



MONTHLY NEWS REPORT ON GRAINS

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Market News

Global grain supply crunch is set to get worse, IGC says

27 May - Bloomberg

Global grain stockpiles could grow even slimmer next season, exacerbating a supply crunch across crop markets already pushing up food prices.

The International Grains Council cut its inventory estimate for the 2021-22 season to 595 million tons, the lowest in seven years, according to a report published Thursday. Rising animal-feed demand and a drought-stricken Brazilian maize crop are outweighing bumper harvests elsewhere, shrinking the world's grain supply cushion for a fifth straight season. That's raised the prospect of further gains for global grocery bills, with a United Nations food-price index at its highest since 2014. Chicago grain futures have recently cooled from a rampant rally, but prices remain near multiyear highs. Good growing conditions are needed across the U.S. and Europe in coming months to replenish silos.

"We have low supplies in grain and oilseed exporters and a lot of weather risk to go before good yields materialize," Rabobank analysts said in a report this week.

Next season's supply drawdown comes even as the IGC expects China's grain imports to ebb from an all-time high, easing 14% from this year's levels to 47.7 million tons. That figure includes 18.5 million tons of maize and 9 million of wheat, which are still well above its historical purchases. The country has been loading up on foreign crops to feed its hog herd, which is recovering from disease outbreaks.

"While China's imports of grains are seen remaining elevated, they may not match the record of the season before," the council said in the report.

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US maize sowings – how big will they end up?

27 May – Agrimoney.com

Have US farmers planted far more maize than initially expected?

It is certainly not unheard of for growers to alter their sowings plans – for reason of weather setbacks or price incentives - as the planting season unfolds.

The split is pretty much 50:50 in terms of US maize area, as reported in the US Department of Agriculture's June sowings reports, coming in above or below the levels forecast by the prospective plantings briefings released in March, analysis of data since 1965 shows.

And this year, there indeed is a good case for believing that the March maize sowings forecast of 91.1m acres was an underestimate, given the elevated prices of maize for what has been a benign seeding window, in allowing rapid sowing progress.

But whether maize area has reached some of the higher estimates that markets are suggesting, including the 96.8m acres proposed by IHS Markit, ie an extra 5.7m acres – that looks in doubt.

Only four times has an upgrade between March and June reports exceeded 2m acres, and only once 3m acres – and that was 50 years ago, in 1971.

This century, the biggest increase was the extra 2.43m acres seeded in 2007, a year also marked by rapid sowings, and prices which outperformed those of soybeans during the core of the seedings window.

And as for the hopes among many investors of farmers expanding both soybean area too substantially above that laid down in March plans, that looks doubtful too.

Usually, expansion in maize seedings comes, at least in part, at a cost to soybean area.

Only three times this century has combined maize and soybean acreage expanded by more than 2.0m acres between March and June reports, with the biggest rise the extra 3.51m acres added in 2009.

Sure, that was from a lower base, of a combined 164.5m acres, compared with nearly 179m acres this year.

But even the read-through on a percentage basis would mean a total of 3.9m acres in play this year, well below, say, the 6.6m extra acres that IHS expects, maize and soy combined. Sure, records are made to be broken, and this year has offered unusual incentive, in strong prices and good sowings conditions, for farmers to get extra crop in.

But history suggests combined, extra acres, as found in the June survey, would do well to exceed 3m by much, and would blow the lights out at 4m. Especially given elevated prices of competing crops such as cotton and wheat, let alone sorghum, too.

As to how all this relates to final acreages as end up on USDA balance sheets, well, that is another story.

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Brazil maize facing uphill battle

26 May – World-grain.com

Worry over world grain stocks is being heightened by the realization that Brazil's Safrinha maize is reproducing in a very limited moisture environment. The first 10 days in May are unlikely to provide much opportunity for improved rainfall or soil moisture, implying lower yields for the early crop.

Nearly 60% of Brazil's maize was planted beyond the optimal planting date of Feb. 20 and nearly one-third of the crop was planted three to five weeks later than usual. Rising futures prices gave producers plenty of incentive for planting no matter how late it got, but now the proof is in the pudding and yields may be falling more than expected. Between 25% and 50% of the maize crop was silking and flowering at the end of April. Rain must fall significantly in the first half of May to give crops a chance to yield as well as possible given the late planting dates.

