http://www.amis-outlook.org/

4 October 2012
N. 2

AMIS Market Monitor

The IGC joins the AMIS Secretariat

AMIS is pleased to announce that with effect from October 2012 the International Grains Council (IGC) joined the AMIS Secretariat. This follows close collaboration with the IGC since the launch of AMIS in September 2011. The IGC becomes the tenth member of the AMIS Secretariat which already includes the following international organizations and entities: FAO, IFPRI, IFAD, OECD, UNCTAD, the UN High Level Task Force (UN-HLTF), the World Bank, WFP, and WTO.

Supply-Demand Balances at a Glance

Wheat

million tonnes

World	USDA		IGC		FAO-AMIS		
	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	
	Estimate	Forecast *12-Sep*	Estimate	Forecast *28-Sep*	Estimate	Forecast *06-Sep*	Forecast *04-Oct*
Production	695	659	696	657	699	663	663
Supply	893	857	888	854	892	856	856
Utilization	694	681	691	679	692	687	687
Trade	155	135	145	132	145	135	135
Ending Stocks	199	177	197	175	193	174	172

- World **wheat** production in 2012 to fall below the 2011 record as drought cut production in the Black Sea.
- Per caput consumption in 2012/13 to stay stable but feed use to decline from the above-average 2011/12 level.
- Trade in 2012/13 to contract sharply on lower feed use and high international prices.
- World stocks to stay at a relatively comfortable level, although falling below their opening levels to make up for the decrease in production.

Maize

World	USDA		IGC		FAO-AMIS		
	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	
	Estimate	Forecast *12-Sep*	Estimate	Forecast *28-Sep*	Estimate	Forecast *06-Sep*	Forecast *04-Oct*
Production	877	841	875	833	884	864	855
Supply	1005	981	1006	968	1007	996	991
Utilization	865	857	872	849	874	869	866
Trade	102	91	96	92	97	93	93
Ending Stocks	140	124	135	118	136	128	124

- World **maize** production to decline significantly in 2012 on poor crop prospects in the United States.
- Total utilization in 2012/13 to fall below 2011/12 on some reductions in industrial use.
- Trade in 2012/13 to decline as high world prices depress imports.
- World inventories (ending in 2013) down sharply.

Rice

World	USDA		IGC		FAO-AMIS		
	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	
	Estimate	Forecast *12-Sep*	Estimate	Forecast *28-Sep*	Estimate	Forecast *06-Sep*	Forecast *04-Oct*
Production	465	464	464	466	482	483	483
Supply	564	570	561	568	623	639	640
Utilization	458	468	458	465	468	474	474
Trade	35	36	35	36	35	35	35
Ending Stocks	106	102	103	103	156	165	165

- World **rice** production in 2012 to remain close to last year's record.
- Food consumption in 2013 to keep pace with population, resulting in stable per caput consumption.
- Trade in 2013 to remain stable around the relatively high 2011 level.
- With global production again outpacing consumption, world stocks (ending in 2013) are foreseen to hit new highs.

Soybeans

World	USDA		IGC		FAO-AMIS		
	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	
	Estimate	Forecast *12-Sep*	Estimate	Forecast *28-Sep*	Estimate	Forecast *06-Sep*	Forecast *04-Oct*
Production	237	258	237	256	239	262	260
Supply	307	312	274	278	275	286	284
Utilization	254	257	251	256	257	260	263
Trade	90	94	92	93	93	95	96
Ending Stocks	54	53	23	22	24	25	23

- World **soybean** production to rebound in 2012/13, though remaining below the 2010/11 record.
- Global crush expected to resume growth in 2012/13.
- Trade to continue expanding in 2012/13.
- 2012/13 global ending stocks not recovering from their historically low 2011/12 level.

