Cereals market situation

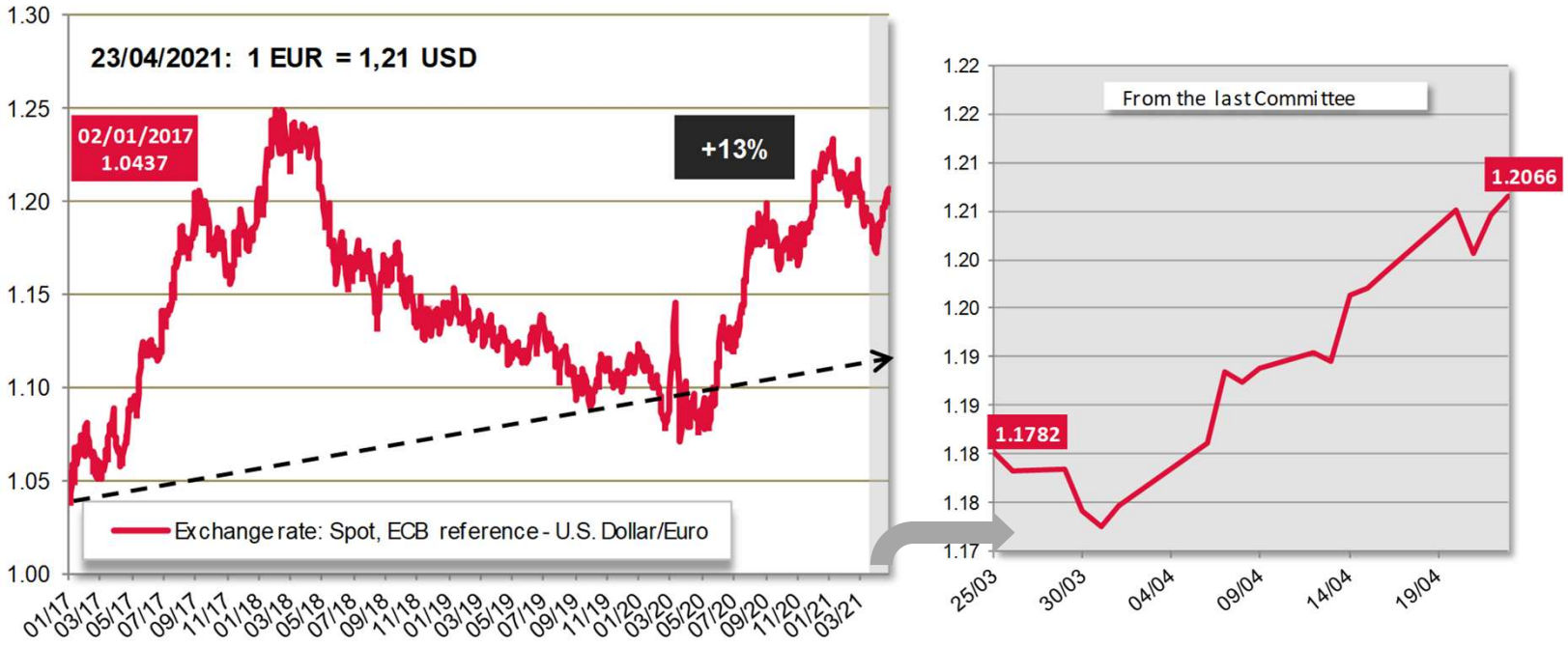
Committee for the Common Organisation of Agricultural Markets

