



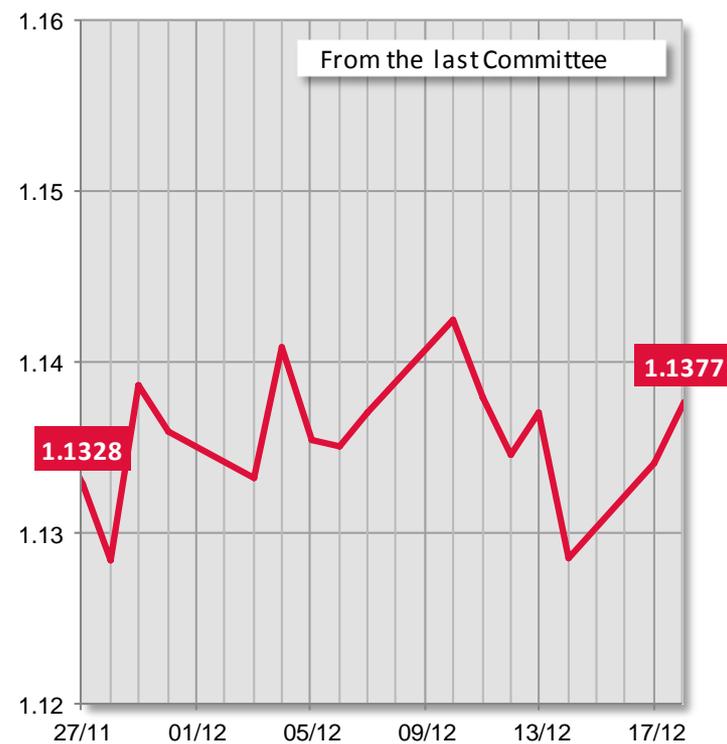
Cereals market situation

**Committee for the Common Organisation
of Agricultural Markets**

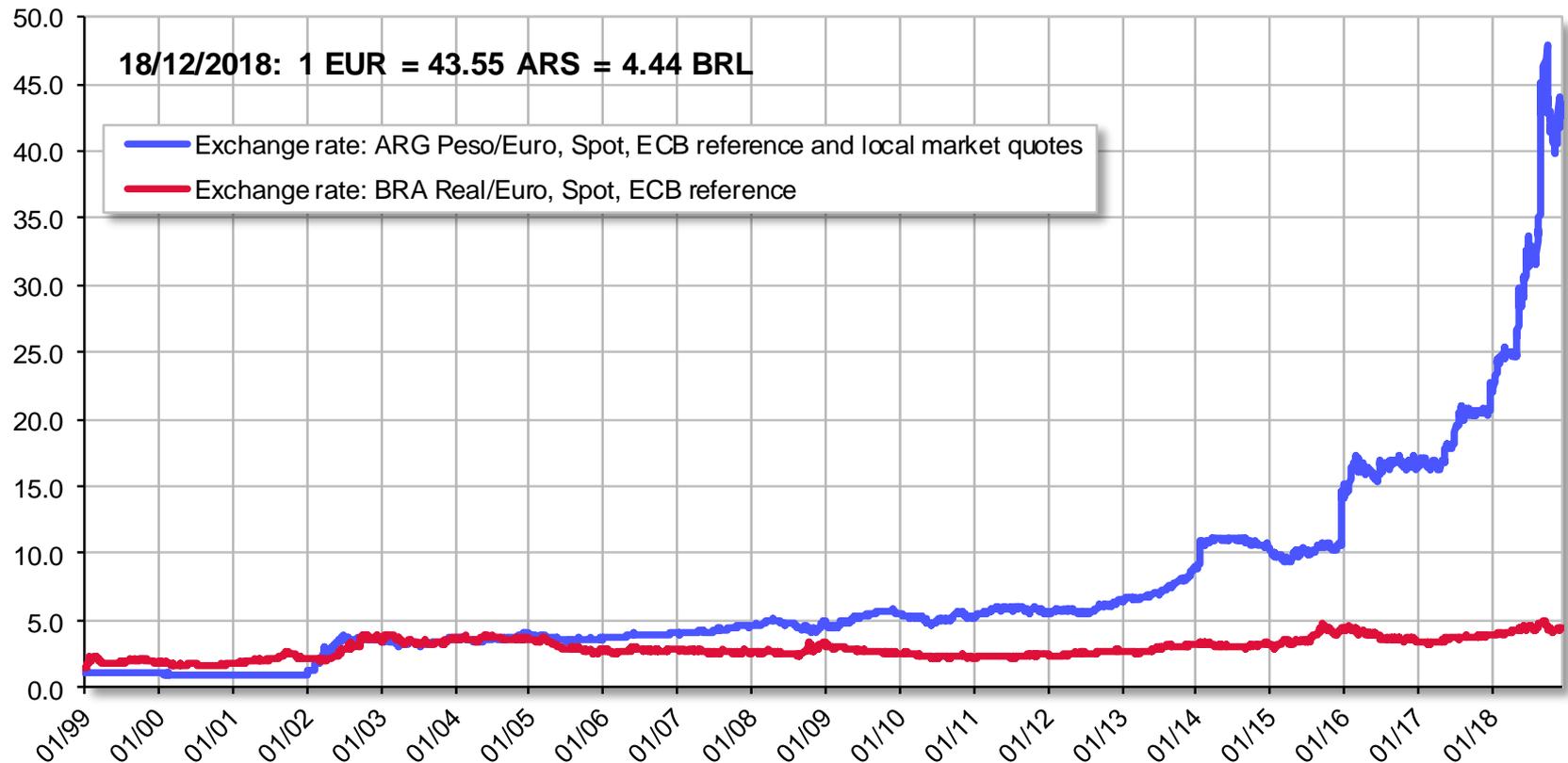
20th December 2018

Exchange Rates

Euro – US Dollar exchange rate



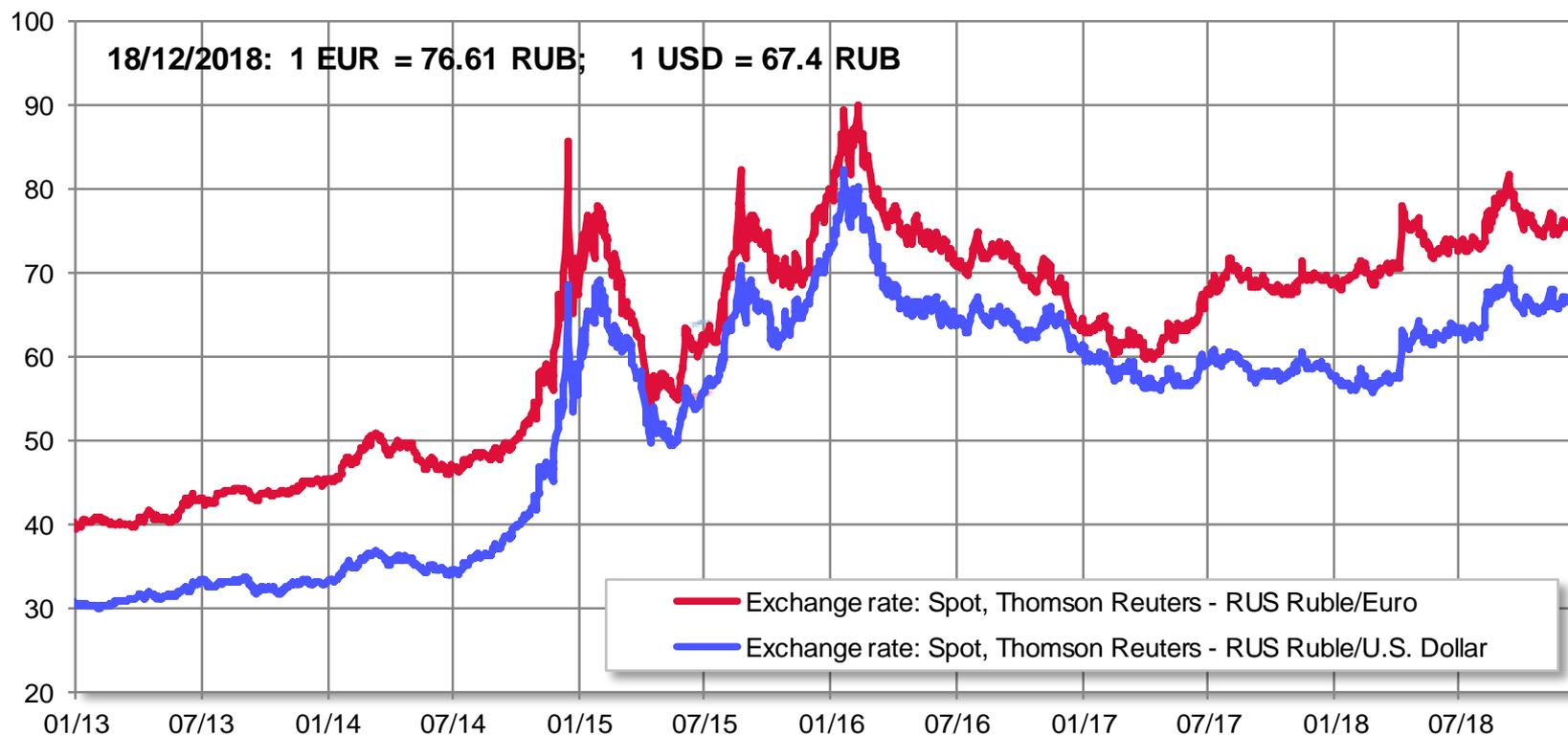
Euro – Argentine Peso and Brazilian Real exchange rate





