



## Icon Weekly Communications, Week 30

### Icon Trading Teams

**US GDP declined** unexpectedly for the **second straight quarter**, increasing the odds of a **recession** this year. The data came one day after the Fed announced an interest rate hike for the second month in a row. A Bloomberg survey of economists found that the probability of a recession in the next 12 months is almost 50% (Bloomberg)

#### Grains:

**French weekly corn crop conditions** declined sharply by 7 percentage points to stand at 68% good-to-excellent due to heat. (Agricensus)

**Brazil's** agriculture minister Marcos Montes said the country is discussing with **Chinese government** the advance of **corn exports** to 2022. (Agricensus)

**Kazakhstan** is expected to increase its **wheat production** in the 2022/23 marketing year, with official government data calling 30% boost. (Agricensus)

**Hungary** has harvested 3.9 million tonnes of **autumn wheat** and 1.4 million tonnes of barley as the harvest season ended earlier than usual due to this year's **heat and drought**. The total amount of wheat harvested in Hungary was about 25% less than the average yield in the past five years. Last year the country harvested 5.3 million tonnes of wheat. (Reuters)

**Egypt** has **cancelled contracts** for a total of 240,000 tonnes of **Ukrainian wheat** that were booked by its state grains buyer for February and March delivery but never loaded due to Russia's invasion of Ukraine. The four cancelled cargoes were bought in December at prices \$346 - \$360 per mt, including shipping costs. The fifth loaded cargo is stuck at Ukraine's Chornomorsk Port but is expected to sail once it has the green light from port officials. (Reuters)

Rocky **trade relations** between the **United States and China** have recently taken a back seat to the conflict between major grain exporters Ukraine and Russia, but U.S. officials last week accused Beijing of stockpiling grain amid a global food crisis. (Reuters)

**Tightness in labour supply** remains at the forefront of challenges currently facing **Australia's grain industry**, with logistical infrastructure constraints following closely.

#### **Ukraine and Russia:**

**Russian forces** have struck port infrastructure in **Ukraine's southern Mykolaiv region**. Last Saturday, Russia struck another southern Ukrainian port of Odesa, casting doubt on a plan to restart Ukrainian grain exports. US would continue to explore options with the international community to increase Ukraine exports through overland routes. (Reuters)

Russian Deputy Foreign Minister said that a **Turkish-brokered deal to unblock Ukrainian grain exports** on the Black Sea **could collapse** if obstacles to Russia's agricultural exports are not promptly removed. (Reuters)

The World Food Programme (**WFP**) was **optimistic** about a U.N.-brokered deal to **reopen Ukrainian ports for grain exports** but warned the agreement alone will not solve the global food crisis even if it is implemented effectively. The agency says some 47 million people face "acute hunger" this year due to the current global food crisis. (Reuters)

**Russian forces have taken over Ukraine's second biggest power plant**, following an earlier claim by Russian-backed forces to have captured it intact. (Reuters)

An official at a Turkey-based grains trading company **denied** that **barley and flour** aboard a ship docked in a Lebanese port had been stolen from Ukraine. (Reuters)

Zelenskiy says **Ukraine ready to ship grain**, awaits signal to start. (Reuters)

Within the next two weeks, **the terminals of the three ports of Odessa will betechnically ready for export**. The first ships will leave the port of **Chornomorsk**, then **Odessa**, and after that **Pivdennyi**. (APK)

**The pace of Russian wheat exports** slowed again in the week to July 27, **falling by 30%** after a sharp drop the previous week. (Agricensus)

**Ports of Mykolaiv** may join Ukrainian grain export deal. (APK)

Romanian port of **Constanta** has already transshipped **1.3 mmt of Ukrainian grains** since the start of full-scale invasion of Russia.

Turkey expects **Ukraine to export 20-25 mln tonnes** of grain via "grain corridor". (APK)

Ukraine will export about **1.3 mmt** of agricultural products from the **Danube ports in July**. Currently Ukraine exported approximately 50% of agricultural products via the Danube ports. Rail transportation accounts for 30% of agricultural export, and roads – for 20%. (APK)

**Grain harvesting 30% completed in Ukraine**. (APK)

**UN: The first ship with Ukrainian grain can leave the port of Chornomorsk on July 29**. (APK)

SovEcon raised forecast of **Russian wheat crop** in 2022 by 1.7 mmt to 90.9 mmt. As of July 28, Russian wheat harvest has reached 34.5 mmt. (APK)

