

AMIS Crops: World Supply-Demand Outlook

First forecasts for 2013/14 marketing seasons

Early indications for world wheat, maize and rice production in 2013 point to record levels and an overall increase in supplies in the new 2013/14 marketing season. The recovery in maize supplies is expected to help replenish maize inventories to more comfortable levels. Also for soybeans, early forecasts for the next season point to a further expansion in global production, which, combined with subdued consumption growth, could permit a recovery in global stock levels.

	From previous season
Wheat	▲
Maize	▲
Rice	▲
Soybeans	▲

▲ Easing ■ Neutral ▼ Tightening

million tonnes

WHEAT	USDA		IGC		FAO-AMIS	
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14
	est.	f'cast 10-May	est.	f'cast 31-May	est.	f'cast 06-Jun
Production	656	701	655	682	659	702
Supply	855	881	852	860	842	866
Utilization	675	695	674	680	686	694
Trade	137	143	139	137	140	136
Ending Stocks	180	186	178	180	164	173

MAIZE	USDA		IGC		FAO-AMIS	
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14
	est.	f'cast 10-May	est.	f'cast 31-May	est.	f'cast 06-Jun
Production	857	966	856	945	873	963
Supply	989	1091	986	1066	1009	1097
Utilization	864	937	865	917	879	923
Trade	89	105	95	98	99	103
Ending Stocks	125	155	122	149	135	174

RICE	USDA		IGC		FAO-AMIS	
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14
	est.	f'cast 10-May	est.	f'cast 31-May	est.	f'cast 06-Jun
Production	470	479	466	470	490	499
Supply	575	585	565	577	652	673
Utilization	470	477	458	470	478	491
Trade	39	39	39	37	38	37
Ending Stocks	105	108	107	107	174	182

SOYBEANS	USDA		IGC		FAO-AMIS		
	2012/13	2013/14	2011/12	2012/13	2011/12	2012/13	
	est.	f'cast 10-May	est.	f'cast 31-May	est.	09-May	06-Jun
Production	269	286	239	267	240	266	266
Supply	324	348	276	290	275	292	291
Utilization	259	270	252	266	258	265	265
Trade	96	107	94	96	94	98	98
Ending Stocks	62	75	23	25	25	27	26

- **Wheat** production in 2013 to hit a record, up 6.5% from 2012, mostly on expectation of a rebound in Europe and Black Sea region
- Utilization in 2013/14 to increase by 1.1% with feed use returning to more normal levels while food consumption keeps pace with the population growth
- Trade in 2013/14 to contract by 2.5%, largely reflecting reduced purchases in Asia and Europe because of higher domestic production
- Stocks (ending in 2014) to rebound by 5.4% with most of the increase projected in China, the EU and the Russian Federation

- **Maize** production in 2013 to rebound by 10% mainly because of an anticipated recovery in the US
- Utilization in 2013/14 to grow by 5% driven mostly by higher feed use in the US and a number of emerging markets
- Trade in 2013/14 to expand by 3.6%, facilitated by larger maize supplies in exporting countries and stronger import demand
- Stocks (ending in 2014) to recover by 29% from this season's low opening levels on larger inventories in the US as well as in China, Brazil and the EU

- **Rice** production in 2013 to increase by 2% on expectations of improved weather in Asia. Output gains limited, by more buoyant price prospects for other crops
- Utilization in 2013/14 to rise by 2.7%, with food per capita consumption up slightly from 2012/13
- Trade in 2014 to decline by 1% on continued weak import demand.
- Stocks (ending in 2014) to increase by 5%, mainly on account of China and Thailand

- **Soybeans** 2012/13 production forecast mostly unchanged, confirming a rebound from last season's drought affected level
- Utilization in 2012/13 virtually unchanged from the previous month
- Trade estimates largely unchanged, confirming a year-on-year expansion of almost 4%
- Stocks (ending 2013) estimates corrected downward on account of lower Brazilian inventories, implying an only marginal recovery from last season's depressed level
- Tentative forecasts for the next (2013/14) season point to a further expansion in global production led by a production rebound in the US

All totals (world estimates and forecasts) shown are computed from unrounded data. All changes, in absolute or percentage terms, are also calculated based on unrounded figures. Analysis presented in this report is largely based on information as of [late May 2013](#). 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) - May 2013

