



A new age, the short-age

Agri Commodity Markets Research

Marketing Communication

June 2022

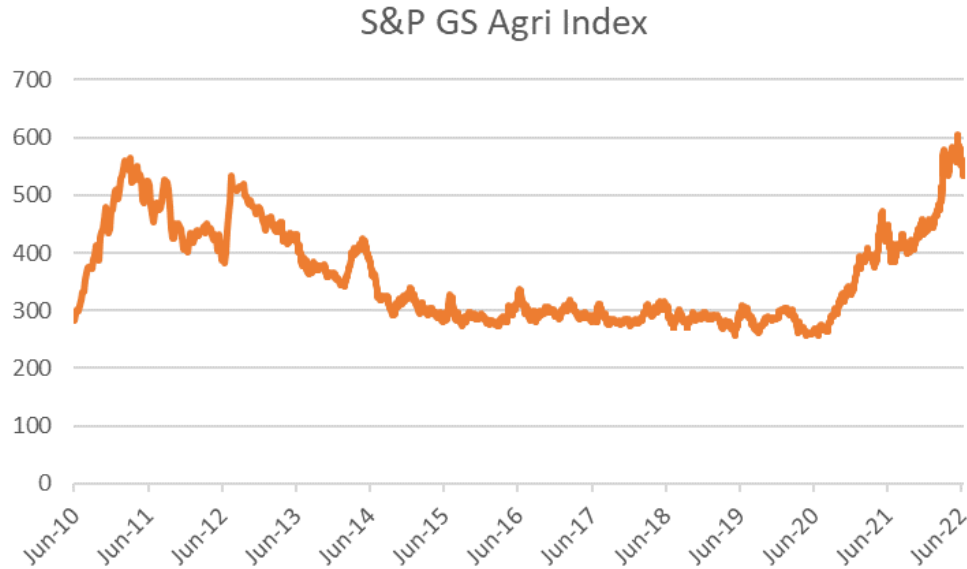
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*Growing
a better world
together.*

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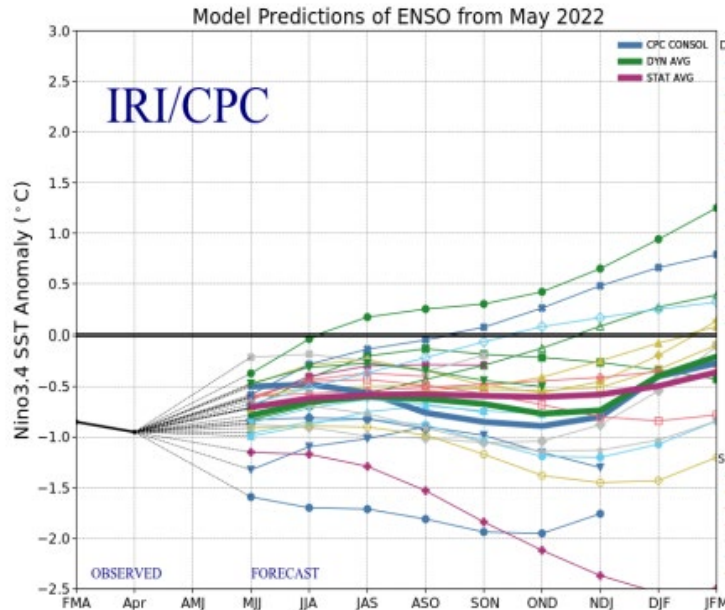
Record agri commodity prices



