

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

From December to mid-January reduced trade activity and optimism over improved supply prospects helped in easing international prices. However, prices have risen again since mid-January due to concerns over weather in South America (affecting maize and soybeans) and the US (wheat). While the early outlook for 2013 remains favourable, weather will be a major determinant of prices over the coming months.

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

▲ Easing ■ Neutral ▼ Tightening

million tonnes

WHEAT	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	
		11-Jan		17-Jan		06-Dec	07-Feb
Production	696	654	696	656	700	659	662
Supply	894	850	890	852	880	843	838
Utilization	698	673	693	678	697	686	685
Trade	158	133	145	137	147	136	137
Ending Stocks	196	177	196	174	176	163	159

- Wheat production in 2012 fell to below the 2011 record. Early prospects for 2013 point to a larger crop in spite of a possible decline in the US production.
- Utilization to decline below 2011/12 levels, driven by a 7% contraction in feed use, mostly in China and the EU.
- Trade down sharply in 2012/13 on lower imports by several countries in Africa and Asia. This forecast increased from December on higher purchases by China and Iran.
- Stocks (ending 2013) to fall, with a further cut in the forecast this month reflecting lower inventories in Asia and the CIS.

MAIZE	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	
		11-Jan		17-Jan		06-Dec	07-Feb
Production	884	852	877	845	885	853	870
Supply	1011	984	1008	977	1008	986	1005
Utilization	879	868	875	865	877	866	879
Trade	115	89	97	93	101	94	96
Ending Stocks	132	116	133	113	136	123	130

- Maize production fell well below 2011 in spite of upward adjustments to the estimates in China and North America.
- Utilization in 2012/13 exceeding 2011/12, contrary to earlier expectations, mostly on larger feed use in China, Russia and the US.
- Trade falling below the 2011/12 estimate but higher than anticipated in December, reflecting increased purchases by China and Iran.
- Stocks (ending in 2013) to remain below the previous season, but raised significantly since December mainly on stronger buildup of inventories in China.

RICE	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	
		11-Jan		17-Jan		06-Dec	07-Feb
Production	465	466	464	464	483	487	487
Supply	564	571	562	570	628	646	647
Utilization	458	469	457	467	469	476	476
Trade	39	38	38	36	38	38	37
Ending Stocks	106	102	105	103	160	170	171

- Rice production prospects for 2012 little changed, with large declines in Brazil and India dampening world growth to less than 1%.
- Utilization in 2012/13 still anticipated to increase by 7 million tonnes.
- Trade in 2013 revised down and now foreseen to fall 2% below the 2012 record on reduced Asian and African import demand and tightened Indian export availability.
- Global stocks revised up slightly, now pointing to a 7% increase.

SOYBEANS	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	
		11-Jan		17-Jan		06-Dec	07-Feb
Production	239	269	238	271	240	271	272
Supply	309	325	275	294	275	295	298
Utilization	256	263	251	265	258	262	266
Trade	90	99	92	97	94	101	100
Ending Stocks	55	59	23	29	26	30	28

- Soybeans 2012/13 production raised slightly as a further downward adjustment for Argentina is more than offset by upward corrections elsewhere.
- Utilization to expand by about 3% in 2012/13 as opposed to last season's stagnation.
- Trade in 2012/13 to expand less than expected earlier, mostly reflecting lower export availabilities from Argentina.
- Stock replenishment during 2012/13 expected to be less strong than anticipated earlier.

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) - January 2013

	January 2013	Change	
	Average*	M/M	Y/Y
GOI	294	-1.7%	+15.8%
Wheat	277	-2.9%	+17.9%
Maize	314	+0.5%	+15.2%
Rice	213	+0.7%	+2.7%
Soybeans	276	-3.5%	+16.7%

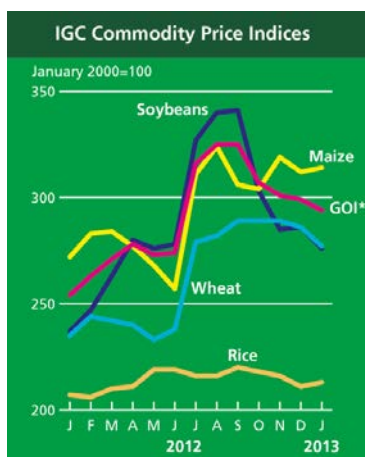
*Jan 2000=100, derived from daily export prices.

