



StoneX[®]

China's Changing Landscape

StoneX Financial Inc. – *FCM Division*

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DATE

Geopolitical Risks Rise as China Dynamics Change

“Resolving the Taiwan Question and Achieving the Complete Reunification of the Motherland is the Unswerving Historical Task of the Communist Party of China.” September 12, 2023

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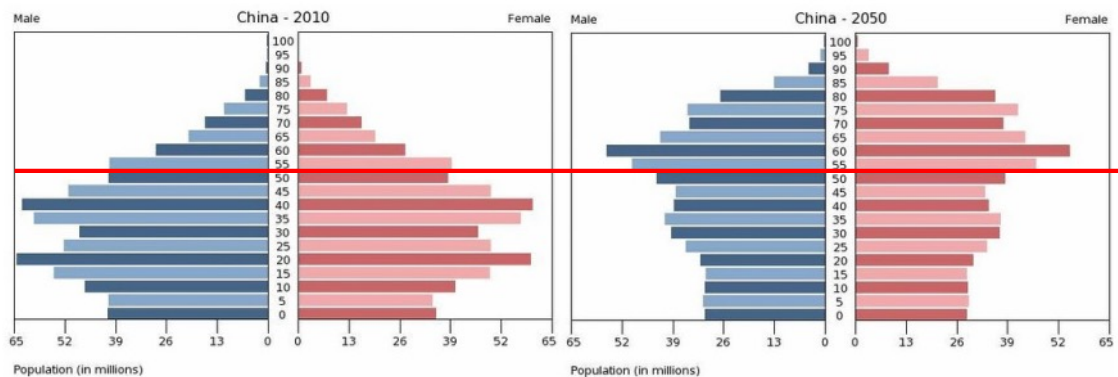
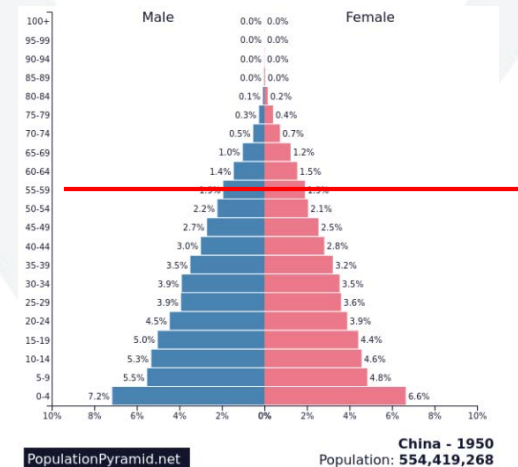
China / U.S. Tensions Escalate

- **Europe & U.S. Continue to Decouple From China.**
 - **Chinese Exports Drop 8.8% YoY in August, after falling 14.5% YoY in July and a 12.4% YoY Decline in June.**
 - **Shipments to U.S. Down for 13th Consecutive Month.**
- **China Trade with Belt & Road Initiative & BRIC Grows.**
 - **Building Yuan-Based Trading Platform.**
 - **Trade with B&RI Up 3% YoY.**
 - **Trade with Russia Up 32.3% YoY.**
- **Taiwan Issue Remains a Hotbed.**

- One in ten Chinese women are permanently childless, up 6% over the past five years. Women reported that they planned to have 1.64 kids on average in 2021, down from 1.73 in 2019. The average household size in 2020 was 2.6 persons, down almost 0.5 units from 2010. Annual births are down 40% this year from five years ago.
- Low birth rates combine with an aging population to invert the population demographics, with the overall population total also now in decline. This presents some real challenges for sustaining China's economy, but it also means that total protein consumption will be trending lower as well.
- The data would suggest that soymeal demand for producing pork in China may have peaked in 2020 as the population declines along with protein inclusion in rations.

