

Global Grains & Oilseeds Update

August 2023

Colin Suiter
Economic Research Manager
Viterra U.S. & Mexico

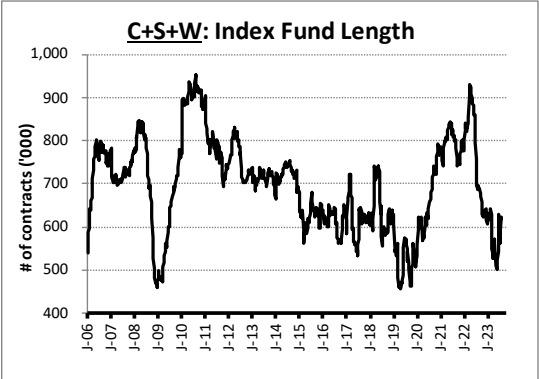
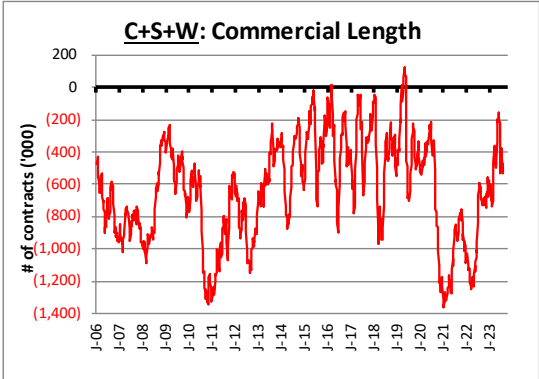
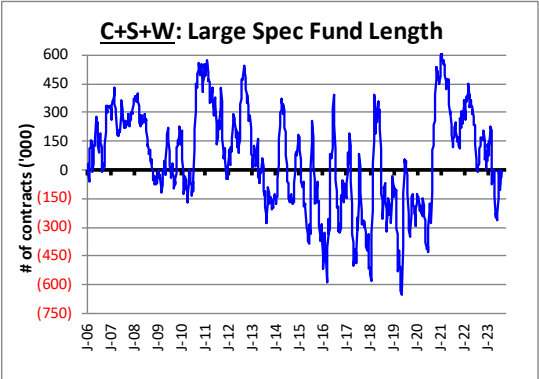
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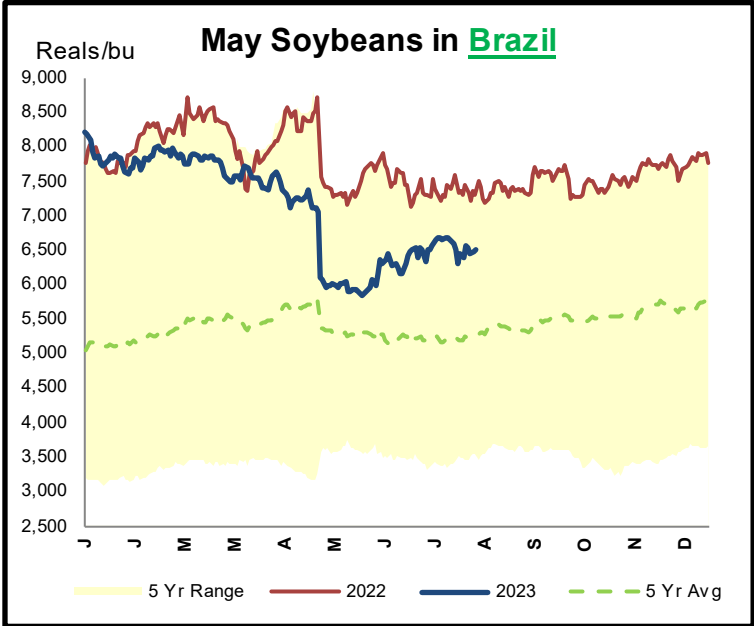
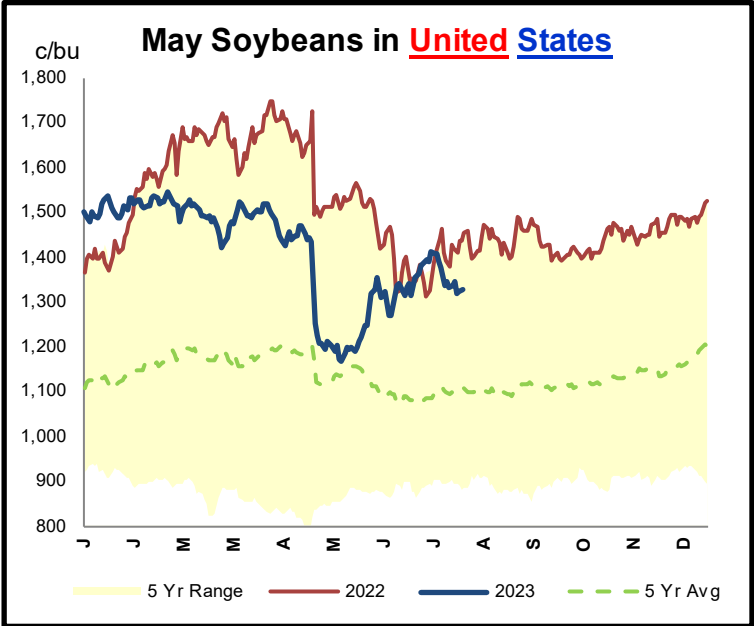
Key issues for the year ahead

- U.S. production
- South American corn and soybean acreage prospects
- Ukraine production and exports
- Biofuels and upcoming renewable diesel expansions
- U.S. share and timing of exports
- Chinese appetite for feed grains and soybeans
- Producer movement
- Large speculator fund length
- Economy:
 - Livestock sector and feeding
 - Domestic biofuel demand

