



Icon Weekly Communications, Week 27

Icon Trading Teams

Grains:

BAGE: Argentina's wheat area estimates were reduced once again and are now expected to total 6.2 million hectares. (Agricensus)

Conab: Brazil is expected to harvest an **all-time high of 9 mmt of wheat** in 2022, up 17.6% from last year's 7.6 mmt. (Agricensus)

India has changed its export policy for wheat flour and asked traders to secure permission before exporting. The **restriction on wheat flour exports** would be effective from July 12. (Reuters)

A **Yemeni delegation** will visit India next week in a bid to secure wheat for the war-ravaged country where strategic food stockpiles are running out.

Yemen's existing strategic food stock piles would last until the end of August. (Reuters)

India's annual monsoon covered the entire India on Saturday, six days earlier than usual. India's rice farmers have planted 4.3 million hectares with the grain so far this season, down 27% y-o-y. The progress of the monsoon, which delivers about 70% of India's annual rainfall, is crucial for rice output and exports from India. (Reuters)

Egypt's strategic wheat reserves are sufficient for 6.5 months, sugar 7.7 months, vegetable oils 6.1 months. (Reuters)

Heatwaves are predicted to sweep through **northern China** in the next two weeks, with more than 250 million people expected to grapple with temperatures exceeding 40 degrees Celsius in some regions. China has faced extreme weather contrasts this summer, with heatwaves in the north and heavy rain and floods in the south. (Reuters)

Italy declares state of emergency for drought stricken north. (CM)

The rice market is rife with speculation on talks that **Iraq's** buying authority for basic food products, including rice, is returning for further purchases. Between January-May, **Thai exporters shipped around 415,000 mt of rice to Iraq** via LDC and ADM, with at least 150,000 mt more scheduled to be shipped in the coming weeks – in addition to what was shipped in June. (Platts)

The Bloomberg Commodity Spot Index, which tracks 23 energy, metal and crop futures contracts, has lost more than 20% after touching the record in June. (Bloomberg)

Ukraine and Russia:

Ukrainian Prime Minister: **The cost of rebuilding Ukraine** following Russia's invasion could reach **\$750 billion** and rich Russians should help pay the bill. (Reuters)

Turkey hopes solution for grain corridor will be found in days. (Erdogan)

Turkey has halted a Russian-flagged cargo ship off its Black Sea coast and is investigating a Ukrainian claim that it was carrying stolen grain. (Reuters)

Russia's foreign ministry said that reports the Russian-flagged cargo ship Zhibek Zholy was detained in the Turkish port of Karasu on suspicion of carrying stolen Ukrainian grain are false, currently "**undergoing standard procedures**". (Reuters)

Norway pledged 1 billion euros (\$1.04 billion) to help Ukraine defend itself, support people in need and for reconstruction in the wake of Russia's invasion. (Reuters)

Russia flattened part of an apartment building while residents slept on Friday in missile **attacks near Ukraine's port of Odesa** that authorities said killed at least 21 people, hours after Russian troops abandoned the Black Sea outpost of Snake Island. (Reuters)

Russian-backed separatists have seized two foreign-flagged ships in the eastern Ukrainian port city of Mariupol, saying they are now "state property", in the first such moves against commercial shipping. (Reuters)

Ukraine is holding talks with Turkey and the UN to secure guarantees for grain exports from Ukrainian port. (Reuters)

The UN food agency received **\$17 million from Japan** to address grain storage problems in Ukraine and increase its exports. (Reuters)

Oilseeds and meals:

Chinese buyers wash-out at least five soybean cargoes sold from the US last week. (Agricensus)

China fails again to sell imported soybeans in the auction on July 8. The demand for imported soybeans sold at state auctions in China was virtually non-existent. (Agricensus)

India has expanded the excise duty exemption for biofuels to encourage the blending of higher proportions of ethanol and components of vegetable oil with gasoline and diesel. (Reuters)

India's palm oil imports in July are set to jump to the **highest in 10 months** because of a hefty correction in prices and as Indonesia allows more exports. India's palm oil imports in July may rise to 700,000 to 800,000 mt, the highest since September 2021. (Reuters)

India asked trade bodies to **reduce edible oil prices** by 15 rupees per litre immediately because prices in the world market have fallen sharply. India buys palm oil mainly from Indonesia, Malaysia and Thailand, while soyoil is mainly sourced from Argentina, Brazil and the United States. India imports sunflower oil from Ukraine and Russia. (Reuters)

