

# MONTHLY NEWS REPORT ON GRAINS

FAO Trade and Markets Division

MNR ISSUE 140 – February 2018

## Market News

- Thailand – Measures to cap wheat imports kept
- Tops in wheat, Russia moves up as a feed grain exporter
- India witnessed fall in wheat imports, Indonesia becomes number one surpassing Egypt
- World wheat output to fall this year – but not barley, maize, rapeseed harvests
- Australia's high-protein wheat production rises on dry weather
- Soybeans, maize rise as drought hurts crops in Argentina
- Barley prices hit premium to feed wheat, as importers pay up
- Canadian farmers to plant more wheat, canola and oats this year
- Black Sea region challenges Aussie wheat
- Brazil slashes crop projection; raises soy slightly

## Reports

- Agricultural Monitoring Bulletin – Brazil - CONAB

## 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

## Market News

### **Thailand – Measures to cap wheat imports kept**

27 February – Bangkok Post

The government has maintained measures to cap wheat imports in a move to stabilise domestic maize and cassava prices.

Commerce minister Sontirat Sontijirawong, who met yesterday with a group of maize and cassava farmers, said the ministry's measures requiring importers of wheat to purchase domestic maize at a ratio of 1:3 will remain intact as part of efforts to shore up domestic maize prices.

Imports of wheat for animal feed also require a permit, following a cabinet resolution last November.

The global price of wheat has fallen because of the world's economic slowdown, while a lack of tariffs on imported wheat encourages animal feed makers to import it.

But Mr Sontirat said the government will also take in to account the adequacy of domestic maize supply and competitiveness both of farmers and business operators as well as Thailand's obligations to the World Trade Organization (WTO).

Thanks to the government's measures, domestically-grown maize with 14.5% moisture content is priced 9.50-9.60 baht per kg, compared with 5-6 baht per kg last year.

The prices of fresh cassava root with 25% starch is quoted at 2.40-2.50 baht per kg, compared with 1.30-1.40 baht per kg in the same period last year.

Thailand waived import tariffs on wheat in 2013 at the request of animal feed producers. Before the move, wheat prices were about 1-2 baht higher than maize prices.

Imports rose following the waiver, and wheat prices have been 1-2 baht lower than maize prices since 2014.

In 2013, Thailand imported about 1 million tonnes of wheat. The figure rose to 1.4 million tonnes in 2014, and 3.5 million tonnes in 2015 and 2016.

Last year, the government's measures prompted wheat imports to drop to 1.5 million tonnes.

Songsak Songserm-udomchai, president of the Crop Growers & Merchandisers Association, said Thailand is estimated to produce 5.5 million tonnes of maize in the 2017-18 harvest season, on par with last year.

Given the yearly output, Thailand is expected to import 3 million tonnes of maize if demand amounts to 8.1 million tonnes as claimed by livestock-related operators, he said.

[back to top](#)

### **Tops in wheat, Russia moves up as feed grain exporter**

26 February - Reuters

Due to a rapid improvement in yields, Russia is cementing its position as the world's top wheat exporter and has become the fifth-largest exporter of feed grains (mostly barley), developments that squeeze the U.S. position in the world market. It is a dramatic change in rank for Russia. In the early 2000s, it was a net importer of grain.

Russian grain exports are forecast by USDA to reach record levels during the current marketing year, nearly 45 million tonnes, a leap upward from 36.4 million tonnes last year. Wheat shipments would be the largest ever, at 35 million tonnes, while corn and barley would be the second-highest on record, at just below 10 million tonnes. Besides abundant

harvests, the sales surge is built on low prices, favorable exchange rates, and proximity to the rapidly growing markets of the Middle East and North Africa. Russia has expanded its port capacity and, at the end of 2017, began subsidizing shipments to the port from the field.

USDA analysts say Russian wheat sales to Egypt, the top importer, are booming, and sales of feed grains are strong into Iran, Saudi Arabia, and Libya. In the Middle East, barley is fed to sheep and cattle; corn goes into poultry feed. Egypt is expected to get 1% of its wheat from the U.S. this year, down from 8% five years ago. Russia and Ukraine hold 82% of the Egyptian market for wheat.