The large spec are SHORT feed grain and LONG soy complex

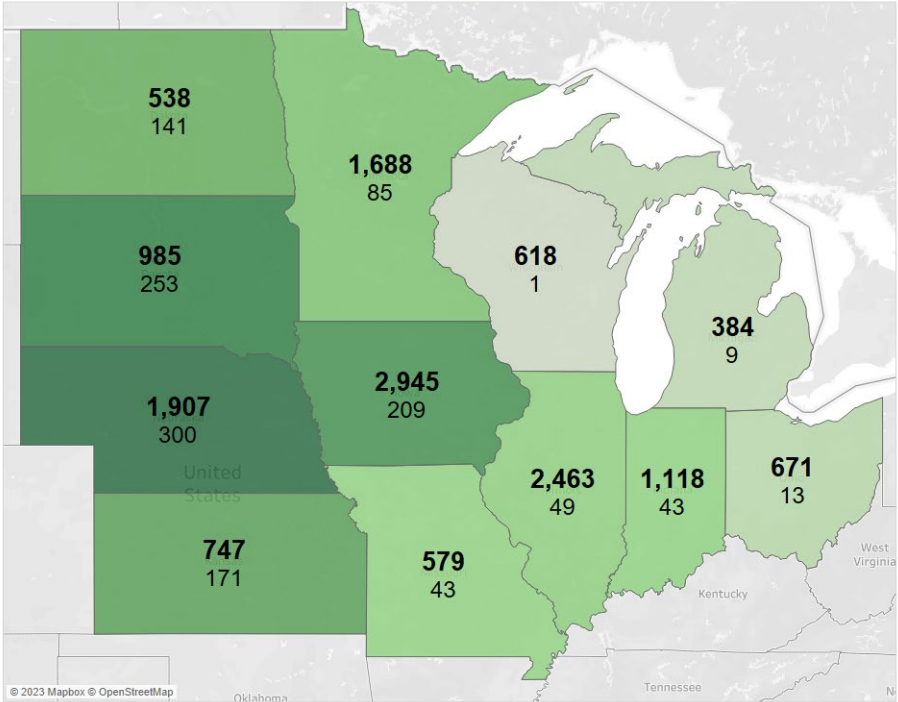


Elevated soybean prices in U.S. and Brazil

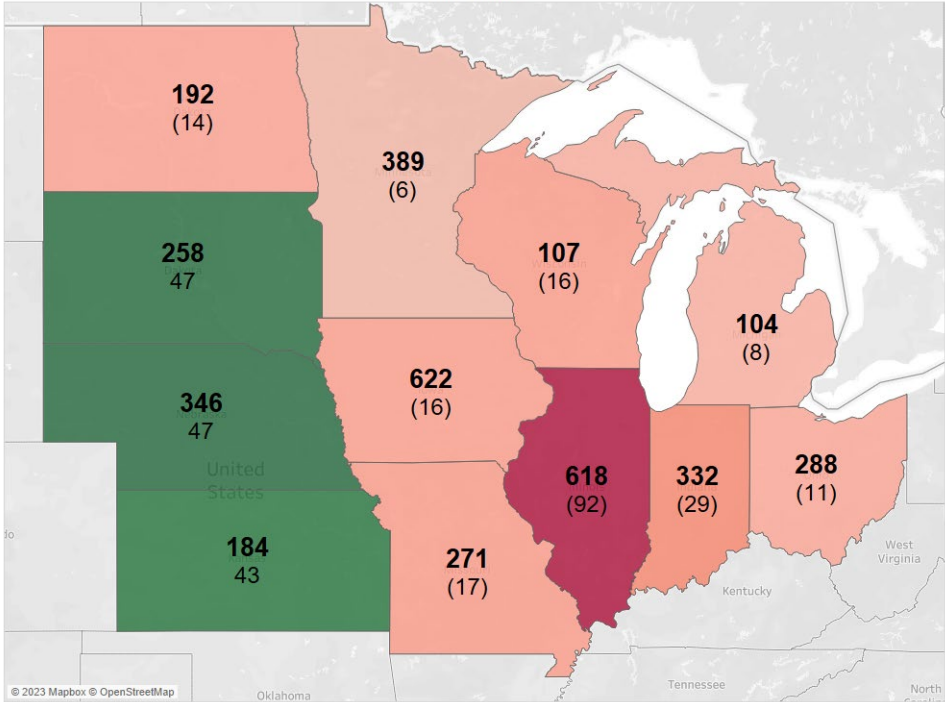


Dichotomy between U.S. new crop corn and soy supplies

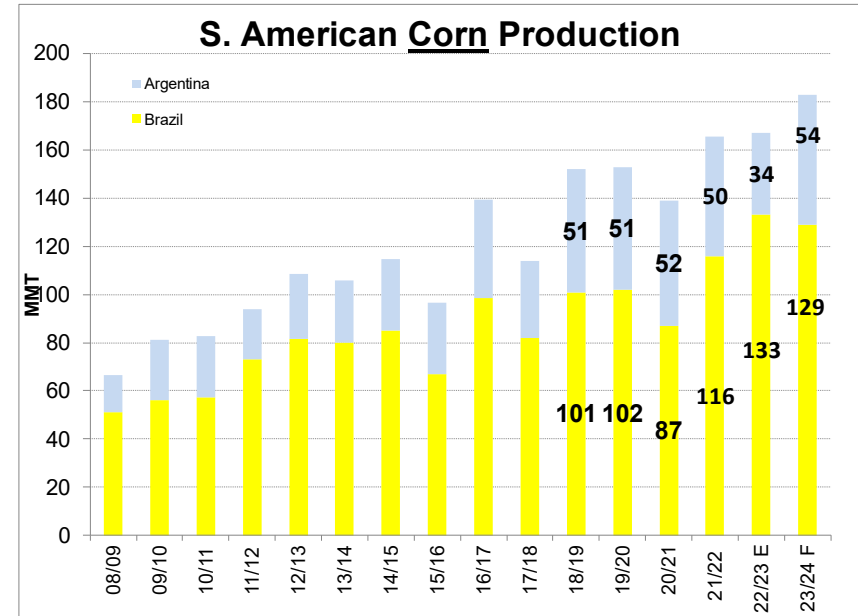
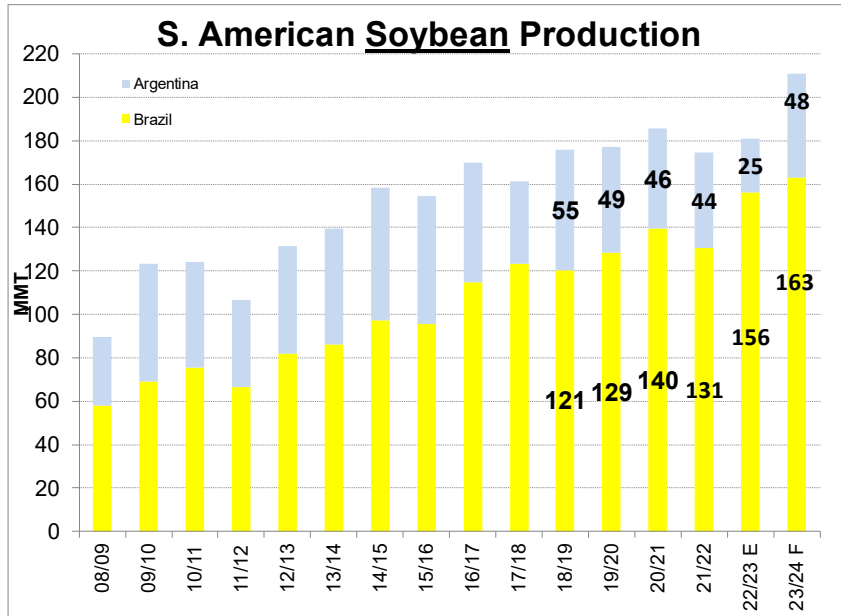
Forecasted 2023/24 Corn Total Supplies (mbu)
YOY Change



Forecasted 2023/24 Soybean Total Supplies (mbu)
YoY Change



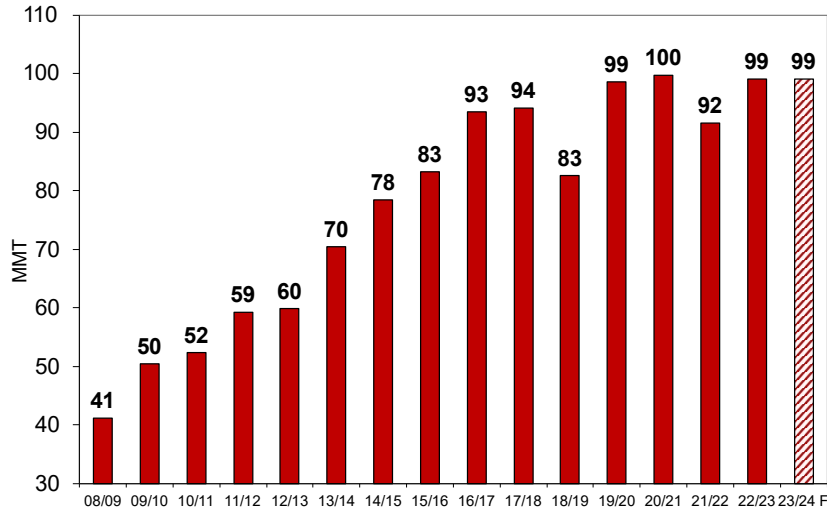
South American corn and soy production continues at record levels led by Brazil



