

# Recent developments and the outlook for global grains markets

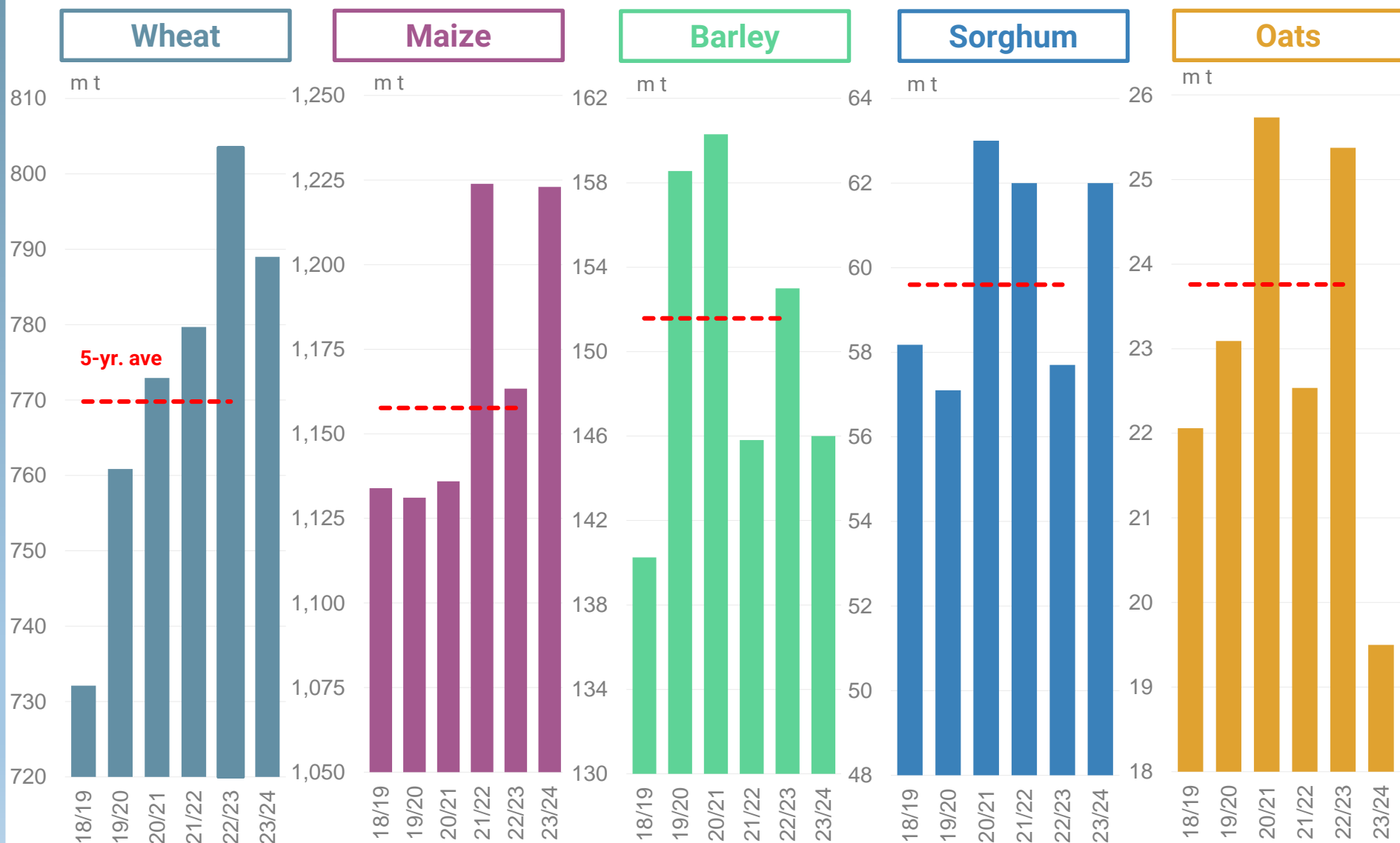
Alexander Karavaytsev  
*International Grains Council*

