

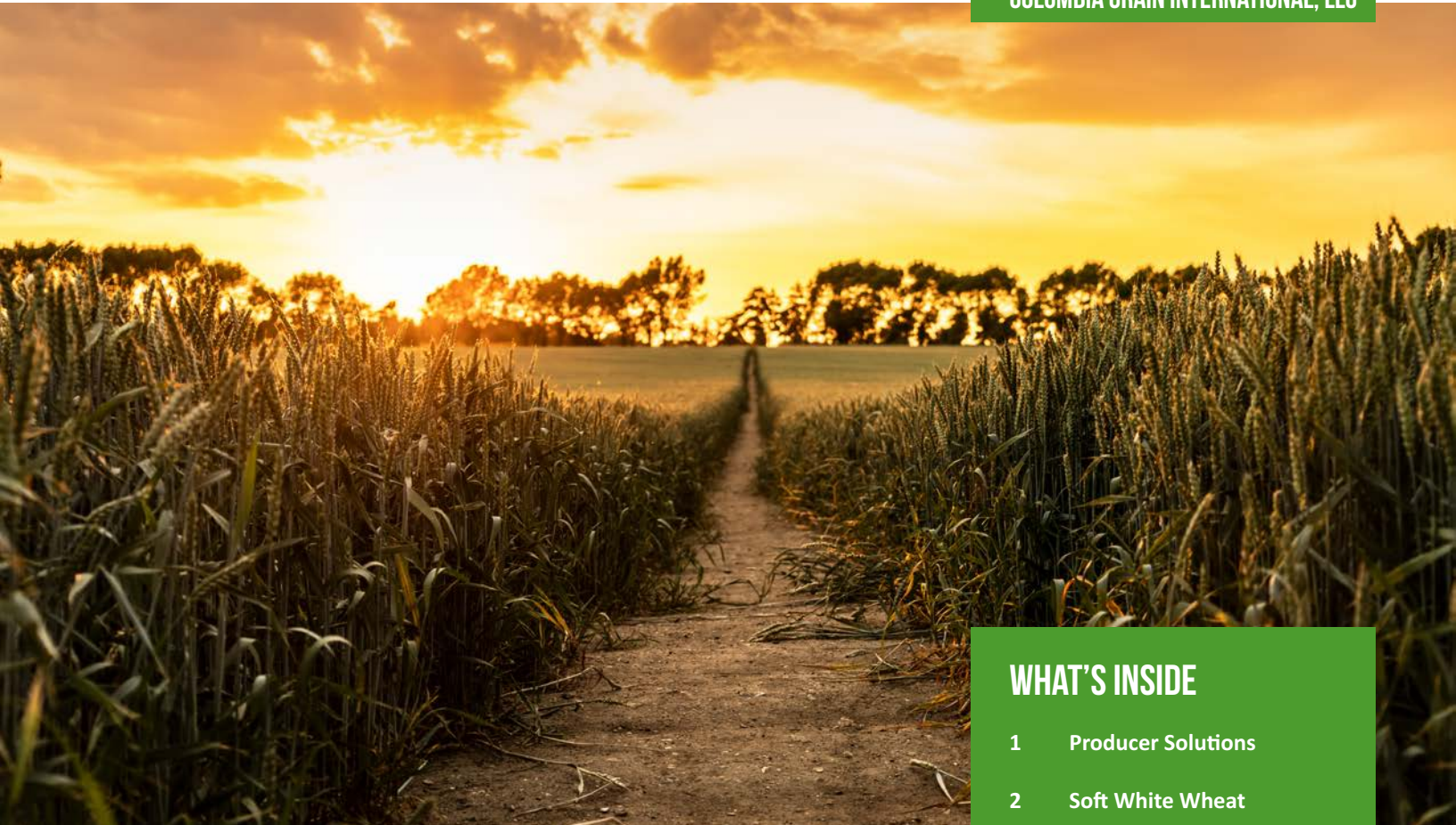


# CGI MARKET NEWS

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ISSUE 83, NOVEMBER 04, 2022

COLUMBIA GRAIN INTERNATIONAL, LLC



## COLUMBIA GRAIN PRODUCER SOLUTIONS

*Phil Symons*

We mentioned in the last Newsletter that we have some exciting news coming in terms of our Mobile App and Web Page, we're getting very close to releasing both of these exciting uses of technology. Stay tuned and look for additional information coming from us on this exciting topic in the very near future.