Indonesia is considering cutting its palm oil export levy to encourage more shipments, another move to spur exports after a ban designed to protect domestic cooking oil supplies saw palm oil inventories swell. (Reuters)

Malaysia's palm oil stocks are expected to rise 11.7% on the month to 1.7 million mt at the end of June. (Platts)

Palm oil futures hit limit down in Malaysia as recession fears mount, after falling 10% on July 6. (Platts)

Conab: **Brazil's 2021/22 soybean output** estimates were reduced by 0.2% while corn output was increased by 0.4% compared to figures released in early-June. (Agricensus)

Brazil's soybean exports to China down 600k mt y-o-y. (Agricensus)

The effects of the Ukraine-Russia conflict continue to be felt in **sunflower oil markets**, as diminished supplies have sparked a downturn in demand. FOB Black Sea peaked at \$2,600.50/mt on 11 Mar, up 75.7% from the pre-war price at \$1,480/mt on 23 Feb. The cost of sunflower oil has since fallen, **closing at \$1,300.50/mt on 5 July**, down 12.1% from the pre-war level, as Ukraine companies with plentiful supplies of sunflower oil have been selling at a discount, looking to recoup revenue on old stocks. (Platts)

Coffee, Cocoa, Sugar:

Kellogg lost its legal challenge to government plans to **crack down on less healthy food** after a British court rejected its claims that the government's formula to measure the nutritional value of cereals is wrong. The new rules would stop some of Kellogg's breakfast cereals being displayed prominently in grocery stores because of their high sugar content. (Reuters)

Sugar production in the key Center-South Brazil region is expected to total **2.5 million mt** in the second half of June, reflecting a decrease of 13.6% on the year. (Platts)

Meat:

Two more case of African swine fever (ASF) have been confirmed in farm pigs in **Germany**, Germany's federal agriculture ministry said. Some 280 pigs and 1,500 piglets on the farm in Emsland in Lower Saxony were slaughtered. (Reuters)

The spread of African Swine Fever to Germany's most important pig rearing region has dealt a serious blow to the sector with major markets such as China likely to maintain import bans for years to come. (Reuters)

World:

UN FAO: Global food price index fall 2.3% in June over supply surge in cereal and veg oil, falling for the third consecutive month after reaching a record high in March. (Platts)

The Bank of England will conduct an in-depth analysis to enhance surveillance of **"opaque" commodity markets** after Russia's invasion of Ukraine left the central bank without a full picture of risks and vulnerabilities. (Reuters)

Months of protests in **Sri Lanka** over soaring inflation, shortages of food and fuel and lengthy power cuts have created political turmoil in the nation and led to its **first sovereign debt default** since gaining independence from Britain in 1948. (Bloomberg)

Gambia has banned timber exports and permanently revoked all timber export licenses in an effort to combat illegal logging. Gambia exported

approximately 1.6 million rosewood trees between June 2012 and April 2020, most of which were in violation of CITES. (Reuters)

Dutch farmers angered by government plans that may require them to **use less fertilizer and reduce livestock** began a day of protests in the Netherlands on Monday by blocking supermarket distribution hubs in several cities. (Reuters)

The French government will step up probes in the food supply chain to see if companies are using the inflation crisis to hike prices unjustifiably. Government consumer protection agents have already carried out 1,200 inspections in the sector since the start of the year and a hotline would be to flag price irregularities. (Reuters)

Philippine President to boost rice and corn production, seeking to reduce reliance on imports and avoid being hit hard by a food crisis now looming across the world. Marcos has appointed himself agriculture minister, said the Philippines is now at a disadvantageous position over its food supply. (Reuters)

Renewable energy accounted for 49% of German power consumption in the first half of 2022, up 6% percentage points from a year earlier thanks to favourable weather conditions. (Reuters)

Global baby formula makers are bringing products into the US after the country's health regulator relaxed its import policy to address a nationwide shortage. (Reuters)

Fertilisers:

Brazilian fertilizer imports in June jumped 18.6% and totalled 4.15 million tonnes, quashing fears of delivery disruptions amid trade sanctions on key suppliers. Brazil, which imports about 85% of its fertilizer needs, should have enough of these inputs to start planting summer crops like soybeans and first corn starting in September. (Reuters)

Brazil imported record volumes of potassium chloride (KCl) from Canada in the first half of the year, a sign that domestic farmers will have plenty of the fertilizer to nourish crops, boost yields and potentially expand area when sowing starts in September. (Reuters)

