Notes and Observations in International Commodity Markets

3rd December 2021

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

NEW! IGP Market Information Website: http://www.dtnigp.com/index.cfm

Find me on Twitter @igpguy1

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

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

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

Contents

A WEEK OF INCREASED VOLATILITY

GHA – A volatile week in commodity markets moving prices in both directions.

All three U.S. wheats suffered double-digit losses, influenced by news of a possible export quota coming to Russia. March KC wheat closed down 18 cents, March CBOT wheat was down 11¼ cents and March Minneapolis wheat was down 27¾ cents.

January soybean meal closed up $9.80 Friday and was the leading percentage gainer in the grain sector, encouraging corn and soybean prices to higher closes. March corn closed up 7¼ cents and July corn was up 6 1/2 cents. January soybeans closed up 23 cents and March soybeans were up 21¼ cents.

The December U.S. Dollar Index is trading down 0.13 at 96.03. The Dow Jones Industrial Average is down 316.64 points at 34,323.15.

February gold is up $20.70 at $1,783.40, March silver is up $0.17 at $22.49 and March copper is down $0.0315. January crude oil is down $0.54 at $65.96, January heating oil is down $0.0141, January RBOB gasoline is down $0.0272 and January natural gas is up $0.106.

USDA WASDE next week on Thursday the 9th of December. Have a good weekend!☺

- **US Ag Exports in 2022 Forecast at Record $175.5 Billion**

23 Nov 2021 USDA ERS Situation and Outlook Report - U.S. agricultural exports in fiscal year (FY) 2022 are projected at $175.5 billion, down $2.0 billion from the August forecast, but still a record if realized.

This decrease is driven by reductions in oilseed and oilseed product exports that are partially offset by increases in livestock, poultry, dairy, cotton, and ethanol exports. The projection for soybean exports is down $3.9 billion to $28.4 billion due to lower prices and softening Chinese demand. Soybean meal exports are forecast down $800 million to $4.9 billion due to lower prices.

Livestock, poultry, and dairy exports are forecast to increase by $1.9 billion to $38.7 billion, with gains across all major commodities except pork. Beef exports lead the increase with an $800-million upward revision, followed by poultry and poultry product exports, which are forecast up $700 million, both driven by higher prices.

Cotton exports are forecast up $500 million to $7.3 billion based on higher unit values and volumes.

Grain and feed exports are revised down by $300 million to $41.5 billion, with corn, sorghum, and rice exports each down $100 million. The forecast for wheat exports is unchanged at $7.1 billion, as higher unit values are offset by lower volumes and greater competition.

Ethanol exports are forecast up $500 million to a record $2.9 billion on higher unit values.

Horticultural product exports are unchanged from the August forecast at $37.7 billion.

Agricultural exports to China are forecast at $36.0 billion, a decrease of $3.0 billion from the August projection—but still a record—largely due to lower soybean unit values. China is expected to remain the largest U.S. agricultural market.

Table 1–U.S. agricultural trade, fiscal years 2016–22, year ending September 30

Item	2016	2017	2018	2019	2020	2021	Forecast fiscal year 1/ 2022 August	Forecast fiscal year 1/ 2022 November
	Billion dollars							
Exports	133.7	144.8	148.6	140.1	139.7	172.2	177.5	175.5
Imports	121.1	127.2	136.5	141.4	143.4	163.3	159.5	165.0
Balance	12.6	17.6	12.1	-1.3	-3.7	8.9	18.0	10.5

Note: Due to rounding, balance may not agree with import and export data.

1/ Reflects forecasts in the November 9, 2021, *World Agricultural Supply and Demand Estimates* report.

Sources: USDA, Economic Research Service and USDA, Foreign Agricultural Service analysis and forecasts using data from U.S. Department of Commerce, Bureau of the Census.

U.S. agricultural imports in FY 2022 are forecast at $165.0 billion—up $5.5 billion from the August forecast, largely driven by higher imports of horticultural and livestock products. Horticultural product imports are forecast up $2.0 billion, led by increases in distilled spirits and fresh fruits. Livestock product imports are projected to rise by $800 million on higher beef and pork imports. The forecasts in this report are based on policies in effect at the time of the 9th of November 2021, World Agricultural Supply and Demand Estimates (WASDE) release and the U.S. production forecasts thereof.

Export Products

FY 2022 U.S. **grain and feed exports** are forecast at $41.5 billion, down $300 million from the August forecast on lower corn, sorghum, and rice export values. Corn exports are forecast at $17.0 billion, down $100 million from the August forecast, due to lower unit values despite larger volumes. U.S. corn is expected to be competitive until new crop supplies from South America come onto the market in early 2022. Sorghum exports are forecast at $2.4 billion, down $100 million on lower unit values. Feed and fodder exports are unchanged at $8.3 billion. Wheat exports are forecast at $7.1 billion, unchanged from the August forecast. Higher unit values are offset by lower volumes (smaller production) and greater export competition. U.S. wheat prices are elevated due to a drought-impacted crop resulting in tight stocks for hard red winter, spring, durum, and white wheat, which are forecast at their lowest levels since 2007/08. Rice exports are forecast down $100 million to $1.9 billion, with weaker sales to top markets in the Western Hemisphere. Unit values are forecast slightly higher due to a smaller crop, especially for medium-grain rice.

FY 2022 **oilseed and products exports** are forecast at $38.9 billion, down $4.6 billion from the August forecast but still a record. Values are down mostly on lower soybean and soybean meal export unit values. Soybean export value declines $3.9 billion from the August forecast to $28.4 billion; soybean meal is lowered $900 million to $4.9 billion. A larger 2021 soybean harvest and greater carryin stocks from last season have boosted supplies and lowered prices. Additionally, softening China demand and expectations of a large Brazilian harvest in early 2022 continue to provide strong headwinds for export volumes and unit values next year. Soybean oil export values are reduced $100 million to $900 million on lower export volumes. Soybean oil export unit values remain near record highs, but high premiums compared with South America will continue to limit export volume.

FY 2022 **cotton exports** are forecast up $500 million from the August forecast to $7.3 billion on higher unit values. Exuberant price rallies—both for domestic and international prices—are expected to significantly raise export unit values in the coming months. Volume is forecast slightly higher on improved U.S. crop conditions.

FY 2022 **livestock, poultry, and dairy exports** are forecast up $1.9 billion to $38.7 billion on gains across all major commodities except pork. Beef exports are up $800 million to $9.1 billion, primarily on higher unit values. Poultry and product exports are up $700 million to $6.6 billion on higher broiler and turkey meat prices as global demand remains firm. Exports of hides and skins are forecast $100 million higher to $1.1 billion as global leather demand improves amid economic recovery. Dairy product exports are raised $200 million on higher volumes and rising unit values, reflecting strong global import demand and tightening competitor supplies. Pork exports are forecast $500 million lower to $6.6 billion as growth in China pork supply limits import demand.

Horticultural products are unchanged from the August forecast at $37.7 billion. Whole and processed tree nuts are unchanged at $9.0 billion, with most shipments destined for Europe and Asia. Fresh fruit and vegetables are unchanged at $7.3 billion

Table 3–U.S. agricultural exports: Value and volume by commodity, fiscal years 2018–2022

Commodity	Fiscal year				Forecast Fiscal year 2022	
	2018	2019	2020	2021	August	November
VALUE						
			–Billion dollars–			
Grains and feeds 1/	**31.199**	**29.969**	**29.933**	**42.659**	**41.8**	**41.5**
Wheat 2/	5.086	6.233	6.268	7.231	7.1	7.1
Rice	1.652	1.841	1.798	2.044	2.0	1.9
Corn	11.274	9.013	8.220	17.473	17.1	17.0
Sorghum	0.931	0.442	1.032	1.980	2.5	2.4
Feeds and fodders	7.817	7.783	7.950	9.076	8.3	8.3
Oilseeds and products 3/	**31.902**	**26.271**	**27.527**	**37.857**	**43.5**	**38.9**
Soybeans	21.689	17.018	17.844	26.536	32.3	28.4
Soybean meal 4/	4.957	4.399	4.381	5.659	5.7	4.9
Soybean oil	0.896	0.676	0.980	0.837	1.0	0.9
Livestock, poultry, and dairy	**30.799**	**30.394**	**31.596**	**37.008**	**36.8**	**38.7**
Livestock products 3/	19.990	19.604	20.069	23.698	23.5	24.5
Beef and veal 5/	7.342	7.284	6.639	8.672	8.3	9.1
Pork 5/	5.441	5.517	6.717	7.018	7.1	6.6
Beef and pork variety meats 5/	1.636	1.562	1.602	1.926	1.8	1.9
Hides, skins, and furs	1.581	1.108	0.858	1.079	1.0	1.1
Poultry and products	5.253	5.137	5.072	6.000	5.9	6.6
Broiler meat 5/ 6/	3.237	3.172	3.098	3.576	3.4	4.0
Dairy products	5.556	5.653	6.455	7.310	7.5	7.7
Tobacco and products 3/	**1.275**	**0.958**	**0.894**	**1.065**	**0.9**	**0.9**
Cotton 3/ 7/	**6.688**	**6.147**	**5.649**	**6.232**	**6.8**	**7.3**
Seeds	**1.826**	**1.883**	**1.646**	**1.659**	**1.6**	**1.6**
Horticultural products 3/ 8/	**36.322**	**36.263**	**34.777**	**37.644**	**37.7**	**37.7**
Fruits and vegetables, fresh	7.296	7.065	6.962	7.143	7.3	7.3
Fruits and vegetables, processed	7.023	6.861	6.537	7.032	7.1	7.1
Tree nuts, whole and processed	8.765	9.000	8.537	8.831	9.0	9.0
Sugar and tropical products 9/	**5.954**	**5.817**	**5.404**	**5.662**	**5.9**	**5.9**
Ethanol 10/	**2.654**	**2.393**	**2.261**	**2.399**	**2.4**	**2.9**
Total	**148.620**	**140.095**	**139.686**	**172.184**	**177.5**	**175.5**
Major bulk products 11/	**48.618**	**41.653**	**41.675**	**62.647**	**67.8**	**64.1**
			– Million metric tons –			
VOLUME						
Wheat 2/	21.155	26.569	26.826	25.494	24.0	22.3
Rice	3.072	3.617	3.127	3.754	3.6	3.3
Corn	63.569	49.223	46.927	68.491	61.0	63.0
Sorghum	4.806	2.373	5.386	7.032	8.3	8.3
Feeds and fodders	22.052	21.575	20.779	21.919	21.8	21.8
Soybeans	56.901	48.297	48.980	56.631	55.9	55.8
Soybean meal 4/	12.717	12.141	12.550	12.490	12.9	12.9
Soybean oil	1.108	0.880	1.287	0.782	0.7	0.6
Beef and veal 5/	1.039	1.015	0.952	1.122	1.1	1.1
Pork 5/	1.984	2.056	2.507	2.475	2.5	2.4
Beef and pork variety meats 5/	0.731	0.728	0.693	0.760	0.7	0.7
Broiler meat 5/ 6/	3.168	3.214	3.310	3.448	3.4	3.4
Cotton 7/	3.694	3.466	3.625	3.492	3.3	3.4
Major bulk products 11/	153.879	134.165	135.443	165.770	156.1	156.1

Note: Totals may not add up due to rounding.
1/ Includes barley, oats, rye, corn gluten feed and meal, and processed grain products. 2/ Excludes wheat flour. 3/ Includes products added with the change in definition of "Agricultural Products." 4/ Includes soy flours made from protein meals. 5/ Includes chilled, frozen, and processed meats. 6/ Includes only federally inspected products. 7/ Includes linters and waste. 8/ Includes food preparations, essential oils, and wine. 9/ Includes coffee and cocoa. 10/ Non-beverage ethanol. 11/ Includes wheat, rice, coarse grains, soybeans, and cotton.
Sources: Compiled by USDA, Economic Research Service and USDA, Foreign Agricultural Service analysis and forecasts using data from U.S. Department of Commerce, Bureau of the Census.

on stable shipments to top markets Canada and Mexico. Similarly, processed fruit and vegetables are unchanged at $7.1 billion.

FY 2022 U.S. **ethanol exports** are forecast at a record $2.9 billion, up $500 million from the August forecast on higher unit values. Elevated U.S corn prices and an upward revision in oil prices since August lead to higher ethanol unit values, driving export value to slightly exceed the FY 2012 record. Export volumes to fuel markets are mostly unchanged or lowered from August, and total volume remains well below FY 2018 peak. Since August, upward revisions in ethanol-blended gasoline prices have weakened expectations for fuel pool recoveries, thus lowering ethanol demand. There remains the risk that some countries may lower blending rates to slow inflation. Export volumes are up marginally for ethanol used as other industrial chemicals, despite higher prices, buoyed by economic growth. Compared to FY 2021, exports to Brazil remain poised to see the largest value and volume gains due to shortfalls and persistently high prices in Brazil, but high U.S. prices, strong dollar, and duty moderate increase. India, Mexico, and United Kingdom also remain poised to see volume gains. There have been no U.S. fuel ethanol sales to China since June 2021. Should this continue through FY 2022, the absence of sales to China could negate export volume increases to all other markets.

Source: Kenner, Bart, Hui Jiang, and Dylan Russell. Outlook for US Agricultural Trade: November 2021, AES-118, USDA, Economic Research Service and USDA, FAS, 23 November 2021

US Dollar & Foreign Exchange

- **<u>US Dollar Index – Posts Moderate Gains On Higher T-Note Yields</u>**

2 Dec 2021 - The dollar index on Thursday rose +0.117 (+0.12%). The dollar index on Thursday posted moderate gains on higher T-note yields. The dollar also found support Thursday on hawkish comments from Atlanta Fed President Bostic and signs of strength in the U.S. labor market after U.S. weekly jobless claims rose less than expected.

EUR/USD on Thursday fell -0.0021 (-0.19%). EUR/USD on Thursday posted moderate losses. A sharp drop in German bund yields on Thursday undercut EUR/USD after the 10-year German bund yield tumbled to a 3-month low of -0.394%. Also, tighter pandemic restrictions in Germany weighed on EUR/USD after Germany on Thursday imposed strict curbs that will only allow people who are vaccinated or recovered from Covid into restaurants, theaters, and non-essential stores.

USD/JPY on Thursday rose +0.36 (+0.32%). USD/JPY on Thursday rose as a slight easing of omicron variant concerns sparked a rally in U.S. stocks that reduced the safe-haven demand for the yen. The yen was also under pressure on higher T-note yields, along with Thursday's data that showed the Japan Nov consumer confidence index was unchanged at 39.2, weaker than expectations of an increase to 40.3.

Thursday's weekly U.S. jobless claims data was bullish for the dollar. U.S. weekly initial unemployment claims rose +28,000 to 222,000, showing a stronger labor market than expectations of 240,000. Weekly continuing claims fell -107,000 to a 20-month low of 1.956 million, showing a stronger labor market than expectations of 2.003 million.

Comments on Thursday from Atlanta Fed President Bostic were hawkish for Fed policy and supportive for the dollar when he said it "would be in our interest" to wrap up tapering of asset purchases at a faster pace to give the Fed more flexibility to raise interest rates if needed.

February gold on Thursday closed down -21.60 (-1.21%), and March silver closed down -0.023 (-0.10%). Precious metals prices on Thursday closed lower, with gold falling to a 4-week low. Dollar strength and a rally in stocks on Thursday weighed on precious metals. Also, higher T-note yields on Thursday undercut gold prices along with hawkish comments from Atlanta Fed President Bostic, who said it is in the Fed's "best interest" to speed up the pace of taper.

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..

- **<u>Biden taps Fed Reserve Chair Powell for another term, change in the air</u>**

23 Nov 2021 - The POTUS Biden has nominated Jerome Powell for a second term as head of the central bank, citing his "steady leadership during an unprecedented challenging period." Powell has been a highly dovish Fed chair, and has enjoyed bipartisan support for re-nomination, despite objections from progressives.

However, the status quo is about to change - Powell is going to have to tackle an entirely different economic landscape over the next four years.

During the pandemic, the Fed cut interest rates to historic lows, prioritized employment, and spent billions to keep the US economy afloat. For his next term, Powell will have to pivot toward combating inflation at the risk of choking off the cash flows that have helped markets soar to record highs.

Here's what to keep in mind as Powell eyes a second term:

- Inflation rose 6.2% year-over-year in October, the biggest jump in 30 years.
- The labor shortage is real with 0.7 workers for every job opening, a record low.
- The Fed has been buying at least $80 billion in Treasury's and $40 billion in mortgage-backed securities each month, and those numbers are set to taper.

➢ World food prices climb in November, stay at 10-year peak -FAO

2 Dec 2021 Reuters - World food prices rose for a fourth straight month in November to remain at 10-year highs, led by strong demand for wheat and dairy products, the U.N. food agency said on Thursday.

The Food and Agriculture Organization's (FAO) food price index, which tracks international prices of the most globally traded food commodities, averaged 134.4 points last month compared with a revised 132.8 for October.

The October figure was previously given as 133.2.

The November reading was the highest for the index since June 2011. On a year-on-year basis, the index was up 27.3% last month.

