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Market News

Maghreb cereal production troubled by drought
28 February – Grain Central

Cereal production across the Maghreb region of northern Africa is under serious threat this season as extensive drought conditions negatively impact crop yield potential in a band stretching from Mauritania in the west to the western reaches of Libya in the east.
Morocco appears to be the worst hit country in terms of lost production potential, with rainfall registrations across much of the country since September last year being the lowest in more than 30 years. Aggregate precipitation in the three months to November 30 was 50 to 80pc below the long-term average.
The drought conditions caused delays to crop seeding in the autumn of up to 30 days, and some fields were simply too dry to plant. Early December rainfall was above average in most cropping areas, but recordings in 2023 to date have been below average. Southwestern Morocco is still in a multi-year drought, and lack of irrigation water meant much of the region's winter crops were not planted. Biomass accumulation across the growing season in almost all areas is reported to be well below average, leading to a poor prognosis for crop yields.
According to the latest JRC MARS crop bulletin, Morocco's planted wheat area this season is 2.38Mha, 11pc lower than the five-year average of 2.68Mha. The current yield forecast of 1.49 metric tonne per hectare is 23pc below the five-year average of 1.94t/ha. This culminates in a production forecast of 3.56Mt, 34pc lower than the five-year average of 5.36Mt.
The country's barley crop is faring no better, with the planted area and current yield forecast 17pc and 30pc below the five-year average, respectively. This puts expected production at 1.04Mt against the five-year average of 1.86Mt. With the winter crop in many regions now in an advanced vegetative stage, substantial rainfall is required in the first half of March to significantly reverse the sliding yield outlook.
The situation in eastern neighbour Algeria is quite similar, where ongoing drought conditions severely hampered the autumn planting program, and vegetative crop growth has been well below average since crop emergence. The pre-seeding period from September to November saw extremely dry conditions, especially in the north-western cropping regions.
And since the beginning of December, the drought area has expanded to the central and eastern cropping regions. Rainfall registrations in many districts from December 1 to February 20 are now the lowest in more than 44 years. Cumulative temperatures in most agricultural areas were 10 to 15pc above the long-term average, and the average daily temperatures were as much as 2°C above the long-term average.
JRC MARS is calling Algeria's planted area 1.39Mha, a 23pc deficit against the five-year average of 1.81Mha. The current yield forecast is 24pc lower than the five-year average at 1.3t/ha, which leads to a production outlook of 1.8Mt, 45pc lower than the five-year average of 3.25Mt. The barley crop is performing a little better against the five-year average, down 9 and 10pc, respectively. As a result, forecast production currently stands at 1.19Mt compared to the five-year average of 1.47Mt.
Continuing eastbound journey to Tunisia, where substantial rainfall is urgently required to avoid widespread crop failure this season. Warm and dry conditions have dogged plant growth since planting in late autumn. Very little rain fell from early December to mid-

January, and while falls since then have been far more frequent, the substance of most events was quite underwhelming.
Cumulative rainfall since December 1 is running at 10 to 40 millimetres, depending on the cropping region, against long- term average of 50 to 150 millimetres. In some areas, the seven-week period to December 20 ranks as the driest in more than 44 years. The mean daily temperature has exceeded the long-term average by at least 2°C over the same period but as much as 4°C in some districts.
Consequently, soil moisture deficits have been growing far quicker than the wheat and barley plants, save for the irrigated areas. Wheat production is forecast at 0.99Mt, 14pc lower than the five-year average but off an average planted area. Barley output is expected to be down 29pc against the five-year average at 0.37Mt.
Lower cereal production across North Africa will undoubtedly increase demand for European exports, which are already running at a hotter pace than in the 2021/22 marketing year. The European Union has exported more than 19Mt of wheat to the region since July 1 last year, 6.7pc ahead of the previous season's shipments. The early pace was slow, with Russian supplies displacing traditional EU business, but the sales have picked up, especially into Algeria, in recent months. On the other hand, current season barley shipments to the region to early February were sitting at 3.2Mt, lagging those of the 2021/22 season by around 40pc.
While the European crop is currently ticking along quite nicely, any crop scares will be exacerbated by the lower production outlook on the southern side of the Mediterranean Sea. The EU is also expected to enter the 2023/24 marketing year with a weakened net export supply position relative to its main competitor, namely Russia.
The USDA is pegging EU carry-in wheat stocks for 2023/24 at just 11.1Mt, against Russia with 14.4Mt. But the USDA still has 2022/23 Russian production at 92Mt against the local analysts at more than 100Mt. Agritel appears to have a slightly more realistic balance with this season's carry-outs at 14.1Mt and 21.9Mt for the EU and Russia, respectively. Either way, the EU will enter the 2023/24 marketing year in a suboptimal position to fill the increased Maghreb wheat demand in 2023/24.

