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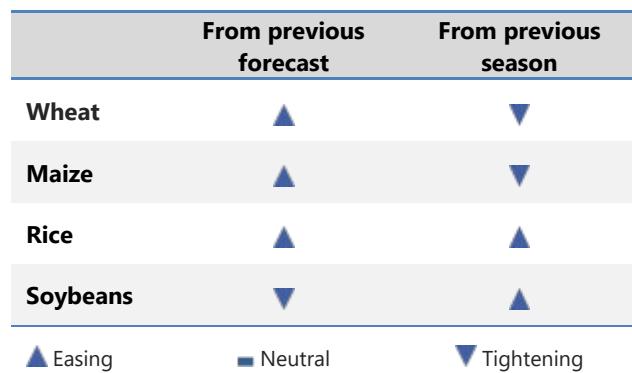


MARKET MONITOR

No. 65 – February 2019

The outlook for AMIS crops remains positive, notwithstanding pockets of unfavourable weather in the southern hemisphere. Tighter export supplies and brisker demand provided some support to prices. However, 2019 began on a generally quiet note as positive near-term supply prospects tended to temper price gains. The absence of several market reports in the wake of the US Government shutdown also contributed to a sluggish market dynamic.

Markets at a glance



The **Market Monitor** is a product of the Agricultural Market Information System (AMIS). It covers international markets for wheat, maize, rice and soybeans, giving a synopsis of major market developments and the policy and other market drivers behind them. The analysis is a collective assessment of the market situation and outlook by ten international organizations and entities that form the AMIS Secretariat. Visit us at: www.amis-outlook.org

The China Conundrum

The editorial in the previous issue of this report described the challenge of accommodating recent large official revisions to China's annual cereal production data in the country's cereal balance sheets following the outcome of the country's first agricultural census in 10 years. In particular, the editorial provided a cursory look into the challenge of distributing the 10-year cumulative increase in cereal supplies of 312 million tonnes over the various forms of utilization. In the absence of any official information on current and historic levels of the different types of utilization, namely, food, feed, industrial, seed and losses, the challenge borders on the insurmountable. Alternatively, the temptation to simply add the majority of the increase to stocks would lead to incredulity, since this would bring a question mark over China's physical capacity and economic incentive to hold on to such large amounts of grain.

However, employing an accounting framework, which serves to guide the distribution of the additional supply to utilization, is considered a way forward. The essence of the framework is to 'triangulate' elements of the cereal balance with information from interconnected sectors. In the case of cereals, livestock constitutes the 'standout' sector. Indeed, in China's cereal basket, maize production underwent the largest cumulative revision, an increase of 266 million tonnes in 10 years from 2008-2017. With maize being predominantly a livestock feed ingredient, it is inconceivable that other forms of utilization could accommodate the bulk of the production increase.

Consequently, to assess the extent to which feed utilization can accommodate the maize production increase, as well as the upward revisions to wheat and rice, we calculate the totality of feed demand in China, as determined by biological requirements in terms of both energy and protein, for different livestock species, their herd numbers and composition, as well as the 'intensification' of each production system, that is, the share of feed requirements that is met by grains in the form of compound feedstuffs. Fifteen different livestock species, including aquaculture, have been identified in China for the potential to be fed with grains. For many livestock species, numbers have also undergone revision as portrayed in the census, while for important species such as poultry including laying hens, official numbers remain elusive. Once intensified energy demand is established, grains are allocated to feed use based on their relative availabilities.

While still work in progress, preliminary results point to a considerable upward revision to feed utilization, especially for maize. This work is expected to be finalised with a view to publishing China's revised cereal balances soon.

World supply-demand outlook

World Balances, with and without China*

(in million tonnes)

	FAO-AMIS			USDA		IGC	
	2017/18 est.	2018/19 fcast		2017/18 est.	2018/19 fcast	2017/18 est.	2018/19 fcast
	6-Dec	7-Feb		11-Dec		24-Jan	
• Wheat 2018 production forecast raised, but still well short of the 2017 record.	Production	760.3	725.1	728.4	763.1	733.4	767.4
• Utilization in 2018/19 lifted, largely on upward revisions to feed use in Australia.		627.3	597.1	600.4	628.7	600.9	629.2
• Trade in 2018/19 (July/June) lowered slightly on reduced import prospects in Asia and in the EU.	Supply	1,014.9	1,001.9	1,005.7	1,024.1	1,013.4	1,011.3
• Stocks (ending in 2019) higher than in the previous forecast, reflecting upward revisions in Canada and in the Russian Federation.		793.1	769.0	772.6	774.8	749.6	775.8
• Maize production in 2018 raised significantly following upward revisions in the EU, Nigeria, the Russian Federation and Ukraine.	Utilization	737.0	739.6	742.6	744.2	745.3	741.1
• Utilization in 2018/19 scaled up, supported by higher-than-earlier anticipated feed use in the EU and in the Russian Federation.		616.4	618.9	621.9	623.2	622.3	617.8
• Trade in 2018/19 (July/June) set to expand, fueled by stronger import demand by the EU.	Trade	176.3	172.5	171.8	181.2	177.4	175.1
• Stocks (ending in 2019) lifted on expectation of larger inventories in Argentina, the EU, Nigeria and the US.		172.4	168.4	168.2	176.2	172.2	170.1
• Rice production in 2018 raised, as higher than previously expected yields in China and plantings in Pakistan offset slightly lower prospects for the Philippines.	Stocks	277.3	264.5	266.9	279.9	268.1	270.2
• Utilization to expand in 2018/19, with per capita food use still envisaged to grow slightly.		172.3	148.5	151.1	148.7	124.5	155.4
• Trade in 2019 raised slightly as more buoyant exports from China are mostly offset by lower expected shipments from Viet Nam.	Production	1,094.2	1,068.4	1,080.5	1,076.2	1,099.9	1,046.7
• Stocks (2018/19 carry-out) to expand, mostly driven by higher inventories in China and India.		878.3	851.9	864.0	817.1	843.9	830.8
• Soybean 2018/19 production forecast lowered slightly on unfavourable weather conditions affecting crops in parts of South America.	Supply	1,394.2	1,379.5	1,393.3	1,426.4	1,440.1	1,375.5
• Utilization in 2018/19 virtually unchanged as downward corrections for Argentina, India and several countries in Asia and Africa are offset by higher forecasts mostly for Brazil.		1,020.2	1,040.4	1,029.9	944.3	961.6	958.7
• Trade in 2018/19 trimmed slightly, mainly reflecting a further downward revision in China's import forecast.	Utilization	1,071.4	1,107.9	1,114.0	1,086.2	1,131.3	1,071.7
• Stocks (2018/19 carry-out) curtailed on lower forecasts for Argentina, Paraguay and China.		840.8	863.3	869.4	823.2	855.3	840.0
• Oilseeds 2018/19 production forecast raised, reflecting upward revisions in Argentina, India and the EU.	Trade	152.7	157.2	158.9	148.0	166.5	151.8
• Utilization in 2018/19 raised, with higher consumption in the EU and India.		148.4	152.2	155.3	144.5	161.4	148.0
• Trade in 2018/19 (July/June) revised down, reflecting lower imports by China.	Stocks	312.8	267.5	274.7	340.2	308.8	303.7
• Stocks (2018/19 carry-out) to expand, mostly driven by higher inventories in China and India.		165.9	145.0	153.0	117.7	101.3	115.0
• Cereals 2018/19 production forecast raised, reflecting upward revisions in Argentina, India and the EU.	Production	506.3	512.9	514.1	495.1	491.1	491.2
• Utilization in 2018/19 raised, with higher consumption in the EU and India.		363.4	371.6	371.6	346.2	347.6	345.2
• Trade in 2018/19 (July/June) revised down, reflecting lower imports by China.	Supply	674.3	685.0	686.7	644.5	652.8	616.0
• Stocks (2018/19 carry-out) to expand, mostly driven by higher inventories in China and India.		432.7	440.7	441.2	397.1	400.2	399.5
• Pulses 2018/19 production forecast raised, reflecting upward revisions in Argentina, India and the EU.	Utilization	503.9	508.8	509.2	482.8	489.6	486.7
• Utilization in 2018/19 raised, with higher consumption in the EU and India.		360.8	365.1	365.5	340.3	346.8	342.4
• Trade in 2018/19 (July/June) revised down, reflecting lower imports by China.	Trade	48.5	47.2	47.3	47.3	48.1	46.7
• Stocks (2018/19 carry-out) to expand, mostly driven by higher inventories in China and India.		43.5	42.2	42.5	40.4	41.3	40.1
• Meat 2018/19 production forecast raised, reflecting upward revisions in Argentina, India and the EU.	Stocks	172.6	176.7	177.5	161.7	163.3	129.4
• Utilization in 2018/19 raised, with higher consumption in the EU and India.		69.6	72.6	73.4	52.7	50.3	54.3
• Demand 2018/19 production forecast raised, reflecting upward revisions in Argentina, India and the EU.	Production	341.5	369.0	364.3	339.5	369.2	340.6
• Utilization in 2018/19 raised, with higher consumption in the EU and India.		326.3	353.2	348.3	324.3	353.2	325.3
• Trade in 2018/19 (July/June) revised down, reflecting lower imports by China.	Supply	398.5	410.1	405.1	437.0	470.5	389.7
• Stocks (2018/19 carry-out) to expand, mostly driven by higher inventories in China and India.		368.5	380.9	375.7	401.1	431.0	354.9
• Fish 2018/19 production forecast raised, reflecting upward revisions in Argentina, India and the EU.	Utilization	349.7	354.7	354.8	336.1	351.5	345.3
• Utilization in 2018/19 raised, with higher consumption in the EU and India.		239.3	246.1	246.0	229.8	241.9	236.7
• Trade in 2018/19 (July/June) revised down, reflecting lower imports by China.	Trade	153.2	155.6	154.8	153.2	156.1	152.5
• Stocks (2018/19 carry-out) to expand, mostly driven by higher inventories in China and India.		59.7	64.5	64.3	58.9	66.0	60.4
• Forests 2018/19 production forecast raised, reflecting upward revisions in Argentina, India and the EU.	Stocks	40.8	55.3	53.7	101.3	115.3	44.2
• Utilization in 2018/19 raised, with higher consumption in the EU and India.		27.4	44.8	43.7	77.8	95.5	26.2
• Non-food 2018/19 production forecast raised, reflecting upward revisions in Argentina, India and the EU.	Production	341.5	369.0	364.3	339.5	369.2	340.6
• Utilization in 2018/19 raised, with higher consumption in the EU and India.		326.3	353.2	348.3	324.3	353.2	325.3
• Trade in 2018/19 (July/June) revised down, reflecting lower imports by China.	Supply	398.5	410.1	405.1	437.0	470.5	389.7
• Stocks (2018/19 carry-out) to expand, mostly driven by higher inventories in China and India.		368.5	380.9	375.7	401.1	431.0	354.9
• Minerals 2018/19 production forecast raised, reflecting upward revisions in Argentina, India and the EU.	Utilization	349.7	354.7	354.8	336.1	351.5	345.3
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• Chemicals 2018/19 production forecast raised, reflecting upward revisions in Argentina, India and the EU.	Stocks	40.8	55.3	53.7	101.3	115.3	44.2
• Utilization in 2018/19 raised, with higher consumption in the EU and India.		27.4	44.8	43.7	77.8	95.5	26.2
• Plastics 2018/19 production forecast raised, reflecting upward revisions in Argentina, India and the EU.	Production	341.5	369.0	364.3	339.5	369.2	340.6
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• Stocks (2018/19 carry-out) to expand, mostly driven by higher inventories in China and India.		368.5	380.9	375.7	401.1	431.0	354.9
• Textiles 2018/19 production forecast raised, reflecting upward revisions in Argentina, India and the EU.	Utilization	349.7	354.7	354.8	336.1	351.5	345.3
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• Leather 2018/19 production forecast raised, reflecting upward revisions in Argentina, India and the EU.	Stocks	40.8	55.3	53.7	101.3	115.3	44.2
• Utilization in 2018/19 raised, with higher consumption in the EU and India.		27.4	44.8	43.7	77.8	95.5	26.2
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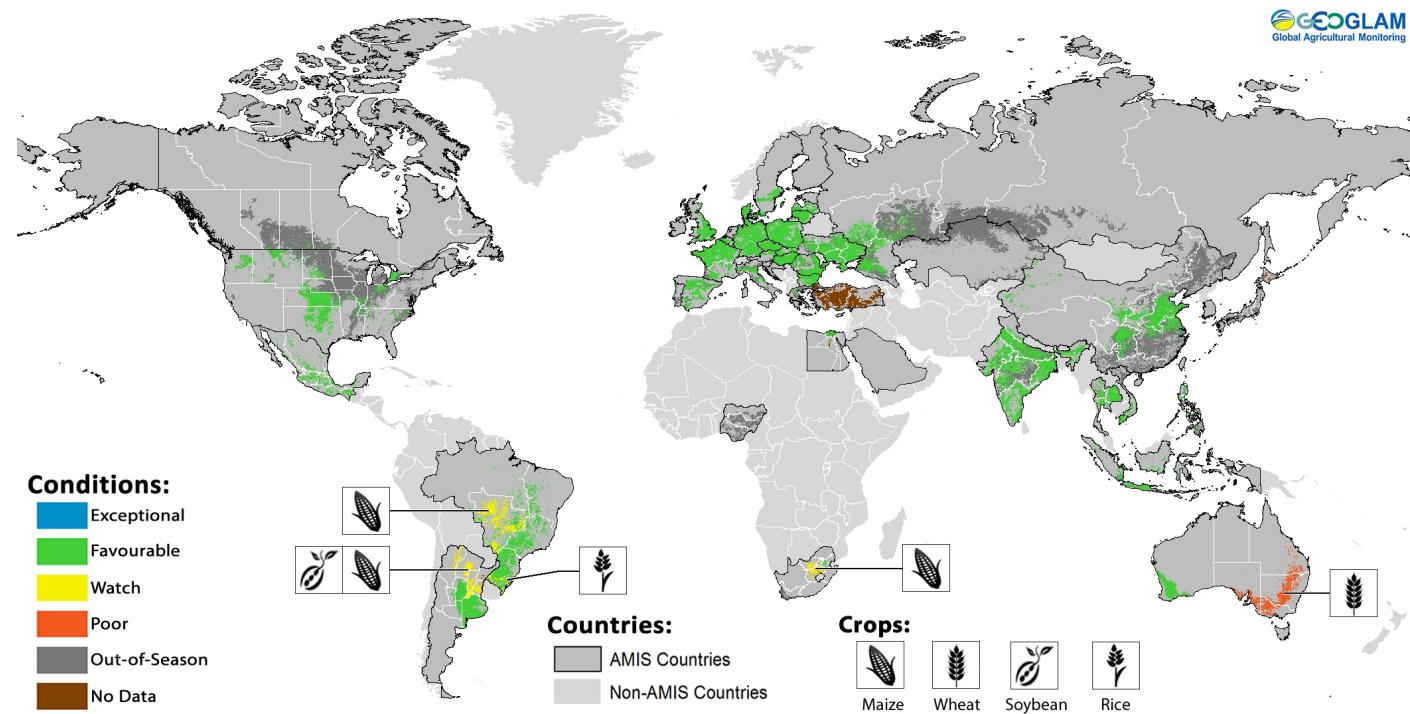
Summary of revisions to FAO-AMIS monthly forecasts for 2018/19