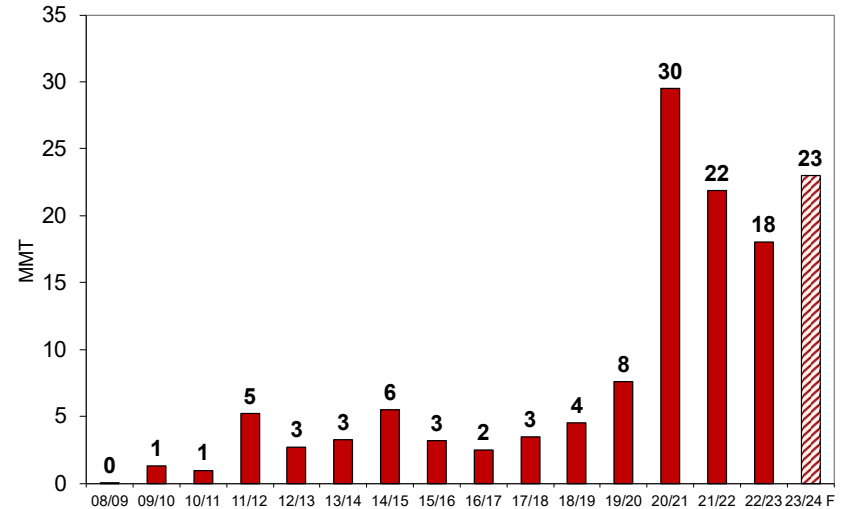
2023/24 F = Harvest in Spring and Summer of 2024

Will China grain and oilseed imports rise in new crop?

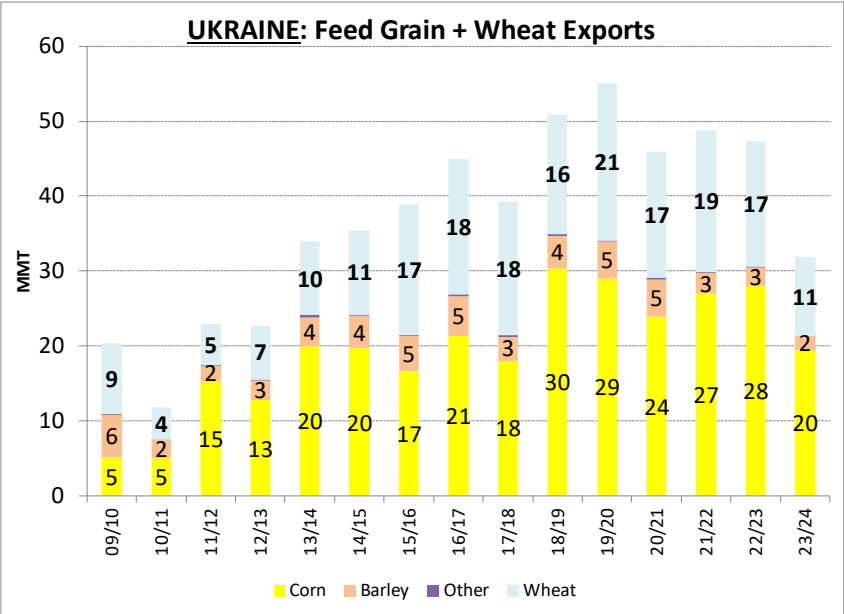
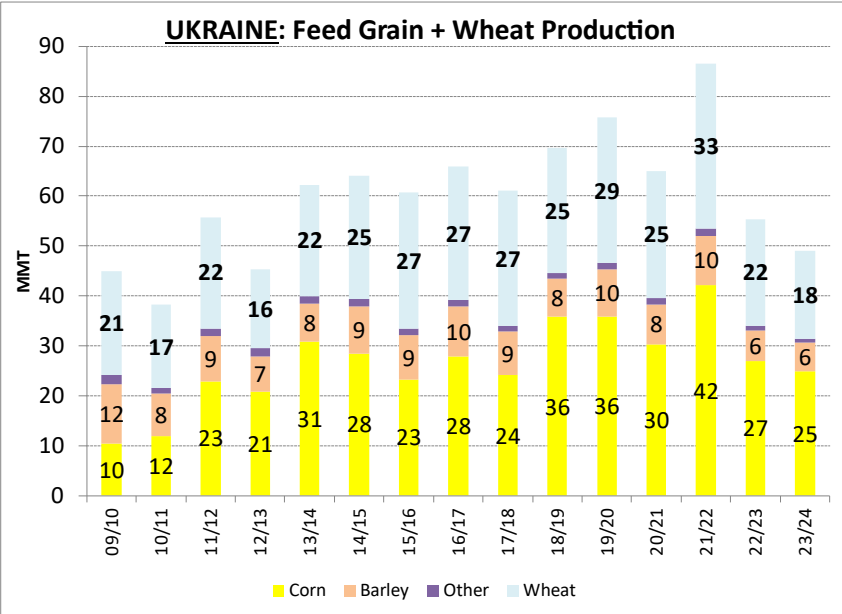
China Soybean imports from all sources



