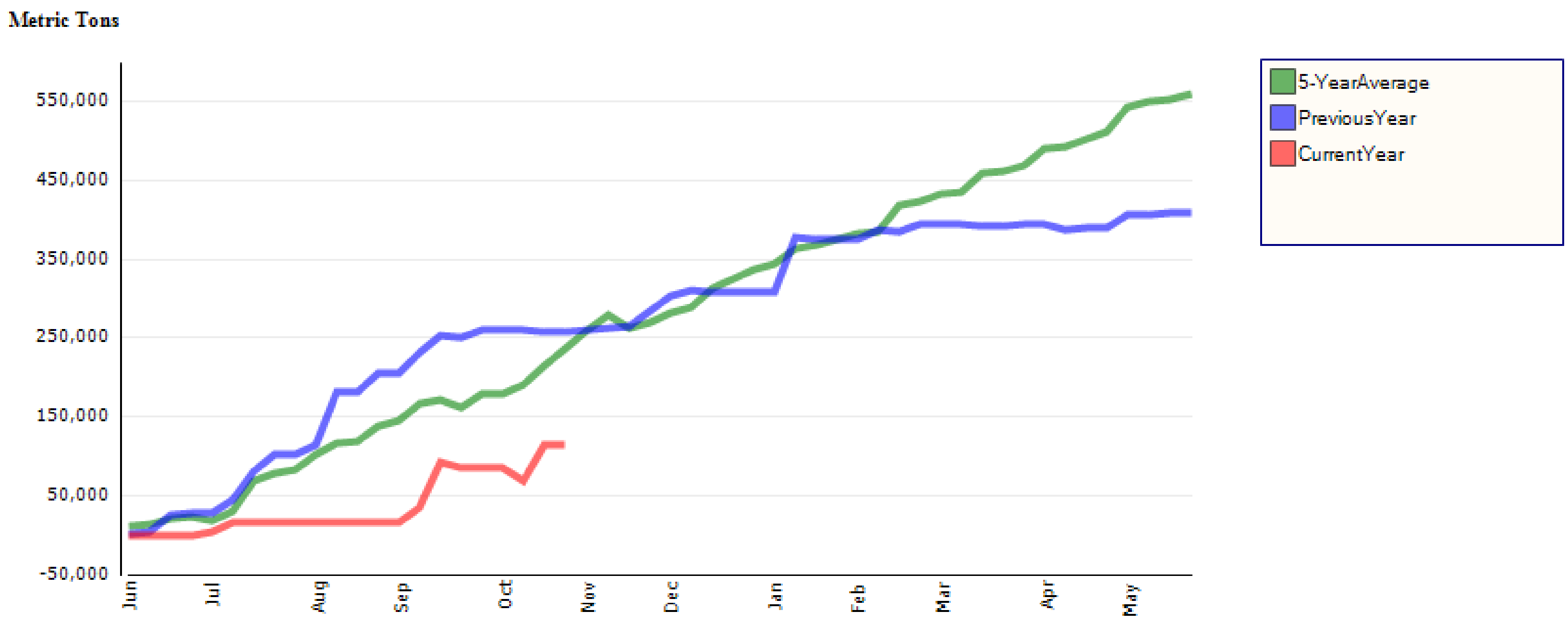
Durum Forum Presentation

Joe Zingrone
Global Durum Merchandiser
9 November 2021

US Accumulated Net Export Sales



US Export Outlook

- US Export Inspections to Italy down 84% vs last year and 70% vs 5 year average for June 1-October 31 liftings. (47.31kmt vs 286kmt)
- Looking Forward
  - US currently overpriced vs world market (replacement cost)
    - Italian Domestic/Mediterranean/EU trading equivalent FOB ND/Eastern MT: $14.00-14.25bu
  - Major importers covered for next 60-90 days.
  - Algeria/Tunisia Tenders
  - World Prices need to converge with US/Canadian replacement for US to be competitive.
- Next Major Harvested Durum Crops:
  1. Australia: November/December 2021
  2. Mexico: April/May 2022
  3. US Desert Durum: May/June 2022
- Ocean Freight

  US Lakes to Mediterranean Sea
    - Pre-COVID: $55pmton ($1.50bu)
    - Q2/Q3 2020: $46mton ($1.25bu)
    - Q4 2020: $54-$60mton ($1.47-1.63bu)
    - Q2/Q3 2021: $65mton ($1.77bu)
    - Q4 2021: $85-$100mton ($2.31-$2.72bu)

