.0 mmts and 2.0 mmts, respectively) and Argentina (production up 1.1 mmts and exports 2.5). In view of significant reduction in U.S. SRW production outlook; and uncertain production prospects for Russia and Ukraine, downside price risk for all classes appears limited for the short term.*

*USDA WASDE report showed tighter corn ending stocks. The report had a friendly tone with 23/24 ending corn stocks coming in 72 mbus below the trade average at 2.022 while the difference in the USDA and the trade for 24/25 carry-out was even greater. The USDA*

at 2.102 bbu was 180 below the trade average. Interesting that while the USDA raised both 23/24 ethanol grind and exports by 50 million each.

South American production for both Argentina and Brazil was reduced 2 mmts from April while exports were cut back a total of 6 mmts (235 mbu). Argentina went from 42.0 to 38.0; the Brazil forecast declined 2, from 52.0 to 50.0. Am wondering if the USDA put enough weight on the smaller South American crops and its impact on old crop U.S. export demand? However, export optimism was curtailed by a 2 mmts increase in Ukraine's 23/24 export outlook. Otherwise, let's see where Monday's planting progress puts the U.S. crop which is likely to 8-9 points behind the 5-year average of 54%.

Oilseed and soybean data was mostly a neutral with 23/24 carry-out unchanged from April at 340 mbu (1 less than the trade) and the USDA's first official estimate for 24/25 at 445, 6 more than the trade average.

Interesting that the government made no changes to 23/24 U.S. soybean exports and crush. Although, the recent flood issues in Brazil may swing some old crop demand back to the U.S. Domestic meal use is still a big question mark and today's market action may partially reflect that with SMN and the forward months under some pressure.

Neutral soybeans report was lent some support from from wheat/corn.

World equity markets are higher Friday morning, as traders believe interest rate cuts are coming, both here and from other central banks around the world. With several European countries already in a recession, rate cuts there may come sooner rather than later, which has kept the U.S. dollar firm. But the dovish tone from Fed Chairman Powell last week has at least one rate cut priced into futures at the present time.

Last Thursday's initial jobless claims were quite a bit higher than expected at 231,000, which helped equity prices rally as it implies the slowdown in the economy could result in that rate cut this year.

### ➤ **World Grain: Proposed BRICS grain exchange worth monitoring**

9 May 2024 by Arvin Donley, *World Grain* - From the editor: KANSAS CITY, MO, US

With geopolitical tensions reaching their highest level since the end of World War II, winds of change are influencing the way the world, including the global grain industry, is doing business.

Traditional grain trade flows, for example, have shifted, with Russia's invasion of Ukraine and simmering tension between the United States and China playing a significant role. China and Russia have forged stronger political and economic ties with interests that are clearly opposed to those of the United States and Western Europe, which for the last seven decades have dominated global affairs from a political, economic and military standpoint.

With the power of the US and EU showing signs of diminishing, China and Russia have been flexing their muscles on the world stage with an eye toward tipping the balance of power in their favor. As part of its strategy to increase its impact on global affairs, Russia has weaponized food to spread its influence over import-dependent nations. Few things are more essential than grain, and Russia has lots of it,

particularly wheat. While hampering Ukraine's ability to produce and export grain, Russia has elevated its importance as a grain exporter.

The latest attempt to drive a wedge between the East and West, if successful, could have a dramatic impact on the global agricultural market. Russia is urging members of BRICS (Brazil, Russia, India, China and South Africa), a trade alliance of emerging countries that recently added Iran, Egypt, United Arab Emirates and Ethiopia, to establish an inter-bloc grain exchange. The goal of this proposed exchange would be to influence free pricing in the grain market, similar to what OPEC has done in the global energy market since the 1960s.

If the BRICS alliance continues to expand and a new grain exchange is launched that is not based on the US dollar, the world's primary reserve currency for the last 75 years, it would not only impact global grain markets but achieve one of the alliance's primary goals: weakening the dollar.

The proposed grain exchange would face numerous hurdles. Among the challenges to creating and regulating the exchange would be ensuring the level of liquidity of exchange trading and attracting participants to trading, including from the private sector. But it would be foolish to dismiss the proposal outright given the geopolitical changes that have rattled the world order in this decade.

The BRICS alliance accounts for 42% of global grain production and 40% of world consumption. With the inclusion of its four new members, BRICS has an estimated annual grain output of 1.24 bmts with consumption at 1.23 bmts. Russia, China, India and Brazil account for the lion's share of production and the only major exporters in the group are Russia and Brazil.

The benefits of the proposed grain exchange for BRICS' agricultural powers are obvious, particularly for Russia, which could trade grain through sanction-proof channels. But how would it benefit the other alliance members? Would a grain exchange, in which prices are regulated through supply manipulation, result in higher or lower prices and function more efficiently than the current free market system? The answer to that question is no. While free markets aren't perfect, history repeatedly has shown that the alternative is far worse.

### **Russia pushing for BRICS grain exchange**

4 April 2024 by Vladislav Vorotnikov, *World Grain* - Russia is urging the BRICS, a trade alliance of nine emerging countries, to establish an inter-bloc grain exchange. The officially declared purpose of the alliance is to facilitate trade between member states, but analysts warn that the new structure will aim to become an analogue of the Organization of the Petroleum Exporting Countries (OPEC) for the global grain market, with the goal of influencing free pricing.

The Russian Union of Grain Exporters (RUGE) first expressed the idea of establishing an inter-BRICS grain exchange in December 2023, in a run-up to the bloc's historic expansion. On January 1<sup>st</sup>, 2024, the alliance initially formed by Brazil, Russia, India, China and South Africa welcomed to its ranks Egypt, Ethiopia, Iran and the United Arab Emirates. Saudi Arabia has been invited to join the alliance and is considering becoming a member.



The proposal didn't draw much attention until March, when it was backed by Russian President Vladimir Putin.

During a meeting with Russian farmers, Putin said: "All benchmark (grain) prices are set in the US and Europe, for example, in Paris. How much grain do the French produce? I think less than we do. And still, according to tradition, benchmark prices are formed out there."

Putin called the existing pricing on the global grain market unfair, adding that the idea of establishing a BRICS grain exchange is good, and promising to work it through at the top government level.

RUGE expects the BRICS grain exchange to be technically ready by October 2024, Eduard Zernin, head of RUGE, recently told Reuters.

Zernin added that the word "exchange" is used only for reference, and Russia plans to establish a modern, high-tech digital marketplace.

RUGE claimed that during the initiative's discussions at the national level, it was supported by the business communities of all BRICS countries.

Still, this statement perhaps should be taken with a grain of salt. While Russia finds selling grain through alternative potential sanction-proof channels lucrative, the rationale for participating in the project for other BRICS countries is less clear.

The grain exchange project would be unprecedented. Daria Snytko, vice president of Gazprombank's analytical department, said that technically there are no international commodity exchanges on the global market, with a rare exception being the London Metal Exchange. She added that roughly 95% of grain is traded over the counter.

**OPEC for the grain market:** The idea of regulating prices for agricultural commodities looks attractive, but for this purpose BRICS needs to establish not just an exchange but a sectoral union like OPEC on the global oil market, said Yaroslav Lisovolik, head of BRICS+ Analytics, a Moscow-based think tank.

"Regulating prices simply by creating an exchange will not work since this requires uniting exporters into an organization similar to OPEC+ so that we can jointly limit supply on the market," agreed Vladimir Chernov, analyst at Freedom Finance Global.

OPEC is a group of oil-producing countries formed to regulate production performance and influence global oil market prices. Economists often describe OPEC as a textbook example of a cartel — an alliance established to hamper market competition. In theory, BRICS members have sufficient capacity to become analogues of OPEC.

In December, the Russian Agricultural Ministry estimated that in 2023, BRICS members accounted for 1.17 mmts of grain production per year, 42% of the global volume. Combined consumption stood at 1.1 mmts, which is 40% of global consumption. Following the BRICS expansion, the figures reached 1.24 bmts and 1.23 bmts, respectively. However, analysts noted that while OPEC is an organization

of oil exporters, most BRICS countries are net grain importers. Only Russia and Brazil account for a substantial share of the global grain market and can potentially benefit from price regulation.

In Russia, the BRICS grain exchange is seen as a way to challenge the Western world order, just like the OPEC set up in the 1960s challenged the oligopoly of the Anglo-American oil firms.

Today, Russia accounts for a quarter of global grain exports, while the global prices are set by Western exchanges, such as the American CME Group and the French MATIF, and supplies are controlled by large European and American traders, such as Cargill and Viterra, said Leonid Khazanov, an independent Russia analyst.

"Accordingly, we have to take into account pricing and trade rules imposed by Western players," Khazanov said. "The creation of its BRICS grain exchange will make it possible to rejiggle the global market in favor of the members of this organization and change the directions of logistics flows and their participants."

**Challenging the West:** Lisovolik predicted grain could become only the first piece of a big puzzle directly connecting emerging countries.

"If the BRICS exchange attracts serious grain volumes, it could become a test bridge connecting the emerging BRICS trade and currency infrastructure," Lisovolik said.

"This will inevitably happen someday."

The idea of establishing a BRICS exchange is in line with the recent trend of rapprochement among bloc members, especially Russia and China.

In October 2023, Food Export Trade, a Russian grain exporting firm, signed a \$26 billion contract to supply China with 70 mmts of grain, legumes and oilseeds over the next 12 years.

Under this historical agreement, Russia plans to expand grain production in Siberia, the Urals, and the Far East, poorly populated parts of the country where agriculture is not developed as much as in European regions. The country will almost entirely sell the additional quantities to China.

The idea of selling grain to foreign customers for rubles has been brewing in the Russian government offices for some time. With the help of BRICS, it can become reality. During a recent government meeting, Elvira Nabiullina, the head of the Russian central bank, revealed that the share of transactions between Russia and BRICS member countries conducted in national currencies has tripled, reaching 85%. Nabiullina further explained that Moscow is actively engaged in discussions regarding the potential integration of national payment infrastructures with other BRICS members to further facilitate trade between member states.

The Russian government has encouraged other BRICS countries to explore avenues for transitioning away from the US dollar and alternative settlement schemes.

RUGE denies the idea that the new grain exchange will facilitate only Russian grain exports. Zernin said that although Western sanctions continue to weigh on the demand for Russian grain, the global market remains strong.





However, the BRICS grain exchange could help keep Russian grain exports running when international restrictions against the country continue to pile up.

The EU is set to impose a tariff of up to 50% on Russian grain imports in a bid to limit the Russian economy's incomes and protect the European market, European Commission President Ursula von der Leyen recently announced.

Zernin said Russia will be fine with the planned introduction by the European Union of duties on grain from Russia and Belarus. Speaking to the Russian press, Zernin noted that an import ban of Russian agricultural products could hurt European processors, especially in the markets of Italy and Spain. He also added that the EU is more of a competitor than a target market for Russian crop exports, and supply volumes were insignificant.

**Many hurdles to clear:** Establishing an alternative system for grain trade will take political will, time and substantial efforts.

Lisovolik listed ensuring the level of liquidity of exchange trading and attracting participants to trading, including from the private sector, as several of the challenges in creating and regulating the BRICS grain exchange.

"And, of course, it will be necessary to ensure a certain level of competitiveness — the existing exchanges have been trusted for a long time; they have developed their own infrastructure, and so far, they have the advantage," he said.

Freedom Finance's Chernov said that he does not expect the new grain exchange to be formed soon since there are numerous obstacles yet to be overcome.

"The creation of such an exchange in the current geopolitical conditions is most necessary for Russia, which accounts for 22% of global grain exports and is at risk due to external restrictions," Chernov said.

Russian analysts believe the relations between China and Western countries largely will determine the future of projects like the BRICS grain exchange.

Ekaterina Novikova, associate professor of the Department of Economic Theory of the Russian Economic University, for instance, said that the world economy gradually is being divided into two regions. The key players are China and the United States, which have major trading partners around them. She believes the United States will not be able to influence the global grain market as before.

Looming trade tensions between Western countries and China could push the latter to more actively explore opportunities to deepen ties with other emerging economies. The outcome of the 2024 US presidential elections will play an important role, as the Republican candidate, former president Donald Trump, seeks to escalate the trade conflict by imposing 50% duties on Chinese imports.

➤ **World food price index up for second month in April, says UN agency**

3 May 2024 Reuters - The United Nations food agency's world price index rose for a second consecutive month in April as higher meat prices and slight gains for vegetable oils and cereals outweighed decreases for sugar and dairy products.

The Food and Agriculture Organization's (FAO) price index, which tracks the most globally traded food commodities, averaged 119.1 points in April, up from a revised 118.8 points for the previous month, the agency said on Friday.

The FAO's April reading was nonetheless 7.4% below the level a year earlier after hitting a three-year low in February.

➤ **Mexico's soaring demand for imported ag products**



8 May 2024 Ag Resource – Mexico will increase its imports of corn in crop year 23/24 by 1.7 mmts, or 9%, year-over-year. U.S. corn export commitments to Mexico as of early April totaled 18.7 mmts, up 4.8 mmts, or 35%, year-over-year. USDA's forecast for annual Mexican corn imports is still likely 500,000 tons too low. The catalyst for enlarged corn imports is consecutive years of drought. Drought is still in place across key areas of Mexico's winter corn production belt, and so output growth is unlikely in 2024. Record Mexican corn imports will do little to loosen supply and demand there.

Even assuming record corn imports of 21.1 mmts, Mexico's corn ending stocks on September 30, 2024 will total only 2.2 mmts – which covers only 18 days of consumption. Assuming flat Chinese demand places Mexico as the world's top importer, AgResource expects Mexican corn imports to increase another 2 – 3 mmts in crop year 24/25. Mexico must increase its corn imports on annual basis throughout the next 2 – 3 years to increase inventories. The U.S. will be the top supplier to Mexico, but Mexico's need for larger imports will contribute total global corn trade growth, which on the margin raises the burden on yield performance in the U.S., Brazil and Argentina.

## U.S. DOLLAR & FOREIGN EXCHANGE

### ➤ U.S. Dollar Index – Daily Nearby as of the 14<sup>th</sup> May 2024



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

### ➤ Dollar Falls Slightly on Lower Bond Yields

12 April 2024 by Rich Asplund, Barchart – The dollar index (DXY00) on Monday fell by -0.06%. The dollar was under pressure Monday from lower T-note yields, which weakened the dollar's interest rate differentials. The dollar was also undercut by uncertainty ahead of this week's US inflation reports. The dollar recovered from its worst levels after the NY Fed's Apr 1-year inflation expectations rose to a 5-month high, a hawkish factor for Fed policy.

Monday's hawkish comments from Fed Vice Chair Jefferson supported the dollar when he said, "In light of the attenuation in progress, in terms of getting inflation down to our target, it is appropriate that we maintain the policy rate in restrictive territory."

The New York Fed Apr 1-year inflation expectations rose 0.26 percentage points to a 5-month high of 3.26% from 3.00% in March.

The markets are discounting the chances for a -25 bp rate cut at 10% for the June 11-12 FOMC meeting and 30% for the following meeting on July 30-31.

EUR/USD on Monday rose to a 1-week high and finished up +0.15%. The euro found support Monday from a weaker dollar. The euro also garnered support Monday from a Bloomberg survey of analysts that raised their Eurozone 2024 GDP forecast to +0.7% from +0.5% last month.

Swaps are discounting the chances of a -25 bp rate cut by the ECB at 95% for its next meeting on June 6<sup>th</sup>.

USD/JPY Monday rose by +0.28%. The yen fell to a 1-week low against the dollar Monday and remains under pressure on speculation that Japanese authorities won't intervene again in the forex market anytime soon to support the yen after Masato Kanda, Japan's top currency official, said last Tuesday that the government doesn't need to intervene in the forex market if market movements are orderly.

The yen found support Monday from a decline in T-note yields, which sparked some short covering in the yen. The yen also found support after the 10-year JGB bond yield rose to a 6-month high of 0.951% when the BOJ reduced the amount of its monthly bond purchases.

The BOJ on Monday purchased 425 billion yen (\$2.7 billion) of 5-to-10-year debt, compared with 475.5 billion yen it bought last month, the first reduction in its bond buying in 6 months.

Swaps are pricing in the chances for a +10 bp rate increase by the BOJ at 35% for the June 14 meeting.

June gold (GCM4) Monday closed down -32.0 (-1.35%), and July silver (SIN24) closed down -0.063 (-0.22%). Precious metals prices on Monday settled lower. Hawkish comments Monday from Fed Vice Chair Jefferson weighed on precious metals prices when he said it is appropriate for the Fed to maintain interest rates in a restrictive range. Gold prices were also weighed down after the BOJ cut its monthly bond purchases for the first time in six months. Fund liquidation of gold holdings is negative for gold after long gold holdings in ETFs fell to a 4-1/2 year low last Friday.

Underlying bullish factors for metals include a weaker dollar, lower global bond yields, and safe-haven support from ongoing Middle East tensions. Silver has carryover support from Monday's +2% rally in copper prices to a 2-year high after China said it would start selling 1 trillion yuan (\$138 billion) of special bonds to fund infrastructure spending, which should boost its industrial metals demand.

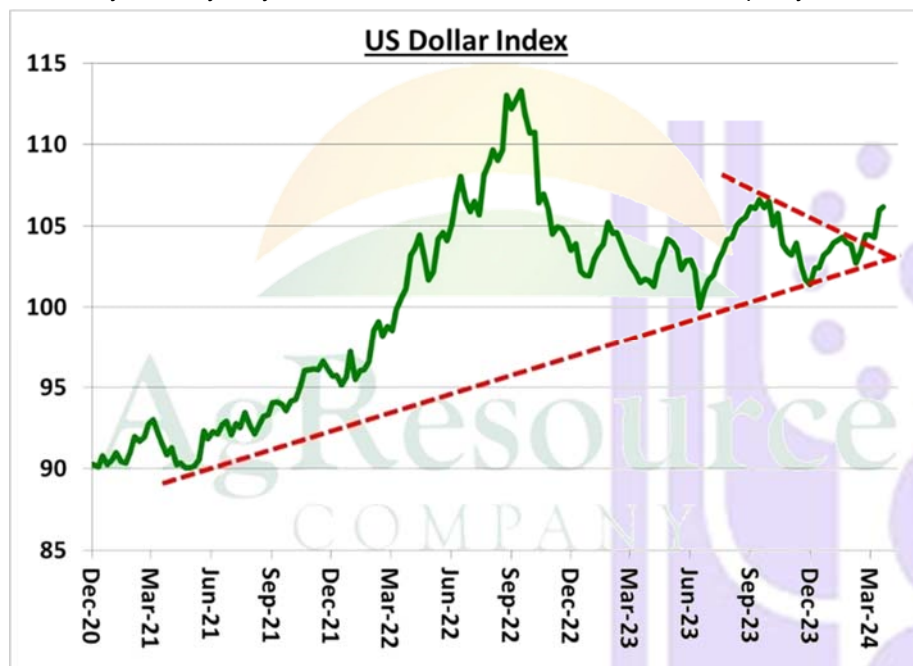
### ➤ Currency Relationships

8 May 2024 Ag Resource – Much of the speculative community's position in the agriculture space has, rightly, been focused on the arrival of lofty lending rates and incredible strength in the U.S. dollar. Strength in the U.S. dollar correlates with bearish trends in major grain markets, and the recent cycle of interest rate hikes has kept discretionary participation in the agricultural space limited.

This is also a measure of purchasing power elsewhere in the world. A strong U.S. dollar implies currency weakness in other countries. The Egyptian pound and Turkish lira sit at all-time lows. Currency weakness in places like Nigeria and China have, on the margin, slowed imports there. Countries will import to maintain food supplies, but growth in trade will struggle amid the U.S. dollar strengthening – which we expect to remain the world's currency for trade for some time yet.

The question in 2024 centers on whether US dollar strength continues. We doubt lending rates are cut in the first half of 2024 but observe that a cycle of reduced lending rates shifts the focus to massive U.S. national debt, which in 2024 is

estimated to reach \$34.6 trillion. Excessive U.S. debt negatively impacts the value of a currency normally. Pay close attention to the U.S. Federal Reserve policy



➤ **Gold finds a floor as geopolitical risk catalyzes demand**

14 May 2024 by Joaquin Monfort – The gold price stabilizes in the \$2,330's on Tuesday as geopolitical risks continue to stoke demand for the safe-haven asset.

Gains may be capped, however, after data out of the US indicated interest rates will probably remain elevated for some time yet, reducing the attractiveness of the non-yielding precious metal.

Gold price finds a floor on Tuesday as rising geopolitical risks prime demand for the safe-haven asset. Increasing protests against Israel's occupation of Gaza, Russia's opening up of a new front in Ukraine, as well as fears of a fragmentation in global trade have lifted the "threat-level" of geopolitical risk up a notch.

**IMF warns that global trade is at risk:** In a speech to the Stanford Institute for Economic Policy Research on Monday, Gita Gopinath, the First Deputy Managing Director of the IMF warned: "Countries are reevaluating their trading partners based on economic and national security concerns," adding that if the trend continued, "we could see a broad retreat from global rules of engagement and, with it, a significant reversal of the gains from economic integration."

Western and US sanctions against Russia, Iran and other emerging market nations are a factor in the "fragmentation" of trade alliances along geopolitical lines. The response by investors and central banks is to horde Gold.

Golden alternative to the US Dollar

The move by BRICs nations away from the use of the US Dollar as the medium of international trade has increased demand for Gold as a possible replacement.

This has been the main reason for the surge in non-Western central bank demand for Gold and a corresponding reduction in US Dollar reserves.

Gold is seen as a possible replacement for the US Dollar as a safe store of value in international trade deals between nations with volatile domestic currencies, according to Carnegie Endowment for International Peace, an advisory service based in Washington.

**Gold capped by US data:** Gold price upside may be capped, however, following survey data from the Reserve Bank of New York which showed US consumers still expect shop prices to rise over the next year. The data indicates the Federal Reserve (Fed) might have to keep interest rates elevated for longer to wrestle inflation down.

NY Consumer Sentiment in April, released on Monday, showed one-year-ahead inflation expectations rose to 3.3%, from 3.0% in March, the level it had been at since November 2023. The reading is well above the 2.0% target of the Federal Reserve and makes it likely the Fed will keep interest rates higher for longer.

Since Gold is a non-interest-bearing asset it's a less attractive option when real interest rates are high.

Real interest rates – or interest investors can get minus inflation – remain relatively high according to data from the Federal Reserve Bank of Cleveland, increasing the opportunity-cost of holding non-yielding assets such as Gold.

➤ **Gold – Monthly Cash as of the 14<sup>th</sup> May 2024**

05/14/2024 Gold (GCY00) [COMEX] O2,336.45 H2,354.64 L2,335.58 C2,352.04 Δ15.58



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



## WHEAT

### ➤ **Bad Weather and War Are Straining the World's Wheat Supply**

9 May 2024 Celia Bergin, Keira Wright and Nayla Razzouk, Bloomberg -- Bad weather and war are threatening to keep the world's wheat supplies under strain and reviving the specter of rising food costs.

From soggy fields in western Europe to parched soil in Australia and Moscow's invasion holding back Ukrainian supplies, farmers face setbacks. That means global stockpiles will remain the smallest in almost a decade, according to analysts surveyed ahead of the US government's first forecast for next season.

Bumper Black Sea harvests have long kept a lid on prices and wheat is trading at half its record set in 2022, but supply concerns are mounting again. Futures have rebounded to hit the highest since August and funds are trimming bearish bets that they've held for almost two years.

That's a worrying sign for consumers who've finally found relief from rising food prices. Any prolonged rally could increase costs for bread and pasta and rekindle inflationary pressure on central banks — with other major crops like cocoa and coffee also climbing this year.

"Demand has increased, stocks remain tight globally and new crop issues are escalating," said James Bolesworth, managing director at CRM AgriCommodities.

With Northern Hemisphere harvests approaching, the next few weeks remain critical for crop development, so there's still time for things to improve — or worsen. Here's a roundup of conditions in major growers:

#### **Black Sea Dryness**

Top exporter Russia risks missing out on crucial moisture, with weeks of heat and not enough rain in the country's south prompting analysts to cut harvest estimates. Half Russia's winter wheat will remain too dry over the next two weeks, Commodity Weather Group said Wednesday.

Russia should still reap a big crop, but its dominance means that any jolts to local prices feed through to other markets — and the country's wheat has been getting more expensive lately.

#### **War in Ukraine**

Dryness has also hampered swaths of Ukraine's wheat in recent weeks, but war is fueling other problems. Attacks on agriculture infrastructure threaten exports and the workforce has been depleted as men serve in the army.

Grain output in the upcoming season could drop 6% from a year earlier with farmers expected to divert grain acres to more profitable crops like rapeseed.

#### **Wet Western Europe**

A soggy spring hurt crop development across northwest Europe. Winter-crop quality — which determines whether supplies are used for food or for animal feed — could also suffer. In France, the share of wheat and barley in top conditions lags far behind last year's level. Rain has also slowed spring plantings in the UK, Germany and France.

"We are obviously concerned by the issue of unplanted areas given it is linked to the weather conditions," Benoit Pietrement, chair of the grains council at crops office FranceAgriMer, said last month.

#### **Parched Australia**

A dry, hot summer in parts of Australia has dried up soil just as farmers plant the crop. While recent rain provided a bit of relief in some areas of the key state of Western Australia, growers remain cautious.

Crops risk "frying" in the state if rain stops after germination, Dennis Voznesenski, associate director of sustainable and agricultural economics at Commonwealth Bank of Australia, said this week. Wheat's rally both locally and globally has been faster than expected, he said.

#### **Dry U.S.**

Drought has gripped a bigger share of US winter-wheat fields since early April, and remains a concern for spring plantings, even as recent forecasts indicate showers. Still, more US winter wheat is in the top conditions than usual for this time of year and spring plantings remain ahead of the five-year average pace.

Crop concerns are showing up in prices, with money managers now the least bearish since July. But things could change before the first Northern Hemisphere harvests start in roughly four weeks.

### ➤ **World Wheat Supply & Demand Outlook**

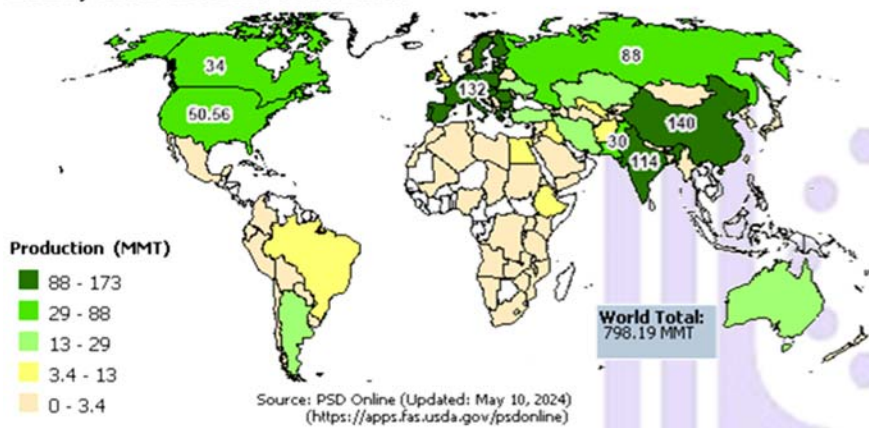
Wheat World as of May 2024						
Attribute	24/25 May'24	Change	23/24 May'24	22/23	21/22	20/21
Area Harvested (1000 HA)	222,595	-164(-.07%)	222,759	219,592	221,558	220,216
Beginning Stocks (1000 MT)	257,796	-12619(-4.67%)	270,415	273,164	284,195	297,674
Production (1000 MT)	798,186	+10469(+1.33%)	787,717	789,193	780,406	772,681
MY Imports (1000 MT)	209,421	-4319(-2.02%)	213,740	212,032	200,191	194,471
TY Imports (1000 MT)	209,355	-4325(-2.02%)	213,680	211,291	201,910	194,574
TY Imp. from U.S. (1000 MT)	0	-	0	20,061	21,249	26,550
Total Supply (1000 MT)	1,265,403	-6469(-.51%)	1,271,872	1,274,389	1,264,792	1,264,826
MY Exports (1000 MT)	215,999	+345(+.16%)	215,654	220,659	202,759	203,456
TY Exports (1000 MT)	215,357	-3822(-1.74%)	219,179	216,579	205,165	199,618
Feed and Residual (1000 MT)	151,762	-8317(-5.2%)	160,079	154,913	160,657	163,031
FSI Consumption (1000 MT)	644,029	+5686(+.89%)	638,343	628,402	628,212	614,144
Total Consumption (1000 MT)	795,791	-2631(-.33%)	798,422	783,315	788,869	777,175
Ending Stocks (1000 MT)	253,613	-4183(-1.62%)	257,796	270,415	273,164	284,195
Total Distribution (1000 MT)	1,265,403	-6469(-.51%)	1,271,872	1,274,389	1,264,792	1,264,826
Yield (MT/HA)	3.59	+(+1.41%)	3.54	3.59	3.52	3.51

Source: USDA PS&D

10 May 2024 USDA WASDE – This month's supply and demand outlook for 2024/25 global wheat is for slightly lower supplies, increased consumption, modestly higher trade, and reduced stocks.

World supplies are projected to decrease 2.2 mmts to 1,056.0 million with production projected at a record 798.2 mmts, but lower carry-in stocks for several countries, most notably China and Russia, more than offset higher global production.

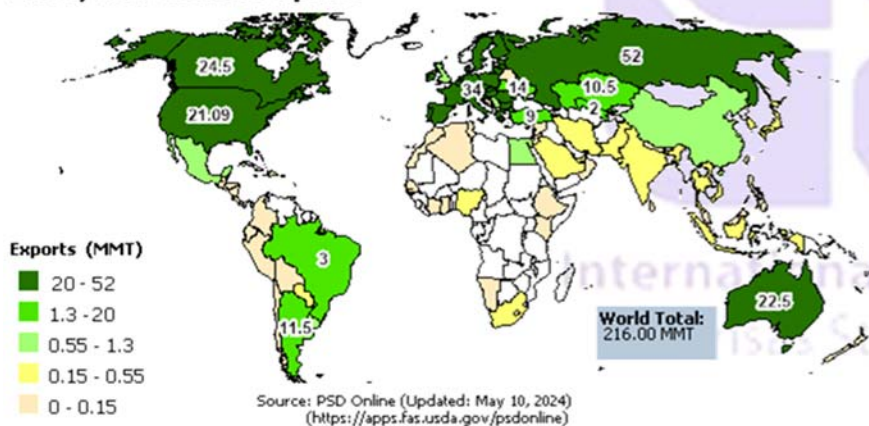
## 2024/2025 Wheat Production



Source: USDA FAS <https://ipad.fas.usda.gov/ogamaps/map.aspx?comdt=Wheat&attribute=Production>

The global wheat outlook is for record production and consumption, but lower trade and contracting ending stocks. Production is projected to increase with larger crops in India, China, Australia, Kazakhstan, Canada, Pakistan, and the United States more than offsetting declines for the European Union, Russia, Ukraine, and the United Kingdom.

## 2024/2025 Wheat Exports

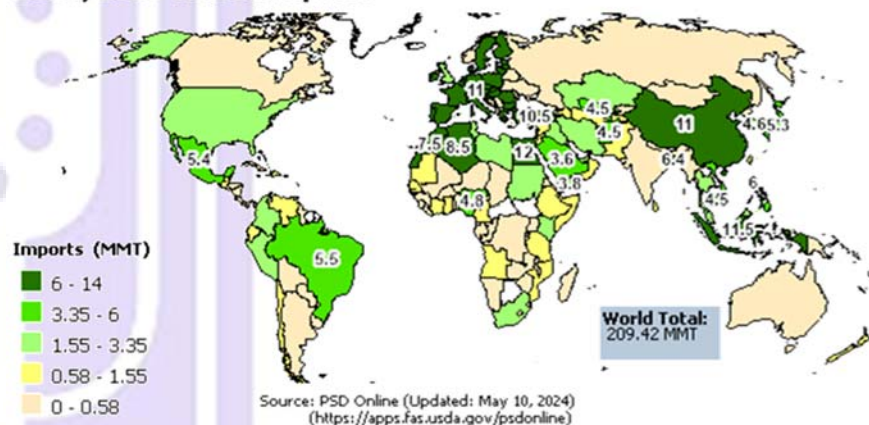


Source: USDA FAS <https://ipad.fas.usda.gov/ogamaps/map.aspx?comdt=Wheat&attribute=Exports>

Projected 2024/25 global trade is 216.0 mmts, up 0.4 million from last year but below the 2022/23 record of 220.7 million. Russia is projected to remain the leading 2024/25 world wheat exporter at 52.0 mmts, though down from 2023/24.

Global trade will contract with less demand from Pakistan and the European Union. Exports are projected higher for Australia, Argentina, the United States, Kazakhstan, and Canada, but lower for Ukraine, the EU, and Turkey.

## 2024/2025 Wheat Imports



Source: USDA FAS <https://ipad.fas.usda.gov/ogamaps/map.aspx?comdt=Wheat&attribute=Exports>

Projected 2024/25 world consumption is raised 2.0 mmts to a record 802.4 million as food, seed, and industrial (FSI) use is expected to continue growing, while feed and residual use is projected lower as feed grains are anticipated to be more competitively priced than wheat.

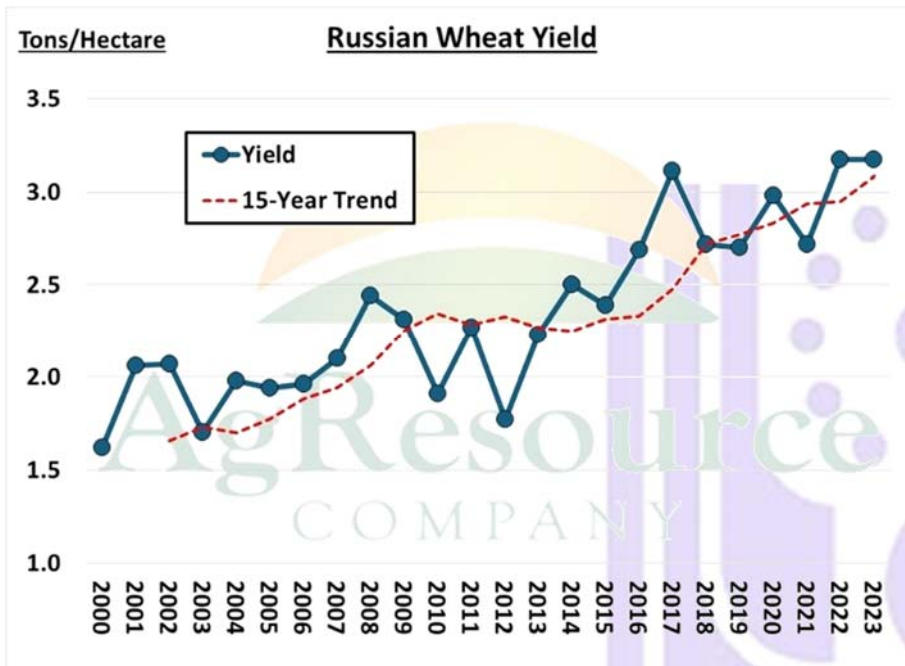
India is the largest FSI increase while China is the largest feed and residual reduction. Higher food, seed, and industrial (FSI) use somewhat offsets lower feed and residual use.

Projected 2024/25 world ending stocks are 4.2 mmts, down from last year at 253.6 mmts, the lowest since 2015/16. Russia and the EU account for the largest reductions, which are partially offset by increases for the United States and India.

## ➤ Will Russia produce a third consecutive record wheat crop in 2024?

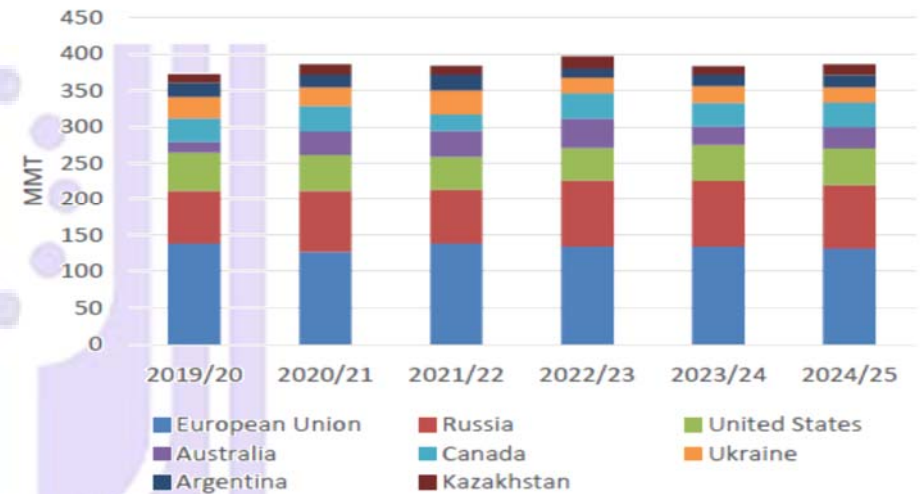
8 May 2024 Ag Resource – The creation of the Black Sea export corridor in summer 2022 was the catalyst for the bearish resetting of wheat values. War risk was added immediately to the marketplace in spring 2022, but lingering in the background was a Russian wheat crop of 92 mmts – with some suggesting actual production was as high as 100 – 102 mmts. This was followed by a Russian wheat crop of 92 mmts in 2023, and it was clear the Russian market was oversupplied.





➤ **World Wheat Overview 2024/25**

**Slightly Larger Production Among Major Wheat Exporters**



10 May 2024 USDA FAS – Global wheat production for 2024/25 is forecast at 798.2 mmts, up 10.5 million from the previous year. The top 2 producing countries China and India are each up over 3.4 mmts to record levels, spurred in part by government support programs. High wheat prices in Pakistan resulted in higher planted area, in turn yielding a larger crop, up 1.8 mmts.

Production in North America is set to recover, with improved prospects for Canada and the United States. U.S. winter wheat production is forecast higher on expanded harvested area. Southern Hemisphere producers have only recently begun to plant, but the initial outlook is favorable across Australia, Argentina, and Brazil with sufficient soil moisture.

In contrast, wheat production in Europe and the Black Sea region is forecast lower. In Europe, unfavorable rains reduced planted area last fall, resulting in lower 2024/25 production. For Russia, yields are anticipated to be lower after 2 robust years, reducing the crop by 3.5 mmts. For Ukraine, the ongoing war is a key factor in the reduction with the country forecast to produce its smallest crop since 2012/13, mostly on lower area.

**CONSUMPTION**

Global wheat consumption is projected at 802.4 mmts, up 2.0 million from last year, with food, seed, and industrial (FSI) use expanding while feed and residual use declines.

India is expected to see the largest increase in FSI use due to continued population growth and government food security programs. FSI use in Pakistan and China is also expected to rise with expanding population and larger domestic supplies. Global

Sanctions and high insurance costs compounded the issue. Therefore, despite the first land war in Europe in seven decades, wheat in Ukraine and Russia was priced to sell. Russian exporters since summer 2022 have been rather aggressive in clearing inventories and in each week since July 2022 Russian wheat has been the low cost origin.

But for the first time in two seasons, weather in Russia is far from ideal. Large portions of critical winter wheat producing regions in eastern Ukraine and southern Russia have experienced only 10% – 30% of normal precipitation. This pattern is unlikely to change until early May at soonest. It's the weather in May and early June that determines Russian wheat productivity, but the pattern to date so far has been much different than in late winter and early spring in recent years.

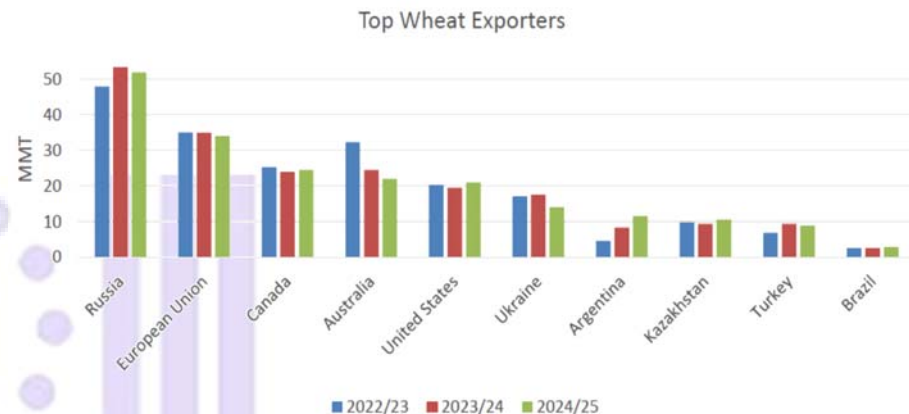
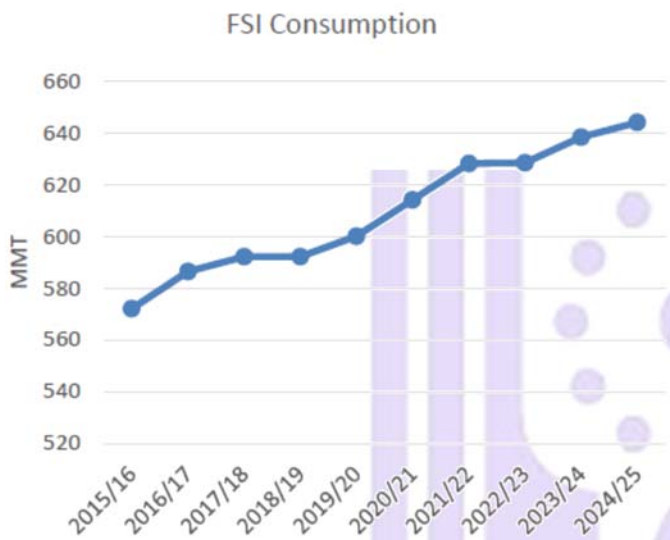
World importers, particularly in the Middle East and North Africa, now rely heavily upon cheap and available Russian supplies. Crop loss in Russia strips the market of this bearish sentiment from summer onward. Russian rainfall and temperatures in May are critical. Additionally, the European Commission projects European soft wheat production to decline 5 mmts in 2024 due to lost planted area. This makes Russian weather and wheat output even more important. Whether Russian wheat production in 2024 is 85 mmts or 93 mmts is a big deal.



wheat prices continue to decline from their May 2022 peak, resulting in more substitution from other staple foods to bread and wheat products in diets, especially in South Asia, the Middle East, East Asia, and Southeast Asia. Current high rice prices relative to wheat are also shifting demand.

Wheat feed and residual use

exhibits more annual variability compared to FSI depending on relative feed grain prices and harvest quality. In 2024/25, feed and residual use is expected to weaken as corn will be more price competitive for feed in most markets, especially given large



Competition is expected to remain fierce between Russia, the European Union, and Ukraine for trade year 2024/25 (July/June). Russia is forecast to be the world's top exporter for the fifth year in a row, despite exports forecast down 1.5 mmts from the prior year on a smaller crop and carry-in. EU exports are also forecast down 1.0 mmts from the prior year with declining production, especially for key exporting member state France. Meanwhile, Ukraine exports are forecast down 3.5 mmts from the prior year with smaller production and supplies. In 2023/24, Russia expanded its dominance in many Middle Eastern and African markets that previously relied on EU or Ukrainian supplies. This trend is expected to continue in 2024/25 as Russian supplies are likely to remain price competitive compared to other Black Sea and European suppliers. With smaller exportable supplies, Russia, the EU, and Ukraine will draw down their stocks and battle for market share in Middle East and Africa, where strong growth in import demand is anticipated.

Turkey and Kazakhstan will continue to be major exporters of wheat flour in 2024/25. Kazakhstan exports are forecast at near-record levels, up 1.0 mmts from the prior year on larger production. Kazakhstan is a major supplier of both wheat grain and wheat flour to Central Asian markets, including Uzbekistan and Afghanistan. Turkey, meanwhile, is the largest exporter of wheat flour in the world. Its inward processing regime allows for duty-free imports of wheat grain that are processed into flour and re-exported. Despite expected growth in flour exports, Turkish exports of durum wheat grain will likely decline with more competition from Canada. Turkey exports are forecast down 500,000 tons from the prior year.

Conversely, high-quality wheat suppliers – Canada, Australia, and the United States – will have larger crops in 2024/25, increasing competition in Western Hemisphere and Asia. Canada exports are forecast up 500,000 tons from the prior year on a larger crop, especially for durum wheat. U.S. exports are forecast up 1.5 million with increased supplies and more competitive prices. Despite expanded production, Australia exports are forecast down 2.5 mmts given increased competition in key Asian markets that also import from Canada and the United States.

Feed and Residual Consumption



Brazilian production. Barley feed and residual use will also expand with rebounding global production, resulting in less use of wheat in feed rations. The “feed and residual” attribute also represents losses or unaccounted use (“residual” component) at various stages of the marketing chain.

GLOBAL TRADE

Global wheat trade is forecast at the lowest level since 2021/22 with smaller crops in many major exporting countries, although still the third-highest level on record.

Argentina exports are forecast up 3.0 mmts on a larger crop and will increase competition for Australia, especially in Southeast Asia.

#### Selected Exporters (1,000 MT)

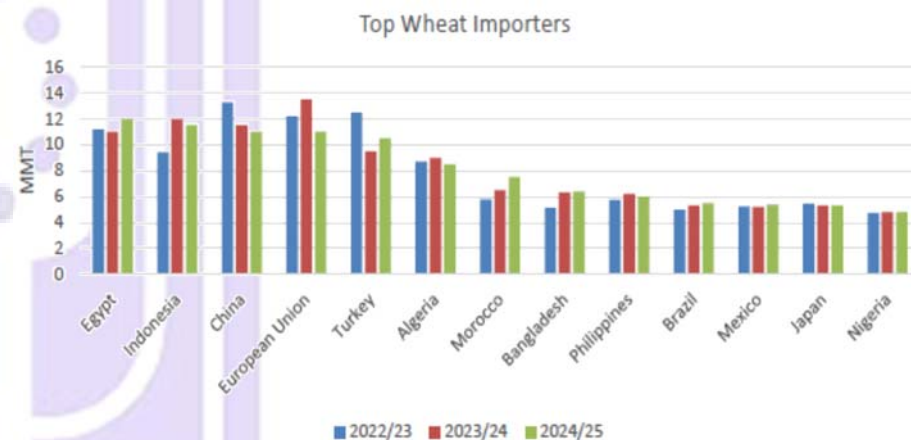
Country	Attribute	2023/24	2024/25	Y-Y Change	Reason
Russia	Exports	53,500	52,000	-1,500	Reduced crop but expected to remain price competitive
European Union	Exports	35,000	34,000	-1,000	Smaller crop, especially in France—a key exporting member state
Canada	Exports	24,000	24,500	500	Larger crop and robust global import demand
Australia	Exports	24,500	22,000	-2,500	Despite a larger crop, increased exportable supplies from other large producers provide alternatives for importers
United States	Exports	19,500	21,000	1,500	Larger exportable supplies, including more winter wheat production with larger expected harvested area
Ukraine	Exports	17,500	14,000	-3,500	Smaller crop and carryin stocks limit exportable supplies
Argentina	Exports	8,500	11,500	3,000	Larger crop, increased demand from South America and Southeast Asia
Kazakhstan	Exports	9,500	10,500	1,000	Larger crop
Turkey	Exports	9,500	9,000	-500	Smaller exportable supplies and increased competition with Canada for durum grain exports
Brazil	Exports	2,700	3,000	300	Significant growth in production
Serbia	Exports	1,150	1,000	-150	Smaller crop

Egypt will be the lead global importer in 2024/25 (July-June) with imports forecast at 12.0 mmts. Egypt imports are forecast to rebound as the country recovers from currency shortages and works to rebuild stocks. In addition to wheat milled for domestic use, Egypt is also expected to continue exporting some wheat flour to nearby countries such as Sudan. Drought conditions will necessitate larger imports in other North African countries, most notably Morocco.

Southeast Asia wheat imports are set to decline slightly. Indonesia, the largest importer in the region at 11.5 mmts, will see a decrease of 500,000 tons year over year since record 2023/24 imports bolstered carry-in stocks. Imports are also down modestly for the Philippines, with slightly lower feed use.

India is expected to remain largely absent from the global market. Imports for Bangladesh are anticipated to increase on ample global supplies and lower prices. However, Pakistan is forecast to slash imports by 2.7 mmts, the largest year-over-year decline, due to record domestic production.

