

AMIS Crops: World Supply-Demand Outlook

Latest forecasts point to favourable production prospects for AMIS crops in the 2013/14 marketing season. Bigger harvests are expected to result in a significant increase in world cereal stocks, maize in particular. First forecasts for soybeans also point toward a further expansion in global production amid subdued consumption growth. More ample supplies could result in lower and more stable prices in 2013/14 compared to 2012/13.

	From previous month f'cast	From previous season
Wheat	▼	▲
Maize	■	▲
Rice	■	▲
Soybeans	■	■

▲ Easing ■ Neutral ▼ Tightening

WHEAT	million tonnes				FAO-AMIS		
	USDA		IGC		2012/13	2013/14	
	2012/13 est.	2013/14 f'cast 12-Jun	2012/13 est.	2013/14 f'cast 01-Jul	est.	f'cast 06-Jun	f'cast 04-Jul
Production	656	696	655	683	659	702	704
Supply	855	876	853	862	842	866	866
Utilization	675	694	673	682	685	694	695
Trade	139	144	138	138	140	136	136
Ending Stocks	180	181	179	181	162	173	169

- **Wheat** production in 2013 to increase by 6.8% from 2012, more than anticipated last month. Good prospects in nearly all major producing countries with the exception of the US.
- Utilization in 2013/14 to increase by 1.5% with feed use rising by 1% after a 10 percent decline in 2012/13.
- Trade in 2013/14 to contract by nearly 3%, largely on anticipated lower imports by Iran following large purchases in 2012/13.
- Stocks (ending in 2014) to increase by 4% which is slightly less than anticipated earlier, reflecting higher consumption prospects.

MAIZE	million tonnes				FAO-AMIS		
	USDA		IGC		2012/13	2013/14	
	2012/13 est.	2013/14 f'cast 12-Jun	2012/13 est.	2013/14 f'cast 01-Jul	est.	f'cast 06-Jun	f'cast 04-Jul
Production	856	963	854	946	874	963	972
Supply	988	1087	985	1065	1011	1097	1108
Utilization	864	935	866	916	884	923	931
Trade	89	105	95	97	99	103	103
Ending Stocks	124	152	119	149	136	174	175

- **Maize** production to recover sharply in 2013 with the projected increase larger than previously expected, on upward adjustments in Europe.
- Utilization in 2013/14 to grow by over 5%, largely on increasing feed use and industrial applications, especially in the US.
- Trade in 2013/14 to expand by 4%, with a possible easing of international prices stimulating import demand.
- Stocks (ending in 2014) to rebound by 29% from their 2013 lows owing to growing inventories mostly in the US and in South America.

RICE	million tonnes				FAO-AMIS		
	USDA		IGC		2012/13	2013/14	
	2012/13 est.	2013/14 f'cast 12-Jun	2012/13 est.	2013/14 f'cast 01-Jul	est.	f'cast 06-Jun	f'cast 04-Jul
Production	470	479	470	476	491	499	500
Supply	575	585	577	583	652	673	674
Utilization	469	476	458	474	478	491	491
Trade	38	38	39	37	38	37	37
Ending Stocks	106	109	107	109	174	182	182

- **Rice** production forecast in 2013 raised marginally since June, with growth from 2012 remaining at 2%. Prospects positive for all regions except Europe and North America.
- Utilization in 2013/14 to rise by 2.8%, with food per capita consumption up slightly from 2012/13.
- Trade in 2014 revised slightly higher and now close to the current 2013 forecast. Contradictory policy announcements in Thailand creating much uncertainty.
- Stocks (ending in 2014) to increase by 5%, mainly concentrated in China and Thailand.

SOYBEANS	million tonnes				FAO-AMIS		
	USDA		IGC		2011/12	2012/13	
	2012/13 est.	2013/14 f'cast 12-Jun	2012/13 est.	2013/14 f'cast 01-Jul	est.	f'cast 06-Jun	f'cast 04-Jul
Production	268	285	267	284	240	266	267
Supply	322	347	290	310	275	291	292
Utilization	259	270	264	277	259	265	266
Trade	96	107	95	104	94	98	98
Ending Stocks	61	74	26	33	25	26	26

- **Soybeans** 2012/13 production raised marginally on account of upward adjustments in Paraguay and Uruguay.
- Utilization in 2012/13 to increase slightly as higher crush estimates for the United States, Paraguay and Uruguay outweigh downward revisions for China and Brazil.
- Trade estimates virtually unchanged, confirming a year-on-year expansion of about 4%.
- Closing stocks for 2012/13 revised slightly upwards on improved crop prospects in South America.
- Global production in the new season (2013/14) tentatively forecast to expand further.