#### **Oilseeds and meals:**

**Indian traders** are expecting to **receive up to 60,000 mt of sunflower oil** from **Ukraine** after Russia agreed to reopen some Black Sea corridors for agricultural exports. (Agricensus)

**Canadian grain and oilseeds** exports more than doubled through the week ending July 24. (Agricensus)

**Paraguayan soybean crushers plan** to interrupt processing by mid-August, due to the lack of soybean supplies. (Agricensus)

Negotiations to allow for the export of **Brazilian soymeal to China** are making progress, according to Brazil's Ministry of Agriculture. (Agricensus)

Celeres: **Brazil's soybean exports in 2022** are expected to reach 78 million mt, 9.4% lower than last year's 86.1 million mt volume. (Agricensus)

The Malaysian Palm Oil Council (**MPOC**) and the Indian Vegetable Oil Producers Association (**IVPA**) have signed a MOU to deepen cooperation on **palm oil**. (Agricensus)

**Germany's rapeseed meal exports** in the 2020/21 marketing year fell to a three year low at 1.5 million mt, on lower rapeseed available for processing and high meal prices. (Agricensus)

#### **Coffee, Cocoa, Sugar:**

**Nestle** has started operations at its **new coffee processing plant in Mexico**, its largest instant coffee site in the world, where it invested \$340 million to process 670,000 bags per year. Mexico has sharply increased Brazilian coffee imports in recent years, from only 62,000 bags in 2017 to a record 920,000 bags in 2021, of which 85% were robusta beans, according to Cecafe. (Reuters)

**Coffee shop sales** in the US have not fully recovered from a deep slump early in the COVID-19 pandemic, because most customers are still working from home for at least a third of their work time. (Reuters)

**Ivory Coast and Ghana would next month raise the premium** for cocoa beans as they step up efforts to tackle farmer poverty. **Ivory Coast's** Coffee and Cocoa Council (CCC) has set its **premium at zero for August** compared with -125 pounds/mt in July. **Ghana's** regulator Cocobod will raise its origin differential to **20 pounds/mt in August** from -50 pounds/mt in July. (Reuters)

#### **Meat:**

Top **U.S. cattle feeding companies** sent **1,000-pound carcasses to a Kansas landfill**, where they were flattened by loader machines and mixed with trash, after a June heatwave killed thousands of cows. (Reuters)

The carcasses of **thousands of migrant seabirds** have washed up on the shores of eastern Canada this week and preliminary findings showed that the birds **died of avian flu**. Since May 2022, the Canadian Food Inspection Agency has confirmed 13 positive cases of highly pathogenic avian influenza in the eastern Canadian province of Newfoundland. (Reuters)

#### **World:**

Consumer giants **Coca Cola Co**, **McDonald's Corp** and **Unilever** said that their **products were selling well**, despite price hikes. (Reuters)

**Mondelez International** Inc raised its revenue forecast for the full year after posting **better-than-expected quarterly results**, as higher product prices failed to quell demand for the **Oreo** maker's snacks and chocolates. For the second quarter, Mondelez's net revenue rose about 10% to \$7.27 billion, beating estimates of \$6.78 billion. (Reuters)

**The leaders of China and Indonesia** pledged to **scale up trade and expand cooperation** in areas such as agriculture and food security, following a rare visit to China. Indonesia is an important source of ferronickel, coal, copper and natural gas for the world's second-largest economy. **In the first half of**

**2022, Chinese imports from Indonesia, mostly commodities, surged 34.2% on year, the most after Russia.** (Reuters)

**Philippine President** outlined ambitious plans for his **six-year term in office** that focus on fiscal management, infrastructure upgrades and turning the long-neglected farm sector into an engine of growth. (Reuters)

French dairy group **Lactalis has bought Ambrosi from Switzerland's Emmi** and the family that founded the Italian **cheese maker**. Source told Reuters that the deal gives Ambrosi an enterprise value of about 300 million euros (\$307 million) and allows Lactalis to widen its product range and create several production synergies. (Reuters)

**Tight global grain supplies** are expected to keep profits as crop merchant **ADM** remain strong for the rest of the year, with shipments from Ukraine likely to restart slowly. Shares climbed 5% to their highest in more than a month after the company **reported a 74% rise in second-quarter earnings**. (Reuters)

**India launched its first international bullion exchange** as India tries to bring transparency to the market for the precious metal. India International Bullion Exchange (**IIBX**), based at Gujarat International Finance Tec-City, could lead to standard gold pricing in India and make it easier for small bullion dealers and jewellers to trade. (Reuters)

**Glencore** is expected to **report record profit** next week, driven by surging thermal coal prices and record trading returns.

