



Quanton Weekly Communications, Week 06

Quanton Trading Teams

Grains:

Wheat imports of **Egypt's private sector** have overtaken those by the state commodities authority, a trend that could continue as the government looks to reform bread subsidies and trim its import bill. (Reuters)

France cut projection of winter soft wheat planted area to 4.75mln hectare against its projection of 4.92mln hectare in December. 1% lower than the 5-year average. Barley increased 1.25mln hectare.

Strategie Grains again **cut its forecast** for European Union **soft wheat exports** in 2021/22 due to competition from South American and Black Sea suppliers, as well as reduced expectations for Algerian and Egyptian imports. (Commodity 3)

The **global wheat** outlook for 2021/22 is for **lower supplies, higher consumption, increased trade, and reduced ending stocks**. Supplies are projected falling by 1.1 million tons to 1,066.3 million as reduced production more than offsets higher beginning stocks. (USDA)

The outlook for 2021/22 U.S. wheat in February is for **stable supplies, lower domestic use, reduced exports, and higher ending stocks**. (USDA)

Brazil's CONAB **reduced the corn production** to 112.34 mmt from 112.90 mmt. (CONAB)

Soaring demand from China and Mexico **lifted U.S. farm exports 18%** last year to \$177 billion, "a major boost for the economy as a whole, and particularly for our rural communities", U.S. Agriculture Secretary Tom Vilsack commented. (Bloomberg)

Oilseeds:

Coamo, the largest farmer cooperative in Brazil, expects to receive 3.6 million tonnes of soybeans from the 2021/2022 crop, **40% less** due to **crop failure caused by a drought**. (Reuters)

U.S. soybean supplies will be smaller than previously forecast as demand from the crushing industry rose. (Reuters)

Soybean prices this year could **reach record highs** if dry weather does not improve for S American farmers, Cargill warns. (Bloomberg)

In the recent months, Olam predicts that crushing plants in China needs to purchase **every week 20 vessels** of soybean in order to cover the domestic production needs. (Olam Grains)

China's soymeal futures soared to record highs this week on concerns about the scale of South America's drought-hit soybean crop and tightening meal supplies in domestic markets. (Reuters)

Paraguay books rare soybean cargo from **Argentina** for **18,000 mt** amid a sharp drought-related crop loss. (Agricensus)

Coffee:

Thursday, Arabica coffee prices on ICE slipped after **touching fresh 10-year highs**, as exchange-certified stocks touched new 20-year lows and were set to fall below the key 1-million-bags mark. (Reuters)

Traders are planning to deliver **thousands of tonnes of robusta coffee** from Asia to the ICE futures exchange in Europe for the first time since 2018. Instead of containers, traders said it has become cheaper to **pile up bags of coffee in breakbulk vessels**, despite the potential moisture damage. (Reuters, Commodities 3)

Cocoa:

Dry weather for three straight weeks in most of **Ivory Coast's cocoa** regions has damaged the quality of beans and threatens to reduce the size of the April-to-September mid-crop, farmers said on Monday.

Sugar:

French sugar group **Tereos** reported a jump in third-quarter core **earnings** as high prices helped offset a poor harvest in Brazil. Its EBITA rose 65% to 223 million euros. (Reuters)

The **Philippines** plans to import **200,000 tonnes** of standard and bottler's grade refined **sugar** to address a supply shortfall caused by crop damage from a powerful typhoon that hit plantations in December. (Reuters)

The global sugar market is expected to have **a second year of small supply surplus** in 2022/23 (Oct-Sep) as high benchmark prices and good weather boost crop prospects in the main producing countries. (CovrigAnalytics, Reuters)

Freights:

Freight market appears to be **rising** with the Baltic Handy index up 15% this week, the Panamax index up 30%, and the overall Dry Index up 36%. (Fryer)

The end of Chinese New Year, as predicted, saw the **market picking up** gradually across the board. The Baltic Dry Index climbed by 39% over last week.

Panamax Market – Front haul grain cargoes from ECSA are the main driver of this market. There are fresh interests from Black Sea where the outlook remains positive. The influx of fresh cargo toward the end of the week caused P2A to cross the 30,000 mark.

Supramax Market – The influx of orders in the Med confirms that positive trend of last week will continue. In Med / Black Sea and South Atlantic rates are climbing faster than the time it took to drop. USG, with new influx of cargo, is back in full swing. Continent is the slowest to catch up.