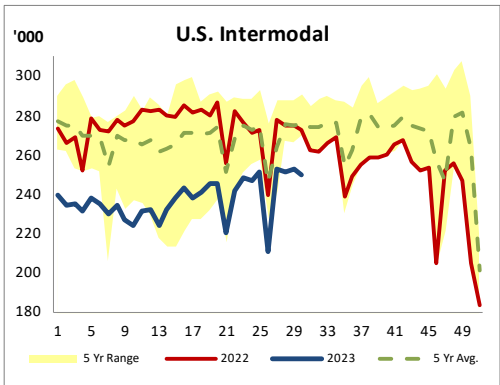
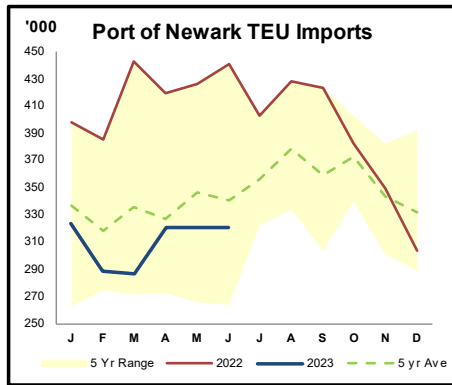
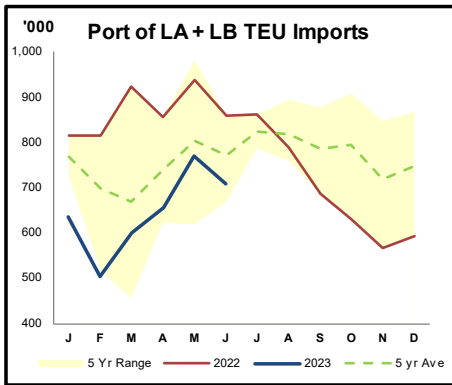
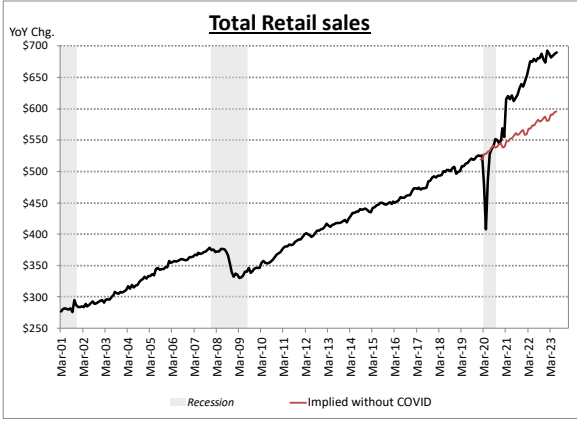
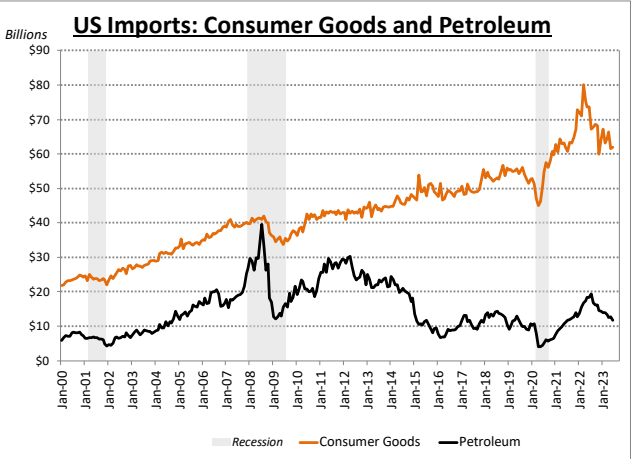
China Corn imports from all sources



The 50 MMT ???



Various indicators and their effect on intermodal



Trucker Yellow Goes Bankrupt After Debt, Labor Woes Pile Up

- Firm closes after nearly 100 years, leaves 30,000 jobless
- Gets breathing room from creditors as it ponders repayment

ECONOMICS

Truckers flooded the market during Covid. Now they struggle to pay their bills.

After supply chain problems offered an incentive for new truckers, demand has dropped, and now drivers struggle to find work.

Business

Maersk warns of slower demand for container shipping

By **Jacob Gronholt-pedersen**

August 4, 2023 10:13 AM CDT · Updated 4 days ago



COPENHAGEN, Aug 4 (Reuters) - Shipping group A.P. Moller-Maersk ([MAERSKB.CO](https://www.maersk.com)) warned on Friday of a steeper decline in global demand for shipping containers by sea this year, prompted by muted economic growth and customers reducing inventories.

The company, one of the world's biggest container shippers with a market share of around 17%, said it expects container volumes to fall by as much as 4%. It had previously forecast a decline of no more than 2.5%.

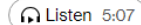
China's Trade Plunges More Than Forecast in Blow to Recovery

- Exports drop 14.5% y/y in July, worst decline since Feb. 2020
- Imports fall 12.4%, much deeper than economists expected

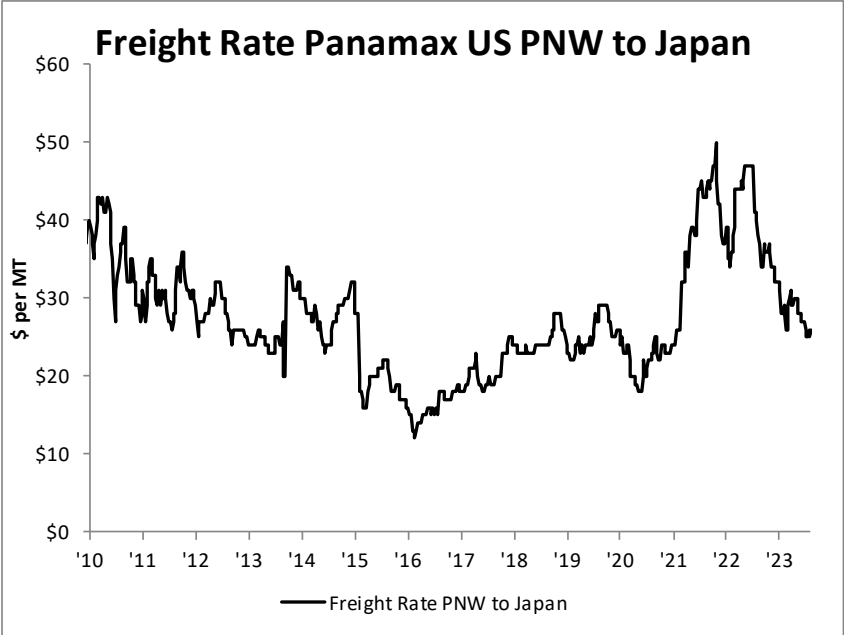
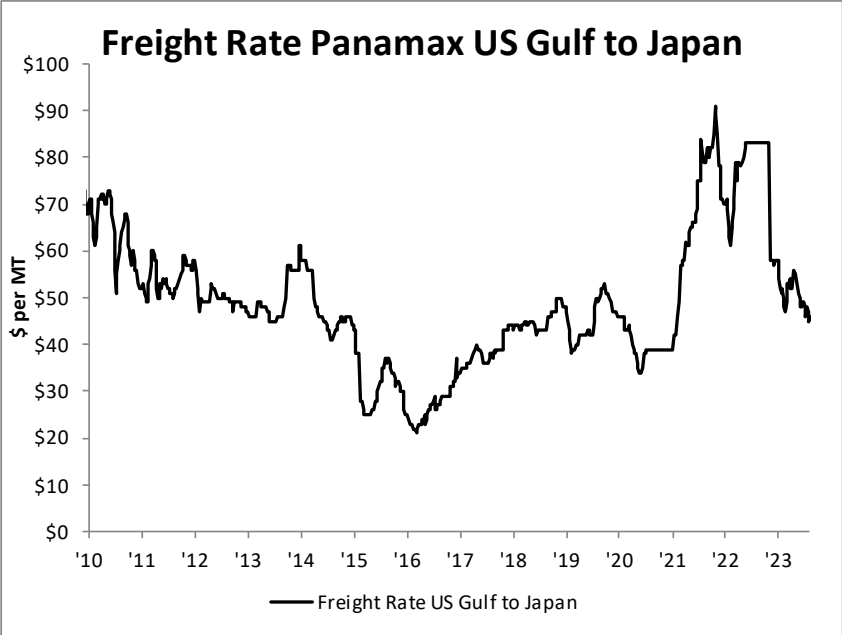
By Bloomberg News