Brazil's rainfall in April fell well below average in southern Safrinha maize areas, including Parana, São Paulo, eastern Mato Grosso do Sul, southern Goiás, southwestern Minas Gerais and southeastern Mato Grosso. The limited rain was not a big deal as long as timely rain occurs in May. However, typically the dry season begins at the end of April and substantial rain in May is a rare occurrence.

The premature start to the dry season in some southern maize areas already has led to short and very short top and subsoil moisture. The success of second season crops in Brazil often is determined by a fully saturated soil column when the monsoon season ends. That way Safrinha crops can coast on subsoil moisture through the reproductive and filling stages of development. That cushion of moisture is absent this year and maize needs that moisture now more than ever.

Northern Safrinha crop areas have not been nearly as dry, and crops still have good production potential in northern and western Mato Grosso and western and some central Mato Grosso do Sul production areas. Subsoil moisture is sufficient in these areas to carry crop development into the first half of May, and farmers are hoping for a few bouts of light rain between now and then to protect subsoil moisture. Temperatures may briefly rise above average, causing faster moisture losses and greater crop stress. Some temporary cooling may occur in the second week of May, and the frontal system bringing the cooler conditions could generate a little rainfall. The moisture may slow down the deterioration of

maize conditions, but without a general soaking of rain, any relief is expected to be temporary and downward production potentials will resume after a few days of net drying. Brazil's drying bias is not just affecting maize, but its sugarcane, coffee and cocoa crops as well. However, most of these soft agricultural commodity crops have matured enough that the impact on production will be low. Sugarcane has had a tough year with seasonal rainfall four to six weeks later than usual and then periods of dryness continued to come and go during the heart of the summer season. As a result, Brazil's sugarcane tonnage will be down, but the sucrose levels may be high in the cane that is harvested.

The risk to coffee because of dryness will not be on this year's crop, which is maturing and getting ready for harvest, but it could impact next year's crop if seasonal rainfall is delayed. The extra weeks of dry-biased weather in coffee areas will have soil moisture more depleted than usual by September when seasonal rains usually resume, and if they are late, trees could become stressed enough to perform poorly in the Southern Hemisphere spring. Brazil's dryness in maize production areas is more serious than that of the coffee or sugarcane crops primarily because of maize's higher demand in world trade and the already low ending stocks being reported in the United States. A smaller Brazil crop will put more pressure on the US crop in 2021, and there is quite a bit of speculation over the fate of the US crop weather this summer.

Drought continues to dominate a large part of North America stretching from Mexico through the western half of the United States to portions of Canada's Prairies. May is a critical month for precipitation in the central Plains for hard red winter wheat reproduction and filling and for the planting and establishment of spring and summer grains and oilseeds in the northern Plains and Canada's Prairies. May likely will be extremely critical in determining the fate of small grains in the United States and Canada. Continued drought during the month would delay planting and leave crops poorly established and vulnerable to lower yields without perfect conditions in June and July.

Maize and soybeans have been produced more abundantly in recent years across the northeastern US Plains and upper Midwest as well as in Manitoba and Saskatchewan, Canada. Many of these areas have been drier biased in recent months. Getting a lasting bout of relief from dryness in the early spring is much easier than getting it in late spring or summer, and some areas in Manitoba, North Dakota and Saskatchewan have reported well below-average rainfall since last autumn. For some areas in the Prairies, dryness has lasted four years with 2016 the last wetter-than-usual growing season. Needless to say, substantial rain needs to fall.

World Weather, Inc. expects rainfall in the northern Plains and Canada's Prairies to increase during May with some of it to linger into June. The moisture will not be sufficient to fix low subsoil moisture, but it will give farmers support for planting their 2021 crops. Sufficient timeliness in rainfall during May and early June also will support planting, emergence and establishment. However, the odds are relatively high that dryness will be returning to the northern US Plains, Canada's southern Prairies and a part of the upper US Midwest this summer, which may lead to crop moisture stress during reproduction — similar to that which is expected in Brazil over the next few weeks. If the forecast is correct, a smaller US crop may be on the horizon.

A full-blown, wall-to-wall drought like that of 2012 is not likely or expected by World Weather, Inc. However, regional dryness will dig into some of the production potential, which may reduce production enough to tighten world ending stocks a little more. Farmers are expected to take advantage of high futures prices and cash in on whatever crop is

produced no matter how small, but the consumer will come up on the short end of the stick with a further rise in food prices.