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Wheat price slump heralds further drop in global food inflation
27 February – Bloomberg.com

Global wheat prices are sinking on a flood of Russian supplies, signaling a further cooling in world food inflation.
Wheat futures in Chicago are heading for their fifth straight monthly loss, the longest stretch of declines in two decades. If they fall a little more from this level, they'll reach the lowest price in about 17 months, well before the Russian invasion of Ukraine, which sent prices spiraling to a record last March.
A wave of Russian exports from a bumper crop is one of the top reasons for the retreat. Egypt has bought Russian wheat exclusively at four straight tenders. The competition for market share has pressured US and European prices, and the European Union has trimmed its export outlook.
The focus is turning to the outlook for global wheat crops this year. US farmers are likely to plant more than analysts expect, and nearly all of France's soft-wheat crop is in good to very good shape. Traders are also watching talks on the Ukraine grain-export deal, which is up for renewal in March.

Maize futures are trading around the lowest since early January. Soybeans, by contrast, are supported by the drought in Argentina, and a good crop in the US this summer will be crucial to stop prices rising much further.
The latest snapshot of global food inflation is scheduled for this Friday when the United Nations publishes its food price index for February. The gauge may extend its decline from the lowest since September 2021.

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Heat in Argentina continues to lower soybean and maize crop forecasts
24 February – Grain Trade

Dry and hot weather continues to negatively affect soybean and maize crops in Argentina. In the next 7-10 days, temperatures will again exceed 30 o C, and precipitation is not forecast. As a result of the difficult weather conditions in the country, the experts of the Grain Exchange of Buenos Aires (BAGE) on February 22 again lowered their forecasts for the production of soybeans and maize. According to their data, during the week, the number of soybeans in good or excellent condition decreased by 6% to 3%, and the area experiencing drought increased by 4% to 71%. At the same time, the number of maize crops in good or excellent condition decreased by 2% to 9%, and the number of areas with favorable moisture – by 5% to 40%.
Compared to previous estimates , the forecast for soybean production in Argentina has been reduced by 4.5 million tons to 33.5 million tons, although the USDA estimates it at 41 million tons. early frosts in the western regions, will be determined within a few weeks.
BAGE lowered its maize production forecast by 3.5 million tons to 41 million tons, while the USDA estimates it at 47 million tons, as the maize yield will be much lower than previously expected and 21% lower than last year.
The sunflower production forecast remains at the level of 3.9 million tons, and currently 24.5% of the planned 2 million hectares have been threshed, and the average yield is 1.53 tons/ha.
Brazil may be making up for crop losses in Argentina, but there is still ongoing rain that is hampering soybean harvesting and maize planting. While the delay is not critical, some second-crop maize crops may be planted after optimal timing, so they will mature during the dry season, reducing yield potential. Currently, the rains are improving the condition of already sown maize fields.

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USDA forecasts bigger crops, lower prices for 2023-24 crops
23 February – Progressive Farmer

U.S. farmers are forecast to plant 91 million acres of maize, up 2.4 million acres from last year, and produce a 15-billion-bushel crop while soybean acres will hold pat at 87.5 million acres and produce 4.5 billion bushels, according to USDA's initial Outlook on the 2023-24 crops.
USDA also forecasts lower maize and soybean prices as production increases as well.
USDA released its Grain and Oilseeds Outlook at the opening of its annual Outlook Forum on Thursday in Arlington, Va.
USDA forecasts higher maize production for the 2023-24 crop year with 91 million acres planted and a record yield of 181.5 bushels per acre, producing a projected 15.09-billion-bushel crop, about 10% larger than a year ago. If realized, it would be the second-largest crop on record behind the 2016-17 crop year.

