



# Meeting summary

3 April 2020

- o The eighth meeting of the Crops Market Observatory (CMO) took place on 3 April 2020 through videoconference due to the confinement measures imposed following the outbreak of the Covid-19 pandemic. Ms Silke Boger, Head of Unit, DG AGRI Unit G.4 chaired the meeting, which gathered representatives of organisations from all sectors of the cereals, oilseeds and protein crops supply chain.
- o The discussion focused on the Covid-19 pandemic impacts grain markets and trade flows short-term and in the coming months. In addition, the group exchanged views on the forthcoming 2020/21 marketing year.
- o Board members identified main trends for grains markets:
 

Wheat prices have increased temporarily due to growing short-term demand caused by stock-piling of both, individual households and traditional importing countries as well as announcements of trade restrictions by certain exporting countries (Russia, Kazakhstan...). According to the experts, much will depend on the new Russian crop as stocks of major exporters are already somewhat tight for wheat and very tight for durum.

Maize prices have come under heavy pressure as maize supplies are viewed comfortable and oil prices collapsed pulling down ethanol prices. In addition, fuel demand is low due to widespread travel restrictions. The emerging outlet for ethanol in disinfectants products is not representing sufficient volumes to replace the volume lost in the fuel market.

Market situation in the biodiesel sector is also difficult. Reduced biofuel production in the EU will indirectly worsen the market conditions of the livestock producers due to lower availability of protein feeds (rapeseed meal), whose prices have already increased.

Soya bean supplies seem to be sufficient at global level, this may ease the concerns, but logistic difficulties are causing delays. A switch to intensified crushing of soya beans in the EU could be a strategy to overcome the reduced availability of certain feed proteins.
- o However, depending on the magnitude of economic slowdown, demand for high value meats (beef in particular) will remain under pressure and could result in a lower feed demand.
- o After numerous logistical problems linked to border controls and quarantine rules in different Member States, overall logistical conditions have largely improved throughout the EU. However, by the end of March, some problems prevailed in Central Europe, especially Hungary, Slovenia and Romania. In addition, some Member States did not grant access to green lanes for trucks carrying grains or feed ingredients. Another short-term challenge for the entire sector is the limited availability of workforce, in transportation, on fields and in processing.
- o The pandemic has affected demand patterns with consumers shifting towards low or medium priced products and staple foods. The closure of foodservices in most Member States also caused challenges. For example, as regards flour or vegetable oils production it is necessary to redirect volumes intended for foodservices but this often require a different packaging, which is not always available, and the overall consumption is likely to decrease.
- o Regarding the 2020/21 crop cycle, overly wet conditions reduced winter wheat planting in UK and France; consequently, we observe more spring crop plantings. Overall, growing conditions are favourable, however, southern regions are quite dry and rain is needed maintain good growing conditions. The main threat now is the shortage of labour, while input availabilities are mostly satisfactory (except for specialised inputs (seeds or spare machinery parts). Fertilizer prices may even decrease reflecting lower energy prices.
- o In view of the very serious situation, both in the EU and worldwide, and also due to the rapidly changing market conditions, participants agreed to hold the next meeting of the CMO Economic Board in a month's time.