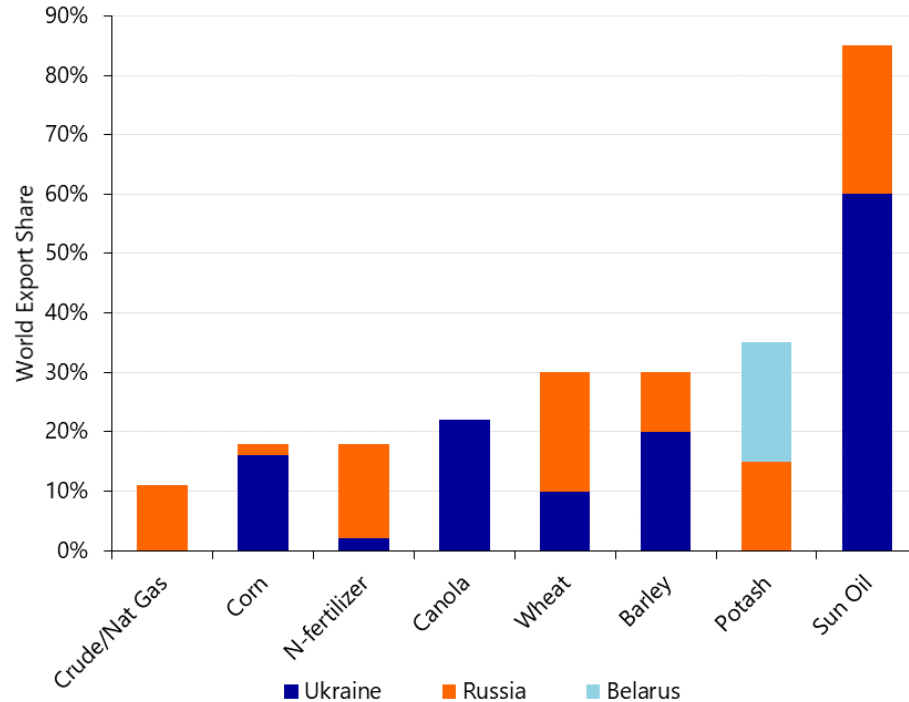
Global weather has been atrocious



La Niña is active and it might not go away until 2023



We are losing a lot of grain in Ukraine

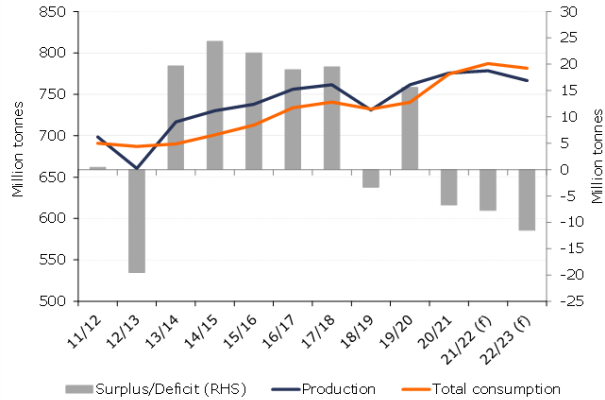


Source: USDA, Rabobank 2022
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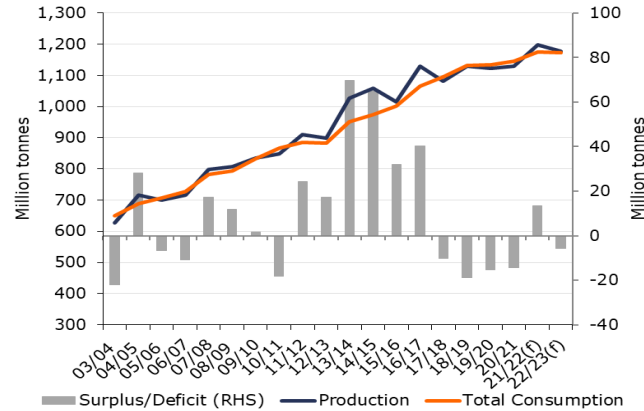
And supply/demand balance sheets are mainly in deficit



