



Quanton Weekly Communications, Week 32

Quanton Trading Teams

A total 14 ships have now departed from Ukraine over the past two weeks, following the deal with Russia to allow a resumption of grain exports from Ukraine's Black Sea ports. (Reuters)

Grains:

French maize crop conditions declined steeply last week to their lowest level in at least a decade. An estimated 53% of French grain maize was in good or excellent condition by Aug. 8, down from a revised 62% for the previous week. (FranceAgriMer, Reuters)

The average **protein content** of this year's **French wheat harvest** is average despite France suffering severe hot and dry growing conditions this year. (Agricensus)

Water levels in rivers, lakes and reservoirs across **western Europe** are **running low**, or even dry, amid the severest drought in decades which is putting stress on drinking water supplies, hampering river freight and tourism and threatening crop yields. (Reuters)

India could scrap a 40% duty on wheat imports and cap the stocks traders can hold to try to dampen record high domestic prices in India. The trade ministry would restrict the export of some wheat-derived products like finely milled "maida" and semolina. India barred wheat exports in May after the crop suffered a heatwave. (Reuters)

Yemen has secured **enough wheat to cover two-and-a-half months** of consumption, government in Aden showed 176,400 mt of wheat available - 70,400 mt stockpiled and 106,000 mt booked for August/September delivery. (Reuters)

Canada starts 2021/22 marketing year with **stronger barley exports**. (Argicensus)

Hot, dry weather may lead USDA to further **downgrade US corn crop**. (Argicensus)

Sri Lanka faces an impending food shortage resulting from reduced domestic production, along with the financial inability to import supply, after failed organic farming dream. (Reuters)

Ukraine and Russia:

The Razoni, the first ship to depart Ukraine under an U.N.-brokered deal, is looking for another port to unload its grain cargo as the **initial Lebanese buyer refused delivery** citing a more than five-month delay. The Razoni left Odesa last week carrying 26,527 tonnes of corn. The ship's agent in Turkey said it **would continue to Egypt** after unloading 1,500 mt at Mersin. (Embassy of Ukraine in Lebanon, Reuters)

Two more grain-carrying ships left **Ukraine's Chornomorsk port** on Tuesday, the Ocean Lion for South Korea, (**64,720 mt of corn**), and the Rahmi Yagci

to Istanbul (**5,300 mt of sunflower meal**), bringing the total to leave the country under a safe passage deal to 12. Ukraine hopes to export 20 million tonnes of grain in silos and 40 million from its new harvest. (Reuters)

MV Sormovskiy 121 -- the first ship laden with **wheat** -- sailed from Ukraine's Chornomorsk port early 12 Aug **toward Turkey**, a development market sources believe will likely impact Australian wheat prices if Ukrainian supplies grow stronger. (S&P)

Lithuania in June banned the land transit of goods such as concrete and steel **to Kaliningrad** after EU sanctions on them came into force. Russia's Kaliningrad is bumping up against quotas imposed by the EU for sanctioned goods that it can import across Lithuania from mainland Russia or Belarus. (Reuters)

Russia has banned imports of agriculture products from 31 of 34 regions of Moldova starting from 15 Aug. Moldova supplied 168,000 mt of agriculture products, **mainly apples, plums and grapes** to Russia so far this year. Moldova buys natural gas from Russia and asked Gazprom earlier in August if it could delay its payment for this month. (Reuters)

Ukraine's grain, oilseed, vegetable oil exports rose 22.7% in July versus June to 2.66 million mt thanks to higher wheat and barley shipments. July's exports included 412,000 mt of wheat, 183,000 mt of barley, 1.1 million mt of corn, 362,100 mt of sunseed. (Reuters)

Ukraine expects to load grain shipment of 23,000 mt to **Ethiopia**. (Agricensus)

Oilseeds and meals:

Indonesia lowered its threshold for applying export tax on crude palm oil to a reference price of **\$680 per tonne**. (Reuters)

India's palm oil imports in July fell 10% from a month ago, as refiners ramped up purchases of rival soyoil to take advantage of New Delhi's move to allow duty-free imports of the vegetable oil to calm all-time high prices. (Reuters)

Indonesia's trade surplus may have **narrowed to \$3.93 billion** last month due to weakening export performance as global trade activity slows. (Reuters)

Coffee, Cocoa, Sugar:

Good soil moisture content in Ivory Coast's cocoa regions is helping pods develop well on trees, making for a strong start for the October-to-March main crop despite below-average rains in most areas. (Reuters)

China's Luckin Coffee believes it has emerged from its "darkest moment", reported a 72% jump in net revenue for the June quarter. In comparison, Starbucks said last week its third quarter comparable sales in China fell 44%. (Reuters)

