While the outlook for global wheat production in 2020 has dampened somewhat since last month, early forecasts point to record maize and rice outputs and a recovery in soybean production. Despite the many uncertainties stemming from economic and health implications of the COVID-19 pandemic, stronger trade dynamics are expected for all AMIS crops in the new season (2020/21) along with generally improved demand prospects. With the exception of soybeans, inventories of all other AMIS crops are also set to remain high or increase.
**Feature article**

**Food commodity prices in times of COVID-19**

While industrial commodity prices, especially oil, plunged following the spread of COVID-19, prices of staple food commodities have been broadly stable. Early indications for the 2020/21 season point to abundant food supplies, and by most expectations, stable prices. Yet, there are numerous risks to this outlook, which emanate from the direction of energy prices; future feed demand and biofuel consumption; currency movements; trade and domestic support policies; and possible disruptions to supply chains.

Energy prices are particularly important for the price outlook of food commodities, affecting their production directly through fuel costs and indirectly through the cost of fertilisers and other chemical inputs. Extended weakness to energy and fertiliser prices could exert downward pressure on food prices, especially for grains and oilseeds. Similarly, the collapse in the transport sector as a result of the pandemic has implied less use of biofuels, which had previously been a key source of demand growth for some food commodities and an important driver of the 2007/08 and 2010/11 food price spikes.

Future feed demand is another source of uncertainty, given the profound impact that the COVID-19 pandemic has had on the livestock sector. Widespread lockdowns, social distancing measures and market closures resulted in substantially reduced food service sales and depressed demand for meat. In addition, many slaughterhouses have been struggling to implement adequate health safety standards for their workers. In view of ample feed supplies, particularly in the United States, the pace and extent of recovery in the livestock sector will have an important bearing on food commodity prices, particularly on maize and feed wheat.

On the macroeconomic side, a further strengthening of the US dollar could continue to depress commodity prices. Indeed, the weakness in some commodity prices during the first quarter of 2020 can, in part, be attributed to a stronger dollar. Research has shown that a 10 percent appreciation of the dollar against major currencies is associated with a 5 percent decline in prices of internationally traded commodities. Similarly, the price outlook will be affected by currency depreciations of countries that account for a large share of global trade for an individual commodity market.

Restrictive trade policies and domestic support measures could also play an important role in commodity price movements. In the early phases of the pandemic, some Central Asian wheat producers and East Asian rice producers announced intentions of export restrictions to ensure domestic availability of food supplies. However, these fears, although they might have existed, have so far had little impact on global markets in view of the comfortable supply situation.

Disruptions to supply chains as a result of the pandemic constitute another risk to commodity markets. Travel restrictions have already affected numerous commodity markets, especially for fresh fruits, vegetables, and flowers. For example, Kenya’s overall exports of fresh flowers dropped by nearly 80 percent while its shipments to Western European markets fell by three-quarters. A more important risk, however, stems from possible disruptions in supplies of key inputs (e.g., chemicals, fertilisers, and seeds) and labour that could negatively affect next season’s crop.
World supply-demand outlook

**Wheat** production in 2020 could fall below last year’s level following this month’s downward revisions in the EU, the Russian Federation and Ukraine mostly on unfavourable weather conditions.

- Utilization in 2020/21 also forecast to decline compared to 2019/20, as both feed and industrial use are expected to fall.
- Trade forecast for 2020/21 scaled up m/m, largely on higher projected imports by Iran, Sudan and Egypt; export prospects trimmed for the EU, the Russian Federation and Ukraine, but raised for Australia, Argentina and Canada.
- Stocks (ending in 2021) forecast higher than last month resulting in a y/y gain of 1.5 percent, with China responsible for most of the y/y expansion as well as the m/m increase in the forecast.

**Maize**
- 2020 production to exceed the 2019 record significantly (5.6 percent), boosted by record harvests expected in the US, Canada, and Ukraine, and near-record in Brazil and Argentina.
- Utilization in 2020/21 forecast to recover from the reduced level in 2019/20 on expectation of a rebound in industrial demand, especially for production of ethanol in the US, and growth in feed use, especially in China.
- Trade for 2020/21 (July/June) to expand slightly from 2019/20, supported by ample export availabilities and relatively low prices.
- Stocks (ending 2021) set to reach an all-time high, after shrinking for two consecutive seasons, largely driven by a projected rise in US maize inventories of over fifty percent.

**Rice**
- Production in 2020 to recover to a new record, as more normal weather and attractive prices underpin recoveries namely in China, Laos, Pakistan, Thailand and the US, and sustain continued growth in India.
- Utilization in 2020/21 to expand further, with global per capita food intake seen up by 0.6 percent y/y.
- Trade in 2020 still expected to recover only modestly, but large exportable availabilities tentatively seen supporting a more vigorous trade expansion in 2021.
- Stocks (2020/21 carry-out) seen at their third highest on record, despite another modest decline. Another build-up in the major exporters to largely compensate for draw-downs elsewhere, namely in China.

