

United Nations Conference on Trade and Development  
**11<sup>th</sup> MULTI-YEAR EXPERT MEETING ON COMMODITIES AND DEVELOPMENT**

**15-16 April 2019, Geneva**

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

By

Katia Covarrubias  
Economist, Medium-term Outlook and Market Analysis  
Trade and Markets Division (EST)  
FAO

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



Food and Agriculture  
Organization of the  
United Nations

# The outlook for global food and agricultural markets

*UNCTAD 2019 Multi-Year Expert Meeting on Commodities and Development*

Katia Covarrubias, Economist  
Medium-term Outlook and Market Analysis  
*Trade and Markets Division (EST)*  
*FAO*



# OECD-FAO Agricultural Outlook



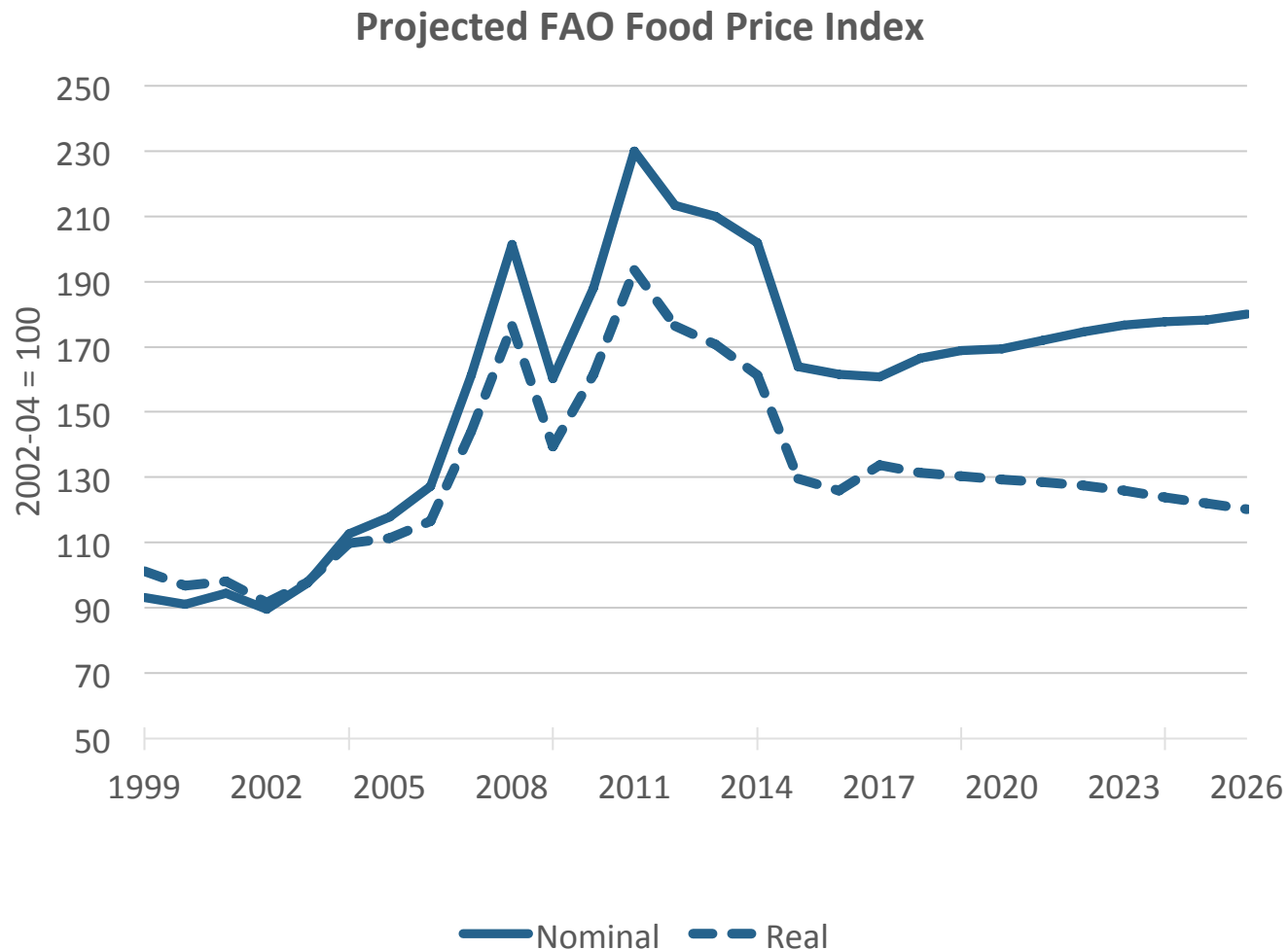
- 10 year horizon
- Global coverage
- Major temperate climate commodities
- Model based projections validated through global expert consensus
- Scenario analyses