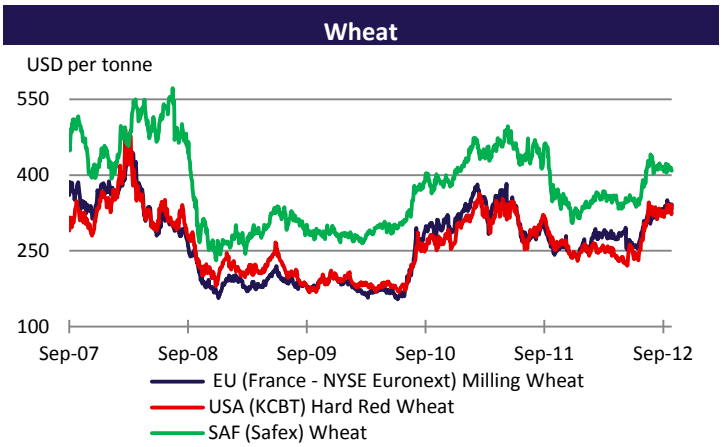
NB:

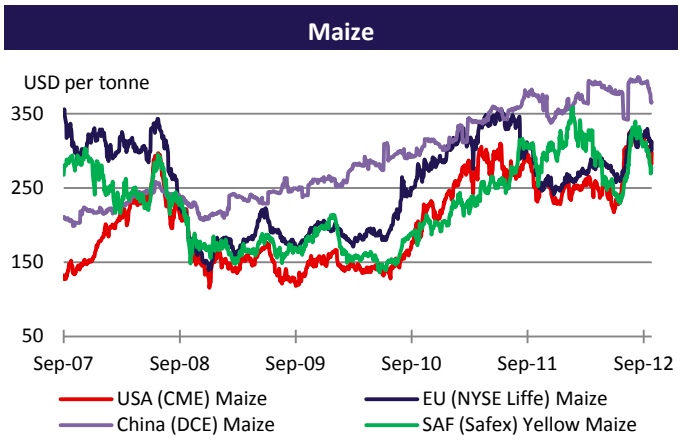
- Estimates and forecasts published by the selected organizations may not always be the same. This is mostly because of differences in methodologies as well as release dates.
- For information on technical terms used in this report, please see: http://www.amis-outlook.org/fileadmin/user_upload/amis/docs/Market_monitor/Glossary.pdf
- Explanatory notes and sources available on page 5 of this report.

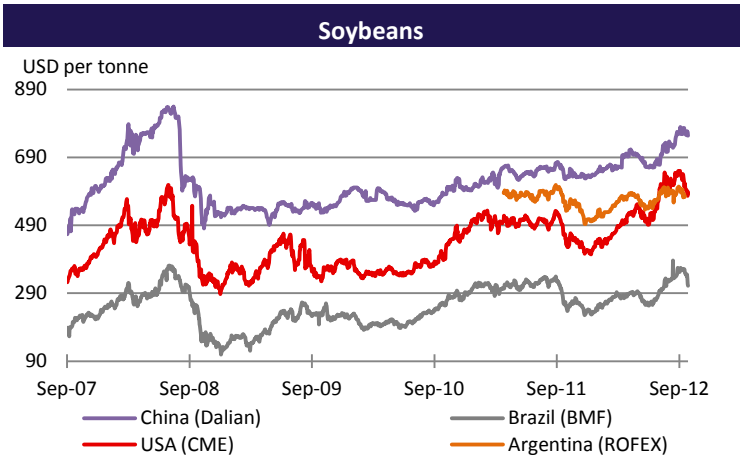
Futures Prices and Market Trends

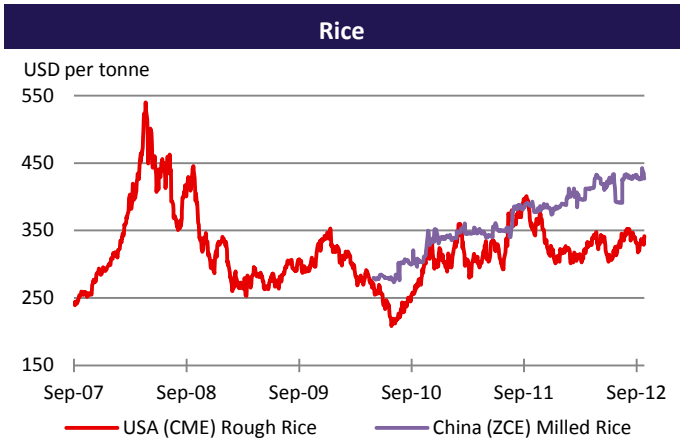
In September, cooler and wetter US weather patterns following the extreme summer drought helped moderate futures prices for maize wheat, soybeans and rice. Anecdotal reports of higher soybean yields due to rain during the late summer pod filling stage in the USA as well as rains in the soybean growing regions of Brazil could be the reason why prices fell from their record summertime highs. Wheat prices showed signs of consolidation, reacting to declining expectations that any of the major international grain suppliers would impose new export restrictions. The maize market, although below its highs, remained elevated. Forward curves[1] exhibited lower levels of backwardation, possibly indicating that some level of demand rationing has taken place. The announcement of another round of quantitative easing (QE3) by the US Federal Reserve seemed to have had little impact on agricultural commodity prices as large institutional funds appeared to flow into US equities. Agricultural trade volumes declined and implied volatility[2] remained in the relatively low range of 20 to 35 compared to the 60 – 70 range exhibited during the high priced years of 2008 and 2010, although soybeans continued to show significant levels of volatility[3]. According to the CFTC's Commitment of Traders Report, managed money has begun to reduce some of its record long positions built during the summer growing season while investor participation (swaps dealers) showed continued decline[4]. Following the release of the US quarterly grain stocks report on Friday, 28 September, wheat and maize prices rose sharply as USDA's estimates of 2012/13 stocks fell below market expectations, due to higher domestic use.