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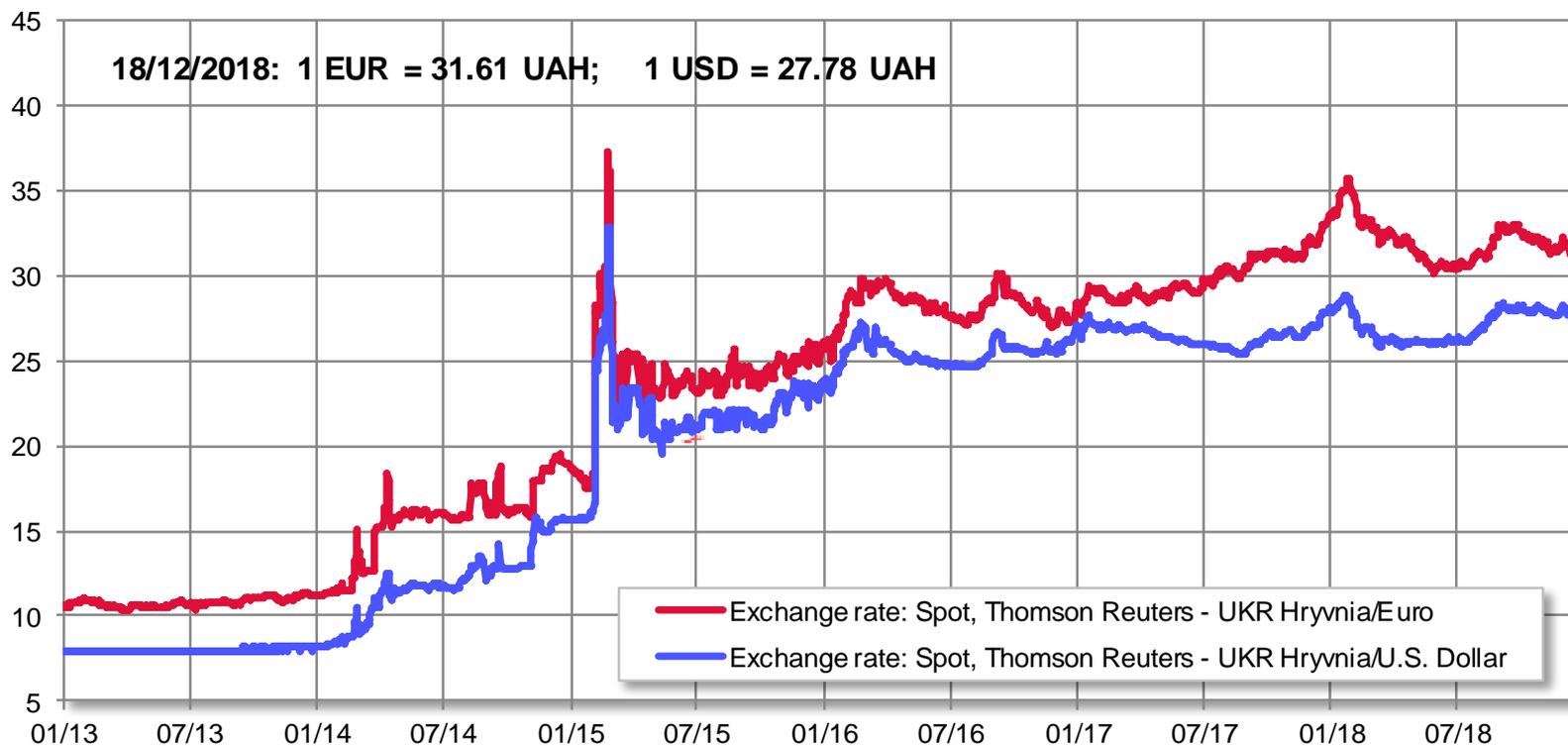
Euro and US Dollar – Russian Rouble exchange rate





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Euro and US Dollar - Ukraine Hryvnia exchange rate



Crude oil price (\$/barrel)