In the meantime, food companies need to not only be frugal with their expenses this year, but they could be facing multiple years of shorter supplies and higher prices, making profitability a greater challenge. Efforts should be taken now to prepare for this year's shorter crops and the potential of additional trouble in 2022 as La Niña returns while soil conditions are still drier than usual.

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India farmers expect to harvest record wheat, rice crops this year

25 May – Hellenic-shipping.com

India is expected to produce a record 108.75 million tonnes of wheat this year, the farm ministry said in its third forecast for the crop year to June 2021, marginally lower than its previous estimate of 109.24 million tonnes.

Rice output in the world's biggest exporter and the second largest producer is estimated at a record 121.46 million tonnes compared to a forecast of 120.32 million tonnes in February. The farm ministry forecast this year's total grains output to be at a record 305.44 million tonnes, up from its previous estimate of 297.5 million tonnes.

The efforts of India's farmers, scientists and the government has paid off, said Agriculture & Farmers Welfare Minister Narendra Singh Tomar.

The government had lowered its oilseed output estimate to 36.57 million tonnes from 37.31 million tonnes forecast in February.

Rapeseed production is estimated to be at 9.99 million tonnes this year, down from the previous forecast of 10.43 million tonnes, the farm ministry said. Similarly, soybean output is expected to be at 13.41 million tonnes, lower than the 13.71 million tonnes estimated in February.

The farm ministry pegged peanut production to be at 10.12 million tonnes in 2020/21, lower than its earlier estimate of 10.15 million tonnes.

Production of pulse is likely to be at 25.56 million tonnes this year, up from the 24.42 million tonnes estimated earlier.

Sugarcane production is estimated to be around 392.80 million tonnes against 397.66 million tonnes forecast in February, the farm ministry said.

It added that cotton output is expected to be marginally higher at 36.49 million bales of 180 kg each from 36.54 million bales estimated earlier.

The farm ministry said farmers are likely to harvest a record 30.24 million tonnes of maize against 30.16 million tonnes forecast earlier.

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Zimbabwe maize imports suspension to hit South Africa

26 May – AllAfrica.com

The largest harvest of the staple maize in 37 years, which has led Zimbabwe to suspend all imports of the grain, is projected to have significant bearing on South Africa's maize market. Northern neighbour, Zimbabwe, has for years been the most dominant maize export market for South Africa.

The Agricultural Business Chamber (Agbiz) highlighted that in the 2,6 million tonnes of maize that South Africa exported within the 2020/21 marketing year, which started in May 2020 and ended in April 2021, about 20 percent of the volume went to Zimbabwe.

This made Zimbabwe the single largest maize export market for South Africa in the 2020/21 marketing year.

Other notable export markets were Taiwan, South Korea, Botswana, Vietnam and Japan, amongst others.

"It is the significance of Zimbabwe as a market for South Africa's maize exports that makes last week's announcement by Zimbabwean authorities to suspend all maize and maize meal imports with immediate effect consequential," Wandile Sihlobo, the Agbiz economist, said. Zimbabwe's suspension of imports comes as the country approaches its maize harvest period.

Data from the United States Department of Agriculture (USDA) indicates that the domestic crop in Zimbabwe could reach between 2,7 million-to- 3,1 million metric tonnes of cereal grains that includes maize, sorghum, pearl and finger millet.

This is the largest harvest since 1984, four years after Zimbabwe's independence, when the country was hailed as Africa's breadbasket.

The expansion in the area planted, coupled with favourable rainfall since the start of the season, primarily support the expected bumper maize output.

Zimbabwe is forecast to have the largest maize surplus in nearly three decades.

Its annual maize consumption is between 1,8 million and 2 million tonnes, against the aforementioned crop of 2,7 million tonnes.

Agbiz noted South Africa, which benefited from the Zimbabwean maize demand in the recent past, could have 2,8 million tonnes of maize surplus available for export markets. This would be the largest volume since 1994/95, when South Africa exported 4,7 million tonnes of maize, according to data from the South African Grain Information Services (SAGIS).