Agricultural commodity prices have risen steeply in the past year, driven by harvest setbacks and strong demand.

Rome-based FAO cut its projection of global cereal production in 2021 to 2.791 billion tonnes from 2.793 billion estimated a month ago, according to its cereal supply and demand outlook.

However, the expected world cereal output would still represent a record, FAO said.

WHEAT

➢ Drop in global output of bread-making wheat sparks hunt for supplies

1 Dec 2021 By Naveen Thukral and Gavin Maguire, Reuters -

- Top-quality supplies tighten with lower output in top exporters
- Hopes on Australia fade as early harvest shows lower protein
- Price spread between wheat qualities seen widening worldwide

A leading Middle Eastern flour miller paid over $23 million in October for a high-grade Australian wheat cargo and is willing to pay 10% more now for a similar consignment but is unable to seal a deal as exporters can't find enough food-grade grain.

The miller is one of dozens of global importers scrambling to get hold of high-protein wheat, used in making bread, noodles and other foodstuff, after a series of production issues clipped output and potential exports from the world's largest producers.

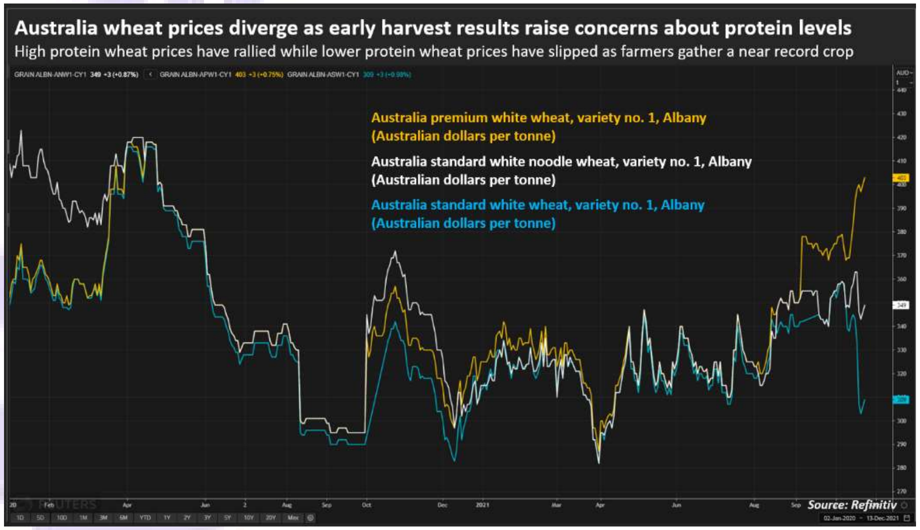
Traders who sold high-quality wheat are now trying to cover supplies through alternative sources while buyers, worried about food security, are helping push prices to multi-year highs.

The latest output miss has come in Australia, which is on course to harvest a record 34.4 mmts of wheat this season, but was hit by late rains that sapped protein levels.

"The global wheat market has changed dramatically over the last few weeks," said a trader who ships grains to the Middle East and North Africa, which are heavily reliant on purchases from top exporters Russia, the United States and Australia.

"If you booked high-quality wheat, you are not sure about what you get."

Reflecting the uneven quality ratings as harvest season wraps up, the price spread between lower quality Australian Standard White (ASW) wheat and Australian Premium White (APW) wheat has widened to $47/mt, from just about $8-$10/mt a few months ago, traders said.



Australia wheat prices diverge as early harvest results raise concerns about protein levels

ASW was quoted this week at $318/mt, FOB Western Australia, compared with APW that sold for $365/mt.

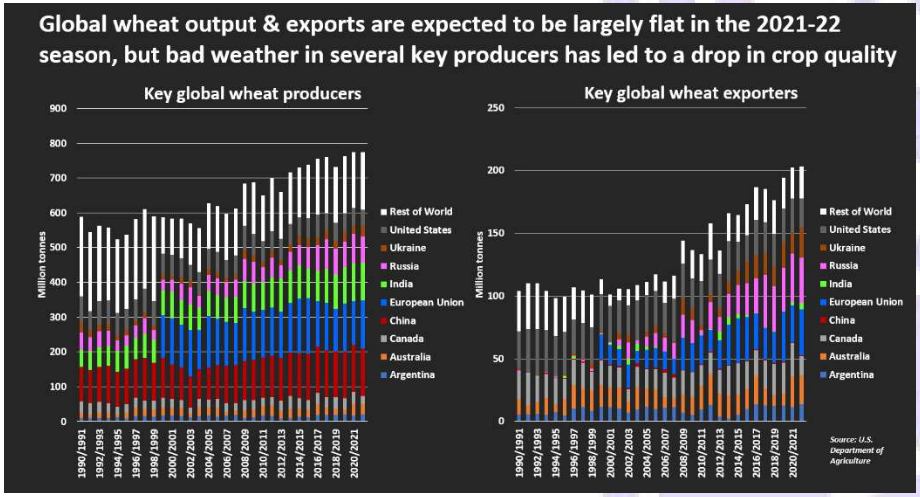
GLOBAL RIPPLES - The tensions in the wheat market are being felt around the world.

Benchmark wheat traded in Chicago climbed to a nine-year peak late last month, while prices at ports in Russia, the world's No. 1 supplier, and Australia, typically the fourth largest exporter, are at all-time highs.

World food prices rose for a third straight month in October to reach a new 10-year peak, led by increases in cereals and vegetable oils, the UN food agency said.

The dizzying price levels are alarming buyers who are still suffering from the economic impact of the coronavirus pandemic, with decade-high freight costs compounding their problem.

Many large wheat millers are also holding lower inventories than normal after having scrimped on pricey purchases earlier this year in the hopes that Australia's wheat crop would be large and of high quality.



Global wheat output and exports

At the same time, key exporters Russia, United States and Canada have less than normal supply of high-quality wheat following adverse weather.

"As usual, Russia is selling wheat with average protein of 12.0-12.5% this season," Andrey Sizov the head of Sovecon agriculture consultancy said.

However, Russia's wheat production is expected to fall this year, and exports are down 34% so far in the 2021/22 marketing season.

In Germany, a key European wheat producer, traders say main importers including Saudi Arabia and Iran had been hoping for large volumes of high-protein wheat from Australia.

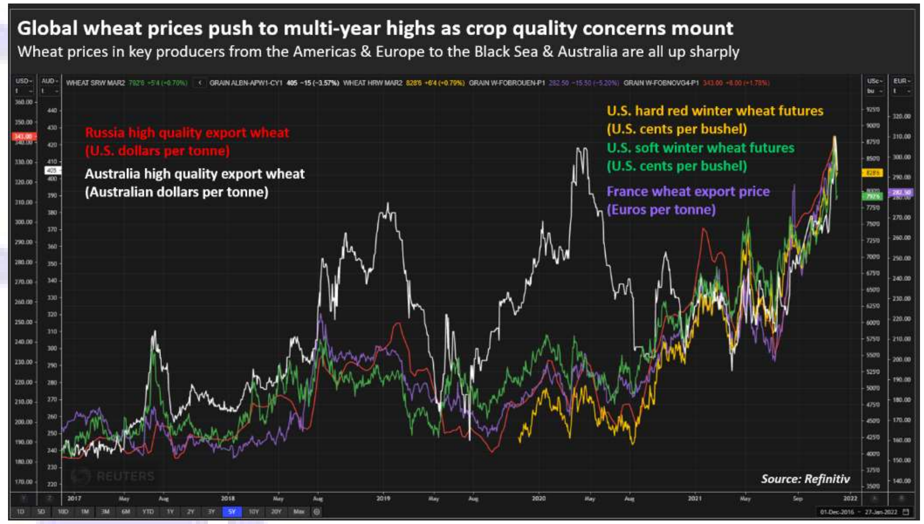
"These high supplies are now threatened, and importers may have no option but to seek other sources," said one German trader.

"There could be a scramble with the EU and Russia the first option followed by the U.S."

ON THE HOOK - A second German trader said there was speculation in the market about where Saudi Arabia was sourcing the 1.27 mmts wheat purchase it announced on November 1st.

"If Australia was among the planned sourcing, this will have to be changed quickly to fulfil arrival starting in January. Our demand calculations for EU wheat may need fundamental changes."

In Canada, drought shrank the spring wheat harvest to a 14-year low, but the hot, dry conditions boosted protein content.



Global wheat prices push to multi-year highs as crop quality concerns mount

However, high prices have lately paralysed sales of high-protein North American wheat, with exporters having almost no sales on the books for January delivery or later, said a Canadian exporter, who was not authorised to speak publicly and therefore declined to be identified.

Total U.S. wheat plantings are expected to climb next season, according to the U.S. Department of Agriculture, but supply worries over top quality wheat may persist.

"U.S. hard wheat stocks are likely to decline even further next year, based on seedings and what we see as the demand profile," said Dan Basse, president of AgResource Co in Chicago.

➢ ABARES lifts forecasts for wheat

30 Nov 2021 Grain Central - ABARES has lifted its forecasts for the Australian wheat, barley and canola crops now being harvested in its December 2021 Australian Crop Report released Tuesday.

Its forecast for wheat at 34.4 mmts sets a new record, and is up 5.5% from 32.6 mmts estimated in the previous report released September 7th.

For wheat, a 10% increase in the size of the New South Wales crop and a 9.5% in the estimate for Victoria have driven the national increase, supported by more modest upward revisions to Queensland, South Australia and Western Australia.

This means New South Wales is once again expected to buck the trend for the second year running by producing a bigger wheat crop than Western Australia.

WHEAT PRODUCTION	5yr avg to 2020-21	2019-20	2020-21	2021-22 Sep estimate	2021-22 Dec estimate
Qld	842,000	418,000	1,103,000	1,763,000	1,789,000
NSW	6,251,000	1,772,000	13,110,000	11,100,000	12,210,000
Vic	3,821,000	3,714,000	4,768,000	3,700,000	4,050,000
Tas	47,000	44,000	56,000	70,000	73,000
SA	4,140,000	2,689,000	4,800,000	4,500,000	4,600,000
WA	8,533,000	5,842,000	9,500,000	11,500,000	11,700,000
TOTAL TONNES	23,634,000	14,479,000	33,337,000	32,633,000	34,422,000

Source: ABARES

GHA: Despite Australian wheat estimates forecasts at record highs, offers for premium quality wheat may be hard to come by. Australian Premium White wheat (APW) FOB, Western Australia is now priced at a US$47/mt over Australian Standard White wheat (ASW), compared to just US$8 a few months ago pre-harvest.

➢ **Australia ABARES forecasts a Record Wheat Crop**

29 Nov 2021 - Favorable weather conditions in the spring, Australian winter crop production in marketing year 2021/22 is forecast to reach a record 58.4 mmts, according to a report released on the 30th of November by the Department of Agriculture, Water and the Environment (ABARES).

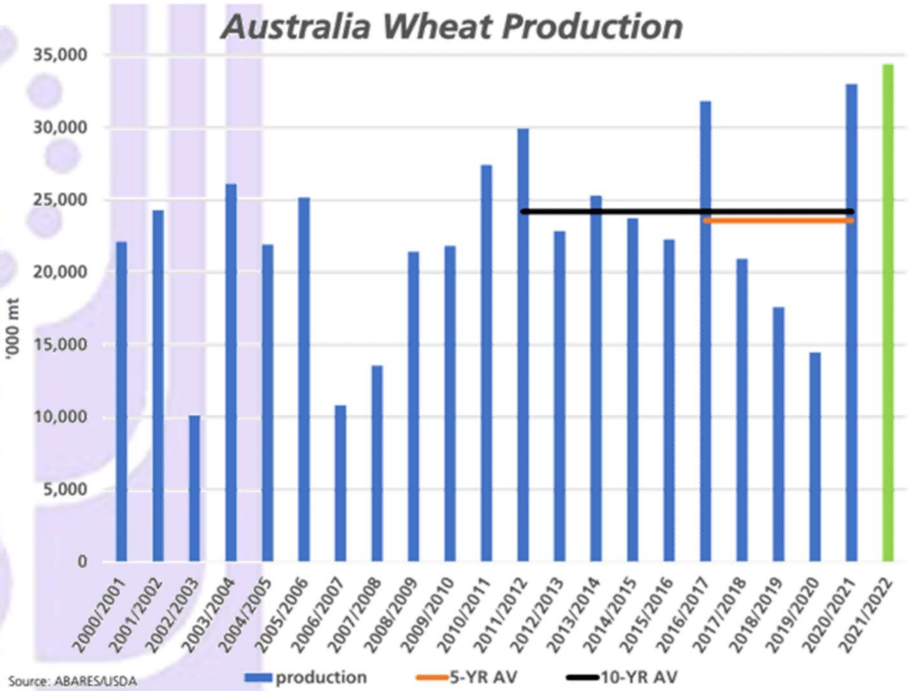
Australia's ABARES has revised higher its forecast for that country's wheat production to a record 34.4 mmts, up from its September estimated of 31.5 mmts. As seen on the attached chart, this volume is more than 10 mmts higher than both the country's five-year average and the 10-year average.

"The national record is driven by expected all-time high production in Western Australia and the second highest on record in New South Wales. Production in other states is also well above average," said Jared Greenville, executive director of ABARES.

The report also noted that barley production is forecast at 13.3 mmts, the second largest crop ever; and a record canola crop of 5.7 mmts is also expected.

However, all is not good news as a series of heavy rainfall events during November has delayed the harvest of winter crops across New South Wales and Queensland likely leading to a fall in grain quality in unharvested crops. Flooding in northern and central parts of New South Wales has also resulted in down-grades in quality and some production losses for some producers, but this is not expected to significantly affect state totals volumes.

The ABARES report said area planted to summer crops in 2021/22 is forecast to increase by 36% to reach 1.4 million hectares, due to favorable soil moisture levels in late spring and high water storage levels.



Australia's ABARES has estimated that country's wheat production at a record 34.4 mmts (green bar), up from its previous estimate of 31.5 mmt. This compares to the five-year average of 23.6 mmt (horizontal brown line) and the 10-year average of 24.2 mmt (horizontal black line). (DTN graphic by Cliff Jamieson)

It is not often that record production is accompanied by near-record prices, but this is the situation due to the smaller crop realized in competing nations while Australia's ongoing wet pattern has led to quality concerns on the east side of the country.

The CME Wheat Contract converted to Australian dollars reached a high of A$435/mt last week while ending the week at A$424/mt.

The focus on the Australian crop this fall due to the short crop in several competing nations, including Canada and the United States, will only increase as the country gets a handle on overall quality. It will also be interesting to see how keen the Australian producer is to sell and deliver knowing the country's key role in meeting global demand in the months ahead.

Australia Wheat Crop To Decline Sharply

30 Nov 2021 Gro Intelligence - Australia's wheat crop will decline substantially year over year, contrary to Australian government forecasts for another record wheat harvest.

ABARES, a government agency, recently raised its 2021/22 wheat production estimate to 34.4 mmts, up 3% from a year earlier. But Gro's Australia Wheat Yield Forecast Model indicates production will be down sharply from last year, and well below government estimates.

Wheat production in Australia, the No. 4 exporter, is critical to global wheat supplies. Following this year's harvest shortfalls in North America, and US wheat supplies at their tightest in 14 years, the world's wheat importers were counting on a sound crop from Australia.

Wheat is used largely for milling and baking. With supplies tight, bakeries could face higher input costs that may translate into elevated prices for consumers for products such as bread, cakes, pastries and even all-purpose flour.

Recent heavy rains at harvest in eastern Australia have further reduced wheat yield prospects, according to Gro's model, and heavy rains are forecasted to continue, which could further compromise crop quality and production.

CBOT wheat futures prices are trading near eight-year highs. In addition to heavy precipitation in Australia, dry conditions in the US Southern Plains are fueling worries about global availability of high-protein wheat. The recent return of the La Niña global weather pattern threatens to keep global wheat prices elevated until at least late spring 2022 when Northern Hemisphere harvests come in.

In the US, the Gro Drought Index shows moderate drought is plaguing winter wheat crops in Texas and Oklahoma and forecasts call for mostly dry conditions for the next two weeks. Nationally, winter wheat crop ratings are at their lowest levels in a decade at just 44% good-excellent. Just 20% of Texas' crop falls in the good-excellent category, a nearly 20-year low.

The winter wheat crop in Russia, the world's top exporter, is also entering dormancy in dry conditions.

Supply concerns are not apt to change much over the Northern Hemisphere winter as little new data becomes available.

Canada slashes durum harvest

3 Dec 2021 Reuters - Canada slashed its assessment of durum production to the lowest level on record as severe drought scorched Prairie crops, a government report on Friday showed.

Canada is one of the world's biggest wheat exporters. The country's drought has contributed to a drop in global supplies of high protein wheat that is critical in bread-making.

StatsCan pegged the all-wheat harvest at 21.7 mmts, unchanged from its previous estimate but exceeding the average trade expectation of 21.2 mmts. The wheat harvest was down 38.5% from last year.

