

United Nations Trade and Development (UNCTAD)

**15<sup>th</sup> Multi-Year Expert Meeting on Commodities and Development**  
**14-16 October 2024, Geneva**

**Developments, challenges and opportunities in cereal markets**

**Peter Clubb**  
**International Grains Council**

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



# **Developments, challenges and opportunities in cereal markets**

Peter Clubb

**International Grains Council**

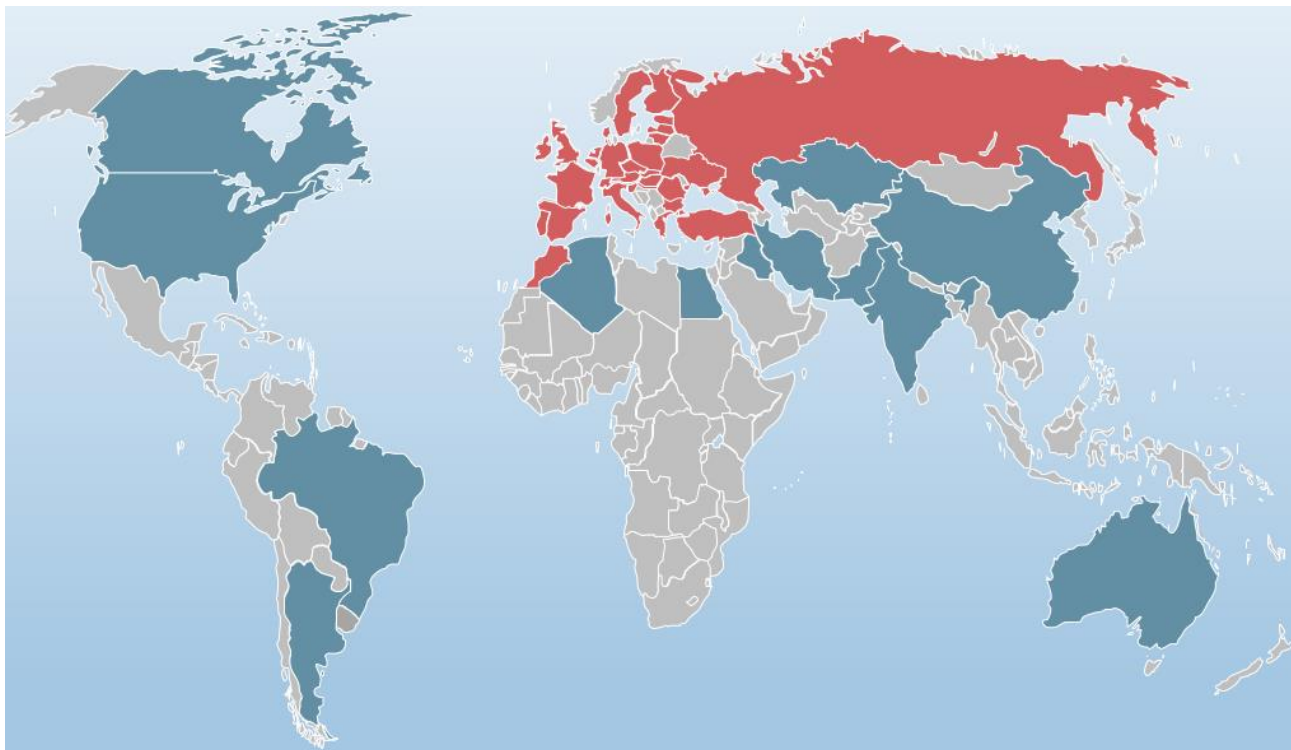
**Multi-year Expert Meeting on Commodities and Development  
15<sup>th</sup> Session, 14 October**





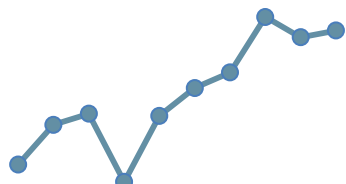


# Wheat: 24/25 global production



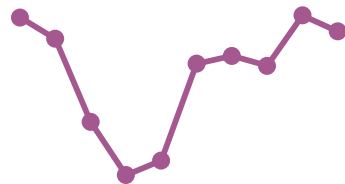
|                  | m t          | $\Delta$ y/y<br>(m t) | $\Delta$ y/y |
|------------------|--------------|-----------------------|--------------|
| <b>TOTAL</b>     | <b>798.0</b> | <b>3.0</b>            | <b>0%</b>    |
| <b>Exporters</b> | <b>384.1</b> | <b>-4.6</b>           | <b>-1%</b>   |
| <b>Others</b>    | <b>413.9</b> | <b>7.6</b>            | <b>2%</b>    |
| <b>Morocco</b>   | <b>2.5</b>   | <b>-1.5</b>           | <b>-38%</b>  |
| <b>UK</b>        | <b>11.0</b>  | <b>-3.0</b>           | <b>-21%</b>  |
| <b>Ukraine</b>   | <b>25.4</b>  | <b>-3.1</b>           | <b>-11%</b>  |
| <b>Russia</b>    | <b>81.8</b>  | <b>-9.2</b>           | <b>-10%</b>  |
| <b>EU</b>        | <b>122.4</b> | <b>-10.7</b>          | <b>-8%</b>   |
| <b>Turkey</b>    | <b>21.0</b>  | <b>-1.0</b>           | <b>-5%</b>   |
| <b>Kazakh.</b>   | <b>12.1</b>  | <b>3.9</b>            | <b>32%</b>   |
| <b>Australia</b> | <b>26.0</b>  | <b>5.9</b>            | <b>23%</b>   |
| <b>Iraq</b>      | <b>5.2</b>   | <b>1.1</b>            | <b>21%</b>   |
| <b>Argentina</b> | <b>15.9</b>  | <b>2.5</b>            | <b>16%</b>   |
| <b>Brazil</b>    | <b>8.1</b>   | <b>1.0</b>            | <b>12%</b>   |
| <b>Pakistan</b>  | <b>28.2</b>  | <b>3.2</b>            | <b>11%</b>   |
| <b>USA</b>       | <b>49.3</b>  | <b>4.6</b>            | <b>9%</b>    |
| <b>Algeria</b>   | <b>2.7</b>   | <b>0.2</b>            | <b>7%</b>    |
| <b>Canada</b>    | <b>32.9</b>  | <b>1.5</b>            | <b>4%</b>    |
| <b>Iran</b>      | <b>14.0</b>  | <b>0.5</b>            | <b>4%</b>    |
| <b>China</b>     | <b>136.6</b> | <b>3.4</b>            | <b>2%</b>    |
| <b>India</b>     | <b>110.6</b> | <b>2.4</b>            | <b>2%</b>    |
| <b>Egypt</b>     | <b>9.9</b>   | <b>0.2</b>            | <b>2%</b>    |

| 2024/25 | Production       |
|---------|------------------|
| m t     | y/y vs. 5yr ave. |
| 798.0   | 0% 2%            |

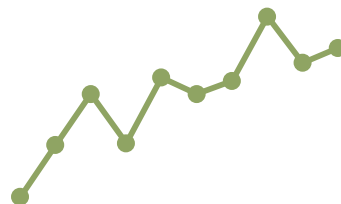


10-years

| Area                  |
|-----------------------|
| m ha y/y vs. 5yr ave. |
| 222.9 0% 1%           |



