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# Argus AgriMarkets

Daily grains, seeds and oils prices, news and analysis

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## SUMMARY

### Wheat: Wheat: CVB, Russian origin diverge

CVB wheat prices extended gains on Friday, supported by rising Euronext futures, while Russian prices fell sharply, more than offsetting Thursday's gains.

### Corn: Price gains weigh on demand

Buyer interest in Argentinian corn slowed, as higher futures pushed up outright cash prices.

### Brazil corn: Premiums change direction

Premiums in the Santos/Tubarao cargo market fell for most maturities on Friday, offsetting the recovery in corn prices on the CBOT.

### China soybeans: Liquidity picks up

Trading liquidity picked up for both old and new-crop beans from Brazil, while premiums closed mixed along the curve.

### China corn: China resumes buying US new-crop corn

Chinese buyers showed renewed interest in US corn for shipment in the first quarter of the new marketing year following lower prices.

### Ukraine's crop yields rise as harvest gains pace

Ukrainian winter grain yields have increased sharply this week, as more regions joined the harvesting, but they were still well below last year's levels.

### Pakistan's TCP reissues wheat tender

Pakistan's state-run grains agency TCP has returned to the market for milling wheat after cancelling a tender earlier this week.

### Dry weather drives early French grain harvest

France's wheat and barley harvest progressed rapidly in the week to 4 July, while corn crop conditions improved slightly week on week.

Key prices					
	Loading	Bid	Offer	Mid	±
<b>Wheat \$/t</b>					
Wheat 12.5% fob Russia (Novorossiysk)	Spot	358.00	365.00	361.50	-10.00
Wheat 12% fob EU CVB	Spot	379.00	385.00	382.00	+18.25
Wheat 13.5% (CWRS) Canada fob Vancouver	Spot	392.50	396.50	394.50	+22.50
Wheat 11.5% fob Argentina	Spot	415.00	425.00	420.00	+10.00
<b>Corn \$/t</b>					
Corn fob EU CVB	Spot	310.43	325.70	318.07	-2.22
Brazil corn fob Santos diff to CBOT $\epsilon$ /bushel	Aug	+80.0	+90.0	+85.0	-10.0
Corn fob Argentina	Spot	278.50	288.50	283.50	+3.50
South China corn cfr	Spot			380	na
<b>Soybeans <math>\epsilon</math>/bushel</b>					
China soybeans cfr diff to CBOT	Aug	+214.0	+219.0	+216.5	+20.5
<b>Rapeseed Oil (RSO) <math>\epsilon</math>/t</b>					
			Bid	Ask	±
RSO fob Dutch mill	Prompt		1,800.00	1,810.00	-30.00
RSO fob Dutch mill	ASO		1,653.00	1,657.00	-5.00
RSO fob Dutch mill	NDJ		1,583.00	1,587.00	-25.00
RSO fob Dutch mill	FMA		1,510.00	1,520.00	-25.00

## ANNOUNCEMENTS

### Suspension of Ukraine grain assessments

Argus has suspended its Ukraine wheat, corn and barley price assessments in the spot and forward markets on a cft and fob basis because of the suspension of port operations in the region as a result of the Russia-Ukraine conflict. Argus will continue to monitor the situation and will provide further announcements in due course.

### Suspension of grain freight assessments

Argus has suspended its Odessa to Alexandria, Odessa to Qingdao, Novorossiysk to Alexandria and Novorossiysk to Qingdao grain freight assessments because of the Russia-Ukraine conflict and related disruption to shipping in the Black Sea. Argus will continue to monitor the situation and will provide further announcements in due course.

## WHEAT MARKET

### CVB, Russian origin diverge

CVB wheat prices extended gains on Friday, supported by rising Euronext futures, while Russian prices fell sharply, more than offsetting Thursday's gains.

CVB prices rose sharply on Friday, with both 11.5pc and 12pc protein grade spot contracts posting the steepest gains since Argus began assessing the market on 16 May. As for feed grade, buyers and sellers inched closer, with the bid-offer spread narrowing by €2/t to €6/t.

In contrast, Russia's spot 12.5pc contract fell by \$10/t to close at \$361.50/t fob Novorossiysk, further gaining competitiveness with European wheat prices on a fob CVB basis. The decline came despite a rise in Russian export duties to \$90.73/t for 13-19 July, compared with \$86.20/t previously. And additional pressure may have come from expectations of [a record high harvest in Russia](#).

That said, further upside for CVB wheat prices could be limited by more competitively-priced French and German products. French wheat in particular has seen higher buying interest in the global markets because of a weaker euro and a quicker-than-usual harvest progress on dry and hot weather early in the marketing season. Interest may also see a boost from expectations of reliable logistics in France and Germany, with no disruptions expected despite higher export volumes at the start of the marketing year than is typical, participants said. And Germany's wheat harvest is reportedly advancing at a fast pace, with quality, yields and volume at satisfactory levels, traders said. In contrast, France's agriculture ministry statistics service FranceAgriMer further lowered its weekly estimates for [domestic wheat conditions](#).