	May 2013 Average*	% Change M/M	% Change Y/Y
GOI	285	+ 2.3%	+ 4.4%
Wheat	258	- 0.2%	+ 10.7%
Maize	289	+ 4.5%	+ 8.0%
Rice	210	- 0.6%	- 4.2%
Soybeans	279	+ 4.3%	+ 1.2%

*Jan 2000=100, derived from daily export quotations

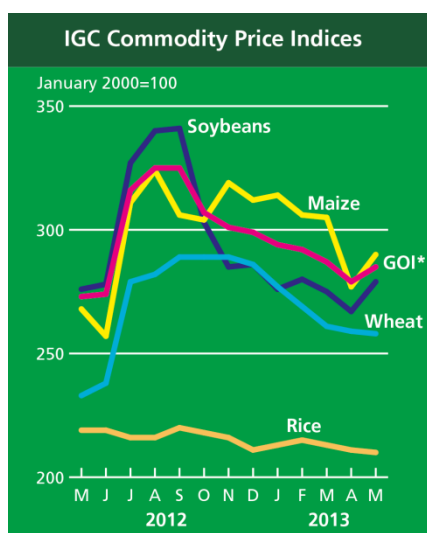
Grains and oilseeds prices were generally higher in May, with the average IGC GOI Index up 2% m/m, as increases in maize and soybeans offset a small decline for rice. Wheat was virtually unchanged.

Wheat: The IGC GOI wheat sub-Index was little changed, averaging 0.2% lower m/m. Although harvest prospects in major producers remained uncertain, global availabilities were expected to be ample in the year ahead. There was some downward pressure from forecast heavy world maize supplies, which would limit demand for feed wheat. EU export quotations were weighed by slowing export demand, competition from renewed Black Sea sales and a weaker euro.

Maize: The IGC GOI maize sub-Index averaged 4% higher m/m. Tight supplies and generally firm cash markets provided support to US export prices. US futures firmed in the second half as more wet weather led to fresh speculation about the possibility of lower yields and planting delays resulting in some switching into soybeans. Quotations in Argentina were underpinned by good demand, but prices still maintained a discount to equivalent US supplies.

Rice: The IGC GOI rice sub-Index averaged 1% lower m/m, led by declines in Thailand. Despite continued intervention buying (now extended to cover the 2013/14 crop), limited export demand weighed, although prices were still markedly above other origins, especially Vietnam and India. US Gulf milled rice export values also fell, due to declines elsewhere and seasonal planting pressure.

Soybeans: The average IGC GOI soybean sub-Index increased by 4% m/m. Prices were initially curbed by the possibility that farmers might switch some area from maize to soybeans, but subsequently rose on thinning old crop supplies, gains in maize and shipment delays in Argentina, more than offsetting cancelled purchases by China. While concerns about the impact of adverse weather on fieldwork and yields persisted, a bumper US crop is still expected, which capped upward price moves.

