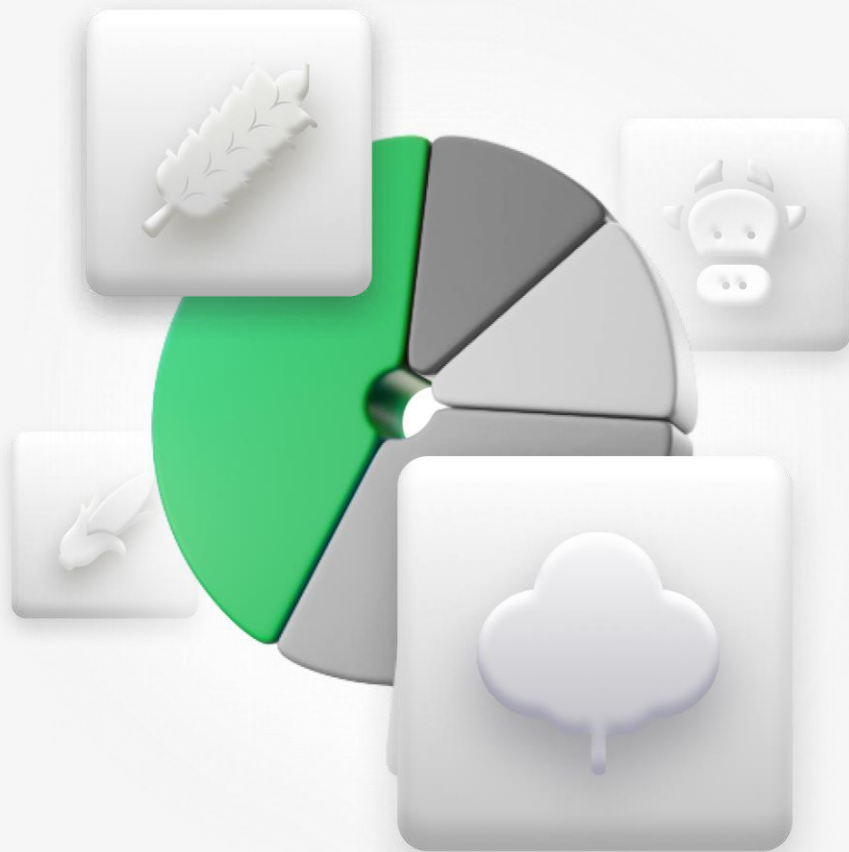


# Weekly bulletin

Week33  
August 15th

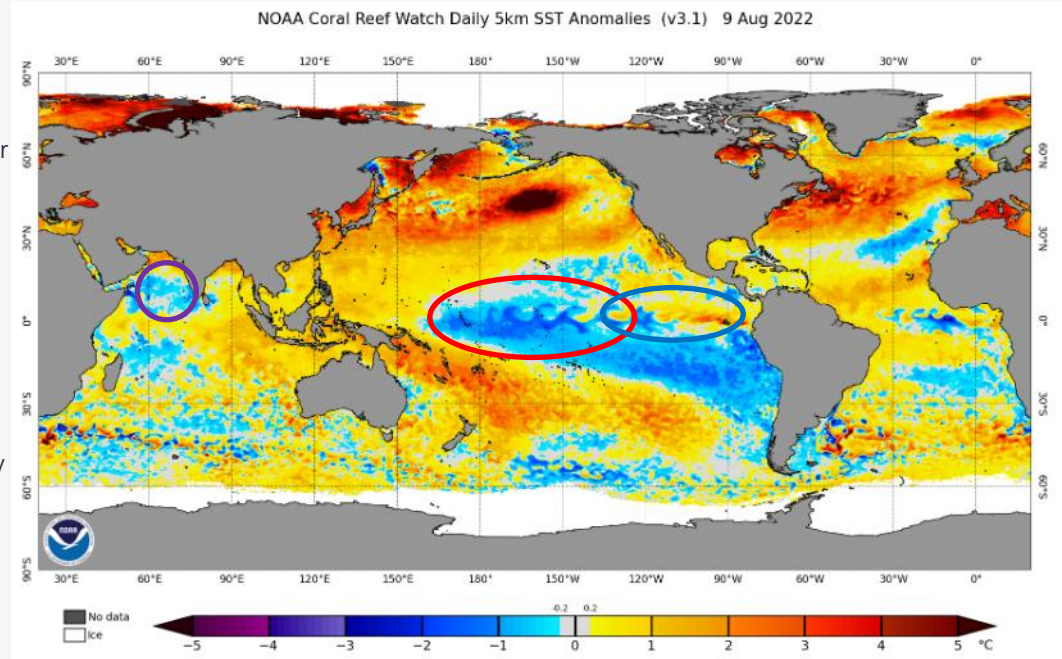


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# Global weather review

- Heavy rainfall occurred from the central and northern Texas Panhandle eastward through the northern half of Oklahoma, Arkansas, northern Mississippi, and portions of Tennessee. This led to improvements in the Texas Panhandle, northern Oklahoma, Arkansas, Tennessee, and Mississippi.
- High temperature alert persists in Xinjiang cotton belts, danger of mudslides and floods in mountain regions is still around.
- Monsoon season is in its high in India. Meanwhile, widespread rainfall with and thunderstorm is very likely over the Konkan region and Goa; Chhattisgarh, east Madhya Pradesh and central Maharashtra; Vidarbha and Marathwada.
- Western Africa continues to be dry for cocoa crops.
- Brazil and Colombia are a bit dry for coffee crops.
- La Nina conditions persist (red and blue circles) that brings dry and hot weather in Western hemisphere. Equatorial sea surface temperatures (SSTs) are below average across most of the Pacific Ocean. The tropical Pacific atmosphere is consistent with La Niña. La Niña is favored to continue through 2022 with the odds for La Niña decreasing into the Northern Hemisphere late summer (60% chance in July-September 2022) before increasing through the Northern Hemisphere fall and early winter 2022 (62-66% chance).