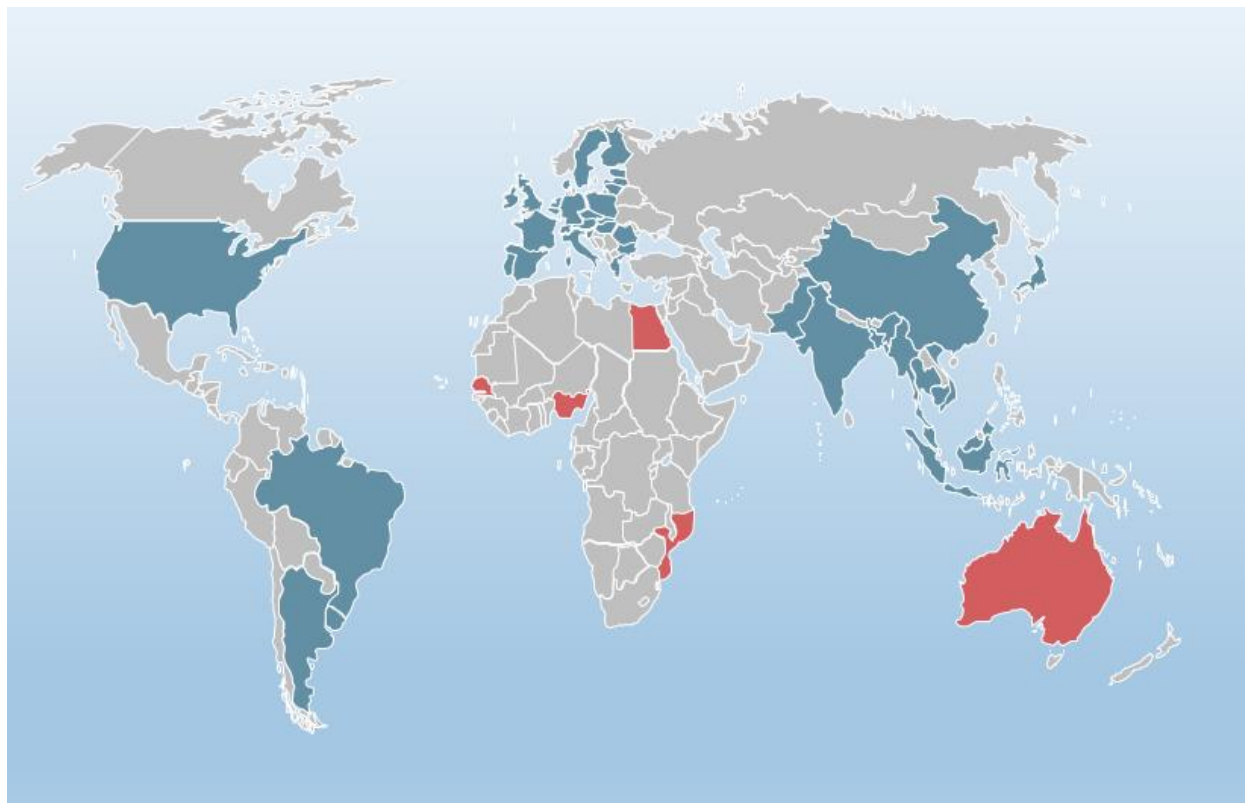
| Yields                |
|-----------------------|
| t/ha y/y vs. 5yr ave. |
| 3.58 1% 1%            |



As at 19 Sep (GMR 558)



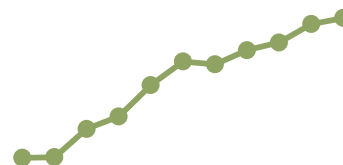
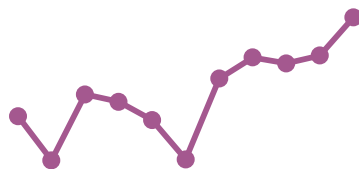
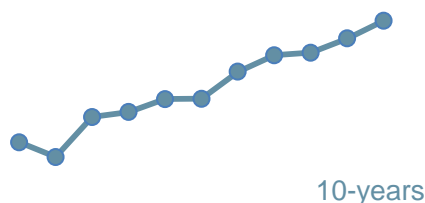
# Rice: 2024/25 production placed 1% higher y/y, potentially a fresh peak, including a record crop in India.



| 2024/25 | Production |              |
|---------|------------|--------------|
| m t     | y/y        | vs. 5yr ave. |
| 528.3   | 1%         | 3%           |

| Area  |     |              |
|-------|-----|--------------|
| m ha  | y/y | vs. 5yr ave. |
| 167.2 | 1%  | 2%           |

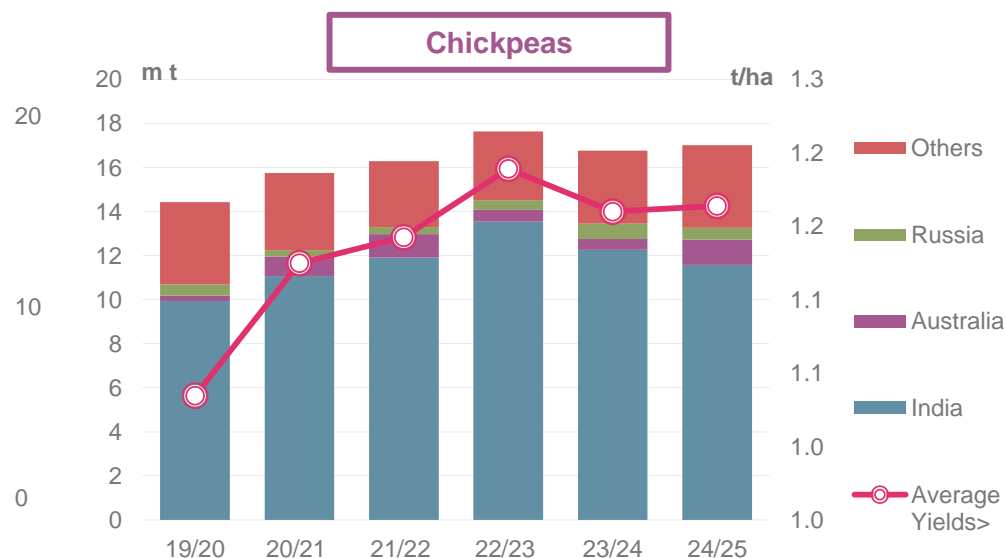
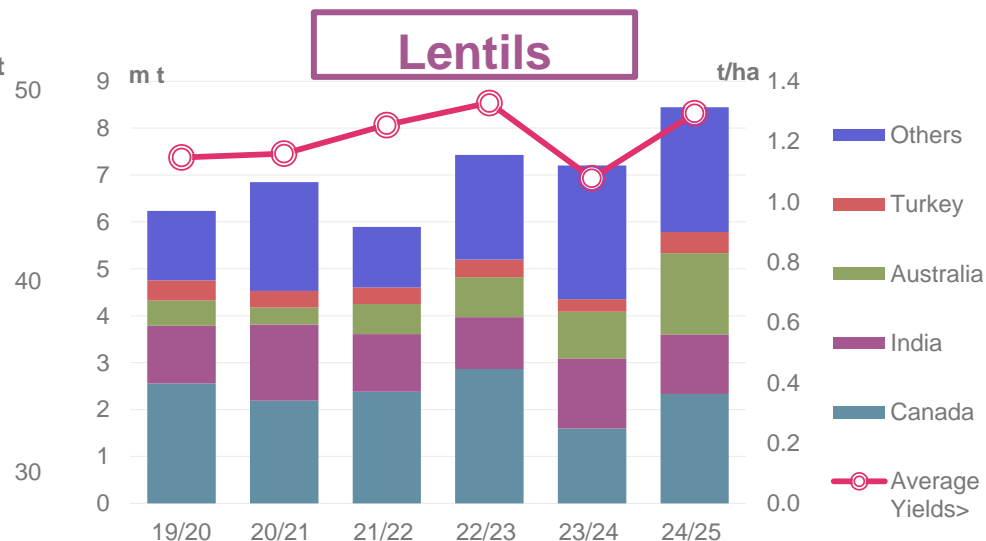
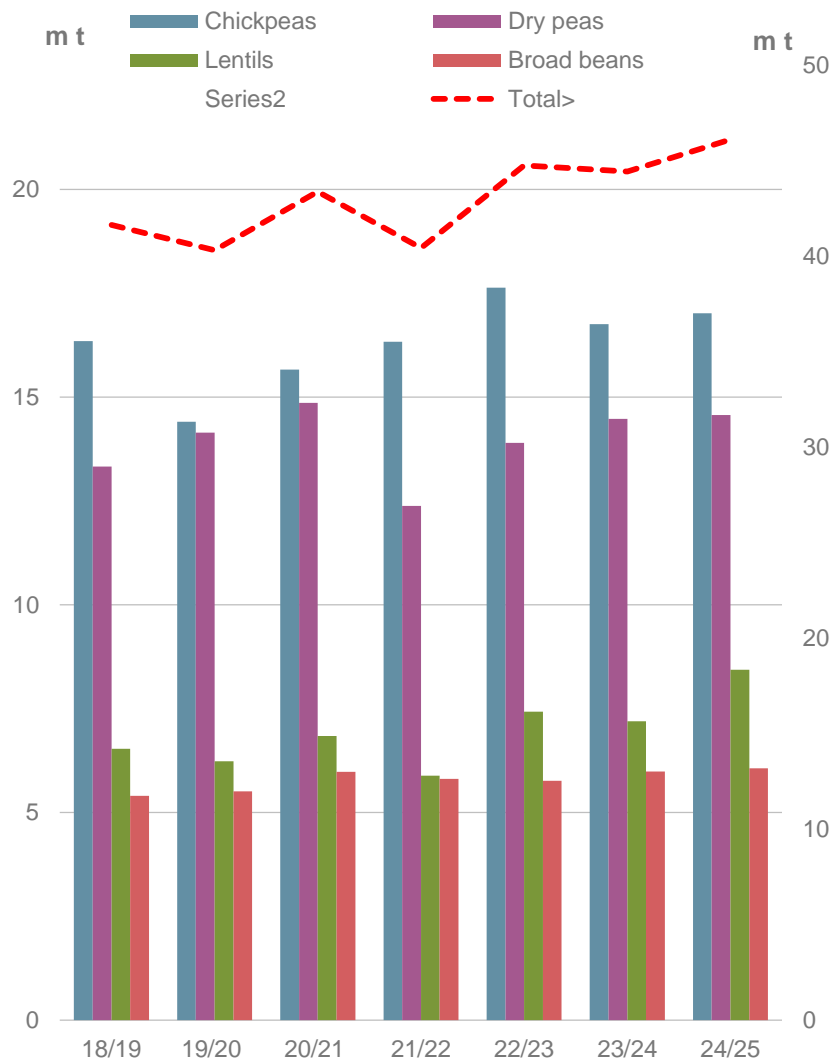
| Yields |     |              |
|--------|-----|--------------|
| t/ha   | y/y | vs. 5yr ave. |
| 3.16   | 0%  | 1%           |



