




**Food Markets
Wheat & Maize Outlook 2018/19**

THIRTEENTH SESSION OF THE AMIS GLOBAL FOOD
MARKET INFORMATION GROUP

FAO Headquarters, Rome
3-4 May 2018


13th Session of the AMIS Global Food Market Information Group



Presentation Outline

- I. Macro conditions & food markets
- II. Market Outlook for wheat and maize


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World economy in 2018 to grow even faster than in 2017, but!

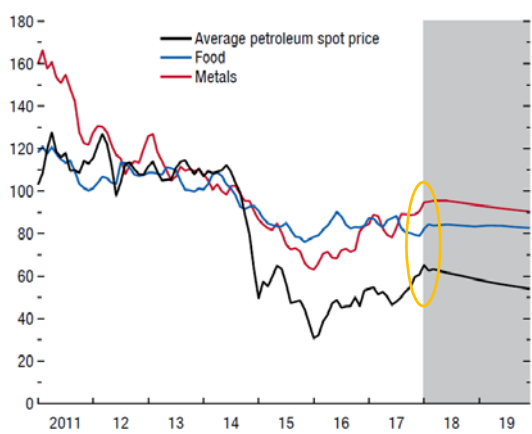
- “The global economic upswing that began around mid-2016 has become broader and stronger”
- World economy to grow at 3.9% this year and next
- Advanced economies to grow by 2.5% this year while emerging market and developing economies grow by 4.9%
- But **“the prospect of trade restrictions and counter-restrictions threatens to undermine confidence and derail global growth prematurely”**

Source: World Economic Outlook, IMF April 2018

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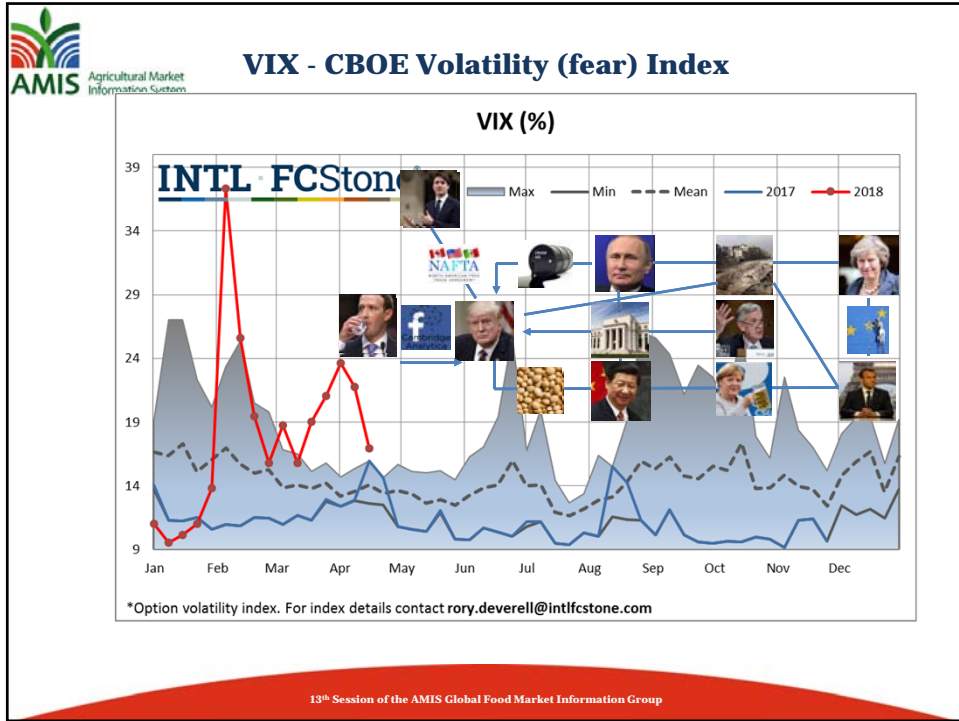

Commodity and oil prices
Deflated using US consumer price index; index, 2014 = 100

