European Commission

Market situation
Cereals – Oilseeds – Protein crops

DG AGRI G 4
Civil Dialogue Group on Animal Products
Beef Meat

6 April 2017

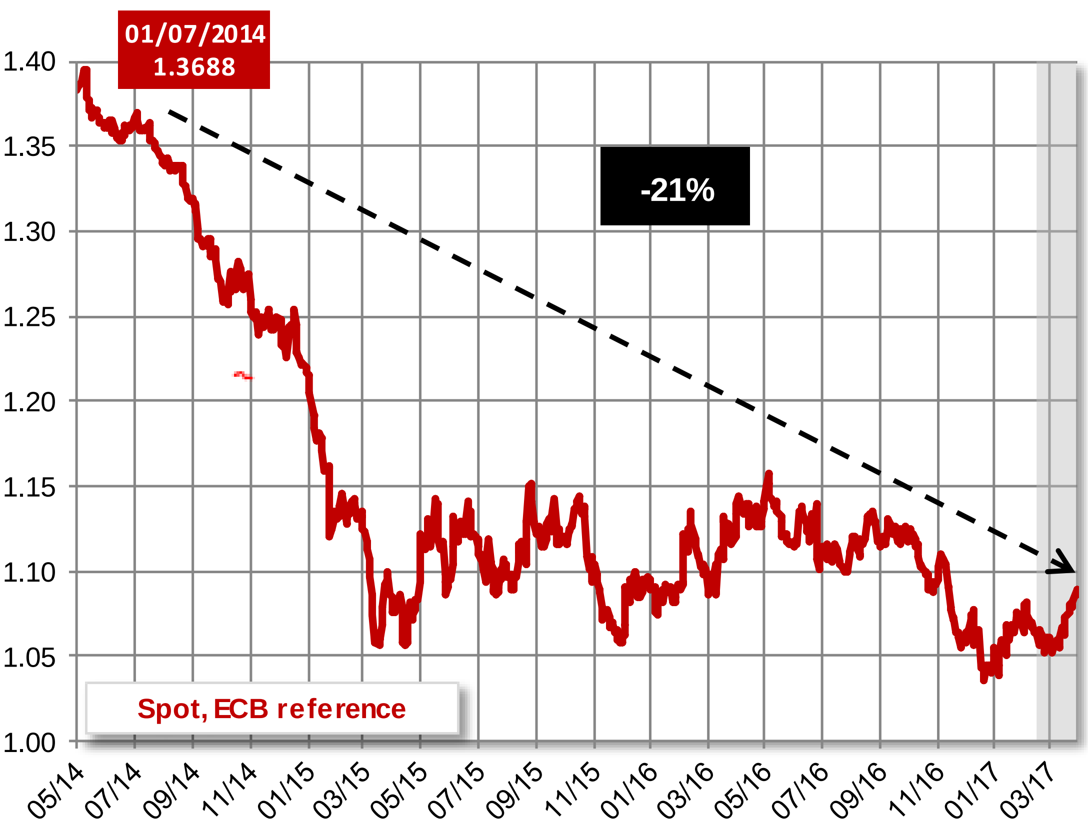
Agriculture and Rural Development

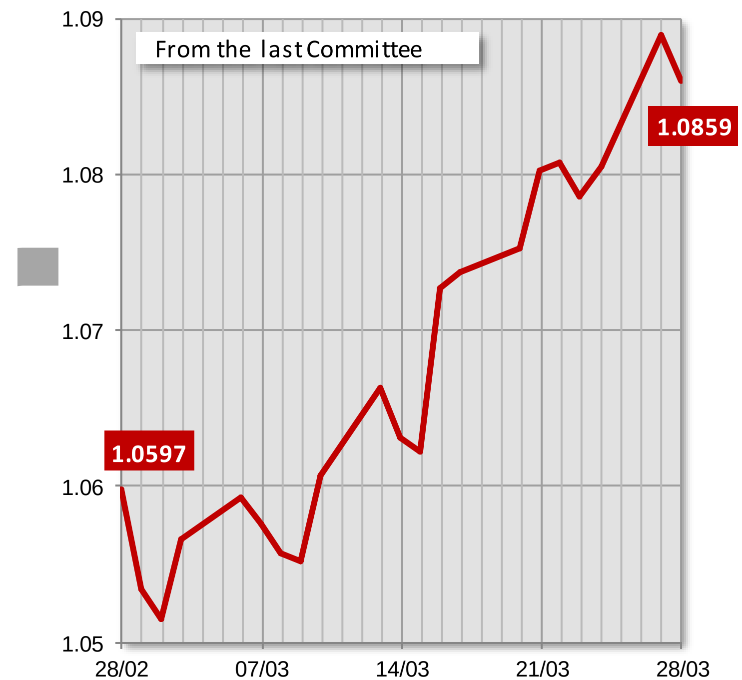
European Commission

Exchange rates & crude oil

Agriculture and Rural Development

Euro – US Dollar exchange rate





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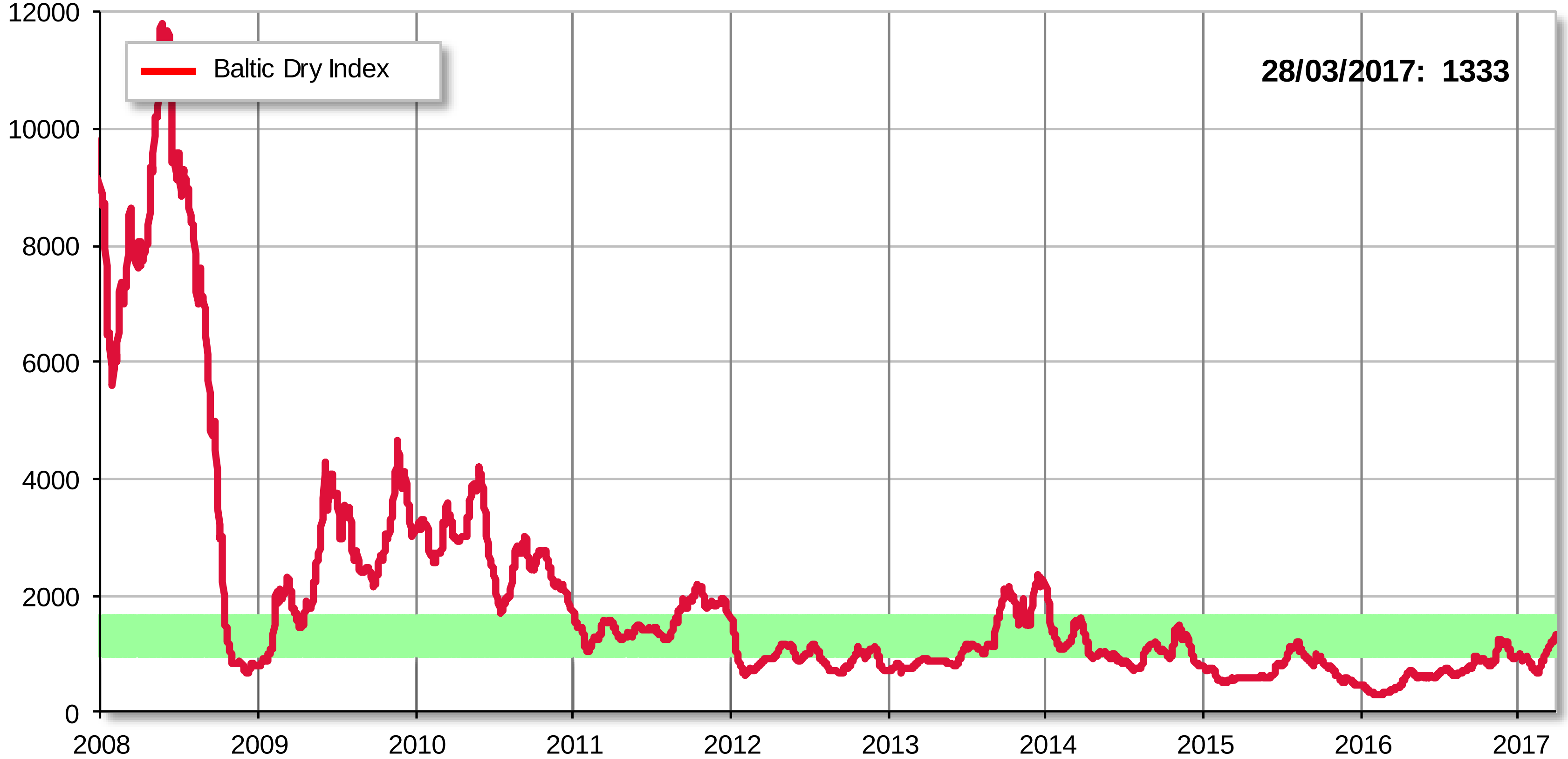
Crude oil price ($/barrel)

Baltic Dry Index



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Cereals Forecasts

Summary of the IGC Grain Market Report
(GMR 475 of 30/3/2017)
Outlook for 2016/17

Total grains: due to higher wheat and maize figures world total grains production was increased once again, up by 4m t from last month to 2,106m t (+4.9% y/y), an all-time high. World total consumption was raised by 3m t m/m to 2,072m t (+4.4% y/y) incl. 681m t for food, 922m t for feed and 341m t for industrial use.

Maize: global production was increased by 4m t m/m due to further improving crop prospects in the southern hemisphere. Total production is now estimated at 1,053m t (+8.1% y/y) a new all-time high. Very favourable conditions contributed to record production in several key producers, incl. the **US** (385m t), **BRA** (89m t), **ARG** (42.5m t), **RUS** (15.3m t), **MEX** (26m t) and **IND** (26).

World consumption was also increased further, up by 3m t m/m to a record 1,038m t (+6.9% y/y), incl. 604m t for feed (+6.5%) and 278m t for industrial use (+4%). The industrial use incl. 137m t of maize for fuel ethanol in the US.

Ending stocks were raised by 1m t to a record 225m t (+7.2% y/y), incl. 102m t (45.6% of world total) in **China** & 58m t in the **US**.

Summary of the IGC Grain Market Report
(GMR 475 of 30/3/2017)
Outlook for 2017/18

Total grains: according to the 1st full set of projections for 2017/18, total grains production is projected to decrease to 2,050m t from this year's record (-2.6%) on lower maize and wheat harvests. World total consumption is estimated higher y/y, at 2,079m t (+0.3% y/y) incl. 689m t for food (+1.3%), 926m t for feed (+0.4%) and 344m t for industrial use (+0.7%). Although ending stocks could decrease for the 1st time in 5 years, down by 5.7% to 484m t, this would still represent a rather heavy level.

Wheat*:* world wheat production is projected to contract by 2.5% to 735m t in 17/18 from a record harvest in 2016/17. Global harvested area to drop to 221.2m ha, slightly above 5-Y average. Assuming normal weather for the rest of the season average yields could reach 3.3 t/ha (-2%). Amid mostly mild temperatures winter crops exited dormancy throughout most of the northern hemisphere and conditions have been favourable in general so far.

Wheat consumption is projected to increase only slightly in 17/18, up by 3m t to 740m t (+0.4%) with growing food use (503m t; +1.4%) partly offset by reduced feeding (147m t; -3.2%).

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Summary of the IGC Grain Market Report

(GMR 475 of 30/3/2017)

Outlook for 2017/18

Maize: tentatively world harvested area is estimated at 182m ha (-1% y/y) and assuming average yields world production could decrease by 2.8% to 1,024m t in 17/18 from the projected record of this year. Due to a rebound in area **EU** maize output is projected at 63m t (+4%), while **UKR** would harvest 28.5m t (+2%). In the **US** harvested area is seen contracting by 4%, which combined with a trend yield of 10.7 t/ha would lead to a crop of 360m t (-6.4%). Reflecting lower domestic prices maize sowings in **China** are expected to reduce again, with total production estimated at 216m t (-1.7%).

Maize consumption is forecast to expand to 1,044m t (+0.6%), a 2nd record in a row driven by strong demand for feeding (613m t; +1.5%) as well as industrial use (281m t; +1%).