|             | m t   | $\Delta$ y/y<br>(m t) | $\Delta$ y/y |
|-------------|-------|-----------------------|--------------|
| TOTAL       | 528.3 | 6.5                   | 1%           |
| Egypt       | 3.6   | -0.2                  | -5%          |
| Uruguay     | 0.9   | 1.1                   | 15%          |
| Argentina   | 0.9   | 0.1                   | 9%           |
| EU-27       | 1.4   | 0.1                   | 5%           |
| Indonesia   | 34.0  | 1.0                   | 3%           |
| Philippines | 13.2  | 0.4                   | 3%           |
| Cambodia    | 7.7   | 0.2                   | 3%           |
| Vietnam     | 28.6  | 0.6                   | 1%           |
| Japan       | 7.3   | 0.1                   | 2%           |
| Brazil      | 7.3   | 0.1                   | 2%           |
| India       | 139.0 | 2.3                   | 2%           |
| Myanmar     | 12.1  | 0.1                   | 1%           |
| Pakistan    | 10.0  | 0.1                   | 1%           |
| Bangladesh  | 37.3  | 0.3                   | 1%           |
| USA         | 7.0   | 0.0                   | 1%           |
| Thailand    | 20.1  | 0.1                   | 1%           |
| China       | 145.0 | 0.4                   | 0%           |



# Pulses: Led by growth in lentils, total output to reach a fresh peak in 2024/25.



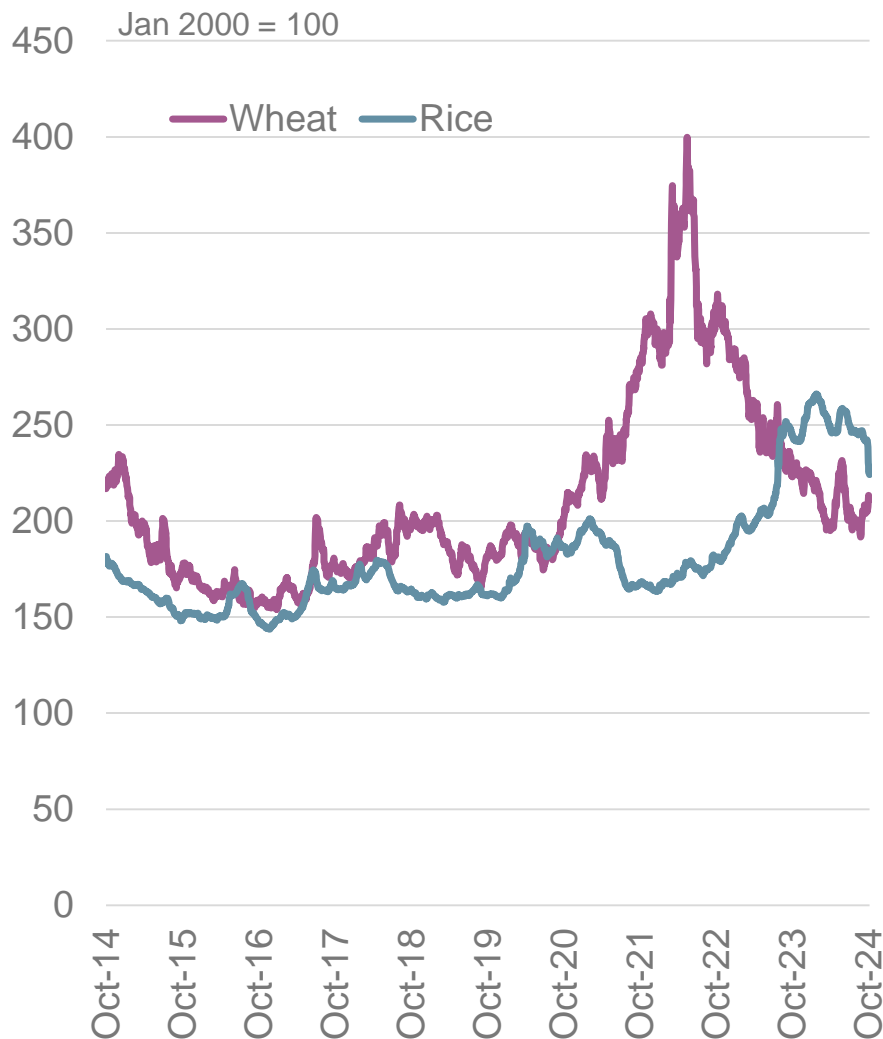


# Prices: Rice has remained elevated over the past year, while wheat markets have softened

## IGC GOI – long term view



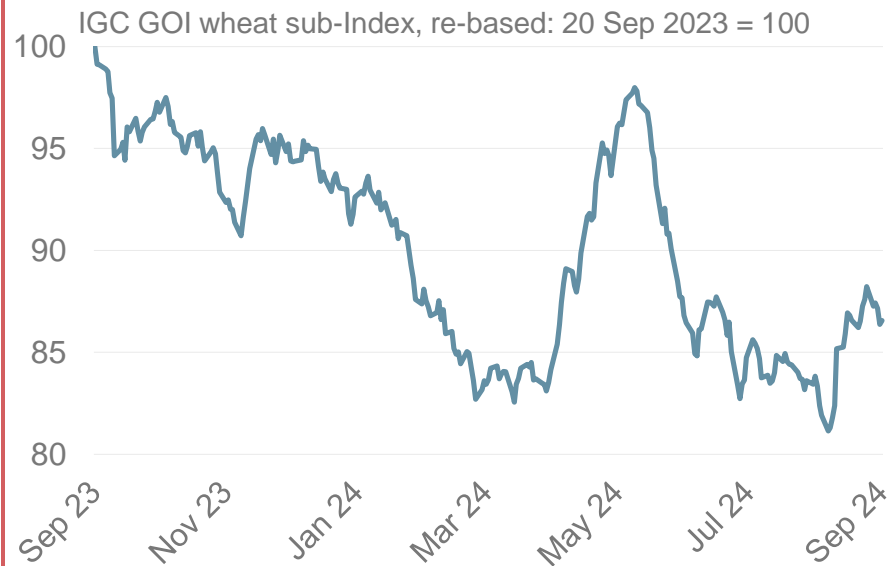
## IGC Wheat and Rice GOI sub-indices (Oct 2014 - Oct 2024)





# Wheat: With perceived weather risks, prices rebounded from near four-year lows recently, but values remain anchored by Black Sea competition

