

United Nations Conference on Trade and Development

10th MULTI-YEAR EXPERT MEETING ON COMMODITIES AND DEVELOPMENT

25-26 April 2018, Geneva

Assessing the recent past and prospects for grains and oilseeds markets in 2018/19

By

Darren Cooper

International Grains Council

The views expressed are those of the author and do not necessarily reflect
the views of UNCTAD.



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Some tentative observations

United Nations Conference on Trade and Development
Multi-year Expert Meeting on Commodities and Development
10th session

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dcooper@igc.int



Grains Trade Convention (GTC)

- Information sharing, analysis and data on global markets for wheat, coarse grains, rice and oilseeds
- Commodity coverage has expanded significantly in recent years
 - *Rice* included in the definition of “grains” in the GTC from 1 July 2009
 - *Oilseeds* formally included from 1 July 2013
- Monitoring of national policy developments

Food Assistance Convention (FAC)

- Its objectives are to save lives, reduce hunger and improve food security, while enhancing the nutritional status of the most vulnerable populations

<http://www.foodassistanceconvention.org/>



AMIS Agricultural Market
Information System



ABOUT

MARKET MONITOR

INDICATORS

DATABASE

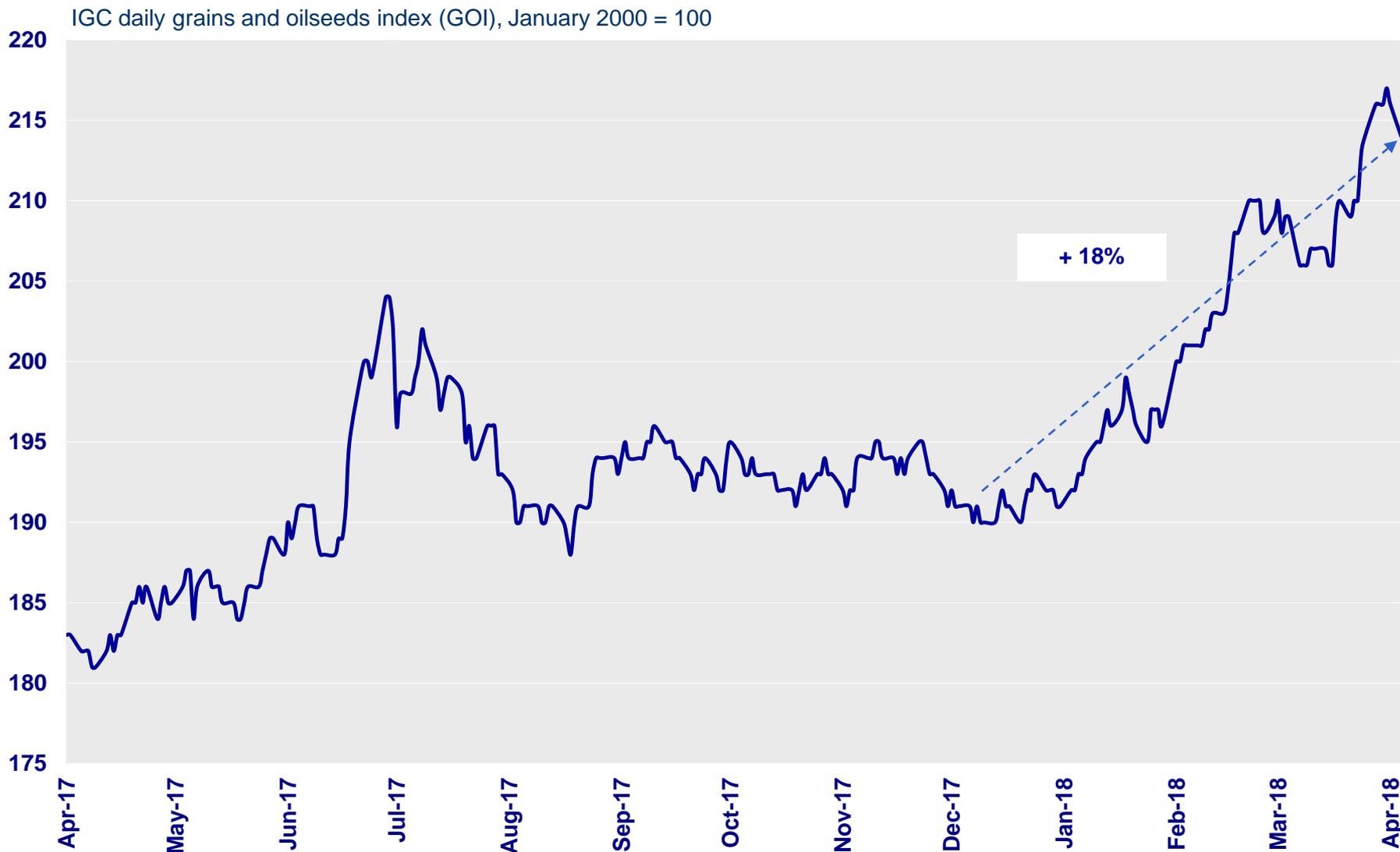
TECH ASSISTANCE

RESOURCES

The AMIS Secretariat is formed by the following international organizations and entities: FAO, GEOGLAM, IFPRI, IFAD, IGC, OECD, UNCTAD, the UN High Level Task Force (UN-HLTF), the World Bank Group, WFP, and WTO. Contributions



Markets for grains, rice and oilseeds post solid gains, particularly during the early months of 2018



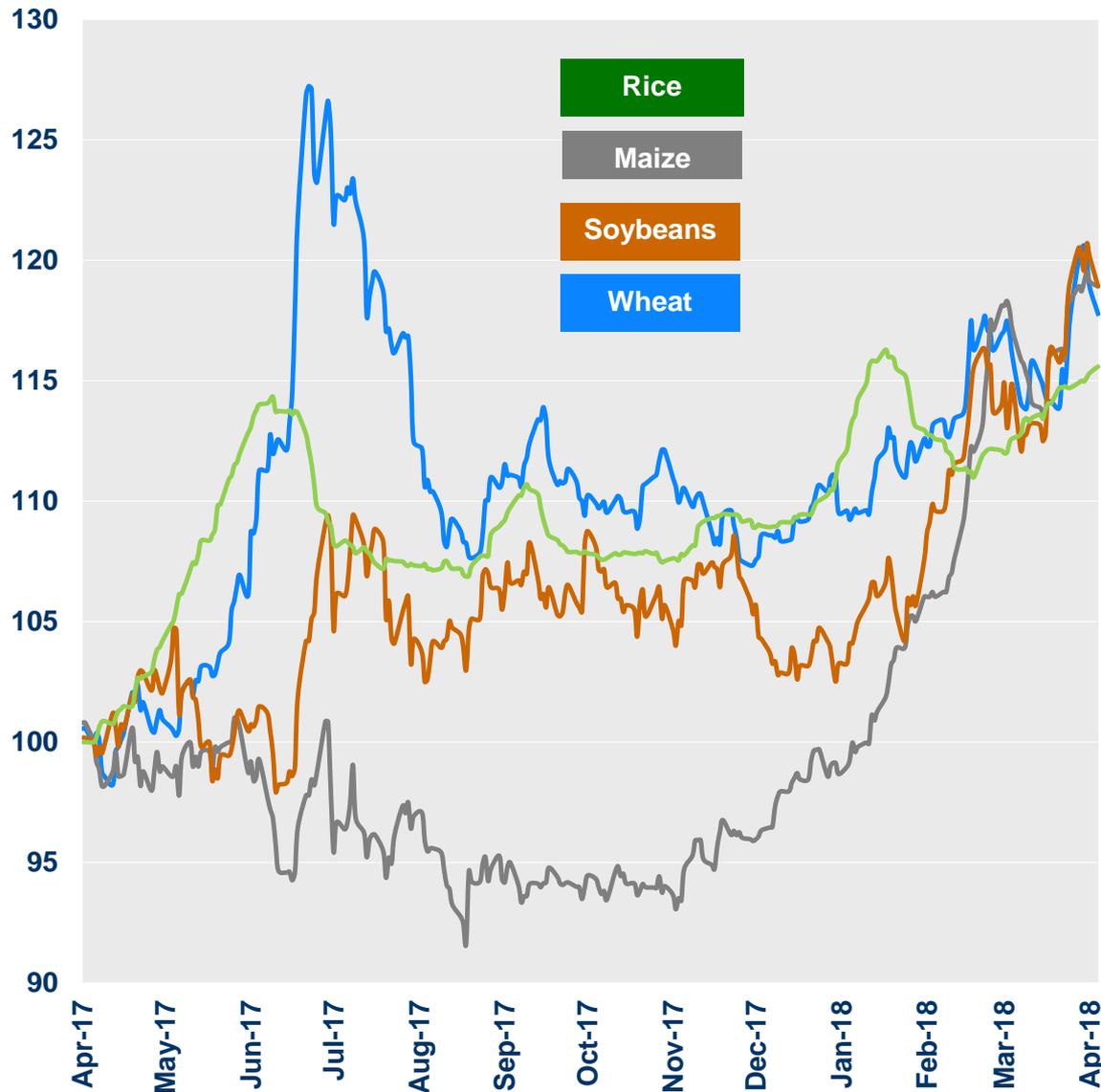
IGC GOI is a weighted index, including 34 fob export quotations across a range of origins, spanning eight commodities

For further information, see: www.igc.int/grainsupdate/igc_goi.xls; * refers to year-on-year change



Gains have been broad based – *in general,* *a combination of production worries and export demand* igc.int

IGC daily sub-indices, rebased: 17 Apr 2017 = 100



Wheat: Markets have been volatile over the period, with a particularly sharp spike in prices in mid-2017, tied to high-protein grades. In 2018, prices climb on US Plains dryness, some worries in the EU/CIS and logistics.

Maize: Supported by concerns about South American crops, coupled with robust demand for US supplies. Buying interest in Ukraine also firm.

Soybeans: Displays considerable volatility, with dwindling crop prospects in Argentina a major factor. But there have been headwinds – huge crop in Brazil and heightened worries about US-China trade.

Rice: Strength tied to firm export demand, especially from Asian buyers, as well as tighter supplies in major exporters.



