



## Quanton Weekly Communications, Week 43

### Quanton Trading Teams

**Russia** announced on 29 Oct that it is **pulling out of the grain deal** with Ukraine after it accused Ukraine of attacking Russian ships in Crimea, reviving concerns that global supplies may not be enough to meet global demand and reverse recent declines in prices. (S&P)

#### Grains:

The European Commission raised its forecast slightly for **EU soft wheat production** in a monthly outlook. (Agricensus)

The **French corn harvest** was all but complete the week ending October 17, and planting of soft wheat and winter barely continued at a strong pace. (Agricensus)

**Mexico** is considering direct agreements with farmers in the United States, Argentina and Brazil to secure non-genetically modified yellow corn imports, the country's deputy agriculture minister said, adding that a 2024 ban on GM corn would not be amended. (Reuters)

The significant rainfall over sectors of Central and South **Argentina**, mostly in Buenos Aires province, improved the scenario for planted **wheat crops**. (Agricensus)

**Argentina's wheat production** could fall to 12.5-13.7 million mt in 2022/23. (Agricensus)

**Argentina's wheat crop** failure stokes fears for export licenses. (Agricensus)

**Brazil's** Paraná state agency Deral reduced its estimates for **wheat crop** from 3.7 million mt to 3.5 million mt. (Agricensus)

Safras & Mercado: **The Brazilian wheat crop** in Parana is expected to have small losses in production and a smaller quality drop than initially estimated. (Agricensus)

**Brazil** has exported 5.9 million mt of **corn** and 3.2 million mt of **soybeans** in the first three weeks of October. (Agricensus)

Some **Yemeni farmers** have turned to planting their own wheat as global disruptions dent imports and send prices soaring in Yemen where a seven-year conflict has pushed people deeper into poverty and left millions hungry. (Reuters)

**India** is streamlining regulations for the development of **genome edited plants**, calling the technology 'promising', as it offered huge economic potential. (Reuters)

**China's** September 2022 **corn imports** plummet to 1.53 m mt y-o-y. (Agricensus)

The USDA's local attaché post in **Australia** said that the country is headed for a **third-consecutive bumper grain crop** during the 2022/23 marketing year, wheat crop seen at 34m mt. (Agricensus)

**Persistent showers** over key **wheat**-growing regions in Australia have raised concerns over the **quality of the crop**, with heavy showers usually leading to an increase in moisture level in wheat and diluting its protein content. (S&P)

**U.S. exports of nitrogen fertilizers** jumped to a multi-year high this summer after surging natural gas prices in Europe drove up costs of producing the crop nutrient there, making U.S. shipments more competitive. (Reuters)

**Dry US weather conditions** during the growing period of the marketing year 2022-23 **corn crop** has resulted in less-than-expected yields.

### **Ukraine and Russia:**

**Black Sea grain cargo flows** recovered on the week despite congestion and inspection delays weighing on grain shipments amid lingering uncertainty regarding the renewal of the UN-brokered safe passage agreement due 19 Nov. (S&P)

**Ukraine's corn harvest** is now 20% complete, while harvesting of the soybean and sunflower seeds is in the final stretch. (Agricensus)

The **U.N. aid chief** Martin Griffiths was "**relatively optimistic**" that a U.N.-brokered deal that allowed a resumption of Ukraine Black Sea grain exports would be extended beyond mid-November. (Reuters)

**Putin** is likely to use the possible extension of the U.N.-brokered **Black Sea grain deal** as a way to gain leverage and dominate next month's G20 summit in Indonesia. (Reuters)

**Romania** will speed up defence procurement and intensify talks with Turkey, Bulgaria and Georgia to counter potential spillovers from Russia's war in Ukraine towards the Black Sea. (Reuters)

Almost all traders have **stopped the origination of grains** in the Ukrainian deep-sea ports amid corridor uncertainty. (Agricensus)

**Russian wheat exports** dropped to 884k mt in the week ending 27 October, but continued to serve a diverse range of destinations. (Agricensus)

**Russian** farmers had harvested **104.3 million mt of wheat** as of October 24, wheat harvest 99% complete. (Agricensus)

### **Oilseeds and meals:**

**Palm oil prices** are likely to strengthen further as excessive rain in key producing countries curbs output, while demand increases for its use in food and biofuels. (Reuters)

**Chinese buyers** were heard to have switched a number of optional origin soybean cargoes from the US to Brazil this week. (Agricensus)

**Brazil soybean meal, oil premiums** drop below Argentina. (S&P)

### **Coffee, Cocoa, Sugar:**

**Barry Callebaut** launched a new bar, the fruit of more than 20 years of research into cocoa beans. The company said its "second generation" chocolate **will use around 50% less sugar** than traditional chocolate thanks to a new way of cultivating, fermenting and roasting cocoa beans that reduces their bitter taste. (Reuters)

**India** has granted environmental clearance for indigenously developed genetically modified (GM) mustard seeds, paving the way for commercial use of its first GM food crop. (Reuters)

Cadbury chocolate-maker **Mondelez** International doubled down on sustainable cocoa sourcing, **pledging to spend an additional \$600 million** by 2030 on efforts to combat child labour, farmer poverty and deforestation in cocoa. (Reuters)

**The cocoa origin continues** to hold off selling for 23/24 and continues to call for positive origin differentials. (Commodity 3)

**Decision-makers of the CCC and the CMC** will each stay away from the World Cocoa Federation meeting (this week in Brussels). The reason given for the protest was the industry's refusal to pay the farmer a positive country differential. (Commodity 3)

#### Meat:

**British poultry producers** will be able to slaughter Christmas turkeys early, freeze and then defrost them but still sell the meat as fresh as the country deals with its worst ever bird flu outbreak. (Reuters)

