AMIS Agricultural Market Information System

Wheat & Maize: 2016/17 Market Situation and Outlook – An IGC Perspective

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International Grains Council

TENTH SESSION OF THE AMIS GLOBAL FOOD MARKET INFORMATION GROUP

FAO, Rome
6-7 October 2016

10th Session of the AMIS Global Food Market Information Group

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Wheat Supply & Demand

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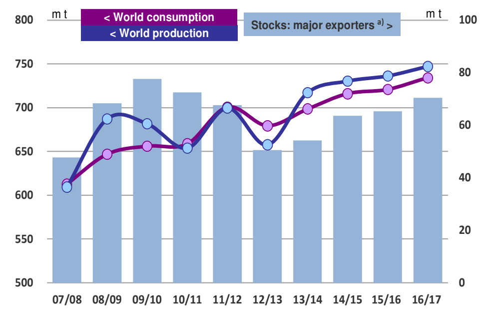
	13/14	14/15	15/16 (est.)	16/17 (f'cast)	y/y change
Opening stocks	170	188	203	218	*+ 7.6%*
Production	**717**	**730**	**736**	**747**	*+ 1.5%*
Total supply	887	919	939	965	*+ 2.8%*
Total use	**699**	**716**	**721**	**734**	*+ 1.8%*
of which: Food	*474*	*481*	*487*	*493*	*+ 1.3%*
Feed	*134*	*145*	*145*	*151*	*+ 3.7%*
Industrial	*22*	*22*	*22*	*22*	*+ 1.2%*
Closing stocks	**188**	**203**	**218**	**231**	*+ 5.9%*
major exporters [a)]	*54*	*64*	*65*	*70*	*+ 7.9%*
Trade (Jul/Jun)	157	153	165	164	*- 0.3%*

a) Argentina, Australia, Canada, EU Kazakhstan, Russia, Ukraine,US



a) Argentina, Australia, Canada, EU, Kazakhstan, Russia, Ukraine, United States

- **Reflecting strong gains in yields, seen at record levels in a number of large exporters, global production is forecast to rise to a fresh peak in 2016/17.**
- **Consumption to increase further, with trend-like gains in food demand and a strong rise in use for livestock feed.**
- **World trade (Jul/Jun) is set to remain high, but with slightly reduced buying by Iran, the EU and Indonesia. Russia is set to be the single largest exporter**
- **Inventories are seen at their highest ever level. Stocks in the major exporters are forecast at a six-year peak.**

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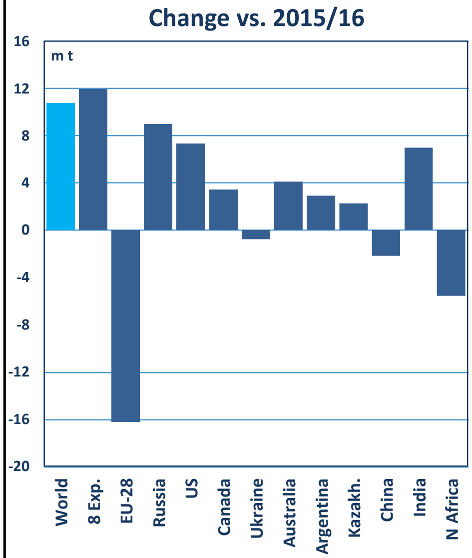
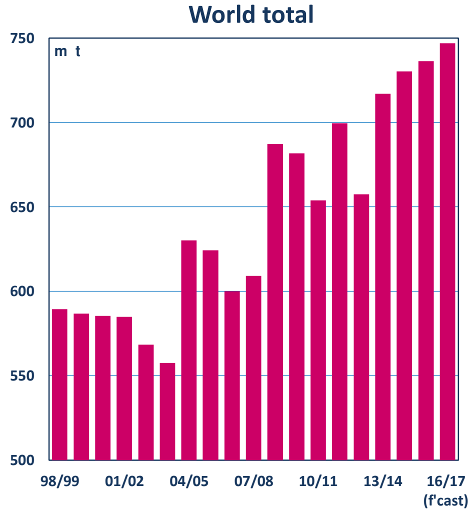
Wheat: While production is forecast at (another) record high, quality is a concern.





