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Market News

Africa snaps up Canadian wheat

26 April – Producer.com

Wheat demand is exploding in sub-Saharan Africa, and Canada is getting more than its fair share of the action.

The International Grains Council said in a recent report that the region is “propelling year-to-year growth” in global wheat import demand.

The IGC is forecasting that demand will be up five percent in Nigeria in 2017-18, six percent in Sudan, 30 percent in Kenya, 60 percent in South Africa, 70 percent in Ethiopia, 20 percent in Angola and 30 percent in Tanzania.

Bruce Burnett, director of markets and weather with Glacier MarketsFarm, said it is a region that should be closely monitored.

“The African countries are starting to really take substantial tonnage,” he said.

“It is an interesting trend.”

He attributes the surging demand to a combination of population growth and steadily improving economies.

Nigeria is Canada’s largest wheat customer in Africa. It imported 407,300 tonnes of Canadian wheat through the first seven months of the 2017-18 crop year.

“With the recovery in oil prices the economic growth (in Nigeria) is strengthening considerably,” said Burnett.

Cam Dahl, president of Cereals Canada, believes Nigeria could import one million tonnes of Canadian spring wheat in 2017-18.

He said wheat demand is growing rapidly in West Africa, and there is an especially good opportunity for Canadian spring wheat, ironically because of the spread of Black Sea wheat into the region.

“What we’re finding in countries like Nigeria is they can use a blend of CWRS and Black Sea wheat and produce the quality of flour they’re looking for at a cheaper price,” said Dahl.

The blend is cheaper than the U.S. hard red winter wheat-based blend they were previously using.

“In Nigeria we have almost completely pushed out the U.S.,” he said.

It is the same story in Ghana, which has imported 203,100 tonnes of Canadian spring wheat through the end of February.

“It’s a shift in the market and it’s a shift in focus and it’s a growing opportunity,” said Dahl.

That’s why Nigeria and Ghana have become regular stops on Canada’s annual new crop missions. Kenya is on the list for future trips. It imported 104,700 tonnes of Canadian wheat through the first seven months of 2017-18.

Burnett believes there is more growth potential in some African markets than there is in many Asian countries, where there have already been many years of exponential growth.

“There’s a fairly sharp increase in activity there in countries you wouldn’t expect,” he said.

“I don’t think there’s very many people out there that would pick Ghana as a big customer for Canadian wheat.”

To put it in perspective, Ghana has bought the same amount of Canadian wheat as the United Kingdom during the first seven months of the 2017-18 marketing campaign. Nigeria’s purchases are nearly double the U.K.’s.

The IGC listed a variety of reasons for expanding import demand in the various African nations.

Wheat is generally more affordable in Nigeria’s urban areas than locally grown staples such as cassava, millet and yam. As well, wheat is being used for humanitarian aid in that country.

In Kenya and Angola there is increased milling capacity to meet surging demand.

South Africa’s imports are way up because drought destroyed last year’s wheat crop.

Ethiopia’s demand is on the rise due to increased government tendering to rebuild its wheat stocks.

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Softer Euro helps EU wheat shrug off US fall

26 April – agriculture.com

Weakness in the Euro against the dollar allowed European wheat to shrug off a fall on U.S. markets on Thursday, with prices hitting a two-week high.

May milling wheat on Paris-based Euronext closed 0.45 percent up at 166 Euros a tonne after touching 166.25 Euros, its highest since April 11.

New-crop December closed 0.3 percent up at 172.75 euros.

The most active wheat contract on the Chicago Board of Trade, meanwhile, registered a 1.5 percent decline.

European prices were also supported by strong wheat exports, which totalled 365,000 tonnes in the past week. Total exports since the start of the season on July 1, 2017, had reached 16.3 million tonnes by April 24.

"The exports and the Euro are favouring the upwards consolidation," one Euronext trader said.

