



Quanton Weekly Communications, Week 07

Quanton Trading Teams

Grains:

Record volumes of **lower quality wheat from India and Australia** are set to fill a gap left in **Asia's animal feed market** by a shortage of corn exports from South America, where drought is expected to reduce output. (Reuters)

Argentina's farm belt is set for days of **hot and dry weather ahead**, corn and soy crops are in sore need of rainfall after spells of drought. Argentina is the world's top exporter of processed soy and the no. 2 corn exporter, and has been suffering from drought linked to the **La Niña climate pattern** in recent months. (Reuters)

Egypt's Central Bank changed the payment methods to **letter of credit (LC)** when paying for imports, but has excluded strategic and essential commodities such as grains and meats. (Commodity 3)

China sold 520 KMT of wheat from state reserves this week, or 99% of the total offered, at an average price of \$407/MT, a total of just **under 2.9 MMT from state reserves** since auctions began in late Oct. (Commodity 3)

Oilseeds:

Indian traders have contracted to import a record **100,000 tonnes of soy oil** from the United States because of limited supplies from drought-hit South America. (Reuters)

Louis Dreyfus reported a **fire** had broken out at its Claypool, Indiana, **soybean processing and biodiesel plant** on Tuesday and the affected systems had been suspended. (Reuters)

Malaysia has maintained its March **export tax for crude palm oil at 8%** and raised its reference price. (Reuters)

China to expand soybean production at a meeting on spring farm output held in Shandong province. (Xinhua)

China can reduce its soybean demand by 30 million tonnes by continuing to promote lower soymeal rations in feed and using alternative proteins. (Xinhua)

Coffee:

Uganda blamed its **withdrawal from an International Coffee Organisation (ICO)** agreement this month for unfair tariffs and other barriers that restrict export of processed coffee to Europe and elsewhere. (Reuters)

Coffee chains such as **Luckin Coffee and Tim Hortons** have **increased the prices** of their beverages in China, with U.S. giant Starbucks blaming "multiple factors" such as higher operating costs. (Reuters)

Colombian coffee production could rise to some 13.2 million 60-kg bags in calendar 2022, which would be 5% higher than the 7-year low of 12.577 million produced in 2021, Agriculture Minister Rodolfo Zea said. Colombia's

domestic price of coffee also continues to set records and has surpassed COP 2,307 per 125-kg bag for the first time in history. (Commodity 3)

US green coffee stocks in port warehouses fell by 37,851 60-kg bags during January 2022 to reach 5,795,841 bags at the end of the month, according to the Green Coffee Association (GCA). Stocks were down 0.8% YoY. (Commodities 3)

Cecafe predicts that **Brazil has enough stockpiles** to meet demands despite recent droughts, though shipping the commodity remains a challenge. (Bloomberg)

Cocoa:

Last Thursday, **cocoa prices climbed to 4-month nearest-futures highs** on concern that the seasonal Harmattan winds in West Africa. Some cocoa farmers in the Ivory Coast and Ghana had reported inadequate soil moisture due to the Harmattan winds and a lack of rain.

An improvement in the pandemic is also supportive of cocoa prices. The 7-day average of new U.S. Covid infections fell to a 2-month low Wednesday of 128,932, which may ease travel restrictions and boost chocolate demand as more travellers flock to airports, a significant source of chocolate sales. Recent data shows **improved U.S. chocolate demand** as data from researcher IRI shows U.S. retail chocolate sales in Q4 rose +5% y/y.

Global cocoa demand in Q4 was mixed. The National Confectioners Association reported Feb 3 that **North American Q4 cocoa grindings** unexpectedly fell **-1.2% y/y** to 116,614 MT, much weaker than expectations of a +4.6% y/y increase. Conversely, on Feb 2, the European Cocoa Association reported Q4 **European cocoa processing rose +6.3% y/y** to 365,826 MT, stronger than expectations of +6.0% y/y. Total 2021 European cocoa processing rose +6.1% y/y to 1.46 MMT, the highest since 1999. **Asia Q4 cocoa grindings rose +6.3% y/y** to 231,309 MT, stronger than expectations of +2.3% y/y.

Increased cocoa exports from Nigeria, the world's fifth-largest cocoa producer, are bearish for prices after Nigeria Dec cocoa exports surged +190% y/y to 134,227 MT.