# Global context and key assumptions

- Population will reach nearly 8.4 billion by 2027 (+1% p.a.)
  - Globally, population growth slowing – fewer people being added each year
  - Growth concentrated in emerging markets: SSA, India, MENA
- Income growth projected at ca. 3.5% p.a.
  - Important regional differences in total and per capita terms
- Crude oil reference price at \$67 by 2027 (nominal)
- Real currency depreciation expected in major exporters of agricultural commodities



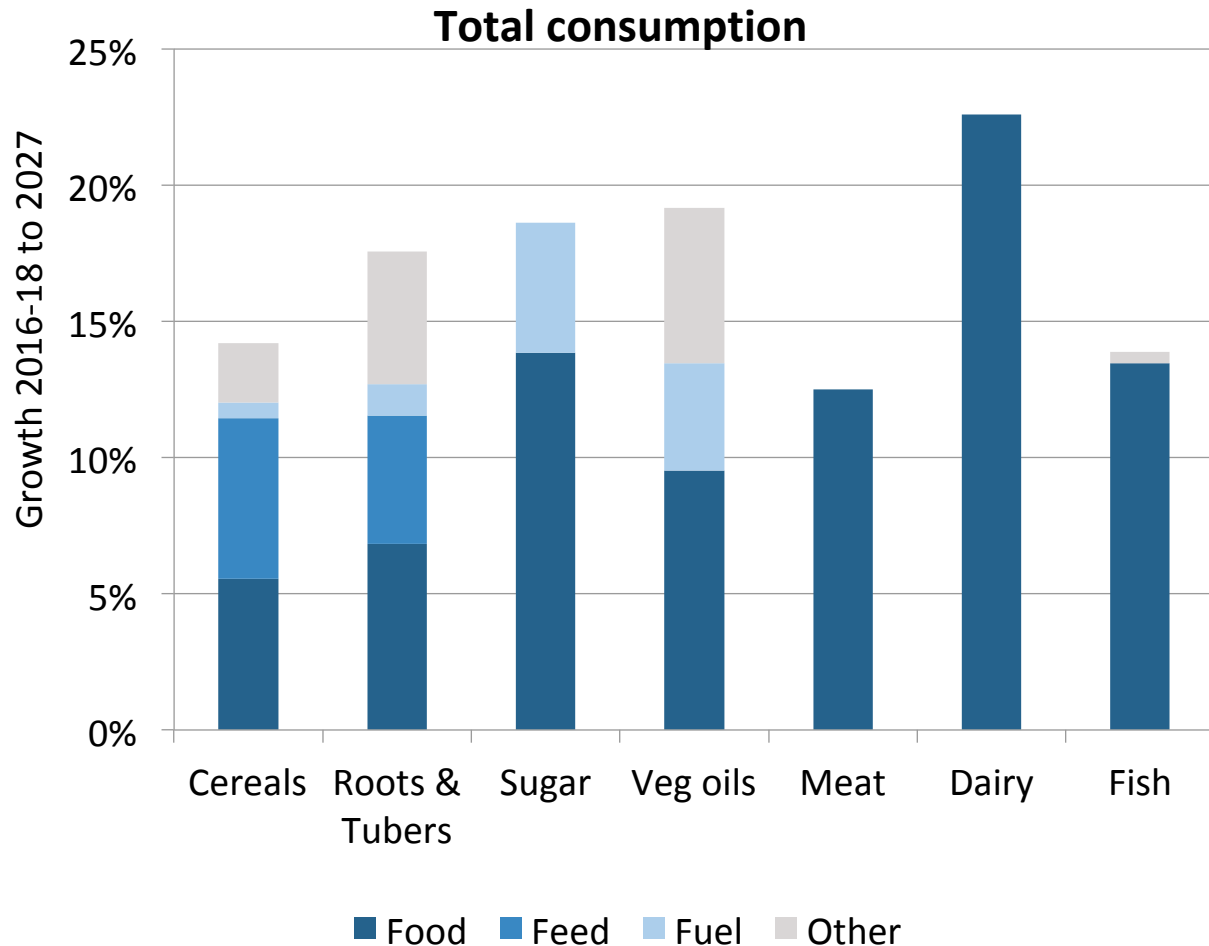
# Projections of commodity prices



- Supply and demand fundamentals keep real international reference price trends slightly declining
- Most commodity group prices follow similar trends due to substitutability and complementarities