- Indian Dipole (violet circle) is still negative this week that contributes to drying out of Western Africa and flooding of Australia and more rains to east of India and Asia.





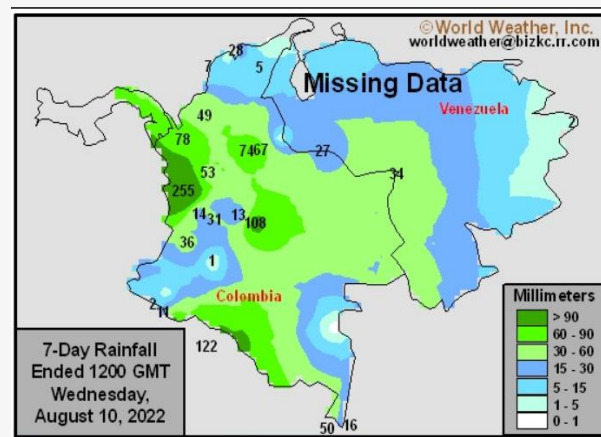
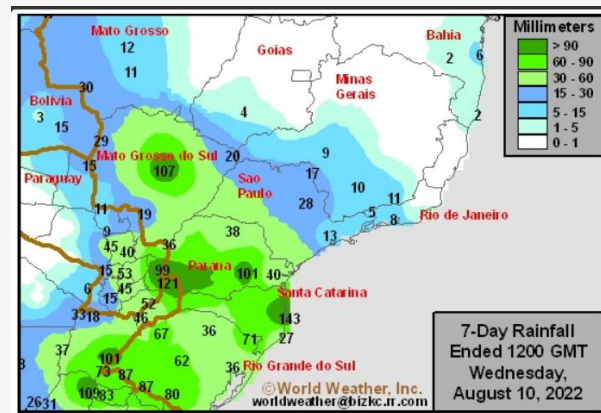
## Coffee: Buy

- September arabica coffee (KCU22) on Wednesday closed up +7.70 (+3.62%), and Sep ICE Robusta coffee (RMU22) closed up +50 (+2.39%).
- Coffee prices rallied on support from dry conditions in Brazil, smaller production from Colombia.
- Brazil Somar Meteorologia reported this week that Minas Gerais received no rain last week, or 0% of the historical average. Minas Gerais accounts for about 30% of Brazil's arabica crop. Although more rain to come according to Rural Clima Brazil.
- Coffee prices found support from reduced its global coffee production estimate for 2022/23 to 176.2M bags and reduced its 2022/23 surplus estimate to 3.2M bags, although that surplus represents more plentiful conditions than the 5M bag deficit seen in 2021/22 according to City group report. Also, Citigroup cut its production estimate for Vietnam due to the shortage of fertilizer.
- ICE monitored arabica coffee inventories are tight which is bullish for prices. Inventories fell to a new 23-year low of 591,9K this week, the lowest level since 1999.
- Smaller coffee supplies from Colombia support bullish arabica prices. The National Federation of Coffee Growers reported last week July coffee production fell -22% y/y to 944K bags.

