



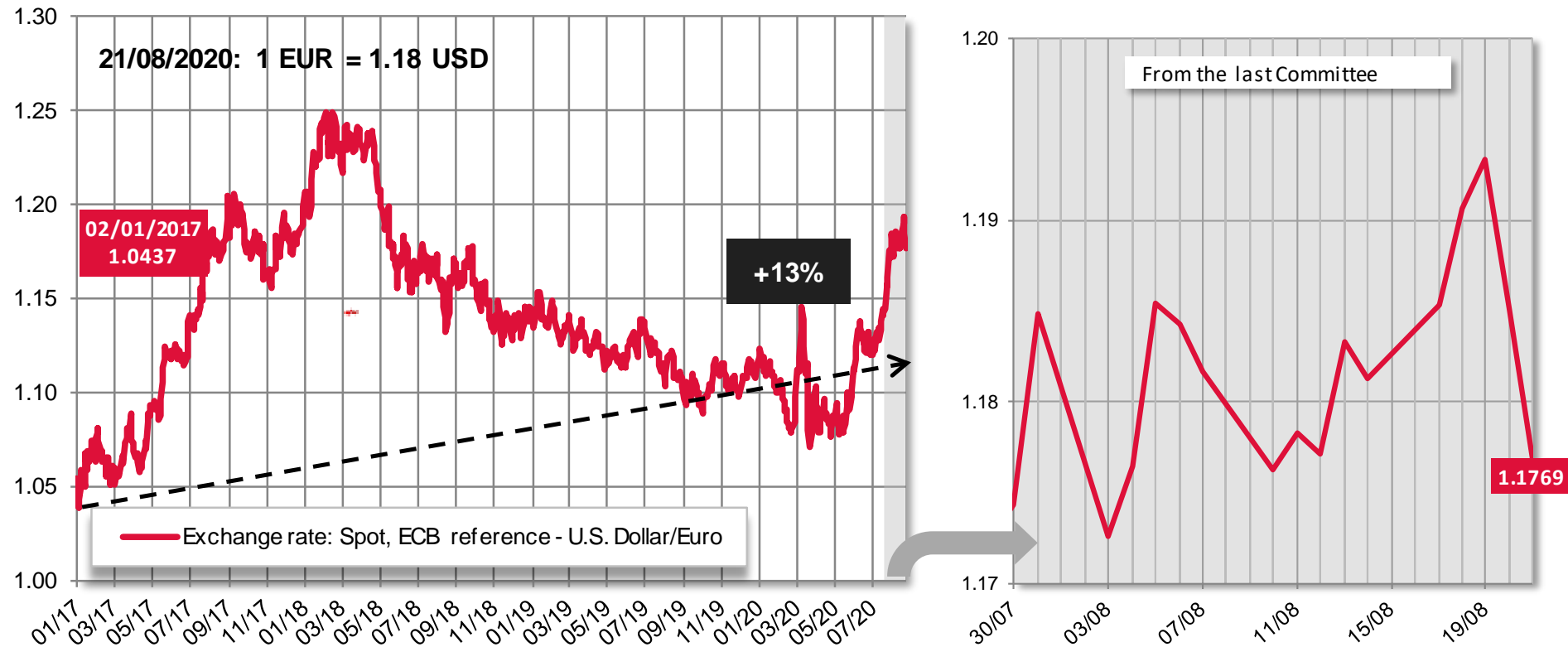
Cereals market situation

Committee for the Common Organisation of Agricultural Markets

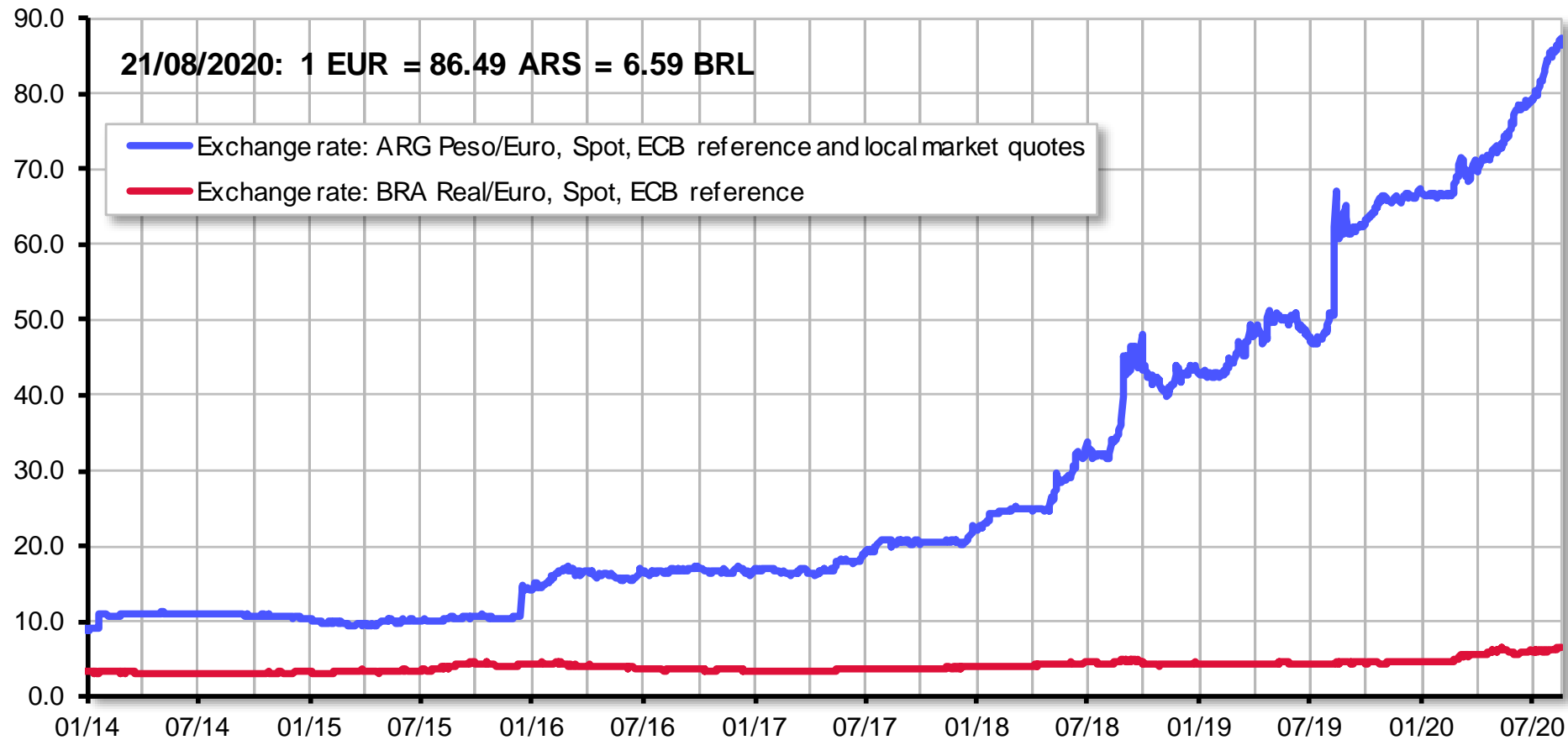
27 August 2020

Exchange Rates

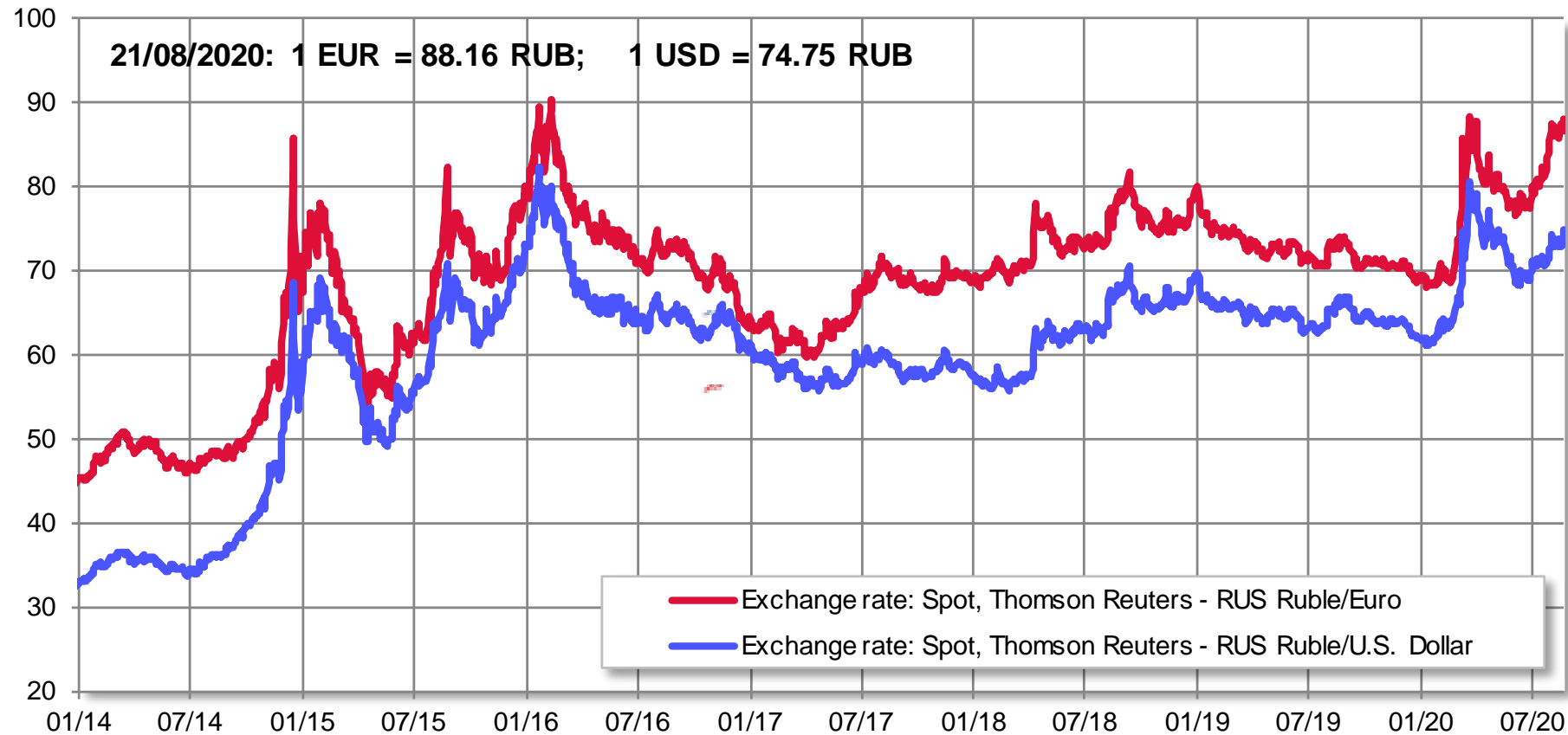
Euro – US Dollar exchange rate



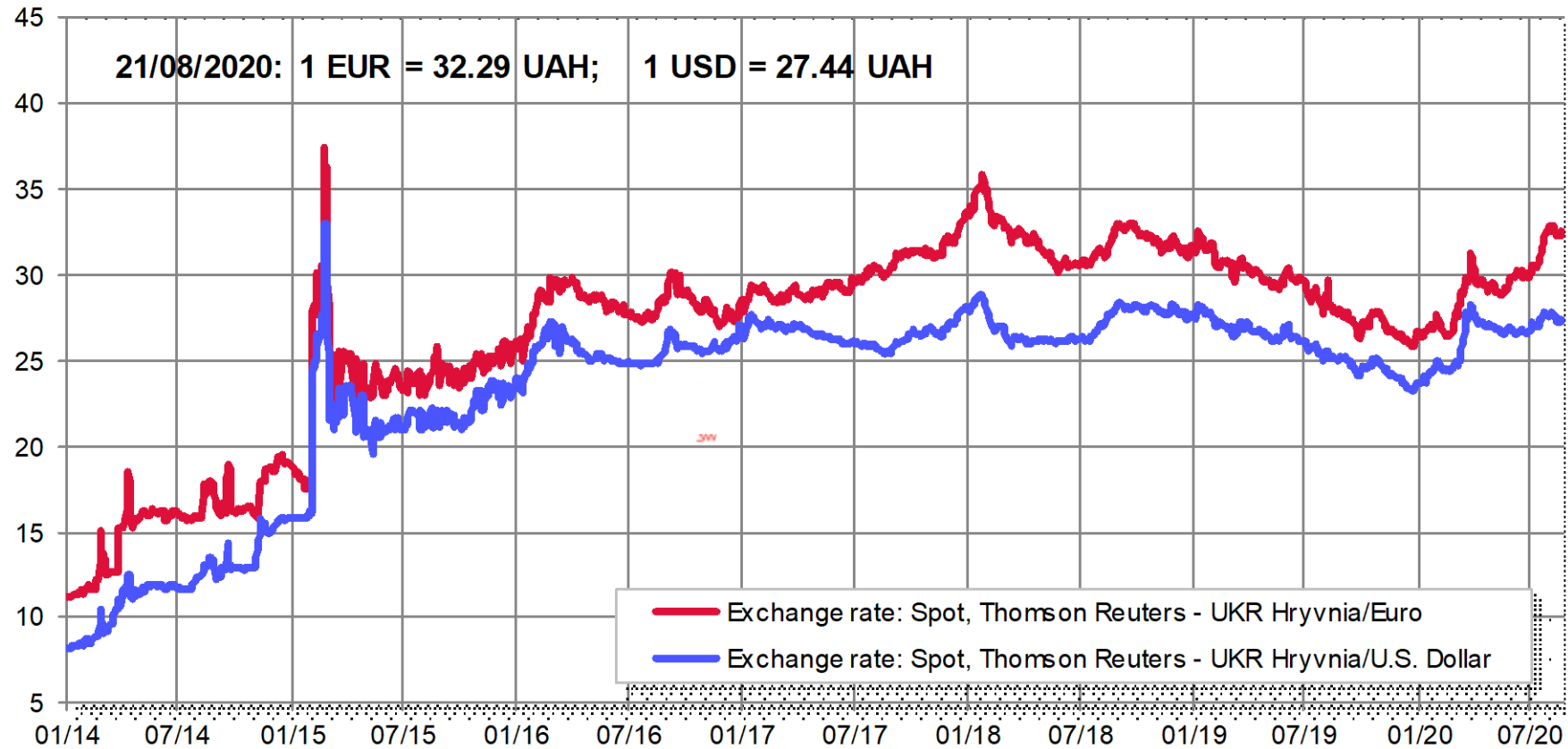
Euro – Argentine Peso and Brazilian Real exchange rate



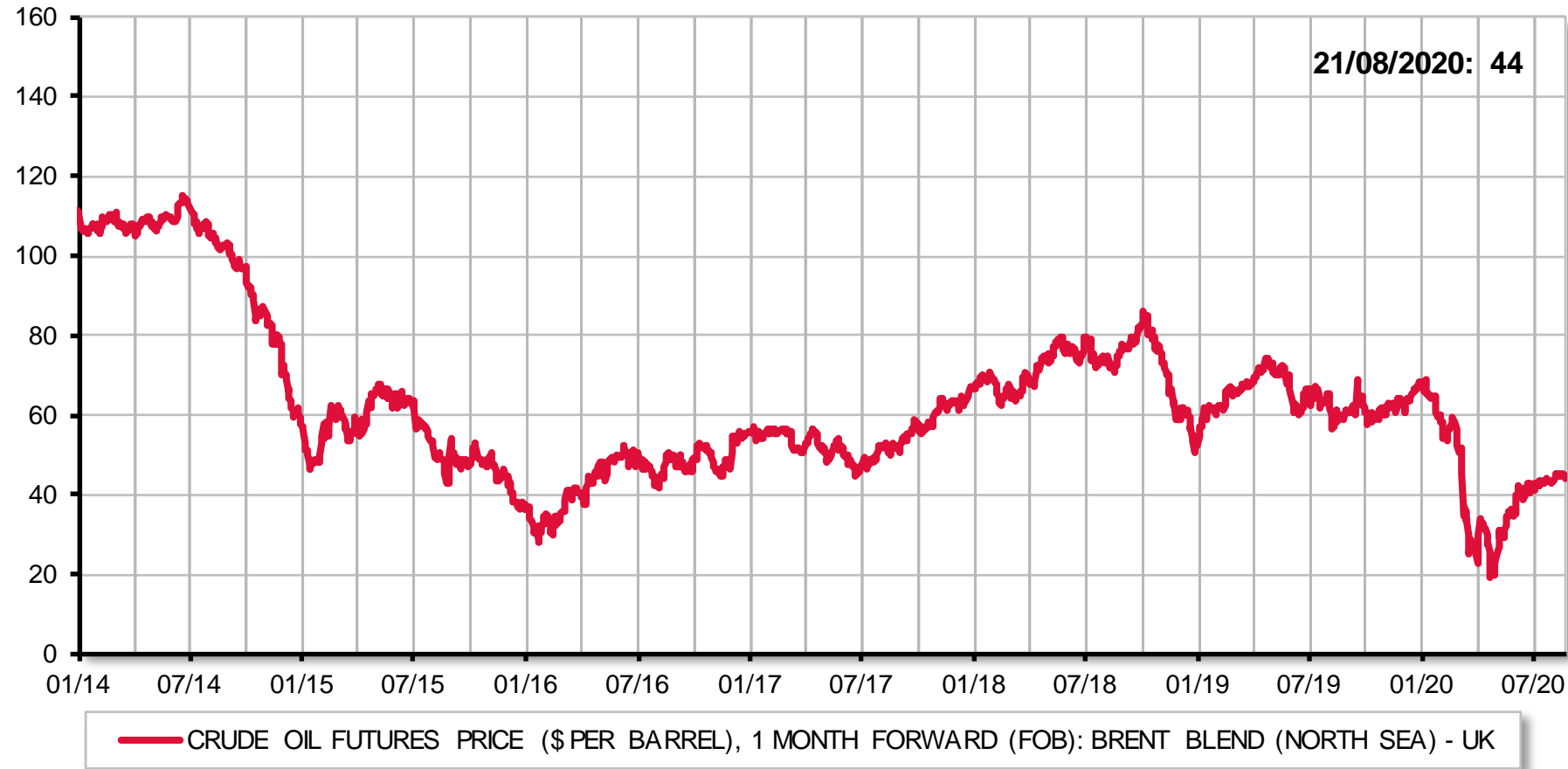
Euro and US Dollar – Russian Rouble exchange rate



Euro and US Dollar - Ukraine Hryvnia exchange rate



Crude oil price (\$/barrel)



Baltic Dry Index



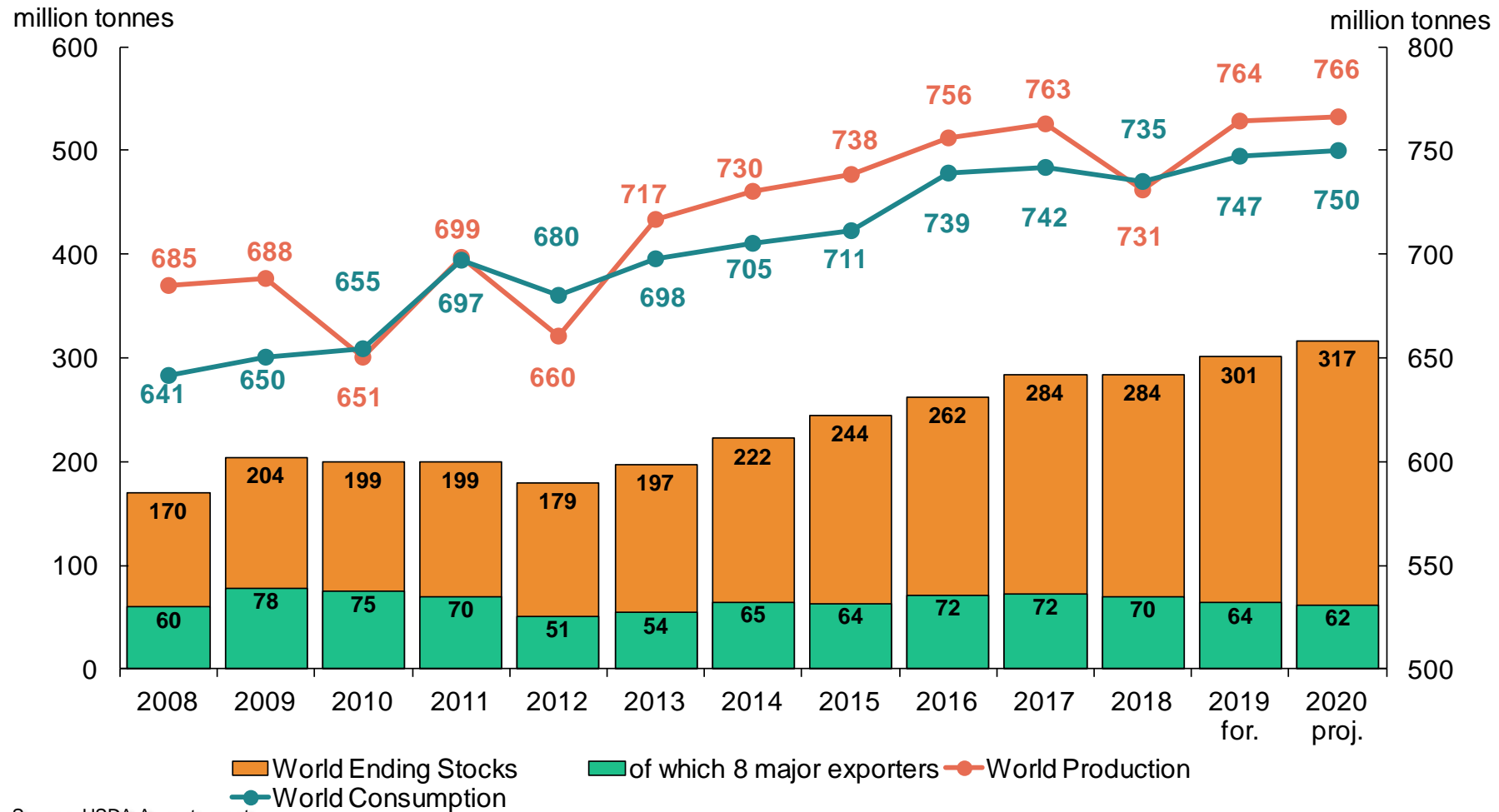
Summary of Exchange Rate Movements

- **EUR/USD:** the EUR gained 1.7% vs USD m/m reaching 1.18 USD per 1 EUR.
- **RUB:** the Russian currency continued weakening both vs EUR (-5.5%) and the USD (-4.5%) m/m.
- **UAH:** hryvnia remained stable vs EUR, while slightly softer vs USD (-1.4%).
- **ARS:** the peso continued its weakening trend losing nearly 4% against the EUR.
- **BRL:** the real weakened rather sharply, by more than 8% m/m vs the EU.
- **Oil price:** remained rather stable gaining 1 USD only to reach USD 44 per barrel.
- **Freight:** the BDI has increased moderately, by 164 points m/m to 1,481 points (+12.5%).