In the global markets, many buyers attempted to take advantage this week from the recent downturn to be back in the market. [Pakistan issued a new 300,000t milling wheat tender on Friday after cancelling one on Thursday for shipment in August](#), but offer levels could go higher if prices continue climbing.

Elsewhere, Ukrainian 12.5pc wheat was heard changing hands at \$315/t dap Constanta on Friday for shipment in the second half of July or first half of August. And bids and offers on a dap Constanta basis moved up by \$10 to \$310/t and by \$5/t \$320/t, respectively. Offers on dap Izov basis remained unchanged at \$285/t from the previous day, with no buyer interest heard.

Canada Wheat fob prices					\$/t
	Loading	Bid	Offer	Mid	±
Wheat 13.5pc (CWRS) Canada fob Vancouver	Spot	392.50	396.50	394.50	+22.50
diff to MGEX spring wheat September contract €/bushel	Spot	+79.00	+89.00	+84.00	nc

Argentina Wheat prices					\$/t
	Loading	Bid	Offer	Mid	±
Wheat 11.5pc fob upriver	Spot	415.00	425.00	420.00	+10.00
Wheat 12pc fob upriver	Spot	420.00	430.00	425.00	+10.00

Russia Wheat fob prices					\$/t
	Loading	Bid	Offer	Mid	±
2022-2023 crop					
Wheat 12.5% fob Russia (Novorossiysk)	Spot	358.00	365.00	361.50	-10.00

EU CVB Wheat fob prices					\$/t
	Loading	Bid	Offer	Mid	±
Feed wheat EU fob CVB	Spot	352.00	358.00	355.00	+17.25
Wheat 11.5% EU fob CVB	Spot	374.00	380.00	377.00	+18.25
Wheat 12% EU fob CVB	Spot	379.00	385.00	382.00	+18.25

Liquidity remained muted in the Argentinian wheat market amid concerns for long-term supply as [unfavourable weather conditions slowed planting progress](#).

A SRW cargo was heard to be heading to China, with renewed demand from the country providing support to the wider grain complex.

### Canada

Canadian Western Red Spring (CWRS) wheat rose on Friday, with gains driven exclusively by higher futures on the Minneapolis Grain Exchange (MGEX).

Premium levels remained unchanged, after Japan's agriculture ministry's purchase of CWRS for September shipment on Thursday. The September contract was up by €55/bu to €989.4/bu at the time of writing.

Canadian wheat exports reached 128,800t in the 47th week of the marketing year (August-July). This brought the total wheat exports to 10mn t, which lags the previous 5-year average by 5.7mn t.

## CORN AND BARLEY MARKETS

### Price gains weigh on demand

Buyer interest in Argentinian corn slowed on Friday, as higher futures pushed up outright cash prices.

Buyers had returned to the market on Thursday, with Argentinian corn for August shipment traded at €45/bu over the Chicago Board of Trade (CBOT) September contract on an fob upriver basis.

But with a further increase in the CBOT futures prices, demand for Argentinian product was heard to have diminished, traders said.

The CBOT futures prices made further gains on Friday, with a two-day upward correction taking prices to the levels seen as early as in March.

At the same time, Euronext-listed corn futures posted stronger gains, with the front-month contract rising up by €17.25/t, or a 5.8pc, from the previous trading day.

In contrast, European corn prices on an fob Constanta/Varna/Burgas (CVB) softened on Friday, as sellers lowered their offers with limited buying interest heard on the day.

World corn prices fell in June by 3.5pc on the month because of large availability in Argentina and Brazil, according to the Food and Agricultural Organization's (FAO) latest release.

And a lack of rainfall in [Argentina has boosted corn harvesting](#) this week. Total harvesting had reached 53pc complete by 6 July, the Buenos Aires Grain Exchange said. But rain is forecast in the next week, which may disrupt the harvest pace. That said, Argentina's 2022-23 corn production is still expected at 49mn t.

### Barley

Argentina's barley prices edged higher on Friday, as sellers raised their offers despite limited demand heard on the market.

That said, demand from China could rise in the coming months as the livestock sector recovers, boosting demand for feed products. In addition, Covid-19 restrictions in China have been easing, which could further boost grain demand.

French barley was heard to be offered at around \$19/t lower than the Argentinian product for July-August shipment. But Russian origin was heard to be the most competitive on Friday, with offers at \$315/t fob for July-August shipment.

Fresh deals were heard on Friday for Ukrainian barley, with the August-shipment product changing hands at \$280/t dap Constanta basis.

And [barley harvesting in Ukraine](#) had reached 14pc complete by 7 July, up by eight percentage points on the week. Some 718,000t of product has been threshed so far, with the average yields at 2.82t/hectare (ha), sharply lower than 3.93t/ha a year ago.