#### **Fertilisers:**

Germany's **BASF**, one of the world largest fertiliser producers, is to implement fresh **cuts to its ammonia production** in response to soaring gas prices. (Agricensus)

#### **Freights:**

The ports of **Odessa, Chornomorsk and Pivdennyi** have **resumed operating** under the agreement on the unblocking of Ukrainian grain export. Ships will enter and leave the seaports by forming a caravan that will be accompanied by a lead ship. (APK)

Finding enough **seafarers willing to sail ships** stuck inside Ukraine's ports is set to pose **a major challenge** to the proposed grains corridor designed to ease an international food crisis. Ukrainian seafarers make up 4% of the total global mariner workforce of 1.89 million sailors, according to trade associations the International Chamber of Shipping and BIMCO. (Reuters)

**Freight rates remain stable** despite promise of more Chinese stimulus. (Agricensus)

**Lloyd's of London insurers and brokers** are preparing to **provide cover for grain shipments from Ukraine** and are likely to announce their plans shortly. "It is crucial that the agreement holds". (APK)

**London insurers have started cover ships with Ukrainian grain**. The first contracts were **signed on July 27**, so the ship-owners could send their vessel to Ukraine. The contracts were signed by a number of Lloyd's

syndicates – group of insurers who pool capital and assume insurance risks.  
(Financial Times)

**Panamax Market:** After the Panamax market levelled out and turned positive last week, this week has been more mixed. The FFA drop on Monday caused a pull back from the charterers to re-valuate levels and market direction. In the Pacific, market felt under pressure with low volume of cargo and increased tonnage counts so rates dropped below last done. In the Atlantic, despite of low activities, the cargo volume and tonnage list are more or less balanced, and levels concluded at last done. The tonnage count in Atlantic is reduced and low for next two weeks, therefore we recon Atlantic market may be stable this week. ECSA is flat and tick above last done, therefore we need a clearing out current vessels before seeing any improvement.

Panamax Index – 2051 (down 2.05 % over last week)

Panamax 4 TC – 17,127 (down 2.19 % over last week)

Panamax 5 TC – 18,463 (down 2.03 % over last week)

P2A (Continent/Far East) – 28,018 (up 0.63 % over last week)

P6A (Singapore/ECSA RV) – 18,500 (down 4.67 % over last week)

**Supramax Market:** The Supra and Ultra Atlantic market remain pretty much unchanged from previous July week. Though we can notice ECSA market was a bit more active compared to previous week, though levels remained unchanged. Black Sea market expects some improvement after Ukraine and Russia signed agreement regarding the removal of the blockage at Ukrainian ports. Market reacted positive and remains stable in Black Sea and Mediterranean. Pacific basin showed some sign of recovery.

BSI 10TC – 21,681 (down 5.53 % over last week)

S1B (Canakkale via Med-Bsea/China-S.Korea) – 19,283 (down 1.23 % over last week)

S4B (Skaw-Passero/USG) – 15,000 (down 2.62 % over last week)

**Handy Market:** Sentiment appeared bearish in the Pacific with abundant prompt tonnage exerting pressure on Supramax rates. In the Atlantic, pressure built in the USG amid fewer spot cargoes and a lengthening tonnage list, whilst rates ex-ECSA also softened. In the Mediterranean, rates ticked up slightly toward the end of the week, mainly off the back of a build-up of Greek owned ships looking for Russian loading business. The Continent remained quiet with rates steady.

BHSI 7 TC – 21,114 (down 3.23 % over last week)

HS1 (Cont med-ECSA) – 13,529 (down 0.58 % over last week)

HS3 (ECSA/Cont-Med) – 30,511 (up 0.22 % over last week)

#### Tenders:

**Bangladesh** bought wheat:

- 50,000 mt, 476.38 USD/mt, Intra Business of Singapore

**Jordan** tenders for feed barley:

- 120,000 mt, shipment Dec – Feb

**Pakistan** state agency bought wheat:

- 186,000 mt, 407.49 USD/mt, Flalconbridge, Viterra, shipment Sep

**Jordan** tenders for wheat:

- 120,000 mt, shipment Dec - Feb

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

- 63,000 mt, 314.99 USD/mt, Olam, shipment Nov

**South Korea's** NOFI bought soybean meal:

- 60,000 mt, 532.00 USD/mt, Cargill, shipment Nov

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