StatsCan cut its estimate of durum wheat, which is used to make pasta, to 2.7 mmts from 3.5 mmts. The government agency's reduction of its durum estimate reflects that the crop is grown in the "bullseye" of this year's drought, said Jonathon Driedger, vice-president at LeftField Commodity Research. Otherwise, the fresh estimates were unsurprising.

The 16 mmts spring wheat harvest is down 38% from last year, although StatsCan increased its estimate from September's 15.3 mmts.

Statistics Canada used a farmer survey to determine the latest crop estimates, unlike its earlier production reports this year that it based on satellite data and analysis.

CME CBOT Wheat Futures

GHA – Wheat futures closed weaker on a day when fall crops were sharply higher. Friday's wheat trading session left the board double digits weaker ahead of the weekend. CBT SRW futures were 7 1/4 to 12 cents lower through the Sep '22 contract, with March having given back 49 3/4 cents during the week. KC futures closed 11 to 18 cents lower on Friday, with March a net 56 cents lower through the week. MPLS futures went into the weekend with 16 3/4 to 21 3/4 cent losses, which for March added to the 31 1/4 cent net loss for the week. March futures traded with a 64 cent range during the week.

***CBOT March 2022 Wheat Futures** settled on Friday at $8.03¾/bu, off 11¼ cents on the day, and losing 65 cents for the week.*

The Commitment of Traders report showed managed money funds were 6,200 contracts net long in Chicago wheat as of the 30th of November. That was an 11,763 *contract reduction, fueled by long liquidation, compared to the week prior. Commercial SRW traders were 15,625 contracts less net short on a 56,569 contract lighter Open Interest.*

CME deliveries went to zero with Friday's notices, though the Z/H spread net was weaker on the day. CIF basis on paper is well above DVE but baking quality (falling number) factors raise questions about the effectiveness of stopping WZ.

➢ U.S. Export SRW Wheat Values – Friday 3rd December 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	12/2/2021	12/3/2021	
DEC	85 / 100	90 / 105	H
JAN	85 / 100	90 / 105	H
FEB	85 / 100	90 / 105	H
MAR	85 / 100	90 / 105	H

U.S. wheat remains largely uncompetitive in global markets.

Russia's wheat export tax is set to be $84.90/mmts for next week, about $2.31/bus. Indications are that Russia will introduce a 14 mmts total grain quota that would include 9 mmts wheat before June 30th. This would suggest a reduction in most annual export forecasts for Russian wheat.

StatsCan data this week reported Canada's 2021 wheat crop at 21.6 mmts. That was above the 21.2 mmts average estimate, but was within the 19.3 to 22.5 mmts expected range. The USDA had Canadian output at 21 mmts in their November forecast.

Reports coming in there is as much as a 5 to 7mmts of downgrade in Australia's, with weather forecasts continuing to threaten. The New South Wales wheat crop to feed quality was thought to a partial factor in the FOB price of APW surging $8/mt yesterday to $357/mt. Many importers were counting on Australia to supply their needs for mid to higher protein wheat this season following sever drought in Canada earlier this year. However, available supplies if quality wheat continue to wane.

China to feed more corn, a little less wheat? Last year the lb/lb ratio of wheat to corn averaged below .90 for much of the year. In 2021/22, the ratio has moved above 1.0: to 1 since the 1st of October

The FranceAgriMer reported winter wheat planting at 99% complete as of the 29th of November, matching last year's pace. Conditions were steady at 99% good or very good.

Next week's WASDE report survey results show analysts are looking for between a 20 mbus cut and a 49 mbus bump in the 2021/22 wheat carryout. The average estimate is to see 589.2 mbus.

➢ CME KC HRW Wheat Futures

***Kansas March 2022 HRW Wheat Futures** settled on Friday at $8.24¼/bu. off 18 cents on the day, and gaining 1¾ cents on the week. KC HRW led wheat futures higher, as nearby KWZ21 closed up 7½ cents/bu at $8.34¾.*

KC wheat is at a 24-cent premium to CBOT in weaker action so far. KC March chart support is at the 20-day at $8.35, which we bounced back above overnight before fading back from with the recent low at $8.15 as the first level of support.

The Commitment of Traders report showed KC wheat spec traders were 62,368 contracts net long. That was only down 3,241 contracts wk/wk as of the 30th of November.

KC HRW deliveries were reduced to zero with Friday's notices. The weaker flat price helped widen HRW calendar spreads.

Weather in the Plains looks little changed short term with longer-term dry concerns for the Southern Plains heading toward dormancy.

➢ U.S. Export HRW Wheat Values – Friday 3rd December 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	12/2/2021	12/3/2021		
DEC	190 / -	190 / -	H	UNC
JAN	190 / -	190 / -	H	UNC
FEB	190 / -	190 / -	H	UNC
MAR	190 / -	190 / -	H	UNC

The sharp rally in U.S. wheat futures in recent weeks stymied export demand for wheat last week, as total sales registered a new marketing year low of 2.9 mbus. Year-to-date sales now stand at 526 mbus, which is 23% behind a year ago and 18% below the five-year average pace. Hard red winter booked more-than half the total with 1.8 mbus, to put sales at 209 mbus; 12% behind a year ago and 11% behind average. Red spring wheat commitments of 141 mbus are setting 25% behind both last year and average, while soft white wheat sales of 94 mbus are 48% behind last year and 33% behind the five-year average pace.

- **<u>MGE HRS Wheat Futures</u>**

***MGE March 2022 HRS Wheat Futures** settled on Friday at $10.20¾/bu, off 21½ cents on the day, and losing 27¾ cents for the week.*

Spring wheat is weaker versus Chicago moving the premium to 2.21 cents on the March.

CFTC reported managed money was only 931 contracts less net long in MGE wheat, at 14,204 contracts net long as of the 30th of November.

Statistics Canada reported spring wheat specific production above estimates with 16 mmts produced in 2021/22. Durum's specific output was 2.65 mmts, when the trade was looking for a 3.6 mmts.

<u>Portland Price Trends</u>

	12-01-20	01-01-20	11-01-21	11-26-21	12-02-21
#1 SWW (bu)	6.35	6.65	10.60	11.00	10.65
White Club	6.60	6.65	12.60	13.00	12.65
DNS 14%	6.59	7.14	11.72	11.58	11.53
HRW 11.5%	6.69	7.38	9.60	10.34	10.10
#2 Corn (ton)	193.00	211.00	277.00	278.00	270.00
#2 Barley	135.00	145.00	240.00	240.00	240.00

West coast cash prices came under pressure from the retreat in wheat futures this week, with all but white wheat prices registering a rebound today against higher futures.

Spot basis levels for soft white wheat are setting $2.00 above the 10-year average of $.75 over Chicago, hard red winter is $.50 higher at $1.65 over KC futures and red spring wheat is $.45 below 10-year average of $1.55.

A look at year-to-date purchases of U.S. white wheat relative to a year ago shows China down 3 mb with 14 mb in sales, Indonesia with 293,000 bushels versus 9.5 mbus a year ago and Yemen with no purchases versus 10.6 mbus a year ago..

Coarse Grains

Corn

GHA – As a result of the past summer's drought and strong demand for feed, Canada could very well be the U.S.'s 4th largest market for corn this year. The USDA expects Canada to import 120 mbus of U.S. corn, while some private analyst think that number could be over 150 mbus. Currently, as of last week, YTD purchases are up five-fold at 73 mbus.

- **<u>Ukraine, EU may offer opportunities for U.S. corn exports</u>**

30 Nov 2021 Karen Braun, Reuters - Corn exports out of the United States, the world's top supplier, are expected to ease from last year's record but still reach the second-best levels in history. Huge U.S. sales to China are vital in those predictions, but high global prices and successes of competitors could challenge those efforts.

Most analysts think about South America when considering U.S. corn export rivals, but U.S. business is threatened whenever Ukraine has a bumper crop, as was the case this year. However, Ukraine may have hit some snags as high gasoline prices have increased the cost to harvest and transport corn, which could calm exports in the immediate term. (Ukraine's corn too expensive for export in early 2022) At the same time, the European Union, a key market for Ukrainian corn, has recently mended trade disputes with the United States, which could increase U.S. business to Europe.

Ukraine has pegged its 2021 corn harvest at a record 40 mmts (1.57 bbus), up almost 10 mmts from the drought-damaged 2020 crop. That short 2020 crop lifted sales of U.S. corn despite a harvest shortage there as well, albeit less severe.

The influence of Ukraine's poor 2020 crop on U.S. exports seemed a bit overlooked by the market at the time, especially with the distraction of China's sudden emergence as top corn importer. China in recent years has been a primary customer of Ukrainian corn.

Per U.S. government data, No. 4 supplier Ukraine is expected to export a record 31.5 mmts of corn in 2021-22, which would be up almost 90% from the averages of early last decade. By comparison, U.S. corn exports this year are seen at 63.5 mmts off a 383 mmts crop.

Delays in Ukraine's corn harvest due to the high cost of drying the grain are likely apparent in the shipment progress. As of this week, Ukraine's 2021-22 corn exports stood at 5.5 mmts, about the same as a year ago despite last year's supply dent.

It is uncertain whether lagged Ukrainian corn shipments would redirect sales to the United States as much as last year, especially with steep global prices and freight rates.

Traders thought Brazil's severe corn shortfall earlier this year would be a boon for U.S. exporters, but that never really materialized as it had in other years with lower Brazilian volumes. It is not entirely clear if that is a symptom of high prices, sinking demand or something else.

Looking ahead to the next harvest, both Ukrainian and U.S. corn farmers are in a similar situation with high fertilizer prices potentially threatening 2022 plantings of the yellow grain. (High gas prices push Ukraine corn cost up, may cut 2022 sowing area)

EU, CHINA POTENTIAL

U.S. and EU leaders agreed in late October to end the dispute over U.S. steel and aluminum tariffs imposed in 2018 by the Trump administration, and Brussels agreed to remove additional retaliatory tariffs in return, such as those on agriculture products. (U.S., EU end Trump-era tariff war over steel and aluminum) Suspension will begin January 1st.

EU countries collectively produce the world's fourth-largest corn crop, but the bloc is among the largest importers of the grain, much of it from Ukraine. U.S. exporters may now be in the mix, though Europe had a relatively successful harvest in 2021.

Prior to the 2018 tariffs, U.S. corn exports to the EU were on and off, though there were two years in the past decade where shipments exceeded 1 mmts. That includes a high of 1.9 mmts in 2017-18.

China continues to be dominant but unpredictable in the global corn market, and it secured up to 700,000 mts of Ukrainian corn two weeks ago despite a cheaper U.S. product. (Chinese buyers bought Ukrainian corn last week) China has been inactive on the 2021-22 U.S. corn scene since May.

Cumulative U.S. corn sales for 2021-22 are strong thanks to the early, large Chinese bookings, though they are below the year-ago levels. When sales to China are subtracted, U.S. corn commitments are very average for the date, so extra interest from European or other buyers might actually be needed to meet this year's robust expectations.

➢ CME CBOT Corn Futures

CME Corn March 2022 *settled on Friday at $5.84/bu, up 7¼ cents on the day, but losing 7 ¾ cents for the week. Corn prices extended their recovery on Friday, with 6½ to 9 cent gains. For the December contract that left prices at a net wash after a 26¾ cent range week. March futures still ended the week 7¾ cents lower.*

Both corn and beans moving higher, while wheat move south. Drivers were macro issues carrying over from early in the week. China buying interest, along with growing weather concerns in South America added to support. The world balance sheet wants/needs Brazilian corn.

CFTC data reflecting positions as of the 30th of November showed managed money reduced their net long by 51,422 contracts (14%) – to 315,269. That came mainly by long liquidation. Commercials were also on risk off mode through the week that ended the 30th of November, with a 192,581 (12.1%) lighter Open Interest. Their net short was only 8,789 contracts weaker to 606,174 as the long liquidation nearly matched the lifted short hedges. December options expired during that week.

CIF NOLA remains firm with Dec bid +85H against no offer; and Jan is bid +79H against no offer. FOB values from Dec thru July are all above DVE, as corn spreads continue to firm. CZ/CH finished the day at a 2-cent inverse and CH/CK finished at $.-02¼ carry. To recap, CZ/CH finished last Friday (11/26) at $-.05 carry; and CH/CK finished last Friday at $-.03¾ carry. While in December delivery it is not uncommon to see spread move 7-cents +/-, but the $.01½ firming moving is sending a not so subtle message that the market wants your corn.

Going into USDA's December WASDE update, analyst expectations call for a 18.2 mbus trim to ending stocks. The full range of estimates is for between 1.3 and 1.576 bbus, compared to USDA's 1.493 bbus reported in November.

➢ U.S. Export Corn Values – Friday 3rd December 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	12/2/2021	12/3/2021	Del. Mo.	
NOV	82 / -	85 / -	Z	
DEC	80 / 83	83 / -	Z	
LH DEC	80 / -	-	Z	
JAN	76 / -	77 / -	H	
FEB	75 / -	75 / -	H	UNC
MAR	70 / 72	71 / 73	H	
APR/MAY	66 / -	66 / -	K	UNC

The PNW FOB price was $295 last week with no bids reported for this week.

StatsCan data this morning reported Canada's 2021 corn crop at 13.98 mmts. That was below the 14.2 mmts average estimate, but was within the 13.2 to 14.5 mmts expected range. Last season's crop was 13.56 mmts, and USDA had Canadian output at 14 mmts flat in their November forecast. Canada is expected to import a record volume of U.S> corn this marketing yea.

The Buenos Aires Grains Exchange raised their expected corn area from 7.1 mha to 7.3 mha, which left planting progress only 1.1% points higher on the week at 31.1% complete.

- **Breaking down disparities in U.S. corn, soy export data**

2 Dec 2021 Karen Braun, Reuters - Grain traders have not been too impressed with U.S. corn and soybean export sales or shipment volumes in recent weeks and months, especially when compared with last year's breakneck pace. Some discrepancies in weekly datasets have made the evaluation more difficult.

The USDA on a weekly basis reports two different sets of numbers by which market participants track U.S. exports: export inspections and weekly export sales, which include actual shipments.

A cumulative discrepancy between Monday's export inspections and Thursday's weekly exports is apparent in corn. Through the 25th of November, corn inspections since September 1st total 8.6 mmts and weekly exports total 9.6 mmts.

Nearly a third of that difference can be accounted for in the varying totals to China, and that makes sense since China currently accounts for one-third of total 2021/22 U.S. corn bookings.

The cumulative soybean data is much more aligned. Both inspections and weekly exports imply total 2021/22 soybean shipments through Nov. 25th around 21.1 mmts.

Because of the large weekly volumes of soybeans that leave U.S. ports this time of year, sometimes there are bigger discrepancies by week. This was particularly the case earlier this month when soybean inspections for the week ending November 4th showed at 2.6 mmts, and then the weekly export data three days later suggested 3.7 mmts, among the highest ever recorded.

The latest numbers put inspections for that week at 2.9 mmts and weekly exports at 3.6 mmts, so a large gap remains, but this should be slightly less worrisome because marketing-year totals to date are mostly in agreement.

USDA officials said via email that exports of commodities are reported when vessels sail from ports. That is the data reported on Thursdays by the Foreign Agricultural Service (FAS).

The Federal Grain Inspection Service (FGIS) each Monday reports export vessels after an export inspection certificate has been issued or finalized. Both datasets are published for the same period, which is the week ended the previous Thursday.

Vessels may sail without an FGIS inspection certificate, so sometimes FGIS and FAS report the same shipment in different reporting periods. This would explain how, for example, soybean inspections for the week ending the November 18th were revised upward by about 750,000 mts a week later.

This suggests that the market should not overreact if weekly inspection data comes in much lower than expected since there could be delayed data forthcoming. Keeping track of both inspections and exports and any changes from week to week is the best approach.

It remains unclear why there is such a difference between the two datasets for corn this year. Through the same week last year, both exports and inspections suggested total corn exports approaching 10.4 mmts.

The final database of record is the U.S. Census Bureau, which publishes U.S. trade data monthly, and the October 2021 batch is set for release on Tuesday. While this data is considered "final," it sometimes gets tweaked many months out, so it is a good idea to always download a fresh history for analysis.

TRACKING SALES AND EXPORTS

USDA last month pegged 2021/22 U.S. corn exports at 2.5 billion bushels (63.5 mmts), down 9% from the previous year's high. Soybean exports are projected at 2.05 billion bushels (55.8 mmts), also down 9% from what was a record in 2020/21.

Data published on Thursday showed U.S. corn export sales for 2021/22 at 35.4 mmts through November 25th. That represents 56% of USDA's forecast and is just below the year-ago 57%, which was a seven-year high. Much of those sales hinge on large Chinese purchases from May 2021 and earlier.

Only 1.26 mmts of China's current 12 mmts haul had been shipped through November 25th, which may not initially be concerning since soybeans are the focus of exporters right now. However, cumulative U.S. corn shipments to China a year ago were more than double current levels despite a lower purchased total last year.

Market conditions, including shipping costs, were much different a year ago, so fears may not be warranted yet. However, traders will be expecting larger U.S. corn volumes to begin moving to China in early 2022 after the soybean season has cooled off. Any cancellations by China would certainly spook the industry.