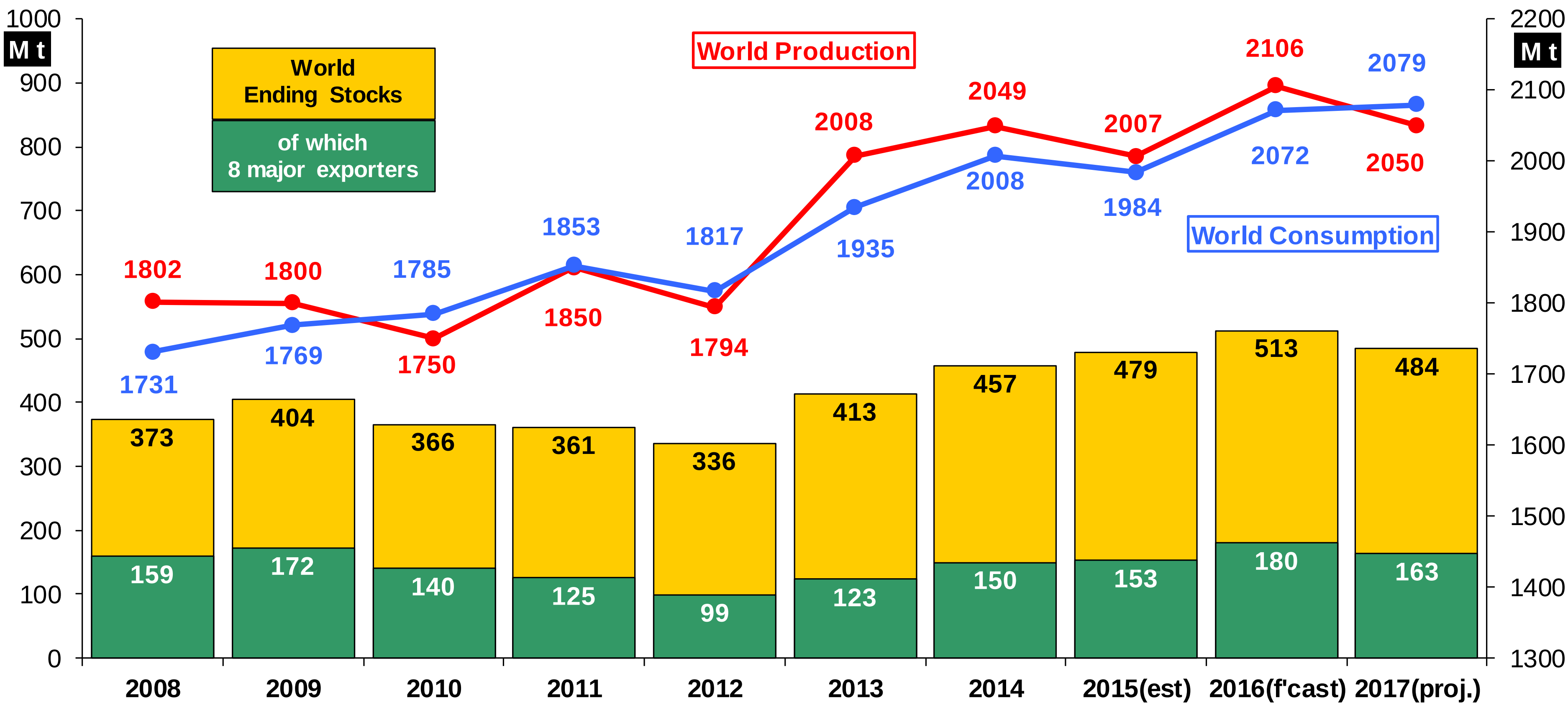
Ending stocks are expected to contract by 20m t to 205m t (-9%), incl. 90m t (-12m t) in China and 56m t (-2.4m t) in the US, still a rather high level.

Summary of the IGC Grain Market Report
(GMR 475 of 30/3/2017)
Outlook for 2017/18

Barley: world harvested area is forecast to rebound slightly in 17/18 to 48.0m ha, still around 3% lower than 5-Y average. Assuming trend yields and average weather production is expected decrease by over 3% to 144m t, incl. **EU**: 61m t (+2.5%), **RUS**: 17.1m t (-2.5%), **AUS**: 8.7m t (-35%) and **UKR**: 8.3m t (-15.6%).

Barley consumption is seen steady at 146m t (+0.1%), incl. 98m t for feed use (+0.2%). While demand is seen reaching a new record in **Saudi Arabia** at 11.0m t as the country tries to reduce water-intensive fodder production, feed use in **China** would shrink to below 2m t with decreasing maize prices.

