

AMIS Crops: World Supply-Demand Balances in 2012/13

Markets stabilized in recent weeks as forecasts for 2012/13 balances of AMIS crops became more definite. Given the overall tightness for wheat, maize and soybeans, the focus is shifting to the influence of weather on crop prospects for 2013. Drought affecting winter wheat in the US and unfavourable weather in parts of Europe and South America, have raised concerns, although it is not possible to draw any firm conclusions at this early stage.

	From previous month f'cast	From previous season (2011/12)
Wheat	▼	▼
Maize	■	▼
Rice	■	▲
Soybeans	■	▲

▲ Easing ■ Neutral ▼ Tightening

WHEAT	million tonnes						
	USDA		IGC		FAO-AMIS		
	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	
	est.	f'cast	est.	f'cast	est.	f'cast	
		09-Nov		29-Nov		08-Nov	06-Dec
Production	696	651	695	654	699	661	659
Supply	894	849	889	851	883	850	843
Utilization	696	675	693	678	694	687	686
Trade	156	133	146	134	146	135	136
Ending Stocks	198	174	196	173	184	167	163

- **Wheat** production in 2012 falling below the record in 2011. The forecast lowered further since November on reduced prospects in Australia and Brazil.
- Utilization in 2012/13 down from 2011/12 with lower feed use in China and the EU more than offsetting higher feed use in the US.
- Trade contracting sharply on reduced import demand from North Africa and Asia. The forecast increased from November on higher imports by CIS countries.
- Stocks (ending 2013) declining significantly, with a further cut in the forecast because of lower inventories in China and India.

MAIZE	million tonnes						
	USDA		IGC		FAO-AMIS		
	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	
	est.	f'cast	est.	f'cast	est.	f'cast	
		09-Nov		29-Nov		08-Nov	06-Dec
Production	880	840	876	830	884	856	853
Supply	1007	972	1007	965	1007	988	986
Utilization	875	854	873	849	879	868	866
Trade	111	90	97	94	101	94	94
Ending Stocks	132	118	134	116	133	123	123

- **Maize** production in 2012 to decline from 2011, driven by a sharp reduction in the US output. The forecast further downgraded since November on reduced outputs in Russia and Ukraine.
- Utilization in 2012/13 contracting, driven by a decline in the industrial use of maize, especially for production of ethanol in the US.
- Trade falling below the previous season's level, driven by shrinking exportable supplies and elevated international prices.
- Stocks (ending in 2013) down from the previous season, mainly on reductions in the EU and the US.

RICE	million tonnes						
	USDA		IGC		FAO-AMIS		
	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	
	est.	f'cast	est.	f'cast	est.	f'cast	
		09-Nov		29-Nov		08-Nov	06-Dec
Production	465	464	463	464	483	486	487
Supply	563	570	562	570	626	645	646
Utilization	458	468	457	466	468	475	476
Trade	38	37	38	36	37	38	38
Ending Stocks	106	102	105	104	159	170	170

- **Rice** production in 2012 revised up since November, buoyed by improved crop prospects in Indonesia, Mali and Nigeria.
- Utilization in 2012/13 raised, now pointing to larger expansion from the previous season.
- Trade in 2013 exceeding the record in 2012. Higher exports from India boosted trade in 2012 with larger purchases by China and Nigeria.
- Stocks (ending in 2013) to climb to record levels.

SOYBEANS	million tonnes						
	USDA		IGC		FAO-AMIS		
	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	
	est.	f'cast	est.	f'cast	est.	f'cast	
		09-Nov		29-Nov		08-Nov	06-Dec
Production	239	268	238	267	240	269	271
Supply	310	324	275	290	275	294	295
Utilization	256	261	251	263	258	262	262
Trade	90	99	92	97	94	99	101
Ending Stocks	56	60	24	28	25	29	30

- **Soybean** production raised slightly as better than anticipated yields in the US outweighed downward corrections for Argentina.
- Utilization in 2012/13 to increase only slightly from the previous season, as high prices and weak economic growth constrain soy meal/oil demand.
- Trade raised slightly since November, mainly reflecting larger export availabilities in the US.
- Stocks (ending 2013) to recover partially from their low opening levels.

