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# Milling wheat supply for Southeast Asia 2023-24

Production outlook for origins of low and high protein wheat

Ho Chi Minh City  
Anna Sneidermane  
2 October 2023



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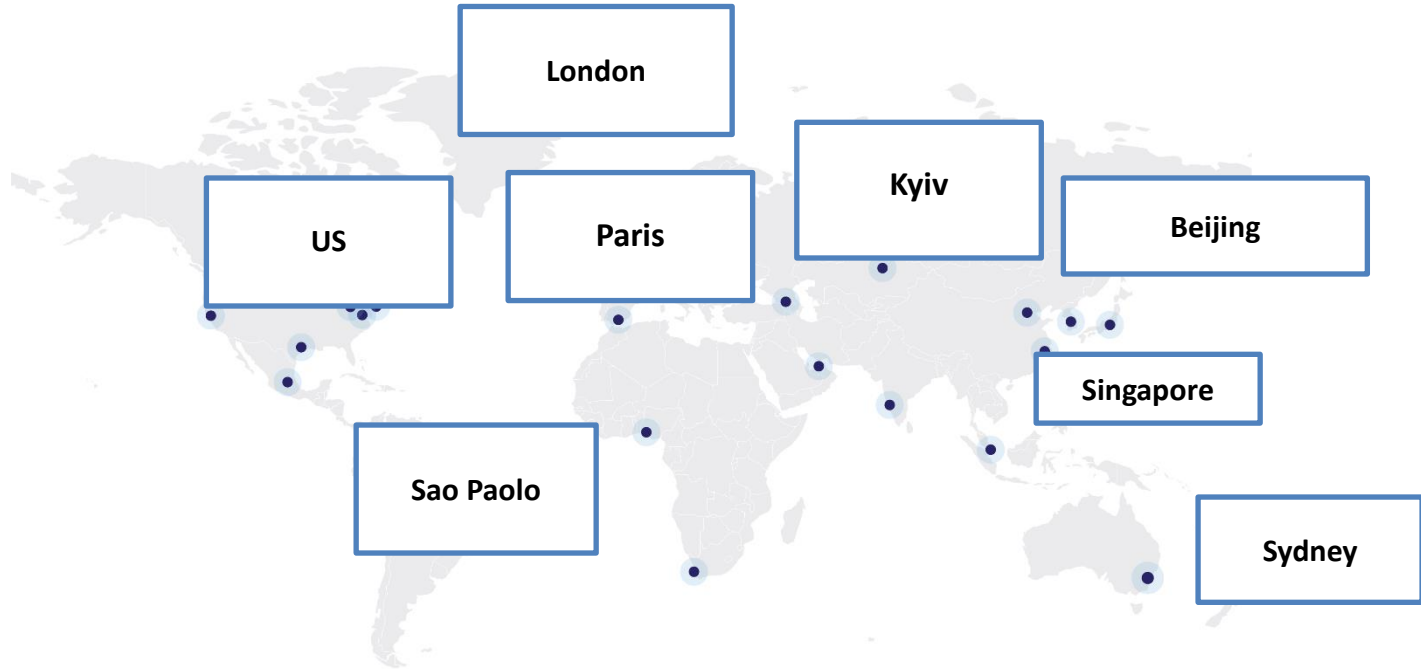
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- Headquartered in the UK, Argus has over 1,200 staff working in 29 offices in the world's principal commodity trading and production centres.
- Argus publishes more than 42,000 daily and weekly spot and forward price assessments, along with commentary, news and analysis for global commodities and energy markets.
- Coverage includes markets for:
  - Oil, natural gas, power, hydrogen, coal, biomass, asphalt, base oils, emissions and carbon
  - Biofuels
  - Fertilizers
  - Agriculture
  - Chemicals, including petrochemicals and oleochemicals
  - Metals, ferrous, non-ferrous, battery materials, and scrap
- Services:
  - Market reporting, news, and analysis
  - Consulting and forecasting
  - Conferences
- Argus prices are used as benchmarks worldwide, including for:
  - US crude oil
  - European gasoline and biofuels
  - Asia-Pacific LPG
  - Coal
  - European steel
  - US and European environmental markets



# 50-strong global agricultural team with help of Agritel & Mercaris acquisitions



# Argus Agriculture - Overview

## ← Argus Agritel Outlook/AgriMarkets

### Overview

This dashboard compiles the latest **analysis, data and forecasts** for grain from the **Argus Agritel Outlook** and **Argus AgriMarkets** services.

Stream the latest Argus Agritel Outlook webinar [here](#).

For feedback or questions, please feel free to reach out to [agriculture@argusmedia.com](#)

### Downloadable Excel files

- Australia grains and oilseeds line-ups
- Wheat tender database
- Brazilian companies authorized for corn exports to China
- Ukraine shipments since corridor
- China soybeans crushing margins
- French wheat crop conditions
- Ukraine corn exports
- Ukraine wheat and barley exports
- Canada soft wheat exports
- French corn crop conditions
- EU corn exports
- EU corn imports
- EU soft wheat imports
- EU veggils imports
- EU oilseeds imports
- China's soybeans imports
- China's grain imports
- MENA wheat imports

### Grains, oilseed Insights

Africa Analysis

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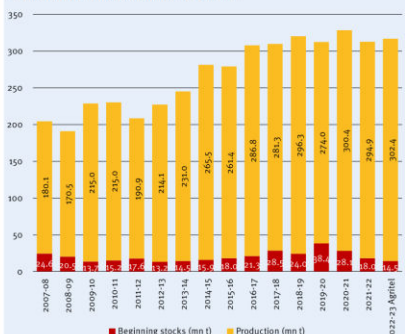
Watch this week's webinar [here](#)

Agriculture illuminating the markets\*

## Soybeans and oilseeds – overview

2022-23 supply only marginally up from 2021-22, Argentina concerns persist

Soybean supply from top three producing countries



On the soybeans complex, despite some recent rains in Argentina, weather conditions continue to be unfavourable for the country's crop and we cut again our production forecast to 32.7mn t under our base case scenario. We also expect harvest areas at 15.4mn hectares (ha), about 5mn ha below the five-year average. This compares with 45.5mn t in the January Waste report, after the USDA slashed its own expectations down from 49.5mn t. Further revisions to the USDA's Argentina forecasts can be expected.

Brazil is still on track to reach a record soybeans crop in 2022-23, but weather conditions are unfavourable in parts of the country. The vegetation index in the Rio Grande do Sul state in the south of the country is below the five-year average and sharply below last year's, suggesting that the state's soybean yield will end lower than that forecast by national supply company Conab. We forecast overall production in Brazil below 155mn t, while the USDA's expectation stood at 153mn t in January.

Considering the tight supply-demand balance in the US and lower beginning stocks overall, total supply in the top three soybeans producing countries – the US, Brazil and Argentina – will only be slightly higher than in 2022-23. This highlights the fact that the global soybeans market does not benefit from much spare supply, which will continue to provide a support level for prices.

A delayed harvest in likely to maintain a lean and in the soybean market. Any further cuts in this month could lend it.

On the rest of the oilseeds 23 balance sheet, soy supply to the EU and highest since 2014-15 imports. The market has come uncoupled supply-demand. The sufficient supply translate into greater forecast the region's rate to 1.7mn t from 700,000 strong supply also be. This is while we also expect the UK to rise immediate risk of a tight.

Globally, we expect pl wider European region lower acreages in Ukraine our combined production forecast for these four regions just south of 50mn t for 2022-24. While this is lower than production in 2022-23, it is well above the five-year average for these key supply regions.



## Argus AgriMarkets

Daily grains, seeds and oils prices, news and analysis

Issue 23 32 | Tuesday 14 February 2023

### SUMMARY

**Wheat: Weaker demand pulls Ukraine wheat lower**  
Ukrainian milling wheat prices moved lower, as demand for the origin appeared to be absent amid slow shipping pace, paired with logistics and safety issues in Odessa.

**Corn: Argentinian corn slides on competition**  
Argentina's corn prices inched lower, pressured by declining Chicago-listed corn futures and much more competitively priced Ukrainian product.

### Brazil soybeans: Premiums rise slightly

Four deals were reported on the Parana paper market and premiums rose slightly to offset the fall in soybean prices in the CBOT.

### China soybeans: Liquidity slows

Chinese crushers slowed down soybean purchases from the global markets on Tuesday after securing large volumes last week, despite decreasing soybean premiums for near-curve shipments.

**Sunflower oil: EU prices stabilize after sharp drops**  
European SFO market stabilized after a sharp decrease registered in early February, as heavy fundamentals had already been largely factored into prices.

### Chinese buyers book over 1mn t of feed barley

Chinese buyers have secured more than 20 cargoes of optional-origin feed barley for shipment in July-August, according to market participants.

### Russian grain exports continue at strong pace

Russian grain exports continued at a strong pace early this month, with about 2mn t expected to be shipped before the 2022-23 grain export quota comes into force in mid-February, the Russian Grain Union said.

### China outlines policy to maintain grain output

China's central government has issued a 2023 policy document for agriculture, emphasising efforts to ensure output security of key agricultural products and to further expand domestic oilseed supplies.

### Key prices

|                                       |      | Loading | Bid    | Offer  | Mid   | x  |
|---------------------------------------|------|---------|--------|--------|-------|----|
| Wheat 5/7                             |      |         |        |        |       |    |
| Wheat 11.5% fob Ukraine (UW)          | Spot | 264.00  | 280.00 | 272.00 | -0.50 |    |
| Wheat 12.5% fob Russia (Novorossiysk) | Spot | 297.00  | 303.00 | 300.00 | nc    |    |
| Wheat 11% fob Russia (Novorossiysk)   | Spot | 325.20  | 330.50 | 327.90 | +1.03 |    |
| Wheat 13.5% (CWRS) Canada             | Spot | 367.00  | 371.00 | 369.00 | nc    |    |
| fob Vancouver                         |      |         |        |        |       |    |
| Wheat 12.5% fob Baltic                | Spot | 327.90  | 333.30 | 330.50 | +1.03 |    |
| Wheat 11.5% fob Argentina             | Spot | 335.00  | 340.00 | 337.50 | nc    |    |
| Wheat 12% fob EU CWB                  | Spot | 316.50  | 325.50 | 321.00 | +1.50 |    |
| Corn 5/7                              |      |         |        |        |       |    |
| Corn fob Ukraine (UCL)                | Spot | 251.00  | 255.00 | 253.00 | -8.00 |    |
| Corn fob EU CWB                       | Spot | 290.87  | 301.60 | 296.24 | +5.27 |    |
| Corn fob Argentina                    | Spot | 303.00  | 311.00 | 307.00 | -1.00 |    |
| South China corn cfr                  | Spot |         |        |        | 290   | -5 |
| Soybeans 5/brushel                    |      |         |        |        |       |    |
| Brazil soybeans fob Paranaqua         |      |         |        |        |       |    |
| diff to CBOT                          | Mar  | -2.0    | -3.0   | -0.5   | +1.5  |    |
| China soybeans cfr                    | Mar  | +125.0  | +135.0 | +130.0 | -12.5 |    |
| diff to CBOT                          |      |         |        |        |       |    |

### AGRITEL INSIGHTS

Competitive wheat prices have stunted demand for corn within France, but EU buyers could return to French corn in the second half of the marketing year as Belgium, the Netherlands and Spain struggle to source from Ukraine. EU corn imports were last week at the lowest level so far this marketing year, as China continues to sweep up large volumes of Ukrainian corn at premium prices. Moreover, European buyers report quality issues with corn supply from eastern Europe and have turned to French corn in the past days, driving up delivered-to-port prices on the French Atlantic coast.

### ANNOUNCEMENTS

#### Ukraine agricultural markets coverage

Ukrainian forward bid and cpi grain assessments as well as several grain freight assessments are suspended because of the Russia-Ukraine conflict. Argus will continue to monitor the situation and may reinstate or suspend coverage as conditions require.