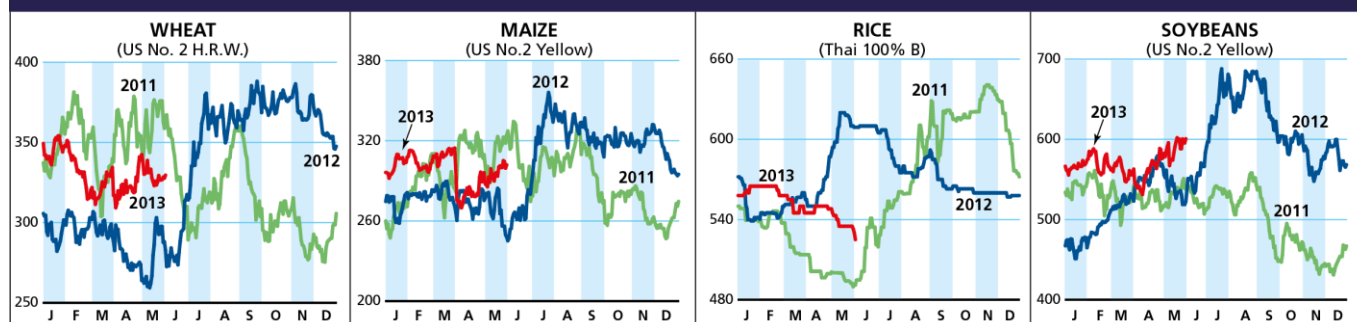


		GOI*	Wheat	Maize	Rice	Soybeans	
(..... January 2000 = 100)							
2012	May	273.2	233.4	267.9	219.2	275.6	
	June	273.6	237.5	257.3	219.2	278.3	
	July	315.8	279.3	310.7	216.0	327.3	
	August	324.8	282.3	324.5	216.2	340.3	
	September	325.0	289.4	306.3	219.7	340.8	
	October	307.3	289.3	304.3	217.9	303.3	
	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
		April	278.6	258.8	277.1	211.4	267.4
May		285.1	258.3	289.6	210.1	278.9	

*GOI: Grains and Oilseeds Index

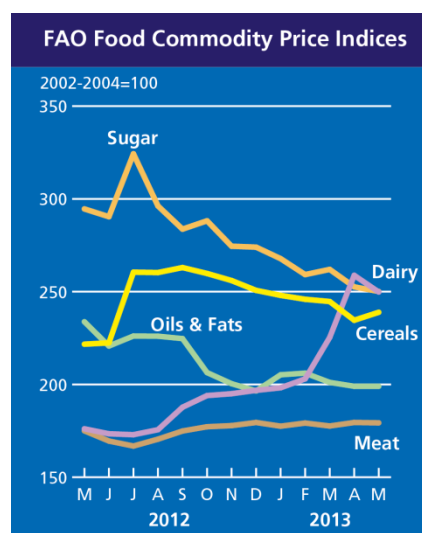
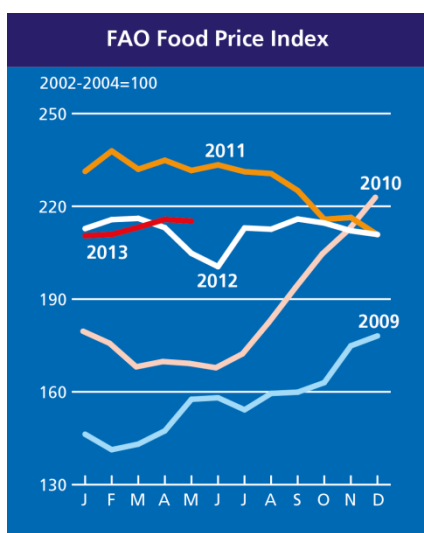
Selected Export Prices and Price Indices

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)							
Wheat (US No. 2, HRW)	04-Jun	331	327	338	279	1.3%	18.5%
Maize (US No. 2, Yellow)	04-Jun	300	305	296	254	-1.7%	18.2%
Rice (Thai 100% B)	04-Jun	525	535	543	609	-1.9%	-13.8%
Soybeans (US No.2, Yellow)	04-Jun	608	600	582	519	1.2%	17.1%



FAO food price indices

		Food Price Index	Meat	Dairy	Cereals	Oils and Fats	Sugar	
(..... 2002-2004 = 100)								
2012	May	204.8	175.0	176.1	221.7	233.8	294.6	
	June	200.5	169.5	173.4	222.4	220.7	290.4	
	July	213.0	166.8	172.9	260.5	226.1	324.3	
	August	212.6	170.5	175.6	260.3	226.0	296.2	
	September	215.9	174.9	187.7	263.0	224.7	283.7	
	October	214.6	177.2	194.0	259.8	206.4	288.2	
	November	212.1	177.8	195.0	256.0	200.4	274.5	
	December	210.9	179.5	196.8	250.7	196.5	274.0	
	2013	January	210.5	177.5	198.2	248.0	205.2	267.8
		February	210.9	179.2	203.0	245.9	206.1	259.2
		March	213.2	177.6	225.3	244.7	201.1	262.0
		April	215.8	179.5	258.8	234.6	199.0	252.6
May		215.2	179.3	249.8	238.9	199.0	250.1	

Futures Markets – May 2013

Futures Prices (Nearby)

	May 2013 Average	% Change	
		M/M	Y/Y
Wheat	256	-0.2%	+9.4%
Maize	264	+3.5%	+9.1%
Rice	337	-0.4%	+2.2%
Soybeans	542	+4.6%	+4.1%

Source: CME - Monthly averages.

