

“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

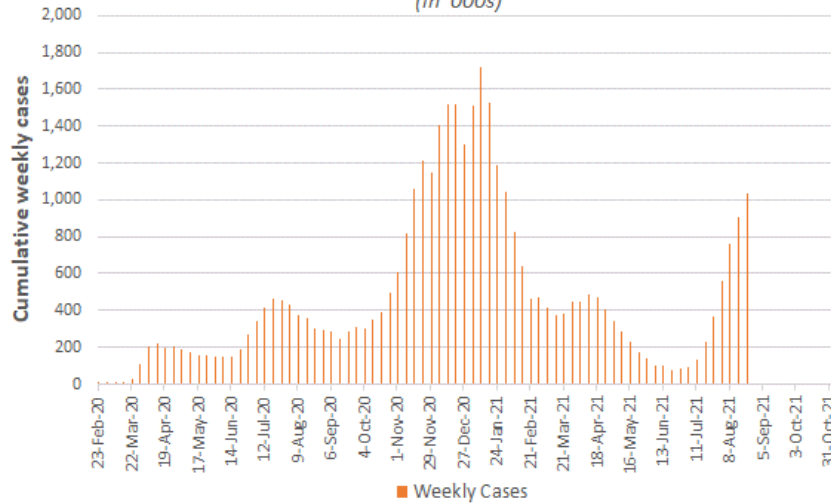
US COVID infections, vaccines and booster shot

COVID-19

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US COVID-19 Cases

(in '000s)

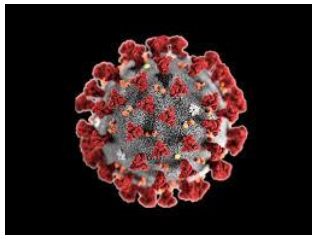
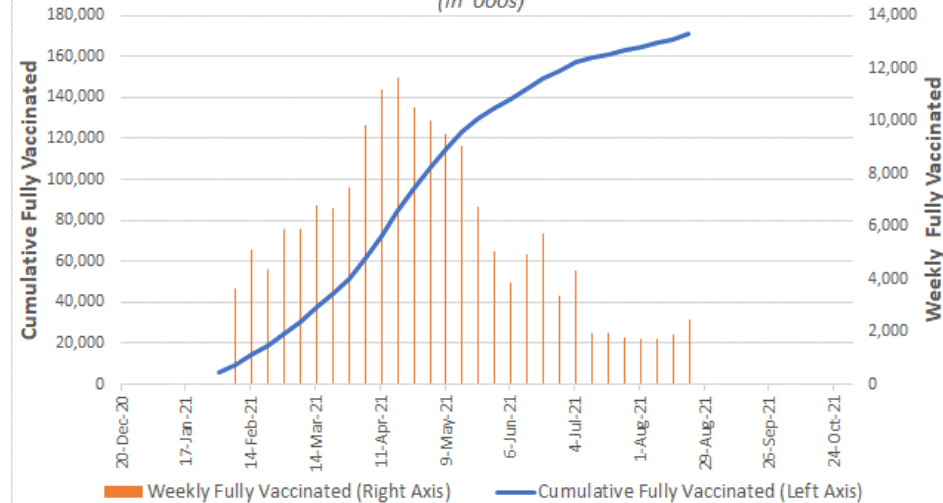


COVID-19

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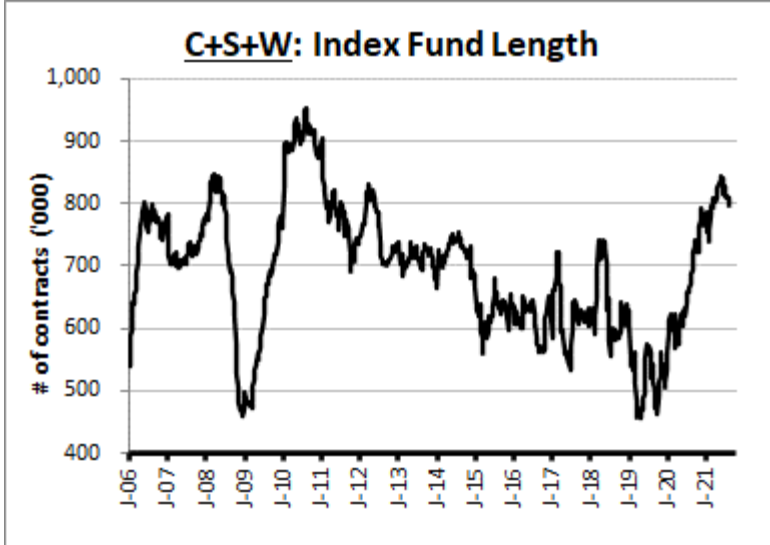
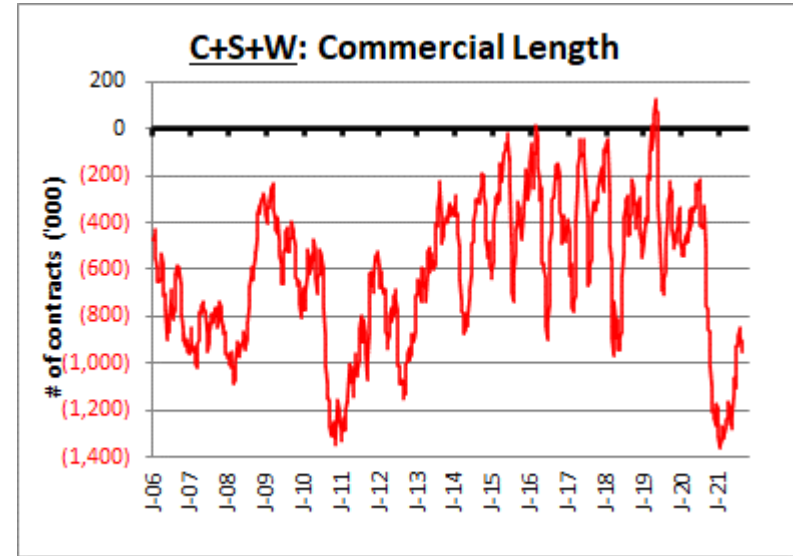
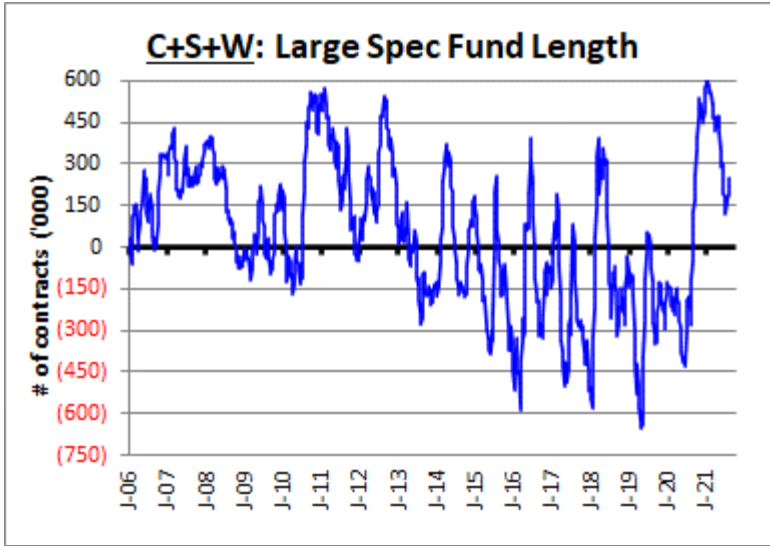
US COVID-19 Vaccinations

(in '000s)