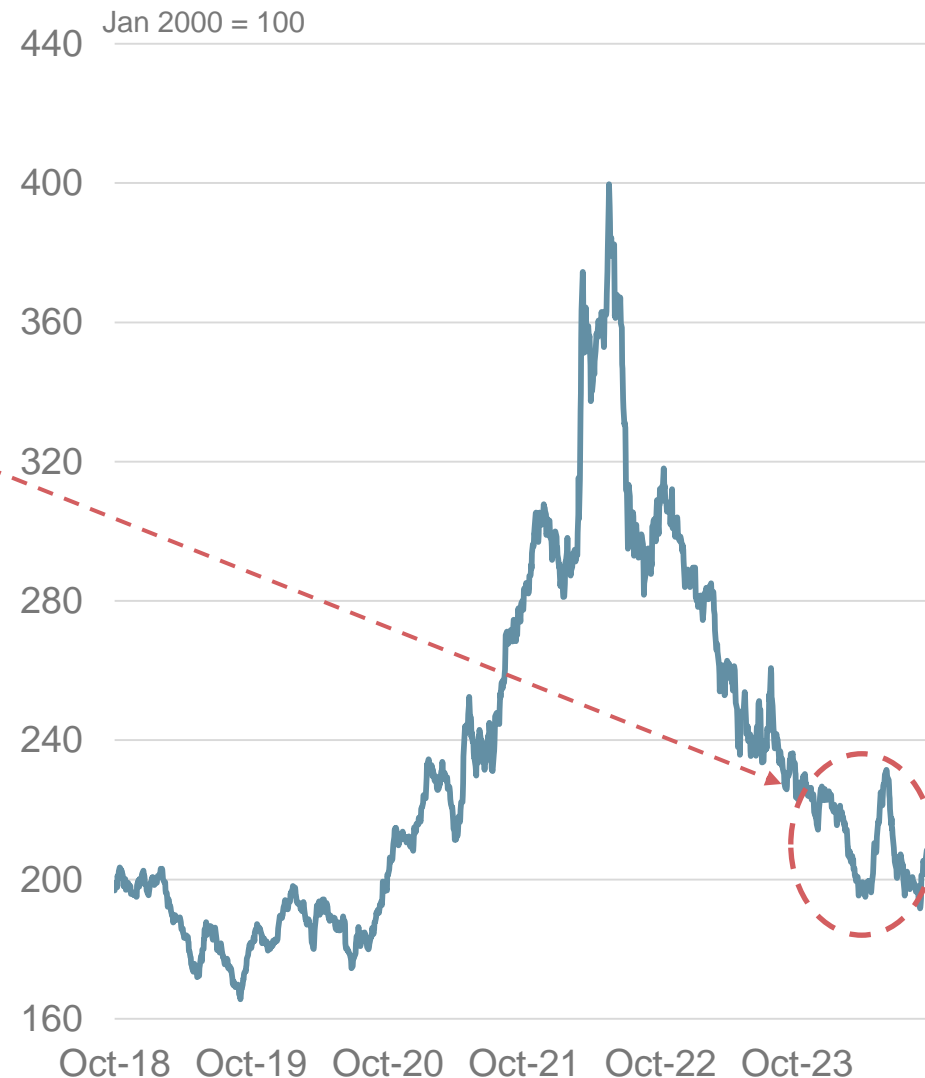
## Wheat export prices: one-year view



### Recent supportive factors:

- disappointing crop results in Western Europe,
  - spring wheat worries in Russia/the US,
  - drier weather trends in Argentina/Australia,
  - dry Black Sea 2025/26 sowing conditions,
  - renewed geopolitical concerns (BS attacks);
  - macroeconomic factors (US dollar, interest rate),
- but with rallies capped by Black Sea competition**

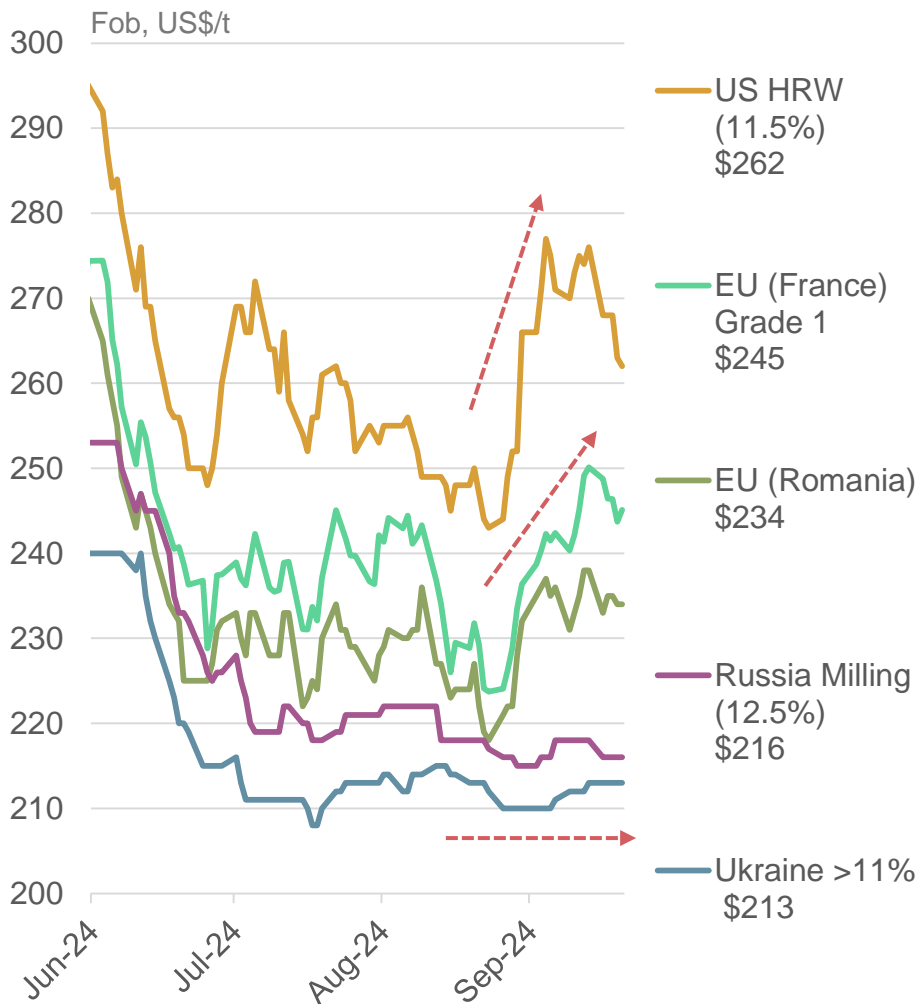
## Wheat export prices: long-term view



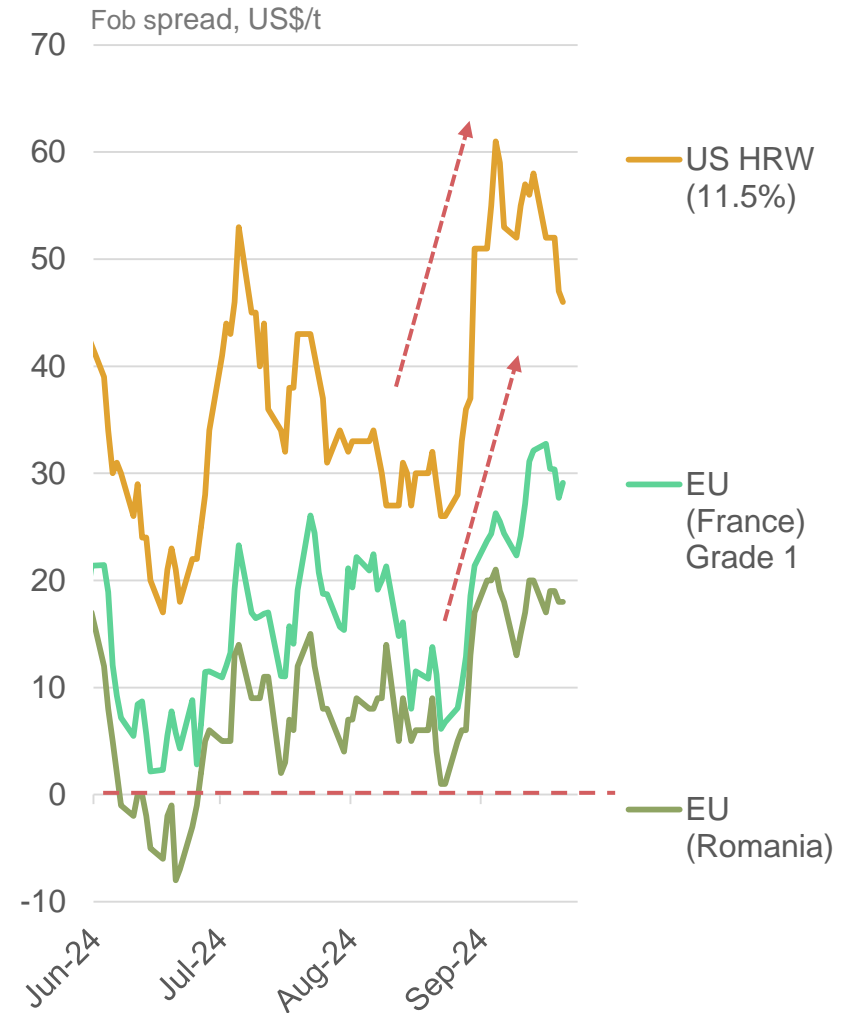


# Wheat: Prices in Russia and Ukraine have been bucking the uptrend in global prices, leading to increased discounts to competing origins