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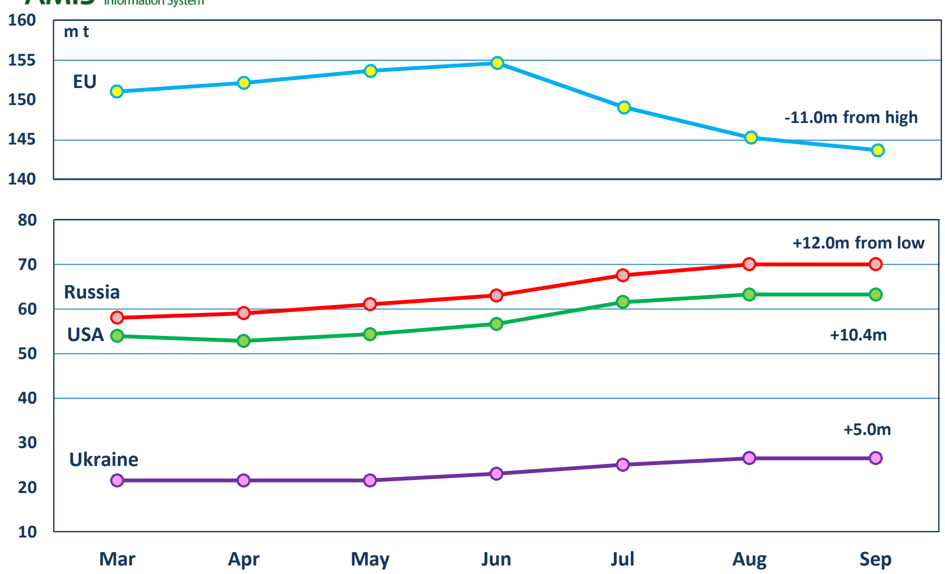
Wheat: Recent key changes to IGC crop forecasts



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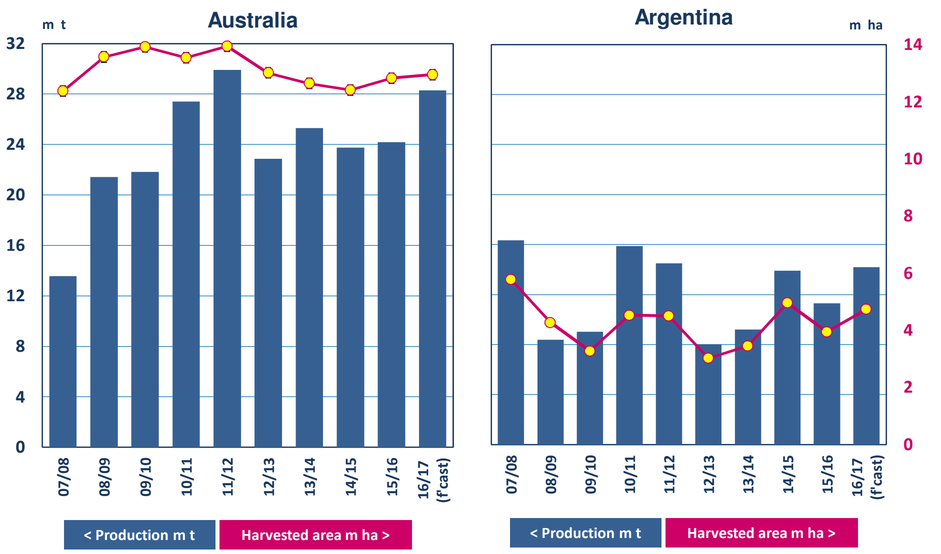
Wheat: Large crops are also in prospect in the main southern hemisphere exporters



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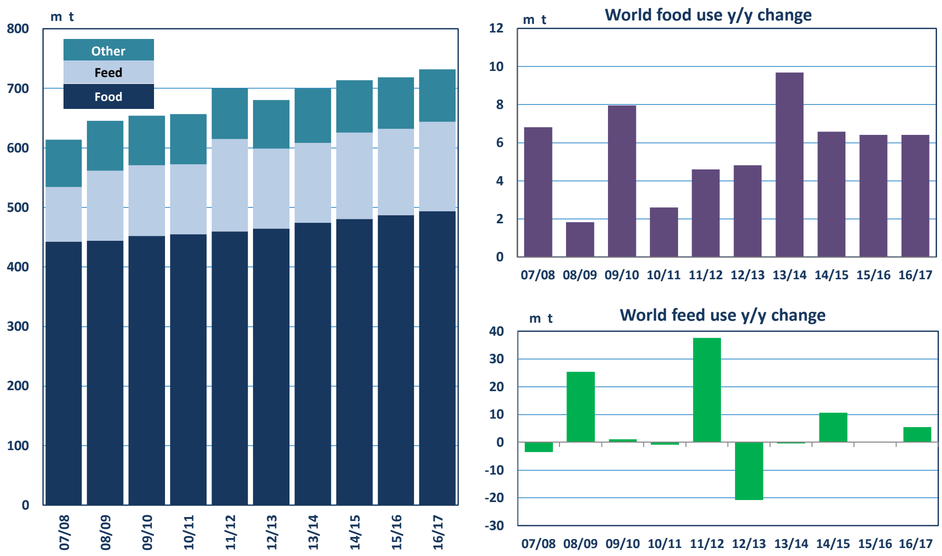
Wheat: World consumption seen at a fresh high in 2016/17