Despite a smaller crop, the European Union will also have a significant year-to-year decline in imports – down 2.5 mmts to 11.0 million – due to fewer available supplies from Ukraine, its primary supplier throughout 2023/24. With ample domestic supplies of both barley and corn, import demand from the feed sector is expected to be lower, although imports of durum will continue to be strong. Imports for Turkey are forecast to increase by 1.0 mmts to 10.5 million with smaller domestic production. Nevertheless, Turkey will remain a major re-exporter of wheat flour and pasta products.

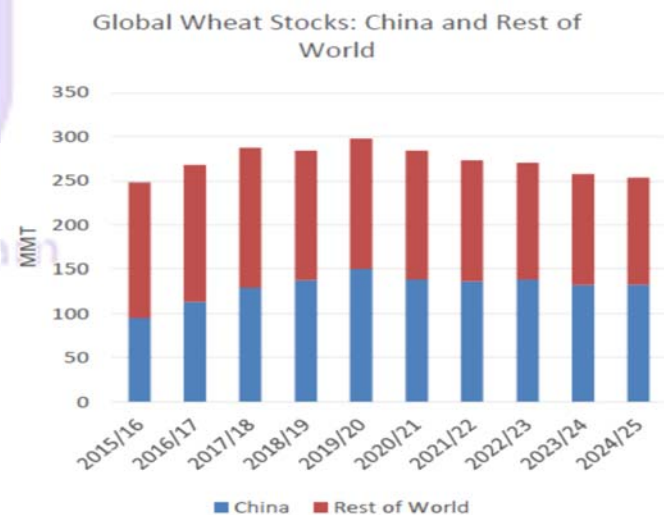


Western Hemisphere imports are forecast to rebound with expanded exportable supplies from the United States and Canada. Mexico will import record volumes of wheat, mostly from the United States as it is expected to be more competitive against Russia in this market. Brazil is the largest importer in the region and is forecast to increase imports slightly in 2024/25.

#### STOCKS

Global wheat stocks are forecast to decrease for the fifth consecutive year to the lowest level since 2015/16.

China stocks are forecast virtually unchanged from 2023/24, accounting for more than half of global stocks. India

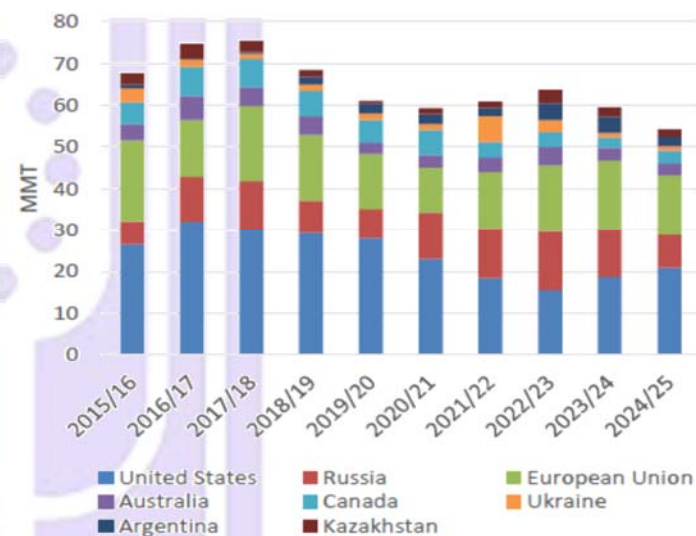




Country	Attribute	2023/24	2024/25	Y-Y Change	Reason
Egypt	Imports	11,000	12,000	1,000	Increased availability of foreign currency; rebuilding stocks and continued investment in bread subsidy program
Indonesia	Imports	12,000	11,500	-500	Ample beginning stocks
China	Imports	11,500	11,000	-500	Record domestic production
European Union	Imports	13,500	11,000	-2,500	Large carryin stocks and larger barley and corn crops reduce the need for feed wheat imports amidst Ukraine's reduced supplies
Turkey	Imports	9,500	10,500	1,000	Smaller crop and strong demand from mills processing for re-export
Algeria	Imports	9,000	8,500	-500	Larger crop
Morocco	Imports	6,500	7,500	1,000	Domestic crop affected by drought
Bangladesh	Imports	6,300	6,400	100	Rising consumption as wheat becomes a more affordable staple compared to rice
Philippines	Imports	6,200	6,000	-200	Imports slightly lower as food use is flat and feed use anticipated to decline marginally
Brazil	Imports	5,300	5,500	200	More available supplies from Argentina
Mexico	Imports	5,200	5,400	200	Rising FSI consumption and stock levels
Japan	Imports	5,300	5,300	0	Small increase in stocks offsets lower consumption with aging population
Nigeria	Imports	4,800	4,800	0	Devaluation of Naira, foreign exchange scarcity, and weak consumer demand amidst food price inflation
Korea, South	Imports	4,700	4,600	-100	Decline in feed use
Uzbekistan	Imports	4,300	4,500	200	Ample exportable supplies from neighboring Kazakhstan
Vietnam	Imports	4,700	4,500	-200	Reduction in wheat for feed use as imports of corn expand
Afghanistan	Imports	4,300	4,500	200	Continued growth in consumption demand, with imports primarily from Kazakhstan, Uzbekistan, and Pakistan
Yemen	Imports	3,700	3,800	100	Larger imports needed to offset tighter carryin stocks

stocks are anticipated to rise from a 16-year low on rebounding production and the continuation of its export ban.

Major Wheat Exporter Ending Stocks to Decline



Among the major exporters, stocks are expected to decline the most for Russia, where production is forecast down while exports are forecast to remain robust. U.S. stocks are forecast to rise to the highest since 2020/21 as production increases more than use. EU stocks are forecast down on less production and imports.

Country	Attribute	2023/24	2024/25	Y-Y Change	Reason
Saudi Arabia	Imports	4,100	3,600	-500	Expanding domestic production and large carryin stocks
United States	Imports	3,800	3,200	-600	Larger production reduces the need for imports
Iran	Imports	3,000	3,000	0	Expectations of a larger crop
Thailand	Imports	3,100	3,000	-100	Lower feed use
United Kingdom	Imports	2,600	3,000	400	Large decline in domestic production
Sudan	Imports	2,300	2,400	100	Increased consumption necessitates higher imports as production remains flat
Kenya	Imports	2,300	2,300	0	Growth in FSI use given population growth
Iraq	Imports	2,800	2,100	-700	Record domestic production reduces the need for wheat grain imports
Peru	Imports	2,000	2,100	100	Return to normal per capita FSI use with greater available supplies from Western Hemisphere suppliers
Colombia	Imports	1,900	2,000	100	Rebound in consumption with greater available supplies from Canada and the United States
Pakistan	Imports	3,500	800	-2,700	Significant growth in production, despite larger domestic consumption

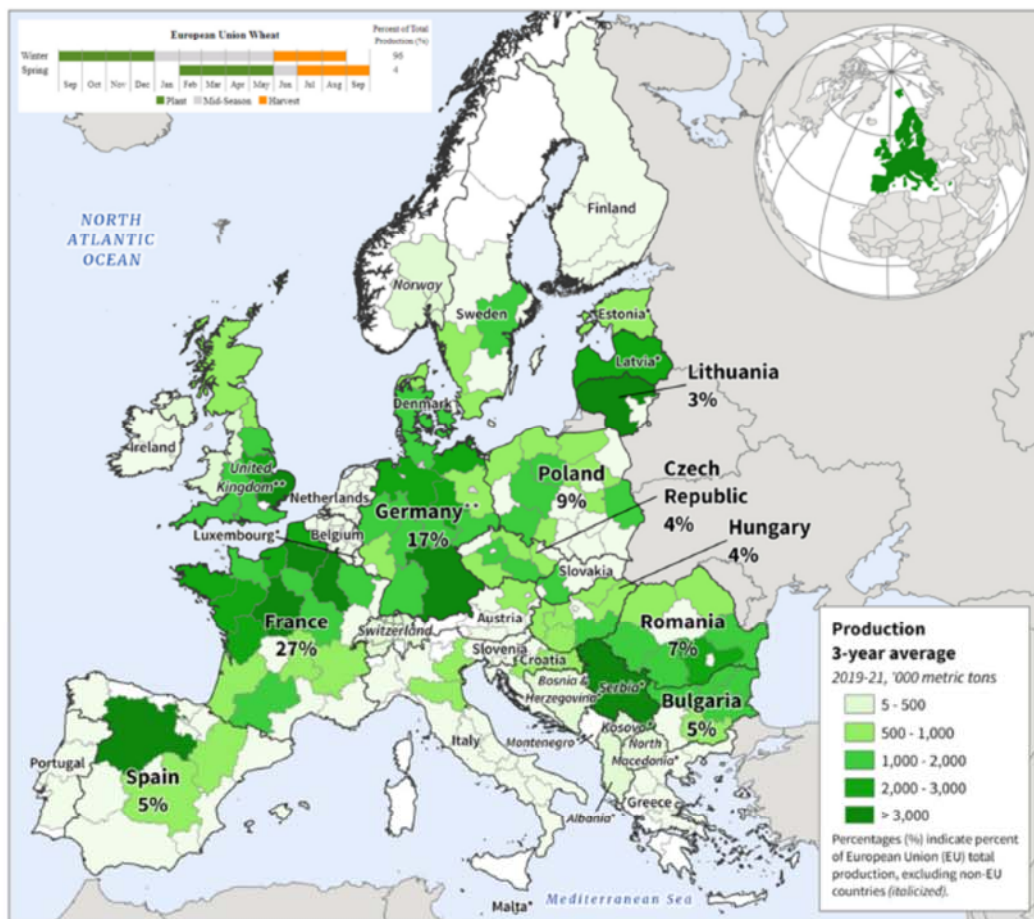


➤ **EU Wheat: Mild, Wet Conditions Dominate Early Season for MY 2024/25**

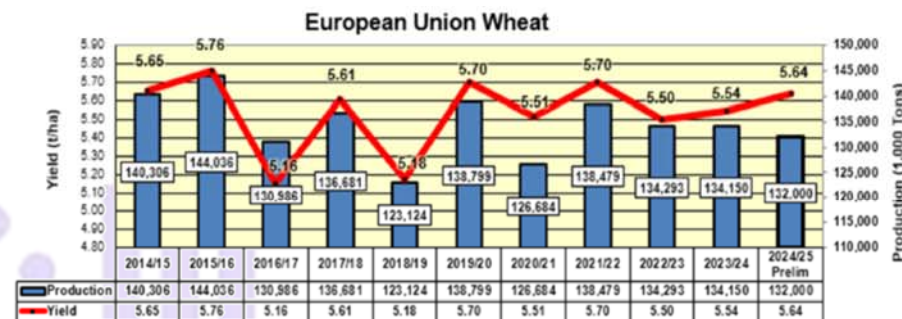
10 May 2024 USDA FAS – Wheat production in the European Union (EU) for marketing year (MY) 2024/25 is estimated at 132.0 mmts, down 2.2 mmts from last year and 2% below the 5-year average. Harvested area is estimated at 23.4 mha, down 0.8 mha from last year and down 0.6 mha from the 5-year average. Yield is estimated at 5.64 tons per hectare (t/ha), 2% above last year and 1% above the 5-year average.

In the fall, rainfall prevented planting and farming activities in northwest Europe, causing planting delays, smaller acreage, and fewer input applications. Although

**Europe: Wheat Production**



Source: Eurostat by Nomenclature of Territorial Units for Statistics (NUTS) 2 region, with exceptions indicated by \* (NUTS 0/country-level data), or \*\* (NUTS 1 region); Average production years differ for United Kingdom (2017-19), Norway (2015-18), Bosnia and Herzegovina, Montenegro, Albania, Serbia, Kosovo (2020-22), and North Macedonia (2021-23)



frequent rain has contributed to a vigorous vegetative canopy in the cropping areas, concerns about recent excessive rainfall exists in areas of France and Germany. In some areas it has been the wettest or second wettest since 1981, as seen in the precipitation rank map. A reprieve from the recurring precipitation would be welcome in northwest Europe. One region where heavy spring rains have been welcomed, however, is Spain where rains have broken a 3-year drought that had significantly lowered yields. Heavy spring rains also provided relief in northern Italy, which had also experienced recent drought.

With the exception of some areas in southeastern Romania and Bulgaria, planting conditions last fall were largely beneficial with good soil moisture levels. Winter and spring recorded above average temperatures, resulting in minimal-to-no winterkill during the winter months. Wheat has progressed rapidly through its growth cycle, with some region's being several weeks ahead-of normal progress due to the very warm winter and spring conditions. One weather exception during this mild season was a week of freeze conditions that occurred in mid-to-late April. While there may have been some small burn-back or localized damage in areas of France, Germany, Poland, Czechia (Czech Republic), and Slovakia, it is not expected to have caused significant damage. This event however, likely slowed down the very accelerated pace of wheat progress. Good conditions across most of Europe should help the mostly flowering wheat as it matures. Wheat is typically harvested in June and July in Europe.

Wheat production in the three biggest producers is forecast at 33.2 mmts in France (36.3 mmts last year), 20.2 mmts in Germany (21.6 mmts last year), and 12.6 mmts in Poland (13.0 mmts last year); production is down due to smaller area.

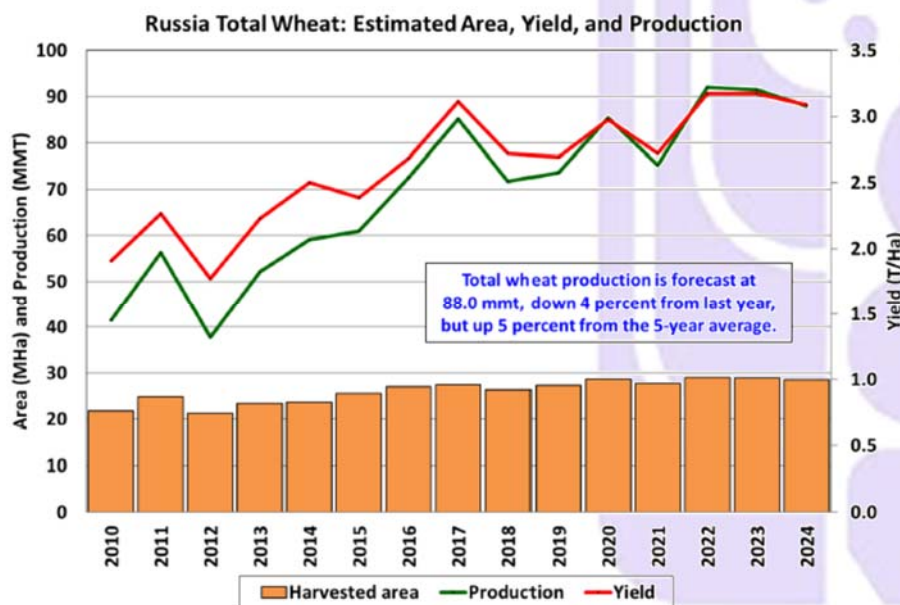
For country-specific area, yield, and production estimates within the EU, please go to PSD Online at

<https://apps.fas.usda.gov/PSDOnline/app/index.html#/app/home>, and select "Downloadable Data Sets." Select the zipped file for "EU Countries Area & Production." (For more information, please contact [Bryan.Purcell@usda.gov](mailto:Bryan.Purcell@usda.gov).)

➤ **Russia Wheat Expects Above-average 2024/25 Production**

10 May 2024 USDA FAS – Russia wheat production for marketing year 2024/25 is forecast at 88.0 mmts, down 4% from last year, but up 5% from the 5-year average. The forecast includes 64.0 mmts of winter wheat and 24.0 mmts of spring wheat. USDA crop production forecasts for Russia exclude estimated output from Crimea. Total wheat yield is forecast at 3.09 mts / hectare, down 3% from last year, but up 5% from the 5-year average. Total harvested area is forecast at 28.5 million hectares (mha), down 1% from last year, but up 1% from the 5-year average.

On average, winter wheat accounts for about 70% of total production. According to data from the Russian Ministry of Agriculture (MinAg), as of late-December 2023 winter crops were planted on an area of 18.8 mha. Russian data does not provide a break down per crop, but the main winter crops are wheat, barley, rye, and triticale. Winter wheat accounts for about 90% of the total winter grains planted area.

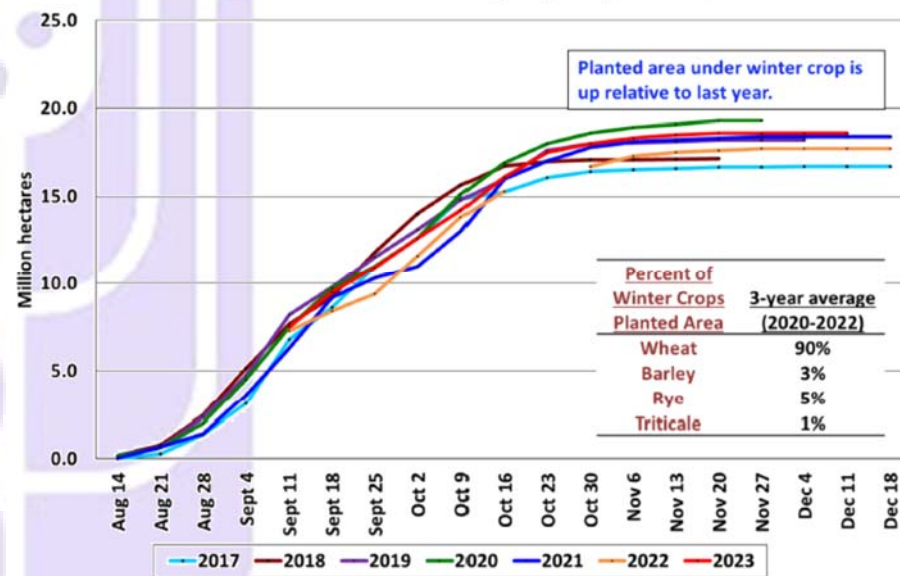


USDA typically adjusts the MinAg planted number for expected winter losses. News reports and imagery from the NASA Soil Moisture Active Passive (SMAP) mission indicate near-average winter losses, which for winter wheat is about 4%.

After a dry September, beneficial October and November rains brought needed wetness and replenished the soil moisture reserves providing favorable conditions for crop germination. Crops entered dormancy under mixed to above-average conditions, except for some parts of the North Caucasus District, such as Stavropol, where conditions were worse than last season and below average. Overall, winter weather was favorable for crop development. Crops in the south broke dormancy under good conditions ahead of time in mid-February, while crops in the more northern regions broke dormancy in late-March, on par with normal. Spring weather

was variable where below-average precipitation conditions across the south contrasted with the wetter and cooler western growing areas. Above-average mid-April temperatures accelerated winter crop growth but also posed a threat to the available soil moisture reserves, especially in the south where spring precipitation has been below normal. Recently, heat has abated somewhat, and radar-based data indicate some localized rain showers around Krasnodar. In the Central and part of the Southern Districts, satellite data shows an abnormally cold spell during the first week of May. Russia's winter wheat belt needs more favorable and consistent growing conditions during the remaining part of May and June as winter wheat yield largely depends on the weather during these two months. Harvest of winter wheat will begin in July.

Russia: Winter-Grain Sowing Progress (All Farms)



Spring wheat is mainly planted in the regions bordering Kazakhstan: the Volga, Urals, and Siberian Districts of Russia. Spring wheat planting typically starts in late April. Currently, soil moisture conditions are predominantly favorable across Russia's major spring wheat growing regions.

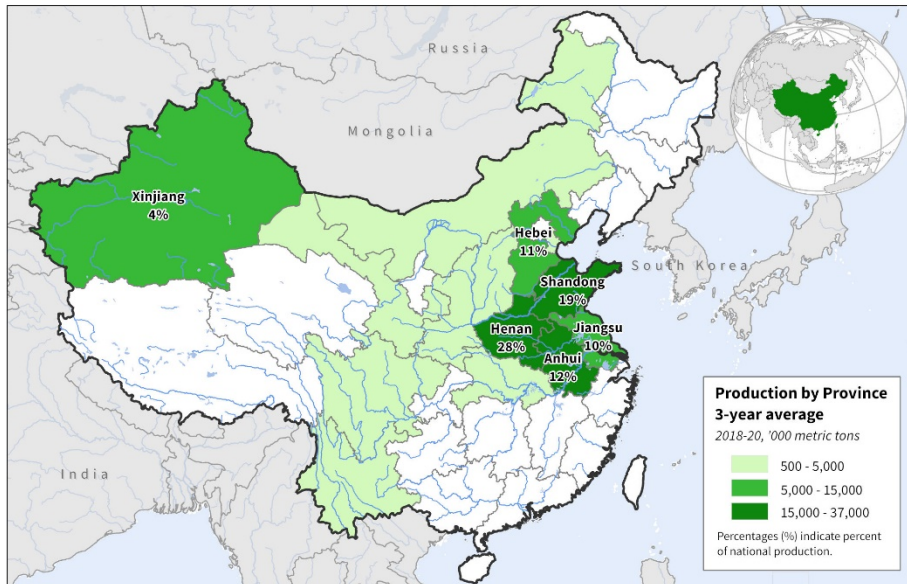
According to MinAg, as of April 26, spring wheat has been planted on an area of 1.1 mha, which is substantially behind last year's pace, when planted area was 2.2 mha during the same time.

(For more information, please contact [Iliana.Mladenova@usda.gov](mailto:Iliana.Mladenova@usda.gov).)

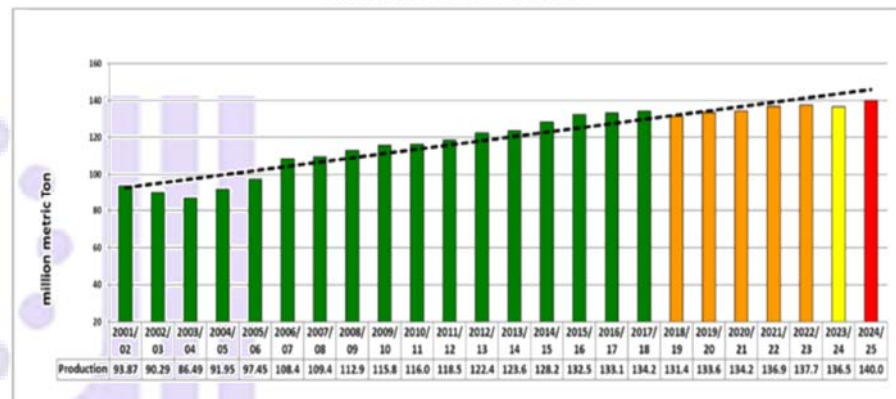


➤ **China Wheat: MY 2024/25 Production Increase Year-over-Year**

**China: Wheat Production**



**China Wheat Production**

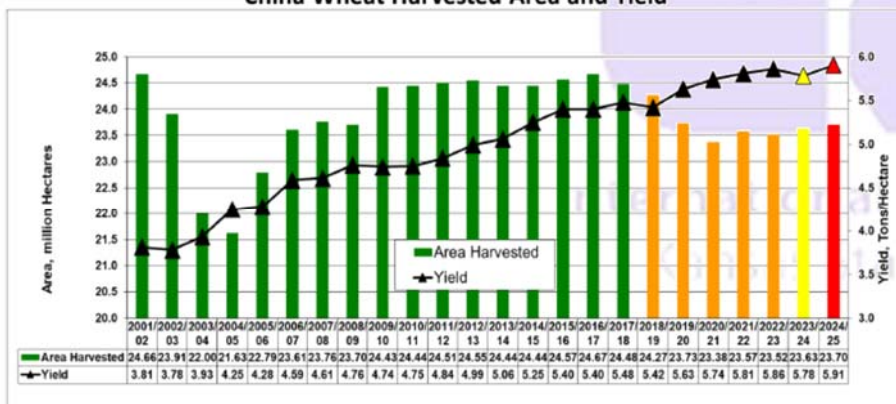


Source: USDA PSD Online

China's winter wheat is at advanced maturity stages and harvesting starts in mid-May and continues through the end of June. It is typically planted in mid-September through the end of October. Winter wheat accounts for 95% of total national wheat; spring wheat accounts for 5% and is sown in March through April and harvested in August to September.

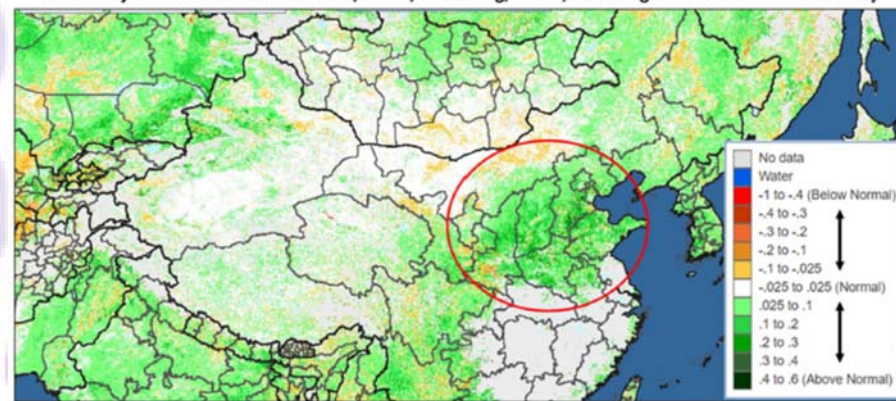
10 May 2024 USDA FAS – USDA forecasts China's marketing year 2024/25 wheat production at a record 140.0 mmmts, up 3.4 mmmts or 2% from last year, and up 3% from the 5-year average of 135.8 mmmts. Harvested area is estimated at 23.7 mha, up 0.3% from last year. Yield is forecast at 5.91 t/ha, up 2% from last year's yield of 5.78 t/ha.

**China Wheat Harvested Area and Yield**



Source: USDA PSD Online

**China Major Wheat Provinces: Henan, Hebei, Shandong, Anhui, and Jiangsu In-Season NDVI Anomaly**



Source: USDA GLAM NDVI-MODIS NASA-GIMMS

Overall, the winter wheat season's soil moisture conditions during planting were wet to normal across the major growing regions including Henan, Hebei, Shandong, Anhui, and Jiangsu provinces. A regional view of the major wheat growing regions, using in-season satellite-derived Normalized Difference Vegetation Index (NDVI), revealed that the MY 2024/25 growing conditions in February and March during early vegetative periods were significantly better relative to the long-term average. The conditions in April indicated a favorable finish to grain filling and maturity, especially

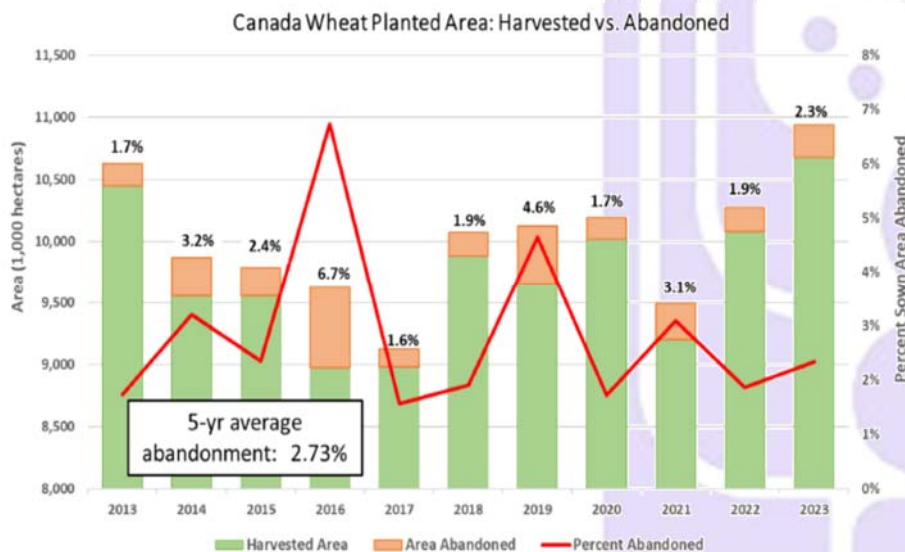


on the North China Plain. Production prospects are favorable. According to FAS/Beijing, the winter wheat growing conditions were better than last year, spring wheat planting was on time, and inputs were supplied without issues.

(For more information, please contact [Dath.Mita@usda.gov](mailto:Dath.Mita@usda.gov).)

➤ **Canada Wheat: MY 2024/25 Production Forecast Up with Higher Yields**

10 May 2024 USDA FAS – USDA forecasts Canada wheat production for marketing year (MY) 2024/25 at 34.0 mmts, up 6% from last year and 8% above the 5-year average. Harvested area is estimated at 10.7 million hectares, up slightly from last year and 8% above the 5-year average. Yield is forecast at 3.18 metric tons per hectare, up 6% from last year.



Wheat planting is expected to be up slightly over 2023, according to Statistics Canada's recently released March 2024 Principal Field Crop Areas report. According to FAS/Ottawa, this report is being released earlier than previous years and reflects changes to Statistics Canada's collection strategy; seeding intentions are now collected in their December crop survey. Spring wheat area is expected to decrease by 1%, with durum wheat area increasing by 5%. Additionally, winter wheat area, planted last fall, is down 3% from last year.

USDA expects a small amount of area planted to be abandoned, or not harvested each year. The

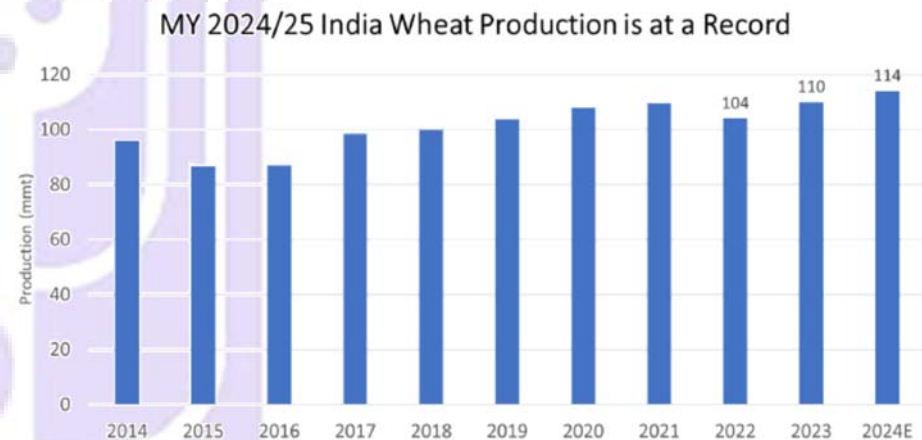
abandonment rates reported in the above graphic do not factor winter wheat area lost to winterkill over the previous winter, and instead, factor only what is abandoned during the primary growing season. Spring varieties of wheat have lower abandonment rates than most other grains.

According to the Field Crop Unit of the Ontario Ministry of Agriculture, Food and Rural Affairs, the winter wheat stands look good across most parts of Ontario where the bulk of Canada's winter wheat is grown. Recent precipitation has improved conditions in the Prairies for planting spring wheat, which accounts for over 90% of Canada's wheat production.

(For more information, please contact [Shannon.Moyo@usda.gov](mailto:Shannon.Moyo@usda.gov).)

➤ **India Wheat: MY 2024/25 Wheat Estimated at Record Levels**

10 May 2024 USDA FAS – USDA estimates marketing year 2024/25 India wheat production at a record 114.0 million metric tons, up nearly 3% from last year's record. Harvested area is at a record 32.0 million hectares, up nearly 2% from last year. Yield is estimated to reach a record of 3.56 mts/ha, up 1% from last year.



Favorable weather conditions, sufficient soil moisture at planting, and higher minimum support prices than last year resulted in record planting. The crop progressed from planting to vegetative and reproductive stages under ideal weather conditions, supporting a record yield.

Additionally, adequate reservoir levels supported irrigation. Average temperatures were slightly below normal in the northern wheat belt as the crop entered the reproductive stage and grain fill in late February into March, further supporting crop vigor. The crop was harvested in mid-April.

Wheat is grown only in the rabi season. It is planted from early November until January and harvested from late February until April.

(For more information, please contact [Arnella.Trent@usda.gov](mailto:Arnella.Trent@usda.gov).)

➤ **Northwest Africa Wheat: Varying Weather Conditions; Mixed Results**

10 May 2024 USDA FAS – In Northwest Africa (the countries of Morocco, Algeria, Tunisia), the wheat forecast for marketing year (MY) 2024/25 is expected to have mixed results. The poorest conditions can be found in the large southern and central growing regions of Morocco, as well as in northeastern Morocco and adjacent areas of western Algeria. Conditions are better farther east in central and eastern Algeria, due to increased rainfall, particularly falling later in the season. Tunisia is expected to have the best conditions of the Maghreb, having received favorable rainfall throughout most of the growing season.

Overall, Northwest Africa’s growing season started much later than usual in the fall of 2023 because rainfall was late arriving and limited in quantity, thereby delaying and reducing planted acreage. Harvest begins in southern Morocco in May, progressing north and east into Algeria and Tunisia. Harvest wraps up in Northwest Africa in the eastern highlands around the end of June.

**Morocco** is typically the largest cereals producer of the three countries, but this year it is second to Algeria’s production. Morocco is forecast to produce just 2.5 mmts of wheat compared to 4.2 mmts last year. Harvested area is estimated at 2.2 mha, compared to 2.5 mha last year and a 2.6 mha 5-year average. Rains during planting were especially limited and late in Morocco, resulting in reduced plantings until January 2024. Yield is forecast at 1.14 tons per hectare (t/ha) compared to 1.66 t/ha last year and a 1.58 t/ha 5-year average.

The vast majority of wheat in Morocco is grown without irrigation. A severe lack of precipitation across the vast central and southern growing regions has diminished crop prospects since planting. As the season progressed, rainfall remained far below average while temperatures were above average, worsening soil moisture

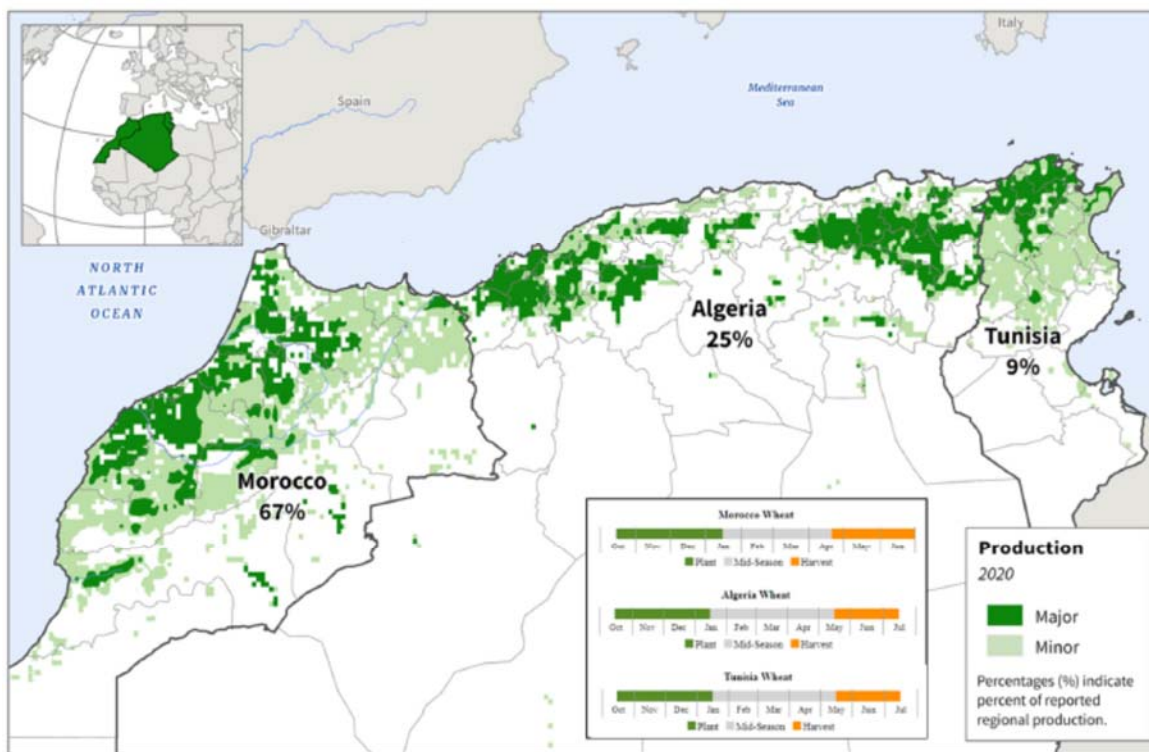
availability. A smaller growing region in the north around Tangiers received higher precipitation totals, preventing a more significant national-level yield drop. Field data from farm visits were collected by FAS/Rabat during April 2024 crop travel which confirmed the severe drought stress; some of these damaged fields would likely not be harvested, left for livestock to graze as forage.

**Algeria** is forecast to produce 3.0 mmts from 1.8 mha harvested area, with a 1.67 t/ha yield. This compares to MY 2023/24, with production of 2.7 mmts, harvested

area of 1.8 mha and a yield of 1.50 t/ha. The MY 2024/25 crop is estimated to be 5% below the 5-year-average production level. Wheat is doing best in eastern areas of the country close to Tunisia where rainfall was most frequent and vegetation vigor remains the highest. Central Algeria also received rainfall that improved initial prospects; crop conditions there are close to average. A near-to-complete crop failure is likely to have occurred in the far west based on low precipitation totals, as confirmed by satellite imagery.

**Tunisia’s** arable land is the smallest of the three countries, with total harvested area for MY 2024/25 estimated at 0.5 mha, significantly above last year’s drought-affected 0.3 mha but similar to the 5-year average. Production is forecast at 1.1 mmts, up considerably (149%) from last year’s 0.4 mmts when rainfall was particularly scarce and geographically limited. Yield is forecast at 2.20 t/ha compared to 1.34 t/ha last year and 2.1 mts/ha for the 5-year average.

**Northwest Africa: Wheat Production**



Sources: Ministère de l’agriculture et du Développement Rural, Algeria (2017-2019); Moroccan Ministry of Agriculture, Rural Development and Maritime Fisheries (2017-2019); Tunisian Republic, Ministry of Agriculture, Water Resources, and Fisheries (2018-2020); International Food Policy Research Institute (IFPRI) Spatial Production Allocation Model (SPAM) 2020, Wheat

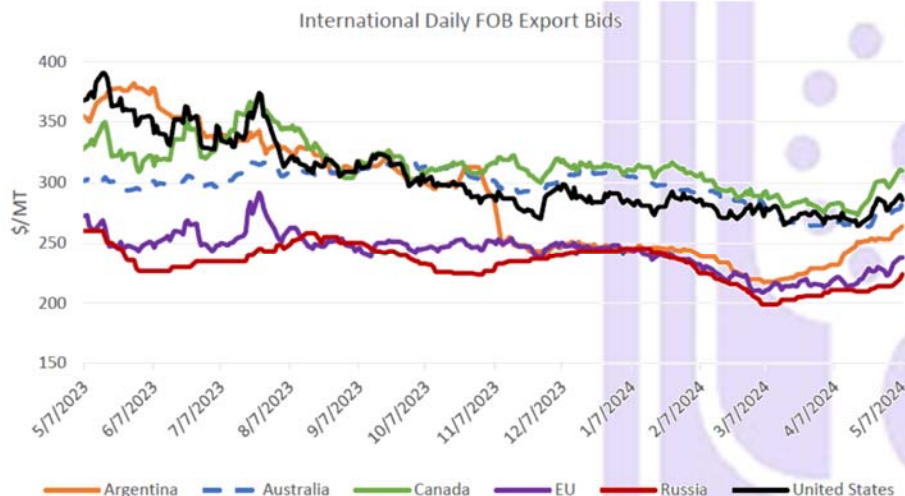
Rainfall since autumn has been favorable in Tunisia, allowing a wide north-south band of ideal moisture conditions to set up. Last year, the MY 2023/24 crop was stymied because precipitation only skirted the coast of Tunisia, leaving most of the country high and dry.

(For more information, please contact [Bryan.Purcell@usda.gov](mailto:Bryan.Purcell@usda.gov).)



➤ **Global Wheat Prices**

10 May 2024 USDA FAS – Global exporter quotes rose over the past month as global exportable supplies become more constrained prior to the upcoming harvest. Stocks have continued their downward trend, currently at the lowest levels since 2015/16.



Argentina	Australia	Canada	EU	Russia	United States
\$264	\$284	\$310	\$238	\$224	\$286

Note: As of May 8, 2024

Source: International Grains Council

\*Note on FOB prices: Argentina- 12.0%, up river; Australia- average of APW; Kwinana, Newcastle, and Port Adelaide; Russia - Black Sea- milling; EU- France grade 1, Rouen; US- HRW 11.5% Gulf; Canada- CWRS (13.5%), Vancouver

Australian quotes rose \$17/mt with tight stocks constraining exportable supplies. Despite subdued export demand, U.S. quotes rose \$14/mt as old stocks are declining ahead of the next year’s harvest which is soon to begin.

Russian quotes were up \$13/mt as expectations for a smaller crop were only partially moderated by ample domestic stocks.

Canadian quotes surged \$27/mt on robust demand with tightening stocks.

EU quotes increased \$16/mt maintaining a fairly consistent price premium over Black Sea competitors. Argentine quotes experienced the largest increase of these countries, up \$32/mt as exportable supplies tightened.

➤ **USDA – U.S. Wheat Supply & Demand Outlook**

Attribute	Wheat United States as of May 2024					
	24/25 May'24	Change	23/24 May'24	22/23	21/22	20/21
Area Harvested (1000 HA)	15,368	+284(+1.88%)	15,084	14,360	15,032	14,815
Beginning Stocks (1000 MT)	18,712	+3211(+20.71%)	15,501	18,355	23,001	27,985
Production (1000 MT)	50,558	+1244(+2.52%)	49,314	44,898	44,804	49,523
MY Imports (1000 MT)	3,266	-544(-14.28%)	3,810	3,317	2,617	2,726
TY Imports (1000 MT)	3,200	-600(-15.79%)	3,800	3,275	2,737	2,686
TY Imp. from U.S. (1000 MT)	0	-	0	0	0	0
Total Supply (1000 MT)	72,536	+3911(+5.7%)	68,625	66,570	70,422	80,234
MY Exports (1000 MT)	21,092	+1497(+7.64%)	19,595	20,647	21,656	27,048
TY Exports (1000 MT)	21,000	+1500(+7.69%)	19,500	20,262	21,347	26,636
Feed and Residual (1000 MT)	2,722	+273(+11.15%)	2,449	2,091	2,402	2,309
FSI Consumption (1000 MT)	27,868	-1(%)	27,869	28,331	28,009	27,876
Total Consumption (1000 MT)	30,590	+272(+9%)	30,318	30,422	30,411	30,185
Ending Stocks (1000 MT)	20,854	+2142(+11.45%)	18,712	15,501	18,355	23,001
Total Distribution (1000 MT)	72,536	+3911(+5.7%)	68,625	66,570	70,422	80,234
Yield (MT/HA)	3.29	+(-.61%)	3.27	3.13	2.98	3.34

Source: USDA PS&D

**U.S. Wheat by Class: Supply and Use**

Year beginning June 1		Hard Red Winter	Hard Red Spring	Soft Red Winter	White	Durum	Total
Million Bushels							
2023/24 (Est.)	Beginning Stocks	223	155	90	74	28	570
	Production	601	468	449	235	59	1,812
	Imports	18	65	7	6	44	140
	Supply, Total 3/	842	688	546	315	131	2,522
	Food	382	253	158	84	83	960
	Seed	27	16	12	6	3	64
	Feed and Residual	25	-10	90	-10	-5	90
	Domestic Use	434	259	260	80	81	1,114
	Exports	138	240	160	155	27	720
	Use, Total	572	499	420	235	108	1,834
	Ending Stocks, Total	270	189	126	80	23	688
	Ending Stocks, Total	277	197	119	80	25	698

Note: Totals may not add due to rounding. 1/ Marketing year beginning June 1. 2/ Marketing-year weighted average price received by farmers. 3/ Includes imports. \* Planted acres reported in the March 28, 2024, "Prospective Plantings." Harvested acres and yield for other spring wheat and Durum are projected using 10-year harvested-to-planted ratios by state and 1985-2023 yield trends by state (except for Arizona and California Durum). Winter wheat harvested acres and yield reported in the May 10, 2024, "Crop Production." \*\* Wheat-by-class projections for 2023/24 will first be published in the July 12, 2024, WASDE.

10 May 2024 USDA WASDE – This month’s supply and demand outlook for 2024/25 U.S. wheat is for larger supplies, modestly higher domestic use, increased exports, and higher stocks.

Supplies are projected up 6% from 2023/24 on larger carry-in stocks and production. All wheat production is projected at 1,858 mbus, up 3% from last year on higher harvested acreage and yields. The all wheat yield is projected at 48.9 bushels per acre, up 0.3 bushels.



The first 2024 NASS survey-based winter wheat production forecast of 1,278 mbus is up 2% from 2023 on increased Hard Red Winter and White Winter production more than offsetting lower Soft Red Winter production.

Total 2024/25 domestic use is projected up 1%, primarily on higher feed and residual use.

Exports are projected at 775 mbus, up 55 million from the revised 2023/24 exports, which remain at a 52-year low. Increased U.S. exportable supplies and more competitive prices are expected to result in higher exports.

Projected 2024/25 ending stocks are 11% above last year at 766 mbus, the highest level in four years.

The projected 2024/25 season-average farm price (SAFP) is \$6.00 per bushel, down \$1.10 from last year's SAFP on higher stocks and lower projected U.S. corn prices.

## ➤ CME CBOT Wheat Futures – Daily Nearby



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

The wheat market makes a five month high as the wheat complex saw stronger trade on Friday, with assistance from some bull friendly USDA numbers. Chicago contracts were up 18 ¼ to 26 cents across most active contracts. Kansas City futures were up 12 ¼ to 21 ½ cents across the board to round out the week. MPLS spring wheat futures tallied 12 ¼ to 16 ¼ cents on the session.

**CME SRW futures July 2024 CBOT** wheat closed on Friday at \$6.63½/bu, up 26 cents on the day, and gaining 41 cents for the week. Chicago July wheat pushed to 6-month highs as it traded above \$6.60 futures. Only the third time we have traded above \$6.60 since last fall and we are nearly \$1.25 higher than the low in early March

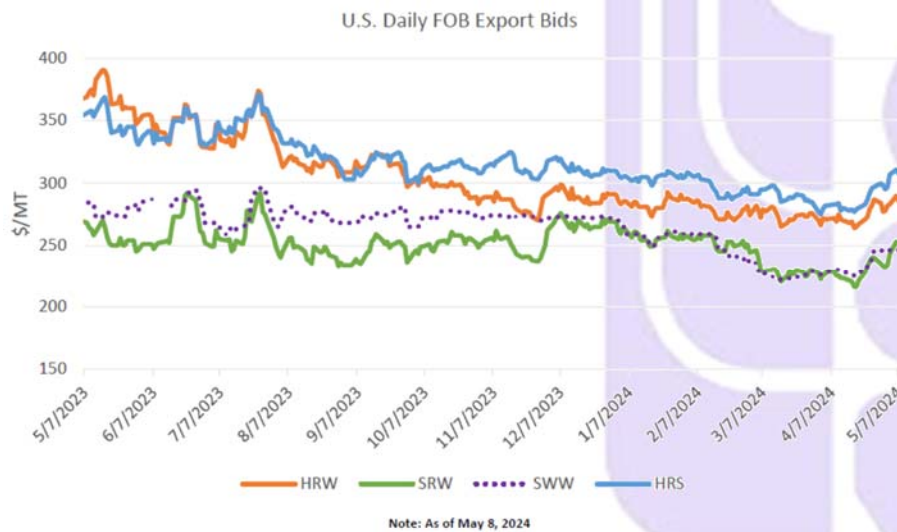
SRW cash markets continue to be quiet. Order flow seemed to be influencing the wheat spreads as they were narrower on the day. WNZ traded into 40% after trading 49¼ cents carry 10 days ago – settled at 41¼ cent carry. OMG fact:

Commitment of Traders data from the CFTC showed spec traders in Chicago wheat trimming 5,506 contracts from their net short position to 42,360 contracts by May 7th. In Kansas City futures, they peeled back 5,597 contracts to a net short position of 24,013 contracts as of Tuesday, the smallest net short going back to October of last year

USDA estimated all wheat production was pegged at 1.858 bbus, with winter wheat coming in 46 mbus below the trade at 1.278 bbus. That was due to SRW down 68 mbus vs. the estimate at 343.6 mbus. HRW was above estimates at 705.4 mbus, with white winter at 218.7 mbus.