29 April 2021

Exchange Rates

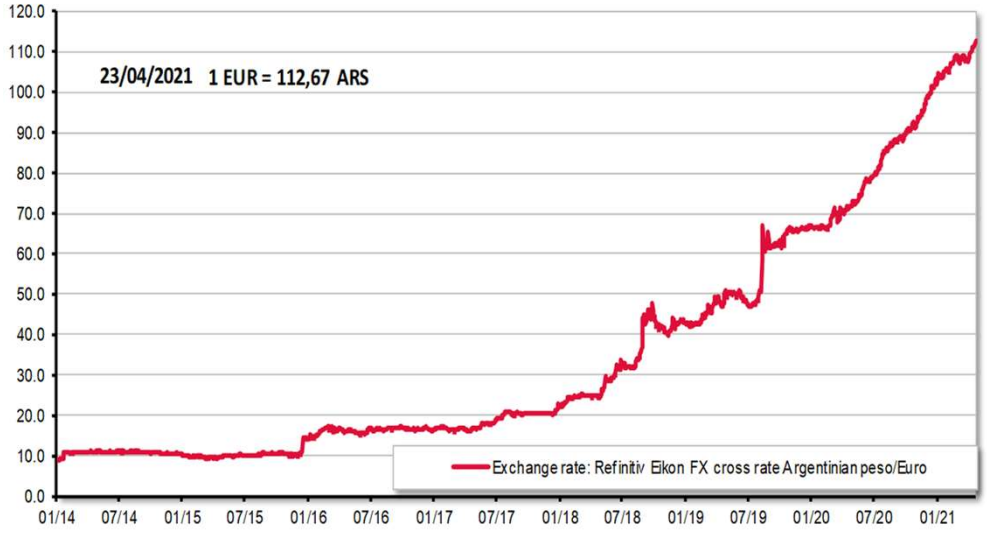
European Commission

Euro – US Dollar exchange rate



European Commission

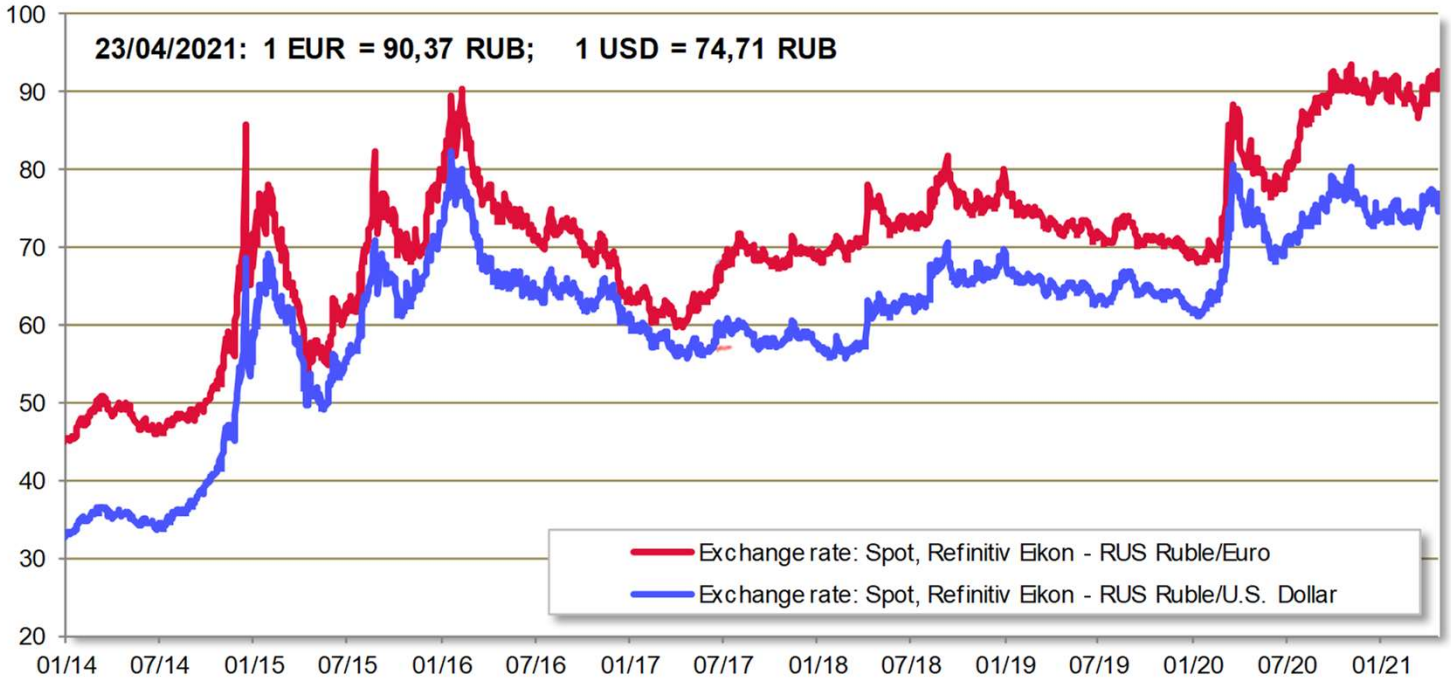
Euro – Argentine Peso exchange rate



Euro – Brazilian Real exchange rate

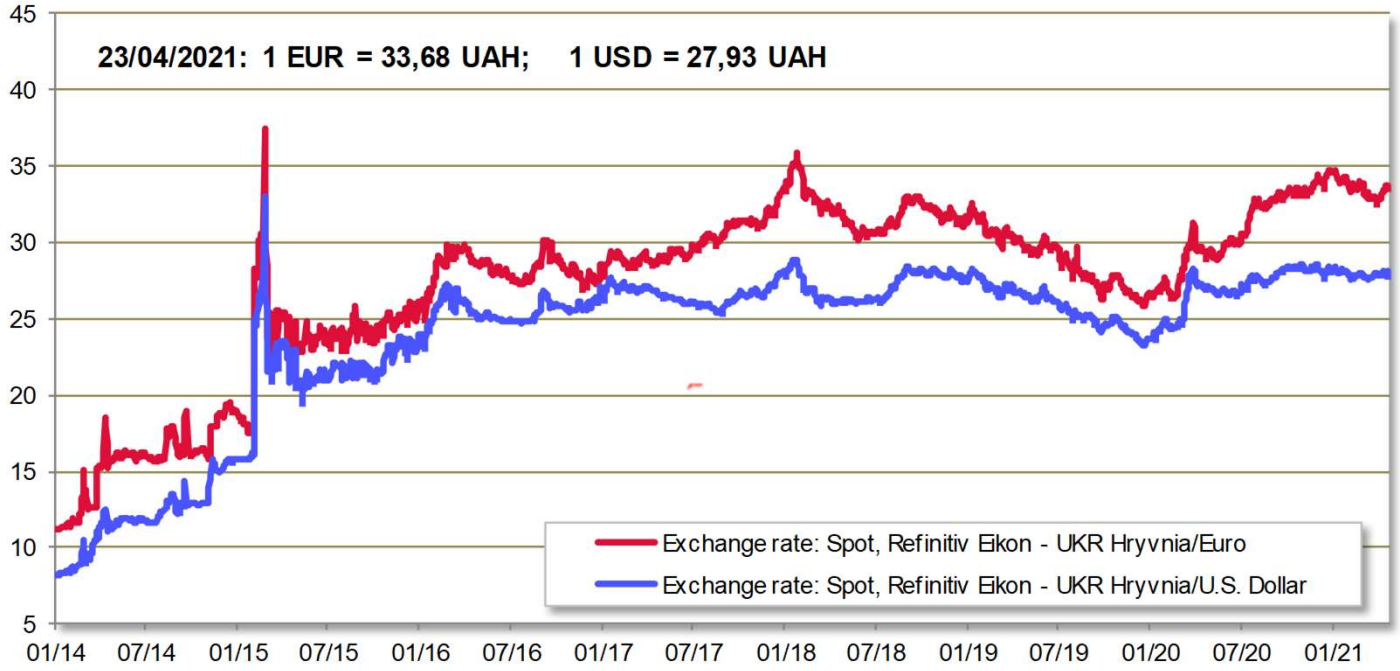
European Commission

Euro and US Dollar – Russian Rouble exchange rate



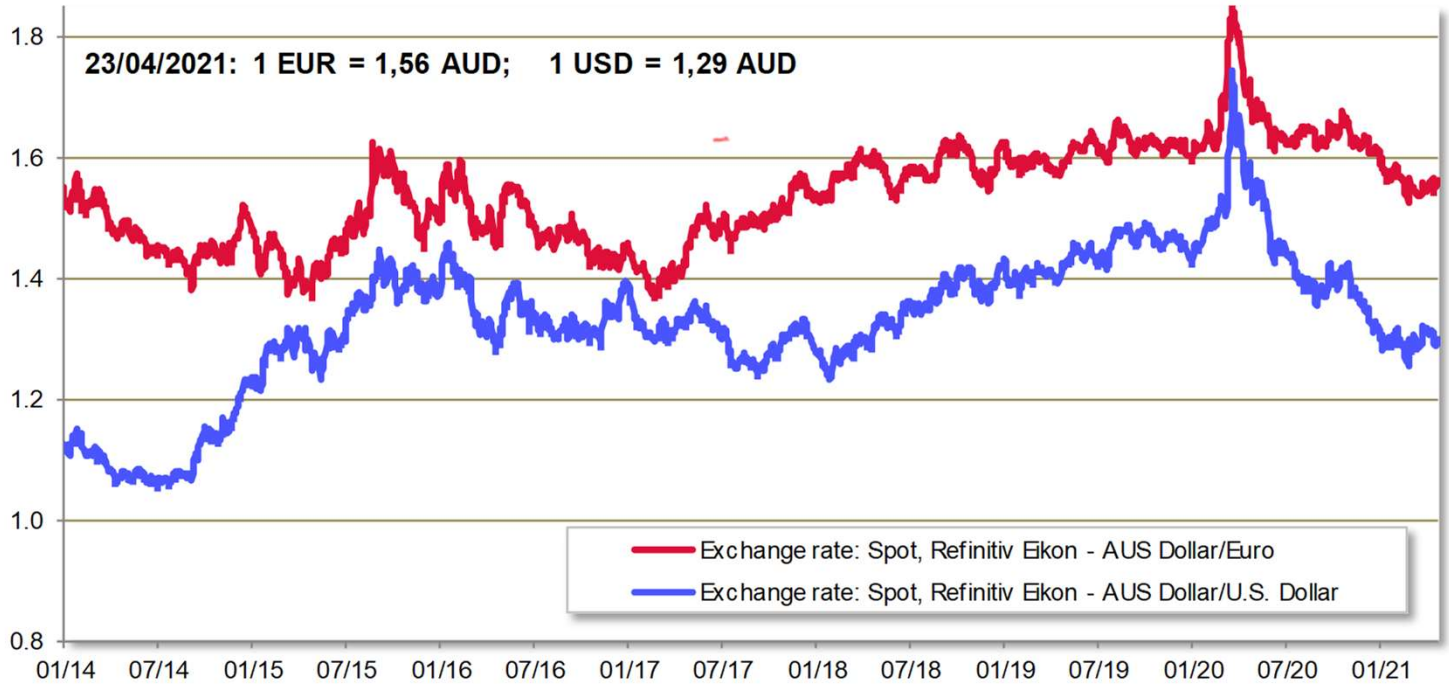
European Commission

Euro and US Dollar - Ukraine Hryvnia exchange rate



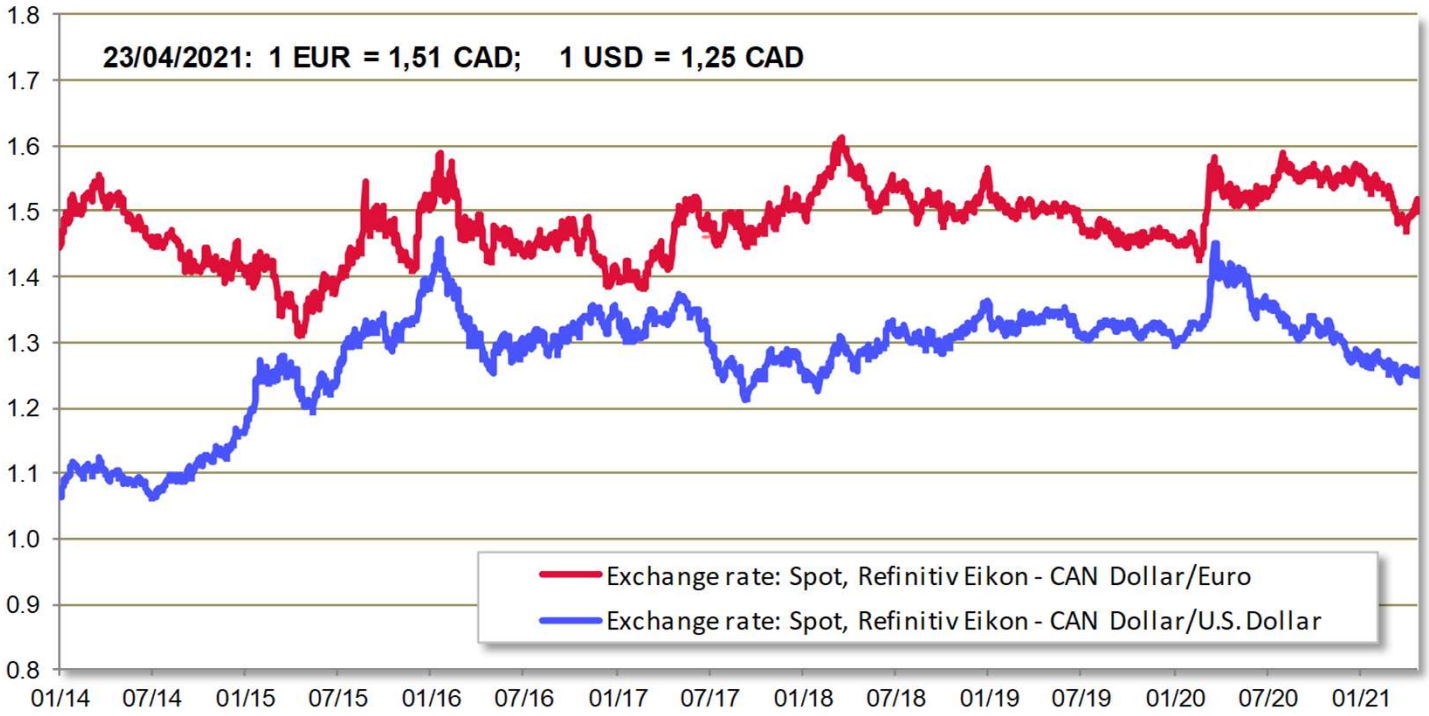
European Commission

Euro and US Dollar – Australian Dollar exchange rate



European Commission

Euro and US Dollar – Canadian Dollar exchange rate

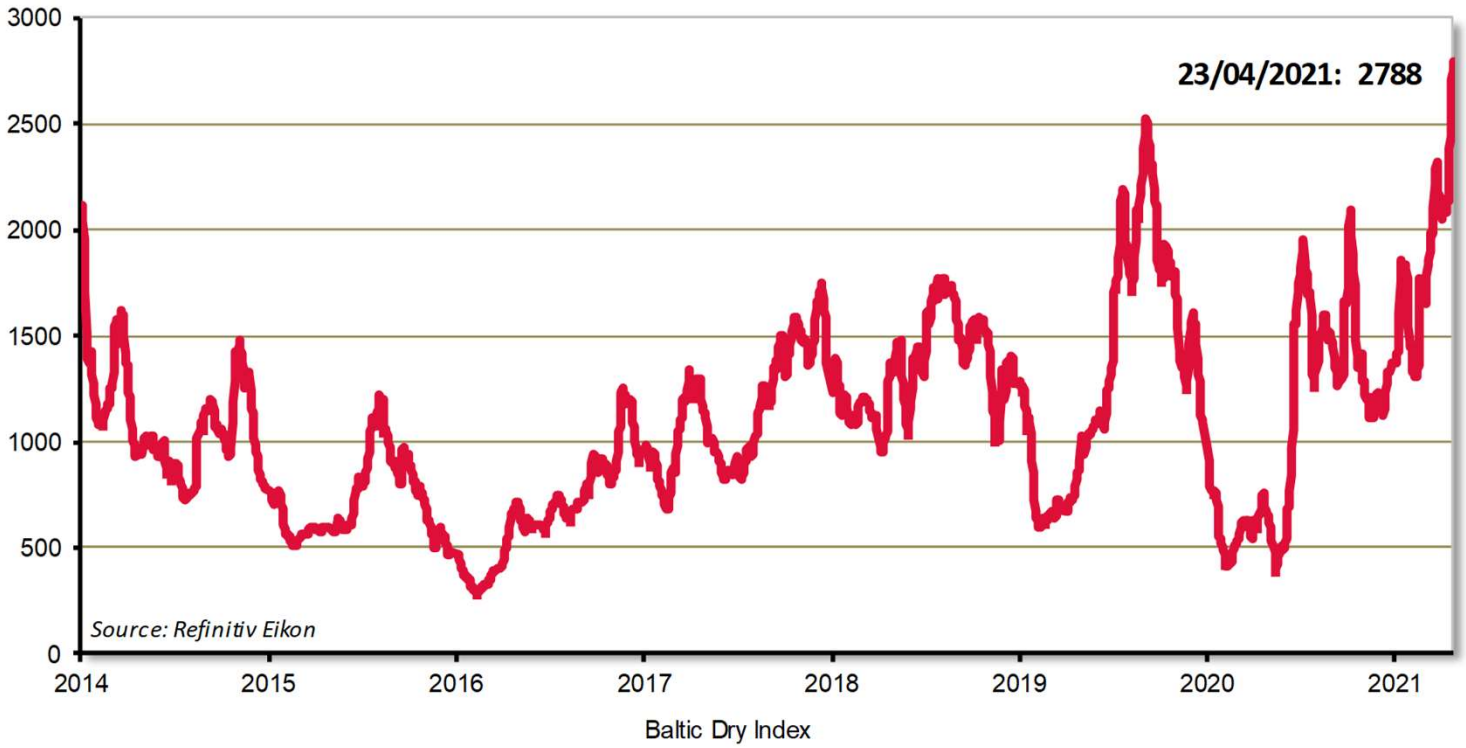


European Commission

Crude oil price (USD/barrel)

European Commission

Baltic Dry Index



European Commission

Summary

- **EUR/USD:** +2,4% m/m

- **RUB**: the rouble weakened against both the EUR (-2.5%) and the USD (-0,9%).

- **UAH**: hryvnia weaker against both the EUR (-2,2%) and the USD (-0,9%).

- **ARS**: the peso depreciated by 3,8% against the EUR.

- **BRL**: practically unchanged against the EUR.

- **Oil price**: increased slightly by USD 1 to USD 66 per barrel (+1,5%).