All totals (world estimates and forecasts) shown are computed from unrounded data. All changes, in absolute or percentage terms, are also calculated based on unrounded figures and accordingly reported in the supply/demand commentaries. Analysis presented in this report is largely based on information as of late June 2013. Explanatory notes and list of sources are available at the end of the report.

International Prices

International Grains Council (IGC) Grains and Oilseeds Index (GOI) - June 2013

	June 2013 Average*	% Change	
		M/M	Y/Y
GOI	284	- 0.3%	+3.9%
Wheat	248	- 4.1%	+4.3%
Maize	292	+ 0.9%	+13.6%
Rice	206	- 1.8%	-5.9%
Soybeans	286	+ 2.6%	+2.8%

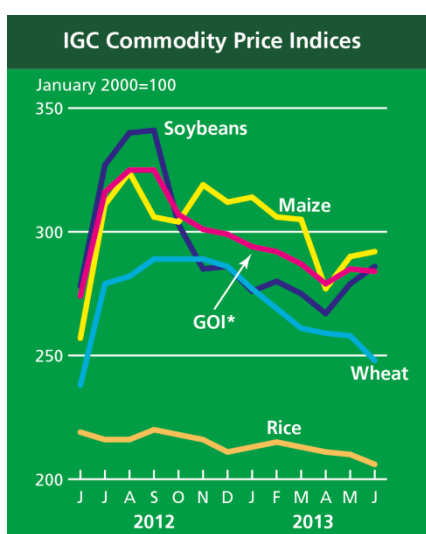
*Jan 2000=100, derived from daily export quotations

Wheat: The IGC GOI wheat sub-Index averaged 4% lower m/m in June as northern hemisphere harvests accelerated, with further downward pressure from expectations for ample 2013/14 supplies. The outlook for a record world maize crop was also seen as limiting demand for feed wheat in some countries. The potential size of Black Sea exports remains uncertain, but stronger competition is expected from the region in the year ahead.

Maize: With northern hemisphere supplies tightening and, with harvesting of a potentially bumper US crop still some months away, nearby global maize export prices maintained a mostly firm tone during June. Export prices in the US, Argentina, Brazil and the Black Sea were higher m/m, with the average IGC GOI maize sub-Index up by 1%. In contrast, US new crop futures fell m/m. Trading was sometimes choppy and heavily influenced by weather, but a surprisingly large official plantings forecast reinforced prospects for a sharp increase in 2013/14 supplies.

Rice: Asian rice markets were mixed during the past month. While generally strengthening in India and Pakistan, markets eased in Southeast Asia, most notably in Thailand due to sluggish exports and the government's announcement of a cut in the intervention price for regular paddy, which was subsequently reversed. The average IGC GOI rice sub-Index fell 2% m/m, to a 16-month low.

Soybeans: The IGC GOI soybean sub-Index averaged 3% higher m/m during June, but moved sideways during the month as gains in the US and Brazil were offset by declines in Argentina. In the US, support from tightening old crop supplies more than offset pressure from bearish outside influences and occasional profit taking. In contrast, new crop futures posted marginal declines as lingering worries about planting delays were eroded by increasingly favourable weather patterns, boosting prospects for a record crop. Meanwhile prices in Argentina declined to increase competitiveness as the harvest neared completion.