in thousand tonnes

	WHEAT					MAIZE				
	Production	Imports	Utilization	Exports	Stocks	Production	Imports	Utilization	Exports	Stocks
WORLD	3253	-677	3020	-655	2363	12141	1683	6106	1686	7223
Total AMIS	2995	-574	2747	-705	2201	10478	1485	5255	1186	7047
Argentina	-240	-	-	-	162	160	-	-1340	-1000	1500
Australia	365	-	2685	-500	-635	-	-	4	-	-
Brazil	-	-	-	-	-	-	-	-	-	-
Canada	759	-	-241	-	1000	-576	200	124	-100	-300
China Mainland	-	-500	-	-	-310	-	-1500	-	-	-845
Egypt	-	-	-	-	-	-	-	-	-	-
EU	500	-500	800	-800	-	4500	1500	2500	-	4500
India	-	-	-	-	-	-	-	-	-	-
Indonesia	-	-200	-226	9	-	-	50	-100	36	-
Japan	-92	-	8	-	-100	-	730	685	-	45
Kazakhstan	-	-	20	-	-20	50	-	-	-	43
Mexico	-	-	-	-	-	-	-	-	-	-
Nigeria	5	-	14	-	-9	2652	-	1860	-	1378
Philippines	-	200	210	-10	-	-200	50	-180	-	30
Rep. of Korea	-	26	-	-	-	-	-	-	-	-
Russian Fed.	1668	-	-700	1100	1176	2513	-45	2166	300	500
Saudi Arabia	-	-	-	-	-	-	-	-	-	-
South Africa	30	-	30	-	-	-	-	200	-200	-
Thailand	-	-	-	-	-	-	-	-	-	-
Turkey	-	-	-	-	-	-	-	-	-	-
Ukraine	-	-	-	-	-	1273	-	-	2150	-947
US	-	-	-	-500	680	-	-	-1270	-	1143
Viet Nam	-	400	147	-4	257	106	500	606	-	-
RICE										
	Production	Imports	Utilization	Exports	Stocks	Production	Imports	Utilization	Exports	Stocks
WORLD	1230	140	433	120	771	-4657	-763	109	-759	-1594
Total AMIS	1037	-50	209	120	103	-3857	437	1221	-819	-689
Argentina	-	-	-	-	-	-700	-700	-800	1100	-700
Australia	-	-	-	-80	-	-	-	-	-	-
Brazil	-	-	-68	-	-68	-3000	-	1151	-2500	16
Canada	-	-	-	-	-	-248	-	2	-200	-50
China Mainland	1181	-200	41	400	-	170	-500	170	-	-500
Egypt	-	-	-	-	-	-	450	450	-	-
EU	2	-	2	-	-	11	-	111	-	-100
India	-	-	-	-	-	-400	-	-400	-	-
Indonesia	-	-	-	-	-	-	200	100	-	100
Japan	-	-	-	-	-	-	162	162	-	-
Kazakhstan	-	-	-	-	-	-	-	-	-	-
Mexico	-	-	-	-	-	-	130	-162	-	312
Nigeria	-	-	-	-	-	-	-	-	-	-
Philippines	-145	125	35	-	250	-	-	-	-	-
Rep. of Korea	-	-	-	-	-	-	-	-	-	-
Russian Fed.	-	-	-	-	-	327	767	423	548	243
Saudi Arabia	-	-	-	-	-	-	-	-	-	-
South Africa	-	-	-	-	-	-	-	-	-	-
Thailand	-	-	-	-	-	-	-215	-127	-	-95
Turkey	-	-	-	-	-	-	-	-	-	0
Ukraine	-	-	-	-	-	4	-	71	-67	-
US	-	25	-	-	-79	0	-	0	300	0
Viet Nam	-	-	200	-200	-	-21	143	70	-	85

Crop monitor

Crop conditions in AMIS countries (as of 28 January)



Crop condition map synthesizing information for all four AMIS crops as of 28 January. Crop conditions over the main growing areas for wheat, maize, rice, and soybean are based on a combination of national and regional crop analyst inputs along with earth observation data. **Only crops that are in other-than-favourable conditions are displayed on the map with their crop symbol.**

Conditions at a glance

Wheat - In the southern hemisphere, winter wheat harvest is wrapping up in the remaining areas under favourable conditions. In the northern hemisphere, winter wheat is in dormancy under favourable conditions with the exception of eastern Australia.

Maize - In the southern hemisphere, conditions are generally favourable for Brazil and Argentina with only minor areas of concern due to dry and wet conditions respectively.

Conditions are mixed in South Africa.

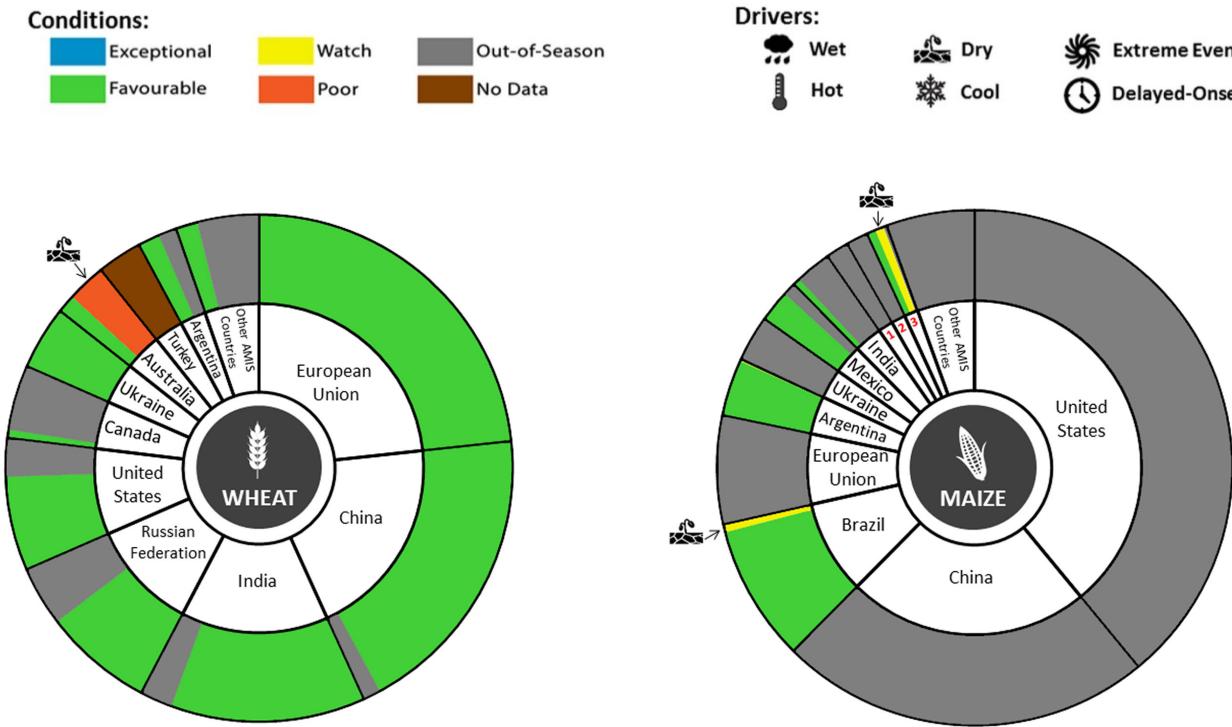
Rice - In India, Rabi rice transplanting is ongoing. In Southeast Asia, conditions are favourable in the northern countries for dry-season rice, while wet-season rice is advancing favourably in Indonesia.