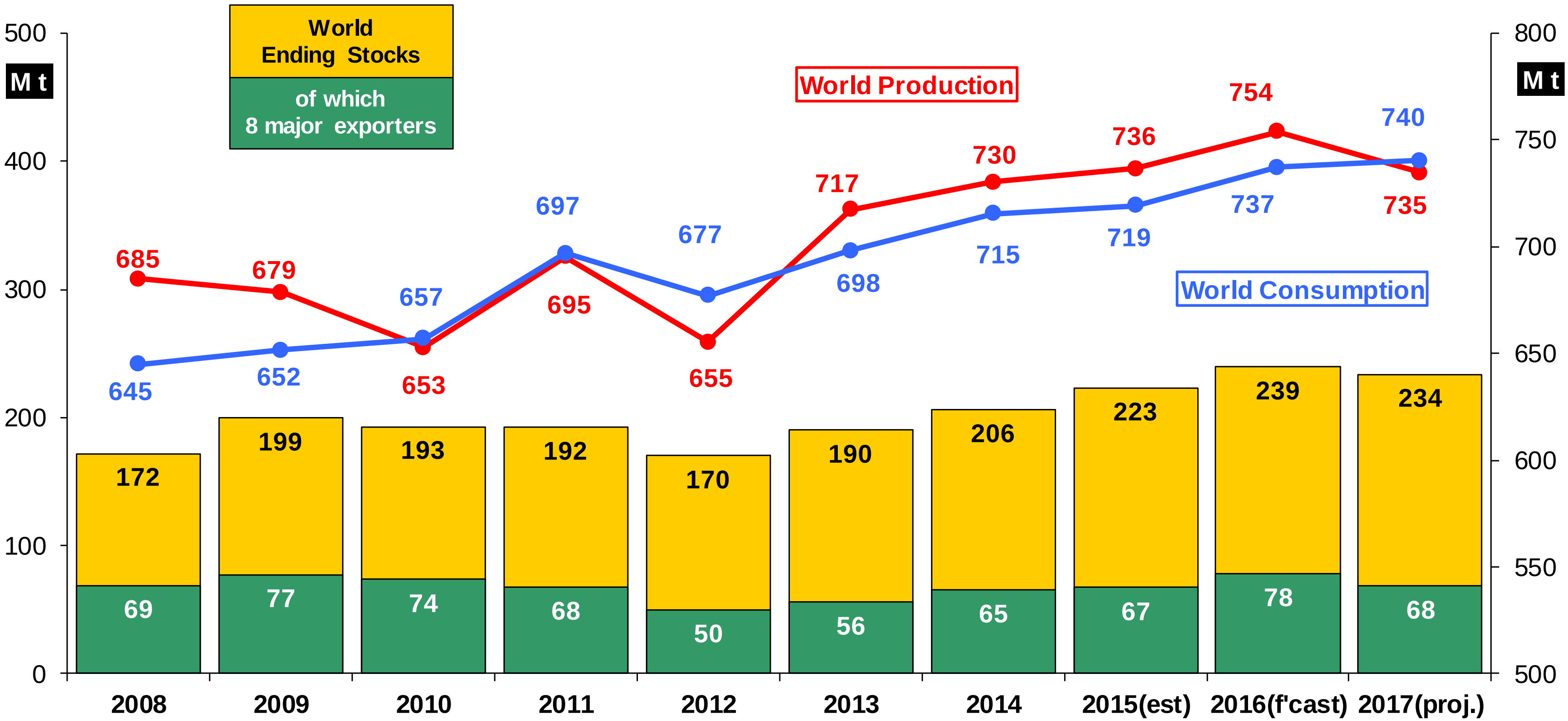
World cereals: IGC



Source: IGC March report

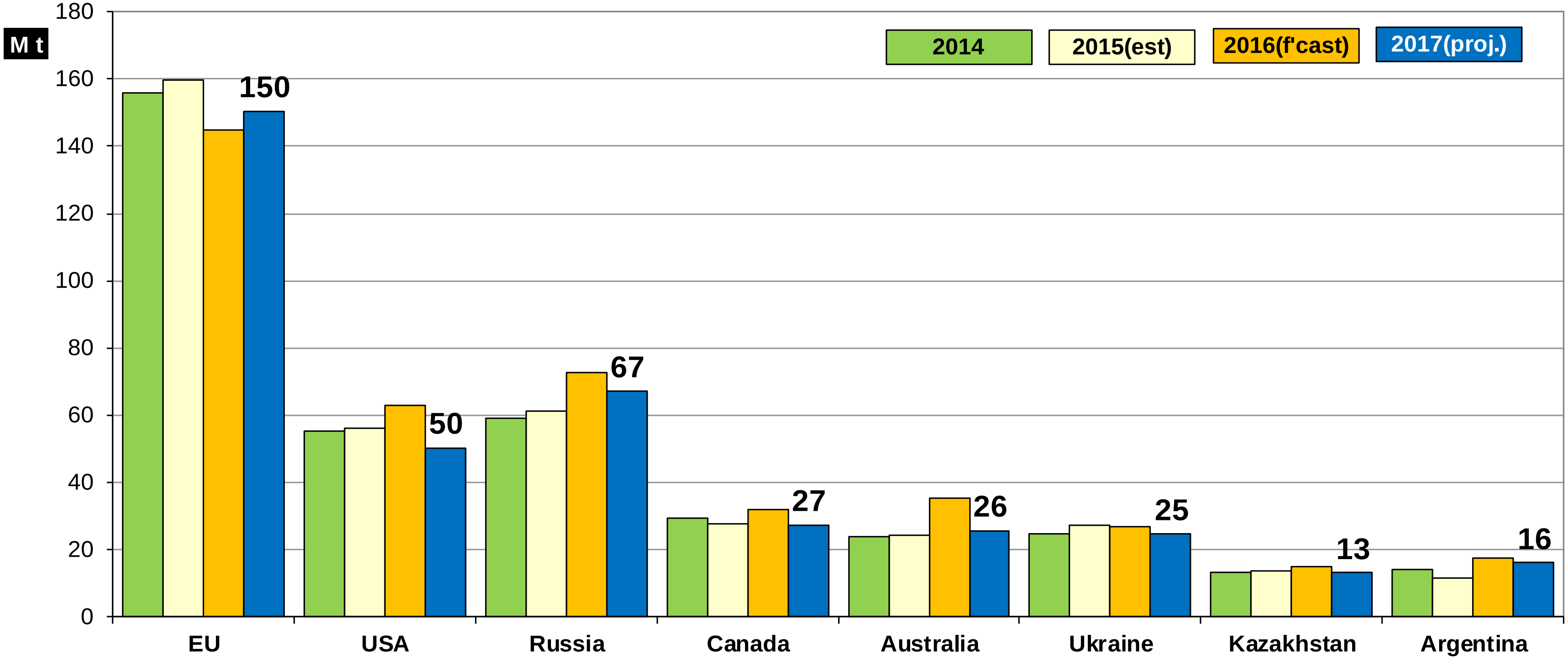
European Commission

World wheat: IGC



Source: IGC March report

IGC: Wheat production forecast



Source: IGC March report

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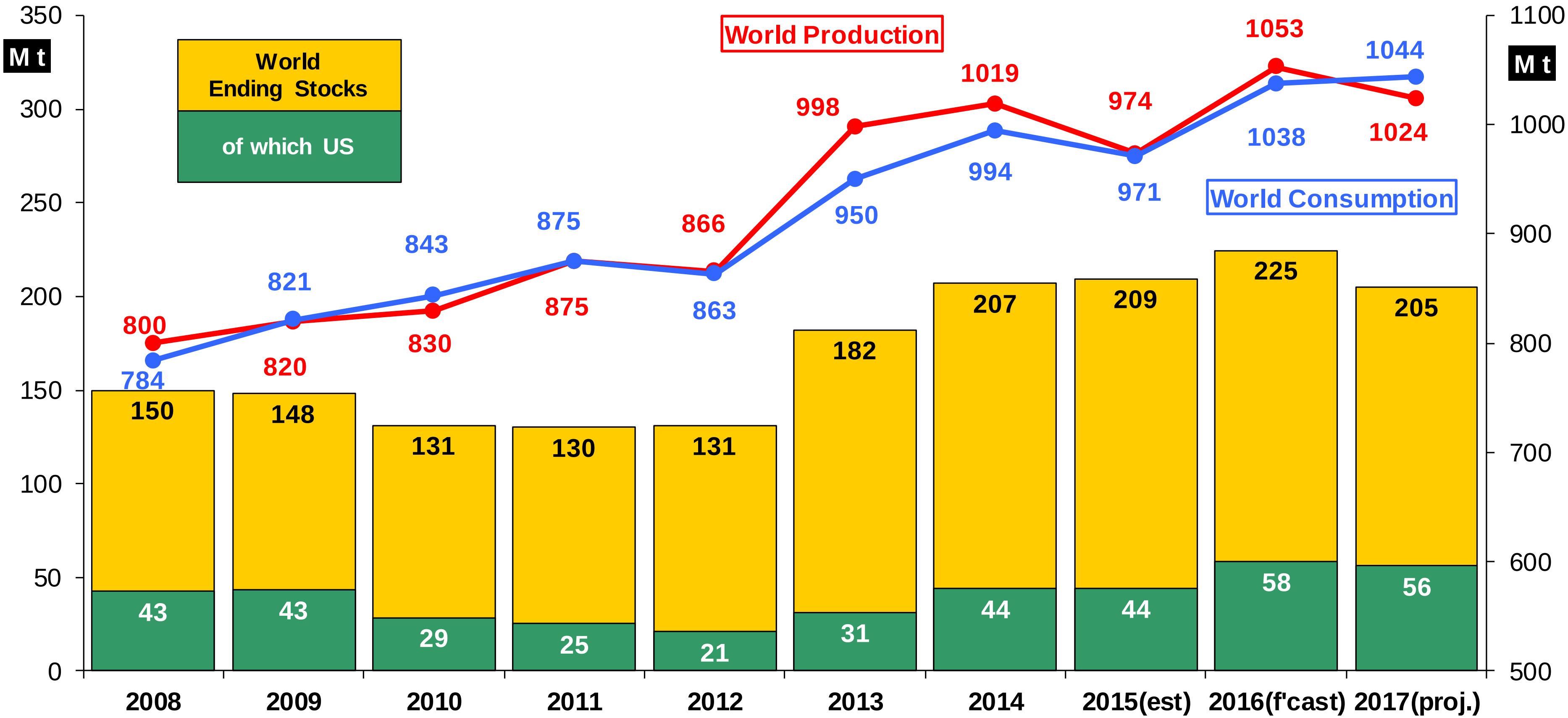
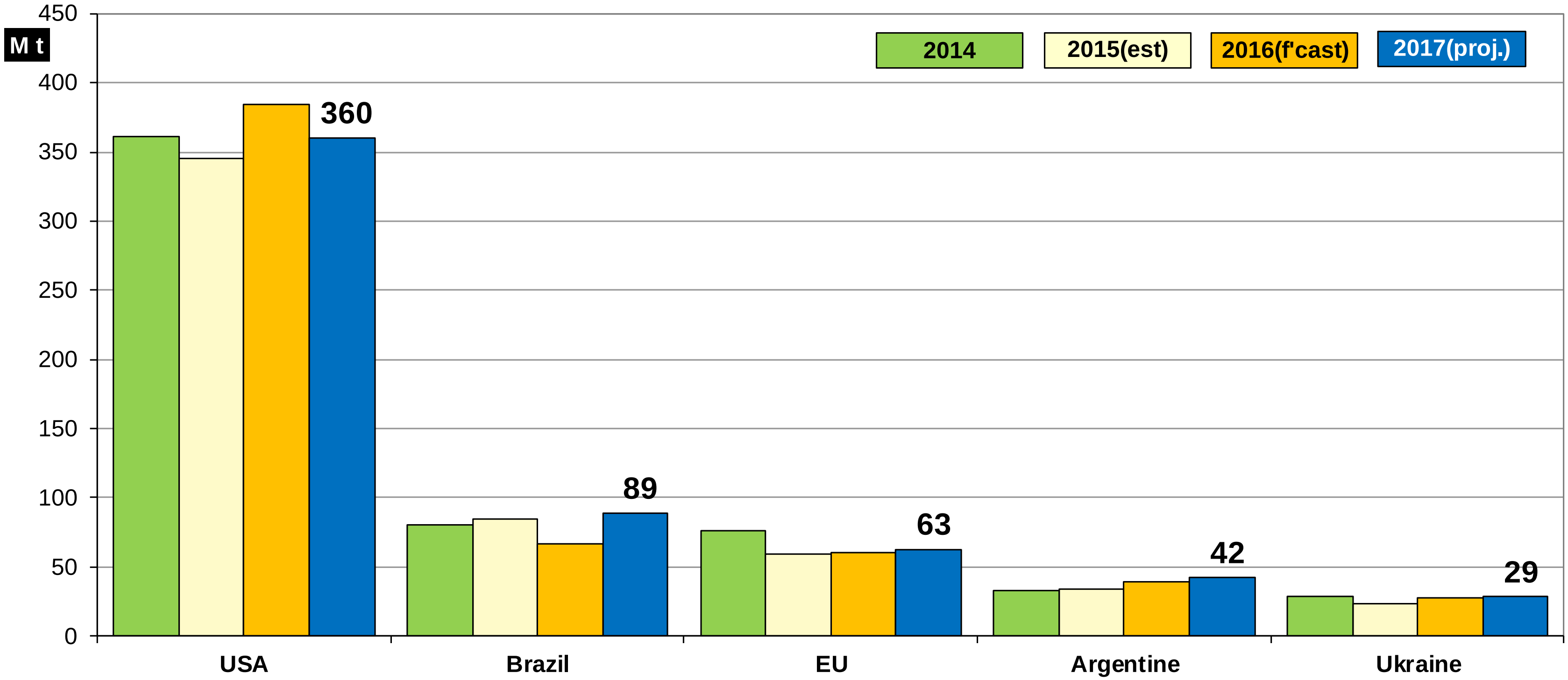
World maize: IGC



Source: IGC March report

IGC: maize production forecast



Source: IGC March report

Agriculture and Rural Development

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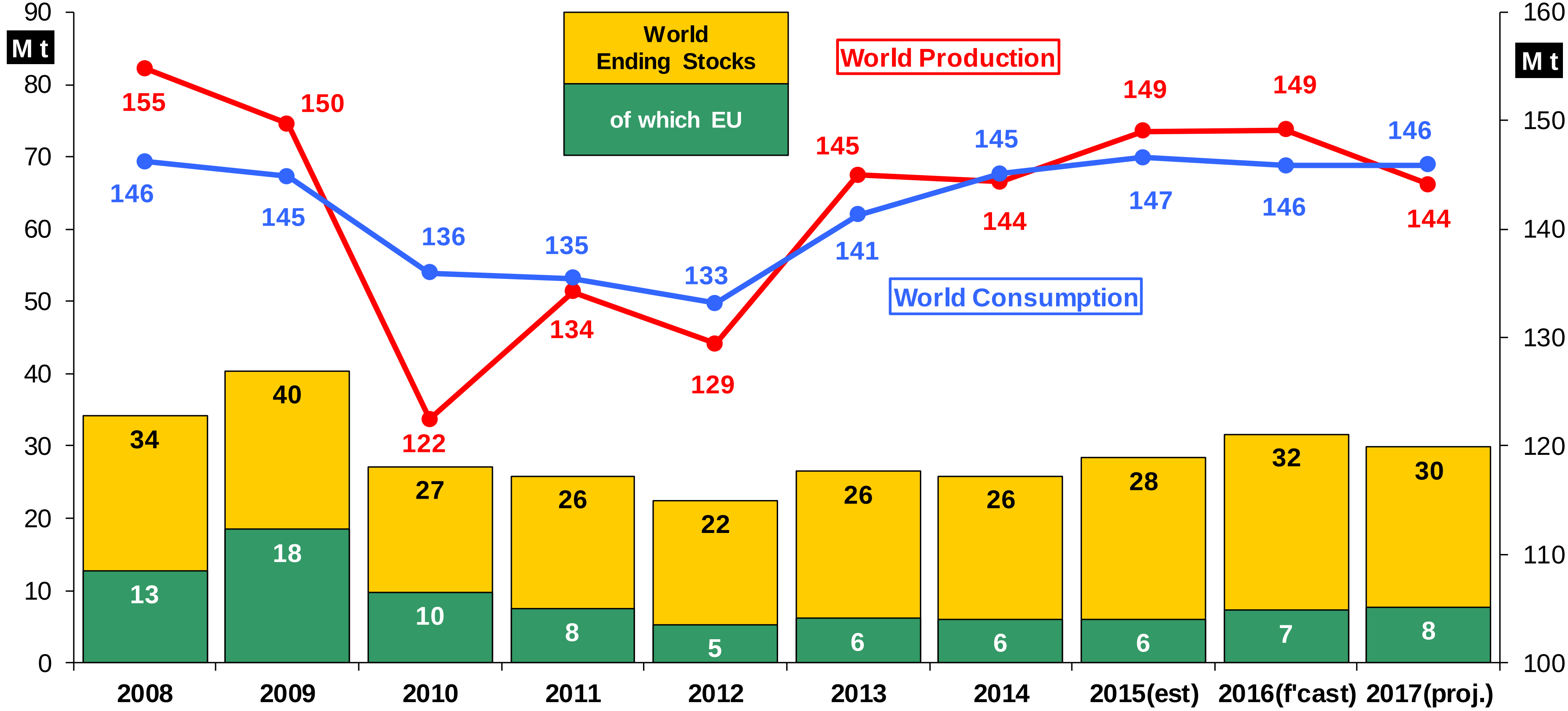
World barley: IGC

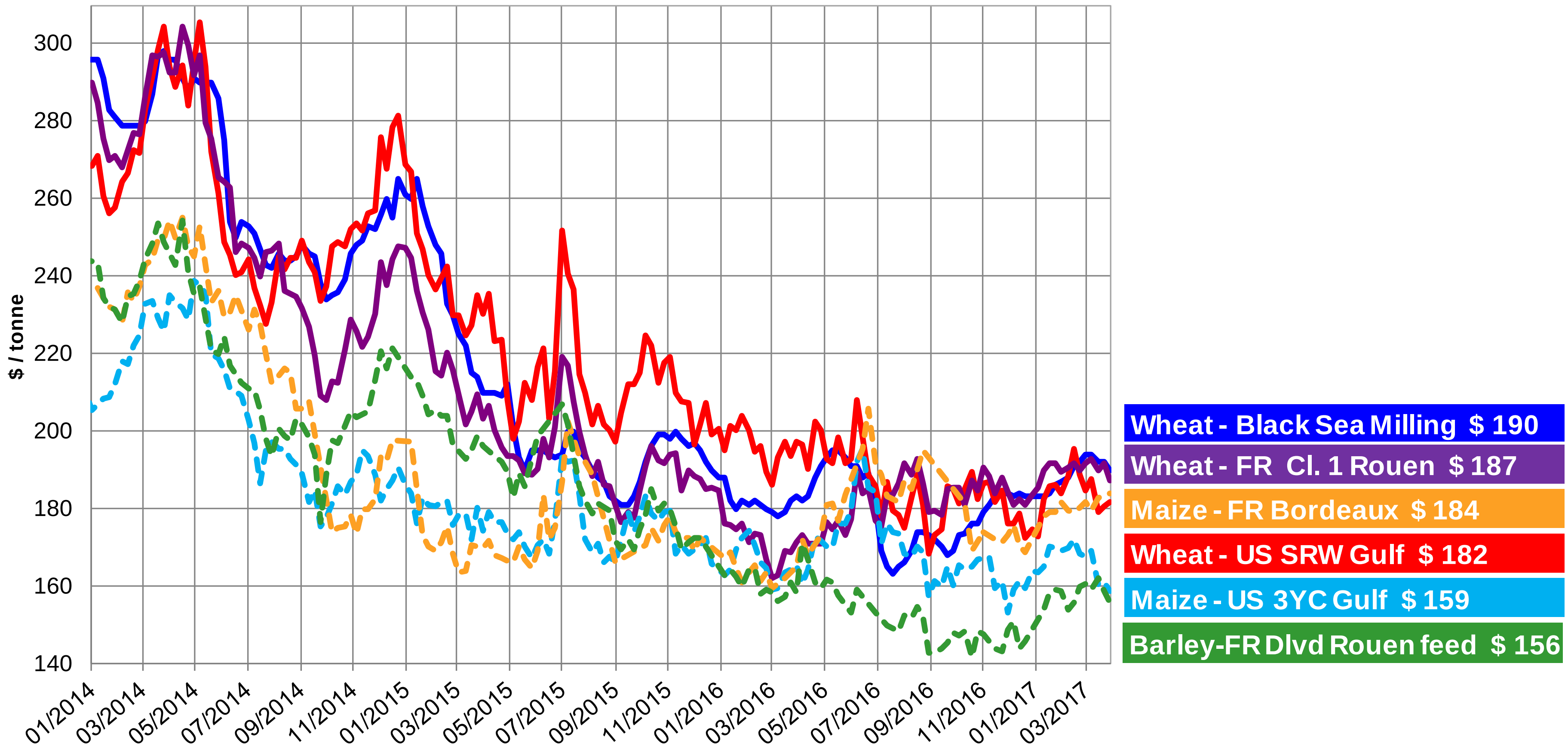


Source: IGC March report

Agriculture and Rural Development

Prices

World cereal prices ($/t)



