

World Grain Market Situation and Early Prospects for 2015/16

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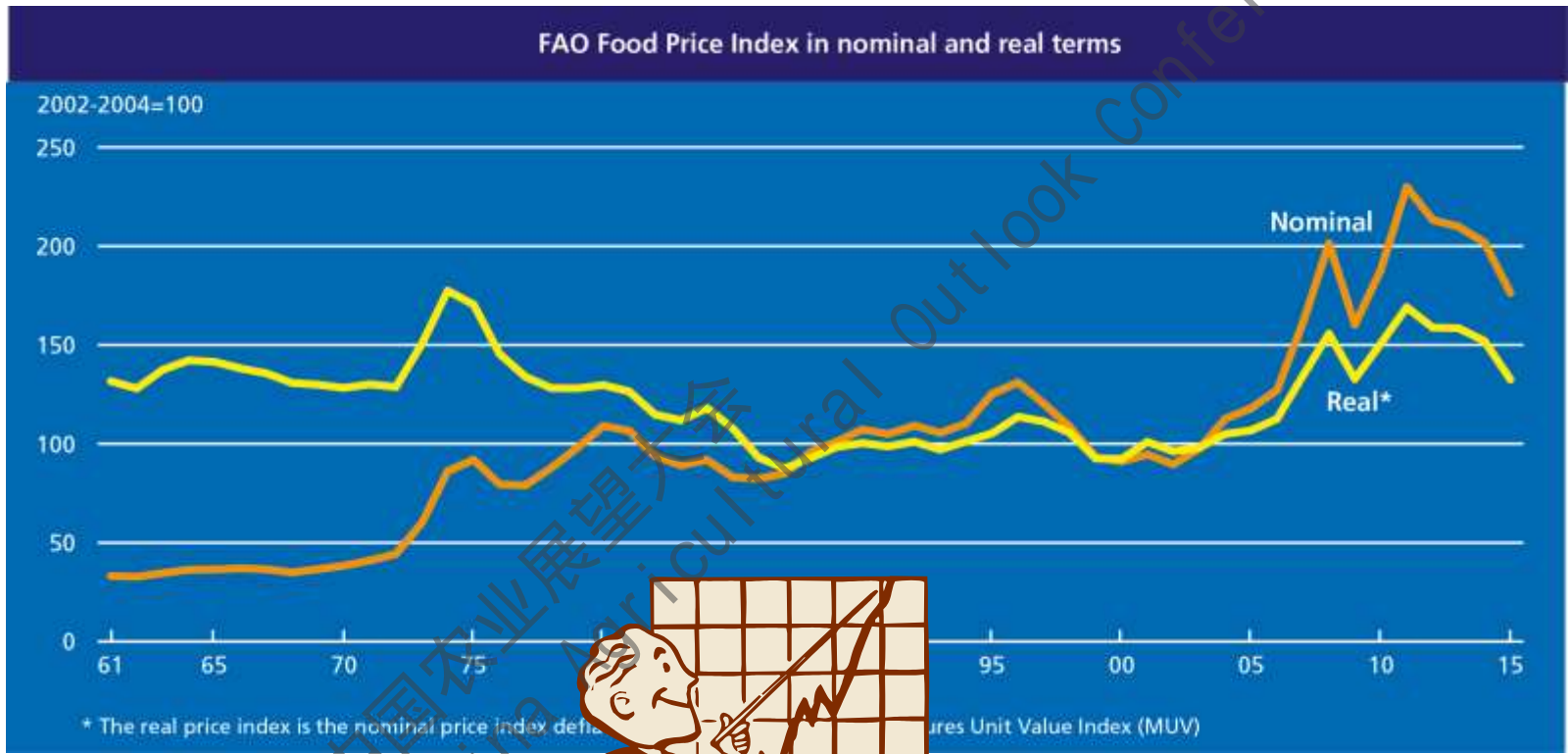
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Presentation Outline

- Food markets at a glance
- World wheat supply and demand outlook in 2015/16
- World coarse grains supply and demand outlook in 2015/16

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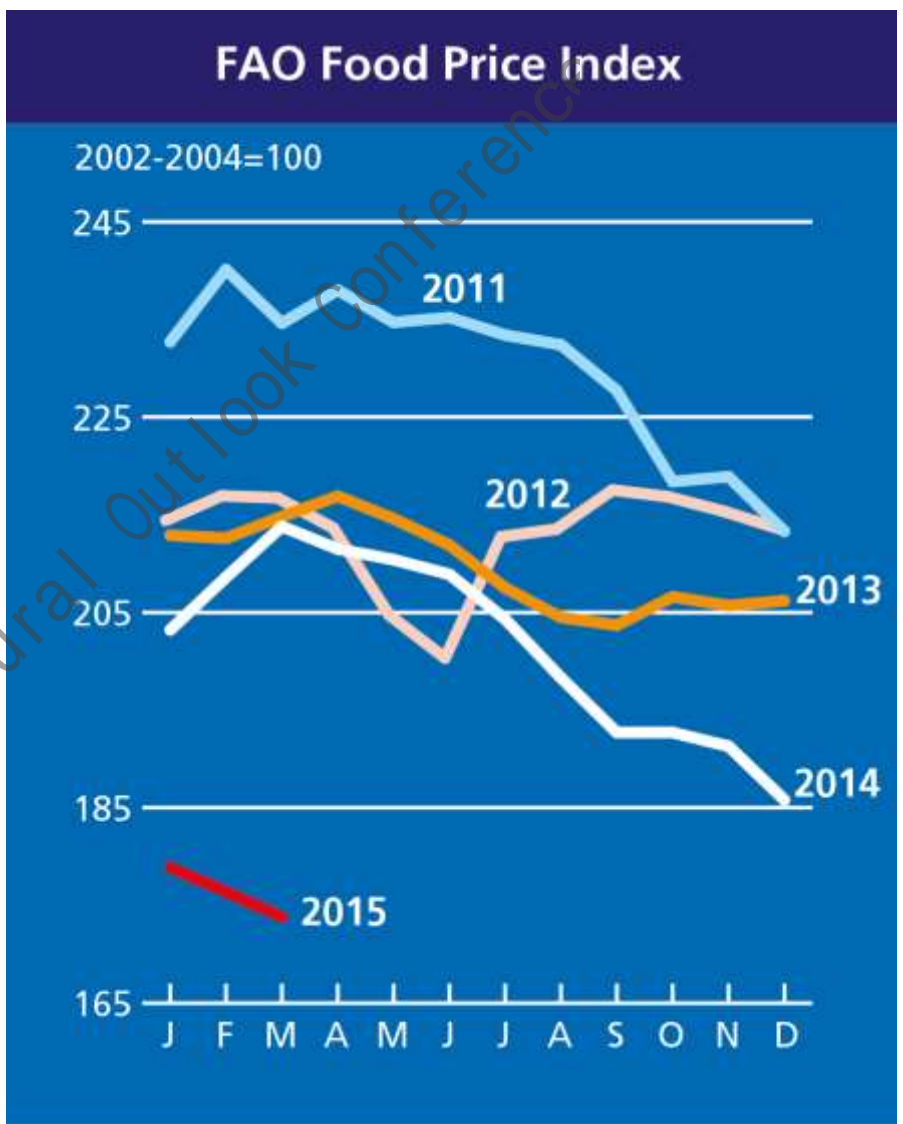
Food: Long-term price movements



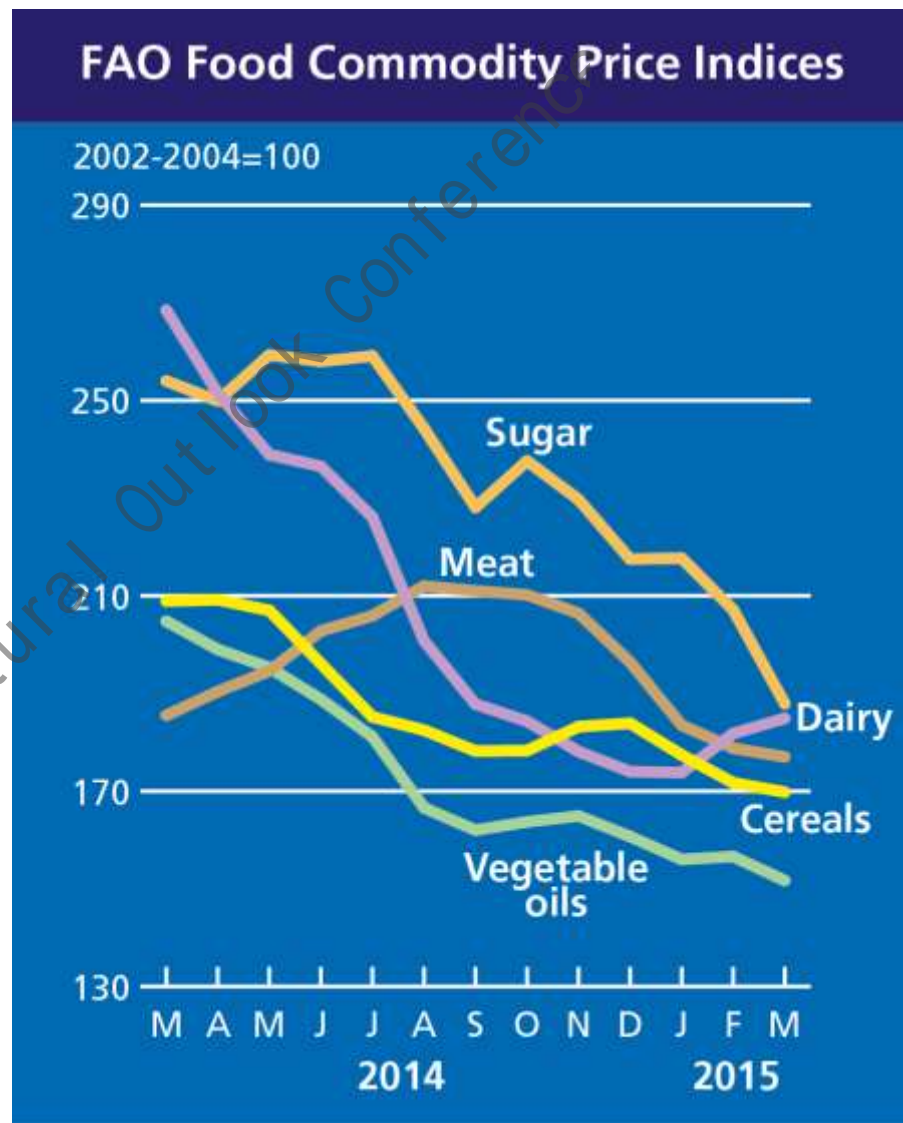
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- The **FAO Food Price Index** in March 2015 **<red line>** fell to its lowest level since June 2010
- The index has been falling, almost continuously, since April 2014