U.S. soybean export sales for 2021/22 totaled 37.2 mmts as of November 25th, some 67% of USDA's full-year target, perhaps a bit light versus other comparable years. Last year that figure was 87% by the same date.

China's bean bookings totaled 20.4 mmts as of November 25th, accounting for 55% of total sales. Excluding the two trade war years, that is China's lowest share of sales by the date in over a decade, and that is not a flattering statistic considering that many market analysts already have concerns that U.S. soy exports could fall short of expectations.

BARLEY

➢ **ABARES lifts forecasts for wheat, barley, canola**

30 Nov 2021 Grain Central - ABARES has lifted its forecasts for the Australian barley by 6.5% to 13.3 mmts from 12.5mmts forecast in September, while the canola estimate at 5.7 mmts is up 13.8% from 5 mmts seen in September.

BARLEY PRODUCTION	5yr avg to 2020-21	2019-20	2020-21	2021-22 Sep estimate	2021-22 Dec estimate
Qld	215,000	80,000	240,000	377,000	435,000
NSW	1,838,000	916,000	3,230,000	2,655,000	2,880,000
Vic	2,486 ,000	3,117,000	2,784,000	2,300,000	2,475,000
Tas	28,000	23,000	39,000	45,000	45,000
SA	2,175 ,000	1,995,000	2,400,000	2,200,000	2,250,000
WA	4,218 ,000	3,996,000	4,400,000	4,900,000	5,200,000
TOTAL TONNES	10,960 ,000	10,127,000	13,093,000	12,477,000	13,285,000

Source: ABARES

➢ **Jordan buys 60,000 tonnes of barley in tender, traders say**

1 Dec 2021 Michael Hogan, Reuters - Jordan's state grain buyer has purchased about 60,000 tonnes of optional-origin animal feed barley in an international tender which closed on Wednesday, traders said.

The barley was bought at an estimated $307/mt, including cost and freight (C&F), for shipment in the second half of June 2022. The seller was believed to be trading house Ameropa.

The tender, in which Jordan had been seeking 120,000 mts of barley, drew participation from six trading firms, according to traders.

The other firms that took part in the tender were thought to have offered the following prices per tonne c&f: CHS $329.18, Cargill $323.65, Viterra $345 and $342, Bunge $347 and ETG $338.

GRAIN SORGHUM

➢ **U.S. Export Grain Sorghum Values – Friday 3rd December 2021**

Quotes, in cents per bushel basis CBOT futures:

CIF MILO	12/2/2021	12/3/2021	
December	na	na	UNC

TX FOB VESSEL MILO (USc/MT)	12/2/2021	12/3/2021	
December	210	215	Z
January	205	210	H
February	180	210	H

OATS

➢ **CME CBOT Oat Futures**

***CME March 2022 Oats Futures** settled at $7.16 ½/bu, off 17½ cents on the day.*

ENERGY

➢ **CME WTI Crude Oil - Moderately Lower On Covid Concerns**

***CME WTI January 2022** closed* down on Friday -0.24 (-0.36%), and January RBOB gasoline (RBF22) closed down -1.48 (-0.75%).

WTI crude oil and RBOB gasoline prices on Friday gave up an early advance and settled moderately lower. Covid concerns undercut energy prices Friday, with at least six U.S. states reporting omicron variant cases and the 7-day average of new U.S. Covid infections climbing to a 1-3/4 month high on Thursday. Crude prices on Friday initially moved higher on the prospects for Iranian crude to remain out of the global market as the Iranian nuclear talks drag on.

Crude still has carry-over support from Thursday when OPEC+ put a clause into the agreement to raise crude output by 400,000 bpd in January, saying they could revisit the decision to raise production at any time as the risk to energy demand from the omicron Covid variant becomes clearer.

Crude prices have support on concern the Iranian nuclear talks will continue to drag on, which will keep Iranian crude supplies out of the global market for longer. A top European envoy on Friday said that diplomats attempting to restore the nuclear deal face substantial challenges that need urgent solutions. Talks are scheduled to resume in the middle of next week.

A bearish factor for crude oil prices is concern that the emergence of a new Covid variant will force countries to impose lockdowns and travel restrictions that curb economic activity and energy demand. Israel and Japan have already announced that they will close their borders to new foreign arrivals, and other countries have also announced travel restrictions. Germany on Thursday imposed strict curbs that will only allow people who are vaccinated or recovered from Covid into restaurants, theaters, and non-essential stores. 7-day average of new U.S. Covid infections rose to a 1¾ month high of 100,835 on Thursday

Friday's U.S. economic data was mixed for energy demand and crude prices. On the positive side, the U.S. Nov ISM services index unexpectedly rose +2.4 to a record 69.1 (data from 1997), stronger than expectations of a decline to 65.0. Also, Oct factory orders rose +1.0% m/m, and +1.6% m/m ex-transportation, stronger than expectations of +0.5% m/m and +0.6% m/m ex-transportation. In addition, the U.S. Nov unemployment rate fell -0.4 to a 1-3/4 year low of 4.2%, showing a stronger labor market than expectations of 4.5%. On the bearish side, U.S. Nov nonfarm payrolls rose +210,000, weaker than expectations of +550,000 and the smallest increase in 11 months.

A decline in global crude oil stored on oil tankers worldwide 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 Nov 26 fell -17% w/w to 82.12 million bbl.

Wednesday's weekly EIA report showed that (1) U.S. crude oil inventories as of Nov 26 were -6.4% below the seasonal 5-year average, (2) gasoline inventories were -5.2% below the 5-year average, and (3) distillate inventories were -8.2% below the 5-year average. U.S. crude oil production in the week ended Nov 26 rose +0.9% w/w to 11.6 million bpd, which was -1.5 million bpd (-11.5%) 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 Dec 3 were unchanged at a 19-month high of 467 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

➢ **Caramuru to build first soy-based ethanol plant in the world**

22 Nov 2021 - The family-owned Brazilian company Caramuru will build the first industrial plant to produce ethanol using soybeans as feedstock, the company said in a press release Friday.

"The company decided to produce ethanol from molasses [a by-product of soybean processing], as a pioneer project on an industrial scale," Caramuru's vice-president César Borges said.

The plant will be built in the Sorriso industrial complex in the state of Mato Grosso with an estimated capex of BRL115 million ($20.6 milion) and is expected to be up and running in two-years' time, the company said.

Caramuru produces food, animal feed and biofuels at its four units in the states of Paraná, Goiás and Mato Grosso that are responsible for 8% of the Brazilian refined oils processing, 12% of corn milling and 4.3% of soybean processing.

The new unit will have an operational capacity to produce 6.8 million litres of hydrated ethanol per year, as well as 3,000 tons of soybean lecithin – an input used in the food, pharmaceuticals and cosmetics industries.

CME Ethanol Futures - Nearby Daily

***CME Ethanol January 2022** closed on Friday at $2.27000, off 60.000 cents on the day, but losing 94.000 cents for the week, as we rolled the front month from December to January.*

January crude oil is down $0.54 at $65.96, January heating oil is down $0.0141, January RBOB gasoline is down $0.0272 and January natural gas is up $0.106.

WTI crude oil and RBOB gasoline prices on Friday gave up an early advance and settled moderately lower.

Covid concerns undercut energy prices Friday, with at least six U.S. states reporting omicron variant cases and the 7-day average of new U.S. Covid infections climbing to a 1-3/4 month high on Thursday. Crude prices on Friday initially moved higher on the prospects for Iranian crude to remain out of the global market as the Iranian nuclear talks drag on.

Ethanol margins have narrowed with the energy move lower and concerns about ethanol past Christmas, with driving demand holding up decently short term. USDA reported the average corn oil cash price for the week was between 56 and 57.28 cents/lb by region. That compares to last week's 55 to 61.08 c/lb range. DDGS FOB prices were down $15/ton in NOLA to $220-237/ton.

Ethanol industry wants no more delays on RVOs

3 Dec 2021 Jacqui Fatka - The Environmental Protection Agency held a public hearing Friday on its proposal to extend compliance deadlines for renewable volume obligations for 2019 through 2021. Biofuel groups continue to call for the EPA to stop the delays and release the renewable volume obligations as required under the Renewable Fuels Standard.

Also speaking on Friday, Secretary of Agriculture Tom Vilsack told ag reporters he anticipates actions from the Biden administration on biofuels to create more stability than the past administration. Vilsack says he's worked very closely with EPA Administrator Michael Regan in reinforcing the importance of EPA to take actions regarding the RFS to provide much desired stability.

"The administrator has indicated that he is not going to be granting the waivers in quite the same way that the Trump administration granted them that created instability in the program," Vilsack says of the nearly 80 waiver requests granted during the Trump administration that undercut the RVOs established during those years.

On November 18, EPA announced a proposal to extend the RVO compliance deadlines for 2019 and 2020, as well as for the yet to be proposed 2021 RVO. EPA proposed to establish general timeframes for the extended compliance deadlines without giving specific dates. In addition, EPA proposed to change how future compliance deadlines are determined. The 2019 RVO compliance deadline for small refineries was set for November 30, 2021, and the 2020 RVO compliance deadline for all obligated parties is currently set for January 31, 2022.

EPA argues that the compliance deadline extensions are necessary because dozens of 2019 and 2020 small refinery exemption petitions have not yet been decided, and proposed standards for 2021 have not yet been published.

"EPA has had ample time to decide pending 2019 and 2020 SRE petitions following the Supreme Court's June 2021 decision in the HollyFrontier v. RFA case, which left intact two important holdings from the Tenth Circuit Court's January 2020 decision in the RFA v. EPA case," explains Renewable Fuels Association President and CEO Geoff Cooper in prepared testimony. "We strongly encourage EPA to immediately decide the remaining 2019 and 2020 SRE petitions in a manner consistent with the unappealed holdings of the Tenth Circuit decision. And immediately upon deciding those petitions, EPA should require compliance with the final 2019 and 2020 standards."

Growth Energy Senior Vice President of Regulatory Affairs Chris Bliley testified that instead of delaying the RVOs, EPA should take immediate steps to restore integrity to the RFS, restore lost biofuel demand, "and remove remaining hurdles to E15 and higher biofuel blends."

"The intent of the RFS is to blend more biofuels into our nation's transportation fuel supply. Period," says Bliley. "It is not meant to reward oil companies for suing to prevent higher blends and then demand that the agency further delay compliance."

American Coalition for Ethanol Senior Vice President Ron Lamberty testified that if EPA had finalized the 2021 RVOs on time last November and predicted gas volumes would return to 2019 levels, the 2021 percentage would have assured refiners their renewable fuel requirements would again fall or rise as petroleum volumes remained flat or grew.

“Instead, the reason EPA has to propose delaying compliance reporting and attest engagements for 2021 and 2022 is EPA’s own failure to establish annual Renewable Volume Obligations when they are supposed to be established,” Lamberty’s testimony reads.

Vilsack promises RFS stability

Vilsack says during the Trump administration, when the past RVO levels were announced, the small refinery waivers granted “basically undercut” the amounts that were set in the volume mandates.

Vilsack says he anticipates in the “very near future” that EPA will announce the RVO levels, and at the same time also respond to the outstanding waiver requires in a way that maintains the stability of the RFS program.

“We look forward to when those announcements are made to also be able to provide more details on the distribution of $700 million of assistance and help that we’ve already identified and earmarked for biofuels,” Vilsack says of the COVID relief funding awaiting final Office of Management and Budget approval that was allocated by Congress at the end of 2020 and part of USDA’s additional pandemic assistance in 2021.

Vilsack also announced Friday just over $3 million in funding through the Higher Blends Infrastructure Incentive Program to applicants over nine states to be able to access higher blends of biofuels. In addition, this administration is going to invest $4.3 billion in a series of grants and loans to support the creation of drop-in biofuels for the aviation industry.

“This is an administration that understands that we need to continue to look for innovative solutions to climate and innovative solutions to lower cost fuels,” Vilsack says.

➢ U.S. Export Ethanol Values – Friday 3rd December 2021

Nearby Ethanol Quotes, Basis CBOT futures:

Nearby Ethanol Bids	**12/2/2021**	**12/3/2021**		
Blair, NE	5	5	H	**UNC**
Cedar Rapids, IA	6	7	H	
Decatur, IL	20	20	Z	**UNC**
Fort Dodge, IA	20	20	H	**UNC**
N. Manchester, IN	0	0	H	**UNC**
Portland, IN	15	15	H	**UNC**

Wednesday's Energy Information Administration (EIA) report showed overall ethanol production fell 44,000 barrels per day (bpd) to a seven-week low 1.035 million bpd as of Nov. 26, 6.3% above the same week in 2020. Midwest PADD 2 plant production dropped 46,000 bpd last week to 978,000 bpd, 5.6% higher than output during the corresponding week last year.

➢ U.S. biofuel blending proposals to come in days, sources say

2 Dec 2021 Reuters - The U.S. administration plans to propose in days the amount of biofuels oil refiners must blend into their fuel mix this year and next year, as it reaches out to lawmakers to discuss the move, three sources familiar with the matter said.

President Joe Biden's administration has delayed decisions on 2021 blending obligations by more than a year, and it missed a deadline to finalize 2022 obligations this week.

The delays came as the COVID-19 pandemic hammered fuel demand and Democratic lawmakers focused on other legislation.

Officials for the Environmental Protection Agency (EPA), which administers the mandates, declined to comment on the timing.

The EPA has told at least two U.S. Democratic Senate offices to expect retroactively lower volumes for 2020 and 2021 and a restoration of volumes in 2022, according to one of the sources.

The oil and biofuel industries have called for the EPA to announce the proposals, saying delays have created uncertainty for the market.

After the news on Thursday, prices for renewable fuel (D6) credits, known as RINs, fell more than 7% to $1.00 each from $1.08 each, traders said.

Merchant oil refiners and the biofuel industry have battled over the requirements for years. Refiners say the mandates are too costly, while ethanol producers and corn farmers like the mandates as they have helped to create a multibillion-gallon market for their products.

Reuters previously reported that the administration was considering big cuts to the blending requirements, a move that would anger the biofuel industry.

The EPA would reduce blending mandates for 2020 and 2021 to about 17.1 billion gallons and 18.6 billion gallons, respectively, Reuters reported, compared to the 20.1 billion gallons finalized for 2020 before the pandemic.

The agency would also set the level for 2022 at about 20.8 billion gallons, Reuters reported. The EPA did not comment on those levels at the time of publication.

➢ DDG’s – Prices higher for the week

3 Dec 2021 Mary Kennedy, DTN Analyst – The DTN average price for domestic distillers dried grains (DDG) from 33 locations reporting for the week ending the 2nd of December was $185/ton, up $1/ton on average from two weeks ago.

DDG prices were mixed but firm even as soybean meal prices have been volatile the past week. Also supportive to DDG has been good demand in the domestic market.

Based on the average of prices collected by DTN, the value of DDG relative to corn for the week ending the 2nd of December was 89.77%. The value of DDG relative to soybean meal was 51.67% and the cost per unit of protein for DDG was $6.85, compared to the cost per unit of protein for soybean meal at $7.54.

In its weekly DDGS export price update, the U.S. Grains Council said: "Brokers and exporters report that DDGS demand is quiet on the export market following the U.S. Thanksgiving holiday. Barge CIF NOLA prices are down $10 metric ton (mt) since the last Market Perspectives report while FOB NOLA offers are down $3 to $4/mt for Q1 2022 positions. U.S. rail rates are similarly down $3 to $5/mt from two weeks ago while offers for 40-foot containers to Southeast Asia are steady/$3 lower at $354/mt this week."

VALUE OF DDG VS. CORN & SOYBEAN MEAL

Settlement Price:	**Quote Date**	**Bushel**	**Short Ton**
Corn	12/2/2021	$5.7700	$206.07
Soybean Meal	12/2/2021		$358.00
DDG Weekly Average Spot Price			$185.00
DDG Value Relative to:	12/2	11/18	
Corn	89.77%	89.91%	
Soybean Meal	51.67%	49.68%	
Cost Per Unit of Protein:			
DDG	$6.85	$6.81	
Soybean Meal	$7.54	$7.80	

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 18th 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

➢ 2021/22 Brazil Soy 90% Planted, Dryness Developing in S. Brazil

1 Dec 2021 Michael Cordonnier/Soybean & Corn Advisor, Inc. - The weather pattern in southern Brazil appears to be diverging from the weather pattern in central and northern Brazil. Southern Brazil turned dryer during the first half of November and the forecast is calling for dryer-than-normal weather for the next 15 days. In contrast, central and northern Brazil started the season with good rains and the rainfall if forecasted to remain good during December.

If the dryer forecast for southern Brazil verifies, maybe as much as 25-30% of Brazil's soybeans could be at some level of risk from adverse weather. Weekend rains helped to improve the soil moisture especially in western Rio Grande do Sul and western Parana. I currently have a neutral bias for the Brazilian soybean estimate, but if there is another one or two weeks of dry weather in southern Brazil, I could switch to a neutral to lower bias.

