Notes and Observations in International Commodity Markets

13th May 2022

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

Contents

MARKETS HEATING UP AHEAD OF A VOLATILITY SUMMER

GHA –. Following limit to near-limit gains in wheat Thursday after the bullish USDA WASDE Report, all three wheat contracts set back early Friday, but not until HRW and HRS set new contract highs.

The report prompted a significant rally after the USDA estimated world wheat stocks at a six-year low. When excluding China, world wheat stocks-to-use have now fallen to 14.9%. That would be the fourth lowest on record. U.S. wheat stocks were projected at a nine-year low, following lower-than-expected production for U.S. HRW due to heat damage.

All wheat futures finished the week higher; with July CBOT SRW up 62½ cents to close at $11.77½/bu. KCBT HRW up 1.11½ cents to end at $12.82/bu, and MGE HRS up $1.17 to close at $13.25/bu.

US farmers are expected to harvest 1.17 bbus of winter wheat, which would be down roughly 8% from a year ago. USDA's US HRW production estimate of 590 mbus was well below analyst estimates of 685 mbus. If proven correct, it would be the smallest U.S. HRW harvest since 1963. All these factors could keep wheat prices elevated into 2023. It could also potentially pave the way for higher food prices for a longer duration than many were hoping.

The USDA forecasts US farmers will harvest a record large soybean crop for the second year in a row this year, but supplies will remain tight due to soaring demand, the government said on Thursday. U.S. soybean production for the 2022/23 marketing year is estimates at 4.640 bbus, compared with 4.435 bbus in the 2021/22 marketing year

However, a continued decline in old-crop soybean stocks has kept the trade focused on oilseeds. Soybeans were very firm this week supported by rumors of additional China demand circulated through the trade Soybean oil rose with crude, and beaten-down soy meal finally rallied, as CBOT soybean futures were up 24 cents for the week at $16.46½/bu.

Corn was mostly steady through the week, as CBOT July corn futures closed off 3 cents for the week at $7.81/bu.

Gasoline reaches record highs as June crude oil was up $4.30 at $110.43, June heating oil was up $0.0076, June RBOB is up $0.1688, and June natural gas is down $0.079.

June gold is down $17.40 at $1,807.20, July silver is up $0.18 at $20.95 and July copper is up $0.0575 at $4.1580.

The June U.S. Dollar Index is trading down 0.207 at 104.690 after setting new 14 year highs, as the Dow Jones Industrial Average is up 191.74 points at 31,922.04.

Not much has changed in the news as the Ukraine war continues, weather is an issue, and the high US Dollar may reduce upside movement of wheat prices.

The ongoing conflict in Ukraine/Russia continues to create uncertainty in the markets, with production, export, and supply availability all top of mind. Ukraine's spring gain sowings are said to have reached 8.7 million hectares, which would be 22% less than last year.

Thursday's USDA monthly WASDE Report had the initial 2022/23 U.S. winter wheat crop estimate of 1.174 bbus. If realized it would come in at 103 mbus below last year and 65 mbus below pre-report expectations. Per USDA, the hard red winter wheat crop is estimated at 590 mbus, down 159 mbus. from last year and 95 mbus lower than traders anticipated. The soft red winter crop is estimated at 354 mbus, down 7 mbus from last year and 5 mbus less than expected. White winter wheat production is estimated at 230 mbus, up 63 mbus from last year and 31 mbus more than anticipated.

Should the Kansas crop tours in hard red winter wheat country next week show further declines, we could eclipse the March highs and move towards $14.00/bu in KC and 13.00/bu in Chicago wheat.

Along with increasing tightness across world agricultural commodities, there is an incredible amount of uncertainty, which includes weather, specifically North America and western Europe, Ukraine's ability to harvest and export and the ability for Russia and India grow exports.

The USDA points to global production of wheat falling for the first time in four years, while by a mere 0.6% from the record reached in 2021/22, to 775 mmts. U.S. consumption is also forecast to fall for the first time in four years, while total

consumption is forecast to outstrip production for a second straight year by an estimated 9.063 mmts, the largest deficit in volume seen in 10 years.

Exports of wheat are forecast to reach a record high of 204.89 mmts, up 5 mmts from 2021/22 Pressure is mounting on world's major exporters. Of the eight major exporters, the current forecast points to Canada growing exports by 8.5 mmts y/o/y as the country's production rebounds from the 2021 drought. This the largest y/o/y increase of the eight major shippers, with four of the eight exporters poised to increased exports from 2021/22 to 2022/23.

USDA's numbers for the Ukraine refocus the trade on the tightness of world corn and wheat stocks. Ukraine corn and wheat production for the 2022-23 marketing year was pegged at 19.5 mmts and 21.5 mmts; respectively, down from 42.13 mmts and 33.0 mmts from the previous year. Exports were curtailed even further, with corn and wheat exports for the next marketing year pegged at just 9 mmts & 10 mmts; respectively.

Have a good weekend! ☺

U.S. Dollar & Foreign Exchange

- **US Dollar Index – Gives Up Early Gains As Stocks Advance**

13 May 2022 Rich Asplund, Barchart – The dollar index on Friday fell by -0.289 (-0.28%). The dollar index Friday fell back from a new 19-year high and posted moderate losses. A rally in stocks Friday curbed liquidity demand for the dollar and sparked long liquidation in the dollar. Also, a bigger than expected decline in the University of Michigan U.S. May consumer sentiment to a 10-year low weighed on the dollar. The dollar Friday initially climbed to a new 19-year high on higher T-note yields and weakness in the yuan, which fell to a 19-month low today against the dollar.

Cleveland Fed President Mester said Friday that "unless there are some big surprises, I expect it to be appropriate to raise the policy rate another 50 bp at each of our next two meetings. If, by the September FOMC meeting, the monthly inflation data provide compelling evidence that inflation is moving down, then the pace of rate increases could slow, but if inflation has failed to moderate, then a faster pace of rate increases may be necessary."

The U.S. Apr import price index ex-petroleum rose +0.4% m/m, weaker than expectations of +0.7% m/m.

The University of Michigan U.S. May consumer sentiment fell -6.1 to a 10-year low of 59.1, weaker than expectations of 64.0.

EUR/USD on Friday rose by +0.0020 (+0.19%). EUR/USD Friday recovered from a 5-1/4 year lower and moved moderately higher. Weakness in the dollar Friday sparked short-covering in the euro. Also, EUR/USD found support from Friday's data that showed Eurozone Mar industrial production fell less than expected. EUR/USD Friday initially fell t a 5-1/4 year low on geopolitical tensions in Europe after Germany said Russia reduced gas flows to the country in retaliation for EU sanctions on Russia.

Eurozone Mar industrial production fell -1.8% m/m, a smaller decline than expectations of -2.0% m/m.

USD/JPY on Friday rose by +1.00 (+0.67%). USD/JPY moved higher Friday as higher T-note yields undercut the yen as the 10-year year T-note yield rose +8.5 bp at 2.933%. The yen was also under pressure after Japan's Nikkei Stock Index Friday rose +2.64%, which reduced the safe-haven demand for the yen.

June gold Friday closed down -16.40 (-0.90%), and July silver closed up +0.228 (+1.10%). Gold and silver prices Friday settled mixed, with gold falling to a 3-month low. A rally in stocks Friday undercut safe-haven demand for precious metals. Also, an early rally Friday in the dollar index to a 19-year high undercut metals prices. Silver recovered from a 1-3/4 year low and moved higher Friday on optimism that Chinese industrial metals demand would improve after Shanghai said it would end pandemic lockdowns and start reopening the city by May 20. Gold prices rose from their worst levels Friday after the dollar gave up its early advance and turned lower.

The dollar and gold have continued safe-haven support from the negative impact of the worldwide spread of the omicron Covid variant on the global economic recovery. China recently reported that new Covid infections have spread to 26 of 31 mainland provinces, up from 12 at the start of March. Also, the 7-day average of new U.S. Covid infections rose to a 2-3/4 month high of 90,158 on Thursday.

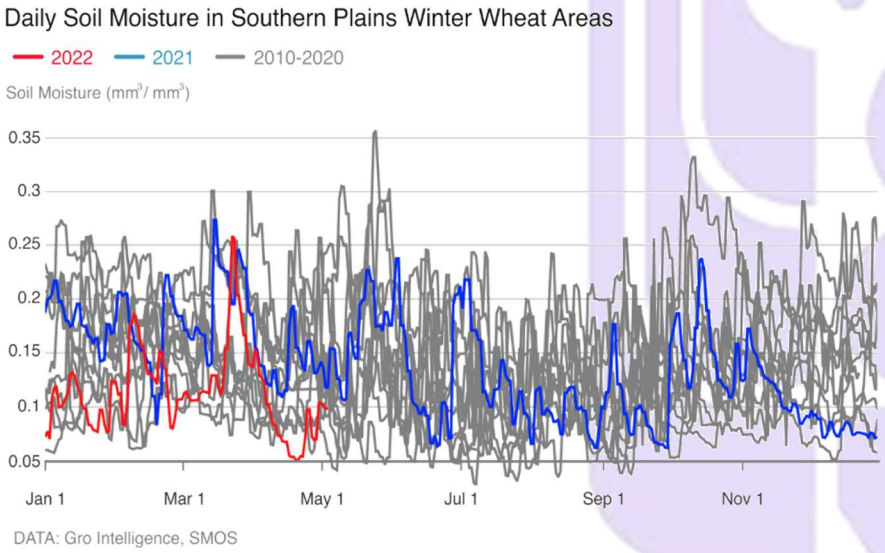
WHEAT

➢ USDA Forecasts Big Drop in US Winter Wheat Crop

12 May 2022 Gro Intelligence - The USDA forecast a major decline in US winter wheat production for 2022/23, confirming Gro's prediction that crop yields would slump because of drought in the southern Plains.

In its May WASDE report, the USDA estimated the winter wheat harvest would decrease by 8% year over year, despite a slight increase in planted acreage. It said the bulk of the yield declines would be in the hard red winter wheat (HRW) crop, which is grown mainly in Kansas, Oklahoma, and Texas.

Gro predicted a double-digit-percentage drop in HRW production as early as March, before the crop emerged from dormancy, based on Gro's Hard Red Winter Wheat Yield Forecast Model. Dry conditions have persisted in the region, as seen via Gro's Climate Risk Navigator weighted for winter wheat.



Dry conditions in southern Plains states of Kansas, Oklahoma, and Texas have sharply cut production forecasts for the US winter wheat crop. This chart from Gro's Climate Risk Navigator shows current soil moisture levels (red line) weighted for the states' wheat-growing areas.

The lower winter wheat forecast pushed the USDA to reduce its estimate for 2022/23 US wheat ending stocks by 6% from last year to 16.8 mmts (619 mbus), the lowest level in nine years. Winter wheat accounts for roughly 75% of total US wheat production, with spring wheat making up the rest.

The US wheat shortfall is bad news for already tight global wheat supplies, which have been squeezed further as the Russia-Ukraine war blocks exports from the Black Sea region.

The USDA expects total world wheat production will decline 0.6% in 2022/23 to 774.8 mmts, with a 35% drop in Ukraine accounting for the biggest shortfall. Wheat crops in other countries are suffering from drought, including Morocco, where production is projected to be down 70% to 2.25 mmts. As a result, the agency lowered its projection for world wheat ending stocks by 5% to the lowest level in six years.

In addition, the USDA raised its estimates for 2021/22 US soybean export demand, and lowered its ending stocks projection, signaling a tightening of soybean supplies as the new planting season gets underway.

However, Gro forecasts that the USDA is still underestimating the magnitude of US soybean exports, based on Gro's US soybean export pace model. That will keep prices high and increase pressure for a near-perfect growing season.

➢ Argentina becomes first country to authorize planting GMO wheat

12 May 2022 Maximilian Heath, Reuters - Argentina, one of the largest wheat exporters, on Thursday became the first country in the world to authorize the planting of GMO wheat when it approved the national commercialization of the HB4 GMO wheat variety developed by Bioceres

The company said, however, that the HB4 seed - which is more drought-tolerant and resistant to the herbicide glufosinate-ammonium - would not be available on the market just yet.

"We are going to continue producing under the preserved identity scheme that we currently have. We are not going to commercialize the seeds for the time being," a source at the company told Reuters, without providing further details.

Argentina, where farmers are about to start sowing wheat for the 2022/23 season, was the first country to approve GMO wheat in 2020 on an experimental basis, followed in 2021 by Brazil, which is the largest buyer of Argentine wheat and gave a green light to GMO wheat flour.

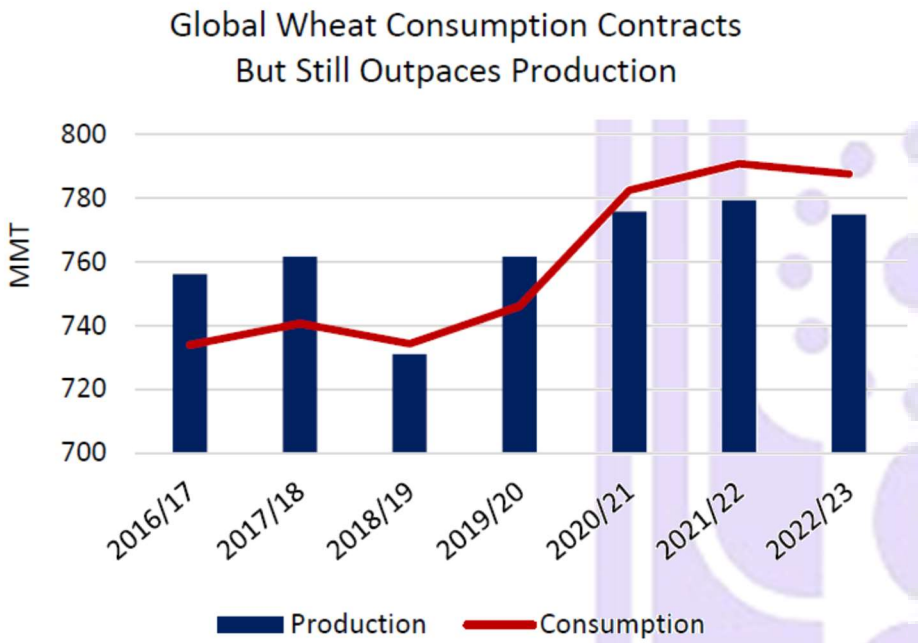
The Ministry of Agriculture said in a statement on Thursday that INDEAR, which belongs to the Bioceres Group, is now authorized to commercialize the seed and the products and by-products derived from the so-called IND-ØØ412-7 wheat.

The release of GMO wheat in Argentina is generating concern among grain exporters, who fear that many customers will stop importing the Argentine grain, as the vast majority of countries in the world have not yet authorized GMO wheat or its derivatives.

"This regulation causes a huge commercial risk," Argentina's oilseeds and grains exporters chamber said on its Twitter account, adding that "the economic consequences of eventual market losses will fall on the ministry and the developing company".

Argentina's 2022/23 upcoming wheat harvest is expected to yield 19 million tonnes, according to the Rosario Grains Exchange.

➢ 2022/23 Wheat Consumption Exceeds Production, Stocks Tighten



Global wheat production is forecast down with smaller crops in Ukraine, Australia, Morocco, Argentina, the European Union, and China.

Overall consumption is down with lower feed and residual use only partially offset by higher Food, Seed, and Industrial (FSI) use. Feed use is expected lower, especially in Australia, China, and the European Union due to smaller domestic crops. Food consumption continues to rise due to population growth.

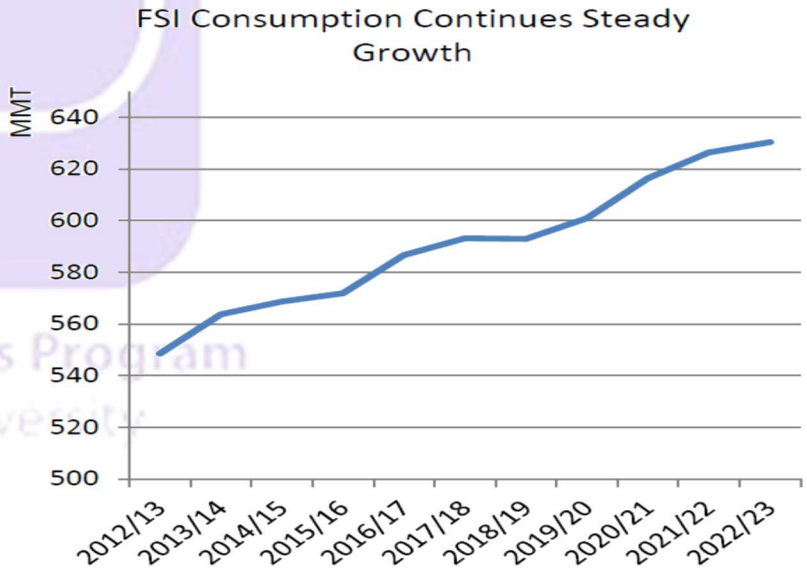
Trade is forecast at a record with stronger imports across Africa, Southeast Asia, and the Western Hemisphere.

Global ending stocks are forecast down, with smaller carryout in China, India, and most major exporters.

Wheat World as of May 2022				
Attribute	22/23 May'22	Change	21/22 May'22	20/21
Area Harvested (1000 HA)	220,850	-1417(-.64%)	222,267	220,839
Beginning Stocks (1000 MT)	279,717	-11502(-3.95%)	291,219	297,920
Production (1000 MT)	774,828	-4459(-.57%)	779,287	775,718
MY Imports (1000 MT)	201,261	+4767(+2.43%)	196,494	195,367
TY Imports (1000 MT)	201,195	+3686(+1.87%)	197,509	195,474
TY Imp. from U.S. (1000 MT)	0	-	0	26,575
Total Supply (1000 MT)	1,255,806	-11194(-.88%)	1,267,000	1,269,005
MY Exports (1000 MT)	204,891	+4999(+2.5%)	199,892	203,340
TY Exports (1000 MT)	205,254	+3671(+1.82%)	201,583	199,443
Feed and Residual (1000 MT)	153,528	-7491(-4.65%)	161,019	158,032
FSI Consumption (1000 MT)	630,363	+3991(+.64%)	626,372	616,414
Total Consumption (1000 MT)	783,891	-3500(-.44%)	787,391	774,446
Ending Stocks (1000 MT)	267,024	-12693(-4.54%)	279,717	291,219
Total Distribution (1000 MT)	1,255,806	-11194(-.88%)	1,267,000	1,269,005
Yield (MT/HA)	3.51	-	3.51	3.51

Global production is forecast at 774.8 mmts, 4.5 million lower than in 2021/22. Reduced production in Ukraine, Australia, and Morocco is only partly offset by increases in Canada, Russia, and the United States. Production in Ukraine is forecast at 21.5 mmts in 2022/23, 11.5 million lower than 2021/22 due to the ongoing war. Canada's production is forecast to rebound to 33.0 mmts in 2022/23, up significantly from last year's drought-affected crop.

Consumption



➢ USDA WASDE – Wheat

12 May 2022 USDA WASDE - The USDA global wheat outlook for 2022/23 is for lower supplies and consumption, increased trade, and lower ending stocks.

NOTE: Russia's recent military invasion of Ukraine significantly increased the uncertainty of agricultural supply and demand conditions in the region and globally. The May WASDE represents an ongoing assessment of the short-term impacts as a result of this action.

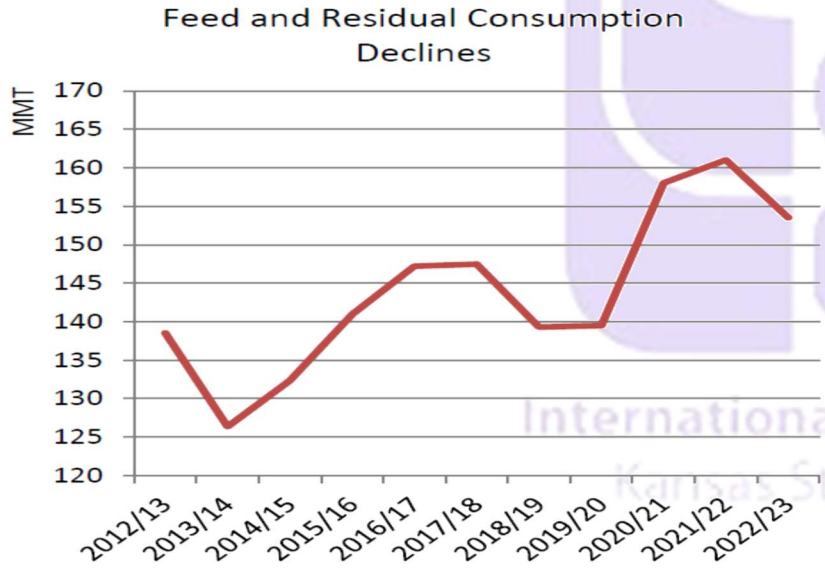
Projected 2022/23 world use is slightly lower at 787.5 mmts, as increases for food use are more than offset by declining feed and residual use. The largest feed and residual use reductions are in China, the European Union, and Australia as well as a sizeable decline in food use in India.

High global food inflation will impact consumers' ability to purchase wheat and wheat products in developing markets and may direct consumers to alternative food grains. However, the global economic recovery following the lifting of COVID-19 restrictions in most countries, as well as emerging market consumers' general shift toward more wheat-based diets with rising incomes and increased urbanization, continue to push FSI consumption higher.

FSI is forecast at a record in 2022/23, with growth seen across nearly all regions. Growth is particularly significant in East Asia, driven by rising food use in China, and Sub-Saharan Africa.

FSI consumption is also expected to grow in the European Union, reflecting additional refugees from Ukraine and recovery in tourism as COVID-19 related restrictions are lifted. The Middle East is expected to see higher FSI use on strong population growth. Food use in North Africa, South America, and Southeast Asia is expected to grow at a slower rate with anemic economic growth.

Food use in South Asia is forecast down, driven by India where the government is shifting to less subsidized wheat and more subsidized rice in its distribution programs.



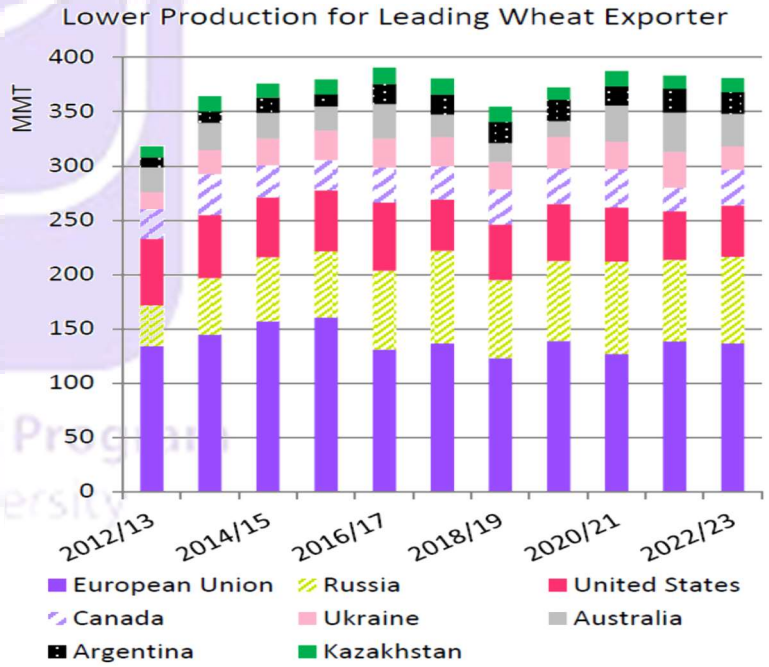
Wheat feed and residual use exhibits more annual variability compared to FSI depending on its price relative to feed grains. In 2022/23, feed and residual use is expected to weaken as wheat's premium to corn continues to expand in many markets.

East Asia represents the largest year-over-year decline as corn and broken rice feed use in China continues to expand. Wheat feed use in Australia is expected to decline as a smaller crop and favorable pasture conditions discourage use of wheat for feed and prioritize available supplies for export to Southeast Asia and Sub-Saharan Africa.

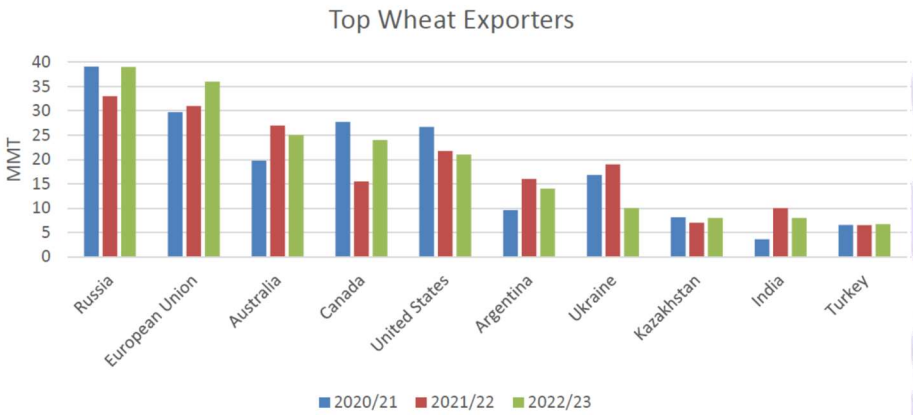
Wheat feed use in the European Union is projected modestly lower with smaller production and lower expected meat production. Russia is projected up due to larger overall supplies. Feed use in the United Kingdom is projected up on higher livestock inventories on farm and increased reliance on domestic wheat supports feed use. While feed use varies based on the price competitiveness relative to feed grains, the "feed and residual" attribute also represents expectations of losses ("residual" component) at various stages of the marketing chain.

Global Trade

Projected 2022/23 global trade is a record 204.9 mmts, up 5.0 million from last year. Imports are projected to rise on increased exportable supplies from Russia and Canada more than offsetting reductions for Ukraine and Australia. Russia is projected as the leading 2022/23 wheat exporter at 39.0 mmts, followed by the European Union, Australia, Canada, and the United States.



Ukraine's 2022/23 export forecast is 10.0 mmts, down sharply from last year on reduced production and significant logistical constraints for exports. India is expected to remain a significant wheat exporter in 2022/23.



EXPORTS - Global exports are forecast at a record 205 mmts as robust import demand and high prices are expected to lead major exporters to prioritize ample supplies for export.

Russia is forecast to be the largest exporter for the third year in a row on a larger crop and strong global demand for affordable Black Sea wheat as exports from Ukraine are curtailed. Currently, **Ukraine** is unable to export via seaports because of the ongoing war but is seeking to use alternative routes, primarily by rail and export through neighboring European countries.

The **European Union** is projected to be the second largest exporter, reflecting a larger crop from France, Romania, and Germany, as well as growing demand from Sub-Saharan Africa and Middle East markets.

Australia is forecast to have a significant decline in exports; however, if realized, this would still mark the second largest exports on record, reflecting strong demand from Southeast Asia markets.

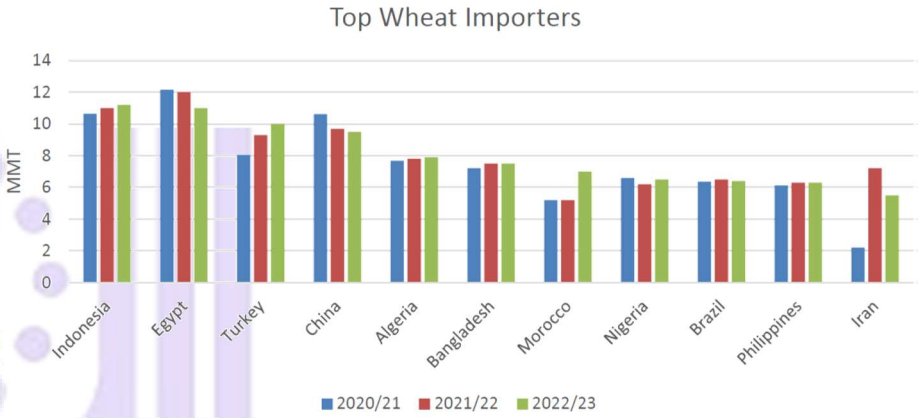
U.S. exports are forecast to be lower, as several major exporters are projected to have larger supplies in 2022/23 and relatively high U.S. prices are expected to reduce U.S. competitiveness.

Canada is projected to have the largest increase in exports year over year, as a much larger crop and strong global demand for durum wheat spur strong growth.

Argentina exports are forecast down on a smaller crop and stronger competition from North America.

Kazakhstan is forecast to see a surge in exports on strong demand from Central Asia for wheat and wheat flour.

India is forecast to have another strong year of exports with continued competitiveness in the region and ample sufficient supplies.



IMPORTS - Global trade is forecast at a record, with imports rising across both North Africa and Sub-Saharan Africa as the population and consumption expands but production remains relatively flat.

Indonesia is set to be the top importer, spurred by the country's expansion in wheat for food use.

Egypt, which has held that prominent role since 2007/08, is forecast to have lower imports with a more abundant crop as the government attempts to achieve more self-sufficiency. **Turkey** continues to be a major importer of wheat and exporter of wheat products, and both are anticipated higher in the coming year.

China is forecast to have its third consecutive year of large imports, albeit marginally less than the current year, offsetting a smaller crop and reduced beginning stocks.

The largest increase in imports is for **Morocco**, which will need large volumes to offset its smallest crop since 2007/08. The largest year-to-year decrease in imports is for **Iran**, which is harvesting a larger crop.

SELECTED IMPORTERS (1,000 MT)

Country	2021/22	2022/23	Y-Y Change	Reason
Afghanistan	3,200	**3,400**	**200**	Tight beginning stocks and greater available supplies from Kazakhstan, a key supplier.
Algeria	7,800	**7,900**	**100**	Continued demand for durum and milling wheat.
Bangladesh	7,500	**7,500**	**0**	Continued strong imports with ample supplies available from neighboring India.
Brazil	6,500	**6,400**	**-100**	Record production and rising global prices limit imports. Brazil is expected to continue importing significant volumes of wheat from Argentina.
China	9,700	**9,500**	**-200**	Reduced crop and lower stocks, along with strong domestic prices, continue to spur historically high import demand, although imports are forecast slightly lower as more broken rice is replacing wheat in feed.