Wheat: World export prices fell sharply through December, led by the US where concerns over 2013 crop conditions were overshadowed by sluggish exports and technical weakness in futures. Sentiment turned more bullish mid-January with lower than expected reported plantings of US winter wheat, but the average IGC GOI wheat sub-Index was still down 2.9% m/m for the month. In China, domestic prices have moved sharply higher, despite a record reported 2012 harvest, suggesting the local market might be tighter than expected – a view supported by recent US export sales to China. Elsewhere prices have largely tracked the US, with Europe at times lifted by solid export demand.

Maize: Prices traded mostly lower through December and early January on slow export demand in the US, before rising from mid-month on higher than expected USDA estimates for feed use. Values in South America also initially eased before rising more recently on tightening old crop availabilities and concerns over dry weather in some parts. The IGC GOI maize sub-Index averaged 0.5% higher m/m in January, following a 2.1% decline in December.

Rice: Asian white rice markets mostly fell through December, but staged a marginal recovery in January, with the IGC GOI rice sub-Index averaging 0.7% higher m/m. Downward pressure from limited international demand was more than offset by tight export availabilities in Thailand and Vietnam. In South Asia, values were steady to marginally firmer, but supplies were comfortable, especially in India. Tight availabilities and the pace of exports underpinned recent gains in the US milled rice market.

Soybeans: Prices rose steadily through January driven by weather-related concerns in South America, particularly Argentina, and large export sales to China. However, average prices were 3.5% lower m/m in January following steep declines in the second half of December when weather prospects were, for a time, more encouraging for the crop.



IGC commodity price indices						
(..... January 2000 = 100))						
	GOI*	Wheat	Maize	Rice	Soybeans	
2012	January	253.6	235.3	272.5	206.9	236.5
	February	263.0	243.6	283.3	206.1	247.3
	March	270.9	241.7	283.6	209.6	263.2
	April	277.7	239.9	277.3	210.7	279.7
	May	273.2	233.4	267.9	219.2	275.6
	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

*GOI: Grains and Oilseeds Index

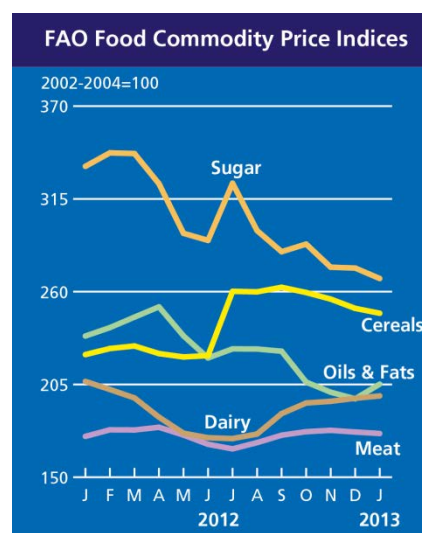
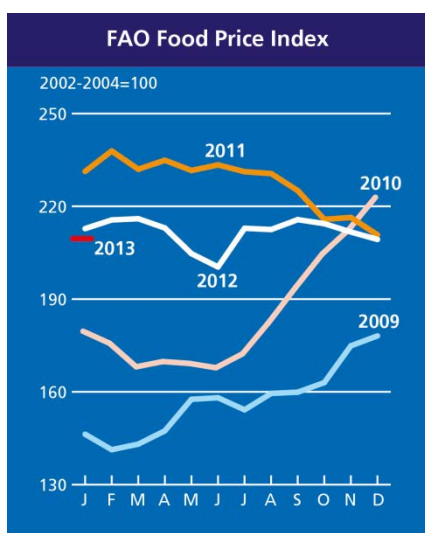
Selected Export Prices and Price Indices

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)	04 Feb	342	348	340	304	-1.7%	12.6%
Maize (US No. 2, Yellow)	05 Feb	310	308	294	280	0.5%	10.6%
Rice (Thai 100% B)	04 Feb	565	565	558	544	0.0%	3.9%
Soybeans (US No.2, Yellow)	04 Feb	586	574	556	484	2.0%	21.0%



