



Notes and Observations in International Commodity Markets

3rd September 2023

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

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GRAIN MARKETS MIXED AS SEPTEMBER MARKS A NEW MARKETING YEAR

Markets mixed on Friday we entered the first day of delivery for September contracts. December KC wheat closed down 4½ cents, December Chicago wheat was down 6½ cents and December Minneapolis wheat was down 7 cents, September corn closed up 3¾ cents and December corn was up 3¾ cents. September soybeans closed down 3¾ cents and November soybeans were up ½ cent.

The dollar had a massive 1,000-point trading range as early weakness following the US jobs report quickly reversed to trade 500 points higher for most of the session with wheat futures closely tracking the inverted relationship.

With lows in the wheat contract, US wheat is finally competitive again in the international market despite the strong US dollar. Hopefully this signals a turnaround in wheat export demand, but much will depend on where the US dollar goes from here. If the US dollar weakens, wheat futures can rally and the US can still be competitive. We will watch what the US Fed does with interest rates in coming weeks.

Putin and Turkish president Erdogan are set to meet in person on Monday per reports from Kremlin. Part of the agenda is expected to include attempts to revive an international agreement allowing for passage of Ukrainian grain from Black Sea. Top diplomats this week in Moscow were unable to make any apparent progress, offering little hope of concessions moving forward.

Global weather headlines turning more worrisome with India and Australia reaching critical points. India received the lowest August rains since at least 1901 with just 6.4 inches of rainfall for the month, 36% lower than normal. September precipitation is expected to be normal, but the 4-month monsoon season may end up being below-average.

Monsoon rains irrigate about ½ of India's farmland, so any disruption in addition to the onset of El Nino (drier) conditions could be detrimental to an already precarious domestic balance sheet situation.

Logistics. Levels on the Mississippi River continue to drop, limiting grain flow out of the Gulf for the second year in a row. This combined with issues at the Panama

Canal could cause problems with our competitiveness out of the Gulf but could help demand out of the PNW in a big way.

As freight rates are surging, the river basis bids weakening as the Mississippi River levels drop. If this continues into harvest, which is likely given the current forecast, it ww will see soft basis bids for harvest delivery at the elevator as they fill up without the ability to ship.

The Midwest looks to remain hot and mostly dry in the 6-10 day forecast, and harvest pressure will soon be upon us. Weather is expected to remain less than ideal for grain finish, but likely to push up harvest progress. This leaves increasing uncertainty in yields.

On a closing thought: Have you ever heard the old trading adage that "oats knows"? The complete phrase is that "oats knows where corn goes". The oat market is often considered a precursor to where the corn and wheat markets are likely to be heading. In August the oat market has rallied \$1.00 per bushel from August 8th to 30th, while we have seen much the opposite direction in the wheat and corn markets. From a top in the oat market around \$5.20 on August 30th, it has slipped back to \$4.86 to finish the month. Will wheat and corn follow? Watch oats for foreshadowing of what is to come.

Have a nice weekend! ☺

➤ **Erdogan and Putin meet in effort to rejuvenate Ukraine grain deal**

3 September 2023 - Turkish President Recep Tayyip Erdogan and Russian President Vladimir Putin met Monday to discuss Russia's potential re-entry into the Black Sea grain deal. The agreement, which allows grain from Ukraine to be shipped to food-scarce countries around the world, was upended this past July after Russia exited the pact, a year after Turkey brokered the deal in conjunction with the United Nations. However, during the pair's meeting in the Russian resort town of Sochi, Putin told Erdogan that he was "open to negotiations" in regards to Russia re-joining the Black Sea deal. Erdogan replied that this message "will be an important step for the whole world, especially for African countries."

➤ **Food security emerges as top priority for China**

14 August 2023 by Chris Lyddon, *World Grain* - China is the world's leading wheat producer, but poor weather in the spring as the growing season neared its end impacted quality and came as a painful reminder of the unpredictability of food production. The Chinese government is moving to ensure food security with a new law designed to ensure self-sufficiency in major agricultural commodities.

In its latest Grain Market Report, published June 29, the International Grains Council (IGC) put China's wheat production in 2023-24 at 139 mmts, a 1% year-on-year increase, keeping China as the world's biggest wheat producer.

"China's winter wheat harvest neared completion by late June, similar to normal, with fieldwork accelerating under recent warmer, drier weather," the IGC said. "While

earlier excessive rains are expected to have a detrimental impact on quality in some areas, most notably in Henan province, yield assessments are unchanged."

It also forecasts an increase in Chinese feed use of wheat to 32 mmts, up from the previous year's 27 million, as "private estimates suggest that a significant portion of 2023-24 production could be unfit for food use due to rain-induced quality issues, with the inferior quality supplies reportedly attractively priced against alternatives, including maize."

Food security is included as an aim of the 14th Five Year Plan (2021-25), with a target to produce 650 mmts of grain during the period.

"Reported crop quality issues are expected to underpin China's demand for imported milling grade supplies, with purchases tentatively pegged at 12 mmts, 4.5 million higher month on month but 2 million below the prior year's record forecast," it also said.

In a July 5th update, the USDA) attaché reported that the wheat harvest concluded nationwide in late June. "On a national scale, production is expected to be comparable to last year despite recent poor weather," the report said. "The extent of the weather impact on crops in the regions most affected is not yet measurable."

From May 25th – 30th, Henan, China's top wheat-producing province, experienced six days of continuous heavy rainfall immediately preceding harvest, the USDA explained. The result was "a large area of lodging, water logging, wheat sprouting, blight and mold."

"Provincial authorities asked farms to expedite harvest starting from May 23, but dampened soil prevented combine work and a shortage of drying spaces and facilities limited post-rain remedies," the USDA said. "Henan provincial authorities encouraged feed mills and ethanol producers to buy sprouted wheat. Continuous rains in late May and early June impacted more than 30% of the new crop wheat in parts of other provinces with major production."

The attaché forecast that 2023-24 consumption of wheat as feed will return to 2021-22 levels "due to the above-mentioned quality issues." The report also predicted that 2023-24 wheat consumption as a staple food will be weaker than 2022-23 "as the end of COVID controls revives the catering industry, which features more meat and vegetable consumption than staple food consumption."

"Industrial use is forecast to increase due to larger issues with mold and sprouted wheat," the report said.

Food security is included as an aim of the 14th Five Year Plan (2021-25), with a target to produce 650 mmts of grain during the period.

"China's food production has improved steadily. Last year, we saw the 17th consecutive bumper harvest," China Daily quoted Liang Yan, deputy head of the National Food and Strategic Reserves Administration, as saying, in an article on April 5th.

The plan refers to "comprehensive food production capacity," and includes "specific arrangements for the implementation of a food security strategy, including improving the whole industrial chain for grains, from production to purchase, storage,

processing and sale," it said, also emphasizing that China will draft food security laws.

"The supply of food in the Chinese market is generally good and grain reserves remain at a relatively high level," Liang said. "Even during the COVID-19 pandemic, the food market and supply in China remained stable."

Per capita grains stocks were at 470 kilograms, compared with an international average of 400 kilograms.

"But still, we should keep alert on food security as the current international situation is undergoing extensive and profound changes," Liang added.

She also noted global limits on farmland and water and the food supply uncertainties created by natural disasters and stressed the importance of food safety.

"We should improve related facilities and give industrial support a stronger role to play to further guarantee the country's food security, aiming for green and sustainable development of the whole food production chain," she said.

Rural modernization plan

China's State Council issued a circular on February 11th, 2022, announcing a plan to "advance agricultural and rural modernization during the 14th Five-Year Plan period (2021-2025)."

The aim is that by 2025, supply of grain and other staple agricultural products will be guaranteed, with quality, efficiency and competitiveness of agriculture industry enhanced, and new progress made in rural infrastructure construction.

"With better rural ecology environment and higher income of rural residents, anti-poverty achievements will be consolidated and expanded by 2025," it said. "The country is expected to make decisive progress in comprehensive rural revitalization, and generally achieve agricultural and rural modernization by 2035, according to the plan.

"The plan has specified tasks to stabilize grain acreage, optimize structure of grain species, beef up farmland protection to guard the red line of 1.8 billion mu (120 million hectares) of arable land and promote high-standard farmland construction."

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China plans to "enhance construction of functional areas for grain production, protect zones for important agricultural products, and strengthen areas for special agricultural products." The plan also calls for disaster prevention and relief, market adjustment for important agricultural products to be strengthened with stabilized supply chains of international agricultural products to enhance anti-risk ability of the sector.

Plans include to "strengthen scientific and technological support for modern agriculture, boost development of seed industry, and improve abilities for agricultural equipment research and application." The plan also outlines establishment of a modern rural industry system to keep the main body of industrial chains in county regions to create more jobs and benefits for farmers.

The government also aims to improve transport, services and the environment in rural areas, pushing forward the "transformation of rural production and living into a green and low-carbon style."

At the same time, it will "increase resource utilization efficiency, work for cleaner environment at production places, stable ecological system and harmonious co-existence between man and nature." The plan also stresses the need for an "effective connection between consolidation of poverty eradication and rural revitalization, and integrated urban-rural development."

The Xinhua news agency quoted Minister of Agriculture and Rural Affairs Tang Renjian as saying at a press conference that "China's grain security is fully guaranteed," with sufficient grain inventories and sound production and sales.

Tang said the mechanization rate of farming and harvesting had reached 71% while the amount of chemical fertilizers and pesticides applied to crops had fallen for four consecutive years. Even so, supply and demand for grain were in a "tight balance," the minister said, urging improved breeding,

branding and standardization of agricultural production to make a broader range of quality products available to consumers.

Trade war exposes vulnerabilities

Wendong Zhang, assistant professor at Cornell University's Charles H. Dyson School of Applied Economics and Management, explained to World Grain that "this plan will help stabilize and boost the production of grains, especially those food crops."

"There are efforts to de-risk and maintain the acres of prime farmland for food security purposes," he said. "This is in part responding to the vulnerabilities exposed in the US-China trade war. There are also clearly efforts outlined to improve the seed technology through more investments in genome editing capabilities and enhancing national and regional breeding capacity for crops and livestock. There is also a broader concept emerging to consider agri-food system as a whole as opposed to just focusing on the grains."

Consumption, he suggested, is being driven more by income trends, with Chinese consumers eating more meat and consumer-oriented products such as fresh fruits and vegetables, cheese and wine, and caring more about food safety attributes such as organic and fewer additives.

"The plan does not change the consumption pattern much," Dr. Zhang said. "In addition to food grains, there are efforts to boost domestic production of higher-quality rice and wheat products and corn for silage, which could help with processing and feed needs."



He pointed to increasing consolidation in the Chinese food processing sector, pointing out that “for example, the top 10 publicly listed hog firms increased their share of total hogs slaughtered from 7% in 2017 before African swine fever to more than 17% in 2021,” while firms in the sector also are becoming increasingly vertically integrated.

“Long-term China wants to diversify the importer portfolio, especially away from the US,” the Chinese expert added. “That said, China has super high self-sufficiency goals for food grains like rice and wheat for which they want to maintain a greater than 97% self-sufficiency rate.

“So, I don’t think rice and wheat imports will be very significant. China did increase significantly the imports of feed grains from the central Asian countries and others along the Belt and Road initiative, and the recently fully implemented RCEP (Regional Comprehensive Economic Partnership, a trade agreement involving Australia, Brunei, Cambodia, China, Indonesia, Japan, South Korea, Laos, Malaysia, Myanmar, New Zealand, the Philippines, Singapore, Thailand, and Vietnam) will help this diversification effort, especially on specialty rice imports.”

Food security law

The Chinese government also has proposed a new law on guaranteeing food security. According to an article published by the National People’s Congress on the WeChat social media site on June 28, the General Secretary Xi Jinping has “pointed out that only by firmly ensuring food security can we secure the initiative for national rejuvenation.”

The draft of the Law of the People’s Republic of China on Ensuring Food Security, designed “to guarantee effective food supply, ensure national food security, and enhance the ability to prevent and defend against food security risks,” according to writer Gong Yixi from the People’s Congress Multimedia, “was submitted for deliberation at the third session of the Standing Committee of the 14th National People’s Congress on June 26.”

The law includes provisions on protecting farmland, food production, food reserves, food circulation, food processing, food emergencies, food conservation, supervision and management. It starts with an introduction pointing out that China’s current overall food supply situation is good, “with consecutive years of abundant harvests, sufficient stockpiles, and ample market supply,” according to the WeChat article, but also noting that demand for food is increasing and there are challenges to food security, citing “a shortage of arable land, overall low quality of land, increased difficulty in ensuring stable production and increased output of food, the need to improve the reserve system, the need to enhance the circulation system, the need to upgrade processing capabilities, the need to strengthen emergency preparedness, and the need to regulate conservation and reduction of food waste,” as examples.

The draft, “comprehensively implements the national food security strategy, and focuses on the national situation and food situation in China, aiming to construct a comprehensive and sound system for ensuring food security,” it said. “It also adopts a problem-oriented approach to solidify the foundation of food security from all aspects, effectively enhancing the ability to prevent and defend against food security

risks and ensure that the Chinese people firmly hold their rice bowls in their own hands.”

The draft law also calls for the setting up of a “national agricultural genetic resources bank and the establishment of a seed reserve system,” the article said. “It encourages the promotion and popularization of mechanized technology in food production, strengthens the construction of the agricultural technology extension system, and enhances the capacity for disaster prevention, reduction, and relief in food production.”

It also calls for the establishment of a government food reserve system.

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➤ **Is a global food crisis the new normal?**

From Indian rice to Australian wheat, climate change is hitting yields, adding to food shortages and price spikes caused by the war in Ukraine. But there’s a way around it, analysts say.

29 August 2023 By Somesh Jha, Aljazeera - When India halted the exports of non-basmati white rice in late July to control soaring prices domestically and ensure its local availability, the country had an explanation ready.

The ban, coming from the world’s largest rice exporter, was always going to send panic waves across the global markets as dozens of countries, especially in Asia and sub-Saharan Africa, depend on Indian rice.

But India said its hand was forced by “high international prices due to geo-political scenario[s], El Nino sentiments and extreme climatic conditions in other rice producing countries”. The export ban affects one-fourth of the country’s rice exports.

Coming soon after Russia walked out of the Black Sea grain deal amid its continuing war in Ukraine, the curbs on India’s exports threaten to trigger a broader food crisis.

Yet, the ban raises deeper questions. Unusual weather patterns, geopolitical tensions and low yields due to climate-related factors are colliding with increasing frequency, leading to spiralling prices and mounting prospects of hunger.

A searing heat wave in 2022 crushed India’s wheat production: New Delhi imposed a ban on exports that the world’s second-largest wheat producer still has not lifted more than a year later. This is also the second year in a row that India has restricted rice exports.

Argentina, the planet’s biggest soy exporter and a top corn producer, has been suffering from its worst drought in 60 years, leading to sharp cuts in yields.

Indonesia, the world’s largest exporter of palm oil, banned its exports briefly last year amid rising prices, triggering a global scramble for edible oils, especially with Ukraine’s supplies of sunflower oil also disrupted because of the war.

Brazil, a major producer of soy oil, has also suffered from droughts in recent years, while 2021 brought Canada’s lowest yield of canola oil in 14 years.

So, is a perpetual food crisis the new normal? And what can the world do about it?

The short answer: A confluence of extreme weather conditions, export curbs and geopolitical fissures could place the planet's food security at perpetual risk. However, experts say there is a solution. Allowing free trade and using better varieties of crops that can withstand climate change better can help mitigate future crises.

Growing export curbs

Rice is the staple food of more than half of the world's population and more than 500 mmts are consumed every year. India accounts for 40% of global rice exports, with other key players being Thailand, Vietnam, Pakistan and the United States.

The variety of rice – non-parboiled, non-basmati – whose exports have been banned by India formed about 10% of the global market in the last two years, Shirley Mustafa, a rice market analyst at the United Nations's Food and Agriculture Organisation (FAO), told Al Jazeera.

This rice "is destined to very specific regions, including Malaysia, Saudi Arabia, the United Arab Emirates, Nepal and Bangladesh," she said. "Recently, African buyers have emerged as leaders in buying this type of rice, including Cameroon, Madagascar and Côte d'Ivoire."

But India has also introduced a 20% export tax for parboiled rice, in effect enforcing restrictions on all non-basmati rice – 80% of the country's total rice exports.

Such export restrictions destabilise the markets, Mustafa said. They lead to a price rise globally, particularly affecting poor countries who look to buy more rice fearing a supply crunch.

To understand the demand for rice, consider what India did last year. In September 2022, India tried to discourage international buying of non-basmati white rice through a tariff to ensure adequate domestic supplies. But the strategy failed. Despite the tax, the export of this variety of rice from India grew by 25% between September and March compared with the previous year.

Now, with India banning the export of some rice altogether, global prices have soared further. Rice prices reached their highest levels in July since September 2011, according to the FAO's All Rice Price Index.

"The price for Thai white rice, which is seen as the benchmark price for rice, went up by about 14% since India's announcement," Joseph Glauber, a senior research fellow at the International Food Policy Research Institute, told Al Jazeera.

But India is not the only country with export-curbing measures in place. In total, 20 countries have imposed export restrictions on major food commodities, according to the World Bank's latest food security update, in July 2023. Afghanistan has banned the export of wheat, Bangladesh of rice and Cameroon of vegetable oil and cereals, while countries such as Russia and Uganda have imposed export taxes on some products like sunflower oil, wheat, barley, maize and rice.

These trade-restricting policies have particularly surged since Russia's full-scale invasion of Ukraine in February 2022.

A family sit on a rock in front of a cargo ship anchors in the Marmara Sea awaits to access to cross the Bosphorus Straits in Istanbul, Turkey, on July 13, 2022. Shipping companies are not rushing to export millions of tons of trapped grain out of Ukraine, despite a breakthrough deal to provide safe corridors through the Black Sea. That is because the waters are mined, ship owners are still assessing the risks and many still have questions over how the deal will unfold. (AP Photo/Khalil Hamra, File)

'Increasing hunger'

Prices of food staples like wheat, maize, rice and oil seeds have risen since the COVID-19 pandemic in 2020 disrupted global supply chains, after years of relatively stable costs, Matin Qaim, a professor of food and agricultural economics at Germany's University of Bonn, told Al Jazeera.

Russia's full-scale invasion of Ukraine made things worse, with global food prices at an all-time peak in March 2022, according to the FAO's index. "We had not seen such increases since 2007-08 and 2011," Qaim said.

Before the war, Russia and Ukraine accounted for 34% of global exports of wheat, 27% of barley, 17% of maize and 55% of sunflower oil. Some regions in particular had a high dependency on imports from these two countries. North Africa and the Middle East received 50% of their cereal supplies from Russia and Ukraine.

Russia's military blockade of the Black Sea port brought Ukrainian exports to a near-halt between March and July 2022 before the United Nations and Turkey brokered a landmark deal with Kyiv and Moscow to resume exports. More than 32 mmts of corn, wheat and other grains were

exported by Ukraine between July 2022 and July 2023.

But on July 17, Russia decided to not renew the initiative, potentially hitting Ukraine's planned grain exports of 45 mmts by half.

"I am concerned that some of the progress we have been making [in terms of food security] in the last two decades has come to a halt," Qaim said. "We are now rather seeing increasing hunger numbers and this threatens to impact the sustainable development goal of ending hunger and all forms of malnutrition by 2030."

About 9.2% of the world's population – between 691 million and 783 million people – faced hunger in 2022, significantly higher than 7.9% in the pre-pandemic year of 2019, according to the FAO's 2023 State of Food Insecurity and Nutrition in the World report.

Amplifying that food crisis is a phenomenon playing out in the form of wildfires in Canada and Europe, drought in South America and East Africa, and floods in China and arid parts of California – climate change.

Too hot, too dry, too wet



As devastating floods swept across large parts of Pakistan in 2022, water swamped farmlands the size of the Czech Republic, damaging more than 80% of the country's crops and pushing it into a food crisis.

At the other end of the extreme weather phenomena the world is confronting with increasing regularity are Argentina and Spain, which have faced unprecedented droughts in 2023.

Now, Australia is reportedly bracing for a dramatic 34% decline in its wheat yield this year, with the world's fourth-largest exporter of the grain expecting arid El Niño conditions. Heat is also affecting the US corn yield as well as wheat production in Europe and Canada, according to the New York-based artificial intelligence-related agro-industry analysis firm Gro Intelligence.

Kenya, Somalia, Uganda, Tanzania, Haiti, Chile and Bolivia are also expected to see lower crop yields due to the unfavourable weather conditions this year.

To be sure, declines in production in one part of the world can, in theory, often be compensated by bumper yields in other countries.

"Weather extremes do impact crop production but the impact is not symmetrical across the globe at the same time," Bharat Ramaswami, a professor of economics at Ashoka University in the New Delhi suburb of Sonapat, told Al Jazeera. "The global food supply does not change much in the unaffected part of the world. A global food system can manage such shortages given there is enough cooperation between countries and we allow food to move freely."

While drought conditions led to lower wheat and maize yields in the US and in some Asian countries in 2021 and 2022, for instance, Australia reported bumper wheat outputs in those years.

Yet, the free movement of food supplies Ramaswami advocates is today under stress because of export controls and geopolitical tensions. And the science is clear: In the long run, rising temperatures will lead to a decline in the yields of the most consumed crops, like rice, wheat, maize and soybean.

What's needed

Both those challenges – export controls and declining yields – can be addressed, according to analysts. What is needed is a global strategy.

Ramaswami said global food stocks have remained at similar levels for the past few years and the FAO's latest forecasts, in June 2023, have actually shown a rise in production and stocks for basic agricultural commodities.

"A coordinated action is required by exporters to reassure especially the poor countries that we will not shut off supplies arbitrarily and that their interests will not be sacrificed," he said. "This will restore faith in the global trading system since world trade is vulnerable to political risks and perceptions."

At the same time, Qaim said that crop production systems must be improved and countries must use better and more resilient seeds, focusing on crops that are more resilient to extreme weather conditions. This, in turn, means that countries need to invest more in research and technology in agriculture. "With the right steps in the medium and longer term, the looming food crisis can be avoided," Qaim said.

Traditional climate-smart crops, which can withstand extreme temperatures, are slowly making a comeback. Millets, once a staple in Africa and many parts of Asia, have seen an increase in exports in recent years. The UN has designated 2023 as the International Year of Millets, with a slew of promotional activities aimed at highlighting the nutritional (they are rich in protein and micronutrients) and climate-friendly characteristics of these ancient grains.

Meanwhile, scientists are developing drought-tolerant varieties of rice, wheat, maize and other important crops. None of these will replace the grain varieties currently used widely around the world any time soon, yet they offer a potential, long-term solution.

It is a race against time – and growing hunger.

➤ **Canadian farmers to produce less crops due to dry conditions**

29 August 2023 *Xinhua* - Canadian farmers are projected to produce less wheat, canola, barley and oats in 2023, according to recent yield model estimates using satellite imagery and agroclimatic data, Statistics Canada said Tuesday.

The decreased production for most crops was driven by lower yields because of dry conditions in western Canada across much of the Prairies, the national statistical agency said.

Wheat production is projected to decrease by 14.2% year over year to 29.5 mmts in 2023. The yields are expected to fall by 18.6% to 41.2 bushels per acre, offsetting higher anticipated harvested area, which is expected to rise 5.6% to 26.3 million acres.

Canola production is expected to fall by 6.1% to 17.6 mmts in 2023. The yields are expected to fall 8.8% to 35.4 bushels per acre, while harvested area is expected to increase 3% to 21.9 million acres.

Barley production is expected to fall by 20.7% to 7.9 mmts in 2023 and oat production is to fall by 53.5% to 2.4 mmts, the lowest production in more than a decade.

Meanwhile, corn for grain production is projected to increase by 1.3% to 14.7 mmts in 2023 and soybean production is expected to rise by 2.9% to 6.7 mmts due to higher harvested areas, the agency said.

Statistics Canada has relied on satellite technology and agroclimatic data to model preliminary crop yields and production since 2016.

U.S. DOLLAR & FOREIGN EXCHANGE

➤ U.S. Dollar Index – Daily Nearby



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

➤ Major Foreign Exchange Rate Indicators: as of the 30th of August 2023

	TW	LW	Year ago	% Chg, yoy
US Dollar Index	103.531	103.563	108.835	- 5
Arg. Peso	349.9500	350.0000	138.320	+ 153
Aus. Dollar	1.5485	1.5569	1.4480	+ 7
Brazil Real	4.8566	4.9370	5.0283	- 3
Canada Dollar	1.3589	1.3547	1.3000	+ 5
Euro	0.9219	0.9222	1.0005	- 8
Japan Yen	146.0100	145.7800	138.7400	+ 5
Russia Rouble	94.3750	93.2500	60.2500	+ 57

Source: International Grains Council

Monetary Policy - The next US FOMC (Federal Open Market Committee is a branch of the Federal Reserve System) meeting will be held on September 19-20, 2023. The Fed hiked interest rates by 25 bps to 5.25%-5.50% at its July 2023 FOMC meeting, continuing an aggressive campaign of nearly one dozen rate hikes, intended to damp rising inflation.

➤ Dollar Recovers Early Losses as Bond Yields Climb

1 September 2023 by Rich Asplund – The dollar index Friday rose +0.58%. The dollar Friday recovered from early losses and moved higher as T-note yields rose on the stronger-than-expected U.S. August ISM manufacturing index. Also, hawkish comments Friday from Cleveland Fed President Mester supported the dollar.

The dollar Friday initially moved lower after the U.S. Aug unemployment rate unexpectedly rose to a 1-1/2 year high.

U.S. Aug nonfarm payrolls rose +187,000, stronger than expectations of +170,000. However, the Aug unemployment rate unexpectedly rose +0.3 to a 1-1/2 year high of 3.8%, showing a weaker labor market than expectations of no change at 3.5%. Aug average hourly earnings eased to +4.3% y/y from +4.4% y/y in July, right on expectations.

The U.S. Aug ISM manufacturing index rose +1.2 to a 6-month high of 47.6, stronger than expectations of 47.0.

U.S. July construction spending rose +0.7% m/m, stronger than expectations of +0.5% m/m.

EUR/USD Friday fell -0.62%. A stronger dollar on Friday weighed on the euro. Also, Friday's Eurozone economic news undercut EUR/USD after the Eurozone Aug S&P manufacturing PMI was revised lower, and Italian July producer prices fell by the most on record, a dovish factor for ECB policy.

ECB Governing Council member Villeroy said we are close or very close to an interest rate peak, and keeping rates high for long enough matters more.

The Eurozone Aug S&P manufacturing PMI was revised lower by -0.2 to 43.5 from the initially reported 43.7.

Italy's July PPI eased to -13.8% y/y from -8.2% y/y in June, the fastest pace of decline since the data began in 2001.

USD/JPY Friday rose +0.43%. The yen retreated from a 3-week high against the dollar Friday and turned lower after the stronger-than-expected Aug ISM manufacturing report pushed T-note yields higher. The yen was also under pressure from weaker-than-expected Japanese capital spending and manufacturing activity reports.

Japan Q2 company profits unexpectedly rose +11.6% y/y, stronger than expectations of a -0.1% y/y decline. Japan Q2 capital spending rose +4.5% y/y, weaker than expectations of +8.3% y/y. Q2 capital spending ex-software rose +4.4% y/y, weaker than expectations of +7.5% y/y.

The Japan Aug Jibun bank manufacturing PMI was revised lower by -0.1 to 49.6 from the initially reported 49.7.

October gold Friday closed +1.40 (+0.07%), and December silver (SI23) closed -0.250 (-1.01%). Precious metals prices Friday settled mixed, with gold posting a 3-1/2 week high. Gold found support Friday from the U.S. Aug payroll report that

showed the unemployment rate unexpectedly rose to a 1-1/2 year high, a dovish factor for Fed policy. Silver also garnered carryover support from a rally in copper prices to a 4-week high Friday on stronger-than-expected manufacturing news in China and the U.S., a sign of strength for industrial metals demand. However, metals prices fell back from their best levels, with silver falling into negative territory after the dollar index rallied. Also, higher T-note yields on Friday undercut precious metals prices.

➤ China's struggling economy drags yuan toward its lowest level of 2023



3 September 2023 by Archishma Iyer in Bengaluru; Editing by Christopher Cushing, Reuters - U.S. markets closed for Labour Day

- HIGHLIGHTS:
- South Korean won leads gains in Asian FX
- Indonesia rupiah, Malaysian ringgit fall as Indonesia's benchmark 10-year bond yield steady at 6.383%
- After Country Garden debt deal, focus shifts to China property recovery
- US expects to upgrade Vietnam ties, risks
- China anger Asia stock indexes and currencies at 0417

Asian shares rose while currencies treaded water against the U.S. dollar on Monday, with South Korea's won rising most, as investors cheered additional stimulus measures in China and bet the U.S. Federal Reserve's interest rate hike cycle has peaked. Lackluster trading persisted across the region since markets in the United States were closed on account of a public holiday.

China has doubled down on stimulus measures to propel its COVID-19 ravaged economy, including relaxing home-purchase restrictions in a real estate sector that has been in a downward spiral for the last two years.

Elsewhere in the region, the won logged the most gains, rising more than 0.1%, while the Singapore dollar and Chinese yuan firmed about 0.1% each. However, the Indonesian rupiah, Malaysian ringgit and Taiwanese dollar lost ground against the U.S. dollar, losing 0.1% to 0.2%.

"I think by and large there should be continued pressure on Asian currencies, but they are more closely tied to China," Alvin Tan, Head of Asia FX Strategy at RBC Capital Markets said. "Taiwan dollar and the Malaysian ringgit will continue to be dragged way down, while others like the Indian rupee, which is kind of independent, could do better."

