



Notes and Observations in International Commodity Markets

15th October 2021

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

KSU Agriculture Today Link - Grain market update, World grain supply and demand report: <https://agtodayksu.libsyn.com/grain-market-update-world-grain-supply-and-demand-report>

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

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USDA REPORT BEARISH CORN AND BEANS, SUPPORTIVE OF WHEAT, AS HISTORIC HIGHS MADE BY OATS AND PALM OIL

GHA – Started the week off lower as the USDA WASDE Report weighed on prices. However, grain and soybean markets finished very firm Friday, led by soybeans and Minneapolis wheat.

A combination of larger expected crops for both corn and soybeans pressured prices lower on Tuesday after the USDA October WASDE was released. The corn crop came in at 15.019 bbus, 66 mbus above the trade average and while the USDA boosted exports slightly, U.S. carry-out at 1.5 bbus was 82 mnus above the average trade estimate. Focus for corn now shifts to exports, the size of the Black Sea crop and South American weather.

Soybeans saw a nearly 6 mmts increase in expected 2021/22 world ending.. Part of that increase was a U.S. soybean crop of 4.448 bbus, 38 mbus above the trade average and ending stocks of 320 million, 22 million above the trade estimate. The biggest question for soybeans remains the Chinese crush outlook.

It was good to see China back in the market after their holiday last week, but sales are running notably behind last year. China returned to the market Wednesday after their National holiday last week buying +330 +132 kmts of U.S. soybeans, and +198 +132 +722 kmts to Unknown, U.S. sold 165 kmts corn to Mexico, and 161 kmts to Unknown USDA WASDE wheat number were supportive, and markets rallied going into the weekend. At the bell for Friday, front month wheat futures had faded from their double digit gains, but were still in the black. Chicago SRW prices closed 8 to 9¼ cents higher, which for Dec ended UNCH with last Friday’s close. KC HRW futures closed 11½ to 12¼ cents in the black. Spring wheat prices were up by 6¼ to 9¼ cents on the day, completing the week with a 22¼ cent gain and a new life of contract high of \$9.80/bu.

Oats and Palm Oil again made all-time highs this week! Cotton rallied to a 10-year high. Export supply chain costs continue to increase as bulk ocean freight highs 13-year highs. Container freight beginning to level off at historic highs.

November crude oil is up \$0.85 at \$82.16, November heating oil is up \$0.0093, November RBOB is up \$0.0496 and November natural gas is down \$0.264.

The December U.S. Dollar Index is trading up 0.019 at 93.980. The Dow Jones Industrial Average is up 398.00 points at 35,310.56.

December gold is down \$29.80 at \$1,768.10, December silver is down \$0.13 at \$23.35 and December copper is up \$0.0870 at \$4.7185.

November crude oil is up \$0.85 at \$82.16, November heating oil is up \$0.0093, November RBOB is up \$0.0496 and November natural gas is down \$0.264.

The Kansas Commodity Outlook and Tailgate is Saturday as the Kansas Wildcats take on Iowa State in football (gridiron) The market Outlook will commence at 3:00 p.m. US CST in the IGP Center Auditorium. Moderator - Eric Atkinson of Agriculture Today

Speakers: Dr. Allen Featherstone - Dept. Head, Ag Econ, Dr. Dan O'Brien - Professor, KSU Extension, Guy H. Allen - Senior Economist, International Grains Program. Zoom Link: <https://ksu.zoom.us/j/94177976140>

Have a good weekend! ☺

US DOLLAR & FOREIGN EXCHANGE

➤ US Dollar Index - Slightly Lower On Strong Stocks



After making new 12-month highs this week 94.560, the U.S. Dollar Index settled on Friday at 93/954.

The dollar index on Friday posted modest losses. The main bearish factor for the dollar on Friday was the rally in the S&P 500 to a 3-week high, which reduced the liquidity demand for the dollar. However, the dollar found support Friday from higher T-note yields, which strengthened the dollar's interest rate differentials.

The dollar index on Friday fell -0.021 (-0.02%). EUR/USD rose +0.0006 (+0.05%). USD/JPY rose +0.57 (+0.50%).

EUR/USD on Friday moved slightly higher. EUR/USD was undercut by comments from ECB Governing Council member Villeroy who said price pressures in the Eurozone should be mostly transitory, which was dovish for Fed policy. EUR/USD was also undercut after Friday's economic data showed Eurozone Sep new car registrations fell -23.1% y/y, the third straight monthly decline.

USD/JPY on Friday extended this week's rally up to a 3-year high. The yen tumbled Friday on a report that said the BOJ at its Oct 28 policy meeting is likely to cut its 2021 Japan GDP growth forecast and also cut its inflation forecast for this year to 0% from 0.6%. The yen was also under pressure after the Nikkei Stock Index on Friday rallied +1.81% to a 2-week high, which reduced the safe-haven demand for the yen.

Friday's U.S. economic data was mixed for the dollar. On the negative side, the U.S. Oct Empire manufacturing survey general business conditions index fell -14.5 to 19.8, weaker than expectations of 25.0. Also, the University of Michigan's Oct U.S.

consumer sentiment index unexpectedly fell -1.4 to 71.4, weaker than expectations for a small increase to 73.1. On the positive side, U.S. Sep retail sales unexpectedly rose +0.7% m/m, stronger than expectations of -0.2% m/m. Also, Sep retail sales ex-autos rose +0.8% m/m, stronger than expectations of +0.5% m/m.

December gold (GCZ21) on Friday closed down -29.60 (-1.65%), and Dec silver (SIZ21) closed down -0.128 (-0.55%). Precious metals on Friday posted moderate losses. Higher T-note yields on Friday undercut precious metals prices. Also, a rally in the S&P 500 to a 3-week high on Friday curbed the safe-haven demand for precious metals.

The dollar and gold have continued safe-haven support from concern the worldwide spread of the delta Covid variant will crimp the global economic recovery. However, the pandemic in the U.S. has improved after the 7-day average of new U.S. Covid infections on Monday fell to a 2-1/4 month low of 86,241.

WHEAT

➤ USDA FAS WASDE – Wheat

12 Oct 2021 USDA - The outlook for 2021/22 global wheat is for reduced supplies, lower consumption, nearly unchanged trade, and smaller ending stocks. Supplies are projected falling by 8.6 mmts to 1,064.2 mmts, primarily on the combination of reduced beginning stocks for Iran and reduced production for Canada, Iran, and the U.S.

Iran's 2021/22 beginning stocks are lowered 3.6 mmts, the result of a multi-year production revision from 2017/18 onward. Iran's 2021/22 production is lowered 1.5 mmts to 13.5 mmts, based on indications of greater 2021/22 imports driven by reduced domestic supplies.

Canada's production is reduced 2.0 mmts to 21.0 mmts on reduced harvested area as increased abandonment is expected from the severe drought affecting the Prairie Provinces this past summer.

Projected 2021/22 world consumption is lowered 2.6 mmts to 787.1 mmts with the majority of the reduction for food, seed, and industrial use in India and Canada and feed and residual use for the United States.

Projected 2021/22 world ending stocks are reduced 6.0 mmts to 277.2 mmts and are the lowest since 2016/17 with Iran, the United States, and Australia accounting for most of the reduction.

2021/22 U.S. wheat this month is for reduced supplies, lower domestic use, unchanged exports, and decreased ending stocks.

Supplies were reduced primarily on lower production from the NASS Small Grains Summary, issued on the 30th of September. Supplies are also lowered on reduced imports, down 10 mbus, to 125 mbus on the import pace. Annual feed and residual use is lowered 25 mbus to 135 mbus despite the NASS Grain Stocks report indicating greater disappearance in the first quarter compared to last year.

Significantly reduced supplies of Hard Red Spring, Durum, and White wheat for 2021/22 are expected to curtail feed and residual use for the remainder of 2021/22 along with the continued large price premium of wheat over corn.

U.S. exports are unchanged at 875 mbus but there are offsetting by-class changes.

Projected 2021/22 U.S. ending stocks are reduced 35 mbus to 580 mbus, which are the lowest U.S. ending stocks since 2007/08.

The USDA projected 2021/22 season-average farm price is raised \$0.10/bus to \$6.70 on reported NASS prices to date and price expectations for the remainder of 2021/22.

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

Country	Attribute	Previous	Current	Change	Reason
Bangladesh	Imports	7,200	7,400	200	Growth in consumption demand based on prior year's trends
Iran	Imports	2,500	4,500	2,000	Tight domestic supplies and surge in wheat shipments from Russia
Iraq	Imports	2,800	2,600	-200	Reduced consumption and fewer shipments anticipated from major supplier Turkey
Saudi Arabia	Imports	3,200	3,000	-200	Less growth in stocks given reduced global supplies
United States	Imports	3,700	3,500	-200	Pace of trade to date and fewer exportable supplies from Canada
Australia	Exports	24,000	24,500	500	Strong shipments to Asia and competitiveness for high-quality wheat relative to other suppliers
Canada	Exports	17,000	15,500	-1,500	Significantly smaller crop
European Union	Exports	35,000	35,500	500	Larger crop
India	Exports	3,500	4,500	1,000	Continued strong global prices and firm demand from nearby markets. Largest exports since 2013/14.

Projected 2021/22 global trade is fractionally lower at 199.6 mmts on lower exports by Canada that are nearly offset by higher exports by Australia, the EU, and India.

➤ **Canada Wheat Production Revised Down on Increased Abandonment**

12 Oct 2021 USDA FAS - USDA estimates Canada wheat production for marketing year 2021/22 at 21.0 mmts, down 2.0 mmts (9%) from last month, 14.2 mmts (40%) from last year, and 35% below the 5-year average.

Harvested area is estimated at 8.5 million hectares, down 700,000 hectares (8%) from last month, 15% below last year, and 11% below the 5-year average.

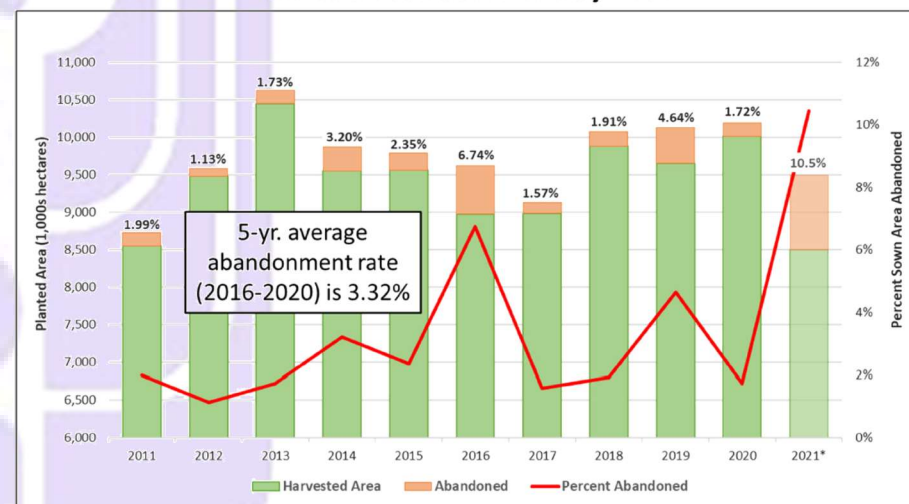
Yield is estimated at 2.47 mts/ha, down 1% from last month, 30% from last year, and 28% below the 5-year average.

Statistics Canada (StatCan) revised its total wheat production and yield estimates downward 5% on updates to its integrated crop yield model. The model considers multiple data sources, including satellite imagery from Agriculture and Agri-Food Canada's (AAFC) Crop Condition Assessment Program (CCAP). This update incorporates data collected during the month of August, as the crop reaches maturity, and the harvest of spring varieties begins.

Dry summer conditions in the Prairies accelerated both crop maturation and the harvest, which is nearing an early completion.

Yields for spring and durum wheat are expected to be well-below average due to the historic drought affecting western Canada.

Wheat Abandonment by Year



USDA Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

Sources: Statistics Canada; USDA estimate for MY 2021/22*

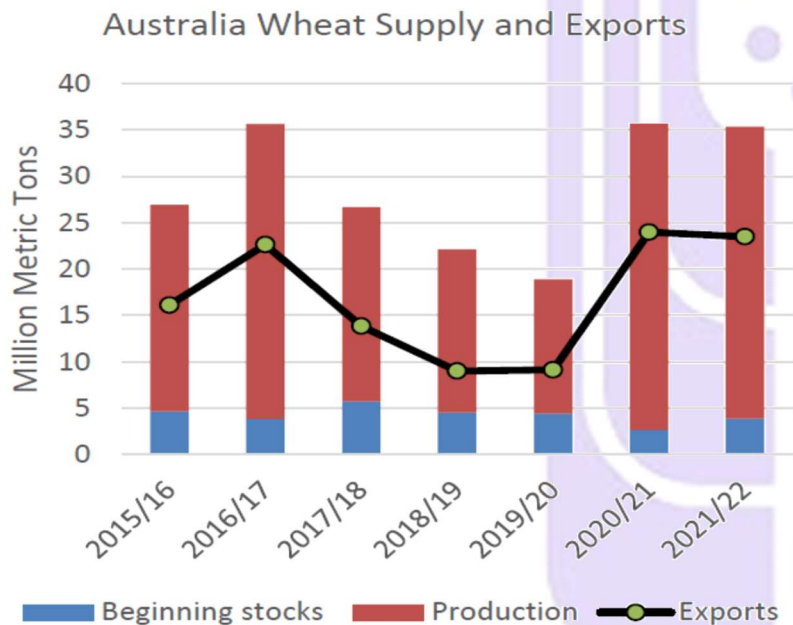
Above-average area abandonment for several crops has been widely reported by industry sources, and Canadian crop insurance agencies have incentivized salvaging poor crops for feed to offset feed shortages. Drought conditions have also been present throughout much of the western U.S., and USDA's National Agricultural Statistics Service (NASS) reported increased area abandonment for MY 2021/22 U.S. spring and durum wheat in the Small Grains Summary, issued September 30th.

Similarly, USDA has reduced harvested area estimates for Canadian wheat to below those currently held by StatCan on expectations of increased crop abandonment of spring and durum wheat, which account for roughly 92% of the total wheat crop.

➤ **Ample Supplies Enable Australia Wheat Exports to Soar Again**

USDA FAS – As global 2021/22 wheat production edges up only slightly from the prior year, consumption is projected to rise even more. As a result of smaller crops for some key exporters, importers are increasingly relying upon Australia to meet their needs.

After a multi-year drought, Australia wheat production rebounded in 2020/21, enabling exports to more than double compared to the previous year. Exports are expected to hit a near-record in 2020/21 and are forecast only slightly lower in 2021/22 as larger beginning stocks offset a smaller crop. Australia’s share of global exports is forecast to rise to 12% in 2021/22 compared to only 5% 2 years ago.



Australia exports remain primarily focused on Asia given the preferences for its classes of wheat, in particular white wheat, and its close proximity. With back-to-back bumper crops, Australia has a larger overall quantity available at attractive prices. In 2020/21, Australia has successfully recaptured market share in Indonesia (its traditional largest destination and the second-largest global importer) as Black Sea and U.S. exports to that market contracted. In 2021/22, large production shortfalls in Canada are expected to keep the door open for further Australia exports to Indonesia. Vietnam has also become a major destination for Australian wheat, with its robust demand for both food and feed uses. Despite trade disputes with other commodities, China has continued to purchase high-quality wheat from Australia. Australia has also

made remarkable gains in the Philippine market, which is primarily supplied by the United States.

In the short term, Australia’s current competitive prices amid sufficient supplies will spur it to become the third-largest exporter. Australia is expected to continue to supply Asia based on its competitive freight rates. Nearby markets can purchase with shorter delivery times relative to other exporters. Many of its key markets are witnessing strong consumption growth but do not produce wheat. As long as there is sufficient production, Australia’s exports are likely to remain robust over the longer term.

➤ **Australia exports 2.17 mmts wheat in August , up 13% from July**

13 Oct 2021 Liz Wells – Australia exported, 2,177,873 mts of wheat including durum in August, up 13% from the 1,930,459 mts shipped in July, according to the latest data from the Australian Bureau of Statistics (ABS).

In the bulk market, Vietnam on 367,292 mts, the Philippines on 302,843 mts and Indonesia on 213,901 mts were the three biggest markets for August shipment, which totaled 1,925,707 mts.

Containerised sales for August totaled 222,166 mts, with Vietnam on 68,840 mts, Indonesia on 39,198 mts and Malaysia on 34,608 mts the largest markets.

AAAX general manager marketing and trading James Foulsham said the surge in shipping in August could well be a sign of what is to come for the 2021/22 harvest. “Normally at this time of year, South-east Asia switches a significant proportion of its demand away from Australia to Black Sea, which is normally a lot cheaper as they are coming out of harvest,” Mr Foulsham said. “However, because of the Russian export tax, Black Sea FOB prices are unusually high this season relative to Australian. When you also include the high freight rates we are currently seeing, Australian prices have been more competitive for a longer period so Australian has maintained its dominant position into the Asian markets.”

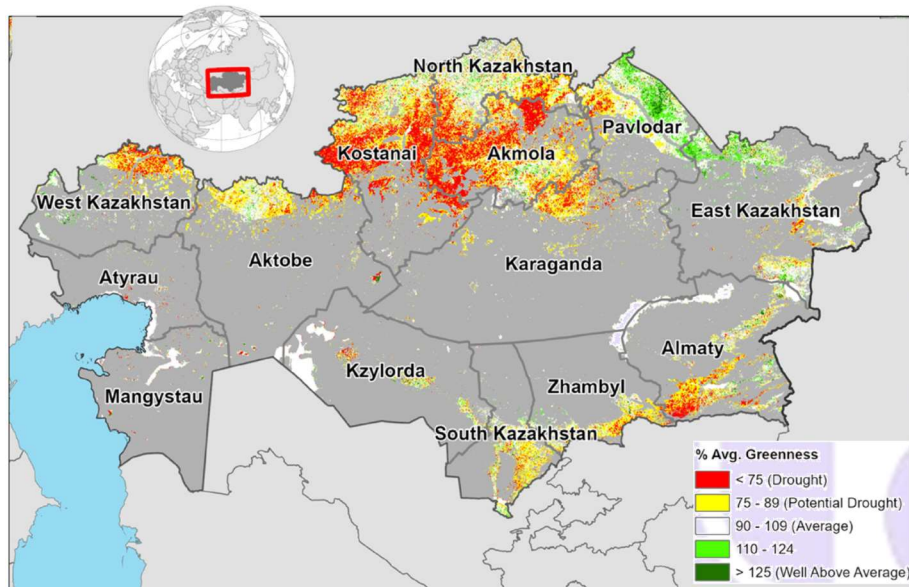
Mr Foulsham said this trend was likely to continue into new crop. “In addition to this, Australia is starting to see demand from markets or grades that we don’t normally service, for example millers in Asia have had a preference for high protein Canadian CWRS in recent years, but with the drought in Canada they will have to buy more APH and AH from Australia this season.”

➤ **Kazakhstan Heat and Below-Average Rainfall Drops Wheat Yield**

12 Oct 2021 USDA FAS - Kazakhstan wheat production for marketing year 2021/22 is forecast at 12.0 mmts, down 4% from last month and down 16% from last year.

Yield is estimated at 0.94 mts/ha, down 4% from last month and down 20% from last year. Area harvested is estimated at 12.7 million hectares, unchanged from last month and up 5% from last year.

Percent of Average Seasonal Greenness (PASG) 7/4-9/29/2021



USDA Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

NASA MODIS Imagery; GFSAD 30 m crop cover (2015)
USDA/NASA Global Agricultural Monitoring (GLAM) project
(<https://glam1.gsfc.nasa.gov>)

Kazakhstan wheat is grown mostly in Kostanai, North Kazakhstan, and Akmola (28%, 19%, and 31% of area, respectively, based on the latest planting report).

The m/o/m decrease in yield is driven by the lower-than-average crop conditions as seen in the Percent of Average Seasonal Greenness (PASG). The 3-month PASG highlights significantly below-average conditions in Kostanai, North Kazakhstan, and Akmola, where conditions were hot and dry during key crop stages throughout June, July, and August. Additionally, harvest progress data from the Ministry of Agriculture in Kazakhstan supports lower yield.

Harvest is almost complete according to the Ministry of Agriculture's report at the end of September.

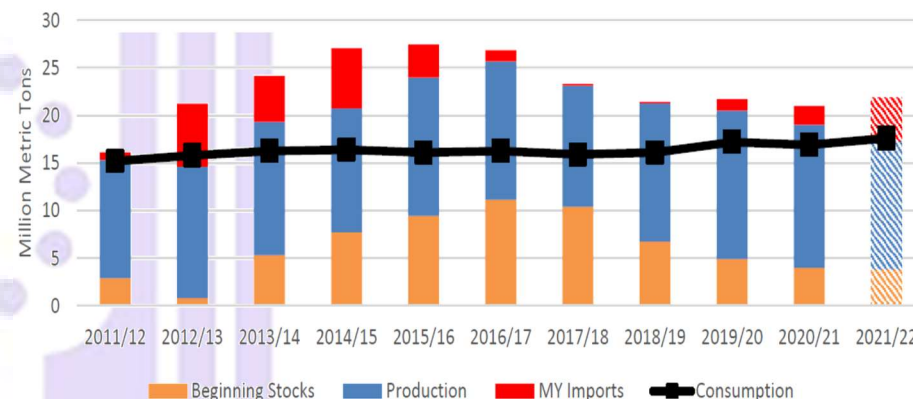
➤ Iran Wheat Imports Rise with Tighter Supplies

USDA FAS - Iran 2021/22 wheat imports are raised sharply by 2.0 mmts this month to 4.5 mmts; the country's largest import volume in 7 years. The projected surge in imports is a response to tightening domestic supplies. Combined carry-in stocks and production have dipped to the lowest level in nearly a decade.

Iran wheat consumption has remained relatively stable as stock levels slid in recent years. Moreover, despite the government's investment in improving wheat harvests,

production is estimated to drop 10% from the previous marketing year due to drought conditions impacting yield.

Iran Wheat Supply and Consumption



According to the Tehran Times, the Government of Iran (GOI), which procures wheat at an established price, purchased 4.4 mmts of wheat from farmers between March and August 2021, representing about 3 months of consumption and a third of the domestic crop. The procurement price recently jumped to 75,000 rials/kilogram (approximately \$1.781) compared to 25,000 rials/kilogram last year, reflecting the country's tightening wheat supplies and demand for additional wheat procurement.

In order to satisfy domestic demand, GOI is therefore forced to import wheat from international sources. Iran's state Government Trading Corporation (GTC) has been actively tendering for international wheat this year following years of minimal tender activity. While details of its purchases are undisclosed, GTC has bought at least 520,000 mts of wheat since the beginning of the marketing year (Apr-Mar).