USDA added 10 mbus back on to the old crop export projection in the Friday morning WASDE, which cut the 23/24 carryout number to 688 mbus. Still, 24/25 stocks are

## ➤ U.S. Domestic Prices



10 May 2024 USDA FAS – Following trends in international prices, prices for all U.S. wheat classes have climbed since the April WASDE with concerns of dry growing conditions in the Northern Hemisphere.

Soft Red Winter (SRW) is up \$23/mt to \$251 and Hard Red Winter (HRW) is up \$14/mt to \$286 on concerns of dry conditions and unfavorable weather.

U.S. winter wheat planted areas are rated at 50% good/excellent according to the latest NASS Crop Progress report on May 6<sup>th</sup>, down from 56% a month ago but still up from 29% last year. Hard Red Spring (HRS) jumped \$25/mt to \$308 as some spring wheat growing areas lack moisture, though planting progress is well ahead of the 5-year average according to NASS.

Soft White Winter (SWW) rose \$16/mt to \$246.

seen as building, with the carryout projected at 766 mbus, 16 mbus below the average trade guess.

Internationally, the USDA dropped Russian production in their May report and put the crop at 88 mmts vs the estimate last month of 91.5 mmts. They cut EU wheat 2.2 mmts to 132 mmts and Ukraine wheat 2 mmts to 21 mmts. They did increase Australian and Argentina wheat. Australia is now at 29 (up 3 mmts) and Argentina at 17 (up 1.1 mmts). World stocks for the 23/24 balance sheet were tallied at 257.8 mmts by the USDA, a 0.5 mmts reduction. New crop was projected to drop yr/yr by 4.2 mmts to 253.61 mmts.

SovEcon has trimmed their 24/25 Russian wheat production estimate by 3.4 mmts to 89.6 mmts. USDA's initial estimate was 88 mmts in the monthly report.

➤ **U.S. Export SRW Wheat Values – Friday the 10<sup>th</sup> of May 2024**

**SRW Wheat Basis, US Gulf Barge Quotes vs CBOT Futures, in cents per bushel.** Changes are from Midday US Gulf barge basis report. Source: USDA

CIF SRW WHEAT	5/9/2024	5/10/2024		
MAY	30 / 45	30 / 45	N	UNC
JUN	30 / 40	30 / 40	N	UNC
JUL	30 / -	30 / 40	N	

➤ **CME KC HRW Wheat Futures – Daily Nearby**

05/14/2024 Hard Red Wheat (KEN24) [KCBT] O 698-4 H 708-6 L 679-4 C 680-4 Δ-19-4



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

**Kansas July 2024 HRW Wheat Futures** settled on Friday at \$6.73¼/bu, up 21½ cents on the day, and gaining 23 cents on the week. KC July futures also higher but below the \$6.79 high from earlier this week.

➤ **U.S. Export HRW Wheat Values – Friday the 10<sup>th</sup> of May 2024**

**HRW Wheat Basis, Texas Gulf Quotes vs CBOT Futures, in cents per bushel.** Changes are from midday basis report. Source: USDA

TX GULF HRW	5/9/2024	5/10/2024		
12% Protein				
MAY	105 / -	105 / -	N	UNC
JUN	- / -	105 / -	N	

USDA reported another relatively good week of export demand for U.S. wheat, coming in at nearly 16 mbus between old and new crop positions.

Old crop sales of 1.5 mbus puts the current year sales total at 692 mbus, which is on par with last year at this time but 19% below the five-year average pace.

New crop sales came in at 14.9 mbus, topped by 4.5 mbus for HRS, and places commitments for the coming year at 109 mbus which sets 80% ahead of last year at this time. New crop sales were spurred primarily by Mexico and Panama, with each booking about 4.5 mbus of different classes of red wheat.

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

05/14/2024 Spring Wheat (MWN24) [MGEX] O 732-2 H 742-2 L 722-4 C 727-0 Δ-11-2



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

*MGE July 2024 HRS Wheat Futures settled on Friday at \$7.20/bu, up 18¼ cents the day, but losing 5 cents for the week.*

**Portland Price Trends**

**9 May 2024**

	05-01-23	08-01-23	04-01-24	05-02-24	05-09-24
#1 SWW (bu)	7.15	7.05	5.65	6.05	6.30
White Club	7.15	7.30	5.65	6.05	6.30
DNS 14%	8.76	9.05	7.30	7.91	7.94
HRW 11.5%	8.78	8.24	6.50	6.97	6.24
#2 Corn (ton)	271.00	254.00	220.00	218.00	220.00
#2 Barley	220.00	210.00	155.00	155.00	155.00

A rebound across the futures complex on Thursday saw bids on west coast white wheat and hard red winter were somewhat defensive, as nearby basis weakened.

For hard red winter, exporters removed the old crop premium and evened out the bid structure. Warmer and drier weather is expected across the Pacific Northwest this weekend, and is coming on the heels of good rainfall over most wheat growing areas this past week.

International Grains Program  
Kansas State University



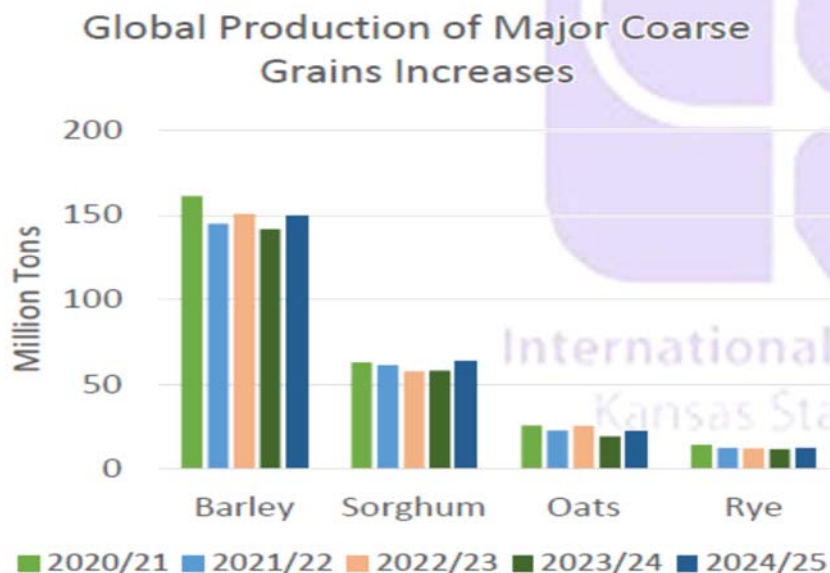
## COARSE GRAINS

World and U.S. Supply and Use for Grains 1/  
Million Metric Tons

World		Output	Total Supply	Trade 2/	Total Use 3/	Ending Stocks
Total Grains 4/	2022/23	2754.69	3552.88	495.63	2771.22	781.67
	2023/24 (Est.)	2807.19	3588.85	507.57	2816.56	772.29
	2024/25 (Proj.)	NA	NA	NA	NA	NA
Wheat	2022/23	2838.41	3610.70	502.69	2841.53	769.17
	2023/24 (Est.)	789.19	1062.36	220.66	791.94	270.42
	2024/25 (Proj.)	787.72	1058.13	215.65	800.34	257.80
Coarse Grains 5/	2022/23	NA	NA	NA	NA	NA
	2023/24 (Est.)	798.19	1055.98	216.00	802.37	253.61
	2024/25 (Proj.)	1449.72	1791.07	220.35	1459.01	332.05
Rice, milled	2022/23	1502.13	1834.18	238.68	1494.60	339.58
	2023/24 (Est.)	NA	NA	NA	NA	NA
	2024/25 (Proj.)	1512.62	1852.20	232.92	1512.76	339.45
Rice, milled	2022/23	515.78	699.46	54.62	520.26	179.20
	2023/24 (Est.)	517.34	696.54	53.24	521.63	174.91
	2024/25 (Proj.)	527.61	702.52	53.76	526.40	176.12

10 My 2024 USDA WASDE – The USDA 2024/25 global coarse grain outlook is for record production and use, and fractionally lower ending stocks.

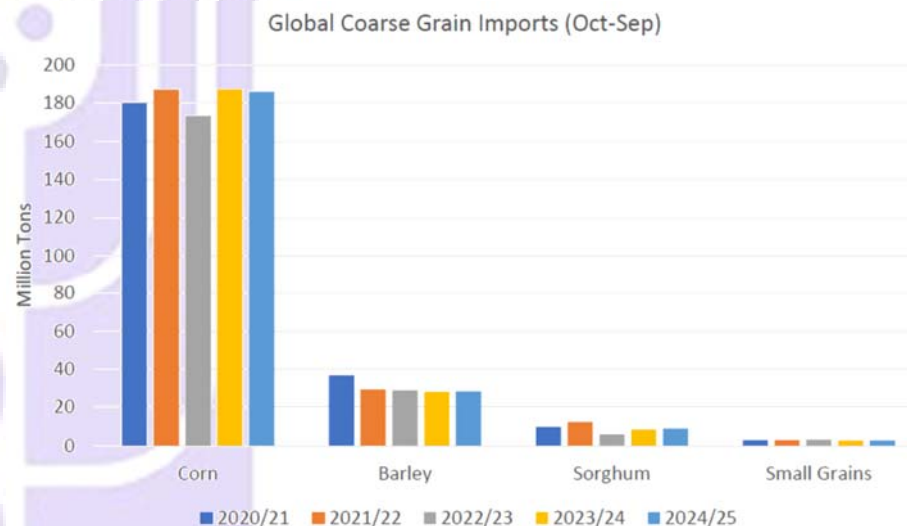
### 2024/25 OVERVIEW



World corn production is forecast to decline from the prior year's record to 1.220 bmts, with the largest declines for the United States, Ukraine, Zambia, Argentina, Malawi, Mozambique, and Turkey. Partly offsetting are larger crops projected for Brazil, the EU, China, South Africa, and Mexico. Lower area expectations drive a decline in corn production for Argentina, in contrast to Brazil where production is forecast higher on expanded area. Ukraine corn production is expected to be down on reductions to both area and yield. Corn crop prospects for Russia are down as higher area is more than offset by a decline in yield.

World barley, sorghum, oats, millet, mixed grain, and rye production are all forecast higher than a year ago.

World corn use is expected to rise less than 1% to a record 1.221 billion metric tons, with non-US consumption increasing modestly.



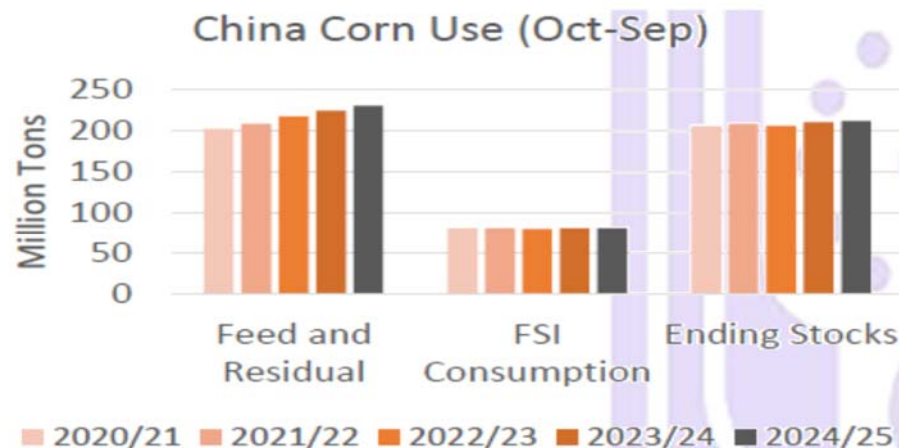
World corn imports are forecast to fall just under 1%, driven by declines for several countries, including the EU, Canada, Iraq, and Venezuela. Partly offsetting are increases for Mexico, Saudi Arabia, Vietnam, Egypt, and Iran.

For China, total coarse grain imports for 2024/25 are forecast at 41.5 mmts, up marginally from a year ago. Despite lower internal market prices for energy feedstuffs, expectations are for China's prices to remain higher than the world market. Corn imports are projected unchanged at 23.0 mmts, barley imports are down 0.2 million to 10.0 million, and sorghum is up 0.5 million to 8.0 million.

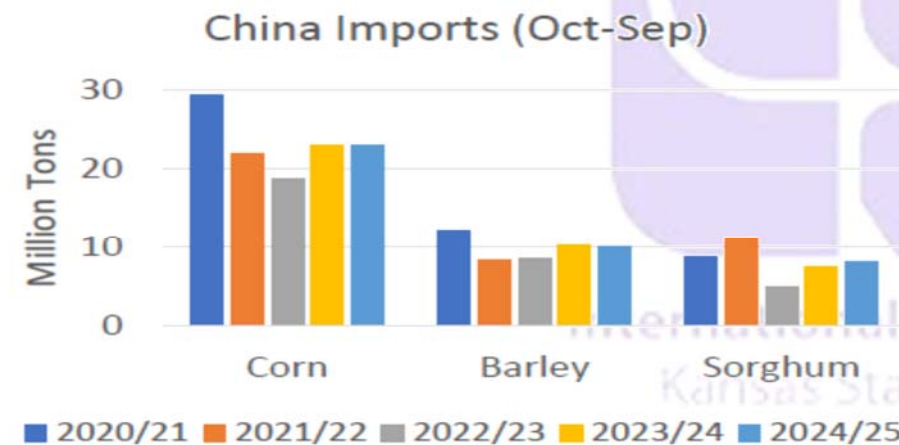
Global corn ending stocks for 2024/25 are down 0.8 mmts to 312.3 million. Stocks in the major exporting countries of Argentina, Brazil, Russia, Ukraine, and the United States are projected down slightly, reflecting higher stocks in the United States mostly offset by declines for Brazil and Ukraine.

10 My 2024 USDA FAS – Global coarse grain production is projected at a record high as larger production of barley, millet, mixed grains, sorghum, oats, and rye more than offset a decline in corn.

Coarse grain production in the European Union, Brazil, and China is forecast higher while the United States, Ukraine, and Argentina are down.



Relative to 2023/24, global coarse grain consumption is expected to grow, primarily on higher feed consumption as FSI consumption is little changed.



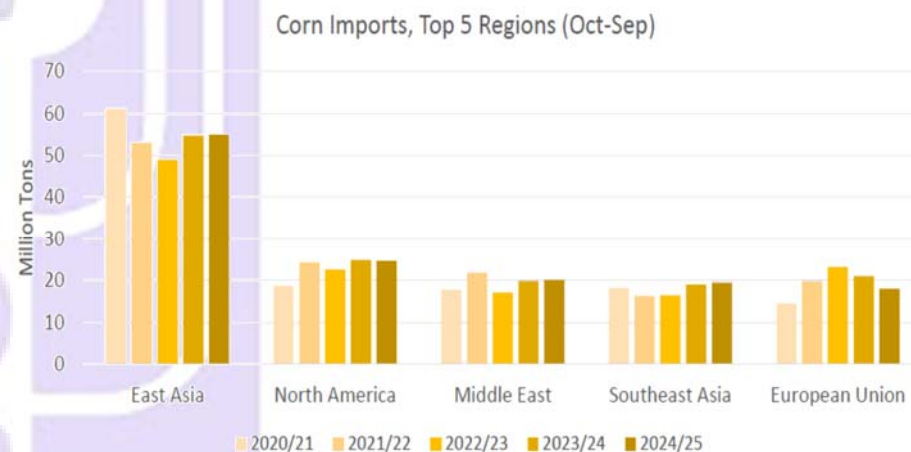
**China imports** of corn, barley, and sorghum are projected to total 41.0 mmts in 2024/25, up fractionally from the revised 2023/24 estimate as higher sorghum imports offset flat corn imports and slightly lower barley imports.

**Corn** imports are unchanged in 2024/25, as abundant global corn supplies and favorable import margins in South China continue to support expectations of sustained demand for imported corn. China imported 18.5 mmts of corn between October 2023 and March 2024, nearly equaling the full-year volume in 2022/23.

**Barley** imports are expected to moderate from the larger 2023/24 estimate, as greater world barley supplies are offset by a weaker production outlook in Australia, China's primary trade partner.

**Sorghum** imports are expected to rise modestly in 2024/25, as larger overall supplies in the United States, Australia, and Argentina support favorable export prices globally.

With greater corn production and sustained imports of corn forecast in 2024/25, corn use for **feed** is expected to expand by almost 3% to 231.0 mmts from the 2023/24 estimate. Ending stocks are also raised to 212.8 mmts, up nearly 1% from the 2023/24 estimate.



**Japan corn** imports are forecast flat at 15.5 mmts. **South Korea** corn imports are expected to increase by 100,000 tons to 11.7 million for 2024/25 on a decline in global corn prices. Modest growth is also expected in **Taiwan** as strong feed demand lifts imports by 100,000 tons to 4.7 mmts, a level not reached since 2006/07.

**European Union corn** is forecast at 18.0 mmts, down 3.0 million from the previous year. Domestic corn production is forecast to be higher by almost 4.0 mmts and supplies of other grains for feed are expected to be more plentiful than in 2023/24.

**Mexico corn** imports are projected at a record 21.8 mmts, up 700,000 tons. While domestic production is forecast higher than the drought-affected crop of 2023/24, it is expected to be below the level of recent years. As Mexico draws from stocks to stabilize the current year, further imports in 2024/25 will be required to support modest growth in consumption.

In the Middle East and North Africa, 2024/25 corn imports are forecast to grow by 2 and 6% respectively, to a total of 37.8 mmts.

**Iran corn and barley** imports are projected to grow from the revised 2023/24 estimates. Combined

**Turkey** imports of **corn** and **barley** are forecast up from the prior year, with smaller domestic production expected to support an increase in imports. For **Saudi Arabia**, **barley** imports are projected at 3.0 mmts, up from the 2023/24 estimate; **corn** imports are forecast to grow to 4.6 million. Low global corn prices are concurrently increasing corn demand while reducing demand for barley in feed.

**Egypt corn** imports are forecast at 8.0 mmts in 2024/25, a modest increase from the prior year estimate. 2023/24 corn imports are estimated at 7.5 mmts, as improved supplies of foreign exchange enable previously restrained import demand. Ongoing recovery in the livestock and poultry industry from several years of significant disruptions will continue to hamstring Egypt's import demand relative to history.

In **Algeria, Morocco, and Tunisia**, **corn** imports are forecast to rise on sustained growth in feed demand, particularly for poultry. **Barley** imports for all three are expected to be stable, as better supplies in the European Union support renewed trade.

For 2024/25, Southeast Asia corn imports are forecast to expand by 2%, to 19.4 mmts.

**Vietnam** corn imports are up 500,000 tons to 12.0 million as strong exportable supplies in key partners Argentina and Brazil support sustained growth in corn feed demand. Expanded *safrinha* corn supplies in Brazil and a rebound in Argentina corn supplies in 2023/24 are accelerating a recovery toward import levels last seen in 2020/21.

**Malaysia** corn imports are forecast at 3.7 mmts in 2024/25, as domestic feed demand continues to rebuild amid lower corn export prices.

**Thailand** corn imports are forecast at 1.5 mmts, a 100,000-ton decline from the 2023/24 estimate, due to limited exportable supplies in Burma

Coarse grains ending stocks are virtually unchanged, with increases for sorghum and mixed grain balanced by declines for rye, corn, and barley.

#### Selected Importers (1,000 MT)

Country	Commodity	2023/24	2024/25	Y-Y Change	Reason
	Barley	10,200	10,000	-200	Tighter Australia supplies of barley and larger sorghum imports
China	Corn	23,000	23,000	0	Sustained demand for robust supplies from key partners Brazil and Ukraine
	Sorghum	7,500	8,000	500	Larger exportable supplies in Argentina and Australia
Egypt	Corn	7,500	8,000	500	Improving economic conditions
European Union	Corn	21,000	18,000	-3,000	Larger production and domestic supplies of other feed grains

Iran	Corn	8,600	9,000	400	Strong Russia and Brazil supplies
Japan	Corn	15,500	15,500	0	Sustained demand for supplies from the United States and Brazil
South Korea	Corn	11,600	11,700	100	Lower global corn prices supporting modest growth in imports
Mexico	Corn	21,100	21,800	700	Expected demand growth, forecast production below recent average, tight beginning stocks
Saudi Arabia	Corn	4,000	4,600	600	Higher poultry feed use
Taiwan	Corn	4,600	4,700	100	Lower global corn prices supporting modest growth in imports
Vietnam	Corn	11,500	12,000	500	Higher poultry and swine feed use

#### TRADE CHANGES IN 2023/24 (1,000 MT)

Country	Commodity	Attribute	Previous	Current	Change	Reason
Algeria	Corn	Imports	4,600	4,900	300	Trade to date
Argentina	Corn	Exports	37,000	36,000	-1,000	Lower yields in late-planted corn
	Barley	Exports	6,500	7,000	500	High China demand
Australia	Sorghum	Exports	1,700	1,400	-300	Higher domestic feed consumption
Brazil	Corn	Exports	52,000	51,000	-1,000	Lower production in upcoming <i>safrinha</i>
	Corn	Imports	1,800	1,500	-300	Trade to date
Burma	Corn	Exports	2,200	1,800	-400	Smaller crop
	Barley	Imports	9,700	10,200	500	Trade to date
China	Sorghum	Imports	7,800	7,500	-300	Lower Australia exports
Egypt	Corn	Imports	8,500	7,500	-1,000	Trade to date
India	Corn	Exports	1,000	800	-200	Trade to date
Israel	Corn	Imports	1,600	1,000	-600	Trade to date
Malaysia	Corn	Imports	3,850	3,650	-200	Trade to date
Morocco	Corn	Imports	2,800	2,500	-300	Trade to date
Paraguay	Corn	Exports	3,600	3,400	-200	Lower production in upcoming harvest
Turkey	Corn	Exports	1,900	2,100	200	Trade to date
Ukraine	Corn	Exports	24,500	26,000	1,500	Observed level of exports, especially in April
Vietnam	Corn	Imports	11,200	11,500	300	Rising feed demand for poultry and swine



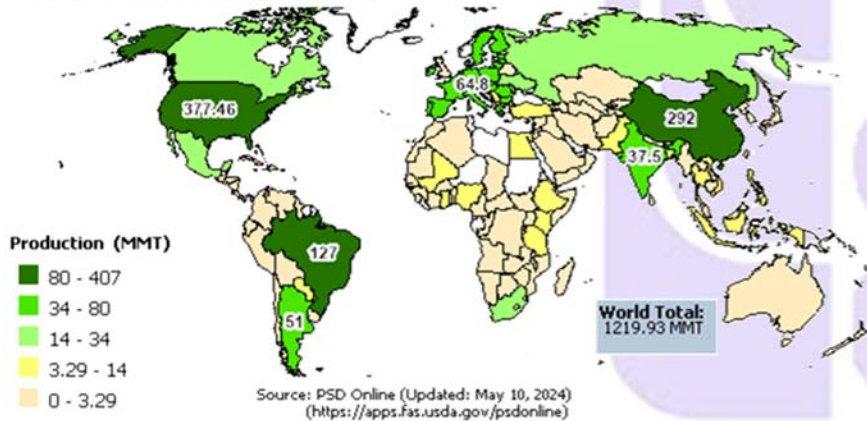
# CORN

## World Corn Supply & Demand Outlook

Corn World as of May 2024						
Attribute	24/25 May'24	Change	23/24 May'24	22/23	21/22	20/21
Area Harvested (1000 HA)	201,166	-2079(-1.02%)	203,245	200,868	206,832	199,621
Beginning Stocks (1000 MT)	313,080	+12170(+4.04%)	300,910	313,592	295,648	313,067
Production (1000 MT)	1,219,932	-8159(-.66%)	1,228,091	1,157,880	1,218,777	1,131,863
MY Imports (1000 MT)	184,373	-1375(-.74%)	185,748	173,458	184,701	184,938
TY Imports (1000 MT)	185,974	-1291(-.69%)	187,265	173,207	186,984	179,855
TY Imp. from U.S. (1000 MT)	0	-	0	42,760	62,862	68,359
Total Supply (1000 MT)	1,717,385	+2636(+.15%)	1,714,749	1,644,930	1,699,126	1,629,868
MY Exports (1000 MT)	191,096	-6286(-3.18%)	197,382	180,360	206,475	182,735
TY Exports (1000 MT)	192,661	-2406(-1.23%)	195,067	180,692	193,568	184,090
Feed and Residual (1000 MT)	774,032	+13787(+1.81%)	760,245	732,075	745,186	729,084
FSI Consumption (1000 MT)	439,992	-4050(-.91%)	444,042	431,585	433,873	422,401
Total Consumption (1000 MT)	1,214,024	+9737(+.81%)	1,204,287	1,163,660	1,179,059	1,151,485
Ending Stocks (1000 MT)	312,265	-815(-.26%)	313,080	300,910	313,592	295,648
Total Distribution (1000 MT)	1,717,385	+2636(+.15%)	1,714,749	1,644,930	1,699,126	1,629,868
Yield (MT/HA)	6.06	+.33%	6.04	5.76	5.89	5.67

Source: USDA PS&D

### 2024/2025 Corn Production



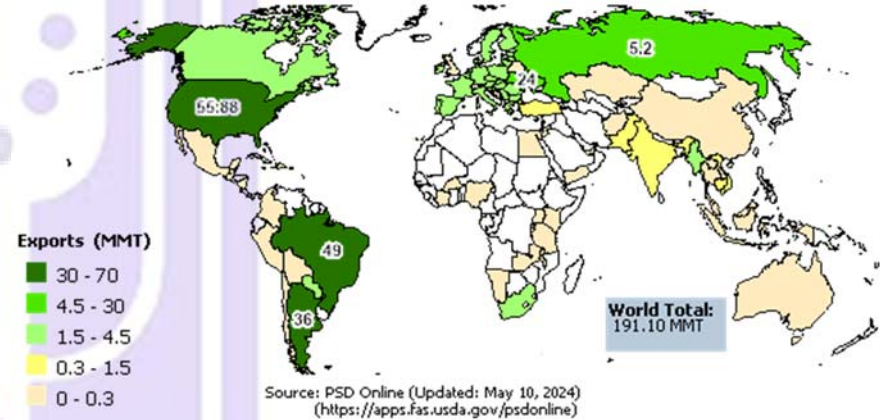
Source: USDA FAS <https://ipad.fas.usda.gov/ogamaps/map.aspx?comdty=Corn&attribute=Production>

10 May 2024 USDA WASDE – The USDA 2024/25 global corn production was forecast to decline from the prior year’s record to 1.220 bmts, with the largest declines for the United States, Ukraine, Zambia, Argentina, Malawi, Mozambique, and Turkey. Partly offsetting are larger crops projected for Brazil, the EU, China, South Africa, and Mexico. Lower area expectations drive a decline in corn production for Argentina, in contrast to Brazil where production is forecast higher on expanded area. Ukraine corn production is expected to be down on reductions to both area and

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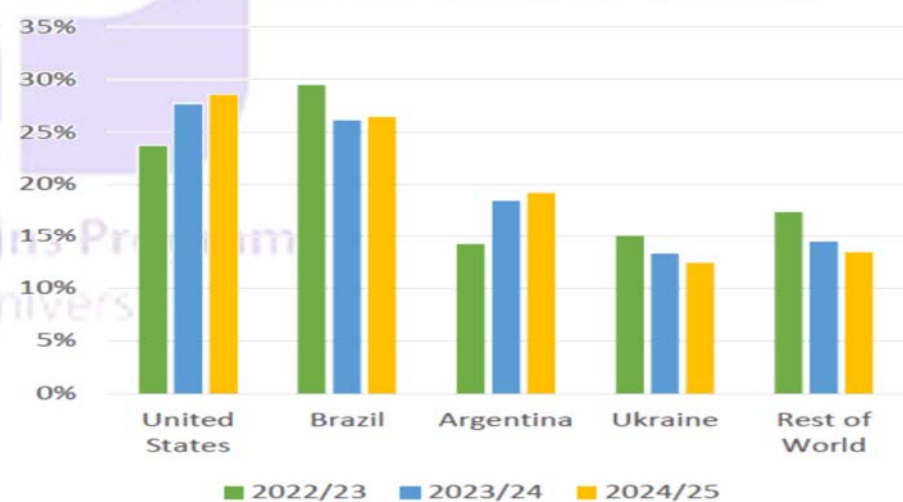
World corn use is expected to rise less than 1% to a record 1.221 bmts, with non-U.S. consumption increasing modestly. World corn imports are forecast to fall just under 1%, driven by declines for several countries, including the EU, Canada, Iraq, and Venezuela. Partly offsetting are increases for Mexico, Saudi Arabia, Vietnam, Egypt, and Iran.

### 2024/2025 Corn Exports



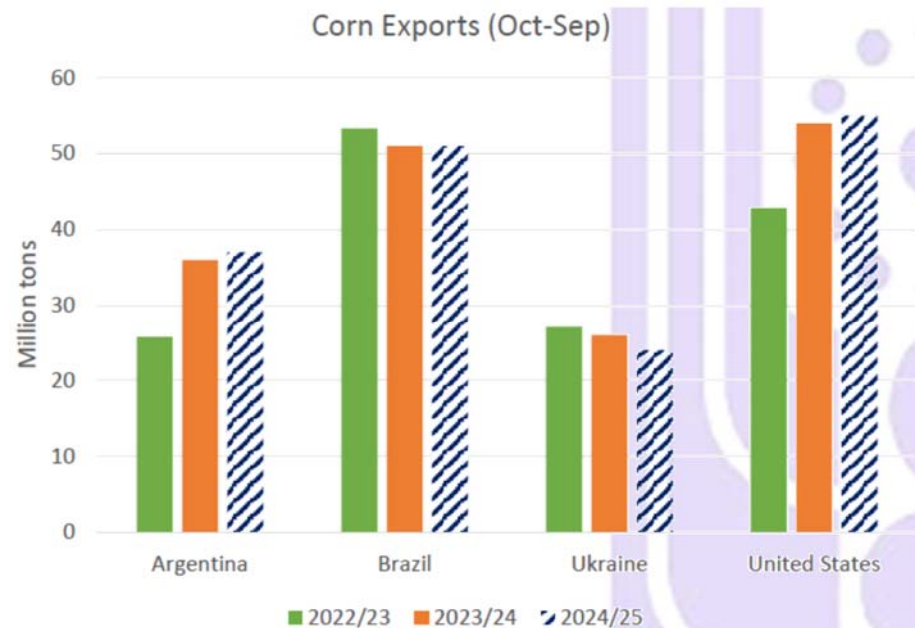
Source: USDA FAS <https://ipad.fas.usda.gov/ogamaps/map.aspx?comdty=Corn&attribute=Production>

### Share of Global Corn Exports (Oct-Sep)



Global trade is expected to contract on reduced exportable supplies from some exporters, but global consumption is forecast up with continued demand for animal feed.

10 My 2024 USDA FAS –



**U.S. corn** is up 1.0 mmts to 55.0 million on somewhat reduced global competition and the expectation of lower prices. U.S. corn has continued to compete with Brazilian and Ukrainian corn in China. However, if strong China-Brazil trade is realized again in 2024/25, U.S. corn will likely be able to maintain or increase market share in other parts of the world as it has this year. **Sorghum** is forecast up 100,000 tons to 6.3 million. Despite improved U.S. sorghum production, supplies from competitors Argentina and Australia are expected to be modestly higher.

**Brazil corn** is unchanged at 51.0 mmts. While domestic production is forecast to increase from 2023/24, beginning stocks for 2024/25 are expected to be much lower. Demand in the domestic market is also forecast to be stronger. In addition to modest growth in feed and residual use, FSI consumption is also revised higher on increased corn use for ethanol production.

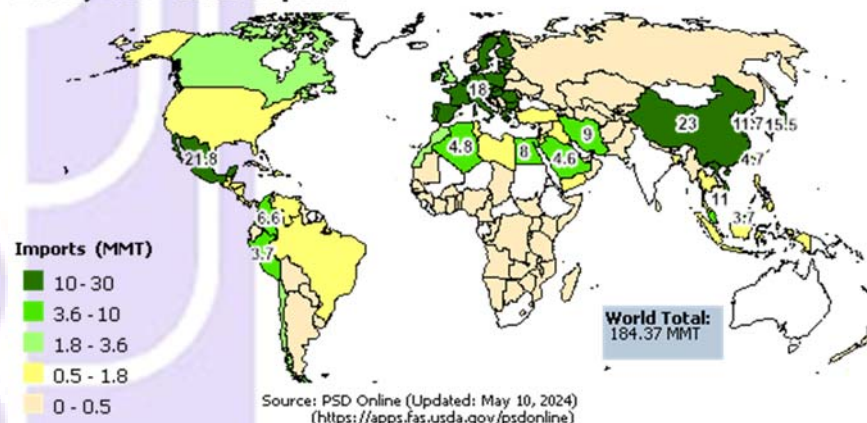
**Argentina corn** is forecast at 37.0 mmts, up 1.0 million from the revised 2023/24 forecast. After the withering drought of the 2022/23 marketing year, production in 2023/24 (Mar 2024 – Feb 2025) is forecast to recover and some of these supplies will be exported at the beginning of 2024/25 (Oct 2024 – Sep 2025). Production in 2024/25 is forecast to decline year over year on lower area as farmers are expected

to expand soybean area. **Barley and sorghum** exports are both forecast up modestly on higher production.

**Ukraine corn** is down 2.0 mmts from the revised 2023/24 estimate to 24.0 million. Production is forecast down on reduced area and yields, and large beginning stocks are expected to be drawn down. Establishment of Ukraine's own maritime export corridor has substantially improved its capacity to ship grain after Russia's withdrawal from the Black Sea Grain Initiative, which lasted from July 2022 to July 2023. Increased utilization of Ukraine's Black Sea ports is expected to allow access to a wider range of export destinations in 2024/25 as EU demand is likely to fall.

**India corn** is down 200,000 tons from the revised 2023/24 estimate to 600,000 tons under expectations of larger domestic consumption. Forecast growth in demand for domestic feed use will tighten exportable supplies. Lower global corn prices and relatively high domestic corn prices will further weaken incentives to export corn.

### 2024/2025 Corn Imports



Source: USDA FAS <https://ipad.fas.usda.gov/ogamaps/map.aspx?comdtty=Corn&attribute=Production>

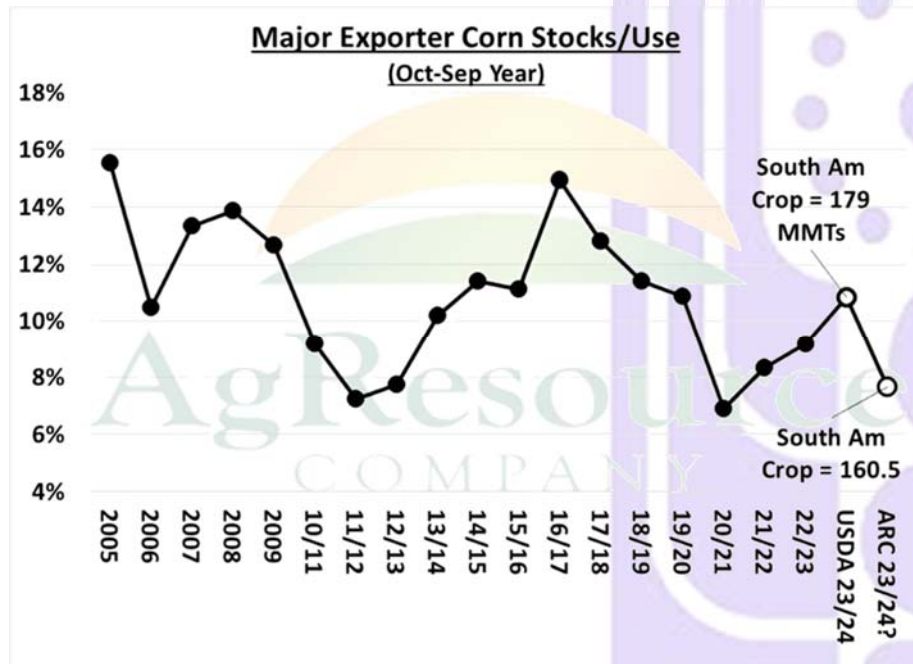
For China, total coarse grain imports for 2024/25 are forecast at 41.5 mmts, up marginally from a year ago. Despite lower internal market prices for energy feedstuffs, expectations are for China's prices to remain higher than the world market. Corn imports are projected unchanged at 23.0 mmts, barley imports are down 0.2 million to 10.0 million, and sorghum is up 0.5 million to 8.0 million.

Global corn ending stocks for 2024/25 are down 0.8 mmts to 312.3 million. Stocks in the major exporting countries of Argentina, Brazil, Russia, Ukraine, and the United States are projected down slightly, reflecting higher stocks in the United States mostly offset by declines for Brazil and Ukraine.



➤ **South American corn production shrouded in mystery**

8 May 2024 *Ag Resource* – Brazil in 2023 was the world’s largest exporter. In years of normal weather, Argentina and Brazil combine for 40% of global trade. This compares to just 30% in 2010 and has made the U.S.’s footprint smaller in the world market. Given prices are generally determined on the margin – which in the case of agricultural commodities is the export market – South American weather, yields and production are more important than weather and yields in the U.S.



Normally, the USDA and South American agencies (such as CONAB, Brazil’s USDA equivalent, and the major grain exchanges in Argentina) are aligned in their respective South American production estimates during the spring months. This is very much not the case this year. In fact, production estimate discrepancies have only gotten wider, and whether the world’s corn surplus expands or contracts in 2024 is unknown today.

USDA projects Brazilian corn production at 124 mmts. CONAB in Brazil estimates Brazilian corn production at 111 mmts. USDA projects corn production in Argentina at 55 mmts. The Buenos Aires Grain Exchange estimate Argentine corn production at 49.5 mmts. This combined 18.5 million ton spread is the difference between an adequately supplied global corn market and one that’s rather tight. USDA numbers imply major exporter corn stocks as percent of consumption – the primary driver of price – at a large 10.8%. South American agency numbers imply major exporter corn stocks at a very tight 7.7%.

➤ **USDA – U.S. Argentina Supply & Demand Outlook**

Attribute	Corn Argentina as of May 2024					
	24/25 May'24	Change	23/24 May'24	22/23	21/22	20/21
Area Harvested (1000 HA)	6,400	-600(-8.57%)	7,000	6,750	7,440	6,940
Beginning Stocks (1000 MT)	1,539	+215(+16.24%)	1,324	4,748	3,132	5,869
Production (1000 MT)	51,000	-2000(-3.77%)	53,000	36,000	52,000	55,000
MY Imports (1000 MT)	5	-10(-66.67%)	15	16	8	5
TY Imports (1000 MT)	5	-10(-66.67%)	15	10	6	5
TY Imp. from U.S. (1000 MT)	0	-	0	8	4	2
Total Supply (1000 MT)	52,544	-1795(-3.3%)	54,339	40,764	55,140	60,874
MY Exports (1000 MT)	36,000	-2000(-5.26%)	38,000	25,240	34,692	40,942
TY Exports (1000 MT)	37,000	+1000(+2.78%)	36,000	25,740	38,853	36,544
Feed and Residual (1000 MT)	10,300	-100(-.96%)	10,400	10,000	11,500	12,700
FSI Consumption (1000 MT)	4,500	+100(+2.27%)	4,400	4,200	4,200	4,100
Total Consumption (1000 MT)	14,800	-	14,800	14,200	15,700	16,800
Ending Stocks (1000 MT)	1,744	+205(+13.32%)	1,539	1,324	4,748	3,132
Total Distribution (1000 MT)	52,544	-1795(-3.3%)	54,339	40,764	55,140	60,874
Yield (MT/HA)	7.97	+(+5.28%)	7.57	5.33	6.99	7.93

Source: USDA PS&D

10 May 2024 *USDA FAS* – Argentina Corn: Production for MY 2023/24 is Down Due to Widespread Insect Infestation

Argentina corn production for marketing year (MY) 2023/24 is estimated at 53.0 mmts, down 4% from last month, but up 47% from the previous year (MY 2022/23). Yield is estimated at 7.57 mts/hectare, down 4% from last month, but up 42% from last year. Harvested area is estimated at 7.0 mha, unchanged from last month, but up 4% from last year.

Planting occurs from late September until early February, but there are two distinct periods; early planted corn that occurs from late September until early December and late-planted corn that occurs from early December until early February.

This month, Bolsa de Cereales Buenos Aires increased their corn planted area forecast to 7.6 mha and USDA expects abandonment this year to be above average due to an infestation of the corn leafhopper insect. The leafhoppers transmit bacteria, which impacts the development of the corn kernels. Industry contacts report partially developed corn cobs with very light weight and of poor quality.

Harvest has begun and is 22% complete as of early May, and this portion of the harvest mostly reflects the early-planted corn, which was not as impacted by the insects. The full impact of leafhopper damage will be realized once harvest progresses to the late-planted corn areas.

(For more information, please contact [Katie.McGaughey@usda.gov](mailto:Katie.McGaughey@usda.gov).)



➤ **USDA – U.S. Brazil Supply & Demand Outlook**

Corn Brazil as of May 2024						
Attribute	24/25 May'24	Change	23/24 May'24	22/23	21/22	20/21
Area Harvested (1000 HA)	22,300	+800(+3.72%)	21,500	22,400	21,800	19,900
Beginning Stocks (1000 MT)	3,841	-6200(-61.75%)	10,041	3,971	4,653	6,328
Production (1000 MT)	127,000	+5000(+4.1%)	122,000	137,000	116,000	87,000
MY Imports (1000 MT)	1,500	+200(+15.38%)	1,300	1,333	2,596	2,848
TY Imports (1000 MT)	1,400	-100(-6.67%)	1,500	1,684	3,316	2,281
TY Imp. from U.S. (1000 MT)	0	-	0	0	1	1
Total Supply (1000 MT)	132,341	-1000(-.75%)	133,341	142,304	123,249	96,176
MY Exports (1000 MT)	49,000	-1000(-2%)	50,000	54,263	48,278	21,023
TY Exports (1000 MT)	51,000	-	51,000	53,285	31,921	27,492
Feed and Residual (1000 MT)	64,000	+1000(+1.59%)	63,000	61,500	59,000	59,000
FSI Consumption (1000 MT)	16,500	-	16,500	16,500	12,000	11,500
Total Consumption (1000 MT)	80,500	+1000(+1.26%)	79,500	78,000	71,000	70,500
Ending Stocks (1000 MT)	2,841	-1000(-26.03%)	3,841	10,041	3,971	4,653
Total Distribution (1000 MT)	132,341	-1000(-.75%)	133,341	142,304	123,249	96,176
Yield (MT/HA)	5.70	+(+.53%)	5.67	6.12	5.32	4.37

Source: USDA PS&D

**Brazil Production Prospects Reduced from Lower Safrinha Crop Area**

10 May 2024 USDA FAS – Brazil corn production for marketing year (MY) 2023/24 is estimated at 122.0 mmts, down 2.0 mmts (2%) from last month, and down 15.0 mmts (11%) from the previous year's (MY 2022/23) record crop.



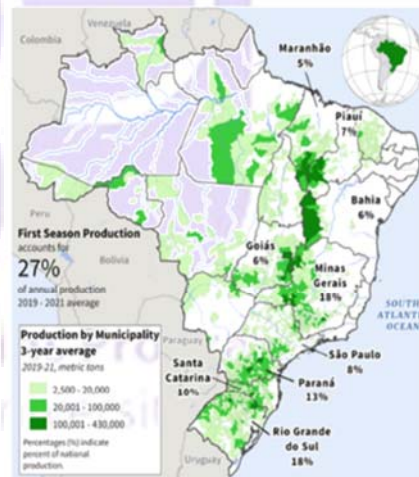
Harvested area is estimated at 21.5 mha, down 0.4 mha (2%) from last month and down 0.9 mha (4%) from the previous year's record area.

**Brazil Corn Yield**

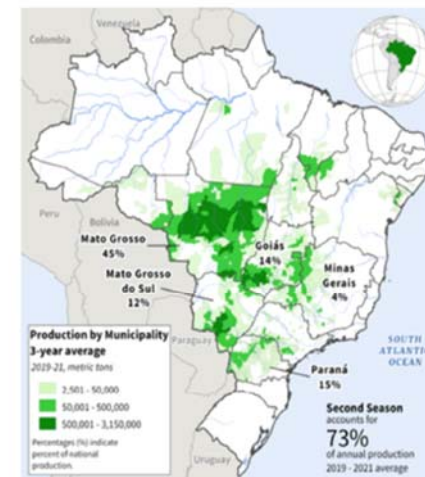


Yield is estimated at 5.67 mts/hectare, down 7% from the previous year's record yield, but up 4% from the 5-year average yield.

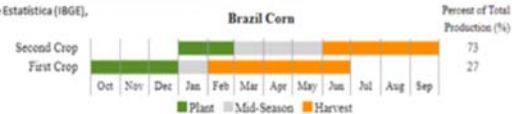
**Brazil: First Season Corn Production**



**Brazil: Second Season Corn Production**



Source: Instituto Brasileiro de Geografia e Estatística (IBGE), Produção Agrícola Municipal (PAM)



According to Brazil's Companhia Nacional de Abastecimento (CONAB) April report, area planted to second-season (safrinha) corn is down 1.4 mha (8%) compared to the previous year.

Harvest for the first-season crop (19% of total production) is slightly behind last year's pace of 68%, and first-season yields are slightly below the 5-year average as reported by CONAB in April.

Planting is complete for the safrinha crop (78% of total production), and safrinha yields are reported to be near average for the major producing safrinha states of Mato Grosso (45% of safrinha production), Goiás (14%), and Paraná (15%).

The second-season harvest will begin in May for the top-producing Mato Grosso and Paraná states, and the peak safrinha harvest period ranges from June to August.

(For more information, please contact Curt.Reynolds@usda.gov.)

### ➤ **USDA – U.S. Corn Supply & Demand Outlook**

Corn United States as of May 2024						
Attribute	24/25 May'24	Change	23/24 May'24	22/23	21/22	20/21
Area Harvested (1000 HA)	33,225	-1786(-5.1%)	35,011	31,851	34,394	33,252
Beginning Stocks (1000 MT)	51,356	+16805(+48.64%)	34,551	34,975	31,358	50,913
Production (1000 MT)	377,461	-12233(-3.14%)	389,694	346,739	381,469	357,819
MY Imports (1000 MT)	635	-	635	983	615	616
TY Imports (1000 MT)	650	+50(+8.33%)	600	1,022	607	629
TY Imp. from U.S. (1000 MT)	0	-	0	0	0	0
Total Supply (1000 MT)	429,452	+4572(+1.08%)	424,880	382,697	413,442	409,348
MY Exports (1000 MT)	55,883	+1270(+2.33%)	54,613	42,195	62,802	69,775
TY Exports (1000 MT)	55,000	+1000(+1.85%)	54,000	42,833	62,978	68,293
Feed and Residual (1000 MT)	146,057	+1270(+0.88%)	144,787	139,362	144,038	143,959
FSI Consumption (1000 MT)	174,124	-	174,124	166,589	171,627	164,256
Total Consumption (1000 MT)	320,181	+1270(+0.4%)	318,911	305,951	315,665	308,215
Ending Stocks (1000 MT)	53,388	+2032(+3.96%)	51,356	34,551	34,975	31,358
Total Distribution (1000 MT)	429,452	+4572(+1.08%)	424,880	382,697	413,442	409,348
Yield (MT/HA)	11.36	+(+2.07%)	11.13	10.89	11.09	10.76

Source: USDA PS&D

10 May 2024 USDA WASDE – The 2024/25 U.S. corn outlook is for larger supplies, greater domestic use and exports, and higher ending stocks.

The corn crop is projected at 14.9 bbush, down 3% from last year's record as a decline in area is partially offset by an increase in yield. The yield projection of 181.0 bushels per acre is based on a weather-adjusted trend assuming normal planting progress and summer growing season weather, estimated using the 1988-2023 time period. With higher beginning stocks, total corn supplies are forecast at 16.9 bbush, the highest since 2017/18.

Total U.S. corn use for 2024/25 is forecast to rise just under 1% relative to a year ago on higher domestic use and exports. Food, seed, and industrial use is forecast at 6.9 bbush. Corn used for ethanol is unchanged relative to a year ago, based on expectations of essentially flat motor gasoline consumption. Feed and residual use is projected higher on larger supplies and lower expected prices.