British oil major BP and U.S. commodities trader Bunge Ltd have put their Brazilian sugar and ethanol joint venture **BP Bunge Bioenergia up for sale**. Abu Dhabi's Mubadala and Brazilian energy company Raizen SA are among those interested to buy the company. (Reuters)

Philippine President rejected the Sugar Regulatory Administration's proposal to **import 300,000 mt sugar into the country**. (S&P)

Sugar production in the key Center-South Brazil region is expected to total 3.25 million mt in the second-half July, reflecting an **increase of 6.7%** on the year. (S&P)

Meat:

U.S. consumers face more pain from **high beef prices** as ranchers are reducing their cattle herds due to drought and lofty feed costs, a decision that will tighten livestock supplies for years. The decline in cattle numbers illustrate why a recent fall in grain prices may not immediately translate into lower food prices at the grocery store. (Reuters)

Cargill is one of the largest U.S. beef processors and in July closed a deal to **buy No. 3 chicken producer Sanderson Farms Inc** with Continental Grain Co in a deal worth some \$4.53 billion. (Reuters)

Weather:

Japan's weather bureau said on Wednesday there was a **60% chance of La Nina continuing in the northern hemisphere** through the early winter and 40% chance of weather conditions returning to normal during the autumn. La Nina brings unusually cool ocean temperatures to the equatorial Pacific Ocean region and is also linked with floods and drought. (Reuters)

U.S. government weather forecaster: chances for **La Niña** are expected to gradually **decrease from 86% in the coming season to 60%** during December-February 2022-23. (Reuters)

Wildfires tore through the Gironde region of southwestern France on Wednesday, destroying homes and forcing the evacuation of 10,000 residents, some of whom had clambered onto rooftops as the flames got closer. (Reuters)

World:

Wine production in France is expected to **rebound this year** from frost-hit output in 2021, although deepening drought may curb volumes. Wine production is expected to **rise by 13-21%** to between 42.6 million and 45.6 million hectolitres. (Reuters)

Australia's **Graincorp raised its annual profit forecast** for the second time, as the agribusiness firm capitalises on strong demand for grains and vegetable oils amid a supply crunch from the war in Ukraine, pushing its shares up more than 10%. (Reuters)

Cargill reported that its fiscal year **2022 revenue jumped 23%** from a year earlier to a record \$165 billion. (Reuters)

JBS SA, the world's largest meatpacker, posted an almost **10% drop in net profits**, to \$766 million, driven by the relative weakness of its U.S. beef and pork units in the second quarter. (Reuters)

India opened its **first factory to produce ethanol from rice straw** or stubble as part of measures to reduce its reliance on oil imports and meet its net zero carbon goal. (Reuters)

Fertilisers:

Brazil's **Petrobras** has begun the process of **looking for bidders for its potassium mining rights in the Amazon basin**. The asset is composed of eight mining concessions, four mining requests already granted and 22 requests for research which are still pending authorization. (Reuters)

Freights:

Low Rhine water levels threaten Germany's economic growth. Weeks of high temperatures and rare rainfall this summer have drained the water levels of the Rhine, **causing delays to shipping** and pushing **freight costs up** more than five-fold. Low Rhine water will hit output at two German coal-fired power stations.

UN expects a **"big uptick"** in ships wanting to **export Ukraine grain through the Black Sea** after transit procedures were agreed and a goal of 2-5 million mt a month is "achievable,"

Ships exporting Ukraine grain through the Black Sea will be **protected by a 10 nautical mile buffer zone**, according to long-awaited procedures agreed by Russia, Ukraine, Turkey and the United Nations on Monday. (Reuters)

Dry bulk freight rates edged lower for a second consecutive week this week as ongoing economic uncertainty in China.

Tenders:

Jordan tenders for feed barley:

- 120,000 mt

Jordan tenders for wheat:

- 120,000 mt

South Korea's importer group bought corn:

- 60,000 mt, 346.5 USD/mt, COFCO, shipment Nov

Japan tenders for feed wheat:

- 70,000 mt, shipment Nov

Japan tenders for barley:

- 40,000 mt, shipment Nov

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Transforming agricultural products in time, location and form sets the core of our business. For trading opportunities and general enquiries:

Grains, animal feeds, oilseeds and meals:

Luca Marangone, Senior Trader,
marangone@quantoncommodities.com

Bob S Xu, Trader,
xu@quantoncommodities.com

Paolo Tedesco, Trader,
tedesco@quantoncommodities.com

Soft commodities:

Felix Cowling, Senior Trader,
cowling@quantoncommodities.com

Javier Lastanao, Senior Trader,
lastanao@quantoncommodities.com

Execution and freight:

Magdalena Nowak, Execution Manager,
nowak@quantoncommodities.com

Shamim Ahmed, Shipping & Logistics Manager,
ahmed@quantoncommodities.com