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World:

Testing confirmed a highly lethal form of **bird flu in a commercial turkey flock in Kentucky**, the state said on Wednesday, expanding outbreaks in the U.S. poultry sector. (Reuters)

Italy's Constitutional Court **rejected** a request to hold a referendum on **legalising the cultivation of cannabis**. (Reuters)

Corn-based ethanol, is likely a much **bigger contributor to global warming** than straight gasoline, according to a study. (Reuters)

Champagne sales reached an all-time high last year, as the relaxation of pandemic-related curbs fuelled a surge in exports, notably to the United States. (Reuters)

US has decided to temporarily suspend avocado shipments on security grounds from the western state of Michoacan, a major producing region that has faced chronic problems with gang violence. (Reuters)

Kazakhstan's agriculture ministry sees **grain exports** at 8-9 million tonnes in the upcoming 2022/23 marketing season, up from 7.0-7.3 million tonnes in the current season. Kazakhstan mostly ships grains to its **Central Asian neighbours, Afghanistan, China, and Black Sea ports**. (Commodity 3)

ED&F Man Holdings Ltd. will expand the responsibilities of chairman and agriculture-markets veteran **Chris Mahoney** after announcing its CEO will retire, as the struggling London-based trader seeks to turn its business around. The company is seeking \$300 million to ring-fence its commodities business by borrowing the money under a new subsidiary. Mahoney retired as CEO of Glencore Agriculture, now Viterro, in 2019, and previously spent 17 years at Cargill before joining Glencore in 1998. (Bloomberg)

Fertilisers:

The Green Markets North America **Fertilizer Price Index** rose to 877.93, recovered from 866.92 a week ago. (Bloomberg Green Markets)

Panamax Market- Market failed to maintain the strong momentum it gained after the end of Chinese New Year. Market continued to slide down until it made little recovery today due to the influx of fresh North Atlantic mineral cargo. ECSA continue to remain flat but Black Sea front haul remain bullish. P2A once again went below 30,000.

Freights:

Supramax Market: The market maintained the momentum it gained after the end of Chinese New Year. Fresh cargo from US Gulf help sustain the momentum. Med and Black Sea number remains healthy, but Continent still remains fragile.

Panamax Index – 2375 (down 1.16 % over last week)

Panamax 4 TC – 20039 (down 1.12% over last week)

Panamax 5 TC – 21375 (down 1.14% over last week)

P2A (Continent / Far East) – 29667 (down 3.03% over last week)

P6A (Singapore/ ECSA RV) – 23295 (down 2.15% over last week)

BSI 10TC – 25576 (up 7.70% over last week)

S1B (Canakkale via Med-Bsea/China-S.Korea) – 30,354 (up 9.4% over last week)

S4B (Skaw-Passero/ USG) – 19,388 1 (up 12.8% over last week)

BHSI 7 TC – 23,130 (up 10% over last week)

HS1 (Cont med-ECSA) – 14,936 (up 1.4% over last week)

HS3 (ECSA/Cont-Med) – 27,050 (up 8% over last week)

Tenders:

TMO tenders for 225,000 mt feed barley:

- Shipment Mar, deadline 22 Feb

Japan tenders for 54,692 mt of milling wheat:

- Shipment Mar- Apr, deadline 23 Feb

Jordan tenders for 120,000 mt of milling wheat:

- Shipment Jul – Sep, deadline 16 Feb

Taiwan bought US milling wheat:

- 32,360 mt DNS at \$ 409.69
- 15,115 mt HRW at \$396.37
- 7,445 mt soft white at \$406.29

Iran's SLAL bought:

- 120,000 mt feed barley
- 120,000 mt feed corn
- 180,000 mt soymeal

Egypt's GASC bought Romanian wheat:

- 180,000, shipment Apr

Algeria bought wheat:

- 720,000 mt at \$345.5 – 347m, shipment Apr

Philippines bought feed wheat:

- 45,000 mt at \$ 330, CHS, shipment Jun/Jul

Algeria bought wheat:

- 120,000 mt at \$ 345.5 – 346, France and BS, shipment Apr

South Korea bough 82,000 mt wheat:

- 50,000 mt US wheat
- 32,000 mt Canadian western red spring

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

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