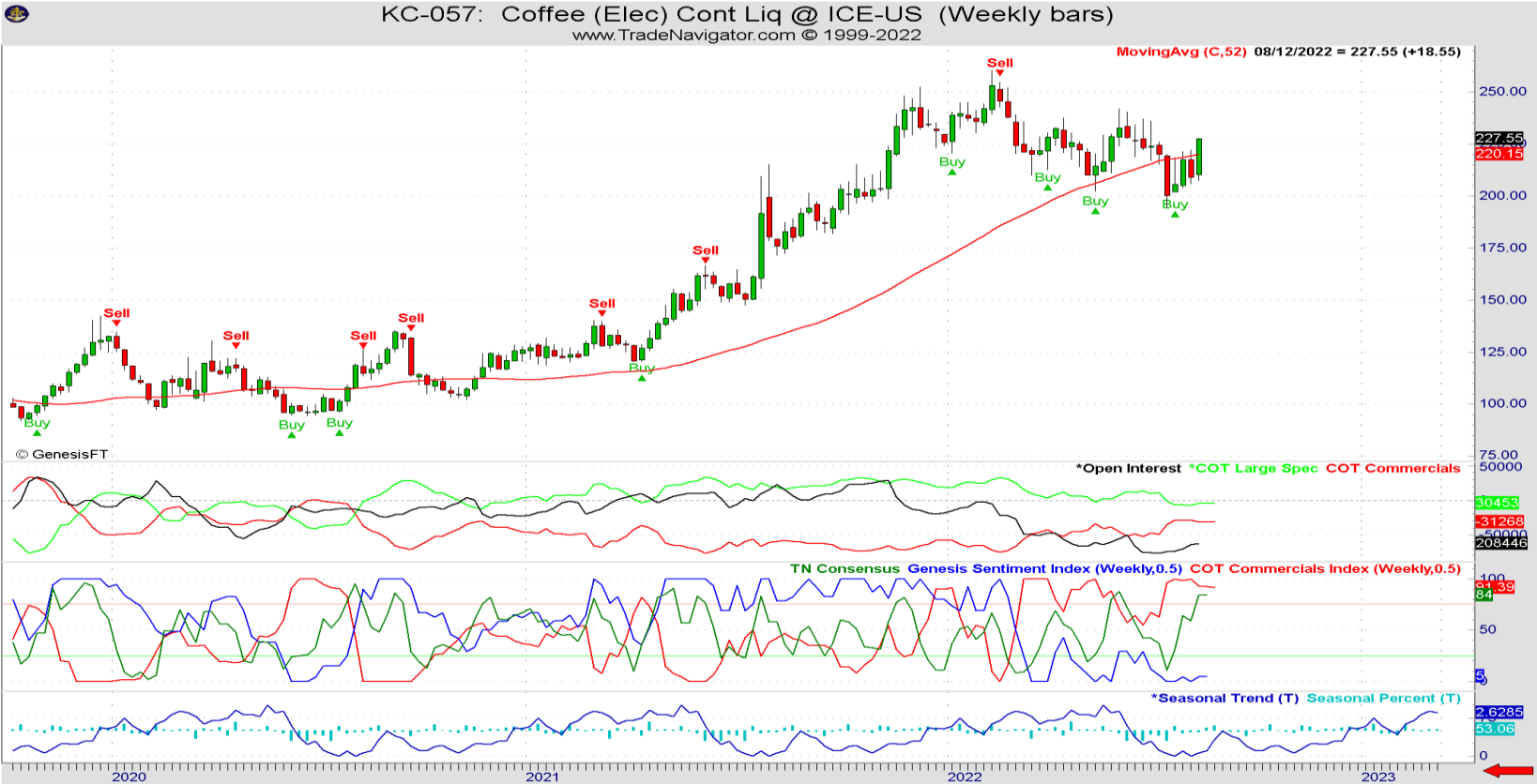


# Coffee weather review

- Somar Meteorologia reported that Minas Gerais received little rain last week. However, more rain is predicted to come. This season's crop to be cut by more than half after drought and frost hit his farm last year.
- Colombia saw more than average amount of rain after extended period of dry weather, which is bad for coffee production.