Sentiment reflected by changes in traders' net positions – *noting the soyabean complex shift*

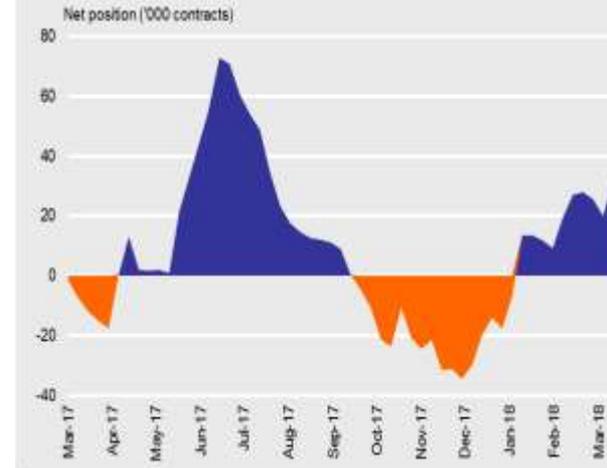
CME Wheat



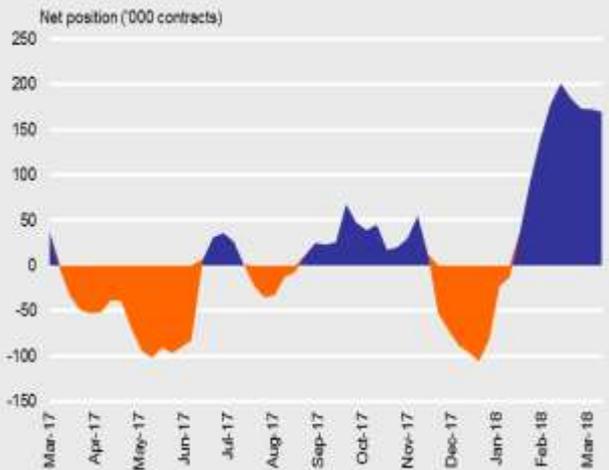
MGE Wheat



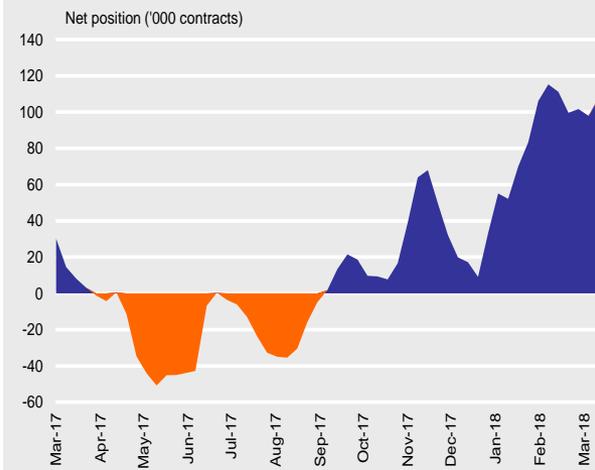
KCBT Wheat



CME Soyabeans



CME Soyameal



CME Corn



Net long

Net short

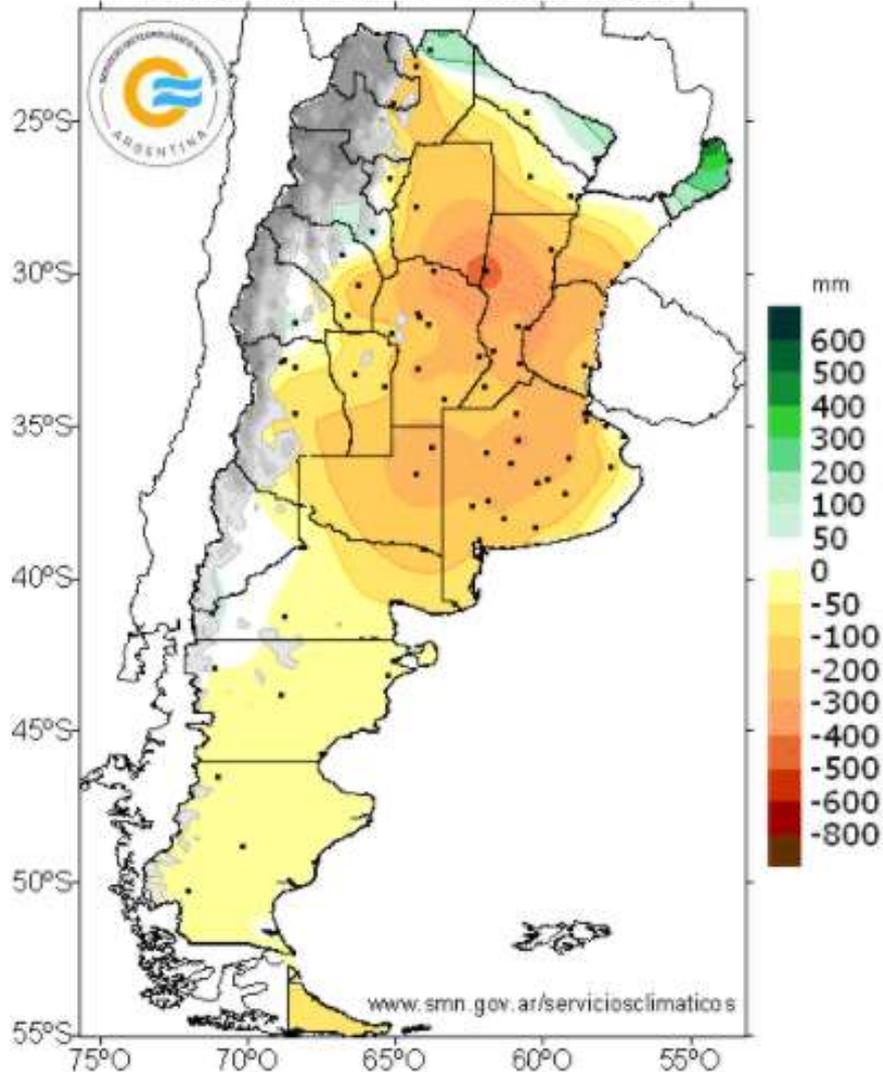


During a key phase of development, conditions in Argentina have remained hot and dry

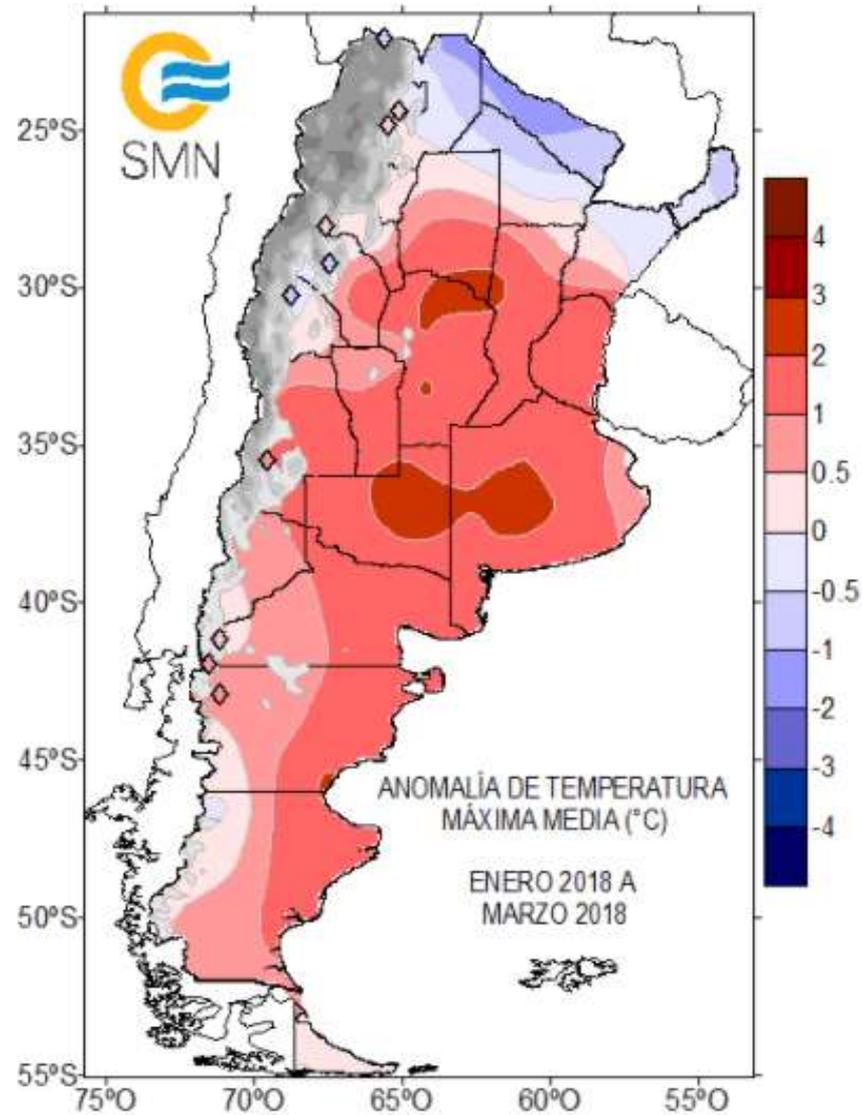
igc.int

Precipitation anomaly

Diciembre 2017 - Marzo 2018



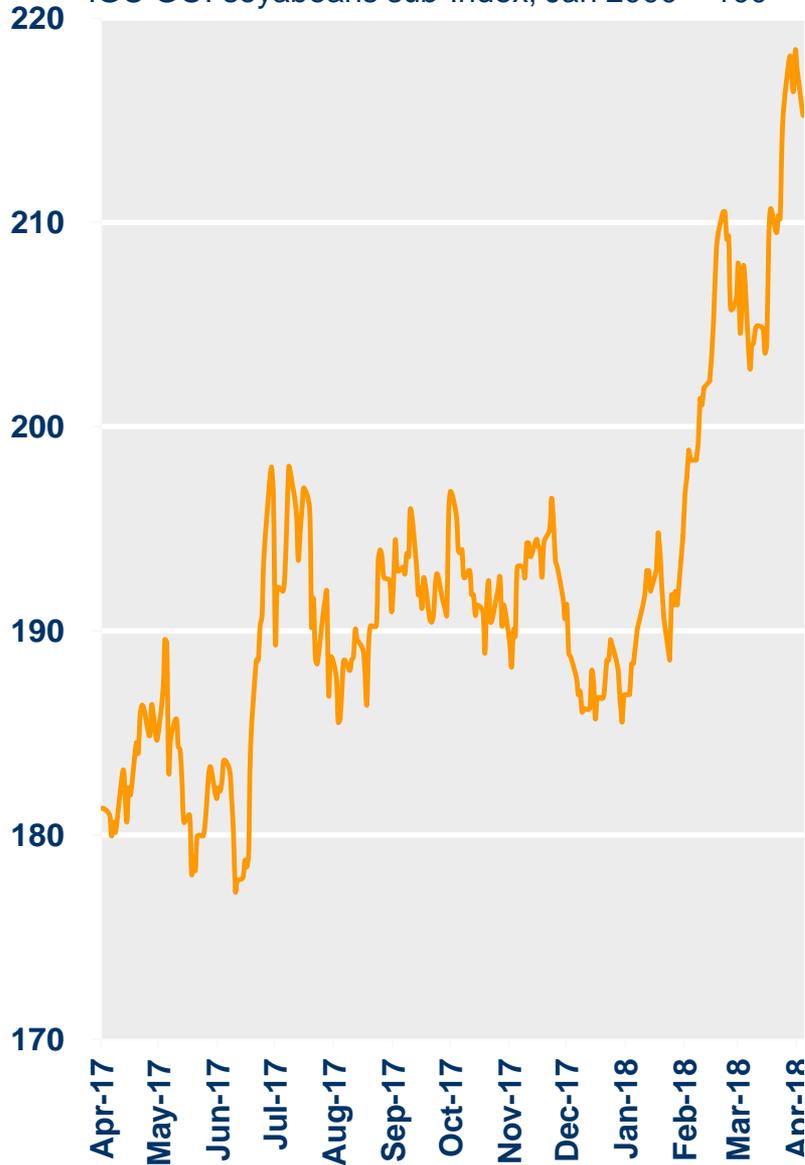
Temperature anomaly





Global markets strengthen on Argentine crop worries, with particularly sharp gains in soyameal

IGC GOI soyabeans sub-Index, Jan 2000 = 100



Soyabean export prices

	US\$/t fob	% Chg. 1 Jan	% Chg. y/y
Argentina	423	+62	+21
Brazil	431	+52	+20
USA	321	+49	+16

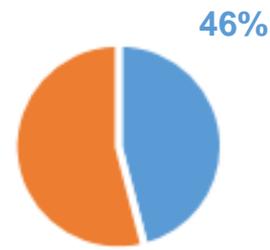
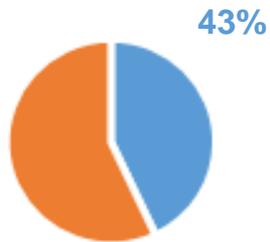
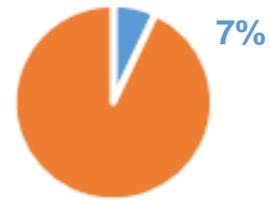
Soyameal