Argentina Corn prices						\$/t
	Loading	Bid	Offer	Mid	±	
Corn fob upriver/Necochea/Bahia Blanca	Spot	278.50	288.50	283.50	+3.50	

EU CVB corn fob prices						
	Loading	Bid	Offer	Mid	±	
Corn fob CVB \$/t	Spot	310.43	325.70	318.07	-2.22	
Corn fob CVB Eur/t	Spot	305.00	320.00	312.50	-2.50	

Argentina Barley prices						\$/t
	Loading	Bid	Offer	Mid	±	
Feed barley fob Necochea/Bahia Blanca	Spot	345.00	355.00	350.00	+5.00	
Malting barley fob Necochea/Bahia Blanca (8 Jul)	Spot	405.00	415.00	410.00	-20.00	

Brazil corn fob Santos					¢/bushel
Loading	Bid	Offer	Mid	±	
Aug	+80.0	+90.0	+85.0	-10.0	
Sep	+80.0	+90.0	+85.0	-12.0	
Oct	+100.0	+110.0	+105.0	-2.5	
Nov	+110.0	+113.0	+111.5	-3.5	
Dec	+110.0	+127.0	+118.5	-6.5	

## BRAZIL CORN MARKETS

### Premiums change direction

Premiums in the Santos/Tubarao cargo market fell for most maturities on Friday, offsetting the recovery in corn prices on the CBOT.

The corn harvest in Mato Grosso, the country's largest producer, has reached 74pc of the planted area, with a weekly advance of almost 19 percentage points, according to data from the Mato Grosso Institute of Agricultural Economics (Imea). The peak of the harvest puts downward pressure on premiums in Brazil, which also offset the high recorded in the CBOT.

Market participants reported a deal in the cargo market for shipment in November with a premium of 110¢/bu over the CBOT, but it could not be confirmed.

The range of offers and bids for August ended the day at a premium of 90-80¢/bu to the CBOT, compared to 100-90¢/bu on Thursday. For September, the range ended the day at a premium of 90-80 ¢/bu, compared to 108-86¢/bu on Thursday.

## CHINA SOYBEANS MARKET

### Liquidity picks up

Trading liquidity picked up for both old and new-crop beans from Brazil, while premiums closed mixed along the curve.

Chinese buyer secured around eight cargoes of Brazilian soybeans from earlier this week, including two transactions at €320/bu cfr over the August Chicago Board of Trade (CBOT) soybean futures for shipments in August from the origin.

Another six cargoes were heard to be booked for new-crop products. A combined three vessels traded at €220/bu cfr over the March CBOT contract for February loading, while two other cargoes were booked for March shipment at €190/bu cfr over the same Chicago contract.

Traders also reported an additional sale for April shipment of new-crop Brazilian beans, clearing at €170-180/bu cfr to the May CBOT futures.

Meanwhile, Chinese buyers have been exploring alternative sources for soybean supply, having secured one vessel of August-loading from Argentina or Uruguay at a fob premium of €103/bu to the August CBOT futures, traders said.

Market participants also heard a number of deals for US new-crop products, but further details could not be confirmed at the time of writing.

Higher demand pushed up soybean premiums for new-crop products. Premiums widened by €2/bu from the previous trading day for February loadings from Brazil, closing at €222.5/bu.

As for Brazilian old-crop products, sellers reduced their of-

Soybeans China cfr diff to CBOT settlements					€/bushel
Shipment	CBOT basis	Bid	Offer	Mid	±
Aug	Jul	+214.0	+219.0	+216.5	+20.5
Sep	Nov	+420.0	+449.0	+434.5	+2.5
Oct	Nov	+384.0	+405.0	+394.5	-0.5
Nov	Nov	+355.0	+365.0	+360.0	+1.5
Dec	Jan	+340.0	+346.0	+343.0	-0.5
Jan	Jan	+350.0	+370.0	+360.0	nc
Feb	Mar	+220.0	+225.0	+222.5	+2.0

Soybeans CBOT futures settlements		€/bushel
Month		Latest
Jul		1,630.25
Nov		1,396.50
Jan		1,401.25
Mar		1,393.50
May		1,391.75

fers by €10/bu to €325-330/bu over August CBOT for August shipment from the country, in light of lower freight rates and economic recession looms. But Argus-assessed premiums increased by €20.5/bu on the day for front-month deliveries, supported by widening spreads between August and July CBOT contracts.

Elsewhere, China's state-owned soybean reserve sales again saw zero uptake out of the offered volumes of 501,686t at this week's auction. It is the second consecutive week that buyers walked away from reserved sales, on the back of poor cash margins.

China corn prices (8 July)			
	Timing	Mid	±
South China corn cfr (\$/t)	Spot	380	na
North China domestic corn fob (Yn/t)	Spot	2,760	na
South China domestic corn cfr (Yn/t)	Spot	2,830	na

Domestic corn prices at north and south China ports fell this week, having fallen by Yn30-60/t from a week earlier to close at Yn2,760/t and Yn2,830/t respectively.

Corn demand remained weak from the starch- and ethanol-producing sectors with negative operating margins, as some corn industrial processors started to suspend their runs to avoid further losses.

Corn consumption as animal feed has yet to recover, despite market expectations of further increased pork demand in this year's final quarter. Feed and pig producers are unwilling to build corn stocks, weighing on the domestic corn market.

