Market Report 17th September 2021

Cereals

On the 10th September the USDA published their latest World Agricultural Supply and Demand Estimates.

Wheat – this latest report was tending to the bearish for wheat. One of the key components was a revision to the global beginning stocks for the season, which was increased by 3.73Mt to 292.56Mt. This was due to revised reports from several countries, including Argentina, Bangladesh, Kazakhstan, but most notably Canada who found an additional 1.9Mt and start the 21/22 season with 5.71Mt in store.

Global wheat production has been increased since last month by 3.37Mt to 780.28Mt, whilst demand is also increased 2.96Mt to 789.63Mt. We see an overall increase to ending stocks by 4.16Mt at 283.22Mt to give a stocks to use ratio of 35.87%, up 0.39 percentage points from August.

Increased production is projected from Australia, who are now expected to harvest 31.5Mt, but we also see increases from China and India, although these are offset with reductions in Canada (down 1Mt to 23Mt compared to last year's 35.18Mt) as well as Argentina.

Chinese demand has been increased by 1Mt to 149Mt and although they are projected to produce 136.9Mt of their own, the import expectation hasn't changed at 10Mt, but the ending stocks are down 0.6Mt to 141.02Mt. This then leaves 49.8% of the world's wheat stocks in China at the end of the season.

So, ostensibly we should be seeing a price reduction – which we did at the beginning of the week, but this has been reversed dramatically with new reports from Russia's IKAR and the EU's Strategie Grains downgrading regional wheat production. This is further combined with lowered supply from Canada (Stats Canada revised wheat production down at 21.7Mt). French wheat has also been reduced to 36.1Mt by their Ministry of Agriculture and only 25% of this is expected to make milling grade. Russian export taxes are due to increase to $70/tonne by the middle of next month, making their lowered exportable surplus more expensive. These are all major export countries and add fears for tightening global availability.

Maize – This is most definitely bearish compared to last month. Beginning stocks were increased 5.73Mt from last month to 286.48Mt. This additional material has been discovered in the US, Argentina and Ukraine, but most striking is China who are up 4.01Mt to 202.19Mt.

Maize production has been elevated an impressive 11.65Mt to 1197.77Mt and demand is also increased 4.38Mt to 1186.62Mt. This then gives ending stocks of 297.63Mt, an increase of 13Mt from August.

It is US production which leads the field, with an increase of 6.25Mt to 380.93Mt, but China aren't far behind with an increase of 5Mt to 273Mt. Demand increases come from the US and Canada, whereas Chinese usage remains static at 294Mt. Chinese ending stocks are increased thanks to their opening stocks. With 207.17Mt they will have a huge 69.6% of the world's maize at the end of the season.

Coarse Grains (maize, sorghum, barley, oats, rye, millet, and mixed grains)- Production has been increased by 12.49Mt to 1496.89Mt. This demonstrates that the other grains have also fared well as the lift is more than can be accounted for by just the increased maize. Demand is also revised upwards by 4.69Mt to 1489.63Mt, which is pretty much all down to maize. With ending stocks

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increased by 12.81Mt to 323.82Mt and China mostly holding maize reserves, they account for 64.2% of the worlds stocks, demonstrating that some 26Mt of other mixed grains is stored elsewhere.

Latest average UK ex farm prices for September is at £177.35/tonne and barley reported down to £166.23/tonne.

London Wheat (Nov 21)



Proteins

Soya should also be regarded as potentially bearish from the WASDE report.

Production levels have been increased slightly by 0.79Mt to 384.42Mt and demand is actually decreased by 0.22Mt to 387.37Mt. Both beginning and ending stocks are increased to 95.08Mt and 98.89Mt respectively, so the stocks:use ratio is up 0.79 percentage points to 21.74%.

Chinese opening stocks have been increased 2Mt to 32.80Mt and with ending stocks of 35Mt (also up 2Mt from last month). They will hold 35.4% of the world's soybeans at the end of 21/22.

It was revisions to US production which helped matters. Their tonnage was increased by nearly one million tonnes to a total of 119.04Mt. The current crop rating is 57% good to excellent, which is 6 percentage points lower than last year. Brazil is still pegged to produce a staggering 144Mt thanks to an expected increase in planted area and Argentina at 52Mt.

We see no change in Chinese imports (101Mt) or demand (117.7Mt) this month.