The higher production is expected to bring down the average farmgate price $1.10 a bushel from last year to $5.60 a bushel.
Citing the 181.5 bpa, USDA said the record yield forecast is based on a "weather-adjusted trend assuming normal planting progress and summer growing season weather."
Total maize supplies are forecast at 16.38 billion bushels, up about 8% from the 2022-23 crop.
Looking at use, feed, seed and industrial use is unchanged at 6.69 billion bushels. Maize use for ethanol is projected at 5.25 billion bushels, "based on expectations of flat motor gasoline consumption."
Feed and residual use is projected to rise 6% to 5.6 billion bushels due to higher maize production and expected lower prices during the year.
Exports are expected to rise 275 million bushels to 2.2 billion bushels due to "reduced exportable supplies in Ukraine," and modest global trade growth.
Ending stocks are forecast to rise 620 million bushels to 1.887 billion bushels, resulting in a stocks-to-use ratio of 13%.
US wheat production is projected to increase 14% for 2023-24 to 1.887 billion bushels on both higher acreage and yield. Total wheat planted acre is projected at 49.5 million acres, up nearly 3.8 million acres from the 2022-23 crop, and the highest since 2016-17.
The average farmgate price for wheat is forecast at $8.50 a bushel, down 50 cents a bushel from the 2022-23 crop.
The all-wheat yield is projected to increase 6% to 49.2 bpa. Total wheat supply will hit 2.575 billion bushels, up 107 million bushels from last year's crop.
Total domestic use is forecast at 1.142 billion bushels, up 17 million bushels. Exports are forecast at 825 million bushels, up 75 million bushels from 2022-23. That puts total use at 1.967 billion bushels, up 67 million bushels from a year ago. All-wheat ending stocks will come in at 608 million bushels, up 40 million bushels from a year ago.

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Bumper Indian wheat crop no guarantee export ban will lift
22 February - UkrAgroConsult

Wheat production in India is expected to rebound to record levels in 2023 after high domestic prices encouraged farmers to expand their planted area in the autumn, and weather conditions have remained favourable across most regions throughout the growing season.
The Indian government announced last week that they are currently estimating wheat production from this year’s harvest will be 112.2 million tonne (Mt), 2.4 percent higher than the 2021 harvest record of 109.6Mt. India is the world’s second-biggest producer and consumer of wheat, and a production recovery of this magnitude should allow the government to replenish dwindling inventories and tame record domestic wheat prices.
Late monsoon rains throughout September and into October last year provided the perfect springboard for rabi (winter) crop plantings. The latest data from the Ministry of Agriculture and Farmers Welfare estimates the total area planted through to January 20 was a record 69.6 million hectares compared to 67.7Mha at the same time in 2022, and around 10pc above the 10-year average.
Wheat makes up almost half of the area at 34.1Mha, followed by pulses at 16.4Mha and oilseeds at 10.8Mha. The area sown to coarse grains such as barley, oats and sorghum is estimated at 5.2Mha and rice rounds out the list with 3.1Mha. Plantings of sorghum, pulses

and oilseeds are marginally lower year on year as farmers shift to crops such as wheat which have a higher return per hectare.

While the crop was planted on time last year and is progressing well under adequate soil moisture conditions, record production is not a fait accompli. Production is at risk if temperatures in the critical northern growing regions climb unexpectedly in the lead-up to harvest, which is likely to commence mid-way through March. Many farmers in the central and north-western states have brought their planting window forward by 7-10 days this season to minimise heat stress issues in the spring as the crop ripens.

The weather has been kind thus far, void of last year's heatwave and flood conditions. Night-time temperatures have been cool, humidity has been relatively low, which has reduced the disease burden, and there are no signs of a repeat of last year's locust plague. The supply of crop inputs has also been much better managed this year, leading to relatively good soil and plant health, rendering the crop less susceptible to disease and pest invasion.

The Ministry of Agriculture & Farmers Welfare remains faithful to its 2022 wheat harvest output of 107.7Mt, despite most local pundits saying it was in the 92-97Mt range. The USDA's Foreign Agricultural Service reduced its old-crop production number to 100Mt late last year, but the USDA's official number was unchanged this month at 103Mt. The price action in the market over the past 12 months certainly suggests that final wheat production was much less than the government's lofty number.