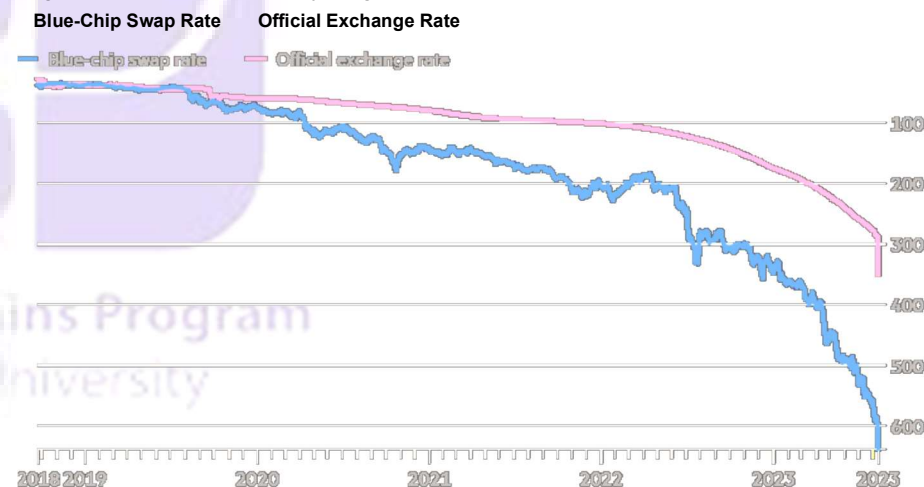
Multiple Asian equities advanced, with stocks in South Korea, Singapore, Taiwan and China rising 0.2% to 1%. Risk confidence was buoyed as a rise in unemployment rate in the U.S. countered a positive jobs growth report, pointing to the Fed opting not to raise rates in its upcoming Federal Open Market Committee meeting.

Market movement now implies a 93% chance of rates staying steady this month and a 67% chance of the entire tightening cycle being over.

Locally, investors will also watch for inflation data from China, Thailand and the Philippines this week to gauge how the respective central banks react in the face of continued elevated inflation.

➤ Argentina raises interest rate, devalues peso after shock election

Argentina devalues currency as gap between official and unofficial rate widens



Source: Bloomberg

14 August 2023 Reuters - Argentina's central bank will raise the benchmark interest rate to 118% from 97% previously, an official source said Monday, adding the country's currency will be devalued to 350 pesos per dollar in the aftermath of a shock primary election.

Sunday's primary vote, seen as a reliable bellwether for the upcoming presidential elections, propelled ultra-right libertarian outsider Javier Milei, who wants to axe the central bank and dollarize the economy, to first place with some 30% of the vote.

The official peso plunged nearly 18% on Monday morning to just over 350 pesos per dollar and the source said the exchange would be fixed at this rate until the October presidential vote.

Latin America's third-biggest economy is battling a severe economic crisis with sky-high inflation and dwindling central bank reserves.

(Reporting by Walter Bianchi, Jorge Otaola and Adam Jourdan; Editing by Anthony Esposito)

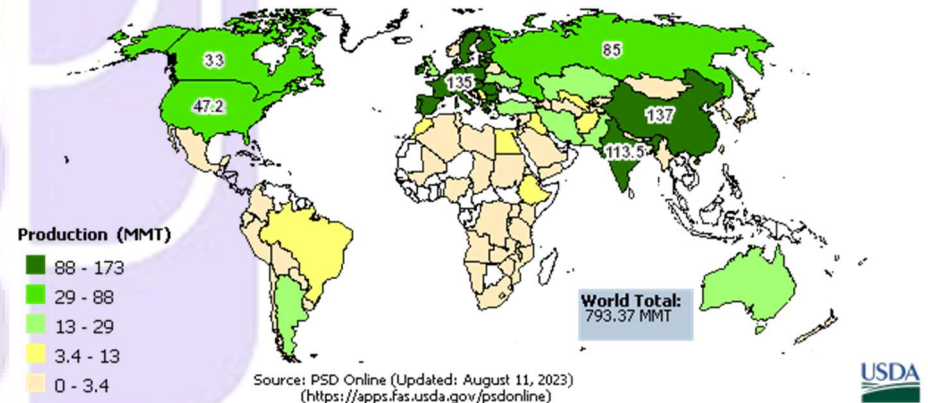
WHEAT

World Wheat Supply & Demand Outlook

Wheat World as of August 2023							
Attribute	23/24 Aug'23	Change	23/24 Jul'23	22/23	21/22	20/21	19/20
Area Harvested (1000 HA)	224,054	+2622(+1.18%)	221,432	220,887	221,898	220,432	215,373
Beginning Stocks (1000 MT)	268,308	-1003(-.37%)	269,311	272,604	284,077	297,901	284,228
Production (1000 MT)	793,373	-3293(-.41%)	796,666	789,967	781,027	773,449	759,391
MY Imports (1000 MT)	207,388	-570(-.27%)	207,958	211,006	199,365	194,095	188,388
TY Imports (1000 MT)	207,400	-570(-.27%)	207,970	209,794	201,084	194,198	189,466
TY Imp. from U.S. (1000 MT)	0	-	0	20,061	21,249	26,550	26,255
Total Supply (1000 MT)	1,269,069	-4866(-.38%)	1,273,935	1,273,577	1,264,469	1,265,445	1,232,007
MY Exports (1000 MT)	209,390	-2230(-1.05%)	211,620	218,559	202,854	203,451	194,558
TY Exports (1000 MT)	211,849	-2550(-1.19%)	214,399	213,985	205,261	199,613	195,101
Feed and Residual (1000 MT)	156,629	-500(-.32%)	157,129	156,695	161,132	163,408	139,466
FSI Consumption (1000 MT)	637,440	-1217(-.19%)	638,657	630,017	627,879	614,509	600,082
Total Consumption (1000 MT)	794,069	-1717(-.22%)	795,786	786,712	789,011	777,917	739,548
Ending Stocks (1000 MT)	265,610	-919(-.34%)	266,529	268,306	272,604	284,077	297,901
Total Distribution (1000 MT)	1,269,069	-4866(-.38%)	1,273,935	1,273,577	1,264,469	1,265,445	1,232,007
Yield (MT/HA)	3.54	(-1.67%)	3.60	3.58	3.52	3.51	3.53

Source: USDA PS&D

2023/2024 Wheat Production



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

2023/24 International Overview

15 August 2023 USDA ERS - The 2023/24 global wheat production is forecast down 3.3 mmts to 793.4 mmts with smaller crops forecast for China, the European Union (EU), and Canada, partially offset with upward revisions for Ukraine and Kazakhstan .

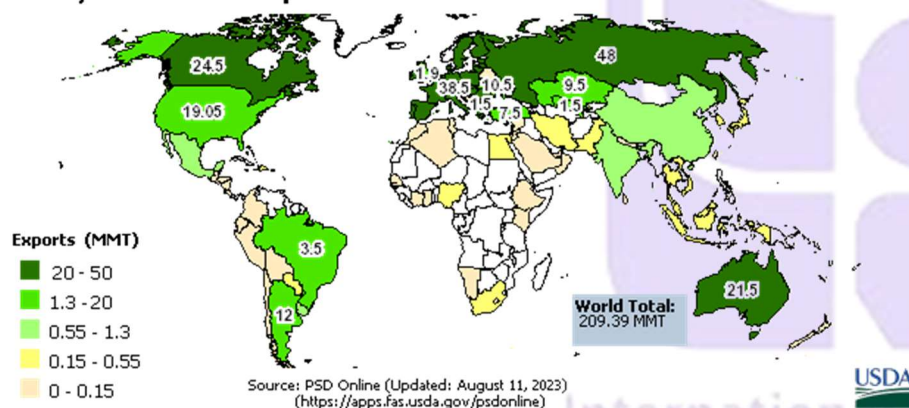
- National Bureau of Statistics of China showcased lower yields due to late season rains. Production in China is forecast down 3.0 mmts to 137.0 mmts.
- European Union production is down 3.0 mmts to 135.0 mmts with most of the change coming from the Baltic countries and Spain.

- Canadian yields are lowered (-0.19 metric tons per hectare to 3.11) because of drought conditions in Alberta.
- Ukraine's production is boosted on beneficial growing conditions, particularly in the Forest Steppe region, resulting in improved yields (+0.31 metric tons per hectare to 4.38). Kazakhstan's production is raised as higher area harvested (+1.1 million hectares to 13.6 million) is only partially offset by lower yields.

2023/24 global wheat consumption is down 1.7 mmts to 794.1 mmts driven largely by lower food, seed, and industrial (FSI) use (-1.2 mmts to 637.4 mmts). To match the statistics presented in the World Agricultural Supply and Demand Estimates (WASDE) report, adjusted consumption is calculated based on the differences between exports and imports on a local marketing year (MY) basis. This difference, or the unaccounted trade, is lowered 1.7 mmts to 2.0 mmts for 2023/24 as MY imports are lowered less than MY exports. Total consumption plus unaccounted trade results in an adjusted consumption of 796.1 mmts, down 3.4 mmts from the July estimate.

FSI use in China is lowered 1.0 mmts to 116.0 mmts because of smaller domestic production. Global feed and residual use is down 0.5 mmts to 156.6 mmts. Feed and residual use in the EU is lowered 2.0 mmts to 43.0 mmts on a smaller crop. This is partially offset by upward revisions for Ukraine (+1.0 mmts to 3.5 mmts) and Kazakhstan (+0.4 mmts to 2.0 mmts); both countries are projected to have larger crops.

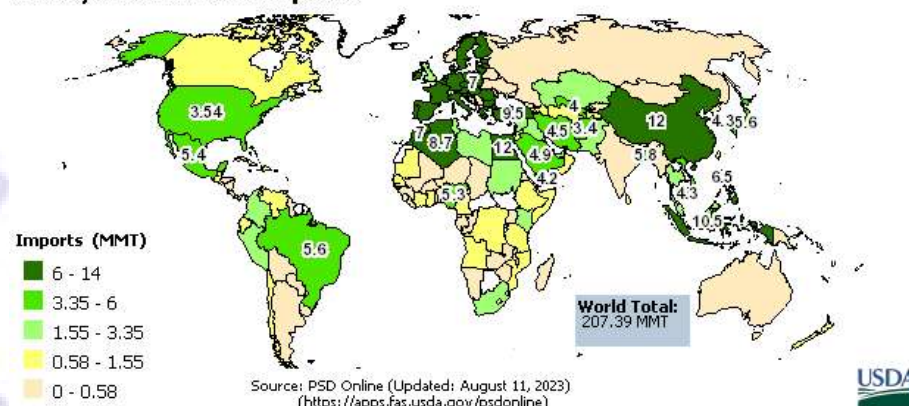
2023/2024 Wheat Exports



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

Global wheat trade in trade year 2023/24 (July/June) is forecasted lower at 211.8 mmts. Expectations for smaller crops and fewer exportable supplies in Canada and the United States are only partially offset by projections for higher exports from Russia. Despite an increase in production for Ukraine, exports remain unchanged at 10.5 mmts as the Black Sea Grain Initiative (BSGI) ended on July 17th.

2023/2024 Wheat Imports



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

Imports are forecast lower with reduced demand in Indonesia and Turkey. Projected 2023/24 global ending stocks are lowered 0.9 mmts to 265.6 million, the lowest since 2015/16.

Month-to-month change in 2023/24 wheat trade, August 2023

Attribute	Country/region	2023/24 July (MMT)	2023/24 August (MMT)	Month-to-month changes (MMT)
Trade year exports	Canada	26.5	24.5	(2.0)
	Russia	47.5	48.0	0.5
	United States	20.0	19.0	(1.0)
	World total	214.4	211.8	(2.6)
Trade year imports	Indonesia	11.0	10.5	(0.5)
	Libya	1.4	1.6	0.2
	Nigeria	5.5	5.3	(0.2)
	Pakistan	2.2	2.0	(0.2)
	Turkey	10.0	9.5	(0.5)
	Uzbekistan	3.5	4.0	0.5
	World total	208.0	207.4	(0.6)
	Yemen	4.0	4.2	0.2

Notes: MMT = million metric tons; changes less than 100,000 metric tons are not included; month-to-month change is the difference between August 2023 and July 2023 estimates.

Source: USDA, Economic Research Service; USDA, Foreign Agricultural Service, Production, Supply and Distribution database.

Trade year (TY) imports are lowered 0.6 mmts to 207.4 mmts with lower imports for Indonesia and Turkey, only partially offset with an increase for Uzbekistan.

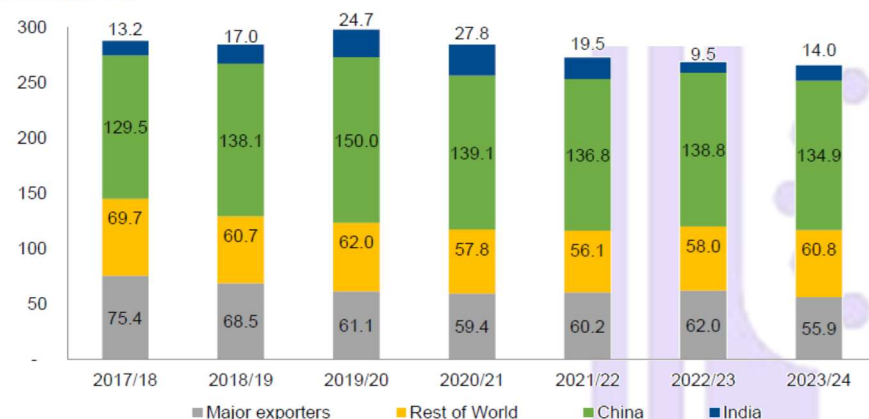
- In 2022/23, 46% of Indonesia's imports were covered by Australia and 20% by Canada. Both countries are projected to have a lower production in 2023/24 than last year which is expected to contribute to reduced imports for Indonesia.

- Turkey's wheat imports reached a record 12.5 mmts in 2022/23 and were sourced dominantly from the Black Sea region. The Government of Turkey lifted an import

duty for the 2022/23 trade year. However, the duty was reinstated for the private sector and is expected to limit the 2023/24 import potential.

Global ending stocks, 2017/18–2023/24

Million metric tons



Note: Major exporters include Argentina, Australia, Canada, the European Union, Kazakhstan, Russia, Ukraine, and the United States.

Source: USDA, Economic Research Service; USDA, Foreign Agricultural Service, *Production, Supply and Distribution* database.

Global ending stocks are lowered 0.9 mmts to 265.6 mmts largely driven by lower ending stocks for China—down 2.2 mmts to 134.9 mmts on reduced production (figure 8). Major exporters ending stocks are raised 1.2 mmts to 55.9 mmts.

Lower production in the EU lowers ending stocks down 1.5 mmts to 13.2 mmts. Record exports in Russia (48.0 mmts) pushes stocks down 1.0 mmts to 11.4 mmts. Larger crops provide relief for Ukraine and Kazakhstan's stocks, while uncompetitive pricing pushes U. S. exports lower and raises stocks 0.6 mmts to 16.7 mmts. Stocks in Argentina, Australia, and Canada remain unchanged.

Sowell, Andrew and Bryn Swearingen. *Wheat Outlook: August 2023, WHS-23h, U.S. Department of Agriculture, Economic Research Service, August 15, 2023.*

Global Wheat Prices Cooling on Larger Exportable Supplies

15 August 2023 USDA ERS - Wheat prices reached historic highs in May 2022. Since then, U.S. and global wheat prices have cooled as supply concerns in many key wheat exporting countries subsided.

Wheat export prices for the United States, Russia, and France in July 2023 are well below the peaks observed in May 2022 after Russia invaded Ukraine in February 2022.

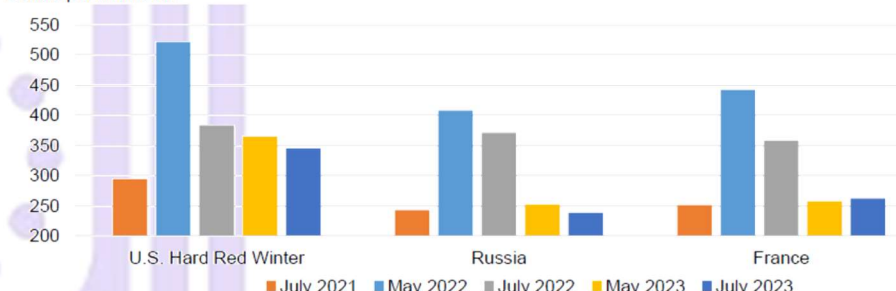
Large exportable supplies in Russia and France have contributed to low prices for those exporters. Russia's total is forecast above 100 mmts for the second consecutive year, despite lower production in 2023/24 due to large carryover stocks.

Wheat production for France in 2023/24 is forecast to recover from the dry condition in 2022/23.

A record crop in 2022/23 pushed Russia's prices down 36% from July 2022. While production in 2023

U.S. and competitor wheat export prices, monthly averages

Dollars per metric ton



Note: All prices are monthly averages of daily freight-on-board quotes. Hard Red Winter is 11.5 percent protein content for Gulf of Mexico ports. Quotes for Russia are for milling wheat at 12.5 percent protein content. Quotes for France are for Grade 1 wheat for Rouen ports. Protein levels not measured at standard moisture content across countries.

Source: USDA, Economic Research Service calculations using data from the International Grains Council.

/24 is lower, ample supplies and competitive pricing is forecast to push Russia to export a record 48.0 mmts.

Markets have recently reacted to the expiration of the Black Sea Grain Initiative on July 17th. Russia's subsequent attacks on Ukraine's port infrastructure were further reflected in global wheat prices. However, Ukraine is expected to continue shipping through alternative routes, so the price developments were relatively minimal compared to the more extreme swings observed at the start of the conflict.

In July 2023, prices in France were up slightly from May 2023, but 27% lower than in July 2022. U.S. Hard Red Winter wheat export prices decreased 10% in July 2023 from July 2022, and were 34% lower from May 2022, but are higher compared with other key exporters partly driven by ongoing drought in major U.S. growing regions.

Sowell, Andrew and Bryn Swearingen. *Wheat Outlook: August 2023, WHS-23h, U.S. Department of Agriculture, Economic Research Service, August 15, 2023.*

➤ China's milling industry targets growth

25 August 2023 by Chris Lyddon - China's milling sector has become more modern and concentrated in a five-year growth spurt, driven by investment by its biggest players, some of them among the world's largest processors of wheat.

The country is the world's leading producer and consumer of wheat. It is also the world's leading wheat miller, with more than 2,000 flour mills, including 300 large-scale modern plants, with a total capacity of 240 mmts (wheat equivalent) per year.

China's biggest wheat miller, Wudeli Flour Group, which has 20 mills across the country, is also the world's largest, with what will soon grow to daily capacity of

80,000 tonnes. In its 2019 annual report, milling machinery manufacturer Bühler highlighted its relationship with Wudeli.

“By any standards, the growth of Wudeli Flour Group from a family mill to a global manufacturer in just 30 years is impressive,” it said. “Zhiguo Dan was just 17 when he opened his first mill with his sister, brother, and father in 1989. Today, he is president of a company that operates (20) plants with a daily wheat processing capacity of 45,000 tonnes.” It noted that “under existing expansion plans, daily output is set to rise to 80,000 tonnes a day in the coming years, sufficient to supply one-third of China’s flour needs.”

China’s biggest wheat miller, Wudeli Flour Group, which has 20 mills across the country, is also the world’s largest.

Its growth includes the 19th of September 2021, launch of production at its largest single plant, with a daily processing capacity of 6,000 tonnes, at Zhamadian City, Suiping County, in southern Henan Province. The five-story plant houses 347 roll stands supplied by Switzerland-based Bühler, supplier of around 80% of the equipment in the Chinese company’s mills. The total number of staff at the new plant is 250, a number that has been kept down by the use of automated management software. There is concrete storage capacity for up to 150,000 tonnes of wheat.

The mill is designed to target growing urban demand for wheat-based food in the provinces south of the Yangtze River. Rice is the traditional staple crop in the region. However, Wudeli’s strategy is to locate its mills in grain producing areas, in contrast to some of its competitors, which have found locations close to urban customers.

The next largest miller is COFCO Group, with daily capacity of 35,000 tonnes, which lists 21 wheat processing plants among the 43 installations belonging to its COFCO Grains division, which it says, on its website, has “developed into a grain and food company with a fully integrated value chain from the field to the table,” from a rice business started in 1952.

Singapore-headquartered Wilmar International Limited has daily wheat processing capacity in China of 35,000 tonnes.

“Our China business is continuing on its growth plan,” it said in its latest annual report. “In 2022, we added a new edible oil refinery, a crushing plant, flour mills, rice mills, as well as oil, flour and rice packing plants.”

Wilmar plans to “build multiple integrated food park complexes and site most of them in our integrated manufacturing plants throughout China to address the growing need for efficient and quality food production,” it said. “We will adopt an open approach so that we can attract a broad tenant mix and bring together strategic ingredients suppliers, other food manufacturers and service providers.”

“The efficiency and scale of this approach will help achieve the synergies of the projects to produce good tasting, safe, consistent quality food products at lower costs,” Wilmar added.

Chairman and Chief Executive Officer Kuok Khoon Hong said in his message in the report that “our Central Kitchen Food Park project is making good progress.”

“Three projects, in Hangzhou, Zhoukou and Chongqing, have commenced operations in 2022, while another one in Xingping began operations in January 2023,” he said. “Another two food parks in Langfang and Shenyang will begin operations later this year.”

The daily milling capacity of Jinshahe Noodles Group is about 23,000 tonnes of wheat and a daily production capacity of 5,000 tonnes of noodles. It has more than 6,000 employees. Its headquarters is located in the center of the three provinces of Hebei, Shandong and Henan, giving it, according to its website, access to the “national high-quality wheat production base, which provides the company with high-quality grain sources, ensures the wheat flavor of dried noodles, and has a strong and smooth taste.”

It names the retailers Wal-Mart, Carrefour, RT-Mart, China Resources Vanguard, and Tesco among its customers, saying it exports to more than 80 countries and regions in Europe, America, Oceania and Africa.

Taken together, the top four milling companies have a daily milling capacity which represents almost 60% of the consumption of wheat in China.

Flour consumption rising

In an annual report on the grains sector dated April 6th, the USDA attaché, forecasting a slight increase in wheat consumption for food use in 2023-24, put the proportion of harvested wheat used for flour production each year at around 75%.

“Wheat flour consumption is directly linked with economic growth,” the USDA said. “With China reopening from COVID, PRC officials are focusing on recovering and expanding consumption.

“Officials recently set the 2023 GDP growth target at 5% which should support industry’s projection that flour mill operation rates increase by 5% to 8% to 48% to 52% of capacity. The diet of many young people in China continues to shift to consumption of more convenient and on-the-go foods such as bread and bakery products, which will continue to drive growth in the coming year.”

Imports will remain above the historical average, as China’s temporary wheat reserve is projected to fall to 35 mmts, down 12% year-on-year.

In a July 5th update, the attaché forecast 2023-24 wheat imports at 10 mmts, 2 million lower than the USDA’s June estimates, “due to lower projected global supply.” The report pointed out that China’s 2022-23 “wheat imports of close to 14 mmts significantly exceed the 9.636-million-tonne tariff rate quota (TRQ) that is part of the country’s World Trade Organization accession commitment,” adding that “more than 40% of the imported wheat is from Australia as of now.”

Imports will remain above the historical average, as China’s temporary wheat reserve is projected to fall to 35 mmts, down 12% year-on-year, the report said.

“The PRC (People’s Republic of China) didn’t use the wheat Minimum Support Program (MSP) procurement in the past three years due to strong domestic wheat prices, and sources report that authorities are eager to replenish storage levels as grain security remains a top priority,” the USDA attaché said.

"Most of the imported wheat is of higher quality and destined for flour production, and only a small percentage goes to feed mills," the USDA added. "Current prices are favorable for imports; June quotes for July-October delivery of US soft red winter wheat (SRW) are \$50 (RMB 350) per tonne cheaper than domestic wheat while US hard red winter wheat (HRW) are \$21 (RMB 150) per tonne more expensive. Both are popular varieties in China for flour mills to blend into high-end products or for bakery."

The attaché also forecast 2023-24 ending stocks at 139.7 mmts.

"The industry believes China's MSP wheat reserves are depleting quickly, but that overall government reserves are sufficient," the report said.

Feed milling

Looking at maize feed, the report said corn consumption in feed is forecast to increase slightly in 2023-24, adding that "the ratio of corn in feed rations is expected to increase again from the previous year."

"Low swine and pork prices in 2022 and the first half of 2023 have contributed to increased slaughter and declines in hog inventories," the USDA attaché said. "MARA (Ministry of Agriculture and Rural Affairs) noted that in the first four months of 2023 there was a 9% year-on-year growth in slaughter. Due to these factors, FAS China forecasts marginal increase in pork production in 2023."

China's feed industry has been importing large quantities of grain from Ukraine.

It added that trade data suggests that PRC chicken exports may remain steady in 2023 compared to 2022.

"Global highly pathogenic avian influenza (HPAI) outbreaks and the PRC's HPAI restrictions are expected to impact imports of white feather broiler genetics, which may hamper domestic white feather broiler production in 2023," the attaché said.

China's feed industry has been importing large quantities of grain from Ukraine, according to a June 23 attaché report. Citing information published by the United Nations Joint Coordination Centre, it said that "as of June 20, approximately one-quarter of all grain and oilseed volumes shipped under the Black Sea Grain Initiative (BSGI) were destined for the People's Republic of China (PRC), making it the single largest recipient of food and feed commodities."

"Under the plan, which allows for commercial food and fertilizer exports from eligible Ukrainian ports, approximately 32.1 mmts of food and feed grains and oilseeds have shipped to world markets," it said. "Of this volume, over 7.2 mmts were shipped to China, including 5.6 mmts of corn, 1.8 mmts of sunflower seed meal, 370,000 tonnes of sunflower oil, and 340,000 tonnes of barley."

Chris Lyddon is World Grain's European correspondent. He may be contacted at: cailyddon@gmail.com

US DNS 14% (PNW)	Sep	314	319	398	- 21
US No 2 SW (PNW)	Sep	268	276	366	- 27
Argentina 12% (Up River)	Aug	310	314	400	- 23
Australia ASW (Adelaide) c)	Aug	290	295	347	- 16
Australia APW (Adelaide) c)	Aug	304	309	374	- 19
Canada CWRS 13.5% (St. Law.)	Aug	312	323	387	- 19
EU (France) grade 1 a)	Aug	€ 232	€ 228	€ 342	- 32
EU (France) grade 1	Aug	251	247	342	- 26
EU (Germany) B quality	Aug	267	267	360	- 26
EU (Romania) Milling 12.5%	Aug	250	250	335	- 25
Ukraine <11%	Aug	-	-	-	-
Russia Milling 12.5%	Aug	250	255	315	- 21

Fob Rouen, euros/ton. b) Jan 2000 = 100. c) 22 Mar quotation.

Source: International Grains Council - visit: http://www.igc.int/grainsupdate/igc_goi.xlsb

Global wheat export prices mostly softened as concerns about spring wheat production in North America and sub-optimal growing conditions in Argentina and Australia were outweighed by reports of continued solid shipments from Russia.

After reportedly making no purchase in private talks, Egypt's GASC is in the market today for October/November shipment. Algeria's (OAIC) is tendering tomorrow for a nominal 50,000t durum, October/December

US futures declined w/w on sluggish export demand, albeit downside in MGE values was capped by slower than normal US spring wheat harvesting, officially estimated at 54% done (63% five-year average), as well as poor condition ratings, pegged at 37% good/excellent (38% week ago, 68% year ago).

Nonetheless, private sources indicated better than expected yields in Minnesota and North Dakota, while forecast drier weather was expected to aid fieldwork in the coming days.

Despite recent welcome rains, private data continued to point to below normal soil moisture across most cropping regions in Canada, including in Saskatchewan and Alberta, where spring wheat harvests were ahead of last year, at 13% and 11% done, respectively. Statistics Canada pegged its 23/24 model-based production outlook below expectations, at 29.5 mmts (34.3 mmts).

Russia continued to dispatch around 1.0 mmts per week via seaborne routes, taking cumulative 23/24 (Jul/Jun) shipments through the 22nd of August to a record 8.0mmts (+77% y/y).

While the market remained ill-defined, FOB offers were revised lower, reflecting reported sales at lower levels than the rumoured unofficial floor price for private deals of US\$260 FOB.

Wheat harvesting in Ukraine was finished, with output from controlled areas officially placed at 21.9 mmts (20.7 mmts). However, private estimates suggested that up to

➤ Wheat Export Prices (FOB, US\$/mt) as of the 30th of August of 2023

		TW	LW	LY	%Y/Y
US No 2 SRW (ord) (Gulf)	Sep	233	245	353	- 34
US No 2 HRW 11.5% (Gulf)	Sep	305	314	400	- 24

90% of the crop in some regions could be of feed grade only. Although observers noted ongoing unfavourable dry conditions for 24/25 sowing, the recent Ag. Ministry's survey indicated that winter wheat area could be little changed y/y. Exports continued to run ahead of last year, in spite of challenging logistics, at 1.8 mmts as at the 28th of August (1.1 mmts).

Additionally, news that the second vessel (carrying steel products) was released from the port of Odesa buoyed optimism about Ukrainian seaborne exports, as did market chatter that Turkey and Russia might be working to re-establish the Black Sea export corridor.

