“Changing Landscape for Agriculture – Dare We Be Optimistic”
Aug 26, 2021

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Key issues for the year ahead

- COVID-19 and its effects on various sectors
- South American Corn and Soy acreage prospects
- U.S. production
- Biofuels and upcoming renewable diesel
- U.S. share and timing of exports
- Large Speculator fund length
- Chinese appetite for grains and soy (ASF and Phase 1)
- Value of U.S. Dollar
- Acreage Mix
US COVID infections, vaccines and booster shot

Source: CDC, COVID Project John Hopkins University
The large spec is LONG corn and soybeans
Record soybean prices in US and Brazil
Varied supplies of corn and soybeans by state
How many million metric tons of corn and soy will China import?

**China Corn imports from all sources**

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**China Soybean imports from all sources**

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South American corn production DOWN drastically led by Brazil
South American soy production continues at record levels

2021/22 F = Harvest in Spring and Summer of 2022
Record US Retail sales help fuel imports of consumer goods to “elevated” levels
Record ocean freight rates

**Are you shipping me?!? $32,000 container move from China to LA**

Shippers jockey for limited vessel space, but some companies are getting priced out of the market for international freight transportation.

**Rising Tide Continues to Lift Baltic Dry Index**

**Cass Freight Index: U.S. freight volumes return to pre-pandemic levels in July, costs go higher**

**Business**

U.S. Container-Ship Bottleneck Lurches Near Its February Record
World trade of Wheat, Corn and Soy forecast to grow by 12 MMT YoY
The US export open book near record levels led by Corn

20/21 refers to commitments for Sep '21 thru Aug '22
US exports to ebb starting in Early Jan 2022
- So. American production and harvest pace along with China buying pattern to dictate flows
Brazil exports forecast to remain below YA in the 1\textsuperscript{st} half owing to smaller corn supplies
Renewable Diesel production capacity set to increase by 6X to 5300 million gallons by year 2024

It takes ~8 lbs of Fats and oils (F&O) to produce a gallon of Biodiesel (FAME or NERD)
Current US F&O Production is 49,000 m. lbs with 25,000 m. lbs of SBO
U.S. Grain consuming animal units to decline marginally
US Gasoline demand continues to lag YA albeit by a smaller gap
Work from Home (WFH) has been a drag on commuter demand
Major Exporter ending stocks being drawn down to very LOW levels

Major Wheat Exporter* Ending Stocks

Major Exporters = US, Canada, Australia, Argentina, EU 28 and FSU-12
The market will look forward to record corn + soybeans acres in Spring 2022.
How will world acreage respond to the higher grain prices?
Summary and Takeaways

• COVID-19 situation and vaccine seem to be a big DRIVER for the Economy

• Large Speculator remains LONG positions led by corn

• Critical U.S. weather behind us, but size of U.S. row crops still to be KNOWN

• RECORD South American corn crop being AWAITED by the importers

• HIGHER Brazilian soy supplies this Fall to be a headwind for US exports

• Producer sales have caught up and end-user is very HAND TO MOUTH

• World trade for Corn and Soy and Wheat to be a RECORD in 2021–22 led primarily by China

• Acreage battle LOOMING in Spring 2022
Thank you!

Questions and Answers