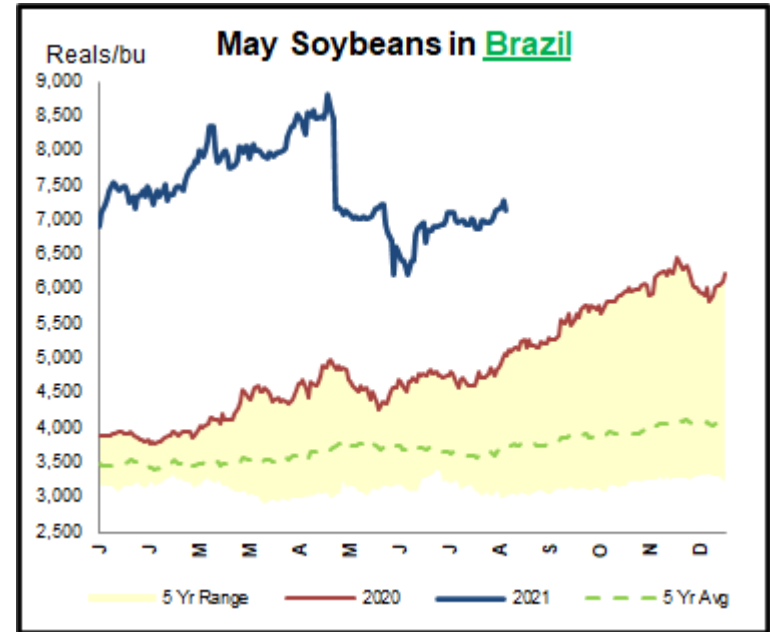
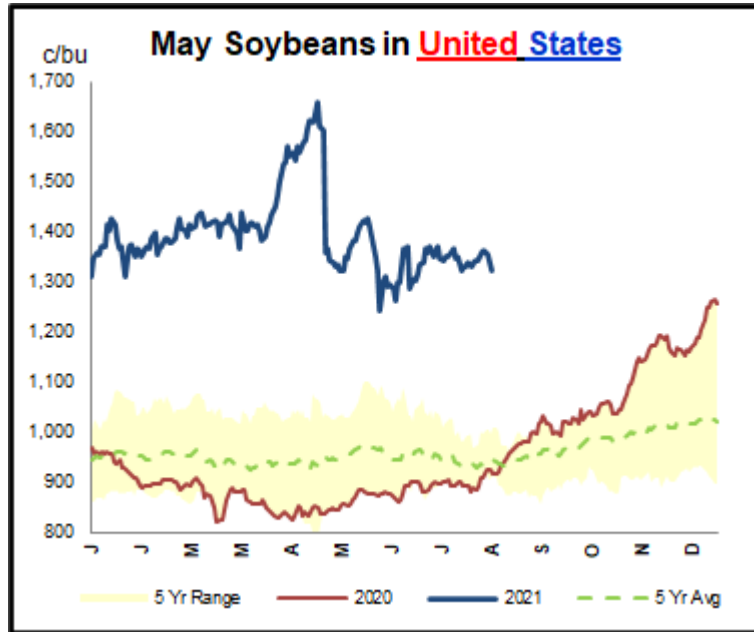


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Thrive On

The large spec is LONG corn and soybeans

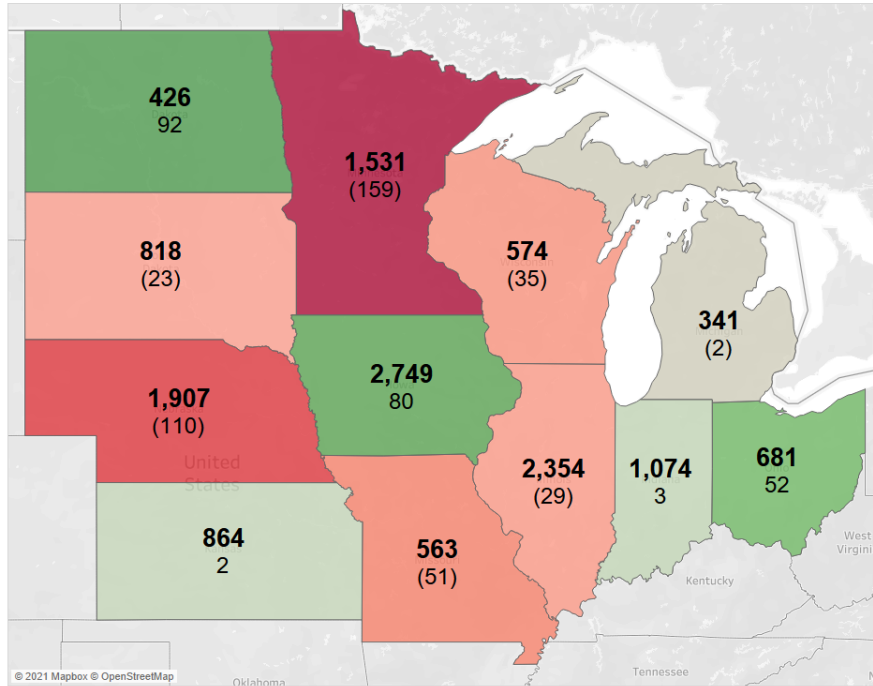


Record soybean prices in US and Brazil

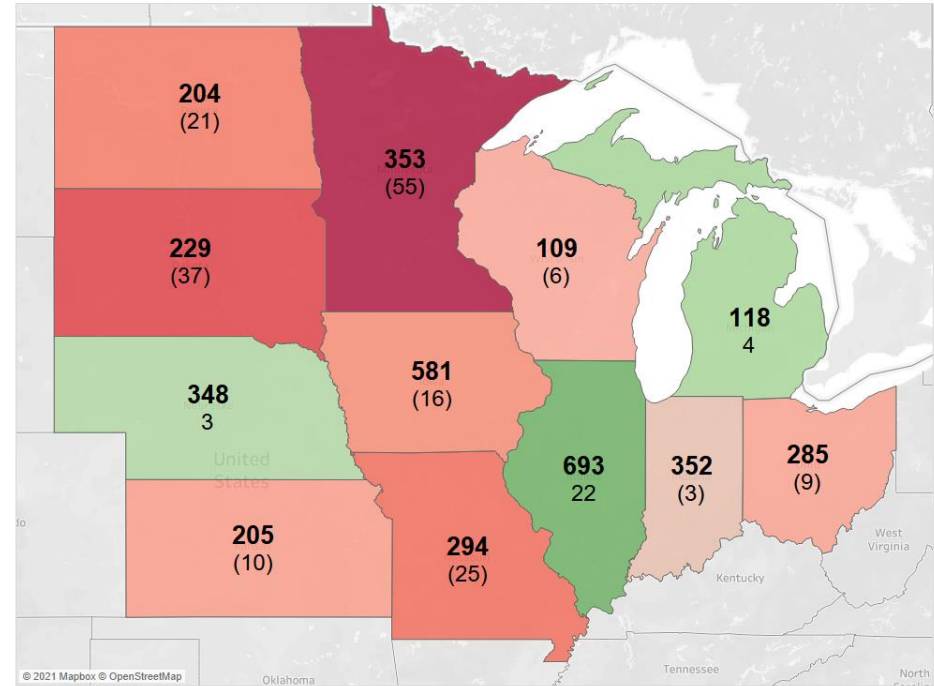


Varied supplies of corn and soybeans by state

Forecasted '21/22 Corn Total Supplies (mbu)
YOY Change



'21/22 Soybean Total Supplies (mbu)
YoY Change

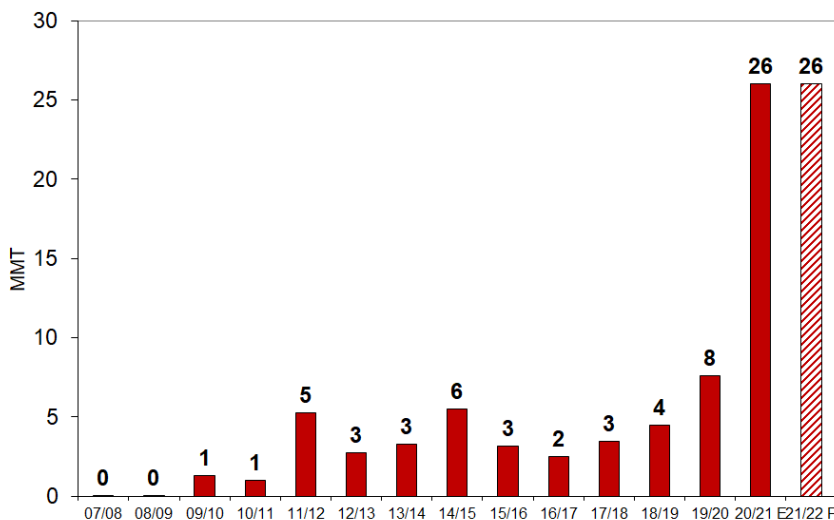


How many million metric tons of corn and soy will China import?