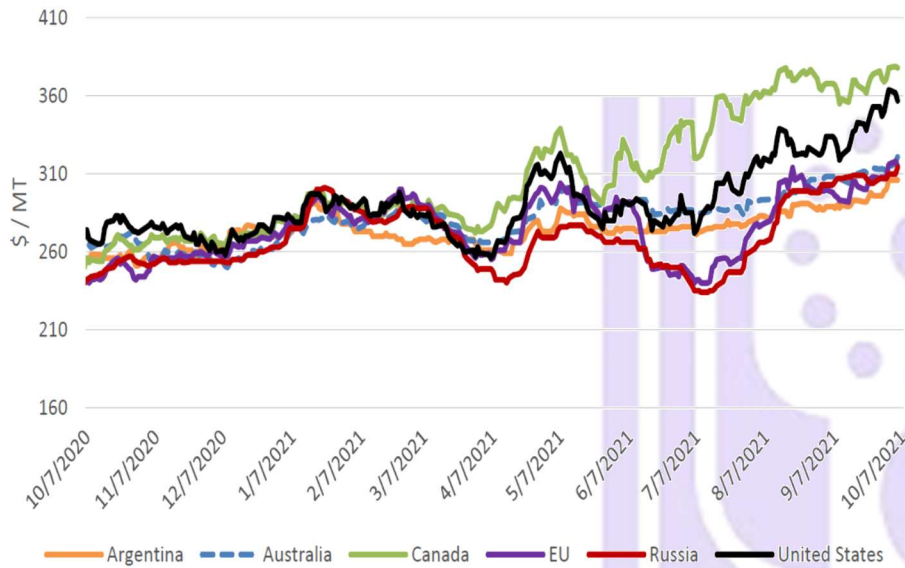
Iran wheat imports are primarily sourced from Russia. According to Iran customs data, imports from Russia were over 1.0 mmts in the 2020/21 marketing year. Trade with Russia is anticipated to expand this year with growing import demand. In June, the Iranian Ambassador to Russia stated that imports of Russian wheat could double this marketing year. Since April, shipments of Russian wheat to Iran have already reportedly reached 3.0 mmts.²

¹ Using conversion rate of 1USD/42190IRR ² Source: Refinitiv Russia vessel loadings data

➤ USDA FAS – Wheat Prices

Tight global wheat supplies have continued to support rising prices for the major exporters. US quotes had the largest increase, jumping \$26/mt higher following larger than expected cuts to production and stocks in the USDA Small Grains 2021 Summary.

International Daily FOB Export Bids



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

Argentina	Australia	Canada	EU	Russia	United States
\$306	\$321	\$382	\$318	\$314	\$358

Note: As of October 7, 2021

Strong export demand for EU wheat amidst tight global supplies contributed to quotes rising \$22/mt. Argentine quotes jumped \$18/ton as reports of drought conditions affecting the 2021/22 crop pushed prices higher. Canadian quotes have risen \$15/ton since the previous WASDE as drought continued to affect spring wheat yields.

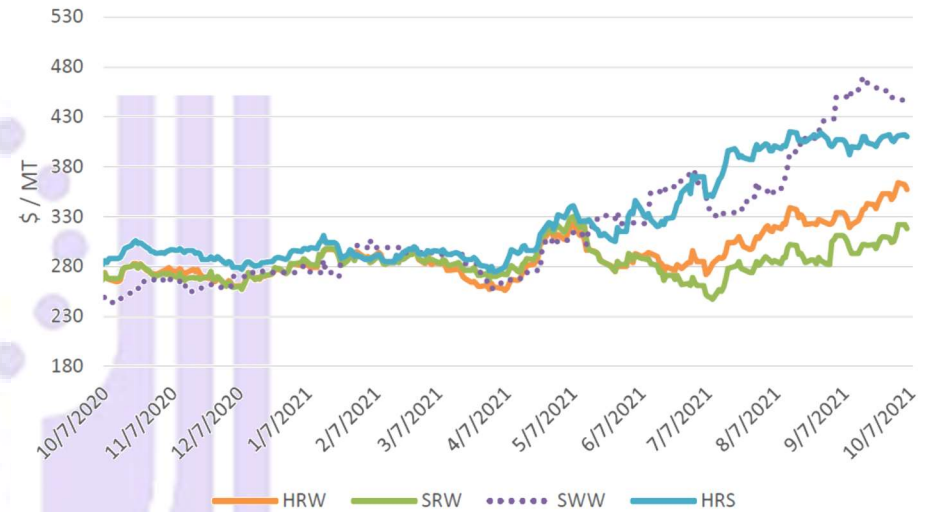
Australian quotes rose \$13/ton with strong export demand from Asian markets. Lastly, Russian quotes climbed \$9/mt higher following rumors of a wheat export cap.

Export quotes for most U.S. wheat classes moved higher again this month, reflecting tighter supplies as noted in the USDA Small Grains 2021 Summary.

Hard Red Winter (HRW) shot up \$25/mts to \$357/mt and Soft Red Winter (SRW) rose \$9/mt to \$318/mt.

Hard Red Spring (HRS) was up only slightly by \$5/mt to \$410/mt, even with lower production of high protein wheat in both the United States and Canada.

U.S. Daily FOB Export Bids



Source: IGC *Note on FOB prices: HRW (Hard Red Winter); SRW (Soft Red Winter); SWW (Soft White Wheat); HRS (Hard Red Spring)

Concerns about tightening global supplies buoy this year's export quotes but it is notable that nearly half of the winter wheat for next season has been planted already, in line with the average according to the USDA Crop Progress reports.

In contrast, Soft White Winter (SWW) was down slightly by \$8/mt to \$444/mt, with muted interest from foreign buyers as prices reached unprecedented levels.

The USDA projected 2021/22 season-average farm price is raised \$0.10/bus to \$6.70 on reported NASS prices to date and price expectations for the remainder of 2021/22.

➤ **CME CBOT Wheat Futures**

Wheat rallied going into the weekend. At the bell for Friday, front month wheat futures had faded from their double digit gains, but were still in the black. KC HRW led the way as futures closed 11½ to 12¾ cents in the black. Chicago SRW prices closed 8 to 9¾ cents higher, which for Dec ended unchanged with last Friday's close. Spring wheat prices were up by 6¼ to 9¼ cents on the day, completing the week with a 22¼ cent gain and a new life of contract high of \$9.80/bu.

CBOT December 2021 Wheat Futures settled on Friday at \$7.34/bu, up 9¼ cents on the day, and unchanged for the week.

The weekly Commitment of Traders report noted net new selling from CBT wheat specs. That moved the group back to net short by 8,546 contracts.



Cash trade depth remains quiet on HRW with shippers still fall harvest focused. Offers were thin keeping values firm and spreads have firmed on the week too. Recent rains are good for seeded wheat, but bad for soybeans that are still in fields wanting to be Harvested.

General end user buying and reasonably export sales helped drive the board. USDA's Export Sales report showed 567,598 mts of wheat was booked during the week ending the 7th of October. That was above the pre-report expectations, up 7% from the same week last year, and the second largest sale of the season. The Philippines and Mexico were the week's top buyers, each with over 100k MT booked. USDA reported 458,882 MT were shipped, which was down 10% from the same week last year. Accumulated wheat commitments sit 20% behind last year's pace at 440 mbus, with 301.7 mbus of that already shipped.

Japan's Ministry of Ag booked 119,512 mts of wheat from U.S., Canada, and Australia in their regular tender. Ethiopia is still on the market for 300 kmts of wheat. China's National Grain Trade Center announced 1 mts of wheat will be sold from state reserves on the 20th of October. Russia's wheat export tax will be \$61.30/mt next week, another \$2.60 increase w/o/w.

➤ U.S. Export SRW Wheat Values – Friday 15th October 2021

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

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

CIF SRW WHEAT	10/14/2021	10/15/2021		
OCT	45 / 55	45 / 55	Z	UNC
NOV	60 / 68	60 / 68	Z	UNC
DEC	70 / 80	70 / 80	Z	UNC

➤ CME KC HRW Wheat Futures



Kansas December 2021 HRW Wheat Futures settled on Friday at \$7.43¾/bu, up 12¾ cent on the day, and gaining 6¼ cents on the week.

The weekly Commitment of Traders report showed KC HRW wheat, managed money was 48,286 contracts net long as of the 12th of October.

➤ U.S. Export HRW Wheat Values – Friday 15th October 2021

HRW Wheat Texas Gulf Rail quotes, in cents per bushel basis KCBT futures:

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

TX GULF HRW	12% Protein	10/14/2021	10/15/2021		
OCT	175 / -	175 / -	Z	UNC	
NOV	175 / -	175 / -	Z	UNC	
DEC	175 / -	175 / -	Z	UNC	
JAN	178 / -	180 / -	H		
FEB	178 / -	180 / -	H		
MAR	178 / -	180 / -	H		

➤ MGE HRS Wheat Futures

MGE December 2021 HRS Wheat Futures settled on Friday at \$9.68¾ 9.46½ /bu, up 8¾ cents on the day, and gaining 22½ cents for the week.

Symbol: @MWZ1 [Future Symbol Search](#)

Last: 968'6 | Chg: +8'6 | Open: 959'0s | High: 980'0 | Low: 957'4

Current Month: @MWZ1



The weekly Commitment of Traders report showed HRS wheat managed money funds were net buyers, adding 559 new longs taking their net long to 15,896 contracts.

COARSE GRAINS

➤ USDA WASDE – Coarse Grains

12 Oct 2021 USDA FAS -. This month's 2021/22 global coarse grain production for 2021/22 is forecast down 2.9 mmts to 1,494.0 mmts. The 2021/22 foreign coarse grain outlook is for lower production, virtually unchanged trade, and larger stocks relative to last month.

Non-U.S. corn production is forecast essentially unchanged as increases for the EU, Canada, Venezuela, and Serbia are largely offset by declines for Ukraine, Russia, and Guatemala. EU corn production is raised reflecting increases for Poland and Romania more than offset declines for France and Bulgaria. Corn production in Canada is higher reflecting favorable yield prospects for Ontario. Projected corn yields for Russia and Ukraine are lowered based on reported harvest results to date.

Corn exports are raised for India, the United States, and the EU, with partly offsetting reductions for Ukraine, Russia, and Vietnam. For 2020/21, corn exports for Brazil are lowered for the local marketing year beginning March 2021, based on shipments through the month of September. For 2021/22, corn imports are lowered for Vietnam, Chile, Algeria, Israel, Lebanon, and Saudi Arabia, but raised for Bangladesh. Foreign corn ending stocks are higher, mostly reflecting increases for China and Mexico, with a partly offsetting reduction for Ukraine. Global corn stocks, at 301.7 million, are up 4.1 million.

Country	Commodity	Attribute	Previous	Current	Change	Reason
Algeria	Corn	Imports	5,000	4,800	-200	Carryover change
Australia	Barley	Exports	7,000	8,000	1,000	Smaller supplies in competing exporting countries
Bangladesh	Corn	Imports	1,900	2,500	600	Larger exportable supplies from India
Brazil	Barley	Imports	700	500	-200	Carryover change
	Corn	Exports	33,000	31,000	-2,000	Smaller exportable supplies until new-crop March 2022
Canada	Barley	Exports	2,000	1,600	-400	Smaller production
	Oats	Exports	1,400	1,100	-300	
Chile	Corn	Imports	3,000	2,700	-300	Carryover change
European Union	Corn	Exports	3,800	4,100	300	Larger production
India	Corn	Exports	1,700	2,500	800	Higher demand from regional trade partners
Iran	Barley	Imports	2,000	2,200	200	Carryover change
Israel	Corn	Imports	2,200	2,000	-200	Smaller supplies in exporting countries
Lebanon	Corn	Imports	900	700	-200	
	Barley	Exports	5,000	4,500	-500	Smaller production
Russia	Corn	Exports	4,800	4,500	-300	
Saudi Arabia	Barley	Imports	7,500	7,000	-500	Smaller supplies in exporting countries
	Corn	Imports	3,700	3,500	-200	
Turkey	Barley	Imports	1,200	1,800	600	Poor domestic crop and larger-than-expected state trade board purchases
Ukraine	Corn	Exports	32,000	31,500	-500	Smaller production
United States	Corn	Exports	62,500	63,000	500	Partly offset other exporters
Vietnam	Corn	Imports	12,500	11,500	-1,000	Smaller supplies out of Brazil
	Corn	Exports	800	500	-300	Carryover change

CORN

➤ USDA WASDE – Corn

12 Oct 2021 USDA - This month's 2021/22 U.S. corn outlook is for slightly higher production, increased exports, lower feed and residual use, and larger ending stocks. Corn production is forecast at 15.019 bbus, up 23 mbus on a marginal increase in yield to 176.5 bus/acre. Corn supplies are forecast up 72 mbus from last month, on slightly higher production and increased beginning stocks based on the September 30th Grain Stocks Report. U.S. exports are raised 25 mbus reflecting larger supplies and expectations of reduced competition from other major exporters. Projected feed and residual use is lowered 50 mbus based on indicated disappearance during

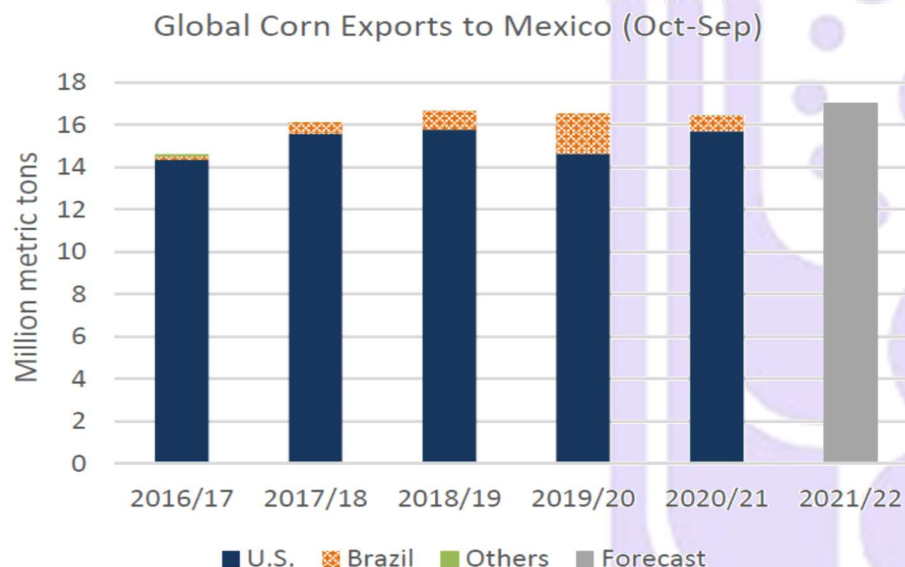
2020/21. With supply rising and use falling, corn ending stocks for 2021/22 are raised 92 mbus.

The USDA season-average farm gate corn price received by producers is unchanged at \$5.45/bus.

the Center-West are substantially smaller this season, impacted by dryness over the past several months.

Until next June/July when the new second-crop comes onto the market, the United States is essentially the only supplier to Mexico.

➤ **U.S. Corn Exports to Mexico Rebound in 2020/21**



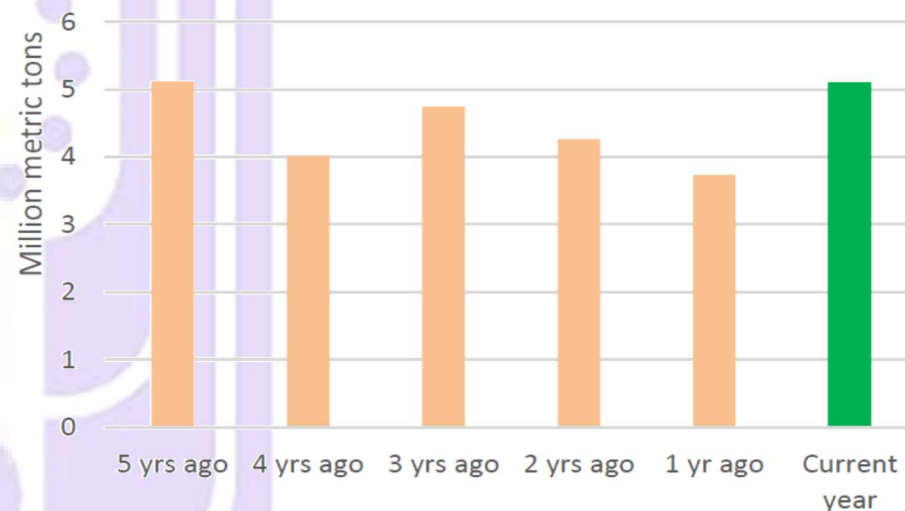
12 Oct 2021 USDA FAS - Mexico is the third-largest destination for global corn imports. The country is also a major producer of corn. Local production is mostly white corn used for the food industry. With growth in the livestock sector (cattle, swine, and poultry), demand for imports (yellow corn) has expanded to satisfy the need for feedstuffs. Brazil has gained a foothold in recent years, although the United States remains the top supplier.

U.S. exports to Mexico for 2020/21 are estimated at 15.7 mmts, up 7% from a year ago, based on trade data from the U.S. Census Bureau and the September USDA Inspections report. The sizeable rebound could be attributed to reduced competition from Brazil and steady demand for feedstuffs.

U.S. corn, although priced higher compared to Brazil in recent months, has competitive advantage in logistics. About 60% of U.S. corn exports to Mexico travel by truck and/or rail via entry points in Texas and, to a minor extent, in Arizona.

U.S. shipments from the Gulf to the port of Veracruz take only a few days, compared to a week or longer from Brazil. For Brazil, exportable supplies of second-crop corn in

U.S. Corn Outstanding Sales to Mexico as of week ending Sep 30



Mexico had been the top destination until 2020, when China started buying U.S. corn⁶. As of the 30th of September, outstanding sales to Mexico for delivery before August 2022 stand at 5.1 mmts, up significantly from a year ago.

Large early-season sales do not necessarily translate into large exports for the year, but tight exportable supplies out of Brazil should support U.S. export prospects for the months ahead.

⁶ For reference, outstanding sales to China stand at 11.4 mmts as of September 30th

➤ **Mexico denies permit for new GMO corn variety, first time ever**

8 Oct 2021 Reuters - Mexican health safety regulators have rejected a new variety of GMO corn for the first time, according to German conglomerate Bayer which makes the grain and blasted the decision, saying it was looking into its legal options.

Mexico, birthplace of modern corn, has never permitted the commercial-scale cultivation of GMO corn but has for decades allowed such varieties to be imported, mostly from U.S. farmers and overwhelmingly used to fatten livestock.

Mexican regulators did not confirm the decision and also did not reply to several requests for comment. Regulators must approve each new variety developed by seed companies before crops grown from them can later be imported.

In late August, health regulator Cofepris rejected a permit for a new GMO corn variety sought by pharmaceutical and crop science giant Bayer, according to data from Mexico's National Farm Council (CNA) later confirmed by the company.

The regulator determined that the new seed variety was designed to tolerate weed-killer glyphosate, adding it considers the widely used herbicide dangerous and said its rejection was based on a "precautionary principle," the data showed.

The Cofepris ruling was never publicly disclosed, and its press office did not respond to requests for comment.

CNA President Juan Cortina said in an interview that Mexican corn importers will begin to feel the impact from the rejection as soon as next year.

"This is the first obstacle, which isn't immediate, but it's coming," he said, pointing to seven other pending GMO corn seed permits that have been waiting from between 14 to 34 months for a resolution. He said he believed the decision violated the USMCA North American trade agreement.

Neither Mexico's economy ministry, responsible for international trade, or the Office of the U.S. Trade Representative in Washington, immediately responded to a request for comment on Cortina's allegation.

While regulators worldwide have determined glyphosate to be safe, Bayer agreed last year to settle nearly 100,000 U.S. lawsuits for \$9.6 billion, while denying claims that the herbicide caused cancer. In February, it struck a \$2 billion settlement to resolve future legal claims that glyphosate causes cancer.

In a statement sent to Reuters, Bayer said it was disappointed by the regulator's decision which it described as "unscientific." The company said regulatory delays and the possibility of additional permit denials could have a "devastating impact" on Mexican supply chains.

Bayer said GMO crops have undergone more safety tests than "any other crop in the history of agriculture" and have been judged safe.

In the past, the Mexican government has approved some 90 GMO corn varieties for import, among nearly 170 total approvals for GMO seeds including cotton and soybeans. But under President Andres Manuel Lopez Obrador, who took office in late 2018, no GMO seeds have been approved by Cofepris.

Last year, Mexico imported more than 16 million tonnes of corn from U.S. suppliers, almost all of it grown from GMO varieties.

Cortina said this year the country was poised to import "more than 19 million tonnes," which would mark an all-time record, even as the government pledges to boost domestic production.

Mexico is mostly self-sufficient in its production of white corn, which is used to make the country's staple tortillas, but depends heavily on yellow corn imports for both livestock feed as well as numerous industrial uses like making cereals and sauces.

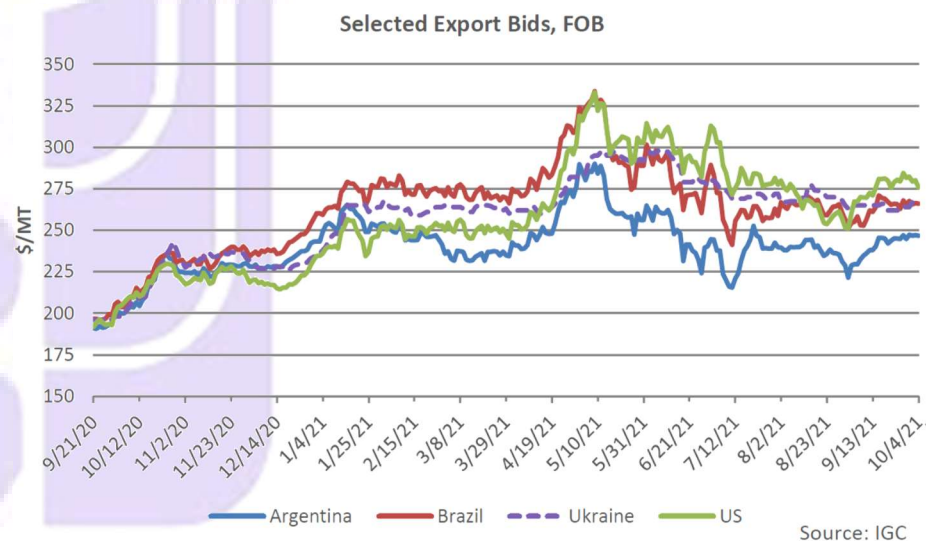
Lopez Obrador issued a decree late last year that seeks to ban by 2024 both glyphosate and GMO corn for human consumption, but officials have yet to clarify if the ban would apply to livestock feed or the industrial demand.

Deputy Agriculture Minister Victor Suarez, an influential backer of the decree, said last month that the government is now aiming to cut corn imports by half by 2024.

"Right now, I don't think it's going down," said Cortina, referring to the country's demand for imported corn.

He pointed to official agriculture ministry data showing that domestic corn production is down more than 5% during the first six months of this year.

USDA FAS WASDE – Corn Prices



12 Oct 2021 USDA – Since the September WASDE, major exporters' bids have increased. Argentine bids are up \$17/mt to \$247/mt on strong foreign demand.

The Argentine Shippers' Association (NABSA) reported 3.8 mmts of exports in September compared to 2.8 mmts a year ago.

Brazilian bids are up \$8/mt to \$266/mt despite sharply smaller September exports from a year ago.

Ukrainian bids were relatively flat throughout the month, finishing up \$4/mt at \$269/mt. U.S. bids are up \$9/mt to \$276/mt from last month, unaffected by the ongoing harvest.

The September grains inspections data and early-season sales suggest that international buyers are becoming more active, and sellers are pulling bids higher.

CME CBOT Corn Futures



Corn also rallied into weekend. **CME Corn December 2021** new crop contract settled on Friday at \$5.25³/₄/bu, up 9 cents on the day, but losing 5 cents for the week. December '21 is again a premium to "red" Dec at \$5.23/bu.

Weekly CFTC data showed managed money was 227,931 contracts net long as of the 12th of October. That was a 22.7k contract slide to their net position from last week, driven mainly by net new sellers. Commercial positions reduced their net short by 14k contracts, on newly opened long hedges, to 455,550 contracts.

There remains a large amount of markets at/above DVE into spring. Cash basis continues to firm domestically with CIF NOLA at DVE for LH Nov/Dec/Jan and forward. East and southern Illinois, the midsouth corn belt was rained out today, while the west was able to start getting back into the field.