Historical Volatility – 30 Days

	Monthly Averages (in percentage)		
	May 2013	April 2013	May 2012
Wheat	28.3%	32.5%	34.2%
Maize	38.7%	35.0%	34.8%
Rice	16.1%	19.5%	21.0%
Soybeans	24.4%	19.4%	19.8%

Prices and Volumes:

Wheat and **rice** futures showed little change from last month, while maize and soybean prices averaged about 4% higher.

Maize and **soybean** nearby futures drew support from exceptionally high US domestic basis levels, whereas new crop prices reflected continuing concerns about planting progress.

Volatility levels mirrored the price changes of the individual commodities, increasing on a historical basis for maize and soybeans, declining somewhat for wheat and rice.

Investment flows:

Swaps dealers, the primary providers of retail index funds, exhibited little activity, according to the CFTC Commitment of Trader Report. Managed money increased its net short position in wheat by 37 000 contracts (5 million tonnes), and made slight changes in its net long positions in maize and soybeans.

Volumes and Forward Curves:

Volumes and forward curves showed little change.

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

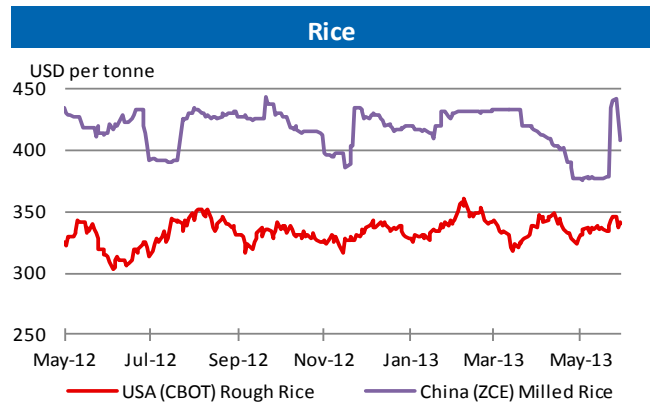
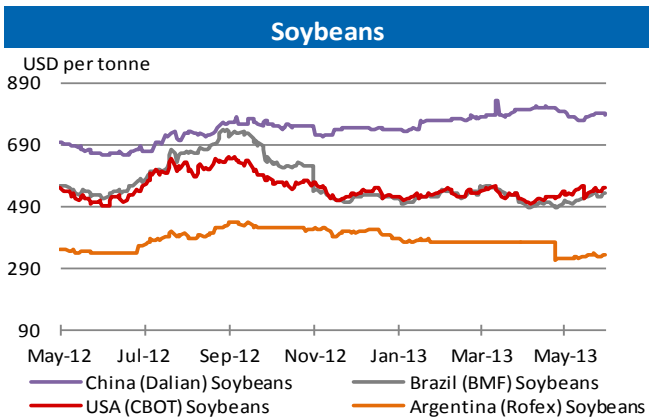
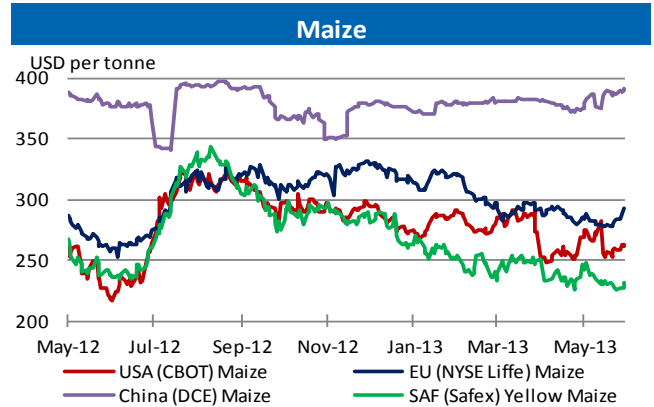
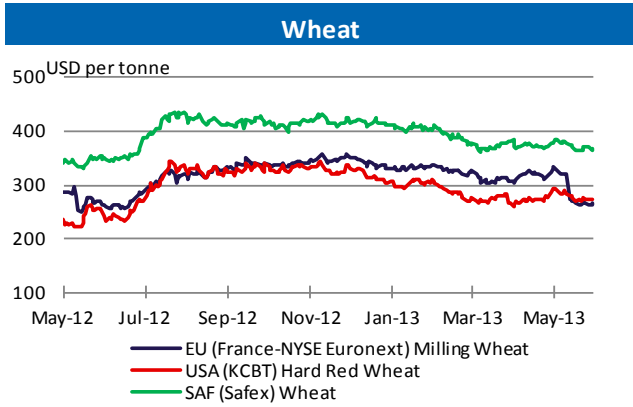
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Policy Developments

