

Soybean & Corn Advisor, Inc.

Dr. Michael Cordonnier
soycorn@comcast.net
(630)325-0192

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Brazil's 2021 Soybean Exports Will Start Slow

With tight supplies and high demand, the market is closely monitoring the Brazilian soybean harvest and the start of Brazilian soybean exports. The combination of late planting and now wet weather is resulting in a very slow start soybean exports.

The 2020/21 Brazilian soybeans were 4% harvested late last week compared to 16% last year according to AgRural. The late planting and current wet weather has led to the slowest start to the Brazilian soybean harvest in ten years.

The slow pace of soybean harvesting will also translate to a slow start to Brazil's soybean exports. Brazil only exported 49,500 tons of soybeans in January compared to 1.4 million tons last January according to data from the Foreign Trade Secretariat (Secex). Even though there are at least 11 million tons in the vessel lineup for Brazilian soybeans, exports will be slow during the first half of February, only picking up during the second half of the month. The vast majority of those 11 million tons in the lineup are destined for China.

Secex reported that Brazil did not register any soybean exports during the first week of February. During February of 2020 when the soybean harvest was further along than it is this year and the weather was more cooperative, Brazil exported 4.8 million tons of soybeans. The average daily soybean exports during February of 2020 was 268,600 tons per day.

With only 4% of the soybeans harvested as of late last week and a forecast calling for more rain, Brazil is certain to export fewer soybeans this February compared to last February. I think it would be lucky if Brazil exports 3-4 million tons of soybeans this February.

The initial export pace could also be impacted by wet weather at Brazil's two biggest ports of Santos and Paranagua. The loading of grain at those ports is suspended during periods of rainfall because they need to close the holds of the vessels. At the Port of Paranagua for example, loading activity was suspended for 12.5 days during January due to wet weather.

An additional factor to consider is the fact that the first available soybeans over the next few weeks could go to processors who are willing to pay a premium for the first soybean in order to get their operations up and running.

Below are three pictures showing the movement of grain vessels to-and-from China to Brazil and the U.S. The first one shows the number of vessels loaded with Brazilian soybeans

heading to China and the caption at the bottom of the picture translates as: Flux of Vessels Loaded with Brazilian Soybeans for China on February 5, 2021. Source: Refinitiv Eikon and Karen Braun

The second picture is from the consulting firm Patria Agronegocios and it shows the number of empty grain vessels (green dots) on their way from China to Brazil. The title is: Tacking The Flux of Empty Gran Vessels – February 2, 2021. Down at the bottom is: Origin: China, Destination: Brazil. The source of information is from Reuters Refinitiv.

The third picture is also from the consulting firm Patria Agronegocios and it shows the number of empty grain vessels (green dots) on their way from China to the United States. Down at the bottom is: Origin: China, Destination: Brazil. The source of information is from Reuters Refinitiv. These pictures are from Noticias Agricolas.



Fluxo de navios carregados com soja do Brasil para a China em 5 de fevereiro 2021

Fontes: Refinitiv Eikon e Karen Braun





2020/21 Brazil Soybean Estimate Unchanged at 130.0 Million Tons

The 2020/21 Brazil soybean estimate was left unchanged this week at 130.0 million tons and I have a neutral to slightly higher bias going forward.

The weather last week was wet across much of Brazil especially in the central and northern areas. Starting late last week and over the weekend, southern Brazil received some welcomed dry weather. The forecast is calling for more rain across the northern and northeastern areas and less rainfall across southern Brazil. That is probably not good news for Mato Grosso, but it is good news for Goias, Minas Gerais, and northeastern Brazil where the rainfall is needed.

The 2020/21 soybeans in Brazil were 4% harvested late last week compared to 16% last year according to AgRural. This represents an advance of 2% for the week and this year continues to be the slowest harvest pace in 10 years. Given the current forecast, the harvest pace should pick up in southern Brazil, but it will remain very slow in northern Brazil.

One of the results of this wet weather will be episodes of poor quality seed. There are already reports of poor quality seed in Parana and Mato Grosso and I expect there will be more. It generally takes a lot of poor quality seed to reduce the overall production estimates, but I think we need to be cautious.

