## 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.

### Wheat
- **Production**: 857 million tonnes (est.) in 2013/14, up 10% from 2012/13.
- **Supply**: 873 million tonnes (est.) in 2013/14.
- **Utilization**: 864 million tonnes in 2013/14, a slight decline from 2012/13.
- **Trade**: 87 million tonnes in 2013/14.
- **Ending Stocks**: 125 million tonnes in 2013/14.

### Maize
- **Production**: 269 million tonnes in 2012/13, up 13% from 2011/12.
- **Supply**: 324 million tonnes in 2012/13.
- **Utilization**: 259 million tonnes in 2012/13, down 7% from 2011/12.
- **Trade**: 96 million tonnes in 2012/13.
- **Ending Stocks**: 62 million tonnes in 2012/13.

### Rice
- **Production**: 240 million tonnes (est.) in 2011/12.
- **Supply**: 275 million tonnes (est.) in 2011/12.
- **Utilization**: 258 million tonnes (est.) in 2011/12.
- **Trade**: 25 million tonnes (est.) in 2011/12.
- **Ending Stocks**: 25 million tonnes (est.) in 2011/12.

### Soybeans
- **Production**: 2012/13 production forecast mostly unchanged, confirming a rebound from last season’s drought affected level.
- **Utilization**: 2012/13 virtually unchanged from the previous month.
- **Trade**: 2013/14 estimates corrected downward on account of lower Brazilian inventories, implying an only marginal recovery from last season’s depressed level.
- **Ending Stocks**: 2013/14 season point to a further expansion in global production led by a production rebound in the US.

### Characteristics of WHEAT, MAIZE, RICE, SOYBEANS

- **Production**
- **Supply**
- **Utilization**
- **Trade**
- **Ending Stocks**

### Analysis

- **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.

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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.
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.
## Selected Export Prices and Price Indices

### Daily quotations of selected export prices (USD/tonne, 2011-2013)

<table>
<thead>
<tr>
<th></th>
<th>Date</th>
<th>Quotation (1)</th>
<th>Week ago (2)</th>
<th>Month ago (3)</th>
<th>Year ago (4)</th>
<th>% change (1) over (2)</th>
<th>% change (1) over (4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat (US No. 2, HRW)</td>
<td>04-Jun</td>
<td>331</td>
<td>327</td>
<td>338</td>
<td>279</td>
<td>1.3%</td>
<td>18.5%</td>
</tr>
<tr>
<td>Maize (US No. 2, Yellow)</td>
<td>04-Jun</td>
<td>300</td>
<td>305</td>
<td>296</td>
<td>254</td>
<td>-1.7%</td>
<td>18.2%</td>
</tr>
<tr>
<td>Rice (Thai 100% B)</td>
<td>04-Jun</td>
<td>525</td>
<td>535</td>
<td>543</td>
<td>609</td>
<td>-1.9%</td>
<td>-13.8%</td>
</tr>
<tr>
<td>Soybeans (US No.2, Yellow)</td>
<td>04-Jun</td>
<td>608</td>
<td>600</td>
<td>582</td>
<td>519</td>
<td>1.2%</td>
<td>17.1%</td>
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### FAO food price indices

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

Futures Prices (Nearby)

<table>
<thead>
<tr>
<th></th>
<th>May 2013 Average</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>M/M</td>
<td>Y/Y</td>
</tr>
<tr>
<td>Wheat</td>
<td>256</td>
<td>-0.2%</td>
</tr>
<tr>
<td>Maize</td>
<td>264</td>
<td>+3.5%</td>
</tr>
<tr>
<td>Rice</td>
<td>337</td>
<td>-0.4%</td>
</tr>
<tr>
<td>Soybeans</td>
<td>542</td>
<td>+4.6%</td>
</tr>
</tbody>
</table>

Historical Volatility – 30 Days

<table>
<thead>
<tr>
<th></th>
<th>May 2013</th>
<th>April 2013</th>
<th>May 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>28.3%</td>
<td>32.5%</td>
<td>34.2%</td>
</tr>
<tr>
<td>Maize</td>
<td>38.7%</td>
<td>35.0%</td>
<td>34.8%</td>
</tr>
<tr>
<td>Rice</td>
<td>16.1%</td>
<td>19.5%</td>
<td>21.0%</td>
</tr>
<tr>
<td>Soybeans</td>
<td>24.4%</td>
<td>19.4%</td>
<td>19.8%</td>
</tr>
</tbody>
</table>

Source: CME - Monthly averages.

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:
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

**Disaggregated Futures Only**
Forward Curves
Persistent old crop backwardation in maize and soybeans

Historical and Implied Volatilities
Volatility turns higher in maize and soybeans

<table>
<thead>
<tr>
<th>Historical Volatility (30D)</th>
<th>Implied Volatility (Daily)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Soybeans</td>
<td>Soybeans</td>
</tr>
<tr>
<td>Maize</td>
<td>Maize</td>
</tr>
<tr>
<td>Wheat</td>
<td>Wheat</td>
</tr>
<tr>
<td>Rough Rice</td>
<td>Rough Rice</td>
</tr>
</tbody>
</table>

Number 9 – June 2013
Other Indicators

**Monthly Dollar Indices (Real Terms)**

January 1980=100

**Daily Ethanol vs Gasoline Futures Prices**

USD per gallon

**Ocean Freights Comparison (Daily)**

**Monthly Fertilizer and Crude Oil Prices -FOB**

USD per tonne USD per barrel

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


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