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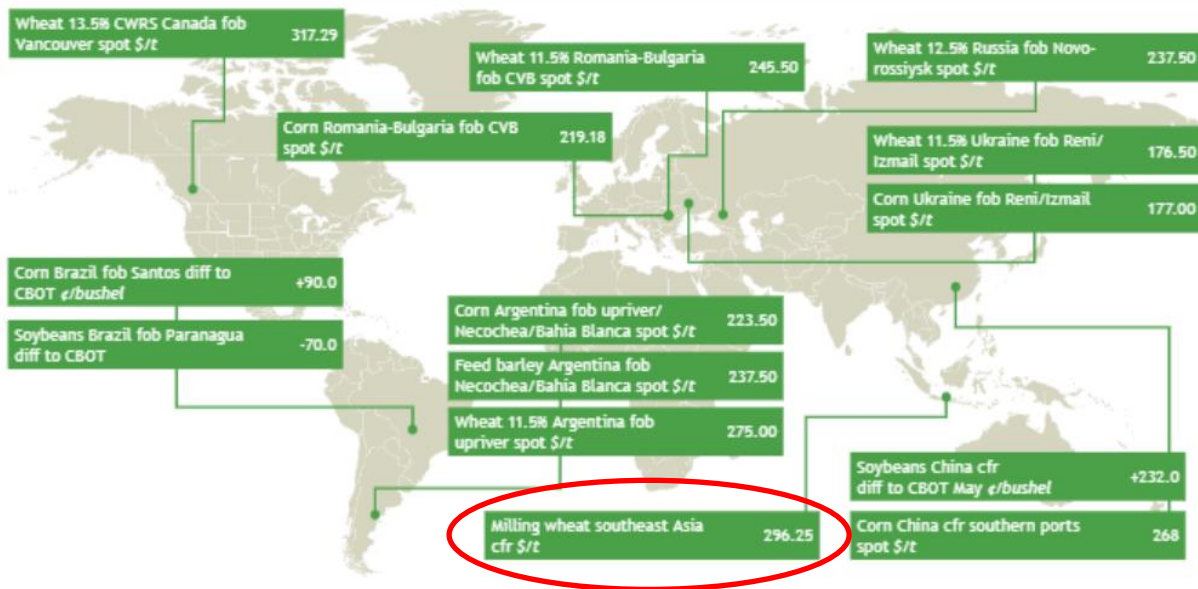
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Argus Agriculture services

# Argus brings transparency and market intelligence to the global grains cash markets

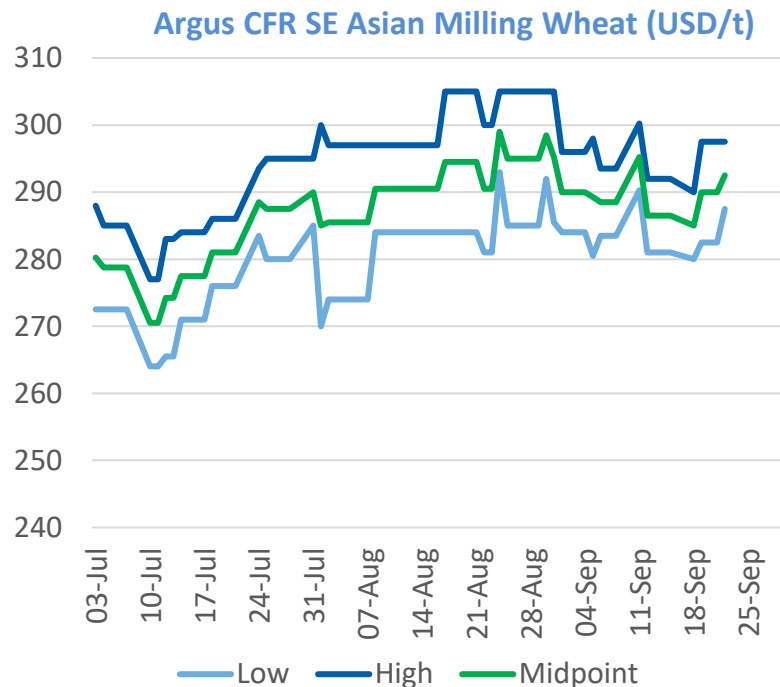
## KEY PRICES



## GRAINS - FREIGHT RATES

| Dry grains freight rates |            |       | \$/t  |
|--------------------------|------------|-------|-------|
| Route                    | Size '000t | \$/t  | ±     |
| Novorossiysk-Alexandria  | 60         | 23.30 | -0.20 |
| Novorossiysk-Qingdao     | 60         | 43.00 | nc    |
| Santos-Qingdao           | 60         | 43.10 | +0.60 |
| Kalama-Qingdao           | 65         | 27.20 | +0.05 |
| Vancouver-Qindao         | 65         | 23.00 | +0.10 |
| Houston-Qingdao          | 65         | 50.80 | +0.95 |
| Houston-Rotterdam        | 65         | 19.80 | +0.05 |

# Introducing 1<sup>st</sup> delivered SE Asian (basis Java) milling wheat pricing



\*Price history includes pre-launch shadow pricing

## Methodology for *Argus Southeast Asia Milling Wheat*:

Published as the range of prices for standard milling wheat on a cfr Java basis. Prices vary by origin. The range is of the price of all origins generally available for shipment to southeast Asia.

**Location:** Java, Indonesia. Information about trade at regional ports may be considered for inclusion in the assessment if deemed relevant to the price on a cfr Java basis.

**Cargo size:** 25,000-65,000t. Information about larger or smaller cargoes may be considered for inclusion in the assessment if it is deemed relevant to the price of a standard cargo.

**Classes:** the assessment does not include high-protein product such as Canadian Western Red Spring (CWRS) or Australian Premium White (APW) wheat used for mixing in southeast Asia and which commonly trades at a premium

**Timing:** market information received after 5:30pm UK time may not be considered for inclusion in the assessment

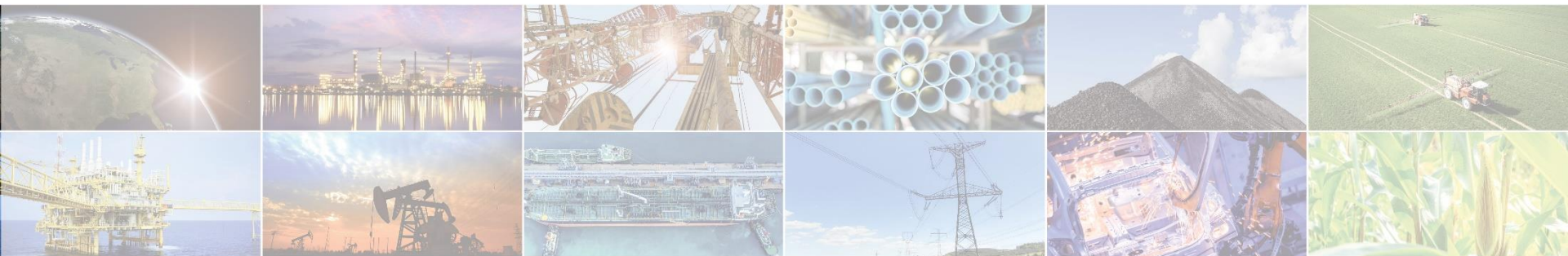
**Delivery period:** 30-75 days forward of the date of the assessment

# Agenda

- Introduction
- Current market update and short-term outlook: 1<sup>st</sup> half of 2023-24
- Mid-term outlook: A tighter 2<sup>nd</sup> half of 2023-24?
- Concluding thoughts

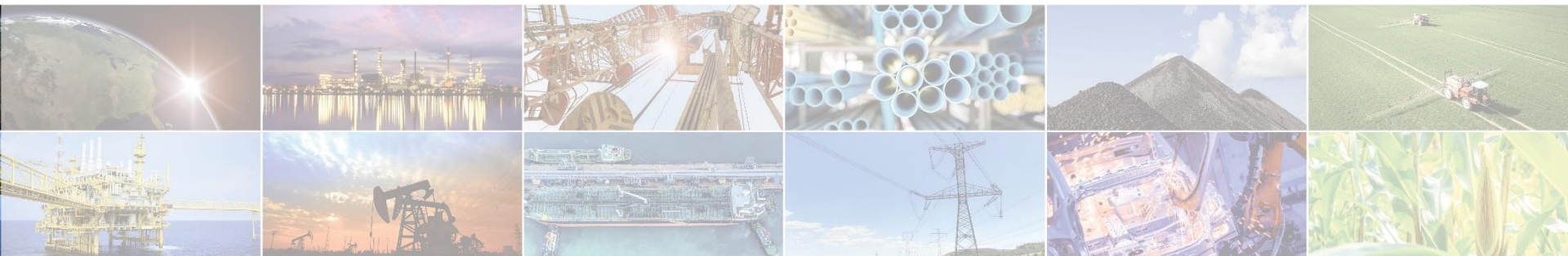
# Market update and short-term outlook: 1<sup>st</sup> half of 2023-24

- Dominance of Black Sea in the supply of standard wheat
- Steady flow of 2022-23 premium wheat (for now); Canadian and US 2023-24 spring wheat



# Market update and short-term outlook: 1<sup>st</sup> half of 2023-24

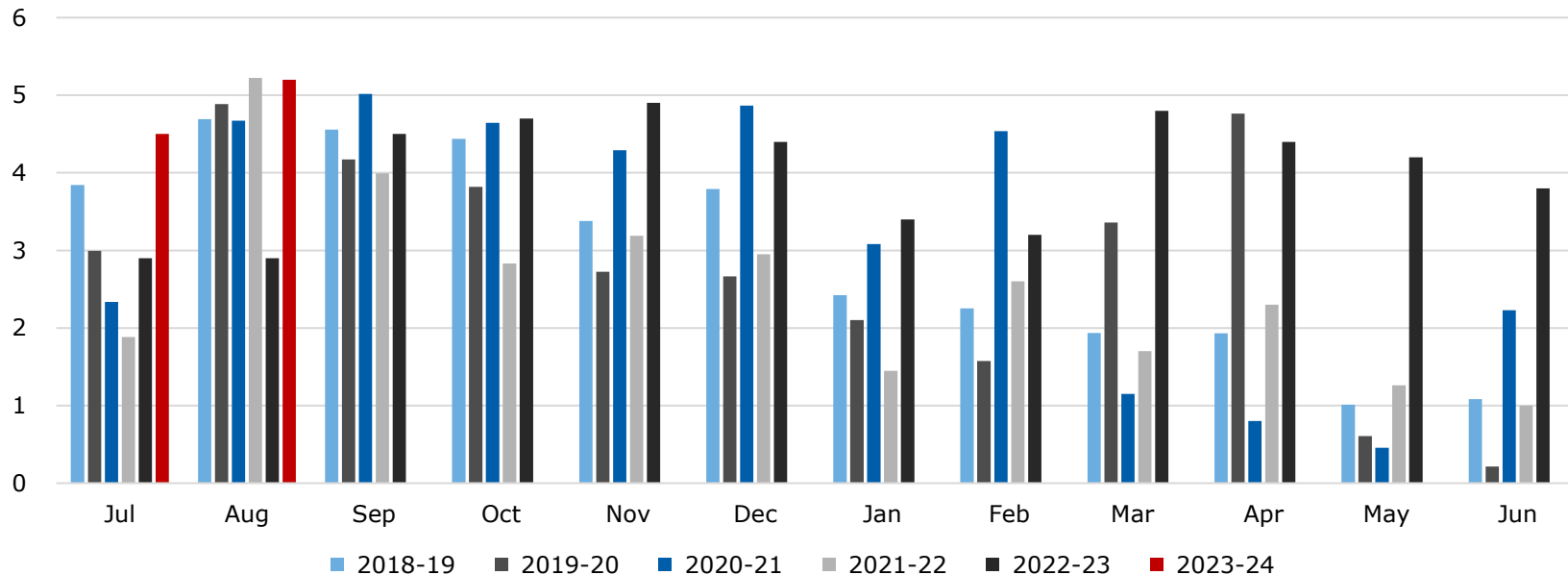
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Market update and short-term outlook: 1<sup>st</sup> half of 2023-24



## *Above-average export pace in Russia — potential to front-load the 2023-24 MY and record exports?*



Russia's monthly wheat exports (mn t)