**Soybean**
- 2020/21 production to recover from the 2019/20 drop, assuming a return to average yields and a moderate increase in plantings; the rebound would be led by the US, although yields are also expected for Brazil and Argentina.
- Utilization in 2020/21 to resume growing after the near-stagnation in 2019/20; the rise is expected to originate primarily in China, but also in Brazil, Argentina and the US.
- Trade in 2020/21 (Oct/Sept) is forecast to keep expanding at a rate of 2–3 percent; the y/y rise would be supported by the recovery in demand from China, while the US would account for most of the anticipated rise in global shipments.
- Global inventories (2020/21 carry-out) are tentatively forecast to decrease slightly, with additional drawdowns in the US outweighing modest replenishments in China and Brazil.
Crop monitor

Crop conditions in AMIS countries (as of 28 May)

Synthesis Conditions

Crop condition map synthesizing information for all four AMIS crops as of 28 May. Crop conditions over the main growing areas for wheat, maize, rice, and soybean are based on a combination of national and regional crop analyst inputs along with earth observation data. Only crops that are in other-than-favourable conditions are displayed on the map with their crop symbol.

Conditions at a glance

**Wheat** - In the northern hemisphere, conditions are mixed in the EU, the Russian Federation and Ukraine, while generally favourable in the US, Canada, the Russian Federation and China. In the southern hemisphere, sowing of winter wheat is beginning in Argentina and Australia.

**Maize** - In the southern hemisphere, harvest is ongoing for Argentina, wrapping up in South Africa and conditions are generally favourable in Brazil. In the northern hemisphere, harvest is ongoing in India and Mexico, while sowing is ongoing in the US, Canada, the EU, and Ukraine.

**Rice** – In China, conditions are favourable for both early-season and one-season rice. In India, harvest of Rabi rice wraps up under very good conditions. In Southeast Asia, harvest continues for dry-season rice in northern countries and wet-season rice in Indonesia under mixed conditions.

**Soybeans** - In the southern hemisphere, harvest is wrapping in Argentina under generally favourable conditions. In the northern hemisphere, sowing is ongoing in the US, Canada, China and Ukraine under favourable conditions.

**Australian climate outlook for winter 2020**

The latest three-month rainfall outlook (June to August), issued by the Bureau of Meteorology on 28 May 2020, suggests that wetter than average conditions are very likely for most winter crop producing regions, with roughly equal chances of a wetter or drier than average three months across parts of southern Western Australia and central Queensland. It is highly likely there will be enough winter rainfall to sustain crops through to spring in regions where crops were in a strong position at the start of winter. The outlook for maximum and minimum temperatures for June to August 2020 indicates average daytime temperatures are likely across all winter cropping regions while hotter than average night-time temperatures in central and northern New South Wales, and Queensland. Source: ABARES
**Wheat**

In the **EU**, dry conditions continue to restrain growth across much of central Europe. Rainfall over the next month will be required to sustain yields. In the **UK**, winter wheat is under watch conditions due to persistent dryness this spring. In **Turkey**, winter wheat conditions are favourable. In **Ukraine**, winter wheat is under watch conditions as dryness persists especially in the south where the situation is approaching critical. In the **Russian Federation**, conditions are generally favourable for winter wheat with the exception of the southern regions where drought has caused damage. Sowing of spring wheat is ongoing under favourable conditions. In **Kazakhstan**, winter wheat conditions are favourable in the south while sowing of spring wheat gets into full swing in the north under favourable conditions. In **China**, winter wheat is under favourable conditions with an increase in sown area compared to last year. Spring wheat sowing is ongoing under favourable conditions. In **India**, the harvest is wrapping up under very good conditions with a bumper crop expected. In the **US**, winter wheat is under generally favourable conditions albeit with some dryness in the western reaches of the Great Plains. Spring wheat sowing is progressing under favourable conditions. In **Canada**, conditions are favourable across the country for winter wheat germination and spring wheat sowing. In **Australia**, sowing is beginning across the country under generally favourable conditions except for some dryness in Queensland.

