

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

The market focus is shifting to the outcome of harvests in 2013 which will determine the supply outlook for the 2013/14 season. Favourable prospects for all AMIS crops have set the stage for weaker world prices, barring any unfavourable weather in major producing regions in the coming months. Recent reports from the USDA indicating the largest planned maize area since 1936 and higher than expected quarterly stocks, contributed to a pronounced decline in grain prices\*.

	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 10-Apr	est.	f'cast 21-Mar	est.	f'cast 07-Mar	f'cast 11-Apr
Production	697	655	696	656	701	662	661
Supply	896	855	889	853	881	840	840
Utilization	696	673	692	676	696	683	684
Trade	157	136	145	138	147	139	140
Ending Stocks	199	182	197	177	179	163	162

- **Wheat** production estimates in 2012, now firmer, pointing to a 5.6% contraction from 2011, driven by lower crops in Europe.
- Utilization to decline in 2012/13, reflecting reductions in the EU, China and the CIS, mostly for feed.
- Trade in 2012/13 to contract, in spite of recent upward adjustments to imports by the CIS, EU and Iran
- Stocks (ending in 2013) falling, mainly on large drawdowns in Europe.

MAIZE	USDA		IGC		FAO-AMIS		
	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	
	est.	f'cast 10-Apr	est.	f'cast 21-Mar	est.	f'cast 07-Mar	f'cast 11-Apr
Production	883	856	877	850	886	869	870
Supply	1011	988	1008	981	1009	1004	1006
Utilization	879	863	877	867	877	881	884
Trade	117	88	97	94	102	98	99
Ending Stocks	132	125	131	114	136	128	127

- **Maize** production in 2012 falling by 1.7%, as reductions in the US and Europe more than offset increases in China.
- Utilization falling in 2012/13, but higher than anticipated earlier on heightened feed use in China and the CIS.
- Trade forecast for 2012/13 up slightly from the previous month, but still down from 2011/12 on lower imports by China, Egypt and Mexico.
- Stocks (ending 2013) falling below their opening levels, largely on reductions in the US and the EU.

RICE	USDA		IGC		FAO-AMIS		
	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	
	est.	f'cast 10-Apr	est.	f'cast 21-Mar	est.	f'cast 07-Mar	f'cast 11-Apr
Production	466	468	466	468	485	489	490
Supply	564	573	565	574	631	649	651
Utilization	460	469	459	468	470	477	478
Trade	39	38	38	36	38	37	37
Ending Stocks	105	104	106	107	161	172	173

- **Rice** production in 2012 raised since February, following an upward revision in Myanmar
- Utilization in 2012/13 to increase, fueled by a growing food demand
- Trade in 2013 to contract from the 2012 record, largely on reduced exports by India and Viet Nam, while shipments from Thailand and Pakistan seen rebounding.
- Stocks (ending 2013), revised upwards to reflect larger carryovers in Myanmar, to exceed their opening levels.

SOYBEANS	USDA		IGC		FAO-AMIS		
	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	
	est.	f'cast 10-Apr	est.	f'cast 21-Mar	est.	f'cast 07-Mar	f'cast 11-Apr
Production	239	270	238	266	240	269	266
Supply	309	325	274	289	275	295	292
Utilization	256	260	252	263	258	267	266
Trade	92	98	92	97	94	100	99
Ending Stocks	55	63	23	26	26	28	27

- **Soybeans** production in 2012/13 lower than earlier projected, as unfavourable weather continued to adversely affect prospects in South America.
- Utilization in 2012/13 lowered slightly, but still expanding at an average rate of 3 percent.
- World trade in 2012/13 corrected downwards on reduced sales from Argentina and Brazil.
- Stocks (ending in 2013) to recover by 4 percent from last season's low level, but less than anticipated earlier.

\*FAO-AMIS figures could not take into consideration the latest forecasts of the WASDE report released by the USDA on 10 April 2013.

