Sent by The Food and Agriculture Organization of The United Nations (FAO)

MONTHLY NEWS REPORT ON **GRAINS**

FAO Trade and Markets Division

MNR ISSUE 148 – November 2018

Market News

- Ukraine says martial law not affecting Azov sea grain exports but outlook unclear
- India – rise in maize prices drives panic stocking
- Russia eyes new wheat export frontiers in challenge to EU, US
- China boosts Canada's early season wheat export pace
- WTO members weigh options for addressing farm export restrictions, food aid
- American farmers hit with rotting crops and soaring stronger costs amid US-China trade war
- Vietnam's 2018 maize imports surge, traders dismiss China smuggling fears
- Argentina's grain exports challenge Australia's competitiveness
- Black Sea wheat sees blockchain trade
- Italy's pasta rule has wheat used in spaghetti piling up in Canada

Reports

- The EU's Common Agricultural Policy Post 2020: directions of change and potential trade and market effect – International Centre for Trade and Sustainable Development
- Launch of a new open-access information system on animal feed resources - FAO
- Food Outlook November 2018 - FAO

Monthly Information Sources

- AMIS Market Monitor
- FAO Cereal Supply and Demand Brief - FAO
- 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

Ukraine says martial law not affecting Azov sea grain exports but outlook unclear
28 November – New York Times

The imposition of martial law is not affecting Ukrainian grain shipments from ports on the Azov Sea so far and if necessary they can be diverted to the Black Sea, Ukraine's acting agriculture minister told Reuters on Wednesday.
More broadly, the prospects for grain exports from the Azov Sea are unclear at this point, Maksym Martyniuk said in messaged comments.
Ukraine began martial law in some areas of the country on Wednesday, imposed after Russia captured three Ukrainian vessels and their crews over the weekend in what Kiev fears could be a precursor to a full-scale Russian invasion.
Among the biggest grain exporters in the world, Ukraine accuses Russia of trying to impose a de facto blockade on its ports on the Azov Sea, including Mariupol and Berdyansk, which export grain and steel and import coal.
When asked if the start of martial law had had an impact on grain exports, Martyniuk said: "Not yet."
He said exports would be diverted to the Black Sea if they could not move freely on the Azov Sea. "The outlook is unclear," he added.
Several traders told Reuters that buyers were refusing supplies from the Azov Sea ports. One predicted there would be few or no trades out of Berdyansk and Mariupol in the near future because buyers do not want to take shipments from those locations.
"In general there is not much panic in the market, as Azov port exports only affect about 4 to 5 percent of total grain exports out of Ukraine," the trader said.
Mariupol port said it was operating normally with three ships loaded, one of them delivering steel products to Spain and two others delivering steel and slabs to the United Kingdom.
"Vessels are still moving to Mariupol and Berdyansk. There is no cancellation of operations and traders only add a few days for the expected delay," a Ukraine-based trader said.
Sunday's clash has raised the possibility of new punitive sanctions being imposed on Russia by the European Union. Russia says such sanctions would solve nothing and blamed Ukraine for the incident.
Ukraine's 2018 grain harvest had reached 68.2 million tonnes by Nov. 27, a record high. Exports are expected to reach an all-time high of 47 million tonnes in the 2018/19 July-June season.

back to top

India – rise in maize prices drives panic stocking
27 November – Etmarkets.com

Spot maize prices have risen 7.6% over the past fortnight, driving end-users including poultry and livestock feed manufacturers to panic stocking.
Feed manufacturers are heading towards Chindwada in Madhya Pradesh, the only place in the country where maize availability is currently comfortable.
“We normally buy maize from Karnataka and Maharashtra. However, this year, even during the peak season, availability at these two places was not enough and neither was it of good quality,” said Latur-based Vijay Jadhav, a poultry feed manufacturer who purchased his requirements from Madhya Pradesh.

