

MONTHLY NEWS REPORT ON GRAINS

FAO Markets and Trade Division

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Market News

Sovecon ups forecast for Russia's 2022/23 wheat exports to new record high

29 June – Reuters.com

The Russia-focused Sovecon agriculture consultancy said on Wednesday it had raised its forecast for Russia's July-June wheat exports by 300,000 tonnes to a new record high of 42.6 million tonnes.

Russia is the world's largest wheat exporter supplying mainly the Middle East and Africa. Exports will be supported by a record-sized crop, which Sovecon currently expects at 89.2 million tonnes, and relatively large carry-in stocks, the consultancy said.

Lack of freight due to the Western sanctions imposed on Moscow since it sent troops to Ukraine on Feb. 24 could be the biggest hurdle for exports at the start of the season on July 1, Sovecon added.

"Shipowners are still cautious about sending ships to the region amid the military operations and the risk of falling under sanctions, the same factor complicates payments for the Russian grain," Sovecon said.

Reduced supply from Ukraine, whose Black Sea ports have been blocked for four months, could support demand for Russian wheat in markets where Russia and Ukraine are both big suppliers - the Middle East, North Africa and Southeast Asia.

Russia will change its formula for calculating grain and sunflower oil export taxes to support shipments amid a strong rouble currency, the economy ministry said on Tuesday.

If this process leads to a decrease in state grain export taxes, it would provide a significant boost to Russian exports, Sovecon said.

The wheat export tax is currently set at \$146.1 per tonne for June 29-July 5.

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Argentina may no longer be the answer to the global wheat shortage

29 June – tastingtable.com

The world changed in many ways with Russia's invasion of Ukraine, which led to a shortfall of grain in worldwide markets. After all, commodities such as bread and flour depend on grains from top exporters including Russia and Ukraine (via USDA). The conflict between the two wheat-exporting countries resulted in both disruptions and significant price hikes, explains Reuters, leading to hopes that other countries would step up as stable sources of wheat exports — including Argentina.

According to farmdoc daily, a publication of the Department of Agricultural and Consumer Economics at the University of Illinois, Argentina is the primary South American wheat-producing country and exports up to 65% of its wheat. It also provides 7% of global wheat exports. The country planned to increase wheat production this year in response to the war in Ukraine. This hopeful expectation of increased Argentine wheat capacity comes from the record 22.4 million tons of wheat harvested in Argentina in 2021 and 2022, notes Reuters. But obstacles including weather and input prices may tell a different story as the season progresses.

As Argentine wheat grower Juan Francisco Arregui told Reuters, the current season for wheat is complicated. As with other crops in what's referred to as Argentina's breadbasket farmlands, grains such as wheat suffer from weather impacts, which, unfortunately, include drought this year. Though spring provided enough rain to plant wheat fields, there's no guarantee the crops will thrive or even survive. At least two months of no rainfall and dim

weather forecasts are dashing expectations that Argentina could be the answer to the global wheat shortage. But that's not all.

Predicted by farmdoc daily in April 2022, incentives for increasing wheat production were potentially compromised by high input prices, including the cost of fertilizer. This concern was confirmed by Reuters' report, which said that Arregui and fellow farmers are dedicating more farmland to soybeans, partially because of the sharp increase in fertilizer costs. The other factor at play is the uncertainty over political effects of the Russian war in Ukraine and any potentially related export rule changes or implemented bans.

Perhaps inevitably, the Buenos Aires and Rosario grain exchanges in Argentina have modified their plans for growing wheat in the coming months, per Reuters, and said they could make additional cuts based upon the weather they are faced with.

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Dry weather stresses US maize yields

28 June – ukragroconsult.com

Hot weather has been a feature of June across much of the maize belt, with several regions experiencing both day and night-time temperature-highs rarely seen before the summer solstice. There was some temperature reprieve last week, but weather models are trending warmer again beyond the first week of July, with the long-range forecasts expecting the warm and dry weather to continue for much of the month.

July is the money month for US maize, with the crop moving into its reproductive phase. It starts with the pollination stage, the most critical part of the crop cycle as it is the primary determinant of plant yield. Immediately after pollination, the maize ear begins to fill out, and the kernels fatten. Hot weather alone is not an issue, but if accompanied by poor soil-moisture reserves, final production ultimately suffers as both the kernel size and weight fail to reach their full potential.

