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Market News

US maize reaping the benefits of Chinese demand

28 April – etfstrategy.com

Maize is trading at an 8-year high. Maize is primarily used as livestock feed, with much of the remainder processed into a wide range of food and industrial products including fuel ethanol.

While the first phase of the US-China trade deal has some role to play in the increase of imports, it is not the only reason. China's rising demand for animal feed for its recovering pig herd following the African Swine fever (over 2018 and 2019) is fuelling maize's recent price surge.

According to the Ministry of Agriculture in China, China's pig herds were 26.9% higher in October 2020 over the prior year, paving the way for higher demand for animal feed. Net speculative positioning in maize has risen 2,768% since August 2020 and is now more than two standard deviations above its five-year average, as illustrated in the chart below.

Forward-looking data suggests continued strong Chinese buying of US maize owing to widening domestic deficits.

In 2020 China resumed its position as one of the top export markets for US agricultural products after signing the Phase One trade agreement. The United States Department of Agriculture (USDA) reported that US total sales and shipments to China stood at a record 17.7mn tons for 2020/21, at the end of January. Reflecting this large volume, Chinese imports estimates for 2020/21 have been raised by 6.5mn tons from January 2021 to 24mn tons by the USDA. This marks a threefold increase in Chinese maize import estimates from 7mn tons in October 2020 to 24mn tons in March 2021.

According to China Customs Statistics and US Grain Inspections, data indicate that imports will exceed China's Tariff Rate Quota (TRQ) level of 7.2 million tons in 2020/21, we expect to see the Chinese government raise TRQs. As illustrated in the chart below, Chinese maize imports are expected to triple in 2020/21 according to the USDA. If the forecast were to be realized, it would make China the largest importer of maize by a sizeable margin outpacing the European Union and Mexico.

Another reason driving China's maize imports were higher domestic maize prices which rose throughout the calendar year 2020, reaching $3,784 per ton in November 2020, marking its highest level since July 2015. With domestic maize prices continuing to run at record levels, China is expected to be a key player in global trade for maize.

The global maize market is likely to be in a deficit for the fifth consecutive year in 2021/22, according to the International Grains Council (IGC). On a global level, maize ending stocks are set to decline to 284 million tons, which constitutes a downward revision of almost 4 million tons.

The decline of US maize stocks is mainly responsible. In its April monthly report, USDA predicted that US maize stocks would decrease to just 1.35 billion bushels by the end of the current 2020/21 crop year versus 1.5 billion bushels forecasted in the prior month. Despite the rise in maize prices, US maize acreage is expected to rise only marginally at less than half a percent.

Current cold temperatures in the US, which are forecast to continue, are hampering the progress of the initial growth of the seeds. Expectations for the Brazilian maize crop are also being negatively impacted by dry conditions over the past few weeks. We expect deteriorating climate conditions for the second harvest of the year in key growing regions are likely to widen the current deficit estimates on the global maize market. The short end

of the maize futures curve is backwardated, providing a positive roll yield of 2.6%, which suggests near-term tightness on the maize market.
Maize has had a strong run over the past year, and we expect strong fundamentals coupled with improving sentiment to continue to support its upward trajectory.

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Cold weather having an impact on EU and US grain crops
27 April - AHDB

