



MONTHLY NEWS REPORT ON GRAINS

FAO Markets and Trade Division

MNR ISSUE 175 – July 2021

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

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Market News

EU wheat up as weather concerns rise for US

29 Jul – Business Recorder

Benchmark December milling wheat on Paris-based Euronext closed 1.6% higher at 218.25 euros a tonne.

"What is supporting the market is the weather mainly, a lack of rain in the two Dakota, Manitoba and Saskatchewan and, on the opposite, in Europe, rain is forecast for France, Baltic Germany and the UK, which continues to fuel quality fears and delays harvests," a trader said.

Scouts on an annual crop tour said on Tuesday spring wheat yields in southern and east central North Dakota were well below average after a severe drought slashed production potential in the country's top producing state.

In France, more wet weather is forecast at the end of the week in the large grain basket in the northern part of the country. The harvest is already running far behind last year.

"The concrete impact, probably more on quality than on quantity, will only be known when it will all be gathered but there is certainly some concern among farmers," one trader said. EU export data released on Tuesday showing a 50% fall on last year was disappointing, but shipments could pick up as the harvest comes in and the data starts to include large sales of Romanian wheat sold to Egypt in the past months, including one deal on Tuesday, traders said.

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Brazil: output likely to fall below 90 million tonnes in 2020-21

28 Jul – Platts

Brazil's maize production is likely to be below 90 million mt in 2020-21, significantly below 102.5 million mt of output in 2019-20, according to the most recent reports from various agriculture departments of maize growing states, as the crops have faced unfavorable weather conditions since the beginning of the new crop season.

The 2020-21 maize crop will be marketed during February 2021-January 2022.

"Maize production in Brazil in the 2020-21 harvest is expected to be less than 90 million mt," Parana's state agriculture department said in a recent report. "The last CONAB report pointed to production of 93.4 million mt; however, there are weather impacts that will invariably reduce this number in the future report."

There is a forecast for frost formation in Parana, the second-largest maize producer in Brazil, and in the extreme south of Mato Grosso do Sul on July 28, Brazil's National Institute of Meteorology (INMET) said.

There is a forecast for widespread frost on July 29 in practically the entire southern region and southern Mato Grosso do Sul, INMET said.

There is also a forecast for frost in Minas Gerais and in isolated parts of southern Goias on July 30, INMET said.

"As for the maize crop, according to the grain coordinator at IDR-Parana, Edivan Possamai, there is not much that can be done to protect [the crop] and the damage [due to frost] can be great since it is a summer crop," the Institute for Rural Development of Parana and local weather department said in a note.

Maize crop planting was delayed this year and a large area of maize was planted outside of the ideal sowing window, which exposed the crops to the risk of frost damage.

While fears of frost damage have been present since the beginning of the season, drought during the crucial crop development stages took a heavy toll on the maize yield.

As feared, the first frost in the key maize-growing states of Brazil hit the crops towards the end of June, followed by another round of frost events last week.

The maize crop yield in Mato Grosso, the largest maize producer in Brazil, has also been lower than initial estimates.

“The harvest in some regions is entering its final stretch and the reports of yields in these areas show a decline,” the Mato Grosso Institute of Agricultural Economics (IMEA) said in its latest report.

The average weekly productivity in Mato Grosso has been below 95 sacks/hectare [1 sack = 60kg] so far and yields may see greater reductions in the coming days since the new harvesting areas were planted late, IMEA said in the report.

Harvesting of Brazil’s second maize crop is currently in progress.

The second maize crop harvest across nine states, accounting for nearly 92% of the area, was 41.3% complete as of July 24 as against 54.3% around the same time last year, CONAB said in its latest weekly report.

Maize prices in Brazil crossed real 100/60 kg in the local and futures market last week even in the middle of the peak harvest season supported by mounting concerns on the size of Brazil maize crop.

“Concerns about the weather in the maize-producing regions of Brazil and the US have boosted prices for the cereal, given that recent frosts and forecasts of a new cold front in Brazil and dry weather in the US can reduce the productive potential of crops. In this context, Brazilian sellers are reluctant to negotiate at lower prices, reducing internal liquidity,” Brazil-based Center for Advanced Studies on Applied Economics (CEPEA) said in a note.