Ankara, 10 May 2024





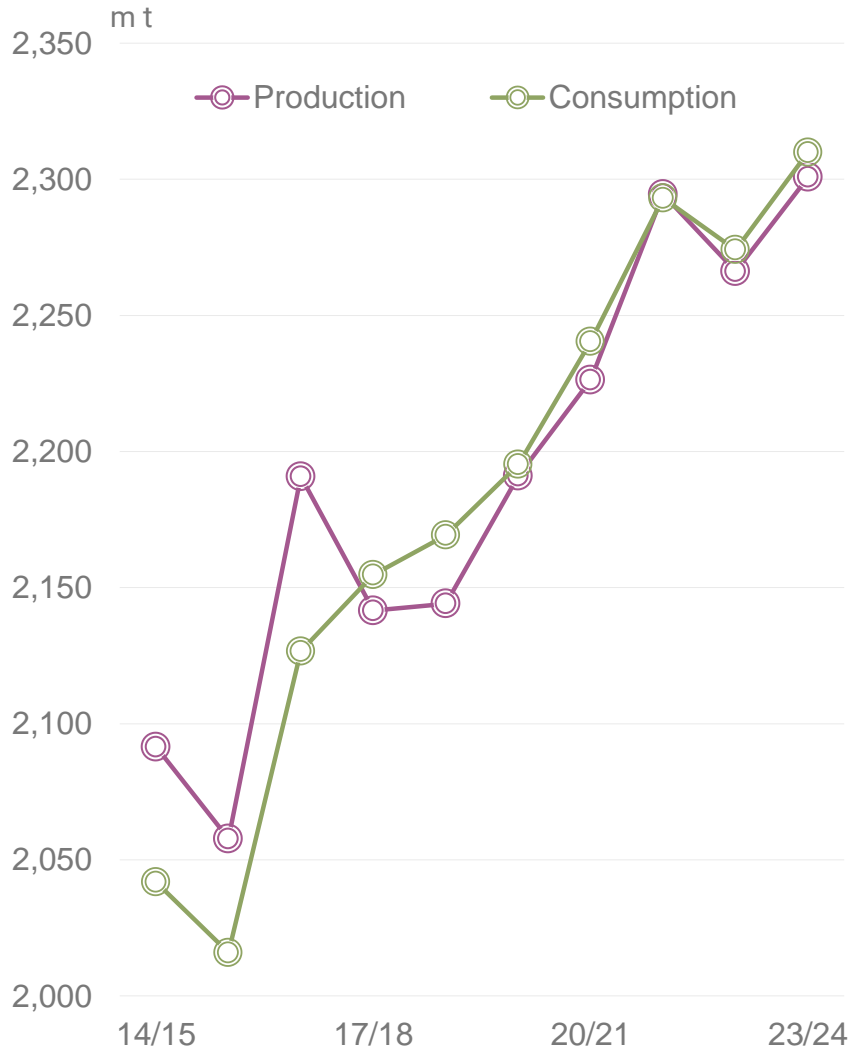
# Total grains production in 2023/24: Mixed results, albeit with total output 2% higher y/y, at a new peak