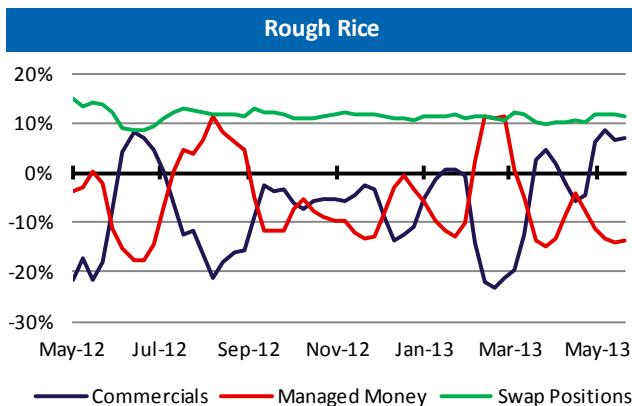
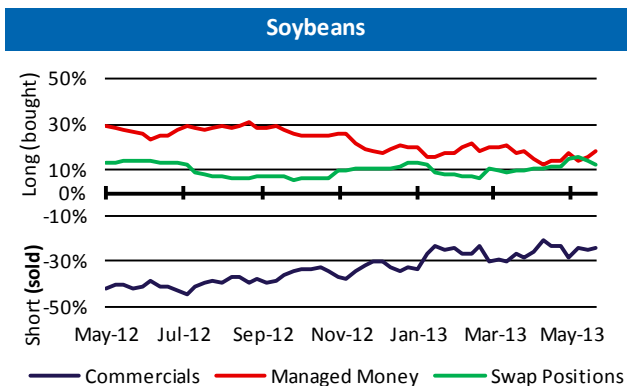
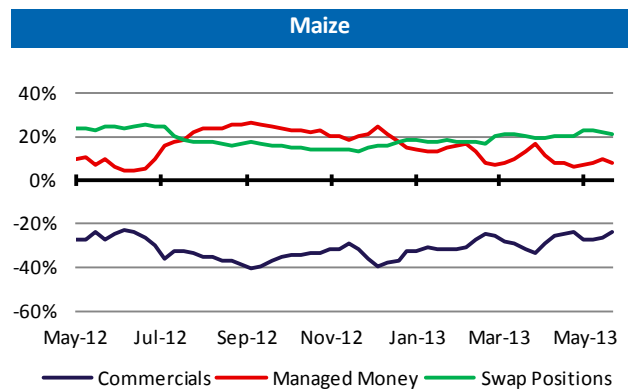
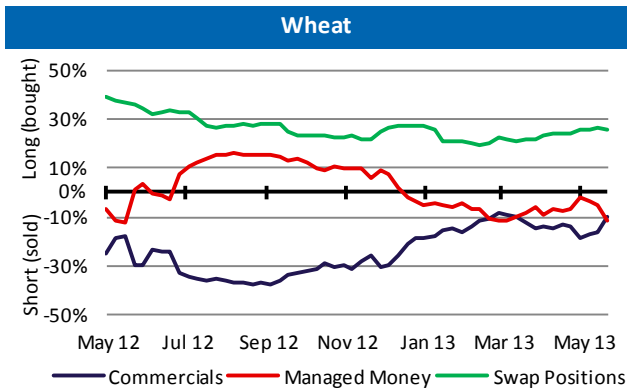
- Adjustments were made to domestic measures on AMIS commodities in several countries, including important AMIS participants. The adjustments included an increase in the government procurement price and the extension for one month of the government stockpiling scheme for maize in **China**, an increase in the wheat reference price in **South Africa** and a number of interventions related to public stockholding: purchases of wheat in **Egypt** and of maize in **Brazil**, the reduction by **Russia** of the weekly state grains intervention sales volume, the increase of the grain storage capacity in **India** and the announcements of rice release as well as the extension for the third year of the rice pledging scheme by **Thailand**.
- **Indonesia** is preparing to establish an intervention mechanism for soybean. The mechanism will include setting up and managing domestic stocks, procurement at a minimum price and distribution of soybeans to cooperatives of soybean cake and tofu processing industry. A proposed amendment to **India's** Food Security Bill includes a minimum procurement price on grains combined with subsidized selling prices as well as a three year freeze in grain prices.
- A number of export measures were introduced. The minimum export price for rice was lowered in **Vietnam**, a rebate on export taxes on wheat was announced in **Argentina** and maize export quota volumes were increased in Argentina. **Egypt** introduced a ban on rice exports.
- With regards to import measures, **Brazil** doubled its wheat import quota from non-Mercosur countries and waived the in-quota import tariff for an announced period of six months. The **Philippines** opened their Tariff Rate Quota to imports of non-basmati rice from **India**. A number of countries introduced measures related to the discovery of GM wheat in Oregon (US). Up to now, the **EU** has announced that it would block US imports if tested positive for GM wheat and **Japan** and **Korea** have suspended their imports from the US. **Nigeria** imposed a ban on rice imports via land borders. **Chile** introduced countervailing duties on broken maize imports from **Argentina**. The **EU** imposed an anti-dumping duty on imports of bioethanol originating in the **United States**. A **European Commission** regulation imposing a six months provisional anti-dumping duty on imports of biodiesel originating in **Argentina** and **Indonesia** entered into force end May. The **US International Trade Commission** announced that the 156.29 percent anti-dumping duty orders on ammonium nitrate imports from **Ukraine** would not be revoked. The announcement follows the five-year sunset review process required by the Uruguay Round Agreements Act.

