



# Notes and Observations in International Commodity Markets

19<sup>th</sup> November 2021

by Guy H. Allen – Senior Economist, International Grains Program, Kansas State University

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

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## MARKETS REMAIN FIRM IN THROUGH THE WEEK

GHA – Wheat, Ethanol and Coffee made new multi-year highs this week. Chicago wheat put in a new contract high at 8.30-3/4. Similarly, KC wheat closed 7-1/2 higher at 8.34-3/4 and set a new contract high of 8.39-3/4. Friday, March KC wheat and March oats had the largest gains in the grain sector, closing up 8 cents and 8¼ cents, respectively. March Chicago wheat was up 3 cents and March Minneapolis wheat was down 5¼ cents. December corn ended down 2¼ cents and January soybeans were down 2 cents Friday, a day of mostly quiet trading in grains ahead of next week's Thanksgiving holiday.

NYMEX Arabica Coffee made new 10 year highs on Wednesday touching \$2.3475/lb.

The December U.S. Dollar Index is trading up 0.48 at 96.02. The Dow Jones Industrial Average is down 224.44 points at 35,646.51.

December gold is down \$12.10 at \$1,849.30, December silver is down \$0.20 at \$24.71 and December copper is up \$0.0925. January crude oil is down \$2.44 at \$75.97, January heating oil is down \$0.0887, January RBOB gasoline is down \$0.0858 and January natural gas is up \$0.113.

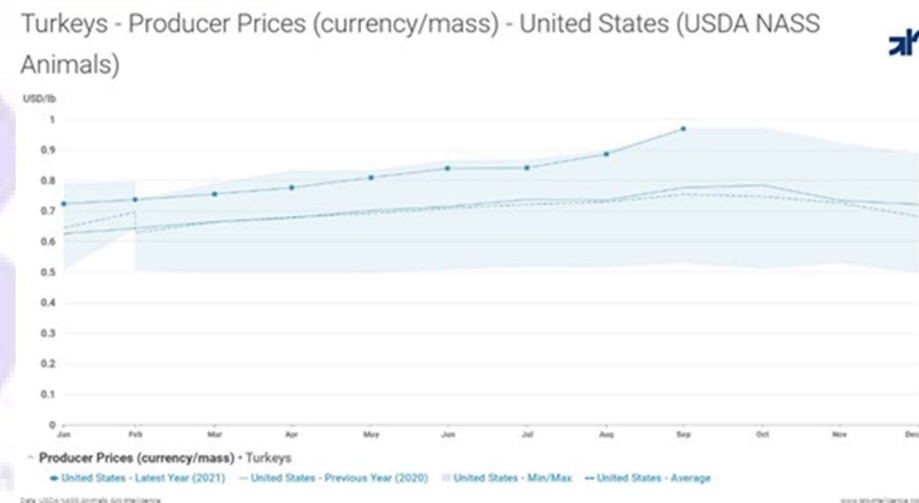
*Looks like the holidays will cost you more this season, with some estimates showing a 20% increase. I have bought my Thanksgiving turkey and for this Thursday's annual feast! I will be in the office, but taking the week off from putting out my weekly set of reports as we commence the holiday season next week. Have a good weekend! ☺*

### Turkey Sticker Shock Is On The Menu For Thanksgiving

18 Nov 2021 Gro Intelligence - Turkey supplies are at a multi-decade low this Thanksgiving season. That has pushed up turkey producer prices to levels not seen in years.

Consumers who haven't yet purchased a turkey for next week's holiday may encounter emptier freezer shelves at grocery stores, and higher retail prices. Meanwhile, supermarkets and food service companies might be forced to absorb some of the elevated costs for turkeys, which often serve as a loss leader to draw customers needing to purchase other holiday meal items.

Turkey producer prices are currently at \$0.97 a pound, a level last seen in late 2015 when the US faced its worst-ever avian flu outbreak. The elevated prices come as turkey cold storage levels hit a 37-year low of 117,222 tonnes — 14% below a 10-year average — at the end of September, when turkey stocks typically peak.



The above Gro graph compares turkey producer prices with historical averages and shows how the data series fluctuated through the year.

The reopening of the US economy as the COVID pandemic eases has many more Americans planning for Thanksgiving gatherings this year, with turkey as the main dish. Turkey producers could not have known to expect such a big pickup in demand

when much of the country was under lockdown in late 2020 and early 2021, which is when producers could have made plans for this season's turkey supplies.

Turkey producers, warehouse operators, and distributors typically begin getting ready for Thanksgiving as far back as the previous year's December — adjusting the number of layers, rate of slaughter, and rate of cold storage replenishment. Even as late as July 2021, turkey poult placements for growth were 8% lower than the 10-year average.

Higher turkey prices come amid a broad-based acceleration of food price inflation. Gro's US Food Price Index has jumped 20% in the past year, as Gro wrote about here, including a doubling in poultry prices and a 33% rise in beef prices.

### ➤ **To exclude or not? Grain analyses evolve as China ups imports**

17 Nov 2021 Karen Braun, Reuters - The practice of excluding China from global wheat and corn analyses has been increasingly prevalent in recent years because of the country's swelling stockpiles. However, China last year became the top corn importer as domestic prices soared, so is the exclusion still valid?

Since the premise of separating China is related to its previously minimal participation in global trade, both calculations should probably be made, but there is still compelling evidence to keep the separation.

China has long maintained large grain stockpiles for food security, though it officially scrapped the practice for corn a few years ago. But its burden on world supplies has risen, and that has sometimes masked fluctuations in exportable products.

China's import patterns have differed over the decades, but activity had recently been quiet. Just five years ago the country was outside the top 10 corn and wheat importers, but it jumped into the top spot for corn last year, and that is expected to continue at least this year.

Its wheat imports were the world's second-largest in 2020-21 and similarly strong purchases in 2021-22 should be enough for No. 4, according to U.S. government estimates.

However, China is unique in that its imports account for an unusually small portion of annual demand because no other importers produce such a massive crop. China is No. 2 in corn output and No. 1 in wheat.

China's corn imports this year are expected to cover 9% of needs. The same figures for other top importers are 38% for Mexico and nearly 100% for Japan and South Korea. For wheat, the percentage comparisons with others are similar to those of corn as those buyers depend heavily on foreign grain.

Another possible hiccup with accounting for Chinese and world corn supplies together is that Chinese stocks have become more of a mystery in recent years, but the price surge does not suggest a situation as comfortable as USDA numbers might suggest, for example.

However, logistical barriers are notorious in China. Since grain and livestock production areas largely do not overlap, sometimes it is more expensive to move product within the country than to import from overseas. That could offer some validity to a high-stock, high-import argument.

China has been more vocal over inventories of wheat, which is still intentionally stockpiled and price-supported in the country. Beijing said earlier this month that it has 1.5 years' worth of wheat in reserves, though that is more generous than U.S. estimates by half a year.

USDA figures suggest China will hold a record 51% of the world's wheat by mid-2022. Its corn share is seen at 69%, down slightly from last year, though industry ideas probably vary.

There is no masking by China of the exportable wheat shortage this year as evidenced by the boosting of global prices to multiyear highs, and the same can be said for corn. Excluding China, global wheat ending stocks are set for eight-year lows in 2021-22, something that corn achieved in the previous marketing year.

## **US DOLLAR & FOREIGN EXCHANGE**

### ➤ **US Dollar Index – Gains as Worsening Pandemic Slams EUR/USD**



The dollar index on Friday rose +0.502 (+0.53%). On Friday, the dollar index posted moderate gains and found some safe-haven support due to the worsening of the global pandemic. Also, weakness in EUR/USD is boosting the dollar as a plunge in German bund yields today weakened the euro's interest rate differentials. The dollar extended its gains Friday on hawkish comments from Fed Governor Waller.



EUR/USD on Friday fell -0.0082 (-0.72%). EUR/USD on Friday sank to a new 16-month low. The euro was under pressure Friday as the surge in Covid infections in Europe prompted Austria to impose a nationwide lockdown. The news sent the 10-year German bund yield down to a 2-month low Friday at -0.343%, which is negative for the euro.

Comments on Friday from ECB President Lagarde were dovish for ECB policy and bearish for EUR/USD when she said she is "confident" that inflation pressures will ease over time and that the ECB shouldn't tighten monetary policy too soon, even in the face of "unwelcome and painful" inflation.

USD/JPY on Friday fell -0.27 (-0.24%). The yen shook off early losses Friday and rallied to a 1-week high against the dollar. A decline in T-note yields on Friday supported gains in the yen and weighed on USD/JPY. The yen initially weakened Friday on slack price pressures that are dovish for BOJ policy after Japan Oct national CPI rose +0.1% y/y, weaker than expectations of +0.2% y/y.

Comments on Friday from Fed Governor Waller were bullish for the dollar and negative for gold when he said, "the rapid improvement in the labor market and the deteriorating inflation data have pushed me towards favoring a faster pace of tapering and a more rapid removal of accommodation in 2022."

December gold on Friday closed down -9.80 (-0.53%), and Dec silver closed down -0.119 (-0.48%). Gold and silver on Friday fell to 1-week lows and closed moderately lower. Strength in the dollar on Friday undercut metals prices. Also, a rally in technology stocks that pushed the Nasdaq 100 up to a new record high Friday reduced the safe-haven demand for precious metals. A decline in global bond yields on Friday limited losses in gold prices.

The dollar and gold have continued safe-haven support from the negative impact of the worldwide spread of the delta Covid variant on the global economic recovery. The 7-day average of new U.S. Covid infections rose to a 6-week high of 97,006 on Thursday. Also, Germany reported its 7-day average of new Covid infections per 100,000 inhabitants climbed to a record 337 on Thursday.

## WHEAT

### ➤ IGC Wheat stocks continue to tighten

18 Nov 2021 IGC - The International Grains Council (IGC) on Thursday forecast global wheat stocks continue to tighten as they showed production falling by 4 mmmts and carryover stocks declining by 2 mmmts since last month's estimates.

The IGC said the wheat production forecast was lowered to 777 mmmts, mainly because of a sharp reduction in output in Iran as well as downgrades in Kazakhstan, Algeria and the European Union. Iran's decline is due to a severe drought that sliced production to a 13-year low of 11.5 mmmts, down 21% year on year.

"The forecast for world stocks at the end of 2021/22 is lowered to 274 mmmts (down 4 mmmts from the previous year), representing the first global drawdown in three

seasons," the IGC said. "The year-on-year contraction is concentrated in the major exporters, where aggregate inventories are predicted to shrink by 6.6 mmmts to 53.4 mmmts, the least since the end of 2012/13."

Following below-average harvests, the United States and Canada are projected to be especially tight at 15.8 mmmts and 3.5 mmmts, respectively, the IGC noted.

Record wheat consumption continues to drive the drawdown in stocks. Although the IGC cut its consumption estimate by 1 mmmts from the previous month, the projected total for 2021/22 of 782 mmmts is 9 mmmts above last year's record total and 5% higher than the global wheat consumption figure two years ago (745 mmmts).

"Despite elevated (wheat) prices, there are signs that food use is remaining resilient, and is seen climbing by 2% year on year to 541 mmmts," IGC said. "The feed figure is trimmed a little month on month, although 154 mmmts (up 3% from the previous year) would still be a record."

The forecast for world trade is raised by 1.4 mmmts m/o/m, to a record 195.7 mmmts, a 3% increase y/o/y. The biggest adjustment is for Iran, with imports up by 1.8 mmmts m/o/m, to 6.8 mmmts, the most since 2008/09.

### ➤ USDA World Wheat Supply and Demand

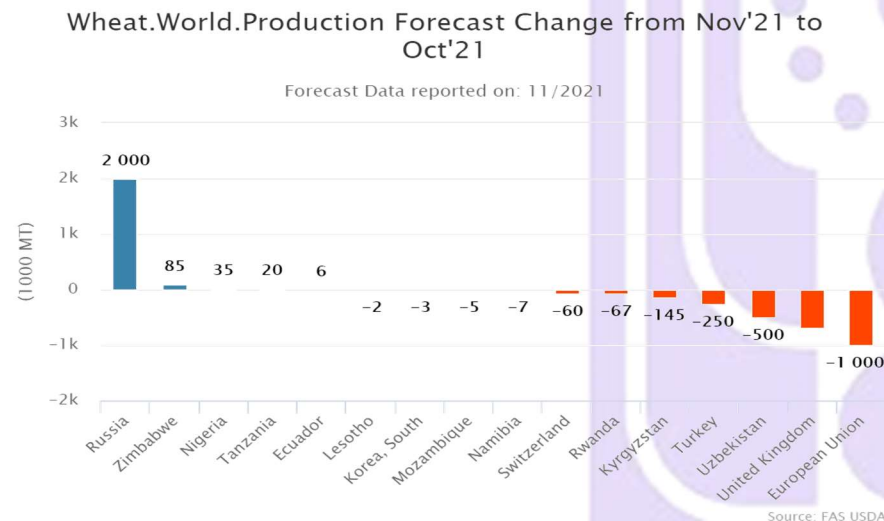
Attribute	Wheat World as of November 2021				
	21/22 Nov '21	Change	21/22 Oct '21	20/21	19/20
Area Harvested (1000 HA)	223,328	-272(-.12%)	223,600	221,165	215,568
Beginning Stocks (1000 MT)	287,950	-407(-.14%)	288,357	295,504	280,691
Production (1000 MT)	775,277	-593(-.08%)	775,870	774,656	762,211
MY Imports (1000 MT)	201,049	+3003(+1.52%)	198,046	194,177	188,170
TY Imports (1000 MT)	201,119	+2975(+1.5%)	198,144	194,014	189,250
TY Imp. from U.S. (1000 MT)	0	-	0	25,918	26,276
Total Supply (1000 MT)	1,264,276	+2003(+.16%)	1,262,273	1,264,337	1,231,072
MY Exports (1000 MT)	203,163	+3536(+1.77%)	199,627	202,246	194,332
TY Exports (1000 MT)	205,008	+3195(+1.58%)	201,813	198,017	194,877
Feed and Residual (1000 MT)	158,561	-125(-.08%)	158,686	157,138	139,189
FSI Consumption (1000 MT)	626,748	-37(-.01%)	626,785	617,003	602,047
Total Consumption (1000 MT)	785,309	-162(-.02%)	785,471	774,141	741,236
Ending Stocks (1000 MT)	275,804	-1371(-.49%)	277,175	287,950	295,504
Total Distribution (1000 MT)	1,264,276	+2003(+.16%)	1,262,273	1,264,337	1,231,072
Yield (MT/HA)	3.47	-	3.47	3.50	3.54

### 2021/22 Global Wheat Production Down Month-to-Month

12 Nov 2021 USDA ERS - 2021/22 global wheat production estimated down 0.6 mmmts from October but remains at a record 755.3 mmmts.

Wheat production in the **European Union (EU)** and the **United Kingdom (UK)** is projected lower than October primarily based on updated Ministry of Agriculture or States' statistical service data. **Russia** partially offsets this decline with an increase of 2.0 mmmts to 74.5 mmmts based on updated harvest data.

The **EU** is projected to produce 138.4 mmts of wheat in 2021/22, down 1.0 mmts from October. **France** production is adjusted down 0.7 mmts to 37.0 mmts due to abundant rain at harvest causing a decrease in yield (-0.14 mts/ha to 7.07 mts/ha). Total production in **Germany** is adjusted down 0.5 mmts to 21.6 mmts as they experienced similar harvest conditions. Downward revisions were also made for **Latvia** (-0.2 mmts to 2.3 mmts) and **Estonia** (-70,000 mts to 750,000 mts). **Romania** partially offsets these revisions with an increase of 0.5 mmts to 11.0 mmts. The Normalized Difference Vegetation Index for Romania continued to show average to above average conditions warranting an increase in the yield forecast. Outside of the EU, the **UK** also sees a decrease of 0.7 mmts to 14.3 mmts due to a yield adjustment.



Based on the updated Ministry of Agriculture harvest estimates, **Russia** is revised up to 74.5 mmts because of a higher expected yield which more than offsets a reduction to area harvested. This increase in production is split between spring and winter wheat at 1.0 mmts each. Russia wheat yield is still projected down 9% year over year at 2.70 mts/ha.

Outside the exporting countries, downward revisions were also made for **Kyrgyzstan**, **Turkey**, and **Uzbekistan**. Kyrgyzstan experiences higher than normal temperatures along with a lack of sufficient water during the 2021/22 growing period. Their production is lowered by 145,000 mmts to 385,000 mmts, down 39% compared with 2020. Excessive rains in Turkey led to lower expected yield and production is reduced 250,000 mmts to 16.25 mmts. The Uzbekistan yield is estimated to be 11% lower than 2020 due to poor precipitation that caused low soil moisture in most central and southern croplands. 2020/21 production was revised for **Sudan** (+175,000 mmts to 900,000 mmts) and **Uzbekistan** (-310,000 mmts to 6.2 mmts) based on updated information.

## 2021/22 Global Wheat Consumption Down Month to Month

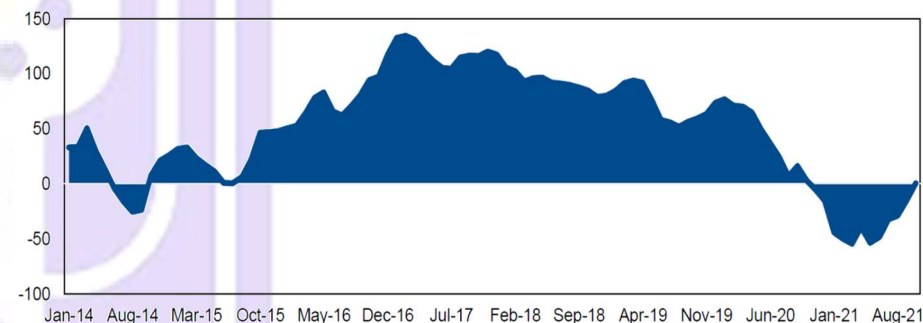
Total global wheat consumption is adjusted down slightly by 371,000 mts to 787.4 mmts. This revision is mostly driven by a 125,000 mts downward revision to feed and residual use as globally, wheat is becoming relatively more expensive for use in feed rations.

Feed and residual use in the **EU** is adjusted down by 1.0 mmts to 45.0 mmts based on lower production, robust exports, and greater availability of domestic feed grains.

**For example, China's wheat-corn domestic spread in October 2021 is essentially at parity for the first time since last October.**

### China wheat-corn domestic price spread nearly even in October 2021

Wheat-to-corn price spread in U.S. dollars



Lower domestic production resulted in a downward revision for feed and residual for the **UK** (-200,000 mmts to 7.5 mmts) and **Uzbekistan** (-200,000 mmts to 1.6 mmts). **Ukraine** feed and residual use is revised down 200,000 mmts to 3.1 mmts as export prices remain competitive. These revisions were partially offset by increases to **Russia**, **Turkey**, and **Iran** (+500,000 mmts each). Turkey has experienced some quality concerns with their domestic production resulting more wheat being rotated into feed and residual use. 2020/21 feed and residual use was also adjusted up with an increase for Iran partially offset by a downward revision to Uzbekistan.

Global food, seed, and industrial (FSI) use is mostly unchanged m/o/m (-37,000 mmts to 626.7 mmts). **Uzbekistan** and the **UK** both see a 0.2 mmts decrease in FSI use that are partially offset by a 100,000 mmts increase to both **Algeria** (11.3 mmts) and **Iran** (15.7 mmts).

The global consumption statistic published in the *World Agricultural Supply and Demand Estimates (WASDE)*, 787.4 mmts, is adjusted based on the local marketing year unaccounted trade for 2021/22. The unaccounted trade is increased marginally by 0.5 mmts to 2.1 mmts as a result of marketing year exports increasing relatively more than marketing year imports. By subtracting this updated calculation of

unaccounted trade from the *WASDE* total consumption figure, the total unadjusted consumption in 2021/22 is projected at 785.3 mmts.

#### Global Wheat Trade Adjusted up Despite Production Decline

Table 3 - Summary of 2021/22 trade adjustments, November 2021				
Country or region	Trade year exports		Trade year imports	
	November estimate	Change	November estimate	Change
	1,000 metric tons		1,000 metric tons	
World	205,008	↑ 3,195	201,119	↑ 2,975
United States	24,000	↓ (500)	3,200	↓ (300)
Algeria	10		7,500	↑ 500
European Union	36,500	↑ 1,000	5,300	
India	5,250	↑ 750	25	
Iran	350	↑ 100	5,500	↑ 1,000
Nigeria	600	↑ 100	6,000	↑ 200
Russia	36,000	↑ 1,000	500	
Saudi Arabia	150		3,500	↑ 500
South Korea	390		4,100	↑ 200
Thailand	290		3,100	↓ (200)
Turkey	6,250	↑ 250	11,000	↑ 1,000
Ukraine	24,000	↑ 500	100	

Note: Changes less than 100,000 metric tons are not included.  
Source: USDA, Economic Research Service; USDA, Foreign Agricultural Service, *Production, Supply, and Distribution* database.

Global wheat trade for 2021/22 is projected to be higher despite a global production decline. Exports for the 2021/22 trade year are revised up by 3.2 mmts to 205.0 mmts based on robust tendering despite elevated global wheat prices.

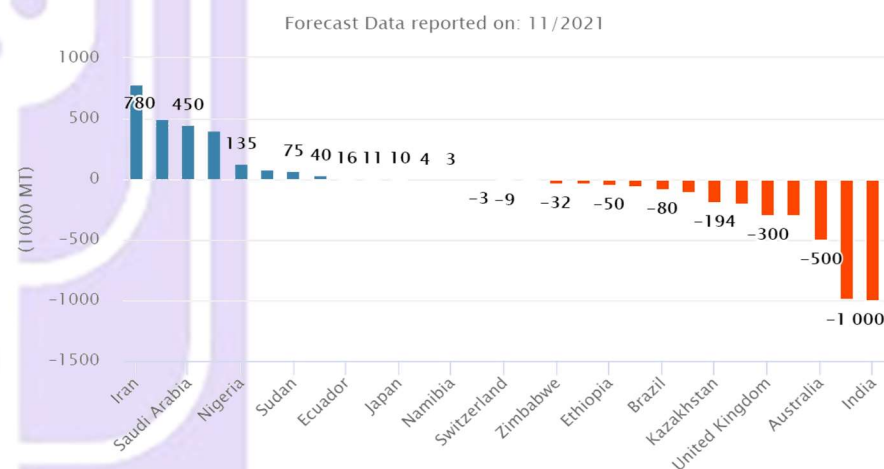
Despite reduced production, the **EU** is expected to export 36.5 mmts due to a robust trade pace. **India** continues to export their abundant supplies at higher international wheat prices and is revised up 750,000 mts to 5.3 mmts, the highest since 2013/14. **Russian** exports also see an upward revision due to a higher expected production and increase in import demand from Iran, Turkey, and Algeria.