The average corn yield could see a rise in China from a year earlier for the 2022-23 marketing year (October-September), according to China's National Meteorological Centre's forecast model. Corn yield is expected to increase by 1.5pc compared with last year in most producing provinces under good weather conditions in the critical growing periods.

## CHINA CORN MARKET

### China resumes buying US new-crop corn

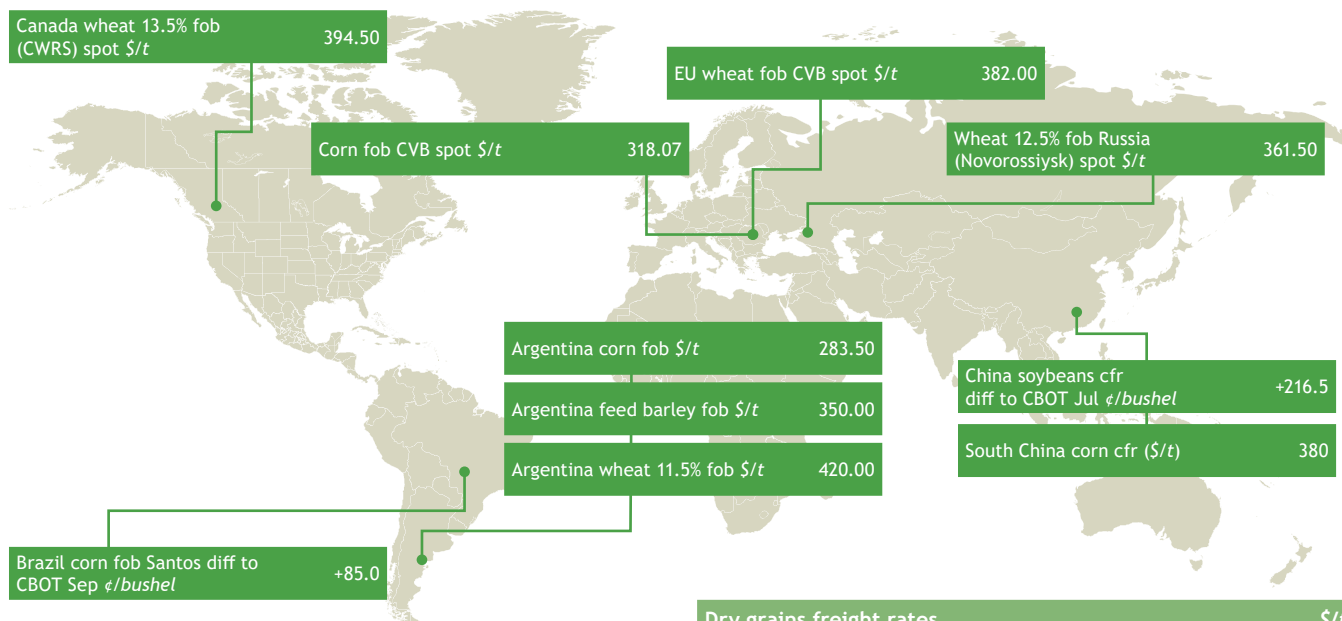
China has resumed its interest in buying corn from the US for shipments in next year's first quarter following price falls. The domestic corn market continued its downwards trend as demand from the animal feed and industrial sectors has yet to recover.

US corn product offered to Chinese grain buyers remained firm at \$380-385/t on a cfr basis on 8 July, according to market participants, shipping to south China's Guangdong province for September delivery. This takes the import cost in excess of 2,900 yuan/t, including 9pc value-added tax and 1pc duties if products fall within the import quota, set at 7.2mn t for each calendar year by the central government.

This makes US corn less competitive for short-term loading compared with domestic product. But China has booked this week five cargoes of US new-crop corn, shipping in February, at \$365/t cfr.

China has maintained its appetite for global corn delivered next year, as domestic supplies normally start to become tight after the first quarter, while buyers' newly issued import quota is also effective after 1 January.

KEY PRICES



Dry grains freight rates			\$/t
Route	Size '000t	\$/t	±
Santos-Qingdao	60	63.50	-1.80
Kalama-Qingdao	65	na	na
Odessa-Qingdao	65	na	na
Novorossiysk-Qingdao	65	na	na
Odessa-Alexandria	65	na	na
Novorossiysk-Alexandria	65	na	na