Next 7 days look dry overall and should see a good pick up in harvest again this weekend. Farmer selling was good today for corn over beans as the west is transitioning to corn harvest in a big way. Harvest progress average for this past week at 10%. Expect the west/east to be up 5-6% to 46-47% nationally on Monday.

Export sales this morning were 40.9 mbus vs the 30.1 mbus needed. Mexico (only 60% of sales were "flashed") was the top buyer taking 31.1 mbus, followed by Guatemala at 4 mbus, and Japan/Costa Rica/Colombia all 2-3 mbus. Good to see demand back for export with some PNW interest the past few days as well.

USDA's weekly Export Sales data showed 1.04 mmts of corn was booked through the week of October 7th. Mexico was the top buyer during the week, booking 790,200 mts,

of which 479,256 mts was previously announced. The week's 918 kmts of shipments were down 6% from last week, but still the second largest for the season. Accumulated exports for the marketing year are 3.415 mmts through the 7th of October according to the weekly data.

The Buenos Aires Grains Exchange reported Argentine corn at 23.2% planted. FranceAgriMer had French corn 15% harvested as of 10/11, which trails last year's 62% pace.

U.S. Export Corn Values – Friday 8th October 2021

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

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

CIF CORN	10/14/2021	10/15/2021	Del. Mo.
OCT	72 / -	73 / -	Z
NOV	72 / -	74 / 80	Z
DEC	71 / 77	72 / 77	Z
JAN	67 / -	67 / 71	H
JAN/FEB	-5 / -	-	H
FEB/MAR	71 / -	71 / -	H UNC
MAR	69 / 71	68 / -	H
APR/MAY	65 / -	65 / 68	K
MAY	65 / 68	64 / 65	K

U.S. Corn Exports to Peru Down Again in 2020/21

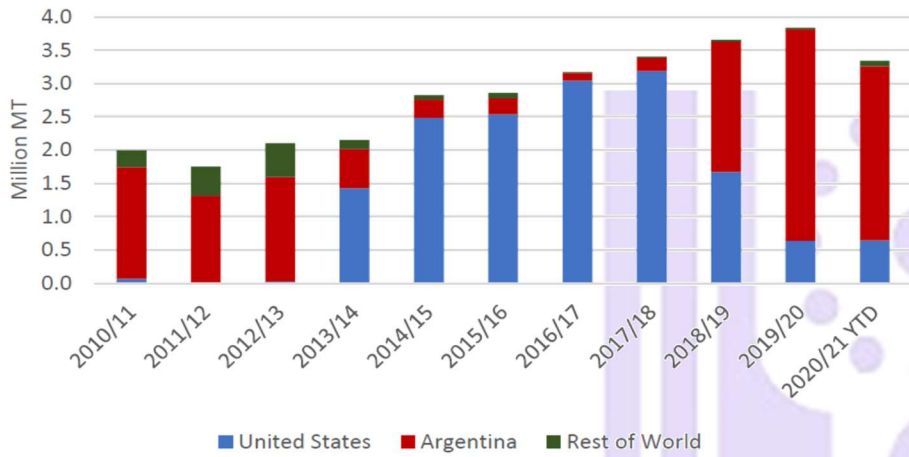
12 Oct 2021 USDA - U.S. exports of corn to Peru look poised to perform very similarly to last year, having lost substantial market share to Argentina in recent years despite trade advantages gained by the U.S.-Peru Trade Promotion Agreement (PTPA).

The PTPA entered into force in 2009 and established a duty-free tariff rate quota (TRQ) for U.S. corn imports. The TRQ grew yearly and in-quota U.S. corn was excluded from a variable levy imposed under Peru's price band system that is meant to support Peruvian producers when imports are priced lower than domestic corn.

Non-U.S. origins still face this variable levy. This advantage helped the United States gain ground in Peru's corn market and led to dominant market shares from 2013/14 through the first half of 2018/19.

As most recently reported by FAS/Lima5, higher global corn prices have reduced the variable levy on imported corn to zero. As a result, corn from the United States and Argentina, the other major supplier to Peru, have competed more directly on price.

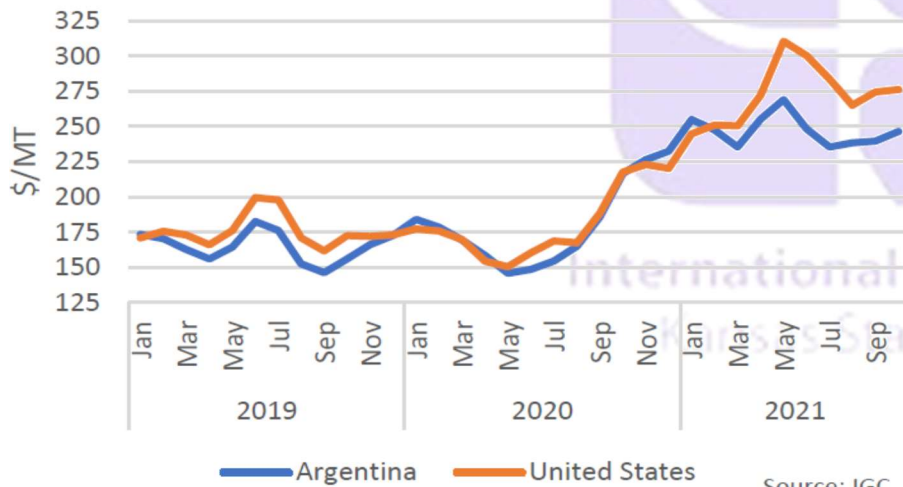
Corn Exports to Peru (Oct-Sep)



Source: Trade Data Monitor, LLC; YTD data through August for most reporters

Despite U.S. corn entering Peru duty and quota-free from the 1st of January 2020 onwards, a period of Argentine prices being competitive with or cheaper than U.S. corn has led to an inversion in market shares; 2019/20 concluded with Argentina's market share at over 80%.

Monthly Average Corn Export Prices (FOB)



Source: IGC

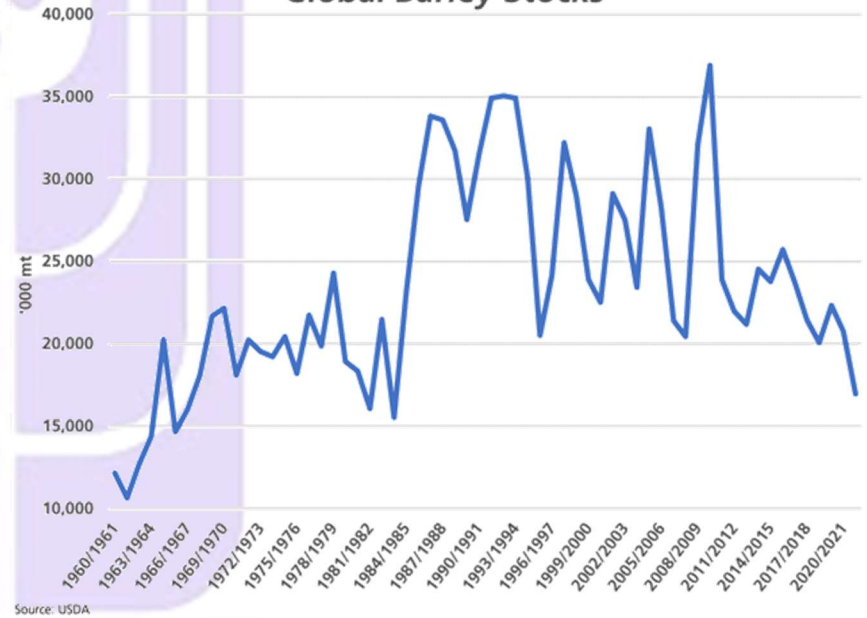
Export Sales Reports have shown no outstanding sales for U.S. corn since early April 2021, meaning Argentina has essentially maintained its market share for 2020/21 as well. The future of corn exports to Peru will depend not only on relative prices between U.S. and Argentine corn but also relative domestic corn prices and their influence on the variable levy.

BARLEY

➤ **USDA WASDE – Barley**

12 Oct 2021 USDA - This month's 2021/22 barley production estimates were updated based on the September 30th Small Grains Summary report.

Global Barley Stocks



Source: USDA

14 Oct 2021 DTN - The USDA's barley analysis doesn't make many headlines on report day but the tight global supply according to recent estimates bears watching.

Since first reporting 2021/22 statistics in May, the USDA has revised its global barley production estimate lower each month, starting at 157.31 mmts in May to the recent 147.99 mmts seen in this week's October report. This is the smallest global production estimated in three years, after reaching production of 160.545 mmts in 2020-21, the highest production estimated since 1994-95.

This month's estimates included downward revisions in production for some of the largest producers, with European Union production revised 300,000 mts lower,

Russian production revised 700,000 mts lower and Canadian production revised 700,000 mts lower.

The USDA's latest estimates show global demand exceeding production by 3.652 mmmts, the first time in three years that global production is estimated below global demand, while the largest deficit seen since 2010/11, or 11 years. The USDA's consumption estimate has exceeded production in six of the past 10 years.

As seen on the above chart, global stocks of barley are estimated at 16.959 mmmts, down for a second straight year and the fifth time in six years. This is the lowest stocks estimated since 1983/84. In USDA data going back to 1960/61, we have only seen stocks slip below this level in eight crop years. The lowest stocks reported are shown at 12.147 mmmts in 1960/61, while are estimated as high as 36.898 mmmts as recent as 2009/10.

Agriculture and Agri-Food Canada is currently forecasting Canadian stocks to fall to a record low of 300,000 mts, while the USDA data shows 211,000 mst. The test will be how low stocks can fall, while upward pressure will remain on prices. AAFC reports the average price of barley delivered into southern Alberta reaching a record \$294/mts in 2020/21 and have pegged the 2021/22 average at \$350/mt, although weekly Alberta Agriculture data shows little trade below \$400/mt and reaching as high as \$425/mt since the August 1st, or the start of the crop year.

This month, the USDA estimated Canada's exports of barley at 1.6 mmmts (excluding products), down 400,000 mts from the September estimate, while likely close to AAFC's current 2 mmmts estimate (including products).

Week 10 CGC statistics shows weekly exports of barley at 134,400 mts, the second-largest weekly volume shipped this crop year, while cumulative exports are reported at 539,700 mts, up 4.9% from the same period last crop year. Future reports will likely show that little time is wasted getting barley sourced and on a vessel for China.

This week's USDA data included a lower revision in its forecast for Canada's wheat production due to an estimate of 10.5% unharvested or abandoned acres, which compares to the current AAFC estimate of 3.4%. While AAFC's September estimate indicates a higher abandonment rate in 2021 than the previous year for barley, its most recent estimates point to a 9.8% abandonment rate, which is only slightly higher than the 8.2% calculated for 2020, while is below both the five-year average of 10.3% and the 10-year average of 10.1%. This bears watching.

➤ **Jordan tenders to buy 120,000 tonnes feed barley**

11 Oct 2021 Reuters - Jordan's state grains buyer has issued a new international tender to purchase 120,000 mts of animal feed barley, European traders said on Monday. The deadline for submission of price offers in the tender is October 14th.

Shipment in the new tender is sought in a series of possible combinations in 60,000 mts consignments, traders said. Possible shipment combinations are 16 – 31 December 2021, and between January 1 – 15, January 16 – 31 and Feb. 1-14 2022.

A new tender had been anticipated after Jordan had made no purchase in its previous tender for 120,000 mts of barley on October 7th in which three trading houses participated. Jordan has cancelled several barley tenders in recent weeks.

➤ **Turkey gets offers in 310,000 mts barley purchase tender**

8 Oct 2021 Reuters - The lowest price offered in the first round of the tender from Turkey's state grain board TMO to buy 310,000 mts of animal feed barley last Friday was believed to be \$316.50/mt C&F, traders said in initial assessments.

No purchase has yet been reported, they said. The TMO traditionally undertakes several rounds of negotiations in tenders seeking lower offers each round.

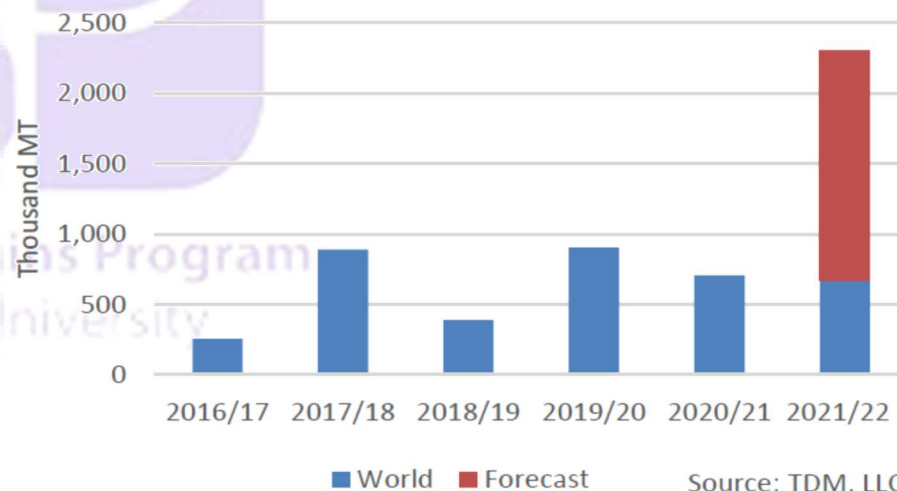
The offer was said to have been submitted by trading house VA Intertrading for 25,000 mts for shipment to the port of Bandirma. This was followed by offers for shipment to other ports including \$317.70, \$318.59, \$319.40 and \$319.80 per tonne C&F.

Shipment in the tender is sought between November 5th and November 25th. Both imports and supplies already in Turkey can be offered in the tender. A series of consignments are sought for unloading in the Turkish ports of Derince, Iskenderun, Mersin, Izmir, Bandirma, Tekirdag, Samsun, Trabzon and Karasu. The TMO reserves the right to buy up to 5% more or less than the tender volume at its own discretion.

The tenders continue recent brisk grain import demand from Turkey to ensure good domestic supplies, with traders saying the country's crops suffered drought damage.

➤ **Turkey Accelerates Barley Imports Due to Drought**

Turkey Barley Imports (June-May)



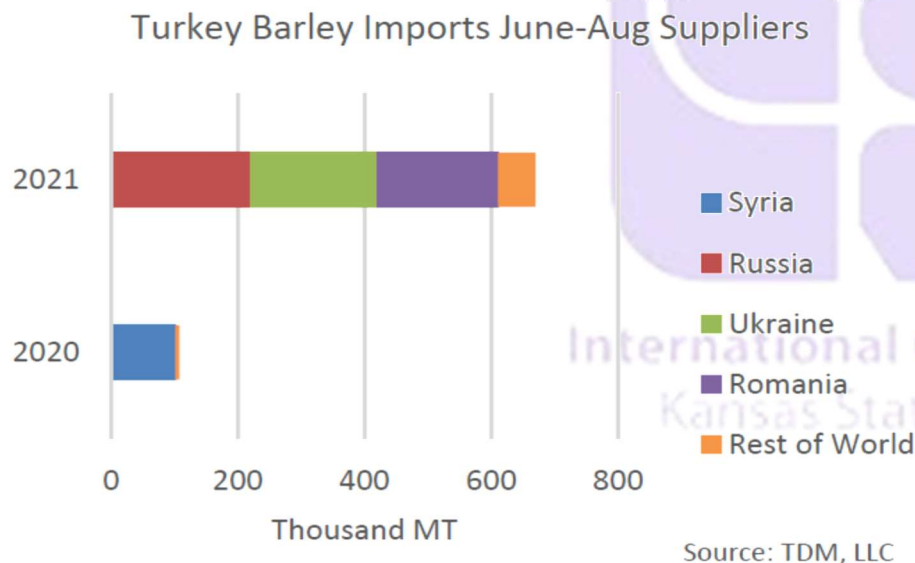
12 Oct 2021 USDA – Turkey’s state grain board (TMO) has been aggressively importing feed barley in the new marketing year (June-May) after severe droughts caused significant yield loss in the Southeast and Central Anatolia regions.

Turkey’s barley fields are generally unirrigated, and yields are directly linked to rainfall. The crop conditions were poor enough that some farmers decided not to harvest their fields because of low yields.

The two major sectors using barley in Turkey are the malting and beer industry, accounting for approximately 10% to 20% of total consumption, and the feed sector, which uses the vast majority of available barley supplies.

Barley has traditionally been preferred as a feed grain in Turkey, especially for ruminants. Barley consumption for feed use is directly linked with price; however, the feed sector continues to grow, and, in turn, drives continued demand for barley. Imports are a regular part of the balance sheet when domestic production is forecast to fall to levels well below domestic industry demand.

In the last several years, Turkey has struggled with food inflation not only in food staples like rice and bread, but also in popular livestock and poultry products with compound feed prices increasing as much as 58% for broiler feed in 2020. The surges in food prices can be attributed to insufficient domestic production due to drought, a serious increase in international commodity prices, and the Turkish Lira’s depreciation against other currencies. To curb increasing costs of importing feed barley, the Government of Turkey issued a presidential decree on September 8th to eliminate import tariffs on several pulses and grains, including barley, through the end of 2021.



TMO has been active in the barley market with tenders and sales to stabilize the domestic barley price. To begin MY2021/22, TMO imported nearly 670,000 tons of barley from June through August with two issued tenders in June and July 2021, almost as much all of MY2020/21. The primary origins of those sales were Russia, Ukraine, and Romania. TMO also issued tenders for another 505,000 tons of barley in September for October delivery.

➤ **Australia barley exports up 16% in August**

11 Oct 2021 Liz Wells, Grain Central - AUSTRALIA exported 659,191 mts of barley in August, up 16% from 570,200 mts shipped in July, according to the latest export data from the Australian Bureau of Statistics (ABS).

Malting exports in August totaled 70,326 mts, with Mexico on 33,740 mts and Peru with 23,000 mts the biggest markets, followed by Ecuador on 7000t.

Japan is continuing its run of recent months as Australia’s highest-volume destination for feed barley, with 167,113 mts in August out of the monthly total of 588,865 mts.

Saudi Arabia on 142,117 mts followed by Vietnam 84,240 mts were the second and third-biggest markets respectively for feed.

Flexi Grain pool manager Sam Roache said the rebound in August volumes happened as expected, including the anticipated uptick in Saudi feed barley shipments and the return of Iran as a destination.

Malting exports were again strong, with Mexico, Peru and Ecuador pointing to continued demand in South and Central America.

Expect malt demand to continue to strengthen into the new-crop timeframe and note local malt bids and spreads are creeping higher. Sep, Oct and First Half Nov Barley volumes should grind lower, as we tighten to historically tight carry out stocks and the market waits for new crop.

Looking at forward demand, Mr Roache said Australian barley was calculating “very competitively to all demand south of the Suez Canal. That’s exemplified best by an unusual Australian sale into a recent Jordan barley tender. With international demand not expected to be an issue, the threat to the local barley market is export stem availability versus wheat and canola exports, both of which have had better early demand and stronger elevation margins than barley. This lack of export capacity can lead to a lack of local demand to fill export sales, despite the Saudi Arabians and other international buyers needing to buy.”

Australian exports of sorghum have continued out of Queensland and New South Wales, and China was the destination for 140,414 mts, or 95%, of the 147,580 mts shipped in total in August.

Sorghum shipments for August were down 32pc from the 215,958t shipped in the previous month to reflect the rundown on stocks from the crop harvested largely from March to July.

➤ **Australia Barley Trade**

14 October Reuters - Australia's agricultural sector was forced to reassess its crop and export options after China imposed tariff duties totaling 80.5% on Australian barley last year after Canberra's call for an international inquiry into the source of the novel coronavirus worsened already strained relations.

Mickel, the Western Australian grains farmer, said some farmers switched part of their usual barley acreage into wheat and canola.

Barley cargoes were also being shipped to new markets such as Mexico and farmers were changing varieties to suit different markets in response to the tariffs.

The planting area in Australia for barley crops dropped 10-15% last year immediately after the tariff was announced, according to Rabobank senior grains analyst Cheryl Kalisch Gordon, with a further small decrease recorded this year. Most acreage went into canola due to more favorable pricing prospects, she added.

Barley production is still forecast to be strong this season due to the wetter and mostly favorable conditions recorded in the country's big grain belts. But the grain's comparative value has dropped as a result of the tariffs, with the discount between feed barley to Australia's dominant wheat type pushing out to about 25%, said Kalisch Gordon, compared to an average of around 10% previously.

"Barley planting has gone down on demand fears but yields are going to be good because of the growing weather," said Phin Ziebell, an agribusiness economist at National Australia Bank in Melbourne.

The average yield is pegged at 72.3 bushels per acre, above last month's guess of 69.7, but below last year's total of 73.2. Harvested area is estimated at 6.52 million acres, compared to 5.095 million a year ago.

The USDA's next set of supply, demand, and production numbers is out Tuesday, November 9th at Noon Eastern/11 Central.

Comparisons for Brownfield states

Kansas: 268 million bushels, compared to 238 million in 2020; average yield of 80 bushels per acre, compared to 75 a month ago and 85 a year ago; harvested area of 3.35 million acres, compared to 2.8 million last year.

Nebraska: 21.465 million bushels, compared to 13.65 million in 2020; average yield of 81 bushels per acre, compared to 84 a month ago and 91 a year ago; harvested area of 265,000 acres, compared to 150,000 last year.

South Dakota: 15.96 million bushels, compared to 11.36 million in 2020; average yield of 56 bushels per acre, compared to 65 a month ago and 71 a year ago; harvested area of 285,000 acres, compared to 160,000 last year

➤ **Australia sorghum down**

AUSTRALIAN SORGHUM EXPORTS FOR JUNE, JULY AND AUGUST 2021

SORGHUM	June	July	August	Tonnes
China	98499	210628	140414	449541
Japan	30618	583	97	31298
Kenya	35000	0	0	35000
Malaysia	0	0	23	23
Philippines	820	2330	4247	7397
Saudi Arabia	46	46	0	92
Taiwan	4876	2371	2799	10046
Vietnam	127	0	0	127
TOTAL	169986	215958	147580	533524

11 Oct 2021 Liz Wells, Grain Central, Source = ABS - China continues to be Australia's highest-value destination and major sorghum importer. Its percentage of total shipments is only increasing as we run down our total stocks.

Recent Chinese demand has slowed a little. "In reality, they have already purchased everything we and most other suppliers have to give on sorghum. Australia is close to exporting our full estimate of just over 1 mmts already, and we expect shipment pace to slow considerably in the current quarter."

Mr Roache said bulk sorghum exports are expected to be displaced on shipping stems by exports of high-protein wheat, which will take most of the terminal capacity in Queensland and the NSW port of Newcastle.

GRAIN SORGHUM

➤ **U.S. Export Grain Sorghum Values – Friday 15th October 2021**

Quotes, in cents per bushel basis CBOT futures:

CIF MILO	10/14/2021	10/15/2021	UNC
October	na	na	
TX FOB VESSEL			
MILO (USc/MT)	10/14/2021	10/15/2021	
November	230	220	Z
December	225	205	Z
January		185	H

➤ **USDA WASDE – Grain Sorghum**

12 Oct 2021 Brownfield - This month's 2021/22 U.S. grain sorghum production is forecast at 471.45 million bushels, up 98.49 mbus from 2020 following an increase in planted area as producers try to meet demand, especially export demand from China.

“Going forward, and based on global availability and Chinese demand and prices, we expect China to continue as our major export destination. China prices will continue to out-compete local stockfeed and other large export buyers, like Japan. The only real risk to this flow is political and, as with other commodities, that’s an entirely different discussion.”

