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**The outlook for global food and agricultural markets**

By

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Food and Agriculture  
Organization of the  
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# The outlook for global food and agricultural markets

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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

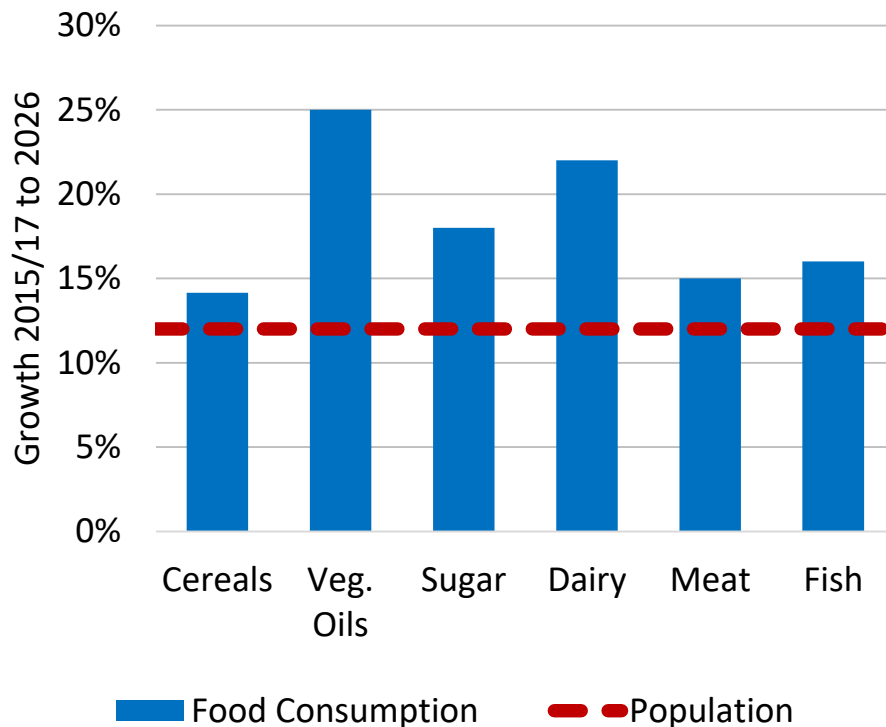
Markets expected to be driven by different factors as India and Sub-Saharan Africa, MENA drive the expansion

Diets evolve toward higher value commodities:

- Sugar/oil
- Meat/fish/dairy

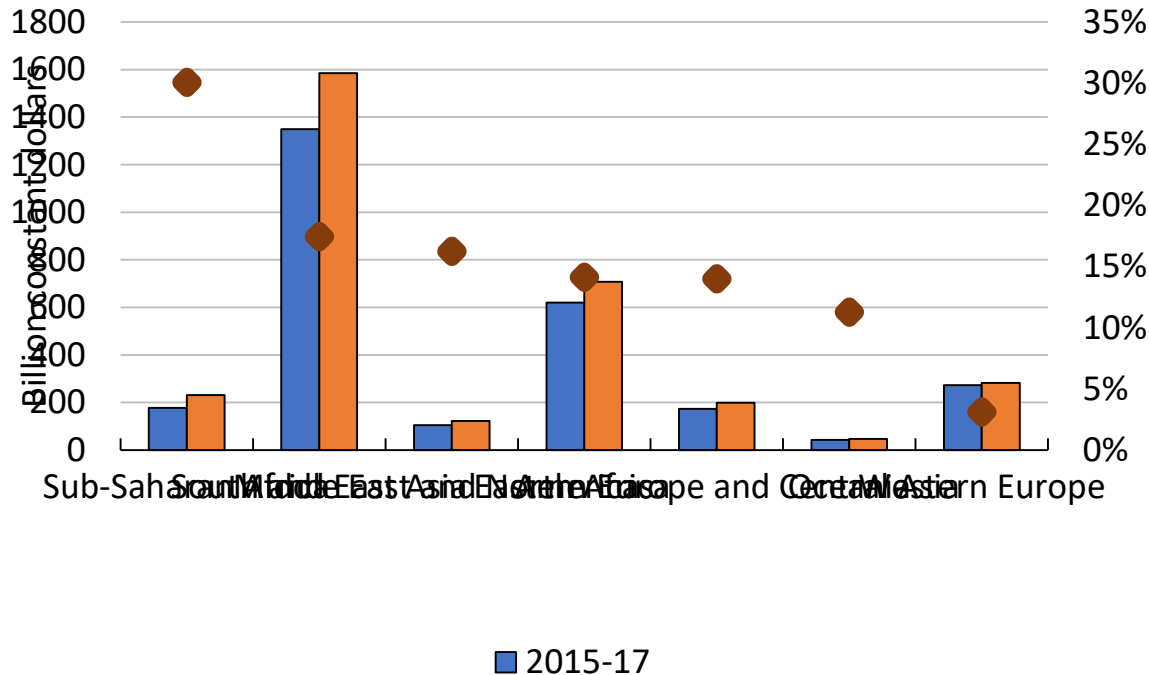
Convergence in diets remains limited

## 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.

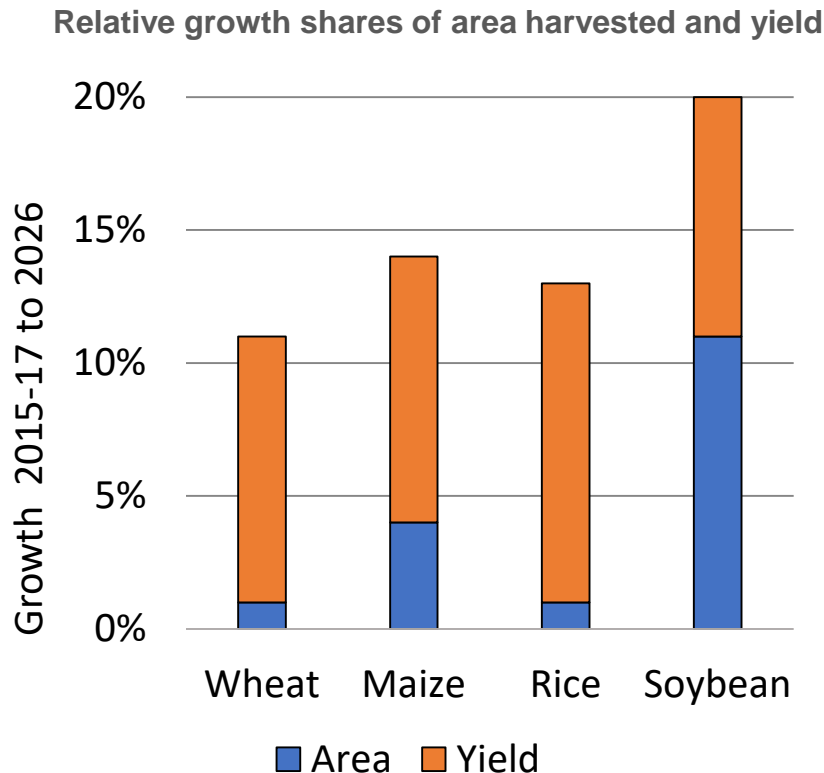
# Total agricultural production by region