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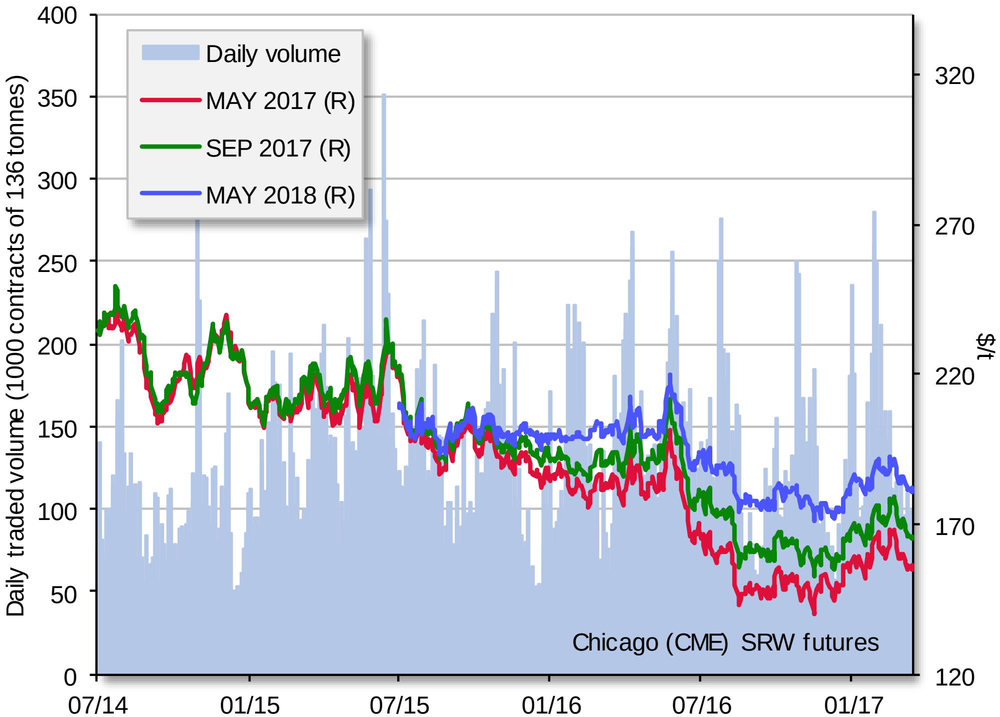
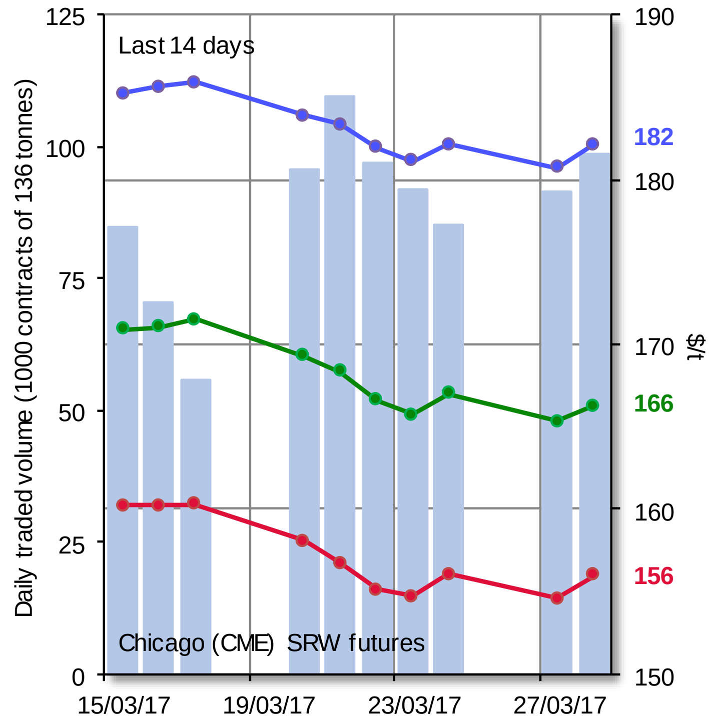
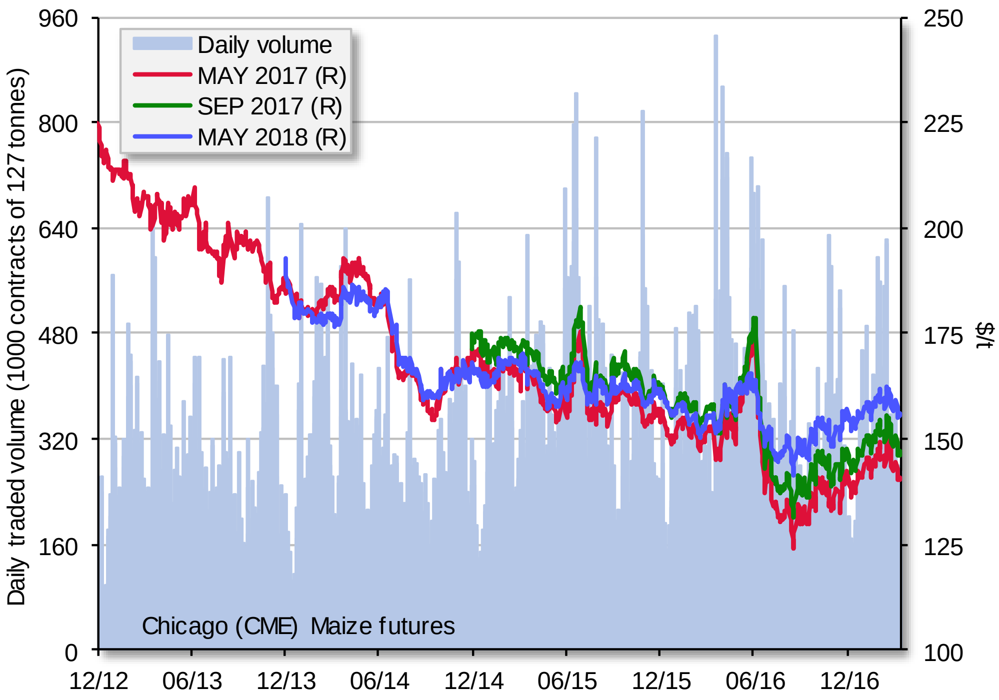
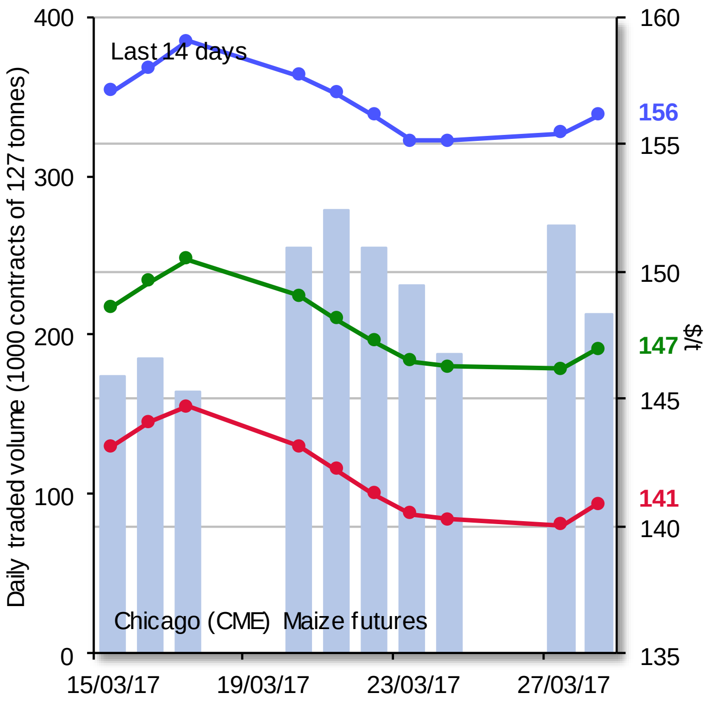
US CME SRW wheat futures





CME maize futures





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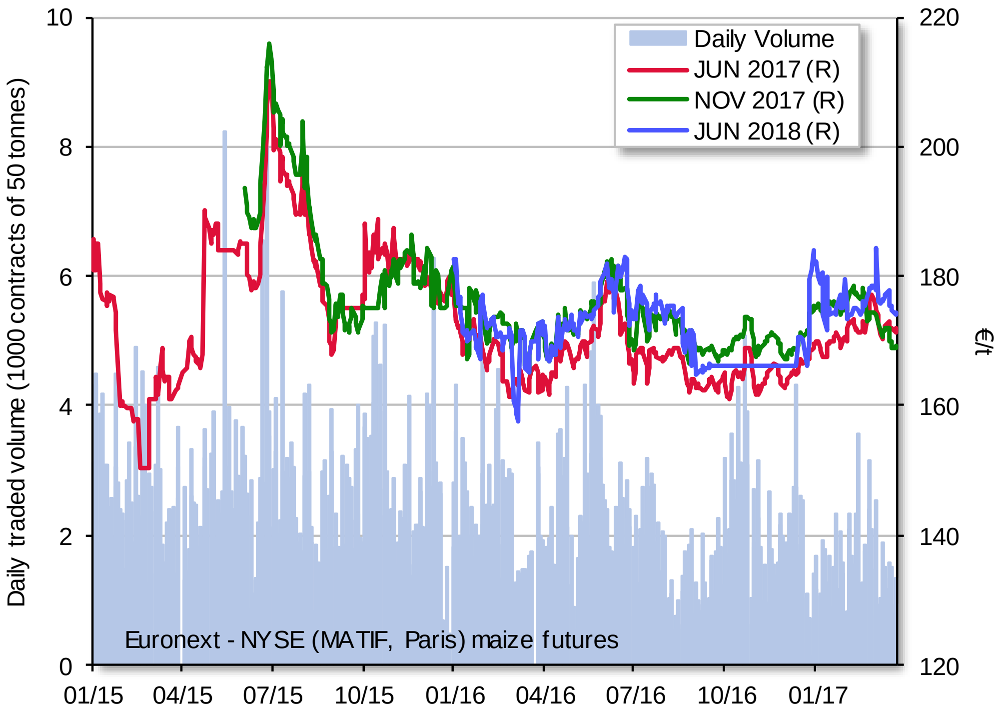
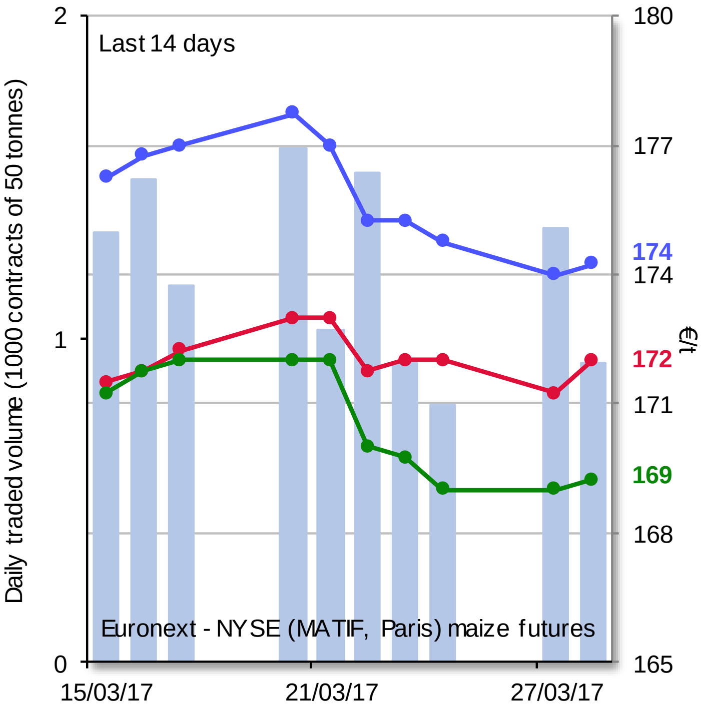
EU maize futures





2016/17 and 2017/18
EU Cereals Balance Sheets

European Commission

Agriculture and Rural Development

EU BALANCE SHEET 2016/17

- Harvest below average:
  - Disappointing soft wheat yields in Western Europe
  - Partially offset by increases in Southern and Eastern Europe
  - Mixed quality results for soft wheat (specific weight and grain size)
  - Short Maize harvest (slightly higher than 2015/2016)
- Decrease of total exports
  - Steep fall in soft wheat and barley exports
- Second Decrease in a row of total ending stocks

Mar-17	Cereals balance sheet:Marketing year: 2016/2017									Million tonnes
	Common wheat	Barley	Durum	Maize	Rye	Sorghum	Oats	Triticale	Others	EUR 28
Beginning stocks (01.07.2016)	**14,8**	**7,6**	**2,7**	**12,3**	**1,0**	**0,2**	**1,7**	**2,3**	**3,0**	**45,5**
Usable production	**134,4**	**59,6**	**9,0**	**60,5**	**7,3**	**0,6**	**8,0**	**11,6**	**3,5**	**294,5**
Import	**3,2**	**0,4**	**1,8**	**12,6**	**0,0**	**0,1**	**0,0**	**0,0**	**0,2**	**18,3**
TOTAL AVAILABILITIES	**152,4**	**67,6**	**13,5**	**85,3**	**8,3**	**1,0**	**9,7**	**13,9**	**6,6**	**358,4**
USE										
- Human	47,8	0,4	8,0	4,8	3,0	0,2	1,1	0,1	0,0	**65,4**
- Seed	5,0	2,2	0,5	0,4	0,4	0,0	0,4	0,6	0,1	**9,6**
- Industrial	10,5	9,0	0,1	11,5	1,6	0,0	0,1	0,4	0,1	**33,4**
of which alcohol										**13,8**
o.w. bioethanol/biofuel	4,5	0,4		6,0	0,9			0,3		**12,2**
- Animal feed	52,4	42,3	0,5	53,5	2,3	0,7	7,5	11,0	4,5	**174,7**
TOTAL USE	**115,7**	**53,9**	**9,1**	**70,2**	**7,4**	**0,9**	**9,2**	**12,1**	**4,7**	**283,1**
Losses (excl on-farm)	0,9	0,4	0,1	0,6	0,1	0,0	0,1	0,1	0,0	**2,2**
Solde disponible	**35,8**	**13,4**	**4,4**	**14,5**	**0,8**	**0,1**	**0,5**	**1,7**	**1,9**	**73,1**
Export	**24,0**	**7,5**	**1,5**	**2,3**	**0,1**	**0,0**	**0,2**	**0,0**	**0,0**	**35,5**
Ending stocks (28.02.2017)	**54,8**	**27,8**	**5,9**	**29,0**	**2,7**	**0,4**	**4,1**	**6,1**	**3,7**	**134,5**
Ending stocks (30.06.2017)	**11,8**	**5,9**	**2,9**	**12,2**	**0,8**	**0,1**	**0,3**	**1,7**	**1,9**	**37,5**