- The IMF’s sub-indices of food and agricultural raw materials rose 4.1 percent and 6.0 percent between Aug. 2017 to Feb. 2018, respectively, mostly reflecting diminishing excess supply
- Commodity prices, notably of oil and natural gas, have risen since last year, “but the medium-term outlook remains subdued” – **not so sure!**
- Oil prices (not shown) continue to rise, hitting near 4-year highs recently

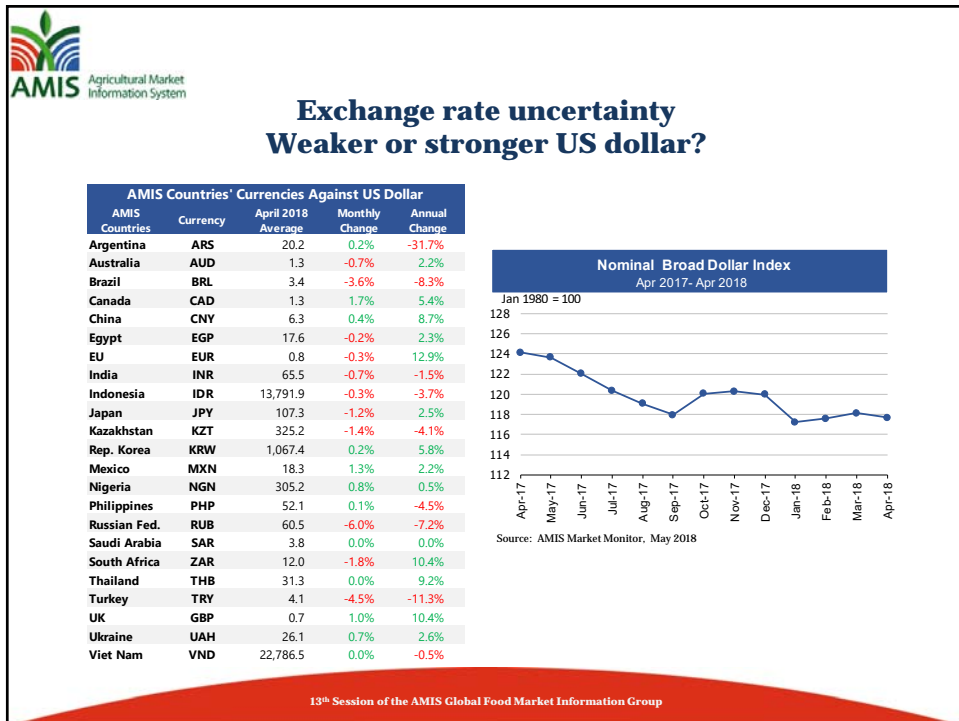


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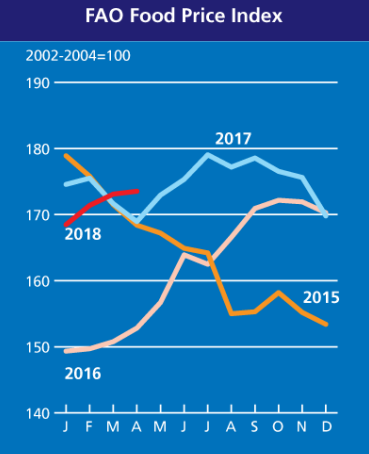


Food prices higher than last year

- **FAO Food Price Index** averaged 176.6 points in 2017, 8.2% above the 2016 average and the highest since 2014.
- Only sugar prices fell in 2017 while dairy and meat prices rose sharply. Prices of cereals and vegetable oils also rose.
- The index is up 3% (5 points) since the start of 2018, supported by firmer prices of cereals (up 12%) and dairy products (up 11%).
- In April, the Index averaged 173.5 points, unchanged m/m but up 2.7% from April 2017


FAO Food Price Index

2002-2004=100



Source: FAO www.fao.org/worldfoodsituation/

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Prices remain well below their peaks

Food Prices Indices	April 2018	March 2018	m/m	Jan-Apr 2018	Jan-Apr 2017	Change: Jan-Apr '18 over Jan-Apr '17
<i>FAO Food Price Index</i>	174	173	%	172	173	%
<i>Cereals</i>	168	166	-1.7	163	148	9.3
<i>Oils</i>	155	157	1.4	158	173	-9.7
<i>Sugar</i>	177	186	4.8	189	267	-41.3
<i>Meat</i>	169	171	0.9	169	164	3.4
<i>Dairy</i>	204	197	-3.4	193	190	1.5