And that is precisely the issue this year, with most Midwest states almost certain to carry severe moisture deficits into July. As of late last week, Minnesota had the worst June rainfall shortfall among the major producing states, having received 48pc per cent of its average June precipitation. Illinois had only received 53pc of its June average, and Indiana was only faring marginally better at 55pc. South Dakota was sitting at a similar level, Nebraska was at 64pc and Iowa was in the middle of the pack at 70pc.

The GFS weather model has the forecast remaining dry for most of this week, with showers rolling into the maize belt over the weekend and into next week. The big issue right now is showers simply won't cut it. Evapotranspiration will be at its season highest in July, and the crop needs significant rainfall to erase the moisture deficit and get it back on track. The one saving grace is the GFS model has a general easing in temperature forecast over the next few weeks. However, there is certainly no consensus, with the European model showing a hotter and drier scenario for the same period.

While not yet disastrous, last week's crop progress report from the United States Department of Agriculture confirmed the effects of the recent weather conditions. As of June 19, 70pc of the nation's maize crop fell into the good-to-excellent crop-rating category. This was down from 72pc a week earlier, but 5pc higher than a year earlier.

The standout was Iowa, the country's biggest maize-producing state, rated 83pc good to excellent, down 3pc from previous week. Kansas and Ohio, the sixth and eighth-largest producing states respectively, came in at the lower end of the rating range. Kansas was rated at 55pc good to excellent, also down 3pc compared to the previous week. The rating dip was much larger in Ohio, falling from 66pc on June 12 to 58pc a week later.

Observations from the field are mixed. The heights of the crops are said to be shorter than last year in many regions due to the later planting, with paddocks showing varying signs of moisture stress. The latest planted crops are reportedly in pretty bad shape, suggesting their root systems may be quite shallow, making them very susceptible to a hot and dry July.

Maize emergence stood at 95pc nationwide on June 19, up 7pc week on week, 4pc lower than the same week last year, but smack on the five-year average. North Dakota is dragging the chain big time due to the rain-induced planting delays, with 68pc of the crop out of the ground compared to 50pc a week earlier and a five-year average of 93pc.

While hot and dry weather does not necessarily spell disaster for the US maize crop, previous higher-yielding seasons tended to experience cooler and wetter than normal conditions in July. With the moisture deficit currently in place across much of the maize belt and the hot and dry forecast for July, it is becoming increasingly difficult to see trend or above-trend yields being achieved this season.

The culprit, of course, is La Niña. It has supposedly caused the Pacific branch of the jet stream to be weaker than normal, favouring more ridging in the country's midsection. Basically, the jet stream has been pushed north, which is the last thing the maize belt needs if it wants a wet summer.

Yield forecasters are already decreasing yields in many regions due to late planting and the below-average rainfall this month. Some models have the national yield as low as 169 bushels per acre (bu/ac), or 10.61 tonnes per hectare, (t/ha) when factoring in some assumptions around the July weather forecasts. This compares to the USDA's most recent estimate of 177bu/ac, or 11.11t/ha. A drop in national yield of that magnitude would wipe more than 16 million tonnes from US production and have serious ramifications for US exports, and therefore global supply.

But it seems the maize market is seriously underestimating the enormity of the potential yield issue in the absence of substantial rainfall. After closing at a month high of US788.25 cents per bushel on June 16, July futures had a small down day on the Friday to close that week on 784.5c/bu.

But screens quickly turned red once markets opened again on Tuesday of last week. Both Tuesday and Thursday were substantial down days, prices dropping 3pc and 2.8pc respectively. Wednesday was up around 1pc, and values consolidated into the weekend with a 0.5pc rally last Friday. The market closed the week at 750.25c/bu, down a total of 34.25c/bu, or 4.4pc, in the four days of trade.

There was no futures trade last Monday because the US celebrated its newest official federal holiday, named Juneteenth, the oldest nationally celebrated commemoration of the ending of slavery. On 19 June 1865, a Union General rode into Galveston, Texas, to announce that the Civil War had ended, and slaves had been freed. President Joe Biden signed the legislation that made Juneteenth a federal holiday last year.

Fundamentally, the maize market remains bullish, despite the historically high values. While it is far too early to cut US maize yields drastically, crunch time is nigh. A wet July is needed across the entire maize belt just to stabilise the production outlook. Anything less and the market could turn into a stampede.