Operators were awaiting results of Algeria's tender to buy milling wheat for shipment in July. Sources said the gap was important between offers hovering around $229 a tonne and state grains agency OAIC bidding at about $222 a tonne.

Euronext released its first Commitment of Traders reports on Wednesday, based on positions by the close of business on Friday April 20.

The report for the milling wheat contract shows that, as expected, "commercial undertakings" account for a large majority of the operators, with 67 percent of the open interest, compared with 15.5 percent for the three categories of financial operators.

In Chicago, commercial operators only account for 45 percent of the soft red winter (SRW) contract.

The report shows that financial institutions are short of about 25,000 lots while commercials are long of about 28,000 lots with a fairly balanced ratio between hedging and speculation operations, operators said.

However, they emphasised that the report was only covering 82 percent of open positions.

The European Commission on Thursday raised its monthly forecast of 2018/19 common wheat production in the bloc to 141.5 million tonnes, from 141.0 million tonnes seen last month. It also lifted its wheat export forecast for next season by 1.7 million tonnes to 27 million tonnes.

In Germany, cash market milling wheat premiums in Hamburg were flat as export demand remained sluggish and high feed-wheat prices continued to support.

Standard bread wheat with 12 percent protein content for May delivery in Hamburg was offered for sale unchanged at 4.50 Euros over Paris May.

Feed-wheat prices in Germany's South Oldenburg market were again over milling wheat, with May onwards delivery offered for sale unchanged at 178 Euros a tonne with buyers seeking 177 Euros.

"Feed wheat rather than exports is once more the main market focus," one German trader said. "With exports so disappointing this season, some are questioning why prices remain above Paris levels.

"There is talk that the German 2017 harvest may have been smaller than previously thought. Main hopes now are of new export demand, such as a tender from Saudi Arabia, to provide fresh market stimulus."

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Trade tensions build as China stops US sorghum imports

25 April – Stock&Land

Global grain markets are becoming wary of the escalating trade tensions between the world's two largest economies.

Early last week, China announced a 179 per cent tariff on US sorghum, effectively halting imports in their tracks.

China has emerged has the dominant market for US sorghum in recent years, accounting for 4.3 million tonnes of shipments in 2017.

Prices for US sorghum have tumbled in recent weeks after China announced an anti-dumping inquiry in February.

The move is just one part of the escalation in trade tensions between the world's two largest economies where agricultural commodities have become the latest target.

China's move to stop US sorghum imports is supportive for alternative feed grains such as Australian sorghum and barley.

Queensland sorghum bids moved sharply higher on the news of that China had effectively banned US sorghum imports.

Sorghum prices finished last week $12-15 a tonne higher at $360 delivered Brisbane.

Earlier in the week, prices briefly reached $365 Brisbane before buying interest cooled.

Central Queensland sorghum prices have now rallied by $75 a tonne in the past 12 weeks.

Traders are reporting at a significant volume of Australian sorghum has already been committed to China in recent months as buyers move to alternative supplies.

It is not clear if last week's kick in sorghum prices was a result of additional sales or nervous trade shorts stepping up efforts to secure grain.

China's barley imports surged in March to 860,000 tonnes, up 22 per cent on a year ago and sharply higher than the average monthly import pace of less than 600,000 tonnes over the prior six months.

Demand for barley in China has surged since the government announced the anti-dumping inquiry into US sorghum as feed grain buyers looked for alternative feeds, according to local analysts.

Victorian farmers are preparing to boost barley plantings on the back of the strong global price outlook.

Traders believe that barley plantings through Victorian and southern NSW are likely to jump by more than 10 per cent at the expense of reduced pulse and canola.

The most immediate concern is the relentless dry weather, with typical average season break date of Anzac Day now behind us.

Victorian grain prices continue to strengthen as the dry start to the season persists.