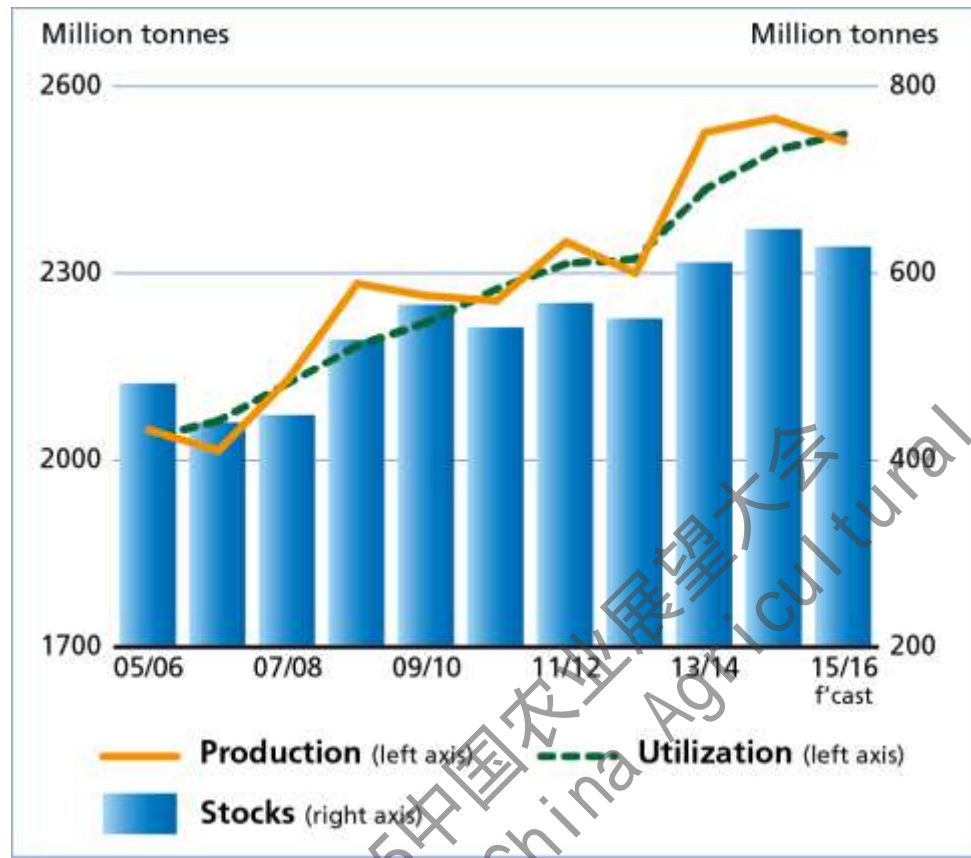
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- The **FAO Cereal Price Index** in March 2015 was down almost 19% from last year
- The **FAO Vegetable Oil Price Index** was at its lowest since October 2009
- The **FAO Dairy Price Index** was down 31% from last year
- The **FAO Sugar Price Index** was down by 26% from last year
- The **FAO Meat Price Index** down over 16% from its historical peak in August 2014



World Cereal Market at supply and demand at a Glance



As of April 2015

World **cereal production** in 2015 likely to fall 1.5% from 2014 record

Global **cereal utilization** in 2015/16 to increase by 1.1%. Feed use to expand by 1.5%

Trade to contract slightly in 2015/16 -by 0.6%

Ending Stocks in 2015/16 down 2.9% from the start of the season

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Global Wheat Market in 2015/16



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World Wheat Supply and Demand*

	2013/14	2014/15	2015/16	Change:
		estim.	fcast	2015/16
	million tonnes			over
				2014/15
				%
WORLD BALANCE				
Production	717.2	729.5	720.4	-1.2
Trade	156.7	153.0	151.0	-1.3
Total utilization	695.5	712.0	717.7	0.8
Food	481.2	485.0	488.8	0.8
Feed	128.0	138.9	139.3	0.3
Other uses	86.3	88.0	89.6	1.8
Ending stocks	189.6	200.0	198.4	-0.8



*Preliminary forecasts, as of April 2015

- **Production** in 2015 could decline by 1.2% from the 2014 record output
- **Trade** to contract slightly
- **Inventories** are forecast to decline slightly
- **Stock-to-use ratio** unchanged at a relatively high level of over 27%

Wheat Production*

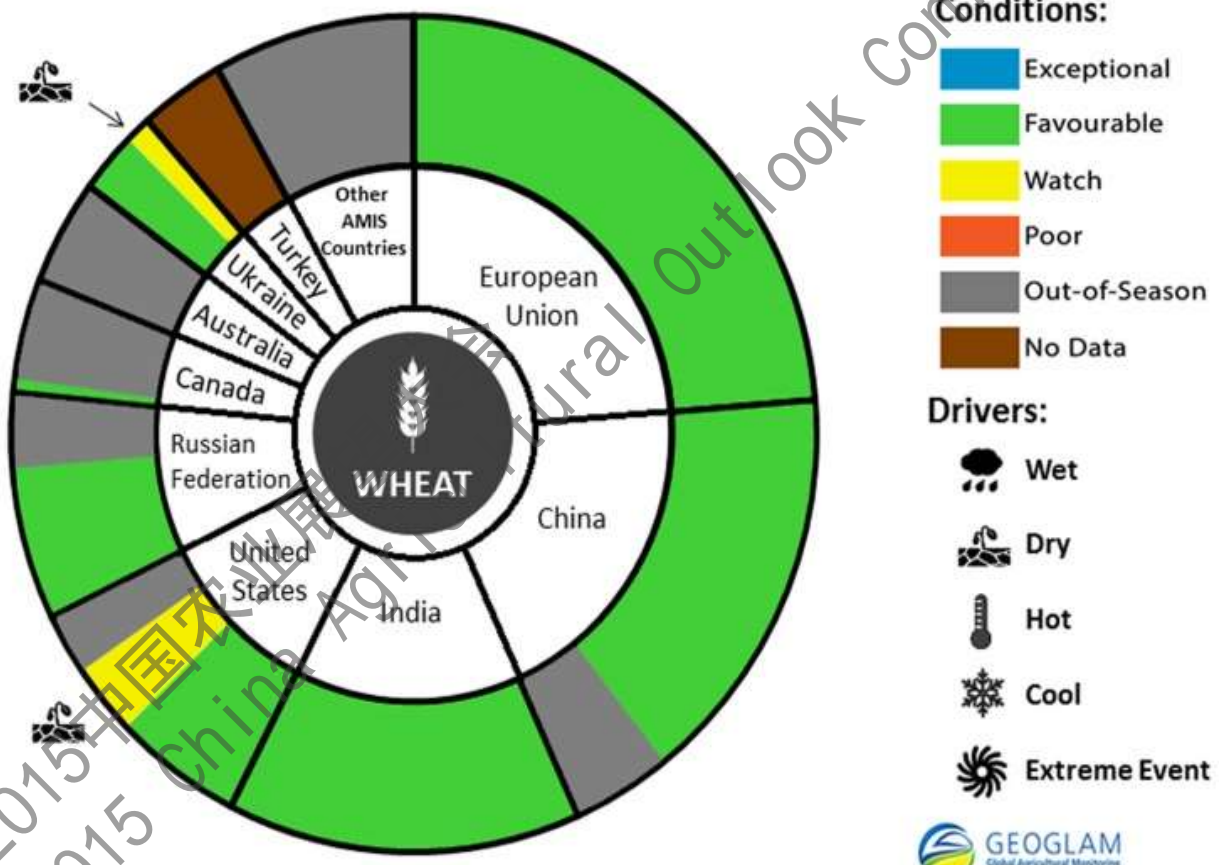
	2013	2014 <i>estim.</i>	2015 <i>f'cast</i>	Change: 2015 over 2014
	<i>million tonnes</i>			<i>%</i>
European Union	143.6	156.1	148.5	-4.9
China (Mainland)	121.9	126.2	126.0	-0.2
India	93.5	95.8	94.0	-1.9
United States	58.1	55.1	56.0	1.6
Russian Federation	52.1	59.7	54.0	-9.5
Canada	37.5	29.3	30.0	2.4
Pakistan	24.2	25.3	26.4	4.3
Australia	26.9	23.6	24.4	3.4
Ukraine	22.3	24.1	23.6	-2.1
Turkey	22.0	19.0	21.0	10.5
Iran Islamic Rep. of	14.0	13.0	13.5	3.8
Kazakhstan	14.0	13.0	12.5	-3.8
Argentina	9.2	13.9	12.0	-13.7
Egypt	8.8	8.8	8.5	-3.4
Uzbekistan	6.9	7.2	7.5	4.2
Other countries	62.2	59.4	62.5	5.2
World	717.2	729.5	720.4	-1.2

1/ Countries listed according to their position in global production (average 2013-2015).