**Iran** and **Turkey** both see a 1.0 mmts increase to 2021/22 imports due to robust trade pace with Russia and lower domestic production. To satisfy domestic demand growth, both countries are expected to increase their imports due to lower production. **Algeria** is projected to import 7.5 mmts, up 0.5 mmts m/o/m, due to active tenders and current trade pace. **Saudi Arabia** is also up 0.5 mmts to 3.5 mmts as purchases from their state buyer are up 20% compared with last year.

For further information on Middle East and North Africa import pace see the latest issue of *Grain: World Markets and Trade* by the Foreign Agriculture Service.

#### Global Ending Stocks Continue to Tighten Amid Robust Exports

Wheat.World.Ending Stocks Forecast Change from Nov'21 to Oct'21



Global ending stocks took another cut this month of 1.4 mmts to 275.8 mmts. The major exporters ending stocks led this decrease with a collective decrease of 1.6 mmts as export pace remains strong. **Argentina** (-0.2 mmts to 2.5 mmts), **Australia** (-0.5 mmts to 3.6 mmts), **Ukraine** (-0.3 mmts to 1.4 mmts), and the **EU** (-1.0 mmts to 9.7 mmts) were revised down. These revisions were partially offset with higher stocks in **Russia** (+0.5 mmts to 10.0 mmts) as production is raised this month.

Ending stocks in **India** are revised down 1.0 mmts to 27.8 mmts on but remain at a record. Other downward revisions were made for the **UK** (-0.3 mmts to 1.7 mmts) and **Uzbekistan** (-0.1 million mts to 1.5 million). Some importing countries are seeing an uptick in stocks with upward revisions for **Algeria** (+0.4 mmts to 5.4 mmts), **Iran** (+0.8 mmts to 4.8 mmts), **Nigeria** (+0.1 mmts to 0.5 mmts), and **Saudi Arabia** (+0.5 mmts to 3.1 mmts).



## ➤ U.S. Wheat Supply and Demand by Class

Table 6--Wheat classes: supply and disappearance, million bushels

Marketing year and type 1/ 2/		Supply			Disappearance					
					Domestic use					
		Beginning stocks	Production	Total supply 3/ 4/ 5/	Food use	Feed and residual use	Total domestic use 5/ 6/	Exports	Total disappearance 5/	
2019/20	All wheat	1,080	1,932	3,116	962	97	1,118	969	2,087	1,028
	Hard red winter	516	845	1,363	378	76	479	378	856	506
	Hard red spring	263	520	835	265	3	286	269	555	280
	Soft red winter	158	240	401	148	45	204	92	296	105
	White	88	273	367	85	-7	84	188	272	95
	Durum	55	54	150	85	-21	66	42	108	42
2020/21	All wheat	1,028	1,828	2,957	961	95	1,120	992	2,111	845
	Hard red winter	506	659	1,169	377	-1	402	340	742	428
	Hard red spring	280	531	858	263	59	339	284	623	235
	Soft red winter	105	266	376	148	61	222	69	291	85
	White	95	303	404	85	-26	64	270	334	70
	Durum	42	69	148	88	3	93	28	121	27
2021/22	All wheat	845	1,646	2,606	962	135	1,163	860	2,023	583
	Hard red winter	428	749	1,182	410	85	523	360	883	299
	Hard red spring	235	297	587	238	-10	245	215	460	127
	Soft red winter	85	361	451	150	75	238	120	358	93
	White	70	201	276	84	-10	80	150	230	46
	Durum	27	37	110	80	-5	78	15	93	17

Note: -- = no data.

1/ June-May. Latest data may be preliminary or projected.

2/ For hard red winter, hard red spring, soft red winter, and white, data, except production, are approximations.

3/ Includes imports.

4/ Includes flour and selected other products expressed in grain-equivalent bushels.

5/ Totals may not add due to rounding.

6/ Includes seed.

Source: USDA, World Agricultural Outlook Board, World Agricultural Supply and Demand Estimates and supporting materials.

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**12 Nov 2021 USDA ERS** - USDA's by-class, quarterly supply and use spreadsheet was updated on November 10, 2021. In addition to small revisions to earlier data, the spreadsheet was updated to include the first quarter (June-August) of marketing year 2021/22.

Previously, this data was not released until the completion of a marketing year, but now is intended to be updated throughout the year one quarter at a time.

This file is published in the same location on the USDA, Economic Research Service website as the Wheat Data spreadsheet.

Table 1 - Food use mill grind, by class, 2016/17-2021/22									
	Final	Current	Current	Proposed	5-year average	Final	Proposed	Current	Proposed
Class	2019/20	2020/21	2021/22	2021/22	2016/17 - 20/21	2019/20	2020/21	2021/22	2021/22
	Million bushels				Percent of mill grind				
HRW	378.2	376.8	400.0	410.0	40.0	39.3	39.2	41.5	42.6
HRS	265.0	263.0	248.0	238.0	26.9	27.6	27.4	25.7	24.7
SRW	148.0	148.0	150.0	150.0	15.7	15.4	15.4	15.6	15.6
White	85.0	85.0	84.0	84.0	8.9	8.8	8.8	8.7	8.7
Durum	85.4	87.9	82.0	80.0	8.6	8.9	9.2	8.5	8.3
Total	961.6	960.7	964.0	962.0					

Note: HRW = Hard Red Winter; HRS = Hard Red Spring; SRW = Soft Red Winter.

Source: USDA, National Agricultural Statistics Service and USDA, Economic Research Service calculations.

**12 Nov 2021 USDA ERS** - Total food use in 2021/22 is adjusted lower by 2 million bushels to 962 million based on a slower-than-expected rate of wheat use as reported in the latest NASS Flour Milling Products report.

By-class food use adjustments in 2021/22 are made for HRW (+10 million bushels to 410), HRS (-10 to 238), and Durum (-2 to 80). The slow pace of Durum milling, combined with the lagging pace of trade, indicates that Durum use appears to be returning to a more normal level after spiking in the past year due to strong consumer demand for pasta products during the COVID-19 pandemic.

Given the extraordinary drought in the Northern Plains and the tight supplies of HRS, it is expected that HRS will occupy a slightly smaller proportion of the total food use mill grind; HRW is expected to occupy a larger than normal proportion of the total mill grind. The unusually large spread between HRS and HRW prices this year is an added incentive to blend additional HRW in flour production.

Furthermore, another result of dry conditions is that HRS supplies this year have an unusually high protein level, estimated at 15.4% according to the U.S. Wheat Associates Crop Quality Report. This elevated protein level, well above the 5-year average of 14.4%, further underscores the ability to blend additional HRW into flour production.

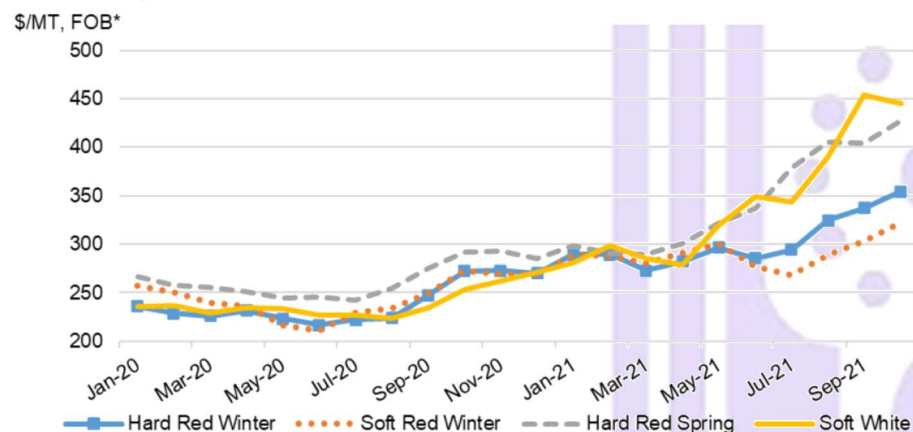
SRW food use remains at 150 mbus and White wheat remains at 84 mbus. Table 1 above provides additional detail.

### Wheat Price Trend Over the Past Year

U.S. wheat prices have risen substantially in the past year (figure 3) as shown in International Grains Council (IGC) Freight on Board (FOB) export quotes. In October 2020, the average U.S. Gulf quote for U.S. Hard Red Winter (HRW) wheat was \$272 per metric ton (MT), while the quote for U.S. Hard Red Spring (HRS) for shipment from the Pacific Northwest (PNW) was \$290 per metric ton. These monthly average quotes for October 2021 are up by 30 percent and 46 percent, respectively, to \$355 and \$427. The price increase is particularly stark for HRS as this class was directly impacted by the drought in the Northern Plains. Supplies of high-protein Spring Wheat

and Durum are very tight currently and premiums for those classes are particularly high. Soft White (SW) quotes have also risen dramatically in the past year (up 76 percent to \$445/MT) as drought in the PNW region resulted in a much smaller crop.

### U.S. wheat prices on the rise



\*MT: metric ton; FOB: freight on board. Quotes are monthly averages.  
Source: International Grains Council.

Table 4: Changes in major exporter prices from October 2020 to October 2021

Export quotes 1/	October 2020	October 2021	Percent change
U.S. Hard Red Winter (11.5 percent protein) 2/	272	355	30
U.S. Soft Red Winter, U.S. 2/	272	322	18
U.S. Hard Red Spring (14 percent protein) 3/	292	427	46
U.S. Soft White 3/	254	445	76
Russia (12.5 percent protein)	248	317	28
Canada CWRS (13.5 percent protein) 4/	259	396	53
EU (France), Grade 1 Rouen	245	324	32
Argentina, Up River (12 percent protein)	256	303	18
Australia ASW 5/	247	321	30

1/ All quotes are Freight on Board (FOB) in \$/metric ton.

2/ U.S. Gulf.

3/ U.S. Pacific Northwest.

4/ CWRS = Canadian Western Red Spring, Vancouver.

5/ ASW = Australian Standard White. Port Adelaide, South Australia.

Sources: USDA, Economic Research Service calculations based on data from the International Grains Council.

This price rally affecting U.S. markets has extended to the global wheat market as well. Most major export competitors have also seen substantial price rallies over the

past year (table 4). Among the major competitors for U.S. wheat, the largest price surge is seen for Canada based on its aforementioned drought.

### U.S. Wheat Price Projected at 9-Year High

#### United States monthly all-wheat price received, 2000–21



Source: USDA, National Agricultural Statistics Service.

12 Nov 2021 USDA ERS – The 2021/22 Season-Average Farm Price (SAFP) is raised 20 cents per bushel to \$6.90 based on the continued strong farmgate prices as reported in the October 29 National Agricultural Statistics Service (NASS) Agricultural Prices report as well as rising futures and cash prices. The September 2021 all-wheat farmgate price was estimated at \$7.55, which is up from \$7.13 in August 2021 and 63% above the \$4.73 in September 2020. Through the last month, futures prices have surged higher, reaching contract highs on November 1 before trending down this week. Most notably, the Minneapolis spring wheat contract gained 16% from October 1 and reached \$10.75 per bushel, the highest since July 2008. This futures rally contributes to the expectation that the farmgate wheat price in the coming months will continue to remain robust.

### CME CBOT Wheat Futures

CME Wheat made new 9-year highs on Thursday touching \$8.43¼ /bu and trading at stronger levels through the week. Similarly, KC wheat closed 7-1/2 higher at 8.34-3/4 and set a new contract high of 8.39-3/4.

France's AgriMer reported 2022/23 wheat planting had reached 93% complete as of 11/15. That was up 6ppts through the week and is just 1% point behind their average pace. FranceAgriMer reported conditions at 99% good or very good, compared to 95% at the same point last season.



Euronext wheat futures in Paris hit record highs once again today. Rumblings that China was in the market for French wheat reinforced some of the expectations and concerns of tight global supplies.

The world wheat market remains extremely tight which continues to provide underlying market support. Heavy rains in Australia have caused concerns about damage and quality to what has been expected to be a near record crop. It was hopeful that the Australian crop could help fill in some demand gaps this year. Global buyers have been banking on a bumper crop in that area, as available quality stocks in key wheat exporting countries are very limited.

Argentina's wheat harvest is 18% complete and is right on pace with their average pace. Russia is 93% harvested, with 76.7 mmt collected thus far.

The U.S. and world wheat supplies are just too tight to keep the market down. The situation will not be changing anytime soon.



**CBOT December 2021 Wheat Futures** settled on Friday at \$8.23 8.17/bu, up 3 cents on the day, and gaining 6 cents for the week.

Managed money funds were reported at 15,930 contracts net long in SRW as of 11/16. That was up by 11,930 contracts wk/wk mostly on net new buying interest.

SRW cash markets were mostly steady and remain firm overall. Despite the firm cash market structure, spreads weakened along the curve until new crop July22 and forward.

SRW acreage estimates are still highly variable, but planters are still rolling in certain areas despite the calendar.

## ➤ **U.S. Export SRW Wheat Values – Friday 19<sup>th</sup> November 2021**

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

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

Gulf barge/rail quotes, in cents per bushel.

CIF SRW WHEAT	11/18/2021	11/19/2021		
NOV	75 / 85	75 / 85	Z	UNC
DEC	80 / 95	80 / 95	Z	UNC
JAN	75 / 100	75 / 100	H	UNC
FEB	75 / 100	75 / 100	H	UNC
MAR	75 / 100	75 / 100	H	UNC

Feed wheat demand seems to be picking up as well. Two importer groups in the Philippines issued tenders for at least 130k MT of feed wheat; 40k MT of which will come from Australia with the balance being optional origin.

Russia's export duty on wheat will increase once again for the week of Nov 24-30 to \$78.3/mt; up from \$77/mt the week prior. If you recall, the floating duty calculation was implemented in June & adjusts on a weekly basis.

USDA reported an improved week of buying interest for U.S. wheat, as all classes of wheat registered better numbers. Overall sales came in slightly ahead of the four-week average at 14.7 mbus, which puts year-to-date sales at 503 mb; 21% behind a year ago and 17% behind the five-year average pace. Top Buyers..Nigeria was top buyer for the week with 3.1 mb, followed by Vietnam with 2.4 mb, Japan at 2.3 mb, the Philippines at 2.2 mb and Mexico with 1.4 mb.

Soft red winter saw 3.9 mb in sales, putting sales at 74 mbus which is 48% ahead of a year ago and 24% above average.

Hard red winter booked 4.3 mb and with 196 mbus in commitments, is sitting 14% behind a year ago and 12% behind the average pace.

Red spring wheat booked 3.4 mbus to put commitments at 136 mb, which sets 23% behind a year ago and 24% below average.

White wheat registered 3 mbus in sales and with 91 mbus in bookings, sets 42% behind last year and 30% below the average pace.

## ➤ CME KC HRW Wheat Futures

Symbol: @KWZ1 Go Future Symbol Search

Last: 834'6 | Chg: +7'4 | Open: 827'6s | High: 839'6 | Low: 820'2

Current Month: @KWZ1 next



**Kansas December 2021 HRW Wheat Futures** settled on Friday at \$8.34¼/bu. up 7½ cents on the day, and gaining 1¼ cents on the week. KC HRW led wheat futures higher, as nearby KWZ21 closed up 7½ cents/bu at \$8.34¼.

KC wheat, managed money firms were reported closing shorts during the week ending 11/16, which extended their net long 3,178 contracts to 60,560.

A big concern for KC markets continues to be crop conditions as the southwestern Plains are battling drought, with no relief on the horizon. Combined with fears of what La Nina may bring this year, that situation could easily just get worse.

## ➤ U.S. Export HRW Wheat Values – Friday 19<sup>th</sup> November 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	11/18/2021	11/19/2021		
NOV	190 / -	190 / -	Z	UNC
DEC	190 / -	190 / -	Z	UNC
JAN	190 / -	190 / -	H	UNC
FEB	190 / -	190 / -	H	UNC
MAR	190 / -	190 / -	H	UNC

## ➤ MGE HRS Wheat Futures

Symbol: @MWZ1 Go Future Symbol Search

Last: 1010'2 | Chg: -6'4 | Open: 1016'6s | High: 1022'6 | Low: 1007'0

Current Month: @MWZ1 next



**MGE December 2021 HRS Wheat Futures** settled on Friday at \$10.10¼/bu, off 6½ cents on the day, but gaining 39¾ cents for the week. The deferred months held on to 3 to 6 cent gains.

Managed money Spring wheat spec traders were 14,963 contracts net long, which was down 1,533 wk/wk on long liquidation.

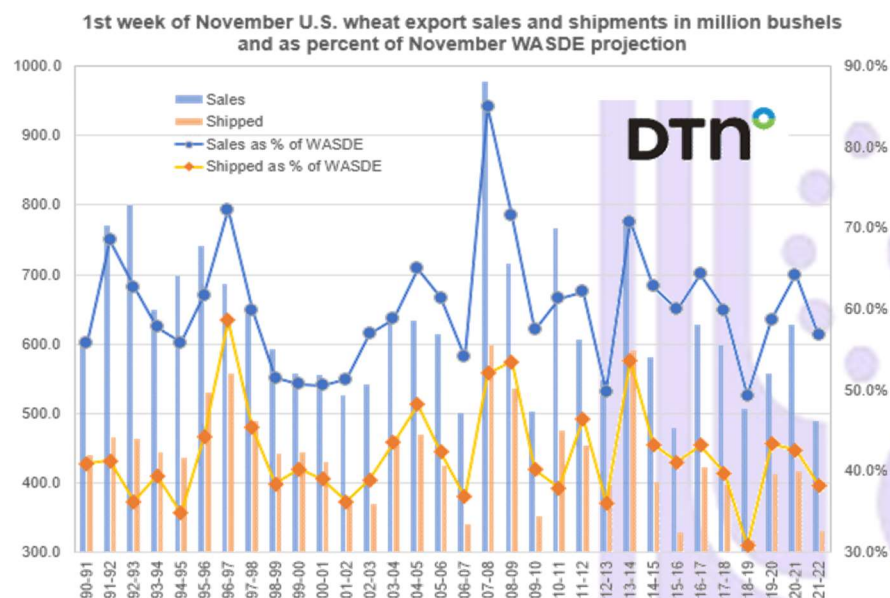
## Portland Price Trends

	11-01-20	01-01-20	10-01-21	11-11-21	11-18-21
#1 SWW (bu)	6.05	6.65	9.75	10.70	10.75
White Club	6.40	6.65	11.75	12.70	12.75
DNS 14%	6.76	7.14	10.69	11.61	11.45
HRW 11.5%	6.88	7.38	9.19	9.81	10.05
#2 Corn (ton)	180.00	211.00	255.00	272.00	274.00
#2 Barley	135.00	145.00	240.00	240.00	240.00

Another week of higher futures supported west coast markets, moving hard red winter wheat to new marketing year highs as spot basis strength was also supportive.

At current price levels, white wheat sets at the highest point since 2008, dark northern spring is at the highest since 2011 and hard red winter the best since 2012.

## ➤ US on Pace to Export 2nd Lowest Amount of Wheat in 20 Seasons



17 Nov 2021 Joel Karlin, DTN Contributing Analyst - Based on the highest domestic prices in about ten years and a lagging sales pace to date, last week USDA lowered the 2021/22 U.S. wheat export forecast by 15 mbus to 860 mbus.

As we have detailed in prior posts, the global wheat stocks and stocks-to-use ratio (if one excludes China) is one of the lowest in years and focusing just on the stocks-to-use ratio in the seven major wheat exporting countries and regions of the world that is the lowest since the 2007/08 season.

With the loss of exportable supplies in Canada and Russia among others, there had been ideas that maybe foreign interest in U.S. wheat would increase at some point in the marketing year.

That does not look likely to happen as both hard red spring and white wheat, where we have exported decent quantities in recent years, were decimated this past year by horrific weather in those parts of the country that grow these classes of wheat. Hence it is possible that additional cuts in our wheat exports may be seen in subsequent WASDE reports even though the final year projection of 860 mbus, other than the 778 mb shipped overseas in the 2015/16 season, would be the lowest in 20 years.

This graphic shows our wheat export sales and shipments in million bushels as of the first week of November on the left-hand axis and as a percent of the USDA's November WASDE export projection on the right-hand axis.

This year's 488 mbus sold is the lowest total for the first five months of the marketing year (June-May) since that 2015/16 season and what appears to be the second lowest total since at least 1990.

Meanwhile the amount shipped as of the first week of November at 329 mbus is essentially tied with 2015/16 as is also the second lowest figure since 1990 other than the 316 mbus shipped in the 2018/19 marketing year.

With the total wheat exports seen as the second lowest since 2002, one would expect low aggregate sales and shipped figures but as a percent of last week's WASDE projection of 860 mbus, sales are 56.8% of that total vs. the 20-year average of 61.5% and the amount shipped as of the first week of November is 38.3% vs. the 20-year average of 42.6%.

A look at past years that show similar percentages sold and shipped suggest final year exports could be maybe 25 mbus lower and we say that for if the final year projection were larger the reduction would also be greater based on years with similar percentages.

## COARSE GRAINS

### ➤ IGC Grains Outlook

m t	18/19	19/20	20/21 (est.)	21/22 (fcast)	y/y change
Opening stocks	650	623	616	602	- 2.3%
Production	2,141	2,187	2,212	2,287	+ 3.4%
<b>Total supply</b>	<b>2,792</b>	<b>2,810</b>	<b>2,828</b>	<b>2,890</b>	<b>+ 2.2%</b>
<b>Total use</b>	<b>2,168</b>	<b>2,194</b>	<b>2,226</b>	<b>2,290</b>	<b>+ 2.9%</b>
of which: Food	717	726	737	749	+ 1.6%
Feed	965	991	1,007	1,043	+ 3.6%
Industrial	368	356	360	371	+ 3.2%
<b>Closing stocks</b>	<b>623</b>	<b>616</b>	<b>602</b>	<b>600</b>	<b>- 0.4%</b>
Major exporters <sup>a)</sup>	163	155	134	129	- 3.9%
<b>Trade (Jul/Jun)</b>	<b>364</b>	<b>396</b>	<b>427</b>	<b>421</b>	<b>- 1.4%</b>

<sup>a)</sup> Argentina, Australia, Canada, EU, Kazakhstan, Russia, Ukraine, USA

EU-28 to 19/20, EU-27 from 20/21.