Buyers are already staring at $300 plus for stockfeed wheat into Melbourne for the remainder of the season.
APW bids were $5 higher last week at $300 delivered Melbourne while feed barley was unchanged at $288 Melbourne.
Local grain prices are detaching themselves from global influences as local supplies become scarcer.
Markets through southern NSW and Victoria also remain well supported as farmers wait for rain before contemplating additional sales.
US grain markets were softer last week on improving weather and growing concerns over the escalating trade dispute with China on agricultural exports.
CBOT wheat futures declined by 2 per cent on forecast rain for the parched HRW wheat crop and warmer forecasts for the spring wheat areas which would allow a general start to plantings.

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Australian crop watchers should get their oceans straight
18 April – Agrimoney.com

The latest Australian grains harvest disappointed thanks to dryness which defied it having witnessed a La Nina, which is associated with cooler Pacific water temperatures, and typically viewed as a harbinger of rainfall in the country.
(Indeed, 2016, when ample rains sent Australian wheat output to a record high, saw a La Nina.)
However, the 2017 dryness was only to expected, according to forecasters relying on an alternative weather dynamic, the Indian Ocean Dipole (IOD).
The IOD - the difference between Indian Ocean temperature at its western end in the Arabian Sea and its eastern end, south of Indonesia – was “positive” last year, boding ill for Australian rainfall levels.
“A weak La Nina condition persisted for most farmers across the nation however they didn’t entirely benefit from the bountiful rains we usually associate with the title, as the positive IOD countered it,” traders at Cofco International Australia said.
As for 2018, prospects certainly look better for Australian growers than last year.
The measure of where conditions are related to La Nina, and its counterpart El Nino (historically associated with dryness in Australia), is “neutral and is expected to remain so for the coming season”, according to the country’s Bureau of Meteorology.
And as for the IOD, that is also “also neutral,” but with “the possibility of a negative IOD event from June”, a reading more promising for Australian output prospects.
Cofco said: “A negative IOD,” which means temperatures higher in the eastern end of the Indian Ocean than the west, “should be favourable for those looking for rain.
“This outlook is much more optimistic than 12 months earlier when forecasts of a positive IOD loomed as the significant threat for a dry winter.”
It may also ease growers’ concerns after a heatwave which last week brought April temperature records of 40 degrees Celsius or more to South Australia, New South Wales and Victoria, all major growing states.
“Many individual locations also had their hottest or equal-hottest April day on record, including Sydney and Adelaide,” the Bureau of Meteorology said, adding that “records have also been set for prolonged heat”.
The “exceptional” heat comes as the sowing window is beginning to open up for winter crops, such as canola and wheat.

The US Department of Agriculture bureau in Canberra said: “A dry April means that continued rainfall is still necessary for successful crop planting and development, especially in western New South Wales and Queensland.”
The USDA bureau was commenting as it forecast Australian wheat output recovering by 2.5m tonnes to 24.0m tonnes in 2018-19, as a revival in yields more than offsets a small decline in seedings, of 50,000 hectares to 12.2m hectares.
The output forecast was marginally more upbeat than that of Abares, the official Australian crop bureau, which pegs it at 23.74m tonnes, but below the 24.9m tonnes expected by the International Grains Council.
For barley too, a USDA forecast of a 9.50m-tonne harvest this year ranked above Abares’s estimate, of 9.0m tonnes, but behind the IGC, on 9.7m tonnes.
However, on 2018-19 prospects for sorghum, a summer crop, for which sowings are yet months away, the USDA was more downbeat, seeing a 1.60m-tonne harvest, behind the IGC’s 1.9m-tonne figure, and the 1.94m tonnes expected by Abares.