Daily Quotations from Leading Exchanges - nearby futures





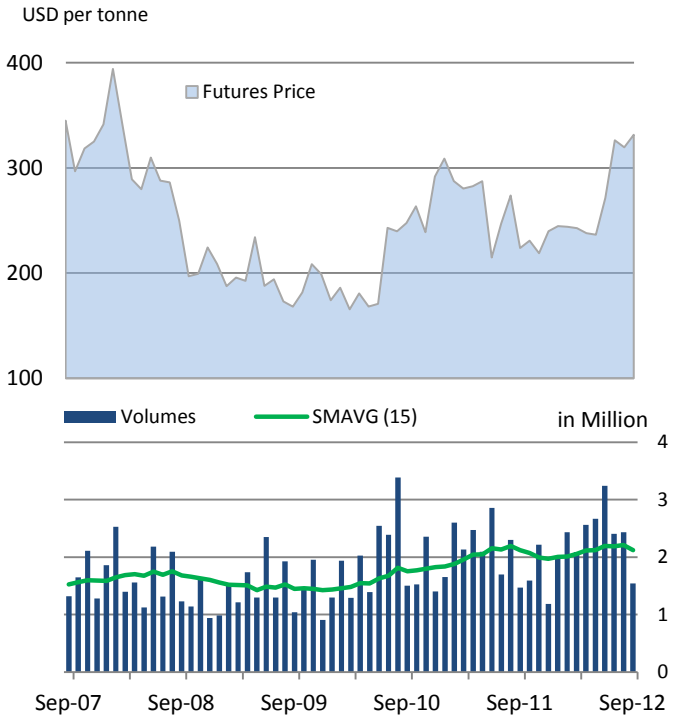




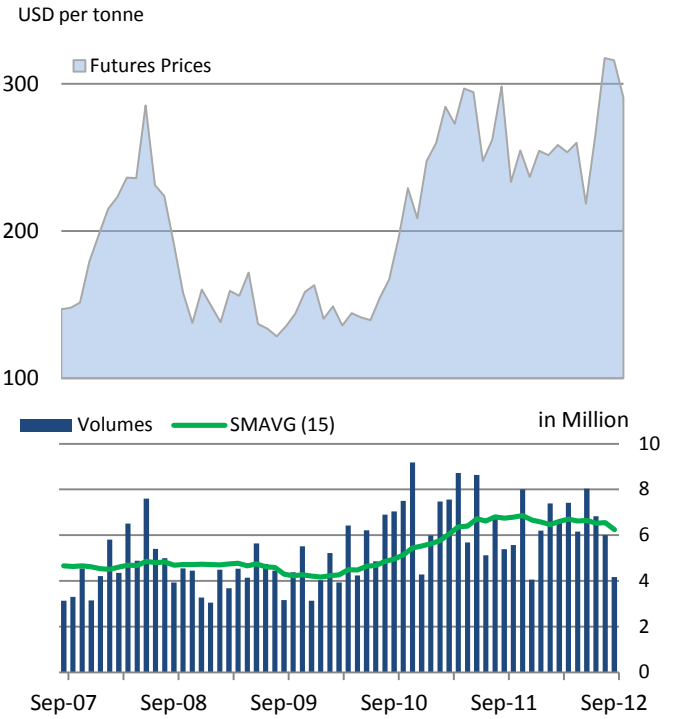
[1] A short explanation of forward curves, backwardation and contango together with other technical terms used in this section is available in the Glossary on the AMIS website at http://www.amis-outlook.org/fileadmin/user_upload/amis/docs/Market_monitor/Glossary.pdf.
[2] See Glossary.
[3] http://www.foodsecurityportal.org/soybean-price-volatility-alert-mechanism
[4] See Glossary.