# Coffee price chart





# Cocoa: Buy

- September ICE NY cocoa (CCU22) on Thursday closed up +11 (+0.46%), and September ICE London cocoa #7 (CAU22) closed up +4 (+0.23%).
- Cocoa prices saw support from continued weakness in the dollar, which supported commodity prices in general.
- Cocoa prices also saw support from continued concerns about lower cocoa production in West Africa due to a lack of fertilizer.
- Dry spell in July and July in Western Africa region also supports long terms bullish cocoa prices.
- Another bullish factor comes from Ghana second largest cocoa producer globally. Ghana reported July 27 that its 2021/22 cocoa crop fell by -35% y/y to 685,000 MT, the smallest crop in 12 years, due to drought and swollen shoot virus.
- There is clear sign of demand recovery, in Q2 Barry Callebaut largest chocolate manufacturer reported increase in global chocolate sales by 9.1% for first 9 months of 2022 ended May 31<sup>st</sup>.
- ICCO predicted global 2021/22 cocoa production would fall -by 5.2% y/y to 4.955 MMT from a record 5.226 MMT in 2020/21. ICCO estimates the global 2021/22 cocoa market will fall into a deficit of -181,000 MT from a surplus of +215,000 in 2020/21.

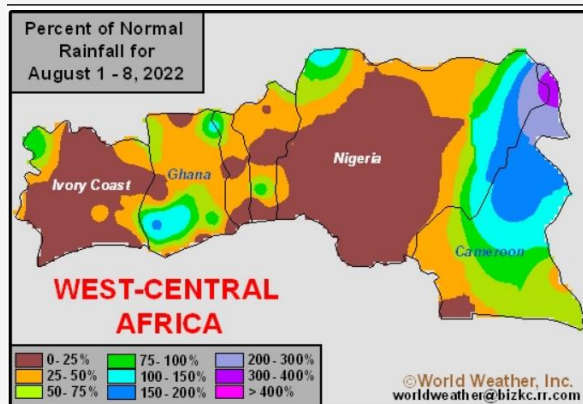
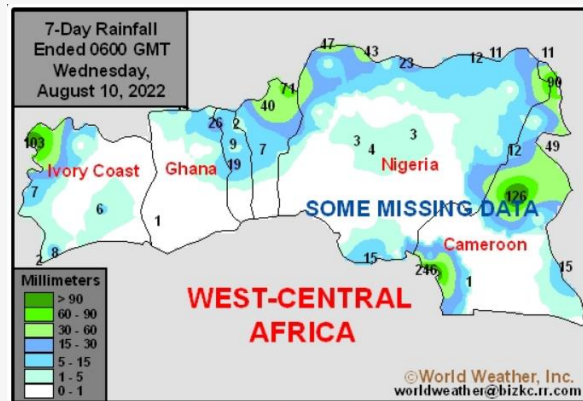


**Cocoa prices find bullish support from smaller global production on the back of smaller crops from Ghana, bad health of cocoa trees due to high fertilizers price, dry weather in West Africa, improving demand for chocolate and weakening of US Dollar.**