August 7, 2023 at 10:14 PM CDT

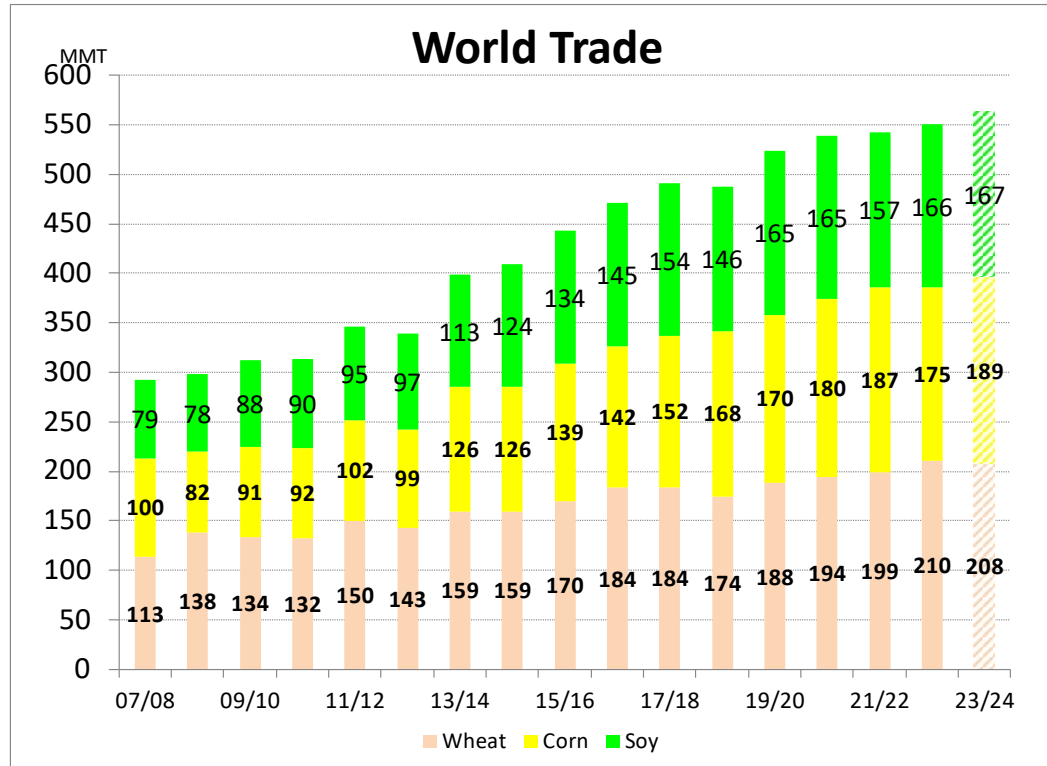
Updated on August 8, 2023 at 1:12 AM CDT



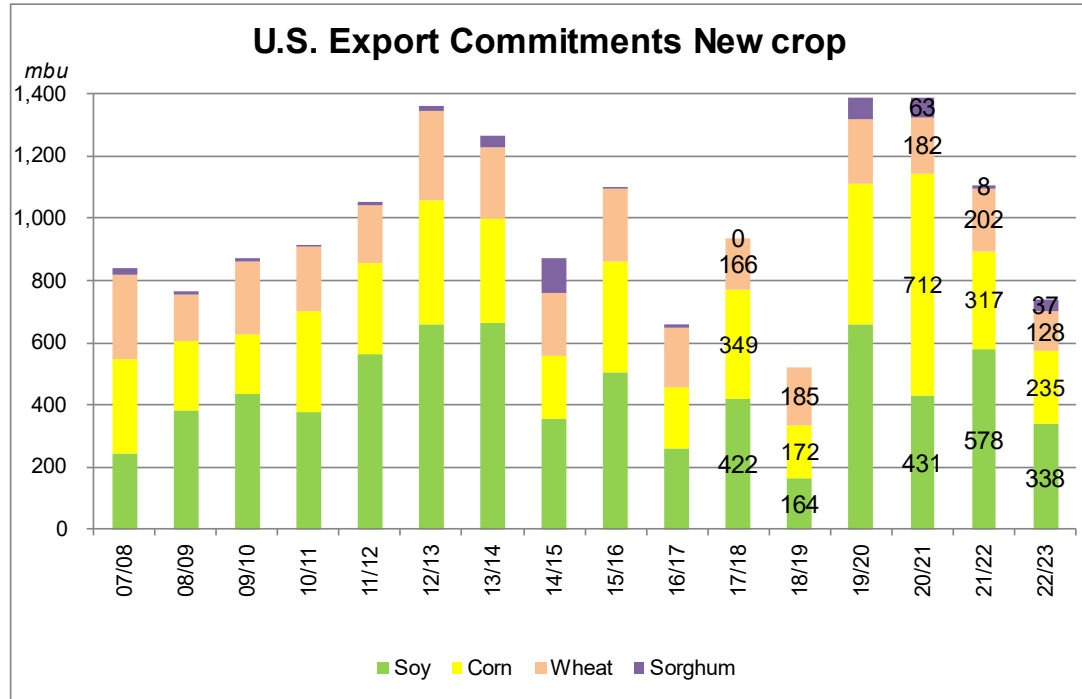
Freight rates down significantly from the highs in 2021 & 2022



World trade of wheat, corn and soy forecast to grow by 12 MMT YoY

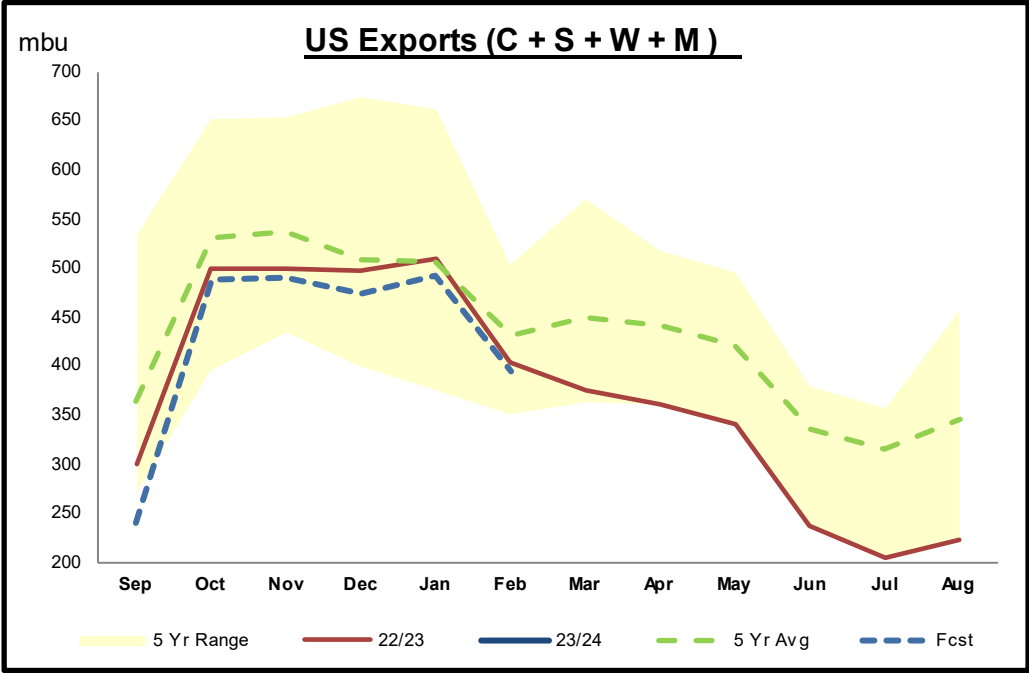


New crop sales below average and at lowest level since the U.S. – China trade war