U.S. corn exports for 2024/25 are forecast to rise 50 mbush to 2.2 bbush, supported by a combined 5.4 mmts reduction in exports for Argentina, Brazil, Russia, and Ukraine.

The United States is projected to be the world's largest exporter for the second consecutive year, with an expected increase in global market share.

With total U.S. corn supply rising more than use, 2024/25 ending stocks are up 80 mbush from last year and, if realized, would be the highest in absolute terms since 2018/19. Stocks would represent 14.2% of use, up from 13.7% the prior year and the highest since 2019/20.

The USDA season-average farm price is projected at \$4.40 per bushel, down 25 cents from 2023/24.

### ➤ **Global Corn Prices**

10 May 2024 USDA FAS – Since the April WASDE, export bids for all major exporters rose.



Export bids (fob, US\$ per ton)	7-May-24	8-Apr-24	8-May-23	% change, '23 - '24
Argentina, Up River	204	190	256	-21%
Brazil, Paranaguá	215	199	247	-13%
Ukraine	187	177	225	-17%
U.S. #3 Yellow Corn, Gulf	204	193	274	-26%

Argentine bids were up \$14/mt to \$204 as pest pressures cut the production forecast on reduced yields.

Brazilian bids were up \$16/mt to \$215 as expectations for Brazil's safrinha harvest are reassessed amidst reductions in harvested area.

U.S. bids were also up \$11/mt to \$204 on strong export sales data and U.S. planting weather uncertainty. Ukrainian bids were up \$10/mt to \$187 on strong demand from the prior month, edging prices higher. Ukrainian bids remain the most competitive of the four major exporters.

➤ **CME CBOT Corn Futures – Nearby Daily**



Source: <https://www.barchart.com/futures/quotes/ZCZ22/interactive-chart>

**CBOT July 2024 Corn Futures** settled on Friday at \$4.69/bu, up 13½ cents on the day, and up 9½ cents for the week. New crop Dec24 corn closed at \$4.92, up 12 cents. Futures closed out the day near the highs, following the release of some bull friendly USDA data.

The C/U spread was in quarter-cent to -10'2 and C/U/Z in a penny to -12.

In the Friday afternoon Commitment of Traders report, CFTC data showed spec funds in corn futures and options slashing 115,527 contracts from their net short position as of May 7th. That took their once large net short position to just 102,513 contracts as of Tuesday, more than 238,000 contracts from their peak back in February. Commercials increased their net short position to 162,635 contracts, with shorts up 106,824 contracts, implying a sharp increase in producer selling.

Friday's USDA WASDE report showed the old crop US stocks dropping 100 mbus to 2.022 bbus on increase to exports and ethanol use. The new crop balance sheet saw an expected building of the carryout, with the 24/25 ending stocks at 2.102 bbus, though it was 180 mbus below estimates. As expected, production was taken via the March Intentions report for acreage (90 million acres), with trend-line yield estimated at 181 bus/acre. That took the total projected production to 14.86 bbus vs. the 14.869 bbus estimate.

Overall world production was barely changed (1,228.1 vs 1,227.9 mmts), but world corn stocks were penciled 5.2 mmts lower (~200 mbus). The USDA lowered its Brazil corn crop estimate 2 to 122 mmts; exports down by a like amount to 50.0. Note USDA May-Conab April export forecasts are 50 and 31 mmts. The USDA cut the Argentine crop by 2 while slashing exports by 4. A partial offset in world trade was a 1.5 mmts boost to Ukraine's forecast. The net of the above would appear to reduce foreign exports by 4.5 mmts/177 mbus; yet, the USDA only went up 50 mbus on its U.S. forecast as foreign imports were reduced 71 million.

NASS reported corn grind for ethanol production was reported at 468.8 mbus, above the high end of the trade estimate. Grind for Sep-Mar stands at 3,187 mbus, 59% (vs. 59% avg.) of the projected 5,400 mbus for the season.

China's CASDE took their 2024/25 import projection to 13 mmts, which is a drop of 6.5 mmts from the 2023/24 projection. Much of that is offset due to increased production, as the country has recently approved several GMO varieties. USDA pegged the country's import total at 23 mmts in Friday's WASDE report.

➤ **U.S. Export Corn Values – Friday the 10<sup>th</sup> of May 2024**

**Corn CIF NOLA US Gulf Barge Quotes vs CBOT Futures**, in cents per bushel. Changes are from Midday Gulf barge basis report. (U.S. No. 2, 14.5% moisture)  
Source: USDA

CIF CORN	5/9/2024	5/10/2024	Del. Mo.	
MAY	42 / 45	43 / 44	N	
LH MAY	57 /	/	K	
JUN	43 / 46	43 / 46	N	UNC
JUL	46 / 49	46 / 50	N	
AUG	40 / 45	40 / 45	U	UNC
SEP	50 / 55	50 / 55	U	UNC
OCT	54 / 57	54 / 58	Z	
DEC	55 / 61	54 / 58	Z	
OND	52 / 57	/	Z	
NOV/DEC	55 / 61	/	Z	

**BRAZIL FOB CORN @ PORT PARANAGUA**

	5/9/2024	5/10/2024	
JUL	45 / 58	35 / 55	N
AUG	35 / 42	45 / 50	N
SEP	35 / 45	35 / 43	N
OCT	36 / 45	38 / 40	U
NOV	41 / 50	43 / 47	U



With fewer corn bushels to go around, hearing some US domestic processors paying pushes for rail coverage equivalent of mid 30's over CN. July cash still 9 cents below DVE on IWDS, and with the spread covering interest-plus, bias would be it works wider.

Expected upcoming wet pattern across corn belt and uneasiness with pace of planting, the bulled-up farmer still controls enough of the crop to warrant some caution when aggressively shorting the basis as elevators by and large are beginning to work out summer logistics and pre-harvest space preparations.

On Tuesday the 14<sup>th</sup> of May, Brazil's equivalent of the USDA has increased its expectations corn production slightly. CONAB says the month to month increases in both corn and soybeans followed upward revisions to planted area totals, but production for both crops will be below a year ago because of widespread weather issues faced throughout planting, development, and harvest.

This round of numbers does not include the recent flood damage to soybeans in southern Brazil or the full impact of hot, dry weather on second crop corn in central and northern Brazil.

Brazil's combined corn crop of 111.636 mmts, both below the USDA's most recent projections and up 0.6% from April, but potentially down 4.5% and 15.4%, respectively, from last year.

First crop corn is pegged at 23.49 mmts, with the second crop of 86.155 mmts and a third crop of 1.991 mmts.

The USDA's next round of global production estimates is out June 12<sup>th</sup>, with CONAB's updated outlook for Brazil on the 13<sup>th</sup>.

### ➤ US Counters Mexican Arguments on GE Corn Ban

10 May 2024 - Mexico's attempt to justify its ban on imports of genetically engineered U.S. corn are not accompanied by scientific backing, the United States said in a sharply worded rebuttal filed in its ongoing trade dispute, reports *Agri-Pulse*.

"Mexico has put forward no coherent theory or rationale for why GE corn would be unsafe in the face of science-based safety assessments performed by competent authorities using an internationally accepted approach," [the U.S. says in its rebuttal](#), posted online April 30 by the Secretariat of the U,S,-Mexico-Canada Agreement.

"Mexico has endeavored to cobble together 'scientific' support that only reinforces that Mexico's Tortilla Corn Ban and Substitution Instruction are not, and never have been, based on science- or risk-based principles and contradict the international standards, guidelines, and recommendations relevant to human, animal, and plant life and health," the U.S. says.

The dispute panel is scheduled to complete its final report June 20, with a public report available July 5<sup>th</sup>.

## BARLEY

### ➤ World Barley Supply & Demand Outlook

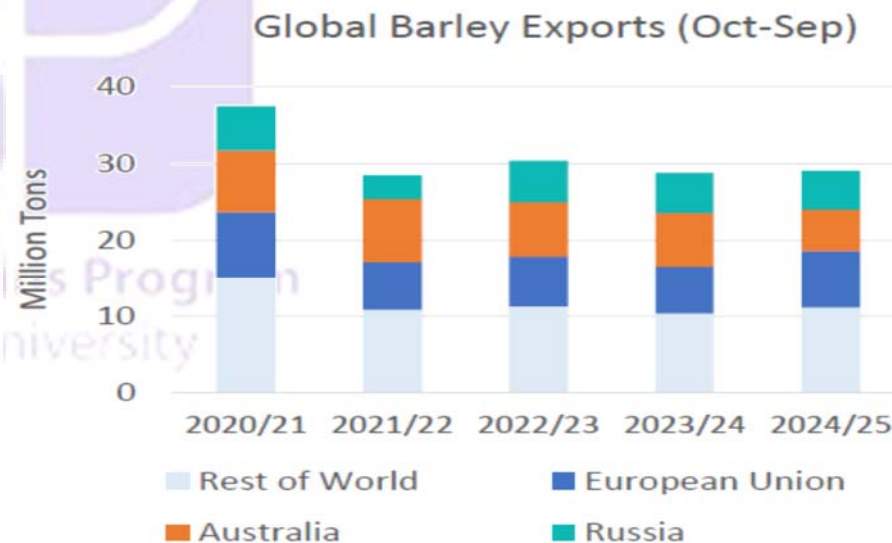
Attribute	Barley World as of May 2024					
	24/25 May'24	Change	23/24 May'24	22/23	21/22	20/21
Area Harvested (1000 HA)	47,516	+753(+1.61%)	46,763	47,075	49,513	52,442
Beginning Stocks (1000 MT)	18,624	-2123(-10.23%)	20,747	18,538	21,387	21,921
Production (1000 MT)	149,910	+7800(+5.49%)	142,110	150,731	145,172	161,445
MY Imports (1000 MT)	28,963	+814(+2.89%)	28,149	30,331	29,958	36,145
TY Imports (1000 MT)	28,311	+320(+1.14%)	27,991	28,877	29,281	36,708
TY Imp. from U.S. (1000 MT)	0	-	0	56	67	346
Total Supply (1000 MT)	197,497	+6491(+3.4%)	191,006	199,600	196,517	219,511
MY Exports (1000 MT)	28,691	-252(-.87%)	28,943	30,549	32,342	36,280
TY Exports (1000 MT)	29,079	+259(+.9%)	28,820	30,384	28,489	37,370
Feed and Residual (1000 MT)	103,942	+6586(+6.76%)	97,356	102,967	99,925	116,048
FSI Consumption (1000 MT)	46,328	+245(+.53%)	46,083	45,337	45,712	45,796
Total Consumption (1000 MT)	150,270	+6831(+4.76%)	143,439	148,304	145,637	161,844
Ending Stocks (1000 MT)	18,536	-88(-.47%)	18,624	20,747	18,538	21,387
Total Distribution (1000 MT)	197,497	+6491(+3.4%)	191,006	199,600	196,517	219,511
Yield (MT/HA)	3.15	+(+3.62%)	3.04	3.20	2.93	3.08

Source: USDA PS&D

10 May 2024 USDA FAS – The USDA global barley outlook is for higher production, consumption, and trade.

Production is forecast higher as larger crops in the European Union, Iraq, Canada, and Syria offset smaller crops in Ukraine, Russia, Turkey, Morocco, and the United States.

Global consumption is forecast larger than the 2023/24 estimate, with greater consumption expected for both feed and FSI use.



Global trade is up, as larger exports in the European Union, Argentina, and Kazakhstan outweigh a cut to Australia.

With global production nearly equaling global consumption, global ending stocks are projected to be virtually flat by the end of 2024/25.

### ➤ Australia Barley Supply & Demand Outlook

Barley Australia as of May 2024						
Attribute	24/25 May'24	Change	23/24 May'24	22/23	21/22	20/21
Area Harvested (1000 HA)	4,400	+200(+4.76%)	4,200	4,127	5,095	5,491
Beginning Stocks (1000 MT)	1,320	-1900(-59.01%)	3,220	2,848	2,518	2,711
Production (1000 MT)	10,900	+100(+.93%)	10,800	14,137	14,337	14,649
MY Imports (1000 MT)	0	-	0	0	0	0
TY Imports (1000 MT)	0	-	0	0	0	0
TY Imp. from U.S. (1000 MT)	0	-	0	0	0	0
Total Supply (1000 MT)	12,220	-1800(-12.84%)	14,020	16,985	16,855	17,360
MY Exports (1000 MT)	5,000	-1700(-25.37%)	6,700	7,765	8,007	8,342
TY Exports (1000 MT)	5,400	-1600(-22.86%)	7,000	7,084	8,233	8,007
Feed and Residual (1000 MT)	4,500	-	4,500	4,500	4,500	5,000
FSI Consumption (1000 MT)	1,500	-	1,500	1,500	1,500	1,500
Total Consumption (1000 MT)	6,000	-	6,000	6,000	6,000	6,500
Ending Stocks (1000 MT)	1,220	-100(-7.58%)	1,320	3,220	2,848	2,518
Total Distribution (1000 MT)	12,220	-1800(-12.84%)	14,020	16,985	16,855	17,360
Yield (MT/HA)	2.48	(-3.5%)	2.57	3.43	2.81	2.67

Source: USDA PS&D

**Australia barley** is down 1.6 mmts from the revised 2023/24 estimate to 5.4 million on lower exportable supplies. Australia barley has seen strong import demand from East Asia, particularly China, as an affordable feed grain. However, tightening stocks after high 2023/24 demand and below 5-year average production will likely limit Australia's barley exports.

### ➤ Canada Barley Supply & Demand Outlook

Barley Canada as of May 2024						
Attribute	24/25 May'24	Change	23/24 May'24	22/23	21/22	20/21
Area Harvested (1000 HA)	2,600	-99(-3.67%)	2,699	2,636	3,011	2,809
Beginning Stocks (1000 MT)	885	+176(+24.82%)	709	543	711	957
Production (1000 MT)	9,600	+704(+7.91%)	8,896	9,987	6,984	10,741
MY Imports (1000 MT)	70	-10(-12.5%)	80	26	228	294
TY Imports (1000 MT)	70	-10(-12.5%)	80	36	204	301
TY Imp. from U.S. (1000 MT)	0	-	0	39	47	299
Total Supply (1000 MT)	10,555	+870(+8.98%)	9,685	10,556	7,923	11,992
MY Exports (1000 MT)	2,400	+100(+4.35%)	2,300	3,148	1,981	3,534
TY Exports (1000 MT)	2,400	+100(+4.35%)	2,300	2,899	1,973	3,520
Feed and Residual (1000 MT)	6,100	+900(+17.31%)	5,200	5,558	4,178	6,416
FSI Consumption (1000 MT)	1,300	-	1,300	1,141	1,221	1,331
Total Consumption (1000 MT)	7,400	+900(+13.85%)	6,500	6,699	5,399	7,747
Ending Stocks (1000 MT)	755	-130(-14.69%)	885	709	543	711
Total Distribution (1000 MT)	10,555	+870(+8.98%)	9,685	10,556	7,923	11,992
Yield (MT/HA)	3.69	(+11.82%)	3.30	3.79	2.32	3.82

Source: USDA PS&D

### ➤ EU-25 Barley Supply & Demand Outlook

Barley European Union as of May 2024						
Attribute	24/25 May'24	Change	23/24 May'24	22/23	21/22	20/21
Area Harvested (1000 HA)	10,500	+200(+1.94%)	10,300	10,311	10,270	11,050
Beginning Stocks (1000 MT)	5,047	-650(-11.41%)	5,697	5,287	5,011	5,205
Production (1000 MT)	54,500	+6800(+14.26%)	47,700	51,800	52,065	54,235
MY Imports (1000 MT)	1,300	-500(-27.78%)	1,800	1,976	993	1,220
TY Imports (1000 MT)	1,300	-400(-23.53%)	1,700	2,157	1,237	1,150
TY Imp. from U.S. (1000 MT)	0	-	0	0	0	0
Total Supply (1000 MT)	60,847	+5650(+10.24%)	55,197	59,063	58,069	60,660
MY Exports (1000 MT)	7,500	+1500(+25%)	6,000	6,666	7,332	7,399
TY Exports (1000 MT)	7,500	+1300(+20.97%)	6,200	6,614	6,355	8,559
Feed and Residual (1000 MT)	34,200	+3200(+10.32%)	31,000	33,800	32,800	35,700
FSI Consumption (1000 MT)	13,200	+50(+3.8%)	13,150	12,900	12,650	12,550
Total Consumption (1000 MT)	47,400	+3250(+7.36%)	44,150	46,700	45,450	48,250
Ending Stocks (1000 MT)	5,947	+900(+17.83%)	5,047	5,697	5,287	5,011
Total Distribution (1000 MT)	60,847	+5650(+10.24%)	55,197	59,063	58,069	60,660
Yield (MT/HA)	5.19	+1(+12.1%)	4.63	5.02	5.07	4.91

Source: USDA PS&D

**European Union barley** is forecast up 1.3 mmts to 7.5 million. Barley production is forecast to increase nearly 7.0 mmts from the previous year. With Australia forecast for tighter exportable supplies, EU barley is expected to fill some of that gap.

### ➤ U.S. Barley Supply & Demand Outlook

Barley United States as of May 2024						
Attribute	24/25 May'24	Change	23/24 May'24	22/23	21/22	20/21
Area Harvested (1000 HA)	850	-184(-17.79%)	1,034	981	807	896
Beginning Stocks (1000 MT)	1,652	+219(+15.28%)	1,433	809	1,555	1,856
Production (1000 MT)	3,505	-524(-13.01%)	4,029	3,787	2,626	3,717
MY Imports (1000 MT)	305	-	305	513	320	142
TY Imports (1000 MT)	300	-	300	461	458	137
TY Imp. from U.S. (1000 MT)	0	-	0	0	0	0
Total Supply (1000 MT)	5,462	-305(-5.29%)	5,767	5,109	4,501	5,715
MY Exports (1000 MT)	65	-22(-25.29%)	87	46	160	300
TY Exports (1000 MT)	75	-	75	57	70	349
Feed and Residual (1000 MT)	1,089	-217(-16.62%)	1,306	756	495	667
FSI Consumption (1000 MT)	2,613	-109(-4%)	2,722	2,874	3,037	3,193
Total Consumption (1000 MT)	3,702	-326(-8.09%)	4,028	3,630	3,532	3,860
Ending Stocks (1000 MT)	1,695	+43(+2.6%)	1,652	1,433	809	1,555
Total Distribution (1000 MT)	5,462	-305(-5.29%)	5,767	5,109	4,501	5,715
Yield (MT/HA)	4.12	+(+5.64%)	3.90	3.86	3.25	4.15

Source: USDA PS&D

## GRAIN SORGHUM

### ➤ World Grain Sorghum Supply & Demand Outlook

Sorghum World as of May 2024						
Attribute	24/25 May'24	Change	23/24 May'24	22/23	21/22	20/21
Area Harvested (1000 HA)	41,832	+1677(+4.18%)	40,155	40,642	41,002	43,204
Beginning Stocks (1000 MT)	3,358	-432(-11.4%)	3,790	4,161	3,968	3,718
Production (1000 MT)	63,643	+5620(+9.69%)	58,023	57,609	61,354	62,788
MY Imports (1000 MT)	9,028	+359(+4.14%)	8,669	6,104	12,551	9,930
TY Imports (1000 MT)	9,028	+359(+4.14%)	8,669	6,063	12,529	9,968
TY Imp. from U.S. (1000 MT)	0	-	0	2,868	7,329	6,882
Total Supply (1000 MT)	76,029	+5547(+7.87%)	70,482	67,874	77,873	76,436
MY Exports (1000 MT)	10,242	+860(+9.17%)	9,382	6,206	11,759	11,430
TY Exports (1000 MT)	9,738	+669(+7.38%)	9,069	6,780	11,813	10,558
Feed and Residual (1000 MT)	25,176	+1482(+6.25%)	23,694	20,862	26,516	24,182
FSI Consumption (1000 MT)	36,507	+2459(+7.22%)	34,048	37,016	35,437	36,856
Total Consumption (1000 MT)	61,683	+3941(+6.83%)	57,742	57,878	61,953	61,038
Ending Stocks (1000 MT)	4,104	+746(+22.22%)	3,358	3,790	4,161	3,968
Total Distribution (1000 MT)	76,029	+5547(+7.87%)	70,482	67,874	77,873	76,436
Yield (MT/HA)	1.52	+(-5.56%)	1.44	1.42	1.50	1.45

Source: USDA PS&D

10 May 2024 USDA FAS – The USDA global sorghum outlook is for higher production, consumption, trade, and ending stocks.

Production is forecast up as larger crops in Nigeria, Argentina, the United States, and Australia more than offset cuts in India, Senegal, and Zimbabwe.

Global consumption is forecast higher on growing feed use in the United States, China, and Brazil and a surge in FSI use in Nigeria as well as Sudan.



Global sorghum trade is forecast to grow on stronger exports from Australia and the United States.

China imports are projected to account for over 80% of global imports in 2024/25.

Ending stocks are projected higher as growth in production outpaces increases in consumption.

### ➤ USDA – U.S. Grain Sorghum

Sorghum United States as of May 2024						
Attribute	24/25 May'24	Change	23/24 May'24	22/23	21/22	20/21
Area Harvested (1000 HA)	2,266	-209(-8.44%)	2,475	1,849	2,626	2,062
Beginning Stocks (1000 MT)	560	-56(-9.09%)	616	1,201	516	764
Production (1000 MT)	9,856	+1785(+22.12%)	8,071	4,770	11,375	9,474
MY Imports (1000 MT)	0	-1(-100%)	1	0	0	1
TY Imports (1000 MT)	0	-1(-100%)	1	0	0	1
TY Imp. from U.S. (1000 MT)	0	-	0	0	0	0
Total Supply (1000 MT)	10,416	+1728(+19.89%)	8,688	5,971	11,891	10,239
MY Exports (1000 MT)	6,604	+381(+6.12%)	6,223	2,771	7,515	7,085
TY Exports (1000 MT)	6,300	+100(+1.61%)	6,200	2,965	7,387	6,926
Feed and Residual (1000 MT)	1,778	+508(+40%)	1,270	1,078	2,031	2,465
FSI Consumption (1000 MT)	1,144	+509(+80.16%)	635	1,506	1,144	173
Total Consumption (1000 MT)	2,922	+1017(+53.39%)	1,905	2,584	3,175	2,638
Ending Stocks (1000 MT)	890	+330(+58.93%)	560	616	1,201	516
Total Distribution (1000 MT)	10,416	+1728(+19.89%)	8,688	5,971	11,891	10,239
Yield (MT/HA)	4.35	+1(+33.44%)	3.26	2.58	4.33	4.59

Source: USDA PS&D

### ➤ U.S. Export Grain Sorghum Values – Friday the 10<sup>th</sup> of May 2024

Grain Sorghum Basis, FOB Texas Gulf Vessel Quotes vs CBOT Corn Futures, in cents per bushel. Changes are from midday basis report. Source: USDA

TX FOB VESSEL MILO (USc/MT)	5/9/2024	5/10/2024	
May	200	180	N
June	195	180	N
July	195	180	N

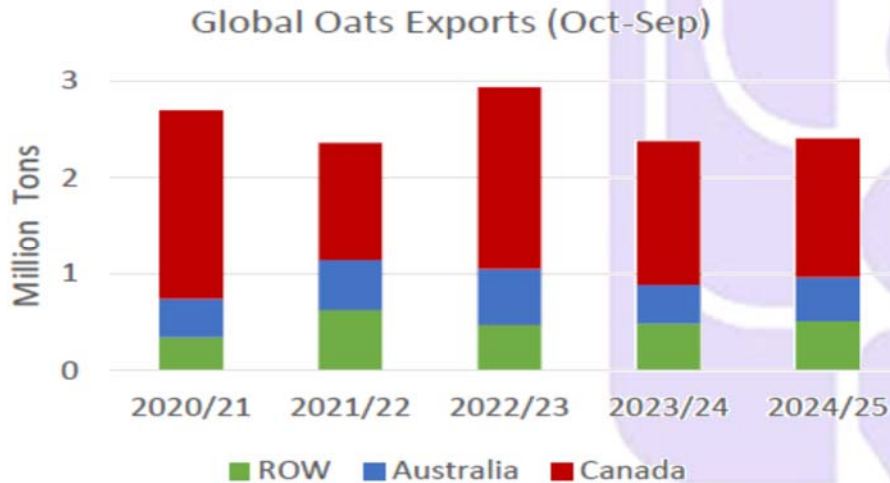


# OATS

## World Oats Supply & Demand Outlook

Oats World as of May 2024						
Attribute	24/25 May'24	Change	23/24 May'24	22/23	21/22	20/21
Area Harvested (1000 HA)	8,855	+503(+6.02%)	8,352	9,358	9,626	10,071
Beginning Stocks (1000 MT)	2,179	-1396(-39.05%)	3,575	2,454	3,027	2,241
Production (1000 MT)	22,248	+3019(+15.7%)	19,229	25,310	22,642	25,796
MY Imports (1000 MT)	2,387	-4(-.17%)	2,391	2,767	2,405	2,528
TY Imports (1000 MT)	2,342	+48(+2.09%)	2,294	2,855	2,337	2,615
TY Imp. from U.S. (1000 MT)	0	-	0	22	25	42
Total Supply (1000 MT)	26,814	+1619(+6.43%)	25,195	30,531	28,074	30,565
MY Exports (1000 MT)	2,413	+43(+1.81%)	2,370	2,753	2,517	2,766
TY Exports (1000 MT)	2,414	+28(+1.17%)	2,386	2,938	2,364	2,698
Feed and Residual (1000 MT)	14,300	+1240(+9.49%)	13,060	16,422	15,340	17,085
FSI Consumption (1000 MT)	7,900	+314(+4.14%)	7,586	7,781	7,763	7,687
Total Consumption (1000 MT)	22,200	+1554(+7.53%)	20,646	24,203	23,103	24,772
Ending Stocks (1000 MT)	2,201	+22(+1.01%)	2,179	3,575	2,454	3,027
Total Distribution (1000 MT)	26,814	+1619(+6.43%)	25,195	30,531	28,074	30,565
Yield (MT/HA)	2.51	+(+9.13%)	2.30	2.70	2.35	2.56

Source: USDA PS&D



10 May 2024 USDA FAS – The USDA global oats production is projected higher primarily on raised production in Canada and the European Union.

Global rye production is modestly up on a larger Russian crop.

Global consumption is forecast up for oats and essentially unchanged for rye.

Global oats trade is also essentially unchanged, while global rye trade is projected down on lower exports from Russia.

Ending stocks of oats are projected slightly up as production exceeds consumption.

Global rye ending stocks are forecast down to a historically low level.

## USDA – US Oats Supply & Demand Outlook

Oats United States as of May 2024						
Attribute	24/25 May'24	Change	23/24 May'24	22/23	21/22	20/21
Area Harvested (1000 HA)	283	-53(-15.77%)	336	356	263	408
Beginning Stocks (1000 MT)	491	-14(-2.77%)	505	474	552	534
Production (1000 MT)	682	-146(-17.63%)	828	837	578	954
MY Imports (1000 MT)	1,293	-	1,293	1,449	1,396	1,472
TY Imports (1000 MT)	1,250	+50(+4.17%)	1,200	1,609	1,256	1,572
TY Imp. from U.S. (1000 MT)	0	-	0	0	0	0
Total Supply (1000 MT)	2,466	-160(-6.09%)	2,626	2,760	2,526	2,960
MY Exports (1000 MT)	29	-	29	28	37	46
TY Exports (1000 MT)	30	-	30	28	33	51
Feed and Residual (1000 MT)	857	-73(-7.85%)	930	1,058	863	1,224
FSI Consumption (1000 MT)	1,190	+14(+1.19%)	1,176	1,169	1,152	1,138
Total Consumption (1000 MT)	2,047	-59(-2.8%)	2,106	2,227	2,015	2,362
Ending Stocks (1000 MT)	390	-101(-20.57%)	491	505	474	552
Total Distribution (1000 MT)	2,466	-160(-6.09%)	2,626	2,760	2,526	2,960
Yield (MT/HA)	2.41	(-2.03%)	2.46	2.35	2.20	2.34

Source: USDA PS&D

## CME CBOT Oat Futures – Daily Nearby



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

**CME July 2024 Oats Futures** settled on Friday at \$4.01/bu, up 4¢ cents on the day, and gaining 14¢ cent for the week.

Oats futures at the CME rose to their highest levels in five months in early May as strength in wheat provided support. The recent rally is attributed to tight stocks for old and new crop, as well as spillover from recent rallies in wheat prices.

U.S. farmers intend to grow 2.318 million acres of oats in 2024, which would be down by 9% from the previous year, according to the USDA

# OILSEEDS COMPLEX

## World Oilseed Supply & Demand Outlook

Table 01: Major Oilseeds: World Supply and Distribution (Commodity View)

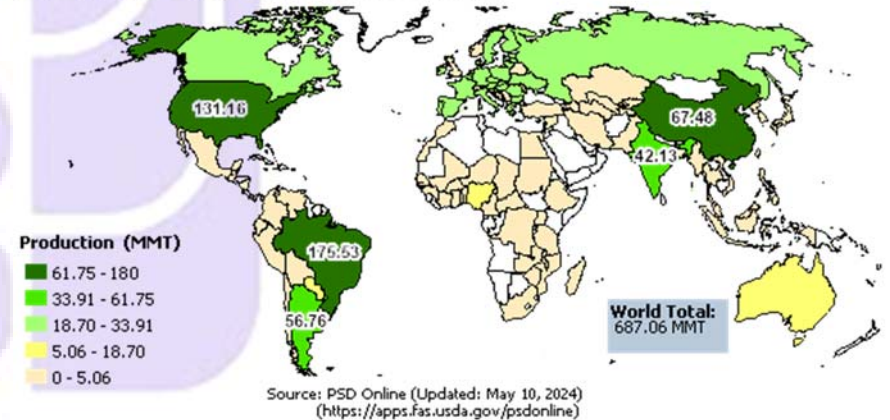
Million Metric Tons						
	2019/20	2020/21	2021/22	2022/23	2023/24	May 2024/25
<b>Production</b>						
Oilseed, Copra	5.92	5.77	6.03	6.00	6.21	5.81
Oilseed, Cottonseed	43.44	41.93	41.27	42.30	41.49	43.17
Oilseed, Palm Kernel	19.36	19.09	19.14	20.07	20.71	20.74
Oilseed, Peanut	47.75	50.49	51.97	49.51	49.56	51.32
Oilseed, Rapeseed	70.33	74.75	75.83	88.85	88.39	88.34
Oilseed, Soybean	341.43	369.22	360.45	378.20	396.95	422.26
Oilseed, Sunflowerseed	53.91	48.87	56.86	52.78	54.83	55.43
<b>Total</b>	<b>582.13</b>	<b>610.13</b>	<b>611.54</b>	<b>637.72</b>	<b>658.14</b>	<b>687.06</b>
<b>Imports</b>						
Oilseed, Copra	0.15	0.08	0.10	0.08	0.09	0.09
Oilseed, Cottonseed	0.72	0.81	0.98	1.36	1.16	1.15
Oilseed, Palm Kernel	0.15	0.15	0.15	0.15	0.15	0.15
Oilseed, Peanut	4.37	4.33	4.05	4.27	4.08	4.26
Oilseed, Rapeseed	15.82	16.67	13.92	20.04	16.37	17.27
Oilseed, Soybean	165.30	166.20	154.47	167.86	170.30	176.40
Oilseed, Sunflowerseed	3.35	2.72	3.83	3.78	2.72	2.41
<b>Total</b>	<b>189.86</b>	<b>190.95</b>	<b>177.50</b>	<b>197.55</b>	<b>194.88</b>	<b>201.73</b>
<b>Exports</b>						
Oilseed, Copra	0.28	0.10	0.10	0.10	0.10	0.09
Oilseed, Cottonseed	0.88	0.96	1.27	1.07	1.43	1.48
Oilseed, Palm Kernel	0.08	0.05	0.05	0.05	0.04	0.04
Oilseed, Peanut	5.01	5.06	4.43	4.83	4.74	4.82
Oilseed, Rapeseed	16.00	18.03	15.35	19.56	16.67	17.64
Oilseed, Soybean	165.82	165.18	154.43	172.05	172.47	180.20
Oilseed, Sunflowerseed	3.60	2.95	3.95	4.02	2.84	2.58
<b>Total</b>	<b>191.67</b>	<b>192.33</b>	<b>179.57</b>	<b>201.67</b>	<b>198.29</b>	<b>206.84</b>
<b>Crush</b>						
Oilseed, Copra	5.76	5.70	5.96	5.91	5.98	5.78
Oilseed, Cottonseed	33.17	32.45	31.98	32.47	32.89	33.84
Oilseed, Palm Kernel	19.40	19.09	19.01	20.08	20.62	20.82
Oilseed, Peanut	19.10	19.68	19.83	19.15	18.57	19.28
Oilseed, Rapeseed	69.08	72.11	72.06	81.10	83.82	83.78
Oilseed, Soybean	312.51	318.24	316.66	315.34	329.97	345.87
Oilseed, Sunflowerseed	49.47	45.05	46.72	51.41	51.70	51.47
<b>Total</b>	<b>508.48</b>	<b>512.32</b>	<b>512.22</b>	<b>525.47</b>	<b>543.56</b>	<b>560.84</b>
<b>Ending Stocks</b>						
Oilseed, Copra	0.05	0.05	0.06	0.05	0.04	0.04
Oilseed, Cottonseed	1.61	1.66	1.49	1.53	1.50	1.57
Oilseed, Palm Kernel	0.18	0.18	0.29	0.26	0.29	0.28
Oilseed, Peanut	4.63	4.96	4.85	4.12	3.86	4.18
Oilseed, Rapeseed	7.56	6.03	4.40	8.28	8.17	7.83
Oilseed, Soybean	95.14	98.26	92.56	100.53	111.78	128.50
Oilseed, Sunflowerseed	3.00	2.41	7.85	4.15	2.75	2.45
<b>Total</b>	<b>112.17</b>	<b>113.54</b>	<b>111.50</b>	<b>118.92</b>	<b>128.39</b>	<b>144.84</b>

World and U.S. Supply and Use for Oilseeds 1/  
(Million Metric Tons)

World		Output	Total Supply	Trade	Total Use 2/	Ending Stocks
Oilseeds	2022/23	637.72	749.21	201.67	525.47	118.92
	2023/24 (Est.)	658.14	777.06	198.29	543.56	128.39
	2024/25 (Proj.)	NA	NA	NA	NA	NA
	Apr	687.06	815.45	206.84	560.84	144.84
	May					
Oilmeals	2022/23	357.49	377.40	97.81	355.42	17.01
	2023/24 (Est.)	370.84	387.85	103.48	365.21	18.41
	2024/25 (Proj.)	NA	NA	NA	NA	NA
	Apr	384.14	402.55	106.98	377.39	20.67
	May					
Vegetable Oils	2022/23	218.33	248.17	88.90	211.26	31.86
	2023/24 (Est.)	223.80	255.66	88.33	218.86	31.80
	2024/25 (Proj.)	NA	NA	NA	NA	NA
	Apr	228.28	260.08	88.27	224.91	29.91
	May					

1 May 2024 USDA WASDE – Global 2024/25 oilseed outlook shows higher production, crush, exports, and ending stocks compared with 2023/24.

### 2024/2025 Total Oilseed Production



Source: USDA FAS <https://ipad.fas.usda.gov/ogamaps/map.aspx?cmdty=Oilseed&attribute=Production>

### OVERVIEW 2024/25

Global production is rising 28.9 mmts to 687.1 million mainly on higher soybean production for South America, the United States, and South Africa. Brazil's soybean production is forecast at 169.0 mmts, up from the revised 2023/24 crop of 154.0 million, which was reduced due to flooding in Rio Grande do Sul. Argentina's soybean output is forecast at 51.0 mmts for 2024/25.



Global production of high-oil content seeds (rapeseed and sunflowerseed) is nearly flat compared to the prior year as higher sunflowerseed production for the EU and rapeseed production for Canada and Australia is mostly offset by lower rapeseed production for the EU, Ukraine, India, and the UK.

Global oilseed consumption is forecast to rise 3% in 2024/25, driven by soybean crush recovery in Argentina, growing feed demand in China, as well as rising demand for soybean oil in the United States.

Global oilseeds crush is projected at nearly 561 mmts with China, the United States, Brazil, the European Union, and Argentina driving gains. Soybean crush and consumption are projected to account for most of the growth in global oilseed use.

Global rapeseed crush is forecast unchanged as gains in Canada and the European Union are offset by reductions in China, Ukraine, and India.

Global sunflowerseed processing is expected slightly lower as reductions in Argentina and Ukraine are not fully offset by gains in the European Union and Russia.

Global meal production is forecast over 13 mmts higher than the previous year, and meal consumption is forecast over 12 mmts higher on increased availability of soybean meal. Global meal trade is also up, largely on greater soybean meal trade. Trade in other major meals is virtually unchanged.

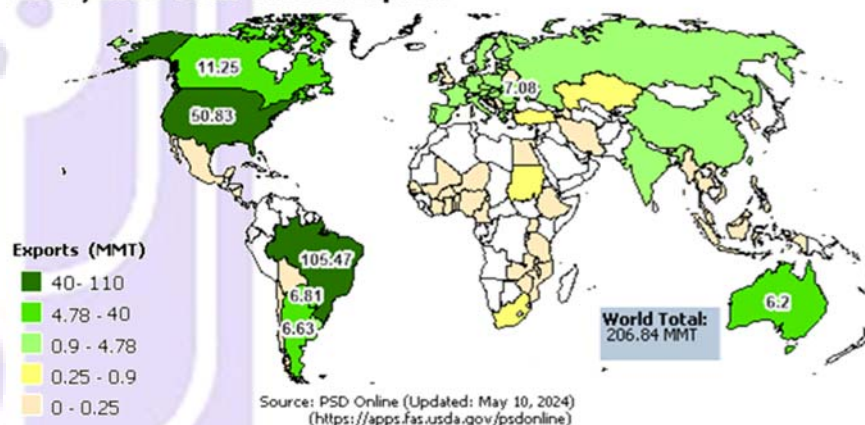
Oil production is forecast over 4 mmts higher year over year, driven largely by expanded soybean crush. Total oil trade is unchanged as most major exporters utilize more oil domestically. Ending stocks of vegetable oils are expected lower in 2024/25 with palm oil accounting for the largest decrease in stocks, followed by rapeseed oil. Indonesia and India are expected to drawdown palm oil stocks with China drawing down rapeseed oil stocks.

Global oilseeds production is down almost 400,000 tons on lower Sudan peanuts due to conflict and Brazil soybeans on flood damage, partially offset by higher India and Uruguay soybeans.

Oilseed trade is down, primarily on lower soybean exports from Brazil and rapeseed exports from Canada. Crush is up almost 2 mmts on higher Brazil and China soybean crush. Meal exports are raised more than 600,000 tons, primarily on a surge from Brazil. Global oil trade is reduced almost 800,000 tons on lower palm oil exports from Indonesia.

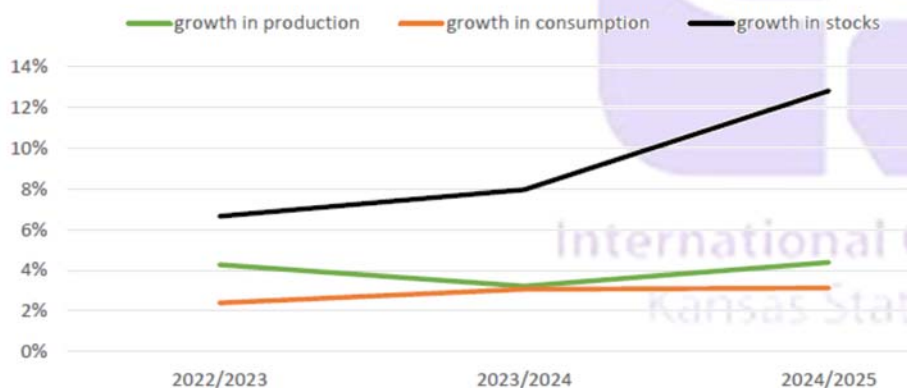
Global vegetable oil stocks are raised over 700,000 tons on higher sunflowerseed oil and soybean oil carryout.

### 2024/2025 Total Oilseed Exports



Source: USDA FAS <https://ipad.fas.usda.gov/oqamaps/map.aspx?cmdty=Oilseed&attribute=Production>

### Oilseeds Year-Over-Year Growth



Global oilseed trade is forecast up 4% with higher soybean and rapeseed demand more than offsetting lower sunflowerseed imports.

Continuing expansion of soybean planted area in South America will likely pressure soybean prices in 2024/25 and encourage more imports in Asia, the Middle East, and North Africa.

The European Union is projected to import more rapeseed while imports of sunflowerseed will be curbed by lower supplies in the Black Sea region.

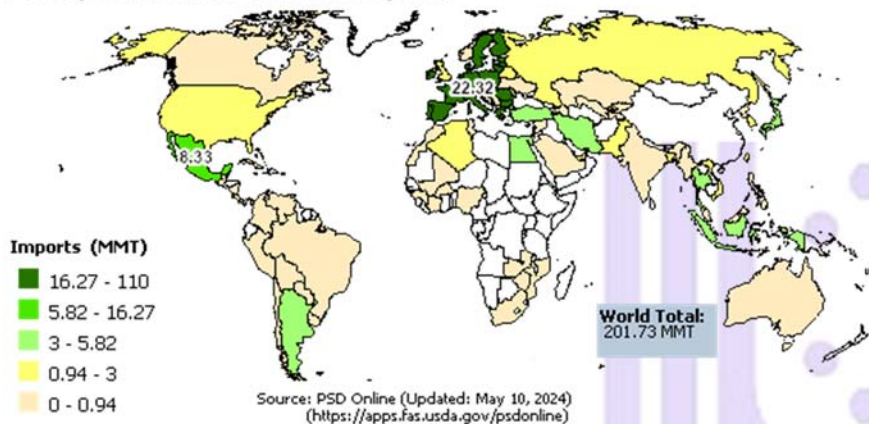
Soybean exports from Brazil are projected at a new record and will account for 58% of global trade.

Although U.S. exports are forecast to rise compared to the current marketing year, market share is expected at only 28%, below the 5-year average.

## OVERVIEW 2023/24



## 2024/2025 Total Oilseed Imports



Source: USDA FAS <https://ipad.fas.usda.gov/ogamaps/map.aspx?comdt=Oilseed&attribute=Production>

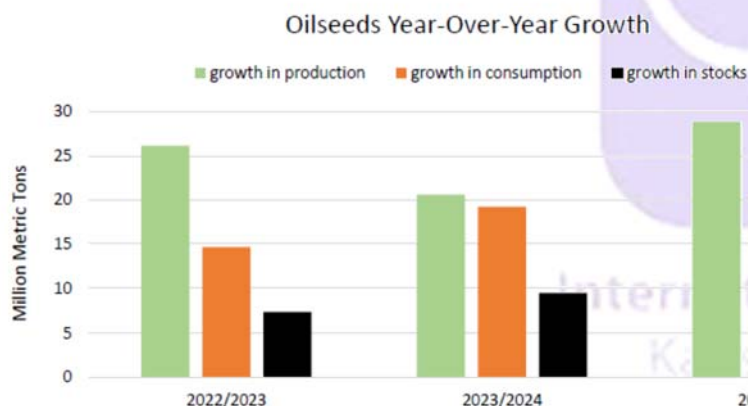
China's soybean imports are rising 4.0 mmts to 109.0 million on larger global supplies and lower prices. Global 2024/25 soybean ending stocks are projected up 16.7 mmts to 128.5 million, with most of the increase for Brazil, Argentina, the United States, and China.

projected to grow as another record Brazil crop is likely to drive global export prices lower and encourage more imports.

### 2023/24 OUTLOOK CHANGES (All figures are in thousand metric tons)

Country	Commodity	Attribute	Previous	Current	Change	Reason
Argentina	Oilseed, Soybean	Imports	6,100	6,500	400	Higher exportable supplies in neighboring countries
	Meal, Soybean	Exports	20,600	21,100	500	Strong crush and exports to date
Brazil	Oilseed, Soybean	Exports	103,000	102,000	-1,000	Lower exportable supplies on reduced production
Canada	Oilseed, Rapeseed	Exports	7,250	6,550	-700	Pace of trade to date
Egypt	Oilseed, Soybean	Imports	3,100	2,800	-300	Pace of trade to date
India	Oil, Soybean	Imports	3,300	3,000	-300	Pace of trade to date; production increase
Indonesia	Oil, Palm	Exports	27,350	26,750	-600	Raised industrial consumption forecast
Iran	Meal, Soybean	Imports	1,400	1,600	200	Pace of trade to date
Malaysia	Oil, Palm	Imports	1,000	800	-200	Refining less Indonesia palm oil
Uruguay	Oilseed, Soybean	Exports	2,400	2,800	400	Larger crop

## Oilseeds Stocks Forecast to Reach Record Highs in 2024/25



Global oilseed ending stocks are projected to rise 13% to record highs as growing global production outpaces demand. Increasing world stocks are mainly driven by soybean output gains in South America and the United States. China stocks are also

## SOYBEANS

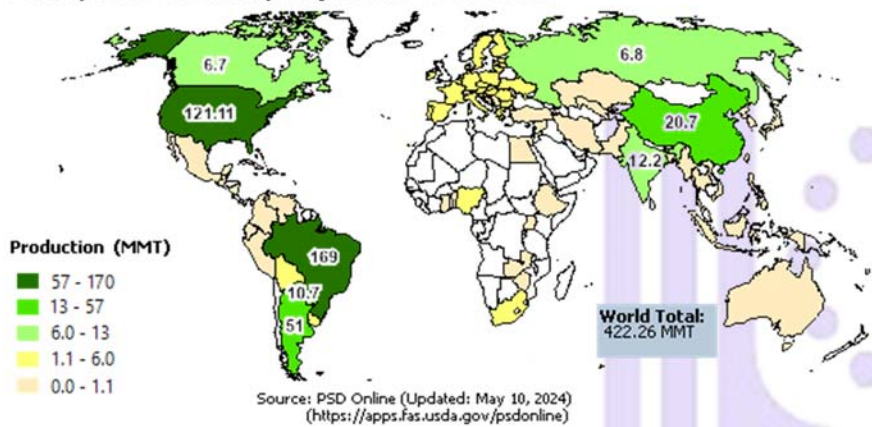
### ➤ USDA – World Soybean

Attribute	Oilseed, Soybean World as of May 2024					
	24/25 May'24	Change	23/24 May'24	22/23	21/22	20/21
Area Harvested (1000 HA)	143,388	+3971(+2.85%)	139,417	136,858	131,462	129,734
Beginning Stocks (1000 MT)	111,781	+11250(+11.19%)	100,531	92,560	98,256	95,140
Production (1000 MT)	422,262	+25316(+6.38%)	396,946	378,204	360,449	369,224
MY Imports (1000 MT)	176,397	+6093(+3.58%)	170,304	167,861	154,465	166,199
Total Supply (1000 MT)	710,440	+42659(+6.39%)	667,781	638,625	613,170	630,563
MY Exports (1000 MT)	180,200	+7730(+4.48%)	172,470	172,049	154,431	165,176
Crush (1000 MT)	345,874	+15902(+4.82%)	329,972	315,340	316,663	318,243
Food Use Dom. Cons. (1000 MT)	24,865	+1070(+4.5%)	23,795	22,845	22,026	21,613
Feed Waste Dom. Cons. (1000 MT)	31,005	+1242(+4.17%)	29,763	27,860	27,490	27,275
Total Dom. Cons. (1000 MT)	401,744	+18214(+4.75%)	383,530	366,045	366,179	367,131
Ending Stocks (1000 MT)	128,496	+16715(+14.95%)	111,781	100,531	92,560	98,256
Total Distribution (1000 MT)	710,440	+42659(+6.39%)	667,781	638,625	613,170	630,563
Yield (MT/HA)	2.94	+(+3.16%)	2.85	2.76	2.74	2.85

Source: USDA PS&D

10 May 2024 USDA WASDE – Global soybean production in 2024/25 is forecast at a record 422 mmts, up over 6% from 2023/24. If realized, soybean production will expand by the largest annual percentage in over a decade, predominantly on area expansion in Brazil and raised plantings in the United States.