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) - March 2013

	March 2013 Average*	Change M/M	Y/Y
<b>GOI</b>	287	-1.7%	+6.0%
<b>Wheat</b>	262	-2.6%	+8.2%
<b>Maize</b>	305	-0.2%	+7.6%
<b>Rice</b>	213	-0.8%	+1.6%
<b>Soybeans</b>	275	-1.7%	+4.5%

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

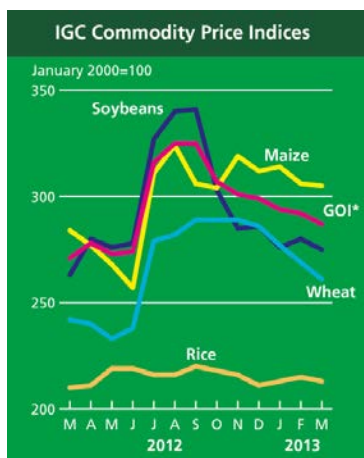
Grains and oilseeds prices were generally lower in March, with the average IGC GOI index falling by 2% m/m, led by a decline in wheat.

**Wheat:** Wheat prices initially declined on improved production prospects, particularly following substantial precipitation in previously dry winter wheat areas in the US, although recently cold weather is now of concern. The tone of the markets turned more bullish in mid-March, lifted by an up-turn in US export sales and tightening old crop supplies in other exporters, particularly the EU. Despite gains in the second half, the average IGC GOI sub-Index for March was down 3% m/m.

**Maize:** World maize markets displayed mixed trends. While nearby prices were sometimes unavailable in South America, quotations in Argentina drifted lower on seasonal pressure and a generally favourable production outlook. However, US and Black Sea markets were firm due to tightening spot supplies. The IGC GOI maize sub-Index average for March was unchanged m/m.

**Rice:** The IGC rice sub-Index averaged 1% lower m/m, although Asian markets were somewhat mixed. Export quotations eased in Thailand as limited export demand and second crop combining weighed, while slow export demand and ample availabilities in India overshadowed support from state domestic procurement. However, prices generally held firm or moved higher elsewhere in Asia.

**Soybeans:** Soybean markets were lower m/m, with the average IGC GOI sub-Index down by 2%. US prices initially fell, as profit-taking and fund selling in futures was triggered by beneficial late-February weather in South America and the USDA forecast for a rebound in US production. Losses were partly reversed later, with worries about shipping delays in Brazil and the possibility of China's needs switching to already extremely tight US old crop supplies. However, gains were limited by reports of shrinking crush margins in China and falling crush data in the US.



		GOI*	Wheat	Maize	Rice	Soybeans
(..... January 2000 = 100 .....						
2012	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
	March	287.1	261.3	304.8	212.8	274.9

\*GOI: Grains and Oilseeds Index

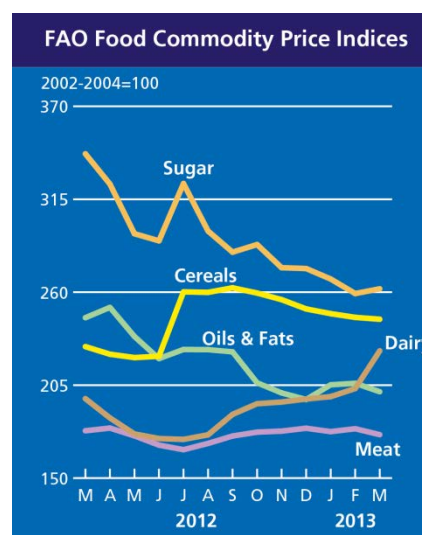
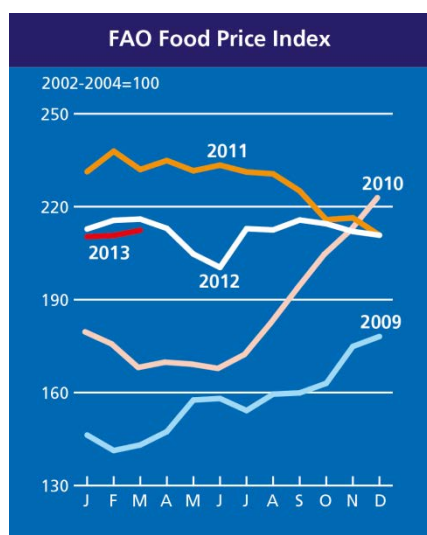
## Selected Export Prices and Price Indices

