



Quanton Weekly Communications, Week 09

Quanton Trading Teams

Grains:

Commodity markets reached biggest weekly gains in years as the shuttering of Ukrainian ports and sanctions against Russia sent buyers for replacement supplies. (Reuters)

Chicago wheat passes \$12/bu, hits daily limit for fourth straight day, the upward momentum in the global wheat complex shows no signs of slowing down at the end of the week. (Agricensus)

Buyers of animal feed corn (maize) have rushed to book **European Union supplies to replace Ukrainian exports** blocked by Russia's invasion. (Reuters)

U.S. is studying whether **waiving biofuel blending mandates** could help offset a surge in prices for key food ingredients like **corn and soy oil** following Russia's invasion of Ukraine. (Reuters)

Russia's invasion of Ukraine has left **Egypt's wheat import** prospects in turmoil, with **two cargoes** purchased by Egypt's state buyer **stuck at Ukrainian ports**. (Reuters)

The bulk of France's soft wheat crop remained in **good or very good condition** in the week ending February 28. (Agricensus)

Australian suppliers were bracing for a surge in export demand as buyers look to replace the loss of Black Sea volumes in the near to medium term. However, a significant increase in export is not expected in the short term as **logistics and supply chain** from Australia were **already under stress** from a **record-breaking harvest**. (Platts)

Lebanon has one month's wheat reserves at most. Lebanon imports nearly 60% of its wheat from Ukraine, and is in talks with other countries including the United States, India, France and some other European countries to import wheat. (Commodity 3)

Heavy rains in Argentina's farm belt and expectations of more to come are alleviating fears about a prolonged drought hitting crops after a dry start of the year. (Reuters)

China:

Russia-China trade facts: China imported **12,273.62 mt of wheat** from Russia in 2021, according to customs data. In the first half of MY 2020-21 (September-August), China imported in total 1.1 million mt of sunflower oil, with **Russia supplying 250,000 mt** and **Ukraine 783,000 mt**. (Bloomberg)

China domestic prices for major agricultural commodities, including wheat and corn, have surged or are close to **all-time highs**. (Agricensus)

Chinese buyers recently booked approx. **20 cargoes** of American soybeans and about **10 shipments** of corn as part of efforts to mitigate the risks to

commodity supplies from Russia's war in Ukraine and slower harvests in South America. (Bloomberg)

China's wheat prices topped 3,000 yuan per tonne for the first time as the war between two major wheat exporters Russia and Ukraine has fuelled panic in a market. (Reuters)

Struggling Chinese hog breeder Jiangxi Zhengbang Technology has agreed **to sell eight of its animal feed units to Beijing Dabeinong Technology** for approx. \$320 million. (Reuters)

Oilseeds:

Ukrainian top sunflower grower will struggle to plant seeds this year and harvests of other crops already sown will suffer. (Reuters)

India's sunflower oil imports plunged 54% in February from the prior month as shipments from the Black Sea region were hit after Russia's invasion. Anxious buyers, with no clarity on sunflower oil shipments out of Ukraine, are **turning to crude palm oil from Malaysia** to fulfill demand ahead of month-long Ramadan. (Platts, Reuters)

India has asked Indonesia to increase palm oil shipments to the country to compensate for a loss of sunflower oil supplies from the Black Sea region due to the Ukraine crisis. (Reuters)

Palm oil has become the costliest among the four major edible oils for the first time as buyers rush to secure replacements for sunflower oil shipments. (Reuters)

Analysts said **palm oil stocks in Malaysia will fall 11-18%** ahead of the data release from the Malaysian Palm Oil Board. (Agricensus)

CFR China soybean flat price gained 2.4% week on week and 11% month on month to \$742.87/mt, after **crossing the \$700/mt mark** for the first time since 2018, fuelled by active demand coverage by state-owned importers and lower availability of offers from Brazil. (Platts)

Coffee:

Coffee traders are seeking advance payment in any new deal to sell beans **to Russia** as Western sanctions hit the financial system of the world's sixth largest importer. (Reuters)

