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- Crop Monitoring in Europe - European Commission
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- Food Price Monitoring and Analysis Bulletin – FAO
- World Agricultural Supply and Demand Estimates – USDA
- Early Warning Crop Monitor – GEOGLAM
- Commodity Price Data - World Bank
Market News

**Argentine wheat quality expected to jump as demand soars**

26 October – Hellenic Shipping News

The quality of Argentina’s wheat crop will jump to help meet growing world demand as farmers in the Pampas grains belt invest more in fertilisers and high-protein seed varieties, the head of the country’s wheat industry chamber said in an interview. Global stockpiles of the grain are projected to be the largest ever this season. But supplies of high-protein wheat used to make hearty breads and pizza have tightened due in part to a sub-par protein crop in the United States.

A high-protein Argentine crop would help fill the gap and ease food prices. This planting season is the first under President Mauricio Macri, who eliminated export taxes and trade controls used by the previous administration to keep wheat in the country and ensure ample domestic food supplies. “Growers are investing and focusing on producing a good-quality wheat crop now that the government has taken away export taxes and export quotas,” said David Hughes, president of Argentine wheat industry chamber Argentrigo.

The controls imposed by the previous administration hurt farm profits and reduced incentive the plant, he said. “Last year, wheat was in survival mode,” said Hughes in the interview conducted on Sunday. “This year’s crop should have an average 12 percent protein content versus 10.4 percent in the 2015/16 season. Argentine wheat planting is in June and July with the harvest ending in January.

So far the weather has co-operated. Pockets of dryness in wheat farm areas in Entre Rios province and south-east Buenos Aires got relief from rains over the weekend. With crops entering their flowering stage in the country’s main wheat belt, centered in southern Buenos Aires province, wheat yields can be calculated over the next month.

**U.S. Snatches Market Share in Wheat as France, Canada Suffer**

25 October – AG web

The U.S. will capture a higher share of the global wheat market this season as poor weather that’s hurt French and Canadian crops helps the second-largest exporter step up shipments from a 44-year low last season.

U.S. wheat exports are forecast to rebound 26 percent in the year that began June 1 to 26.5 million metric tons, according to U.S. Department of Agriculture data. The nation’s share of global wheat exports is also estimated to rise to 15 percent, the highest in three years, from 12 percent last season.

Growing U.S. stockpiles have helped push down prices and lure buyers. U.S. wheat futures in Chicago hit a decade low at the end of August and are now trading at about $4.02 a bushel.

Apart from increasing exports in its traditional markets in Latin America and Asia, the U.S. is expected to expand its footprint in North Africa, according to a USDA report dated Oct. 12. European Union wheat has lost market share in that region because of low output and quality problems.

The Philippines, Mexico, Japan and Brazil have been among the biggest buyers of U.S. wheat this year. Other countries that have also boosted purchases include Algeria and Indonesia.
“The U.S. is in the strongest position to export quality wheat out of all the top exporters including Canada, EU and Australia, which have been hit by quality concerns,” said Benjamin Bodart, a director at farm adviser CRM Agri-Commodities in Newmarket, England. France, the EU’s biggest wheat producer, saw its soft-wheat output plummet 32 percent to 28 million tons this season after excessive rains cut yields to the lowest in three decades. Wheat that can be exported to the EU and countries outside the bloc is estimated at 5 million tons this season, down 60 percent from last year, according to Soufflet unit AIT Ingredients. The French Ministry of Agriculture warned of quality being too poor to meet requirements of large buyers including Algeria and Morocco. Its loss in the global market has been the U.S.’s gain, with Algeria set to buy 193,740 tons from America since the marketing year began, according to the USDA. This is the largest commitment for this time of year in nine years, USDA data shows. “It’s simply a function of the poorer crop in France,” said Mike O’Dea, a risk management consultant at INTL FCStone Inc. in Kansas City, Missouri. “The French would typically take those sales. Right now, we’re filling the void from the lack of supply from the EU.” Sales of hard red winter wheat, the bread variety grown in the U.S. plains, have been particularly strong, according to Vince Peterson, vice president of overseas operations at U.S. Wheat Associates. Spring wheat, which has high protein, also has seen rising demand, partly as Canada’s crop quality dimmed from rain and snow, he said. The relative quality advantage that is giving the U.S. a leg up comes at a time when the nation’s wheat stocks have swelled. U.S. wheat inventories at the end of the marketing year on May 31 are forecast to rise to the highest in 29 years, according to the USDA. The country has had a far higher market share in past years, reaching as high as 29 percent less than a decade ago. The U.S. grip on the global market has steadily declined since peaking at more than half of shipments in the 1970s. Russia, the world’s largest wheat exporter, has been hurt lately by rising oil prices that have strengthened the ruble, pushing up prices for its sales abroad. Gains in the ruble from rising oil prices may keep benefiting the U.S., according to Tracey Allen, an agricultural commodities strategist at JPMorgan Chase Bank NA in London. The lender sees oil prices reaching $60 per barrel by the end of 2017 compared with about $50 currently. “We could see the pace of U.S. exports sustaining over the next six to eight months on the back of its huge stock availability, and an expected moderation in the dollar,” Allen said. “Higher oil prices and corresponding strength in oil-producer currencies may weigh on the relative export competitiveness of countries like Russia.”