The 2021/22 soybean crop in Brazil was 90% planted as of late last week compared to 87% last year and 86% average according to AgRural. This represented an advance of 4% for the week. The soybeans that are left to plant are in Rio Grande do Sul and in northeastern Brazil. The early soybean harvest will start in parts of Mato Grosso before the end of December.

Mato Grosso - The Mato Grosso Institute of Agricultural Economics (Imea) reported last week that soybean planting in the state had essentially been completed and the crop was well established. Some of the earlier planted soybeans are flowering and starting to set pods.

Embrapa indicated that to complete the soybean cycle in Mato Grosso, the crop needs 450-800 mm of precipitation (18-32 inches) depending on the variety. Rainfall and temperatures have been favorable over most of the state thus far. The metrological firm TempoCampo is forecasting that the state will receive 200-300 mm (8-12 inches) during the month of December. If that forecast verifies, the state of Mato Grosso could be well on its way to producing a record soybean crop in 2021/22.

In the municipality of Nova Mutum in south-central Mato Grosso, farmers would like to see a break in the wet weather so they could apply needed insecticides. The president of the Rural Union of Nova Mutum/MT feels the crop has the potential for yields of 60 sacks per hectare (53.6 bu/ac) and that the harvest will start at the end of December for farmers who will plant safrinha cotton and in January for farmers planning to plant safrinha corn.

Parana - The soybeans in Parana were 97% planted as of earlier last week according to the Department of Rural Economics (Deral). The soybeans were 4% germinating, 86% in vegetative development, and 10% flowering. The soybean crop was rated 5% average and 95% good.

In the municipality of Sao Joao in southern Parana, the soybeans that were planted during the second half of September had good germination and the crop is developing fine. Soybeans planted during October encountered excessive rain that resulted in poor germination and some of those fields will have to be replanted.

The president of the Rural Union of Sao Joao/PR estimates that some of the most impacted fields will lose approximately 20% of its potential yield. Additionally, the end of the planting window for safrinha corn in the region has been moved forward from February 28th to January 31st. Some of the later planted soybeans will not be mature in time to plant safrinha corn, so they will probably plant winter wheat instead. In those cases, farmers are looking to return their corn seed and some of their inputs.

Farmers in the municipality are forward contracting their soybeans for R$ 160 per sack ($13.45 per bushel) for March delivery.

Rio Grande do Sul - Rio Grande do Sul is one of the last areas to plant soybeans in Brazil and recent dry weather has hindered germination and plant development. Statewide, the soybeans are 68% planted and some areas may need to be replanted due to poor germination. Recent soybean planting has been slowed as farmers wait for additional soil moisture to insure adequate germination.

Some areas of northwestern Rio Grande do Sul had gone as much as 40 days without rain until they received 0.5 to 1.0 inches of precipitation late last week and over the weekend. Farmers are reporting that some of the soybean seed had not germinated due to lack of soil moisture and others are reporting that the small soybeans are wilting. The weekend rains should give some temporary relief to the dryness.

Mato Grosso do Sul - The soybean planting in the state is in the final stages and the crop development has been good. The state generally received less than an inch of rain over the weekend.

Goias - The soybeans are 94% planted and the planting was slowed in some areas due to excessive rainfall. The crop development could be negatively impacted in the part of the state that received heavy rain and a lack of sunshine.

Minas Gerais - The rains arrived early in the state and the soybeans are 95% planted. The soybean planting progressed quickly due to the good conditions and the crop development is considered good.

China buys U.S., Brazilian soybeans after price drop

2 Dec 2021 Reuters - Chinese importers bought a small number of bulk soybean cargoes on Wednesday for shipment in December and January from the U.S. Gulf Coast and Brazilian ports, analysts and an export trader said.

The purchases of around 3 to 4 cargoes, or up to about 240,000 mts, came after a sharp drop in prices on Tuesday as benchmark CBOT soybean futures fell nearly 2%.

Importers in China, the world's top soy buyer, have booked more Brazilian soybean shipments than normal this year during the traditional fall U.S. soy export season amid high U.S. prices and a stronger dollar.

Confirmed U.S. soybean purchases by China from this year's harvest totaled about 19.7 mmts as of the 18th of November, according to the latest U.S. Department of Agriculture data, compared with almost 29.2 mmts at the same point last year.

"With the dive (in prices) that we had, they are looking to secure more soybeans. Their crush is profitable," said Don Roose, president of U.S. Commodities in West Des Moines, Iowa.

"They've been buying from South America and the U.S., but our window for sales is closing so we've got to get busy. Come February, we are not the main exporter any more. It starts to switch pretty heavily over to South America," he said.

China has around 85% of its estimated December soybean purchases booked, along with about half of its January needs, one U.S. export trader said.

Rebounded crushing rates push China's soybean stocks lower

2 Dec 2021 CNGOIC - China's soybean crushing volumes recovered in the week to November 28th, while soybean commercial stocks dropped despite increasing vessel arrivals, data from the National Grain and Oil Information Centre (CNGOIC) showed on Thursday.

Crushing rates came in at 2.02 mmts last week, up 130,000 mts from the previous week and 180,000 mts up on levels from a year earlier.

That reduced soybean stocks by 120,000 mts on the week to 4.19 mmts, and the figure was down 690,000 mts from the same week in the prior month.

China's soybean stocks also reached their lowest level this year, with only 10,000 mts higher than the bottom in April when 4.18 mmts was recorded.

However, more soymeal output failed to lift China's stocks, with the level decreasing by 40,000 mts from the previous week to 510,000 mts.

"Soymeal output increased by higher crushing volumes, but feed breeding companies speed up their procurement pace for replenishment. Therefore, soymeal inventories continued to fall," said CNGOIC.

Soyoil stocks were almost stable with only a minor decline of 10,000 mts over the last week to 810,000 mts, down 40,000 mts from the previous month and 350,000 mts from the same period last year.

Finally, CNGOIC lifted its estimates for volumes of soybean arrivals in December to 9.3 mmts, 300,000 mts higher than its previous forecast.

EU 2021/22 soybean imports at 5.07 mmts, rapeseed 1.88 mmts

30 Nov 2021 Reuters - European Union soybean imports in the 2021/22 season that started in July had reached 5.07 mmts by November 28th, data published by the European Commission showed on Tuesday.

That compared with 6.02 mmts by the same week in the previous 2020/21 season, the data showed.

EU rapeseed imports so far in 2021/22 had reached 1.88 mmts, compared with 3.00 mmts a year earlier.

Soymeal imports so far in 2021/22 totaled 5.88 mmts against 7.66 mmts a year ago, while palm oil imports stood at 2.23 mmts versus 2.70 mmts.

The Commission said that the data for France in the report continued to be incomplete, without giving further details. Previously it had indicated French figures were only complete up to July 2021

SOYBEANS

- **CME CBOT Soybeans Futures**

.

Soybean futures traded higher for the third straight session on Friday. Consistent export demand from China, strong monthly crush numbers, and a drier weather outlook for Argentina were a few reason soybeans, soy meal and soy-oil rallied to end the week.

CME January 2022 Soybean Futures *settled on Friday at $12.67¼/bu, up 23 cents on the day, and gaining 14½ cents for the week. January soybeans traded in a 55¾ cent range during the week.*

Renewed interest from China for U.S. beans helped support futures, with rumors of several additional cargoes being booked out of the PNW & the U.S. Gulf. This morning the USDA flashed a sale of 122,000 tons of U.S. beans to "unknown destinations". This followed yesterday's announcement that Chinese importers acquired 130,000 tons of U.S. beans.

Funds were estimated buyers of 11,000 contracts on the day. Some of the rally was likely attributed to short-covering, after panic selling was evident earlier in the week due to fears about the potential economic impact of the Omicron variant.

Questionable weather forecasts in South America helped lift futures as well. Southern Brazil is expected to remain dry, but the rest of the country may see a healthy amount of rain over the next 10 days.

Cash basis was steady to firmer, particularly in the interior as crushers continue their efforts to secure comfortable coverage. Many regions posting DVE+ values, which should be encouraging commercial sales.

CIF NOLA basis is approaching and many cases exceeding DVE in certain periods, which is driving the firmness on the front-end of spreads; the the nearby SF/H narrowing once again.

The weekly CoT report showed soybean spec traders were 15,931 contracts less net long through the week that ended the 30th of November. That was driven by both long liquidation and net new selling. The commercials reduced their short hedge for a 12,452 contract lighter net short of 166,754. In the products,

Going into next Thursday's WASDE report, the trade is looking for USDA to raise the soybean carryout by 14.7 mbu to 354.7. The full range of estimates calls for between a 20 mbu cut to a 71 mbu bump.

- **U.S. Export Soy Values – Thursday 2nd December 2021**

U.S., FOB Gulf - $484.75/mt
U.S., FOB PNW - $523.50/mt
Brazil, FOB - $489.75/mt
Argentina, FOB UpRiver, $499.75/mt

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

CIF BEANS	12/2/2021	12/3/2021		
NOV	92 / -	92 / -	F	UNC
NOV/DEC	6 / -	-	F	
NOV/JAN	8 / -	10 / -	F	
FH DEC	88 / -	88 / -	F	UNC
DEC	85 / -	85 / 95	F	
DEC/JAN	3 / -	3 / -	F	UNC
JAN	81 / 84	- / 85	F	
FEB	69 / 72	- / 74	H	
MAR	- / 75	- / 75	N	UNC
AMJJ	-	- / 69	N	
OCT22	-	58 / 65	X	

Export demand prospects were helped today as USDA reported a daily sale of 122,000 mts of soybeans for delivery to "unknown destinations" during the 2021-22 marketing year. Today's announcement follows three previous daily soybean sales this week, totaling 426,000 mts, to China or unknown destinations. In its monthly soybean crush report yesterday, USDA said U.S. processors crushed 5.91 million short tons (196.9 million bu.) of soybeans during October, up 20% from September, up 0.2% from October 2020 and a record for any month. Weather conditions remain mostly favorable for crops in South America, though a drier pattern is expected for southern Brazil and Argentina the next two weeks according to the National Weather Service.

China soybean crush is definitely on a sharp uptrend with the latest week nearly 10% higher year to year, the 1st such positive year over year comparison in over four months. Ball park estimate but to reach the USDA's 1.950 bbu soybean export forecast, China would likely have to buy an additional 425 mbu from the U.S. They've done more but seems unlikely given the expectations for a 144 MMT Brazil crop

Brazil continues to churn out the soybeans. Exports in the latest 7-day shipment period were just shy of 650 kmts (24 mbu) and versus approximately 21 mbus in the corresponding period last year

Brazil shipped 400 kmts of soybeans last week, down from 680 kmts in the prior period but almost 40% more vs last year November shipments are on track to reach 2.5-3.0 mmts, double the level of a year ago.

- **Recent strong soybean exports in the U.S. unlikely to continue**

1 Dec 2021 Refinitiv Commodities Research - Following sluggish exports in September, U.S. soybean exports picked up recently. October exports totaled 10.8 mmts, near the average level excluding 2018 and 2019 when the U.S.-China trade war cut exports. In November, trade flows show that 8.5 mmts of soybeans were delivered as of the 25th of November. Total exports in November may reach 10.2 mmts. Accumulated exports during September-November total 22.8 mmts, compared to 28.5 mmts for last season. In addition, accumulated exports to China during the first three months declined by over 25% from last year's same period.

2021/22 U.S. soybean supply, down one million ton from previous season, indicates that U.S. could export as much as 60 million tons of soybeans in 2021/22. However, expectations for a bumper harvest in South America (147.93 mmts in Brazil and 46.52 mmts in Argentina) have lowered demand for U.S. soybeans in the global market. USDA reported 17.4 mmts of outstanding sales as of 18 November, compared to 27.3 mmts for last year during the time. As such, in spite of recent strong exports, we lower 2021/22 U.S. soybean exports estimate by 1.3 mmts to 54.7 [52-57] mmts.

As expected, Brazil soybean exports in October and November are much stronger than last year's same period due to more sufficient supply. According to Refinitiv trade flows. Brazil delivered 2.7 and 2.1 million tons of soybeans in October and November, respectively. Accumulated exports during February-November totaled 80.3 mmts. 2020/21 Brazil soybean exports (Feb/Jan) are projected at 83 mmts, an all-time high.

Argentina soybean exports have slumped since October. Refinitiv trade flows tracked 0.3 mmts of soybean shipments in October and little exports in November. Accumulated exports during April-November totaled 4.2 mmts. 2020/21 soybean exports are estimated at 5.3 mmts.

- **U.S. Soy Achieves Record Export Volume for 20/21 Marketing Year**

2 Dec 2021 - U.S. Soy set a new record for exporting more product in more international markets than ever before, the United Soybean Board, U.S. Soybean Export Council and American Soybean Association announced today. During the 20/21 market year, a record 61.65 mmts of whole soybeans shipped to markets across the globe, at a value of over $28B in revenue for the U.S. Soy industry. The volume boost is the result of strategic efforts to diversify international markets and distribute more U.S. Soy globally.

"This record is a result of efforts to enhance access and usage of U.S. Soy across the food, feed and livestock industries and across international markets by the U.S. Soy farmers and industry, our customers, and governments around the world," said Jim Sutter, CEO of U.S. Soybean Export Council (USSEC). "Setting the new aggregate volume record demonstrates the value of the investment of U.S. Soy farmers to create positive impact for our customers around the world to contribute to improved nutrition and food security, environmental sustainability, and livelihoods globally."

The U.S. Soy industry achieved high export results across the board this year. U.S. Soy shipped 74.76 mmts of total soybean complex, valued at more than $34B (based on Sep-Aug for whole beans, and Oct-Sep for soybean meal and oil). International markets purchased 12.3 mmts of soybean meal and approximately 781,766 mts of soybean oil.

A large part of this success is due to the resources and education in which the soy checkoff has invested over the years. One example is the U.S. Soy Dare to Compare marketing campaign, which highlighted the superior nutritional value, oil quality, and sustainability of U.S. Soy to our industry customers and enabled informed, data-driven product development and supply chain decisions. Another example is USSEC's Soy Excellence Centers in Egypt, Honduras, Nigeria, Singapore, and Thailand, which provide world-class workforce training and capacity building within the soy value chain to enable local visions for health, nutrition, and environmental sustainability in collaboration with diverse food and agriculture stakeholders.

"The global results are an amazing accomplishment for U.S. Soy farmers, who support the checkoff, and partnerships with industry and governments around the world," said USSEC Chairman, ASA Director and North Dakota soybean farmer Monte Peterson. "Seeing the rising demand for sustainable protein and sustainable U.S. Soy and knowing that we're able to reliably provide high-quality, sustainable products to more people and places around the world is incredibly fulfilling. Farmers spend our lives growing these crops and care deeply about the families and communities in which we live and those around the world. I'm excited about the innovations, partnerships, and impacts we are realizing now and what comes next for U.S. Soy in 2022."

The new aggregate volume record reflects efforts to diversify and expand markets and usage. As additional importers and companies focus on value, the demand for high-quality soybeans continues to grow, driving U.S. Soy forward as a premium, sustainable protein. This increase in demand has led to U.S. Soy acting as a primary solution for protein demand worldwide, producing growth in several markets. For the 20/21 market year, nearly half of U.S. Soy destination markets grew by at least 10% compared to the 16/17 marketing year which was the prior record year for whole soybean exports. Examples of notable growth when comparing the 20/21 and 16/17 marketing years include: 178% in Egypt, 298% in Ecuador, 91% in Vietnam, 18% in Pakistan, and 28% in Guatemala. U.S. Soy maintained a diverse market distribution balance to ensure stability and facilitate future market growth.

"This market year was truly a triumph for sustainable, high-quality U.S. Soy," said Mac Marshall, USB and USSEC vice president of market intelligence. "These results are reflective of the forward-thinking strategy and dedication of the U.S. Soy industry as a leader in enabling the positive impact and success of our customers around the world."

CANOLA / RAPESEED

- **ICE Canadian Canola Futures**

*Canadian **ICE January 2022 Canola Futures** settled on Friday's at C$1,026.90/mt, up C$4.30 on the day, but loosing C$12.00 for the week.*

Canadian Canola Prices are trading off the highs as well, but are still higher with a 0.35% boost to 1,026.90 CAD/mt. About 4,400 canola contracts had traded as of 9:41 EST.

ICE Canola Futures markets were stronger Friday morning, finding support from Statistics Canada's updated production estimates confirming the tight supply situation. The government agency pegged the 2021/22 (Aug/Jul) canola crop at 12.6 mmts, which was down from the 12.8 mmts forecast in September and well below the 19.5 mmts grown the previous year. The December 3rd report was the first of the year conducted using farmer surveys, with previous estimates based off of satellite imagery.

Gains in outside markets, including crude oil and the Chicago soy complex, contributed to the firmer tone in canola.

The Canadian dollar was also stronger in early activity, tempering the upside in canola somewhat.

- **ABARES lifts forecasts for wheat, barley, canola**

30 Nov 2021 Grain Central -

ABARES has lifted its forecasts for the Australian wheat, barley and canola crops now being harvested in its December 2021 Australian Crop Report released Tuesday.

Its forecast for canola estimate at 5.7 mmts is up 13.8% from 5 mmts seen in September.