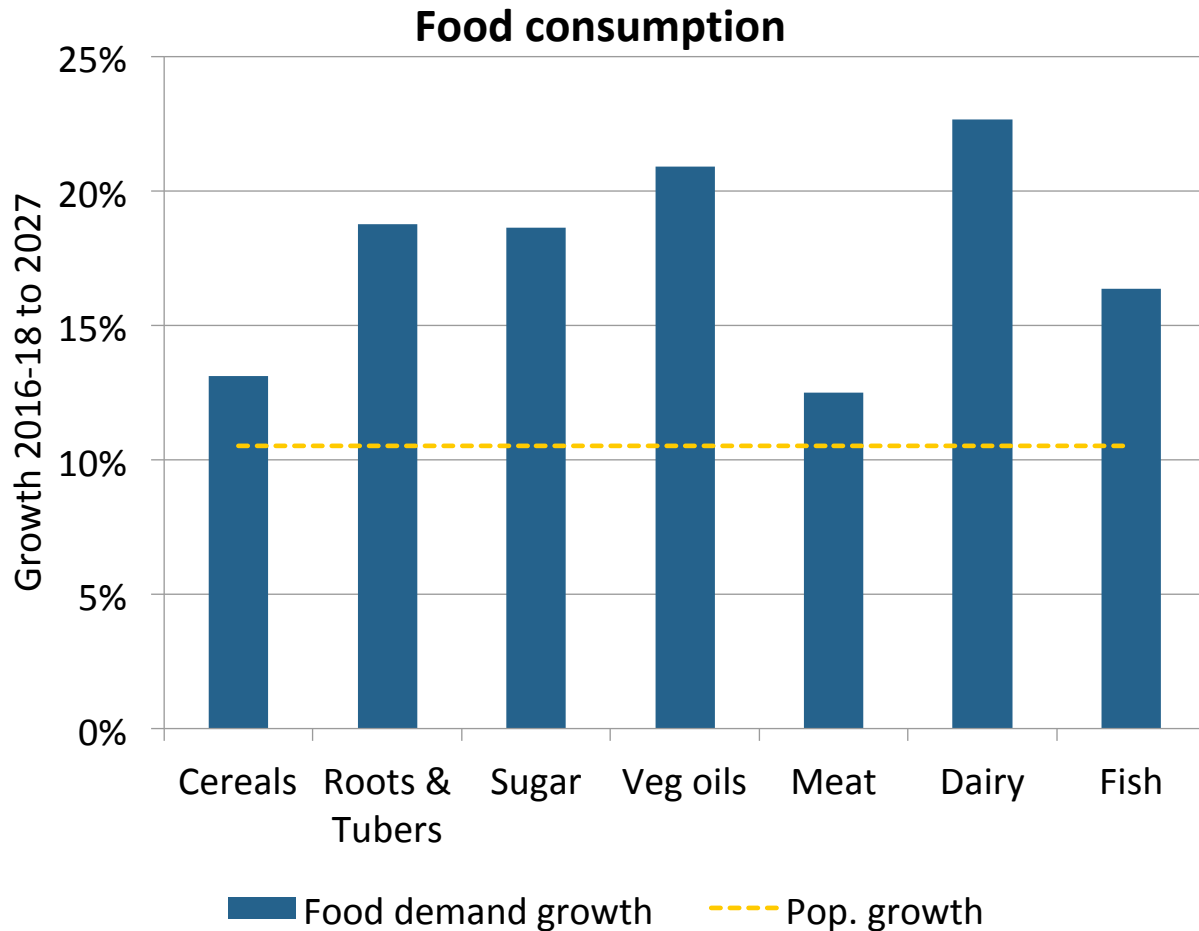
# Consumption trends of select commodity groups



