

MONTHLY NEWS REPORT ON GRAINS

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Market News

Argentina expects record 2017/18 wheat crop of 20 million tonnes

29 May – CNBC

Argentina expects a record 2017/18 wheat crop of about 20 million tonnes thanks to farmers' investment in more and better crop technology, the government's chief of agricultural estimates told Reuters on Monday, a forecast well above private estimates. Argentine wheat is planted mostly in May through July, with harvesting reaching into January.

The upcoming crop could jump from the all-time high 18.4 million tonnes collected in the 2016/17 season, Martin Moreno, the Agriculture Ministry's chief forecaster, said in a telephone interview.

"We are basing that on an increase in use of technology by farmers, and in increase in the quality of that technology. We are principally talking about new seed varieties and fertilizers," he said.

The widely referenced Buenos Aires Grains Exchange forecasts a 2017/18 wheat harvest of 17.5 million tonnes, up from 16.3 million tonnes in 2016/17. Argentine growers have piled into wheat and maize since late 2015, when free-market advocate Mauricio Macri was elected president.

Macri eliminated the 20 percent and 23 percent export taxes that the previous government had put on maize and wheat exports, respectively. He also ditched the previous administration's strict maize and wheat export quota system, which killed competition among buyers and depressed local wheat prices.

For years, lack of profitability depressed demand for new wheat technology in Argentina while growers concentrated on soybeans, which were not subject to export quotas. In May, weather experts warned that the 2017/18 agricultural season would be marked by stronger and normal rains, which could wash out some farm areas and reduce yields in others.

"We have seen concern on the part of farmers in some areas who say that excess moisture over the short- and medium-term is making it hard to prepare fields for planting," Moreno said.

"Planting intent has dropped a little bit from what they originally had," he added. The expected increase in investment is expected, however, to make up for any loss in planting area.

Argentine maize sowing starts in September, with soy going into the ground in October. Soy exports are still subject to a 30 percent export tax, which the Macri administration promises to start lowering next year despite pressure from financial markets to cut Argentina's fiscal deficit.

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South Africa maize crop will be at least twice what it was last year

29 May – Cape Times

This year's maize harvest more than doubled from last year's and was well above the consensus forecasts of grain traders, according to the fourth 2017 estimate by the Crop Estimates Committee released on Friday.

The higher-than-expected maize crop is good news for consumers and South Africa's balance of payments, but bad news for farmers as the increased supply will lower the maize price.

Wandile Silhobo, the agricultural economist at the Agricultural Business Chamber, said that the consensus forecast from one news agency had been 14.73 million tons, while the consensus forecast from another news agency had been only 14.66m tons. The third crop estimate in April had been for a 14.536m tons harvest. The previous record was set in 1981 at 14.656m tons when 65 percent more area was planted to maize.

Paul Makube, an agricultural economist with First National Bank, said the large maize crop would be a boon to consumers and other end-users such as poultry producers. All this bodes well for food inflation going forward. Expect further deceleration in food inflation in the months ahead, which should provide some comfort for the South African Reserve Bank.

Livestock producers are smiling again, particularly the poultry industry, which has been under severe strain. The improved meat-maize ratios in the pork, poultry and beef feed lots will improve profitability in these sectors," he said.

Annual food price inflation has already fallen from 12 percent in October last year to 6.6 percent in April this year and further easing in food inflation is expected in the months ahead as the maize is harvested from May to August.

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Record Australian grain exports flood market, but Black Sea challenge ahead

26 May – Jakarta Globe

Australia's grain exports have shot to record volumes this year as bumper crops push down prices, but levels may fade toward year-end as rival shipments step up from the Black Sea region.

Wheat, canola and barley exports have been over 60 percent higher than normal over the first five months of 2017, at 17.2 million tonnes, according to Thomson Reuters Eikon data. That flood of grain from Australia, the world's fourth largest wheat exporter, and other suppliers is dragging on global prices that are trading close to last September's 10-year low. "There are two key reasons for strong flows of grain shipments from Australia," said a Singapore-based trader with an international trading company, declining to be identified as he was not authorized to speak with media.

"They had massive crops and they were cheaper than any other origin."

Australian Standard White wheat has been selling for \$185-\$195 a ton, free on board since January, well below the price from other origins, traders said.