“Plentiful supplies have enabled it to expand exports to reach markets farther afield in Africa, Asia, and even to Mexico, demonstrating Russia’s growing influence in the global grain market,” says USDA. Although a small player in the corn market, Russia has notched sales to Japan and South Korea – two major U.S. ag customers. Russia accounts for one fifth of world trade in wheat and barley. The U.S. is a nonentity in the barley market but is No. 1 in corn. After leading the wheat market last year, the U.S. is neck and neck with the EU for second place this year.

The U.S. is the world’s largest ag exporter, but its share of the global market has fallen in recent decades and was estimated at 28% in 2017, although a larger portion of U.S. crops is being exported, says the Kansas City Fed. “The decline . . . suggests that, while the rest of the world has become more active in global export markets, the U.S. has become increasingly reliant on world trade.”

[back to top](#)

### **India witnessed fall in wheat imports, Indonesia becomes number one surpassing Egypt**

26 February – businessworld.in

A potential consumption growth in developing countries around the world is continuously impacting the global wheat trade

Wheat import is getting the speedier track in major developing nations due to higher consumption. Continuous slow trade, let India witness the drop of wheat imports. On the other hand, Indonesia surpassed Egypt to become world's number one wheat importer. A potential consumption growth in developing countries around the world is continuously impacting the global wheat trade. Pushing trade to record levels, providing a rising tide for wheat suppliers. On the other hand for the purpose of being farmer friendly and due to higher productions, India had witnessed a fall of 500 million tonne in imports. Imports of wheat got down from 2500 MT to 2000 MT this year with a slow trade as a reason.

The new chapter is that Indonesia has been forecasted by global agriculture information network of US department of agriculture as Largest Wheat Importer reason being increasingly supplied by the Black Sea Nations to Indonesia. Indonesia is forecast to be the largest wheat importer for the year 2017-18 at 12.5 million metric tons, surpassing Egypt, which has traditionally been the top wheat importer. Indonesia wheat imports have been growing based on food and feed demand. Population and incomes are rising and diets are moving towards Western trends of pastries, instant noodles, and poultry. Even though there are feed wheat import restrictions, lower-priced milling wheat is still an affordable ingredient to process into feed rations.

Traditionally, Indonesia's top four wheat suppliers can be ranked in order of highest to lowest – ‘Australia, Canada, Ukraine, and the United States’. However, competitively priced black Sea wheat continues to put pressure on high-quality suppliers by offering wheat at a

much lower price. So far in the year 2017-18, those top suppliers have changed to Ukraine, Australia, Russia, and Canada. To date (July-November 2017), imports from Ukraine have surpassed those of Australia, a long-time top supplier of wheat to Indonesia with a market share of around 50 per cent or more. Not only is Ukraine robbing Australia of its major market, Russia has now made an entrance into Indonesia.

For the year 2017-18, global production has raised to a new record, based on larger crops in Argentina, Moldova, and Ukraine. Global trade, already a record, has been forecasted to witness an up from last month. Imports are forecast higher for Indonesia but lower for India and the European Union. Higher exports for Argentina, Canada, Pakistan and Russia more than offset lower forecasts for the United States and the European Union.

[back to top](#)

### **World wheat output to fall this year – but not barley, maize, rapeseed harvests**

23 February – Blackseagrains.com

World wheat production will fall in 2018-19 for the first time in six years, the International Grains Council said, but corn output should show modest growth, as should the barley and rapeseed harvests.

The IGC, in details of its monthly report, cut by a second time its forecast for world wheat area for the next harvest, this time by 600,000 hectares to 217.9m hectares.

The downgrade took the estimate 1.4m hectares below the 2017-18 level, and indeed to the lowest in six years.

“Difficult weather during planting is expected to have curtailed area in India, Russia, Morocco and parts of the European Union,” the council said, while forecasting a 2.2% rise to 15.5m hectares (38.3m acres) in US seedings, and 2.4% growth to 9.2m hectares in Canadian ones.