- Global consumption growth patterns shaped by changing set of drivers
- Biofuel landscape shifting towards emerging markets
  - U.S. and E.U. vs. Brazil, China, Indonesia
- Feed demand – developments in Asia

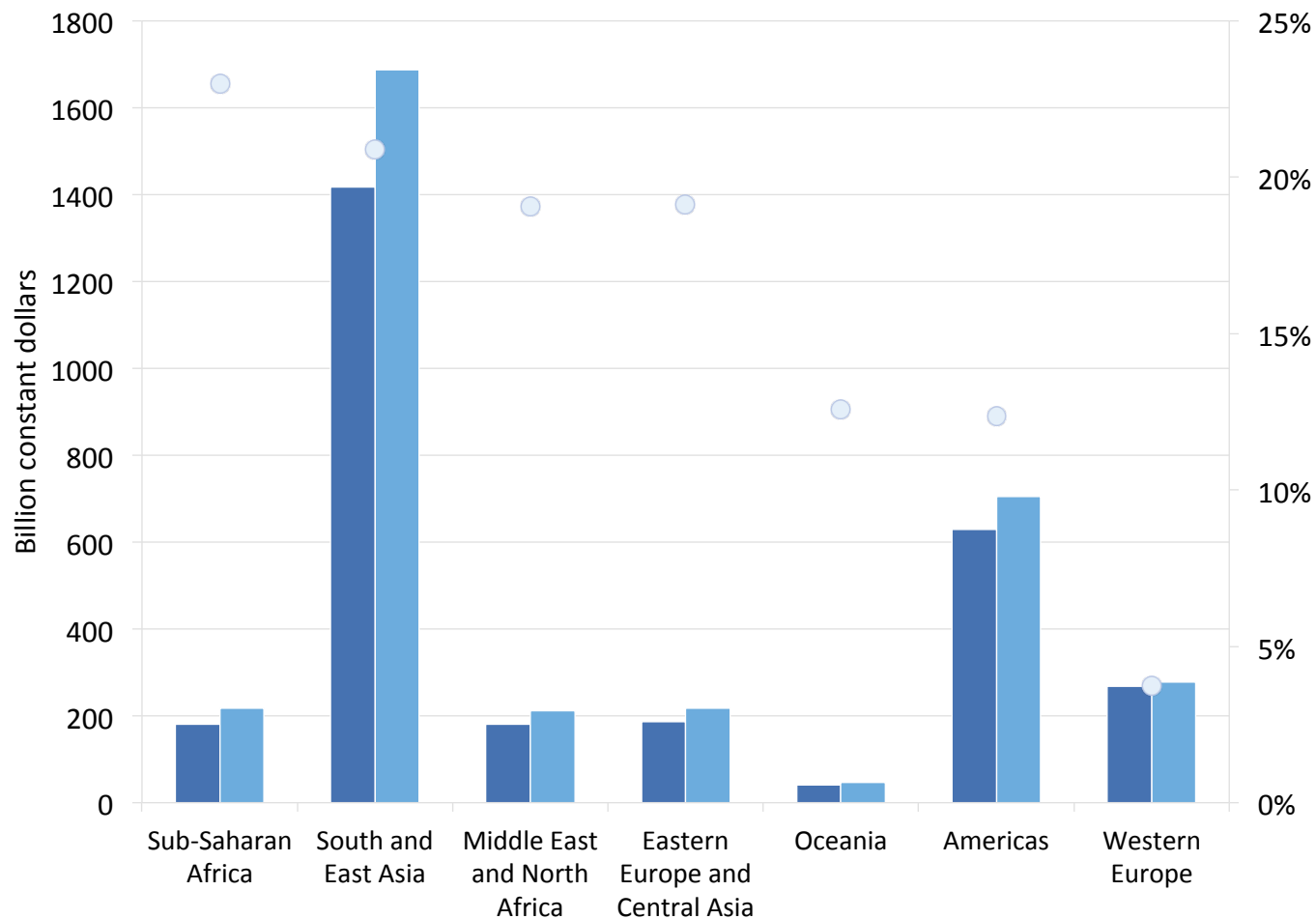


# Consumption trends of select commodity groups



- Population growth will shape outlook for staples consumption → saturation
- Preferences mark widening gap in consumption of animal based proteins
  - Staples main source of protein in lower income economies
  - Meat, fish and dairy in emerging markets and high income countries
- Fat and sugar consumption
  - Growing with incomes and urbanization
  - Health concerns: higher inc. countries