Country	2021/22	2022/23	Y-Y Change	Reason
Colombia	2,000	2,200	200	Strong demand and increased shipments expected from Canada following the harvest of its larger crop.
Egypt	12,000	11,000	-1,000	Larger crop and modest consumption growth reduce import demand amid rising import prices and limited supplies from Ukraine.
Ethiopia	1,700	1,500	-200	Reduced demand based on larger domestic crop and high global prices.
European Union	4,500	5,000	500	Smaller crop and lower stocks, combined with more available durum supplies from Canada for pasta production driving higher import demand.
Indonesia	11,000	11,200	200	Consumption of wheat-based products outside the home is likely to recover as the economy continues to re-open.
Iran	7,200	5,500	-1,700	Rebounding production and elevated global wheat prices dampen imports.
Iraq	2,600	3,500	900	Drought-impacted domestic crop prompts more wheat grain and flour purchases.
Israel	1,800	1,800	0	Stable consumption and production.
Japan	5,400	5,300	-100	Reduced demand for both food use and for feed, given continued population decline and high prices.
Kenya	2,000	2,200	200	Growth in demand from hospitality and tourist sectors outpaces production increase, necessitating higher imports.
Korea, South	4,700	4,200	-500	Much lower feed use as wheat prices rise and fewer available feed wheat supplies from Ukraine and Australia.
Mexico	5,100	5,200	100	Higher FSI demand and building stocks.
Morocco	5,200	7,000	1,800	Smallest crop since 2007/08 leads to strong growth in import demand.
Nigeria	6,200	6,500	300	Economic recovery following the pandemic, and relatively affordable bread prices.
Pakistan	1,900	1,500	-400	Imports expected lower amid larger carryin stocks and modest consumption growth, while also constrained by less available supplies from Ukraine, its primarily supplier over the past couple of years.
Peru	2,000	2,100	100	Slight increase in FSI in line with population growth.
Philippines	6,300	6,300	0	With no domestic production, imports expected to remain flat to satisfy both food use and feed use.
Saudi Arabia	3,600	3,000	-600	Record domestic crop and steady growth in FSI consumption.
South Africa	1,650	1,650	0	Greater domestic supplies and marginal growth in consumption reduce necessity of higher wheat imports.
Sudan	1,900	1,900	0	High wheat prices temper food use and larger crop reduces import demand.
Thailand	2,500	2,700	200	Additional supplies needed to offset tight carryin stocks.
Tunisia	1,800	1,900	100	Increased domestic consumption.
Turkey	9,300	10,000	700	Despite larger production, imports expected to rise to meet robust growth in food use with a growing population. Exports are expected to rebound slightly amid strong demand from Iraq.
United Kingdom	2,300	2,000	-300	Greater domestic supplies reduce wheat imports.
United States	2,650	3,200	550	Increase in durum and high-protein wheat imports from Canada.
Uzbekistan	3,200	3,500	300	Increased consumption and expanding capacity for re-exports of flour to the region.
Vietnam	4,100	3,900	-200	Food use up slightly, while wheat feed use declines amid high prices.
Yemen	3,400	3,700	300	Continued commercial and food aid shipments of white wheat.

Wheat trade statistics include wheat (1001), flour (1101), bulgur (190430), and selected pasta products (190219, 190230, and 190240) on a grain-equivalent basis (all wheat flour and products are multiplied by 1.368).

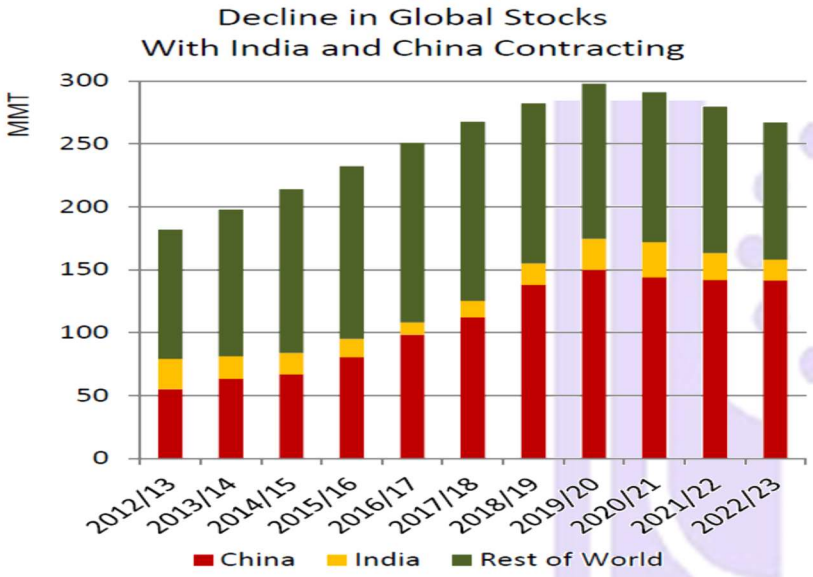
Ending Stocks

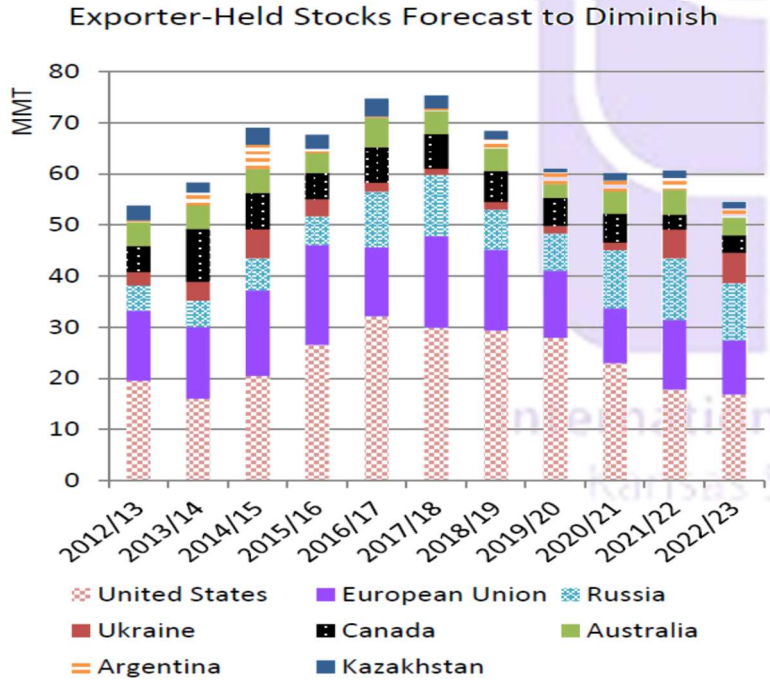
With global consumption once again exceeding production, global wheat stocks are projected to decline further in 2022/23. Combined stocks for the top eight global exporters are projected down from 2021/22. Projected 2022/23 world ending stocks are reduced 5% to 267.0 mmts and would be the lowest level in six years. The largest change is for India, where stocks are forecast to decline to 16.4 mmts, a five-year low.

China is the largest holder of wheat stocks globally, although they are largely not available to world markets. China's stocks rose sharply between 2012/13 to 2019/20 due to government procurement for temporary reserves. Sales from government auctions for both feed and food use beginning in 2020/21 have resulted in a decline in stocks, which is expected to continue in 2022/23.

Stocks in **India**, the second largest holder of global stocks, are forecast to decline as market rates offered by exporters are largely above government procurement prices.

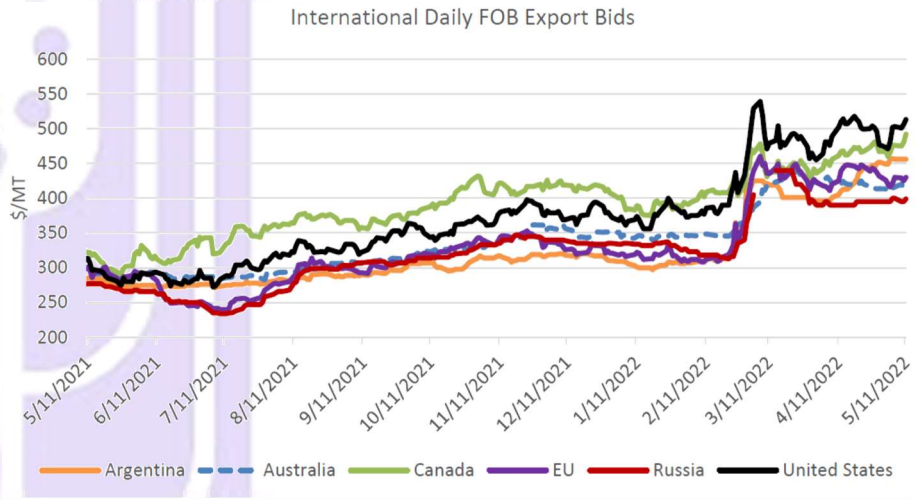
Despite reduced consumption, a smaller crop and strong exports are expected to lead to lower stocks, though still above the government's desired buffer level.





Exporter-held stocks are supplies that are readily available to the global market and their levels are highly correlated with prices. Stocks in Russia are forecast to decline as export demand for Black Sea wheat remains strong. Stocks in the European Union are also forecast to decline with a smaller crop and strong export demand from nearby markets. Despite a large production rebound projected, Canada's stocks are forecast to only increase minimally and remain historically tight. Australia's stocks are tightened on a reduced crop, while stocks in the United States continue a 6-year decline to the lowest level since 2013/14.

World Prices



Argentina	Australia	Canada	EU	Russia	United States
$456	$417	$492	$430	$399	$513

Note: As of May 11, 2022

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

Overall, global exporter quotes continued to escalate over the past month as weather concerns persisted across the Northern Hemisphere and as the ongoing war in Ukraine affected Black Sea shipments.

Canadian quotes rose $40/ton with dry conditions in some western regions and excessively wet conditions in other parts of the Prairies. U.S. quotes increased $32/ton as wet weather delayed spring wheat plantings and dry weather impacted winter wheat, which is rated just 29% good/excellent compared to 49% last year.

EU quotes were up $15/ton as new-crop forecasts were lowered on dry conditions.

Argentine quotes had the largest monthly increase, rising $60/ton as the record export pace continued. Russian prices rose $4/ton as shipments continued despite payment issues.

Australian quotes, meanwhile, dipped $14/ton with increased competition from India.

Wheat United States as of May 2022				
Attribute	22/23 May'22	Change	21/22 May'22	20/21
Area Harvested (1000 HA)	14,998	-41(-.27%)	15,039	14,888
Beginning Stocks (1000 MT)	17,824	-5177(-22.51%)	23,001	27,985
Production (1000 MT)	47,050	+2260(+5.05%)	44,790	49,751
MY Imports (1000 MT)	3,266	+681(+26.34%)	2,585	2,726
TY Imports (1000 MT)	3,200	+550(+20.75%)	2,650	2,689
TY Imp. from U.S. (1000 MT)	0	-	0	0
Total Supply (1000 MT)	68,140	-2236(-3.18%)	70,376	80,462
MY Exports (1000 MT)	21,092	-817(-3.73%)	21,909	26,985
TY Exports (1000 MT)	21,000	-750(-3.45%)	21,750	26,702
Feed and Residual (1000 MT)	2,178	-544(-19.99%)	2,722	2,594
FSI Consumption (1000 MT)	28,032	+111(+.4%)	27,921	27,882
Total Consumption (1000 MT)	30,210	-433(-1.41%)	30,643	30,476
Ending Stocks (1000 MT)	16,838	-986(-5.53%)	17,824	23,001
Total Distribution (1000 MT)	68,140	-2236(-3.18%)	70,376	80,462
Yield (MT/HA)	3.14	+(+5.37%)	2.98	3.34

United States - The USDA outlook for 2022/23 U.S. wheat is for reduced supplies, exports, domestic use stocks, and higher prices.

U.S. 2022/23 wheat supplies are projected down 3%, as lower beginning stocks more than offset a larger harvest. All wheat production for 2022/23 is projected at 1,729 mbus, up 83 million from last year, as higher yields more than offset a slight decrease in harvested area.

The all wheat yield, projected at 46.6 bus/acre, is up 2.3 bus from last year. The first survey-based forecast for 2022/23 winter wheat production is down 8% from last year as lower Hard Red Winter and Soft Red Winter production more than offset an increase in White Wheat production. Abandonment for Winter Wheat is the highest since 2002 with the highest levels in Texas and Oklahoma. Spring Wheat production for 2022/23 is projected to rebound significantly from last year's drought-reduced Hard Red Spring and Durum crops primarily on return-to-trend yields.

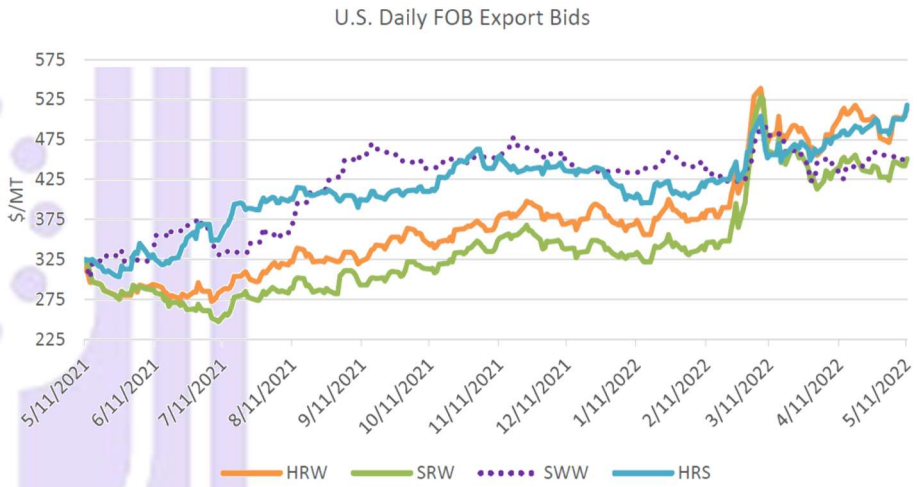
Total 2022/23 U.S. domestic use is projected down 1% on lower feed and residual use more than offsetting higher food use.

U.S. exports are projected at 775 mbus, down from revised 2021/22 exports and would be the lowest since 1971/72.

Projected 2022/23 U.S. ending stocks are 6% lower than last year at 619 mbus, the lowest level in nine years.

With tighter U.S. stocks, high futures prices, and strong global demand, the 2022/23 USDA season-average farm price is projected at a record $10.75/bus, up $3.05/bus from the revised 2021/22 estimate.

Wheat cash and futures prices are expected to remain sharply elevated through the first part of the marketing year when the largest proportion of U.S. wheat is marketed.



➢ **CME CBOT Wheat Futures**

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

***CBOT July 2022 Wheat Futures** settled on Friday at $11.77½/bu, off 1¼ cents on the day, but gaining 69 cents for the week. May went off the board closing at 11.67¼/bu, off 7½ cents on the day.*

Chicago contracts from September onward made new highs before setting back. Out of the three US classes, only Chicago posted losses for the week (with the exception of May KC which expired today). With May futures going off the board today, July will become the front month.

After notching a 40 cent trading range and a late price recovery, CBOT July wheat managed to close slightly lower. This was a small setback from Thursday's 65+ cent rally after the release of the USDA WASDE.

Another Lakes vessel of 405 kbus was unloaded yesterday in Toledo out of Sarnia, Ontario Canada. Market seems to believe this is additional low falling number SRW, but will wait for the deliverable stocks report next week for confirmation.

Friday's CFTC data indicated specs in Chicago wheat adding 4,641 contracts to their net long position as of Tuesday to 15,547 contracts.

Thursday's USDA WASDE Report was supportive to wheat prices and is perhaps validates some of the concern on trader's minds about not only US but world wheat supplies. The data prompted a significant rally after the USDA estimated world wheat stocks at a six-year low. When excluding China, world wheat stocks-to-use have now fallen to 14.9%. That would be the fourth lowest on record. U.S. wheat stocks were projected at a nine-year low, following lower-than-expected production for U.S. HRW due to heat damage.

The heat and dryness in the southern Plains and wet conditions in the northern Plains are still critical and should keep prices supported at a minimum. Globally, weather concerns exist as well, with heat waves in India and the EU potentially reducing their crops.

Interestingly, the USDA estimated India's wheat production at 108.5 mmts on the report despite some private estimates below 100 mmts.

Paris milling wheat futures also closed higher today, (but off from earlier highs).

France's Ag Ministry is forecasting a 6% decline in corn area this spring with soft wheat acres falling close to 4%. Farmers said to be shunning corn in response to sharply higher fuel and fertilizer costs. In contrast, total oilseed area expected to rise 13%.

Strategie Grains trimmed it's estimate of EU soft wheat exports for the current marketing year by 1.5 mmts to 29.9 mmts, due to better-than-expected shipment by Russia in recent weeks.

➢ U.S. Export SRW Wheat Values – Friday 13th May 2022

SRW Wheat Gulf barge quotes, in cents per bushel basis CBOT futures:
Changes are from the AM Barge basis report. Source: USDA

Gulf barge/rail quotes, in cents per bushel.

CIF SRW WHEAT	5/12/2022	5/13/2022		
MAY	65 / 95	55 / -	N	
JUN	40 / 55	35 / 55	N	
JUL	45 / 60	35 / 55	N	
AUG	65 / 85	65 / 85	U	**UNC**
SEP	65 / 85	65 / 85	U	**UNC**

USDA raised their export projection for old crop by 20 mbu to 805 mbu, even as export commitments are just 90% of that number, vs. the normal 105% by now. However, Census data does show a large lead over those commitment numbers in the Export Sales report and that is the official data.

➢ CME KC HRW Wheat Futures

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

Kansas July 2022 HRW Wheat Futures *settled on Friday at $12.82/bu, up 12 cents on the day, and gaining $1.11½ for the week. May went off the board at $12.52¾/bu, off 1½ cents on the day.*

US farmers are expected to harvest 1.17 bbu of winter wheat, which would be down roughly 8% from a year ago. USDA's US HRW production estimate of 590 mbu was well below analyst estimates of 685 mbu. If proven correct, it would be the smallest U.S. HRW harvest since 1963. All these factors could keep wheat prices elevated into 2023. It could also potentially pave the way for higher food prices for a longer duration than many were hoping.

The heat and dryness in the southern Plains and wet conditions in the northern Plains are still critical and should keep prices supported at a minimum.

Friday's CFTC data indicated specs in KC HRW increased their net long by 2,964 contracts to 42,913 contracts by the 10th of May.

➢ U.S. Export HRW Wheat Values – Friday 13th May 2022

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

Gulf barge/rail quotes, in cents per bushel.

TX GULF HRW				
12% Protein	**5/12/2022**	**5/13/2022**		
MAY	173 / -	173 / -	N	**UNC**
JUN	165 / -	165 / -	N	**UNC**
JUL	165 / -	165 / -	N	**UNC**
AUG	165 / -	165 / -	U	**UNC**

➢ MGE HRS Wheat Futures

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

***MGE July 2022 HRS Wheat Futures** settled on Friday at $13.25/bu, up 9 cent on the day, and gaining $1.14 for the week. The May contract went off the board at $13.33½, up 53¾ cents on the day.*

The Northern Plains received another round of moisture overnight, likely adding to the delay in spring wheat planting progress. The forecast does look somewhat drier for the Plains, helping to dry things out up north, but not a plus for dry conditions down south.

Tightening global and U.S. wheat balance sheets triggered an explosive rally in wheat futures on Thursday, propelling PNW cash prices to new heights for the protein wheats.

White wheat prices countered the rally in Chicago futures with basis weakening nearly 60 cents on the day. In the process, old and new crop spreads for white wheat narrowed to 10 cents, while hard red winter 11.5% protein shows about a dime inverse and the dark northern spring 14% protein inverse is within a nickel.

Portland Price Trends **12 May 2022**

	05-01-21	08-01-21	04-01-22	05-05-22	05-12-22
#1 SWW (bu)	7.85	9.25	10.75	11.15	11.30
White Club	7.85	10.75	11.75	11.65	11.80
DNS 14%	8.59	10.33	11.45	12.90	13.96
HRW 11.5%	8.03	8.33	11.14	12.87	13.80
#2 Corn (ton)	299.00	251.00	347.00	380.00	387.00
#2 Barley	180.00	200.00	270.00	275.00	275.00

Recent moisture was reflected in improved winter wheat ratings for the PNW, as the three-state index climbed four points to 98% of the 20-year average. Idaho saw the good to excellent category improve 9% to 61% and Oregon also registered a 9 point improvement to 66%. Washington posted a 2% improvement to 56% good to excellent. As a whole, the 3 states saw poor to very poor drop from 24% to 15%.

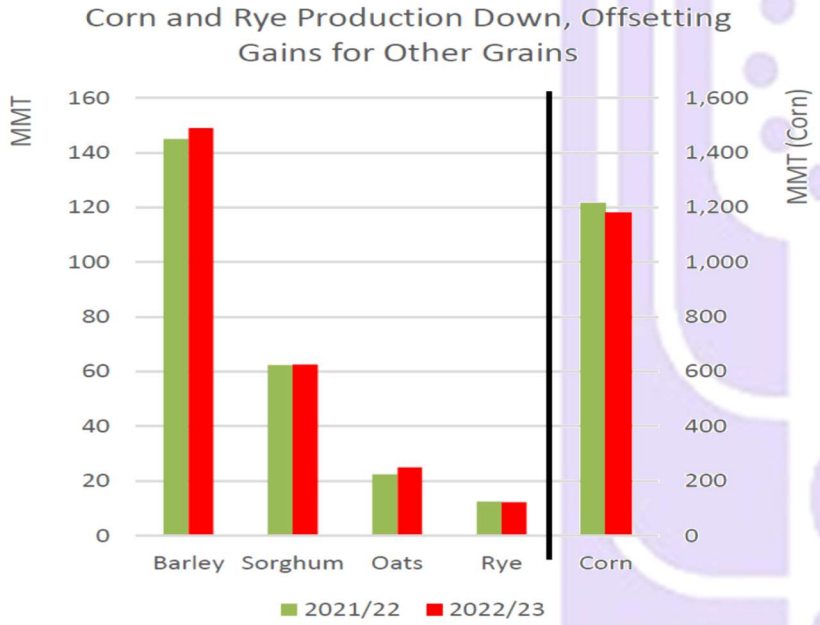
Based on May 1 conditions, the three-state PNW region is projected to see an increase of 56% from last year's drought-impacted crop. While all three states are expected to see an increase, Washington's crop is projected to be down 4% from the 2018-2020 average, Idaho is expected to be up 6% from that average and Oregon down 7%. Winter wheat plantings for the three states are up 7% from 2021.

COARSE GRAINS

➢ USDA WASDE – Coarse Grains

12 May 2022 USDA WASDE - The USDA global coarse grain outlook for 2022/23 is for lower production and use, and smaller ending stocks.

NOTE: Russia's recent military invasion of Ukraine significantly increased the uncertainty of agricultural supply and demand conditions in the region and globally. The May WASDE represents an ongoing assessment of the short-term impacts as a result of this action.



Global coarse grain production is projected to fall as declines in corn and rye more than offset gains in barley, sorghum, and oats.

Coarse grain production in China, the European Union, Ukraine, and the United States is forecast lower, more than offsetting larger crops in Argentina, Brazil, Nigeria, Russia, and South Africa.

Global coarse grain consumption is nearly unchanged from the 2021/22 record on expectations of higher prices curbing demand growth across the world.

World corn production is forecast to decline from last year's record high, mostly reflecting reductions for Ukraine, the United States, the EU, and China that are partially offset by increases for Brazil, Argentina, Serbia, and South Africa.

World corn use is expected to decline 1.2%, with foreign consumption down 0.9%.

World corn imports are projected to fall 2.3%, with the largest year-over-year declines for China, Canada, the EU, Brazil, and the United Kingdom. Notable increases in corn imports include Vietnam, Iran, and Bangladesh.

For China, total coarse grain imports for 2022/23 are forecast at 37.9 mmts, down 5.0 million from a year ago and below the record 50.5 million reached during 2020/21.

China's internal market prices for energy feedstuffs remain higher than the world market, despite a surge in prices among major exporting countries.

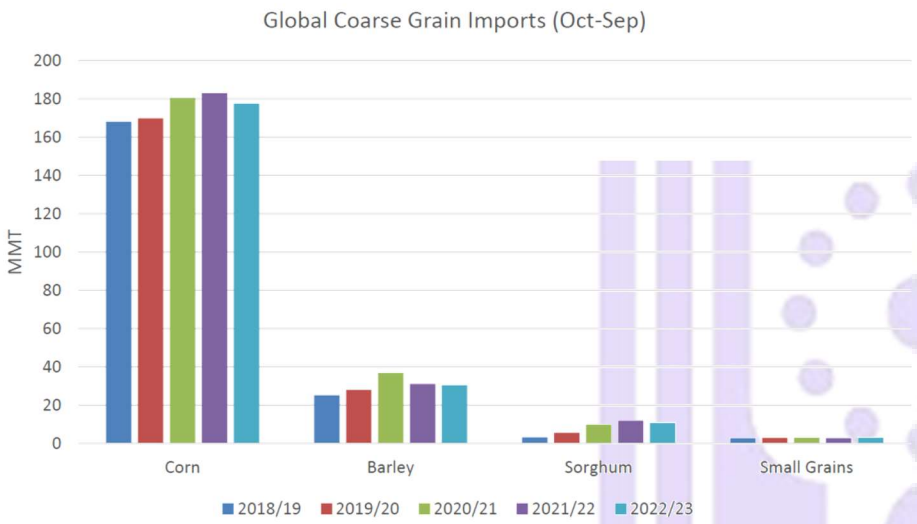
Corn imports are expected to decline 5.0 mmts to 18.0 million with a decline in imports from Ukraine.

Barley imports are projected at 10.0 mmts and sorghum at 9.5 million.

Global corn ending stocks are down 1.4% to 305.1 mmts, mostly reflecting expected declines for China and the United States that are partially offset by increases for Brazil, Serbia, and Ukraine.

TRADE CHANGES IN 2021/22 (1,000 MT)

Country	Commodity	Attribute	Previous	Current	Change	Reason
Australia	Sorghum	Exports	1,600	**1,900**	**300**	Larger crop
Burma	Corn	Exports	1,800	**2,450**	**650**	Larger crop and ASEAN trade
China	Barley	Imports	10,500	**9,000**	**-1,500**	Limited volumes from Ukraine
Cuba	Corn	Imports	800	**600**	**-200**	Trade to date
Egypt	Corn	Imports	9,700	**9,200**	**-500**	Record production curbs import demand
European Union	Corn	Exports	4,900	**5,200**	**300**	Pace of trade per customs surveillance
	Corn	Imports	15,000	**16,000**	**1,000**	
Guatemala	Corn	Imports	1,700	**1,500**	**-200**	Pace to date
Iran	Barley	Imports	2,600	**2,200**	**-400**	Pace to date from major suppliers
Japan	Corn	Imports	15,600	**15,400**	**-200**	Trade to date
Mexico	Corn	Exports	600	**400**	**-200**	Pace to date
	Corn	Imports	17,300	**17,500**	**200**	Pace to date, mainly from the United States
Saudi Arabia	Barley	Imports	5,900	**5,500**	**-400**	Pace to date
Thailand	Barley	Imports	800	**500**	**-300**	Trade to date
Ukraine	Barley	Exports	5,800	**2,800**	**-3,000**	Constrained exports Jul-Sep
United Kingdom	Barley	Exports	1,000	**800**	**-200**	Trade to date
	Corn	Imports	2,700	**2,500**	**-200**	
United States	Sorghum	Exports	8,000	**7,800**	**-200**	Pace to date
Venezuela	Corn	Imports	1,200	**1,000**	**-200**	Smaller-than-anticipated trade with Mexico
Vietnam	Corn	Imports	11,500	**10,600**	**-900**	Trade to date



CORN

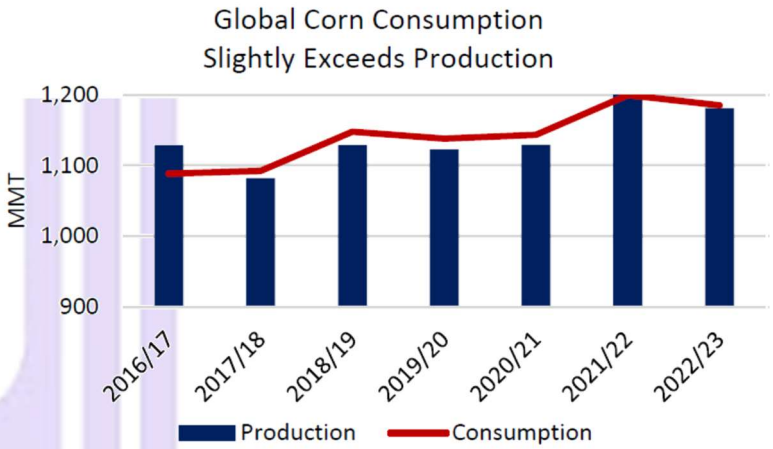
- **USDA FAS – Corn**

Corn World as of May 2022				
Attribute	22/23 May'22	Change	21/22 May'22	20/21
Area Harvested (1000 HA)	202,674	-3584(-1.74%)	206,258	199,109
Beginning Stocks (1000 MT)	309,387	+16216(+5.53%)	293,171	307,463
Production (1000 MT)	1,180,715	-34901(-2.87%)	1,215,616	1,129,001
MY Imports (1000 MT)	176,839	-4148(-2.29%)	180,987	185,611
TY Imports (1000 MT)	177,354	-5510(-3.01%)	182,864	180,378
TY Imp. from U.S. (1000 MT)	0	-	0	68,544
Total Supply (1000 MT)	1,666,941	-22833(-1.35%)	1,689,774	1,622,075
MY Exports (1000 MT)	182,700	-15085(-7.63%)	197,785	182,973
TY Exports (1000 MT)	183,227	-7283(-3.82%)	190,510	184,240
Feed and Residual (1000 MT)	746,616	-3359(-.45%)	749,975	723,732
FSI Consumption (1000 MT)	432,497	-130(-.03%)	432,627	422,199
Total Consumption (1000 MT)	1,179,113	-3489(-.3%)	1,182,602	1,145,931
Ending Stocks (1000 MT)	305,128	-4259(-1.38%)	309,387	293,171
Total Distribution (1000 MT)	1,666,941	-22833(-1.35%)	1,689,774	1,622,075
Yield (MT/HA)	5.83	(-1.02%)	5.89	5.67

12 May 2022 USDA FAS - The global corn outlook is for lower production, trade, consumption, and ending stocks.

Global corn production is forecast down, driven primarily by a cut in Ukraine and the United States, but China and the European Union are expected to have smaller crops as well. However, if realized, Argentina and Brazil will again have record production.

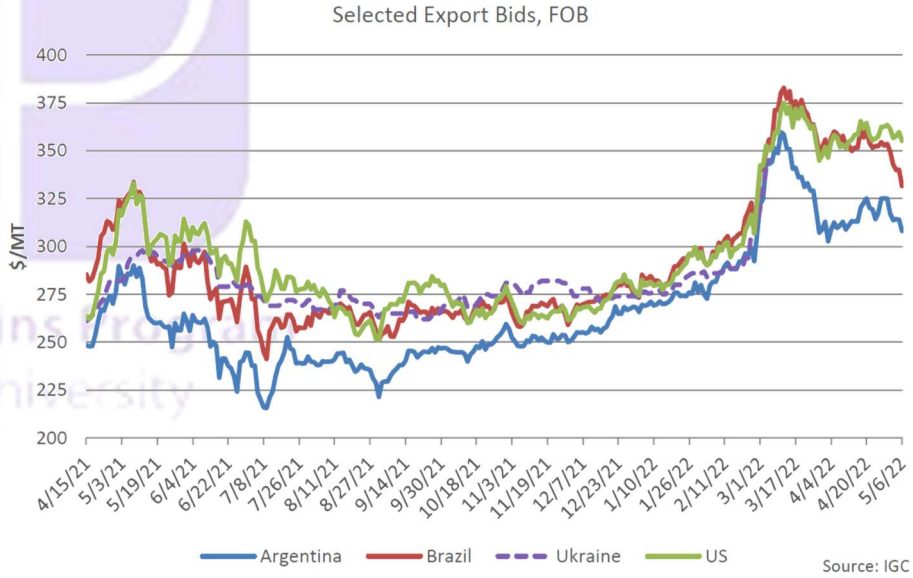
For global consumption, both feed and non-feed uses are expected to decline very modestly. However, there remains uncertainty for these attributes in Ukraine.



Global trade will decline as exportable supplies from Ukraine are expected to be limited as a consequence of Russia's invasion. Exports for Argentina and the United States remain high, and Brazil is up sharply as the other major exporters attempt to fill the gap left by Ukraine.

Ending stocks are forecast down, led by reductions in China and the United States.

World Prices



Source: IGC

CORN PRICES - Since the April WASDE, Argentine and U.S. bids were little changed, though Brazilian bids moved lower.