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Wheat: Feeding of wheat could be the second highest ever

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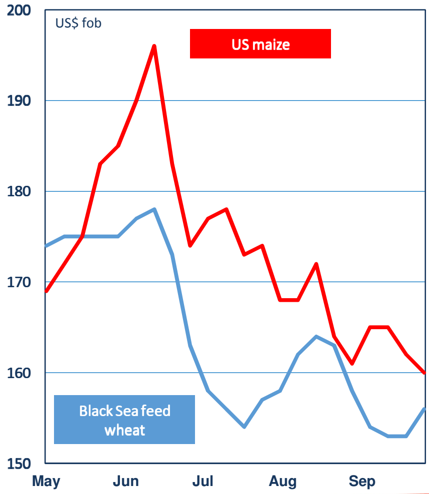
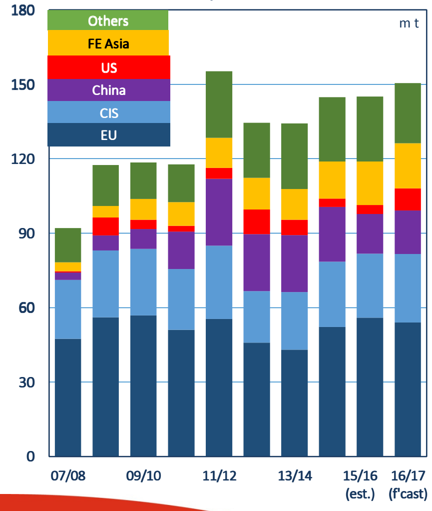
But much will depend on prices relative to alternatives



EU feeding down, but gains in CIS, US, FE Asia



Wheat: Fourth consecutive world stocks expansion expected at end 2016/17, to fresh record

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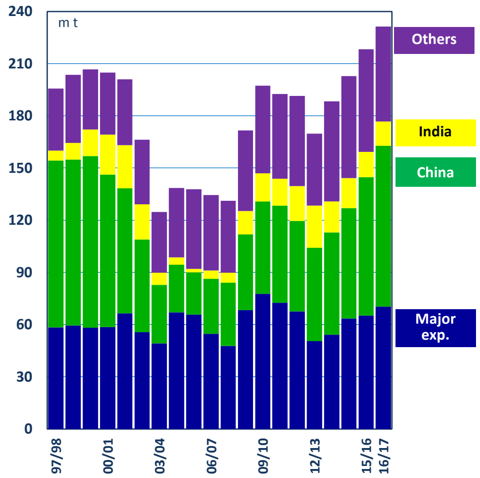
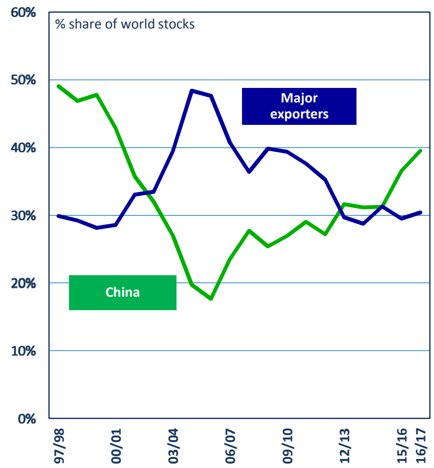
Major exporters account for half the gain. Big rise in China, but India may be lower.