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Safrinha maize harvest pushes Brazilian freight rates higher

27 June – soybeansandmaize.com

Farmers in Mato Grosso are harvesting their safrinha maize and the high demand for trucks is resulting in higher freight rates. The freight rates always increase this time of the year due to the safrinha maize harvest, but they have increased even more this year due to higher fuel prices.

The cost of transporting maize by truck from Sorriso in central Mato Grosso to the Port of Santos during the first half of June averaged R\$ 27.17 per sack or approximately \$2.40 per bushel. During the first half of June in 2021, it averaged R\$ 19.95 per sack or approximately \$1.77 per bushel. Adding to the cost is the fact that the major highways from Sorriso to Santos are toll roads and the tolls alone equate to approximately \$0.90 per bushel.

The safrinha crop in Mato Grosso is being harvested at a fast pace with 35.7% harvested as of late last week. Grain elevators are starting to temporarily store the maize in large open-air piles, which is a common practice in Mato Grosso. There is a low chance of rainfall over the next several months, so temporarily storing the maize outside is a low-risk operation. At a Cargill facility near the city of Sorriso in central Mato Grosso, there was already 21,000 tons of maize in a pile last week with 12,000 more tons coming in the next few days.

When completed, the pile will be covered and aerated to maintain the grain quality. The maize will be picked up before the summer rains return in September.

The increased use of railroads would be the best way to lower freight costs in Brazil and there has been some movement on that front. Work will start soon on the extension of the Ferronorte Railroad from southeastern Mato Grosso into central Mato Grosso. Bidding on a new railroad connecting Mato Grosso do Sul and Parana with the Port of Paranagua is expected during the second half of 2022.

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Kazakhstan extends wheat, flour export restrictions

24 June – World-grain.com

Wheat and wheat flour export restrictions have been extended until Sept. 30 by the government of Kazakhstan, which also added to the available export quota under the decree, according to a June 22 Global Agricultural Information Network report from the Foreign Agricultural Service of the US Department of Agriculture (USDA).

The restrictions originally were approved on April 14 under the Ministry of Agriculture's decree "Regarding export of certain goods from the territory of the Republic of Kazakhstan" and set to expire on June 15. The recently announced extension also added 550,000 tonnes of wheat to the original quota of 1 million tonnes, and 370,000 tonnes of wheat flour to the original quota of 300,000 tonnes.

During the previous two months, traders were required to sell 10% of the exported volume to the domestic market at a fixed price. The Ministry of Agriculture noted that these trade restrictions were meant to balance wheat and wheat flour exports with domestic food security needs.

Exporters can now export up to 1,550,000 tonnes of wheat and 670,000 tonnes of wheat flour until Sept. 30. As of June 16, the Grain Union of Kazakhstan announced that 54% of the original 1 million tonnes wheat export quota, and 91% of the original 300,000 tonnes wheat flour quota, had been exported.

Wheat and wheat flour exports during April 15 to June 15 were less than the five-year historical average from which it is believed the government derived the original quota amounts.

Since February, the price of wheat in Kazakhstan increased from about \$267 per tonne to \$400 per tonne. As part of the export restriction agreement stating that applicants sell 10% of the exported volume domestically, the government's Food Contracting Corp. is reportedly purchasing wheat for \$258 per tonne.

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EU cuts 2022-23 wheat yield estimates, may stoke supply concerns

23 June - Platts

Soft wheat yields in the EU for the 2022-23 marketing year (July-June) have been slashed for a third straight month in June, drawing supply concerns as smaller EU output could further stretch wheat markets in the absence of key supplies from the Black Sea.

Soft wheat yields were cut to 5.76 mt/ha from 5.89 mt/ha, the EU Commission said June 21. The latest projection is also below the five-year average of 5.84 mt/ha for soft wheat yields. At the beginning of June, the EU Commission pegged soft wheat production for 2022-23 at 130.39 million mt, based off an area of 21.7 million hectares and a yield projection of 5.98 mt/ha.

The commission has reduced the yield estimates primarily due to increased heat waves and continued drier-than-usual weather in some key producing regions.

According to analysts, the EU wheat crop is likely to be smaller in MY 2022-23 (July-June) due to lower output in France, Romania and Bulgaria.