I could have increased the Brazilian soybean estimate this week due to improved conditions in Rio Grande do Sul and northeastern Brazil, but I decided to leave it unchanged due to concerns about more delays in the soybean harvest and the possibility of more poor quality soybeans. If the rains would start to ease off before the bulk of the soybeans are mature, the Brazilian soybean estimate could increase another 1-3 million tons.

Mato Grosso Soybeans – The soybeans in Mato Grosso are 11% harvested compared to 44.5% last year and 32.5% average according to the Mato Grosso Institute of Agricultural Economics (Imea). This represents an advance of 6.4% for the week. The most advanced harvest pace is in the northern part of the state where the soybeans are 24% harvested.

Imea is estimating the statewide soybean yield at 57.4 sacks per hectare (51.3 bu/ac) and the total soybean production in the state at 35.4 million tons, which would be up only 0.2% compared to last year.

Embrapa Soybeans issued a note late last week about the mysterious soybean disease that results in seeds rotting inside of otherwise normal looking pods. They have not yet identified the disease, but they think it is somehow related to high temperatures and moisture deficits during later pod filling. They do not think it is related to the more common Pod and Stem Blight ((Phomopsis), which is associated with prolonged periods of wetness when the soybeans are mature and ready for harvest. Pod and Stem Blight can turn the pods and stems black and it results in the rotting of the pods and the seed inside.

Early Soybean Yields in Mato Grosso Continue to be Variable - Brazilian farmers in the municipality of Sorriso, which is located in central Mato Grosso, have harvested approximately 10% of their 2020/21 soybeans. Sorriso is the largest soybean municipality in Brazil responsible for more than 600,000 hectares of soybeans (1.48 million acres).

The President of the Rural Syndicate of Sorriso estimates the average yield thus far at 60 sacks per hectare (53.6 bu/ac), which he considers positive given the irregular weather during the first few months of the growing season. The early yields range from 37 sacks per hectare to 74 sacks (33 bu/ac to 66 bu/ac).

The municipality of Sorriso is also the site of a mysterious new soybean disease. The disease results in individual rotted seeds inside of full-sized green pods. The disease was first spotted in 2018 and it seems to be spreading, but scientists are not sure how widespread it has become. They have also not yet identified the cause of the disease or a fungicide that will control it.

In the municipality of Campos de Julio, which is located in western Mato Grosso, farmers have harvested 15% to 20% of their soybeans compared to 30% to 40% which is normal for this time of the year.

These early soybeans were the ones most impacted by dry weather in October and November. As a result, the yields are quite variable ranging from 40 sacks per hectare to 70

sacks (35.7 bu/ac to 62.5 bu/ac). Farmers are expecting higher yields when the harvest moves into the later maturing soybeans.

The current price of soybeans in the state is approximately R\$ 150 per sack (approximately \$12.85 per bushel), but most farmers in the state had forward contracted more than half of the anticipated soybean production at much lower prices.

Parana Soybeans – The soybean crop in Parana is 1% in vegetative development, 16% flowering, 67% filling pods, 15% maturing, and 0% harvested as of late last week according to the Department of Rural Economics (Deral). The weather late last week and over the weekend was dry, so farmers in the state have started to harvest some of their soybeans. Last week, the soybeans were rated 5% poor, 19% fair, and 77% good.

Municipality of Dr. Camargo – In the municipality of Dr. Camargo, which is located in northwestern Parana, the soybean planting was delayed 35 days due to dry weather and now wet weather is delaying the early harvest. The municipality received 14 inches of precipitation during January resulting in a lack of sunshine, excessive plant growth, yellowing leaves, dropped pods, and increased disease pressure. Below are two pictures from the municipality illustrating the problems some farmers are describing.



Photos are from Noticias Agricolas.

Rio Grande do Sul Soybeans — Recent rains across the state have left farmers much more confident about their potential soybean yields. Emater reported last week that the soybeans were 30% in vegetative development, 44% flowering, 25% filling pods, and 1% maturing.

2020/21 Brazil Corn Estimate Unchanged at 105.0 Million Tons

The 2020/21 Brazil corn estimate was left unchanged this week at 105.0 million tons and I have a neutral bias going forward.