Russia Stuck With Record Wheat Stockpiles as Ruble Slows Exports
21 October – Domar trading
Russia is storing a record amount of wheat because the world’s biggest exporter can’t ship out its bumper crop fast enough. The country’s stockpile increased by 22 percent from a year earlier to 33.8 million metric tons by Oct. 1, an all-time high for post-Soviet Russia, according Moscow-based consultant
SovEcon. While farmers boosted production by a fifth this year, exports have remained little changed, lagging expectations.
The ruble’s rebound made the grain more expensive for overseas buyers and exports also suffered when Egypt, a major purchaser of Black Sea grain, briefly halted imports earlier this year amid a standoff with traders. As the growing inventory adds to a global glut that has sent prices tumbling, Russian traders are seeking lower rail rates to help boost shipments.
“Exports have been middling so far,” said Andrey Sizov Jr., managing director at SovEcon. The country usually tries to “rush” shipments in the first half of the season as storage capacity fills and farmers raise money for new plantings and to repay loans, he said.
Russian farmers are having to contend with the stockpile, equal to half of U.S. production, at a time when the country’s wheat price is about 12 percent lower than a year earlier.
Bumper harvests from major producers around the world have pushed benchmark prices in Chicago to near a 10-year low.
Outbound shipments from July through September fell about 1 percent from a year earlier to 9.05 million tons, government data show. On Thursday, SovEcon lowered its forecast for the full season by about 1 percent to 30 million tons.
While shipments so far have disappointed, Russia’s still managing to reach markets it didn’t sell to last season, partly because a poor crop in France has hurt exports from the European Union’s biggest grower. Russia sent wheat to Algeria, South Korea and Thailand this season, and increased exports to Morocco, agriculture agency Rosselkhoznadzor said. Some grain has also gone to the the Philippines, SovEcon’s Sizov said.
Russia will export “more aggressively” in the second half of the season as inventories weigh on prices in the domestic market, Sizov said. Wheat for loading at Black Sea ports has climbed about 7 percent since touching the lowest in at least six years in July, according to the Institute for Agricultural Market Studies.

China Halts Weekly State Maize Stockpile Sales, to Resume in May
20 October – Bloomberg

China, the world’s second-largest maize consumer, suspended its weekly state maize sales to encourage companies to buy grain from the crop currently being harvested, according to the National Grain Trade Center.
Auctions were suspended starting from this week and will resume sometime after May when sales of new-crop maize are set to end, the online trading platform for state stockpiles said in a statement on Thursday. The government will then set bidding prices based on market demand and will try not to suppress market prices, it said.
China this year ended its state stockpiling program and moved to a market-based system after its acquisition of grain at above-market prices led to a glut of maize. The government has more than 200 million metric tons of maize in its reserves after selling about 42 million tons and holds more than the country’s annual consumption, the China National Grain and Oils Information Center said on its official WeChat account on Thursday. This year’s sales include 21.8 million tons from weekly auctions. Another 20 million tons were sold by China Grain Reserves Corp., which manages state grain reserves, directly to the market as part of its annual rotation plan, the center said. Maize futures traded in Dalian
climbed to a two-month high on Thursday on expectations Sinograin will purchase maize to refill stockpiles.