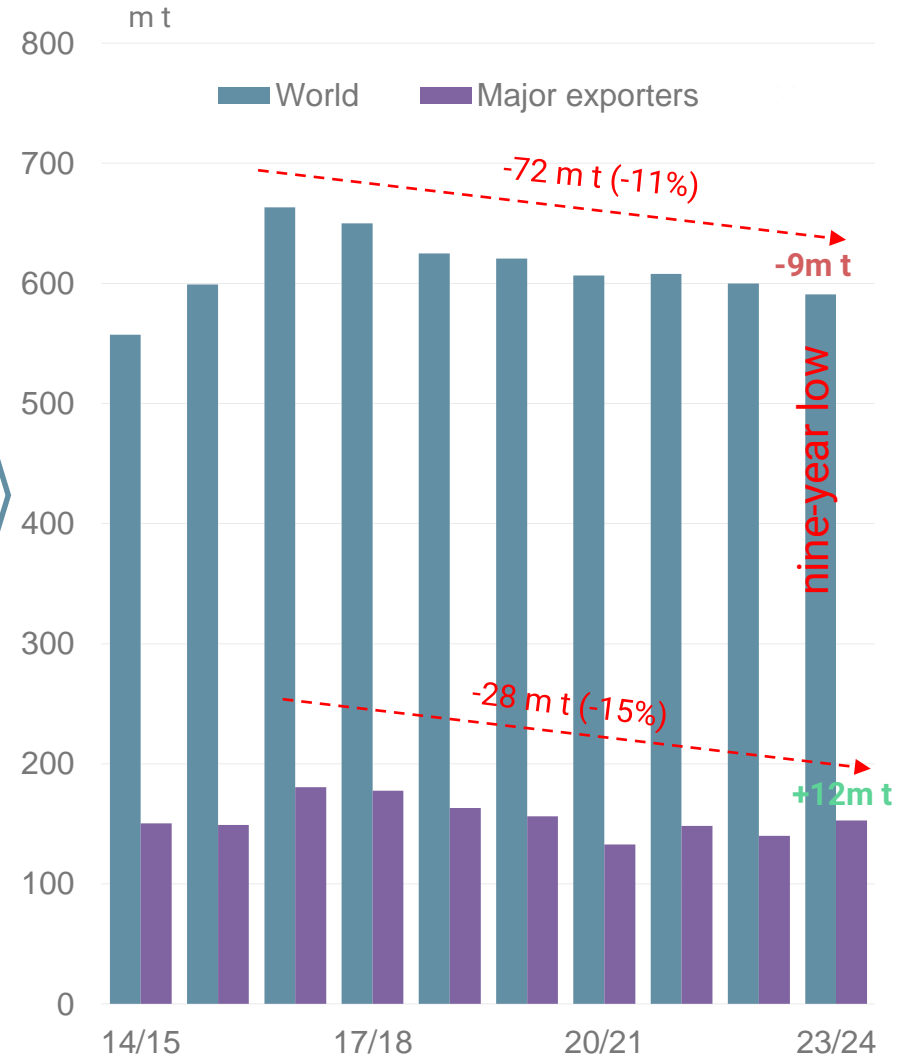


# Total grains S&D 2023/24: With consumption falling short of output, stocks may drop to a 9-year low, albeit with some expansion in the key exporters

## Total grains: Production and consumption



## Total grains: End-season stocks

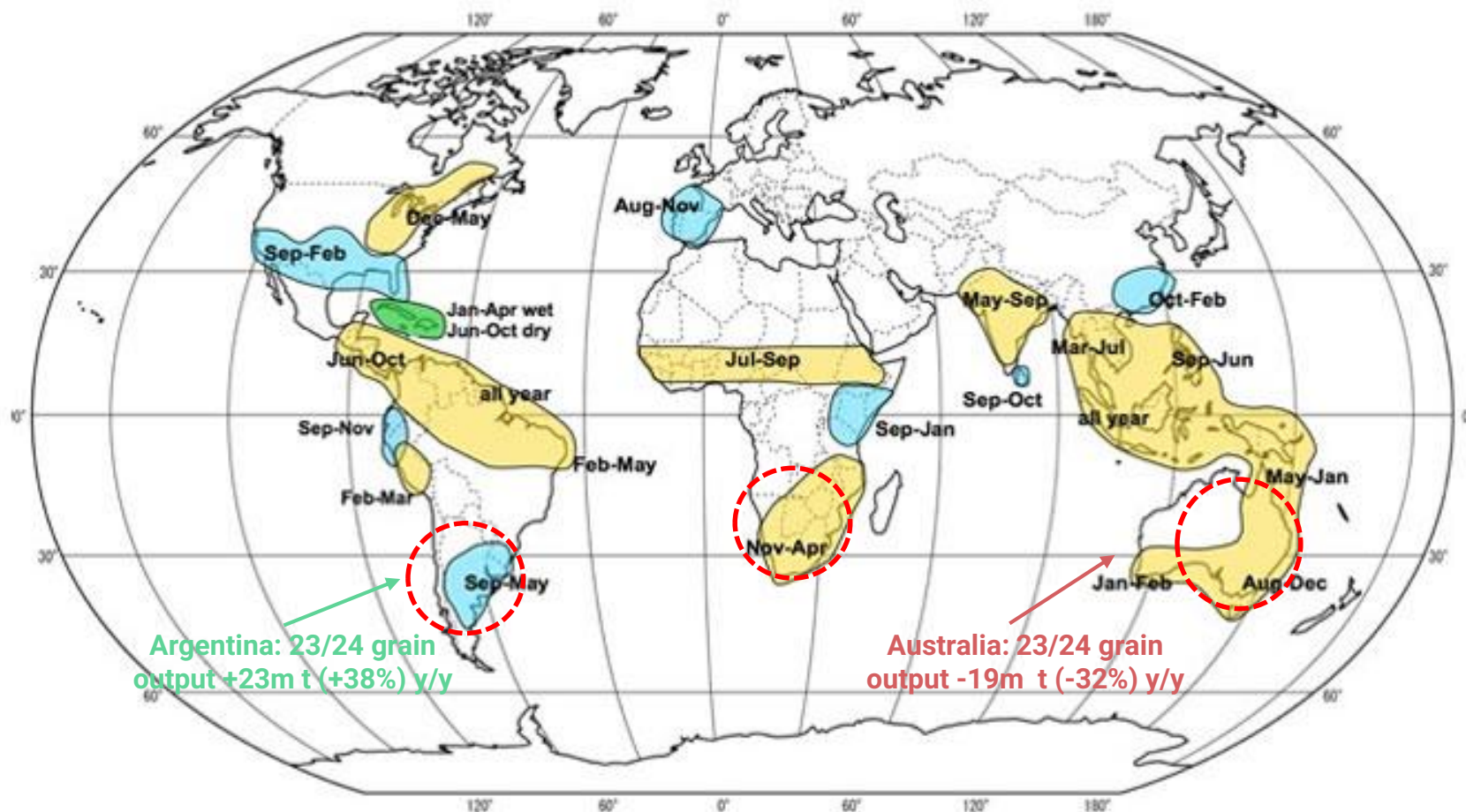
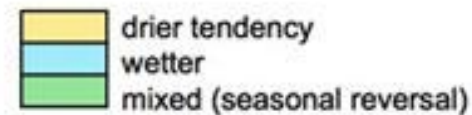




