



Cereals market situation

Committee for the Common Organisation of Agricultural Markets

30 March 2021

World Cereals Forecasts

International Grains Council

Summary of the IGC Grain Market Report

(GMR 519 of 25/3/2021)

Outlook for 2021/22

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

	2018/19	2019/20 (estimate)	2020/21 (forecast)	2021/22 (projection)	y/y change (m t)	y/y change
EU-27 (2020/21) <i>EU-27 + UK to 2019/20</i>	137.7	155.0	124.4	136.8	+12.4	+9.9%
USA	51.3	52.6	49.7	51.1	+1.4	+2.8%
Canada	32.4	32.7	35.2	34.1	-1.1	-3.1%
Russia	71.7	73.6	85.4	76.9	-8.5	-9.9%
Ukraine	25.1	29.2	25.5	27.2	+1.7	+6.8%
Australia	17.6	15.2	33.3	25.0	-8.3	-25.0%
China	131.4	133.6	134.3	136.0	+1.7	+1.3%
India	99.7	103.6	107.9	110.7	+2.9	+2.7%
World	732.2	762.0	774.2	789.6	+15.4	+2.0%

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The IGC has published its first complete supply and demand projections for the **2021/22 crop year**. Driven by expected record wheat and maize harvests, **total grains production** is placed at an all-time high of 2,287m t (+2.8% y/y or +62m y/y). Total world grains consumption is placed at 2,286m t (+2.4% or +54m y/y), incl. 745m of food use (+1.2%), 1,047m of feed (+3.1%) and 368m of industrial use (+2.9% y/y). As higher consumption would fully absorb increased production, ending stocks are forecast unchanged y/y at 609m t (+0.1% y/y).

Wheat: world production has reached an all-time high of 774.2m t (+1.6% y/y) in **2020/21** incl. record harvests in AUS, India and RUS. Consumption is forecast at 760.3m (+4m m/m; +2.3% y/y), incl. 531m of food use (+1.6%) and 144m of feed use (+6.2%). Stocks were lowered by 2m m/m to 292.3m t (+5.0%), of which 56.6% is held by China and India.

In respect of **2021/22** global production is projected to increase by 2.0% to 789.6m t, the largest ever, reflecting gains in both harvested area and yields. Crop conditions are viewed broadly favourable in the **EU-27** and production is expected to recover by 10% y/y to 136.8m t. While winter grains conditions improved in **RUS**, it remains worse than last season and still more precipitation is needed. Assuming above average winterkill and reduced spring plantings, both area and yields are predicted lower with the crop projected at 76.9m (-9.9%).

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In **UKR** winter plantings expanded by 5% and winterkill is expected to be limited. Production is placed at 27.2m t (+6.8%). Conditions of winter crops improved modestly in the **US** but are still worse than last season. Ahead the start of sowings, nearly 80% of the spring wheat area was suffering from overly dry conditions. Based on larger all-wheat area the US harvest is expected to yield 51.1m t (+2.8%). After two years of severe drought, beneficial rains improved prospects in **MOR** with output to reach 5.6m t (+117%).

Driven by sustained growth for both food and feed uses, consumption is projected reaching a new peak of 777.6m t (+2.3%) in 2021/22, incl. 539.1m (+1.6%) of food use and 152.5m t (+5.9%) of feed use. On larger supply **EU-27** feed use is expected to recover to 45.0m t (+5.0m y/y), while **Chinese** feed use to edge up by 1m to 26m t. Mostly as a result of further accumulation in **China** (141.6m; +2.5%) and **India** (30.7m; +12.5%), global stocks are projected at a new peak of 304.3m t (+4.1%).

World trade is projected reaching 183.8m t, nearly 6m below the record forecast for 2020/21, as purchases by **China** (-3.5m) and **Pakistan** (-2.0m) are expected to decrease considerably. **RUS** (34m t) to remain the largest exporter, followed by the **EU-27** (28.5m).

Durum wheat: world harvested area (14.1m ha; +4.7% y/y) and yields are expected to increase in 2021/22 leading to larger production, which is projected at 36.2m t (+7.2% or +2.4m y/y). Conditions are favourable for winter sown durum in the EU and prospects have also improved in MOR and Tunesia. On the other hand, conditions are too dry in North America. **EU-27** area is projected to increase by 12% to 2.3m ha and production by 12.6% to 8.1m t. **CAN** crop is seen at 6.4m t (-2.6%) and **MOR** at 1.8m (+132%). Consumption is expected to reach 35.4m t (+2.1%), incl. food use at 32.6m t (+3.0%).