Grain markets have had some historically significant price swings this year making the decision to pull the trigger on your grain sales even more complex than in a "normal year". With Columbia Grain Producer Solutions we

aim to provide you with the most up to date market information on what is potentially driving the markets in certain directions and help to enhance your 'predictive intelligence' when creating your marketing plan. You should always aim to build a marketing plan around your cost of production and allow the market conditions to direct us in what marketing tools we should be using.

Be sure to look at some of the Accumulator contracts that we are able to put together for your operation as well. Looking out to

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new crop 2023 and 2024 at current levels would not be a bad place to start looking at scaling into some forward sales using one of our Accumulator contracts to help build a premium to the existing Futures values. Be sure to give your local Columbia Grain merchandiser a call to look at all the alternatives that we can offer you in our Columbia Grain Producers Solutions platform.



## SOFT WHITE WHEAT

*Steve Yorke, Merchant*

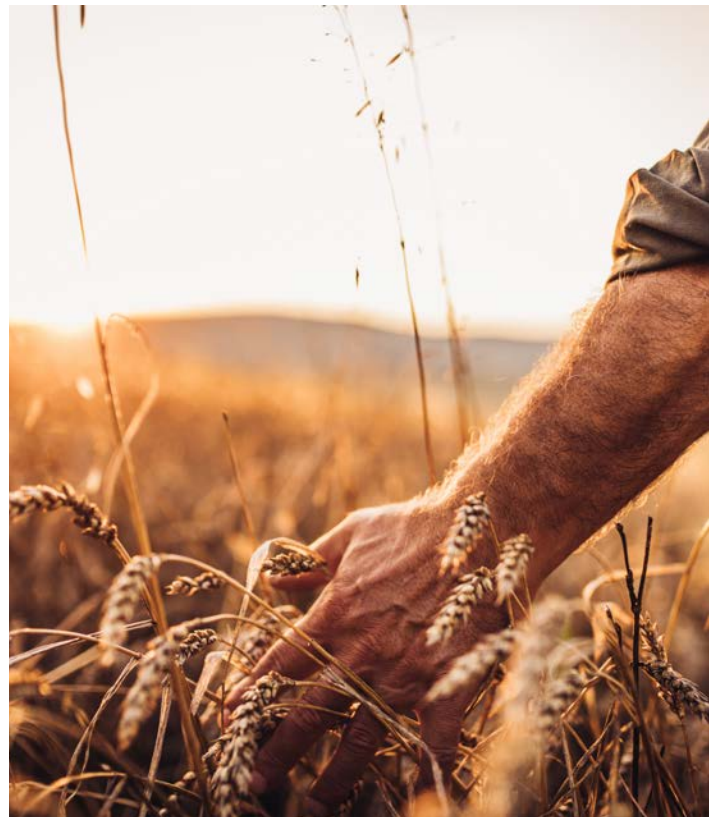
Another couple of weeks of volatile markets mainly created by the Russian conflict. We have had some weather issues that helped push wheat markets higher, but it's mostly been the back-and-forth threats from Putin. One-minute Ukrainian grain can flow safely and then the next statement from Putin brings on more uncertainty; all this creates for the white wheat grower is more questions and turns marketing grain into a guessing game. We have seen prices locked into a dollar range – 9.50-8.50 with little reason to break out of this range. The one thing these markets do provide is plenty of opportunities to market grain using HTA's or accumulators. Locking in some new crop at these elevated levels and waiting on basis should be considered when looking ahead to next year's crop. Please reach out to our buyers or call Phil Symons directly to discuss the different tools available

## RED WHEAT

*Rudy Weitze, Merchant*

It's been a wild week in red wheat futures to start the week. This past Saturday, Russia announced that it would pull out of its agreement that allowed Ukraine to ship wheat from its ports; this sent futures upwards on Monday and Tuesday, but the announcement that Russia would resume the deal sent us right back down on Wednesday. Futures have tumbled back to where they were at the end of October. Any additional news out of Russia/Ukraine can send this market flying in either direction. The first winter wheat condition rating came out this week and conditions were as expected. Montana was rated as 31% good to excellent and Washington was 63% GtE. Things along the Southern Plains were

in bad with Kansas at 24% good to excellent, Oklahoma at 11% GtE and Texas at 4% GtE. Texas is in such bad shape that 65% of it's wheat crop is rated as poor to very poor. There have been a few showers along the plains and with conditions so bad it's hard to see things getting much worse. Domestic markets have seen some action with millers trying to buy things that can move ASAP. Rail performance has been poor and has messed up logistics for mills. Exports are still slow with little action to report less typical business. It's hard to say where we stand on the Russia/Ukraine conflict today, but I imagine the matter of the Ukrainian grain exports has not been put to bed. Volatility should continue to be expected.