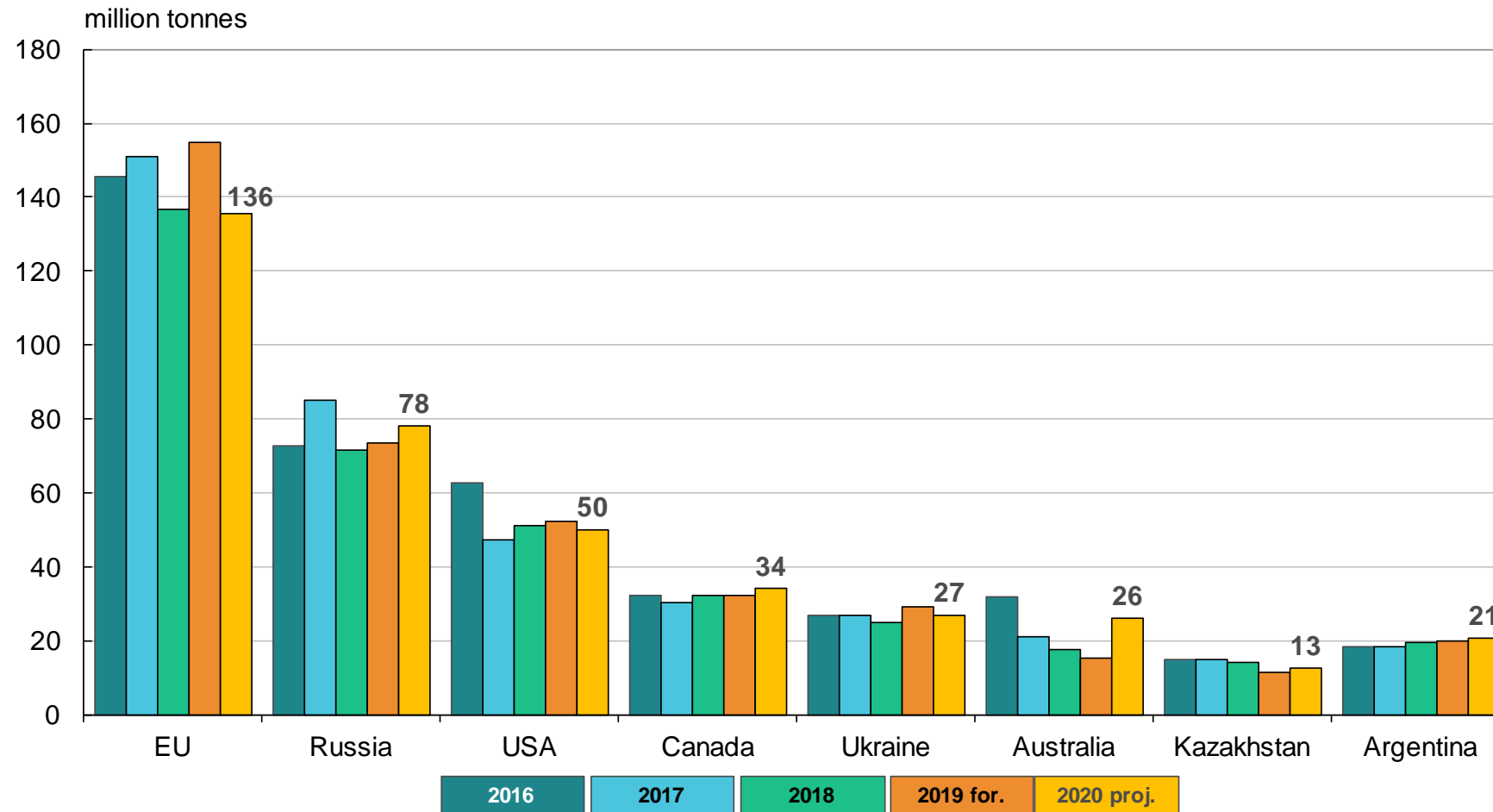
World Cereals Forecasts

USDA

World wheat: USDA



USDA: Wheat production forecast



Source: USDA August report

USDA 2020/21 Supply and Demand Estimates

(WASDE – 603 of 12 August 2020)

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	135.5	17.7%	154.9	-4.0	-12.6%
USA	50.0	6.5%	52.3	+0.4	-4.3%
Canada	34.0	4.4%	32.4	-	+5.1%
Russia	78.0	10.2%	73.6	+1.5	+6.0%
Ukraine	27.0	3.5%	29.2	+0.5	-7.4%
Australia	26.0	3.4%	15.2	-	+71.1%
Argentina	20.5	2.7%	19.8	-0.5	+3.8%
China	136.0	17.8%	133.6	-	+1.8%
India	107.2	14.0%	103.6	-	+3.5%
World	766.0	100.0%	764.1	-3.3	+0.3%

Wheat import forecasts for selected countries and regions

	2017/18	2018/19	2019/20	2020/21*
Algeria	8.172	7.515	6.800	7.000
Egypt	12.407	12.354	13.300	13.000
Morocco	3.672	3.724	4.900	6.200 (+0.2m m/m)
North Africa	27.441	26.956	28.350	29.600 (+0.2m)
Sub-Saharan Africa	25.312	22.549	26.484	26.110 (-0.07m)
Saudi Arabia	3.492	2.902	3.550	3.200
Vietnam	4.709	3.149	3.200	3.600
Indonesia	10.763	10.934	10.800	10.800
SE Asia	27.255	27.381	27.497	27.500 (+0.12)

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

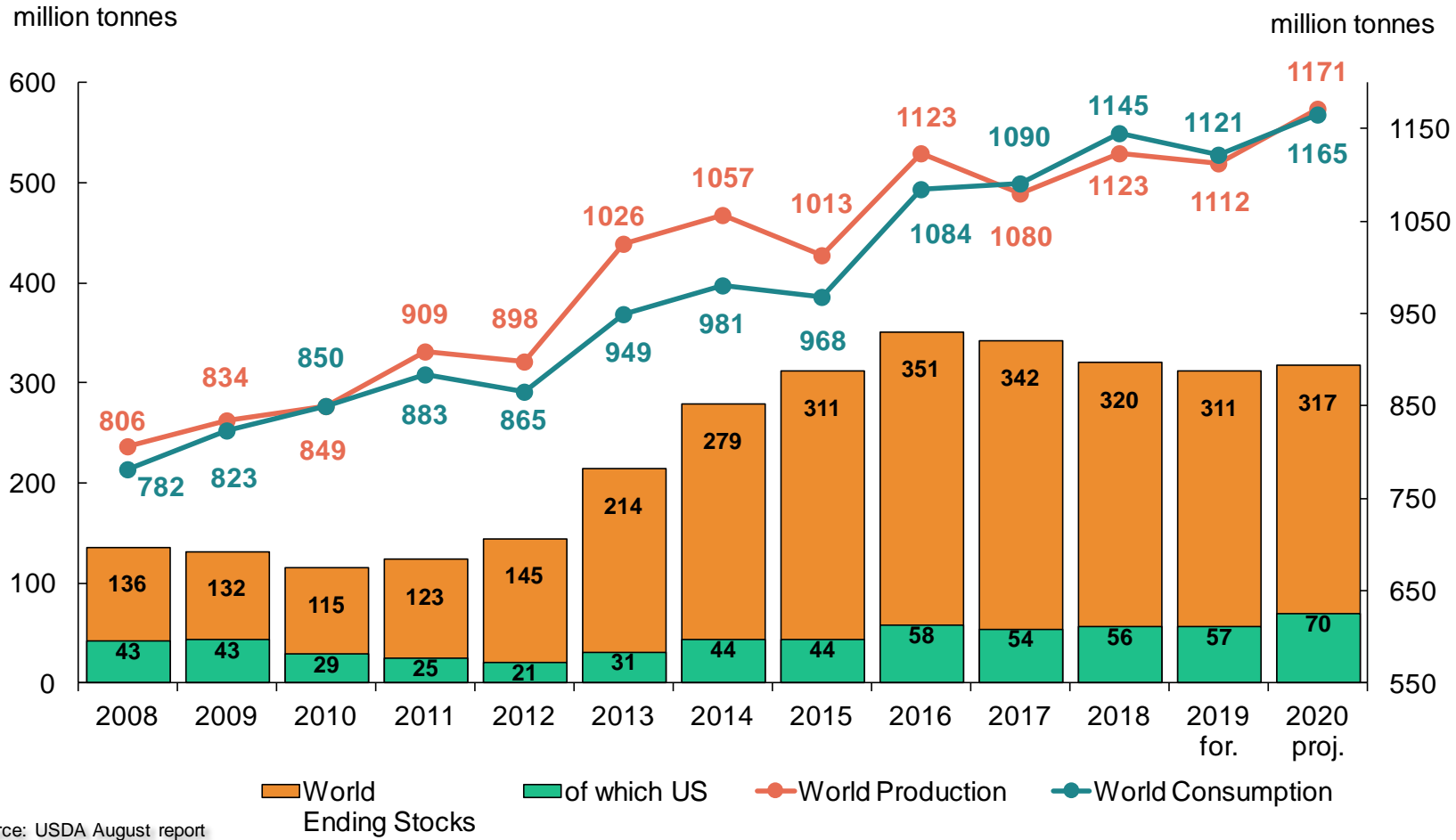
USDA 2020/21 Supply and Demand Estimates

(WASDE – 603 of 12 August 2020)