Publication of Ukrainian bids remains suspended as a result of Russia's invasion. U.S. bids were unchanged at $355/ton.

Corn planting progress in the United States has been slow, hampered by cold and wet weather in the Midwest. Demand from China is expected to be strong, especially with the absence of its other major supplier Ukraine, but U.S. corn will be competing against large upcoming South American crops.

Brazilian bids were down $25/ton to $331 on harvest pressure. Though dry conditions have trimmed *safrinha* yield prospects in the Center-West, favorable rainfall in southern producing states and higher area are expected to offset this dryness. Overall production and marketing year (Mar/Feb) exports are still forecast at a record. Argentine bids, like U.S. bids, were little changed, down just $1/ton to $308.

Corn United States as of May 2022				
Attribute	22/23 May'22	Change	21/22 May'22	20/21
Area Harvested (1000 HA)	33,063	-1492(-4.32%)	34,555	33,311
Beginning Stocks (1000 MT)	36,570	+5212(+16.62%)	31,358	48,757
Production (1000 MT)	367,301	-16642(-4.33%)	383,943	358,447
MY Imports (1000 MT)	635	-	635	616
TY Imports (1000 MT)	650	-	650	629
TY Imp. from U.S. (1000 MT)	0	-	0	0
Total Supply (1000 MT)	404,506	-11430(-2.75%)	415,936	407,820
MY Exports (1000 MT)	60,963	-2540(-4%)	63,503	69,920
TY Exports (1000 MT)	62,000	-1500(-2.36%)	63,500	68,558
Feed and Residual (1000 MT)	135,896	-6986(-4.89%)	142,882	142,195
FSI Consumption (1000 MT)	173,109	+128(+.07%)	172,981	164,347
Total Consumption (1000 MT)	309,005	-6858(-2.17%)	315,863	306,542
Ending Stocks (1000 MT)	34,538	-2032(-5.56%)	36,570	31,358
Total Distribution (1000 MT)	404,506	-11430(-2.75%)	415,936	407,820
Yield (MT/HA)	11.11	-	11.11	10.76

United State - The USDA 2022/23 U.S. corn outlook is for lower production, domestic use, exports, ending stocks, and higher prices.

The U.S. corn crop is projected at 14.5 bbus, down 4.3% from last year. The corn yield is projected at 177.0 bushels per acre, 4.0 bushels below the weather adjusted trend presented at USDA's Agricultural Outlook Forum in February.

The very slow start to this year's planting in the major corn producing States and the likelihood that progress by mid-May will remain well behind normal reduce yield prospects.

Despite beginning stocks that are up relative to a year ago, total corn supplies are forecast to decline 2.7% to 15.9 bbus.

Total U.S. corn use in 2022/23 is forecast to fall 2.5% on declines in domestic use and exports. Food, seed, and industrial (FSI) use is virtually unchanged at 6.8 bbus.

Corn used for ethanol is unchanged relative to a year ago on expectations of flat U.S. motor gasoline consumption.

U.S. Sorghum FSI is unchanged but higher than the minimum seen in recent years as China is expected to continue to source sorghum from other exporters in addition to the United States.

U.S. Corn feed and residual use is down 4.9% relative to a year ago, reflecting a smaller crop, higher expected season-average farm prices received by producers, and a decline in grain consuming animal units.

U.S. corn exports are forecast to decline 4.0% in 2022/23 as lower supplies and robust domestic demand limit prospects. Even with record exports projected for Argentina and Brazil, a 550 million bushel drop in exports for Ukraine due to the ongoing conflict is the primary catalyst for a decline in world trade. With expectations of robust global demand in the face of high prices, the U.S. share of global corn trade is up slightly relative to a year ago.

With total U.S. corn supply falling more than use, 2022/23 U.S. ending stocks are down 80 mbus from last year. Stocks relative to use at 9.3% would be below a year ago and lower than the 14.4% average seen during 2015/16 to 2019/20.

The USDA season-average corn price received by producers is projected at $6.75/bus, up 85 cents from a year ago and if realized the highest since $6.89 reached during 2012/13.

➢ **Slow U.S. corn planting threatens already-light acreage plans**

9 May 2022 Karen Braun, Reuters - The first week of May should be the busiest of the spring for U.S. corn planting, but cooler, wet weather curbed farmers' progress yet again last week. As of Sunday, the planting pace was the second slowest for the date since 1993.

Warm and dry weather this week should facilitate much more corn planting over the next few days, but there may still be negative implications for acreage in a year where farmers' intentions were much thinner than market predictions.

The USDA's statistics service on Monday said that 22% of U.S. corn had been planted as of Sunday, below the trade expectation for 25% and well off the date's average of 50%.

That is the slowest May 8 pace since 2013 and it represents an 8 percentage-point increase from the previous Sunday, tied with 2019 and 1993 for the lightest-ever gains for the week. The long-term average gain for the week ended May 8, usually the spring's most active planting week, is 21 points.

U.S. corn planting remains the slowest relative to average in the top producing states. Iowa had planted 14% of its crop versus 63% average, Illinois was 15% complete versus 58% average, and Minnesota was 9% versus a five-year average of 48%. These states grew 41% of the national crop in 2021.

WEEK AHEAD

The week ended May 15 usually features an 18 percentage-point gain in corn planting progress, which if reached would put next week's completion at 40%, just ahead of 2019's pace but slower than 2013. The five-year average for May 15 is 67%, which would require an unprecedented 45-point jump this week.

The most ever was 43 points in the week ended May 19, 2013, and farmers had also planted 43% of the corn crop in the week ended May 10, 1992. Thirty-six-point weeks were observed in 2015 and 1984.

Temperatures across the Corn Belt this week could approach 20 degrees Fahrenheit above average levels, and most areas will be on the drier side. However, recent rains in some states could keep farmers out of the fields until at least the middle of this week.

I posted a poll on Twitter Monday asking about this week's planting pace and nearly 500 U.S. producers had responded by early evening. Some 35% said their progress would be faster than normal and 21% said average pace was more likely, but 44% said their activity would be slower than normal.

Voters' locations are unclear, but a couple had identified as being in the Dakotas or Ohio, all of which observed larger rainfall amounts in the last few days. This means a 43-point week like in 2013 might not be in the cards right now, ensuring the overall pace stays slow.

LOWER ACRES?

Analysts were shocked on March 31 when USDA revealed U.S. farmers would reduce their corn plantings by 4% from last year to 89.5 million acres. Corn supplies are already tight and prices are at near-record levels, and the smaller acreage leaves no room for error with summer weather.

There are only four years in the last three decades where May 8 corn planting progress compared with 2022: 1993, 1995, 2013 and 2019. Final corn plantings in those four years were at least 2% lower than what had been reported in March.

The slowest May 8 planting pace where corn acres still rose from March to final was 44% in 2009. A possible explanation for that is that corn prices were relatively strong versus soybeans throughout the planting period.

That has been the case this year, too, but the expensive inputs have made the predictions more challenging. Insurance guarantees for corn in 2022 were near record highs back in February, but farmers still reported the lower acres to USDA in the following weeks.

The trend of U.S. corn acres from here is unknown as the current waters are truly uncharted, but there are a couple of possibilities. The normal reaction, farmers cutting corn acres, could occur this year because of the planting delays. But nothing about this year is normal.

On the one hand, sky-high corn prices and the potential for decent profits could have some farmers pushing corn plantings this year when they otherwise might not, and that could maintain some acres from March. Producers pushed hard on corn very late into the 2019 window when prices rallied on the delays.

But high fertilizer prices and availability issues may not have some farmers as eager to plant the yellow grain if they have missed their ideal planting window, because they may not want to use the expensive chemicals on a field that may already have higher yield risks due to planting date.

- **China sees 2022/23 corn planting acreage down 1.8% on year - ministry**

12 May 2022 Reuters - China's 2022/23 corn planting acreage was seen down 1.8% from the previous year, at 42.52 million hectares, the country's agriculture ministry said on Thursday.

The fall came after China set increasing planting acreage of soybeans and other oilseeds as a policy priority, the Ministry of Agriculture and Rural Affairs said in its monthly crop report.

More soybean planting acreage can come at the expense of corn area, especially in the country's northeastern grains basket, where farmers choose between the two major crops during spring planting.

China's 2022/23 soybean planting acreage was seen up 18.3% from a year ago, at 9.93 million hectares, driving output of the oilseed in the new crop year at 19.48 mmts, up 18.8% from 2021/22, according to the report.

Corn output in the 2022/23 year was seen at 272.56 mmts, slightly higher from a year earlier, however, thanks to better yields of the crop, the ministry said.

China was expected to bring in 18 mmts of corn in the 2022/23 year, down 10% from 20 mmts a year earlier, as high international prices curbed imports.

In the meanwhile, consumption of the yellow grain in the new marketing year was seen up 1%, at 290.51 mmts, causing a sharp drop of corn ending stocks to only 40,000 tonnes, according to the Chinese Agricultural Supply and Demand Estimates (CASDE).

China's soybean imports in 2022/23 was seen at 95.2 mmts, up 2.4% from the previous year, as hog production and margins in the country recover to reasonable levels, according to the report.

- **CME CBOT Corn Futures**

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

CBOT July 2022 Corn Futures *settled on Friday at $7.81¼ /bu, off 10¼ cents on the day, and losing 3 ½ cent for the week. The May contract went off the board at $7.94½/bu, off 19 cents on the day, but with no deliveries yet posted against it.*

The December new crop finishing the week at $7.48 ¾ 7.20¾/bu, off 4¼ cents on the day, but gaining 28 cents for the week. Friday the contract reached a new contract high at 7.58¼/bu.

We likely saw some profit taking before the weekend followed by money injection into stocks, potentially coming out of commodities, corn included.

In board spread, the CN/CU fell 19 cents and CU/Z -12c on the week. With most U.S. processor bids higher this week and the river back over delivery value for full July, expect these spreads to catch next week and firm back up.

USDA's WASDE show some friendly numbers on Thursday. The USDA did note the lag in planting progress as a reason for the 177 bus/acre yield, below the weather adjusted trend yield from back in February.

Lots of talk on the planting progress for Monday with this week's average increase at 16% likely to be doubled in many areas. The 5-year average is 67%, which we won't hit, but should be something close to 45% vs 22% this week. The market is trading the forecast though and believes everyone, with the exception of a few areas of MN, parts of SD and 75% of ND will get planted ahead of ins dates.

In the US, strong winds of over 100 mph swept through the northwestern Corn Belt last night, damaging farm structures. Apart from some wetness in some northern states, planting weather looks favorable going into the next week.

With the 7-day weather forecast showing drier weather over the next week. This should allow planting progress to catch up on the lag. Much of the Western Corn Belt has less than half an inch expected, with the ECB seen at around an inch over the next week.

The weekly CFTC Commitment of Traders report showed spec traders in corn futures and options backing off their large net long position by 14,956 contracts. They tool that net long to 338,562 contracts as of Tuesday.

The Ukraine farmers are amazingly able to continue to plant, with estimates they have 59% (72% LY) of the crop in the ground. Interestingly, in yesterday's WASDE they have the avg monthly exports of all grains out of Ukraine at 2.8 mmts, while the Ukraine Ag dept came out today with capacity for the year to be only 1.5 mmts/mo.

Markets are still digesting yesterday's USDA report, which was mostly in line with estimates yet indicated carryout for the year ahead is now forecasted lower than the current year.

While Thursday's USDA WASDE Report was mostly as projected, there was a bearish surprise with unexpected production increases in Egypt, Nigeria, and Pakistan. Traders were looking to see numbers potentially lower than analyst estimates, so the relative neutrality for corn along with that bump in production may have spooked some buyers today.

The attaché for Canada still calling for corn imports at 190 mbus vs WASDE at 150 mbus.

The Buenos Aires Grain Exchange said 26% of corn has been harvested and 16% is rated good to excellent, which is down from 19% last week.

➢ U.S. Export Corn Values – Friday 13th May 2022

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

Gulf barge/rail quotes, in cents per bushel.

CIF CORN	5/12/2022	5/13/2022	Del. Mo.	
MAY	84 / 102	89 / 97	K	
FH JUN	-	87 / -	N	
JUN	95 / 99	86 / 94	N	
JUL	80 / 86	80 / 84	N	
AUG	115 / -	112 / -	U	
SEP	103 / 108	102 / 107	Z	
OCT	100 / 107	100 / -	Z	
NOV	100 / 107	100 / -	Z	
DEC	100 / 107	98 / 104	Z	
OND	100 / 107	100 / -	Z	
JAN	94 / -	94 / -	H	UNC

BRAZIL FOB CORN @ PORT PARANAGUA

	5/12/2022	5/13/2022		
JUN	20 / 35	20 / 35	N	**UNC**
JUL	15 / 30	25 / 32	N	
AUG	65 / 70	65 / 73	U	
SEP	65 / 70	65 / 70	U	**UNC**
OCT	85 / 100	85 / 100	Z	**UNC**
NOV	95 / 108	90 / 108	Z	

Thursday's export sales numbers were disappointing, but Friday morning a sale of 24.1 mbus to China was announced, a reminder that China still needs corn.

Following the Export Sales report on Thursday morning, US corn export commitments are now 92% of the USDA forecast, 2% below normal. Actual exports are 65% of that number, even with normal. USDA did leave their projection unch on Thursday, at 2.5 bbu.

Brazil and Argentina FOB basis level remain cheap relative to US offers from Jul-Nov, slowing US export interest for now and need to be monitored for additional export business.

ETHANOL

➢ **CME Ethanol Futures - Nearby Daily**

***CME Nearby Ethanol June 2022** settling on Friday at $2.71750 2.76000/gallon, off 2.250 cents on the day, and losing 4.250 cents for the week.*

➢ **U.S. Export Ethanol Values – Friday 13th May 2022**

Nearby Ethanol Bids	5/12/2022	5/13/2022		
Blair, NE	20	20	N	**UNC**
Cedar Rapids, IA	9	9	N	**UNC**
Decatur, IL	22	22	K	**UNC**
Fort Dodge, IA	28	28	N	**UNC**
N. Manchester, IN	2	2	N	**UNC**
Portland, IN	12	12	N	**UNC**

➢ **DDG's – DDG Price Lower**

6 May 2022 Mary Kennedy, DTN Analyst – OMAHA (DTN) -- The DTN average price for domestic distillers dried grains (DDG) from 34 locations reporting for the week ended May 5 was $296 per ton, down $4 on average versus one week ago. An uptick again in ethanol plant production, along with lower soybean meal prices, is putting pressure on DDG prices. (There will be no DDG price update the week of May 9.)

Based on the average of prices collected by DTN, the value of DDG relative to corn for the week ended May 5 was 99.63%. The value of DDG relative to soybean meal was 66.99%, and the cost per unit of protein for DDG was $10.59, compared to the cost per unit of protein for soybean meal at $8.99.

In its weekly DDGS export update, the U.S. Grains Council said: "On the export market, brokers and exporters report that Barge CIF NOLA values are down $19 to $22 metric ton (mt) for May through August shipment while FOB Gulf offers are down $20-25/mt. FOB Gulf offers for June averaged $343/mt this week, down $27 from the prior week. Container offers are down as well, though have seen greater support than the FOB market. Offers for 40-foot containers into Southeast Asia are down $16/mt from last week at $443/mt."

U.S. Census Bureau said Wednesday that U.S. exports of DDGS totaled 927,134 mt in March, up from 870,844 mt in February and up 5% from a year ago. Mexico was the top destination in March, taking 20% of U.S. exports, and was followed by South Korea and Vietnam. In the first three months of 2022, U.S. exports of DDGS were up 12%.

VALUE OF DDG VS. CORN & SOYBEAN MEAL

Settlement Price:	Quote Date	Bushel	Short Ton
Corn	5/5/2022	$8.0375	$287.05
Soybean Meal	5/5/2022		$426.90
DDG Weekly Average Spot Price			$286.00

DDG Value Relative to:	5/5	4/28
Corn	99.63%	101.57%
Soybean Meal	66.99%	67.24%

Cost Per Unit of Protein:		
DDG	$10.59	$10.96
Soybean Meal	$8.99	$9.27

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

GRAIN SORGHUM

➢ USDA FAS – Grain Sorghum

Sorghum World as of May 2022				
Attribute	22/23 May'22	Change	21/22 May'22	20/21
Area Harvested (1000 HA)	41,104	-580(-1.39%)	41,684	43,048
Beginning Stocks (1000 MT)	3,962	-42(-1.05%)	4,004	3,864
Production (1000 MT)	62,665	+340(+.55%)	62,325	62,417
MY Imports (1000 MT)	10,808	-1228(-10.2%)	12,036	9,880
TY Imports (1000 MT)	10,808	-1228(-10.2%)	12,036	9,917
TY Imp. from U.S. (1000 MT)	0	-	0	6,965
Total Supply (1000 MT)	77,435	-930(-1.19%)	78,365	76,161
MY Exports (1000 MT)	11,196	-1127(-9.15%)	12,323	11,555
TY Exports (1000 MT)	11,057	-1560(-12.36%)	12,617	10,675
Feed and Residual (1000 MT)	26,084	-1492(-5.41%)	27,576	23,853
FSI Consumption (1000 MT)	36,277	+1773(+5.14%)	34,504	36,749
Total Consumption (1000 MT)	62,361	+281(+.45%)	62,080	60,602
Ending Stocks (1000 MT)	3,878	-84(-2.12%)	3,962	4,004
Total Distribution (1000 MT)	77,435	-930(-1.19%)	78,365	76,161
Yield (MT/HA)	1.52	+(+1.33%)	1.50	1.45

12 May 2022 USDA FAS - The global sorghum outlook is for marginally higher production, consumption, and ending stocks, but lower trade.

Production is projected up as gains in several African countries, including Sudan, Niger, Nigeria, Mali, and Burkina Faso, more than offset cuts to Australia and the United States.

U.S. production is smaller based on lower area as indicated in the March Prospective Plantings report. If realized, global production would be the largest since 2016/17.

The higher production in the aforementioned African countries will primarily be used domestically for human consumption, and lower exportable supplies for Australia and the United States will mean a contraction in trade.

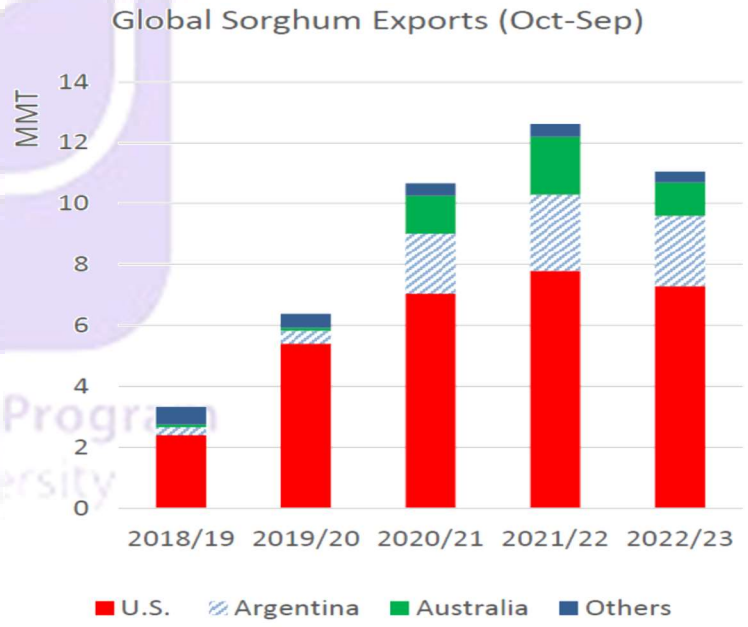
With global consumption and production both little changed, ending stocks are also projected to be little changed. Imports by China, the world's largest sorghum importer, are forecast down as a result.

➢ U.S. Export Grain Sorghum Values – Friday 13th May 2022

CIF NOLA Gulf barge/rail quotes, in cents per bushel basis CBOT Corn futures:
Texas Gulf Rail quotes, in cents per bushel basis CBOT Corn futures:
Changes are from the AM Barge basis report:

CIF MILO	5/12/2022	5/13/2022	
May	na	na	UNC

TX FOB VESSEL MILO (USc/MT)	5/12/2022	5/13/2022		
May	200	200	K	UNC
June	200	200	N	UNC
July	200	200	N	UNC



BARLEY

- **USDA FAS – Barley**

Barley World as of May 2022				
Attribute	22/23 May'22	Change	21/22 May'22	20/21
Area Harvested (1000 HA)	48,367	-230(-.47%)	48,597	51,358
Beginning Stocks (1000 MT)	16,488	-3736(-18.47%)	20,224	21,802
Production (1000 MT)	148,968	+3939(+2.72%)	145,029	159,406
MY Imports (1000 MT)	30,466	-2618(-7.91%)	33,084	36,028
TY Imports (1000 MT)	30,370	-817(-2.62%)	31,187	36,880
TY Imp. from U.S. (1000 MT)	0	-	0	344
Total Supply (1000 MT)	195,922	-2415(-1.22%)	198,337	217,236
MY Exports (1000 MT)	31,118	-3443(-9.96%)	34,561	36,270
TY Exports (1000 MT)	31,116	-338(-1.07%)	31,454	37,398
Feed and Residual (1000 MT)	101,801	-240(-.24%)	102,041	114,859
FSI Consumption (1000 MT)	46,115	+868(+1.92%)	45,247	45,883
Total Consumption (1000 MT)	147,916	+628(+.43%)	147,288	160,742
Ending Stocks (1000 MT)	16,888	+400(+2.43%)	16,488	20,224
Total Distribution (1000 MT)	195,922	-2415(-1.22%)	198,337	217,236
Yield (MT/HA)	3.08	+(+3.36%)	2.98	3.10

12 May 2022 USDA FAS - The global barley outlook is for lower trade despite larger production. Production is forecast to grow as crops for Canada, Russia, and Turkey recover, though production is expected to be smaller in Australia and Ukraine.

Consumption for feed use is expected to fall marginally, but food use is forecast to grow.

Global trade shrinks due to smaller exports for Australia and Ukraine. Combined exports (Oct-Sep) for these two countries fall 28% (or 3.3 mmts) from the revised 2021/22 level.

Global barley ending stocks are virtually unchanged.

- **Tunisia buys feed barley in tender**

6 May 2022 - Tunisia's state grains agency is believed to have purchased about 75,000 mts of animal feed barley in an international tender which closed on Thursday, European traders said.

The grains can be sourced from optional origins but excluding the Black Sea region, they said. Ukraine and Russia had before the outbreak of war been major grains suppliers to Tunisia.

The barley was bought in three 25,000 mts consignments, from Casillo at an estimated $436.68/mt, from Viterra at $438.49/mt and from Casillo at $432.89/mt, all C&F. All prices were initial assessments.

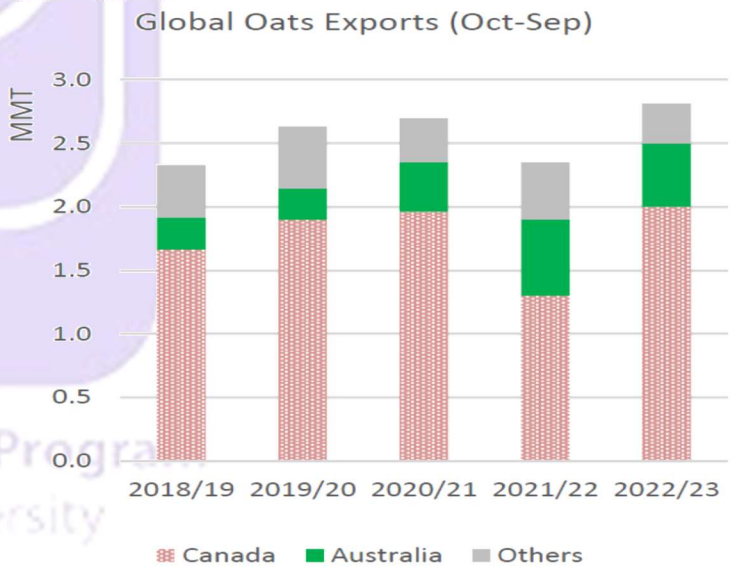
Shipment was sought in various periods in June and July depending on origin supplied, they said.

OATS & RYE

- **USDA FAS – Oats & Rye**

Oats World as of May 2022				
Attribute	22/23 May'22	Change	21/22 May'22	20/21
Area Harvested (1000 HA)	9,923	+431(+4.54%)	9,492	9,956
Beginning Stocks (1000 MT)	2,357	-602(-20.34%)	2,959	2,229
Production (1000 MT)	24,998	+2506(+11.14%)	22,492	25,488
MY Imports (1000 MT)	2,729	+396(+16.97%)	2,333	2,533
TY Imports (1000 MT)	2,692	+404(+17.66%)	2,288	2,622
TY Imp. from U.S. (1000 MT)	0	-	0	42
Total Supply (1000 MT)	30,084	+2300(+8.28%)	27,784	30,250
MY Exports (1000 MT)	2,813	+460(+19.55%)	2,353	2,768
TY Exports (1000 MT)	2,814	+462(+19.64%)	2,352	2,699
Feed and Residual (1000 MT)	16,945	+1438(+9.27%)	15,507	16,853
FSI Consumption (1000 MT)	7,753	+186(+2.46%)	7,567	7,670
Total Consumption (1000 MT)	24,698	+1624(+7.04%)	23,074	24,523
Ending Stocks (1000 MT)	2,573	+216(+9.16%)	2,357	2,959
Total Distribution (1000 MT)	30,084	+2300(+8.28%)	27,784	30,250
Yield (MT/HA)	2.52	+(+6.33%)	2.37	2.56

12 May 2022 USDA FAS - For small grains, oats production is projected higher on a recovery in Canada. For oats, global consumption is expected to grow.



Global oats trade is projected to increase with higher oats imports for Chile and the United States. As the expansion in oats production exceeds consumption growth, ending stocks rise.

Rye World as of May 2022				
Attribute	22/23 May'22	Change	21/22 May'22	20/21
Area Harvested (1000 HA)	3,884	-134(-3.33%)	4,018	4,164
Beginning Stocks (1000 MT)	1,114	-66(-5.59%)	1,180	869
Production (1000 MT)	12,277	-196(-1.57%)	12,473	14,295
MY Imports (1000 MT)	399	-197(-33.05%)	596	409
TY Imports (1000 MT)	341	-205(-37.55%)	546	401
TY Imp. from U.S. (1000 MT)	0	-	0	3
Total Supply (1000 MT)	13,790	-459(-3.22%)	14,249	15,573
MY Exports (1000 MT)	370	-262(-41.46%)	632	429
TY Exports (1000 MT)	365	-206(-36.08%)	571	431
Feed and Residual (1000 MT)	6,142	-69(-1.11%)	6,211	7,137
FSI Consumption (1000 MT)	6,415	+123(+1.95%)	6,292	6,827
Total Consumption (1000 MT)	12,557	+54(+.43%)	12,503	13,964
Ending Stocks (1000 MT)	863	-251(-22.53%)	1,114	1,180
Total Distribution (1000 MT)	13,790	-459(-3.22%)	14,249	15,573
Yield (MT/HA)	3.16	+(+1.94%)	3.10	3.43

Rye production is projected lower as cuts to Ukraine and the European Union more than offset a gain for Russia. For rye, global consumption is expected be nearly unchanged. Global rye trade is projected to fall, reflecting lower exports from Ukraine.

Global rye ending stocks are drawn down as consumption stays nearly unchanged despite lower production.

- **CME CBOT Oat Futures**

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

CME July 2022 Oats Futures *settled on Friday at $6.17 ¾ 6.27½/bu, off 6¾ cents on the day, and losing 10 cents for the week.*

The May contract went off the board on Friday, settling at $6.54½ /bu, unchanged on the day. May Oat futures hit an all-time high at above $800/bu on April 12th amid growing concerns over supply disruptions, particularly dry weather in major producer Canada.

OILSEEDS COMPLEX

- **USDA WASDE – Oilseeds**

12 May 2022 USDA WASDE - The USDA global oilseed production for 2022/23 is projected at 647.1 mmts, rising 50.3 million from last marketing year when droughts impacted South American soybean production and the Canadian canola crop.

Global oilseed production is down fractionally this month on lower Argentina soybeans, India and Uzbekistan cottonseed, and Nigeria and Sudan peanuts.

Global trade is up slightly on higher U.S. soybean exports and China imports.

Global crush is little changed overall as lower processing of Ukraine sunflowerseed and Uzbekistan cottonseed offset gains in soybean and peanut crushing.

Global ending stocks are down 3% as lower China, Argentina, and U.S. soybean carryout more than offsets gains in Ukraine sunflowerseed ending stocks.

NOTE: Russia's recent military invasion of Ukraine significantly increased the uncertainty of agricultural supply and demand conditions in the region and globally. The May WASDE represents an ongoing assessment of the short-term impacts as a result of this action.

Global soybean production is forecast up 45.3 mmts to 394.7 million, with Brazil accounting for over half of the increase, up 24 mmts to a record 149 million. Argentina's soybean crop is expected to reach 51 mmts and Paraguay 10 million. Partly offsetting higher global soybean and canola production is lower oilseed production for Ukraine.

Global protein meal consumption is expected to grow 3% in 2022/23, recovering from slow growth in the past two marketing years.

Nearly half of the gains are in China where soybean crush is forecast to increase 6 mmts from 2021/22 to 95 million.

Exportable supplies of oilseed meals and oils are expected to recover, with higher 2022/23 crush for Canada and South America, which offset declines in sunflower products out of Ukraine.

Further, palm oil exports are expected to increase for Indonesia after slower-than-normal shipments and export restrictions in the prior marketing year.

Global 2022/23 soybean exports are expected to increase 9% to 170.0 mmts after last year's drought-related declines in South America. China accounts for about half of the trade growth, with 2022/23 imports rising 7 mmts to 99 million. Global soybean ending stocks are projected at 99.6 mmts, up 14.4 million, with most of the increase in Brazil, Argentina, and the United States.

Other notable soybean changes include back year revisions to China's domestic consumption growth to better reflect per capita consumption and population growth. Soybean imports for China in 2021/22 are raised 1 mmts to 92 million.

Global 2021/22 ending stocks are lowered with lower Chinese stocks, a reduction in Argentina's soybean production, and lower U.S. stocks.

United States - The USDA 2022/23 outlook for U.S. soybeans is for higher supplies, crush, exports, and ending stocks compared with 2021/22.

The soybean crop is projected at 4.64 bbus, up 5% from last year's crop mainly on higher harvested area. With slightly lower beginning stocks, soybean supplies are projected at 4.89 bbus, up 4% from 2021/22.

Total U.S. oilseed production for 2022/23 is projected at 136.6 mmts, up 6.1 million from 2021/22 mainly on higher soybean production. Production forecasts are also higher for canola and sunflowerseed.

With increased supplies, U.S. soybean exports are forecast at 2.2 bbus, up 60 million from the revised 2021/22 projection. Despite reduced soybean supplies available for export from South America for the first half of the 2022/23 marketing year, an anticipated record harvest and sharply higher exports beginning in early 2023 is expected to leave the U.S. with a lower share of global trade in 2022/23.

The U.S. soybean crush for 2022/23 is projected at 2.26 bbus, up 40 million from the 2021/22 forecast.