As last year's harvest commenced, the government was bullish. It was predicting another bumper wheat crop to follow the previous season's record, and had a carry-in of around 20Mt. Global wheat prices had risen sharply following Russia's invasion of Ukraine. Sensing an opportunity, the government announced that at least 10Mt of wheat would be exported in 2022-23, with new markets such as Egypt being developed.

But the expected production bonanza did not eventuate. The Food Corporation of India's procurement from growers came in at only 18.8Mt, 56.6pc lower than the 43.3Mt purchased during the record harvest in 2021. Once the supply constraints became evident in May last year, the government immediately banned wheat exports, except to meet the food security needs of other countries. Prior to the ban, India had exported 2Mt of wheat predominantly from 2021 harvest inventories, and for the balance of 2022 and another 4.6Mt was exported.

And a record wheat harvest this year does not necessarily mean exports will resume. Keeping the cost of staple foods such as wheat in check is one of the highest priorities for Indian Prime Minister Narendra Modi as he faces polls in several states later this year and then a general election in 2024. He needs to ensure the poor are fed and the general population is happy, as high food prices make the government vulnerable.

The current export ban is scheduled to be reviewed in April. However, market rumours persist that a decision on extending the ban is likely to be made by the end of March or early April at the latest, and a resumption of wheat exports is not expected until after the general election, which is due to be held in May next year.

Food inflation has been escalating in India over the past 12 months, fuelled by the rise in domestic grain prices. The retail cost of wheat rose 11.73pc in July last year but was up 25pc last month, and state reserves have shrunk to their lowest New Year level since 2017. As of January 1, central pool stocks stood at 17.2Mt, almost 48pc lower than the 33Mt held at the same time last year.

In a concerted effort to subdue the sharp spike in prices, the FCI announced on January 25 government approval for the sale of 3Mt of wheat from state reserves through various open-market supply channels during February and March. The grain is being offered through e-auctions to local millers and bulk buyers at a maximum volume of 3000t per buyer per auction. Almost 1.3Mt has been sold in the two e-auctions held to date, of which 900,000t has already been collected by buyers which has resulted in a distinct cooling of retail prices. A further 1.17Mt will be offered for sale from 620 depots across the country on February 22.

Additionally, wheat will be offered to state governments for their food security programs, as well as public-sector organisations and cooperatives at a concessional rate per tonne of 23,500 Indian Rupee (AU$415) on condition that the wheat is converted to flour and supplied to the public at INR29,500 (AU$520)/t.

The government also hopes the measure to release 3Mt of stocks will reduce domestic wheat prices leading into the harvest period to around INR23,000-24,000 (AU$405-422). This level would support the government's intended procurement program at the proposed minimum support price of INR21,250 (AU$375)/t.

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Ukraine seeks extension of Black Sea Grain Initiative

22 February – World-grain.com

With the Black Sea Grain Initiative set to expire on March 18, Ukraine is asking Turkey and the United Nations, co-brokers of the agreement with Russia, to start talks this week to extend the deal by at least one year and to include the Port of Mykolaiv, Reuters reported on Feb. 22.

The deal, which was struck last July and extended in November, has allowed grain and other agricultural products to move from the Port of Odesa despite the ongoing war between Russia and Ukraine. Russia invaded Ukraine a year ago and blockaded Ukrainian ports for five months prior to signing an agreement that allowed grain to be shipped from the Port of Odesa unimpeded.

During the period when Ukraine, one of the world's top wheat and maize exporters, was unable to ship its grain by sea, global grain prices skyrocketed. Even with the deal in place, Ukraine is exporting far less grain than it had in the years prior to the invasion, and its production has been hampered by the war that is taking place on Ukrainian soil.

Yuriy Vaskov, Ukraine's deputy minister of restoration, told Reuters that Ukraine would insist on an increase in the number of inspection teams to "eliminate the accumulation of vessels waiting for inspection." Ukraine has accused Russia of delaying inspections of grain ships, a charge that Russia has denied.

Since the deal began, Ukraine has exported approximately 3 million tonnes of agricultural products per month, but Vaskov told Reuters that number could increase substantially if Russia agrees to allow shipments out of the Port of Mykolaiv. The port accounted for 35% of Ukraine's food exports prior to the invasion.

Grain production in Ukraine declined from 86 million tonnes in 2021 to 54 million tonnes last year, while the country's grain exports are forecast to decline by 28% in the 2022-23 marketing year to 30.3 million tonnes.