NB: Explanatory notes and list of sources are available at the end of the report.

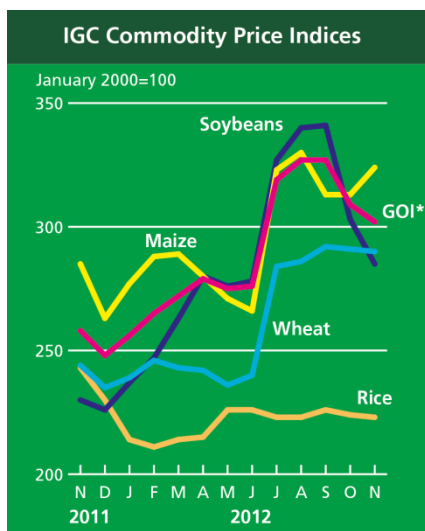
International Prices

International Grains Council (IGC) Grains and Oilseeds Index (GOI) - November 2012

	November 2012	Change	
	Average*	M/M	Y/Y
Wheat	290	-0.1%	+19.1%
Maize	324	+3.5%	+13.7%
Rice	223	-0.4%	-8.4%
Soybeans	285	-6.1%	+23.8%

*Jan 2000=100, derived from daily export prices.

- Wheat:** World export prices remained firm during November, with the average IGC GOI wheat sub-Index virtually unchanged month-on-month (M/M). Prices were underpinned by worries about unfavourable crop weather in a number of countries, including prospects in Argentina and Australia as well as for 2013 crops in the US and the EU. While there was sustained talk about dwindling export supplies in the Black Sea region, and the possibility of export controls in Ukraine, the overall volume of the region's shipments exceeded earlier expectations. This has continued to curb demand for supplies from other exporters and limited upside for prices.
- Maize:** World export prices moved higher during November, with the IGC GOI maize sub-Index up by 3.5% M/M. US values were lifted by revived export hopes, while prices in South America rallied on tightening old crop supplies and adverse planting weather for the next season.
- Rice:** Asian white rice markets mostly weakened during November, the average IGC GOI rice sub-Index easing to a three-month low, as generally limited trade activity weighed on sentiment, especially in Vietnam. Increased supplies from main crop harvests added to downward pressure in South Asia.
- Soybeans:** World markets weakened during November. There was some recovery towards the end of the month, but the average IGC GOI soybeans sub-Index posted a net decline of 6.1% M/M. Downward pressure from better than anticipated US yields and slow export demand outweighed concerns about South American crops.



		GOI*	Wheat	Maize	Rice	Soybeans
(..... January 2000 = 100)						
2011	November	257.7	243.8	284.6	243.4	230.0
	December	248.3	234.7	262.7	230.1	226.4
2012	January	255.8	238.5	277.1	213.9	236.5
	February	264.7	245.9	288.4	210.6	247.3
	March	272.5	243.3	288.5	213.5	263.2
	April	279.0	241.7	279.5	214.8	279.7
	May	275.0	235.5	270.6	226.1	275.6
	June	276.2	240.3	266.5	226.2	278.3
	July	319.1	283.7	322.8	223.5	327.3
	August	326.9	286.0	329.9	222.8	340.2
	September	327.2	292.2	313.0	226.4	340.8
	October	309.2	290.7	312.8	223.8	303.3
	November	302.1	290.3	323.7	222.8	284.7