Sihlobo said with Zimbabwe as a potential export market out of the picture, and various regional maize producing and consuming countries in the Southern Africa region, including Malawi, Mozambique, Zambia and Tanzania, expecting large harvests, regional demand for maize will be weaker than usual.

Malawi's maize harvest is estimated at 3,8 million tonnes (up 25 percent year-on-year).

Mozambique's maize crop is estimated at 2,1 million tonnes (up 8 percent y/y) while

Tanzania's maize harvest is estimated at 6,3 million tonnes (up 8 percent y/y) and Zambia's 2020/21 maize production could reach 3,4 million tonnes (up 69 percent y/y).

"The consistent markets that South Africa will (thus) likely have are the Far East markets, including Taiwan, South Korea and Japan," the economist said.

South African maize prices have remained up in the past few days.

Currently, prices for yellow and white maize in South Africa have increased by 38 percent y/y and 31 percent y/y, trading at R3 586 per tonne (US\$259,33) and R3 422 per tonne, respectively.

Maize was South Africa's fifth-largest exported agricultural product in value terms in 2020.

It was behind citrus, grapes, wine and apples, which were the top four products in the overall US\$10,2 billion worth of South Africa's agricultural products exported last year, according to Agbiz.

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China to strengthen commodity price controls in five-year plan

25 May - Reuters

China will strengthen price controls on iron ore, copper, maize and other major commodities in its 14th five-year plan for 2021 to 2025 to address abnormal fluctuations in prices, the state planner said on Tuesday.

The country will also step up monitoring and analysis of commodity prices such as crude oil, natural gas and soybean, the National Development and Reform Commission (NDRC) said in a statement.

“(Local governments) should study and judge the import impact in depth, promptly make suggestions... (on matters) such as reserves, import and export, fiscal and taxation, and financial adjustment measures,” the statement said.

The NDRC also said authorities would “reasonably adjust cotton target price levels” and stick to the country’s minimum purchase price policy framework for rice and wheat, it said. The government buys these grains from farmers at a minimum price when the market drops below that level.

The move comes as Beijing prioritises guaranteeing food security for its population of 1.4 billion.

The NDRC said it will build a solid grain supply and stabilise prices.

In energy markets, the state planner said China will adopt a new pricing mechanism for pumped storage, and promote price reforms in transmission and distribution of electricity, in order to improve flexibility in the grid system.

“For high-energy intensity and high-emission industries, (China) will implement differential and tiered electricity prices... to promote carbon reduction,” the statement said.

Commodities prices in the world’s second biggest economy have seen big swings this year driven by post-pandemic demand recovery, global liquidity easing and speculative trading. Beijing’s recent moves come after soaring metals prices contributed to a spike in factory gate prices and slower growth in industrial output in April.

Government watchdogs have repeatedly urged industrial metal firms to maintain market order, pledged tougher inspections on physical and derivative markets and probes into behaviour that bid up prices.

Futures prices for commodities such as iron ore and maize on the Dalian Commodity Exchange, steel and copper on the Shanghai Futures Exchange all hit historic highs this year. Premier Li Keqiang also said on Monday that the government will strive to prevent rising commodity prices being passed on to consumers.

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‘Extreme drought’ is threatening parts of the Prairies, says Agriculture Canada

15 May – cbc.ca

Farmers fear for their crops and cattle in severely dry conditions

Manitoba farmer Chuck Fossay has never seen his fields this dry.

As he scoops up a handful of black top soil, it runs through his fingers like sand.

"It's just bone dry. And there's nothing there to support the seed and the crop to grow," he said.

Farming near Starbuck, Man., about 20 minutes west of Winnipeg, Fossay is trying to get his canola into the ground.

He's planting a little deeper this year, hoping to find moisture so the seeds can germinate and start growing.

He hopes that with some well-timed rain, he can still salvage a near-average crop but with conditions this dry, he said it's likely compromised before it's even planted.

Despite drought conditions, Chuck Fossay is still trying to get a crop into the ground. (Jaison Empson/CBC)

"Dry is dry and nothing grows without water. That's just a fact of life. You need water to live. And if you don't have enough water, nothing grows," Fossay said.

"If we don't get a rain, a nice, general soaking rain probably the next two weeks, we're probably talking a crop failure out here in Manitoba."

It will take more than just one day of rain.

An abnormally dry fall is being followed by one the driest springs in recent memory.