OATS

➤ USDA WASDE – Oats

12 Oct 2021 USDA - This month’s 2021/22 U.S. oat production estimates are updated based on the September 30th Small Grains Summary report.

➤ CME CBOT Oat Futures



CBOT December Oats set new historical highs again on Tuesday touching \$6.86¼/bu., CME December 2021 Oats Futures settled on Friday at \$6.60¼/bu, up 25 cents on the day, and gaining 37 cents for the week.

➤ Oat Rally Reaches Records Amid Drought

15 Oct 2021 *Wallstreet Journal* - Oat futures have climbed to all-time highs thanks to the severe dry weather that has parched big growing regions, including North Dakota and the Canadian prairies. At around \$6.60 a bushel on Friday, oat futures are more than twice as expensive as they were this time last year and the year before.

Much of the rise into record territory has come over the past three months while farmers harvested oats that were sown earlier in 2021. Prices normally fall this time of year as the new crop hits the market, according to analytics firm Gro Intelligence.

But this year’s high prices for competing crops, such as wheat and corn, prompted U.S. farmers to plant roughly 13% less acreage with oats, according to U.S. Department of Agriculture data. Between that reduction and the dry weather, the agency expects the smallest oat crop on record.

Hot weather has slashed farmers’ bushels grown per acre. In some places, even the crops that grew failed to produce, pushing farmers to abandon oats or cut it as feed for livestock, said Clair Keene, an extension agronomist at North Dakota State University.

Similar conditions have reduced yields in parts of North America’s main oat-growing region, which stretches from Alberta and Saskatchewan in Canada down to Wisconsin and Iowa.

“There is an average number of oat acres planted in 2021 but fewer acres harvested,” Dr. Keene said.



CME 1969-2021 Nearby Oats Futures on Friday rallied to new historical highs again as the December contract touched \$6.86¼, on Tuesday, not only a fresh contract high, but also the highest level ever traded on the continuous active chart.

The surge in oat prices is the latest climb in agricultural commodities and other materials that analysts say could pinch consumers’ wallets by lifting food and beverage prices. Supply chain bottlenecks, rising demand and severe weather have pushed up prices for other raw materials, raising investors’ worries about persistent inflation.

The meager oat crop coincides with consumers’ growing embrace of plant-based milk products. Oats’ share of the alternative milk category jumped from 0% to 14% between 2018 and 2020, a JPMorgan Chase & Co. note said. “Two decades ago, soy varieties were dominant, then almonds took over, and now oats are having their day,”

wrote analysts led by Ken Goldman, JPMorgan's managing director of equity research.

Higher prices could hit milk makers, bakers, breakfast eaters and farmers who need oats to cook or as feed for livestock and poultry.

"Supplies will be tight," said Jack Scoville, a grains analyst with Chicago trading firm Price Futures Group in a note. "There will not be much in the way of high quality oats for consumers to buy in the coming year."

Oatly Group AB, which went public in May at a \$10 billion valuation, said it has secured enough supply for 2021 and 2022. "We will see how the harvest is doing in Canada; I think we all know it's been quite a drought situation there," said Christian Hanke, Oatly's chief financial officer, during its second-quarter earnings report.

Bigger companies often buy oats from intermediaries, who get them from farmers, instead of trading futures contracts. Cutting the exchange out of the equation can make getting oats easier, said Mark O'Brien, a commodities trader at Cannon Trading Co., who is trading a few oats contracts for his clients.

Some of the recent jump in futures prices might have stemmed from thin trading in the relatively small market, said Oliver Sloup, vice president at Blue Line Futures.

Some analysts expect oat production to rebound with improving weather but say that could take awhile.

"The situation is pretty tight and won't loosen up for at least a year," Mr. Scoville said.

ENERGY & ETHANOL

➤ CME Ethanol Futures Nearby Continuous



CME Ethanol November 2021 closed on Friday at \$2.40000/gallon, up 5.000 cents on the day, and gaining down 25.500 cents for the week.

Energy markets added some outside support, as Crude, RBOB & HO all hit fresh contract highs. Ethanol margins continue to firm with the front end of the curve leading while the back end of the curve was a bit weaker Friday, a 3 cent improvement on the board and cash seeing more of a gain. An impressive run has been seen as of late and the US domestic cash market is certainly hungry for corn around the country.

USDA reported corn oil prices from 61 to 61.75 cents/lb during the week of 10/15. That compared to 60.8 to 61.7 c/lb last week. DDGS prices at the Gulf were lower to between \$214 - \$233/ton, while PNW FOB quotes ranged \$255 - \$262/ton.

Wednesday's Energy Information Administration (EIA) report showed domestic ethanol inventories continued lower as stocks along the East Coast dropped to a better than one-year low while production at nationwide plants rose to the highest level in three months. Overall production continued higher, up 54,000 barrels per day (bpd) to 1.032 million bpd, the highest output rate since the first week of July and 10.1% more than a year earlier. Midwest PADD 2 plant production jumped 40,000 bpd or 4.3% to 977,000 bpd, the highest level since mid-July.

➤ **U.S. Export Ethanol Values – Friday 15th October 2021** Nearby Quotes, Basis CBOT futures:

	Bids	10/14/2021	10/15/2021		
Blair, NE		-5	-5	Z	UNC
Cedar Rapids, IA		5	8	Z	
Decatur, IL		0	0	Z	UNC
Fort Dodge, IA		5	5	Z	UNC
N. Manchester, IN		-15	-15	Z	UNC
Portland, IN		10	20	Z	

➤ **DDG's – Price Lower on Average as Corn Prices Fell**

15 Oct 2021 DTN - The average price for domestic distillers dried grains (DDG) from 33 locations reporting for the week ended Oct. 14 was \$190 per ton, down \$4 on average from one week ago. DDG prices are lower as plant production rose again adding to supplies, along with a lower cash corn market as the DTN National Corn Index was 18 cents lower from one week ago.

Based on the average of prices collected by DTN, the value of DDG relative to corn for the week ended Oct. 14 was 102.95%. The value of DDG relative to soybean meal was 60.49% and the cost per unit of protein for DDG was \$7.04, compared to the cost per unit of protein for soybean meal at \$6.61.

In its weekly DDGS export price update, the U.S. Grains Council said: "On the export market, DDGS values are slightly lower with Barge CIF NOLA rates down \$4 to \$5/mt

for Q4 shipment and down \$1/mt for January 2022. A gradual weakening of CIF rates has helped CIF Gulf DDGS values ease lower as well. FOB Gulf offers are down \$1/mt this week, on average, with the bid-ask spread widening slightly.

Container freight rates have leveled off or posted small declines this week, which has allowed offers for 40-foot containers to move some \$4/mt lower this week. Brokers say Asian demand remains quiet for containerized DDGS, but it is expected to increase later this fall."

VALUE OF DDG VS. CORN & SOYBEAN MEAL

	Settlement Price:	Quote Date	Bushel	Short Ton
Corn		10/14/2021	\$5.1675 \$	184.55
Soybean Meal		10/14/2021	\$314.10	
DDG Weekly Average Spot Price				\$190.00
DDG Value Relative to:	10/14		10/7	
Corn	102.95%		101.72%	
Soybean Meal	60.49%		60.85%	
Cost Per Unit of Protein:				
DDG	\$7.04		\$7.19	
Soybean Meal	\$6.61		\$6.71	

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.

➤ **Analysis: U.S. ethanol exports record 5th highest year**

15 Oct 2021 U.S. Grains Council - The marketing year ended the 31st of August, for which numbers became available this week, recording the fifth highest overall export total for U.S. ethanol exports, 1.31 billion gallons, despite market challenges due to COVID-19.

Exports were down 8% from the previous marketing year, reflecting the challenges pandemic restrictions have had on fuel demand and trade. The first half of the year's exports occurred before the issuance of widespread stay-at-home orders that drastically impacted demand for fuel around the globe.

While industrial exports remained strong, they sagged slightly relative to the surge of sanitizing application demand from the outset of the pandemic.

"The lingering effects of COVID-19 stay-at-home orders were reflected in global ethanol trade in the most recent marketing year," said Brian Healy, director of global ethanol market development for the U.S. Grains Council. "Looking forward, more aggressive blend rates that have already been set, or will need to be set to meet emissions reduction goals, will support increased global ethanol demand and trade."

In descending order, the top 10 export markets for U.S. ethanol were as follows:

Canada – Fuel ethanol demand recovered in Canada in the just-finished marketing year after being down by roughly 14% the prior year. Looking forward, the federal clean fuel standard, set to be implemented at the end of 2022 and geared toward reducing greenhouse gas (GHG) emissions, and provincial policy expansions like 15% renewable content in Ontario in 2025 are expected to drive future demand for ethanol.

India – The country is in the process of implementing an ambitious 20% policy by 2023, which, if realized and enforced, would more than double the fuel ethanol demand in the growing market. U.S. exports to India totaled 144 million gallons and were destined for industrial applications due to the restriction on fuel ethanol imports.

South Korea – Another strong industrial-use market, South Korea is currently exploring ways for the transport sector to reduce emissions, illustrated during the recent workshop held in early September. Exports totaled 137 million gallons, a 23% increase, reflecting the strategic position of the South Korean market as a transshipment point for Southeast Asian destinations.

China – While China's 10% nationwide mandate was delayed, imports remained strong to meet the provincial policies in place. Ethanol has the potential to contribute to meeting additional China Phase One commitments as well as to support the country's long-term emissions reduction goals set for 2060. China was the primary mover in the most recent marketing year, rising to the fourth-largest export market after having minimal exports in the two prior marketing years. Exports to China totaled nearly 132 million gallons.

European Union and the United Kingdom – Overall, exports to the EU and the UK were down from the prior year by 16%, as prices weighed on market access. In September, the UK began its E10 implementation with the expectation domestic capacity would be brought back online following full implementation of the policy.

Japan – Imports of ethanol to Japan are in the form of ethyl tert-butyl ether (ETBE), and the U.S. has market share following a change in Japan's policy in 2018. The Council estimates U.S. ethanol totaled about 90 million gallons included in ETBE exports to the Japanese market.

Colombia – The drop in the blend rate for the Colombian market has impacted overall demand, as the use of E10 is not expected to fully resume until January 2022. Overall, exports are down by 12% compared to last year, totaling 58 million gallons.

Peru – Exports finished up in Peru at 50 million gallons, up by 26%.

Brazil – Brazil experienced a loss of more than 200 million exports this marketing year, dropping from the second-largest export market last year to now the ninth largest. Exports dropped 80% as the full 20% tariff on U.S. exports took effect in December 2020.

The Philippines – The Philippines remains a model for how policy with a role for trade supports domestic ethanol producers when the policy is enforced. Exports rounded out the year just shy of 45 million gallons.

“Looking forward to the new marketing year, three factors will impact global ethanol demand: policy enforcement, inclusion of ethanol in GHG emission reduction policies, and creating tariff equity of ethanol with other transport energy products,” Healy said.

India, the UK and Colombia are key examples of the importance of policy enforcement impacting global demand for ethanol. The U.S. industry is poised to support these countries in full implementation. Japan, Korea and Taiwan have announced net zero targets by 2050, and ethanol can have a role in meeting those goals, making collaboration with local industry and government a priority when demonstrating that feasibility. Finally, tariff parity with other energy products must be realized to ensure ethanol is able to competitively access these markets.

➤ **CME WTI Crude Oil - price tops \$80 a barrel, the highest since 2014**



After touching \$80.66/barrel, CME WTI November 2021 closed on Friday at \$82.28/barrel, up \$0.97 on the day, and gaining \$2.80 for the week.

➤ **Crude And Gasoline Close Moderately Higher On Demand Optimism**

Nov WTI crude oil and Nov RBOB gasoline prices on Friday rallied moderately and posted fresh 7-year highs. A shortage of natural gas and coal worldwide is boosting demand for oil products and is pushing crude prices higher. A rally in the S&P 500 to a 3-week high Friday is also bolstering optimism in the economic outlook that is positive for energy demand and crude prices.

Crude prices extended their gains Friday when the U.S. announced it would open its borders to vaccinated foreign travelers on Nov 8 next month, which should boost air traffic and jet fuel demand.

The International Energy Agency (IEA), in its monthly report on Thursday, said that the global natural gas crisis is spilling over into oil markets and could boost crude oil consumption by 500,000 bpd in the coming months.

According to data last Friday from energy-consultant FGE, gas-to-oil switching driven by high natural gas prices in Europe and Asia is boosting demand for middle distillates and is drawing down stockpiles in three of five trading hubs. FGE said stockpiles in the U.S., Singapore, and Amsterdam-Rotterdam-Antwerp were -9.1 million bbl lower than the average from 2017-2019.

Increased energy demand in India, the world's third-largest consumer of crude, is supportive of prices. India's Sep motor fuel sales to its three biggest fuel retailers climbed to 2.35 MMT, +8.8% above the same month in 2019.

An improvement in the pandemic in the U.S. may lead to an easing of lockdowns and lifting of travel restrictions, which would be positive for fuel demand and crude prices. The 7-day average of new U.S. Covid infections fell to 86,241 on Monday, a 2-1/4 month low.

A decline in global crude oil stored on oil tankers throughout the world is bearish for crude prices. Vortexa said today that crude oil stored on tankers that have been stationary for at least seven days in the week ended Oct 8 fell -9.9% w/w to 89.70 million bbl.

The outlook for sanctions to remain on Iranian crude exports in the near term is supportive of crude prices. Iran's new government continues to increase the production of enriched uranium and has failed to resume full cooperation with international monitors. The International Atomic Energy Agency recently said that Iran has increased its stockpile of uranium enriched close to the levels needed for weapons-grade and continues to restrict monitoring of facilities and an investigation into undeclared activities. However, Iran said that it expects to resume talks with world powers to revive the 2015 nuclear deal within the next few weeks.

Thursday's weekly EIA report showed that (1) U.S. crude oil inventories as of Oct 8 were -6.0% below the seasonal 5-year average, (2) gasoline inventories were -1.6% below the 5-year average, and (3) distillate inventories were -9.2% below the 5-year average. U.S. crude oil production in the week ended Oct 8 rose +0.9% w/w to 11.4 million bpd, which was -1.7 million bpd (-13.0%) below the Feb-2020 record-high of 13.1 million bpd.

Baker Hughes reported Friday that active U.S. oil rigs in the week ending the 15th of October 15 rose by +12 rigs to a 1-1/2 year high of 445 rigs. U.S. active oil rigs have risen sharply from last August's 15-year low of 172 rigs, signaling increased U.S. crude oil production.

OILSEEDS COMPLEX

➤ USDA WASDE – Oilseeds

12 Oct 2021 USDA - The outlook for 2021/22 global soybean supply and demand forecasts for 2021/22 include higher beginning stocks, lower crush, and higher ending stocks. Higher beginning stocks reflect increases for the United States, Argentina, and China. Argentina's beginning stocks are raised on a downward revision to 2020/21 crush. The 2021/22 crush for Argentina is also lowered, leading to lower exports of meal and oil.

China's 2020/21 crush is lowered 1.0 mmts to 93.0 mmts based on end of year data.

Global soybean ending stocks for 2021/22 are increased 5.7 mmts to 104.6 mmts, with higher stocks for the United States, Argentina, and China.

U.S. oilseed production for 2021/22 is forecast at 130.8 mmts, up 1.5 mmts from last month with higher soybean production partly offset by lower forecasts for sunflower seed, canola, peanuts, and cottonseed.

Non-U.S. 2021/22 oilseed production was lowered 2.4 mmts to 497.4 mmts on lower soybean, sunflower seed, and rapeseed output. Soybean production is lowered for Argentina, India, and the EU. Argentina's production is lowered 1.0 mmts to 51.0 mmts on lower harvested area. Sunflower seed production is lowered for Ukraine and Russia on recent harvest results. Canola production for Canada is lowered 1.0 mmts to 13.0 mmts, reflecting reports by Statistics Canada.

➤ China September soybean imports fall 30% on slowing demand

13 Oct 2021 Reuters - China's soybean imports in September fell 30% from the same month the previous year, and hit the lowest for the month since 2014, customs data showed on Wednesday, as poor crush margins curbed demand.

China, the world's top buyer of soybeans, brought in 6.88 million tonnes of the oilseed in September, down from 9.79 million tonnes last year, General Administration of Customs data showed.

"The figures were within market expectation," said an industry source, who declined to be identified as she was not authorized to talk to the media. "Crush margins were bad while some crushers also suspended operation for regular maintenance."

Chinese crushers stepped up purchases of soybeans earlier in the year in anticipation of strong demand from a fast recovering pig herd. Demand started to weaken, however, as plunging hog margins pressured crush margins. Hog margins in Sichuan, a top pig producing region, plunged nearly 3,000 yuan this year and were at a minus 285 yuan (minus \$44.22) per hog as of Tuesday. That helped push crush margins to their lowest on record in June and they were negative until late August.

Imports in September were also down from the 9.49 mmts brought in during August, the customs data showed. China imported 73.97 mmts of soybeans in the first nine months of the year, down 0.7% from the same period last year, according to the data.

Shipments in October are expected to be smaller than the previous year as well, as low margins continue to curb buying while slow U.S. exports because of hurricane Ida will also reduce arrivals, traders said.

Still, soymeal cash prices have risen after recent large-scale power outages forced some crushers to shut down in recent weeks, which also has supported crush margins. China's weekly soybean and soymeal inventories were down from the previous year as of last Friday, according to the myagric.com agriculture consultancy.

SOYBEANS

➤ USDA WASDE – Soybeans

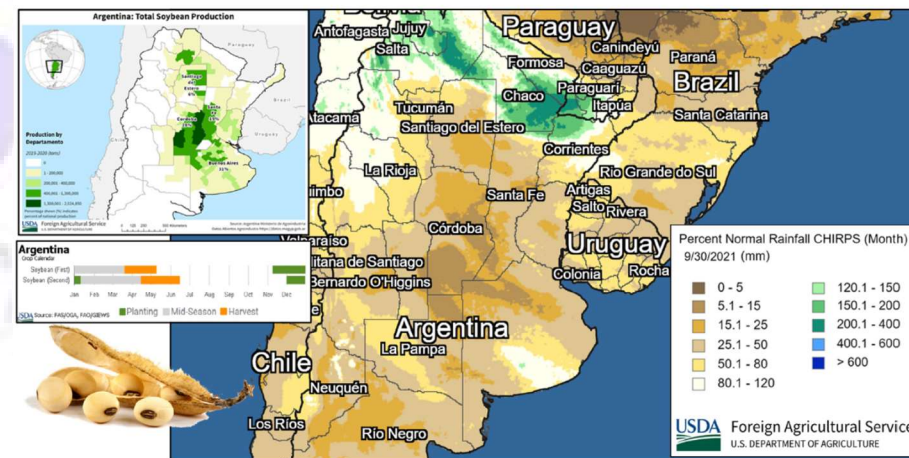
12 Oct 2021 USDA - The outlook for 2021/22 U.S. soybean production is forecast at 4.4 bbus, up 74 mbus on higher yields. Harvested area is unchanged at 86.4 million acres. The U.S. soybean yield is projected at 51.5 bus/acre, up 0.9 bushels from the September forecast. The largest production changes are for Iowa, Minnesota, and Nebraska.

U.S. soybean supplies for 2021/22 are projected at 4.7 bbus, up 145 mbus on higher production and beginning stocks. With higher crush and unchanged exports, 2021/22 ending stocks are projected at 320 mbus, up 135 mbus from last month.

The U.S. season-average soybean price for 2021/22 is forecast at \$12.35/bu, down 55 cents reflecting larger supplies. The soybean meal price is forecast at \$325.00/short ton, down \$35.00. The soybean oil price forecast is unchanged at 65 cents per pound.

➤ Argentina Soybeans: Planting Season Begins for 2021/22

Argentina: Percent Normal Rainfall



12 Oct 2021 USDA FAS – Planting has just begun but on a limited scale as later plantings are expected this season due to current, low moisture conditions.

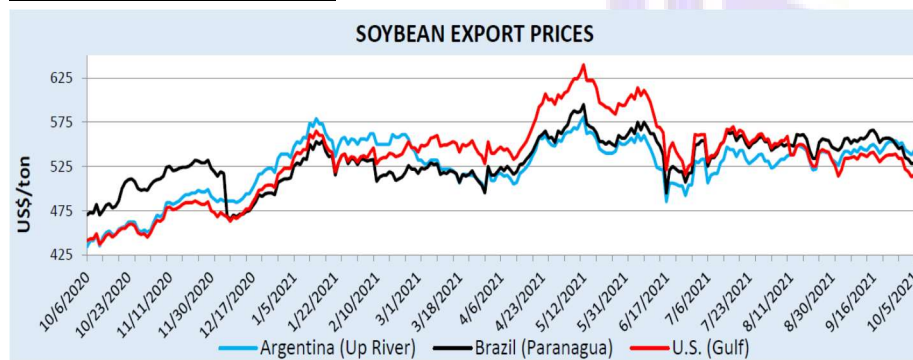
Soybean harvested area is expected to be below 2016/17 levels for a fifth straight season with farmers favoring corn. Although seeded and produced at a lower cost of production, soybeans do not have the profit margin that corn currently has due to pricing and because Argentina export taxes on soybeans reduces the profit margin.

Raw soybeans are taxed at 33% while soy oil and soy meal are taxed at 31%.

USDA forecasts Argentina soybean production for marketing year (MY) 2021/22 at 51.0 mmts, down 2% from last month, but up 10% from last year.

Area is estimated at 16.9 million hectares, down 2% from last month, but up 3% from last year. Yield is estimated at 3.02 mts/ha, similar to last month, but up 8% from last year.

➤ USDA – Soybeans Prices



September 2021 Soybean Export Prices

	U.S.	Argentina	Brazil
September Avg Price	\$534/ton	\$545/ton	\$554/ton
Change vs August	-\$9/ton	+\$10/ton	+\$4/ton

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

12 Oct 2021 USDA - September export prices for U.S. soybeans declined 2% on the slower pace of export sales and rising supplies. This contrasts with South America where prices strengthened as supplies declined from harvest.

Early October price trends show further declines for U.S. soybeans following supply gains from the September 30th Stock Report. Similar declines were noted in Brazil on slowing China demand while prices in Argentina are holding firm on recent sales to China.

➤ CME CBOT Soybeans Futures



Soybean futures rallied for the second consecutive session, cutting into sharp losses from earlier in the week. Soy products rallied in tandem with soybeans. Going into the weekend, soybean futures saw double digit gains of 10 to 11½ cents.

CME November 2021 Soybean Futures settled on Friday at \$12.17¼ /bu, up 11½ cents on the day, but losing 25 ¼ cents for the week.

This week NOPA members reported crushing 153.8 mbus of soybeans in September. The trade was looking to see 155.1 mbus on average. September 2020's crush was 161.5 mbus.

CoT data showed soybean spec traders were 29,068 contracts net long as of the 12th of October. That was a drop from 49k contracts last week, as new spec shorts were opened. Commercial soybean traders were also risk on through the week, opening a net 64,782 contracts for a net 17k reduction to their now 103k contract net short.

USDA announced three large private export sales for soybeans this morning. Private exporters sold 132 kmts of soybeans to China, 396 kmts to unknown, and another 326,750 kmts to unknown destinations; all for 2021/22 delivery.

Weekly export sales were released this morning as well, a day later than normal due to Monday's holiday. The weekly data showed 1.147 mmts of soybeans were booked during the week ending the 7th of October. That was at the top end of the expected range, but down from 2.58 mmts during the same week last season. The weekly data included the large 261 kmts sale previously announced to Mexico, but China was confirmed as the week's top buyer with 640 kmts booked.

China was also the main destination for the week's 1.7 mmts export at 1.29 mmts. Accumulated soybean commitments are at 969.7 mbus as of the 7th of October.