Grains, oilseeds and veg oils tenders									
Buyer	Issued	Closes	Status	Cargo	Delivery	Price	Seller	Notes	
Pakistan's TCP	7-Jul	18-Jul	Open	300,000t milling wheat	1-25 Aug				cfr Karachi
Bangladesh's food ministry	27-Jun	14-Jul	Open	50,000t 11.5pc milling wheat	40 days of contract signing				cif
Jordan's MIT	7-Jul	14-Jul	Open	100,000-120,000t feed barley	Nov-Dec				cfr
Jordan's MIT	6-Jul	13-Jul	Open	120,000t milling wheat	Nov-Dec				cfr
Japan's Maff	5-Jul	7-Jul	Closed	122,420t milling wheat		¥95-100/bu mwz			US, CA
Egypt's GASC	5-Jul	6-Jul	Closed	15,000 SBO	10-30 Aug	\$1441.89/t	Multitrade	EE27,295/t	cfr
Jordan's MIT	30-Jun	6-Jul	Closed	60,000t feed barley	1-15Oct	\$360.50/t	Transoil international		cfr
Turkey's TMO	29-Jun	5-Jul	Closed	18,000t SFO	20 Jul-29 Aug	\$1,489.80-1,489.90/t	Aves, Yayla Agro		exw Iskenderun, Mersin
Jordan's MIT	29-Jun	5-Jul	Closed	120,000t milling wheat	Oct-Nov	\$427.50/t	Ameropa		cfr
Bangladesh's food ministry	20-Jun	5-Jul	Closed	50,000t 11.5pc milling wheat	40 days of contract signing				cif
Egypt's GASC	3-Jul	4-Jul	Closed	444,000t milling wheat	Sep-Oct	\$416/t	AgroChirnogi, GTCS, LDC, Viterra		cfr
Pakistan's TCP	21-Jun	1-Jul	Cancelled	110,000t milling wheat	1 Aug-15 Sep	\$439.40/t	Cargill		cfr Karachi

NEWS

**Ukraine's winter crop yields rise, harvest continues**

Ukrainian winter grain yields have increased sharply this week, as more regions joined the harvesting, but they were still well below last year's levels.

Farmers threshed 148,000 hectares (ha) of wheat in the week to 7 July, compared with nearly 104,000t at the same time a year ago, with production reaching 356,000t, according to data from Ukraine's agriculture ministry (see chart).

Ukraine's wheat harvesting was only 3pc complete, with average yields rising to 2.41t/ha, up from 1.81t/ha a week earlier, but down from 3.15t/ha at the same point last year because of dry weather conditions in southern and some central regions in the past months (see chart).

Barley harvesting progressed to 14pc complete in the week ending 7 July, up by eight percentage points on the week, with 254,000ha threshed, almost in line with 265,000ha a year earlier (see chart).

About 718,000t of barley has been harvested to date, with yields averaging 2.82t/ha – up from 2.35t/ha a week ago, but sharply lower than 3.93t/ha a year ago (see chart).

Ukraine's rapeseed harvesting reached 43,500ha, or 4pc complete, in the last reporting week. This compared with about 10,000ha at the same time last year.

The average rapeseed yields rose to 1.55t/ha from 1.4t/ha in the previous week but remained lower than 2.3t/ha a year earlier. Farmers have threshed 67,000t of rapeseed so far, which is above the 23,000t threshed over the same period last year.

Ukraine's overall grain and pulse harvesting was 3pc complete as of 7 July, with 417,000ha harvested and 1.1mn t of grains threshed.

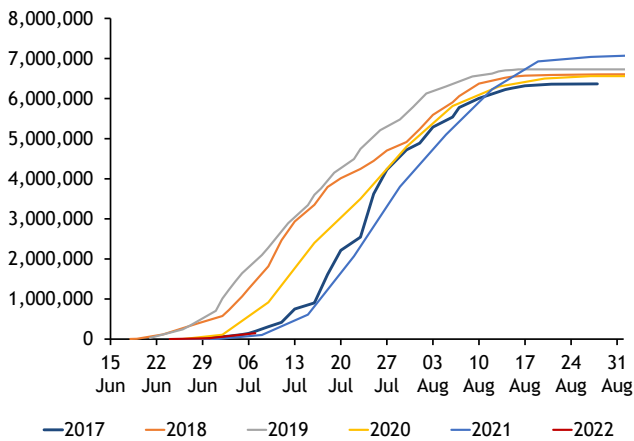
But according to weather forecasts, rain is expected across Ukraine in the next seven days, with the highest precipitation in some parts of central, southern and northern regions. This could hamper field works and result in some harvesting delays.

Ukraine's harvested wheat and barley acreages are forecast at about 5mn ha and 1.8mn ha, respectively, for the 2022-23 season, down from 7.1mn ha and 2.5mn ha in 2021-22, according to the ministry. But rapeseed areas are expected to rise from the previous year to 1.2mn ha, compared with 999,000ha harvested in 2021-22.

