



Quanton Weekly Communications, Week 10

Quanton Trading Teams

Grains:

MATIF EBM milling wheat May contract fell 29.75 EUR/mt as futures pulled back from record highs caused by Russia's invasion of Ukraine.

Chicago wheat futures fell on Friday to a new one-week low after comments by Russian President Vladimir Putin revived hopes of a ceasefire. (Reuters)

Traders are trying to arrange the **export of Ukrainian-origin grain** by train through western Ukraine's borders, but the export capacities are very limited. (Reuters)

The **Russian invasion of Ukraine threatens springtime sprouts** that should emerge from stalks of dormant winter wheat in the coming weeks. If the farmers cannot feed those crops soon, it will jeopardize a national wheat harvest on which millions in the developing world depend. (Reuters)

China has allocated 1.6 billion yuan (**\$253 million**) to strengthen field management for winter wheat, the country's finance ministry said, in an effort to bolster security of food supply. (Reuters)

Russia:

Russia must prioritize grain supplies to domestic bakeries over export markets, the Russian government is considering **banning all grain exports to the Eurasian Economic Union** until September. (Reuters, Agricensus)
Eurasian Economic Union members: **Belarus, Kazakhstan, Russia, Armenia and Kyrgyzstan**. (Wikipedia)

The **Russian government cut its wheat export tax** and increased its corn and barley tax levels for the period of March 16-22. (Agricensus)

Ukraine's government has banned exports of rye, barley, buckwheat, millet, sugar, salt, and meat until the end of this year. (Reuters)

Leading German agricultural trading group BayWa AG on Monday criticised **Hungary**, a major supplier of corn to the EU, over its decision to ban grain exports following a surge in prices. (Reuters)

Black Sea conflict may alter global trade patterns for grains, veg oil. Ukraine and Russia account for around 26% of global wheat exports, 14% of global vegetable oil. (Platts)

Owners of Ukrainian corn have received **unusual proposals** for their stranded stocks, including steep discounts and rail shipment through Romania. One trading house with corn had been contacted by a bank offering \$150/mt, less than half of the \$350/mt FOB Constanta price at which a Romanian corn cargo for March traded. Railcars of Ukrainian corn on the border with Romania were offered at \$400/mt. (Platts)

India's wheat exports are likely to **soar over 200%** on the year to a record 7 million mt in the current marketing year 2021-22 (April-March). Volumes could rise as high as 10 million mt for the subsequent marketing year if the

war leads to stricter sanctions on Russia. Indian wheat is offered at around **\$310-\$320/mt currently**, and the prices may go up to \$350/mt over the next few weeks, market participants said. (Platts)

Tunisia's state grain buyer Office des Cereales (ODC) has booked 125,000 mt of **milling wheat at an average price of \$500.64/mt**. (Agricensus)

Wet weather conditions are forecast to continue in southern Brazil and in Argentina's central belt. (Agricensus)

Euronext COT data shows French wheat **highest net long position in at least five years**. (Agricensus)

European wheat exports reached 155,058 mt in the week ending March 7, almost doubling on the previous week as global demand switches away from the Black Sea. (Agricensus)

Australian wheat exports in January set another record for the month, with the **lion's share of the volume led by China**. (Agricensus)

Oilseeds:

Indonesia's palm oil exports, including refined products such as oleochemical, were 2.18 million tonnes in January, **down 23.8%** from the same month last year. Companies must sell 30% of planned exports at home for 6 months. (Reuters)

Indonesia's palm oil price should not be dictated by the external market, its trade minister said on Thursday, backing his decision to expand palm oil export curbs at a time of surging global prices from a global supply crunch. (Reuters)

Global palm oil production this season is expected to **rise by 2.7 million tonnes** from a year earlier. (Reuters)

The European Bank for Reconstruction and Development (EBRD) has issued a **long-term loan to Bunge's Turkey-based crusher**. (Agricensus)

Coffee:

Traders and exporters said most shipping companies had **suspended delivery services to Russia**, while Russia-based clients struggled to make payments and send documents and invoices via banks. (Commodity 3)

Cocoa:

Above-average rain in parts of Ivory Coast's cocoa-growing regions last week could boost the size and quality of the upcoming April-to-September mid-crop. (Reuters)

Sugar:

A sharp fuel price hike effective on Friday in Brazil could **drive a sizeable reduction in the amount of sugar** the country - the world's largest supplier - will ship abroad during the new crop season that starts in April. (Reuters)

In Brazil, sugarcane is planted over April-June when **ammonium nitrate** is applied to it, and almost **100% supply comes from Russia**. (Platts)

Indian sugar mills signed contracts to export 550,000 tonnes of the sweetener in recent days, as surging global prices and a weak rupee made overseas sales lucrative. (Reuters)

A global deficit in sugar supplies in the 2021/22 season is expected to **reduce by 42%** due to a better than expected sugar production in India. (StoneX, Reuters)

World:

International food and feed prices could rise by up to 20% as a result of the conflict in Ukraine, triggering a jump in global malnourishment. (Reuters)

Dairy cooperative **Arla Foods** said it would **suspend its business in Russia** after the country's invasion of Ukraine. (Reuters)

Cargill is scaling back its business activities in Russia and has stopped investments in the country. (Reuters)

Ukraine must sow as many crops as possible this spring, despite the Russian invasion. (Reuters)