Maize buyers are struggling to find grains for immediate delivery, so domestic prices continue the strong upward trend despite the recent fall in international prices, CONAB said in its weekly report.

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Drought cuts spring wheat yields in northwest North Dakota

28 Jul - Reuters

Spring wheat yields across the northwest quarter of North Dakota are well below average this year as severe heat and long stretches of dry weather sapped crop potential, scouts on an annual tour of the country's top producing state said on Wednesday.

The tour estimated the average yield at 24.6 bushels per acre (bpa) on the second day of the three-day Wheat Quality Council tour, down from 40.8 bpa in 2019 and the five-year average of 42.4 bpa. The tour was canceled last year because of the coronavirus pandemic.

A scorching drought slashed crop potential for spring wheat, used in pizza crusts and bagels and to "blend up" protein content in lower-quality wheat, sending prices this summer to the highest in nearly a decade as millers, bakers and global buyers assessed tightening supplies.

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A ‘state of emergency’ is declared for a major export route in South America

27 Jul – Agrimoney.com

The Parana river, which flows through Argentina, Brazil and Paraguay and is a vital trade route for them all, is now at its lowest for almost 80 years. The prolonged drought in Brazil -

the worst for around 100 years, which began in 2019 - has reduced the Parana's navigable height.

Cargo vessels are now leaving the main Argentine grains hub of Rosario with loads 25% lower than normal, at what is normally Argentina's busiest time of the year for exports of its soybeans and maize. The Argentine Chamber of Port and Maritime Activities has forecast that the situation is likely to worsen and ships could soon be losing 40% of normal loads. Drier than normal conditions across southern Brazil are expected to persist until at least November.

The Argentine government has now declared a "state of emergency" as a result of the Parana's low level, covering seven provinces including that of Buenos Aires.

Argentina is the world's biggest supplier of soymeal and the third-biggest maize exporter. The latest USDA forecast is that Argentina will produce a record 51.5m tonnes of maize in the 2021-22 marketing year with more than 37m tonnes exported.

The Buenos Aires Cereals Exchange estimates that the country's winter wheat harvest, harvested in December and January, will be above 19m tonnes, with exports reaching 12m tonnes, more than 26% higher year-on-year. Most of Argentina's wheat exports are to neighbouring Brazil, which took 4.5m tonnes in 2020.

These export estimates are likely to be downgraded in the coming weeks, as the Parana river's level gets lower. Either that, or more ships will have to make more trips, to get all the grains away.

As Argentina accounts for some 15% of world trade in grains, oilseeds and their by-products, its export difficulties may ripple through international markets and prices. Lower exports or more ships required will put an upward pressure on international prices.

The world's biggest soybean importer by far is China which takes about 60% of the trade; Brazil, the US and Argentina are respectively the biggest exporters. Last year China imported some 100m tonnes of soybeans and in the first half of this year its soybean imports were a record at almost 49m tonnes, 9% up compared to the same period a year ago.

That gave hope that 2021 could outstrip last year. But China's soybean imports are stalling and crush margins are weak, after a resurgence in African Swine Fever (ASF) outbreaks and consequent herd liquidations. Estimates for this year's soybean imports are now being lowered and are expected to be sub-100m tonnes.

Reports out of China also suggest that large volumes of wheat and rice, displacing soymeal, are now going into Chinese animal feed. China produced more than 139m tonnes of animal feed in the first six months of 2021, more than 20% higher year-on-year, while the volume of soybeans crushed rose just 1.62% to 42.63m tonnes. China's soymeal inventories are 20% higher than this time last year and soybean arrivals in July look like being 18% down from July last year.

An additional problem is shipping. Port terminals around the world are reporting bottlenecks, with very tight vessel capacity and shortages of crews.

South American exports are currently jeopardised by the Parana's low level, but sustaining high soybean and maize prices greatly depends on how Chinese imports shape up for the rest of his year, the impact of African Swine Fever (ASF) on its feed demand, and policy exhortations emanating from Beijing to substitute soymeal and maize with other animal feedstocks.

Soybeans futures have been a sterling performer in the past 12 months, the continuous front-month contract on the CME up by more than 58%, and that of maize by 66%. Much of this rise has been due to vigorous import demand from China.

