

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

In recent weeks wheat and maize crops benefitted from generally positive weather conditions, improving the prospects for the US wheat and the first maize crops in southern America, to be harvested soon. While the outlook for soybeans in South America deteriorated slightly, early prospects are still encouraging given larger plantings. Rice markets remain well supplied while expectations for the 2013 crops in Asia and South America are so far positive.

	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 est.	2012/13 f'cast 08-Feb	2011/12 est.	2012/13 f'cast 21-Feb	2011/12 est.	2012/13 f'cast 07-Feb 07-Mar	
Production	697	654	696	656	700	662	662
Supply	895	850	890	853	880	838	840
Utilization	698	673	693	677	696	685	683
Trade	157	132	145	137	147	137	139
Ending Stocks	197	177	197	176	178	159	163

- Wheat production in 2012 fell below the record in 2011 but favourable returns combined with generally good weather likely to lead to a rebound in 2013.
- Utilization to decline in 2012/13, largely on reduced usage for animal feed purposes.
- Trade in 2012/13 to reach a higher level than previously forecast due to larger imports by the CIS countries.
- Stocks (ending 2013) to decrease less than anticipated in February, reflecting upward revisions in Russia and Ukraine.

MAIZE	USDA		IGC		FAO-AMIS		
	2011/12 est.	2012/13 f'cast 08-Feb	2011/12 est.	2012/13 f'cast 21-Feb	2011/12 est.	2012/13 f'cast 07-Feb 07-Mar	
Production	882	854	877	850	886	870	869
Supply	1010	985	1008	981	1010	1005	1004
Utilization	879	867	877	867	878	879	881
Trade	117	90	97	94	102	96	98
Ending Stocks	131	118	131	114	136	130	128

- Maize production contracting sharply in 2012 but prospects for the first 2013 maize crops in South America looking good.
- Utilization in 2012/13 to exceed 2011/12 by slightly more than earlier expected, mostly on greater food use.
- Trade in 2011/12 higher than forecast in February owing to larger imports by the EU.
- Stocks (ending in 2013) to fall more markedly than previously foreseen, following downward revisions in Brazil, Russia and Ukraine.

RICE	USDA		IGC		FAO-AMIS		
	2011/12 est.	2012/13 f'cast 08-Feb	2011/12 est.	2012/13 f'cast 21-Feb	2011/12 est.	2012/13 f'cast 07-Feb 07-Mar	
Production	465	466	465	466	484	487	489
Supply	564	571	564	572	629	647	649
Utilization	458	469	459	468	469	476	477
Trade	39	37	38	36	38	37	37
Ending Stocks	105	102	106	105	160	171	172

- Rice production in 2011 and 2012 revised up somewhat, but growth in 2012 remained subdued, especially because of a poor season in India.
- Utilization in 2012/13 anticipated to increase, driven by higher food consumption.
- Trade in 2013 to slide from the 2012 record mainly on reduced import demand by several countries in Asia and Africa.
- Stocks (ending in 2013) up sharply from the previous season on larger inventories in China and Thailand.

SOYBEANS	USDA		IGC		FAO-AMIS		
	2011/12 est.	2012/13 f'cast 08-Feb	2011/12 est.	2012/13 f'cast 21-Feb	2011/12 est.	2012/13 f'cast 07-Feb 07-Mar	
Production	239	269	238	269	240	272	269
Supply	309	325	274	291	275	298	295
Utilization	256	263	252	263	258	266	267
Trade	90	99	92	97	94	100	100
Ending Stocks	55	59	23	28	26	28	28

- Soybeans production in 2012/13 lower than earlier projected, as dry weather hampers crop prospects in Argentina.
- Utilization in 2012/13 to increased slightly, reflecting higher crush estimates for Brazil and the US.
- World trade in 2012/13 corrected downward, mainly resulting from smaller export availabilities in Argentina.
- Global stocks (ending in 2012/13) still anticipated to rise in spite of the downward adjustments in Argentina and the US.