18 Nov 2021 IGC - The International Grains Council (IGC) outlook for world total grains (wheat and coarse grains) production in 2021/22 is forecast to climb by 76 mmts y/y, to a record 2,287 mmts, including new peaks for maize and wheat.



Production in 2021/22 was 3 mmts lower m/m, including cuts for wheat and barley (mainly for Iran and Algeria), but an increase for maize (led by the USA).

Led by higher feed and industrial uses of maize (both at record levels), and greater food use of wheat (also a record), grains consumption is predicted to grow by 3%. The figure for consumption was trimmed by 2 mmts, as downgrades for food and feed are only partly offset by an increase for industrial uses.

Trade (Jul/Jun) is placed 1% lower y/y, including higher shipments of wheat and sorghum, but falls for maize, barley and oats.

World stocks are seen dropping to a six-year low of 600 mmts (-2 mmts y/y). While the global carryover of wheat is expected to be only modestly below the all-time high of the year before, wheat inventories in the major exporters could be at a nine-year low.

Taking account of larger than previously estimated opening inventories, the forecast for end-2021/22 stocks is unchanged m/m, at 600 mts, only a small contraction y/y. As m/m increases for wheat and barley shipments are balanced by a reduction for maize, world trade (Jul/Jun) is still placed at 421 mmts.

#### IGC raises forecast for 2021/22 global corn crop

IGC on Thursday raised its forecast for the 2021/22 global corn crop, predominately reflecting an improved outlook for the United States.

In its monthly update, the inter-governmental body increased its 2021/22 world corn (maize) crop outlook by 1 mmts to 1.210 billion mts.

The IGC put the U.S. corn crop at 381.5 million tonnes, up from a previous projection of 380.3 mmts and in line with the USDA's current forecast.

#### ➤ USDA World Coarse Grain Output Projected Higher

12 Nov 2021 USDA ERS – Global coarse grain production in 2021/22 is projected to reach 1,499 mmts, up 5.1 mmts this month, as an increase in foreign production is boosted by an advance in U.S. corn output. U.S. coarse grain output increased by 1.1 mmts, with an upward yield revision for corn.

Non-U.S. coarse grain production (global minus U.S. output) for 2021/22 is projected 4 mmts higher this month at 1,101.1 mmts, 43.5 mmts above a year ago.

Changes in global, foreign, and U.S. coarse grain production changes for countries are presented in table A2.

#### 2021/22 Global Coarse Grain Consumption Higher Month to Month

Global coarse grain consumption in 2021/22 is projected 4.5 mmts higher this month at 1,490.6 mmts, with an increase in foreign consumption adding to higher domestic use in the United States. Non-U.S. use is up 3.3 mmts, driven mainly by upward revisions for **Sub-Saharan Africa (SSA)**, the **European Union (EU)**, and **China**.

**Table A2 - Coarse grain foreign production changes by country for 2021/22, November 2021**

Type of crop	Crop year	Production	Change in forecast <sup>1</sup>	YoY <sup>2</sup> change	Comments
Million tons					
<b>SUB-SAHARAN AFRICA (SSA)</b>					
↑ Corn	Various	84.8	+2.2	+1.9	As a result of a biannual SSA review, corn output in each country of the region is revised. Corn production is projected higher for Nigeria, Ethiopia, Mozambique, Burkina Faso, Angola, and several other countries with smaller changes.
↑ Sorghum	Various	28.8	+0.5	+0.6	As a result of a biannual SSA review, sorghum output in each country of the region is revised. Sorghum production is projected higher for Burkina Faso, while small adjustments are made for Rwanda and Lesotho.
<b>ARGENTINA</b>					
↑ Corn	Mar-Feb	54.5	+1.5	+4.0	Corn area is projected almost 5 percent higher, with about 40 percent being planted. High corn prices outweigh elevated costs of inputs and make corn the best crop choice this year for Argentine farmers. Export taxes for corn are at about 35 percent the level of soybean taxes. Yields are slightly reduced, as the share of lower-yielding later-planted corn is higher than usual. Production is projected at a record-high. Corn production is also up 0.5 million tons for the previous 2020/21 crop year.
<b>EUROPEAN UNION</b>					
↑ Corn	Oct-Sep	67.9	+1.6	+3.4	Harvest results reported by the countries' statistical offices indicate higher French, Romanian, and Polish corn production.
↓ Barley	Jul-Jun	53.9	-0.4	-1.5	Lower-than-projected output in France, Spain, and Sweden (in all three, harvested area is projected lower) is partially offset by higher production in Hungary—based on local official sources.
<b>TURKEY</b>					
↑ Corn	Sep-Aug	6.5	+0.2	-0.6	Corn in Turkey is fully irrigated, while yields are growing with broader use of new (non-GMO <sup>3</sup> ) hybrid seeds. Corn is currently being harvested, and the increase is based on harvest reports.
↓ Barley	Jun-May	4.5	-0.5	-3.6	Large-scale drought in the central Anatolia Plateau affected yields more than expected. The decline in yields for this crop (harvested long ago) is based on new Turkish statistics.
<b>UKRAINE</b>					
↓ Barley	Jul-Jun	10.2	-0.3	+2.3	Barley harvest is complete, and barley area and yield are projected to be slightly lower than expected.
<b>RUSSIA</b>					
↓ Barley	Jul-Jun	17.0	-0.3	-3.6	Barley harvest is complete, with lower than expected yields.
<b>PHILIPPINES</b>					
↓ Corn	Jul-Jun	7.8	-0.2	-0.6	Preliminary reports indicate lower yields for corn produced in the third quarter of the year, the most important part of the crop year.
<b>KYRGYZSTAN</b>					
↓ Barley	Jul-Jun	0.3	-0.2	-0.2	Heat and dryness during the main reproductive months brought yields of barley (and wheat) to lows not seen in more than 25 years.
<b>URUGUAY</b>					
↓ Sorghum	Apr-Mar	0.1	-0.1	Fractional	Area planted for sorghum turned out to be lower than expected.

<sup>1</sup>Change from previous month. Smaller changes (of less than 0.1 million tons) are made across countries and crops.

<sup>2</sup>YoY: year-over-year changes. <sup>3</sup>GMO: Genetically modified organism.

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

Partly offsetting is a reduction of barley feed use for **Saudi Arabia**. Consumption revisions for **Sub-Saharan Africa** and the **European Union** follow this month's coarse grain production changes. Higher output of corn and sorghum boost Food, Seed, and Industrial (FSI) in the **SSA**, while increased corn production and feed use for the **European Union** are partly offset by the reductions in barley.

Several smaller changes in coarse grain use are also made this month for a number of countries following production revisions. For more information on November's changes in corn feed and residual use.

### Coarse Grain Stocks Projected Higher

World 2021/22 coarse grain ending stocks are forecast to increase 2.2 mmts this month to 329.7 mmts, driven mainly by higher beginning stocks, that are up 1.7 mmts.

Higher global 2020/21 ending stocks (and consequently 2021/22 beginning stocks) are increased largely on account of **China**, where higher projected corn imports for 2020/21 pushed stocks up.

Corn ending stocks are projected 2.7 mmts higher, while changes in sorghum stocks are slightly offsetting, with a reduction for **Australia** (higher projected exports to China). Barley and other coarse grain stocks are virtually unchanged.

### ➤ China's Coarse Grain Import Projections Continue to Grow

12 Nov 2021 USDA ERS – **China's** total **coarse grain** imports for the **2020/21** October-September trade year, which are largely used for feeding purposes, are boosted 2.3 mmts this month to reach a whopping 50.5 mmts, while imports of coarse grain for the current **2021/22** are projected at 46.4 mmts, 0.9 mmts larger relative to last month.

China's **corn** imports for **2020/21** are projected 1.5 million tons higher this month to 29.5 mmts, as the country data appears to have caught up to U.S. export statistics, while projections for current year corn imports are unchanged. Although corn imports could conceivably plug the Chinese feed gap (see a discussion on China's feed gap above), the China's corn tariff-rate quota (TRQ) of 7.2 mmts per calendar year still exists and until last year restricted corn imports.

Chinese state-owned enterprises (such as COFCO, China Oil and Foodstuffs Corporation) have what could be characterized as a virtual monopoly on a large share of corn imports, in contrast to private companies that utilize substitutes such as barley and sorghum. These private companies have been securing a large share of global supplies of barley and sorghum in response to booming feed grain demand in China and taking advantage of a large wedge between global barley and sorghum prices, and domestic Chinese corn prices in deficit regions that are near \$450/mt.

**Barley** and **sorghum** imports for **China** are projected larger for both years, 2020/21 and 2021/22. Raising China's imports for these two crops is expected to provide a bridge to satisfy demand in coarse grain feeding.

Chinese shipment data for barley indicate higher imports, up 0.7 mmts in the 2020/21 October-September international trade year, exceeding the previous record for Chinese barley imports of 9.9 mmts in 2014/15 by more than 2 mmts. For the current year of 2021/22, barley imports for China are boosted 0.5 mmts to reach 10.1 mmts, as China became a top importer from both the **European Union** and **Ukraine** (more than half of Ukrainian shipments are allocated to China).

In addition, China's imports of sorghum are projected 0.2 mmts higher, reaching 10 mmts and approaching the record of 2014/15. Additional sorghum is expected to come from **Australia**, which boosted its exports to China in both 2020/21 and 2021/22, and reflects slightly higher Australian sorghum production prospects for 2020/21.

Global barley trade for the international October, September year is unchanged this month, with two offsetting imports changes, an increase for **China** and a reduction for **Saudi Arabia** (see the section on coarse grain use above).

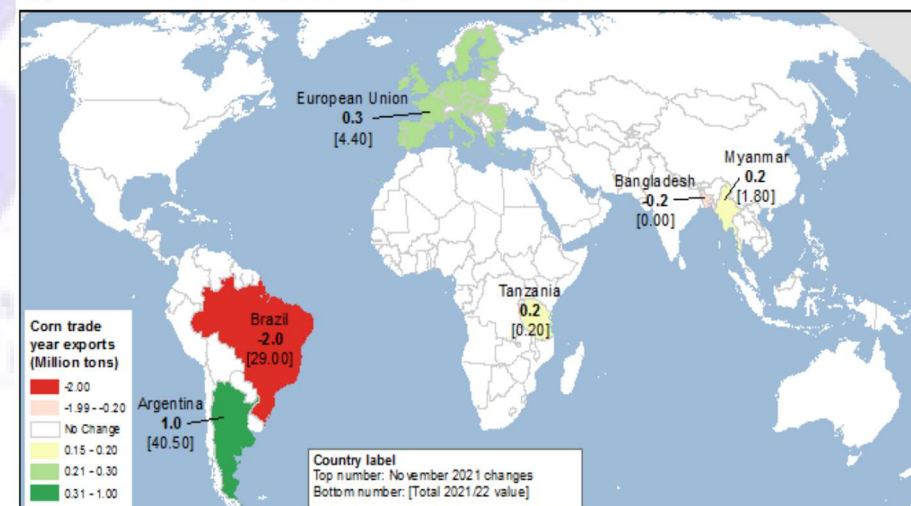
Global sorghum trade is projected 0.2 mmts higher this month to reach 12.1 mmts, with higher **Chinese** imports and increased **Australian** exports. For more information on this November's changes in corn imports.

## CORN

### ➤ Corn Exports for Argentina Got a Boost, Brazilian Exports are Down

12 Nov 2021 USDA ERS – World corn trade projected for the 2021/22 October-September international trade year is projected slightly lower this month, down 0.6 mmts to still a record of 190.4 mmts.

Map C – Corn trade year (TY) export changes for 2021/22, November 2021



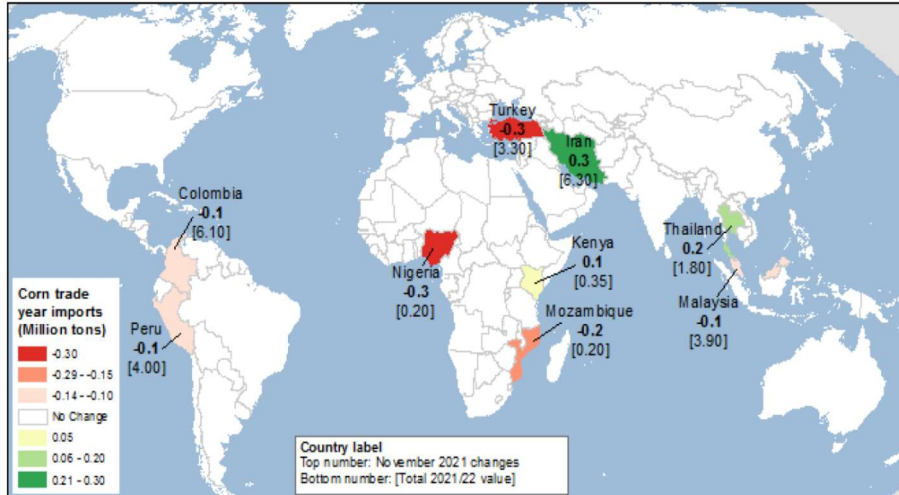
Source: USDA, Foreign Agricultural Service, Production, Supply and Distribution database.



**Brazilian** exports are reduced again this month, to 29 mmts, as export data through October was below expectations. Corn exports by Brazil are down 2 mmts for the October-September 2021/22 international trade year, as low corn supplies are expected to weigh down on Brazilian exports through February, the end of the Brazilian 2020/21 local marketing year, and 5 months into the 2021/22 October-September trade year. The current pace of corn exports from Brazil is lower than previously expected. For the 2020/21 March-February local marketing year, corn exports are down 2.5 mmts to 17.5 mmts, the lowest since 2015/16. However, for the local 2021/22 corn year (that starts in March 2022), exports are unchanged and still projected at the all-time-high of 43 mmts.

Higher projected **Argentine** exports for 2020/21 and 2021/22 reflect both increased supplies and price-competitiveness and are supported by higher-than-expected shipments through October 2021. Argentina has become the most price-competitive global corn exporter, currently and going forward. Smaller increases in corn exports are made for the **European Union**, as higher corn output is projected for the major corn exporters of the EU region, **France** and **Romania**. One of the important destinations for Romanian corn exports is Iran, where corn imports are projected higher this month. **Burma** is also projected to export more corn, mainly to neighboring **Thailand**. Higher corn exports are projected for **Tanzania**, based on the import data from Kenya, suggesting a higher-than-usual pace of trade between the two countries. Output-related changes reduce **Turkish** and **Nigerian** corn imports. For more information on November's changes in corn trade, see adjacent maps C and D.

Map D – Corn trade year (TY) import changes for 2021/22, November 2021



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

## CME CBOT Corn Futures



**CME Corn December 2021 settled on Friday at \$5.70 3/4 5.77 1/4/bu, off 2 1/4 cents on the day, and losing 6 1/2 cents for the week. 2023 futures were actually a bit firmer.**

**New crop December was a penny higher at the close, which tightened the Dec-Dec premium to 16 1/2 cents.**

**Corn spreads were mixed; CZ/H down 1/4c at -6 1/4 carry, CH/K up 1/4c at -4 1/2 carry, CK/N up 1/4c at slightly carry, CN/U down 2c at 20 1/2 inverse, and CU/Z down 3/4c at 8 1/4 inverse.**

**CFTC's weekly Commitment of Traders report showed managed money funds extended their net long by 21,526 contracts to 341,135. That was the most net long the group had been since May, led by net new buying interest through the week that ending the 16<sup>th</sup> of November. Commercial corn traders added 15.6k new shorts, extending their net short by 19,475 contracts to 588,039.**

**CIF NOLA values were firmed today as well, as cash for December forward remains at or above DVE. Rail demand east to west remains over DVE into the summer.**

**Barge freight will also need to be under close watch as this week seemed to be dropping, but with a firmer to finish the week. River levels and drafts will also be something to monitor as will have a big effect on values.**

**As the market tries to figure out a direction, prices may remain sideways. Other than support from good ethanol margins and demand, the bullish news for corn has been lacking. It was reported yesterday that the EPA will delay the announcement of biofuel blending mandates. The U.S. weather forecast looks mostly favorable as the last of harvest wraps up.**

**Looking longer-term, the expectation for higher fertilizer and input costs for next season's corn crop may be lending support.**



Chinese corn prices over the past 30 trading days have risen nearly 10%/\$.94 per bushel to \$10.74. Soybean meal on the other hand, has actually declined about \$14.45 per ST/3% to \$457

Ukraine's corn export program appears to be underway with a seasonal high 41 mbu shipped last week. Dec-Feb exports are expected to be about 40% greater this year, in excess of 150 mbu.

In Argentina, the Buenos Aires Grain Exchange said 29% of their corn crop was planted which is behind the usual pace, but 91% was rated good to excellent.

Brazil's CONAB reported corn planting progress at 64% complete nationally for first crop, while planting in Parana and Sao Paulo has finished as of November 13<sup>th</sup>. Local forecasts in Brazil are calling for a return to dryness in the South after Thursday showers, while Mato Grosso, MDGS, and parts of Goias are expected to get scattered showers through the weekend.

#### ➤ U.S. Export Corn Values – Friday 19<sup>th</sup> November 2021

**Corn CIF NOLA Gulf barge/rail quotes, in cents per bushel basis CBOT futures:**

USDA (U.S. No. 2, 14.5% moisture, CIF NOLA

Changes are from the AM Gulf barge basis report.

CIF CORN	11/18/2021	11/19/2021	Del. Mo.	
LH NOV	66 / -	67 / -	Z	
DEC	70 / -	70 / 74	Z	
JAN	68 / -	68 / -	H	UNC
FEB	70 / -	70 / -	H	UNC
MAR	68 / 73	68 / 73	H	UNC
APR/MAY	64 / -	64 / -	K	UNC

#### ➤ U.S. Corn exports unchanged at 33% of global trade

12 Nov 2021 USDA ERS – The U.S. corn export forecast for **2021/22** is unchanged this month at 63 mmts, at about a 33% share of global corn trade and 5.6 mmts lower than a year ago, a record-high export year.

Last year, the U.S. share of global trade went above 37%, boosted by **Chinese** imports and lower competition from **Brazil** and **Ukraine**.

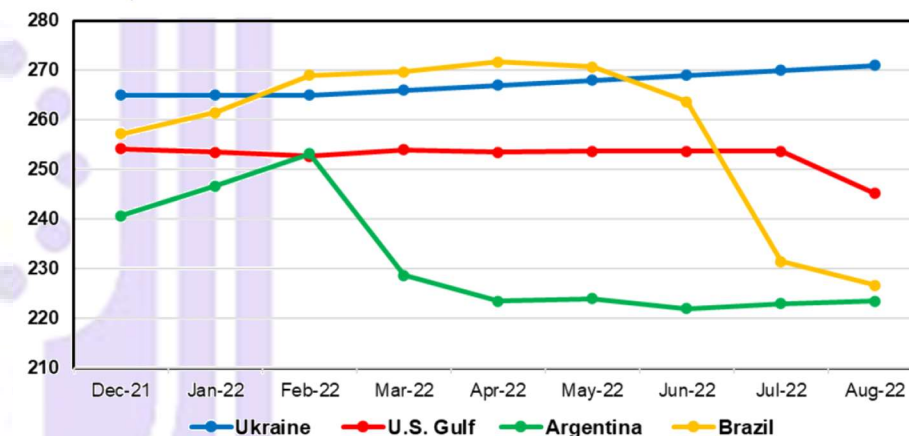
Outstanding sales at the end of October 2021 are slightly lagging behind last year, and October grain inspections are essentially on par with a year ago.

However, all three major U.S. corn export competitors have the potential for bumper harvests (under normal weather conditions) and large exports. **Ukraine** is likely to expand its corn trade as its harvest progresses, while **Argentina** will boost its exports

presence beginning in March 2022, followed by **Brazil**—all of which is expected to limit U.S. exports later in the year at the currently projected level.

#### **Corn Free-On-Board (FOB) forward prices**

U.S. Dollars per metric ton



Source: AgriCensus.

For the 2020/21 October-September trade year, U.S. corn exports are adjusted up 0.3 mmts to 68.6 mmts, based on published data from the September 2021 U.S. Census report. As the local marketing year ended in August, the local year exports were adjusted a month ago and are unchanged this month at 69.9 mmts (2,753 mbus).

### **BARLEY**

#### ➤ U.S. Barley Supply and Use Unchanged for 2021/22

12 Nov 2021 USDA ERS – There are no changes made to the supply and use levels of the U.S. barley balance table. Production remains projected at 118 mbus for 2021/22, based on NASS's September 30 Small Grains Summary report.

The current supply outlook for U.S. barley markets is sharply lower for 2021/22, with dry and hot growing conditions affecting the main Northern Plains production regions in the United States and reducing production 31% from last year. Lower supplies are projected to translate into lower use for U.S. barley. Food, seed, and industrial use of barley for 2021/22 is projected to total 115 mbus, a 22% decrease from 2020/21.

The USDA season-average farm price for barley is projected at \$5.15/bus, a \$0.15 reduction from October. The current projection still reflects the highest farm price for barley since 2015/16. The monthly reduction is primarily due to lower reported malting barley prices reported by NASS through September in its monthly Agricultural Prices report.

### ➤ China's Feed Use of Barley and Sorghum Projected Higher

12 Nov 2021 USDA ERS – Barley and sorghum feeding for **China** are projected higher this month, with expectations of higher demand for feed grain in China's South, generally the provinces south of the Yellow River, that do not produce enough grain to feed their large livestock and poultry herds, among others.

This area is the most high-income prosperous part of China and is densely populated, such that demand for livestock products runs high. To fill this feed gap, the southern feed-deficit provinces have to secure feed grain (mostly corn) either from the corn-producing regions in the northeast of the country, or from imports.