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Indonesia's surging maize price spurs buyers to consolidate feed wheat demand
17 February – Spglobal.com

Indonesia's state-owned livestock farming company, Berdikari, has requested the Indonesian Feedmills Association GPMT to submit the required imported feed wheat demand from its members amid rising raw material costs in the form of domestic maize and imported soybean meal prices.

Berdikari has sought Indonesian feed millers' imported feed wheat demand to be submitted by Feb. 17, where the latter will be obliged to purchase the required feed wheat at a price of Rupiah 5,775/kg (38 cents/kg), in a letter dated Feb. 16 seen by S&P Global Commodity Insights. Berdikari intends to buy Australian feed wheat with Standard Feed Wheat specifications for May-June shipments to Cigading and Surabaya if they can gather enough interest.

Feed wheat could be imported through Berdikari, according to Indonesian buyers.

But feed millers believe that feed wheat at that price, before adding the associated cost, continues to remain expensive while noting that the cargo will only arrive from June 2023 onward, whereas the outlook on domestic maize prices remains unclear.

A similar request was submitted to GPMT Feb. 10, where Berdikari requested members to consolidate demand to import milling grade wheat from Ukraine, Bulgaria or Australia with an obligation to purchase between Rupiah 6,200-6,575/kg. The request was unable to garner sufficient interest, according to sources.

Platts assessed Australian Standard White Wheat FOB Australia at $315/mt Feb. 16, according to S&P Global Commodity Insights data.

Domestic maize prices have been soaring in the past weeks. Domestic maize was heard to be offered at Rupiah 5,700/kg Feb. 17, gaining more than 10% since Jan. 30 when it was offered at Rupiah 5,150/kg, S&P Global's records show.

These prices pale in comparison against prices between September-December 2022, when local maize prices reached a low of Rupiah 4,200-4,300/kg and an export program was started to support the rapidly falling maize prices. As a result, more than 200,000 mt of Indonesian maize was exported to neighboring destination markets of Vietnam, the Philippines and Malaysia, S&P Global previously reported.

"Maize prices started picking up as farmers felt no incentives to plant maize at the low prices and switched a large amount of planting area to cassava crops which is easier and cheaper to plant as they need less fertilizers. Higher maize price is also a result from higher input costs for seeds and fertilizers, and some unfavorable weather in the past weeks during harvest," a trader said.

Some of the feed millers had anticipated a spike in domestic maize prices. But in February 2022, carried-over feed wheat stock from 2021 made the high maize prices manageable.

High maize prices add to the already-high cost of feed production on the back of rising soybean meal prices imported from South America. However, weaker futures and a weaker undertone on soybean meal premiums over the week ended Feb. 17 provided some relief for the buyers. CFR Indonesia (2 ports) soybean meal indications were heard in the low- to mid-$60s/st over May (K) and July (N) futures for April-July shipments on Feb. 17.

"Maize and soybean meal are both very expensive now, it is going to squeeze poultry farmers. Some of them have already started reducing their feed rations to save cost," an Indonesian trader said.

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EU 2023/2024 grain outlook

16 February – AHDB.org.uk

Last week, consultancy firm Stratégie Grains released their monthly EU grain report. For the second month in a row, it raised its EU soft wheat production forecast, now pegged at 129.7Mt, up 0.3% on the previous month's estimate. If realised, this would also be up 3.3% (4.1Mt) on the year, and up 4.0% on the five-year average.

Last week's report saw an unchanged barley figure, still forecast at 52.3Mt, up 1.8% on the year, but unchanged from the five-year average. Finally, next seasons maize production was pegged at 63.4Mt, revised down from the previous month's estimate of 63.8Mt. However, the revised figure is up 25% (12.7Mt) from this season, unsurprising given the poor conditions for the development of the maize crop in Europe this year.

Generally, with a mild start to winter, crop conditions have been positive. However, soil moisture deficits could be a cause for concern moving forward, particularly in regions that experienced severe drought last year. While in Spain and Italy soil moisture is higher now than at the same point last year, in France and Germany, levels are at 6-year lows (Refinitiv).

Latest forecasts also suggest that Europe will experience warm and dry weather in the upcoming week, with temperatures exceeding average values even in northern parts of the region. Moving forward, abnormally warm and dry weather could continue to push crops out of winter dormancy leaving them vulnerable to early spring frosts and eventually impacting yield (Refinitiv), something to monitor over the next few weeks.