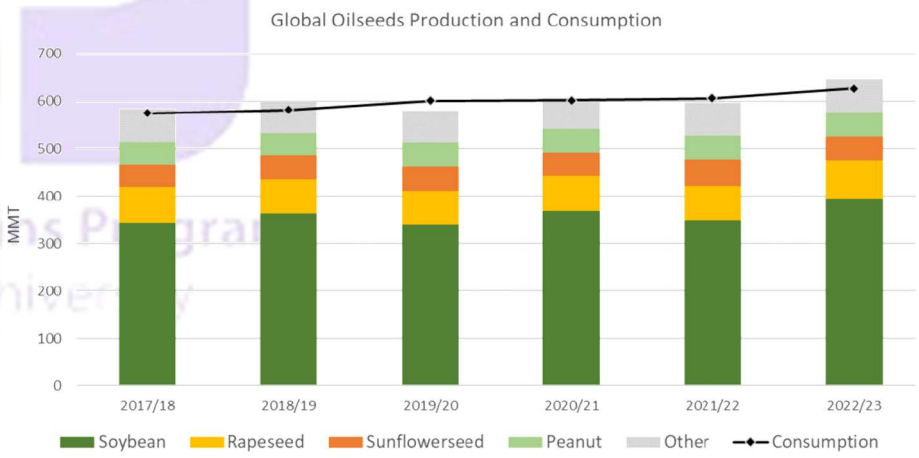
U.S. domestic soybean meal disappearance is forecast to increase 2% from 2021/22 with low soybean meal prices relative to corn. U.S. soybean meal exports are forecast at 14.4 million short tons, leaving the U.S share of global trade near the prior 5-year average.

U.S. ending stocks for 2022/23 are projected at 310 mbus, up 75 million from the revised 2021/22 forecast.

The USDA 2022/23 U.S. season-average soybean price is forecast at $14.40/bus compared with $13.25/bus in 2021/22.

Soybean meal prices are forecast down $20 per short ton from 2021/22 to $400/short ton and soybean oil prices are forecast down 5 cents to average 70 cents/pound, as oilseed and product supplies rebound in foreign markets.

- **World Oilseeds Consumption Growth Projected To Recover in 2022/23**

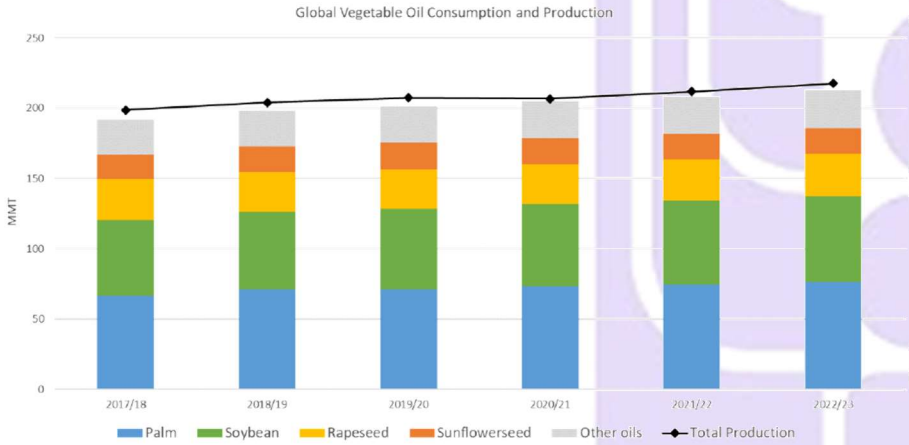


12 May 2022 USDA WASDE - Global oilseed production is forecast to grow 8% in 2022/23, primarily on growth in soybean output in South America and the United States, as well as rapeseed production in Canada and the European Union, more than offsetting loses of sunflowerseed output in Ukraine and Russia.

Global oilseed production is projected to reach 647 mmts, with soybean production forecast to rise 45 mmts to nearly 395 million, up 13%.

Global oilseed consumption is forecast to rise 3% in 2022/23, driven by higher China soybean demand as a result of a recovery from a decline seen last marketing year. Soybean crush and consumption are projected to account for most of the growth in global oilseed use. Sunflowerseed consumption is projected down 3%, while rapeseed consumption is up 7%.

Global oilseed trade is forecast higher mostly on higher soybean demand from China. Trade in soybean, rapeseed, sunflowerseed, and peanuts is expected to rise, while cottonseed exports are forecast lower. Global ending stocks are projected to rise on growing soybean production and stocks in South America and the United States..

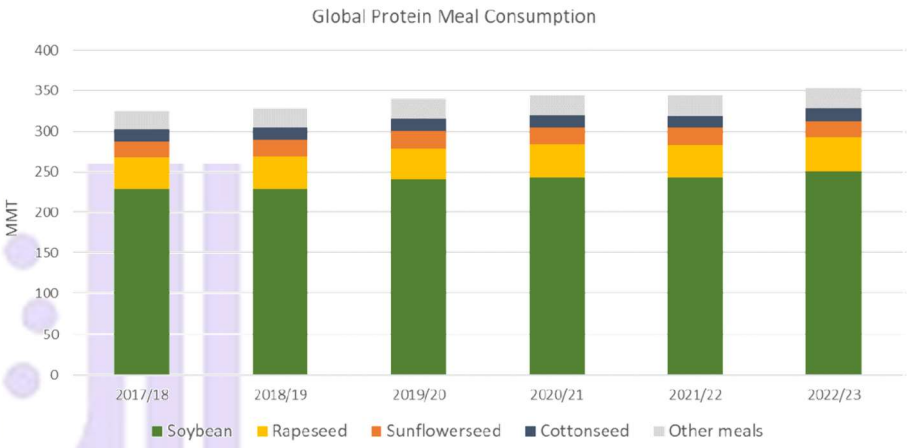


Global vegetable oil production is expected to grow by 3%, with major gains for soybeans, rapeseed, and palm oil, more than offsetting losses for sunflowerseed and olive oil.

Global consumption is forecast to expand by nearly 4.6 mmts (2%), primarily driven by palm and soybean oil growth in China.

Global vegetable oil trade will strengthen in 2022/23, owing to strong recovery in palm oil and rapeseed oil import growth.

Global vegetable oil ending stocks are projected to grow by 4% to over 28.0 mmts.



Global oilseed meal production is forecast to grow in 2022/23, led by soybean and rapeseed meal.

Global consumption is expected to climb, mostly on robust demand from China. Trade in protein meals is expected to grow with higher soybean meal and rapeseed meal imports.

Beijing doubles down on soybean production push

9 May 2022 The South China Morning Post - China must use "multiple measures to increase soybean production", according to Vice-Premier Hu Chunhua, in the latest food security push by the central government amid a heightened focus on self-sufficiency.

Beijing has long placed an emphasis on national security, including food and seeds, with the global price turbulence and looming food crisis stemming from the Ukraine war another reminder for China to reduce its reliance on foreign markets for key crops and commodities.

During a two-day tour of Heilongjiang province last week, Hu said the northeast provinces, which account for 60% of the national soybean production, "play a crucial role" in realising this year's target to increase planting of the crop.

He urged officials to "speed up recovery and expand soybean planting areas", while also mentioning increased subsidies and initiatives for farmers to grow more soybeans.

Increasing supplies and machinery to ensure the targets for the spring planting season were achieved were also highlighted by Hu.

He placed an emphasis on strengthening the breeding of high-quality soybeans and the application of planting techniques to boost efficiency, according to the official statement of the visit, which was released over the weekend.

"We must take multiple measures to increase soybean production, ensure we achieve the target of expanding plantation and intensify capabilities of self-sufficiency," said Hu, whose portfolio includes agriculture.

China has listed soybean expansion as "a major political task to be accomplished" in 2022, with domestic output expected to rise by 26% to 20.6 mmts this year.

Beijing hopes to raise domestic soybean output by 40% to 23 mmts by 2025.

China is the world's largest buyer of soybeans, but imports fell by 0.8% to 28.36 mmts in the first four months of the year.

In April, imports rose by 27% from March to 8.1 mmts, according to customs data released yesterday.

Analysts have warned about the reliance on external markets amid geopolitical complications and urged increased domestic production in output and unit yield.

China's domestic soybean production decreased by 16.4% to 16.4 mmts in 2021, while imports declined by 3.8% to 96.5 mmts last year.

Planting area in the country also fell by 15% in 2021, while an already low per unit yield, which is about 60% of the level seen in the United States, dropped by 1.8% last year.

- **China forecasts 2022/23 soybean imports of 98 mmts**

9 May 2022 - China expects to import 98 mmts of soybeans in the 2022/23 marketing year, according to a monthly forecast report released by the National Grain and Oil Information Centre (CNGOIC) Monday.

CNGOIC's first forecast for China's 2022/23 soybean imports is 5% higher than its 2021/22 outlook, which was estimated at 93 mmts, according to the previous report.

At the same time, the official think tank has raised its forecast for China's soybean production in 2022/23 to 19.7 mmts, up 20% from 16.4 mmts the previous year.

China has given top priority to increasing its production capacity of soybean by measures such as promoting corn-soybean intercropping mode and providing more subsidies for land rotation programs, in an effort to ensure the country's food security.

China's 2022/23 soybean crush demand was estimated at 98.8 mmts, up 5.3% or 5 mmts from the previous year. The soybean year-end balance between supply and demand for the 2022/23 marketing year was forecasted at 1.54 mmts, compared to minus 2.37 mmts the prior year.

CNGOIC estimated rapeseed imports for the next marketing year to reach 2.8 mmts, while the domestic production was seen increasing to 14.95 mmts.

The 2022/23 rapeseed crush demand was expected to reach 16.7 mmts, up 1.07 mmts from the previous year.

Edible vegetable oil import in the 2022/23 marketing year was seen up 1.19 mmts on the year to 9.51 mmts, while the domestic outputs were estimated to increase 1.45 mmts year-on-year to 31.47 mmts.

Of the total, soyoil import in the next marketing year was forecasted at 800,000 mts, and the outlook for rapeoil import came in at 1.5 mmts.

China was expected to import 5.7 mmts of palm oil in 2022/23, up 500,000 mts from 5.2 mmts in the previous year, backed by expectations of improved global palm oil supply and lower prices.

- **Americas leads Egypt, Saudi Arabia, and Turkey soybean imports**

11 May 2022 - Refinitiv Commodities Research - Turkey's soybean imports grew 41% to 1.7 mmts during the first eight months of the current marketing year (September/August), according to Refinitiv trade flows. Brazil (51%), the United States (27%), and Ukraine (17%) were the leading suppliers of soybeans to Turkey. In 2021, Turkey approved new biotech soybean traits resulting in the U.S. soybean shipments to Turkey jumping 100% to 468,319 tons from a year ago. Turkey's soybean imports are expected to continue growing as Refinitiv trade flows are showing Turkey could import 395,878 tons of Brazilian soybeans over the next few weeks.

In Egypt, soybean imports increased 9% to 2.9 mmts during the first seven months of the current season (October/September). Approximately 84% of these imports originated from the United States. On the other hand, Refinitiv trade flows are forecasting Egypt to import about 419,353 tons of U.S. soybeans in May. As a result, accumulated U.S. soybean exports could reach 2.9 mmts during the first eight months of the current season, up 9% from the same time frame last year. Similarly, the United States Department of Agriculture (USDA) commodity exports sales data indicates the country exported 3.1 mmts of soybeans to Egypt between 1 September 2021 and 5 May 2022. Egypt was the fourth largest importer of U.S. soybeans, after China (59%), Mexico (7%), and the European Union (9%), accounting for about 6% of the total U.S. soybean exports during that period.

Saudi Arabia's soybean imports decreased 28% to 211,294 tons during the first seven months of the 2021/22 season (October/September), Refinitiv trade flows show. The United States accounted for nearly 77% of these imports. Brazil (16%) and Argentina (7%) were responsible for the balance.

Egypt, Saudi Arabia, and Turkey are among the fastest-growing soybean markets in the Middle East and North Africa region. The strong demand for soybean mainly comes from the aquaculture and poultry industries which are experiencing relatively strong growth. Combined soybean imports into these three countries expanded by 119% tons over the past decade, reaching 7.2 mmts in the 2020/21 season.

- **EU 2021/22 soybean imports at 12.07 mmts, rapeseed 4.55 mmts**

10 May 2022 Reuters - European Union soybean imports in the 2021/22 season that started in July had reached 12.07 mmts by May 8th, compared with 12.97 mmts by the same week in 2020/21, data published by the European Commission on Tuesday showed.

EU rapeseed imports so far in 2021/22 had reached 4.55 mmts, compared with 5.73 mmts a year earlier.

Soymeal imports so far in 2021/22 were at 13.93 mmts against 14.87 million a year ago, while palm oil imports stood at 4.15 mmts versus 4.60 million.

EU sunflower oil imports, most of which usually come from Ukraine, were at 1.68 mmts, against 1.52 million a year ago, the data showed.

- **Soy boon for Argentina as Ukraine war boosts prices**

9 May 2022 - Russia's war on Ukraine has sent grain prices skyrocketing, a worry for consumers worldwide but potentially a boon for producers like Argentina, which hopes an influx of soybean "agridollars" will boost its faltering economy.

South America's third-largest economy is the biggest exporter of soybean meal and oil in the world, and only the United States and Brazil export more soybean grains.

Soy represents nearly a third of Argentina's exports and in 2021 contributed $9 billion to the state coffers.

This year, the sector is expecting record sales of $23.7 billion - about $700 million more than in 2021 - despite a 10% smaller harvest due to severe drought.

The harvest season is at its height, and workers are laboring from dawn to dusk to clear the fields before the autumn rains arrive.

In the past, the grain has been a savior for inflation-troubled Argentina.

A soybean boom in the 2000s is widely considered to have helped the country recover from its worst economic crisis in 2001. In the last 40 years, the planted surface area of soy has multiplied 14 times.

Argentina is also a major producer of sunflower oil and wheat --other grains affected by the ongoing war.

After a record sunflower harvest of 3.4 mmts in 2021-2022, the area under cultivation is set to increase by 17% this season to two million hectares.

The country also had a record wheat harvest this season.

Estimates are that in 2022, Argentina's agro-industrial exports will bring in a record $41 billion -- about $3 billion more than in 2021.

But some point out that Argentina could have reaped an even larger benefit if it weren't for rising input costs.

Argentina imports about 60% of the fertilizers needed to grow food - around 15% of it from Russia - but supplies are now short and prices climbing, meaning lower yields.

Higher fuel prices are also taking a toll, set against the backdrop of soaring consumer inflation of around 60% projected this year for Argentina.

SOYBEANS

- **USDA FAS – Soybeans**

Oilseed, Soybean World as of May 2022				
Attribute	22/23 May'22	Change	21/22 May'22	20/21
Area Harvested (1000 HA)	134,925	+4747(+3.65%)	130,178	128,607
Beginning Stocks (1000 MT)	85,237	-14671(-14.68%)	99,908	94,660
Production (1000 MT)	394,693	+45326(+12.97%)	349,367	368,122
MY Imports (1000 MT)	167,115	+12653(+8.19%)	154,462	165,472
Total Supply (1000 MT)	647,045	+43308(+7.17%)	603,737	628,254
MY Exports (1000 MT)	170,011	+14445(+9.29%)	155,566	164,511
Crush (1000 MT)	326,762	+13086(+4.17%)	313,676	315,079
Food Use Dom. Cons. (1000 MT)	22,579	+717(+3.28%)	21,862	21,676
Feed Waste Dom. Cons. (1000 MT)	28,094	+698(+2.55%)	27,396	27,080
Total Dom. Cons. (1000 MT)	377,435	+14501(+4%)	362,934	363,835
Ending Stocks (1000 MT)	99,599	+14362(+16.85%)	85,237	99,908
Total Distribution (1000 MT)	647,045	+43308(+7.17%)	603,737	628,254
Yield (MT/HA)	2.93	+(+9.33%)	2.68	2.86

12 May 2022 USDA WASDE - Global soybean production in 2022/23 is forecast at a record 394.7 mmts, up 13% from 2021/22. Likewise, soybean production in Brazil and the United States is forecast at a record, continuing the trend of higher-concentrated production in exporting countries.

If realized, y/o/y soybean production will expand by the largest amount in over a decade, predominantly on higher yields in South America following this year's drought. Brazil, Argentina, and Paraguay account for more than 85% of production gains on both expanded planted area and higher yields.

Soybean planted acres in Brazil are expected to grow for the 17th consecutive year, as high prices and a favorable exchange rate enhance producer returns despite high fertilizer prices. Plantings in the United States are currently forecast to be a record as some farmers displace corn plantings due to high input costs.

Driven by expanding production, global soybean supplies will likely reach record levels.

Export demand will continue to be led by China, which is projected to account for more than 50% of global trade growth while rebounding from this year's slowing imports. Export growth is forecast to outpace crush in in the top three exporter countries in 2022/23 for the first time in 3 years on larger supplies and demand from China. More ample supplies are expected in exporter countries in 2022/23 and are responsible for the stronger growth in disappearance.

Soybean stocks in the top three exporter countries on the 30th of September 2023 are expected to rise by 30% versus the previous year but remain well-below the 5-year average. China ending stocks are expected to grow much more modestly but remain at record levels.

Highlights

• **United States** soybean exports are projected to rise 1.6 mmts to 59.9 million on larger supplies and expected reduced export competition from Brazil at the start of the U.S. harvest. Soybean supplies in 2022/23 are up on both higher carry-in and a larger crop, driven primarily by increased plantings.
U.S. soybean crush is forecast to rise at a slower pace than the previous year.

• **Argentina** soybean production is projected to rise to 51.0 mmts on better weather and increased plantings. Trade is expected to recover from the current year with exports, mostly to China, at 4.7 mmts and imports, primarily from Paraguay, at 4.8 million. Strong demand for products and larger supplies will boost crush; however, increased competition from Paraguay, Brazil, and the United States will dampen meal and oil export growth.

• **Bangladesh** soybean imports are forecast to rise 200,000 tons to 2.8 million on continued crush demand growth. Larger domestic supplies, on higher crush, will limit product import growth in meal and oil imports in 2022/23.

• **Brazil** soybean production is forecast to rise 24.0 mmts to 149.0 million on expected higher yields due to more favorable weather coupled with expanded planting in 2022/23. This would be the 17th straight year of expanded soybean plantings driven by strong export demand and excellent grower returns. Exports are projected to rise to 88.5 mmts, 5.8 million above the 2021/22 forecast. Crush is forecast to rise 1.3 mmts driven by strong crush margins and growing domestic meal and oil demand.

• **China** soybean imports are projected up 7.0 mmts to 99.0 million in response to rebounding crush volume. Import growth is expected to be the strongest since 2019/20, when the swine industry was recovering from African swine fever. Crush growth is forecast to rebound while stocks are projected to grow to 31.6 mmts.

• **European Union** soybean imports are projected to rise in 2022/23. Soybean imports are forecast at 15.0 mmts.

• **India** soybean crush is forecast flat at 10.2 mmts despite anticipated smaller supplies in 2022/23. Production is projected at 11.5 mmts, down 400,000 from the current year.

• **Mexico** soybean imports are forecast to grow 150,000 tons to 6.4 million, continuing a trend of rising crush and growing soybean meal and oil consumption.

Oilseed, Soybean United States as of May 2022				
Attribute	22/23 May'22	Change	21/22 May'22	20/21
Area Harvested (1000 HA)	36,462	+1525(+4.36%)	34,937	33,428
Beginning Stocks (1000 MT)	6,394	-600(-8.58%)	6,994	14,276
Production (1000 MT)	126,280	+5573(+4.62%)	120,707	114,749
MY Imports (1000 MT)	408	-	408	540
Total Supply (1000 MT)	133,082	+4973(+3.88%)	128,109	129,565
MY Exports (1000 MT)	59,874	+1633(+2.8%)	58,241	61,522
Crush (1000 MT)	61,371	+1089(+1.81%)	60,282	58,257
Food Use Dom. Cons. (1000 MT)	0	-	0	0
Feed Waste Dom. Cons. (1000 MT)	3,412	+220(+6.89%)	3,192	2,792
Total Dom. Cons. (1000 MT)	64,783	+1309(+2.06%)	63,474	61,049
Ending Stocks (1000 MT)	8,425	+2031(+31.76%)	6,394	6,994
Total Distribution (1000 MT)	133,082	+4973(+3.88%)	128,109	129,565
Yield (MT/HA)	3.46	+(+.29%)	3.45	3.43

United States - The 2022/23 outlook for U.S. soybeans is for higher supplies, crush, exports, and ending stocks compared with 2021/22. The soybean crop is projected at 4.64 bbus, up 5% from last year's crop mainly on higher harvested area. With slightly lower beginning stocks, soybean supplies are projected at 4.89 bbus, up 4% from 2021/22. Total U.S. oilseed production for 2022/23 is projected at 136.6 million tons, up 6.1 million from 2021/22 mainly on higher soybean production. Production forecasts are also higher for canola and sunflowerseed.

The U.S. soybean crush for 2022/23 is projected at 2.26 bbus, up 40 million from the 2021/22 forecast. Domestic soybean meal disappearance is forecast to increase 2% from 2021/22 with low soybean meal prices relative to corn. U.S. soybean meal exports are forecast at 14.4 million short tons, leaving the U.S share of global trade near the prior 5-year average. With increased supplies, U.S. soybean exports are forecast at 2.2 bbus, up 60 million from the revised 2021/22 projection. Despite reduced soybean supplies available for export from South America for the first half of the 2022/23 marketing year, an anticipated record harvest and sharply higher exports beginning in early 2023 is expected to leave the U.S. with a lower share of global trade in 2022/23. U.S. ending stocks for 2022/23 are projected at 310 million bushels, up 75 million from the revised 2021/22 forecast.

The USDA 2022/23 U.S. season-average soybean price is forecast at $14.40/bu compared with $13.25/bus in 2021/22.

Soybean meal prices are forecast down $20/short ton from 2021/22 to $400/short ton and soybean oil prices are forecast down 5 cents to average 70 cents/pound, as oilseed and product supplies rebound in foreign markets.

➢ **USDA sees upcoming U.S. soybean crop as biggest ever**

12 May 2022 Reuters - U.S. farmers will harvest a record large soybean crop for the second year in a row this year, but supplies will remain tight due to soaring demand, the government said on Thursday.

Soybean production for the 2022/23 marketing year that ends on Aug. 31 was seen at 4.640 bbus, the U.S. Agriculture Department said in its monthly World Agricultural Supply and Demand Estimates report.

The outlook compares with market expectations for 4.613 bbus. In the 2021/22 marketing year, U.S. soybean production totaled 4.435 bbus, the biggest to date.

➢ CME CBOT Soybeans Futures

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

CME July 2022 Soybean Futures

Soybean futures closed higher with May expiring at 17.23¼, up 63 cents on the day. May expiration bolstered the rest of the contracts with July gaining 32¾ cents, closing at $16.46½/bu, and November gaining 17¾ at 14.98¼/bu. For the week November soybeans gained 27½ cents.

July closed just 2 cents below the 50-day moving average. Technical's are showing strength with July just barely coming out of "over sold" territory, and a close above the 50-day moving average next week would add to bullish sentiment.

In the board spreads, N/Q was 6½ firmer at +51 inverse and N/X up 15 cents Friday at +148¼.

Commitment of Traders data indicated money managers in soybean futures and options cutting 22,592 contracts from their net long as of the 10th of May. That position stood at 130,661 contracts as of Tuesday. Commercial shorts were reduced by 20k as farmer selling has shut and end users try to fill in any holes in coverage.

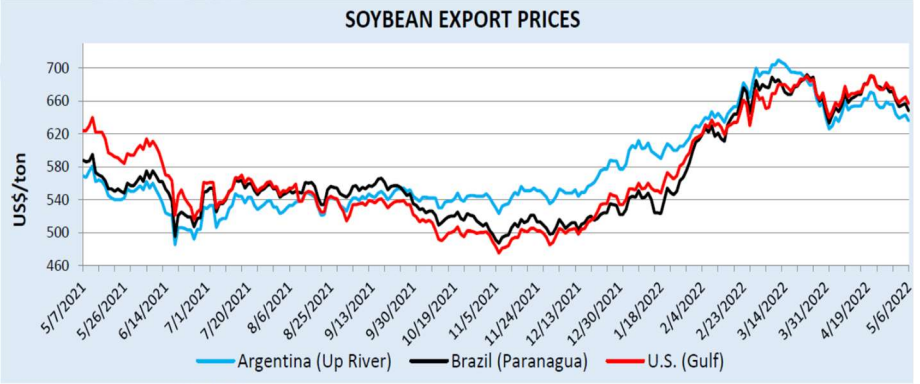
Between a bullish USDA report yesterday, good demand, and a tightening world supply, soybeans are looking strong.

Planting progress rolling along in central/east with a few Central IL guys finishing up on both corn and beans. Planting progress on Monday expected around 30% vs LY at 61% planted.

Rains across the Midwest this weekend and then open back up for planting but cooler temps trigger some scattered showers. The Northern Plains weather following wind/rain this week still not ideal but warmer temps ahead of scattered late week showers and storms forecast for next week, might open up a few days to push.

The Buenos Aires Grain Exchange said 65% of soybeans have been harvested so far and only 10% is rated good to excellent.

SOYBEAN EXPORT PRICES



April 2022 Soybean Export Prices

	U.S.	Argentina	Brazil
April Avg Price	$671/ton	$652/ton	$667/ton
Change vs March	- $2/ton	- $36/ton	- $10/ton

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

Soybean prices continued to decline in April from peak values reached in mid-March.

Day-to-day volatility remains high as prices react to various supply and demand factors including harvest progress in Brazil and COVID lockdowns in China.

Cool, wet conditions in the U.S. mid-west Corn Belt pushed corn prices higher, dragging soybean prices with them into mid-April. However, weather models showing a stretch of warm, dry conditions, ideal for early May plantings, sent soybean and corn prices lower. This decline has continued into the second week of May.

➢ U.S. Export Soy Values – Friday 13th May 2022

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

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

CIF BEANS	5/12/2022	5/13/2022		
FH MAY	-	123 / -	K	UNC
MAY	122 / -	122 / -	N	UNC
MAY/JUN	-	- / +3	N	UNC
FH JUN	-	123 / -	N	UNC
JUN	120 / -	122 / -	N	UNC
FH JUL	-	115 / -	N	UNC
JUL	102 / 155	- / 110	N	UNC
JJ	-	+16 / -	N	UNC
FH AUG	-	125 / -	Q	UNC
AUG	110 / 125	118 / 125	Q	UNC
SEP	140 / -	145 / -	X	UNC
FH OCT	-	120 / -	X	UNC
OCT	114 / 124	118 / 124	X	UNC
NOV	114 / 118	115 / 118	X	UNC
DEC	113 / -	115 / 120	F	UNC
JAN	110 / 120	110 / -	F	UNC

BRAZIL FOB BEANS @ PORT PARANAGUA

	5/12/2022	5/13/2022	
JUN	134 / 140	133 / 138	N
JUL	152 / 160	154 / 156	N
AUG	203 / 222	203 / 213	Q
FEB	60 / 78	60 / 83	F
MAR	45 / 50	45 / 55	H
APR	135 / 145	40 / 45	H

BRAZIL FOB CORN @ PORT PARANAGUA

	5/12/2022	5/13/2022		
JUN	20 / 35	20 / 35	N	UNC
JUL	15 / 30	25 / 32	N	
AUG	65 / 70	65 / 73	U	
SEP	65 / 70	65 / 70	U	UNC
OCT	85 / 100	85 / 100	Z	UNC
NOV	95 / 108	90 / 108	Z	

U.S., FOB Gulf	$639.50/mt
U.S., FOB PNW	$667.25/mt
Brazil, FOB	$642.75/mt
Argentina, FOB Upriver	$628.50/mt

JJA CIF market remain firm with some weaker bids in the July and front-end barge freight 25% down on the IL. June 30-35 over delivery, July 10-15 cents over delivery and the Aug at 17 cents over.

Friday the USDA reported a flash export sale of 132 kmts of old crop beans sold to China. The old crop complex remains tight with current export sales already meeting USDA forecast that was bumped Friday's estimate to 2.140 bbus.

U.S. soybean inspections may take a respite the next few weeks as the Brazil export line-up has taken sort of a contra-seasonal upturn, rising from 276 mbus a week ago to 296 late last week as a weaker Real has encouraged more producer selling.

However, Friday morning, private exporters reported sales of 132,000 mts of soybeans for delivery to China during the 2021/22 marketing year, again showing the strong old crop demand. July soybeans on the Dalian exchange were up 1.8% today which is the equivalent of $20.93/bushel.

USDA's 25 mbus increased to US exports means total US commitments from exporters are now just over the USDA projection at 2.14 bbu. That is above the normal pace of 97%. Accumulated exports are 82% of the projected total, matching the average pace.

➢ **China's April soybean imports rise after delayed cargo arrivals**

9 May 2022 Reuters - China's soybean imports in April climbed from a month ago, helped by the arrival of cargoes delayed by poor weather and slow harvests in South America, customs data showed on Monday.

The world's top soybean importer brought in 8.08 mmts of the oilseed in April, up 27% from 6.35 million in March, data from the General Administration of Customs showed.

The figures were also up from 7.45 mmts in the same month a year earlier.

"Delayed Brazilian soybean cargoes gradually arrived and China's soybean imports in May were expected to keep climbing and hit around 9.4 mmts," said Zou Honglin, an analyst with the agriculture section of Mysteel, a consultancy based in China.

In the first four months of the year, China imported 28.36 mmts of soybeans, down 0.8% from 28.59 million in the previous year, according to the data.

Bad weather in Brazil delayed harvest and exports from China's top soybean supplier, causing lower arrivals in the earlier months of the year.

Soymeal prices in China had soared to record highs as supplies of bean and meal tightened, but came down as more cargoes arrived.

Chinese crushers bring in soybeans to make soymeal for feed for the massive livestock sector and to produce cooking oil.

China is expected to need 7 million to 8 mmts of soybeans each month through August, traders said.

While demand in May was mostly covered, Chinese crushers were slow to buy soybeans for June-August shipments as poor crush margins curbed appetite, Reuters reported in April.

Importers have since booked more Brazilian soybean cargoes for shipment in coming months, traders said.

Hog margins in China have recently recovered from the record lows of March, thanks to rising pork prices, which in turn supported soy crush margins.

- **China's soybean stocks rise to 4.56m mt, crush under expectations**

13 May 2022 - China's soybean stocks last week continued to increase to 4.56 mmts, posting six straight sessions of a rise, while crush volumes landed below market expectations, according to data from the National Grain and Oil Information Centre (CNGOIC).

The total commercial soybean stocks increased by 80,000 mt from the prior week and 1.7 mmts from a month ago, but the level remained 390,000 mt lower than the figure recorded at the same point last year.

The increase came in as weekly soybean crushing fell to 1.71 mmts, below the increment of soybean imports over the week, due to slowing operation rates in major oil plants during China's national holiday.

The crushing level was down 60,000 mt on the week and 110,000 mt from the previous year.

"With the large volume of soybean imported in May and those soybeans auctioned from reserves to be delivered, oil plants will be more active to process. The soybean crushing is expected to rise to around 1.8 mmts this week," said the agency.

Soymeal stocks moved up to 560,000 mt, on a slow procurement pace from downstream companies, up 150,000 mt but down 180,000 mt from a year ago.

Soyoil inventories climbed 40,000 mt week-on-week to 900,000 mt, up 120,000 mt from the previous month but 220,000 mt lower than the same point last year.

Lastly, the agency estimated that soybean imports for May to jump to over 9 mmts.

