World cereal supply situation is expected to improve in 2013/14 on higher production and larger than previously projected stocks. However, unfavorable weather is causing some delays in maize plantings in the US and undermining wheat growing conditions in the US and parts of Europe. The forecast for soybean production in 2012/13 remains unchanged, with South America leading a marked increase from the previous season.

### Wheat
- Production down by 6.0% in 2012 on reduced estimates for Europe and Black Sea countries.
- Utilization in 2012/13 to fall from previous season due to a likely reduction in feed use in China and the EU, more than offsetting record feed use in the US.
- Trade in 2012/13 adjusted down slightly from the previous month, now pointing to a 4% contraction from the record in 2011/12.
- Stocks (ending in 2013) to drop slightly less than previously anticipated, mostly on higher inventories in Ukraine.

### Maize
- Production in 2012 declining by 1.7% compared to 2011, mostly on lower production in the US and Europe.
- Utilization in 2012/13 lower than anticipated earlier on smaller projected feed and other uses in the US.
- Trade in 2012/13 down from 2011/12, mostly reflecting reduced import demand in Mexico and Egypt and despite larger imports by the EU.
- Stocks (ending in 2013) falling less than previously foreseen due to improved carry-over levels in the US.

### Rice
- Production in 2012 lowered since March, mainly on account of Thailand, but still pointing to a modest increase from 2011.
- Utilization in 2012/13 to grow by 2%, with per caput food consumption up by 0.5%.
- Trade in 2013 forecast higher but still falling short of the 2012 record. The revision reflects improved export prospects for India and Viet Nam more than offsetting downgrades for Pakistan.
- Stocks (ending in 2013) forecast lower and now projected to cover 35% of world consumption.

### Soybean
- Production in 2012/13 to rebound from last season’s depressed level, exceeding the record set in 2010/11 by a small margin.
- Utilization in 2012/13 forecast to grow by an average rate of about 3%.
- World trade in 2012/13 further corrected downwards on reduced sales from Argentina and Brazil, limiting the year-on-year increase in shipments to 4%.
- Stocks (ending in 2013) to recover only partially from last season’s critically low level.

#### Market Monitor
Number 8 - May 2013

World cereal supply situation is expected to improve in 2013/14 on higher production and larger than previously projected stocks. However, unfavorable weather is causing some delays in maize plantings in the US and undermining wheat growing conditions in the US and parts of Europe. The forecast for soybean production in 2012/13 remains unchanged, with South America leading a marked increase from the previous season.

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

<table>
<thead>
<tr>
<th>Crop</th>
<th>From previous month f'cast</th>
<th>From previous season (2011/12)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>▲</td>
<td>▼</td>
</tr>
<tr>
<td>Maize</td>
<td>▼</td>
<td>▼</td>
</tr>
<tr>
<td>Rice</td>
<td>▲</td>
<td>▲</td>
</tr>
<tr>
<td>Soybeans</td>
<td>▼</td>
<td>▼</td>
</tr>
</tbody>
</table>

- **Wheat** production down by 6.0% in 2012 on reduced estimates for Europe and Black Sea countries.
- **Utilization** in 2012/13 to fall from previous season due to a likely reduction in feed use in China and the EU, more than offsetting record feed use in the US.
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**NB:** Explanatory notes and list of sources are available at the end of the report.
Grains and oilseeds markets were generally lower in April, with the average IGC GOI Index down 3%, led by a sharp 9% decline in maize.

**Wheat**: Wheat prices initially declined following bearishly-interpreted US stock and prospective planting reports at the end of March and generally weak macro-economic sentiment, but subsequently recovered steadily on concerns of less than ideal growing conditions, particularly in the US. The GOI wheat sub-Index averaged 1% lower m/m through April, but finished the month on a rising trend on crop conditions concerns, not only in the US, but also in Canada, Australia and the Black Sea region.

**Maize**: A US quarterly stocks report, suggesting more comfortable old crop supplies than previously thought, weighed heavily on world prices. Although some losses were later recouped, steep net declines were recorded across all the major exporters, resulting in a 9% m/m decline in the average IGC GOI sub-Index for April. However, prices rallied towards the end of the month on tight cash markets and worries about slow planting in the US, where seeding is only 5% complete compared to 49% a year ago.

**Rice**: The average IGC rice sub-Index fell by 1% m/m, but the underlying picture for Asian markets was mixed. Firmness in Thailand contrasted with slight declines at other origins, notably Vietnam, which remained the most competitively-priced major exporter. Prices in South Asia were firm, with government buying and currency movements providing support in India.

**Soybeans**: Global soybean markets were generally weaker, with the IGC GOI sub-Index averaging 3% lower m/m. The downward pressure came from larger than expected 1 March US inventories, speculation that the US soybean area might gain from delays to maize sowings, and worries about the potential impact of avian influenza on feed demand in China. However, logistical problems in Brazil and tightening US old crop stocks limited the decline.
Selected Export Prices and Price Indices

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

<table>
<thead>
<tr>
<th>Date</th>
<th>Effective 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>06-May 330</td>
<td>335</td>
<td>316</td>
<td>264</td>
<td>-1.3%</td>
<td>25.0%</td>
</tr>
<tr>
<td>Maize (US No. 2, Yellow)</td>
<td>07-May 287</td>
<td>297</td>
<td>273</td>
<td>281</td>
<td>-3.3%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Rice (Thai 100% B)</td>
<td>07-May 543</td>
<td>548</td>
<td>545</td>
<td>598</td>
<td>-0.9%</td>
<td>-9.2%</td>
</tr>
<tr>
<td>Soybeans (US No.2, Yellow)</td>
<td>06-May 579</td>
<td>589</td>
<td>531</td>
<td>565</td>
<td>-1.7%</td>
<td>2.4%</td>
</tr>
</tbody>
</table>