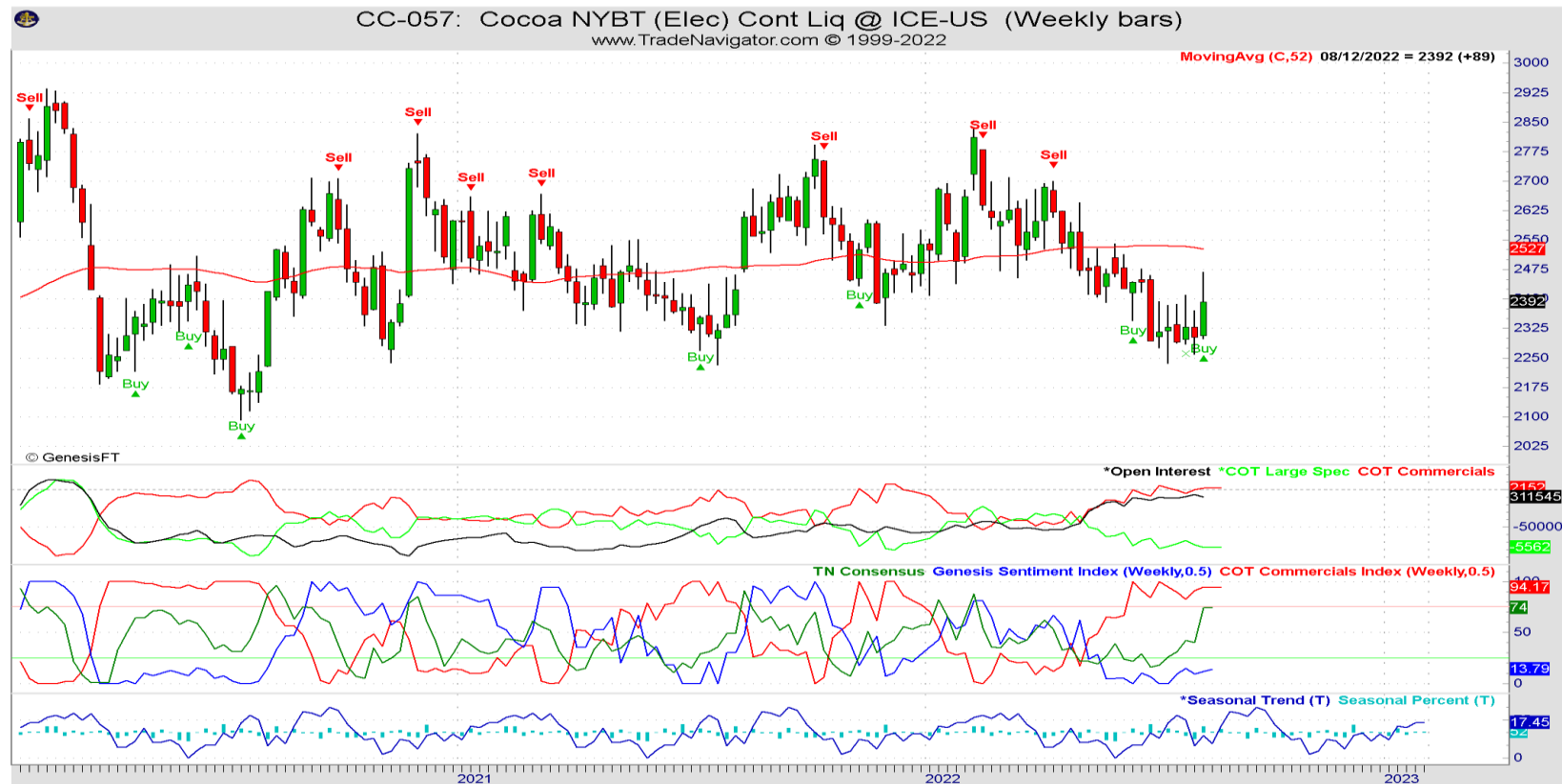
# Cocoa weather review

- West Africa continues to be dry for cocoa crops as Indian Dipole remains more negative that brings dry spell for this region.
- Ivory Coast was hit by dryness the most this year.





