



## Quanton Weekly Communications, Week 11

### Quanton Trading Teams

#### Grains:

**Germany's 2022 wheat crop** will increase 5.8% yoy to 22.61 million tonnes.

**11 million tonnes of wheat will be lost** from the global market in the 2021/22 season because of the conflict between Russia and Ukraine.

FranceAgriMer: **French crop quality stable**, planting of durum complete. (Agricensus)

**Spain** expects to approve emergency **purchases of corn from Argentina** and the **United States** for animal feed after supply gaps left by Russia's invasion of Ukraine. (Reuters)

**Asian buyers** have booked at least **210,000 mt of feed wheat** at tenders, with most of the volume likely to be sourced from **India**. (Agricensus)

A surge in wheat and corn prices is **boosting demand for low-grade rice** in animal rations across Asia, pushing up prices of the world's most important food staple. (Reuters)

#### **Ukraine and Russia:**

The Ministry of Agrarian Policy and Food of Ukraine forecasts that Ukrainian farmers will plant **50% of planned spring area for sure, other 20% are questionable and 30% will not be planted**. "Even 50% of area will be more than enough for domestic consumption. It is 2 times more than we need, because, if we talk about spring crops, 25% of area will be sufficient. So, we will even have some export potential", – declared the deputy minister of Agriculture Taras Vysotsky. He added that 80% of farms are covered with fertilizers for spring planting campaign. **The volume of fertilizers available in Ukraine will be enough**, as the planted area will be decreased. Seeds availability, both produced in Ukraine and imported, will allow planting of 70% of the area. So, this volume is sufficient for spring planting campaign as well. **"There are logistical problems**, as seeds should be delivered to farms. We are dealing with it. We have at least 2 weeks before the mass start of the planting campaign. Moreover, farmers have some volumes of seeds sufficient for the first days of the field works", – T. Vysotsky added.

**Ukraine has banned exports of fertilisers**. (Reuters)

Analysts see **39% decline** in Ukraine **2022 spring grain sowing area**. (APK, Reuters)

The International Grains Council (**IGC**) **cut its forecast for Ukraine's grain exports** in the current 2021/22 season. (Reuters)

**Russia temporarily banned grain exports to ex-Soviet countries** and most sugar exports. Russia's will allow grains exports for companies holding licenses and quotas. (Reuters)

**Russia is gradually resuming wheat exports** from its Black Sea ports while navigation in the Azov Sea remains restricted. Exports are ongoing from all the five Black Sea (grain export) terminals. (IKAR, Reuters)

**Russia** is set to ship a larger share of its grains **in small cargoes** in March, traders said, reflecting the growing difficulty of arranging insurance and shipping from the world's largest wheat exporter following the country's invasion of Ukraine. Russia only has around 30 bulk carriers of more than 20,000 mt capacity. In Novorossiysk, **38 parcels were loaded from March 3-24, half of which were smaller than 10,000 mt**. For comparison, early Feb saw no parcel smaller than 10,000mt. (Platts)

One of the largest exporters of Russian wheat, Swiss-based **Solaris Commodities**, has **stopped new transactions from Russia**. (Platts)

#### **Russian sanction summary on agriculture sector (Platts):**

**VTB** gave up control of Demetra-Holding, reducing its stake to 45%. Demetra is the largest holding company in Russia's grains sector. The capacity of its two main terminals in the Black Sea is around a quarter of the country's grains exports.

**Cargill** has stopped investment in Russia. **Bunge** has suspended new export business. **ADM** is scaling down operations outside production and transport.

The central bank has blocked withdrawals of more than 10,000 USD. Wheat sellers have been forced to consider alternative, such as the dirham.