Market Indicators*

Daily Quotations from Leading Exchanges - nearby futures Steady to higher prices amid weather concerns



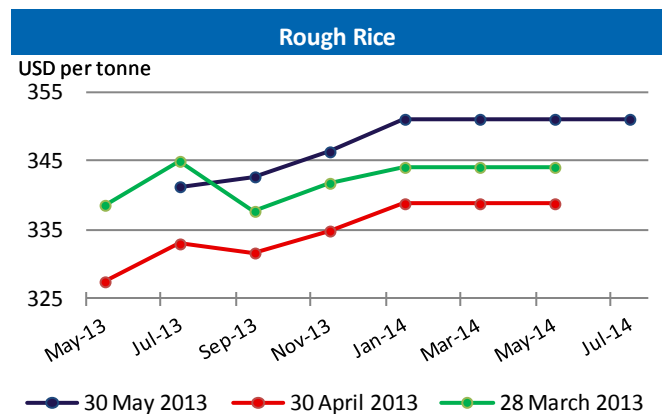
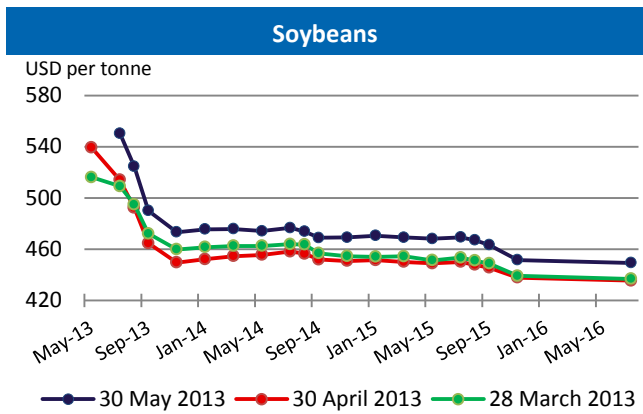
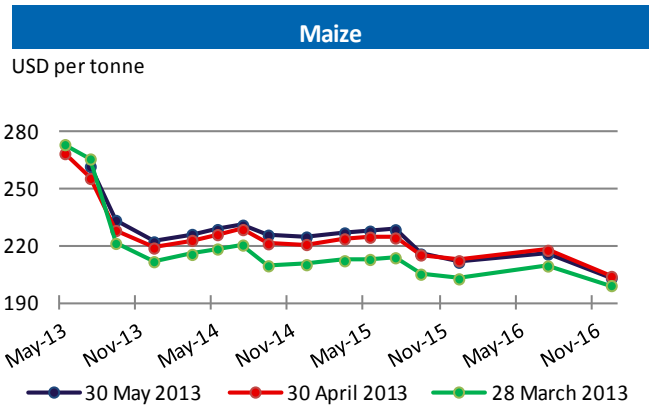
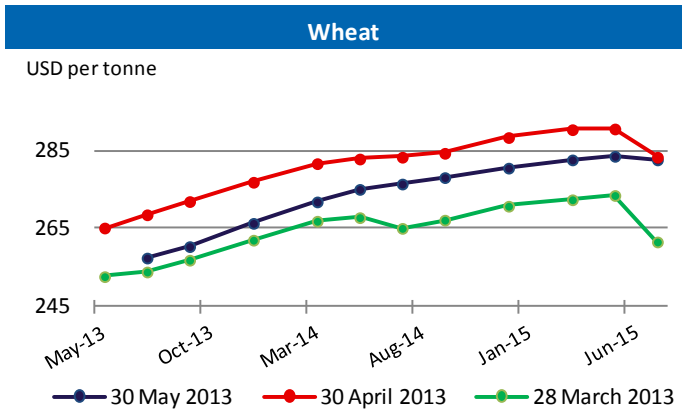
CFTC Commitment of Traders - Major Categories Net Length as % of Open Interest** Commercial traders mostly reduce net shorts