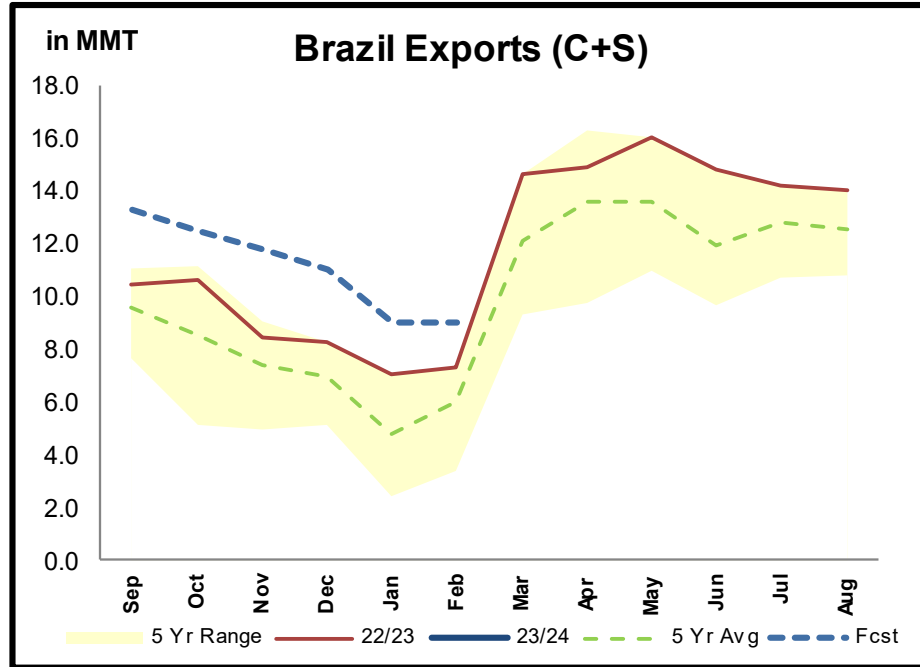


* 22/23 refers to commitments for Sep. '23 thru Aug. '24

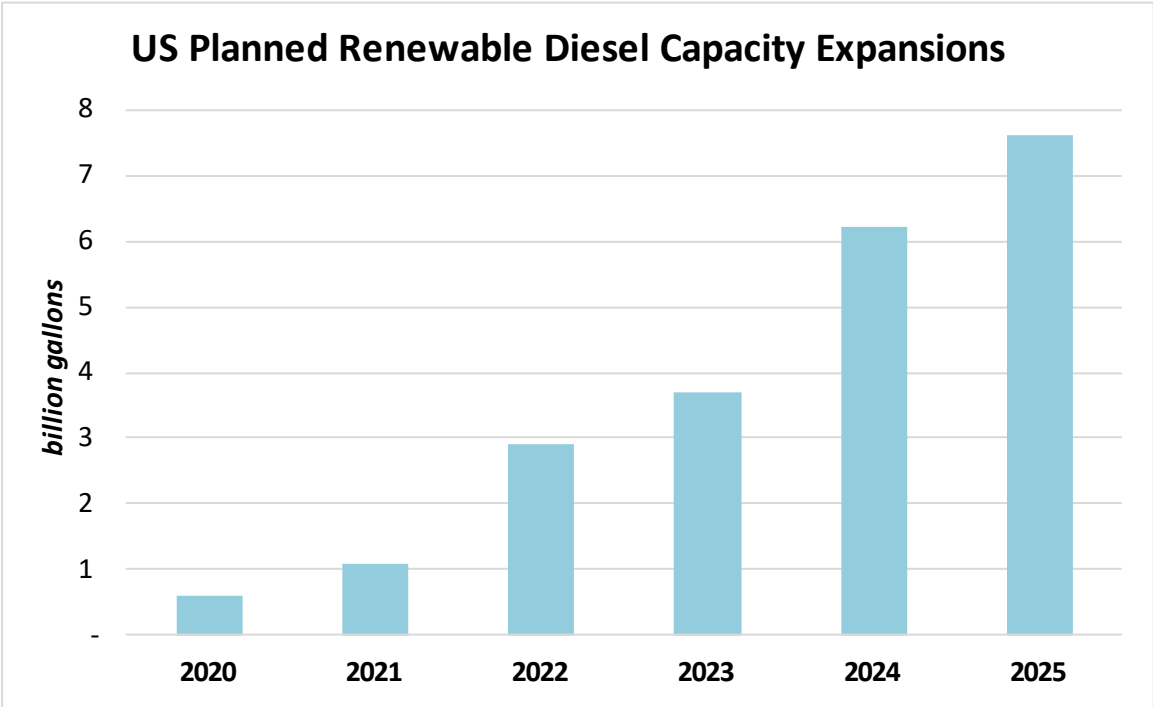
U.S. new crop exports forecast to be below average levels



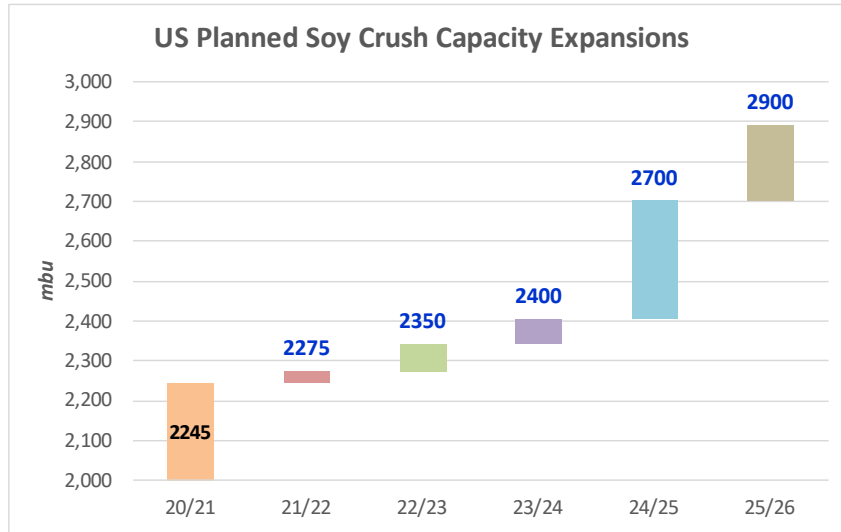
Brazilian exports forecast to remain above YA levels in the 1st half of the crop year due to higher corn supplies