France is the largest supplier of wheat in the EU, followed by Romania.

According to the EU crop observatory, soft wheat output is forecast at 34.2 million mt in MY 2022-23, down from 35.5 million mt in MY 2021-22.

For Romania, output of soft wheat is also forecast to drop to 10.4 million mt in MY 2022-23, down from 11.4 million mt in MY 2021-22, the EU crop observatory said.

Smaller output in the EU is likely to create concerns among major importers across the world as they seek to compensate for the likely decline in supplies from Ukraine.

The EU has been a major supplier of wheat to Egypt, Turkey and other Middle East and Northern African nations.

Even though these regions used to buy wheat from Russia, the Black Sea conflict has forced them to explore alternate options, including the EU, adding stress to the already-critical global wheat supply chain this year.

The EU accounts for around 25%-30% of wheat exports to the Middle East and Northern African nations, while Russia accounts for 40%-45%, according to traders.

Since the war in Ukraine, Algeria and Egypt have become major importers of EU wheat, together accounting for 30% of the EU's total wheat exports.

What could further add to the supply woes is that buyers from Southeast Asia are also seeking out European wheat. Southeast Asia, which previously depended heavily on Australian wheat, altered its purchasing habits as Australian port capacities are almost full for the next few months.

While Australia is reporting a bumper wheat crop, the stress on global wheat supplies has pushed prices of Australian wheat higher.

Platts assessed FOB prices Australia's APW wheat at \$450/mt on June 21, down \$4 on the day, according to S&P Global Commodity Insights data.

Meanwhile, the EU has emerged as a major supplier to the global markets. EU wheat exports are forecast at 36 million mt in MY 2022-23, up from 29.5 million mt in MY 2021-22, according to the US Department of Agriculture.

But these export estimates could change if the unfavorable weather continues to put wheat crop prospects in the EU under pressure.

Argentina's 22/23 wheat planting area estimate could be cut a third time if drought persists in large parts of producing areas, the Buenos Aires Grains Exchange (BdeC) said on Thursday, adding chances were slim for strong rainfall.

Argentina is a top global exporter of wheat and the No. 1 soyoil and meal exporter. Its role as a grains supplier has grown during hostilities between Russia and Ukraine, normally the largest shippers of wheat in the world.

However tough conditions for planting and high fertilizer prices are denting the South American country's ability to ramp up wheat production.

Argentina's planted wheat area is currently seen at 6.4 million hectares by the exchange, cut from its initial forecast of 6.6 million hectares about a month ago.

"If the drought scenario is not reversed in the short term, it could result in a new adjustment of our area projection," the exchange said in its weekly grain report, adding that the time frame for sowing in country's west and center-north agricultural areas is near its end.

Lack of rain hinders or prevents sowing of the cereal. Until Wednesday, Argentine producers had planted 47.4% of the estimated area, 10 percentage points behind the rate registered a year ago, the exchange said.

The exchange said that over the next seven days "most of the Argentine agricultural area ... will register little or no rainfall" defined as less than 10 millimeters.

In its monthly weather report, BdeC said the 22/23 season, from next week through September, is heading towards a "severe, dry and cold winter".

Regarding 21/22 soybeans, the exchange said farmers have already collected 99% of the planted area and final production of the crop would be of 43.3 million tonnes.

The 2021/22 corn harvest is 37% complete with production forecast steady at 49 million tonnes.

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Ukraine sees sharp drop in grain harvest after Russian invasion

15 June – hellenicshippingnews.com

A senior government official said on Monday Ukraine's grain harvest was likely to drop to around 48.5 million tonnes this year from 86 million tonnes last year following Russia's invasion.

First Deputy Agriculture Minister Taras Vysotskyi said the total area sown had fallen by 25% and the 2022/23 exportable surplus could be 30 million tonnes, meaning significant loss of revenue.

The wheat harvest would be around 17-20 million tonnes, he said.

Ukraine is usually a major global grain and oilseed grower, but its exports have fallen sharply since Russia's invasion on Feb. 24. Because of a Russian blockade of Ukraine's Black Sea ports, Kyiv is trying to export by road, river and rail.

The fall in production and in exports has stoked fears of a global food crisis and the war, together with Western sanctions against Russia, have sent the price of grain, cooking oil, fertiliser and energy soaring.