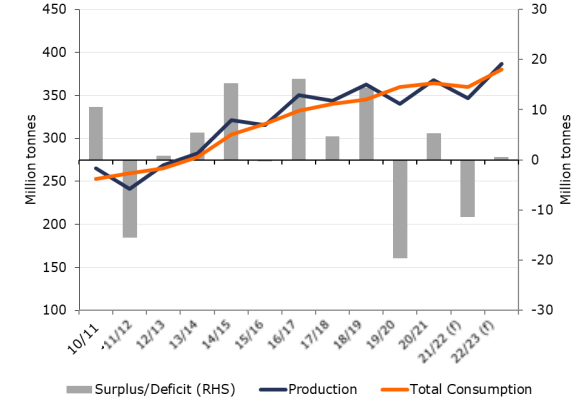
Wheat



Corn



Soy



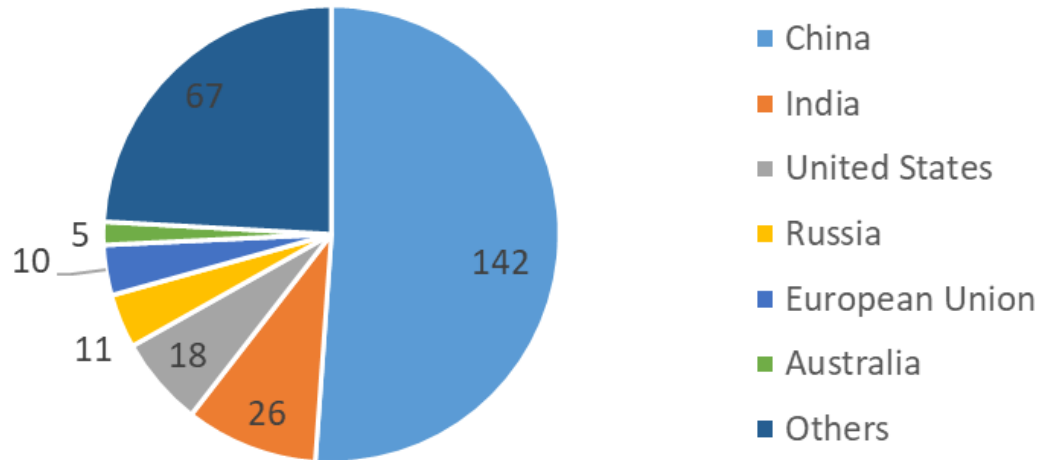
Source: USDA, Rabobank 2022

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Not a lot of wheat stocks to replace Ukraine Wheat (a drop of 10-12m tonnes in the coming season)