This year, China is projected to reap a record-high corn harvest, which is 5% (or 13 mmts) higher than last year. However, transportation costs from the corn-surplus northeast to the corn-deficit South surged, boosting the price competitiveness, and hence appeal, of coarse grain imports.

While corn imports in China are subject to a quota, the country has not restricted imports of barley and sorghum that are largely destined for the feed market.

China, which is by far the world's largest barley (as well as corn and sorghum) importer, is actively generating sales and pushing global prices up. A reduction in barley feed use in **Saudi Arabia**, the second largest (after China) barley importer, is a result of competition among major importers to secure barley supplies this year, with China having a historical tendency to bid away imported grains from other countries.

Barley world ending stocks are virtually unchanged this month at 16.9 mmts, the lowest barley stocks in almost 40 years, as global barley demand outstripped supplies this year, leading to a surge in prices.

### ➤ Turkey tenders to buy 320,000 tonnes feed barley -traders

16 Nov 2021 Reuters - Turkey's state grain board, TMO, has issued an international tender to purchase around 320,000 mts of animal feed barley, European traders said on Tuesday. The deadline for submission of price offers in the tender is November 23<sup>rd</sup>. Shipment is sought in 2022 between January 3<sup>rd</sup> and January 28<sup>th</sup>.

A series of consignments are sought for unloading in the Turkish ports of Derince, Iskenderun, Mersin, Izmir, Bandirma, Tekirdag, Samsun and Trabzon.

The TMO reserves the right, at its own discretion, to buy up to 5% more or less than the tender volume, the traders said.

Barley already in warehouses in Turkey can be offered in the tender. Traders said some exporters have made advance shipments of grains to Turkey to avoid rises in Russia's grain export tax.

The tenders continue recent brisk grain import demand from Turkey to ensure good domestic supplies after the country's crops suffered drought damage this summer.

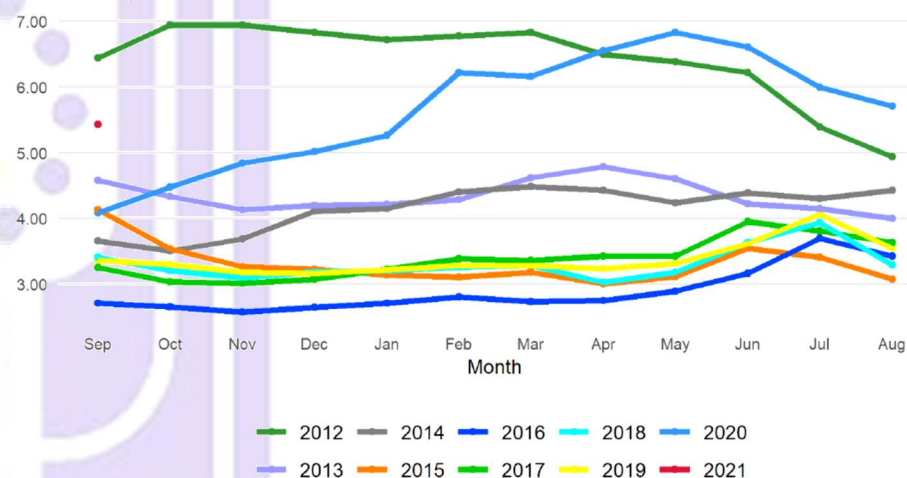
In its last reported barley tender on October 26<sup>th</sup>, the TMO bought an estimated 235,000 mts.

## GRAIN SORGHUM

### ➤ U.S. Sorghum Production Projections Remain Unchanged for 2021/22

#### Price received for sorghum, monthly

U.S. Dollars per bushel



Source: USDA, National Agricultural Statistics Service.

12 Nov 2021 USDA ERS – November's sorghum balance sheet for the 2021/22 crop made no changes from the October release. The forecast-national yield remains steady from October at 72.3 bus/acre. Sorghum-harvested area forecast remains constant at 6.5 million acres.

Sorghum production for the 2021/22 crop was largely unchanged from the October projection, totaling 471 mbus for the year. According to NASS's November Crop Production report, sorghum forecast yields of major sorghum producing states were revised from the October report. Yields for Colorado, Nebraska, and Texas are projected lower with 5-bushel, 4-bushel, and 1-bushel-per acre reductions, respectively. Decreases in projected yields in Colorado, Nebraska and Texas are offset by increases of 3 bus, 1 bus, and 3 bus/acre in Oklahoma, Kansas, and South Dakota, respectively; leaving national yield unchanged.

No changes were made to 2021/22 exports or domestic use in the WASDE report.

The USDA projected season-average farm price of sorghum remains at \$5.45/bu in 2021/22 and is consistent with NASS's reported USDA season-average farm price for September of \$5.43/bu; the highest farm price observed since 2012/13.

## ➤ U.S. Export Grain Sorghum Values – Friday 19<sup>th</sup> November 2021

Quotes, in cents per bushel basis CBOT futures:

CIF MILO	11/18/2021	11/19/2021	
November	na	na	UNC
TX FOB VESSEL			
MILO (USc/MT)	11/18/2021	11/19/2021	
December	200	210	Z
January	180	205	H
February	180	205	H

## OATS

### ➤ CME CBOT Oat Futures



**CME December 2021 Oats Futures settled at \$7.64 ½ 7.34/bu, up 8 cents on the day, gaining 30½ cents for the week.**

**Oats Futures Prices ended the last trade day of the week with 8 to 9½ cent gains.**

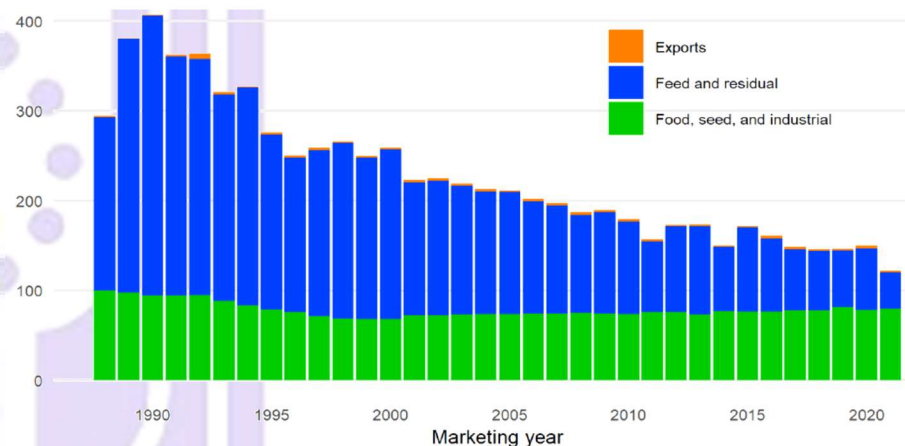
### ➤ U.S. Oat Price Projections Raised for 2021/22

12 Nov 2021 USDA ERS – There are no changes made to the U.S. oat supply and use figures in the November WASDE report. Oat production for 2021/22 remains at 40 mbus and total supplies are projected at 147 mbus; both down substantially from the current 2020/21 estimates of 66 mbus and 188 mbus, respectively.

Dry growing conditions and poor production in Canada are also contributing to the tight supplies in the U.S. market, through sharply lower imports.

### U.S. oat utilization

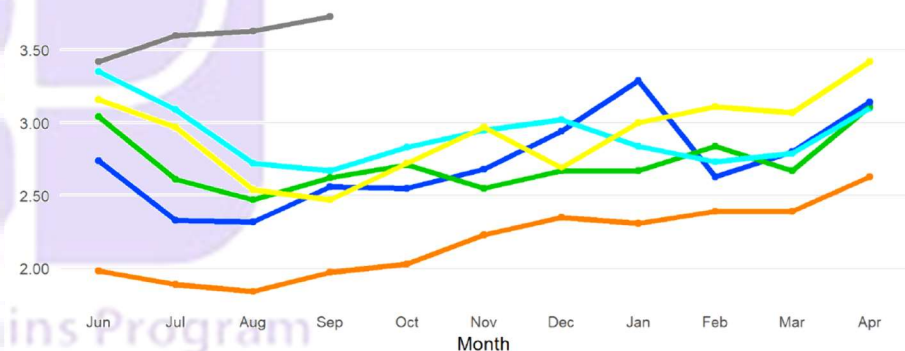
Million bushels



Note: 2020/21 is estimated, 2021/22 is projected.  
Source: USDA, Economic Research Service.

### Price received for oats, monthly

U.S. Dollars per bushel



2016 2018 2020  
2017 2019 2021

Source: USDA, National Agricultural Statistics Service.

The projected USDA season-average farm price is raised \$0.05/bush from the October WASDE report to \$3.65/bush. The increase is based on data through September,

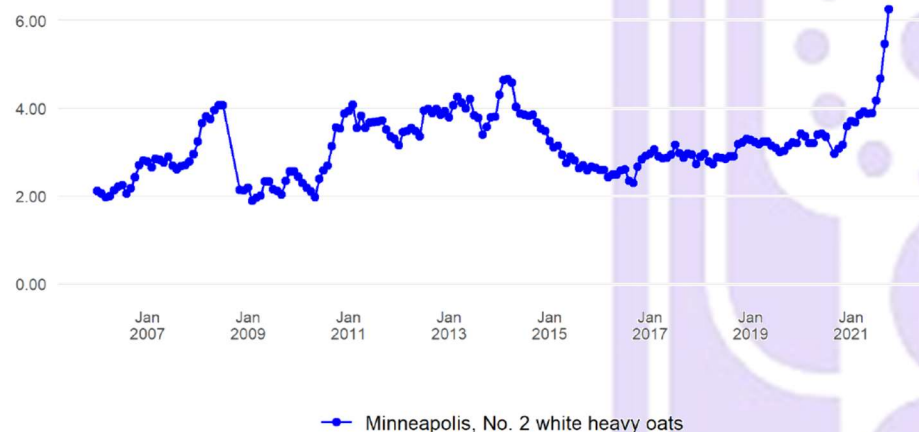


reported by NASS in its most recent Agricultural Prices report. If realized, the price would be the highest average annual farm-gate price since 2013/14

### Longer-term Fundamentals Contribute to Higher Oat Prices

#### U.S. cash-market prices for oats, monthly average

U.S. Dollars per bushel

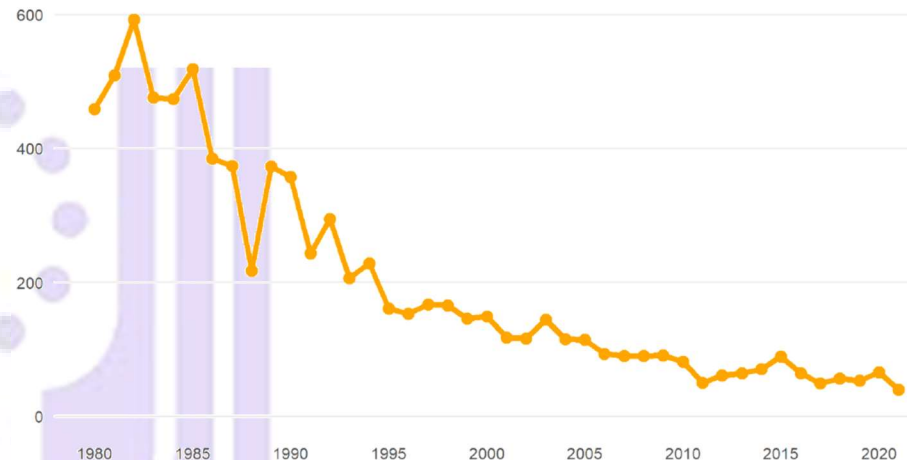


Source: USDA, Agricultural Marketing Service.

U.S. oat markets have witnessed strong price increases in the cash and futures markets since the summer. According to the USDA's Agricultural Marketing Service (AMS), the cash price for oats in Minneapolis exceeded \$6.00 per bushel in October 2021, topping the monthly highs set in 2008 and 2014. The price increase is primarily due to the poor production conditions in the United States and Canada for the 2021/22 crop, tightening supplies in the U.S. market.

#### Oat production, United States, 1980 to 2021

Million bushels



Source: USDA, National Agricultural Statistics Service.

Oats are grown broadly throughout the United States, but the majority of oat production is concentrated in the Northern Plains and Great Lakes States of Minnesota, South Dakota, North Dakota, and Wisconsin.

Oat production in the United States has been steadily declining since the 1980s. During 1980/81 and 1985/86, the United States produced between 450 mbus and 600 mbus. In the last 10 years, the largest oat crop total was slightly below 90 mbus. This decline has primarily been the result of reduced area of oats harvested for grain, with yields steadily increasing as area consolidated.

As domestic production has steadily fallen, U.S. oat supplies became more reliant upon imports, with Canada being the dominant supplier. Between 1990/91 and 1995/96, the United States imported about 17% of its total oat supplies. That total grew to about 45% by 2015/16 and 2020/21.

International Grains Program  
Kansas State University

## ENERGY

### ➤ CME WTI Crude Oil - Slumps As Pandemic Sparks Lockdowns



**CME WTI December 2021** closed on Friday at \$76.10/barrel, off \$2.91 on the day, and losing \$4.694 for the week.

January crude oil is down \$2.44 at \$75.97, January heating oil is down \$0.0887, January RBOB gasoline is down \$0.0858 and January natural gas is up \$0.113.

WTI crude oil and RBOB gasoline prices on Friday sold off sharply and posted 1-1/2 month lows. A stronger dollar Friday weighed on energy prices along with the worsening of the global pandemic, which is causing lockdowns in Europe that will curb economic activity and energy demand.

Austria on Friday said it would impose a nationwide lockdown starting Monday for at least 20 days due to the surge in Covid infections. Other European countries may soon be forced to follow suit, which will reduce economic growth and energy demand.

A worsening of the pandemic is negative for energy demand and bearish for crude. The 7-day average of new U.S. Covid infections rose to a 6-week high of 97,006 on Thursday. Also, Germany reported its 7-day average of new Covid infections per 100,000 inhabitants climbed to a record 337 on Thursday.

The U.S. attempt to coordinate a release of crude reserves from China to boost global supplies is bearish for oil prices. China's National Food and Strategic Reserve Administration said Thursday that "the bureau is carrying out crude release work at the moment." China's Morning Post Wednesday reported that during Monday night's virtual summit between President Biden and President Xi Jinping, the U.S. asked

China to release oil reserves as part of ongoing discussions on economic cooperation between the two countries.

Pressure on President Biden has increased to address soaring fuel prices. In the two previous releases of crude from the Strategic Petroleum Reserve (SPR), WTI crude prices dropped by an average of 12% in the 90 days following the official announcement. The U.S. government authorized the release of approximately 30 million bbl on both occasions. As of Nov 12, there was 606 million bbl in the SPR.

A supportive factor for crude was Wednesday's projection from BloombergNEF that the upcoming Thanksgiving holiday in the U.S. will likely boost jet fuel demand by +50,000 bpd.

On Tuesday, the IEA said the tightness in global oil markets is starting to ease. The IEA said global oil output increased 1.4 million bpd in October and will add as much in November and December as Gulf of Mexico production is restored from Hurricane Ida, and as OPEC+ continues to revive production that was halted last year during the worst of the pandemic.

OPEC members signaled Monday that they would not be swayed by pressure from President Biden to boost their oil production. UAE Energy Minister Suhail Al Mazrouei said the increase in OPEC+ crude output by 400,000 bpd for December "should be enough," and Saudi Energy Minister Abdulaziz bin Salman said that global oil supplies would begin to rise again next month. Finally, Oman's energy minister Mohammed Al-Rumhy said there was no need for OPEC+ to accelerate its production increases.

Last Thursday's monthly report from OPEC was supportive of crude prices as it showed OPEC Oct crude production rose by +217,000 bpd, well below the cartel's share of the OPEC+ monthly 400,000 bpd supply hike.

A bearish factor for crude is reduced demand from China after China's General Administration of Customs data showed China Oct crude imports fell -8% m/m to 8.9 million bpd, the lowest in more than three years.

In a bearish factor for oil prices, Iran's deputy foreign minister on November 3 said that negotiations to revive the 2015 nuclear deal would resume November 29 in Vienna. The talks are likely to be difficult, but a successful conclusion would mean that some sanctions on Iran would be dropped and that Iranian crude oil could start flowing into the world markets again.

A decline in global crude oil stored on oil tankers throughout the world is bullish for crude prices. Vortexa on Monday said that crude oil stored on tankers that have been stationary for at least seven days in the week ended November 12 fell -8% w/w to 91.76 million bbl.

Wednesday's weekly EIA report showed that (1) U.S. crude oil inventories as of November 12 were -7.3% below the seasonal 5-year average, (2) gasoline inventories were -4.2% below the 5-year average, and (3) distillate inventories were -5.3% below the 5-year average. U.S. crude oil production in the week ended November 12 fell -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 ended November 19 rose by +7 rigs to a 19-month high of 461 rigs. U.S. active oil rigs have risen sharply from last August's 15-year low of 172 rigs, signaling an increase in U.S. crude oil production capacity.

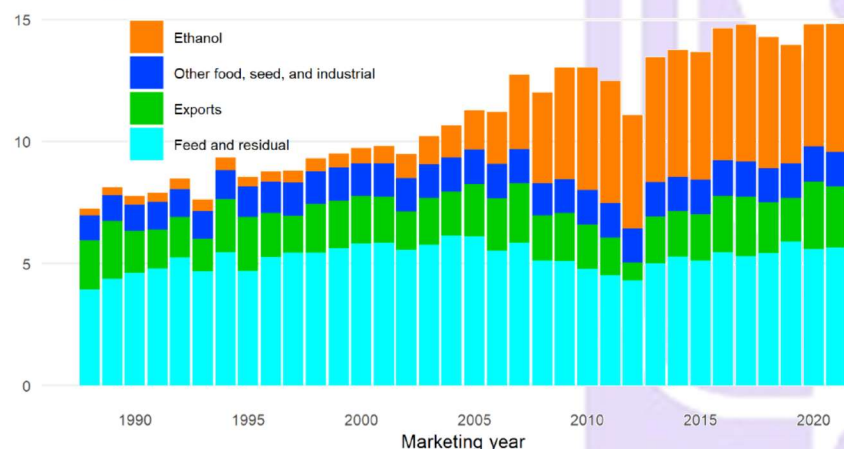
## ETHANOL

### ➤ Post-Harvest Ethanol Production Rebounds, Raising Corn Use

12 Nov 2021 USDA ERS - Total corn use for 2021/22 is projected to total 14,830 mbus, a 50 mbus increase from the October report. Y/o/y use projections are only slightly higher.

#### U.S. corn utilization

Billion bushels



Note: 2020/21 is estimated, 2021/22 is projected.  
Source: USDA, Economic Research Service.

A greater proportion of use for 2021/22 is projected to be domestic use, however, compared with the previous year that saw record exports.

Food, seed, and industrial use of corn is projected to be 6,680 mbus, a 50 mbus increase from the October WASDE report. The increase is entirely due to higher corn use for fuel ethanol, projected at 5,250 mbus.

Ethanol production increased substantially during October, according to weekly data reported by the Department of Energy's Energy Information Administration (EIA). Weekly totals during October nearly exceeded record-setting totals set in 2017. This increase is partially due to the strong margins seen for ethanol producers, as corn prices have fallen with the 2021/22 corn crop coming to market, and gasoline prices have remained strong.

### Weekly totals of U.S. gasoline product supplied and ethanol production and ending stocks

Million gallons



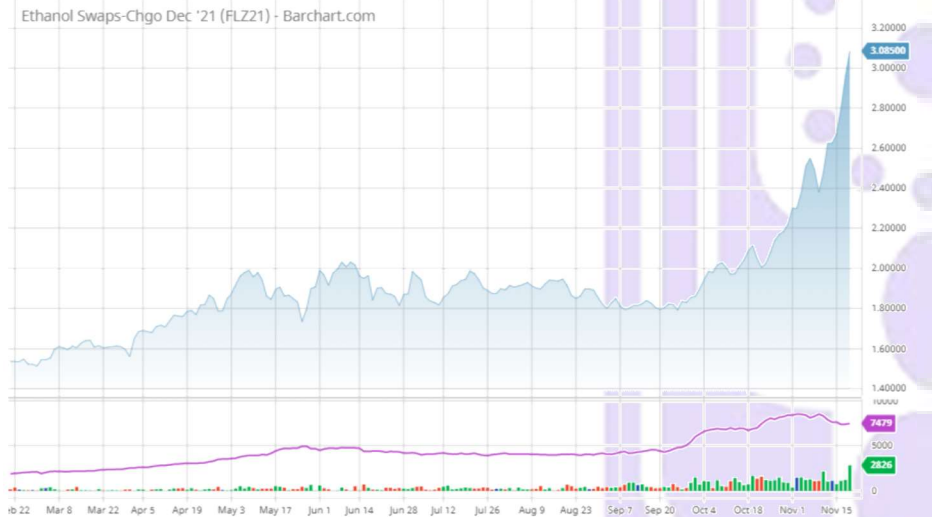
Source: U.S. Department of Energy, Energy Information Administration.

The increase in the weekly data is also potentially related to the slowdown in ethanol production that occurred during the summer, when corn prices were high, and availability limited. EIA reported that finished gasoline supplied continued its steady recovery through the summer, despite less ethanol being produced. As a result, ethanol stocks were drawn down. The post-harvest surge in ethanol production is, at least partially, catching up with the sector's previous period of low-capacity utilization. According to the EIA annual capacity data, the weekly fuel ethanol production capacity is about 330 million gallons per week—well above the utilization rates seen during the 2021 summer, but in recent weeks has been approaching that level. Corresponding ethanol stocks have not seen a substantial increase, though. The lack of higher stocks could potentially be due to the uptick in ethanol production going directly to the domestic gasoline supply, an increase in ethanol exports (which wouldn't be fully accounted for until U.S.



Census trade data for October is released in December), product in transit from production centers to storage facilities, or some combination of factors. Going forward, gasoline consumption and consumer miles driven are expected to be the main factors affecting ethanol production and demand. Stock-building and potential exports may provide additional, though more marginal, opportunities for growth.