Soybean - In the southern hemisphere, conditions are generally favourable in Brazil and Argentina with some flooding affecting minor areas in Argentina.

Weak to moderate El Niño expected in the first half of 2019

Currently the El Niño-Southern Oscillation (ENSO) is under a watch status. Warmer than normal El Niño region ocean temperatures are present but atmospheric conditions that would indicate a fully developed El Niño have been mainly ENSO-neutral. El Niño conditions are still expected for early 2019 (82 percent chance for January to March) and for northern hemisphere spring (66 percent chance for March to May).

Associated with the potential development of this El Niño event, between February and April, are increased chances of above normal rainfall in parts of the following regions: the southern US, northern Mexico, Central Asia, and southeastern South America. Drier than normal conditions are anticipated for the Indo-Pacific region including northern Australia and parts of Indonesia, the Philippines, southern Africa, Central America, and parts of northern Brazil.



Wheat

In the **EU**, winter wheat conditions are favourable with no major frost events observed. In **Ukraine**, winter wheat conditions are favourable with plenty of insulating snow cover in the eastern and central regions. Total sown area is slightly up from last year. In the **Russian Federation**, conditions are favourable for winter wheat with adequate snow cover. Total sown area has increased compared to last year. In **China**, conditions are favourable. In **India**, sowing is almost complete under favourable conditions and total sown area is average. In the **US**, winter wheat conditions are favourable. In **Canada**, conditions are favourable for winter wheat in dormancy. In **Australia**, harvesting is just about wrapped up under mostly poor conditions in the eastern half of the country, while in the state of Western Australia it is almost complete under favourable conditions. Total production is forecast to decrease significantly year-on-year.

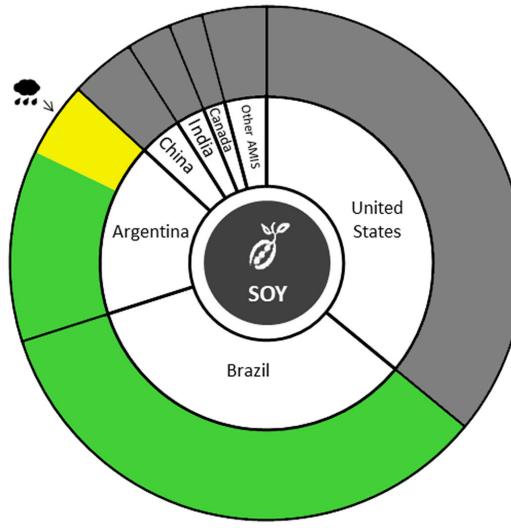
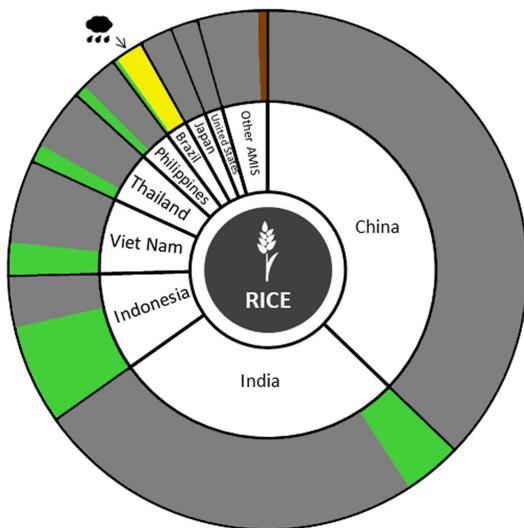
Maize

In **Brazil**, the spring-planted crop is under generally favourable conditions, however, there is some concern over the Center-West growing area (Goiás) due to dry conditions. Most of the crop is in the reproductive stages, and harvest has begun in the south. Sowing of the summer-planted crop began under favourable conditions. In **Argentina**, conditions are generally favourable for the spring-planted and summer-planted crops with flooding affecting only minor areas. Sowing of the summer-planted crop is experiencing some delays due to the floods; however, the sowing window remains open into February (missing yellow in world map). In **Mexico**, harvest of the spring-summer crop is wrapping up under favourable conditions while the sowing of the autumn-winter crop is ongoing with an increase in sown area expected. In **South Africa**, conditions are mixed with eastern areas receiving normal to above normal rainfall, while dry conditions in the west are impacting crops and have reduced the total area sown. In **India**, sowing of the Rabi crop is complete under favourable conditions.



Pie chart description: Each slice represents a country's share of total AMIS production (5-year average), with the main producing countries (95 percent of production) shown individually and the remaining 5 percent grouped into the "Other AMIS Countries" category. Sections within each country are weighted by the sub-national production statistics (5-year average) of the respective country and accounts for multiple cropping seasons (i.e. spring and winter wheat).

The late vegetative through to reproductive crop growth stages are generally the most sensitive periods for crop development.



Rice

In **India**, transplanting of the Rabi rice is progressing under favourable conditions in the southern and eastern parts of the country. In **Indonesia**, sowing of wet-season rice is continuing with recent rainfall resolving irrigation water shortages. Harvest has begun on earlier sown fields with yields expected to be average this season. In **Viet Nam**, sowing of winter-spring rice (dry-season rice) has begun under favourable conditions in the south at a faster pace than last year. In **Thailand**, dry-season rice is in the early vegetative stages under favourable conditions. A reduction in total sown area is expected compared to last year due to insufficient rainfall and irrigation water, along with incentives to shift to maize. In the **Philippines**, dry-season rice is in the vegetative stage under favourable conditions with a reduction in total sown area compared to last year. In **Brazil**, conditions are under watch due to excessive rainfall and cloud cover in January.

Soybeans

In **Brazil**, there is an increase in total sown area compared to last year. Conditions are generally favourable despite pockets of dryness that affected the states of Mato Grosso do Sul and Paraná. A more consistent rainfall pattern during January in Paraná, along with beneficial weather across the region, has prevented larger crop losses. The majority of the crop is in the reproductive stage while harvest has begun. In **Argentina**, conditions are mixed for both the spring-planted and summer-planted crops. Heavy rains and flooding delayed sowing, resulting in a reduction of total sown area. Some remaining areas continue to deal with field saturation from the heavy rainfall.

Information on crop conditions in non-AMIS countries can be found in the [GEOGLAM Early Warning Crop Monitor](#), published 7 February 2019

Policy developments

Wheat

- On 11 December 2018, the **EU** notified the WTO of draft revised regulations concerning the review of existing maximum residue limits (MRLs) in certain food commodities including wheat products (for 2,5-dichlorobenzoic acid methylester, mandipropamid, prochloraz and prooxydim), which are proposed to be adopted in June 2019 (G/SPS/N/EU/287). On 30 January, a second notification was issued concerning the establishment of new MRLs for chlorate on certain food commodities, including wheat products. The regulation is currently subject to EU's internal feedback and decision-making mechanisms and WTO Members are invited to provide comments by 18 February 2019 (G/SPS/N/EU/302).

Maize

- Since 1 January 2019, **Thailand** has stopped importing distillers' dried grains (DDG) from the US due to new sanitary regulations, which require that all incoming shipments be fumigated with methyl bromide. Many US shippers prefer to use phosphine for fumigation.
- On 11 December, **Mexico** notified the WTO of phytosanitary requirements governing the importation of maize from the Russian Federation. The final date to provide comments on the regulation is 9 February 2019 (G/SPS/N/MEX/360).

Rice

- Following the modification of inspection and quarantine requirements, on 31 December **China** approved imports of milled rice from the US, potentially for use in food processing, chemicals and alcohol.
- At the request of **Italy**, and with support from other rice-growing EU member States, the EU triggered a safeguard clause under its Generalized Scheme of Preferences (GSP) on surging low-priced imports of long-grained *Indica* rice from Cambodia and Myanmar. Effective from 18 January, safeguard duties will be applied digressively over three years, i.e. EUR 175 (USD 194.5) per tonne in the first year; EUR 150 (USD 166.7) per tonne in the second year; and EUR 125 (USD 138.9) per tonne in the last year.
- On 17 January 2019, the National Food Authority (NFA) of the **Philippines** announced that it targets to procure 350 000 tonnes of domestic rice paddy in the first half of 2019 at PHP 20.3 per kg (USD 396 per tonne), up from PHP 17 per kg (USD 325 per tonne) previously.

- On 29 January 2019, the Department of Agriculture of the **Philippines** launched a PHP 200 million (USD 3.82 million) fund to provide loans to farmers who sell their rice paddy to the National Food Authority. Farmers can borrow up to PHP 50 000 (USD 954.2) at 3 percent interest over a six-month period. The loans would be payable after harvest.

Biofuels

- In December 2018, **France** passed its 2019 finance bill, which increases biofuel mandates from 7.5 percent in 2018 to 7.9 percent in 2019 and 9.2 percent in 2020. The new biofuel mandate entered into force on 1 January 2019.
- On 30 January, the Ministry of Foreign Affairs in **Argentina** announced that an agreement was reached with the **EU** to resume the exportation of Argentinean soybean-based biodiesel, subject to price and volume limitations. Specific details are yet to be finalized.