	US\$/t fob	% Chg. 1 Jan	% Chg. y/y
Argentina	429	+94	+36
Brazil	431	+111	+38
USA	457	+116	+32

Soyabean oil

	US\$/t fob	% Chg. 1 Jan	% Chg. y/y
Argentina	753	-17	+9
Brazil	746	-13	+7
USA	725	-58	+1

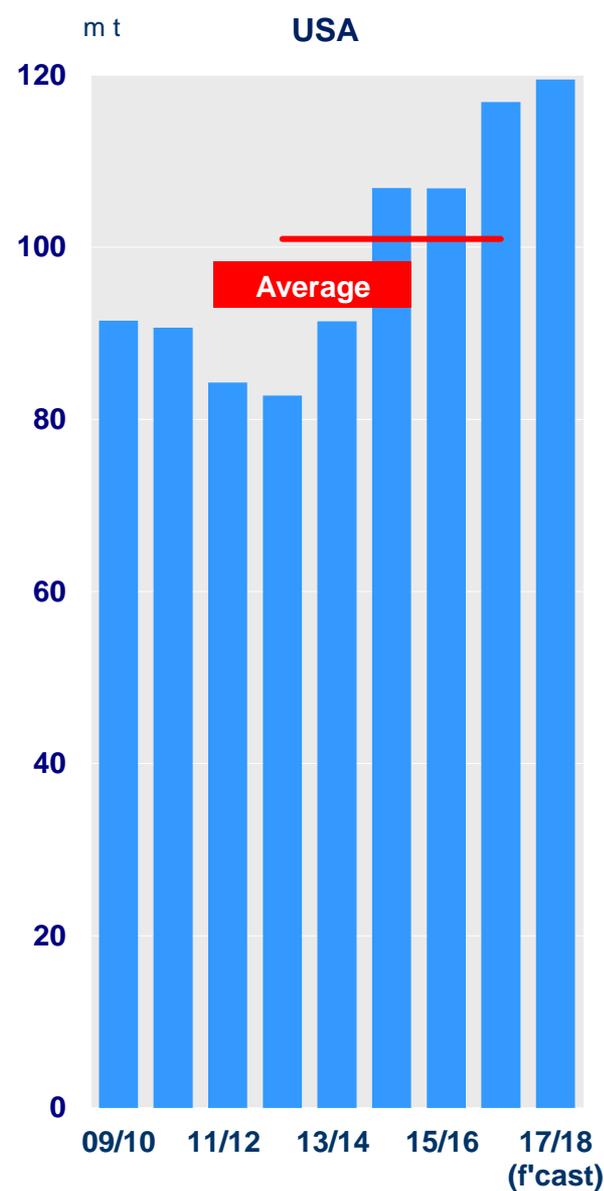
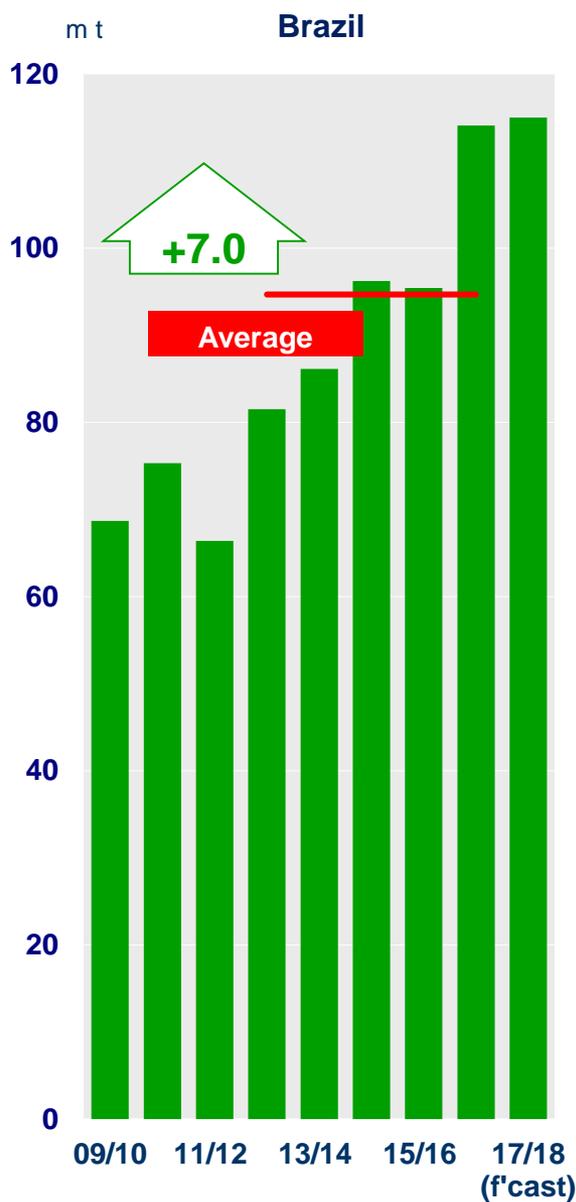
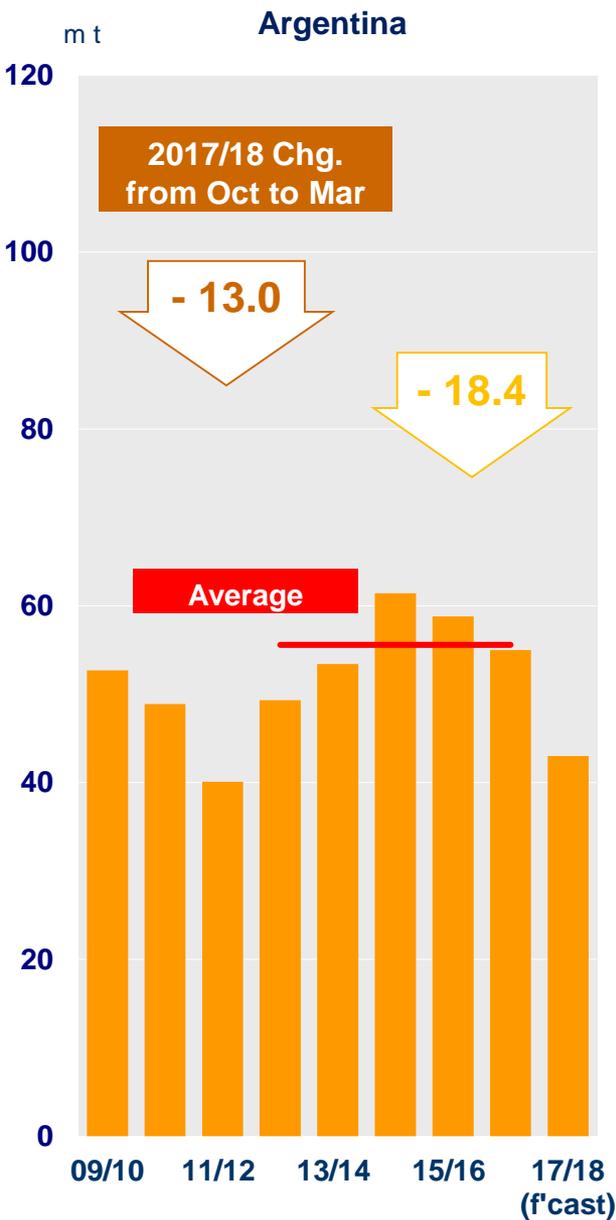
Share of Argentina in trade *



* 5-year average



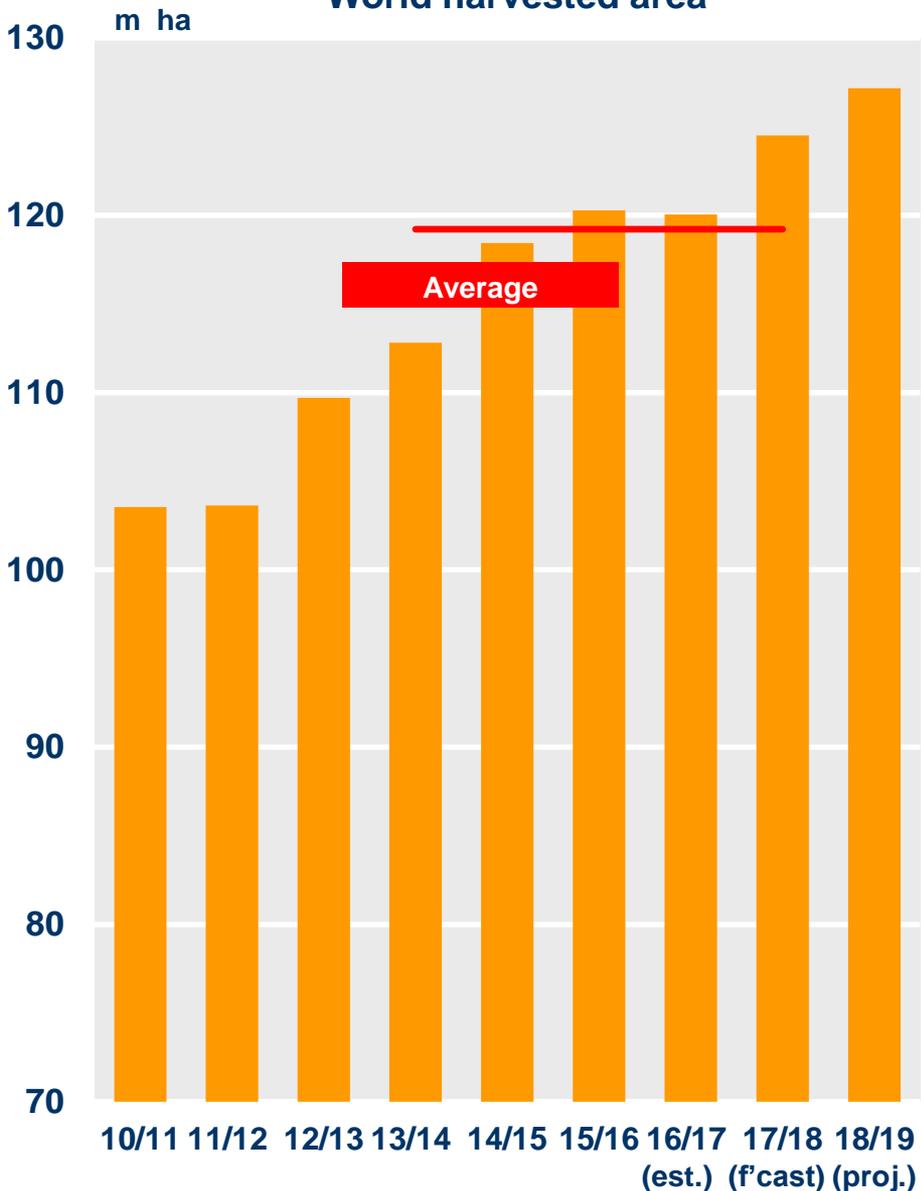
2017/18 soyabean production – Brazil's crop continues to get larger, Argentina's gets smaller





Further gains in global acreage projected for 2018/19 – again led by major producers

World harvested area



Key points	m ha	y/y
USA	36.6	+ 1%
Given current soy prices relative to other crops, such as maize, acreage gains possible, but limited by rotational needs?		
Canada	3.0	+ 2%
Further modest increase in plantings likely, to new record, but less pronounced than in 2017/18.		
China	8.4	+ 4%
Tied to continued aim of reducing grains (maize) plantings in marginal areas, soy sowings to expand.		
Ukraine	1.9	- 5%
Reports of reduced margins could discourage some farmers from boosting area.		
South America	59.4	+ 3%
Tentative, and linked to northern hemisphere crop outcomes. Anticipate gains in Brazil, some recovery in Argentina on rotational needs and lower export taxes.		