## 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

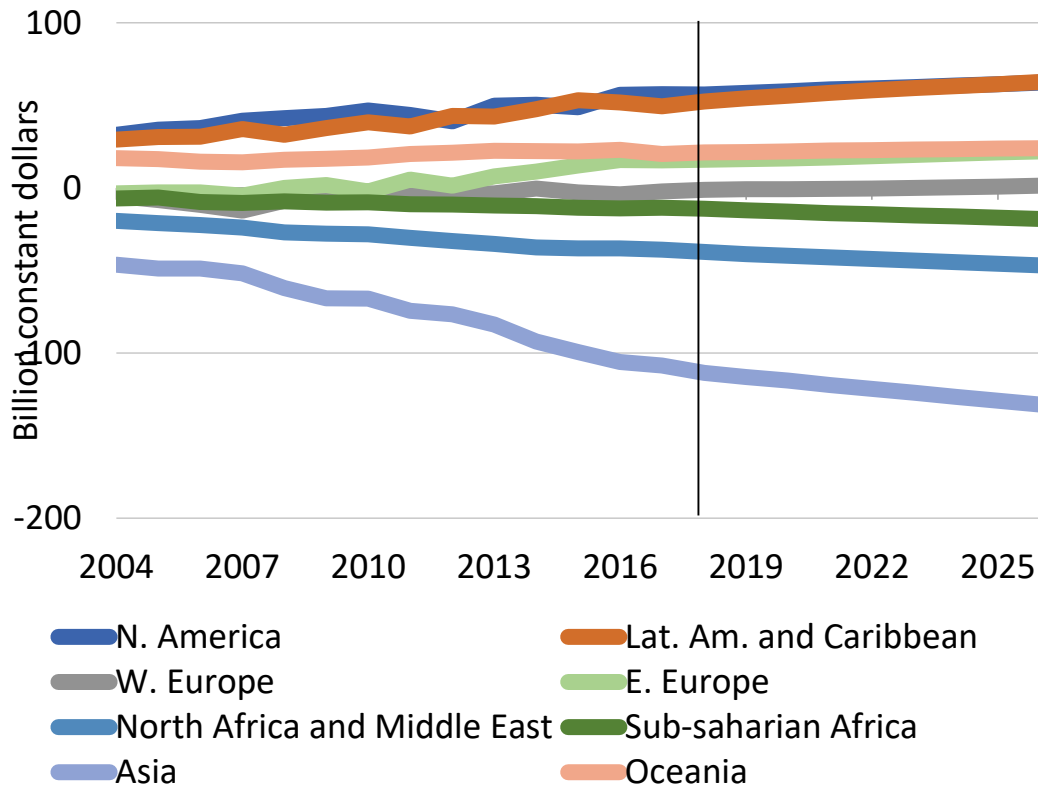
# Crop production



- 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

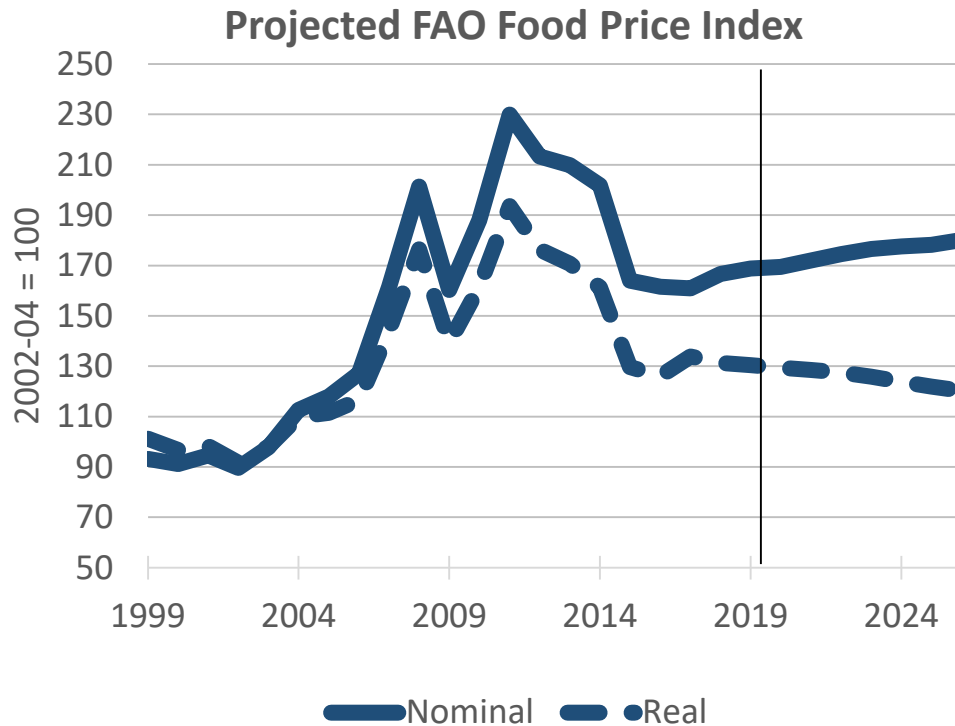


## Agricultural net exports by regions



- 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

## Trade

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

Need for open and reliable markets

## Production

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

Invest in sustainable productivity growth

## 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:

<http://www.fao.org/publications/oecd-fao-agricultural-outlook/2018-2027/en/>

Access the full database at:

<http://www.agri-outlook.org/data/>

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**Thank You**