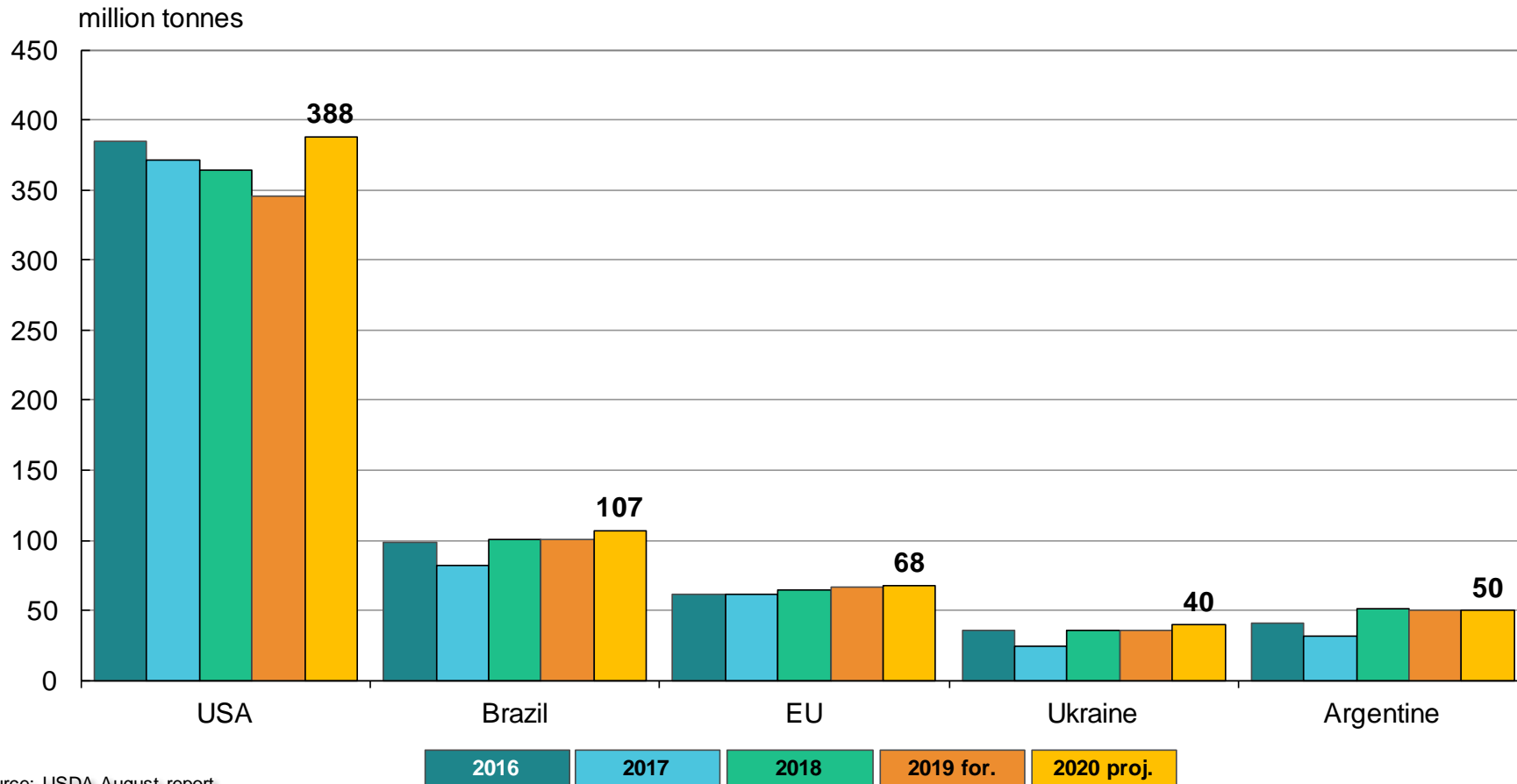
Wheat: world production forecast was lowered by 3.3m to 766m t (+1.9m y/y), still an all-time high if realized. Reductions for the EU, KZH and Turkey exceeded increases for BRA, RUS and UKR. Global consumption was reduced by 1.5m to 750.1m t (+0.4%) reflecting further decreasing feed use in the **EU27+UK** (-1.0m m/m to 47.5m; -9.5% y/y) due to smaller crop. World ending stocks are forecast at a record 316.8m t (+2.0m m/m; +15.9m or +5.3% y/y). Stocks attributed to **China** are estimated at 162.7m (+7.3% y/y; 51.4% of world total).

- The **EU27+UK** crop was reduced sharply (-4m t m/m) due to smaller area (24.8m ha) and lower yield forecast (5.47 t/ha). **BRA** wheat production is forecast at a record 6.8m t (+1.1m m/m; +31% y/y) due to larger area and favourable conditions. After a hot and dry July, yield prospects deteriorated in northern **KZH** and the crop was lowered by 1m to 12.5m t (+9.2% y/y) with the average yield estimated at 1.06 t/ha. In **RUS** the spring wheat production was cut by 0.5m to 20.0m t due to smaller yield outlook, while the winter crop was raised by 2.0m to 58.0m t on larger area. Production in **Turkey** was lowered by 1m to 18.5m t (+5.7% y/y) following small reductions both for area and yield.
- World exports are forecast at 188m t (-2.0m y/y) with **RUS** being the largest exporter (37.5m), followed by the **US** (26.5m) and the **EU27+UK** (25.5m; -1.5m m/m and -12.0m y/y).

World maize: USDA



USDA: maize production forecast



Source: USDA August report

USDA 2020/21 Supply and Demand Estimates

(WASDE – 603 of 12 August 2020)

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	67.8	5.8%	66.7	-0.5	+1.7%
USA	388.1	33.1%	345.9	+7.1	+12.2%
Ukraine	39.5	3.4%	35.9	+0.5	+10.1%
Russia	15.3	1.3%	14.3	-	+7.2%
Brazil	107.0	9.1%	101.0	-	+5.9%
Argentina	50.0	4.3%	50.0	-	+0.0%
China	260.0	22.2%	260.8	-	-0.3%
South Africa	14.0	1.2%	16.3	-	-13.9%
World	1,171.0	100%	1,112.4	+7.8	+5.3%

USDA 2020/21 Supply and Demand Estimates

(WASDE – 603 of 12 August 2020)

Maize: mainly linked to a larger US crop, world production forecast increased by 7.8m to 1,171m t (+58.6m or +5.3% y/y). Consumption estimate was raised by 4.8m to 1,164.9m t (+3.9% y/y) mainly due to higher feed use in the **EU27+UK** (+2m to 67m t; +8.9%) and the US. World total feed use is projected at 732m t (+3.7%). Ending stocks increased reflecting larger US production and are now forecast at 317.5m t (+2.4m m/m; +6.2m or + 2.0% y/y), of which 194m is attributed to **China** (-4.9% y/y; still 61.6% of world total).

- The estimate for the **US** crop was raised by 7m to a record 388m t on improved yield outlook (11.41 t/ha), while area was unchanged at 34m ha. This figure did not take into account the damage caused by the heavy wind storm ('derecho') on 10 Aug throughout the Midwest. The **UKR** output projection increased due to both slightly larger area (5.40m ha; +8.2% y/y) and yield (7.31 t/ha). Partly offsetting the increases, forecasts were moderately reduced for the **EU27+UK** (on lower yield: 7.52 t/ha) and **CAN** (-0.3m to 14.3m t; +6.9% y/y).
- World maize exports are projected to increase by 7.8% to 184.7m t in 2020/21, incl. 56.5m (+1.9m m/m) for the **US**, 38m for **BRA** and 34m for **ARG**. The **US** export forecast was raised on larger crop and strong early sales, as well as much improved competitiveness. At 33.5m t **UKR** exports are also seen higher from before (+0.5m m/m) linked to larger production. **EU27+UK** imports increased by 2m to 25m t (+4.5m y/y) to offset lower feed use of wheat and barley.

Cereals Market News and Prices

Market News 1. (27-8-2020)

Russia

- **RUS** (*IGC referring to SovEcon*): 2020/21 **grain** production forecast was reduced by 0.4m to 126.1m t (121.2m last year), incl. **maize** output lowered by 1.2m to 13.6m t (14.3m). Amid higher than expected yields in some regions, **wheat** crop raised by 1.6m to 80.9m t (74.5m) and **barley** up by 0.5m to 19.5m t (20.5m). The wheat forecast increased recently further, up 0.3m to 81.2m t.
- **RUS** (*IKAR (consultancy)*): forecast for 2020/21 **wheat** production was raised in several steps by a total 4.0m to 82.0m t (+10% y/y), due to higher yields reported in central and Volga regions. Wheat exports are expected to reach 37.0m (+10.1%).
- **RUS** (*Rusagrotrans*): 2020/21 **grain** production is forecast at 127.5m t (121.2m last year), incl. **wheat** at 81.9m (74.5m), **maize** at 14.0m (14.3m) and **barley** at 20.3m (20.5m).
- **RUS** (*IGC*): by mid-August **wheat** exports amounted to 4.8m t (-24% y/y) in respect of MY 2020/21 (Jul/Jun).
- **KZH** (*Ag.Min.*): 2020/21 **grain** harvest is projected at 18.0m t (+0.6m y/y) and exports could reach 7.5m-8.0m.

Market News 2. (27-8-2020)

Ukraine

- **UKR** (*Ministry of Economy*): **wheat** export limit for MY 2020/21 was fixed at 17.5m t, i.e. 0.3m higher than discussed in June but below the 20.2m t agreed in respect of MY 2019/20. By mid-August wheat harvest was 96% complete yielding 25.5m t.
- **UKR** (*Grain Traders Union*): due to dry growing conditions the forecast for 2020/21 **maize** production was reduced by 2.5m to 36.4m t (+0.5m y/y), while exports lowered to 31.0m (+1.1m).
- **UKR** (*IGC referring to ProAgro consultancy*): 2020/21 **grain** production is forecast at 76.2m t (75.1m last year), incl. **wheat** at 26.6m (28.3m) and **maize** at 38.9m (35.2m). 2020/21 **grain** exports are projected at 57.5m (57.2m last year), incl. 18.4m **wheat** and 33.3m **maize**.
- **UKR** (*Ministry of Economy*): 2020/21 **grain** production forecast was reduced to 70.0m t (-6.8% y/y) with maize seen at 35.0m t.

Market News 3. (27-8-2020)

USA

USDA Crop Progress report w/e 23 August 2020

Crop conditions

- **Spring wheat:** 71% good/excellent (69% last year; 5-year average n/a)
- **Maize:** 64% good/excellent (57%; 66%)
- **Soya beans:** 69% good/excellent (55%; 63%)

Harvest progress

- **Winter wheat:** 97% complete (95% last year; 98% 5-year average)
- **Spring wheat:** 49% complete (32% last year; 62% 5-year average)

Maize crop conditions worsened, however are still seen at about the five-year average. Winter wheat harvest is nearly complete.

Market News 4. (27-8-2020)

USA: Grains export inspections w/e 20/August/2020

Commodity	MY 2019/20	MY 2018/19	Change
Maize	41 266 727	46 814 947	- 11.9 %
Sorghum	4 793 955	2 008 964	+ 138.6 %
Soya beans	42 241 831	44 451 168	-5.0 %
<i>Wheat 2020/21 vs 2019/20</i>	6 228 505	6 039 908	+ 3.1 %

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 continued at a strong pace (0.9-1.0m t per week) further narrowing the gap with the previous MY.
Soya bean exports are now below last season's shipments.