Baltic Dry Index

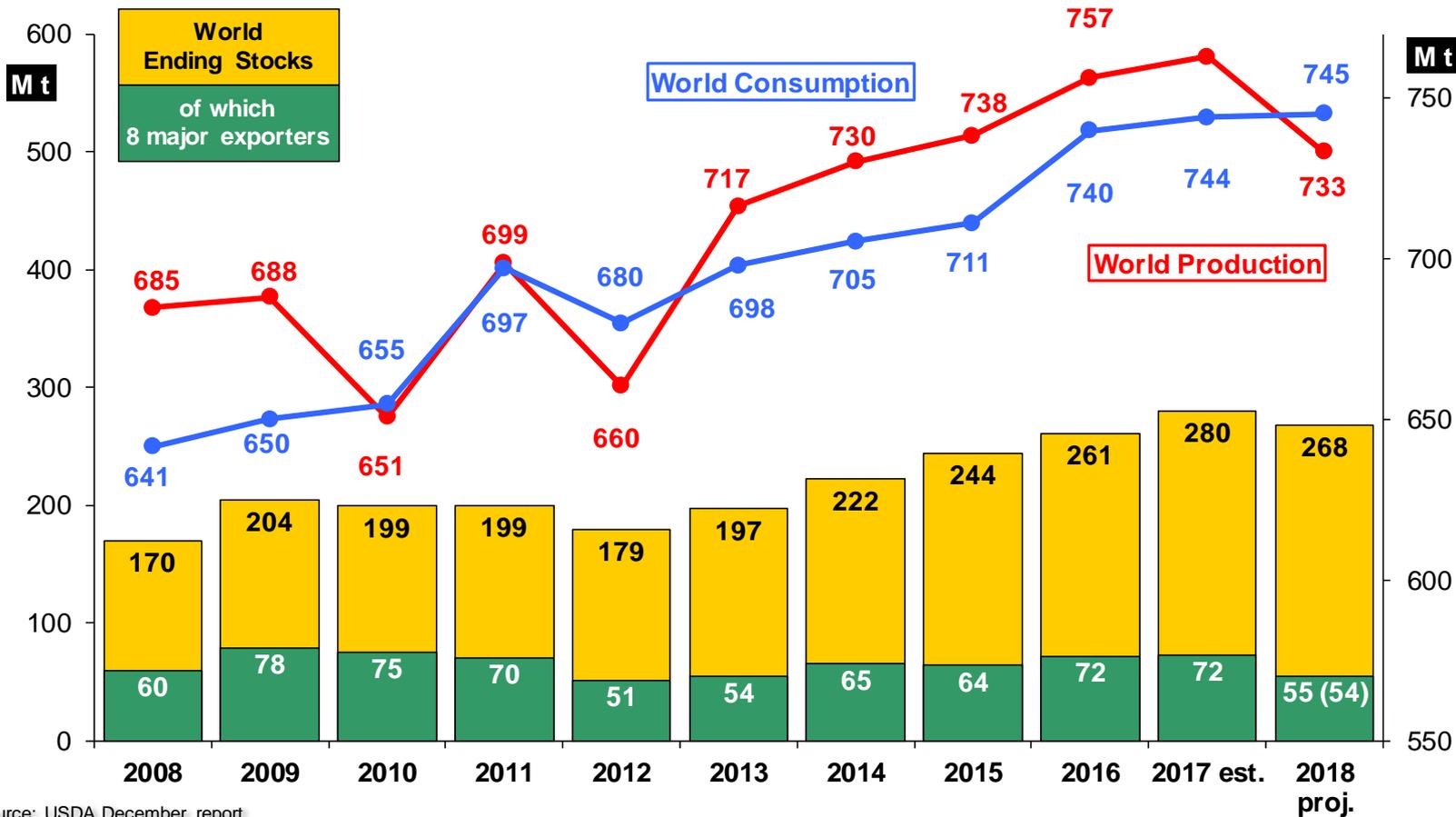




World Cereals Forecasts

USDA

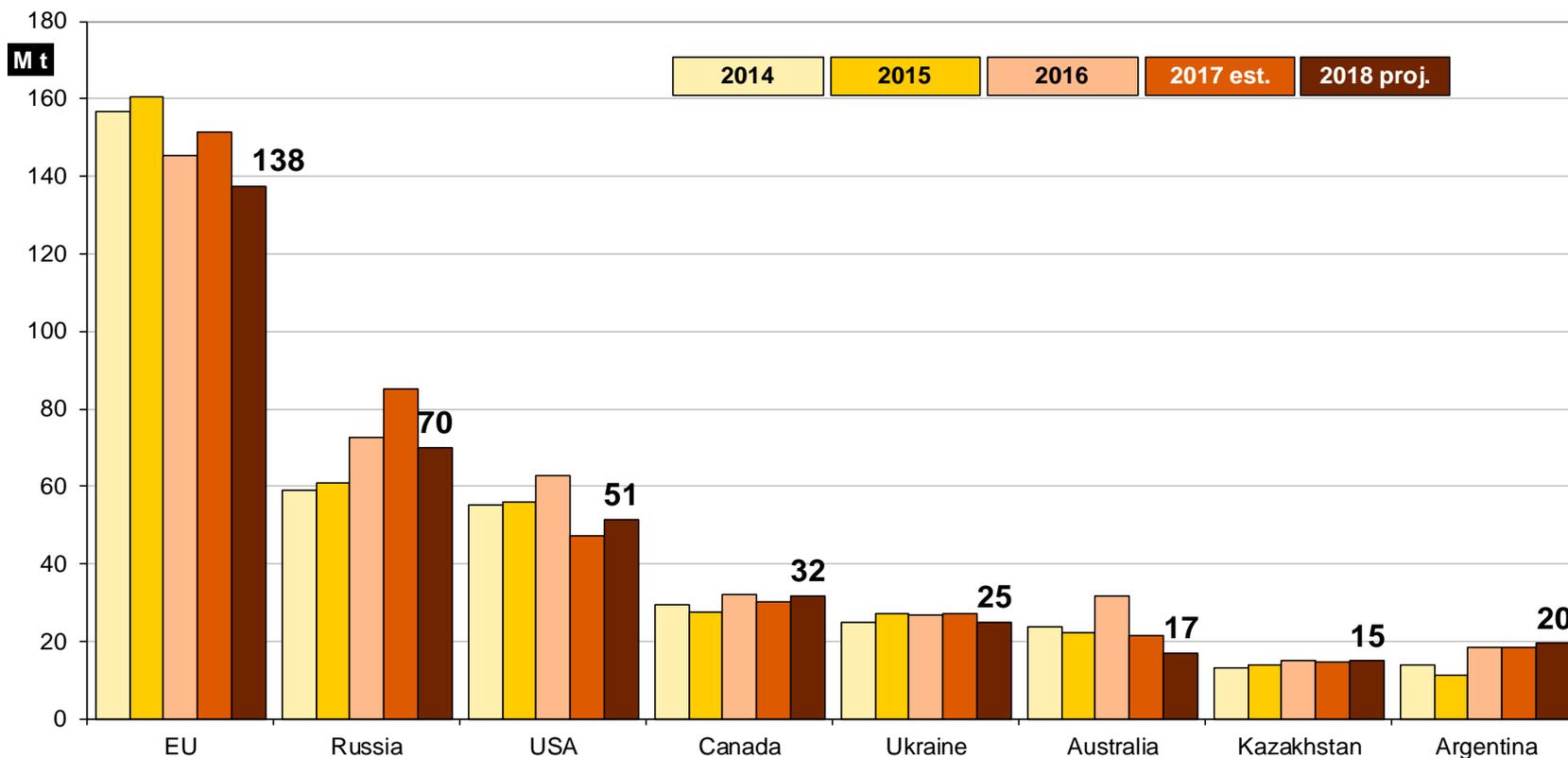
World wheat: USDA



Source: USDA December report

USDA: Wheat production forecast

All wheat



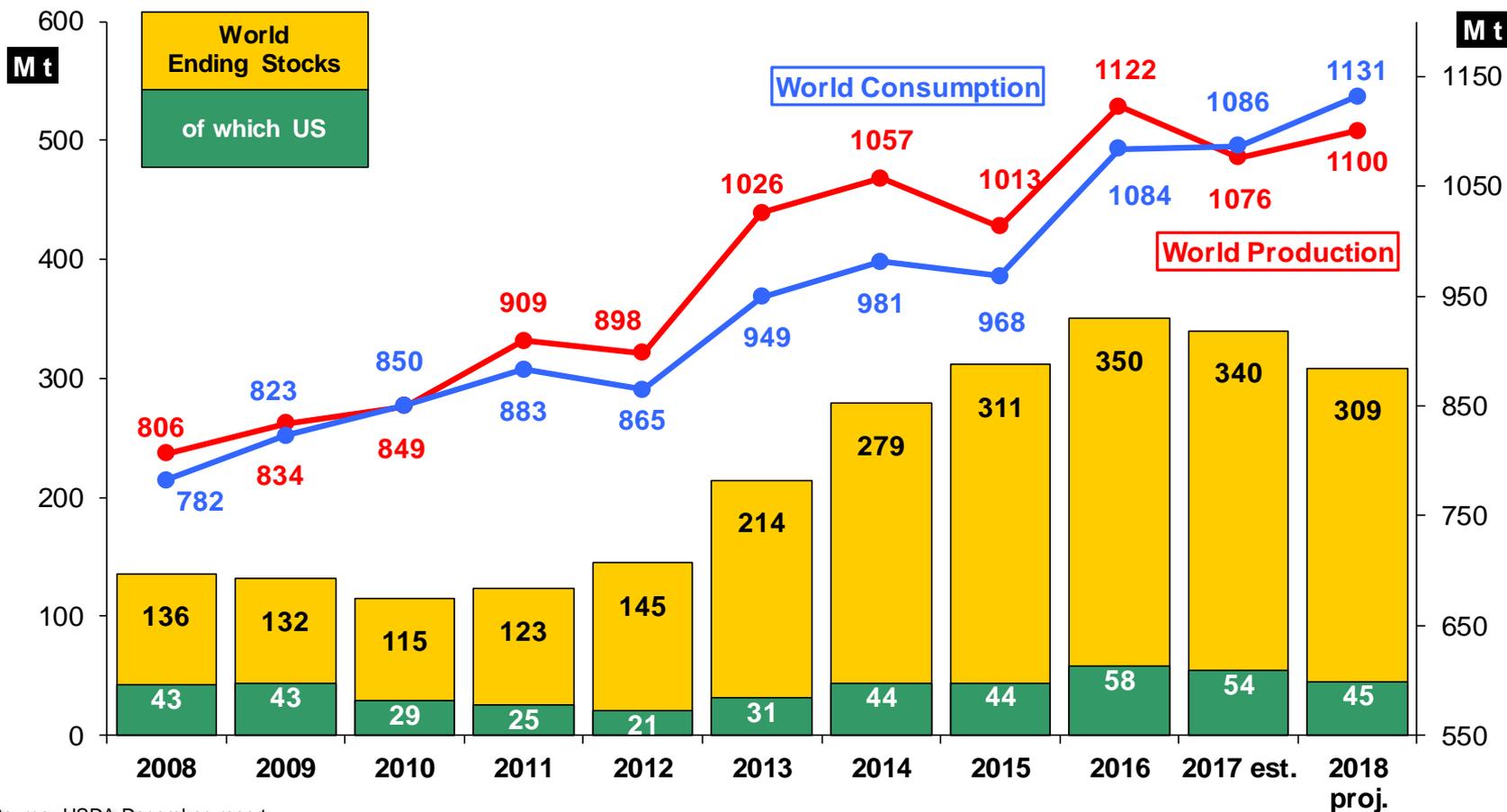


USDA 2018/19 Supply and Demand Estimates (WASDE – 584 of 11 December 2018)

Wheat: estimated world production is fractionally lower m/m at 733.4m t (-29.7m or -3.9% y/y). Despite a modest reduction from previous month global consumption is still seen at a record 745.3m t (-0.5m t m/m; +1.1m or +0.15% y/y), incl. 142m t of feed use (-5.7m or -3.8%) of which 53m t in the EU (-8.6%). Ending stocks were raised by 1.4m to 268.1m t (-11.8m or -4.2% y/y) of which 143.6m t in **China** (+9.4% y/y), i.e. 53.6% of world total. Excl. China the global stocks-to-use ratio is estimated at 20%.

- Production: **AUS** crop estimate was cut again, this time down by 0.5m to 17.0m t (-4.3m or -20% y/y) reflecting lower area now seen at 10m ha only (-18% y/y). Potentially this is the lowest wheat crop in AUS since 2007/08. **Canadian** wheat output increased modestly to 31.8m t (+6.1%).
- World exports reduced further to 177.4m t (-2.1% y/y) on lower **AUS** (-1m to 10.5m t), **EU** (-1m to 22m t) and **US** (-0.7m to 27.2m t) forecasts, only partly offset by larger **RUS** (+1.5m to 36.5m t) shipments.