Hipro Soya – production is slightly down (0.23Mt) at 258.46Mt and demand slightly up (0.28Mt) to 253Mt. Ending stocks and stocks:use ratio are fairly static at 11.54Mt and 4.56% respectively.

It would appear that China are playing the market, as Cefetra report. It looks as though they bought 10 cargoes of soya from Brazil for delivery Oct/Nov, but cancelled some orders from the US. This doesn't appear to be down to prices, rather the ability to deliver with US Gulf ports still undergoing repairs from Hurricane Ida, although good remedial progress is being made.

With the ongoing issues with the depth of the Parana River, some 1Mt of soya beans are stuck in Paraguay. There is dredging occurring, but it will be some time before this and additional rainfall can make shipments possible.

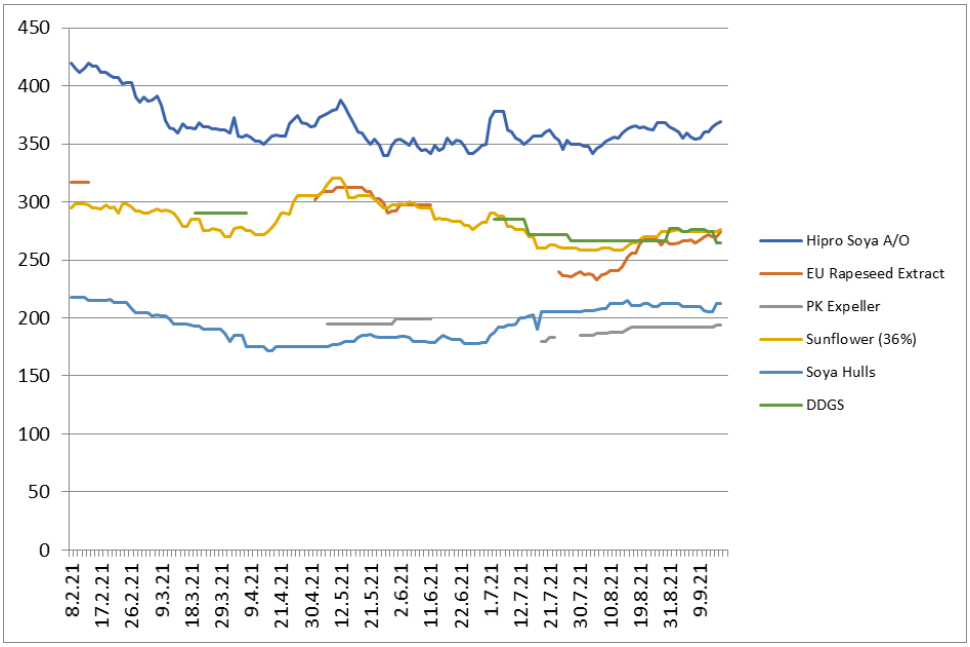
Canadian canola production has been downgraded 2Mt from last month by Stats Canada. Now expected to harvest 12.8Mt

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August beans and peas are down £1/tonne each from last week at £217 and £209 ex farm respectively.

Brent Crude is up from last week at $75.12/barrel.