Freights:

Russian-backed separatists have **seized two foreign-flagged ships** in the eastern Ukrainian port city of Mariupol, saying they are now "state property", in the first such moves against commercial shipping. (Reuters)

Ukraine's minister for infrastructure has unveiled a \$5b integrated road, rail and port strategy aimed at boosting the country's transport capability. (Agricensus)

Panamax Market: Overall, it was further week of red numbers for the Panamax indices, a rather flat market with limited activity again. Despite a quiet market, numbers drifted and little activity reported. FFA and the Cape market failed to offer any solace with the market seemingly drifting.

Panamax Index – 2223 (down 11.43 % over last week)

Panamax 4 TC – 18,674 (down 12.25 % over last week)

Panamax 5 TC – 20,010 (down 11.43 % over last week)

P2A (Continent/Far East) – 28,994 (down 6.57 % over last week)

P6A (Singapore/ECSA RV) – 20,909 (down 12.07 % over last week)

Supramax Market: Slow start to the week due to US holidays and limited activity from the Atlantic. Little information from Asia as they stay put to see a clear direction. The fall in Baltic Index can be explained due to slightly Too many vessels open for cargo in Asia the caused the Baltic Index to fall.

BSI 10TC – 23,797 (down 5.86 % over last week)

S1B (Canakkale via Med-Bsea/China-S.Korea) – 20,554 (down 4.26 % over last week)

S4B (Skaw-Passero/USG) – 15,936 (down 1.74 % over last week)

Handy Market: Sentiment in the Pacific was further eroded this week amid limited fresh enquiry. Many hope that rates should flatten out before long, but a bottom has yet to be found so far. In the Atlantic, sentiment generally remains soft and rates remain well below recent highs, though there were some signs of tighter tonnage in the USG

BHSI 7 TC – 21,338 (down 7.66 % over last week)

HS1 (Cont med-ECSA) – 13,457 (down 3.88 % over last week)

HS3 (ECSA/Cont-Med) – 26,889 (down 9.98 % over last week)

Tenders:

South Korea's MFG bought corn:

- 68,000 mt, 337.25 USD/mt, CNF, shipment Oct

South Korea's MFG bought corn:

- 70,000 mt, 321.49 USD/mt, Olam, shipment Nov
- 70,000 mt, 321.00 USD/mt, Viterra, shipment Oct

South Korea's NOFI bought corn:

- 65,000 mt, 398.98 USD/mt, POSCO, shipment Jul – Aug

South Korea's FLC bought corn:

- 65,000 mt, CHS, South America origin

South Korean's mills bought wheat:

- 50,000 mt, US origin, shipment Sep
- 100 mt, Australian origin, shipment Nov

Pakistan bought wheat:

- 110,000 mt, 76 USD/mt less than last tender, shipment Aug

Philippines tenders for feed wheat:

- 50,000 mt, shipment Oct – Dec

Egypt's GASC bought wheat:

- 444,000 mt, 416 USD/mt, shipment Sep – Oct

Jordan bought wheat:

- 120,000 mt, 427.50 USD/mt, Ameropa, Shipment Oct – Nov

Jordan bought barley:

- 60,000 mt, 360.50 USD/mt, TOI Commodities, Shipment Oct

Jordan tenders for:

- 70,000 mt, feed wheat
- 40,000 mt, barley
- Shipment Oct – Dec

Last week:**South Korea's KFA** bought corn:

- 58,000 mt, 343.49 USD/mt, Olam, shipment Oct

South Korea's NOFI bought corn:

- 136,000 mt, COFCO POSCO, shipment Oct

South Korea's MFG bought corn:

- 136,000 mt, Olam

Taiwan's MFIG and FMA bought:

- 55,000 mt corn, shipment Aug – Sep
- 40,000 mt wheat, shipment Aug – Sep

Egypt's GASC bought wheat:

- 350,000 mt, French origin
- 240,000 mt, Romanian origin
- 175,000 mt, Russian origin
- 50,000 mt, Bulgarian origin

Jordan's MIT bought wheat:

- 60,000 mt, 445 USD/mt, shipment Sep

Saudi Arabia's SAGO bought wheat:

- 495,000 mt, 441.93 USD/mt, shipment Nov-Jan

Turkey's TMO tenders for sunoil:

- 18,000 mt, shipment Jul – Aug

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