**EU farmers to stick by wheat for 2017, even after this year's poor crop**

20 October - Agrimoney

European Union farmers will stick with similar sowings of soft wheat for the 2017 harvest, despite the bloc's disappointing result this year, Strategie Grains said, cutting again its estimate for the latest crop.

The influential analysis group, in its first forecast for EU soft wheat plantings ahead of next year's harvest, said it expected area to remain stable, forecasting little change either in seedings of winter barley.

While grain seedings in the EU – the world's top wheat producer – will fall a little, by some 300,000 hectares to 56.6m hectares, the decline will be borne by durum wheat and spring barley, Strategie Grains said.

While stopping short of giving detailed area forecasts, it estimated at 6% the decline in durum sowings, from the 2.5m hectares seeded for the latest harvest, while seeing spring barley plantings drop 1.5%.

The forecast is in line with that two weeks ago from the International Grains Council, which said that "faced with few attractive alternatives, EU area is seen broadly unchanged year-on-year".

And it follows a dire harvest for many farmers this year, notably in France, the bloc's top wheat-producing country, where both crop quality and quantity was hurt by persistent rains.

In fact, Strategie Grains cut by a further 600,000 tonnes, to 135.8m tonnes, its estimate for the EU's overall soft wheat production this year - taking the result 15.5m tonnes below last year's record harvest.

The latest downgrade reflected weaker results for countries including France, Poland and the UK, in part offset by upgrade to crops in Germany, Hungary and Spain.

The production downgrade was reflected in a weaker forecast for EU exports in 2016-17 too, cut by 360,000 tonnes to 23.4m tonnes – a drop of 28% year on year.

French wheat exports outside the EU were pegged at 4.9m tonnes, a drop of more than 60% year on year.

In fact, EU soft wheat exports so far in 2016-17, at 7.30m tonnes, are running ahead of the 6.2m tonnes shipped in the same period of last season – a situation which, if it continues, could be reflected in higher prices in the bloc, to choke off demand.

Jack Watts, senior cereals and oilseeds analyst at the UK's AHDB told the bureau's conference last week said that "if EU soft wheat exports do start to slow by the turn of the year, the market may become proactive to regulate" the pace of shipments.
USDA says working to increase farmer participation in crop surveys
18 October – Reuters

The U.S. Department of Agriculture (USDA) wants to get more farmers to complete its surveys after responses fell to a record low of 66.5 percent in a Sept. 30 grain stocks report, agency officials said on Tuesday.
The government is concerned about dwindling response rates in part because crop yield data at the county level is one factor used to calculate compensation payments to farmers under the 2014 Farm Bill.
"Certainly it is something that we are aware of, we are paying attention to, and that we are spending some time trying to make sure we can get that boosted back up," Lance Honig, crops branch chief of the USDA's National Agricultural Statistics Service, said at an annual USDA meeting in Chicago.
The USDA surveys tens of thousands of U.S. farmers. Their responses about planted and harvested acres, yield and on-farm stocks help determine production estimates for dozens of crops including corn and soybeans.

Of the 66,000 farmers surveyed for the Sept. 30 report, only 66.5 percent responded, the lowest on record and down from rates of more than 79 percent seen over the past decade, USDA chief economist Robert Johansson said in a radio interview last month.
Survey responses improved slightly to 71.3 percent for an Oct. 12 crop production report, which was up from 69.9 percent from the same report released in October 2015, a USDA spokeswoman said on Tuesday.
Honig said the USDA had formed an internal committee to improve response rates, and was also working with farmer groups such as the National Corn Growers Association to encourage farmers to respond to the surveys.

