Contents

AMIS MARKET MONITOR

No. 47 – April 2017

Roundup

Based on the first AMIS projections for the 2017/18 marketing season, the supply and demand outlook for wheat, maize and rice points to continued stability in world markets. Even in the event of any unexpected production shortfalls, carryover stocks are large enough to provide a sufficient buffer in the new season. Regarding the soybean market, which is still in the midst of the 2016/17 season, the latest indications point to larger supplies than earlier expected, while global demand should expand at a regular pace.

Markets at a glance

	From previous forecast	From previous season
Wheat	n/a	▲
Maize	n/a	▼
Rice	n/a	▬
Soybeans	▲	▲

▲ Easing ▬ Neutral ▼ Tightening

The **Market Monitor** is a product of the Agricultural Market Information System (AMIS). It covers the international markets for wheat, maize, rice and soybeans, giving a synopsis of major market developments and the policy and other market drivers behind them. The analysis is a collective assessment of the market situation and outlook by the eleven international organizations and entities that form the AMIS Secretariat.
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World supply-demand outlook

- **Wheat** production in 2017 to decline by 2.7 percent mostly on lower outputs in several major producing countries, in particular the US.
- Utilization in 2017/18 heading for a marginal decrease as feed use of wheat is projected down from 2016/17 because of cheaper supplies of feed grains.
- Trade in 2017/18 (July/June) is set to contract by 2.3 percent mostly on account of reduced import demand in China and India. Smaller exports are projected for Australia and the US.
- Stocks (ending in 2018) to increase for a fifth consecutive year to a new high.

in million tonnes

WHEAT	FAO-AMIS 2016/17 est.	FAO-AMIS 2017/18 f'cast 6-Apr	USDA 2015/16 est.	USDA 2016/17 f'cast 9-Mar	IGC 2016/17 est.	IGC 2017/18 f'cast 30-Mar
Production	760	740	735	751	754	735
Supply	985	980	953	991	977	974
Utilization	738	735	712	741	737	740
Trade	173	169	173	181	169	166
Stocks	240	247	240	250	239	234

- **Maize** production in 2017 is tentatively put at 1.2 percent above last year, largely on bigger harvests in Argentina, Brazil and South Africa more than offsetting a sharp fall in the US.
- Utilization to grow by 1.6 percent in 2017/18 with most of the increase driven by higher feed use in Asia and South America.
- Trade in 2017/18 (July/June) is likely to contract by 2.0 percent, mostly on lower imports in southern Africa. A fall in shipments from the US largely exceeds the rise in exports from Argentina, Brazil and South Africa.
- Stocks (ending in 2018) falling by 4.0 percent on declining inventories in China and the US but higher carryovers are expected in the EU and South America.

in million tonnes

MAIZE	FAO-AMIS 2016/17 est.	FAO-AMIS 2017/18 f'cast 6-Apr	USDA 2015/16 est	USDA 2016/17 f'cast 9-Mar	IGC 2016/17 est.	IGC 2017/18 f'cast 30-Mar
Production	1038	1051	962	1049	1053	1024
Supply	1256	1269	1172	1260	1262	1248
Utilization	1038	1055	961	1039	1038	1044
Trade	137	134	120	153	137	137
Stocks	218	214	211	221	225	205

- **Rice** production in 2017 tentatively forecast to expand by an additional 1.0 percent, sustained by continued growth in India, along with sizeable recoveries in Brazil, China and Indonesia.
- Utilization in 2017/18 to grow by 1.2 percent, with food use seen expanding by a similar margin.
- Trade in calendar 2017 upgraded, mostly reflecting larger expected shipments by Thailand owing to ample local availabilities. Trade preliminarily seen expanding further in 2018.
- Stocks (ending in 2018) to decline modestly, as drawdowns, mostly in the US and Thailand, are largely offset by build-ups elsewhere, especially in China.

in million tonnes

RICE *(milled)*	FAO-AMIS 2016/17 est.	FAO-AMIS 2017/18 f'cast 6-Apr	USDA 2015/16 est.	USDA 2016/17 f'cast 9-Mar	IGC 2016/17 est.	IGC 2017/18 f'cast 30-Mar
Production	499	504	472	480	483	487
Supply	670	675	587	597	600	605
Utilization	500	506	471	479	482	486
Trade	43.5	44.2	40.4	41.2	41	41
Stocks	171	171	116	118	118	119

- **Soybean** 2016/17 production raised by 5.3 million tonnes on higher-than-earlier anticipated yields in Argentina and Brazil. Global output set to climb to an all-time high, up 8.8 percent from the 2015/16 level.
- Utilization forecast for 2016/17 raised slightly, now pointing to an about-average y/y growth rate of 5.3 percent.
- Trade in 2016/17 (Oct/Sept) mostly unchanged as higher import demand by China is largely offset by reduced requirements in the EU.
- Stocks (2016/17 carry-out) lifted on higher forecasts for Brazil, Argentina and the US. Global end-of-season inventories now expected to climb by 5 million tonnes and reach an all-time high.

in million tonnes

SOYBEANS	FAO-AMIS 2015/16 est.	FAO-AMIS 2016/17 f'cast 2-Mar	FAO-AMIS 2016/17 f'cast 6-Apr	USDA 2015/16 est.	USDA 2016/17 f'cast 9-Mar	IGC 2016/17 est.	IGC 2017/18 f'cast 30-Mar
Production	315	337	343	313	341	341	345
Supply	359	380	385	390	417	374	383
Utilization	320	336	337	315	332	335	347
Trade	135	141	141	132	141	140	145
Stocks	43	44	48	77	83	38	35

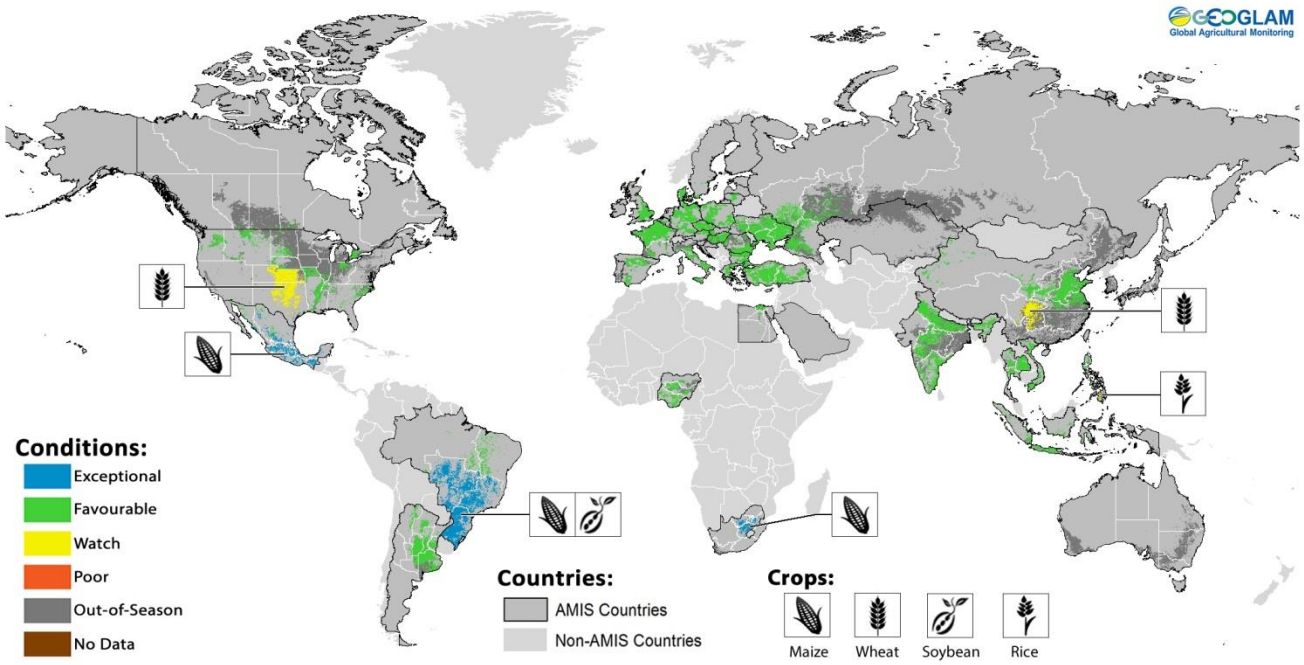
FAO-AMIS monthly forecast

To review and compare data, by country and commodity, across the three main sources, go to:
http://statistics.amis-outlook.org/data/index.html#COMPARE

Estimates and forecasts may differ across sources for many reasons, including different methodologies and ***in particular, the allocation of crops in the southern hemisphere to a particular marketing season.***