Renewable Diesel capacity to rise from 3.3 to 7.5 billion gallons by 2025



U.S. crush capacity estimated to increase by 550 mbu by 2025/26

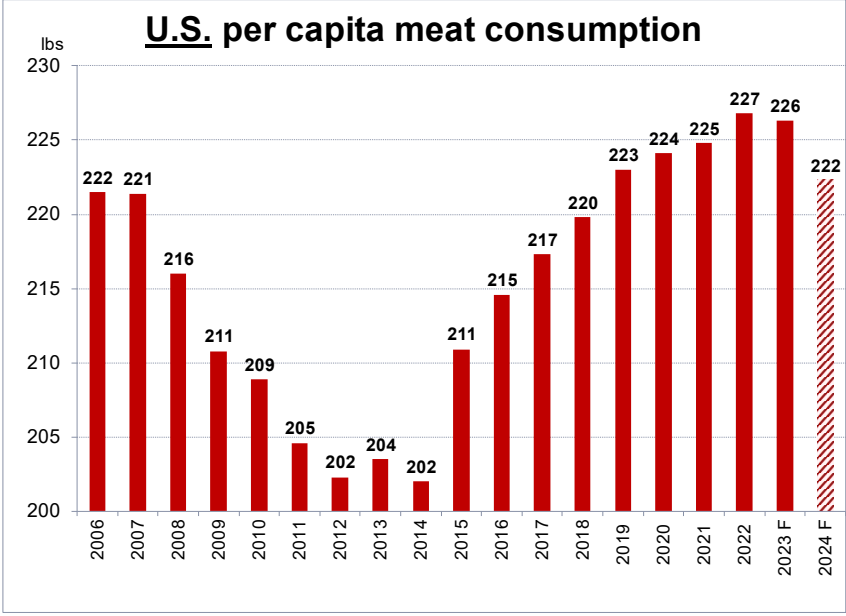
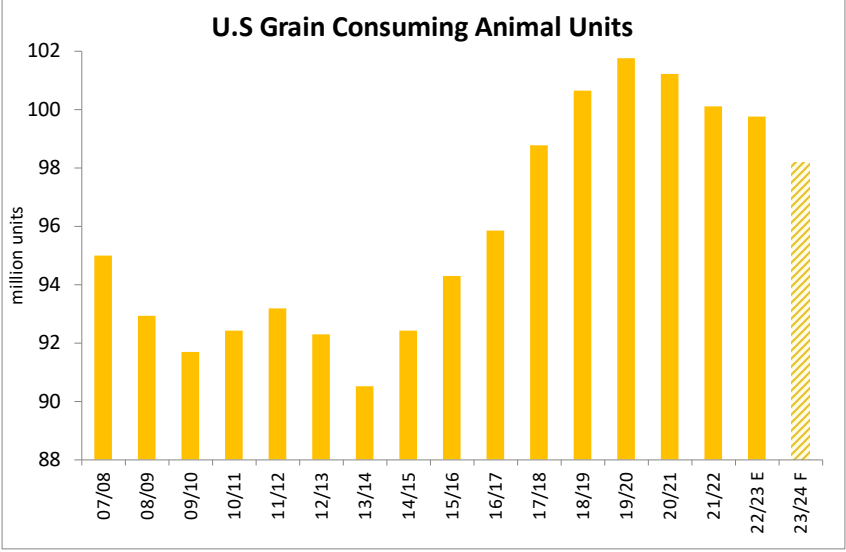


2023/24 expected changes:

Spiritwood, ND: Nov. 2023 expected start date with capacity of ~53 mbu/yr

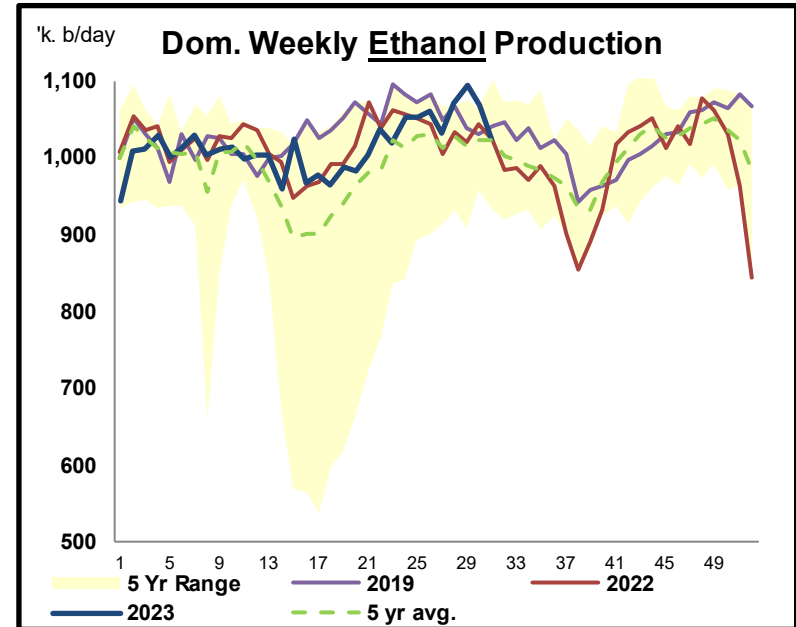
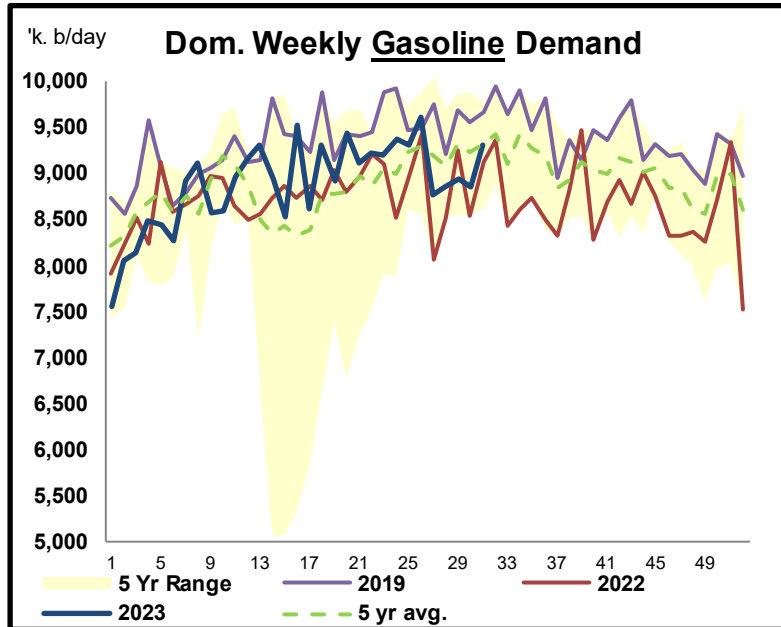
Sergeant Bluff, IA: Fall 2023 expected completion of expansion, taking capacity from ~28 mbu/yr to 38 mbu/yr

Last 4 years of high prices and lately poor margins have caused domestic livestock industries to CONTRACT



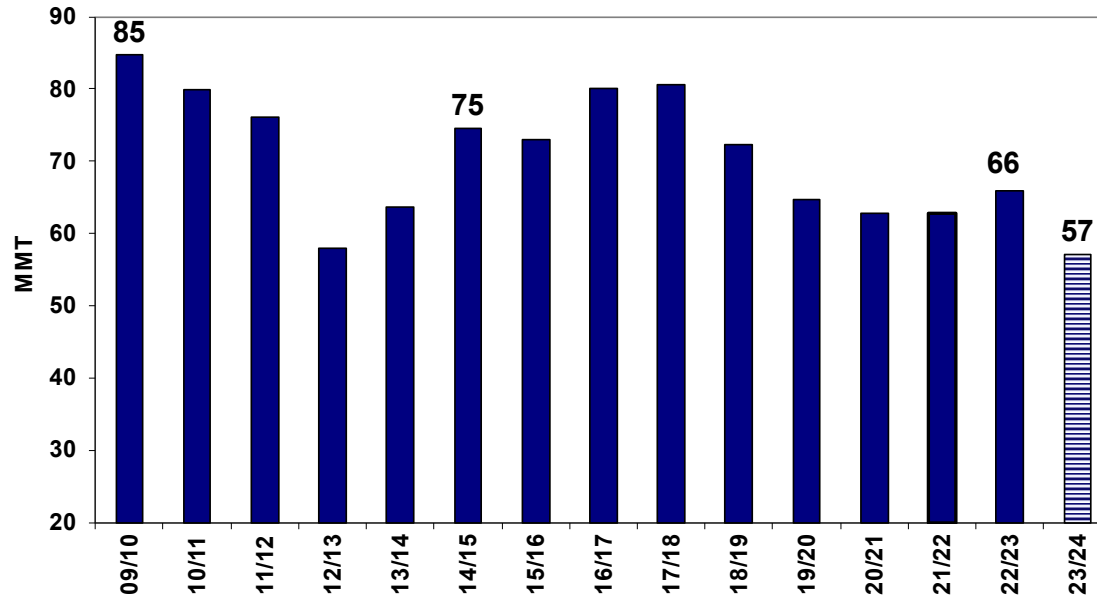
Strong U.S. gasoline demand has provided support for domestic ethanol production