FAO food price indices

	Food Price Index	Meat	Dairy	Cereals	Oils and Fats	Sugar
(..... 2002-2004 = 100)						
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	214.4	177.0	194.0	259.5	206.4	288.2
November	212.0	177.8	195.0	255.6	200.4	274.5
December	209.8	176.8	196.8	250.1	196.5	274.0
2013 January	209.8	175.9	198.2	247.2	205.2	267.8

Futures Markets – January 2013

Futures Prices (Nearby)*

	Change	
	M/M	Y/Y
Wheat	-4.7%	+22.2%
Maize	-0.4%	+13.4%
Rice	-0.9%	+4.3%
Soybeans	-1.6%	+19.2%

*Source: CME - Monthly averages.

Historical Volatility – 30 Days*

	Change	
	M/M	Y/Y
Wheat	-2.7%	-32.4%
Maize	-2.8%	-37.5%
Rice	-17.3%	-35.9%
Soybeans	-6.8%	-12.8%

Prices and Volumes

- In December and January, US futures prices for wheat, maize, soybeans and rice declined to 6 month lows, but rose following the release of the USDA WASDE report on January 11 which showed lower than expected stock levels in US for maize. Volumes increased over October/November 2012.
- US soybean export sales to China resumed in January after announcements of cancellations in December. Weather in South America remains a focus for maize and soybean production.
- Concerns over the drought in Great Plains winter wheat growing areas remain with some meteorologists forecasting continued dryness into April. The USDA rated only 20% of the winter wheat crop in excellent condition. Precipitation has improved compared same time to last year in winter wheat growing region in Russia, where the government has predicted wheat production at 92 million tonnes, a 30% increase over last year.

Investment Flows:

Managed money was a significant seller of wheat, maize and soybeans as futures prices attained early January lows prior to USDA stocks report. Managed money reversed its position in wheat from long [bullish] to short [bearish] but maintains long positions in maize and soybeans. Swaps Dealers' participation continues to decline as money flows into US equity markets since beginning of new year.

Forward curves:

Maize and soybeans continue to display steep backwardation between old and new crop prices. Wheat remains in contango until March 2014 when the market perceives some end of year tightness prior to May/June harvest for soft red wheat.

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

Monitoring Policy Developments for AMIS Commodities

Policy levers can play an important role in global food markets, sometimes helping to stabilize international prices, sometimes exacerbating or causing more uncertainties. Building on work already undertaken by the international organisations which constitute the Secretariat, AMIS monitors key policy developments and is in the process of developing a set of indicators. Using a range of analytical and statistical tools, the potential significance of policy developments for AMIS commodities will be evaluated and reported.