Sport maize prices for Sangli delivery increased to Rs 1,647/quintal on the National Commodity & Derivatives Exchange on Monday from Rs 1,531/quintal on November 12.
With the shortage developing during the crop's peak arrival season, the feed industry is in panic mode.
Maize is the third most important cereal crop in India, after rice and wheat, and accounts for about 10% of the country's food grain production, more than half the maize produced locally is consumed as poultry feed, while the rest goes as food for humans, animal feed and industrial processing.
"The input costs of poultry have gone for a toss. We may have to bear heavy losses this year," said KV Krishna Charan, operations head at miraj for the Komarla Group, an integrated poultry company based in Bengaluru.
"Maize prices are under pressure mainly due to drought in Maharashtra and other locations. Supplies are better only in Madhya Prades,"said Amit Sanchdev, South Asia representative for the US grains Council, which develops export markets for US produce.
A section of the industry said India may have import maize to meet domestic requirements. Maize attracts a duty of 60% and India's purchases of the grain from overseas has been intermittent. IImports may become feasible if the government sets a tariff rate quota (TRQ) – charging lower rates for quantities within a quota – for maize.
India previously imported 225,000 tonnes of maize under TRQ in 2016. The country also exports smaller quantities of maize to countries in South Asia, which have now turned to other suppliers in the international market.
"Maize imported under TRQ, at zero duty, could be available at par with domestic prices," said Sachdev. India allows impimport of only non-GMO maize, which is available from fewer countries including Ukraine.
Some trade and industry officials said the government may not allow imports due to impending elections. A section of the poultry industry said allowing imports can discourage farmers. If farmers get good returns now, they can increase the area under maize cultivation next year and improve the availability of the produce for the industry, they said.
Domestic production of maize stands at about 26 million tonnes. India has to increase maize output by 75% to 45 million tonnes by 2022 to meet increasing domestic requirement, according to a report by FICCI and PricewaterhouseCoopers earlier this year.

back to top

Russia eyes new wheat export frontiers in challenge to EU, US
23 November – Agrimoney.com

Russia, already the world's leading wheat exporter, is bent on taking further market share from the European Union and United States with a new attempt to crack what have traditionally been its most difficult destinations.
Successful marketing campaigns in Iraq, Saudi Arabia and Algeria would cement Russia's leading position in the wheat markets of the Middle East and North Africa.
Wheat traders said price is an increasingly decisive factor in securing export deals, with a challenging economic backdrop, caused in part by sliding oil prices.
Cheaper oil is playing to Russia's advantage in grain, keeping prices for Russian wheat relatively low in dollar terms due to lower fuel costs and a weaker local currency.
"With crude oil prices remaining low, the Arab countries are asking themselves why they are paying millions of dollars more than they need to for wheat imports," a German trader said.

"In a direct price fight, I would expect Russian wheat to take the main share of markets opened to them," the trader added.
Iraq, a major Middle East grain buyer traditionally reliant on the United States, wants to allow Russian wheat in its state buying tenders, its new trade minister, Mohammed Hashim al-Aani, said last week.
Negotiations to allow Russian wheat into Iraq have been going on for two years, but haven't concluded due to frequent changes to Baghdad's negotiating team, a Russian source familiar with the talks told Reuters.
"We hope that the situation will change with the appointment of the new trade minister, who has already said that he would send a delegation to study Russian wheat to Russia in December," the source said, adding supplies could start next year.
Quality specifications are a central issue in the talks, traders said.
Russian wheat doesn't contain enough gluten to satisfy Iraqi importers, but is about $10 to $12 per tonne cheaper than U.S. hard red winter wheat shipped to the Middle East, said a U.S. wheat trader.
"It would have to be a quality or financing issue" for the United States to win the business, he added.
In grain trade negotiations, quality and price are key issues but politics also plays a role, with countries sometimes prioritizing trading relationships with allies.
U.S. traders complain that American wheat is too expensive for major global wheat markets in the Middle East and Africa.
High rail freight costs to get U.S. wheat to port, as well as a futures mechanism known as variable storage rates, combine to keep prices higher than Russian wheat.
Meanwhile, Russia is solving its port capacity problems. It aims to speed up and increase grain export capacity by 25 million tonnes to 77.7 million tonnes by 2022, two years earlier than expected.
Russia exported a record 52.4 million tonnes of grain in the 2017/18 season, up 47 percent year-on-year, including 40.5 million tonnes of wheat. This season, grain exports are expected to be 38-39 million tonnes.
One rogue element is weather fluctuations, the key variable for Russia's crop size, which traditionally raises concern that the government could limit supply during export campaigns. However, domestic prices have been relatively stable so far this season and the risk of state curbs has eased.
While Russian success in Iraq and markets like Nigeria could be a huge blow to the United States, Russian expansion into Algeria and Saudi Arabia would be a significant setback for EU wheat.
"Russia's entry into Algeria would be an earthquake. The EU, especially France, still dominates wheat sales there because Russia is excluded and competition from Russia would be a grave danger to the EU," said another trader.
"The same goes for Saudi Arabia, which is vital to Germany, Poland and the Baltic States."
Russian wheat has been barred from international tenders in Algeria, one of the world's biggest wheat importers, for failing to meet the North African nation's strict bug damage controls.
Russian wheat is not currently in the list of origins which can take part in Saudi purchasing tenders due to Saudi Arabia's high-quality specifications.