European Commission

2017/18 Marketing Year

Cereals

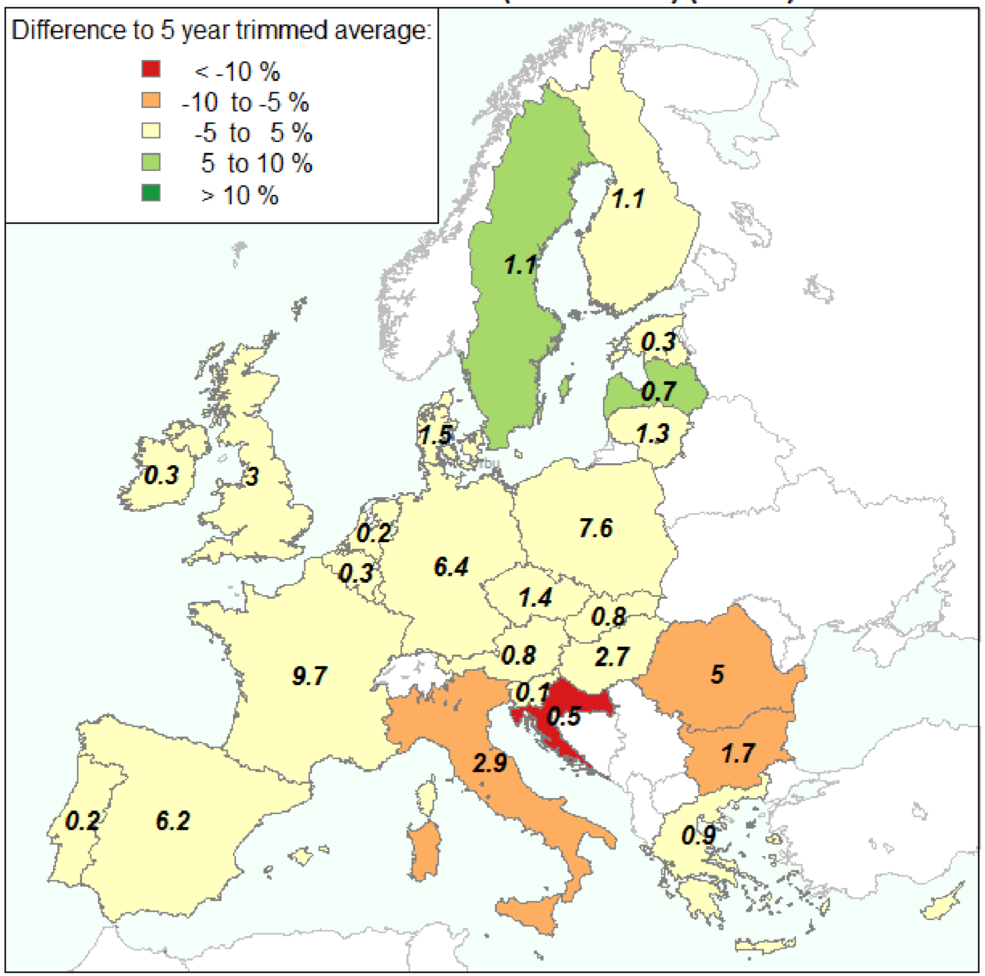
EU 28- 2017 Area Forecast

EU EVOL CEREALS AREA					
Million ha	2015	2016	2017 Febr fcst	2017 March fcst	% change 2016/2017
TOTAL	**57,3**	**56,6**	**56,9**	**56,8**	0,3
Soft wheat	24,3	24,1	23,8	23,7	-1,7
Durum wheat	2,5	2,7	2,5	2,6	-5,8
Barley	12,2	12,3	12,5	12,4	0,5
Maize	9,2	8,4	9,3	9,3	9,6
Rye	2,0	1,9	2,1	2,1	10,3
Oats	2,5	2,6	2,6	2,6	1,7

Sources : DG AGRI - G4

European Commission

All cereals area 2017 (million ha) (f'cast.)



Calculations and cartography: European Commission DG AGRI G4 2017-03-28 © EuroGeographics for the administrative boundaries

EU28 area : 56.8 (million ha) Difference to 5 year trimmed average: -1 %

Development

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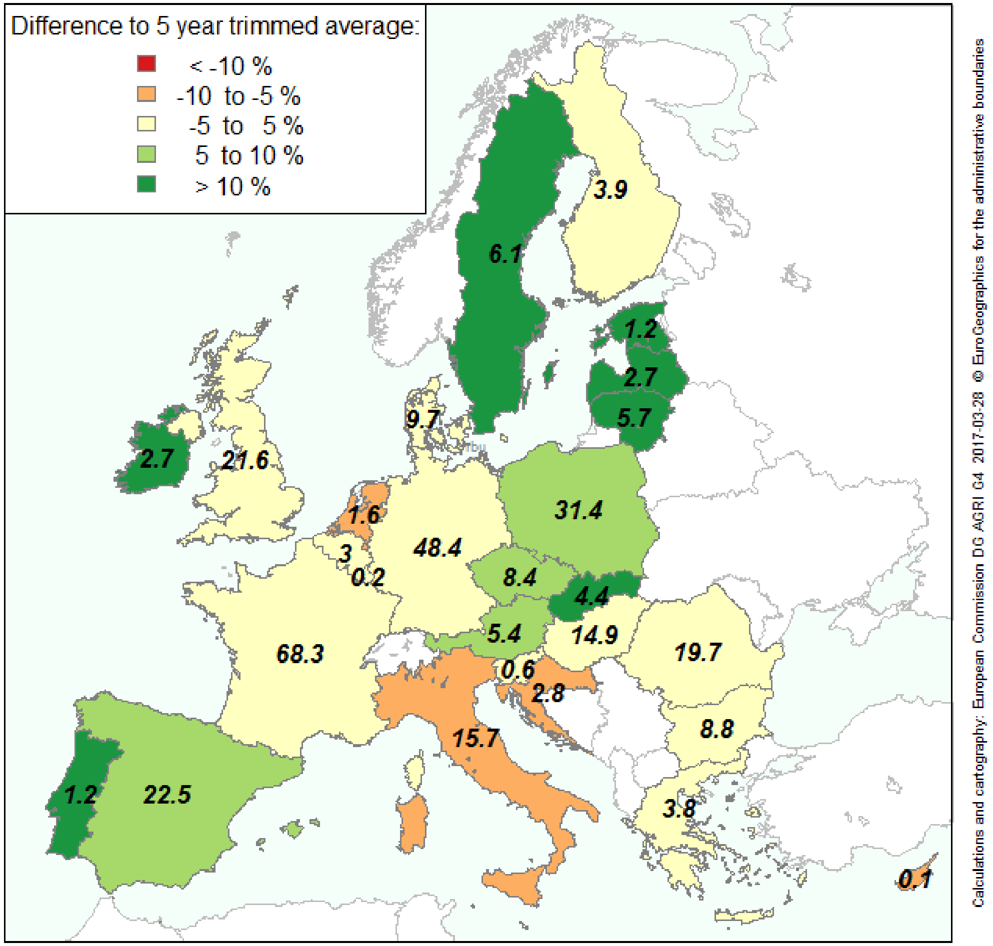
EU 28- 2017 Production Forecasts

EU EVOL CEREALS USABLE PRODUCTION					
Million tonnes	2015/2016	2016/2017	2017/2018 Febr fcst	2017/2018 March fcst	%change 2016/2017
TOTAL	**311,5**	**294,5**	**313,0**	**311,8**	5,9
Soft wheat	151,3	134,4	143,0	142,2	5,8
Durum wheat	8,3	9,0	8,8	8,9	-1,1
Barley	61,4	59,6	62,7	62,1	4,2
Maize	59,0	60,5	66,6	66,6	10,1
Rye	7,6	7,3	8,3	8,3	13,7
Oats	7,5	8,0	8,0	8,1	1,3

Sources : DG AGRI - G4

European Commission

All cereals production 2017 (million t) (f'cast.)



EU28 production : 311.8 (million t) Difference to 5 year trimmed average: 3 %

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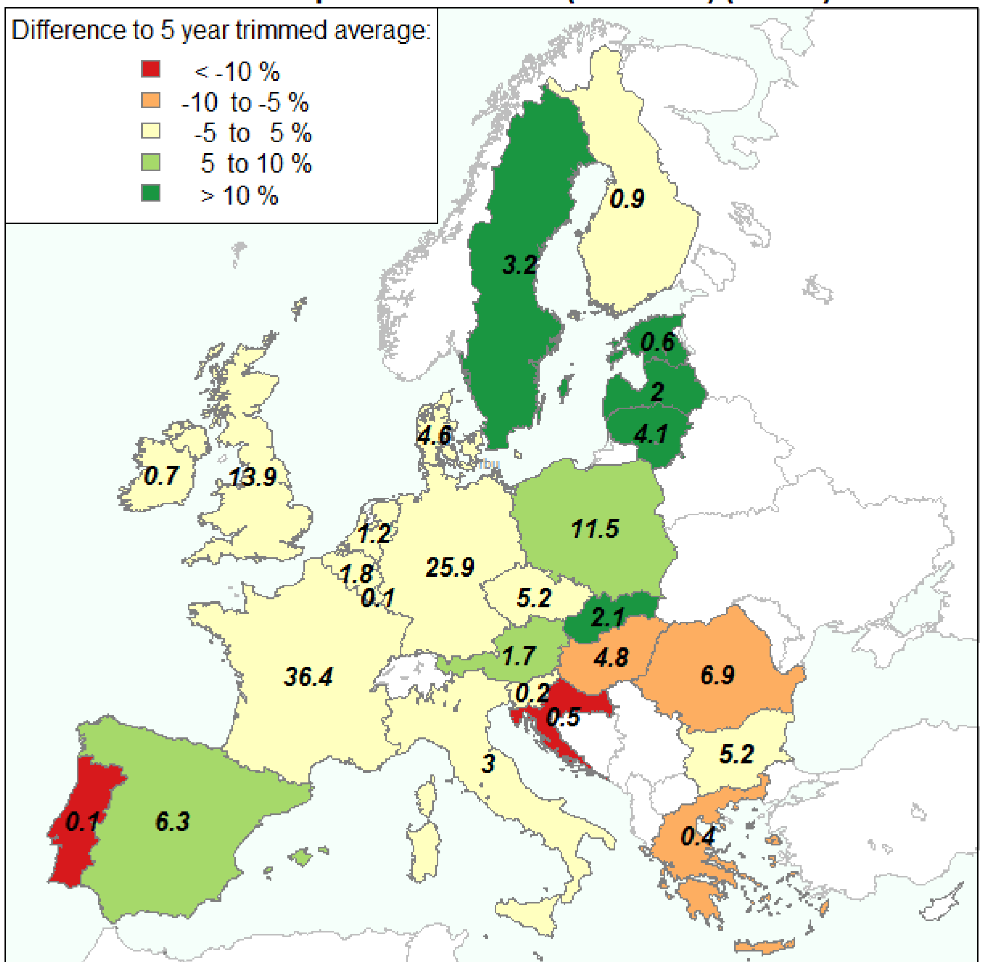
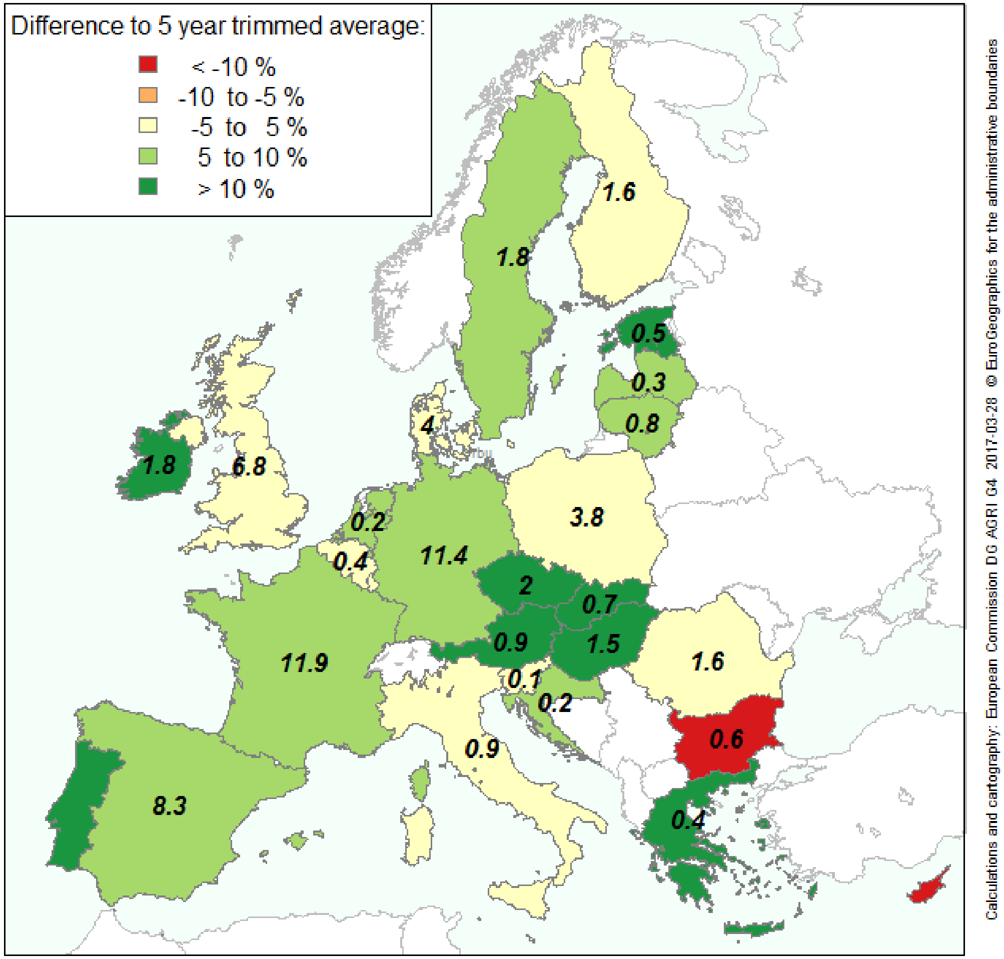
Soft wheat production 2017 (million t) (f'cast.)