**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 ..... )							
<b>Wheat (US No. 2, HRW)</b>	08-Apr	323	309	315	283	4.5%	14.3%
<b>Maize (US No. 2, Yellow)</b>	09-Apr	278	274	306	279	1.4%	-0.5%
<b>Rice (Thai 100% B)</b>	09-Apr	545	545	555	550	0.0%	-0.9%
<b>Soybeans (US No.2, Yellow)</b>	08-Apr	539	540	574	551	-0.1%	-2.1%



**FAO food price indices**

	Food Price Index	Meat	Dairy	Cereals	Oils and Fats	Sugar	
( ..... 2002-2004 = 100 ..... )							
2012	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	210.3	177.5	198.2	247.3	205.2	267.8
	February	210.7	179.2	203.0	245.1	206.1	259.2
	March	212.4	175.7	225.3	244.0	201.1	262.0

## Futures Markets – March 2013

### Futures Prices (Nearby)\*

	Change	
	M/M	Y/Y
Wheat	-3.5%	+9.3%
Maize	+2.6%	+11.4%
Rice	-5.3%	+4.4%
Soybeans	-0.1%	+7.8%

\*Source: CME - Monthly averages.

### Historical Volatility – 30 Days\*

	Change	
	M/M	Y/Y
Wheat	+13.3%	-22.2%
Maize	+26.2%	-2.1%
Rice	+5.5%	-17.9%
Soybeans	-1.7%	+61.0%

### Prices and Volumes

- After trending slightly higher all month, wheat and maize futures dropped precipitously following the USDA planting intentions report March 28; larger than expected stock estimates together with higher planted acres projections caused the two grains to drop sharply to 9-month lows.
- Soybean prices also declined following the report, but the drop was tempered by a small reduction in planted acres versus private trade estimates and continuing strong export demand, particularly from China.
- Rice prices traded sideways to lower.
- Volumes for maize, wheat and soybeans increased sharply following USDA report.
- Volatility, which had been subdued, increased sharply towards end of March.

### Investment Flows:

Managed money increased significantly its long position in maize immediately prior to the planting intentions report, helping to explain the extreme price drop in maize which followed the report release. Managed money trimmed its short position wheat and added slightly to its long position in soybeans.

### Forward curves:

Forward curves in maize at month end showed a pronounced easing in backwardation as USDA March 1 stocks revealed that feed, export and ethanol demand had been rationed. In soybeans, the change was less evident. Wheat displayed a widening carry between spot month and 2014 new crop.