While European wheat and barley exports continue to face competition from competitive Black Sea supplies this season, next season export forecasts are due to rise. Much like in our domestic market, limited competitiveness on the global market, combined with reduced demand from the animal feed sector, is expected to leave the EU with large wheat ending stocks in the 2022/23 season. Combined with a forecast large new wheat crop (harvest 2023), the EU is forecast to have lots of grain to export next season, and with anticipated declines in Russian and Ukrainian grain production the demand could be there for more EU wheat.

Currently, wheat exports for 2023/24 are estimated at 30.6Mt, revised up from 30.2Mt in the previous month's estimate, and up 0.5Mt on the year. Maize exports (2023/24) are predicted to be up 1.5Mt on this seasons estimate, at 4.2Mt. Finally, barley exports for next season are pegged at 6.9Mt, up just 0.1Mt on the year, as Chinese demand for French barley in particular has remained strong this season.

With increased exports expected from the EU next season we could see some pressure on continental prices longer term, which in turn is a watchpoint for domestic prices. However, it is still very early to predict how next seasons continental supply and demand balance will look, and weather and its impact on crops will be the greatest watchpoint over the next couple of months.

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Australia crop trade shifts focus after record December

15 February – Argus Media

Australia exported record-high supplies of all three of its major crops — wheat, canola and barley — in December following a bumper harvest, but early line-up data show that wheat and canola shipments could outpace barley in the coming months.

Wheat and canola exports made up 88pc of Australia's 4mn t monthly agricultural export capacity in December, latest customs data show. Australia's December wheat exports reached 2.7mn t, up by over a fifth on the year and a record for the month.

China drove demand for Australian wheat, with trade between the two countries in December up by 150,000t on the year. China accounted for 860,000t, or just under a third, of Australia's December shipments. And demand could remain high as China looks for opportunities to rebuild its wheat reserves at advantageous market prices. The country's own domestic crop is dwindling, with local Chinese wheat prices reaching the highest premium to maize for the past three years.

Australian exports to other key buyers also surged on the year. Indonesia took 380,000t in December, up by 65pc on the year, while shipments to South Korea and the Philippines more than tripled on the year, with each taking just short of 300,000t. In contrast, wheat shipments to buyers in Japan, Yemen and Malaysia fell.

Australian wheat exports usually peak in January-June, suggesting that a strong and early start to the season could allow the nation's shipments of crop to rise above the current record of 2.71mn t from June 2022 in the coming months.

As for canola, Australia's exports tripled on the year in December to 884,000t. Over three-quarters of the volume shipped to the EU, with Pakistan the next largest single buyer.

Combined shipments to Belgian, German, Dutch and French ports totalled 680,000t, up from 275,000t a year earlier.

Australian barley exports also hit a monthly high in December, but line-up data suggest that shipments may fail to maintain a record pace into the key January-August export season, as barley gives way to other crops.

Australia shipped 1.08mn t barley in December, up on the year by 80,000t, customs data show.

This represented a relatively modest year-on-year rise of 7.6pc, compared with wheat and canola.

Only around 450,000t of barley are currently confirmed for January shipment, representing under half of December's figure, Argus line-up data show. Volumes lined up for February currently stand at around 650,000t.

Australian barley trade has suffered from China's 80.5pc import duty on barley, cheap feed-grade wheat, and canola's rise as a cash crop.

Barley exports have found a growing market in Saudi Arabia, which received more than half of Australia's barley exports in December, up from the 350,000t it imported in December 2021. Japan, Iran, Qatar and the UAE barely increased their receipts on the year.

The US Department of Agriculture's Foreign Agricultural Service revised up export estimates for Australia in late January, pegging wheat exports at 27.5mn t and barley at 8mn t.

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China's higher feed maize use could hit barley price

13 February – Western Producer

China is using more maize in feed rations, which could result in lower feed barley prices in Western Canada, says an analyst.

"Feed mills have resumed mixing more maize in feed rations as higher prices for wheat and sorghum reduce demand for maize alternatives," the U.S. Department of Agriculture's Foreign Agricultural Service (FAS) said in a recent report.

Mills are using more maize due to higher Chinese production of the commodity and falling import prices.