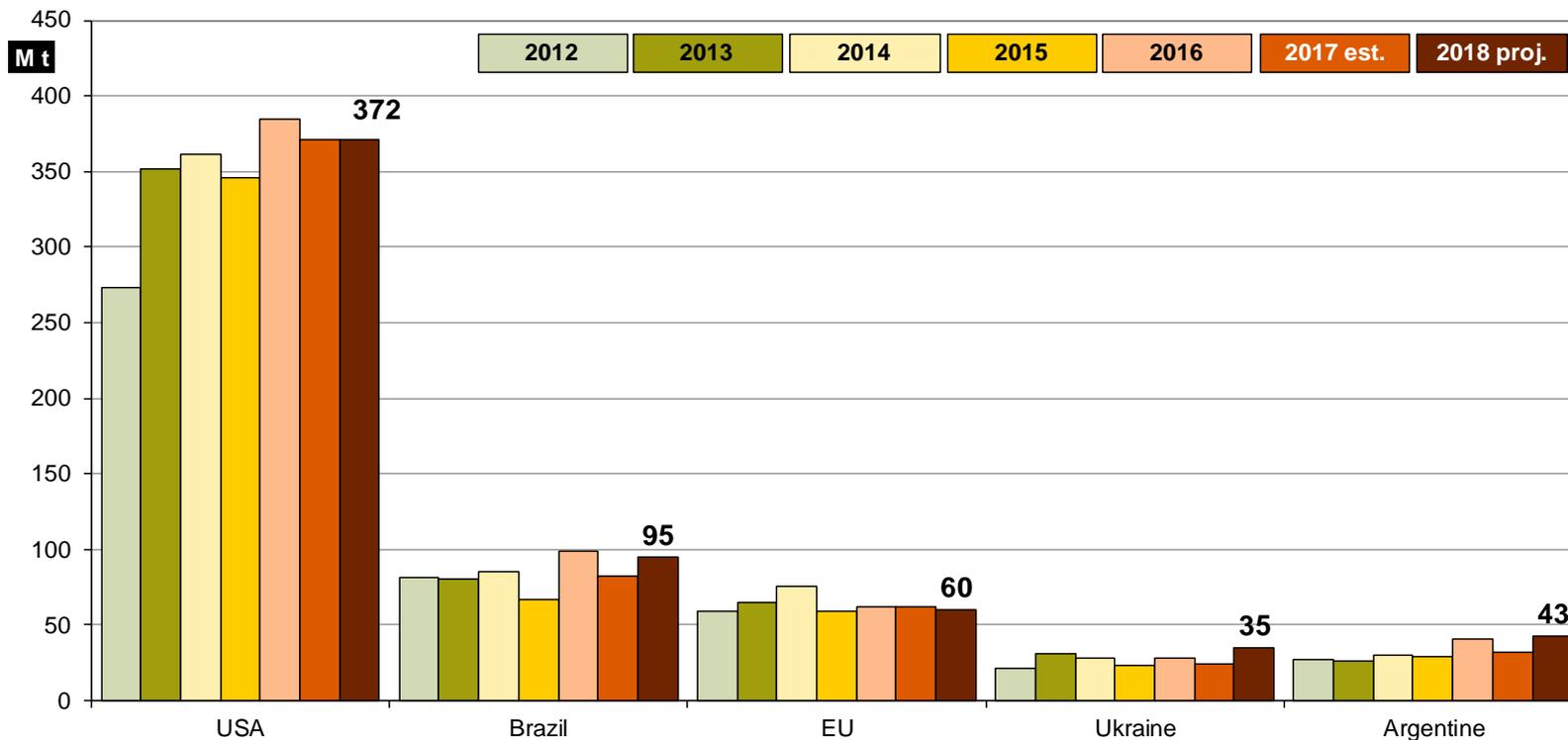
World maize: USDA



Source: USDA December report

USDA: maize production forecast

Maize



Source: USDA December report



USDA 2018/19 Supply and Demand Estimates (WASDE – 584 of 11 December 2018)

Maize: World production forecast was raised by 1m to 1,100m t (+23.7m t or +2.2% y/y), while consumption lowered to 1,131m t (-1m m/m; +45.1m or +4.2% y/y), still a record though. Feed use is estimated at 699m t (+4.3%), incl. 64m (+12.3% y/y) for the **EU**. Ending stocks are seen decreasing to 309m t (-31.4m or -9.2% y/y), incl. 207.5m t in **China** (-6.8% y/y; 67.2% of world total). Stocks-to-use ratio excl. China amounts to 11.84% only.

- Estimated **EU** production increased by 0.9m to 60.4m t (-2.7%) reflecting record maize harvest in **RO** (13.5m t). Again, the forecast for **UKR** crop was raised, up 1.5m m/m to a record 35m t (+45% y/y) with yield seen at 7.78 t/ha. Partly offsetting these increases estimates were reduced for **CAN** (-0.6m to 13.9m t) and **South Africa** (-1m to 12m t; -11.3% y/y). Planting is progressing behind schedule in S. Africa due to dry conditions, while low prices could also reduce total area.
- **EU** imports maintained at 21m t (+2.6m y/y) and the EU to remain the largest importer followed by **MEX** (16.7m) and **Japan** (15.5m). Due to a larger crop **UKR** exports increased by 1m to 28m t (+9.5m or +51% y/y).



Cereals Market News and Prices



Market News 1. (20-12-2018)

Russia

- **RUS** (*Ag.Min.*): 2018/19 **grain** production is forecast at 110m t (clean weight; 135.4m t last year), incl. 70m t of **wheat** (85.9m), 16.6m t of **barley** and over 10m t of **maize**.
- **RUS** (*SovEcon*): 2018/19 **grain** production estimate (clean weight) at 110.8m t (135m t previous year) incl. **wheat** at 70.9m t (85.8m).
- **RUS** (*Statistics Service*): producers **wheat** stocks down 30% y/y as of 1/Dec.
- **RUS** (*Federal Customs*): by 13/Dec 2018/19 **grain** exports reached 25.9m t (24.8m last year), incl. 21.8m **wheat**, 2.8m **barley** and 1m **maize**.
- **RUS** (*UkrAgroConsult*): 2018/19 **wheat** export forecast raised by 2m to 35m t reflecting record exports during Jul-Dec. Shipments are expected to slow down to 12m t during Jan-Jul 2019 from 19.3m t shipped Jan-July 2018.



Market News 2. (20-12-2018) Ukraine

- **UKR** (*UkrAgroConsult*): 2018/19 (Sept/Aug) **maize** exports reached 5.8m t (+105% y/y) so far, equal to about 22% of the exportable surplus. Exports should reach 20m t during Jan-Aug 2019 to realize the export forecasts.
- **UKR** (*Ag. Ministry*): 2018/19 **grain** production forecast at 70.1m t (61.3m last season), incl. **maize** at 35.5m, **wheat** at 24.5m and **barley** at 7.3m. 2018/19 (Jul/Jun) grain exports forecast at 47.2m t (39.4m).
- **UKR** (*National Institute of Agrarian Economy*): 2018/19 **grain** production forecast at a record of 70.2m t (+13% y/y), incl. **maize** at 35.2m (+43%).
- **KZH** (*Ag. Ministry*): 2018/19 **grains** production forecast to reach 22.8m t (21.9m last year), with average yields at 1.5 t/ha. 2018/19 exports could reach 9.0m t

Market News 3. (20-12-2018)

U.S. Grain export inspections w/e 13/DEC/2018

Commodity	MY 2018/19	MY 2017/18	Change
Maize	15 991 318	9 241 028	+ 73.0 %
Sorghum	393 768	1 435 184	- 72.6 %
Soybeans	15 159 894	25 896 642	- 41.5 %
Wheat	11 712 571	13 756 228	- 14.9 %

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

- US **maize** exports slightly slower lately, however still sharply up y/y
- US **wheat** exports continued to improve

Market News 4. (20-12-2018)

Canada – 2018/19 forecasts

Statistics Canada (6 12 2018): based on the November Farm Survey covering about 26,800 farmers. These are the final production estimates for 2018, subject to revision for two years. (Figures in million tonnes.)