Algeria's neighbors, including Tunisia, Libya and Morocco, are all buying Russian wheat. Russian wheat is also going to Jordan and Nigeria, and Moscow has said that it wants to boost supplies to those countries.
About 80 percent of France's non-EU wheat exports have been to Algeria so far this season but its traders have said that it remains to be seen if Algeria changes its terms or forces Russia to meet the current low bug-damage limit.
Russian traders, major suppliers to Egypt, Turkey, Bangladesh and Vietnam, are focused on maintaining their share of the current markets despite a lower 2018 crop, one of them said.
Russia is preparing to send wheat samples to Saudi Arabia for quality tests.
"We hope that all barriers in the way of Russian wheat to Saudi Arabia will be removed after the results of the analysis," the source familiar with the talks said.

back to top

China boosts Canada's early season wheat export pace
23 November – Producer.com

Torrid exports early in the crop year mean Agriculture Canada's forecast of full year wheat exports of 22.3 million tonnes is in reach.
Canada exported 5.44 million tonnes of wheat in the first 15 weeks of the crop year, which is likely a record amount for this time of year, helping to keep Canada's overall crop export pace ahead of last year.
The Canadian Grain Commission weekly statistics report showed a very strong export performance in week 15 to Nov. 11 with shipments of all crops at 1.39 million tonnes in the seven days, of which wheat contributed 453,000 tonnes.
The commission provides easy access to weekly reports going back to 2011. Last year's accumulated wheat exports to the end of week 15 were one million tonnes less than this year. Only two other times, in 2014 (5.33 million tonnes) and 2015 (5.17 million), did wheat exports top five million at this point in the crop year.
So we are well on our way to reach the Agriculture Canada forecast of full year wheat exports of 22.3 million tonnes, up from an estimated 21.9 million last year.
As for where the wheat is going, we have to look at Statistics Canada's trade numbers. Reports are available for only August and September, so it is too early to talk about trends for the year.
However, it is surprising to note that China so far is the largest importer of Canadian wheat, taking 365,821 tonnes, up from 120,776 tonnes in the same period the previous year. Indonesia was in second place at 362,565 tonnes. The United States was also a big buyer, taking 350,428 tonnes.
It is not unusual for China to buy Canadian wheat, but it has rarely been in the top five on an annual basis.
China is mostly self-sufficient in wheat, but there are signs that its harvest this year was smaller than expected and the quality suffered. That could be the reason for the interest in Canadian wheat. Also, Canada had a large wheat carryover, so there was ample supply to ship early in the crop year even before the harvest was complete.
Wheat production around the world this crop year has fallen back to a more normal level after a big increase the previous year, when a massive crop in Russia and a big European crop helped push global production up to a record 763 million tonnes.
This year Russia produced a more normal 70 million tonnes, down from almost 85 million tonnes last year, and the European Union is at 137.6 million, down from 151.3 million.