**Maize**

In **Brazil**, the summer-planted (larger season) crop has shown good development in the Central-West, however a persistent lack of rain in the south, particularly in Paraná, has hampered crop development. An increase in total sown area is estimated mainly in the states outside of the south. In **Argentina**, harvest of both the spring-planted and summer-planted crops is continuing under generally favourable conditions except for the provinces of San Luis and Entre Ríos, where prolonged dry conditions have taken its toll on the crops. In **South Africa**, the harvest is wrapping up under exceptional conditions in the central growing states. In the **US**, conditions are favourable with crop development on schedule. In **Canada**, conditions are mixed as cold conditions have put crops in Ontario behind normal development. In **Mexico**, harvest is ongoing for the autumn-winter (smaller season) crop under favourable conditions. Sowing of the spring-summer (larger season) crop continues under favourable conditions. In the **EU**, conditions are largely under watch as the crop is emerging under dry conditions across most countries. In **Ukraine**, low temperatures and frosts have been unfavourable for crop development. In the **Russian Federation**, conditions are generally favourable. In **India**, harvest of the Rabi crop is wrapping up under favourable conditions. In **China**, spring-planted maize is under favourable conditions for continued sowing in the northeast and early vegetative development in the south.
Rice
In China, sowing of one-season rice is ongoing under favourable conditions. Early-rice in the south is under favourable conditions with an increase in sown area compared to last year. In India, harvest of Rabi rice is wrapping up under favourable to exceptional conditions with a sizable increase in the harvest compared to last year. In Indonesia, harvesting of wet-season crops continues into the fifth month with yields estimated to be slightly lower than last year due to the prolonged drought. Sowing of dry-season crops continues to be delayed by the protracted wet-season crops. In Viet Nam, conditions are favourable for the dry-season (winter-spring) rice in the north. In the south, harvesting of dry-season (winter-spring) rice is ongoing under favourable conditions with higher yields than last year expected. Sowing progress of wet-season (summer-autumn) rice in the south is slow due to the effects of dry conditions and salinity. In Thailand, conditions are poor as harvesting of dry-season rice continues. A shortage of irrigation water and rainfall during the season resulted in a large reduction of sown area compared to last season and reduced yields. In the Philippines, harvesting of dry-season rice continues with below-average yields expected due to insufficient irrigation water supply during the reproductive stage. In the US, conditions are favourable as sowing wraps up.

Soybeans
In Argentina, harvest is wrapping up for both the spring-planted and summer-planted crops under generally favourable conditions except for San Luis and Entre Ríos due to dry conditions during the reproductive stages. In the US, conditions are favourable as the crop has been emerging slightly ahead of schedule. In Canada, sowing is ongoing under favourable conditions as temperatures warm up. In China, sowing is beginning under favourable conditions in the northeast. In Ukraine, conditions are mixed due to low soil moisture in the south and low air temperatures slowing development elsewhere.

Information on crop conditions in non-AMIS countries can be found in the GEOGLAM Early Warning Crop Monitor, published 4 June 2020

Pie chart description: Each slice represents a country’s share of total AMIS production (5-year average), with the main producing countries (95 percent of production) shown individually and the remaining 5 percent grouped into the “Other AMIS Countries” category. Sections within each country are weighted by the sub-national production statistics (5-year average) of the respective country and accounts for multiple cropping seasons (i.e. spring and winter wheat).

The late vegetative through to reproductive crop growth stages are generally the most sensitive periods for crop development.
Policy developments

Wheat

- In response to the ongoing COVID-19 crisis, on 6 May Egypt approved a USD 100 million financing agreement with the General Authority for Supply Commodities for the purchase of essential commodities, including 240 000 tonnes of wheat.
- On 13 May, the government of Kazakhstan announced that the export quotas on wheat and wheat flour might disappear in June with all other restrictions on food exports. In April, the Deputy Agriculture Minister of Kazakhstan had announced an increase in export quotas for May by 25 percent for wheat (to 250 000) and by more than 100 percent for wheat flour (to 150 000).

Maize

- On 20 May, the China National Grain Trade Centre announced the auctioning of up to 4 million tonnes of maize from state reserves starting 28 May, to address tightening domestic supplies.
- On 7 May, the European Commission updated import duties on maize, sorghum and rye to EUR 10.40 per tonne. Import duties are calculated according to an automatic mechanism. The revision was triggered due to abundant supplies and low prices. On 27 April, import duties were initially hiked from 0 to EUR 5.27 per tonne.

Rice

- On 12 May, India officialised the creation of Rice Export Promotion Forum (REPF) to promote rice exports. Under the Agricultural and Processed Foods Export Promotion Development Authority, the new body will seek to help traders boost their rice exports.
- On 8 May, due to the COVID-19 pandemic, the European Commission implemented Regulation EU 2020/633 laying down temporary measures for the acceptance of electronic copies of original official documents for applications for import tariff quotas for agricultural products managed by a system of import licenses and for applications for import licenses on husked Basmati rice.
- As part of efforts to stabilize prices amid the coronavirus outbreak, Indonesia’s state food company Bulog doubled the volume of rice stocks released for public distribution.