		IGC commodity price indices					
		GOI*	Wheat	Maize	Rice	Soybeans	
(..... January 2000 = 100)							
2012	June	273.6	237.5	257.3	219.2	278.3	
	July	315.8	279.3	310.7	216.0	327.3	
	August	324.8	282.3	324.5	216.2	340.3	
	September	325.0	289.4	306.3	219.7	340.8	
	October	307.3	289.3	304.3	217.9	303.3	
	November	300.6	289.3	318.9	216.3	284.7	
	December	298.7	285.6	312.2	211.1	286.1	
	2013	January	293.6	277.4	313.8	212.6	276.1
		February	292.1	268.6	305.8	214.6	279.6
		March	287.1	261.3	304.8	212.8	274.9
		April	278.6	258.8	277.1	211.4	267.4
		May	285.1	258.3	289.6	210.1	278.9
June		284.4	248.0	292.3	206.3	286.2	

*GOI: Grains and Oilseeds Index

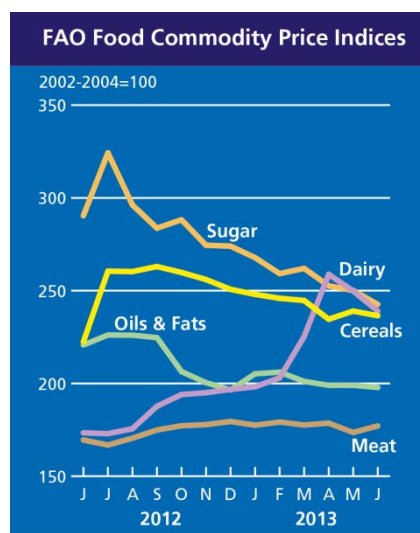
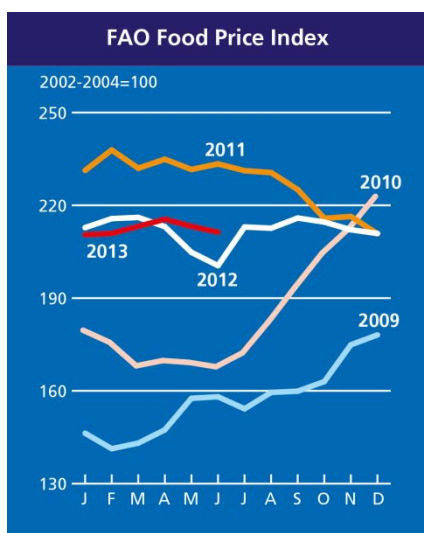
Selected Export Prices and Price Indices

Daily quotations of selected export prices (USD/tonne, 2011-2013)



Daily quotations of selected export prices

	Effective Date	Quotation (1)	Week ago (2)	Month ago (3)	Year ago (4)	% change (1) over (2)	% change (1) over (4)
(..... USD/tonne)							
Wheat (US No. 2, HRW)	01-Jul	300	316	331	323	-5.1%	-7.1%
Maize (US No. 2, Yellow)	02-Jul	287	294	298	295	-2.4%	-2.7%
Rice (Thai 100% B)	02-Jul	490	495	525	605	-1.0%	-19.0%
Soybeans (US No.2, Yellow)	01-Jul	616	596	609	591	3.3%	4.2%



FAO food price indices

		Food Price Index	Meat	Dairy	Cereals	Oils and Fats	Sugar
(..... 2002-2004 = 100)							
2012	June	200.5	169.5	173.4	222.4	220.7	290.4
	July	213.0	166.8	172.9	260.5	226.1	324.3
	August	212.6	170.5	175.6	260.3	226.0	296.2
	September	215.9	174.9	187.7	263.0	224.7	283.7
	October	214.6	177.2	194.0	259.8	206.4	288.2
	November	212.1	177.8	195.0	256.0	200.4	274.5
2013	December	210.9	179.5	196.8	250.7	196.5	274.0
	January	210.5	177.5	198.2	248.0	205.2	267.8
	February	210.9	179.2	203.0	245.9	206.1	259.2
	March	213.2	177.6	225.3	244.7	201.1	262.0
	April	215.5	178.6	258.8	234.6	199.0	252.6
	May	213.2	173.6	249.8	239.0	199.0	250.1
	June	211.3	177.1	239.0	236.5	197.8	242.6

Futures Markets – June 2013

Futures Prices (Nearby)

	June 2013 Average	% Change	
		M/M	Y/Y
Wheat	253	-1.5%	4.9%
Maize	261	-1.3%	+9.8%
Rice	351	+4.3%	+12.1%
Soybeans	560	+3.3%	+7.2%

Source: CME - Monthly averages.