### ➤ CME Ethanol Futures - Nearby Monthly



*Ethanol made new seven year highs again this week as **CME Ethanol December 2021** closed on Friday at \$3.0850, up 12.500 cents on the day, and gaining 46.000 cents for the week.*

*Ethanol margins were finally a bit lower today but still remain very high (down .15 gal for Dec). As of Friday ethanol values were within 10 cents from the highest prices of all time!*

*January crude oil is down \$2.44 at \$75.97, January heating oil is down \$0.0887, January RBOB gasoline is down \$0.0858 and January natural gas is up \$0.113.*

*USDA's Ethanol Report showed ethanol cash prices at a \$3.25 to \$3.36/gal, compared to \$2.20 on the board and \$3.02 to \$3.28 last week. Corn oil prices were down about 2 cents to 58.5 c/lb. DDGS FOB prices were steady in the PNW but up \$13 to \$253/ton in NOLA.*

### ➤ U.S. generation of renewable fuel credits rose in Oct -EPA

18 Nov 2021 *Reuters* - The United States generated more renewable fuel blending credits in October versus the month prior, data from the Environmental Protection Agency showed on Thursday.

About 1.2 billion ethanol (D6) blending credits were generated in October, versus 1.16 billion in September, according to the data. About 420 million biodiesel (D4) blending credits were generated last month, up from 385 million the month prior.

### ➤ U.S. Export Ethanol Values – Friday 19<sup>th</sup> November 2021

Nearby Ethanol Quotes, Basis CBOT futures:

	11/18/2021	11/19/2021		
Blair, NE	-6	-6	Z	UNC
Cedar Rapids, IA	2	2		UNC
Decatur, IL	18	18	Z	UNC
Fort Dodge, IA	27	27	Z	UNC
N. Manchester, IN	-5	-5	Z	UNC
Portland, IN	5	5	Z	UNC

Wednesday's Energy Information Administration (EIA) report showed overall ethanol production rose 21,000 barrels per day (bpd) to 1.060 million bpd as of November 12<sup>th</sup>, 10.2% above the same week in 2020. Midwest PADD 2 plant production also increased last week, up 26,000 bpd or 2.6% to 1.008 million bpd, 10% higher than output during the corresponding week last year..

### ➤ DDG's – Prices higher for the week

19 Nov 2021 *Mary Kennedy, DTN Analyst* – The DTN average price for domestic distillers dried grains (DDG) from 33 locations reporting for the week ending November 18<sup>th</sup> was \$184/ton, up \$1/ton on average from one week ago.

DDG prices have found support from the surge in soybean meal which has been rallying due to heavy demand because of the shortage of the feed additive L-lysine. Talk is that spot cash prices (no prior contract) for soybean meal have at least doubled recently and possibly even higher.

In its weekly DDGS export price update, the U.S. Grains Council said: "Brokers and exporters report DDGS demand is picking up on the export market. Lower freight rates have helped boost international interest, but buyers also have to contend with this week's foreign exchange rate swings.

Barge CIF NOLA offers are up \$7 to \$9 metric ton (mt) for December-February shipment while FOB Gulf offers are \$2 to \$3/mt higher for December and January and \$7/mt higher for February. Trade to Southeast Asia is still slow and characterized by a

wide bid/ask spread but offers are up \$5 to \$10/mt for Q1 2022 shipment, averaging \$357/mt for 40-foot containers."

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

Settlement Price:	Quote Date	Bushel	Short Ton
Corn	11/18/2021	\$5.7300	\$204.64
Soybean Meal	11/18/2021		\$370.40
DDG Weekly Average Spot Price			\$184.00
DDG Value Relative to: 11/18		11/11	
Corn	89.91%	89.97%	
Soybean Meal	49.68%	53.12%	
Cost Per Unit of Protein:			
DDG	\$6.81	\$6.78	
Soybean Meal	\$7.80	\$7.25	

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

Based on the average of prices collected by DTN, the value of DDG relative to corn for the week ending November 18<sup>th</sup> was 89.91%. The value of DDG relative to soybean meal was 49.68% and the cost per unit of protein for DDG was \$6.81, compared to the cost per unit of protein for soybean meal at \$7.80.

#### **OILSEEDS COMPLEX**

##### ➤ **IGC maintains 2021/22 global soybean crop**

m t	18/19	19/20	20/21 (est.)	21/22 (fcast)	y/y change
Opening stocks	48	63	51	55	+ 6.3%
Production	363	340	366	380	+ 3.9%
<b>Total supply</b>	<b>411</b>	<b>403</b>	<b>417</b>	<b>435</b>	<b>+ 4.2%</b>
<b>Total use</b>	<b>347</b>	<b>352</b>	<b>363</b>	<b>375</b>	<b>+ 3.2%</b>
of which: Crush	304	308	320	330	+ 3.3%
<b>Closing stocks</b>	<b>63</b>	<b>51</b>	<b>55</b>	<b>60</b>	<b>+ 10.6%</b>
Major exporters <sup>a)</sup>	30	23	18	21	+ 18.2%
<b>Trade (Oct/Sep)</b>	<b>152</b>	<b>169</b>	<b>161</b>	<b>168</b>	<b>+ 4.7%</b>

<sup>a)</sup> Argentina, Brazil, USA

18 Nov 2021 IGC – The International Grains Council (IGC) outlook for world soybean production in 2021/22 was maintained at 380 mmts (+4% y/y) with upgraded outlooks for Brazil and the Black Sea region offsetting a downgraded US crop figure. Record production is forecast for South America, where planting is well underway.

Linked to gains in Asia, expanded demand for soybean products is seen pushing up total utilisation to a new peak.

Trade is predicted to grow by 5% y/y, primarily on bigger shipments to Asia. With US dispatches set to retreat, South American exporters are expected to increase their share of the global total.

Aggregate inventories could increase for a second consecutive year, including in the major exporters, led by the US.

##### ➤ **USDA ERS - Argentine Soybean Crop Lowered**

12 Nov 2021 USDA ERS – The 2021/22 global soybean production forecast is slightly down from last month's forecast, by 1.13 mmts, to 384 mmts. A 1.5 mmts decrease in Argentine soybean production, in conjunction with the aforementioned decrease in U.S. production, more than offsets increased production in other countries, like India.

Although the Argentine soybean yield forecast remains strong at 3.02 mts/ha, a decrease in planted and harvested soybean hectares has driven down the production estimate. In lieu of soybeans, Argentine farmers have opted to plant a more competitive crop; corn. As a result of the lower soybean supply, Argentine soybean exports are forecast down by 1 mmts to 5.35 mmts, lowering March 2022 ending stocks to 7.95 mmts.

The reduction in Argentine soybean exports is offset by anticipated increases in Brazilian soybean exports on the global balance sheet. Brazil is expected to export a record 94 mmts of soybeans in the upcoming marketing year.

With lower U.S. and Argentine exports, China imports are lowered 1 mmts to 100 mmts.

Not only have reductions in Argentine and U.S. soybean production estimates affected global exports, but also the global outlook for 2021/22 soybean ending stocks. The 2021/22 soybean ending stock estimate is lowered from October's projection by 787 mmts to 103.78 mmts. Although the monthly forecast has been reduced, global soybean stocks are rebounding in 2021/22 from 2020/21 by 3.7 mmts.

##### ➤ **China's weekly soybean crush drops again on lack of soybeans**

18 Nov 2021 - China's soybean crushing volumes in the week to November 14<sup>th</sup> fell because of a shortage of soybeans, which limited crushing rates for oil plants, data from the National Grain and Oil Information Centre (CNGOIC) showed Thursday.

Crushing rates came in at 1.95 mmmts last week, down 120,000 mts from the previous week and 170,000 mts from a year earlier. However, the figure was 130,000 mts higher than the average over the past three years.

"Some oil plants shut down last week due to a lack of soybeans, so the operation rates were lower than expected," CNGOIC said.

Soybean stocks fell by 250,000 mts from the previous week to 4.25 mmmts mt last week, which was down 560,000 mts on the month and 2.72 mmmts on year.

At the same time, soyoil inventories fell slightly on the week to 810,000 mts, 10,000 mts lower than the level recorded last month.

On the contrary, soymeal stocks rose for a second consecutive week to 580,000 mts, up 30,000 mts from the previous seven-day period, mainly because of a slow procurement pace from downstream companies.

Finally, CNGOIC once more lifted its estimate for the volumes of soybean arrivals in November to 8 mmmts, which is 600,000 mts higher than the forecast made last week.

#### ➤ **Better Soybean Crop Helps To Relieve Tightness in Indian Markets**

12 Nov 2021 *USDA ERS* - Better soybean yields in India led the 2021/22 crop production forecast to increase by 0.9 mmmts this month to 11.9 mmmts.

Year-over-year, soybean production increased by 1.45 mmmts on improved weather conditions. A better harvest this year helps Indian soybean crushers expand the domestic production of soybean meal and oil.

The Indian domestic meal and oil prices have skyrocketed this year, incentivizing additional soybean crush. The prospective crush has been revised up by 0.4 mmmts this month to 10 mmmts, 0.5 mmmts higher than 2020/21.

A higher soybean crush would also boost the soybean oil production forecast to 1.8 mmmts. Soybean oil imports are forecast upwards for 2021/22 by 100,000 mmmts this month to 3.725 mmmts and compared with 3.65 mmmts for 2020/21.

At the same time, domestic consumption of soybean meal is experiencing a healthy y/o/y growth of 11%. Indian soybean meal exports are forecast to reach 2.1 mmmts in 2021/22, just slightly below the 2020/21 level.

#### ➤ **EU 2021/22 soybean imports at 4.51 mmmts, rapeseed 1.61 mmmts**

16 Nov 2021 *Reuters* - European Union soybean imports in the 2021/22 season that started in July had reached 4.51 mmmts by the 14<sup>th</sup> of November, data published by the European Commission showed on Tuesday. That compared with 5.41 mmmts by the same week in the previous 2020/21 season, the data showed.

EU rapeseed imports in 2021/22 had reached 1.61 mmmts, compared with 2.65 mmmts a year earlier.

Soymeal imports 2021/22 totaled 5.14 mmmts against 6.95 mmmts a year ago, while palm oil imports stood at 2.02 mmmts versus 2.47 mmmts.

The Commission said that the data for France in the report was still only complete until July 2021.

## **SOYBEANS**

### ➤ **Brazil's soybean exports remain robust, corn subdued**

17 Nov 2021 *Reuters* - Brazil exported a high of 1.5 million mt of soybeans but a still subdued 1.1 mmmts of corn in the first two weeks of November, official customs data showed late Tuesday.

The country shipped on average 192,355 mts of beans per working day in November, an over two-fold increase compared to November 2020.

Looking ahead, Brazil's monthly exports are expected to reach 2.6 mmmts, estimates from the country's grain exporters association Anec have shown.

If confirmed, this will represent an 81% increase compared to the previous year as demand for Brazilian beans has remained robust this year during the country's off-season period, especially due to disruptions in the US market.

Meanwhile, the country's corn exports remained subdued as a result of the massive second crop safrinha loss this year.

The pace of daily corn shipments edged slightly lower on the week to 134,532 mts, 43% below average exports at the same point last year.

The country has as much as 3.1 mmmts of corn already shipped or expected to sail by the end of the month, according to line-up data from shipping company Cargonave.

However, last week Anec pegged its November corn export estimates ranging from 1.5 to 2.0 mmmts "considering the possibility of shorter cargo loading."

Even if the more optimistic scenario based on the Cargonave line-up data materializes, monthly exports will remain significantly below the 4.7 mmmts exported in November 2020.

Brazil imported 278,611 mts of corn in the first two weeks of the month at a daily rate over three times higher on the year.

In terms of downstream products for the soybean complex, the country exported 519,298 mt of soymeal in the first two weeks of November, with average shipping rates nearly 10% lower on the year.

### ➤ **CME CBOT Soybeans Futures**

*Soybean futures were mostly lower on Friday, ending the session fractionally to 2 cents in the red.*





**CME January 2022 Soybean Futures** settled on Friday at \$12.63 1/4/bu, off 2 cents on the day, but gaining 19 cents for the week. The market appears to be looking for direction.

Weekly CoT data showed soybean spec traders were 29,488 contracts net long on the 16<sup>th</sup> of November. That was a 17,351 contract stronger net long through the week, led by short covering. Commercial soybean traders added hedges which netted 8,950 contracts to the short side on 32.8k increase to OI. Commercials were net short 155,711 contracts of soybeans on 11/16. In the meal, spec traders were 28,189 contracts more net long to 37,488 contracts on short covering. Managed money funds were 76,212 contracts net long as of 11/16 after a 3,607 contract net boost.

There is underlying support in the soybean market from the fact that crush margins are very strong and support exists around the 12.50 level.

Cash bean activity was quiet on the farmer side after some big selling days earlier in the week. January FOB IWDS is relatively cheap at 10 cents under DVE values. SF/SH firmed (along with Dec river basis) mid-week, and since has widened back out to 11 3/4 as basis retreated. Interior processor bean basis had a firming posture in most markets.

Looking to the Southern Hemisphere, estimates at the end of November show Brazil soybean stocks at a little over 500 mbus; that's almost double a year ago and goes a long way in explaining why its current export line-up stands at 70 mbus, versus only three vessels in last year. Brazil continues to export soybeans at a pace well above last year, with shipments in the latest 5-day period at 25 mbus, nearly double the year ago total. Brazilian soybean meal on the other hand was only 69 kmnts, well short of last year's 359 kmnts.

Brazil's soybean crop is projected at a record 5.29 billion bushels. In Argentina, the Buenos Aires Grain Exchange reported that 29% of their soybeans were planted, which is down 2% from the average.

As South America's planting progress continues with few issues, the bigger question remains the La Nina forecast and what impact it will have on production and the market.

NOAA CPC and WMO maps show dryness during the past week in Central Mato Grosso, Parana, and RGDS. Central and N.E. Goias received at least 100 mm (3.9") of rain from 11/8-11/14. The WMO soil moisture map showed spotty deficit was present in Parana through Rio Grande Do Sul, with MG and MGDS at a deficit, and Sao Paulo as very depleted. Brazil was reported at 79.2% planted (+10.2% points compared to 2020) as of 11/13's progress report from CONAB.

Argentina's Buenos Aires Grains Exchange reported soybean planting at 28.6% of the expected area through 11/18. That was a 9.8% advancement through the week..

#### ➤ U.S. Export Soy Values – Thursday 19<sup>th</sup> November 2021

U.S., FOB Gulf	-	\$495.25/mt
U.S., FOB PNW	-	\$536.75/mt
Brazil, FOB	-	\$501.25/mt
Argentina, FOB UpRiver		\$513.00/mt

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

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

CIF BEANS	11/11/2021	11/12/2021	
CIF BEANS	11/18/2021	11/19/2021	
NOV	77 / 85	75 / 83	F
NOV/DEC	-	3 / 5	F
FH DEC	76 / 80	70 / 80	F
DEC	75 / 78	70 / 80	F
FH JAN	74 / 77	70 / -	F
JAN	73 / 77	66 / 75	F
FH FEB	-	63 / 70	F
AM	-	60 / 65	N

Soybean export commitments are still down 32% from a year earlier, with sales to China specifically, down 34% from last year. Jan soybeans on China's Dalian exchange are around the equivalent of 17.90 per bushel.

## CANOLA / RAPESEED

### ➤ ICE Canadian Canola Futures



*Canadian ICE January 2022 Canola Futures settled on Friday's at C\$1,005.60/mt, off C\$8.50 on the day, and losing C\$24.60 for the week.*

### ➤ Australia exports 104,564 mts of Canola in September

19 Nov 2021 *Liz Wells* - Australia exported 104,564 mts of canola in September, up 13% from the August total of 92,138 mts, according to the latest export data from the Australian Bureau of Statistics (ABS).

Japan on 91,176 mts was the biggest market by far, with Nepal on 5,846 mts and Malaysia on 5,376 mts the second and third-biggest destinations respectively.

Canada's drought-reduced 2021/22 crop has left its regular buyers screaming out for volume, with Japan a case in point.

In September last year, Australia shipped 11,893 mts to Japan, or 11% of the September 21<sup>st</sup> total.

While Japan is a long-term and loyal customer for Australian seed, it normally sources volume supplies from Canada year-round. However, Canadian exports of canola to Japan in September were 71,521 mts, less than half the long-term monthly average.

Western Australia has already started exporting new-crop canola, and the first cargo for the season ex New South Wales is due to start loading later this month.

### ➤ German rapeseed sowings for 2022 crop seen expanded on year

16 Nov 2021 Reuters - Germany's winter rapeseed planted area for the 2022 harvest is likely to be expanded to around 1.03 to 1.08 million hectares against about 991,000 hectares harvested in 2021, German oilseeds industry association UFOP estimated on Tuesday.

UFOP's survey is traditionally the first detailed indication of upcoming rapeseed sowings in Germany, which competes with France for the position as Europe's largest rapeseed producer. "The increase in producer prices for rapeseed will have encouraged many farmers to expand their cultivated area," UFOP said.

EU rapeseed prices have risen steadily since the summer and hit record levels on expectations of tight world oilseed supplies. Paris Euronext rapeseed prices rose from just over 500 euros/mt in August to a record of 715.75/mt in November.

Germany's rapeseed crop, used for edible oil, biodiesel and animal feed production, is in generally good condition amid favorable weather, UFOP said. But there is some concern about insect damage amid restrictions over pesticide use in recent years.

## SUNFLOWERS

### ➤ Sunflower seed production increases in EU-27

19 Nov 2021 *Biofuels International* – This year's harvest of sunflower seed in the EU-27 was considerably larger than the previous year. It also far exceeded the long-term average, new figures revealed.

An estimated 10.3 mmts of sunflower seed was produced in the European Community in the past 12 months. This was a 14% rise over the previous year and translates to a 10% increase on the long-term average.

The sunflower area was also expanded compared to the previous year, although only just under 1% to 4.5 million hectares, 7% more than the five-year average.

The average yield amounted to 23 deci-tonnes/ha, which was a 13% growth on the weak previous year. In other words, this year's yield fell just under 0.6% short of the long-term average.

The significant rise in production was especially due to production increases in France, Romania, Bulgaria and Slovakia. With a growth of 0.8 mmts to around 3 mmts, Romania remains the largest producer of sunflower seed within the European Community, followed by Bulgaria which produced 1.9 mmts.

Favourable weather conditions helped farmers bring in larger harvests, after lack of rain during the yield-forming period and torrential rain at harvest time had led to high harvest losses in Bulgaria and Romania the previous year. In contrast, the harvest in Hungary was smaller than the previous year, as drought hampered yield formation during the vulnerable growing period.

## VEGETABLE OILS

### ➤ India's vegoil imports cost a record US\$15.7 bln

16 Nov 2021 Reuters - India's bill for imports of vegetable oil jumped 63% in 2020/21 from a year ago to a record 1.17 trillion rupees (US\$15.71 billion) as overseas prices of edible oils surged, a leading trade body said on Tuesday.

The South Asian nation is the world's biggest importer of edible oils, and higher purchases of palm oil, in particular could support benchmark Malaysian futures, now trading near a record high.

In volume terms, imports of 13.53 mmts for the 2020/21 marketing year ending on the 31<sup>st</sup> of October were slightly higher than 13.52 mmts a year ago, the Solvent Extractors' Association of India (SEA) said.

India's palm oil imports in the year jumped 15.2% from a year earlier to 8.32 mmts, after the government moved to cut import taxes and allow shipments of refined palm oil, the trade body said in a statement.

To cut domestic prices of edible oil, New Delhi slashed import taxes on edible oils thrice in the past six months.

India's imports of soyoil fell 15% to 2.87 mmts in 2020/21, while sunflower oil purchases plunged a quarter to 1.9 mmts, the trade body added.

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

Its vegetable oil imports could fall slightly in the new marketing year, which started on Nov. 1, as domestic supply of oilseeds such as soybean, groundnut and rapeseed is set to rise, said B.V. Mehta, the executive director of the SEA. "Demand destruction is also happening because of record prices," Mehta told Reuters.

India's imports of palm oil could fall in 2021/22, thanks to a sharp rise in its price in recent months, he said, which would make space for soyoil and sunflower oil.

### ➤ Indian Vegetable Oil Imports To Increase on Easing Import Duties

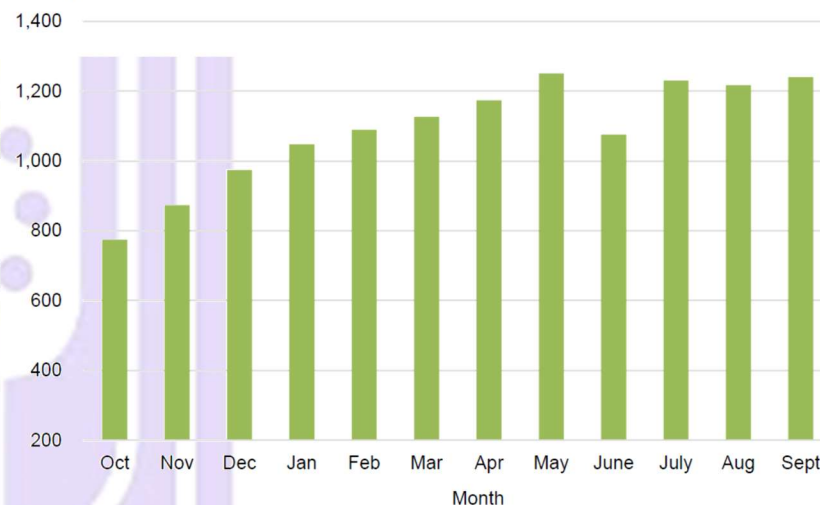
12 Nov 2021 USDA ERS - India's effective import duties have been adjusted lower throughout 2021 to cool rising domestic vegetable oils prices.

As imported oils account for two-thirds of domestic oil consumption in India, such measures have been warranted to moderate the costs of a food staple.

Global vegetable oils values have strengthened this year to the highest level due to strong demand for food and renewable fuels and limited supply of palm and canola oil.