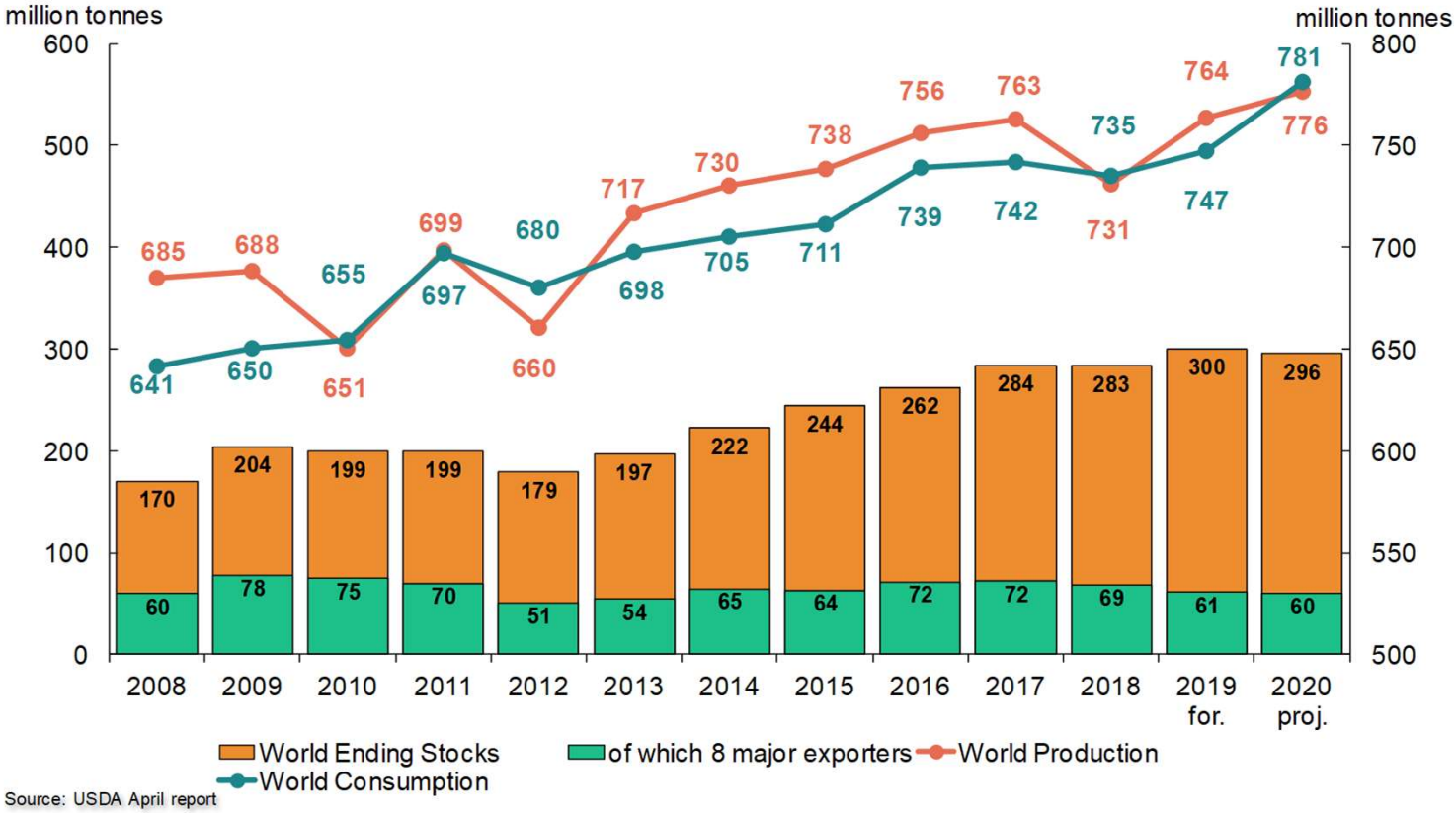
- **Freight**: the BDI increased to 2788 points (+22%).

World Cereals Forecasts

USDA

European Commission

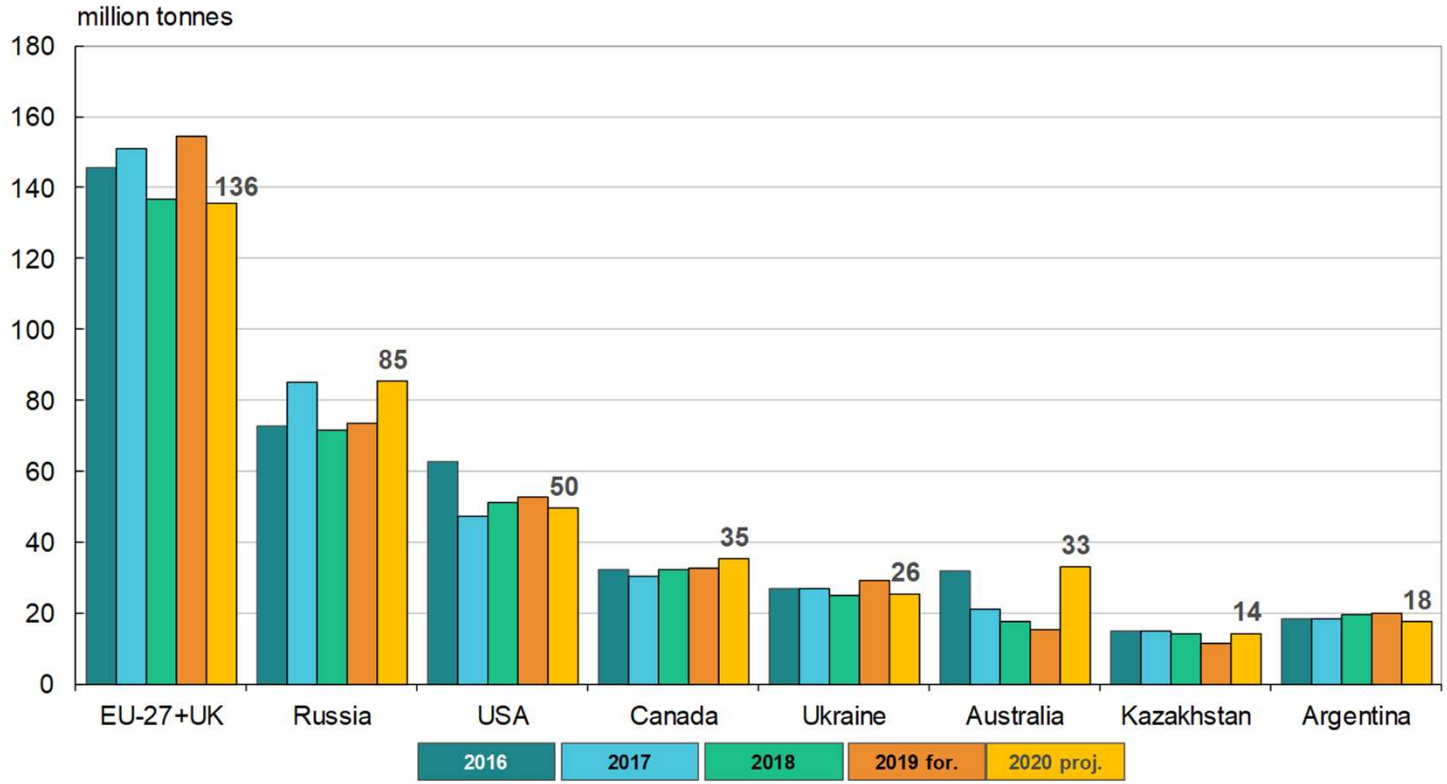
World wheat: USDA



Source: USDA April report

European Commission

USDA: Wheat production forecast



Source: USDA April report

European Commission

USDA 2020/21 Supply and Demand Estimates

(WASDE – 611 of 9 April 2021)

Wheat production forecasts in selected countries (all wheat; million tonnes)

	2020/21	Share of total	2019/20	*m/m change (m t)*	y/y change (%)
EU-27 + UK	**135.6**	*17.5%*	154.3	*-0.2*	*-12.1%*
USA	**49.7**	*6.4%*	52.6	-	*-5.5%*
Canada	**35.2**	*4.5%*	32.7	-	*+7.7%*
Russia	**85.4**	*11.0%*	73.6	-	*+15.9%*
Ukraine	**25.5**	*3.3%*	29.2	-	*-12.6%*
Australia	**33.0**	*4.2%*	15.2	-	*+117.1%*
Argentina	**17.6**	*2.3%*	19.8	*+0.4*	*-10.9%*
China	**134.3**	*17.3%*	133.6	-	*+0.5%*
India	**107.9**	*13.9%*	103.6	-	*+4.1%*
World	**776.5**	***100.0%***	763.9	***-0.3***	***+1.7%***

Wheat import forecasts for selected countries and regions

	2017/18	2018/19	2019/20	2020/21*
Algeria	8.172	7.515	7.147	**6.500**
Egypt	12.407	12.354	12.811	**13.000**
Morocco	3.672	3.724	4.879	**6.500**
North Africa	***27.441***	***26.956***	***27.993***	***29.400***
Sub-Saharan Africa	***25.312***	***22.564***	***26.958***	***25.975*** *(+0.1m m/m)*
Saudi Arabia	3.492	2.902	3.652	**3.000**
Vietnam	4.709	3.500	3.570	**3.400**
Indonesia	10.763	10.934	10.586	**10.500**
SE Asia	***27.255***	***27.732***	***27.560***	***26.700*** *(-0.2m)*
China	3.937	3.145	5.376	**10.500**

Source: USDA (data in million tonnes, incl. flour, July/June); *forecast

North Africa = Algeria, Egypt, Libya, Morocco and Tunisia

South East Asia = Indonesia, Malaysia, Philippines, Thailand and Vietnam

USDA 2020/21 Supply and Demand Estimates

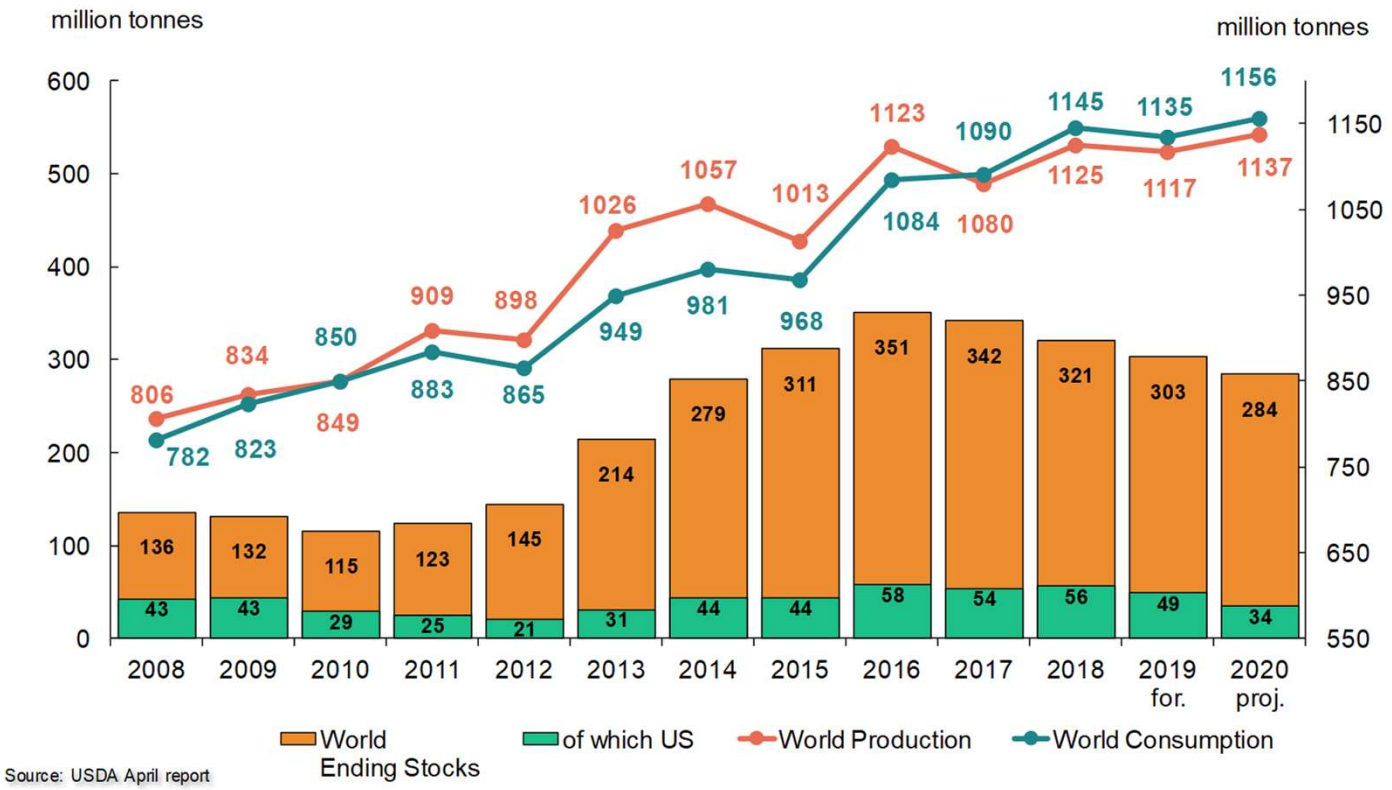
(WASDE – 611 of 9 April 2021)

Wheat: following minor adjustments, world production slightly decreased to 776.5m t (+12.6m or +1.7% y/y). World consumption increased by 5.1m to 781.0m t (+33.8m or +4.5% y/y), again, mainly linked to higher feed use in China. **Chinese** feed demand was raised by 5m to a record 40m t (+110% y/y) as large amount of wheat continued to be sold at the weekly state auctions and domestic maize price remained at a premium over wheat. World total feed use is estimated at 156.7m t (+3.7m m/m; +12.5% y/y), incl. EU feed demand lowered by 1m to 48.0m t (-4.5m y/y). On higher usage, **Chinese** stocks were cut by 5m to 145.4m t (-4.1% y/y), the first decrease of Chinese stocks in 8 years. World stocks are now forecast at 295.5m t (-5.7m m/m; -1.5%), with China and India holding 58.4% of world total.