The lower area looks poised to result in a drop of some 16m tonnes year on year, to 741m tonnes, in world wheat production in 2018-19, the first decline since 2012-13.

And this in turn will prompt a fall in inventories of some 5m tonnes, to 250m tonnes.

That would represent “the first fall in six years, but still the second largest carryover in history,” the IGC said.

It added that the decline in stocks would be focussed on exporting countries - whose supplies, in being available to the world market, are particularly important for pricing prospect - while inventories in China likely see a “further accumulation”.

For corn, the council, in its first forecast for 2018-19, pencilled in a marginal fall in area to a three-year low of 185.3m hectares.

Area in Ukraine will ease “because of relatively poor profitability and discouraging results”, while that in the US was forecast down some 300,000 hectares to 33.2m hectares (82.0m acres) on a harvested basis.

Brazilian area was seen rebounding by 800,000 hectares to 17.3m hectares to offset falls in Ukraine in the US, and the likes of Argentina and China too.

“Assuming normal weather and trend yields, global production is projected to increase slightly in 2018-19,” the council said, although seeing output remain behind consumption, to bring a further decline in world corn inventories.

“Owing to drawdowns in the major exporters and China, world closing stocks could tighten for a second consecutive year,” the IGC said, albeit describing inventories as staying “comfortable”.

For barley, the IGC, in its first 2018-19 outlook, forecast area rising, by 900,000 hectares to a

three-year high of 48.2m hectares on a harvested basis, lifted by increases in all the top producing countries - Australia, Canada, the European Union, Russia and Ukraine. EU area was seen rising by some 400,000 hectares to a nine-year high of 12.5m hectares. "With expanded area and assuming yields are close to the year before, world production is provisionally seen increasing by about 1% year on year," to match roughly consumption, leaving world inventories little changed over 2018-19.

Rapeseed was also seen picking up area in Canada and the former Soviet Union lost to some other crops, with world harvested area pegged at a multi-year high of 37.1m hectares, up 500,000 hectares on this season's total.

The council flagged a boost to the popularity of the crop in Canada from "anticipated favourable returns compared to alternatives, coupled with prospects for firm international demand".

World rapeseed output was seen hitting 74.7m tonnes, eclipsing by 200,000 tonnes this season's record high, the IGC said, while stopping short of making a forecast for carryout stocks.

[back to top](#)

### **Australia's high-protein wheat production rises on dry weather**

22 February – afr.com

"Suppliers in NSW (New South Wales) and Queensland are preserving higher quality grades for exports," said a Melbourne-based trader. Krisztian Bocsi

The Asia-Pacific is this year likely to import less of the high-protein wheat used to churn out food such as noodles and pizza as growers in the region ramp up output, traders said.

Australia, the world's No.4 wheat exporter, has harvested larger volumes of protein-rich hard wheat in the 2017/18 crop year, while the amount of land dedicated to growing wheat in China is expected to be the biggest in five years, with traders saying high-quality grain will make up an increasing chunk of that.

Tempered Asian appetite for imports of high-protein wheat could hit supply from key growers of such crops including the United States and Canada.

Asia is the world's top consumer, producer and importer of wheat, with annual purchases accounting for almost a third of global trade.

"Australia is in better shape this year to meet hard wheat demand for customers in Southeast Asia," said a Singapore-based trader, referring to increased production of protein-rich Australian Prime Hard (APH) wheat.

A hot and dry 2017 growing season caused Australia's wheat crop to shrivel by nearly 30 percent from the season before, its largest contraction in a decade.

But what the heat took away in quantity was made up for in part by a rise in quality as the hot conditions boosted grain protein levels.

"Suppliers in NSW (New South Wales) and Queensland are preserving higher quality grades for exports," said a Melbourne-based trader.

All traders declined to be identified as they were not authorised to speak with media.

China's wheat area this year is expected to be the largest since 2012/13 at 24.2 million hectares, the US Department of Agriculture estimates, with farmers planting more high-protein varieties.

One grains trader in China said the area under protein-rich wheat has doubled this year compared with 2016/17, but did not say how many hectares were planted with such crops.