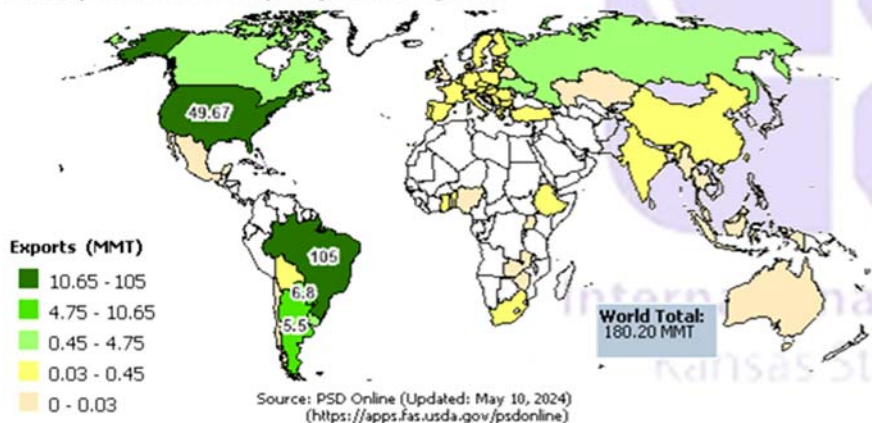
### 2024/2025 Oilseed, Soybean Production



Source: USDA FAS <https://ipad.fas.usda.gov/ogamaps/map.aspx?comdt=Soybean&attribute=Exports>

Global soybean exports for 2024/25 are increasing 4% from last marketing year mainly on higher soybean exports for the United States, Brazil, Argentina, and Ukraine. Soybean imports are higher for China, Pakistan, Egypt, Mexico, Iran, and Vietnam.

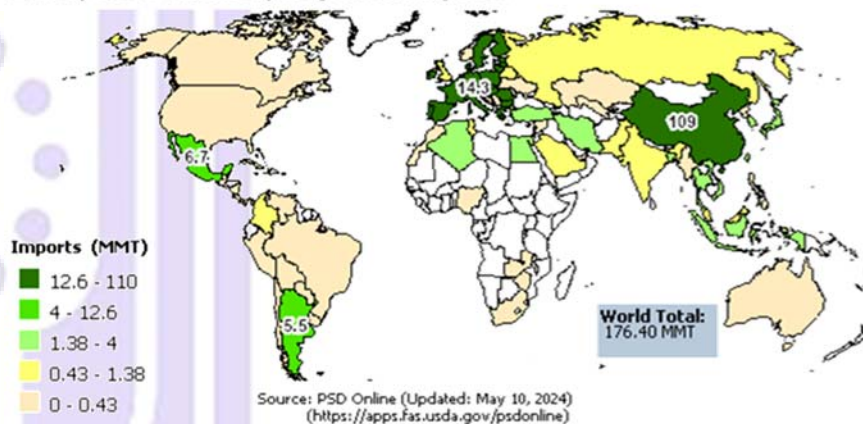
### 2024/2025 Oilseed, Soybean Exports



Source: USDA FAS <https://ipad.fas.usda.gov/ogamaps/map.aspx?comdt=Soybean&attribute=Exports>

Soybean imports are higher for China, Pakistan, Egypt, Mexico, Iran, and Vietnam. China's soybean imports are rising 4.0 mmts to 109.0 million on larger global supplies and lower prices.

### 2024/2025 Oilseed, Soybean Imports



Source: USDA FAS <https://ipad.fas.usda.gov/ogamaps/map.aspx?comdt=Soybean&attribute=Exports>

Growth in soybean import demand continues to be led by China, as crush has recovered on strong feed and vegetable oil consumption demand.

A slight recovery in imports is projected in Pakistan, Egypt, and Bangladesh, where economic difficulties and restrictive trade policies for Pakistan, have reduced soybean imports significantly in the last 2 years.

EU soybean imports are unchanged as growth in feed demand is mostly satisfied through higher imports of rapeseed, soybean meal, and sunflowerseed meal.

Argentina is expected to import fewer soybeans in 2024/25 on continuing production recovery. However, strong global demand for soybean meal and oil will support crush in Argentina and steady imports of soybeans from Paraguay.

Global 2024/25 soybean ending stocks are projected up 16.7 mmts to 128.5 million, with most of the increase for Brazil, Argentina, the United States, and China.

However, China is also projected to build stocks to 39 mmts, accounting for nearly 31% of global soybean stocks at the end of the marketing year. With global and exporter stocks rising, global soybean prices are expected to soften in 2024/25.





Global **soybean meal** consumption is projected to rise 4% in 2024/25 on ample supplies and growing demand, with China accounting for nearly one third of that growth. Exports of soybean meal are forecast to rise 5% on a continuing rebound in Argentina crush and increased processing in the United States driven by demand for the domestic biofuel program. Brazil crush is expected to remain unchanged with soybean meal exports declining compared to the current marketing year. Argentina's share of global soybean meal trade is projected to rise to 37% in 2024/25 but remain below the 5-year average. U.S. soybean meal exports are projected at a new record with global share rising to 21% compared to the 5-year average of 19%.

Global **soybean oil** production is projected to grow by nearly 3 mmts (5%), but much of this growth will occur in China and the United States where exports are limited. Rising exports from Argentina and the European Union will support growing import demand in India and various smaller markets in North Africa and the Middle East. With global consumption rising faster than production, global ending stocks are expected to decline from 2023/24 levels.

### Highlights

- **United States** soybean exports are projected up to nearly 50 mmts, with higher exports at the beginning of the marketing year due to lower Brazilian supplies from the drought-impacted 2024 harvest. U.S. exports are likely to be pressured after South America starts harvest in early 2025.

Soybean crush is forecast at a record high driven by strong domestic demand for soybean oil supporting biofuel production. Soybean stocks are forecast up to the highest level in 4 years on larger supplies and increased export competition. Soybean meal exports are forecast at a record, but strong domestic demand for soybean oil as a renewable diesel feedstock will keep U.S. prices at a premium and continue to limit soybean oil exports.

- **Argentina** soybean production is projected to rise to 51 mmts. Trade is expected to partially rebound from the current year with exports, mostly to China, and imports, primarily from Paraguay. Strong global demand for meal and oil and larger soybean

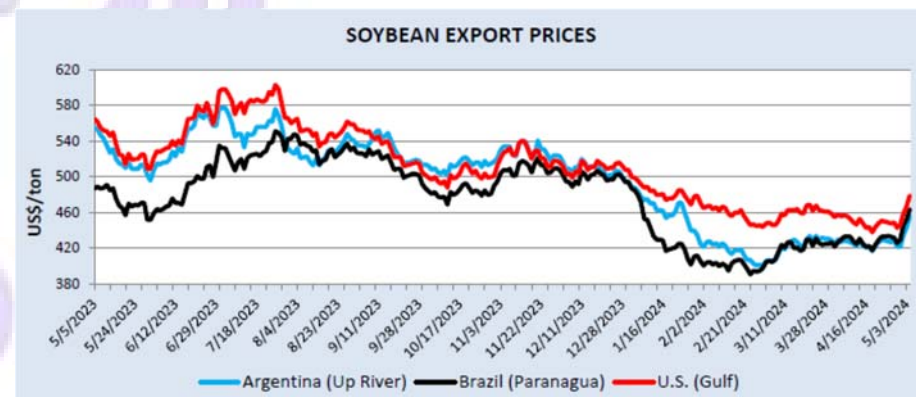
supplies will boost crush. Product exports as well as end-of-September stocks are expected to rebound.

- **Brazil** soybean production is forecast to surge by 15 mmts to a new record of 169 million. Exports are projected to rise while crush remain unchanged. September 30 stocks are forecast up by nearly 6 mmts on larger supplies and will increase competition for the United States.

Exports of soybean meal are expected to contract following strong domestic disappearance. Soybean oil exports are also projected to decline due to strong domestic demand for biodiesel and for food consumption.

- **China** soybean imports are projected at 109 million on recovering crush and strong demand for vegetable oil consumption. Crush is expected to continue to grow, and stocks are projected to reach a new record of 39 million.

### SOYBEAN EXPORT PRICES



Soybean Export Prices (U.S. dollars per metric ton)

	U.S. Gulf	Argentina	Brazil
<b>April 5</b>	\$457	\$429	\$433
<b>May 6</b>	\$479	\$456	\$464
<b>Change</b>	+\$22	+\$27	+\$31

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

10 May 2024 USDA FAS – Soybean prices reversed their decline in the past month and gained strength since the April WASDE. Sharp price increases at the beginning of May were due to flooding in Rio Grande Do Sul, threatening Brazil's crop.

Soybean meal prices followed the trend of soybeans with a greater magnitude, bouncing back to January levels.

Vegetable oil prices decreased on lower energy prices and reduced demand for biodiesel use. Soybean oil prices in the United States declined on record imports of vegetable oil, used cooking oil and fats as well as higher-than-expected oil stocks reported by the National Oilseed Processors Association in mid-April. Palm oil prices



dropped, shrinking the price gap and increasing competitiveness with other vegetable oils as production seasonally accelerates.

#### **Spot Soybean Export Prices** (As of 9<sup>th</sup> of May 2024)

Source: *Agricensus*

U.S., FOB Gulf,	\$464.00/MT, -\$6.75
U.S., FOB PNW,	\$495.50/MT, -\$8.25
Brazil, FOB	\$454.00/MT, -\$5.00
Argentina, FOB Upriver	\$440.50/MT, -\$8.25

#### ➤ **China soybean imports have surged during April-May**

7 May 2024 LSEG Commodities Research & Forecast - China customs data showed the accumulated soybean imports in the country totaled 18.58 mmts during January-March, the lowest since 2020. However, China imports in April surged by 59% month-on-month to 10.24 mmts according LSEG trade flows, including 2.83 mmts and 7.41 mmts from the U.S. and Brazil, respectively. Imports from the abovementioned two countries both reached a record high for the month.

Moving ahead, China soy imports in May remain strong with U.S. arrivals declining to 1.53 mmts and Brazilian arrivals rising to 9.45 mmts. May total imports in China are projected at 10.98 mmts. Considering recent increases in global soybean prices and weakened Chinese feed demand, China soybean imports in June are expected to decline from current high levels. LSEG trade flows are currently tracking 9.11 mmts of soybean arrivals in June. Brazil is the dominant supplier of China soybean imports while Argentina may increase its soybean exports to China due to back-to-normal Argentinian soybean production this year.

In spite of strong soybean imports in China during April-May, LSEG agriculture research forecasts China soybean imports in 2024 will decline from last year's high level. China is experiencing the crisis in its real estate section, local governments' increasing debts, and weak domestic consumption. Although the 3-year low imported soybean prices largely increased soybean crushing margins early this year, international soybean export prices have increased recently amid drought-related production losses in Brazil and concerns about soil moisture deficits in the U.S. While soybean meal and oil prices in China are lingering at 3-year low levels, the increases in imported soybean prices indicate lower soybean crushing margins. On the other hand, declining China hog production due to low profitability of the swine industry, as well as increasing corn feed use, undermine feed demand for soybeans in the country.

Given weakened soybean demand in China and sufficient soybean harvests in South America, global soybean market outlook remains bearish barring extreme weather in the U.S. this summer.

#### ➤ **China's weekly soybean crush level remains high despite holiday**

8 May 2024 CNGOIC - China's soybean crush level in the week ended Friday May 3<sup>rd</sup> totaled 1.72 mmts, 200,000 tonnes lower from the week prior, figures from the China National Grain and Oil Information Centre (CNGOIC) showed.

This was slightly below earlier expectations of 1.8 mmts, but still considered relatively high with crushing plants still operating during China's Labor Day holidays from May 1-3.

The crush level of 1.72 mmts was also 15.4% higher than a month ago, but 7.53% lower compared with 2023.

Soybean stocks in the week ended May 3 were reported at 4.61 mmts, a 13.3% increase from the week prior, with the level also 11.1% higher compared with April and 30.2% more than stock levels in the same period of 2023.

Domestic soymeal inventory levels also remained elevated, with stock volumes recorded at 560,000 tonnes in the week ended Friday – 50,000 tonnes higher from a week ago and 320,000 tonnes more than April.

While levels were seen to be relatively high, improved downstream demand has also led to soymeal stocks dipping from the recent high seen earlier this year where stocks were recorded at 1.03 mmts as of January 19.

Lastly, soybean oil stocks as of May 3 rebounded by 30,000 tonnes from the previous week to 780,000 tonnes, ending its two-week decline with soybean crushing activity steady while downstream demand was lukewarm.

The level was also 20,000 tonnes more than April, and 150,000 tonnes higher compared with a year ago.

For the week ended May 10, CNGOIC estimates crush volume to reach around 1.8 mmts, with crushing activity at plants expected to increase following the Labor Day holiday.

*GHA: JCI reported China's April soybean crush at a record 7.9 mmts, a near-12% increase from 2023. Crush to-date totals 51.4 million and is 1.9 ahead of the 22-23 pace. Implied balance of the year crush needs to total 46.6 mmts or, 100 kmts above the 2022-23 in order to reach the USDA's 98.0 mmts forecast. The latter looks reasonable, but Friday's USDA numbers will be worth noting for any changes.*

#### ➤ **Soybean imports decline in Egypt and Saudi Arabia, Turkey grows**

9 May 2024 LSEG Commodities Research & Forecast - In Egypt, soybean imports dropped by 20% to 1.2 mmts during the first seven months of the 2023/24 season (October/September), marking a significant 51% decline compared to the five-year average. Projections suggest a continued downward trend in soybean imports, with anticipated imports of only 40,000 tons of Uruguayan soybeans, 109,223 tons of Brazilian soybeans and 140,000 tons of U.S. soybeans in May. Consequently, accumulated U.S. soybean exports to Egypt are forecasted to decrease by 25% to 551,953 tons between October 2023 and May 2024. In contrast, accumulated Brazil

soybean exports to Egypt are expected to grow three-fold to 507,441 tons during the same time frame. Meanwhile, data from the United States Department of Agriculture revealed that the United States exported 621,600 tons of soybeans to Egypt between 1 September and 25 April, reflecting a 23% decline compared to the same period last season.

In Saudi Arabia, soybean imports plummeted by 31% to 199,251 tons during the initial seven months of the 2023/24 season (October/September), with about two-thirds of these imports originating from the United States. In contrast, Turkey saw a 13% increase in soybean imports, reaching 1.5 mmts during the first eight months of the 2023/24 season (September/August). Approximately 87% of these imports came from Brazil (56%) and Ukraine (41%). Forecasts from LSEG trade flows indicate that Turkish shores will receive 320,861 tons of Brazilian soybeans in the coming weeks. Turkey's soybean imports for the current season are expected to remain robust, driven by consistent demand from the animal feed sector.

### ➤ USDA – Argentina Soybeans

Oilseed, Soybean Argentina as of May 2024						
Attribute	24/25 May'24	Change	23/24 May'24	22/23	21/22	20/21
Area Harvested (1000 HA)	16,900	+400(+2.42%)	16,500	14,400	15,900	16,470
Beginning Stocks (1000 MT)	26,147	+9150(+33.83%)	16,997	23,691	24,838	26,529
Production (1000 MT)	51,000	+1000(+2%)	50,000	25,000	43,900	46,200
MY Imports (1000 MT)	5,500	-1000(-15.38%)	6,500	9,059	3,839	4,816
Total Supply (1000 MT)	82,647	+9150(+12.45%)	73,497	57,750	72,577	77,545
MY Exports (1000 MT)	5,500	+900(+19.57%)	4,600	4,185	2,861	5,195
Crush (1000 MT)	40,000	+4500(+12.68%)	35,500	30,318	38,825	40,162
Food Use Dom. Cons. (1000 MT)	0	-	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	7,600	+350(+4.83%)	7,250	6,250	7,200	7,350
Total Dom. Cons. (1000 MT)	47,600	+4850(+11.35%)	42,750	36,568	46,025	47,512
Ending Stocks (1000 MT)	29,547	+3400(+13%)	26,147	16,997	23,691	24,838
Total Distribution (1000 MT)	82,647	+9150(+12.45%)	73,497	57,750	72,577	77,545
Yield (MT/HA)	3.02	(-.33%)	3.03	1.74	2.76	2.81

Source: USDA PS&D

### ➤ Argentine Crusher Union to join general strike

8 May 2024 - The Argentine Oilseed Crushers Union (SOEA) announced late on Tuesday May 7<sup>th</sup> that the syndicate will call their workers to join a general strike in the country, with the joining of the SOEA scheduled for Thursday May 9<sup>th</sup>, according to a note published by the union.

The general strike is being organized by Argentine central union General Work Confederation among others and is set to last for 24 hours.

The movement is expected to halt the country and is in protest to the economic and labor reform "Ley de Bases y Puntos de Partida" suggested by the government which, among other points, proposes a change in the wage taxes that affects the crushers workers.

"This way we show our clear opposition to the labor reform, which brings back wage taxes to the fourth category", SOEA said in the note.

SOEA also issued a strike on April 29, but was disbanded when the law was approved by Argentina's lower chamber on April 30.

The law is now in the upper chamber, which started debate proceedings on Tuesday May 7<sup>th</sup>.

### ➤ USDA – Brazil Soybeans

Oilseed, Soybean Brazil as of May 2024						
Attribute	24/25 May'24	Change	23/24 May'24	22/23	21/22	20/21
Area Harvested (1000 HA)	47,300	+1400(+3.05%)	45,900	44,600	41,600	39,500
Beginning Stocks (1000 MT)	31,419	-5400(-14.67%)	36,819	27,378	29,419	20,429
Production (1000 MT)	169,000	+15000(+9.74%)	154,000	162,000	130,500	139,500
MY Imports (1000 MT)	150	-300(-66.67%)	450	154	539	1,015
Total Supply (1000 MT)	200,569	+9300(+4.86%)	191,269	189,532	160,458	160,944
MY Exports (1000 MT)	105,000	+3000(+2.94%)	102,000	95,504	79,063	81,650
Crush (1000 MT)	54,000	-	54,000	53,409	50,767	46,675
Food Use Dom. Cons. (1000 MT)	0	-	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	4,100	+250(+6.49%)	3,850	3,800	3,250	3,200
Total Dom. Cons. (1000 MT)	58,100	+250(+.43%)	57,850	57,209	54,017	49,875
Ending Stocks (1000 MT)	37,469	+6050(+19.26%)	31,419	36,819	27,378	29,419
Total Distribution (1000 MT)	200,569	+9300(+4.86%)	191,269	189,532	160,458	160,944
Yield (MT/HA)	3.57	+(+6.25%)	3.36	3.63	3.14	3.53

Source: USDA PS&D

**CHANGES TO PSD TABLES** - This month, USDA made a series revision to the Brazil local year (LY) soybean, soybean meal, and soybean oil balance sheets. The local year was changed from February-January to January-December and data series were revised back to 2000 (LY 1999/2000). This change was made to capture the early harvest activities. Soybean import, export, crush, feed and waste are adjusted to reflect the January-December period, and ending stocks are estimated for the end of December. The series can be found under "Oilseed, Soybean (Local)" in the Production, Supply and Distribution (PSD) system.

### ➤ USDA – U.S. Soybeans

Oilseed, Soybean United States as of May 2024						
Attribute	24/25 May'24	Change	23/24 May'24	22/23	21/22	20/21
Area Harvested (1000 HA)	34,641	+1313(+3.94%)	33,328	34,873	34,921	33,428
Beginning Stocks (1000 MT)	9,256	+2066(+28.73%)	7,190	7,468	6,994	14,657
Production (1000 MT)	121,109	+7765(+6.85%)	113,344	116,221	121,504	114,749
MY Imports (1000 MT)	408	-272(-40%)	680	667	433	539
Total Supply (1000 MT)	130,773	+9559(+7.89%)	121,214	124,356	128,931	129,945
MY Exports (1000 MT)	49,668	+3402(+7.35%)	46,266	54,208	58,571	61,664
Crush (1000 MT)	65,998	+3402(+5.43%)	62,596	60,199	59,980	58,257
Food Use Dom. Cons. (1000 MT)	0	-	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	2,996	-100(-3.23%)	3,096	2,759	2,912	3,030
Total Dom. Cons. (1000 MT)	68,994	+3302(+5.03%)	65,692	62,958	62,892	61,287
Ending Stocks (1000 MT)	12,111	+2855(+30.84%)	9,256	7,190	7,468	6,994
Total Distribution (1000 MT)	130,773	+9559(+7.89%)	121,214	124,356	128,931	129,945
Yield (MT/HA)	3.50	+(+2.94%)	3.40	3.33	3.48	3.43

Source: USDA PS&D

10 May 2024 USDA WASDE – The 2024/25 outlook for U.S. soybeans is for higher supplies, crush, exports, and ending stocks compared with 2023/24.

The soybean crop is projected at 4.45 bbushels, up 285 million on higher area and trend yield. With higher beginning stocks and production, soybean supplies are forecast at 4.8 bbushels, up 8% from 2023/24.

Total U.S. oilseed production is projected at 131.2 mmts, up 8.9 million from 2023/24 on higher soybean, cottonseed, and peanut production partly offset by lower rapeseed and sunflowerseed.

To note, the methodology for soybean planting seed is revised back to 2001/02 to reflect changes in management practices and technology resulting in lower seed use per acre over time. More information on this change will be released in ERS' Oil Crops Outlook on May 14, 2024.

U.S. soybean crush for 2024/25 is projected at 2.43 bbushels, up 125 million from the 2023/24 forecast on higher demand for soybean oil as a biofuel feedstock, projected to increase 1.0 billion pounds to 14.0 billion. Domestic soybean meal disappearance is forecast to increase 3% from 2023/24 on increased pork and poultry production. U.S. soybean meal exports are forecast at 17.3 million short tons, indicating a 21% share of global trade, compared to the prior 5-year average of 19%.

U.S. soybean exports are forecast at 1.83 bbushels, up 125 million from 2023/24 with higher exports this fall due to a lower Brazilian 2024 harvest. With strong seasonal exports after harvest followed by pressure from larger South American production in 2025, the U.S. share of global exports is forecast at 28%, down from the prior 5-year average of 32%.

U.S. ending stocks for 2024/25 are projected at 445 mbus, up 105 million from last year.

The USDA 2024/25 U.S. season-average soybean price is forecast at \$11.20/bushel compared with \$12.55/bushel in 2023/24. The soybean meal price is forecast at \$330/short ton, down \$50. The soybean oil price is forecast at 42 cents/pound, down 6 cents from 2023/24.

#### ➤ **U.S. soybean production down on unfavorable planting conditions**

8 May 2024 LSEG Commodities Research & Forecast – Unfavorable late April/early May weather and planting delays in key producing regions slightly (<1%) lower 2024/25 U.S. soybean production to 120 [113–125] mmts. Our current outlook puts planted area at 87 million acres, up 4% from last season, which is 0.5 million acres above the USDA's March estimate of 86.5 million acres in its Prospective Plantings report (28 March). The next USDA survey-based estimate of acreage will be released in the 30 June Acreage report. A recently released Reuters Poll of Analysts (06 May) placed U.S. soybean production and yield at 4.44 [4.16–4.55] bbushels and 51.9 [50.6–53.0] bushels per acre, respectively, slightly above our current median estimates, 4.41 bbushels and 51.5 bushels per acre, respectively.

Acute sowing conditions persisted yet again across the western and central Soy Belt over the past two weeks. Temperatures soared up to 6 °F above average in a broad area generally to the south and west of southern Michigan/Ohio, down through eastern Illinois. Rainfall surpluses that have kept farmers from sowing impacted most of the top producers, including the "I" states – Iowa, Illinois and Indiana – as well as Nebraska and portions of the Dakotas. The highest rainfall totals affected southern Iowa and western Illinois, where up to 4.5 inches of precipitation (~2.5 inches above normal) were recorded. Except for portions of the eastern Soy Belt and the Southeast, this inclement weather has led to at least some early season delays in most major crop areas. USDA's latest Crop Progress report (06 May) put total national-level soy planting pace at 25%, well behind last year's 30% but still ahead of the five-year average of 21%. While some key producing states have been virtually unaffected by the recent excessive moisture and are still showing a decent progress (including Kansas, Missouri and Ohio), there are top producers that are struggling, such as Iowa, Minnesota and Nebraska (up to 5% behind on average), warranting close attention.

#### ➤ **USDA March soy crush estimated at 205.965 mbus**

30 April 2024 by Julie Ingwersen, Reuters – The U.S. soybean crush likely increased in March to a record-high 6.180 million short tons, or 205.965 mbus, according to analysts surveyed by Reuters ahead of a monthly U.S. Department of Agriculture report.

If the estimate, gathered from nine analysts, is realized, it would be up 6.2% from the 193.913 mbus crushed in February and up 4.1% from the March 2023 crush of 197.947 mbus.

U.S. soybean processing capacity has substantially increased as crushers built new plants and expanded existing ones to capitalize on demand for vegetable oils to produce biofuel.

Crush estimates ranged from 204.0 million to 207.3 mbus, with a median of 206.0 mbus.

The USDA is scheduled to release its monthly fats and oils report at 2 p.m. CDT (1900 GMT) on Wednesday.

U.S. soybean stocks as of March 31 were estimated at 2.294 billion pounds based on the average of estimates from six analysts.

If realized, the stocks would be up 6.9% from 2.146 billion pounds at the end of February but down 4% from stocks totaling 2.388 billion pounds at the end of March 2023.

Estimates ranged from 2.200 billion to 2.350 billion pounds, with a median of 2.300 billion pounds.

The National Oilseed Processors Association reported that its members, which account for about 95% of the U.S. soy crush, processed 196.406 mbus in March, the most on record, while end-of-month oil stocks rose to 1.851 billion lbs, up 9.5% from the end of February.



➤ **CME CBOT Soybeans Futures – Nearby Daily**



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

**CME July 2024 Soybean Futures** settled on Friday at \$12.19/bu, up 10¼ cents on the day, and gaining 4 cents on the week. New crop Nov 24 Soybeans closed at \$12.05¼, up 5¼ cents,

Bean futures saw Friday action heading higher into the weekend, as contracts were up anywhere from 1¼ to 12¼ cents across the board. Soy meal futures were down \$1-\$2.40/ton. Soy Oil was in rally mode to end the week, with contracts up 104 to 180 points.

SN closed up 10.5 cts, SX up 5'2 as beans mostly let corn and wheat do the work.

Order-flow tugged soybean spreads in, SN/Q quarter-cent narrower to -1'4, SN/X 8.5 narrower to 13'2 inverse and SX/F and SX/H both penny-plus narrower to -10'4 and -8'2.

COT report shows funds only short 41k after big reduction w/w. Weekly data from the CFTC showed large money managers in soybean futures + options slashing their net short position by 107,783 contracts as of May 7th, to just 41,453 contracts. That was the largest one week (Tuesday/Tuesday) move for specs on record. Data from the commercial side implied increased producer selling, as they flipped to a net short position of 46,889 contracts, an 84,464 contract move.

What was a friendly report for corn and wheat bulls turned into a mostly non-event for the bean traders with almost no significant adjustments to old-crop bean S&Ds. The monthly WASDE update this morning saw WAOB leave US 23/24 ending stocks unchanged at 340 mbus. The new crop S&D saw a building of stocks yr/yr by 105 mbus to 445 mbus, in line with estimates. Production was as expected at 4.45 bbu, with the planted acreage at 86.5 million acres and trend yield of 52 bu/acre.

US bean oil stocks were increased 50 million pounds and meal was left unchanged.

For the world numbers, the South American production wasn't cut by as much as the trade thought, as Argentina was left unchanged at 50 mmts. Brazil was down just 1 to 154 mmts, vs. an average of analysts' calling for a 2.5 mmts reduction. World ending stocks for 23/24 were down 2.4 mmts to 111.78 mmts. The 24/25 total was projected at a massive 128.5 mmts, a 16.7 mmts annual build as world production is expected to climb by 25.31 mmts yr/yr.

China's internal data via their CASDE trimmed their 23/24 soybean import number by 1.15 mmts to 96.1 mmts. The new crop projection was down 1.5 mmts yr/yr at 94.6 mmts, citing a smaller hog herd.

NASS reported March soybean crush at 203.7 mbus, a new record high for the month, but still below the average trade estimate of 205.6 mbus. The cumulative crush in 23/24 is also at a record level of 1,373 mbus, and 59.7% (vs. 59.4% avg.) of the projected 2,300 mbus for the current market year.

On Tuesday the 14<sup>th</sup> of May, Brazil's equivalent of the USDA has increased its expectations for soybean and corn production slightly. CONAB says the month to month increases in both corn and soybeans followed upward revisions to planted area totals, but production for both crops will be below a year ago because of widespread weather issues faced throughout planting, development, and harvest. This round of numbers does not include the recent flood damage to soybeans in southern Brazil or the full impact of hot, dry weather on second crop corn in central and northern Brazil.

Brazil's soybean crop is currently seen at 147.685 mmts, with a combined corn crop of 111.636 mmts, both below the USDA's most recent projections and up 0.6% from April, but potentially down 4.5% and 15.4%, respectively, from last year.

The USDA's next round of global production estimates is out June 12<sup>th</sup>, with CONAB's updated outlook for Brazil on the 13<sup>th</sup>.

➤ **U.S. Export Soy Basis Values – Friday the 10<sup>th</sup> of May 2024**

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

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

CIF BEANS	5/9/2024	5/10/2024		
MAY	/ 49	45 / 50	N	
JUN	45 / 51	46 / 54	N	
JUL	54 / 58	53 / 56	N	
AUG	55 / 62	55 / 62	Q	UNC
SEP	56 / 60	53 / 60	X	
OCT	53 / 58	53 / 57	X	
LH OCT	60 /	/	X	
NOV	62 / 66	61 / 66	X	

## BRAZIL FOB BEANS @ PORT PARANAGUA

	5/9/2024	5/10/2024	
JUN	5 / 25	12 / 18	N
JUL	23 / 45	28 / 38	N
AUG	33 / 35	35 / 55	Q
SEP	35 / 45	38 / 45	U
FEB	-48 / -30	-50 / -20	F
MAR	-60 / -50	-65 / -45	H
APR	-70 / -50	-70 / -50	H

UNC

*Firmer barge freight, on logistic issues, has pulled down FOB IWDS basis in July to around 12 cent below DVE. This has caused N/Q to fall to 2c carry and N/X drop from a high of 32 cents inverse on Tuesday to 8 cents this morning. It would appear that the basis weakness at the processors is enough to break the river basis, and as such the spreads. Still a ways to go till we spreads cover interest costs, but gives country elevator hope in selling old crop basis.*

*For one to draw the conclusion that the 2024/25 bean export number could be slightly overstated and a significant build-out of bean oil stocks hinders crushing margins and stresses storage capacities, it's not hard to draw a conclusion that we could be closer to 500 mbus c/o for 2024/25.*

## CANOLA / RAPESEED

### World Rapeseed Supply & Demand Outlook

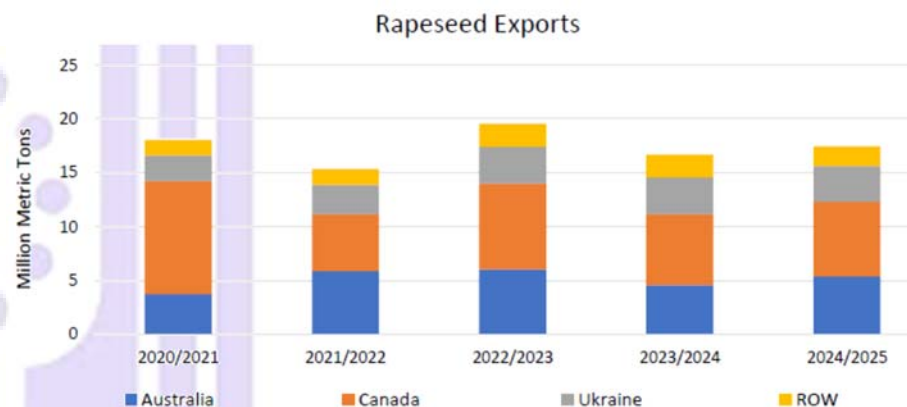
Attribute	Oilseed, Rapeseed World as of May 2024					
	24/25 May'24	Change	23/24 May'24	22/23	21/22	20/21
Area Harvested (1000 HA)	42,582	+85(+.2%)	42,497	41,947	38,455	35,339
Beginning Stocks (1000 MT)	8,165	-116(-1.4%)	8,281	4,397	6,033	7,558
Production (1000 MT)	88,340	-53(-.06%)	88,393	88,852	75,831	74,754
MY Imports (1000 MT)	17,270	+904(+5.52%)	16,366	20,044	13,923	16,667
Total Supply (1000 MT)	113,775	+735(+.65%)	113,040	113,293	95,787	98,979
MY Exports (1000 MT)	17,635	+963(+5.78%)	16,672	19,558	15,345	18,032
Crush (1000 MT)	83,778	-46(-.05%)	83,824	81,103	72,062	72,107
Food Use Dom. Cons. (1000 MT)	745	-	745	720	665	665
Feed Waste Dom. Cons. (1000 MT)	3,786	+152(+4.18%)	3,634	3,631	3,318	2,142
Total Dom. Cons. (1000 MT)	88,309	+106(+.12%)	88,203	85,454	76,045	74,914
Ending Stocks (1000 MT)	7,831	-334(-4.09%)	8,165	8,281	4,397	6,033
Total Distribution (1000 MT)	113,775	+735(+.65%)	113,040	113,293	95,787	98,979
Yield (MT/HA)	2.07	(-.48%)	2.08	2.12	1.97	2.12

Source: USDA PS&D

10 May 2024 USDA FAS - Global rapeseed production in 2024/25 is projected almost unchanged at over 88 mmts. Canada is expected to reclaim its position as the largest producer in the world after being surpassed by the European Union for the past 3 years. The European Union is expected to face a substantial decline in rapeseed

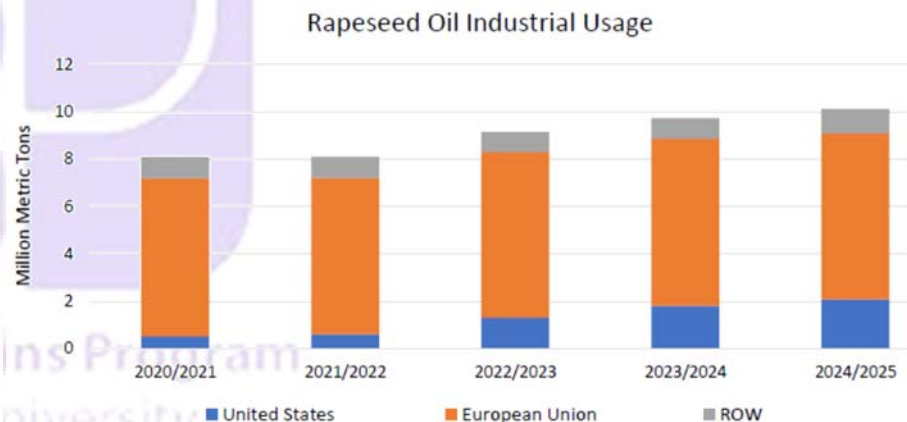
production. Additionally, production gains in Australia and Bangladesh are expected to largely offset losses in Ukraine and India.

Global rapeseed crush is unchanged with increases in Canada and Bangladesh offset by declines in China, Ukraine, and the United Kingdom.



Global exports are projected to grow modestly with higher production in Australia. Exports from Canada are also projected to strengthen on higher EU demand due to a smaller crop.

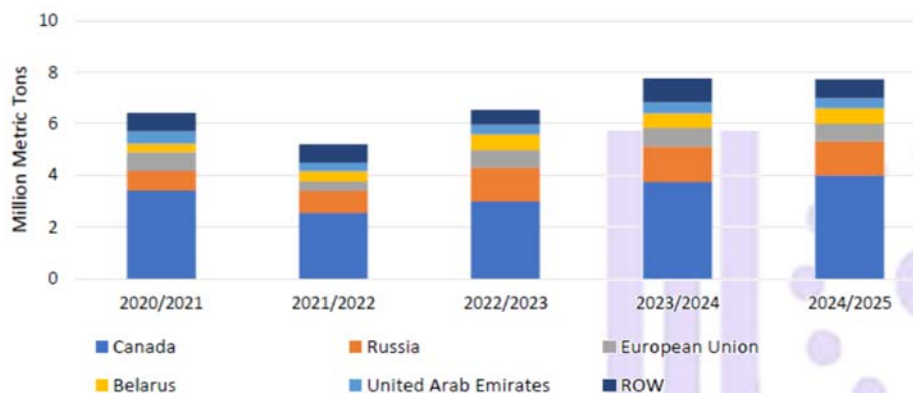
Global rapeseed carryout is expected to decline in 2024/25, with Canada and Australia drawing down stocks with increasing exports.



Rapeseed oil production is nearly unchanged from 2023/24 with Canada continuing to expand production, offsetting lower expected Ukraine rapeseed oil production.

Global rapeseed oil supplies are expected to tighten further with stocks down on rising industrial and food usage.

## Rapeseed Oil Exports



Rapeseed oil trade is lower with declining China imports more than offsetting higher U.S. imports. Higher consumption in the U.S. industrial sector is expected to drive global industrial usage up 2%. Rapeseed oil for global food use is expected up 3%.

Global rapeseed meal production is forecast at a similar level to the record high of 2023/24. Crush capacity expansion in Canada partially offsets a decline in Ukraine crush. Ukraine crush is lower with a smaller crop expected in 2024/25.

Rapeseed meal trade is unchanged as higher Canada rapeseed exports offset lower Ukraine and India rapeseed meal trade. Additionally, European Union imports are expected to drop with higher domestic meal production. China rapeseed meal imports are forecast higher due to lower domestic crush. The United States is expected to remain the largest rapeseed meal importer, mostly sourced from Canada.

### Highlights

- **U.S.** rapeseed oil imports are expected at new heights in 2024/25 as industrial usage increases by 15%. Additionally, rapeseed crush is forecast at a new record to supply the burgeoning renewable diesel industry.
- **Australia** rapeseed production is forecast to grow to 6.5 mmts which would be the third largest crop on record. In line with the production increase, exports are also expected to rise.
- **Canada** rapeseed production is projected to reach a 5-year high in 2024/25. Rapeseed exports are up but remain below the previous 5-year average due to higher domestic crush. Exports of meal and oil are expected at record levels on higher U.S. demand for renewable diesel.
- **China** rapeseed imports are projected to drop for the second year in a row on boosted domestic production. Imports of rapeseed meal and rapeseed oil are expected to curb owing to abundant soybean products available in the market with rapeseed crush expected to shrink. Rapeseed oil stocks are expected down with consumption for food use increasing.

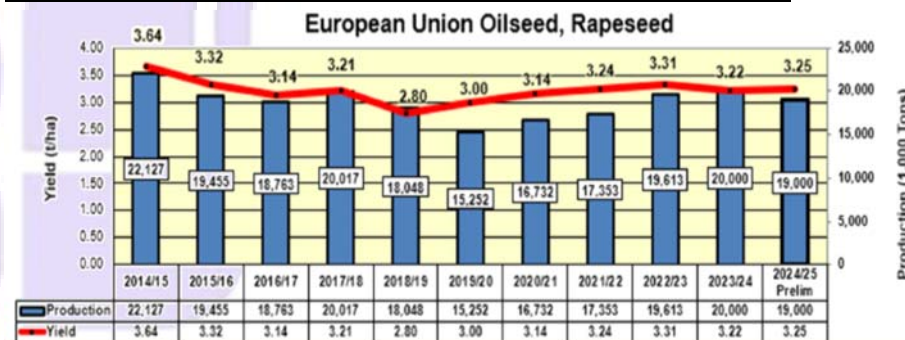
- **European Union** rapeseed production is forecast to fall to a 3-year low. Imports of rapeseed are expected to accelerate more than the decline in production, facilitating a return to past levels of rapeseed crush. Imports of rapeseed meal and rapeseed oil are expected to contract with increased crush and higher soybean meal consumption.

### EU Canola / Rapeseed Supply & Demand Outlook

Attribute	Oilseed, Rapeseed European Union as of May 2024					
	24/25 May'24	Change	23/24 May'24	22/23	21/22	20/21
Area Harvested (1000 HA)	5,850	-370(-5.95%)	6,220	5,924	5,362	5,324
Beginning Stocks (1000 MT)	1,722	-100(-5.49%)	1,822	767	668	1,187
Production (1000 MT)	19,000	-1000(-5%)	20,000	19,613	17,353	16,732
MY Imports (1000 MT)	6,600	+1100(+20%)	5,500	6,841	5,573	5,797
Total Supply (1000 MT)	27,322	-	27,322	27,221	23,594	23,716
MY Exports (1000 MT)	500	-50(-9.09%)	550	549	452	173
Crush (1000 MT)	24,500	+100(+.41%)	24,400	24,200	21,800	22,300
Food Use Dom. Cons. (1000 MT)	0	-	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	650	-	650	650	575	575
Total Dom. Cons. (1000 MT)	25,150	+100(+.4%)	25,050	24,850	22,375	22,875
Ending Stocks (1000 MT)	1,672	-50(-2.9%)	1,722	1,822	767	668
Total Distribution (1000 MT)	27,322	-	27,322	27,221	23,594	23,716
Yield (MT/HA)	3.25	+(-.93%)	3.22	3.31	3.24	3.14

Source: USDA PS&D

### EU Rapeseed: MY 2024/25 Production Down on Reduced Area



Source: USDA PSD Online

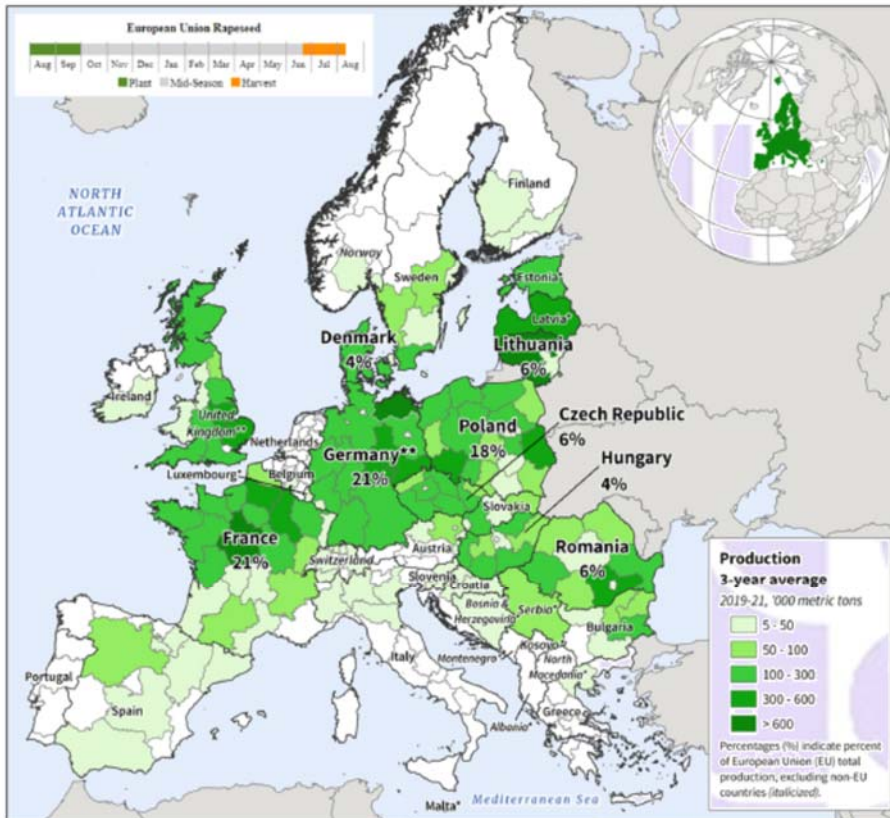
10 May 2024 USDA FAS – European Union (EU) rapeseed production is forecast at 19.0 mmts, down 1.0 mmts or 5% below last year, but up 7% from the 5-year average of 17.8 mmts.

Harvested area is estimated at 5.9 mha, down 0.4 mha or 6% from last year, but up 5% above the 5-year average.

Yield is estimated at 3.25 t/ha, up slightly from last year's 3.22 t/ha, and 2% above the 5-year average of 3.18 t/ha.



## Europe: Rapeseed Production



Source: Eurostat by Nomenclature of Territorial Units for Statistics (NUTS) 2 region, with exceptions indicated by \* (NUTS 0/country-level data), or \*\* (NUTS 1 region). Average production years differ for United Kingdom (2017-19), Norway (2015-18), Bosnia and Herzegovina (2020-22), Montenegro, North Macedonia, Albania (2021-23), Serbia, and Kosovo (2020-22)

Rapeseed in the EU is predominantly planted in autumn. The winter and spring seasons since planting have seen above-average temperatures, resulting in minimal-to-no winterkill during the winter months. Rapeseed has progressed rapidly through its growth cycle, with some regions several weeks ahead-of-normal progress due to the very warm winter and spring conditions.

Rapeseed is the primary oilseed in the EU, but a number of factors have combined to reduce estimated harvested area. These include decreased profitability, the ongoing ban on neonicotinoids, as well as a 4% set-aside mandate that affected planting decisions, even though the mandate was later recalled after rapeseed planting was finished.

In addition, weather issues, including August and September 2023 dryness in the Balkans, likely reduced plantings in Romania. Additionally, in mid-to-late April there was an exceptional week of freeze conditions. The freeze was concentrated in

France, Germany, Poland, Czechia (Czech Republic), and Slovakia during flowering. It is not expected to have caused significant damage as rapeseed can flower longer if needed. Potential freeze damage would need to be monitored. This event slowed down the very accelerated pace of rapeseed development. Typically, rapeseed harvest occurs in June and July.

France, the EU's largest rapeseed producer is forecast to harvest 4.4 mmts (4.3 mmts last year), followed by Germany at 4.1 mmts (4.2 mmts last year), and Poland at 3.4 mmts (3.7 mmts last year), all with lower area compared to MY 2023/24.

For country-specific area, yield, and production estimates within the European Union (EU), please go to PSD Online at <https://apps.fas.usda.gov/PSDOnline/app/index.html#/app/home>, and select "Downloadable Data Sets." Select the zipped file for "EU Countries Area & Production." (For more information, please contact Bryan.Purcell@usda.gov.)

## ICE Canadian Canola Futures – Daily Nearby



Source: <https://www.barchart.com/futures/quotes/RSX22/interactive-chart>  
Prices in Canadian dollars per metric mt

**ICE July 2024 Canola Futures settled on Friday at C\$663.60.30/mt, up C\$12.30 on the day, and gaining C\$16.60 for the week. New crop Nov24 settled at C\$670.50, down 0.60 cents.**

*Intercontinental Exchange canola futures finished the week mixed on Friday morning despite mostly positive sentiment in comparable oils.*

*Chicago soyoil and European rapeseed were higher, while crude oil was also in the green due to rising chances of key interest rate cuts by the United States Federal Reserve. However, Malaysian palm oil was lower.*

The Canadian dollar was up three-tenths of a U.S. cent compared to Thursday's close. Statistics Canada reported earlier today that the country added 90,000 jobs in April with the unemployment rate remaining at 6.1 per cent.

The U.S. Department of Agriculture will release its monthly World Agricultural Supply/Demand Estimates later today.

Roughly 7,500 contracts were traded. Prices in Canadian dollars per metric ton as of 8:45 CDT:

## ➤ **Canadian Canola / Rapeseed Supply & Demand Outlook**

Attribute	Oilseed, Rapeseed Canada as of May 2024					
	24/25 May'24	Change	23/24 May'24	22/23	21/22	20/21
Area Harvested (1000 HA)	8,700	-155(-1.75%)	8,855	8,596	8,946	8,325
Beginning Stocks (1000 MT)	2,056	+550(+36.52%)	1,506	1,328	1,776	3,457
Production (1000 MT)	19,600	+800(+4.26%)	18,800	18,695	14,248	19,485
MY Imports (1000 MT)	100	-200(-66.67%)	300	151	105	125
Total Supply (1000 MT)	21,756	+1150(+5.58%)	20,606	20,174	16,129	23,067
MY Exports (1000 MT)	6,900	+350(+5.34%)	6,550	7,951	5,246	10,485
Crush (1000 MT)	11,800	+800(+7.27%)	11,000	9,961	8,555	10,425
Food Use Dom. Cons. (1000 MT)	0	-	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	1,100	+100(+10%)	1,000	756	1,000	381
Total Dom. Cons. (1000 MT)	12,900	+900(+7.5%)	12,000	10,717	9,555	10,806
Ending Stocks (1000 MT)	1,956	-100(-4.86%)	2,056	1,506	1,328	1,776
Total Distribution (1000 MT)	21,756	+1150(+5.58%)	20,606	20,174	16,129	23,067
Yield (MT/HA)	2.25	+(+6.13%)	2.12	2.17	1.59	2.34

Source: USDA PS&D

## ➤ **Canada's crush boom to benefit Aussie canola**

10 May 2024 by Sean Pratt - A significant increase in domestic crush capacity is expected to lower exports and reduce competition for Australia. The future looks bright for Australia's canola sector, according to a leading agricultural bank.