Currently China's demand is looking weaker over the next six months, which will depress prices. On the other hand, if the worst Parana predictions come to pass then all soybean and maize importers will find themselves facing shrinking availability as the year goes on.

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Grain sector rebounding from pandemic

26 Jul – World-grain.com

With the COVID-19 pandemic finally starting to ebb, speakers at this year's International Grains Council (IGC) Conference, held virtually June 8-9 as a precautionary measure, said the global grains and oilseeds supply chain has handled COVID-19 well, despite wrestling with labor supply problems, closed borders, high shipping costs and wild swings in demand, notably away from biodiesel as vehicle use shrank dramatically with people around the world staying home.

The feed sector had problems keeping its workforce safe and got a reminder that buffer stocks are necessary to cover shocks to the system, while oilseeds producers and traders are looking forward to renewed biofuel demand. For grains, favorable weather has brightened the production outlook.

In a group discussion on feed demand, Justin Sherrard, global strategist, animal protein at Rabobank, highlighted the issue of labor availability in the wake of the pandemic.

"The animal protein sector, particularly 12 months ago, had enormous problems with maintaining workforces in a safe environment within their plants," he said. "In some cases, with beef for example, we are still working through the back end of the supply backlog that was established by the slowdown in plant operations.

"There have also been some disruptions associated with COVID-19 outbreaks in plants that have influenced or impacted or restricted trade. Certain plants have been suspended from exporting to certain countries because of COVID outbreaks, for example.

"Most of that is behind us but the broader issue of labor availability remains. It remains quite challenging in many parts of the world to find the workers, to get the workers into the plants, particularly some of the more labor-intensive deboning activities."

Sherrard also pointed to a growing challenge regarding freight costs.

"The cost of shipping from Europe to Asia, North America to Asia, South America to Asia – all of these costs have gone up during the last nine months or so," he said. "While we may be saying that those costs have peaked, they are still very high costs when you have to also take into account that feed is also very expensive at the moment."

Zoltán Pulay, vice president of the European Feed Manufacturers' Federation (FEFAC), said that the first wave of the pandemic "was really scary."

"We really just faced a situation where we really didn't know what to do," he said. "That happened in such a short period of time, but I think both our federation and our European organizations have been very successful in negotiating originally with the governments, also sending out messages very quickly to the (European) Commission."

An early success was in getting the European Commission and the EU's Member States to set up what were called "green lanes" to enable the agrifood sector's vehicles to move between European countries.

"That was extremely important," he said. "Feed ingredients and also feeds were not able to move over the borders. That would have been a very serious problem in the food supply." Europe, in his view, handled the first wave well, but then there was a second wave that brought with it shipping delays, notably from Asia.

“Goods could not move from central Asia to the ports, and then all of a sudden there was a big panic purchase, especially from the pre-mix producers who are buying all their ingredients, or the majority of their ingredients, from Asia. That led to a very significant price increase. Then logistics calmed down a bit and the prices came down again, and all of a sudden we had the third wave. We are still living in very severe conditions of shipping costs and the lack of containers.”

FOB Asian prices for ingredients are coming down, but freight costs mean European buyers are paying more.

“Everybody had to realize that a safety stock is a must,” he said. “That is a burden for the European feed industry even today.”

Justin Sherrard noted a broader political dynamic stemming from COVID-19 is some countries accelerating existing policies around self-sufficiency.

“We see that in parts of Asia, and we see that in parts of the Middle East as well where there has long been interest in improving self-sufficiency,” Sherrard said. “The most obvious example in recent times has been a move by Saudi Arabia to block imports of chicken from Brazil, which I think is all about improving self-sufficiency within Saudi Arabia. We see a little bit of this in China as well. The current five-year plan talks about a move toward self-sufficiency.”

In a panel debate on vegetable oil markets, Gustavo Idigoras, president of the Argentine Grains Exporters and Oilseed Industry Trade Association (CIARA-CEC), said: “We are watching an incredible increase in prices for vegetable oils in the last year, particularly in these last months.”

He highlighted the growth of biodiesel in the United States, “with the adoption of the renewable energy policy — particularly the introduction of a new technology that is the HVO (Hydrotreated Vegetable Oil) and particularly the use of the vegetable oils as a raw material for such production.