By Victoria Blazhko

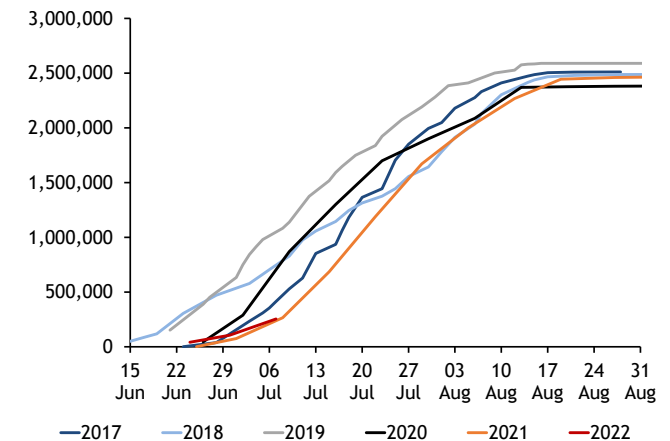
Ukraine wheat harvested areas

ha



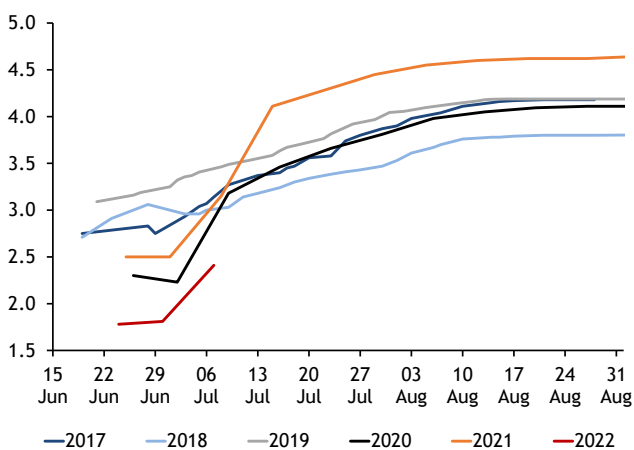
Ukraine barley harvested areas

ha



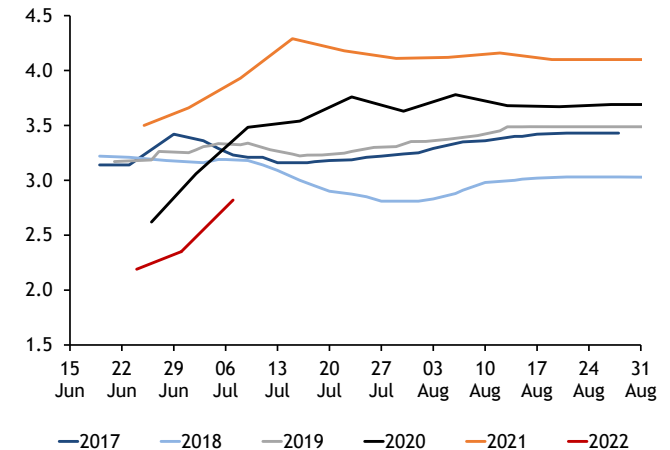
Ukraine wheat yields

t/ha



Ukraine barley yields

t/ha



## Argentinian wheat acreages revised down: Bage

Argentina's wheat acreages have been revised lower by the Buenos Aires Grain Exchange (Bage) owing to unfavourable weather conditions, which have slowed planting progress.

Projected acreages for the 2022-23 crop are now pegged at 6.2mn hectares (ha), down by 100,000ha from the previous forecast. Dry weather in key cropping regions was the reason for the slow planting progress, Bage said.

Wheat sowing reached 85.2pc of the newly projected acreages in the week to 6 July, which was a 11.7 percentage point advancement week on week. Despite the increase, Argentina still lags year-ago levels by 6.1 percentage points.

That said, rain is expected in the coming week, which could allow wheat planting to pick up pace and prevent further revisions to the acreages, Bage said.

Bage's revision matches estimates made earlier by the Rosario grain exchange. Planting in major wheat cropping areas came to an end, with acreages down by a combined 400,000ha on the year in those regions, the Rosario exchange said.

The US Department of Agriculture expects a softer decline in the year, pegging 2022-23 harvested acreages for Argentina at 6.3mn ha, against 6.55mn ha in 2021-22.

Meanwhile, the lack of rainfall last week lowered humidity in the corn fields and allowed corn harvesting to gather pace, according to Bage.

Corn threshing reached 53pc completion by 6 July, which was a 6.5 percentage point progress from the previous week. With the current harvest pace and yields, total production remained at 49mn t.

By Michael Hanbury

## Pakistan's TCP reissues wheat tender

Pakistan's state-run grains agency TCP has returned to the market for milling wheat after cancelling a tender earlier this week.

TCP yesterday announced a tender for 300,000t of milling wheat – minimum protein content of 10pc – closing on 18 July for shipment on 1-25 August. This follows the cancellation of a previous tender, in which the agency was initially understood to have booked 110,000t of product – shipping in August-September – after originally seeking 500,000t. The price of the later-cancelled award to agricultural firm Cargill was \$439.40/t cfr Karachi, nearly \$80/t below the price in Pakistan's prior successful booking on 30 May for June-July shipment.

Pakistan is expected to import more wheat in 2022-23 than it did the previous season – 2.5mn t, up by 14pc on the year – according to the US Department of Agriculture's Foreign Agricultural Service.

TCP cancelled the prior tender on the backdrop of rapidly falling wheat prices, with the Argus-assessed European spot 11.5pc protein content wheat contract having fallen by

\$28.50/t to \$346/t fob Constanta/Varna/Burgas from 20 June to 6 July. But the trend was reversed yesterday when the contract gained \$12.75/t to close at \$358.75/t. If the upward trend continues, TCP may receive higher offers in the new tender than it did in the one it just cancelled.