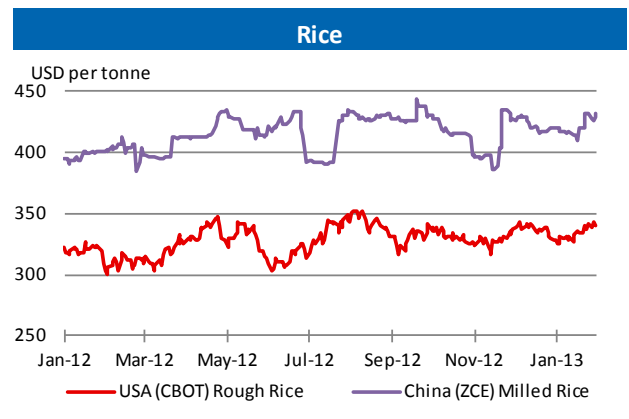
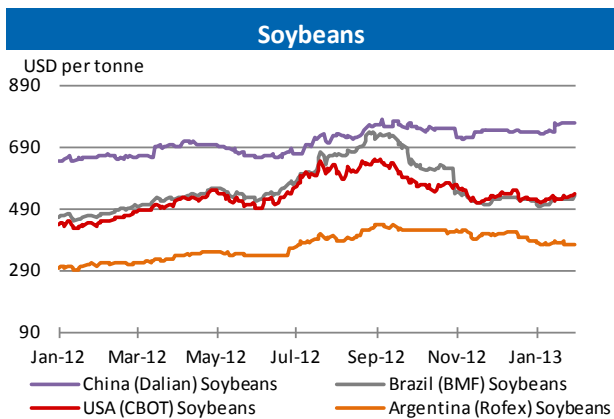
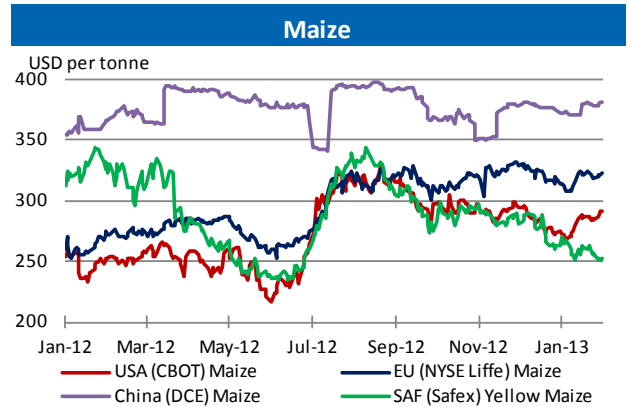
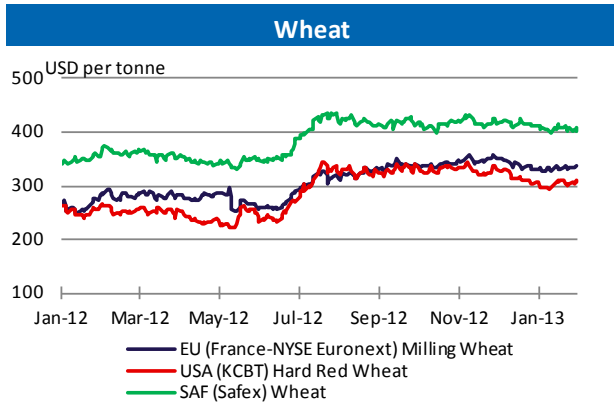
Ongoing monitoring suggests that market distorting policy developments have been relatively limited in recent months, despite the difficult market conditions. Experience from global food crises in 2007/08 and again in 2010 informed governments' policy responses, as did the availability of enhanced market intelligence, including from the organisations that participate in AMIS, and timely inter-governmental communications, also supported by AMIS.

While recent months have seen relatively minor policy adjustments, potentially important policy changes are under discussion in several, key AMIS participant countries. A new Farm Bill in the US and further reform to the Common Agricultural Policy of the European Union are currently being debated. Japan is considering a significant shift in its agricultural policy framework. The Russian Federation has finalised a new policy programme and Indonesia a new Food Law, although implementation has not begun yet. In China, the First Policy document issued in 2013 lays out priorities for agricultural and rural development.

To the extent that new measures are decided, which may be significant for AMIS commodities and participants in the short run, they will be reported in future reports, as will significant changes to existing measures. As the tools are put in place to make policy monitoring systematic and timely, policy developments will become a regular feature of the AMIS Market Monitor.