Market update and short-term outlook: 1<sup>st</sup> half of 2023-24

*Lower production in both Russia and Ukraine — but constraining factor for both is logistics*



|  RU |  WHEAT |         |         |         |
|--|---|---------|---------|---------|
|  | USDA  |         | AGRITEL |         |
|  | 2022-23   | 2023-24 | 2022-23 | 2023-24 |
| Beginning stock (mn t)   | 12.09   | 16.14   | 12.09   | 17.44   |
| Harvested acreage (mn ha)  | 29.00   | 28.30   | 28.87   | 28.85   |
| Yield (t/ha)   | 3.17  | 3.00    | 3.34    | 3.10    |
| <b>Production outlook (mn t)</b>   | 92.00   | 85.00   | 96.45   | 89.58   |
| Dom Consumption (mn t)   | 42.25   | 42.00   | 43.50   | 43.50   |
| <b>Exports (mn t)</b>  | 46.00   | 49.00   | 48.10   | 49.00   |
| Imports (mn t)   | 0.30  | 0.30    | 0.50    | 0.50    |
| Ending stocks (mn t)   | 16.14   | 10.44   | 17.44   | 15.02   |



|  UA |  WHEAT* |         |         |         |
|--|--|---------|---------|---------|
|  | USDA   |         | AGRITEL |         |
|  | 2022-23  | 2023-24 | 2022-23 | 2023-24 |
| Beginning stock (mn t)   | 5.27   | 1.33    | 5.27    | 2.30    |
| Harvested acreage (mn ha)  | 5.60   | 5.00    | 5.28    | 4.69    |
| Yield (t/ha)   | 3.84   | 4.50    | 3.92    | 4.72    |
| <b>Production outlook (mn t)</b>   | 21.50  | 22.50   | 20.70   | 22.15   |
| Dom Consumption (mn t)   | 8.40   | 8.80    | 6.81    | 6.61    |
| <b>Exports (mn t)</b>  | 17.12  | 11.00   | 16.89   | 13.00   |
| Imports (mn t)   | 0.08   | 0.08    | 0.04    | 0.04    |
| Ending stocks (mn t)   | 1.33   | 4.11    | 2.30    | 4.88    |

\*Estimates for territories under Ukrainian government control

Market update and short-term outlook: 1<sup>st</sup> half of 2023-24

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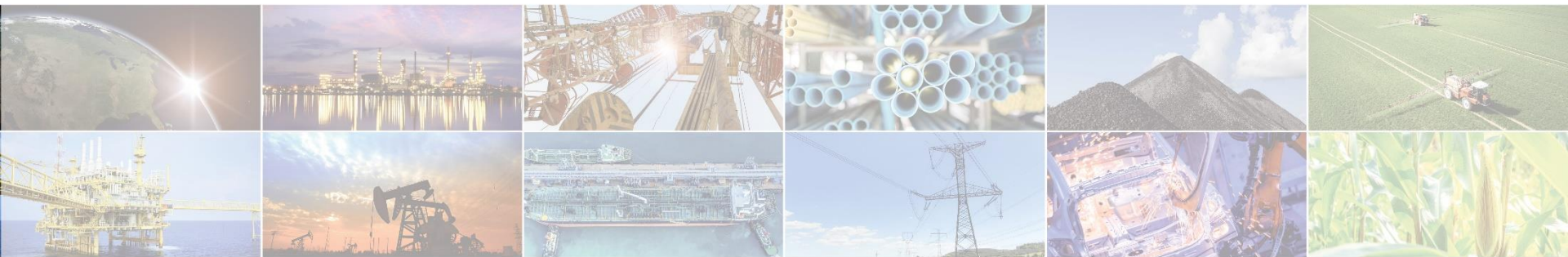
Market update and short-term outlook: 1<sup>st</sup> half of 2023-24

*Higher production in Romania and Bulgaria + large beginning stocks from slow sales in 2022-23*

|                                       | Romania  | Bulgaria | Total            |
|---------------------------------------|----------|----------|------------------|
| 2022-23 production estimate (USDA)    | 6.7mn t  | 6.45mn t | <b>13.15mn t</b> |
| 2022-23 production estimate (Agritel) | 9.15mn t | 6.39mn t | <b>15.54mn t</b> |
| 2023-24 production forecast (USDA)    | 10.2mn t | 8.7mn t  | <b>18.9mn t</b>  |
| 2023-24 production forecast (Agritel) | 9.69mn t | 6.84mn t | <b>16.53mn t</b> |

# Market update and short-term outlook: 1<sup>st</sup> half of 2023-24

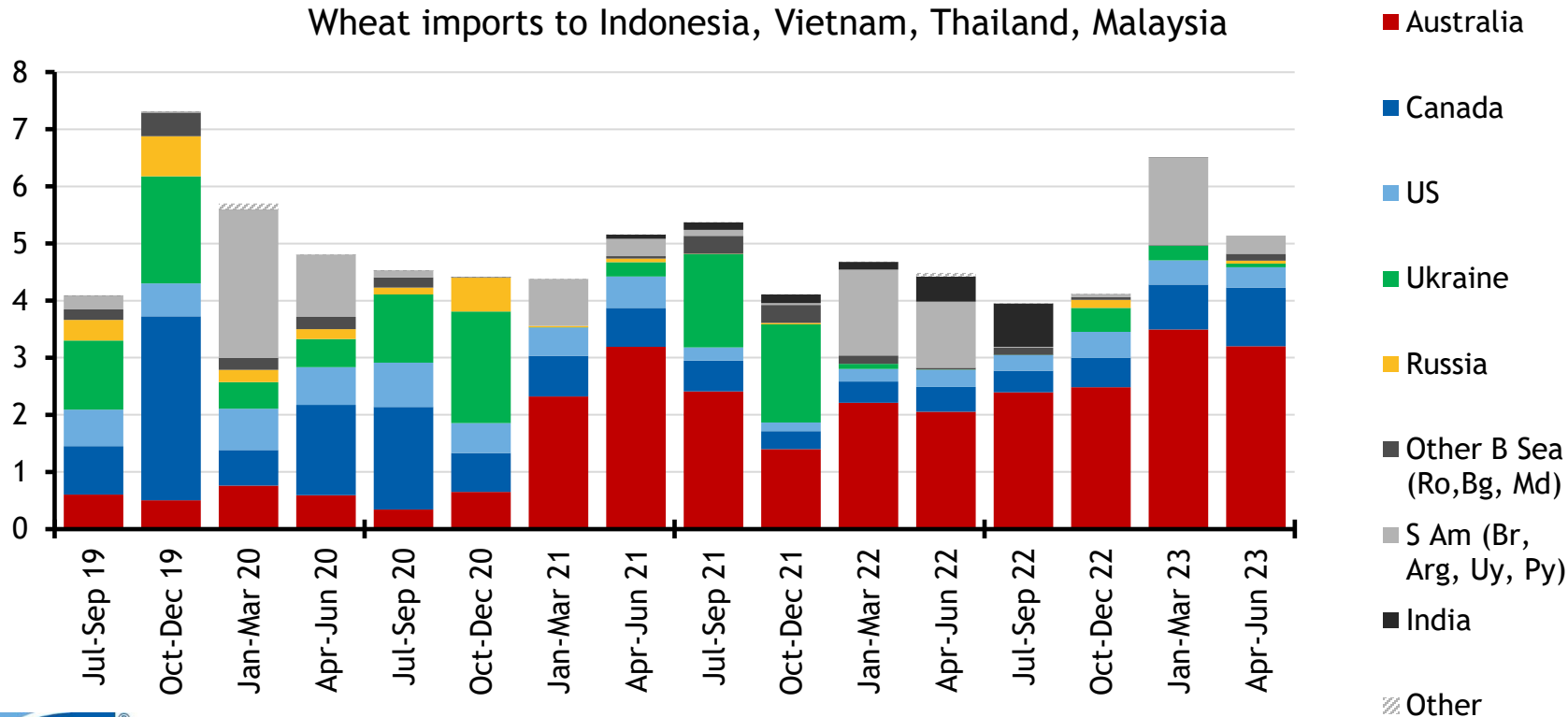
- The domination of Black Sea in the supply of standard wheat
- Steady flow of 2022-23 premium wheat (for now); Canadian and US 2023-24 spring wheat



Market update and short-term outlook: 1<sup>st</sup> half of 2023-24

## *Steady flow of Australian 2022-23 crop*

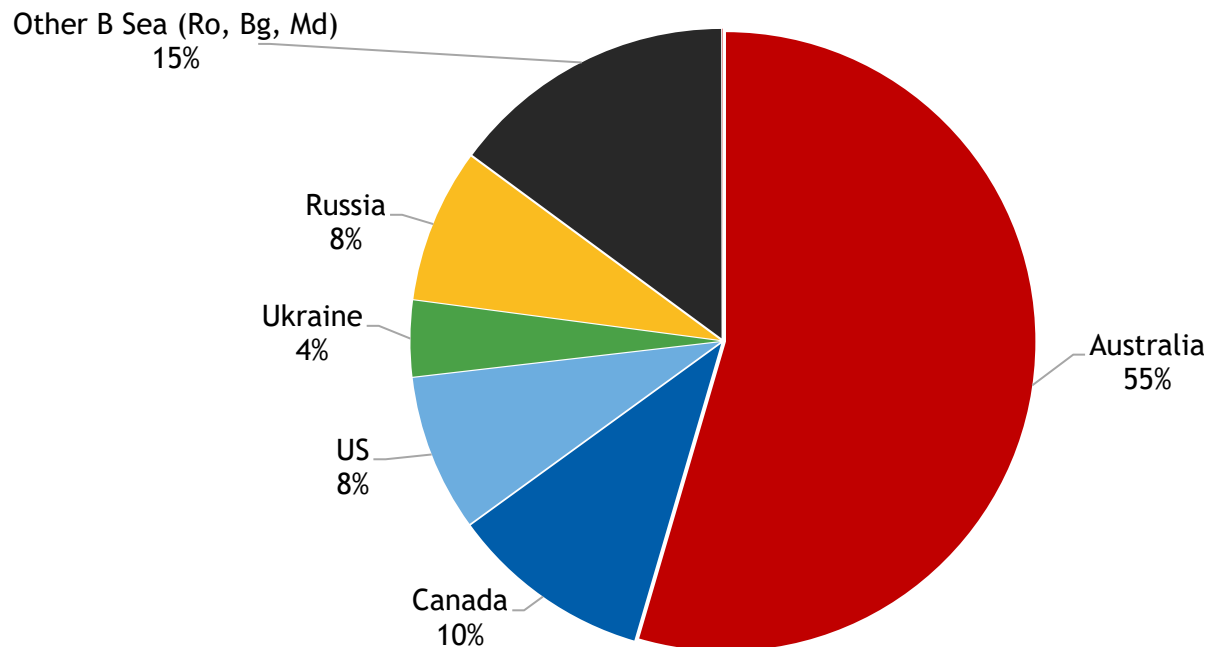
Wheat imports to Indonesia, Vietnam, Thailand, Malaysia



