United Nations Conference on Trade and Development

10th MULTI-YEAR EXPERT MEETING ON COMMODITIES AND DEVELOPMENT

25-26 April 2018, Geneva

The outlook for global food and agricultural markets

By

Holger Matthey
Team leader – Medium-term Outlook and Market Analysis
Trade and Markets Division (EST)
FAO

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OECD-FAO Agricultural Outlook

- 10 year horizon
- Global coverage
- Major temperate climate commodities
- Model based projection validated through global expert consensus
- Scenario analyses
Key macroeconomic assumptions

Global population growth slow down to 1% p.a., but strong regional differences remain

Economic recovery in most industrialized countries, but growth prospects in large emerging countries diverge

Crude oil reference price rising to $80 (nominal)

Real currency appreciation expected in major exporters
Consumption trends

Global consumption continues to expand but patterns change as previous drivers lose strength:

➢ biofuel expansion in US and EU
➢ growth in China

Markets expected to be driven by different factors as India and Sub-Saharan Africa, MENA drive the expansion

Diets evolve toward higher value commodities:

➢ Sugar/oil
➢ Meat/fish/dairy

Convergence in diets remains limited
Consumption trends of major food groups

- Cereals food consumption driven mostly by population growth.
- Fats and sugar use expands rapidly in developing countries.
- Dairy consumption still at low levels in many regions, but fast expanding.
- Diverging trends in meat consumption.
Total agricultural production by region

Growth sectors
- SSA: coarse grains, livestock
- S-E Asia: grains, dairy
- MENA: wheat, livestock
- Americas: soybeans, poultry
- EECA: wheat, maize oilseeds
- Oceania: wheat, dairy
- W-Europe: poultry, maize
Crop production

- Yield growth will be the main driver of food crop and feed production
  - 70% yield and 30% area harvested

- Wheat, rice:
  - minimal net area expansions
  - regional shifts of areas

- Soybean, maize:
  - net area harvested
Agricultural net exports by regions

- Basic trade patterns expected to continue, trade shares stay fixed.
- Growing import dependency in Asia and Africa.
- Traditional exporters expand surpluses, resulting in ongoing high market concentration.
Projections of commodity prices

- Supply and demand fundamentals keep real international reference price trends slightly declining.
- The additional resources can be mobilized below current price levels.
- Most commodity group prices follow similar trends due to substitutability and complementarities.
**Key messages and policy challenges**

**Consumption**
- Slow convergence in diets
- Consumption growth in milk, sugar and oils
- Persistent undernourishment and malnutrition

**Policies to combat malnutrition**

**Production**
- Output gains mostly from yield increases
- Important sustainability challenges
- Big yield gaps in poorest countries

**Invest in sustainable productivity growth**

**Trade**
- Trade growth to slow
- Increasing import dependencies
- Export trade to remain concentrated

**Need for open and reliable markets**

**Prices**
- Real prices for most commodities expected to fall
- Upside price risks higher than downside

**Market information and risk management**
After release in July, download the publication from:

Access the full database at:
http://www.agri-outlook.org/data/

Contact us for further information at:
est-projections@fao.org

Thank You