As we have reported over the past few weeks, cold and dry weather has been causing concern for new-crop grains supply, fuelling the current rally.
Daily gains have now been seen across the global grains complex, with nearby Chicago maize prices rising 16% over the past 6 days, to close at $267.91/t yesterday.
UK feed wheat futures too have seen support from new crop concern. The Nov-21 contract has gained 15% in the last 10 days, closing yesterday at £191.30/t.
Yesterday, the European Commission released its latest EU crop monitoring (MARS) report, detailing conditions to 21 April. Recent colder-than-usual weather has reportedly delayed development of winter crops across Europe. The colder, dry conditions have also delayed the sowing and emergence of spring drilled crops.
Some small cuts have been made by the Commission to forecast yields, especially in France. Countries including the UK, France and Spain have been identified as areas of rain deficit.
The report gives yield forecasts for total barley and soft wheat, as such we can apply these to EU crop areas forecast by Stratégie Grains and estimate production. While the yield cuts in the report have impacted on potential production, levels remain well above the 2020 harvest.
For the UK, the report concluded winter crops are in 'fair to good condition'. Spring barley drilling is now said to be complete in the south and almost complete in the north. There are concerns surrounding dry weather for later drilled winter crops and spring crops going forward, should weather remain dry. Though one positive to cold weather has been a noted lack of pest and disease pressure.
The USDA also released their latest crop condition report yesterday. As at Sunday, 17% of maize had been planted, up on the week before, but 7 percentage points (pp) behind last year and 3pp behind the 5-year average. Iowa, Missouri, and Illinois are states identified as behind average planting progress. Collectively, these states represent 36.2% of the US maize crop.
For winter wheat, crop conditions had fallen week-on-week. The percentage of crops rated 'good' or 'excellent' reduced to 49%. This was a fall of 4 pp week-on-week, and 5pp down on the same point last year. Reductions were seen in Ohio, Texas, Washington, Montana, and Oklahoma (collectively 32% of US winter wheat production). Spring wheat and barley planting is ahead of average at 28% and 35% drilled, respectively.
Global cold and dry weather has been strengthening grain values in recent weeks and is likely to continue to do so until enough physical rain arrives to ease concerns. Some welcome rain is forecast for the UK (a shower arriving for some this morning), Europe, and the some of the US in the coming weeks, though how much actually falls will be key.

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High prices nibble at maize's sway as Asian feed buyers switch to wheat
27 April - Nasdaq

Asian feed manufacturers are switching to wheat in animal rations as multi-year high maize prices constrict demand for the yellow grain widely used to fatten hogs and chickens.
Some of the world's top maize buyers such as China, South Korea and Vietnam are buying more wheat from Australia and the Black Sea region in the months ahead as the landed cost of maize has climbed to a rare premium to wheat, said two Singapore-based grains traders.
Combined, those three countries are forecast to buy 26.4% of global maize imports this year, according to the U.S. Department of Agriculture, so any substitution for wheat could have a large impact on global grain trade flows.
"It is more attractive to use wheat, we have seen demand for Australian wheat coming from feed makers although our crop quality is pretty good and there is not much lower quality wheat which can be termed as feed wheat," said Ole Houe, a director at brokerage IKON Commodities in Sydney.
"But even milling wheat (from the Black Sea region) is cheaper than maize, so the switch is happening."
Chicago maize futures climbed to their highest since June 2013 this week and have gained 37% in 2021, while wheat has jumped 16% since the beginning of the year to its highest since February 2013.
Black Sea milling wheat is quoted around $290 a tonne, including cost and freight (C&F), to Asia for August shipment compared with maize at around $305-$310 a tonne, C&F, said the two traders.
A combination of strong global demand, adverse weather in the United States and expectations of lower output in Brazil have raised concerns over global maize supplies.
Wheat has followed maize higher even though there are no major supply issues as of now.
"We expect volatility in grain trade flows to continue for the rest of the year," said one of the Singapore-based traders, who works at an international trading company that sells grains to Asian and Middle Eastern buyers. "With such gains in maize prices, there will be destruction in Asian maize demand and result in lower maize imports by some countries."
Indonesia, the Philippines and Thailand, which use feed wheat on a regular basis, are likely to step up purchases, traders said.
"It is not just price-sensitive consumers in Asia, but even countries like South Korea are expected to start using more wheat for animal feeding," said one Singapore-based feed grains trader who sells South American maize in Asia.
"Japan is largely going to keep using maize."
The rally in grain prices was triggered by China and other importers late last year stockpiling food, fearing supply disruptions from the coronavirus pandemic.
China's massive feed sector has already switched out maize for wheat in key hog producing areas, impacting soymeal demand.
Maize imports to Vietnam, one of the world's fastest growing feed grain markets, have slumped since August while imports of wheat topped 200,000 tonnes in March for the first time since at least January 2020, according to Refinitiv data.
This reversed a trend in Vietnam's maize buying. Their imports for the 2019/20 crop year rose to 10.6 million tonnes from 1.1 million tonnes in 2011/12, USDA data shows.
Global maize inventories have declined over the past four years. World maize reserves are forecast to shrink to 283.85 million tonnes in 2020/21 from an all-time high stockpile of 351.81 million tonnes in 2016/17.