*GOI: Grains and Oilseeds Index

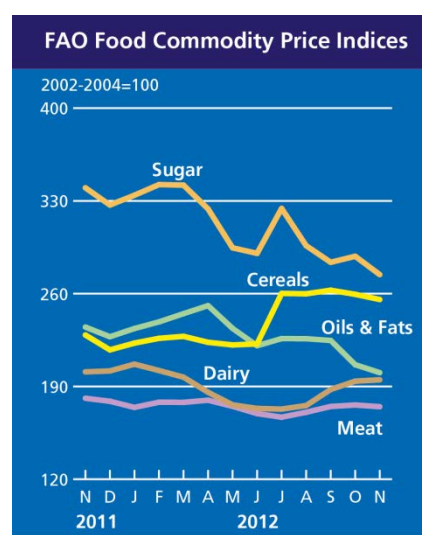
Selected Export Prices and Price Indices

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)	04 Dec	367	379	378	289	-3.2%	26.7%
Maize (US No. 2, Yellow)	05 Dec	328	332	316	255	-1.2%	28.8%
Rice (Thai 100% B)	04 Dec	560	560	560	630	0.0%	-11.1%
Soybeans (US No.2, Yellow)	04 Dec	585	574	586	442	1.8%	32.3%



FAO food price indices

	Food Price Index	Meat	Dairy	Cereals	Oils and Fats	Sugar	
(..... 2002-2004 = 100)							
2011	November	216.4	181.1	201.0	228.8	234.8	339.9
	December	210.8	178.8	201.7	217.6	227.5	326.9
2012	January	212.8	174.2	206.8	222.7	233.7	334.3
	February	215.6	178.1	202.0	226.3	238.7	342.3
	March	216.0	178.0	197.0	227.8	244.9	341.9
	April	213.0	179.6	185.6	223.3	251.0	324.0
	May	204.7	175.0	176.1	221.3	233.8	294.6
	June	200.4	169.5	173.4	222.1	220.7	290.4
	July	212.9	166.8	172.9	260.2	226.1	324.3
	August	212.5	170.5	175.6	259.9	226.0	296.2
	September	215.7	174.9	187.7	262.6	224.7	283.7
	October	214.1	176.0	194.0	259.5	206.4	288.2
	November	210.9	174.7	195.0	255.6	200.4	274.4

Futures Markets

November 2012 Futures Prices (Nearby)*

	Change	
	M/M	Y/Y
Wheat	-0.6%	+41.1%
Maize	-1.3%	+18.4%
Rice	-5.8%	-24.4%
Soybeans	-1.2%	-1.3%

*Source: CME - Monthly averages.

Historical Volatility – 30 Days*

	Change	
	M/M	Y/Y
Wheat	-26.4%	-45.1%
Maize	-22.1%	-18.5%
Rice	-9.6%	-8.7%
Soybeans	-15.9%	-24.7%