Crop monitor

Crop conditions in AMIS countries (as of 28 March)



Crop condition map synthesizing information for all four AMIS crops as of 28 March. Crop conditions over the main growing areas for wheat, maize, rice, and soybean are based on a combination of national and regional crop analyst inputs along with earth observation data. ***Only crops that are in other-than-favourable conditions are displayed on the map with their crop symbol.***

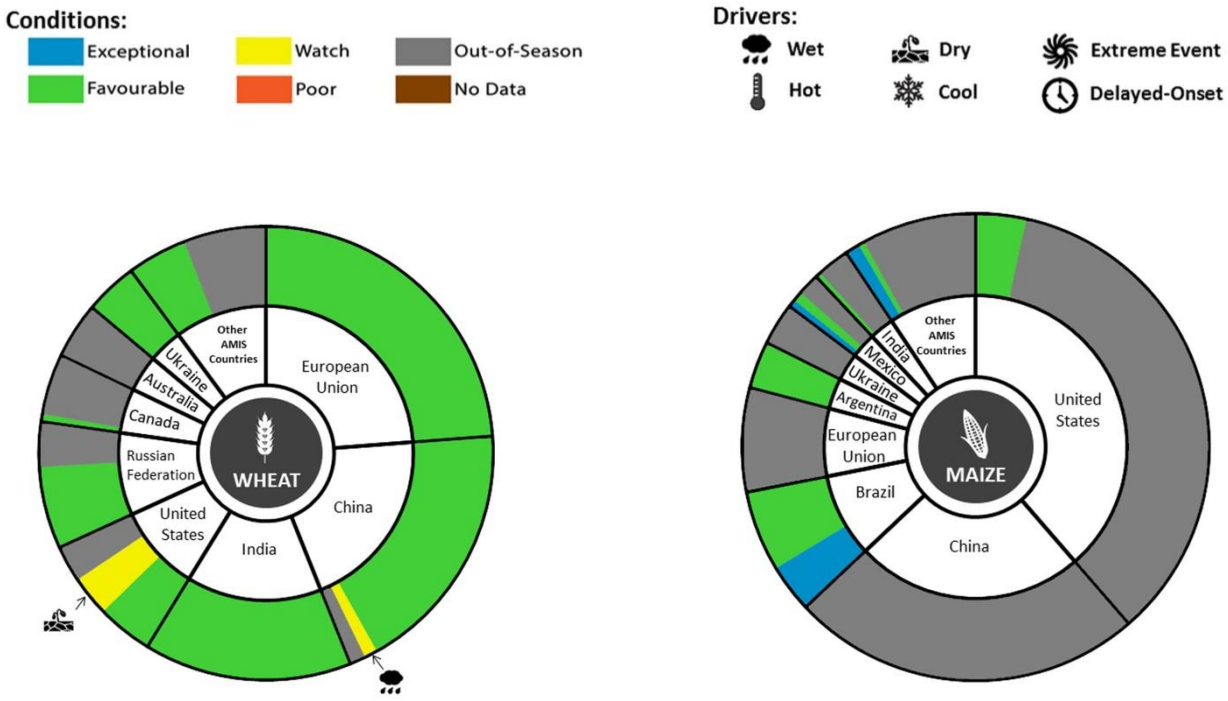
Conditions at a glance

Wheat - In the northern hemisphere, winter wheat is emerging from dormancy in the main production areas and conditions are generally favourable at this early stage of the season. In the US, conditions are mixed as dryness has developed in the primary growing area of the southern Great Plains. Planted area is down in the US and Canada for winter wheat.

Maize - Overall conditions in the southern hemisphere are favourable with very good production prospects. In Brazil, spring planted crops are being harvested under exceptional conditions with increased production prospects. The summer (larger) planted crop is under favourable conditions. In Argentina, harvesting has begun under favourable conditions. In South Africa, conditions are very good and production is expected to be above-average. In the northern hemisphere, maize is mostly out of season.

Rice – The secondary rice season is currently ongoing in the majority of AMIS countries in Asia with the exception of Indonesia, where the wet season crop is being harvested. Crop conditions in Asia are generally favourable across the region, and planted area is up for dry season crops across the region due to sufficient rainfall and irrigation water early in the season.

Soybeans - In the southern hemisphere, harvesting has begun and conditions in Brazil have been upgraded to exceptional with increased production prospects. In Argentina, conditions continue to be favourable heading into harvesting.

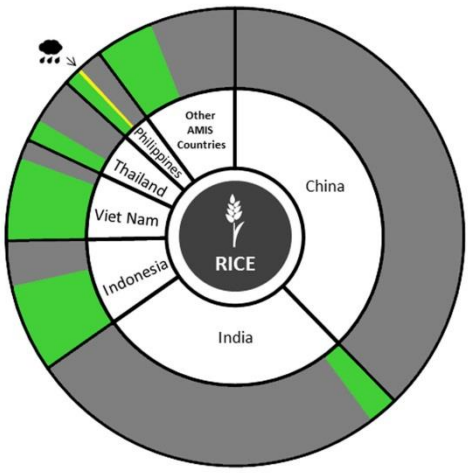


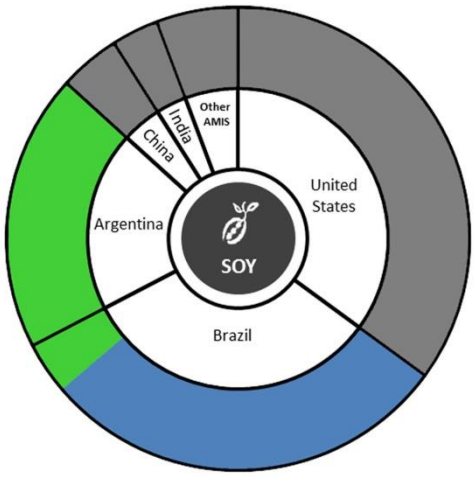
Wheat

Overall, winter wheat crop conditions are favourable in the northern hemisphere as the crop begins to exit dormancy. In the **EU**, winter wheat conditions are favourable due to mild temperatures in late February and early March. In the **US**, the situation is mixed as dryness has developed in the primary growing areas of the southern Great Plains, while the rest of the country is seeing good conditions. In **China**, conditions are mostly favourable with the exception of the southwest, where high rainfall is affecting the crop. In **India**, winter wheat is in the ripening to maturity stage under favourable conditions. In the **Russian Federation**, conditions are favourable as the crop exits dormancy. In **Ukraine**, winter wheat has broken dormancy earlier than usual due to an unseasonably warm March and is currently under generally favourable conditions with almost no winter kill reported, slightly dry conditions exist in the south. In **Canada**, winter wheat is still in dormancy under generally favourable conditions with planted area estimated to decrease this year. Monitoring continues for spring flooding, dry conditions, and winter-kill as spring snowmelt is underway.

Maize

Overall conditions in the southern hemisphere are favourable with very good production prospects. In **Brazil**, most areas for spring-planted crops are being harvested under exceptional conditions, and increased production is expected owing to good weather over the course of the growing season. The summer-planted (larger) crop is under favourable conditions, predominantly in the vegetative to reproductive stages. In **Argentina**, harvesting has begun under favourable conditions with only minor areas affected due to early season dryness, with late-planted maize in better condition compared to the early-planted crop. In **South Africa**, conditions are exceptional in the main producing regions with above-average production expected owing to wet and mild conditions during the season, although dry conditions in March may affect later-planted crops. In **Mexico**, planting of the autumn-winter crop is close to being completed under very good conditions. In **India**, Rabi maize has concluded harvesting under favourable conditions. In the **US**, planting has begun in the south under favourable conditions.





Rice

In **India**, Rabi rice is under generally favourable conditions, although some areas in the south are experiencing moisture stress. In **Indonesia**, harvest is ongoing for the wet season crop with yield prospects continuing to improve owing to the later-planted rice receiving more irrigation water and sunlight than the earlier-planted crops. In **Viet Nam**, sowing in the north for dry season rice has been completed with a large increase in sown area due to warm weather and better irrigation preparation. In the south, harvesting of dry season rice and sowing of wet season rice are proceeding under favourable conditions. In **Thailand**, dry season rice is in vegetative and reproductive stage under favourable conditions. In the **Philippines**, the harvesting of dry season rice has begun and the crop is under generally favourable conditions, except in the south where heavy rainfall has caused damage. In **Brazil**, conditions are favourable and the crop is in the harvesting period. In the **US**, planting has begun in the south.

Soybeans

In **Brazil**, most areas are being harvested under exceptional conditions, with increased production prospects in the main producing areas owing to adequate water and good weather over the course of the growing season. In **Argentina**, conditions are mostly favourable across the country for both early and late-planted crops owing to continued good weather. Small areas of dryness persist outside of the main planted areas in the northwest and in the very southeast.