# Cocoa price chart





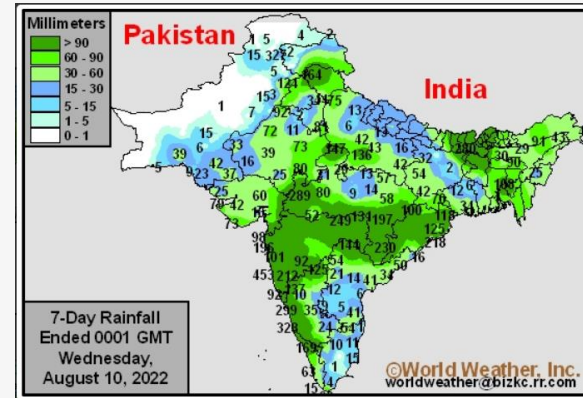
# Cotton: Buy

- Cotton futures posted another day of sharply higher trade, with contracts up 159 to 369 points on Thursday. The outside markets were supportive, with crude oil up \$2.06/barrel and a weaker dollar index.
- USDA estimates 2022/23 remained unchanged, global production forecast was lowered -1.2 million bales (to 120.7 million) and global consumption was lowered -1.6 million bales (to 119.9 million)
- **Texas still languishes under drought conditions, reinforced by continued hot/dry weather.**
- **India major cotton producing regions are under conditions of heavy rains this week that may damage the crops, especially after dry spell in June and May. Also, cotton crops are under threat of pink bollworm pest, which attacked sooner than expected this year in Punjab and Haryana, due to the scanty rainfall in the early part of the sowing season. Indian spot cotton price, up from Rs. 85,000 per Candy on Jul 20 to Rs. 91,500 per Candy in early Aug, an increase of Rs. 6,500 or 7.65% on the back of bad weather and bad crop conditions.**
- USDA in its July monthly report pointed to lower forecasts for production, exports, and ending stocks in the US, Brazil, India and China for the 2022-23 year.
- **Lower global production, bad weather in key cotton producing regions (Texas/USA, India, China), lower ending US stocks.**



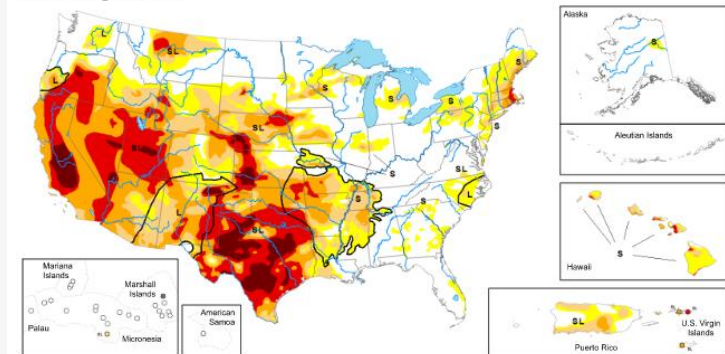
# Cotton weather review

- According to the rainfall data, the three major cotton producing areas (Maharashtra, Gujarat, Telangana) experienced heavy rainfall in the second week of July and caused waterlogging disasters. Although the rainfall declined significantly in the next two weeks, it was still higher than the normal level. After dry spell in June and heavy rains in July cotton crops are in bad condition.
- Heavy rainfall occurred from the central and northern Texas Panhandle eastward through the northern half of Oklahoma, Arkansas, northern Mississippi, and portions of Tennessee. This led to improvements in the Texas Panhandle, northern Oklahoma, Arkansas, Tennessee, and Mississippi. In spite of rains these regions were under conditions of drought earlier, cotton crops remains stressed.
- High temperature alert persists in Xinjiang cotton belts, danger of mudslides and flashfloods remains in the region.

