

Monthly News Report on Grains (MNR)
End-of-Year Message from the FAO Grains/AMIS Team
December 2021

The turbulence and uncertainties that characterised food markets in 2020 continued well into 2021. With no end to the COVID pandemic, and economic fall-outs persisting in many countries, the focus on food market situation and implications that high food prices may have on the poorest sectors of the population dominated discussions throughout the year. However, from a purely supply-and-demand perspective, grain markets generally fared well despite even rising prices and production uncertainties, especially during the first half of the year. Fortunately, the difficulties faced in many producing countries did not lead to an excess level of export restrictions or other measures that would have amplified price rallies in world markets. To some extent, this positive outcome may reflect the lessons learned from the last major price hike in 2007-2010 period.

Not only did prices of major grains hit multi-year highs but international prices of nearly all leading agricultural commodities, from livestock to vegetable oils and sugar, registered sharp rallies in 2021. In addition, a strong rebound in energy prices, fuelled by a return to economic growth in many developed economies, gave way to increased worries over negative implications for food consumption. The sharp increase in natural gas prices became a main driver behind a steep hike in fertilizer prices, a development that raises concerns over production prospects in 2022. While global grain reserves are seemingly adequate, markets remain jittery as to how much rising fertilizer prices could adversely influence grain production levels in 2022 as, given the current market environment, only a significant increase in production next year may prevent grain prices from rising further.

Given all the diverse factors and drivers that influenced the market, FAO - and in particular its Basic Foodstuffs team - continued to monitor the global food situation and provide its assessments and forecasts. This work benefitted from the direct engagement of the team in the day-to-day work of the G20 Agriculture Market Information System (AMIS), the Secretariat of which is hosted by FAO. Thanks to AMIS and its vast network of experts from its participating countries and affiliated international organizations, the international community could receive timely alerts through a wide range of information products, including the monthly [FAO Food Price Index](#) reports, [the FAO Cereal Supply and Demand Briefs](#) and the [AMIS Market Monitor](#). In addition, through [FAO's Food Outlook](#) reports (published in June and November) developments in food trade flows and prices, in particular with regard to inputs, were given the highest attention.

Apart from publishing regular market assessment reports, the team also participated in leading international food and agricultural events also in 2021. Team members actively engaged as speakers and panellists in several sessions of the [Global Grains Geneva 2021](#) held in November, and presented at the [IATRC/ OECD Summer Symposium](#) and the [Digital Millers Conference](#).

Obviously, the year that will soon begin will be another challenging one as the fight against the pandemic is far from over at the time when food markets are also more fragile than in previous years. In this environment, the need for close collaboration among the major players and more transparent markets could not be greater.

With our best wishes for the New Year,

The FAO Grains Team.