



Icon Weekly Communications, Week 28

Icon Trading Teams

Grains:

FranceAgriMer: **French soft wheat exports** outside the European Union are expected to reach **a three-year high** in 2022/23 after a strong start to the season. (Reuters)

French wheat harvest hits 50% complete by July 11, soft wheat conditions were improved by one percentage point to 64% good or excellent. (Agricensus)

Brazil is expected to start **exporting corn to China in 2023**, as the crops will have to be monitored before the grain shipment. (Agricensus)

BAGE: lack of rain continues to **slow Argentina wheat planting**. (Agricensus)

China's wheat production for the summer harvest increased 1% from the previous year on higher planting acreage and yield.

China will sign quarantine agreements for imports of **Brazilian corn** and peanuts, Myanmar corn, and Malawi soybeans

The USDA's local attache post in **China** has increased the country's 2022/23 **feed demand to 283.5 million mt**, on **recovering demand for hog feed**. (Agricensus)

Across **Canada's** major crop producing provinces, **rainfall** over the week continued to help advance crop development. (Agricensus)

Canadian wheat takes on bigger role in combating food security issues amid Ukraine war. Canada accounts for only 4%-4.5% of global wheat production, but in 2021 accounted for 7.7% of total global exports. WASDE estimates that the next marketing year will jump to 12% of global volume. (APK)

The UAE has pledged \$2 billion to help develop a series of "food parks" in India to tackle food insecurity in South Asia and the Middle East. The projects would be supported by the Israeli and U.S. private sectors. (Reuters)

Nigeria has approved imports of **a drought-resistant, genetically modified wheat** developed by Argentina's Bioceres. Nigeria, joins the list of others who have already authorized the importation of goods made from Bioceres' HB4 wheat, including Australia, New Zealand and Brazil. (Reuters)

Malawi's maize output declined by 18.9% in the 2021/22 farming year due to a combination of factors like drought, tropical cyclones and inadequate supply of subsidized fertiliser. (Reuters)

La Nina conditions will likely continue through 2022, but the odds for the weather pattern prevailing between July and September in the Northern Hemisphere have decreased to about 60%. (Reuters)

Ukraine and Russia:

Ukrainian President Volodymyr Zelenskiy held talks with Turkish leader Tayyip Erdogan on the need to **unblock Ukraine's ports and resume its grain exports**. (Reuters)

The first 8 foreign vessels for the transportation of agricultural products have arrived in the ports of Ukraine, the Naval Forces of the Armed Forces of Ukraine reported. (Twitter, @LSynkovska)

Russia's proposals on how to resume Ukrainian grain exports were "largely supported" by negotiators at talks this week in Istanbul and an agreement is close. The ministry said that work on what it calls the "Black Sea Initiative" will be finalised soon. (Reuters)

During 1 – 13 July, **Ukraine has exported 556 kmt of grains and pulses**. The total included 113 kmt of wheat, 37 kmt of barley and 403 kmt of corn. (APK)

Ukrhydrometcenter: **Lowering of temperatures** was very favourable for all crops in Ukraine in early June. (APK)

Purchasing prices of barley decreasing in Russian seaports. The prices are pressured by sharp decrease of barley price on the FOB market and fast progress of harvesting campaign in the country. These factors fully offset the support from smaller export duty and lowering of the ruble against the dollar. (APK)

Oilseeds and meals:

Indonesia plans to increase the content of palm oil-based fuel in its biodiesel to 35%, known as **B35**, from 30%, starting on July 20. "While we wait for the result of the B40 road test, the government would implement B35." (Reuters)

Indonesia has temporarily **stopped sending its citizens to work in Malaysia**, including thousands recruited for the plantation sector. The freeze is the latest blow for Malaysia, which is facing a shortage of some 1.2 million workers that could derail its economic recovery. (Reuters)

The **Brazilian** Association of Vegetable Oil Industries (Abiove) reduced its **soybean export estimates to 76.8 mmt**. (Agricensus)

Brazil is on track to produce **record volumes of soybean meal and oil** in the 2021-22 marketing year (Oct-Sep), possibly surpassing such marks in the upcoming season amid persistently attractive crush margins for local processors. (S&P)

Indonesia's palm oil industry is urging authorities to **ease export restrictions** and taxes so it can sell product that risks going to waste, as an upcoming harvest season is likely to keep inventories at full capacity. (Reuters)

Indonesia booked a larger-than-expected **trade surplus of \$5.09 billion** in June, as palm oil exports surged after the lifting of an export ban a month earlier while coal shipments to Europe also jumped. (Reuters)

Ample monsoon rain in the first half of July accelerated planting of main summer-sown crops such as **soybean, cotton and pulses in India**, although rice planting is still lagging behind due to scant rainfall in northern states. (Reuters)

USDA: **EU27** combined demand for **biodiesels** won't grow in 2022. (Agricensus)

China sold 14,417 mt of soybeans (**3%**) out of the 501,700 mt offered in the 17th auction. (Agricensus)

China's import of soybean in June declined from the previous month, as well as the prior year. (Agricensus)

To date, **about 15-20% of oil extraction plants have resumed operating in Ukraine** after all of them stopped their processing activity in March due to the full-scale invasion of Russia into Ukraine. (APK)

Coffee, Cocoa, Sugar:

Major cocoa buyers have agreed to pay a premium and back a price floor on cocoa sold by Ivory Coast and Ghana as part of an agreement to combat poverty among farmers. Cocoa industry players will back a fixed "living income differential" (LID) of \$400 a tonne on all cocoa contracts sold by Ivory Coast or Ghana. Buyers will also pay a country premium that will enable cocoa regulators in both countries to reach a target floor price of \$2,600 per tonne which should allow farmers to earn a minimum of 70% of the target floor price. (Reuters)