The safrinha corn is going to be planted in a very tight window and much of the crop will be planted after the ideal window has closed, which is in about two weeks. Nationwide, the safrinha corn was 3.4% planted late last week compared to 23% last year according to AgRural.

Brazilian farmers are expected to plant a majority if not all their intended safrinha corn because of the strong corn prices and the fact that they have purchased nearly all their needed inputs and they have forward contracted more than half of their anticipated corn production.

Mato Grosso Safrinha Corn – The safrinha corn in Mato Grosso was 8.2% planted last week compared to 38.9% last year and 29% average according to the Mato Grosso Institute of Agricultural Economics (Imea). The most advanced planting is in the northern part of the state where 18% of the corn has been planted.

Parana Corn – The full-season corn in Parana was 2% in vegetative development, 8% pollinating, 53% filling grain, 37% maturing, and 2% harvested as of late last week according to the Department of Rural Economics (Deral).

The safrinha corn in Parana was 1% planted late last week. Even though the safrinha corn planting is going to be very late, it is still expected that farmers will plant most if not all their intended safrinha corn because they have already purchased 90% of their inputs and corn prices continue to be very strong.

Rio Grande do Sul Full-Season Corn – Emater reported that 17% of the full-season corn was in vegetative development, 13% was pollinating, 21% was filling grain, 12% was maturing, and 36% has been harvested. The corn harvest was 36% last year and 29% average. The recent rains have slowed the harvest pace, but they have been beneficial for the later developing corn. The average price of corn last week in the state was R\$ 79.12 per sack (approximately \$6.75 per bushel).

Conab will release their latest assessment of the Brazilian corn crop on Thursday, February 11th. The U.S. Attaché in Brazil reduced their estimate of the Brazilian corn crop to 105.0 million tons citing delayed planting for the lower estimate.

2020/21 Argentina Soybean Estimate Unchanged at 46.0 Million Tons

The 2020/21 Argentina soybean estimate was left unchanged last week at 46.0 million tons and I have a neutral bias going forward.

There were only a few light showers over the weekend in southeastern Buenos Aires province with dry weather across most of the major corn and soybean producing regions. The forecast is calling for generally dryer-than-normal weather for the next 6-10 days across much of the area with seasonal temperatures.

The soils in Argentina have a very good water holding capacity, so they can withstand short periods of dryness without major plant stress. I would say the weather in Argentina has been good enough to maintain the status quo. The crops will probably end up mediocre, but it won't be a disaster either.

Early planted soybeans in Argentina were 36% setting pods late last week and about 1% filling pods. The late planted soybeans were 24% flowering and both the early planted and late planted soybeans are developing slower than normal.

The soybean crop in Argentina was rated 9% poor to very poor, 72% fair, and 19% good to excellent late last week. The good to excellent percentage compares to 18% the prior week and 65% last year. The soil moisture for the soybeans was rated 13% short to very short and 87% favorable to optimum last week. The favorable to optimum compares to 76% the prior week and 96% last year.

The Buenos Aires Grain Exchange left their 2020/21 soybean estimate unchanged last week at 46.0 million tons. The USDA will release their February estimate on Tuesday, February 9th. They are currently estimating the Argentina soybean production at 48.0 million tons.

2020/21 Argentina Corn Estimate Unchanged at 44.5 Million Tons

The 2020/21 Argentina corn estimate was left unchanged last week at 44.5 million tons and I have a neutral bias going forward.

There were only a few light showers over the weekend in southeastern Buenos Aires province with dry weather across most of the major corn and soybean producing regions. The forecast is calling for generally dryer-than-normal weather for the next 6-10 days across much of the area with seasonal temperatures.

Early planted corn in Argentina was 42% filling grain and 8% mature late last week. The late planted corn was about 30% pollinating last week and there might be a few fields of corn harvested this week.

The corn crop in Argentina was rated 9% poor to very poor, 67% fair, and 24% good to excellent late last week. The good to excellent percentage compares to 22% the prior week and 59% average. The soil moisture for the corn was rated 13% short to very short and 87% favorable to optimum. The favorable to optimum percentage compares to 85% the prior week and 88% last year.