Biofuels

- On 18 May, Indonesia announced the allocation of a USD 186 million subsidy to maintain its B30 biodiesel mandate. On 30 May, in efforts to support of the national biodiesel programme and absorb excess supplies of palm oil, the Ministry of Finance increased the export levy on crude palm oil shipments by 5 USD to 55 USD with effect from 1 June. Export levies on other refined palm oil products were also increased from USD 20-40 to USD 25-45 per tonne.
- On 4 May, the US Department of Agriculture announced USD 100 million in competitive grants, offered through the Higher Blends Infrastructure Incentive Program (HBIIP), to help expand availability and sale of biofuels, which have been affected by decreased energy demands during the COVID-19 pandemic. Grant funding will include USD 86 million available for implementation activities related to higher blends of fuel ethanol and USD 14 million for activities related to higher blends of biodiesel. Higher biofuel blends include fuels containing ethanol at greater than 10 percent by volume and/or fuels containing biodiesel blends at greater than 5 percent by volume.

Across the board

- On 5 May, Canada invested USD 50 million in a ‘Surplus Food Purchase Program’ designed to redistribute unsold inventories and surplus commodities to local food organisations. Canada also announced an increase in level of interim payments from 50 percent to 75 percent through the existing AgriStability Program, meaning producers can now apply for an interim benefit to receive 75 percent of their estimated final 2020 benefit before completing the program year.
- Amid the pandemic, China’s National Development and Reform Commission reported on 22 May before Parliament that a response plan would be designed and implemented to ensure food security. The plan would involve stabilizing crop acreage and grain output in 2020; incentivizing major producing regions (grains, edible oils, meat, eggs, fruit, vegetables); increasing the minimum purchase price for rice; improving the management of grain reserves; expanding silo capacity; helping pig herds to rebuild after being decimated by African Swine Fever; and diversify imports of major agricultural products, particularly seeds, soybeans, meats as well as agricultural inputs (seeds, fertilizer, pesticides, machinery).
• On 7 May, **Australia** declared that the Indonesia-Australia Comprehensive Partnership Agreement will enter into force on 5 July 2020 as the ratification process by Indonesia is now complete. The value of Australian exports to Indonesia will be almost tariff-free (99 percent) while those from Indonesia to Australia will be entirely duty-free. In the grain sector, Indonesia will guarantee access into its market for 500 000 tonnes of feed grains from Australia (wheat, sorghum and barley) each year, increasing at five per cent per year.

• On 20 May, the **European Commission** launched its ‘Farm to Fork Strategy – for a fair, healthy and environmentally-friendly food system’ which, among other objectives, aims to improve the incomes of primary producers.

• On 14 May, **India** announced that it will spend INR 35 billion (USD 463.06 million) to provide free food grain rations to nearly 80 million migrant workers over the next two months. The measure is aimed to support workers affected by the COVID-19 induced lockdown.

• On 15 May, the Finance Ministry in **India** announced an INR 1 trillion (USD 13.23 billion) package for agriculture and associated sectors aimed at strengthening infrastructure, logistics and capacity building at farm gate. An INR 100 billion (USD 1.32 billion) scheme was outlined to assist 200 000 micro-food enterprises to upgrade food standards, brand building and marketing.

• On 18 May, **Saudi Arabia**’s Agricultural Development Fund has approved loans worth more than SAR 333 million (USD 88.6 million) to finance 12 new projects. Included are projects focused on the imports of rice, yellow corn and soybeans from abroad. These projects come within a package of urgent financial initiatives and measures being launched by the Kingdom to support the private sector and contribute to reducing the economic impact of the COVID-19 pandemic.

• On 19 May, the **US** published details of the Coronavirus Food Assistance Program (CFAP, involving USD 16 billion of direct payments). The non-specialty crops eligible for CFAP payments are malting barley, canola, maize, upland cotton, millet, oats, soybeans, sorghum, sunflowers, durum wheat, and hard red spring wheat. Based on 50 percent of 2019 total production or the inventory held on 15 January 2020, whichever is the lowest, producers will receive a specific commodity’s applicable payment rate per unit. (e.g., USD 0.45 per bushel for soybeans).

**Trade Junctures**

• Drought has led to extremely low water levels in the Argentinian rivers, notably on the Parana river, a key transportation route for grains and oilseeds. At its Rosario port, the water level hit a 50-year low of 0.4 meters in April, whereas it is usually 4 meters at that time of year. The low levels hamper river trade; the local industry reportedly already suffered a loss of USD 244 million. From 10 to 12 May, ships from Rosario, Argentina’s main port accounting for 80 percent of the country’s exports, had to reduce their freight by around 22 percent (to 39 million tonnes) because a bank collapsed and obstructed the navigation channel for several days.

• On 16 May, **Brazil** agreed to release water from the Itaipú dam to alleviate Parana River’s water level. However, low water levels in the Parana River still limit vessel draft and navigation and thus the volume that vessels can be loaded, causing considerable delays in exports.

**Stop Press**

• On 29 April, the **Indonesian** government announced that it will provide IDR 600 000 (USD 38) to 2.7 million farmers to allow them to plant in the next period in the midst of the COVID-19 pandemic. Half of the support will be given as unconditional cash transfers and half in the form of agricultural production infrastructure.