The proportion of global stocks in China the highest since 2000/01



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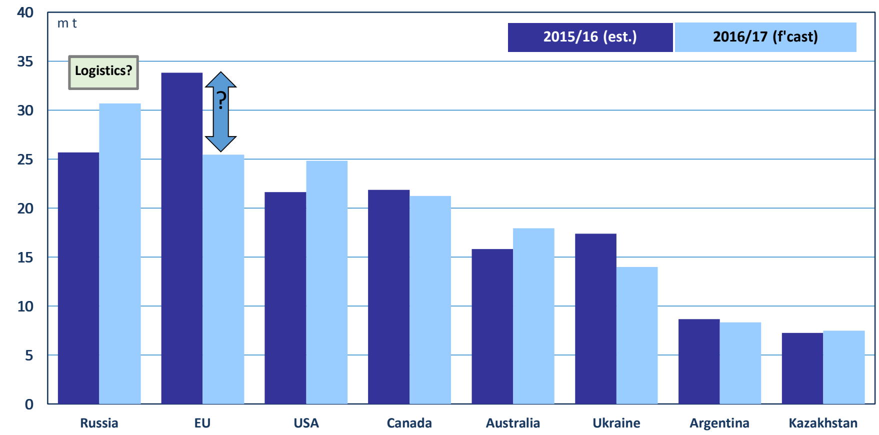
Wheat: Quality problems could lead to changes in export flows



- **Russia** could be single largest exporter, but logistics could be a problem. **Ukraine** may export more.
- Export prices have moved in favour of **US** HRW recently, but are good quality supplies sufficient to meet potential demand? SRW still expensive and sales are lagging.
- **EU** export licence awards off to a strong start, but expected to slow. Shipments could be down steeply from the high levels of the past few years.

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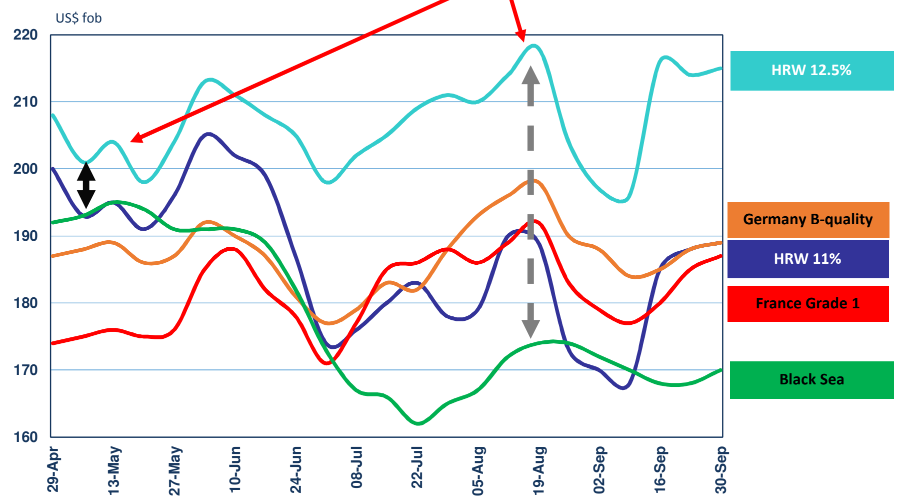
Wheat: US fob prices most competitive for several years, including against Black Sea

Widespread quality concerns reflected in wider premiums for the best milling grades



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Maize Supply & Demand

	13/14	14/15	15/16 (est.)	16/17 (f'cast)	*y/y change*
Opening stocks	134	182	207	208	*+ 0.8%*
Production	**998**	**1,018**	**970**	**1,027**	*+ 5.9%*
Total supply	1,132	1,200	1,177	1,235	*+ 5.0%*
Total use	**950**	**994**	**968**	**1,019**	*+ 5.2%*
of which: Food	*111*	*114*	*111*	*113*	*+ 1.8%*
Feed	*545*	*576*	*564*	*594*	*+ 5.2%*
Industrial	*257*	*265*	*265*	*271*	*+ 2.3%*
Closing stocks	**182**	**207**	**208**	**216**	*+ 3.8%*
Major exporters [a)]	*52*	*59*	*54*	*69*	*+ 28.9%*
Trade (Jul/Jun)	122	125	136	132	*- 2.7%*

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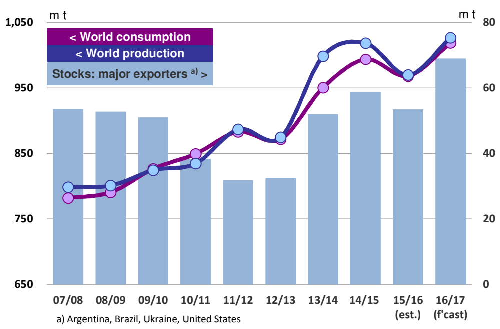
a) Argentina, Brazil, Ukraine, US