Historical Volatility – 30 Days

	Monthly Averages (in percentage)		
	June 2013	May 2013	June 2012
Wheat	20.3%	27.9%	42.2%
Maize	34.8%	38.8%	39.0%
Rice	17.0%	16.2%	21.8%
Soybeans	27.5%	24.7%	24.4%

Prices

Maize, soybean and **rice** prices traded mostly higher than previous month, and **wheat** prices fell. July futures for maize and soybeans were supported by historically high interior cash basis levels, while December maize and November soybeans reflected planting concerns.

High crude oil prices, allowing for positive ethanol margins also contributed to the firm maize price. Following the June 28 USDA Planted Acreage and Stocks report, however, December maize declined to its lowest level since June 2012. CBOT soft red winter wheat trended lower all month, the July contract declining below maize, due to harvest reports of higher than expected yields.

Investment flows:

Unlike previous months, which saw significant position changes and outflows, both swaps dealers and managed money showed modest changes in net positions. Within the commodity sector, investment outflows have coincided with price declines, which in some commodities have reached multiyear lows, viz. gold, aluminum, copper, sugar, coffee and cocoa. The co-movement of prices across commodities, however, appears to be weakening somewhat vs. recent years; notably, maize has trended down despite the strength in crude oil. It appears that the rapid rise in commodity-specific Exchange Traded Funds, e.g. gold, energy, or agricultural ETFs, allows divergent views to be expressed.

Volumes and Forward Curves:

Volumes were mostly unchanged from last month and volatility declined for maize and wheat but rose slightly for rice and soybeans.

Forward curves - USDA June 28 report, which showed June 1 stocks figures below average estimates was supportive to old crop prices. However, large planted US acreage for maize and soybeans weighed on new crop values and increased the level of old crop/new crop backwardation.

NB: For information on technical terms please view the Glossary at the following link:

http://www.amis-outlook.org/fileadmin/user_upload/amis/docs/Market_monitor/Glossary.pdf

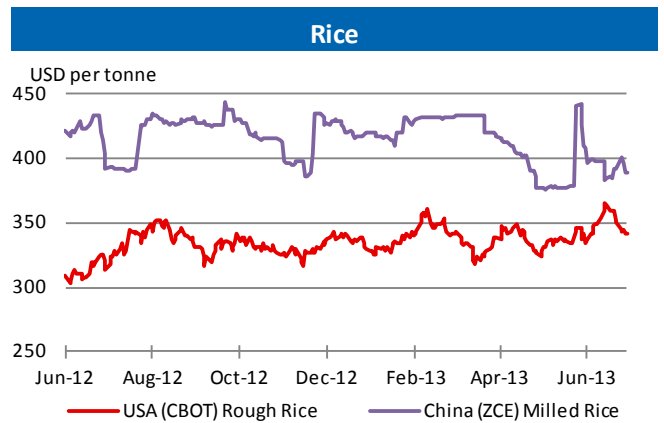
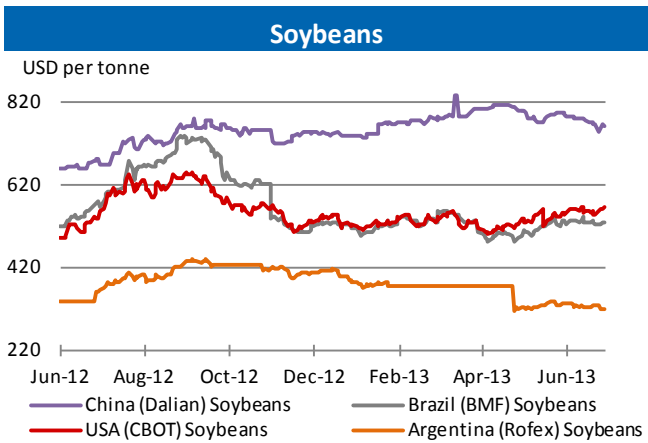
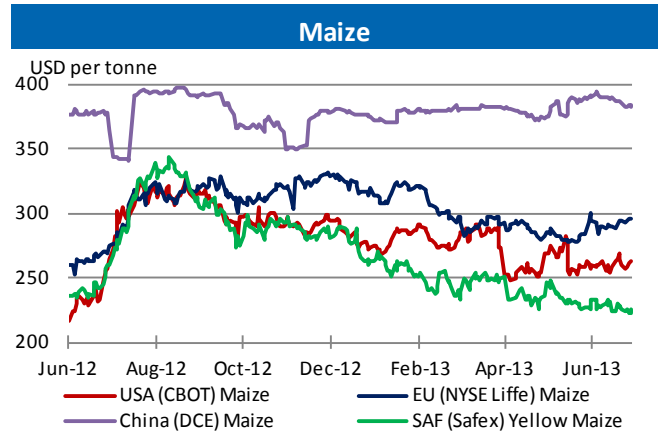
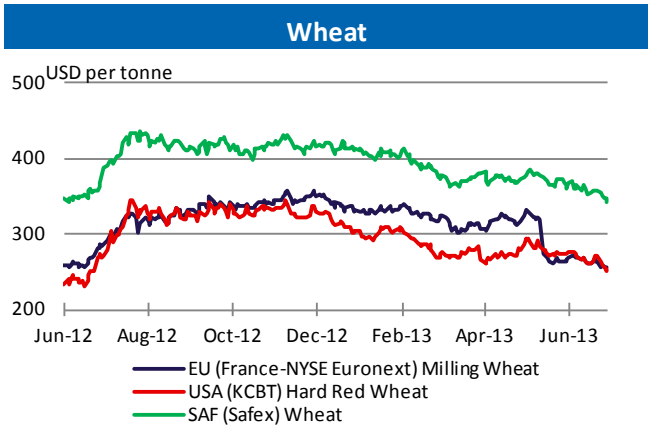
Policy Developments