Information on crop conditions in non-AMIS countries can be found in the GEOGLAM Early Warning Crop Monitor, published 6 April 2017

Pie chart description: *Each slice represents a country's share of total AMIS production (5-year average), with the main producing countries (90 percent of production) shown individually and the remaining 10 percent grouped into the "Other AMIS Countries" category. Sections within each country are weighted by the sub-national production statistics (5-year average) of the respective country and accounts for multiple cropping seasons (i.e. spring and winter wheat).*

The late vegetative through to reproductive crop growth stages are generally the most sensitive periods for crop development.

Sources and Disclaimers: The Crop Monitor assessment is conducted by GEOGLAM with inputs from the following partners (in alphabetical order): Argentina (Buenos Aires Grains Exchange, INTA), Asia Rice Countries (AFSIS, ASEAN+3 & Asia RiCE), Australia (ABARES & CSIRO), Brazil (CONAB & INPE), Canada (AAFC), China (CAS), EU (EC JRC MARS), Indonesia (LAPAN & MOA), International (CIMMYT, FAO, IFPRI & IRRI), Japan (JAXA), Mexico (SIAP), Russian Federation (IKI), South Africa (ARC & GeoTerraImage & SANSA), Thailand (GISTDA & OAE), Ukraine (NASU-NSAU & UHMC), USA (NASA, UMD, USGS – FEWS NET, USDA (FAS, NASS)), Viet Nam (VAST & VIMHE-MARD). The findings and conclusions in this joint multiagency report are consensual statements from the GEOGLAM experts, and do not necessarily reflect those of the individual agencies represented by these experts.
More detailed information on the GEOGLAM crop assessments is available at www.geoglam-crop-monitor.org

Policy developments

Wheat

- On 9 March, **Egypt** increased the procurement price for wheat from EGP 450 per ardeb (USD 17.06 per tonne) to EGP 555-575 per ardeb (USD 21.05-21.81 per tonne). The procurement season will run from 15 April to 15 July 2017. Furthermore, EGP 16 billion (USD 910.16 million) were allocated to the procurement of 4 million tonnes of wheat.
- On 22 March, **Egypt** extended the acceptable level of moisture content in imported wheat from 13 to 13.5 percent until November 2017.
- On 28 March, **India** reinstated the 10 percent on wheat imports, which had been removed on 8 December 2016.
- On 16 March, the Kano State Governor in **Nigeria** approved NGN 50 million (USD 163 677) interest- free loan in favour of local wheat farmers.
- On 30 March, Ministry of Agriculture of the **Russian Federation** proposed to cut wheat intervention prices for the 2017/18 (July/June) season. If approved by the anti-monopoly regulator, intervention prices will be set at RUB 12 500 (USD 216.26) for a tonne of first grade wheat; RUB 11 500 (USD 198.96) per tonne of second grade wheat; RUB 10 300 (USD 178.20) for a tonne of third grade wheat; RUB 9 000 (USD 155.70) per tonne of fourth grade wheat; and RUB 7 600 (USD 131.48) for fifth grade wheat.
- On 31 March, the **South African** Government lowered the wheat import tariff from ZAR 1 591 per tonne to ZAR 1 190 per tonne.

Maize

- On 15 March, the Ministry of Agriculture in **Brazil** concluded a freight contract to remove 33 700 tonnes of maize from its public stocks in Mato Grosso to be used in the Over-the-Counter Sales Programme for the benefit of meat producers, as of April 2017.
- On 21 March, the Agriculture Ministry of **Indonesia** announced the provision of maize seeds and greater quantities of subsidized fertilizers to producers who agree to plant maize. Under the programme, an area of one million hectares could be allocated to maize by the end of 2017.
- On 30 March, the Ministry of Agriculture in the **Russian Federation** proposed modifying the intervention price for third grade maize for the July 2017/18 (July/June) season. If approved by the anti-monopoly regulator, the intervention price will be set at RUB 7 900 (USD 136.67) per tonne.

Rice

- On 13 March, the Ministry of Agriculture in **Brazil** announced that, with immediate effect, rice exporters should submit a Certificate of Origin (to be issued by Banco do Brasil) in order to benefit from tariff quota access in the European Union market.
- On 1 March, the Government of **Mexico** published the allocation of tariff quota licences for a total of 150 000 tonnes of paddy, milled rice and broken rice. The distribution of import licences started from 20 February 2017 and will conclude on 31 December 2017. Such licences are capped at 10 000 tonnes each and will remain valid for 60 days after issuance.
- On 13 March, **Mexico** notified the WTO of the introduction of new phytosanitary requirements and inspection procedures for paddy imported from Argentina.
- In an effort to meet the 2020 self-sufficiency target in rice production, on 14 March, the Department of Agriculture in the **Philippines** announced that it will intensify the promotion of hybrid rice varieties, facilitate greater access to credit (through the Quick Credit Facility), enhance access to rice marketing, and provide extensive post-harvest facilities.
- On 23 March, around 3.66 million tonnes of rice unfit for human consumption were auctioned by the government of **Thailand** from its 6.65 million tonnes stockpile. The auctioned rice is destined for industrial uses. This follows the previous auction held on 16 February 2017, in which the government offered 2.9 million tonnes of food-quality supplies and around 1.3 million tonnes were sold.
- As specified in a recently-issued implementing decree (No. 24/2017/ND-CP), under the 2016 Viet Nam-Cambodia Trade Promotion Agreement, **Viet Nam** will start importing rice from Cambodia duty-free. These access terms, however, exclude rice produced in Cambodia with investment from Viet Nam.

AMIS Policy database

Visit the AMIS Policy database at: http://statistics.amis-outlook.org/policy/

*The **AMIS Policy database** gathers information on trade measures and domestic measures related to the four AMIS crops (wheat, maize, rice, and soybeans) as well as biofuels. The design of this database allows comparisons across countries, across commodities and across policies for selected periods of time.*

Across the board

- As from 15 March, **Turkey** imposed a 130 percent *ad valorem* duty on imports of wheat, maize and vegetable oils for processing from the Russian Federation. Previously, the Russian Federation was on the list of supplying countries that benefited from the duty-free treatment.
- Citing rising fuel and electricity costs, **Ukraine** plans to increase cargo transportation tariffs in the summer months of 2017. According to the Ukrainian Grain Association, grain transportation costs have increased by 88 percent over the past 3 years.
- On 13 March, the **US** joined the FAO's International Treaty on Plant Genetic Resources for Food and Agriculture, which aims to ensure international food security through promoting sustainable use of agricultural plant genetic resources. The Treaty also covers most of AMIS commodities.

Biofuels

- The European Parliament's Committee on Environment, Public Health and Food Safety (ENVI) is asking the **European Commission** to phase out the use of palm oil as a component of biodiesel by 2020. According to the report, biodiesel made from palm oil has higher emissions than regular diesel and causes deforestation.
- On 2 March, Bill H.R. 1315 was introduced in the **US** House of Representatives. The bill would impose a 10 percent cap on the total ethanol blended into transportation fuel and set cellulosic biofuels at current production levels, as well as eliminate maize-based ethanol requirements. The bill was referred to the House Committee on Energy and Commerce for comments.
- On 21 March, the WTO Dispute Settlement Body established a panel to review **India**'s complaint on measures implemented by the **US** to promote the renewable energy sector, including ethanol. Brazil, China, the European Union, Indonesia, Japan, Republic of Korea, the Russian Federation and Turkey were among the Members requesting third party rights.

PRESS STOP (February 2017)

- On 24 February, the National Supply Company (CONAB) of **Brazil**, held auctions of Equalization Premium Paid to the Rural Producer and its Cooperative (PEPRO) and the Premium for Product Drainage (PEP) for wheat grains from the 2016/17 harvest. Under PEPRO, 120 thousand tonnes will be offered in Rio Grande do Sul and 50 thousand tonnes in Paraná. Under PEP, the offer will be 30 thousand tonnes in Rio Grande do Sul and 50 thousand tonnes in Paraná.
- On 18 February, the Government of **China** lowered the minimum purchase prices for rice in 2017 as follows: for early Indica rice, medium and late Indica rice and Japonica rice prices are set at CNY2 600 (USD 378), 2 720 (USD 396) and 3 000 (USD 437) per tonne, respectively. In 2016, the minimum support prices for those varieties were CNY 2 660, 2 760 and 3 100 per tonne (USD 409.06, 424.44 and 461.34), respectively.
- On 27 February, the Government of **Indonesia** announced that, in order to support market prices, it would continue to procure paddy rice until August 2017. The procurement price is currently set at IDR 3 700 (USD 278) per tonne.
- On 21 February, the Ministry of Agriculture in **Republic of Korea** announced that rice farmers would receive in 2017 about KRW 1.5 trillion (USD 1.3 billion) in subsidies as compensation for falling prices.
- On 24 February, President Jacob Zuma launched new agriculture, land reform and rural development policies aiming at transforming **South Africa**'s agricultural sector towards an inclusive rural economy through equitable access to land, efficient resource allocation, value chain development and promotion of functional rural settlement.