Crude Oil

Baltic Dry Index

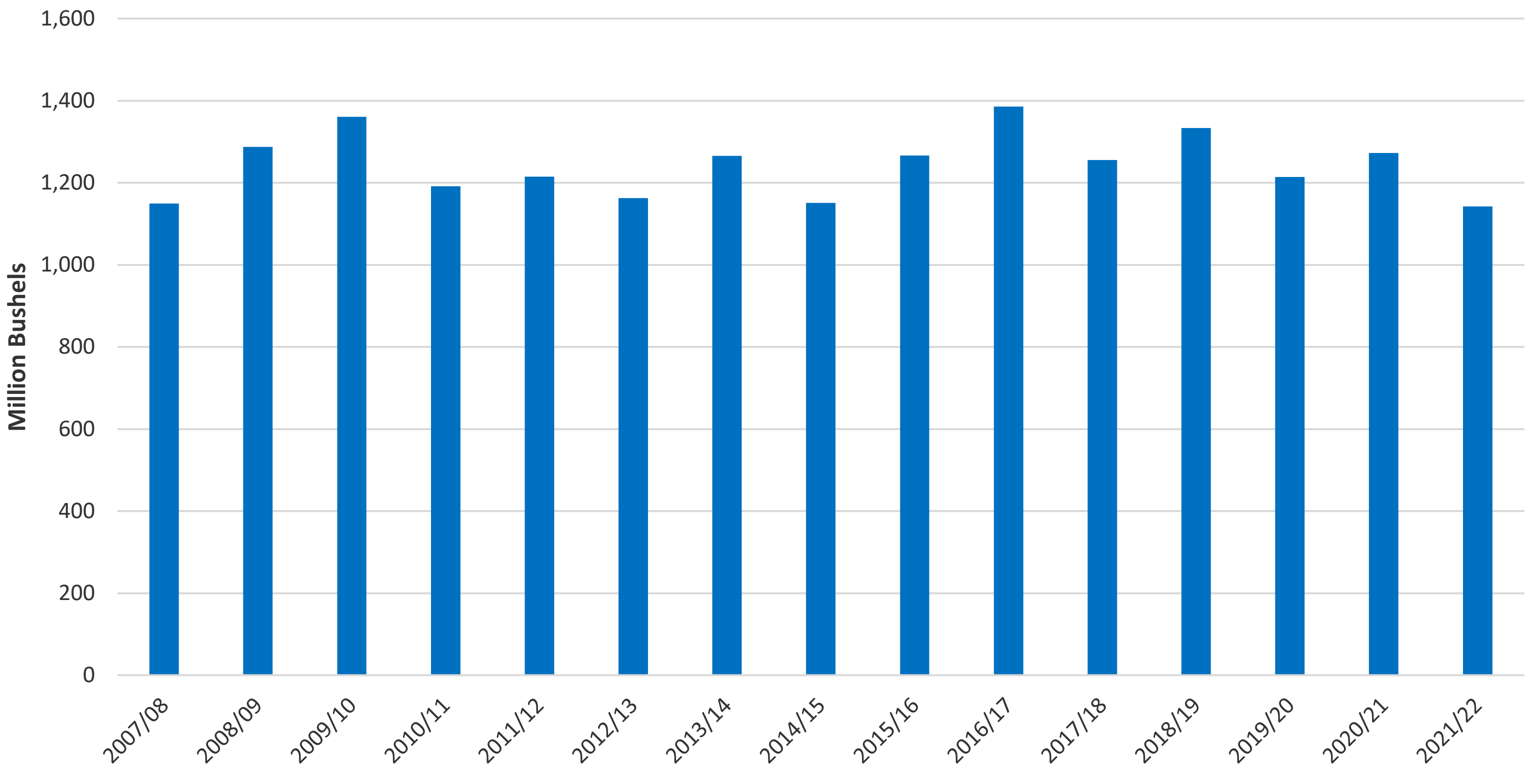
World Durum

Production						
	21/22	20/21	5 yr Avg		% YOY	% 5 yr Avg
USA	37	69	72		-46%	-49%
Canada	120	241	221		-50%	-46%
Mexico	66	44	66		50%	1%
Australia	18	24	15		-25%	20%
Italy	138	143	156		-3%	-12%
France	55	48	62		15%	-11%
Spain	27	30	37		-10%	-27%
EU	271	269	310		1%	-13%
Turkey	95	111	97		-14%	-2%
Russia	24	26	28		-8%	-14%
Kazakhstan	12	19	21		-37%	-43%
Algeria	88	120	101		-27%	-13%
Tunisia	39	35	37		11%	5%
Morocco	91	29	56		214%	63%

- Canada: Production down 50%. Exports Projected to be down 48%.
- Mexico: Production up 50% but very little left for world market until new crop.
- Australia: Hectares down on rotation and on higher margin crop options. Exports down 40-50%. Weather downgrading?
- Europe: Slight decreases seen across Italy and Spain with downgrading being a major issue in France.
- Turkey: May 2021 Decree allowing production of semolina for pasta to Africa/Middle East to be made of 100% soft wheat.
- North Africa: Smaller crop in Algeria with Tunisia slightly up and Morocco crop doubling