Reflecting small increases for area (6.39m ha; -5% y/y) and yield (2.76 t/ha) **ARG** production was raised by 0.4m m/m to 17.6m t (-10.9% y/y). On smaller yield (2.76 t/ha), the **Ethiopian** crop was lowered by 0.2m to 5.1m t (+3.6% y/y).

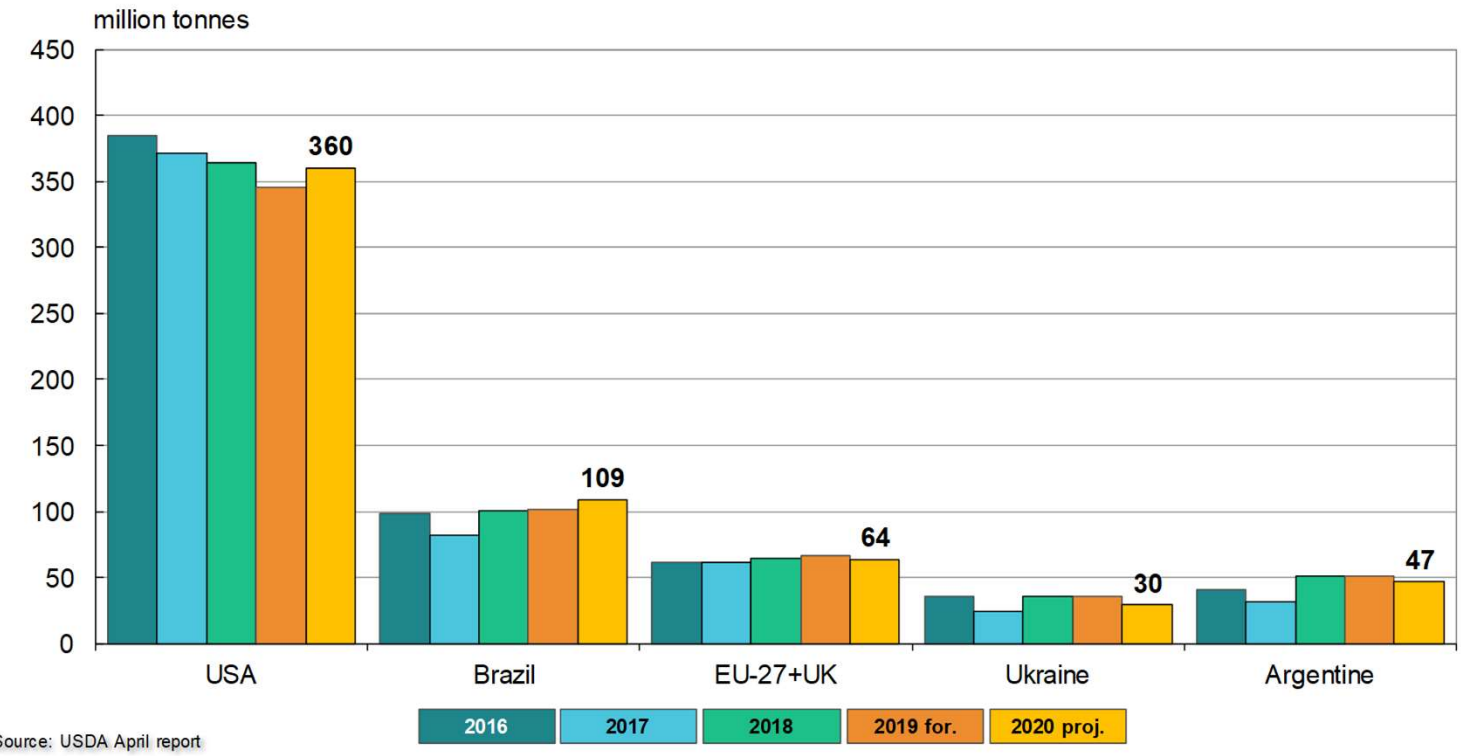
World exports increased by 1.2m m/m to 198.9m t (+3.9% y/y) with **RUS** being the largest exporter (39.5m t; +0.5m m/m on more competitive pricing lately), followed by the **EU-27+UK** (27.5m; +0.5m m/m on larger shipments) and **CAN** (27.0m).

World maize: USDA



European Commission

USDA: maize production forecast



Source: USDA April report

European Commission

USDA 2020/21 Supply and Demand Estimates

(WASDE – 611 of 9 April 2021)

Maize production forecasts in selected countries (million tonnes)

	2020/21	Share of total	2019/20	*m/m change (m t)*	y/y change (%)
EU-27 + UK	**64.0**	*5.6%*	66.8	*+0.3*	*-4.1%*
USA	**360.3**	*31.7%*	346.0	-	*+4.1%*
Ukraine	**29.5**	*2.6%*	35.9	-	*-17.8%*
Russia	**13.9**	*1.2%*	14.3	-	*-2.8%*
Brazil	**109.0**	*9.6%*	102.0	-	*+6.9%*
Argentina	**47.0**	*4.1%*	51.0	*-0.5*	*-7.8%*
China	**260.7**	*22.9%*	260.8	-	*-0.0%*
South Africa	**17.0**	*1.5%*	15.8	-	*+7.3%*
World	**1,137.1**	***100%***	**1,116.5**	***+0.7***	***+1.8%***

USDA 2020/21 Supply and Demand Estimates

(WASDE – 611 of 9 April 2021)

Maize: small increases for the EU and Pakistan offset reductions for Argentina and Indonesia, with world production estimate raised by 0.7m to 1,137.1m t (+1.8% or +20.5m t y/y). Consumption increased by 4.4m to 1,156.2m t (+1.9% or +21.6m y/y), incl. feed use at 731.3m (+3.0m m/m; +2.4% y/y). **US** demand was raised by 1.9m to 307.4m t (-0.7% y/y) on larger feed usage (144.8m t), with use for ethanol production now placed at 126.4m t (+2.4% y/y). Reflecting increased demand and exports, **US** stocks were cut by 3.8m to 34.3m t (-29.6% y/y), resulting in smaller global stocks (283.9m t; -6.3% or -19.1m y/y), of which 196.2m is attributed to **China** (-2.2% y/y; 69.1% of world total).

Dry weather conditions are expected to reduce yield prospects in **ARG**, where recent rains have delayed harvest progress and arrived too late to improve yield potential of the early-planted maize fields. Area is estimated at 6.1m ha (-0.2m ha y/y), while yield is now seen at 7.70 t/ha (8.10 t/ha in 2019/20).

World maize exports are forecast at 187.3m t (+9.1% y/y), incl. **US** exports at a record 68m t (+2m m/m; +50.4% y/y) boosted by strong Chinese demand in particular. The monthly increase reflects exceptionally large US maize shipments in March. **UKR** exports lowered by 1m to 23m (-20.5% y/y) on slower trade recently. **EU27+UK** imports unchanged m/m at 15.5m t (-16.7% y/y) and **Chinese** imports at 24.0m t (+216% y/y).

USDA 2021 Prospective Plantings Report

(31-03-2021) Summary

- The report is based on a survey covering 78,900 farm operators and was conducted during the first two weeks of March 2021. The published estimates will not be revised, instead, USDA will publish a new estimate in its *Acreage report* (30 June 2021).

- Both estimated **maize** and **soya bean** areas fell below trade expectations and prompted sharp price increases on futures markets.

- Despite declines of durum and spring wheat sowings, **all wheat** area is expected to increase y/y on important gains in winter wheat plantings. All wheat area represents the fourth lowest on record if realized.

- **Winter wheat** area includes 9.4m ha of Hard Red Winter, 2.6m ha of Soft Red Winter and 1.4m ha of White Winter wheat. Of the spring wheat plantings, Hard Red Spring wheat area is forecast at 4.4m ha.

- If realized, the current estimate would be the 2nd lowest on record for **oats** area and the fourth lowest for **barley**. In contrast, **sorghum** plantings would increase sharply, driven by strong Chinese demand and attractive prices.

USDA 2021 Prospective Plantings Report

(31-03-2021) Summary

	2019	2020	2021	2021 vs 20
Maize	36.32	36.75	**36.88**	+0.4%
Soybeans	30.80	33.62	**35.45**	+5.4%
ALL WHEAT	18.41	17.95	**18.76**	+4.5%
Winter wheat	*12.74*	*12.31*	***13.39***	*+8.8%*
Spring wheat	*5.13*	*4.96*	***4.75***	*-4.2%*
Durum wheat	*0.54*	*0.68*	***0.62***	*-8.6%*
Sorghum	2.13	2.38	**2.81**	+18.0%
Barley	1.12	1.06	**1.05**	-1.2%
Oats	1.15	1.21	**1.01**	-16.6%

- Data in million hectares

Cereals Market News and Prices

European Commission

Market News 1. (29-4-2021)
Russia

- **RUS** (*FSI Centre for Grain Quality Assurance):* as at 22 Apr, 2020/21 (Jul/Jun) cumulative **wheat** exports estimated at 35.9m (+15% y/y), **barley** at 5.6m (+52% y/y) and **maize** at 2.9m.

- **RUS** *(UkrAgroConsult)*: given applicable export taxes, wheat exports from Russia continue to slow down. Their current pace only indicates deliveries under previously signed contracts.

- **RUS**: *(Ag. Ministry):* as at 26 April, 2021/22 spring grain crops planted on 3.1ha (equivalent to 11% of intended area), incl. spring wheat at 570,400 ha (5%), spring barley at 1.4m (19%), maize at 182,200 ha (7%).

- **RUS** *(IGC referring to SovEcon)*: in view of improved crop conditions, especially in the southern areas, **wheat** production forecast was raised for the 2021/22, up by 1.4m to 81.0m t (-5.7% y/y). Grains production is placed at 128.4m t, of which 19.6m of **barley** and 14.4m of **maize**.

- **RUS** *(IGC referring to SovEcon)*: cumulative grain exports estimated at 39.6m t, incl. wheat at 32.6m (+12% on same period of previous year), barley at 4.5m (+71%), and maize at 2.4m(+9%).

European Commission

Market News 2. (29-4-2021)
Ukraine

- **UKR** *(Reuters):* Grain exports from Ukraine are unlikely to exceed the volumes previously agreed with the government.

- UKR *(Ministry of Economy)*: : as of 26 Apr, 2020/21 (Jul/Jun) grain exports estimated at 37.9m t (-24% on same period of previous year), incl. wheat at 14.8m (18.9m previous year), maize at 18.4m (25.8m), and barley at 4.1m (4.6m).

- **UKR** *(Ministry of Economy)*: spring grain planted area is forecast at 7.46m ha, incl. 5.32m ha of **maize** (-2.3% y/y) and 1.37m ha of spring **barley** (-0.7%).

- UKR *(Institute of Agrarian Economy*): 2021/22 grain harvest projected to increase by 9% y/y, to 70.7m t, incl. **wheat** at 28.5m (25.1m previous year) and **maize** at 31.1m (30.3m).