FAO Food Price Index

FAO Food Commodity Price Indices

FAO food price indices

<table>
<thead>
<tr>
<th>Year</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>August</th>
<th>September</th>
<th>October</th>
<th>November</th>
<th>December</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>213.1</td>
<td>204.8</td>
<td>200.5</td>
<td>213.0</td>
<td>212.6</td>
<td>215.9</td>
<td>214.6</td>
<td>212.1</td>
<td>210.9</td>
<td>210.5</td>
<td>210.9</td>
<td>213.2</td>
<td>215.5</td>
</tr>
<tr>
<td></td>
<td>179.6</td>
<td>175.0</td>
<td>169.5</td>
<td>166.8</td>
<td>170.5</td>
<td>174.9</td>
<td>177.2</td>
<td>177.8</td>
<td>179.5</td>
<td>177.5</td>
<td>179.2</td>
<td>177.7</td>
<td>178.7</td>
</tr>
</tbody>
</table>
Futures Markets – April 2013

### Futures Prices (Nearby)*

<table>
<thead>
<tr>
<th>Commodity</th>
<th>April 2013 Average</th>
<th>% Change M/M</th>
<th>% Change Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>257</td>
<td>-1.6%</td>
<td>+10.6%</td>
</tr>
<tr>
<td>Maize</td>
<td>255</td>
<td>-10.5%</td>
<td>+2.1%</td>
</tr>
<tr>
<td>Rice</td>
<td>338</td>
<td>+2.4%</td>
<td>+0.8%</td>
</tr>
<tr>
<td>Soybeans</td>
<td>518</td>
<td>-3.2%</td>
<td>-2.1%</td>
</tr>
</tbody>
</table>

*Source: CME - Monthly averages.

### Historical Volatility – 30 Days*

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Monthly Average (in percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>April 2013</td>
</tr>
<tr>
<td>Wheat</td>
<td>32.6%</td>
</tr>
<tr>
<td>Maize</td>
<td>35.0%</td>
</tr>
<tr>
<td>Rice</td>
<td>19.6%</td>
</tr>
<tr>
<td>Soybeans</td>
<td>19.4%</td>
</tr>
</tbody>
</table>

### Prices and Volumes

- Following a steep decline at end of March, US maize nearby futures rose in April on below normal temperatures across Midwest and expectation of slowest planting progress on record (reported by the USDA). However, prices averaged lower than in March.
- US wheat futures averaged slightly lower in April. Prices increased toward the end of the month, as winter wheat crop conditions continued to deteriorate and drought persisted in southern plains region.
- US Soybean prices averaged lower although strong cash values supported futures at month’s end.
- Rice futures averaged higher but prices fell somewhat towards the end of the month.
- Volatility (historical) reached its highest level in eight months for maize and wheat, while remaining more stable for soybeans and rice; volumes for all four commodities were slightly higher than last month.

### Investment flows

- Managed money was a significant seller of maize futures, cutting its net long position by 154 000 contracts (20 million tonnes) and modestly reducing its net soybean long and its net wheat short positions.
- Overall, managed money has retreated from long positions across the agricultural futures and options markets; its outstanding net long has decreased to 60 000 contracts, its lowest level since 2006, raising expectations of a return to greater reliance on supply and demand fundamentals.

### Forward Curves

- Forward curves for wheat, maize, soybeans and rice showed little variation from last month.

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

- Several countries including AMIS participants Nigeria and the Philippines have taken steps to further help rice producers in their efforts to increase production, while Thailand has capped purchases of paddy rice to try to limit the benefits to small farmers.

- Vietnam has removed the export floor price for 5% broken rice and lowered the minimum export price for 35% broken rice, in an effort to boost demand.

- Brazil has doubled its non-Mercosur import quota for wheat and waived the tariff. The quota will remain in place until 31 July 2013.

- Egypt has announced that it will commence purchases of wheat from farmers to replenish its dwindling stocks and expects to buy a total of about 4.5 million tonnes or half of the expected record harvest.

- Indonesia is paying seed, fertilizer and machinery subsidies to producers of soybeans in an effort to increase production. It is reported that Indonesia is also considering introducing minimum farm-gate prices for soybeans.

- Discussions among the EU Commission, the Council and the Parliament are underway in the so-called “triloges” and while some technical matters have been settled, important substantive issues are still under negotiation. In the meantime the Commission has proposed transition arrangements to extend by one year existing Pillar 1 rules covering mainly the Single Payment Scheme (SPS) and the Single Area Payment Scheme (SAPS).
Daily Quotations from Leading Exchanges - nearby futures
Prices trended mostly higher

CFTC Commitment of Traders - Major Categories Net Length as % of Open Interest*
Managed money reduced overall positions

* Disaggregated Futures Only
Forward Curves
Forward curves showed little change

Historical and Implied Volatilities
Volatility rose sharply for maize and wheat
Analysis presented in this report is largely based on information as of late April 2013.
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.

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**AMIS Market Monitor 2013 Release Dates**

07 February, 07 March, 11 April, 09 May, 06 June, 04 July, 05 September, 03 October, 07 November, 05 December

**Main sources**


**Contacts**

AMIS Secretariat

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