**Japan has detected its first outbreaks of bird flu** for the season in 2022, with a "highly pathogenic" strain identified at a poultry farm on the main island of Honshu, while the other outbreak was found on the northern island of Hokkaido. (Reuters)

**Dutch** health authorities have **culled around 25,000 hens** on a farm in the south of the country after the detection of a highly infectious strain of bird flu. (Reuters)

**Bulgaria** will begin culling about 19,000 laying hens on an industrial farm in the south of the country on Monday after detection of a highly infectious strain of bird flu. (Reuters)

**Brazilian** food processor BRF SA has agreed to form a **Saudi** joint venture with Halal Products Development Company (HPDC) in a bid to develop the **halal meat industry** in the Middle East country. (Reuters)

A decline in **Brazilian cattle prices** this year and strong demand for the country's beef exports will widen Brazilian meatpackers' margins in the short term, though weakness in the domestic market could undercut those gains. (Reuters)

#### Weather:

**Australia flood crisis** enters third week as heavy rains lash east. (Reuters)

In the **US**, the National Weather Service 6-10 day outlook for October 31 – November 4 calls for above-normal temperatures across the eastern half of the country, while **cooler-than-normal conditions** will cover the West.

**Argentina and Brazil** brace for cold temperatures and rainfall. (Agricensus)

Recent heavy rains in portions of **Brazil's southern soybean belt** have begun to slow sowing efforts, but the precipitation may be somewhat welcome for now after dry weather slashed yields last season. (Reuters)

#### Energy:

**Ivory Coast** has started construction on its first **biomass-fired power generation plant**, a 46 megawatt (MW) project backed by France's EDF. The plant will cost over 200 million euros (\$199 million) and is expected to be operational in three years. (Reuters)

The **World Bank** expects **energy prices to decline by 11% in 2023** after this year's 60% surge following Russia's invasion of Ukraine, although slower global growth and COVID restrictions in China could lead to a deeper fall. (Reuters)

#### World:

**Glencore** expects second-half **operating profit** at its trading arm to fall sharply from the previous six months to \$1.6 billion, but it remains on track for a record 2022 performance on the back of high oil and coal prices. (Reuters)

**Bunge** raised its full-year earnings outlook after adjusted third-quarter **profit** topped expectations, sending its shares up more than 5%. (Reuters)

**ADM** posted its **strongest third-quarter profit** on record on robust demand for grain and oilseeds and tight supplies, and said full-year earnings would exceed previous guidance. (Reuters)

**Wilmar** continued its **strong performance** in 2022, posting a 34.7% year-on-year rise in net profit. (Agricensus)

Aerospace supplier **Raytheon Technologies** Corp posted a near **5% rise** in **third-quarter revenue** as air travel demand buoyed parts and services sales, though lingering supply chain issues spurred the company to trim its 2022 sales outlook. (Reuters)

Shares in Remy Cointreau slid more than 6% after the premium drinks maker indicated sales and profit growth would slow in the second half as consumption trends return to normal after two "outstanding" years. (Reuters)

**Germany set out plans to legalise cannabis**, a move Chancellor Olaf Scholz's government said would make Germany one of the first countries in Europe to do so. (Reuters)

**Shares of marijuana producers jumped this week**, led by a rally in Canada's Canopy Growth Corp (WEED.TO), after it said it will create a holding company to fast track its entry into the United States. (Reuters)

**China's exports to North Korea** rose at a slower pace in September, but shipments of masks and other COVID-related items surged as the isolated country stepped up its battle against possible COVID-19 flare-ups, Chinese customs data showed. (Reuters)

**Egypt's Central Bank** has changed its monetary policy, switching to a "durably flexible exchange rate regime", hope to bring better import demand. (Agricensus)

#### Freights:

**Dry bulk freight rates** accounted for mixed sentiment this week as weakening iron ore prices weighed on key trans-Pacific routes. (Agricensus)

**Tenders:****Thailand** importers bought feed wheat:

- 60,000 mt, low 350 USD/mt, Australia/Black Sea, shipment Feb – Apr.

**South Korea** flour mills bought wheat:

- 128,000 mt, US origin, shipment Jan – Feb

**South Korea's MFG** tenders for corn:

- 140,000 mt, shipment Feb

**South Korea's FKA** bought corn:

- 66,000 mt, Cargill, 334.96 USD/mt , shipment Nov – Feb

**South Korea's NOFI** bought corn:

- 68,000 mt, COFCO, 329.99 USD/mt, shipment Jan

**Taiwan** bought wheat:

- 38,515 mt, US origin, shipment Dec

**Jordan** tenders for barley:

- 120,000 mt, shipment Mar – Apr
- No purchase

**Jordan** bought hard milling wheat:

- 60,000 mt, CHS, 372.75 USD/mt, shipment Jan

**Jordan** tenders for wheat:

- 120,000 mt, shipment Mar – Apr

**Algeria** tenders for soft wheat:

- 50,000 mt, shipment Nov – Dec

**Last week:****Iraq** tenders for feed wheat:

- 50,000 mt, cancelled

**Philippines** tenders for feed wheat,

- 165,000 mt

**Japan** tenders for feed wheat:

- 70,000 mt

**Japan** tenders for barley:

- 40,000 mt

**Jordan** tenders for feed barley:

- 120,000 mt

**Taiwan's MFIG** tenders for corn:

- 65,000 mt, shipment Dec

**Tunisia** tenders for soyoil or rapeseed oil:

- 9,000 mt, shipment Nov – Dec

**Algeria** tenders for milling wheat:

- 50,000 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:

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