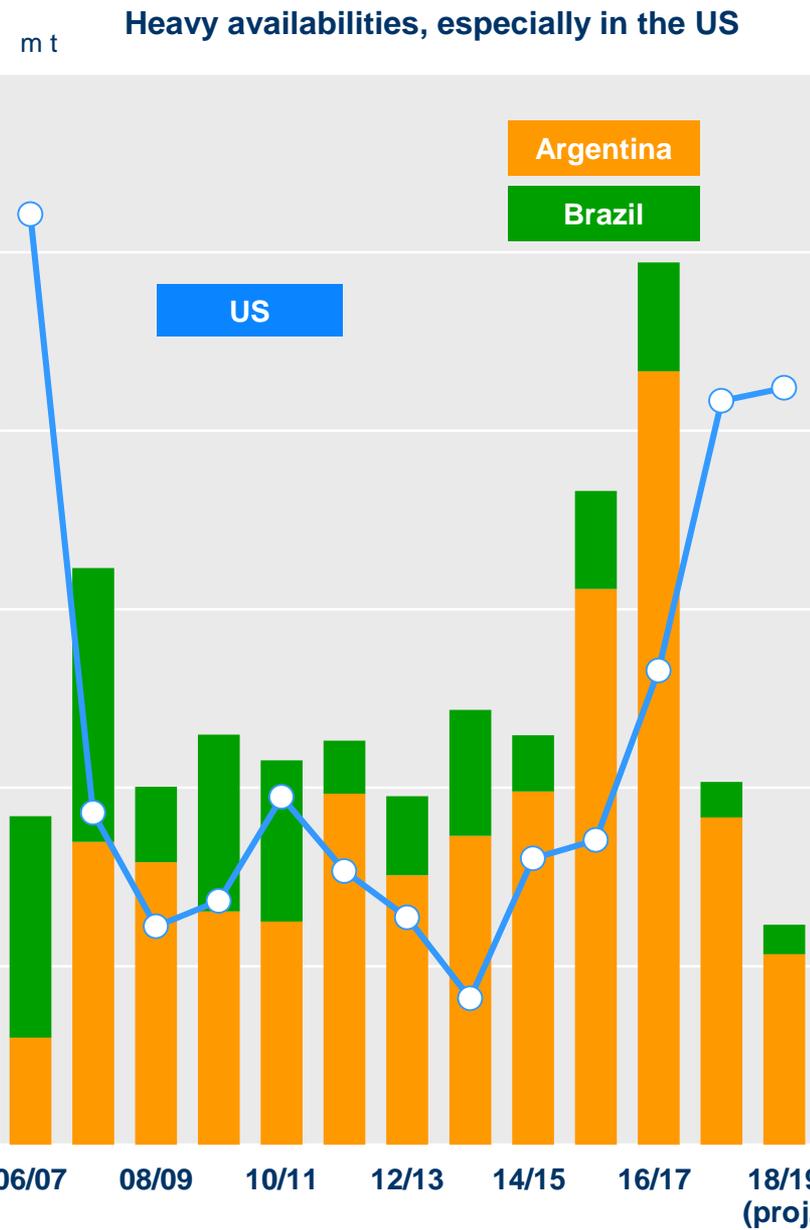


World soyabean supply & demand situation and prospects - US stocks at 11-year high in 2017/18

	15/16	16/17	17/18	18/19	y/y change
		(est.)	(f'cast)	(proj.)	
Opening stocks	34	33	47	42	- 10.6%
Production	315	350	341	354	+ 3.6%
Total supply	350	383	389	396	+ 1.9%
Total use	317	335	347	358	+ 3.1%
<i>of which: Crush</i>	280	295	306	316	+ 3.2%
Closing stocks	33	47	42	39	- 8.8%
<i>Major exporters ^{a)}</i>	16	23	19	16	- 11.5%
Trade (Oct/Sep)	134	147	153	159	+ 4.0%

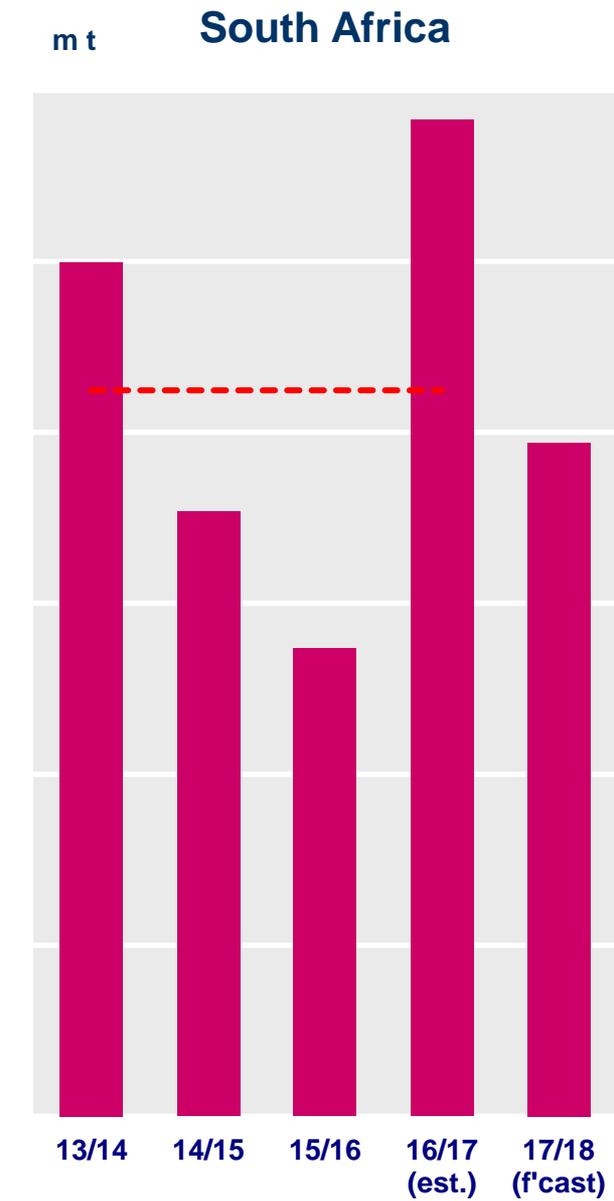
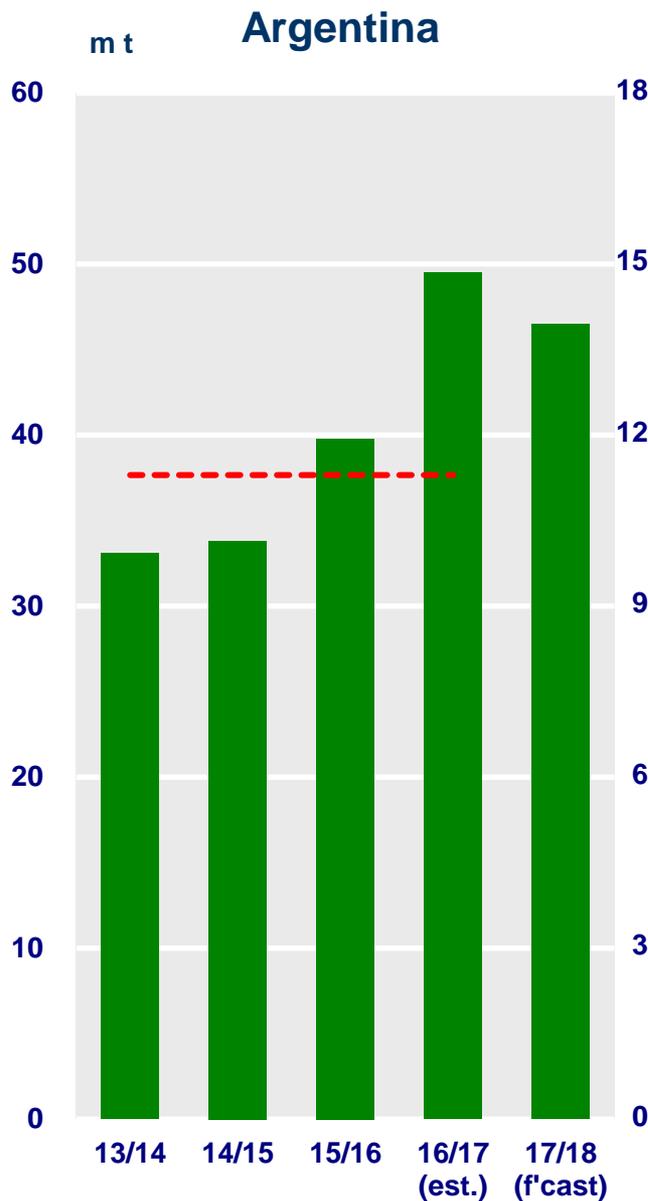
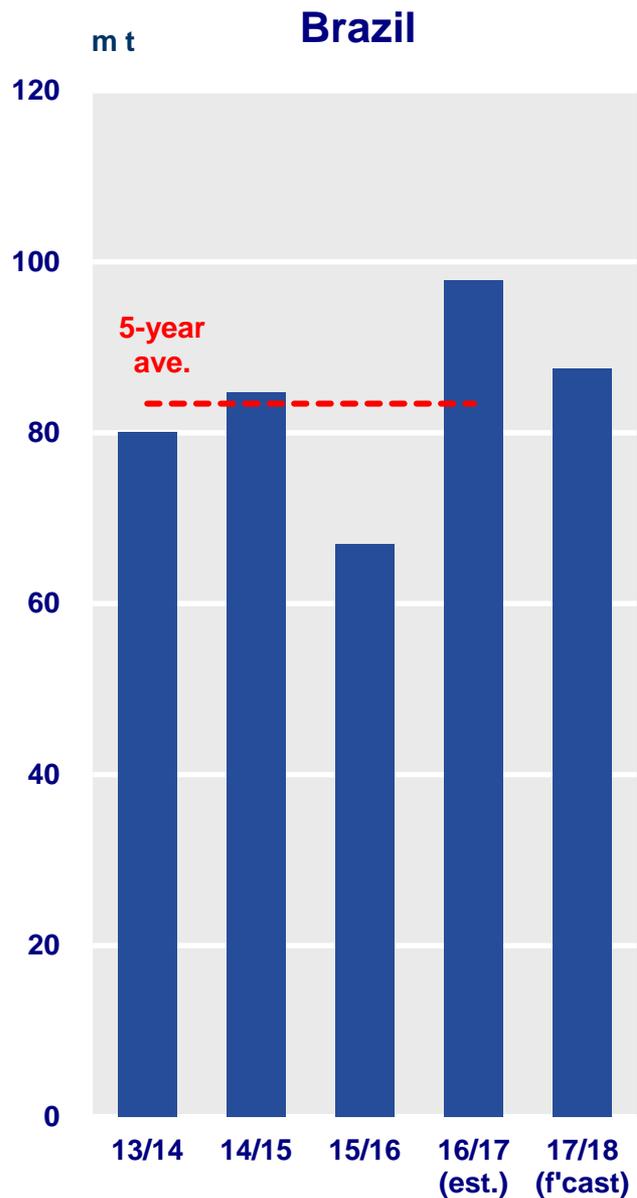
a) Argentina, Brazil and US

- **2017/18 world outturn smaller, but second largest of all time, but to recover in 2018/19?**
- **Total use seen at a new peak, rising by 3% y/y.**
- **Trade to advance to a record of 153m t on growing Asian needs.**
- **Stocks to tighten in the major exporters in 17/18 and 18/19 – we see a reverse of the situation from recent past. US stocks now expected to be ample, but heavy drawdowns likely in South America.**