**Turkey's state grains board invited offers in rubles and Turkish lira for its tender on 17 March.**

Key people sanctioned include Vadim Moshkovich (founder, Rusagro), Andrei Melnichenko (founder, Eurochem)

#### **Oilseeds:**

**Indonesia will remove export volume restrictions on palm oil products** and raise its export levy instead, in a surprise policy U-turn just a week after it shocked markets by further tightening its curbs. (Reuters)

**Indonesia will remove retail price caps for packaged cooking oil** and will subsidise bulk sales to try to ensure supply at retail markets after previous price controls resulted in a scarcity, senior officials said on Tuesday. (Reuters)

**Bangladesh** has announced that it will **lower the import VAT for soyoil and palm oil to 5%**. (Agricensus)

#### **Coffee:**

**Coffee** traders **redirect shipments headed for Russia** and Ukraine as trade flows to the two countries collapse due to Western sanctions imposed on Moscow and Kyiv's move to close its ports. (Reuters)

**Brazil's coffee production**, in the upcoming 2022/23 season, is to reach 61.1 million 60-kg bags, **8% up yoy**, but 12% below the record seen in 2020/21. (IHSmakit)

**US green coffee stocks** in port warehouses fell by 30,493 60-kg bags during February 2022, to reach 5,765,348 bags at the end of the month. Stocks were down 0.4% from 5,790,571 bags at the same time in 2021 and at the lowest level for the month since 2015. (IHSmakit)

**Howard Schultz is returning to lead Starbucks Corp.** Schultz will take over as chief executive again on 4 April, as the chain confronts rising costs, challenges in its Chinese and Russian markets, and an expanding unionization push among US baristas. (IHSmakit)

**Indonesia's robusta coffee exports** from the Sumatran province of Lampung **fell by 54.2%** to 150,458 60-kg bags in February 2022, from 328,375 bags in the same month last year. **Shipments were down sharply** from 15,684 tonnes in January. **Exports** in the first 11 months of the 2021/22 season were **down 15.6%** at 3.092 million bags. (IHSmakit)

**Brazil's green coffee exports** in February 2022 reached 3.146 million 60-kg bags, **14.3% less than a year ago** but slightly up from the previous month as global trade logistics improved. **Arabica shipments** reached 3.016 million bags, **down 10.2% yoy**, while **robusta coffee exports fell 58.6%** to around 129,800 bags. (IHSmakit)

**In Vietnam**, farmers in the Central Highlands sold coffee beans at VND40,200-42,000 (**\$1.76-1.84 per kg**), up from last week's range of VND39,200-41,300. Traders offered 5% black and broken grade 2 robusta at a discount of \$220-240 per tonne, compared with a \$300 discount last week. (IHSmakit)

#### Cocoa:

**Ivorian cocoa exporters** have been rejecting more than half of bean deliveries in recent weeks due to **poor quality** caused by lack of rain, exporters and processors said on Tuesday. (Reuters)

#### Sugar:

**At least five vessels are headed toward Russia** with nearly 200,000 tonnes of Brazilian raw sugar sold by European traders, according to shipping data seen by Reuters, about **double the country's normal annual imports**. (Reuters)

**Thai 45i container sugar cash premium remains steady at \$25/mt** amid limited market activity. (Platts)

**The spot premium** for Brazilian white crystal sugar shipped in containers maintained an eight-year high at **\$99/mt premium to the May (K) Sugar No. 11 Futures March 16**, just a few weeks prior to the official beginning of the Brazilian Center-South crop for 2022-23 on April 1. (Platts)

#### World:

**The World Bank** on Wednesday said a number of developing countries face near-term **wheat supply shortages** due to their high dependence on

Ukrainian wheat exports that have been disrupted by Russia's invasion. (Reuters)

**Finland's government** is to direct **300 million euros** (\$331 million) to Finnish **farmers** facing an "acute liquidity crisis" caused by high inflation and rising energy prices due to the war in Ukraine, finance minister Annika Saarikko said on Thursday. (Reuters)

**Saudi Arabia's** Agricultural Development Fund (ADF) **approved loans** worth 861 million riyals (\$229.49 million) to **finance agricultural imports**, the government credit institution said on Thursday. (Reuters)

**A severe drought** that has gripped parts of the **western United States** since mid-2020 is likely to persist or worsen this spring due to expected above-normal temperatures and below-normal precipitation. (Reuters)

**Wet weather conditions** are forecast to continue in **southern Brazil** while Argentina's central belt, will face above-average precipitation. (Agricensus)

**Indonesia's rainfall will normalise this year** after a wet 2021, but the dry season will start later than usual in most areas due to the lingering effects of the La Niña weather pattern. (Reuters)

**Somalia's worst drought in four decades** means millions need aid. (Agricensus)

U.S. Trade Representative said the **U.S. Korea Free Trade Agreement** (KORUS) did much to **expand auto and agricultural trade** with South Korea, but suffered some difficulties in its implementation. (Reuters)