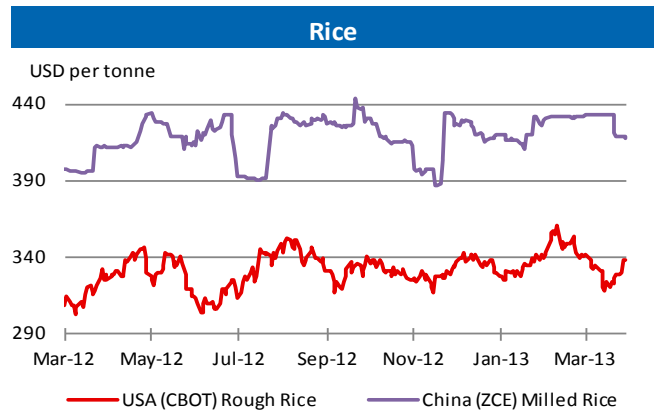
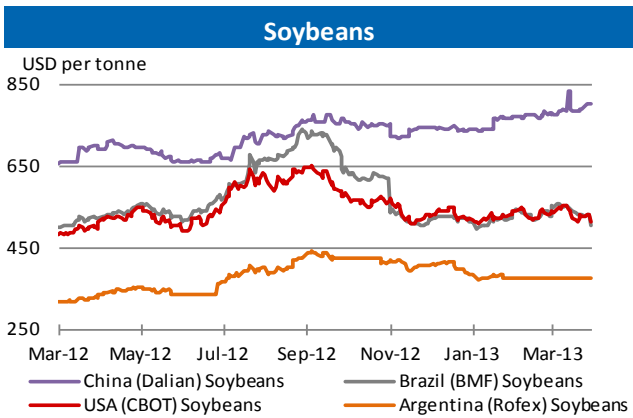
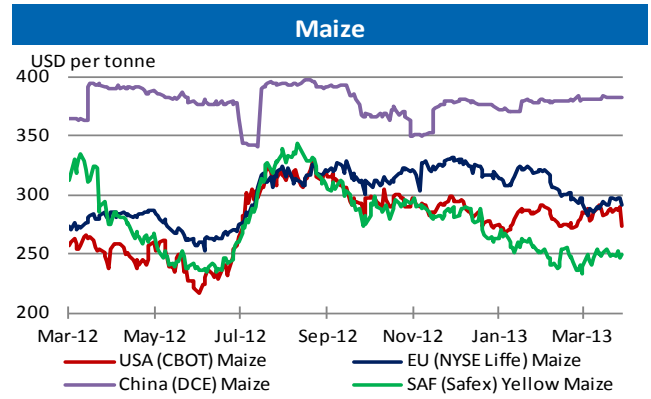
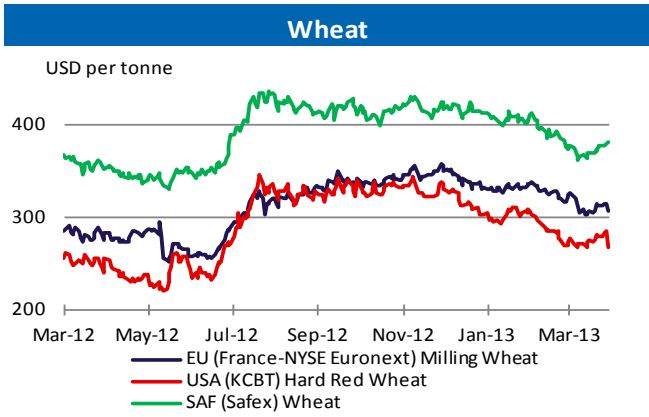
NB: For information on technical terms please view the Glossary at the following link:

[http://www.amis-outlook.org/fileadmin/user\\_upload/amis/docs/Market\\_monitor/Glossary.pdf](http://www.amis-outlook.org/fileadmin/user_upload/amis/docs/Market_monitor/Glossary.pdf)

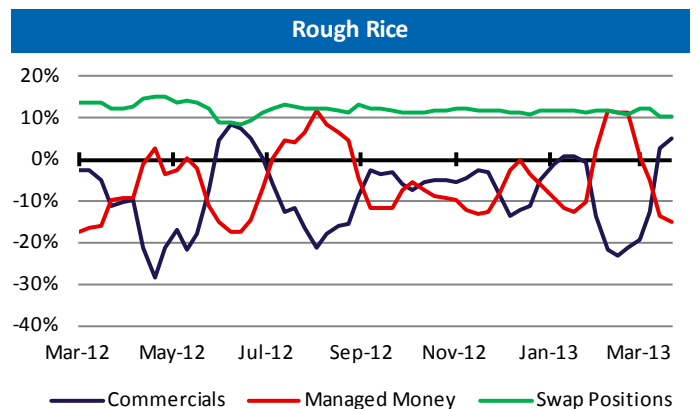
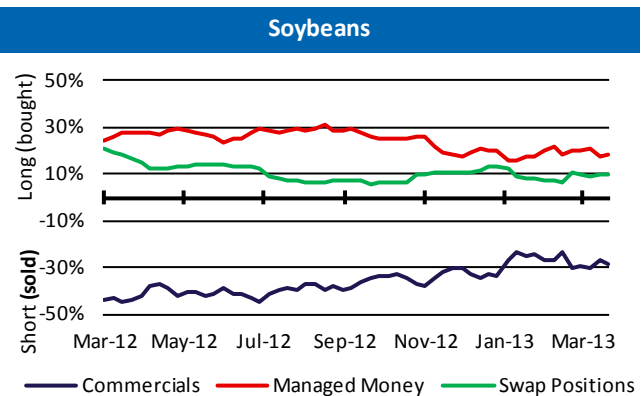
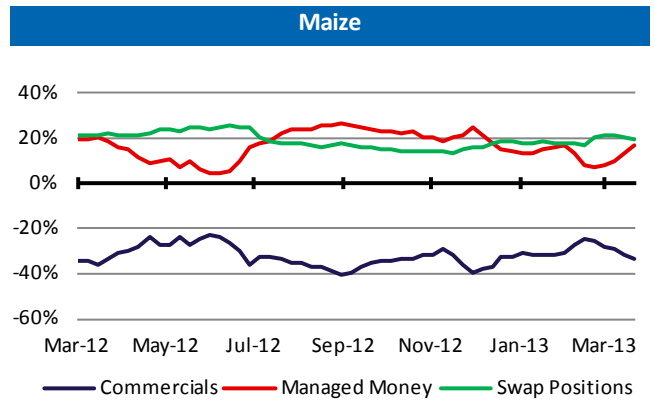
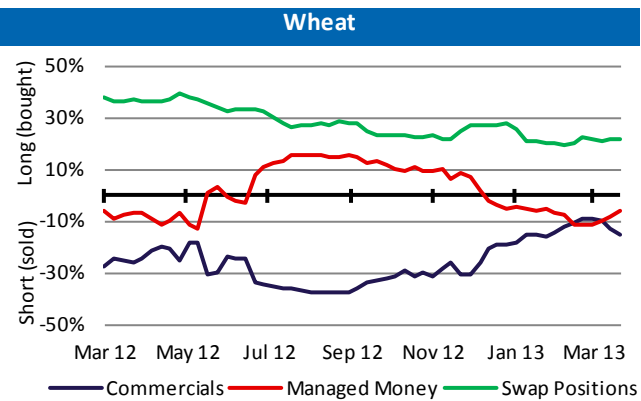
## Policy Developments