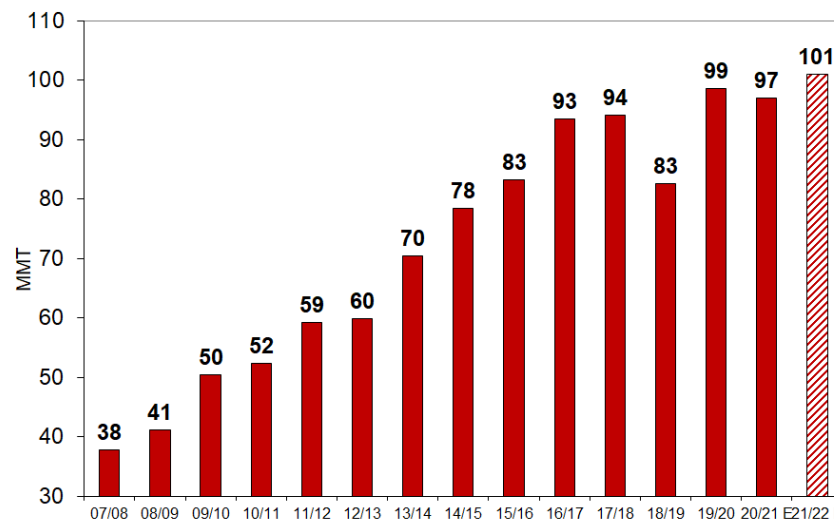
Phase
1

Corona
Virus

China Corn imports from all sources



China Soybean imports from all sources



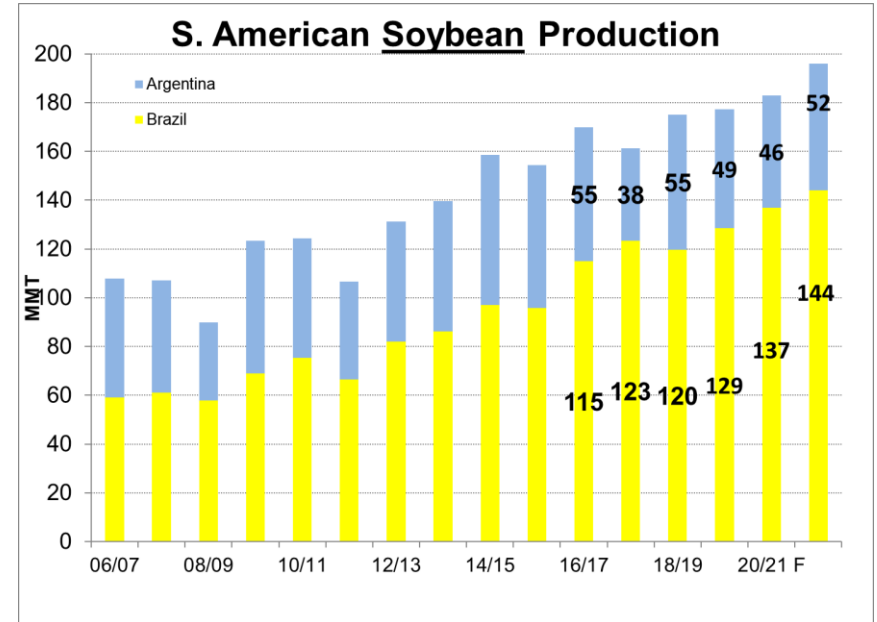
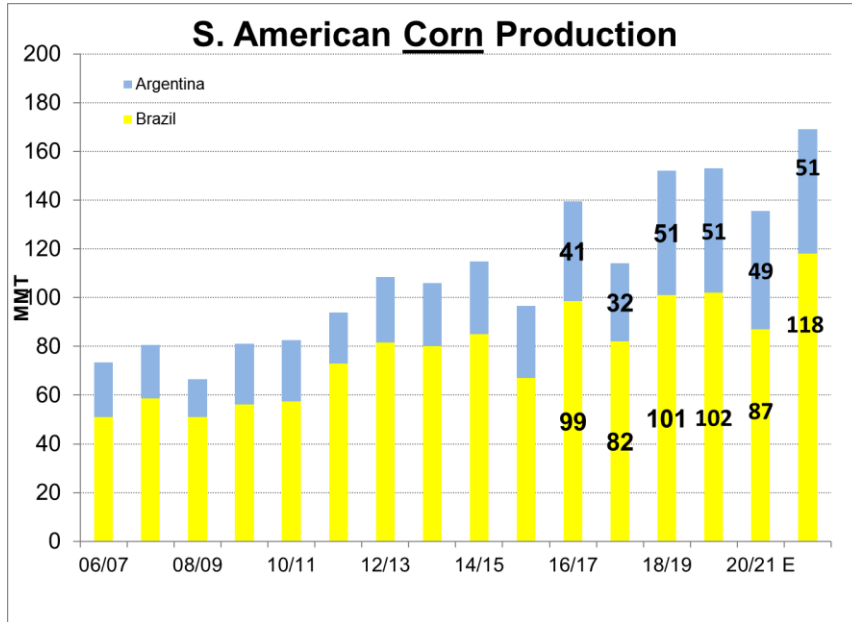
ASF
issue



Bigger
Brazil
crop

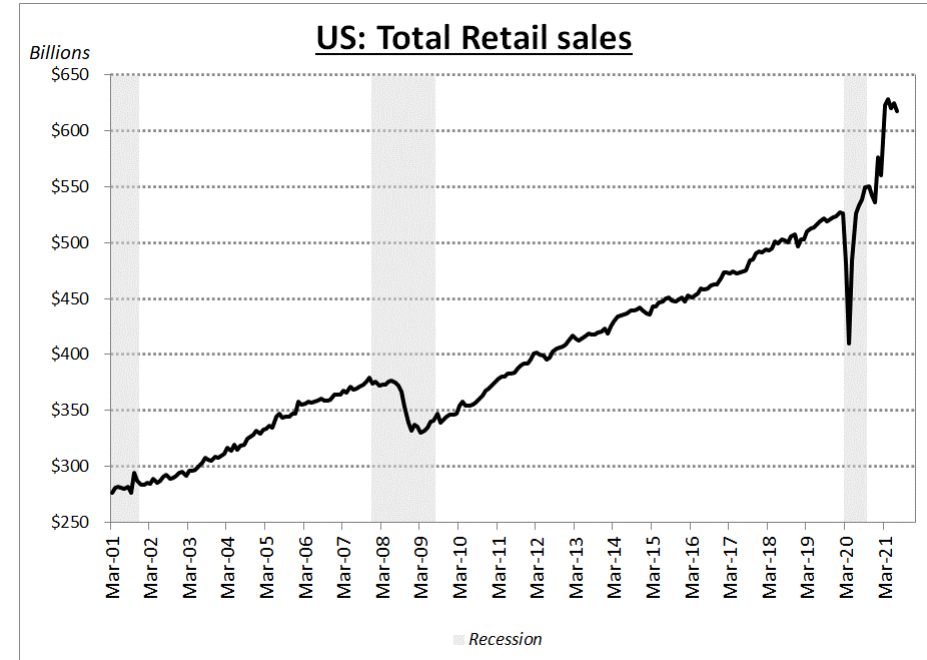
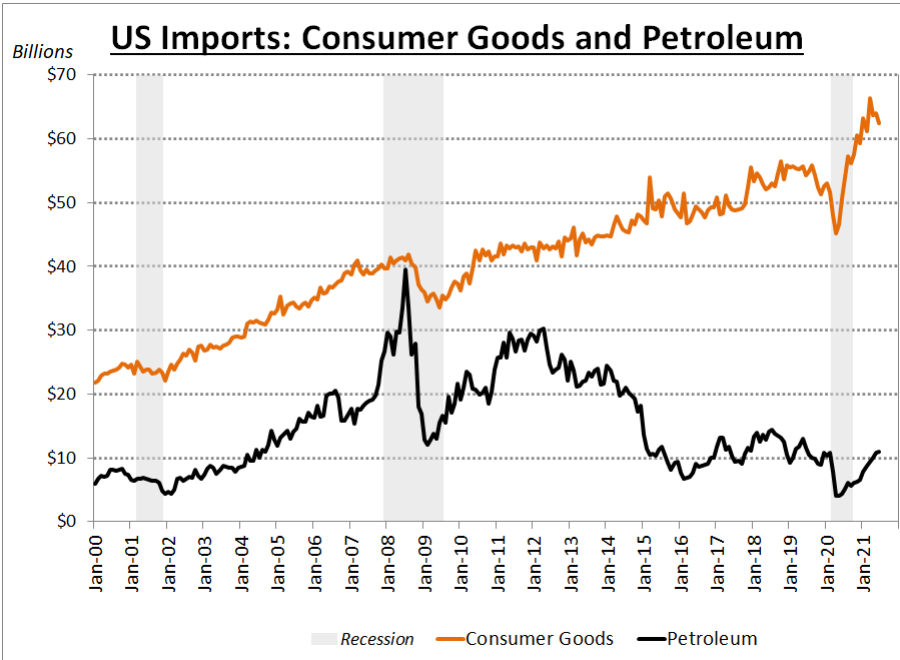
South American corn production DOWN drastically led by Brazil

