Contribution for the CDG Poultry and Eggs to be held on 10 March 2015

1. ***World market situation*** (on the basis of the International Grains Council's Grain Market Report of 26/02/2015)

In 2014/15 record production would be reached for wheat, maize and soybeans as well leading to larger stocks, possibly lower prices and higher consumption.

Wheat: production would increase by 6 Mt to 719 Mt (+ 0.8% y/y), while demand is seen growing by 1.8% to 709 Mt, including 142 Mt for feed. Given the relatively low wheat prices and also the somewhat lower average quality in some producing regions resulting in larger supply of feed quality wheat, feed use would increase by 7.8% in 2014/15. Overall a surplus of 10 Mt is expected by IGC, leading to higher ending stocks of 197 Mt (+ 5.2%).

Maize: production would exceed by 1 Mt the previous record reached last year and is now estimated at 992 Mt (+0.1% y/y). Total use is projected to grow by 2.8% to 974 Mt, thus the world maize balance would be in a surplus of 18 Mt. Feed maize use is seen growing by 3.4% to 568 Mt. With meat production rising in many parts of the world, and with maize prices competitive, feed use would reach a record level. Ending stocks would increase sharply, by 10.3% to 193 Mt.

Soybeans: world production would increase sharply, by 10.8% to 315 Mt, driven by the US (108 Mt; +18.2% from the previous year) and Brazil (93.5 Mt; + 8.6%). Argentina, the third major producer is also heading for a record crop of 57 Mt (+6.7%). Supported by ample supplies and lower prices consumption is expected to reach a record level of 300 Mt (+ 6.5% y/y). World balance would be in a surplus of 15 Mt and ending stocks are seen growing sharply, by 49% to 45 Mt.

2. ***EU cereals balance sheet*** (as presented for the MS on 26/02/2015)

Overall cereals production in the EU is seen at a record level of 326.8 Mt in 2014/15. Wheat production increased by 10% to 148.2 Mt and the maize crop reached 76 Mt. Thus very exceptionally the EU produced more maize than what it needs, as consumption is estimated at 74.4 Mt only.

Overall feed use is estimated at 170.6 Mt (+3.5 Mt y/y), in particular feed wheat use would rise sharply to 51.9 Mt (+21%). Given the ample supplies of feed wheat at very competitive prices the feed use of maize could decrease slightly to 59 Mt (-1.6 Mt).

Despite record wheat (31 Mt) and barley (9 Mt) exports, ending stocks would increase considerably, by 15 Mt to 50 Mt.

3. Prices

Supported by ample supplies and the weakening euro EU wheat prices have been the most competitive for several months now. The recent formal and informal trade restrictions introduced by Russia and Ukraine on wheat exports also enhanced the competitiveness of EU wheat.

Wheat price (milling wheat, delivered FR Rouen) moved between 180 and 190 EUR/t recently, while maize prices fell below 150 EUR/t for Bordeaux (delivered) and moved around 130 EUR/t for Budapest.

On the futures markets milling wheat in Paris has been recently quoted around 185 EUR/t for the September 2015 and December 2015 terms.

Maize prices in Paris moved between 160 and 170 EUR/t for the terms of August 2015, November 2015 and January 2016.

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