By Anna Sneidermane

## Dry weather drives early French grain harvest

France's wheat and barley harvest progressed rapidly in the week to 4 July, with the country's southernmost region leading the way, while corn crop conditions improved slightly week on week.

Farmers harvested 14pc of French wheat as of 4 July, according to agricultural and sea products agency FranceAgriMer, representing an increase of nine percentage points on the week. Crop conditions were broadly unchanged on the week, although they remained below last year's ratings due to hot, dry weather, forcing an early harvest. France had harvested just 1pc of soft wheat as of the same date a year earlier.

The southernmost region of Occitanie continued to lead the harvest with over two-thirds of it now complete, while harvesting is yet to begin in the northernmost regions of Hauts-de-France and Normandie. Better crop conditions in the north have widened the spread between French wheat fob prices in recent weeks, with wheat offered on a fob basis at Rouen – the port that handles the most French grain exports – at a substantial discount to fob offers at La Pallice.

French wheat is currently highly competitive in the global market. But a year-on-year fall in wheat crop conditions, combined with significant demand for French-origin wheat early in the year, could outweigh any downwards pressure on prices from an early harvest. Major French ports are understood to be booked at near-full capacity for July-September shipments and there is around 1.2mn t of wheat already lined up for shipment in October.

Meanwhile, harvesting of hard wheat has reached 50pc completion, compared with 15pc a year earlier, with crop conditions unchanged on the week.

On barley, continued dry weather gave impetus to the winter barley harvest, with 83pc now harvested and several regions nearing completion. This compares with just 9pc of areas harvested by the same time a year earlier.

Early harvesting of spring barley also continued, reaching 14pc as of 4 July, compared with just 1pc a year earlier, as farmers decided to harvest as early as possible to avoid above-average temperatures damaging the crop, with more hot weather forecast for the coming week. Crop conditions were broadly unchanged on the week, but the percentage of crop rated "good-to-excellent" slipped by one percentage point to 51pc.

And on corn, 30pc of the new French crop had reached the flowering stage, compared with 1pc at the same point a year earlier. Crop conditions improved slightly on the week

thanks to favourable weather conditions, with the proportion rated “good-to-excellent” rising by one percentage point to 84pc, and the proportion of “poor-to-very poor” falling by the same degree to 3pc. The crop in Occitanie had the poorest ratings, with corn in Ile-de-France and Centre-Val de Loire also showing signs of weather damage.

By *Claudia Jackson*

### US corn and soy sales reach new marketing year low

Corn and soybean sales from the US reached the lowest levels for the crop year last week, as cancellations outpaced new sales.

Net sales of corn totaled -66,600t on the week ending 30 June, down from 88,800t on the previous week, according to data from the US Department of Agriculture.

Canada cancelled 100,700t of US corn imports last week, while another 137,600t for unknown destinations were also cancelled, leading a negative impact on the final net sales. On the buying side, Mexico, China and Japan were the key US importers of corn last week.

Regarding 2022-23 crops, net sales totaled 111,200t, down from 119,300t the week before. Sales were supported by China, Saudi Arabia and Guatemala, while Mexico and Canada were leading reductions.

With the most recent increase, cumulative sales for 2022-23 crops totaled 6.49mn t in the week ending 30 June, up from 6.38mn t the week before, but considerably lagging 15.95mn t the same time a year earlier.

On the other hand, US corn exports reached 1.03mn t last week, a drop of 18pc from the 1.25mn t the week before and 21pc below the four-week average. The main destinations were Mexico, Japan and China.

US cumulative corn exports so far this season stand at 52.5mn t, down from 58.7mn t a year earlier.

Net sales for the 2021-22 soybean season totaled -160,000t, down from -120,200t the week before. Cancellations of 405,800t to unknown destinations and another 59,200t to China offset increases primarily to the Netherlands, Germany and Egypt.

On the other hand, net sales for for the 2022-23 crop year increased to 240,100t last week, from 127,600t the week before. The increase was led mainly by unknown destinations and Mexico.

Soybean exports totaled 504,700t on the week, down from 517,700t seven days before. So far this season, soybean exports total 52.17mn t, down from 58.49mn t a year earlier.

### Western Australia sees faster crop growth

Crop development in Western Australia (WA) has surpassed last year’s pace, but rain is needed in the state’s northern areas, especially over the next two weeks, according to a report by Grain Industry Association of Western Australia (Giwa).

Forecast for total grain output in WA – accounting for 38pc of wheat, 37pc of canola and 25pc of barley production in Australia – remains at 20mn t, the second highest on record. But Giwa has noted a high risk of significant regional variation because of [differing weather conditions](#).

Northern, central and parts of southern areas are at risk of insufficient moisture levels, which could threaten yields because of below-average root-zone soil moisture. And while other parts of southern areas have average to above-average soil moisture levels, they may be at risk of frosts.

Warm conditions in the north in June have resulted in faster crop development, “bulking up” grains. This poses a risk of the crops taking up water faster than expected and preventing build-up of soil moisture before temperatures get even warmer.