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Canadian farmers to plant less wheat, oats
27 April – Bakingbusiness.com

Canadian farmers intend to plant more canola but less wheat and oats for harvest in 2021 than expected by the trade, according to data released April 27 by Statistics Canada in its Principal Field Crop Areas report.

Statistics Canada, based on a survey of producers conducted during March, indicated Canadian farmers intend to plant 23,260,000 acres to wheat for harvest this year, an area that would be 7% smaller than the 24,980,000 acres seeded in 2020. The forecast was below the average of pre-report projections at 23.7 million acres. The recent five-year average all-wheat planted area was 24.3 million acres.

Statistics Canada forecast spring wheat planted area at 16,340,000 acres, 8.8% smaller than the 2020 seeded area at 17,926,000 acres. Durum plantings were projected at 5,705,000 acres, up 0.3% from 5,689,000 acres a year ago. Winter wheat planted last fall for harvest this year was estimated at 1,215,000 acres, down 11.2% from 1,368,000 acres in 2020.

Canadian farmers intend to seed 21,530,000 acres to canola this spring, up 3.6% from 20,783,000 acres in 2020, according to Statistics Canada. The average of pre-report trade projections was 22.6 million acres.

It would be the first year-over-year increase in canola planted area since 2017 and would be the largest planted area since 22.8 million acres in 2018. The recent five-year average canola planted area was 21.7 million acres.

"High global demand for oilseeds has led to an increase in canola prices, which may influence farmers' decision to increase seeded area," Statistics Canada said in comments accompanying the data. "Farmers in Saskatchewan, the largest canola-producing province, anticipate seeding 11.8 million acres of canola, up 4.4% from the same period one year earlier.

"In Alberta, farmers expect seeded area of canola to increase 7.8% to 6.3 million acres. In Manitoba, producers anticipate seeding fewer acres of canola, with expected seeded area falling 5.9% to 3.2 million acres in 2021."

Area seeded to oats this year was forecast at 3,608,000 acres, down 6% from 3,840,000 acres in 2020. The decline is forecast "as global oat supplies are anticipated to increase, possibly affecting prices in Canada," Statistics Canada said.

The recent five-year average Canadian oat planted area was 3.3 million acres.

Statistics Canada said the ongoing impacts of COVID-19 on Canadian and world grain markets, among other reasons, may cause anticipated seeded areas to differ from data on actual seeded areas to be released in June.

"As always, weather may also contribute to changes in seeding decisions," Statistics Canada said. "During collection of the March crop survey, parts of Western Canada were experiencing particularly dry conditions, with soil moisture estimated well below average levels across much of the Prairies. By comparison, soil moisture conditions in Eastern Canada were considered normal because of average precipitation over the winter."

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Maize crop ratings tumble in southern Brazil after unusually dry stretch

26 April - Reuters

Brazil's heavily exported second maize crop has been on the markets' radar since last year, when the country's soybean crop was planted later than usual, increasing the chances that maize would go in late since it is planted immediately after the soy harvest.

Those delays worsened earlier this year when soybean harvest came around, as persistent rains kept machinery out of the fields. Second maize was planted at the slowest pace in at least a decade and now weather is threatening to reduce the crop's potential, especially in the south.