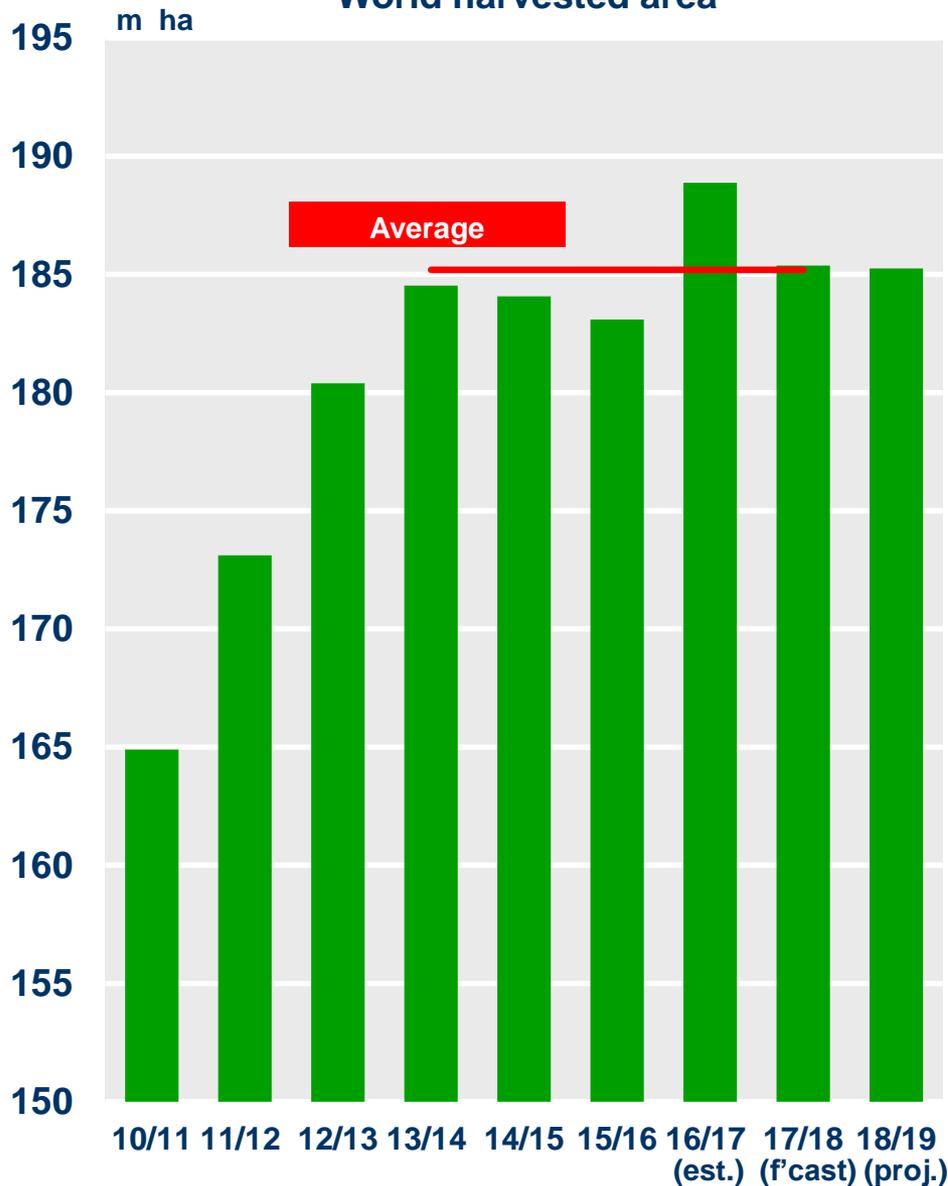
As with soy in Argentina, difficult weather impacts maize crops in the southern hemisphere





2018/19 world maize area projected to be flat

World harvested area



Key changes	m ha	y/y
Ukraine	4.3	-3%
Poor results in 2017/18 and reduced profitability expected to discourage some farmers.		
USA	33.2	-1%
Amid comparatively better soyabean returns, maize area could drop y/y. However, any decline likely to be capped by rotation requirements.		
China	35.2	-1%
Despite strong local prices, policy changes to lead to a third consecutive decline in area.?		
Russia	2.9	+5%
Area expected to continue its upward trend. Abandonment projected to be lower y/y.		

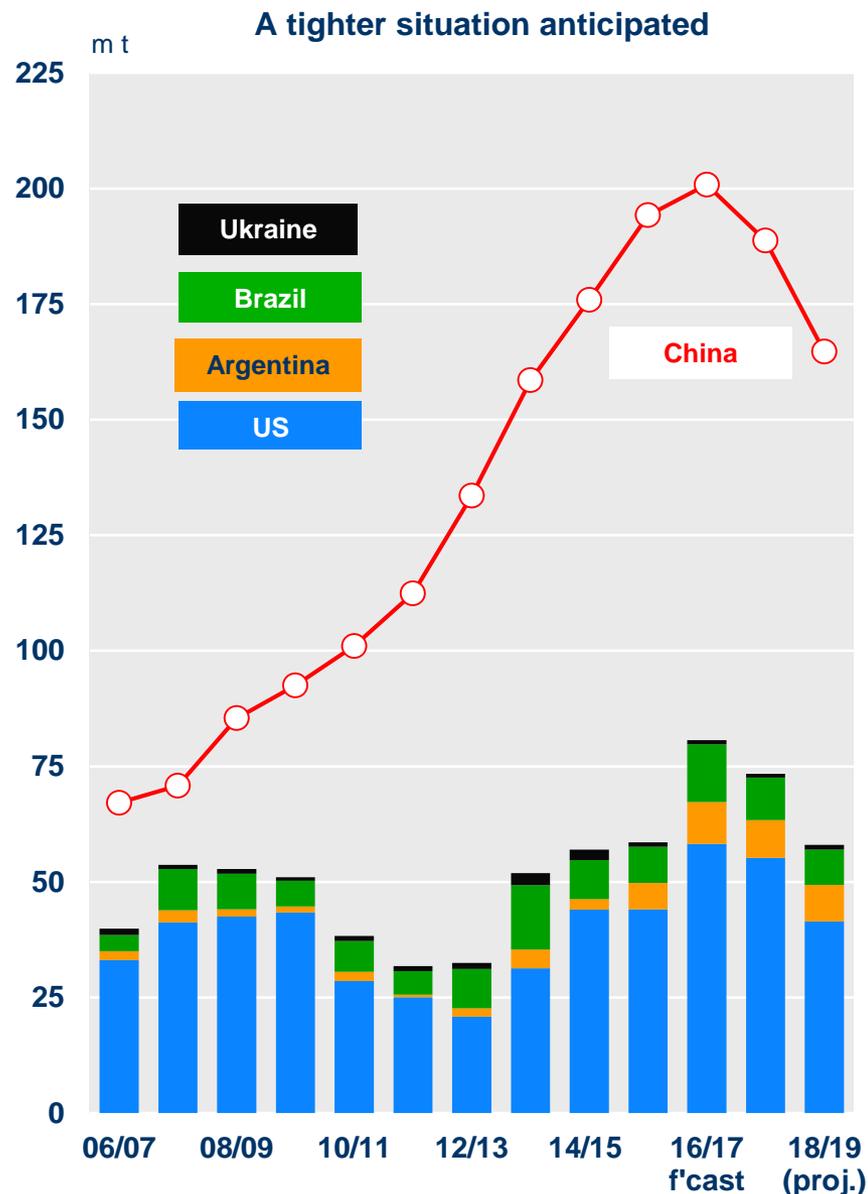


Global maize supplies set to tighten in 2018/19, led by falls in China and major exporters

	15/16	16/17	17/18	18/19	m t
		(est.)	(f'cast)	(proj.)	y/y change
Opening stocks	284	295	337	308	- 8.7%
Production	984	1,088	1,045	1,052	+ 0.7%
Total supply	1,268	1,382	1,382	1,360	- 1.6%
Total use	974	1,046	1,074	1,094	+ 1.9%
<i>of which: Food</i>	113	119	121	122	+ 1.0%
<i>Feed</i>	561	604	621	632	+ 1.6%
<i>Industrial</i>	267	280	295	303	+ 2.5%
Closing stocks	295	337	308	265	- 13.7%
<i>Major exporters^{a)}</i>	59	81	73	58	- 21.0%
Trade (Jul/Jun)	136	138	149	150	+ 0.7%

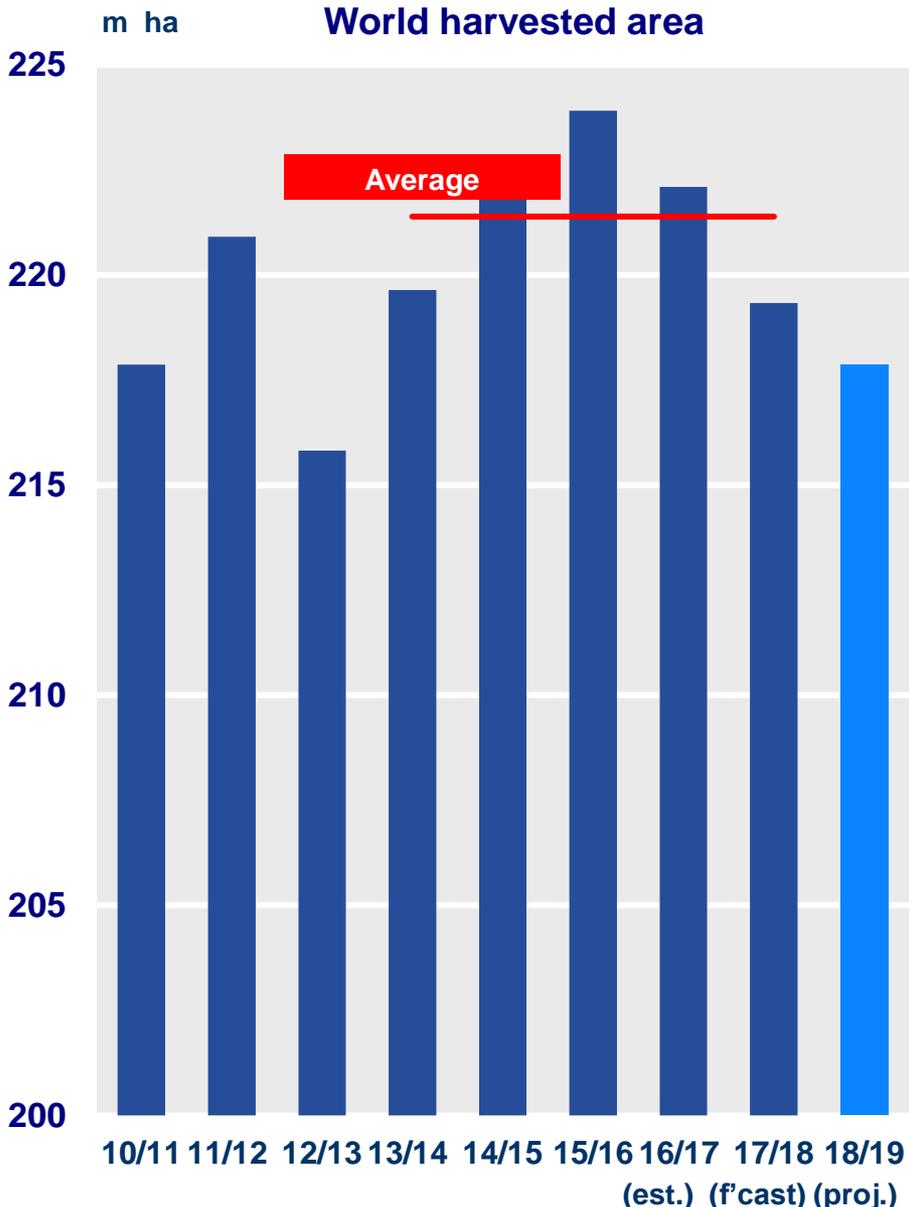
a) Argentina, Brazil, Ukraine, USA

- **Production to edge lower, with tentative rebounds in South America contrasting with a fall in the US.**
- **Feed and industrial needs to drive consumption higher.**
- **Further tightening of stocks likely in 2018/19, on drawdowns in China and major exporters.**
- **Trade seen little changed y/y, at a peak of 150m t. Feed demand to underpin large imports across a number of regions.**





A third consecutive drop in world wheat area is projected in 2018/19



Key changes	m ha	y/y
N & C America	25.5	+2%
Increased spring wheat area forecast in Canada and the USA.		
Europe	26.7	-1%
Sowings in parts of Northern Europe were limited by overly wet soils during planting.		
CIS	49.6	-1%
Not all planned winter grain area was sown in Russia. Planting weather in Ukraine was better compared to the previous two years.		
North Africa	6.8	-6%
Earlier dryness in Morocco expected to have restricted seedings.		
Far East Asia	67.5	-2%
Despite high support prices, sowings in India seen 4% lower y/y, with some area switched into pulses.		