“It is clear that the level of participation in the international market from the US is quite different from before. So one of the main drivers that is pushing this particular tension between offer and demand is focused particularly on the US renewable policy.”

In contrast, Argentina, with the government likely to trigger a reduction in the usage of vegetable oil as fuel, would be able to export more. Brazil looks set to maintain its biodiesel mandate.

Jakob Dehoust, senior market analyst at Archer Daniels Midland Co. (ADM), discussed the rapeseed market.

“Over the last season, after consecutive smaller rapeseed crops in the major exporting regions, we have seen a huge reduction to minimum pipeline requirement stocks in both Canada and also the EU,” he said. “It started a few years ago in the EU and this year with 6 million tonnes of EU imports in total (with) quite a large share of more than 2 million tonnes from Canada. Canada’s stocks are getting excitingly tight.”

The EU’s rapeseed oil and rapeseed stocks had become tighter despite the effects of COVID-19.

“We lost biodiesel demand of around half a million tonnes, so a million tonnes seed equivalent, because of less mobility, transport and public transport,” he said. “We all still sit at home. Most of the offices in Germany, for example, are still empty.”

Stronger demand was expected from the biodiesel sector and prices for the new crop are at a record high, despite the improved outlook for EU production.

In a discussion of the grains and soybean production outlook, Maurits Van den Berg, senior scientist, European Commission Joint Research Centre, Directorate for Sustainable Resources, said that it was still difficult to say if the growing season had gone well. "Let's start by saying that we had three difficult years behind us," he said. "Anything that is better than that is already positive."

The winter crop season started well, without too much rain.

"Crop establishment was fairly good, especially in December in most European countries," he said. "But then we also had some very severe cold spells, really record cold temperatures, which has been quite rare during recent years because we were always talking about record hot temperatures."

"Even in April, we had a very cold period. April is, of course, the period when winter wheat grows and the crop stems are forming, and also when the summer crops are sown and germinating, and shoots have their early establishment."

"Currently, depending on where you are, conditions have been more stable. Temperatures, even though in many places are still slightly below average, are now much more favorable for crop growth so we have seen an acceleration of winter crop development and growth."

"We are cautiously positive about the outlook for 2021. That concerns the main European producers but also the neighboring regions like Ukraine and European Russia."

Van den Berg said he is less positive about Turkey.

"Let's put it that way, mainly for the summer crops, because currently a lot of irrigation water has been used for winter crops," he said. "Water reserves are at a very low level."

Libin Zhou, lead research analyst, agriculture research at Refinitiv Commodities Content and Research, explained that a large projected area was planted to maize and soybeans in the United States.

"US farmers wanted to take advantage of the high prices," she noted.

There were still some concerns over warm and dry weather in the northern plains and upper Midwest, she said.

"Soil moisture in North Dakota has been low compared to the long-term average as well as in some portions of Iowa, one of the biggest corn and soybean producing states, but so far we still think corn and soybean production should be OK at the moment," she said.

Zhou said the summer weather outlook in the United States did not indicate any significant dry or warm conditions.

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Canadian crop debacle may force a reroute of wheat, canola trade

23 Jul- Hellenicshipping.com

Severe drought has slashed expected U.S. spring wheat output to a three-decade low and across the border on the Canadian Prairies, crops are in similarly tough shape. With little relief in sight, production forecasts should fall, and other global export markets will likely have to pick up Canada's slack.

A significant amount of Canada's annual wheat and canola output go to exports, and those products are important on the world stage. Top customer China is among those that may need to seek supplies elsewhere, and trade rival Australia could be a good candidate to help fill that gap.

Canada's Prairies have been in a drought ever since the growing season began, and with low rainfall totals and warm temperatures, that situation has worsened within the last month. Forecasts as of Wednesday continue to suggest the warm and dry trend is likely to continue through at least the end of the month.

In Saskatchewan, Canada's top spring wheat and canola province, spring wheat was rated 25% good or excellent as of July 12, down from 77% a month earlier. Just 18% of canola was good or excellent, down from 64%.

No. 2 producer Alberta has suffered a similar fate. Spring wheat was 39% good or excellent as of July 13, down from 84% a month earlier, and canola had fallen to 33% from 80%. The two provinces combine for roughly 80% of Canada's spring wheat and canola output.