Russia has banned exports of certain types of forestry and wood products to countries that have imposed sanctions against it over the conflict in Ukraine, the economy ministry said on Thursday, without specifying the products. (Reuters)

Germany could reduce its reliance on Russian gas imports by increasing its domestic production at fields concentrated in the north of the country, the head of a gas lobby said on Thursday. (Reuters)

Ukraine's government will create a food reserve big enough to feed the country's people and armed forces during the Russian invasion, Prime Minister Denys Shmygal said late on Wednesday, according to the government press service. (Reuters)

Ghana's consumer price inflation accelerated to 15.7% year-on-year in February, far outside the government's targeted band of 8% plus or minus 2. Ghana bakers feel the heat of rising inflation. (Reuters)

China will buy 38,000 tonnes of pork for its central state reserves this Thursday. (Reuters)

British baker and fast food chain **Greggs is facing cost inflation across its business of 6% to 7% in 2022** due to the rising cost of raw materials. (Reuters)

Surging food prices sent the **inflation rate** in urban parts of **Egypt** to the **highest level since mid-2019**. **17.6% increase in food and beverage** is the biggest single component of the inflation basket. On a monthly basis, inflation was 1.6%. (Bloomberg)

Fertilisers:

Six South American nations are proposing the **exclusion of fertilizer from sanctions on Russia**, a major world producer whose invasion of Ukraine has disrupted supplies, Brazil's Agriculture Minister Tereza Cristina Dias said on Thursday. (Reuters)

Global food prices will rise further if western nations intensify economic pressure on Russia, a major global fertilizer producer, President Vladimir Putin said. (Reuters)

Russia accounts for **15% of global trade in nitrogenous fertilizers** and **17% of global potash fertilizer** exports. China accounts for between 25%-33% of global phosphate exports annually. (Platts)

The most extreme calculations indicate that **if fertilizer is not added** to the soil, the **crops can be reduced by 50%** by the next harvest. (Yara International)

Freights:

London's marine insurance market has widened the area of waters around the Black Sea and Sea of Azov that it deems **high risk** as Russia's invasion of Ukraine intensifies and perils to merchant. (Reuters)

Panamax Market: In a market and world with lot of uncertainty we saw this week further day of gains for the Panamax Market will all routes yielding considerable returns. North appeared well supported with improved numbers reported especially for the shorted duration trips, further South something of slower day but with SE Asia rates seeing sizeable jump Owner's offer were said to difficult to nail down. Further North in the Pacific, talk of some strong numbers being concluded on the North Pacific runs for well described tonnage on good delivery positions, continued to improve sentiments and feeling here.

Panamax Index – 3187 (up 12.61 % over last week)

Panamax 4 TC – 27,349 (up 13.25 % over last week)

Panamax 5 TC – 28,685 (up 12.63 % over last week)

P2A(Continent / Far East) – 35,045 (up 4.64 % over last week)

P6A (Singapore/ ECSA RV) – 28,555 (up 4.55 % over last week)

Supramax Market: The Supramax market continue to surge despite changing and challenging environment. Owners remain cautious regarding trading CIS. However, there were talks about Ultra fixing CIS China coal round at USD 80,000. From Atlantic, 55,000 dwt was covered for Med to Conakry at USD 16,000. 60,000 dwt open Vera Cruz concluded a trip from SW Pass redelivery Rotterdam with grains at USD 31,000. Clinker run to West Africa were done at USD 27,000 levels. From the Pacific, **Ultramax** open Gresik covered Indonesia to Thailand at USD 50,000. Still active talks around 57,000 dwt open East Med was fixed for spot at USD 24,000. 1-year for 58,000 dwt were discussed at high 20s.

BSI 10TC – 32,300 (up 11.92 % over last week)

S1B (Canakkale via Med-Bsea/China-S.Korea) – 19,208 (down 10.89 % over last week)

S4B (Skaw-Passero/ USG) – 14,075 (up 0.65 % over last week)

BHSI 7 TC – 27,858 (up 6.76 % over last week)

HS1 (Cont med-ECSA) – 13,479 (down 1.43 % over last week)

HS3 (ECSA/Cont-Med) – 27,944 (up 6.36 % over last week)

Tenders:

Jordan tenders for wheat:

- 120,000 mt, deadline 16 Mar

Japan will tender for wheat:

- 163,276 mt, on 12 Mar

Tunisia bought 125,000 mt soft wheat:

- 491.68 USD/mt, Casillo
- 499.69 USD/mt, Casillo
- 505.68 USD/mt, Casillo
- 508.89 USD/mt, Casillo
- 511.65 USD/mt, Cargill

Tunisia bought 100,000 mt feed barley:

- 484.68 USD/mt, Casillo
- 498.98 USD/mt, Viterra
- 492.49 USD/mt, Viterra
- 494.97 USD/mt, Viterra

Iran GTC bought milling wheat:

- 240,000 mt milling wheat, Europe origin, shipment Mar/Apr

Taiwan bought US milling wheat:

- 50,000 mt, shipment Apr/May

Algeria bought milling wheat:

- 700,000 mt, 485 USD/mt

South Korea's NOFI bough soymeal:

- 50,000 mt, 642.50 USD/mt, Cargill

Iraq Trade Ministry requested funds to cover imports of 2 million mt of strategic reserves.

China sold 526,254 mt of wheat from their state reserves at an average price of 483 USD/mt, up from 435 USD/mt 10 days ago.

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

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