The country's 2016/17 wheat production, at 35.13 million tonnes, was around 17 percent more than the previous record of 29.6 million tonnes set in 2011/12. Barley output was 25

percent above the prior record at 13 million tonnes, while canola production of 4.1 million tonnes was 1 percent shy of an all-time high, according to official data.

But industry sources estimate the country will be left with just 5-6 million tonnes of wheat by the end of Australia's grain marketing year in September, similar to last year's levels, due to the scale and pace of exports.

"India has taken more wheat, China is taking lots of barley and we have got back into the Iraqi market," said Ole Houe, an analyst with brokerage IKON Commodities in Sydney. India has been buying aggressively this year to fill a supply shortfall left by two years of drought, although purchases have eased in recent months.

China is taking higher quality Australian wheat and other feed grains such as barley and sorghum.

"We have been seeing some strong demand from traditional markets, but also from markets that we haven't done much business with for the past few years," said James Foulsham, wheat trading manager at Australia's largest grain exporter CBH Group.

The nation's main wheat exporting state, Western Australia, is expected to sell close to 17 million tonnes of wheat, barley and canola, this year, against total production of 16 million tonnes, industry sources said.

"Western Australia will be dipping into reserves to fulfill export commitments," said a Sydney-based trader.

But in the second half of 2017, Australian wheat will likely face stiff competition from the Black Sea region as Russia and Ukraine also look to offload bumper harvests.

Last week, a miller in Indonesia bought around 60,000 tonnes of Black Sea wheat at \$190 a ton, including cost and freight, for August arrival, traders said. A similar variety of Australian wheat was priced at \$215 a ton.

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Farming the World: China's epic race to avoid a food crisis

22 May – Bloomberg

China's 1.4 billion people are building up an appetite that is changing the way the world grows and sells food. The Chinese diet is becoming more like that of the average American, forcing companies to scour the planet for everything from bacon to bananas.

But China's efforts to buy or lease agricultural land in developing nations show that building farms and ranches abroad won't be enough. Ballooning populations in Asia, Africa and South America will add another 2 billion people within a generation and they too will need more food.

That leaves China with a stark ultimatum: If it is to have enough affordable food for its population in the second half of this century, it will need to make sure the world grows food for 9 billion people. Its answer is technology.

China's agriculture industry, from the tiny rice plots tended by 70-year-old grandfathers to the giant companies that are beginning to challenge global players like Nestle SA and Danone SA, is undergoing a revolution that may be every bit as influential as the industrial transformation that rewrote global trade.

The change started four decades ago when the country began to recast its systems of production and private enterprise. Those reforms precipitated an economic boom, driven by factories, investment and exports, but the changes down on the farm were just as dramatic. Land reforms lifted production of grains like rice and wheat, and millions joined a newly

wealthy middle class that ate more vegetables and pork and wanted rare luxuries like beef and milk.

When Du Chunmei was a little girl, pork was a precious gift only for the elders of her village in Sichuan during the Lunar New Year holiday. The family pig would be slaughtered, and relatives and neighbours would pack their house for a feast.

“Meat used to be such a rarity,” said Du, now 47 and an employee of state oil company PetroChina Co. whose family celebrated the holiday this year at a restaurant. “Now it’s so common we try to cut back to stay healthy.”

But the breakneck pace of the country’s development brought some nasty side effects. Tracts of prime land were swallowed by factories. Fields were polluted by waste, or by farmers soaking the soil in chemicals. The country became a byword for tainted food, from mercury-laced rice to melamine-infused milk powder.

So how can China produce enough safe food for its growing population if they all start eating like Americans? The simple answer is it can’t.

It takes about 1 acre (half a hectare) to feed the average U.S. consumer. China only has about 0.2 acres of arable land per citizen, including fields degraded by pollution. So China’s Communist government has increasingly shifted its focus to reforming agriculture, and its approach divides into four parts: market controls; improving farm efficiency; curbing land loss; and imports.

In each case, technology is the key to balancing the food equation. The nation is spending billions on water systems, seeds, robots and data science to roll back some of the ravages of industry and develop sustainable, high-yield farms.

It needs to succeed quickly, because China’s chief tool during the past decade for boosting domestic production is backfiring.

China has a goal of being self-sufficient in staple foods like rice, maize and wheat. To ensure farmers grew those crops, it paid a minimum price for the grains and then stored the excess in government silos.