## DURUM

*Ryan Statz, Merchant*

Durum markets have been trending higher the last few weeks on fuel from the demand side. Domestic millers cleaned up available harvest bushels that flowed into the system in September and then in the first few weeks of October, the market has seen international buyers come to the table. Simply put, demand hit the market in a window when bushels were not being marketed from the grower – harvest was complete and bushels got put away in on-farm storage. While the price appreciation was needed, is it sustainable in the short term before it shuts off demand? Most Nov/Dec coverage is complete from the domestic buyer, so the price drive needs to come from the international buyer. We would like to see demand continue, but the market needs to realize that international offers are now \$50/mt higher than they were when the initial international business was put on. Without this piece of demand, prices likely float lower to incent more coverage. No doubt, demand will dictate the next trend. Hopefully by the next CGI Market News Commentary we have a clearer picture of where things are headed.

## BARLEY

*Ryan Statz, Merchant*

It's a critical time in barley world as malting barley buyers are assessing crop quality and ultimately what will be accepted and rejected on Act-Of-God contracts from growers. No doubt, because of the diverse planting conditions mixed with harsh weather throughout barley growing areas, quality is very wide ranging. In general, the higher year-on-year production totals will not be enough alone to get the malting barley buyers back into a favorable or comfortable position from a supplied pipeline scenario. It will continue to support barley prices until we know more of when and how we can adequately refill malting barley supply chains. Please keep us updated on barley lots for sale. There are opportunities as rejected lots to one malting barley might work to a different buyer. These malting barley buyers all have different needs and wants and with the variety of wide-ranging quality, opportunities exist. It is our job to help find you this opportunity.

## INTERNATIONAL WHEAT

*Ron Williams, Merchant*

Uncertainty continues to be the word that best describes the market for me. Markets seem to move more than ever on headlines before we really know the details. Even when we think we have a handle on the facts, things change the next day. The ongoing war between Russia and Ukraine is the main driver. The uncertainty is causing market participants the most anxiety. This week, one of the buyers in Korea purchased a cargo of nearby Soft White out of the PNW for feed. They did not buy it because it was cheap, as they have done in the past. I believe they bought it to replace a cargo they had previously purchased to be shipped from the black sea. The reason they purchased it from the PNW and not out of Australia is because the exporters in Australia have no nearby capacity left to load the cargo. The Aussies did offer, but for a 30 day later shipment period. We are also uncertain as to what the quality of the Australian crop will be. The heavy rains in their Eastern growing areas will turn some percentage of the crop to feed and cause some of the crop to not be harvested at all. Look for the Australian suppliers to remain aggressive where they have the supplies and the export capacity. U.S. Hard wheat conditions are also discouraging.

Near term I look for our values to remain strong. We will continue to see opportunities to sell cargoes such as the Korean feed cargo as buyers need to fill in supplies that are not able to be shipped and others struggle with lack of lifting capacity. Longer term as we work through some of the uncertainty and supply chains become a more dependable, we will need to see our values move lower if we wish to compete with pent up supplies hitting the market.





**THE US GOVERNMENT  
FOOD AID PROGRAM WILL  
CONTINUE TO BE A GOOD  
MARKET FOR US PEAS**



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## **PULSES AND EDIBLE BEANS**

*Matt Searcy, Merchant*

### **FIELD PEAS**

Pea markets have been slightly firmer over the past couple of weeks. Going forward, Canada will lead the market more than last year due to the relatively higher production. The US Pea balance sheet is not as loose as Canada so we'll be even more of a "price-taker". The US Government Food Aid program will continue to be a good market for US Peas so expect prices to stay supported from that standpoint.

### **LENTILS**

Lentil markets have eased the past week due to waning global demand. Buyers have largely gotten the coverage they need nearby and are on the sideline for the meantime. Australian red lentil production concerns have been digested by the market and dismissed. With no new story to feed the bulls, the path of least resistance is down.

### **CHICKPEAS**

Chickpeas continue their sideways trade with neither farmer selling nor demand outpacing. Until one side takes command of the market, price can continue to trade rangebound. The US and Canada crops were not large enough to overwhelm the market at harvest. When these bushels ultimately look to move, there could be downside on prices.

### **DRY BEANS**

Dry Bean harvest is now complete across the US and Canada. Yields have been substantiated and total supply is understood by the market. Mexico's Spring-Summer production cycle is currently being harvest and reports of small yields and poor quality are surfacing. The market will watch closely to final production estimates over the next 30 days to give indication if/when they may look to import from the US.