However, it is important to note China's September soybean imports fell 30% y/o/y to 6.88 mmts. The latest 4-week average has China's crush down 17% versus a year ago. CNGOIC expects October bean imports to be 2.4 mmts (28%) lower than the 2020 figure.

While U.S. exports are lagging behind, Brazil is still shipping beans at an impressive pace with the first six days of October at 240 kmts/day; essentially double that of a year ago. Brazil's export line-up is 8% greater year to year as well.

This is reflective of weak demand by China. Interesting trends in China's Dalian futures as soybeans are up 2% this past month; while corn, 4% higher while soybean meal has fallen \$45 per ton/9% and soybean oil is up 7%, 4 ½ cents. Crush numbers were skewed by last week's holiday but running 14% below last month. Is this a sign of reduced capacity due to power outages and plant shut-downs...? Probably so...

However, it is good to see China back in the market after being on holiday most of last week. Friday morning the USDA announcement that U.S. exporters sold soybeans to either China or 'unknown' for the third straight day. Sale consisted of 132 kmts to China, along with 396 kmts and 327kmts to "unknown destinations" for the current 21/22 marketing year. There could be more to come as Chinese buyers have continued to hunt around late this week.

➤ **NOPA September U.S. soybean crush seen at 155.072 mbus**

13 Oct 2021 Reuters - U.S. soybean crushings likely fell to a three-month low in September, according to analysts polled ahead of a monthly National Oilseed Processors Association (NOPA) report due on Friday.

NOPA members, which handle about 95% of all soybeans processed in the United States, were estimated to have crushed 155.072 mbus of soybeans in September, according to the average of estimates from 10 analysts.

If realized, the figure would be down 2.4% from the 158.843 mbus processed in August and down 4% from September 2020, when crushers processed 161.491 mbus. It would also be the smallest crush since June.

Estimates for the September 2021 crush ranged from 148.0 mbus to 162.8 mbus, with a median of 154.150 mbus. September is typically among the least active months for soy processing plants as crushers often schedule maintenance downtime as they await newly harvested beans.

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

Soyoil supplies at the end of September were projected at 1.663 billion pounds, based on estimates from seven analysts. If realized, the figure would be down 0.3% from 1.668 billion the prior month.

Stocks estimates ranged from 1.625 billion to 1.718 billion pounds, with a median of 1.650 billion.

➤ **U.S. Export Soy Values – Thursday 14th October 2021**

U.S., fob Gulf - \$528.00/mtT

U.S., fob PNW - \$561.00/mt

Brazil, fob - \$547.50/mt

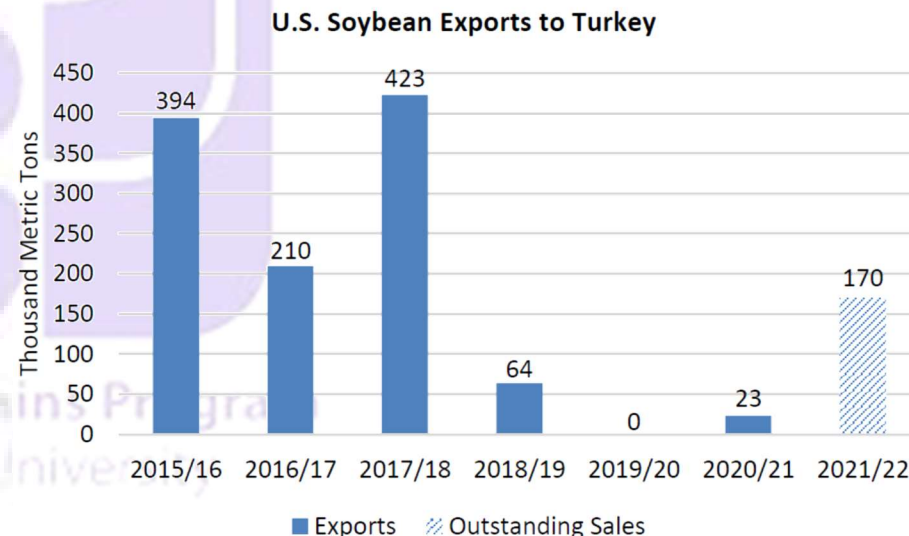
Argentina, fob upriver, \$553.75/mt

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

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

CIF				
SOYBEAN				
MEAL	10/14/2021	10/15/2021		
OCT	30 / -	30 / -	Z	UNC
NOV	26 / 38	26 / 38	Z	UNC
DEC	24 / 34	24 / 34	Z	UNC
JAN	- / -	- / 37	H	
FEB	- / -	- / 37	H	
MAR	- / 3	- / 37	H	

➤ **U.S. Soybean Exports to Turkey Set to Grow in 2021/22**



Source: U.S. Census Bureau Trade Data and U.S. Export Sales Report (week ending September 30, 2021)

Between 2015/16 and 2017/18, the United States accounted for nearly 15% of Turkey soybean imports. However, between 2018 and 2020, no new biotech soybean events

were approved by Turkey, leading to a drastic and sustained dip in imports of U.S. soybeans. As a result, the United States only accounted for about 1% of Turkey soybean imports over the following 3 marketing years.

Conversely, U.S. soybeans are well-positioned for growth to Turkey in 2021/22. According to U.S. Export Sales data through the 30th of September 2021, outstanding sales of U.S. soybeans to Turkey in 2021/22 were 170,000 mts, almost double total exports during the previous 3 marketing years combined.

This spike in sales is a direct result of the Turkish government's approval of six new soybean biotech events in early 2021, likely an effort to help relieve high feed costs for the domestic poultry industry.

In addition to the meteoric rise in global soybean and corn prices throughout late 2020 and early 2021, the value of the Turkish lira has dropped to record lows. Over the past 5 years, the lira has lost about two-thirds of its value versus the U.S. dollar and 40% versus the Brazilian real. The weak lira makes feed even more costly for the Turkish poultry industry as feed accounts for about 80% of total expenditures and the sector is reliant on imports of feedstuffs to meet demand.

With climbing costs and growing domestic and export demand for poultry, Turkey soybean importers will likely turn to the 2021/22 U.S. soybean harvest as it begins to be marketed this month. Typically, the U.S. crop is priced more competitively than South American soybeans until that crop is harvested and marketed early the following year.

➤ **Organic U.S. soy prices hit record, fuel food inflation**

11 Oct 2021 Reuters - U.S. prices for organic soybeans used to feed livestock and manufacture soy milk have surged to record highs as imports that make up most of the country's supply have declined, triggering price increases for food including organically raised chicken.

The costly soybeans and higher-priced organic products are fueling food inflation at a time consumers are eager to eat better and focus on health during the COVID-19 pandemic. The \$56 billion U.S. organic food sector is also grappling with a shortage of shipping containers and a tight labor market as global food prices hit a 10-year high.

Food companies and chicken producers are experiencing bigger sticker shock from prices for organic soybeans, which are shipped in containers, than for the conventional crops shipped in bulk. Regular soy prices are around a seven-year high, rather than an all-time record.

Organic chicken producers are cutting corporate expenses to offset high feed costs and scrambling to source crops produced in the United States rather than abroad. The U.S. imports about 70% of its organic soybeans, according to industry estimates, and U.S. organic production has not increased enough to keep pace with growing demand.

Bell & Evans, a 127-year-old Pennsylvania-based chicken producer, feeds organic U.S. crops to 500,000 to 600,000 chickens each week and must compete for

soybeans with other buyers that formerly relied on imports, owner Scott Sechler said. The company raised all chicken prices in July and will likely need to raise organic prices again, he said. "We're in the most challenging time since the organic world started when it comes to feeding animals and selling an organic animal protein," Sechler said. "It's a madhouse now."

U.S. imports of organic soybeans from September 2020 through August 2021 fell by 18% to about 240,585 tonnes, according to U.S. Department of Agriculture data. Shipments sank by 30% from Argentina, the biggest supplier to the United States.

Imports from India fell by 34%, extending a pre-existing decline after the United States in January toughened its requirements to certify Indian crops as organic.

While the United States is the world's No. 2 exporter of conventional soybeans, farmers have been slower to embrace organics, put off by the steep initial investment and long conversion time to achieve organic certification. Now, with profits to be made from conventional farming amid low global soybean supplies, some growers said switching to organic is not worth the extra money and work.

"There's not enough in America to replace all the imported organic grain," Sechler said.

Log Jams - Shortages of container ships used to import organic crops and logjams at U.S. ports at a time of high consumer spending are sending the cost of transporting freight to record levels.

"The consumer goods market is paying premiums for whatever available containers they can find," said John Sheppard, president of U.S. organic soybean crusher Sheppard Grain. "Agricultural products just can't compete."

Prices for organic soybeans delivered in the U.S. Midwest in September reached about \$33/bu, topping the previous record of about \$25/bu from 2014/15, commodity data firm Mercaris said.

Organic feed prices, which account for 65% of the cost for raising a chicken, have climbed almost 20% in 2021, said Debarshi Sengupta, chief financial officer for chicken producer Farmer Focus. He projects they will be up nearly 40% by year's end if current price trends persist.

U.S. sales of organic food jumped by 12.8% last year to \$56.5 billion, compared with a 4.6% increase in 2019, according to the Organic Trade Association. In 2020, organic accounted for 5.8% of food sales as the pandemic prompted consumers to eat more meals at home and focus on products perceived to be healthful.

Chicken producer Perdue Farms expects customers to see higher prices partly because of increased organic feed costs and is seeking to strengthen its domestic organic grain supply to prevent future price swings, said spokeswoman Andrea Staub.

Food companies and feed users are negotiating to buy organic U.S. soybeans at high prices from this year's autumn crop to last until next year's harvest. Domestic supplies will remain limited, handlers said.

U.S. farmers harvested about 170,074 acres of organic soybeans in 2019, up 37% from 2016, according to the USDA. The total soybean harvest, which is mostly genetically modified, covers 86.4 million acres this year.

Farmers must grow crops for three years without using prohibited substances, such as genetically modified seeds and synthetic pesticides, in order to be certified as fully organic.

"It's not an industry that can turn a switch overnight," said Nicole Atchison, chief executive of ingredient supplier PURIS Holdings, which buys organic U.S. soybeans.

CANOLA / RAPESEED

➤ ICE Canadian Canola Futures



ICE November 2021 Canola Futures settled on Friday at C\$915.50 /mt, up C\$5.30 on the day, but losing C\$11.40 for the week.

➤ Canada Rapeseed: Production and Yield Revised Downward

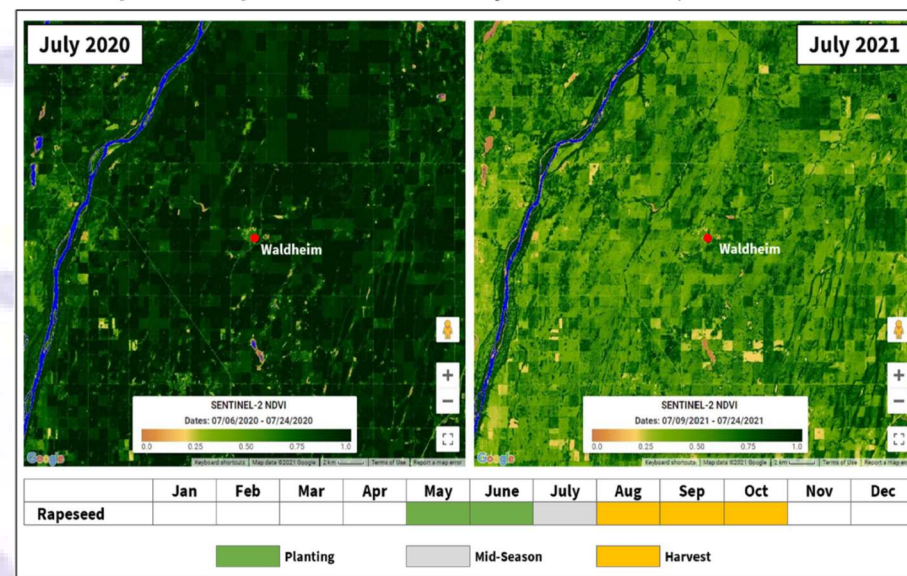
12 Oct 2021 USDA FAS - USDA estimates Canada rapeseed production for marketing year (MY) 2021/22 at 13.0 mmts, down 1.0 mmts (7%) from last month, 6.5 mmts (33%) from last year, and 36% below the 5-year average.

Harvested area is estimated at 8.8 million hectares, unchanged from last month, 6% above last year, and 1% above the 5-year average.

Yield is estimated at 1.48 mts/ha, down 7% from last month, 37% from last year, and 36% below the 5-year average.

Statistics Canada (StatCan) lowered its yield and production estimates for rapeseed by 13%, following the recent update to its integrated crop yield model, which incorporated new information from the month of August.

Rapeseed Crop Conditions in mid-July near Waldheim, Saskatchewan



USDA Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

Source: Copernicus, Sentinel-2 NDVI, 10-meter resolution imagery

A key component of their model is Normalized Difference Vegetation Index (NDVI) values, derived from satellite imagery collected during the months of July and August. The Sentinel-2 images below employ NDVI to show contrasting crop conditions during the critical reproductive stages in rapeseed fields near Waldheim, Saskatchewan. The darker greens in the image on the left (July 2020) indicate relatively higher NDVI values recorded last year, resulting from more visible light absorption, a property of healthier green vegetation.

Conversely, the lighter greens and yellows in the image on the right (July 2021) result from lower NDVI values than last year from green vegetation reflecting more visible light as it struggles under the drought conditions of 2021.

Drought conditions have been particularly hard on the rapeseed crop this year, which is primarily grown in the Prairies. The dry conditions did, however, result in rapid harvest progress, which is nearing completion. Initial provincial yield estimates compare favorably with StatCan's model, indicating severe reductions to the rapeseed crop for 2021/22.

➤ **Australian farmers sidestep Chinese tariff hit with record canola crop**

14 Oct 2021 Reuters - When top barley buyer China last year slapped tariffs of more than 80% on imports from Australia amid a bilateral spat, grain farmers Down Under could have been forgiven for fearing tough times ahead.

But a switch to canola, combined with ideal growing conditions and near record prices for the yellow-flowering oilseed, have proved a boom for farmers as they prepare for a second consecutive year of a bumper grain harvest.

Better known for its wheat and barley, Australia is forecast to harvest a record canola crop of more than 5 mmts this season, according to government data.

"When you lose your biggest market you need to find alternatives," said Lyndon Mickel, a grains farmer in export-focussed Western Australia.

Analysts and traders expect Australian farmers to increase the acreage dedicated to canola in the coming years due to strong global demand, especially if barley prices remain depressed by the Chinese tariffs.

"The prices are so phenomenal, growers will be tempted to switch more over to canola next year if they can," said AAAX general manager of trading and marketing James Foulsham.

Canola is crushed to make oil, used in food products and as a biofuel as well as protein-rich meals to fatten animals, with about three-quarters of Australia's exports going to the European Union.

Higher Australian canola output comes at a time of tight global edible oil supplies and rising crude oil prices, which drove prices of palm oil, the most widely used vegetable oil, to a record high this week.

Australia is set to play a significant role in the export market for canola - also known as rapeseed - accounting for just under one third of the world trade estimated at 14.21 mmts in 2021/22. The nation is expected to ship more than 4 mmts in 2021/22, up from 3.1 mmts a year earlier.

While canola prices were already strong during the Australian planting window early in the year, they have since climbed to record levels due to a drought affecting top producer, Canada. November canola contracts there have gained more than 70% this year to trade over C\$900 (\$724) per tonne. At the start of 2020, prices were below C\$500.

Demand for Australian canola is so strong that some farmers have started forward selling next year's crop at A\$800-A\$850/mt (US\$590 - US \$627/mt, one Australian-based analyst told Reuters, compared with average prices of A\$500/mt.

This season's anticipated strong harvest, forecast to deliver the country's second biggest ever wheat take, comes just when Australia needs it, with an extended lockdown in the country's two biggest cities disrupting the economic recovery.

SUNFLOWERS

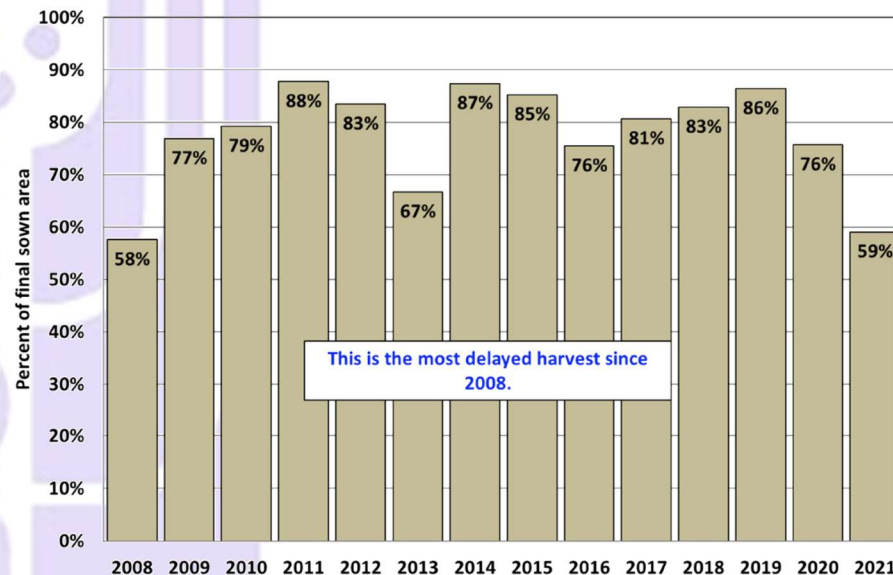
➤ **Ukraine Sunflowerseed: Yield Drops Based on Early Harvest Results**

Ukraine sunflowerseed production for marketing year 2021/22 is estimated at 17.0 mmts, down 3% from last month, but up 21% from last year.

Yield is estimated at 2.43 mts/ha, down 3% from last month but up 21% from last year.

Yield is down m/o/m based on early harvest data. As of early October, harvest was only about 60% complete. This year's harvest progress is behind the 5-year average of about 80% complete as of early October.

Ukraine Sunflowers: Percent Harvested as of early October



USDA Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

Source: Ukraine Ministry of Agriculture

Harvested area is estimated at 7.0 million hectares, unchanged from last month and matching last year's area. Harvest was delayed due to a wetter-than-average September. Early harvest results are indicating lower yield, even at this earlier-than-normal stage of progress, because the country level yield only rises moderately throughout the harvest season as harvest progresses from the lower yielding southern regions to the higher yielding northern ones.

USDA crop production estimates for Ukraine include estimated output from Crimea.

➤ **Supply tightness in soybean oil market making ways for sunflower oil**

4 Oct 2021 *Shipping News, Drewry* - The sudden rise in demand for biofuels is causing supply tightness in the soybean oil market, which is likely to persist until 2022. Alternatives such as sunflower oil will benefit from this situation.

The year 2021 has been turbulent for the soybean oil market due to the increasing emphasis on biofuels from the US to Brazil and Argentina. These countries are using soybean oil as the main feedstock to produce biodiesel, squeezing its availability as an edible oil for major importers like India and China. Meanwhile, the edible oil demand of these Asian countries is expected to rise due to economic recovery from Covid as consumption will normalize. Although the supply concerns of soybean oil are likely to persist until 2022, sunflower oil in India is expected to curb the demand for soybean oil in the same period as the price of this oil fell below soybean oil in July 2021.

Biodiesel mandates affecting supply - The supply tightness started from the beginning of 2021 with the election of Joe Biden as US President who promised "Clean Energy Revolution". This initiative increased biofuel demand and the use of soybean oil as feedstock in biodiesel production. The increased demand further tightened the vegetable oil supply, especially soybean oil, which was already squeezed due to traders' restocking activities after COVID-19 lockdowns.

The biofuel initiative wasn't limited to the US. Brazil has historically been the second largest exporter of soybean oil after Argentina. However, Brazil's soybean oil imports surged in 2021 to 86,000 mts until August from mere 21,000 mts in the same period in 2020 due to increasing biodiesel blending mandates with Brazil's biofuel regulator ANP (National Agency of Petroleum, Natural Gas and Biofuels), permitting the use of imported feedstocks for biofuel production amid high domestic prices.

This supply tightness is likely to continue as Brazil's soybean oil production is expected to be lower in 2021 than 2020. The country's blending mandate will also increase from 10% to 13% in November 2021. Argentina, the biggest exporter of soybean oil, is also expected to lower its exports until 2022 on accounts of higher biodiesel use. The domestic consumption of soybean oil is expected to increase by 1.8 mmts in the crop year 2021/22 to 61.4 mmts compared to the previous year.

Price - Global soybean oil prices started rising after Covid lockdowns as restocking happened in fear of second lockdown and quarantine measures. However, it kept rising in 2021 from US\$1,099/mt in January to US\$1,569 per ton in May, before normalizing in June following the decline in biodiesel demand in the US. However, soybean oil prices in Brazil and Argentina are still up due to the higher domestic demand. Global buyers are looking for cheaper supplies from other South American countries and soybean oil alternatives.

Alternatives of soybean oil - High prices and supply tightness of the soybean oil market is forcing price-sensitive buyers like India and China to look for cheaper alternatives such as palm oil and sunflower oil.

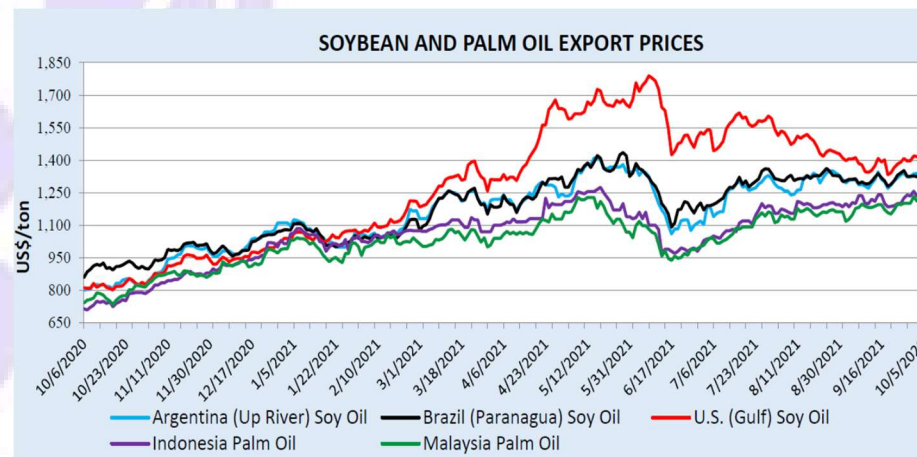
Although palm oil appears the cheapest option, it is reserved only in the hospitality and catering sectors, while sunflower oil (like soybean oil) is a preferred home-cooking oil. Furthermore, global sunflower oil prices fell below soybean oil in May 2021, and Indian delivered sunflower oil prices became cheaper than soybean oil in July 2021. Sunflower oil production is also expected to increase by 2.8 mmts to 22.1 mmts in the crop year 2021/22 against the previous crop year. The global exports of sunflower oil are expected to be 5.1% higher than soybean oil in the crop year 2021/22.

Sunflower oil imports are also rebounding and are expected to increase in India and China to fill the vacuum created by soybean oil.

Conclusion - Argentinian soybean oil cargo to Asia is likely to remain stable in 2022, while additional vegetable oil demand countries like India and China are likely to be met with increased sunflower oil trade from Ukraine and Russia. This rise in trade on the Black Sea to India and the Black Sea to China route will support freight rates of chemical tankers on long-haul routes. However, the tonne-mile demand will face a minor setback due to reducing shipping distance.