• On 27 April, **Kazakhstan** announced that it will provide KZT 200 billion (USD 0.5 billion) to support 2020/21 spring plantings and forward purchases of fertilisers and pesticides.
International prices

International Grains Council (IGC) Grains and Oilseeds Index (GOI) and GOI sub-Indices

<table>
<thead>
<tr>
<th></th>
<th>May 2020 Average*</th>
<th>% Change M/M</th>
<th>% Change Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>GOI</td>
<td>187</td>
<td>- 1.2 %</td>
<td>+ 1.9 %</td>
</tr>
<tr>
<td>Wheat</td>
<td>187</td>
<td>- 2.2 %</td>
<td>+ 5.0 %</td>
</tr>
<tr>
<td>Maize</td>
<td>163</td>
<td>- 4.2 %</td>
<td>- 9.4 %</td>
</tr>
<tr>
<td>Rice</td>
<td>190</td>
<td>- 2.8 %</td>
<td>+ 18.0 %</td>
</tr>
<tr>
<td>Soybeans</td>
<td>169</td>
<td>+ 0.4 %</td>
<td>+ 0.4 %</td>
</tr>
</tbody>
</table>

*Jan 2000=100, derived from daily export quotations

Wheat
The potentially negative impact of COVID-19 on the global grains economy continued to weigh on price sentiment in May, but much of the focus was on 2020/21 production prospects. The first 2020/21 world supply and demand forecasts from the USDA indicated more than ample supplies and helped to set a weaker price tone. Nevertheless, unfavourably dry weather for crops in the EU and Black Sea region continued to provide support. Improved chances for rain in the Black Sea region contributed to weaker markets as the month progressed, although a number of production forecasts from local analysts in the region continued to come down. Slow spring planting progress in North America was noted. However, relatively more attention was given to the potential for bumper outturns in Argentina and Australia. A slowdown in importer buying interest weighed on export values, but there were signs of a modest improvement in demand later in the month.

Maize
The IGC GOI maize sub-Index weakened for a fourth consecutive month in May. Average US quotations were lower on continued worries about weak ethanol demand and early prospects for a record-breaking 2020/21 crop. However, with more recent support stemming from solid export demand and flood-induced river barge restrictions, a somewhat stronger market tone was observed later in the month. Values in Argentina eased on seasonal harvest pressure, with a build-up in port supplies also linked to difficult river logistics, which resulted in some under loading of vessels. Old crop prices in Ukraine ticked lower, but with values said to be quite nominal.

Rice
As trade flows began to recover from the prior month’s COVID-19 linked disruptions, international rice prices were lower in May, including sharp falls in Thailand as buyers looked to more competitive origins and as some off-season crop arrivals mildly improved supply. Elsewhere, quotes in India were supported by the sale of 100 000 tonnes to Malaysia, while tight availabilities amid strong local demand and expectations of a government-to-government sale to the Philippines helped to underpin offers in Viet Nam, as exporters returned to the market following the end of official export restrictions.

Soybeans
Average soybean values were fractionally firmer m/m in May. While gains in external markets and purchases of US supplies by state buyers in China helped to foster an upbeat tone, this was largely countered by pressure from accelerated 2020/21 plantings and competition from exporters in Brazil. More recently, heightened concerns about renewed US-China tensions and implications for trade also weighed on US FOB quotations. In South America, Brazilian values were supported by underlying international demand and currency movements, while slower farmer selling also underpinned. Argentine prices moved higher as well, with logistical difficulties associated with traversing the Parana River being a key influence.
Selected export prices, currencies and indices

Daily quotations of selected export prices (USD/tonne, 2018-2020)

<table>
<thead>
<tr>
<th>Effective Date</th>
<th>Quotation (1)</th>
<th>Month ago</th>
<th>Year ago</th>
<th>% change (1) over (2)</th>
<th>% change (1) over (3)</th>
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</thead>
<tbody>
<tr>
<td>Wheat (US No. 2, HRW)</td>
<td>28-May 223</td>
<td>232</td>
<td>223</td>
<td>-3.9%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Maize (US No. 2, Yellow)</td>
<td>29-May 147</td>
<td>141</td>
<td>188</td>
<td>4.5%</td>
<td>-21.7%</td>
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<tr>
<td>Rice (Thai 100% B)</td>
<td>29-May 496</td>
<td>538</td>
<td>397</td>
<td>-7.8%</td>
<td>24.9%</td>
</tr>
<tr>
<td>Soybeans (US No. 2, Yellow)</td>
<td>29-May 337</td>
<td>337</td>
<td>344</td>
<td>0.0%</td>
<td>-2.0%</td>
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</table>