On this Canadian Drought Monitor map, red areas depict extreme drought conditions in Manitoba and Saskatchewan as of April 30, 2021. (Agriculture and Agri-Food Canada)

Agriculture and Agri-Food Canada considers southwestern Manitoba and southeastern Saskatchewan to be under "extreme drought" conditions, while most of the rest of Prairies are also considered to be experiencing moderate drought.

"Parts of it are close to record dry conditions when you look at soil moisture, that's less than 40 per cent of normal," said John Pomeroy, a Canada Research Chair in Water Resources and Climate Change. He works out of the University of Saskatchewan's lab in Canmore, Alta. While droughts are part of the agricultural cycle, Pomeroy said what is unusual this year is the scope of the dryness, extending "from Vancouver Island to southern Quebec, down into the United States, into California, right into Mexico ... it's enormous."

Also enormous is the potential impact on Canada's economy.

If these conditions persist, it won't just be farmers hit hard. For consumers, it can mean higher grocery prices.

Water is also a critical resource in the resource and energy sectors; potash mining, oil production and hydroelectricity rely on it.

"Back about 20 years ago, there were four years where there was a \$10-billion hit to the western Canadian economy from drought and 41,000 jobs lost in Saskatchewan alone. So there's an impact," Pomeroy said

"It's like losing the automotive industry out of southern Ontario."

Dave Sauchyn is a senior research scientist at the University of Regina's Prairie Adaptation Research Collaborative. He says a major rainfall lasting days could be a billion-dollar storm, replenishing soil moisture and salvaging the growing season this year. (Dave Sauchyn/Submitted to CBC)

Drought and dry conditions can also threaten the water supply as rivers dry up and lake levels drop.

"There's a lot of small communities, rural communities that have a less than reliable water supply. So they might get their water, for example, from a shallow well, they might get their water from a reservoir and those water supplies are being depleted," said Dave Sauchyn, a professor and researcher with the University of Regina's Prairie Adaptation Research Collaborative.

He helped write a report on climate change impacts and approaches to adaptation.

Already, one community in southern Manitoba has started restricting water use, asking residents to cut their consumption by 25 per cent.

The province has also put a ban on campfires and access to back country trails in drought-affected areas, activities that have been extremely popular during the pandemic.

Near the Ontario border, a forest fire has already cause damage in Manitoba's Whiteshell Provincial Park.

EU production rebounds as France leads the way

11 May – graincentral.com

Large swathes of Europe have been denied a traditional spring after enduring one of the coldest Aprils in many decades. This hindered the growth and development of winter crops, and delayed the planting and emergence of spring and summer crops across much of the continent.

These conditions were in stark contrast to warmer-than-average temperatures that dominated late March weather in many countries. On the coldest April days, minimum temperatures were among the lowest on record, with severe frosts battering crops in a belt that extended from Scotland in the north to Italy and Greece in the south. Fortunately, it is still early in the season, and the negative impacts on winter and spring crop production are expected to be minimal at this stage. However, several instances have led to a downward revision of yield forecasts for canola and durum wheat in parts of France and Italy.

Total wheat production for the 27 member states of the European Union is expected to increase 7.79 million tonnes (Mt), or 6.2 per cent, to 292.65Mt on the back of more favourable seeding and growing conditions, especially in France. An increase of 3.5pc in the seeded area was the primary contributing factor, with the average yield up just 2.6pc. Barley production is also expected to experience a modest rebound in output with the improved seasonal conditions. Total EU production is forecast to increase by just 1.28Mt, or 2.3pc, to 56.5Mt, emphasising how well the crop performed last year compared to wheat across most of the EU, France being the exception.

Canola is the other big-ticket winter-crop commodity in the EU, but production is now forecast to be quite similar to last season, with the cold start to the spring taking its toll. Farmers are forecast to harvest 16.46Mt in 2021 compared to 16.34Mt last year. The total planted area will be down slightly, with a higher average yield expected to compensate for that loss.

FranceAgriMer released its latest crop report for the EU's biggest grain producer last Friday. French crop conditions remain well above the same time in 2020, but the data did reveal the French soft wheat crop had deteriorated for the fourth successive week. In the week to May 3, the government farm agency estimated 79pc of the soft wheat crop was in good or excellent condition, down from 81pc a week earlier.