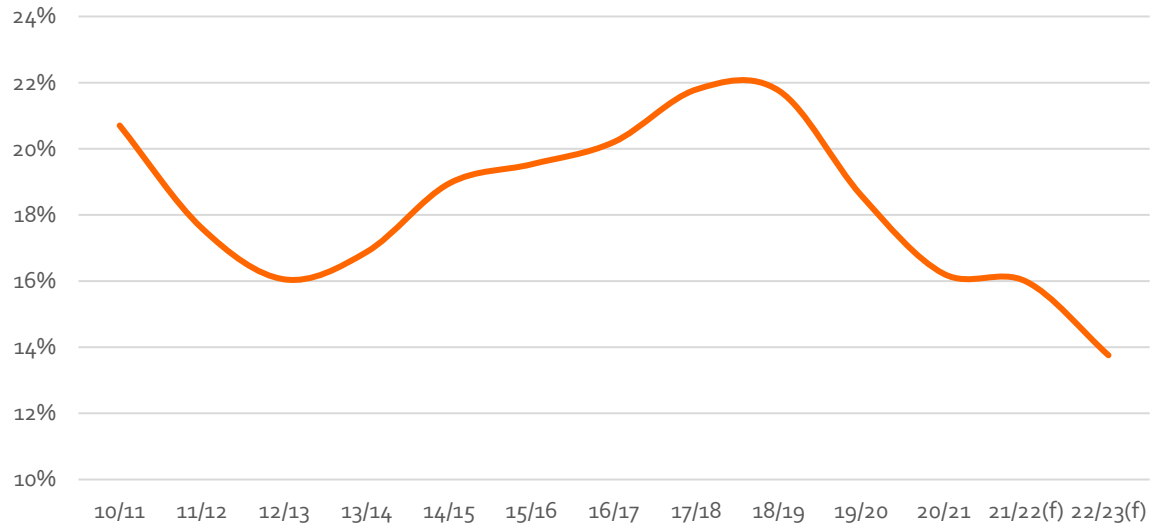
Wheat ending stocks 2021/22: 278mmt



Exporter stocks crashing down



Wheat stocks to use in major exporters outside Russia and Ukraine

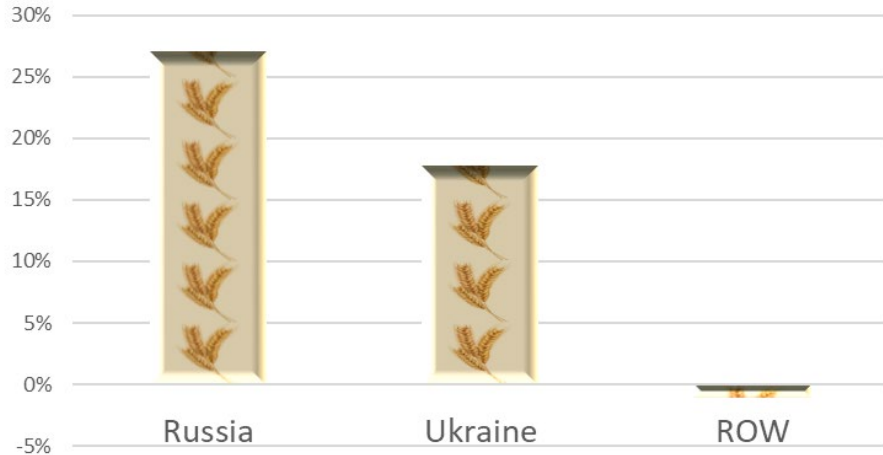


Source: USDA, Rabobank 2022
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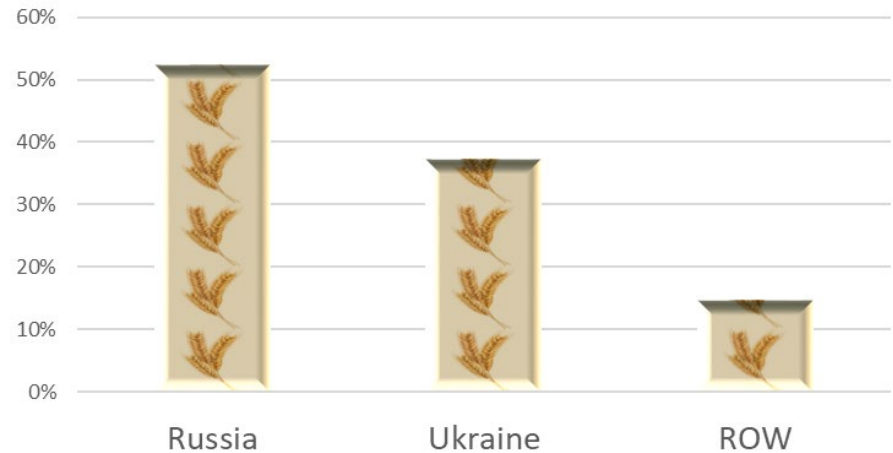
Russia and Ukraine were key growth areas before the war