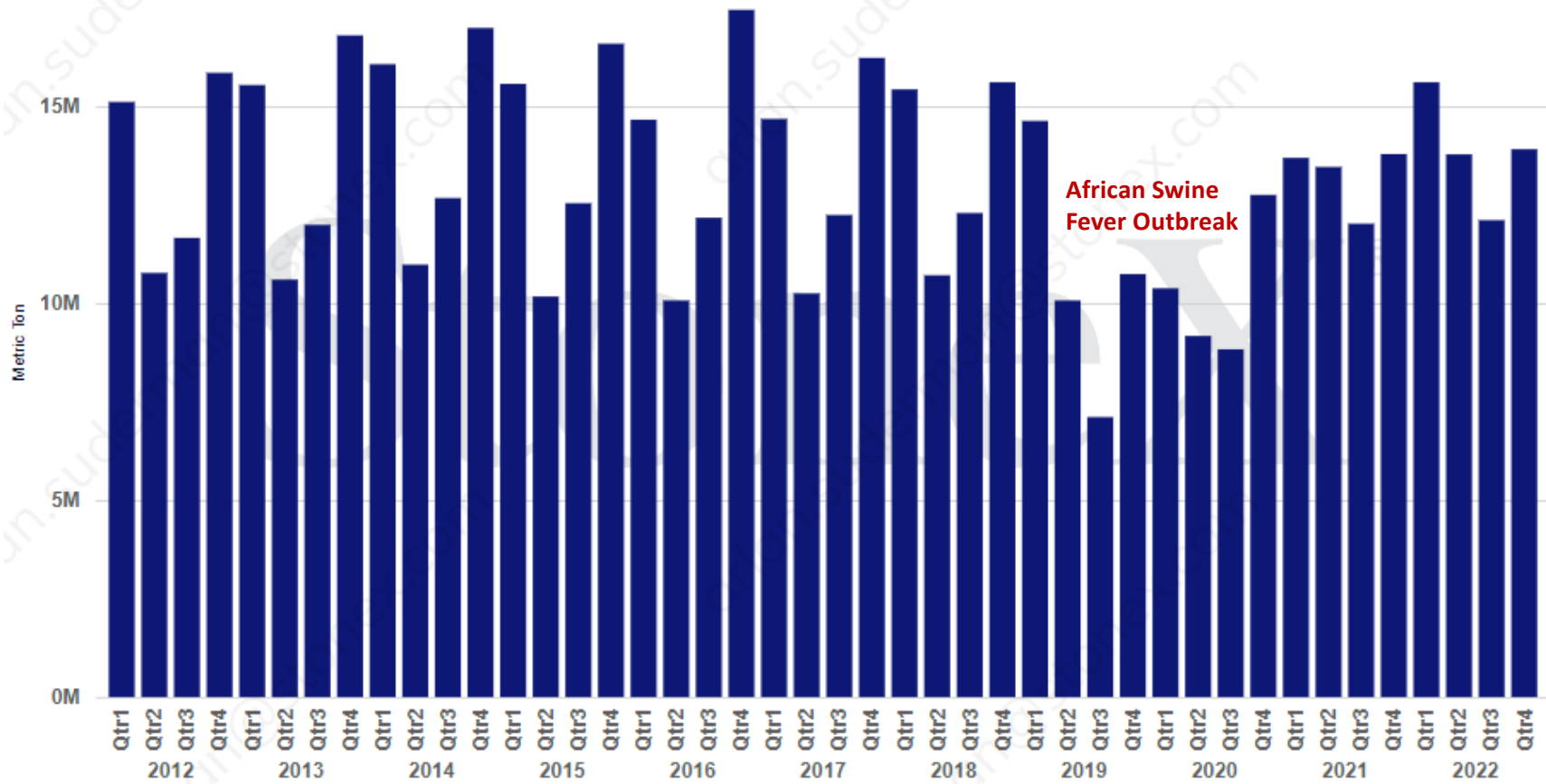
China is Aging!