International prices

International Grains Council (IGC) Grains and Oilseeds Index (GOI) and GOI sub-Indices

	Mar 2017 Average*	% Change M/M	% Change Y/Y
GOI	188	- 3.5%	+5.4%
Wheat	163	- 2.4%	+ 1.2%
Maize	174	- 4.6%	+ 1.7%
Rice	150	- 0.8%	+ 0.3%
Soybeans	191	- 5.3%	+11.0%

*Jan 2000=100, derived from daily export quotations

Wheat

Despite increased importer buying interest, global export prices were weaker during March, with market fundamentals generally seen as bearish. Prices often responded to weather developments for 2017/18 crops, with conditions generally satisfactory or improving in the main producing regions. Together with mostly good harvest prospects, heavy old crop stocks contributed to the softer tone of prices. Although there were reports of some recent rejections on quality grounds, the stronger pace of buying by Egypt's GASC continued and import purchasing is set to continue through the local-harvest procurement season in an effort to build stocks. Algeria, Saudi Arabia and Indonesia were among recent buyers of milling wheat from the global market, while Republic of Korea and the Philippines bought supplies for feed. There were reports that the Russian Federation had been excluded from a list of suppliers to Turkey that are eligible for a zero rate of import duty.

Maize

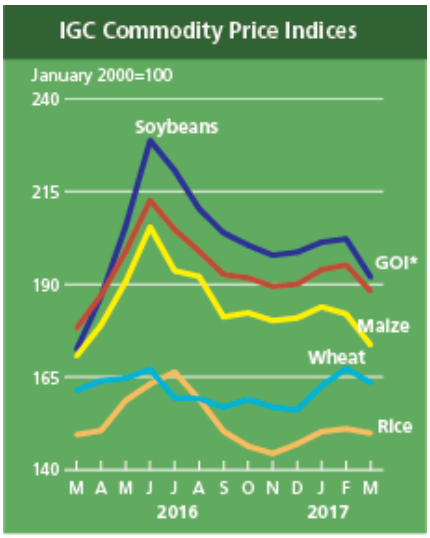
Average world maize export quotations fell sharply in March, with the IGC GOI sub-Index dropping by 5 percent to a one-year low, as South American crop prospects turned brighter, setting the scene for more intense export competition in the second half of 2017. A particularly steep decline was noted in spot prices in Argentina, where harvesting got off to a quick start, triggering a wave of farmer selling. The US market also turned lower, with sentiment more bearish amid a generally heavy supply outlook. With the start of Brazil's shipping programme still some months away, FOB values there were mostly unquoted. Black Sea prices also softened but with overall losses capped by firm underlying export demand.

Rice

Asian white and parboiled rice markets were marginally weaker m/m, the IGC GOI sub-Index easing by 1 percent on thin demand and advancing harvests in a number of countries. In Thailand, additional pressure stemmed from the government's ongoing efforts to offload reserves, with around 1.3 million tonnes of food-quality supplies sold in a recent auction. Prices in India were supported by currency movements, although gains were capped by a reported slowdown in state procurement. Outside of Asia, US broken rice values continued to be weighed by ample stocks and lacklustre buying interest.

Soybeans

Global soybean values retreated during March, the IGC GOI sub-Index posting a 5 percent decline to an eleven-month low, under heavy supply-side pressure. Beneficial conditions for fieldwork in South America weighed, with cutting of Brazil's crop well advanced nationwide and almost complete in the leading producing state of Mato Grosso. Additionally, the likelihood of another increase in plantings for the 2017/18 US crop added to the bearish tone. However, overall losses were limited by strength in soybean product markets, currency movements and good buying interest.



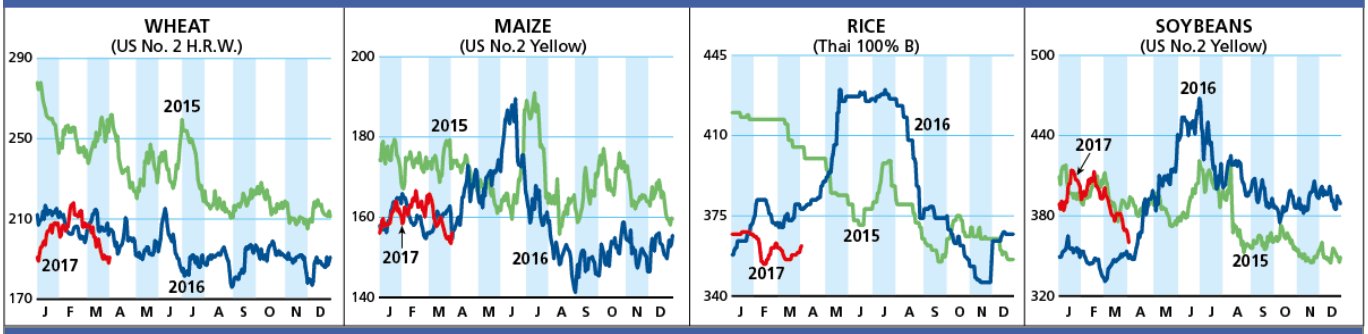
*GOI: Grains and Oilseeds Index

IGC commodity price indices

		GOI*	Wheat	Maize	Rice	Soybeans
		(. . . . . January 2000 = 100 . . . . .)				
2016	March	**178.2**	161.4	170.7	149.5	172.4
	April	**187.0**	164.0	179.0	150.6	186.7
	May	**198.8**	164.7	190.6	158.7	205.5
	June	**212.6**	167.1	205.4	163.1	228.7
	July	**204.7**	159.4	193.6	166.4	220.6
	August	**198.9**	159.2	192.1	159.0	210.3
	September	**192.6**	156.9	181.2	150.4	203.8
	October	**191.7**	159.0	182.3	146.4	200.5
	November	**189.4**	156.9	180.2	144.4	197.8
	December	**190.0**	156.2	180.9	147.0	198.6
2017	January	**193.9**	162.6	183.9	150.3	201.3
	February	**195.2**	167.3	182.0	151.1	202.2
	March	**188.1**	163.5	173.6	149.9	191.9

Selected export prices, currencies and indices

Daily quotations of selected export prices (USD/tonne, 2015-2017)



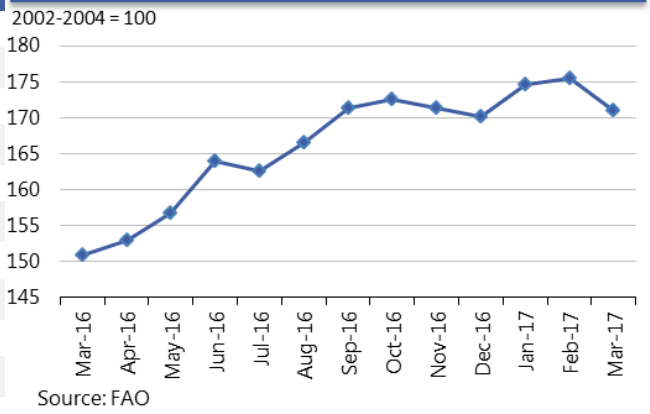
Daily quotations of selected export prices

	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)	31-Mar	191	192	206	204	-0.5%	-6.6%
Maize (US No. 2, Yellow)	31-Mar	156	155	163	155	0.9%	1.1%
Rice (Thai 100% B)	31-Mar	362	358	363	378	1.1%	-4.2%
Soybeans (US No.2, Yellow)	31-Mar	360	371	398	348	-3.0%	3.4%