** Disaggregated Futures Only

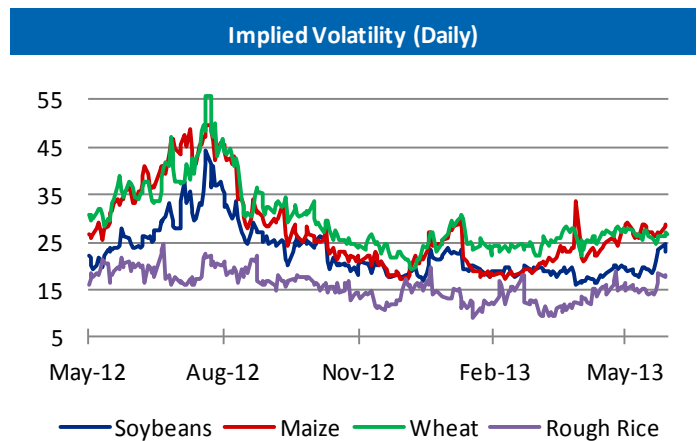
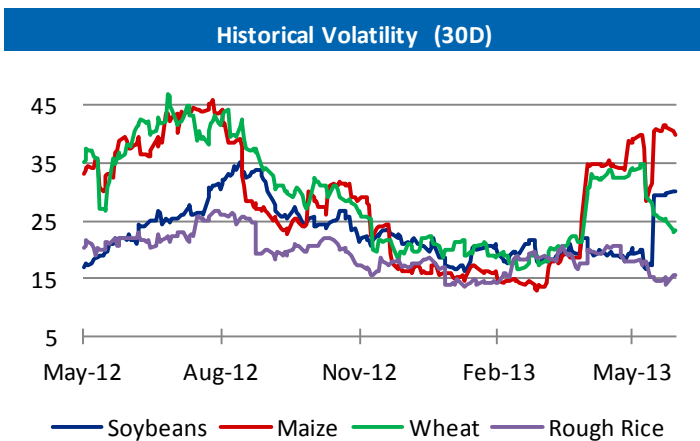
Forward Curves