- Adjustments were made to **domestic policies** addressing AMIS commodities in several countries, including important AMIS participants. A cut in support price for rice was announced in Thailand. Egypt pursued government purchase of domestic wheat. Release of government stocks were approved in India for wheat and rice and in Russia for grains. In Vietnam, interest free loans were granted to support private stockholding of rice. Progress was made in implementing Indonesia's intervention mechanism for soybean with the establishment of a price stabilization program.
- With regards to **export measures**, India deferred a decision to allow additional exports of wheat and the Export price floor for 35% broken rice was cut in Vietnam.
- To respond to **import measures** that followed the discovery of GM wheat in Oregon (US), the USDA has provided trading partners a DNA test method to detect the specific GM variety. The EU will resume import duties on medium quality wheat and other cereals from 1 July.
- A political agreement was reached on the reform of the European Union's Common Agricultural Policy (CAP). Implementation of the CAP 2014-2020 will begin in 2014 and should be fully in place in 2015. CAP 2014-2020 will continue to be based on the two pillar structure, allowing however for a larger envelope for commodity specific direct payments. More details will be provided in future monthly monitors.

Market Indicators*

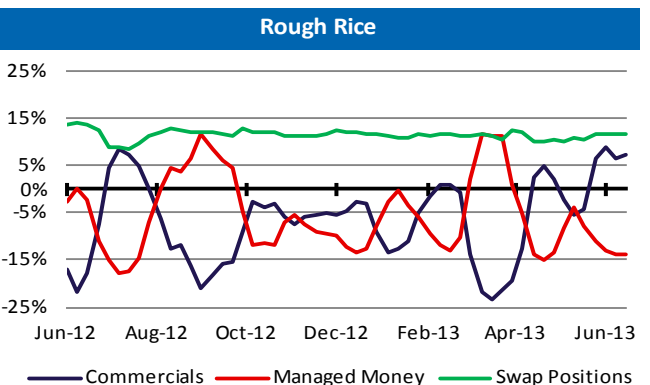
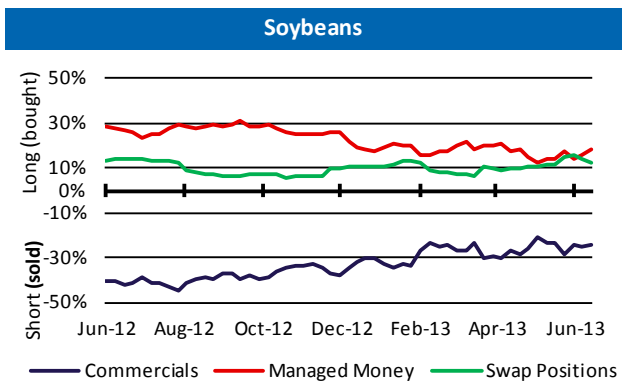
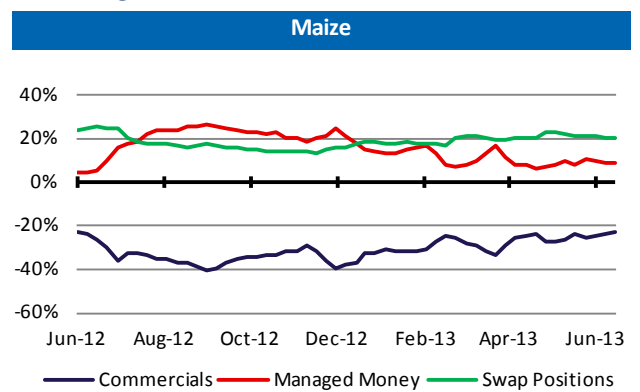
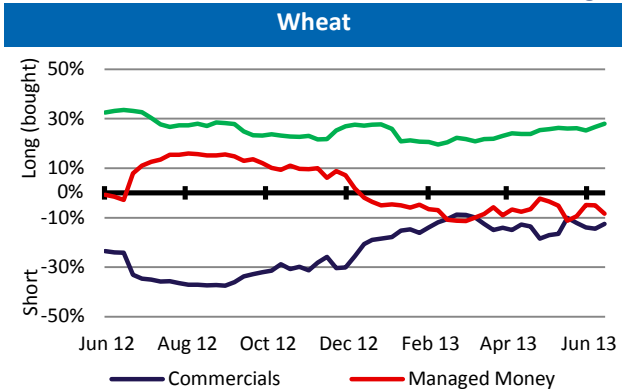
Daily Quotations from Leading Exchanges* - nearby futures

Prices were mixed across commodities



CFTC Commitment of Traders - Major Categories Net Length as % of Open Interest**

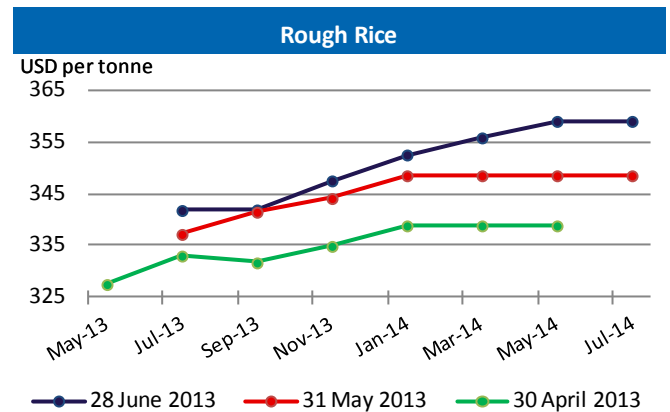
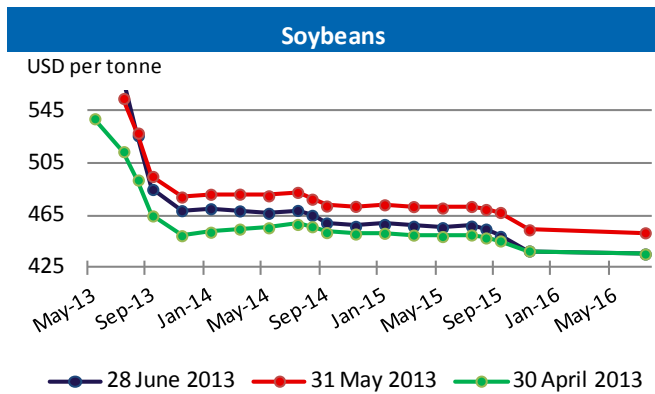
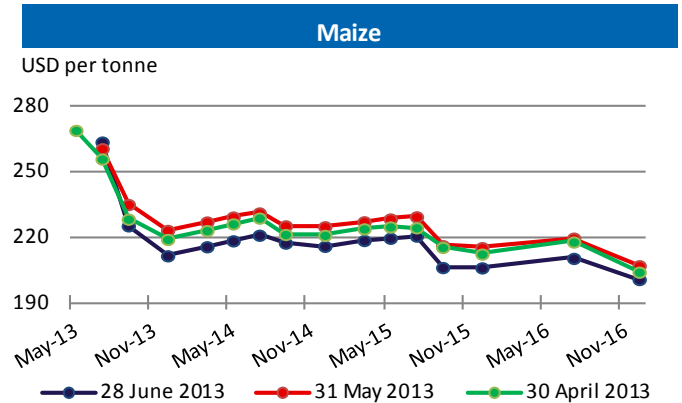
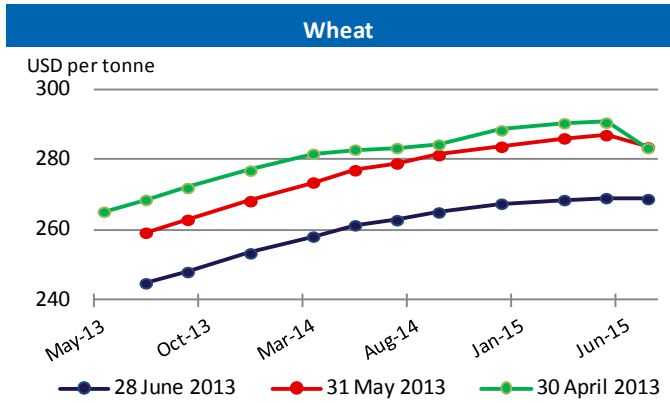
Limited shifting of positions among traders