1950 – 2010 - 2050



China Pork Production - Quarterly

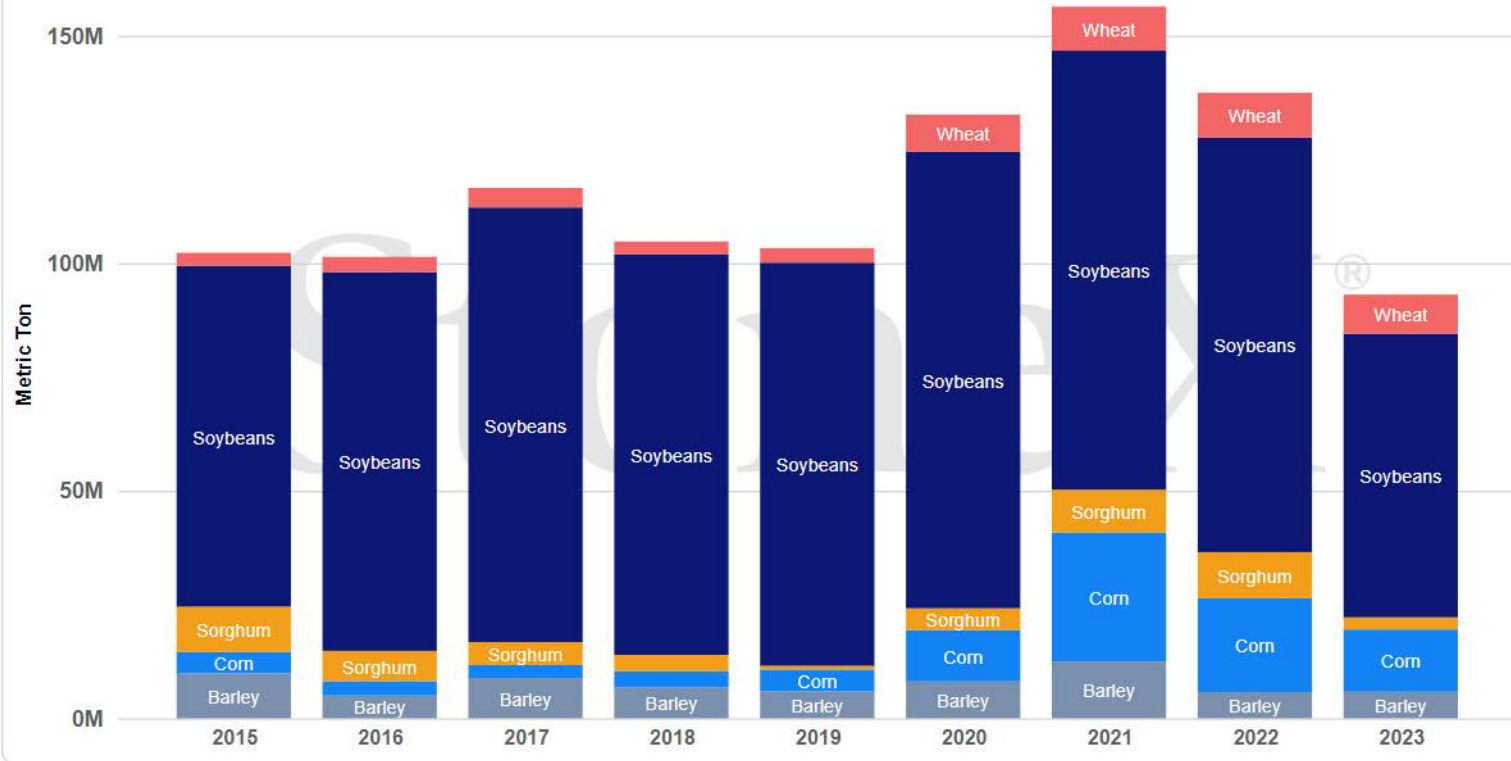
Source: JCI



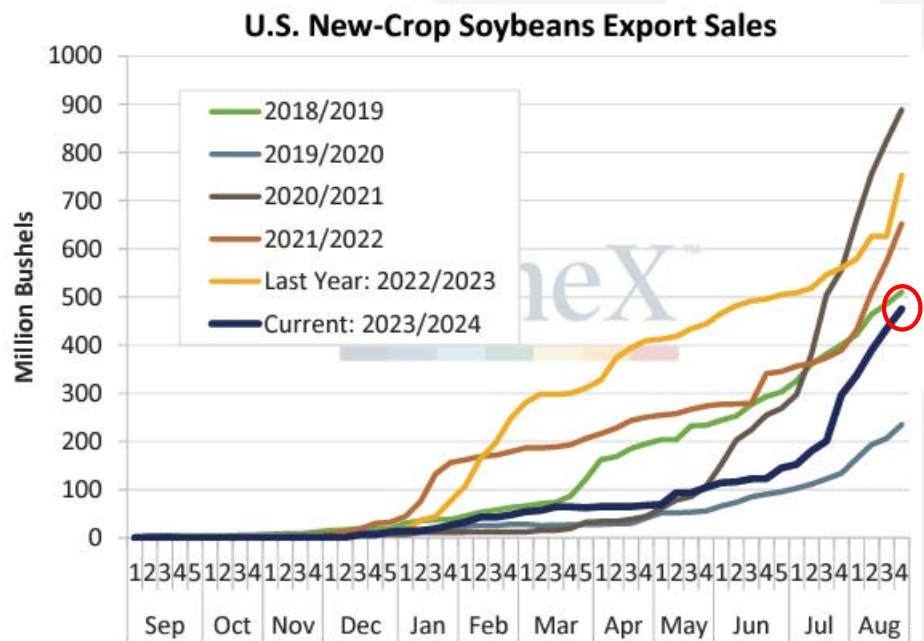
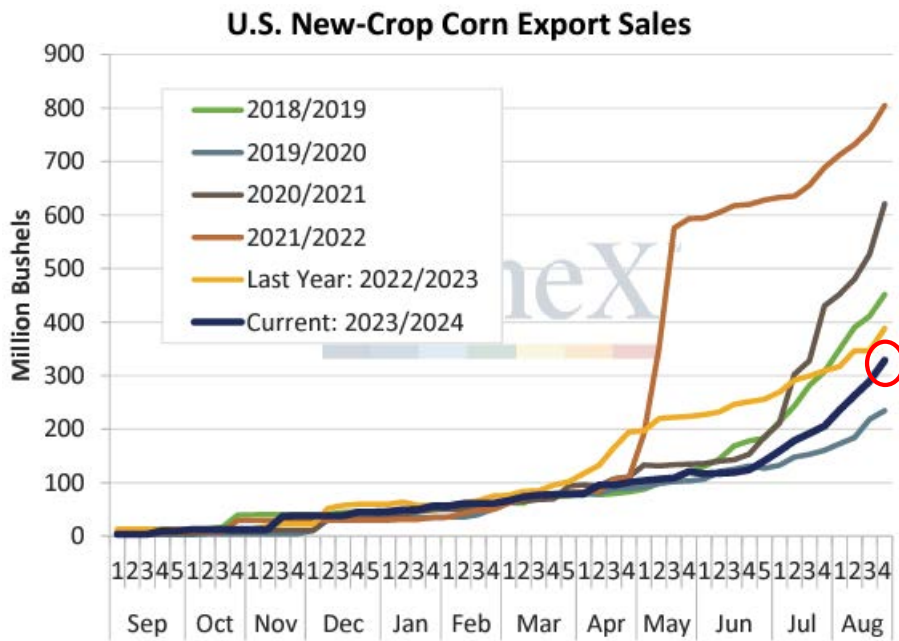
China Grain Import Volume Thru July 2023