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Russia’s agricultural renaissance also includes feed
16 April – Worldgrain.com

In recent months, much attention has been focused on Russia’s ascension to No. 1 among the world’s wheat exporters, supplanting the United States, which had been the leader in this category for many years.
Since 2005-06, Russia, which was a net wheat importer at the turn of this century, has nearly doubled its wheat production from 44.5 million tonnes to the forecast 85 million in 2017-18 and more than tripled its exports from 10.6 million to 36 million during that time. Its export share has jumped from 1% in 2000 to 18% in 2016-17.
This hasn’t occurred by accident. With its biggest industry — oil — in steady decline, the Russian government has made self-sufficiency in agriculture a high priority in recent years. A weaker ruble has led to more expensive imports and cheaper exports, making a boost in agricultural production and exports a winning strategy for a country that comprises 11% of the world’s land mass and has great potential for agricultural expansion.
But the Russian renaissance in agriculture isn’t just limited to wheat, as this year’s Alltech Global Feed Survey, released in late January, revealed.
While the report’s headline was that global feed production topped 1 billion tonnes for the second straight year at a record 1.07 billion tonnes, closer inspection shows the most eye-opening development was Russia’s one-year leap from the world’s No. 7 feed producer to No. 4.
“Russia has been the story for us this year,” noted Alltech’s Aiden Connolly. “There is a desire clearly from President Putin to focus increasingly on self-sufficiency and he wants to see that in broilers, eggs, milk and pork to replace imports with local production.”
According to Alltech, Russia increased its feed production by 19% from 2016 to 2017, churning out 37.6 million tonnes. The beginning of this growth spurt in feed goes back a decade. According to a 2017 Global Agricultural Information Network report from the U.S. Department of Agriculture, the Russian feed sector has experienced an annual growth of between 7% to 10% since 2008. This growth has been supported by greater production in the livestock and poultry sectors, the introduction of new technologies and improvements in feed quality.

Not coincidental with this growth was the launch of the National Agricultural Development Program 2008-2012 and the follow-up State Program on Agricultural Development that runs through 2020, both of which have been credited with spurring major expansion in Russia's poultry and pork output.

Boding well for future feed production was a report from the Livestock and Breeding Department of the Russia Ministry of Agriculture forecasting 1-million-tonne-per-year growth for the meat and poultry sectors through 2020. And projecting out even further, the Russian Feed Union forecasts that by 2025 feed for poultry will grow by 29%, feed for pork will increase by a whopping 61% and feed for livestock is expected to jump by 50%.

The government will continue to have a stake in this growth as it is currently co-financing 77 feed production projects with a contribution of 5 billion rubles ($85 million) of the total cost of 22.3 billion rubles ($376 million).

Russia's road to self-sufficiency in agriculture as well as being a global leader in agricultural exports isn't without its potential bumps and detours. The country's aging infrastructure, particularly when it comes to agricultural transportation, is years behind many of its competitors, and a strengthening of the ruble or some other economic shift could also slow the country's ability to export.

But as things stand today, it's hard to imagine Russia not continuing to strengthen its position in the global grain and feed sectors.

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South Africa's wheat import tariff revised downward by 45 percent

16 April – Blackseagrain.com

The wheat import tariff has been revised down to R394.85 per ton, a 45percent decline from the previous rate of R716.33 per ton.

The Agricultural Business Chamber (Agbiz) said the new duty was calculated in February last year, following an upsurge of international wheat prices.

However, it was only published in the Government Gazette to make it official on April 6.

The head of Agbiz's economic research unit, Wandile Sihlobo, said the adjustments in the wheat import tariff were satisfied when the international wheat price deviated from the base price by more than $10 (R120.54) per ton for three consecutive weeks.

"From the week ending January 30 to February 13, international wheat prices consistently traded above $235 per ton, making a deviation of $10 per ton above the base price of then $218 per ton, thus leading to a downward revision of the import tariff," he said.

The International Grains Council forecast 2017/18 global wheat production at 758 million tons, up by a percentage point from the previous season.

"This implies that international wheat prices could trade sideways in the near- to medium-term.

"In the week ending April 3, international wheat prices traded at levels around $237 per ton."

On March 20, the wheat import tariff was R293.74 per ton, down 25percent from the current rate of R394.85.

The newly calculated rates, said Sihlobo, would only be applicable after publication in the Government Gazette.