Crop conditions have already plunged in No. 2 producer Parana, which grows 15% of Brazil's second maize crop. As of Monday, just 62% of the southern state's maize was in good condition, down from 76% a week earlier and 92% the prior week.

April rainfall in Parana is challenging 2018 for the driest April in at least two decades as the forecast for the rest of the month is sparse. Parana's second maize was also planted very late in 2018 and that crop was in a similar stage as the current one with around three-fourths yet to enter the critical pollination period.

Some 98% of Parana's second maize was rated as good three years ago this week, but that rating dropped to 43% three weeks later under excessively dry conditions. The score fell to 35% by the end of May that year, and the yields at harvest were more than 20% below normal, one of the state's worst results.

Due largely to second crop problems, Brazil's 2017/18 maize harvest fell around 14% from original expectations. That lifted maize exports in the top producer, the United States, to record levels in mid-2018. But the overall crop is not doing as poorly now as it was three years ago.

Farmers in the top maize and soybean state of Mato Grosso planted the second crop unusually late, risking that the rainy season would end before the crop was finished. This month's precipitation has been a bit below average, though April averages exceed 5 inches (127 mm) in the state. May rainfall is usually less than a third of the April total, and rainfall through next month will be crucial.

Last week, Mato Grosso's Imea agriculture institute said yields would likely fall from previous predictions since 45% of the state's second maize was planted outside of the ideal window. That is seen reducing the state's crop by 1.3% from last year's strong outcome.

The U.S. Department of Agriculture earlier this month left its forecast for Brazil's 2020-21 maize harvest at a record 109 million tonnes. Brazil's Conab statistics body increased its estimate by nearly 1 million tonnes to 108.97 million, though some industry estimates have recently come down.

On Monday, Rabobank cut its Brazilian harvest prediction to 105 million tonnes from 107 million, and analyst IHS Markit reduced its peg to 104 million tonnes from 108.6 million on a large decrease in second crop output.

Brazil's meat lobby, ABPA, is growing anxious over global commodity inflation and potential supply disruptions to the second harvest. Those concerns influenced Monday's government decision to suspend import duties on maize, soybeans and soybean products through the end of the year.

In theory, this could benefit U.S. exporters since Mercosur trade bloc countries are already free from tariffs. However, just one U.S. soybean cargo sailed to Brazil last November under the most recent exemption, and that was the first cargo of U.S. maize or soybeans to do so in nearly two decades.

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India 2021-22 wheat procurement spikes, may limit exports

27 April - Platts

The Food Corporation of India has purchased 20.0 million mt of wheat from farmers so far in the 2021-22 marketing season that began April 1, a more than fourfold increase from the same period last year and a figure likely to limit India's exportable supplies, according to sources.

India is the world's second-largest wheat producer, and after several years is in a position to export significant quantities at a time when global inventories are at two-year lows.

In 2020-21, India exported 1.7 million mt of wheat, from just 211,094 mt the previous year, data from India's Agricultural & Food Processed Export Development Authority showed.

However, the sharp spike in wheat procurement by the government is expected to increase the export price of wheat in the global market and limit the availability of the grain.

The Indian government procures food grains, particularly wheat and rice, to support farmers and provide grains at subsidized prices under different social security programs.

The FCI is the government's agency for procurement, disbursal and maintaining government inventories of food grains.

In April 2020 the government bought 4.8 million mt wheat from growers. The government is currently purchasing wheat at the mandated minimum support price of Rupees 19,750/mt ($261.50/mt).

The wheat marketing season runs from April to March. In the 2021-22 marketing year, the central government has estimated overall wheat purchases at 42.7 million mt. The estimate for the overall procurement is around 10% higher than last year's actual purchases of 39.0 million mt, FCI data showed.

Some market participants expect total wheat purchases to top government's expectations as localized restrictions are making it difficult for farmers to sell to private traders.