### 2020/21 India crude palm oil prices, Cost, Insurance, and Freight (CIF) India ports

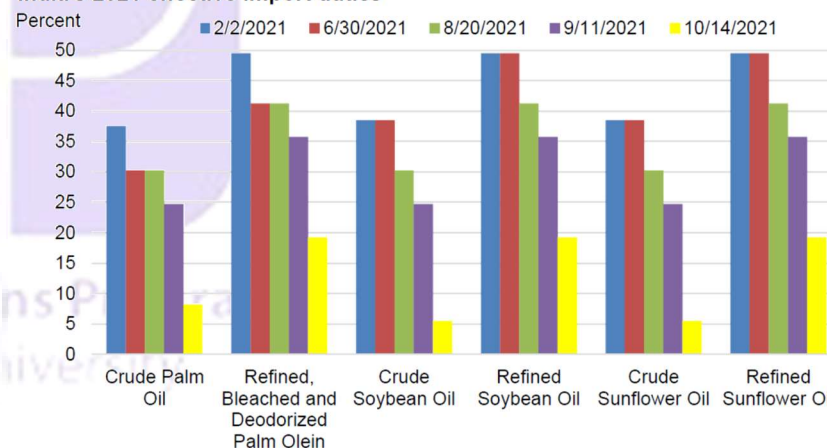
Dollars per metric ton



Source: USDA, Economic Research Service using data from The Solvent Extractor's Association, India.

Vegetable oils prices reached a record level this summer with crude palm oil averaging \$1,230/mt, or 73% higher than summer 2020.

### India's 2021 effective import duties



Source: USDA, Economic Research Service using data from The Solvent Extractor's Association, India



Thus, between the 2<sup>nd</sup> of February 2021 and the 14<sup>th</sup> of October 2021, Indian effective import duties decreased by 29.3% for crude palm oil and 33% for both crude soybean oil and crude sunflower oil. The USDA Post reduction, the effective customs duty on crude palm oil is 8.25%. The effective duty on crude soybean oil and crude sunflower oil is 5.5%.

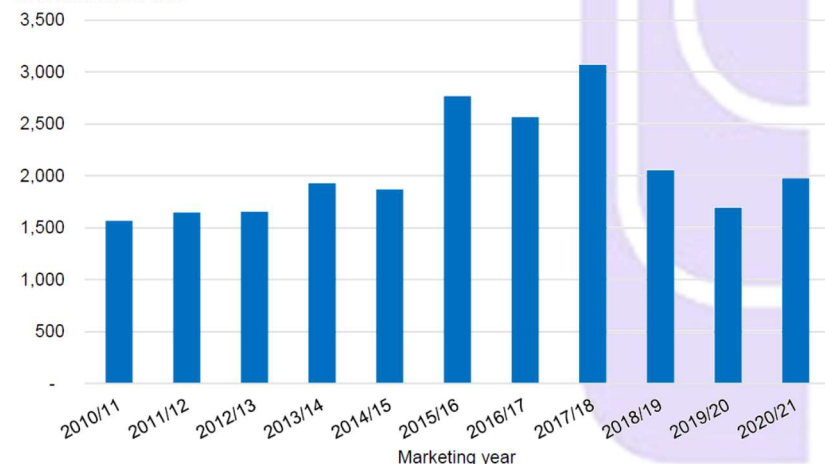
Duty cuts spurred crude palm oil imports in September to a record high level of 1.242 mmts and refined palm to 398,000 mmts, based on Solvent Extractor's Association reporting. As such, the 2020/21 palm oil import forecast was revised up 470,000 mmts to 8.47 mmts.

With lower tariffs in place through the 31<sup>st</sup> of March 2022, the palm imports for 2021/22 are forecast up by 300,000 mts to 8.6 mmts.

Imports of soybean oil in September also reached higher levels at 235,000 mts, leading to an increase of the 2021/22 soybean oil import forecast of 100,000 mts to 3.725 mmts. The record imports in September lifted vegetable oil stocks in India to 2 mmts as of the 1<sup>st</sup> of October; 283,000 mts higher than the same period last year.

**Indian vegetable oil stocks ending in September**

Thousand metric tons



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

The Government of India is also implementing a limit on stocks of edible oils introduced in early October to prevent hoarding. The growing domestic consumption is currently absorbing a large portion of the ample import supplies.

#### ➤ **Soybean Oil expands share of crush margin driven by biofuel demand**

12 Nov 2021 USDA ERS – Credit-induced incentives received by renewable biofuel manufacturers through the Low Carbon Fuel Standard (LCFS) impacted soybean oil

prices. In fact, the 2020/21 season average soybean oil price reached a record \$0.57/pound. Although prices surged through the first half of the marketing year, they began to cool after June 2021. These market dynamics influenced soybean oil production, as well as the use of soybean oil in biofuel production and exports.

Specifically, soybean oil production increased only slightly from the previous marketing year to just over 25 billion pounds. Year over year supply increased 171 million pounds as higher beginning stocks were partly offset by lower imports. Furthermore, domestic use is raised by 960 million-pounds to 23.28 billion pounds.

In the global export market, U.S. soybean oil prices proved unfavorable for the export program. As such, soybean oil exports are seen nearly 40% lower than in 2019/20 at 1.72 billion pounds.

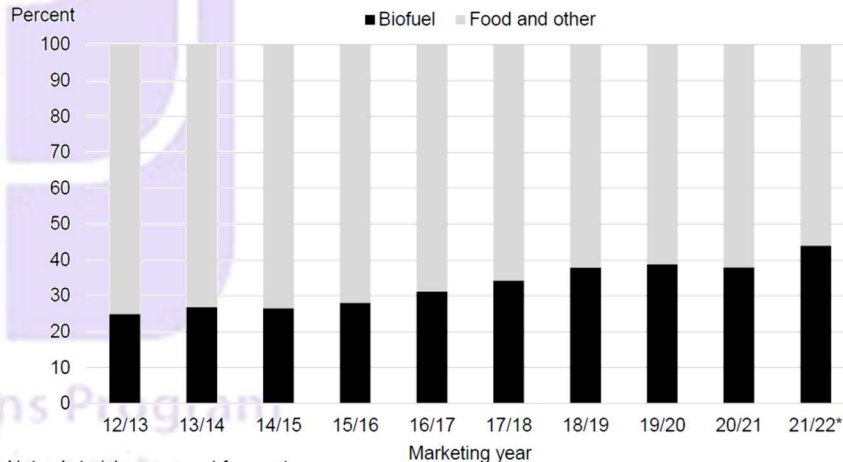
Strong soybean oil prices continue into October as the price for soybean oil at Decatur, Illinois was seen at \$0.70 per pound.

Soybean oil continues to expand its share of the crush margin, commanding nearly a 50% share in recent months, as biofuel demand remains strong. In turn, the anticipated increase in soybean oil demand supports the strengthened crush forecast over the upcoming marketing year.

A new crushing paradigm has begun to slowly develop, shifting from the traditional focus of crushing soybeans for meal, to oil, and is expected to place pressure on meal prices in the process.

**Biofuel share of soybean oil use projected to rise**

Percent



Note: Asterisks represent forecasts.

Source: USDA, World Agricultural Outlook Board, *World Agricultural Supply and Demand Estimates*.

Although the proportion of soybean oil used for biofuel production remained relatively unchanged in 2020/21, it is expected to capture a larger share (43%) of soybean oil production in 2021/22.

As a result of heightened domestic soybean oil use, exports are forecast down from 2020/21 by 473 million pounds to 1.25 billion pounds in 2021/22.

### ➤ **CME Soybean Oil**



**CME December 2021 Soybean Oil Futures settled on Friday at \$58.16/cwt, off \$1.01 on the day, and losing \$0.81 for the week.**

*Yesterday it was reported that the EPA was delaying biofuel blending mandates, which also adds to the bearish tone. Soybean oil saw losses today as crude turned lower and pressured the market.*

### ➤ **Higher soyoil and meal prices push US crush margins above \$2/bu**

17 Nov 2021 - Soybean spot crushing margins in the US have surged above \$2.00/bu on the back of weaker CBOT soybean prices, solid soyoil prices and a sharp increase in meal futures.

US soybean crushing margins surged to \$2.09/bu on November 15<sup>th</sup>, up from \$1.58/bu on November 1<sup>st</sup>.

The recent rise in margins was supported primarily by higher CBOT soybean meal prices, which have surged in recent days in response to strong domestic demand.

A shortage of lysine meanwhile, a key ingredient in compound animal feed, which has forced processors to incorporate greater quantities of meal into their feed mixture, has also supported higher CBOT soybean meal prices.

As a result, the CBOT oil share, the proportion of the oil value as part of the bean crush, fell to 43.4% on November 15<sup>th</sup>, the lowest level recorded since June, before edging back up to around 45% as soyoil prices rebounded.

"The recent push in meal is all from Canada looking for U.S. imports to help fill the gap from this past year's drought implications on their feed grains, but it's pretty ironic to have meal driving the crush vs the traditional oil share," StoneX futures broker Matt Ammermann said in a note to clients earlier this week.

Soybean oil prices have also strengthened in recent months on the back of the recent spike in crude oil prices, as well as due to government incentives including the Renewable Fuel Standard and California's Low Carbon Fuel Standard.

The strength in US crush margins is also evident further along the forward curve with January 2022 crush margins increasing to \$1.96/bu, up from \$1.36/bu at the start of November while the March-April contract has strengthened to \$1.73/bu from \$1.36/bu.

The sharp increase in soybean crush margins in recent months is supporting a wave of new investments in soybean crushing capacity in the US Midwest such as ADM's \$350 million crush and refining complex in Spiritwood, North Dakota and Platinum Crush's \$350 million crushing plant in Buena Vista County, Iowa.

### ➤ **NOPA October soy crush rises to 183.993 million bushels**

15 Nov 2021 Reuters - Soybean processors crushed the most amount of soybeans in nine months during October, with supplies from harvest providing ample stocks for their operations, according to National Oilseed Processors Association (NOPA) data released on Monday.

NOPA members crushed 183.993 mbus of soybeans in October, up from 153.800 mbus crushed in September, but below the 185.245 mbus in crushed October 2020.

The October crush, which was the third highest monthly total on record, reflects the withdrawal of one NOPA member from reporting, the group said.

Processors had been expected to crush 181.945 mbus during the month, according to the average of estimates from 11 analysts. Estimates ranged from 176.900 mbus to 187.789 mbus, with a median of 181.700 mbus.

NOPA said soyoil supplies among its members as of October 31dt rose to 1.835 billion lbs, the highest since the end of May 2020. A month ago, soyoil stocks stood at 1.684 billion lbs. Soyoil stocks have risen for four months in a row.

Oil stocks had been expected to rise to 1.724 billion lbs, based on estimates gathered from eight analysts. Estimates ranged from 1.590 billion to 1.834 billion, with a median of 1.742 billion.

### ➤ **CME Palm Oil Swaps**

The spot price of crude palm oil at the largest producer and exporter, Indonesia, has risen by 61% in the last year to \$1,340/mt on November 17<sup>th</sup>, according to Platts assessments. Over the same period, soybean oil prices from the largest exporter, Argentina, have risen by 45% to \$1,370.9/mt, while the cost of sunflower oil in Ukraine rose 30.5% to \$1,390/mt.



**CME December 2021 Palm Oil Swaps settled at \$1,168/mt on Friday, off \$1.75 on the day, but gaining \$55.00 for the week.**

#### ➤ **Palm oil experts forecast tight stock situation, higher prices into 2022**

**19 Nov 2021 Platts** - The supply of palm oil may not ease before the first quarter of 2022 as an unresolved labor shortage continues in Malaysia while high government duties turn buyers away from larger rival Indonesia, leading edible oil industry analysts said at an S&P Global Platts event on the 17<sup>th</sup> of November.

There is a shortage of about 70,000 workers in Malaysia and this is the main reason for shortage of palm oil supply, said Sathia Varqa, founder of Singapore-based Palm Oil Analytics. "A shortage of workers means reduced harvesting as well as reduced palm planted areas, particularly peninsular Malaysia which has seen a loss of 90,000 hectares and about 10,000 hectares in Sabah [a state in East Malaysia]. So, we are looking at about 100,000 hectares lost from plantations converted to urbanized areas," Varqa said during a session on day three of the Asia Agriculture Week.

Due to pandemic-related border closures in 2020, foreign workers, who account for about 70% of the workforce at Malaysian oil palm estates, have been unable to reenter the country. Due to this, production in the current year has fallen to an estimated 18.3 mmts from 19.2 mmts in 2020.

"Mills were also shut down due to COVID-19, and fruits left unplucked on the trees are perishable and deteriorate in quality. This has greatly affected the output," Dorab Mistry, director of Godrej International and a keenly-followed trade observer said during a separate session at the event.

While Malaysian authorities work on a special approval to bring in 32,000 foreign workers, trade sources believe it may take a while before the workers reach the plantations and start the harvesting and replanting work needed to boost production.

"Up to now there is no sign of any structured rapid urgent move to release those work permits and bring in labor from outside," Mistry said. "My guess is that we will be well into the first half of the next year by the time this additional labor comes into the scene and that will translate itself into better production only after Ramadan which is around May and the effect will only be felt in the second half of 2022."

Palm oil is the world's most produced vegetable oil, and apart from its use as an edible oil, it is used in everything from confectionary, cosmetics, soaps and as feedstock for biodiesel.

This year, labor constraints in Malaysia, a steep decline in canola oil production in Canada due to unfavorable weather, and lower sunflower oil production pushed vegetable oil prices to a 10-year high amid a global bull run in commodity prices.

**A new normal for prices** - Both Varqa and Mistry don't see palm oil market prices easing from current levels till March 2022.

Varqa expects crude palm oil, or CPO, active month futures to trend at MR4,700-4,900/mt till December 2021 and rise in January and February 2022 before lowering to MR4,600 (\$1,100.2) from March 2022 onwards.

Palm oil futures on the Bursa Malaysia have broken through multiple record-highs in the year, setting a fresh record of MR 5,220/mt (\$1,248.51) Oct. 21.

"I don't see markets anticipating lower prices right now...March onwards when the seasonal trend changes to better production and those work permits are released, prices will go down," Mistry said.

This scenario is based on normal weather continuing in the growing regions, Mistry added that a developing La-Nina situation could hamper this outlook if it strengthens in the coming months.

"We have now entered a new era of prices. I believe we will not see the lower prices of before last year [pre-2020] again," Sandeep Bajoria, head of Mumbai-based vegetable oil brokerage Sunvin Group said during the conference. "Palm oil and soybean oil prices have more than doubled in the last 18 months. For soybean we will have a floor of \$900/mt-\$950/mt FOB Argentina and for palm oil we will have a floor of \$800/mt-\$850/mt." Bajoria said about the coming year.

The industry analysts corroborated that greater production from March 2022 would provide some relief from current high prices but cautioned that soaring fertilizer costs could affect output. "Fertilizer, which is a third of the cost of production, has gone up in price by 15%-20%, some small holders may not apply as much fertilizer as before," said Mistry. Varqa said that this would result in a lower yield down the road. While prices seem sufficient to cover fertilizer costs, Mistry said those at risk were the smallholders who were not reaping the full benefits of these prices.



## PLANT PROTEIN MEALS

### ➤ CME CBOT Soybean Meal

Symbol: @SMZ1  [Future Symbol Search](#)

Last: 371.8 | Chg: +1.4 | Open: 371.1s | High: 374.9 | Low: 368.8

Current Month: @SMZ1



**CME December 2021 Soybean Meal Futures settled on Friday at \$371.80 362.10/short ton, up \$1.40/ton on the day, and gaining \$9.70/ton for the week.**

*Soymeal closed the Friday session \$1 to \$1.80/ton in the black, while BO gave back triple digits on the last trade day of the week.*

### ➤ U.S. Export Soybean Meal Values – Thursday 18<sup>th</sup> November 2021

U.S., FOB Gulf - \$441.00/mt

Brazil, FOB Paranagua, \$400.25/mt

Argentina, FOB Upriver, \$403.50/mt

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

USDA, CIF New Orleans)

CIF SOYBEAN

MEAL	11/18/2021	11/19/2021		
NOV	32 / -	32 / -	Z	UNC
DEC	32 / 38	32 / 38	F	UNC
JAN	- / 34	- / 34	F	UNC
FEB	- / 32	- / 32	H	UNC
MAR	- / 32	- / 32	H	UNC

### ➤ Indian soymeal exports fell 88% y-o-y in October

19 Nov 2021 SEA - Indian monthly exports of soybean meal fell by 88% year-on-year in October, dampened by weak profit margins and a competitive global market, the Solvent Extractors Association of India (SEA) reported.

According to provisional export data published by the SEA, monthly exports of soybean meal reached 14,538 mts in October, up from 5,831 mts in September but well below the 120,290 mts shipped in October 2020.

Leading destinations for Indian soymeal exports in October included Nepal (6,797 mts), South Korea (2,154 mts), France (1,575 mts) and Sri Lanka (827 mts).

According to the SEA, during the opening seven months of the current financial year (1 April to 31 October), the country's soymeal exports fell 60% year-on-year to 176,126 mts, weighed down by high soybean prices and weak crush margins.

"Furthermore, the recent further reduction of vegetable oil import duties has taken away some protection for Indian oilseed crushers and curtailed their scope to offer soya meal and rapeseed meal competitively in the world market," the SEA said.

Indian soymeal prices have come off significantly since the government announced on August 24 that it would permit the import of up to 1.2 mmts of GM soymeal.

The average export price for Indian soymeal reached \$612/mt in October, down sharply from an average price of \$1,133/mt reported in August, according to SEA data.

However, Indian soymeal remains significantly outpriced on the global market with ex-Kandla product quoted around \$600/mt against product sourced from Brazil (\$432/mt) and Argentina (\$450) on an ex-Rotterdam basis.

Despite the recent price reductions, the SEA believes that Indian soymeal exports will remain weak over the next two to three months due to the high price of domestic soybeans. In the same release, the SEA reported that India's exports of rapeseed meal reached 52,875 mts in October, down 18% from the month prior and down 48% year-on-year.

Export volumes for the seven months to October 31 reached 658,230 mts, a year-on-year decline of 10% with volumes underpinned by healthy shipments to Bangladesh (21,269 mts), Vietnam (7,985 mts), Bangladesh (21,269 mts), Thailand (7,729 mts) and South Korea (7,437 mts).

## OTHER MARKETS & RELATED NEWS

### ➤ Bird flu spreads in Europe and Asia

15 Nov 2021 Reuters - Several outbreaks of severe bird flu in Europe and Asia have been reported in recent days to the World Organization for Animal Health (OIE), in a sign the virus is spreading quickly again.

The spread of highly pathogenic avian influenza, commonly called bird flu, has put the poultry industry on alert after previous outbreaks led to the culling of tens of millions of birds. Outbreaks also often lead to trade restrictions.

It is attracting the attention too of epidemiologists as the virus can be transmitted to humans. China has reported 21 human infections with the H5N6 subtype of avian influenza so far this year, more than in the whole of 2020.

South Korea reported an outbreak at a farm of around 770,000 poultry in Chungcheongbuk-do, the OIE said on Monday, citing a report from the South Korean authorities. All animals were slaughtered.

Also in Asia, Japan reported its first outbreak of the 2021 winter season, at a poultry farm in the northeast of the country, the OIE said, confirming a statement last week by Japan's agriculture ministry. The serotype in this outbreak was H5N8.

In Europe, Norway reported an H5N1 bird flu outbreak in the Rogaland region in a flock of 7,000 birds, the OIE said. Outbreaks generally occur in the autumn, spread by migrating wild birds. The Belgian government put the country on increased risk for bird flu, ordering poultry to be kept indoors as of Monday, after a highly pathogenic variant of bird flu was identified in a wild goose near Antwerp. This followed a similar move in neighboring France earlier this month and in the Netherlands in October.

Bird flu cannot be transmitted through the eating of poultry products.

Friday's trading took cotton futures into the weekend with triple digit gains. December contracts faded more than a penny from their intra-day high but were still up 163 points at the close. New crop December gained 7 points, to close at a 27.36 cent discount to the front month.

Managed money firms were seen 83,723 contracts net long in cotton as of the 16<sup>th</sup> of November. CFTC's weekly report showed the 3,899 increase wk/wk was driven by net new spec buying interest. Commercial traders were reducing exposure through the week, having closed 26.7k longs and 21.3k shorts for a net short of 174,239 contracts.

Cotton cash sales on The Seam for the week through Thursday totaled 47,843 bales at a weighted average price of 112.92 cents/lb. USDA's weekly Cotton Market Review showed 73,511 bales were sold at spot through Thursday for an average price of 113.23 cents. USDA reported 1.225m bales of upland cotton were classed through the week, which brought the season's classings to 6.053m bales. Pima classings sit at 120,645 bales through 11/18. The Cotlook A index was 128.45 on the 18<sup>th</sup> of November after another 160 point boost.

USDA's FSA raised the WP for cotton by 1 c/lb to 102.56 cents/lb for the week.

## COTTON

### ➤ CME Cotton



**CME December 2021 Cotton Futures** settled on Friday at \$1.1922 1.1769/lb, up \$0.0163/lb on the day, and gaining \$0.0153/lb for the week. Mar 22 Cotton closed at 116.43, up 129 points, May 22 Cotton closed at 114.78, up 119 points.

### ➤ Arabica Coffee Closes At A 10-Year High On Supply Constraints Chart: NYMEX Arabica Coffee – Monthly Continuous



**NYMEX Arabica Coffee** made new 10 year highs on Wednesday touching \$2.3475/lb. **NYMEX December 2021 Cotton Futures** settled on Friday at \$2.3340/lb, off \$0.0425/lb on the day

19 Nov 2021 *Barchart* - Coffee prices on Friday posted moderate gains, with arabica climbing to a 10-year nearest-futures high.

Signs of smaller global arabica supplies fueled Friday's rally after the USDA's Foreign Agricultural Service (FAS) cut its Colombia 2021/22 coffee production estimate to 13.8 mln bags from a prior estimate of 14.1 mln bags, citing "potentially heavy rains from La Nina." The FAS also cut its Colombia 2020/21 coffee production estimate to 13.4 mln bags from 14.3 mln bags, citing "supply chain disruption and lower yields from adverse weather conditions." Colombia is the world's second-largest arabica coffee producer.

Arabica prices fell back from their best levels Friday when the Brazilian real fell to a 2-week low against the dollar. A weaker real encourages export selling by Brazil's sugar producers.

Robusta prices also received a boost Friday after the USDA's FAS cut its Vietnam 2021/22 coffee export estimate to 25.8 mln bags from 28.8 mln bags due to surging freight costs and reduced availability of shipping containers.