Some analysts speculated that farmers were reluctant to report huge crop yields that could potentially depress prices. Chicago Board of Trade soybean futures fell last week after the USDA projected a record-large U.S. soybean yield.

North Rift farmers hold protests over poor maize prices
18 October – Standard media

Even as Kenyans in some parts of the country go without food, farmers in the country’s grain basket of the North Rift are spending sleepless nights seeking a market for their bumper harvest.
Demonstrations rocked Eldoret town yesterday, with farmers issuing a 14-day ultimatum to the State to review producer prices.
Producers of maize and wheat, the country’s main staple foods, fear incurring huge post-harvest losses due to lack of stores and failure by the Government to offer better prices in the strategic food reserve, under the National Cereals and Produce Board (NCPB).
The challenge has been recurrent, prompting farmers to stage street protests after successive harvests to compel the Government to buy their produce and also set better prices commensurate with the skyrocketing cost of inputs and other operational costs.
The North Rift counties of Trans Nzoia, Uasin Gishu, Nandi and Elgeyo Marakwet produce an average of 12 million 90kg bags of maize annually, which farmers said can be bought from the and supplied to regions with food shortages to address the crisis.
The counties worst hit by drought include West Pokot, Taita Taveta, Tharaka Nithi, Samburu, Wajir, Mandera and Isiolo, which have experienced decline in food and livestock production. Farmers said they find it ironical that Kenyans in some parts of the country are starving when they have abundance of food stocks, achieved through year-long toil.

“This is our most difficult year. There was delay in fertiliser distribution and when it finally arrived, most of us got fake supplies that hugely affected our production. We asked for compensation and the Agriculture minister ruled that out and promised favourable prices after harvest. However, they have turned their backs on us now,” said Mr Musa Barno, the Uasin Gishu branch Kenya National Farmers Federation chairman. Barno said they may be forced to walk to State House if the Government does not publicly declare an increment in maize and wheat purchase prices at NCPB depots.

Mr Patrice Chepkwony, a farmer, slammed the Jubilee administration for failing the farmer. He said the Grand Coalition Government had tremendously improved their livelihoods by cutting down the cost of production and offering good prices through NCPB.

“We had 10 years of happiness under President Kibaki’s regime. It is sad that the Jubilee leadership has prioritised political campaigns and neglected economic development and food security issues, leaving farmers to languish in poverty,” said an agitated Chepkwony. A director of the Kenya Farmers Association (KFA), Mr Kipkorir Menjo, said: “We are not going to settle for anything less than Sh 3,000 per 90kg bag of maize and Sh 3,200 for the same quantity of wheat. The Government is used to taking us for a ride and overlooking farmers’ needs.”

Brazil's farmers keep faith with safrinha maize, despite dismal harvest
18 October – Black Sea Grains

Elevated corn prices in Brazil are provoking ideas that farmers will maintain sowings even of safrinha crop for 2016-17, despite the dismal performance of their last harvest. Even some three months before the start of sowings of the safrinha corn, which typically comprises some two-thirds of Brazil's overall output of the grain, expectations are growing that farmers will leave plantings largely unchanged.

While Conab, the official Brazilian crop bureau, in its first estimate for the harvest last week kept the safrinha sowings figure steady year on year, that is part of its methodology so early before the seedings window, and is not considered an accurate forecast.

However, there are some more concrete signs that farmers have indeed not been deterred from the crop, despite a 25% tumble in safrinha production from the latest harvest, as dryness slashed the average yield by 32% to 3.88 bags per hectare.

Farmers in Mato Grosso, Brazil's largest corn-producing state, are expected to maintain their safrinha corn acreage unchanged from last year at 2.24m hectares, according to Imea, the Mato Grosso agricultural economics institute.

In Mato Grosso, safrinha corn is typically planted as a follow crop to the soybeans which are being sown now, and are harvested early in the calendar year. It is also the main source of corn supplies for Brazil's exports.