"In some states lockdowns have been imposed, which makes it difficult for traders to make bulk deals. In these conditions, farmers tend to offload more of their grain to the government," Jaipur-based trader Aniket Mehta said.

Delhi-based exporter Anand Goyal said: "If the government procures wheat in huge quantities, it will tighten supply in the open market and lead to a rise in domestic prices."

"If the price for the commodity increases in the domestic market, export prices will also rise and will eventually limit the scope of good-quality wheat exports," he added.

Indian traders are in talks to make export deals with counterparts in Bangladesh and Myanmar for the current marketing year, trade sources said.

"The government's stock cannot be exported," a trade source said. "The rise in government stocks may limit the supply of the grain and push up prices in the global markets. It might make it difficult to export at high prices."

Last year, the pace of government purchases was slow as the country had gone into a complete lockdown to curb the spread of COVID-19, an official with the FCI said.

Poor procurement had kept wheat prices low in domestic markets and allowed exporters to buy cheaper grain at the beginning of the year and offload in the global market.

"This year government agencies made arrangements in advance to ensure they are able to procure ample quantity of wheat from farmers," an official said.

In the current crop year, which ends in June, India is likely to harvest 109.2 million mt of wheat, the largest on record.

"The estimate for the overall procurement this year is nearly 40% of the total produce," a Bangalore-based trader said. "If the actual procurement tops the estimated figure, it will further limit the availability of grains for exports."

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UK wheat production to rebound after 40-year low

26 April – World-grain.com

After a 40-year low in wheat production, the United Kingdom (UK) is projected to sharply increase its wheat output in the 2021-22 marketing year to 14.75 million tonnes, up 5 million tonnes from the previous year, according to an April 21 Global Agricultural Information Network report from the US Department of Agriculture (USDA).

"The total wheat area is forecast to increase nearly 400,000 hectares in 2021-22," the USDA said. "Fall planting conditions were much improved on those for the 2020 harvest and growers have returned to cropping more winter wheat, following a significant switch to spring crops, mainly barley, in 2020-21."

As result, barley production is projected to decline from 8.1 million tonnes a year ago to 7.2 million tonnes in 2021-22.

Total UK grain production, which includes wheat, barley, oats and mixed grains, is forecast at 23.1 million tonnes, 4 million tonnes higher than the previous year but about 1.7 million tonnes below the 2019-20 level.

The USDA said last year's poor wheat crop has led to increased incorporation of barley in the country's feed rations and increased imports for maize for use in the biofuel sector in 2020-21. However, projected feed and residual use of wheat is projected to reach 7.55 million tonnes in 2021-22, up from 6 million tonnes last year, while feed use of barley is forecast to drop to 4 million tonnes from last year's 5.3 million tonnes.

"Of most interest in the Food, Seed and Industrial sector in 2021-22 is a forecast increase in the use of grain in the bioethanol sector following the UK government's recent announcement to phase in E10 fuel in the UK from this September," the USDA said. "A previously closed facility will reopen while the other UK facility is not only expected to increase production but also switch back to processing mainly domestic feed quality wheat after a price-driven switch to imported maize in 2020-21."

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'Depleted' Chinese maize reserve to spur even more imports than thought

22 April – Agrimoney.com

China's maize imports this season will prove even larger than had been thought, amid a drive to ensure supplies at a time when the state has "depleted" some stocks, but will fall back markedly in 2021-22.

The US Department of Agriculture's Beijing bureau pegged at 28.0m tonnes Chinese maize imports in 2020-21, as started in October, setting a record high with ease.

The forecast was 4.0m tonnes above the USDA's official forecast, and reflected the extent of the clamour for supplies both to feed the country's recovering hog herd - being housed increasingly in cutting-edge units which utilise manufactured feed – and the expansion of stocks to guard against supply disruptions.

"Sources indicate that substantial maize imports will be necessary to control further price increases and maintain buffer stocks throughout calendar year 2021," the bureau said.