VEGETABLE OILS

➤ **USDA – Soybean Oil Prices**



September 2021 Soybean and Palm Oil Export Prices

	U.S. Soybean Oil	Argentina Soybean Oil	Brazil Soybean Oil	Indonesia Palm Oil	Malaysia Palm Oil
September Avg Price	\$1,384/ton	\$1,307/ton	\$1,313/ton	\$1,213/ton	\$1,180/ton
Change vs August	-\$95/ton	+\$5/ton	-\$11/ton	+\$29/ton	+\$28/ton

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

12 Oct 2021 *USDA* - U.S. soybean oil prices fell in September on weaker-than-anticipated demand from the biofuel industry.

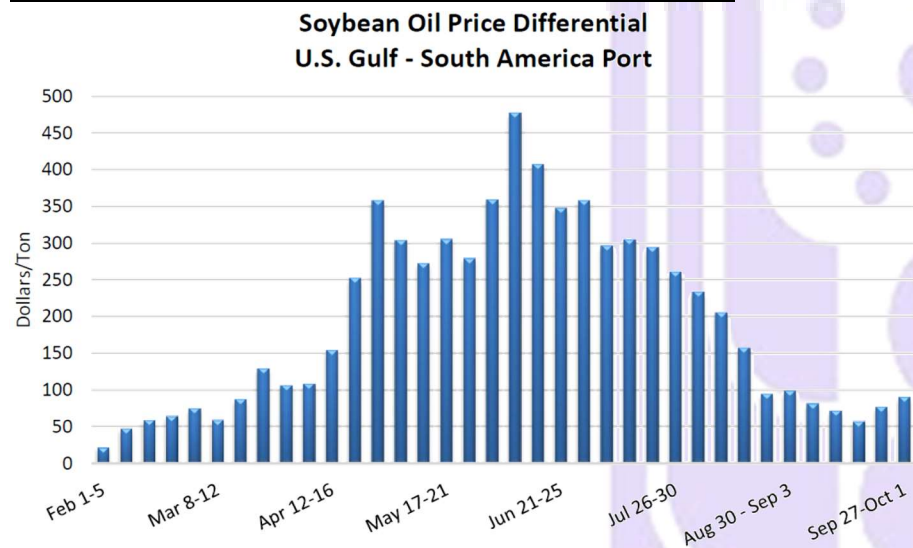
Brazil soybean oil prices are down slightly on higher supplies, while Argentina prices rose marginally on stronger export demand.

Palm oil prices rose on increased demand from India and China as export supplies remain tight. Malaysia exports continues to be hampered by labor shortages and Indonesia by export taxes.

growing global food oil demand, and lower rapeseed supplies in Canada have all combined to push vegetable oil prices higher.

For the U.S. domestic market, the reduced supplies and higher prices for Canadian rapeseed oil will likely continue to support current soybean oil prices and premiums over South American-sourced oil in the coming year.

➤ **U.S. Soybean Oil Premiums Evaporate on Lower Demand**



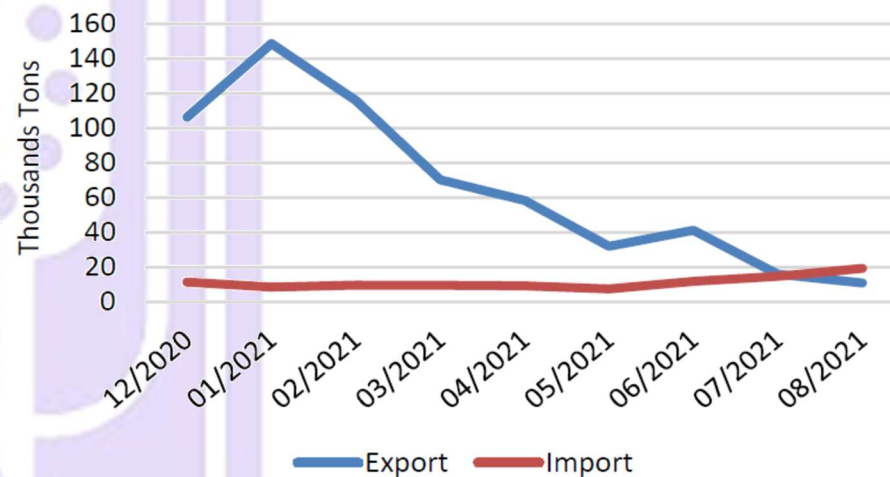
12 Oct 2021 USDA FAS - U.S. soybean oil prices at the Gulf peaked at nearly \$500/ton above South American port quotes in mid-June but fell precipitously in July and August. However, premiums have risen again in recent weeks and currently stand near \$90/ton. While this is well above the previous 4-year average of \$12/ton, it does put the premium near levels observed in March.

Much of the rise in U.S. soybean oil Gulf prices relative to those in South America was rooted in expected dramatic growth in demand from planned renewable diesel plants. U.S. supplies were already tight and required demand rationing via higher prices to get expected demand in line with anticipated supply.

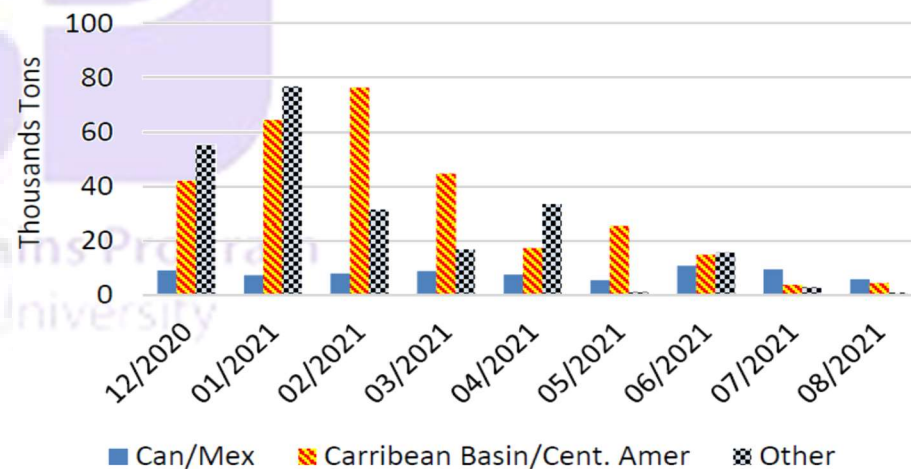
At nearly \$500/ton, the premium for U.S. soybean oil was unsustainable and had the desired effect of reducing export and biofuel demand. Though premiums have declined substantially, prices at the Gulf remain elevated near \$1,450/ton. This is roughly \$400/ton above the level seen at the beginning of the year and nearly double the 4-year average Gulf price observed between 2017 and 2020.

Reductions in global sunflowerseed and palm oil production last year contributed to higher prices in all oils in late 2020. In 2021, rising energy prices, demand for biofuels,

Monthly U.S. Soybean Oil Imports and Exports



Distribution of Monthly U.S. Soybean Oil Exports



USDA currently forecasts soybean oil export volume in 2021/22 at roughly half the level observed in 2019/20 when U.S. soybean oil was selling at a discount to South American origin. In the first few months of 2021, soybean oil export volume declined on rising premiums. As a result, U.S. exports during the June-August period were down 70% from a year earlier. U.S. soybean oil imports also rose in line with the increasing premiums, with August import volume exceeding exports for the first time in many years.

If recent history is a guide, current premiums would translate into minimal declines in exports to Canada and Mexico due to logistical efficiencies and well-developed supplier relationships. Other nearby markets could be down 50% with remaining markets down 70%.

➤ CME Soybean Oil



CME December 2021 Soybean Oil Futures settled on Friday at \$61.26 61.51/cwt, up \$0.85 on the day, but losing \$0.25 for the week.

USDA's weekly bio-energy report showed B100 biodiesel was priced at \$5.02/gal during the week ending 10/15 (with no comparison to last week).

USDA reports SBO sales were solid at 19.8 kmts. NOPA released their September crush report on Friday, which was somewhat bearish for both soybeans and oil.

September 2021 soybean crush was pegged at 153.8 mbus, which was a three month low. This was lower than the average trade estimate of 155.07 mbus, and down 3.2% from the month prior (158.8 mbus in August 2021). It also came in 7.7 mbus below the September 2020 figure, despite the fact that the USDA is currently forecasting nearly a 50 mbus (2.3%) increase in the annual total.

Crush margins are strong so there's a chance the USDA's forecast won't need to be reduced much, but it's a trend to keep an eye on. Another note, oil stocks increased

16 million pounds from the prior month despite a 60 million pounds reduction in production. This would suggest demand is lagging expectations.

India cuts import taxes on vegetable oils to calm prices

13 Oct 2021 Reuters - India on Wednesday slashed various import taxes on palm oil, soyoil and sunflower oil ahead of key festivals as the world's biggest vegetable oil buyer tries to cool near-record price rises. The tax cuts could bring down local edible oil prices and spur demand and imports, potentially supporting global palm oil, soyoil and sunflower oil prices.

The south Asian country slashed its base import tax on crude palm oil, crude soyoil and crude sunflower oil to zero from 2.5%, the government said in a notification. New Delhi also cut the basic import tax on refined palm oil, refined soyoil and refined sunflower oil to 17.5% from 32.5% earlier, it said.

India also reduced Agriculture Infrastructure and Development Cess (AIDC) - another tax - on crude palm oil imports to 7.5% from 20%, while AIDC on crude soyoil and crude sunflower oil was reduced to 5% from 20%, the government said in a separate notification.

After the cuts, crude palm oil will be subject to a 8.25% tax in total compared to 24.75% earlier, B.V. Mehta, executive director of Mumbai-based Solvent Extractors' Association of India (SEA) said. "Import duty on CPO has gone down by 16.5% but Indian consumers won't get the entire benefit of the duty reduction. Indonesian and Malaysian supplier are likely to raise prices responding to the duty cut," he said.

Effective duty on crude soyoil and crude sunflower oil has fallen to 5.5% from 24.75%, while refined palm oil, refined soyoil and refined sunflower oil face a 19.25% import tax against 35.75% earlier, the SEA said in a statement.

India fulfils more than two-thirds of its edible oil demand through imports and has been struggling to contain a rally in local oil prices for the last few months.

The country imports palm oil mainly from top producers Indonesia and Malaysia, while other oils, such as soy and sunflower, come from Argentina, Brazil, Ukraine and Russia.

"Duty cut would bring down local edible oil prices but could hurt local oilseed farmers since harvesting of soybean and groundnut has started," Mehta said.

Local soyoil soybean and palm oil futures fell by as much as 6% after the duty cut announcement.

➤ CME Palm Oil Swaps



After setting new all-time highs on Wednesday touching \$1,167/mt, the nearby **CME November 2021 Palm Oil Swaps** settled at \$1,155.75/mt on Friday, up \$19.50 on the day, and gaining \$5.00 for the week.

➤ Palm oil takes breather from record highs as Dalian oils decline

15 Oct 2021 Reuters – Malaysian palm oil futures inched higher on Friday, helped by a weaker ringgit and gains in rival oils, but ended flat for the week due to lower exports. The benchmark palm oil contract FCPOc3 for December delivery on the Bursa Malaysia Derivatives Exchange rose 88 ringgit, or 1.8%, to 4,965 ringgit (\$1,194.66) /mt, after a near 3% drop in the previous session.

"It's due to overnight gains in external markets and a weak ringgit," a Kuala Lumpur-based trader told Reuters.

Chicago soybean futures rose overnight, after sharp losses over the past two sessions on higher-than-expected U.S. grain supply forecasts. The soybean oil contract BOC2 was last up 0.9%.

The Dalian Commodity Exchange's most-active soyoil contract DBYcv1 rose 1.4%, while its palm oil contract DCPcv1 rose 0.8%.

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

The ringgit MYR= fell against the dollar after six straight sessions of gains. A weaker ringgit makes palm more attractive for holders of foreign currencies.

14 Oct 2021 Reuters – Malaysian palm oil futures fell nearly 3% on Thursday, paring most gains from the previous session, as traders booked profits after prices hit an all-time high. The benchmark palm oil contract FCPOc3 for December delivery on the Bursa Malaysia Derivatives Exchange closed 144 ringgit, or 2.87%, lower at 4,877 ringgit (\$1,174.47) a mts, with weaker rival oils in Dalian also denting sentiment. (\$1 = 4.1525 ringgit)

Palm had crossed the 5,000 ringgit per tonne mark in the previous session, after top buyer India slashed import taxes on crude and refined varieties of palm oil, soyoil and sunflower oil ahead of key festivals to cool near-record price rises.

"The revised import duties put crude palm oil (CPO) at a disadvantage against sunflower oil and soybean oil as the import duty on CPO of 8.25% is higher than crude soybean oil and crude sunflower oil of 5.5%," Ivy Ng, regional head of plantations research at CGS-CIMB Research, wrote in a note.

"Exporters are already seeing the effect of high palm oil prices on demand as customers are reluctant to buy at these prices," said Mohsin Mohammad, director at Selangor-based cooking oil exporter Sarafiah Natural Resources.

Malaysia has maintained its November export tax for crude palm oil at 8% but increased the reference price.

The world's biggest palm oil exporter, Indonesia, aims to stop exporting the crude form of the vegetable oil in the future in favour of refined products, President Joko Widodo said on Wednesday.

Dalian's most-active soyoil contract DBYcv1 fell 0.6%, while its palm oil contract DCPcv1 eased 0.8%. Soyoil prices on the Chicago Board of Trade BOCv1 were up 0.2%.

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

➤ Palm Oil Price Surge Drives Global Food Inflation to 10-Year High

13 Oct 2021 Gro Intelligence - Edible oil prices continue to surge, helping drive global food inflation to a 10-year peak. Seasonal high demand from major importing countries, and constrained supply by key producers, are propping up prices for palm, soy, and other edible oils.

In the U.S., Gro's US Food Price Index is at its second-highest level since the start of the coronavirus pandemic in spring 2020, sending a worrying signal on high food inflation.

Edible oils are a key ingredient used by nearly all consumer packaged goods companies in products ranging from Apple Pop Tarts to Abe's Zucchini Bread. Continued elevated prices for edible oils are likely to force companies to pass on the higher costs to consumers or swallow the diminished profit margins.

China and India are the biggest importers of edible oils, with domestic demand typically spiking this time of year for seasonal holiday festivals. That has helped palm

oil futures to more than double in the past five months on the Dalian Commodity Exchange, and to reach their highest level in over 10 years. Palm oil prices also have rallied along with crude oil, because of its use in biodiesel.

Palm is the most widely consumed edible oil, followed by soybean oil. Surging edible oil prices helped push world food prices to their highest level in 10 years, said FAO.

Edible oils also are experiencing supply constraints. In India, wet weather has hampered harvesting of the soybean crop, especially in the key producing state of Maharashtra.

In China, power supply issues stemming from higher coal costs as well as emissions concerns have shuttered soybean crushing plants, cutting domestic soybean oil supplies. That has pushed up soybean oil futures prices and driven greater substitution demand to palm oil.

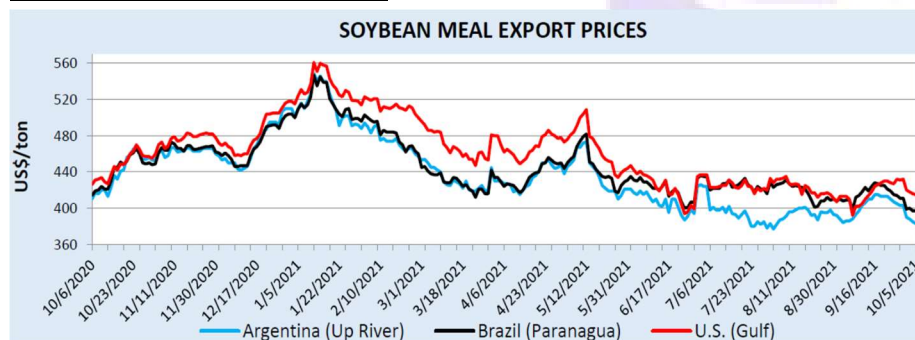
Meanwhile, palm oil production is down sharply in Malaysia, the second-largest producer, with monthly production so far this year running close to the bottom of the historical range, resulting mainly from ongoing labor shortages due to COVID-19 protocols. Top producer Indonesia also has seen lower production due to heavy summer rains and flooding.

Supplies of canola oil, the No. 3 edible oil, also have taken a hit as leading producer Canada heads to the smallest crop since 2010 due to drought.

With pressures from both high demand and tight supplies, global edible oil prices can be expected to remain elevated for the foreseeable future and will continue to drive food inflationary concerns.

PLANT PROTEIN MEALS

➤ USDA – Soybean Meal Prices



September 2021 Soybean Meal Export Prices

	U.S.	Argentina	Brazil
September Avg Price	\$418/ton	\$402/ton	\$415/ton
Change vs August	-\$4/ton	+\$9/ton	-\$2/ton

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

12 Oct 2021 USDA - September export prices for U.S. and Brazil were down slightly from August reflecting the downward trend in soybean prices. Argentina prices rose on stronger demand with buyers shifting purchases early in the month to Argentina away from U.S. Gulf Coast export facilities hampered by Hurricane Ida.

➤ CME CBOT Soybean Meal



CME October 2021 Soybean Meal Futures settled on Friday at \$316.60/short ton, up \$2.60/ton on the day, but losing \$2.10/ton for the week.

Soymeal futures closed \$2 to \$2.5/ton higher with Dec going home at \$316.60/ton.

➤ U.S. Export Soybean Meal Values – Thursday 14th October 2021

U.S., fob Gulf - \$431.75/MT

Brazil, fob Paranagua, \$415.75/MT

Argentina, fob upriver, \$401.25/MT

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

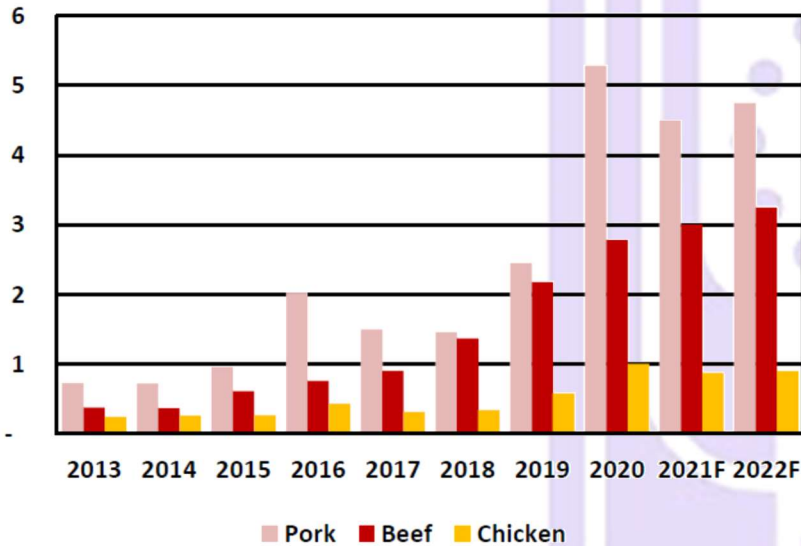
USDA, CIF New Orleans)

CIF SOYBEAN MEAL	10/13/2021	10/14/2021		
OCT	30 / -	30 / -	Z	UNC
NOV	26 / 38	26 / 38	Z	UNC
DEC	24 / 34	24 / 34	Z	UNC

OTHER MARKETS & RELATED NEWS

➤ **China Continues to Drive Red Meat Trade**

China Meat Imports (MMT CWE)

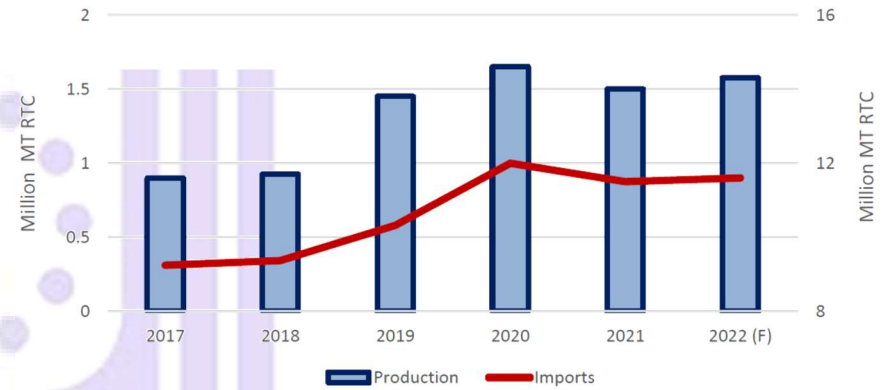


12 Oct 2021 USDA - China pork production is expected to contract in 2022 as the hog sector adjusts to rapidly changing market conditions. Hog prices have fallen dramatically since the beginning of 2021 and have remained persistently low despite recent national holidays that usually mark an uptick in pork consumption. Market participants that could have easily made money for much of 2020 at exceptionally high prices may find it more difficult going forward, especially as input prices remain high.

These dynamics will likely cause pork production to decline and imports to rise in 2022, particularly in the second half of the year. China pork imports are expected to reach nearly 4.8 mmts, up nearly 6% y/o/y, after falling in 2021 on rising pork production and depressed prices. However, they will remain below the 2020 record when disease-induced pork supply shortfalls were most acute.

Meanwhile, China beef imports and its share of global trade are expected to grow for the eighth consecutive year in 2022. Beef gained ground as China struggled with tight pork supplies over the past several years. Evolving consumer preferences and an improving foodservice environment will give beef a larger place in the Chinese diet than in the past while muted growth in domestic production will support imports.

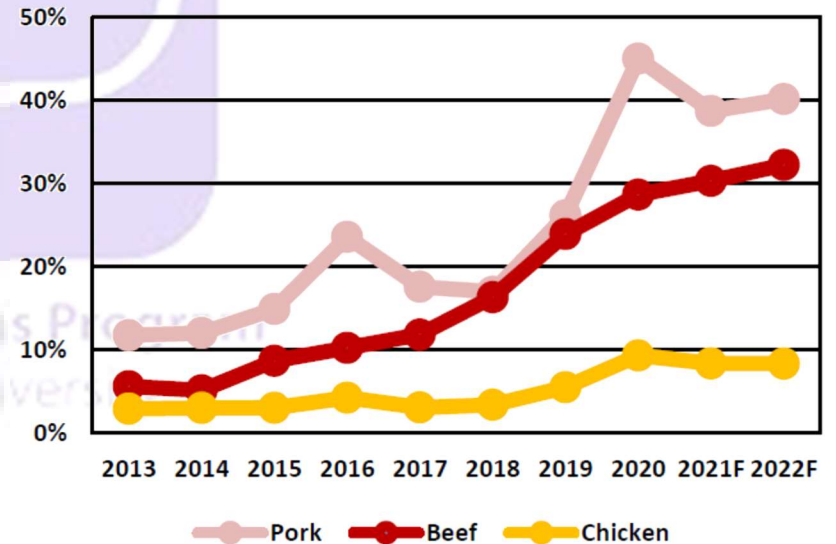
**China Chicken Meat:
Imports Remain Firm Despite Production Expansion**



Source: USDA-FAS-PSD

China chicken meat imports are forecast to grow 3% in 2022 on increased consumer demand and the expectation that imported product will be competitively priced. However, China's share of global trade for chicken meat remains small compared to that of other meats.

China Share of Global Meat Imports



Global trade in chicken meat will instead be driven by broad recovery from pandemic-related disruptions as improving economic conditions are expected to lead many key players to reenter the global market.

ended 10/14 at an average price of 104.35 cents. The Cotlook A index was 225 points weaker on 10/14 to 113.05 cents. The new AWP for cotton is 92.88 cents/lb.