- **The 2016/17 maize crop is forecast to be the biggest ever, up 6% y/y. Gains driven mainly by the US, but with some recovery too in Brazil.**
- **Consumption is seen rising above 1.0bn for the first time on record, with use for feed up by 5% y/y.**
- **Reduced buying by the EU, China and South Africa will lead to a small drop in trade.**
- **Inventories are forecast to be well above average, with exporter stocks at a near-30 year high.**

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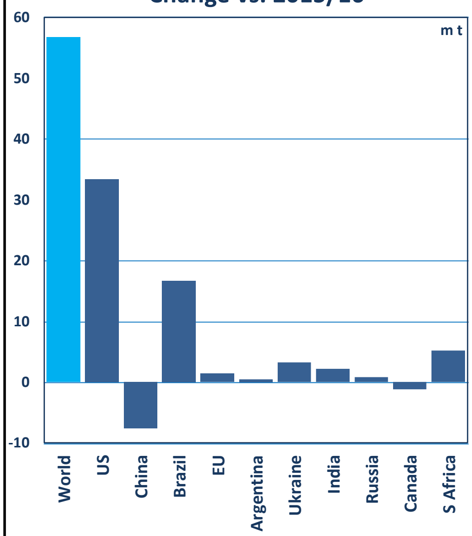
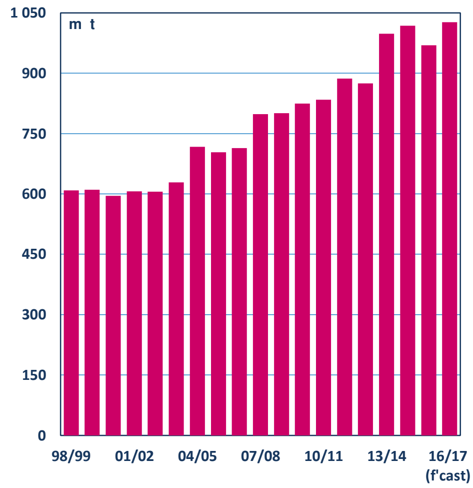
Maize: World production to surge back above 1.0bn tons in 2016/17

Change vs. 2015/16



World total



Maize: US yields seen at unprecedented levels

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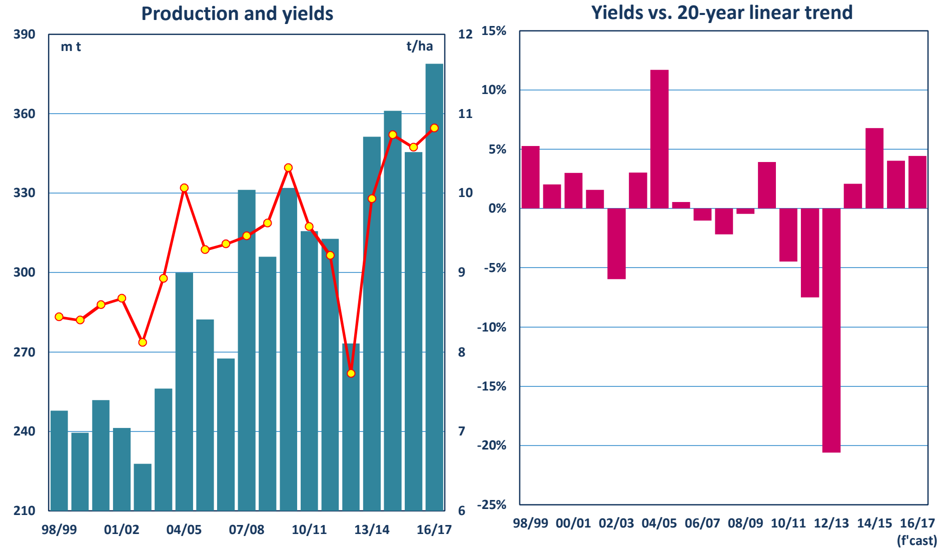

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Maize: An increasingly popular choice in Ukraine and Russia