Commonwealth Bank of Australia is forecasting reduced competition from its main competitor and continued strong demand from its top export market.

Canada has 14 crush facilities and 12.1 mmmts of crush capacity. An additional 5.7 mmmts of capacity are expected to be built by 2028, with a "large chunk" of that completed by 2026.

"In order for Canadian crush facilities to be able to obtain enough canola, there will need to be a substantial decline in canola exports," stated the bank.

Canada's canola plantings peaked at 22.9 million acres in 2017-18. Commonwealth Bank assumes that will be the maximum acreage.

Yields are forecast to rise by 2.5% per year, resulting in about 22.5 mmmts of production by 2030.

Canada is expected to crush more than 16 mmmts of that domestically, which doesn't leave much for export.

"The less Canada exports, the less there is for Australia to compete with in international markets, creating price support," stated the bank.

Australia's crush capacity is tiny by comparison at 1.3 mmmts. Expansions and new construction would add 220,000 tonnes of capacity by 2025.

The country's canola sector will remain highly dependent on the export market.

Australia's canola production has averaged 5.9 mmmts over the past three years, with 80% of that destined for overseas markets.

Europe has accounted for 62 per cent of Australia's export volumes over the past five years. However, sales to markets such as Japan, China, Mexico, Pakistan and Saudi Arabia are on the rise.

The European Union crushed 26.3 mmmts of canola in 2023. It produced slightly more than 10 mmmts of oil, seven mmmts of which were used for industrial purposes, primarily biofuel production.

The EU's domestic production of the crop has stagnated due to policies designed to reduce pesticide, herbicide and fertilizer use by 2030.

That has resulted in substantial imports of the crop to help fuel the biofuel sector.

The gradual transition to electric vehicles is expected to cause EU biodiesel consumption to decline by 10% between 2025 and 2030, according to the Commonwealth Bank report.

However, the EU is phasing out the use of palm oil as a biofuel feedstock by 2030. Palm oil accounted for 23 per cent of feedstock use in 2023.

As a result, Commonwealth Bank is forecasting that the use of canola oil in the EU's biofuel sector will rise to 8.2 mmmts by 2030, up from seven mmmts in 2023.

The bank believes the EU will import 7.5 mmmts of Australian canola by 2030, up from the recent five-year average of 5.9 mmmts. That bodes well for the country's farmers.

"Increasing demand for vegetable oil overseas is expected to keep the price of canola and canola oil elevated to 2030," stated Commonwealth Bank.

## SUNFLOWERS

### ➤ World Sunflower Seed Supply & Demand Outlook

Oilseed, Sunflowerseed World as of May 2024						
Attribute	24/25 May'24	Change	23/24 May'24	22/23	21/22	20/21
Area Harvested (1000 HA)	27,866	+259(+.94%)	27,607	28,299	28,537	26,773
Beginning Stocks (1000 MT)	2,750	-1400(-33.73%)	4,150	7,847	2,410	2,998
Production (1000 MT)	55,428	+599(+1.09%)	54,829	52,783	56,858	48,874
MY Imports (1000 MT)	2,411	-313(-11.49%)	2,724	3,779	3,832	2,723
Total Supply (1000 MT)	60,589	-1114(-1.81%)	61,703	64,409	63,100	54,595
MY Exports (1000 MT)	2,578	-257(-9.07%)	2,835	4,017	3,945	2,953
Crush (1000 MT)	51,469	-235(-.45%)	51,704	51,406	46,722	45,049
Food Use Dom. Cons. (1000 MT)	1,918	-180(-8.58%)	2,098	2,119	2,082	2,084
Feed Waste Dom. Cons. (1000 MT)	2,170	-146(-6.3%)	2,316	2,717	2,504	2,099
Total Dom. Cons. (1000 MT)	55,557	-561(-1%)	56,118	56,242	51,308	49,232
Ending Stocks (1000 MT)	2,454	-296(-10.76%)	2,750	4,150	7,847	2,410
Total Distribution (1000 MT)	60,589	-1114(-1.81%)	61,703	64,409	63,100	54,595
Yield (MT/HA)	1.99	-	1.99	1.87	1.99	1.83

Source: USDA PS&D

10 May 2024 USDA FAS – Global sunflowerseed production in 2024/25 is forecast to grow 1% from the previous year to 55.4 mmts. Reduced production in Russia and Argentina is more than offset by growth in Ukraine and Turkey as well as a record European Union crop. Russia is expected to remain the world's largest producer, followed by Ukraine and the European Union.

Sunflowerseed imports are expected to ease modestly, with European Union imports down because of strong domestic production. Global crush remains unchanged from the previous year, with decreases in Ukraine and Argentina offset by increases in Russia and the European Union.

Global sunflowerseed stocks are expected to decline, largely due to Russia stocks halving from the previous year.

Global **sunflowerseed meal** consumption is projected down slightly, driven by decreases in the European Union and Turkey, while consumption in Russia is expected to reach a record level.

Sunflowerseed meal exports are forecast down slightly, with declining exports for Ukraine, Russia, and Argentina to offset large export growth for the European Union.

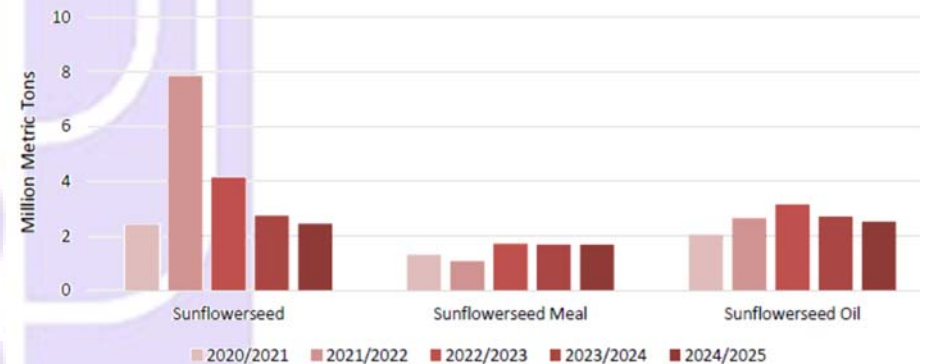
Sunflowerseed meal stocks are expected to increase slightly, with rising stocks in the European Union, Ukraine, and Turkey more than offsetting falling stocks in Russia and Argentina.

Global **sunflowerseed oil** consumption is projected down slightly due to lower consumption in the European Union and India.

Sunflowerseed oil exports are also expected to drop, driven by large reductions for Argentina and Turkey. India and the European Union are projected to experience the largest import plunge.

Sunflowerseed oil stocks are forecast to fall from record levels in 2022/23, with reductions in India and Russia offsetting growth in European Union stocks.

Global Sunflowerseed and Products Stocks



Global Sunflowerseed and Products Exports



### Highlights

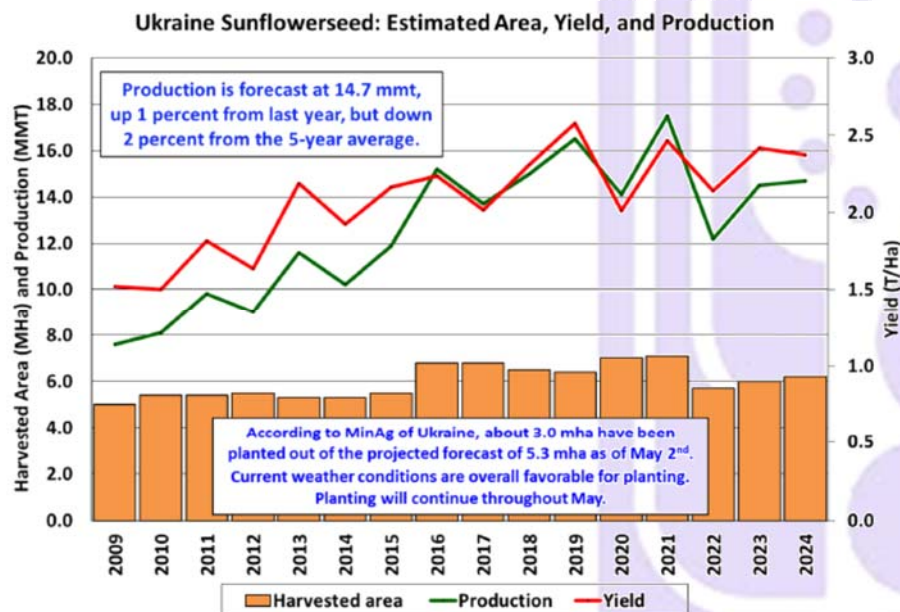
- **European Union** sunflowerseed meal exports are forecast to grow by more than half to 1.15 mmts on higher sunflowerseed production and crush, as well as abundant availability of alternative meals for domestic feed use.
- **Ukraine** sunflowerseed crush is forecast down slightly from the previous year on smaller carryin, but Ukraine is expected to remain the world's top exporter of both sunflowerseed meal and oil, accounting for nearly half of the world's exports.
- **Russia** sunflowerseed meal and oil domestic consumption are both expected to grow to meet higher demand, as Russia lowers exports of both products. Sunflowerseed crush is expected to grow slightly despite reduced production, necessitating a drawdown of stocks.



- **Turkey** sunflowerseed oil exports are forecast down by nearly half on lower beginning stocks, requiring a higher proportion of supplies to be used for domestic consumption.

➤ **Ukraine Sunflowerseed Increase in Production Despite the Conflict**

10 May 2024 USDA FAS - Ukraine Sunflowerseed: High Profitability Drives an Increase in MY 2024/25 Production Despite the Conflict



Ukraine sunflowerseed production for marketing year (MY) 2024/25 is forecast at 14.7 mmts, up 1% from last year, but down 2% from the 5-year average.

Yield is forecast at 2.37 tons per hectare, down 2% from last year, but up 2% from the 5-year average. Harvested area is forecast at 6.2 mha, up 3% from last year, but down 4% from the 5-year average.

At present, Ukraine can be divided into two zones, areas in conflict and areas not in conflict. As elaborated by FAS/Kyiv in Ukraine, due to the ongoing war there is no official and reliable information about the status of Ukraine’s agriculture in the conflict zones. As a result, area and production data currently provided by FAS/Kyiv, Ukraine’s Ministry of Agriculture (MinAg) and the State Statistical Service of Ukraine, which inform USDA’s forecasts, do not reflect the whole country.

For MY 2024/25 the MinAg operational field data information for both the winter and spring crops excludes the temporarily occupied territories of the Donetsk, Zaporizhzhia, Luhansk and Kherson regions. This is based on a note included in the MinAg operational field reports.

MinAg also does not include Crimea. USDA crop production estimates for Ukraine include estimated output from Crimea. Crimean area and production numbers are extracted from the agricultural crop reports provided by the Russian Statistical Agency, Rosstat.

According to operational planting data published by MinAg, as of May 2<sup>nd</sup>, about 3.0 mha have been planted; this is 56% of the projected forecast of 5.3 mha. Planting will continue throughout May. Area for sunflowerseed is expected to increase year-to-year, due to the high profitability of this crop. Weather conditions and soil moisture availability have been favorable for planting.

Last year’s yield was the third highest on record despite the ongoing conflict. Yield was boosted by favorable weather and abundant soil moisture availability during the growing season.

Generally, sunflowerseed yield has been increasing over the last decade as a result of the increased use of imported hybrid seeds and fertilizers. The high profitability of sunflowerseed and the high yield from last year indicate that farmers are still investing their available resources into buying hybrid seeds and purchasing agrochemicals.

Current data suggests that the volume of fertilizer purchased has increased relative to last year. Thus, the projected MY 2024/25 sunflowerseed yield drop is driven by the assumption of average weather this season rather than input issues.

(For more information, please contact [Iliana.Mladenova@usda.gov](mailto:Iliana.Mladenova@usda.gov).)

➤ **Kazakhstan Increases Sunflower Seed Meal Exports to EU Over Twofold**

6 MAY 2024 by Sanyia Sakekenove, Astana Times — Kazakhstan’s exports of sunflower seed meal to the European Union increased by 2.3 times to around 54,400 mts between July 2023 to February 2024, Kazinform reported on May 5<sup>th</sup>.

Based on the results of eight months of the current season, Kazakhstan firmly holds the fifth place among sunflower seed meal suppliers. The top four suppliers include Ukraine, Argentina, Russia, and Moldova.

According to the European Commission, Denmark emerged as the primary importer of Kazakhstan’s sunflower seed meal, purchasing 29,350 tons, followed by Sweden with 15,600 tons. Finland procured another 2,500 tons, Latvia – 2,410 tons, Estonia – 1,950 tons, Germany – 1,570 tons, and Lithuania – 1,000 tons.

Current issues in the development of the oil and fat industry in Kazakhstan and, in particular, the prospects for the export of oilseed products, will be discussed during the third international oil and fat conference dubbed FOC 2024: Fats and Oils Conference on June 7 in Almaty.

The event will bring together the major processors of oilseeds in Kazakhstan, leading exporters and importers, industry experts, heads of relevant ministries, industry unions, and transport companies.

## VEGETABLE OILS

### World Soybean Oil Supply & Demand Outlook

Oil, Soybean World as of May 2024						
Attribute	24/25 May'24	Change	23/24 May'24	22/23	21/22	20/21
Crush (1000 MT)	345,874	+15902(+4.82%)	329,972	315,340	316,663	318,243
Extr. Rate, 999.9999 (PERCENT)	0.19	-	0.19	0.19	0.19	0.19
Beginning Stocks (1000 MT)	5,305	+298(+5.95%)	5,007	5,102	5,916	5,653
Production (1000 MT)	65,391	+2985(+4.78%)	62,406	59,596	60,033	60,060
MY Imports (1000 MT)	11,137	+528(+4.98%)	10,609	10,958	11,350	11,701
Total Supply (1000 MT)	81,833	+3811(+4.88%)	78,022	75,656	77,299	77,414
MY Exports (1000 MT)	12,006	+652(+5.74%)	11,354	11,706	12,437	12,608
Industrial Dom. Cons. (1000 MT)	15,056	+919(+6.5%)	14,137	13,074	12,076	11,399
Food Use Dom. Cons. (1000 MT)	49,427	+2261(+4.79%)	47,166	45,809	47,619	47,411
Feed Waste Dom. Cons. (1000 MT)	60	-	60	60	65	80
Total Dom. Cons. (1000 MT)	64,543	+3180(+5.18%)	61,363	58,943	59,760	58,890
Ending Stocks (1000 MT)	5,284	-21(-.4%)	5,305	5,007	5,102	5,916
Total Distribution (1000 MT)	81,833	+3811(+4.88%)	78,022	75,656	77,299	77,414

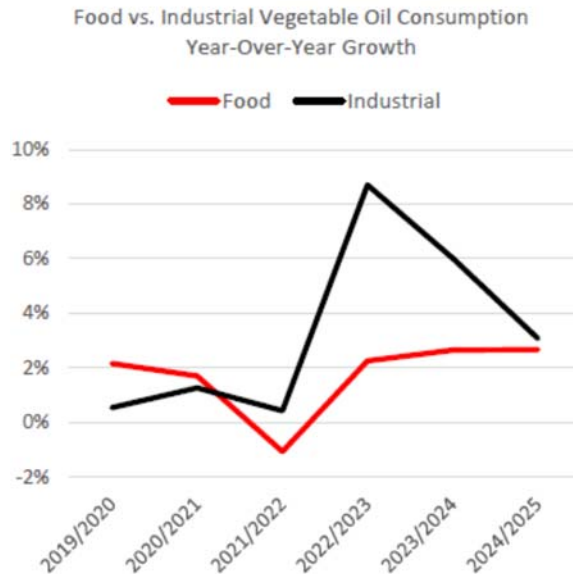
Source: USDA PS&D

10 May 2024 USDA FAS - Global vegetable oil production in 2024/25 is expected to grow by 2% to 228 mmts, with major gains for soybean, palm, and rapeseed oil. Additionally, small growth is forecast for sunflowerseed oil production and a slight recovery in olive oil output.

Global consumption is forecast to expand by 3% to nearly 224 mmts, causing ending stocks to plummet. On a volume basis, vegetable oil food consumption is projected to expand more than industrial use, however, the growth rate of industrial consumption is again expected to outpace food.

Global vegetable oil food consumption is expected to grow nearly 3% with major gains in soybean and palm oil and a slight increase in rapeseed oil, while sunflowerseed oil shrinks.

Global growth is driven by the two largest consumers – China and India – while the European Union remains almost unchanged. Global industrial consumption growth is driven by the United States, Indonesia, and Brazil.



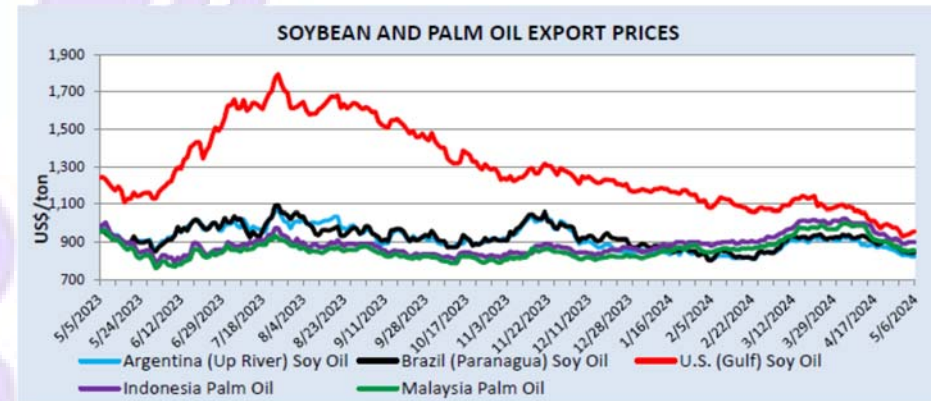
Usage of palm oil is expected higher in Indonesia, while Malaysia is projected unchanged.

Soybean oil industrial usage is expected to increase in the United States, Brazil, and Argentina. Expansion in rapeseed oil industrial usage is forecast for the United States, while the European Union is projected to curb slightly.

Global vegetable oil trade in 2024/25 is expected to remain flat as reductions in rapeseed and sunflowerseed oil exports are offset by raised soybean and palm oil trade. Although global palm oil production is projected to grow slightly in 2024/25, combined exports from Indonesia and Malaysia are marginally lower due to higher domestic demand and declining stocks. Slowing global vegetable oil production and growing consumption is likely to deplete global vegetable oil stocks, especially in China, India, and Indonesia.

Global vegetable oil stocks at the end of 2024/25 are projected to drop nearly 6% to 30 mmts.

### World Vegetable Oil Prices



Soybean and Palm Oil Export Prices (U.S. dollars per metric ton)

	U.S. Soybean Oil	Argentina Soybean Oil	Brazil Soybean Oil	Indonesia Palm Oil	Malaysia Palm Oil
April 5	\$1,086	\$927	\$940	\$1,010	\$995
May 6	\$958	\$823	\$844	\$900	\$855
<b>Change</b>	<b>-\$128</b>	<b>-\$104</b>	<b>-\$96</b>	<b>-\$110</b>	<b>-\$140</b>

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

10 May 2024 USDA FAS – Vegetable oil prices decreased on lower energy prices and reduced demand for biodiesel use. Soybean oil prices in the United States declined on record imports of vegetable oil, used cooking oil and fats as well as higher-than-expected oil stocks reported by the National Oilseed Processors Association in mid-April. Palm oil prices dropped, shrinking the price gap and increasing competitiveness with other vegetable oils as production seasonally accelerates.

➤ **Egypt's GASC launches overseas vegetable oils tender for June-July arrival**

7 May 2024 - Egypt's state-backed import agency, the General Authority for the Supply of Commodities (GASC), has resumed purchasing vegetable oils after more than a month's break and has launched an international tender for the purchase of soybean and sunflower oil, Egyptian sources have told Fastmarkets.

GASC is seeking at least 30,000 tonnes of soybean oil and 10,000 tonnes of sunflower oil in its international tender, with delivery between June 10<sup>th</sup> and June 25<sup>th</sup> and/or from June 26<sup>th</sup> to July 10<sup>th</sup>. Offers are to be made with payment at 180 days. The tender is set to close on Thursday May 9<sup>th</sup>.

In its previous vegetable oils tender, which closed March 28<sup>th</sup>, GASC booked 18,000 tonnes of soybean oil and 17,250 tonnes of sunflower oil.

The soybean oil was purchased at \$1,050 per tonne, with the cargo expected to arrive between May 16<sup>th</sup> and May 30<sup>th</sup>.

The sunflower oil was booked in two lots at \$930 per tonne, and delivery is expected from May 1<sup>st</sup> to May 15<sup>th</sup> and from May 16<sup>th</sup> to May 30<sup>th</sup>.

➤ **Canada and China are Big Winners in US Renewable Diesel Push**

6 May 2024 Bloomberg News - Renewable diesel capacity in the US has almost doubled in the last two years. However, it's not US soybean growers benefitting from the expansion of renewable diesel as many had anticipated. Instead, renewable fuel facilities are importing record amounts of canola oil from Canada and used cooking oil (UCO) from China, resulting in domestic soybean oil being pushed out.

The domestic biomass-based diesel industry, which includes biodiesel and renewable diesel, grew to 5.9 billion gallons by the end of 2023, up from just 3.3 billion at the beginning of 2021. Much of that growth stems from the renewable diesel industry with the number of plants reaching 539 in January 2024 versus 384 a year earlier. There is even more capacity in the pipeline.

However, soybean processors don't seem to be riding the renewable diesel wave. Instead, they are witnessing a slowdown in demand that resulted in some 20 mbus of crush capacity coming offline across the Midwest in April, according to Bloomberg. At least another 10 mbus of capacity could be shut down in May.

Currently, about 21 soybean crushing projects are slated to expand capacity. Five are expected to be up and running in time for new crop harvest, which will add an additional +495,000 bushels per day of capacity.

John Neppl, chief financial officer of Bunge Global SA, the world's largest processor of oilseeds, said last week that soybean crushing projects already in the works will likely get completed. "But really, anything that was proposed or in early stages, we've seen a number of those put on hold," he added.

The USDA has estimated that roughly half of US domestic soybean oil supplies will be used as a biofuel feedstock this year. This is largely based on blending levels set by the Environmental Protection Agency (EPA). When EPA set those levels, it

questioned the feedstock availability to supply the biofuel plants. As a result, EPA set the blending levels on assumed feedstock availability, not biofuel capacity, according to the American Soybean Association (ASA).

For 2023, EPA assumed 649 million gallons of renewable diesel would either be imported or produced from imported feedstock evenly split between soybean oil, canola oil and fats, oils and greases. In reality, about 360 million gallons of renewable diesel were imported. The increase in canola oil imports in 2023 was large enough to produce 240 million gallons of renewable diesel, while UCO and tallow imports were large enough to produce over 600 million gallons of renewable diesel.

According to ASA, these feedstocks exceeded EPA's estimates by about +550 million equivalent renewable diesel gallons, which is close to a factor of two. In other words, almost 550 million renewable diesel gallons worth of domestic feedstocks were displaced by imports.

More recently, renewable diesel plants consumed 224 million pounds of canola oil in January, up from 193 million pounds in December. US canola oil imports from October 2023–February 2024 totaled 2.9 billion pounds, up +21% from the same period last year. As a result of ongoing strong demand from renewable diesel facilities, USDA in April raised US canola oil imports for 2023-24 to a record of 7.4 billion pounds with strong imports from Canada. The agency's estimate for canola oil use in biofuels was in turn raised +0.4 billion pounds to a record-high 4.0 billion pounds.

ASA takes particular issue with US imports of UCO, which are primarily coming from China. In 2023, the U.S. imported about 40% of China's world imports, compared to virtually no Chinese UCO supplies being sent to the US before last year.

ASA notes that the timing of the large jump in imports of Chinese UCO during mid 2023 corresponds to the period when Germany asked the European Union to investigate biofuel imports from China that were labeled as made from waste oils but are suspected of being virgin oils like palm. European imports of China's used cooking oil fell by almost -600 mmts in 2023 compared to 2022 while imports to the U.S. increase by over +700 mmts. Meaning what was going to the EU was largely rerouted to the United States where concerns over the integrity of UCO imports had not been raised, said ASA.

"The U.S. is not looking at those imports with much scrutiny at this point," said ASA chief economist Scott Gerlt. EPA does require that biofuel producers maintain chain of custody data for every gallon of used cooking oil, both domestic and imported origin. However, EPA does not audit the UCO chain of custody for either until an enforcement action has been initiated, which occurs after the RIN has been generated. "It definitely bears looking at more closely by the regulators and auditors just to verify that we're not getting an issue here like the EU is investigating," added Gerlt.



➤ **USDA – U.S. Soybean Oil**

Oil, Soybean United States as of May 2024						
Attribute	24/25 May'24	Change	23/24 May'24	22/23	21/22	20/21
Crush (1000 MT)	65,998	+3402(+5.43%)	62,596	60,199	59,980	58,257
Extr. Rate, 999.9999 (PERCENT)	0.20	-	0.20	0.20	0.20	0.19
Beginning Stocks (1000 MT)	761	+32(+4.39%)	729	903	967	840
Production (1000 MT)	12,934	+655(+5.33%)	12,279	11,897	11,864	11,350
MY Imports (1000 MT)	204	-45(-18.07%)	249	170	137	137
Total Supply (1000 MT)	13,899	+642(+4.84%)	13,257	12,970	12,968	12,327
MY Exports (1000 MT)	227	+68(+42.77%)	159	171	803	786
Industrial Dom. Cons. (1000 MT)	6,350	+453(+7.68%)	5,897	5,666	4,708	4,046
Food Use Dom. Cons. (1000 MT)	6,486	+46(+.71%)	6,440	6,404	6,554	6,528
Feed Waste Dom. Cons. (1000 MT)	0	-	0	0	0	0
Total Dom. Cons. (1000 MT)	12,836	+499(+4.04%)	12,337	12,070	11,262	10,574
Ending Stocks (1000 MT)	836	+75(+9.86%)	761	729	903	967
Total Distribution (1000 MT)	13,899	+642(+4.84%)	13,257	12,970	12,968	12,327

Source: USDA PS&D

The USDA 2024/25 U.S. season-average soybean oil price is forecast at 42 cents/pound, down 6 cents from 2023/24.

➤ **CME Soybean Oil – Nearby Daily**

05/14/2024 Soybean Oil (ZLN24) [CBOT] O 45.15 H 45.29 L 43.11 C 43.39 Δ -1.76



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

**CME May 2024 Soybean Oil Futures** settled on Friday at \$44.44/cwt, up \$1.80 on the day, and gaining \$1.36 for the week.

Soy Oil was in rally mode to end the week, with contracts up 104 to 180 points.

Soymeal futures were down \$1-\$2.40/ton.

Soybean oil used to produce biofuels in the United States fell to 888 million lbs used in February. In January, soyoil used in biodiesel production was 960 million lbs. Soybean oil remains the largest U.S. biodiesel feedstock.

USDA US bean oil stocks were increased 50 million pounds and meal was left unchanged. Rumors swirling that the US build-up of oil stocks might be harder to find a home as Brazil import duties on US UCO could significantly increase and the US administration quadrupling tariffs on Chinese EVs could hinder US-China trade relations.

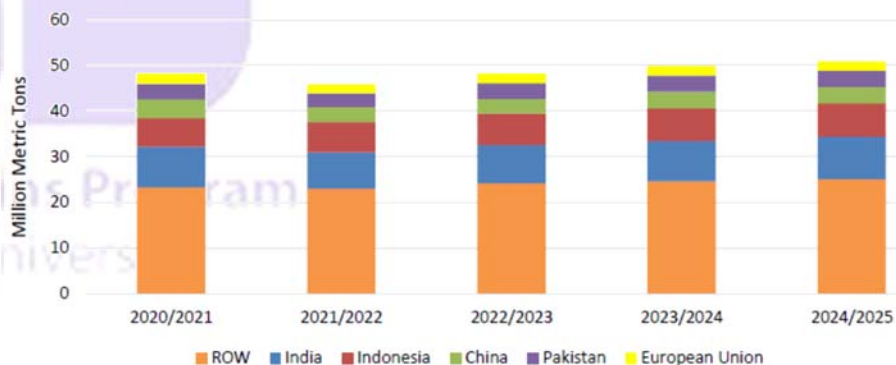
➤ **USDA – World Palm Oil Supply & Demand Outlook**

Oil, Palm World as of May 2024						
Attribute	24/25 May'24	Change	23/24 May'24	22/23	21/22	20/21
Area Harvested (1000 HA)	27,462	+315(+1.16%)	27,147	26,530	25,384	24,788
Beginning Stocks (1000 MT)	17,662	-128(-.72%)	17,790	16,417	15,092	15,939
Production (1000 MT)	80,029	+715(+.9%)	79,314	77,998	73,009	73,277
MY Imports (1000 MT)	46,572	+174(+.38%)	46,398	47,123	41,596	46,862
Total Supply (1000 MT)	144,263	+761(+.53%)	143,502	141,538	129,697	136,078
MY Exports (1000 MT)	48,559	+156(+.32%)	48,403	49,522	43,901	48,556
Industrial Dom. Cons. (1000 MT)	27,533	+630(+2.34%)	26,903	25,385	22,884	23,509
Food Use Dom. Cons. (1000 MT)	50,888	+971(+1.95%)	49,917	48,168	45,836	48,221
Feed Waste Dom. Cons. (1000 MT)	590	-27(-4.38%)	617	673	659	700
Total Dom. Cons. (1000 MT)	79,011	+1574(+2.03%)	77,437	74,226	69,379	72,430
Ending Stocks (1000 MT)	16,693	-969(-5.49%)	17,662	17,790	16,417	15,092
Total Distribution (1000 MT)	144,263	+761(+.53%)	143,502	141,538	129,697	136,078
Yield (MT/HA)	2.91	(-.34%)	2.92	2.94	2.88	2.96

Source: USDA PS&D

10 May 2024 USDA FAS – Global palm oil production in 2024/25 is up marginally on improved weather conditions expected in Indonesia and smaller markets in South America.

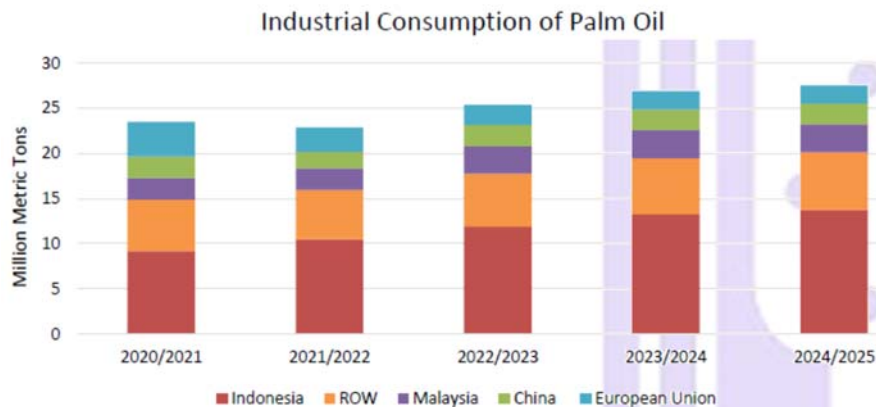
Food Use Consumption of Palm Oil



Trade is expected to grow marginally as rising Malaysia and other smaller exporters offset lower Indonesia exports. Indonesia exports are lower due to domestic biodiesel demand growth. Import demand is forecast lower for the European Union, but more

than offset by stronger demand from China, India, and many markets in Africa and the Middle East.

Ending Stocks are projected to shrink on heightened food use in India and industrial consumption in Malaysia and Indonesia.



**Highlights:**

- **Indonesia** palm oil domestic consumption is expected to have strong growth with a continuation of a national mandatory B35 biodiesel production program and raised domestic biodiesel demand leading to a decrease in exports despite higher production.
- **India** imports are up on rising food demand and decreased import duties on vegetable oils, including palm oil, extended until March 2025.
- **European Union** imports continue to decline on changing market preferences and concerns over health and sustainability compared to other vegetable oils available at competitive prices.
- **Malaysia** exports are expected to rise moderately on lower competition from Indonesia.

➤ **CME Palm Oil – Nearby Weekly**



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

**CME June 2024 Palm Oil Futures settled on Friday at \$802.75/mt, up \$5.00 on the day, and losing \$6.25 for the week.**

➤ **Palm oil logs longest weekly losing streak in more than 6 years**

10 May 2024 Reuters - Malaysian palm oil futures fell for a third consecutive session to close at a three-month low on Friday, tracking weaker Dalian rivals, while palm oil data from the Malaysia Palm Oil Board (MPOB) earlier in the day weighed on sentiment.

The benchmark palm oil contract for July delivery on the Bursa Malaysia Derivatives Exchange closed down 21 ringgit, or 0.55%, to 3,810 ringgit (\$804.31) a metric ton, the lowest close since mid-February.

The contract lost 0.88% this week, marking a fifth consecutive week-on-week decline, its longest weekly losing streak since December 2017.

Dalian's most-active soyoil contract and its palm oil contract both lost 2.04%.

Soyoil prices on the Chicago Board of Trade rose 1.01% amid slow progress on soy harvesting in Brazil's Rio Grande do Sul state.

Palm oil is affected by price movements in related oils as they compete for a share in the global vegetable oils market.

Palm oil falls to one-week low on caution ahead of data release, weaker rivals

Malaysia's palm oil stocks increased at the end of April for the first time in six months as production jumped despite a drop in exports, MPOB said on Friday.

The MPOB report is “slightly bearish” as most of the production rise-related scenarios have almost been priced in, and bargain buying may be observed from a key support cluster at 3,690 ringgit, Anilkumar Bagani, commodity research head at Mumbai-based Sunvin Group said.

Market participants are also eyeing the release of a U.S. Department of Agriculture supply-and-demand report tonight, Bagani said.

Investors are expecting the USDA’s monthly crop production and World Agricultural Supply and Demand Estimates reports to show ample supplies in the United States and globally.

Malaysia’s industrial production in March rose 2.4% from a year earlier, below expectations, government data showed on Friday.

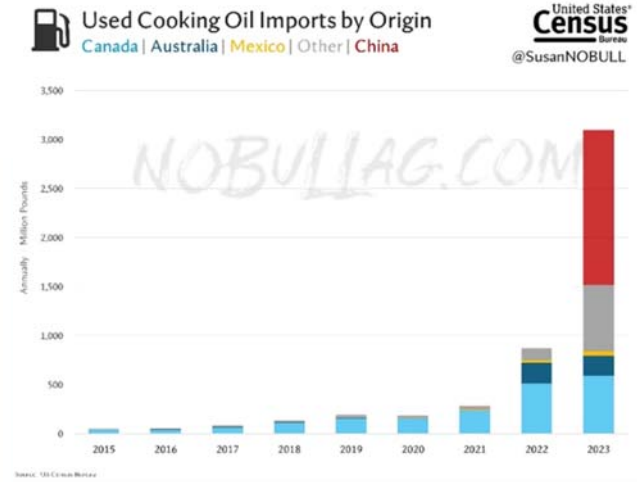
Exports of Malaysian palm oil products for May 1-10 fell 14.2% to 369,920 metric tons from 431,190 metric tons shipped during April 1-10, cargo surveyor Intertek Testing Services said on Friday.

Independent inspection company AmSpec Agri Malaysia said on Friday that exports fell 14.8%. The Malaysian ringgit, palm’s currency of trade, strengthened 0.03% against the dollar.

China is flooding the U.S. with used cooking oil, causing an uproar among biofuel industry leaders who say perhaps it isn’t ‘used’ at all.

The US imported 3.1B# in 2023, +225% from 2022 & up ~1000% from 2021.

China didn’t begin shipping the US UCO in any meaningful qty until 2023 when they sent >1.5B# our way - accounting for 51% of total imports. Can someone say unintended consequences?!



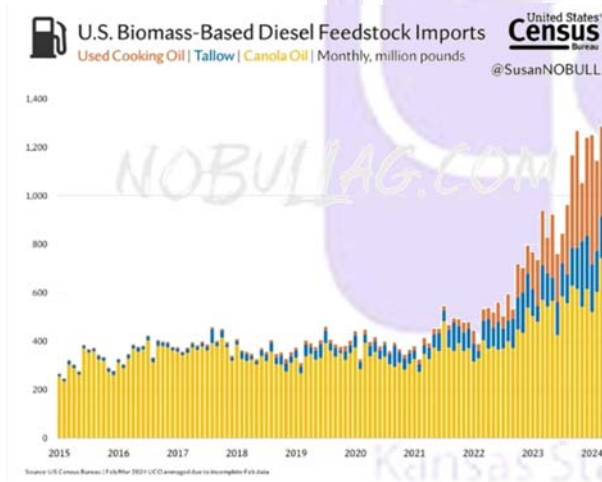
**Winners & Losers**

➤ **US Fats and Oils Imports Have Unintended Consequences**

9 May 2024 by Susan Stroud, No Bull - The U.S. imported a record amount of fats and oils in March, fueling a boom in renewable diesel production (literally).

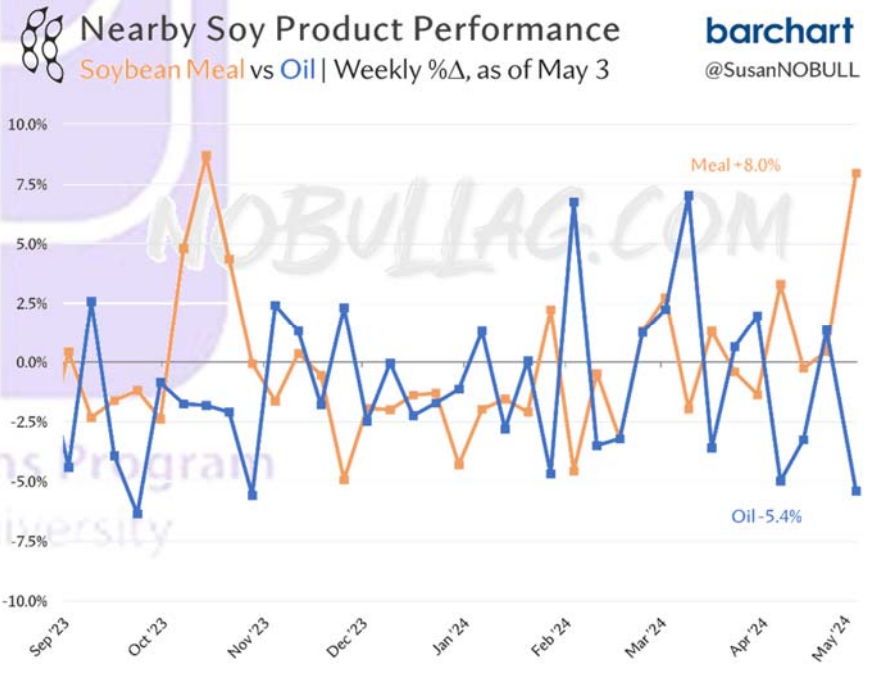
Imports of heavy-hitter feedstocks used cooking oil, tallow, and canola oil have exploded in recent months, providing stiff competition for soybean oil. For the first 3 months of 2024, UCO + canola + tallow imports are up 50% vs last year & up 170% from 2022.

While tallow and canola oil imports are on the rise, used cooking oil sits in the hot seat for two reasons.



First, the U.S. imported 3.1 billion pounds of used cooking oil in 2023 - a 255% increase from the year prior and up nearly 1000% from 2021.

Second, China didn’t begin shipping the US used cooking oil in any meaningful quantity until last year when they sent more than 1.5 billion pounds our way - accounting for 51% of total import volumes in 2023.

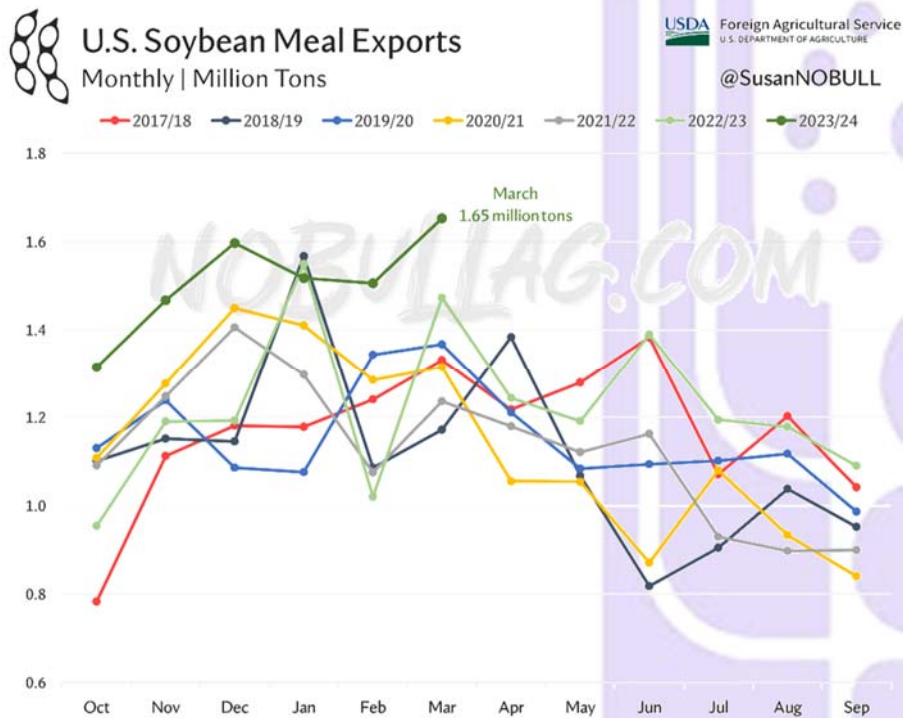




Last week we saw big moves in both soybean meal and soybean oil as the meal market made its largest one-week gains since mid-October on the back of labor strikes in Argentina - the world's largest exporter of meal.

In turn, oil suffered its worst weekly loss since late-October, amid oilshare unwind and energy market weakness.

### One big record



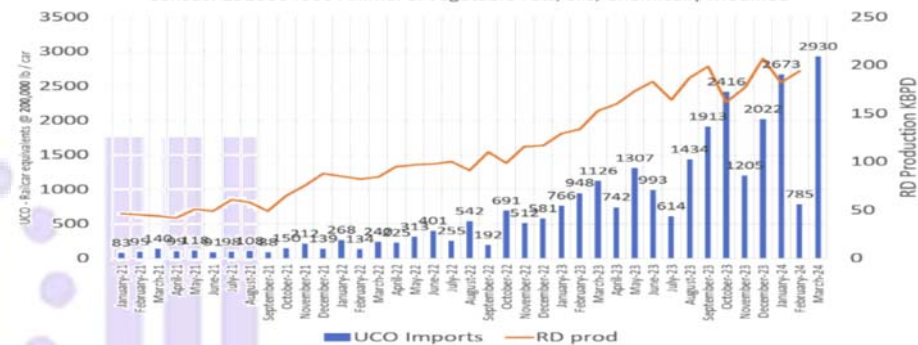
Soybean meal had a big month in March - in fact, the U.S. exported 1.65 mmts (nearly 70,000 semi trucks worth) of soybean meal - an all-time high record for any month.

Argentina's 2022/23 drought that resulted in half a bean crop last year opened the flood gates for U.S. business, pushing Oct-Mar cumulative exports to a record 9.1 mmts (380,000 trucks-worth in case you were wondering).

Increased US crush capacity is also fueling this fire as we are producing more soybean meal than ever before. The challenge going forward, however, is balancing Argentina coming back online and resulting smaller crush margins with stagnant domestic demand.

We will be talking a lot about meal in the coming months as the crush industry experiences what are sure to be growing pains into the 2024/25 marketing year.

### Monthly US Imports of UCO & RD Production



### Suspicious China cooking oil is hurting US biofuels business

8 May 2024 *The Business Times* - CHINA is flooding the US with used cooking oil that the biofuel industry says may be tainted, hurting American farmers and President Joe Biden's push to promote climate-friendly energy.

US imports of used cooking oil, an ingredient to make renewable diesel, more than tripled in 2023 from a year earlier, with more than 50 per cent coming from China, according to the US International Trade Commission. American industry groups and biofuel executives are becoming increasingly worried that a significant amount of those supplies are fraudulent, and are urging the government to tighten scrutiny on the imports.

The heightened suspicions come after the European biofuel industry expressed similar concerns about cooking oil from China last year. Used cooking oil has a better carbon intensity score than feedstocks widely produced in the US such as fresh soybean oil, so any potentially tainted imports are benefiting from Biden's renewables incentives at the expense of American farmers.

"We are putting more pressure on the US government to say what we are really importing," said Todd Becker, chief executive officer of Green Plains, which through its production of ethanol sells distiller's corn oil, also a green diesel ingredient. "Somebody's got to figure out that that's not all Chinese used cooking oil."

Tainted used cooking oil would exacerbate a challenging situation for farmers and agriculture companies. Companies including Bunge Global and Archer-Daniels-Midland have been counting on soaring demand for crop-based green diesel feedstocks, but competition from non-US imports is eating into profits and jeopardizing ambitious expansion plans. More broadly, there is a risk that illegal shipments could worsen trade tensions between China and the US.

Imports of used cooking oil, or UCO, amounted to 1.4 mmts in 2023 – equivalent to the oil squeezed from more than 6 per cent of US soybeans crushed to make soyoil last season. In addition to having a more favorable carbon intensity score, UCO is also priced about a third cheaper than refined soyoil.

One of the biggest concerns is that China shippers are adding UCO to fresh palm oil. Palm, the world's most widely used vegetable oil, is a bane to environmentalists and

many countries because the industry is a key driver of deforestation in places such as Indonesia as well as tied to labor abuses.

China's Ministry of Commerce did not respond to a faxed request for comment.

The Environmental Protection Agency (EPA) has had discussions with industry stakeholders, including the National Oilseed Processors Association (Nopa), about concerns over increased imports of UCO and other food wastes, according to agency spokesperson Nick Conger. He said the EPA is aware of the increased imports and that will be a factor in establishing volumes for and implementing the Renewable Fuel Standard (RFS) Program, a law that mandates how much biofuel must be blended into the country's fuel supply each year.

Under RFS, producers using UCO or animal waste such as beef tallow are required to keep records that vouch the ingredients meet the legal definition of "renewable biomass" as well as describe the ingredient and identify the process used to obtain it.

"We are concerned that unless EPA and other agencies get a handle on this pretty quickly, it could potentially undermine the integrity of the Renewable Fuel Standard," Geoff Cooper, chief executive officer of Renewable Fuels Association, said.

Clean Fuels Alliance America, which represents renewable diesel and sustainable jet fuel producers, has been directed by its board to look into the surge in UCO from China and the possibility of fraudulent gallons coming into the US.

"Our goal is to protect our members and combat any unfair trade that we find," said Paul Winters, director of public affairs and federal communications. "We aren't assuming practices are unfair just because there's more trade," he said, but the alliance wants to make sure home-grown feedstocks are not facing unfair competition from imports.

The surge in UCO imports is also a top issue for Nopa, the trade group representing US seed processing industries for soybeans, canola and other crops. CEO Kailee Tkacz Buller said the group has had talks with federal lawmakers and agencies including the EPA and US Department of Agriculture.

Asia is by far the world's biggest UCO supplier, led by China. The European Union initiated a probe into Asian imports last year at the request of European biodiesel producers, but the request was dropped. While the producers didn't explicitly provide a reason for the change, they noted that biodiesel shipments to the EU from China's Hainan Island – a green-fuel hot spot – immediately stopped after the start of the investigation.

"There is plenty of suspicion and lots of stories and anecdotes floating around," said Cooper. "It appears to be one of the worst kept secrets out there that this is happening."