AMIS Countries’ Currencies Against US Dollar

<table>
<thead>
<tr>
<th>AMIS Countries</th>
<th>Currency</th>
<th>May 2020 Average</th>
<th>Monthly Change</th>
<th>Annual Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>ARS</td>
<td>67.6</td>
<td>-3.1%</td>
<td>-50.9%</td>
</tr>
<tr>
<td>Australia</td>
<td>AUD</td>
<td>1.5</td>
<td>3.1%</td>
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</tr>
<tr>
<td>Brazil</td>
<td>BRL</td>
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<td>CAD</td>
<td>1.4</td>
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<td>China</td>
<td>CNY</td>
<td>7.1</td>
<td>-0.4%</td>
<td>-3.6%</td>
</tr>
<tr>
<td>Egypt</td>
<td>EGP</td>
<td>15.7</td>
<td>-0.1%</td>
<td>7.4%</td>
</tr>
<tr>
<td>EU</td>
<td>EUR</td>
<td>0.9</td>
<td>0.2%</td>
<td>-2.7%</td>
</tr>
<tr>
<td>India</td>
<td>INR</td>
<td>75.7</td>
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<td>Indonesia</td>
<td>IDR</td>
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<td>JPY</td>
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<td>Rep. Korea</td>
<td>KRW</td>
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<td>-3.9%</td>
</tr>
<tr>
<td>Mexico</td>
<td>MXN</td>
<td>23.5</td>
<td>2.6%</td>
<td>-23.1%</td>
</tr>
<tr>
<td>Nigeria</td>
<td>NGN</td>
<td>360.0</td>
<td>0.0%</td>
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</tr>
<tr>
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<td>PHP</td>
<td>50.6</td>
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<td>3.2%</td>
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<tr>
<td>Russian Fed.</td>
<td>RUB</td>
<td>72.7</td>
<td>2.9%</td>
<td>-12.1%</td>
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<td>Saudi Arabia</td>
<td>SAR</td>
<td>3.8</td>
<td>0.1%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>South Africa</td>
<td>ZAR</td>
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<td>-26.1%</td>
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<tr>
<td>Thailand</td>
<td>THB</td>
<td>32.1</td>
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<td>Turkey</td>
<td>TRY</td>
<td>6.9</td>
<td>-1.1%</td>
<td>-14.6%</td>
</tr>
<tr>
<td>UK</td>
<td>GBP</td>
<td>0.8</td>
<td>-1.0%</td>
<td>-4.5%</td>
</tr>
<tr>
<td>Ukraine</td>
<td>UAH</td>
<td>26.8</td>
<td>1.4%</td>
<td>-1.5%</td>
</tr>
<tr>
<td>Viet Nam</td>
<td>VND</td>
<td>23,347.1</td>
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</tr>
</tbody>
</table>
Futures market

Futures Prices – nearby

<table>
<thead>
<tr>
<th></th>
<th>May-20 Average</th>
<th>% Change M/M</th>
<th>% Change Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>189</td>
<td>-4.8%</td>
<td>14.5%</td>
</tr>
<tr>
<td>Maize</td>
<td>125</td>
<td>-0.8%</td>
<td>-16.2%</td>
</tr>
<tr>
<td>Rice</td>
<td>365</td>
<td>8.7%</td>
<td>50.5%</td>
</tr>
<tr>
<td>Soybeans</td>
<td>309</td>
<td>-0.2%</td>
<td>1.3%</td>
</tr>
</tbody>
</table>

Source: CME

Historical Volatility – 30 Days, nearby

<table>
<thead>
<tr>
<th></th>
<th>May-20</th>
<th>Apr-20</th>
<th>May-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>23.8</td>
<td>31.3</td>
<td>24.3</td>
</tr>
<tr>
<td>Maize</td>
<td>21.0</td>
<td>24.8</td>
<td>21.8</td>
</tr>
<tr>
<td>Rice</td>
<td>42.2</td>
<td>34.0</td>
<td>15.0</td>
</tr>
<tr>
<td>Soybeans</td>
<td>14.4</td>
<td>19.4</td>
<td>15.7</td>
</tr>
</tbody>
</table>

Futures Prices

Prices declined modestly for wheat, maize and soybeans m/m as the negative effects of COVID-19 were mostly priced into the markets during April. Maize and soybeans declined 0.8 and 0.2 percent respectively as a rise in soybean export demand and partial resumption of ethanol production counterbalanced the rapid US planting progress. Wheat prices slid by 4.8 percent m/m with markets expecting good production levels in major exporting countries despite some setbacks due to dry conditions in some parts. Rice rose 8.7 percent m/m on tight old-crop supplies – reflected by a sizeable inversion between July and November. Exogenous markets receded in influence on agricultural price movements m/m as the US Dollar stabilized below its spike in March, the price of crude oil rose, and global equity markets trended toward recovery. Prices for wheat, soybeans and rice were higher y/y by 14.5, 1.3 and 50.5 percent respectively while lower for maize by 16.2 percent.

Volumes and volatility

Trade volumes slumped m/m for wheat, maize and soybeans and also dipped y/y. Historical and implied volatility fell m/m and y/y for the three commodities as the effects of the pandemic and economic downturn became known.