Grain SA chief executive Jannie de Villiers told Business Report that the import tariff system was designed to increase when international prices went down, and decrease when they shot up.

"Look, it's a bit complex. The levy is always moving up and down with regards to what's going

on with international prices," said De Villiers.
He stressed that the new tariff price won't increase or decrease the price of bread, a source of carbohydrates for millions of South Africans living below the poverty line.

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Egypt sets buying price for local wheat in line with international prices
12 April – Zawya.com

Egypt set the buying price for its local wheat crop at 570 to 600 Egyptian pounds ($32-$34) per ardeb (150 kilograms), the ministry of supply said on Wednesday.
Egypt, the world's largest importer of wheat, harvests its own crop from April through July and has said it is looking to buy over 4 million tonnes from its farmers.
Speaking at a weekly cabinet meeting, Supply Minister Ali Meselhy said the local purchase price was in line with international prices Egypt has paid for imported wheat over the past year, continuing a policy the government imposed last year which scrapped a subsidy that paid farmers an above-market rate.
In recent years a higher subsidised local procurement price led traders to smuggle cheaper foreign wheat from abroad and sell it to the government as Egyptian-grown in order to cash in on the higher price.
The lowest price at an international purchase tender Egypt held last month was $217 per tonne for Russian wheat, whereas farmers according to this year's pricing will receive about $215-$225 per tonne for their crop.
Moselhy also said that Egypt aims to increase its storage capacity for wheat through ongoing projects in order to accommodate 4 million tonnes of the grain, up from 2.9 million tonnes currently, though he did not specify by when.
The government has said it expects to import about 7 million tonnes during the fiscal year ending in June - wheat it uses along with its local crop to supply a sprawling subsidised bread programme.
Last year Egypt procured about 3.6 million tonnes of wheat from its farmers, the first year it scrapped the subsidy and followed international prices.
This year's procurement price is a modest increase from last year, when Egypt paid its farmers 555-575 Egyptian pounds per ardeb.

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Pasta spats: Canadian wheat exports to Italy slump
3 April – iPolitics.com

The world's largest pasta maker says it has had to cutback Canadian imports of durum wheat – a key ingredient in pasta – because of ongoing consumer concerns about the use of a popular weed killer.
Barilla's purchasing director Emilio Ferrari told grain groups in Toronto last week the company has cut back their Canadian wheat imports by 35 per cent, despite the fact Canadian durum wheat is of exceptional quality. No contracts for Canadian durum are being signed right now, he said.
The reason is that some Italian consumers are fearful Canadian wheat has been "poisoned" because it tested positive for traces of the popular and widely-used herbicide glyphosate, he said – a fear Italian farmers have capitalized on in an attempt to dissuade foreign imports,

even though glyphosate poses no risk to human health if residues are within accepted limits. Canada is one of Italy's biggest suppliers of durum wheat.

"Italian farmers took the opportunity to blame imported wheat," he said. This despite the fact Italy cannot produce enough durum wheat to meet demand. "In Italy we need to import durum wheat for quantity and quality reasons," Ferrari said, explaining that domestic production simply can't supply the amount required. Fifty per cent of the pasta produced by Barilla is exported.

"They [the farmers] tried to do this way, I think it is something like a suicide to say pasta is poisoned with glyphosate because pasta producers want to buy most of the Italian crop – but anyway this is the approach we have now," Ferrari said, adding it is "very difficult to change the public opinion" even if it is not science-based.

Glyphosate, a commonly used herbicide, does not pose a risk to human health if the residues are within regulated limits known as Maximum Residue Limits (MRLs). A recent study by the Canadian Food Inspection Agency found more than 98 per cent of foods that tested positive for glyphosate were within the acceptable limit. Health Canada's current MRL limit for glyphosate residues in wheat is five parts per million.

The study was reviewed by Health Canada. No human health concerns were identified.