Across the board

- On 8 January 2019, **China**'s Ministry of Agriculture and Rural Affairs announced the approval of five genetically-modified (GM) crop varieties for importation, including one maize and two soybean varieties. These are the first new approvals of GM crop varieties in about 18 months.
- In January, as part of a drive to achieve food self-sufficiency, the President of **Mexico** announced the introduction of guaranteed prices benefiting five commodities, among which beans; milk; maize (MXN 5 610 – USD 292.2 per tonne for a maximum of 20 tonnes), wheat (MXN 5 790 – USD 301.6 per tonne for a maximum of 100 tonnes); rice (MXN 6 120 – USD 318.8 per tonne for a maximum of 120 tonnes). Covered crops will be channelled to designated collection centres throughout the country for sale.
- On 20 December 2018, the President of the **US** signed the Agriculture Improvement Act of 2018 (2018 Farm Act) into law. The USD 867 billion farm bill will remain in place for five years. The US Congressional Budget Office expects that 76 percent of outlays will fund food and nutrition programmes, while 9 percent will be destined to crop insurance, 7 percent to conservation, and 7 percent to commodity programmes. The remainder (1 percent) will support trade, credit, rural development, research and extension, forestry and horticulture schemes.
- On 1 December 2018, the **US** and **China** agreed to withhold tariff increases for 90 days to work out a new trade agreement. If no agreement is reached after 90 days, the US



AMIS Policy database

Visit the AMIS Policy database at: <http://statistics.amis-outlook.org/policy/>

The **AMIS Policy database** gathers information on trade measures and domestic measures related to the four AMIS crops (wheat, maize, rice, and soybeans) as well as biofuels. The design of this database allows comparisons across countries, across commodities and across policies for selected periods of time.

plans to increase retaliatory tariffs on USD 200 billion worth of Chinese imports from 10 to 25 percent.

- On 30 December 2018, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) entered into force between **Australia, Canada, Japan, Mexico**, New Zealand, and Singapore. It entered into force for **Viet Nam** on 14 January 2019 and will enter into force in the four remaining countries (Brunei Darussalam, Chile, Malaysia, and Peru) 60 days after ratification. As the world's third largest trade agreement in GDP terms, the CTPP includes multiple provisions covering trade, investment, intellectual property, as well as substantial improvement of market access policy (reduction or elimination of tariffs, opening of tariff quota access, etc.)
- On 6 December 2018, **India** approved a new Agriculture Export Policy which removes all export restrictions on organic and processed food. Export restrictions on major agricultural products such as rice and wheat would be reviewed periodically on a case-to-case basis depending on the price-supply situation.

Logistics/Infrastructure/Trade Junctures

- In **Brazil**, a plan to modernize and expand logistics and transportation infrastructure was announced on 24 January. It is expected to substantially benefit the grain and oilseed export sectors in the long run. To facilitate access to the northern ports, the plan reportedly calls for the building of railway infrastructure in Mato Grosso, a significant soybean and maize producing state.
- Beginning in December 2018, freight transportation infrastructure in Vancouver - a key gateway for Canadian products - experienced a period of congestion. As a result of this congestion, the **Canadian** Transportation Agency initiated an examination of rail service issues to investigate concerns over reported commodity congestion and the rationing of railway capacity to Vancouver. The flow of traffic appeared to have improved by the end of January 2019. The investigation results will be made public when the investigation is completed. In addition, ongoing monitoring of grain transportation in Canada is provided by the Grain Monitoring Program with reports available on their website, <http://grainmonitor.ca>.
- Since the beginning of 2019, labour demonstrations by teachers in **Mexico** have blocked the operation of railways in the state of Michoacán, causing shortages of staple food (maize and wheat flour) and industry supplies in the region, as well as economic losses amounting to MXN 14 billion (USD 729.17 million) according to the Mexican Confederation of Industrial Chambers.



Only AMIS participants are marked in bold.

International prices

International Grains Council (IGC) Grains and Oilseeds Index (GOI) and GOI sub-Indices

	Jan 2019 Average*	% Change	
		M/M	Y/Y
GOI	195	+ 0.0%	+0.5%
Wheat	200	+ 0.2%	+13.9%
Maize	184	+ 2.1%	+5.9%
Rice	161	+ 0.6%	- 6.2%
Soybeans	176	- 1.0%	- 7.3%

*Jan 2000=100, derived from daily export quotations

Wheat

After posting a modest gain in December, world wheat export prices remained firm in the past month. Early support was linked to less than ideal weather during the harvests in Argentina and Australia. More recently, markets were bolstered by signs of tightening export supplies in the Black Sea region, as reduced competition was seen benefiting export sales from other origins, including from the US and the EU. Any uplift to prices at those origins was muted by limited evidence of better demand, exacerbated by the interruption to market information releases by the USDA. The belief that inclement weather had likely curtailed US winter wheat plantings to historically low levels offered some price underpinning, as did a turn to potentially damaging cold front crops in the US Plains.

Maize

Average global maize export prices climbed to a five-month peak in January, the IGC-GOI sub-Index gaining 2 percent m/m, underpinned by strong international demand and adverse weather in South America. Despite a huge surplus, FOB prices in Ukraine rose quite sharply, with support stemming from robust buying interest and tight internal logistics. Amid a seasonal drop in supplies and deepening concerns about dry conditions, spot values in Brazil also

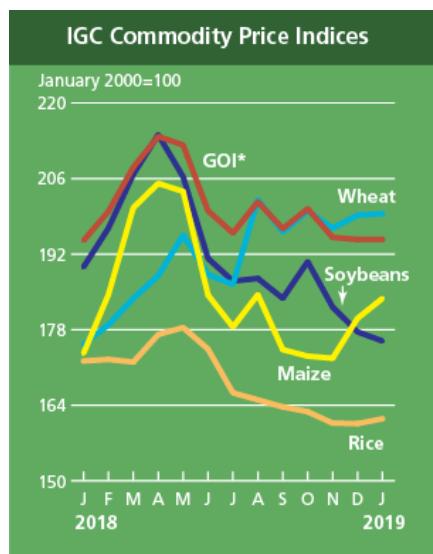
firmed. US prices edged higher on brisk export activity and rising interior freight costs.

Rice

World white and parboiled rice prices were mixed in January, with the IGC-GOI rice sub-Index finishing slightly higher m/m. Gains were led by Thailand as currency moves, a delay to main crop harvesting and sales to Asian and African markets supported, while sharp falls were noted in Viet Nam amid weak nearby demand and pressure from new crop arrivals. In the US, Gulf quotes were underpinned by steady shipments to regular markets and Iraq.

Soybeans

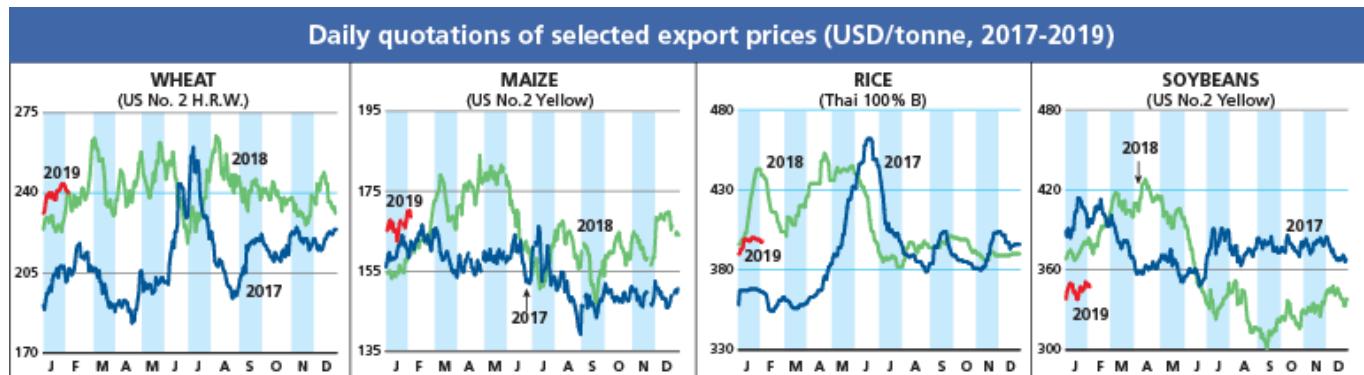
Average world soybean prices were marginally softer during January, although there were contrasting trends at major origins. US export prices were firmer on hopes that a breakthrough in the trade dispute with China would give a significant boost to trade. Reports of purchases of US supplies by China's state grain buyers provided mild support, as did escalating southern hemisphere crop worries. However, gains were capped by a generally bearish global supply and demand profile. In Brazil, concerns about the impact of hot, dry weather on production prospects underpinned values, but seasonal harvesting pressure led prices lower, with FOB values also weaker in Argentina.