Bucking trends at other origins, EU prices edged higher w/w, as protein spreads increased further amid growing evidence of crop quality issues in central and northern regions. Traders also noted a fresh downgrade to the official 23/24 production forecast for the EU, to 126.1 mmts (125.7 mmts). With 23/24 harvest in France now complete, FranceAgriMer reported that 93% of the domestic crop showed protein above the milling threshold of 11% (87% five-year average). Final estimates were expected to be released on the 13th of September. Shipping data continued to indicate slow French exports to date, with analyst Agritel forecasting France's 23/24 (Jul/Jun) extra-EU exports to drop by 0.5 mmts y/y, to 9.5 mmts.

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

Wheat United States as of August 2023					
Attribute	23/24 Aug'23	Change	23/24 Jul'23	22/23	21/22
Area Harvested (1000 HA)	15,326	+60(+.39%)	15,266	14,358	15,032
Beginning Stocks (1000 MT)	15,787	-	15,787	19,008	23,001
Production (1000 MT)	47,197	-133(-.28%)	47,330	44,902	44,804
MY Imports (1000 MT)	3,538	-	3,538	3,317	2,617
TY Imports (1000 MT)	3,600	-	3,600	3,275	2,737
TY Imp. from U.S. (1000 MT)	0	-	0	0	0
Total Supply (1000 MT)	66,522	-133(-.2%)	66,655	67,227	70,422
MY Exports (1000 MT)	19,051	-680(-3.45%)	19,731	20,647	21,656
TY Exports (1000 MT)	19,000	-1000(-5%)	20,000	20,262	21,347
Feed and Residual (1000 MT)	2,449	-	2,449	2,455	1,749
FSI Consumption (1000 MT)	28,277	-82(-.29%)	28,359	28,338	28,009
Total Consumption (1000 MT)	30,726	-82(-.27%)	30,808	30,793	29,758
Ending Stocks (1000 MT)	16,745	+629(+3.9%)	16,116	15,787	19,008
Total Distribution (1000 MT)	66,522	-133(-.2%)	66,655	67,227	70,422
Yield (MT/HA)	3.08	(-.65%)	3.10	3.13	2.98

Source: USDA PS&D

11 August 2023 USDA WASDE - The outlook for 2023/24 U.S. wheat this month was for decreased supplies, slightly lower domestic use, reduced exports, and higher stocks.

Supplies are reduced as wheat production is forecast at 1,734 mbus, down 5 million from last month as lower Other Spring and White wheat production is partially offset

by increases for Hard Red Winter (HRW), Soft Red Winter, and Durum. The all wheat yield is 45.8 bus/acre, down 0.3 bushels from last month.

Domestic use is lowered 3 mbus, all on food use, based on the NASS Flour Millings Products report, issued August 1st.

Wheat exports are reduced 25 mbus to 700 million, on the weak sales and shipment pace to date for HRW, where all the reduction is made.

Projected US 2023/24 ending stocks are raised 23 mbus to 615 million, but remain well below the 5-year average of 846 million.

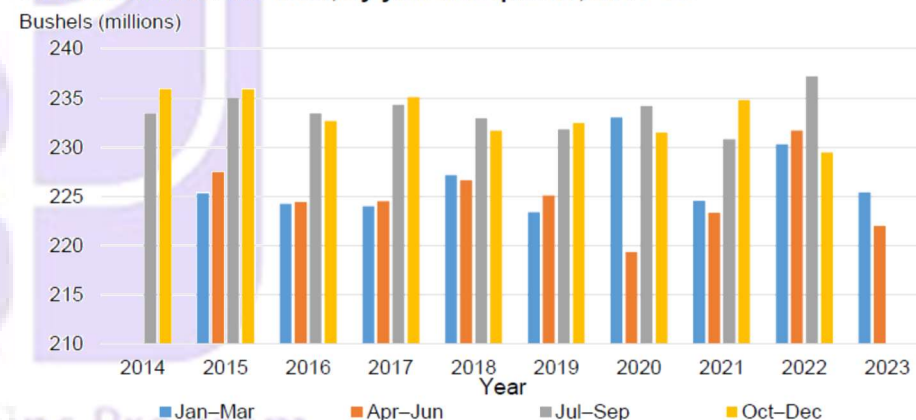
The USDA 2023/24 season-average farm price is unchanged at \$7.50 per bushel.

Food Use Revised Lower on Slowing Mill Grind

15 August 2023 USDA ERS - USDA, NASS published the Flour Milling Products report on August 1st, which showed smaller-than-expected wheat use for milling in the April-June quarter.

Quarterly wheat milled was lower for the third straight quarter following the record-large wheat milling seen in the third quarter of 2022. As a result of the noted slowing pace of the mill grind, marketing year 2022/23 food use is reduced 2 mbus to 973 million. This level of food use is still the highest on record, supported by strong mill grind earlier in the year and a robust pace of net flour and product imports throughout the marketing year.

U.S. wheat milled for flour, by year and quarter, 2014–23



Note: Data from this source unavailable before July 2014.

Source: USDA, National Agricultural Statistics Service, *Flour Milling Products*.

The reduction to 2022/23 food use and slowing mill grind pace supports a reduction in the forecast food use for 2023/24, down 3 mbus from last month, to 974 million. USDA, Economic Research Service food use figures also include an estimated level of non-milled food use.

In addition to the revision to all-wheat food use, there are also notable shifts in by-class food use. Durum food use is adjusted slightly lower for 2022/23. Milling data for Durum is available through USDA, NASS, and Durum food use can be calculated

directly once trade adjustments are factored. See tables 13–16 of the Wheat Data product for more details. Food use figures for other classes are estimated based on market conditions. For 2022/23 and 2023/24, HRS food use is lowered, while HRW is increased. These changes are motivated by a growing price spread between the two classes. The distribution of mill grind between HRS and HRW is expected to be closer to normal in 2023/24 after HRW grind was minimal in 2022/23.

Table 2
U.S. wheat food use, by class, 2019/20–2023/24

	Final	Final	Final	July	August	Change	July	August	Change
Class	2019/20	2020/21	2021/22	2022/23	2022/23	2023/24	2023/24	2023/24	2023/24
<i>Bushels (millions)</i>									
HRW	378.2	376.8	410.6	373.0	373.9	0.9	365.0	374.0	9.0
HRS	265.0	263.0	245.0	269.0	266.0	-3.0	276.0	260.0	-16.0
SRW	148.0	148.0	154.0	163.0	163.0	0.0	166.0	170.0	4.0
White	85.0	85.0	83.0	85.0	85.0	0.0	85.0	85.0	0.0
Durum	85.4	87.7	78.8	85.0	84.7	-0.3	85.0	85.0	0.0
Total	961.6	960.5	971.4	975.0	972.6	-2.4	977.0	974.0	-3.0

Note: HRW = Hard Red Winter; HRS = Hard Red Spring; SRW = Soft Red Winter.
Source: USDA, National Agricultural Statistics Service and USDA, Economic Research Service calculations.

SRW food use is raised in 2023/24 to a record 170 mbus. The price spread between SRW and HRW has remained historically large in recent months (figure 5), which is expected to encourage additional blending of SRW into mill grinds. Also supporting the greater incorporation of lower-protein SRW into mill grinds is the relatively high protein content of the HRW crop in drought-stricken regions of the Great Plains. Millers aim to achieve target protein levels in flour blends. A higher average HRW protein content allows millers to reduce HRW grain in the mill grind while still achieving the desired protein level.

➤ US Domestic Changes for Wheat by Class:

15 August 2023 USDA ERS - The USDA, National Agricultural Statistics Service (NASS) Crop Production report forecast U.S. wheat production for the 2023/24 marketing year is at 1,734 mbus, down 5 million from the July forecast, but still 5% higher than last year. The average all-wheat yield is lowered 0.3 bushels per acre to 45.8 bushels. In addition to updated production statistics, the report provided revised area planted and harvested based on certified acreage data from the USDA, Farm Service Agency (FSA).

- Average winter wheat yield forecast is 48.1 bus/acre, up 1.2 bushels from the July forecast and up from 47.0 last year. Winter wheat area planted is lowered slightly to 36.8 million acres, while area harvested is lower at 25.5 million as well.
- **Hard Red Winter (HRW)** production in the new marketing year is estimated by USDA, NASS at 585 mbus, up 8 million from the July estimate. HRW production is up 10% from the previous year but remains historically low. Persistent drought has resulted in both lower yields and higher abandonment this season compared to average.

- **Soft Red Winter (SRW)** production for 2023/24 is estimated at 440 mbus, up 18 million from the July estimate and 31% above the previous year on higher area harvested and yield. SRW yield is estimated at 75.0 bushels per acre, up from 70.2 last year and up from the recent 5-year average of 67.1.
- **Hard Red Spring** production is estimated at 413 mbus, down 28 million from last month. The yield reduction more than offsets slightly higher area harvested.
- **White Wheat** production is forecast at 239 mbus, down 6 mbus from the previous month on lower yields. Soft White Winter wheat, which is primarily grown in the Pacific Northwest and represents the bulk of this category, is estimated down from last year as growing conditions have been somewhat drier. However, Hard White Winter, Hard White Spring, and Soft White Spring are all projected up slightly year to year.
- **Durum** production is estimated at 57 mbus, up 3 million from last month as an upward revision to area more than offsets a slight reduction to yield.

U.S. Wheat by Class: Supply and Use

Year beginning June 1		Hard Red Winter	Hard Red Spring	Soft Red Winter	White	Durum	Total
<i>Million Bushels</i>							
2022/23 (Est.)	Beginning Stocks	376	146	99	54	24	698
	Production	531	446	337	272	64	1,650
	Imports	5	56	4	7	51	122
	Supply, Total 3/	911	648	439	333	139	2,470
	Food	374	266	163	85	85	973
	Seed	29	17	15	5	2	69
	Feed and Residual	53	-7	65	-20	0	90
	Domestic Use	455	276	242	71	88	1,131
	Exports	224	214	107	190	23	759
	Use, Total	679	490	349	261	111	1,890
	Ending Stocks, Total	232	158	90	72	28	580
2023/24 (Proj.)	Beginning Stocks	232	158	90	72	28	580
	Production	585	413	440	239	57	1,734
	Imports	15	55	5	5	50	130
	Supply, Total 3/	832	626	535	316	135	2,444
	Food	374	260	170	85	85	974
	Seed	27	18	12	6	2	65
	Feed and Residual	20	-5	80	-5	0	90
	Domestic Use	421	273	262	86	87	1,129
	Exports	165	205	135	170	25	700
	Use, Total	586	478	397	256	112	1,829
	Ending Stocks, Total	Aug 246	148	138	60	23	615
	Ending Stocks, Total	Jul 227	155	129	61	20	592

Note: Totals may not add due to rounding. 1/ Marketing year beginning June 1. 2/ Marketing-year weighted average price received by farmers. 3/ Includes imports.

All-wheat exports for the United States in 2023/24 are projected at 700 mbus, down 25 million from the July forecast on the slow pace of export sales. HRW exports are lowered 25 mbus to 165 mbus. Official U.S. wheat exports for June 2023, calculated with data from U.S. Department of Commerce, Bureau of the Census, are estimated at 44 mbus, down from 59 million in June 2022.

U.S. wheat imports for 2023/24 are unchanged at 130 mbus. Official U.S. wheat imports for June 2023 total 10 mbus.

The USDA 2023/24 season-average farm price is unchanged at \$7.50/bu. The June all-wheat average farm price is estimated at \$7.67 based on the latest USDA, NASS

➤ CME CBOT Wheat Futures – Daily Nearby

Wheat prices weakened into the 3-day weekend amidst a quiet fundamental picture and strong dollar move. Futures settled ~4-6 cents weaker across all three exchanges.

CBT SRW settled 5 ½ to 7 ¼ cents lower on the day, ending the week 26 ¼ cents lower in the Dec contract. KC HRW futures were 4 ½ to 5 ¾ cents weaker on Friday. That extended the Dec contract's weekly drop to 41 ¾ cents. MGE HRS prices settled a penny to 7 cents in the red on Friday. The Dec contract was down 42 ¼ cents for the week's move. Dec SRW dropped a net 89 ¾ cents through the month of August, Dec HRW was \$1.02 ¼ lower, and Dec HRS fell \$1.02 ¾ for the month.



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

CME SRW futures September 2023 CBOT wheat closed on Friday at \$5.67½/bu, down 5½ cents on the day, with the December contract settling at 5.95½ /bu., down 6½ cents on the day/

The weekly Commitment of Traders data had managed money adding 8.2k new shorts in Chicago wheat during the week that ended the 29th of August. That took the group's net short to 79,881 contracts – a 10-wk high. In KC wheat, the funds only added a net 713 contracts to positions. There was slightly more net new buying than net new selling, which slightly reduced their net short to 5,632 contracts. Spring wheat spec traders were adding shorts during the week according to the CFTC data. That extended their net short by 2.5k contracts to 8.76k.

Australian crop size shrinking each day with hot/dry conditions as exports are likely to fall 10+ mmts from last year following the bumper crop.

➤ U.S. Export SRW Wheat Values – Friday the 1st of September 2023

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

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

Gulf barge/rail quotes, in cents/bus.

CIF SRW WHEAT	8/31/2023	9/1/2023		
SEP	70 / 80	70 / 80	U	UNC
OCT	80 / 90	80 / 90	Z	UNC

USDA reported another week of export demand that was in line with recent numbers for wheat last week, with a large soft red winter sale to China bumping up the weekly total. Overall sales of 12.1 mbus puts the year-to-date total at 276 mbus, which is 24% behind a year ago and 28% below the five-year average pace.

Soft red winter was the top seller with 5.8 mbus and with 68 mbus in commitments, sets 1% behind a year ago but 29% ahead of average.

Hard red spring garnered 3.3 mbus to put sales at 99 mbus, which is 1% behind a year ago and 11% below average. Soft white registered 1.8 mbus and with 53 mbus in commitments, sets more than 30% behind both last year and the five-year average pace.

China stepped in for a 4 mb purchase of soft red winter to claim top buyer honors last week, followed by the Philippines buying 2.8 mbus of mostly hard red spring wheat.

➤ CME KC HRW Wheat Futures – Daily Nearby



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

Kansas September 2023 HRW Wheat Futures settled on Friday at \$7.20½/bu., with the December23 contract settled the week at \$7.22¼/bu.,.

The US HRW belt turning very dry ahead of an early planting window and with base insurance prices ½ way thru the pricing window but not likely to match LY's levels, the incentive to see more winter wheat acres get planted could be limited. Have a SAFE and happy Labor Day weekend!

➤ **U.S. Export HRW Wheat Values – Friday the 1st of September 2023**

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

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

TX GULF HRW

12% Protein	8/31/2023	9/1/2023
SEP	- / -	na

Should Russian wheat export flow become limited in any way, there would be a sharp reaction in an over-sold wheat market.

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



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

MGE September 2023 HRS Wheat Futures settled on Friday at \$7.35/bu., while the December contract settled at 7.59 3/6 /bu.

Portland Price Trends

31 August 2023

	08-01-22	08-01-22	07-01-23	08-24-23	08-31-23
#1 SWW (bu)	9.00	9.00	7.00	6.90	6.80
White Club	9.00	9.00	7.15	7.15	7.05
DNS 14%	9.77	10.08	8.79	8.30	8.21
HRW 11.5%	9.76	10.00	8.41	7.75	7.49
#2 Corn (ton)	276.00	279.00	261.00	248.00	246.00
#2 Barley	235.00	235.00	210.00	200.00	200.00

Prices continued drift lower across wheat futures weighed on west coast wheat markets this week, most notably on the hard red winter prices.

White wheat basis remained relatively firm as exporters work on coverage for recent sales against limited farm selling interest.

COARSE GRAINS

CORN

World Corn Supply & Demand Outlook

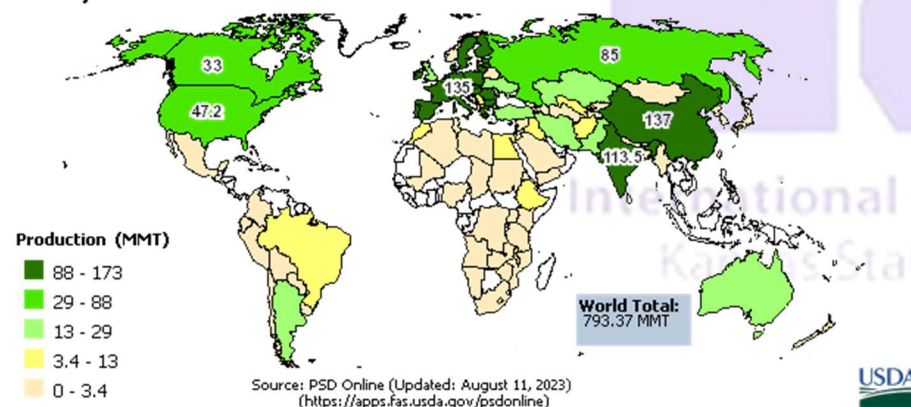
Attribute	Corn World as of August 2023					
	23/24 Aug'23	Change	23/24 Jul'23	22/23	21/22	20/21
Area Harvested (1000 HA)	204,197	-545(-.27%)	204,742	200,964	207,260	198,945
Beginning Stocks (1000 MT)	297,916	+1619(+.55%)	296,297	310,239	292,882	307,384
Production (1000 MT)	1,213,501	-10964(-.9%)	1,224,465	1,151,780	1,218,712	1,128,968
MY Imports (1000 MT)	187,108	-1295(-.69%)	188,403	173,842	184,438	184,751
TY Imports (1000 MT)	187,743	-845(-.45%)	188,588	174,020	186,604	179,776
TY Imp. from U.S. (1000 MT)	0	-	0	0	62,860	68,323
Total Supply (1000 MT)	1,698,525	-10640(-.62%)	1,709,165	1,635,861	1,696,032	1,621,103
MY Exports (1000 MT)	196,189	-2070(-1.04%)	198,259	177,503	206,593	182,726
TY Exports (1000 MT)	194,067	-800(-.41%)	194,867	178,103	193,659	184,081
Feed and Residual (1000 MT)	756,692	-5395(-.71%)	762,087	730,138	745,447	723,964
FSI Consumption (1000 MT)	434,595	-107(-.02%)	434,702	430,304	433,753	421,531
Total Consumption (1000 MT)	1,191,287	-5502(-.46%)	1,196,789	1,160,442	1,179,200	1,145,495
Ending Stocks (1000 MT)	311,049	-3068(-.98%)	314,117	297,916	310,239	292,882
Total Distribution (1000 MT)	1,698,525	-10640(-.62%)	1,709,165	1,635,861	1,696,032	1,621,103
Yield (MT/HA)	5.94	(-.67%)	5.98	5.73	5.88	5.67

Source: USDA PS&D

11 August 2023 USDA FAS – Global corn production is lowered, falling from record high to second highest on record, with cuts to China, the European Union, Russia, and the United States more than offsetting production gains in Ukraine and Canada. Global exports are down, with cuts to the United States and the European Union more than offsetting stronger exports from Brazil. Global imports are also forecast to decrease, with cuts to Egypt and Algeria more than offsetting gains for Canada and Zimbabwe.

OVERVIEW FOR 2023/24

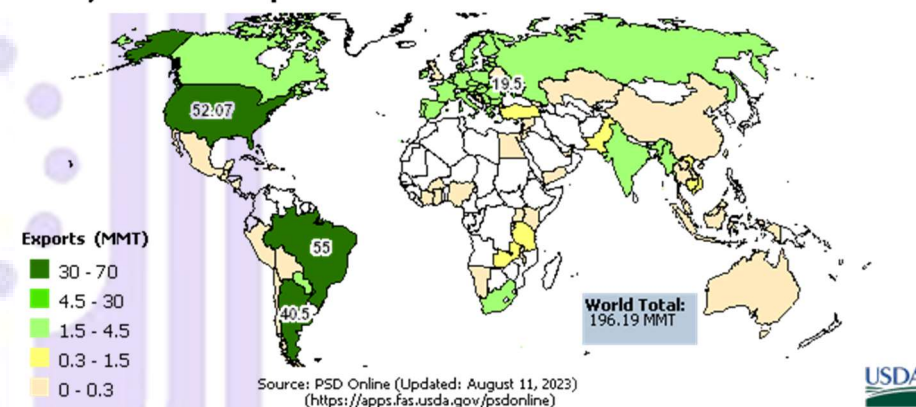
2023/2024 Wheat Production



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

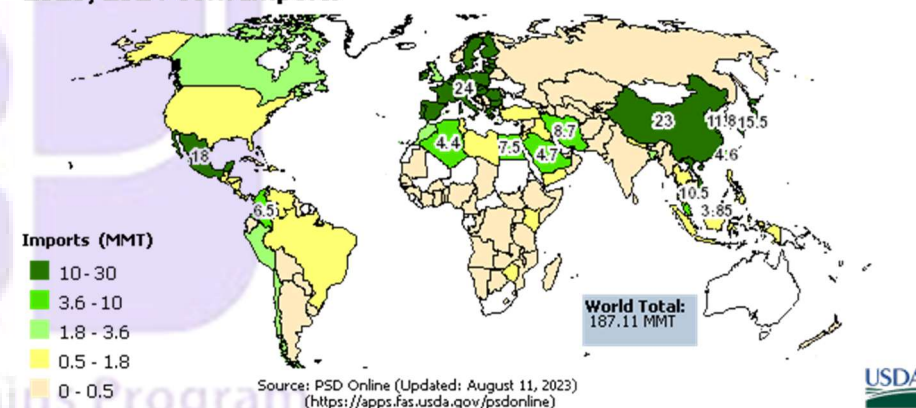
Global corn production is lowered, falling from record high to second highest on record, with cuts to China, the European Union, Russia, and the United States more than offsetting production gains in Ukraine and Canada.

2023/2024 Corn Exports



Global exports are down, with cuts to the United States and the European Union more than offsetting stronger exports from Brazil.

2023/2024 Corn Imports



Global imports are also forecast to decrease, with cuts to Egypt and Algeria more than offsetting gains for Canada and Zimbabwe.

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

Corn United States as of August 2023					
Attribute	23/24 Aug'23	Change	23/24 Jul'23	22/23	21/22
Area Harvested (1000 HA)	34,933	-	34,933	32,054	34,527
Beginning Stocks (1000 MT)	37,000	+1397(+3.92%)	35,603	34,975	31,358
Production (1000 MT)	383,832	-5314(-1.37%)	389,146	348,751	382,893
MY Imports (1000 MT)	635	-	635	889	615
TY Imports (1000 MT)	600	-	600	850	607
TY Imp. from U.S. (1000 MT)	0	-	0	0	0
Total Supply (1000 MT)	421,467	-3917(-.92%)	425,384	384,615	414,866
MY Exports (1000 MT)	52,072	-1270(-2.38%)	53,342	41,277	62,802
TY Exports (1000 MT)	53,000	-1000(-1.85%)	54,000	42,500	62,978
Feed and Residual (1000 MT)	142,882	-635(-.44%)	143,517	137,801	145,265
FSI Consumption (1000 MT)	170,570	-507(-.3%)	171,077	168,537	171,824
Total Consumption (1000 MT)	313,452	-1142(-.36%)	314,594	306,338	317,089
Ending Stocks (1000 MT)	55,943	-1505(-2.62%)	57,448	37,000	34,975
Total Distribution (1000 MT)	421,467	-3917(-.92%)	425,384	384,615	414,866
Yield (MT/HA)	10.99	(-1.35%)	11.14	10.88	11.09

Source: USDA PS&D

➤ Corn Export Prices (FOB, US\$/mt) as of 29th of August 2023

		TW	LW	LY	%Y/Y
US 3YC (Gulf)	Sep	222	212	326	- 32
Argentina (Up River)	Aug	229	219	291	- 21
Brazil (Paranagua)	Sep	217	217	305	- 29
Ukraine	Sep	-	-	-	-

Source: International Grains Council

By midweek US corn futures posted a net 2% rise w/w. Early support stemmed from forecasts for hot and dry weather across the Midwest, albeit with advances capped by varying results from the Pro Farmer Crop Tour.

Although slow export demand amid stiff competition from Brazil weighed on market sentiment, values were underpinned by ideas of insufficient weekend rains and the final results of the Pro Farmer Tour, which pegged the 23/24 output at 380.0 mmts (383.8 mmts USDA WASDE Aug forecast, 348.8 mmts previous year).

Nonetheless, a smaller than anticipated drop in weekly crop condition ratings pressured futures in yesterdays' session. Despite unfavourable weather, US 23/24 crop conditions dipped by only two percentage points w/w, to 56% good/excellent (54% previous year, 60% five-year average).

Firmer export premiums contributed to a 5% weekly rise in Gulf fob prices, amid raising river barge rates due to low water levels along the Mississippi River.

Brazil's 22/23 second (safrinha) crop harvesting reached 84% complete (79% previous week, 94% previous year), largely reflecting progress in Goias, Sao Paulo,

Minas Gerais and Mato Grosso do Sul. Albeit fieldwork in Parana advanced w/w, to 48% (34%, 85%), overall progress was slowed by high grain moisture.

In Argentina, little harvest progress was reported w/w, officially seen at 97% done (97%, 99%). The Buenos Aires Grain Exchange projected 23/24 acreage at 7.3 mha (+3% y/y), but cautioned that overly dry conditions could delay the start of the planting season.

Egypt cancelled its tender for an unspecified amount of maize from optional origins for October shipment, due to high prices.

Iran's state-owned animal feed importer reportedly secured 210,000 mts corn, likely from Brazil, Europe or the Black Sea region, September/October shipment.

Mexico sourced 123,000 mts from the US for delivery in 2023/24 (Sep/Aug).

➤ CME CBOT Corn Futures – Nearby Daily



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

CBOT September 2023 Corn Futures settled on Friday at \$4.64¾/bu, up 3¾ cents on the day. December futures closed at \$4.81½/bu, up 3¼ cents on the day.

December futures ended the week with a net 6 ½ cent loss. Dec corn had seen a 49 ½ cent range through the month of August, but closed at a net 34 ¾ cent loss. while Mar24 closed at \$4.96¼/bu, up 2½ cents.

The weekly CFTC data showed the managed money corn traders were buying 10.6k new longs and buying back 8.1k existing shorts during the week that ended the 29th of August. That reduced their net short by 18.8k contracts to 87,348 as the group has been net short for 4 consecutive weeks. The commercial corn hedgers reduced

exposure by 73.3k contracts through the week. More longs were closed than shorts, leaving the commercials with a 22.6k contract stronger net short of 103.5k contracts.

CU open Int was down to 4800 contracts to start the day, so not many left playing in that arena. Zero deliveries vs CU, despite basis penciling well below CU DVE by mid Sept when the contract expires. CIF NOLA bids firmed 3-5c today though, out through Nov with Dec bids +1 to 77 and this did bring the spot IWDS calc close to DVE for spot zone 3 basis and why the U/Z narrowed back in to -16.5. CU/Z did push to a new low this week at -19.5.

The Z/H has moved out 3c wider over the last month to offer 2c/mo over interest costs, settling at -15 today. Although it's great to have some carry, IWDS basis is 9c below delivery in Dec and the rail markets that pulled so hard on IL corn LY are now only bidding small overs fob. That will actually let bu's flow back to the river that really doesn't need many bu's.

The warm/dry finish to the crop balanced with weak demand continues to be the wrestling match; till we see some actual yields. Still some \$1 plus cash inverses in cash bids for those not quite seeing the old/new crop physical connection, but in general basis levels continue to slide lower to the new crop levels, where those were mostly steady on the week.

The monthly Grain Crush data from NASS had 454 mbu of corn used for ethanol during the month of July. That was a 1.9% increase from July LY and a 2.7% increase from June's draw, but was below the average pre-report estimate. The full year's draw sits at 4.733 billion bushels – or 90.6% of USDA's forecast. The august draw needs to have been 491.97 mbu (which would be a new all time record by 4.26 mbu) to hit the 5.225 bbu USDA forecast.

USDA's weekly National Ethanol report cited cash prices for the fuel from \$2.08 to \$2.15/gal regionally. Most areas were 2 to 10 cents/gal higher for the week. DDGS were shown from \$195-\$210/ton regionally. Compared to last week, prices were within \$20/ton of UNCH with near equal regions higher and lower wk/wk. The cash corn oil market was mostly weaker by 1 to 2 cents, from 66 to 70 cents/lb regionally.

Suggest patience on the spreads till closer to 3c over money in Z/H or till we see some basis strength. If the basis strengthens, pulls in the spreads, plan on executing. (this is where having PL bu's will be sweet). In a year with 2.3 bbu c/o, if we would get the chance to sell the front end because of a lack of carry, that seems just fine. If the basis stays here, the spreads will weaken till enough carry pulls the basis up to Z delivery. SRW carries went to 6c over money costs, so patience can be rewarded handsomely. Using CSO's to manage this is highly advised as these options allow you to take risk off the table and yet be open to spreads moving sharply in your favor. The H/N only moved 1c wider to -12 in the past mo, which only covers interest. I don't see a merchandising reason to lock that in for now, unless you need time. If so, would use the CSO's as well for this. Staying flexible is the key as we have lots to unfold as this year just gets started. In other news: Poet did re start their Cloverdale, IN plant and will run at an 95m/g rate. Parana Ag Dept estimates new crop 23/24

acreage to drop 16% with a crop at 3.1 mmt vs 3.8 TY. Have a great Labor Day Weekend!