Market update and short-term outlook: 1<sup>st</sup> half of 2023-24

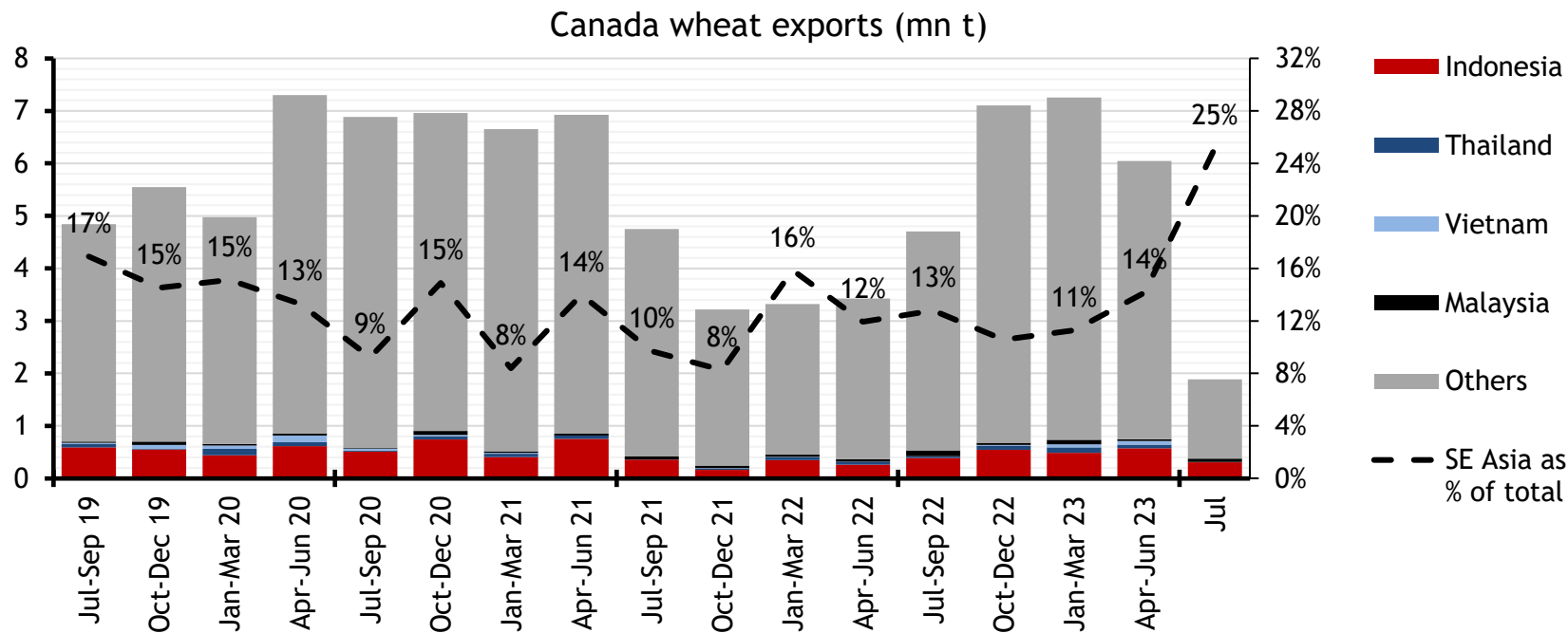
## *Steady flow of Australian 2022-23 crop*

Wheat imports in July 2023, Indonesia, Vietnam, Malaysia, Thailand



Market update: 1<sup>st</sup> half of 2023-24 marketing year

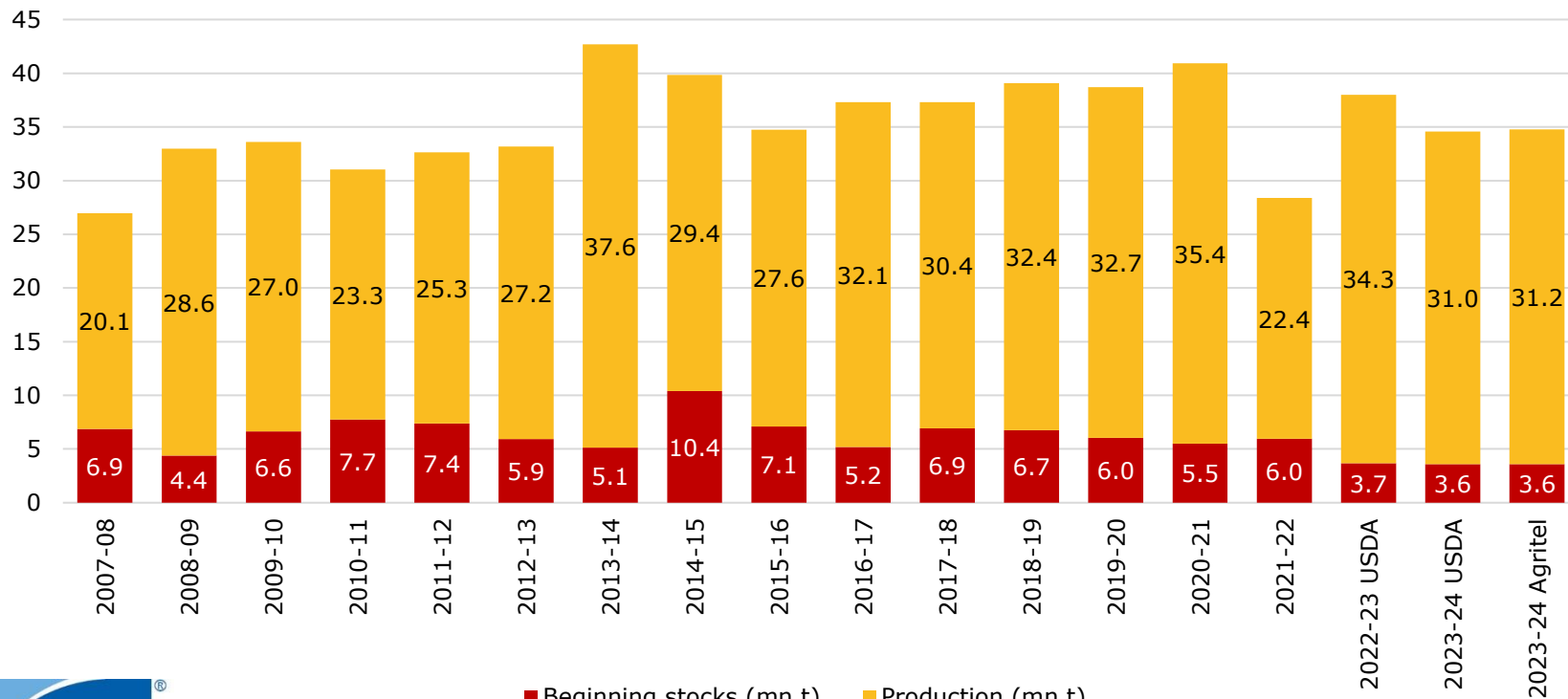
*Larger share of Canadian wheat exports shipped to southeast Asia in July*



Market update: 1<sup>st</sup> half of 2023-24 marketing year

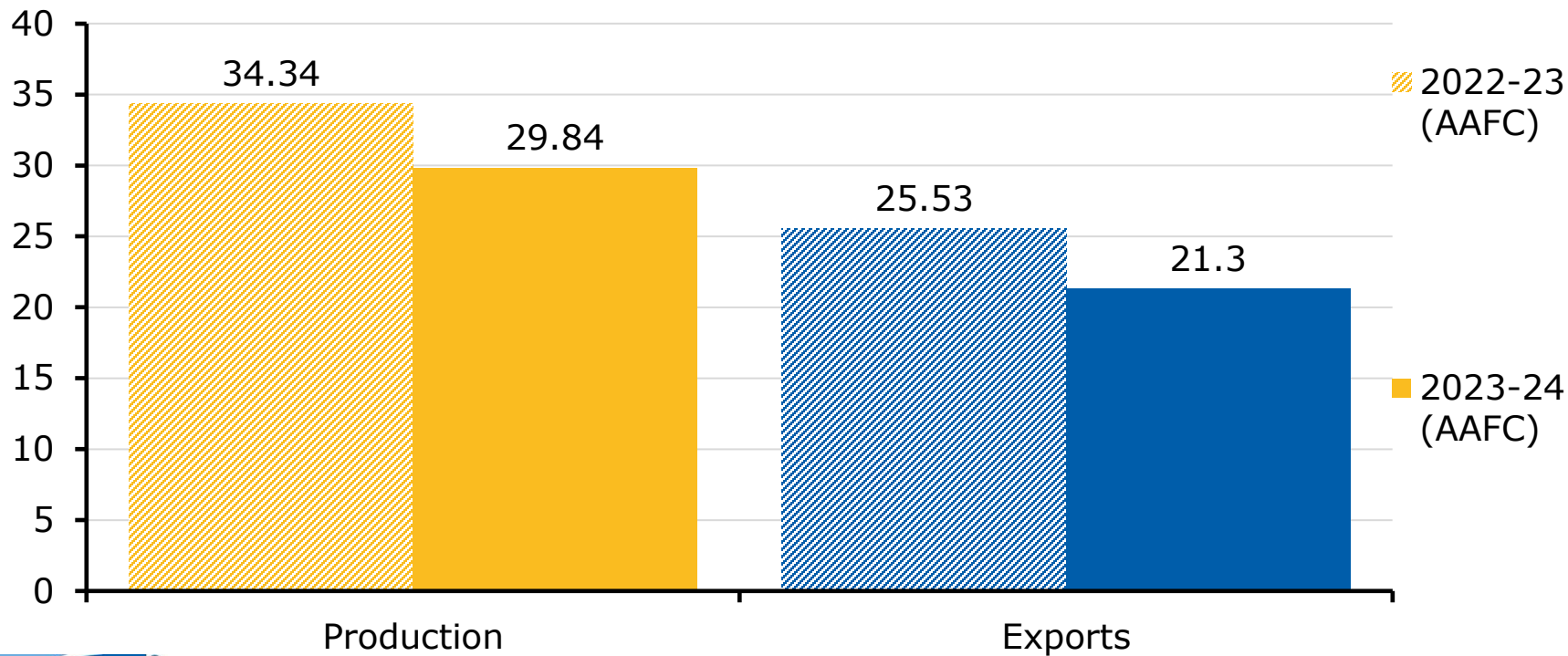
*Smaller 2023-24 crop, lower beginning stocks...*

Canadian all wheat supply



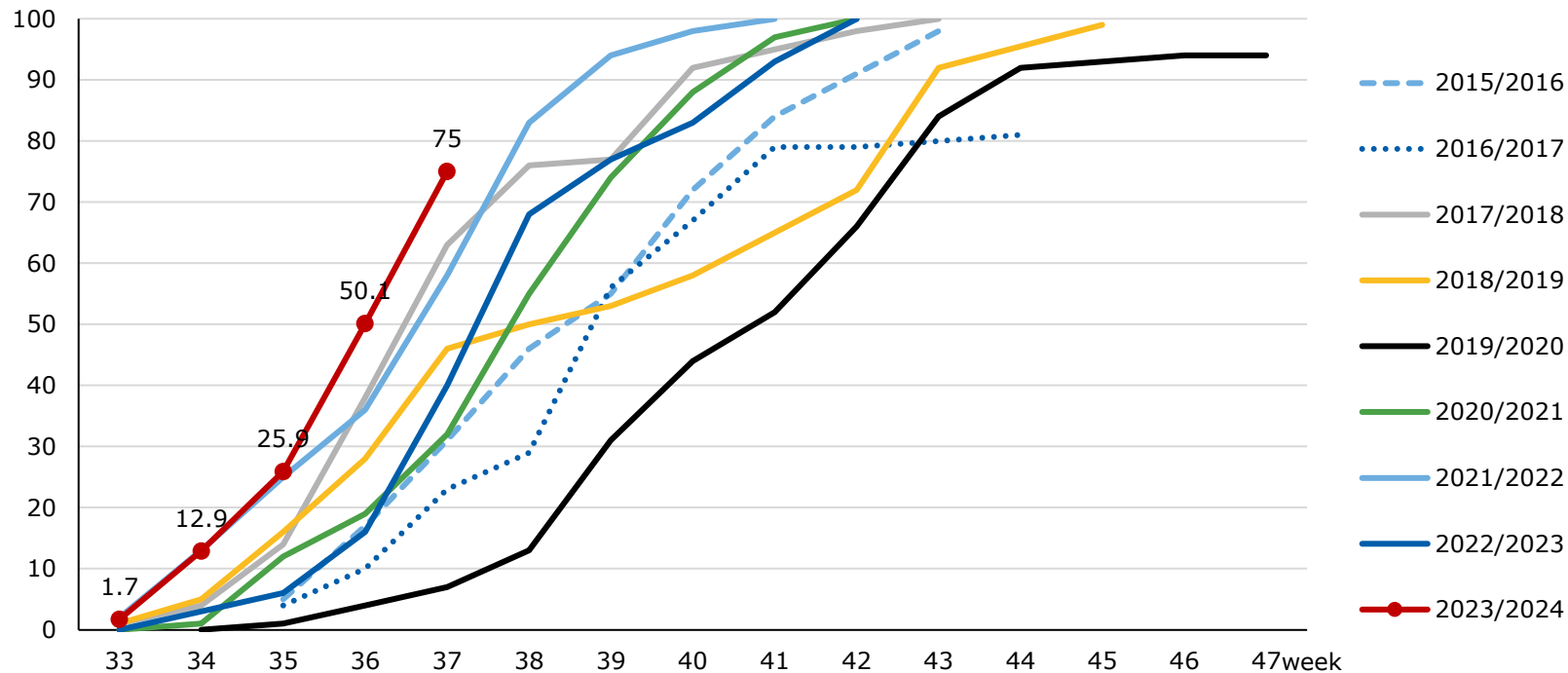
Market update: 1<sup>st</sup> half of 2023-24 marketing year  
*...and lower exports...*