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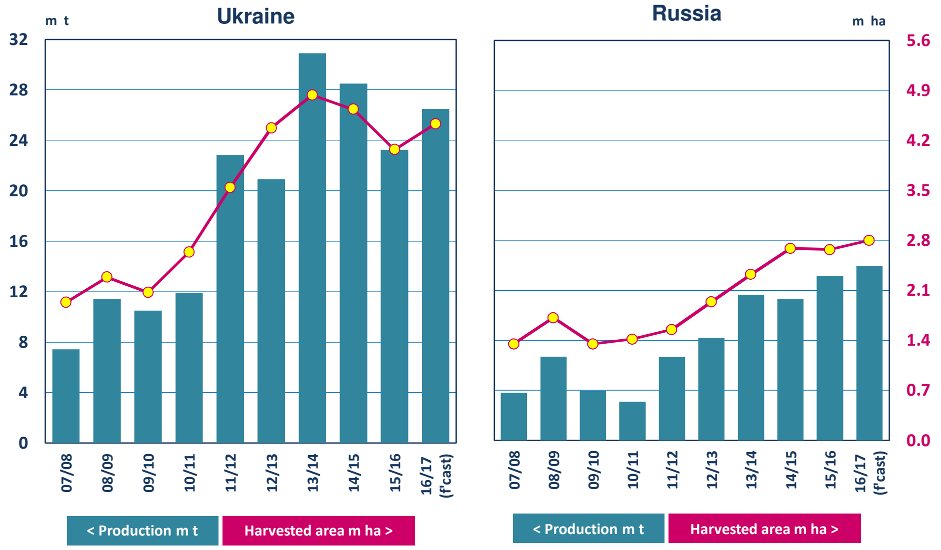