Australia experienced drought and is down to 17.5 million tonnes from 21.3 million last year, and so it won't have a large surplus that it can export to China.
Global wheat production is estimated at 733.5 million tonnes, down about 30 million from last year.
So far this fall, hard red spring wheat prices in Western Canada have been $10 to $20 a tonne stronger than they were in the fall a year ago.
Last year, the wheat market here topped in early November and then fell off through the winter until the usual spring rally.
Because of the smaller crops this year, market advisers have generally suggested that prices might be stronger in the second half of the crop year.
That seems possible. Competition from Australia and Russia should fall off in the second half because of their smaller harvests. Currently the outlook for Argentina's harvest, which is about to begin, is for a similar crop to last year, but recent heavy rain is raising worries that the quality could be damaged, so they too might have problems competing.
However, a potential drag on wheat prices is the strength of the American dollar. As it rises against other currencies it makes American wheat exports look more expensive to buyers. If U.S. sales lag, that would weigh on Chicago and Minneapolis wheat futures, which in turn would also weigh on Canadian prices, depending on how the basis performs.
So far, actual shipments and outstanding sales of all U.S. wheat classes are running about 16 percent behind last year at the same time.
Another factor that could affect wheat prices is the seeded acreage outlook.
With soybean prices depressed because of the U.S.-China trade war, the current outlook is for American farmers to seed fewer acres to soybeans and increase corn and wheat acres.
We'll get the first official estimate of U.S. winter wheat seeding in January, and outlooks for spring wheat acreage will come later.
Overall, early thoughts are that U.S. wheat area could rise four percent from historically low levels last year. If the soy-wheat price spread becomes even worse for soy, then potentially wheat acres could rise even more.
However, if China and U.S. President Donald Trump's administration can find a compromise to end the trade war and its tariffs, then the scenario completely changes.
But while we await a breakthrough on the trade front, the market will closely watch weekly export data to see if indeed business will shift from the Black Sea to the U.S., resulting in upward pressure on Chicago and Minneapolis futures.

back to top

WTO members weigh options for addressing farm export restrictions, food aid
22 November - ICTSD

WTO members are debating how to resolve long-standing disagreements over agricultural export restrictions and their impact on humanitarian food aid, sources told Bridges, with the issue taking centre stage during an informal meeting convened on 15 November by the chair of the organisation's agriculture negotiations.
Two new submissions from food-importing countries were discussed at the session, which was called by Guyana's Ambassador John "Deep" Ford. At the same meeting, negotiators also discussed unresolved agricultural export competition issues, which involve measures seen as analogous to export subsidies at the WTO.
A paper by Singapore highlighted the impact of export restrictions on food bought by the UN's World Food Programme (WFP) for humanitarian aid, while another paper by Japan and

five other co-sponsors examined the use of export restrictions more broadly, drawing on governments' notifications to the World Trade Organization. The US also tabled a submission on tariffs, although sources said this was not discussed in great depth by participants.

Ford has held a series of meetings this year over different issues under the wider umbrella of the WTO agriculture negotiations. Previous discussions have covered domestic support, public food stockholding, market access, and a proposed new safeguard for developing countries.

Singapore's paper drew on examples from East Africa and the Middle East to show that export prohibitions or restrictions on non-commercial humanitarian food aid have affected the ability of WFP to deliver foodstuffs to people facing hunger in neighbouring countries.

In one case, a maize export ban imposed in East Africa meant WFP had to buy food from outside the region, raising transport and procurement costs and tripling the time required to deliver food to the people who needed it. "At least 3.9 million meals" were lost as a result, the submission says.

Similarly, a rice export ban in one country in the Middle East forced WFP to buy food from South Asia instead, costing an additional US$600,000 per month to the agency as a result. "Water damage and infestation during transit" also meant that WFP could feed fewer beneficiaries than would have otherwise been the case.

Singapore's paper underscores that export bans and other restrictions on the procurement of humanitarian food aid could hamper countries' abilities to meet the UN's Sustainable Development Goals (SDGs), which world leaders adopted in New York three years ago, and in particular the "zero hunger" commitment set out under SDG 2.

"While the WFP is working to deliver food assistance in emergency situations, export prohibitions or restrictions on foodstuffs purchased for non-commercial humanitarian purposes by the WFP affects their work and the attainment of Sustainable Development Goal 2 of ending hunger, achieving food security and improved nutrition and promoting sustainable agriculture," the submission says.

While countries at the meeting seemed to agree in principle on the importance of providing humanitarian food aid, there were differences of opinion on how best to address the impact of export restrictions on vulnerable populations.

Countries such as India emphasised the importance of other trade and food security issues on the WTO agenda, such as the issue of public stockholding for food security purposes. While New Delhi has joined with Beijing and other members of the G-33 coalition to argue that developing countries should be granted more leeway under WTO farm subsidy rules to buy food at government-set prices, efforts to agree on a "permanent solution" in this area have struggled to advance after countries agreed in 2013 to refrain from initiating legal disputes in this area.