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) - February 2013

	February 2013	Change	
	Average*	M/M	Y/Y
GOI	292	-0.5%	+11.1%
Wheat	269	-3.2%	+10.3%
Maize	306	-2.6%	+7.9%
Rice	215	+0.9%	+4.1%
Soybeans	280	+1.3%	+13.1%

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

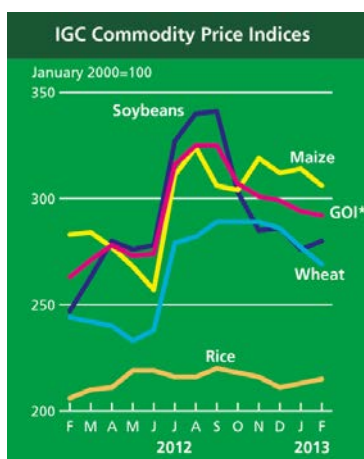
Grains and oilseeds markets weakened marginally in February, with the IGC GOI index falling by 0.5% m/m as declines in wheat and maize slightly offset higher average prices for rice and soybeans.

Wheat: Wheat prices fell in February, led by continued weakness in the US where heavy snowfall has eased some concerns over 2013 crop prospects, more than offsetting recent evidence of accelerating export sales and rising domestic feed demand. EU quotations had some support from solid export demand mid-month, but have lately also declined. Attractively priced sales by India continued to provide strong competition in Asian markets. USD strength added to the softer market tone. The IGC GOI wheat sub-Index was, on average, 3% lower m/m in February.

Maize: US maize prices were also driven lower by declines in the futures market, despite firmer US cash premiums and tight old crop availabilities. Despite less than ideal weather in recent months, export premiums were lower in South America due to the advancing harvest and prospects for a large crop. USD strength also weighed and the IGC GOI maize sub-Index was down 3% m/m.

Rice: World rice markets were steady to slightly firmer in the past month, with the IGC GOI rice sub-Index advancing by 1% m/m. Export quotations in Asia continued to be underpinned by official support measures, most notably in Thailand, while expectations for fresh export interest in the near term also boosted exporter sentiment and lifted prices in Vietnam.

Soybeans: The IGC GOI soybean sub-Index averaged 1% higher m/m in February, but finished the month down 2% from the end of January, as the outlook for large supplies from South America continued to affect both futures and export premiums. However, logistical difficulties in Brazil and firm export demand for US supplies have limited the declines.



		GOI*	Wheat	Maize	Rice	Soybeans
(..... January 2000 = 100.....)						
2012	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
	February	292.1	268.6	305.8	214.6	279.6

*GOI: Grains and Oilseeds Index

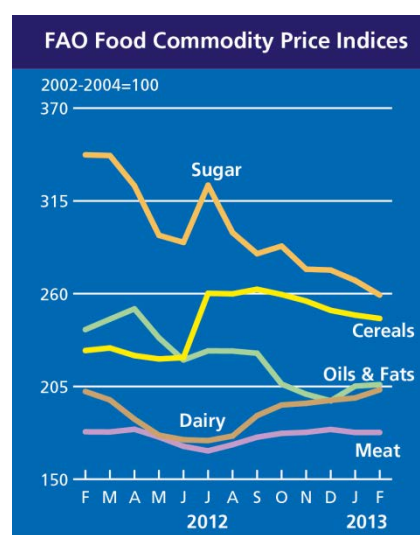
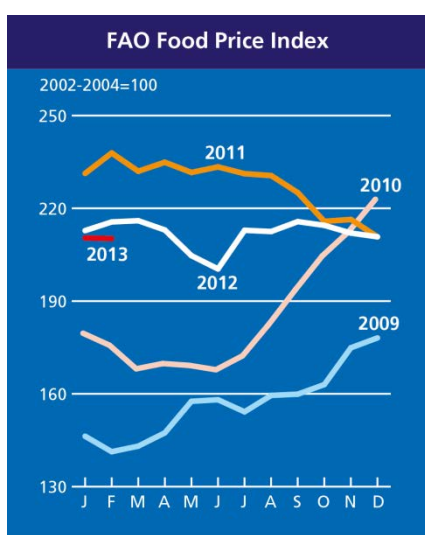
Selected Export Prices and Price Indices

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-Mar	315	315	342	306	0.2%	3.1%
Maize (US No. 2, Yellow)	05-Mar	310	303	310	287	2.3%	8.2%
Rice (Thai 100% B)	05-Mar	558	558	565	551	0.0%	1.2%
Soybeans (US No.2, Yellow)	04-Mar	567	566	586	513	0.0%	10.4%



FAO food price indices

		Food Price Index	Meat	Dairy	Cereals	Oils and Fats	Sugar
(..... 2002-2004 = 100)							
2012	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	214.5	177.2	194.0	259.5	206.4	288.2
	November	212.0	177.8	195.0	255.6	200.4	274.5
	December	210.8	179.5	196.8	250.1	196.5	274.0
2013	January	210.4	177.7	198.2	247.3	205.2	267.8
	February	210.2	177.7	203.0	245.3	206.1	259.2

Futures Markets – February 2013

Futures Prices (Nearby)*

	Change	
	M/M	Y/Y
Wheat	-4.2%	+13.7%
Maize	-1.2%	+10.2%
Rice	4.6%	+12.6%
Soybeans	1.8%	+15.9%

*Source: CME - Monthly averages.