Tonnes of canola produced in all Australian states.

CANOLA PRODUCTION	5yr avg to 2020-21	2019-20	2020-21	2021-22 Sep estimate	2021-22 Dec estimate
Qld	1,000	1,000	1,000	4,000	4,000
NSW	737,000	206,000	1,073,000	1,360,000	1,600,000
Vic	752,000	731,000	950,000	900,000	1,000,000
Tas	3,000	2,000	3,000	3,000	2,500
SA	315,000	241,000	375,000	370,000	375,000
WA	1,577,000	1,117,000	1,650,000	2,400,000	2,750,000
Total Tonnes	3,385,000	2,298,000	4,052,000	5,037,000	5,731,500

Source: ABARES

- **Canada trims estimate for canola crop, slashes durum harvest**

3 Dec 2021 Reuters - Canada trimmed its estimate of the country's canola harvest, the smallest in 14 years, as severe drought scorched Prairie crops, a government report on Friday showed.

Canada is one of the world's biggest wheat exporters and the largest producer and shipper of canola, used to produce vegetable oil and animal feed.

Canola prices have soared this year to all-time highs as crushers and importing countries like China and Japan competed for meager supplies.

Canola production amounted to 12.6 mmts, slightly lower than Statistics Canada's September estimate of 12.8 mmts, which was also the average trade expectation in a Reuters survey.

ICE Canada January canola futures rose slightly on the modest harvest reduction, gaining 1%.

Statistics Canada used a farmer survey to determine the latest crop estimates, unlike its earlier production reports this year that it based on satellite data and analysis.

VEGETABLE OILS

➢ CME Soybean Oil

CME January 2022 Soybean Oil Futures settled on Friday at $57.22/cwt, up $0.88 on the day, and losing $1.66 for the week.

Funds bought an estimated 5,000 contracts of SBO today.

CFTC reported managed money was d 64,360 contracts net long in soy oil. That was a weekly reduction of 18k contracts.

➢ US October soybean crush surges 20% m-o-m: USDA

2 Dec 2021 - US soybean crushing in October surged 20% on the month to reach 5.36 mmts (197 mbus) that was above market expectations, USDA data showed late Wednesday.

The soybean crush rose 20% compared to September's record volumes of 4.46 mmts (164 mbus), and it came slightly above the volumes registered for the equivalent month last year of 5.35 mmts (196.5 mbus). The figures came in above expectations as industry analysts were expecting volumes to land at 195.3 mbus (5.31 mmts).

Bean processing rebounded in October as fresh supply from the new bean crop helped increase grinding activity, while firm soyoil prices also drove processing.

The National Oilseed Processors Association (NOPA), which represents around 95% of US bean crushers, previously reported the October soybean crush figure at 183.99 million bushels (5 million mt), the third-highest on record.

Crude soybean oil produced in October was estimated at 2.35 billion pounds, surging 21% from September 2021 and up 3% on the year.

Refined soybean oil production landed at 1.73 billion pounds, up 8% from September 2021 and also up 5% from October 2020.

➢ FAO vegetable oil price index hits all-time high

22 Nov 2021 - Global vegetable oil prices hit an all-time high in October, according to the benchmark United Nations' Food and Agriculture Organization (FAO) Food Price Index released on the 4th of November.

The index tracks changes in the international prices of the most globally traded food commodities.

Averaging 184.8 points, a 16.3 point rise month-on-month, the increase in the FAO vegetable oil index was driven by firmer price quotations for palm, soya, sunflower and rapeseed oils, according to the report.

"International palm oil prices increased for a fourth consecutive month… largely underpinned by persisting concerns over subdued output in Malaysia due to ongoing migrant labour shortages," the FAO said.

Worldwide prices of palm, soya and sunflower oils were supported by revived global import demand, particularly from India where import tariffs on edible oils had been further reduced, according to the report, while the continued strength in international rapeseed oil prices was mainly due to continuing tight global supply/demand.

Rising crude oil prices had also supported vegetable oil values, the FAO said.

The FAO's vegetable oil price index illustrates the changes in international prices of the 10 most important vegetable oils in world trade, weighted according to their export shares.

➢ US Soybean Processor Margins To Stay Strong Into 2022

23 Nov 2021 Gro Intelligence - US soybean processors are profiting from widening crush spreads as soybean meal and soybean oil prices rally.

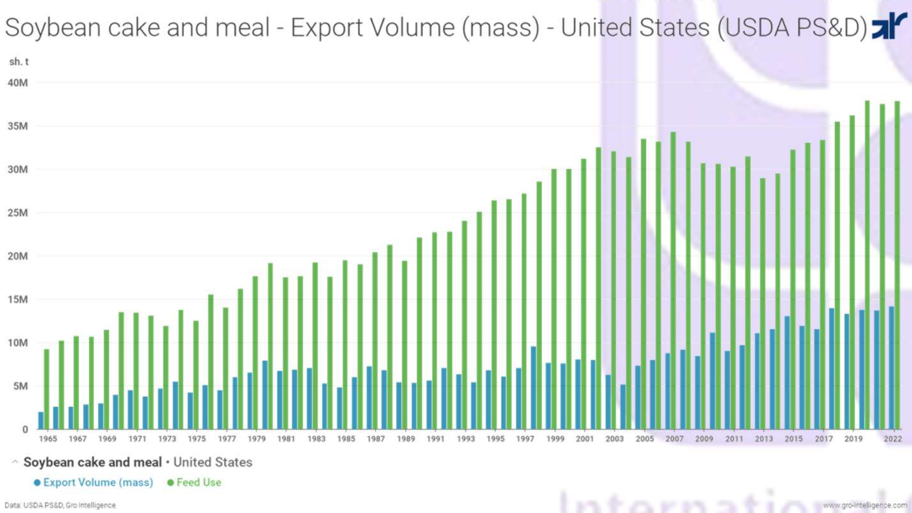
Crush margins are expected to remain elevated into 2022 as the looming Brazilian soybean crop weighs on global soybean prices and demand for oil and meal remains robust.

Soybeans are crushed to make soybean meal, used in animal feed, and soybean oil, used as a food product and to make biofuels. Continued strength in soybean meal and soybean oil prices could mean high costs for protein processors. Input costs for nearly every packaged food manufacturer could rise as well.

The US has the second largest soybean processing industry after China. View Gro's US Soybean Crush Monitor display, which automatically updates with monthly and annual crush volumes as well as uses of the processed products.

CBOT soybean meal futures have rallied over 15% in the past four weeks, reaching their highest level since August. Meanwhile, soybean futures have gained just 4%, widening the spread between soybeans and soybean meal. The difference between the cost of raw soybeans and the combined sales values of the derived products is known as the crush spread and represents the potential profit margin for soybean processors.

Previously, crush spreads were widening due to rising soybean oil prices, as the prospect of huge demand, via biodiesel and renewable diesel, supported soybean oil futures for much of 2021, as Gro highlighted here. More recently, the soybean meal cash market has been driving crush spreads. Soybean meal basis levels in parts of the Eastern Corn Belt are at their highest levels in years on strong soybean meal export demand and rising demand from the domestic livestock industry due to limited supplies of lysine, a key ingredient in animal feed rations.



Thursday's export sales report saw soybean meal export sales for the 2021/22 marketing year tally at 183,000 metric tonnes for the week ended November 12. Total soybean meal export commitments now stand at 5.143 million tonnes, up 7.2% from a year ago. Just six weeks into the marketing year, exporters have already committed around 40% of the USDA's export forecast for the full year.

US soybean meal is typically destined for Mexico, Colombia, Canada, and the Philippines. This year, above average sales to Mexico, Canada, and Ecuador have driven demand.

Meanwhile, export demand for raw soybeans has dwindled, with purchases by China, the biggest buyer of US soybeans, down 34% compared with this time last year. And with Brazil's big soybean crop off to an early start, suggesting Brazil could start shipping as early as late January, the traditional window of opportunity for the US to sell soybeans to China appears to be narrowing.

- **CME Palm Oil Swaps**

***CME March 2021 Palm Oil Swaps** settled at $1,022.75/mt on Friday, unchanged on the day, but losing $63.50 for the week.*

- **Palm prices for next 6 months to be supported by low stocks**

2 Dec 2021 Reuters - Palm prices for the next six months will be supported by low stocks, and prices will decline from next June onwards, top analyst Thomas Mielke told a virtual conference on Thursday.

Separately at the same conference, Indonesian Palm Oil Association (GAPKI) vice chairman Togar Sitanggang said that Indonesian palm oil production may hit a plateau as early as 2025.

- **Global palm oil supply won't reach pre-pandemic levels next year**

2 Dec 2021 Reuters - The global supply of palm oil will see only "minimal growth" in the 2019-2022 period, due to production issues caused by unfavourable weather and labour disruption in Malaysia, leading analyst James Fry said on Thursday.

"It will take another 12 months before Southeast Asian palm oil output is running ahead of its level at the end of 2019," Fry said, despite improved output expected out of Indonesia in the second half of next year.

"In other words, I anticipate three full years with no growth," he told a virtual conference.

- **World's top buyer India trims palm oil imports, makes space for soft oils**

1 Dec 2021 Reuters - Indian refiners have been reducing palm oil purchases and raising soybean oil and sunflower oil imports after a steep rally in the tropical oil reduced its discount to rivals, industry officials told Reuters.

Lower purchases by the world's top edible oil importer could weigh on palm prices, which have corrected 10% from a record high hit last month, but may support U.S. soyoil futures.

"Refiners usually give preference to palm oil as it trades at a substantial discount to soyoil and sunflower oil. As there is hardly any price difference now, they are switching to soyoil and sunflower oil," said Govindbhai Patel, managing director of trading firm G.G. Patel & Nikhil Research Company.

Traditionally, palm oil accounts for two-thirds of India's annual edible oil imports of 13 to 15 mmts. But Indian refiners are now slashing palm purchases after importing a record 1.26 mmts of palm oil in September, as the spread between palm and soy oil has narrowed to $20/mt from more than $120/mt a year ago, dealers said.

Crude palm oil is being offered at around $1,395/mt, including cost, insurance and freight (CIF), in India for December shipments, compared with $1,415/mt for crude soybean oil and $1,445/mt for crude sunflower oil, traders said. The narrowing gap has turned buyers to soy oil, which is often perceived to be superior in taste and quality to palm.

India's palm oil imports in November fell to 585,000 mts from 693,000 mts in October, said Sandeep Bajoria, chief executive of Sunvin Group, a vegetable oil broker.

Soyoil imports in November jumped to around 400,000 mts from 217,000 mts a month ago, while sunflower oil imports rose to 200,000 mts from 117,000 mts, Bajoria said.

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

In December, palm oil imports would remain below 600,000 tonnes and soyoil imports could rise above 400,000 tonnes, Patel said.

The spread between palm oil and soft oils is narrow for December and January shipments, but is widening from February onwards, said a Mumbai-based dealer with a global trading firm.

"From February onwards, palm could start regaining market share. But imports would remain lower during the winter season," the dealer said.

In winter, household palm oil consumption falls in India as the tropical oil solidifies at lower temperatures.

Plant Protein Meals

- **CME CBOT Soybean Meal**

Soy products were firmer as well, with SBM leading the way. SMF22 closed up $9.80/ton at $358.60, while SBOF22 closed up 87 points at 57.10 c/lbs. The Board crush was 8 cents/bu higher in January at $1.51.

***CME January 2022 Soybean Meal Futures** settled on Friday at $358.60/short ton, up $9.80/ton on the day, and gaining $9.20/ton for the week.*

Soymeal futures closed the last trade day of the week Nearby soybean futures $8.90 to $9.80 higher. Funds bought an estimated 6,500 contracts of SBM today.

CFTC reported managed money was 37,681 contracts net long for meal. That was a weekly reduction of 15.9k.

- **U.S. Export Soybean Meal Values – Thursday 2nd December 2021**

U.S., FOB Gulf - $414.25/mt

Brazil, FOB Paranagua, $382.25/mt

Argentina, FOB Upriver, $390.00/mt

Soybean Meal Gulf barge/rail quotes, basis CBOT futures:
USDA, CIF New Orleans)

CIF SOYBEAN MEAL	12/2/2021	12/3/2021		
DEC	31 / 38	30 / 38	F	
JAN	- / 34	20 / 33	F	
FEB	- / 32	- / 32	H	UNC

MAR	- / 32	- / 32	H	**UNC**
NOV	33 / -	30 / -	Z	

- **Indian trade body opposes extension of GM soymeal imports**

29 November 2021 - Indian trade body the Soybean Processors Association (SOPA) has opposed calls made by the country's poultry association calling for an extension on the date of shipment for genetically *modified (GM) soymeal.*

The country's poultry industry is lobbying for an extension in the date of shipment of GM soymeal up to the 31st of March 2022, but SOPA says that soymeal supply is sufficient and that fundamentals do not support any need for a further extension in the date of shipment.

“We understand that the poultry industry has asked for an extension in the date of [soymeal] shipment so that they can import the entire 12 lakh tonne (1.2 million mt) permitted earlier,” a statement from SOPA said.

In August, the Indian government announced that it will allow the import of up to 1.2 mmts of GM soymeal in order to compensate for a shortage of supply in the local market and in a bid to regulate soymeal prices.

Any ongoing imports could damage prospects for the current domestic soybean crop and potentially affect domestic meal production.

“Continuing the import of GM soybean meal will permanently damage Indian soybean cultivation and [its] industry, and defeat the national mission on edible oils,” SOPA said in a tweet today.

Production estimates from SOPA for the current 2021/22 season forecast soybean production of 11.89 mmts, with total availability forecast to come in at 12.37 mmts, while soymeal production is estimated at 7.34 mmts for this season, with total availability expected at 7.98 mmts.

According to SOPA, non-GM soymeal prices in India are at around $800/mt, while non-GM soybean prices are at around $900/mt.

Current soymeal domestic prices are far from the peak of $1,308/mt registered in late August, which resulted in the Poultry Breeders Association to push for imports of GM soymeal in order to ease domestic prices.

Domestic soymeal prices then fell to around $1,000/mt in mid-September following the duty-free imports.

Other Markets & Related News

Cotton

- **CME Cotton**

***CME March 2022 Cotton Futures** settled on Friday at $1.0402/lb, up 0.050/lb on the day, but losing $0.0758/lb for the week.*

Futures closed more than a penny off their high for the day. For March, the 104.2 cent close left prices a net 8.96 cents weaker for the week, and 14.3 cents off their life of contract high from 11/17.

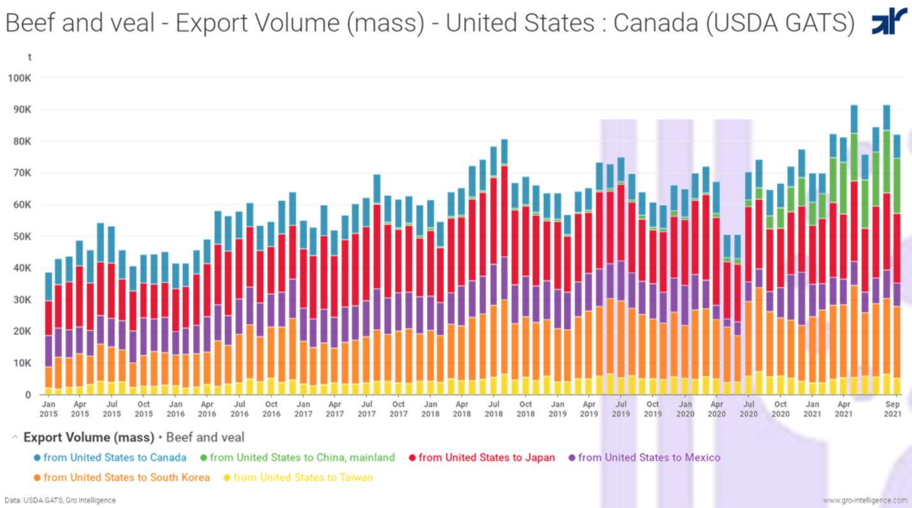
Open Interest data suggested just 102 Dec cotton contracts were still open as of the 2nd of December. Managed money was reported at 77,743 contracts net long in cotton as of the the 30th of November settle. That was a 6,050 contract reduction through the week on long liquidation. Commercials covered 17.3k short hedges during the week, and were 154,437 contracts net short as of 11/30.

The online cotton trading platform, The Seam, reported 8,808 bales were sold for an average 98.71 cents/lb on 12/2.

USDA’s weekly Cotton Market Review showed 39,353 bales were sold during the week that ended the 2nd of December for an average spot price of 104.86 cents/lb.

USDA reported 1.339m bales of upland cotton were classed this week, which brought the season’s classing’s to 8.51 million bales. Pima added 22,522 bales for a 171,609 total. The December 2nd Cotlook A index was another 205 points weaker at 116.50 c/lb. The FSA’s AWP for cotton is 97.06 cents, effective through next Thursday.

➢ US Beef Export Pace Will Depend On China



24 Nov 2021 Gro Intelligence - US beef exports reached a record high so far this year, buoying beef prices. Whether that heady export pace extends into 2022 will depend largely on China continuing its appetite for US beef. Given its key role in global trade flows, China's protein import demand has repercussions for US consumers and restaurants, as well as beef processors' profit margins.