Area growth 2010/11-2021/22 - cumulative

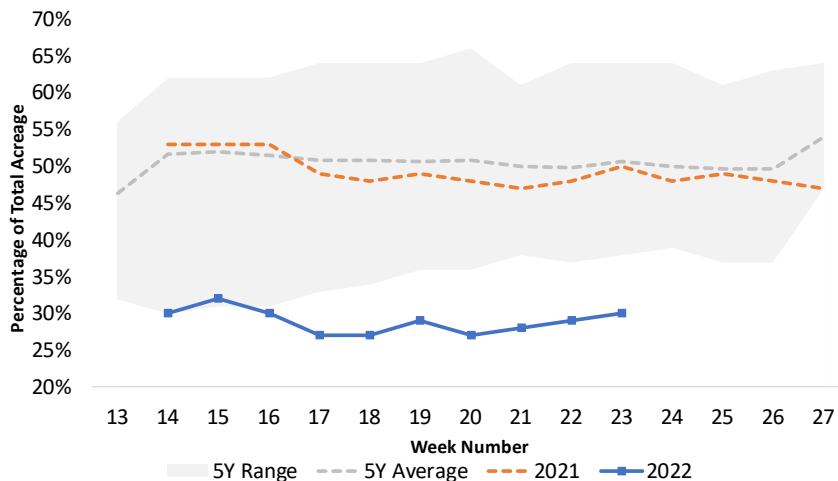


Yield growth 2010/11-2021/22 - cumulative

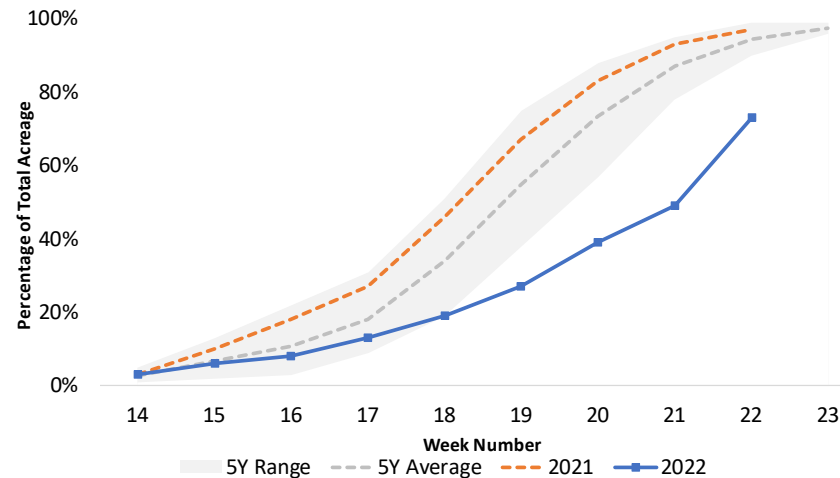


Good/excellent wheat ratings in the US are very low.

Winter Wheat Main Conditions Good/Excellent



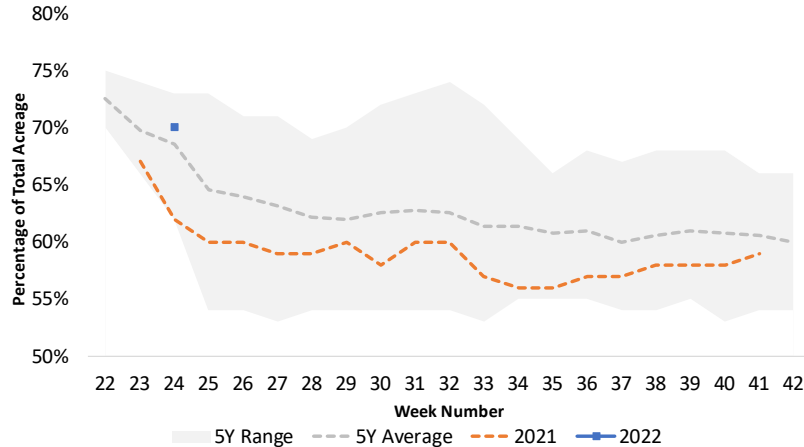
Spring Wheat Plantings YTD



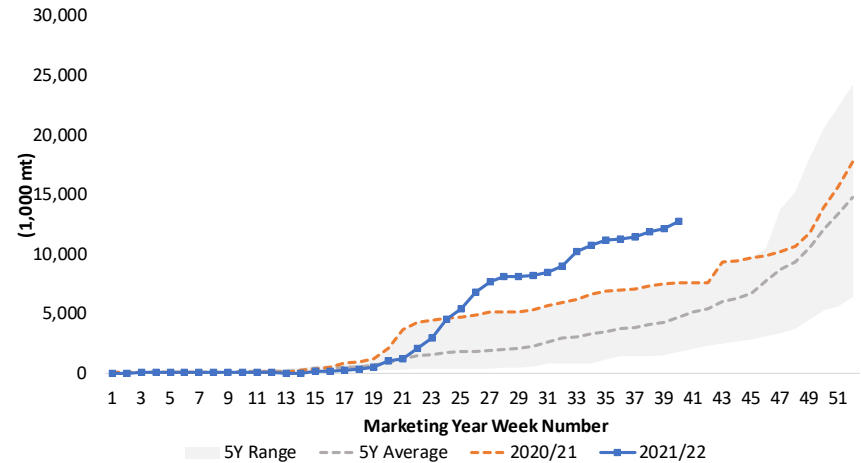
US soy looks good, but it is early days, and it is flying off the shelves