Market News 5. (27-8-2020)

China

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

<i>12 August</i>		Forecast (Mt)	+/- prev' f'cast (Mt)	2019/20 (Mt)	+/- y/y
Maize	Production	266.5	-	260.8	+2%
	Consumption	288.2	+2.7	278.3	+4%
	Feed use	183.0	+4.2	174.0	+5%
	Industrial	83.0	-1.5	82.0	+1%
	Imports	5.0	-	6.0	-17%
Soya beans	Production	18.8	-	18.1	+4%
	Consumption	113.1	+2.0	108.6	+4%
	Imports	95.1	+1.5	96.0 (+2.0 m/m)	-1%

Market News 6. (27-8-2020)

Brazil

CONAB August report concerning outlook for 2019/20 S&D:

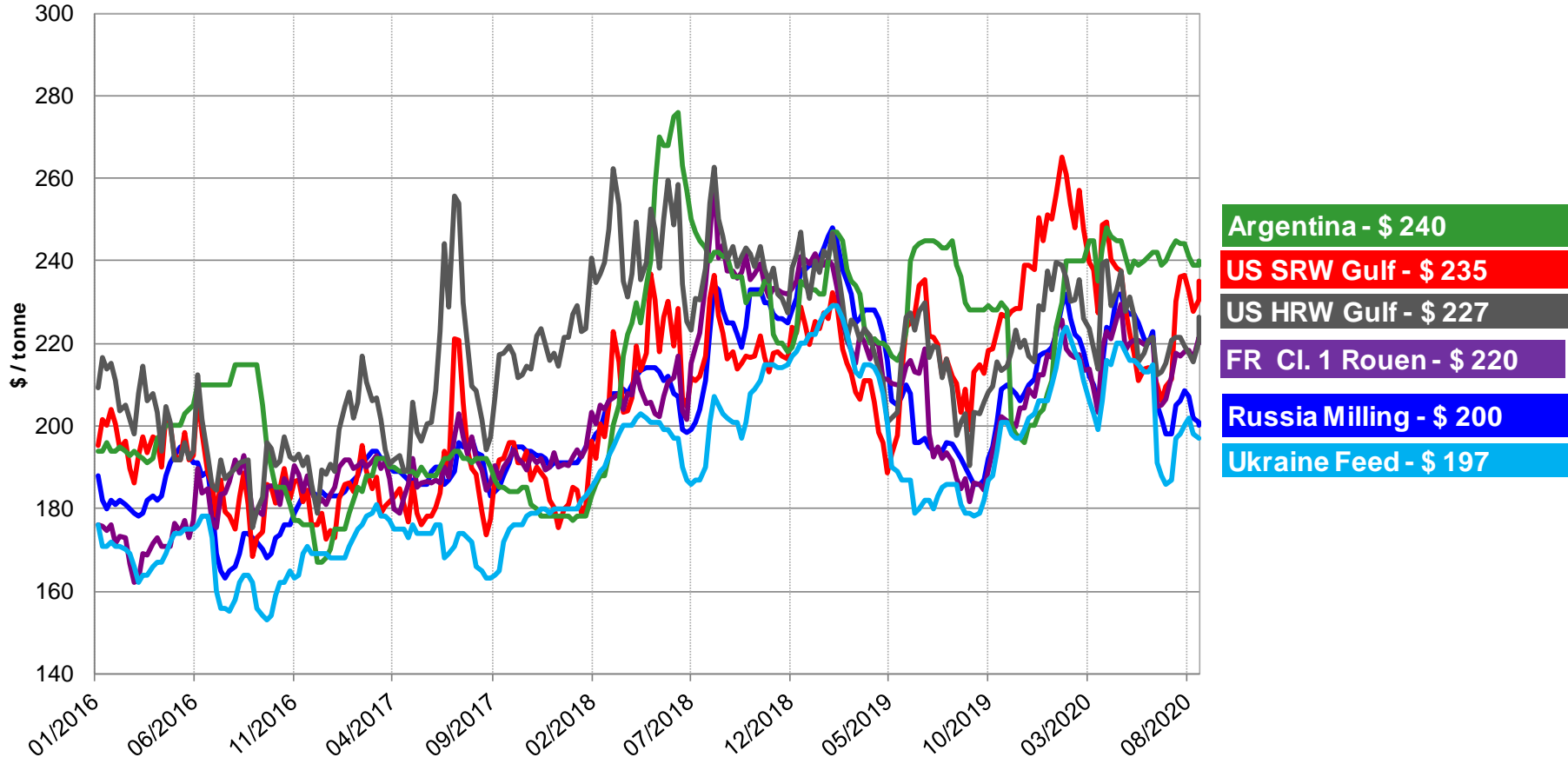
- **Maize:** besides small increases for the 1st and 3rd crops, the outlook was raised for the 2nd crop (*safrinha*) as well, reflecting larger area (13.7m ha; +6.7% y/y) and higher yields (5.45 t/ha). Total maize area is seen at 18.5m ha (+6%).
- **Soya beans:** production is forecast at a new record, with area estimated at 36.9m ha (+3%) and yield at 3.27 t/ha.
- **Wheat (2020/21):** reflecting improved yield prospects the production forecast was raised by 0.5m t to a record 6.8m t. Domestic demand estimated at 12.5m (-0%), while imports lowered to 6.7m (+0%) due to larger local supply.

11-08-2020	Forecast	+/- previous f'cast	Previous year	+/- y/y
Wheat prod (m t) 2020/21	6.8	+0.5	5.2	+33%
Soya beans prod (m t)	120.9	+0.1	115.0	+5%
<i>Soy exports (m t)</i>	<i>n/a</i>	-	<i>n/a</i>	-
Maize prod (m t)	102.1	+1.5	100.0	+2.1%
<i>Maize 1st crop</i>	25.7	+0.1	25.6	+0%
<i>Maize 2nd crop</i>	74.9	+1.4	73.2	+2.4%
<i>Maize 3^d crop</i>	1.5	+0.1	1.2	+26%
<i>Maize exports</i>	34.5	-	41.1	-16%

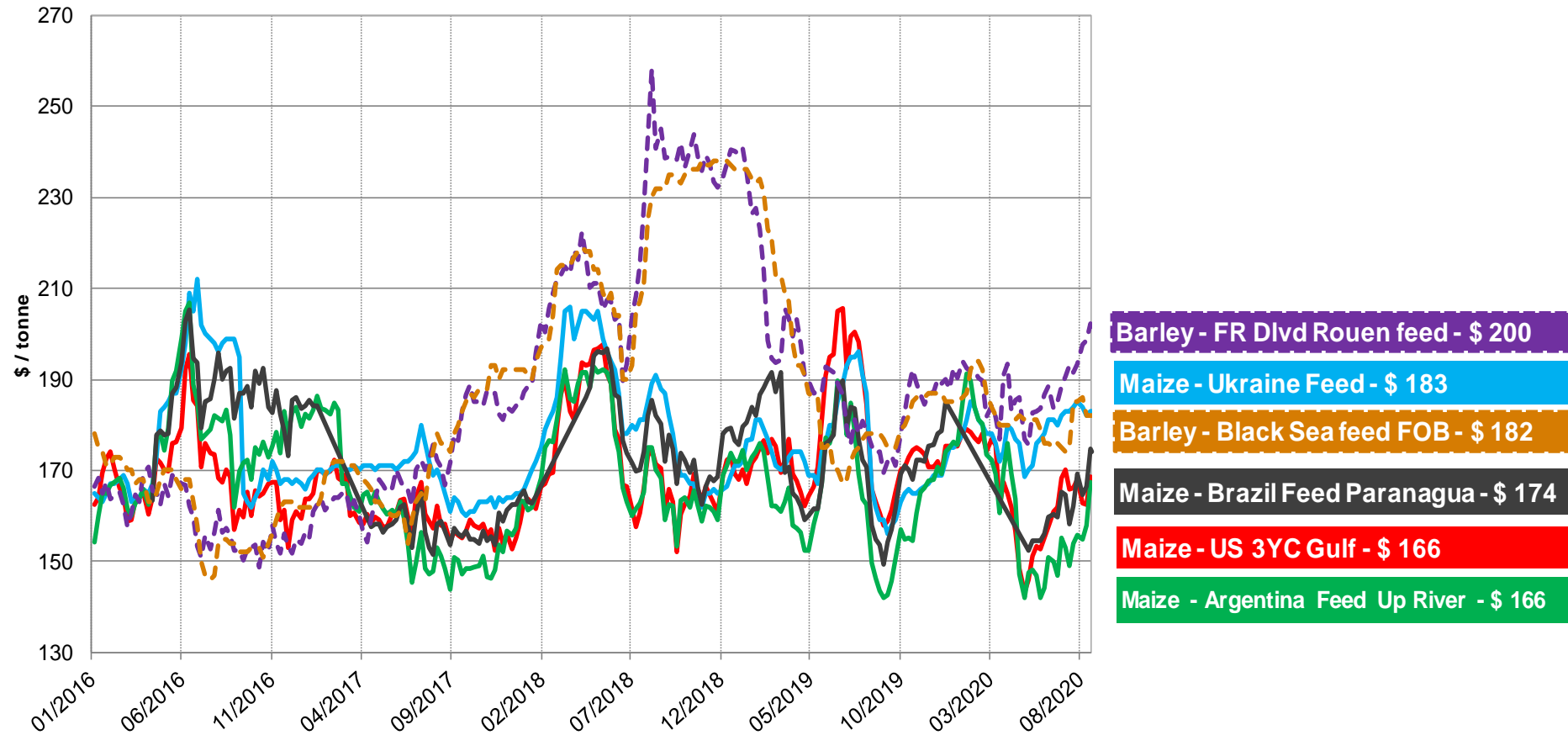
Market News 7. (27-8-2020)

- **ARG** (*BAGE-19/8/2020*): Sowing of the 2020/21 wheat crop is now complete with 6.5m ha planted (-0.1m y/y). Lack of moisture and cold weather are growing concerns. Ahead the start of the planting, 2020/21 maize planted area forecast was cut to 6.2m ha (6.3m last year) reflecting dry weather conditions in the key producing regions.
- **ARG** (*Soybean and Corn Advisor*): 2020/21 **maize** area is expected to decrease by 3.2% to 6.0m ha, while production is projected at 48.0m t (vs. 49m in 2019/20).
- **BRA** (*Soybean and Corn Advisor*): 2020/21 (Apr/Mar) ethanol production is forecast to decline by 14.3% to 30.6 billion liters, incl. 27.9 bln (-18.1%) from sugar cane and 2.7 bln (+61.1%) from maize.
- **Iraq** (*WorldPerspectives*): procurement of domestic **wheat** has terminated with above 5.0m t and the planned import of 1m t is on hold given sufficient supplies.