*Preliminary forecasts, as of April 2015

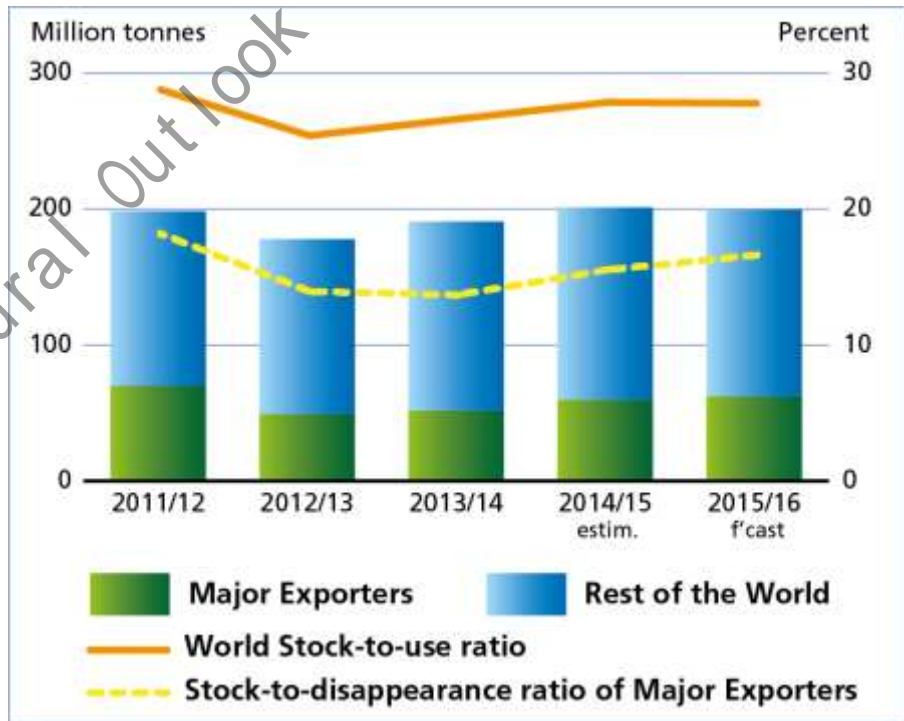
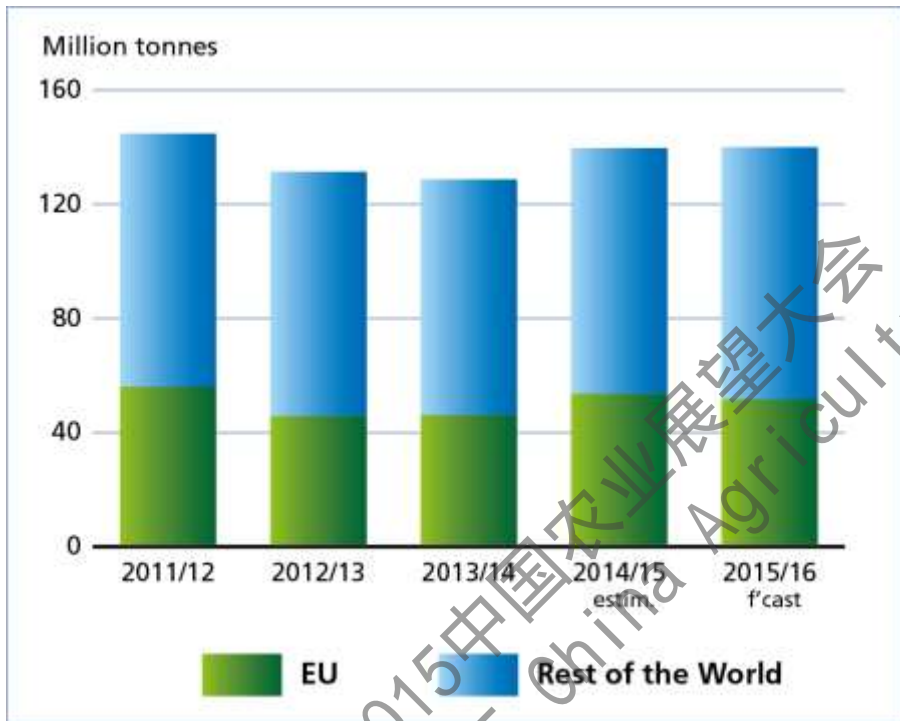
- Bigger production expected in the **US** driven by 9% expansion in winter wheat crop on better yields than last year
- Sharp fall in **EU** because of a reduction in planted area
- But small increases in **Asia** and **Africa**.
- **China** could produce a bit more – the current forecast may need to be revised up slightly, to a new record.
- Lower prices could push down plantings in **Argentina** and result in reduced production

Wheat conditions in major producing (AMIS) countries



Wheat utilization: feed use in 2015/16 to remain stagnant – down sharply in the EU

Wheat stocks: remain high – almost unchanged from 2014/15

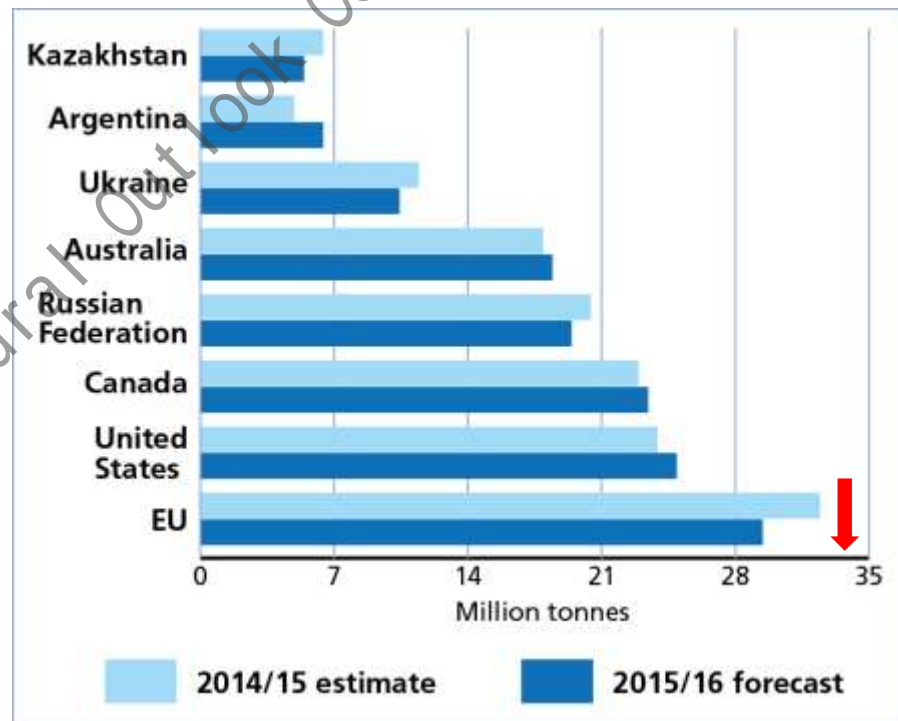
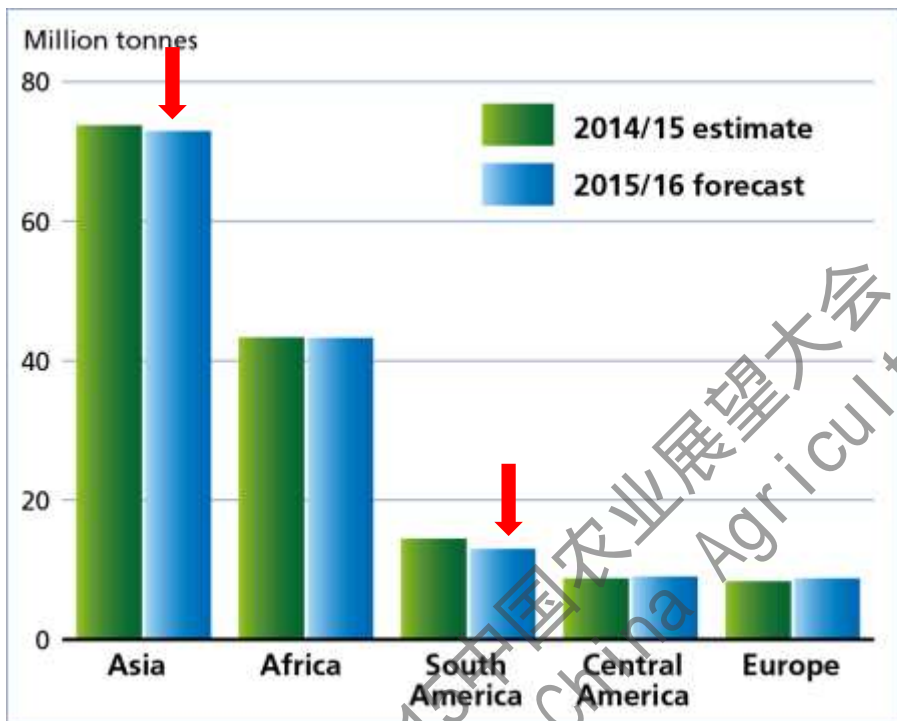