Source: China Customs, JCI

● Barley ● Corn ● Sorghum ● Soybeans ● Wheat

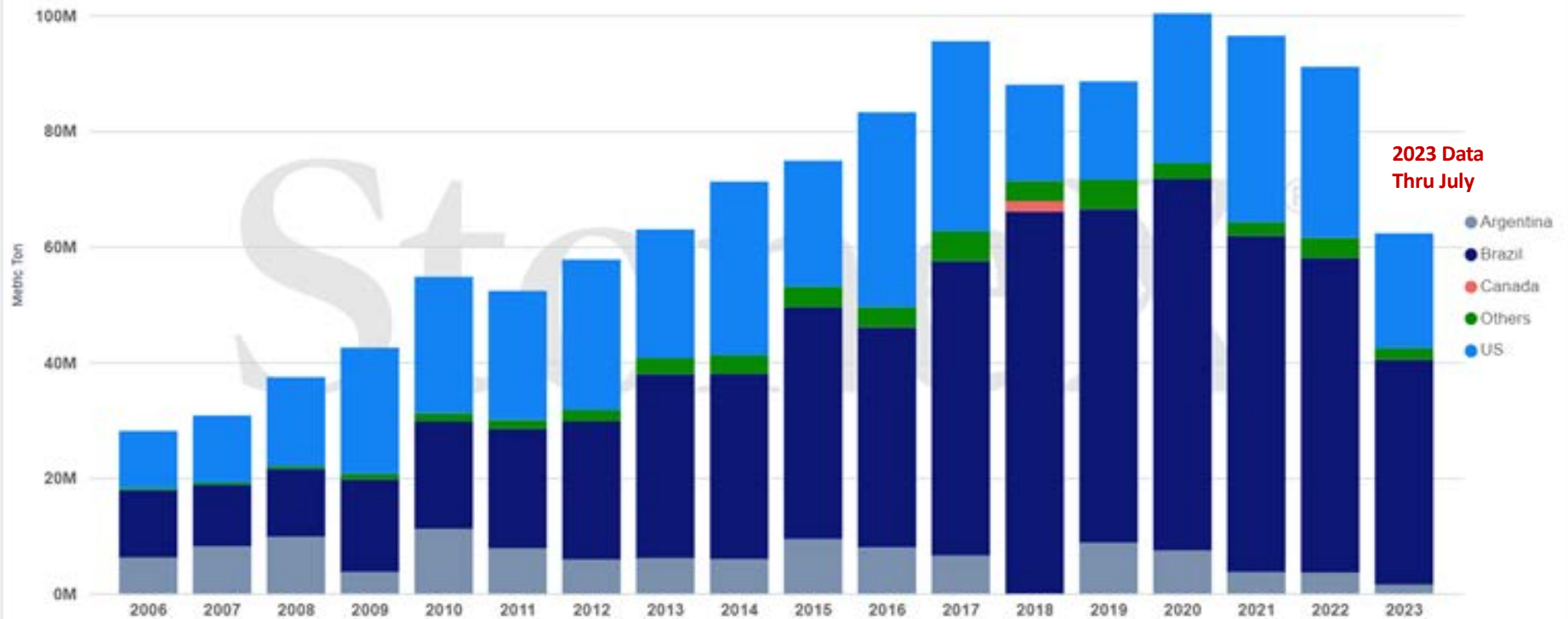


We Can No Longer Ignore the Risks of China Withdrawing from Buying U.S. Commodities.



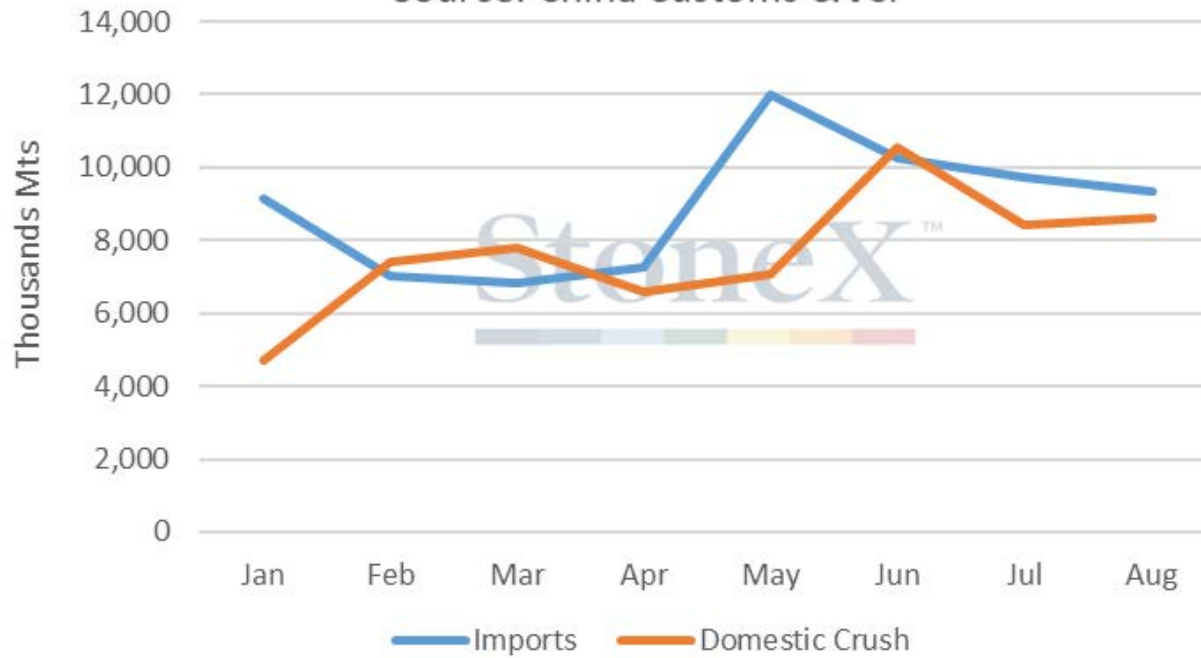
China Soybeans Imports Volume from All Countries