- UKR (Ministry of Agriculture): as at 22 April, 2021/22 spring grain sowings complete on 2.1m ha (equivalent to 28% of intended area), incl. barley at 1.2m (86%), wheat at 157,540 ha (89%), and oats at 152,500 ha (79%). Maize sowings also got underway, with 386,600 ha (7%) planted.

- UKR (*USDA attaché report Kyiv*): As for the 2021 harvest, USDA Kyiv forecasts **wheat** production to increase by 4% y/y to 26.8m t, assuming 5-year average yield and based on official winter sowing data. Total consumption is placed at 9m t (-0.8m y/y), incl. 6m for food and 3m for feed. With larger output and smaller domestic demand, exports are forecast at 18.5m t in MY 2021/22, up 3m t from what is expected in 2020/21. **Maize** production in 2021 is projected at 33.5m t. Total maize consumption is placed at 6m t, incl. 4.8m of feed use. Based on larger expected supplies, maize are exports forecast at 27.6m t in MY 2021/22.

European Commission

Market News 3. (29-4-2021)
USA: Grains export inspections *w/e 22/April/2021*

Commodity	MY 2020/21	MY 2019/20	Change
Maize	**41 232 631**	22 426 554	+ 84 %
Sorghum	**5 382 520**	2 449 179	+ 120 %
Soya beans	**55 265 233**	33 397 666	+ 65 %
Wheat	**22 599 479**	22 508 623	+0.4 %

Marketing Year = June/May for wheat and September/August for maize, sorghum and soybeans;
www.ams.usda.gov/mnreports/wa_gr101.txt

Market News 4. (29-4-2021)
USA

- **USDA Crop Progress** report w/e 25 April 2021:

Planting progress

- **Spring wheat**: 28% completed (13% last year; 19% 5-year average)
- **Maize**: 17% completed (24%; 20%)

Crop conditions

- **Winter wheat**: 49% good/excellent (54% last year; 53% 5-year average)

Market News 5. (29-4-2021)
Canada: Outlook for Principle Field Crops in 2021/22

(source: **AAFC**; 20 April 2021; crop year = Aug/July;

20-4-2021	2019/20	2020/21 f'	2021/22 f'	m/m	y/y
Durum prod' (m t)	4.98	6.57	**6.30**	-	-4.1%
exports (m t)	5.27	5.65	**5.00**	***+0.20***	-11.5%
All wheat prod'(m t)	32.35	35.19	**32.75**	-	-6.9%
exports (m t)	24.35	26.70	**24.2**	***+0.30***	-9.4%
Barley prod' (m t)	10.38	10.74	**10.92**	-	+1.7%
exports (m t)	3.05	3.75	**3.50**	-	-6.7%
Oats prod' (m t)	4.23	4.58	**4.24**	-	-7.3%
exports (m t)	2.62	2.95	**2.60**	-	-11.9%
Canola prod' (m t)	19.61	18.72	**20.15**	-	+7.6%
Exports (m t)	10.04	10.90	**10.40**	-	-4.6%

Canada: Principal field crop areas, March 2021

source: **Statistics Canada:** Principle field crop areas; 27 April 2021

(Based on a survey conducted during 1/03-29/03 2021 incl. 11,500 farms.)

27-04-2021	2019	2020	2021	y/y
Total wheat (m ha)	9.957	10.110	**9.413**	-6.9%
Durum wheat (m ha)	*1.981*	*2.302*	***2.309***	*+0.3%*
Spring wheat (m ha)	*7.601*	*7.254*	***6.613***	*-8.8%*
Winter wheat (m ha)	*376*	*554*	***492***	*-11.2%*
Barley (m ha)	2.995	3.060	**3.486**	+13.9%
Maize (m ha)	1.495	1.440	**1.466**	+1.8%
Canola (m ha)	8.572	8.411	**8.713**	+3.6%
Oats (m ha)	1.455	1.554	**1.460**	-6.0%
Soya beans (m ha)	2.312	2.052	**2.164**	+5.5%

Market News 6. (29-4-2021)
China

China Agricultural Supply and Demand Estimates for 2020/21 *(IGC)*

9 April		Forecast (Mt)	+/- prev' f'cast (Mt)	2019/20 (Mt)	+/- y/y
Maize	Production	260.7	-	260.8	-0%
	Consumption	*289.2*	-	*278.3*	*+4%*
	Feed use	*185.0*	-	*174.0*	*+6%*
	Industrial	*82.0*	-	*82.0*	*+0%*
	Imports	22.0	*+12.0*	7.6	+189%
Soya beans	Production	19.6	-	18.1	+8%
	Consumption	*116.1*	-	*108.6*	*+7%*
	Imports	98.1	-	98.5	-0%

Market News 7. (29-4-2021)
Brazil

CONAB April report: S&D Outlook for **2020/21** (www.conab.gov.br)

- **Maize**: linked to larger area and higher yield estimated for the first maize crop, partly offset by a small cut for the *safrinha* (second crop), total maize production was raised by 0.9m t to a record 109m t. Total maize area increased by 0.2m ha m/m to 19.7m ha (+6.4%), incl. *safrinha* area at 14.8m ha (+7.9% y/y) and the first crop at 4.3m ha (+2.5%). Average yield is estimated at 5.53 t/ha, incl. 5.57 t/ha for the *safrinha* crop. Exports are forecast at 35.0m t (+0.3% y/y), while domestic consumption is placed at 72.1m t (+5.1% y/y).

- **Soya beans**: production is estimated at a record 135.5m t, slightly higher m/m due to improved yield prospects (3.52 t/ha; +4.3% y/y). Soya area is placed at 38.5m ha (+4.1% y/y).

- **Wheat**: production forecast is unchanged m/m for the 2021 harvest. Area is placed at 2.4m ha (+1.6% y/y) and yield at 2.68 t/ha (+0.6%). Consumption is estimated at 11.8m t and imports at 6.4m t.

8-4-2021	Forecast	+/- previous f'cast	Previous year	+/- y/y
Wheat prod (m t)	6.4	-	6.2	+2.2%
Soya beans prod (m t)	135.5	+0.4	124.8	+8.6%
Maize prod (m t)	109.0	+0.9	102.6	+6.2%
Maize 1st crop	*24.5*	*+1.0*	*25.7*	*-4.6%*
Maize 2nd crop	*82.6*	*-0.2*	*75.1*	*+10.1%*
Maize 3rd crop	*1.8*	*+0.1*	*1.8*	*+0.1%*
Maize exports	*35.0*	*-*	*34.9*	*+0.3%*

Market News 8. (29-4-2021)

- **China** *(Ag. Ministry)*: issued guidelines recommending the reduction of maize and soya meal in pig and poultry feed. Suitable alternatives for maize include rice, barley, sorghum and cassava, while options to replace soya meal include rapeseed meal, sunflowerseed meal, palm meal, DDGS and other maize processing co-products.

- **Morocco** (Ag. Minister): as part of efforts to reduce imports and support domestic farmers, plans to announce an increase to wheat and durum import duties.

- **Egypt** *(IGC)*: official **wheat** purchase price for the 2021 procurement period (15/04-15/07) was fixed at EGP 725 / 150 kg (≈ EUR 260 per tonne) and EGP 705 / 150 kg (≈ EUR 252 per tonne), depending on purity.

Market News 9. (29-4-2021)

- BRZ (Foreign trade committee Gecex): 19 April, the import tax waiver on maize and soya products for imports from outside the Mercosur common market will be extended until the end of 2021.

- ARG *(BAGE-21/4/2021)*: Maize harvest 17% finished (14% week ago, 35% year ago, 28% five-year ave.), with conditions rated at 84% fair/excellent (86%, 88%, n/a). 2021/22 wheat area projected to be little changed y/y, at 6.5m ha. (6.1m five-year ave.). Although some farmers in central parts will likely be keen to increase acreage after drought-related losses in the prior season, the upside could be curbed by persistently dry conditions in some areas, high production costs and a loss of competitiveness with other crops.

- ARG (Domestic Commerce Secretary): in an attempt to control inflation, and to decouple export prices from domestic prices, the govt. is considering an increase in grains export taxes.

- ARG: *(Ag. Ministry, monthly crop report):* April: 2020/21 maize production forecast at 58.0m t (58.5m previous year). Soya bean output estimated at 47.0m t (49.0m).

- ARG: (Ag. Ministry): 22 April, 2020/21 maize harvesting at 24% complete (20% previous week, 33% previous year), sorghum at 18% (12%, 30%), soya beans at 28% (14%, 49%).

European Commission

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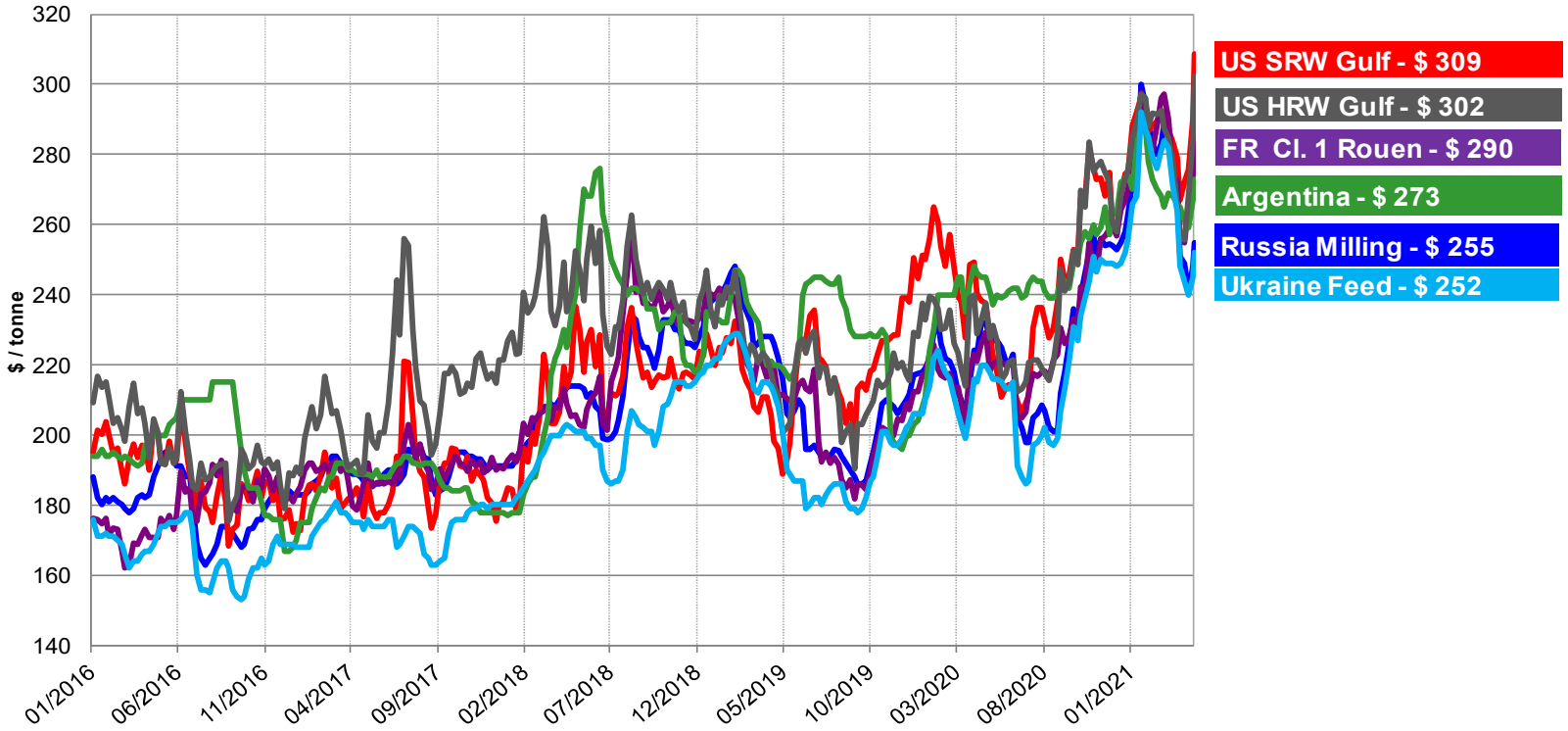
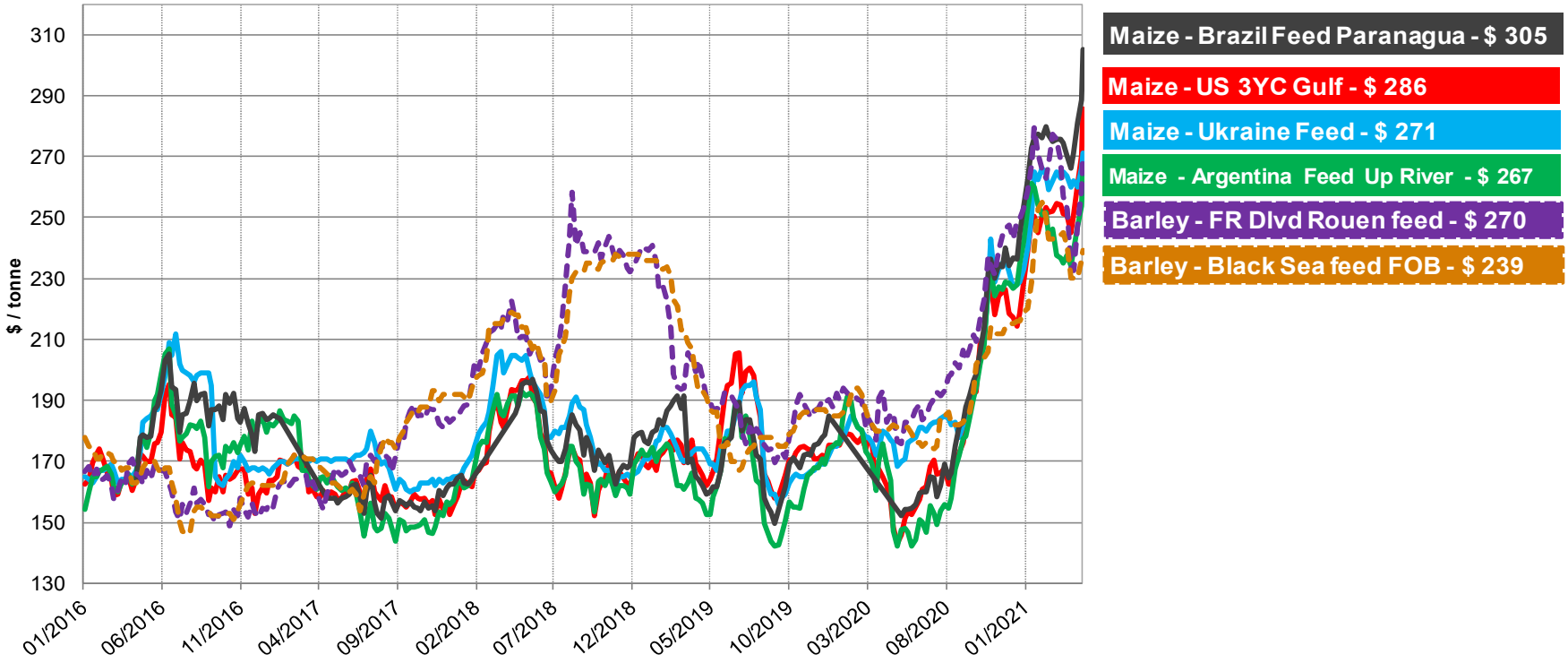
World common wheat prices (USD/tonne)