Basis levels and transport

Domestic basis levels were about unchanged m/m for maize and soybeans. In Illinois, average quotes to local elevators were minus USD 7 per tonne for maize, and minus USD 4 per tonne for soybeans, each under the respective July futures prices. In Iowa, maize and soybean bids were minus USD 12 and minus USD 16 respectively (under the respective futures). Soft red wheat bids for delivery to northern flour mills, which had persisted above futures prices for months, were quoted at a zero basis to July futures. Maize and soybean bids delivered to Gulf were about unchanged m/m at USD 20 and USD 19, respectively, while soft red wheat quotes were steady at USD 22 (per tonne premium over respective July futures). Barge freight for the Lower Illinois River weakened slightly m/m to USD 13 per tonne. The Army Corps of Engineers announced several concurrent lock closures along the Illinois River beginning in July and extending into October which will likely cause disruption to normal shipping channels, depending on water levels. It will also impact the CME delivery mechanism located along the river for maize, soybeans and, to a lesser extent, wheat. The USDA reported total 2019/20 exports for wheat (all wheat classes) and soybeans were running about 3 and 4 percent higher y/y respectively (crop year basis), while for maize, total exports trailed at 69 percent y/y. Both soybean and maize exports were well off their peak attained in 2017/18.

Forward curves

Forward curves changed little m/m even as the USDA projected 2020/21 ending stocks for maize at a record high but for soybeans a multi-year low. The wheat forward curve which had exhibited a May/July inversion (downward slope) during March, eased to a moderate carry (upward slope) from July onwards as the cash basis lost its high premium levels.

Investment flows

Managed money established a modest net short for wheat and small net long for soybeans. It increased its net short in maize to a moderately sized position, but smaller than the record established last year for the same time period. Commercials maintained net short positions in wheat and soybeans but covered their large net short in maize as the growing season began – raising questions about the lack of hedging as the 2020/21 crop was projected at a bumper 406 million tonnes. Swaps dealers increased their net long positions for all three commodities.
Market indicators

Daily quotations from leading exchanges - nearby futures

CFTC Commitments of Traders - Major Categories Net Length as percentage of Open Interest*

*Disaggregated Futures Only. Though not all positions are reflected in the charts, total long positions always equal total short positions.
Some of the indicators covered in this report are updated regularly on the AMIS website. These, as well as other market indicators, can be found at:

http://www.amis-outlook.org/amis-monitoring/indicators/
Fertilizer outlook

- Although economic activity and fertilizer production have started to recover as restrictions are being lifted, most fertilizer prices showed downward trends due to a global slowdown in demand and uncertainty around food supply chain interruptions worldwide.
- After 6 months of continued decline, natural gas prices showed a mild recovery in May, although they are still 33 percent lower than one year ago. The price upturn is a consequence of loosened COVID-19 related lockdowns around the world combined with the OPEC agreement on slowing down oil production.
- Ammonia and urea prices significantly decreased across all regions, with drops of 10 - 12 percent m/m for ammonia and over 15 percent for urea.
- DAP DAP prices dropped in the US due to the slowdown in demand but increased in the Baltic and other regions due to a decrease in Chinese production.
- Potash prices also decreased due to an adjustment in existing inventories.

All prices shown are in US dollars. 
Source: Own elaboration based on Bloomberg.

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**Chart and tables description** 
*Estimated using available weekly data to date.

**Ammonia and Urea** Overview of nitrogen-based fertilizer prices in the US Gulf, Western Europe and Black Sea. Prices are weekly prices averaged by month.

**Potash and Phosphate** Overview of phosphate and potassium-based fertilizer prices in the US Gulf, Baltic and Vancouver. Prices are weekly prices averaged by month.

**Ammonia Average and Urea Average** Monthly average prices from Ammonia’s US Gulf NOLA, Middle East, Black Sea and Western Europe were averaged to obtain Ammonia Average prices; monthly average prices from Urea’s US Gulf NOLA, US Gulf Prill, Middle East Prill, Black Sea Prill and Mediterranean were averaged to obtain Urea Average prices.

**Natural Gas** Henry Hub Natural Gas Spot Price from ICE up to December 2017 and from Bloomberg (BGAP) from January 2018 onwards. Prices are intraday prices averaged by month. Natural gas is used as major input to produce nitrogen-based fertilizers.

**DAP** Diammonium Phosphate.
The dry bulk freight complex witnessed two-sided trends in May. Amid weakness in the segments for larger-sized carriers, the Baltic Dry Index (BDI) receded to a near all-time low by mid-May but rebounded thereafter as news of easing lockdowns in some countries contributed to a more positive tone. Despite a recent upturn, average values declined by 27 percent over the month. Nevertheless, most key dry bulk ports continued to operate as normal, although river bottlenecks persisted in Argentina and in the US Midwest.