More recently, the WTO's Buenos Aires ministerial conference last December ended without any consensus outcomes or a roadmap for future work, when deep-seated differences between countries on the issue contributed to a breakdown in the high-level talks.

Proposals for increased transparency on export restrictions, as well as an exemption for humanitarian food aid, were also among the topics on the negotiating agenda for the Buenos Aires conference.

Sources told Bridges that some low-income countries reiterated concerns at last week's meetings that they could it difficult to comply with more onerous transparency obligations. They also said even that advance warning of policy changes could lead traders to stockpile food at times of shortages, potentially exacerbating supply shortfalls.

Some countries indicated that they saw export restrictions as a useful policy tool for improving food availability on domestic markets at times of food shortages, or for lowering the cost of farm inputs that were used to add value in other domestic industries.
In the negotiating body, Ford reportedly told trade officials that farm trade talks would soon need to move away from situational analysis and information provision and towards a phase in which members begin exploring options and solving problems.
The chair was expected to convene a follow-up meeting on 7 December, reviewing progress to date and looking forward to the next phase of talks in 2019.
Trade officials told Bridges that, by next summer, members would need to establish clarity on the negotiating agenda for the next ministerial conference, which is due to be held in Astana, Kazakhstan, in June 2020.
Delegates told Bridges that various contentious agricultural trade issues were also likely to come up in discussions next week at the regular Committee on Agriculture, which reviews the implementation of existing commitments and does not deal directly with negotiating new trade rules.
Among other things, the US has submitted a “counter-notification” on India’s market price support for cotton, providing alternative figures to those which New Delhi has provided to the World Trade Organization. Similarly, Australia has submitted a counter-notification on India’s market price support for sugarcane.

back to top

American farmers hit with rotting crops and soaring storage costs amid US-China trade war
21 November – Straitstimes.com

United States farmers finishing their harvests are facing a big problem - where to put the mountain of grain they cannot sell to Chinese buyers.
For Louisiana farmer Richard Fontenot and his neighbours, the solution was a costly one: Let the crops rot.
Mr Fontenot ploughed under 1,000 of his 1,700 soybean acres this fall, chopping plants into the dirt instead of harvesting more than US$300,000 (S$412,410) worth of beans.
His beans were damaged by bad weather, made worse by a wet harvest.
Normally, he could sell them anyway to a local elevator - giant silos usually run by international grains merchants that store grain. But this year, they are not buying as much damaged grain. The elevators are already chock full.
"No one wants them," Mr Fontenot said in a telephone interview. As he spoke, he drove his tractor across a soybean field, tilling under his crop. "I don't know what else to do."
Across the US, grain farmers are ploughing under crops, leaving them to rot or piling them on the ground, in hopes of better prices next year, according to interviews with more than two dozen farmers, academic researchers and farm lenders.
It is one of the results, they say, of a US trade war with China that has sharply hurt export demand and swamped storage facilities with excess grain.
In Louisiana, up to 15 per cent of the oilseed crop is being ploughed under or is too damaged to market, according to data analysed by Louisiana State University staff.
Crops are going to waste in parts of Mississippi and Arkansas. Grain piles, dusted by snow, sit on the ground in North and South Dakota. And in Illinois and Indiana, some farmers are struggling to protect silo bags stuffed with crops from animals.
US farmers planted 89.1 million acres of soybeans this year, the second most ever, expecting China's rising demand to give them better returns than other bulk crops.