Soy Conditions Good/Excellent



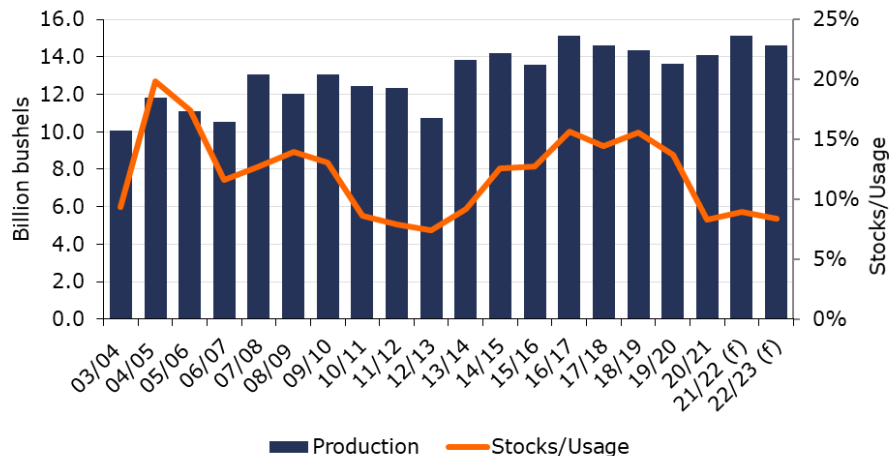
Soybeans Next Year Outstanding Sales



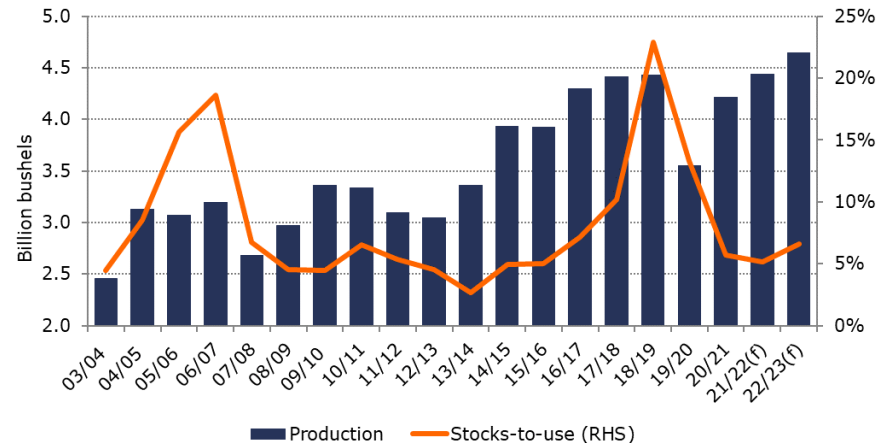
US could produce a record soy crop, but corn production is constrained due to fertiliser prices