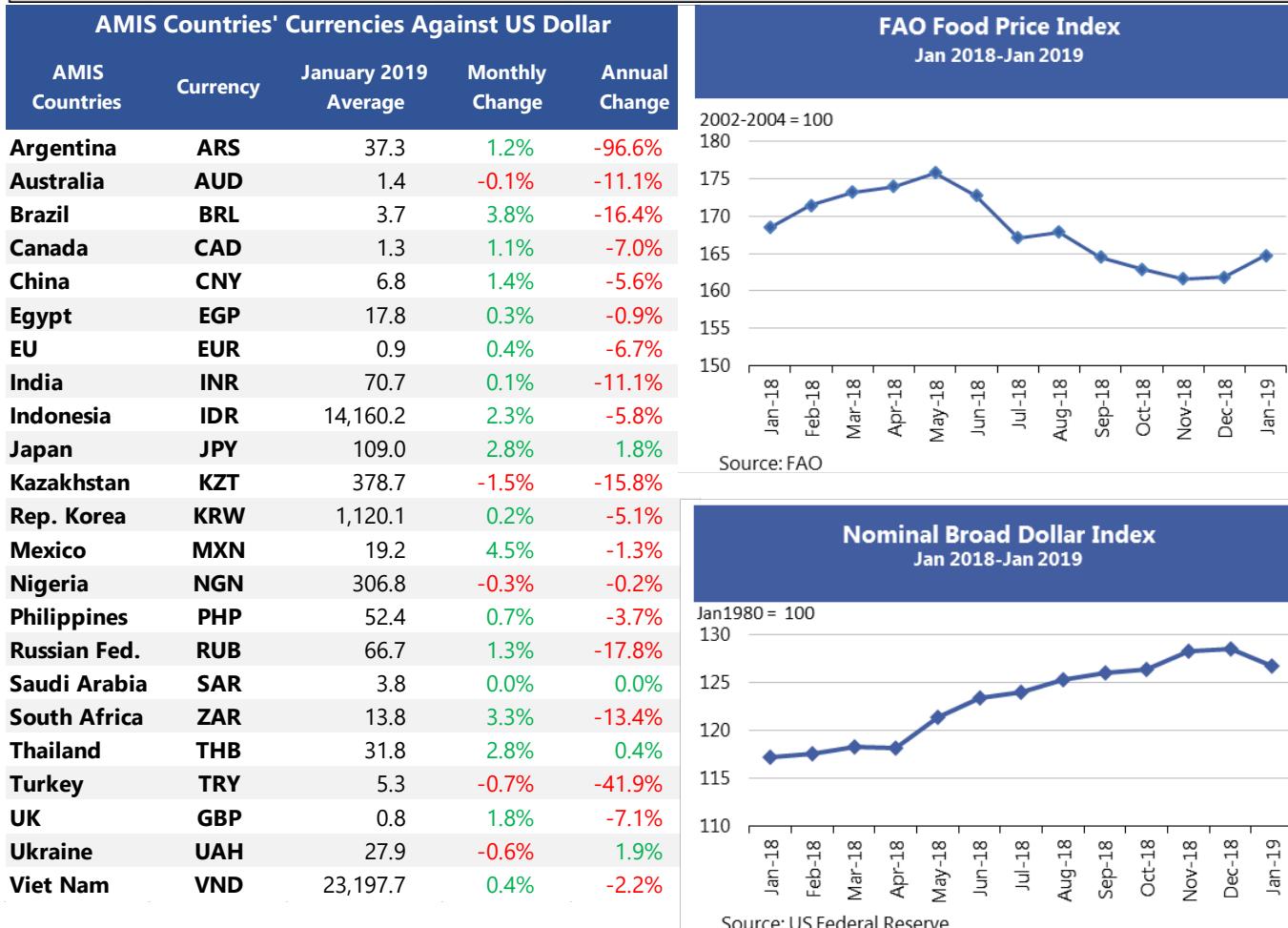
*GOI: Grains and Oilseeds Index

	GOI*	Wheat	Maize	Rice	Soybeans
(..... January 2000 = 100)					
2018					
January	194.5	175.3	173.6	172.2	189.6
February	199.9	178.9	184.5	172.5	196.8
March	208.1	183.8	200.6	172.0	206.8
April	213.8	188.0	205.1	177.1	214.1
May	212.2	195.5	203.6	178.4	206.3
June	200.0	188.2	184.4	174.4	191.2
July	195.9	186.4	178.5	166.3	187.0
August	201.7	202.1	184.5	165.0	187.5
September	196.7	196.1	174.3	163.7	183.8
October	200.4	200.0	173.1	162.8	190.6
November	195.1	196.8	172.7	160.7	182.2
December	194.7	199.2	180.1	160.6	177.6
2019	194.7	199.5	183.8	161.5	175.9

Selected export prices, currencies and indices



Daily quotations of selected export prices						
	Effective Date	Quotation (1)	Month ago (2)	Year ago (3)	% change (1) over (2)	% change (1) over (3)
..... USD/tonne						
Wheat (US No. 2, HRW)	31-Jan	240	231	240	3.9%	0.0%
Maize (US No. 2, Yellow)	31-Jan	169	164	160	2.8%	5.2%
Rice (Thai 100% B)	31-Jan	398	390	439	2.1%	-9.3%
Soybeans (US No.2, Yellow)	31-Jan	347	338	382	2.7%	-9.2%



Futures markets

Futures Prices – nearby

	Jan-19 Average	% Change	
		M/M	Y/Y
Wheat	190	- 0.2%	+ 19.5%
Maize	149	+ 0.6%	+ 7.4%
Rice	232	- 0.3%	- 12.0%
Soybeans	334	+1.0%	- 6.5%

Source: CME

Historical Volatility – 30 Days, nearby

	Monthly Averages		
	Jan-19	Dec-18	Jan-18
Wheat	18.6	24.1	22.7
Maize	14.0	12.9	12.8
Rice	13.3	13.8	18.1
Soybeans	14.2	17.1	12.7

Futures Prices

Prices for wheat, maize, soybeans and rice traded in a narrow range since the start of 2019. Despite record projected ending stocks, soybean prices found some support from deteriorating crop prospects in Brazil and reports that China had imported about 5 million tonnes of US soybeans during January, ending its prolonged absence from the US market. Wheat prices mostly held their levels as US values converged on other origins, prompting analysts to reaffirm a rise y/y in US exports after five years of successive declines. The month-long US government shutdown, which suspended the publication of key USDA reports, such as the World Supply and Demand Estimates, Export Commitments and Grain Transportation, purportedly contributed to lackluster and thinly traded markets. Exogenous markets were mixed: West Texas Intermediate crude oil prices which had plummeted below USD 43/barrel in December, staged a recovery in January to above USD 52/barrel and possibly helped to underpin grain values. The USD index, however, traded in a narrow range producing negligible effects on commodity prices. Reflecting their respective balance sheets y/y, wheat and maize were higher by 19.5 and 7.4 percent, while soybeans and rice were lower by 6.5 and 12 percent.

Volumes and volatility

Trade volumes for wheat and maize rose 23 and 31 percent respectively m/m, but fell for soybeans by 25 percent, while volumes for all three commodities were lower 29, 8 and 18 respectively y/y. Implied volatility and historical volatility remained at relatively low levels m/m for all three commodities. Implied volatility was slightly higher for all three commodities y/y, while historical volatility, with the exception of wheat, was also moderately higher y/y.

Basis levels and transport

Domestic basis levels remained weak m/m for maize and soybeans, as the market was slow to absorb bumper harvests for the two commodities. In Illinois, the interior bids to local elevators were quoted at minus USD 11 per tonne for maize and minus USD 21 per tonne for soybeans, each under the respective March futures prices. In Iowa, the bids were minus USD 14 for maize and minus USD 34 for soybeans (under the respective futures). In soft red wheat,

bids for delivery to northern mills were quoted at slightly below March futures prices. Gulf export delivery basis levels for maize, soybeans and wheat were all firmer m/m, at USD 20, USD 9, and USD 30 (per tonne premium over respective March futures). With the resumption of Chinese buying, US FOB vessel soybean values, which traded at USD 90 discount to FOB Paranagua, Brazil during October 2018, reverted to equal levels with Paranagua values, with both origins quoted at around USD 350 per tonne.

[Information on barge freight rates, logistics and export commitments, supplied by the USDA remain suspended as of the publication of this report.]

Forward curves

Forward curves exhibited negligible changes m/m, remaining in contango configurations (upward sloping). The absence of new data, including updates on supply and demand balances as a result of the US government shutdown, was partly responsible for this lack of movement.

Investment flows

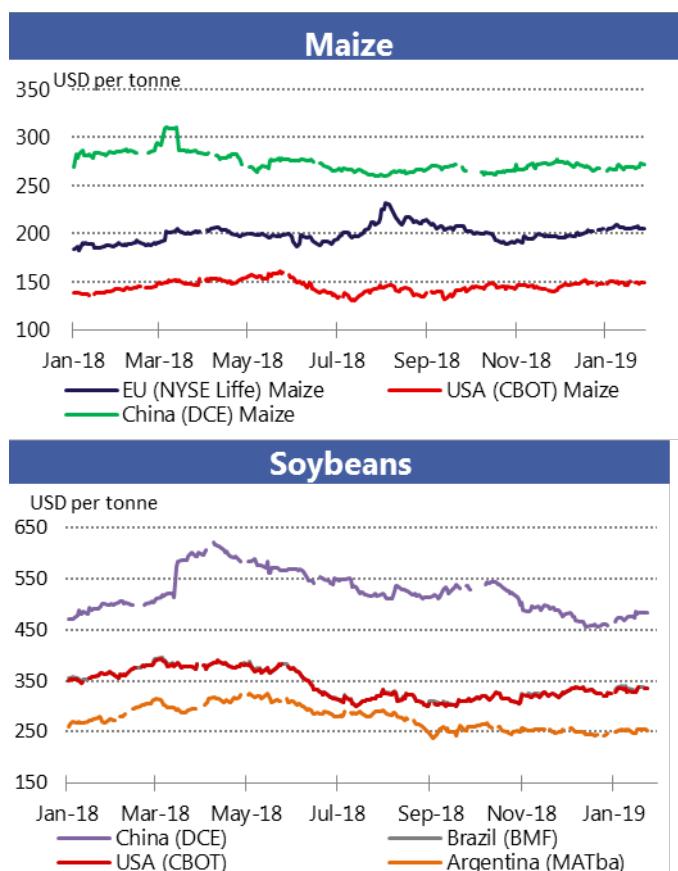
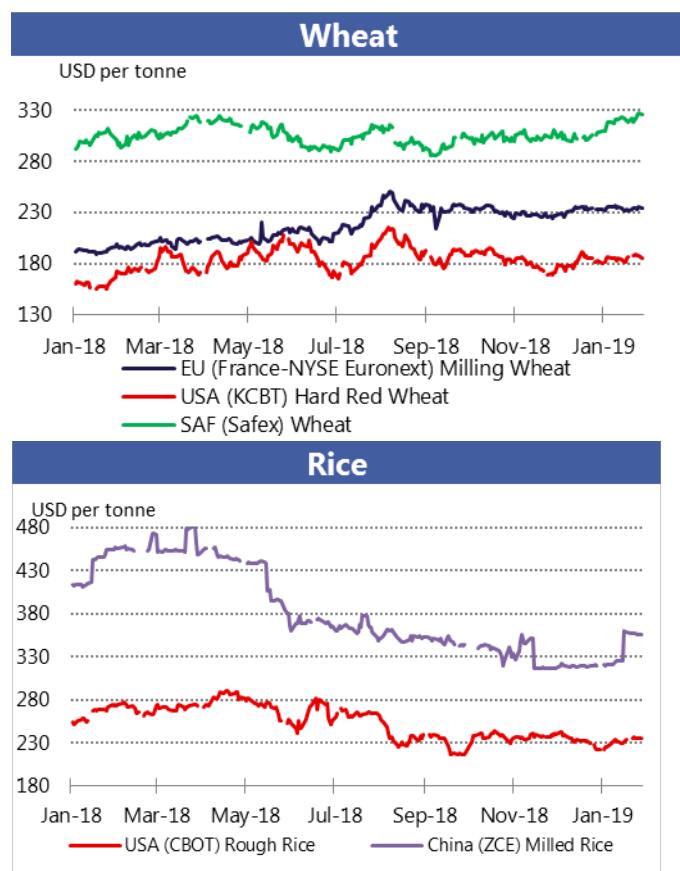
[Updates to the Commitment of Traders report – suspended since December 21, 2018 by the US Commodity Futures Trading Commission - is scheduled to resume February 1, 2019.]