But Beijing slapped a 25 per cent tariff on US soybeans in retaliation for duties imposed by Washington on Chinese exports. That effectively shut down US soybean exports to China, worth around US$12 billion last year. China typically takes around 60 per cent of US supplies.
The US government rolled out an aid programme of around the same size - US$12 billion - to help farmers absorb the cost of the trade war. As of mid-November, US$837.8 million had been paid out.
Some of that money will pass from farmers to grain merchants such as Archer Daniels Midland and Bunge, who are charging farmers more to store crops at elevators where there is limited space. Bunge and Archer Daniels Midland did not respond to requests for comment on storage fees.
The storage crunch and higher fees have boosted revenues at grain elevator Andersons, chief executive officer Pat Bowe said in an interview.
"It's paying a grain handler to store - it's the old-fashioned way to make money," Mr Bowe said.
These are also boom times for Mr John Wierenga, president of grain storage bag retailer Neeralta. Sales of their bags - white tubes up to 90m now littering Midwest fields - are up 30 per cent from a year ago.
"The demand has been huge," Mr Wierenga said. "We are sold out."
Farmers are feeling the pinch. Those in central Illinois could pay up to 40 per cent more than in previous years to store crops over the coming weeks, agricultural consultant Matt Bennett estimated.
That amounts to between three cents and six cents a bushel, Mr Bennett said, a painful expense for a crop that was already expected to deliver little income to farmers.
Storage rates are swinging wildly, depending on the elevator location. Grain dealers at rivers typically charge more than their inland counterparts because they are more dependent on export markets.
At some Midwest river terminals, farmers were paying 60 cents a bushel to store soybeans until the end of the year - more than twice as much as a year ago. Some commercial terminals are charging farmers to just drop off their soybeans.
The trade war has only exacerbated the strain on storage, which has been a persistent problem in recent years due largely to a worldwide oversupply of grains.
Even before this fall's harvest, around 20 per cent of total grain storage available in the US was full with corn, soybeans and wheat from previous harvests, according to the US Department of Agriculture. That was the highest in 12 years for this time of year.
Some grain merchants are also charging additional fees for farmers who deliver less-than-perfect soybeans, said Mr Russell Altom, a soybean farmer and senior vice-president of agricultural lending at Relyance Bank in Pine Bluff, Arkansas.
"I've never seen things this bad. I know several farmers who hired lawyers, to see if they can sue over the pricing and fees issues," said Mr Altom.
"Damage can be anything - a split bean, one that's too small, one that's too big - whatever," said Mr Eric Maupin, a farmer in Newbern, Tennessee.
Some farmers are pulling farm equipment out of barns to make room for the overflow of grains.
After packing nearly half a million bushels of corn and soybeans in their usual steel bins, Mr Terry Honselman and his family found some additional space in a 35-year-old shed on their Casey, Illinois, farm.
Most years, the building protects farm equipment and bags of seed. Now, it is stuffed with

75,000 bushels of corn.
Like others, Mr Honselman is banking on a resolution to the trade war before this spring - when he says he will need the space back for his planting supplies.

back to top

Vietnam's 2018 maize imports surge, traders dismiss China smuggling fears
21 November – Agricensus.com

Vietnam is on course to smash estimates for its 2018 calendar year corn imports, as a recent spate of South American buying boosts a strong import programme from earlier in the year, according to data analysed by Agricensus.
However, rumours that imports heading to Vietnam are feeding a smuggling route into China have been dismissed by regional sources.
Customs data from key corn exporting nations for January-September shows Vietnam has already imported 7.4 million mt of corn from the US, Brazil, Russia and Argentina – with well over half of it booked from Argentina.
On top of that, South African data shows a further 691,218 mt has been exported to Vietnam since January, taking total Vietnam imports to at least 8.1 million mt, with the final quarter still to come.
That's around 600,000 mt short of a USDA calendar year import estimate, published earlier in the year by the US agency's Vietnam-based attache.
On a marketing year basis, the import estimate was set locally – by the USDA's post – at 8.66 million mt for the 2017/18 season, rising to 11 million mt in the 2018/19 marketing year.
Those figures were at odds with the USDA's own official estimates, which at the time forecasted a 9 million mt 2017/18 import requirement, rising to a 10 million mt 2018/19 import outlook.
Line up data for South America corn exports suggest that around another 1.2 million mt of corn intended for Vietnam has either loaded, is waiting to load or has sailed from Brazilian and Argentinian ports through October and early November.
The increased consumption is driven by a growing domestic livestock market, but some have suggested Vietnam could be providing a conduit for China to import corn.
However, sources in the region have dismissed those fears as unlikely, with Vietnam's domestic needs enough to account for the increasing volume.
"Last time we spoke to North Vietnam traders, they said the border is closed and the flow of corn, pork meat and hogs is very limited to non-existent," one market source said.
"China has been cracking down drastically on officials at borders, so that flow has surely slowed down significantly," the source said.

back to top

Argentina's grain exports challenge Australia's competitiveness
16 November – Graincentral.com

Argentina's wheat exports are set to double over the next decade, potentially challenging Australia's competitiveness in key markets, according to a new report from the Australian Export Grains Innovation Centre (AEGIC).
AEGIC chief economist Professor Ross Kingwell said Argentina was already a world powerhouse of grain exports with wheat poised to take a greater role.
"Argentina accounts for 15 per cent of the global grain trade, exporting 86 million tonnes (Mt)," he said.