Arabica prices also have support on delayed coffee shipments. Cecafe said Brazil had 3.7 mln bags of coffee held up between Jan and Oct due to shipping delays and logistical problems. Brazil coffee shipments to the U.S. that normally take a month are now taking as long as 100 days.

Arabica coffee prices have recently surged as drought and recent frost events devastated Brazil's coffee crops. On Sep 21, Conab cut its Brazil 2021 arabica coffee production estimate by -8% to a 12-year low of 30.7 mln bags from a May estimate of 33.4 mln bags, down -37% from 48.8 mln bags in 2020. Also, Archer Consulting said Brazil might have only 21 mln bags of coffee available for export in 2021/22, a -55% drop from a year earlier due to reduced output and inventories.

Tighter U.S. coffee supplies are supportive of prices. The Green Coffee Association reported Tuesday that U.S. Oct green coffee inventories fell to 5,976,107 mln bags, down -0.8% m/m and -2.6% y/y.

The International Coffee Organization (ICO) on Oct 7 cut its global 2021/21 coffee surplus estimate to 2.39 mln bags from 2.63 mln bags and raised its global coffee consumption estimate to 167.26 mln bags from 167.01 mln bags. On Sep 30, ICO reported global Aug coffee exports fell -0.1% y/y to 10.12 mln bags, although global coffee exports Oct-Aug are up +1.9% y/y at 118.96 mln bags.

Tight robusta supplies pushed prices nearest-futures (RMX1) robusta up to a 10-year high last Friday as the shortage of shipping containers has reduced Vietnam's coffee exports. Vietnam Jan-Oct coffee exports are down -4.2% y/y at 1.29 MMT. Vietnam is the world's biggest robusta producer.

Coffee prices also have support after the U.S. Climate Prediction Center last Thursday said that the La Nina weather pattern across the equatorial Pacific would likely increase in strength over the next three months. A stronger La Nina might lead to extended droughts in South America that reduce coffee production.

Cecafe reported last Friday that Brazil Oct green coffee exports fell -25.2% y/y to 3.12 mln bags. Cecafe said coffee exporters are still struggling to find space in container ships while facing successive cancellations of bookings due to soaring prices.

Drought concerns in Brazil have receded slightly as recent rain boosted soil moisture levels, which should increase the yields of Brazil's 2022/23 coffee crop. Somar Meteorologia last Monday reported that Minas Gerais, a region that accounts for about 30% of Brazil's arabica coffee crop, received 55.4 mm of rain or 141% of the historical average last week. The all-important flowering period for Brazilian coffee trees began last month, and abundant rain may boost coffee tree flowering and increase coffee yields.

Rabobank, last Wednesday, projected that Brazil's 2022/23 coffee crop would climb +12% y/y to 63.5 mln bags from 56.7 mln bags in 2021/22 as the crop will be in the higher-yielding part of a biennial cycle next season.

Ample global coffee supplies are negative for coffee prices after data from the International Coffee Organization (ICO) showed global 2020/21 coffee exports (Oct-Sep) rose +1.2% y/y to 128.931 mln bags.

ICE arabica coffee inventories on July 28 rose to a 1-3/4 year high of 2.190 mln bags, recovering further from the 21-year low of 1.096 mln bags posted in October of 2020. However, supplies have since fallen as some South American coffee producers have defaulted on contracts, spurring buyers to turn to ICE-certified coffee stockpiles to meet their needs. Arabica ICE-monitored coffee inventories fell to an 8-1/2 month low Friday. ICE-monitored robusta coffee inventories on May 20 climbed to a 4-year high of 16,017 lots but have since fallen to a 13-month low of 11,162 lots on Friday.

Big Picture Coffee Market Factors: World coffee production in 2020/21 (Oct/Sep) will rise +0.4% y/y to 169.64 mln bags, with global consumption up +1.9% y/y at 167.26 mln bags (ICO). The world coffee surplus/deficit in 2020/21 will shrink to a surplus of +2.39 mln bags from a surplus of +4.85 mln bags in 2019/20 (ICO). Total Brazil 2020/21 coffee exports rose +13.3% y/y to a record 45.6 mln bags (CeCafe). ICO data shows global 2020/21 coffee exports (Oct-Sep) rose +1.2% y/y to 128.931 mln bags.

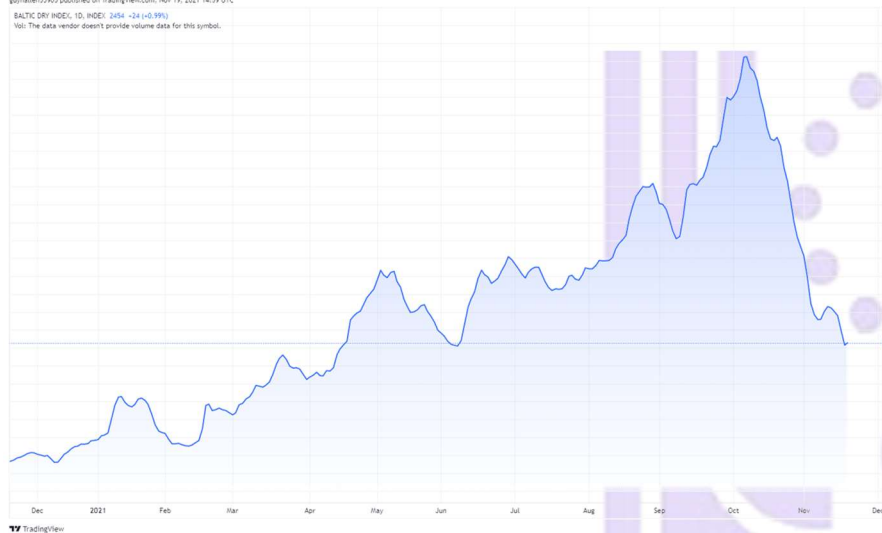




## TRANSPORTATION

### ➤ Baltic Dry Freight Index - Daily = 2454 -390 for the week

guyhaller55905 published on TradingView.com, Nov 19, 2021 14:59 UTC  
 BALTIME DRY INDEX, 1D, INDEX, 2454 +24 (+0.99%)  
 Note: The data vendor doesn't provide volume data for this symbol.



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>

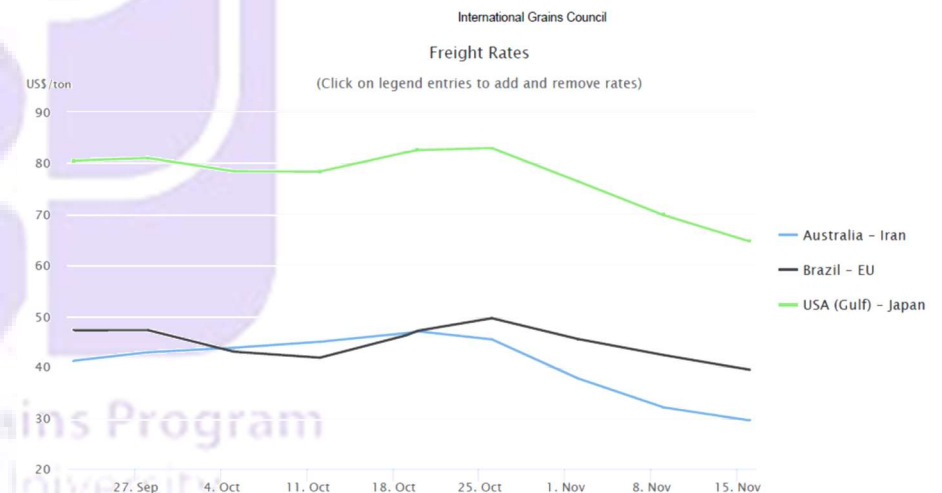
### ➤ Baltic Dry Index Slides to Five-month Low

16 Nov 2021 Reuters – The Baltic Exchange's dry bulk sea freight index on Tuesday declined to its lowest level since early June, weighed by lower demand for the larger capesize and panamax vessel segments.

- The overall index, which factors in rates for capesize, panamax and supramax vessels, fell 168 points, or 6.1%, to 2,591, its lowest level since June 9<sup>th</sup>.
- The main index was down for a fourth straight session.

- The capesize index shed 369 points, or 9.8%, to 3,383, a more than one-week low.
- Average daily earnings for capesizes, which transport 150,000-tonne cargoes such as iron ore and coal, fell \$3,054 to \$28,059.
- Concerns around the health of the Chinese economy, which would impact the construction industry and therefore steel trade, combined with news of production cuts from Brazilian iron ore miner Vale are weighing heavily on larger vessel segments, said Rebecca Galanopoulos Jones, head of research at Alibra Shipping.
- The dry bulk market has been strong all year, and it is normal for it to experience some volatility at this point, Jones said, adding that she is optimistic on the outlook of dry bulk for the end of the year and into 2022 as the overall demand for commodities remains firm.
- China's coking coal futures dived 9% on Tuesday, extending losses for a third straight session, amid increasing coal supply and tepid demand at coking plants.
- The panamax index fell 175 points, or 6.1%, to an over six-month trough of 2,675.
- Average daily earnings for panamaxes, which ferry 60,000-70,000 mts of coal or grain cargoes, decreased \$1,575 to \$24,072.
- The supramax index gained 4 points at 2,263.

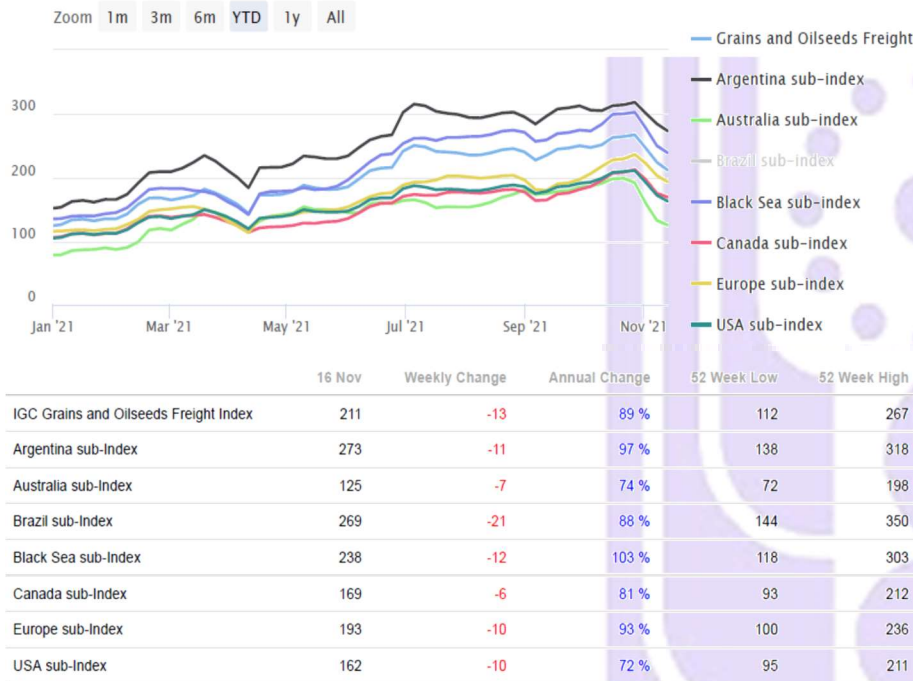
### IGC Grains Freight Index



	16 Nov	Weekly Change	Annual Change	52 Week Low	52 Week High
Australia - Iran	\$30	-3	71 %	\$17	\$47
Brazil - EU	\$40	-3	85 %	\$21	\$54
USA (Gulf) - Japan	\$65	-5	62 %	\$40	\$85

### New – IGC Grains and Oilseeds Freight Index (GOFI) & sub-Indices

(Weekly basis, 1 January 2013 = 100)



Source: IGC <https://www.igc.int/en/markets/marketinfo-freight.aspx>

### ➤ Canadian exporters seek alternatives to Port of Vancouver

18 Nov 2021 Susan Reidy Reuters - Canadian exporters of grain and other commodities are scrambling to find alternative shipping routes that avoid the Port of Vancouver, which is experiencing serious flooding.

A month's worth of rain in two days caused floods and mudslides that wrecked highways and two east-west rail lines. The Trans Mountain oil pipeline and part of a gas line have been closed as precautions.

The port moves \$437 million worth of cargo per day. Alternatives include diverting to the northern port of Prince Rupert, the US Pacific Northwest or eastern Canada, Reuters said.

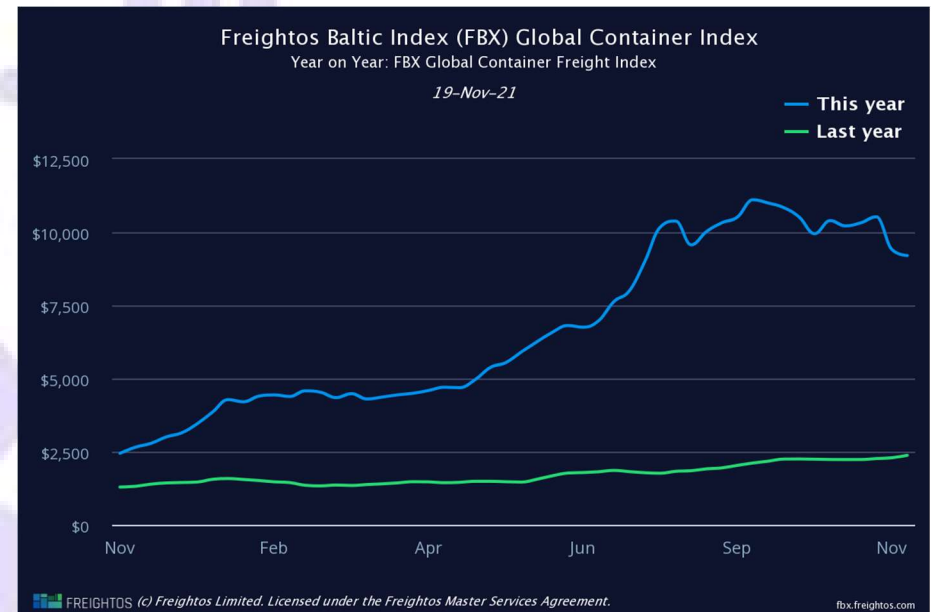
Port of Vancouver said it expects vessels to anchor longer while they await delayed cargo. This typically results in shippers paying demurrage.

The railways have not provided an estimated timeline to be up and running again. Delays could stretch back as long as a month given the backlog of shipments, a grain industry source told Reuters.

The Prince Rupert grain terminal, owned by Richardson International, Viterra and Cargill Inc, is already busy with exports, limiting its capacity to handle more volumes, said Wade Sobkowich, executive director of the Western Grain Elevator Association.

Canola futures for January delivery fell 1.5% as traders factored in transportation problems from the floods.

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



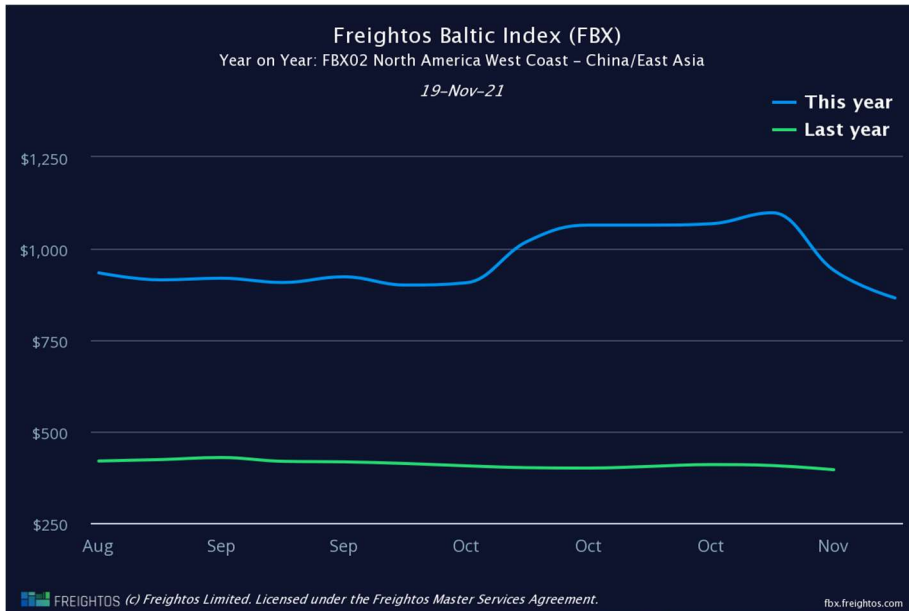
FBX stands for Freightos Baltic Index. It is the leading international Freight Rate Index, in cooperation with the Baltic Exchange, providing market rates for 40' containers (FEUs).

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/>

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



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

➤ **U.S. Trucking Freight Rates Rise Most in Decades**

17 Nov 2021 *Vince Golle* - Freight costs in the U.S. continue to mount as supply-chain bottlenecks that include a record number of container ships awaiting berths at ports in Los Angeles and Long Beach show few signs of letting up.

A proxy for U.S. trucking freight rates jumped in October by more than 36% from a year earlier, the biggest annual increase in data back to the early 1990s, according to the latest figures from Cass Information Systems. The calculation is derived by dividing the Cass freight-expenditures index by its shipments gauge.

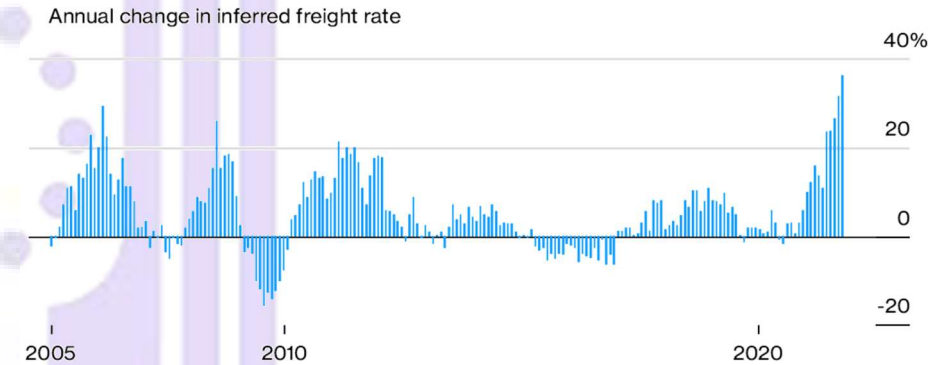
The most recent government report on producer prices showed freight transportation by rail is also costing shippers more. A 7.3% increase in October from the same month last year, the second-largest 12-month advance since 2012.

“Supply-chain constraints will take time to unwind as port congestion reaches new highs,” says Lee Klaskow, a senior analyst at Bloomberg Intelligence. “We expect trucking supply will be constrained beyond historical norms from restocking, economic recovery and limited driver availability.”

Increased shipping costs are adding to concerns that inflation across the U.S. economy will be slow to dissipate. Walmart shares sagged Tuesday by the most since

May on a percentage basis after the retail giant said gross margins eased and that it’s bracing more pressure from global transportation snarls.

The Cass report’s index of freight shipments rose just 0.8% in October, well short of the 35.3% year-over-year surge in May and underscoring the trucking industry’s capacity constraints.



Freight-flation: U.S. trucking rates rose 36.2% in October, most in three decades of data.

**Silver Lining** - Huge numbers of empty and full containers sitting on docks highlight the congestion that ports are striving to remedy. However, there may be a glimmer of hope that the L.A. port is slowly breaking free of its logjam.

Executive Director Gene Seroka said on a virtual call with reporters Wednesday that the increased deployment of sweeper ships has led to an almost 30% reduction in empties from the dock of the nation’s largest container port.

That’ll be welcome news for companies like Stanley Black & Decker, the Connecticut-based tool maker. CFO Donald Allan said at a conference Tuesday that it used to take 30 to 40 days for its tools and storage business to ship products from Asia to the U.S. and Europe.

“So it’s up in the 90-day range at this point for the length of the supply chain, just due to the logistical challenges of getting things in and out of ports, getting them on trucks and eventually to the end state where you want them to land,” he said.

## LOGISTICS

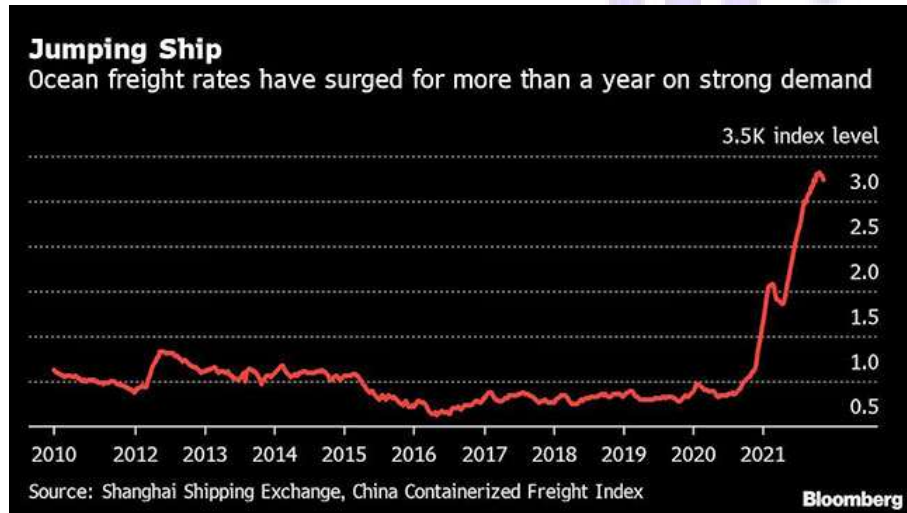
➤ **Container Shipping Rates May Take Two Years to Fall to Normal**

16 Nov 2021 *Bloomberg* - Ocean freight rates, which have pummeled retailers and manufacturers throughout 2021, may take more than two years to return to normal levels if past market cycles are any guide.



That's the conclusion of an analysis from Sea-Intelligence, a Copenhagen-based maritime data and advisory company. During the past five downturns in the composite China Containerized Freight Index going back to 1998, the average weekly rate of change ranged between minus 0.4% and minus 0.9%, it said.

Applying the 0.9% drop seen during the global financial crisis of 2008-09, "it would take 18 months to get back to 'normal,'" Sea-Intelligence CEO Alan Murphy said in a statement Nov. 16. "If, however, the rate of decline matches the average seen over the five rate decline periods, then normalization would take as much as 26 months."