However, glyphosate has come under intense public scrutiny in Europe, with Italy banning the use of the chemical as a pre-harvest treatment in 2016. "We never use it but they banned the usage, because we don't need it," Ferrari said. He told attendees at the Canadian Global Crops Symposium his company is currently unwilling to accept shipments with glyphosate tracings above 10 parts per billion.

Concerns about glyphosate will continue to be an issue, he said – urging Canadian producers to find an alternative. However, Canadian producers argue the current limits set by Italy are simply too low to meet because glyphosate is commonly used within acceptable limits and traces of the herbicide are found throughout this country's bulk handling grain system. The majority of Canadian durum wheat is not treated with glyphosate pre-harvest.

Italy's decision followed a review of the herbicide by the World Health Organization's International Agency for Research on Cancer's (IARC) in 2015 that listed the herbicide as a Group 2a carcinogen, meaning it probably causes cancer in people.

However, the IARC's finding has been heavily disputed by international scientists and triggered several multi-million dollar lawsuits. A Reuters investigation later found the IARC's report had been heavily edited from its draft form, with findings and evidence that were at odds with its final conclusion deleted and/or heavily edited.

Canada and Italy have been embattled in a simmering trade dispute over durum wheat exports for several years, stemming from a "Made in Italy" country of origin label.

Under the policy, which was set to take effect in mid-February, processors are required to identify where their durum wheat was grown and milled into the semolina flour used to make pasta. Similarly, rice packaging must identify where the rice was grown, treated and processed.

Canadian farm groups want the policy challenged at the World Trade Organization, arguing it discriminates against Canadian product. Cereals Canada President Cam Dahl told iPolitics no Canadian durum wheat is currently being exported to Italy because of the policy.

Saskatchewan's Agriculture Minister Lyle Stewart told reporters last July he expected the policy would end up at the WTO. "Italy's being very aggressive on this," he said at the time. "We had hopes the EU would stop this thing before it ever got to the WTO, but if that had failed, this might at least shorten up the process."

“Even if it does come to a decision at the WTO, I think Canada will be in pretty good shape on this one.”

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Ukraine’s state railway failing grain exporters

2 April - KyivPost

Ukraine’s thriving grain industry outstrips the capacity of its railway system.

While the country exports two-thirds of its grain, further expansion relies on state railroad monopoly Ukrzaliznytsya, which hauls crops from fields to Black Sea ports.

In 2015, the government banned trucks with more than 40 tons of freight from driving on highways to preserve Ukraine’s crumbling roads. Grain producers were forced to switch to the railways, but a sharp surge in demand exposed aging infrastructure, a shortage of railcars and poor management.

Last December farmers in Lviv Oblast found themselves in a difficult situation. Harvesting of corn was delayed because elevators were filled with stored grain destined for export. Farmers blamed railway authorities for the absence of empty grain cars. “They couldn’t export grain from elevators to ports for several weeks,” head of Ukraine Grain Association Mykola Gorbachov said.

Currently, Ukrzaliznytsya operates 18,000 grain hoppers, enough for grain exporters if they were used efficiently, Gorbachov said at a press briefing on March 15. “Poor management of resources is evident: there are more wagons with lower turnover, and we are short of wagons again.” Large grain storages receive priority service, according to the association. There are only 50 able to load .a full fleet of 54 wagons in one shipment. The 800 smaller elevators have to wait. “We want Ukrzaliznytsya to show us the algorithm of distributing grain cars and locomotives among stations,” Gorbachov said.

Ukrainian grain exporters report severe shortages of rail cars to transport their grain to the ports. The problem has been worsened by a 2015 ban on road freight loads over 40 tons, meaning more grain has to be transported by rail.

Yuriy Skychko, a director of Hermes Trading, corroborates that lack of transparency harms exporters.

Hermes Trading sells abroad some half a million tons of grain a year, which makes it one of the leading grain exporters in the country. Yet it falls short compared to the largest agroholdings that load 54 wagons and more at once.