# ENSO: after a strong El Niño in the 2023/24 season...



## El Niño precipitation impact



Argentina: 23/24 grain  
output +23m t (+38%) y/y

Australia: 23/24 grain  
output -19m t (-32%) y/y

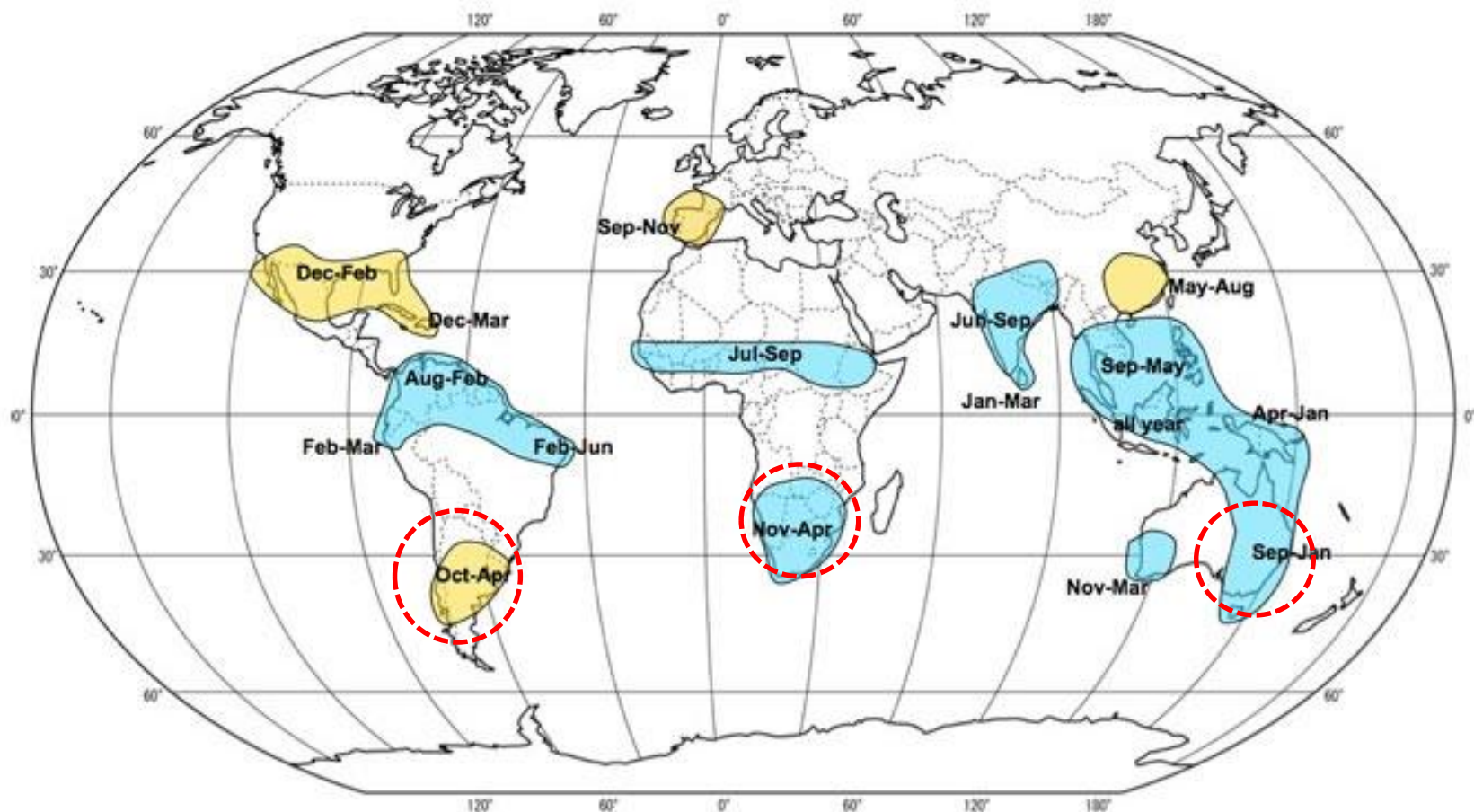
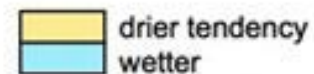
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# ...a potential La Niña may shape Southern hemisphere crop outcomes in the season ahead