Historical Volatility – 30 Days*

	Change	
	M/M	Y/Y
Wheat	-9.5%	-39.4%
Maize	-10.5%	-42.5%
Rice	+23.0%	-24.4%
Soybeans	3.3%	-5.7%

Prices and Volumes

- The US Maize and wheat futures weakened in recent weeks, mostly due to improved soil moisture conditions across Great Plains and Midwest and continued slow maize export sales. In addition, wheat and maize quotations narrowed to reflect a small premium of wheat over maize.
- Soybean futures exhibited greater price variability than grains, declining as rainfall in Brazil boosted production estimates, then rising as South American port congestion caused shippers to switch origin to US Gulf.
- Rice futures experienced a mid-month rally but averaged unchanged for the month.
- Volumes for wheat, maize and soybeans increased in February over the previous month.
- USDA, at its Outlook forum in February forecast much lower crop prices for 2013/2014. This pushed futures prices lower toward the end of the month.
- Traders cite strong dollar and sell-off in crude and gold as another factor pressuring agricultural futures prices.

Investment Flows:

Managed money substantially increased its net short position in wheat, holding a net short position of over 10% of Open Interest [equivalent to 7 million tonnes]. Managed money also significantly reduced its net long position in maize by about half and reduced its net long in soybeans by nominal amounts. Conversely, commercial hedgers were net futures buyers of wheat, maize and soybeans. Swaps dealers exhibited little activity during February.

Forward curves:

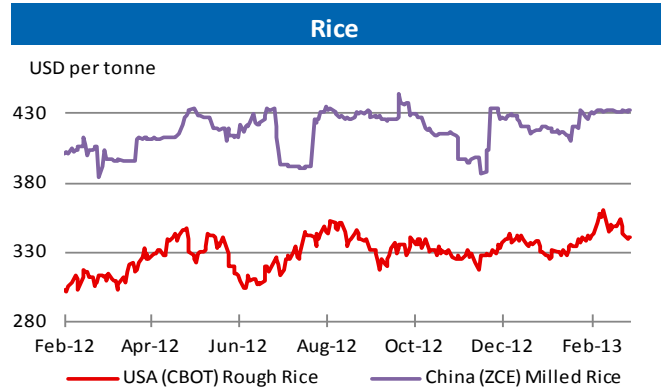
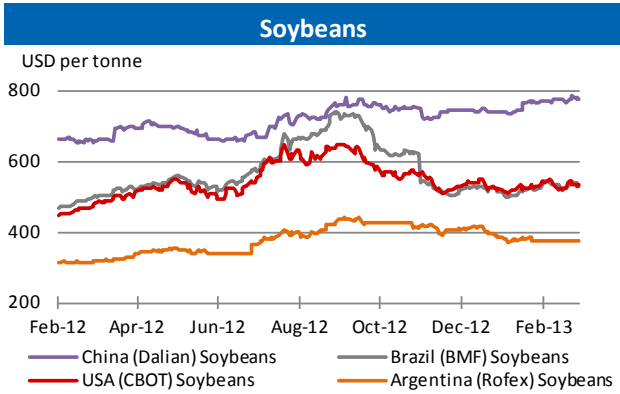
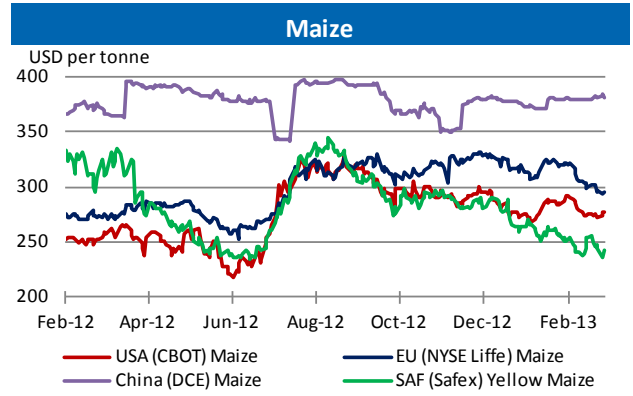
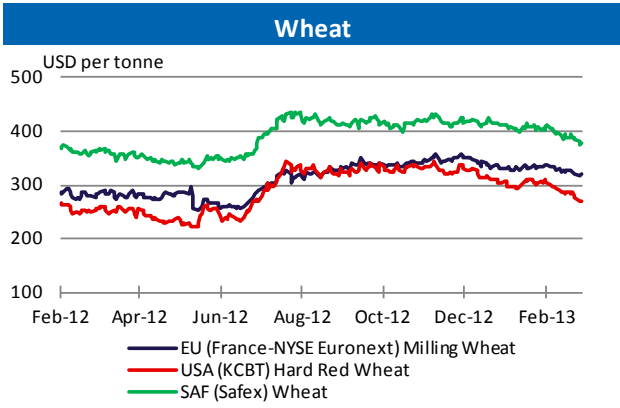
The front month calendar spread [March/May 2013] for wheat, maize and soybeans reflected a gain of March vs. May, owing mostly to high cash market basis bids in all three commodities. A high wheat basis has caused the March/May futures spread to narrow to about \$1 per tonnes carry, but wheat forward curves remain in contango for old crop because of the ample delivery market stocks in the numerous delivery points in Ohio and Illinois. Conversely, the maize and soybean forward curves were backwardated for all old crop futures months; March futures traded at historically high premiums to May for maize and soybeans, \$2.5 per tonnes and \$6.5 per tonnes respectively, influenced by a delivery stock deficit along the Illinois River.