## Agriculture and Agri-Food Canada estimates, mn t



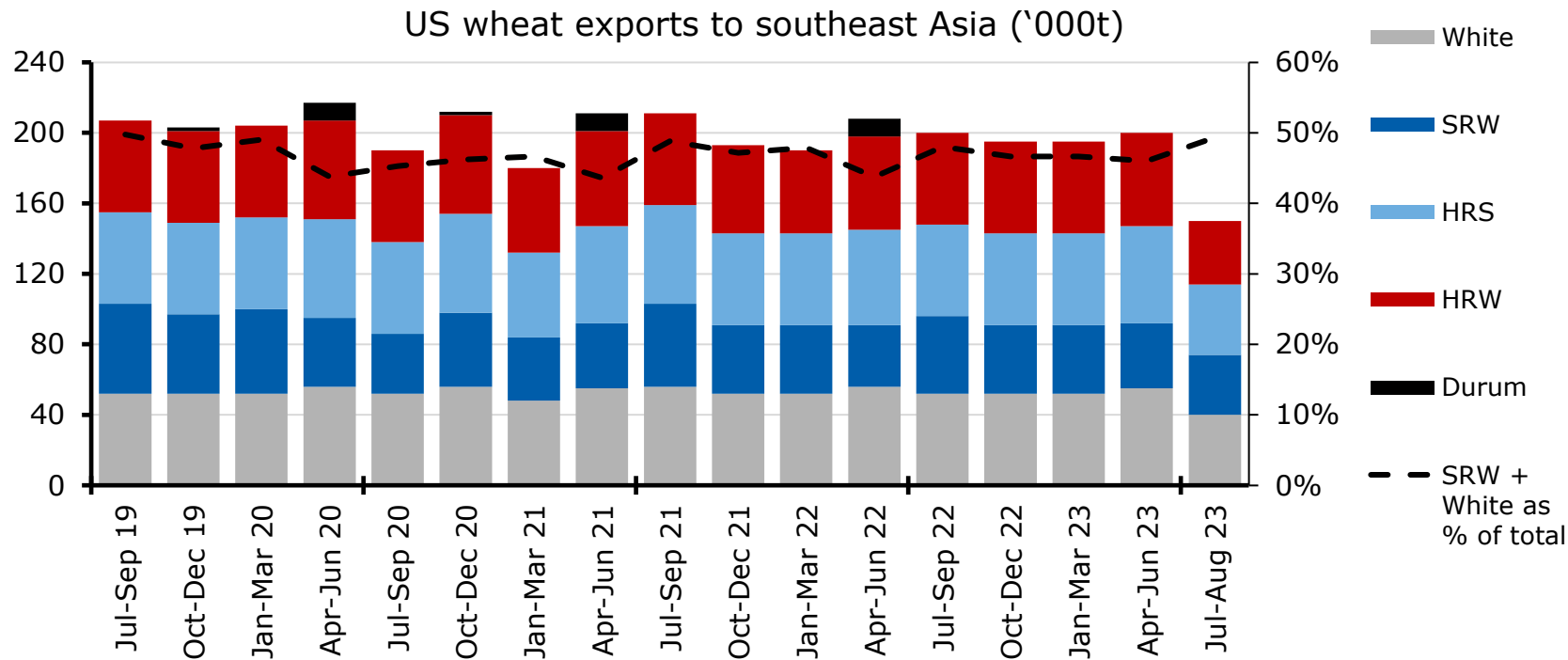
Market update: 1<sup>st</sup> half of 2023-24 marketing year  
*...but harvest progress on track*

Saskatchewan weekly spring wheat harvest pace



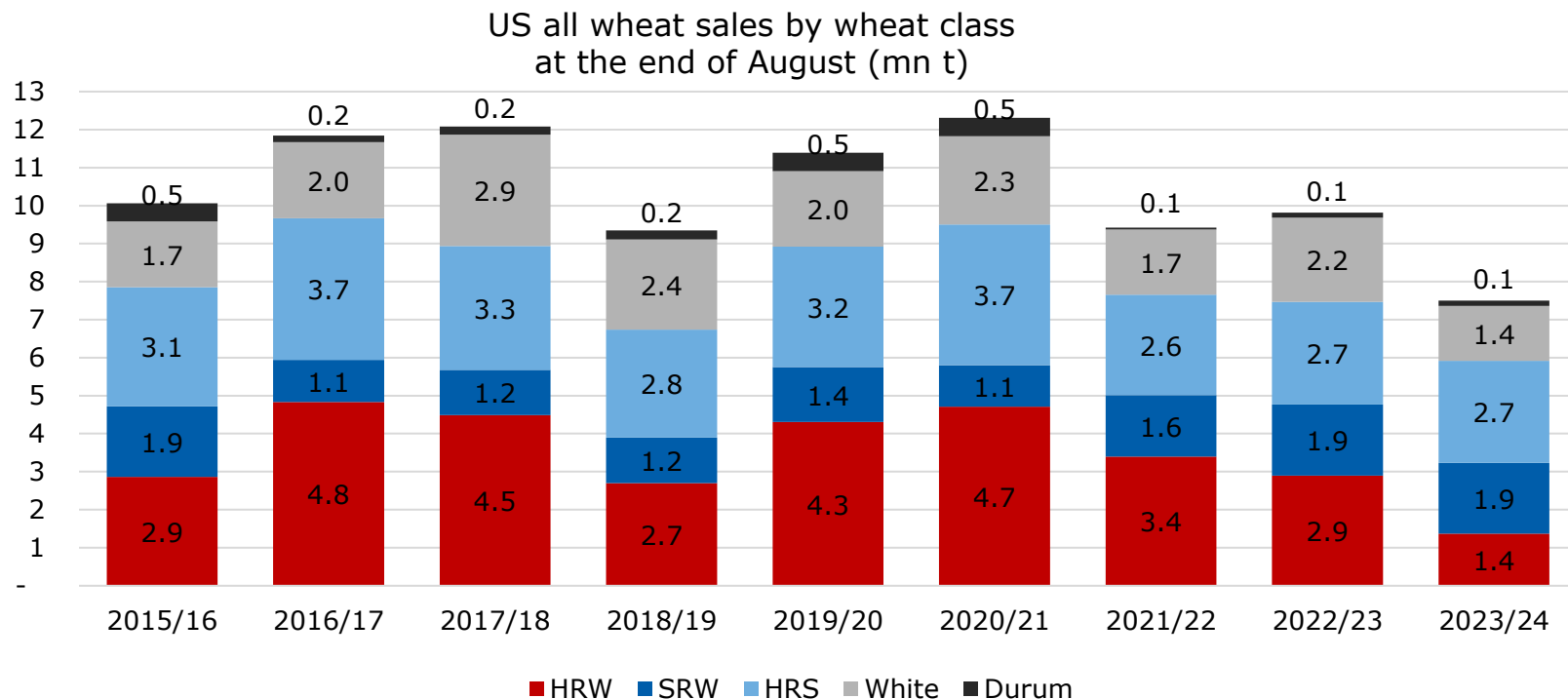
Market update and short-term outlook: 1<sup>st</sup> half of 2023-24

*US shipping more low-protein wheat to SE Asia than usual...*



Market update and short-term outlook: 1<sup>st</sup> half of 2023-24

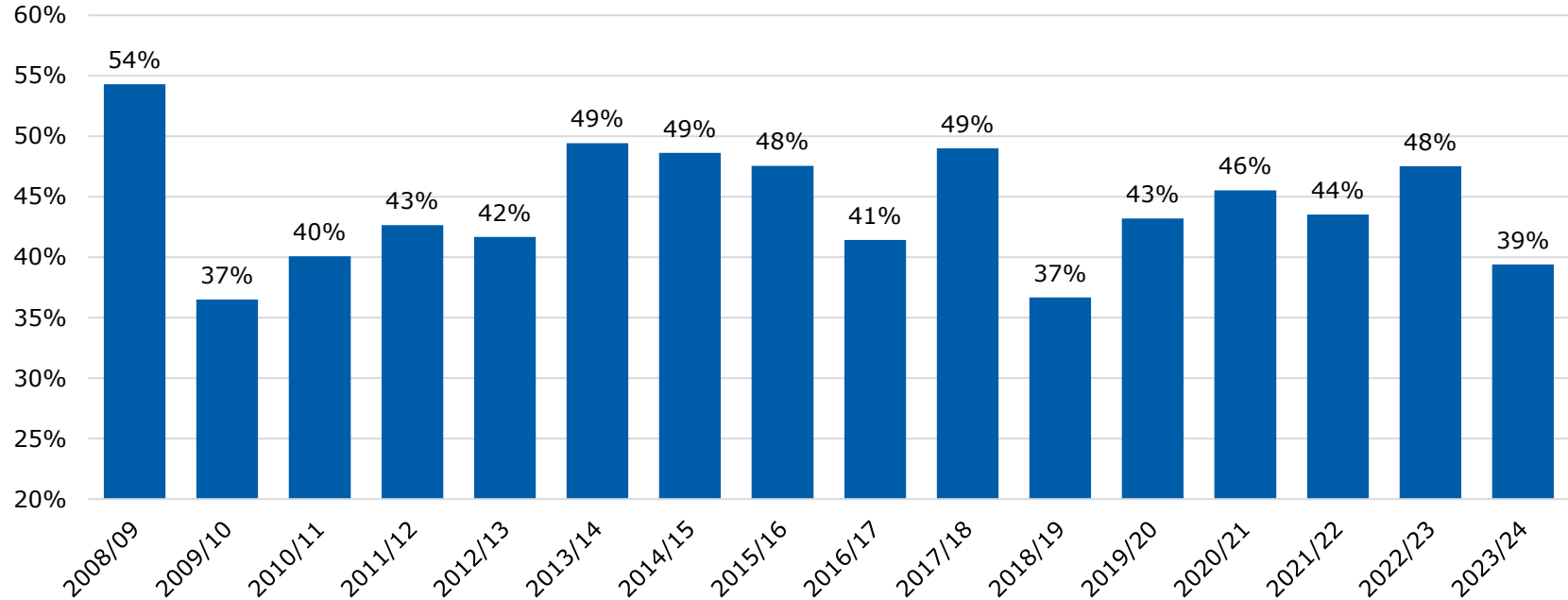
*...correlating with a more substantial lag in HRW sales, relative to other classes*