COTTON

CME Cotton – Continuous Chart



GHA - Cotton futures continue to trade at their highest price point in about 10 years, as the NYMEX December 2021 contract touched \$1,0733/bale. Friday the front month cotton futures were mixed with gains for December and March, yet losses for July and October '22. The nearby December contract made the largest move by the close, with 23 points which limited the week's pullback to 3.27 cents below last Friday. December 2022 contracts were 7 points weaker on the day to 89.94 cents.

FAS Export Sales data for the week that ended 10/7 showed 146,653 RBs of cotton was booked. That was a 6 week low. Total commitments were 7.62m RBs, which is down 7.5% from last season's pace.

Managed money was 87,445 contracts net long in cotton at the 10/12 settle. CFTC data confirmed a week of long liquidation, amounting to 9,757 fewer longs.

Commercial cotton traders reduced their net short by 9,383 contracts to 174,733 contracts.

The Seam reported 6,226 bales were sold on 10/14, marking the largest daily sale since 9.2k on 6/11. The average gross price was \$1.0802. The weekly Cotton Classings report showed 247,217 bales of upland cotton were classed during the week of 10/14. That left the season's total at 1.101 million bales. USDA's weekly Cotton Market Review noted 12,723 bales were sold at spot through the week that

➤ USDA FAS WASDE – Cotton

12 Oct 2021 USDA - The outlook for 2021/22 global cotton balance sheet shows lower consumption, higher production, and higher ending stocks compared with last month.

During the first weeks of October 2021, world cotton prices have averaged over 115 cents per pound, up at least 40% from both year-earlier and long-run levels.

While world income growth and spending on goods are expected to remain high during 2021/22, projected annual world cotton consumption growth is now 2.9%, compared with 3.8% in September.

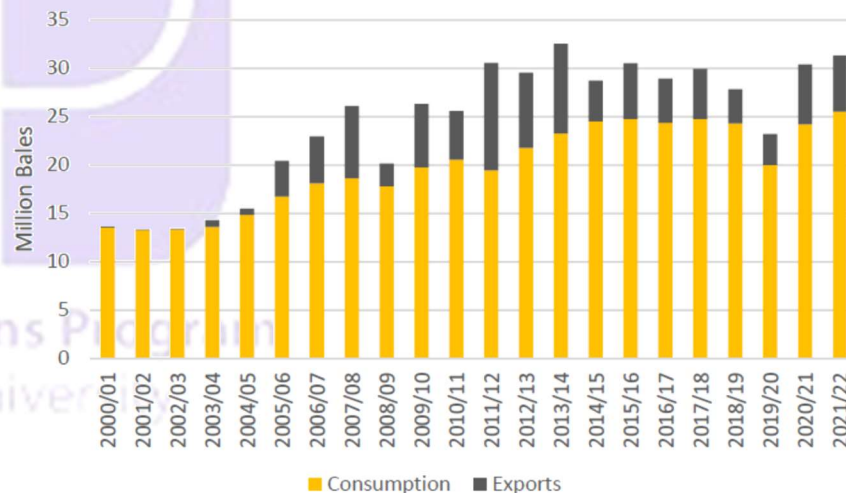
China's consumption is reduced 1 million bales as, in addition to high prices, lagging energy production there cuts into industrial capacity. Consumption is also lower this month in Vietnam, but higher in Pakistan and Turkey.

World production is 700,000 million bales higher, largely due to an increase in Pakistan. Production is also higher in Turkey, but lower in India as well as the U.S.

Production was raised with larger crops in Pakistan and Turkey more than offsetting lower crops in the United States and India.

India: Record Consumption and Strong Exports

Lower Historically High Stock Levels



Use is lowered with consumption falling in China and Vietnam, more than offsetting higher consumption in Pakistan and Turkey. Restrictions on China's electricity use and

COVID-19 restrictions in Vietnam (August through September) result in lower projections for consumption.

India's 2021/22 consumption is forecast at a record 25.5 million bales and exports are projected at the second-highest level in 8 years at 5.8 million. This level of total use is forecast to lower ending stocks to 12.4 million bales, down nearly 4.0 million compared with the record level 2 years prior. A robust recovery from the COVID-19 pandemic and stronger domestic consumption and exports of cotton yarn, fabric, and products are projected to support a significant downfall in stocks.

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

Major Importers:

	Previous	Current	Change	Reason
WORLD	46,759	46,445	-314	
Pakistan	5,900	5,000	-900	Production up 1.5 million bales
China	10,000	10,500	500	Bolster commercial stocks
Vietnam	7,500	7,300	-200	Lower consumption
Iran	250	350	100	Lower carryin and maintaining consumption at 600 thousand bales
Mexico	900	1,000	100	Higher consumption

Major Exporters:

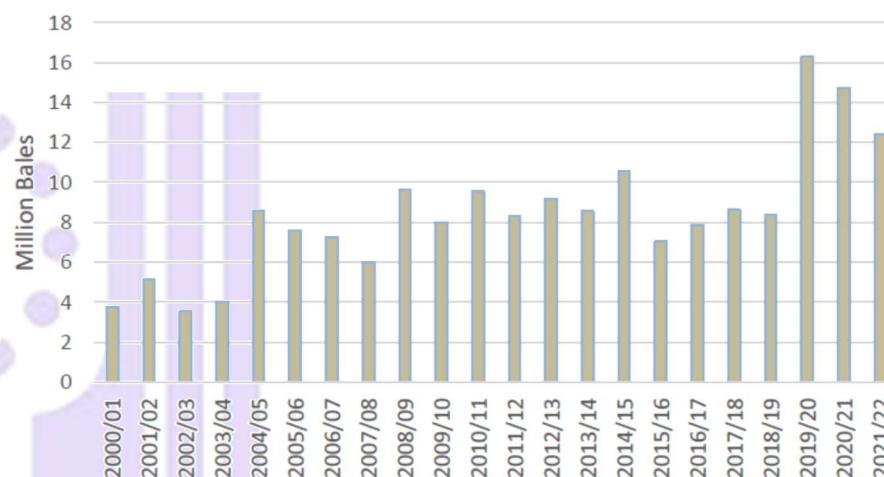
	Previous	Current	Change	Reason
WORLD	46,760	46,425	-335	
Brazil	8,200	8,000	-200	Less global demand
India	6,000	5,800	-200	Lower exportable supplies

Global trade is down on lower imports for Pakistan and Vietnam more than offsetting greater China demand. Exports are lowered for India and Brazil, with the former having significantly lower supplies compared with last month.

World ending stocks in 2021/22 are projected 450,000 bales higher than in September, but 3.2 million bales below 2020/21.

Stock levels nearly doubled to a record 2 years ago primarily due to the following factors. First, production soared 3.0 million bales while consumption fell over 4.0 million. Second, India's seed cotton prices fell below the Minimum Support Price (MSP), which drove record state purchases and storage of cotton lint in CY 2020 by the Cotton Corporation of India (CCI). For more information, see the June 2020 publication titled "India: Record 2020/21 Stocks Despite Higher Consumption" here. Yet, the CCI's record stock levels quickly fell with record sales in 2020/21. Mills and exporters were eager buyers, with 2020/21 domestic consumption rising 4.0 million bales and exports at their highest in 7 years at 6.2 million.

Ending Stocks Fall From Record Levels



India's projected record consumption in 2021/22 is driven by the expected strong gross domestic product (GDP) growth as well as rising textile exports. The International Monetary Fund's October Update projected India's GDP growth at 9.5% in 2021 and 8.5 in 2022, which is expected to support domestic consumption of cotton textiles and garments. World GDP growth projections of 5.9% in 2021 and 4.9% in 2022 are expected to support exports of cotton lint, yarn, fabric, garments, and home furnishings.

CCI is not expected to purchase a significant quantity of domestic cotton in 2021/22, due to spot prices exceeding the MSP procurement price (5,762 rupee per 100 kgs of seed cotton). Fewer government purchases and less storage coupled with the second-highest level of total offtake (consumption plus exports) are expected to prevent stocks from ballooning back to historically high levels.

The 2021/22 U.S. cotton supply and demand estimates showed lower production, lower ending stocks, and a higher price compared with last month.

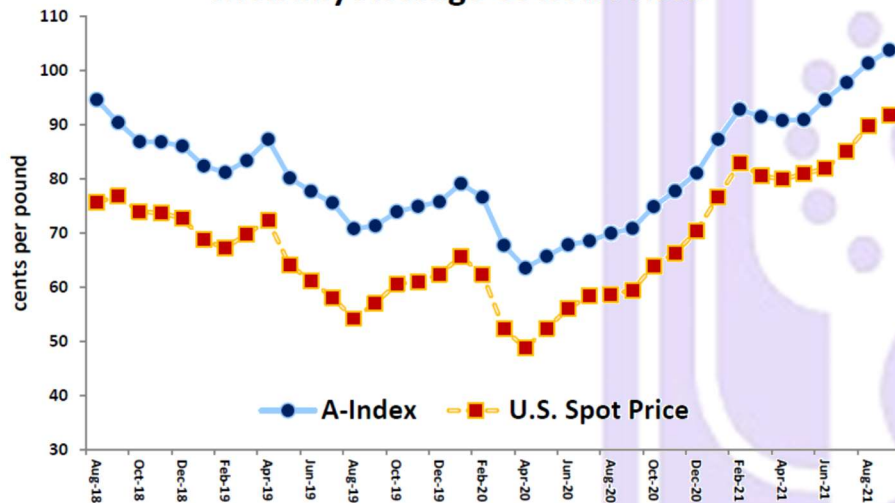
U.S. production was lowered 3%, to 18.0 million bales as projected yields in Texas are reduced. With domestic mill use and exports unchanged, ending stocks are 500,000 bales lower. At 3.2 million bales, U.S. ending stocks in 2021/22 are projected at 18% of use, compared with 17% in 2020/21.

The 2021/22 USDA season-average farm price for upland cotton is forecast at a record-high 90.0 cents per pound, 6 cents higher than last month and nearly 2% above the previous record of 88.3 cents in 2011/12.

The A-index and U.S. spot price were higher for the fifth consecutive month in September and the monthly average for the A-Index continued at a 10-year high.

Global prices initially dipped during the first half of the month, mostly due to global macroeconomic concerns. However, the December contract's prices on the Intercontinental Exchange (ICE) surged over 16 cents to 106 cents per pound by September 30th, compared with 89 cents just 10 days prior.

Monthly Average Cotton Prices



The surge of speculative (i.e., noncommercial) buying has mostly been attributed to higher prices, however, fundamental factors have also contributed. Robust reported U.S. sales to China in September (rumored for the State Reserve) further constrained supplies amid ongoing logistical issues, further driving up the December contract.

All cotton put up for sale in September by China's State Reserve sold out for the third consecutive month, signifying robust demand for nearby supplies. In contrast to past programs, State Reserve sales have been continued through November.

TRANSPORTATION

➤ Baltic Dry Freight Index - Daily = 5206 -585for the week



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

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

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

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

➤ Baltic index extends fall as capesizes retreat

14 Oct 2021 Reuters – The Baltic Exchange's dry bulk sea freight index fell for a fifth straight session to a two-week low on Thursday, as a dip in capesize rates overshadowed gains in other vessel segments.

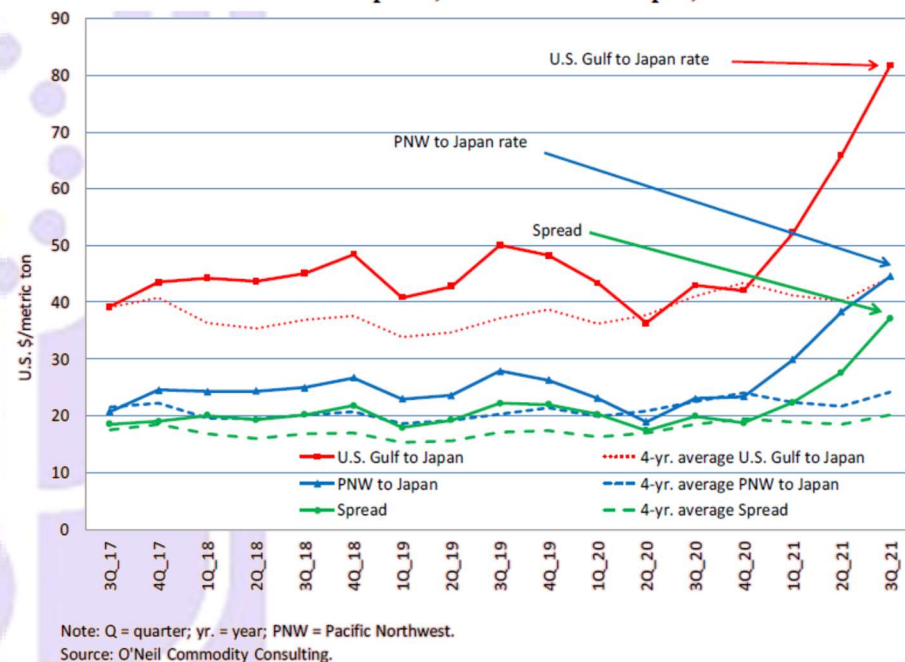
- The overall index, which factors in rates for capesize, panamax, supramax and handysize vessels, fell by 144 points, or 2.8%, to 5,062.
- The capesize index fell 526 points, or 5.9%, to 8,462, its lowest since Sept. 28th.

- Average daily earnings for capesizes, which transport 150,000-tonne cargoes such as iron ore and coal, fell \$4,359 to \$70,181.
- While the Chinese, Indian and partly European energy crisis is driving a "desperate need" for coal, it might not be sufficient to compensate for a sudden drop in iron ore volumes, ship broker Fearnleys said in a weekly note on Wednesday.
- Benchmark Dalian iron ore fell for a second consecutive session as the outlook for Chinese demand darkened, with Beijing turning more aggressive than expected in imposing steel output controls in the first quarter of 2022.
- But shipping congestion "remains significant", leaving a delicate supply and demand balance, Fearnleys added.
- The panamax index added 65 points, or 1.6%, to 4,023, 4th straight session of gains.
- Average daily earnings for panamax, which ferry 60,000-70,000 tonne coal or grain cargoes, increased by \$580 to \$36,204.
- The supramax index added 40 points to a record high of 3,542, according to Refinitiv Eikon going back until 2017.

➤ **Third-Quarter 2021 Ocean Freight Rates Mark Highest Since 2008**

14 Oct 2021 USDA GTR - In 3rd quarter 2021, ocean freight rates for shipping bulk commodities recorded their highest levels since second quarter 2008.

Grain vessel rates and spread, United States to Japan, 2017-21



The increase was due to strong demand for shipping bulk items, as well as tight vessel supply caused by congestion and other logistic inefficiencies.

Changes in Ocean Freight Rates by Destination and Route

Ocean freight rates for grain routes during third quarter 2021							
Route	Jul.	Aug.	Sep.	3 rd quarter 2021	Change from		
					2 nd qtr. '21	3 rd qtr. '20	4-yr. avg.
				--\$/mt--	Percent		
U.S. Gulf to Japan	82.60	80.38	82.15	81.71	24	90	84
PNW to Japan	44.85	43.63	45.20	44.56	16	93	84
Spread	37.75	36.75	36.95	37.15	35	86	84
U.S. Gulf to Europe	23.90	29.38	31.35	28.21	22	45	49

Note: qtr. = quarter; avg. = average; mt = metric ton; yr. = year; PNW = Pacific Northwest.
Source: O'Neil Commodity Consulting.

➤ **Baltic Dry Freight Index – Long Term Monthly Chart**



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

Ocean freight rates for shipping a metric ton of grain from the U.S. Gulf to Japan averaged \$81.71/mt in third quarter 2021, 24% more than second quarter 2021 (quarter to quarter), 90% more than the same period last year (year to year), and 84% more than the 4-year average. The third-quarter 2021 rate to ship grain from the Pacific Northwest (PNW) to Japan was \$44.56 per mt, up 16% quarter to quarter, up 93% year to year, and 84% more than the 4-year average. The cost of shipping grain from the U.S. Gulf to Europe averaged \$28.21 per mt—up 22% quarter to quarter, up 45% year to year, and up 49% from the 4-year average. The spread; i.e., the difference between the U.S. Gulf and PNW-to-Japan rates, stayed above quarter-to-quarter and year-to-year levels and above the 4-year average (table and figure below).

Factors Driving Up Rates

Rate increases that began in January continued through July, as global trade received a boost from the reopening of major economies around the world. U.S. Gulf- and PNW to Japan rates fell slightly in August, but rose again in September. Rates from the U.S. Gulf to Europe increased through August and September. All of the rate increases were driven by port congestion and other factors, as outlined here.

Strong iron ore demand in China and EU

When Chinese manufacturing and construction resumed their expansion in July and August, China's low iron ore inventories drove the country to import large amounts of iron ore, 88.5 mmts in July and 97.5 mmts tons in August (Maritime Logistics Professional Bloomberg News). At the same time, in the European Union (EU), mass vaccination and reopening economies fueled industrial production (including iron) and boosted iron trade.

Increased coal demand in China and EU

In the EU, rebounding industrial activity spurred a high demand for energy, as well as a shortage of liquified natural gas in July. The gas shortage prompted utility companies to use more coal for power generation, driving up coal imports and the demand for bulk vessels. China's demand for coal demand was also strong in September, triggered by the country's high demand for electricity and low availability of hydroelectricity. Start of grain market season in EU and Russia. In July, the start of the grain market season in the EU and Russia boosted the demand for Panamax and Supramax vessels. Also generating more demand for Panamax and Supramax vessels, the continued increase in grain exports from Australia to the Middle East (instead of China) led to a rise in average haulage length (ton-miles) (Drewry Maritime Research (Drewry)).

Congestion at ports in China and elsewhere

Although ocean freight rates from the U.S. Gulf and PNW to Japan fell in August, they stayed higher than those recorded from January to June. The rates from the U.S. Gulf to Europe increased in August. The high rates were supported by rising congestion at Chinese ports and elsewhere. According to Drewry, over 50 million deadweight tons (dwt) capacity of dry bulk vessels waited to berth at Chinese ports in August, as the resurgence of COVID-19 exacerbated China's port congestion: several ports renewed

restrictions on discharging cargo, which squeezed the vessel supply. In addition, as container-cargo volumes mounted, some container cargoes were diverted to dry bulk vessels, creating more demand for dry bulk vessels. August rates were further supported by congestion at the Australian ports of Newcastle and Hedland. Plus, at Brazilian ports, Capesize vessels of more than 10 million dwt encountered days-long congestion delays.

Current Market Analysis and Outlook

At \$82.15/mt the monthly ocean freight rates rose again in September to their highest level since the 19th of September 2008. The rates continued to trend upward thereafter. For the week ending the 7th of October 2021, the ocean freight rate from the U.S. Gulf to Japan was \$84.25/mt of grain, 95% higher than the first available rate in the beginning of the year, and 95% higher than the same period a year ago. The rate from PNW to Japan was \$46.50/mt, 89% higher than the beginning of the year, and 96% higher than a year ago. One rate-raising factor from the third quarter—congestion at Chinese Ports, has continued as the political and economic tussle between Australia and China lingers.

According to O'Neil Commodity Consulting as of the 7th of October, about 34% of Capesize fleet is currently anchored at Chinese ports, down from 38% earlier.

Possible additional upward pressures. According to Drewry, because of construction in the Black Sea and Turkish Straits, congestion in those regions' ports is expected to worsen in the months ahead. Periodic transit closures could increase the wait time for vessels, leading to reduced vessel supply and further boosting ocean freight rates. In addition, the pace of new vessel deliveries has slowed, with 3.5 million dwt new dry bulk vessels delivered in July, 2.2 million dwt in August, and 1.7 million dwt in September (Drewry). These slowed deliveries may squeeze vessel supply and put upward pressure on ocean freight rates. Peak season for steel production—typically, September and October, may bolster iron ore prices and EU and Chinese imports, leading to high vessel demand and rates.

Possible downward pressures

On the other hand, suspension of coal exports of more than 30 mining companies by the Indonesian Government could dampen the country's exports of non-coking coal (Drewry). The ongoing political turmoil in Guinea could affect port and mining activities, hampering the country's exports of bauxites. China may decrease its fertilizer exports to tackle the soaring prices of fertilizers domestically. In combination, these factors could reduce demand for bulk vessels and put downward pressure on ocean freight rates.

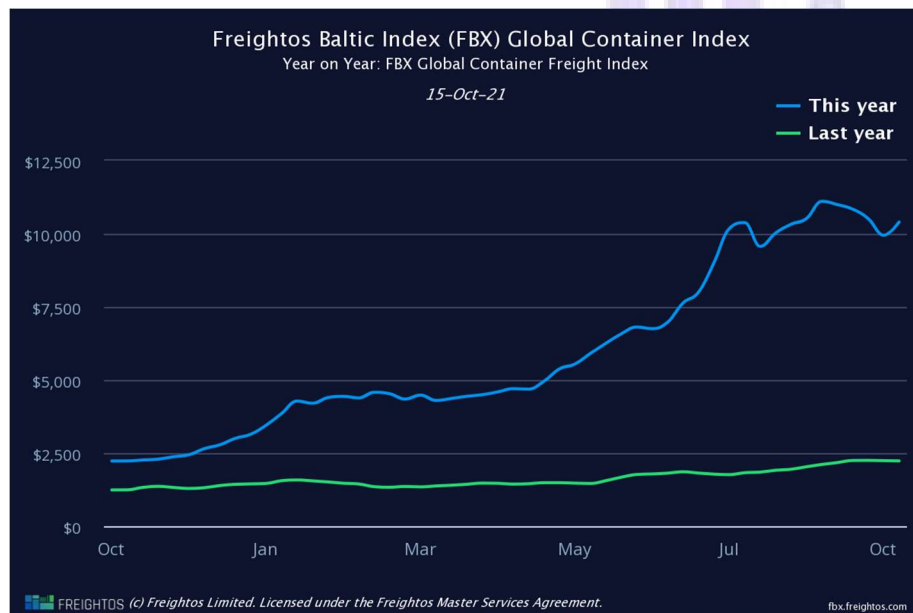
Uncertain effects of recovery from Ida

Meanwhile, grain-loading activity in the U.S. Gulf is recovering from the effects of Hurricane Ida. The number of vessels loaded per week and expected within the next 10 days has risen significantly in the weeks since the hurricane. It is not yet known how increased grain-loading activity in the U.S. Gulf will affect ocean freight rates. An increase in loaded vessels may relieve congestion by freeing up capacity and

increasing vessel supply, which in turn, may lower rates. On the flip side, sustained high vessel-loading activity could signify increased demand for vessels, putting upward pressure on rates.

Given the multiple factors putting opposing pressures on rates, the sustainability of the current high ocean freight rates is uncertain. surajudeen.olowolayemo@usda.gov

➤ **Freightos Baltic Index (FBX): Global Container Freight Index**



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

➤ **OECD tracks how container shipping's rates are contributing to global inflation**

The Organisation for Economic Co-operation and Development (OECD) is now tracking how much container shipping is factoring into global inflation.

The OECD's latest Economic Outlook report cites container shipping as a major contributor to inflation among G20 countries.

The OECD is predicting that G20 consumer inflation (CPI) will hit 4.5% by the end of this year with container freight prices and soaring commodity prices highlighted as a big contributor, adding 1.5% to G20 inflation.