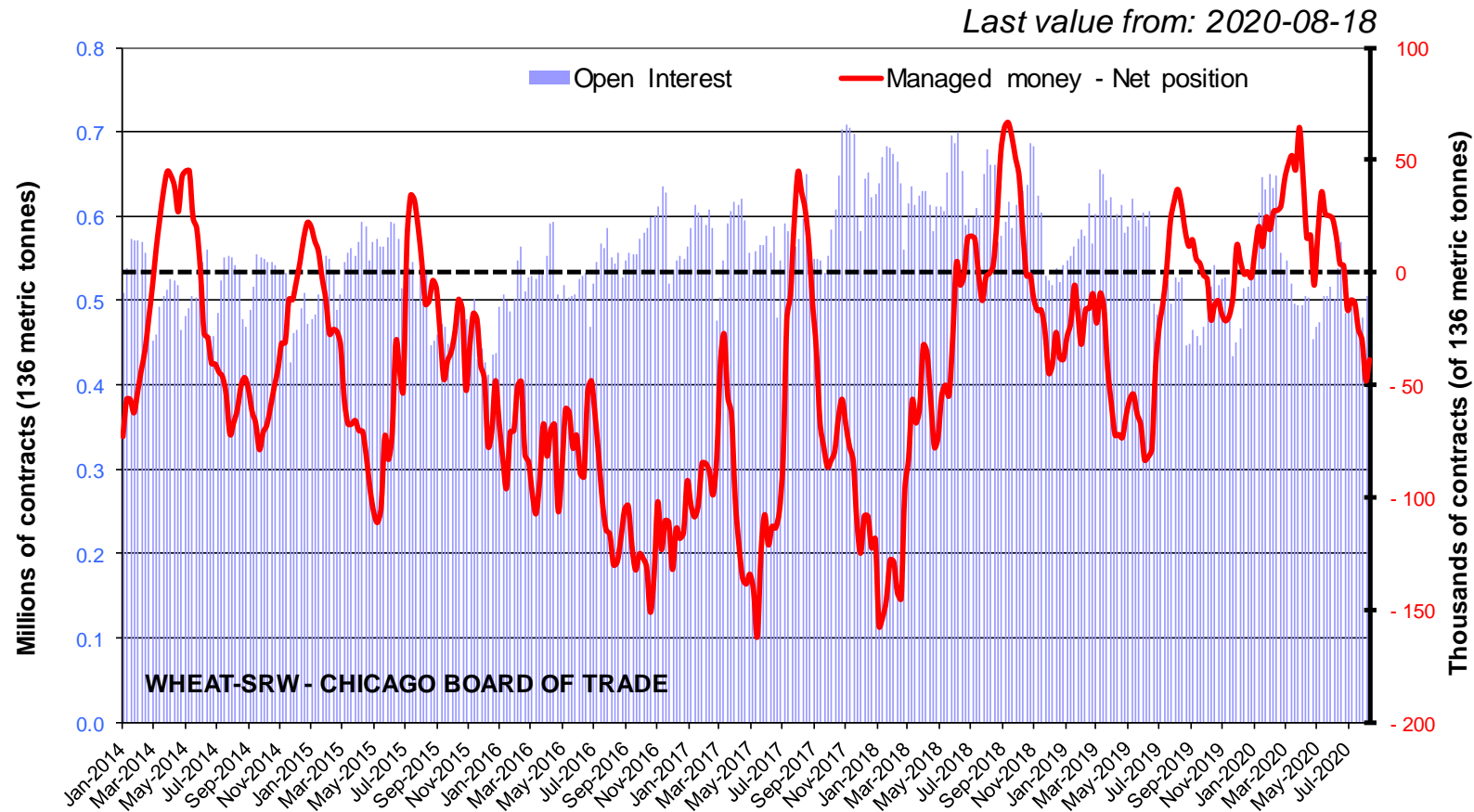
World common wheat prices (\$/t)



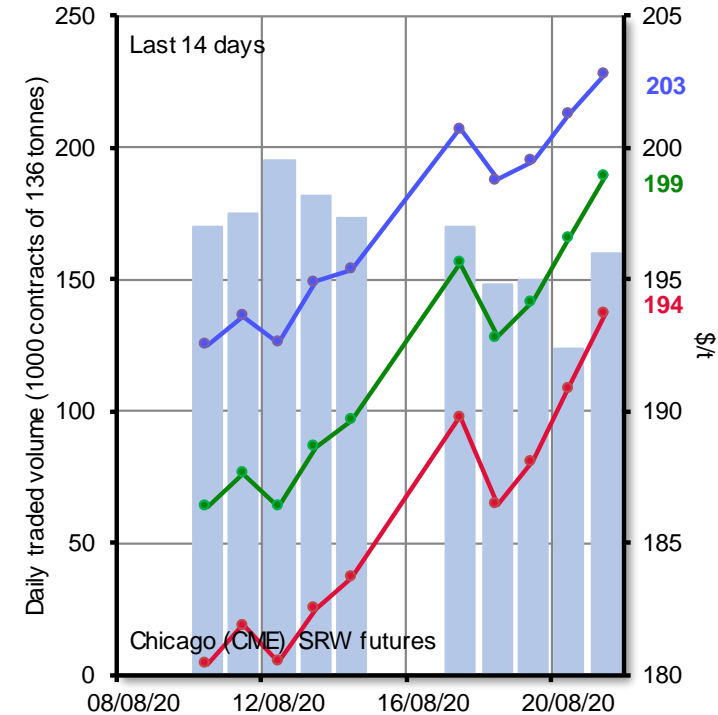
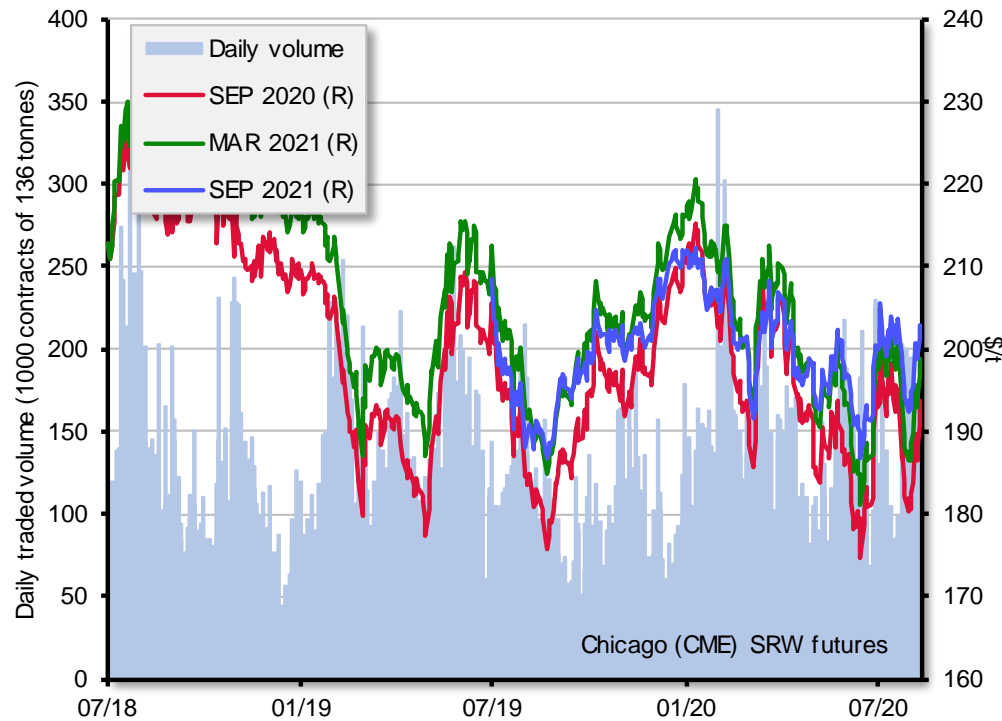
World maize and barley prices (\$/t)



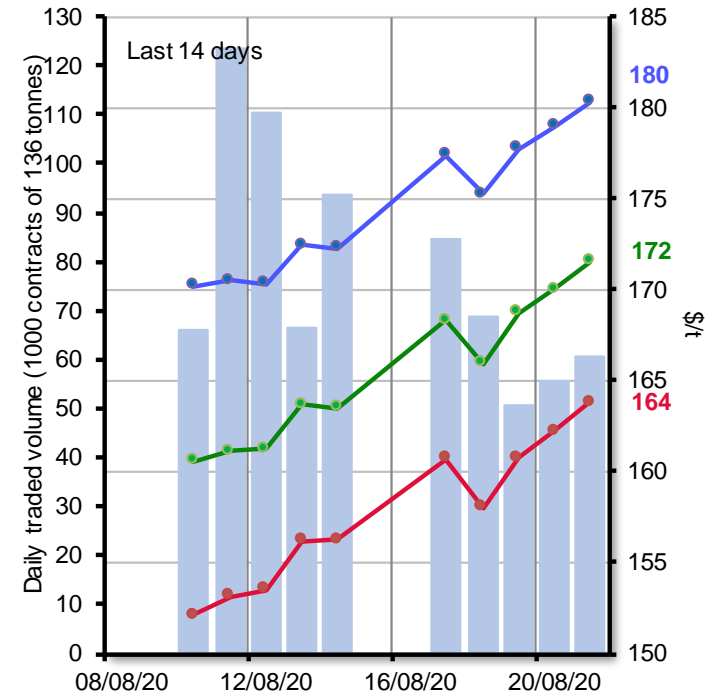
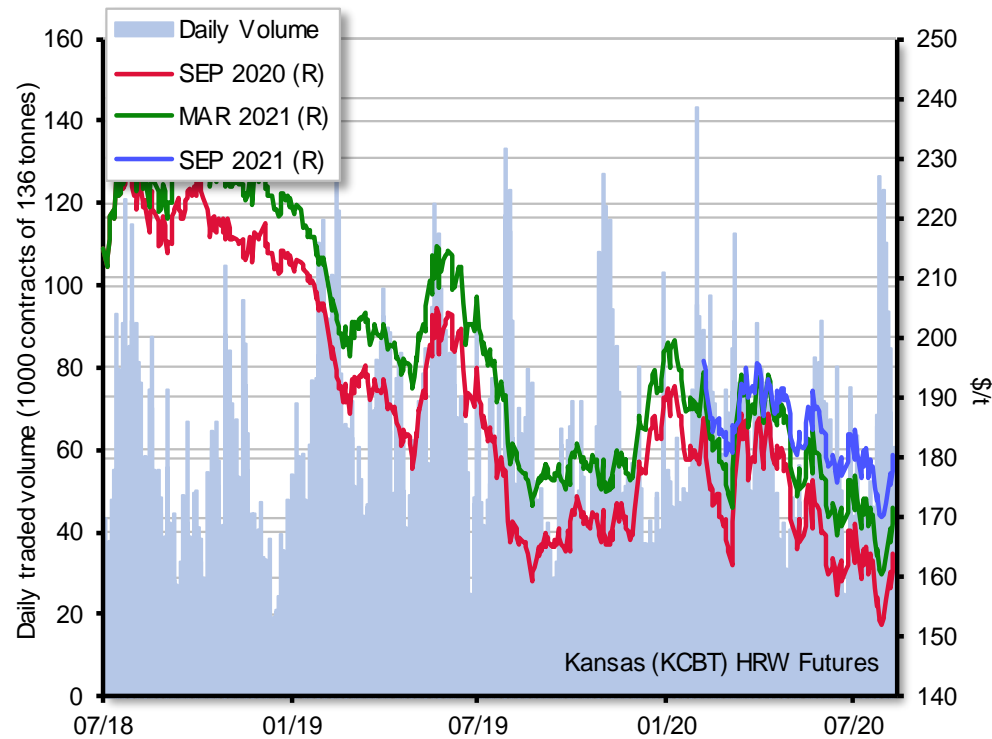
CME wheat: open interest and net position of traders