US beef exports are up 20% to 848,000 tonnes (1.87 million pounds) through September compared with the prior year, which is 10% above the previous record from 2018. Driving the increase are exports to China, which jumped sevenfold in the latest period. For all of 2021, total sales commitments to China, representing accumulated plus outstanding sales, are up 9% from last year to 310,000 tonnes.

China's US beef buying spree has helped underpin elevated US beef prices. Shipments to traditional US beef buyers, including South Korea, Hong Kong, and Mexico, have also increased.

Gro expects China to reduce other meat imports. China's hog herd recovery following the 2018 African swine fever epidemic has increased domestic pork supplies and pushed pork prices lower. Gro is forecasting that China's pork imports will drop sharply next year to pre-ASF import levels, contrary to the USDA's forecast for higher pork imports, as Gro highlighted in this Insight article.

The US gained access to China's market in 2020 as China's domestic pork supplies decreased and imports from traditional suppliers decreased. Today, China relies on several countries for beef imports and could again shift origins. Even as imports from the US shot up in 2021, China's beef purchases from Australia dropped sharply amid a diplomatic dispute. In addition, Argentina, one of the biggest exporters of beef, limited beef exports in mid-2021 in an effort to quell domestic food inflation, as Gro wrote about here.

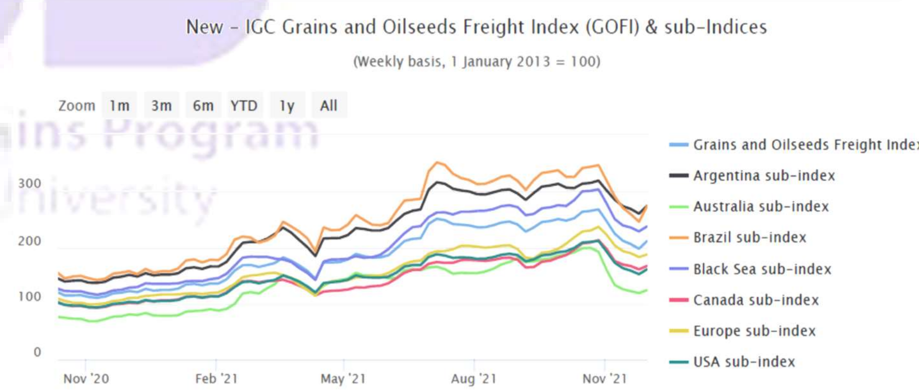
US beef prices are already some 20% below a recent peak in August, as Gro predicted here. US ranchers expanded their herds. They also moved cattle into feedlots at a faster rate as drought conditions devastated pasturelands in some states, as Gro reported here.

For 2022, a reduction in China's beef import demand, or a shift in beef origin country, could further pressure US beef prices.

TRANSPORTATION

➢ IGC Grains Freight Index

	30 Nov	Weekly Change	Annual Change	52 Week Low	52 Week High
Australia - Iran	$29	+1	48 %	$18	$47
Brazil - EU	$44	+8	84 %	$23	$54
USA (Gulf) - Japan	$65	+6	53 %	$41	$84



	30 Nov	Weekly Change	Annual Change	52 Week Low	52 Week High
IGC Grains and Oilseeds Freight Index	211	+14	73 %	120	267
Argentina sub-Index	273	+14	82 %	147	318
Australia sub-Index	123	+5	54 %	78	198
Brazil sub-Index	272	+27	74 %	152	350
Black Sea sub-Index	237	+9	85 %	128	303
Canada sub-Index	166	+6	65 %	100	212
Europe sub-Index	187	+5	71 %	109	236
USA sub-Index	160	+8	57 %	101	211

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

Baltic Dry Freight Index - Daily = 3115 +348 for the week

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

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

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

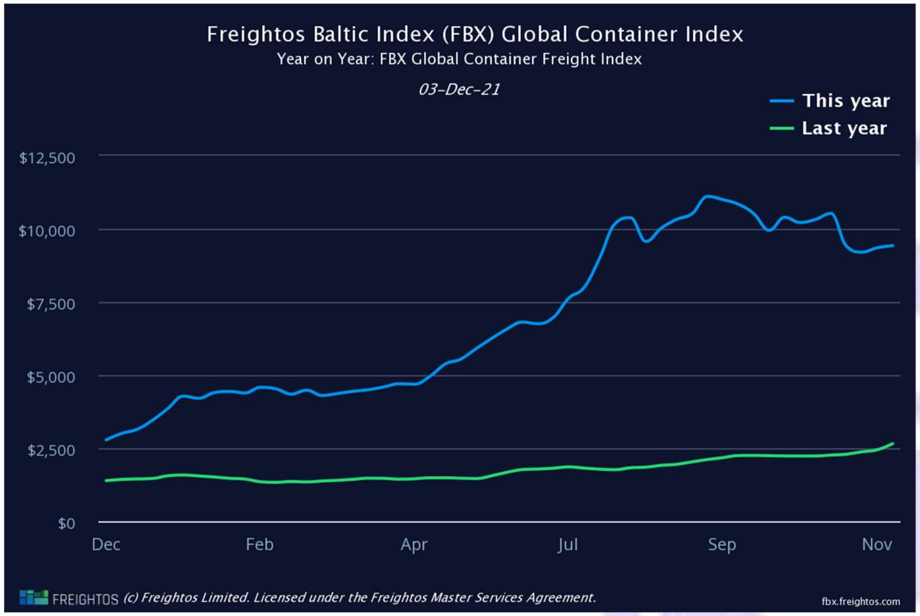
Source: https://www.tradingview.com/chart/?symbol=INDEX%3ABDI

Baltic index extends gains as vessel rates strengthen

3 Dec 2021 Reuters –The Baltic Exchange's dry bulk sea freight index (.BADI) advanced on Friday to post its biggest weekly rise since mid-August, propelled by gains across vessels segments.

- The overall index, which factors in rates for capesize, panamax and supramax vessels, added 56 points, or 1.8%, to a one-month high of 3,171.
- The main index gained 14.6% this week, registering its biggest weekly rise since the week ended Aug. 20.
- The capesize index (.BACI) gained 60 points, or 1.3%, to 4,595, a peak since Oct. 27. It logged its highest weekly gain in about two months at 17.6%.
- Average daily earnings for capesizes, which transport 150,000-tonne cargoes such as iron ore and coal, increased by $492 to $38,096.
- Benchmark iron ore futures in China dropped, shedding more than 5% during the session, as production at steel mills stayed sluggish amid government curbs.
- The panamax index (.BPNI) rose 98 points, or 3.2%, to 3,128. It posted a 19.3% weekly jump, its best since the one ended March 19.
- Average daily earnings for panamaxes, which ferry 60,000-70,000 tonne coal or grain cargoes, was up $883 at $28,154.
- The supramax index (.BSIS) increased 29 points, or 1.2%, to 2,431, its highest level in a month.

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.freights.com/

Container rates to US from Asia fall to lowest since July

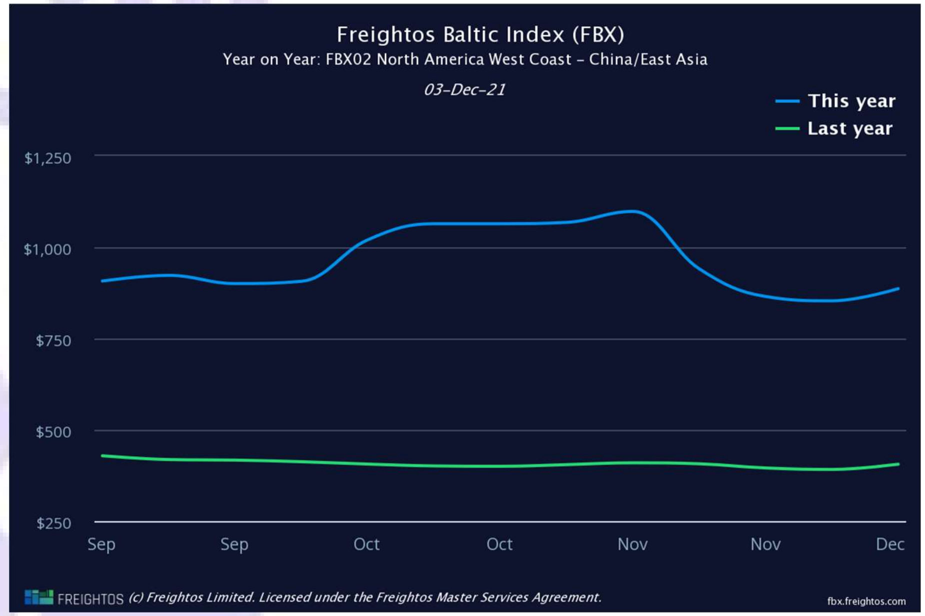
3 Dec 2021 Economic Times - Ocean freight rates on goods shipped to both major U.S. coasts from Asia fell to the lowest levels since July, reflecting an easing of supply strains after the pre-holiday shipping frenzy that fanned inflation fears in the world's largest economy.

On the busy Shanghai-to-Los Angeles route, the spot rate for a 40-foot container sank 3.8% over the past week to $9,698, according to the Drewry World Container Index released Thursday. From Shanghai to New York, the price dropped 4.9% to $12,582. Both are still around five times higher than they were before the pandemic in January 2020.

Drewry said it expects rates to stay steady in the coming week, as delays at U.S ports keep shipping capacity tight. The Federal Reserve's Beige Book report released on Wednesday noted that "high freight volumes continued to strain distribution systems," and "contacts expected that demand in the coming months would continue to be stronger than the sector's ability to meet it."

That applied to other modes of freight transportation. "Air cargo carriers reported higher demand as the cost of container shipping exceeded air freight rates" in some instances, the Fed report said.

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



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

LOGISTICS

U.S. President Focusing on Food Supply Chains

30 Nov 2021 - Feedstuffs reports that President Joe Biden convened a hybrid in-person and virtual roundtable with CEOs and leaders of major retailers, consumer products firms and grocers on Monday, the 29th of November, following the Thanksgiving holiday weekend. He held the meeting to hear ideas on how the federal government could continue to partner with the private sector to keep shelves stocked for American consumers.

The roundtable also came on the same day the Federal Trade Commission ordered some of those same food supply participants to provide detailed information that will help the FTC shed light on the causes behind ongoing supply chain disruptions and how these disruptions are causing serious and ongoing hardships for consumers and harming competition in the U.S. economy.

The FTC ordered Walmart, Amazon, Kroger and other large wholesalers as well as Tyson Foods Inc. and Kraft Heinz Co. to turn over information to help study causes of empty shelves and sky-high prices. The companies will have 45 days from the date they received the order to respond.

In addition to better understanding the reasons behind the disruptions, the FTC study will examine whether supply chain disruptions are leading to specific bottlenecks, shortages, anticompetitive practices or contributing to rising consumer prices.

USB- Lock and Dam Renovation Funding Key to Global Competitiveness of U.S. Soy

30 Nov 2021 USB - To ensure continued and reliable delivery of U.S. soybean exports to customers around the world, the soybean checkoff plans to fund pre-engineering and design work to enhance and maintain Lock and Dam #25 on the Upper Mississippi River - a U.S. infrastructure asset critical for efficient barge traffic.

'The river system in the United States is our lifeline and one of U.S. Soy's biggest advantages over our competitors,' said Meagan Kaiser, USB farmer-leader and soybean farmer from Missouri. 'It's vital that our supply chain remain strong and reliable so we can continue to market our products and provide the most sustainable, reliable nutrient source for our customers. Soybean farmers understand this, which is why the checkoff is working to modernize U.S. infrastructure and return value back to the farm.'

United Soybean Board (USB), the Soy Transportation Coalition, Illinois Soybean Association, Iowa Soybean Association, Minnesota Soybean Research and Promotion Council, Missouri Soybean Merchandising Council and Iowa Corn Promotion Board are proposing a $1 million to offset pre-engineering and design work expenses required to move the project forward. A new video from USB explains the cooperative effort.

If approved for federal funding, the project would be the first under the Navigation and Ecosystem Sustainability Program (NESP). NESP is a long-term program, authorized by Congress, to improve and restore the Upper Mississippi River System. Primary opportunities of improvement include reducing commercial traffic delays while restoring, protecting and enhancing the environment.

Lock and Dam #25 is one of seven existing locks specified by NESP for improvements. These existing locks, constructed in the 1930s, experience significant delays due to the single 600-foot lock chambers that raise and lower vessels moving from one water level to another. The 600-foot chambers require 1,200-foot barges to be disconnected and double-locked, significantly slowing delivery of U.S. grain commodities.

According to a report prepared for the United States Department of Agriculture (USDA) Agricultural Marketing Service, Lock & Dam #25 accommodates 200 million bushels of soybeans annually. The Waterways Council, Inc. states an outage at this facility would cost nearly $1.6 billion and increase the number of truck traffic trips by more than 500,000 annually. Additionally, a 2016 economic impact analysis by the USDA demonstrated this lock and dam's importance - predicting that even just a three-month shut down (Sept.-Nov.) would result in aggregate economic activity related to grain barge transportation declining by $933 million.

'Agricultural products comprise 70% of what we move through this part of the Mississippi River, so it's significant to U.S. farmers and international customers that rely on this infrastructure to have our transportation corridor functioning,' said Andy Schimpf, navigation business line manager, U.S. Army Corps of Engineers. 'Barge transport via the lock and dam system provides the most economical, efficient and sustainable method of shipping U.S. soybeans and other goods.'

Lock and Dam #25 isn't the first critical infrastructure project taken on by the soy checkoff. In 2019, the checkoff invested in research, analysis and design to initiate dredging of the lower Mississippi River. That initial funding helped open the door to a $245 million investment from the federal government and the state of Louisiana to dredge the area from 45 to 50 feet. Once complete, the project is estimated to create an additional $461 million value opportunity for U.S. soybean farmers.

'Investments should never be regarded as a one-time activity,' said Mike Steenhoek, executive director, Soy Transportation Coalition. 'They must be perpetual. Infrastructure investments that soybean farmers have made in the past have positioned us for future success. We want to continue that level of investment, so U.S. soybean farmers and their consumers continue to benefit.'

Snarls Leave California Swamped in Empty Shipping Containers

26 Nov 2021 Wall Street Journal - The biggest export out of Southern California these days is air. And it is suffocating the supply chain.

Hundreds of thousands of empty containers are filling marine terminals and truck yards across the region and tying up scarce trucking equipment as ocean carriers scramble to return empty boxes to factories in Asia. The gridlock on the export side of U.S. supply chains is the mirror of the congestion tying up imports, and officials say it is complicating efforts to unwind the bottlenecks at the ports of Los Angeles and Long Beach.

“They take up space at the docks and they take up space at the terminals,” Mario Cordero, executive director of the Port of Long Beach, said of the stacks of empty boxes. “It’s a serious concern.”

Shipping lines have made recovering the empty containers a priority because they want to get them back across the Pacific Ocean to take advantage of high freight rates for Asian exports. That has fractured a round trip for shipping containers that normally stretches across the U.S., with more customers now unpacking shipments at nearby warehouses already swamped with goods.

With ships already full, there isn’t enough space for empty boxes that are then piled onto increasingly high stacks to await transport and loading onto outbound vessels.

Hundreds of private parcels of land have been opened up for empty containers, Gene Seroka, executive director of the Port of Los Angeles, told harbor commissioners at a recent meeting. Mr. Seroka said that during a recent helicopter tour from the port complex to San Bernardino, 80 miles away, he saw “containers strewn throughout the region.”

Some of those boxes might have been filled with goods. But because shippers don’t like to leave millions of dollars of merchandise in public, the majority were most likely empty.

The boxes are the result of an import surge that swamped the domestic supply chain this year as consumers switched spending from services to goods during the Covid-19 pandemic. Loaded imports at the California ports complex totaled the equivalent of 6.9 million containers between January and August, an increase of 23% compared with the same period in 2019, according to research and consulting firm Beacon Economics.

Exporting AirEmpty outbound shipping containers fromthe Port of Los AngelesContainers in 20-foot equivalent unitsSource: Port of Los Angeles

The ports handled the equivalent of 6 million empty export containers during the first 10 months of this year, 20% more empty boxes than in all of 2019, according to data from the ports.

About 110,000 empties are stacked at port terminals on a typical day, officials say, and thousands more are piled in private yards and even scattered along streets. Before the current congestion, the ports had rarely tracked the number of empty containers sitting at docks.

Hundreds of thousands of boxes are lifted from ships each month, delivered to warehouses and their contents emptied. Truckers say that when they try to return the boxes they find terminals so full that it is almost impossible to secure an appointment to return them. “It is like playing the lottery,” said Leslie Luna, freight coordinator for Luna and Son’s Trucking LLC, a small, short-haul trucking firm in Commerce, Calif.

Ms. Luna said she sometimes stays up until 2 a.m. or 3 a.m. refreshing appointment-booking websites to return containers that fill her company’s 2-acre yard.