Preliminary forecasts, as of April 2015

Wheat Trade in 2015/16 (July/June)

Imports: Down slightly in Asia and in South America

Exports: EU to export less in 2015/16 after record volume in 2014/15



Preliminary forecasts, as of April 2015

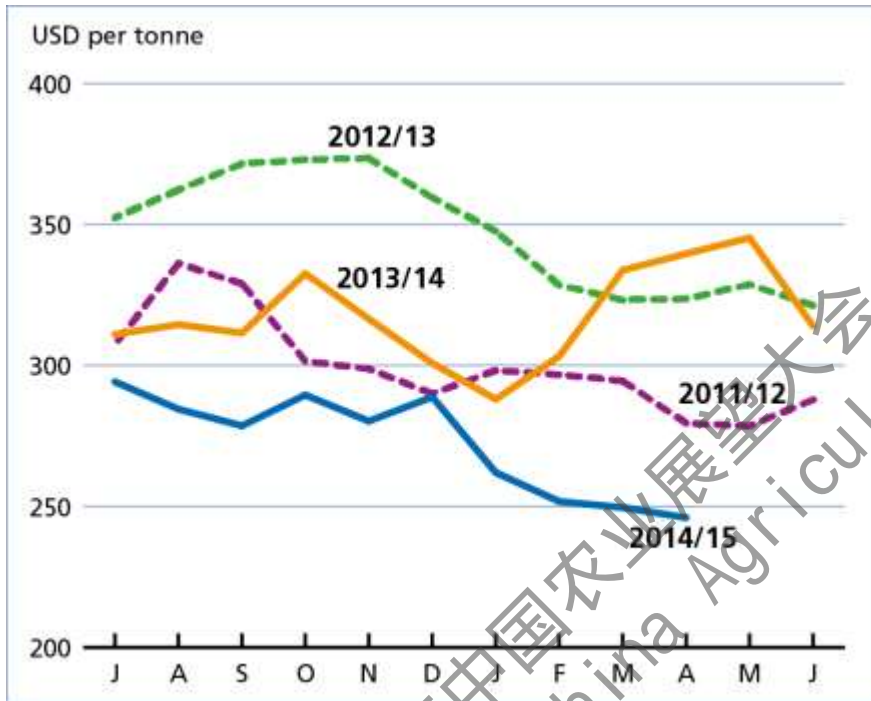
China: Wheat Supply and Demand Balance

	2013/14	2014/15	2015/16	Change: 2015/16 over 2014/15
		<i>estim.</i>	<i>fcast</i>	
	<i>million tonnes</i>			<i>%</i>
WHEAT BALANCE (July/June)				
Production	121.9	126.2	126.5	0.2
Imports	6.7	1.2	1.5	25.0
Total utilization	125.8	129.2	132.5	2.6
Food	87.5	88.0	88.5	0.6
Feed	15.0	17.0	19.0	11.8
Other uses	23.3	24.2	25.0	3.3
Exports	0.3	0.4	0.4	0.0
Ending stocks	51.4	49.3	44.4	-9.9

Preliminary forecasts, as of April 2015

Wheat prices remain under downward pressure

Wheat export price (US No.2 H.W. Gulf)



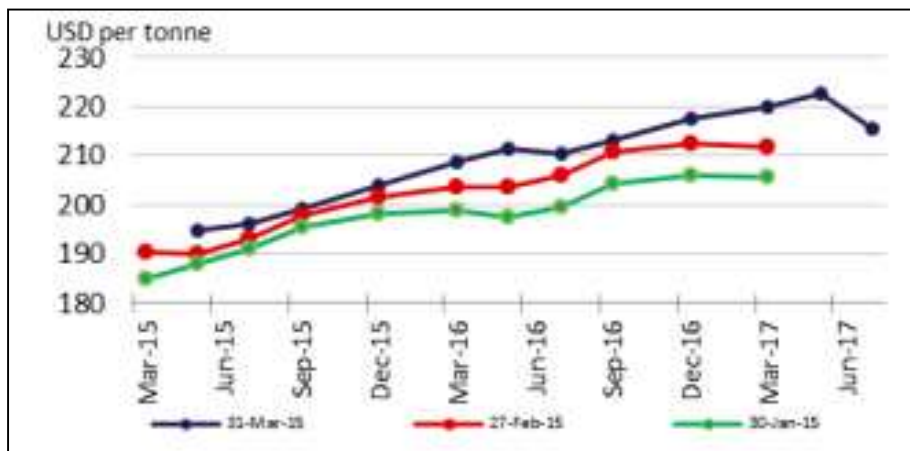
CBOT wheat futures for September contract



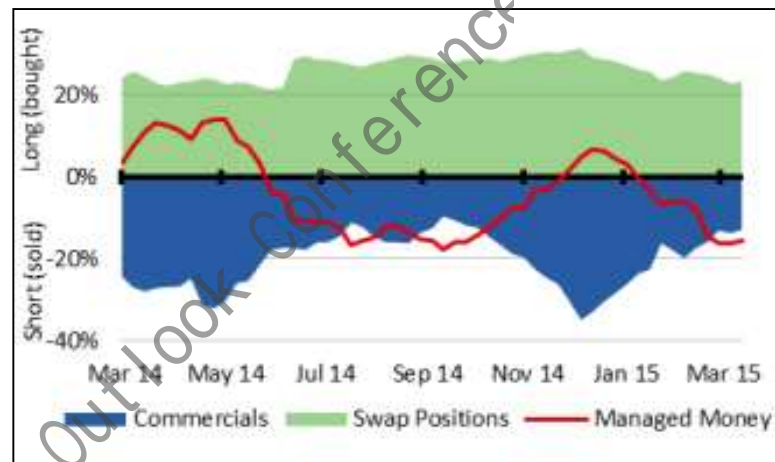
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Wheat Futures

Forward Curve



CFTC Commitment of Traders



As of April 2015

- **Forward curves** for wheat maintained their mostly upward sloping structures (contango), indicating ample supplies for the remainder of this season and next.
- **Managed money** was a substantial net seller of wheat. Dollar strength and expectations of good near-term supply prospects tended to fuel selling.

Global Coarse grains Market in 2015/16



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World Coarse grains Supply and Demand*

	2013/14	2014/15	2015/16	Change: 2015/16 over 2014/15
		<i>estim.</i>	<i>f'cast</i>	
	<i>million tonnes</i>			<i>%</i>
WORLD BALANCE				
Production	1 313.1	1 325.2	1 290.6	-2.6
Trade	158.7	157.0	156.0	-0.6
Total utilization	1 248.3	1 286.2	1 297.3	0.9
Food	200.4	203.4	206.1	1.3
Feed	698.9	725.8	737.3	1.6
Other uses	349.1	357.0	353.9	-0.9
Ending stocks	238.8	269.0	259.8	-3.4



*Preliminary forecasts, as of April 2015

- **Production** in 2015 is forecast down with maize output falling by 3.0% from the 2014 record
- **Trade** in 2015/16 nearly unchanged – maize to remain steady at 116mt
- **Utilization** could expand by only 0.9%, slower than last season’s 3% growth
- **Stock-to-use ratio** at 19.6%, well above the historical low of 14.5 percent in 2006/07