The Capesize market remained volatile in May, with the Baltic sub-Index dipping into negative territory mid-month amid ample tonnage across all key areas. Although fresh iron ore demand from China underpinned recently, the sub-Index plunged by 63 percent m/m.

Panamax earnings moved lower during the period. While transatlantic business lacked impetus, solid soybean shipments were reported from Brazil, coupled with sustained demand for minerals dispatches out of Australia and Indonesia.

Good inquiry levels in Asia and the Indian Ocean, including for coal deliveries from Indonesia, underpinned rates in the Supramax segment, with activity also noted from the Black Sea to Far East Asia. The Handysize market saw firmer rates on most grains/oilseeds routes from Argentina. However, with a softer tone prevailing in Europe, including for deliveries to North Africa, values averaged 17 percent lower m/m.

Even though voyage rates on most main grains/oilseeds routes reversed a portion of previous month’s sharp losses in May, aided by recovering bunker prices, average IGC Grains and Oilseeds Freight Index (GOFI) values were down by 8 percent m/m, due to a weaker first half of the period.

Source: International Grains Council

Baltic Dry Index (BDI): A benchmark indicator issued daily by the Baltic Exchange, providing assessed costs of moving raw materials on ocean going vessels. Comprises sub-Indices for three segments: Capesize, Panamax and Supramax. The Baltic Handysize Index excluded from the BDI from 1 March 2018.

IGC Grains and Oilseeds Freight Index (GOFI): A trade-weighted composite measure of ocean freight costs for grains and oilseeds, issued daily by the International Grains Council. Includes sub-Indices for seven main origins (Argentina, Australia, Brazil, Black Sea, Canada, the EU and the USA). Constructed based on nominal HSS (heavy grains, soybeans, sorghum) voyage rates on selected major routes.

Capesize: Vessels with deadweight tonnage (DWT) above 80,000 DWT, primarily transporting coal, iron ore and other heavy raw materials on long-haul routes.

Panamax: Carriers with capacity of 60,000-80,000 DWT, mostly geared to transporting coal, grains, oilseeds and other bulk, including sugar and cement.

Supramax/Handysize: Ships with capacity below 60,000 DWT, accounting for the majority of the world’s ocean-going vessels and able to transport a wide variety of cargos, including grains and oilseeds.
Explanatory notes

The notions of tightening and easing used in the summary table of “Markets at a glance” reflect judgmental views that 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 are based on the latest data published by FAO, IGC and USDA. For the former, they also take into account information provided by AMIS focal points (hence the notion “FAO-AMIS”). World estimates and forecasts produced by the three sources may vary due to several reasons, such as varying release dates and different methodologies used in constructing commodity balances. Specifically:

Production: Wheat production data from all three sources refer to production occurring in the first year of the marketing season shown (e.g. crops harvested in 2016 are allocated to the 2016/17 marketing season). Maize and rice production data for FAO-AMIS refer to crops harvested during the first year of the marketing season (e.g. 2016 for the 2016/17 marketing season) in both the northern and southern hemisphere. Rice production data for FAO-AMIS also include northern hemisphere production from secondary crops harvested in the second year of the marketing season (e.g. 2017 for the 2016/17 marketing season). By contrast, rice and maize data for USDA and IGC encompass production in the northern hemisphere occurring during the first year of the season (e.g. 2016 for the 2016/17 marketing season), as well as crops harvested in the southern hemisphere during the second year of the season (e.g. 2017 for the 2016/17 marketing season). For soybeans, the latter approach is used by all three sources.

Supply: Defined as production plus opening stocks by all three sources.

Utilization: For all three sources, wheat, maize and rice utilization includes food, feed and other uses (namely, seeds, industrial uses and post-harvest losses). For soybeans, it comprises crush, food and other uses. However, for all AMIS commodities, the use categories may be grouped differently across sources and may also include residual values.

Trade: Data refer to exports. For wheat and maize, trade is reported on a July/June basis, except for USDA maize trade estimates, which are reported on an October/September basis. Wheat trade data from all three sources includes wheat flour in wheat grain equivalent, while the USDA also considers wheat products. For rice, trade covers shipments from January to December of the second year of the respective marketing season. For soybeans, trade is reported on an October/September basis by FAO-AMIS and the IGC, while USDA data are based on local marketing years except for Argentina and Brazil which are reported on an October/September basis. Trade between European Union member states is excluded.

Stocks: In general, world stocks of AMIS crops refer to the sum of carryovers at the close of each country’s national marketing year. For soybeans, stock levels reported by the USDA are based on local marketing years, except for Argentina and Brazil which are adjusted to October/September. For maize and rice, global estimates may vary across sources because of differences in the allocation of production in southern hemisphere countries.

For more information on AMIS Supply and Demand, please view AMIS Supply and Demand Balances Manual.

Main sources
Bloomberg, CFTC, CME Group, FAO, GEOGLAM, IFPRI, IGC, Reuters, USDA, US Federal Reserve

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