Corn



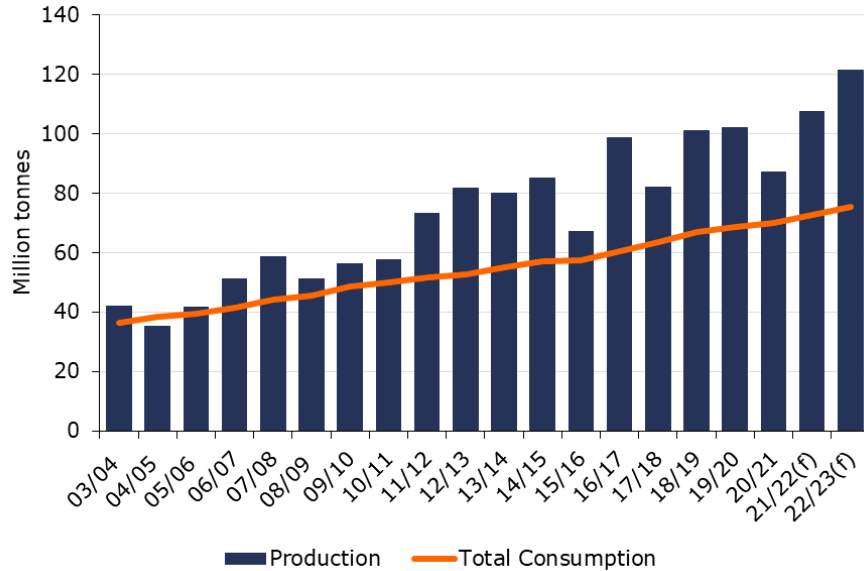
Soy



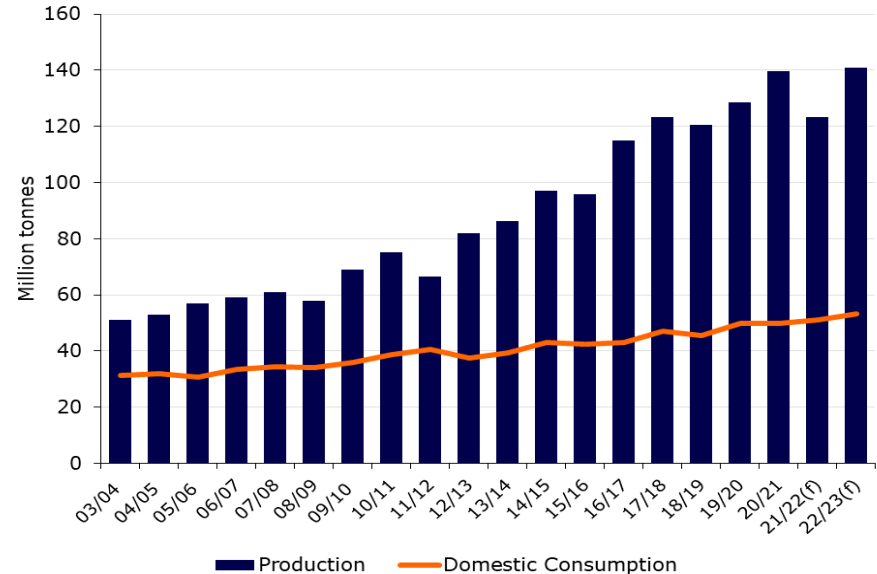
Brazil weather limited crops in 2021/22 (it is still very early for 2022/23 South American crops but we see an expansion in the area)



Corn



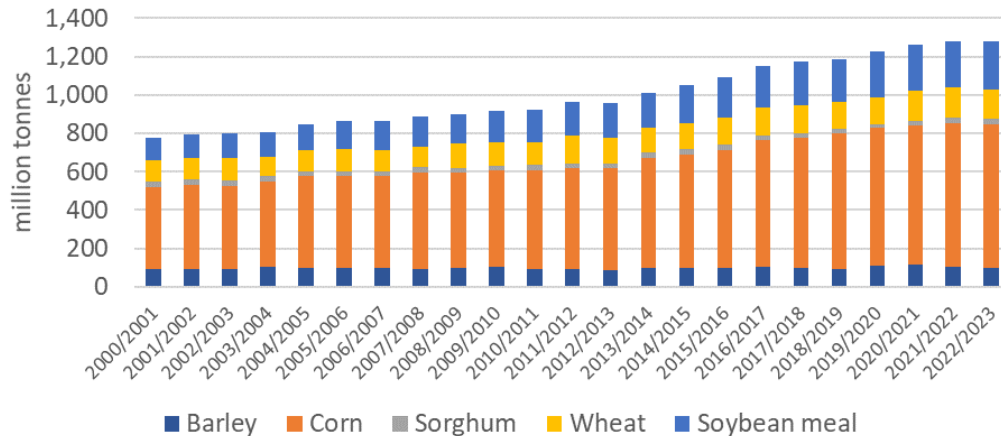
Soy



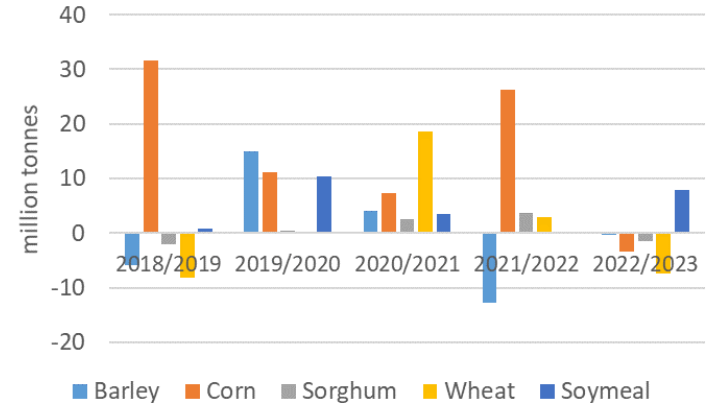
First drop in global feed demand in 10 years



Feed demand: first drop in 10 years



Changes in feed use



Source: USDA, Rabobank 2022

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Conclusions



- Stock situation is tight, especially for wheat exporters (food security issues)
- Weather might not improve until La Niña goes away
- Demand for feed is more flexible, especially given the drop in living standards and the lockdowns in China, but it does not fully offset the loss of production.
- Prices are unlikely to come back down unless there is a cease of hostilities in Ukraine or weather normalizes. The latter will take time, the former may never happen.

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A summary of the methodology can be found on our [website](#).

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