CANOLA / RAPESEED

- **USDA FAS – Rapeseed**

Oilseed, Rapeseed World as of May 2022				
Attribute	22/23 May'22	Change	21/22 May'22	20/21
Area Harvested (1000 HA)	38,733	+1002(+2.66%)	37,731	34,856
Beginning Stocks (1000 MT)	4,265	-1693(-28.42%)	5,958	7,814
Production (1000 MT)	80,320	+9141(+12.84%)	71,179	73,593
MY Imports (1000 MT)	15,925	+1959(+14.03%)	13,966	16,661
Total Supply (1000 MT)	100,510	+9407(+10.33%)	91,103	98,068
MY Exports (1000 MT)	16,585	+2745(+19.83%)	13,840	17,979
Crush (1000 MT)	75,147	+4949(+7.05%)	70,198	71,447
Food Use Dom. Cons. (1000 MT)	650	-	650	650
Feed Waste Dom. Cons. (1000 MT)	2,564	+414(+19.26%)	2,150	2,034
Total Dom. Cons. (1000 MT)	78,361	+5363(+7.35%)	72,998	74,131
Ending Stocks (1000 MT)	5,564	+1299(+30.46%)	4,265	5,958
Total Distribution (1000 MT)	100,510	+9407(+10.33%)	91,103	98,068
Yield (MT/HA)	2.07	+(+9.52%)	1.89	2.11

12 May 2022 USDA WASDE - Global rapeseed supplies in 2022/23 are projected to rise 10% to a record 100.5 mmts as production in Canada recovers from last year's devastating drought. Both global harvested area and production are projected to be records. Reduced carryover, the smallest in nearly 20 years, will necessitate some stock-building in the coming year and provide a measure of price support. Exports are projected to rise significantly above this year's current forecast but will fall short of the 2020/21 record volume as stock building and strong crush recovery in Canada restrict exportable supplies.

Global rapeseed crush is forecast to reach a record 75.1 mmts.

Global rapeseed meal production is forecast up 7% to a record in 2022/23. Canada leads the way in production growth as seed supplies rebound. Larger seed supplies in the European Union and China, driven by larger production and seed imports, will facilitate crush and meal production growth in the coming year.

Global rapeseed meal trade is projected to rise nearly 1.0 mmts as importers push purchases to near 2020/21 levels. Much of this is driven by increased exports from Canada. Higher meal production and increased trade will support record global consumption.

Record global crush will also push rapeseed oil production to a record 30.7 mmts in 2022/23. The same dynamics driving rapeseed meal trade and consumption are also in play in the oil market.

Global rapeseed oil supplies are expected to remain tight with rising consumption and tight supplies of other oils. Consumption is projected to rise 1.0 mmts, reaching a record 30.2 million. Food oil use accounts for most of the growth with industrial use, primarily in biofuels, expected to grow slowly.

Global rapeseed oil stocks will improve over this year's low but will likely remain well below the 10-year average stock level.

Highlights

• **United States** rapeseed production in 2022/23 is forecast record large following last season's drought. A return to trend yield and record plantings will drive production growth. A larger crop in Canada will boost imports and allow crush to rise to near the 2020/21 record. Rapeseed meal imports, primarily from Canada, are projected to rebound to near the 2020/21 level with consumption near the 5-year average. Record oil production and imports will support record consumption in the coming year.

• **Australia** rapeseed production is forecast to decline 1.7 mmts below this year's record. Stable plantings and a return to trend yield are driving the lower production. Exports will respond by falling 1.1 mmts with crush remaining near maximum volume. This will allow domestic consumption of meal and oil to remain near current levels and limit oil exports to near this year's forecast.

• **Canada** rapeseed production is projected at recover from this year's drought reduced crop. A return to trend yield is projected to raise production to 20.0 mmts. Planted area is forecast lower on competition with wheat and other grains. Both crush and exports are forecast to rise from this year's depressed levels but will fall short of those seen in the recent past. Projected carry-in at a 9-year low and a need to replenish working stocks will be a limiting factor. Exports of meal and oil will return to near-normal levels in 2022/23 as strong U.S. demand supports higher exports.

• **China** rapeseed imports in 2022/23 are projected to rise in conjunction with the increase in Canada's production. Local production is forecast at a record volume as trend yields coupled with the largest plantings in nearly 10 years pushes production 5% higher. This will yield a larger crush and increase in meal and oil consumption in the coming year. Growing meal and oil supplies in Canada will provide the means to maintain meal imports at current levels while adding to rape oil imports and replenishment of rapeseed oil stocks.

• **European Union** rapeseed production is projected to rise on larger plantings in 2022/23. Imports are forecast to recover as larger supplies in Canada more than offset reduced availability from Australia. Projected larger supplies will permit both an increase in crush and replenishment of stocks depleted this year. Additional meal and oil production will go towards maintaining rapeseed meal consumption near historic norms and allowing food oil consumption to maintain trend growth.

• **Ukraine** rapeseed production is forecast to rise despite the ongoing hostilities. Near-record planted area will drive production of 3.2 mmts. Rapeseed area is concentrated in western Ukraine, away from the hostilities. Yield is forecast to fall below 2021, closer to trend. Historically, close to 90% of production is exported as seed, with 90% of exports to Europe. Consequently, Ukraine is less reliant on Black Sea port access and presents growers with an attractive option for planting. Crush is projected to rise modestly with increased exports of meal and oil, primarily to Europe.

➢ ICE Canadian Canola Futures – Daily Nearby

ICE July 2022 Canola Futures *settled on Friday at C$1,181.00/mt, up C$29.00 on the day, and gaining C$22.40 for the week.*

The November contract settled at C$1,099.60/mt, up C$11.70 on the day.

Intercontinental Exchange (ICE) canola futures closed stronger on Friday, after getting off to a shaky start earlier in the session. While low volumes of activity accounted for the immediate swing upward in canola, strong spillover from the Chicago soy complex and European rapeseed pushed the Canadian oilseed even higher.

Meanwhile Malaysian palm saw small advances in most of its contracts. Significant upticks in global crude oil prices added to the rise in edible oils.

Spring planting will be further delayed across much of the very soggy eastern Prairies, with more rain in the weekend forecast. Rain is also to fall on the drought-stricken western Prairies, which should give a boost to planted crops and spur on the seeding of those yet to go into the ground.

The Canadian dollar was stronger at mid-afternoon, with the loonie at 77.23 U.S. cents, compared to Thursday's close of 76.69.

There were 20,552 contracts traded on Friday, which compares with Thursday when 12,825 contracts changed hands. Spreading accounted for 9,806 contracts traded.

Settlement prices are in Canadian dollars per metric tonne.

➢ What will happen to rapeseed prices next year?

10 May 2022 AHDB UK – Throughout this marketing year, rapeseed prices have been extremely high. Although rapeseed's trading relationship with other oilseeds

has been increasingly disconnected this season, it's position as the top priced oilseed has been further supported by price increases in other parts of the complex.

In 2021/22, rapeseed prices were supported by tight global supply, in part driven by the reduced, drought hit Canadian canola (rapeseed) crop. This was back 35% on the year, at 12.6 mmts.

This marketing year, inelastic demand for rape oil drove prices as rape oil had unique tastes in food products. The Ukraine war has meant rape oil demand, as a substitute for sun oil, has soared.

The old crop Paris rapeseed futures (May-22) contract expired on 28th April 2022 at £864.80/mt. The bullish news (mentioned above) meant that Paris rapeseed prices have averaged £603.00/mt in this marketing year (2021/22). This is significantly above 2020/21, which averaged £394.00/mt.

With new crop Paris rapeseed futures (Nov-22) closing yesterday (Tuesday) at £708.94/mt, what does the preliminary supply of rapeseed look like for the 2022/23 marketing year?

A better supply of rapeseed for the next marketing year

So far, planting intentions show the globe is set to be better supplied for rapeseed next year, but this is on paper (please note weather can change this).

Some key supply factors in setting EU continental prices are (which inherently drives domestic growers' prices):

1) EU-27 production and imports – production in Europe is set to increase next year. Preliminary estimates peg the crop at 18.3 mmts, up 8% on last year. Therefore, imports are forecast to reduce to 4.0 mmts, down from 4.9 mmts last year, easing demand a touch from the EU's import origins.

2) Canadian production – after last year's drought-riddled crop, StatsCan estimate seeded area at 8.5 mha for 2022/23, down 7% year-on-year. However, if 5-year-average crop loss (harvested area – seeded area) and yields are taken, this Canadian crop could recover to around 17.9 mmts for 2022/23.

3) Ukraine production and exports – UkrAgroConsult predict Ukrainian production at 2.9 mmts, down 6% from last year and exports at 2.7 mmts, down 1% from last year. In light of current events, there are a lot of unknowns around whether this crop will be exported, particularly in the tonnage and times required by the EU (front loaded in the season).

4) Australian production & exports – Although this crop will not be online till the end of 2022, the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) estimate production and exports for 2022/23 at 4.9 mmts and 4.0 mmts, down 22% and 17% respectively on 2021/22.

All this information mentioned above means that these key areas of the globe are currently estimated to produce 44.0 mmts of rapeseed for the 2022/23, up 13% year-on-year. This will be the highest amount of rapeseed produced (by these countries) since 2018.

SUNFLOWERS

➢ USDA FAS – Sunflowerseed

Oilseed, Sunflowerseed World as of May 2022				
Attribute	22/23 May'22	Change	21/22 May'22	20/21
Area Harvested (1000 HA)	26,517	-2330(-8.08%)	28,847	26,942
Beginning Stocks (1000 MT)	7,608	+5045(+196.84%)	2,563	2,916
Production (1000 MT)	50,722	-6657(-11.6%)	57,379	49,249
MY Imports (1000 MT)	3,313	+1111(+50.45%)	2,202	2,734
Total Supply (1000 MT)	61,643	-501(-.81%)	62,144	54,899
MY Exports (1000 MT)	3,726	+1134(+43.75%)	2,592	2,911
Crush (1000 MT)	45,544	-1796(-3.79%)	47,340	45,133
Food Use Dom. Cons. (1000 MT)	2,096	+62(+3.05%)	2,034	2,083
Feed Waste Dom. Cons. (1000 MT)	2,488	-82(-3.19%)	2,570	2,209
Total Dom. Cons. (1000 MT)	50,128	-1816(-3.5%)	51,944	49,425
Ending Stocks (1000 MT)	7,789	+181(+2.38%)	7,608	2,563
Total Distribution (1000 MT)	61,643	-501(-.81%)	62,144	54,899
Yield (MT/HA)	1.91	(-4.02%)	1.99	1.83

12 May 2022 USDA WASDE - Global sunflowerseed production in 2022/23 is forecast at 50.7 mmts, 12% lower than last year's record crop. The largest declines are expected in Ukraine, Russia, and Moldova, driven by smaller harvested area.

Production growth is projected for Argentina, the United States, Serbia, Turkey, and the European Union; however, total gains will not offset total losses.

Global sunflowerseed consumption in 2022/23 is forecast to decline only 3% to 50.1 mmts as record carry-in stocks are likely to keep crush demand strong.

Sunflowerseed trade is projected higher with export growth at 44%, driven by Ukraine, Russia, Kazakhstan, and Argentina. Imports are forecast to increase for the European Union, China, Turkey, and Uzbekistan.

Global **sunflowerseed meal** trade is forecast to decline 1%, with lower exports from Ukraine and Russia more than offsetting larger shipments from the European Union and Argentina. Meal imports are projected to decline in the European Union and China.

Global **sunflowerseed oil** demand is forecast at 18.1 mmts, almost unchanged from the previous marketing year. Strong demand for sunflowerseed oil is projected to drive trade higher with imports growing 2% to 9.1 mmts. The higher import demand is mostly driven by the European Union and Iran, followed by ongoing strong demand in China, India, and Turkey. With declining crush by major producers coupled with growing global oil demand, sunflowerseed oil stocks are projected to fall 16% to a 2-year low at 2.0 mmts.

Highlights

• **Ukraine** sunflowerseed exports are forecast higher at 750,000 tons. Sunflowerseed meal exports are expected to fall to 2.9 mmts and oil exports are forecast to decline to 3.8 mmts.

• **Russia** sunflowerseed exports are forecast to grow to 600,000 tons. Sunflowerseed meal exports are forecast lower at 1.7 mmts, while oil exports are projected up to 3.6 mmts.

• **European Union** sunflowerseed imports are forecast to double to 1.2 mmts. Sunflowerseed meal imports are forecast down at 2.1 mmts, while sunflowerseed oil imports are projected to grow to 1.6 mmts.

• **India** sunflowerseed oil imports are forecast slightly lower at 1.8 mmts.

• **China** sunflowerseed imports are projected up to 200,000 tons, while exports are expected to fall to 350,000 tons. Sunflowerseed meal and oil imports are forecast at 1.5 mmts each.

• **Turkey** sunflowerseed imports are expected to reach 1.1 mmts. Meal imports are forecast up to 950,000 tons while oil is forecast down to 750,000.

➢ France sees less maize, more sunflower sowing this year

10 May 2022 Reuters - French farmers are expected to cut back on maize sowing and devote more area to sunflower seeds in response to rising fertiliser costs, the country's farm ministry said on Tuesday.

The ministry forecast that farmers will plant 1.37 mln ha of grain maize, excluding crop grown for seeds, for the 2022 harvest, down 6.1% from last year.

"This first estimate of maize area reflects choices made by farmers for spring sowing in a context of surging prices for fertiliser and gas," the ministry's statistics service said in a note.

In contrast, the ministry forecast that the sunflower seed area reaches 758,000 ha, up 8.5% compared with 2021, noting the oilseed crop required less nitrogen fertilizer than maize and was also more resistant to drought.

Farmers in France and other crop producing countries have been expected to curb planting of maize to save on fertilizer and avoid post-harvest drying costs.

France, the European Union's biggest grain producing state, is also facing worsening drought conditions, prompting the farm ministry to warn on Monday that there would be a negative impact on yields of winter cereals like wheat.

For soft wheat, France's main cereal crop, the ministry increased slightly its 2022 area estimate to 4.80 mln ha from 4.79 mln ha last month, but this would be 3.8% below last year's level and slightly under the average of the past five years.

For sugar beet, the estimated area was increased slightly 399,000 ha from 396,000 ha in April, approaching last year's level of 402,000 ha but nearly 11% below the five-year mean.

Frosts in April caused losses to sugar beet crops in eastern and central France but some of the damaged area was resown, the ministry said.

For barley and rapeseed, the ministry kept its 2022 area projections unchanged from last month at 1.81 mln ha and 1.16 mln ha, respectively.

VEGETABLE OILS

➢ USDA FAS – Vegetable Oil

12 May 2022 USDA WASDE - Global vegetable oil production is down marginally on lower Ukraine sunflowerseed oil and Ecuador palm oil output more than offsetting gains in soybean and coconut oil production.

Global vegetable oil trade is down nearly 5% this month driven by lower Indonesia palm oil exports predominantly to China and the EU, as well as lower Ukraine sunflowerseed oil and Argentina soybean oil trade.

Global vegetable oil ending stocks are up 4% from last month predominantly on larger Indonesia palm oil carryout.

2021/22 OUTLOOK CHANGES (All figures are in thousand metric tons)

Country	Commodity	Attribute	Previous	Current	Change	Reason
Argentina	Oil, Soybean	Exports	5,900	**5,600**	-300	Slow trade pace
Canada	Oil, Rapeseed	Exports	2,750	**2,600**	-150	Slow trade pace
	Oilseed, Soybean	Exports	4,400	**4,200**	-200	Lower export volume
China	Oil, Palm	Imports	7,100	**5,000**	-2,100	Slow import pace and reduced Indonesia exports
	Oil, Rapeseed	Imports	1,710	**1,500**	-210	Lower exportable supplies
	Oil, Soybean	Imports	1,100	**950**	-150	Slow import pace
	Oilseed, Soybean	Imports	91,000	**92,000**	1,000	Strong import pace
	Oil, Sunflowerseed	Imports	1,770	**1,500**	-270	Lower exportable supplies
Egypt	Oilseed, Soybean	Imports	3,600	**3,800**	200	Strong import pace
European Union	Oil, Palm	Imports	6,200	**5,800**	-400	Slow import pace
	Meal, Sunflowerseed	Exports	525	**675**	150	Strong export pace on lower Ukraine exports
India	Oil, Sunflowerseed	Imports	2,100	**1,900**	-200	Lower Ukraine exports
Indonesia	Oil, Palm	Exports	28,000	**25,000**	-3,000	Slow export pace and restrictive trade policies
	Oil, Palm Kernel	Exports	1,875	**1,700**	-175	Slow export pace
Malaysia	Oil, Palm	Exports	16,220	**16,420**	200	Strong export pace
Turkey	Meal, Sunflowerseed	Imports	1,025	**775**	-250	Lower Ukraine exports
	Oilseed, Soybean	Imports	2,625	**2,800**	175	Strong import pace offsetting reduced sun meal availability
Ukraine	Meal, Sunflowerseed	Exports	4,100	**3,350**	-750	Lower crush and trade disruptions
	Oil, Sunflowerseed	Exports	4,950	**4,350**	-600	
	Oilseed, Soybean	Exports	1,300	**1,150**	-150	Trade trend and trade disruptions
	Oilseed, Sunflowerseed	Exports	75	**350**	275	Strong export pace via railways
United States	Meal, Soybean	Exports	12,882	**12,701**	-181	Strong domestic demand and trade pace
	Oilseed, Soybean	Exports	57,561	**58,241**	680	Strong recent sales to China

➢ USDA FAS – Soybean Oil

Oil, Soybean World as of May 2022				
Attribute	22/23 May'22	Change	21/22 May'22	20/21
Crush (1000 MT)	326,512	+13061(+4.17%)	313,451	314,839
Extr. Rate, 999.9999 (PERCENT)	0.19	-	0.19	0.19
Beginning Stocks (1000 MT)	4,092	-1030(-20.11%)	5,122	5,284
Production (1000 MT)	61,429	+2317(+3.92%)	59,112	59,165
MY Imports (1000 MT)	12,115	+348(+2.96%)	11,767	11,755
Total Supply (1000 MT)	77,636	+1635(+2.15%)	76,001	76,204
MY Exports (1000 MT)	12,746	+497(+4.06%)	12,249	12,567
Industrial Dom. Cons. (1000 MT)	12,357	+649(+5.54%)	11,708	11,222
Food Use Dom. Cons. (1000 MT)	48,558	+706(+1.48%)	47,852	47,203
Feed Waste Dom. Cons. (1000 MT)	100	-	100	90
Total Dom. Cons. (1000 MT)	61,015	+1355(+2.27%)	59,660	58,515
Ending Stocks (1000 MT)	3,875	-217(-5.3%)	4,092	5,122
Total Distribution (1000 MT)	77,636	+1635(+2.15%)	76,001	76,204

12 May 2022 USDA WASDE - **Soybean oil** consumption is projected to rise 2%, mostly on the strength of China food use demand and higher U.S. renewable diesel production.

Global exports are forecast to rise 4% in 2022/23 with total global volume projected at a record 12.7 mmts. Export growth is likely to be driven by South America on production gains outpacing domestic consumption growth and reduced competition from the United States due to high domestic industrial usage.

Remaining export growth is likely to come from European countries to offset reduced sunflowerseed oil trade in the region due to the conflict in Ukraine.

Highlights

• **United States** soybean crush is forecast to rise at a slower pace than the previous year. Strong domestic demand for soybean oil for renewable biodiesel will tighten exportable supplies and boost prices.

• **Argentina** Strong demand for products and larger supplies will boost crush; however, increased competition from Paraguay, Brazil, and the United States will dampen meal and oil export growth. Soybean oil is projected to rise to 5.9 mmts.

• **Bangladesh** Larger domestic supplies, on higher crush, will limit product import growth in meal and oil imports in 2022/23. Soybean oil imports are up slightly at 775,000 tons.

• **Brazil** Crush is forecast to rise 1.3 mmts driven by strong crush margins and growing domestic meal and oil demand, leaving exports of soybean oil flat.

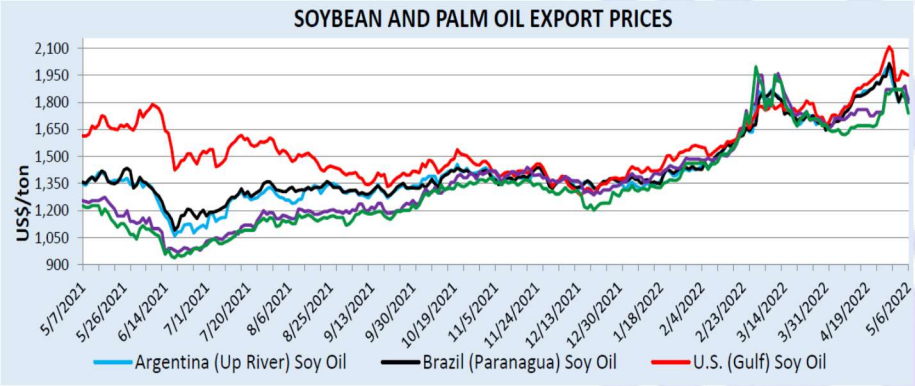
• **European Union** Soybean oil consumption is forecast to rise 25,000 tons to 2.5 million. Growth is expected entirely for food as industrial use is forecast flat for soybean oil and down slightly across all vegetable oils.

• **India** Soybean oil imports are forecast down slightly at 3.7 mmts but remain well-above the 5-year average on high prices and limited access to other vegetable oils.

• **Mexico S**oybean oil imports at 165,000 tons, are forecast flat in the coming year as domestic production fulfills the growth in domestic use.

• **Turkey** Soybean oil consumption is forecast to remain flat at 90,000 tons in 2022/23.

EXPORT PRICES



April 2022 Soybean and Palm Oil Export Prices

	U.S. Soybean Oil	Argentina Soybean Oil	Brazil Soybean Oil	Indonesia Palm Oil	Malaysia Palm Oil
April Avg Price	$1,876/ton	$1,835/ton	$1,826/ton	$1,747/ton	$1,690/ton
Change vs March	+ $116/ton	+ $76/ton	+ $74/ton	- $42/ton	- $92/ton

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

April's average soybean oil prices reached a 20-year record for the second onsecutive month driven by a robust shortage of sunflowerseed oil and the palm oil export ban in Indonesia.

Palm oil prices remained somewhat steady and rose after the announcement of the palm oil export ban in Indonesia. However, prices for all oils peaked during the third week of April and have been in decline through the second week of May.

➢ India's edible oil imports to fall for 3rd straight year on record prices

10 May 2022 Rajendra Jadhav, Reuters - India's edible oil imports are set to fall for the third year in a row on a rise in local oilseed supplies and as a rally in vegetable oil prices to a record high dented demand, an industry official said on Tuesday.

The world's biggest importer of edible oils is likely to make overseas purchases of 12.9 mmts in the 2021/22 marketing year ending on Oct. 31, down from 13.13 mmts a year earlier, B.V. Mehta, executive director of Solvent Extractors' Association of India, said. "For the third straight year normal monsoon rainfall in India has augmented domestic availability of edible oil by 1.5 mmts and helped to reduce imports," Mehta said at the Globoil conference in Dubai.

Edible oil consumption in India trebled over the past two decades as the population grew, incomes rose, and restaurants sprang up to cater to a crowd that started eating out more often.

The country's edible oil imports have surged to 15 mmts from 4 million only two decades ago, but imports fell in 2019/20 and 2020/21 after pandemic-related lockdowns hit consumption.

In the current marketing year, the government has lifted restrictions, but record high prices are dampening consumption, Mehta said.

India buys palm oil mainly from Indonesia and Malaysia, with soyoil mostly imported from Argentina and Brazil. It purchases sunflower oil from Russia and Ukraine.

In the first six months of the 2021/22 marketing year, India imported 6.54 mmts of edible oils, up 4.3% from a year earlier, Mehta said.

➢ CME Soybean Oil

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

***CME July 2022 Soybean Oil Futures** settled on Friday at $83.79/cwt, up $1.27 on the day, and gaining $2.89 for the week. The Dalian's most-active soybean oil contract gained 1.3%, while its palm oil contract rose 1.2%.*

Both soybean meal and oil closed higher adding to the support as soybean meal was $14.20/ton higher, with bean oil up 120 points. The combined crush values of meal and oil are 2.88 above the cost of soybeans, which is a generous incentive to keep processing soybeans.

Ahead of Monday's NOPA report, analysts estimate 172.37 mbu of soybeans were crushed during April. That would be a record for April if realized, but back off the March total. Soy oil stocks are seen at 1.839 billion lbs.

➢ NOPA April U.S. soybean crush forecast at 172.370 mln bushels

12 May 2022 Karl Plume, Reuters - The U.S. soybean processing pace slowed in April despite strong margins and adequate crushing supplies as several plants were idled for seasonal maintenance, according to analysts polled ahead of a monthly National Oilseed Processors Association (NOPA) report due on Monday.

NOPA members, which handle about 95% of all soybeans processed in the United States, were estimated to have crushed 172.370 mbus of soybeans last month, according to the average of estimates from 10 analysts.

If realized, the crush would be down 5.2% from the 181.759 mbus NOPA members processed in March, but 7.5% higher than the April 2021 crush of 160.310 mbus. It would also be the largest April crush on record, topping the 171.754 mbus processed in 2020.

Estimates for the April 2022 crush ranged from 169.448 million to 177.000 mbus, with a median of 171.825 mbus.

The monthly NOPA report is scheduled for release at 11 a.m. CDT (1600 GMT) on Monday. NOPA releases crush data on the 15th of each month, or the next business day.

Soyoil supplies as of April 30 were estimated to have declined to a five-month low of 1.839 billion pounds, according to the average of estimates gathered from seven analysts.

If realized, the soyoil stocks would be down 3.6% from 1.908 billion pounds at the end of March but up 8.1% from the end of April last year, when oil stocks stood at 1.702 billion pounds.

Soyoil stocks estimates ranged from 1.648 billion to 1.950 billion pounds, with a median of 1.860 billion pounds.

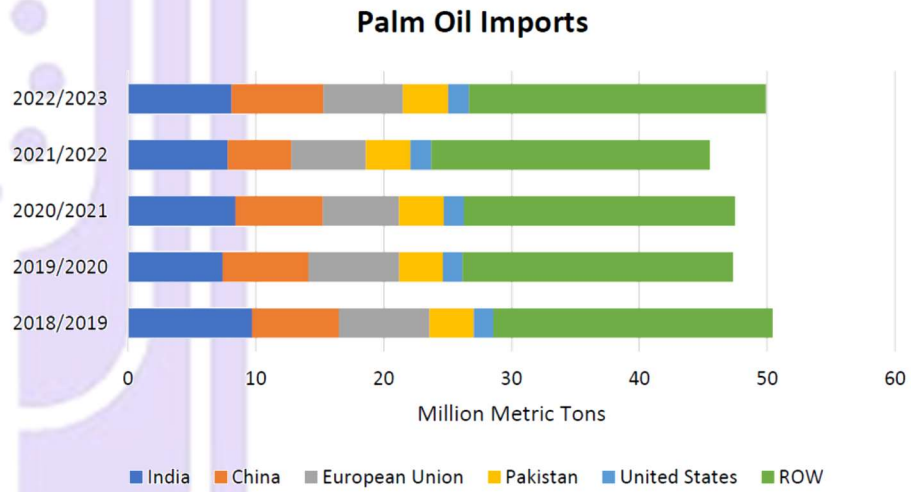
➢ USDA FAS – Palm Oil

Oil, Palm World as of May 2022				
Attribute	22/23 May'22	Change	21/22 May'22	20/21
Area Harvested (1000 HA)	25,533	+333(+1.32%)	25,200	24,559
Beginning Stocks (1000 MT)	15,273	+1016(+7.13%)	14,257	15,338
Production (1000 MT)	79,127	+2179(+2.83%)	76,948	73,129
MY Imports (1000 MT)	49,932	+4415(+9.7%)	45,517	47,495
Total Supply (1000 MT)	144,332	+7610(+5.57%)	136,722	135,962
MY Exports (1000 MT)	51,331	+4455(+9.5%)	46,876	48,187
Industrial Dom. Cons. (1000 MT)	24,244	+1562(+6.89%)	22,682	23,628
Food Use Dom. Cons. (1000 MT)	51,400	+1636(+3.29%)	49,764	49,191
Feed Waste Dom. Cons. (1000 MT)	832	-1295(-60.88%)	2,127	699
Total Dom. Cons. (1000 MT)	76,476	+1903(+2.55%)	74,573	73,518
Ending Stocks (1000 MT)	16,525	+1252(+8.2%)	15,273	14,257
Total Distribution (1000 MT)	144,332	+7610(+5.57%)	136,722	135,962
Yield (MT/HA)	3.10	+(+1.64%)	3.05	2.98

12 May 2022 USDA WASDE - Global **palm oil** production in 2022/23 is forecast to rise as favorable weather patterns return to Southeast Asia. Additionally, Malaysia is expected to resolve labor shortages caused by the COVID-19 pandemic.

Palm oil remains the largest vegetable oil consumed for food and industrial use. Rising output and increased demand boost global palm oil trade.

Higher demand is expected in major markets including the EU, China, and India as well other countries. Ending stocks are up as production outpaces consumption.



Highlights

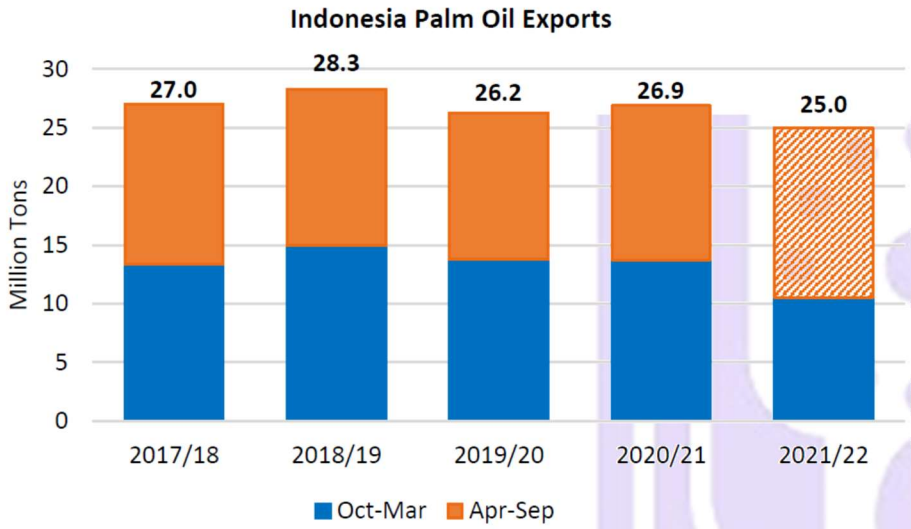
• **Indonesia** palm oil exports are forecast up 4.0 mmts to 29.0 million and **Malaysia** is up 300,000 tons to 16.7 million.

• **Indonesia** consumption is down 600,000 tons to 17.5 million due to high oil prices.

• **China** imports are up 2.2 mmts to 7.2 million and **EU** imports are up 400,000 tons to 6.2 million. **China** consumption is up 1.3 million to 7.1 million.

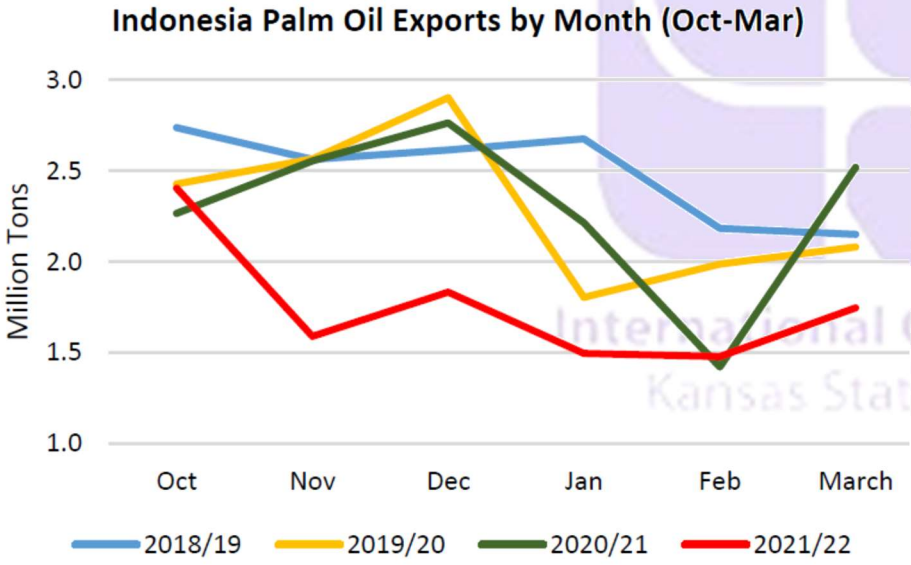
• **India** imports are up 300,000 tons to 8.1 million. **India** consumption is up 100,000 tons to 8.4 million.