	2016/17	2017/18	2018/19	2018/19 vs 2017/18
All wheat production	32.140	29.984	31.769	106,0%
Spring wheat production	20.705	22.167	23.511	106,1%
Winter wheat production	3.673	2.855	2.514	88,1%
<i>spring wheat as of total (%)</i>	64%	74%	74%	
Durum production	7.762	4.962	5.745	115,8%
<i>durum as of total (%)</i>	24%	17%	18%	
Oats production	3.231	3.733	3.436	92,0%
Maize production	13.889	14.095	13.885	98,5%
Barley production	8.839	7.891	8.380	106,2%
Soybeans production	6.597	7.717	7.267	94,2%
Canola production	19.599	21.328	20.343	95,4%



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Market news 5. (20-12-2018)

Australia – forecast for 2018/19

(source: ABARES – December 2018)

	2016/17	2017/18	2018/19 f'	y/y
Wheat area (m ha)	12.19	12.24	9.96 (-1.1)	-18.6%
<i>production (m t)</i>	<i>31.82</i>	<i>21.24</i>	16.96 (-2.1)	-20.2%
Barley area (m ha)	4.83	3.88	3.72 (-0.3)	-4.1%
<i>production (m t)</i>	<i>13.51</i>	<i>8.93</i>	7.31 (-1.0)	-18.1%
Canola area (m ha)	2.68	2.73	1.89 (-0.5)	-30.6%
<i>production (m t)</i>	<i>4.31</i>	<i>3.67</i>	2.24 (-0.6)	-38.9%

Market News 6. (20-12-2018)

Brazil

CONAB December report on **2018/19** S&D forecasts:

- **Maize:** full season maize crop raised on higher yield forecast (5.34 t/ha) reflecting favourable conditions. Domestic use to reach 62.5m t (+4%) & exports 31m t (+35%).
- **Soya bean** crop now estimated at a new record with area pegged at 35.8m ha (+1.8%) & yield at 3.35 t/ha (-1.2%).

11-12-2018	Forecast	+/- previous f'cast	Previous year	+/- y/y
Wheat prod (m t)	5.5	-	4.3	+28%
<i>Wheat area</i> (m ha)	2.0	-	1.9	+6%
Soybeans prod (m t)	120.1	+2.1	119.3	+1%
<i>Soy area</i> (m ha)	35.8	+0.1	35.1	+2%
Maize prod (m t)	91.1	+0.6	80.8	+13%
<i>Maize 1st crop</i>	27.4	+0.6	26.8	+2%
<i>Maize 2nd crop</i>	63.7	-	54.0	+18%

Market News 7. (20-12-2018)

China

China Agricultural Supply and Demand Estimates for 2018/19

11 December		Forecast (Mt)	+/- prev' f'cast (Mt)	2016/17 (Mt)	+/- y/y
Maize	Production	215.0	-	215.9	- 0%
	<i>Consumption</i>	250.8	+ 5.0	225.6	+ 11%
	<i>Feed use</i>	156.5	+ 5.0	139.5	+ 12%
	<i>Industrial</i>	75.0	-	66.8	+ 12%
	Imports	2.5	+ 1.0	3.5	- 28%
Soybeans	Production	15.8	-	15.3	+ 4%
	<i>Consumption</i>	102.8	-	107.1	- 4%
	Imports	83.7	-	93.9	- 11%



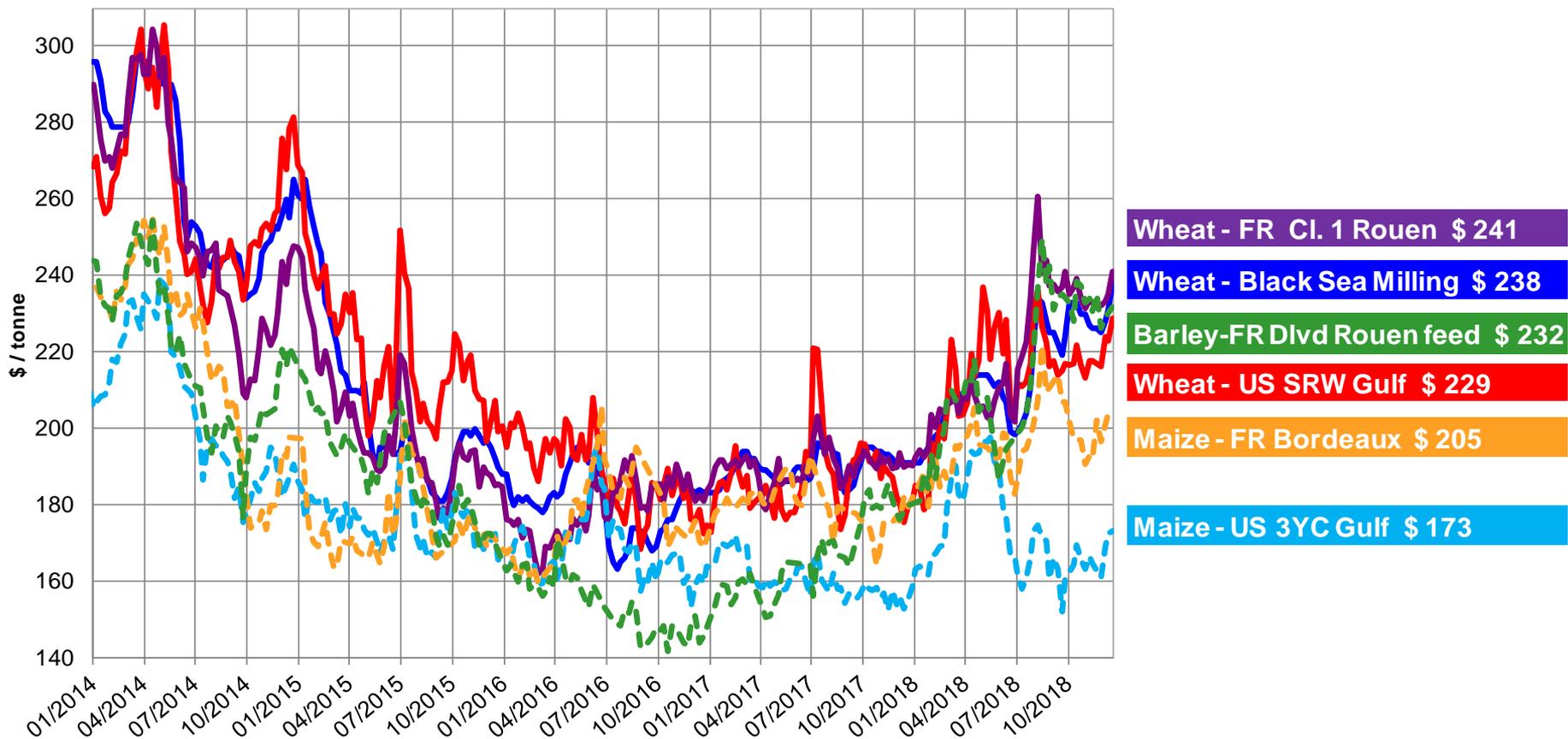
Market News 8. (20-12-2018)

- **China** (*National Bureau of Statistics*): 2018/19 **grain** production estimated at 657.9m t (661.6m last year), incl. **maize** at 257.3m t (259.1m) and **wheat** at 131.4m t (134.4m).
- **ARG** (*BAGE*): due to heavy rains and frosts possibly reducing yield potential estimated **wheat** production was lowered by 0.2m to 19m t (+7% y/y). Wheat harvest was 57% complete on 12 Dec with ave yield at 2.7 t/ha. **Maize** sowing 47% done (total area seen at 5.8m ha).



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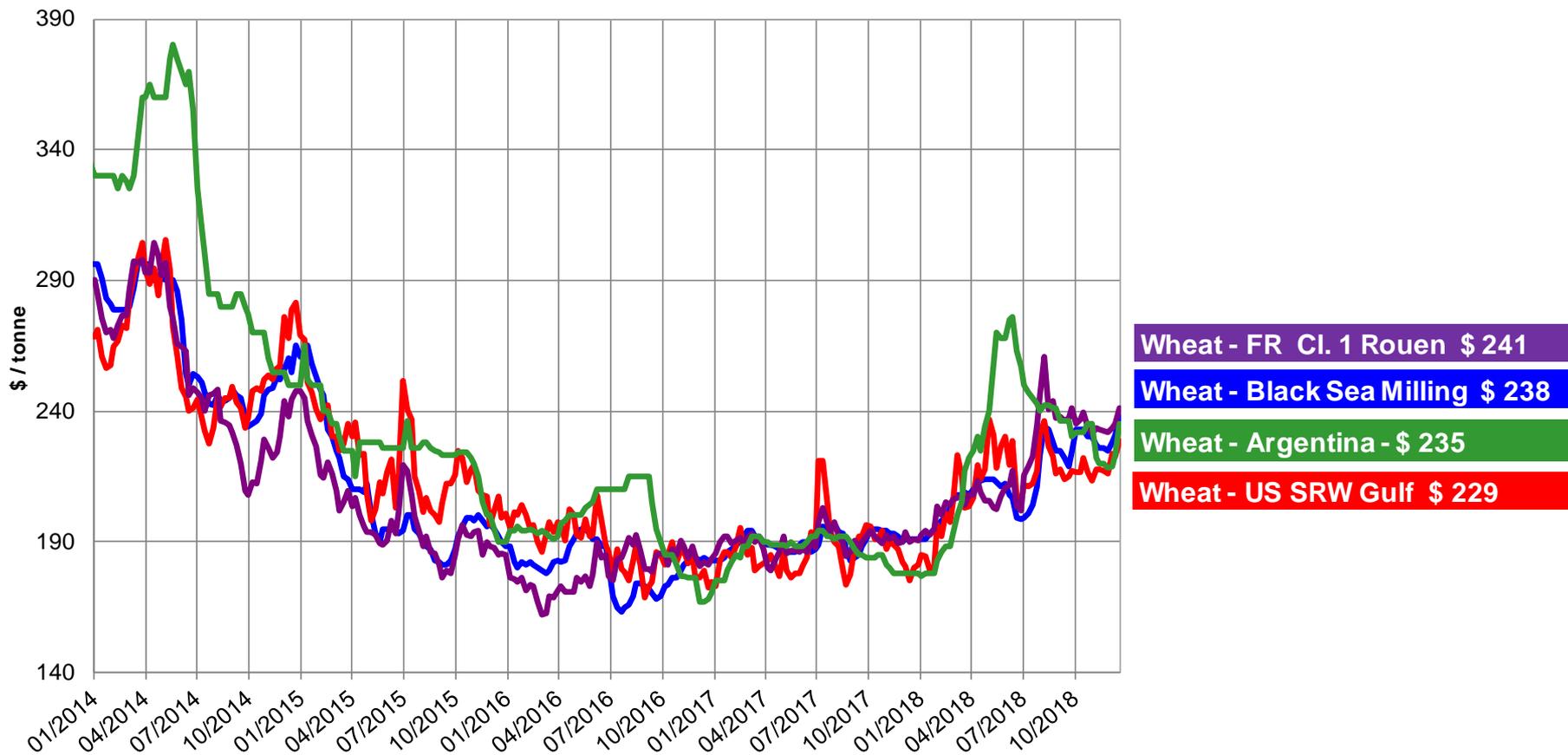
World cereal prices (\$/t)