"A shortage of corn has led to high prices," said Stefan Vogel, head of agri commodity markets research at Rabobank, meaning that farmers will "continue to plant corn".
Brazilian corn is fetching R$43.03 per 60 kilogramme bag, according to research institute Cepea. While well below the R$53.91 reached in June, the highest price on data going back to 2004, that still represents a rise of 34% year on year. Values have been supported by the disappointing safrinha harvest, which meant that stocks were not fully replenished after a robust export programme in 2015. Last month, the IGC forecast Brazil’s overall sowings of corn, including the safrinha crop, rising by 3% year on year "owing to tight supplies and high local prices and total area." Although the safrinha corn acreage will remain the same, Imea expects yields to rise because of improved weather conditions compared to the last growing season. "The summer rainy season ended in early April last growing season, which was two to three weeks earlier than normal," said Dr Michael Cordonnier, analyst at Soybean & Corn Advisor. "The result was very poor corn yields which averaged 74.2 sacks per hectare or 68.5 bushels per acre." With a normal end to the rainy season in April-May 2017, Imea expects corn yields in the state to rise to 23% to 91.5 sacks per hectare, or 84.5 bushels per acre. Still, farmers in Mato Grosso face a major hurdle in obtaining credit for the next corn crop. "The yields of both soybeans and corn during the last growing season were very disappointing and many farmers were forced to renegotiate their production loans at the bank and their forward contracts with the grain companies," said Dr Cordonnier. "This resulted in limited credit for new production loans and they ran into similar problems obtaining credit for their soybean crop," he said. The tight credit is not expected to improve for the safrinha corn crop. "It is too early to know how credit tightness will affect the crop," said Rabobank's Mr Vogel. "Maybe farmers will save on fertilizers to save costs."

**Global flour trade continues to rise**

14 October – World Grain

Prospects for world flour trade in 2016-17 were boosted to a new record in revised data issued by the International Grains Council (IGC). As of mid-August, the IGC placed likely world flour exports at 15.4 million tonnes. This total was up 350,000 tonnes from the initial forecast and showed flour trade rising 1% over 15.2 million in 2015-16. These are the first years in which flour trade exceeded 15 million tonnes. IGC data on flour trade are in wheat equivalent. The new export record now indicated for 2016-17 was equal to nearly 250 million cwts of flour. This promises to be the fourth year in a row that global flour exports have increased. The upturn began from 12.65 million tonnes of wheat equivalent in 2012-13. Only the current crop year and its previous season have established records, exceeding the mark of 14.56 million tonnes in 2011-12.

With an increase of 300,000 tonnes in its flour exporting prospects, Turkey boosted its leadership among nations in this trade. Turkey’s flour exports in 2016-17 were forecast by the IGC at 4.95 million tonnes in wheat equivalent, or nearly 80 million cwts of flour. Except for U.S. shipments approaching 100 million cwts to provide food relief to Europe as World War II ended, this would rank Turkey as the largest flour exporter in history.
Turkey’s shipments this season would be only slightly ahead of 4.94 million tonnes in 2015-16 and compare with 3.531 million shipped in 2014-15. Turkey has been the world leader in flour exporting since 2011-12 when its shipments first exceeded those of Kazakhstan. In 2016-17 Turkey will ship 65% more flour than the former Soviet satellite, which is projected to export 3 million tonnes in wheat equivalent, the same as in the prior year and compared with 2.385 million in 2014-15. Based on the IGC estimates, Turkey will ship a third of all flour exports in 2016-17 and Kazakhstan will account for 20%, thus giving the two countries a market share of more than 50%.

In commenting on the record flour exports this season, the IGC said business was “underpinned by continued solid demand in Asia.” With imports for Asia forecast to reach 7.7 million tonnes of wheat equivalent, against 7.4 million in 2015-16, “Asia accounts for about half the global total,” the Council commented.