Farmers responded, saturating their small plots with fertilizers and pesticides to reap bumper crops that filled government reserves to bursting.

Total state grain reserves were estimated to be to be more than 600 million tons last year, enough for more than a year’s supply. About half the stockpile is maize, which the government is trying to sell before it rots, forcing provinces to turn the grain into motor fuel.

“We have exhausted our resources and environment and used as much fertilizer and pesticide as possible to address supply shortages,” Han Jun, deputy director of the Office of the Central Rural Work Leading Group, wrote in the government-backed People’s Daily on Feb. 6. “We urgently need to increase production of green and good-quality agriculture products.”

But first it needs to preserve what little farmland it has.

China lost 6.2 percent of its farmland between 1997 and 2008, according to a report by the United Nations’ Food and Agriculture Organization and the OECD. And local governments continue to swallow fields for more-profitable real-estate developments. The Chinese Ministry of Agriculture did not respond to requests for comment on this story.

Officially, the rate of land conversion has slowed since 2007, when China announced a goal of “maintaining 1.8 billion mu of farmland” (120 million hectares). But local governments that have relied for years on land sales to fund growth can circumvent restrictions by counting marginal land as arable, or re-zoning urban areas as farms.

More alarming for the nation's planners are reports that almost 20 percent of China's remaining arable land is contaminated.

China is shifting from building grain stockpiles to focusing on quality, efficiency and sustainable development, said Tang Renjian, a former official at the Central Rural Work Leading Group, the country's top rural decision-making body.

Government studies in 2014 found that some vegetable plots were dosed with high levels of heavy metals such as cadmium, just one of a series of poison scares that has made the public wary of domestically produced food.

Over the years, local TV stations and social media fanned the fears, reporting a sickening array of scandals, from soy sauce produced with human hair to tofu made with sewage, and cat and rat meat passed off as rabbit and lamb.

"Chinese people are much more aware of food-safety problems today than a decade ago," said Sam Geall, a research fellow at the U.K.'s University of Sussex who focuses on China's environment and agriculture. "They pay more attention to where their food is coming from, and they are often willing to pay more for safety."

Chinese-owned businesses are taking notice, seeking out overseas investments that they can turn into premium brands on supermarket shelves at home.

Ningbo chemical baron Lu Xianfeng's Moon Lake Investments Pty bought Australia's biggest dairy operation last year, while Wan Long's WH Group Ltd. became the world's largest pork producer with the purchase of Virginia-based Smithfield Foods Inc.

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Ethanol and biodiesel: dropping below the production cost of fossil fuels?

18 May – Biofuelsdigest.com

For a number of years, this (now old and outdated, but) very useful chart has been in circulation in energy circles, mapping the supply of energy to the world by looking not at prices, but at production costs.

For one thing, it goes a long way to explaining why the price of oil can tumble so quickly when there is a fall off in demand, and explains why OPEC is troubled by unconventional oil in a way it is not so bothered by other energy sources such as renewable fuels.

Renewables not only have been traditionally at the expensive end of the curve, the supply has been generally quite limited when we look at total global demand. OPEC makes so much money off \$100 oil that they don't mind sacrificing a few market share points to other fuels, when demand spikes and prices reach those levels.

Conversely, shale oils uncovered through US fracking operations — to use another example — are able to supply lots of oil to meet world demand at prices well below the OPEC target, and they can also be competitive with some of the more expensive conventional oils. So, they bite into market share and also price.

Back then, ethanol fitted in the \$90-\$120 per barrel slot. But today, the cost of production has changed, dramatically. You can see it in this wonderful data set that Bruce Babcock and the Center for Agricultural and Rural Development at Iowa State have maintained for many years.

As you can see from the hard data, the production cost for ethanol today is \$1.22 per gallon, which translates to \$51.24 per barrel. Now, on an energy basis — given that ethanol has 67% of the energy content of a barrel of oil, that translates to \$76.86 on a barrel-of-oilequivalent basis.

To make a fair comparison, we have to take into account the refining cost of making gasoline — we need to compare finished ethanol and finished gasoline, not compare corn to gasoline or ethanol to crude oil. Estimates of the variable cost of refining are not easy to obtain and vary based on the product mix, cost of utility power and so on, but tacking on at least \$4 per barrel is fair (this older estimate from PSU puts it at \$20). The EIA has this data from 2012, [here](#).