AMIS Countries' Currencies Against US Dollar

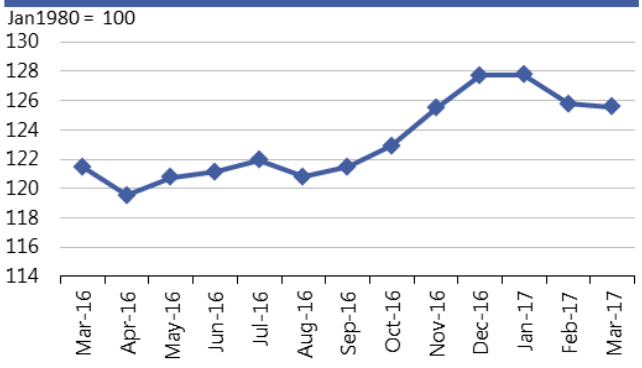
AMIS Countries	Currency	March 2017 Average	Monthly Change	Annual Change
Argentina	**ARS**	15.5	0.4%	-4.1%
Australia	**AUD**	1.3	-0.6%	1.5%
Brazil	**BRL**	3.1	-0.8%	15.3%
Canada	**CAD**	1.3	-2.1%	-1.3%
China	**CNY**	6.9	-0.3%	-6.0%
Egypt	**EGP**	17.6	-4.2%	-108.6%
EU	**EUR**	0.9	0.4%	-4.2%
India	**INR**	65.8	1.7%	1.7%
Indonesia	**IDR**	13,341.1	0.0%	-1.1%
Japan	**JPY**	112.9	0.1%	0.0%
Kazakhstan	**KZT**	316.0	1.1%	8.4%
Rep. Korea	**KRW**	1,132.4	0.7%	4.1%
Mexico	**MXN**	19.3	4.9%	-9.4%
Nigeria	**NGN**	305.5	-0.1%	-53.7%
Philippines	**PHP**	50.2	-0.5%	-7.9%
Russian Fed.	**RUB**	57.8	0.9%	17.3%
Saudi Arabia	**SAR**	3.7	0.0%	0.0%
South Africa	**ZAR**	12.9	1.8%	15.7%
Thailand	**THB**	34.9	0.4%	1.0%
Turkey	**TRY**	3.7	-0.3%	-27.6%
UK	**GBP**	0.8	-1.1%	-15.4%
Ukraine	**UAH**	27.0	0.3%	-2.9%
Viet Nam	**VND**	22,788.1	-0.3%	-2.3%

FAO Food Price Index
Mar2016-Mar2017



Source: FAO

Nominal Broad Dollar Index
Mar2016-Mar2017



Source: US Federal Reserve

Futures markets

Futures Prices – nearby

	Mar-17 Average	% Change	
		M/M	Y/Y
Wheat	157	-2.4%	- 7.9%
Maize	143	-1.8%	- 0.2%
Rice	213	-	- 5.9%
Soybeans	367	-3.7%	+12.2%

Source: CME

Historical Volatility – 30 Days, nearby

	Monthly Averages		
	Mar-17	Feb-17	Mar-16
Wheat	26.1	24.0	18.4
Maize	17.8	16.0	11.3
Rice	12.7	19.0	23.7
Soybeans	14.8	18.9	10.8

Futures prices

Prices for wheat, maize and soybeans fell m/m, reversing the trend of steady increases since late last year. A burgeoning South American supply situation, particularly for maize and soybeans, and timely rains in US winter wheat belt eclipsed investor confidence in "reflationary momentum" ascribed to a new US policy framework. In addition, the USDA March 31 planting intentions report showed record soybean acres which could temper wheat and maize price increases even as acres for the latter two commodities showed y/y declines, although weather should now be the largest factor in price determination over the next 6 months. Wheat, maize and soybean prices were lower by 2.4, 1.8 and 3.7 percent respectively m/m. Wheat prices remained well below their levels from a year ago, showing a 7.9 percent decline, while maize was almost unchanged and soybeans continued to reflect a significant 12.2 percent appreciation over last year. Rice prices were unchanged as they continued to trade in a narrow channel and were 5.9 percent below last year's levels.

Volumes and volatility

Wheat, maize and soybean volumes showed significant volume drops of 42 percent m/m, although not atypical for March when traders await the planting intentions report and resume trading activity in April during the start of planting season. Wheat and maize reflected marginally higher levels of implied and historical volatility while soybeans showed lower implied and higher historical volatility levels. All three commodities continued to operate in a relatively low volatility environment.

Basis levels and transport

Basis levels for wheat, maize and soybeans drifted lower m/m in some parts of the interior, upending the normal seasonal tendency to tighten. In Illinois the interior bids to local elevators were quoted below the May futures prices at minus USD 11 and minus USD 14 per tonne for maize and soybeans respectively, while in Iowa the bids for the respective crops were minus USD 16 and minus USD 30. Domestic soft red wheat values were sparsely quoted as some elevators only posted values for June new-crop arrival. Gulf export quotations also were slightly lower by a few USD per tonne at around USD 14 for maize, USD 10 for soybeans and USD 18 per tonne for SRW (soft red winter wheat) over the respective May futures. Barge freight declined m/m slightly to USD 14 per tonne (Illinois River to Gulf quotation), sustaining a price trend of 33 percent lower than the three year average, despite overall increase in barge traffic. Export sales continued at a heightened pace, reflecting 57 percent higher y/y. while cumulative exports of 94 million tonnes was 29 percent higher y/y for the respective marketing years of wheat, maize and soybeans. [Mar 16 report]

Forward curves

Forward curves for wheat and maize remained in the same upward sloping configuration (contango) m/m as they have all crop year. Soybeans, facing increased export competition from South America, showed a further relaxation of the inverse (backwardation) between the July 2017 and November 2017 contracts (referred to as the old crop/new crop spread). This spread, which had exhibited USD 17 inverse during January, showed a marked decline to about USD 1 per tonne by end month. All three commodities experienced deliveries against their March contracts indicating a continued oversupply situation at interior points, relative to futures prices.

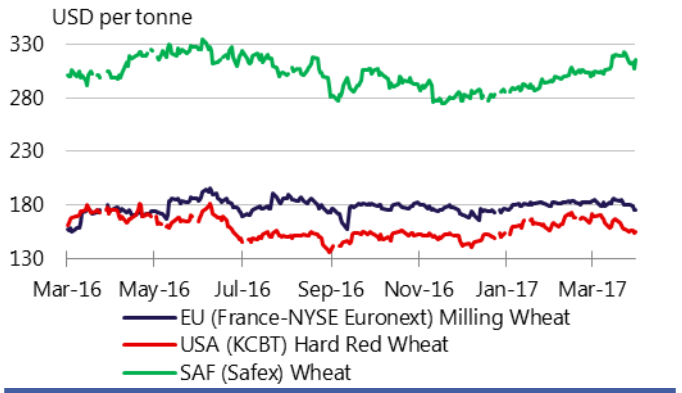
Investment flows

Managed money was again very active in wheat, maize and soybeans. Managed money added about 85 000 contracts to its net short position in wheat, while in maize, it executed its second directional change since the New Year, this time reversing its net long to a net short stance as it sold about 240 000 contracts (30 million tonnes) m/m. In soybeans, managed money reduced its net long by over 90 000 contracts, ending with a modest long. Analysts claimed that managed money's net positions in advance of the planting intentions report were the most bearish since the CFTC began to publish the disaggregated reports. Unsurprisingly, following the USDA planting intentions report, soybeans declined while wheat and maize rose as managed money trimmed bets in all three commodities.