“While corn and soybean are still their main grains, wheat will become increasingly important for Argentina.”
Prof Kingwell said Argentina was increasing its wheat yields at a faster rate than Australia, and this trend would continue as more farmers used increased inputs, adopted superior varieties and used improved technologies.
“Argentinian wheat production is projected to easily hit 21Mt over the next decade,” he said.
“In addition, the area planted to wheat could increase by a further 2 million hectares. This means there will be around 14-15Mt of wheat regularly available for export, more than double the current average of about 6.5Mt.”
Prof Kingwell said this should be a cause for concern for Australia.
“Australian wheat exporters will face increased competition in key markets from Argentinian wheat,” he said.
“As its exports grow, Argentina is also likely to commit more organisational resources into market development.
“Argentina’s wheat production is a smaller threat than that of Russia and Ukraine. Nevertheless, the situation should still be monitored and responded to by Australia.”
Prof Kingwell said there was a need for greater intelligence to be gathered about the specific characteristics of Australian wheat that are required in key markets.
“This information helps Australian wheat breeders and those engaged in wheat variety classification and segregation to ensure Australian wheat varieties have traits that not only benefit Australian wheat growers but also serve the needs of those end users.”
Prof Kingwell said AEGIC’s economic and supply chain research helped the Australian industry understand and prepare for future challenges. Past studies have covered Ukraine, Russia, Canada as well as detailed analysis into Australia’s grain supply chains.

back to top

Black Sea wheat sees blockchain trade
11 November – S&P Global Platts

Black Sea wheat traded using blockchain Monday in a pilot deal between Solaris and Transoil International via the Cerealia Platform, the platform's developer said.
A Russian 25,000 mt parcel of 11.5% protein wheat on a FOB basis at Novorossiisk for December delivery traded for an undisclosed price.
The platform developer said it was the first such Black Sea wheat deal.
Blockchain is a mechanism that allows the chronological and public display of transactions that have taken place on the platform.
The goal is to minimize risk and any conflict that may arise by storing all related data on blockchain to settle disputes smoothly, should they arise.
While contract details including price or loading rates are not visible to the public, it is possible to see that such a trade has taken place and that its contract terms are uploaded onto the system in an encrypted format.
"An independent auditor has reviewed all the important details of the trade from the blockchain and validated the smart contract, digital signatures, signed document and timestamps. He also confirmed that data has been encrypted, that no other data has been stored and that all data is up to date," Cerealia, a start-up based Lausanne, Switzerland, said in a press release.
"The next stage is to support emerging market traders in their local domestic currencies using fintech," Cerealia CEO and co-founder Andrei Grigorov said.

This trade follows a Black Sea wheat trade heard in the previous marketing year that was completed using a cryptocurrency.

back to top

Italy's pasta rule has wheat used in spaghetti piling up Canada
1 November – Bloomberg.com

On Gerrid Gust's farm in Saskatchewan, favorable weather this year brought a bumper crop of high-protein durum wheat, the best in the past few years. The grain used to make spaghetti isn't fetching the usual premium price, though. It's stuck in storage because of restrictions on pasta by Italy, the world's top consumer, and popular diets that avoid carbohydrates.

"We've got lots of high-quality durum in the bins," around 80,000 bushels, Gust, 42, said in a telephone interview. The 3,000 acres he plants in Davidson, Saskatchewan, may be idle next year if the market doesn't improve. "There's no use trying to grow more of something the world doesn't need," he said.

Canada's durum exports have tumbled 22 percent in the season that started Aug. 1 after Italy implemented country-of-origin regulations on pasta, restricting wheat shipments from the North American country. Prices of the grain have also plunged to the lowest in at least three years because demand dropped as low-carbohydrate and gluten-free diets became the rage, Neil Townsend, a senior analyst at FarmLink in Winnipeg, said in a phone interview.