Container shipping rates have declined in recent weeks from record peaks reached in September and October. Still, a Freightos index of transpacific rates where demand is the strongest are almost 300% higher than a year ago.

Sea-Intelligence factored in the strength of the market's latest surge and compared it to the past five periods of increases. Because "the current rate level comes after a 17-month period of sustained rate increases, the result becomes 30 months before a reversal" back to normal, Murphy said.

## GOVERNMENT

### ➤ **U.S. Infrastructure Bill Provides \$2.5 Billion For Inland Waterways**

Signed into law by the President on the 15<sup>th</sup> of November, the Infrastructure Investment and Jobs Act would invest roughly \$17 billion in port and waterways infrastructure.

About two-thirds of this funding is expected to be used toward construction and major habitat restoration projects, and the rest toward operations/maintenance and other projects.

This law includes a total of \$2.5 billion of 100% Federal funding for authorized U.S. Army Corps of Engineers (USACE) construction and major rehabilitation projects on inland waterways.

Projects will receive priority based on the recommendations included in the USACE 2020 Capital Investment Strategy. USACE's Operations and Maintenance account under the Civil Works mission is expected to receive \$4 billion.

Within 60 days of the bill's enactment, USACE's Chief of Engineers must submit a project-specific spending plan to House and Senate appropriations committees.

### ➤ **The Bill Funds Safety and Research and Enables Younger Truck Drivers**

The Infrastructure Investment and Jobs Act also includes \$11 billion for transportation safety (more than double the previous level) and contains various provisions affecting trucking.

One such provision makes 18–21-year-olds newly eligible for interstate truck driving and creates a training and apprenticeship program for this age group. Other trucking-related provisions include automatic emergency braking performance requirements, underride/side protection, truck broker/truck dispatcher guidance, and an exemption for livestock haulers from hours-of-service requirements. Regarding research, the newly enacted funding legislation authorizes a truck-crash study and a review of data generated by electronic logging devices.

The law also establishes several new government bodies (task force, advisory board, and subcommittee) dedicated to addressing issues of truck leasing, women in trucking, and the needs of small-business truckers.

The U.S. Department of Transportation is tasked with restoring and maintaining the solvency of the Highway Trust Fund and establishing a vehicle-miles-traveled (VMT) pilot program.

### ➤ **Trade conference a chance for WTO to prove it's still relevant**

15 Nov 2021 *Globe & Mail* - Mary Ng, Canada's International Trade Minister, believes the COVID-19 pandemic has taught the world some lessons about the importance of a well-functioning global trading system. In a couple of weeks, we'll find out if the rest of the world trade community is prepared to set aside its infighting and act on those lessons.

"We have seen the fragilities of the world trading system during this pandemic, particularly around supply chains," Ms. Ng said in a telephone interview last week from Geneva, Switzerland, where she attended meetings in preparation for the World Trade Organization's ministerial conference - its most important gathering of world trade leaders, taking place in the Swiss city from November 30<sup>th</sup> to December 3<sup>rd</sup>.

"All of us have on our minds the importance of economic recovery. For a country like Canada, as a trading nation, it's really important that we have an institution that really

supports a multilateral, rules-based [trade] system. The WTO, of course, is at that core."

But the WTO, which has overseen the rules governing global trade for the past quarter-century, enters these meetings in a state of paralysis, if not outright crisis.

Its ministerial conferences, which two decades ago attracted the kind of international attention that the just-ended COP26 climate conference received, have become largely fruitless exercises that have underlined the organization's dysfunctions. It has been unable to nail down meaningful agreements to expand multilateral trade rules into new and emerging areas. Its dispute-settlement functions have ground to a halt, with the United States effectively blocking them.

The Geneva ministerial conference will be the first in four years; normally, they take place roughly every two years, but the original conference, set for June, 2020, in Kazakhstan, was postponed by the COVID-19 pandemic. The conference may prove a critical test for the organization; it's running out of chances to prove it can remain relevant.

For Canada, a mid-power trading country that has grown to rely pretty heavily on the safety net of rules-based global trade, making the WTO work again is a big deal. Canada has spearheaded the Ottawa Group, a baker's dozen of like-minded WTO members that has spent the past couple of years working on ways to reform the WTO, particularly the logjams that have formed around adjudicating disputes and negotiating agreements.

But even before tackling those thorny issues, the Ottawa Group will test the waters at the conference table with a proposal that has emerged from the COVID-19 crisis, called the Trade and Health Initiative. The goal is to nail down an agreement on the trade of essential medical goods, to ensure that supply chains remain open and borders unfettered by protectionist barriers in this and future pandemics.

Ms. Ng described Trade and Health as exactly the kind of thing that a rejuvenated WTO should be able to do: spot key global trade problems as they emerge, and adapt its rules framework to address them and protect the global trading system.

She identified trade and health as the key priority for Canada at this ministerial conference - indeed, it's why she went to Geneva last week, to build consensus among WTO members for a deal.

"To have the WTO have a response to the pandemic is really important," she said. "Yes, I am hoping for a multilateral [agreement]. ... That is what we're hoping to do."

Another key test at this ministerial conference will be concluding an agreement to eliminate certain harmful fishery subsidies - a proposal that has reached a make-or-break moment at these meetings. After 20 frustrating years in the works, it's tantalizingly close, and it's a win the WTO sorely needs, symbolically if nothing else. It would also demonstrate the WTO's potential to move beyond tariffs and trade barriers and play a role in environmental protection through trade regulation - something that will be critical over the next few decades.

While there is optimism that the fisheries pact might finally get done, hopes are less sunny about breathing life back into the WTO's dispute-settlement mechanism at this ministerial conference.

The U.S. administration under Donald Trump - a president who was openly hostile toward the WTO - effectively blocked the WTO from adjudicating cases, by refusing to approve appointments of new judges to the WTO's appeals body when the terms of previous judges expired.

(For nearly two years, the appellate body hasn't had enough judges to hear cases.)

U.S. President Joe Biden's administration has spoken more positively about its commitment to the WTO and the global trade system but has continued to block appointments, citing longstanding U.S. concerns over a dispute-settlement process that it insists needs an overhaul.

U.S. Trade Representative Katherine Tai and other Biden administration trade officials have suggested they'd like to find a solution to get the dispute mechanism working again. (Ms.

Tai even participated, as an observer, in an Ottawa Group meeting in the summer.) But they have also signalled that they don't intend to move on this until sometime after the Geneva conference.

"I've certainly talked to the USTR about it, and other countries have as well," Ms. Ng said.

"I'm encouraged that the USTR has said that the WTO, and what it does for the world trading system, is important."

"It's an area we need to just keep working on," she said.

#### ➤ **China plans overhaul of seed rules to pave way for GMO approvals**

*15 Nov 2021 Dominique Patton, Reuters* - China has laid out a clear path for seed makers to get approval for genetically modified crops, under proposed rule changes that should lead to commercial cultivation of GM corn.

Details of the planned regulatory overhaul for the seed industry were published on Friday by the agriculture ministry in a draft document that is open for public comment until December 12<sup>th</sup>.

The proposed changes mean that a handful of recently approved GM traits developed by Chinese companies could be ready for market launch in a year.

"It's a big step," said Liu Shi, a vice president of Beijing Dabeinong Technology Group Co Ltd, which has several GM traits approved as safe and is expected to be one of the first firms to commercialise GM corn in China.

Shares of Dabeinong shares fell 6% on Monday, while those of rival Yuan Longping High-Tech Agriculture Co Ltd fell 10%.

China's leadership called last year for an urgent "turnaround" in the seed industry, which is struggling with overcapacity and rampant infringement of intellectual property that has stifled innovation.

The changes implement decisions by the cabinet and the powerful central committee of the ruling Communist Party on safe management of GMOs (genetically modified organisms) and development of a modern seed industry, the ministry of agriculture and rural affairs said in its statement.

Top policymakers have also urged progress in biotech breeding, or GM crops, seen as key to ensuring food security.

While investing heavily in GM research and development for years, Beijing has remained cautious, barring the planting of GM soybeans or corn, despite allowing imports for use in animal feed.

Once approved, China could plant 33 million hectares with GM corn, estimated Hua'an Securities in a note on Sunday, generating up to 5 billion yuan in income, while also creating strong market leaders and driving rapid consolidation in the industry.

The proposed changes would bring China's regulations more in line with those of other markets.

If a GM trait, also known as an 'event', has already been approved as safe by the agriculture ministry, it can be integrated into an already approved corn hybrid, for example, and only requires a one-year production trial to verify that the combination is still safe.

Previously, it was thought that China might require the product to once again undergo all safety trials from scratch.

"It clarifies the procedures for GMO variety approvals and simplifies the process," said Han Gengchen, chairman of Origin Agritech Ltd, the first Chinese company to develop GM corn crops.

"It will accelerate GMO corn commercial production."

It is still unclear when the first commercial crops would be approved.

Dabeinong is ready to start production trials now for its DBN9936 insect-resistant and herbicide-tolerant corn, said Liu, and is also "bulking up" its in-bred lines to produce enough parent seed to prepare for commercial sales.

If production trials are completed by the end of 2022 and approval granted, Dabeinong could start small-scale commercial sales in spring 2023.

It is unclear if Beijing would recognize previous field demonstration trials done by Dabeinong and allow approval earlier, said Liu.

Hangzhou Ruifeng Biotech Co Ltd, in which Yuan Longping owns a 41.8% stake, also has an insect-resistant, herbicide-tolerant GM event approved as safe by China.

#### ➤ **Vietnam Lowers MFN Tariffs on Corn, Wheat, Pork**

16 Nov 2021 USDA - On November 15, 2021, the government of Vietnam issued Decree 101/2021/ND-CP, revising its most-favored nation (MFN) tariff rates for corn, wheat and frozen pork. The decree eliminates the MFN tariff on all classes of wheat, lowers the duty on corn from five percent to two percent, and lowers the duty on frozen pork from 15 percent to 10 percent.

The tariff reductions for wheat and corn will enter into force when the decree takes effect on December 30, 2021, while the reduction for frozen pork will enter into force on July 1, 2022.

The decree follows the commitment made by the Vietnamese government when Vice President Kamala Harris visited Hanoi in August 2021. The tariff reductions will give U.S. corn, wheat and pork producers greater access to the Vietnamese market, in line with competitors from countries that have free trade agreements with Vietnam. U.S. exports of corn, wheat and pork to Vietnam were valued at \$228 million in 2020.

Additional information about the tariff reductions will be available in an upcoming Global Agricultural Information Network (GAIN) report from the FAS Office of Agricultural Affairs in Hanoi.

#### ➤ **Argentina's Opposition group secures victory at mid-term election**

16 Nov 2021 - Argentina's ruling coalition Frente de Todos will lose control of the senate for the first time since 1983, following an anticipated defeat in the mid-term legislative election.

The left-wing ruling coalition was trailing behind opposition coalition Juntos por el Cambio (Together for Change) in six of eight provincial elections in the senate, signaling that the government is likely to fall below the 37 senators needed to have quorum in the body.

Losing its senate majority would represent a major setback for Vice President Cristina Fernandez de Kirchner, who leads the chamber, as the new balance of power would force the government to negotiate with other blocks to pass key legislation.

At a national level, the opposition coalition won the mid-term election with almost 42% of the vote, while the ruling coalition obtained 32.6%

In Buenos Aires, the country's main province in terms of population and economic activity, the opposition secured a tight victory with almost 40% of the vote and were dominant in other key agricultural provinces such as Cordoba, Santa Fe and La Pampa.

A local grain broker said that the results of the mid-term election were not surprising for the grain market. "The market was already considering a defeat of the ruling coalition at a national level. The only surprise was that the victory of the opposition in the Buenos Aires Province was tighter as initially expected taking into account the results of the primary election in September," the broker said.



**Policy** - The defeat means that the government is likely to struggle to deliver on some of its current policies and will face challenges in passing legislation. A recent opinion poll highlighted fears that the 73% of rural producers believed that the government would increase the tax burden for the rural sector following the mid-term election.

However, local market consultant and broker Agustin Baque indicated there is little room for the government to move now. "I believe that the government would continue with its neutral position with the agricultural sector. I do not see a more radical position towards the sector as the government needs the US dollars generated by grain exports. A conflict with the rural sector would be against the needs of the government," Baque said.

Fears that the government could also tinker with export duties could be allayed by the overnight loss, as any change to current levels would need to be passed as a new law through Congress. Soybean export duties for the largest producers now stand at 33% - a level at which it is capped - while export duties for soymeal and soyoil stand at 31%, with wheat and corn set at 12%. Under Argentine law, the government could raise the export duty for cereals up to the current limit of 15%.

Baque said that the government of President Alberto Fernandez would likely maintain its current restrictions on wheat and corn exports, amid fears over the current export pace, but did not see scope for further intervention. "I do not see the government intervening in other crops such as soybean, barley and sunflower," he said.

## International Crop & Weather Highlights

### ➤ USDA/WAOB Joint Agricultural Weather Facility – 13<sup>th</sup> November 2021

#### **Europe** – Mostly Dry

- Sunny skies promoted winter crop establishment and late summer crop harvesting over much of Europe, though a Mediterranean storm triggered heavy rain in central Italy and the western Balkans.

#### **Western FSU** – Showers In Russia, Mostly Dry In Ukraine

- Dry weather in Ukraine favored late corn harvesting but reduced soil moisture for winter crops.
- Showers in Russia maintained good moisture supplies for winter wheat establishment.

#### **Northwestern Africa** – Drought In Morocco And Tunisia, More Heavy Rain In Algeria

- Intensifying drought in Morocco and central Tunisia likely discouraged winter grain sowing.
- Additional heavy rain in northern Algeria impeded winter wheat and barley planting.

#### **Middle East** – Showers In Iran, But Dry In Central Turkey

- Showers boosted soil moisture for winter wheat and barley establishment across Iran.

- Dry weather on central Turkey's Anatolian Plateau kept soils unfavorably dry for winter grains.

#### **South Asia** – Tropical Cyclone In Southern India

- A tropical cyclone brought downpours to southern India, producing unfavorable wetness for late season cotton and localized flooding.

#### **East Asia** – Colder Weather In China

- Colder weather in eastern and southern China slowed establishment of wheat and rapeseed.

#### **Southeast Asia** – Favorable Showers In Indonesia; Unfavorably Wet In Vietnam

- More widespread showers in southern Indonesia (Java) aided establishment of main-season rice.
- Extreme wetness continued in the highlands of central Vietnam, halting coffee harvesting and reducing quality and possibly yields.

#### **Australia** – Too Wet

- Heavy rain overspread the south and east, soaking mature winter grains and oilseeds awaiting harvest while maintaining abundant to locally excessive moisture supplies for recently sown summer crops.
- In the west, mostly dry weather promoted wheat, barley, and canola drydown and harvesting.

#### **South America** – Beneficial Rain Overspread Much Of The Region

- Additional rain benefited emerging summer grains, oilseeds, and cotton in Argentina's western farming areas, but moisture remained limited in the lower Parana River Valley.
- Conditions favored emerging soybeans in major production areas of central and northeastern Brazil, although drier weather returned to much of the south.

#### **South Africa** – Rain Benefited Rainfed Summer Crops In Key Commercial Production Areas

- Warm, showery weather benefited corn and other summer crops, including rainfed sugarcane.

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

### ➤ Agricultural Weather Highlights – Friday, 19<sup>th</sup> November 2021

**In the West**, widely scattered rain and snow showers are occurring across the northern half of the region. Some of the most organized precipitation extends inland from the Pacific Northwest to the northern Rockies. Meanwhile, warm, dry weather prevails in the Southwest. Near Estes Park, Colorado, the 147-acre Kruger Rock Fire, sparked on November 16<sup>th</sup> when winds blew a tree onto a powerline, is reported to be 60% contained.

**On the Plains**, dry weather and southerly winds accompany a temperature rebound. In fact, today's high temperatures will exceed 60°F as far north as western Nebraska,

less than 36 hours after readings locally fell below 10°F. Topsoil moisture shortages continue to hamper winter wheat establishment in several areas, particularly in parts of Montana and across the southern half of the High Plains. In addition, an elevated grassfire threat exists today on the southern High Plains.

**In the Corn Belt**, snow showers are confined to areas downwind of the Great Lakes. Cool, dry weather covers the remainder of the Midwest, favoring late-season corn and soybean harvest efforts in areas where fields are not wet. In Michigan, where 76% of the corn and 80% of the soybeans had been harvested by November 14, topsoil moisture was rated 47% surplus. On the same date, topsoil moisture in Ohio and Indiana was 25 and 22% surplus, respectively.

**In the South**, clouds and scattered showers linger across Florida's peninsula. Elsewhere, cool, dry weather favors fieldwork, including winter wheat planting and cotton, peanut, and soybean harvesting. In Louisiana, 43% of the sugarcane had been harvested by November 14<sup>th</sup>, compared to the 5-year average of 50%.

**Outlook:** A disorganized storm system crossing the Northwest will coalesce late in the weekend over the Great Lakes region. By early next week, the intensifying storm will draw cold air, accompanied by gusty winds, into the Midwest and East. On Monday, high temperatures will remain below 32°F in portions of the Great Lakes region. In contrast, late-season warmth will prevail across the nation's mid-section.

Meanwhile, precipitation associated with the storm system could exceed an inch from the Ohio Valley into the Northwest, with totals topping 2 inches in parts of New England. Farther west, little or no precipitation will fall during the next 5 days across the Plains, Southwest, and western Corn Belt, while rain and snow showers will dot the remainder of the western U.S. today and again early next week.

The NWS 6- to 10-day outlook for November 24 – 28 calls for the likelihood of below-normal temperatures in the Midwest and East, while warmer-than-normal weather will prevail from the Pacific Coast to the High Plains.

Meanwhile, near- or below-normal precipitation from California and the Great Basin into the Midwest should contrast with wetter-than-normal conditions in parts of Maine, the Pacific Northwest, and an area stretching from the southern Rockies to the middle and southern Atlantic States..

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-lbs 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)

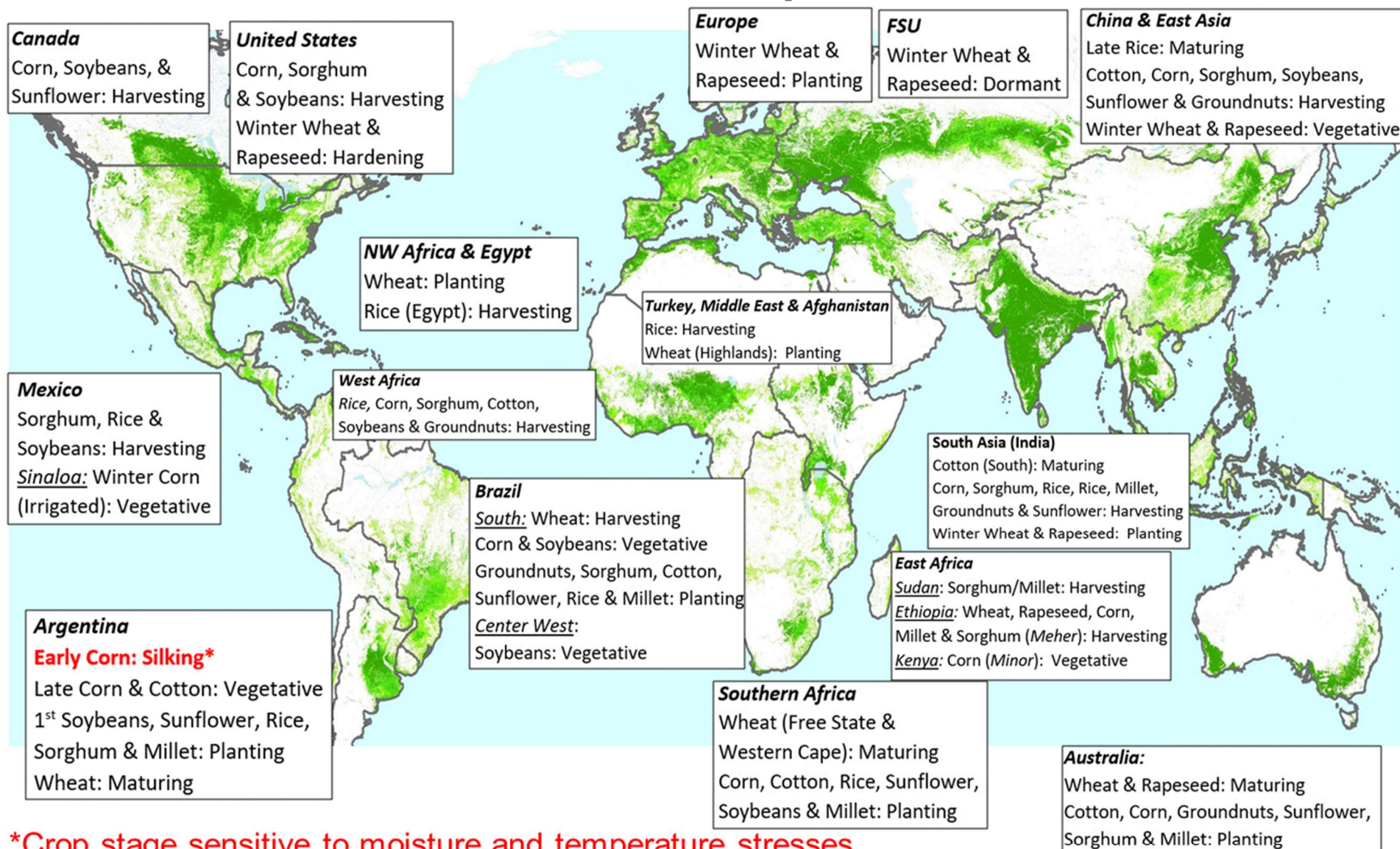
MY refers to the 12-month period at the onset of the main harvest, when the crop is marketed (i.e., consumed, traded, or stored). The year first listed begins a country's MY for that commodity (2021/22 starts in 2021); except for summer grains in certain Southern Hemisphere countries and for rice in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



# November Crop Calendar



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



U.S. Department of Agriculture (USDA)  
Foreign Agricultural Service (FAS)  
Office of Global Analysis (OGA)  
International Production Assessment Division (IPAD)