- China announced the 2013 budget for agriculture, rural areas and farmers, with appropriations up 11.5% from 2012 levels, to CNY 1.38 trillion (around USD 22.0 billion). While most of the budget will go to infrastructure and rural development programmes, about 12% will be devoted to direct payments for grain producers and subsidies for agricultural chemicals, seeds and agricultural machinery.
- “Trilogues” between member states, the Commission and the European Parliament on reform of the Common Agriculture Policy of the European Union will start on April 11th and are expected to last several months.
- The Russian Federation has suspended imports of rice from India citing an SPS concern.
- Several countries (Argentina, India and Ukraine) have announced changes to provisions governing wheat exports. These measures have generally gone in the direction of increasing export availability.
- As part of its effort to increase self-sufficiency in rice, the government of the Philippines has announced a large increase in its budget for irrigation projects in 2013 – up 32% to PHP 75bn (USD 1.85bn)

## Daily Quotations from Leading Exchanges - nearby futures Prices - large downward corrections following planting intentions report



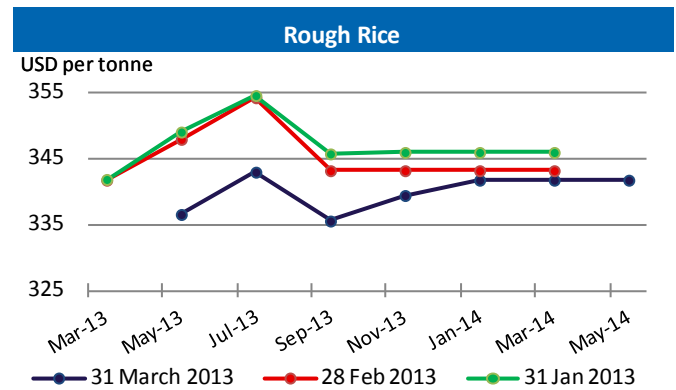
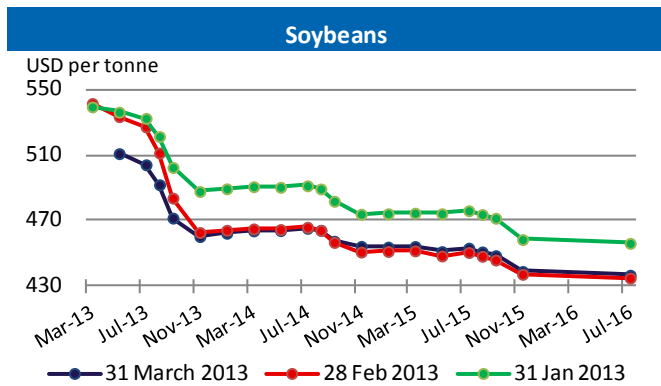
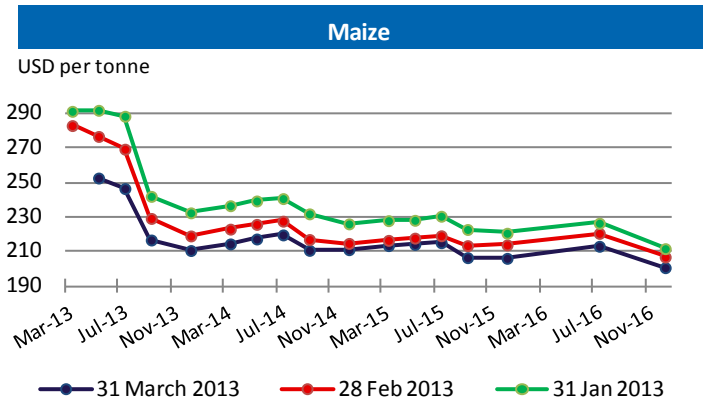
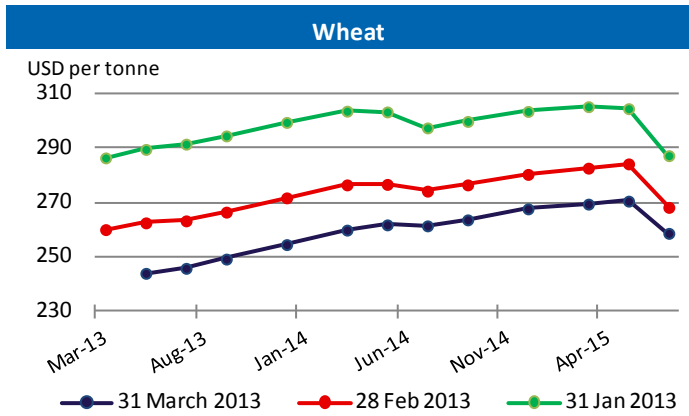
## CFTC Commitment of Traders - Major Categories Net Length as % of Open Interest\* Managed money increased long in maize and decreased short in wheat



\* Disaggregated Futures Only

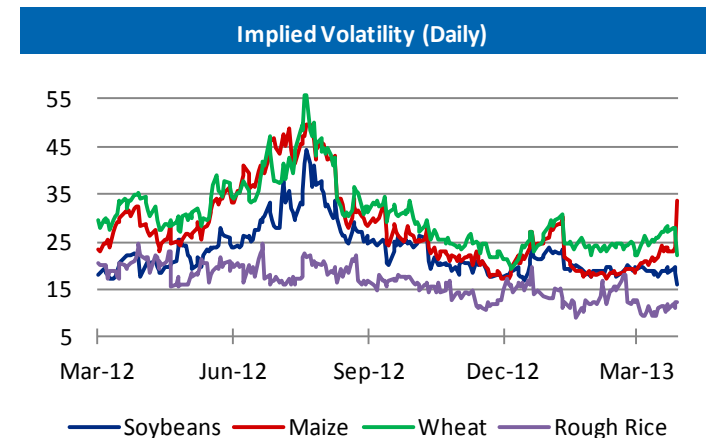
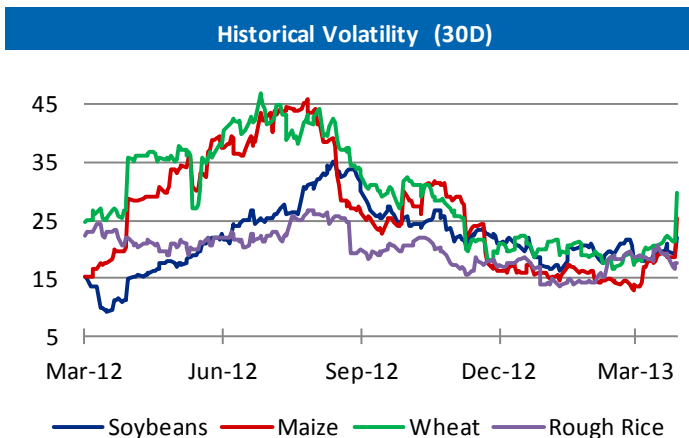
## Forward Curves