➤ **U.S. Export Corn Values – Friday the 1st of September 2023**

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

CIF CORN	8/31/2023	9/1/2023	Del. Mo.
AUG	98 / 106	101 /	U
SEP	98 / 105	102 / 110	U
OCT	75 /	81 / 85	Z
NOV	74 / 83	78 / 84	Z
DEC	76 / 79	77 / 80	Z
JFM	68 / 69	67 / 69	H
AM	61 / 63	62 / 64	K

BRAZIL FOB CORN @ PORT PARANAGUA

	8/31/2023	9/1/2023	
OCT	- / -	55 / 60	Z
NOV	- / -	80 / 92	Z
JUL	-5 / 5	30 / 60	N

Firmer export premiums contributed to a 5% weekly rise in Gulf fob prices, amid raising river barge rates due to low water levels along the Mississippi River.

The state of logistics are not in the best of shape ahead of the Midwest harvest. Lower Mississippi River boats are seeing 6 - 7 day delays. Drafts have been cut to 10'. Illinois River for Oct traded up to 800%.

BARLEY

➤ World Barley Supply & Demand Outlook

Barley World as of August 2023						
Attribute	23/24 Aug'23	Change	23/24 Jul'23	22/23	21/22	20/21
Area Harvested (1000 HA)	46,903	+395(+.85%)	46,508	47,141	49,750	51,967
Beginning Stocks (1000 MT)	19,155	+378(+2.01%)	18,777	18,259	20,810	21,891
Production (1000 MT)	142,643	-3112(-2.14%)	145,755	151,721	145,305	161,413
MY Imports (1000 MT)	26,302	-90(-.34%)	26,392	29,523	30,079	36,066
TY Imports (1000 MT)	26,076	-290(-1.1%)	26,366	29,513	29,077	36,913
TY Imp. from U.S. (1000 MT)	0	-	0	0	67	346
Total Supply (1000 MT)	188,100	-2824(-1.48%)	190,924	199,503	196,194	219,370
MY Exports (1000 MT)	26,463	-600(-2.22%)	27,063	30,076	32,411	36,281
TY Exports (1000 MT)	26,871	-300(-1.1%)	27,171	29,786	28,504	37,372
Feed and Residual (1000 MT)	98,414	-2387(-2.37%)	100,801	104,511	99,876	116,643
FSI Consumption (1000 MT)	45,615	+186(+.41%)	45,429	45,761	45,648	45,636
Total Consumption (1000 MT)	144,029	-2201(-1.51%)	146,230	150,272	145,524	162,279
Ending Stocks (1000 MT)	17,608	-23(-.13%)	17,631	19,155	18,259	20,810
Total Distribution (1000 MT)	188,100	-2824(-1.48%)	190,924	199,503	196,194	219,370
Yield (MT/HA)	3.04	(-2.88%)	3.13	3.22	2.92	3.11

Source: USDA PS&D

➤ Barley Export Prices (FOB, US\$/mt) as of 29th of August 2023

		TW	LW	LY	%Y/Y
Argentina Feed	Aug	235	240	330	- 29
Australia Feed (Adelaide) b)	Aug	243	245	325	- 25
Australia Malting (Adelaide) c)	Aug	299	301	338	- 12
Black Sea Feed	Aug	195	190	278	- 30
EU (France) Feed (Rouen)	Aug	235	227	306	- 23
EU (France) Spring Malting	Aug	-	-	-	-

Source: International Grains Council

Global feed barley export prices were mixed w/w, with declines in Argentina and Australia contrasting with gains in the Black Sea region and the EU – support in the latter reportedly stemming from strong demand from China.

The European Commission trimmed its 2023/24 output estimate marginally from before, to 48.6 mmts (51.5 mmts previous year),

with ending stocks down by 0.2 mmts, to 4.9m (5.7 mmts). In model-based estimates, Statistics Canada pegged 23/24 Canadian output at 7.9 mmts (10.0 mmts).

In Ukraine, where 23/24 harvesting is nearly complete, area under the 24/25 winter crop was forecast to fall by 5% y/y, based on an official survey of 2,403 farmers.

In other news, Agriculture Ministry of Australia confirmed the dispatch of a vessel to China for the first time since the tariff was lifted on the 5th of August.

➤ U.S. Barley Supply & Demand Outlook

Barley United States as of August 2023					
Attribute	23/24 Aug'23	Change	23/24 Jul'23	22/23	21/22
Area Harvested (1000 HA)	970	-53(-5.18%)	1,023	985	805
Beginning Stocks (1000 MT)	1,226	-	1,226	918	1,555
Production (1000 MT)	3,919	+60(+1.55%)	3,859	3,796	2,615
MY Imports (1000 MT)	305	-	305	513	320
TY Imports (1000 MT)	325	-	325	500	458
TY Imp. from U.S. (1000 MT)	0	-	0	0	0
Total Supply (1000 MT)	5,450	+60(+1.11%)	5,390	5,227	4,490
MY Exports (1000 MT)	65	-	65	46	160
TY Exports (1000 MT)	75	-	75	65	70
Feed and Residual (1000 MT)	1,089	+218(+25.03%)	871	1,101	375
FSI Consumption (1000 MT)	2,722	-219(-7.45%)	2,941	2,854	3,037
Total Consumption (1000 MT)	3,811	-1(-.03%)	3,812	3,955	3,412
Ending Stocks (1000 MT)	1,574	+61(+4.03%)	1,513	1,226	918
Total Distribution (1000 MT)	5,450	+60(+1.11%)	5,390	5,227	4,490
Yield (MT/HA)	4.04	+(+7.16%)	3.77	3.85	3.25

Source: USDA PS&D

GRAIN SORGHUM

➤ World Grain Sorghum Supply & Demand Outlook

Sorghum World as of August 2023							
Attribute	23/24 Aug'23	Change	23/24 Jul'23	22/23	21/22	20/21	19/20
Area Harvested (1000 HA)	41,713	-30(-.07%)	41,743	40,206	40,755	43,019	39,587
Beginning Stocks (1000 MT)	3,715	+110(+3.05%)	3,605	4,373	3,990	3,840	5,476
Production (1000 MT)	62,657	-799(-1.26%)	63,456	56,665	61,514	63,118	57,730
MY Imports (1000 MT)	9,688	-	9,688	6,233	12,556	9,930	5,605
TY Imports (1000 MT)	9,683	+5(+.05%)	9,678	6,245	12,534	9,968	5,629
TY Imp. from U.S. (1000 MT)	0	-	0	0	7,329	6,877	5,325
Total Supply (1000 MT)	76,060	-689(-.9%)	76,749	67,271	78,060	76,888	68,811
MY Exports (1000 MT)	10,065	+30(+.3%)	10,035	6,549	11,758	11,423	6,514
TY Exports (1000 MT)	10,283	+30(+.29%)	10,253	6,482	11,812	10,552	6,386
Feed and Residual (1000 MT)	24,800	-833(-3.25%)	25,633	20,287	26,637	24,286	21,210
FSI Consumption (1000 MT)	37,081	+104(+.28%)	36,977	36,720	35,292	37,189	37,247
Total Consumption (1000 MT)	61,881	-729(-1.16%)	62,610	57,007	61,929	61,475	58,457
Ending Stocks (1000 MT)	4,114	+10(+.24%)	4,104	3,715	4,373	3,990	3,840
Total Distribution (1000 MT)	76,060	-689(-.9%)	76,749	67,271	78,060	76,888	68,811
Yield (MT/HA)	1.50	(-1.32%)	1.52	1.41	1.51	1.47	1.46

Source: USDA PS&D

➤ Australia exports 465,882t barley, 395,370t June sorghum

SORGHUM	Oct-Dec	Jan-Mar	Apr	May	Jun	TONNES
Cambodia	0	0	0	0	170	170
China	395487	272246	300322	434296	275462	1677813
Japan	42	45989	24297		26400	96728
Kenya	0	0	31050	0	60000	91050
New Caledonia	198	0	0	0	0	198
New Zealand	0	2	0	0	12	14
Philippines	3689	5257	881	1585	950	12362
South Korea	65	50	48	0	0	163
Sudan	0	0	0	0	30000	30000
Taiwan	10639	7130	4387	4864	2302	29321
Vietnam	675	100	74	176	75	1100
TOTAL	410795	330772	361059	440921	395370	1938918

Table 3: Australian sorghum exports from 1 October 2022 to 30 June 2023.

Source: ABS

10 August 2023 by Liz Wells – Australia exported 395,370 mts of sorghum in June, according to the latest data from the Australian Bureau of Statistics. On sorghum, volume has dropped 10% from the May peak of 440,921 mts.

China on 275,462 mts accounted for 70% of June shipments, with 60,000 mts to Kenya and 30,000 mts to Sudan the second and third-biggest markets.

Sorghum exports continued strongly with China continuing to underpin the major volume and interestingly Sudan and Kenya showing up for a significant volume of 90,000t in a month.

“Sorghum in Africa has significant human consumption demand, with many staples including porridges and flatbreads made from the grain and flour.

“Sorghum is the primary source of calories for hundreds of millions of African people.

Mr Roache said sorghum exports were expected to continue strongly into Aug-Sep before stocks start to run low and the shipping program switches to new-crop wheat.

“China will continue to lead the way on demand, despite the heady highs on price of earlier in the year being behind us. “For Africa, we should continue to see this demand, which is indicative of local shortages and is likely to be filled at least in part from Australia.”

➤ USDA – U.S. Grain Sorghum

Sorghum United States as of August 2023					
Attribute	23/24 Aug'23	Change	23/24 Jul'23	22/23	21/22
Area Harvested (1000 HA)	2,404	-	2,404	1,849	2,626
Beginning Stocks (1000 MT)	638	-	638	1,201	516
Production (1000 MT)	9,991	-449(-4.3%)	10,440	4,770	11,375
MY Imports (1000 MT)	1	-	1	1	0
TY Imports (1000 MT)	1	-	1	1	0
TY Imp. from U.S. (1000 MT)	0	-	0	0	0
Total Supply (1000 MT)	10,630	-449(-4.05%)	11,079	5,972	11,891
MY Exports (1000 MT)	6,477	-	6,477	2,540	7,515
TY Exports (1000 MT)	6,500	-	6,500	2,750	7,387
Feed and Residual (1000 MT)	1,905	-381(-16.67%)	2,286	1,270	2,027
FSI Consumption (1000 MT)	1,398	+1(+.07%)	1,397	1,524	1,148
Total Consumption (1000 MT)	3,303	-380(-10.32%)	3,683	2,794	3,175
Ending Stocks (1000 MT)	850	-69(-7.51%)	919	638	1,201
Total Distribution (1000 MT)	10,630	-449(-4.05%)	11,079	5,972	11,891
Yield (MT/HA)	4.16	(-4.15%)	4.34	2.58	4.33

Source: USDA PS&D

➤ **Grain Sorghum Export Prices (FOB, US\$/mt) the 31st of August 2023**

		TW	LW	LY	%Y/Y
SORGHUM US (Gulf)	Sep	240	239	338	- 29
Argentina (Up River)	Aug	284	284	285	-
Australia (Brisbane) a)	Aug	333	331	297	+ 12

Source: International Grains Council

TX FOB VESSEL

MILO (USc/MT)	8/31/2023	9/1/2023	
October	140	145	Z
November	140	145	Z
December		145	Z

US Gulf sorghum export quotations increased fractionally w/w amid gains in maize futures. Elsewhere, 23/24 kharif sowings in India were complete on 1.4 mha by the 25th of August (1.5 mha the previous year).

OATS

➤ **World Oats Supply & Demand Outlook**

Oats World as of August 2023							
Attribute	23/24 Aug'23	Change	23/24 Jul'23	22/23	21/22	20/21	19/20
Area Harvested (1000 HA)	8,537	-403(-4.51%)	8,940	9,438	9,623	10,062	9,545
Beginning Stocks (1000 MT)	3,122	+224(+7.73%)	2,898	2,426	3,019	2,229	2,186
Production (1000 MT)	21,030	-1472(-6.54%)	22,502	25,515	22,675	25,705	23,200
MY Imports (1000 MT)	2,520	+10(+.4%)	2,510	2,702	2,405	2,528	2,512
TY Imports (1000 MT)	2,441	+10(+.41%)	2,431	2,665	2,337	2,615	2,518
TY Imp. from U.S. (1000 MT)	0	-	0	0	25	42	23
Total Supply (1000 MT)	26,672	-1238(-4.44%)	27,910	30,643	28,099	30,462	27,898
MY Exports (1000 MT)	2,515	+10(+.4%)	2,505	2,783	2,517	2,766	2,529
TY Exports (1000 MT)	2,516	+10(+.4%)	2,506	2,780	2,364	2,698	2,632
Feed and Residual (1000 MT)	14,234	-1331(-8.55%)	15,565	16,660	15,387	16,990	15,612
FSI Consumption (1000 MT)	7,730	+25(+.32%)	7,705	8,078	7,769	7,687	7,528
Total Consumption (1000 MT)	21,964	-1306(-5.61%)	23,270	24,738	23,156	24,677	23,140
Ending Stocks (1000 MT)	2,193	+58(+2.72%)	2,135	3,122	2,426	3,019	2,229
Total Distribution (1000 MT)	26,672	-1238(-4.44%)	27,910	30,643	28,099	30,462	27,898
Yield (MT/HA)	2.46	(-2.38%)	2.52	2.70	2.36	2.55	2.43

Source: USDA PS&D

CME CBOT Oat Futures – Daily Nearby



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

CME September 2023 Oats Futures settled on Friday at \$4.63½/bu, up 6 cents on the day, while the December contract settled at \$4.86½/bu, unchanged on the day.

➤ **Grain Sorghum Export Prices (FOB, US\$/mt) as of 29th of August 2023**

		TW	LW	LY	%Y/Y
OATS					
Canada (Vancouver)	Sep	-	-	315	-

Source: International Grains Council

Amid limited precipitation in the Canadian provinces of Manitoba and Saskatchewan, the 23/24 harvest was estimated at 31% complete by the 27th of August (less than 1% previous year) and at 12% finished by the 21st of August (6%), respectively. In contrast, abundant rainfall was noted in Alberta, with 23/24 threshing at 3% complete.

According to Statistics Canada, 23/24 output is forecast to decline steeply y/y, to 2.4 mmts (5.2 mmts). In the US, harvesting was 82% done by the 27th of August (79% previous year, 85% five-year average), with sorghum at 17% complete (18%, 19%).

OILSEEDS COMPLEX

➤ World Oilseed Supply & Demand Outlook

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

World		Output	Total Supply	Trade	Total Use 2/	Ending Stocks
Oilseeds	2021/22	611.07	726.76	178.86	510.73	117.84
	2022/23 (Est.)	629.52	747.36	200.64	521.13	120.96
	2023/24 (Proj.) Jun	671.38	789.78	200.30	541.88	140.20
	Jul	667.32	788.29	197.90	541.83	138.17
Oilmeals	2021/22	349.68	368.72	96.19	346.86	19.52
	2022/23 (Est.)	354.83	374.34	96.19	354.94	15.87
	2023/24 (Proj.) Jun	370.77	386.78	98.67	364.92	18.32
	Jul	370.24	386.12	99.47	364.50	18.02
Vegetable Oils	2021/22	207.85	236.74	79.40	202.72	29.15
	2022/23 (Est.)	216.70	245.85	87.12	211.07	30.23
	2023/24 (Proj.) Jun	222.78	252.98	88.37	217.87	30.34
	Jul	223.27	253.50	88.46	218.05	30.55

11 August 2023 USDA FAS – PROJECTION FOR 2022/23

Global 2022/23 oilseed production is forecast at 629.1 mmts, down 400,000 from July with lower Uruguay soybeans and China sunflowerseed partially offset by higher Belarus rapeseed and Paraguay soybeans.

Oilseed exports are down 1.0 mmts on lower Canada rapeseed and Uruguay soybeans. China soybean imports are up 1.0 mmts with lower Bangladesh and Egypt soybean imports offsetting.

Global oilseed crush is down 1.0 mmts as lower China sunflowerseed coupled with lower Bangladesh and Egypt soybean crush is only partially offset by higher China soybean crush.

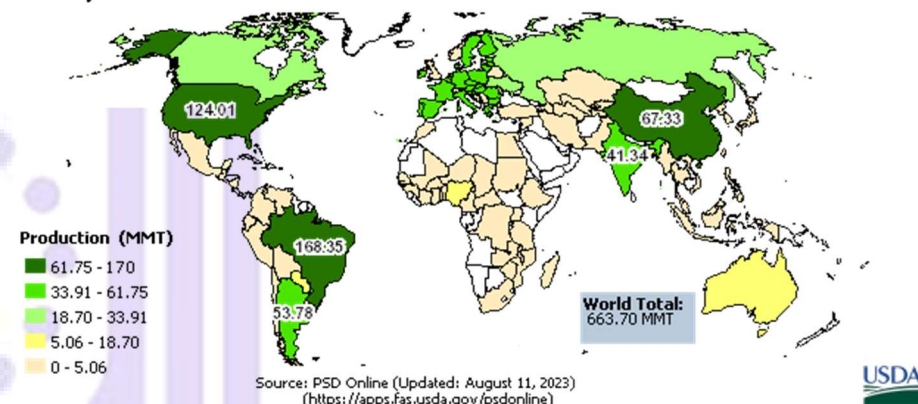
Global vegetable oil trade is up on gains in Argentina soybean oil and Belarus rapeseed oil exports. Global meal trade is up slightly on higher soybean meal exports from the United States.

Global oilseed stocks are up 700,000 tons on higher Canada rapeseed and Argentina soybean carryout.

The USDA projected season-average farm price for soybeans was unchanged at \$14.20/bu.

PROJECTION FOR 2023/24

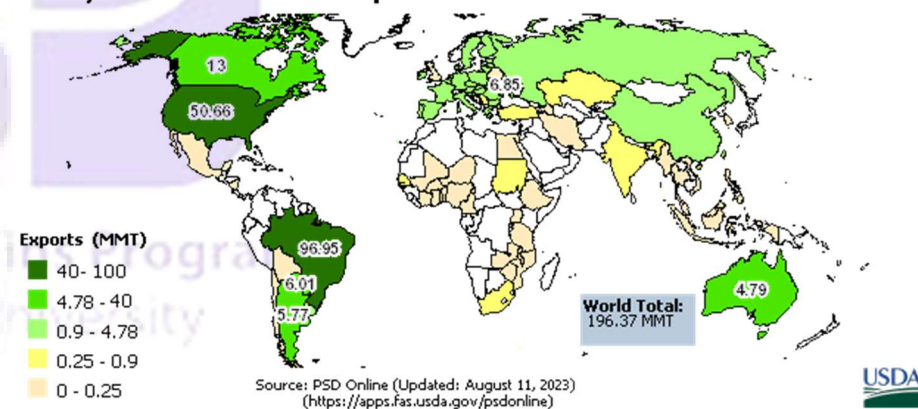
2023/2024 Total Oilseed Production



Global 2023/24 oilseed production is forecast down 3.6 mmts to 663.7 million as reduced U.S. soybeans, Canada rapeseed, and EU sunflowerseed were not offset by higher Russia and Ukraine sunflowerseed, and Belarus rapeseed. Non-U.S. oilseed production is nearly unchanged at 539.7 mmts as higher sunflowerseed and peanut production are mostly offset by lower rapeseed output.

Ukraine and Russia sunflowerseed production is forecast higher as timely rain in July improved yield potential. Conversely, Canada's canola crop is lowered 1.3 mmts to 19.0 million as drought intensified in the southwestern Prairies during July. EU sunflowerseed production is also reduced on lower production for Romania, Spain, and France.

2023/2024 Total Oilseed Exports



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

Oilseed exports are down on lower U.S. soybeans and Canada and Uruguay rapeseed. Correspondingly, rapeseed imports are lower in China and Mexico and soybean imports lower in Pakistan, Egypt, and Bangladesh.

Global vegetable oil trade is up on increased Belarus rapeseed oil and Ukraine sunflowerseed oil exports. Global meal exports are up on increased Ukraine sunflowerseed meal and U.S. soybean meal.

Global oilseed stocks are down on lower U.S. soybeans, Canada rapeseed, and EU sunflowerseed carryout exceeding higher Ukraine sunflowerseed carryout.

➤ **EU weekly soybean imports at 216k mt, YTD at 2.1m mt, up 10% y-o-y**

29 August 2023 Reuters - European Union weekly soybean imports amounted to 216,472 mt in the week ending the 27th of August, according to initial data from the European Commission released Tuesday .

Spain was the lead importer during the reporting week with 82,658 mts, followed by Germany with 56,850 mts, Portugal with 38,341 mts, and the Netherlands with 35,366 mts.

The total soybean import figure for the current marketing year now stands at 2.164 mmts, 10% above last year.

However, commission import data can sometimes be incomplete and subject to revision as more data from member states becomes available.

Soybean meal weekly imports, according to the current data, amounted to 187,574 mts, pushing the cumulative total since July to 2.3 mmts, down 2% year on year.

The Netherlands (71,627 mt), Romania (32,122 mt), France (19,098 mt), Italy (13,778 mt), and Spain (13,505 mt) were the main importers in the EU during the week.

Rapeseed imports to the EU during the reporting week amounted to 43,077 mt, bringing the marketing year's total to 373,837 mt, down 60% year on year.

Germany imported the lion's share of the weekly volume of rapeseed at 20,907 mt, followed by the Netherlands, Romania, and Bulgaria taking about 5,200 mt each..

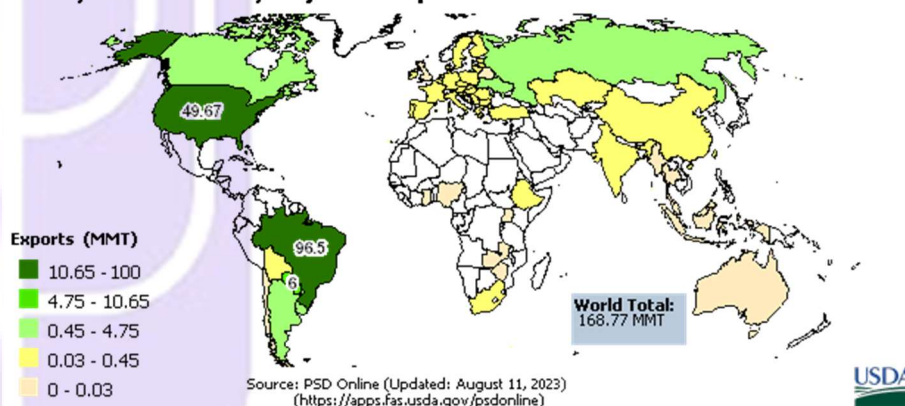
SOYBEANS

➤ **USDA – World Soybean**

Oilseed, Soybean World as of August 2023							
Attribute	23/24 Aug'23	Change	23/24 Jul'23	22/23	21/22	20/21	19/20
Area Harvested (1000 HA)	138,450	+122(+.09%)	138,328	136,544	131,222	129,530	123,382
Beginning Stocks (1000 MT)	103,087	+190(+.18%)	102,897	99,137	100,244	95,054	114,167
Production (1000 MT)	402,787	-2523(-.62%)	405,310	369,737	360,145	368,969	341,196
MY Imports (1000 MT)	166,246	-328(-.2%)	166,574	166,432	156,594	165,495	165,294
Total Supply (1000 MT)	672,120	-2661(-.39%)	674,781	635,306	616,983	629,518	620,657
MY Exports (1000 MT)	168,774	-516(-.3%)	169,290	168,952	153,891	164,883	165,582
Crush (1000 MT)	329,531	-720(-.22%)	330,251	311,553	314,453	315,986	312,591
Food Use Dom. Cons. (1000 MT)	24,393	+5(+.02%)	24,388	23,129	21,999	21,504	20,966
Feed Waste Dom. Cons. (1000 MT)	30,021	+151(+.51%)	29,870	28,585	27,503	26,901	26,464
Total Dom. Cons. (1000 MT)	383,945	-564(-.15%)	384,509	363,267	363,955	364,391	360,021
Ending Stocks (1000 MT)	119,401	-1581(-1.31%)	120,982	103,087	99,137	100,244	95,054
Total Distribution (1000 MT)	672,120	-2661(-.39%)	674,781	635,306	616,983	629,518	620,657
Yield (MT/HA)	2.91	(-.68%)	2.93	2.71	2.74	2.85	2.77

Source: USDA PS&D

2023/2024 Oilseed, Soybean Exports



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

11 August 2023 USDA FAS – Global soybean exports are reduced 0.5 mmts to 168.8 million on lower U.S. exports. Soybean crush and imports are reduced for Bangladesh, Egypt, and Pakistan, in line with downward revisions in the prior marketing year. Global soybean ending stocks are reduced 1.6 mmts to 119.4 million mainly on lower U.S. stocks.

➤ USDA – Brazil Soybeans

Oilseed, Soybean Brazil as of August 2023					
Attribute	23/24 Aug'23	Change	23/24 Jul'23	22/23	21/22
Area Harvested (1000 HA)	45,600	-	45,600	43,900	41,600
Beginning Stocks (1000 MT)	32,948	-100(-.3%)	33,048	27,598	29,579
Production (1000 MT)	163,000	-	163,000	156,000	130,500
MY Imports (1000 MT)	450	-	450	150	539
Total Supply (1000 MT)	196,398	-100(-.05%)	196,498	183,748	160,618
MY Exports (1000 MT)	96,500	-	96,500	94,000	79,063
Crush (1000 MT)	55,750	-	55,750	53,000	50,712
Food Use Dom. Cons. (1000 MT)	0	-	0	0	0
Feed Waste Dom. Cons. (1000 MT)	3,950	-	3,950	3,800	3,245
Total Dom. Cons. (1000 MT)	59,700	-	59,700	56,800	53,957
Ending Stocks (1000 MT)	40,198	-100(-.25%)	40,298	32,948	27,598
Total Distribution (1000 MT)	196,398	-100(-.05%)	196,498	183,748	160,618
Yield (MT/HA)	3.57	-	3.57	3.55	3.14

Source: USDA PS&D

➤ Cargill to acquire soy crushing plants in Brazil

24 August 2023 by Eric Schroeder — Cargill has submitted a binding offer to acquire three soy crushing plants and four warehouses in Brazil from Granol, a privately owned soy crusher. Financial terms of the transaction were not disclosed.

According to Cargill, the transaction involves Granol soy and biodiesel crush plants in the cities of Anápolis, Porto Nacional and Cachoeira do Sul, in addition to four warehouses in the states of Goiás and Tocantins.

"The purchase intention is in line with Cargill's growth strategy in Brazil and Latin America and reinforces the company's purpose of nourishing the world in a safe, responsible, and sustainable way," Cargill said.

According to Reuters, Granol will keep two soy processing plants in São Paulo that make soy oil and soy meal. Those two plants comprise 30% of Granol's original soy crushing capacity, Reuters noted.

➤ USDA – Argentina Soybeans

Oilseed, Soybean Argentina as of August 2023					
Attribute	23/24 Aug'23	Change	23/24 Jul'23	22/23	21/22
Area Harvested (1000 HA)	16,400	-	16,400	15,000	15,900
Beginning Stocks (1000 MT)	17,703	+150(+.85%)	17,553	23,903	25,060
Production (1000 MT)	48,000	-	48,000	25,000	43,900
MY Imports (1000 MT)	5,700	-	5,700	9,200	3,839
Total Supply (1000 MT)	71,403	+150(+.21%)	71,253	58,103	72,799
MY Exports (1000 MT)	4,600	-	4,600	3,900	2,861
Crush (1000 MT)	36,250	-	36,250	30,250	38,825
Food Use Dom. Cons. (1000 MT)	0	-	0	0	0
Feed Waste Dom. Cons. (1000 MT)	6,700	-	6,700	6,250	7,210
Total Dom. Cons. (1000 MT)	42,950	-	42,950	36,500	46,035
Ending Stocks (1000 MT)	23,853	+150(+.63%)	23,703	17,703	23,903
Total Distribution (1000 MT)	71,403	+150(+.21%)	71,253	58,103	72,799
Yield (MT/HA)	2.93	-	2.93	1.67	2.76

Source: USDA PS&D

➤ Argentina soy market on hold amid uncertainty over new soy dollar

31 August 2023 - Argentina's soybean market is on hold as players try to navigate the uncertainty generated by measures announced by the government this week.

"The market is totally paralyzed, with no farmer selling," a source said.

On Sunday, Argentina's Economy Minister and candidate for presidency Sergio Massa announced a new program to boost soybean crushing in the country.

The crushers would be able to use 25% of the foreign exchange generated from soy meal and oil exports to buy beans using the so-called financial dollar (currently worth 679,37 pesos per dollar), while the remaining 75% would be traded at the official rate of 350 pesos per dollar.

On Tuesday, however, Secretary of Agriculture Juan Jose Bahillo said the companies could use 25% of the foreign exchange from export only to import beans rather than purchasing them from local producers at a better price as a stimulus for producers to sell the 8 to 10 mmts volume still to be traded.

"Whether it is from Uruguay, Brazil or Paraguay does not matter; the important thing is to maintain the levels of activity and thus ensure jobs," Bahillo was reported as saying, according to local press.

What was initially thought another soy dollar seems to have turned into a subsidy for crushers to continue processing soybeans.

The measure will be valid for a month starting September 1, Bahillo said in a press conference.

A decree detailing the measures is yet to be released.