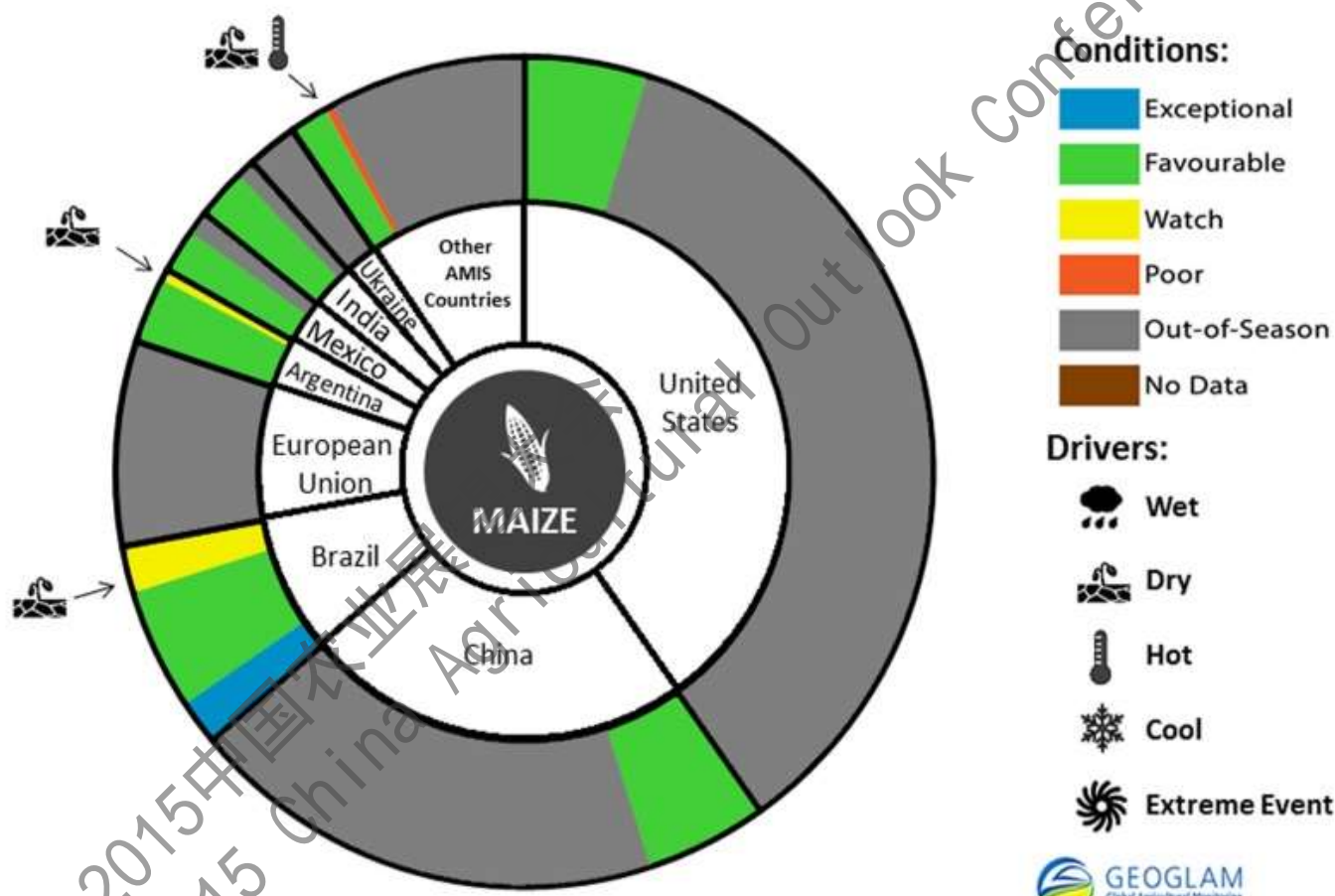
Coarse grains production*

	2013	2014 <i>estim.</i>	2015 <i>f'cast</i>	Change: 2015 over 2014
	<i>million tonnes</i>			<i>%</i>
United States	367.4	377.4	365.6	-3.1
China (Mainland)	227.9	224.7	226.1	0.6
European Union	158.9	169.0	161.5	-4.4
Brazil	83.5	81.7	78.3	-4.2
India	43.2	38.2	40.7	6.5
Argentina	40.9	39.9	37.5	-6.0
Russian Federation	36.6	41.7	39.7	-4.8
Ukraine	40.5	39.5	36.0	-8.9
Mexico	30.7	31.8	30.4	-4.4
Canada	28.8	22.0	23.8	8.2
Nigeria	18.4	19.5	19.4	-0.5
Indonesia	18.5	19.1	19.2	0.5
Ethiopia	18.5	18.0	17.2	-4.4
Turkey	14.5	12.9	12.9	0.0
South Africa	13.0	15.6	10.5	-32.7
Other countries	171.8	174.2	171.8	-1.4
World	1313.1	1325.2	1290.6	-2.6

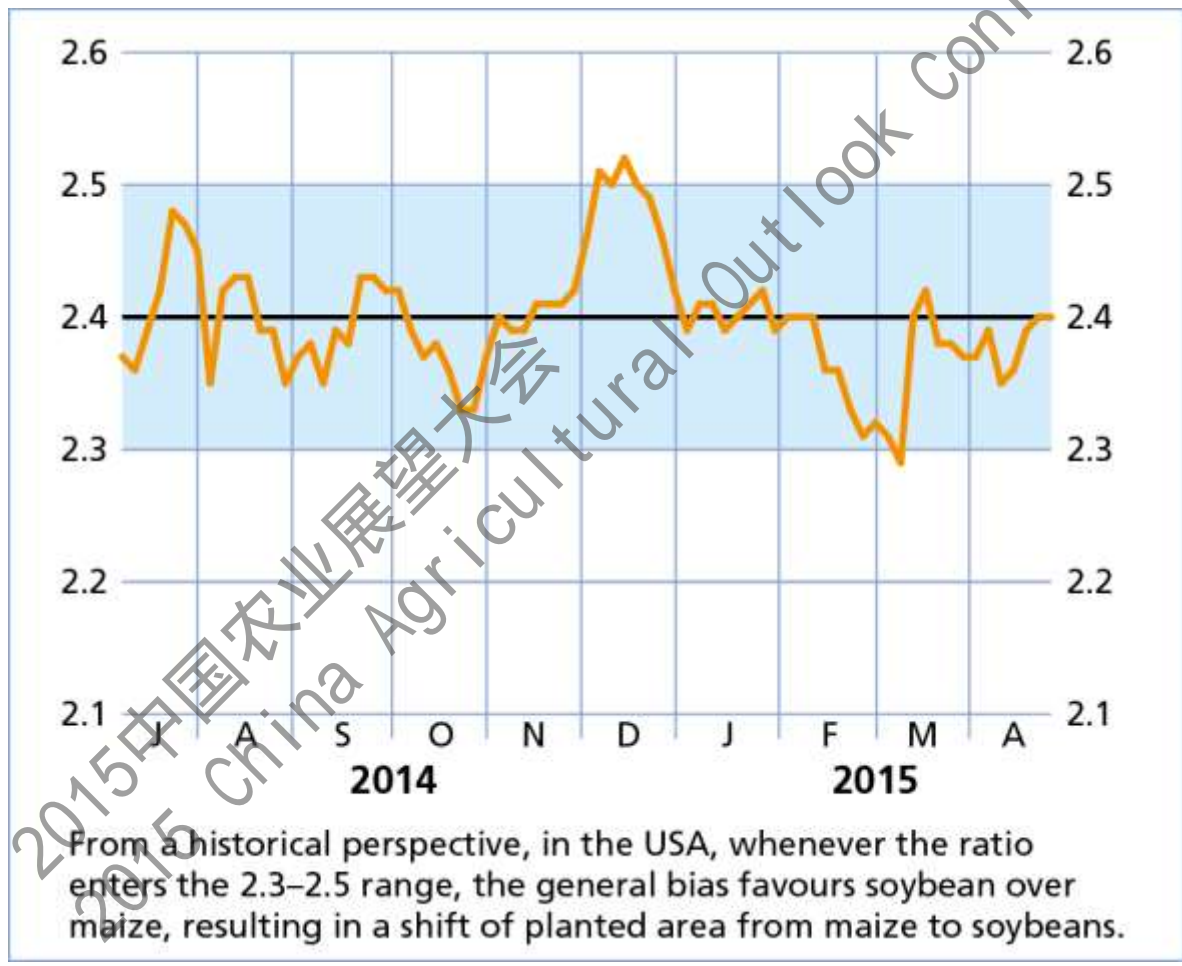
*Preliminary forecasts, as of April 2015

- World production falling by 2.6% from last year's record
- Declining in all regions except Oceania and Asia where it could increase slightly
- Maize production to decline in the US on lower plantings – more soybeans instead!
- Lower plantings to curb production in the EU and Brazil
- China could achieve another record crop this year

Maize conditions in major producing (AMIS) countries

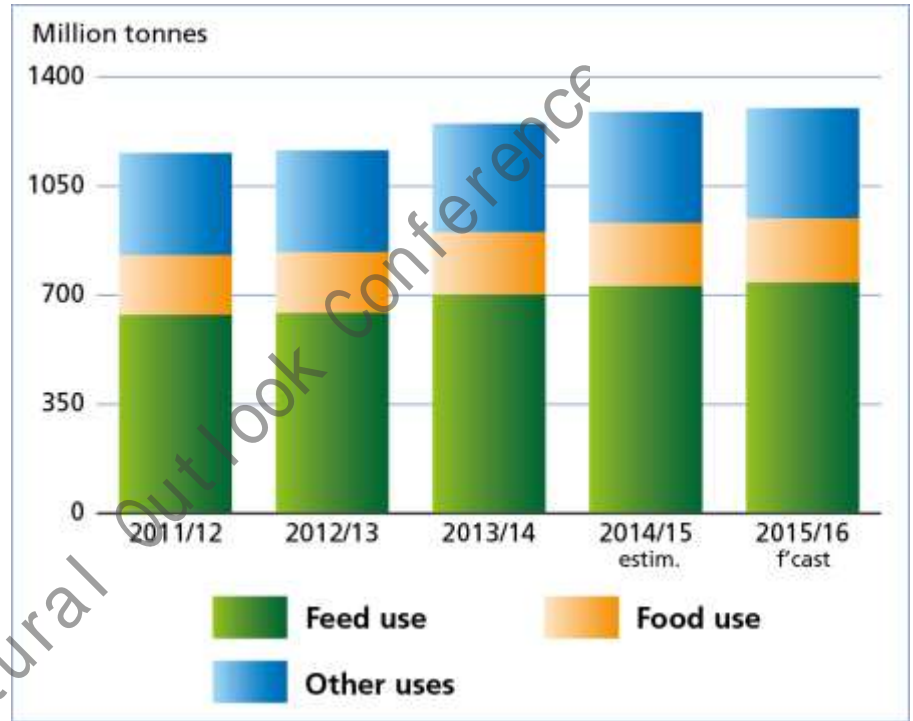


Soybean Maize Ratio: favouring more soybean planting!