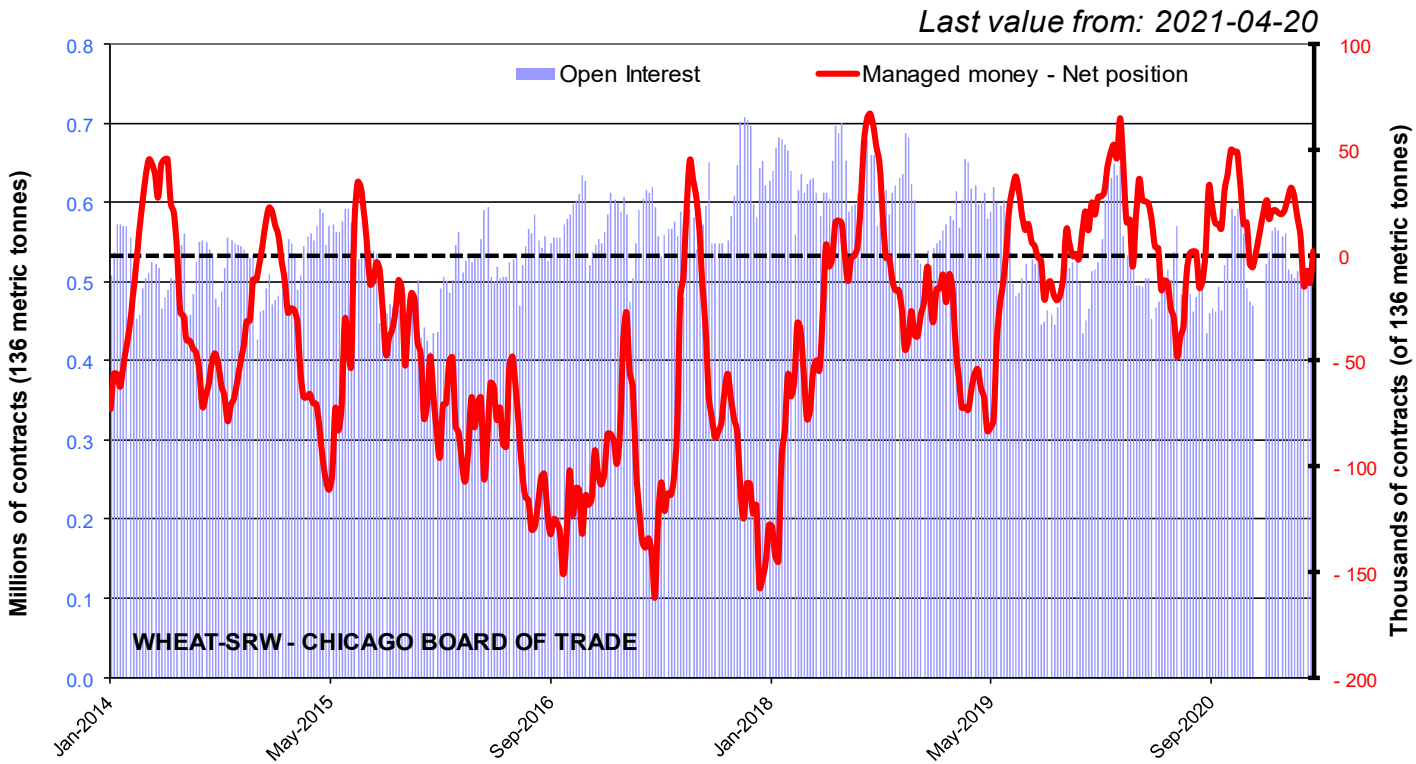
European Commission

World maize and barley prices (USD/tonne)



European Commission

CME wheat: open interest and net position of traders



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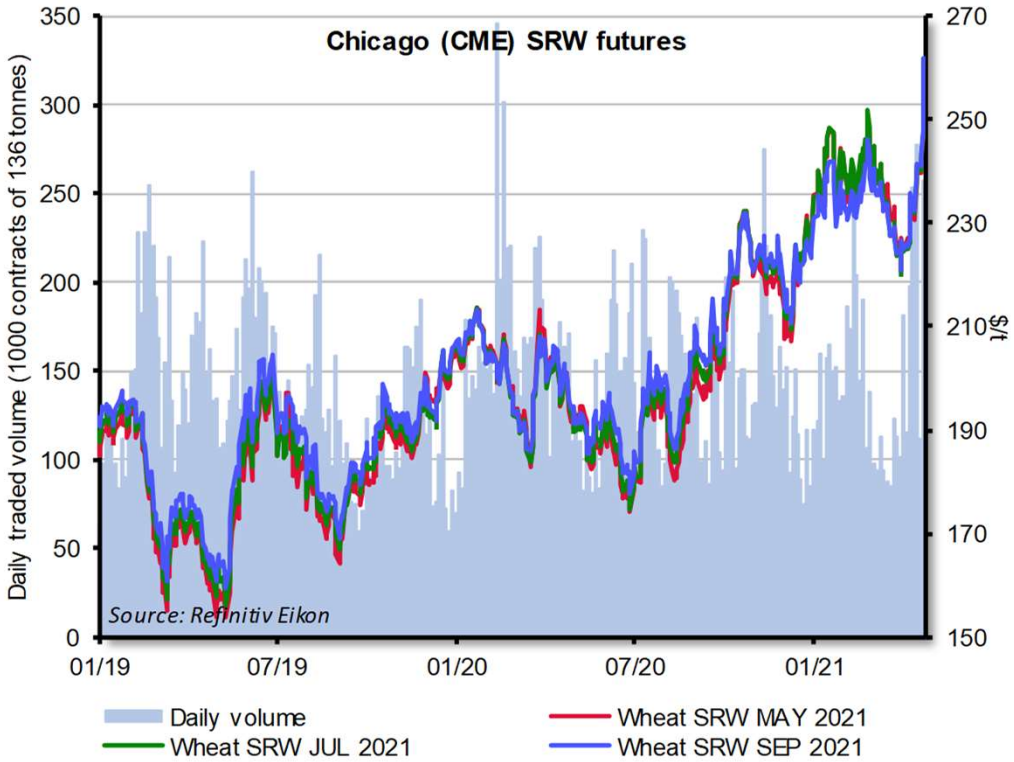
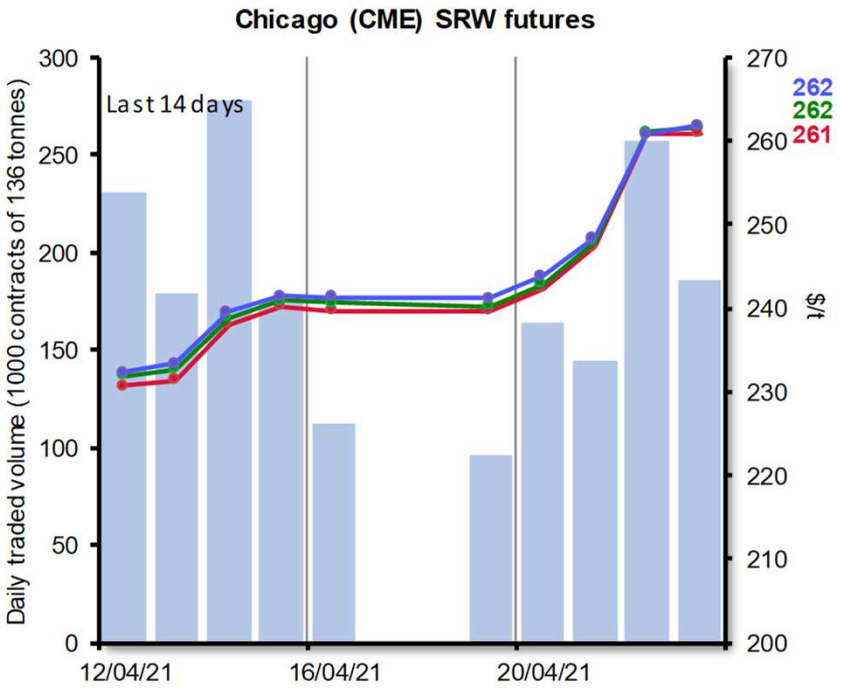
US CME SRW wheat futures