Market update and short-term outlook: 1<sup>st</sup> half of 2023-24

*Deepening sales lag — building pressure to sell later on...*

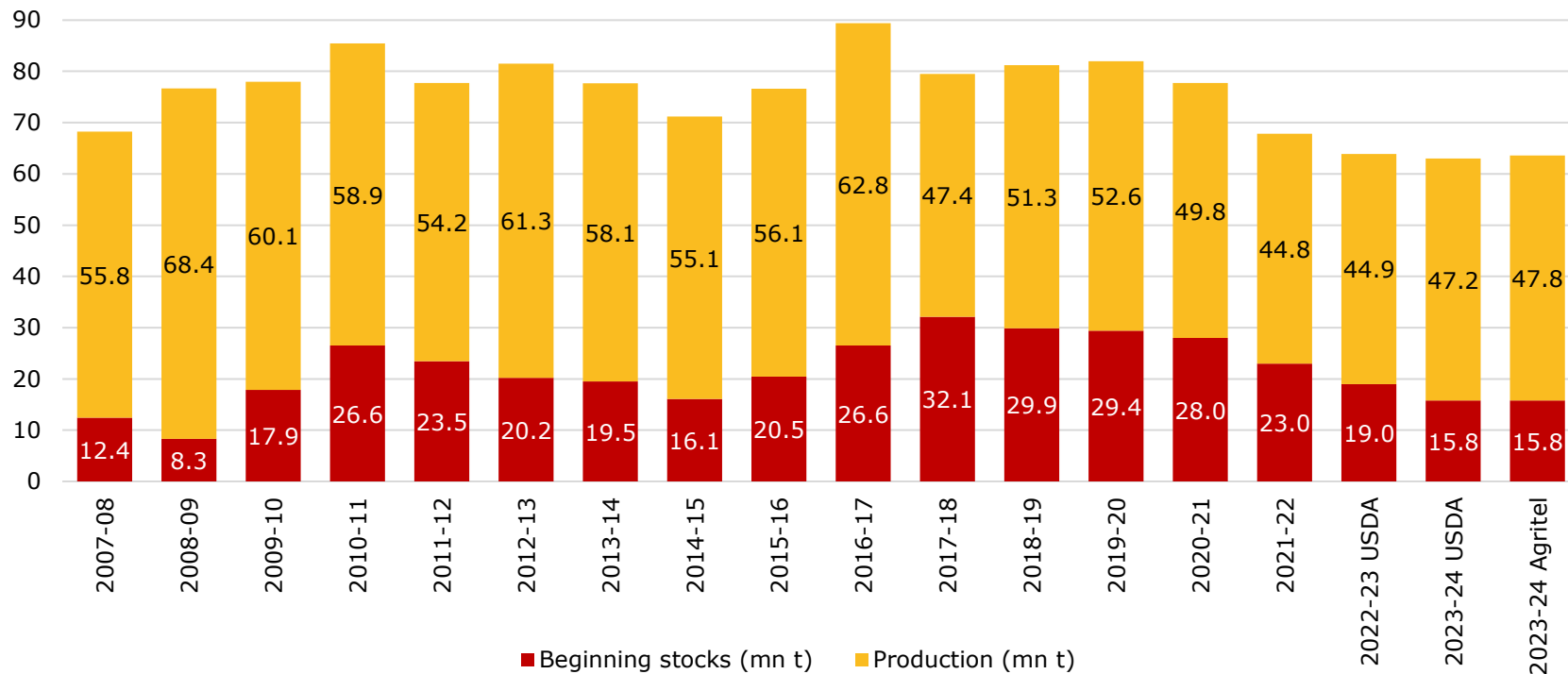
US wheat exports sales at the end of August vs USDA forecast



Market update and short-term outlook: 1<sup>st</sup> half of 2023-24

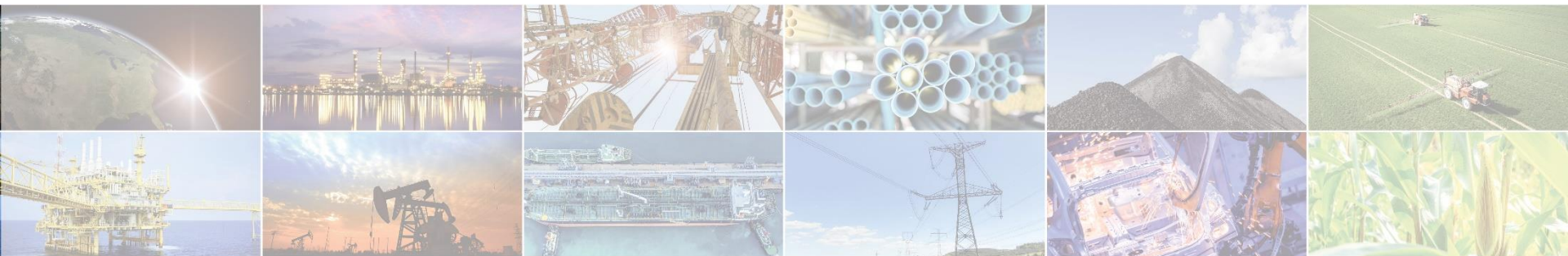
*...in addition to higher production of spring wheat in the US*

US all wheat supply



# Mid-term outlook: towards a tighter global balance sheet in the second half of the marketing year?

Jan-Jun 2024



Mid-term outlook: 2<sup>nd</sup> half of 2023-24

*ASW production and exports to fall sharply on the year*

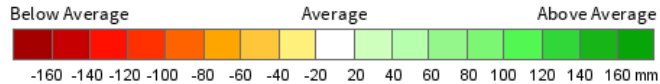
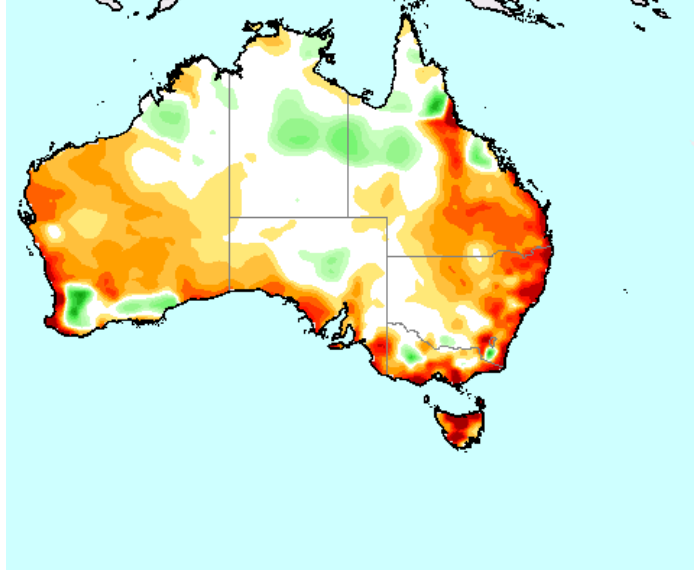
- ASW primarily produced in Western Australia
- GIWA September estimate for WA wheat output at 8.5mn t, down by 650,000t from August projections
- 2023-24 WA wheat production estimated 5.43mn t lower than 2022-23
- And 4.39mn t lower than 2021-22 production
- And 690,000t lower than 2020-21 production
- **But globally, low-protein wheat supply is less tight than high-protein**

Mid-term outlook: 2<sup>nd</sup> half of 2023-24

## *Dry conditions ahead of the harvest, particularly in wheat areas in NSW, SA and QLD*

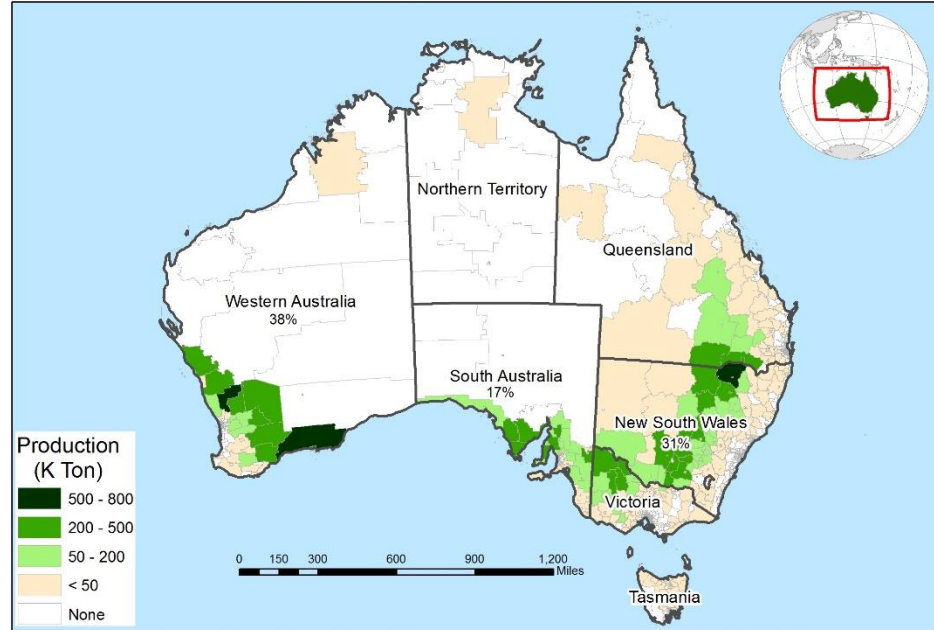
CPC Soil Moisture Anomaly (Leaky Bucket)

Sep. 25, 2023



Source: NOAA/CPC

## Australia: Wheat Production



Data Source: ABS Ag Census with 2016 SLA boundaries (SA2)  
Average production of 2005/06, 2010/11 and 2015/16

Foreign Agriculture Service  
Office of Global Analysis  
International Production Assessment Division



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Mid-term outlook: 2<sup>nd</sup> half of 2023-24

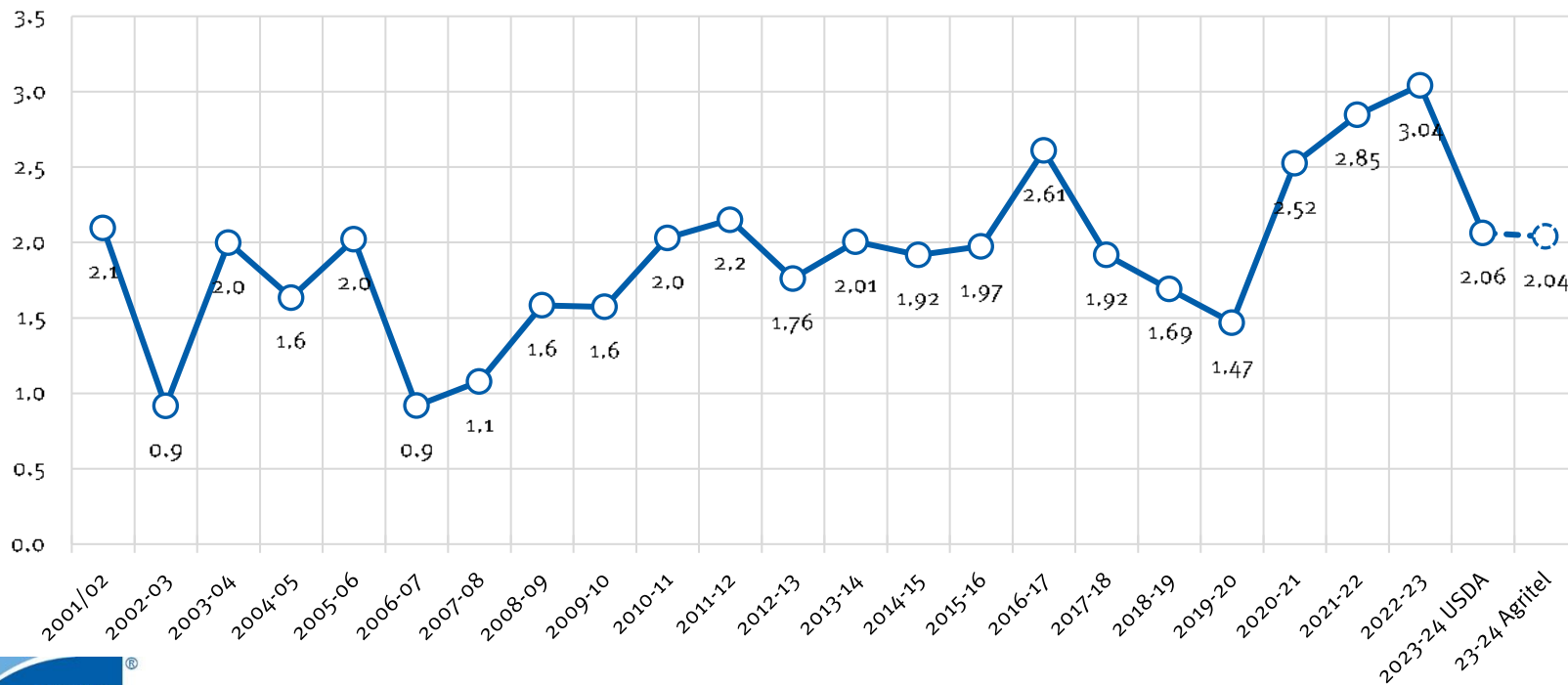
## A lower crop expected in Australia with the return of El Nino