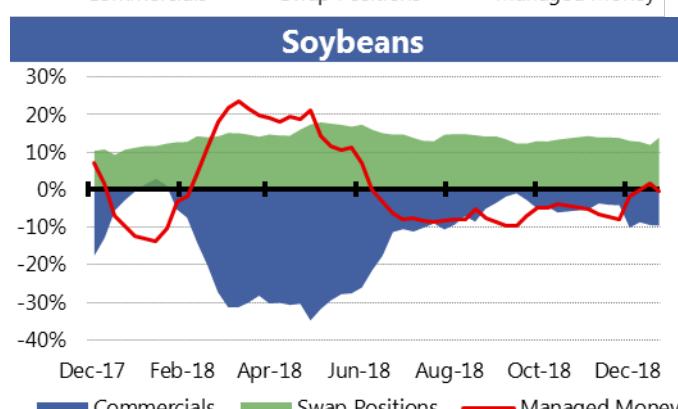
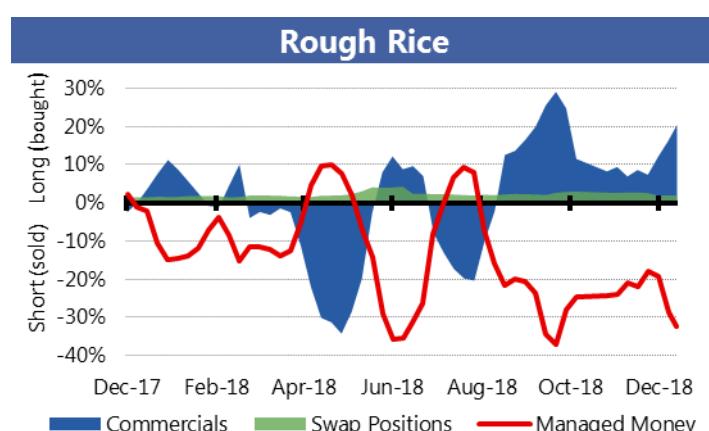
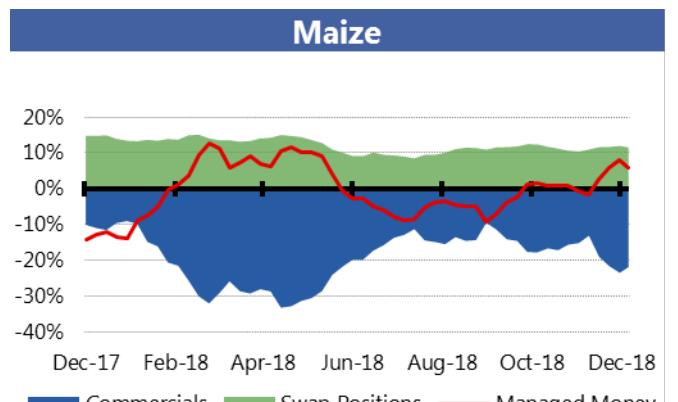
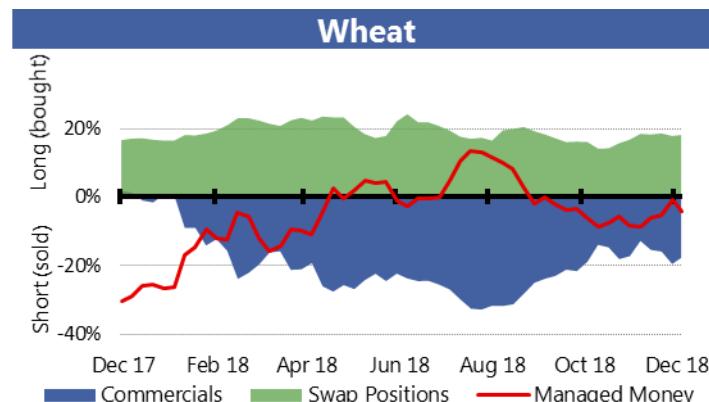
For more information on technical terms please see the Glossary at the following link:
http://www.amis-outlook.org/fileadmin/user_upload/amis/docs/Market_monitor/Glossary.pdf

Market indicators

Daily quotations from leading exchanges - nearby futures

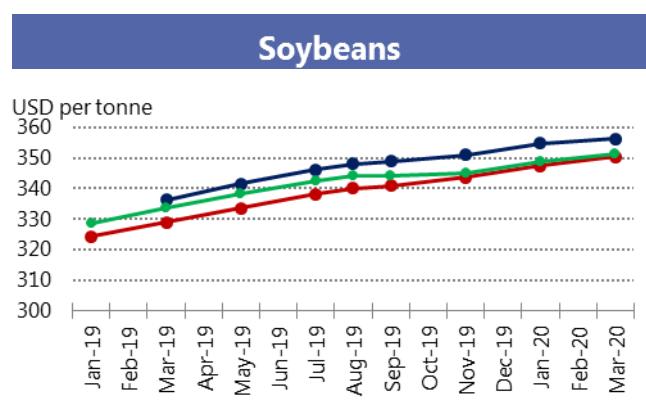
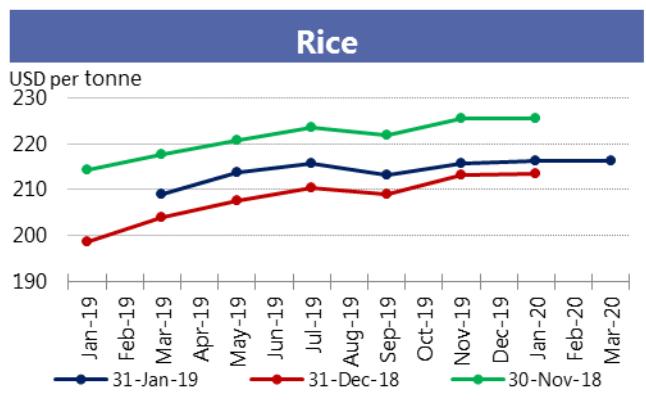
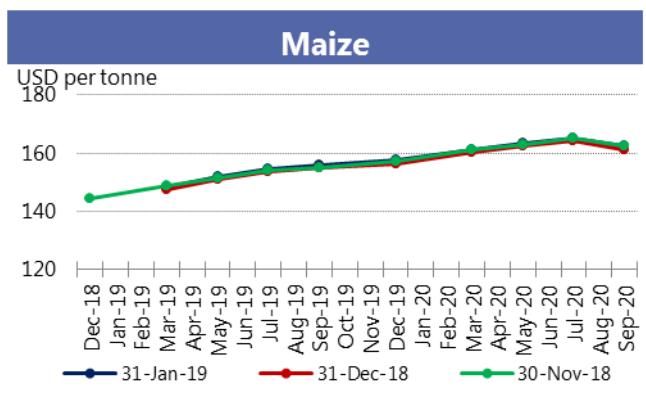
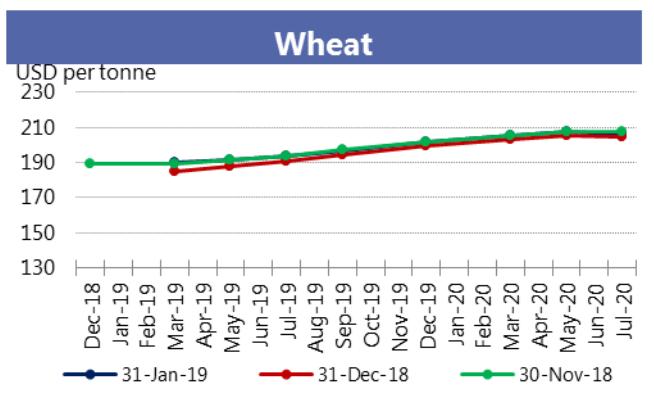


CFTC Commitments of Traders - Major Categories Net Length as percentage of Open Interest*

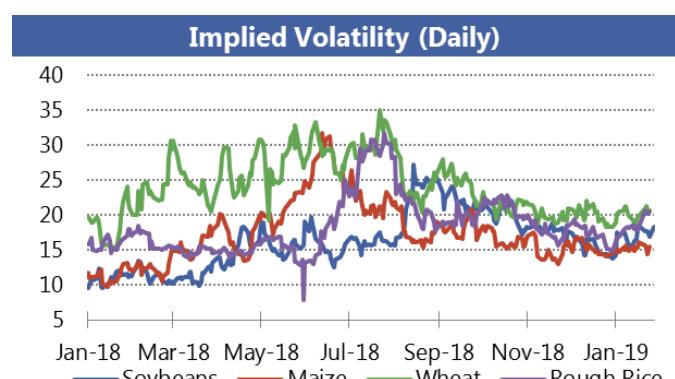
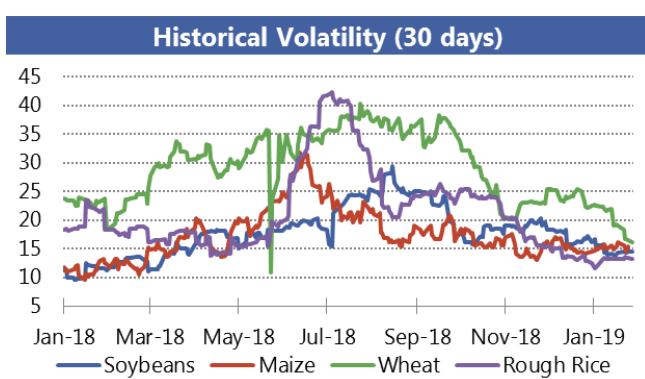


*Disaggregated Futures Only. Though not all positions are reflected in the charts, total long positions always equal total short positions. Charts could not be updated because of the US Government shut-down.

Forward Curves



Historical and Implied Volatilities



Monthly US ethanol update

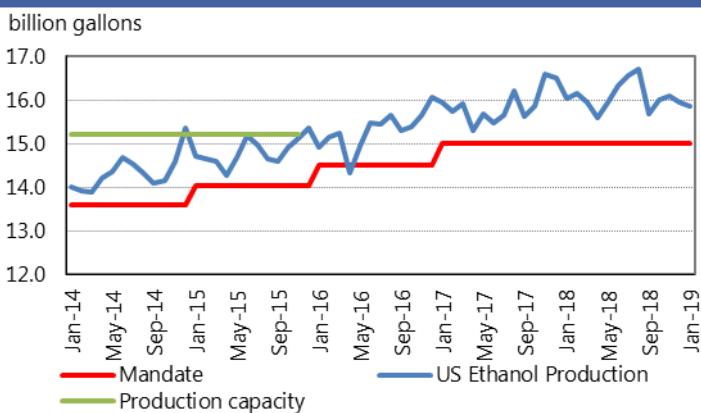
- Ethanol production margins** moved further into negative territory in January, having been below breakeven for 6 months.
- As a result of poor margins, **ethanol production** has fallen below an annualized production pace of 16 billion gallons.
- Low oil prices, and associated low gasoline prices, made **ethanol** less competitive in the domestic fuel market.
- Maize traded in a narrow range in the month of January as the US government shutdown delayed key market reports, limiting pricing information.