Calculations and cartography: European Commission DG AGRI G4 2017-03-28 © EuroGeographics for the administrative boundaries

EU28 production : 142.2 (million t) Difference to 5 year trimmed average: 2 %

Barley production 2017 (million t) (f'cast.)



EU28 production : 62.1 (million t) Difference to 5 year trimmed average: 3 %

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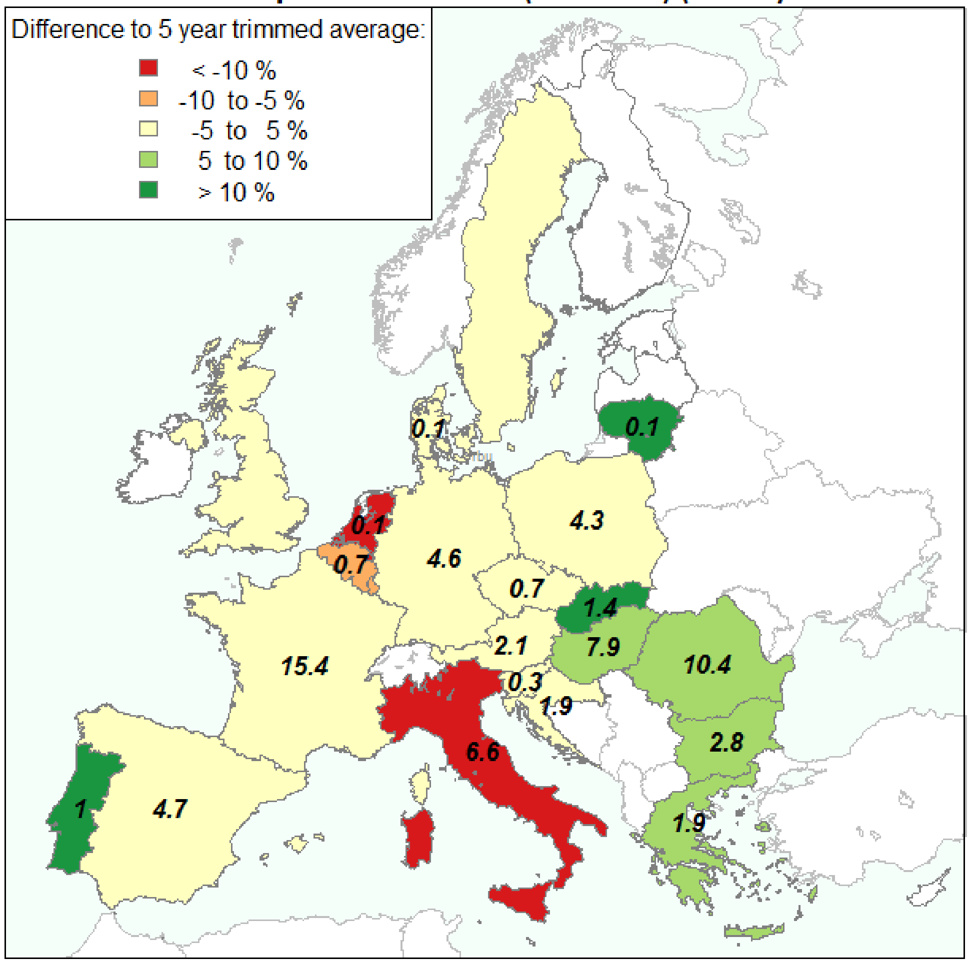
Maize production 2017 (million t) (f'cast.)



Calculations and cartography: European Commission DG AGRI G4 2017-03-28 © EuroGeographics for the administrative boundaries

EU28 production : 66.6 (million t) Difference to 5 year trimmed average: 7 %

Mar-17	Common wheat	Barley	Durum	Maize	Rye	Sorghum	Oats	Triticale	Others	Million tonnes EUR 28
	Cereals balance sheet:Marketing year: 2017/2018									
Beginning stocks (01.07.2017)	**11,8**	**5,9**	**2,9**	**12,2**	**0,8**	**0,1**	**0,3**	**1,7**	**1,9**	37,5
Usable production	**142,2**	**62,1**	**8,9**	**66,6**	**8,3**	**0,7**	**8,1**	**11,1**	**3,7**	311,8
Import	**3,3**	**0,2**	**2,1**	**12,3**	**0,1**	**0,2**	**0,0**	**0,0**	**0,2**	18,2
TOTAL AVAILABILITIES	**157,3**	**68,2**	**13,9**	**91,1**	**9,1**	**0,9**	**8,4**	**12,8**	**5,8**	367,6
USE										
- Human	48,0	0,4	8,0	4,9	3,1	0,2	1,1	0,1	0,0	**65,7**
- Seed	4,8	2,2	0,5	0,5	0,4	0,0	0,4	0,5	0,1	**9,4**
- Industrial	10,8	9,1	0,1	11,9	1,7	0,0	0,1	0,4	0,1	**34,2**
of which alcohol										**14,5**
o.w. bioethanol/biofuel	4,7	0,4		6,5	1,0			0,3		**12,9**
- Animal feed	51,5	41,5	0,5	56,4	2,8	0,7	6,2	11,0	4,5	**175,1**
TOTAL USE	**115,1**	**53,1**	**9,1**	**73,7**	**8,0**	**0,9**	**7,9**	**12,0**	**4,7**	284,4
Losses (excl on-farm)	0,9	0,4	0,1	0,6	0,1	0,0	0,1	0,1	0,0	2,2
Solde disponible	**41,3**	**14,6**	**4,7**	**16,8**	**1,1**	**0,1**	**0,5**	**0,7**	**1,1**	80,9
Export	**28,9**	**8,0**	**1,5**	**2,6**	**0,2**	**0,0**	**0,2**	**0,0**	**0,0**	41,3
Ending stocks (30.06.2018)	**12,4**	**6,6**	**3,2**	**14,3**	**0,9**	**0,1**	**0,3**	**0,7**	**1,1**	39,6

EU BALANCE SHEET 2017/18

- Production above average based on:
  - Stable area vs 2016/17 (communication MS)
  - Average historical yields

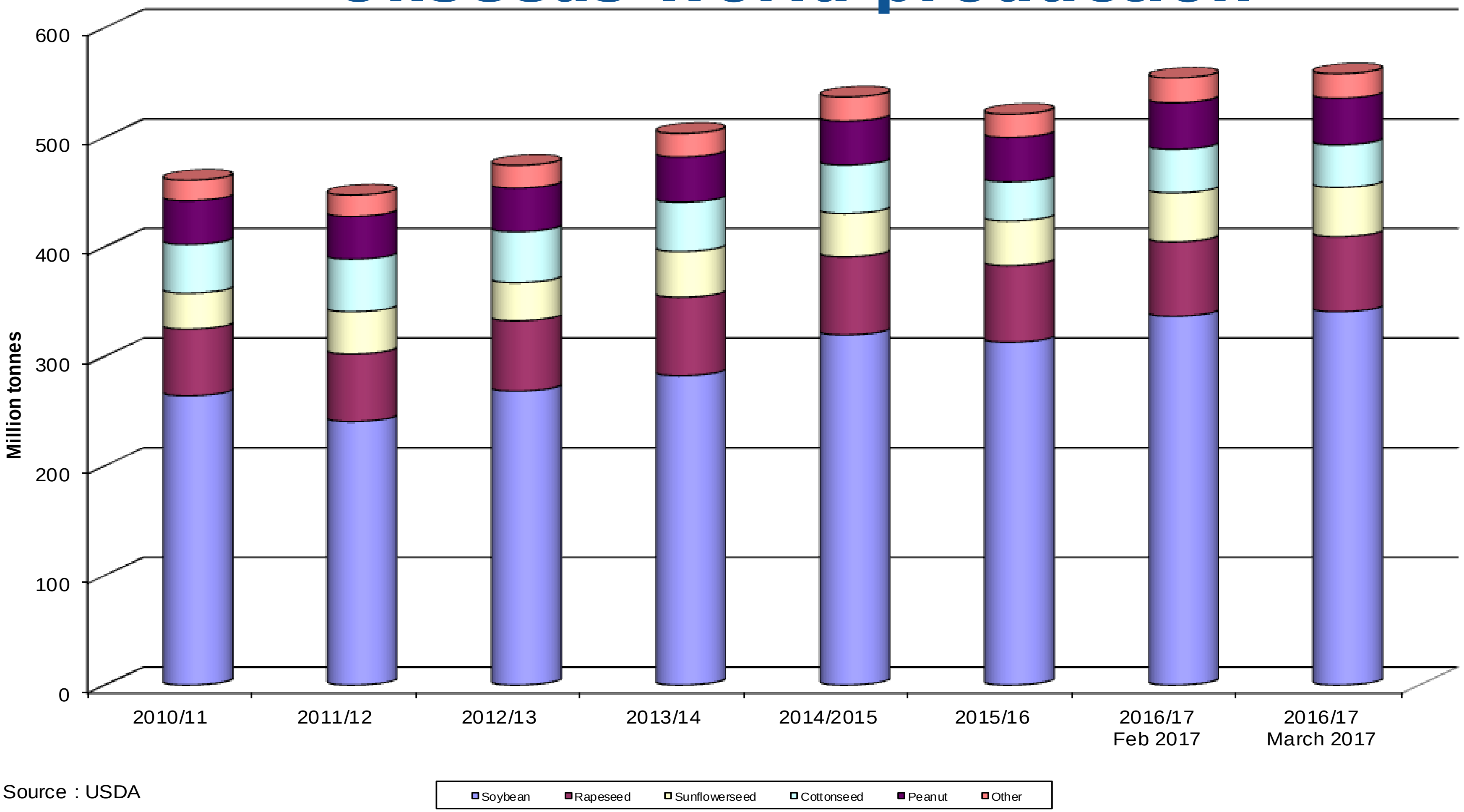
- Expected recovery of total exports
  - Namely in soft wheat and barley exports