NB: For information on technical terms please view the Glossary at the following link:
http://www.amis-outlook.org/fileadmin/user_upload/amis/docs/Market_monitor/Glossary.pdf

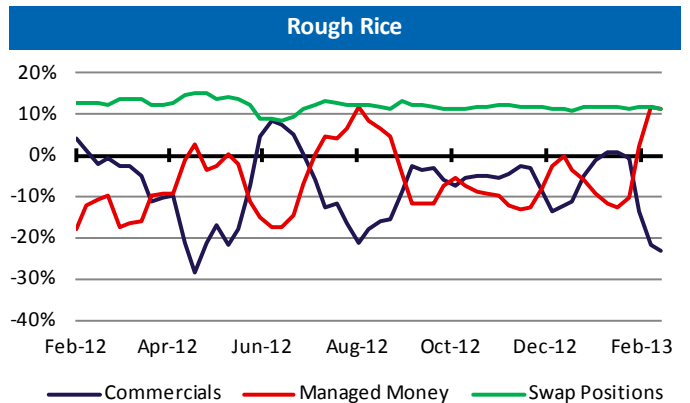
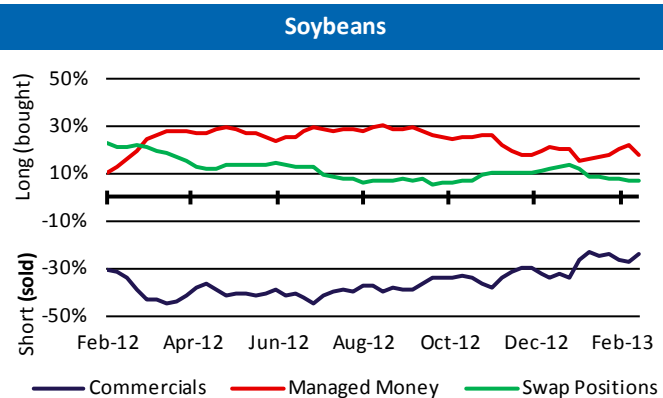
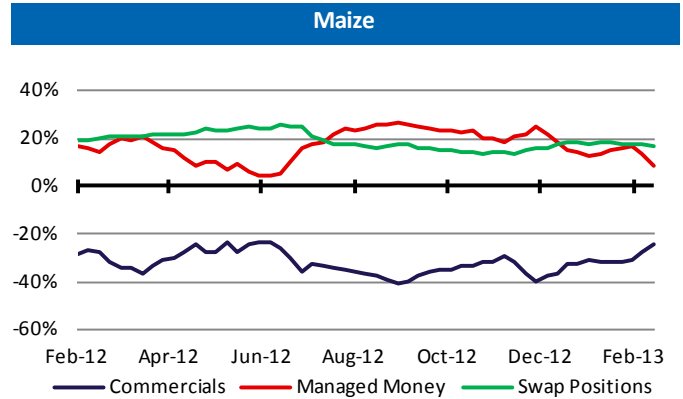
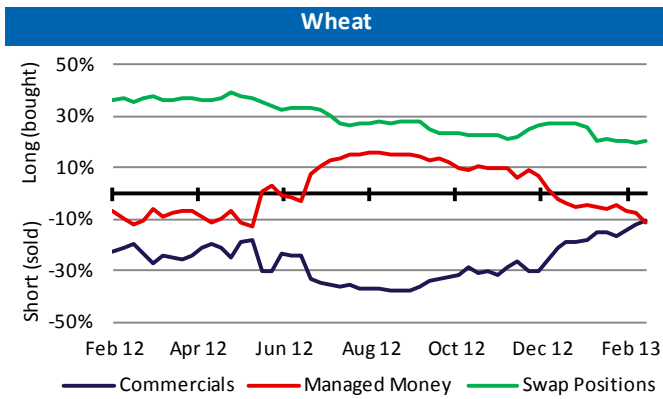
Policy Developments