Panamax Index – 2403 (up 34 % over last week)

Panamax 4 TC – 20297 (up 37% over last week)
Panamax 5 TC – 21623 (up 34% over last week)
P2A (Continent / Far East) – 30605 (up 36% over last week)
P6A (Singapore/ ECSA RV) – 23809 (up 24% over last week)
BSI 10TC – 23,743 (up 35% over last week)
S1B (Canakkale via Med-Bsea/China- S.Korea) – 27,729 (up 13% over last week)
S4B (Skaw-Passero/ USG) 17,175 (up 3% over last week)
BHSI 7 TC – 21,018 (up 18% over last week)
HS1 (Cont med-ECSA) – 14,107 (up 11% over last week)
HS3 (ECSA/Cont-Med) – 27,050 (up 8% over last week)

World:

Japan's weather bureau said on Thursday the **La Nina phenomenon** was continuing and there was a 70% chance it would **end** during the Northern Hemisphere **spring**.

Brazilian cotton growers are expecting **a very positive** scenario for the 2021/22 crop with prices on the rise as planting is about to end, local companies told Reuters, leaving behind the drops in area and output seen a year ago due to a sowing delay. (Reuters)

\$61 million funded by the U.S. Department of Agriculture aims to invest over five years to **accelerate cashew processing** in **West Africa**. (Reuters)

Bunge reported a stronger-than-expected **17.1% jump** in quarterly **profit** as large oilseed crops in North America and Europe and strong demand for processed meal and oil bolstered its core agribusiness unit. (Reuters)

Ghana's consumer price **inflation** accelerated to **13.9% year-on-year** in January from 12.6% the previous month. (Reuters)

India's basmati rice exports plunged a fifth from a year ago to the lowest level in four years in 2021 as top buyer **Iran slashed purchases** after its rupee reserves reduced. (Reuters)

China:

China **suspended imports of beef, dairy and beer from Lithuania** this week, Lithuania's veterinary control agency said on Thursday, amid a growing trade dispute over the Baltic nation's relations with Taiwan.

The Biden administration is considering a new China tariff probe if talks fail to persuade Beijing to follow through on promised purchases of U.S. goods, energy and services. (Reuters)

Opinions:

The world grain and oilseed markets have become **very volatile** on a mix of massive crop losses in S America and the geo-political issues in the Black Sea. In S America, **two months of critical weather** still to come in. N

Hemisphere weather takes on much greater importance from March onwards, particularly in the US, Canada and N Africa. (Fryer)

Vietnam local market recently moved a lot to **Myanmar corn**. (Local broker)

Fertilisers:

The Green Markets North America **Fertilizer Price Index** rose to 898.28, recovered from the **lowest point** (811.7) a week ago. (Bloomberg Green Markets)

Brazilian groups representing grain growers are complaining about a **shortage of the herbicide** Atrazine used to control weeds in corn crops. Relevant bills have been discussed and passed in the government. (Reuters)

Tenders:

Jordan tenders for feed barley:

120,000 mt, shipment: Jul – Sep 2022.

Japan tenders for the following, via SBS auction, shipment Jun-July:

- 80,000 mt, feed wheat
- 100,000 mt, barley

Taiwan MFIG tenders for corn:

65,000 mt, shipment Apr 2022

Syria tenders for milling wheat:

200,000 mt, deadline 14 Feb

Iran SLAL bought for shipment Feb – Mar 2022:

- 60,000 mt, feed barley
- 60,000 mt, soymeal

Jordan bought feed wheat:

60,000 mt, 301.25 USD/mt, Cargill, shipment full Jul

South Korea MFG bought corn:

68,000 mt, 341.89 USD/mt, Sierentz, shipment Mar – Apr

South Korea FLC bought feed wheat:

65,000 mt, 330.98 USD/mt, Agrocorp, shipment full Apr

South Korea FLC bought corn:

66,000 mt, 339.74 USD/mt, ADM, shipment full Apr

South Korea NOFI bought corn:

135,000 mt, 339.74 & 339.49 USD/mt, shipment in May

South Korea NOFI bought feed wheat:

110,000 mt, 327.44 & 328.36 USD/mt, CJ, shipment in May/June

Turkey TMO bought 325,000 mt corn for shipment 25 Feb – 15 Mar:

Derince:	25,000 mt CNF 311.50 USD/mt, Yayla Agro
	25,000 mt CNF 311.50 USD/mt, Rolweg
Iskenderun:	25,000 mt EXW 310.80 USD/mt, Altin Ates
	25,000 mt EXW 310.70 USD/mt, Yayla Agro
Mersin:	25,000 mt CNF 311.65 USD/mt; Erser
	25,000 mt CNF 311.65 USD/mt; Yayla Agro
Izmir:	25,000 mt EXW 309.59 USD/mt, ADM
	25,000 mt CNF 309.60 USD/mt, Yayla Agro
Bandirma	25,000 mt EXW 307.70 USD/mt, Bek Tarim
	25,000 mt EXW 315.15 USD/mt; Aston
Tekirdag	25,000 mt EXW 314.30 USD/mt, Erser
Samsun	25,000 mt EXW 304.70 USD/mt, Promaks
Karasu	25,000 mt CNF 304.70 USD/mt, Bek Tarim

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Transforming agricultural products in time, location and form sets the core of our business.

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