Agritel yield: 2.04 t/ha

Abares yield: 2.01 t/ha

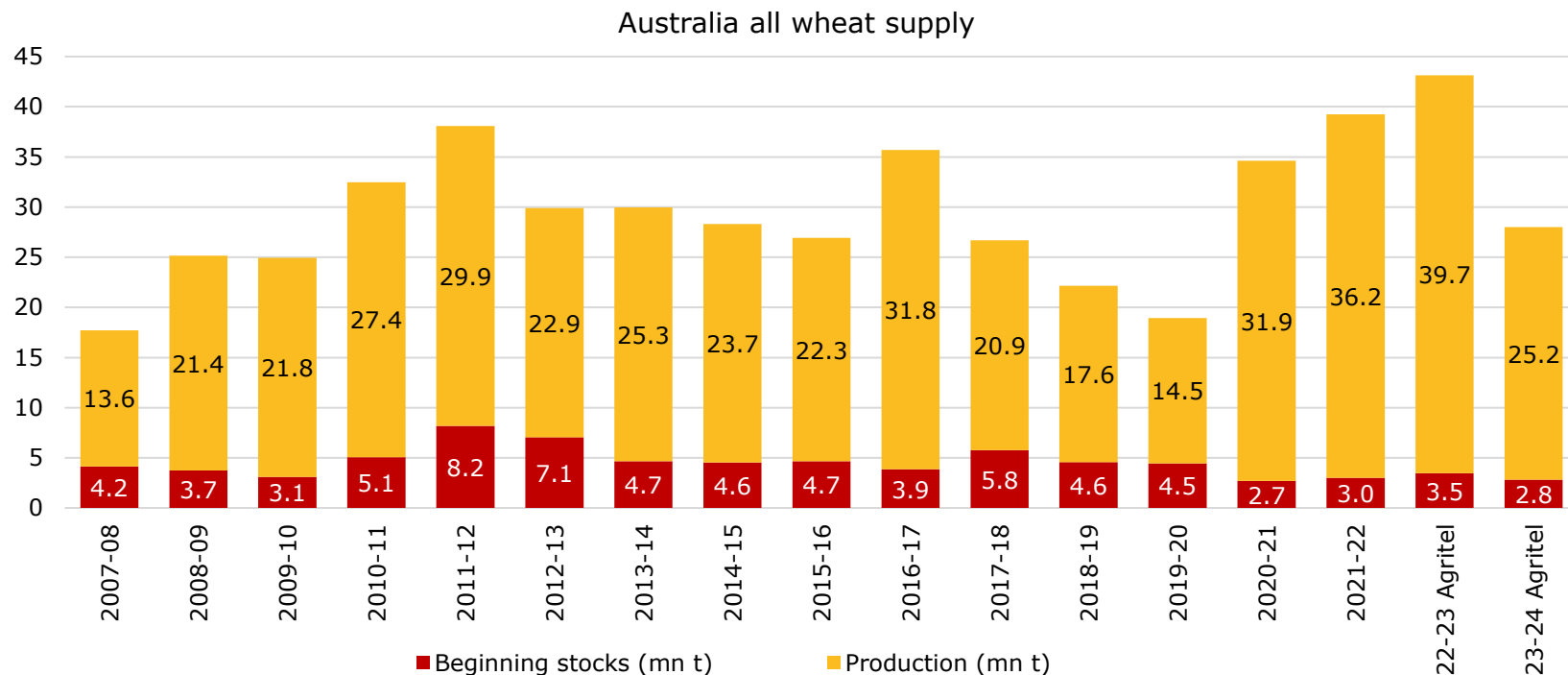
USDA yield: 2.06 t/ha (down in Sep Wasde from 2.23 t/ha in Aug)

### Australian wheat yield in t/ha



Mid-term outlook: 2<sup>nd</sup> half of 2023-24

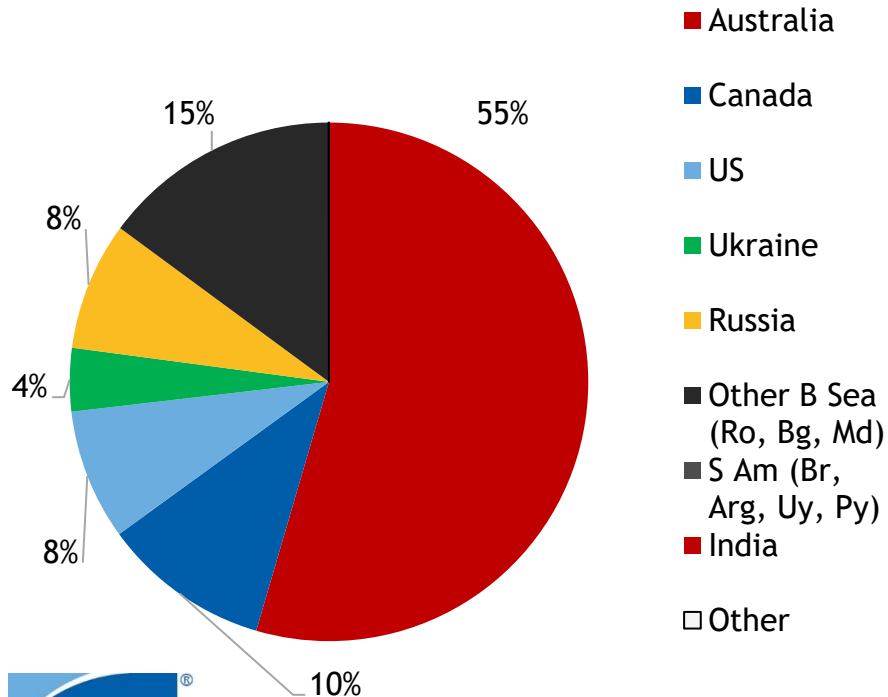
## *A lower crop expected in Australia with the return of El Nino*



Mid-term outlook: 2<sup>nd</sup> half of 2023-24

*From an Australian-dominated market in Jul 2023, since the start of the Australian 2021-22 season...*

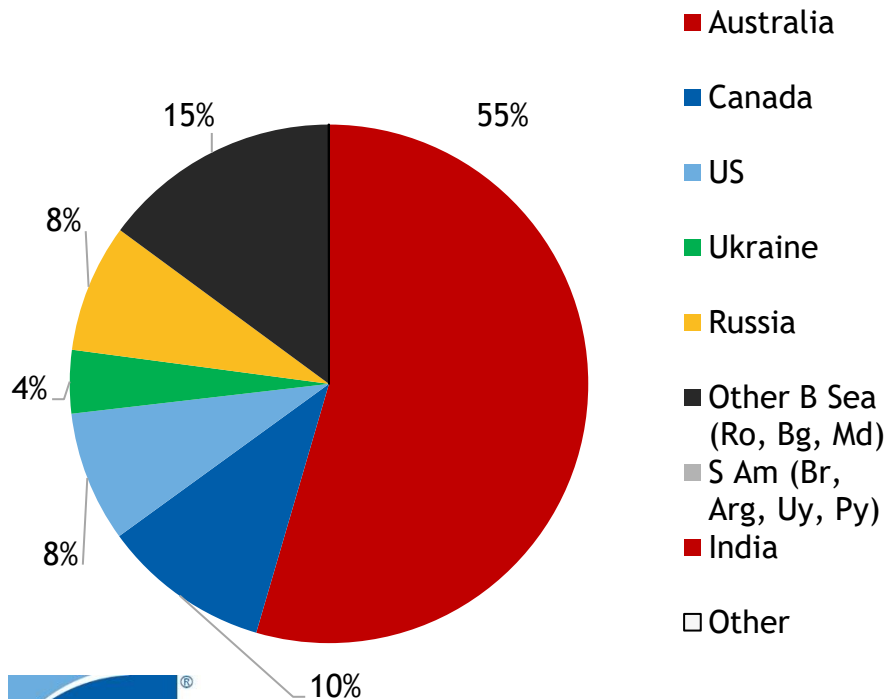
Wheat imports to Indonesia, Vietnam,  
Malaysia, Thailand in Jul 2023 (t)



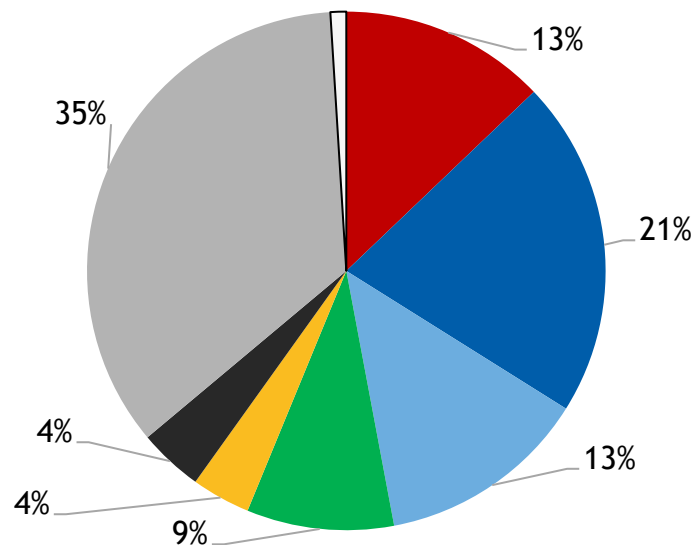
Mid-term outlook: 2<sup>nd</sup> half of 2023-24

*... to the emergence of the Black Sea as a major source of supply in Jan-Jun 2024?*

Wheat imports to Indonesia, Vietnam,  
Malaysia, Thailand in Jul 2023 (t)



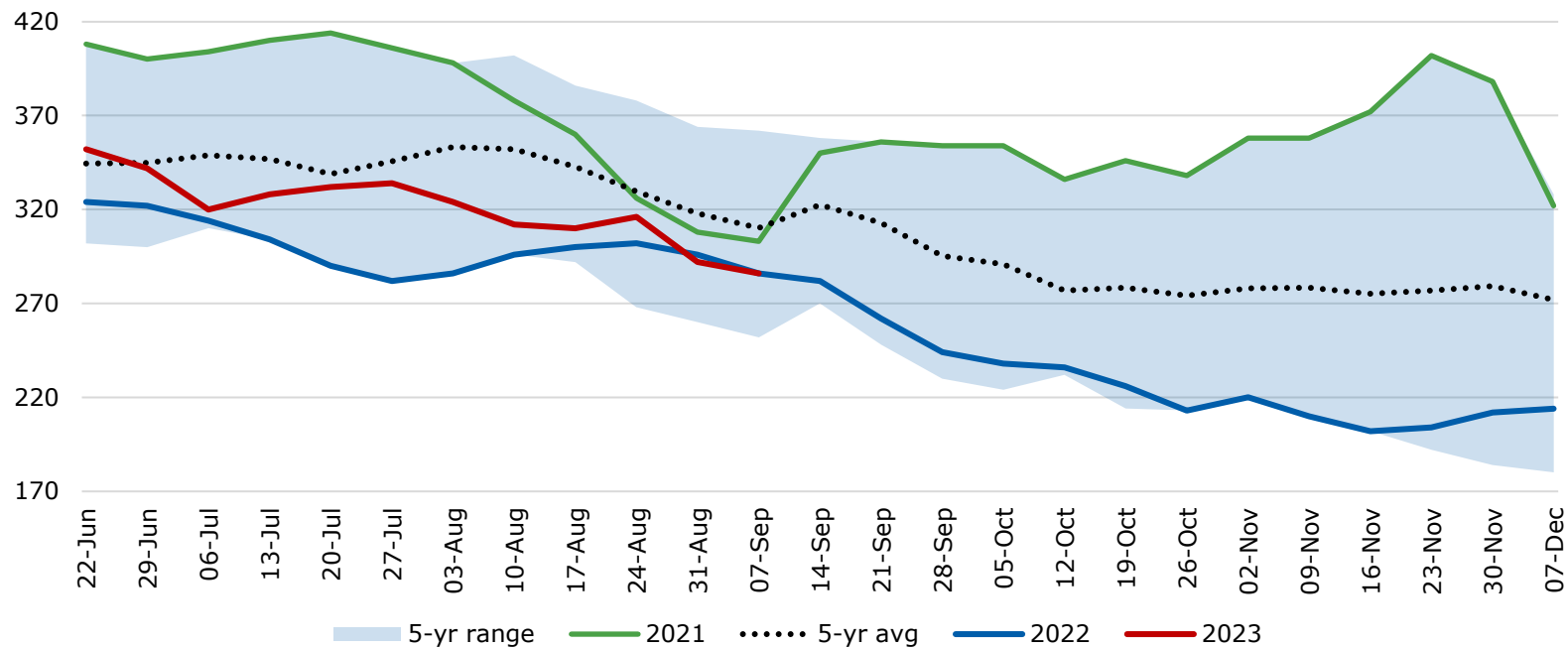
Wheat imports to Indonesia, Vietnam,  
Malaysia, Thailand in Jan-Jun 2020 (t)