➤ **USDA – U.S. Soybeans**

Oilseed, Soybean United States as of August 2023					
Attribute	23/24 Aug'23	Change	23/24 Jul'23	22/23	21/22
Area Harvested (1000 HA)	33,466	-	33,466	34,939	34,929
Beginning Stocks (1000 MT)	7,083	+136(+1.96%)	6,947	7,468	6,994
Production (1000 MT)	114,454	-2573(-2.2%)	117,027	116,377	121,528
MY Imports (1000 MT)	816	+272(+50%)	544	816	433
Total Supply (1000 MT)	122,353	-2165(-1.74%)	124,518	124,661	128,955
MY Exports (1000 MT)	49,668	-681(-1.35%)	50,349	53,887	58,571
Crush (1000 MT)	62,596	-	62,596	60,419	59,980
Food Use Dom. Cons. (1000 MT)	0	-	0	0	0
Feed Waste Dom. Cons. (1000 MT)	3,417	+1(+.03%)	3,416	3,272	2,936
Total Dom. Cons. (1000 MT)	66,013	+1(+%)	66,012	63,691	62,916
Ending Stocks (1000 MT)	6,672	-1485(-18.21%)	8,157	7,083	7,468
Total Distribution (1000 MT)	122,353	-2165(-1.74%)	124,518	124,661	128,955
Yield (MT/HA)	3.42	(-2.29%)	3.50	3.33	3.48

Source: USDA PS&D

11 August USDA WASDE – U.S. soybean supply and use changes for 2023/24 include higher beginning stocks and lower production and exports. Beginning stocks are raised on higher 2022/23 imports. Soybean production for 2023/24 is forecast at 4.2 billion bushels, down 95 million on lower yields.

Harvested area is forecast at 82.7 million acres, unchanged from July. The first survey-based soybean yield forecast of 50.9 bus/acre is reduced 1.1 bushels from last month.

Soybean supplies for 2023/24 are projected at 4.5 bbus, down 2% from last year. With soybean exports down 25 mbus on lower supplies and crush unchanged, ending stocks are forecast at 245 mbus, down 55 million from last month.

The USDA season-average soybean farm price for 2023/24 was forecast at \$12.70/bu, up \$0.30 from last month.

The soybean meal price was forecast at \$380/short ton, up 5 dollars.

The soybean oil price was forecast at 62 cents per pound, up 2 cents.

➤ **Study: Soybean sector has \$124 billion impact on US**

30 August 2023 by Arvin Donley — The soybean sector has a \$124 billion impact on the US economy and accounts for 0.6% of the country gross domestic product, according to a new study funded by the United Soybean Board (USB) and the National Oilseed Processors Association (NOPA).

The 33-page study analyzes the soybean value chain's impact on the US economy based on data from crop years 2019-20 to 2021-22. The economic impact included \$85.7 billion from soybean production and \$9.8 billion from soybean processing. The United States is the world's second largest soybean producer and exporter behind Brazil.

"It's reaffirming to see that the US soybean industry has such a tremendous impact on US farmers and the economy overall," said USB chairperson and Missouri farmer Meagan Kaiser. "When we think about soy's role in food security, renewable energy and more than 1,000 products on the market, it may be surprising to the everyday consumer how our product extends across multiple sectors."

He added that the study "allows soy, as an often invisible ingredient, to become a visible contribution and sustainable solution for our future."

Thomas Hammer, president of the NOPA, said the economic contributions of the soybean processing and refining sectors in the United States are substantial.

"Soybean processors convert soybeans into meal and oil," he said. "These value-added products are used in food, feed and industrial products and biofuels, supporting billions of dollars in domestic wages and tens of thousands of good-paying jobs in the United States."

The study also found that in the United States there are more than 500,000 individuals involved in soy farm decision-making, which includes 223,000 paid, full-time equivalent jobs and an additional 62,000 family members, beyond growers, who reside on farms and are integral to soybean farming operations. Total wage impact of the sector averaged \$10 billion.

The study was conducted by LMC International, Ltd., an independent economic consulting firm specializing in global commodity and agribusiness sectors.

➤ **NOPA July US soybean crush seen at 171.337 mbus**

11 August 2023 by Karl Plume, Reuters - The U.S. soybean crush likely increased in July from a nine-month low in the previous month, although seasonal maintenance downtime continued to restrict the processing pace, analysts said ahead of a monthly National Oilseed Processors Association (NOPA) report due on Tuesday.

NOPA members, which handle about 95% of all soybeans processed in the United States, were estimated to have crushed 171.337 mbus last month, according to the average of estimates from 10 analysts.

If realized, the July crush would be up 3.8% from the 165.023 mbus processed in June and up 0.7% from the July 2022 crush of 170.220 mbus. It would also be the second largest July crush on record, behind only 2020.

The estimate implies a daily crush rate of 5.527 mbus, which would be up from 5.501 mbus a day in June and the first increase in four months, according to NOPA data.

The crush typically slows ahead of the autumn harvest as processors idle facilities for seasonal maintenance and as supplies of soybeans are drawn down. Mechanical issues and other problems prolonged downtime at some facilities this summer, further limiting the crush, analysts said.

Estimates for the July 2023 crush ranged from 165.100 million to 178.000 mbus, with a median of 170.408 mbus .

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

Soyoil supplies held by NOPA members as of July 31st were forecast at 1.687 billion pounds, based on estimates from seven analysts.

Soyoil stocks at the end of June totaled 1.690 billion pounds, while stocks at the end of July 2022 stood at 1.684 billion pounds.

Soyoil stocks estimates ranged from 1.620 billion to 1.740 billion pounds, with a median of 1.702 billion pounds.

➤ **Canola, Rapeseed, Sunseed Prices (FOB, US\$/mt) 29th of August 2023**

		TW	LW	LY	%Y/Y
SOYABEANS					
US 2Y (Gulf)	Sep	559	544	641	- 13
Argentina (Up River)	Aug	543	526	615	- 12
Brazil (Paranagua)	Sep	530	522	625	- 15
SOYAMEAL					
Argentina (Up River)	Aug	504	483	486	+ 4
SOYA OIL					
Argentina (Up River)	Aug	970	969	1,387	- 30
Brazil (Paranagua)	Sep	972	932	1,426	- 32
RAPESEED / CANOLA					
Canada (Vancouver)	Aug	620	610	691	- 10
Australia (Kwinana) b)	Aug	554	552	743	- 25
SUNFLOWERSEED					
EU (France) (Bordeaux)	Aug	482	499	744	- 35
RBD PALM OIL					
Malaysia	Sep	860	860	1,005	- 14

Source: International Grains Council visit: http://www.igc.int/grainsupdate/igc_goi.xlsb

By midweek U.S. soyabean futures advanced by 4% w/w, as hot and dry conditions continued to feature across the Midwest where crops were in the crucial pod-filling stage. Underlying support also stemmed from a larger than anticipated weekly export sales figure, paired with further reported sales to China and unknown destinations.

However, futures retreated on better than expected weekly crop condition ratings, pegged one percentage point lower w/w, at 58% good/excellent (57% previous year, 59% five-year ave.).

Following the conclusion of its annual crop tour across seven major producing states, Pro Farmer placed 23/24 output at 112.0m t (114.5m USDA WASDE August

forecast, 116.4 mmts previous year), with average yields seen at 3.3 mts/ha (3.4 mts/ha, 3.5t/ha).

In part tied to local currency movements, farmer selling in Brazil was said to be slow, with Anec, the grain exporters' association, trimming estimated August shipments by 0.3 mmts from before, to 7.3 mmts (5.1 mmts same month of previous year).

To spur farmer selling, the government in Argentina announced plans for a new preferential exchange rate scheme, expected to come into effect from September.

In Canada, ICE canola futures rose by 2% w/w, in part underpinned by Statistics Canada's latest production forecast, pegged at 17.6 mmts (18.7 mmts previous year), mostly due to lower yields amid dry conditions across Western Canada. Despite recent precipitation, dryness remained a concern in Saskatchewan where threshing advanced by three percentage points w/w, to 4% done (3% previous year).

Euronext rapeseed futures were little changed w/w. Based on a farmer survey, 2024/25 area in Ukraine could potentially rise by up to 40% y/y, to 1.9 mha, if realized, an all-time high.

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



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

The soybean market faded into Friday's close, but stayed in the black. across the front months. CME September 2023 Soybean Futures settled on Friday at \$13.56 1/4/bu, off 3 3/4 cents on Friday, while November closed at \$13.69 1/4/bu, nearly unchanged on the day. soybeans close mixed and down 18 cents for the week.

Soymeal futures were the weak link on Friday, trading down \$3.50 to \$4.00 and down \$10.00 for the week.

Soybean Oil futures rallied triple digits into the weekend, which limited the week's move to a 15 point loss.

The weekly Commitment of Traders report showed 21.5k new spec bean longs for the week that ending the 29th of August, in addition to 11.3k fewer shorts. That extended the group's net long to 90,985 contracts. The commercial soybean hedgers added 26.9k new shorts, taking their net short to 153k contracts as of the 29th of August. CFTC reported managed money was also rolling shorts to longs in meal, with 9.8k new longs and 11k fewer shorts in play. That left the specs with a 73.8k contract net long at the settle. The spec traders went for lighter BO exposure for the week, though more shorts were closed than longs leaving the group with a 58,317 contract net long.

The NASS Fats and Oils report showed 184.8 mbu of soybeans were processed in July. That was up 5.8% from the month prior, and 1.9% above July '22 as a new record for the month (beating '20 by 400k bu). The season's crush sits at 2.043 bbu, compared to 2.029 bbu last year and the 2.220 bbu full year USDA forecast. NASS had BO stocks at 2.149b lbs.

The Monthly Biofuel Capacity and Feedstock report showed June soy oil use up 6% vs. May, at a record 1.207 bil. lbs. YTD BO use hit 8.81 billion lbs. by the end of June, up ~17% from last year. ULSD above \$3.00 should continue to support nearby soyoil.

FOB IWDS is 19c below DVE and suggest Nov futures or SX/SF bear spread is the better sale for those with time, space and money.

Farmer movement for the week picked up slightly when \$13 cash offers were hit again but then quickly quieted down again. Old crop basis continues to converge toward new crop values with several plant bids down 20 – 60 w/w.

➤ **Chicago soybeans at historical highs versus corn ahead of 2024**

29 August 2023 by Karen Braun, Reuters - After a couple years of more corn-favoring levels, Chicago soybean futures have notched their strongest advantage relative to corn since late 2016, suggesting that soy supply concerns are outpacing those of corn.

That price difference in 2016 arguably led to the overproduction of U.S. soybeans in the following two years, moderating soybean futures. Next year's prices show soybeans topping corn to a slightly larger degree than in 2016, possibly laying some bearish groundwork for 2024.

CBOT soybeans' price-supportive 2023 story started with significantly lighter-than-expected U.S. soybean plantings, continuing with the exceptionally dry June weather. Beans again found strength this month with a yield-limiting dry stretch late in the growing season.

In the last three weeks, CBOT November soybeans have risen 6.6%, though December corn has lost 2.4%. That pushed the soybean-corn ratio to a seven-year high of 2.86 on Tuesday.

The CBOT bean-corn ratio, often used to indicate the crops' relative profitability for U.S. farmers prior to the growing season, typically averages 2.47 during August. By contrast, the year-ago ratio was a highly corn-favoring 2.1, the date's lowest since 2011.

2016 sets the recent historical limit for late August at around 3.0, and 2009 was the only higher year, staying just below 3.1. The U.S. corn and soybean crops were huge in both years, but soybean demand was booming, especially from China in 2016.

The bean-corn ratio was also elevated in late 2013, a year which has been frequently compared with 2023, particularly for corn futures. The ratio is currently moving at a very similar clip to 2013, and values have been almost lockstep throughout August.

The 2013 ratio topped at 3.0 in mid-September and never lost much strength afterward. Corn futures were declining at a faster rate than soybeans as U.S. corn supplies recovered significantly from the 2012 drought. Soybean supplies were shrinking, however, despite a near-record crop.

China markedly stepped up its soy imports in the 2013-14 marketing year, trimming U.S. bean supplies to multidecade lows. U.S. farmers responded in 2014 by planting nearly 6 million more soybean acres than the prior record, and favorable weather contributed to the collapse of soybean prices in mid-2014.

Chinese soy imports are expected to ease slightly in 2023-24, whereas a sizable jump for 2013-14 was already predicted as of August 2013. U.S. soy exports also contend with Brazil to a greater extent now than a decade ago.

2024 ON HORIZON

Next year's December corn and November soybean futures already indicate heavier U.S. soybean acres for 2024 after declining 4.5% in 2023, hitting a three-year low.

The bean-corn ratio for the 2024 contracts reached 2.59 on Tuesday, the highest late-August levels since at least the mid-1990s. The only years since then with similarly strong values at this point were 2014 and 2016, corresponding to the 2015 and 2017 crop years.

The 2016 strength is notable because U.S. farmers in 2017 increased soybean plantings by 8% on the year, topping 90 million acres for the first and only time. Another strong ratio in late 2017 pushed 2018 soy acres over 89 million.

That acreage boost was logical on paper, but China's soybean import expansion rate began to slow in 2017, and the market did not immediately realize it. By 2018, the U.S.-China trade war and deadly disease in China's hog herd all but sealed the oversupply of soybeans in the United States.

In late 2014, the bean-corn ratio for 2015 eased. Prices were low by early 2015, causing both U.S. corn and soybean acres to contract that year. However, the strength of the 2014 ratio in late 2013 motivated farmers to expand soy acres in 2014 at the expense of corn.

A 2014- or 2016-style expansion of U.S. soybean acres may not be in the cards for 2024 given the limited pool of total acres and the market forces currently at play, especially on the demand front.

Since 2018, the highest U.S. soy area was in 2022 at 87.5 million acres, though it would take fewer than that to push domestic bean inventory to comfortable levels.

➤ **U.S. Export Soy Basis Values – Friday the 1st of September 2023**

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

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

CIF BEANS	8/31/2023	9/1/2023	
AUG	105 / 140	100 / 125	Q
SEP	105 / 115	96 / 112	X
OCT	94 /	88 / 98	X
NOV	90 / 98	80 / 98	X
DEC	/ 96	/ 96	X
OND	/ 96	/	H

UNC

BRAZIL FOB BEANS @ PORT PARANAGUA

	8/31/2023	9/1/2023	
OCT	55 / 65	55 / 100	X
NOV	45 / 65	50 / 90	X
FEB	-70 / -60	-80 / -60	H
MAR	-115 / -105	-115 / -110	H
APR	-120 / -100	-130 / -100	K
MAY	-105 / -95	-110 / -95	K
JUN	-75 / -55	-85 / -65	N
JUL	-75 / -55	-85 / -65	N

The barge CIF NOLA market continues to see reduced drafts and tows, with the 7-day QPF finally starting to show some precipitation in the forecasted for Illinois and Missouri. Between firming barge and ocean freight the PNW bids have firmed 20 cents on the week to +180SX.

➤ **USDA July soybean crush estimated at 184.2 mbus**

31 August 2023 by Karl Plume, Reuters - The U.S. soybean crush likely increased in July to 5.527 million short tons, or 184.2 mbus, according to the average forecast of nine analysts surveyed by Reuters ahead of a monthly USDA Report.

If the estimate is realized, it would be up from the 174.5 mbus crushed in June and the 181.4 mbus processed in July 2022. It would also be the second largest July crush on record, behind only 2020, USDA data showed.

Crush estimates ranged from 182.0 mbus to 185.2 mbus, with a median of 184.7 mbus.

The USDA is due to release its monthly fats and oils report at 2 p.m. CDT (1900 GMT) on Friday, Sept. 1.

U.S. soybean stocks as of July 31 were estimated to have declined to 2.071 billion pounds, based on the average of estimates from six analysts. If realized, the stocks would be down from 2.203 billion pounds at the end of June and below stocks totaling 2.267 billion pounds at the end of July 2022. Estimates ranged from 1.975 billion to 2.181 billion pounds, with a median of 2.055 billion pounds.

The National Oilseed Processors Association (NOPA) reported that its members, which account for about 95% of the U.S. soybean crush, processed 173.303 mbus of soybeans last month. The total was up 5.0% from the 165.023 mbus processed in June and up 1.8% from the 170.220 mbus crushed in July 2022.

Soybean supplies held by NOPA members as of July 31 dropped to a 10-month low of 1.527 billion pounds, down from 1.690 billion pounds at the end of June and 1.684 billion pounds at the end of July 2022.

CANOLA / RAPESEED

➤ World Rapeseed Supply & Demand Outlook

Oilseed, Rapeseed World as of August 2023							
Attribute	23/24 Aug'23	Change	23/24 Jul'23	22/23	21/22	20/21	19/20
Area Harvested (1000 HA)	42,256	-55(-.13%)	42,311	41,788	38,468	35,330	35,146
Beginning Stocks (1000 MT)	6,807	+572(+9.17%)	6,235	4,186	6,342	7,628	9,738
Production (1000 MT)	86,073	-1350(-1.54%)	87,423	88,540	75,303	74,714	70,323
MY Imports (1000 MT)	16,261	-575(-3.42%)	16,836	19,432	13,899	16,657	15,818
Total Supply (1000 MT)	109,141	-1353(-1.22%)	110,494	112,158	95,544	98,999	95,879
MY Exports (1000 MT)	17,533	-815(-4.44%)	18,348	19,731	15,124	18,138	16,012
Crush (1000 MT)	81,281	-180(-.22%)	81,461	80,634	72,252	71,913	69,029
Food Use Dom. Cons. (1000 MT)	745	-	745	720	665	665	265
Feed Waste Dom. Cons. (1000 MT)	3,495	+4(+.11%)	3,491	4,266	3,317	1,941	2,945
Total Dom. Cons. (1000 MT)	85,521	-176(-.21%)	85,697	85,620	76,234	74,519	72,239
Ending Stocks (1000 MT)	6,087	-362(-5.61%)	6,449	6,807	4,186	6,342	7,628
Total Distribution (1000 MT)	109,141	-1353(-1.22%)	110,494	112,158	95,544	98,999	95,879
Yield (MT/HA)	2.04	(-1.45%)	2.07	2.12	1.96	2.11	2

Source: USDA PS&D

➤ ICE Canadian Canola Futures – Daily Nearby



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

Prices in Canadian dollars per metric mt

ICE November 2023 Canola Futures settled on Friday at C\$811.40, up C\$2.70 on the day, and mostly unchanged for the week. The Jan24 contract settled at C\$819.40 up 5.50.

ICE canola futures were pushing upwards Friday, as they gleaned support from gains in comparable oils. Spillover was coming from upticks in Chicago soyoil, plus

European and Malaysian palm oil. While Chicago soybeans were narrowly mixed, a dip in Chicago soymeal applied a little bit of pressure. A rally in crude oil prices was spilling over into the vegetable oils.

The Canadian Grain Commission reported a meagre 1,200 mts in canola exports for the week ended Aug. 27. An analyst said the amount was all by rail or truck with no canola loaded onto vessels.

"It was a combination of no immediate export demand and waiting for the new crop to come in," the analyst commented, noting that year to date exports remain significant better compared to a year ago.

The Prairies saw some scattered showers on Friday morning, with the region to be hot and dry through the Labour Day long weekend. The analyst said those conditions could persist through the first half of September.

With the long weekend, trading at ICE and the Chicago Board of Trade will be closed from the end of the session today through to the beginning of the overnight session on Monday.

As the United States dollar made gains, the Canadian dollar was pulled lower at mid-Friday morning. The loonie fell to 73.64 U.S. cents compared to Thursday's close of 73.90.

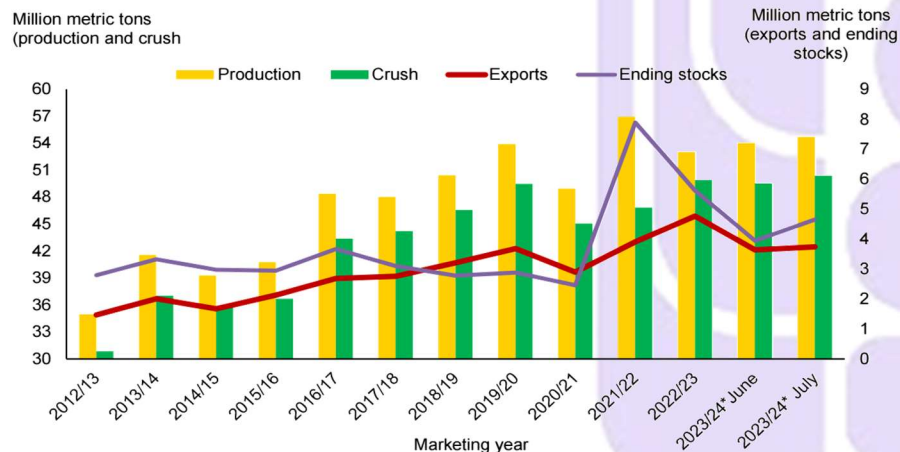
SUNFLOWERS

➤ World Sunflower Seed Supply & Demand Outlook

Oilseed, Sunflowerseed World as of August 2023							
Attribute	23/24 Aug'23	Change	23/24 Jul'23	22/23	21/22	20/21	19/20
Area Harvested (1000 HA)	28,252	-250(-.88%)	28,502	27,773	28,656	26,816	25,847
Beginning Stocks (1000 MT)	5,626	+12(+.21%)	5,614	7,934	2,459	2,881	2,777
Production (1000 MT)	55,801	+1110(+2.03%)	54,691	52,441	57,011	48,947	53,895
MY Imports (1000 MT)	3,427	-	3,427	4,374	3,789	2,735	3,343
Total Supply (1000 MT)	64,854	+1122(+1.76%)	63,732	64,749	63,259	54,563	60,015
MY Exports (1000 MT)	3,673	-70(-1.87%)	3,743	4,670	3,911	2,900	3,687
Crush (1000 MT)	51,020	+650(+1.29%)	50,370	49,385	46,842	45,063	49,485
Food Use Dom. Cons. (1000 MT)	2,243	-20(-.88%)	2,263	2,125	2,079	2,084	2,088
Feed Waste Dom. Cons. (1000 MT)	2,701	-9(-.33%)	2,710	2,943	2,493	2,057	1,874
Total Dom. Cons. (1000 MT)	55,964	+621(+1.12%)	55,343	54,453	51,414	49,204	53,447
Ending Stocks (1000 MT)	5,217	+571(+12.29%)	4,646	5,626	7,934	2,459	2,881
Total Distribution (1000 MT)	64,854	+1122(+1.76%)	63,732	64,749	63,259	54,563	60,015
Yield (MT/HA)	1.98	+(+3.13%)	1.92	1.89	1.99	1.83	2.09

Source: USDA PS&D

Figure 4
Global sunflowerseed distribution



Note: Asterisk (*) denotes forecast.

Source: USDA, Economic Research Service using data from USDA, Foreign Agricultural Service, *Production, Supply, and Distribution* database.

➤ Ukraine starts sunflower, soybean crop harvesting

1 September 2023 - Ukraine's farmers have reached a landmark stage of the season, with harvesting underway for the sunflower and soybean crops, an official government update showed Friday.

Early signs suggest that the yield will be significantly better than last year, but since the sunflower seed harvest has been completed on less than 1% of the planned area, with only 49,400 mts of oilseed reaching the bins, the early results are not seen as indicative.

Nonetheless, the yield was put at 1.9 mt/ha versus last year's around 1.1 mt/ha around the same date, when some 81,700 mt had been gathered.

Soybean harvesting has also just started with just 30,600 mt in the bins and the early yield put at 2.7 mt/ha (40.1 bu./acre), which is around three times higher than the early yields shown at the same stage last year.

Ukrainian farmers have also finished the wheat harvest with 101% of the planned area (4.7 million ha) harvested, delivering some 22.14 mmmts, which is more than the 19-21 mmmts expected by the industry.

The barley harvest also reached a finish at 5.8 mmmts from 1.49 million ha, in line with the ministry's estimates.

The rapeseed harvest is close to the finish line with 3.99 mmmts collected and an average yield of 2.87 mt/ha.

VEGETABLE OILS

➤ World Soybean Oil Supply & Demand Outlook

Oil, Soybean World as of August 2023							
Attribute	23/24 Aug'23	Change	23/24 Jul'23	22/23	21/22	20/21	19/20
Crush (1000 MT)	329,531	-720(-.22%)	330,251	311,553	314,453	315,986	312,591
Extr. Rate, 999.9999 (PERCENT)	0.19	-	0.19	0.19	0.19	0.19	0.19
Beginning Stocks (1000 MT)	4,927	+209(+4.43%)	4,718	4,718	5,415	5,404	4,773
Production (1000 MT)	61,961	-108(-.17%)	62,069	58,669	59,262	59,305	58,539
MY Imports (1000 MT)	10,704	+25(+.23%)	10,679	10,490	11,537	11,804	11,545
Total Supply (1000 MT)	77,592	+126(+.16%)	77,466	73,877	76,214	76,513	74,857
MY Exports (1000 MT)	11,609	-13(-.11%)	11,622	11,322	12,256	12,611	12,384
Industrial Dom. Cons. (1000 MT)	13,685	-	13,685	12,168	11,862	11,224	11,193
Food Use Dom. Cons. (1000 MT)	46,822	+31(+.07%)	46,791	45,380	47,313	47,173	45,771
Feed Waste Dom. Cons. (1000 MT)	80	-	80	80	65	90	105
Total Dom. Cons. (1000 MT)	60,587	+31(+.05%)	60,556	57,628	59,240	58,487	57,069
Ending Stocks (1000 MT)	5,396	+108(+2.04%)	5,288	4,927	4,718	5,415	5,404
Total Distribution (1000 MT)	77,592	+126(+.16%)	77,466	73,877	76,214	76,513	74,857

Source: USDA PS&D

➤ Canola, Rapeseed, Sunseed Prices (FOB, US\$/mt) 29th of August 2023

		TW	LW	LY	%Y/Y
SOYABEANS					
US 2Y (Gulf)	Sep	559	544	641	- 13
Argentina (Up River)	Aug	543	526	615	- 12
Brazil (Paranagua)	Sep	530	522	625	- 15
SOYAMEAL					
Argentina (Up River)	Aug	504	483	486	+ 4
SOYA OIL					
Argentina (Up River)	Aug	970	969	1,387	- 30
Brazil (Paranagua)	Sep	972	932	1,426	- 32
RAPESEED / CANOLA					
Canada (Vancouver)	Aug	620	610	691	- 10
Australia (Kwinana) b)	Aug	554	552	743	- 25
SUNFLOWERSEED					
EU (France) (Bordeaux)	Aug	482	499	744	- 35
RBD PALM OIL					
Malaysia	Sep	860	860	1,005	- 14

Source: International Grains Council visit: http://www.igc.int/grainsupdate/igc_goi.xlsb

➤ USDA – U.S. Soybean Oil

Oil, Soybean United States as of August 2023					
Attribute	23/24 Aug'23	Change	23/24 Jul'23	22/23	21/22
Crush (1000 MT)	62,596	-	62,596	60,419	59,980
Extr. Rate, 999.9999 (PERCENT)	0.20	-	0.20	0.20	0.20
Beginning Stocks (1000 MT)	853	-25(-2.85%)	878	903	967
Production (1000 MT)	12,258	-	12,258	11,914	11,864
MY Imports (1000 MT)	170	-	170	170	137
Total Supply (1000 MT)	13,281	-25(-.19%)	13,306	12,987	12,968
MY Exports (1000 MT)	181	-23(-11.27%)	204	181	803
Industrial Dom. Cons. (1000 MT)	5,670	-	5,670	5,307	4,694
Food Use Dom. Cons. (1000 MT)	6,599	-	6,599	6,646	6,568
Feed Waste Dom. Cons. (1000 MT)	0	-	0	0	0
Total Dom. Cons. (1000 MT)	12,269	-	12,269	11,953	11,262
Ending Stocks (1000 MT)	831	-2(-.24%)	833	853	903
Total Distribution (1000 MT)	13,281	-25(-.19%)	13,306	12,987	12,968

Source: USDA PS&D

➤ CME Soybean Oil – Nearby Daily

Soybean Oil Sep '23 (ZLU23) - Barchart.com



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

CME September 2023 Soybean Oil Futures settled on Friday at \$66.55/cwt, up \$1.03 on the day, and losing \$0.18 cents for the week.

➤ USDA – World Palm Oil Supply & Demand Outlook

Oil, Palm World as of August 2023							
Attribute	23/24 Aug'23	Change	23/24 Jul'23	22/23	21/22	20/21	19/20
Area Harvested (1000 HA)	27,117	-	27,117	26,519	25,384	24,788	24,468
Beginning Stocks (1000 MT)	16,742	-115(-.68%)	16,857	15,941	14,886	15,875	14,936
Production (1000 MT)	79,464	-	79,464	77,576	72,964	73,277	73,111
MY Imports (1000 MT)	48,982	-45(-.09%)	49,027	48,013	41,644	46,842	47,029
Total Supply (1000 MT)	145,188	-160(-.11%)	145,348	141,530	129,494	135,994	135,076
MY Exports (1000 MT)	51,005	-5(-.01%)	51,010	50,056	43,892	48,536	48,355
Industrial Dom. Cons. (1000 MT)	26,433	+5(+.02%)	26,428	25,260	22,905	23,509	23,113
Food Use Dom. Cons. (1000 MT)	50,380	-300(-.59%)	50,680	48,790	46,094	48,363	47,028
Feed Waste Dom. Cons. (1000 MT)	702	-	702	682	662	700	705
Total Dom. Cons. (1000 MT)	77,515	-295(-.38%)	77,810	74,732	69,661	72,572	70,846
Ending Stocks (1000 MT)	16,668	+140(+.85%)	16,528	16,742	15,941	14,886	15,875
Total Distribution (1000 MT)	145,188	-160(-.11%)	145,348	141,530	129,494	135,994	135,076
Yield (MT/HA)	2.93	-	2.93	2.93	2.87	2.96	2.99

Source: USDA PS&D

➤ CME Palm Oil Oil – Nearby Weekly



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

➤ Palm oil falls on weaker rivals oils

1 September 2023 by Dewi Kurniawati, Reuters - Malaysian palm oil futures fell further during the midday break on Monday, dragged down by weaker rival oils on the Dalian and Zhengzhou Commodity Exchanges.