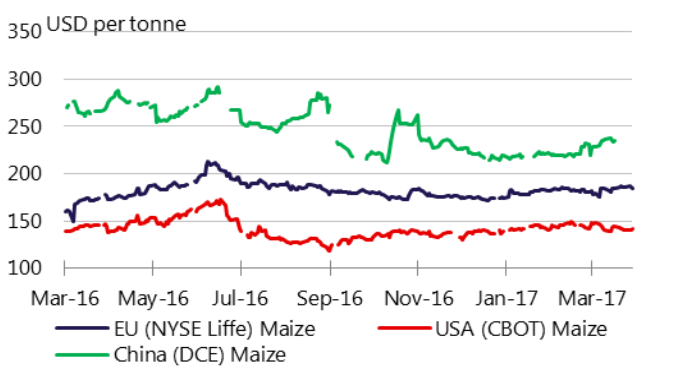
Market indicators

Daily quotations from leading exchanges - nearby futures

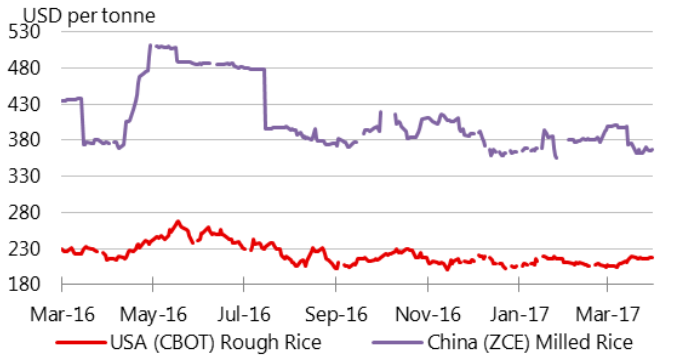
Wheat



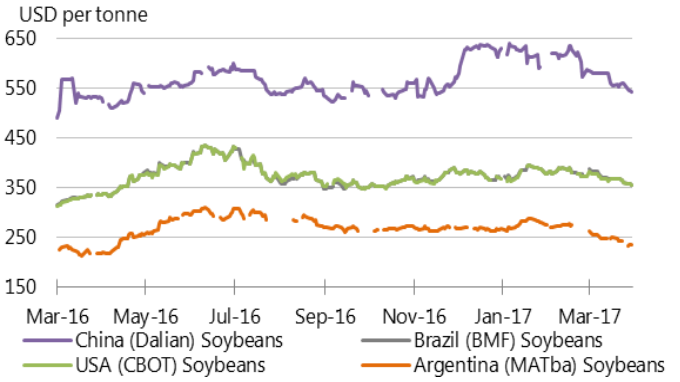
Maize



Rice

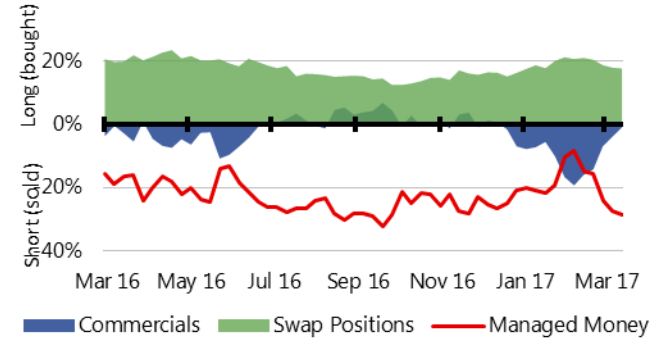


Soybeans

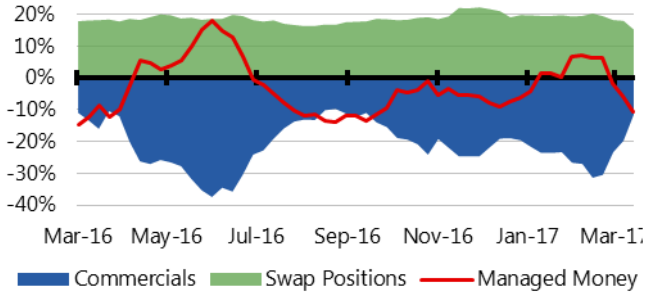


CFTC Commitments of Traders - Major Categories Net Length as percentage of Open Interest*

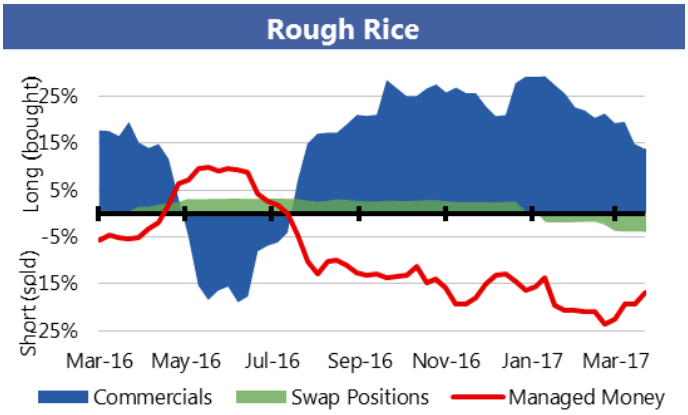
Wheat



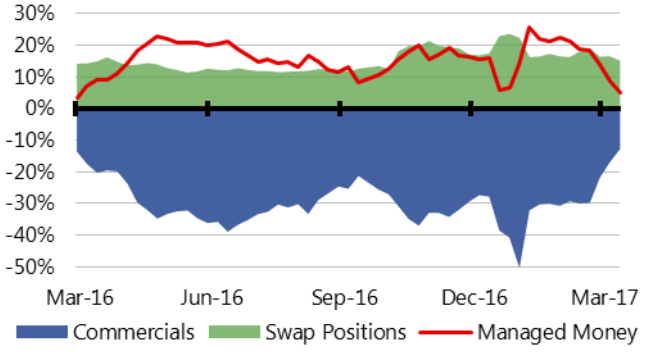
Maize



Rough Rice



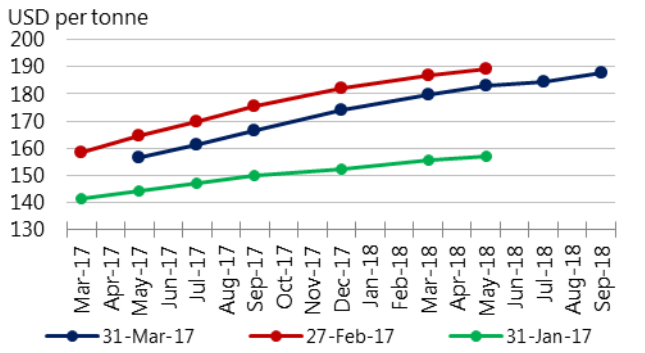
Soybeans



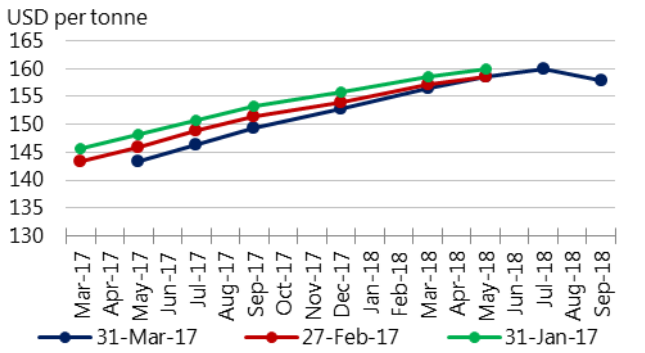
*Disaggregated Futures Only. Though not all positions are reflected in the charts, total long positions always equal total short positions.

Forward Curves

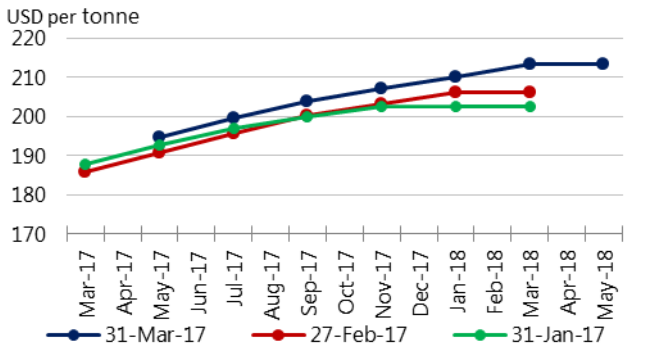
Wheat



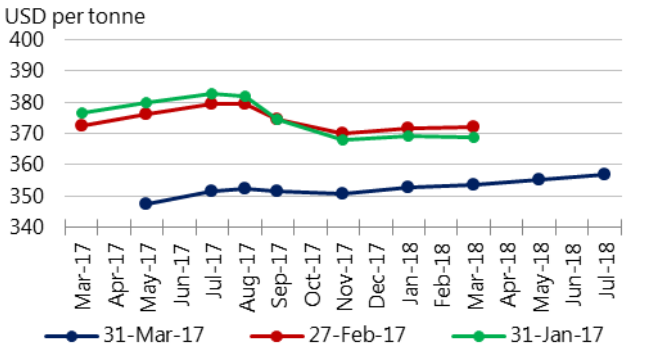
Maize



Rice

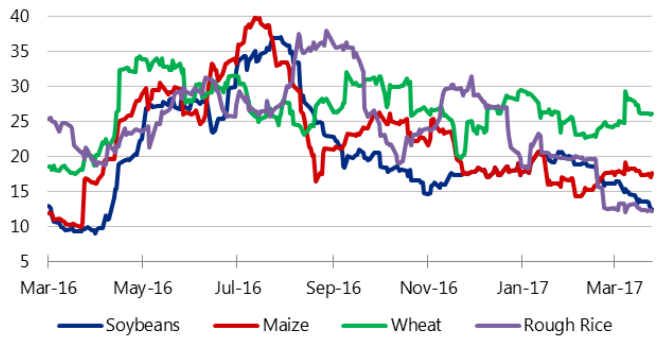


Soybeans

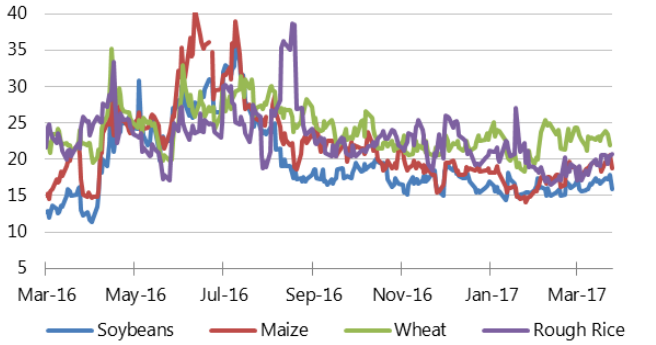


Historical and Implied Volatilities

Historical Volatility (30 days)