Food Prices Indices	Peak values	April 2018	Change: April 2018 over peak values
<i>FAO Food Price Index</i>	Feb-2011 240	174	%
<i>Cereals</i>	June-2008 268	168	-37
<i>Oils</i>	Feb-2011 287	155	-46
<i>Sugar</i>	Jan-2011 420	177	-58
<i>Meat</i>	Aug-2014 212	169	-20
<i>Dairy</i>	Feb-2014 275	204	-26


Source: FAO

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Market outlook 2018/19

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Crop Monitor - Wheat (as of late April 2018)

Wheat		J	F	M	A	M	J	J	A	S	O	N	D
EU (21%)*	winter				<	<	Harvest					Planting	
China (17%)	spring			Planting			Harvest						
India (13%)	winter	<	<	<	Harvest							Planting	
US (8%)	spring			Planting	<	<	Harvest						
	winter			<	<	Harvest						Planting	
Russia (8%)	spring			Planting	<	<	Harvest						
	winter	<	<	<	Harvest							Planting	

Conditions:

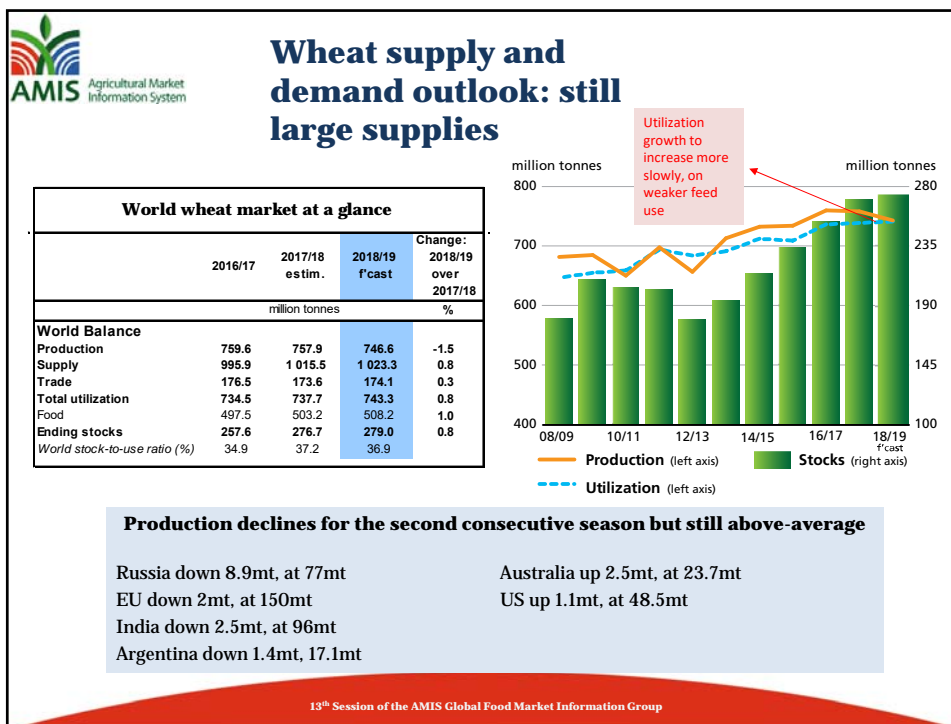
- Exceptional
- Favourable
- Watch
- Poor
- Out-of-Season
- No Data


Drivers:

- Wet
- Hot
- Dry
- Cool
- Extreme Event
- Delayed-Onset

- Generally good conditions in the northern hemisphere
- In the US, conditions continue to deteriorate in the southern Great Plains due to prolonged drought
- Exceptional conditions in the eastern parts of EU and southern Russia, owing to favourable temperatures and soil moisture

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Leading wheat trading countries (July/June)