The benchmark palm oil contract FCPOc3 for November delivery on the Bursa Malaysia Derivatives Exchange traded 73 ringgit lower, or 1.81%, at 3,967 ringgit (\$852.20) per metric ton on the midday break.

Dalian's most-active soyoil contract DBYcv1 fell 0.87%, while its palm oil contract DCPcv1 slid 1.67%. Soyoil prices on the Chicago Board of Trade BOCv1 is closed on Monday for Labor Day holiday.

"The new week has started with CBOT on holiday. The futures opened gap lower and trading down following sharply lower Dalian's Palm Olein and Soy oil and Zhengzhou Commodity Exchange (ZCE) Rapeseed oil futures," Anilkumar Bagani, research head, Sunvin Group India, said.

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

Indonesia has set its crude palm oil reference price for the Sept. 1-15 period at \$805.20 per ton, which put the CPO export tax and levy at \$33 per ton and \$85 per ton, respectively, for the period.

Exports of Malaysian palm oil products for August fell 3% to 1,201,488 tons from 1,238,438 tons shipped during July, cargo surveyor Intertek Testing Services said.

According to independent inspection company AmSpec Agri, exports fell 0.4% to 1,171,998 tons, from 1,176,912 tons shipped in July.

Palm oil FCPOc3 may retest a resistance at 4,071 ringgit per ton, with a good chance of breaking above this level and rising into 4,104-4,125 ringgit range, according to Reuters analyst Wang Tao.

(\$1 = 4.6550 ringgit)

➤ Olive Oil Buyers Stymied by Spain's Drought, Turkey's Export Ban

25 August 2023 Gro Intelligence - Intensifying drought in Spain, the No. 1 producer of olive oil, has sent global buyers scrambling for alternative sources of the popular vegetable oil. For Turkey, that has caused olive oil exports to surge, prompting the government to impose a temporary ban on further exports to help control domestic prices.

Spain's olive oil production in 2022 dropped by more than 50% from a year earlier — and was down by a similar amount from the five-year average — as drought and overly hot conditions pushed olive yields down. The Gro Drought Index, weighted for Spain's cropland area using Gro's Climate Risk Navigator for Agriculture, shows drought conditions are currently at "extreme" levels, surpassing even last year's intensely dry weather. Accumulated rainfall for this year is more than 30% below the 10-year average, and represents the lowest precipitation amounts since 2012.

By contrast, Turkey's olive oil production increased by 72% in 2022 from a year earlier and was up by a similar amount from the five-year average. Still, a surge in olive oil exports — up more than four-fold so far this year from a year earlier — could push domestic prices higher and exacerbate the country's already elevated food price inflation.

Since January 2020, when global food price inflation began to accelerate, Turkish food prices have risen by 479%, one of the highest food inflation rates in the world, as shown by Gro's Agricultural Price Inflation Application.

Turkey's inflation has been made worse by the steep drop in the country's currency, the lira, which has declined in value against the US dollar by 77% over the same three-year time period. Most food imports are priced in US dollars, making them more expensive when purchased with currencies that have weakened against the US dollar.

Turkey imposed a three-month export ban on bulk and barrel olive oil shipments, beginning August 1. The trade halt is intended to stay in place until the country completes its upcoming harvest. Turkey also announced new restrictions on lentil and chickpea exports.

Turkey previously imposed bans on exports of bulk olive oil and other food supplies in 2021 and 2022 to address rising domestic prices.

The EU is the world's largest olive oil producer accounting for over 60% of global production. Top olive oil producers in the EU include Spain, which produces nearly 70% of the bloc's olive oil output, followed by Italy, Greece, and Portugal.

PLANT PROTEIN MEALS

➤ World Soybean Meal Supply & Demand Outlook

Meal, Soybean World as of August 2023							
Attribute	23/24 Aug'23	Change	23/24 Jul'23	22/23	21/22	20/21	19/20
Crush (1000 MT)	329,534	-720(-.22%)	330,254	311,556	314,456	315,989	312,596
Extr. Rate, 999.9999 (PERCENT)	0.78	-	0.78	0.79	0.78	0.79	0.79
Beginning Stocks (1000 MT)	12,277	+142(+1.17%)	12,135	15,862	15,326	15,848	16,101
Production (1000 MT)	258,656	-573(-.22%)	259,229	244,843	246,699	248,306	245,553
MY Imports (1000 MT)	67,209	+174(+.26%)	67,035	63,259	67,175	65,360	63,323
Total Supply (1000 MT)	338,142	-257(-.08%)	338,399	323,964	329,200	329,514	324,977
MY Exports (1000 MT)	70,266	+192(+.27%)	70,074	66,478	68,838	69,432	67,942
Industrial Dom. Cons. (1000 MT)	1,370	-	1,370	1,372	1,332	1,367	1,377
Food Use Dom. Cons. (1000 MT)	852	-	852	821	796	741	671
Feed Waste Dom. Cons. (1000 MT)	251,375	-593(-.24%)	251,968	243,016	242,372	242,648	239,139
Total Dom. Cons. (1000 MT)	253,597	-593(-.23%)	254,190	245,209	244,500	244,756	241,187
Ending Stocks (1000 MT)	14,279	+144(+1.02%)	14,135	12,277	15,862	15,326	15,848
Total Distribution (1000 MT)	338,142	-257(-.08%)	338,399	323,964	329,200	329,514	324,977
SME (1000 MT)	251,375	-593(-.24%)	251,968	243,016	242,372	242,648	239,139

Source: USDA PS&D

Spot Soymeal Export Prices (As of 1st September 2023)

U.S. fob Gulf \$493.00/mt, -\$3.25
 Brazil, fob Paranagua, \$473.25/mt, -\$3.25
 Argentina, FOB Upriver \$489.25/mt, -\$1.50

Source: Agricensus

➤ U.S Soybean Meal Supply & Demand Outlook

Meal, Soybean United States as of August 2023					
Attribute	23/24 Aug'23	Change	23/24 Jul'23	22/23	21/22
Crush (1000 MT)	62,596	-	62,596	60,419	59,980
Extr. Rate, 999.9999 (PERCENT)	0.79	-	0.79	0.79	0.78
Beginning Stocks (1000 MT)	318	-	318	282	309
Production (1000 MT)	49,147	-	49,147	47,685	47,005
MY Imports (1000 MT)	544	-46(-7.8%)	590	567	594
Total Supply (1000 MT)	50,009	-46(-.09%)	50,055	48,534	47,908
MY Exports (1000 MT)	13,608	+182(+1.36%)	13,426	12,882	12,283
Industrial Dom. Cons. (1000 MT)	0	-	0	0	0
Food Use Dom. Cons. (1000 MT)	0	-	0	0	0
Feed Waste Dom. Cons. (1000 MT)	36,038	-228(-.63%)	36,266	35,334	35,343
Total Dom. Cons. (1000 MT)	36,038	-228(-.63%)	36,266	35,334	35,343
Ending Stocks (1000 MT)	363	-	363	318	282
Total Distribution (1000 MT)	50,009	-46(-.09%)	50,055	48,534	47,908
SME (1000 MT)	36,038	-228(-.63%)	36,266	35,334	35,343

Source: USDA PS&D

➤ CME CBOT Soybean Meal – Daily Nearby



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

CME September 2023 Soybean Meal Futures, settled on Friday at \$412.70/short ton, off \$6.00 on the day, and losing \$10.10/short ton for the week.

➤ **Soybean Meal Export Prices (FOB, US\$/mt) as of 1st of September 2023**

CIF SOYBEAN MEAL	8/31/2023	9/1/2023		
SEP	40 / -	35 / -	V	
OCT	34 / 39	34 / 44	V	
NOV	34 / 39	34 / 44	Z	
DEC	34 / 39	34 / 44	Z	
AUG	40 / -	40 / -	V	UNC

➤ **Rabobank says SAF Props Up Biofuels but Future Limited**

Ethanol and biodiesel production has been a catalyst for economic growth in rural America for the past 15-plus years, but biofuels' future may rely heavily on the continued rise of sustainable aviation fuel (SAF) production, according to a new report from ag financier Rabobank and reporting by *DTN's Progressive Farmer*.

"With reduced demand for terrestrial liquid fuels, SAFs offer the agricultural sector a much-needed alternative with the potential to extend the runway for liquid biofuels and the higher prices conferred to commodity feedstocks as a result," Rabobank writes.

U.S. SAF plants currently produce about 25 million gallons per year, with production capacity expected to rise to 2.2 billion gallons by 2026. That would be equivalent to 15 billion pounds of soybean oil demand and 1.8 billion bushels of corn demand if SAF production hits its full potential.

However, the report states that to achieve President Biden's goal of 34 billion gallons of SAF production by 2050 using only soybeans or corn would "require hundreds of millions of acres of agricultural land that is simply unavailable."

"Meanwhile," the report says, "current research suggests that 1 acre of solar panels could, in theory, produce upward of 7,000 gallons of SAFs, depending on photo electrochemical conversion rates and syngas tuning, in which case all SAF production could take place on fewer than 5 million acres."

➤ **DDG's – Prices were steady on average for the week**

31 August 2023 Mary Kennedy, DTN – The DTN average price for domestic distillers dried grains (DDG) from 33 locations reporting for the week ending the 31st of August was \$195 per ton, unchanged on average from one week ago.

DDG prices were mixed, but steady on average as corn and meal futures have been mixed this week as well, ahead of the fall harvest which will get an early start thanks to the hot, dry weather. The DTN National Corn Index is down 21 cents from one week ago.

The Energy Information Administration (EIA) at midweek reported for the week ending the 25th of August, overall ethanol production in the United States averaged 1.007 million barrels per day (bpd), down 41,000 bpd week-on-week and 37,000 bpd,

or 3.7%, higher than in the same week last year. Four-week average output at 1.037 million bpd was 46,000 bpd above the same four weeks in 2022. Midwest ethanol production averaged 952,000 bpd, down 40,000 bpd week-on-week and 41,000 bpd, or 4.3%, higher than in the same week last year. Four-week average output at 980,000 bpd was 47,000 bpd above the same four weeks in 2022.

Based on the average of prices collected by DTN, the value of DDG relative to corn for the week ending the 31st of August was 1.18%. The value of DDG relative to soybean meal was 46.57 and the cost per unit of protein for DDG was \$7.22 compared to the cost per unit of protein for soybean meal at \$8.81.

In their weekly DDGS price update, U.S. Grains Council said, "Rates for DDGS delivered by rail to key U.S. locations are up \$3 to \$4 /mt this week as the ethanol co-product competes for space amid the new-crop grain and oilseed harvest.

Barge CIF NOLA DDGS offers higher this week with spot and Q4 rates up \$4 to \$5 as freight rates continue to rally on falling Mississippi River draft levels. FOB Gulf offers are commensurately higher with October offers up \$6 at \$272 mt and the forward curve remaining historically flat.

Offers for 40-foot containers to Southeast Asia are down \$11 mt at \$300/mt for spot positions this week due to weaker ocean freight values."

➤ **VALUE OF DDG VS. Corn & Soybean Meal** (As of 31st August 2023)

VALUE OF DDG VS. CORN & SOYBEAN MEAL

Settlement Price:	Quote Date	Bushel	Short Ton
Corn	8/31/2023	\$4.6100	\$164.6429
Soybean Meal	8/31/2023		\$418.70
DDG Weekly Average Spot Price	8/31/2023		\$195.00
DDG Value Relative to:		8/31	8/24
Corn		1.18%	1.16%
Soybean Meal		46.57%	46.13%
Cost Per Unit of Protein:			
DDG		\$7.22	\$7.22
Soybean Meal		\$8.81	\$8.90

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.

ENERGY & ETHANOL

➤ CME Ethanol Futures – Weekly Nearby



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

CME Nearby Ethanol September 2023 settling on Friday at \$2.15000/gallon.

October WTI crude oil Friday closed up +1.92 (+2.30%), and Oct RBOB gasoline closed up +2.53 (+0.99%).

The monthly Grain Crush data from NASS had 454 mbu of corn used for ethanol during the month of July. That was a 1.9% increase from July LY and a 2.7% increase from June's draw, but was below the average pre-report estimate. The full year's draw sits at 4.733 billion bushels – or 90.6% of USDA's forecast. The august draw needs to have been 491.97 mbu (which would be a new all time record by 4.26 mbu) to hit the 5.225 bbu USDA forecast.

USDA's weekly National Ethanol report cited cash prices for the fuel from \$2.08 to \$2.15/gal regionally. Most areas were 2 to 10 cents/gal higher for the week. DDGS were shown from \$195-\$210/ton regionally. Compared to last week, prices were within \$20/ton of UNCH with near equal regions higher and lower wk/wk. The cash corn oil market was mostly weaker by 1 to 2 cents, from 66 to 70 cents/lb regionally.

The Energy Information Administration (EIA) at midweek reported for the week ending the 25th of August, overall ethanol production in the United States averaged 1.007 million barrels per day (bpd), down 41,000 bpd week-on-week and 37,000 bpd, or 3.7%, higher than in the same week last year. Four-week average output at 1.037 million bpd was 46,000 bpd above the same four weeks in 2022. Midwest ethanol production averaged 952,000 bpd, down 40,000 bpd week-on-week and 41,000 bpd,

or 4.3%, higher than in the same week last year. Four-week average output at 980,000 bpd was 47,000 bpd above the same four weeks in 2022.

➤ U.S. Corn Values delivered Ethanol Plants – the 1st of September 2023

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

Nearby Ethanol Bids	8/31/2023	9/1/2023		
Blair, NE	65	65	Z	UNC
Cedar Rapids, IA	50	50	Z	UNC
Decatur, IL	50	50	Z	UNC
Fort Dodge, IA	80	75	Z	
N. Manchester, IN	85	85	Z	UNC
Portland, IN	120	105	Z	

➤ NYMEX WTI Crude Oil – Weekly Cash



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

NYMEX Cash WTI Crude Oil settled on Friday at \$85.55/barrel,

October WTI crude oil Friday closed up +1.92 (+2.30%), and Oct RBOB gasoline closed up +2.53 (+0.99%).

➤ **Crude Sharply Higher on Report Russia Will Extend Its Export Cuts**

1 September 2023 by Rich Asplund, Barchart – Crude oil prices Friday closed sharply higher, with crude rising to a 9-1/2 month nearest-futures high. Crude prices extended Thursday's sharp gains on a report that Russia has agreed with OPEC+ on further output restrictions. Bloomberg News reported Thursday that Russia will announce next week that it has agreed with OPEC+ on further cuts in its oil exports into October. Russia has already announced a cut of 300,000 bpd of output cuts for September.

Stronger-than-expected manufacturing activity in China and the U.S. is bullish for energy demand and crude prices. The U.S. Aug ISM manufacturing index rose +1.2 to a 6-month high of 47.6, stronger than expectations of 47.0. Also, the China Aug Caixin manufacturing PMI unexpectedly rose +1.8 to 51.0, stronger than expectations of a decline to 49.0 and the fastest pace of expansion in 6 months.

Crude oil prices have continued support from Wednesday's news that weekly EIA crude inventories fell more than expected to an 8-month low.

Weakness in the crude crack spread is bearish for oil prices. Friday's crack spread dropped to a 3-1/2 month low, discouraging refiners from purchasing crude oil and refining it into gasoline and distillates.

An increase in Iranian crude exports is boosting global supplies and is bearish for oil prices. According to TankerTrackers.com, Iranian crude exports rose to a 5-year high of 2.2 million bpd during the first 20 days of August, with most of the crude going to China.

A negative factor for crude prices is the progress made in Iran-U.S. relations that could lead to higher crude exports from Iran after Iran said the recent deal with the U.S. on the release of prisoners and frozen Iranian funds could lead to diplomacy in other areas, including its nuclear program. An agreement on Iran's nuclear program could eventually prompt the U.S. and its allies to remove sanctions on Iranian crude exports, boosting global crude supplies.

In a bearish factor, China's July crude imports fell -19% m/m to 10.33 million bpd, the smallest volume in 6 months. Also, Vortexa said China's onshore crude inventories have expanded to a record 1.02 billion bbl as of July 27.

A decline in crude demand in India, the world's third-biggest crude consumer, is bearish for oil prices. India's July crude oil imports fell -6.3% y/y to 19.3 MMT, the lowest in 8 months.

Crude prices have carryover support from last month when Saudi Arabia and Russia said they would extend their crude production cuts. Saudi Arabia said it will extend its 1 million bpd cut in crude production into September and said its crude output may "be extended, or extended and deepened." The cut in Saudi production keeps its crude output at about 9 million bpd, the lowest level in several years. Meanwhile, Russian Deputy Prime Minister Novak said Russia "will continue to voluntarily reduce its oil supply in September by 300,000 bpd" to balance the market. Russia cut its crude output by 500,000 bpd in August. OPEC crude production in August was little changed, rising +40,000 bpd to 27.82 million bpd, recovering slightly from July's 1¾ year low of 27.78 million bpd.

A bullish factor for crude oil is a decline in Russian crude shipments. Vessel-tracking data monitored by Bloomberg showed Russian crude oil shipments in the four weeks to Aug 18 dropped to 2.29 million bpd, the lowest daily average in ten months.

A decline in crude in floating storage is bullish for prices. Monday's weekly data from Vortexa showed that the amount of crude oil held worldwide on tankers that have been stationary for at least a week fell -23% w/w to 82.34 million bbl as of Aug 25.

Wednesday's weekly EIA report showed that (1) U.S. crude oil inventories as of Aug 25 were -3.5% below the seasonal 5-year average, (2) gasoline inventories were -5.0% below the seasonal 5-year average, and (3) distillate inventories were -15.2% below the 5-year seasonal average. U.S. crude oil production in the week ended Aug 25 was unchanged w/w at 12.8 million bpd, the most in over three years. U.S. crude oil production is modestly 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 Sep 1 were unchanged at a 17-month low of 512 rigs. That is well below the 3-1/4 year high of 627 rigs posted on Dec 2, 2022. Still, U.S. active oil rigs are more than triple the 18-year low of 172 rigs seen in Aug 2020, signaling an increase in U.S. crude oil production capacity from pandemic lows.

➤ **NYMEX Natural Gas – Weekly Cash**



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

NYMEX Cash Natural Gas settled on Friday at \$2.7650/MMBtu..

October Nymex natural gas (NGV23) on Friday closed -0.003 (-0.11%). October WTI crude oil Friday closed up +1.92 (+2.30%), and Oct RBOB gasoline closed up +2.53 (+0.99%).

➤ **Nat-Gas Prices Little Changed on Forecasts for Seasonal U.S. Temps**

1 September 2023 by Rich Asplund, Barchart – Nat-gas prices Friday gave up an early advance and closed slightly lower after updated weather forecasts called for seasonal temperatures to return to the central and eastern U.S. by the end of next week.

Nat gas prices Friday initially moved higher on forecasts for excessive heat for the central and eastern U.S., which would reduce nat-gas demand from electricity providers to power air conditioning. Forecaster Maxar Technologies said well above-normal temperatures are seen in the central and eastern U.S. from September 4th – 8th.

Lower-48 state dry gas production on Friday was 99.5 bcf/day (+0.9% y/y), according to BNEF. Lower-48 state gas demand Friday was 68.7 bcf/day, -5.4% y/y, according to BNEF. LNG net flows to U.S. LNG export terminals Friday were 12.7 bcf/day or +3.3% w/w.

On August 9th, nat-gas prices soared to a 6-month high when LNG workers in Australia voted to strike, which could tighten global nat-gas supplies. Australia's LNG workers said a strike could occur as soon as September 2 if no deal is reached. Inspired Plc predicts Asian LNG buyers "would likely bid up LNG imports" to replace Australian volumes if workers strike. Australia is the world's third-largest liquified natural gas (LNG) exporter, accounting for 10% of global supplies.

Nat-gas prices continue to be undercut by high inventories caused by weak heating demand during the abnormally mild winter. This past winter's warm temperatures caused nat-gas inventories to rise in Europe and the United States. Gas storage across Europe was 93% full as of August 27, well above the 5-year seasonal average of 80% full for this time of year. U.S. nat-gas inventories as of August 25 were +8.7% above their 5-year seasonal average.

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 August 26 rose +9.4% y/y to 95,735 GWh (gigawatt hours). However, cumulative U.S. electricity output in the 52-week period ending August 26 fell -1.0% y/y to 4,076,287 GWh.

Thursday's weekly EIA report of +32 bcf for the week ended August 25 was bearish for nat-gas prices since it was above expectations of +26 bcf. As of August 25, nat-gas inventories were up +18.0% y/y and +8.7% above their 5-year seasonal average, signaling ample nat-gas supplies.

Baker Hughes reported Friday that the number of active U.S. nat-gas drilling rigs in the week ended September 1 fell by -1 to a 19-month low of 114 rigs. Active rigs rose to a 4-year high of 166 rigs in September 2022. Active rigs have more than doubled from the record low of 68 rigs posted in July 2020 (data since 1987).

OTHER MARKETS

➤ Brazil chicken supplies growing, contributing to global glut

16 August 2023 by Ana Mano, Reuters - Accelerated Brazilian chicken production will continue at least through the end of 2024, according to a lobby group for chicken and pork processors on Wednesday, in a sign that a global chicken glut may not subside soon.

An oversupplied chicken market affected Brazilian meatpackers' earnings in recent quarters, and also forced companies like Tyson Foods in the United States to shut capacity.

ABPA, which represents companies like JBS SA and BRF SA, said Brazil's 2023 chicken output could potentially increase by up to 3% to 14.95 mmts at the end of the year.

Next year, chicken output may grow as much as 4.5% to 15.5 mmts, it added.

Brazil, one of the world's largest chicken producers alongside China, the United States and the European Union, was previously expected to produce 15 mmts of chicken in 2023, said Ricardo Santin, ABPA's president.

He told reporters that new projections already reflect a gradual reduction of Brazil's output, which should improve the balance of supply and demand in the second half compared with the first.

Given the size of Brazil's production and exports, the country "is a price and volume driver on global markets," he said.

Brazilian chicken exports, which account for 35.6% of global chicken supplies, are also expected to rise.

ABPA is projecting Brazilian chicken exports at 5.1 million to 5.2 mmts for end-2023, potentially increasing up to 8% from the previous year.

For 2024, exports could grow as much as 5% to 5.35 mmts, ABPA said.

Brazil's main export destinations were China, Japan, the United Arab Emirates, South Africa and Saudi Arabia in the first seven months of 2023.

China, which increased imports of Brazilian chicken by 33% in the period, is expected to continue buying large volumes from suppliers in the country as it is expected to lower its own internal chicken output, ABPA said.

➤ Exclusive: Tyson Foods plans to sell China poultry business

17 August 2023 by Kane Wu and Abigail Summerville, Reuters - U.S. meat and processed food maker Tyson Foods plans to sell its China poultry business, three people with knowledge of the matter said, in the latest case of a multinational firm looking to divest from the country in recent years.

The company has hired Goldman Sachs to advise on the sale and sent preliminary information to potential buyers including a number of private equity firms, said two of the people, adding the sale process was at an early stage.

While it was not immediately clear what valuation Tyson Foods is seeking for the China poultry business, it has annual sales of about \$1.1 billion, one of the people said.

Tyson said this month it was evaluating all operations and closing four more U.S. chicken plants in the latest bid to reduce costs after its third-quarter revenue and profit missed Wall Street expectations.

China's meat market has become increasingly challenging, with livestock farm margins squeezed in the last two years due to weak demand during the COVID-19 pandemic and increased feed prices because of the Russia-Ukraine war, analysts have said.

A string of multinational firms have divested their China businesses or pared their holdings in the last few years as some found it hard to reap desired profits amid the country's slower economic growth, strong local competition or geopolitical headwinds, according to bankers.

➤ Are Higher Highs on the Horizon for Sugar Futures?

1 September 2023 by Andrew Hecht - On July 10th, I highlighted the sugar future's 2.43% Q2 gain and its 13.72% price appreciation over the first six months of 2023. Nearby sugar futures settled at 22.79 cents per pound on June 30, 2023, after rising to 27.41 cents in April 2023, the highest price since October 2011.

While sugar futures did make a higher high in July or August, the sweet commodity is higher on September 1st at near the 26 cents per pound level as it continues consolidating gains near the April high. The Teucrium Sugar ETF product (CANE) tracks a portfolio of ICE sugar #11 futures prices.

The difference between Sugar #11 and Sugar #16

Sugar's role as an essential food ingredient has caused governments worldwide to subsidize domestic production through price supports. The theory is that supplies will remain sufficient to meet all requirements when prices fall to levels that make production uneconomic.

In the U.S., sugar #11 futures reflect the price of worldwide free-market sugar. Sugar #16 is the U.S. government subsidized price. On September 1, the #11 futures for October 2023 delivery settled at 25.81 cents per pound, with the #16 futures for November 2023 delivery 14.72 cents higher at 40.53 cents per pound.

Both sugar contracts have rallied

Sugar # 11 and #16 futures have moved higher since reaching bottoms in early 2020 as the global pandemic gripped markets across all asset classes.

The chart below highlights sugar #11's April 2020 9.05 low. The price rallied 203% to 27.41 cents in April 2023. The recent peak was the highest price since 2011. At 25.81 on September 1, free-market sugar futures remain near the recent high.

The chart shows the bullish pattern in subsidized sugar #16 futures, reaching a record 43.50 cents per pound high in April 2023. At over 40.50 cents on September 1, the U.S. subsidized sugar futures remain near record territory.

Sugar #11 Oct '23 (SBV23)
25.81s +0.75 (+2.99%) 09/01/23 [ICE/US]
 INTERACTIVE CHART for Fri, Sep 1st, 2023

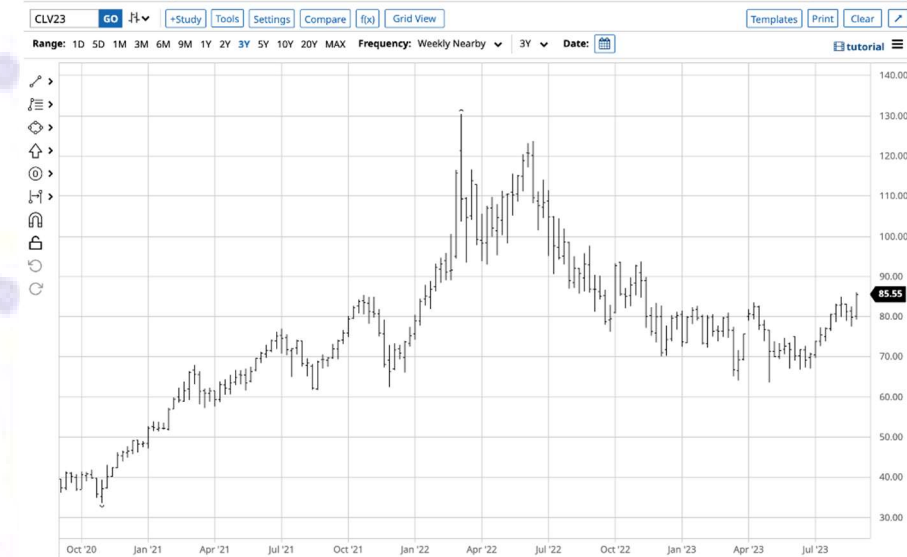


Sugar #16 Nov '23 (SDX23)
40.53s -0.97 (-2.34%) 09/01/23 [ICE/US]
 INTERACTIVE CHART for Fri, Sep 1st, 2023



Brazil is the leading free-market sugar-producing country. While the U.S. processes corn into ethanol, sugarcane is the primary ingredient in Brazilian ethanol production. Therefore, crude oil prices can impact world sugar prices.

Crude Oil WTI Oct '23 (CLV23)
85.55s +1.92 (+2.30%) 09/01/23 [NYMEX]
 INTERACTIVE CHART for Fri, Sep 1st, 2023



The chart above shows the 34.6% rise in nearby NYMEX crude oil futures from \$63.57 per barrel in early May to \$85.55 on September 1. Higher crude oil and oil product prices will likely cause more Brazilian sugarcane demand for ethanol processing, leading to fewer global sugar supplies and higher prices.

Input costs continue to increase

Aside from crude oil, inflation at the highest level in decades is increasing production costs, forcing free-market prices and subsidies higher. While the U.S. dollar is the pricing mechanism for free-market sugar, in Brazil, production costs are in local currency, the real.

The chart below shows the slightly bullish trend in real versus the U.S. dollar currency relationship since early 2020. A rising real means it costs more to produce Brazilian sugar, as labor is a leading expense.

Brazilian Real/U.S. Dollar (^BRLUSD)

0.20210 +0.00031 (+0.15%) 15:59 CT (FOREX)

0.20204 0.20216

INTERACTIVE CHART for Fri, Sep 1st, 2023



The trend is always your best friend and remains bullish in subsidized and free-market sugar futures. Technical resistance is at the April 2023 27.41 high. Above there, the August 2011 31.85 cents and the February 2011 36.08 cents highs are technical targets.

The most direct route for a risk position in sugar is via the liquid Sugar #11 ICE futures. The Teucrium Sugar ETF (CANE) holds three ICE sugar futures contracts to minimize roll risks. At \$14.25 per share on September 1, CANE had \$24.7 million in assets under management. CANE trades an average of 47,805 shares daily and charges a 0.22% management fee.

Sugar futures rose 203% from 9.05 cents in April 2020 to 27.41 cents in April 2023.

Over the same period, CANE moved 192% higher from \$4.91 to \$14.33 per share. Since most price volatility tends to occur in the nearby contract as it attracts the most speculative interest, the CANE portfolio of three contracts makes the ETF underperform on the upside. However, CANE tends to outperform the nearby contract during downside corrections.