	Jan 2019*	Dec 2018	Jan 2018
Spot prices IA, NE and IL/eastern corn belt average			
Maize price (USD per tonne)	139.74	138.54	130.31
DDGs (USD per tonne)	153.86	158.08	146.71
Ethanol price (USD per gallon)	1.20	1.18	1.27
Nearby futures prices CME, NYSE			
Ethanol (USD per gallon)	1.27	1.25	1.34
RBOB Gasoline (USD per gallon)	1.40	1.42	1.86
Ethanol/RBOB price ratio	90.6%	87.9%	72.1%
Ethanol margins IA, NE and IL/eastern corn belt			
Average (USD per gallon)			
Ethanol receipts	1.20	1.18	1.27
DDGs receipts	0.47	0.49	0.45
Maize costs	1.29	1.28	1.20
Other costs	0.55	0.55	0.55
Production margin	-0.17	-0.16	-0.03
Ethanol production (million gallons)			
Monthly production total	1 346	1 354	1 362
Annualized production pace	15 846	15 946	16 036

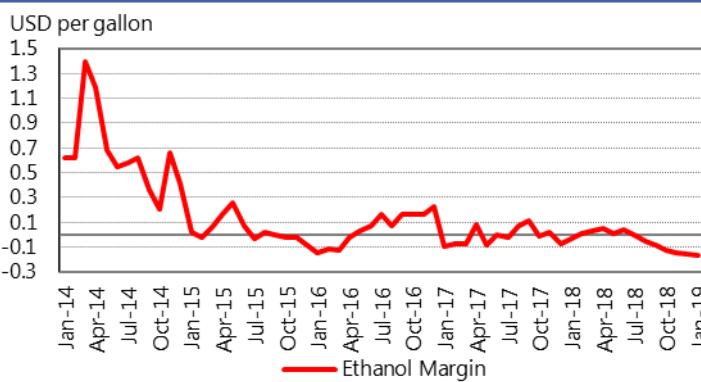
Based on USDA data and private sources

* Estimated using available weekly data to date.

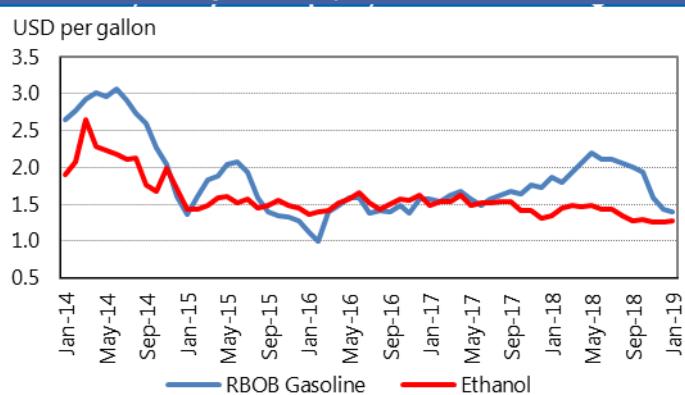
Ethanol production pace, capacity and annual mandate



Ethanol Production Margin (IA, NE, IL/eastern corn belt average)



Ethanol and RBOB gasoline (nearby futures prices, CME, NYSE)



Ethanol price vs. maize price (Spot prices)

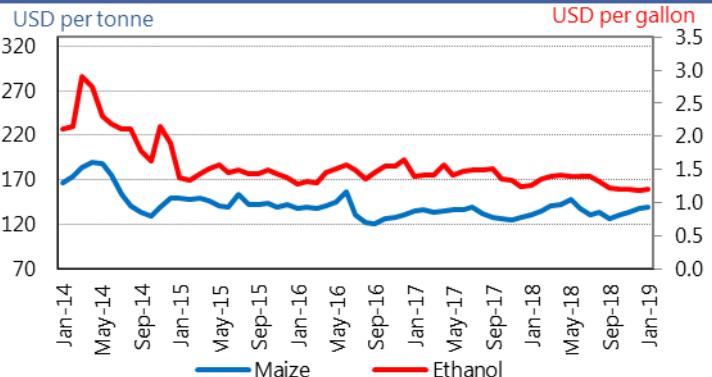


Chart and tables description

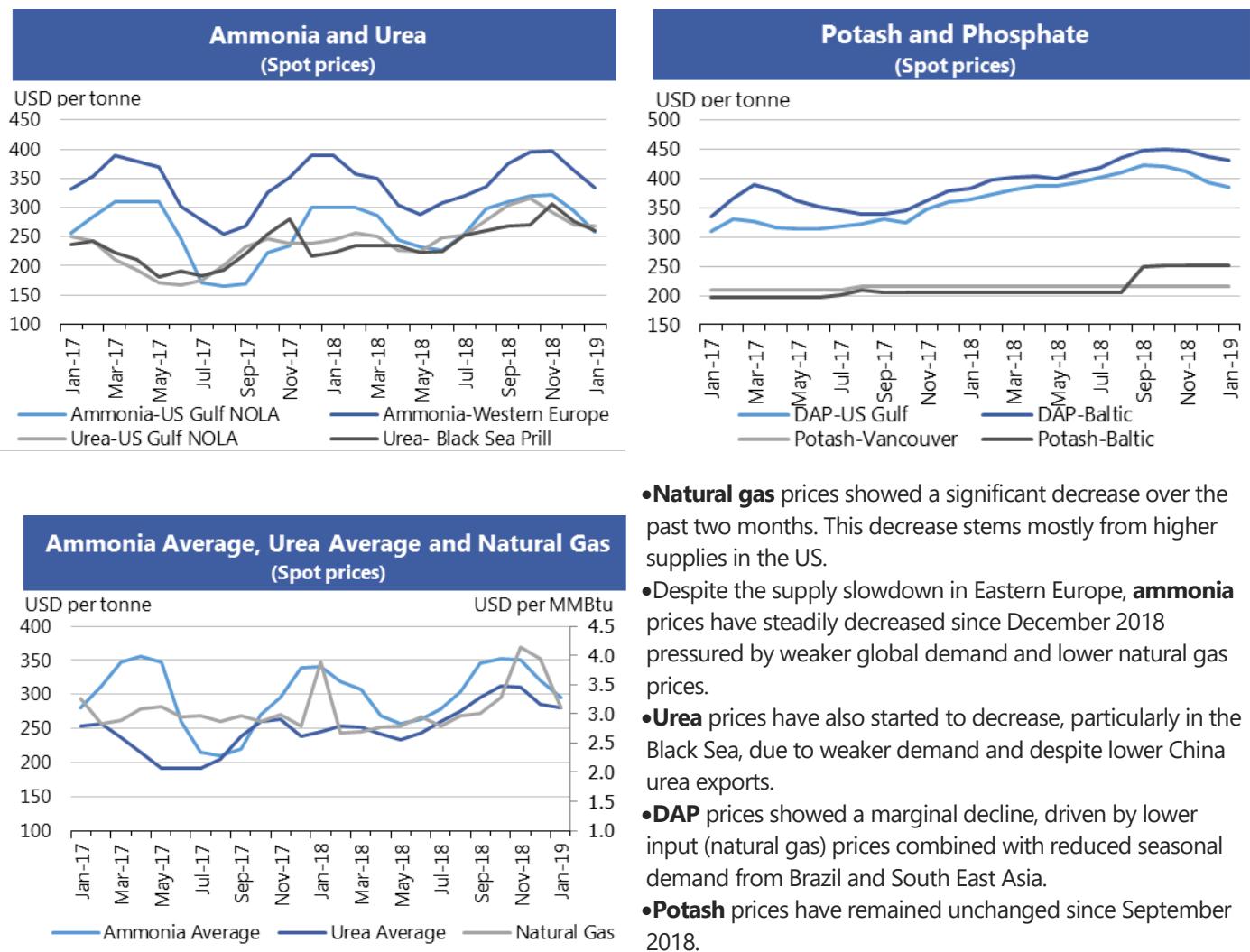
Ethanol Production Margins: The ethanol margin gives an indication of the profitability of maize-based ethanol production in the United States. It uses current market prices for maize, Dried Distillers Grains (DDGs) and ethanol, with an additional USD 0.55 per gallon of production costs

Ethanol Production Pace, Capacity and Mandate: Overview of the volume of maize-based ethanol production in the United States; it also highlights overall production capacity and the production volume that is mandated by public legislation. Name-plate (i.e. nominal) ethanol production capacity in the US is roughly 14.9 billion gallons per annum, but plants can exceed this level, so the actual capacity is assumed to be 15.2 billion gallons.

DDGs: By-product of maize-based biofuel production, commonly used as feedstuff.

RBOB: Reformulated Blendstock for Oxygenate Blending, gasoline nearby futures (NYSE).

Fertilizer outlook



- **Natural gas** prices showed a significant decrease over the past two months. This decrease stems mostly from higher supplies in the US.

- Despite the supply slowdown in Eastern Europe, **ammonia** prices have steadily decreased since December 2018 pressured by weaker global demand and lower natural gas prices.

- **Urea** prices have also started to decrease, particularly in the Black Sea, due to weaker demand and despite lower China urea exports.

- **DAP** prices showed a marginal decline, driven by lower input (natural gas) prices combined with reduced seasonal demand from Brazil and South East Asia.

- **Potash** prices have remained unchanged since September 2018.

	January average	January std. dev	% change last month*	% change last year*	12-month high	12-month low
Ammonia-US Gulf NOLA	259.0	-	-12.2%	-13.7%	322	226
Ammonia-Western Europe	333.8	19.7	-8.1%	-14.4%	398	289
Urea-US Gulf	267.5	7.6	-0.8%	9.1%	315.8	224.0
Urea-Black Sea	260.0	-	-6.0%	16.9%	306.4	223.3
DAP-US Gulf	384.8	5.4	-2.3%	5.7%	423.8	374
DAP-Baltic	432.5	2.9	-1.3%	12.7%	450	399
Potash-Baltic	252.0	-	-	22.3%	252.0	206
Potash-Vancouver	216.0	-	-	-	216.0	216
Ammonia	294.8	11.5	-8.0%	-13.6%	352.9	256.3
Urea	280.5	1.9	-1.7%	14.6%	312.6	234
Natural Gas*	3.1	0.3	-21.5%	-20.0%	4.1	2.7

All prices shown are in US dollars.

*Natural Gas is a new Henry Hub Index (BGAP), replacing the one used before, which has been discontinued.

Source: Own elaboration based on Bloomberg



Chart and tables description

Ammonia and Urea: Overview of nitrogen-based fertilizer prices in the US Gulf, Western Europe and Black Sea. Prices are weekly prices averaged by month.

Potash and Phosphate: Overview of phosphate and potassium-based fertilizer prices in the US Gulf, Baltic and Vancouver. Prices are weekly prices averaged by month.

Ammonia Average and Urea Average: Monthly average prices from Ammonia's US Gulf NOLA, Middle East, Black Sea and Western Europe were averaged to obtain Ammonia Average prices; monthly average prices from Urea's US Gulf NOLA, US GULF Prill, Middle East Prill, Black Sea Prill and Mediterranean were averaged to obtain Urea Average prices.

Natural Gas: Henry Hub Natural Gas Spot Price from ICE up to December 2017 and from Bloomberg (BGAP) from January 2018 onwards. Prices are intraday prices averaged by month. Natural gas is used as major input to produce nitrogen-based fertilizers.