Rains returned to much of France over the last couple of weeks, and there is more on the forecast, easing production concerns after the dry start to spring. The benefit of this soil moisture boost was reflected in last week's two percentage point decline in soft wheat conditions compared to a four-percentage point decline in the seven days to April 26. The proportion of the durum wheat area in the good-to-excellent rating category was unchanged week on week at 69pc, after tumbling from 77pc in the previous seven-day reporting period. The winter barley crop was rated 76pc good to excellent, down from 77pc the previous week and 81pc two weeks ago. On the other hand, the spring barley crop was unchanged in last week's report at 82pc after falling five points a week earlier.

Despite the downward trend, French crop ratings remain higher than at the same time in 2020 when developing crops were battered by torrential rain. This time last year, the good-to-excellent score for the French soft wheat crop was just 57pc. The barley rating was slightly higher at 59 pc.

This season's superior crop conditions are reflected in a rebound in French production estimates for the upcoming harvest. The total wheat crop is forecast at 36.19Mt, up 19.2pc,

or 5.83Mt compared to last year. The improved production forecast results from a 14.4pc increase in the area planted to soft wheat and a slight increase in the average yield from 6.82t per hectare to 7.15t/ha.

The year-on-year barley production recovery is very similar, up 20.5 per cent, or 2.15Mt, to 12.63Mt. However, this is primarily a yield story, with the planted area only up 1.2pc. The average yield is forecast to jump by 19pc, or more than 1t/ha to 6.33t/ha.

The French canola crop has perhaps been the worst affected by the string of severe frosts in April, striking as the early winter varieties were in a sensitive flowering stage. This followed reports back in early March that canola crops in several regions had been hit so hard by early-season cold snaps and pest invasions that fields were sprayed out and resown to spring barley.

The French farm ministry estimates the canola area at 990,000ha, down from 1.13Mha in its December update, and 11pc lower than last year's planted area. Production is now forecast to be 314Mt, down for the fourth consecutive season. This is 29pc lower than the five-year average and 44pc lower than the record 2008-09 crop of 5.59Mt.

Global balance sheets are tightening across the board and the world can ill afford production hiccups in Europe this year. The hole in world corn supply is growing with the ongoing dryness in Brazil and an open cheque book in China. As prices rapidly escalate, rationing has begun in earnest. Wheat, and to a lesser degree barley, will be called on to partly fill the emerging chasm. The oilseed story is no different, with supplies at record lows in many jurisdictions, including major European producers, and question marks hanging over northern hemisphere production estimates.

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One grain is keeping world's food crisis from getting worse

7 May – finance.yahoo.com

As skyrocketing crop prices fuel fears about soaring food costs and hunger around the globe, one of the world's most consumed staples is bucking the trend and warding off a broader food crisis at least for now.

Rice is the predominant source of nourishment each day for more than 3 billion people, and yet it hasn't rallied anything like other agricultural commodities from maize to soy and meat. While prices are above levels a year earlier, they've declined in recent months in some of the top exporters including Vietnam, Thailand and India on improved supplies from new harvests.

One reason for the diverging trend is that rice is grown mainly for human consumption, whereas the surge in crop prices has been driven by booming demand for livestock feed. China's insatiable appetite for hog feed has combined with poor crop weather to drain world grain and oilseed supplies, sending maize and soybeans to the highest level in more than eight years.

Wheat -- mostly used to make food including bread, pasta, noodles, cereal bars and biscuits -- has risen too as it's increasingly fed to animals as a substitute for expensive maize and soy. Prices have jumped more than 40% since August, compared with about 120% for maize and over 70% for soy. While rice futures in Chicago climbed 22%, the Asian benchmark for Thai white rice gained just 4%.

Stable rice prices could stop food inflation from becoming a more widespread problem. Global food prices are already at their highest since 2014, triggering warnings from the World Bank and United Nations about rising food insecurity and stirring memories of 2008

and 2011, when price spikes led to food riots in more than 30 nations across Africa, Asia and the Middle East, and contributed to political strife and uprisings in the Arab Spring.

This time, the impact of soaring crop prices on grocery shelves can already be seen in higher tortilla prices in Mexico and beef in Brazil. In the U.S., it's more expensive bacon and other meat cuts due to higher feed costs. Asia is generally more insulated as wheat is usually less of a diet staple than rice.