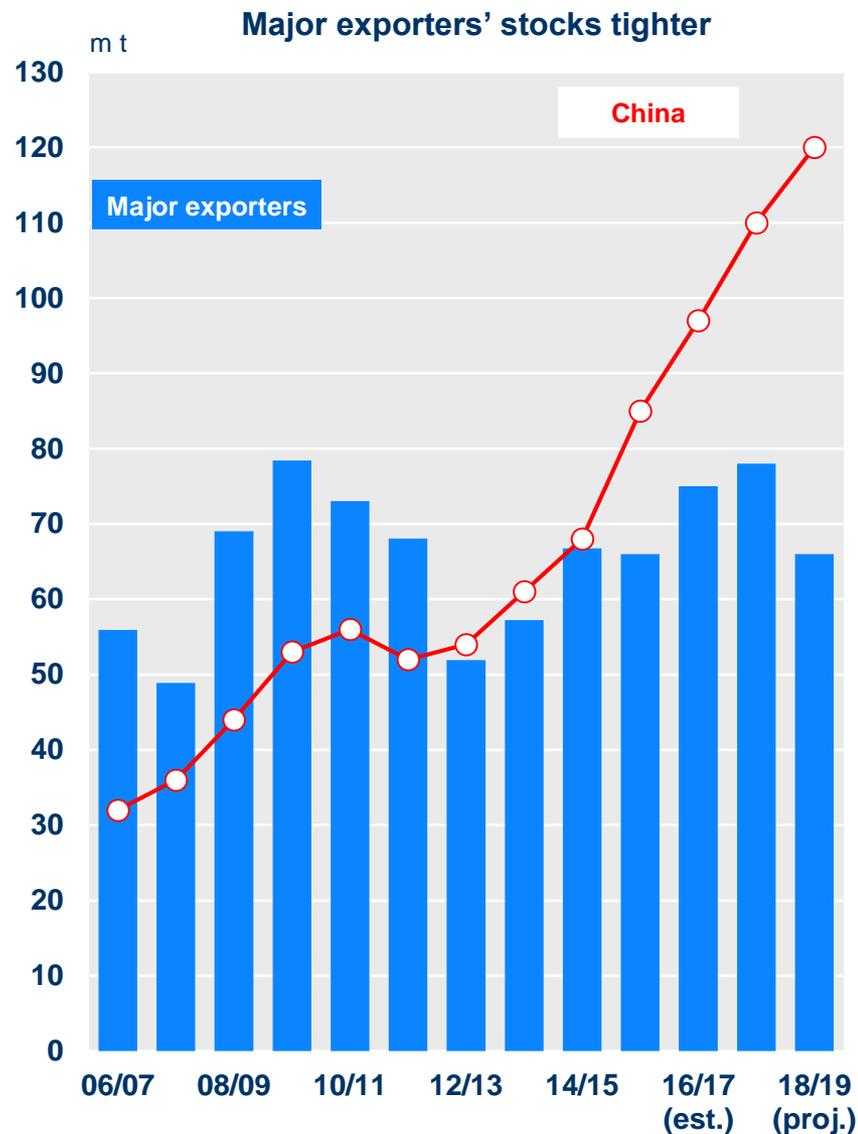


World wheat supply & demand situation and prospects

	15/16	16/17 (est.)	17/18 (f'cast)	18/19 (proj.)	m t y/y change
Opening stocks	207	224	240	256	+ 6.7%
Production	737	754	758	741	- 2.2%
Total supply	945	978	998	997	- 0.1%
Total use	720	738	742	744	+ 0.3%
<i>of which Food</i>	491	499	509	517	+ 1.6%
<i>Feed</i>	142	151	146	142	- 2.7%
<i>Industrial</i>	22	22	23	23	+ 0.0%
Closing stocks	224	240	256	253	- 1.2%
<i>major exporters^{a)}</i>	66	75	78	66	- 15.4%
Trade (Jul/Jun)	166	176	174	179	+ 3.0%

a) Argentina, Australia, Canada, EU Kazakhstan, Russia, Ukraine, US

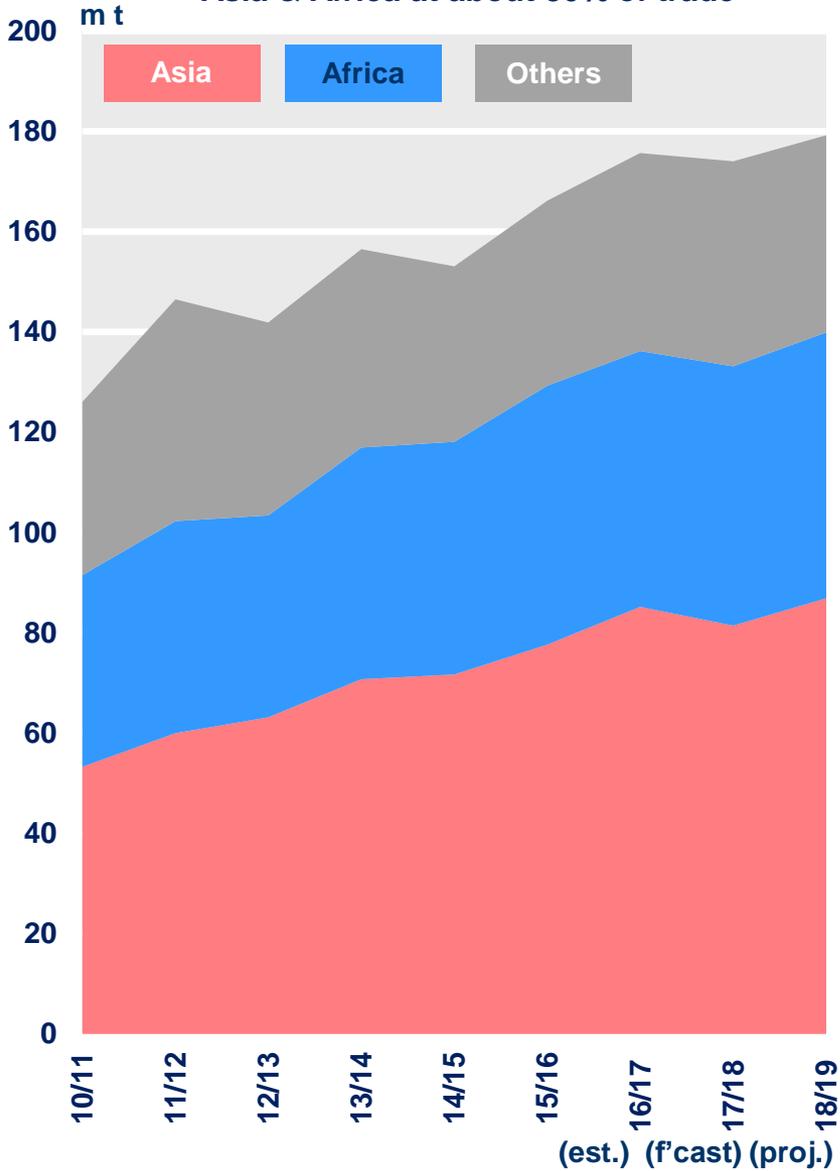
- **Production seen 2% lower but, due to high carry-ins, supplies close to peak levels.**
- **Food demand to underpin consumption growth**
- **Leaving aside nominal inventories in China, major exporters' stocks set to tighten**
- **Global trade likely to advance to a new high of 179m t, with bigger purchases by Iran and India notable.**



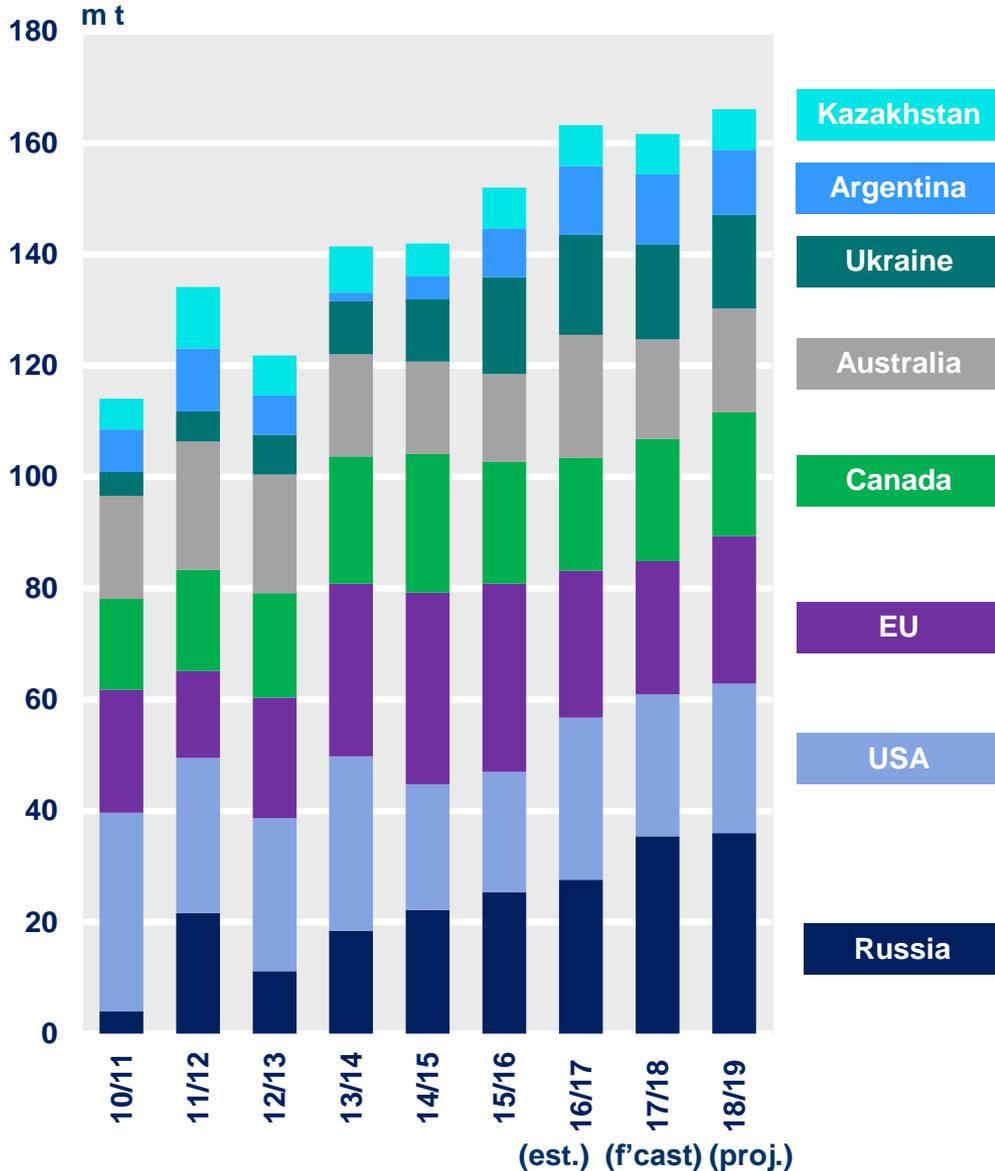


Wheat trade potentially at a new high in 2018/19, with share of Black Sea exporters staying elevated