\$76 is well above today's oil price, even if you tack on \$4 for refining costs to make gasoline. But it's not well above the price that oil is expected to reach by next year, according to the wizards at Raymond James (whose energy desk correctly forecast the collapse in oil prices, so we approach their forecasts with great respect, although timing is always an issue with any projection). They expect oil to reach around \$70 per barrel by the end of 2017. Of course, we'll wait to see what impact that might have on corn prices, the price for DDGs and for corn oil — but it would be a remarkable step in ethanol's journey.

We've put the latest data from the IMF, and the new numbers for renewables, into the chart you see below.

As Aemetis CEO Eric McAfee notes:

"The general perception is that biofuels are more expensive to produce than petroleum fuel products. That perception is not accurate for the net cost of production of ethanol in the US after considering the value of animal feed byproducts (DGrain and corn oil) and CO2 production for the human food market." Let's look at the impact of carbon.

Under the Renewable Fuel Standard, there's an implied carbon credit for ethanol, and that's in the value of the D6 RIN.

And that tells you that there's a significant inflection point in ethanol and gasoline prices, and it's this. If, one day, the production cost + the RIN cost of corn ethanol falls below any given source of conventional oils, it just makes economic sense for an obligated party to switch towards increased renewables production (as opposed to, say, investing in tight oil operations) — not because of obligations to government, but because of obligations to shareholders. That's a step-change.

And it's getting close. Thanks to the pricing data from our friends at PFL, we see that the D6 RIN is trading at 41 cents per gallon.

That adds \$17.22 in carbon value to a barrel of ethanol. Putting the ethanol production price together with the RIN price, it makes sense to buy or make as much ethanol as you can stuff into the system — mandated or not — starting at \$55 per barrel.

That's not far at all from the world oil price.

All the same math applies in the world of biodiesel, but there are different data points. So let's look at those.

Starting again with CARD's data on operating costs, the production cost of biodiesel right now is at \$2.76 per gallon, or \$115 per barrel.

It happens that CARD data is based on the soybean oil price of \$0.31 cents per pound.

Technologies that can use recycled oils that are sold as low as \$0.22 per pound will have a production cost of roughly \$2.61 per gallon. Now, biodiesel is much closer to petroleum on energy density — it's between gasoline and diesel. So, depending on whether you want to compare biodiesel back to gasoline that comes out of a barrel of oil or to diesel, you'll come up with a production cost range (on a barrel of oil equivalent basis) of \$105-\$115, after we've adjusted for energy density.

So, biodiesel is well above the \$52 Brent crude oil price, right now. But biodiesel RINs are more valuable, and close the gap a little. According to PFL, D4 biomass-based diesel RINs are trading at \$1.03 per gallon, and are adding \$43.26 to the value of the barrel.

Putting the production price together with the RIN price, it makes sense to buy or make as much biodiesel as you can stuff into the system — mandated or not — starting at \$62-\$72 per barrel. That's high compared to today's price, but inside the predicted crude oil price of \$70 that we referenced above.

So, we live in interesting times — and we've charted the costs and supply figures, taking carbon into account, in the chart below.

When we look at the California market and its Low Carbon Fuel Standard (and Oregon, too, which also has an LCFS) we are looking at a different animal, since the carbon value is added on top of RIN credit values.

Right now, our friend at PFL advise that the LCFS credit price is at \$74 per ton of carbon avoided. For locally-produced ethanol, that means around an additional \$6.21 per barrel for ethanol delivered into the California market.

For biodiesel, the credit bites harder because biodiesel really, really reduces carbon. The LCFS credit translates into around \$26.64 in added value for biodiesel.

Putting the ethanol production price together with the RIN price, it makes sense to buy or make as much ethanol as you can stuff into the California system — mandated or not — starting at \$49 per barrel.

Putting the production price together with the RIN price, it makes sense to buy or make as much biodiesel as you can stuff into the system — mandated or not — starting at \$36-\$46 per barrel.

We've charted all that in this California-only chart below.