"The fact that rice prices are stable is pretty good news for global food security," said David Dawe, a Bangkok-based senior economist at the UN Food and Agriculture Organization.

"You've got a lot more poor people in Asia, where rice is a staple food."

There's little risk for now that rice will get caught up in the rally. Unlike maize, soy and even wheat which face tightening supplies because of dry weather in important growing regions, including in the U.S. and Brazil, there's no global shortage of rice. The weather pattern known as La Nina that contributed to drought in the Americas has instead brought rains to much of Asia, where over 90% of the world's rice is produced and consumed.

India, the world's biggest supplier, has harvested record amounts of rice for the past few years and has been shipping them at low prices. "Even if sales from Vietnam and Thailand dropped, rice prices won't be going up much because there's plenty of supply from India," said Chookiat Ophaswongse, honorary president of the Thai Rice Exporters Association.

Production from Thailand, which was the No. 2 exporter before slipping in the ranking last year as a drought slashed output, will probably benefit from higher rainfall this year, according to Chookiat. Rice prices could climb should there be "surprise demand," but gains will be capped by large stockpiles in China as well as India's ability to keep on exporting, he said.

In China, the government has built up massive inventories of wheat and rice that could feed its entire population of 1.4 billion people for a year. It's even urged animal feed mills to buy both the grains from state reserves to replace maize and soybean meal to curb the country's dependence on foreign supplies.

However, food security isn't just about staple food crops and consuming sufficient calories. For the poor, it's about having access to adequate amounts of protein, micronutrients and vitamins. This has been made difficult because of the spikes in maize and soy, which pushed up meat prices.

"The higher maize prices will put price pressure on pork and poultry and that will make it more difficult for poor families to afford that in their diet," Dawe said. "They'll be OK on the rice but they won't be so good on the meat, and that can have an impact on the nutrition of young children."

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Australia's spat with China opens door for grain rival Argentina

4 May – bestimes.com.ar

Farmers in Argentina are pouncing on a trade feud between grain rival Australia and voracious crop buyer China.

Argentine growers are set to expand barley plantings by 28 percent this year after China slapped tariffs on Australian exports of the grain used in livestock feed, one of a slew of similar restrictions imposed by Beijing amid souring relations.

Farmers on Argentina's Pampas crop belt usually compete with Australia for a share of global wheat sales while sending their barley to camel herds in Saudi Arabia and other parts of the Middle East. But the diplomatic upheaval -- coming amid rising concern among

Argentine farmers that the government may raise wheat-export taxes -- has opened a door to ally China.

Because wheat and barley are almost interchangeable when used as animal feed ingredients, barley is a sought-after replacement when wheat prices soar. Benchmark US wheat futures have surged 53 percent since late June, touching an eight-year high last week.

Australia has been China's biggest provider of barley over the past decade, according to MIT Media Lab data through 2019, with the Asian giant regularly sourcing well over half of its imports from Australian farms.

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Reports

May 2021 CropWatch Bulletin – CropWatch

May 2021 CropWatch Bulletin is based mainly on current remote sensing inputs in addition to detailed and spatially accurate reference data about crops and their management.

Focusing on the months of January to April 2021, chapters cover global, national, and regional level agroclimatic conditions and the condition of crops that were growing during this time. For China, the bulletin presents crop conditions for each of seven key agro-ecological zones, an updated estimate of trade prospects (import/export) of major crops. The focus section reports on the estimate by CropWatch for maize, rice, wheat and soybeans production in 2021, recent disaster events with an impact on agriculture, and the possibility of an El Niño event.

Agricultural trade & policy responses during the first wave of the COVID-19 pandemic in 2020 – FAO

Measures adopted around the world to contain the COVID-19 outbreak helped curb the spread of the virus and lowered the pressure on health systems. However, they also affected the global trading system, and the supply and demand of agricultural and food products. In response to concerns over food security and food safety worldwide, many countries reacted immediately to apply policy measures aiming to limit potentially adverse impacts on domestic markets.

Covering the first half of 2020, the report provides an overview of short-term changes in trade patterns and policy measures related to agricultural trade that countries adopted in response to the pandemic.

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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

[Previous issues of the MNR](#)

[FAO World Food Situation](#)

[FAO Grains website](#)

Food and Agriculture Organization of the United Nations

www.fao.org/economic/est