The Buenos Aires Grain Exchange lowered their 2020/21 corn estimate 1.0 million tons last week to 46.0 million. The USDA will release their February estimate on Tuesday, February 9th. They are currently estimating the Argentina corn production at 47.5 million tons.

2020/21 South America Crop Estimates Unchanged this Week

No changes were made this week in the South American production estimates.

2020/21 South American Soybean Production

<u>Country</u>	<u>Current Estimate</u>	<u>Maximum</u>	<u>Minimum</u>	<u>2020/21 USDA</u>	<u>2019/20 Production</u>	
		Million metric tons				
Brazil	130.0	134.0	128.0	133.0	126.0	
Argentina	46.0	47.0	43.0	48.0	48.8	
Paraguay	10.2	11.0	8.5	10.2	9.9	
Bolivia	2.9	3.5	2.5	2.9	2.8	
Uruguay	<u>2.0</u>	<u>3.0</u>	<u>2.5</u>	<u>2.0</u>	<u>1.9</u>	
Total	191.1	198.5	184.5	196.1	189.4	

2020/211 South American Corn Production

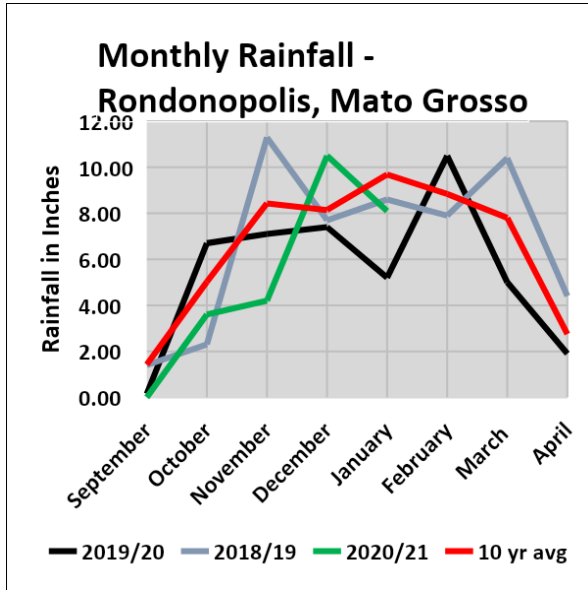
<u>Country</u>	<u>Current Estimate</u>	<u>Maximum</u>	<u>Minimum</u>	<u>2020/21 USDA</u>	<u>2019/20 Production</u>
		Million metric tons			
Brazil	105.0	109.0	102.0	109.0	102.0
Argentina	44.5	45.5	42.0	47.5	51.0
Paraguay	4.2	4.5	3.5	4.6	3.8
Bolivia	1.2	1.0	0.7	1.2	1.1
Uruguay	<u>0.7</u>	<u>0.8</u>	<u>0.5</u>	<u>0.6</u>	<u>0.7</u>
Total	155.6	160.8	148.7	162.9	158.6

First Week of February Dry in Rondonopolis, Mato Grosso

Rondonopolis recorded less than 0.1 inches of precipitation during the first week of February. Most of the rainfall in Mato Grosso last week was across the central and northern parts of the state.

Monthly Rainfall in Rondonopolis, Mato Grosso

<u>Month</u>	<u>Total Rainfall in Inches</u>	<u>10-Year Average</u>	<u>Number of Days Measurable Rain</u>	<u>10-Year Average</u>
July 2020	0.0	0.0	0	0
August 2020	0.0	0.0	0	0
September 2020	0.0	1.4	0	4
October 2020	3.6	5.0	10	11
November 2020	4.2	8.4	12	14
December 2020	10.5	8.1	21	16
January 2021	8.1	9.7	21	20
February 2021 (7 days)	0.1	8.8	1	16



Brazilian Soybean Rating Improved Slightly this Week

The Brazilian soybean rating improved slightly this week based mainly on improved conditions in Rio Grande do Sul and in northeastern Brazil. There are ongoing concerns in Brazil that the rain-delayed harvest could result in episodes of poor quality seed. The Argentina estimates were left unchanged this week.