Chinese pork processing giant **Henan Shuanghui** apologised over **food safety issues** reported at one of its plants. (Reuters)

**China will buy a third batch of frozen pork** for its **state reserves**, to support hog prices in the world's top pork consumer. (Reuters)

#### Fertilisers:

**CF Industries Holdings is increasing fertilizer shipments** to both U.S. coasts from the world's largest nitrogen complex in Louisiana to help offset a decline in exports from Russia after it invaded Ukraine. (Reuters)

**China has begun the annual release of fertilisers to the market** ahead of spring planting, ensuring sufficient supplies to help it meet its grain targets. (Reuters)

#### Freights:

**Canadian Pacific Railway's potential lockout would leave shippers few options.** Manufacturers are rushing to move autos and chemicals and preparing to slow production, while grain handlers are asking farmers to hold off on crop deliveries. (Reuters)

**Chinese ports are facing increased disruption** as a sharp rise in Covid-19 cases and the imposition of immediate lockdowns. (Agricensus)

**Brazil's fertilizer imports increased** 19.3% in 2021, to 39.2 million mt, from 32.8 million mt in 2020. (ANDA, Agricensus)

**Panamax Market** – In the Atlantic, the week started slowly but improving paper sentiment and some Front Haul and Tran Atlantic cargoes eventually started to provide some support, particularly in North. In the Pacific, after last week's firm gains, momentum swung back in charterers' favour, with SE Asia under particular pressure despite heavy healthy volume elsewhere.

**Panamax Index** – 2874 (down 10.89 % over last week)

**Panamax 4 TC** – 24,532 (down 11.48 % over last week)

**Panamax 5 TC** – 25,868 (down 10.89 % over last week)

**P2A (Continent/Far East)** – 31,682 (down 10.61 % over last week)

**P6A (Singapore/ECSA RV)** – 25,636 (down 11.39 % over last week)

**Supramax Market** – Despite the War in Ukraine continuing for the third week, the shipping industry is fighting to get grips with the situation. The Supramax market showed some good resistance, strong demand in Pacific made many Owners leave E Med and ballast toward Suez to obtain better rates loading in MEG, India, Southeast Asia. USG and ECSA pushed rates further up. In Asia, the demand / supply was more balanced. The period activity decreased, with big gap between Owners and Charterers ideas, which are about few thousand. South China trip via Indonesia, E.C.India is up, with fixture reported close to USD 40,000/ day. W/Africa trip via ECSA to N.China is USD 30,000/ day, lower rates from Mediterranean to China / S.Korea is softer by USD 20,000 / day. The big difference between the Atlantic average USD 15,000/ day, while the Pacific round voyage and back haul paus as much as USD 40,000/ day.

**BSI 10TC** – 32,147 (down 0.48 % over last week)

**S1B (Canakkale via Med-Bsea/China-S.Korea)** – 20,267 (up 5.23 % over last week)

**S4B (Skaw-Passero/ USG)** – 16,631 (up 15.37 % over last week)

**BHSI 7 TC** – 29,922 (up 6.90 % over last week )

**HS1 (Cont med-ECSA)** – 15,286 (up 11.82 % over last week)

**HS3 (ECSA/Cont-Med)** – 38,944 (up 28.25 % over last week)

#### Tenders:

**Jordan** tenders for wheat:

- 120,000 mt, deadline 24 Mar

**Algeria** bought feed barley:

- Unclear volume, 470 USD/mt, shipment Apr

**South Korea's Flour Mills** tender for US wheat:

- 45,000 mt, shipment May-Jun

**South Korea's KFA** tender for corn:

- 138,000 mt, shipment Jun

**South Korea's MFG** bough corn:

- 210,000 mt, 412.5 USD/mt, Pan Ocean, shipment Jun-July.

**Philippine's importers** tender for feed wheat:

- 270,000 mt shipment May-Aug

**Qatar buyer** tenders for barley:

- 105,000 mt, shipment Apr-Jun

**TMO** tenders for Red Milling Wheat:

- 260,000 mt,

**Egypt** received wheat:

- 63,000 mt French origin
- 63,000 mt Romanian origin

**China** sold 525,869 mt of wheat from their state reserves at an average price of 471 USD/mt, down from 483 USD/mt on 2 Mar.

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

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