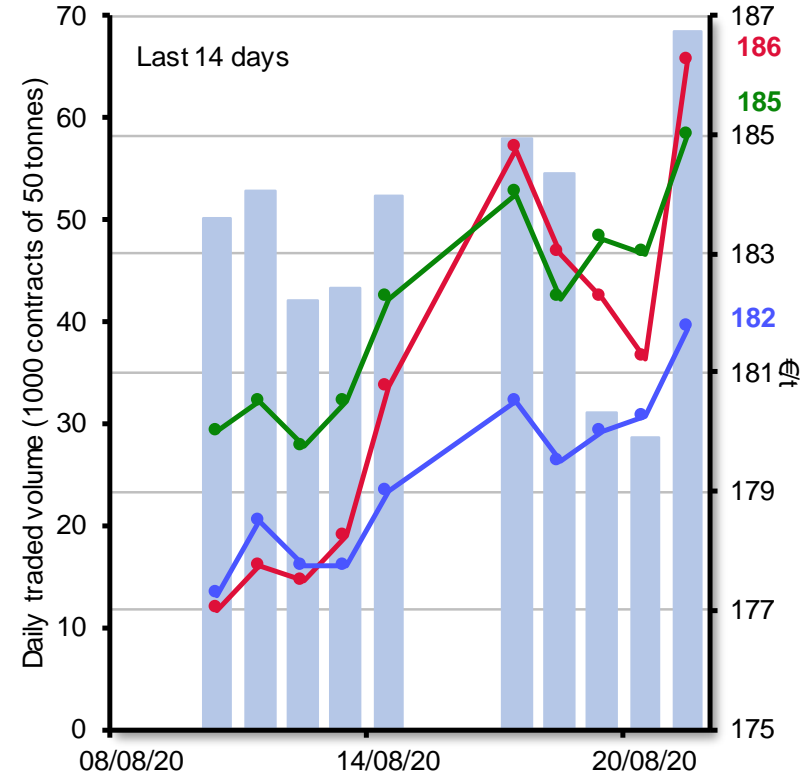
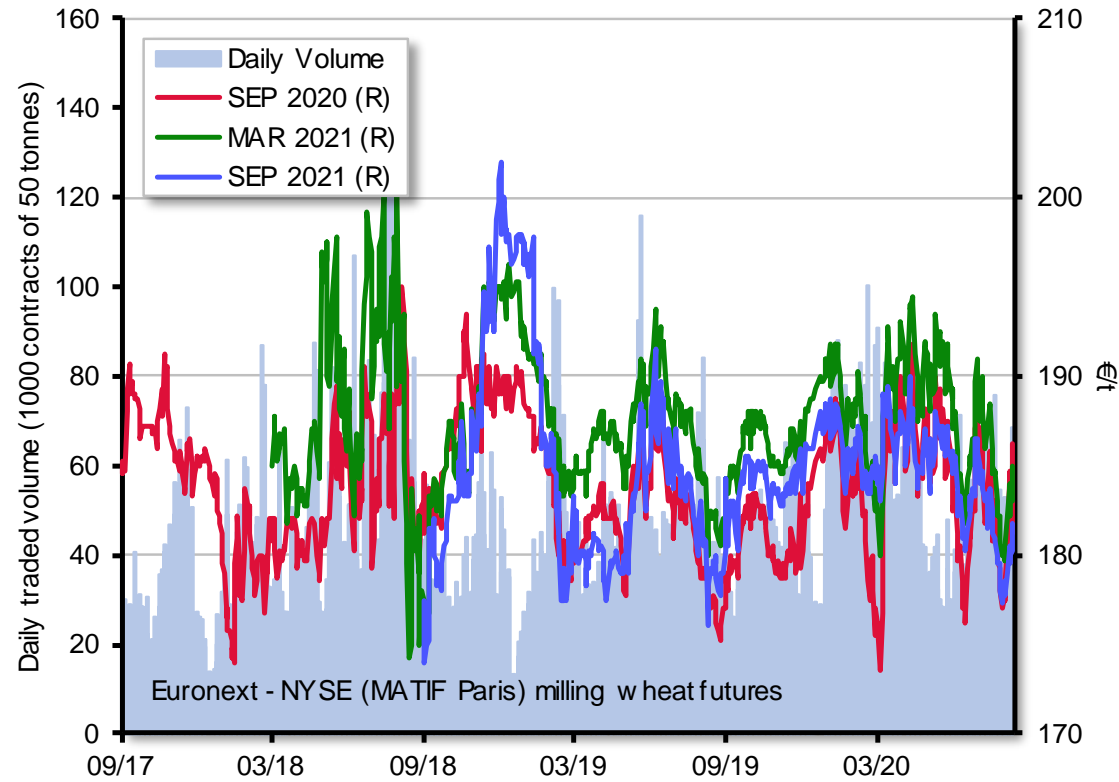
US CME SRW wheat futures



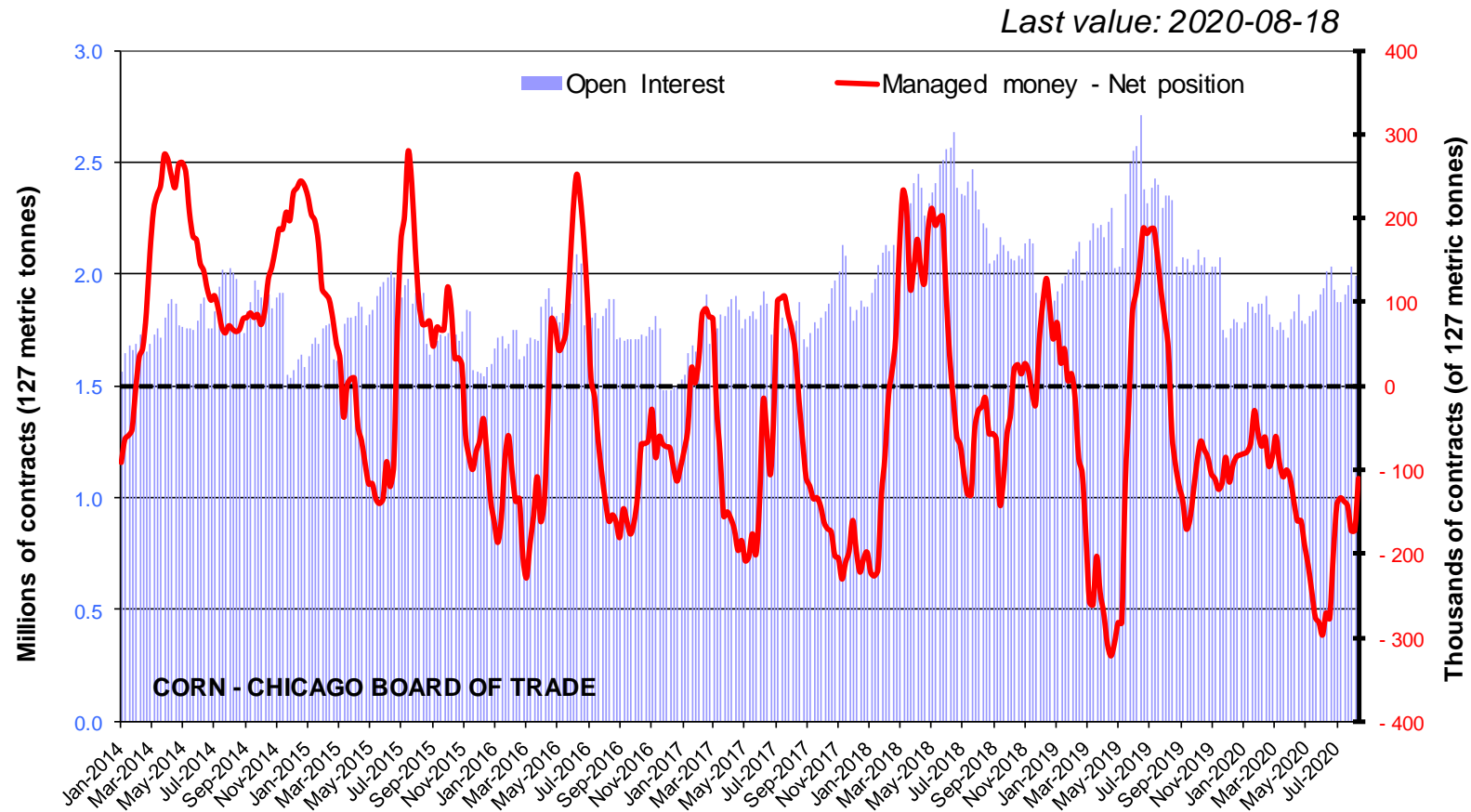
US KCBT HRW wheat futures



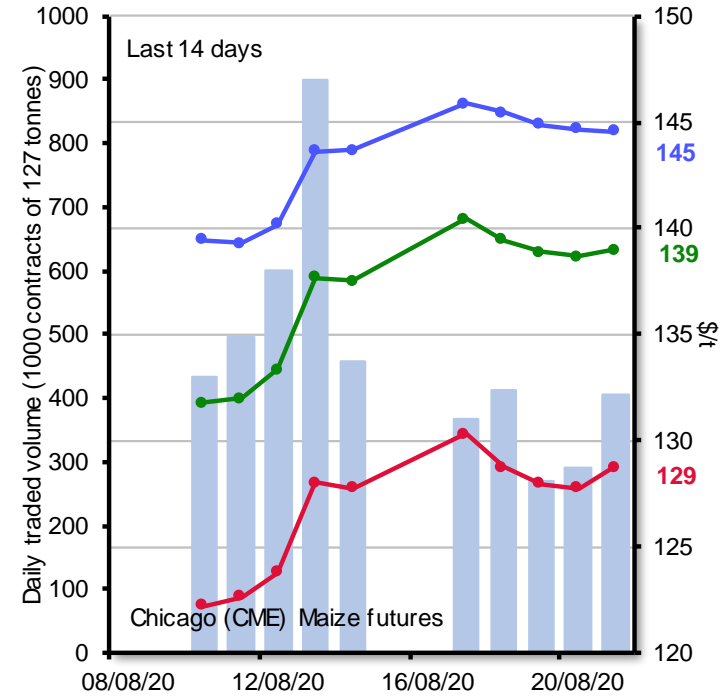
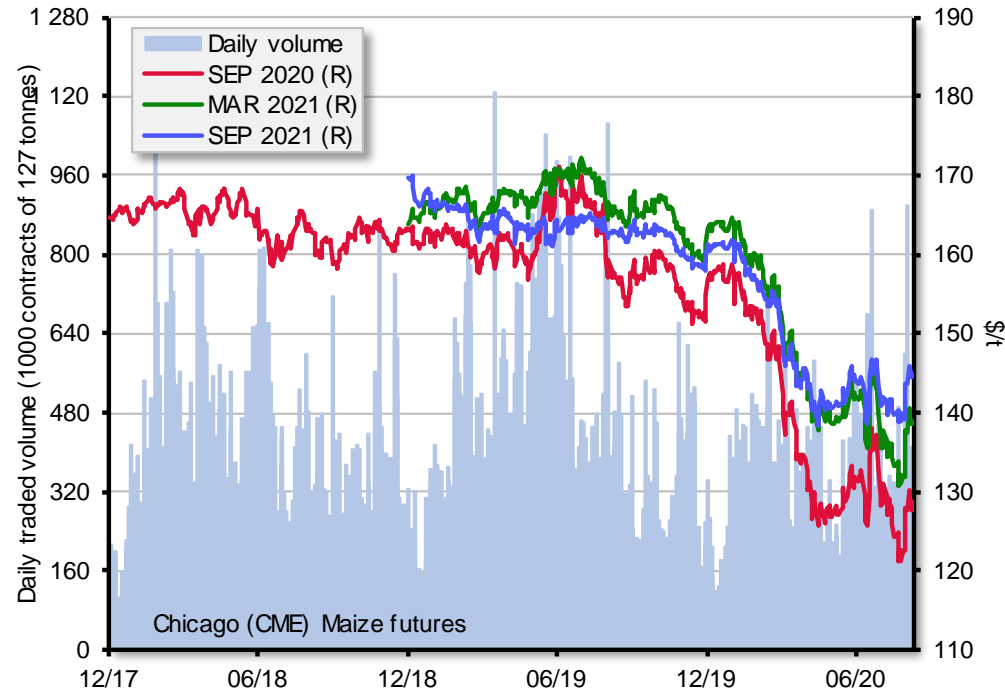
EU Milling Wheat Futures