➢ 2021/22 Indonesia Palm Oil Exports Slashed



Marketing year 2021/22 (October to September) Indonesia palm oil exports are lowered 3.0 mmts this month, down to a 12-year low of 25.0 mmts.

The forecast is reduced on Indonesia's slow export pace through the first 6 months of MY 2021/22 and various palm oil export policies in effect since November 2021.



Although the Government of Indonesia implemented a palm oil export ban on the 28th of April 2022, industry sources expect it to be short-lived and therefore have a limited impact on trade.

Cumulative shipments from October 2021 to March 2022 declined over 30% compared to the same period in MY 2020/21. Exports plunged after export taxes increased in November 2021. This reduced pace is expected to continue into May as Indonesia continues its restrictive export policies.

A stronger export pace is anticipated for the remainder of the marketing year. The current slow pace of exports is leading to a build-up of supplies that will need to be cleared from storage facilities to accommodate future production.

➢ USDA FAS – Palm Kernel Oil

Oil, Palm Kernel World as of May 2022				
Attribute	22/23 May'22	Change	21/22 May'22	20/21
Crush (1000 MT)	20,517	+450(+2.24%)	20,067	18,995
Extr. Rate, 999.9999 (PERCENT)	0.44	-	0.44	0.44
Beginning Stocks (1000 MT)	1,049	+71(+7.26%)	978	980
Production (1000 MT)	9,065	+214(+2.42%)	8,851	8,389
MY Imports (1000 MT)	3,208	+267(+9.08%)	2,941	3,160
Total Supply (1000 MT)	13,322	+552(+4.32%)	12,770	12,529
MY Exports (1000 MT)	3,552	+298(+9.16%)	3,254	3,223
Industrial Dom. Cons. (1000 MT)	6,673	+240(+3.73%)	6,433	6,280
Food Use Dom. Cons. (1000 MT)	2,094	+77(+3.82%)	2,017	2,021
Feed Waste Dom. Cons. (1000 MT)	10	-7(-41.18%)	17	27
Total Dom. Cons. (1000 MT)	8,777	+310(+3.66%)	8,467	8,328
Ending Stocks (1000 MT)	993	-56(-5.34%)	1,049	978
Total Distribution (1000 MT)	13,322	+552(+4.32%)	12,770	12,529

12 May 2022 USDA WASDE - Global **palm kernel oilseed** production in 2022/2023 is forecast to rise in line with expected growth in palm oil output. Trade remains minimal, as most is crushed for meal and oil.

Palm kernel meal trade is forecast to strengthen with New Zealand, the EU, and South Korea as the key mport markets.

Palm kernel oil production and trade are up consistent with increased crush.

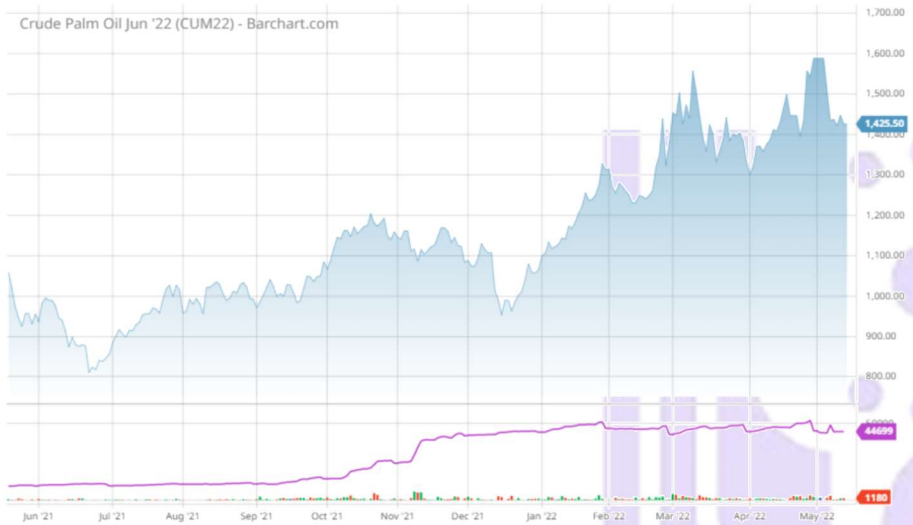
Highlights

• **Indonesia** meal exports are up 26,000 tons to 5.4 million and oil exports are up 200,000 tons to 1.9 million.

• **Malaysia** meal exports are up 250,000 tons to 2.5 million on higher production while oil exports are up only 50,000 tons to 1.2 million.

• **New Zealand** meal imports are raised 50,000 tons to 1.9 million, **EU** meal imports are up 25,000 tons to 1.5 million, and **Japan** meal imports remain at 210,000 tons.

➢ CME Palm Oil Swaps



***CME June 2022 Palm Oil Swaps** settling at $1,425.50/mt on Friday, off 50 cents on the day, and losing $9.75 for the week.*

Malaysian palm oil futures were on course for a weekly rise, gaining on Friday ahead of a long weekend as crude futures firmed and a U.S. report warned of tight soybean supplies.

Malaysian palm oil futures were on course for a weekly rise, gaining on Friday ahead of a long weekend as crude futures firmed and a U.S. report warned of tight soybean supplies. The benchmark palm oil contract FCPOc3 for July delivery on the Bursa Malaysia Derivatives Exchange gained 97 ringgit, or 1.53%, to 6,439 ringgit ($1,464.57) a tonne during early trade.

Stronger crude oil make palm a more attractive option for biodiesel feedstock, while price moves in rival vegetable oils such as soybean also impact palm. O/R

The U.S. Agriculture Department said in a monthly crop report on Thursday that U.S. farmers will harvest a record large soybean crop, but supplies will remain tight due to soaring demand from biofuel and crush sectors.

Traders are closely monitoring signs of Indonesia lifting its export ban on crude and refined palm oil as production in the world's biggest export and producer picks up.

The Malaysian bourse will be closed on Monday for a public holidays.

➢ Malaysia may cut palm oil export tax by half amid global supply crisis

10 May 2022 Mei Mei Chu and A. Ananthalakshmi, Reuters - Malaysia's commodities ministry has proposed cutting the export tax on palm oil by as much as half to help fill a global edible oil shortage and grow the market share of the world's second-largest palm oil producer.

Plantation Industries and Commodities Minister Zuraida Kamaruddin said in an interview with Reuters on Tuesday her ministry has proposed the cut to the finance ministry, which has set up a committee to look into the details.

Malaysia could cut the tax, likely a temporary measure, to 4%-6% from the current 8%, Zuraida said. A decision could be made as early as June, she said.

Malaysia is looking to boost its share of the edible oil market after Russia's invasion of Ukraine disrupted sunflower oil shipments and Indonesia's move to ban palm oil exports further tightened global supplies.

"During these times of crisis, probably we can relax a little bit so that more palm oil can be exported," Zuraida said. The proposal also asked the Finance Ministry to expedite the tax cut for state-linked palm oil producer FGV Holdings - Malaysia's largest - and companies with overseas oleochemical production, she said.

Malaysia will as well slow the implementation of its B30 biodiesel mandate, which requires a portion of the nation's biodiesel to be mixed with 30% of palm oil, to prioritise supply to global and domestic food industries, she said. "We have to prioritize to give food to the world first," Zuraida said.

Palm oil, used in everything from cakes to detergent, accounts for nearly 60% of global vegetable oil shipments and the absence of top producer Indonesia has roiled the market.

The benchmark palm oil contract fell as much as 2.3% in the morning session on Tuesday, paring some losses after the Reuters report on a possible cut to the export tax.

Zuraida told Reuters importing countries have asked Malaysia to reduce its export taxes. "They feel it is too high because of the high costs across the supply chain, because of the price of edible oil," she said.

Crude palm oil futures have surged about 35% so far this year to all-time highs, further worsening global food inflation.

The Food and Agriculture Organization has warned that food prices, which hit a record high in March, could rise by up to 20% as a result of the Russia-Ukraine war, raising the risk of increased malnutrition.

Zuraida said buyers India, Iran and Bangladesh are proposing to barter agriculture products like rice, wheat, fruits and potatoes for Malaysian palm oil.

Malaysia's production has been strained for more than two years due to a severe labour crunch following coronavirus border curbs that halted the entry of migrant workers.

With travel curbs now being eased, foreign workers will start arriving in mid-May, Zuraida told Reuters ahead of her visit to the United States later this week.

The U.S. Customs and Border Protection has imposed import bans on two Malaysian palm oil producers - FGV and Sime Darby Plantation - over allegations that they use forced labor in the production process.

Both companies have commissioned independent audits to look into the allegations and have said they will work with U.S. authorities.

Zuraida said that during her visit she will request U.S. Customs to detail their findings of alleged labour abuses and give Malaysian firms time to fix the issue before imposing sanctions.

"We are not discounting the possibility of this happening, but you should give us time to rectify," she said.

PLANT PROTEIN MEALS

➢ USDA FAS – Protein Meal

12 May 2022 USDA WASDE - Global protein meal production is little changed overall in line with offsetting changes to crush.

Global meal trade is down marginally as reductions to Ukraine sunflowerseed meal shipments more than offset fractional changes for other protein meals.

Global ending stocks are up slightly on fractional gains to Brazil soybean meal and Ukraine sunflowerseed meal carryout.

➢ USDA FAS – Soybean Meal

Meal, Soybean World as of May 2022				
Attribute	22/23 May'22	Change	21/22 May'22	20/21
Crush (1000 MT)	326,762	+13086(+4.17%)	313,676	315,079
Extr. Rate, 999.9999 (PERCENT)	0.79	+(+1.28%)	0.78	0.79
Beginning Stocks (1000 MT)	13,217	-1313(-9.04%)	14,530	15,266
Production (1000 MT)	256,522	+10465(+4.25%)	246,057	247,550
MY Imports (1000 MT)	65,097	+1592(+2.51%)	63,505	63,895
Total Supply (1000 MT)	334,836	+10744(+3.32%)	324,092	326,711
MY Exports (1000 MT)	69,794	+2091(+3.09%)	67,703	68,677
Industrial Dom. Cons. (1000 MT)	1,407	+75(+5.63%)	1,332	1,367
Food Use Dom. Cons. (1000 MT)	797	-9(-1.12%)	806	741
Feed Waste Dom. Cons. (1000 MT)	248,947	+7913(+3.28%)	241,034	241,396
Total Dom. Cons. (1000 MT)	251,151	+7979(+3.28%)	243,172	243,504
Ending Stocks (1000 MT)	13,891	+674(+5.1%)	13,217	14,530
Total Distribution (1000 MT)	334,836	+10744(+3.32%)	324,092	326,711
SME (1000 MT)	248,947	+7913(+3.28%)	241,034	241,396

12 May 2022 USDA WASDE - Global **soybean meal** consumption is projected to rise 3% in 2022/23, a recovery from the slight downtick forecast for this year.

China is expected to account for half of global consumption growth after a year of weaker soybean meal consumption.

Exports are set to rise in line with consumption on a rebound in South America crush following improved soybean production prospects and higher U.S. supplies.

Argentina's share of global trade is projected to fall in 2022/23, while Paraguay, China, and the United States are forecast to see the largest growth in exports.

Meal exports from Brazil and the United States are forecast well-above the 5-year average as production gains are forecast to outpace domestic demand growth.

Highlights

• **United States** soybean crush is forecast to rise at a slower pace than the previous year. Soybean meal exports are forecast to be a record.

• **Argentina** Strong demand for products and larger supplies will boost crush; however, increased competition from Paraguay, Brazil, and the United States will dampen meal. Soybean meal exports are forecast to rebound to 28.5 mmts.

• **Bangladesh** Larger domestic supplies, on higher crush, will limit product import growth in meal and oil imports in 2022/23. Soybean meal imports are projected slightly higher at 400,000 tons.

• **Brazil** Crush is forecast to rise 1.3 mmts driven by strong crush margins and growing domestic meal and oil demand, leaving exports of soybean meal marginally higher and oil flat.

• **China** Soybean meal exports are expected to bounce back after the weakest volume in over a decade on slow crush and limited exportable supplies.

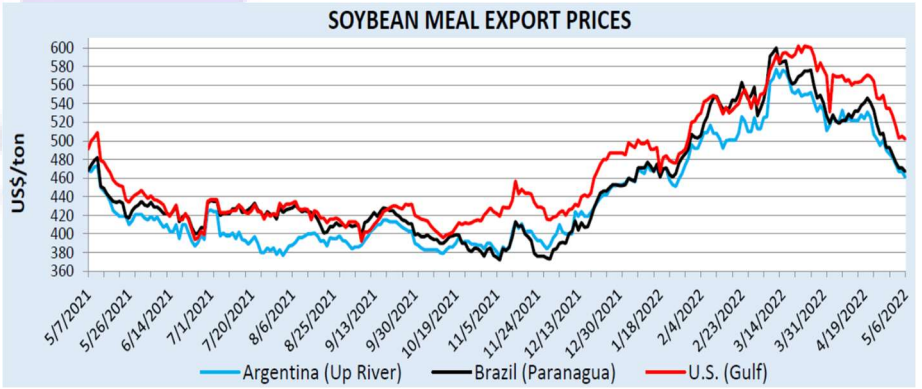
• **European Union** soybean meal imports are forecast mostly flat as meal consumption is expected to grow marginally in 2022/23. Soybean meal imports are at 16.7 million.

• **India** Continued growth in domestic soybean meal consumption will pressure soybean meal exports lower.

• **Mexico** Soybean meal consumption is projected to reach 7.1 mmts in 2022/23. Meal imports, at 1.9 mmts is forecast flat in the coming year as domestic production fulfills the growth in domestic use.

• **Turkey** soybean meal consumption is forecast to fall slightly in 2022/23, as higher supplies of other protein meals will satisfy growth in feed demand. Soybean imports are projected to rise 200,000 tons to 3.0 million while meal imports are projected to fall 50,000 tons.

EXPORT PRICES



April 2022 Soybean Meal Export Prices

	U.S.	Argentina	Brazil
April Avg Price	$559/ton	$516/ton	$524/ton
Change vs March	- $22/ton	- $32/ton	- $43/ton

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

After peaking in March, soybean meal prices continued to decline in April on lower soybean prices and higher soybean oil prices.

Rising soybean values helped stabilize meal prices in the first half of the month. However, declining bean prices coupled with rising oil prices pushed meal prices significantly lower.

The decline in soybean and meal prices has continued into the second week of May.

➢ CME CBOT Soybean Meal

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

CME July 2022 Soybean Meal Futures, *settled on Friday at $409.30 413.60/short ton, up $13.30/short ton on the day, but losing off $4.30/ton for the week..*

➢ U.S. Export Soybean Meal Values – Friday 13th May 2022

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

USDA, CIF New Orleans, LA

CIF SOYBEAN MEAL	5/12/2022	5/13/2022		
MAY	25 / 30	25 / 30	K	UNC
JUN	25 / 32	25 / 30	N	
JUL	25 / 32	25 / 30	N	
AUG	23 / 35	23 / 35	Q	UNC

U.S., FOB Gulf	$482.50/mt
Brazil, FOB Paranagua	$449.50/mt
Argentina, FOB Upriver	$443.00/mt

COTTON

➢ USDA WASDE – Cotton Lint

12 May 2022 USDA WASDE - The USDA projected global cotton supplies in 2022/23 to be below a year earlier, as lower beginning stocks more than offset a 2.6 million bale increase in production, with consumption and ending stocks also lower.

Increased area is expected to drive production higher, with a 2 million bale increase expected in India's crop, 500,000-bale gains expected in China and Turkey, and smaller increases forecast for Uzbekistan, Pakistan, and Mexico. World consumption in 2022/23 is projected to fall 1 million bales from the year before to 122 million bales, with cotton prices currently the highest since 2011 and the highest ever relative to polyester.

World ending stocks are expected to fall 1% from the year before, to 82.8 million bales. World trade is expected to rise 2 million bales as China's imports partly rebound.

The global 2021/22 estimates show lower production and use compared with the previous month. India's crop is reduced 1 million bales as late-season marketings fell, accounting for much of the 1.8 million bale global decrease.

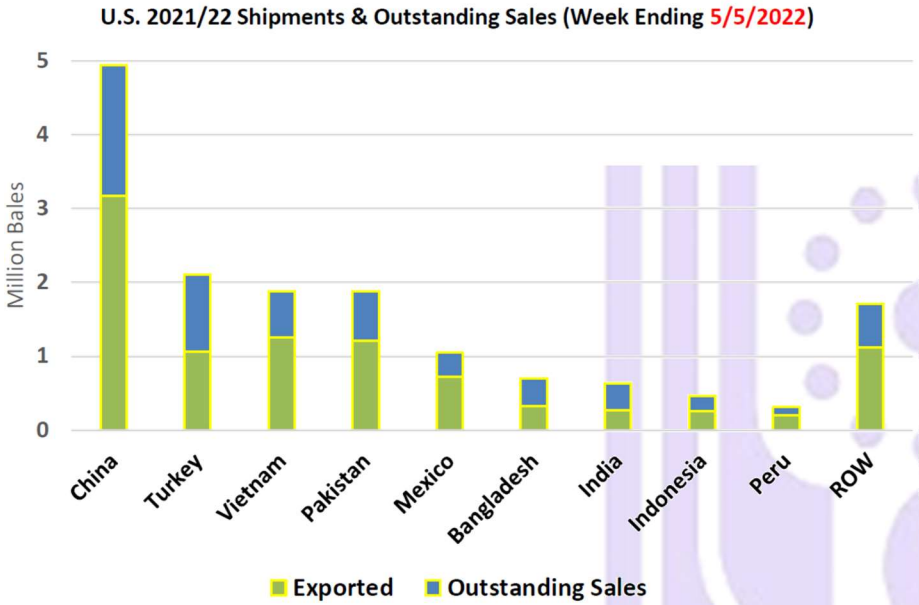
Projected world consumption is down 1.1 million bales from April as China's forecast is reduced 500,000 bales and historical revisions to Uzbekistan's balance sheet reduced estimated consumption there 500,000 bales.

Ending stocks are slightly lower as well, down 270,000 bales to 83.6 million.

2021/22 Trade Outlook (*1,000 480-lb Bales*)

Major Exporters:

	Previous	Current	Change	Reason
WORLD	45,833	**45,542**	-291	
India	5,200	**4,700**	-500	Lower domestic supplies
Benin	1,600	**1,500**	-100	Logistical issues
Cote d'Ivoire	1,275	**1,375**	100	Stronger-than-expected shipments



Source: USDA Export Sales; **Note**: ROW (Rest of World)

2021/22 Trade Outlook (*1,000 480-lb Bales*)

Major Importers:

	Previous	Current	Change	Reason
WORLD	45,803	**45,465**	-338	
China	9,200	**8,800**	-400	Lower consumption
Pakistan	5,000	**4,800**	-200	Lower consumption
Vietnam	7,500	**7,400**	-100	Seasonally strong imports lower than expected
Turkey	5,450	**5,550**	100	Stronger consumption
India	1,100	**1,200**	100	Lower import tariff and domestic supplies

United States - Despite an expected 1 million-acre y/o/y increase in U.S. area planted to cotton, the U.S. cotton projections for 2022/23 include a smaller crop as abandonment is projected to more than double.

U.S. production is forecast at 16.5 million bales, based on 12.2 million planted acres as indicated in the March Prospective Plantings, but harvested area is expected to fall 1.1 million acres to 9.1 million as limited precipitation in the Southwest suggests more abandonment compared with 2021/22's below-average level. With a higher national yield, production is forecast about 1 million bales lower. With a larger carry-in, supplies are projected slightly lower.

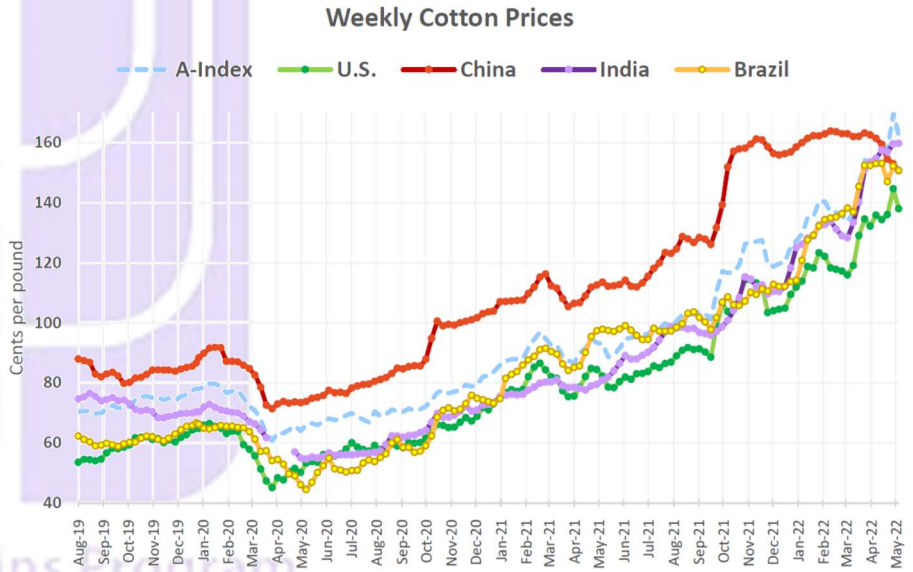
U.S. cotton exports are also expected to fall slightly, to 14.5 million bales, as the U.S. share of world trade declines.

At 2.9 million bales, 2022/23 U.S. ending stocks are projected 500,000 bales lower than the year before, and equivalent to 17% of total use.

The USDA marketing year average upland farm price is projected at 90 cents per pound, down slightly from the previous year's record high.

For 2021/22, U.S. cotton production is reduced about 100,000 bales from last month to 17.5 million bales. Exports and consumption are unchanged, and ending stocks are estimated 100,000 bales lower, at 3.4 million. The USDA projected season-average price is 1 cent higher than in April, at 92 cents per pound.

COTTON PRICES



Changes Since Apr. *WASDE* (cents per pound)

	A-Index	U.S.	China	India	Brazil
6-Apr	154.0	132.1	162.9	153.7	151.7
9-May	162.5	137.9	150.6	159.7	150.7
Change	**8.5**	**5.8**	**-12.3**	**6.1**	**-1.0**

Notes: **A-Index** is the average of the five cheapest quotations (quality being Middling 11/8) for Cost and Freight (CFR) at a Far Eastern Port (more information here); **U.S.** is the simple average of spot quotations reported by the Agricultural Marketing Service (more information here); **China** is the reported China Cotton Price Index (i.e. CCIndex 3128B) and reflects the national weighted average of cotton (3128B grade) delivered to more than 200 enterprises in China; **India** is the Shankar-6 (grade 29-3.8-76) spot price reported here; **Brazil** is the delivered price in São Paulo city (grade strict low middling).

Global cotton prices climbed once again since last month's *WASDE,* with the A-Index rising over 8 cents/pound to over 162 cents and nearly 70 cents above the same period last year.

Prices on the Intercontinental Exchange (ICE) have witnessed another volatile month with significant swings in price but ended only about 5 cents higher.

Large quantities of unfixed sales on the July contract coupled with low certificated stocks both supported the rise. Spot prices in the United States are roughly 140 cents/pound, up more than 50 cents compared to last year and up over 85 cents compared with 2 years ago.

Contrary to price movements across the world, spot prices in China plunged. High lint prices and large cotton yarn/fabric stocks continue to suppress cotton lint demand. A depreciating yuan relative to the U.S. dollar, large commercial stocks, and slowing demand for yarn continue to pressure prices.

The A-index now exceeds China's spot prices for the first time in 11 years. Just 2 months ago, the A-Index was roughly 30 cents lower than domestic prices in China, signaling the drastic change between international and China prices.

➢ CME Cotton – Daily Nearby

***CME July 2022 Cotton Futures** settled on Friday at $145.20 143.61/cwt, off $0.33/cwt on the day, but gaining $1.59/cwt for the week.*

The October ne crop contract closed at $134.70, up 57 points.

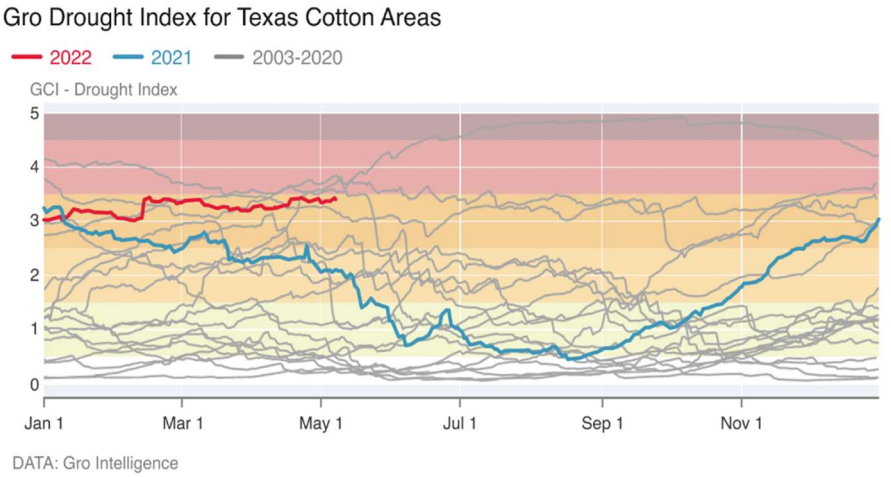
Cotton futures saw weakness in old crop July on Friday, down 33 points. Looking ahead at new crop, December is was up 41 points. Outside markets added support, with crude oil up $4.03 and a weaker dollar.

The Cotlook A index was up 50 points at 162.20 on 5/12. USDA's updated AWP for cotton was 140.82 cents/lb, down by 628 points from last week.

Commitment of Traders data indicated managed money trimming 1,968 contracts from their net long position by Tuesday. That took them to net long 70,727 contracts on the 10th of May.

➢ Abandoned US Cotton Acres Will Soar This Summer

10 MAY 2022 Gro Intelligence - Texas farmers will abandon a major portion of their cotton crop this year amid one of the region's worst droughts in decades, Gro predicts.



Current drought readings for Texas' cotton-growing areas (red line) are at some of their highest levels in decades, as shown by Gro's Climate Risk Navigator.

A drop in Texas cotton production would have far-reaching effects on global cotton supplies and prices. Texas is the largest cotton-producing state in the US, which in turn is the No. 3 producer worldwide. So far this year, CME July 2022 cotton futures are up 32%.

Texas cotton-growing areas are currently experiencing "severe" levels of drought, according to Gro's Climate Risk Navigator for Agriculture, which can weight drought readings and other growing conditions by specific crops. Gro Drought Index (GDI)

readings are a strong predictor of abandoned acres in Texas' cotton-growing areas, with GDI readings during the main growing month of July showing the greatest correlation, a Gro analysis shows.

Despite a 7% increase in planted cotton acres in Texas, heightened GDI will weigh heavily on harvested area. At current GDI readings, Gro estimates that around 47% of cotton acres could be abandoned. Over the past decade, Texas farmers abandoned an average of 29% of cotton acres, deeming them uneconomic to harvest. A peak came during the historic drought in 2011, when 62% of cotton acres were abandoned and cotton yields slumped by 16% year over year.

Other growing conditions also bode poorly for the Texas cotton crop. For example, Lubbock County, located in one of West Texas' main cotton raising regions, has received just 0.77 inch of rain so far in 2022, some 83% below the 10-year average. In the historic drought year of 2011, Lubbock had 0.95 inch of rain during the same period.

May is typically the rainiest month in West Texas, and while rain is forecast for the region during the next two weeks, it will be accompanied by high temperatures, which could undo any moisture benefit.

➢ USDA FAS – Cottonseed

Oilseed, Cottonseed World as of May 2022				
Attribute	22/23 May'22	Change	21/22 May'22	20/21
Area Harvested (Cotton) (1000 HA)	32,382	+682(+2.15%)	31,700	30,863
Seed to Lint Ratio (RATIO)	0	-	0	0
Beginning Stocks (1000 MT)	1,420	+10(+.71%)	1,410	1,610
Production (1000 MT)	44,074	+1327(+3.1%)	42,747	40,806
MY Imports (1000 MT)	923	-46(-4.75%)	969	830
Total Supply (1000 MT)	46,417	+1291(+2.86%)	45,126	43,246
MY Exports (1000 MT)	1,140	-20(-1.72%)	1,160	961
Crush (1000 MT)	34,210	+1014(+3.05%)	33,196	31,946
Food Use Dom. Cons. (1000 MT)	0	-	0	0
Feed Waste Dom. Cons. (1000 MT)	9,561	+211(+2.26%)	9,350	8,929
Total Dom. Cons. (1000 MT)	43,771	+1225(+2.88%)	42,546	40,875
Ending Stocks (1000 MT)	1,506	+86(+6.06%)	1,420	1,410
Total Distribution (1000 MT)	46,417	+1291(+2.86%)	45,126	43,246
Yield (MT/HA)	1.36	+(+.74%)	1.35	1.32

12 May 2022 USDA WASDE - Global cottonseed production is projected at 44.1 mmts, up 3%, with gains in China, India, Turkey, and Uzbekistan more than offsetting decline for the United States. Cottonseed exports are forecast down nearly 2%, while crush is projected to grow 3%.

With higher crush, **cottonseed meal** and **oil** production are projected up 3%. **Cottonseed meal** exports are expected to rise 7% to 414,000 tons on gains for Turkey and the European Union.

Cottonseed oil trade is forecast to decline on lower export projections for the United States due to higher domestic demand.

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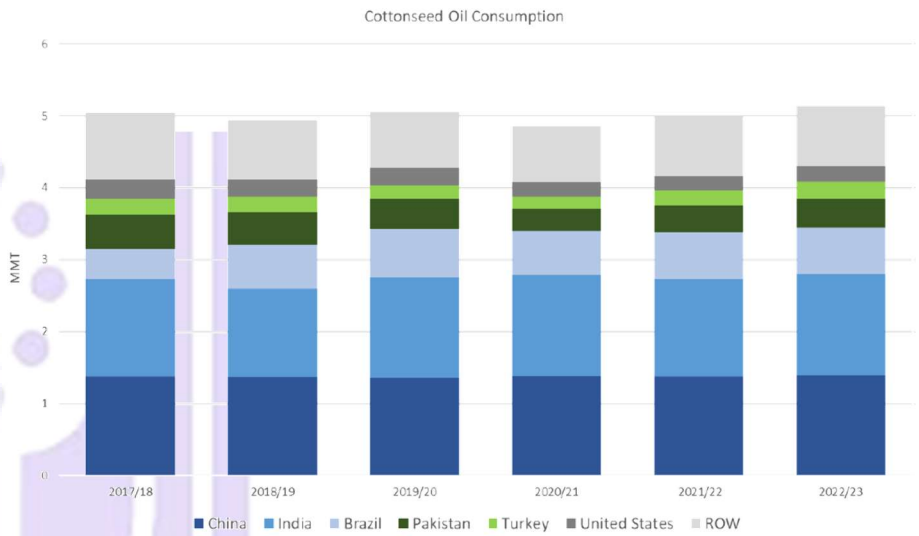


Highlights

• **U.S.** cottonseed exports are forecast down 9,000 tons to 250,000, and **Brazil** exports are projected to double to 30,000 tons.