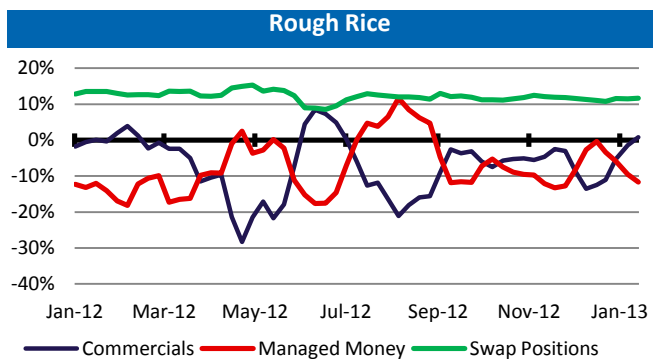
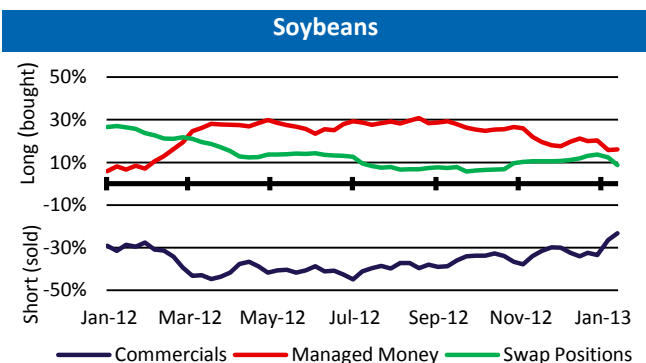
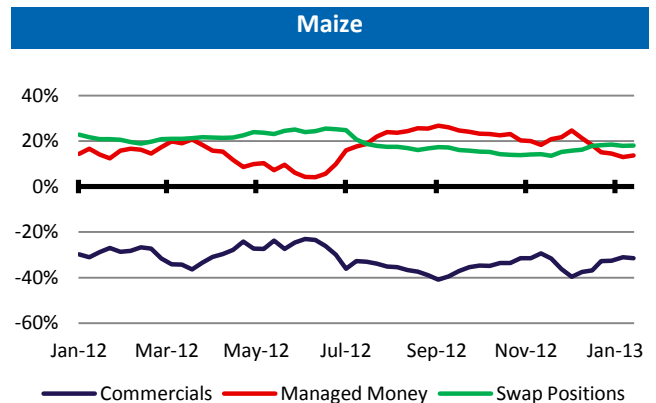
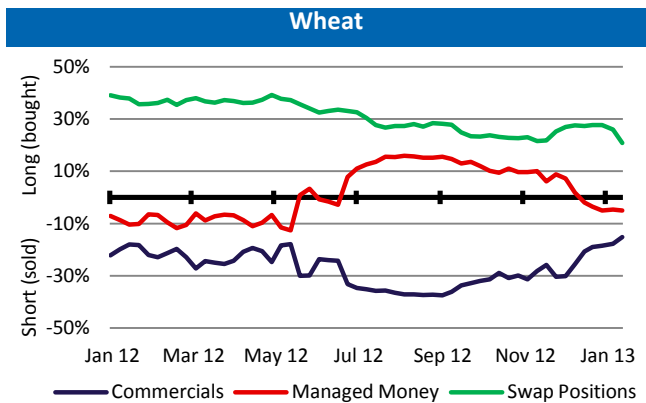
Daily Quotations from Leading Exchanges - nearby futures

US futures for maize, wheat and soybeans fell to 6 month lows prior to Jan 11 USDA stocks report