*GHA: Friday's rumor of import tariffs on Chinese UCO being raised to 19.5% vs 8% currently will be watched closely. With an election year and Biden Admin publicly talking about increasing various other tariffs, on top of the current Trump tariffs. Anything is possible in an election year. The million dollar question, how will China respond?*

## PLANT PROTEIN MEALS

### World Soybean Meal Supply & Demand Outlook

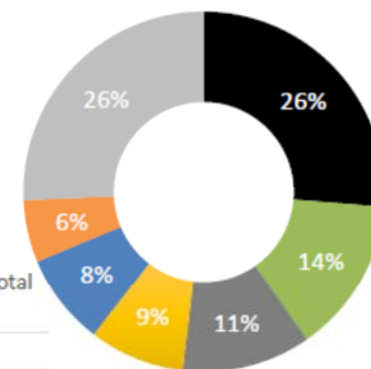
Meal, Soybean World as of May 2024						
Attribute	24/25 May'24	Change	23/24 May'24	22/23	21/22	20/21
Crush (1000 MT)	345,877	+15902(+4.82%)	329,975	315,343	316,666	318,246
Extr. Rate, 999.9999 (PERCENT)	0.78	-	0.78	0.79	0.78	0.79
Beginning Stocks (1000 MT)	14,192	+1080(+8.24%)	13,112	16,232	15,747	15,953
Production (1000 MT)	271,313	+12379(+4.78%)	258,934	247,747	248,258	249,892
MY Imports (1000 MT)	70,937	+3347(+4.95%)	67,590	62,977	67,133	65,294
Total Supply (1000 MT)	356,442	+16806(+4.95%)	339,636	326,956	331,138	331,139
MY Exports (1000 MT)	74,514	+3503(+4.93%)	71,011	67,180	68,800	69,437
Industrial Dom. Cons. (1000 MT)	1,370	-	1,370	1,362	1,322	1,367
Food Use Dom. Cons. (1000 MT)	881	+30(+3.53%)	851	796	796	741
Feed Waste Dom. Cons. (1000 MT)	263,386	+11174(+4.43%)	252,212	244,506	243,988	243,847
Total Dom. Cons. (1000 MT)	265,637	+11204(+4.4%)	254,433	246,664	246,106	245,955
Ending Stocks (1000 MT)	16,291	+2099(+14.79%)	14,192	13,112	16,232	15,747
Total Distribution (1000 MT)	356,442	+16806(+4.95%)	339,636	326,956	331,138	331,139
SME (1000 MT)	263,386	+11174(+4.43%)	252,212	244,506	243,988	243,847

Source: USDA PS&D

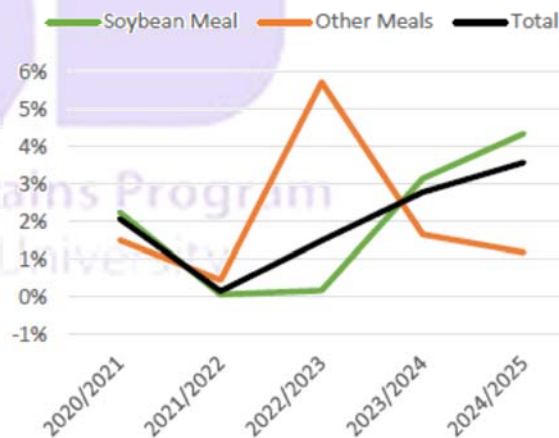
10 May 2024 USDA FAS - Global oilseed meal production is forecast to grow 4% in 2024/25 led by soybean crush growth in China, the United States, Brazil, and Argentina. China is projected to remain the world's largest oilseeds crusher, accounting for 26% of global oilseed meal production.

2024/2025 Global Oilseed Meal Production

■ China ■ United States ■ Brazil  
 ■ Argentina ■ European Union ■ India  
 ■ ROW



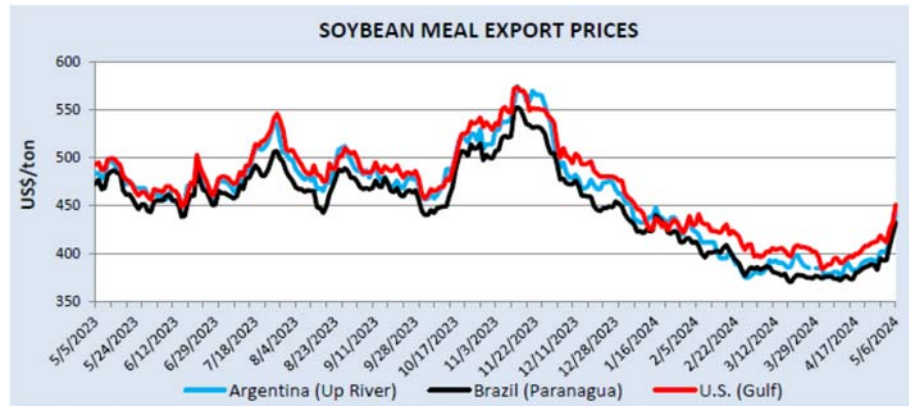
Global Meal Consumption YOY Growth (Soybean Meal Equivalent)



Global oilseed meal consumption is expected to climb nearly 4%, mostly on soybean meal demand in China, the United States, Brazil, and the European Union. Other oilseed meal consumption is also projected to grow but at a slower pace than soybean meal.



## World Soybean Meal Prices



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

### Soybean Meal Export Prices (U.S. dollars per metric ton)

	U.S. Gulf	Argentina	Brazil
April 5	\$389	\$378	\$376
May 6	\$451	\$432	\$442
Change	+\$62	+\$54	+\$66

10 May 2024 USDA FAS – Soybean meal prices followed the trend of soybeans with a greater magnitude, bouncing back to January levels.

## U.S. Soybean Meal Supply & Demand Outlook

Attribute	Meal, Soybean United States as of May 2024					
	24/25 May'24	Change	23/24 May'24	22/23	21/22	20/21
Crush (1000 MT)	65,998	+3402(+5.43%)	62,596	60,199	59,980	58,257
Extr. Rate, 999.9999 (PERCENT)	0.78	(-1.27%)	0.79	0.79	0.78	0.79
Beginning Stocks (1000 MT)	363	+27(+8.04%)	336	282	309	310
Production (1000 MT)	51,778	+2560(+5.2%)	49,218	47,621	47,005	45,872
MY Imports (1000 MT)	544	-	544	573	594	712
Total Supply (1000 MT)	52,685	+2587(+5.16%)	50,098	48,476	47,908	46,894
MY Exports (1000 MT)	15,694	+1360(+9.49%)	14,334	13,303	12,283	12,406
Industrial Dom. Cons. (1000 MT)	0	-	0	0	0	0
Food Use Dom. Cons. (1000 MT)	0	-	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	36,583	+1182(+3.34%)	35,401	34,837	35,343	34,179
Total Dom. Cons. (1000 MT)	36,583	+1182(+3.34%)	35,401	34,837	35,343	34,179
Ending Stocks (1000 MT)	408	+45(+12.4%)	363	336	282	309
Total Distribution (1000 MT)	52,685	+2587(+5.16%)	50,098	48,476	47,908	46,894
SME (1000 MT)	36,583	+1182(+3.34%)	35,401	34,837	35,343	34,179

Source: USDA PS&D

The USDA 2024/25 U.S. season-average soybean meal price is forecast at \$330/short ton, down \$50.

## Spot Soybean Meal Export Prices (As of 9<sup>th</sup> of May 2024)

Source: Agricensus

U.S. FOB Gulf	\$443.00/mt, -\$4.50
Brazil, fob Paranagua	\$418.25/mt, -\$7.75
Argentina, fob upriver	\$425.50/mt, -\$8.75

## CME CBOT Soybean Meal – Daily Nearby

05/14/2024 Soybean Meal (ZMN24) [CBOT] O 366.5 H371.3 L 365.1 C370.9 64.4



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

**CME July 2024 Soybean Meal Futures**, settled on Friday at \$371.90/short ton, off \$1.00 on the day, and losing \$0.30/short ton for the week. Soybean meal futures were down \$1-\$2.40/ton. Soy Oil was in rally mode to end the week, with contracts up 104 to 180 points.

The USDA would seem to be taking a pretty aggressive stance on US SBM export demand in the coming year, plugging in a 9.5% increase in projected shipments. We suppose this is consistent with the forecasted \$50/ton-14% meal price decline as U.S. crush ramps up 125 mbus to 2.425. Higher production/lower prices should stimulate demand; Non-U.S./non-PRC consumption is seen 7 mmts / 5% higher in the coming year, the largest gain in a decade. China demand optimistic at 3.1 mmts, up 4%...?

## Soybean Meal Export Prices (FOB, US\$/mt) the 10<sup>th</sup> of May 2024



CIF SOYBEAN MEAL	5/9/2024	5/10/2024	
MAY	25 / 35	25 / 34	N
JUN	20 / 28	21 / 24	N
JUL	20 / 25	21 / 24	N
AUG	15 / 24	20 / 30	U
SEP	15 / 24	20 / 30	U
OCT	15 / 24	16 / 24	Z
NOV	15 / 24	16 / 24	Z
DEC	15 / 24	16 / 24	Z

year. Four-week average output at 972,000 bpd was 11,000 bpd below the same four weeks last year. Midwest ethanol production averaged 914,000 bpd, down 16,000 bpd week-on-week and 2,000 bpd, or 0.2%, higher than in the same week last year. Four-week average output at 918,000 bpd was 13,000 bpd below the same four weeks last year.

Based on the average of prices collected by DTN, the value of DDG relative to corn for the week ended May 9 was 1.05%. The value of DDG relative to soybean meal was 45.11 and the cost per unit of protein for DDG was \$6.15 compared to the cost per unit of protein for soybean meal at \$7.75. (DDG table still May futures).

U.S. Grains Council in their weekly DDGS export market prices report showed May 8 CIF NOLA barge price was down \$5 per metric ton versus last week and FOB vessel Gulf price down \$3 per metric ton. Rail delivered to the PNW was down \$2 versus last week and rail delivered to California was down \$5 per metric ton from last week.

Barge traffic has slowed in parts of the Upper Mississippi River through St. Louis as the onslaught of rain continues to cause a rise in the river. Safety restrictions come into play with tow and draft sizes reduced in some areas and no wake zones, both which slow transit.

➤ **VALUE OF DDG VS. CORN & SOYBEAN MEAL**

Settlement Price:	Quote Date	Bushel	Short Ton
Corn	5/9/2024	\$4.4275	\$158.1250
Soybean Meal	5/9/2024		\$368.00
DDG Weekly Average Spot Price	5/9/2024		\$166.00
DDG Value Relative to:	5/9	5/2	
Corn	1.05%	1.13%	
Soybean Meal	45.11%	48.84%	
Cost Per Unit of Protein:			
DDG	\$6.15	\$7.19	
Soybean Meal	\$7.75	\$8.36	

*Notes: Corn and soybean prices taken 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.*

➤ **DDG's – Prices continue lower for the week**

Source: DTN <https://www.dtnpf.com/agriculture/web/ag/news/article/2023/12/08/dtn-weekly-ddg-average-price-firm-2>

10 May 2024 Mary Kennedy, DTN – The price for domestic distillers dried grains (DDG) from 33 locations reporting for the week ended May 9 was down \$1 on average versus one week ago at \$166 per ton. DDG prices were mixed this week and some buyers noted demand has slowly picked up. The DTN National Average Corn Index was down 4 cents versus one week ago.

The Energy Information Administration on Wednesday reported overall ethanol production in the United States averaged 965,000 barrels per day (bpd) in the week ended May 3<sup>rd</sup>, down 22,000 bpd week-on-week while flat versus the same week last

## ENERGY & ETHANOL

### ➤ CME Ethanol Futures – Weekly Nearby



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

**CME Ethanol Jun24 Futures** settled on Friday at \$1.82000/gallon, up 1.000 cents on the day, but losing 7.500 cents on the week.

May WTI crude oil (CLK24) on Friday closed up +0.64 (+0.75%), and May RBOB gasoline (RBK24) closed up +2.88 (+1.04%).

The Energy Information Administration on Wednesday reported overall ethanol production in the United States averaged 965,000 barrels per day (bpd) in the week ended May 3rd, down 22,000 bpd week-on-week while flat versus the same week last year. Four-week average output at 972,000 bpd was 11,000 bpd below the same four weeks last year.

Midwest ethanol production averaged 914,000 bpd, down 16,000 bpd week-on-week and 2,000 bpd, or 0.2%, higher than in the same week last year. Four-week average output at 918,000 bpd was 13,000 bpd below the same four weeks last year.

U.S. ethanol stocks have fallen for five weeks in a row. The U.S. Energy Information Administration says the domestic ethanol supply dropped to an 18-week low at 24.2 million barrels, a decrease of 1.288 million from the prior week, but 909,000 above this time last year. Part of that is the recent decline in production due to seasonal maintenance, which averaged 965,000 barrels a day last week, down 22,000 from the week before and unchanged from a year ago.

Iowa State University's Center for Agricultural and Rural Development says operating margins for the average Iowa plant improved significantly.

The Renewable Fuels Association says ethanol exports averaged 180,000 barrels a day, a jump of 102,000 from the previous week.

Net inputs of ethanol purchased by refiners and blenders were fractionally lower, even as the volume of gasoline supplied to the market rose by more than 2%.

The USDA's updated corn for ethanol use estimate is out Friday.

NASS reported corn grind for ethanol production was reported at 468.8 mbus, above the high end of the trade estimate. Grind for Sep-Mar stands at 3,187 mbus, 59% (vs. 59% avg.) of the projected 5,400 mbus for the season.

### ➤ U.S. Corn Values delivered Ethanol Plants – the 10<sup>th</sup> of May 2024

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

Nearby Ethanol Bids	5/9/2024	5/10/2024		
Blair, NE	10	10	N	UNC
Cedar Rapids, IA	14	10	N	
Decatur, IL	-2	-2	N	UNC
Fort Dodge, IA	20	20	N	UNC
N. Manchester, IN	-8	-10	N	
Portland, IN	-5	-5	N	UNC

### ➤ USDA Raises Ethanol Industry Corn Use Forecast

10 May 2024 OPIS - U.S. ethanol plants will use more corn than had been projected earlier in the current marketing year and maintain that level in the next marketing year, according to the latest Agriculture Department forecast that raised ethanol industry corn demand for a second straight month.

The agency's May World Agricultural Supply and Demand Estimates released on Friday said ethanol producers are expected to run through about 5.45 billion bu of corn in the 2023-2024 marketing year that ends in August. The latest projection is 1% higher than the April report. Over the last two months, USDA has increased its ethanol corn forecast by 1.4%, or 750 million bu. If realized, corn-to-ethanol projections in the current year would be 5.3% above what the agency estimated for the 2022-2023 marketing year.

The forecast also offered the agency's first take on expectations for the upcoming 2024-2025 marketing year. USDA said it expects corn used for ethanol production will likely hold at 5.45 billion bu, on projections of "essentially flat" U.S. gasoline production, the report said.

USDA provided corn inventory forecasts that are more bullish than that projected by many pre-report forecasts. The latest 2023-2024 corn inventory carry was estimated at 2.022 billion bu, down by 100 million bu, or more than three times the expected cut. While USDA's initial forecast of about 14.86 billion bu of corn output in 2024-2025 largely met industry expectations, it is 3.3% below the current-year estimate the

report left unchanged at 15.372 billion bu. And the 2.102 billion bu corn carry forecast for next year is also 7%-8% below what many analysts were expecting.

"The 2024-2025 U.S. corn outlook is for larger supplies, greater domestic use and exports and higher ending stocks," the report said, adding that while the corn crop is projected to fall from the record-high estimate for this marketing year, a decline in area planted was partially offset by higher yield, initially forecast at 181 bu/acre.

"With higher beginning stocks, total corn supplies are forecast at 16.9 billion bu, the highest since 2017-2018," the report said.

The report made no change to the previous yield estimate for the current marketing year at 177.3 bu/acre.

Global corn inventory forecasts also were below industry expectations. The report put corn available globally at 313.08 mmts by the end of the 2023-2024 season, about 0.58% below pre-report forecasts. The debut of the 2024-2025 forecast at 312.27 million mt fell short of industry expectations by about 1.9%.

"World corn use is expected to rise less than 1% to a record 1.221 billion mt, with foreign consumption increasing modestly," USDA said in the report.

In the U.S., the agency clipped its estimate for the average farm price for corn by 5cts for a second straight month to \$4.65/bu. That was down nearly 29% from the 2022-2023 season. The agency's initial farm price forecast for 2024-2024 projected a 25ct drop from this year to \$4.40/bu.

-- Reporting by Spencer Kelly, [skelly@opisnet.com](mailto:skelly@opisnet.com), Editing by Jeff Barber, [jbarber@opisnet.com](mailto:jbarber@opisnet.com)

### ➤ **Grassley Condemns Biden Admin's GREET Model Update**

30 April 2024 –Sen. Chuck Grassley (R-Iowa), one of two grain farmers in the Senate, today condemned the Biden administration for restricting grain producers' ability to contribute to the sustainable aviation fuel (SAF) market. Grassley serves on the Senate Committees on Agriculture and Finance.

"Here are two main issues with the Biden administration's GREET Model decision: First, this new formula is going to be easy to violate. Second, without grain in the formula, there won't be enough feedstock to make all the Sustainable Aviation Fuel environmentalists are crying for.

"To put it bluntly, this GREET Model update is a stupid approach. Widespread use of Sustainable Aviation Fuel will help fight global warming. But rejecting grain feedstocks will impede efforts to produce that fuel on a commercial scale.

"Some people might argue this decision won't impact farmers' bottom lines, because they can sell their corn and soybeans elsewhere. That's hogwash, and it shows the people saying it don't know much about how farmers deliver their grain. These new barriers to entry will strip farmers of a significant market opportunity."

**Background:** The GREET Model is the most science-based formula available for assessing lifecycle emissions. Developed by the Energy Department's nonpartisan Argonne Lab, it recognizes the environmental benefits biofuels bring to the table.

Grassley has long encouraged the Treasury Department to use the GREET Model to administer SAF tax credits.

The Biden administration today issued a modified GREET Model in conjunction with additional requirements, undermining the science on which the formula is based. The modifications burden producers with farming mandates and hamper the aviation industry's transition to environmentally-conscious fuels. Specific changes follow:

For blenders to qualify for 40B tax credits, which expire at the end of the 2024 calendar year, farmers would have needed to grow their corn using efficient tilling, cover crops and precise fertilizer application; soybean farmers must have used efficient tilling and cover crops.

For producers to qualify for 45Z tax credits, which take effect on January 1, 2025, corn and soybean farmers will need to grow their grains under one of the above methods.

The updated carbon intensity formula will consider additional sustainable techniques for biofuel producers.

Forcing farmers to adopt certain practices limits their access to a burgeoning market with high feedstock demand. The Biden administration's modified GREET Model could further drive a wedge between America's biggest farms and its smaller ones, as larger operations will have the margins to adapt quickly. And, by delaying this announcement for months, the Biden administration disadvantaged farmers who may have tried to implement new growing methods for SAF market entry. With planting already under way, farmers who don't use efficient tilling, cover crops and precise fertilizer application won't have the opportunity to contribute to the SAF market this season.

### ➤ **Treasury Releases Sustainable Aviation Fuel Tax Guidance**

The Treasury Department and the Internal Revenue Service today released guidance on eligibility rules for biofuels to qualify for Sustainable Aviation Fuel tax credits.

Biofuel producers and farm groups are glad agriculture is included as an eligible feedstock for the 40B tax credit but they say the rules are way too prescriptive. Corn won't qualify unless the corn is grown with three climate-smart practices: no-till, cover crops, and energy-efficient fertilizer. Soybeans won't qualify unless producers use both cover crops and no-till. There also are rules for certifying that the crops were grown with climate-smart practices.

The National Oilseed Processors Association (NOPA) President and CEO Kailee Tkacz Buller had a mixed reaction, stating "Acknowledging, for the first time, the carbon benefits that climate-smart agriculture practices can deliver is a significant step to ramping up SAF production and NOPA is pleased to see the updated GREET model recognize the positive environmental impact of U.S.-produced biofuels."

"However, we are concerned the requirement to implement climate-smart ag practices simultaneously will limit this opportunity, particularly in parts of the country where it may not be possible to plant a cover crop or the cost to implement new practices is too steep."



Shortly before the guidance was released, forty companies and organizations that hold a stake in the development and deployment of sustainable aviation fuel announced the formation of the Sustainable Aviation Fuel (SAF) Coalition. The organization is composed of airlines and aircraft operators, agricultural enterprises, aircraft and aircraft equipment manufacturers, airports, technology developers, labor unions and biofuel producers.

➤ **NYMEX WTI Crude Oil – Weekly Cash**



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

*NYMEX Cash WTI Crude Oil settled on Friday at \$78.21/barrel, June WTI crude oil (CLM24) Friday closed down -1.00 (-1.26%), and June RBOB gasoline (RBM24) closed down -4.21 (-1.66%).*

➤ **Crude and Energy Prices Underpinned on Rising Geopolitical Risks**

10 May 2024 by Rich Asplund - Barchart – June WTI crude oil prices Friday edged to a new 1-1/2 week high but then fell back. Crude oil prices are consolidating just mildly above Wednesday's 1-month low.

Crude oil prices saw downward pressure Friday from the mildly higher dollar and the large -9.8 point drop in the University of Michigan's preliminary-May US consumer sentiment index to a 6-month low of 67.4, which was negative for US consumer spending and travel intentions.

Crude oil prices have underlying support from concern about the Hamas-Israel conflict. Israel's military seems to be on the verge of conducting major military operations in the southern-Gaza city of Rafah despite opposition from the Biden administration. There is ongoing concern that the war might spread to Hezbollah in

Lebanon or even to a direct conflict with Iran. Also, attacks on commercial shipping in the Red Sea by Iran-backed Houthi rebels have forced shippers to divert shipments around the southern tip of Africa instead of going through the Red Sea, disrupting global crude oil supplies.

Higher than-expected Russian crude output is bearish for oil prices. According to Bloomberg calculations based on official data, Russian crude production in April was 9.418 million bpd, more than +300,000 bpd above the 9.1 million bpd target Russia agreed to with OPEC+. Meanwhile, Russia's fuel exports have been undercut by recent Ukrainian drone attacks on Russian refineries but recovered in the May 5 week by about +250,000 bpd to 3.68 million bpd from 3.43 million bpd in the prior week.

Reduced crude oil in floating storage is bullish for prices. Monday's weekly data from Vortexa showed that the amount of crude oil held worldwide on tankers that have been stationary for at least a week fell -14% w/w to 57.76 million bbl as of May 3.

Reduced crude demand in India, the world's third-largest crude consumer, is bearish for oil prices after India's March oil demand fell -0.6% y/y to 21.09 mmts.

Crude prices have support from April 3 when OPEC+, at its monthly meeting, did not recommend any changes to their existing crude output cuts. That kept about 2 million bpd of production cuts in place until the end of June. However, OPEC crude production in March rose +10,000 bpd to 26.860 million bpd, a bearish factor for oil prices as Iraq and UAE continue to pump above their production quotas.

Wednesday's EIA report showed that (1) US crude oil inventories as of May 3 were -3.1% below the seasonal 5-year average, (2) gasoline inventories were -2.0% below the seasonal 5-year average, and (3) distillate inventories were -6.6% below the 5-year seasonal average. US crude oil production in the week ending May 3 was unchanged w/w at 13.1 million bpd, below the recent record high of 13.3 million bpd.

Baker Hughes reported Friday that active US oil rigs in the week ended May 10 fell by -3 rigs to 496 rigs, slightly above the 2-year low of 494 rigs posted on November 10. The number of US oil rigs has fallen over the past year from the 4-year high of 627 rigs posted in December 2022.

## ➤ **NYMEX Natural Gas – Weekly Cash**



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

**NYMEX Cash Natural Gas settled on Friday at \$2.254/MMBtu.**

**June WTI crude oil (CLM24) Friday closed down -1.00 (-1.26%), and June RBOB gasoline (RBM24) closed down -4.21 (-1.66%).**

## ➤ **Nat-Gas Prices Jump on a Smaller Build in EIA Inventories**

10<sup>th</sup> May 2024 by Rich Asplund, Barchart – June nat-gas prices on Thursday rallied sharply to a 3-1/2 month nearest-futures high. A smaller-than-expected build in weekly nat gas supplies pushed prices sharply higher. The EIA reported Thursday that nat-gas inventories for the week ended May 3 rose +79 bcf, below expectations of +86 bcf.

Nat gas prices on April 26 tumbled to a 3-3/4 year nearest-futures low (NGK24) due to ample US nat-gas supplies and mild spring temperatures. Nat-gas prices collapsed after an unusually mild winter curbed heating consumption for nat-gas and pushed inventories well above average.

Nat-gas prices were under pressure after the Freeport LNG nat-gas export terminal in Texas on March 1 shut down one of its three production units due to damage from extreme cold in Texas. The unit recently reopened on a partial basis. However, Freeport said that once the production unit is fully reopened, the other two units will be taken down for maintenance, and all three units will not return online until late May. The lack of full capacity of the Freeport export terminal limits US nat-gas exports and boosts US nat-gas inventories.

Lower-48 state dry gas production Thursday was 98.3 bcf/day (-2.2% y/y), according to BNEF. Lower-48 state gas demand Thursday was 67.5 bcf/day (+2.2% y/y),

according to BNEF. LNG net flows to US LNG export terminals Thursday were 12.8 bcf/day (+3% w/w), according to BNEF.

An increase in US electricity output is positive for nat-gas demand from utility providers. The Edison Electric Institute reported Wednesday that total US electricity output in the week ended May 4 rose +5.47% y/y to 73,515 GWh (gigawatt hours), although cumulative US electricity output in the 52-week period ending May 4 fell -0.04% y/y to 4,101,422 GWh.

Thursday's weekly EIA report was bullish for nat-gas prices since nat-gas inventories for the week ended May 3 rose by +79 bcf, below expectations of +86 bcf and below the 5-year average build for this time of year of +81 bcf. As of May 3, nat-gas inventories were up +19.7% y/y and were +33.3% above their 5-year seasonal average, signaling ample nat-gas supplies. In Europe, gas storage was 64% full as of May 6, above the 5-year seasonal average of 49% full for this time of year.

Baker Hughes reported last Friday that the number of active US nat-gas drilling rigs in the week ending May 3 fell by -3 rigs to a 2-1/2 year low of 102 rigs. Active rigs have fallen since climbing to a 4-1/2 year high of 166 rigs in Sep 2022 from the pandemic-era record low of 68 rigs posted in July 2020 (data since 1987).

### **On Monday Nat-Gas Prices Surge on the Outlook for Warm US Temps**

13<sup>th</sup> May 2024 - June nat-gas prices on Monday rallied to a new 3-1/2 month nearest-futures high and settled sharply higher. Prices rallied on the outlook for warm US temperatures that will boost nat-gas demand from electricity providers to power air-conditioning. The Commodity Weather Group said Monday that the eastern two-thirds of the US shifted warmer for May 18-22, with most temperatures well above average.

Nat-gas prices have rebounded higher from the 3-3/4 year nearest-futures low (NGK24) posted on April 26. Nat-gas prices collapsed over the winter after unusually mild winter temperatures curbed heating demand for nat-gas and pushed inventories well above average.

Lower-48 state dry gas production Monday was 100.2 bcf/day (-0.7% y/y), according to BNEF. Lower-48 state gas demand Monday was 64.7 bcf/day (+5.9% y/y), according to BNEF. LNG net flows to US LNG export terminals Monday were 13.2 bcf/day (+6.1% w/w), according to BNEF.

## TRANSPORTATION

### ➤ **Baltic Dry Freight Index – Daily = 2166**



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

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 mts; Panamax, which usually carry coal or grain cargoes of about 60,000 to 70,000 mts; and Supramax, with a carrying capacity between 48,000 and 60,000 mts. 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.

### ➤ **Baltic Exchange Weekly Dry Bulk Market Report**

10<sup>th</sup> May 2024 Source: Baltic Exchange: <https://www.balticexchange.com/en/data-services/WeeklyRoundup/dry/news/2024/bulk-report-week-19.html>

**Capesize:** Following the UK Bank holiday, Tuesday marked a strong start for the Capesize market with rising rates in both the Pacific and Atlantic regions, driven by increased miner activity and healthy cargo volumes particularly in the Pacific. The C5 index moved up by \$0.84 to \$11.650. There were significant gains in the North

Atlantic with a tightening tonnage list that led to the C8 index climbing by \$10,142 to \$27,571, and the C9 index also saw a notable increase of \$4,125, reaching \$49,500. The trend continued into Wednesday, albeit with slightly reduced activity in the Pacific, maintaining an upward trajectory. Towards the end of the week the Pacific saw heightened activity but a stabilization of the Pacific market with steady cargo volumes, while the Atlantic experienced minor adjustments, leading to a softer condition overall. The BCI 5TC experienced a slight decrease of \$937, closing the week at \$27,301.

**Panamax:** The Panamax market returned a week of steady gains with little sign of the firm trend abating, with fundamentals appearing strong in favor of the owners. The Atlantic appeared predominantly fronthaul led with a steady mineral flow ex US East Coast as well as solid grain demand ex NC South America, reports of a scrubber fitted 81,000-dwt delivery Gibraltar trip via NC South America achieving \$31,000 redelivery Singapore-Japan. There was very little to report on trans-Atlantic, with minimal activity. In Asia, the market witnessed significant gains, route P5 yielding a \$2,662 gain week-on-week highlighting the spike in activity ex Indonesia with exceptional demand seen, reports of various deals concluded around the \$20/21,000 mark for trips via Indonesia redelivery India, delivery SE Asia. There was limited period reporting but did include rumors earlier in the week of an 81,000-dwt delivery to China agreeing \$20,000 basis 5 to 7 months employment.

**Ultramax/Supramax:** All eyes focused on the Asian arena this week as rates pushed higher with stronger demand from Indonesia seeing owners' expectations rise. This also led to slightly stronger levels being achieved further north. By contrast, the Atlantic remained rather subdued, by the impact of various holidays. A lack of demand from areas such as the Continent – Mediterranean and US Gulf saw the positive sentiment erode. There did remain an appetite for period cover, a newbuilding 64,000-dwt was fixed ex yard at \$19,000 for one year elsewhere a 57,000-dwt open WC India was heard to have fixed one year at \$15,000. From the Atlantic, a 60,000-dwt was heard fixed delivery East Mediterranean to the US Gulf in the low \$13,000s, whilst a 61,000-dwt fixed a scrap run from the North Continent to East Mediterranean at \$15,000. From Asia, a 52,000-dwt open SE Asia fixed a trip via Indonesia redelivery China at \$19,000. Further north, a 61,000-dwt open China fixed a NoPac round in the upper \$17,000s.

**Handysize:** A rather subdued week with holidays across both basins with limited visible activity and fresh enquiry surfacing. Pressure remained on owners across the Continent and the Mediterranean with a 32,000-dwt rumored to have ballast from Annada to fixed passing Canakkale via the Black Sea to Rosyth with a cargo of grains at \$8,250 whilst a 39,000-dwt open in Tyne fixed from Bremen to the US East Coast with a cargo of lumber at \$14,500. There were rumors of a 37,000-dwt fixed from the Eastern Mediterranean to Brazil with an intended cargo of fertilizer in the low \$7,000s. Asia in contrast showed positivity as a 35,000-dwt fixed from Port Hedland via Australia to China with an intended cargo of minerals at \$22,000 and a 34,000-dwt fixed from Caofeidan via North China to Vietnam with a cargo of metallurgical coke at \$15,500. The Arabian Gulf also showed signs of more activity with a 35,000-dwt fixing from Dohar to Madagascar in the \$13,000s with bagged cargo.

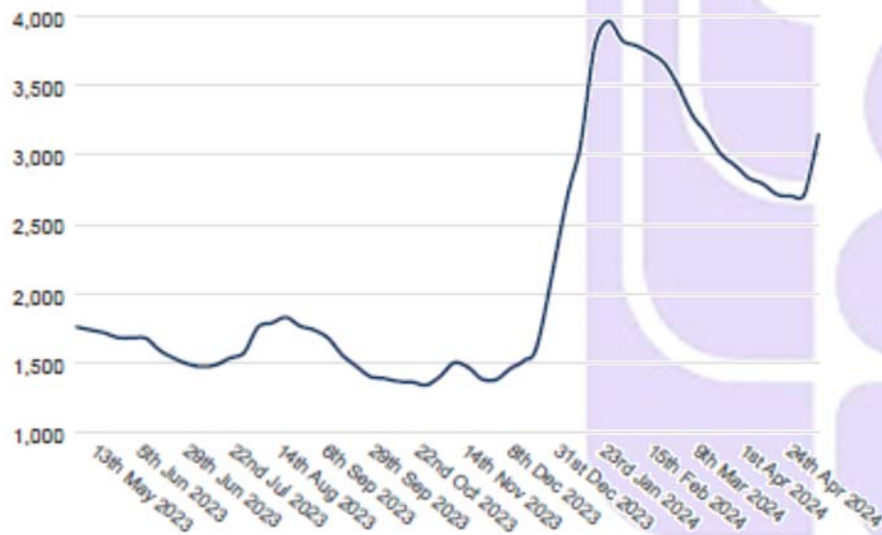


➤ **Drewry World Container Index**

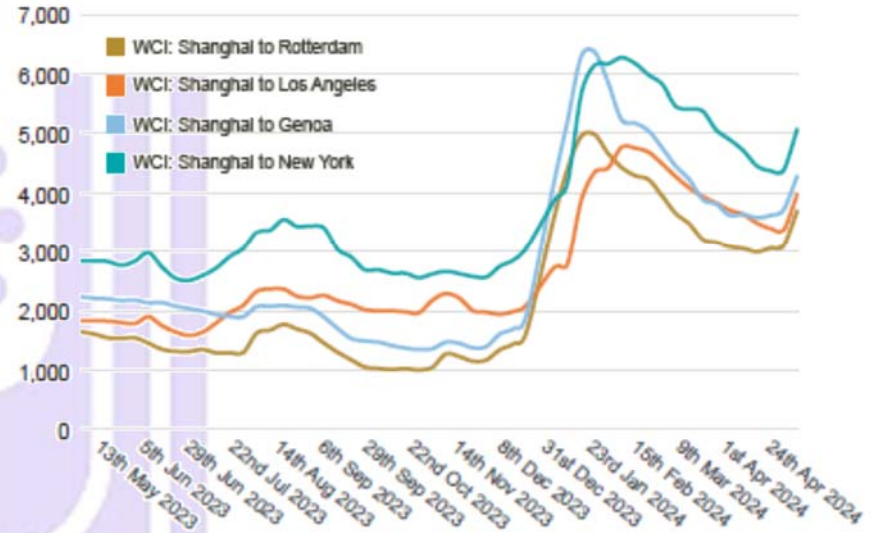
**World Container Index – 9 May 2024** Source: <https://www.drewry.co.uk/supply-chain-advisors/world-container-index-weekly-update/>.

- Drewry's World Container Index increased 16% to \$3,159 per 40ft container this week. The composite index increased 16% to \$3,159 per 40ft container this week and has increased by 81% when compared with the same week last year.
- The latest Drewry WCI composite index of \$3,159 per 40ft container is 122% more than average 2019 (pre-pandemic) rates of \$1,420.
- The average composite index for the year-to-date is \$3,227 per 40ft container, which is \$512 higher than the 10-year average rate of \$2,714 (which was inflated by the exceptional 2020-22 Covid period).

**Drewry World Container Index (WCI) - 09 May 24 (US\$/40ft)**



**Drewry WCI: Trade Routes from Shanghai (US\$/40ft)**



Route	Route code	25-Apr-24	02-May-24	09-May-24	Weekly change (%)	Annual change (%)
Composite Index	WCI-COMPOSITE	\$2,706	\$2,725	\$3,159	16% ▲	81% ▲
Shanghai - Rotterdam	WCI-SHA-RTM	\$3,056	\$3,103	\$3,709	20% ▲	131% ▲
Rotterdam - Shanghai	WCI-RTM-SHA	\$749	\$739	\$695	-6% ▼	17% ▲
Shanghai - Genoa	WCI-SHA-GOA	\$3,615	\$3,717	\$4,295	16% ▲	95% ▲
Shanghai - Los Angeles	WCI-SHA-LAX	\$3,395	\$3,371	\$3,988	18% ▲	118% ▲
Los Angeles - Shanghai	WCI-LAX-SHA	\$700	\$700	\$699	0%	-31% ▼
Shanghai - New York	WCI-SHA-NYC	\$4,369	\$4,382	\$5,089	16% ▲	80% ▲
New York - Rotterdam	WCI-NYC-RTM	\$624	\$625	\$629	1% ▲	-29% ▼
Rotterdam - New York	WCI-RTM-NYC	\$2,214	\$2,210	\$2,160	-2% ▼	-52% ▼

- Freight rates from Shanghai to Rotterdam increased 20% or \$606 to \$3,709 per 40ft container. Similarly, rates from Shanghai to Los Angeles surged 18% or \$617 to \$3,988 per feu. Likewise, rates from Shanghai to Genoa and Shanghai to New York spiked 16% to \$4,295 and \$5,089 per 40ft box respectively. Moreover, rates from New York to Rotterdam inched up 1% or \$4 to \$629 per container. Conversely, rates from Rotterdam to New York decreased 2% or \$50 to \$2,160 per 40ft box. Likewise, rates from Rotterdam to Shanghai declined 6% or \$44 to \$695 per feu.

While rates from Los Angeles to Shanghai remain stable. Drewry expects freight rates ex-China to continue increasing in the upcoming week amid a huge demand spike and tight capacity.

➤ **Illinois River and St Louis Barge Freight**

10 May 2024 – Indicative values, “bid/offer”, as a% of tariff (1976 benchmark rates short ton (2,000 lbs)). Use to calculate “Delivery Value Equivalents” (DVE).

**IL RIVER FREIGHT**

	5/9/2024	5/10/2024	
<b>FH May</b>	310/340	310/340	<b>UNC</b>
<b>LH May</b>	300/340	300/340	<b>UNC</b>
<b>June</b>	300/350	300/340	
<b>July</b>	300/350	290/340	
<b>Aug</b>	375/425	375/425	<b>UNC</b>
<b>Sep</b>	550/600	550/600	<b>UNC</b>
<b>Oct</b>	600/650	600/650	<b>UNC</b>

**ST LOUIS BARGE**

<b>FREIGHT 14'</b>	5/9/2024	5/10/2024	
<b>FH May</b>	230/250	225/250	
<b>LH May</b>	220/240	220/240	<b>UNC</b>
<b>June</b>	200/250	200/250	<b>UNC</b>
<b>July</b>	200/250	200/250	<b>UNC</b>
<b>Aug</b>	300/350	300/350	<b>UNC</b>
<b>Sep</b>	475/525	475/525	<b>UNC</b>
<b>Oct</b>	525/600	525/600	<b>UNC</b>

**LOGISTICS**

➤ **Argentina grains ports, soy crushing plants idle due to general strike**

9 May 2024 Reuters - Argentine grains ports and soybean crushing plants in the area surrounding the major Rosario hub are standing idle due to a nationwide strike launched on Thursday, the head of the major grains exporting nation's oilseed export chamber said.

"None of the ports and factories are operating," according to chamber president Gustavo Idigoras. "There aren't any problems or disturbances but everything is closed."

Guillermo Wade, who leads the CAPyM chamber of port and maritime activities, confirmed the stoppage.

"The unions have all joined, so activity is totally affected," he said.

Unions called a 24-hour general strike against the harsh austerity measures implemented by libertarian President Javier Milei.

The spending cuts, which appear to be slowing the country's near 300% inflation rate and have momentarily eliminated the fiscal deficit, are also increasing poverty and unemployment as consumption collapses.

The strike action comes as farmers reap the country's major soybean and corn harvests, bringing ports into what is traditionally one of the busiest times of the year.

While crushing and port worker groups are participating in the strike the farmers' Argentine Rural Confederations (CRA) said it was not striking: "To overcome our Nation's crisis we must keep working," the group said on X.

➤ **Canadian Railway Strike Looms**

Thousands of railway workers in Canada at Canadian National Railway (CN) and Canadian Pacific Kansas City (CPKC) have voted overwhelmingly to strike as early as May 22, Reuters reported. The strike would affect grain shipments.

Mike Steenhoek, executive director of the Soy Transportation Coalition, told The Hagstrom Report in an email, "The potential strike would only impact the Canadian National Railway and Canadian Pacific Kansas City Railway networks on the Canadian side."

"The U.S. networks of those two railroads operate under the contract with separate labor unions that was finalized a year or so ago. While the stoppage would be in Canada, it would obviously impact shipments that originate in Canada and are destined to the U.S. or vice versa."

➤ **Sino-Russian Land Grain Corridor and China's Quest for Food Security**

8 May 2024 by Asia Society – The Asia Society Policy Institute has published a paper entitled "The Sino-Russian Land Grain Corridor and China's Quest for Food Security," authored by **Genevieve Donnellon-May**, ASPI Research Associate,

and **Zhang Hongzhou**, Assistant Professor at the S. Rajaratnam School of International Studies at Nanyang Technological University.

Read the full report [here: https://asiasociety.org/policy-institute/sino-russian-land-grain-corridor-and-chinas-quest-food-security](https://asiasociety.org/policy-institute/sino-russian-land-grain-corridor-and-chinas-quest-food-security)

The paper unpacks the implications and challenges associated with the creation of the New Land Grain Corridor (NLGC), the world's first specialized railway grain terminal connecting China and Eurasian Economic Union countries: Russia, Belarus, Kazakhstan, Kyrgyzstan, and Armenia.

Donnellon-May and Zhang note that, “for Russia, amidst Western sanctions, the grain corridor ensures the continued export of agricultural products to not only China but potentially to other Asian markets while also facilitating more agricultural investment in the country’s Far East.”

An agreement to jointly develop infrastructure for the NLGC was signed between the Russian New Land Grain Corridor Group of Companies and Chinese state-owned China Chengtong International Investment in June of 2022. To maximize the loading capacity of railway vehicles between China and Russia, construction of the Grain Terminal Zabaikalsk (GTZ), a railway transshipment facility and onshore grain terminal at Russia’s border with Inner Mongolia, was completed in September of 2022. With this improved transport and border infrastructure, Russia and China signed a massive grain supply contract in October of 2023.

“Under the agreement, Russia’s EPT grain export company is expected to supply 70 mmts of Russian grain, legumes, and oilseeds to China’s Chengtong over the next twelve years,” write Donnellon-May and Zhang.

According to the report, for China, “the NLGC can contribute to the country’s food security in two main ways: by supporting its food import diversification strategy and avoiding potential food chokepoints.” Growing strategic competition between the U.S. and China has heightened Beijing’s concern that their food supply could be impacted by U.S. embargos, so diversifying supply routes is of high priority. Furthermore, “extreme weather events, including droughts and floods, and the loss of arable land” have compromised domestic wheat production and lead to deficits in recent years.

The NLGC has already strengthened agricultural trade between the two countries: “In 2022, China became the biggest importer of Russia’s agricultural products when the volume reached \$7 billion, an increase of 44% compared to 2021,” states the report.

However, the volume of Russian grain exports to China remains proportionally small when compared with China’s total grain imports, and there are “significant gaps in understanding between China and Russia over agricultural cooperation.” Russia’s import and export tariff policies, market protection measures, infrastructure limitations, inefficient customs processes, and quarantine inspections will continue to limit the exportation of Russian grain to China.

“Amid the Russo-Ukrainian War, the NLGC is another demonstration of Sino-Russian strategic alignments and their ‘no-limits’ friendship”, write Donnellon-May and Zhang.

## ➤ **Panama, Suez Canal issues to impact costs for consumers, farmers**

1 May 2024 by George Jared - During the 1800s, there were many failed attempts to build a canal across points in Central America. To trade goods from the Atlantic to Pacific, seafarers had to take a treacherous path around the tip of South America, traveling close to the rough seas near Antarctica.

Disease, political strife, a lack of funds and other factors thwarted numerous attempts by multiple countries to build a canal that would be far safer and cut in half the travel routes between the two oceans. The builder of the Suez Canal tried for nine years to build one, but gave up after a myriad of diseases killed at least 20,000 workers.

In 1903, the U.S. decided to build the Panama Canal — primarily pushed by President Theodore Roosevelt — and by 1914 it was complete, according to the U.S. State Department.

The safer travel and massive reduction in distance led to more free flowing commerce around the world for more than a century. The Panama and Suez canals have had significant reductions in traffic due to drought in one instance and war in the other.

“There are two maritime disasters going on simultaneously. One of them is political and the other one is environmental,” said Ryan Loy, extension economist for the University of Arkansas System Division of Agriculture. “They both have a large impact on the global supply chain.”

According to the United Nations Conference on Trade and Development, monthly transits through the Panama Canal dropped 49% since October 2021, while Suez transits were down 42% in the same period.

### **Panama Drought**

The Panama Canal, connecting the Atlantic and Pacific oceans, is critical to trade. In 2023, the canal saw more than 14,000 transits of commercial vessels carrying more than 285 mmts of cargo. The canal relies on fresh water from the Gatun Lake to move ships through its locks. Last year, drought halved the amount of water flowing into the reservoir.

Last October, canal authorities began reducing traffic from 32 transits a day to 24. Transits were then cut to 22 in December. In January, the Panama Canal Authority raised the number of transits back to 24, a level it planned to keep through April. When water levels will return to normal to allow for normalized cargo traffic is unknown.

“Panama is basically dealing with the same thing we were seeing with the Mississippi River last fall,” said Loy.

Drought along the Mississippi River dropped it to record lows in September 2023.

The reduction in transits has traffic backing up on both sides of the isthmus, which means shippers can either wait or choose to take the longer, more dangerous route around South America. It also means some commodities will be loaded onto trains or trucks instead.

“The long layovers affect the quality of the commodities, especially if you have something like live beef cattle or live pigs,” Loy said.



There are also the additional costs of the energy required to keep a ship's crew and systems operating while standing still.

Businesses and consumers in the U.S. will be directly impacted by trade disruptions through the canal. The International Trade Administration estimates that 72% of all traffic that comes through the Panama Canal is either coming or going to a U.S. port.

### Conflicts Near The Suez

The Suez Canal is a key trade route connecting the Mediterranean and Red Seas. Its construction in the 1800s meant shipping between Europe and East Asia no longer had to go all the way around Africa.

Houthi missile and drone attacks in recent weeks along the Suez have prompted many shipping companies to avoid the route, with container shipping dropping 67% as of late January, according to the trade journal "Captain." In 2019, the most recent figures available from the Suez Canal Authority, it had 18,880 ships bearing 1.03 billion tons of cargo.

"According to the United Nations Conference and Trade and Development, more than a fifth of the world's container trade went through the Suez," Loy said. "That included natural gas, oil and materials needed for manufacturing."

Global shipping and logistics company Maersk began using a different trade route in March stating "in the interest of safety for our vessels, crew, and customers' cargo, all vessels previously due to transit the area have been diverted south around the Cape of Good Hope for the foreseeable future. While we hope for a sustainable resolution in the near future and do all we can to contribute towards it, we encourage customers to prepare for disruptions to persist in the global network. Transit times between the U.S. East Coast and India and the Middle East, and vice versa, will be extended by one or two weeks by this change."

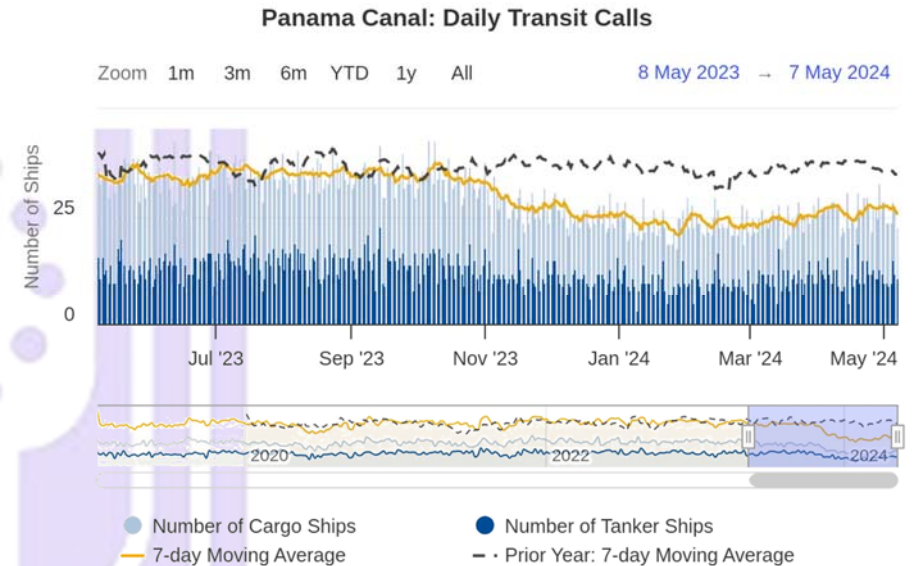
With the issues at the two canals, plus Black Sea disruptions because of the Russian invasion of Ukraine, costs are rising.