Efforts led by Turkey to negotiate safe passage for grain stuck in Ukraine's Black Sea ports has not produced a breakthrough. Kyiv has said Moscow is setting unreasonable conditions and the Kremlin has said free shipment depends on an end to the international sanctions against Russia.

Asia's looming food crisis due to 'meatification' process

10 June – nst.com.my

The Russia-Ukraine war, a conflict between two agricultural powerhouses, is having serious consequences on the export of many key agricultural products.

As major grain exporters, Russia and Ukraine account for around 25 to 30 per cent of the world's wheat exports, 15 per cent of the world's corn exports and 2.1 per cent of the world's soybean exports.

While these may seem small relative to the global figures, they are, nevertheless, important as many Asian countries import from this European region.

The reduction of these three major agricultural products in global supply chains has already caused skyrocketing food prices, food export bans and shortages.

For many Asian countries, wheat, corn and soybeans are used in animal feed to produce beef, pork, poultry and fish for their domestic markets.

In recent decades, meat production and consumption have increased in Asia, particularly in China, where, following market reforms in 1978, per capita meat consumption jumped almost six-fold in four decades alongside the rise of domestic production.

Other Asian countries such as Japan and South Korea, as well as the Asean economies Indonesia, Malaysia, the Philippines, Vietnam and Thailand are also part of the "meatification" process of Asia.

The demand for meat (beef, pork, chicken and fish) is driven by urbanisation, improved standards of living and changing dietary preferences of the region's growing urban middle class.

Last year, 47 per cent of Southeast Asia's total 667 million people lived in urban areas.

Additionally, Southeast Asian economies are projected to grow collectively by 4.9 per cent this year, leading to increases in gross domestic product per capita.

The three biggest beef-eating countries in Asia — China, India and Japan — are expected to further increase consumption to an estimated 10.2 million metric tonnes (mmt), 2.9mmt and 1.3mmt, respectively this year.

Pork production in Asia is also expected to rise in 2022 in response to increased consumption demand. China leads in pork production with a forecast of 51.0mmt this year, seven per cent higher than in 2021. Southeast Asia's pork production, which increased by 23 per cent during 2009-2018, is expected to soar another 21 per cent by 2028.

Currently, Asia's top poultry producers include China and Thailand which are projected to reach 14.3mmt and 3.3mmt, respectively this year. In the decade up to 2018, Southeast Asia's poultry production skyrocketed by 56 per cent due to preference for poultry over pork.

In Asia, aquaculture is the biggest source of fish for human consumption.

Although China is the region's biggest farmed fish producer, strong production growth is expected to continue elsewhere such as in India, Indonesia, Vietnam and Thailand.

All the above meat production requires feed, of which the main components are corn and soybean. Asian countries generally do not produce enough corn or soybean, despite countries like China, the Philippines and Thailand having substantial areas of corn.

For soybean, aside from China, areas grown are low, especially in Southeast Asia where soybean production in 2018 was one-tenth of the amount needed by the livestock industry.

The Russia-Ukraine war has effectively reduced the global supply of corn, soybean and wheat, respectively by 15, two and 25 to 30 per cent.

Additionally, due to the inter-connected nature of global supply chains (and shipping), blockades in the Black Sea area have created ripple effects in other parts of the world, delaying grain shipments. Furthermore, several Asian countries depend on the Russia-Ukraine area for the above animal feed components.

In 2020, 54.8 per cent of Bangladesh's wheat were from Ukraine and Russia.

Other reliant Asian countries include Kyrgyzstan (72.5 per cent), Laos (98.4 per cent), Mongolia (99.9 per cent), Malaysia (21.7 per cent), Pakistan (48.9 per cent), Indonesia (26.6 per cent), the Philippines (7.99 per cent), Thailand (15.7 per cent) and Uzbekistan (98.8 per cent).

The main destinations of Ukrainian corn exports in Asia were China (28.3 per cent of total Ukrainian corn exports), South Korea (4.58 per cent), Vietnam (0.69 per cent) and Bangladesh (0.37 per cent). The most reliant countries on Ukrainian and Russia corn imports include China (51.9 per cent), Kazakhstan (33.3 per cent), Mongolia (87.1 per cent), South Korea (11.1 per cent) and Vietnam (5.9 per cent).