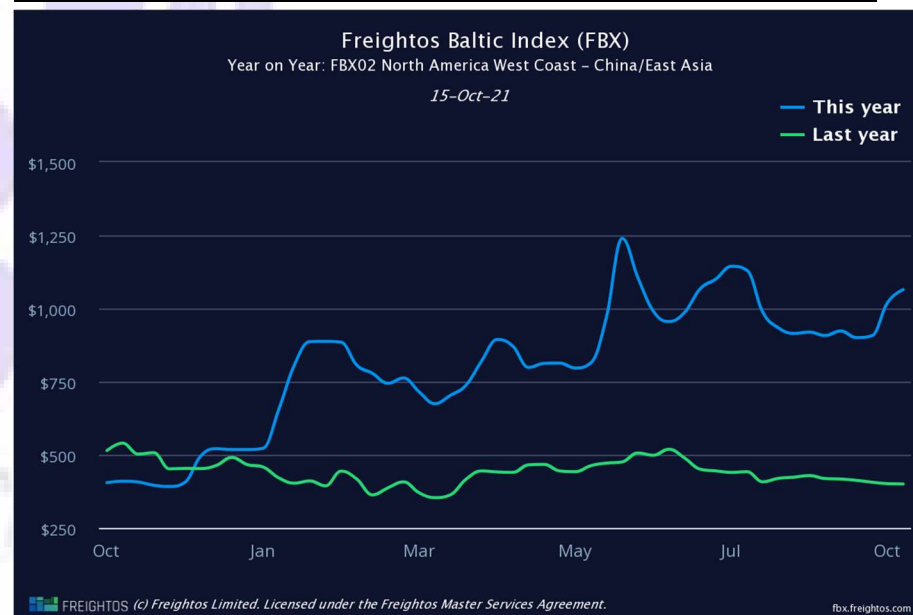
The OECD's shipping input index currently stands at 482 points, versus 100 in February 2020.

"Though termed a shipping index, it relates solely to container shipping and is based on the Shanghai Containerized Freight Index (SCFI)," analysts at Alphaliner explained in their most recent weekly report. "This atypical situation appears likely to persist for some time, with significant additional shipping capacity only likely to appear in 2023," the OECD stated in its new Economic Outlook report.

Just how much today's sky-high container freight rates are contributing to global – and more specifically US – inflation formed the lead story of the September issue of Splash Extra, a subscription sister title to Splash.

Nariman Behravesh, senior economic advisor at information provider IHS Markit, suggested the surge in shipping costs has only added 0.1 to 0.2 percentage point to US consumer inflation, pointing out that shipping only accounts for 3% to 6% of the direct and indirect costs to consumers.

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



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

Source: <https://www.hellenicshippingnews.com/container-xchange-monthly-container-logistics-update/>

LOGISTICS

➤ **Cargill loads soy shipment in Texas after damages Louisiana terminal**

11 Oct 2021 Reuters - The first bulk U.S. soybean cargo from the Texas Gulf Coast in about six months was loaded and shipped last week from a Cargill Inc terminal, in a sign of shifting trade flows in the wake of Hurricane Ida, traders and shipping sources said. The vessel Spar Rigel was loaded early last week with about 55,000 mts of soybeans at Cargill's Houston terminal, an outlet that typically loads mostly wheat and sorghum grown nearby, according to a shipping vessel lineup seen by Reuters.

The uncommon shipment is the first of several soybean cargoes expected to load at Cargill's Texas facility this autumn after one of the company's two terminals at the Louisiana Gulf Coast - the country's top outlet for corn and soy shipped down the Mississippi River - was severely damaged by Ida on the 29th of August.

Cargill faces a longer road to recovery than rival exporters including Bunge Ltd, Archer-Daniels-Midland Co and Louis Dreyfus Co and may face higher costs to reroute exports.

The powerful storm flooded and damaged Louisiana grain export terminals along the Mississippi from Baton Rouge to the Gulf of Mexico, halting shipments just weeks before the fall harvest and the grain hub's peak export period.

Cargill is expected to shift some of its Louisiana Gulf loadings to other facilities while its Reserve, Louisiana, terminal is repaired.

"They got hit harder than anyone" by the storm, said a U.S. soybean trader with a rival exporting company. "They're moving bushels as best as they can ... They're fortunate to have that capacity in Texas."

Another vessel, the Zheng Jun, was being loaded with soybeans at the Cargill terminal late last week, according to a vessel lineup and Refinitiv Eikon shipping data.

Texas Gulf Coast terminals have loaded only about 18 vessels of soybeans so far this year, compared with more than 300 at the Louisiana Gulf Coast, according to U.S. Department of Agriculture data.

Cargill did not immediately reply to a request for comment.

GOVERNMENT

➤ **EU wants to ban the entry of Brazilian products linked to deforestation**

8 Oct 2021 Noticias Financieras - The European Commission intends to introduce a law to prohibit commodities linked to deforestation from being sold in the European market. Scheduled for publication in November this year, the regulation will increase control over imports of beef, palm oil, soybeans, timber, cocoa and coffee, according to a document to which Folha had access.

For these six products to enter the European Union, buyers will have to prove that they do not come from illegally deforested areas. However, the rule only applies to areas felled after the 1st of January 2021.

"Relevant commodities and derived products cannot be placed or made available on the Union market unless: a) they are deforestation-free; and b) they have been produced in accordance with the relevant legislation of the country of production," the document says.

The draft regulation will need to be validated by European authorities before becoming law. If approved, the measure should impact Brazil, which has already been under pressure from the bloc due to the social and environmental agenda practiced by the government of President Jair Bolsonaro (no party).

The EU proposes that importing companies implement due diligence systems to monitor, address and mitigate any negative impacts of their imports on forests.

Producer countries will also be classified by levels of deforestation risk (high, low or standard), which will influence the rigor of due diligence required. For imports from countries considered "green", the process will be simplified, which has raised criticism.

According to Nicole Polsterer, manager of sustainable production and consumption at Fern, a European environmental NGO, this opens the way for the entry of goods produced on illegally deforested land to be facilitated.

"Strict due diligence requirements should be the norm, and no exemptions for goods from certain countries should be granted," she says.

Over the past five years, the EU had been discussing the creation of legislation to combat Europe's role in forest destruction through its imports of agricultural commodities.

For Polsterer, the new law could be a game changer, but the bill could be even more restrictive.

"While these proposals contain encouraging elements, there are some striking limitations of the Commission that significantly reduce the chances of the regulation having an impact on combating global deforestation," he says.

The draft would be flawed, for example, in relation to the protection of indigenous peoples and local communities.

"European consumption and production patterns rely heavily on other people's lands and resources - often obtained without their consent. The consequences of this are clear in Brazil, where the Bolsonaro government has destroyed environmental and human rights protections at the expense of the Amazon and indigenous peoples," she says.

According to her, it is necessary to ensure that all products placed on the European market comply with international human rights treaties -not just the laws of the country of origin. "As Brazil shows, national laws alone are not enough," she says.

Another point that has generated criticism from environmentalists is in relation to the scope of ecosystems that the law seeks to protect. The bill only mentions forests,

excluding grasslands and wetlands, which are habitats for countless species and also play an important role in fighting the climate crisis.

If the bill is approved in the current model, the destruction of biomes such as the Cerrado and the Pantanal would not be an impediment to the importation of commodities.

The list of controlled products was also considered too limited by Fern. According to the NGO, products that raise environmental concerns, such as rubber, corn and leather should be included in the proposal, as well as poultry and pork, which may be linked to "embedded deforestation", through the use of soybean as feed.

The creation of an anti-deforestation law would not be the first move the European Union has made to get more control over the environmental footprint of its imports.

Earlier this year, the EU backed the creation of a carbon tax for imported products to ensure that companies in the bloc will not lose competitiveness to markets where environmental restrictions are weaker.

But it is not only Europe that has been moving in this direction. The United States is also debating a similar anti-deforestation law.

There, Congress wants to bar the importation of soy, cocoa, cattle, rubber, palm oil, wood and its derivatives that come from countries with high rates of deforestation.

To continue with the purchase, the importer will need to prove that the products -and the entire production chain- have no involvement with illegally deforested areas.

In the project's justification, presented to the House and Senate last Wednesday (6), the authors cite Brazil and its beef products as an example of the problem.

"In 2020, the US imported processed bovine meat and hides valued at more than US\$500 million [R\$2.7 billion] from Brazil. There, cattle ranching is the biggest driver of deforestation in the Amazon rainforest and other biomes, and 95% of all deforestation hurt the law," they wrote.

The risk of Brazilian goods losing space on the international scene, together with investor pressure for good ESG practices (environmental, social and corporate governance principles), has already caused some companies to mobilize to guarantee that their products are not of illegal origin.

In the agricultural sector, Bunge, a giant in the international trade of soy and other commodities, aims to achieve deforestation-free supply chains, including legal deforestation, by 2025.

Another example is meatpacking companies. Marfrig and Minerva Foods also have similar commitments. Both have the goal of achieving a 100% deforestation-free supply chain by 2030.

In April of this year, JBS inaugurated a platform that extends the traceability of its production chain to its suppliers' suppliers.

A few months later, the company brought forward to 2025 the goal of ending illegal deforestation on the farms of its indirect suppliers in the Cerrado, Pantanal, Atlantic Forest and Caatinga. The company already had this goal for the Amazon.

However, an audit released by the MPF (Federal Public Prosecutor's Office) of Pará showed that about one third of the cattle purchased by JBS between January 2018 and June 2019 would have come from areas with deforestation problems or other nonconformities.

According to JBS, the audit results were impacted by a recent change in criteria adopted by the MPF. "Regarding the results of the audit of the Pará TAC for the year 2018 and the first half of 2019, JBS clarifies that the results stem mainly from inaccuracies in the definitions of the monitoring criteria and the databases used as reference in the audit process," it said.

International Crop & Weather Highlights

➤ **Madhya Pradesh: Heavy rainfall wreaks havoc in Malhargarh**

8 Oct 2021 Free Press Journal (India) - Malhargarh (Madhya Pradesh): Farmers in Malhargarh are irked over the lack of initiative of the state government's initiative to provide compensation to them.

They alleged that they had lost majority of the crops due to excessive rains in the area. The remaining produce did not earn remunerative prices in the market.

Heavy rains have lashed the region over the past few days, causing damage to standing crops. Crops of soybean, onion, bajra, cotton, and vegetables have been reported to be damaged due to excess rain. Many farmers have also reported continuous waterlogging in their fields.

Farmers demanded that officials must conduct a field survey to study the extent of damage caused to paddy crop across the district and accordingly provide compensation to the farmers. On this occasion, farmers Vishnu Rarotia, Kanhaiyalal Meghwal, Omprakash Rarotia, Madanlal Nayak and others farmers were present.

➤ **USDA/WAOB Joint Agricultural Weather Facility – 9th October 2021**

Europe – Heavy, Locally Historic Rainfall

- Heavy to locally historic rainfall early in the period caused extreme flooding in southern France and northern Italy, while late-week deluges were untimely for mature cotton in Greece.
- Moderate to heavy rain boosted moisture reserves for winter crops in England and France, while lighter showers were beneficial for winter wheat, barley, and rapeseed in Spain and Germany.
- Dryness concerns lingered in the lower Danube River Valley for wheat and rapeseed establishment.

Western FSU – Dry But Cool Weather Favored Summer Crop Harvesting

- Dry, cool weather favored summer crop harvesting in Belarus, Moldova, Ukraine, and Russia.

Middle East – Dry Weather Continued

- Dry weather in Turkey facilitated winter grain planting and summer crop harvesting, though soils remained favorably moist on the Anatolian Plateau for wheat and barley establishment.
- Seasonably dry conditions prevailed from Syria into Iran, though rain typically returns by late October.

South Asia – Monsoon Withdrawal

- A rapid withdrawal of the monsoon brought a cessation of rain to large portions of northern and western India, benefiting harvesting of early-season cotton and rice.

East Asia – Wet Weather In Eastern China

- A swath of showers in eastern China slowed fieldwork but boosted soil moisture for recently sown wheat.

Southeast Asia – Flooding From Tropical Cyclones

- Downpours from a tropical cyclone (Kompasu) approaching the eastern Philippines caused unfavorable wetness for maturing summer rice and corn, while another tropical cyclone (Lionrock) caused flooding in central and northern Vietnam.

Australia – Showers In The Southeast, Mostly Dry Elsewhere

- In the west, mostly sunny skies spurred growth of immature winter grains and oilseeds.
- In the southeast, scattered showers maintained local moisture supplies for filling winter crops.
- In the northeast, warm, dry weather promoted summer crop sowing and winter wheat maturation.

South America – Showers Continued In Many Brazilian Soybean Areas

- Scattered, locally heavy showers provided timely moisture for soybean planting in much of central and southern Brazil.
- Cool, dry weather dominated Argentina, slowing winter grain growth but supporting summer crop planting in farming areas with sufficient moisture.

Mexico – Beneficial Rain Continued In Southern And Eastern Mexico

- Showers maintained favorable summer crop prospects while helping to further increase irrigation reserves for the upcoming winter growing season.
- Seasonably drier conditions prevailed in northern watersheds.

South Africa – Showers Helped To Condition Fields For Corn Planting

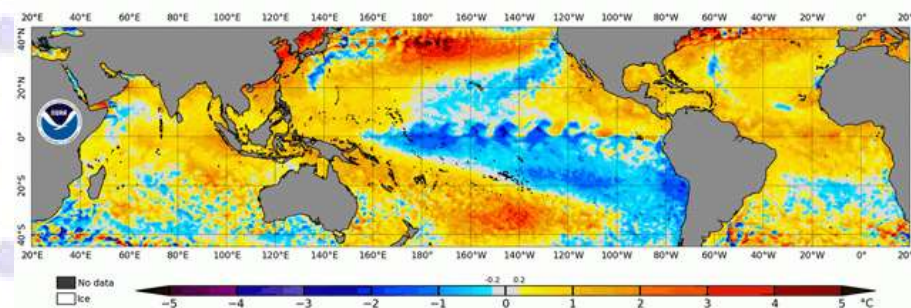
- Rainfall was timely for planting in eastern sections of the corn belt.

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

➤ **La Nina Shows Strengthening**

8 October 2021 Bryce Anderson, DTN - Early-October Pacific Ocean sea surface temperatures and barometric pressure studies indicate that La Nina is getting stronger

as we move further into fall. Sea surface temperatures along the equator are as much as 3 degrees Celsius (about 5.4 degrees Fahrenheit) below average. The deeper waters are cool as well, with values running as much as 6 degrees C (about 10.8 degrees F) below average. The deeper-water cooling indicates that this pattern has support throughout the ocean profile.



Pacific Ocean equator temperature analysis points to continued cooling to strong La Nina levels. (NOAA graphic)

Barometric pressure tendencies tracked by the Southern Oscillation Index (SOI) are also indicating the presence of La Nina. The SOI is tracked by the Australia Bureau of Meteorology (BOM); it compares the air pressure readings at Darwin, Australia and on the island of Tahiti. Sustained index values of greater than plus 7 point to La Nina. As of Oct. 7, the SOI had a daily value of plus 14.12; a 30-day average of plus 10.72; and a 90-day average of plus 9.73.

Forecast models now call for La Nina to be around through the rest of 2021 and through the winter of 2022, with a slow weakening during spring of 2022. La Nina's influence in North America is most striking in its storm track configuration, as the jet stream shows a track from Alaska southeast to the Ohio Valley, then back northeast to the Canadian Maritimes. This pattern brings colder-than-normal conditions to the northern U.S. along with the Canadian Prairies, while the southern U.S. is warmer than normal including the Southern Plains and Delta. Precipitation shows a large contrast: above normal in the Pacific Northwest and the Ohio Valley, but dry in the Southern Plains and the Gulf Coast. Other areas have a variable precipitation trend.

La Nina strengthening implies a dry winter for the Southern Plains, which puts a premium on upcoming precipitation chances through mid-October. Meanwhile, higher chances for moisture in the northwestern U.S. offer some potential for drought easing. On the opposite end of the spectrum, the wetter outlook for the eastern Midwest indicates no drought concern but also some prospect of wet ground slowing down the start of spring fieldwork in 2022.

In South America, La Nina's greatest impact is likely to be in Argentina and Southern Brazil with dry conditions. Argentina growers may delay planting to try to avoid crops going into reproductive phases during the heart of the South America summer in December to January with La Nina still in place.

➤ **Agricultural Weather Highlights – Friday, 15th October 2021**

In the West, mostly dry weather prevails except for some lingering rain and mountain snow showers in the Pacific Northwest. Producers and land-use managers are awaiting the onset of cool-season rain and mountain snow (2021-22 Water Year), which typically begin in late October and November; as of October 12, nearly 92% of the region was in Moderate Drought (D1) or greater, as depicted by the latest U.S. Drought Monitor.

On the Plains, a few light showers have developed over central portions of the region, while cold, dry, windy weather prevails elsewhere. In spite of recent rainfall, long-term drought remains entrenched over the entire region, though much of Kansas remains drought free.

In the Corn Belt, a strong albeit slow-moving cold front is producing moderate to heavy showers over central and eastern portions of the region, while breezy, dry, chilly conditions settle over the upper Midwest. The recent and ongoing showers are slowing corn and soybean harvesting but maintaining overall favorable topsoil moisture for winter wheat establishment, though varying degrees of mostly long-term drought persist from Iowa and northern Illinois northward.

In the South, dry, very warm weather continues to facilitate a rapid pace of summer crop maturation and harvesting. However, pockets of pronounced short-term dryness have developed from the eastern Carolinas northward into the Chesapeake Bay watershed.

Outlook: A cold front, which temporarily stalled over the nation’s mid-section, will resume its eastward track today, triggering moderate to heavy showers and thunderstorms from the central and eastern Corn Belt into the Northeast. However, rain will diminish to the south, with light showers in the Mid-Atlantic region giving way to a dry frontal passage in the Southeast. Behind the front, a broad expanse of high pressure will usher dry, chilly weather over the eastern U.S. for the weekend, while temperatures quickly rebound to above-normal levels across the Plains and Corn Belt.

Dry weather will prevail over the western U.S. before showers associated with a weak upper-air disturbance approach the central and northern California Coast on Sunday; this system is not expected to bring much drought-easing rain and snow to the region as it races eastward.

The NWS 6- to 10-day outlook for October 20 – 24 calls for the likelihood of near-normal temperatures over the central U.S., while abnormal warmth will prevail out west and along the Atlantic Coast States; below-normal temperatures will be confined to the southern California Coast. Near- or below-normal precipitation from the Rockies to the East Coast will contrast with above-normal rainfall west of the Rockies.

Contact: Brad Rippey, Agricultural Meteorologist, USDA/OCE/WAOB, Washington, D.C. (202-720-2397)
Web Site: <https://www.usda.gov/sites/default/files/documents/TODAYSWX.pdf>

References

➤ **Conversion Calculations**

Metric Tonnes to Bushels:

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

Metric Tonnes to 480-lb Bales

- Cotton = metric tonnes * 4.592917

Metric Tonnes to Hundredweight

- Rice = metric tonnes * 22.04622

Area & Weight

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

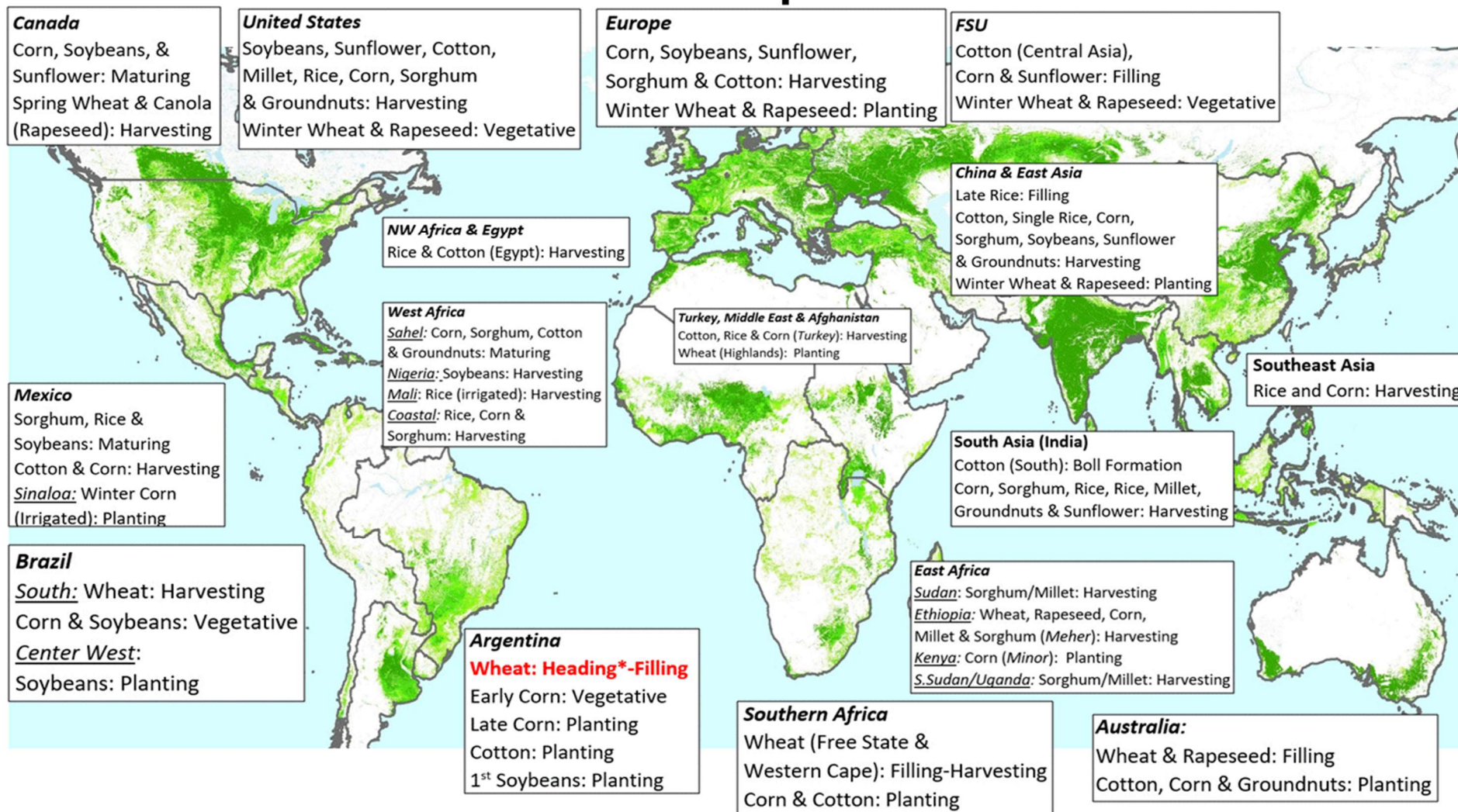
➤ **Marketing Years (MY)**

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

Wheat	Corn	Barley	Sorghum
Argentina (Dec/Nov)	Argentina (Mar/Feb)	Australia (Nov/Oct)	Argentina (Mar/Feb)
Australia (Oct/Sep)	Brazil (Mar/Feb)	Canada (Aug/Jul)	Australia (Mar/Feb)
Canada (Aug/Jul)	Russia (Oct/Sep)	European Union (Jul/Jun)	United States (Sep/Aug)
China (Jul/Jun)	South Africa (May/Apr)	Kazakhstan (Jul/Jun)	
European Union (Jul/Jun)	Ukraine (Oct/Sep)	Russia (Jul/Jun)	
India (Apr/Mar)	United States (Sep/Aug)	Ukraine (Jul/Jun)	
Kazakhstan (Sep/Aug)		United States (Jun/May)	
Russia (Jul/Jun)			
Turkey (Jun/May)			
Ukraine (Jul/Jun)			
United States (Jun/May)			

For a complete list of local marketing years, please see the FAS website (<https://apps.fas.usda.gov/psdonline/>): go to Reports, Reference Data, and then Data Availability.

October Crop Calendar



***Crop stage sensitive to moisture and temperature stresses.**



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