Persistent old crop backwardation in maize and soybeans

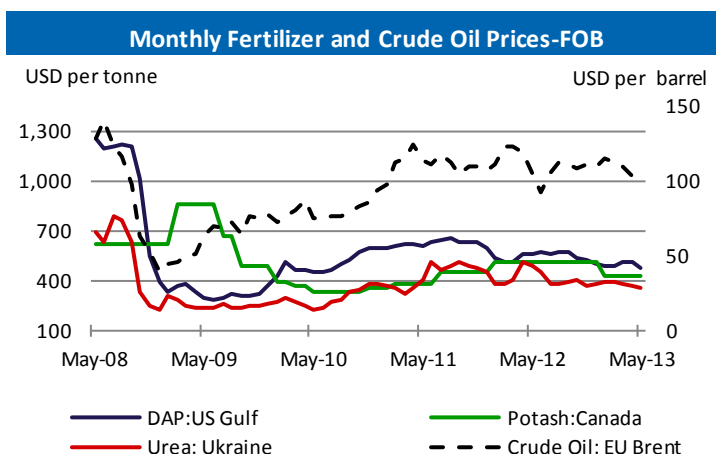
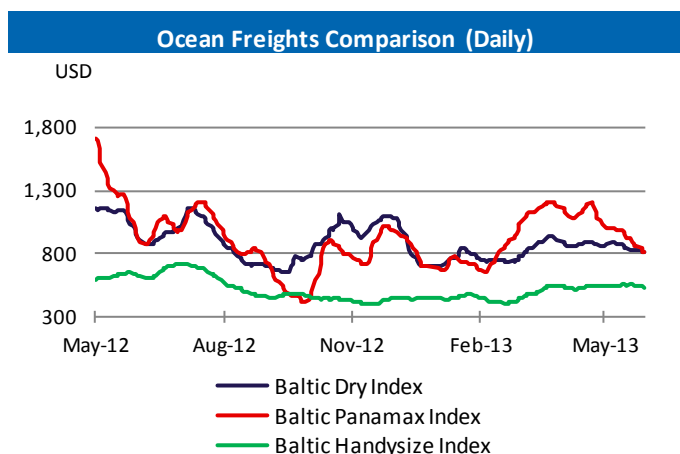
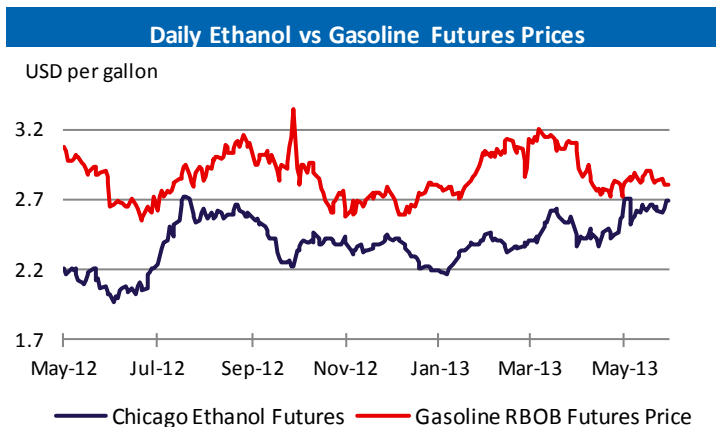
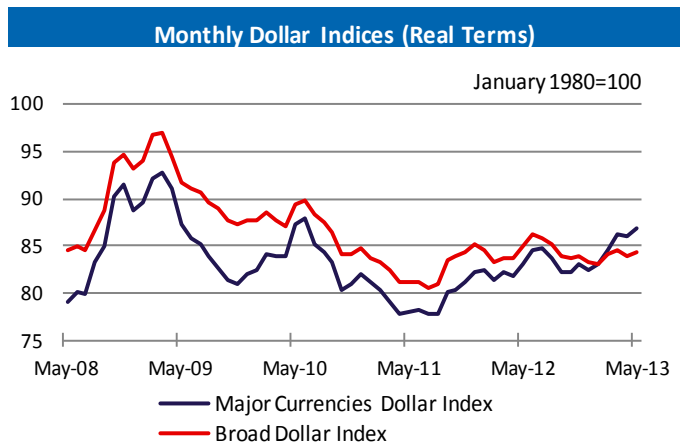


Historical and Implied Volatilities

Volatility turns higher in maize and soybeans



Other Indicators



***For up-to-date information on market indicators, please visit the newly established area of the AMIS website:**

<http://www.amis-outlook.org/amis-monitoring/indicators/>

Starting with the next issue, some of the indicators currently presented in Market Monitor will be published only on the AMIS website.