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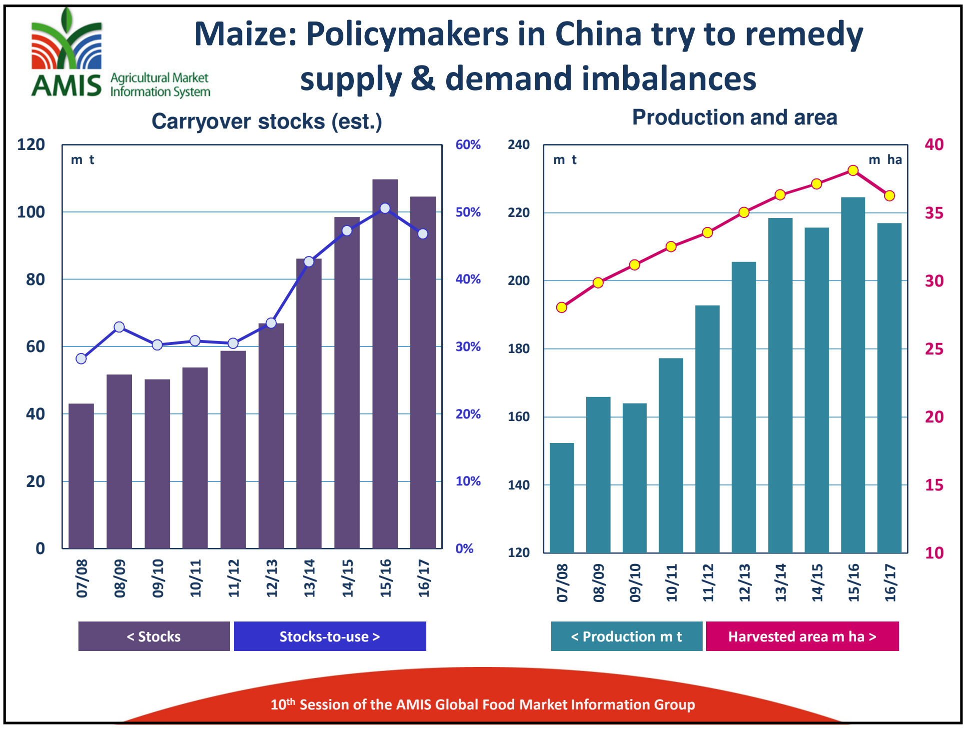
Maize: Policymakers in China try to remedy supply & demand imbalances
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Carryover stocks (est.)
m t
< Stocks
Stocks-to-use >
Production and area
m t
m ha
< Production m t
Harvested area m ha >
07/08 08/09 09/10 10/11 11/12 12/13 13/14 14/15 15/16 16/17
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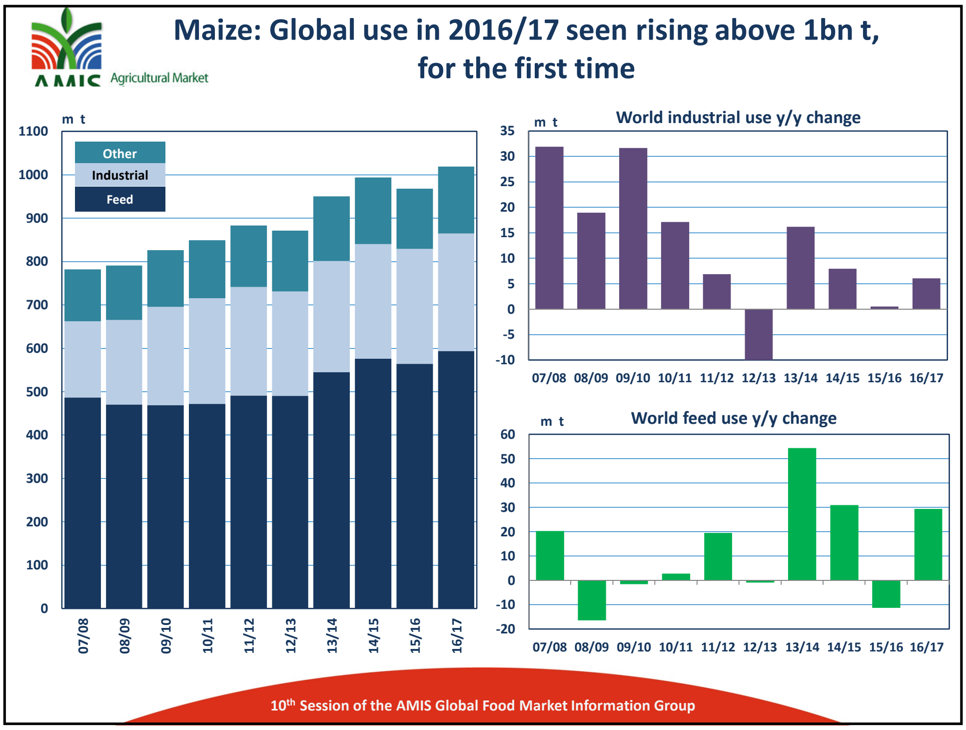
Maize: Global use in 2016/17 seen rising above 1bn t, for the first time
Agricultural Market
m t
Other
Industrial
Feed
World industrial use y/y change
World feed use y/y change
07/08 08/09 09/10 10/11 11/12 12/13 13/14 14/15 15/16 16/17
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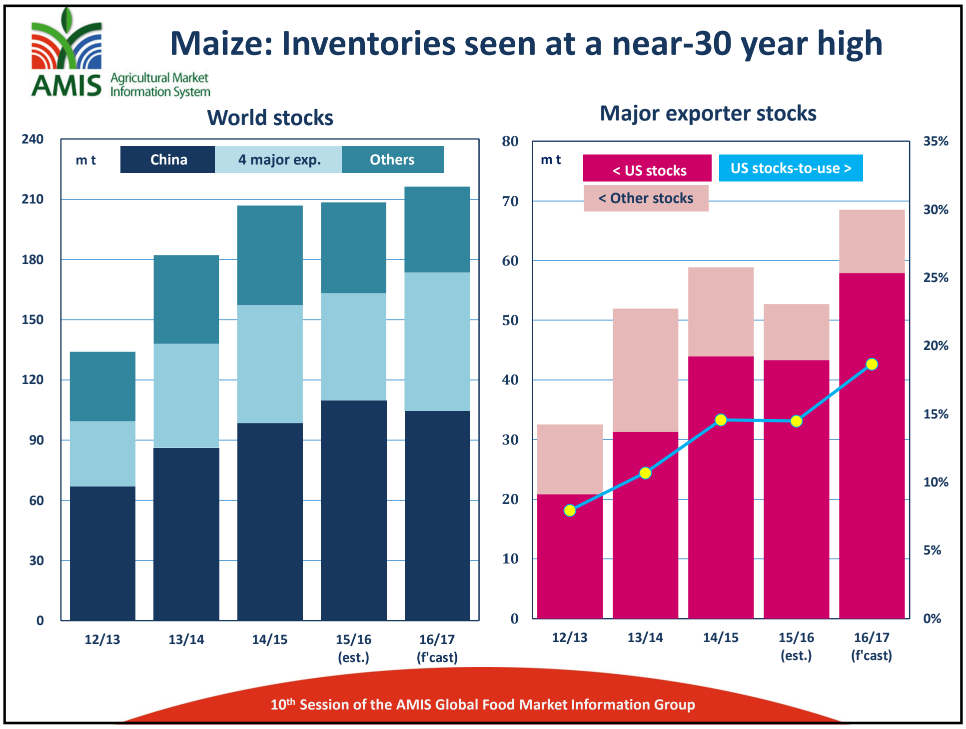
Maize: Inventories seen at a near-30 year high
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World stocks
m t
China
4 major exp.
Others
240
210
180
150
120
90
60
30
0
12/13
13/14
14/15
15/16 (est.)
16/17 (f'cast)
Major exporter stocks
m t
< US stocks
US stocks-to-use >