“Our elevators are capable to load 18–20 wagons, but we don’t get the requested number of railcars from Ukrzaliznytsya. They send 2–5. As a result, our deliveries to port to our buyers fail. We lose profits,” he told the Kyiv Post. “We have to work in such unpredictability, never knowing how many empty grain cars we will receive or how quickly they will be unloaded.”

The railway officials deny any discrimination and blame grain producers for not providing data on planned exports.

Recently transformed into a state-run corporation, Ukrzaliznytsya made a profit in 2017 for the first time in years and plans to increase earnings by optimizing its freight department.

According to the company’s financial director Andriy Ryazantsev, over a half of a total of 518 stations operate at a loss due to small loads of grain from elevators. “It is a luxury to run a wagon of grain with two locomotives,” he said. To cut costs, the company suggested consolidating shipments from several elevators and closing unprofitable stations.

“We will also change the application process and engage elevators that confirm they have grain in storage for export,” Ryazantsev said at a press briefing on March 15.

Gorbachov of the Ukraine Grain Association believes such an approach is wrong. “Ukrzaliznytsya is a monopolist, and their purpose is to meet the needs of important sectors of economy like agriculture, not increasing its own profitability,” he said.

While Ukrzaliznytsya struggles to keep up with current volumes of 40 million tons of grain a year for export, grain producers forecast a doubling of volume in the next decade. This will require significant improvement in railway logistics and upgrading an old fleet of locomotives and grain hoppers, most of which were bought back in the 1980s and early 1990s.

Aware of the looming crisis, Ukrzaliznytsya signed a 10-year, $1 billion deal with American corporation General Electric in February. The deal foresees purchasing 200 locomotives from GE, with the first batch of 30 locomotives slated for delivery this year. In addition, the company plans to purchase 350–500 grain hoppers through tenders.

In March, Ukrzaliznytsya reported talks with German Siemens AG on joint manufacturing of locomotives. But this prospect is doubtful, since a 2018 financial plan shows no investment into construction.

The financial director of Ukrzaliznytsya, Ryazantsev, said that his company intends to start building grain hoppers in 2020. So far Ukraine only makes open wagons and container platforms.

Delegating some railway services to private operators could relieve the emergency, but Ukrzaliznytsya doesn’t allow privately-owned locomotives on its tracks.

The situation will have to change, however. The political and trade Association Agreement with the European Union, which came into force last September, favors the creation of an open railway market in the next seven years. And Ukrzaliznytsya is looking for a mechanism to fit in the European model, in which a monopoly infrastructure operator gives access to independent train operating companies.

At the meeting with a logistics committee of the European Business Association on March 2, acting head of Ukrzaliznytsya Yevhen Kravtsov said his company supports opening the market, especially on unprofitable routes, but doesn’t want to lose its dominant position and profits.

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Argentine drought hits farmers hard, undermining economy

2 April – AP News

Jorge Josifovich is silent and downcast as he walks under the pounding sun in one of Argentina’s most fertile agricultural regions, staring at soy crops parched by the country’s worst drought in years.

The drought, which began in November, has caused big losses, reduced expectations of economic growth and raised concerns among farmers, government officials and experts in the world’s third-largest exporter of soybean and corn.

“It’s dramatic,” said Josifovich, a farmer and agricultural engineer who provides advice to growers. He picked up soy seeds from a plant that stands at about half its normal height.

“Not only is there the physical loss of grain yield, but there’s also the loss of quality, which lowers the product’s final price.”

That’s a blow to Argentina, where farming is the economy’s main engine, and high or low prices for soy and other commodities can either help sustain or bust government investment plans.