South American soy production continues at record levels

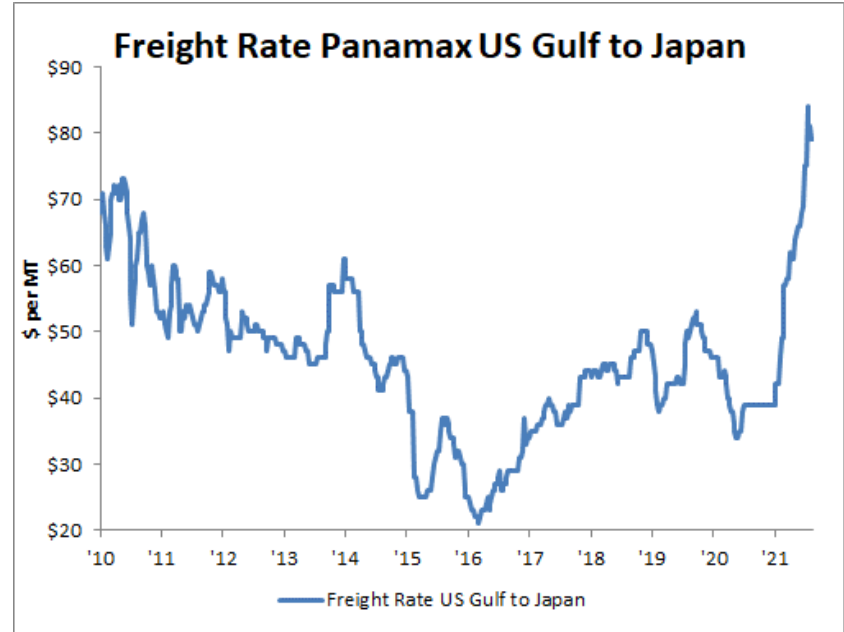


2021/22 F = Harvest in Spring and Summer of 2022

Record US Retail sales help fuel imports of consumer goods to “elevated” levels



Record ocean freight rates



Bloomberg

Markets

Dry Bulk Shipping Costs Soar and the Rally Looks Set to Continue

By [Damian Shepherd](#) and [Alex Longley](#)

August 23, 2021, 12:05 PM CDT Updated on August 23, 2021, 6:01 PM CDT

- The cost of moving raw materials has soared to an 11-year high
- Rates are surging as ships are tied up in ports and congestion

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Bloomberg

Business

U.S. Container-Ship Bottleneck Lurches Near Its February Record

SHIPPING-FLATION?

BERNSTEIN ANALYST ON RISING COSTS

- Railroads best positioned to pass on rising costs
- Larger, well-capitalized companies in a strong position
- Labor shortage is key to rising costs