Source: Strategie Grains; CHS

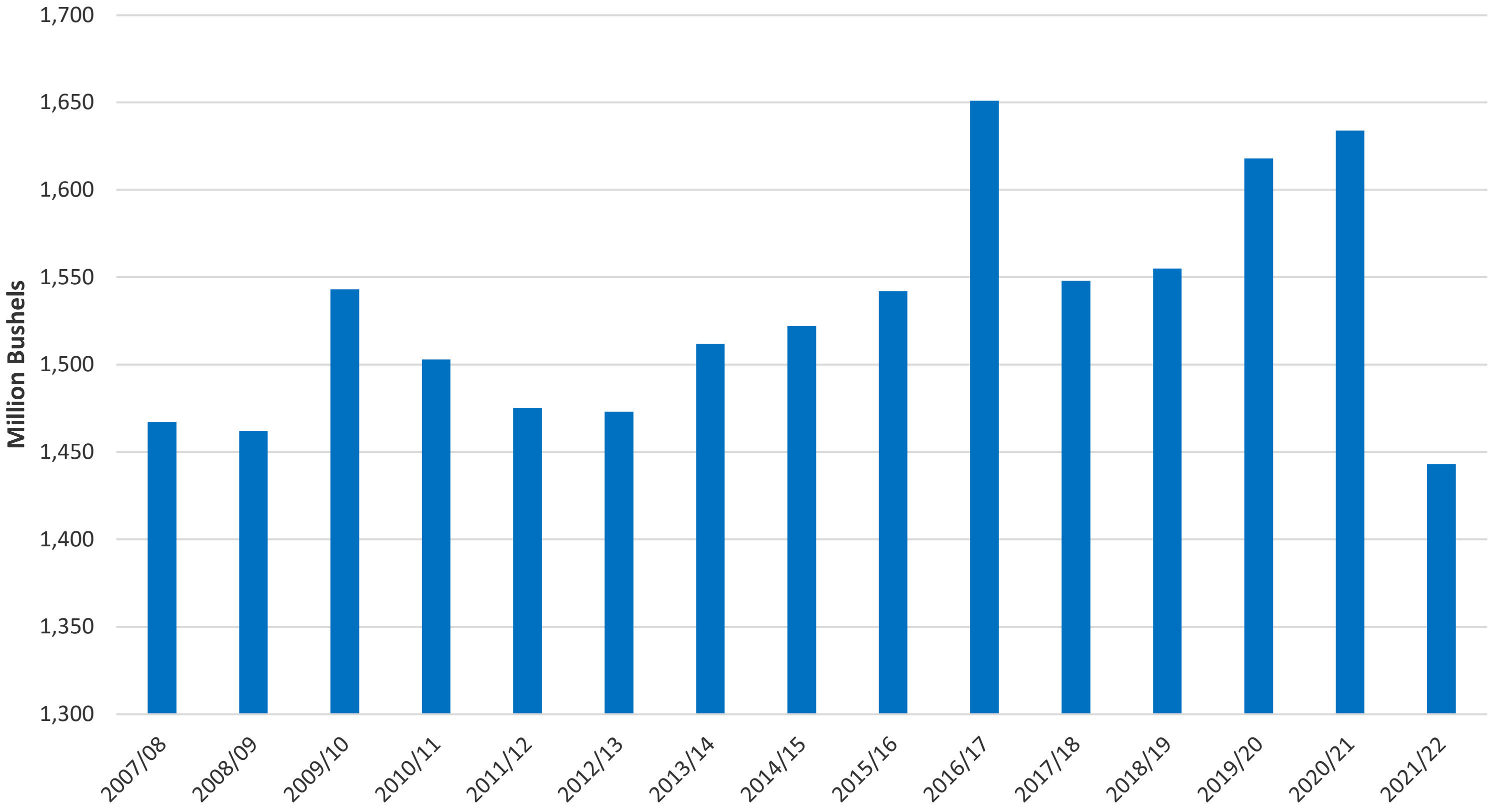
Global Production



- Global Production down 128 million bushels YOY (10%)
- Projected smallest crop since 2007/2008.