The current barrel of oil costs \$49.38 (WTI) and \$52.52 (Brent) right now. Which tells you two things:

1. The renewable fuel credit markets work with remarkable efficiency, after just a few years in operation. The credits reach almost exactly where they should, because a credit should in some ways make a mandate obsolete, it should incentivize a market player exactly to the point where they have a financial gain from deploying a renewable fuel. In the real world, incumbents don't act with perfect economic rational actors, but you get the idea.
2. In California at least, a remarkable threshold has in fact been reached. In the actual markets that exist — carbon and fuel markets — ethanol and biodiesel have achieved market parity. Now, you can argue all night that carbon markets are not free markets — they are created by government fiat. And, you can argue all night that fuel markets are not free markets — they are created by cartel fiat. And you'll find supporters and detractors by the zillions, and the shouting will drive you crazy.

But they are markets, and they are the markets we have. And don't get me started on how free and transparent financial markets really are, Mr. Madoff. But they are the markets we have, and in the markets we really have, we can say that markets in California are telling us this:

You can make more money producing ethanol than producing gasoline from petroleum, according to our math. And investors might take note — because making money is generally what investors are trying to accomplish in the petroleum markets.

So, a step change worth noting.

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US wheat exports to Egypt seen remaining rare despite sale

19 May – Egypt daily news

The Egyptian government's first purchase of U.S. wheat in more than two years was a stopgap measure to ensure it had enough supplies until offerings from its favored sources in the Black Sea region were more readily available, traders said on Friday. GASC, the Egyptian government's purchasing agency, signed a deal on Wednesday for its first purchase of U.S. supplies since February 2015. The size of the deal eclipsed the total of privately negotiated U.S. wheat shipments to Egypt for all of the 2016/17 crop year. Still, it represents less than 1 percent of expected 2017/18 imports for the world's top buyer of the grain.

Egypt bought 115,000 tonnes of U.S. wheat for the 2017/18 crop year at prices ranging from \$207.25 to \$207.90 a tonne, including freight, in the most recent deal. GASC also bought another 180,000 tonnes of wheat, divided equally between Ukrainian, Russian and Romanian supplies. One Cairo-based trader said U.S. wheat would be competitive in GASC tenders for now because of freight prices being cheap and low U.S. FOB prices as hard red winter wheat is abundant.

"The Russian wheat is priced a little bit expensively and ... the U.S. has lots of stocks," the trader said. Total wheat shipments to Egypt are expected to grow to 12 million tonnes in the 2017/18 crop year, 500,000 tonnes more than the 2016/17 marketing year that ends on May 31. U.S. shipments, all of which were negotiated in private deals not involving Egypt's government, have accounted for just 60,269 tonnes of the 2016/17 total, according to U.S. Agriculture Department data.

Egypt's renewed interest in U.S. wheat could dry up quickly once supplies from the Russian harvest begin arriving at export ports this summer. Prices for Russian supplies delivered in June and July are about \$15 to \$20 per tonne below U.S. offerings, said Frank Stone, president of brokerage Kansas City Trading Group. Another Egypt trader said U.S. wheat sales to the Egyptian market are likely to remain limited because the private market in Egypt does not buy U.S. hard red winter wheat. Instead, it buys soft wheat, and only for a smaller range of clients for items like pasta. The trader said the quality of hard red winter wheat is too low for the private-sector clients.

Analysts were split on whether prospects for U.S. wheat exports could lend support to futures prices in the coming months. Some said U.S. wheat was acceptable to the Egyptian government's buyer only because of the recent price drop - K.C. wheat futures have fallen 8.6 percent from their 2017 peak in early March - and the heavy global balance sheet will likely keep the bearish market tone firmly in place.

"The fact that USA wheat is so cheap it competes into Egypt is not bullish," Dan Maltby, a broker at Risk Management Group, said in a note to clients. But some analysts said the deal illustrates a possible path for burning off the stockpile that has been weighing on prices. "If the U.S. can remain competitive in major international tenders, as well as continue feeding the high-quality needs of China, the 2017/18 export total might not fall off as much as most analysts are figuring," Tregg Cronin, market analyst for Halo Commodities said.

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Indian state procurement for wheat nears 30 million tonnes, dashing import hopes

18 May – Platts

India, the world's second single largest wheat producer after China, is unlikely to repeat the large wheat import program seen last year, given its big domestic crop this season, with this week's state procurement crossing 28 million mt, about 22% higher than last year, industry sources said Thursday.