Monthly Futures Prices and Volumes (CBOT)

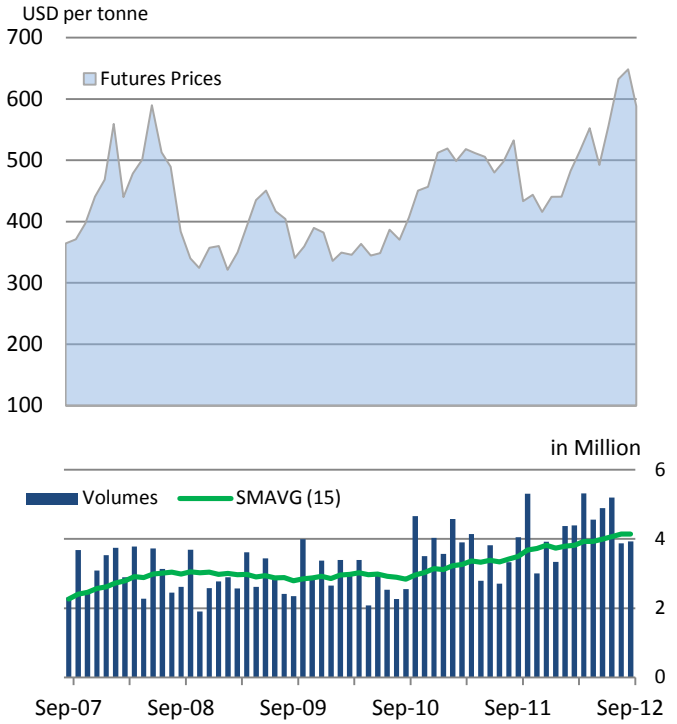
Wheat



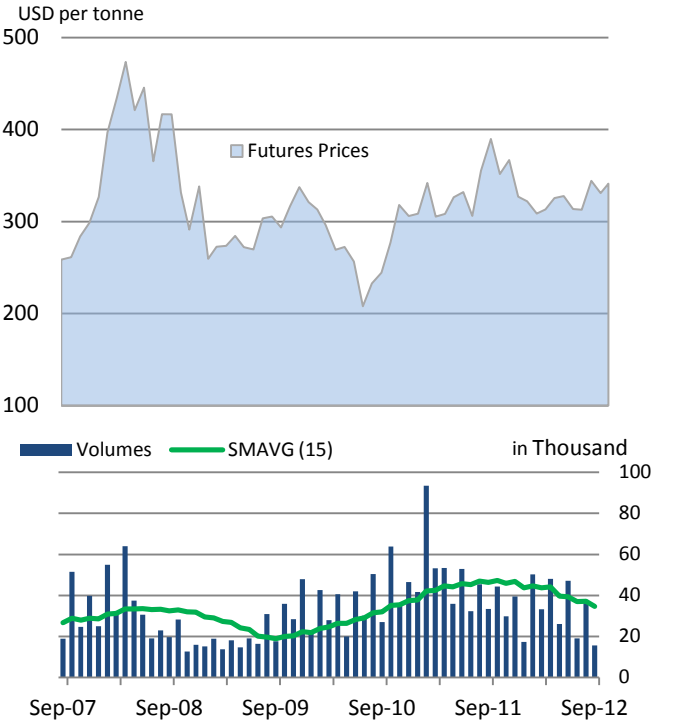
Maize



Soybeans



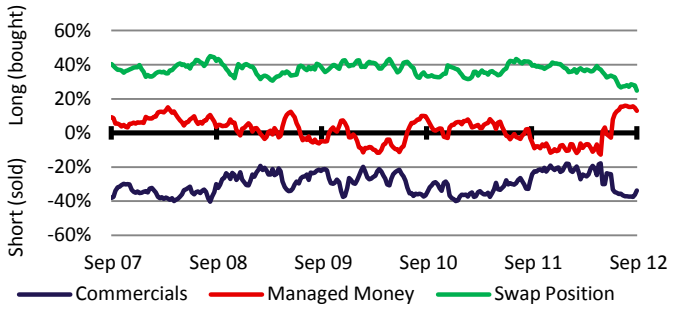
Rough Rice



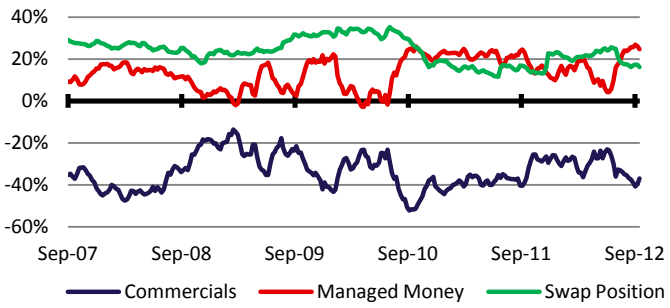
SMAVG: Simple Moving Average

Investors (Swap Dealers) Participation