Iraq and Afghanistan, two nations where domestic milling industries are disrupted by a range of wars and political conflicts, stand as the leading flour importers in 2016-17. The Council showed Afghanistan in the lead with prospective imports of 2.2 million tonnes in wheat equivalent, against 2.14 million in the preceding season and 1.816 million in 2014-15. The current forecast for Afghanistan was increased 400,000 tonnes over the initial figured compiled by the Council last May and probably represents a new peak in flour imports by any country, at least in recent years. This gain mainly accounted for the rise in the global outlook.

Iraq easily held on to second place even though its flour imports were expected to be 200,000 tonnes less than indicated a quarter earlier. That war-torn nation’s flour imports were now projected at 2.1 million tonnes in 2016-17, against 2 million in the preceding season and 1.488 million in 2015-16. Even with the reduced forecast, Iraq’s flour imports would set a record for that nation.

Uzbekistan is the only other nation where flour imports were forecast above 1 million tonnes, at 1.15 million tonnes. This compares with 1.2 million in 2015-16 and 1.137 million in 2014-15.

Other ranking importers included several nations in sub-Saharan Africa, such as Sudan at 850,000 tonnes of wheat equivalent, and Angola at 640,000 tonnes.

Syria and Brazil were the only two countries projected to import 500,000 tonnes. The European Union once was the major exporter of wheat flour. Its outgo in 2016-17 was projected by the Council at 940,000 tonnes, the same as in 2015-16.

For the United States, the Council saw little change in exports, forecast for this season at 435,000 tonnes of wheat equivalent (nearly 7 million cwts), against 440,000 in the prior crop year. U.S. imports were forecast at 300,000 tonnes, compared with 355,000 in 2015-16.

Vietnamese farmers urged to shift from rice to maize
9 October – Vietnam News Agency

Economists and experts warn that Vietnam should restructure its farming industry, making it less rice-oriented and focusing more on producing breeding materials in order to reduce its dependence on imported animal feed.
In an article published in early October, the Vietnam Economics News quoted some industry insiders as saying that the shift from rice to maize might help ensure sustainable development of local animal feed production. The head of the Ministry of Agriculture and Rural Development’s Plantation Department, Ma Quang Trung, said Vietnam records a rice surplus of approximately seven million tonnes each year, but needs to import a large quantity of maize for animal feed due to its failure to meet domestic demand. Currently, the price of Vietnamese maize is higher than that of imported maize. Thus, the most important tasks involve effectively converting rice farming to maize while reducing the cost of maize, Trung said.

According to the latest ministry statistics, Vietnam imported roughly 2.1 billion USD worth of animal feed and raw materials, including maize and soybean, over the past eight months, down 6.2 percent from the same period a year ago. Most of the animal feed and raw materials were imported from Argentina, the US and China, according to the data.

To deal with the issue, the chairman of Vietnam Animal Feed Association Le Ba Lich has called for State financial assistance to help farmers convert from rice to maize crops, as well as help in technical aspects of cultivation. He also emphasized the importance of developing a sufficient irrigation system to raise domestic maize productivity, which stood at only 4-5 tonnes per hectare, much lower than 9-10 tonnes in other countries. The State should also give incentives to enterprises investing in animal feed production, he added.

The ministry has set a goal of turning 668,000 hectares of rice-growing land into maize-growing land in northern mountainous provinces within five years. Earlier this year, the Government decided to provide farmers shifting from rice growing to maize with up to 3 million VND per hectare to buy seeds.

Reports

**Food Outlook – October 2016**

Food Outlook is a biannual publication (May/June and November/December) focusing on developments affecting global food and feed markets. The sub-title "Global Market Analysis" reflects this focus on developments in international markets, with comprehensive assessments and forecasts on a commodity by commodity basis.

**State of Food and Agriculture 2016 – Climate change, agriculture and food security**

Following last year’s historic Paris Agreement and the 2030 Agenda for Sustainable Development – marking a path towards a more sustainable future – 2016 is about putting commitments into action. The rapid change in the world’s climate is translating into more extreme and frequent weather events, heat waves, droughts and sea-level rise.
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. 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
www.fao.org/economic/est