## La Niña precipitation impact

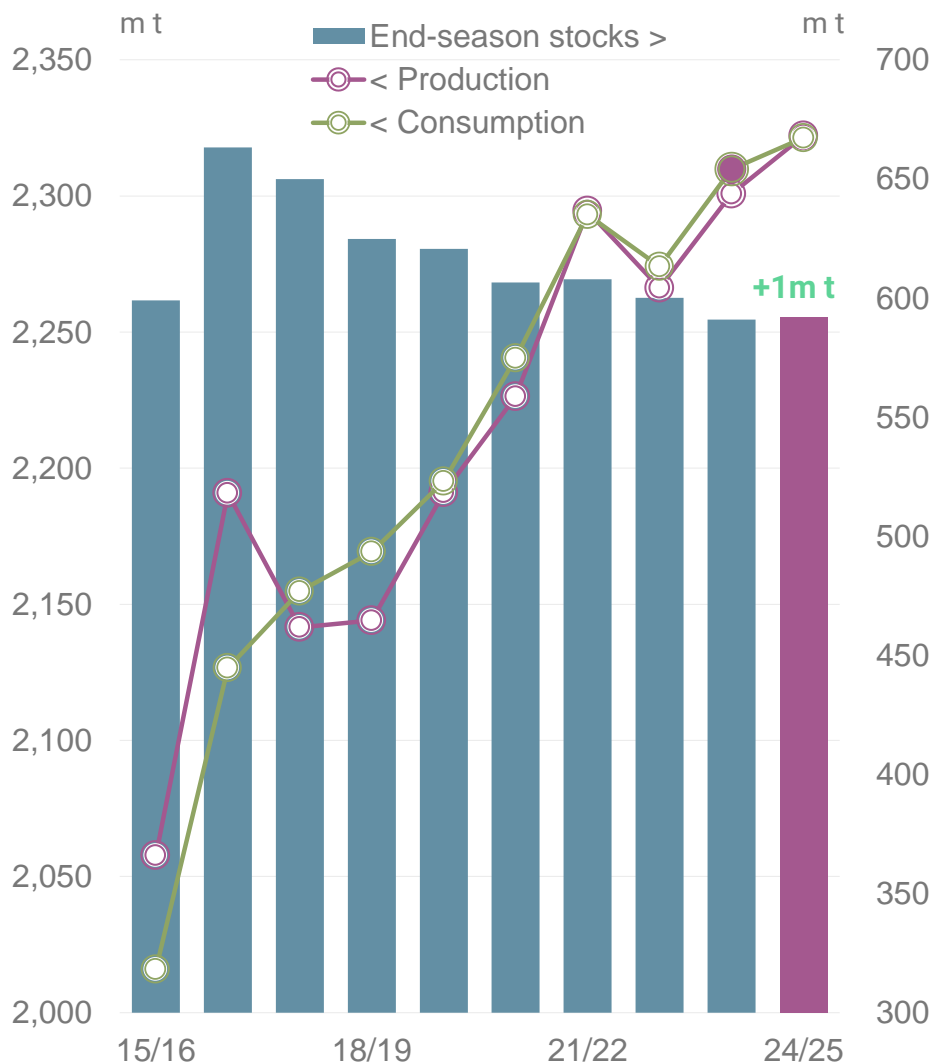


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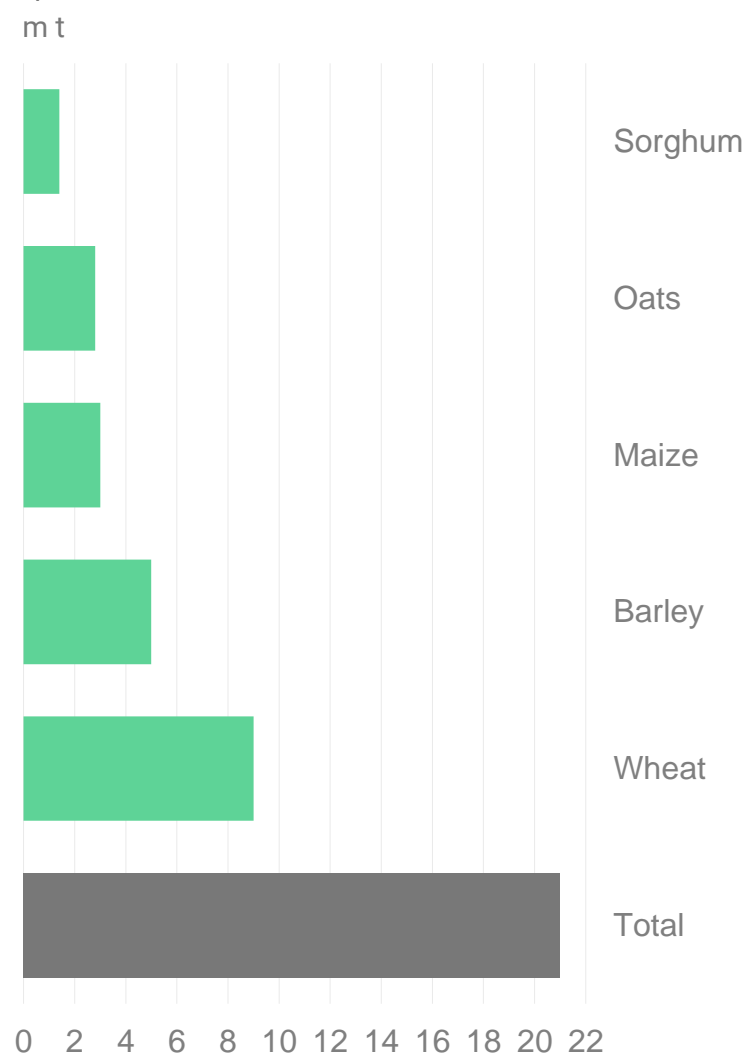