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(GMR 519 of 25/3/2021)

Outlook for 2021/22

Maize production in selected countries (million tonnes)

	2018/19	2019/20 (estimate)	2020/21 (forecast)	2021/22 (projection)	y/y change (m t)	y/y change
EU-27 (2020/21) <i>EU-27 + UK to 2019/20</i>	67.0	68.1	64.8	65.1	+0.3	+0.5%
USA	364.3	346.0	360.3	384.0	+23.7	+6.6%
Ukraine	35.8	35.9	30.0	37.3	+7.3	+24.5%
Russia	11.4	14.3	13.9	15.2	+1.3	+9.6%
Brazil	100.0	102.5	105.8	117.4	+11.6	+11.0%
Argentina	56.9	58.5	52.0	56.3	+4.3	+8.3%
China	257.3	260.8	260.7	267.3	+6.6	+2.5%
World	1,131.2	1,125.4	1,138.6	1,192.6	+54.1	+4.7%

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Outlook for 2021/22

Maize: in respect of **2020/21** the IGC has raised its production forecast by 5m to a record 1,138.6m t (+1.2% y/y) following upward revisions for the EU-27, India, RUS and South Africa. Consumption forecast for **2020/21** increased as well, up 4m to 1,167m t (+1.0%) on higher feed use, which is now placed at 699.5m (+0.9%). Both total and feed uses are seen at new peaks driven by strong growth of feed demand in **China** (193m; +7.8%). At 268m t, global stocks are estimated at an 8-year low linked to important reductions in the **US** (35m; -28%) and **China** (182m; -5.3%). Both **Chinese imports** (25.0m t) and **US exports** (67.8m t) are forecast reaching all-time highs.

As for **2021/22**, world production is projected at a new peak of 1,192.6m t (+54m t or +4.7% y/y) reflecting a record harvested area of 199.1m ha and improved yields. Area expansion is expected to be slower in **UKR** despite good profitability due to large area sown to winter crops and strong competition from oilseeds. **US** harvested area would increase by 2% to a 5-year peak with production tentatively placed at 384m t (+6.6%). Boosted by strong demand for meat, consumption growth is expected to accelerate to 3.1% with total demand forecast at a record 1,203m t (+36m y/y), incl. feed use at 721m (+3.1%) and industrial use at 307m (+3.3%).

World ending stocks are forecast decreasing to a 9-year low of 258.0m t (-3.8% or -10.3m y/y), incl. 169.4m attributed to **China** (-6.7% y/y; 65.7% of total). Excluding China, the stocks-to-use ratio is seen lower y/y at 9.8%. **Chinese imports** are expected to be lower y/y, however China would still remain the largest importer with 21.5m t. **EU-27** imports are placed at 17.2m (+2.7m y/y).

Summary of the IGC Grain Market Report

(GMR 519 of 25/3/2021)

Outlook for 2021/22

Barley production in selected countries (million tonnes)

	2018/19	2019/20 (estimate)	2020/21 (forecast)	2021/22 (projection)	y/y change (m t)	y/y change
EU-27 (2020/21) <i>EU-27 + UK to 2019/20</i>	56.3	63.4	54.8	53.6	-1.2	-2.2%
United Kingdom	6.6	8.2	8.1	7.0	-1.1	-13.8%
Russia	16.7	19.9	20.6	19.9	-0.7	-3.4%
Ukraine	7.6	9.5	8.0	8.1	+0.1	+1.3%
Australia	8.8	9.0	13.1	10.0	-3.1	-23.8%
Canada	8.4	10.4	10.7	10.7	-0.0	-0.4%
Turkey	7.0	7.6	8.3	8.0	-0.3	-3.6%
World	139.6	155.7	158.5	153.6	-4.8	-3.0%

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Barley: both harvested area (49.7m ha; -2% y/y) and yield are projected to decline modestly in 2021/22, with production projected at 153.6m t (-3.0% from the record of the previous season). While winter barley conditions are viewed generally favourable in the **EU-27**, due to an expected drop in spring sowings, production is expected to decrease to 53.6m t. Partly linked to the introduction of an export tax, spring plantings could also decrease in **RUS**, with output placed at 20m t.

World barley consumption is forecast broadly unchanged at 154.5m t (-0.2m y/y), incl. 105.7m (-0.3%) of feed use and 30.6m (+0.5%) of industrial use. World trade is expected to contract to 27.5m t from the record of 2020/21 (28.8m), with **Chinese** imports remaining strong (6.9m t; -0.6m y/y) and imports by **Saudi Arabia** placed at 6.7m t (-0.2m y/y). **EU-27** exports to decrease to 6.7m t (-0.3m y/y), followed by **RUS** (4.5m) and **UKR** (4.3m).

Oats: partly linked to strong competition for planting area, world harvested area is projected to decrease by 3% to 9.6m ha, 1% below the 5-year average. Assuming trend yields, slightly below last season's record, world production is expected to reach 24.6m t (-4.1% or -1.1m y/y), incl. **CAN** at 4.3m (-6.0%) and the **EU-27** at 7.5m (-8.2%). Consumption is seen fractionally higher y/y, reaching 24.6m t (+0.4%), incl. feed use 16.6m (+0.6%) and food use at 5.5m (+2.0%). Stocks are placed at 3.3m t, unchanged y/y.

Cereals Market News and Prices

Market News

- **Egypt** (*USDA attaché report of 17 03 2021*): **Wheat** production is forecast to increase by 0.1m to 9.0m t in 2021/22 (Jul/Jun) reflecting a small increase of area (1.4m ha). During the forthcoming procurement season (15 Apr – 15 Jul), government purchases are expected to reach 3.7-4.0m t of the local harvest (3.5m t in 2020). The purchase price is to be announced in early April. Mostly linked to population growth, consumption is forecast at 21.3m t (+0.5m y/y), while imports are placed at 13.2m t (+0.2m y/y). About half of the imports are executed through the GASC (General Authority for Supply Commodities) tenders. There are 15 approved origins to participate the GASC tenders, incl. 6 EU MS (BG, DE, FR, HU, PL and RO).

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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