• **China** cottonseed imports are forecast down 25,000 tons to 125,000.

• **EU** cottonseed exports are projected up 5,000 tons to 70,000, and cottonseed meal exports are forecast up 15,000 tons to 40,000.

• **Turkey** cottonseed meal exports are forecast up slightly to 50,000 tons.

• **U.S.** cottonseed oil exports are projected to decline 13,000 tons to 30,000.

ENERGY

- **Germany is ready to give up biofuels to avoid world hunger**

10 May 2022 - Russia's war against Ukraine has exacerbated the global food crisis amid a coronavirus pandemic and drought. So far, world food prices have risen by almost 30% to record levels. This was stated in an interview with Bild by the Minister of Economic Cooperation and Development of Germany Svenya Schulze.

She believes that humanity is facing the worst famine since World War II, as 300 million people are already suffering from it, and the number of victims will continue to grow. It therefore calls for an end to food production (including palm oil, rapeseed, corn or wheat) not only in Germany but also around the world. Almost 4.4% of fuel is produced from food. Germany uses 2.7 billion liters of vegetable oil annually, which is almost half of Ukraine's sunflower oil production.

Countries such as Germany, the United States and Brazil direct large amounts of grain and oilseeds to biofuel production and allocate large subsidies from the budget. Rising prices for oil and petroleum products increase the need for biofuels, but the active development of electric vehicles in the near future will call into question the feasibility of increasing biofuel production.

August rapeseed futures on the European MATIF yesterday rose by 4.5 € / t to 846.5 € / t or 894.17 $ / t, adding 4% over the week amid rising oil prices.

November canola futures on the Chicago Stock Exchange fell 0.7% to 1074 CAD / t or $ 826.15 / t, adding 0.8% for the week.

The EU's biofuels program has significantly supported rapeseed prices in Ukraine over the past 15 years, so the EU's rejection of biofuels will reduce demand for domestic rapeseed. Already this year, due to the blocking of ports and difficulties with exports across the western borders of Ukraine, European processors will not receive part of the Ukrainian rapeseed, which will accelerate the reorientation of biofuel plants.

- **U.S. Renewable Diesel Overtakes Biodiesel For First Time: BNEF**

10 May 2022 - The generation of U.S. biofuel credits, known as renewable identification numbers (RINs), from renewable diesel overtook that of biodiesel for the first time in the first quarter of 2022.

While biodiesel must be blended with diesel at low concentrations to prevent engine and performance issues, renewable diesel is a 'drop-in' fuel that can directly replace diesel, without blending limits.

Renewable diesel production shares many processes and attributes with oil refining. These similarities make it attractive to incumbent fuel suppliers, which can leverage their existing refineries and distribution networks.

Refiners such as Marathon, Phillips 66 and Valero have brought more than 730 million gallons of renewable diesel capacity online since 2020. If the full pipeline of U.S. renewable diesel projects were to come online by 2025, it would be equivalent to 12% of anticipated on-road diesel demand.

The rapid expansion puts pressure on the incumbent biodiesel market by raising competition for feedstock such as soybean oil.

- **NYMEX WTI Crude Oil – Daily Nearby**

***NYMEX June 2022 WTI Crude Oil Futures** settled on Friday at $110.10/barrel, up $3.97 on the day, but losing $0.52 for the week.*

June WTI crude oil on Friday closed up +4.36 (+4.11%), and June RBOB gasoline closed up +16.61 (+4.38%).

Crude fundamentals are weakening with the EU failing to agree a ban on Russian oil imports. In addition US emergency reserves now arriving in commercial storage and demand growth is moderating.

Demand is typically weak in June and stocks should increase further with the US Government releasing 1m bpd from emergency reserves. However, an overheating gasoline market could push Brent Crude above resistance at $115/b.

- **Gasoline Jumps To A Record High On Tight Global Fuel Supplies**

13 May 2022 Rich Asplund, Barchart - Crude oil and gasoline prices Friday rallied sharply, with crude posting a 1-week high and RBOB gasoline futures climbing to an all-time nearest-futures high (data from 2003). A weaker dollar Friday and concern about tightness in global energy supplies underpinned crude prices. Crude oil prices also found support after Shanghai said it would end pandemic lockdowns by May 20.

Reduced global refining capacity has led to tight fuel supplies and pushed Friday's gasoline prices up to a record high. Energy consultant Turner, Mason & Co. said the U.S. refining capacity has fallen by 1.0 million bpd, or about 5% of total U.S. capacity,

since the beginning of the pandemic. Also, global refining capacity has shrunk by -2.13 million bpd. U.S. heating oil and diesel fuel supplies remain extremely tight as Wednesday's weekly EIA data showed that U.S. distillate supplies fell to a 17-year low the week of May 6th.

The recent surge in diesel prices to a record high has provided support for the prices of gasoline and other refined products. The diesel crack spread Apr 28 surged to a record high (data from 1986) on depleted global diesel supplies as countries worldwide shun Russian fuel supplies and scramble to obtain diesel supplies elsewhere.

Strength in the crude crack spread is bullish for crude prices as the crack spread Friday rose to a 2-year high. The higher crack spread encourages refiners to boost their crude purchases to refine the crude into gasoline.

Tightness in global fuel markets is underpinning crude prices. The IEA said Thursday in its monthly Oil Market Report that oil product markets have seen seven consecutive quarters of stock draws and that limited spare capacity in the global refining system and reduced exports of Russian fuel oil, diesel, and naptha have aggravated tightness in oil product markets.

Crude prices found support Friday on optimism China will soon end pandemic lockdowns, which is positive for economic growth and energy demand. Shanghai said Friday that it aims to achieve “no community spread” in Covid infections by the middle of May and plans to reopen the city from lockdowns by May 20.

A surge in Covid infections in China has forced the government to impose pandemic restrictions and lockdowns that have curbed economic growth and energy demand. A resurgence of Covid infections in China has prompted the government to put some 45 million people under pandemic lockdowns. Citigroup analysts estimate that China's oil demand is down 1 million bpd on a year-to-date basis and that demand is not likely to come back anytime soon.

Signs that the European Union (EU) is softening its sanctions package against Russia are bearish for crude prices. Bloomberg reported Monday that the EU would drop a proposed ban on EU-owned vessels transporting Russian oil to third countries. EU countries are still debating a sixth sanctions package against Russia, with diplomats trying to overcome objections from Hungary to a proposed ban on Russian oil. EU leaders were unable to reach a deal over the weekend.

Comments Tuesday from the oil ministers of Saudi Arabia and the United Arab Emirates (UAE) were bullish for crude prices. Saudi oil minister Abdulaziz bin Salman said "the world is running out of energy capacity at all levels," and UAE oil minister Suhail al Mazrouei said that without more investment in energy production across the globe, OPEC+ wouldn't be able to guarantee sufficient supplies of oil when demand recovers from the Covid pandemic.

Lower crude supplies from Libya are bullish for prices. Libya April crude oil exports fell -16% m/m to 819.000 bpd, the smallest amount in 1-1/2 years, as damaged storage tanks from rebel attacks and political protests at key Libyan ports have curbed the country's crude exports.

OPEC crude oil production in April rose by +10,000 bpd to a 2-year high of 28.700 million bpd. OPEC was expected to increase output by +274,000 bpd in April, but supply constraints in Libya and Nigeria prevented OPEC from reaching that level.

Crude oil has support from ongoing concern that Russia may use energy as a weapon against countries that imposed sanctions for its attack on Ukraine. Russia last Tuesday said it would halt natural gas shipments to Bulgaria and Poland for failing to pay for Russian gas supplies in rubles. Russia is trying to force its European customers to pay rubles for its oil and gas exports.

The amount of crude held worldwide in floating storage on tankers has decreased and is bullish for prices. Vortexa reported Monday that the amount of crude stored on tankers that have been stationary for at least a week in the week ended May 6 fell by -9.1% w/w to 95.15 million bbl.

Wednesday's weekly EIA report showed that (1) U.S. crude oil inventories as of May 6 were -13.1% below the seasonal 5-year average, (2) gasoline inventories were -5.9% below the 5-year average, and (3) distillate inventories were -23.2% below the 5-year average. U.S. crude oil production in the week ended May 6 fell -0.8% w/w to 11.8 million bpd, which is -1.3 million bpd (-9.9%) below the Feb-2020 record-high of 13.1 million bpd.

Baker Hughes reported Friday that active U.S. oil rigs in the week ended May 13 rose by +6 rigs to a new 2-year high of 563. U.S. active oil rigs have risen sharply from the 16-1/2 year low of 172 rigs since Aug 2020, signaling an increase in U.S. crude oil production capacity.

➢ **NYMEX Natural Gas**

NYMEX June 2022 Natural Gas Futures *settled on Friday at $7.622 $8.056/MMBtu, off 11.7 cents on the day, and losing 44.4 cents for the week, after last week reaching a new fourteen-year high of $8.98*

- **Nat-Gas Falls Back On Forecasts For Hot U.S. Temps To Fade**

13 May 2022 Rich Asplund, Barchart – June Nymex natural gas on Friday closed down -0.076 (-0.98%). Nat-gas prices Friday posted moderate losses. The outlook for the current hot U.S. temperatures to fade undercut nat-gas prices Friday. The Commodity Weather Group said Friday that near-record temperatures in the U.S. Midwest and South are expected to turn more seasonable from May 23-27, which should reduce nat-gas demand from electricity producers to run air-conditioning.

As a bullish factor, the ongoing drought in the U.S. West has drained rivers and reservoirs, with Lake Mead last week falling to a record low. That threatens to curb power produced by hydropower dams and will prompt electric utilities in the U.S. West to boost usage of nat-gas to increase electricity to satisfy power demand for air-conditioning this summer.

The EIA on Tuesday said that "natural gas demand will exceed supply through 2022" and projected that U.S. nat-gas futures would average $7.42 million British thermal units this year, 42% higher than a previous forecast a month ago.

Nat-gas prices have support after Russia recently said that foreign buyers of its gas would need to open special ruble and foreign currency accounts by the end of this month to buy Russian gas. Russia has already halted nat-gas shipments to Bulgaria and Poland for not paying for Russian gas in rubles. Russian President Putin said that "unfriendly" nations must pay for nat-gas in rubles, which keeps alive the possibility of disruptions to Russian gas supplies to Europe.

Strong foreign demand for U.S. nat-gas supplies is bullish for prices after BNEF data showed gas flows to U.S. export terminals Friday rose by +18.3% y/y to 11.819 bcf.

Increased U.S. gas production is bearish for prices as BNEF data show U.S. lower-48 nat-gas production Friday at 94.5 bcf, up +1.8% y/y. Lower U.S. domestic nat-gas demand is bearish for prices as BNEF data shows lower 48-state nat-gas demand Friday was 60.3 bcf, down -3.9% y/y.

An increase in U.S. electricity output is bullish for nat-gas demand from utility providers. The Edison Electric Institute reported Wednesday that total U.S. electricity output in the week ended May 7 rose +3.2% y/y to 72,564 GWh (gigawatt hours). Also, cumulative U.S. electricity output in the 52-week period ending May 7 rose +2.5% y/y to 4,076,407 GWh.

Thursday's weekly EIA report was bullish for nat-gas prices as it showed U.S. nat gas inventories rose +76 bcf to 1,643 bcf in the week ended May 6, below expectations of +79 bcf. Also, inventories remain tight and are down -19.0% y/y and -16.0% below their 5-year average.

Baker Hughes reported Friday that the number of active U.S. nat-gas drilling rigs in the week ended May 13 rose by +3 rigs to a new 2½ year high of 149 rigs. Active rigs have recovered sharply from the record low of 68 rigs posted in July 2020.

OTHER MARKETS

- **Can fish farming solve China's food security issues?**

9 May 2022 South China Morning Post - A study published in *Nature* journal in April argued that the ocean's ability to supply food in the future would be challenged by the expected increase in demand for seafood.

"The human population is expected to increase by 3 billion by the end of the century, with a rise in affluence and demand for meat. Climate change will further challenge the ability of the ocean to provide food," Reniel Cabral, co-author of the study and a senior lecturer at the James Cook University in Australia, was quoted as saying by the university's website.

Cabral and his colleagues found that reforming fisheries and expanding sustainable marine aquaculture were critical measures for increasing seafood production, but even progressive reforms would not maintain global seafood production per capita under the most severe emissions scenario.

But it was still vital to highlight the importance of reforming wild fisheries to allow mariculture expansion, Cabral said, adding that "cultivating finfish and shellfish may just be the answer to this looming food security challenge".

Blue Foods - "Blue foods" are foods from aquatic sources, including wild capture fisheries and freshwater and marine aquaculture products. Because of their lower environmental impact compared to livestock, blue foods are central to transforming the global food system.

According to estimates compiled by the Food and Agriculture Organization (FAO) of the United Nations, by 2050 the world will need to produce 60% more food to feed a population of 9.3 billion. And doing that with a farming-as-usual approach will take too heavy a toll on natural resources.

Robert Jones, global lead for aquaculture at The Nature Conservancy (TNC), a US-based environmental organization, said countries needed to increase food output and do it within the Earth's limits. "We need to figure out how to produce food the most resource-efficient way possible: less carbon emissions per unit of output, less water use per unit of production and less feed conversion per unit of output."

Aquaculture was the most resource-efficient means of animal protein production, Jones said, adding that it had about a tenth of the carbon emissions per unit of production as beef. "So, we are encouraging countries to look at prioritizing the development of their aquaculture sector in a sustainable way because getting more protein for ourselves from aquaculture compared to other sources is a comparatively responsible and climate-friendly thing to do."

Over the past four decades, aquaculture has been the fastest-growing global food sector, driven by robust seafood demand and supply constraints in traditional wild capture fisheries, according to a 2019 report by TNC and Encourage Capital, a New-York based investment firm. Aquaculture production for food consumption now exceeds that of wild capture and is projected to continue to grow at an average rate of 2.1% per year over the next decade, the report said.

Aquaculture plays an important role in national economies. The total first-sale value of wild fisheries and aquaculture production in 2016 was estimated at US$362 billion, of which US$232 billion was from aquaculture production, according to the FAO.

The role of aquaculture will be more important considering the recent food crisis caused by the war in Ukraine. A report by the World Bank said the war in Ukraine had contributed to a historical shock to commodity markets that would keep global prices high until the end of 2024.

It calculates food prices will soar by 22.9% this year, with a 40% rise in wheat prices.

World Bank president David Malpass told BBC last month that if the crisis continued, record rises in food prices would push hundreds of millions people into poverty and lower nutrition.

Aquaculture in China - Since 1989, China has been the world's largest producer of aquaculture seafood. In 2016, it produced more food from the sea and freshwater than the rest of the top 10 countries combined.

Aquaculture is very important for China's economy and food security. The share of fisheries output in China's agricultural output increased from 1.6% in 1978 to 9.3% in 2020, according to state-run *People's Daily*.

The total value of China's fishery industry reached 2.75 trillion yuan (US$412 billion) in 2020, with more than 1 trillion yuan from the aquaculture sector. The nation's overall seafood output rose from 64.5 mmts in 2017 to 65.4 mmts in 2020, while about 80% of the output was aquaculture products.

China also plays a critical role in the aquaculture trade. It is the world's largest producer of tilapia and exports about half its production. Meanwhile, it is one of the key seafood processing countries. A study published in *Science* found that an estimated 75% of China's seafood imports were ultimately sold to other markets.

Zhang Wenbo, a lecturer at Shanghai Ocean University, said many countries sent seafood products to China for processing because the labor costs in the country were relatively low and the processing was more efficient.

"Tropical countries are not suitable to do the processing because their temperatures are too high. China is located at a relatively high latitude where most of the nations are developed nations," he said. Therefore, the key role of aquaculture in China's food security should be stressed, Zhang said.

In recent years, China has linked food security to its national security strategy. In 2020, Chinese President Xi Jinping stressed the importance of having a steady grain supply and a year later he said food security was an important foundation for national security. But for many countries, including China, aquaculture is not included in their food security strategies.

"When we talk about food security, we focus on crops and livestock," Zhang said. "Now we have reached a stage where we need to address nutrition security to maintain health … and aquaculture products are very important for human health. We think it should be included in the food security strategy."

Wang Yamin, a professor at Shandong University's Marine College, said aquaculture products were an important component of food security. "It can alleviate the food security problem and can replace some food consumption."

Industry Constraints - China's wild fish catch has been gradually decreasing in recent years, partly because of its protection policies. In 2017, the Ministry of Agriculture and Rural Affairs set a target to cut the country's total wild catch from over 12 mmts in 2015 to under 10 mmts by 2020.

Its aquaculture production is still growing but at a slower pace. Experts said one reason was the limited availability of inland waters for aquaculture production.

"There are few inland waters for aquaculture production and most of the coastal freshwater is being used. There is plenty of space for deep sea farming but technically it is still immature," said Wang Songlin, founder and chairman of the Qingdao Marine Conservation Society, an environmental non-governmental organisation in eastern Shandong province.

China's aquaculture industry was further disrupted by the Covid-19 pandemic and also by the country's environmental protection policies, experts said.

"The pandemic has severely disrupted the aquaculture industry. Many of the high-end products are consumed in restaurants, but the catering sector has been greatly affected by the pandemic, and the seafood consumption has been seriously reduced," Zhang Wenbo said.

Shandong University's Wang Yamin added that China's aquaculture production might flatline in the coming years as farming was prohibited in many inland waters and ponds because of environmental protection reasons. Some local governments were not enthusiastic about developing the aquaculture industry because the profits were low compared to industrial sectors, he said.

Another factor affecting the aquatic industry is climate change, though aquaculture is a diverse industry and different places may experience different challenges. Some regions and marine industries have already witnessed the effects of climate change.

Jones from TNC said the shellfish and oyster aquaculture industries in the US, as well as in other countries, were deemed canaries in the coal mine for climate change.

"One of the main problems is ocean acidification, which is a result of climate change and makes it difficult for shellfish larvae to grow their shells," he said. "We are seeing the effects of this in both two major production areas in the U.S., in Washington state and Maine. It's showing that these impacts of climate change are real."

Jones added that one strategy for farmers was to rethink species and to find out those that were most resilient to the likely effects of climate change. Another was to use technology to improve management.

"The sensor technology and machine learning and advanced analytics around farms enable us to predict these events faster and enable us to adapt management around farms better," he said.

TRANSPORTATION

➢ Baltic Dry Freight Index – Daily = 3117

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.

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

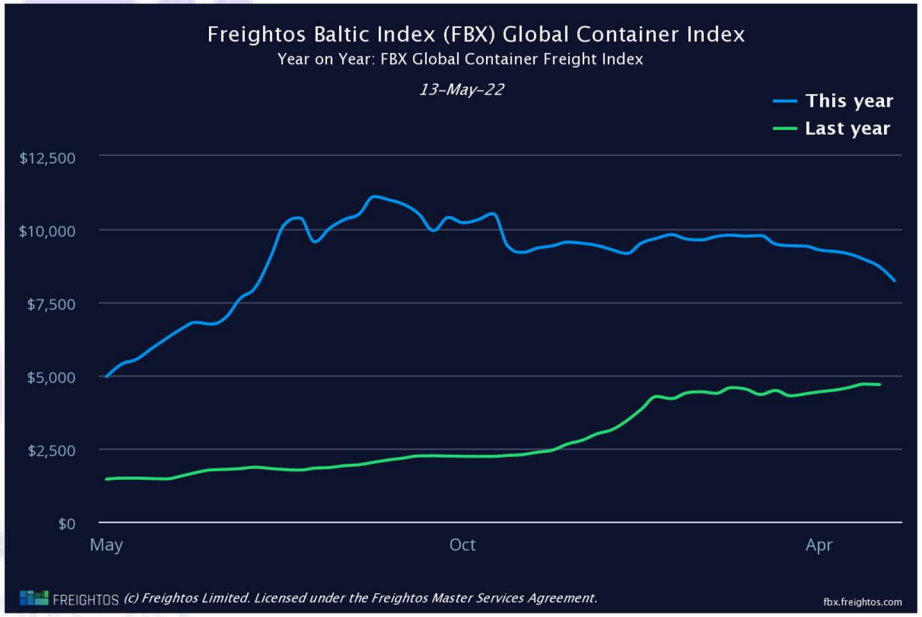
➢ Baltic Dry Index - Capesize Strengthen, Fifth Straight Weekly Gain

13 May 2022 Reuters – The Baltic Exchange's main sea freight index slipped on Friday, but registered its fifth consecutive weekly rise bolstered by gains in the capesize vessel segment.

The overall index, which factors in rates for capesize, panamax, supramax and handysize shipping vessels, fell 13 points, or 0.4%, at 3,104 points on Friday. It was up 14.2% this week.

- The capesize index fell 18 points, or about 0.5%, at 3,947 points, but rose 36.4%, also logging its fifth consecutive weekly gain.
- Average daily earnings for capesizes, which typically transport 150,000-tonne cargoes such as iron ore and coal, were down $152 to $32,733.
- Chinese steel rebar and hot-rolled coil futures traded in a tight range on Friday and posted weekly losses as COVID-19-related restrictions and heavy rains dented downstream demand.
- The panamax index was down 27 points, or about 0.8%, at 3,283 points. The segment gained 3.4%, its second straight week of gains.
- Average daily earnings for panamaxes, which usually carry coal or grain cargoes of about 60,000 to 70,000 tonnes, decreased $245 to $29,545.
- Algeria's state grains agency OAIC is believed to have purchased a total of around 450,000 tonnes of optional-origin milling wheat in an international tender this week, European traders said in assessments on Thursday.

➢ Freightos Baltic Index (FBX): Global Container Freight Index



Source: https://fbx.freightos.com/

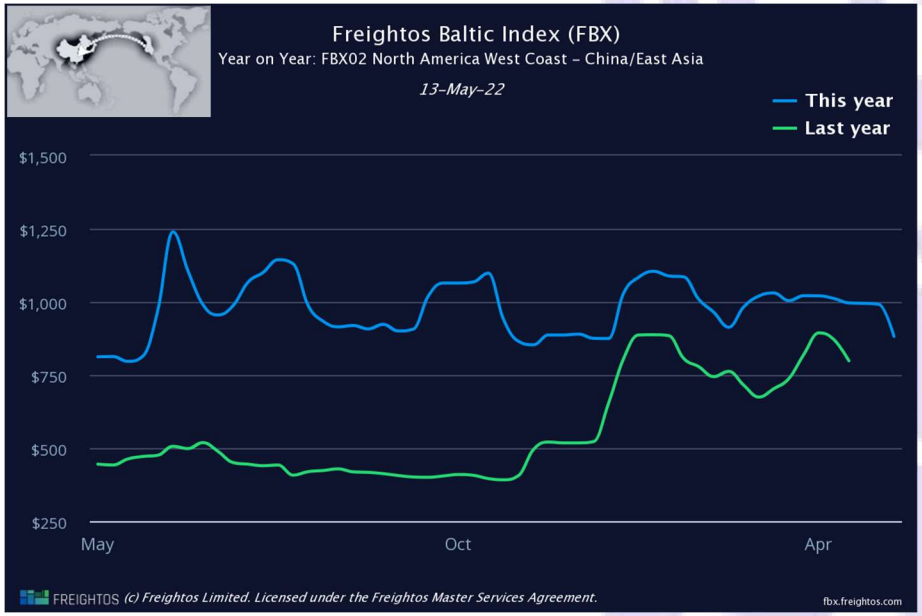
FBX stands for Freightos Baltic Index. It is the leading international Freight Rate Index, in cooperation with the Baltic Exchange, providing market rates for 40' containers (FEUs).

Prices used in the index are rolling short term Freight All Kind (FAK) spot tariffs and related surcharges between carriers, freight forwarders and high-volume shippers. Index values are calculated by taking the

median price for all prices (to ignore the influence of outliers on active lanes) with weighting by carrier. 50 to 70 million price points are collected every month.

The weekly freight index is calculated as an average of the five business days from the same week and published each Friday.

➢ **Freightos West Coast N.A. – China/East Asia Container Index - Daily**



Source: https://fbx.freightos.com/

GHA: China's index of export container transport edged down for the week ending Friday, according to the Shanghai Shipping Exchange.

The average China Containerized Freight Index (CCFI) went down 1.3pc to 3,056.98, according to the exchange. The sub-index for the Persian Gulf/Red Sea service posted the biggest slump of 6.7pc week on week. Bucking the trend, the sub-reading for the South America service led the rise with a week-on-week uptick of 1.3pc.

The CCFI tracks spot and contractual freight rates from Chinese container ports for 12 shipping routes across the globe, based on data from 22 international carriers. The index was set at 1,000 on Jan. 1, 1998.

LOGISTICS

➢ **Indonesia seizes cooking oil shipment bound for East Timor**

13 May 2022 Reuters - Indonesia has impounded at least 81,000 litres of cooking oil bound for East Timor, the trade ministry said, as the Southeast Asian country seeks to enforce a ban on exports of crude palm oil and its derivatives including cooking oil.

At least eight shipping containers holding cooking oil and other items were confiscated at Tanjung Perak port on April 28 in Surabaya on Java island after "the ship deceived (authorities) by not listing cooking oil in the export declaration document," the trade ministry said in a statement late on Thursday.

Those found guilty of breaching the cooking oil export ban could face a maximum of five years of prison and a fine of up to 5 billion rupiah ($341,997), said Sihard Hadjopan Pohan, a director at the trade ministry. Officials did not name the ship or the owner of the cargo.

Indonesia, the world's biggest palm oil producer, has since late last month halted exports of crude palm oil and refined products in a bid to control soaring prices of cooking oil at home.

The export ban has rattled global vegetable oil markets that were already struggling after the war in Ukraine removed a big chunk of sunflower oil supply. Palm oil makes up more than a third of the world's vegetable oil market, while Indonesia accounts for around 60% of palm oil supply.

Chief economics minister Airlangga Hartarto has said the export ban would stay in place until bulk cooking oil prices drop to 14,000 rupiah per litre across the country. As of Thursday, Trade Ministry data showed bulk cooking oil was being sold at 16,600 rupiah per litre.($1 = 14,620.0000 rupiah)

➢ **Surface Transportation Board tells railroads to provide recovery plans**

6 May 2022 Capital Press - The Surface Transportation Board will require railroads to submit service recovery plans and provide additional data and regular progress reports on rail service, operations and employment.

According to the board, the decision focuses on the adequacy of recovery efforts involving BNSF Railway Co., CSX Transportation, Norfolk Southern Railway Co. and Union Pacic Railroad Co. and requires more comprehensive and customer-centric reporting of all Class I railroads' service metrics.

Agricultural, energy and other shippers and government officials, rail labor and rail experts provided testimony during a public hearing on urgent issues in rail service in April. Board chairman Martin J. Oberman said in a press release that the hearing highlighted the "grave concerns" of shippers and others regarding freight rail service.

"While the railroads have faced certain challenges over the last few years, the evidence produced at last week's hearing is overwhelming that the railroads' longstanding practice of reducing operating ratios by cutting employment levels, mothballing locomotives, and eliminating other essential resources are the central reasons why farmers have been hours away from depopulating herds, manufacturing

facilities have reduced operating hours, and shippers cannot get their products to market on time or receive essential raw materials for their companies," Oberman said. "These failures are harming the nation's economy and, in my view, are contributing to the inflationary forces affecting food and fuel in particular," he said.

The decision is an "immediate step" the board can take to enable "needed monitoring" of improved efforts that the railroads have been "promising for months," Oberman added. The board will determine if additional regulatory steps are necessary to promote reliable service.

Board spokesman Michael Booth said the mandatory reporting requirement is relatively unusual. The board and Oberman want to get shippers' concerns solved "as quickly as possible," he said.

"Union Pacic is keenly aware of our customers' concerns and has been taking aggressive measures to address them," spokeswoman Robynn Tysver said, prior to the board's announcement. "We are removing Union Pacic-controlled cars to ease congestion and working with customers to reduce their own growing inventories, adding locomotives, hiring at an accelerated pace, and focusing on other steps to get our service back to where we and our customers expect it to be."

BNSF Railway has not responded to requests for comment.

➢ Supply chain pressure to persist through 2022, changes in trade

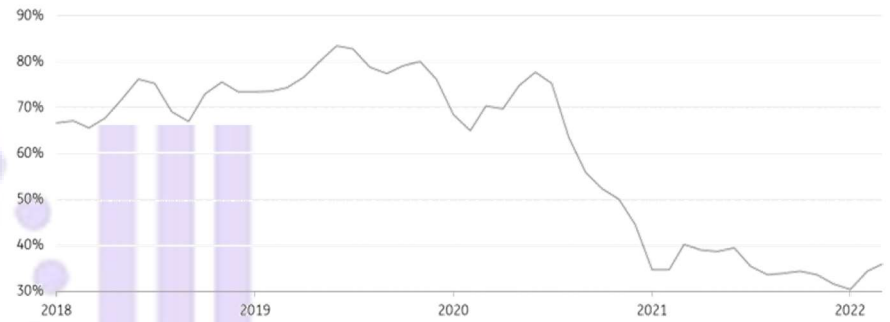
13 May 2022 Inga Fechner, Joanna Konings, Rico Luman, Warren Patterson, ING -

Global supply chains remain under pressure. With the war in Ukraine and China's zero Covid policy, delays and protracted supply shortages will cloud this year's trade outlook. Goods logistics should enter a phase of moderation as delays, rerouting, high transport costs and lower consumer demand all weigh on global merchandise trade.

Improvement in supply chains unlikely to last with the war and zero Covid-policy

Global merchandise trade faces many headwinds this year. Although global schedule reliability, tracked by Sea-Intelligence, continues to improve slowly, reaching 35.9% in March, compared to 34.4% the month before, it remains below 2021 levels. And don't forget that while congestion data for March captures the early effects of the war in Ukraine, it does not reflect the lockdown in Shanghai. With traffic jams having increased significantly in Chinese ports due to the zero-Covid policy in China, and in the North Sea due to the war in Ukraine, we don't expect global schedule reliability to improve much further from here just yet. As for the North Sea region, sanctions on Russia, as well as voluntary bans, are leading to new congestion, suggesting longer-lasting problems for supply chains as sailing and air freight schemes must be reorganised, resulting in longer transportation times.

SEA INTELLIGENCE GLOBAL SCHEDULE RELIABILITY

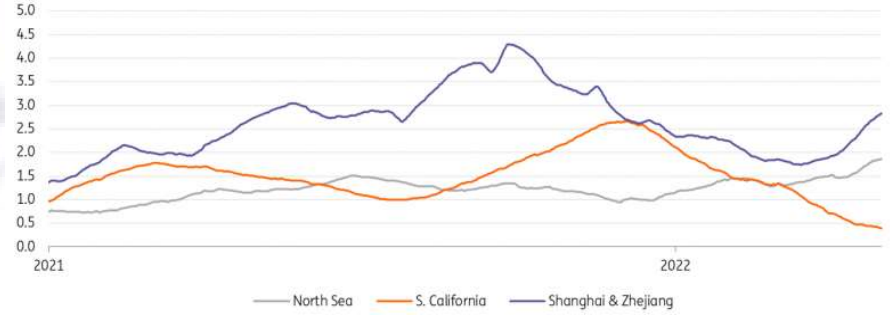


Source: Sea Intelligence

Impact of long lockdown in largest global port and export area will be seen in other parts of the world later

While congestion at the L.A. Longbeach bottleneck on the US West Coast improved noticeably in the first months of the year, we expect pressure to mount again in the next couple of months due to the increasing number of vessels waiting to berth outside Chinese ports, particularly in Shanghai. Container throughput dropped 25% month-on-month in Shanghai and total cargo dropped by 30%. Although a significant share of traffic was redirected to Ningbo, there is still a significant impact from the shutdowns. Data shows that container dwell times on the import side soared due to difficulties with inland connections and closed factories in the region. This creates production backlogs, leading to a wave of export traffic through the port later. Even if cargo can be cleared, it currently takes over one hundred days to get the goods from Chinese factories to the warehouses in the US and the UK. Consequently, shipping rates will remain supported at their high levels.

