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Brazil’s Mato Grosso soy unscathed by harvest delays

Sao Paulo, 26 February (Argus) — Brazil's center-western Mato Grosso state's 2024-25 soybean crop is on track to reach a record, while delays in field work may weigh on logistics and possibly on winter corn production.

The state institute of agricultural economics Imea expects the current cycle to reach an all-time record of 47.2mn metric tonnes (t). The current record is 45.3mn t posted by the 2022-23 crop.

The record would be supported by the 16th consecutive yearly expansion of planted area. Mato Grosso sowed a record of nearly 12.7mn hectares (ha) this season.

Yields are also set to reach the second-highest level in the historical series, only behind the 2022-23 season. Intense rainfall volumes received by the state since mid-December boosted expected yields to almost 62.07 bags of 60kg/ha.

Despite some concerns over potential damage caused by the excessive precipitation, the amount of damaged harvested grain is insignificant. The damaged areas were offset by crops that developed more favorably amid elevated moisture levels, Imea analysts told Argus.

The rainfall's major downside is the delayed pace of harvest, as most areas got too soaked to allow machinery to progress in fields. Work advanced slowly through January. Harvesting had reached 1.4pc of the state's sowed area by the middle of last month, the slowest progress since 2021 when activities had yet to reach 1pc conclusion.

The rainfall received by Mato Grosso started to reduce its intensity and frequency in some regions as of mid-January, allowing activities to progress more rapidly. Since then, harvesting reached 66.2pc completion as of 21 February, surpassing the state's five-year average of 65.6pc for the period.

The rain-provoked delays and recent advancement of work caused many areas to be harvested at the same time, boosting demand for trucks to transport volumes to main Brazilian ports.

That led freight rates to rise sharply in recent weeks, while local soybean prices dropped amid the surge of available supply. The average price of a 60kg bag in Mato Grosso's Rondonopolis and Sorriso cities reached R108.9 ($18.82) by mid-February, the lowest level since April 2024, when the price was R107.35 and the 2023-24 harvest was almost complete in the state.

Market participants expect freight rates to continue rising and average soybean prices to maintain a downward trend as work advances over the coming weeks.

Upwards revision of yield and production forecasts is a strong possibility before Imea consolidates 2024-25 results in May. That should add further pressure to soybean prices, which may discourage producers from negotiations.

Corn still pending

Producers' main concerns with the delayed 2024-25 soybean harvest now rest on the state's winter corn crop, as its sowing also progresses at a slow pace.

Imea projects the 2024-25 cycle to total 45.8mn t. That would be the third largest grain crop of the historical series. Yields also rank third with 111.72 bags/ha estimated, while the planted area is the second largest of the historical series at 6.8mn has projected.

Mato Grosso's winter corn crop is sowed in the same area as soybeans, with its sowing usually immediately following the oilseed's harvest. Any field work delays for soybeans can postpone the grain's calendar.

The corn crop's reproductive stages are susceptible to symptoms of hydric stress, such as withering leaves and plants of reduced height. The later the grain sowing takes place, the likelier these crops will reach their key developmental phases during drier months of the year.

The ideal planting window for winter corn in Mato Grosso ends by 28 February. The delays during January caused concerns for the state's 2024-25 grain crop, as sowing had reached just 6.3pc of the expected area as of 31 January.

But producers have accelerated work since February started, with activities advancing to almost 67.2pc completion as of 21 February.

Market participants do not believe that Mato Grosso will finish the cycle with much less acreage sowed than currently predicted by Imea, as a forecast of higher prices this year supports producers' interest in the corn crop. Prospects of higher profitability relative to prior seasons are enough for farmers to risk harvesting lower-than-expected yields, instead of switching to less profitable but more weather-resistant crops, such as sorghum.

The 2024-25 season will face a global undersupply of corn. The US Department of Agriculture (USDA) projects that demand will surpass production by over 30mn t globally. Competition for the available corn stocks should support prices rising to their higher levels in over a year by mid-2025, according to market participants.

Imea also said there are hopes among Mato Grosso's farmers that the Brazilian winter may not be as dry as usual, similar to what occurred in the 2022-23 season, which currently holds the record with 52.5mn t.

Wheat: Russian 12.5 offers decline

London, 26 February (Argus) — Prices of Russian's flagship 12.5pc protein content milling wheat fell on Wednesday, as sellers vied to attract buyers back to the fob Novorossiysk market.