# Total agricultural production by region



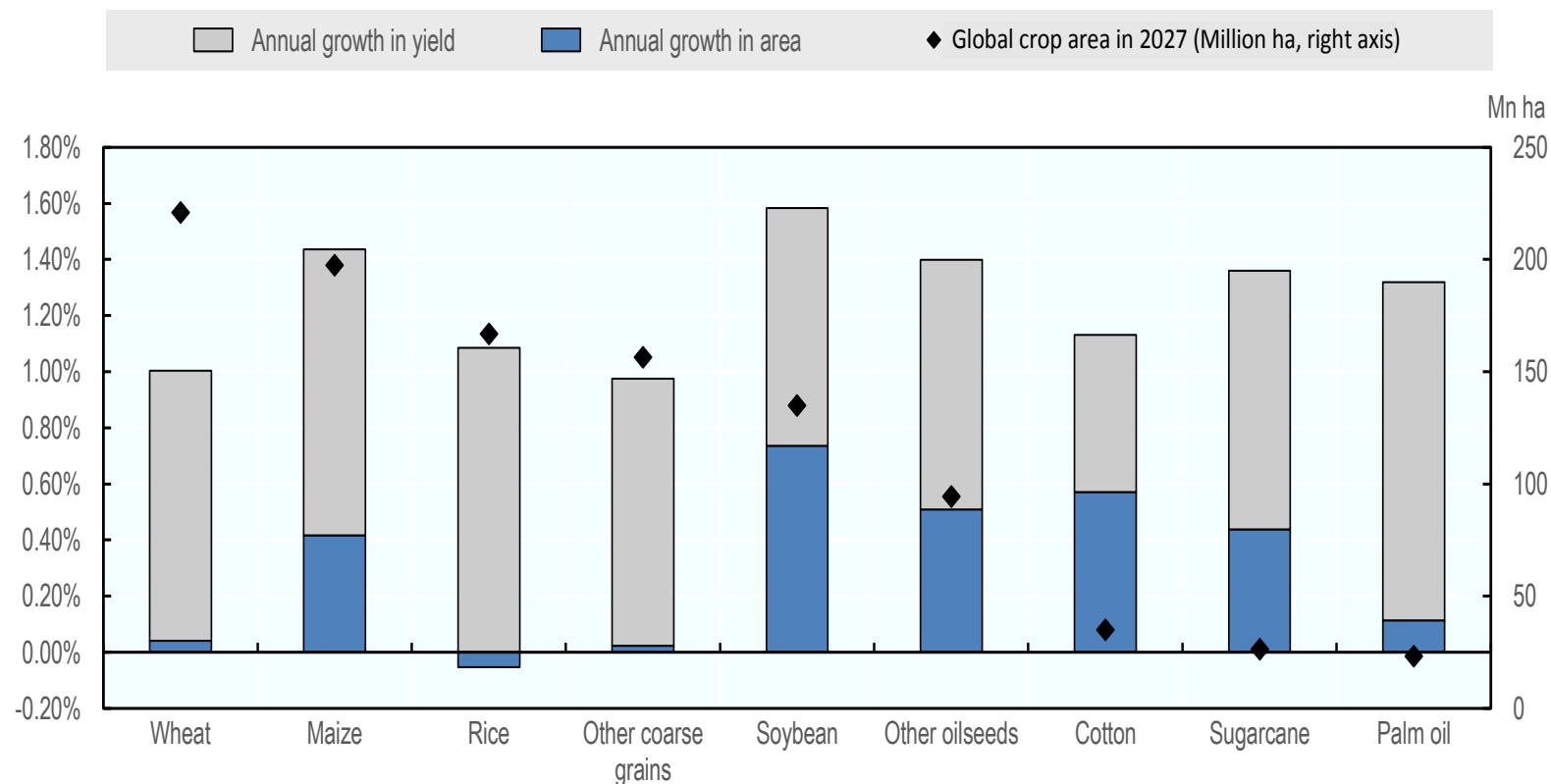
■ 2016-18 ■ 2027 ● Growth in agricultural and fisheries production 2016-18 to 2027 (right axis)