The United Nations said container freight rates on Asia-Pacific to Europe routes have risen sharply since November. Average container shipping spot rates from Shanghai in early February 2024 more than doubled, up by 122% compared to early December 2023, the UN reported. The rates from Shanghai to Europe more than tripled, jumping by 256%.

"While we have not seen much price impact yet, eventually the high cost of transportation will work its way back to farmers and consumers," Loy said.

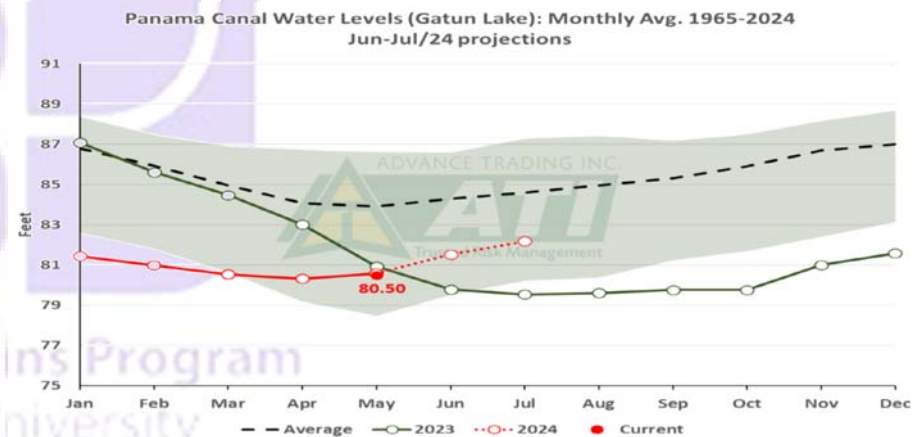
In 2021, when the Ever Given cargo ship ran aground and blocked all traffic in the Suez Canal for six days, Lloyd's List Intelligence said that "rough calculations suggest westbound traffic is worth around \$5.1 billion daily while eastbound traffic is worth \$4.5 billion."

### ➤ Panama Canal – Daily Transit Calls



9 May 2024 Source: IMF PortWatch

<https://portwatch.imf.org/pages/76f7d4b0062e46c5bbc862d4c3ce1d4b>



Panama Canal wait times have dropped to an average of 3 days, with daily auction rates for May slots averaging \$197k with a range of \$55k - \$380k. Total vessel transits will go from 17 to 24 at the old locks plus 7 Neo-Panamax in LH May, in June the Neo-Panamax will go to 8.

Shipping restrictions to the flow of commercial vessels across the Panama Canal due to drought conditions.

Event date: Substantially reduced traffic since 03 November, 2023 — Ongoing

Event description: Water levels have fallen to critical lows because of one of the most severe worst droughts in the canal's 143-year history. On October 30, 2023 the Panama Canal Authority announced a substantial restriction to the number of booking slots to pass the canal, effective November 3, 2023. Further details are discussed in this IMF blog post.

Main economies affected: Ports in Panama, Nicaragua, Ecuador, Peru, El Salvador and Jamaica rely the most on the canal, with 10% to 25% of their total total maritime traffic affected. The effects are felt as far away as North America, Asia, and Europe.

### ➤ **Drought behind Panama Canal's 2023 shipping disruption 'unlikely' without El Niño**

1 May 2024 by Ayesha Tandon - A lengthy drought that caused widespread disruption to commercial ships passing through the Panama Canal in 2023 would have been "unlikely" without the influence of El Niño, according to a rapid attribution study.

Last year was Panama's third driest on record. The low rainfall caused water levels in Gatún Lake – a crucial part of the country's internationally important canal and key fresh water supply for millions of people – to drop to record-low levels.

Authorities reduced shipping through the canal to conserve the lake's fresh water, resulting in queues of ships waiting for weeks to cross the canal. As shipments of everything from fruit to gas were delayed and rerouted, knock-on effects rippled across the globe.

The new study, by the World Weather Attribution service, did not find a significant long-term drying trend in rainfall over Panama. However, it noted that since 1900, four of the five driest years in the region have occurred in El Niño years.

El Niño reduced last year's rainfall by about 8%, the authors find.

With the canal's water use expected to more than double by 2050, the study warns that authorities "may need to re-introduce shipping restrictions to safeguard drinking water supplies, particularly in El Niño years".

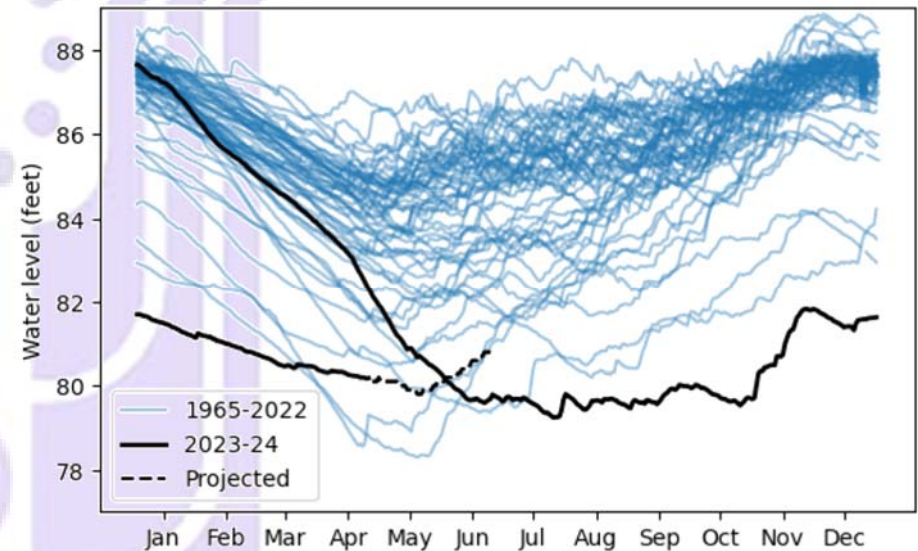
**Shipping Backlog:** Opened in 1914, the Panama Canal – an engineered waterway connecting the Pacific and Atlantic Oceans – is a cornerstone for global marine shipping. Around 14,000 ships pass through the canal every year, accounting for 5% of all global maritime trade.

Using the canal, rather than travelling around the southern tip of South America, ships can cut some 13,000km off their journey. Ships pay a toll for using the canal, which adds more than \$2.5bn to Panama's economy every year.

Gatún Lake is pivotal for the canal's operation. This artificial, rain-fed lake sits near the centre of the canal, around 26 metres above sea level. Ships travelling into the canal pass through a series of locks, each of which fills with water to raise the ship up

to the level of the lake. After travelling through the lake, another series of locks lower the ships back down to sea level. For every ship that moves through the canal – a process which takes between eight and 10 hours – around 200m litres of fresh lake water is used, most of which is flushed out to sea.

Panama is the fifth wettest country in the world and sees most of its rainfall in its May-December rainy season. However, total rainfall in 2023 was 30% lower than average. October was especially dry, recording 41% less rainfall than usual. As a result, water levels in the rainfall-fed Gatún Lake reached a record low in the second half of 2023.



Water levels in Gatún Lake since 1965. Source: WWA (2024)

The map above shows water levels in Gatún Lake since 1965, where each line represents one year. The solid black line indicates 2023-24, while the dashed line shows projected lake water levels until mid-June 2024.

Under normal circumstances, the Panama Canal allows 36 "transits" every day. However, as lake levels dropped, the Panama Canal Authority (APC) began taking measures to conserve water. It reduced the number of daily crossings first to 32, then 31. And finally in November 2023 it announced that only 25 crossings would be allowed per day. Ships began waiting in line for weeks to cross the canal, often paying millions of dollars to jump the queue if another ship with a booked reservation dropped out. By late August, around 135 ships were waiting to cross – 50% more than normal. Around the world, shipments of everything from food to fuel were delayed.

**Rainfall Trends:** The Panama Canal watershed is a series of natural and artificial rivers, sub-basins and lakes covering some 3,000 square kilometers on either side of

Gatún Lake. According to the WWA study, all of the water used by the Panama Canal comes from this area.

The study authors say a network of around 65 weather stations operate in and around the watershed, providing some of the best rainfall records across the entirety of central America and the Caribbean.

The map below shows the 2023 rainy season compared to the 1990-2020 average. Brown indicates that 2023 was drier than average and green that it was wetter. Gatún Lake is shaded grey and the study area is outlined in red.

To put Panama's drought into its historical context and determine how unlikely it was, the authors analyzed a time series of rainfall around the catchment of Gatún Lake in the 2023 rainy season, between May and December.

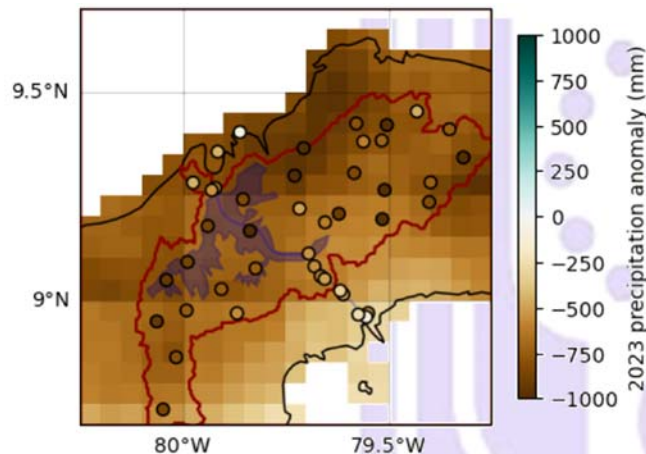
May-December precipitation around Gatún Lake in 2023, compared to the 1990-2020 average. May-December precipitation around Gatún Lake in 2023, compared to the 1990-2020 average. Brown indicates that 2023 was drier than average and green that it was wetter. Gatún Lake is shaded grey, and the study is outlined in dark red. Source: WWA

Dr Clair Barnes – a researcher at Imperial College London's Grantham Institute and author on the study – told a press briefing that there was some evidence of an overall drying trend in some of the stations, while others saw a wetting trend. Overall, she said the study finds a slight drying trend, but notes the high uncertainty in this finding. She adds: "We're not sure exactly what is causing that drying trend or if it is an anomaly. Future trends in a warming climate are also uncertain."

The authors investigated the impact of El Niño – a global weather phenomenon that originates in the Pacific Ocean – on rainfall in Panama. During El Niño years, a weakening in the trade winds across the equatorial Pacific brings warm ocean temperatures to the eastern Pacific, off the coast of South America. In Panama, El Niño years are linked with below-average rainfall.

During La Niña years, the opposite effects are seen. Both phases together are known as the El Niño-Southern Oscillation (ENSO).

Steven Paton is the director of the physical monitoring program at the Smithsonian Tropical Research Institute and an author on the study. He told a press briefing that 2023 was "the third driest year ever recorded [in Panama] in the 143 years that we



have data". He noted that all of the three driest years on record were recorded during an El Niño event.

The researchers find that in today's climate, during an El Niño year, Panama has a 5% chance of seeing rainfall levels as low as those in 2023. Given the current frequency of El Niño events, this means that similar events would be expected to occur around once every 40 years in the present climate, they say.

The authors find that El Niño reduced the volume of rainfall that fell in 2023 by about 8%, compared to an ENSO-neutral year, adding that it "is unlikely that Panama could experience such a low rainy season without the influence of El Niño".

The researchers also assess whether human-caused climate change played a role in Panama's very low rainfall levels.

To conduct attribution studies, scientists use models to compare the world as it is today to a "counterfactual" world without climate change. This study aimed to identify any potential "signal" of climate change in Panama's rainfall pattern.

However, only one of the climate models used in this study was able to capture rainfall patterns over the study region accurately, and the authors were unable to determine whether any trend in rainfall over the region was due to climate change.

(These findings are yet to be published in a peer-reviewed journal. However, the methods used in the analysis have been published in previous attribution studies.)

**Compounding Impacts:** The Panama drought shows how changes in weather conditions, such as rainfall patterns, can interact with other hazards.

Maja Vahlberg is a risk consultant at the Red Cross Red Crescent Climate Centre and author on the study. She told the press briefing that disruptions to the Panama Canal interacted with those in the Suez Canal – caused by Yemen's Houthi group attacking commercial ships in the Red Sea – to drive "compounding and cascading impacts" on global shipping patterns. This also exacerbated the existing disruptions caused by Russia's invasion of Ukraine and the Covid pandemic.

As a backlog of ships in the Panama Canal grew, delays lengthened from days to weeks. Al Jazeera described the affected shipments: "Bananas from Ecuador to Florida. Poultry from Chile to northern Europe. Liquid Natural Gas from the US to Asia. And virtually anything under the sun out of China."

Around December, newspapers began to warn that shipments of Christmas goods may fail to reach retailers in time for the festive season. Europe typically imports fresh produce from South and Central America during the winter months, with food and drink making up 77% of container shipments between the west coast of South America and Europe in 2022.

For example, Peru supplies the UK with £2bn worth of goods every year, including more than £350m of "fresh produce". However, many ships carrying fruits, vegetables and meat from South America to Europe were stuck in the backlog, resulting in "excessive delays".

The drought also impacted shipments of oil and gas. The US uses the canal as a major trade route for carrying liquefied natural gas (LNG) from the Gulf coast to Asia.



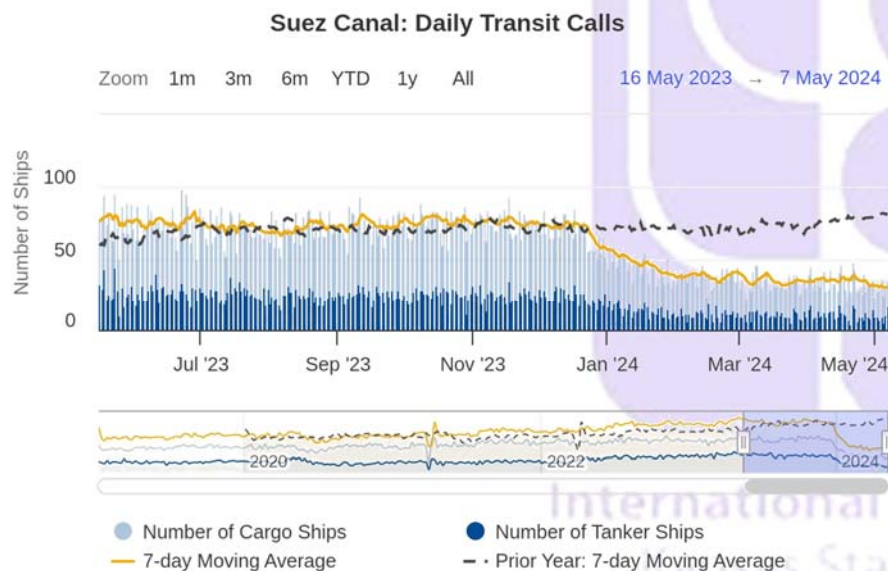
However, average waiting times for tankers carrying LNG north through the canal rose from eight days in July to 18 days in August.

Meanwhile, Gatún Lake also supplies drinking water for more than half of Panama's 4.3 million people. As a result, the government was required to balance the demands of international shipping with the water usage needs of the locals.

Vahlberg told the press briefing that "Indigenous, Afro-Panamanian and some rural communities have very water-dependent livelihoods". She explained that these communities often have "higher rates of poverty and limited access to basic services", meaning that "even small changes in precipitation can bring disproportionate impacts on their livelihoods". She added that urban expansion and population growth, combined with ageing infrastructure that loses water through leaks, are putting increasing pressure on the country's water supplies.

The study notes that by 2050, the canal's water use is expected to be more than double 2015 levels. It warns that, in future, authorities "may need to re-introduce shipping restrictions to safeguard drinking water supplies, particularly in El Niño years".

➤ **Suez Canal – Daily Transit Calls**



9 May 2024 Source: IMF PortWatch Source: <https://portwatch.imf.org/pages/c57c79bf612b4372b08a9c6ea9c97ef0>

➤ **Report to Congress on Economic Effects of Red Sea Disruptions**

9 May 2024 by US Naval Institute - The following is the May 8, 2024, Congressional Research Service In Focus report, Red Sea Shipping Disruptions: Estimating Economic Effects.

**From the report**

Attacks by the Yemen-based Ansar Allah (Houthi) movement in the Red Sea and Gulf of Aden since November 2023 have disrupted a critical maritime passage for global supply chains, creating bottlenecks at the Suez Canal and Bab al-Mandab Strait—one of the world's most significant trade chokepoints—and forcing vessels into longer and more costly journeys around Africa. These shipping disruptions compound ongoing challenges to the global economy created or exacerbated by the COVID-19 pandemic, Russia's war against Ukraine, conflict and tension in the Middle East, and a drought that has substantially scaled back shipping through the Panama Canal, another key artery of global trade flows. Members of Congress may have an interest in monitoring the situation to help inform potential U.S. economic policy responses.

The Suez Canal—which connects the Red Sea with the Mediterranean Sea and links Europe, Africa, and Asia—handled approximately 12% to 15% of global trade volumes in 2023. This strategic passage is also significant to trade in specific products; by some estimates, it has handled 25% to 30% of all container shipping, 12% of seaborne oil, 8% of seaborne liquified natural gas, and 8% of the grain trade in recent years. The disruptions to the safe use of this waterway have highlighted the vulnerability of global supply chains to ocean-based security threats.

Preliminary information suggests that the global economic effects of the Houthi attacks on ships have been limited thus far, although they have rippled across various industries and countries differently, primarily via trade linkages (e.g., delays and shortages). Potential remains for greater near-term risks and challenges to the economies of Europe, the Middle East, and the Horn of Africa. As two analysts from the St. Louis Fed noted in February 2024, "[w]hile geopolitical conflict often takes place in relatively narrow geographic areas, the global nature of the market for international shipping services could act as a channel through which local shocks are amplified and transmitted to the rest of the global economy."

The attacks have increased shipping costs and affected humanitarian flows of food, fuel, and medicine into in these regions. If prolonged, disruptions to Red Sea shipping could contribute to global inflationary pressures and exert a drag on the global economy. Ultimately, the overall impact of the crisis will depend on its duration and the extent to which its fallout is contained, and on the responses of all stakeholders, including governments, shipping companies, and international organizations.

**Challenges of Economic Forecasting**

Projections of the economic impact are based on limited data that includes a mix of statistical indicators from government agencies, business and consumer surveys, financial market variables, and real-time ship and port tracking databases. They are also based on specific assumptions and simplifications—which may not capture the

complexity and dynamics of the situation. Forecasts are also subject to considerable uncertainty that can affect their accuracy and reliability, including about what actions the Houthis might take and what the shipping industry and other countries might do to protect ships in the Red Sea.

Measuring the effects of an evolving crisis and isolating them from those of the other unfolding regional and global developments, however, is a challenging task. For example, customs records, from which official trade statistics are derived, may be affected by shipping disruptions. Issues such as these could complicate efforts to timely and accurately assess the trade and economic effects of the disruptions (e.g., imports/tariff revenue recorded in April that would have been recorded in February had it not been for the rerouting of ships).

### ➤ **STB Finalizes Reciprocal Switching Rule**

The Surface Transportation Board has finalized a rule requiring railroad carriers to let competitors onto their tracks if there are service delays, reports *Agri-Pulse*.

The rule, unanimously adopted Tuesday by the 5-member board, allows the agency to authorize “reciprocal switching” agreements if railroads fail to meet their estimated times of arrival, if transit times for shipments deteriorate from a standard, or if railroads struggle to perform local deliveries and pick-ups of railcars within a planned service window.

National Grain and Feed Association President Mike Seyfert said data-sharing measures in the final rule “will serve to both inform and incentivize railroad performance.” He called on the agency, however, to do more to improve service, including finalizing a “petition for rules that govern rail carriers’ use of private railcars.”

A spokesperson for the Association of American Railroads said the organization is reviewing the rule but added “it remains true that the well-functioning freight market will almost always achieve better outcomes than bureaucratic mandates.”

## Government Actions and Policies

### ➤ **Corn Refiners Association - Trade Update**

9 April 2024 CRT Trade Update – Source: [https://corn.org/trade-update-3-12-24/?utm\\_source=subscriber&utm\\_medium=subscriber\\_email&utm\\_id=tunewsletter&utm\\_source=CRA-PBPC+Master+Audience&utm\\_campaign=59dadb40db-EMAIL\\_CAMPAIGN\\_2024\\_03\\_12\\_11\\_04&utm\\_medium=email&utm\\_term=0\\_75be9394b9-59dadb40db-462373276#usda](https://corn.org/trade-update-3-12-24/?utm_source=subscriber&utm_medium=subscriber_email&utm_id=tunewsletter&utm_source=CRA-PBPC+Master+Audience&utm_campaign=59dadb40db-EMAIL_CAMPAIGN_2024_03_12_11_04&utm_medium=email&utm_term=0_75be9394b9-59dadb40db-462373276#usda)

- **Trade Remedies:** A U.S. anti-dumping (AD) and countervailing duty (CVD) investigation is underway on a common herbicide – 2,4 dichlorophenoxyacetic acid (2,4-D) – from China and India. The investigation was requested by Corteva Agriscience LLC on March 14, and publicly opposed by the National Corn Growers Association.

### US-Mexico::

- On April 19, [government officials met virtually](#) for the U.S.-Mexico High-Level Economic Dialogue (HLED) Mid-Year Review to discuss accomplishments and progress on the dialogue. Most directly relevant to food and agriculture trade, the United States and Mexico highlighted several projects underway to improve and expand border infrastructure.
- The Florida Tomato Exchange seeks to terminate the current suspension agreement on imports of tomatoes from Mexico and restore antidumping duties. The proceedings will slow down following an April 17 [ruling by the U.S. Court of International Trade](#) (CIT) that the U.S. Department of Commerce (DOC) must modify which years it included in the recent antidumping duty investigation.
- **Free Trade Agreements:** On May 1, the EU-New Zealand trade agreement entered into force. The EU maintains tariff-rate quotas on certain dairy products, beef and sheep meat, ethanol, and sweet corn. A list of 163 Geographical Indications (GIs) was also included in the agreement.
- **US-Taiwan:** USTR held public hearings last week on its ongoing supply chain resilience efforts. Representatives from the International Dairy Foods Association (IDFA), National Milk Producers Federation (NMPF), and U.S. Dairy Export Council (USDEC) participated.
- **US-Philippines:** On May 8, the United States and the Philippines held meetings of the agriculture and labor working groups under the bilateral TIFA.
- **US-Iraq:** USTR Chief Agricultural Negotiator Doug McKalip co-chaired the U.S.-Iraq Trade and Investment Framework Agreement (TIFA), along with Iraq’s Deputy Minister of Trade, Ghassan Farhan Hamid. [According to USTR](#), the TIFA included discussions of agriculture, among other topics.
- **Trade Promotion:** From April 22-25, USDA’s Trade Under Secretary Alexis Taylor led a trade mission to India with officials from 47 U.S. agribusinesses and 11 state agriculture departments.

- **Environment:** On April 16, Senior Advisor [John Podesta announced](#) a new White House Climate and Trade Task Force that will focus on developing a 21st century approach to climate and trade policy. U.S. Trade Representative Katherine Tai stated during her recent Senate Finance Committee hearing that she will be a member of the taskforce.
- **Intellectual Property:** On April 25, USTR released its [2024 Special 301 Report](#), a review of intellectual property (IP) protection and enforcement globally, which included a review of geographical indications.
- **FAO:** On April 24, during a [presentation](#) of the [2024 Global Report on Food Crises](#) (GRFC), FAO Director-General Qu Dongyu emphasized the importance of addressing food crises.
- **U.S.-Taiwan:** [USTR announced](#) that the second round of in-person negotiations of the U.S.-Taiwan Initiative on 21st Century Trade will take place in Taiwan, starting April 29<sup>th</sup>.

#### ➤ **US Ethanol Leaders Seek to Intervene in EU Legal Challenge**

*The Hagstrom Report* writes that leaders of the U.S. ethanol industry have [applied to intervene](#) in a legal challenge of the ReFuelEU Aviation Regulation, which they said effectively bans the use of renewable, crop-based biofuels like corn ethanol as a feedstock for decarbonizing the aviation sector.

Collaborating in the intervention are the U.S. Grains Council, Growth Energy, the Renewable Fuels Association and LanzaJet. Earlier this year, LanzaJet opened the world's first ethanol-to-jet biorefinery, in Georgia.

The application to intervene in the proceedings supports a challenge brought by ePURE, a trade association representing European ethanol producers, and Pannonia Bio, one of Europe's largest ethanol producers. Their application seeks to annul the relevant provisions of the ReFuelEU Aviation Regulation, which was adopted by the EU in 2023 and is set to take effect in 2025, the groups said. A similar challenge was brought against the FuelEU Maritime Regulation, and members of the U.S. ethanol industry are seeking to intervene there, as well.

#### ➤ **Commerce: Lower Duties for Fertilizer from Russia, Higher for Morocco**

Countervailing duties applied to U.S. imports of Russian phosphate fertilizer could soon fall from 28.5% to 18.83% if an April 29 preliminary determination stands in a final verdict due in the fall. Meanwhile, imports from Morocco's mostly state-owned phosphate mining company could increase from 2.12% to 14.21%, according to a separate preliminary determination.

Both released on Monday, the Department of Commerce examined subsidies received in 2022 by Russian company, Apatit, and Moroccan company, OCP, and found the companies had benefitted from purchases of natural gas and mining rights priced below market rates, tax perks for mining and export operations, regional

development programs, low-interest government loans and exclusions of export revenue from tax obligations.

Commerce will publish its calculations for the proposed subsidy rates within five days of the preliminary decisions' publication in the Federal Register. A final determination is expected in October or November of this year, an attorney familiar with the case said.

The National Corn Growers Association said that Commerce's plans could reduce the availability of fertilizers and raise prices.

"The price of corn has dropped, and input costs are already high, so the Commerce Department's decision is the last thing farmers need," said NCGA President Harold Wolle, a Minnesota farmer. "If fertilizers continue to go up in price and are hard to secure, farmers will only have Mosaic and the Commerce Department to thank."

#### ➤ **USDA Says Ground Beef Tests Negative for Avian Influenza**

The Agriculture Department's Food Safety and Inspection Service (FSIS) announced late Wednesday that its tests of retail ground beef for H5N1, the high path avian influenza virus, were negative.

FSIS said the agency, which is responsible for meat and poultry inspection, "collected 30 samples of ground beef from retail outlets in the states with dairy cattle herds that had tested positive for the H5N1 influenza virus at the time of sample collection. The samples were sent to APHIS' National Veterinary Services Laboratories (NVSL) for PCR testing. On May 1, NVSL reported that all samples tested negative for H5N1. These results reaffirm that the meat supply is safe."

USDA noted, "The samples were analyzed by APHIS [the Animal and Plant Health Inspection Service] using polymerase chain reaction (PCR), to indicate whether any viral particles were present. No virus particles were found to be present."

USDA also said FSIS is collecting muscle samples at FSIS-inspected slaughter facilities of cull dairy cattle that have been condemned for systemic pathologies. The samples will be analyzed by APHIS using PCR to determine presence of viral particles. The results are forthcoming and will be posted as soon as they become available.

On Monday, USDA issued a clarification to its Federal Order restricting the movement of lactating dairy cattle. According to the agency, the Federal Order does not apply to the intrastate movement of a lactating dairy cow to a sale barn. Subsequent interstate movement for a lactating dairy cow from a sale barn directly to a slaughter facility requires only a Certificate of Veterinary Inspection (CVI) stating that the animal is clinically healthy; no testing is necessary.

#### ➤ **Colombia Bans U.S. Beef Due to Bird Flu**

Colombia has banned U.S. beef products from certain U.S. states where dairy cows have tested positive for avian influenza as of April 15, reports *Reuters*.



It is the first country to officially limit trade in beef due to bird flu in cows, in a sign of a broadening economic impact of the virus that has restricted poultry trade globally. Colombia imports a small amount of beef from the U.S. annually, according to government data and market analysts.

"The United States is Colombia's largest supplier of imported beef, and Colombia's attempt to suspend beef imports from specific U.S. states is unworkable and misguided. It has created uncertainty for Colombian importers and their customers as well as their suppliers, and will greatly disrupt trade," said the Denver-based U.S. Meat Export Federation.

"The U.S. exported about \$40 million in beef and beef products to Colombia last year, so it is certainly an active market but represents a relatively small percentage of total exports (which were valued at nearly \$10 billion in 2023)."

#### ➤ **USDA APHIS Issues Final Requiring Traceability Ear Tags for Cattle**

The Agriculture Department's Animal and Plant Health Service [issued a final rule](#) on traceability of sexually intact cattle and bison 18 months of age or older, all dairy cattle, cattle and bison of any age used for rodeo or recreation events, and cattle or bison of any age used for shows or exhibitions.

The rule requires official eartags to be visually and electronically readable for official use for interstate movement of certain cattle and bison, and revises and clarifies certain record requirements related to cattle.

USDA will continue to provide tags to producers free of charge to jumpstart efforts to enable the fastest possible response to a foreign animal disease, APHIS said.

## International Crop & Weather Highlights

#### ➤ **Southern Brazil is still reeling from flooding, facing more storms**

*8 May 2024 AP* — Authorities in southern Brazil rushed Wednesday to rescue survivors of massive flooding that has killed at least 100 people, but some residents refused to leave belongings behind while others returned to evacuated homes despite the risk of new storms.

Heavy rains and flooding in the southern state of Rio Grande do Sul since last week also have left 128 people missing, authorities said. More than 230,000 have been displaced, and much of the region has been isolated by the floodwaters.

More storms are expected in the state, with lightning strikes and wind gusts reaching up to 100 kilometers per hour (62 mph) in the south, according to Cátia Valente, the meteorologist in the state's situation room.

Staffers of the state's civil defense agency told The Associated Press they have been struggling to persuade residents of the city of Eldorado do Sul, one of the hardest hit by the floods, to leave their homes. It is located beside Porto Alegre, near the center of the state's coastline. At least four people declined to evacuate.

A flyover of Eldorado do Sul in a military helicopter showed hundreds of houses submerged, with only their roofs visible. Residents were using small boards, surfboards and personal watercraft to move around. Mayor Ernani de Freitas told local journalists that the city "will be totally evacuated. It will take at least a year to recover," he said.

Rio Grande do Sul's Gov. Eduardo Leite, speaking at a news conference late Tuesday, appealed to residents to stay out of harm's way, as the anticipated downpour may cause more severe flooding across the state. "It isn't the time to return home," he said.

The civil defense agency's own urgent warning asking displaced residents not to return to flooded areas also stressed the risk of disease transmission.

Army Gen. Marcelo Zucco, one of the coordinators of rescue operations, told the AP his team is working at full speed before heavy rains that are forecast to hit the Porto Alegre area this weekend. Moderate rain was falling Wednesday afternoon in the city.

"We hope the next rains are not like those we saw, but there's no way to be sure there won't be trouble ahead of us," Zucco said. "At this moment we are focusing on finishing rescue operations and starting logistical support to the population. That's bringing water, medication, food and transportation for the sick to some hospital," the general added. He also said some improvement in conditions for the day helped his men finally access some areas by land.

A report by the National Confederation of Municipalities estimates damages at 4.6 billion reais (\$930 million) in nearly 80% of Rio Grande do Sul's municipalities.

Gov. Leite has said that the enormous impact will require something akin to the Marshall Plan for Europe's post-WWII recovery. Already the state has asked the federal government to suspend debt payments and create a fund for the southern region.

#### ➤ **El Nino to end by June, La Nina seen in second half of 2024**

*9 May 2024 Reuters* — The El Nino weather pattern should fade out by June but could be replaced by the La Nina phenomenon by the second half of the year, a U.S. government forecaster said on Thursday.

There is a 49% chance that the La Nina weather pattern may develop during the June to August period, rising to 69% in July-September, the National Weather Service's Climate Prediction Center (CPC) said in its monthly forecast.

#### WHY IT'S IMPORTANT

The cycle between the weather patterns -- which can spawn wildfires, tropical cyclones and prolonged droughts -- is vital to farmers worldwide.

In Latin America, they have affected crops such as wheat, soy and corn, damaging regional economies often highly dependent on farming.

Hot, dry weather in Asia during El Nino last year prompted top rice supplier India to restrict exports following a poor monsoon, while wheat output in No.2 exporter

Australia took a hit. But heavier rains in parts of the Americas boosted farm output prospects in Argentina and the southern U.S. Plains.

**CONTEXT**

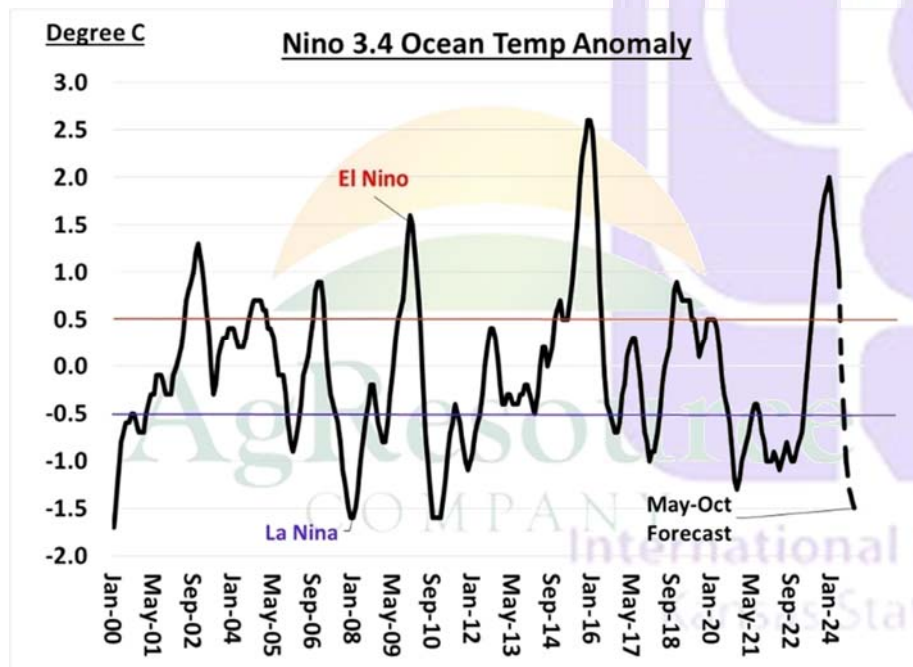
The full weather pattern involving El Niño, La Niña and a neutral phase typically lasts between two to seven years.

Experts have warned that Latin American nations must be on high alert as a rapid switch to La Niña this time could leave populations and crops little time to recover.

➤ **La Niña and its impact on global weather patterns**

8 May 2024 Ag Resource – Northern Hemisphere producing countries largely avoided major weather issues as La Niña transitioned to El Niño.

On balance, El Niño’s presence during the Northern Hemisphere’s summer months is a positive to rainfall patterns and grain yields. Grain yields were very close to longer term mathematical trends in the U.S., Europe and Black Sea Region. This kept fear of supply issues absent from the market.



However, the return of La Niña is imminent. La Niña, on balance, challenges rainfall patterns and yields across the southern United States, while allows for excessive heat in wide portions of the U.S. agricultural belt. But more than using normal La Niña-based correlations, it’s the speed at which La Niña arrives that leaves forward supply outlooks less reliable.



The coming transition from El Niño, which is present today, to La Niña, which will be present by June or July, will be much speedier than normal. Long term climate forecasts will be less reliable, and it’s difficult to point to analog growing seasons for even decent guesses on Northern Hemisphere summer weather patterns.

What is known is that La Niña is very bad for Argentina and southern Brazil. The 2023/24 South American growing season has just ended, but based on longer term ocean temperature forecasts, La Niña is probable to be present during December and January, which is strongly correlated to drought in Argentina. It’s not often that weather-based correlations are this strong. To that end, global total crop yield has struggled to grow in each of the last eight years. Our bet is that challenges – or the perception of challenges – continue in 2024. Large crops are still needed in 2024 to build global grain stocks.

➤ **USDA/WAOB Joint Agricultural Weather Facility – 4<sup>th</sup> of May 2024**

**Europe – Unfavorably Wet In France And England**

- Unfavorably wet weather persisted in France and England, raising concerns for reproductive to filling winter rapeseed, wheat, and barley while also hampering spring grain and summer crop sowing.
- Widespread showers further eased dryness concerns for reproductive winter crops in the Balkans.
- Sunny skies favored small grain and summer crop planting in Poland and the Baltic States.

**Western FSU** – Continued Dry But Much Colder In Russia

- Continued dry but much colder weather in eastern Ukraine and western Russia maintained drought concerns for jointing to heading winter wheat but facilitated a rapid pace of summer crop sowing.
- Sunny skies over Moldova, western Ukraine, Belarus, and northwest Russia facilitated the development of vegetative winter crops (south) and emerging spring grains (north) after recent rain.

**Eastern FSU** – Showers Expanded Across The Spring Grain Belt

- Expanding showers over northern Kazakhstan and central Russia maintained adequate to abundant moisture for spring grain emergence but slowed planting activities.
- Dry, warm weather in Turkmenistan and western Uzbekistan favored cotton planting and accelerated winter wheat development, while more rain farther east boosted soil moisture and irrigation supplies.

**Middle East** – Showers In Turkey, But More Heavy Rain In Central Growing Areas

- Showers returned to Turkey, improving moisture supplies for reproductive to filling winter grains.
- Unseasonably heavy rain returned to Iraq and western Iran, maintaining abundant moisture supplies for filling winter wheat and barley but likely renewing localized flooding.

**South Asia** – Pre-Monsoon Heat

- Pre-monsoon heat continued to expand across the region, with many locales topping 40°C.

**East Asia** – Favorable Showers In The South

- Showery weather spread across southern China, benefiting vegetative rice and reproductive rapeseed.
- Rain largely missed the North China Plain, but soil moisture remained mostly adequate for reproductive wheat.

**Southeast Asia** – Intense Heat In Indochina

- Scorching heat continued across Indochina with daytime temperatures reaching into the mid-40s (degrees C).
- Rainfall shifted northward with drier weather moving into Java, Indonesia.

**Australia** – Beneficial Rain In The West

- Rain arrived in the west, promoting germination of recently sown wheat and canola, but dry weather persisted in South Australia.
- In the east, showers further benefited winter crops but summer crop harvesting likely advanced.

**South America** – Flooding Rain Devastated Sections Of Rio Grande Do Sul, Brazil

- Record-setting rainfall (totaling well over 300 mm locally) likely caused some degree of damage to unharvested soybeans in Rio Grande do Sul, one of Brazil's leading producers. Statewide, harvesting had reached 76% completion as of May 2<sup>nd</sup>.

- Cool, sunny weather supported summer crop harvesting throughout much of Argentina.

**Mexico** – Unseasonable Warmth And Dryness Persisted In Eastern Farming Areas

- Rainfall was needed for planting corn and other rain-fed summer crops..

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

➤ **U.S. Agricultural Weather Highlights – Thursday the 9<sup>th</sup> of May 2024**

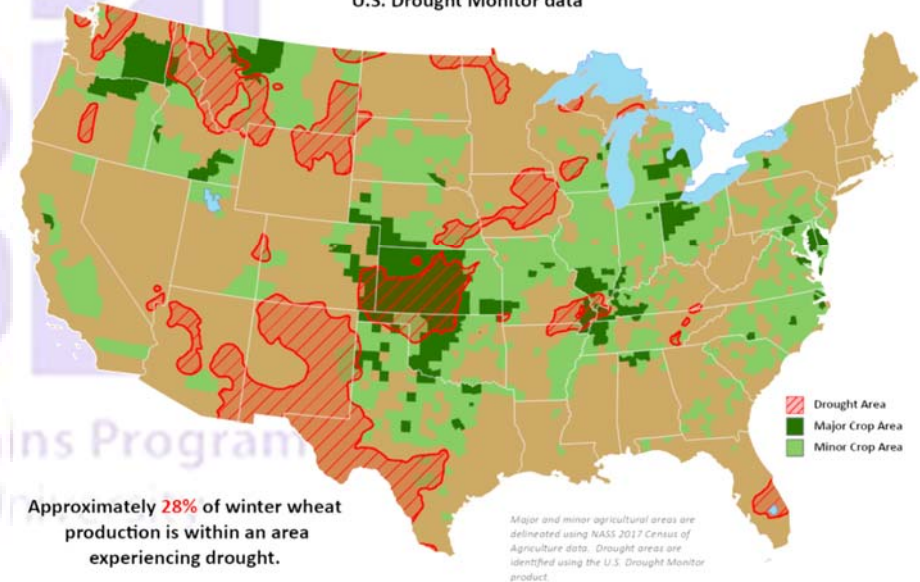
Grain Production Areas Experiencing Drought (+/- weekly change):

🌽 Corn:	14% (-5%)
🌱 Cotton:	8% (+0%)
🌾 Sorghum:	53% (+3%)
🌱 Soybeans:	11% (-6%)
🌾 Spring Wheat:	15% (-12%)
🌾 Winter Wheat:	28% (+0%)



**Winter Wheat Areas in Drought**

Reflects May 7, 2024  
U.S. Drought Monitor data



**In the West**, a warming trend has commenced in the Pacific Coast States, although chilly conditions linger from the Great Basin to the Intermountain West and the Rockies. In fact, scattered frost and freeze advisories are in effect early today from



eastern Idaho to northwestern New Mexico. Dry weather in much of the West is promoting fieldwork, including California's rice and cotton planting.

**On the Plains**, cool, mostly dry weather prevails, except for ongoing warmth in parts of Texas. Recent rainfall has not been evenly distributed, with portions of the central and southern High Plains remaining unfavorably dry. Early-week precipitation was particularly noteworthy in parts of Montana, where Havre noted its wettest-ever calendar day during May. On Tuesday, May 7<sup>th</sup>, Havre's rainfall totaled 2.59 inches.

**In the Corn Belt**, cool weather in the wake of recent widespread rainfall is maintaining a slow pace of spring fieldwork, including corn and soybean planting. During the week ending May 5, only 9% of the intended corn acreage and 7% of the soybeans were planted. Overall planting progress on that date reached 36 and 25%, respectively. Today's maximum temperatures will remain below 70°F in much of the Midwest, with rain showers lingering from Iowa to Ohio.

**In the South**, a significant outbreak of severe weather—featuring wind damage, large hail, and isolated tornadoes — occurred overnight from Kentucky and Tennessee into the Carolinas. With rain continuing early today in the Tennessee Valley and neighboring areas, flash flooding remains a concern. Elsewhere in the South, very warm weather is promoting a rapid pace of fieldwork and crop development. Today's high temperatures will reach 90°F or higher in many locations across the Deep South.

**Outlook:** The threat of additional severe thunderstorms will shift into the South later today and toward the southern Atlantic Coast by Friday. Subsequently, much of the country will experience a brief period of tranquil weather, with warmth arriving in the West and cool conditions overspreading much of the central and eastern U.S. During the weekend, showers will develop across central and southern sections of the Rockies and High Plains, with rain becoming heavier by Monday while spreading into the middle and lower Mississippi Valley and the Gulf Coast States. Five-day rainfall totals should reach 2 to 4 inches or more along and near an axis stretching from eastern Texas to southern Georgia. In contrast, little or no rain will fall during the next 5 days across southern Florida, the north-central U.S., and areas west of the Rockies.

The NWS 6- to 10-day outlook for May 14 – 18 calls for the likelihood of near- or above-normal temperatures and precipitation nearly nationwide. Cooler-than-normal conditions will be confined to parts of western Washington, while drier-than-normal weather should be limited to portions of western Texas and an area stretching from northern California and the Pacific Northwest to the northern Rockies.

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>

## References

### ➤ Conversion Calculations

Metric Mt = 1000 kg, approximately 2204 lbs.

American or Short Ton = 2000 lbs.

British Mt or Long Ton = 2240 lbs.

#### Metric mtss to Bushels:

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

#### Metric mtss to 480-lbs Bales

- Cotton = metric mtss \* 4.592917

#### Metric mtss to Hundredweight

- Rice = metric mtss \* 22.04622

#### Area & Weight

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

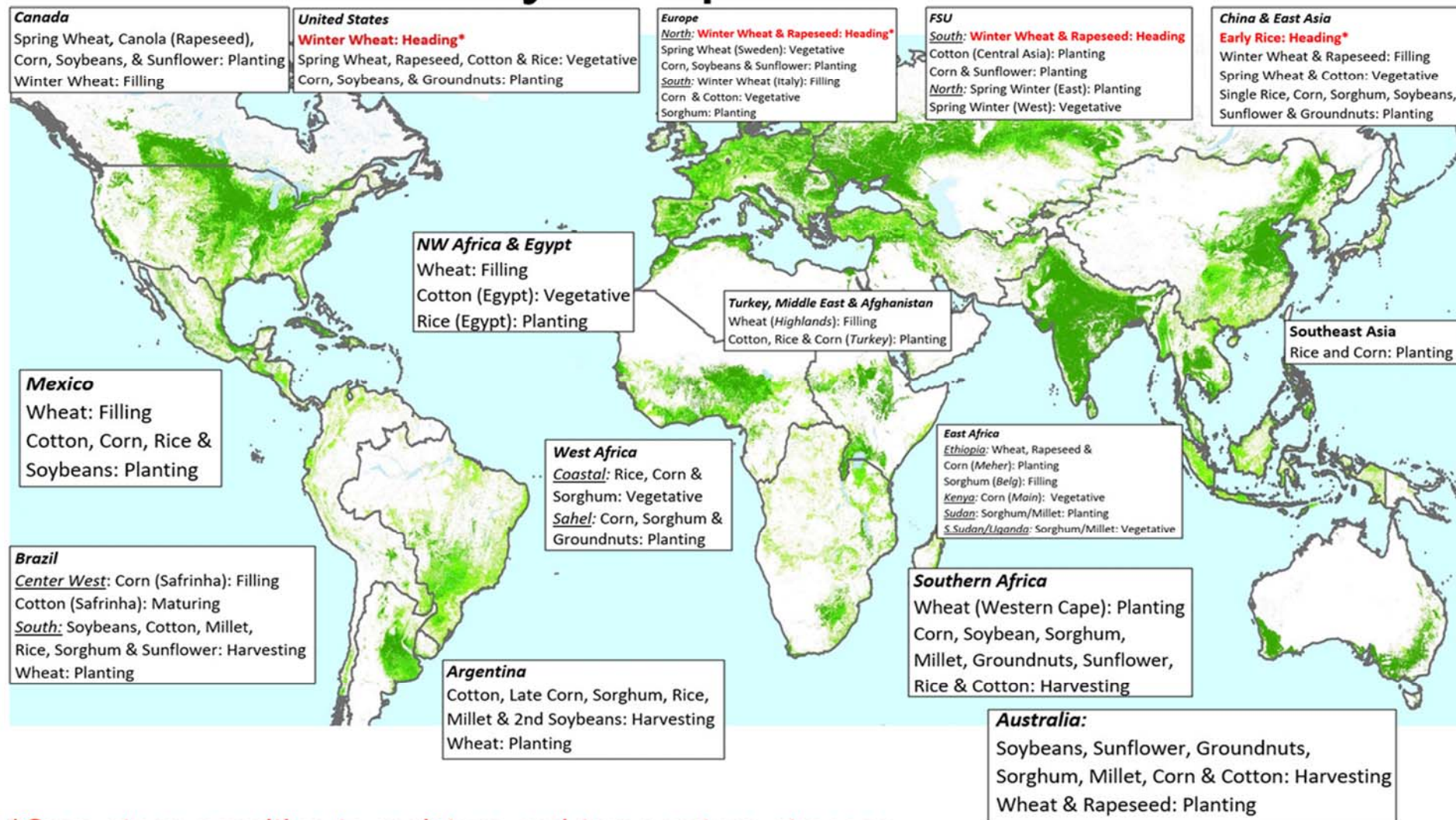
### ➤ Marketing Years (MY)

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 marketing year 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.

# May Crop Calendar



\*Crop stage sensitive to moisture and temperature stresses.



U.S. Department of Agriculture (USDA)  
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Office of Global Analysis (OGA)  
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[https://ipad.fas.usda.gov/ogamaps/images/may\\_calendar.gif](https://ipad.fas.usda.gov/ogamaps/images/may_calendar.gif)