- Slight increase of total ending stocks

Oilseeds World Market

European Commission

Oilseeds world production



Source : USDA

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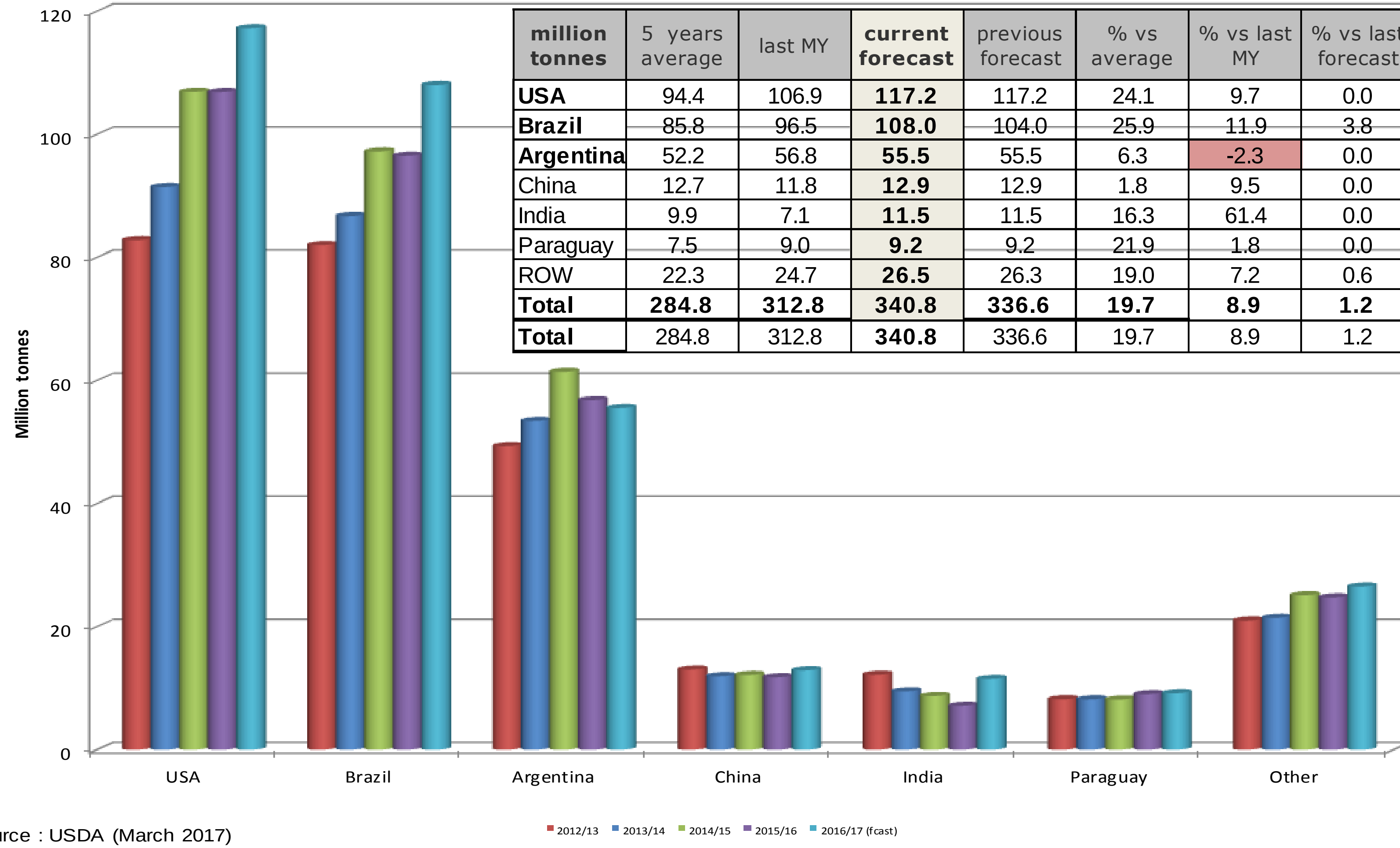
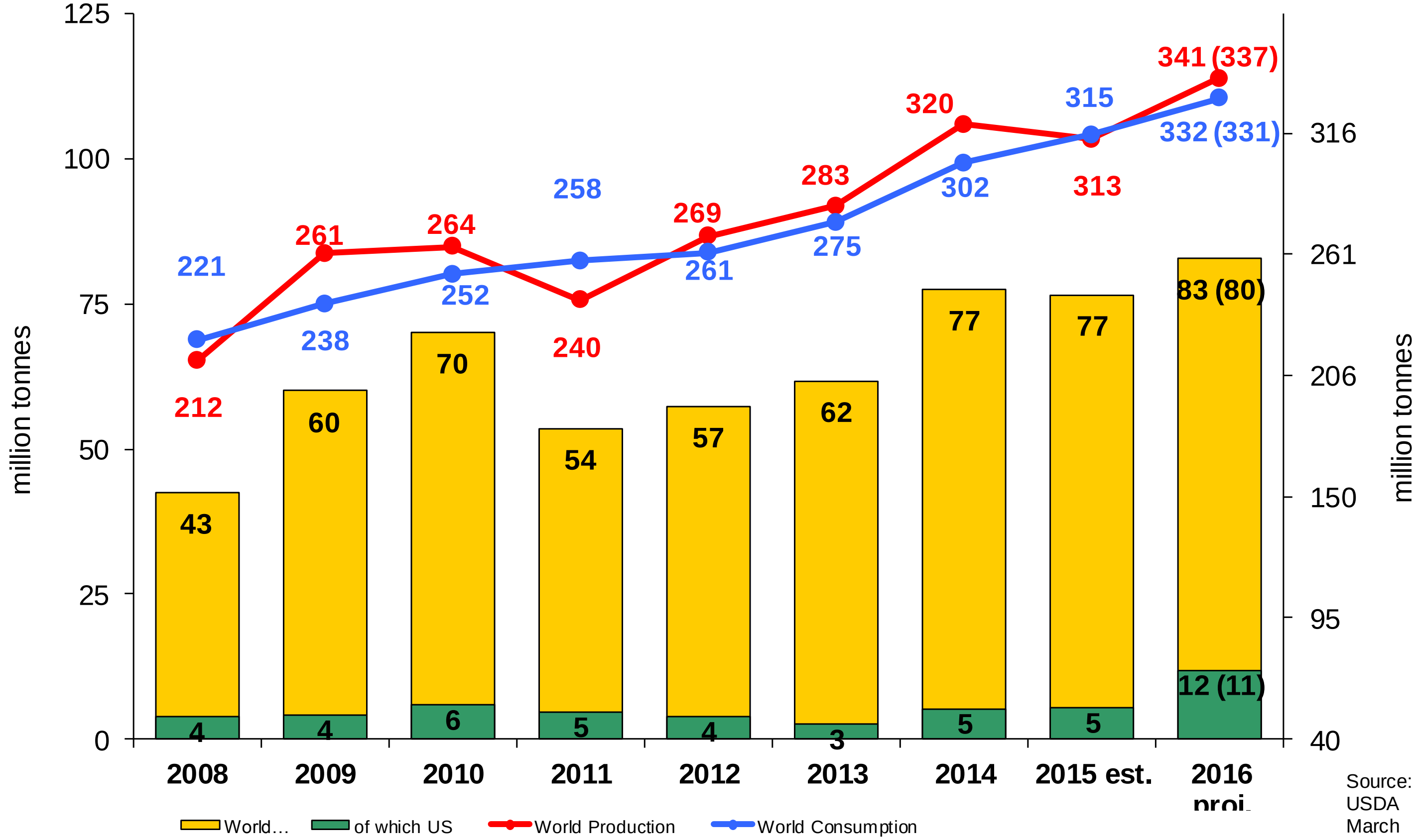
Soybeans world production by country



million tonnes	5 years average	last MY	current forecast	previous forecast	% vs average	% vs last MY	% vs last forecast
USA	94.4	106.9	**117.2**	117.2	24.1	9.7	0.0
Brazil	85.8	96.5	**108.0**	104.0	25.9	11.9	3.8
Argentina	52.2	56.8	**55.5**	55.5	6.3	-2.3	0.0
China	12.7	11.8	**12.9**	12.9	1.8	9.5	0.0
India	9.9	7.1	**11.5**	11.5	16.3	61.4	0.0
Paraguay	7.5	9.0	**9.2**	9.2	21.9	1.8	0.0
ROW	22.3	24.7	**26.5**	26.3	19.0	7.2	0.6
Total	**284.8**	**312.8**	**340.8**	**336.6**	**19.7**	**8.9**	**1.2**
Total	284.8	312.8	**340.8**	336.6	19.7	8.9	1.2

Source : USDA (March 2017)

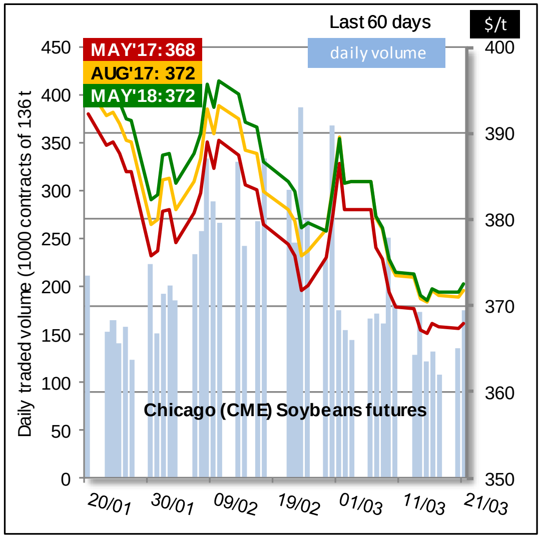
Soybeans world production, consumption and stocks

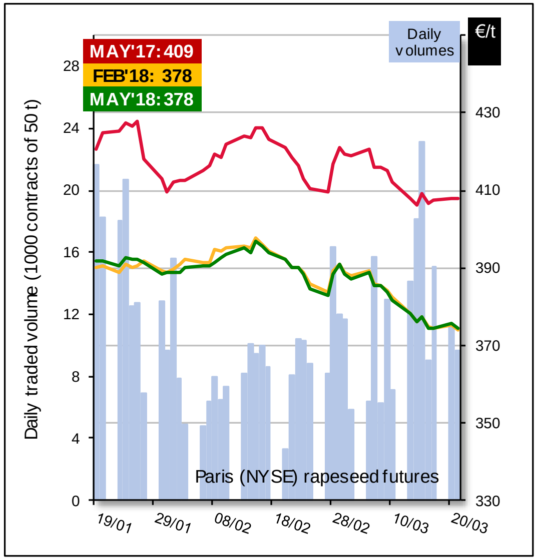


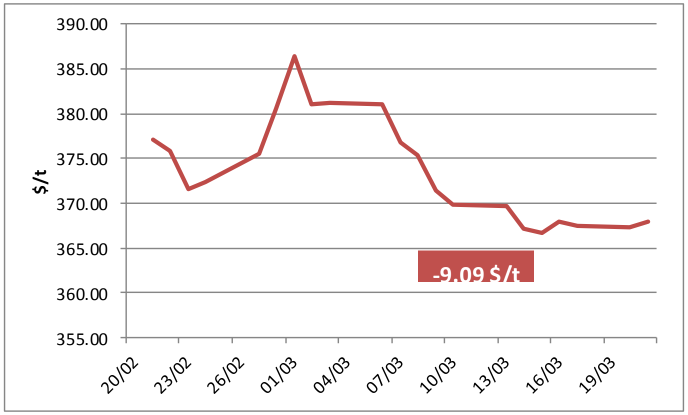
Source: USDA March

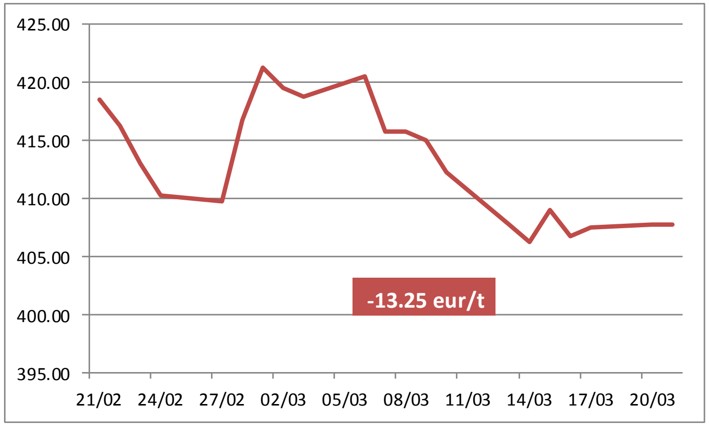
Agriculture and Rural Development

Futures prices

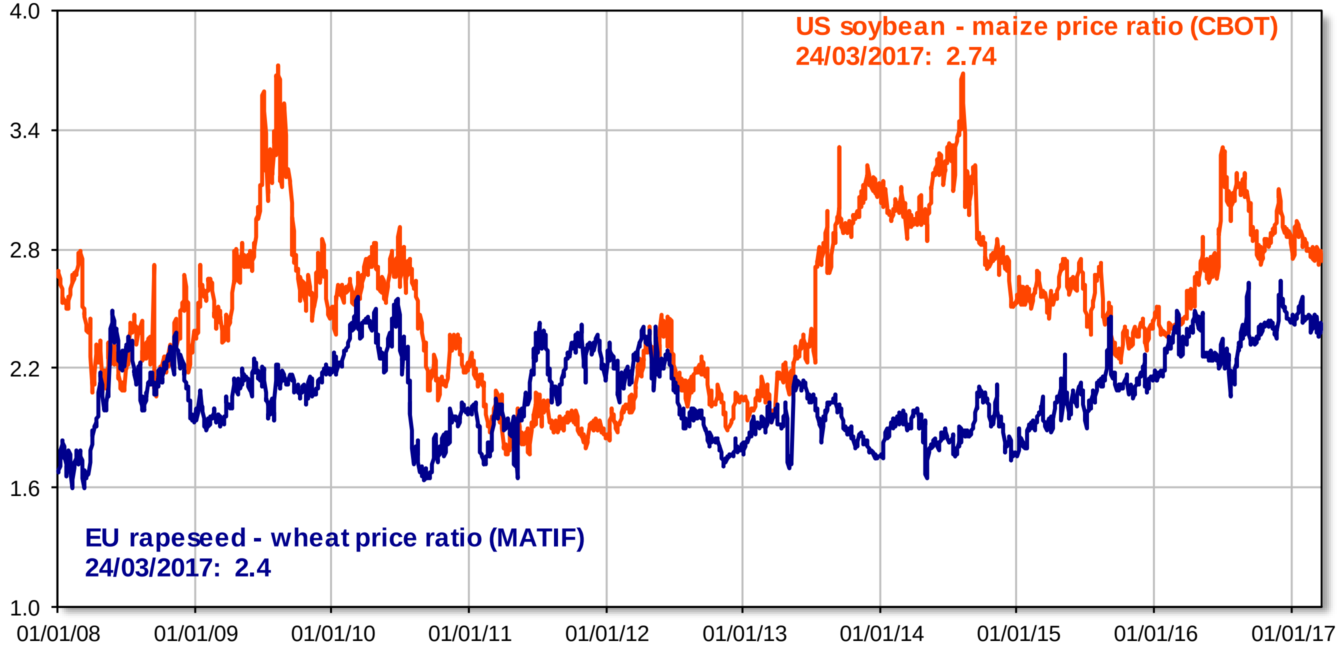








Oilseeds / cereals price ratio



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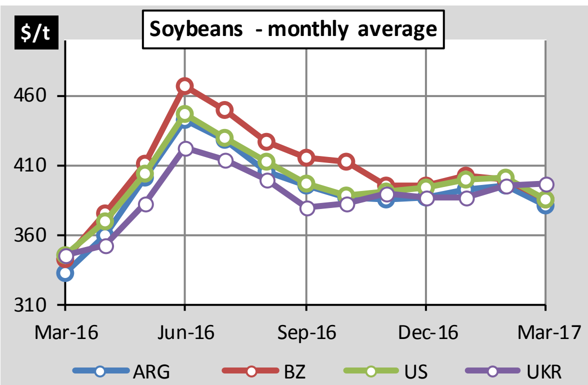
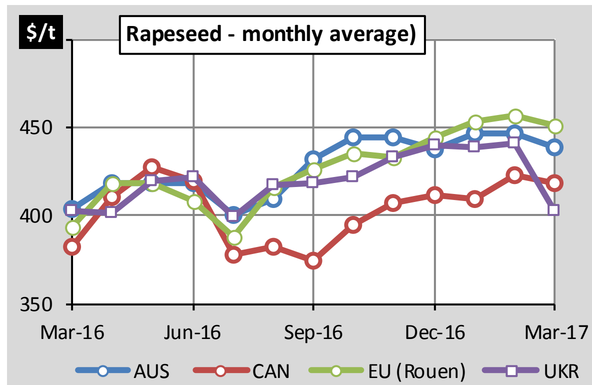
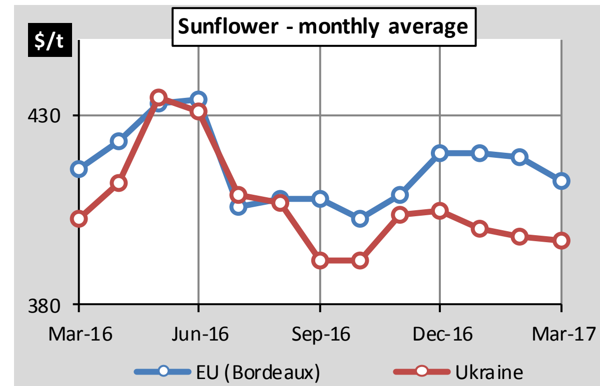
Spot prices – Beans / Seeds