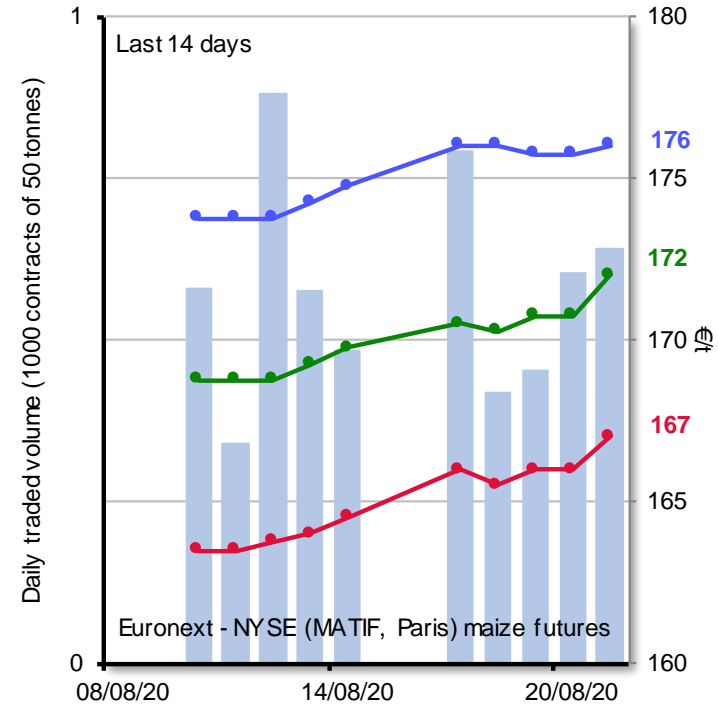
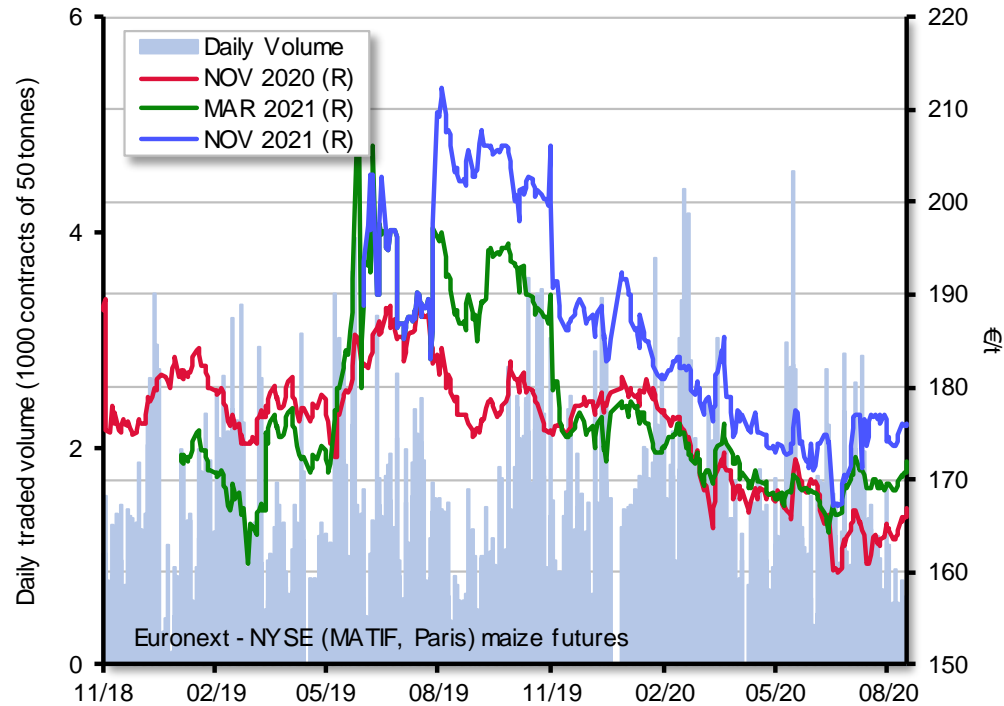
CME maize: open interest and positions of traders



CME maize futures



EU maize futures



Cereals Trade

Selected cereals trade for the past 4 weeks

<i>Country</i>	<i>Crop</i>	<i>Quantity (t)</i>	<i>Price (\$/t)</i>	<i>Origins</i>	<i>Delivery</i>
<i>Algeria</i>	wheat	≈560 000	231-232 (c&f)	optional	Sep/Oct
<i>Egypt</i>	wheat	470 000	215.1 – 217.5 (fob) <i>Freight: 11.4-13.9 \$/t</i>	RUS: 350 000 UKR: 120 000	Aug
<i>Egypt</i>	wheat	410 000	212.1 – 213.7 (fob) <i>Freight: 13.6-15.0 \$/t</i>	RUS: 295 000 UKR: 115 000	Sep
<i>Egypt</i>	wheat	120 000	205.5 (fob) <i>Freight: 14.1 \$/t</i>	RUS	Sep/Oct
<i>Egypt</i>	wheat	415 000	206.3-207.4 (fob) <i>Freight: 15.7-16.0 \$/t</i>	RUS	Oct

EU cereals trade 2020/21, situation at 16 Aug 2020

(updated on 24/08/2020)

- **Imports:** 3.75 million tonnes (2 million tonnes last year; 2.4 million tonnes two years ago)

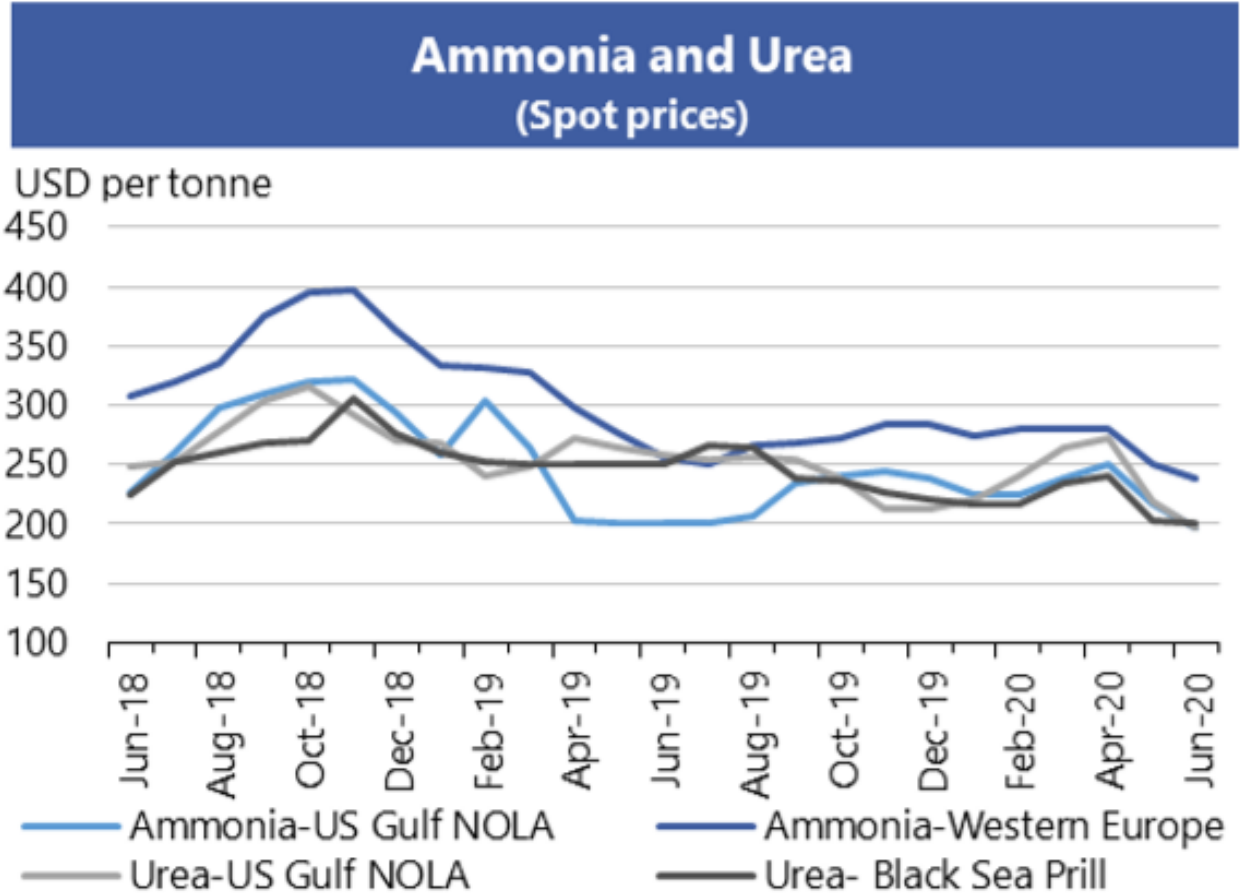
➤ 285 thousand tonnes	soft wheat	↓	-19% y/y
➤ 112 thousand tonnes	durum wheat	↑	+198% y/y
➤ 3.1 million tonnes	maize	↑	+102% y/y
➤ 299 thousand tonnes	barley	↑	+669% y/y

- **Exports:** 5.1 million tonnes (3.8 million tonnes last year; 3.3 million tonnes two years ago)

➤ 3.3 million tonnes	soft wheat	↑	+39% y/y
➤ 1.2 million tonnes	barley	↑	+15% y/y
➤ 124 thousand tonnes	durum wheat	↑	+339% y/y
➤ 103 thousand tonnes	maize	↑	+104% y/y

- So far, the EU is a net cereal exporter of 1.3 million tonnes. Last year at this stage, EU was a net exporter of 1.8 million tonnes against 0.9 million tonnes two years ago.

Fertilizer outlook



Source: AMIS - Market Monitor

Conclusions

- **Wheat** prices declined moderately under seasonal harvest pressure and outlook for ample global supplies
- **Maize** prices increased for ARG and BRA on strong exports and dry conditions at the start of the planting of the 2020/21 crops
- RUS **wheat** production forecasts increased on better yields
- UKR fixed **wheat** export limit at 17.5m t for 2020/21
- USDA raised the 2020/21 US **maize** crop forecast on improved yield prospects
- On *fob* basis RUS and EU (RO) **wheat** are the most competitive
- On *fob* basis ARG and US are the cheapest origin for **maize**

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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