Protein Prices



Brent Crude $/Barrel

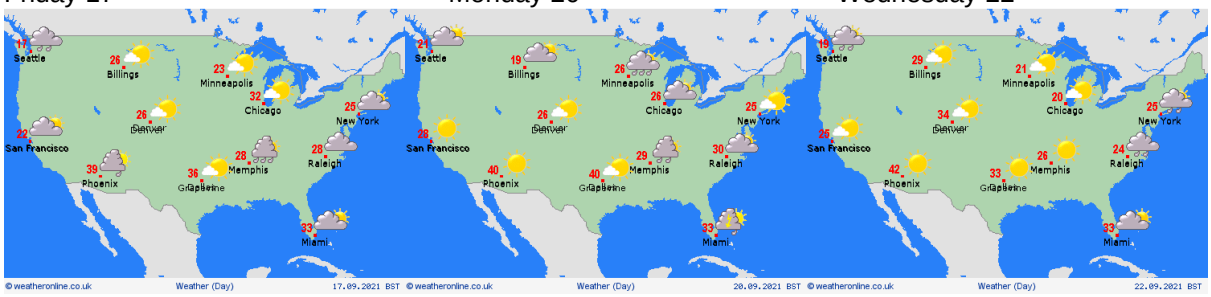


Taken from Hargreaves Lansdown

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USA Weather

Friday 17th | Monday 20th | Wednesday 22nd



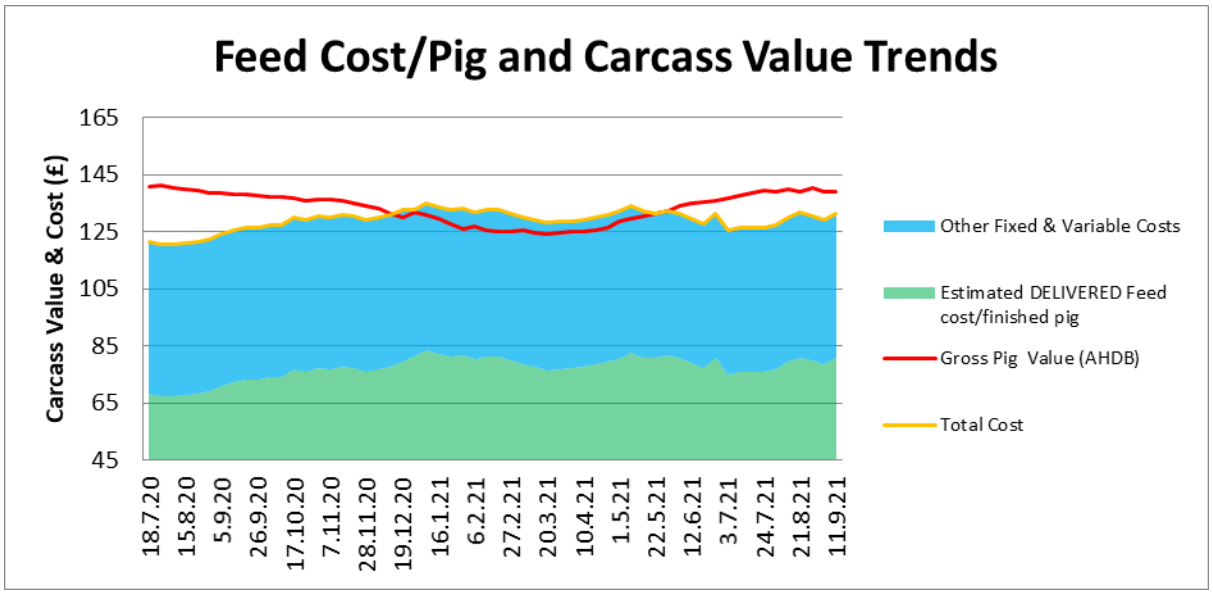
Could be a bit catchy for harvest in some areas.

http://www.weatheronline.co.uk/

WASDE for the 21/22 Season

Projected	Sep-21				
	Wheat	**Maize**	**Soya**	**Coarse Grain**	**Soya Meal**
Production (Million Tonnes)	780.28	1197.77	384.42	1496.89	258.46
Difference from previous month	**3.37**	**11.65**	**0.79**	**12.49**	**-0.23**
Demand (Million Tonnes)	789.63	1186.62	378.37	1489.63	253.00
Difference from previous month	**2.96**	**4.38**	**-0.22**	**4.69**	**0.28**
End Stocks (Million Tonnes)	283.22	297.63	98.89	323.82	11.54
Difference from previous month	4.16	13.00	2.74	12.81	-0.05
Stocks:Use (%)	35.87	25.08	26.14	21.74	4.56
Difference from previous month	0.39	1.01	0.74	0.79	-0.02

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The carcass value data is based on most recent SPP and carcass weight information. The *estimated* feed costs are based on Baynes Nutrition Ltd calculations. The ***November 2021*** DELIVERED costing is RM costing + £35/tonne for anticipated manufacture & delivery charges – which can be seen influencing the graph.

'Other fixed and variable costs' are taken from the estimated Q1 21 figures on the AHDB Pork website under the section 'Cost of Production and Net Margins'.