- In the US, the recently announced Environment Protection Agency (EPA) rules for 2013 set the cellulosic mandate at only 1.4% of the statute level, while maintaining the total mandate and the share of advanced biofuels at the level required by the statute. This could affect agricultural markets because of the much higher demand for other advanced biofuels such as biodiesel (helped by reinstatement of the blender tax credit for 2013) and sugar cane-based ethanol, but any impact on already high prices of maize and soybeans is uncertain. The 45 day period given for comments on the proposals will expire in mid March.
- On February 8th, the budget for the European Union's Common Agricultural Policy (CAP) was set by the European Council at €363 billion for the period 2014-2020, or 10% less than in the previous period 2007-2013. . Approval by the European Parliament in the context of its deliberations on the Multi-Annual Financial Framework (MFF) is still pending. The overall budgetary envelope for the CAP provides for expenditure of almost €52 billion per annum, mostly in the form of decoupled support payments.
- Since the beginning of 2013, some further relaxation of export restricting measures has occurred - mainly for maize in Argentina and edible oils in India. Some import restricting measures have also been eased. Russia announced that a 5% import duty for grains will be lifted in the coming months but the effective date has not yet been confirmed and Brazil has taken steps to reduce import barriers on wheat. However, starting on 1 January 2013, Nigeria has raised the import duties applicable to both husked and milled/semi-milled rice imports to an overall 110% (a 10% import tariff plus a 100% levy) up from 30% and 50% respectively.
- Recently India increased the minimum support price for wheat applicable in 2013 by 5% and China increased the minimum purchase prices for rice by between 7% and 10%. Indonesia will require food traders to report stock levels of staple foods to the government. Rice, maize and soybeans are likely to feature among the foods covered by this provision.