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

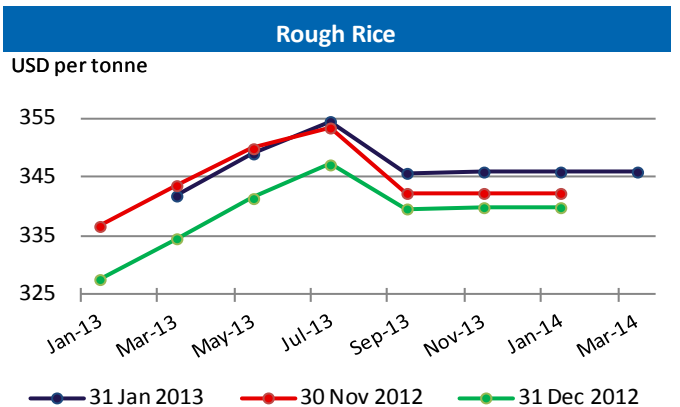
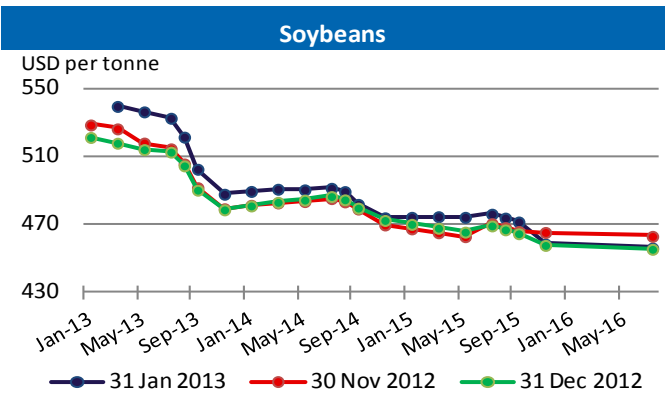
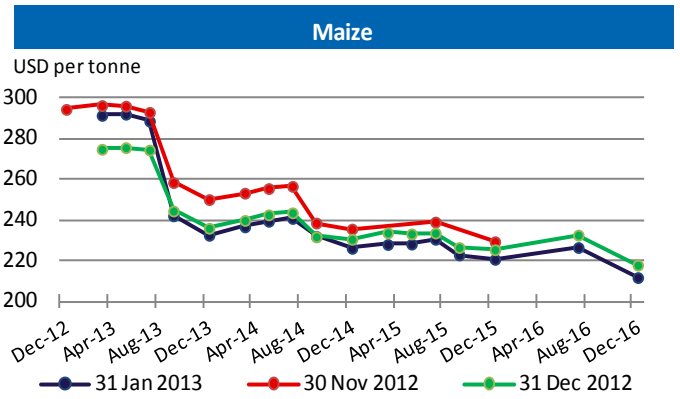
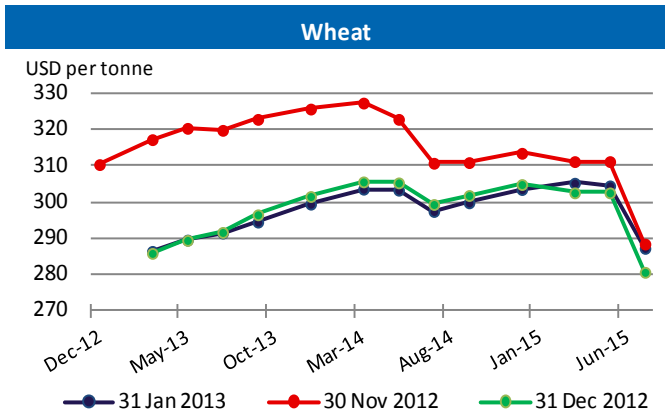
Managed money reduced long positions and became a net short in wheat market.
Swaps dealer participation continued modest decline in overall Open Interest



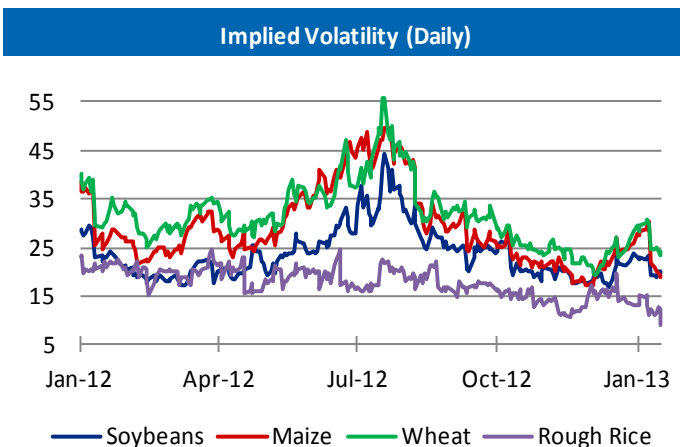
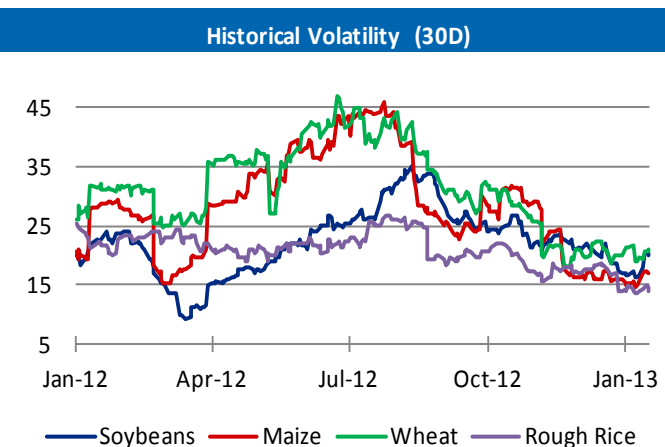
* Disaggregated Futures Only