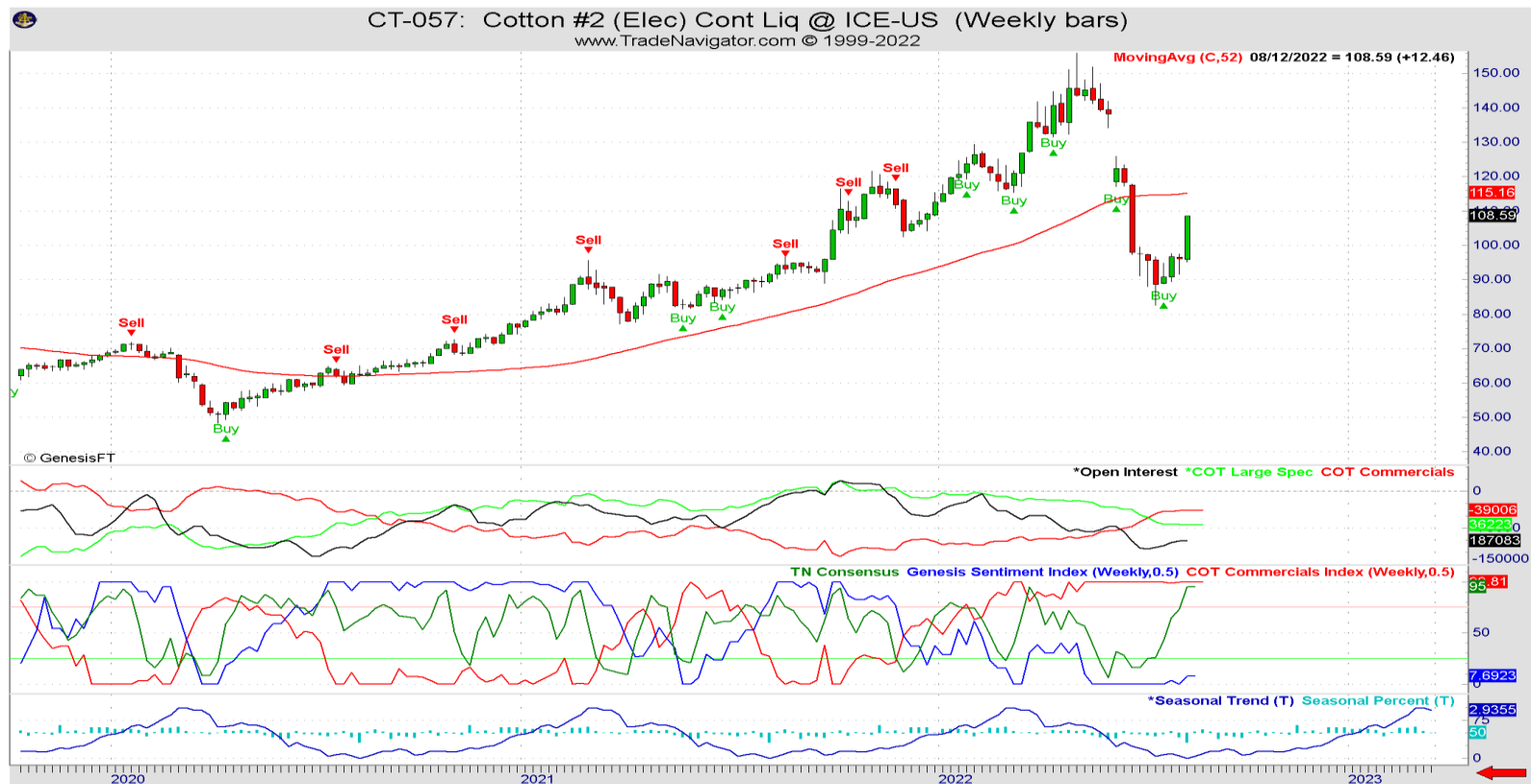


Map released: August 11, 2022

Data valid: August 9, 2022



# Cotton price chart





# Wheat: Buy

- USDA forecast that global wheat production would total 771.6 million metric tons (MMT), falling 1.7 MMT from USDA's June estimate and 7.3 MMT less than in 2021/22.
- Global wheat production is down on the back of downward revisions for the European Union (EU), Ukraine, and Argentina production levels.
- Global consumption is forecast at 784.2 MMT, outpacing production by 12.6 MMT.
- In July USDA predicted US production to be lower of expected.
- The tighter balance sheet for worldwide wheat year-over-year is partly due to the Black Sea conflict
- USDA Crop Progress Report, published August 1, reported that 82% of the winter wheat crop was harvested. USDA expects 2022/23 hard red winter (HRW) production to reach 15.9 MMT, falling 6.0 MMT from last season.
- **Outlook for wheat is bullish on lower global production and higher global consumption.**



U.S. 2022/23 Wheat Production

million bushels	USDA August	Average Trade Guess	Range of Trade	USDA July
All Wheat		1,791	1,774 - 1,804	1,781
Winter Wheat		1,203	1,197 - 1,210	1,201
Hard Red Winter Wheat		585	580 - 590	585
Soft Red Winter Wheat		376	372 - 380	376
White Winter Wheat		242	239 - 250	240
Other Spring Wheat		510	496 - 523	503
Durum Wheat		77	74 - 80	77