These health trends resemble those for U.S. spring wheat, but the U.S. crop started worse. As of Sunday, just 11% of U.S. spring wheat was in good or excellent shape, down from 27% a month earlier and 45% in late May.

Futures markets have responded with Minneapolis wheat MWEU1 this week hitting an 8-1/2-year high for the front-month contract of \$9.44-1/2 per bushel. ICE canola RSX1 hit an all-time high for the November contract last week of C\$949 per tonne.

The U.S. Department of Agriculture last week pegged U.S. spring wheat yield down 37% from the previous three-year average, which contained strong but steady results. That put the crop estimate at 345 million bushels, the smallest harvest since 1988, another terrible drought year.

The U.S. durum wheat harvest is expected at 37.2 million bushels, some 46% less than last year and the smallest in 60 years.

However, USDA's Canadian all-wheat yield is too high for the current situation, sitting about 1% above the three-year average. About 94% of wheat planted in Canada this year is spring or durum wheat, and the latter is in even worse shape.

Canadian wheat yields in 1988 were also among the worst ever, falling 37% below the prior three years amid extreme dryness and heat. If those losses happened this year, Canada's crop would plunge about 11.7 million tonnes (429 million bushels) from USDA's latest 31.5 million, not considering any possible acreage abandonment.

Canada planted a lot less canola in 1988 than it does now, but 2012 produced the worst relative yields in recent memory during another hot and dry summer. Canola yield fell about 20% from average levels that year, and if the same occurred this year it would remove at least 4 million tonnes from USDA's current 20.2 million.

The loss in wheat and canola production is significant for the export market as about half Canada's canola crop and about three-fourths of its wheat is exported annually. The country accounts for two-thirds of global canola exports and it is the No. 3 wheat exporter, making up about 13% of trade.

China's demand for Canadian wheat in the first nine months of the current marketing year was more than double the three-year average. China was the top recipient of the grain, accounting for 12%. Indonesia and Peru were also big players at 8% each.

China blocked Canada's two largest canola handlers two years ago over alleged pest concerns, but exports to China have still rebounded versus last year. Between August and December 2020, China accounted for 23% of Canada's canola shipments, behind only the European Union due to crop shortfalls there. Japan is another prominent canola customer. China's import needs for canola and wheat pale in comparison to that for soybeans, for example, but it still sits among the top importers. Despite losses in Canada, China does have an alternative route in Australia.

Trade relations between the two countries soured last year when Canberra announced plans to investigate COVID-19 origins, prompting Beijing to launch steep tariffs on Australian goods. The 80.5% tariff on barley was so severe that it basically cut off that trade, but China has been increasing wheat and canola imports from Australia.

Australia is the No. 2 exporter of canola and is No. 5 in wheat, and the country's production levels recently recovered after a string of drought-damaged harvests. The extra Australian supply is key, especially in the Chinese market, but the expected losses out of Canada could be historic.

Canada does not have an excess of canola in reserves, either, as stocks of the oilseed at the end of 2020 were down 24% on the year, hitting an eight-year low for the date. All wheat stocks on Dec. 31 had fallen 4% on the year, reaching a three-year low.

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Russian wheat tax roils markets

21 Jul – Foodprocessing.com

Russian wheat is becoming more expensive due to an internal tax on wheat exports, a situation that has implications for the global wheat market.

The Russian government imposed a tax on wheat exports in mid-February on a temporary basis, and made it permanent in mid-June. The tax was part of efforts by Russian leader Vladimir Putin to get food prices under control. The price of bread rose 7.8% in 2020 and has gone up 3% more so far this year.

Investments in agricultural technology over the last few years have made Russia into the world's biggest exporter of grain. Farmers worry that the tax will cut into their profit margins.

Even with the tax, Russian wheat is still competitive on the world market, according to Reuters. But the tax fluctuates, which creates a problem for grain traders who have to arrange sales weeks in advance of delivery.

Since the tax became permanent in June, Egypt, a major grain importer, cut its purchases of Russian wheat in June to 60,000 tons, compared with 120,000 tons in February and 290,000 in April.

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Europ's soggy wheat means more will end up as animal feed

16 Jul –Bloomberg.com

In early June, Romanian wheat farmer Costin Telehuz was brimming with optimism, especially after last year's punishing drought. Then came the rain.