"The main reason is good quality wheat sells well. Flour mills are transforming, switching to

special flour as diets change," he told Reuters.

"China will not export high-protein wheat, but higher (domestic) output will take care of some of its own demand which is (typically) met through imports," the Singapore trader said.

China is the world's top consumer, producer and importer of wheat. It grows several types of high-protein wheat, including Shiluan 02-1 which is deemed similar to US hard red spring wheat, known worldwide for its quality.

Tighter supplies last year of high-protein wheat lifted Minneapolis Grain Exchange prices to a three-year peak in July.

The market has since eased after US and Canadian spring crops made it through scorching growing seasons in better condition than expected, but top quality supplies remain tight in key exporting nations.

Still, even with reduced demand from China there will be Asian imports of high-protein US and Canadian spring wheat, according to trade sources.

"Some mills use Canadian or US wheat for some special types of flour, which they will continue to buy," said one trader.

China's overall wheat imports are forecast to be about 4 million tonnes in 2017/18, compared with 4.41 million tonnes a year ago, according to the USDA.

Australia's main wheat crop is harvested in November-December, while China has two crops - the winter wheat crop, which is gathered in May-June, and the spring crop that is harvested in August-September.

[back to top](#)

## **Soybeans, maize rise as drought hurts crops in Argentina**

21 February - CNBC

U.S. soybean futures on Wednesday rose for the sixth time in seven sessions while corn futures edged higher on expectations that a drought-reduced crop in Argentina would buoy demand for U.S. supplies.

Gains were limited by plentiful global supplies and strong production prospects in Brazil. Wheat, meanwhile, slipped to a two-week low, pressured by high world supplies and rain relief for parched crops in the U.S. Plains.

Speculative investors have shifted to a more bullish view for corn and soybeans after weeks of hot, dry weather in Argentina, the world's No. 3 exporter of both commodities and top supplier of soymeal and soyoil.

"The trade is suggesting that the coming drop in Argentine production will almost all be shifted to U.S. exports," said Rich Nelson, chief strategist with Allendale Inc.

Crop forecasters have been cutting their production forecasts for the country as corn and soy fields are expected to stay mostly dry next month.

Argentine farm consultancy Agripac cut its soybean crop forecast by about 18 percent from the start of the season and its corn crop estimate by 12 percent.

Brazil, however, is on track for a record crop. Several forecasters have ramped up their crop estimates in recent weeks amid favorable weather.

Chicago Board of Trade March soybeans were up 8 cents at \$10.34-1/2 a bushel by 11:30 a.m. CST (1730 GMT), hovering near a seven-month high of \$10.39 posted a day earlier.

CBOT March corn gained a penny to \$3.66-1/2 a bushel.

Grain markets are awaiting updated supply and demand forecasts from the U.S. Department of Agriculture at its annual outlook forum later this week.

Analysts polled ahead of the gathering expect U.S. soybean acres this season to exceed corn acres for just the second time ever.

Wheat futures weakened, led by hard red winter (HRW) wheat, as a storm moved across the Southern Plains crop belt, much of which is under severe to extreme drought.

March K.C. HRW wheat futures fell 5-1/2 cents to \$4.66-1/4 a bushel. CBOT March soft red winter wheat was 1/4 cent lower at \$4.49 a bushel after earlier sinking to a two-week low of \$4.45-1/2

Ample global wheat supplies and stiff competition in export markets remained headwinds for U.S. wheat. Major importer Egypt bought 120,000 tonnes of Russian wheat in its latest tender, underscoring the dominance of Black Sea origins on export markets.

[back to top](#)

## **Barley prices hit premium to feed wheat, as importers pay up**

20 February – Agrimoney.com

Barley prices are, unusually, at a premium to feed wheat values in many exporting countries thanks to strong demand for coarse grain, evident in raised prices paid by Saudi Arabia this week for supplies.

While grain prices overall have proved buoyant over the past month, lifted by factors including dryness in Argentine corn producing areas and in some major US winter wheat growing states, barley prices have performed particularly well in many markets.