## Wheat fob quotations (spot)



## Fob spread vs. Russian 12.5% protein wheat

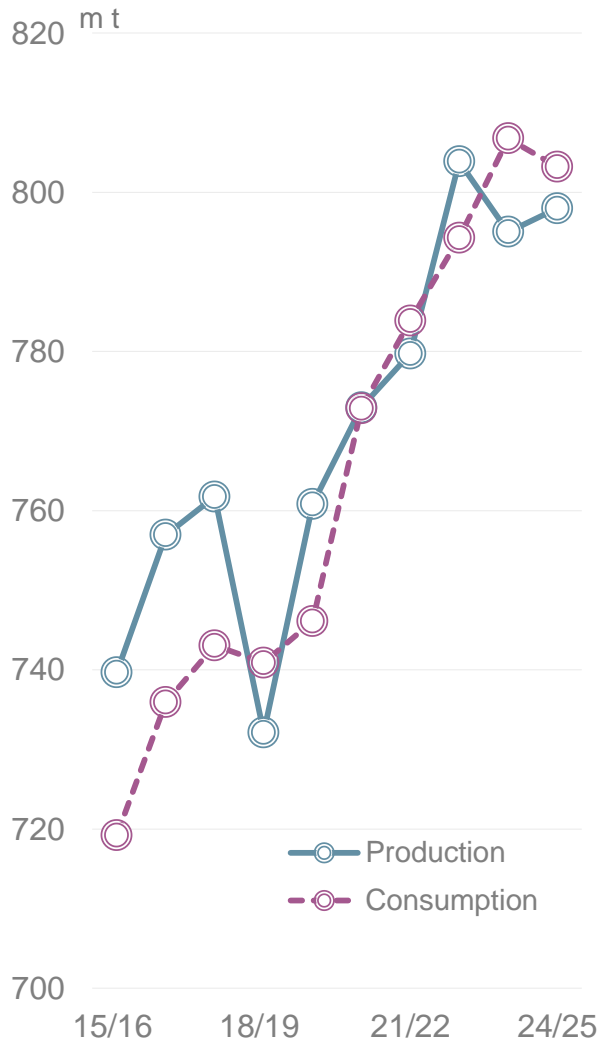




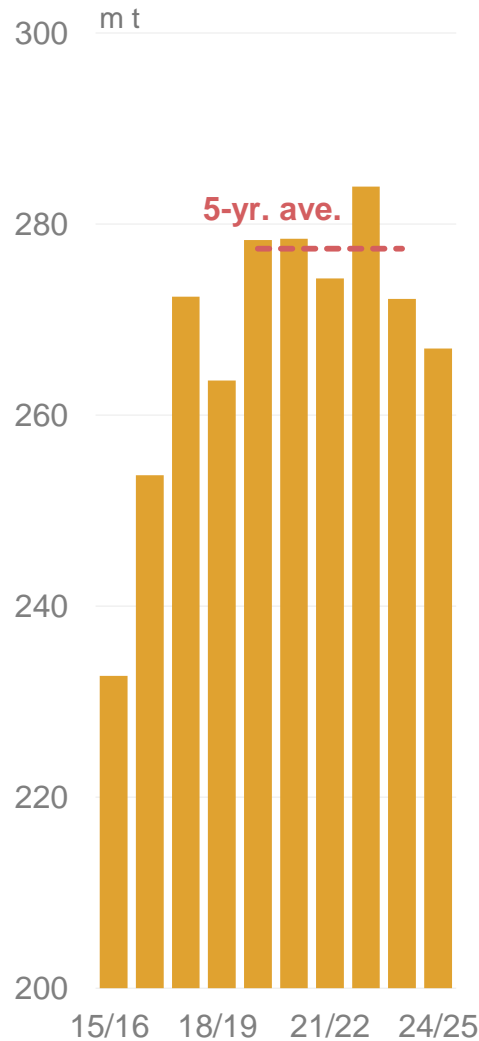


# Wheat: The market appears to be well supplied in the nearby, but the outlook points to a further tightening in stocks in 2024/25

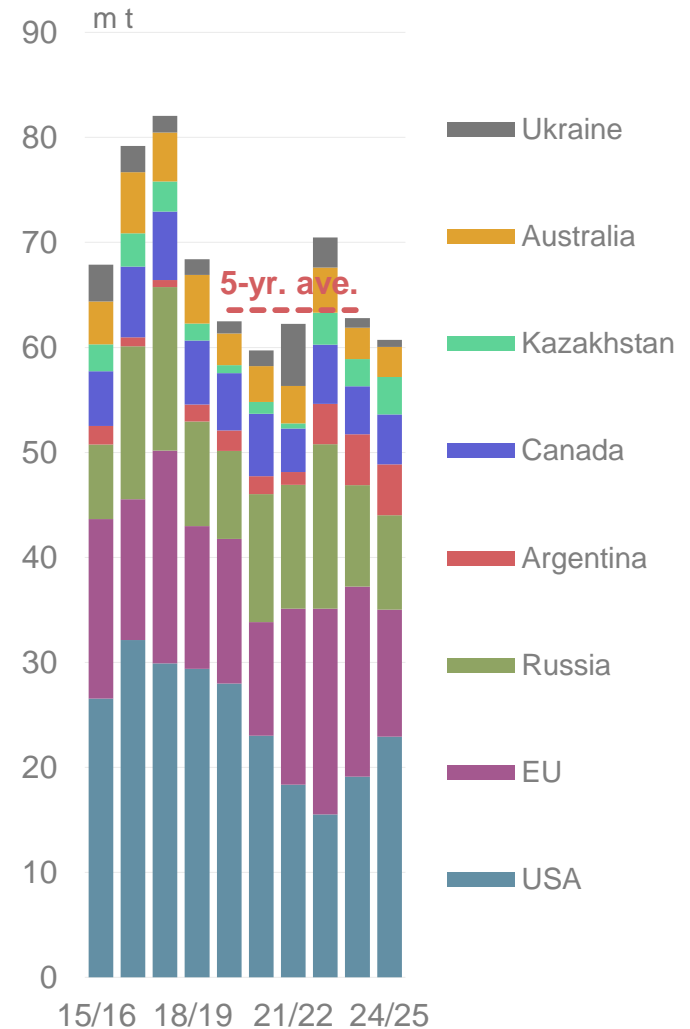
## Production & consumption



## World stocks



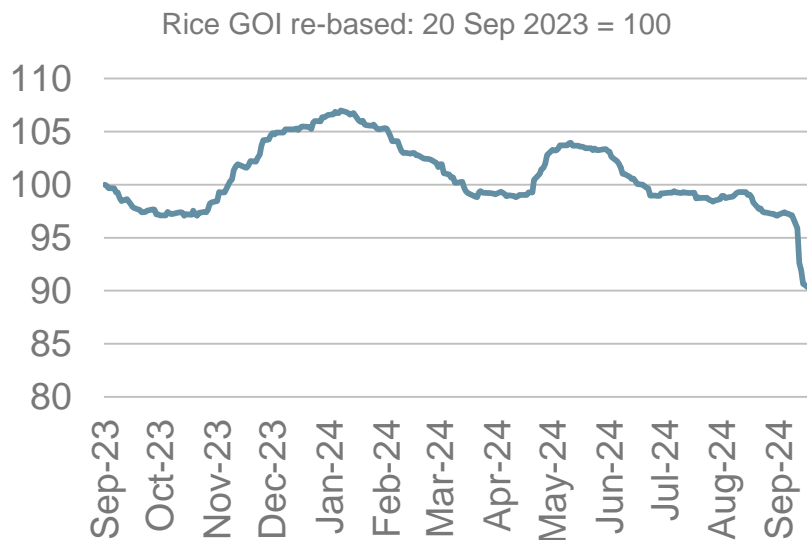
## Major exporters' stocks





# Rice: Prices slide on resumption of non-basmati white rice exports by India

## Rice export prices: one-year view



### Recent supportive factors:

- India's export ban (up to 30 Sep 2024),
- Strong purchasing by Indonesia's state grains buyer,
- Currency movements

### Recent pressuring factors:

- End of India's export ban,
- Prospects for a much improved global crop in 2024/25,
- Weak off-shore demand, notably from Africa