# Total grains S&D 2024/25: Potentially higher grain crops, but relatively tight carryover stocks may cap gains in supply and consumption

## Total grains: Global supply and demand



## Annual changes in global output in 2024/25







# Grain prices firmed markedly in recent weeks amid 2024/25 crop worries and renewed geopolitical concerns, but remain below last year's levels

IGC GOI sub-Indices, re-based: 2 May 2023 = 100



\* y/y changes as at 2 May 2024

## WHEAT

### Bullish factors:

- 24/25 NH crop worries (EU, US, Russia)
- Intensified Black Sea hostilities (news)
- Uncertain SH 24/25 prospects (La Niña?)
- Speculation about India's imports

### Bearish factors:

- Competitive and ample Black Sea offers
- Heavy balances in some EU exporters
- Demand uncertainties (inflationary pressure, currency shortages)
- Renewed strength in US dollar

## MAIZE

### Bullish factors:

- Pest/disease crop damage in Argentina
- Localised heat/dryness for Brazil's safrinha crop (big gap in crop forecasts)
- Spillover gains from wheat

### Bearish factors:

- Favourable planting conditions in the US and heavy supply outlooks (but potential rain-related delays)
- US-Brazil export competition
- Uncertainty about Chinese demand (cancellations)



## Grains/oilseeds export prices have dropped markedly from the May 2022 peak, to a 3.5-year low, but remain above pre-COVID-19 levels







Freight costs on main grains/oilseeds routes below earlier peaks, but still elevated and up y/y. Some support from chokepoint issues (Panama, Suez).

