



PENNSYLVANIA STATE
UNIVERSITY

Asset Management Group

EoW Product Report

Week of January 25 – January 29, 2021

Agriculture Sector

EoW Product Report

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Agriculture Products Price Action Sheet

	End of Week Close	End of Week % Change
Corn	547.00	9.31%
Soybeans	1,370.00	4.45%
Wheat	663.00	4.51%
Lean Hog	69.80	(0.18%)
Live Cattle	115.05	(1.43%)
Sugar	15.83	(0.25%)
Coffee	122.95	(0.89%)
Cocoa	253,100.00	0.08%

Market Data as of January 29, 4:00 pm EST

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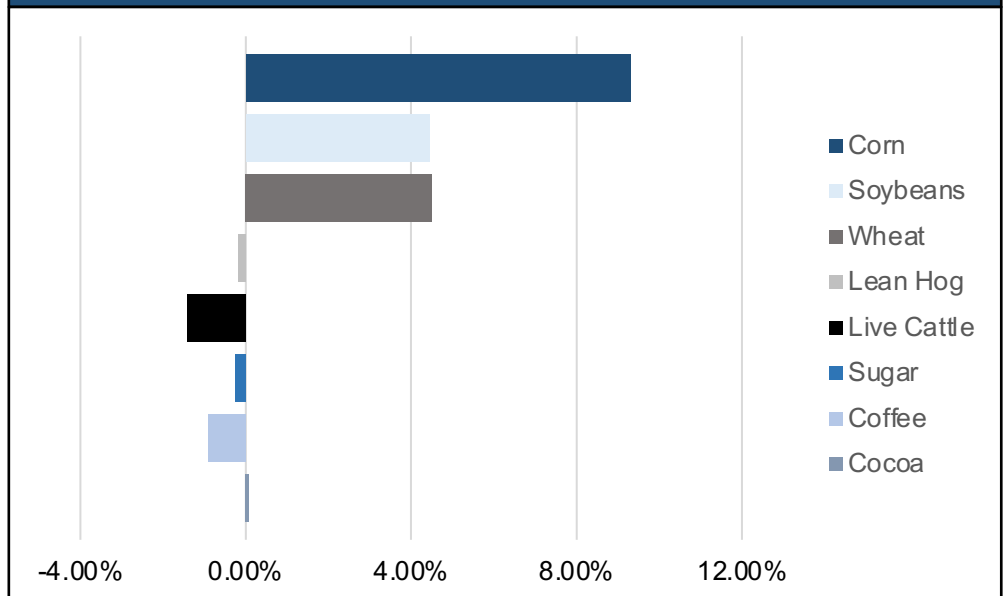
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Sector Product Price Movements WoW



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Strong Chinese Demand For Grains

Front-month corn futures closed the week at highs not seen since June 2013, rising to \$5.47 per bushel. The USDA reported on Friday that China logged the largest daily purchase of U.S. corn since 1991 coming in at 83.00 MM bushels. Purchases for the week totaled a staggering 242.68 MM bushels, with 230.00 MM coming from China. The news comes amid the country's ongoing effort to revitalize hog herds decimated by the African Swine Fever. Total foreign demand for corn is up 126.00% y/y to 48.70 MMT since the marketing year that began on September 1. Wheat futures followed corn higher, closing the week at \$6.63 per bushel as drawdowns on supplies may lead farmers to purchase more wheat to feed livestock. Price levels for the product continue to hover near 6.50-year highs. USDA data shows that wheat sales since June 1 currently sit at 22.00 MMT, up 4.00% for the same period y/y. Russia, the world's number one supplier of wheat, is mulling over a possible formula-based export tax hike that could drive prices higher as the world may turn to other countries for the product. This effect would likely spill over to corn as its alternative would be less attractive. As a result, the sector is bullish on these products.

Brazilian Soybean Outlook

La Niña weather patterns affecting South America beginning at the end of last summer resulted in dryer than average weather that pushed back Brazil's soybean planting schedule. New crop expectations through the end of January are 5.00 MMT, lagging the same time period a year earlier by more than 50.00%. The shortage in Brazil led buyers to flock to the U.S., Brazil's biggest soybean rival. March contracts rose 4.45% w/w, offsetting losses from the week prior. There are concerns surrounding a potential Brazilian trucker strike in response to higher diesel prices, though better compensation during the harvesting season may put a damper on the strike. Despite challenges with planting due to drought, Thais Italiani of Hedgepoint Global Markets predicts a record level of 123.00 MMT of total soybean output from Brazil during the 2020 – 2021 growing season. Favorable prices point toward farmers considering expanding the level of soybeans planted in the next cycle.

Falling Sugar Supply

Although still down for the week, sugar prices recovered from two-week lows on Friday. India, the world's third biggest sugar exporter, reported lack of shipping containers to be a cause of a reduction in exports. The country's total sugar exports in January 2021 are at 70.00 k MT, significantly lower than the 370.00 k MT the country shipped off during January 2020. Sugar prices have also been given support from Brazil's low moisture levels in growing regions that may cut sugarcane yields. Brazil is the world's number one sugar exporter, accounting for 27.10% of global supply in 2019. Additionally, the Thailand Office of the Cane & Sugar Board reported that production from December 10 – January 21 was down 35.00% y/y at just 3.00 MMT. Additional bullish factors have arisen from Asia on the demand side of the equation as Indonesia and China, the two biggest importers of sugar, reported positive news. Indonesia's Sugar Refiners Association announced expected imports for 2021 to rise 10.00% y/y to satisfy growing demand from the food and beverage industry. Last week, China reported a 55.50% increase during 2020 y/y in sugar imports.

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