While buyers remained interested in March shipments of Russian 12.5pc wheat, they were largely unwilling to put a value to bids on Wednesday, adopting a wait-and-see approach after prices reached their highest level since May at the end of last week. Those buyers who did put forward bids set their sights below $250/t fob Black Sea ports.

And sellers were willing to negotiate, with offers falling by $1/t on the day. Some pressure is likely to also have come from lower export taxes from Wednesday, market participants said, with duties falling by $9.48/t on the week.

Looking ahead to Russia's 2025-56 crop, recent snow-cover in the coldest of the country's wheat-producing regions could support normal yield development for the new crop, producers told Argus, although the impact of insufficient insulation earlier in the season is yet to be seen. Conditions in fields outside the cities of Krasnodar and Rostov were less favourable, with limited snow cover, although crops are likely to have weathered recent cold snaps, according to market participants.

Producers are now eyeing soil moisture levels, with more rainfall needed in the next two months to support development, market participants said.

Meanwhile, some sellers of Russian 12.5pc wheat sought to offload prompt cargoes shipping from Baltic ports in early March. Sellers offered cargoes on a fob Latvia basis at an $8/t discount to product shipping from Russian Black Sea ports on Wednesday.

Activity has picked up for 12.5pc wheat at Baltic ports in recent trading sessions, with buyers in the market for Russian or optional-origin cargoes shipping from Latvia and Lithuania. Traders focused on the 12.5pc market, given thin remaining stocks of lower-protein 11.5pc product, in the wake of a firm export programme to Morocco earlier in the season.

But Moroccan demand for French-origin wheat remained firm this week, market participants said, with more cargoes heard changing hands on Tuesday. French wheat remains the most competitive origin for the importer, according to traders, although some mulled possible competition from alternative northern European suppliers.

Feed grains: B Sea, Americas vie for North Africa

London, 26 February (Argus) — Buyers in North Africa sought out corn from Ukraine and the Americas on Wednesday, with the origins' competition pressuring Ukraine's fob prices.

Ukraine's spot corn price extended losses on Wednesday, closing ¢50/t lower on a fob Pivdennyi/Odesa/Chornomorsk (POC) basis on the day, but $1/t above week-ago levels. And in the country's cpt POC corn market, buyers were reluctant to raise their bids. At least some of the pressure on buyers' price ideas is likely to be coming from continued drops along the Chicago-listed corn futures curve this week.

As for South America, Argentina's spot corn prices turned to gains for the first time since 18 February, as premiums rose, but not enough to entirely offset this week's losses in the underlying Chicago-listed corn May futures contract. Farmers in Argentina continued to ramp up weekly corn sales for exports in the seven days to 19 February, although they shifted their focus to old-crop volumes, according to the country's agriculture ministry.

Meanwhile, Brazil's new-crop winter corn — which farmers are currently planting — continues to raise concerns. While local forecasts peg the crop as the third largest on record, market participants have expressed doubts over final areas. Rain delayed planting, which could result in farmers leaving some areas unsowed because the planting window closes at the end of February, and only two-thirds of areas were planted as of 21 February in Mato Grosso, according to state institute of agricultural economics Imea. Mato Grosso accounts for nearly half of Brazil's winter corn production, and 36pc of the country's total corn output.

Elsewhere, rains last weekend kept many French farmers from starting their spring barley planting operations, market participants said. French producers have been eyeing spring barley to supplement winter barley production, at least in part because of below-average ratings for the latter. Another incentive for producers' focus on spring barley is likely to be an overall tightness in global feed grain supplies.

Illinois River lock reopening delayed: Corps

Houston, 26 February (Argus) — The US Army Corps of Engineers (Corps) delayed the reopening of the Lockport Lock along the Illinois River by over a month after finding significant cracks in the lower gate walls.

The Corps now estimates the lock to resume operations between 30 April and 6 May at the earliest. The Lockport Lock was previously scheduled to reopen on 25 March, after the two gates on the upper end of the lock were replaced. When the Corps dewatered the lock chamber earlier this month, severe cracks were found in both the lower gates.

The Lockport Lock grants access to major trading hubs Chicago, Illinois, and Burns Harbor, Indiana, at the end of the Illinois River. The lock has been closed since 28 January.

Major barge carriers had already planned transit routes for the previous reopening timeline of the Lockport Lock. These dates have been paused until April, instead of late February. The delayed timeline will prolong shipment of major products such as metals, asphalt, petcoke, fertilizer and biofuels.