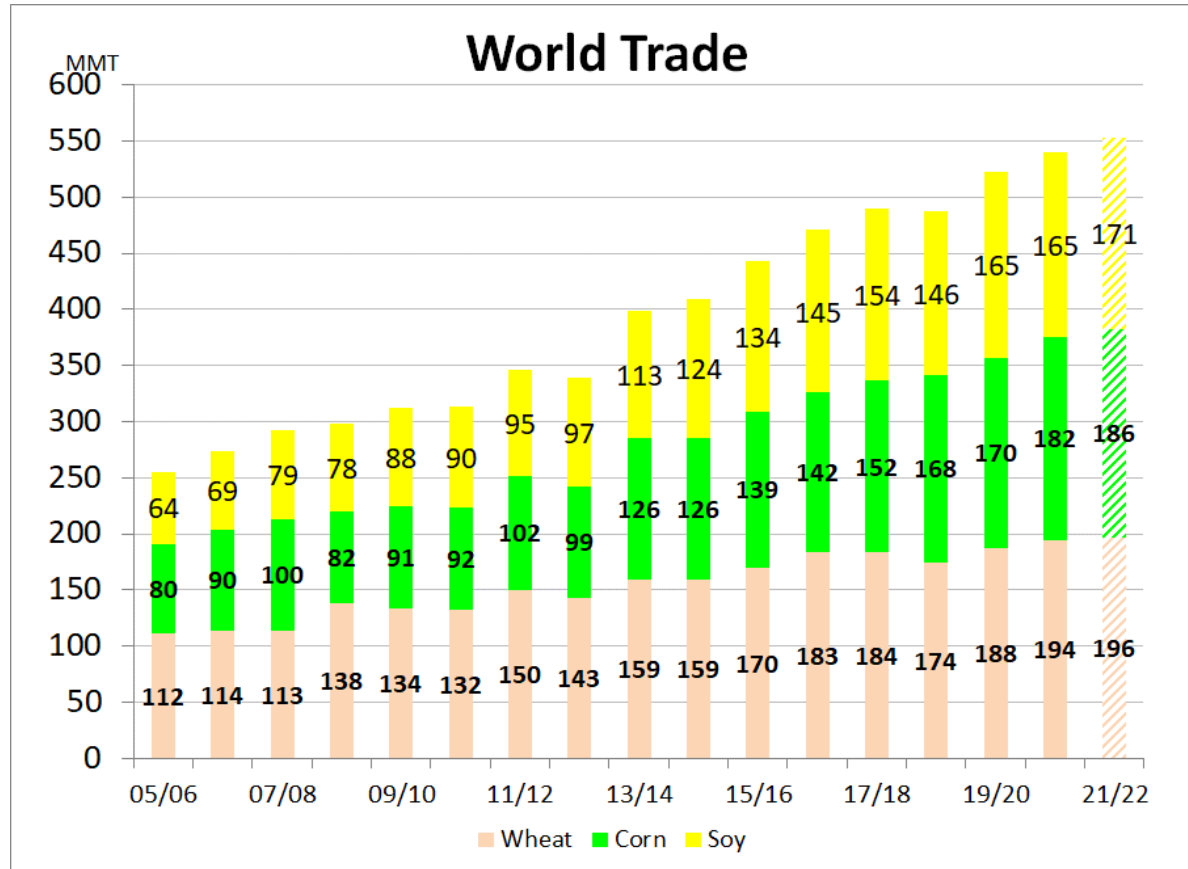
POWER LUNCH

INFLATION NATION
SHIPPING COSTS SURGE

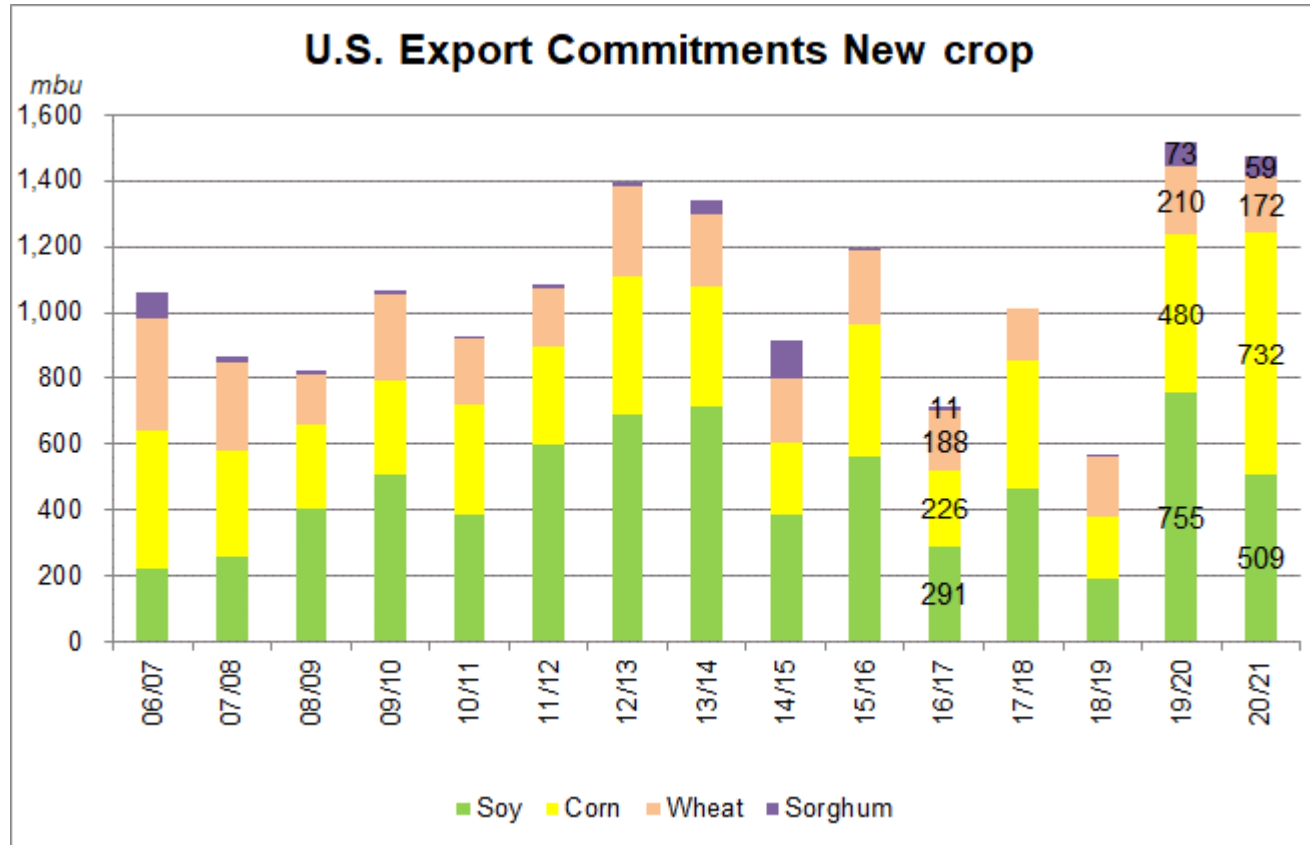
CNBC

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World trade of Wheat, Corn and Soy forecast to grow by 12 MMT YoY