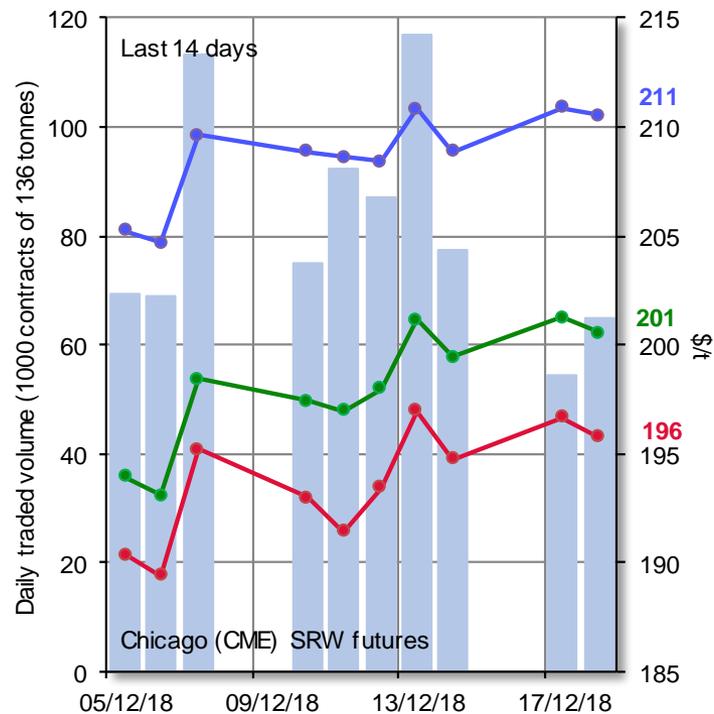
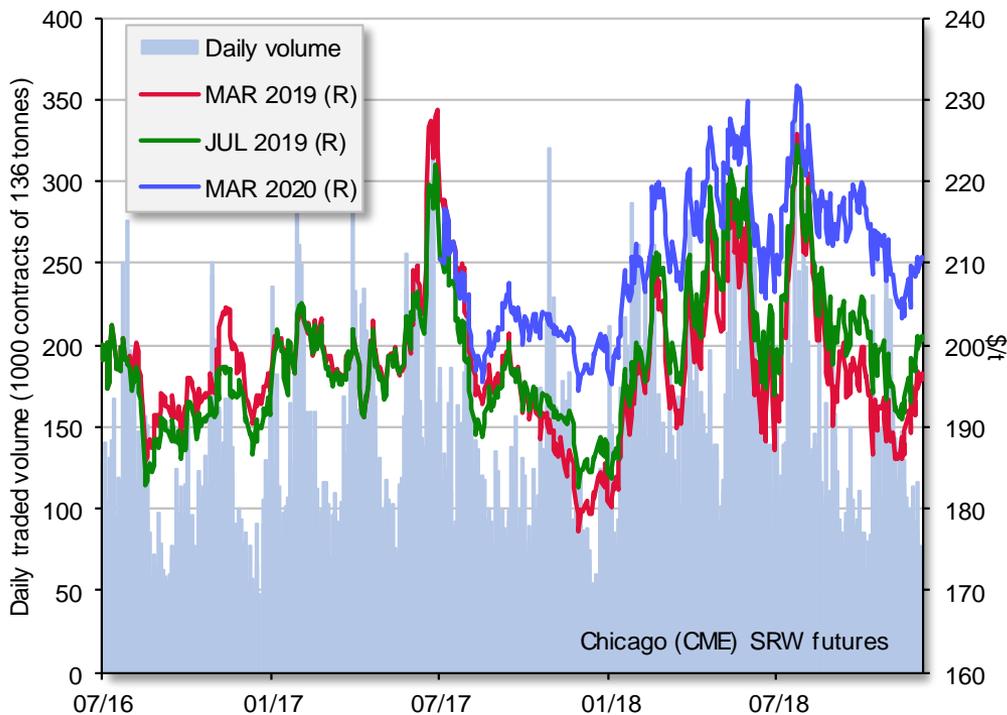


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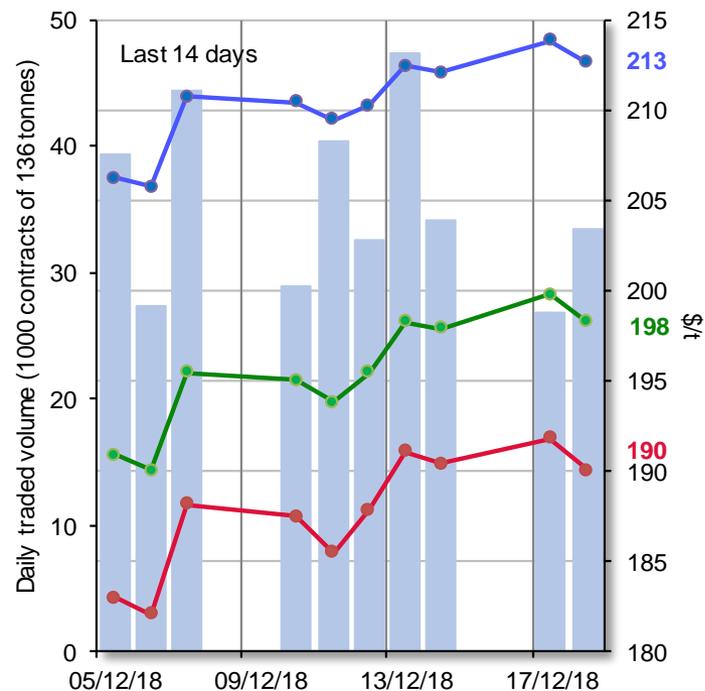
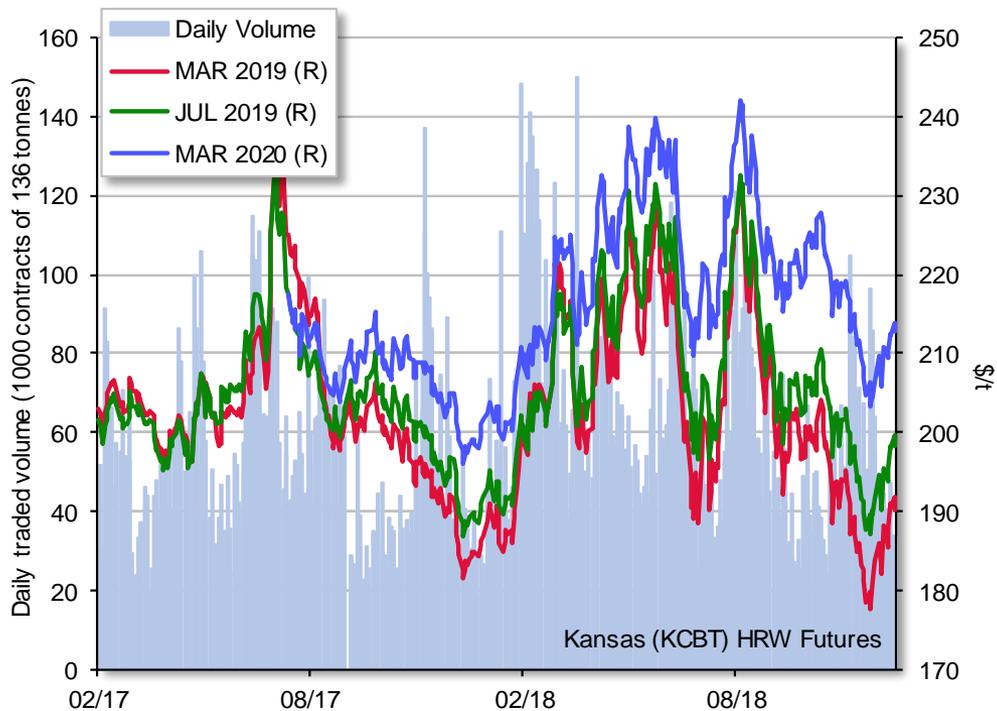
World common wheat prices (\$/t)