2020/21 South American Crop Condition Ratings

	<u>February 9, 2021</u>	<u>Prior Week</u>
Brazil soybeans	5	4-5
Brazil full-season corn	4	4
Brazil safrinha corn	4-5	4-5
Argentina soybeans	4	4
Argentina corn	3-4	3-4

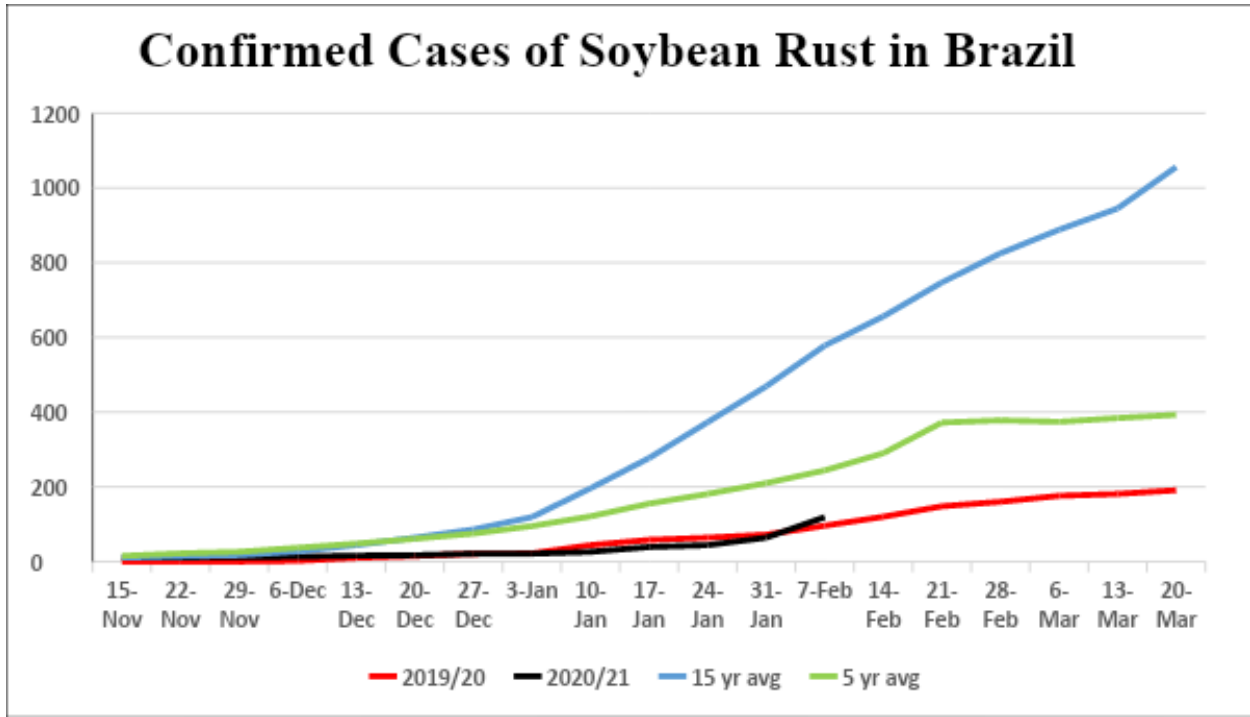
A rating of 1 means that the growing conditions are very detrimental and a 10 means that the growing conditions are ideal.

Soybean Rust Cases in Brazil Nearly Doubled in One Week

The 2020/21 growing season is no longer the best year for the control of soybean rust. That distinction is now for the 2019/20 season. Embrapa reported 119 confirmed cases of soybean rust, which is up 55 from last week. Last year at this time, there had been 96 confirmed cases. The 5-year average of cases is 244 and the 15-year average is 578. The worst year was 2009/10 when there had been 1667 confirmed cases by this time and the best year was last year.

The number of cases by state are: 60 in Parana, 15 in Mato Grosso do Sul, 12 in Rio Grande do Sul, 8 in Sao Paulo, 6 in Goias, 5 in Tocantins, 4 in Mato Grosso, 4 in Santa Catarina, 3 in Minas Gerais, 1 in Bahia, and 1 in Maranhao.

Farmers in Parana have complained that the wet weather has prevented them from applying control measures to control soybean rust. With more wet weather in the forecast, the number of rust cases in Brazil will continue to increase.



Michael Cordonnier

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