All signs are that sugar prices will continue to make higher highs over the coming weeks and months. Since bull markets rarely move in straight lines, buying on price weakness during corrections will likely provide optimal returns.

Teucrium Sugar (CANE)

14.25 +0.28 (+2.00%) 09/01/23 (NYSE Arca)

INTERACTIVE CHART for Fri, Sep 1st, 2023



TRANSPORTATION

➤ **Baltic Dry Freight Index – Daily = 1065**



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

The Baltic Dry Index is reported daily by the Baltic Exchange in London. The index provides a benchmark for the price of moving the major raw materials by sea. The index is a composite of three sub-indices that measure different sizes of dry bulk carriers: Capesize, which typically transport iron ore or coal cargoes of about 150,000 mts; Panamax, which usually carry coal or grain cargoes of about 60,000 to 70,000 mts; and Supramax, with a carrying capacity between 48,000 and 60,000 mts. Not restricted to Baltic Sea countries, the index provides "an assessment of the price of moving the major raw materials by sea. Taking in 23 shipping routes measured on a time-charter basis, for dry bulk carriers carrying a range of commodities including coal, iron ore, grain, and other commodities. Because dry bulk primarily consists of materials that function as raw material inputs to the production of intermediate or finished goods, the index is also seen as an efficient economic indicator of future economic growth and production.

➤ **Baltic Exchange Weekly Market Report**

1st September 2023 Source: Baltic Exchange

<https://www.balticexchange.com/en/data-services/WeeklyRoundup/dry/news/2023/bulk-report-week-32.html>

Capesize

The Capesize market observed a shortened trading week due to the public holiday in the UK on Monday and another in Singapore on Friday. Trading in the Pacific region displayed consistent volumes throughout the week. The presence of all three major players led to a slightly optimistic market sentiment earlier in the week, but this positivity did not significantly impact rates on C5, which saw only a minor increase. Meanwhile, the Atlantic market remained subdued, with bids on C3 struggling to

attract interest, reflecting owners' hesitancy. The North Atlantic faced challenges with an excess of spot vessels and a shortage of cargo, pressuring the market. Despite hopes for increased Pacific activity before Singapore's holiday on Friday, the market did not experience a significant upswing, and freight rates remained relatively steady. The North Atlantic continued to grapple with oversupply issues, leading to limited enquiry and competition among owners for available cargoes. Rates from South Brazil to the Far East experienced further declines as charterers adjusted their bids downward. Overall, the market sentiment persisted as bearish.

Panamax

The Panamax market opened the week on a firm footing, but we ended with rates slowly eroding, particularly in the Atlantic as pressure was applied all week with a basic lack of demand, especially for the Transatlantic trades. South America front haul trips started brightly but activity fizzled out as the week progressed, with several deals concluding mid-week basis delivery India at \$16,000. Conversely, Asia witnessed solid cargo volumes ex Australia and NoPac, including an 82,000-dwt delivery North China fixed for a NoPac round trip at \$12,000. Some impacts being applied by a typhoon in the south of the region, the market with favourable positioned ships taking advantage. However, nervousness from the Atlantic physical and FFA market appeared to impact the basin here too as we approached the weekend. Period activity remained minimal with a wide bid/offer spread but reports of a scrubber-fitted 81,500-dwt delivery Hong Kong achieving \$11,000 basis 6/8 months.

Ultramax/Supramax

Gains were seen this week across the Atlantic as demand increased and limited tonnage availability was evident. The Black Sea region was especially active with a 61,000-dwt fixing from Eregli via the Black Sea to Singapore-Japan range at \$20,500. In the US Gulf, a 63,000-dwt was fixed for a trip to India at \$22,000 whilst a 61,000-dwt fixed from Brownsville to Egypt at \$18,750 with a guaranteed minimum duration of 50 days. The South Atlantic also improved with a 62,000-dwt fixing from San Nicolas to Singapore-Japan range at \$16,000 plus a \$600,000 ballast bonus. Increased activity in the Indian Ocean was also evident, with a 60,000-dwt fixing from Cape Town via Saldanha to China at \$17,500 with a \$175,000 ballast bonus. In Asia, levels were more balanced with a holiday in Singapore tempering activity, a 61,000-dwt fixed from Gresik to WC India at \$14,500. Period activity remained and a 63,000-dwt opening in India fixed 4 to 6 months at \$15,000.

Handysize

The Handy sector has remained positive, with the Atlantic seeing the biggest gains. In the Black Sea, a 35,000-dwt was fixed passing Canakkale via Constantza to Jebel Ali at \$10,000 whilst a 34,000-dwt fixed from Otranto via Constantza to Morocco at \$12,000. Activity was said to have improved on the North Coast of South America with a 33,000-dwt fixing a trip to the Continent at \$9,000. A 37,000-dwt fixed an Alumina cargo from Fazendinha to Norway at \$16,000. The Asia markets were more balanced. A 32,000-dwt was fixed from Singapore via Australia for a round voyage at \$9,500 whilst a 35,000-dwt opening ex dry dock in China fixed a trip via Japan to the East Coast of India with steels at \$9,500. Period had also been active with a 32,000-

dwt opening in China fixing for 4 to 6 months at \$9,850, whilst in the Atlantic a 37,000-dwt opening in Brunsbottle fixed for 7 to 9 months at 95% of the BHSI index.

➤ **Ocean Freight Route Prices (US\$/mt) as of the 1st of September 2023**

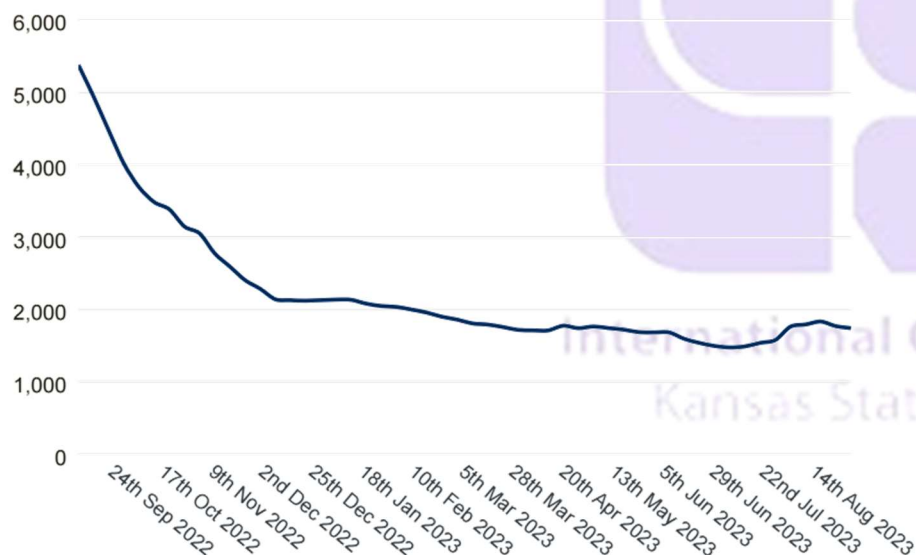
	TW	LW	LY	%Y/Y
US Gulf to EU (Rotterdam) a)	28	29	26	+ 8
US Gulf - Japan a)	51	52	50	+ 3
US Gulf - Mexico	15	15	20	- 24
EU (Rouen) - Algeria	18	17	25	- 27
Russia - Egypt	16	15	22	- 28
Argentina (Up River) - EU(Rotterdam)a)	35	36	33	+ 7
Brazil - China a)	49	49	47	+ 4
Brazil - EU (Rotterdam) a)	28	29	26	+ 9
Australia (Kwinana) - China a)	19	20	23	- 17

a) Over 50,000 mts. Source: International Grains Council visit:
http://www.igc.int/grainsupdate/igc_goi.xlsb

➤ **Drewry World Container Index**

World Container Index - 24 Aug

Drewry World Container Index (WCI) - 31 Aug 23 (US\$/40ft)



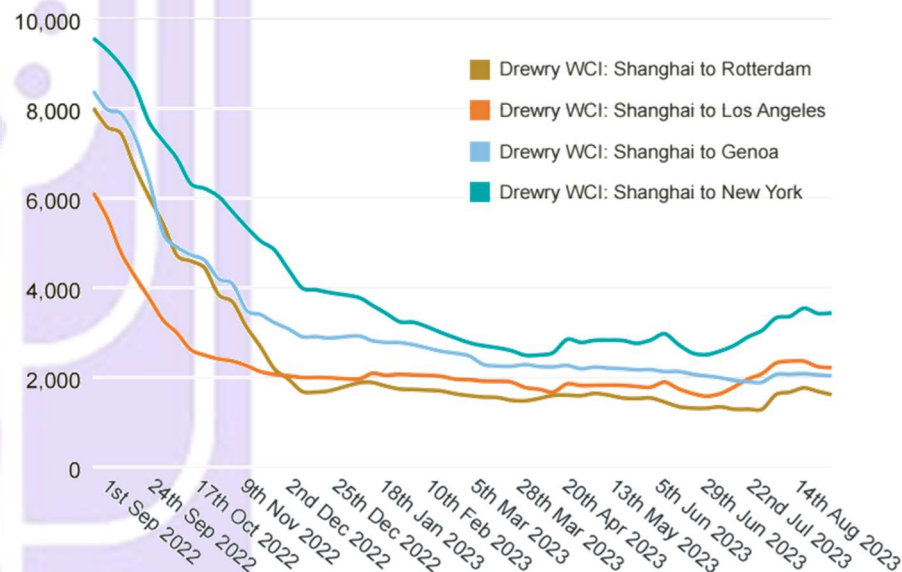
Source: Drewry World Container Index, Drewry Supply Chain Advisors

The composite index has decreased by 3.5% to \$1,768.33 this week, and has dropped by 70.5% when compared with the same week last year.

The latest Drewry WCI composite index of \$1,768.33 per 40-foot container is now 83% below the peak of \$10,377 reached in September 2021. It is 34% lower than the 10-year average of \$2,682, indicating a return to more normal prices, but remains 24% higher than average 2019 (pre-pandemic) rates of \$1,420.

The average composite index for the year-to-date is \$1,772 per 40ft container, which is \$910 lower than the 10-year average (\$2,682 mentioned above).

Drewry WCI: Trade Routes from Shanghai (US\$/40ft)



Source: Drewry World Container Index, Drewry Supply Chain Advisors

Spot freight rates by major route

Route	Route code	10-Aug-23	17-Aug-23	24-Aug-23	Weekly change (%)	Annual change (%)
Composite Index	WCI-COMPOSITE	\$1,791	\$1,832	\$1,768	-4% ▼	-70% ▼
Shanghai - Rotterdam	WCI-SHA-RTM	\$1,673	\$1,768	\$1,688	-5% ▼	-79% ▼
Rotterdam - Shanghai	WCI-RTM-SHA	\$526	\$539	\$532	-1% ▼	-55% ▼
Shanghai - Genoa	WCI-SHA-GOA	\$2,072	\$2,086	\$2,059	-1% ▼	-75% ▼
Shanghai - Los Angeles	WCI-SHA-LAX	\$2,362	\$2,361	\$2,240	-5% ▼	-63% ▼
Los Angeles - Shanghai	WCI-LAX-SHA	\$846	\$843	\$843	0%	-33% ▼
Shanghai - New York	WCI-SHA-NYC	\$3,363	\$3,545	\$3,425	-3% ▼	-64% ▼
New York - Rotterdam	WCI-NYC-RTM	\$798	\$798	\$776	-3% ▼	-39% ▼
Rotterdam - New York	WCI-RTM-NYC	\$1,593	\$1,577	\$1,585	1% ▲	-77% ▼

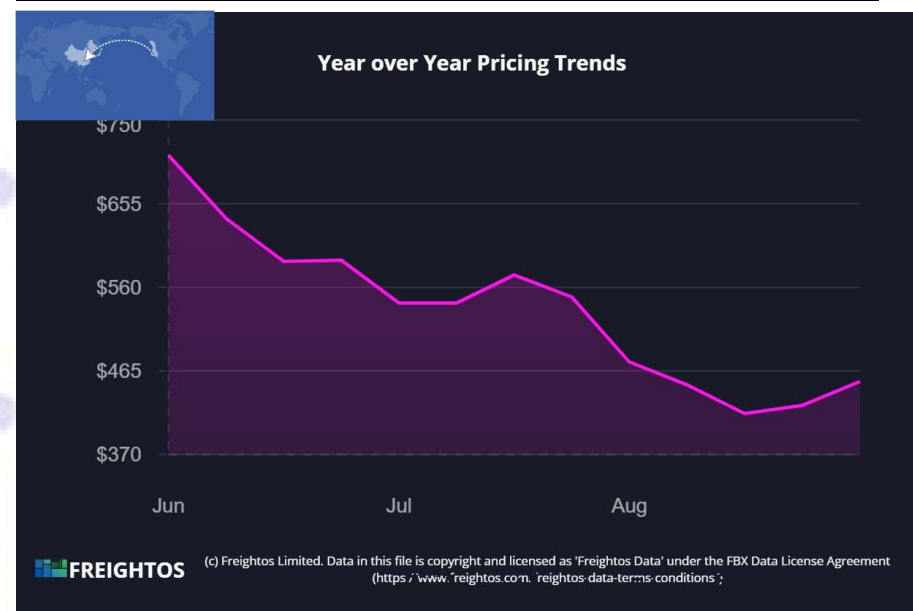
Source: Drewry World Container Index, Drewry Supply Chain Advisors

Detailed assessment for Thursday, 31st August 2023

- The composite index has decreased by 1.6% to \$1,739.59 this week, and has dropped by 69.3% when compared with the same week last year.
- The latest Drewry WCI composite index of \$1,739.59 per 40-foot container is now 83% below the peak of \$10,377 reached in September 2021. It is 35% lower than the 10-year average of \$2,682, indicating a return to more normal prices, but remains 22% higher than average 2019 (pre-pandemic) rates of \$1,420.
- The average composite index for the year-to-date is \$1,771 per 40ft container, which is \$910 lower than the 10-year average (\$2,682 mentioned above).
- Freight Rates on Shanghai – Rotterdam dropped 4% or \$73 to \$1,615 per 40ft container. Similarly, spot rates from Rotterdam
- Shanghai also declined 3% or \$16 to reach \$516 per feu. Rates on New York
- Rotterdam diminished 2% or \$19 and stood at \$757 per 40ft box. Likewise, rates from Shanghai
- Genoa, Shanghai – Los Angeles and Rotterdam
- New York inched down by 1% to \$2,038, \$2,217 and \$1,562 per 40ft container respectively. However, rates on Los Angeles - Shanghai and Shanghai – New York remained stable at the previous week's level. Drewry expects East-West spot rates to remain stable in the next few weeks.

Source: <https://www.drewry.co.uk/supply-chain-advisors/supply-chain-expertise/world-container-index-assessed-by-drewry>

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



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.

➤ Illinois River Barge Freight

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

IL RIVER FREIGHT

	8/31/2023	9/1/2023	
August wk 8/27	600/650	600/650	UNC
Sept wk 9/3	725/750	725/750	UNC
Sept wk 9/10	750/775	750/775	UNC
Sept	775/800	775/800	UNC
Sept wk 9/17	800/825	800/825	UNC
Sept wk 9/24	825/850	825/850	UNC

FH Oct	825/850	825/850	UNC
Oct	800/850	800/850	UNC
LH Oct	725/850	725/850	UNC
Nov	600/650	600/650	UNC
Dec	500/550	500/550	UNC
Jan	575/600	575/600	UNC
Feb	550/575	550/575	UNC
March	500/525	500/525	UNC

ST LOUIS BARGE

FREIGHT 14'	8/31/2023	9/1/2023	
August wk 8/27	650/750	650/750	UNC
Sept wk 9/3	725/750	725/750	UNC
Sept wk 9/10	750/775	750/775	UNC
Sept	775/800	775/800	UNC
Sept wk 9/17	800/825	800/825	UNC
Sept wk 9/24	825/850	825/850	UNC
FH Oct	850/900	850/900	UNC
Oct	800/850	800/850	UNC
LH Oct	750/800	750/800	UNC
Nov	550/650	550/650	UNC
Dec	425/475	425/475	UNC
Jan	425/450	425/450	UNC
Feb	400/425	400/425	UNC
March	400/425	400/425	UNC

➤ Barge rates on the Mississippi rise as water levels fall

1 September 2023 by John Kingston - Water levels are continuing to fall on key sections of the Mississippi River, raising fears of another autumn shipping crisis like that of 2022. The squeeze on barge rates was spelled out Thursday in the Department of Agriculture's weekly Grain Transportation Report.

"Restrictions — which have grown increasingly stringent since June — lower the amount of grain allowed to be loaded on a barge," the report said. "As a result, barge supply has tightened, because more barges than normal are required to ship the same amount of grain."

According to the report, spot rates for barge shipments out of St. Louis were \$23.34 a ton. That was up 49% from the prior week and up 42% from a year ago. It also is up 85% from the three-year average.

Longer-term rates out of St. Louis also are higher, the report said. The one-month rate was up 53% from the five-year average. The three-year is 48% above the five-year average.

"If these conditions persist, the tight barge supply could be especially problematic as the corn and soybean harvests progress," the report said.

On its website, shipping company American Commercial Barge Line said loading drafts out of St. Louis were about 15% below capacity. That size reduction was cited as prevalent on the entire Illinois and Mid-Mississippi section of the river system.

Mike Steenhoek, the executive director of the Soy Transportation Coalition, which focuses on moving soybeans to market, had a pessimistic assessment of the situation in a note he sent to members and the media Friday afternoon.

"Harvest and the concomitant export season is 'game time' for farmers and the entire agricultural industry," Steenhoek wrote. "During this period, we need our supply chain, including the Mississippi River, to be operating a full capacity. The current low water conditions are therefore clearly a cause for concern."



As far as rain is concerned, it's a double whammy, according to Steenhoek. The forecast for precipitation is "not favorable," he said. "Moreover, any future rainfall that does occur will be largely absorbed by an increasingly dehydrated farm ground. Abundant and sustained rainfall will need to occur to change the water level trajectory along the inland waterway system."

Barge rates quoted by the agriculture department's report are based on a percentage of a 1976 base line. For example, weekly southbound barge rates out of St. Louis for the week ended Aug. 29 were quoted at 585. A week earlier, they were 392.

Fastmarkets Agricensus, an information service covering agriculture, quoted Diane Klemme, a vice president with Grain Service Corp. as saying that concern about the situation worsening is a factor in the market. "I suspect that freight is the driving factor [for rising barge premiums], with freight sellers perhaps nervous that water levels could continue to drop with the forecast for the first half of September remaining dry for most of the Midwest," Klemme told Agricensus.

The Agriculture report echoed that. "Water levels on the Mississippi River System have been falling since June" the report said. "With lower-than-normal precipitation in the forecast, levels will likely continue to fall in the coming weeks."

The Advanced Hydrologic Prediction Service, a division of the National Weather Service, reported that levels at St. Louis had dropped to minus 2.79 feet midday Friday.

The level is negative because it is below a base level. AHPS' forecast calls for some improvement over the next few days but then dropping back again.

In its weekly report for May 10, the level was more than positive 20 feet.

Other forecasts for key points on the river, such as Memphis, show a similar pattern, though in the case of Memphis the falloff is more severe.

LOGISTICS

➤ **U.S. Ag Exporters Keeping Eye on Panama Canal Backlog**

A backlog of nearly 200 ships was reportedly awaiting transit through the Panama Canal last week, the result of ongoing drought that has affected the water level at Lake Gatun, the reservoir that supplies water for the canal locks to operate, reports *Feedstuffs*.

Now, the Panama Canal Authority (ACP) says that number stands at approximately 120 vessels, and while this is an improvement from the previously reported number, ACP noted that under normal circumstances, only around 90 vessels are waiting. Currently around 32 vessels transit the canal daily, but this is down from 36 per day in normal conditions. Average wait time for vessels has also risen from 6-7 days last month to 9-11 days.

The Panama Canal has 46% of the total market share of containers moving from Northeast Asia to the East Coast of the United States. It also serves more than 144 maritime routes connecting 160 countries and reaching some 1,700 ports globally.

The U.S. agriculture industry is closely monitoring the situation as the U.S. is the largest user of the canal.

GHA: Two interesting comments from article:

Shipping a ton of soybeans in 2008 from Iowa to Shanghai was 77% of the price of using Brazil's northern ports, but by March 2023 it was 5% more expensive shipping it from the U.S., according to U.S. Department of Agriculture and Brazil's ESALQ-LOG data. For corn, freight values are very similar, says Thiago Pera, logistics research coordinator at ESALQ-LOG.

Chinese state-owned trader COFCO is now building a major new grains terminal at Santos after getting a 25-year license to operate a unit with capacity for 14 million tons. Shipments from COFCO's STS11 terminal are scheduled to begin in 2026.

➤ **Brazil clears bottlenecks to oust US as top corn exporter**

24 August 2023 Reuters - Brazil is set to overtake the U.S. this year as the world's top corn exporter, reflecting both a bumper harvest and logistical breakthroughs such as the consolidation of northern export routes, which are boosting the competitiveness of the South American grains powerhouse.

Corn exports through Brazil's northern ports, which use the waterways of the Amazon River basin to ship grains globally, are on track to beat volumes via the most traditional port of Santos for a third consecutive year, according to a Reuters analysis of grain shipping data.

The improved export capacity helped Brazil to fill gaps in the global corn market amid disruptions from the war in major grain exporter Ukraine and trade tensions between the U.S. and China.

"We celebrated a lot... when (corn export) volumes via northern ports equaled Santos," said Sergio Mendes, head of Brazilian grain exporter group Anec. **"By using northern ports... you are saving 20 reais (\$4.12) per ton (of corn)."**

Major new investments in Brazil have begun to ease several chokepoints and bring down logistics costs sharply, helping to undercut U.S. farmers.

Northern export routes in particular have benefited from a 2013 law that encouraged grains traders such as Cargill and Bunge, and barge operator Hidrovias do Brasil, to build out new private-use port terminals.

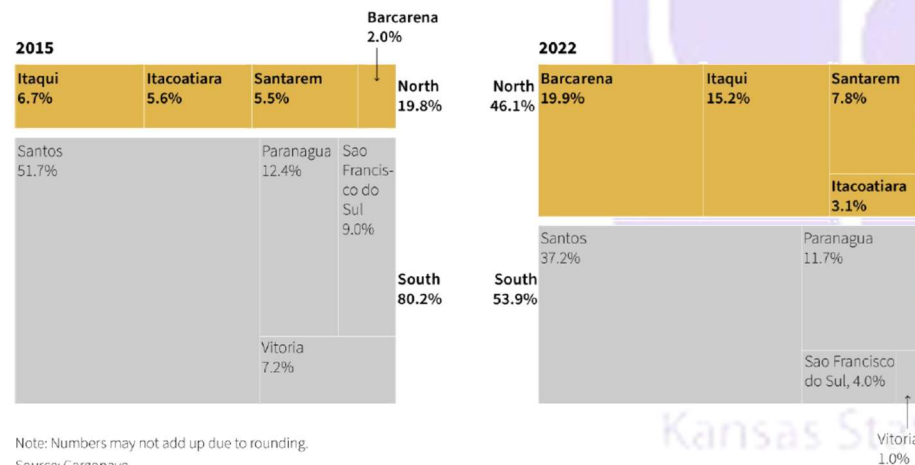
Their transshipment stations on the Tapajos and Madeira rivers have linked up the heart of Brazilian farm country and up-and-coming Amazonian ports such as Itacoatiara, Santarem and Barcarena.

The Tegram grain terminal at Itaquí, built and operated by foreign and Brazilian grain merchants including Louis Dreyfus Commodities and Amaggi, boosted its grain export volumes by 306% in eight years to more than 13 million tons in 2022, according to data provided by the firms.

The TUP legal framework, unlike a traditional concession for a limited period, has unlocked a wave of long-term port investments in Brazil. Some 39 billion reais (\$8.0 billion) have poured into building and expanding 112 new private-use terminals under the new law, according to a 2020 study by Brazil's TCU federal audit court.

Northern ports becoming vital to Brazil's corn exports

Northern ports in the country accounted for 46.1% of shipments in 2022 from nearly 20% seven years ago.



Treemap with data from Cargonave show the percentage share of corn exports of Brazil ports in north and south part of the country.

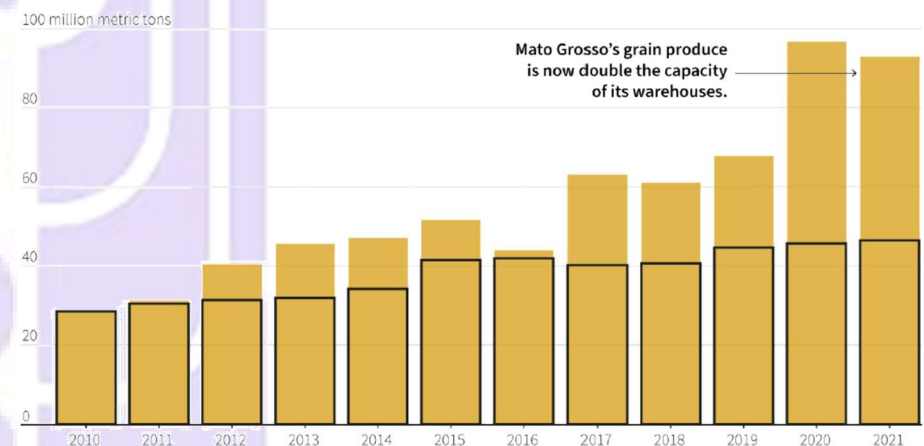
Brazil's farm industry, however, is not past all of its logistical woes. On-farm storage capacity still pales next to rival grain powers like Canada, the U.S. and Argentina.

In the No. 1 grains state of Mato Grosso, the storage gap had surged to 46 million metric tons, according to state government data through 2021, after the annual corn harvest tripled in a decade to over 90 million tons, faster than new silos could be built.

A lack of storage space means Brazilian farmers are forced to quickly sell their harvests or pile their corn outside warehouses and hope for good weather. As a result, much of the Brazil harvest crowds onto the roads during a narrow seasonal window, which can make for expensive traffic jams.

Brazil's main farm state overflows with grains

Grains from Mato Grosso, which accounts for 33% of Brazil's annual supply, surged to 92.8 million metric tons in 2021, double the **capacity of its warehouses**. Nearly 90% of Brazil's grain output is corn and soybeans.



Note: No data available for 2022.

Source: Government of Mato Grosso state

Prinz Magtulis | Reuters, Aug. 10, 2023

Graphic shows grains produced in Mato Grosso, Brazil surpassing capacity of warehouses.

CHEAPER ROUTE TO CHINA

The new export capacity has helped grains shipped from Brazil's northern ports to compete on logistics costs with U.S. farmers.

Shipping a ton of soybeans in 2008 from Iowa to Shanghai was 77% of the price of using Brazil's northern ports, but by March 2023 it was 5% more expensive shipping it from the U.S., according to U.S. Department of Agriculture and Brazil's ESALQ-LOG data. For corn, freight values are very similar, says Thiago Pera, logistics research coordinator at ESALQ-LOG.

The Amazon basin has also become competitive with the southeastern port of Santos, long the powerhouse of Brazilian grains exports. Some 37% of Brazil's total corn exports flowed through Barcarena, Itaquí, Itacoatiara and Santarém ports in the first half of 2023, according to Brazil's crop agency Conab. Just 24% flowed through Santos.

By comparison, Santos exported almost three times more corn than those four northern ports in 2015, before heavy investments expanded port capacity in the Amazon region.

"The greater share of shipments through northern ports reflects cheaper freight costs compared to routes to the ports in the south and southeast," said Thome Guth, a Conab official.

Conab forecasts Brazil's 2023 total corn output at nearly 130 million metric tons, the highest ever, and exports reaching 50 million metric tons for the first time.

Corn futures in Chicago have fallen from a 10-year high in April 2022 to a two-and-a-half-year low this month, in part due to ample supplies from Brazil.

Brazil's surging export infrastructure shows little sign of letting up, even though lower prices may discourage farmers from expanding plantings as rapidly.

Chinese state-owned trader COFCO is now building a major new grains terminal at Santos after getting a 25-year license to operate a unit with capacity for 14 million tons. Shipments from COFCO's STS11 terminal are scheduled to begin in 2026.

A highway license issued two years ago has also modernized a key Amazonian grain corridor stretching over 1,000 kilometers (625 miles) from Mato Grosso to ports in Pará state, known as BR-163.

For years, caravans of grain trucks would get stuck regularly in deep mud on that road when they got caught in the rain on their way to northern ports.

Major rail projects still face an array of bureaucratic obstacles, but a few have gotten off the drawing board.

Brazil's largest rail company Rumo just finished an investment of 4 billion reais on the Ferrovia Norte Sul, started in 2019. The line connects Santos port to farm states Tocantins, Goiás, Minas Gerais and Mato Grosso, reinforcing another key route to get Brazilian harvests to global markets.

(\$1 = 4.8769 reais) Reporting by Ana Mano; Editing by Brad Haynes and Marguerita Choy

the safe passage of 33 mmts of grains and other foodstuffs from Ukrainian ports after Russia's February 2022 invasion had halted exports. The recent attacks have included Ukraine's inland Danube ports of Reni and Izmail.

Before Russia pulled out of the safe passage corridor, the Danube ports accounted for about 25% of Ukraine's grain exports. Grain is loaded onto barges, shipped downriver through territorial waters of European Union and NATO-member Romania, and onwards from Romania's flagship Black Sea port of Constanta.