Coarse grains Utilization

- **Feed use** of coarse grains continues to grow, albeit more modestly than in 2014/15
- **Industrial usage** slightly higher but maize used for production of ethanol in the US likely to increase only marginally



Maize Use for Ethanol (excluding non-fuel) in the United States

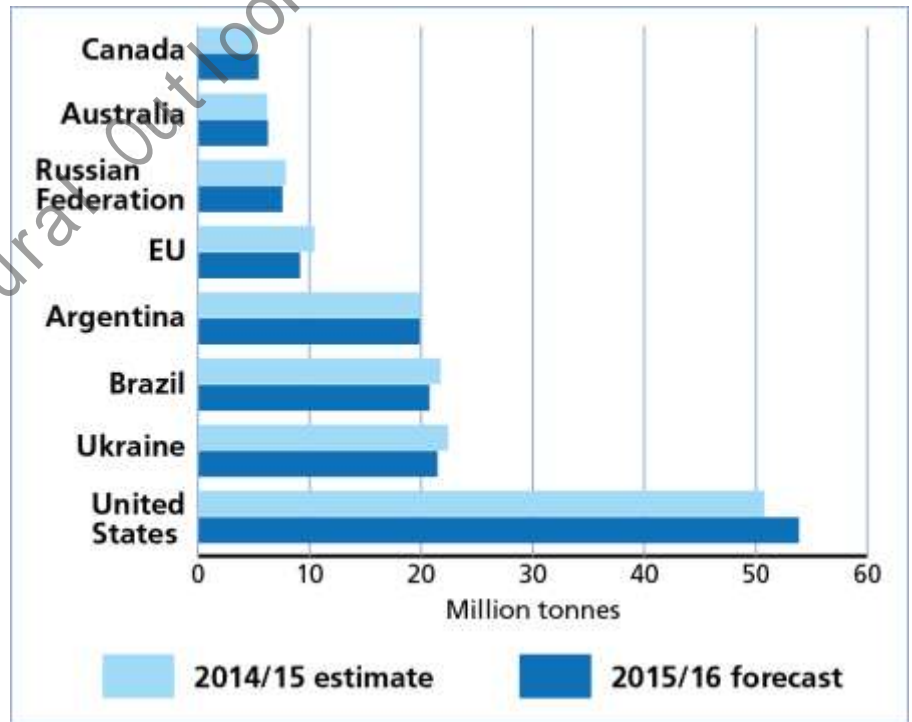
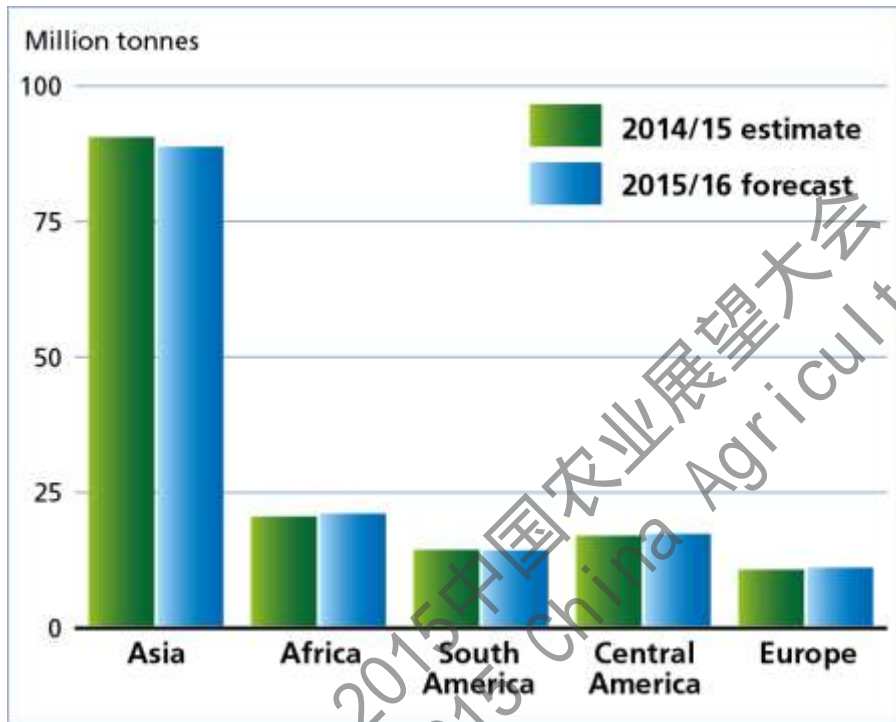
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14* estim.	2014/15* (f'cast)
	<i>thousand tonnes</i>									
Maize Production	282,263	267,503	331,177	307,142	332,550	316,166	313,956	273,188	351,270	361,101
Ethanol Use	40,726	53,837	77,453	93,396	116,616	127,538	127,005	117,886	130,409	132,085
Yearly ethanol use change (%)	21%	32%	44%	21%	25%	9.4%	-0.4%	-7.2%	10.6%	1.3%
As Production (%)	14%	20%	23%	30%	35%	40.3%	40.5%	43.2%	37.1%	36.6%

Source: WASDE-USDA. * 9 April 2015

Coarse grains Trade in 2015/16 (July/June)

Imports: falling for second consecutive season

Exports: US, Canada and Australia are projected to export more in 2015/16

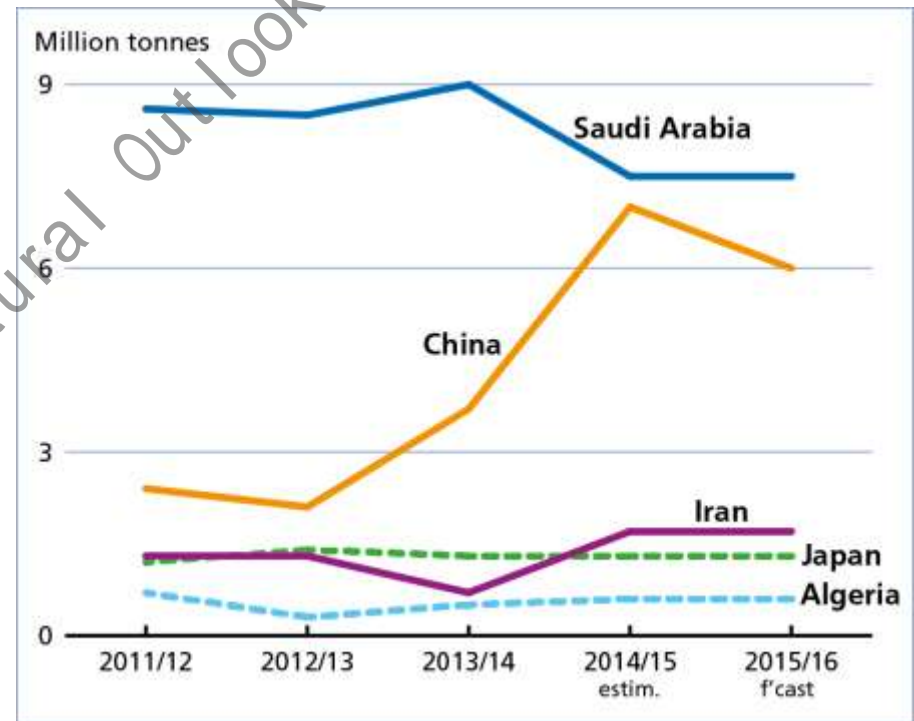
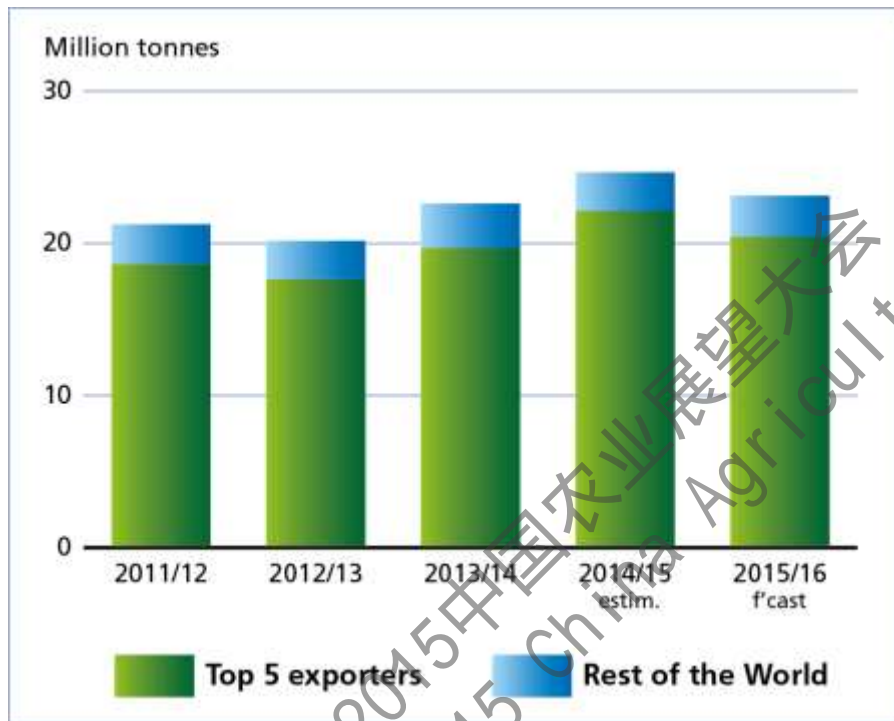