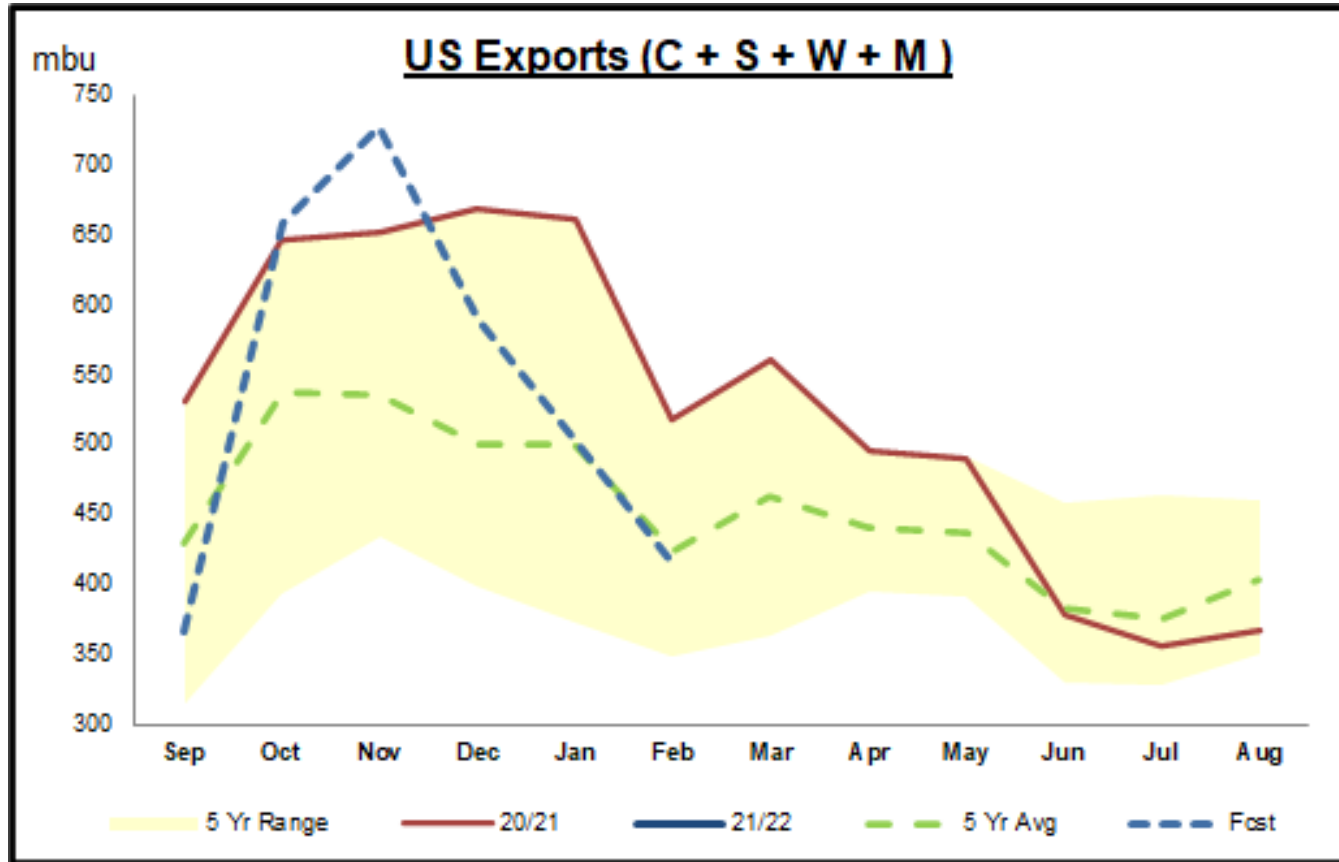


The US export open book near record levels led by Corn

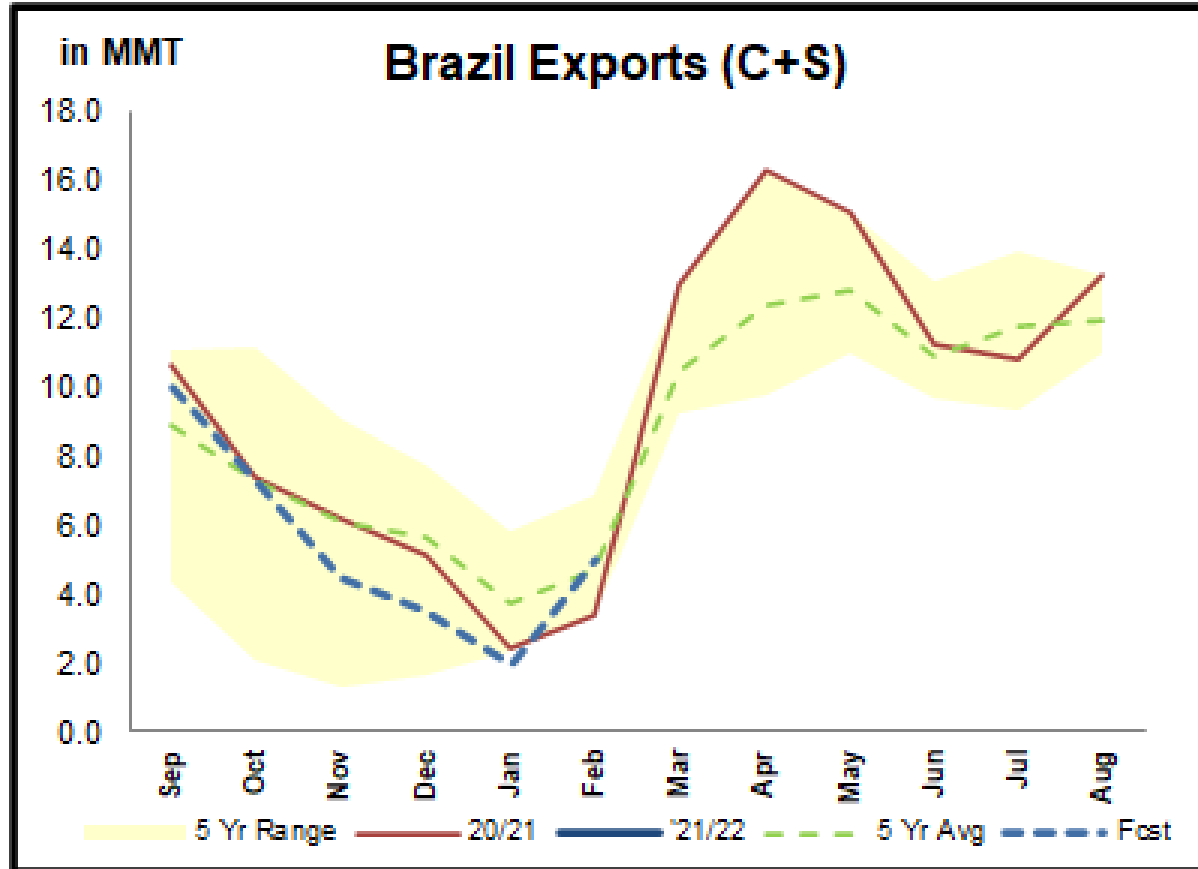


US exports to ebb starting in Early Jan 2022

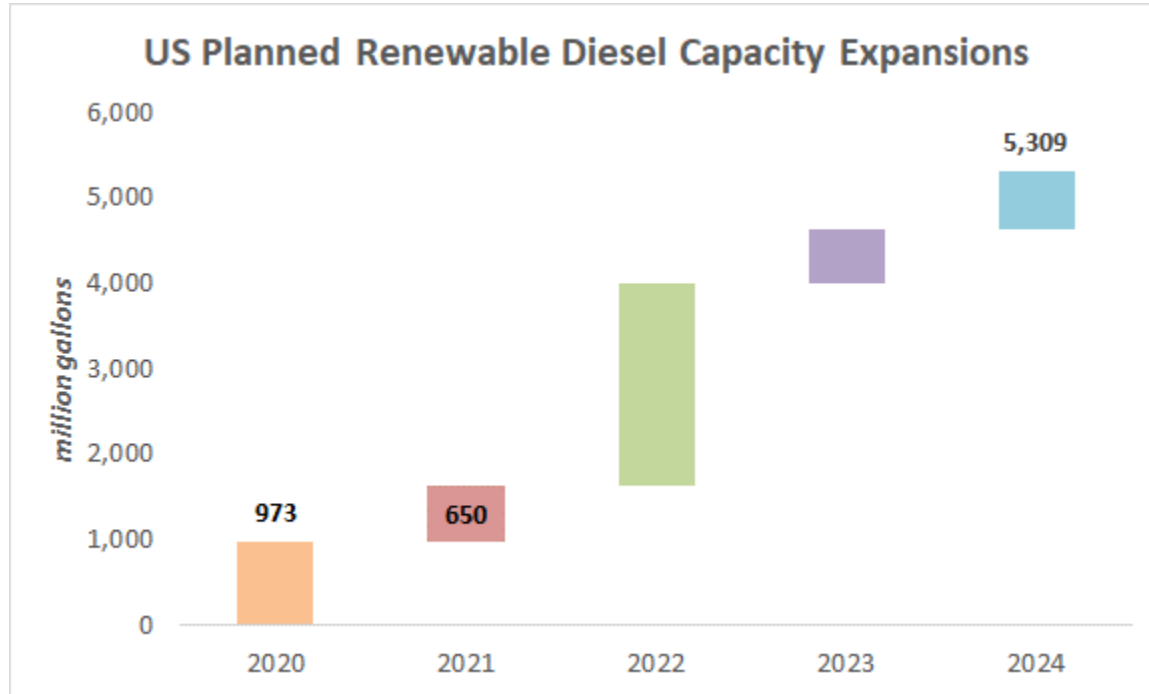
- So. American production and harvest pace along with China buying pattern to dictate flows



Brazil exports forecast to remain below YA in the 1st half owing to smaller corn supplies



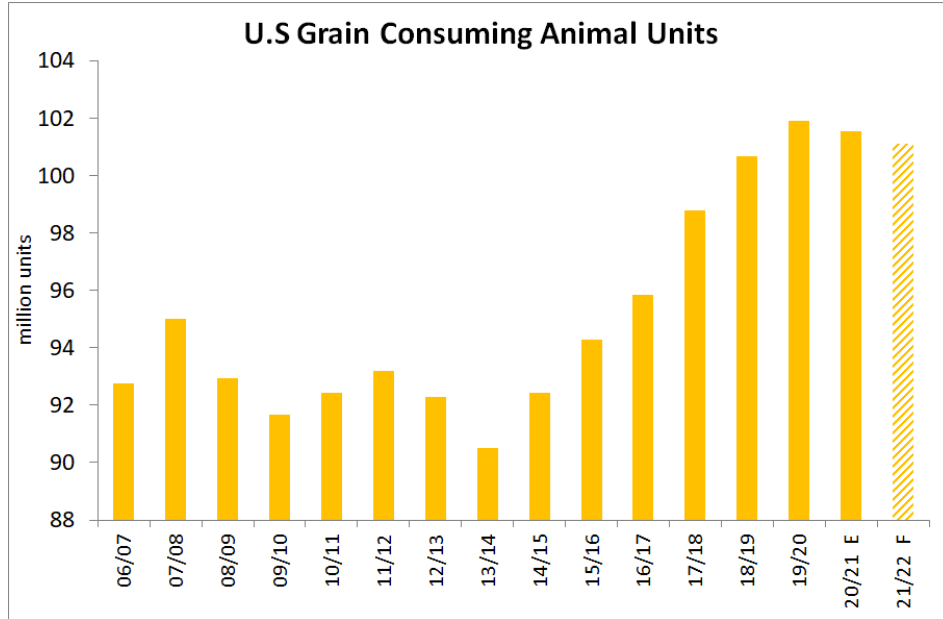
Renewable Diesel production capacity set to increase by 6X to 5300 million gallons by year 2024