Top 10 wheat exporters*

	2014/15 - 2017/18 average (1)	2017/18 est. (2)	2018/19 f'cast (3)	Change (3) over (1)	Change (3) over (2)
	<i>million tonnes</i>		<i>%</i>		
Russian Fed.	28.3	38.0	36.5	29.1	-3.9
EU	29.3	22.0	25.7	-12.2	16.8
United States	24.4	23.9	24.7	1.0	3.3
Canada	22.0	21.8	22.2	1.0	1.8
Australia	17.8	16.8	16.8	-5.8	-0.2
Ukraine	16.0	17.4	16.5	3.0	-4.9
Argentina	9.5	13.4	11.6	21.9	-13.4
Kazakhstan	6.9	7.3	7.3	5.4	0.0
Turkey	4.3	4.5	4.5	5.8	0.0
Mexico	1.1	1.0	1.0	-12.9	0.0

* Exports are based on a common July/June marketing season


Top 10 wheat importers*

	2014/15 - 2017/18 average (1)	2017/18 est. (2)	2018/19 f'cast (3)	Change (3) over (1)	Change (3) over (2)
	<i>million tonnes</i>		<i>%</i>		
Egypt	11.6	12.0	12.5	7.5	4.2
Indonesia	9.7	12.0	12.0	23.8	0.0
Algeria	8.2	8.0	8.1	-0.7	1.3
Brazil	6.7	7.2	7.0	5.1	-2.8
Bangladesh	5.0	6.2	6.0	19.8	-3.2
Japan	5.7	6.0	5.6	-1.4	-6.4
Philippines	5.3	5.5	5.5	4.0	0.0
EU	5.7	5.5	5.5	-3.5	0.0
China	5.2	5.6	5.4	4.4	-3.6
Nigeria	4.8	5.1	5.1	6.8	0.0

* Imports are based on a common July/June marketing season


- Russia number one exporter for the second consecutive season
- Wheat markets in Indonesia, Bangladesh and Nigeria show strong potential

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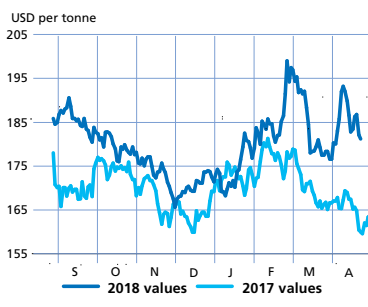