Wheat purchased by state agencies -- including Food Corporation of India or FCI -- from farmers as of May 16 for the current wheat marketing season stood at 28.05 million mt, about 22% higher than the same period a year ago, according to data posted by FCI. The government has targeted to secure 33 million mt for the current marketing season. Indian wheat production was revised higher to 97.44 million mt as of May 9, from 96.64 million mt previously estimated in February, according to the third advance estimates by the government.

US Department of Agriculture similarly forecast Indian wheat production at 97 million mt in its May 10 report, up 500,000 mt from its estimates in late April.

Favorable weather and timely monsoon rain after two consecutive years of drought was helping the crop yield, sources said.

Moreover, wheat planting acreage were higher, as farmers were incentivized to plant more given a higher minimum support price level.

The government has revised the MSP for 2017 to Rupee 1,625/quintal for wheat in November last year, up Rupee 100/quintal from 2016.

Despite a larger domestic production, India will still need to import 4 million mt of wheat to replenish dwindling domestic stocks which fell to a 10-year low last year, given two years of low production while demand was high amid a growing population.

But with the reinstatement of the wheat import duty which was set at 10% from March 28 to curb imports and protect farmers, import cargoes are no longer seen as attractive.

Traders said interest for wheat imports from Australia was lackluster since the announcement, as prices were not seen as attractive while a strong grain export program in Australia has limited the shipping period sought by importers to the third quarter, whereby buyers are eyeing new crop from the Black Sea region.

This led to some traders being saddled with high volumes of unsold imported wheat mainly from Australia and the Black Sea region, leaving India with high port inventories estimated at about 1.8 million mt a week ago, according to a Singapore-based trader.

"Australian wheat is expensive, and even more so with the 10% import tax, at \$220-\$225/mt CFR Tuticorin/Mumbai for ASW, and Black Sea new crop at \$190-\$195/mt CFR," said one Indian flour miller based in Tamil Nadu state who declined to be named.

About 1.75 million mt of wheat under Australia's 2016-2017 season (October-September) were sold as of April, including containers, with most of the trades concluded in December/February, traders said.

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Brazil holds new maize auctions to aid growers amid bumper crop

16 May – Agriculture.com

Brazil's food supply agency Conab will hold this year's third auction of maize contracts in a bid to assist growers in Mato Grosso (MT) to receive at least the minimum value guaranteed by the government, according to a statement Tuesday.

The auctions, scheduled for May 25, involve three financial instruments including put options and the so-called PePro and PEP contracts for growers in Mato Grosso, which accounts for about 27 percent of Brazil's output.

The government plans to sell 7,400 maize put options at the strike price of 17.87 reais (\$5.77) per bag of 60 kilograms. The put options expire on Sept. 15.

The auctions underscore the government's concern with local maize producers amid a bumper crop.

Last week, Conab pegged total Brazilian maize output at a record of 92.8 million tonnes this season, compared to 91.5 million tonnes estimated last month, as favorable weather continues to boost agricultural prospects.

World maize stocks should reach the highest levels in history at the end of the 2016/2017, according to Conab estimates, which cited significant output increases in Brazil, the United States and Argentina.

A 37.5 percent estimated rise in Brazil's maize production this season will not be accompanied by higher demand for maize from animal producers, Conab said.

At the last maize auction on May 4, Mato Grosso farmer Endrigo Dalcin, who also presides over the state's growers association Aprosoja, told Reuters the government's support was key to move the market.

"What producers want is to ship the maize out of the state," he said, adding most of the grains traded at these auctions will hit export markets.

Next week Conab will also offer PePro contracts aimed at the sale of 500,000 tons of maize. Under this option, the government pays a premium to participating producers who prove the effective sale and delivery of their grains.

"The aim of the premium is to complement the value received by the grower so that it can reach a minimum price," Conab said.

The PEP contract, also involving half a million tonnes of maize in the upcoming option, pays grain buyers a premium for purchasing Mato Grosso maize at the minimum price of 16.50 reais per bag.