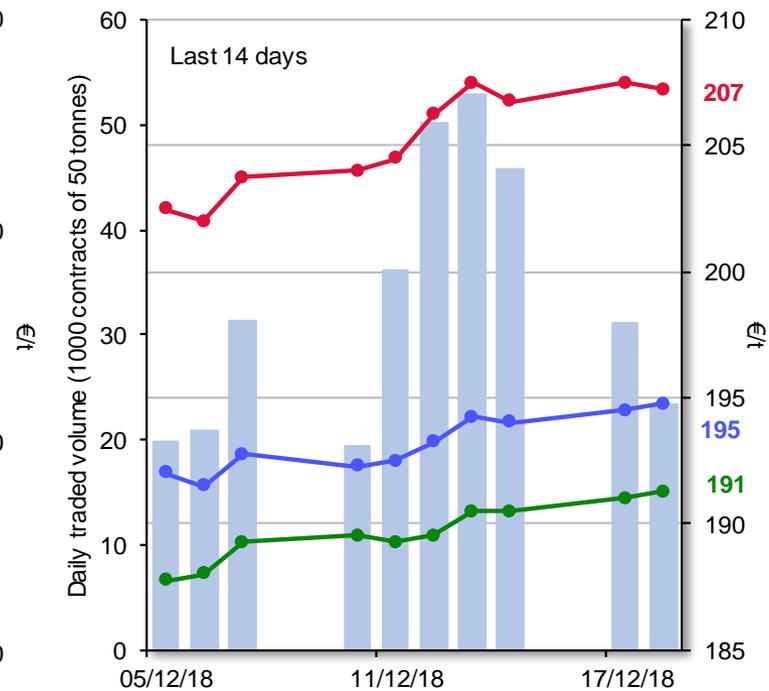
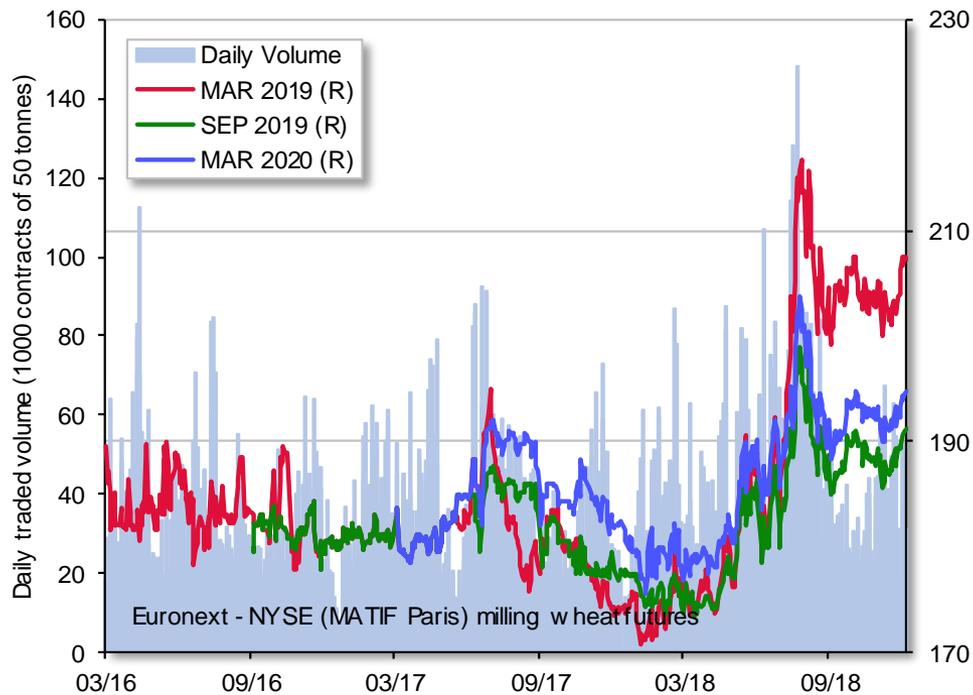
US CME SRW wheat futures



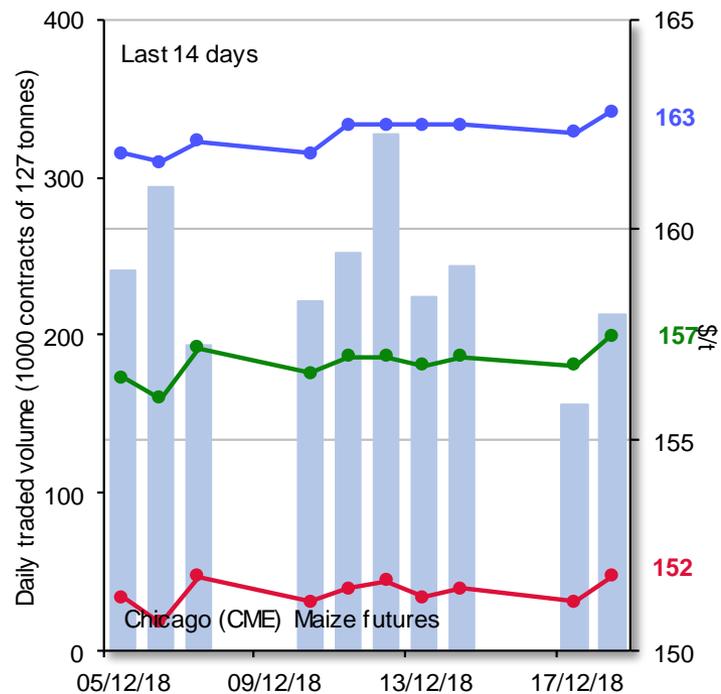
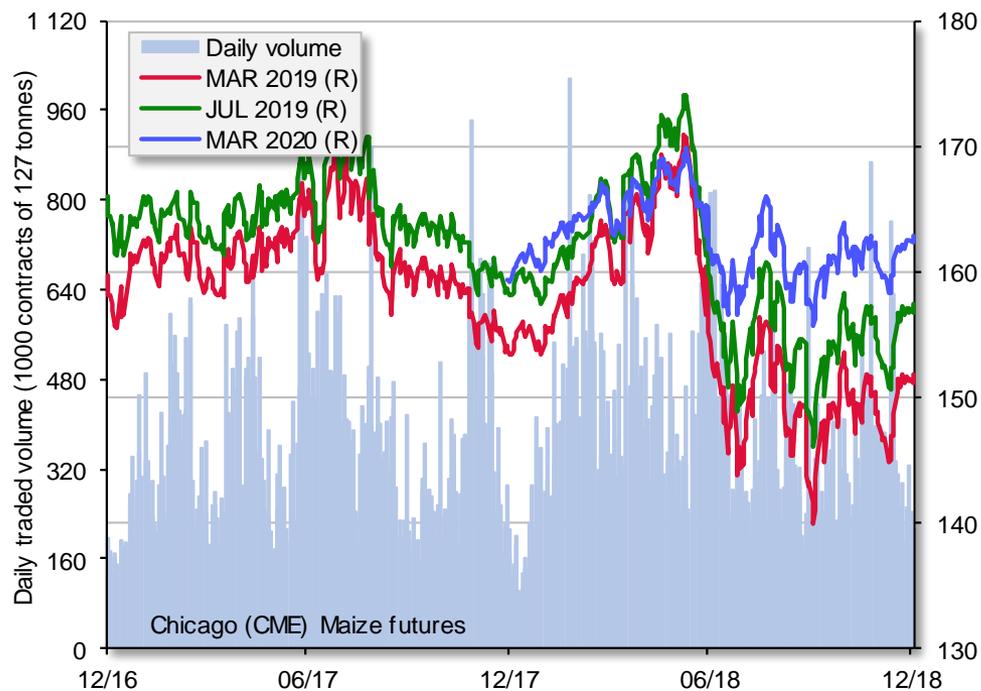
US KCBT HRW wheat futures