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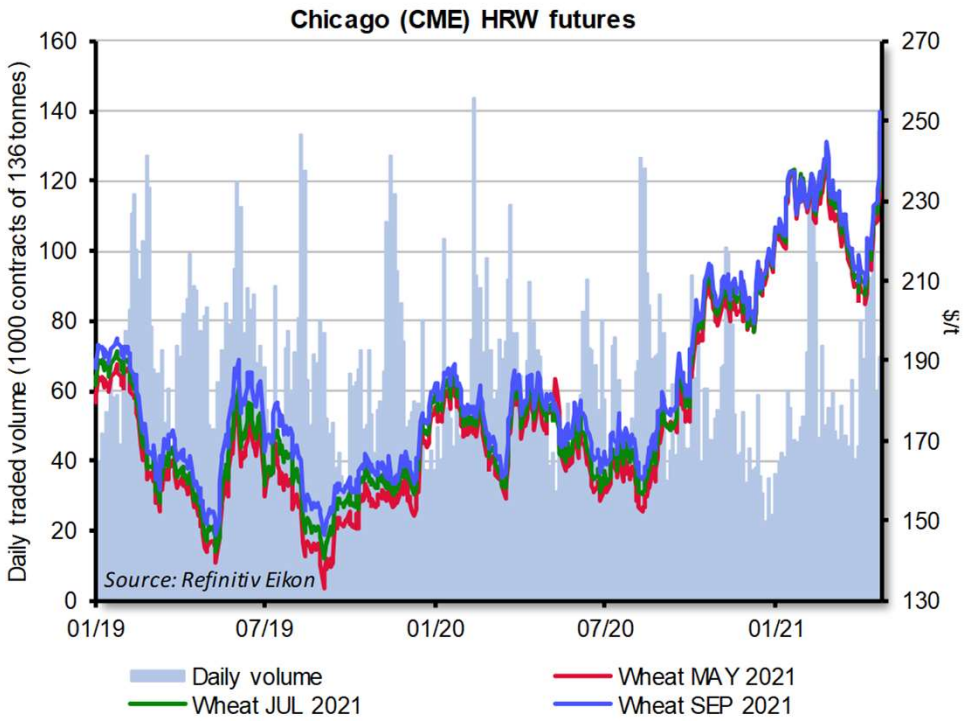
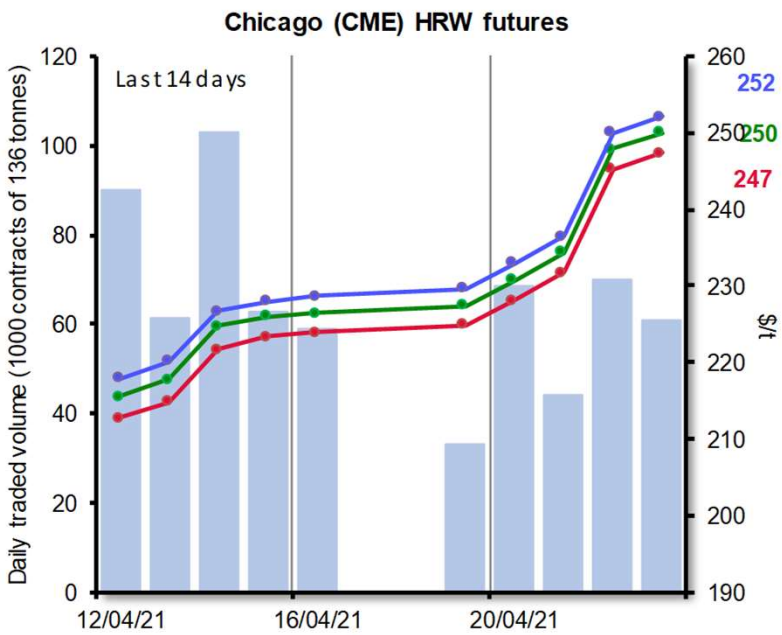
US CME HRW wheat futures





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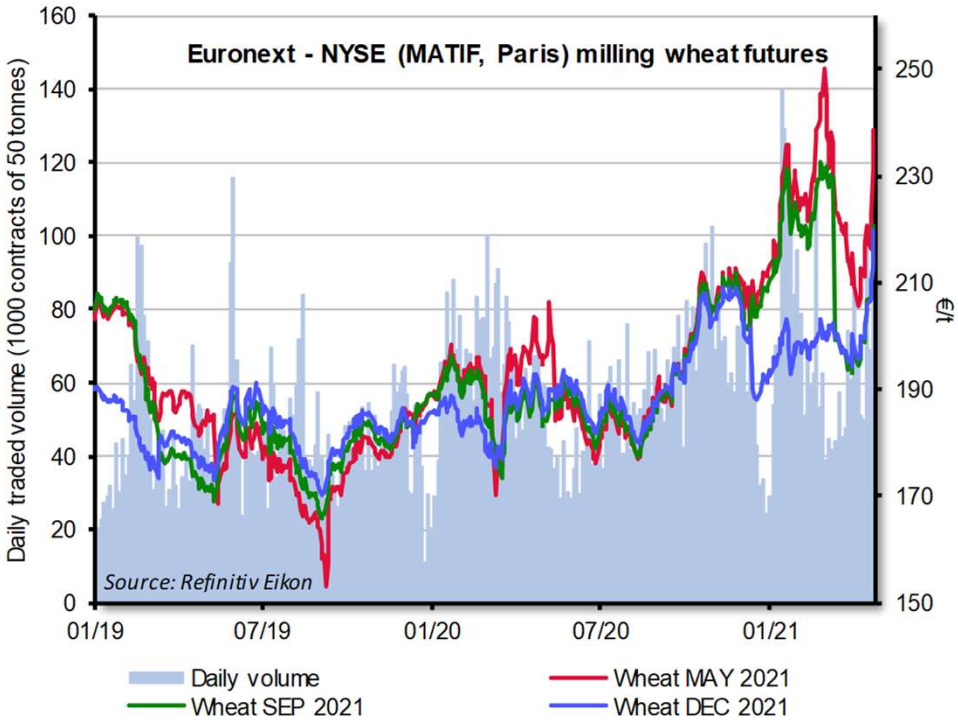
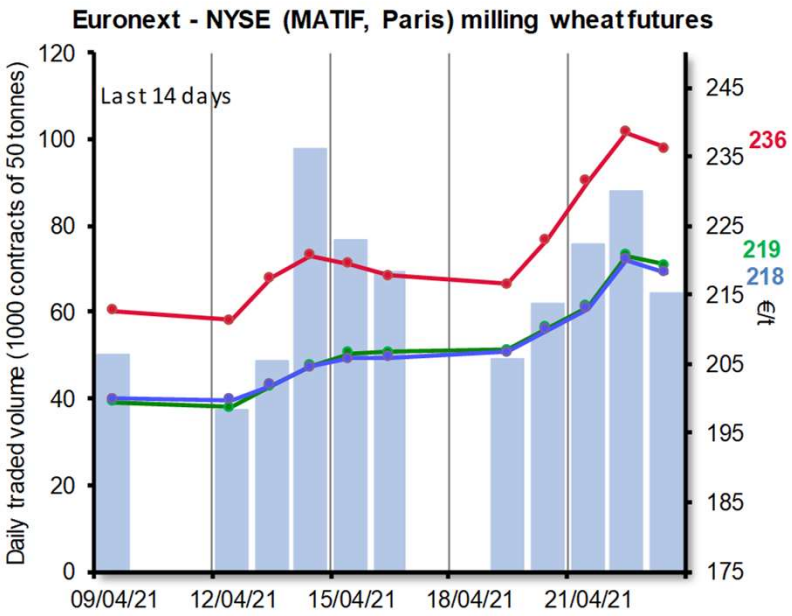
EU Milling Wheat Futures





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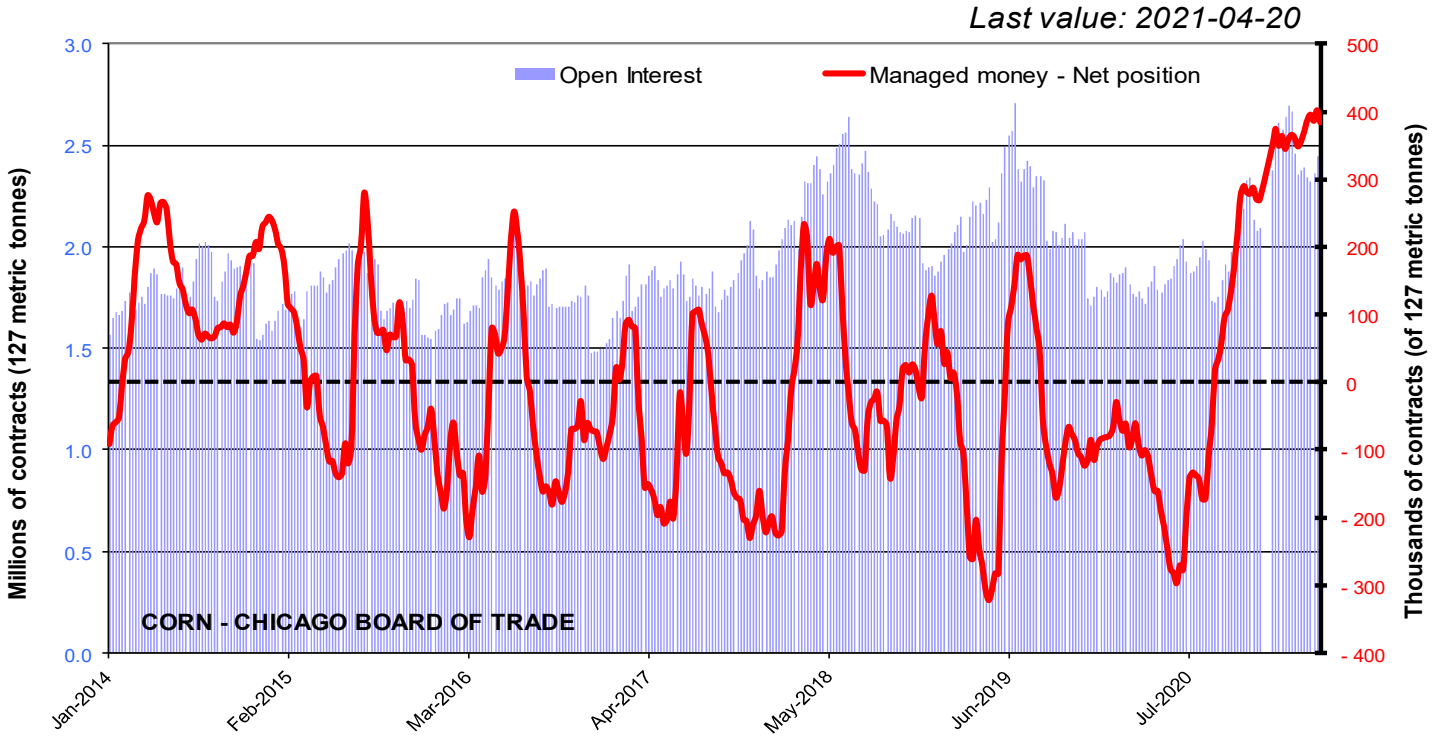
CME maize: open interest and positions of traders