Three weeks of relentless downpours have hurt the harvest quality much more than the size. Now, he thinks just half of his crop is good enough to make the chewy dough used in bakery products, compared with the majority in a normal year. Much of the rest will end up as animal feed, fetching a lower price.

It's a similar picture elsewhere in the European Union, the world's No. 2 exporter, with areas of France and Germany also getting double normal rainfall in the past month. While Strategie Grains sees output rebounding about 12% this year after good spring showers, rain has taken its toll just as harvesting starts, risking fungal diseases and stalling tractors in soaked fields.

"We expect a very large rebound for EU crops," said Vincent Braak, an analyst at Strategie Grains. But "a significant share" of the harvest will likely switch from milling to feed usage, he said.

Although that can threaten sales to key high-standard markets like North Africa, there's much to cheer. The EU expects exports to rise 11%, and the bloc is a contender to steal market share from drought-hit North America and top shipper Russia, where export taxes

have complicated trade. Plus, even lower-quality wheat may be in demand due to tight global feed-grain supplies.

Parts of Europe have in recent days seen some of the most devastating floods in decades, and scientists warn that extreme weather events should increase as the planet warms. Wetter-than-usual weather is expected throughout Germany from July 26 until early August, a national forecaster said.

Milling-wheat prices extended a rally to a one-month high in Paris, while benchmark futures in Chicago headed for the biggest weekly surge in six years on concerns about adverse weather either side of the Atlantic.

Here's how harvests are shaping up across Europe:

Harvesting has been delayed, but wheat output should be above-average -- as long as rain stops, according to Arthur Portier at Paris-based adviser Agritel. Still, there's a threat to grain quality, which is crucial for trading with some major customers like Algeria.

High freight costs could also hurt sales to far-away buyers, while keeping supply competitive in traditional markets nearer, according to crops office FranceAgriMer. Drier weather is expected next week, good news for farmers in the EU's top grower.

The EU's second-largest shipper also risks bacteria and fungal disease issues. Rain interrupted the collection of barley -- which takes place before wheat -- and more showers would prolong harvests, cooperatives group DRV said.

"We have absolutely no concerns about the quantity," said Johann Meierhoefer, agriculture division head at German farmers union DBV, which sees winter-wheat output up 5% this year. "Speaking of qualities, the weather forecast is not as we would like to have it."

Weather has definitely boosted volumes, with trader Cerealcon Dolj pegging output up 64% this year. The country is among the first in the EU to start harvesting and has dominated tender sales in to top importer Egypt lately.

But heavy showers in Romania and Bulgaria have damaged quality. Even so, the countries' grain may appeal to nations in Southeast Asia, where there's strong demand for feed wheat and concerns that Russia's export tax may make purchases from there unreliable, Cerealcon risk manager Thomas Deevy said.

While Deevy said Romanian exports could accelerate, farmer Telehuz described the mood as "a bit gloomy."

"It's not going to be a particularly bad harvest," said Telehuz, who farms in the Baragan plain, a major grain region in the southeast. "But we really thought we'd be at the other end of the spectrum after what we endured last year."

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China continues to turn to Australian high-protein wheat

15 Jul – Fastmarkets.com

China has continued to turn to Australia while it scours the market for high-protein wheat, with that source the most competitive despite approaching the end of the marketing year when supply is typically tight and prices high.

But record-breaking summer temperatures across North America have led to drought conditions in Canada and the US, raising fears over supply and pushing those supply sources out of the competition.

Trade sources have reported firm interest for Australian high-protein wheat (APH) from China for September-October dates, with some transactions said to have been concluded.

That comes despite very strong Australian exports this marketing year, breaking records in some months and draining the volumes left for export on these dates, which are among the last months of the 2020-21 local marketing year.

At the same time, the September-October period is usually when new crop supply from the US and Canada starts to heavily arrive in the market, depressing prices.

But both countries are facing hot and dry weather that has already affected crop conditions and raised fears over the expected size of supply and quality.

That, in turn, has pushed prices up.

Wheat storage and field in Australia

“China should book all the available APH13 [Australian high-protein wheat with a minimum protein content of 13%] because of US and Canada high-protein spring wheat problems,” a broker said.

At least one trade for APH was recently reported at \$295 per tonne fob East Coast for September, while more trades were done in late June and early July for August-October dates.