Russian barley export prices are up \$10 a tonne over the past month to \$201.50 a tonne, the highest in three years, according to data from analysis group SovEcon.

The rise has gained barley prices a premium even to values of Russian export food wheat of 12.5% protein, which have appreciated by \$7 a tonne to \$200 a tonne over the same period. In the French port of Rouen, feed barley was on Monday achieving E159.00 a tonne, a premium to feed wheat at E153.00 a tonne, according to Agritel.

A month ago, Rouen feed barley, at E148.00 a tonne, was at a E1.00-a-tonne discount.

In Canada, farm ministry AAFC this week reported a “very tight price spread between feed barley and wheat”.

Barley price as measured in the benchmark Lethbridge market “has been hovering around Can\$220 a tonne, after starting the crop year below \$200 a tonne”, AAFC said.

In the UK, barley prices, at £136.00 a tonne in East Anglia, according to the AHDB bureau, have narrowed their discount to feed wheat to £3.50, from £9.50 a tonne a month ago.

According to CRM AgriCommodities, UK barley has actually hit “a premium in the south of England, with the highest feed barley prices for four years”.

“Feed barley shortages in the west and south west are starting to result in tonnages pricing in from further afield,” traders at a major commodities house said.

“Surplus tonnage in the east is now being trucked longer distances as a result.”

The rise in barley values reflects strong import demand in the face of a series of world production deficits – leaving the US Department of Agriculture to forecast world stocks at 17.8m tonnes at the close of 2017-18.

That would represent a 20% fall year on year, and the weakest carryout stocks figure in 34 years.

Agritel said that while French “wheat prices have resumed their decline mainly due to a lack of dynamism on export markets”, feed barley prices are “benefitting from a steady demand on the international stage.

“In consequence, feed barley prices are now over those of wheat.”

Saudi Arabia, where much of the livestock industry has a historical preference for barley, on Monday bought 960,000 tonnes of the grain, taking total purchases for 2017-18 to 6.3m tonnes.

The country’s state-owned grain procurement agency, Sago, paid an average price of \$243.47 a tonne for the latest order, up 12.3% from the price paid at the previous tender, a month ago.

According to USDA staff, "Saudi Bedouins have preferred barley for animal feed because it is easier to handle and store than processed feed".

Chinese barley purchases have also proved strong, as some livestock feeders seek alternatives to corn, the price of which has been boosted by efforts a drive to erode huge state stockpiles, by curtailing domestic sowings and encouraging demand, including from the likes of ethanol plants.

China’s imports of barley, over which it operates a favourable import regime, last year soared 77% to 8.87m tonnes, in the main from Australia, with Canada and Ukraine other major origins.

However, Australia’s barley shipments this season look like being constrained by a far lower harvest, and are seen falling by nearly 40%, to a five-year low of 8.0m tonnes, according to US Department of Agriculture forecasts.

And AAFC forecasts Canada’s barley shipments this season easing by 100,000 tonnes to 2.35m tonnes, constrained by a drop in carry-in inventories.

Such declines have helped lift volumes, and prices, of barley from other origins, with Russia’s shipments of the grain growing even faster than those of wheat so far this season. SovEcon, quoting customs data, reports Russia’s barley shipments at 3.9m tonnes, a “1.9 times increase” year on year, compared with 37% growth to 24.5m tonnes in wheat exports. European Union exports for 2017-18 as of last week stood at 3.47m tonnes, a rise of 17% year on year.

[back to top](#)

## **Canadian farmers to plant more wheat, canola and oats this year**

20 February – World-grain.com

Agriculture and Agri-Food Canada on Feb. 16 forecast area planted to wheat, canola and oats this spring to increase from 2017 with record area and production projected for canola.

AAFC forecast area planted to all-wheat in Canada for harvest this year at 9.51 million hectares (1 hectare = 2.47 acres), up 4% from 9.126 million hectares in 2017. Harvested area was projected at 9.31 million hectares, up 4% from 8.983 million acres in 2017. AAFC projected average yield at 3.22 tonnes per hectare, signifying a return to trend yields compared with 3.34 tonnes per hectare in 2017. Canadian wheat production in 2018 was forecast at 30 million tonnes, up only 16,000 tonnes from 2017.