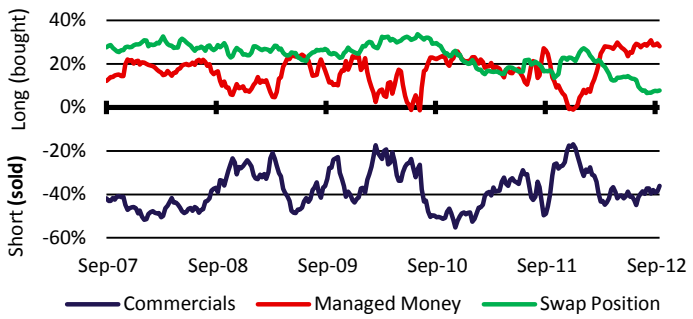
Wheat



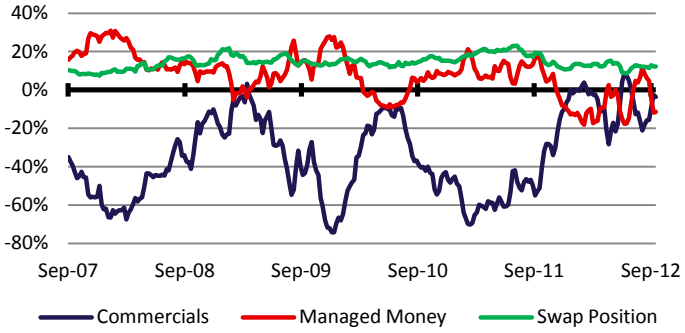
Maize



Soybeans



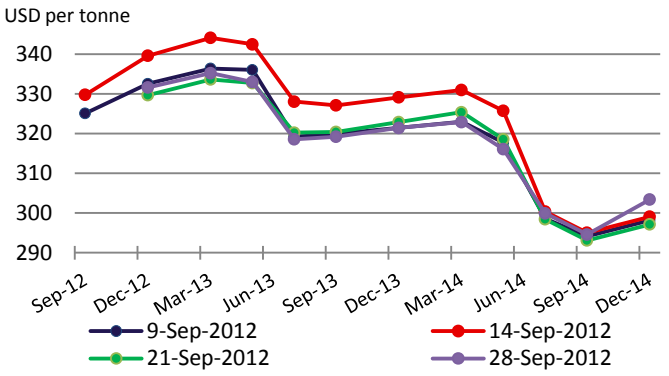
Rough Rice



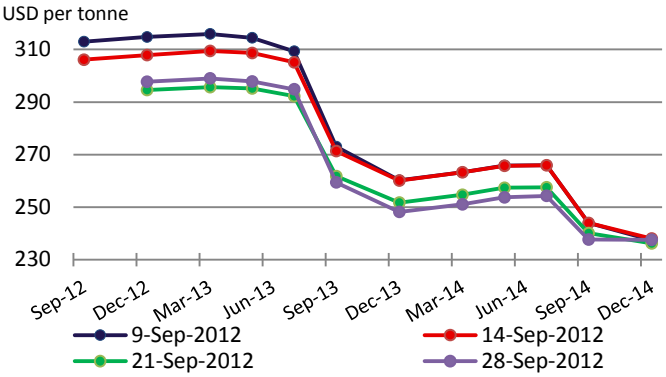
CFTC Commitment of Traders Report (Disaggregated Futures Only)- Net Length as a % of Open Interest