Implied Volatility (Daily)



AMIS Market indicators

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/
For more 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

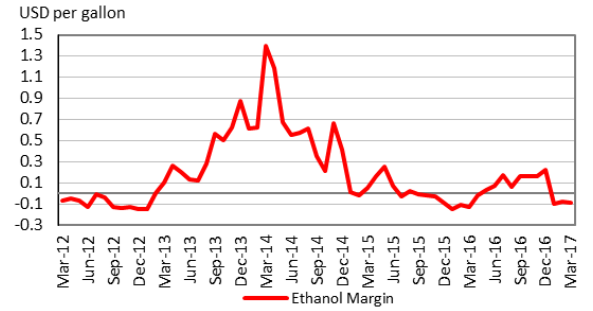
Monthly US ethanol update

- **Ethanol margins** changed little in March and remained negative.
- **Ethanol spot** and **nearby futures prices** declined in March, even as RBOB gasoline prices increased. Ethanol futures prices average 10 cents lower than gasoline.
- **Domestic maize prices** begun to ease in the second half of the month, leaving the average maize price down 6 cents in March. This lowered costs per gallon by 2 cents, but falling ethanol and DDGs receipts largely offset a gain from falling feedstock prices, leaving margins largely unchanged.
- **Prices of DDGs** were down 1 cent and remained at a significant discount to maize price.
- **Ethanol production** increased in March with additional days for processing over February, and continued to remain above an annual pace of 16 billion gallons.

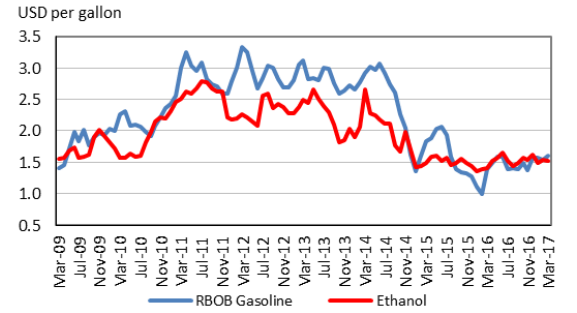
Spot prices IA, NE and IL/eastern *corn belt* average	**Mar 2017***	**Feb 2017**	**Mar 2016**
Maize price (USD per tonne)	134.42	136.55	138.37
DDGs (USD per tonne)	97.60	99.25	130.97
Ethanol price (USD per gallon)	1.40	1.43	1.30
Nearby futures prices CME, NYSE			
Ethanol (USD per gallon)	1.51	1.53	1.41
RBOB Gasoline (USD per gallon)	1.6	1.5	1.4
Ethanol/RBOB price ratio	93.9%	99.5%	101.1%
Ethanol margins IA, NE and IL/eastern *corn belt* average, USD per gallon)			
Ethanol receipts	1.40	1.43	1.30
DDGs receipts	0.30	0.31	0.40
Maize costs	1.24	1.25	1.29
Other costs	0.55	0.55	0.55
Production margin	-0.09	-0.08	-0.13
Ethanol production (million gallons)			
Monthly production total	1 367	1 229	1 294
Annualized production pace	16 094	16 025	15 237

Based on USDA data and private sources
* Estimated using available weekly data to date.

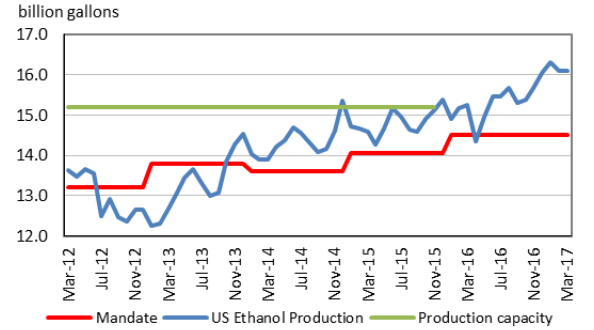
Ethanol Production Margin
(IA, NE, IL/eastern corn belt average)



Ethanol and RBOB gasoline
(nearby futures prices, CME, NYSE)



Ethanol production pace, capacity and annual mandate



Ethanol price vs. maize price
(Spot prices)

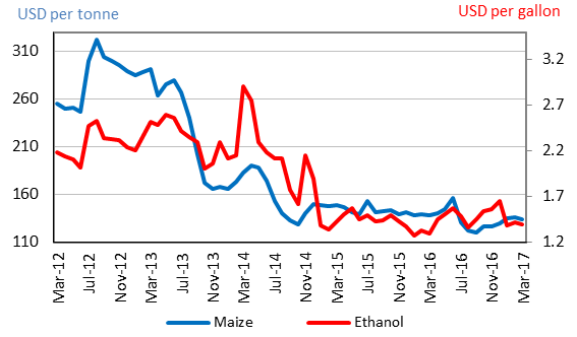
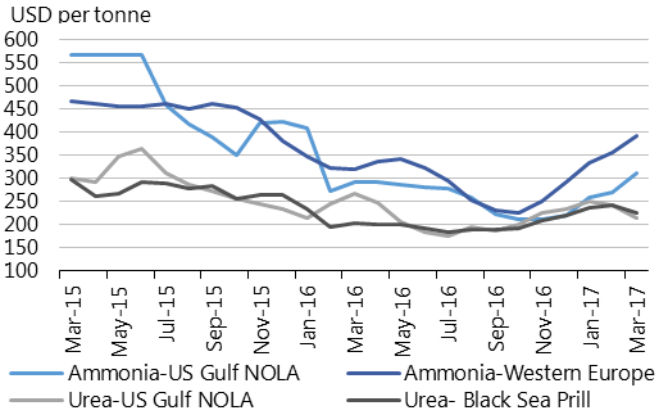


Chart and tables description

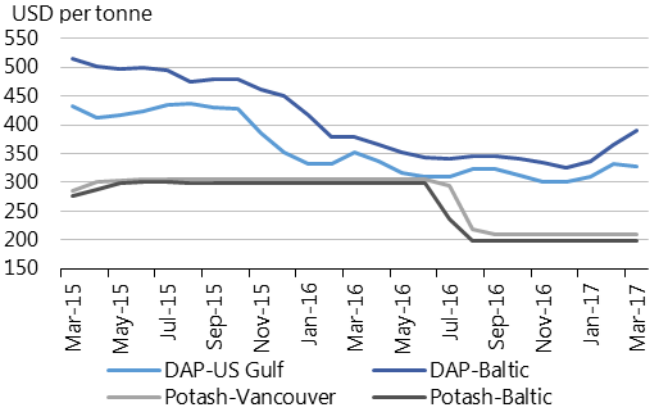
Ethanol Production Margins: The ethanol margin gives an indication of the profitability of maize-based ethanol production in the United States. It uses current market prices for maize, Dried Distillers Grains (DDGs) and ethanol, with an additional USD 0.55 per gallon of production costs
Ethanol Production Pace, Capacity and Mandate: Overview of the volume of maize-based ethanol production in the United States; it also highlights overall production capacity and the production volume that is mandated by public legislation. Name-plate (i.e. nominal) ethanol production capacity in the US is roughly 14.9 billion gallons per annum, but plants can exceed this level, so the actual capacity is assumed to be 15.2 billion gallons.
DDGs: By-product of maize-based biofuel production, commonly used as feedstuff.
RBOB: Reformulated Blendstock for Oxygenate Blending, gasoline nearby futures (NYSE).

Fertilizer outlook

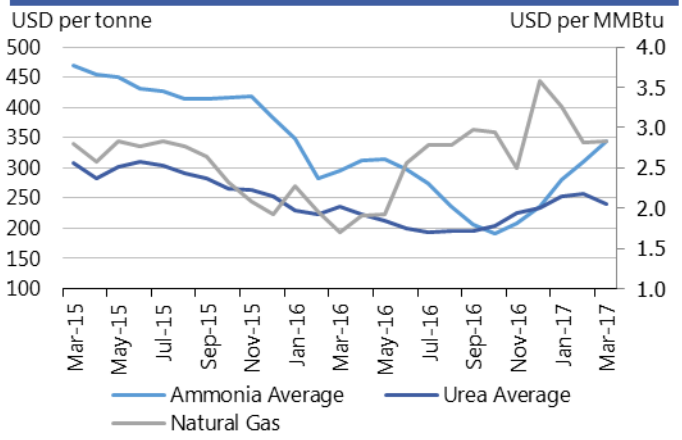
Ammonia and Urea
(Spot prices)



Potash and Phosphate
(Spot prices)



Ammonia Average, Urea Average and Natural Gas
(Spot prices)



Note: Natural gas is used as major input to produce nitrogen-based fertilizers. Own elaboration based on Bloomberg.