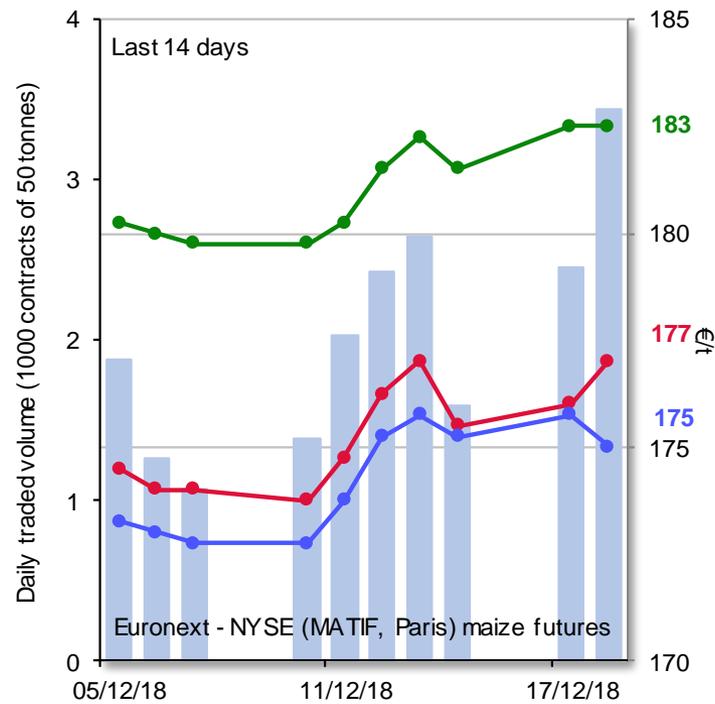
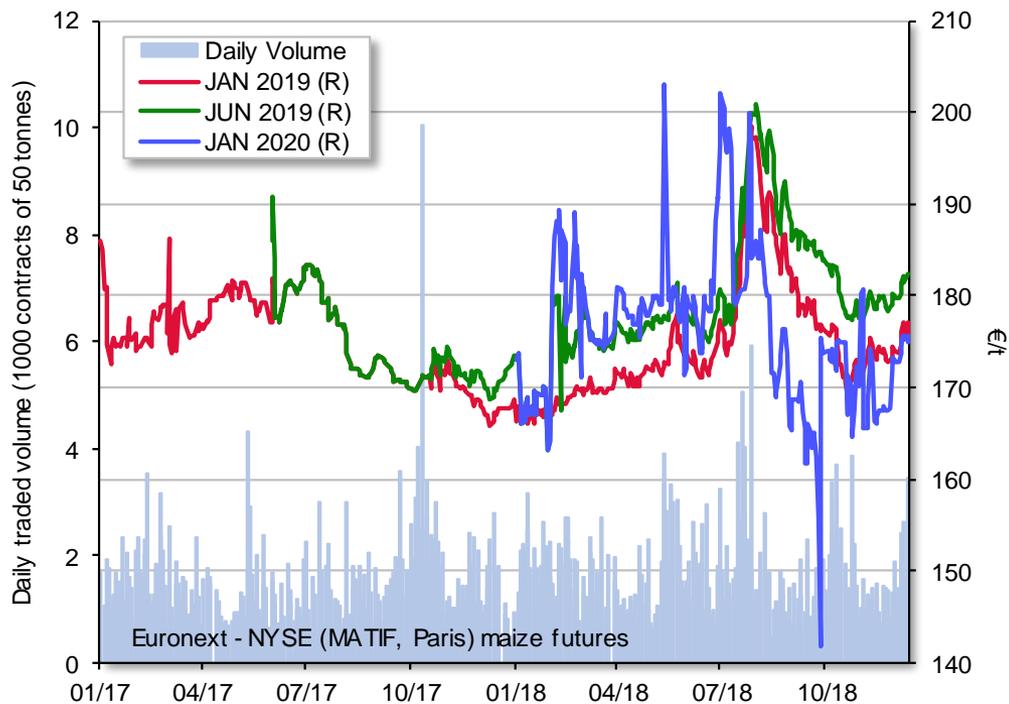
EU Milling Wheat Futures



CME maize futures



EU maize futures





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Trade

Selected cereals trade for the past 3 weeks

<i>Country</i>	<i>Crop</i>	<i>Quantity (in t)</i>	<i>Price (\$/t)</i>	<i>Origins</i>	<i>Delivery</i>
<i>Egypt</i>	Wheat	350 000	236.3-237.4 fob <i>Freight: 15.9-17 \$/t</i>	RUS: 290 000 UKR: 60 000	Jan
<i>Egypt</i>	Wheat	180 000	241.3-242.8 fob <i>Freight: 15.1-16.4 \$/t</i>	RUS: 120 000 EU (RO): 60 000	Feb
<i>Algeria</i>	maize	40 000	198.3 c&f	ARG	Dec
<i>Jordan</i>	wheat	60 000	267.4 c&f	optional	March

EU cereals trade 2018/19 (update of Situation at 17/12/2018)

- **Imports:** 13.1m t (9.9m t last year; 7m t two years ago)

➤ 2.26m t soft wheat	↑ +56% y/y
➤ 0.46m t durum wheat	↓ -49% y/y
➤ 9.9m t maize	↑ +41% y/y
➤ 0.1m t barley	↓ -70% y/y

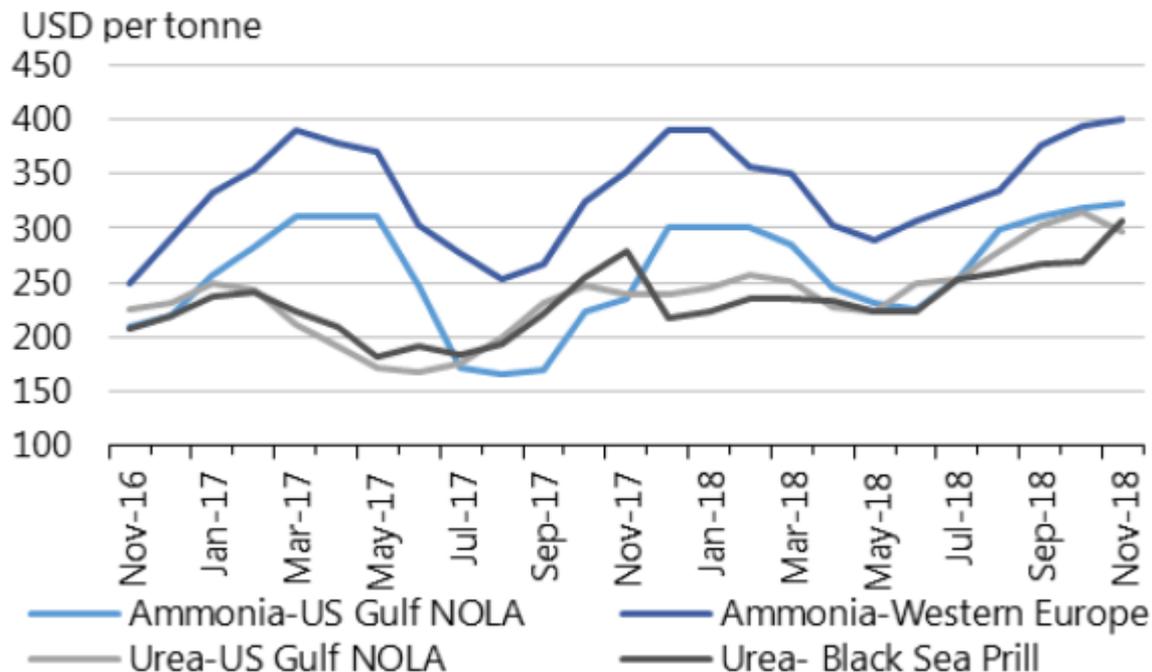
- **Exports:** 12.6m t (15.4m t last year; 18.4m t two years ago)

➤ 7.7m t soft wheat	↓ -25% y/y
➤ 2.5m t barley	↔ -1% y/y
➤ 0.33m t durum wheat	↓ -34% y/y
➤ 0.81m t maize	↑ +30% y/y

- So far, the EU is a net cereal importer of 0.5m t. Last year at this stage, EU was a net exporter of 5.5m t against 11.4m t two years ago.

Fertilizer outlook

Ammonia and Urea (Spot prices)





Conclusions

- Both **wheat** & **maize** prices increased during last 3 weeks
- **Wheat** prices were driven higher by mounting concerns for the ARG and AUS harvests, as well as tightening RUS availabilities
- Further downgrades to AUS **wheat** forecasts
- **Maize** prices supported by strong demand & hope for easing US-China trade tensions
- Again, **USDA** increased its forecast for the UKR **maize** crop
- On *fob* basis US SRW **wheat** most competitive
- On *fob* basis UKR is now cheapest origin for **maize**



Thank you for your attention!

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>