- Global value of agricultural production to grow ca. 15% by 2027
  - Crop 14.5%
  - Livestock 14.7%
  - Fish 12.4%
- Regional variation in production growth outlook
- Most output growth will come from improvements in production intensity





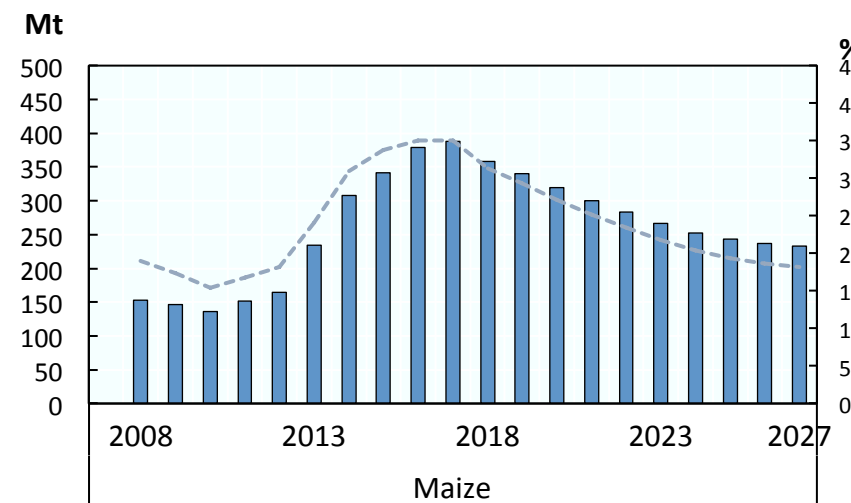
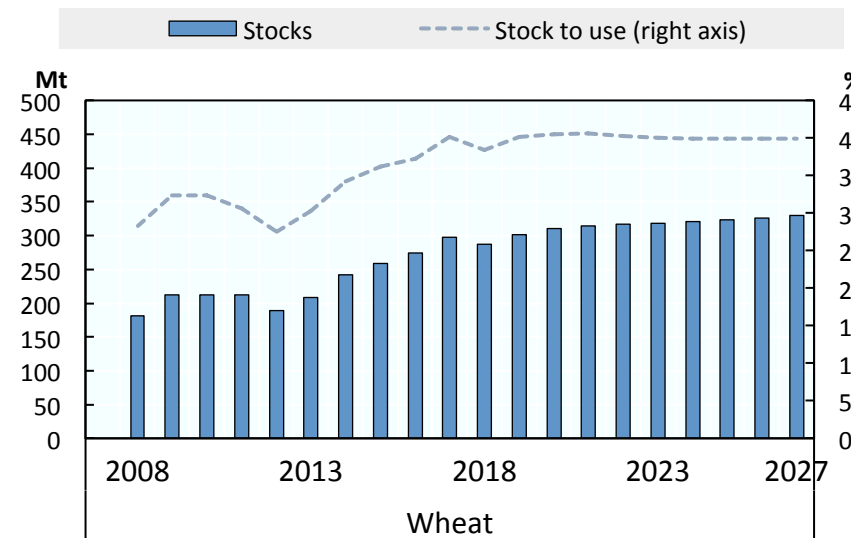
# Crop production