Forward Curves

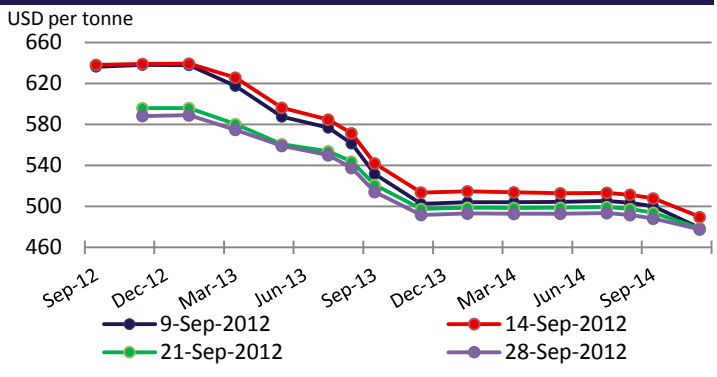
Wheat



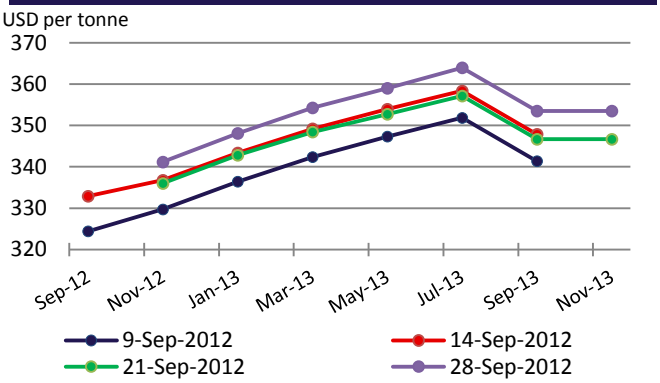
Maize



Soybeans

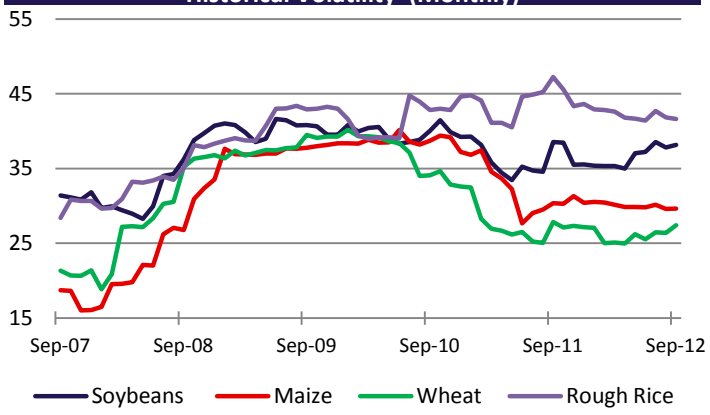


Rough Rice

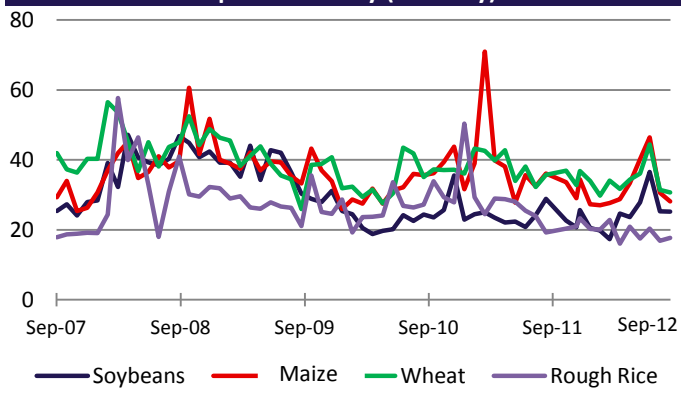


Implied and Historical Volatilities

Historical Volatility (Monthly)

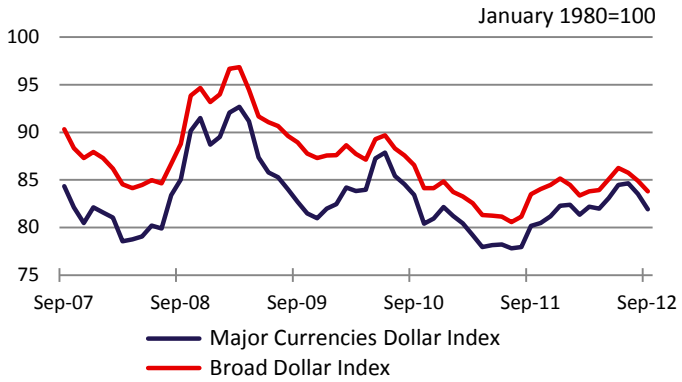


Implied Volatility (Monthly)