Source: China Customs, JCI



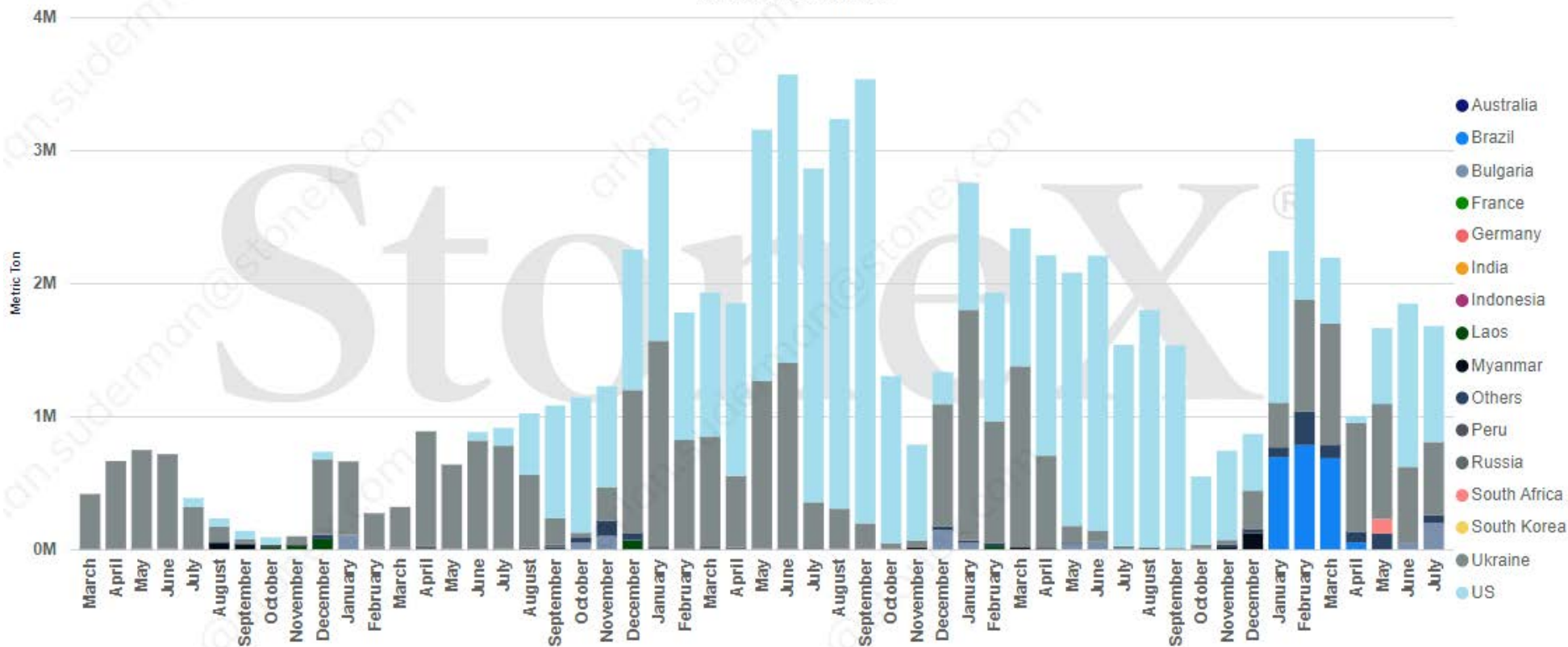
China Soybean Imports VS Crush

Source: China Customs & JCI

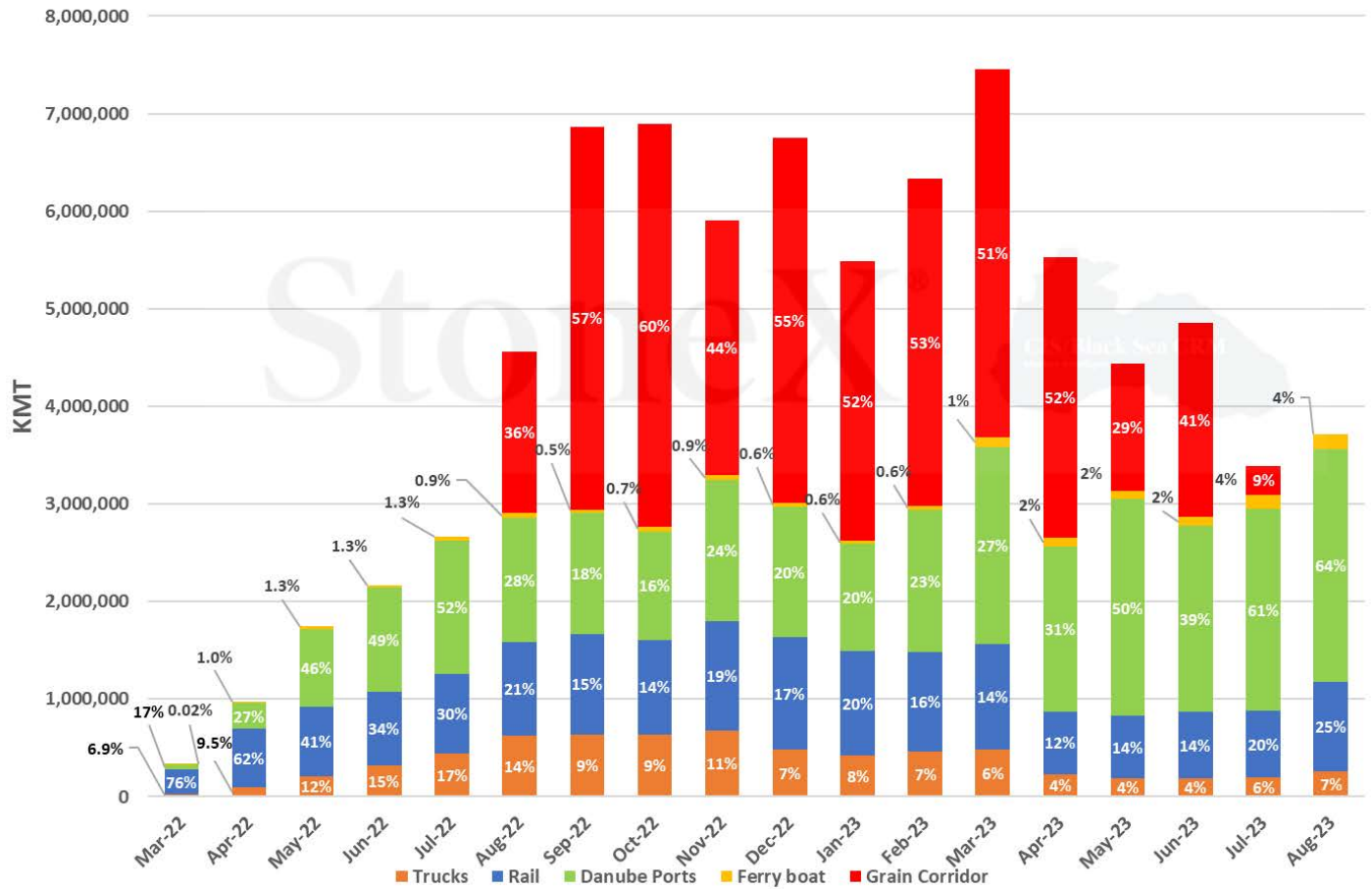


China Corn (including feed and seed use) Imports Volume from All Countries