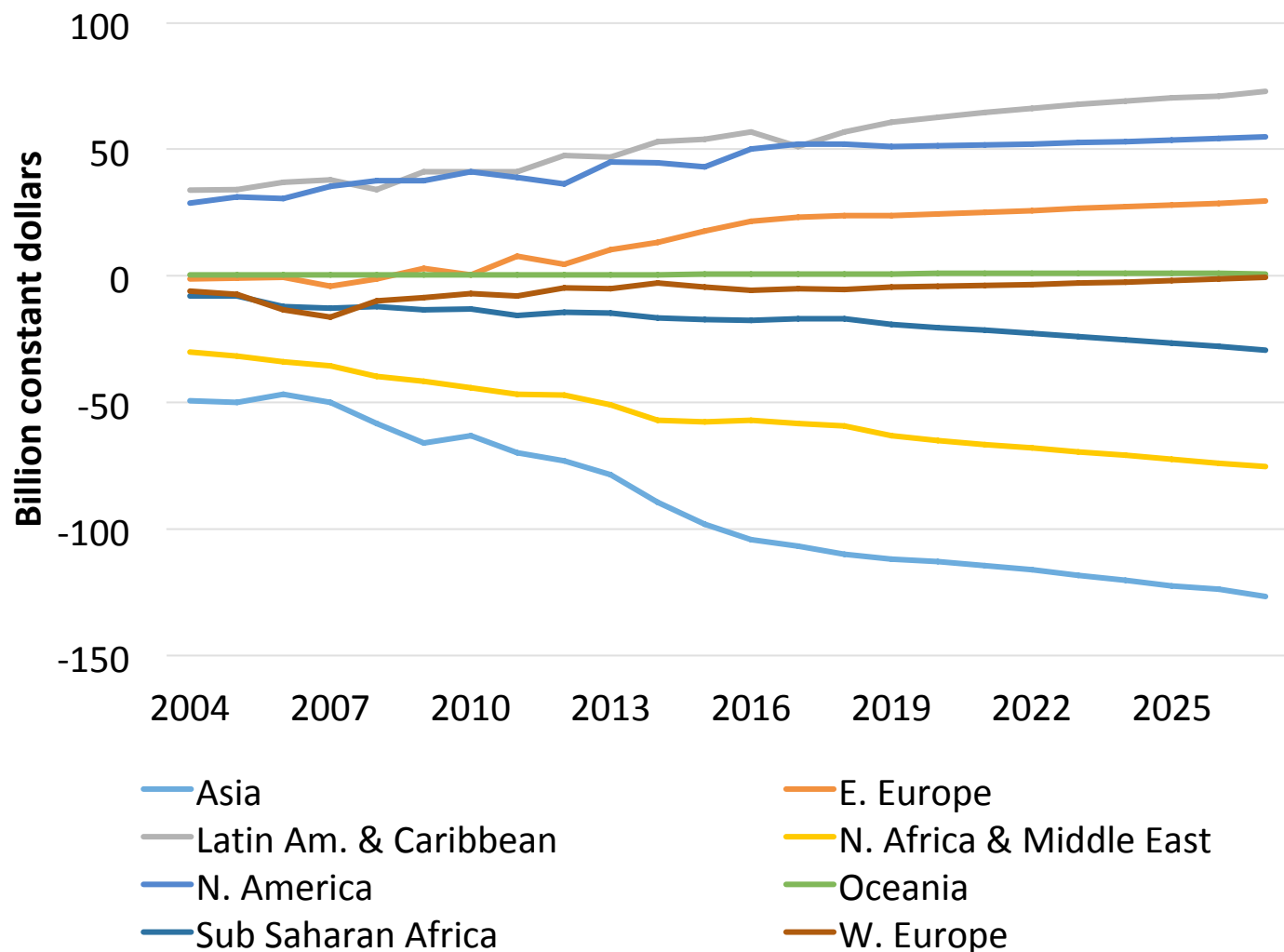
- Yield improvements will drive most crop production growth
  - 72% yield and 28% area harvested
- Maize, oilseeds:
  - Net area harvested growth in S. America, Africa, India
- Cotton, sugarcane:
  - Area expansion in India, Brazil
- Wheat, rice
  - Minimal area expansion

# Crop production: Wheat outlook

- Yield expansions dominate given producer context
  - E.U. – area constraints, sustained high yields
  - India – investment in irrigation
  - Black Sea – adoption of improved seeds, fertilizers
  
- Limitations to further growth
  - Maize will remain more competitive as livestock feed
  - E.U. – biofuel policies moving away from first generation feedstocks
  - Stocks rising as production growth exceeds demand → 40% stocks to use by 2027



# Agricultural net exports by regions



- Trade growth projected to slow to about half the previous decade's rate
- Black sea region consolidates role in global wheat markets
- Main trade patterns persist:
  - Net exports rising from the Americas
  - Net imports to meet growing food demand in Africa
- Ongoing market concentration

# Key messages and policy challenges

## Consumption

- Consumption growth in milk, sugar and oils
- Expanding public health concerns

**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

**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**



Food and Agriculture  
Organization of the  
United Nations

After release in July, download the latest publication from: <http://www.fao.org/publications/oecd-fao-agricultural-outlook/2019-2028/en/>

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

Contact us for further information at:  
[est-projections@fao.org](mailto:est-projections@fao.org)

**Thank You**