### IGC Grains and Oilseeds Freight index

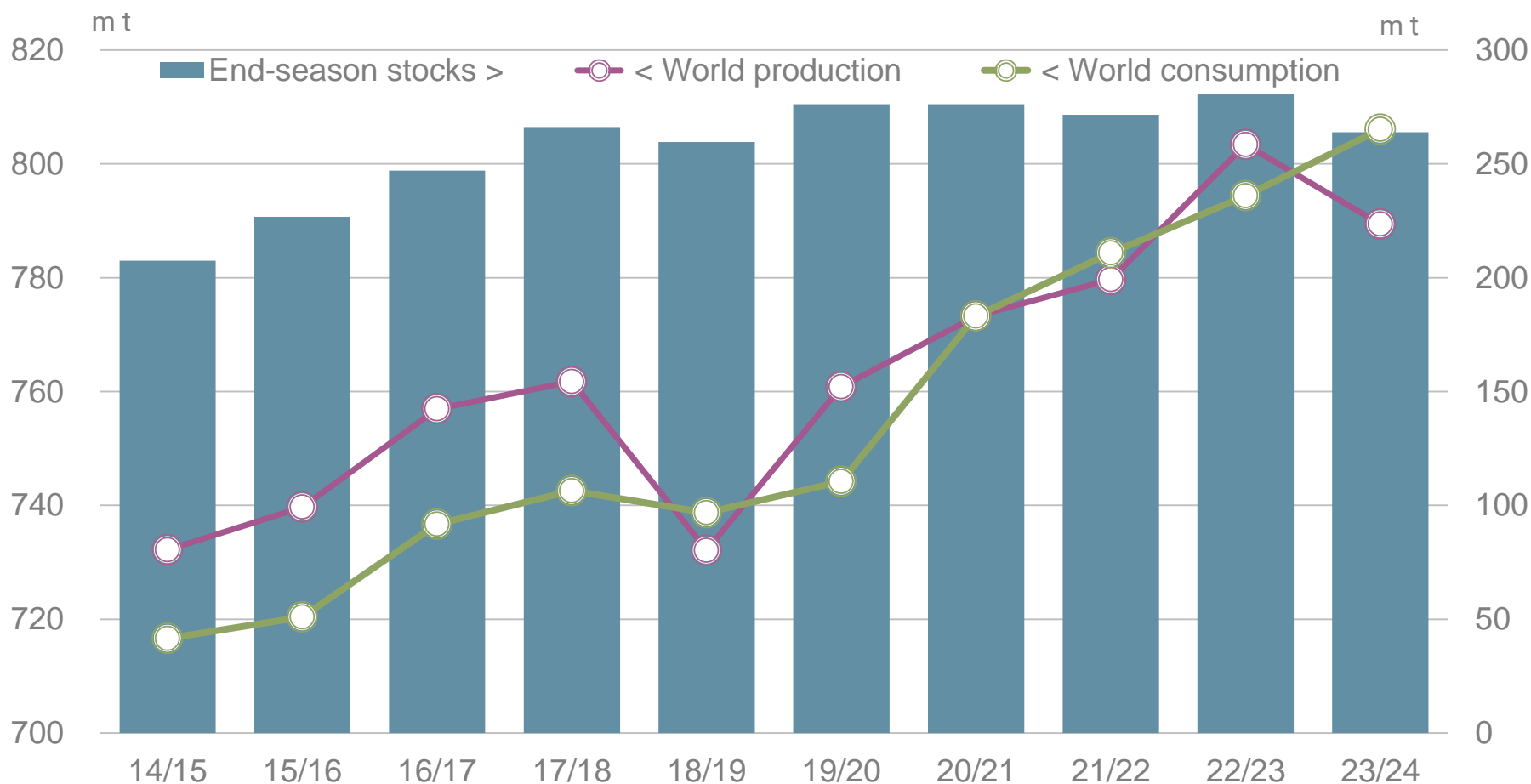




**Wheat**



## Wheat S&D 2023/24: A tightening balance sheet amid a dip in output and potentially record consumption



- Record carry-ins cushioned lower production in 2023/24, resulting in only a slight tightening in supplies (the second highest on record).
- However, with consumption seen at a new peak (and well above production), stocks are set to drop to a five-year low



## 2023/24 wheat production summary

**Production: 789m t (-2%)**

**Area: 224m ha (+1%)**

**Yields: 3.5 t/ha (-3%)**

	m t	$\Delta y/y$ (m t)	$\Delta y/y$	
Morocco	4.0	1.3	48%	Still below ave.
Iraq	4.2	1.2	40%	Good rains
Argentina	15.9	3.3	27%	Rebound
Turkey	22.0	2.3	11%	Good rains
USA	49.3	4.4	10%	Area gains
Ukraine	28.7	1.9	7%	Good weather
Pakistan	28.0	1.6	6%	Strong yields
Egypt	9.9	0.1	1%	Area gains

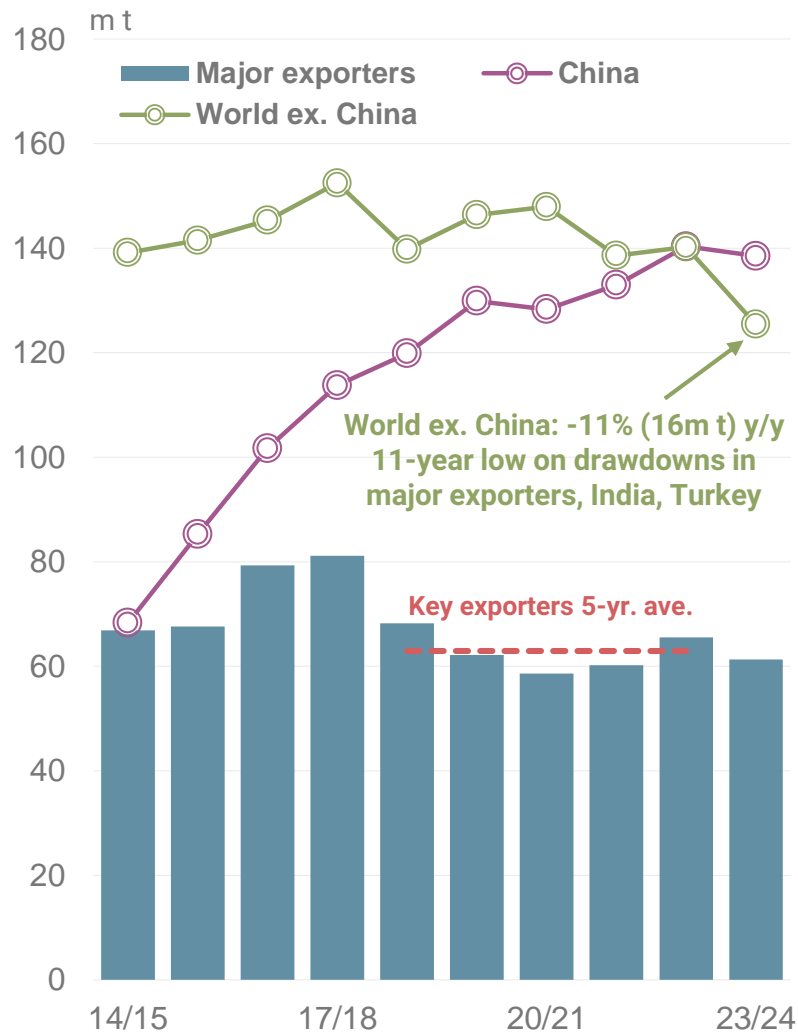
	m t	$\Delta y/y$ (m t)	$\Delta y/y$	
Australia	26.0	-14.6	-36%	El Nino dryness
Kazakh.	12.1	-4.3	-26%	Drought
Brazil	8.1	-2.4	-23%	Excess rains
Algeria	2.7	-0.3	-10%	Drought
UK	14.0	-1.6	-10%	Smaller area
Canada	32.0	-2.4	-7%	Dryness
Russia	91.0	-4.4	-5%	Lower yields
China	136.6	-1.1	-1%	Excess rains