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China 2017/18 maize planting area to drop 2.5 percent

10 May - Reuters

Chinese farmers are expected to sow 35.84 million hectares of maize this year, down 2.5 percent from last year, the agriculture ministry said on Wednesday, as Beijing looks to boost alternative crops to reduce its maize glut. In its first estimate for the 2017 crop, the ministry said China is expected to produce 213.19 million tonnes of maize, down 2.9 percent from a year ago. The planting forecast in the monthly report on Chinese Agricultural Supply and Demand Estimates (CASDE) shows a smaller percentage decline than predicted by China's National Bureau of Statistics last month. The bureau forecast China's planned maize acreage would fall by 4 percent this year, based on a survey of 110,000 Chinese farmers. Beijing is sitting on close to 250 million tonnes of maize, equal to more than a year of consumption, after a near decade-long stockpiling system. The glut prompted Beijing to include cutting maize areas and raising soybean planting in a five-year government plan issued last year. The CASDE report said soybean imports by China, the world's top buyer of the oilseed, were expected to jump 4.2 percent from last year to 93.16 million tonnes, as hog production recovers and demand for soymeal increases. China imported 8.02 million tonnes of soybeans in April, a fourth consecutive month when imports set a record for that month,

data from the General Administration of Customs of China showed on Monday. China's 2017/2018 soybean acreage was seen at 7.9 million hectares, up 10 percent, while soybean output was expected to rise 12 percent to 14.1 million tonnes, the CASDE report said.

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Thai feed mills negotiate wheat imports policy

4 May – World Grain.com

The Thai Feed Mill Association (TFMA) is negotiating with its government over the new import regulations on feed wheat that were implemented in January 2017. The new regulations require feed mills to purchase domestic maize prior to importing feed wheat, at a 3:1 domestic absorption rate of imported feed wheat/domestic maize, according to a report from the Foreign Agricultural Service (FAS) of the U.S. Department of Agriculture (USDA).

“The TFMA wants the government to reconsider the maize absorption rates for feeds which do not typically use maize, such as fish feed, shrimp feed, and pet food,” the USDA said.

“However, the government is reportedly considering an exemption only for the shrimp feed industry and may allow them to import approximately 110,000 tonnes of feed wheat without being required to use domestic maize. This figure is based on the amount of feed wheat that has historically been imported for shrimp feed production, and accounts for 10% to 20% of the total shrimp feed ration. The government is also considering a 2:1 domestic maize absorption rate for a pet food producer that requires approximately 20,000 tonnes of feed wheat annually. The Ministry of Commerce in consultation with the Ministry of Agriculture and Cooperatives’ Department of Livestock Development and Department of Fishery is seeking cabinet approval, which may be granted in the next couple of months.”

The new feed wheat import regulations have caused a significant reduction in Thai feed wheat imports. During January – February 2017, imports of feed wheat totaled 226,170 tonnes, down 60% from the same period last year, with the quantity imported from the Ukraine declining 86%. For the first eight months of market year 2016-17, all wheat imports totaled 2.9 million tonnes, the USDA said. This is a 7% reduction from the same period in market year 2015-16 due mainly to the reduction in imported feed wheat, which declined to approximately 2.1 million tonnes, down 8% from the same period in market year 2015-16. Also, imports of milling wheat declined approximately 4% due to lower imports of Canadian wheat due to concerns about crop quality. Meanwhile, U.S. wheat imports increased to approximately 0.4 million tonnes, up 4% from the same period of market year 2015-16. The report forecast declining wheat imports of 3.6 million tonnes in market year 2016-17 and 3 million tonnes in market year 2017-18 due to the reduction in feed wheat imports. In addition to the new import regulations, the sale of government feed-quality rice stocks of around 1.6 million tonnes in April 2017 will reduce import demand for feed wheat in swine feed rations as the price of feed quality rice stocks is 30% to 35% lower than the price for imported feed wheat, the USDA said.

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Reports

OECD Business and Finance Outlook 2017 - OECD

The 2017 OECD Business and Finance Outlook addresses some forces influencing economic developments that have contributed to recent surprises in elections and referendums. The common theme of these surprises has been voter discontent with globalisation and immigration that are perceived to be causes of unemployment and/or falling living standards for substantial parts of society.

This edition focuses on ways to enhance “fairness”, in the sense of strengthening global governance to ensure a level playing field in trade, investment and corporate behaviour, through the setting and better enforcement of global standards.

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Monthly Information Sources

Grain Market Report – IGC

Oilcrops Monthly Price and Policy Update – FAO

Crop Monitoring in Europe - European Commission

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

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