DAP: Diammonium Phosphate.

Monthly ocean freight market update

Dry bulk freight market developments

	Jan 2019 Average*	% Change	
	Average*	M/M	Y/Y
Baltic Dry Index (BDI) *	1 182	- 18.9%	- 12.9%
sub-Indices:			
Capesize	1 864	- 11.5%	- 10.1%
Panamax	1 042	-28.9%	- 25.0%
Supramax	755	- 21.8%	+ 16.1%
Baltic Handysize Index (BHSI)**	480	- 22.2%	+ 18.2%

Source: Baltic Exchange.

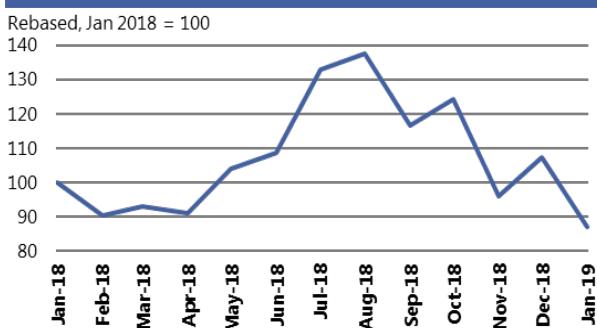
Note: *4 January 1985 = 1000 **23 May 2006 = 1000. Baltic Handysize sub-Index excluded from the BDI from 1 March 2018

- Slow demand and carrier oversupply dashed expectations for an early-2019 rally, as plummeting earnings across all dry bulk segments pressured average **Baltic Dry Index (BDI)** values to their lowest since July 2017, down about one-fifth m/m. With rates in all underlying segments sliding below the levels of the previous year, the Index posted a 13 percent net annual loss.
- Amid the approach of the Chinese Lunar New Year celebrations, the period market also faced deteriorating sentiment, prompting speculation about possible levels of resistance and fuelling talk about the need for increased vessel scrappage.
- Overall declines were led by the grains and oilseeds carrying segments, with **Panamax**, **Supramax** and **Handysize** Baltic Indices dropping by more than one-fifth

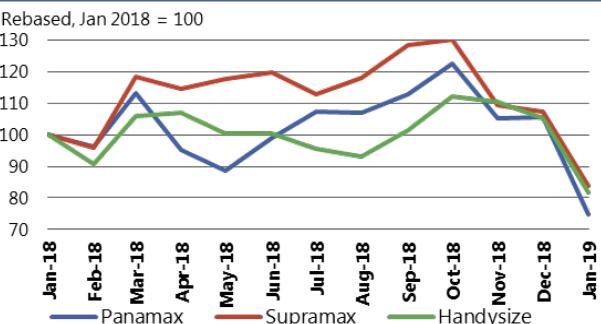
m/m, despite a relatively busy north Pacific market and occasional upturns in activity out of South America. Highlighting broad based market weakness, the nominal freight rate on the key soybean route from Brazil to China slid by USD 9 during January, to around USD 28, the lowest level since August 2017.

- Capesize** values were also weighed by thin enquiries, which was compounded recently by the background threat of a cyclone in West Australia and reports of rising iron ore prices. However, with support from steadier spot prices out of Brazil and signs of tightening tonnage in the north Atlantic, the Baltic sub-Index posted a relatively smaller monthly decline of 11.5 percent.

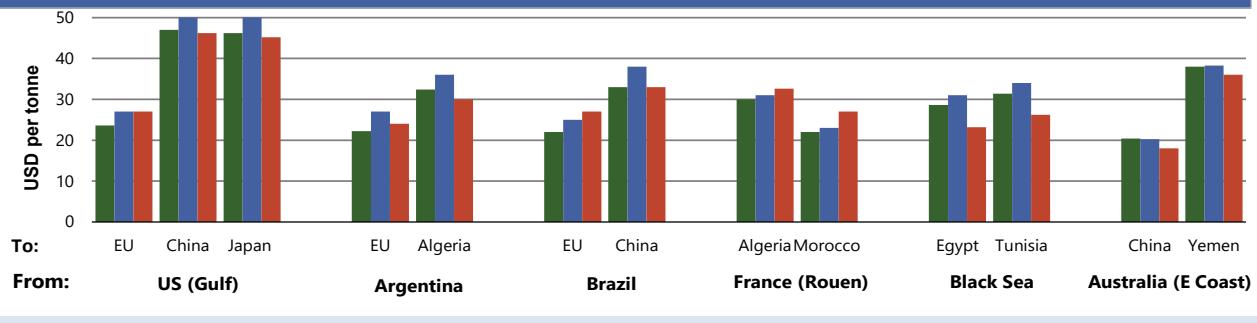
Baltic Dry Index*



Grains and oilseeds carrying sectors: Panamax and Supramax sub-Indices and Handysize Index*



Average nominal freight rates on selected grains and oilseeds routes



* monthly average. Source: International Grains Council

Notes:

Baltic Dry Index (BDI): A global benchmark indicator issued daily by the London-based Baltic Exchange, providing an assessment of the costs of moving major raw materials on ocean going vessels. The BDI is a composite measure, comprising sub-indices for four carrying segments, representing different vessel sizes: Capesize, Panamax, Supramax and Handysize.

Capesize: The largest vessels included in the BDI with deadweight tonnage (DWT) above 80 000 DWT, primarily transporting coal, iron ore and other heavy raw materials on long-haul routes.

Panamax: Vessels with capacity of 60 000 to 80 000 DWT, which are mostly geared to transporting coal, grains, oilseeds and other bulks, including sugar and cement.

Supramax/Handysize: Vessels with capacity below 60 000 DWT, which account for the majority of the world's ocean going vessels. They can transport a wide variety of cargos, including grains and oilseeds.

Explanatory Notes

The notions of **tightening** and **easing** used in the summary table of “**Markets at a glance**” reflect judgmental views that take into account market fundamentals, inter-alia price developments and short-term trends in demand and supply, especially changes in stocks.

All totals (aggregates) are computed from unrounded data. World supply and demand estimates/forecasts are based on the latest data published by FAO, IGC and USDA. For the former, they also take into account information provided by AMIS focal points (hence the notion “**FAO-AMIS**”). World estimates and forecasts produced by the three sources may vary due to several reasons, such as varying release dates and different methodologies used in constructing commodity balances. Specifically:

Production: Wheat production data from all three sources refer to production occurring in the first year of the marketing season shown (e.g. crops harvested in 2016 are allocated to the 2016/17 marketing season). Maize and rice production data for FAO-AMIS refer to crops harvested during the first year of the marketing season (e.g. 2016 for the 2016/17 marketing season) in both the northern and southern hemisphere. Rice production data for FAO-AMIS also include northern hemisphere production from secondary crops harvested in the second year of the marketing season (e.g. 2017 for the 2016/17 marketing season). By contrast, rice and maize data for USDA and IGC encompass production in the northern hemisphere occurring during the first year of the season (e.g. 2016 for the 2016/17 marketing season), as well as crops harvested in the southern hemisphere during the second year of the season (e.g. 2017 for the 2016/17 marketing season). For soybeans, the latter approach is used by all three sources.

Supply: Defined as production plus opening stocks by all three sources.

Utilization: For all three sources, wheat, maize and rice utilization includes food, feed and other uses (namely, seeds, industrial uses and post-harvest losses). For soybeans, it comprises crush, food and other uses. However, for all AMIS commodities, the use categories may be grouped differently across sources and may also include residual values.

Trade: Data refer to exports. For wheat and maize, trade is reported on a July/June basis, except for USDA maize trade estimates, which are reported on an October/September basis. Wheat trade data from all three sources includes wheat flour in wheat grain equivalent, while the USDA also considers wheat products. For rice, trade covers shipments from January to December of the second year of the respective marketing season. For soybeans, trade is reported on an October/September basis by FAO-AMIS and the IGC, while USDA data are based on local marketing years except for Argentina and Brazil which are reported on an October/September basis. Trade between European Union member states is excluded.

Stocks: In general, world stocks of AMIS crops refer to the sum of carry-overs at the close of each country’s national marketing year. For soybeans, stock levels reported by the USDA are based on local marketing years, except for Argentina and Brazil, which are adjusted to October/September. For maize and rice, global estimates may vary across sources because of differences in the allocation of production in southern hemisphere countries.

For more information on AMIS Supply and Demand, please view [AMIS Supply and Demand Balances Manual](#).

Main sources

Bloomberg, CFTC, CME Group, FAO, GEOGLAM, IFPRI, IGC, Reuters, USDA, US Federal Reserve

AMIS - GEOGLAM Crop Calendar

Selected leading producers

Wheat		J	F	M	A	M	J	J	A	S	O	N	D
EU (21%)*		winter		c	c		Harvest			Planting			
China (17%)		spring		Planting		c	Harvest						
India (13%)		winter	c	c	c	Harvest				Planting			
US (8%)		spring		Planting	c	c	Harvest						
Russia (8%)		winter		Planting	c	c	Harvest						
Maize		J	F	M	A	M	J	J	A	S	O	N	D
US (35%)				Planting		c	c	c	Harvest				
China (22%)	north			Planting	c	c	Harvest						
	south			Planting	c	c	Harvest						
Brazil (8%)	1st crop	c	c	Harvest						Planting		c	
	2nd crop	Planting	c	c	c		Harvest						
EU (7%)				Planting	c	c	c	Harvest					
Argentina (3%)			Harvest						Planting	c	c		
Rice		J	F	M	A	M	J	J	A	S	O	N	D
China (29%)	intermediary crop			Planting	c	c	c	Harvest					
	late crop				Planting	c	c	Harvest					
	early crop			Planting	c	c	Harvest						
India (21%)	kharif				Planting	c	c	Harvest					
	rabi	c	Harvest										
Indonesia (9%)	main Java	c	c	Harvest					Planting				
	second Java			Planting	c	c	c	Harvest					
	winter-spring	c	c	Harvest					Planting				
Viet Nam (6%)	summer/autumn				Planting	c	c	Harvest					
	winter	Planting							Planting	c	c	Harvest	
Thailand (4%)	main season				Planting	c	c	Harvest					
	second season	c	c	c	Harvest								
Soybeans		J	F	M	A	M	J	J	A	S	O	N	D
USA (31%)				Planting	c	c	c	Harvest					
Brazil (29%)		c	c	Harvest					Planting	c			
Argentina (18%)		c	c	c	Harvest					Planting			
China (4%)					Planting	c	c	Harvest					
India (3%)					Planting	c	c	Harvest					

* Percentages refer to the global share of production (average 2013–15).

Planting (peak)	Harvest (peak)
Planting	Harvest
C Weather conditions in this period are critical for yields.	Growing period

2019 AMIS Market Monitor Release Dates

February 7, March 7, April 4, May 9, June 6, July 4, September 5, October 3, November 7, December 5

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