Asia & Africa at about 80% of trade



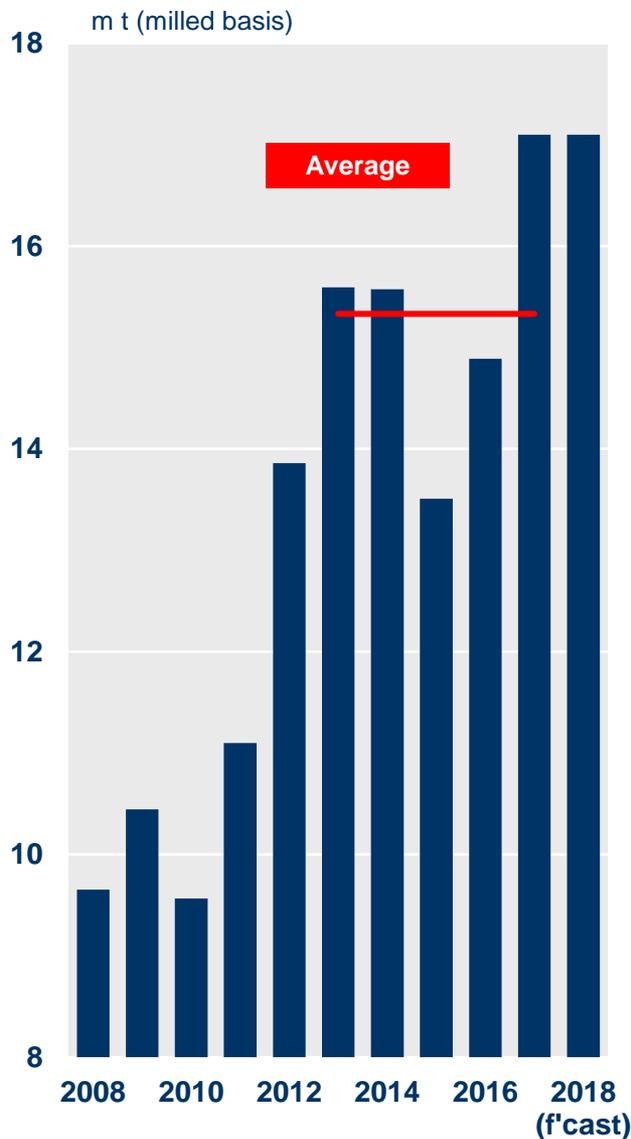
Black Sea volumes close to record in 18/19?



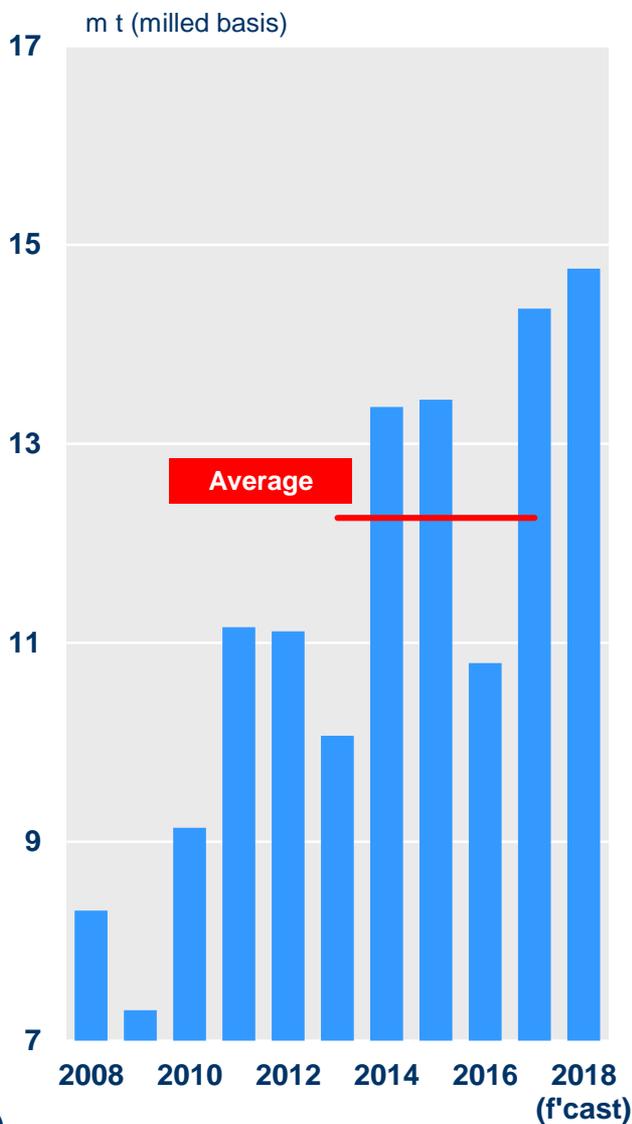


Rice trade to stay high in 2018, at close to 46m t – compares to 41m five-year average