SHARE OF WAITING SHIPS AT IMPORTANT CONTAINER PORTS AS % OF GLOBAL CAPACITY

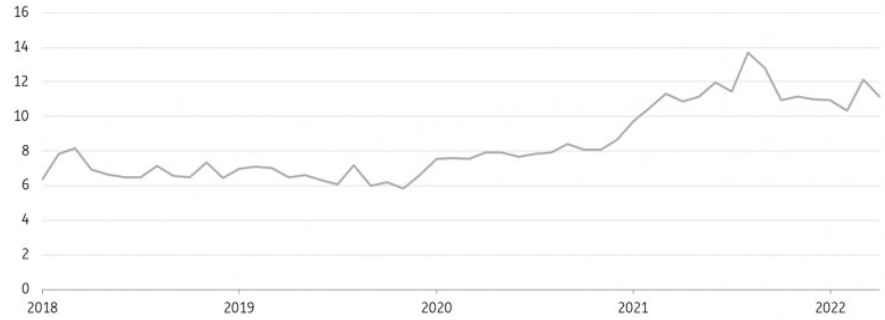


Source: Kiel Trade Indicator

Shortages of inputs and labour add to the problem

Material and labour shortages continue to hinder production and transport as well. This adds to existing material bottlenecks caused by the pandemic, while sharply increased prices make it difficult for manufacturers to calculate accurately for this year and to commit to prices for delivery to clients much later. Some 11% of goods are currently waiting on container ships globally, according to the Kiel Trade Indicator, with most of them in China. Scarcity continues in the current market environment, which leads to enduring pressures. As a consequence, average transport rates remain elevated, although spot rates have eased somewhat. This continues to contribute to higher prices for producers and consumers on top of elevated energy prices.

PERCENTAGE OF GOODS ON WAITING CONTAINER SHIPS, GLOBALLY



Source: Kiel Trade Indicator

Overall, we are still facing a problem of undercapacity, mostly from the supply side. If we look at the latest global supply chain pressure index, pressures remain at historically high levels, and we don't expect supply chain disruptions to ease substantially this year given the extremely volatile environment. Although softer demand from China, the EU and the US will ease the pressure on stretched supply chains, the current backlog is enough to keep supply chains strained throughout the year. We expect these headwinds to result in trade growth of somewhere between 1% and 2%, in our base case.

Permanent trade flow shifts face bumpy transition phase

Trade goods – permanent shifts likely due to the war in Ukraine

As a result of the war in Ukraine, we believe that trade flows will be significantly reshaped as market players who previously purchased commodities and goods from Russia look for alternatives. That said, other countries may step in and benefit from discounts. On balance, this should lead to longer sailing routes in shipping. There is already some re-routing underway for grains and energy products, for example. India, the second-biggest wheat producer after China, but not a major exporter, has stepped up its exports. World food prices surged by 29.8% in April compared to the year before, according to the United Nations Food Price Index, making it lucrative for Indian producers - who usually sell to the government at higher guaranteed prices than overseas market prices - to export. And food inflation is continuing its ascent.

However, it is not possible to compensate for everything and supply in other regions cannot always go up instantly. As our commodity experts point out, corn and soybean sowing in the US continues to progress at a very slow pace due to unfavourable weather, while soybean exports from Brazil dropped 49% year-on-year to 8.3mt in April (down 33% month-on-month) pointing to tight supplies from the South American country. Also, don't forget about quality issues. Replacement products might not be of the same standard.

And while agricultural products can be redirected relatively easily, this might not be the case for certain industries or energy products given that the infrastructure is usually missing. Indeed, recent research shows that imports of primary goods are quite quickly substituted, but manufacturing supply chains and energy imports seem to be more hesitant to relocate, meaning that it might be more difficult to get substitutions here. Given the political pressure, however, energy imports from Russia will be replaced permanently.

Overall, we expect trade flows from Russia to Western countries which have sanctioned Russia to be ceased permanently, with some Asian, African and Southern American countries compensating for the loss of Western exports. Regarding agricultural products, the overall impact of looking for alternatives will be small for most Western countries. However, Bulgaria (24%), Romania (9%) and Latvia (7%) are major sunflower seed importers, while Latvia (28%), Denmark (10%) and Italy (8%) are major oil-cake and other solid residue importers from Russia. Regarding energy products, we don't need to re-state Europe's energy dependence on Russia.

The EU's proposed ban on Russian oil would be significant for global markets

The EU is the largest destination for Russian oil, importing around 2.3m b/d in 2021, which is equivalent to around 26% of total EU crude oil imports. A phasing out of Russian oil would mean that European buyers have time to look for alternative sources, and so allowing for a more orderly change in trade flows. Whilst still supportive for prices, it should limit the upside in the market, compared to an immediate ban. However, it will still be a difficult task for EU countries to wean themselves off Russian oil. Firstly, there is the potential for logistical issues, given that some Central and Eastern European countries are heavily reliant on Russian pipeline oil supply, and countries would need to ensure they have the necessary infrastructure to switch to other sources of supply, particularly those countries which are landlocked. Secondly, EU refiners will want to source crude oil of similar quality to Urals (which is a medium sour oil) in order to minimise the impact on refinery output. This could make the change in trade flows more complicated. Then importantly, the global oil market is tight at the moment, and OPEC up until now has been unwilling to aggressively tap into its spare production capacity. Therefore, EU refiners will need to rely on a change in trade flows, where the likes of China and India increase their

share of Russian oil purchases (the large discounts for Urals should provide enough of an incentive to do so), which would help to free up other supply for the EU.

However, there are risks. We will need to see how much of an appetite these buyers have to increase their Russian oil purchases. And even if they are willing, there is the risk that further down the road we see the US imposing secondary sanctions on Russian oil, which would make it difficult for any buyer to purchase Russian oil. Under this scenario, the market would be much tighter, given the potential for more significant Russian oil supply losses. The EU is also a significant importer of Russian refined products, which is included in the proposed oil ban. It would be more challenging for the EU to find alternative refined product supply, particularly when it comes to middle distillates, and this is likely the reason why the EU is proposing a longer wind-down period for refined products. The middle distillate market is extremely tight in most regions around the globe. Risks around Russian supply, lower Chinese exports, recovering demand following Covid, and the limited ability of refiners to respond have meant that inventories in the US, Europe and Asia are at multi-year lows.

Trade routes – temporary bypass

The Black Sea region is not only the 'breadbasket' region, but is also one of 14 global chokepoints, as identified by Chatham House, where exceptional amounts of global food pass through. With Ukrainian ports being closed to the war, it is currently extremely difficult to get grain exports through this route. Recently, accumulated small volumes of corn from Ukraine could be exported via Romania for the first time since Russia invaded Ukraine. But this is resulting in longer transportation times and higher costs. Attempts will also be made to shift part of the grain exports from Ukraine to Europe by rail, but this makes up only a fraction of grain transports.

Since commodities are not shipped through the air, and airfreight is an expensive option, congestion in shipping can only be offset via air in specific cases. Then again, the closure of airspace leads to new capacity reductions. Russian freighters are being dropped out of global service, and routes between Europe and destinations in Korea and Japan are being redirected to avoid Russian airspace, meaning longer hours and possible stopovers, which once again leads to inefficiency, new capacity pressure and higher costs. All of this results in higher prices.

Consequently, while we expect trade flow shifts to be permanent, we do expect trade routes that are currently being blocked to resume their transportation functions as soon as the war is over.

More self-sufficiency wanted – but economically not needed and a time-consuming process

Another trend, which will now gain further momentum, is the shift towards more self-sufficiency. The pandemic has already kickstarted this process, with the European Union for example introducing the European Chips Act in order to secure sovereignty in semiconductor technologies and applications.

Yet, although headline-grabbing, the shift towards more self-sufficiency is unlikely to show up in trade numbers for the time being as, so far, this has affected only some areas deemed critical, such as microchips or certain commodities. Also, this trend is more of a long-term story, as it takes a great deal of time to set up new industry branches. China has been on this path for years.

Ultimately, the war in Ukraine might result in a new world economic order, being characterised by more 'friendshoring' as labelled by US Treasury Secretary Janet Yellen – trading relationships with countries who have long-standing relationships, cooperation and share similar values might become more valuable. Ethics may also become a more important consideration in trading.

Overall, conditions for international trade remain very tough and the low costs and perceived low risks (both political, and logistical) which helped to support the development of global supply chains have become sources of uncertainty. However, these supply chains remain intact for now. It's more about rerouting, diversification in suppliers and or regions, more stockpiling, and inventory building. In the US, for example, warehousing utilisation increased by 32% in March 2022 compared to March 2020, according to data from March's Logistics Manager's Index Report. Changes in inventories in the eurozone were up by 95% in the fourth quarter compared to the previous quarter, climbing to the highest level since the beginning of the time series in 1995.

Importers are considering options to mitigate supply risks and improve supply chain reliability (buffer stocks, multi-sourcing, nearer sourcing), but this is a slow process and it's not easy to match the advantages of past trade relationships, as alternatives could prove to be more expensive. On top of that, we face (labour) shortages. Right now, it is a matter of planning further ahead than ever before.

GOVERNMENT

- **U.S - Russia:** U.S. lawmakers continue to propose new legislation targeting Russia, following the country's invasion of Ukraine. Most recently, Senator Marco Rubio (R-FL) introduced the Protecting American Food Producers from Russia's Market Distortions Act, which aims to embargo Russian agriculture products.
- **USMCA:** Ambassador Tai traveled to Ottawa to meet with Minister Ng and reiterate the importance of Canada upholding its USMCA commitments, especially when considering dairy TRQs, digital service tax, and underused housing tax legislation.
- **U.S. – China:** Congressman Bob Menendez (D-NJ) releases a new bill, the Economic Statecraft of the Twenty-First Century Act, to complement the China competition bill.
- **Indo-Pacific Economic Framework:** New Zealand Prime Minister Jacinda Ardern tells New Zealand – U.S. Business Summit participants she will soon announce New Zealand's participation in IPEF.

➢ GOP Senators Pressure Biden Administration for New Trade Pacts

12 May 2022 Agri-Pulse - reports that 24 Republican senators expressed their frustrations around a lack of new trade agreements in a new letter to Secretary Tom Vilsack and U.S. Trade Representative Katherine Tai.

"The lack of ambitious market-opening initiatives not only disadvantages U.S. workers, farmers, ranchers, and businesses today, it jeopardizes America's competitiveness, resilience, and security in the long-term," the senators wrote in the letter. "America cannot afford to sit on the sidelines in trade … Opening new markets for customers, reducing barriers for business, and enforcing robust trade agreements are cornerstones of our national prosperity."

The senators stress in the letter that the Biden administration could do a great deal to increase international trade by adding market access provisions to its wide-ranging Indo-Pacific Economic Framework, or IPEF.

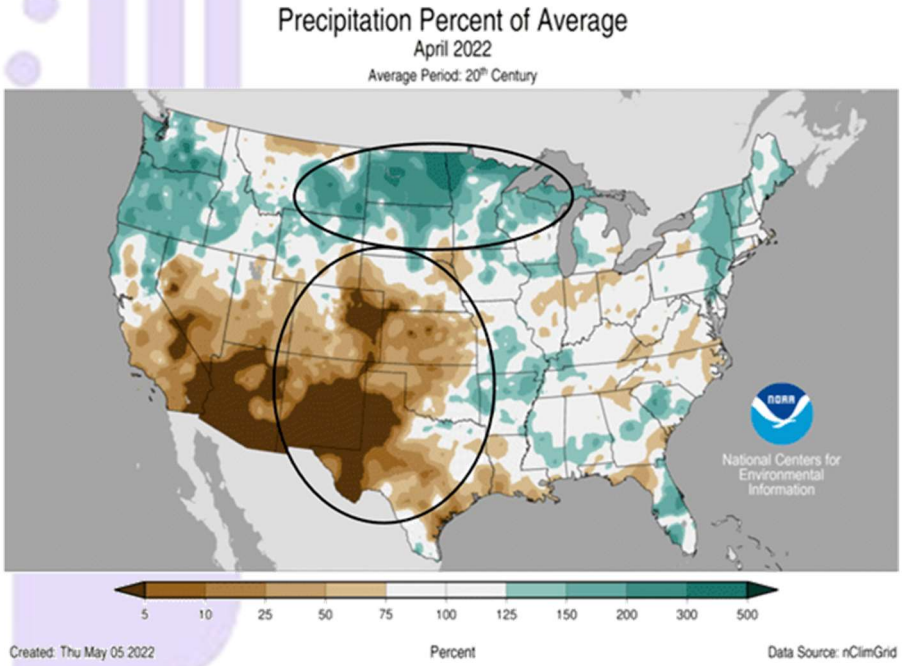
"The failure to include such commitments puts American exporters, including agricultural producers, at a competitive disadvantage in the global market," the senators say in the letter. "It also signals to the world that the United States is not committed to fully engaging commercially or strategically in the region."

International Crop & Weather Highlights

➢ La Nina Influence Dominates April Climate Report

12 May 2022 Bryce Anderson, Ag Meteorologist Emeritus - The U.S. National Centers for Environmental Information (NCEI) national climate report for April shows how the La Nina winter storm track not only hung around last month, but also produced some noteworthy precipitation extremes and set the stage for difficult and damaging crop conditions.

La Nina is the cool phase of the El Nino-Southern Oscillation periodic variation in winds and sea surface temperatures over the tropical eastern Pacific Ocean. During La Nina events, sea surface temperatures are at least 0.5 degree Celsius (about 0.9 degree Fahrenheit) below average in the equatorial eastern Pacific. (Current values are from 1.0 to 3.0 degrees C or 1.8 to 5.4 deg F below average.) These cold waters in the Pacific Ocean push the jet stream northward. This jet stream track favors drought development int the southern United States along with heavy precipitation development in the northwestern U.S. and Canada.



U.S. April precipitation extremes included the second-wettest April on record in North Dakota and the third-driest April on record in Kansas. (NOAA graphic)

That winter storm track duration is affected by the strength of La Nina. And during April, La Nina was a moderately strong event. The Australia Southern Oscillation Index (SOI), a barometric measurement of El Nino or La Nina, shows that La Nina strengthened significantly during April. The SOI averaged plus 20.01 during April -- almost nine index points higher than the March average of plus 11.93. (An index value of plus 7.0 is the threshold for La Nina.)

April precipitation reflected the influence of that La Nina-enhanced storm track. The NCEI reports that "Multiple late-season snow events contributed to a wet April for North Dakota, which reported its second-wettest such month on record. Oregon and

Minnesota ranked seventh wettest. In contrast, New Mexico had its second-driest April on record and Kansas ranked third driest." USDA's weekly weather and crop bulletin noted "State precipitation rankings ranged from the second-driest April in New Mexico to the second wettest in North Dakota. New Mexico's only drier April occurred in 1972; North Dakota's only wetter April was observed in 1986. Kansas experienced its third-driest April, behind 1963 and 1989, while top-10 rankings for April dryness occurred in Colorado and Arizona. In contrast, top-10 rankings for April wetness extended beyond North Dakota into Minnesota, Oregon, and Washington."

Temperatures were also on either side of an extreme warm or cold extreme in many areas. "The real story was the north-to-south variation in weather conditions," the USDA bulletin stated. "For example, state temperature rankings ranged from the third-coldest April in Washington to the eleventh-warmest April in New Mexico and Texas. In Washington, only April 1955 and 2011 were colder. Top-10 rankings for April cold were also observed in Minnesota, Montana, North Dakota, and Oregon."

Impact on crop conditions and activities is dramatic. U.S. corn planting entered the second week of May with the lowest rate of completion in nine years. () Hard red winter wheat crop production estimates for Oklahoma are only half the total of last year because of drought. In northern crop areas, large numbers of prevented planting acreage are being discussed because of saturated ground and flooding.

The effect of the La Nina-enhanced storm track also contributed to an active wildfire season beginning. From Jan. 1 through May 3, the NCEI notes that 1.3 million acres have burned -- 160% of average for this time of year. In addition, April was an active severe storm month; the tornado count for April was above average, yet another metric that points to La Nina's influence.

The heavy northern precipitation and above-normal precipitation in the Midwest brought some drought easing. However, drought maintains its tight grip on the Southern Plains through the southwestern U.S. USDA notes that "more than 40% of the country experienced drought each week from Sept. 29, 2020, to May 3, 2022, an 84-week streak that has broken the U.S. Drought Monitor-era record (previously, 68 weeks from June 19, 2012 to Oct. 1, 2013)."

➢ USDA/WAOB Joint Agricultural Weather Facility – 7th May 2022

Europe – Southern Rain Continued, North Remained Unfavorably Dry

- Additional rain was beneficial for reproductive to filling winter grains in Spain and Italy while boosting moisture for late-vegetative (north) to reproductive (south) winter crops in central Europe.
- Dry weather raised concerns for reproductive winter wheat, barley, and rapeseed in England, France, and northern Germany, especially in western portions of the region.

Western FSU – Chilly And Dry, But Heavy Rain In Southern Russia

- Sunny but chilly weather favored vegetative winter crops in Moldova, Ukraine, and western Russia.
- Heavy rain in southern Russia boosted moisture supplies for vegetative winter wheat.

Eastern FSU – Dry In The North, Heavy Rain In The South

- Dry, cool weather facilitated early spring grain sowing in central Russia and northern Kazakhstan.
- Locally heavy showers in Turkmenistan, Uzbekistan, Tajikistan, and Kyrgyzstan favored reproductive to filling winter wheat and boosted irrigation reserves for cotton establishment.

Northwestern Africa – Rain In Algeria And Tunisia

- Rain in Algeria and Tunisia further boosted prospects for reproductive to filling winter grains.
- Mostly dry weather promoted winter grain harvesting in Morocco.

Middle East – Widespread Moderate To Heavy Rain

- Widespread moderate to heavy rain provided a late-season boost to reproductive to filling winter wheat and barley from southeastern Turkey and Syria into Iran while improving prospects for vegetative winter grains in central Turkey and northwestern Iran.

South Asia – Early-Season Crop Sowing

- Intense seasonal heat continued across interior India and into Pakistan, while early-season cotton and rice sowing was underway. Meanwhile, a tropical cyclone (Asani) was approaching the eastern coast of India as showers increased along coastal locales.

East Asia – Warm, Dry Weather For Winter Crops

- Continued warm, dry weather advanced rapeseed and wheat development in eastern and southern China.

Southeast Asia – Showers In Thailand And Environs

- A tropical cyclone (Asani) pushed showers into Thailand and the surrounding areas as seasonal fieldwork and paddy preparations continued ahead of the summer monsoon season.

Australia – Summer Crop Harvest Slowed But Favorable For Winter Crops

- In the northeast, rain slowed summer crop harvesting but aided wheat germination and emergence.
- In the southeast, showers kept the topsoil favorably moist for winter crop planting and early growth.
- In the west, sunny skies allowed wheat, barley, and canola sowing to continue uninterrupted.

South America – Dry Weather Dominated Most Major Farming Areas

- Warm, sunny weather spurred corn and cotton growth in central and northeastern Brazil. In contrast, showers benefited immature corn and wheat farther south.

- Dry weather favored summer crop harvesting throughout most of Argentina.

Mexico – Drier Conditions Prevailed

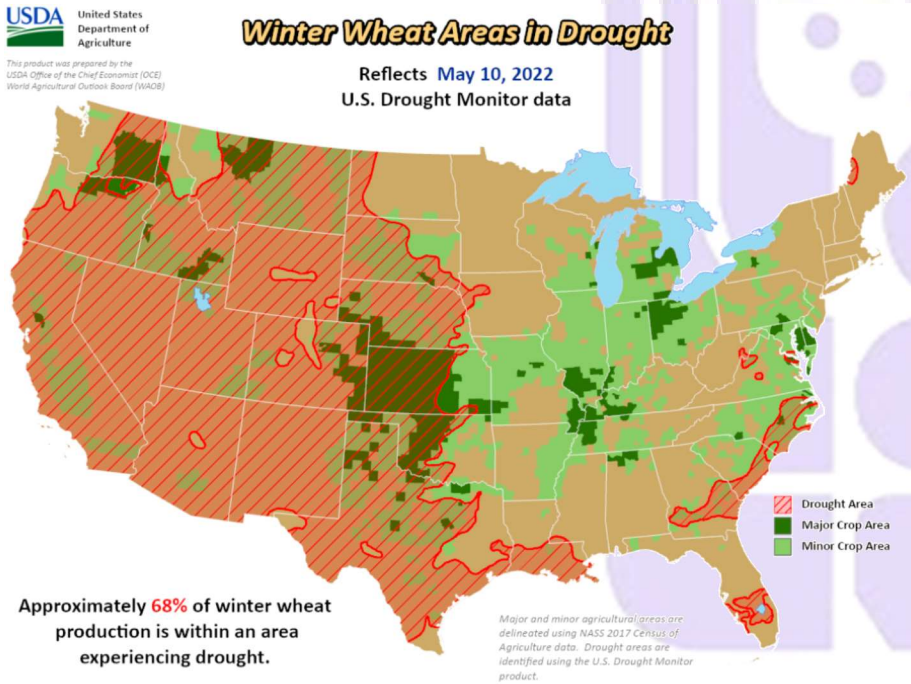
- Warm, sunny weather promoted planting of corn and other rain-fed summer crops.

Canada –Prairie Spring Crop Planting Was Underway

- o Excessive wetness slowed fieldwork in eastern spring grain and oilseed areas.east.

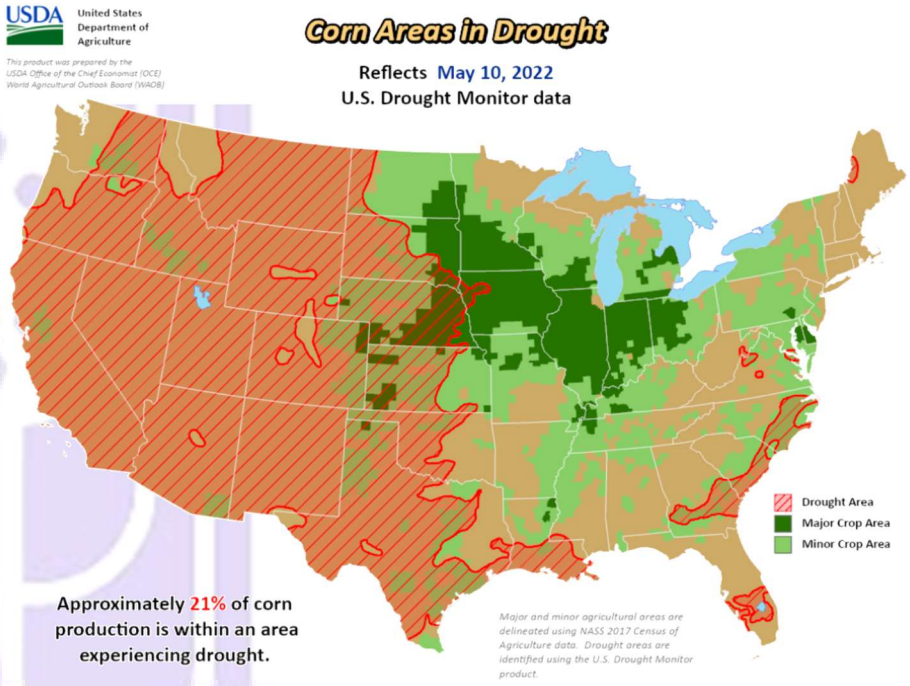
Source: USDA https://www.usda.gov/oce/weather-drought-monitor/publications

➢ U.S. Agricultural Weather Highlights – Friday, 13th May 2022



In the West, near- or below-normal temperatures prevail. Despite cooler weather and lighter winds in the Southwest, several wildfires remain active. The Southwest's largest blaze, the Calf Canyon / Hermits Peak Fire, has charred nearly 260,000 acres of vegetation in northeastern New Mexico. Elsewhere, isolated rain and snow showers dot the Northwest.

On the Plains, early-season heat continues across much of Oklahoma and Texas, maintaining significant stress on rangeland, pastures, winter grains, and emerging summer crops. Meanwhile, producers in portions of the northern and central Plains are assessing impacts from yesterday's high-wind event, which resulted in widespread blowing dust, especially in Nebraska and South Dakota. Early today, lingering thunderstorms are affecting the east-central Plains.



In the Corn Belt, cooler, breezy conditions are overspreading the upper Midwest, where many fields remain too wet for planting. Warmth lingers, however, across the central and eastern Corn Belt, favoring corn and soybean planting in areas where fields have dried enough to support farm machinery.

In the South, humid, showery weather is slowing fieldwork in the southern Atlantic States. Elsewhere, hot, mostly dry weather is promoting fieldwork and crop development. Today's high temperatures west of the Mississippi Delta will generally range from 90 to 95°F.

Outlook: A storm system currently centered over western North Dakota will drift northward and weaken, although windy weather will continue today across Montana and the Dakotas. The storm's trailing cold front—draped across the nation's midsection early today—will drift eastward, eventually interacting with a pool of tropical moisture over the middle and southern Atlantic States. A secondary cold front will cross the Midwest during the weekend. Five-day rainfall totals could reach 1 to 2 inches or more in many areas from the Mississippi Valley to the East Coast. In contrast, little or no rain will fall during the next 5 days from California to Texas. An early-season heat wave will accompany the Southwestern dryness, with triple-digit temperatures (highs of 100°F or greater) expected at times from the Desert

Southwest to the southern Plains. Cooler weather will prevail, however, in the Midwest, following the recent hot spell.

The NWS 6- to 10-day outlook for May 18 – 22 calls for the likelihood of above-normal temperatures from the southern Rockies to the middle and southern and Atlantic Coast, while cooler-than-normal conditions will cover an area stretching from northern California and the Pacific Northwest to the upper Great Lakes region. Meanwhile, below-normal rainfall in the Northeast, the southern half of the Plains, and much of the Southwest should contrast with wetter-than-normal weather in the Midwest, portions of the Southeast, and from the Pacific Northwest to the northern Plains.

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 Tonne = 1000 kg, approximately 2204 lbs.
American or Short Ton = 2000 lbs.
British Tonne or Long Ton = 2240 lbs.

Metric Mts to Bushels:

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

Metric Mts to 480-lbs Bales

- Cotton = metric mts * 4.592917

Metric Mts to Hundredweight

- Rice = metric mts * 22.04622

Area & Weight

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

Marketing Years (MY)

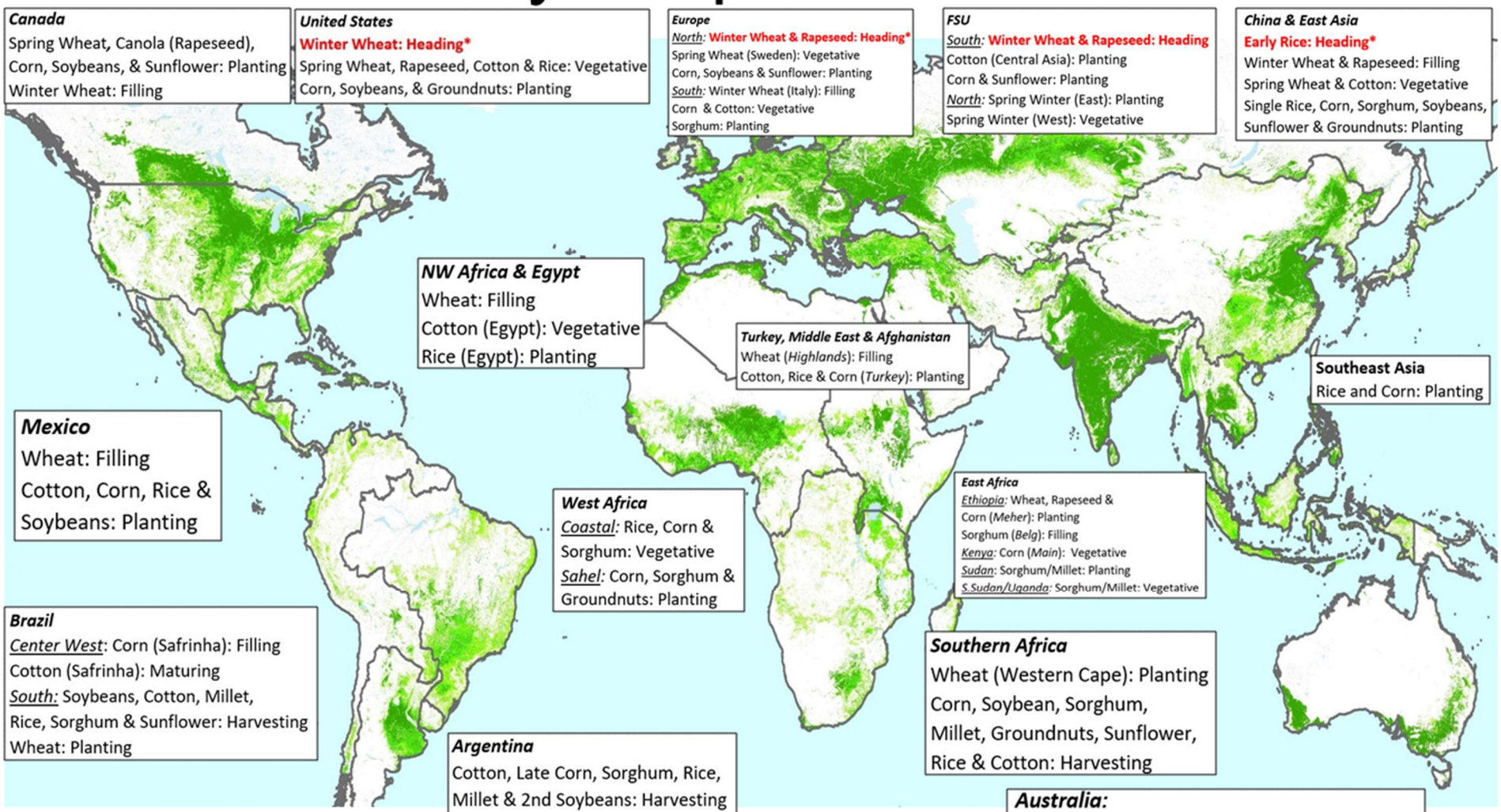
MY refers to the 12-month period at the onset of the main harvest, when the crop is marketed (i.e., consumed, traded, or stored). The year first listed begins a country's MY for that commodity (2021/22 starts in 2021); except for summer grains in certain Southern Hemisphere countries and for rice in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

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

For a complete list of local marketing years, please see the FAS website (https://apps.fas.usda.gov/psdonline/): go to Reports, Reference Data, and then Data Availability.

➢ **USDA FAS OGA Current Crop Calendar**

May Crop Calendar



*Crop stage sensitive to moisture and temperature stresses.

U.S. Department of Agriculture (USDA)
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https://ipad.fas.usda.gov/ogamaps/images/apr_calendar.gif