Forward Curves

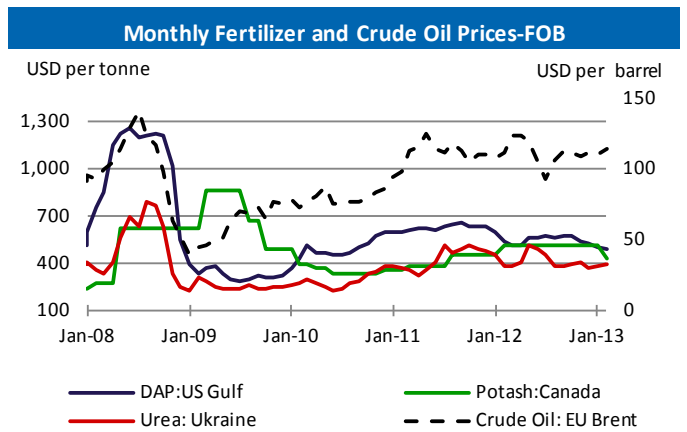
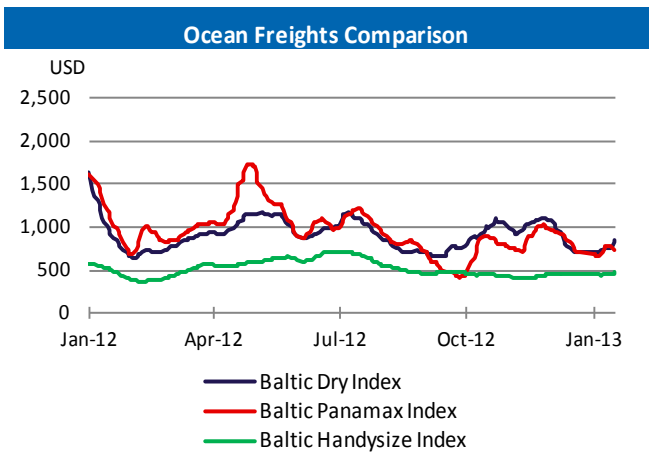
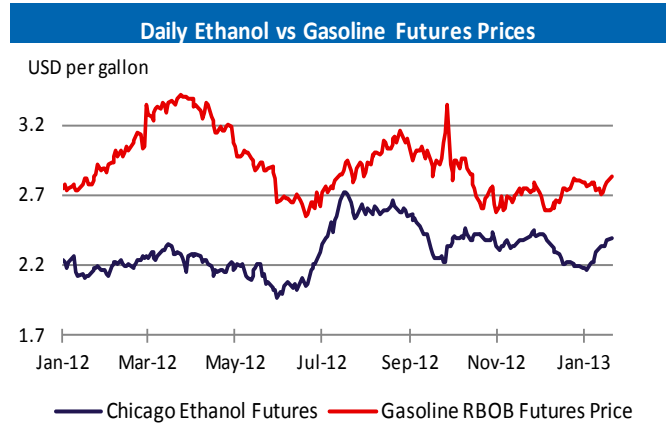
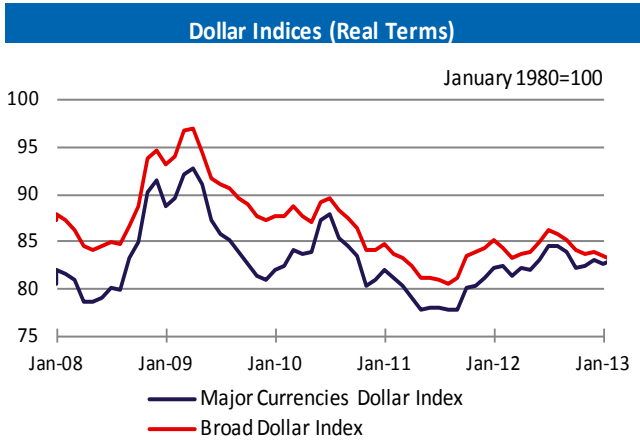
Backwardation increased slightly for maize, and soybeans reflecting old crop tightness



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 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.

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