AAFC commented that the planted area increase resulted from a projected 5% increase in spring wheat plantings that would more than offset an 11% decrease in winter wheat seedings.

“The spring wheat area is forecast to increase because of relatively good prices for spring wheat and a shift out of winter wheat and dry peas in Western Canada,” AAFC said.

AAFC projected planted area of wheat excluding durum (winter wheat and spring wheat) in 2018 at 7.3 million hectares, up 4% from 7.02 million hectares in 2017. Harvested area was projected at 7.14 million hectares, up 4% from 6.895 million hectares. Average yield was

forecast at 3.4 tonnes per hectare compared with 3.63 tonnes in 2017. Production of wheat excluding durum in 2018 was projected at 24.3 million tonnes, down 3% from 25.022 million tonnes in 2017.

AAFC projected area planted to durum for harvest this year at 2.21 million hectares, up 5% from 2.106 million hectares in 2017. Harvested area was forecast at 2.17 million hectares, up 4% from 2.088 million hectares in 2017. Average yield was projected at 2.63 tonnes per hectare compared with 2.38 tonnes in 2017. Canadian durum production in 2018 was projected at 5.7 million tonnes, up 15% from 4.962 million tonnes in 2017 but more than 2-million-tonnes lower than the record crop in 2016 at 7.762 million tonnes.

AAFC said the larger planted area for durum was forecast because of lower carry-in stocks, relatively good prices and a shift out of lentils. The higher production forecast was attributed to the larger planted and harvested areas and a return to trend yields from the below-trend yields of 2017, which resulted from below-normal precipitation in the durum growing areas. AAFC forecast Canadian area planted to canola for harvest this year at 9.73 million hectares, up 5% from 9.307 million hectares in 2017. Harvested area was projected at 9.716 million hectares, up 5% from 9.266 million acres in 2017. Average yield was forecast at 2.23 tonnes per hectare, down from an above-trend yield of 2.3 tonnes per hectare in 2017.

Canadian canola production in 2018 was projected at a record 21.7 million tonnes, up 2% from 21.313 million tonnes in 2017, the current record.

The larger forecast planted area for canola was due to "attractive expected returns compared to alternative field crops and the strong pace of sales for 2017-18," AAFC said.

AAFC forecast area planted to oats for harvest this year at 1.325 million hectares, up 2% from 1.295 million hectares in 2017. Harvested area was projected at 1.075 million hectares, up 2% from 1.049 million hectares in 2017. Average yield in 2018 was projected at 3.44 tonnes per hectare compared with an above-trend 3.55 tonnes in 2017. Canadian oats production in 2018 was projected at 3.7 million tonnes, down only 24,000 tonnes from the 2017 outturn at 3.724 million tonnes.

AAFC said the seeded area forecast for oats increased from 2017 "due to good U.S. oat futures levels, which will contribute to competitive pricing versus other cropping choices."

[back to top](#)

## **Black Sea region challenges Aussie wheat**

14 February – SBS news

Wheat growers in the Black Sea region are taking Australia's share of the south-east Asian market.

Agribusiness banking specialist Rabobank says wheat growers in the Black Sea region - Russia, Ukraine, Kazakhstan, Romania, Bulgaria, Hungary and Serbia - have an increasing presence in export markets, and it isn't a short-term phenomenon.

Rabobank senior grains and oilseeds analyst Cheryl Kalisch Gordon says Australia has already lost market share in south-east Asia.

Australia supplied almost 60 per cent of the region's wheat in 2011/12, and less than 40 per cent in 2016/17, she said.

"It is the volume and price of Black Sea-origin wheat in Australia's traditional and major markets in south-east Asia that is cause for concern," Dr Kalisch Gordon said on Wednesday. Canada, the US and Argentina are also threatened with a loss of market share.

In a new report, Dr Kalisch Gordon said Black Sea region producers have been significant contributors to the world being "awash with wheat".