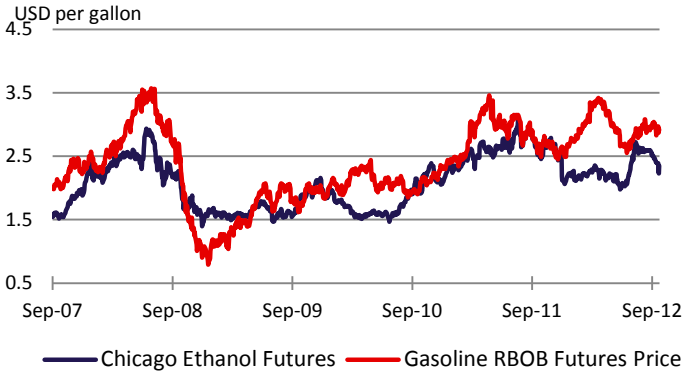


Other Indicators

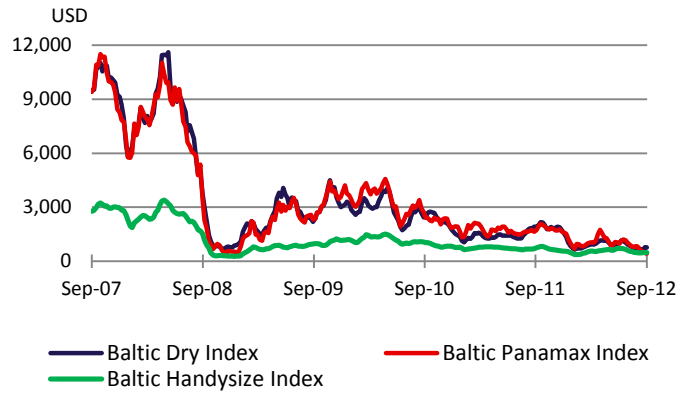
Dollar Indices (Real Terms)



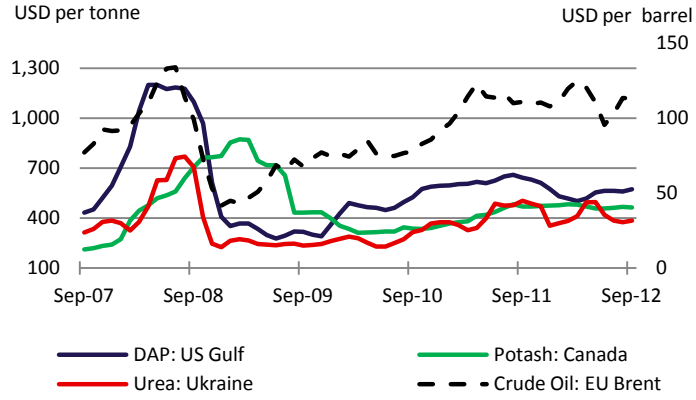
Daily Ethanol vs Gasoline Futures Prices



Ocean Freights Comparison



Monthly Fertilizer and Crude Oil Prices-FOB



Explanatory Notes:

FAO-AMIS: World estimates (forecasts) are based on information received from AMIS countries and on FAO data for non-AMIS countries.

Dates: Refer to the day of release of the reports of the various organizations (FAO, IGC, and USDA). **Production**: Cereal production data refer to the calendar year of the first year shown. Rice production is expressed in milled terms. **Supply:** Defined as production plus opening stocks.

Utilization: Includes food, feed and other uses ("other uses" comprise seeds, industrial utilization and post-harvest losses). **Trade:** Data refer to exports. For wheat and maize, trade is reported on a July/June marketing year basis, except for the USDA maize trade estimates, which are reported on an October/September basis. For rice, trade covers flows from January to December of the second year shown and for soybeans from October to September. **Ending stocks:** May not equal the difference between supply and utilization due to differences in the definition of marketing years across countries. **GOI:** IGC Grains and Oilseeds Index.