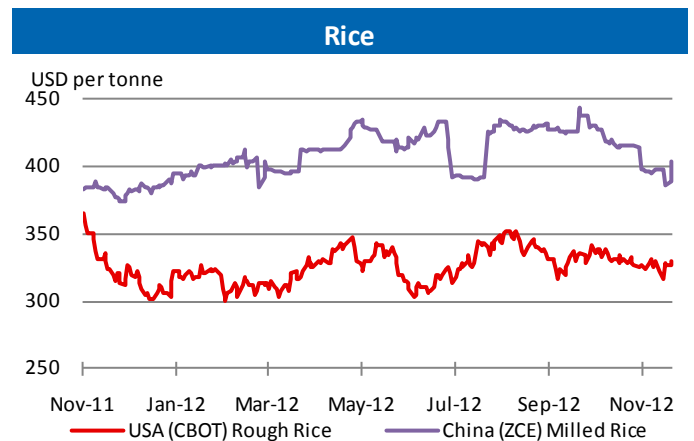
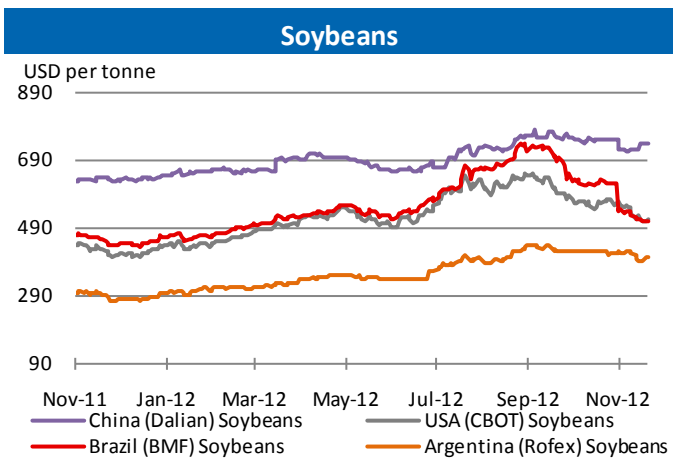
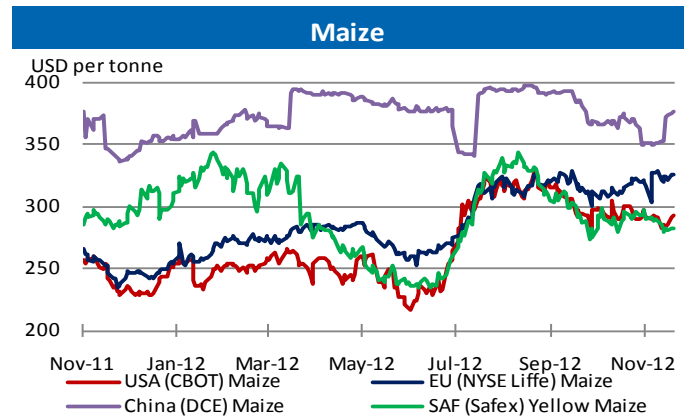
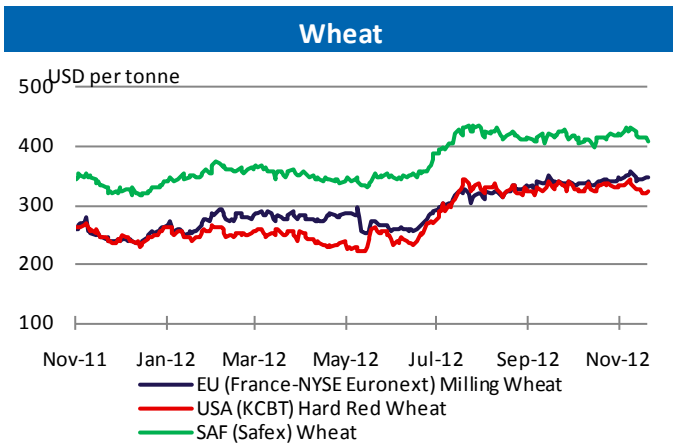
- Prices and Volumes:** Prices for wheat, maize, soybeans and rice exhibited greater variability than the previous month, with soybeans prices showing a M/M decline, while wheat, maize and rice ended close to unchanged. The wheat market was supported by deteriorating crop conditions, particularly in the US, although competition from other origins - namely Canada, Russia and Australia - tempered upward futures price momentum. Poor overall demand kept maize prices under pressure. In November, **volumes** were higher for wheat and maize and lower for soybeans and rice compared to October. Similarly, **Open Interest** increased slightly for wheat and maize, but declined in soybeans. **Forward curves** did not exhibit much change with the exception of soybeans, which showed a decrease in backwardation as nearby prices fell.
- Investment Flows:** Managed money traders were net sellers of wheat and soybeans, exerting particularly heavy downward pressure on the latter, following perceived favourable planting conditions in South America. Managed money slightly increased its net long position in maize. Passive index fund investment flows were barely changed.
- Volatility:** Despite wider trading ranges for November compared to October, volatility levels remained subdued.