• **Ammonia** prices in both the US and Western Europe increased m/m due to tighter European supplies and stronger US demand. Technical problems with pipelines in Ukraine and Russian Federation have cut ammonia production and pushed prices up.

•**Urea** prices for both the US and the Black Sea decreased m/m due to higher inventories and lower demand. Higher exports from Pakistan have further increased the global supply.

•**DAP** prices in the Baltic rose m/m due to loading difficulties in Morocco and lower exports from China, both of which have reduced the availability of the fertilizer.

•**Potash** prices held steady m/m as distributors gradually sell their surpluses. Demand is expected to rise, particularly in Southeast Asia, as favorable weather and crop prices benefit Indonesia and Malaysia.

•The price of **natural gas** did not change much m/m. However, potential new exports from the US may push prices upward.

Region	March average	March std. dev	% change last month	% change last year	12-month high	12-month low
Ammonia-US Gulf NOLA	310.0	-	0.1	0.1	565.0	210.0
Ammonia-Western Europe	390.0	-	0.1	0.2	466.0	225.0
Urea-US Gulf	214.5	12.7	-0.1	-0.2	363.6	174.4
Urea-Black Sea	224.5	15.0	-0.1	0.1	298.0	183.0
DAP-US Gulf	328.8	13.8	0.0	-0.1	435.8	300.0
DAP-Baltic	390.0	-	0.1	0.0	514.4	325.0
Potash-Baltic	198.0	-	0.0	-0.3	300.0	198.0
Potash-Vancouver	209.0	-	0.0	-0.3	305.0	209.0
Ammonia Average	343.8	-	0.1	0.2	469.5	191.3
Urea Average	239.7	10.6	-0.1	0.0	311.4	192.8
Natural Gas	2.8	0.2	0.0	0.7	3.6	1.7

Note: based on Bloomberg data.

Chart and tables description

Ammonia and Urea: Overview of nitrogen-based fertilizer prices in the US Gulf, Western Europe and Black Sea. Prices are weekly prices averaged by month. Potash and Phosphate: Overview of phosphate and potassium-based fertilizer prices in the US Gulf, Baltic and Vancouver. Prices are weekly prices averaged by month. Ammonia Average and Urea Average: Monthly average prices from Ammonia's US Gulf NOLA, Middle East, Black Sea and Western Europe were averaged to obtain Ammonia Average prices; monthly average prices from Urea's US Gulf NOLA, US GUlf Prill, Middle East Prill, Black Sea Prill and Mediterranean were averaged to obtain Urea Average prices. Natural Gas: Henry Hub Natural Gas Spot Price from ICE. Prices are intraday prices averaged by month. Natural gas is used as major input to produce nitrogen-based fertilizers. DAP: Diammonium Phosphate.

Explanatory Notes

The notions of **tightening** and **easing** used in the summary table 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 in this report are based on the latest data published by FAO, IGC and USDA; for the former, they also take into account information received from AMIS countries (hence the notion **"FAO-AMIS"**). World estimates and forecasts may vary due to several reasons. Apart from different release dates, the three main sources may apply different methodologies to construct the elements of the balances. Specifically:

Production: For wheat, production data refer to the first year of the marketing season shown (e.g. the 2016 production is allocated to the 2016/17 marketing season). For maize and rice, FAO-AMIS production data refer to the season corresponding to the first year shown, as for wheat. However, in the case of rice, 2016 production also includes secondary crops gathered in 2017. By contrast, for rice and maize, USDA and IGC aggregate production of the northern hemisphere of the first year (e.g. 2016) with production of the southern hemisphere of the second year (2017 production) in the corresponding 2016/17 global marketing season. For soybeans, this latter method is used by all three sources.

Supply: Defined as production plus opening stocks. No major differences across sources.

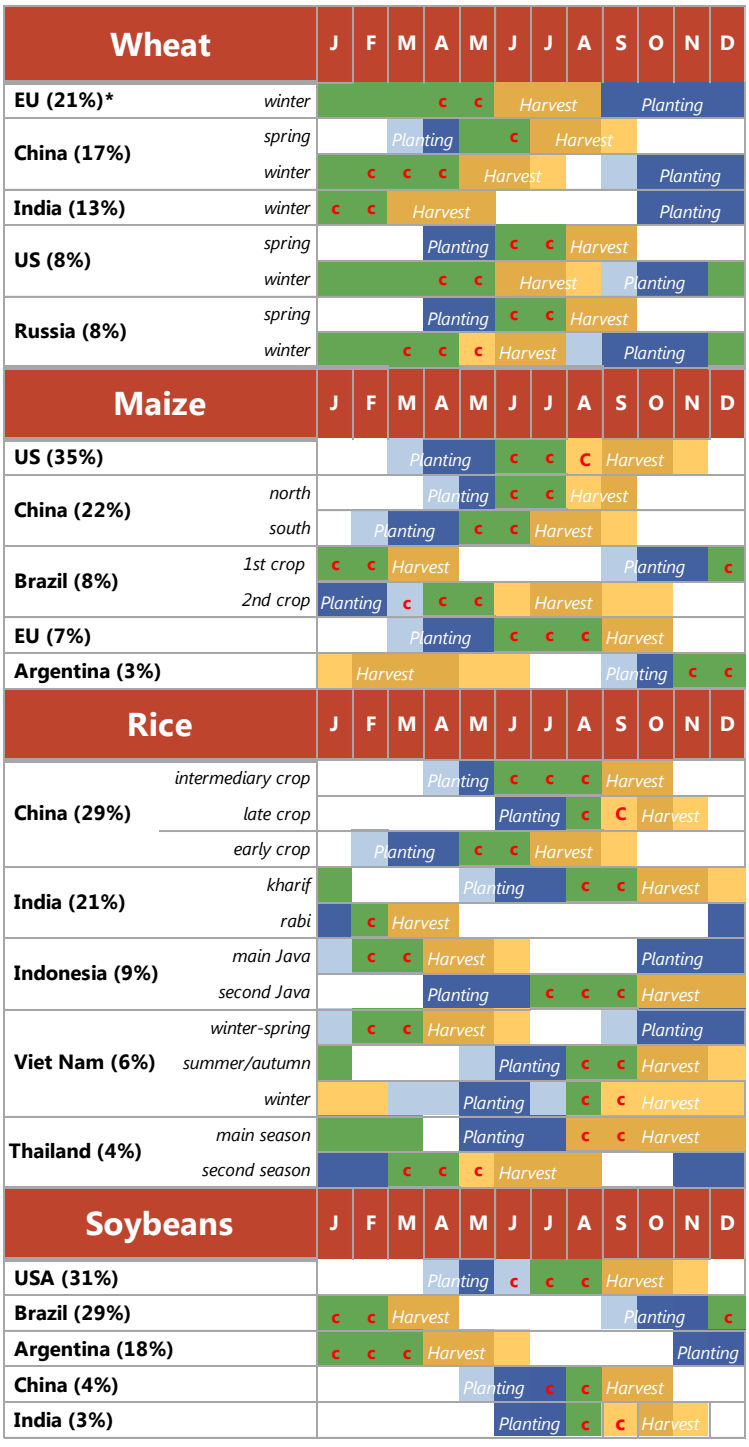
Utilization: For wheat, maize and rice, utilization includes food, feed and other uses ("other uses" comprise seeds, industrial utilization and post-harvest losses). For soybeans, it comprises crush, food and other uses. No major differences across sources.

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.

Stocks: In general, stocks refer to the sum of carry-overs at the close of each country's national marketing year. In the case of maize and rice, in southern hemisphere countries the definition of the national marketing year is not the same across the three sources as it depends on the methodology chosen to allocate production. For Soybeans, the USDA world stock level is based on an aggregate of stock levels as of 31 August for all countries, coinciding with the end of the US marketing season. By contrast, the IGC and FAO-AMIS measure of world stocks is the sum of carry-overs at the close of each country's national marketing year.

AMIS - GEOGLAM Crop Calendar

Selected leading poducers



** Percentages refer to the global share of production (average 2013-15).*

Planting (peak) — Harvest (peak)

Planting — Harvest

C — Weather conditions in this period are critical for yields. — Growing period

Main sources

Bloomberg, CFTC, CME Group, FAO, GEOGLAM, IFPRI, IGC, Reuters, USDA, US Federal Reserve

2017 AMIS Market Monitor Release Dates

February 2, March 2, April 6, May 4, June 8, July 6, September 7, October 5, November 2, December 7

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