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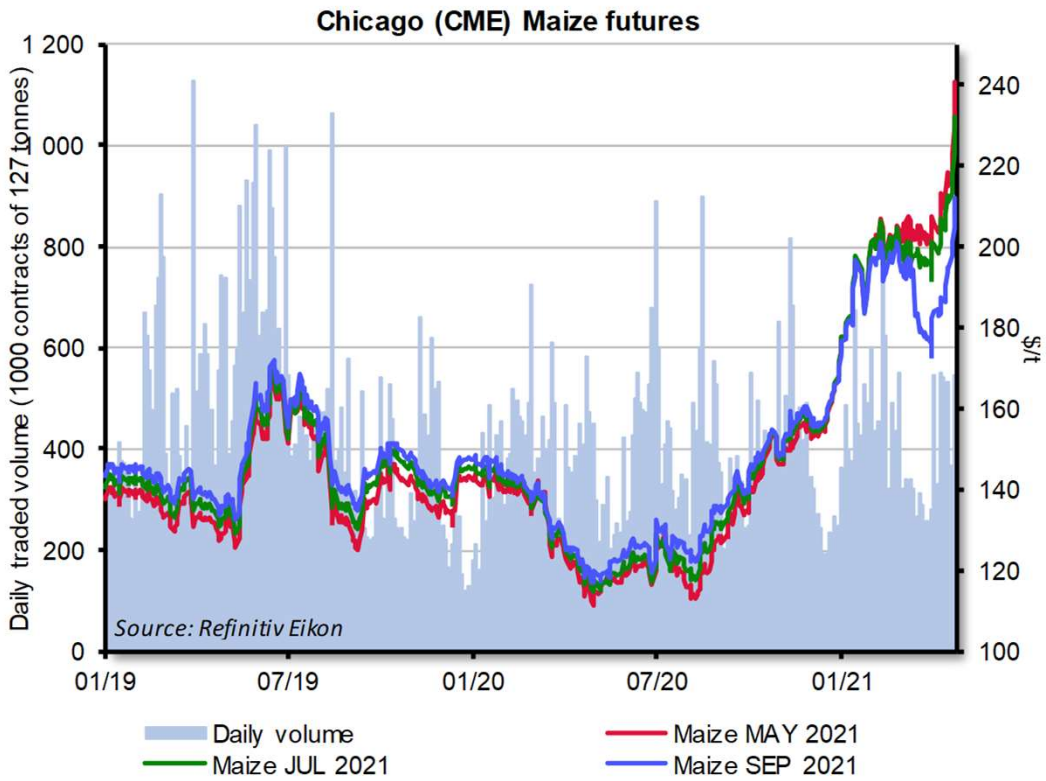
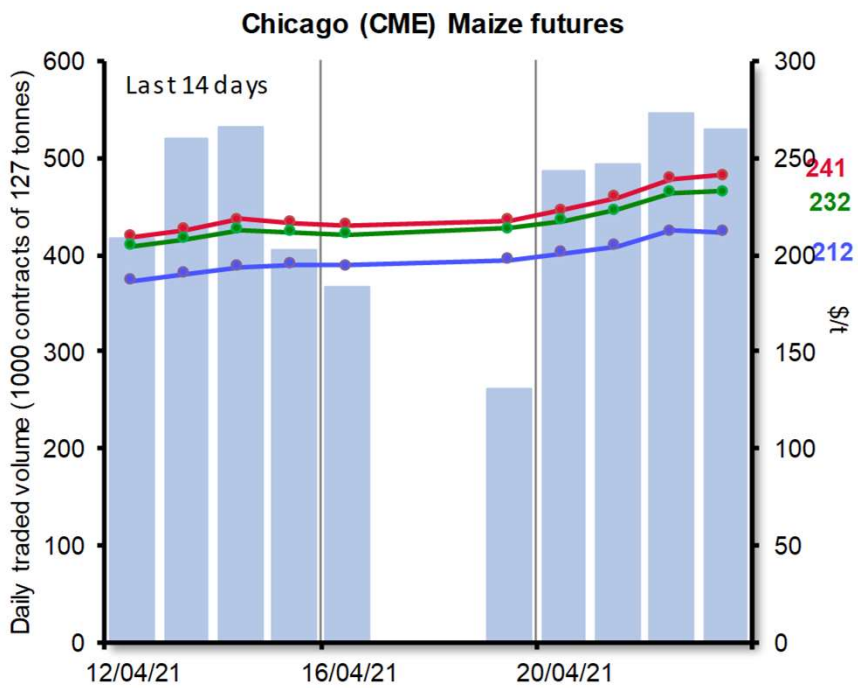
CME maize futures





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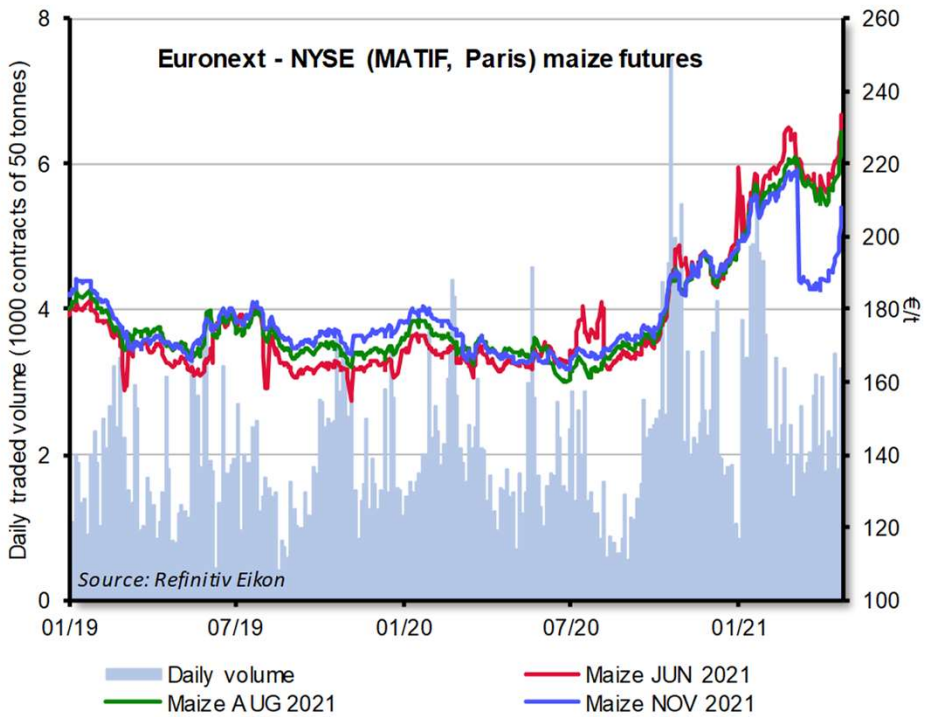
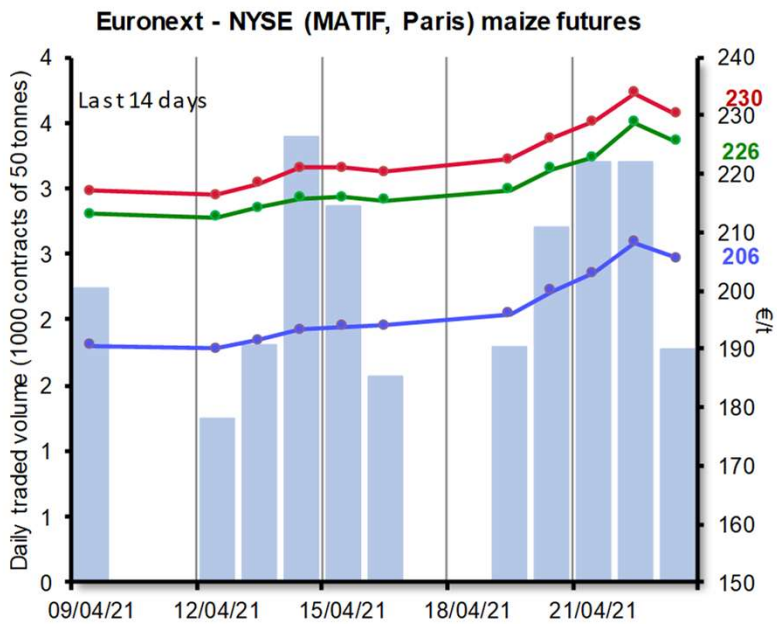
EU maize futures





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Cereals Trade

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Selected cereals trade for the past 5 weeks

Country	***Crop***	***Quantity (t)***	***Price ($/t)***	***Origins***	***Delivery***
Algeria	wheat	≈ 500 000	≈ 279 (c&f)	Optional (likely EU)	Apr/May
Algeria	Durum	210 000	352-354 (c&f)	Canada / Mexico	May
Egypt	wheat	345 000	232.9-234.0 (fob) *Freight: 18-19.3 $/t*	RUS: 290 000 UKR: 55 000	Aug
Saudi Arabia	wheat	≈300 000	Ave 272 (c&f)	optional	May/June

EU cereals trade 2020/21, situation at 18 Apr 2021

(updated on 26/04/2021)

- **Imports:** 16.3 million tonnes (20.7 million tonnes last year; 25.9 million tonnes two years ago)

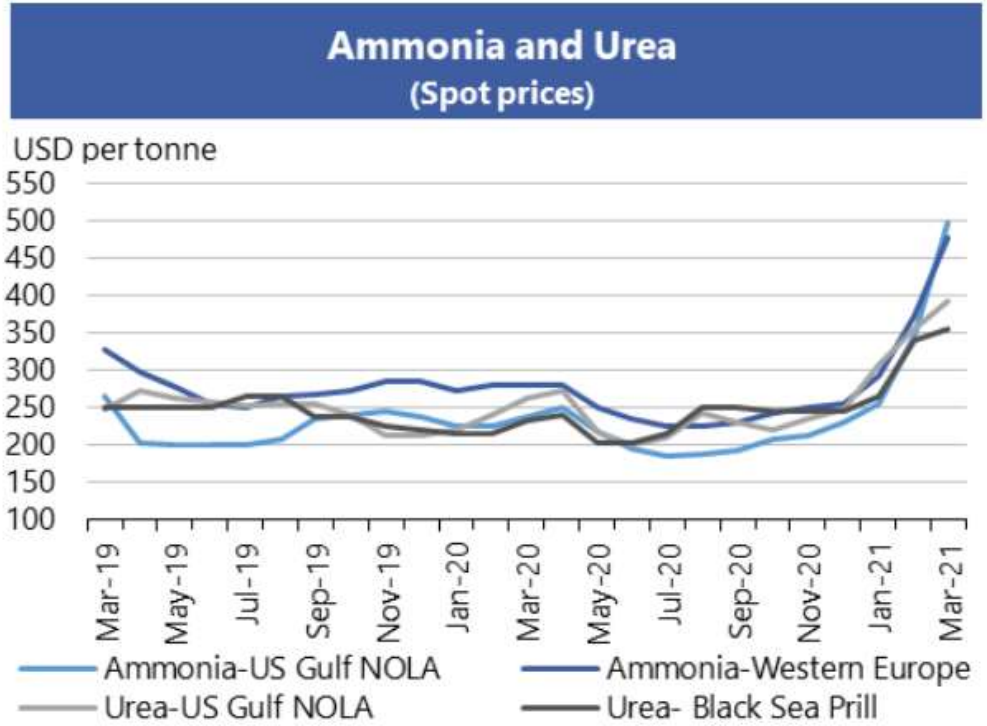
➢ 1.72 million tonnes	soft wheat	↓
➢ 2.19 million tonnes	durum wheat	↑
➢ 12.09 million tonnes	maize	↓
➢ 237 thousand tonnes	barley	↓

- **Exports:** 33.7 million tonnes (43.2 million tonnes last year; 26.7 million tonnes two years ago)

➢ 21.87 million tonnes	soft wheat	↓
➢ 6.47 million tonnes	barley	↑
➢ 534 thousand tonnes	durum wheat	↓
➢ 2.13 million tonnes	maize	↓

* The United Kingdom is no longer a Member State of the European Union, however until the end of the transition period it was still a part of the EU Customs Union. Due to the absence of intra-trade data in the surveillance system, the totals of the EU trade data therefore also include the UK data until 31/12/2020. The data as of 1/1/2021 is therefore not comparable with the data until 31/12/2020.

Fertilizer outlook



Source: AMIS - Market Monitor

Conclusions

- Cereals **prices** increased further
- Northern hemisphere weather concerns - **dryness** in Canada and US
- **US** maize areas projections below trade expectations prompted sharp price increases on futures markets
- **Maize** -tightening supply prospects, lower yields expectations for Brazilian *safrinha* crop
- On *fob* basis ARG **wheat** is the most competitive
- On *fob* basis BRZ **maize** becomes the cheapest origin

Thank you

Market data the for cereals, oilseeds and protein crops are available at the EU Crops Market Observatory https://ec.europa.eu/agriculture/market-observatory/crops

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