China's maize production in 2022-23 is pegged at 277.2 million tonnes, a 4.6 million tonne increase over the previous year.

“Feed mills report more maize in rations each month since July 2022,” according to the FAS report.

Compound feed contained an average of 35 percent maize in the first 11 months of 2022, which is four percent higher than 2021 but still well below the more traditional ratio of 50 to 55 percent.

Wheat is selling for US$55 per tonne more than maize, which has pushed wheat out of rations.

China holds contracts for 3.7 million tonnes of U.S. maize for delivery in 2022-23, 70 percent less than the same time last year.

The country is instead turning to Brazil for its maize imports, said the FAS.

China recently relaxed its phytosanitary protocol regarding Brazilian maize, approving more than 130 Brazilian facilities for export in October 2022.

Brazilian maize was about $23 per tonne cheaper than U.S. maize for January delivery.

Brennan Turner, an independent grain industry analyst, thinks the rise in maize use in China could hurt Canadian feed barley exports to that country.

“There’s a good chance it could pull back a little bit,” he said.

Strong exports to China have helped keep Canadian feed barley prices elevated.

Turner also thinks there will be more price pressure from U.S. maize in Alberta’s feedlot alley as Brazil continues to displace U.S. maize in China.

He doesn’t expect increased Chinese maize demand to have much impact on Canadian wheat prices.

“Does maize compete with hard red spring wheat or durum wheat? No, obviously it doesn’t,” he said.

Chuck Penner, analyst with LeftField Commodity Research, recently reported that Chinese feed pea demand has evaporated.

Canada was selling boatloads of peas to China every month in 2020-21 because yellow pea prices were well below soybean meal prices at that time.

He noted in a January presentation at Crop Production Week in Saskatoon that soymeal prices were starting to rise again, which could soon trigger renewed yellow pea demand from China’s feed sector.

The Dim Sums Blog noted that China was once a big exporter of maize, but that shifted around 2010 when it started to import the commodity.

“Twenty years ago, China exported 16.5 million tonnes of maize, but in 2022 China imported 20.5 million tonnes and will probably import a similar quantity this year,” stated the blog in a recent post.

China can import up to 7.2 million tonnes of maize at a one percent tariff. Anything outside that tariff rate quota (TRQ) is assessed a 65 percent tariff.

The anonymous author of the blog suspects that some companies are being allowed to import beyond the TRQ without being assessed the 65 percent duty because that big of a duty would usually shut down trade.

“China’s demand for imported maize would be even larger if the high cost of maize were not pushing the price of final products so high that imports of meat are rising,” said Dim Sums.

Prospective importers must apply every September for a share of the following years’ quota.

There were 1,230 applicants for this year’s quota, up from 778 three years ago, an indication of the growing demand for maize imports, according to Dim Sums.

Ninety percent of the applicants produced either feed or livestock. The rest were ethanol plants, amino acid manufacturers and other industrial users.

Just about every major maize user in China applied. The applicants had a combined total of 378 million tonnes of maize processing capacity, well above the USDA's estimate of 297 million tonnes of domestic consumption.
Dim Sums notes that capacity should exceed domestic consumption, but probably not by that much, suggesting there is potential for China to use a lot more maize than the USDA is estimating.

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Monthly Information Sources

AMIS Market Monitor

FAO Cereal Supply and Demand Brief - FAO

Grain Market Report – International Grains Council

Oilcrops Monthly Price and Policy Update – FAO

Crop Monitoring in Europe - European Commission

FAO Rice Price Update – FAO

World Agricultural Supply and Demand Estimates – U.S. Department of Agriculture

Early Warning Crop Monitor – GEOGLAM

Commodity Price Data - World Bank

Food Price Monitoring and Analysis (FPMA) – FAO

GIEWS Country Briefs - FAO

Mediterranean Agricultural Information Network - MED-AMIN

Club Demeter Système de veille

FAO's Big Data tool on food chains under the COVID-19 pandemic

COVID-19 and World Trade

IFPRI COVID-19 Food Trade Policy Tracker

The main purpose of the MNR is to provide links between the FAO Secretariat and the Members of the Intergovernmental Group (IGG) on Grains, as well as the general public.
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The MNRs are sent electronically on the last working day of the month except in July and December.

Useful links

Previous issues of the MNR
FAO World Food Situation
FAO Grains website