Preliminary forecasts, as of April 2015

World barley trade

Barley trade declining slightly from 24mt in 2014/15 to 23mt in 2015/16

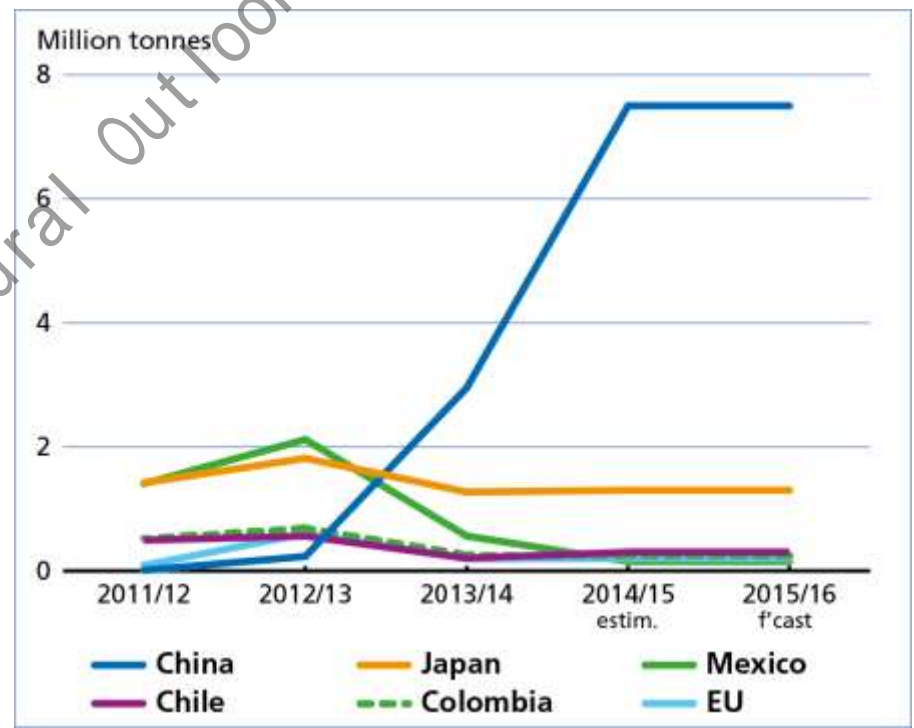
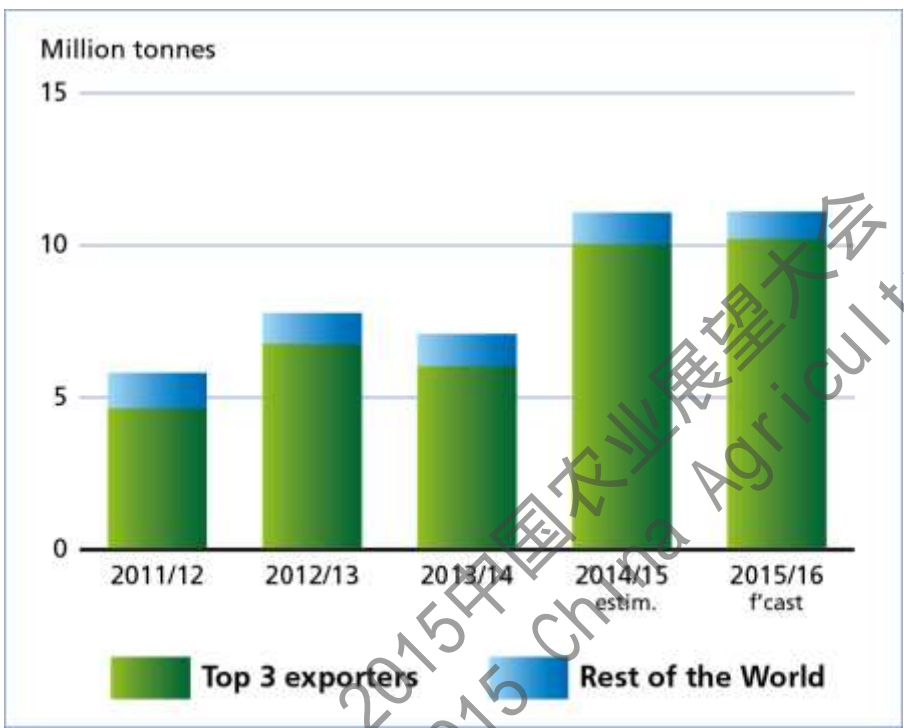
China has become a major importer – 7mt in 2014/15!



World sorghum trade

Sorghum trade to remain at exceptionally high level of around 11mt

China accounts for most of the expansion in sorghum trade over the past two seasons



Coarse grains stocks



- All major coarse grains to experience falling stocks in 2015/16
- Maize stocks are forecast to fall most in South Africa and Ukraine
- But in China, inventories could increase further with maize stocks approaching 100 million tonnes

Preliminary forecasts, as of April 2015

China: Maize Supply and Demand Balance

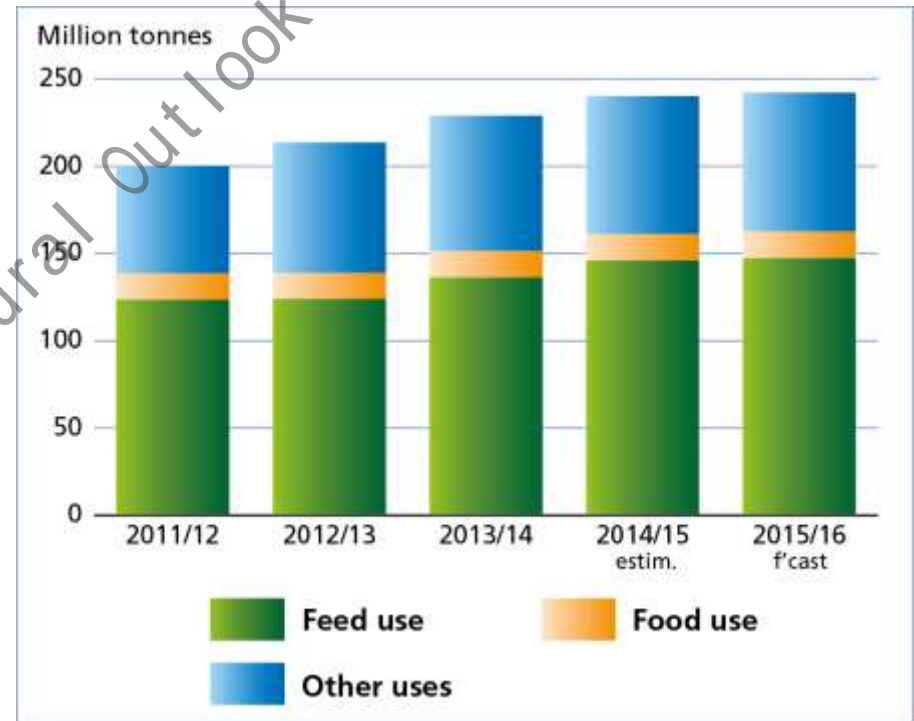
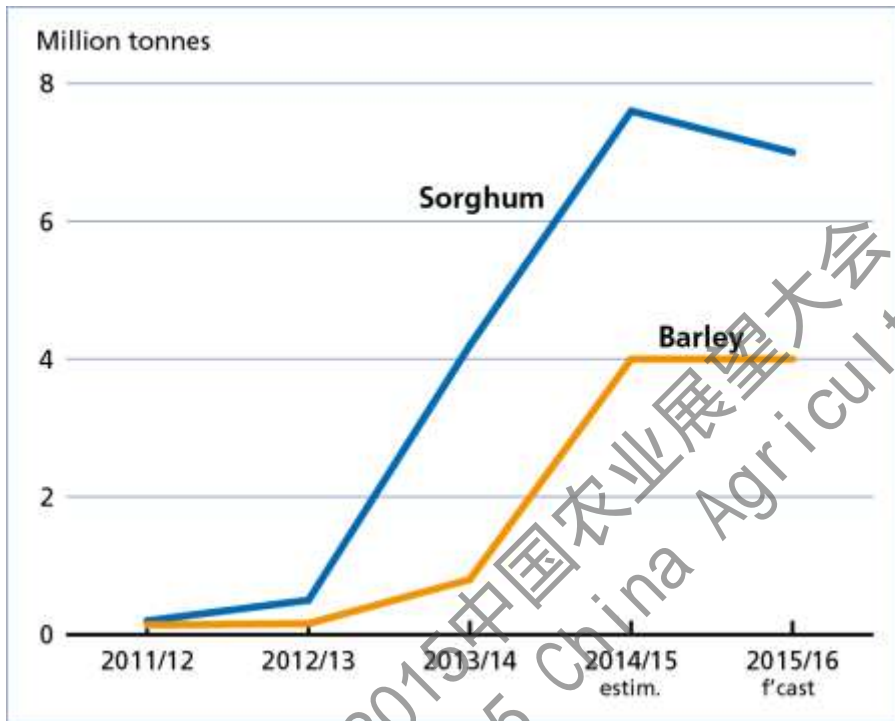
	2013/14	2014/15	2015/16	Change: 2015/16 over 2014/15
		<i>estim.</i>	<i>fcast</i>	
	<i>million tonnes</i>			<i>%</i>
MAIZE BALANCE (Oct/Sept)				
Production	218.5	215.7	217.0	0.6
Imports	3.3	4.0	3.0	-25.0
Total utilization	211.2	215.8	218.5	1.3
Food	10.5	10.5	10.5	0.0
Feed	130.0	133.0	135.0	1.5
Other uses	70.8	72.3	73.0	1.0
Exports	0.0	0.2	0.1	-50.0
Ending stocks	92.7	96.4	97.8	1.5