President Mauricio Macri was counting on a near-record soy crop this year to boost economic growth to 3.5 percent in 2018. Instead, what is expected to be the poorest harvest in at least a decade has already cut growth forecasts by up to a percentage point.
While Macri struggles to reduce the country's high fiscal deficit and tame inflation, Argentines continue to lose purchasing power and many are growing increasingly frustrated with rises in fuel and transportation costs.
The value of grain exports this year could be cut by up to $3.4 billion as a result of the drought, according to recent estimates by the Buenos Aires Grains Exchange. But the impact could be even more bruising if related industries are taken into account.
"This situation is frustrating because it impedes the government from reaching its expected growth, and it hits other sectors," said Fausto Spotorno, an economic analyst at Orlando Ferreres & Asociados, a Buenos Aires-based consulting firm.
Argentina's famed meat and dairy industries, which depend on corn and soymeal for animal feed, are facing more than $600 million in losses, according to the exchange. The drought has also hurt the poultry and pork sectors as well as the silos that store grain and the trucking and shipping companies that transport it.
"You'll have less beef and a problem with (a rise) in prices," Ezequiel de Freijo, chief economist at the Argentine Rural Society, said about the outlook for next year.
He said the consumption of Argentine diesel fuel will also be reduced by 2.5 percent in 2018. And about a million fewer trucks will be used to transport grain in 2018 compared to last year because of the drought. That translates into an estimated $1.1 billion in losses.
Soy makes up more than a third of all Argentine exports, and Argentina is the world's top supplier of soy oil and meal.
"This is directly hitting our pockets," Alejandro Calderon, president of the farming group Rural Society of Pergamino, said as he inspected soy plants with Josifovich at a field about 140 miles (220 kilometers) northwest of Argentina's capital. Badly needed rains that had been expected in recent days never came.
Argentina has been hit by severe droughts in the past. The last one, in 2008, killed thousands of cows, cut grain output and stirred growing discontent among farmers who complained about what they said was a harmful government policy and a lack of aid for the agricultural industry.
This time around, Macri has announced that his government would provide debt relief to drought-hit farmers, including delaying maturities on agricultural loans and extending new credit lines with longer grace periods so growers can continue buying tools and other equipment.
Still, many growers say the government needs to do more. So far, the estimate for the soy harvest has dropped to 39.5 million metric tons, a 31 percent plunge from the 2016-17 season. Corn is expected to come in at 32 million metric tons, a 22 percent drop from expectations earlier in the season.
Many farmers are demanding insurance that can once and for all protect them from inclement weather.
"We have a business that is out in the open air and we depend on weather," Josifovich said. "Sometimes, our complaints are justified."

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Reports

Commodity Markets Outlook. Oil Exporters: Policies and Challenges – World Bank

Commodity prices strengthened in the first quarter of 2018. Broad-based price increases were supported by both demand and supply factors. Accelerating global growth lifted demand for commodities, while a number of commodities Looking ahead, policy actions currently under discussion, such as additional tariffs, production cuts, and sanctions, present risks to the short-term outlook. This edition also analyses the policies of oil exporting economies in response to the 2014 oil price collapse. It concludes that oil exporters with flexible currency regimes, larger fiscal buffers, and more diversified economies fared better than others.

Global Food Policy Report 2018 - IFPRI

IFPRI's flagship report reviews the major food policy issues, developments, and decisions of 2017, and highlights challenges and opportunities for 2018 at the global and regional levels. This year's report looks at the impacts of greater global integration—including the movement of goods, investment, people, and knowledge—and the threat of current antiglobalization pressures.

Dairy Market Review – FAO

The FAO Dairy Market Review provides an overview of international prices, production and trade, along with underlying policy developments.

Meat Market Review - FAO

The FAO Meat Market Review provides an overview of international prices, production and trade, along with underlying policy developments.

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Monthly Information Sources

Grain Market Report – IGC

Oilcrops Monthly Price and Policy Update – FAO

Crop Monitoring in Europe - European Commission

FAO Rice Price Update – FAO

World Agricultural Supply and Demand Estimates – USDA

Early Warning Crop Monitor – GEOGLAM

Commodity Price Data - World Bank

Food Price Monitoring and Analysis (FPMA) - FAO

GIEWS Country Briefs - FAO

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FAO World Food Situation

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www.fao.org/economic/est