Other Developments

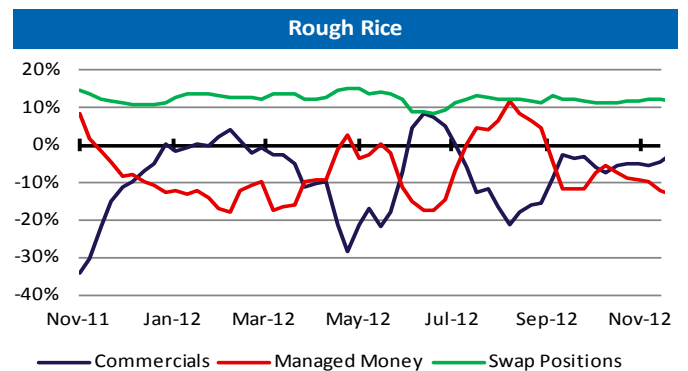
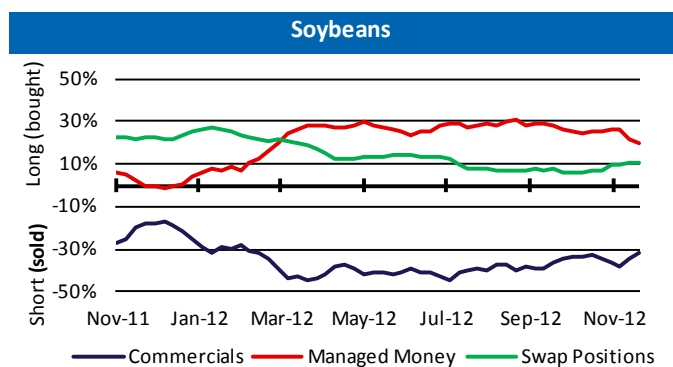
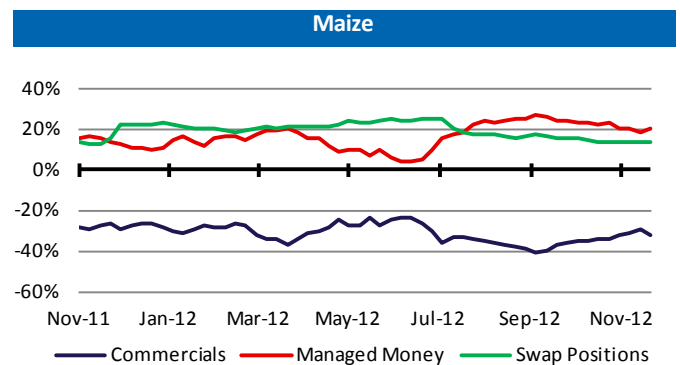
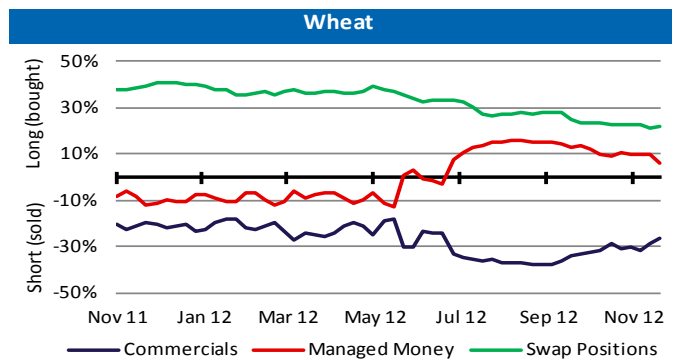
- Policy:** The US Environmental Protection Agency rejected a waiver on ethanol mandates, lending support to the maize market, even though ethanol margins are reportedly negative for the 17th consecutive week.
- Energy and outside markets:** The US Energy Information Agency reduced its 2013 price forecast for West Texas Intermediate Crude Oil by 6.6% to \$88.29 per barrel, due to expanding US gas and oil production, keeping cap on WTI futures prices. Other outside factors, such as US monetary conditions or European sovereign debt issues, had seemingly little impact on the agricultural sector in November.