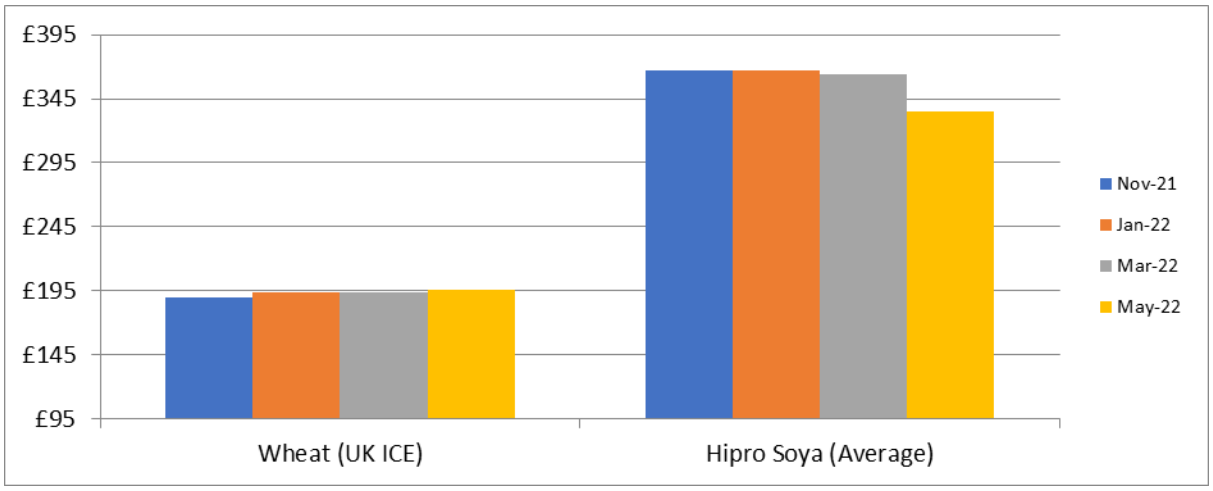
The combination of values used to calculate the "total cost" will vary between farms, raw material suppliers, feed manufacturers and/or processors. Therefore, the presentation of a "total cost" in the graph above is given as guidance only, to be compared and contrasted with individuals own costings.

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Current Commodity Prices – **Note Change in Trading Months**

	Nov-21	Jan-22	Mar-22	May-22
Wheat (UK ICE)	£190.00	£193.85	£194.15	£196.00
Change from Previous Week	£7.25	£6.80	£6.30	£7.00
Hipro Soya (Average)	£367.00	£367.00	£364.00	£335.00
Change from Previous Week	£18.00	£18.00	£15.00	£6.00

Graphical



Impact on Standardised Finished Feed RM Price, based on the current futures market. **Note Change in Trading Months**

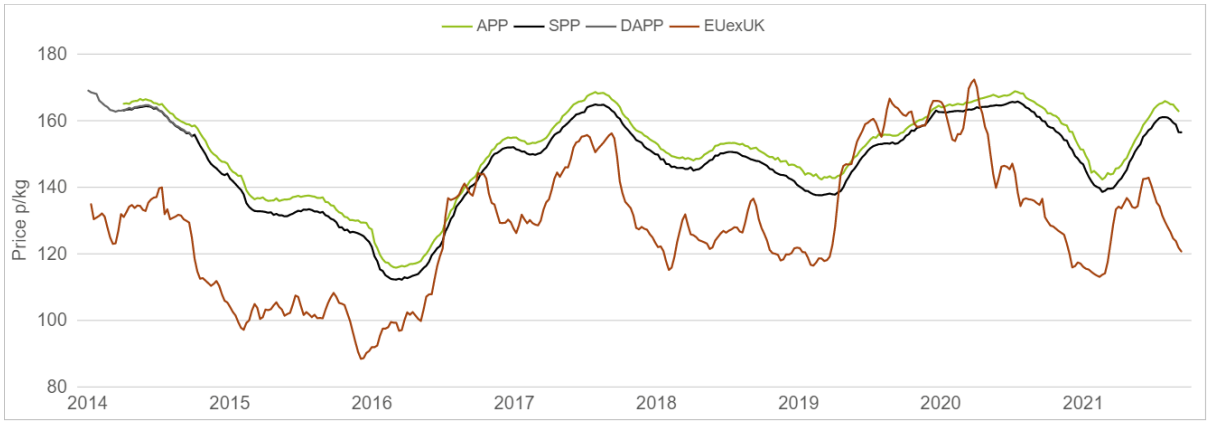
	Based on Current Futures Market		
	Nov-21	**Jan-22**	**Mar-22**
Weaner (15-30kg)	£318	£321	£320
Grower (30-60kg)	£261	£263	£263
Finisher (60kg +)	£244	£247	£247
Dry Sow	£211	£214	£214
Lactating Sow	£285	£289	£288