Colombian coffee production in the first four months of 2021/22 reached 4.3 million bags, down 19% y/y. The country's production could rise to some 13.2 million 60-kg bags in calendar 2022, 5% higher than the 7-year low of 12.5 million produced in 2021. (IHS Markit)

Brazilian coffee farmers sold 32% of the expected 2022/23 output by 8 February, ahead of the 21% seen at this time a year ago but up only 1 percentage point from the previous month. (Safras & Mercado)

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. Stocks were down 0.8% from 5,843,171 bags at the same time in 2021. (IHS Markit)

Tenderable robusta stocks fell by a further 383 ten-tonne lots to 9,061 (around 1.510 million 60-kg bags) in the three weeks to 8 February. Robusta stocks have fallen by 1.159 million bags since 19 May when they peaked at 16,017 lots. Arabica certified stocks fell to 999,019 bags on February 22, the first time in at least 22 years that exchange stock levels fell below the 1-million-bag mark. (IHS Markit)

Nestlé saw growth of 7.5% in its full-year results, with coffee being the largest contributor. **Sales of Starbucks products grew by 17.1%** to reach CHF3.1 billion. Starbucks itself, also posted largely positive first quarter results, with net revenues up 19% to \$8.1 billion. (IHS Markit)

Vietnam exported 163,324 tonnes of coffee in January 2022, compared with 169,349 in December and 160,503 in the same month last year. This brought total coffee exports in the first four months of 2021/22 to 539,395 tonnes, **up** from 475,303 tonnes in the same period a year ago. (IHS Markit)

Brazilian green coffee exports in January 2022 dropped by 14% y/y to 2.905 million 60-kg bags from 3.381 million in the same month last year. This was the lowest volume for the month of January since 2018. (IHS Markit)

Ugandan coffee exports in January 2022 totalled only 402,212 60-kg bags, **down 9.8%** from 445,920 bags in the same month last year and sharply below the 500,000 bags projected last month. (IHS Markit)

Cocoa:

Hot weather and well below-average rains in most of **Ivory Coast's cocoa**-growing regions could trim the size and quality of the upcoming mid-crop harvest, farmers said on Monday. (Reuters)

Ivory Coast will launch a pilot project in April to trace cocoa beans from farm to market, aiming to tackle issues such as deforestation and child labour, the head of the West African nation's cocoa regulator said on Thursday. (Reuters)

Sugar:

Deliveries of raw sugar on the expiry of the March contract on ICE exchange reached 26,383 lots, or 1.34 million tonnes, **the largest on record** for the March contract. (Reuters)

World:

Brazilian President Jair Bolsonaro said state-run oil producer **Petroleo Brasileiro SA** could, due to the crisis inflicted by the war in Ukraine, **lower its profit to prevent fuel prices from exploding**. (Reuters)

Argentina's government will send a bill to deal with the International Monetary Fund (IMF) to restructure over \$40 billion in debt, the head of the lower Chamber of Deputies said. (Reuters)

Russia:

Nestle, the world's largest food group, said **it has reopened its factories and warehouses in central and western Ukraine** in a bid to ensure essential food and drink deliveries in the war-torn country. (Reuters)

Stora Enso has **stopped imports and exports to and from Russia** as well as production and sales in the country due to its invasion to Ukraine. (Reuters)

Bunge said continued conflict in Ukraine and stinging sanctions on Russia could have an **"adverse effect" on its operations in the breadbasket region**. (Reuters)

Ukraine's Zaporizhzhia nuclear power plant seized by Russian troops. The International Atomic Energy Agency offers assistance would focus on the physical integrity of facilities. (Platts)

Fertilisers:

Brazil's state-run oil company **Petrobras has not called off** or altered talks to **sell an unfinished fertilizer plant to Russian group Acron** even as Russia's invasion of Ukraine has triggered Western sanctions, two Brazilians close to the deal told Reuters on Thursday. (Reuters)

Canada's Nutrien Ltd, the world's biggest fertilizer producer, said Russia's invasion of Ukraine could result in **prolonged disruptions to the global supply of potash and nitrogen crop nutrients**. (Reuters)

Freights:

Ukrainian ports will remain closed until Russia's invasion ends, the head of Ukraine's Maritime Administration said on Monday, adding that the port of Mariupol has sustained damage from Russian shelling. (Reuters)

Since Russia's invasion, **a dozen oil-product tankers, a sunflower oil carrier, and 45 bulkers** used to transport grains, ore and coal have gotten stuck. At least five merchant ships have been blown up in the region since the attack started. **Vessels can't leave Ukrainian waters** because there are **no harbour pilots** to guide them out, according to owners and ship managers. (Bloomberg)

China will reduce benchmark rates of pilotage and shifting charges for vessels running international lines at some key ports by 10% to 15% from their current respective levels. (Reuters)

Panamax Market – an unsurprising slow start this week given world tension and uncertainty created by it. The Atlantic proved to be the most affected by it, all with sizeable corrections on routes P1A and P2A. Asia saw a lethargic opening too; despite healthy-looking demand book most player appear to be in wait and watch mode with little activity reported so far. Some positive signs on FFA during the end of the week.

Panamax Index – 2785 (up 4.56 % over last week)

Panamax 4 TC – 23,725 (up 4.76 % over last week)

Panamax 5 TC – 25,061 (up 4.54 % over last week)

P2A(Continent / Far East) – 33,418 (up 2.00 % over last week)

P6A (Singapore/ ECSA RV) – 27,255 (up 7.96 % over last week)

Supramax Market – The overall market trended sideways whilst although it firmed in South America. The Mediterranean is soft and many owners refused to trade Black Sea. On the other side, paper went up 1500 on Q2 and people are still optimistic even if paper went down heavily yesterday. The workhorse of the market is still the Pacific where market went up today.

BSI 10TC – 28,450 (up 6.55 % over last week)

S1B (Canakkale via Med-Bsea/China-S.Korea) – 21,300 (down 36.05 % over last week)

S4B (Skaw-Passero/ USG) – 13,984 (down 39.00 % over last week)

BHSI 7 TC – 25,074 (up 3.08 % over last week)

HS1 (Cont med-ECSA) – 13,286 (down 15.59 % over last week)

HS3 (ECSA/Cont-Med) – 226972 (up 13.26 % over last week)

Tenders:**Jordan** tenders for:

- wheat 120,000 mt, shipment May-Jul
- barley 120,000 mt, shipment Jul-Sep

Bangladesh tenders for:

- wheat 50,000 mt

Taiwan's MFIG bought corn:

- 65,000 mt x 2, US/Argentina

South Korea's NOFI bought corn:

- 207,000 mt, Black Sea origin excluded

South Korea's KFA bought corn:

- 134,000 mt, Dreyfus and CHS.

Tunisia's ODC bought Durum wheat:

- 25,000 mt x 4, Casillo, 634.89 USD/mt C&F

Algeria OAIC bought Durum wheat:

- 250,000 mt, 625 - 630 USD/mt C&F

Turkey TMO bought 335,000 mt wheat:

Iskenderun:	25,000 mt 13.5% EXW 408.90 USD/mt, Kibar
	25,000 mt 12.5% EXW 410.80 USD/mt, Aston
	25,000 mt 13.5% EXW 414.80 USD/mt, Aston
Mersin:	25,000 mt 12.5% EXW 442.80 USD/mt, Grain Star
	50,000 mt 13.5% EXW 447.00 USD/mt, Erser
Derince	25,000 mt 13.5% EXW 470.80 USD/mt, Erser
Telordag	25,000 mt 13.5% EXW 449.00 USD/mt, Erser
	25,000 mt 13.5% EXW 451.70 USD/mt, Yayla
Bandima	25,000 mt 12.5% EXW 420.00 USD/mt, Aston
	25,000 mt 13.5% EXW 464.90 USD/mt, Yayla
Izmir	25,000 mt 12.5% EXW 437.90 USD/mt, Yayla
	25,000 mt 12.5% 517.00 USD/mt, Olam
Samsun	25,000 mt 12.5% 439.00 USD/mt, Tiryaki
Trabzon	20,000 mt 13.5% EXW 449.00 USD/mt, Tiryaki

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

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