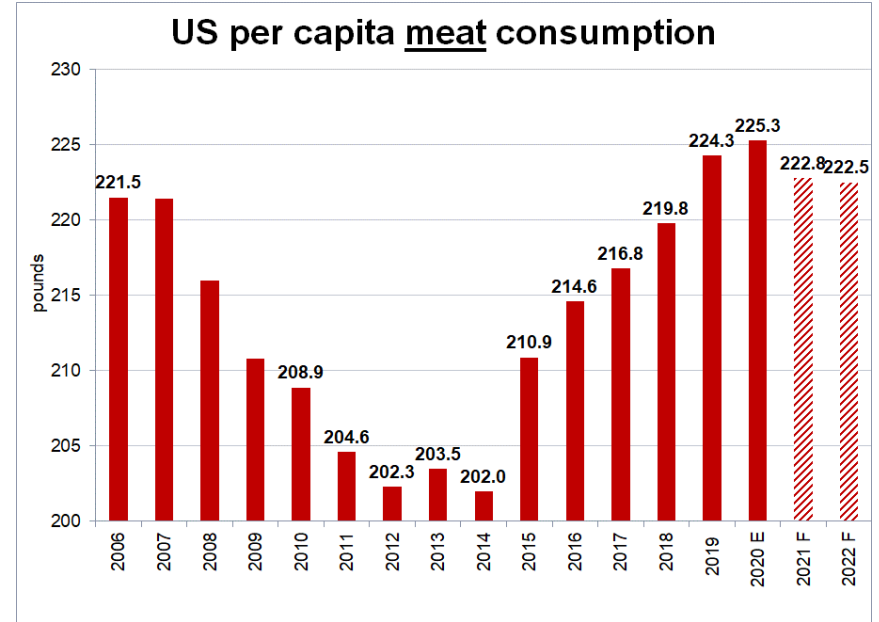
*It takes ~8 lbs of Fats and oils (F&O) to produce a gallon of Biodiesel (FAME or NERD)
Current US F&O Production is 49,000 m. lbs with 25,000 m. lbs of SBO*

U.S. Grain consuming animal units to decline marginally

U.S Grain Consuming Animal Units

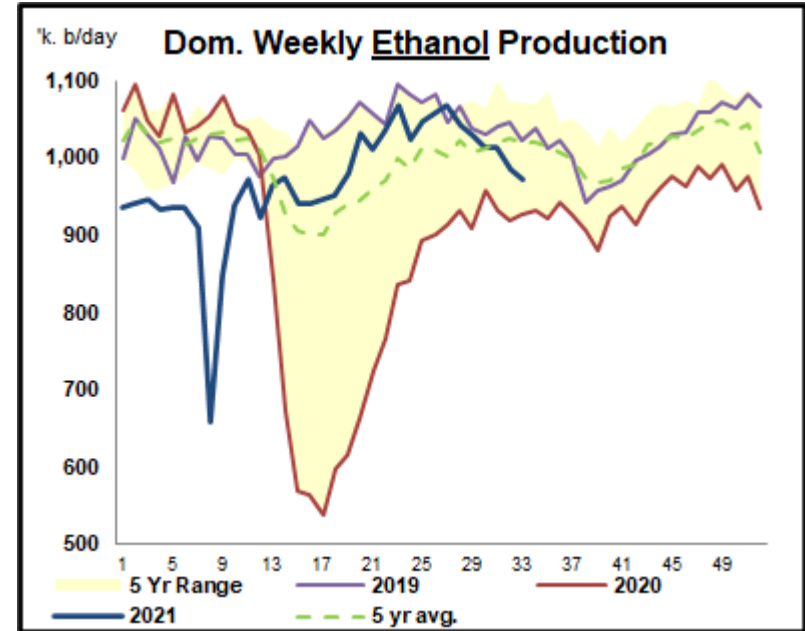
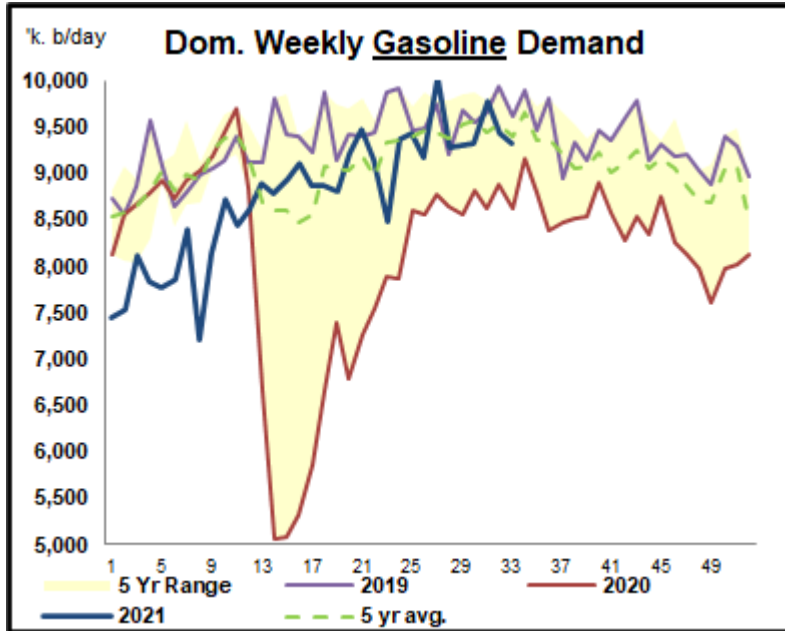


US per capita meat consumption



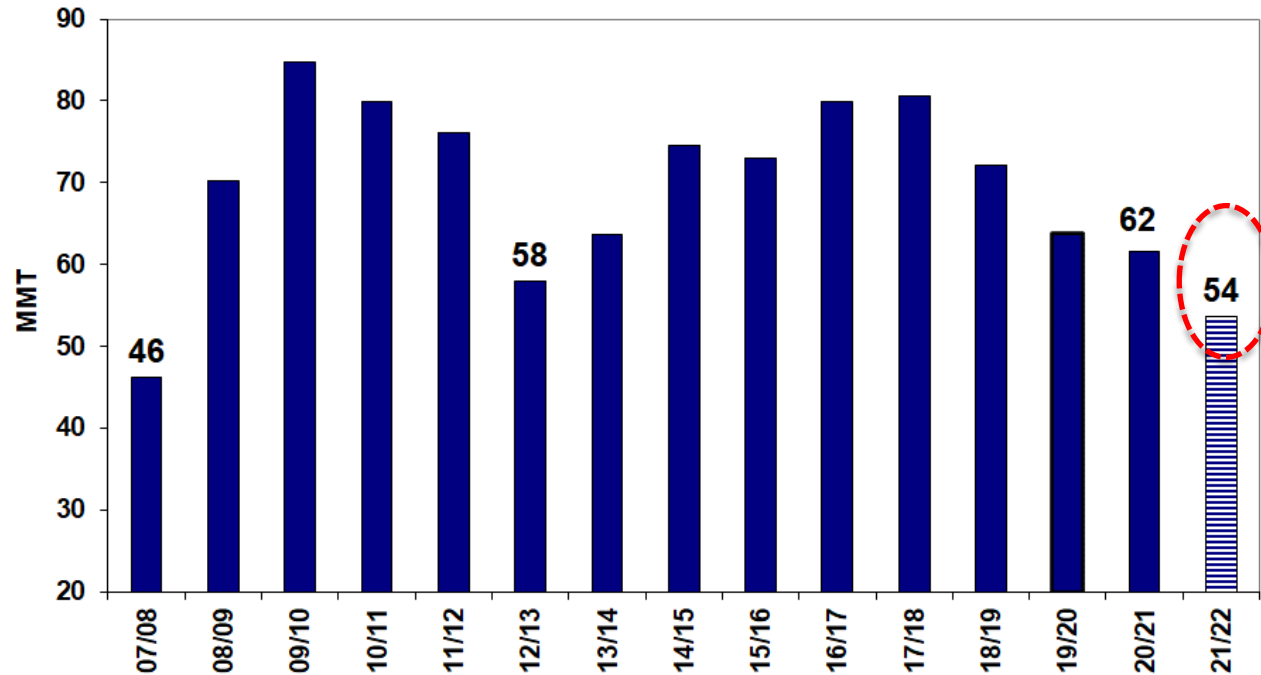
US Gasoline demand continues to lag YA albeit by a smaller gap