“Speculators, mills/plants, and local government reserves are building up maize stocks over fears of future supply chain disruptions, and concerns over weather-related issues that could lower production.”

The spree comes against a backdrop of report that “China has depleted its temporary maize reserve” after a series of auctions aimed at maintaining market supplies and keeping a lid on buoyant prices.

However, the bureau stressed that much of the maize sold by the state had, rather than being utilised, been used to bolster commercial inventories, which would not reportedly “close to a 15-year high”.

In the north east of China, a key growing region, “commercial maize stocks have tripled last year’s level according to industry contacts, while deed mills in Guangdong are said to have six months’ worth of supplies on hand, more than twice the level seen in 2019.

Inventories held by industrial processors is, at typically four months of use, up from 15-20 days’ worth in 2019.

This could set the scene for a pullback in China’s maize imports, which the bureau pegged at 15.0m tonnes in 2021-22 – down nearly 50% year on year, although still the second highest volume on record.

While “all indications point to most current imports filling depleted stocks”, the bureau flagged a potential “turning point” in 2022 “when the maize supply-demand situation reverses, and the threat of pandemic-driven shortages subsides”.

The forecast factored in expectations of an easing in China’s inventories next season, of 14.0m tonnes to 193.2m tonnes.

While China’s own maize harvest this year was forecast expanding by some 7.3m tonnes to 268.0m tonnes in, use of the grain in feed was expected to rebound by 14.0m tonnes to 210.0m tonnes as the domestic market expands.

For wheat too, the bureau forecast China’s imports falling in 2021-22, by 4.5m tonnes to 5.0m tonnes, despite use of the grain in feed holding at the record 40.0m tonnes expected for this season.

That is more than double the 19.0m tonnes reported for 2019-20, and reflects the quest for alternative grains in the face of high maize prices.

The bureau said that is analysis “indicates that China’s national stocks are down significantly [in 2020-21], but that sub-national and commercial stockholding remains strong”.

Barley imports were seen holding at 7.50m tonnes next season, and sorghum’s at 7.00m tonnes.

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Dollar ban for wheat may add to Nigeria food scarcity

21 April – Bloomberg.com

Nigeria’s plans to expand restrictions on dollar access for imports to now also include sugar and wheat could worsen food insecurity and fuel inflation in Africa’s most-populous nation.

The country’s central bank said last week it plans to cut off dollar supply to traders who import these two food items to boost local production. That will take the list of goods restricted from foreign-exchange, which include rice and dairy to fertilizer and Indian incense, to almost 50.

The ban will force manufacturers using sugar and wheat to the unofficial black market where the greenback is at least 19% more expensive compared to a closely managed official

rate. While the local unit traded at 409.35 naira to the dollar as of 5:27 p.m. in the official interbank market on Wednesday, it was quoted at 486 naira to dollar in the black market.
Producers will be forced to raise prices to cover the higher costs of inputs. Food inflation has soared since the restrictions were first implemented as local production of the banned items continue to lag behind consumption and reached a more than a 15-year high in March.
Prices of items such as rice and maize have more than doubled since they were added to the list. The price of a 500 gram loaf of bread is up 11.26% from a year earlier, according to data published by Nigeria's statistics agency on Wednesday.
There is no evidence that the country has the capacity to meet local demand, Muda Yusuf, director-general of the Lagos Chamber of Commerce and Industry, said by phone.
Nigeria produces less than 1% of 4.7 million tons of wheat it is projected to consume this year, while it will import 5.1 million tons, according to the U.S. Department of Agriculture. Sugar consumption was 1.62 million tons last year, with just 75,000 tons produced locally, according to the USDA.
Insecurity in Nigeria's main food-producing areas and supply-chain constraints are likely to keep on fueling prices as output can't keep up with demand. The country will rely on imports to meet its national requirements for grains especially, wheat, maize and rice this year due to currency devaluations, Covid-19 restrictions, instability in food producing areas and climate change, the USDA said in a September report. Agriculture accounts for about one-third of gross domestic product and provides about two-thirds of all jobs.
Nigerian food costs rise the fastest in 15 years, pushing up inflation
"The situation with inflation is bad enough, there is hunger in the land, domestic production in agriculture is still very weak," Yusuf said. "If it continues this way, the hunger will continue to increase."
About 80 million of Nigeria's 200 million population are classified as extremely poor, the highest number of any nation and the impact of the coronavirus pandemic will push 20 million more people in the country below the poverty line by 2022, according to the World Bank. Nigeria's central bank spokesman did not pick calls or reply to a text message when reached for comments.
"Why would anyone want to exacerbate the already difficult living condition with more restrictions on food items?" Omotola Abimbola, analyst at Chapel Hill Denham said in a Twitter post.
Efforts to boost output "while reducing imports will test Nigeria's ability to remain self-sufficient in wheat," the USDA said in a report published last week.