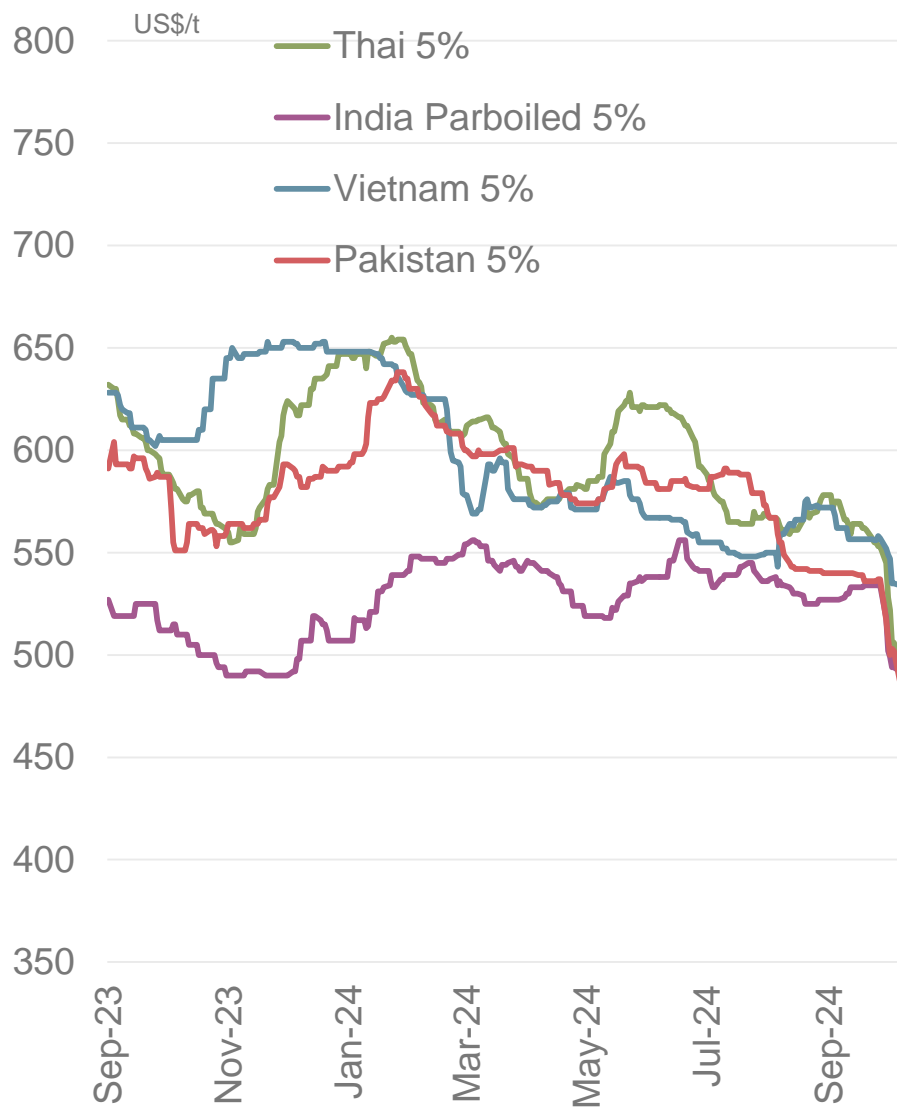
## Rice export prices: long-term view



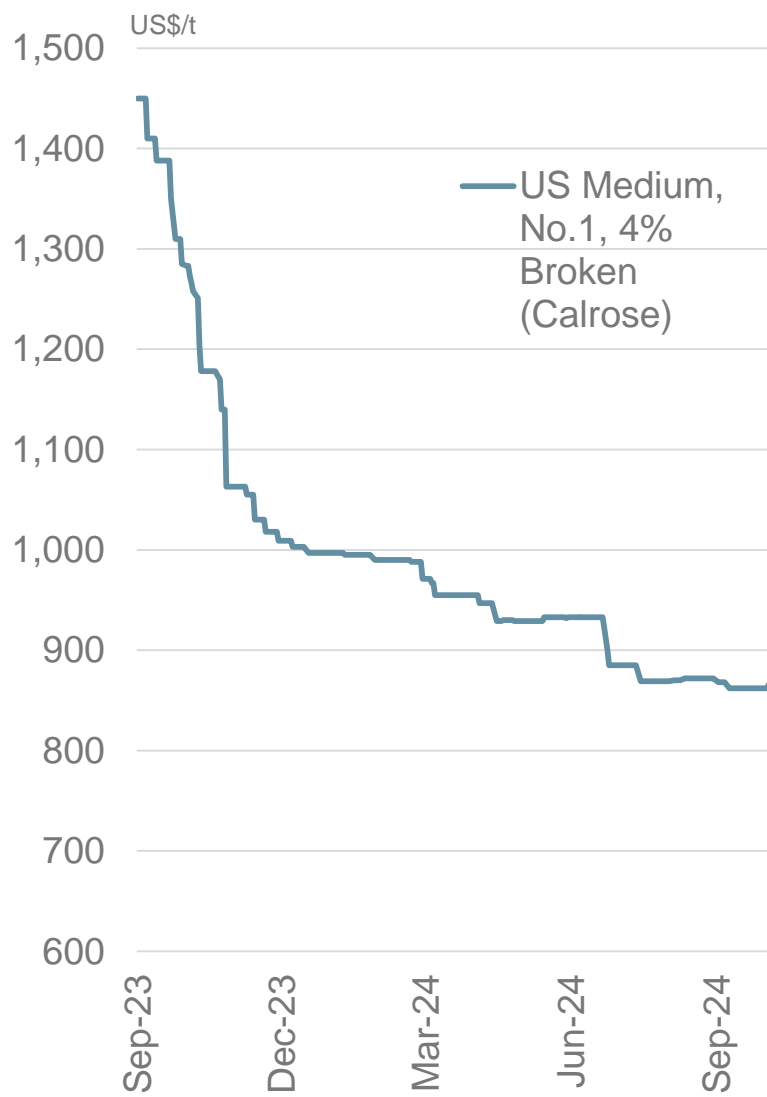


# Rice: Long grain prices decline on Indian exports while medium grain values have softened on improved supply

## Export prices for key grades at major origins



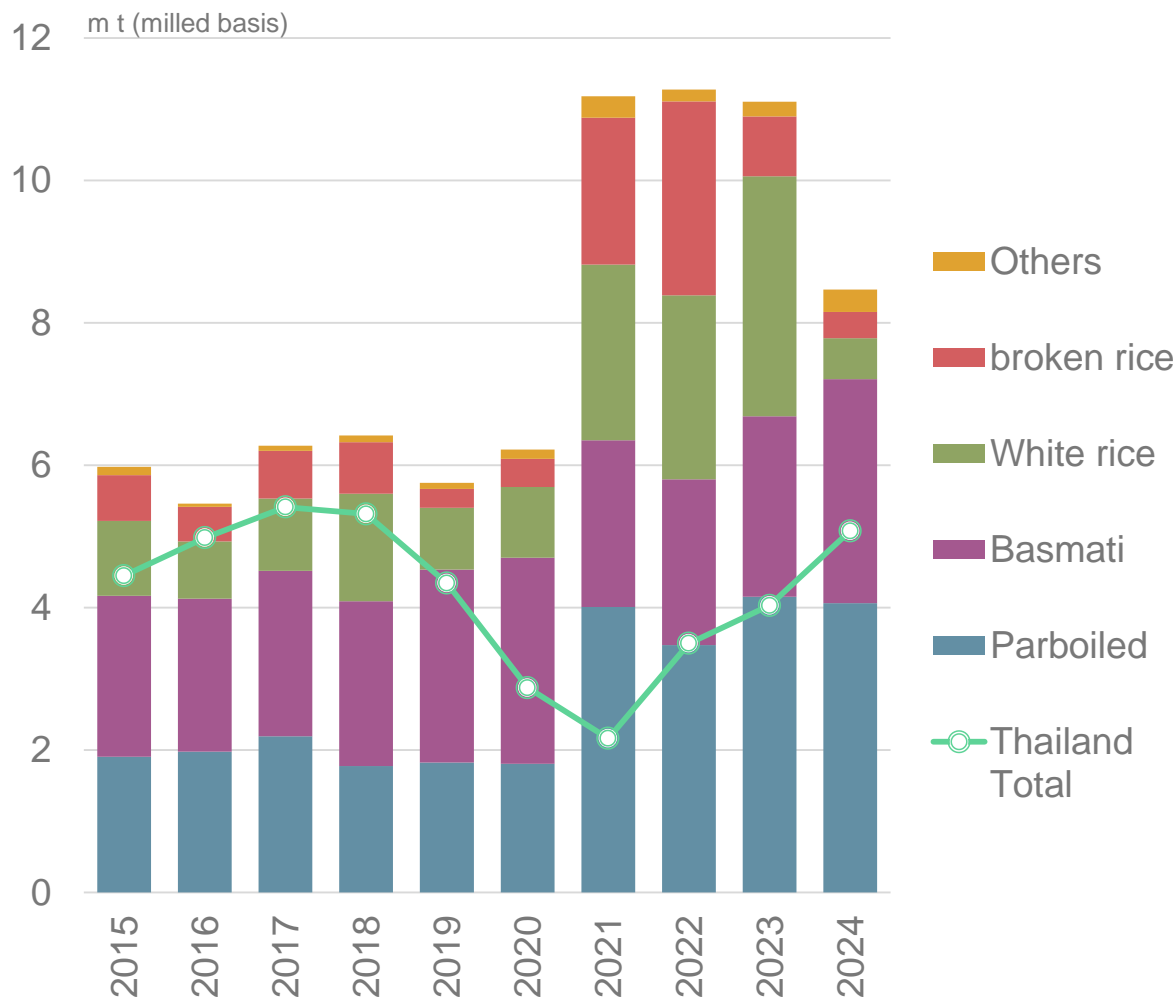
## Japonica (medium grain) price





# India: Despite export restrictions, remained the world's largest rice supplier

Rice: Jan-Jun Indian exports by type, vs Jan-Jun Thai exports

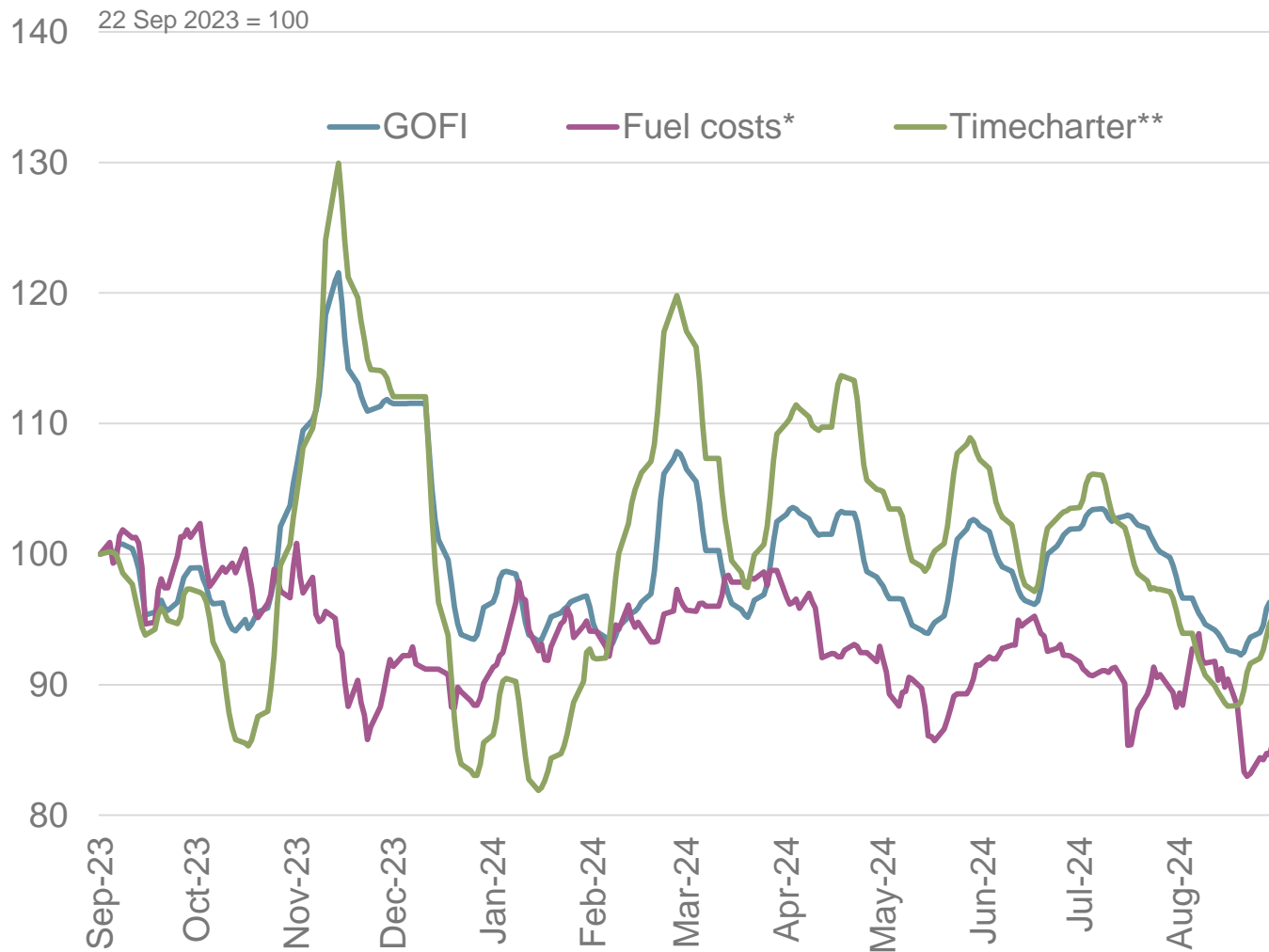


- Despite restrictions, India remained the world's largest rice exporter in the first six months of 2024 on robust deliveries of parboiled and basmati.
- Over Jan-Jun, India's rice exports were more than 60% higher than deliveries from Thailand, the world's second largest exporter.
- On 16 Sep, amid adequate domestic availability of rice, removed the \$950/t minimum export price (MEP) on basmati rice exports.
- On 27 Sep, the Indian government relaxed the ban on non-basmati white rice exports, with shipments subject to a Minimum Export Price of \$490/t. Moreover, export duties on parboiled rice were cut to 10% (from 20%)



# IGC Grains and Oilseeds Freight Index pressured by falling timecharter rates and marine fuel costs

IGC Grains and Oilseeds Freight Index (GOFI)