Recent increases in gasoline prices will be a headwind for demand



Major exporter ending stocks being drawn down to very low levels

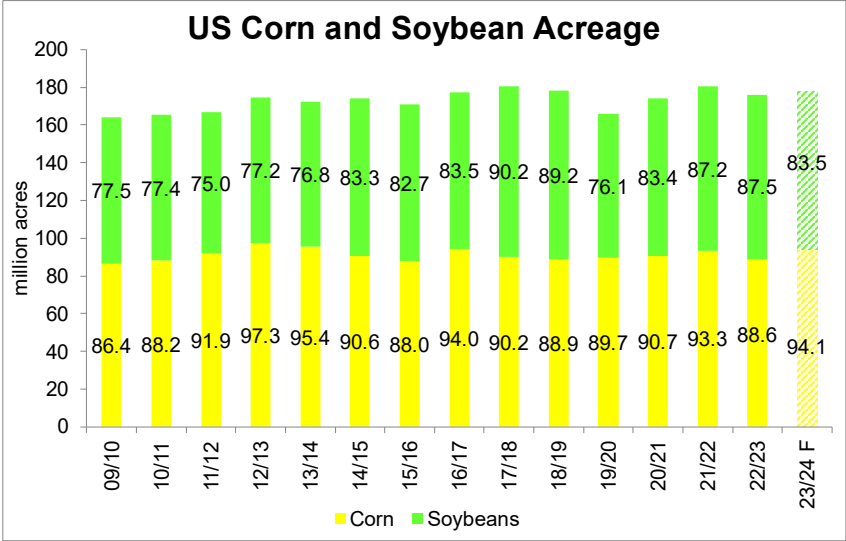
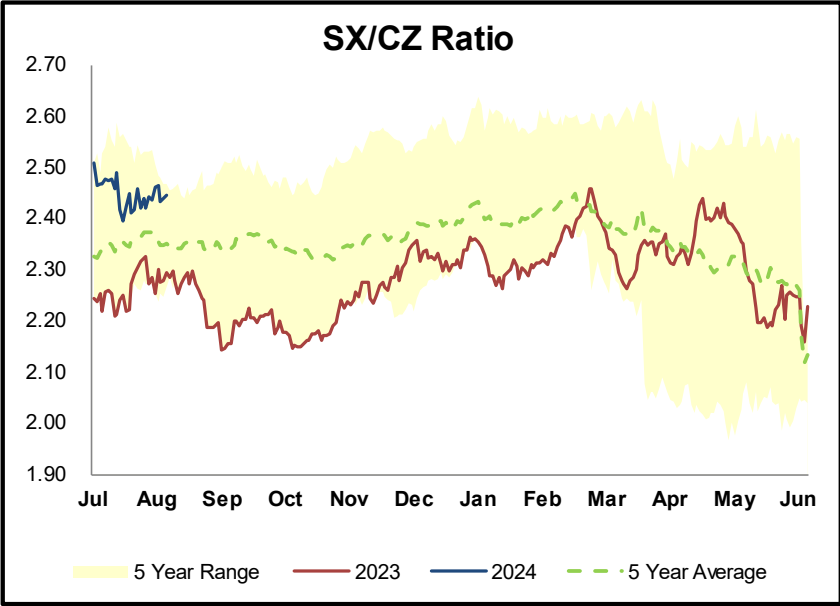
Major Wheat Exporter* Ending Stocks



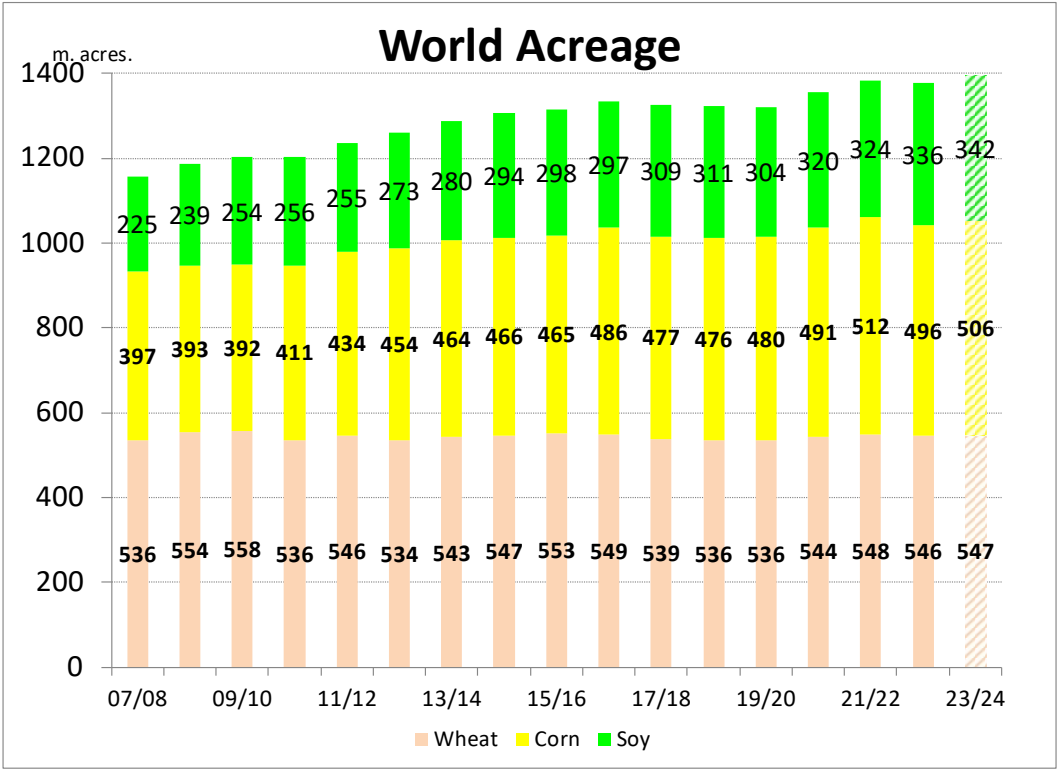
Major Exporters = US, Canada, Australia, Argentina, EU 28 and FSU -12

* FSU 12 – Former Soviet Union to include Russia

The market will ask for higher soybean acres in Spring 2024



How will world acreage respond to the volatility in grain prices?



Summary and Takeaways

- The large spec remains long soy complex, but short feed grains
- Critical U.S. weather behind us but final production still yet to be known
- Record South American corn crop is eagerly awaited by importers
- Higher Brazilian soybean supplies this Fall to be a headwind
- Producer sales remain behind historical pace and end user is hand to mouth
- World trade for CSW to be a record led by increased supplies

Thank you!

Questions and Answers