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

Daily Quotations from Leading Exchanges - nearby futures

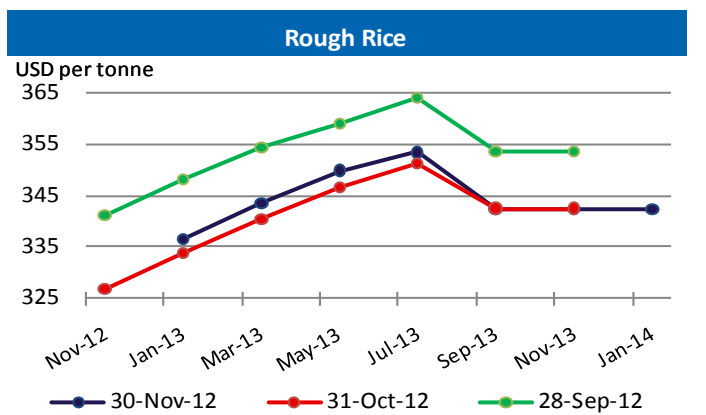
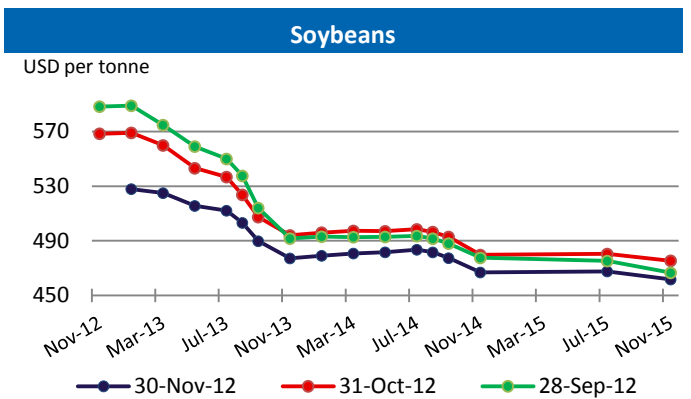
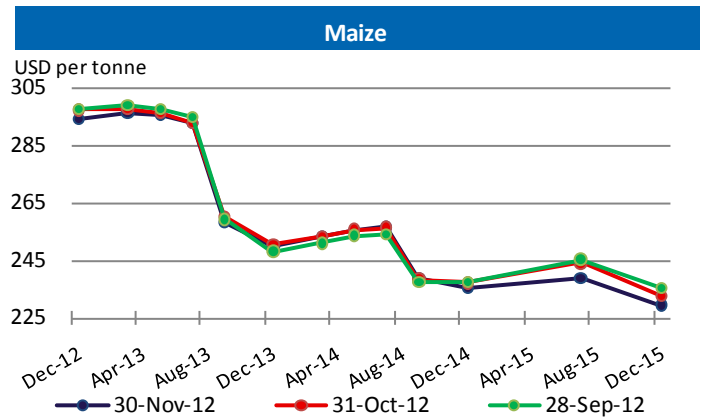
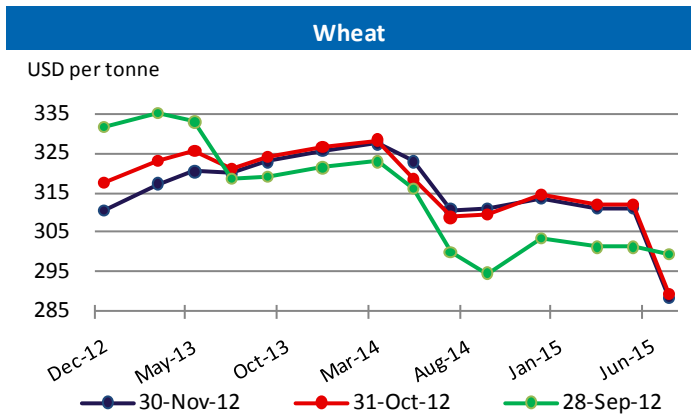