As for frost risk in the south, clear weather is forecast for July and August, which could result in a longer period of colder weather than usual.

But crop production estimates are still high for WA, with wheat output pegged at 10.15mn t, barley at 5.25mn t and canola at 2.84mn t.

By *Anna Sneidermane*

### FAO food price index fall for third month in row

Lower global prices for vegetable oils, cereals and sugar in June contributed to the third consecutive monthly drop in the UN Food and Agriculture Organisation’s (FAO) food price index.

The FAO’s June food price index declined by 3.7 points on the month to 154.2 points – a decrease of 2.3pc on the month, but this was still 29 points, or 23.1pc, above the year-ago level.

The ongoing drop in global vegetable oil prices contributed most in the food index decline last month, with the vegetable oil price sub-index averaging 211.8 points – down by 17.4 points, or 7.6pc, from May, driven by lower prices for palm oil, soybean oil, sunflower oil and rapeseed oil.

World palm oil prices declined for the third consecutive month in June, following a seasonal increase in major producing countries’ output, coupled with rising export supplies from Indonesia amid large domestic stocks.

International sunflower oil and soybean oil prices also fell because of subdued global import demand, resulting from rising costs observed in recent months. Meanwhile, the decrease in rapeseed oil prices was driven by the imminent new-crop arrival, as well as demand rationing, according to the FAO.

After a slight rebound in May, the FAO’s cereal price sub-index fell by 7.2 points, or 4.1pc, on the month to 166.3 points in June. But this was still 36 points, or 27.6pc, above the year-ago level.

Global wheat prices fell by 5.7pc in June, after reaching near-record high levels in May, but they were still up by 48.5pc compared with their year-earlier values. The decline resulted from rising supply availability because of new-crop arrival in the northern hemisphere, improved crop conditions in Canada and higher production



prospects in Russia, as well as slower global import demand.

World coarse grain prices also decreased in June, by 4.1pc on the month, with corn prices declining by 3.5pc following large seasonal availabilities in Argentina and Brazil and improved crop conditions in the US. Concerns over demand prospects amid signs of an economic slowdown added to the downward pressure in the global coarse grain market, the FAO said.

By Kristin Yavorska

## US SBO futures fall on palm oil losses

US soybean oil futures fell by 17pc during the past week on recessionary fears and spillover weakness from palm oil futures.

Speculation that Indonesia might raise its palm oil export quotas caused palm oil futures this week to drop by 13pc, further pressuring the edible oils complex.

The August CBOT soybean oil futures contract settled at 60.22¢/lb on 6 July, down from 72.60¢/lb a week earlier.

Crude degummed soybean oil premiums were unchanged everywhere except for fob Iowa, where they fell by 0.5¢/lb to CBOT +4¢/lb.

US soybean emergence during the week ended 3 July rose by 5 percentage points to 96pc, trailing the 98pc emergence rate a year earlier. Soybean blooming rose to 16pc, trailing the five-year average of 22pc and the year-earlier total of 27pc, according to the US Department of Agriculture's *Crop Progress* report.

About 3pc of the US soybean crop is setting pods, on par with a year earlier.

Soybeans rated excellent were 9pc of the crop, with the bulk of the crop in good condition. Poor conditions were reported in 7pc of the soybean crop, with 2pc in very poor condition.

By Jamuna Gautam

## Malaysia's second-half 2022 MOP demand to slow

Malaysia's potash demand and consumption are expected to slow in this year's second half, as palm oil plantations continue to grapple with labour shortages and lower affordability because of a slump in crude palm oil (CPO) prices.

Malaysia's MOP imports in May fell for the first time this year after higher year-on-year imports during January-April. May imports were 71,900t, down by 58pc from a year earlier, GTT trade data show.

Standard MOP consumption in southeast Asia is mainly driven by palm oil plantations in Indonesia and Malaysia, which are the top global palm oil exporters. Standard MOP prices in southeast Asia more than trebled from a year earlier to a midpoint of \$883/t cfr at the start of May from \$282.50/t cfr in May 2021, according to Argus assessments. This has partially been supported by firm CPO futures on the Bursa Malaysia, which were \$1,700.63/t at the start of May compared with \$1,114.75/t a year earlier.

While firmer CPO prices have supported MOP affordability among palm oil plantations for most of this year, buyers are starting to resist the firm prices by reducing or delaying their purchases. A recent fall in CPO prices because of increased supplies from Indonesia has further weakened buying sentiment from plantations.

Firmer MOP imports during January-April this year, coupled with slow domestic sales, also mean that there will be high carryover stocks into the second half of this year, reducing importers' need to buy more cargoes. Malaysia's January-April imports this year rose by 73pc from a year earlier to 1.12mn t on increased arrivals from Jordan and Canada.

Firmer MOP prices and falling CPO futures will likely weigh on demand and consumption of MOP in Malaysia, as plantations look to reduce MOP purchases and turn to NPKs with higher potassium content to replace MOP.

By Huijun Yao



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