Preliminary forecasts, as of April 2015

China: Coarse grains use

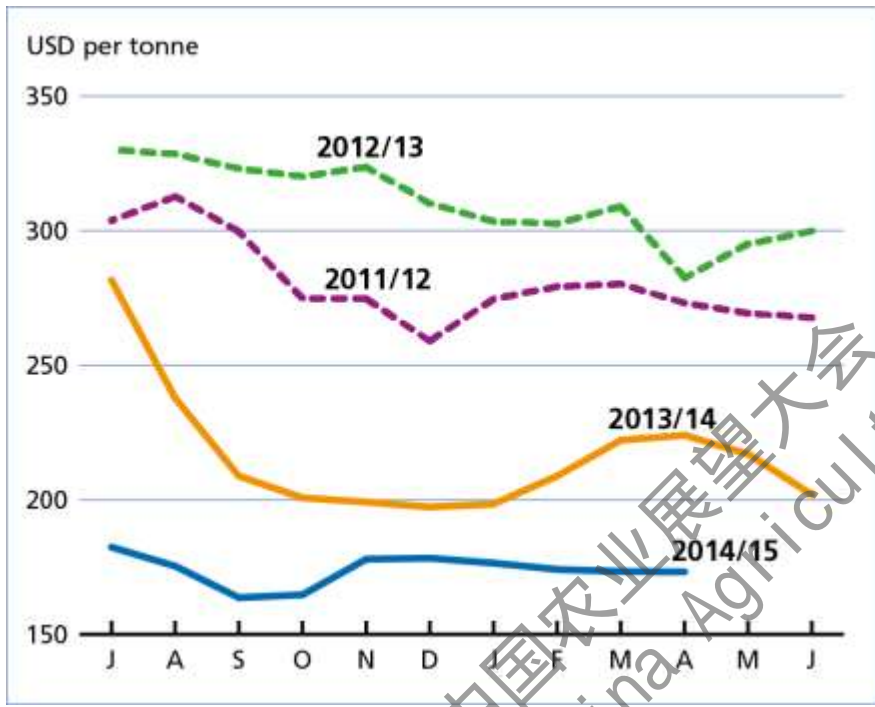
Feed use of **barley** and **sorghum** increased sharply in recent years

Feed accounts for the bulk of coarse grains use in China, of which maize represents 90%



Maize prices: lower and more stable

Maize export price (US No. 2 yellow, Gulf)



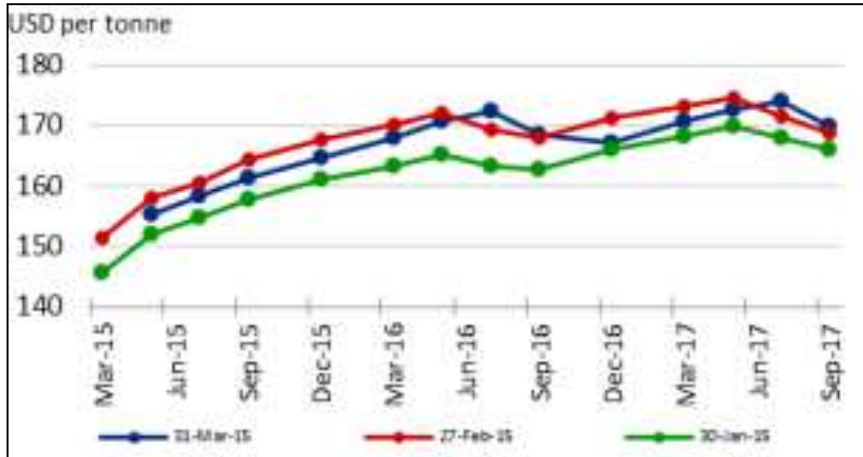
CBOT maize futures for December contract



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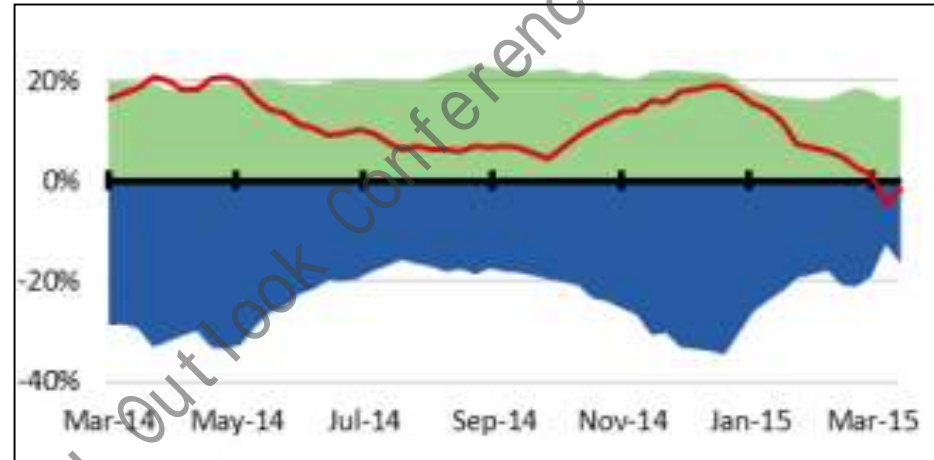
Maize Futures

Forward Curve



As of April 2015

CFTC Commitment of Traders



- **Forward curves** for maize maintained their mostly upward sloping structures (contango), indicating ample supplies for the remainder of this season and next.
- **Managed money** The maize market exhibited the most aggressive selling; in March managed money reversed its net long position to short. Dollar strength and expectations of good near-term supply prospects tended to fuel selling.

2015/16 Market Summary

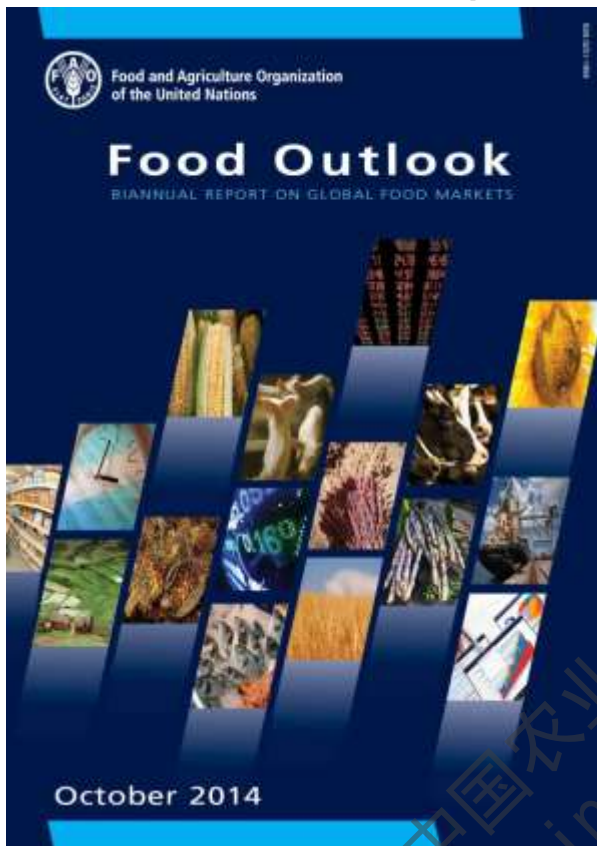
There are always many uncertainties such as:

- Weather/plantings
- Geopolitical risks
- Economic conditions, exchange rates, oil price, etc....

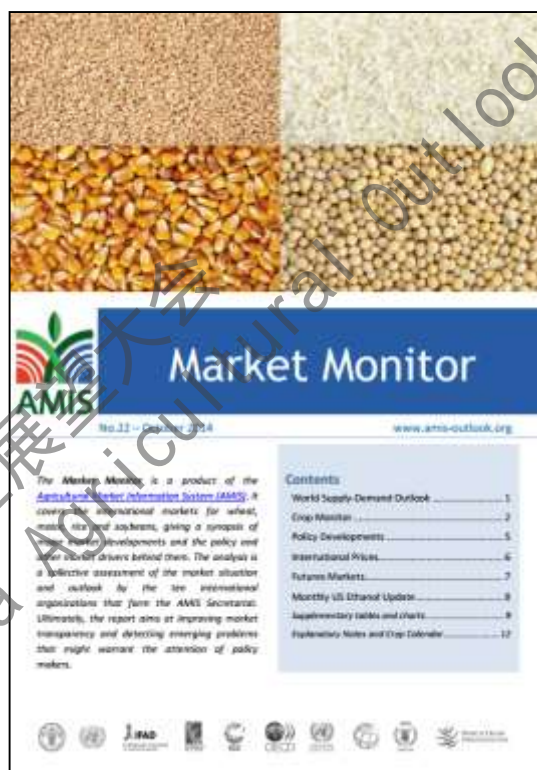
- **Supply** Remains large
- **Demand** On trend
- **Trade** Small decline
- **Stocks** Remain high
- **Prices** Low and stable

More information in...

FAO Biannual Report



AMIS Monthly Report



FAO On-line Price and Cereal S&D reports

<http://www.fao.org/worldfoodsituation>



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