Mid-term outlook: 2<sup>nd</sup> half of 2023-24

*The situation is also worsening in Argentina...*

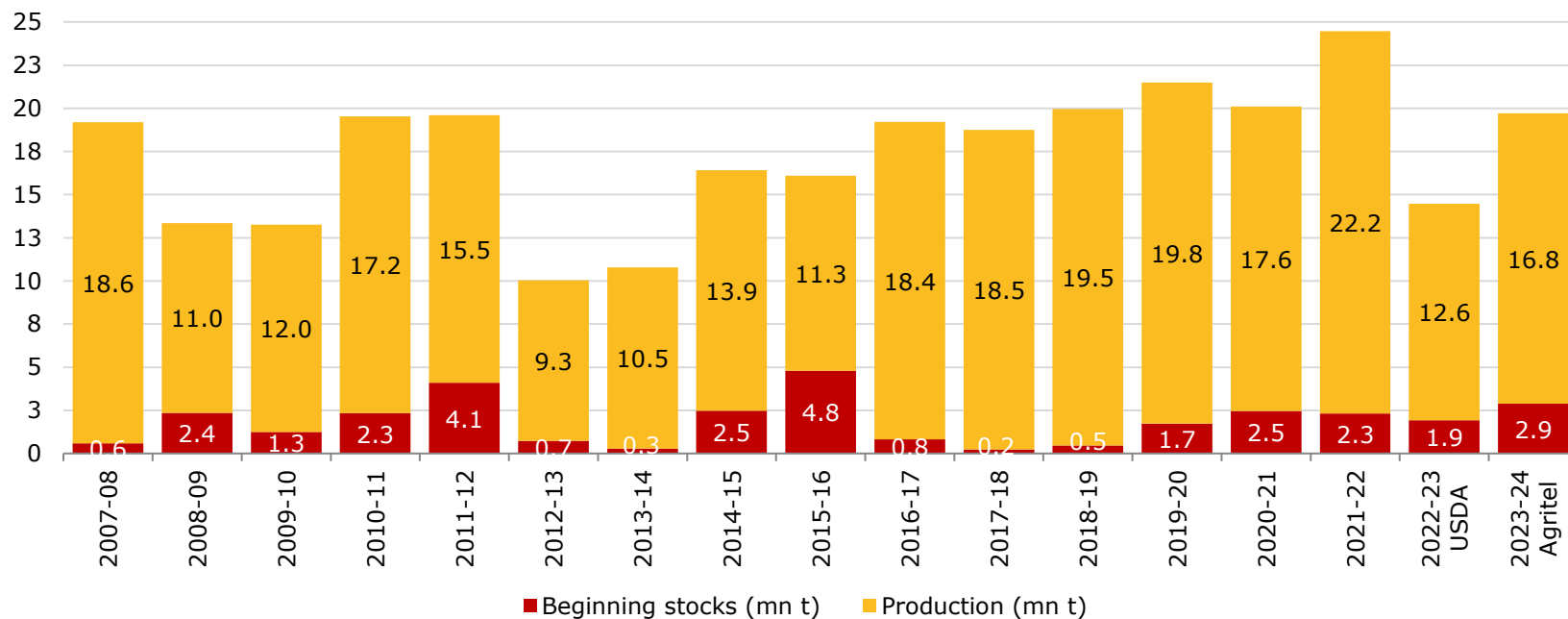
Argentina wheat index



Mid-term outlook: 2<sup>nd</sup> half of 2023-24

*...where Agritel lowered its production forecast by 0.7mn t to 16.8mn t*

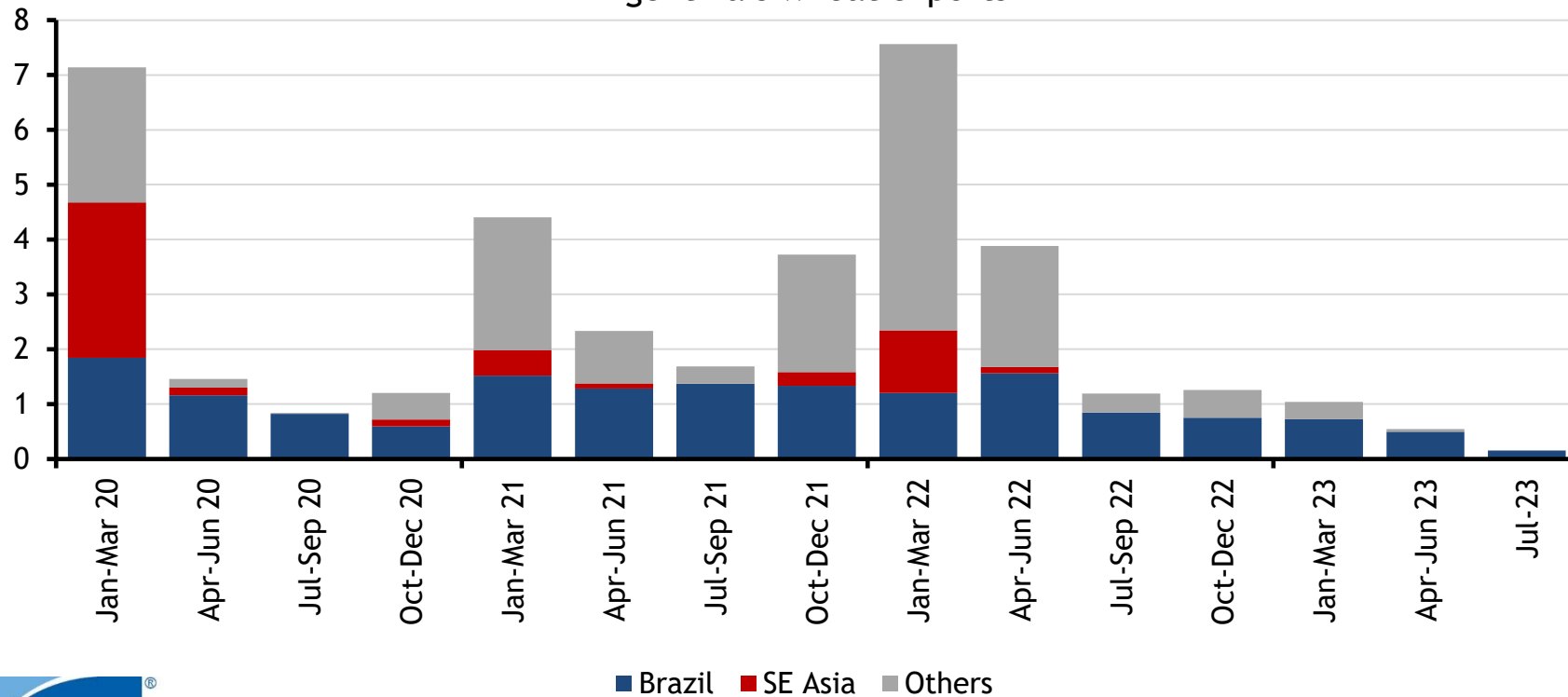
Argentina all wheat supply



Mid-term outlook: 2<sup>nd</sup> half of 2023-24

*Improved production, but exports may struggle to reach 2021-22 levels*

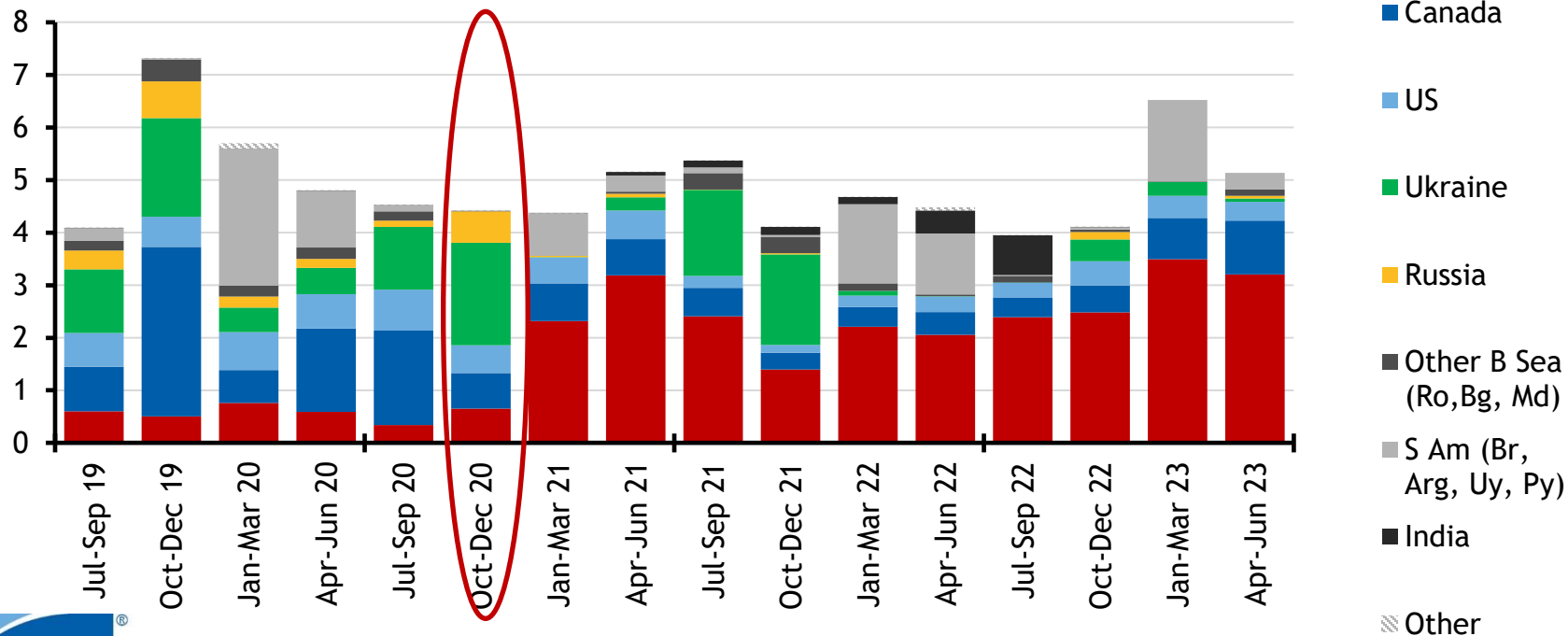
Argentina's wheat exports



Concluding thoughts

## *What will make up the shortfall from reduced Australian output?*

Wheat imports to Indonesia, Vietnam, Thailand, Malaysia



## Concluding thoughts

- 11.5% and other low-protein wheat in large supply short-to-medium term
  - Black Sea
  - Increased South American production — but only relative to 2022-23
- Tighter supply of premium wheat, particularly further out in the season
  - More US spring wheat in the coming months
  - **But** smaller supply of Canadian CWRS relative to 2022-23
  - Later on — **no bumper harvest in Australia**, for the first time since 2020
- And stronger global competition between buyers for premium wheat supply

...

Concluding thoughts

## *Long-term outlook: planting intentions for 2024-25 crop*

- Despite subsidized fertilizer, Russian farmers have had to contend with high fuel costs, and shortages in some regions
- Low wheat prices and high interest rates — planting intentions in northern hemisphere to watch
- Further out
  - Australia's resumed barley exports to China to watch — some farmers switched to barley in anticipation before the removal of duties
  - If China shows firm demand, more could follow for next season



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