In the same year, Russian soybean exports to Asia were 59 per cent to China, 2.2 per cent to South Korea, 1.6 per cent to Kazakhstan and 0.8 per cent to Uzbekistan. However, 66.6 per cent of Kazakhstan's imported soybeans and 43.7 per cent of Mongolia's were from Russia. In contrast, Southeast Asian countries like Malaysia, Singapore and Thailand were less reliant on Russian soybean.

Any reduction in feed availability will affect Asia's meat production. Supply chain delays arising from the Russia-Ukraine area have caused temporary shortages which drive up commodity prices.

In such situations, livestock prices, especially the more feed-intensive poultry and pork sectors, will feel the most impact.

However, countries such as China, which uses a dual strategy to diversify food imports and increase domestic production, are better prepared than others to deal with these challenges.

Alternative sources of imports are also available if supply chains can be created. For example, Australia and Canada are possible sources of corn; Argentina, Brazil and the United States for soybean; and Canada, France and the US for wheat.

Prolonging the Russia-Ukraine crisis will inevitably destabilise production and cause ripple effects throughout the Asian region. Malaysia's chicken export ban from June 1 this year due to the shortage and higher feed prices has led to a reduced domestic supply of chicken and increased prices.

The number of countries concerned about their own domestic food security may lead to more countries anticipating shortages of key food items and therefore reducing exports or banning them altogether.

This phenomenon has a self-fulfilling effect of aggravating supply shortages further even though stocks in toto may be adequate. But, with respect to meat, higher priced animal feed can only lead to shortages and higher prices.

For the longer term, Asia needs to redress the large yield gaps in its production of corn, soybean and wheat to ensure that its reliance on imports is lessened.

This would require renewed efforts at improving crop yields using modern breeding technologies (like gene editing), improved water and fertiliser supplies and improving farmer management skills.

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China's Xi hears efforts to boost grain output during food worries

9 June – Bloomberg.com

Chinese President Xi Jinping reviewed efforts to boost domestic grain production in Sichuan province, as Russia's war in Ukraine continues to destabilize global food security.

Xi visited Meishan city, in the country's southwest, on Wednesday to learn about local efforts to build higher-standard farms, according to the official Xinhua News Agency. Video footage from state broadcaster China Central Television showed Xi examining paddy fields and rice.

China is one of the world's biggest wheat importers, leaving it particularly exposed to the effects of President Vladimir Putin's invasion of Ukraine, a major shipper of grains such as barley, corn and wheat. That's prompted the Asian nation's state stockpiling company to buy newly harvested wheat for national reserves at record prices this month.

Talks between Russia and Turkey in Ankara to unblock shipments of Ukrainian grain that have contributed to global food-supply fears showed no signs of progress on a deal this week. Kyiv, which wasn't invited to the talks, is skeptical of the Kremlin's intentions and is seeking strong security guarantees that would allow it to export the key commodity.

Xi also inspected local Covid measures Wednesday, as he continues to pursue a strict zero-tolerance approach to the virus. While omicron outbreaks in Shanghai and Beijing are now under control, new flare ups have emerged in the border areas of Inner Mongolia and Dandong, a city on the North Korean frontier.

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Canada imports of Australian barley a drought-driven rarity

9 June – graincentral.com

Canada is importing around 100,000 tonnes of Australian barley this year to help it fill deficits left by last year's drought, and there could be more to follow.

Australian shipping stems indicate one cargo was shipped in February, with a second due to berth today at the G3 terminal in Three Rivers, Quebec.

A third is now on its way from the Victorian port of Geelong, and includes barley loaded in South Australia.

The sales are part of a remarkable period in global barley trade in which China, the world's biggest malting barley importer, closed the door in 2020 to Australian barley.

Since the 1990s, Australia has been one of China's biggest, if not its biggest, supplier.

World markets have also felt the impact from last year's drought in Canada, which has reduced its exportable surplus, and prompted it to make atypical purchases from Denmark and France as well as Australia to shore up domestic requirements.

Russia's invasion of Ukraine and resulting blockades of Ukraine's Black Sea ports have come as the latest reshaper of barley trade flows, which were outlined yesterday by Ag Scientia principal Lloyd George during an Australian Export Grains Innovation Centre malting barley technical webinar.

"What we actually have seen in the '21-22 season is the emergence of some new destinations," Mr George said.

"Some of this is malting barley, certainly heading into South America."