< Other stocks
80
70
60
50
40
30
20
10
0
35%
30%
25%
20%
15%
10%
5%
0%
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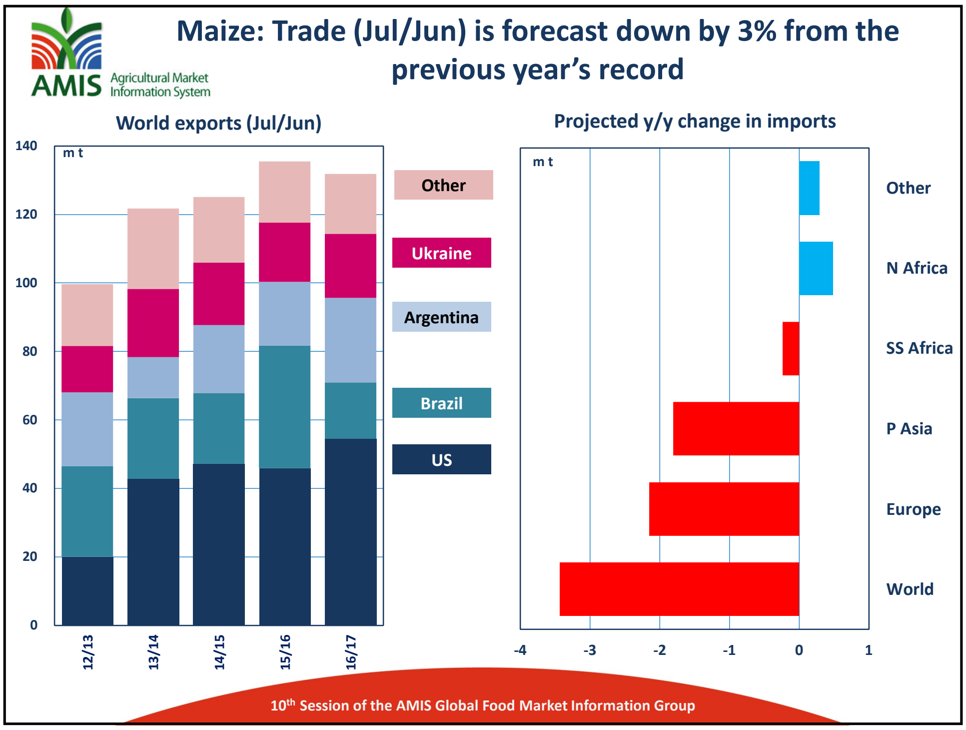
Maize: Trade (Jul/Jun) is forecast down by 3% from the previous year's record
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World exports (Jul/Jun)
m t
140
120
100
80
60
40
20
0
12/13
13/14
14/15
15/16
16/17
Other
Ukraine
Argentina
Brazil
US
Projected y/y change in imports
m t
Other
N Africa
SS Africa
P Asia
Europe
World
-4
-3
-2
-1
0
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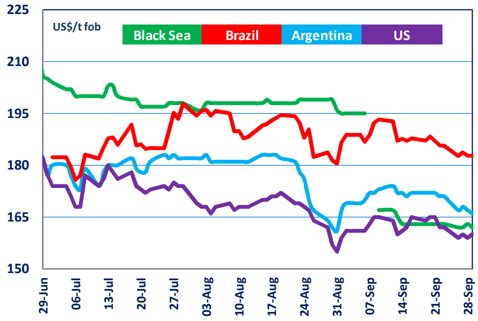
Maize: Export prices have dropped from earlier highs

IGC GOI maize sub-Index

Price spreads have begun to narrow



- **US**: Prices weighed by expectations for a record crop
- **Argentina**: Quotations weighed by seasonal pressure and a pick-up in farmer selling
- **Brazil**: Thin market activity amid tighter supplies
- **Black Sea**: New crop is much more competitive

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Thank You

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