- As at mid-September, average vessel rent (timecharter) prices were around 4% lower y/y, albeit with an uptick noted in recent weeks on improving grains and mineral demand in the Atlantic.
- Average marine fuel costs are around 15% lower y/y as at mid-September on a decline in crude oil markets, largely reflecting a weak global demand outlook amid softening prospects for Chinese consumption.
- Amid lower timecharter rates and weaker marine fuel costs, the IGC's GOFI is slightly lower y/y as at mid-September.

\* Average LSFO prices at 16 main fuelling destinations

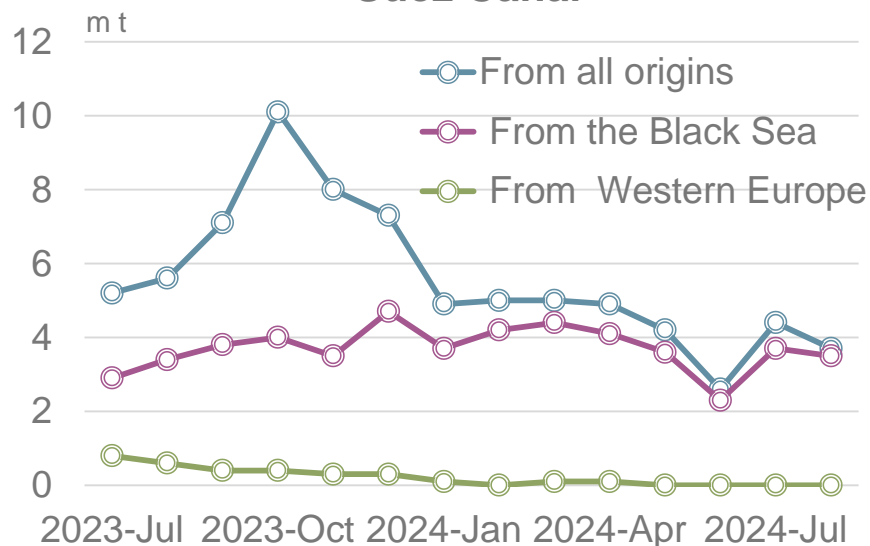
\*\* Average of daily timecharter rates on key selected grains/oilseeds routes





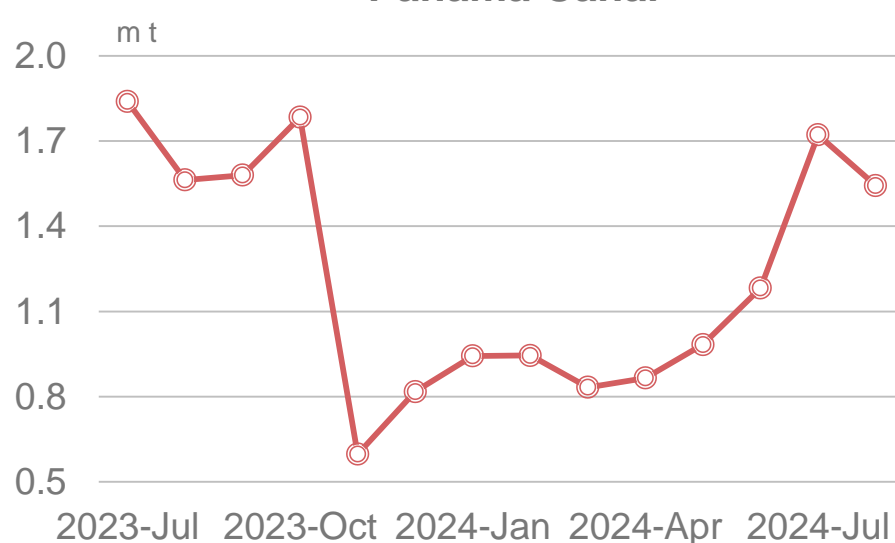
# Logistical and security disruptions continue to shape freight markets

## Grains & oilseeds shipments via the Suez Canal



- Transits peak in October 2023 owing to shipments from the US diverting from the Panama Canal, before declining as shippers from the US and EU avoided the Red Sea.
- July saw a m/m upturn in shipments following winter wheat harvests in the Black Sea regions shipped to Asian markets.
- Transits dropped again in August and were one-third lower y/y, with still no shipments seen from Western Europe.