Wheat prices higher than last year

IGC Wheat Price Index

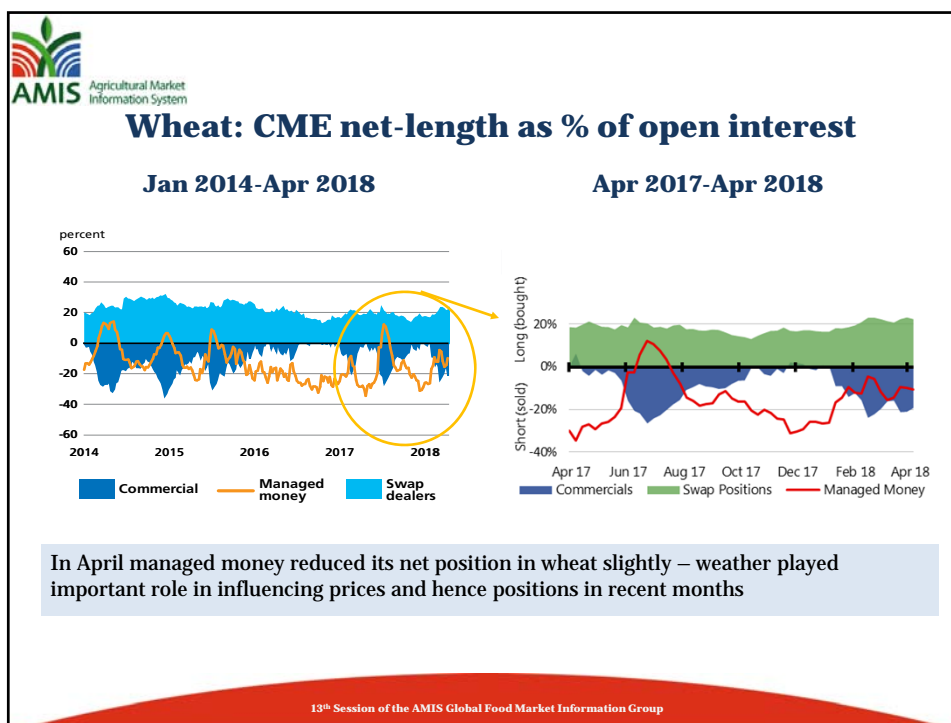


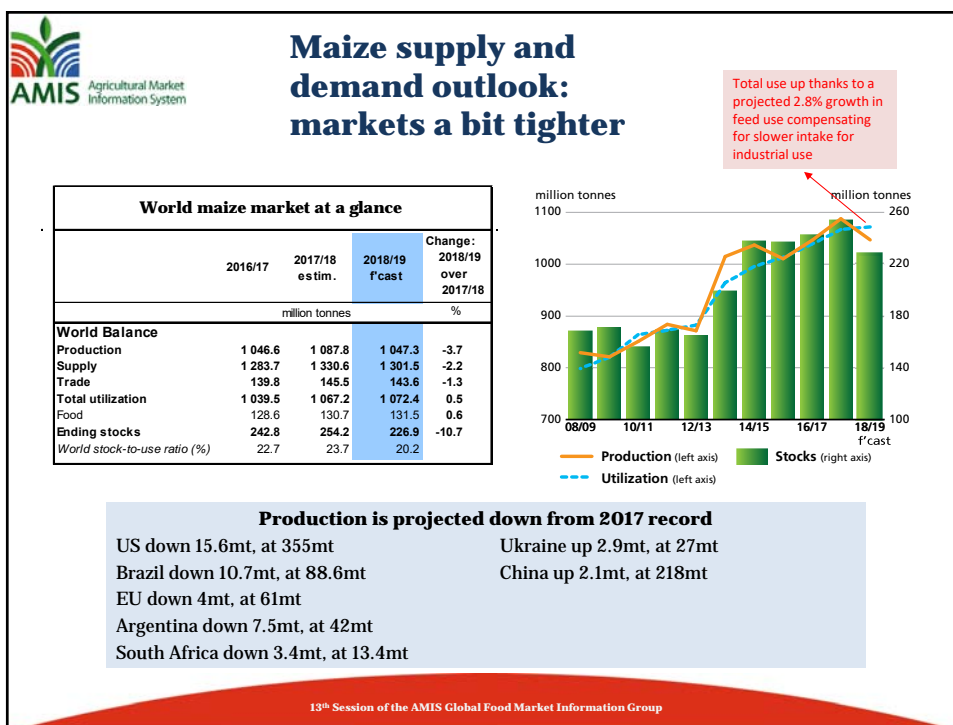
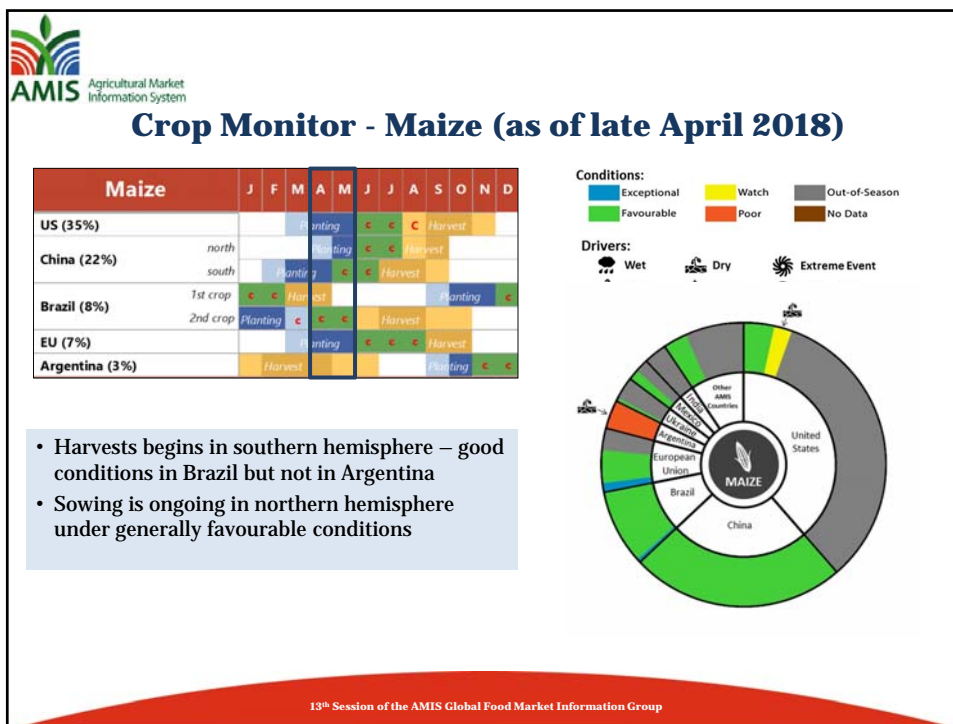
CBOT wheat futures for September