Source: Strategie Grains; CHS

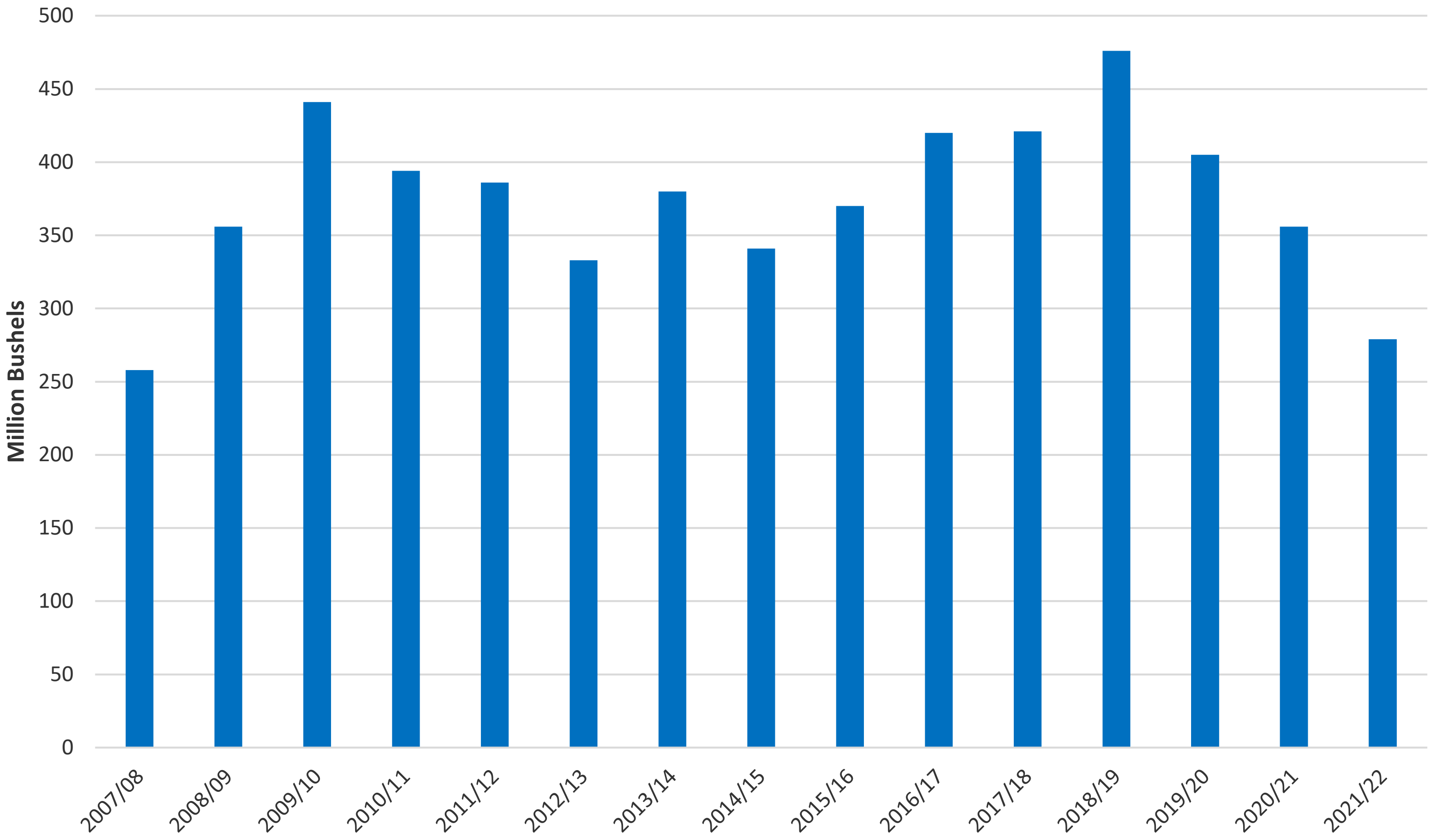
Global Demand



- Global demand expected to decline after two years of steady growth and high levels of demand seen during the pandemic.
- Demand transfer to soft wheat due to elevated prices.

Source: Strategie Grains; CHS

Global Ending Stocks



- Tightest since 2007/2008.

Source: Strategie Grains; CHS

US Mill Coverage/Planting Intentions

- US Domestic grind coverage:
  - 90-100% NOVEMBER / DECEMBER
  - 25-40% JANUARY / FEBRUARY / MARCH
  - 15-20% APRIL / MAY / JUNE
  - 10-15% JULY / AUG / SEPT
- Majority US Mills bought Q4 2021 coverage early and off 2020 demand.
- US Mills buying hand to mouth and trying to keep close to home vs sales.
- US Mills using more Desert Durum and Mexican and pushing blends of soft wheat.
  - US has not imported Mexican since 2016.
- US Planting Intentions
  - Fertilizer Price/Availability and Durum Price playing major factor.
    - Desert acres projected up 30-40%
    - Northern Plains acres projected up 25-30%
- US Desert Durum next available crop for US Millers for late May/June 2022.
  - Crop currently being offered at levels equivalent to $13bu FOB North Dakota/Eastern Montana elevators.

Italy Semolina Prices (€pmt)

Source: Refinitiv, Bolonga Ager