Export prices FOB		21 Mar 2017		m/m variation		y/y variation	
		€/t	$/t	€/t	$/t	€/t	$/t
soybeans	Argentina - Up River	341	369	-8%	-6%	13%	9%
	Brazil - Paranagua	354	383	-6%	-4%	13%	9%
	US Gulf	353	382	-7%	-5%	13%	9%
	Ukraine	367	397	-3%	-1%	19%	15%
rapeseed	Australia	408	441	-4%	-2%	11%	7%
	Canada	380	410	-5%	-2%	8%	4%
	EU (Rouen)	417	450	-4%	-2%	17%	13%
	Ukraine	393	425	-5%	-3%	3%	6%
sunflower	EU (Bordeaux)	379	410	-4%	-1%	2%	-2%
	Ukraine	365	394	-3%	-1%	2%	-2%

Source: IGC (21 March 2017)

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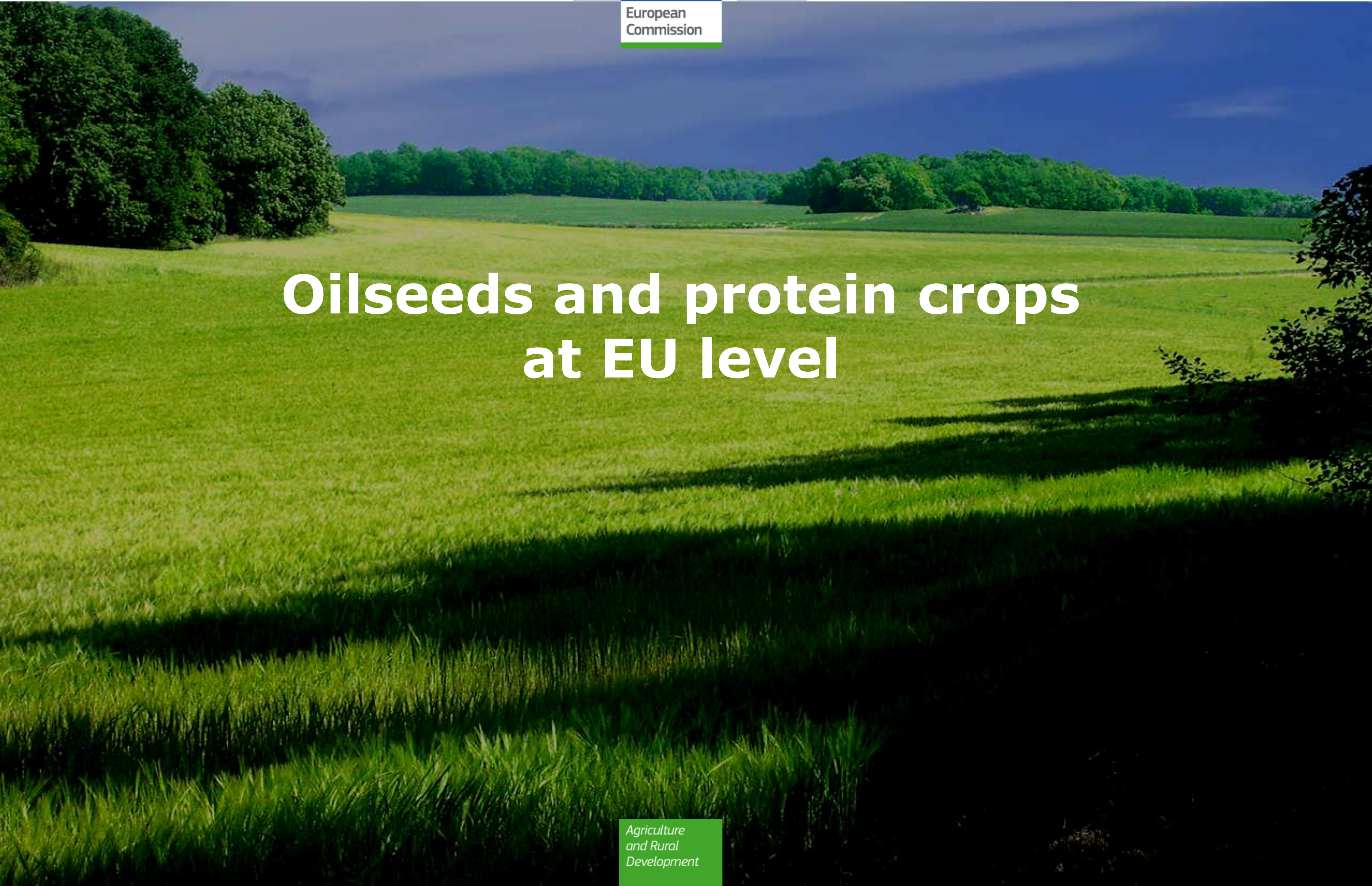
Oilseeds and protein crops at EU level



Agriculture and Rural Development

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EU OILSEEDS & PROTEIN CROPS (Area)

Million ha	AVG 5 yrs trimmed	2016/17	2017/18 February 2017	2017/18 March 2017	%change 2016/17	%change 5yrs trimmed
Rapeseed	6.55	6.49	6.75	6.77	4.4	3.4
Sunflower	4.26	4.18	4.28	4.28	2.5	0.6
Soja	0.63	0.84	0.84	0.84	0.0	34.9
Linseed	0.06	0.07	0.06	0.06	-12.0	-6.5
TOTAL	11.50	11.58	11.94	11.96	3.3	4.0
Field peas	0.60	0.87	0.87	0.87	0.0	45.7
Broad beans	0.46	0.66	0.66	0.67	1.1	47.0
Sweet lupins	0.16	0.26	0.26	0.26	0.0	64.6
TOTAL	1.21	1.79	1.80	1.80	0.4	48.6

Sources : DG AGRI G.4

EU OILSEEDS & PROTEIN CROPS PRODUCTION

Million tonnes	AVG 5 yrs trimmed	2016/17	2017/18 February 2017	2017/18 March 2017	%change 2016/17	%change 5yrs trimmed
Rapeseed	20.9	20.0	22.4	22.6	12.5	7.7
Sunflower	8.6	8.5	9.1	9.1	6.8	6.2
Soja	1.8	2.5	2.5	2.5	-1.0	36.5
Linseed	0.1	0.1	0.1	0.1	4.9	-2.3
TOTAL	31.4	31.2	34.1	34.2	9.9	8.9
Field peas	1.6	2.1	2.4	2.4	10.4	49.8
Broad beans	1.4	1.9	2.0	2.1	6.3	47.2
Sweet lupins	0.2	0.4	0.4	0.4	9.9	68.6
TOTAL	3.2	4.5	4.8	4.8	8.6	50.1

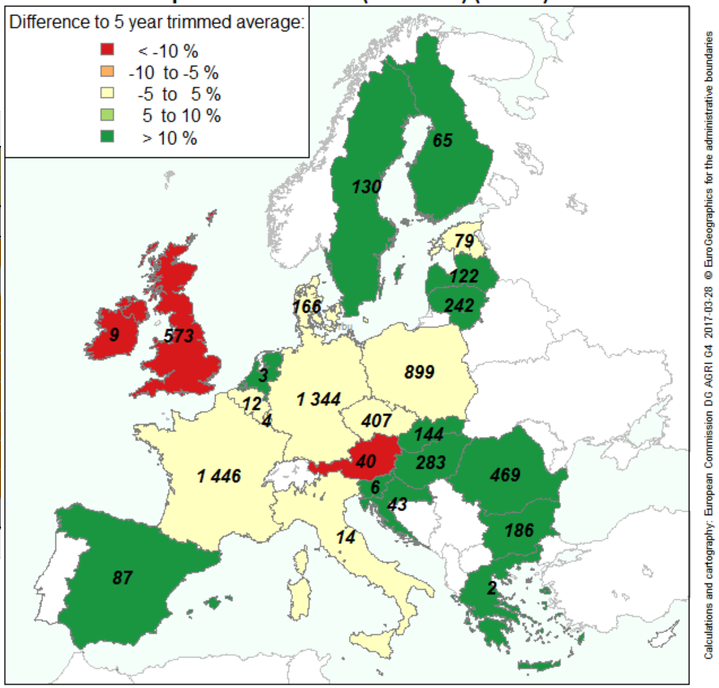
Sources : DG AGRI G.4

Rapeseed (area) – Main EU producers

Rapeseed						
Area Million ha	AVG 5 yrs trimmed	2016/17	2017/18 February 2017	2017/18 March 2017	%change 2016/17	%change 5yrs trimmed
TOTAL EU	6.55	6.49	6.75	6.77	4.4	3.4
France	1.50	1.51	1.44	1.45	-4.3	-3.9
Germany	1.34	1.33	1.34	1.34	0.8	0.0
Poland	0.90	0.82	0.90	0.90	9.5	0.3
UK	0.68	0.58	0.56	0.57	-0.9	-15.9
Czech Republic	0.39	0.39	0.41	0.41	3.6	3.2
Romania	0.35	0.46	0.47	0.47	2.9	33.7
Others	1.38	1.39	1.64	1.64	17.4	18.3

Sources : DG AGRI G.4

Rapeseed area 2017 (1000 ha) (f'cast.)



EU28 area : 6 774 (1000 ha) Difference to 5 year trimmed average: 3 %

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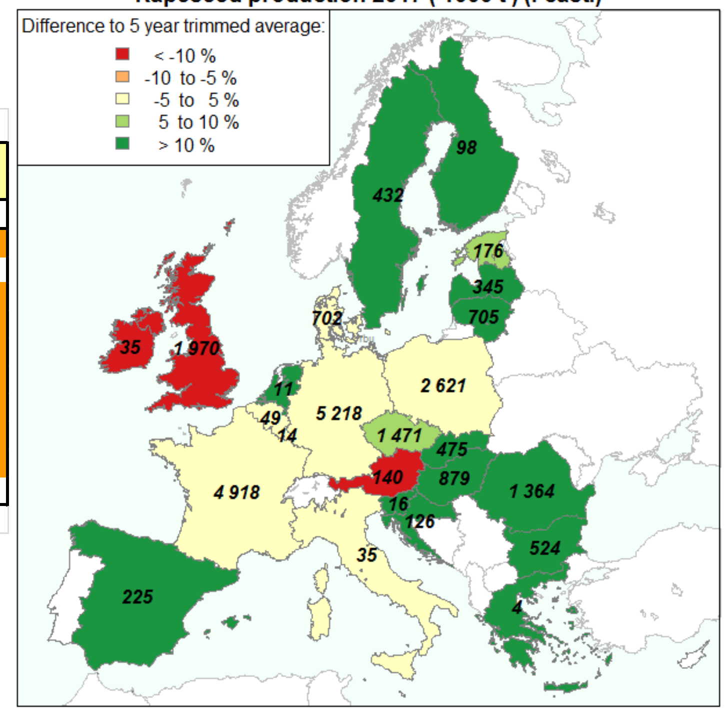
Rapeseed (production) – Main EU producers

Rapeseed Production Million tonnes	AVG 5 yrs trimmed	2016/17	2017/18 February 2017	2017/18 March 2017	%change 2016/17	%change 5yrs trimmed
TOTAL EU	20.94	20.04	22.45	22.55	12.5	7.7
France	5.14	4.62	4.88	4.92	6.4	-4.3
Germany	5.21	4.62	5.22	5.22	13.0	0.2
Poland	2.53	2.21	2.62	2.62	18.8	3.7
UK	2.38	1.77	1.92	1.97	11.2	-17.1
Czech Republic	1.35	1.36	1.47	1.47	8.0	8.6
Romania	0.88	1.26	1.36	1.36	7.8	54.7
Others	3.46	4.20	4.98	4.99	18.9	44.3

Sources : DG AGRI G.4

Rapeseed production 2017 (1000 t) (f'cast.)



EU28 production : 22 551 (1000 t) Difference to 5 year trimmed average: 8 %

European Commission

Thank you for your attention!

Presentations & Balance sheets available at:

http://ec.europa.eu/agriculture/cereals/index_en.htm