Daily Quotations from Leading Exchanges - nearby futures



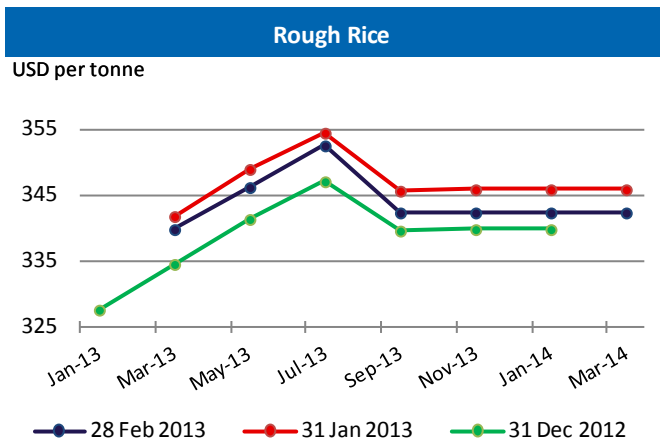
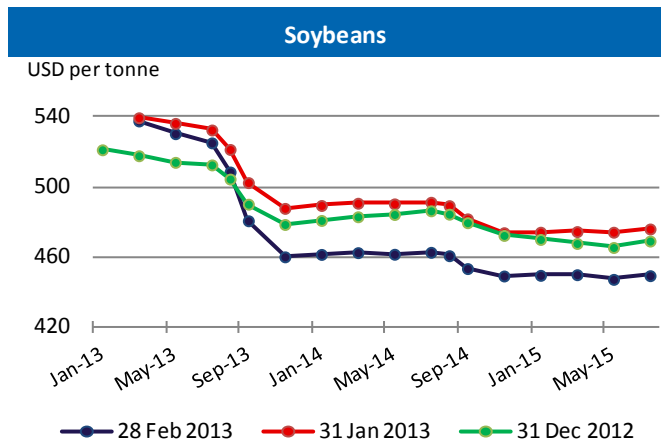
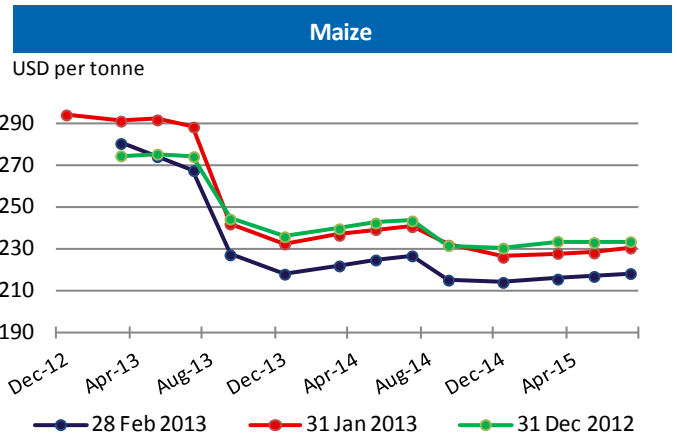
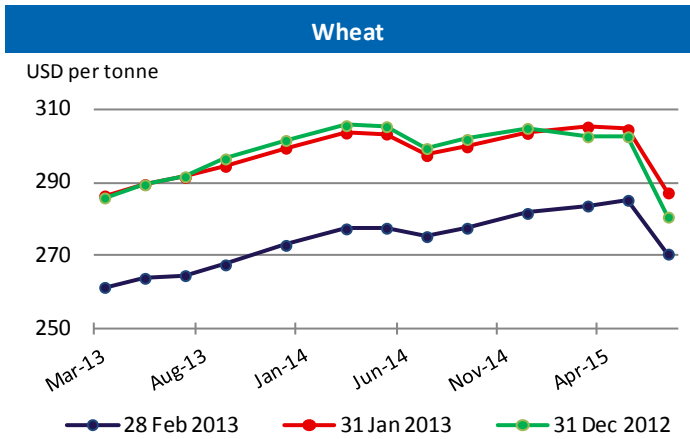
CFTC Commitment of Traders - Major Categories Net Length as % of Open Interest* Managed money large seller of wheat and maize



* Disaggregated Futures Only

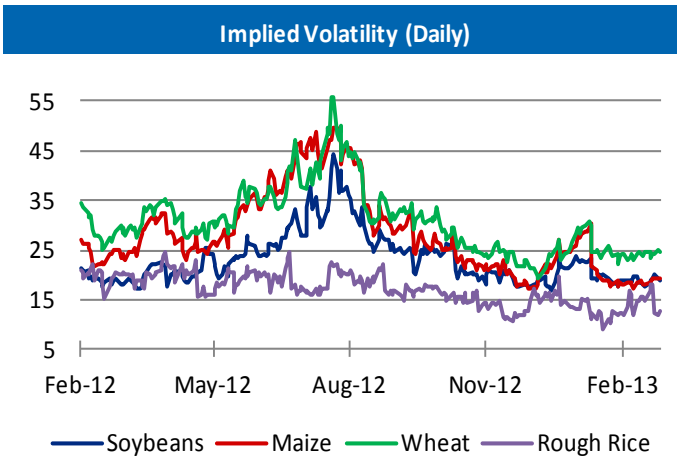
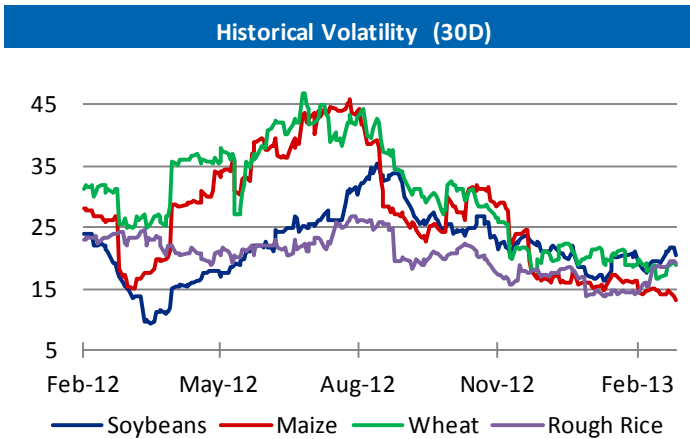
Forward Curves