To return a container Ms. Luna has to make an appointment on a different website for each of the port complex’s 13 terminals. Each terminal will only accept certain boxes for certain ocean carriers on certain days. The terminals are so full they often don’t take boxes at all or add requirements that truckers pick up an inbound box for each one they drop off.

The result is that many truckers are stuck with an empty container sitting atop the trailer, known as a chassis, that they need to pull loaded imports from the harbor. The Harbor Trucking Association, in a recent survey of 43 trucking firms, found that about 8,100 chassis were stuck beneath empty containers, contributing to an area-wide shortage of the equipment.

Ian Weiland, vice president of operations at Junction Collaborative Transports, a short-distance trucking company based in Long Beach, said that in recent months he has had to send about 25% of his drivers home after their first delivery of the day because of the hundreds of empty containers taking up chassis in his yards. Without an empty chassis, the drivers can’t pick up a new container.

That changed in early November, Mr. Weiland said, when the firm suddenly found it was able to make appointments for containers it had been unable to return for weeks. “Someone waved some sort of magic wand around Nov. 1,” he said.

The change coincided with the ports’ decision to impose a daily fee starting this month on loaded containers that dwell at terminals nine days or longer. Boxes will be assessed a charge of $100 on the first day over the limit and the fee would escalate if the container doesn’t move so that by day seven the charge would total $2,800.

The ports have postponed implementation of the fee, giving retailers, manufacturers and logistics companies more time to pick up boxes. Terminals know one way to help shipping customers retrieve boxes is to accept more empty containers and free up truck chassis.

Alan McCorkle, chief executive of Yusen Terminals LLC, at the Port of Los Angeles, said his facility began expanding capacity for empty boxes in October.

The terminal, which accepts boxes for five ocean carriers, leased 20 acres of nearby land, increasing its storage capacity for empty containers to 19,000 boxes from 6,500. It also worked with another firm to create a third-party storage facility on 12 acres of land with capacity for 5,000 boxes. The facility opened three weeks ago and already has 3,000 containers, Mr. McCorkle said.

Several ocean carriers have sent small ships to pick up hundreds or a few thousand boxes at a time, but that hasn’t done much to clear the backlog. Some terminal operators and ocean carriers said they expect larger ships to arrive in Southern California in the coming weeks with capacity to pick up more boxes when the rush to transport goods eases after the holidays, making more ships available.

Some exporters say the ocean carriers’ drive to get boxes quickly back to Asia for imports has hurt their business.

Greg Jackson, executive vice president at Border Valley Trading, a hay, alfalfa and straw exporter based in Brawley, Calif., said he struggles to secure space on ships out of Southern California. What bookings he does make are frequently canceled, he said.

Loaded exports out of the port complex totaled the equivalent of 2.2 million containers in the first 10 months of this year, 1 million boxes fewer than total exports for all of 2019. The Agriculture Transportation Coalition, a lobby group, said a survey of its members showed that 22% of confirmed overseas sales are being lost because exporters cannot get their products shipped out.

GOVERNMENT

Japan Partnership On Trade Launched

2 Dec 2021 USGC - The United States and Japan recently announced the launching of a “partnership on trade” to continue to strengthen the alliance of the two nations through regular engagement on trade-related matters.

Chaired by representatives of the office of the United States Trade Representative (USTR) and of Japan’s Foreign Affairs and Economy, Industry and Trade ministries, the U.S.-Japan Partnership on Trade will build upon the Biden administration’s plan to pursue an economic framework for the Indo-Pacific region, while also addressing digital trade and third-country concerns.

The U.S. Grains Council (USGC) has been working in the Japan market for 60 years, contributing to the rapid growth of the livestock and feed industries.

“The U.S. Grains Council values the relationships it has built in Japan over the years,” said Ryan LeGrand, USGC President and CEO. “As this new trade partnership develops, the Council looks forward to working with the U.S. and Japan to further promote trade between the two nations.”

This past year, the Council worked hard to continue to build upon its longstanding relationship between the U.S. and Japan by providing virtual programming when in-person activities were not possible. Product developers from the largest health-oriented food barley industry in Japan learned about new opportunities in health-oriented foods – including U.S. high beta-glucan barley via webinar, while the North Asia Virtual Crop Tour gave Japanese buyers and end-users an inside look at this year’s corn crop in the U.S. without leaving their workspace. A recent Council-sponsored ethanol study also concluded that all vehicles in Japan are highly likely to be compatible with E10.

In the most recent marketing year, Japan was a top market across all commodities, ranking as the third-largest market for grains in all forms with exports of more than 14.5 mmts (equal to 573.5 mbus), valued at $6.9 billion.

Japan purchased 11.2 mmts (442.3 mbus) of U.S. corn; 33,700 mts (1.3 mbus) of U.S. sorghum; 18,300 mts (841,100 bus) of U.S. barley and barley products; 475,560 mts of U.S. DDGS; and an estimated total of 89.1 million gallons (31.6 mbus) of U.S. ethanol included in ethyl tert-butyl ether (ETBE) exports during the 2020/2021 marketing year.

The first meetings under the new partnership are expected to be held in early 2022 and will be followed by others held on a regular basis to advance the shared agenda of cooperation between the two countries.

The Council will continue to monitor the newly formed partnership on trade after the first of the year and what it could mean for U.S. corn, sorghum, barley and co-products.

Argentina readies 2022/23 farm plan to ease tensions with producers

2 Dec 2021 Reuters - Argentina's government is preparing a farm sector roadmap for the next two years which it will present to producers next week, officials said on Thursday, hoping to ease conflicts with the sector over caps on meat exports and grains.

The South American country, the top global exporter of processed soy, the second in corn and a top five beef producer, has suffered regular protests from the farm sector and workers in the past year, which have at times affected production and shipments.

A temporary cap imposed on corn exports early in the year, threats to raise taxes on wheat shipments and a strict limit on beef exports to rein in inflation fanned tensions in the sector, the main export driver and source of much-needed foreign currency in the South American nation.

Gabriela Cerrutti, a presidential spokeswoman, said at a news conference that technical teams from the government and industry will meet before Minister of Agriculture Julián Domínguez shares the proposal with farm leaders next Thursday.

"What he is going to present is the 2022/23 plan for the entire sector, for corn, for wheat and for meat," said Cerrutti, adding that "all measures are going to be discussed in a timely manner, first of all with the sector."

Argentina's Peronist government faces a tough balancing act trying to keep farmers from revolting while meeting consumers' demands for affordable food amid inflation running at an annual rate of more than 50%.

The center-left administration of President Alberto Fernandez also sorely needs farm export dollars to replenish depleted currency reserves and to pay off debt amid talks to delay $45 billion it owes the International Monetary Fund.

The presidency underscored that the meeting next week would be to develop a plan "through dialogue" rather than a unilateral decision. Cerrutti also said it would not include any legislation that would need the approval of Congress. That would indicate that the roadmap does not include plans to hike taxes on soy, corn and wheat exports, which at current levels would need lawmakers' approval to be raised further.

Elbio Laucirica, president of CONINAGRO, one of the main rural associations, told Reuters his group wanted the government to fully end caps on beef exports. "If we want to generate trust and investment, we cannot be intervening in the markets," Laucirica said.

A source from the Argentine Rural Society, another major farm group, said its demand would be "that exports be freed up."

- **India and U.S. aim to expand farm trade, resolve market access issues**

23 Nov 2021 Reuters - India and the United States agreed in New Delhi on Tuesday to expand farm trade and relaunched their joint trade policy forum (TPF) to resolve differences on issues including market access, as U.S. Trade Representative Katherine Tai ended a two-day visit.

The two countries agreed to speed up work for expanding trade in agricultural commodities including shipments of Indian mangoes and pomegranates to U.S. markets and cherries and alfafa hay for animal feed from the United States to India, they said in a joint statement.

Chairing the meeting of the joint forum, convened after a gap of four years, Tai and Indian Commerce Minister Piyush Goyal directed their officials to intensify efforts to resolve issues and consider a ministerial meeting next year.

"The forum heralds a new beginning in India-U.S. trade partnership," Goyal said in a tweet after the meeting.

New Delhi and Washington have sparred over a range of issues including tariffs for over a year, hampering the prospects of concluding a bilateral trade package.

Tuesday's meeting followed Indian Prime Minister Narendra Modi's meeting with U.S. President Joe Biden in Washington in September when both leaders agreed to expand trade ties to strengthen relations.

The United States agreed on Tuesday to look into India's demand for exporting grapes, while New Delhi would consider allowing imports of U.S. pork and pork products, the statement said.

Tai, accompanied in New Delhi by Deputy U.S. Trade Representative Sarah Bianchi, earlier raised issues of market access restrictions, high tariffs, unpredictable regulations and restricted digital trade between the two countries.

India has been resisting a U.S. demand to lower tariffs, arguing that applied tariffs were way below the permissible limit under the WTO rules, while seeking more exports of goods and services.

Bilateral goods' trade between the two countries in the first nine months this year rose nearly 50% from a year earlier as their economies reopened after restrictions due to the pandemic, and is set to surpass $100 billion this year, the joint statement said.

- **Farm Groups Urge Administration to be Firm on WTO Issues**

24 Nov 2021 Weekly Washington Update - The Biden administration should try to get the public stockholding and special safeguard mechanism proposals at the World Trade Organization eliminated in connection with the upcoming 12th Ministerial Conference (MC12), a coalition of farm groups have written U.S. Trade Representative Katharine Tai and Agriculture Secretary Tom Vilsack writes *The Hagstrom Report*.

In a letter sent last Friday, the groups wrote, "One significant obstacle is the legacy issues that have become so prominent on the WTO agriculture agenda in the run-up to MC12 — especially the proposals related to public stockholding (PSH) and the special safeguard mechanism (SSM)."

"These proposals are remnants of a negotiation that is now decades old, and each represents a significant step in the wrong direction. The PSH proposal would significantly weaken disciplines on domestic subsidies, while the SSM proposal would seriously impair access to markets for U.S. exports in developing countries. Adoption of either proposal would point the reform process in the wrong direction and doom future negotiations to failure."

The coalition includes the American Farm Bureau Federation, crop, meat and export groups. Its adviser is Sharon Bomer Lauritsen, a former agriculture official at the Office of the U.S. Trade Representative.

- **Legislators Call Biden to Act on Mexico's Noncompliance with Biotech**

24 Nov 2021 Weekly Washington Update - A bipartisan group of lawmakers is calling for the Biden Administration to force Mexico to abide by the biotech provisions laid out in the United States-Mexico-Canada Agreement, writes *Agri-Pulse.*

Led by Reps. Adrian Smith (R-NE), and Jim Costa (D-CA), the 70 lawmakers said in a letter to President Biden that the Mexican government "has brought biotechnology permit approvals to a standstill, making Mexico's regulatory system, which used to be largely transparent and science-based, nonfunctional."

Mexican President Andrés Manuel López Obrador announced an intent to phase out certain agricultural technologies by 2024, including biotech corn for human consumption, the letter said.

"This decree, which is not based in science, is particularly concerning because it signals the potential rejection of currently pending permit approvals and opens the door to revocation of existing biotech authorizations," the legislators wrote.

International Crop & Weather Highlights

- **La Nina Is Set to Deliver Drought to Argentina's Soybean Crop**

1 Dec 2021 - La Nina is set to wreak havoc during Argentina's upcoming summer, when soybean and corn plants will be growing across the Pampas farm belt.

Precious little rain will fall in January and February across much of the key growing region because of the weather pattern, according to maps in a Buenos Aires Grain Exchange report. Dryness curbs plant yields and, in turn, crop production in the South American nation. March will be wetter, "but we'll continue to observe large pockets of drought," bourse climatologist Eduardo Sierra wrote in the report.

Nevertheless, rains forecast for December should provide fields with moisture before the drought gets into full stride, as well as drive a recovery in river levels along Argentina's chief shipping route.

Weather forecasts are watched closely by crop traders and Argentina's government. For traders, that's because Argentina is the world's biggest exporter of soy meal and oil, and a top corn supplier. For government, harvests are a vital source of billions of dollars desperately needed at the central bank.

USDA/WAOB Joint Agricultural Weather Facility – 27th November 2021

Europe – Heavy Rain In The South, While Winter Crops Approached Dormancy Elsewhere

- Widespread moderate to heavy rain boosted moisture supplies for vegetative winter grains across Spain, Italy, and Greece but slowed seasonal fieldwork.
- Near- to below-normal temperatures eased winter crops toward dormancy over most of central, northern, and eastern Europe.

Northwestern Africa – Much-Needed Showers In Morocco, But Severe Drought Lingered

- Much-needed showers in Morocco moistened topsoils for winter grain sowing, but more rain is needed to alleviate the current severe drought.
- Additional rain in northern Algeria maintained abundant moisture for winter wheat and barley.
- Favorable conditions in northern Tunisia contrasted with drought in Tunisia's Steppe Region.

Middle East – Timely Rain In Turkey

- Timely rain in Turkey favored winter wheat and barley establishment, though deficits lingered on the Anatolian Plateau and the GAP Region in the southeast.
- A lack of early-season rain from the eastern Mediterranean Coast into northern Iraq kept soils devoid of moisture for winter crop establishment.
- Rain in western Iran maintained good early-season prospects for winter grains.

South Asia – Seasonably Drier Across India

- Seasonably drier weather prevailed across most of India, supporting rabi crop sowing, as heavy showers continued in southern-most India and Sri Lanka, benefiting seasonal rice.

East Asia – Mild Weather

- Winter crops continued to add vegetative growth in eastern and southern China ahead of dormancy, while showers were mainly confined to southern-most China.

Southeast Asia – Wet Weather

- Seasonably wet weather continued throughout much of the Philippines and southern sections of the region, benefiting rice and other crops.
- Downpours shifted outside of Vietnam's coffee area, allowing drier conditions for harvesting.

Australia – Local Flooding

- Heavy rain swept across southern Queensland and New South Wales, soaking mature winter grains and oilseeds and halting the harvest, while likely necessitating some summer crop replanting.
- Elsewhere in the wheat belt, showers were more widely scattered, causing fewer harvest delays.

South America – Beneficial Rain Continued Over Much Of Argentina

- Summer crop prospects continued to improve over much of Argentina, although long-term moisture reserves remained limited in spots.
- Unseasonable warmth and dryness persisted in key corn and soybean areas of southern Brazil. In contrast, widespread showers favored soybeans in central Brazil.

South Africa – Locally Heavy Showers Overspread The Corn Belt

- Abundant rainfall provided timely moisture for emerging summer crops in more westerly portions of the corn belt.

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

Agricultural Weather Highlights – Friday, 3rd December 2021

In the West, a warm, dry regime continues, with any precipitation limited to areas along the Canadian border. On December 2nd, monthly record high temperatures were noted in several locations, including the Wyoming communities of Cheyenne (70°F) and Rawlins (60°F). The record-setting warmth is reducing or eliminating high-elevation snowpack that had begun to accumulate in October.

On the Plains, temperatures remain significantly above normal but have fallen from record-shattering levels. On December 2nd, monthly record high temperatures were established in multiple locations, including Russell, Kansas (79°F), and Sidney, Nebraska (78°F). Lack of soil moisture, a situation aggravated by warm, windy weather, remains a concern with respect to the hardiness and resiliency of the wheat crop heading into the overwintering period.

In the Corn Belt, a sharp temperature gradient exists, as today's high temperatures should range from near 35°F in the upper Great Lakes region to 70°F or higher in the middle Mississippi Valley. Early today, spotty rain and snow showers are confined to the Great Lakes region, where some producers are still attempting to complete corn and soybean harvests.

In the South, record-setting warmth prevails. Today's high temperatures will surpass 70°F in most locations and could reach 85°F or higher in parts of Texas. The warm, dry weather is ideal for most harvest activities, but short-term dryness in some areas is hampering the emergence and establishment of winter grains and cover crops.

Outlook: Above-normal temperatures will continue across much of the country, although record-setting warmth will be gradually suppressed southward.

Meanwhile, a series of fast-moving disturbances will traverse the nation's northern tier, followed early next week by a storm system that will follow a more southerly track across the western and central U.S. The Northern weather systems will produce considerable wind but only light precipitation, though some locally heavy rain showers may develop late in the weekend from the mid-South into the Ohio Valley. Next week's storm has the potential to deliver some drought-easing rain and snow in the West—

and may eventually ease Southeastern dryness. Five-day precipitation totals could total 1 to 2 inches or more in the Pacific Northwest and from the Mississippi Delta into the eastern Corn Belt, while accumulating snow will fall during the weekend across the nation's northern tier and early next week in parts of the West. In contrast, little or no precipitation will fall during the next 5 days across Florida's peninsula and the central and southern High Plains.

The NWS 6- to 10-day outlook for December 8 – 12 calls for the likelihood of near- or above-normal temperatures and precipitation across most of the country. Colder-than-normal conditions will be confined to the Northwest, while drier-than normal weather should be limited to southern Florida, the lower Rio Grande Valley, and portions of the southern Plains.

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

References

- **Conversion Calculations**

Metric 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.

- **USDA FAS OGA Current Crop Calendar**