Another 5-6 weeks of work will be required for replacement of the lower gate walls, said the Corps. Both lower gates need to be pulled, and there are no spare castings for the Lockport gates, incurring an extended timeline. A different heavy lift crane must be brought in and funding must be acquired for the additional interim and permanent repairs, said the Corps.

Work has already begun for replacement of the upper gates, including bulkheads, rebar installation and upper gates pulled into the chamber.

US rail traffic drops with weather disruptions

Houston, 26 February (Argus) — US rail traffic declined by 14pc last week from year-earlier levels, reflecting disruptions from extreme winter weather and flooding in the eastern US in mid-February.

US-based railroads hauled 193,252 carloads in the week ending on 22 February, down from 224,251 carloads hauled in the eighth week of 2024, according to the Association of American Railroads (AAR).

Heavy rain and snow, primarily in Kentucky and West Virginia, starting on 14 February caused some delays in rail service that continued into the end of last week as mudslides and flooding blocked rail lines. Eastern US railroad Norfolk Southern issued reportedly issued notices of force majeure to customers in the region, attributing the issues to the inclement weather conditions.

Nearly all of the commodity categories tracked by AAR had lower shipments last week compared with a year earlier, with coal and grain deliveries having the greatest declines.

Coal shipments on US-based railroads slid by 22pc from the same week in 2024 to 47,852 carloads. Illinois basin and Central Appalachian coal mining areas were impacted by the severe rain and snow, causing some production disruptions and making it difficult for railroads to load coal from mining facilities.

Grain volumes were 25pc lower than a year earlier, falling to 16,374 carloads, AAR data showed.

Other product categories with notable year-on-year decreases in the week ending on 22 February included nonmetallic minerals, which fell by 17pc to 22,827 carloads; metallic ores and metals, which fell by 14pc to 16,745 carloads; motor vehicles and parts, which fell by 13pc to 13,945 carloads; and petroleum and petroleum products, which fell by 13pc to 9,065 carloads.

The only commodity category to have an increase in US rail volumes last week was chemicals, which inched up to 33,527 carloads from 33,454 carloads in the comparable week last year.

Intermodal volumes on US-based carriers also extended gains during the week, with railroads hauling 265,261 trailers and containers, up by 2.3pc from a year earlier.

Still, total traffic on US-based railroads declined by 5.1pc from the same week in 2024 to 458,513 carloads and intermodal units in the week ended on 22 February.

AAR excludes US operations of Canadian and Mexican-based railroads from its US data. Shipments from those railroads also was lower last week than a year earlier, AAR said.

So far in February, overall traffic from US-based carriers has been flat with the year prior at 1.44mn carloads, even as total shipments from US railroads in the first three weeks of the month have fallen to 620,861 carloads from 665,142 carloads hauled in the same period last year.

Brazil corn: Offers for July fall again

Sao Paulo, 26 February (Argus) — Offers for July in the Brazilian Santos/Tubarao and Barcarena/Itaqui cargo markets recovered from Tuesday's gains, as market participants lack a trend to guide their movement.

Despite CBOT continuing a downward trend on Wednesday, port differentials reversed the movement from a day prior and returned to levels similar to those posted before. This also follows Wednesday's depreciation of the Brazilian real to the US dollar, which had appreciated on Tuesday.

But the back and forth of July's offers is a sign that market participants have yet to find a guiding line. There are no recent updates on the supply and demand sides, which also reflects on the stability posted by other settlements.

Planting for the 2024-25 winter crop — the country's largest and that accounts for nearly all corn shipments shipments — is still at its early phase. Exports accelerate alongside harvesting, which starts around June. The export season peaks in August-September.

Domestic sellers now prefer to focus on the soybean market, which has just entered its export season. As for buyers, corn importers attend to their short-term needs by acquiring the product from other origins, such as the US and Ukraine.

Price and Data

Description	Unit	Price	Date
Corn Ukraine cpt POC spot	USD/t	224,50-	26.02.2025
Wheat 11.5pc Ukraine fob POC spot	USD/t	241-	26.02.2025
Wheat 12.5pc Russia fob Novorossiysk spot	USD/t	252,50↓	26.02.2025
Soybean oil Argentina waterborne fob upriver USD/t month 1 - Houston close	USD/t	1.058↑	26.02.2025
Rapeseed oil fob Dutch Mill RSO - London close	USD/t	1.140,185↑	26.02.2025
Sunflower oil fob northwest Europe 6 ports spot - London close	USD/t	1.242,50-	26.02.2025

↓ Price dropped in comparison to last report.

↑Price raised in comparison to last report.

-Price has not changed.

References:

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