CFTC Commitment of Traders - Major Categories Net Length as % of Open Interest*

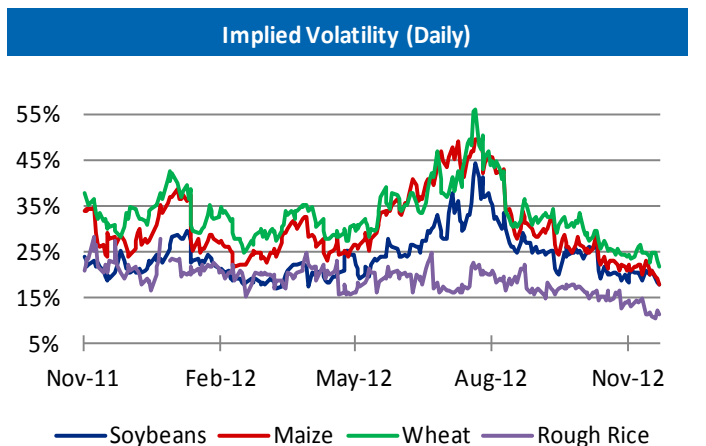
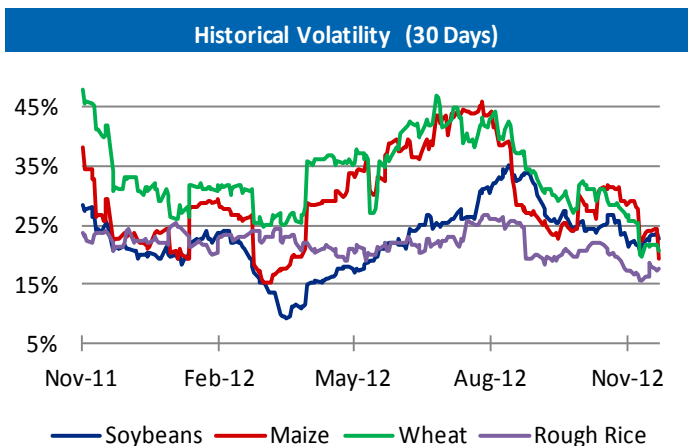