The information provided in this section is based on a series of fixed formulations. The aim of using a fixed formulation is an aid for comparison that arises due to raw material movements only. The costs shown in previous and the current report(s) is for the raw materials in the fixed formulation only and may bear no relation to other pig diet formulations that may be used by farmers. To these sole raw material costs needs to be added a range of other costs, fixed and variable, to arrive at a purchased price: these are beyond the scope of this report. An expected on-cost is likely to be in the region of £25-£30 for manufacture and haulage elements. Least cost formulation with less common commodities may help bring the cost down.

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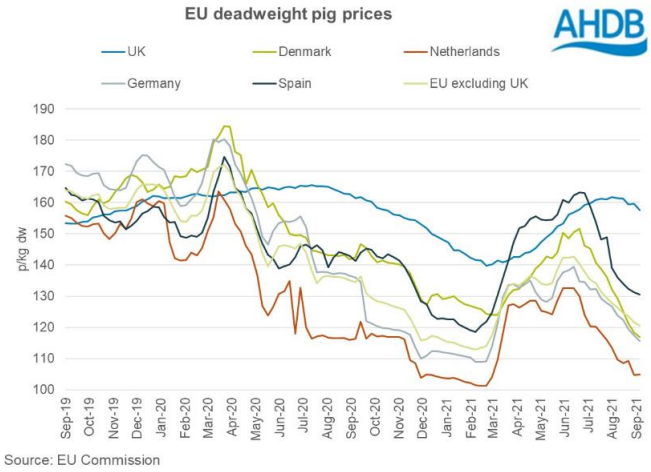
Pig Prices

SPP on 11th September was down a further 0.02p/kg to 156.37p/kg on prices issued by AHDB Pork, with average weights fairly static at 88.89kg, with the % Probe down at 12.71%.



EU reference prices

No update from last week as yet.



Source: EU Commission

Weekly grade E pig reference prices (p/kg dw)								
Week ending	UK	Denmark	Germany	Spain	France	Netherlands	Poland	EU excluding UK
05/09/2021	157.55	116.92	115.58	130.52	126.16	104.99	115.89	120.58
29/08/2021	159.56	118.31	117.55	131.29	125.93	104.80	120.09	121.70
22/08/2021	159.41	121.31	119.41	132.36	125.47	109.27	124.09	123.70
15/08/2021	161.32	125.12	122.40	134.08	124.69	108.58	122.55	124.48
08/08/2021	161.51	129.24	123.83	135.93	125.15	109.72	125.95	126.43
01/08/2021	161.82	132.21	126.72	139.18	125.36	113.48	123.57	127.92

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Pigs – SPP **down** 0.02p at 156.37p/kg as of 11th September
Wheat –November ICE futures UP at £190.00/tonne
Soya – November price UP at ≈>£367/tonne ex dock.

Currency

Down one cent against the dollar, but steady on the Euro

$1.38 for £1
€1.17 for £1

- For your water acidification requirements, please contact me for **Evacide S**. Available in 25, 200 and 1000 litre IBC's. Standard dose rate is 2litres per 1000litres of drinking water.
- **Tried Natuclean? Dry powder bedding conditioner, ideal for the farrowing house.**
- For Starters, Premixes and Concentrates…. Just ask!
- **Ever considered the benefits of a cooperative? Give Fram Farmers a call to discuss on 01728 727700**

I have a good friend who can attest to this, regardless of how much money is spent on the dating app!



With best regards

Phil Baynes BSc PhD FRSB

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*Please note that for a more detailed round up of this week in pigs, subscribe to **"Weekly Tribune"**.*
Contact Graeme Kirk at Pig World - graeme@lewisbusinessmedia.co.uk

Information is gathered from the following sources:
USDA
BPEX
CEFETRA
FT Online
AHDB Cereals and Pork
NPA
Pig World
TVC Ltd.
http://www.weatheronline.co.uk/
Farmers Weekly Interactive
UkrAgroConsult
Soybean & Corn Advisor
Bloomberg.com
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