## Grains & oilseeds shipments via the Panama Canal



- The volume of transits dropped sharply in November as low water levels led to restrictions on vessels, but gradually recovered to more normal levels thereafter.
- With consistent improvement since Mar'24, the volume reached 1.7m t in Jul, only 6% below the prior year's level.
- Despite a 10% m/m retreat in Aug'24, the volume of transits was broadly in line with the prior season (-1% y/y).

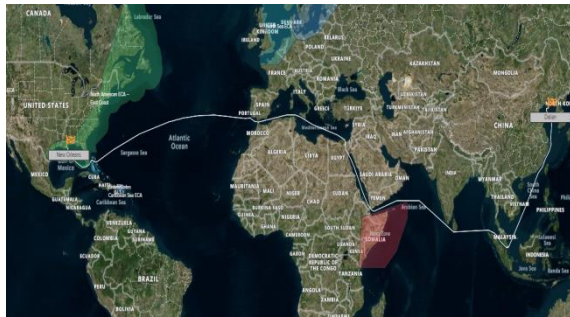


... which added to freight costs and delivery times

### US Gulf to China



**Via Panama  
Canal:**  
32 Days  
~ \$51/t



**Via Suez  
Canal:**  
45 Days  
~ \$54/t



**Via Cape of  
Good Hope  
(COGH):**  
48 Days  
~ \$55/t

### EU (France) to China



**via Suez: 34 Days ~ \$44/t**

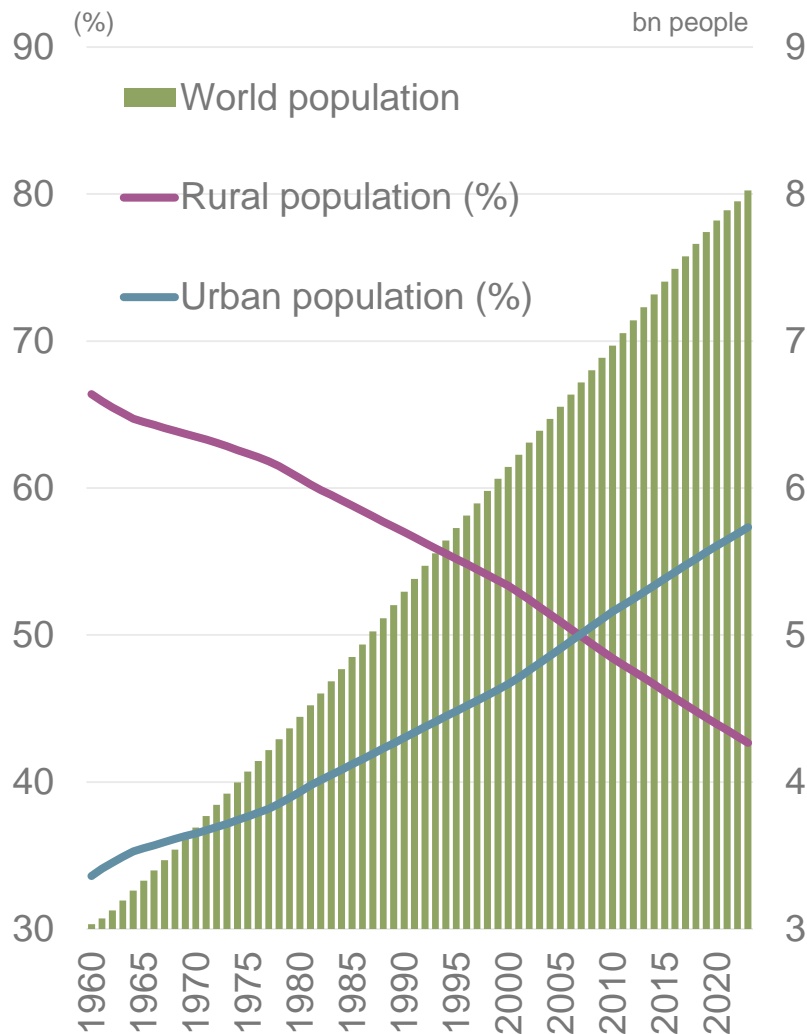


**via COGH: 42 Days ~ \$46/t**



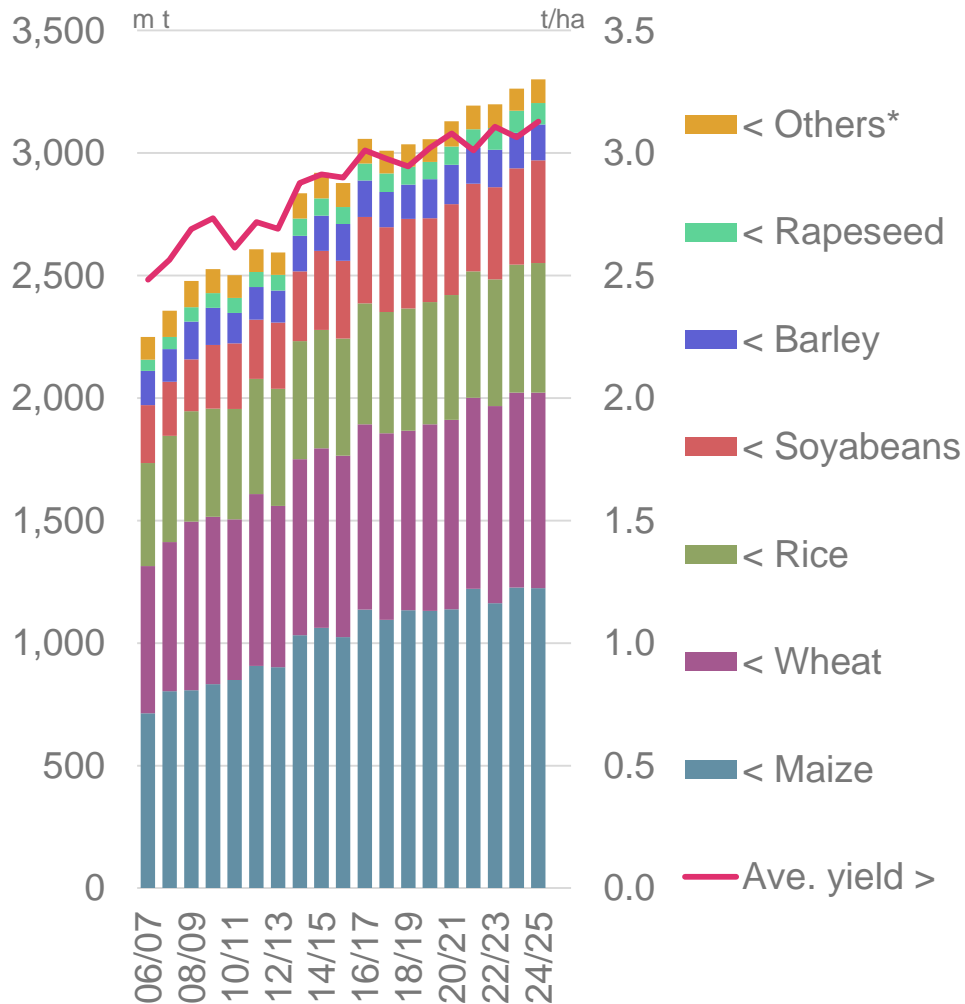
# Challenge: Keeping the world fed!

World: Total population vs share (%) living in rural vs urban areas



Source: World Bank

World: Production of major grains and oilseeds vs average yields



\*Others = oats, sorghum and rye



## Challenge: Shaping the conversation on trade, sustainability and food security

### Trade is vital for global food security

- Recent disruptions and volatility in world markets have increased concerns on the impact of trade on national food security.
- National policies that disrupt global markets should be minimised and information sharing should be expanded.

### Improved crop yields are vital for global food security

- Sustainability will be driven by environmental concerns.
- Systems must be profitable, and improved yields must remain central.



## Opportunities: improving transparency and promoting innovation

### Market transparency remains vital for efficient markets

- Information gaps remain, for example on stocks.
- IGC's shipping dashboard will improve market transparency.
- Price transparency and knowledge of national policies remain central, yet may be improved (e.g. through regional discussions).

### Digitisation, IT, AI and innovation

- Electronic certificate exchanges help boost trade efficiency.
- Investment tools needed to accelerate technology adoption at the farm level.
- New IT and AI tools have great potential throughout the global grains value chain.