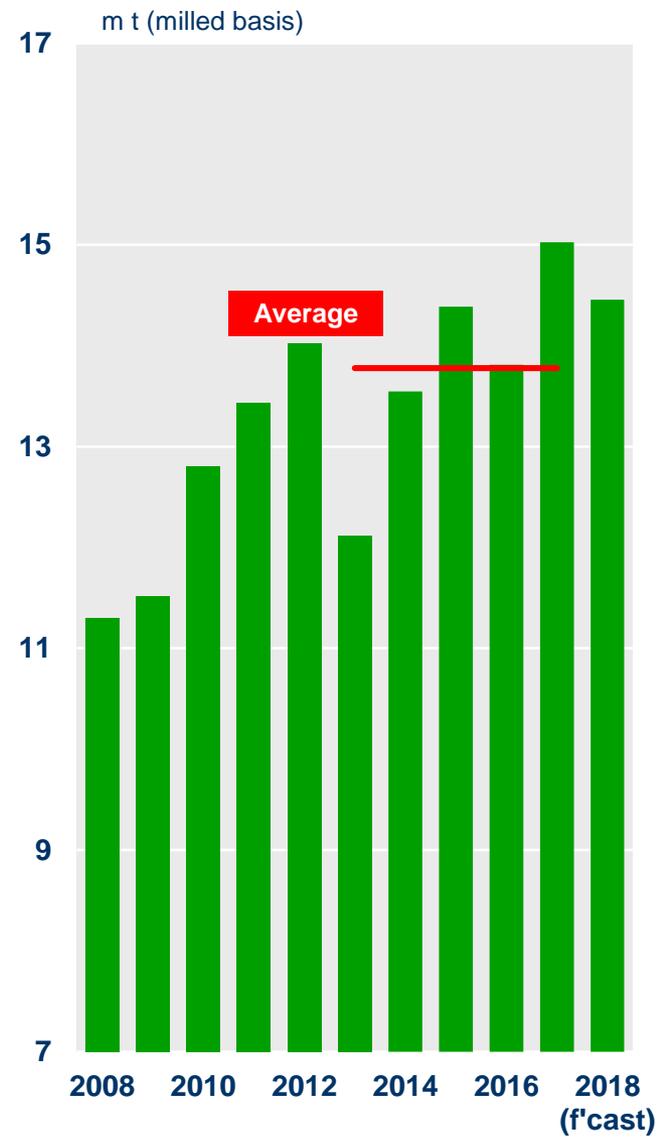
Sub-Saharan Africa



Far East Asia

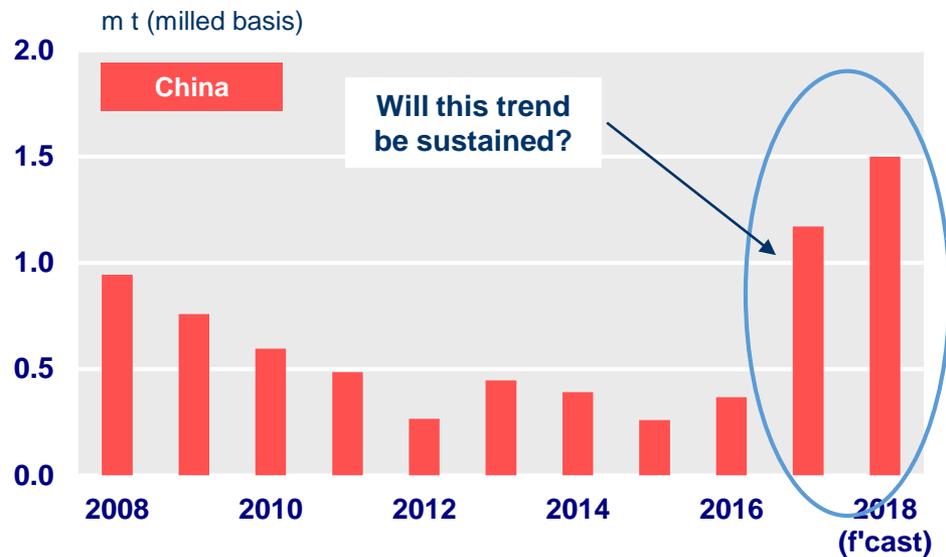
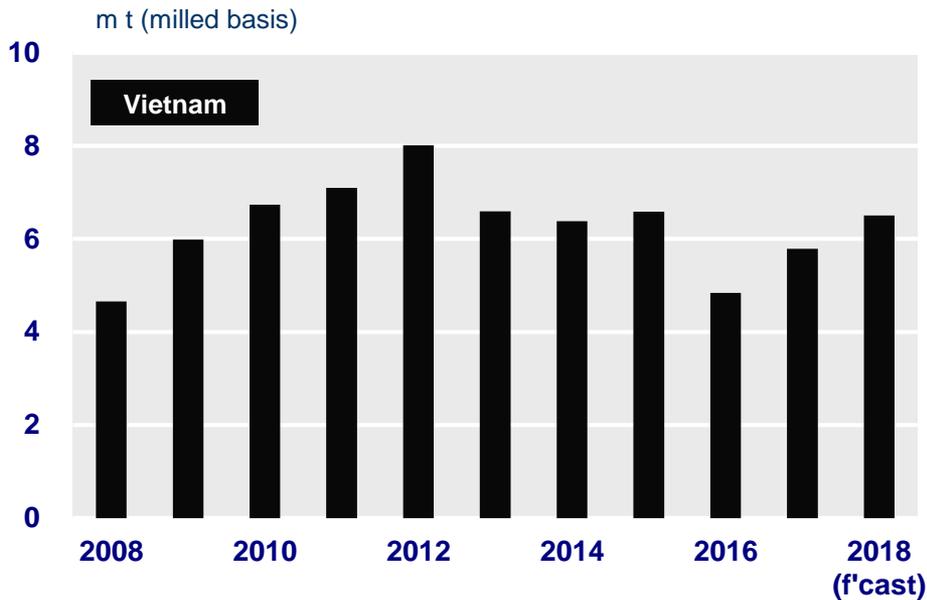
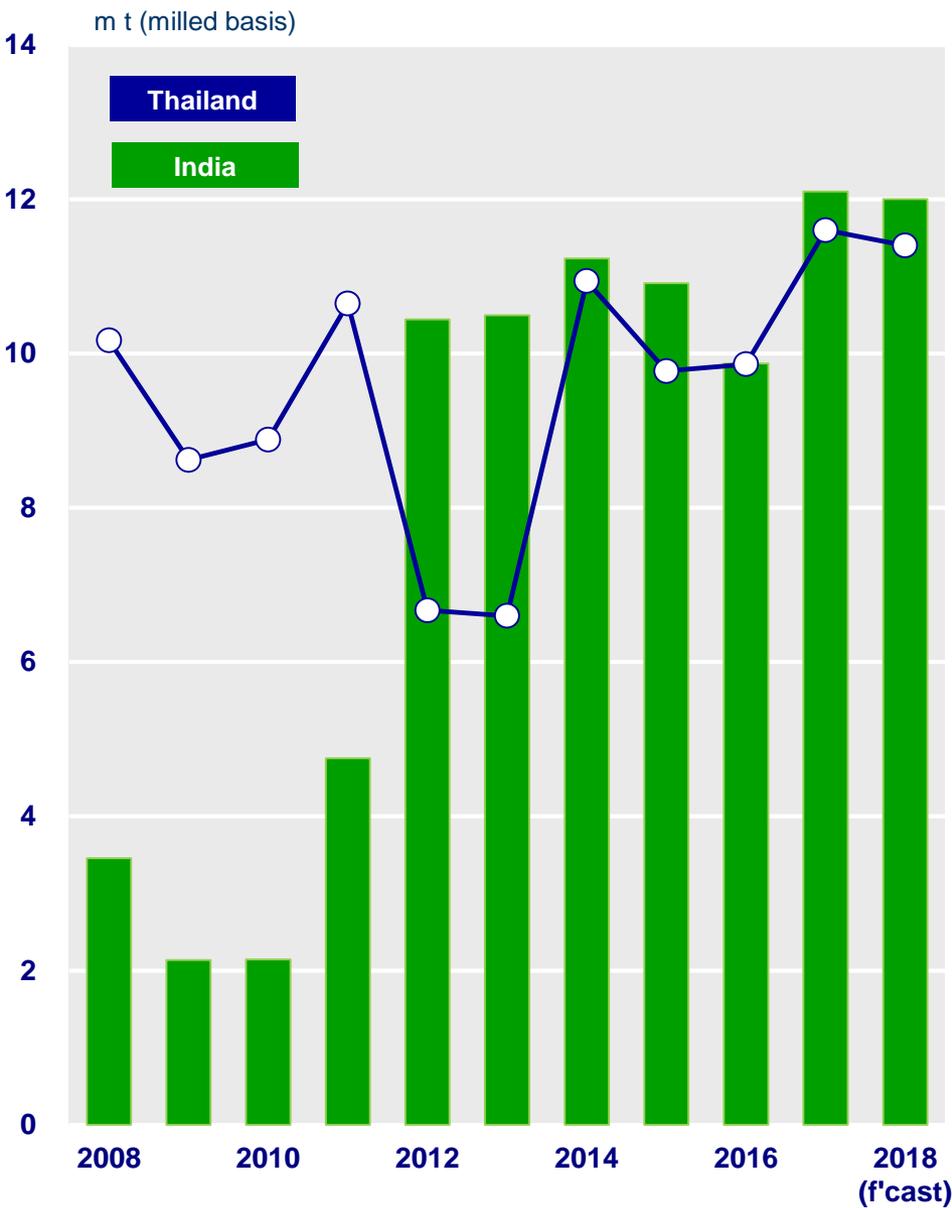


Other importers





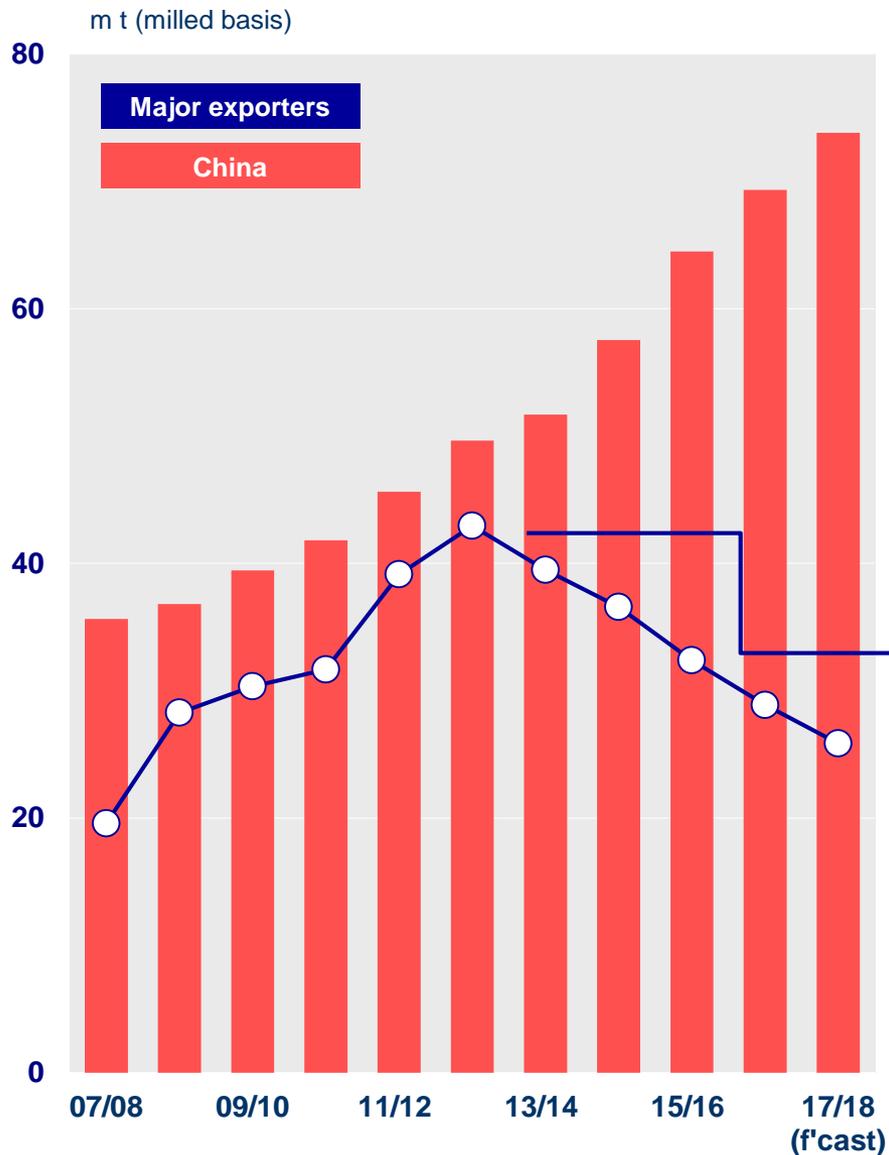
India to remain the biggest exporter in 2018, taking market share from Thailand?



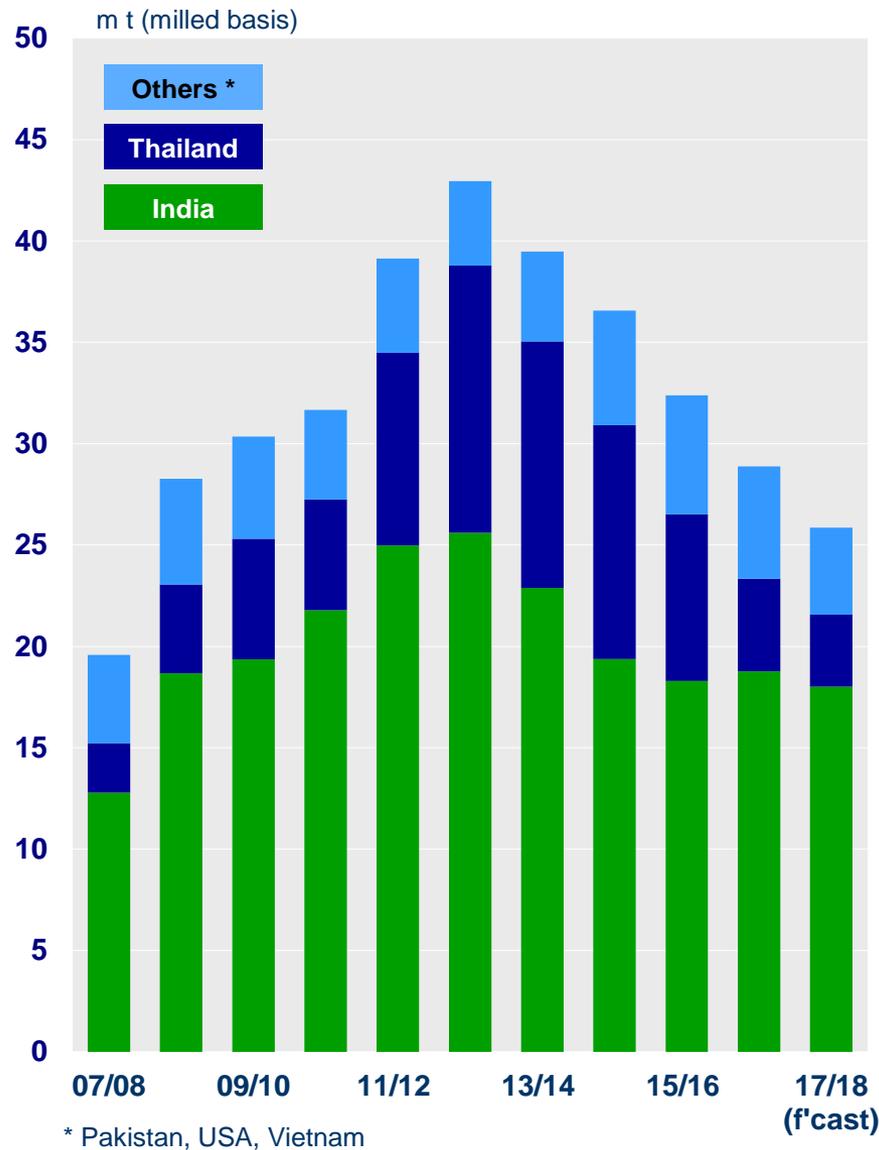


World rice stocks kept high by accumulation in China...but those available to world market tighten

World stocks seen steady y/y...



...Stocks in Thailand to fall to a decade low?



Independent analysis of grains, rice & oilseeds markets

[See more](#)

GOI

Wheat

Maize

Soyabeans

Rice

Jan 2000 = 100

[IGC Grains and Oilseeds Index](#)


TOTAL GRAINS*

Production

Trade

Consumption

Carryover stocks

	15/16	16/17 est.	17/18 forecast		18/19 proj.
			22.02	22.03	22.03
Production	2016	2140	2094	2092	2087
Trade	346	352	361	362	368
Consumption	1986	2082	2104	2109	2134
Carryover stocks	566	623	610	606	560

* Wheat and coarse grains

Grain Market Report

22/2/2018

Changes for 2017/18 since the last report are mainly for maize. The forecast for total grains (wheat and coarse grains) production is trimmed to 2,092m t, down by 2% y/y (year-on-year).

[Read more >](#)

Press Release

Members of the International Grains Council (IGC) convened for the 46th Council Session in Brussels, on 5 December 2017.

[Read more >](#)

Conference 2018

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US #soyabean stocks expected to stay high in 2018/19, but outweighed by falls in S America, led by a drawdown in Argentina. Global carryovers seen falling by 9% y/y.

[Read more >](#)