Main sources:

Bloomberg, CFT, CME, FAO, Inter-Continental Exchange, IGC, USDA, US Federal Reserve, World Bank.

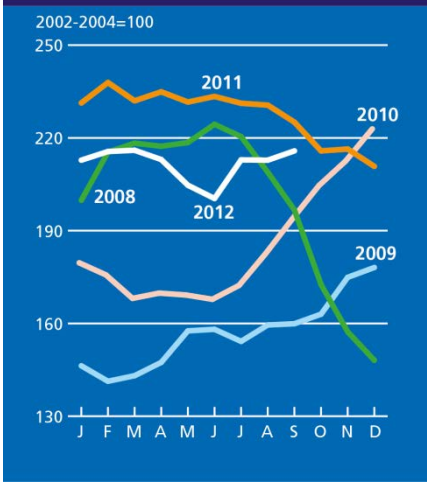
International prices at a glance

Daily quotations of selected export prices (USD/tonne, 2011-2012)

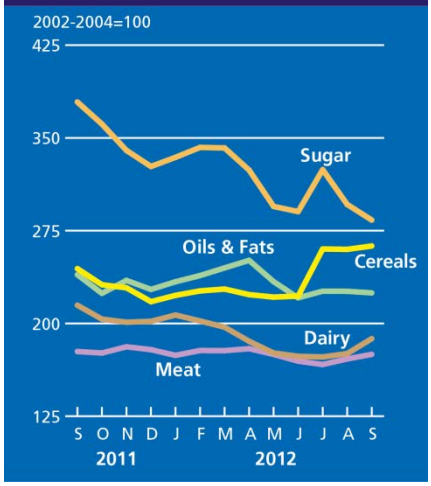
Daily quotations of selected export prices

	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)	27 Sept	369	382	361	313	-3.5%	17.6%
Maize (US No. 2, Yellow)	28 Sept	323	319	325	274	1.2%	18.0%
Rice (Thai 100% B)	27 Sept	563	570	579	620	-1.2%	-9.2%
Soybeans (US No.2, Yellow)	27 Sept	611	628	676	479	-2.7%	27.6%

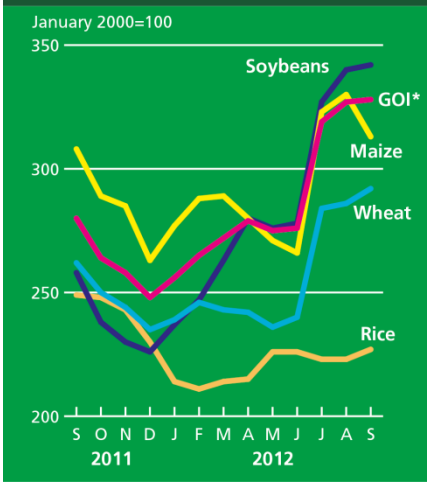
FAO Food Price Index



FAO Food Commodity Price Indices



IGC Commodity Price Indices



FAO food price indices

		Food Price Index	Meat	Dairy	Cereals	Oils and Fats	Sugar
		(. . . . . 2002-2004 = 100 . . . . .)					
2011	September	**225**	177	215	244	239	379
	October	**216**	176	204	231	224	361
	November	**216**	181	201	229	235	340
	December	**211**	179	202	218	227	327
2012	January	**213**	174	207	223	234	334
	February	**216**	178	202	226	239	342
	March	**216**	178	197	228	245	342
	April	**213**	180	186	223	251	324
	May	**205**	175	176	221	234	295
	June	**200**	170	173	222	221	290
	July	**213**	167	173	260	226	324
	August	**213**	171	176	260	226	296
	September	**216**	175	188	263	225	284

IGC commodity price indices

		GOI*	Wheat	Maize	Soybeans	Rice
		(. . . . . January 2000 = 100 . . . . .)				
2011	September	**280**	262	308	258	249
	October	**264**	250	289	238	248
	November	**258**	244	285	230	243
	December	**248**	235	263	226	230
2012	January	**256**	239	277	237	214
	February	**265**	246	288	247	211
	March	**272**	243	289	263	214
	April	**279**	242	280	280	215
	May	**275**	236	271	276	226
	June	**276**	240	266	278	226
	July	**319**	284	323	327	223
	August	**327**	286	330	340	223
	September	**328**	292	313	342	227