Nearby months in maize, soybeans and wheat all declined relative to deferred months



## Historical and Implied Volatilities

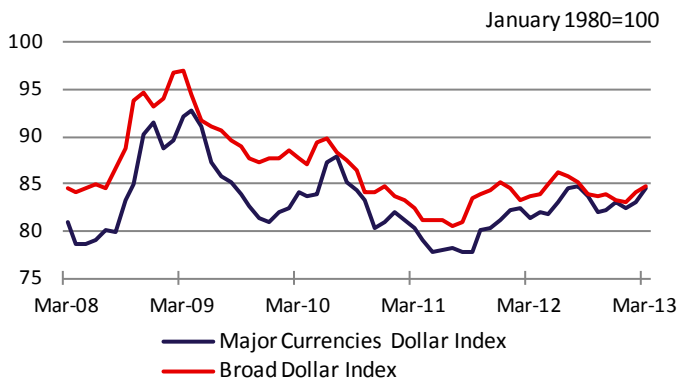
Upward spike towards the end of the month



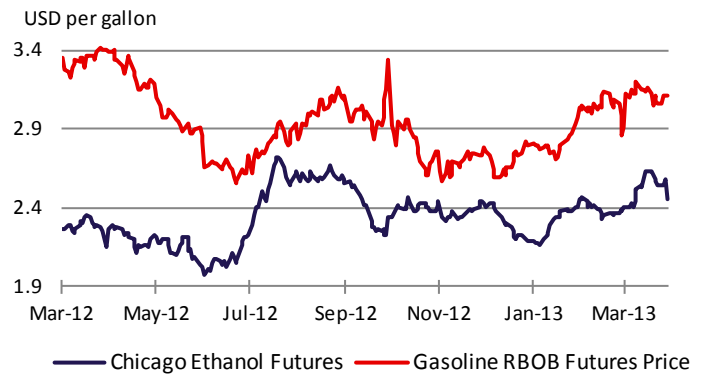


## Other Indicators

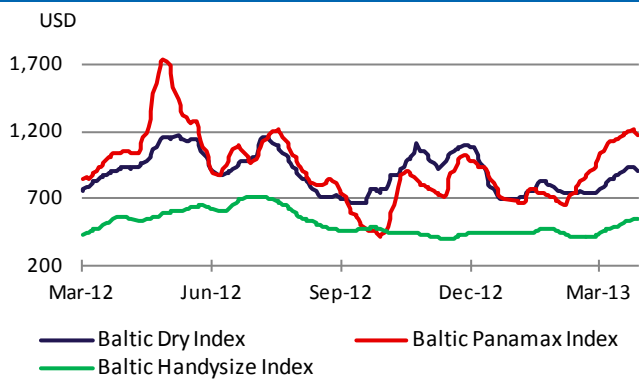
**Dollar Indices (Real Terms)**



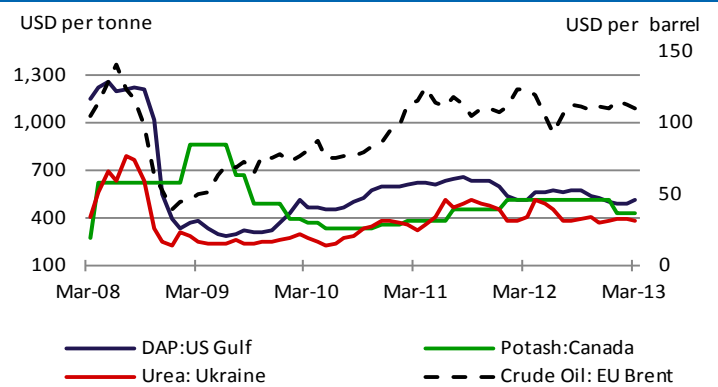
**Daily Ethanol vs Gasoline Futures Prices**



**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.

### Contacts

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