Consumers are cutting back on chocolate due to the cost of living crises in Europe and the US. Overall U.S. chocolate retail sales volumes have been "off and down" 2% to 3% over the last couple of months as prices have risen in the "high single-digit, low double-digit" range, said Hershey. (Reuters)

Barry Callebaut would **restart the first chocolate production** lines as of early August at its factory in Wieze, Belgium, following a salmonella outbreak at the site. Barry Callebaut reported that "the cleaning of the chocolate lines affected by the entry of salmonella-positive lecithin in its factory in Wieze, Belgium, is progressing well". (Reuters)

Restaurateur Anton Pinskiy will become a co-owner of **Starbucks Corp's coffee shops in Russia**. (Reuters)

Meat:

Indonesia will start exporting chicken to Singapore this week amid shortage. The first shipment of 50 tonnes of frozen chicken, valued at 2 billion Indonesian rupiah (\$133,467), was due to leave for Singapore on July 15. (Reuters)

World:

Sardinian farmers suffer worst locust invasion in over 30 years. (Reuters)

British power generator Drax Group Plc will expand its operations into Japan to ramp up its supply of sustainable biomass pellets in Asia. Drax aims to increase its wood pellet production capacity from 5 million tonnes a year currently to 8 million tonnes a year by 2030, targeting European and Asian markets. (Reuters)

Japan's biggest power generator **JERA** is set to **start a new 1.07 gigawatt (GW) coal-fired power plant in Taketoyo** in central Japan early next month,

which could help to alleviate an electricity crunch in the summer and winter. (Reuters)

New legislation approved by the Brazilian Congress reinstates a **tax advantage to biofuels** compared with fossil fuels, which should benefit companies producing ethanol in the long-term. (Reuters)

Greece scored a win in its fight to protect their right to the term 'Feta' as Europe's top court reprimanded Denmark for not blocking local companies from using the name for sales outside the European Union. (Reuters)

Chinese President **Xi Jinping visited Xinjiang** this week, making his first trip in eight years. (Reuters)

China's exports rose at the fastest pace in five months in June as factories revved up after the lifting of COVID lockdowns, but a sharp slowdown in imports, fresh virus flare-ups and a darkening global outlook pointed to a bumpy road ahead for China. (Reuters)

South Korea's biggest refiner SK Innovation has invested \$20 million in a US biofuel company as part of its push for a shift into green energy businesses. (S&P)

Freights:

Faced with uncertainty about which fuels to use in the long term to cut greenhouse gas emissions, many shipping firms are sticking with **ageing fleets**, but older vessels may soon have to start sailing slower to comply with new environmental rules. (Reuters)

The ongoing **heatwave in northwestern Europe** has caused water levels on the **Rhine River** to fall sharply this week forcing operators to limit cargoes and raise costs. (Agricensus)

Freight rates extended losses this week as fears of a global economic recession contributed to fresh reductions. (Agricensus)

The **recapture** of a strategically significant **island off the coast of the Black Sea port of Odesa** by Ukrainian forces has enabled trans-shipment export options.

Panamax Market: The was limited supply of cargo on both the hemispheres. In the Atlantic, despite low tonnage supply, levels continue to drop on back of thin volume of cargoes. However, the North Atlantic seems to be finding some sort of support as longer delays in North Continent ports keeping a lid on vessels output. ECSA has also followed the same suit with levels sub 20K for August loaders. Transatlantic trips have dipped well into the teens and fronthauls are being concluded in the high 20,000's. The Pacific market held up a bit better than the Atlantic at the start of the week, but trend is weaker for the past few days.

Panamax Index – 1885 (down 17.93% over last week)

Panamax 4 TC – 15,633 (down 19.45 % over last week)

Panamax 5 TC – 16,696 (down 17.92 % over last week)

P2A (Continent/Far East) – 25,718 (down 12.74 % over last week)

P6A (Singapore/ECSA RV) – 17,295 (down 20.90 % over last week)

Supramax Market: Quiet start to the week with holidays across the board. Slight dip in the count of vessels heading to the South Atlantic, from all-time high levels. Slight increase in vessels heading to the North Atlantic. Continued decline in vessels heading Med / Black Sea.

BSI 10TC – 22,424 (down 6.12 % over last week)

S1B (Canakkale via Med-Bsea/China-S.Korea) – 19,713 (down 4.27 % over last week)

S4B (Skaw-Passero/USG) – 15,629 (down 1.96 % over last week)

Handy Market: In the Atlantic, tighter tonnage and steady demand in the USG supported Supramax rates in the north, but this was against the prevailing trend in the basin, with ECSA in particular thin on cargo. In the Pacific, sentiment and rates were softer this week, though some hope that floor may now have been found.

BHSI 7 TC – 21,249 (down 0.42 % over last week)

HS1 (Cont med-ECSA) – 13,250 (down 1.56 % over last week)

HS3 (ECSA/Cont-Med) – 28,869 (up 6.8 % over last week)

Tenders:

Philippines bought feed wheat:

- 110,000 mt

Philippines four buyers bought feed wheat:

- 235,000 mt, shipment Sep – Nov

South Korea's NOFI bought feed wheat:

- 65,000 mt, Australian origin, shipment Oct

South Korea's NOFI tenders for corn:

- 138,000 mt, Australian origin, shipment Oct

South Korea's KFA bought corn:

- 68,000 mt, 324.99 USD/mt, Sierentz, shipment Oct

South Korea's MFG bought corn:

- 68,000 mt, 333.75 USD/mt, Cargill, shipment Nov

Taiwan's FMA bought wheat:

- 44,725 mt, US origin, shipment Sep

Jordan bought wheat:

- 60,000 mt, 413 USD/mt, Ameropa, shipment Sep

Last week:

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

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