Grain originating from the Black Sea region represented less than 10 per cent of global grain production in the 2000s, but that has grown to 25 per cent today.

Rabobank expects Black Sea wheat exports to make up 45 per cent of production by 2030/31. Black Sea region producers are still able to make profits despite the glut of wheat and corresponding low prices because their production costs are much lower, and they have been able to lift wheat yields per hectare at a significantly faster rate than Australia.

Dr Kalisch Gordon said the Australian Export Grains Innovation Centre has estimated Russia's production costs are around \$A121 per tonne, and \$A133 per tonne in Ukraine, compared to \$A216 per tonne in Australia.

Black Sea producers have also enjoyed good seasons for five consecutive years, improved farming practices, soil management and use of chemicals, depreciating local currencies, and low freight rates.

Dr Kalisch Gordon said even if exchange rates and freight rates moved in favour of Australian producers, it would not significantly weaken the Black Sea producers' competitive position.

"Australian suppliers need to recognise the Black Sea region will present a sustained test of their positioning over the mid to long-term," she said.

"As such, there needs to be a focus on capturing the value of Australian grains, by delivering a product that is superior in terms of milling, baking, and manufacturing, but also customer service."

Australian producers should also look at servicing a range of markets, not just south-east Asia. They could also consider opportunities to ship wheat earlier to take advantage of restricted wheat supply from the Black Sea region in winter.

[back to top](#)

### **Brazil slashes maize crop projection; raises soy slightly**

08 February – breccorder.com

The Brazilian government on Thursday slashed its projection for corn production from the 2017/18 crop citing adverse weather conditions in the south and an expected reduction of planted area for the second corn crop.

Conab, the country's food supply and agricultural statistics body, said corn production should reach 88 million tonnes compared to 92.34 million tonnes estimated in January and a record crop of 97.8 million tonnes last season.

"There is currently a trend among producers to reduce the planted area of second corn crop," Conab said in the report.

The agency said excessive rains in the southern Paraná state, for example, are leading to a slower soybean harvest, which will result in a tighter window for sowing corn before winter. Most of the corn is produced in Brazil after the main soybean crop in the summer. Usually producers speed up soy production, planting earlier, to allow for an optimal window to plant corn after they harvest soy.

But soy planting and harvesting was delayed in most states due to adverse climate conditions, increasing the risk for the second corn crop which will have higher exposure to colder, drier weather.

Conab projected second-corn crop area at 11.43 million hectares, versus 12.1 million hectares last year.

The agency raised its soy output projection to 111.55 million tonnes versus 110.4 million tonnes seen in January and the record output last year of 114.1 million tonnes. Analysts polled by Reuters on Wednesday saw soy output at 112.6 million tonnes on average.

In its first forecast for 2018 wheat production, Conab said it expects an output of 4.65 million tonnes compared to 4.26 million tonnes last year.

The agency raised its view for Brazil's 2017/18 cotton crop to 1.78 million tonnes of lint versus 1.7 million tonnes forecast in January and 1.52 million tonnes last season.

[back to top](#)

## Reports

### **Agricultural Monitoring Bulletin – Brazil - CONAB**

This bulletin provides current information about grain crops to government, private sector and the international community in order to support and inform actions related to agriculture. The agricultural monitoring bulletin summarizes the status of crops across Brazil. It is based on satellite and meteorological data from the Brazil Global Agricultural Monitoring (GLAM) system and the National Institute of Meteorology (Inmet) as well as field information.

[back to top](#)

## 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**

[back to top](#)

The main purpose of the MNR is to provide links between the FAO Secretariat and the Members of the Intergovernmental Group (IGG) on Grains, as well as the general public.

To unsubscribe, send an email to:

<mailto:MNR-L-signoff-request@LISTSERV.FAO.ORG>

The MNRs are sent electronically on the last working day of the month except in July and December.

#### **Useful links**

[Previous issues of the MNR](#)

[FAO World Food Situation](#)

[FAO Grains website](#)

Food and Agriculture Organization of the United Nations

[www.fao.org/economic/est](http://www.fao.org/economic/est)