"It's a difficult spot for durum producers to be in," Cam Dahl, president of Winnipeg, Manitoba-based Cereals Canada, said in a phone interview. "We're not seeing a lot of durum move."

Some of Canada's crops have suffered from adverse weather this season. A drought that scorched parts of the Prairies was followed later in the year by rain and snow that stalled harvests. Most of the nation's durum was collected before the wet weather, Dahl said, and that leaves farmers with an estimated crop of 5.7 million metric tons, up 15 percent from 2017.

Italy implemented new label rules for pasta sold domestically that identifies wheat from abroad, a move that effectively damped imports. Canada's other export destinations, including the U.S., reaped their own ample harvest, eroding demand, Farmlink's Townsend said.

Global durum output in 2018 may rise 1.3 percent to 37.5 million tons amid gains in North America, according to data from Canada's agriculture ministry. Canada has shipped 663,200 tons since Aug. 1, the start of the nation's crop year, down from 855,400 tons a year earlier, Canadian Grain Commission figures show.

Durum prices have plunged 20 percent this year to C$212.35 a ton, the lowest since at least 2015, according to data from Farmers Advanced Risk Management Co.

The slump may prompt farmers to swap acres for other wheat varieties in 2019, Townsend said. Barring a crop failure in other key growing areas, the "durum problem" will persist because the market is too small to absorb additional bushels, and "there's nowhere for that durum to go," he said.

"There's no growing demand" for the grain, Townsend said. "Particularly in North America and Europe, there is a lot more consciousness about eating" less gluten, he said

Growers are stuck with storing durum on farms in anticipation that sales may rebound, Levi Wood, president of the Western Canadian Wheat Growers, said in a phone interview. The

main crop area for the grain includes swaths of pulse crops, and those prices have slumped as demand declined amid tariffs imposed by India, the world's top consumer, Wood said. Even spaghetti lovers won't catch a break. While durum is the primary input cost for pasta manufacturers, cost increases in other areas, including transportation, warehousing and eggs, have wiped out any potential saving, Alexandra Smith Ozerkis, a spokeswoman for the Washington-based National Pasta Association, said in an email.
"It's a little bit frustrating," said Wood, who hasn't sold much from the 3,000 acres of durum he harvested this year. "If prices are where they are, I'm not going to grow as much durum as I did. I'm going to switch to spring wheat."

back to top

Reports

The EU's Common Agricultural Policy Post 2020: directions of change and potential trade and market effect – International Centre for Trade and Sustainable Development (ICTSD)

Farm policy in the European Union and other major economies can have significant implications not just for producers, consumers, and other market actors domestically, but also at the international level. This paper seeks to provide trade negotiators and other policy actors with an evidence-based analysis of the likely implications of the new EU Common Agricultural Policy for global food and agriculture trade and markets, with a particular focus on how various scenarios could affect products and value chains of importance to developing and least developed countries.

Launch of a new open-access information system on animal feed resources - FAO

Feedipedia is an open access encyclopedia of animal feed resources that provides information, in the form of 'Feed datasheets', on nature, occurrence, distribution, chemical composition, nutritional value and safe use of nearly 1400 livestock feed resources. The Food and Agriculture Organization of the United Nations (FAO), in collaboration with the Institut National de la Recherche Agronomique (INRA), the Centre de coopération international en recherche agronomique pour le développement (CIRAD) and the Association française de zootechnie (AFZ), has set up 'Feedipedia'. It is based on FAO's previous Animal Feed Resources Information System (AFRIS) and has been rechristened as Feedipedia – Animal Feed Resources Information System. It is jointly managed jointly
by INRA, CIRAD, AFZ and FAO.

Food Outlook November 2018 - FAO

Food Outlook is a biannual publication (May/June and November/December) focusing on developments affecting global food and feed markets. The sub-title "Global Market Analysis" reflects this focus on developments in international markets, with comprehensive assessments and forecasts on a commodity by commodity basis.

back to top

Monthly Information Sources

AMIS Market Monitor

FAO Cereal Supply and Demand Brief - FAO

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