Mr George said drought in Canada has also made an impact.

"There's Australian barley heading into Canada now.

"Traditionally, we'd never see that; there's a little bit going into Europe as well.

“We’re also seeing evidence of countries that were reliant on Black Sea barley in the past starting to emerge.”

“Jordan has emerged as a significant importer of Australian barley in the ’21-22 season as well.”

Destinations for Australian barley exports in 2019-20, 2020-21 and 2021-22, not 2022-23 as shown on graph. Source: Ag Scientia

Inquiries made by Grain Central to possible counterparties on Australian barley sales to Canada have yielded nothing, but ASX announcements by the GrainCorp spin-off United Malt Group (UMG) indicate it is a or the buyer, and further Australian cargoes to Canada may be seen.

A UMG announcement dated April 26 provides some detail.

“The significantly reduced Canadian crop has resulted in the company incurring additional logistics costs to import barley into our processing plants in Canada from Denmark and Australia.”

UMG estimates the cost of this exercise in the 12 months to September 30, or FY22, to be approximately A\$10-\$12 million, and said around \$2.5 million has been incurred in the first half.

In its outlook beyond FY22, UMG CEO and managing director Mark Palmquist said the external challenges for the company included the condition of the Canadian barley crop, as well as cost inflation, and supply-chain disruptions.

“We have seen a further impact of these external factors since February, particularly the deterioration in the quality of the Canadian barley crop,” Mr Palmquist said.

“We are addressing this issue for our customers through our ability to source barley by leveraging our international operations in key barley growing regions.”

Available Australian Bureau of Statistics data indicates the 33,000t of barley shipped to Canada in February, and the second reported cargo in April, also of 33,000t, was feed rather than malting.

However, industry sources are adamant the grain will be malted, and will be good-quality BAR1 barley with very little to separate it technically from malting grade.

Drought conditions boost protein to undesirably high levels, so the Australian barley is very likely to be blended with the local grain to produce a stack average within required parameters.

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Reports

Global Economic Prospects – Stagflation risk rises amid sharps slowdown in growth – World Bank

Russia’s invasion of Ukraine and its effects on commodity markets, supply chains, inflation, and financial conditions have steepened the slowdown in global growth. One key risk to the outlook is the possibility of high global inflation accompanied by tepid growth, reminiscent of the stagflation of the 1970s. This could eventually result in a sharp tightening of monetary policy in advanced economies, which could lead to financial stress in some emerging market and developing economies. A forceful and wide-ranging policy response is required to boost growth, bolster macroeconomic frameworks, reduce financial vulnerabilities, and support vulnerable groups.

Food Outlook June 2022 – FAO

In view of the soaring input prices, concerns about the weather, and increased market uncertainties stemming from the war in Ukraine, FAO's latest forecasts point to a likely tightening of food markets in 2022. Meanwhile, the global food import bill is on course to hit a new record high of USD 1.8 trillion, an all-time high, almost entirely on account of higher prices.

Issued twice a year, Food Outlook offers FAO's reviews of market supply and demand trends for the world's major foodstuffs, including cereals, oilcrops, sugar, meat and dairy and fish. It also looks at trends in futures markets and shipping costs for food commodities. The new edition also contains two special chapters examining the role of rising prices for agricultural inputs, such as fuel and fertilizers, and the risks the war in Ukraine poses for global food commodity markets.

OECD-FAO Agricultural Outlook 2021-2030

The Agricultural Outlook 2021-2030 is a collaborative effort of the Organisation for Economic Co-operation and Development (OECD) and the Food and Agriculture Organization (FAO) of the United Nations. It brings together the commodity, policy and country expertise of both organisations as well as input from collaborating member countries to provide an annual assessment of the prospects for the coming decade of national, regional and global agricultural commodity markets. The publication consists of 11 Chapters; Chapter 1 is about agricultural and food markets; Chapter 2 provides regional outlooks and the remaining chapters are dedicated to individual commodities.

The State of Agricultural Commodity Markets (SOCO) – FAO

The State of Agricultural Commodity Markets presents commodity market issues in an objective and accessible way to policy-makers, commodity market observers and stakeholders interested in agricultural commodity market developments and their impacts on countries at different levels of economic development.

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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](#)

Food and Agriculture Organization of the United Nations
<https://www.fao.org/markets-and-trade/en/>