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China demand crucial to Ukraine 2021-22 barley exports
09 April – Argusmedia.com

China has significantly increased its barley purchases from Ukraine in the 2020-21 marketing year (July-June), with continued strong demand from Chinese buyers becoming crucial for Ukraine's new season product exports, which are forecast to increase by about 1mn t on the year.
China became the largest importer of Ukrainian barley in 2020-21, having put the lid on long-standing dominance of Saudi Arabia in Ukraine's export barley market, with the Middle Eastern country having shifted to purchases of Russian and Australian supplies.
Ukraine has exported 2.8mn t of barley to China so far this season. This accounts for 69pc of the country's total 2020-21 barley exports of the product and is around 1.9mn t, or 250pc,

higher compared with Chinese purchases of Ukrainian product in the 2019-20 marketing year.
This significant increase in this season's barley shipments from Ukraine to China resulted from strong growth of domestic feed grain consumption in the Asian country, following recovery of its pig herd from African swine fever. China's total feed barley imports are estimated to increase by about 40pc to 8.3mn t in 2020-21, according to the US Department of Agricultural (USDA), with the country having imported 6.9mn t of the product so far.
Trade tensions between China and Australia, which used to cover about 70pc of Chinese total barley imports in previous years, also contributed to the surge of Ukrainian supplies to the Asian country. China has refused to purchase Australian barley this season, with Canadian, French and Ukrainian suppliers benefiting the most from that move.
The competition for Chinese share between the three barley exporters is expected to remain strong in the new marketing season, but, unlike France and Canada, Ukraine depends heavily on China's imports, as the country produces mainly feed grade barley, which restricts the number of potential buyers on the global market. This means that any decrease in Chinese purchases of Ukrainian product in the next season will strongly affect the country's total barley exports, which are forecast at a near record-high level.
Ukraine is projected to produce 9.2mn t of barley in the 2021-22 marketing year, up by 18pc year on year, according to the economy ministry, with exports expected to rise to about 5mn t from an estimated 4mn t in the current marketing season.
China has booked about 2mn-2.5mn t of new barley crop from Ukraine, market participants said, with French sales of 2021-22 crop product to China already standing at about 2mn t so far. Canadian barley exports to China could also maintain their strong pace in 2021-22, having reached 2mn t in July-February 2020-21.
This means that Ukrainian exporters could face difficulties in selling bumper barley supplies globally in the 2021-22 marketing season, if an 18pc year-on-year increase in production is realised, given tough competition in the Chinese import barley market combined with a sharp drop in Saudi demand for Ukrainian barley.

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Reports

Commodity Markets Outlook – Causes and Consequences of Metal Price Shocks – World Bank

Commodity prices continued their recovery in the first quarter of 2021 and are expected to remain close to current levels throughout the year, lifted by the global economic rebound and improved growth prospects, according to the World Bank’s semi-annual Commodity Markets Outlook. However, the outlook is heavily dependent on progress in containing the COVID-19 pandemic as well as policy support measures in advanced economies and production decisions in major commodity producers.

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