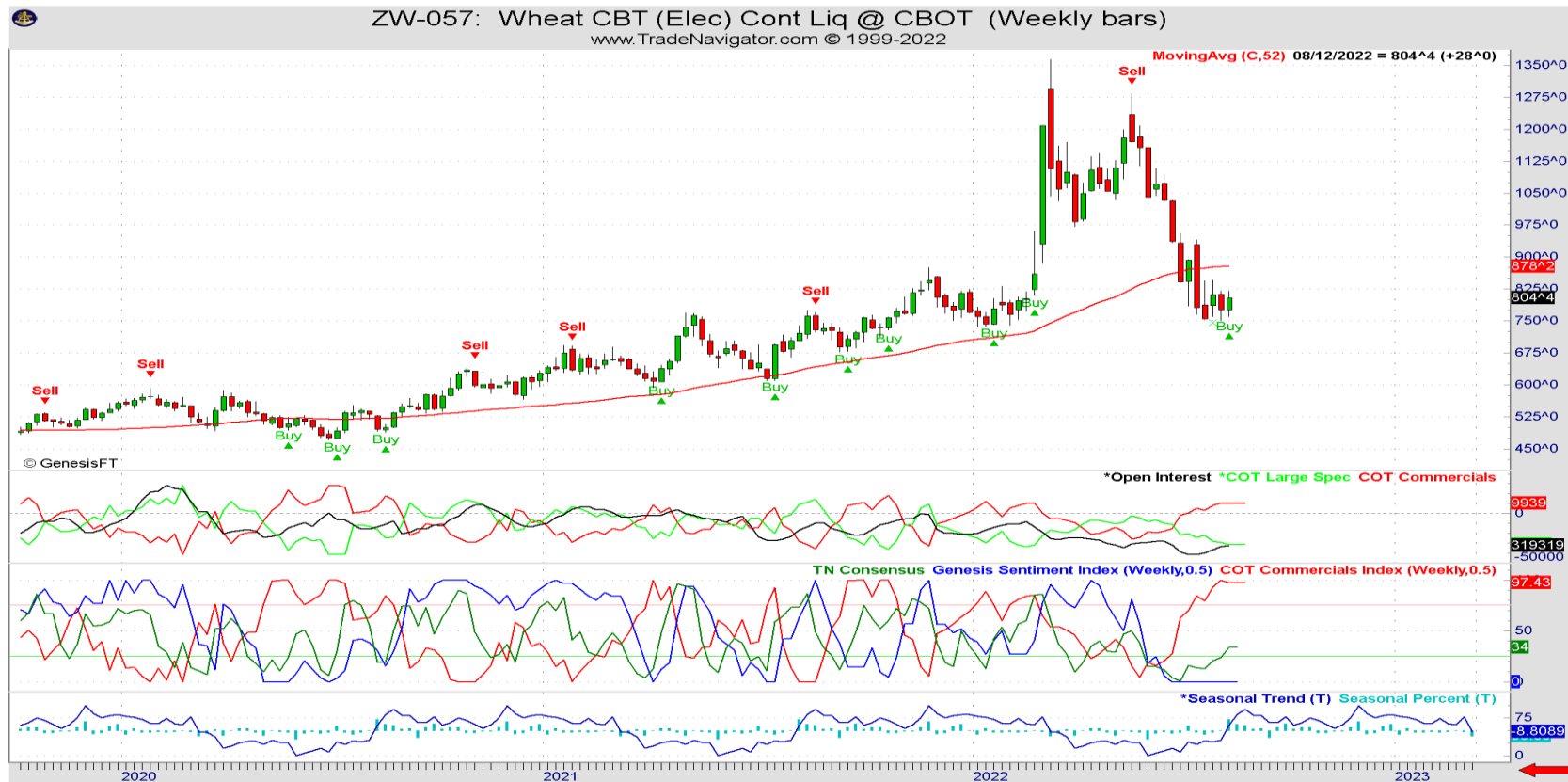
Source: USDA National Agriculture Statistics Service, Reuters



# Wheat weather review

- Most of China wheat producing regions saw more than average rain, however there is no direct threat to wheat crops.
- U.S. spring wheat at 70% good or excellent. Last week the annual hard red spring (HRS) tour estimated that HRS yield would reach 49.1 bushels per acre (bpa) (3.3 MT/ha), the highest since 2015 and above the 5-year average of 39.4 bpa (2.6 MT/ha). In a weekly update, the North Dakota Wheat Commission said spring wheat remains behind in its maturation but added that recent warmer temperatures are helping the crop develop
- Major indian states producing wheat Punjab, Madhya Pradesh, Uttar Pradesh are expecting moderate to heavy rainfall with thunderstorms. Most of India wheat received larger portion of rain in July after hot and dry May hurting wheat crops. Monsoon to remain active to end of August.
- France, the largest wheat-producing country in the E.U. experienced its driest July on record and the driest month since 1961.
- Showers and thunderstorms tallied 10 to 60 mm over large expanses of farmland in Belarus, Ukraine, and western Russia, maintaining or boosting yield prospects. Russia is expected to harvest a record crop this season. Whereas, Ukraine production dropped by 41% this year.
- Canada is rebounding from a drought that slashed spring wheat and durum production there in 2021/22. The USDA raised the Canadian wheat forecast by 57% compared to last year.

# Wheat price chart



Insider-Week is going on vacation, next  
bulletin to be issued on August 29th





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