Canadian 13.5% No2 Canada Western Red Spring (CWRS2) offers for August-September were said to be around \$340-345 per tonne fob Vancouver and US northern spring or dark northern spring at around \$362 per tonne fob Pacific Northwest.

“I think they are generally short and have been trying not to buy and have been trying to push prices down, but demand is still there and global prices are not doing what they want, so they have to step in,” a trade source based in Australia said.

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Water scarcity threatens agricultural production in Turkey’s breadbasket

14 Jul – Hurriyetdailynews.com

Lack of rainfall and excessive use of underground water in the past year has triggered drought alert for the Konya Plain, which is at the heart of the country’s agriculture capital, raising concerns over the production of future crops.

More than 30 percent loss occurred in the wheat harvest that started as of July in the Central Anatolian province of Konya’s Karapınar district, which is considered the driest region of Turkey, according to daily Milliyet.

This negative picture is expected to be reflected in the prices of flour, wheat and animal feed in the coming days.

Experts pointed out that although groundwater was extracted from 50 meters deep in the basin until five years ago, this distance increased to over 150 meters due to drought and excessive consumption.

They also underlined that a wheat crisis might occur throughout the country if the resources are depleted.

Nadi Özdil, the secretary-general of the Karapınar Chamber of Agriculture, stated that grain harvesting could not be done on a large land of 100,000 decares and that the annual wheat production capacity of 20 million tons was expected to decrease to 15 million tons due to drought and climate change-related reasons.

Necmettin Ocağcı, the director of Karapınar Central Irrigation Cooperative, said that underground water resources were gradually decreasing and that there was a yield loss of almost 80 percent in lands called barren.

While Mithat Direk, an academic from Selçuk University, stated that the trouble experienced in Karapınar would be reflected in the prices of flour, bread and meat, Osman Kendirci, the

secretary-general of the Meram Chamber of Agriculture, emphasized that urgent measures and projects should be implemented as soon as possible.

Meanwhile, a new hot weather front arriving in Turkey on the weekend will cause the temperature to increase to almost 10 degrees Celsius above the seasonal norm across the country.

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Reports

The State of Food Security and Nutrition in the World 2021 – FAO

In recent years, several major drivers have put the world off track to ending world hunger and malnutrition in all its forms by 2030. The challenges have grown with the COVID-19 pandemic and related containment measures. This report presents the first global assessment of food insecurity and malnutrition for 2020 and offers some indication of what hunger might look like by 2030 in a scenario further complicated by the enduring effects of the COVID-19 pandemic. It also includes new estimates of the cost and affordability of healthy diets, which provide an important link between the food security and nutrition indicators and the analysis of their trends. Altogether, the report highlights the need for a deeper reflection on how to better address the global food security and nutrition situation.

Maize Annual Report 2020 - CIMMYT

In 2020, faced with the extraordinary challenges posed by the COVID-19 pandemic, the CGIAR Research Program on Maize (MAIZE) continued its mission to strengthen maize-based agri-food systems while improving the food security and livelihoods of the most vulnerable, especially resource-constrained smallholder farmers and their families.

OECD-FAO Agricultural Outlook 2021-2030

The OECD-FAO Agricultural Outlook provides an assessment of the prospects of national, regional and global agricultural commodity markets over the coming decade. The baseline projections for production, consumption, stocks, trade and prices for cereals, oilseeds and oilseed products, roots & tubers, pulses, sugar, meat, dairy products, fish, cotton, biofuels and tropical fruits cover the years 2021 to 2030.

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Monthly Information Sources

AMIS Market Monitor

FAO Cereal Supply and Demand Brief - FAO

Grain Market Report – IGC

Oilcrops Monthly Price and Policy Update – FAO

Crop Monitoring in Europe - European Commission

FAO Rice Price Update – FAO

World Agricultural Supply and Demand Estimates – USDA

Early Warning Crop Monitor – GEOGLAM

Commodity Price Data - World Bank

Food Price Monitoring and Analysis (FPMA) – FAO

GIEWS Country Briefs - FAO

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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Useful links

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[FAO World Food Situation](#)

[FAO Grains website](#)

Food and Agriculture Organization of the United Nations

www.fao.org/economic/est