Work from Home (WFH) has been a drag on commuter demand



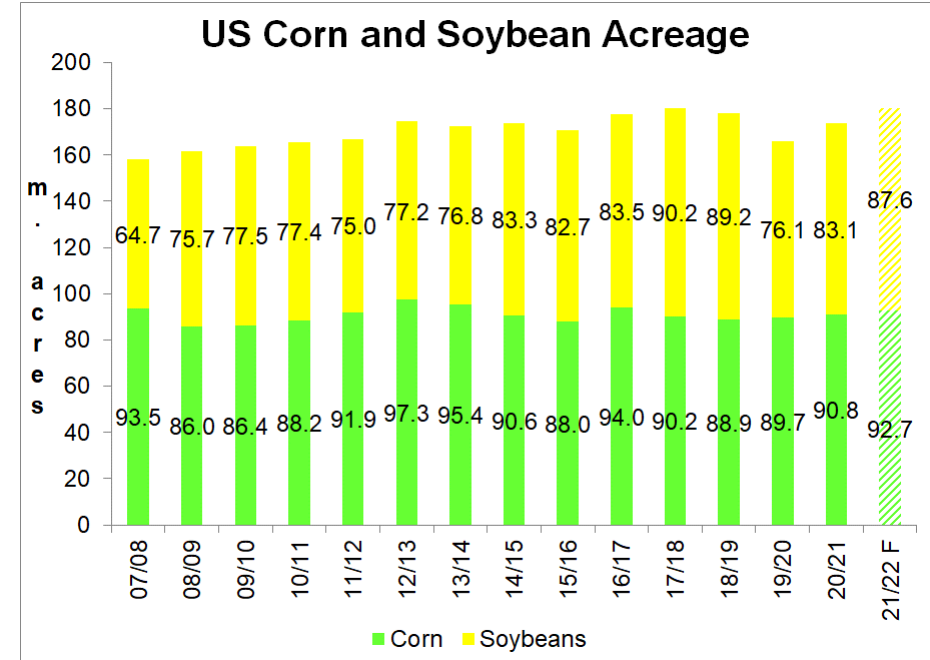
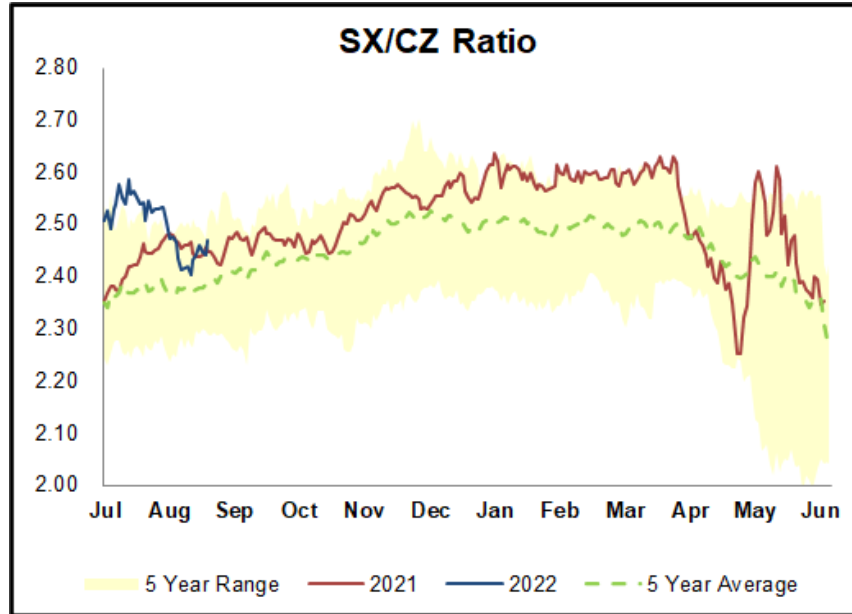
Major Exporter ending stocks being drawn down to very LOW levels

Major Wheat Exporter* Ending Stocks

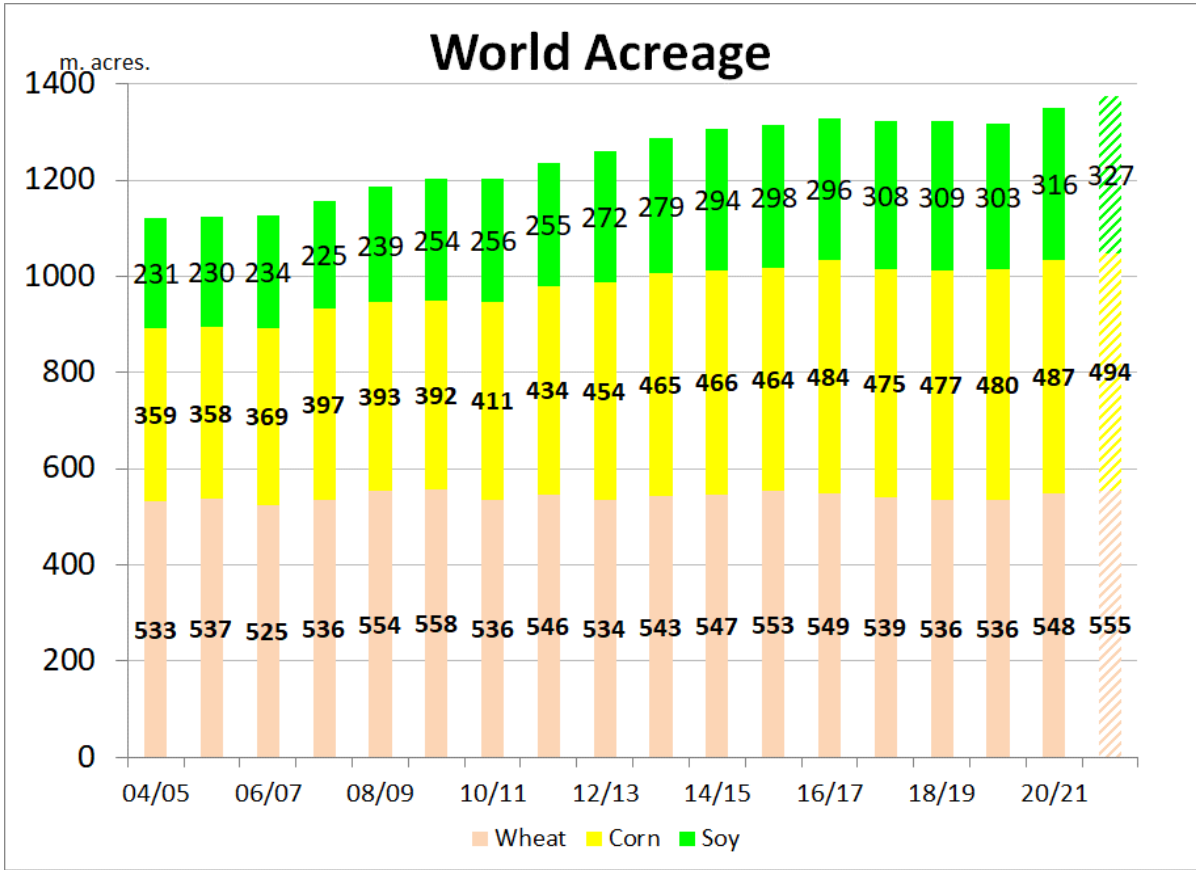


Major Exporters = US, Canada, Australia, Argentina, EU 28 and FSU-12

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