* Disaggregated Futures Only

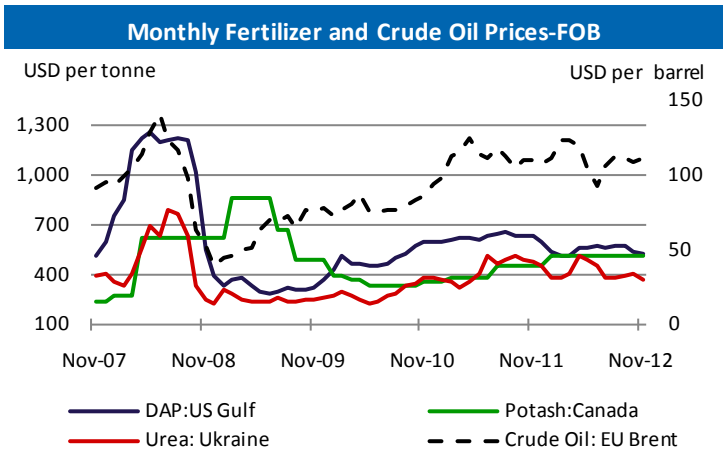
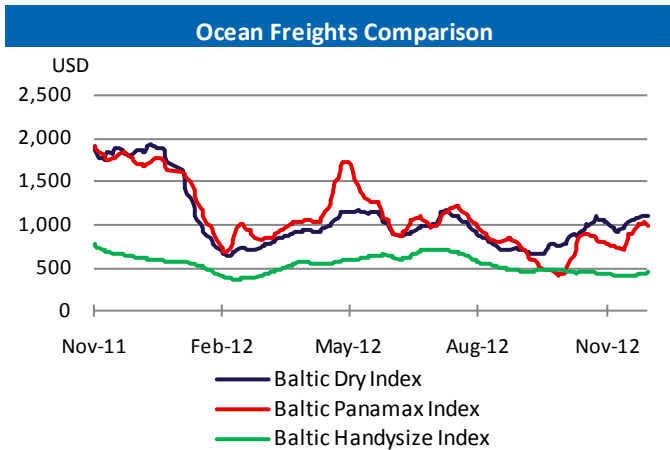
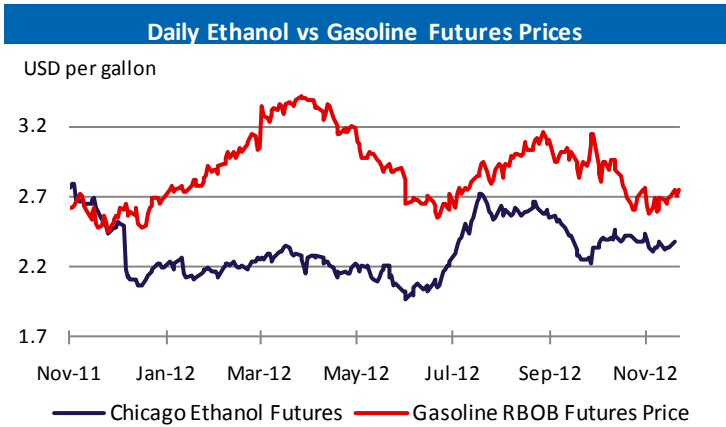
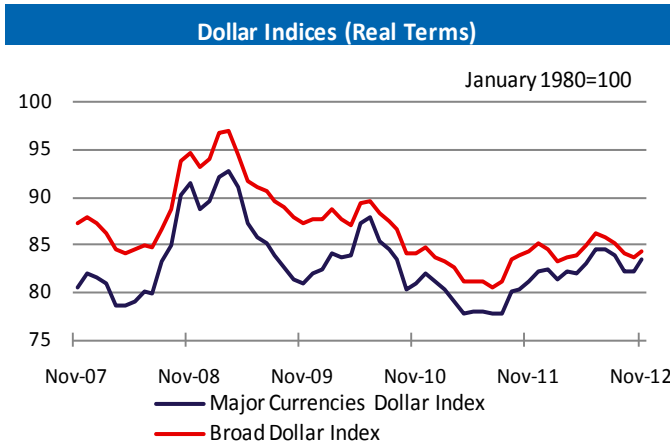
Forward Curves



Historical and Implied Volatilities



Other Indicators



Explanatory Notes

The notions of **tightening** and **easing** used in the summary of “**World Supply and Demand**” reflect judgmental views which take into account market fundamentals, inter-alia price developments and short-term trends in demand and supply, especially changes in stocks.

All totals (aggregates) are computed from unrounded data. World supply and demand estimates/forecasts published in this report are based on the latest data published by USDA, IGC and FAO. They may vary for many reasons, but mainly because of different methodologies and release dates.

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

Dates: Refer to the release date of the data from the selected sources: 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. Soybeans production data refer to the split (i.e. 2011/12) season.

Supply: Defined as production plus opening stocks.

Utilization: For wheat, maize and rice utilization includes food, feed and other uses (“other uses” comprise seeds, industrial utilization and post-harvest losses). For soybeans, it comprises crush, food and other uses.

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. Trade between European Union member states is excluded.

Ending Stocks: Data is calculated as the aggregate of carry-overs at the close of national crop seasons ending in the year shown.

AMIS Market Monitor 2013 Release Dates

07 February, 07 March, 11 April, 09 May, 06 June, 11 July, 05 September, 03 October, 07 November, 05 December

Main sources

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

Contacts

AMIS Secretariat

Email: AMIS-Secretariat@fao.org

Download the AMIS Market Monitor or get a free e-mail subscription at
<http://www.amis-outlook.org/amis-monitoring>