Maize and soybeans: continued strong backwardation between old and new crop



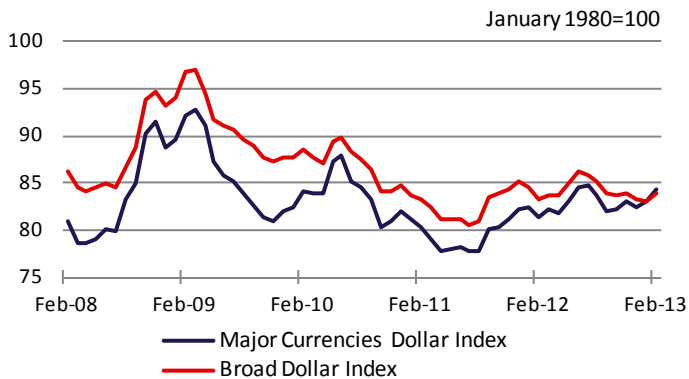
Historical and Implied Volatilities

Low volatility continues

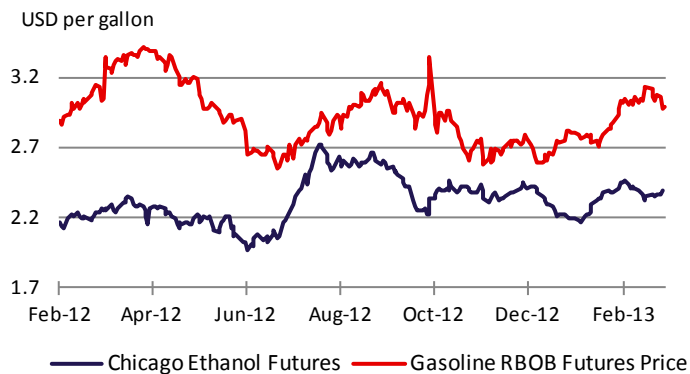


Other Indicators

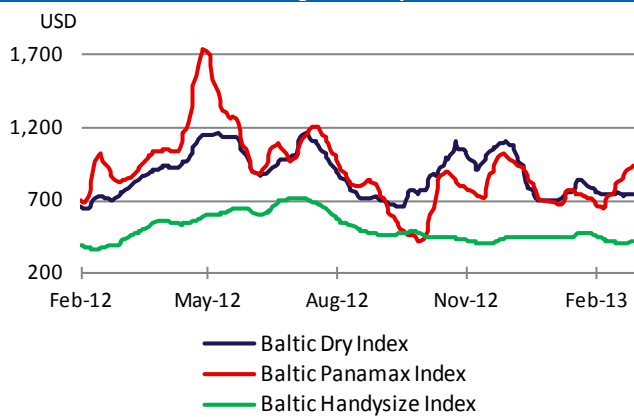
Dollar Indices (Real Terms)



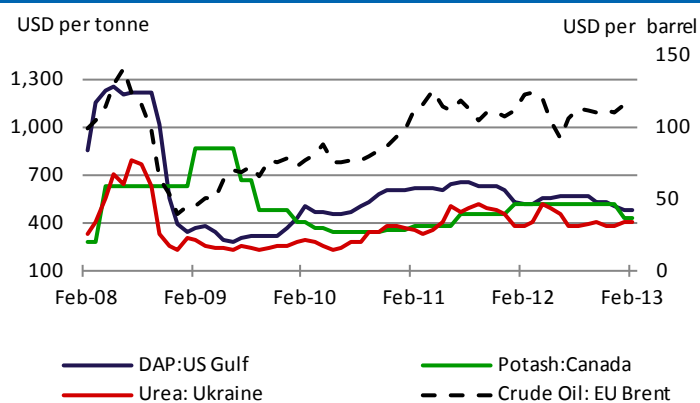
Daily Ethanol vs Gasoline Futures Prices



Ocean Freights Comparison



Monthly Fertilizer and Crude Oil Prices-FOB



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.

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