Source: China Customs, JCI

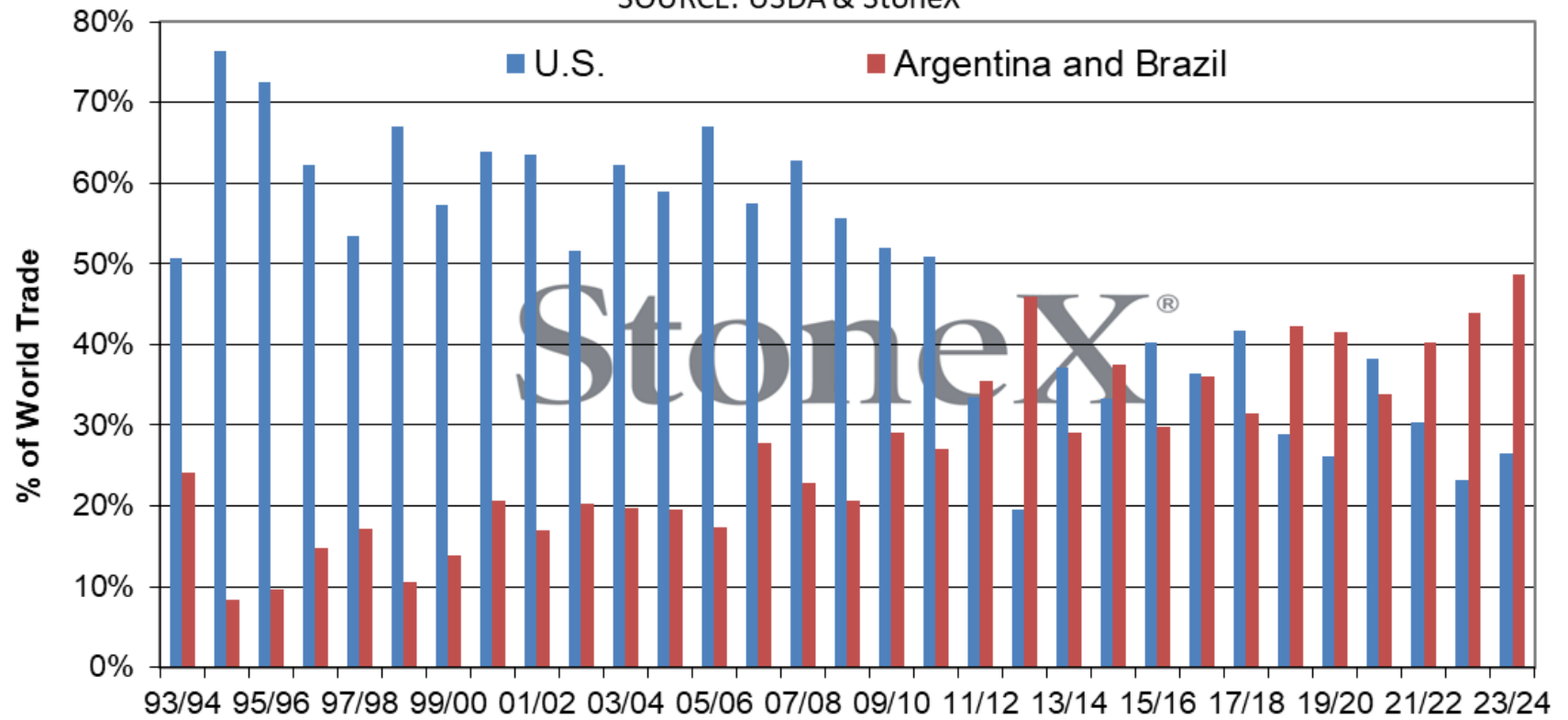


Ukraine Exports by Transportation



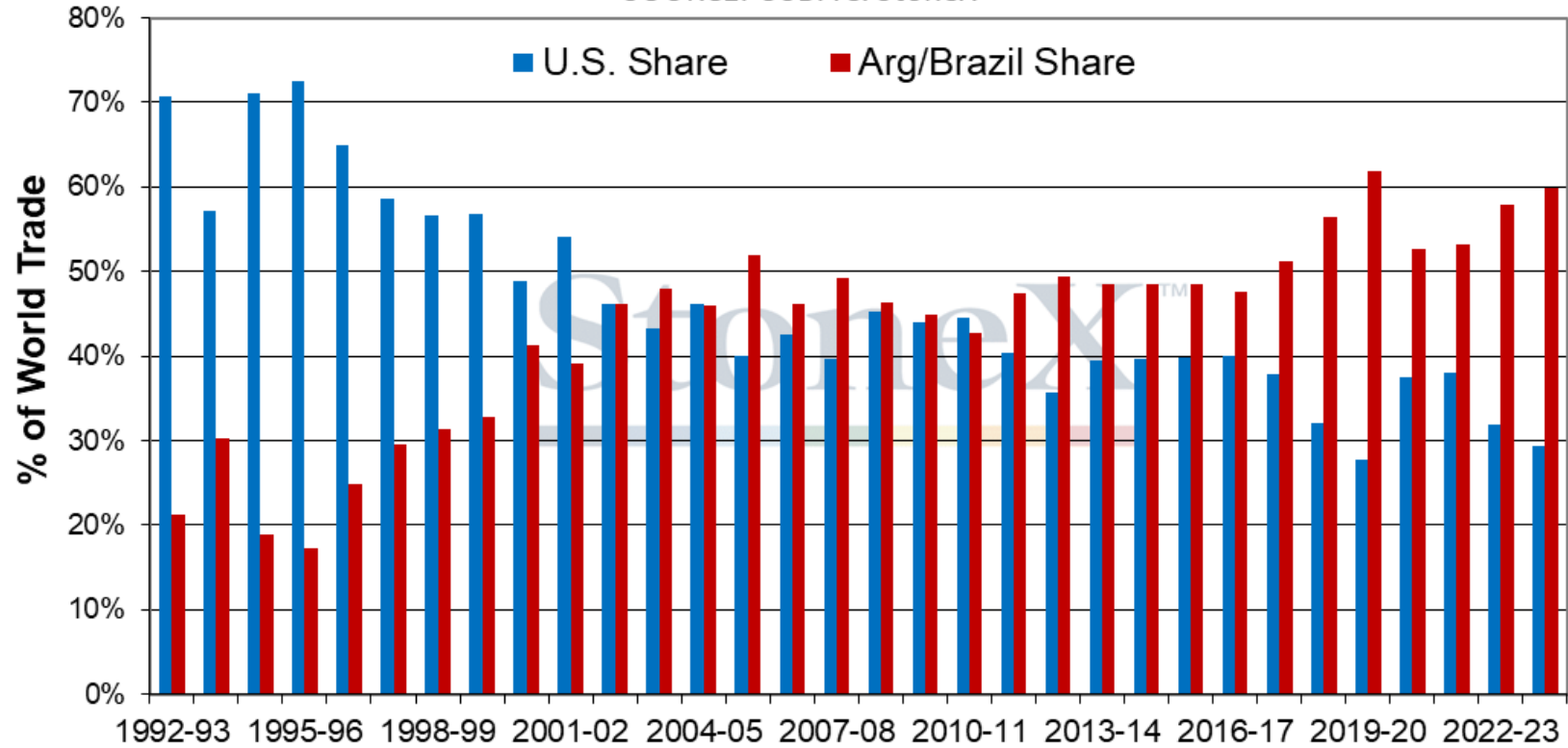
U.S. Corn Export Market Share Rebounds

SOURCE: USDA & StoneX

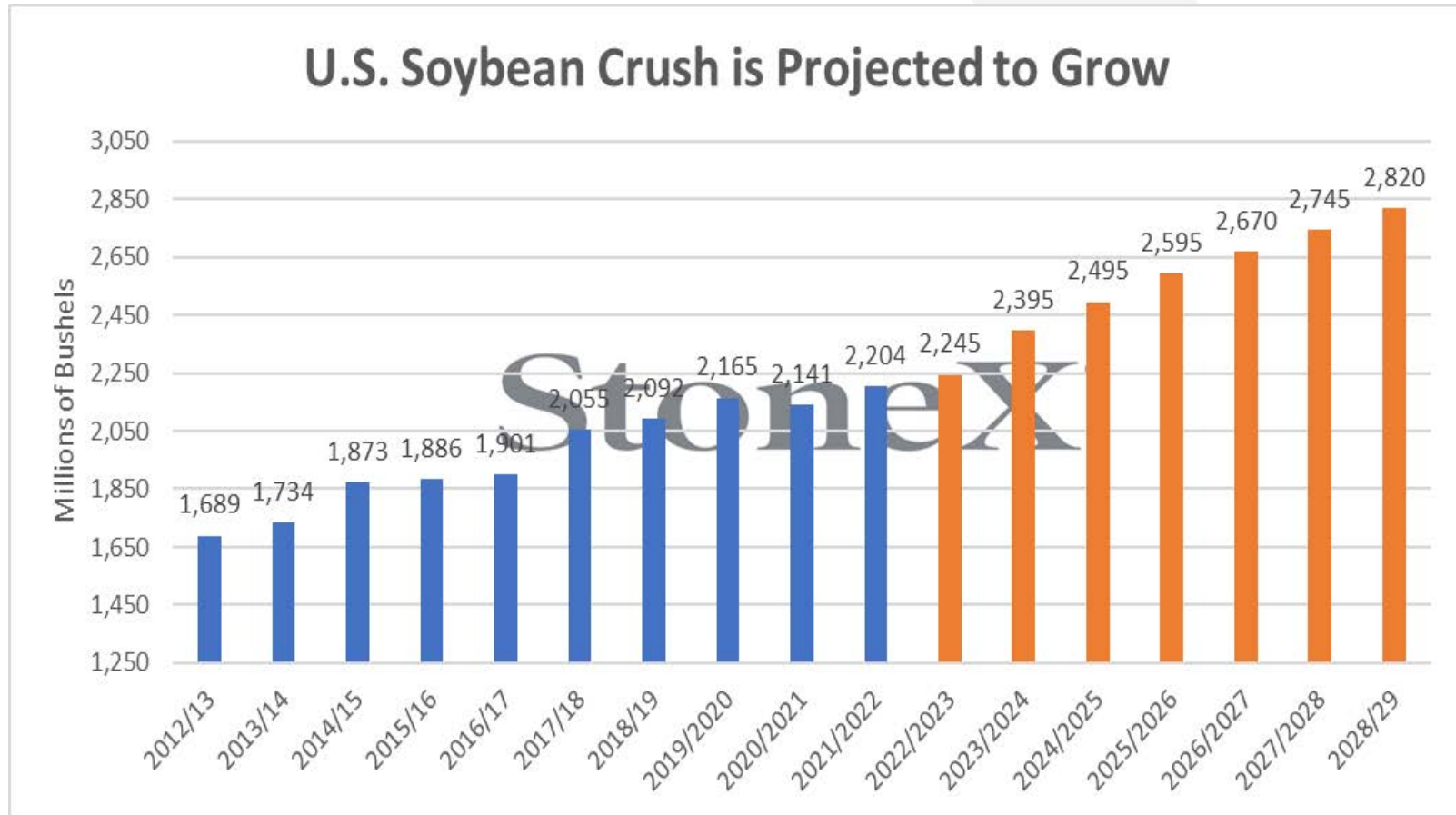


South American Soybeans Grab Market Share

SOURCE: USDA & StoneX



Renewable Diesel / Sustainable Aviation Fuel



Take Home Points:

- **U.S. Agriculture Should not Count on Chinese Demand as it Did in the Past.**
- **India Offers the Next Opportunity for Expansive Growth, But That Will Take Time to Unfold.**
- **Focus on Developing Other Markets, but Especially on Domestic Demand – Renewable Diesel & Sustainable Aviation Fuel.**

Thank you

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