By hiring more staff to ease the passage of vessels into the Danube's Sulina canal and by finalizing connecting infrastructure projects — many of them EU-funded — Romania could increase the transit capacity, Romanian Transport Minister Sorin Grindeanu told reporters after a meeting with representatives of the EU, the United States, Moldova and Ukraine in the Danube town of Galati.

"I have underlined the importance of Romanian rail, road and naval transport routes to maintain a constant flow for Ukrainian exports," Grindeanu said. "It was a good meeting that will lead us through the agreed measures to raise grain transit capacity from over 2 mmts per month at present to almost 4 mmts in the coming months."

Grindeanu said Romania's Danube administration agency will have 60 pilots to take ships in and out of the Sulina canal by the end of August. An EU-funded project to make sailing possible at night on Sulina likely will be completed in October.

When all these investments are made and the number of pilots increases, the Romanian ports of Galati and Braila will be used alongside Reni and Izmail, Grindeanu added.

➤ **Romania to boost Ukrainian grain exports**

15 August 2023 by John Reidy - With additional staff and the completion of EU-funded infrastructure projects, Romania said it could double its monthly transit of Ukrainian grain to its Black Sea port of Constanta to 4 mmts in coming months, particularly via the Danube River, Reuters reported, citing Romania's minister of transport.

Ukraine is one of the world's top grain exporters, and Russia has been attacking its agricultural and port infrastructure after refusing to extend the Black Sea Grain Initiative brokered by the United Nations and Turkey. The initiative had allowed for

Government Actions and Policies

➤ Corn Refiners Association - Trade Update

29th August 2023 CRT Trade Update -

- **BRICS:** Leaders of the BRICS countries (Brazil, Russia, India, China, and South Africa), an informal block of emerging economies, extended invitations to Argentina, Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates to join BRICS. South African President Cyril Ramaphosa made the [announcement](#) at the 15th annual BRICS summit in Johannesburg, South Africa.
- **Food Security:** Ukraine's exports of grains and other crops dropped significantly in the absence of the Black Sea grain deal that expired last month which renewed global food security concerns. Ukraine exported 3.2 million tons of grains, vegetable oils, and meals in the four weeks through Aug. 15, down from 4.4 and 4.8 million tons in May and June, according to estimates from analyst UkrAgroConsult.
- **Food Security:** India recently implemented additional export restrictions on parboiled and basmati rice, adding to other rice variety export limitations, elevating concerns of global food insecurity. Days after the announcement, India announced it will permit some rice export to Mauritius, Bhutan, and Singapore for food security purposes, but did not specify timelines.
- **Food Security:** New data from the Bureau of Labor Statistics shows overall inflation increased slightly for the second consecutive month, with overall prices rising 3.2% when compared to a year prior.
- **USMCA:** The U.S. elevated the dispute over Mexico's biotech policies and ban on genetically modified (GM) corn, formally [requesting](#) a USMCA dispute settlement on the ban on GM corn. U.S. industry stakeholders praised the move while the Mexican government vowed to "demonstrate that the national regulation is consistent with the commitments signed in the treaty and that the challenged measures have no trade challenges," according to a [statement](#) from the Ministry of Economy.
- **USMCA:** The Canadian government [announced](#) its participation as a "third party" in the USMCA panel requested by the U.S. concerning Mexico's biotech measures banning the use of GM corn. Canada cited shared concerns related to Mexico's non-compliance with USMCA's Sanitary and Phytosanitary (SPS) provisions.
- **USMCA:** The U.S. initiated its 12th review with Mexico of alleged labor rights violations, utilizing the Rapid Response Labor Mechanism (RRM) under the USMCA, according to a [USTR statement](#). The request involves worker conditions at the Grupo Yazaki facility, producing automotive components, in the state of Guanajuato, Mexico.
- **USMCA:** The U.S. and Mexico resolved a previous RRM case involving a garment factory. The U.S. and Mexico [agreed on remediation](#) steps to address denials of rights at the facility in the state of Aguascalientes, which represents the sixth time the two trade partners agreed on a formal course of remediation regarding a labor rights complaint filed under USMCA's Rapid Response Labor Mechanism.
- **Colombia:** President Gustavo Petro announced he will renegotiate the U.S. - Colombia Free Trade Agreement (FTA) to protect Colombian agriculture. "I want to announce publicly that the renegotiation is starting," Petro [said](#). He did not provide specific details on the renegotiations and U.S. trade officials remain publicly silent on the matter.
- **IPEF:** The Commerce Department and Office of USTR will convene the first of two stakeholder [listening sessions](#) this week in preparation for a fifth round of IPEF trade talks scheduled to take place Sept. 10th – 16th in Bangkok, Thailand.
- **IPEF:** The fifth round of IPEF trade talks will occur during Sept. 10-16 in Bangkok, Thailand, according to the Office of the United States Trade Representative (USTR) and the U.S. Department of Commerce [statement](#). "IPEF participants will continue to make progress on negotiations towards high-standard outcomes under Pillars I (Trade), III (Clean Economy), and IV (Fair Economy)."
- **U.S.–China:** The Office of the U.S. Trade Representative (USTR) is soliciting public comments in conjunction with issuing a required annual report on China's implementation of its obligations under the World Trade Organization (WTO). Public comments are being accepted through Sept. 20, 2023, according to a Federal Register [notice](#).
- **U.S.–China:** The Commerce Department's latest trade data reveal Mexico and Canada have surpassed China as the leading sources of imported goods as economic tensions rise with China and the on-shoring trend encourages more diversified supply chains.
- **Taiwan:** President Biden [signed](#) The United States-Taiwan Initiative on 21st-Century Trade First Agreement Implementation Act while expressing "constitutional concerns" with the parameters of additional negotiations with Taiwan detailed by Congress in the Act. The measures in the Act are intended to reassert Congressional authority over trade and enhance consultations between Congress and the USTR.
- **Trade Policy:** A coalition of U.S. food and agriculture groups are [asking](#) all 2024 presidential candidates to prioritize new market access trade agreements and reduced reliance on China in their policy platforms. The groups further request that U.S. trade policy balance the need to hold China accountable to its international trade commitments while not adversely impacting U.S. food and agriculture's largest export market or threatening the domestic producers with new retaliatory tariffs.
- **Trade Trends:** The WTO's [Goods Trade Barometer](#) indicated signs of a turnaround in the second quarter of 2023, but trade flow increases in Q3 face challenging economic headwinds, including sluggish economic growth in leading economies such as the EU and China.
- **WTO:** USTR Ambassador Katherine Tai [called](#) for a "fundamental rethink" of WTO reform and affirmed U.S. support for reform across its negotiating and enforcement functions to promote sustainable trade and economic prosperity.
- **WTO:** Hong Kong formally [deposited](#) its instrument of acceptance for the Agreement on Fisheries Subsidies, becoming the 16th WTO member to officially [join](#) the

agreement. With Hong Kong's acceptance, the WTO has received nearly 40% of the acceptances needed for the Agreement to enter into force.

- **WTO:** Ukraine became the 15th member to formally [accept](#) and [join](#) the Agreement on Fisheries Subsidies, continuing momentum for the agreement concluded at the 12th Ministerial in 2022.
- **WTO:** A WTO dispute settlement panel ruled against China's retaliatory tariffs on billions' worth of U.S. imports stating the policy violated international trade rules. "The Panel found that China's additional duties measure was inconsistent with Article I:1 of the GATT 1994 because...China failed to accord the advantage of lower tariff rates granted to products imported from other countries immediately and unconditionally to products originating in the United States," according to the [WTO](#).
- **WTO:** In the [report](#) on U.S. compliance with WTO obligations, China wrote that the U.S. has transformed from a defender to a "destroyer" of the multilateral trading system. The report contends that the U.S. resorted to "unilateralism, protectionism and bullying hegemonism, which has brought severe shocks to the multilateral trading system," destabilizing the global economy.

➤ **Mexico Embeds GM Corn Ban in Food Regs**

Mexico unveiled a revised draft of its standard for making corn dough for tortillas and tostadas in June to include the stipulation that it is illegal for tortilla makers to use dough made from GM white corn.

Earlier, on July 28, Mexico had taken the added step of [submitting the newly drafted standard](#) to the World Trade Organization's Technical Barriers to Trade Committee. WTO rules specify that countries can't hold foreign imports to different standards than domestically made products.

The country's submission of the proposed tortilla-making standard to the WTO's Technical Barriers to Trade Committee may be an admission that trade will be impacted.

But, Mexico, the U.S. says, doesn't have any scientific research to back up its claims that GM corn is a health risk and that means the tortilla-making standard is a violation of the USMCA trade pact.

➤ **CRS Publishes Report on Farm Bill Expiration**

The Congressional Research Service this week published a [23-page report](#) on what will happen to programs under the farm bill if the 2018 farm bill expires and no extension is passed.

There are two principal expiration dates for the farm bill: the end of the fiscal year (September 30, 2023) and the end of the crop year (December 31, 2023).

The Inflation Reduction Act (IRA) extended some conservation programs and their funding authority for the IRA's 10-year budget window—through FY2031. This has resulted in some farm bill conservation programs expiring at the end of FY2023 and others at the end of FY2031.

But expiration of a farm bill on September 30 still matters for programs with fiscal year authorizations. The effects may vary among the mandatory spending programs—including nutrition, conservation, and other agricultural programs.

On the other hand, farm commodity support programs are authorized on the basis of crop years. A crop year refers to the calendar year during which a crop is harvested. The 2018 farm bill authorizes the farm commodity programs through the 2023 crop year. The first crop harvested with a 2024 crop year is dairy, which coincides with the calendar year beginning on January 1, 2024.

Further, some farm bill programs are designed to use discretionary spending (provided by appropriations acts), and others receive mandatory funding. Those differences also affect the consequences of expiration and extension.

➤ **Congressional Coalition Opposes EATS Act**

A coalition of 171 House members, including five Republicans, this week [sent a letter](#) to House Agriculture Committee leaders opposing the inclusion of [H.R. 4417, the Ending Agricultural Trade Suppression \(EATS\) Act](#), in the next farm bill.

Reps. Earl Blumenauer (D-OR) and Brian Fitzpatrick (R-PA) led the letter about the EATS Act, which has been developed in response to the Supreme Court decision that California's Proposition 12 is constitutional. Proposition 12 says that pork produced only under certain conditions can be sold in California, even if the animals are raised in other states.

A report issued last week by the Center for a Humane Economy and Animal Wellness Action said that a diversified pig production sector already in place can meet the demand created by Prop 12 in California and Question 3 in Massachusetts for pork raised under certain conditions.

➤ **USTR Heading to India for Bilateral Talks**

Agri-Pulse reports that U.S. Trade Representative Katherine Tai will be arriving in New Delhi Saturday for bilateral talks with Indian trade officials as the government there continues its controversial ban on rice exports.

The U.S. rice sector has been very critical of the Indian ban that's designed to prevent food inflation in the country and Chief Agricultural Trade Negotiator Doug McKalip told *Agri-Pulse* that the USTR is "closely monitoring and working with the Indian government" on the issue.

Peter Bachmann, the group's vice president of policy and government affairs, said USA Rice is planning to "turn up the heat" in the next couple of weeks. USA Rice, he noted, feels bringing the issue before the World Trade Organization is "absolutely warranted."

"When India is playing games with the world food supply, I think it's definitely time to get their attention through a WTO case and timing is right," said Bachmann. U.S. farmers will benefit from the ban in the short term as they fill India's gaps in the global marketplace, but eventually, Bachman says, the ban will create a "long-term problem."

Tai started her latest Asia trip over the weekend after arriving in Indonesia for a meeting of the Association of Southeast Asian Nations Economic Ministers that began Sunday. From there, she heads to Jaipur, India, for the G20 Trade & Investment Ministers' Meeting on Thursday and Friday. Afterward, she heads to New Delhi to "meet with business leaders and hold bilateral meetings with government officials."

➤ **Raimondo Heading to China**

Commerce Secretary Gina Raimondo will be leaving for China soon for a four-day visit Aug. 27-30 to continue the efforts of the Biden administration to repair U.S. ties with the country, reports *Agri-Pulse*. China is the largest foreign market for U.S. agricultural exports, but tariffs that began during the Trump administration continue to weigh down trade.

In a letter to presidential candidates this week, major U.S. farm groups stressed the need for new free trade agreements and a reduction of U.S. dependency on the Chinese market.

"In 2022, the U.S. exported \$38.11 billion in food and agricultural products to China – an astounding 22-fold increase," the groups said. "China is now the largest buyer of U.S. food and agricultural products, purchasing 19% of our exports. These exports are critical to America's farmers and rural communities."

During her visit to China, Raimondo "looks forward to constructive discussions on issues relating to the U.S.-China commercial relationship, challenges faced by U.S. businesses, and areas for potential cooperation," Commerce said in a statement.

➤ **US, Taiwan Negotiators Discuss Agriculture**

Agriculture was among the subjects discussed by U.S. and Taiwan negotiators last week during an in-person negotiating round for the U.S.-Taiwan Initiative on 21st Century Trade in Washington, the Office of the U.S. Trade Representative [said in a news release](#).

"During the negotiating round, the two sides exchanged views on proposed texts covering agriculture, labor, and the environment. The conversations were productive, and officials will continue to hold discussions in the months ahead in order to reach consensus," USTR said.

The news release did not contain any details about the proposals in the texts, according to *The Hagstrom Report*.

➤ **USDA, USTR Name New Members of Ag Trade Advisory Committees**

Agriculture Secretary Tom Vilsack and Trade Representative Katherine Tai today announced the appointment of 130 new private-sector representatives to serve on seven agricultural trade advisory committees, writes *The Hagstrom Report*.

The new members join 70 committee members who are continuing to serve their terms. The newly appointed committee members will serve until August 2027 and the

committees will be supplemented by additional appointments over the next four years.

Individuals are encouraged to apply for committee membership at any time and applications will be reviewed periodically. More information about the committees and the application process is [available online](#).

Plan To Limit California Port Emissions Creates Trade Fears

Agri-Pulse reports that the South Coast Air Quality Management District has decided that the Ports of Los Angeles and Long Beach, two of the largest gateways for U.S. container exports, need new limits on air pollution.

The air quality agency, which presides over Los Angeles, Orange, Riverside and San Bernadino counties and goes by the awkward acronym SCAQMD, has not released a draft of its Indirect Source Rule for Commercial Marine Ports.

The proposal — which also goes by the wonky title PR 2304 — won't be published until next month at the earliest, but shipping, union and farming leaders are slowly getting a picture of it as information seeps out from the agency.

The primary fear, says Mike Jacob, vice president and general counsel for Pacific Merchant Shipping, is whether the SCAQMD proposal will create a ceiling on how much cargo is allowed to flow through the two ports.

➤ **EPA Sets First Endangered Species Act National Limits on Pesticide**

The EPA has announced national restrictions on the widely used pesticide malathion as part of an ongoing Endangered Species Act review of agricultural chemicals, after the agency received a final biological opinion from the U.S. Fish and Wildlife Service.

Malathion is used largely to control mosquitoes, as well as aphids and other crop pests.

The final opinion specifies "agreed-upon mitigation measures including no spray zones, reductions in application rates and number of applications, and other changes to the labels that, once implemented, avoid jeopardy and adverse modification of critical habitat," the agency said on Wednesday.

The agency said registrants involved in the consultation "agreed to implement these measures by modifying their product labels." The new labels now contain directions on how to apply the pesticide.

The registration review process for malathion is ongoing, according to EPA, with possible additional actions on the chemical expected to be completed by the end of this year.

➤ **EPA's Advisory Board Downplays Corn Ethanol Climate Benefits**

In a letter sent to EPA Administrator Michael Regan, Renewable Fuels Association President and CEO Geoff Cooper said the agency's scientific advisory board made

"specious claims" about the climate benefits of the Renewable Fuel Standard and the emissions effects of corn ethanol.

The panel sent to Regan a draft commentary on RFS volume requirements for 2023 and later years.

In the draft the panel writes: "...resolving the scientific question of whether use of corn starch ethanol as a fuel reduces GHG emissions or not, relative to gasoline and diesel, is absolutely central..." to determining whether the RFS offers net climate benefits.

But Cooper said, "The overwhelming preponderance of scientific analyses and empirical data clearly show that corn starch ethanol significantly reduces GHG emissions relative to the gasoline it replaces. We adamantly disagree with the SAB's statement that 'the best available science' suggests there are 'minimal or no climate benefits' related to substituting corn ethanol for gasoline. Indeed, the best available science shows just the opposite."

DTN's Progressive Farmer reports that the letter pointed out that the average carbon intensity of corn ethanol is 52.4 grams per megajoule compared to petroleum gasoline blend stock at 93 grams per megajoule, a 44% reduction.

➤ **Ethanol Group Supports EPA's Decision on Refinery Exemptions**

Growth Energy is backing the Environmental Protection Agency's July 14 decision to reject 26 small refinery exemption requests, according to *Agri-Pulse*.

The nation's biggest biofuels trade group [moved](#) to intervene on EPA's side in a lawsuit challenging the decision filed by one small refinery, Hunt Refining Company.

"EPA made the right call by following the data, which show there is no economic justification for exempting another oil company from its obligations under the [Renewable Fuel Standard]," Growth Energy CEO Emily Skor said.

"Past abuse of SREs destroyed demand for billions of gallons of biofuels, undermining our ability to hold down prices at the pump with clean, American renewable fuel. It's important that the courts and EPA continue to reject efforts to roll back the clock," Skor said.

International Crop & Weather Highlights

➤ **India gets record low August rains- weather department**

31 August 2023 Reuters - India witnessed the driest August in more than a century as the country received 36% less rainfall than normal in 2023, according to data compiled by the India Meteorological Department (IMD) on Thursday.

The country has received 10% lower rainfall than normal from June 1 to August 31, the IMD data showed.

The monsoon, vital for the \$3-trillion economy, delivers nearly 70% of the rain India needs to water farms and refill reservoirs and aquifers.

➤ **Tropical Storm Hilary Hits California Specialty Crops**

Tropical storm Hilary brought high winds and flooding to farms in southern California, but fruit and vegetable growers in the impact zone say the damage could have been much worse had the storm struck just a few weeks later, says *Agri-Pulse*.

Jeff Percy, who serves as the vice president of production for the Yuma, Coachella, and Imperial Valley growing regions for Ocean Mist Farms, said, "if it had been a month later, it would have been a disaster."

Hilary entered the northern portion of the Baja California Peninsula in Mexico Sunday before crossing into southern California. According to the National Weather Service, the last cyclone with tropical storm status to enter the Golden State was Hurricane Nora in 1997.

The storm brought 11.74 inches of rain to Mount San Jacinto, while the Coachella Valley got between 1.6 inches and 6.6 inches. To the north, San Bernardino County received between one and 11 inches.

➤ **USDA/WAOB Joint Agricultural Weather Facility – 26th August 2023**

Europe – Very Hot And Dry In Southern Europe

- Very hot and dry weather in southern Europe hastened summer crops toward or into maturity and trimmed yield prospects for later-developing corn and soybeans.
- Showers over central and northern Europe benefited filling summer crops, while drier conditions in northeastern Poland, Hungary, and the western Balkans promoted winter rapeseed sowing.

Western FSU – Continued Dry And Warm

- Continued dry and warm weather over Moldova, Belarus, Ukraine, and southwestern Russia ushered summer crops toward maturity and encouraged early winter wheat sowing, though showers favored filling corn and sunflowers in Russia's Central District.

Middle East – Seasonably Dry And Hot

- Seasonably dry and hot weather in Turkey accelerated summer crops through the filling stage of development on the Anatolian Plateau and promoted harvesting elsewhere.

South Asia – Uneven Rainfall

- Monsoon showers continued across parts of northern and northeastern India, benefiting rice, while uneven rainfall elsewhere left other kharif crops short of adequate moisture.

East Asia – Wet Weather

- Wet weather continued in most summer crop areas of China, maintaining or increasing moisture supplies.

Southeast Asia – Widespread Showers

- Rainfall was more widespread across Indochina than in previous weeks, boosting moisture supplies for rice.
- Typhoon Saola brought needed rainfall to rice and corn in key producing areas in the northern Philippines.

Australia – More Showers In The Southeast, Dry Elsewhere

- Scattered showers continued to fall across the southeast, maintaining generally good yield prospects for wheat, barley, and canola.
- Unfavorably dry weather in the west and northeast reduced soil moisture for reproductive winter crops.

South America – Mild, Sunny Weather Dominated Most Winter Farming Areas

- Light rain and the lack of a freeze benefited immature wheat in southern Brazil.
- Cool, mostly dry weather favored overwintering wheat and barley in Argentina.

Mexico – Tropical Showers Brought Much-Needed Moisture To Northern Watersheds

- Moisture from the remnants of Hurricane Hillary and Tropical Storm Harold fueled storms in previously dry northeastern farming areas and northwestern watersheds.

Canada – Scattered Showers Provided Limited Relief To Immature Prairie Spring Crops

- Mild, showery weather benefited later-planted spring grains and oilseeds, although the moisture was untimely for crops drying in windrows.

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

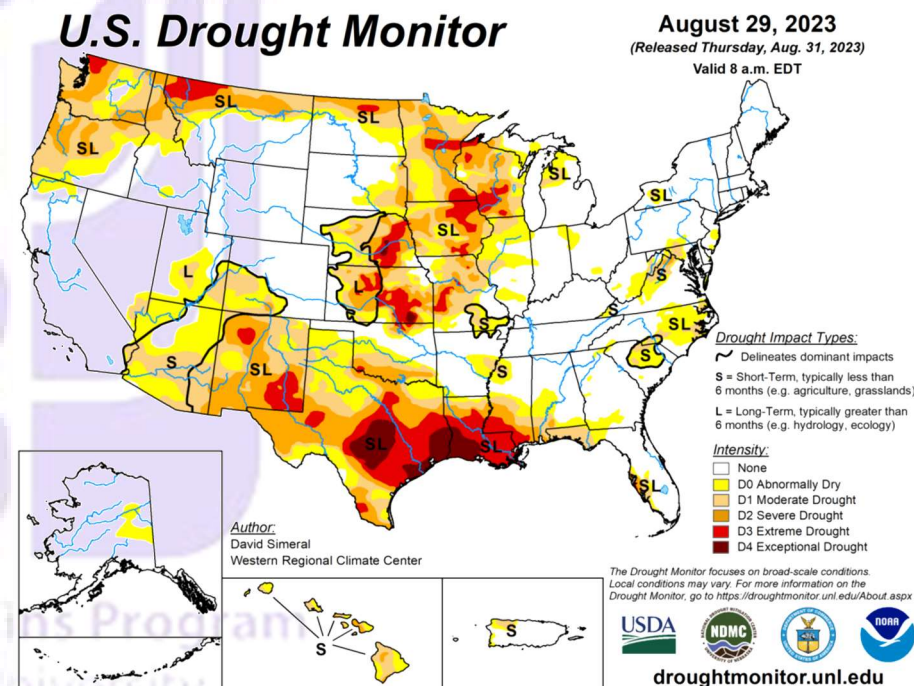
➤ **U.S. Agricultural Weather Highlights – Friday the 1st of September 2023**

In the West, a weakly established monsoon circulation is producing spotty In the West, a late-season monsoon surge extending northeastward from the Desert Southwest is resulting in locally heavy showers and pockets of flash flooding. Separately, a cold front is producing a few Northwestern showers. Notably, the Northwestern showers are aiding wildfire containment efforts but causing minor small grain harvest delays.

On the Plains, dry weather accompanies a late-season heat wave. Today's high temperatures could reach 100°F as far north as South Dakota. Amid the heat and diminishing topsoil moisture reserves, summer crops are rapidly maturing. Additionally, producers are preparing for the upcoming winter wheat planting season.

In the Corn Belt, a late-season hot spell has commenced, especially west of the Mississippi River, where today's high temperatures will generally range from 90 to 100°F. The western Corn Belt's hot, dry weather favors corn and soybean maturation, while producers in the eastern Corn Belt are observing a slower pace of crop development.

In the South, hurricane recovery efforts continue, especially in areas along the Gulf Coast of Florida affected by a record-setting storm surge on Wednesday morning. In Idalia's wake, scattered showers have returned across the Southeast, including parts of Florida. Meanwhile, historically hot, dry weather persists in the western Gulf Coast region. According to the August 29 U.S. Drought Monitor, 74% of Louisiana is experiencing extreme to exceptional drought (D3 to D4).



Outlook: A late-season heat wave across the Plains and Midwest will persist through the weekend and into early next week, with temperatures expected to approach or reach 100°F as far north as Minnesota and the Dakotas. Hot weather will also prevail in much of the southern and eastern U.S. By next Tuesday, however, cooler air will arrive across the northern Plains.

Meanwhile, no rain will fall during the next 5 days in several areas, including the central and southern Plains, the Ohio Valley, and the middle and northern Atlantic States. In contrast, showery Western weather will linger through the weekend, while precipitation should overspread the northern Plains early next week. In the Southeast, significant rainfall should be confined to areas along and near the Gulf Coast.

The NWS 6- to 10-day outlook for September 6 – 10 calls for the likelihood of near- or above-normal temperatures nationwide, except for cooler-than-normal conditions in the Pacific Northwest. Meanwhile, near or above-normal rainfall across the northern U.S. should contrast with drier-than-normal weather across much of the South, including the Four Corners States, Gulf Coast region, and southern 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 Mt = 1000 kg, approximately 2204 lbs.

American or Short Ton = 2000 lbs.

British Mt or Long Ton = 2240 lbs.

Metric mtss to Bushels:

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

Metric mtss to 480-lbs Bales

- Cotton = metric mtss * 4.592917

Metric mtss to Hundredweight

- Rice = metric mtss * 22.04622

Area & Weight

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

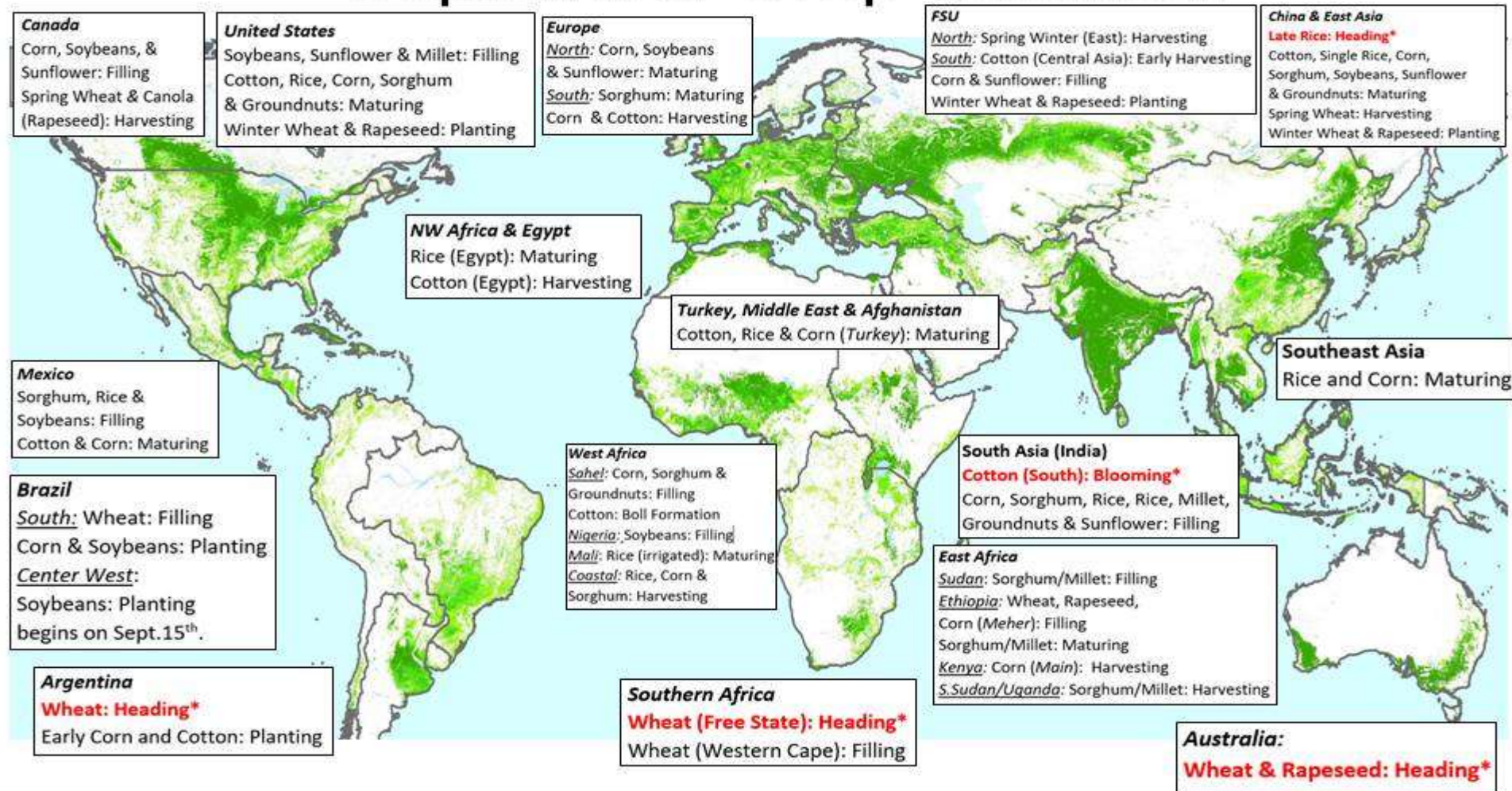
➤ Marketing Years (MY)

MY - refers to the 12-month period at the onset of the main harvest, when the crop is marketed (i.e., consumed, traded, or stored). The year first listed begins a country's 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.

September Crop Calendar



*Crop stage sensitive to moisture and temperature stresses.



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

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