- Wheat prices remain above last year, largely on concerns about the deteriorating winter wheat conditions in the US and weather worries over spring planting conditions
- Large export availabilities (Black Sea and the EU) have so far limited the increase

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Leading maize trading countries (July/June)

Top 10 maize exporters*

	2014/15 - 2017/18 average (1)	2017/18 est. (2)	2018/19 f'cast (3)	Change (3) over (1)	Change (3) over (2)
million tonnes					
United States	50.9	48.3	48.3	-5.1	0.0
Brazil	25.3	32.0	32.0	26.3	0.0
Argentina	22.0	27.2	26.0	18.0	-4.2
Ukraine	18.8	18.1	19.0	1.2	4.9
Russian Fed.	4.5	5.0	3.0	-32.9	-40.0
Paraguay	2.5	2.5	2.5	-0.6	0.0
South Africa	1.4	2.3	2.2	56.6	-4.3
Canada	1.3	1.4	1.6	22.2	14.3
EU	2.4	1.2	1.5	-37.8	25.0
Mexico	1.1	1.0	1.0	-7.8	0.0

* Exports are based on a common July/June marketing season

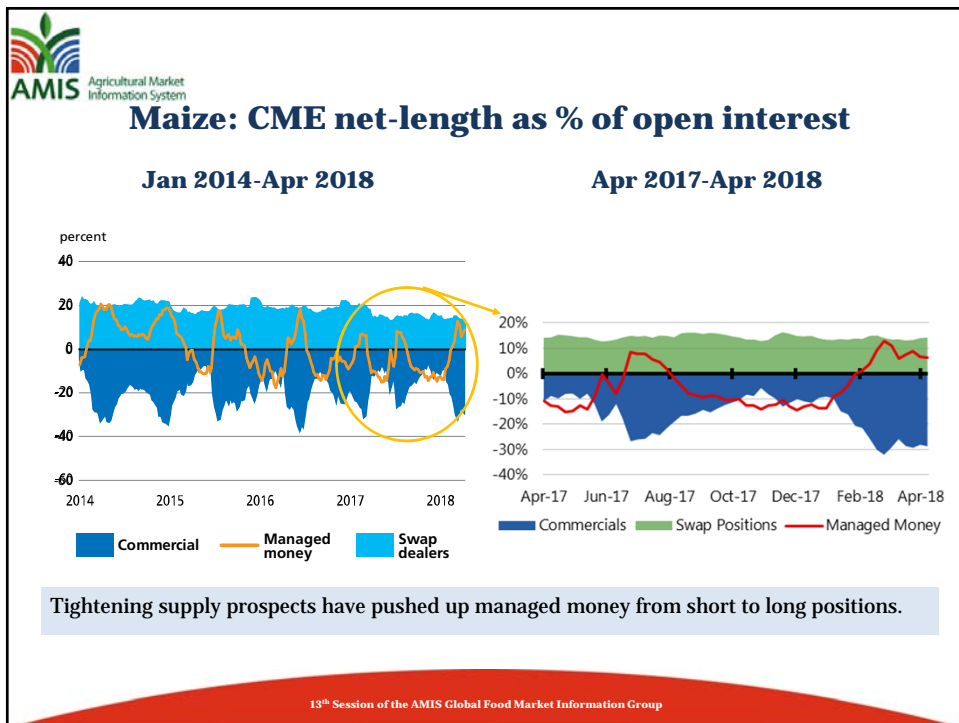
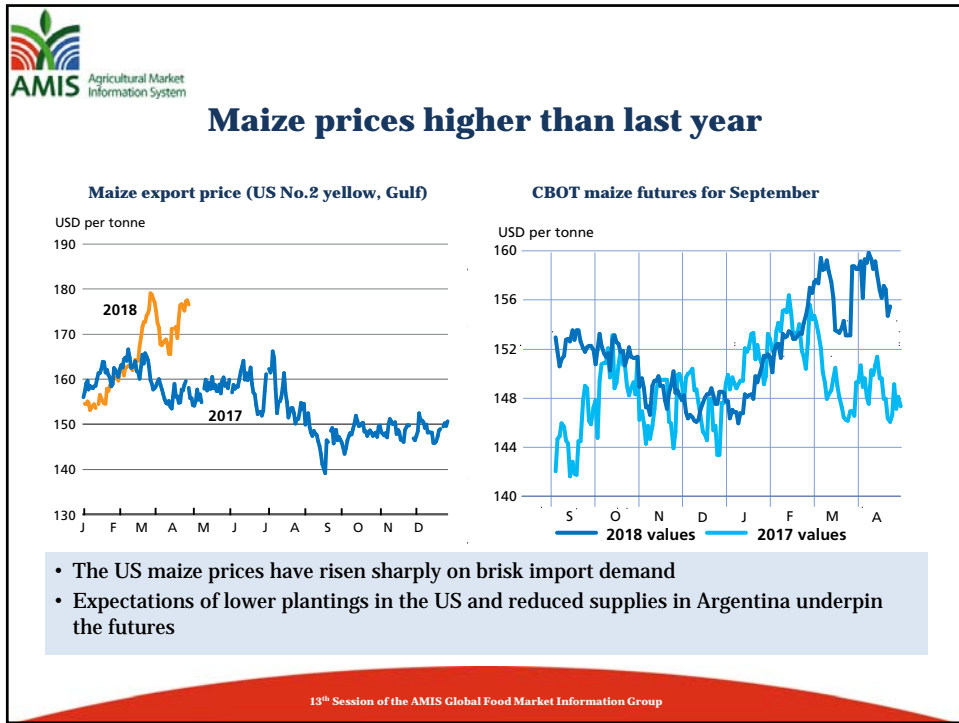
Top 10 maize importers*

	2014/15 - 2017/18 average (1)	2017/18 est. (2)	2018/19 f'cast (3)	Change (3) over (1)	Change (3) over (2)
million tonnes					
Mexico	13.7	16.2	16.2	17.9	0.0
EU	13.0	15.8	15.5	19.1	-1.9
Japan	15.0	15.2	15.0	-0.1	-1.4
Korea Rep.Of	9.9	10.0	10.2	2.2	1.7
Egypt	8.8	10.0	10.0	13.2	0.0
Viet Nam	7.6	8.2	8.3	9.3	1.1
China	8.2	9.1	7.8	-4.7	-14.3
Iran Isl. Rep.Of	6.7	7.5	7.5	12.6	0.0
Colombia	4.7	4.9	4.9	3.7	0.0
Algeria	4.3	4.5	4.6	6.2	2.2

* Imports are based on a common July/June marketing season

- Maize shipments from the US (largest world exporter) to remain steady
- China's maize imports to decline

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Maize Outlook

Supplies getting tighter in 2018/19

- **Production** to decline from last year's record
- **Utilization** to expand fastest for feed
- **Stocks** to fall significantly with most of the reduction in China and in South America
- **Trade** to contract slightly, mostly on prospects for smaller purchases by China and the EU
- **International prices** to stay above last year, on reduced overall supplies in several major exporting countries

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Latest trends
& developments
in global food markets

The Market Monitor is a synthesis of the latest market information, supply, demand, stocks, trade and other market developments. It is published ten times a year, providing a synopsis of major developments in international food commodity markets. Focusing on wheat, maize, rice and soybeans, it presents the collective assessment of the AMIS member organizations concerning global market trends, policy changes and international price movements.

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