** Disaggregated Futures Only

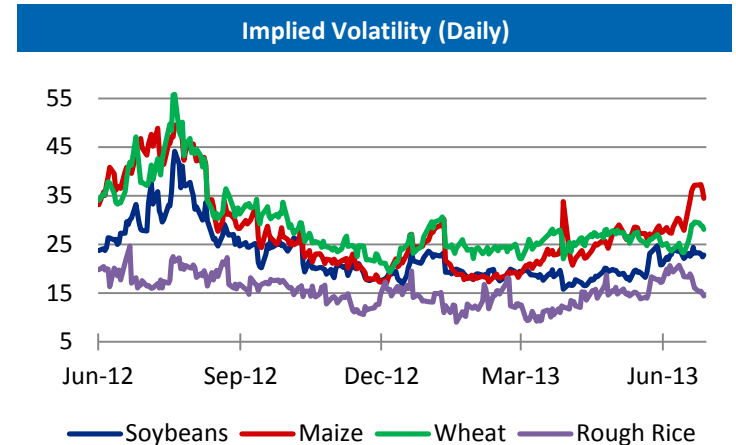
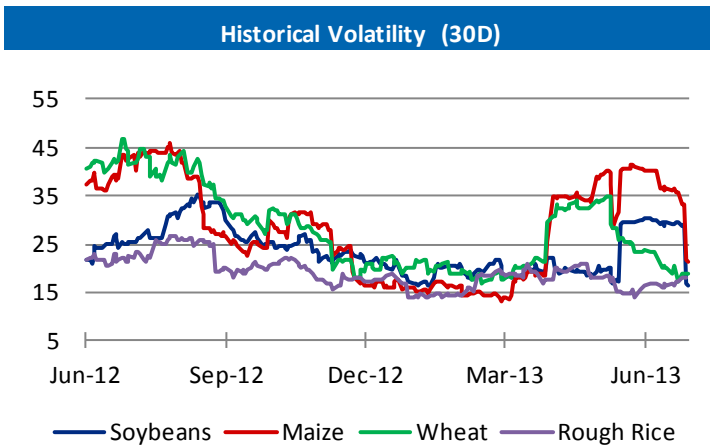
Forward Curves

Levels of backwardation increase in maize and soybeans



Historical and Implied Volatilities

Volatility declines at month end for maize and wheat



* Some of the indicators covered in this report are updated regularly on the AMIS website. These, as well as other market indicators can be found at:
<http://www.amis-outlook.org/amis-monitoring/indicators/>