- Output fell for the first time in five seasons, but still the second largest on record.
- Southern hemisphere outturns were mixed, but with crops surpassing earlier, more pessimistic forecasts in Australia and Argentina.
- Widespread quality losses observed (China, Kazakhstan, Brazil, EU, Ukraine).

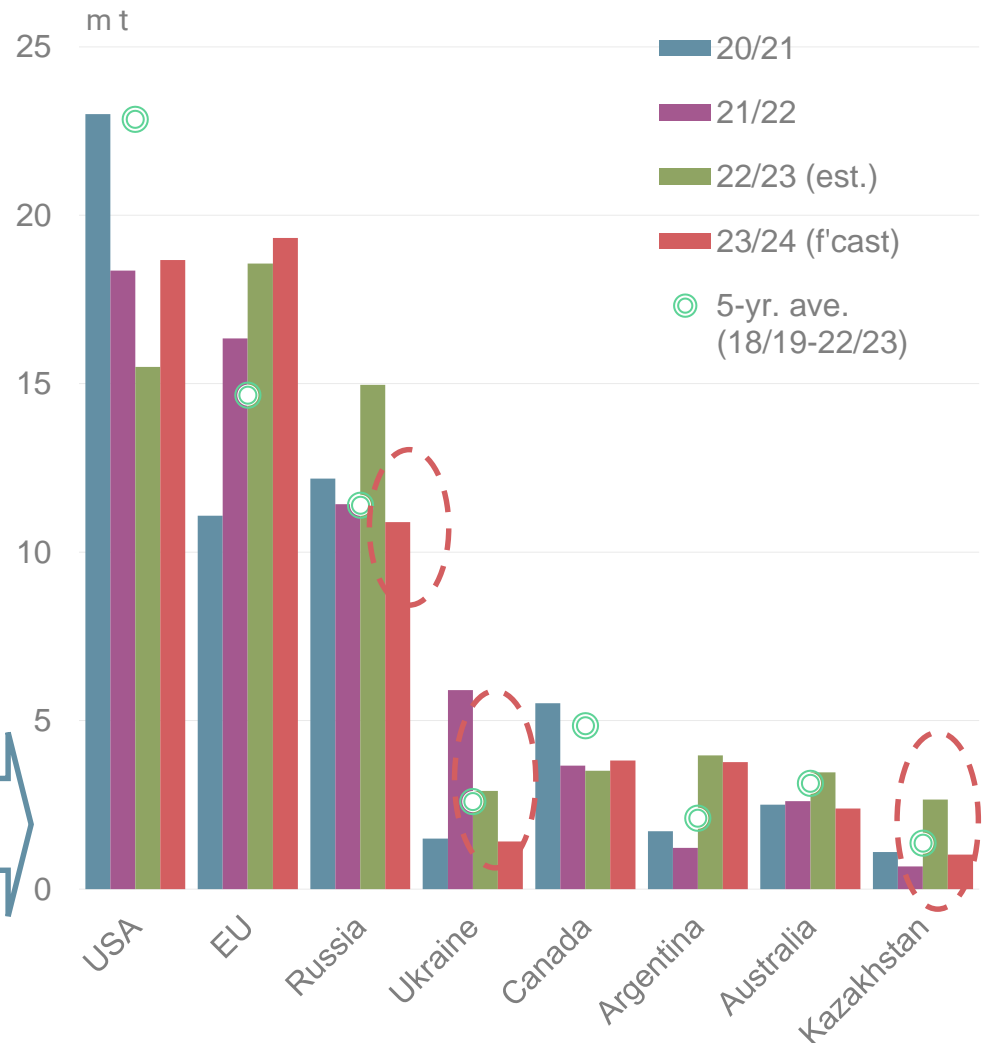


# After peaking in the year before, stocks may fall to a five-year low in 2023/24, including tightening in the key exporters, led by the BS region

## End-season stocks



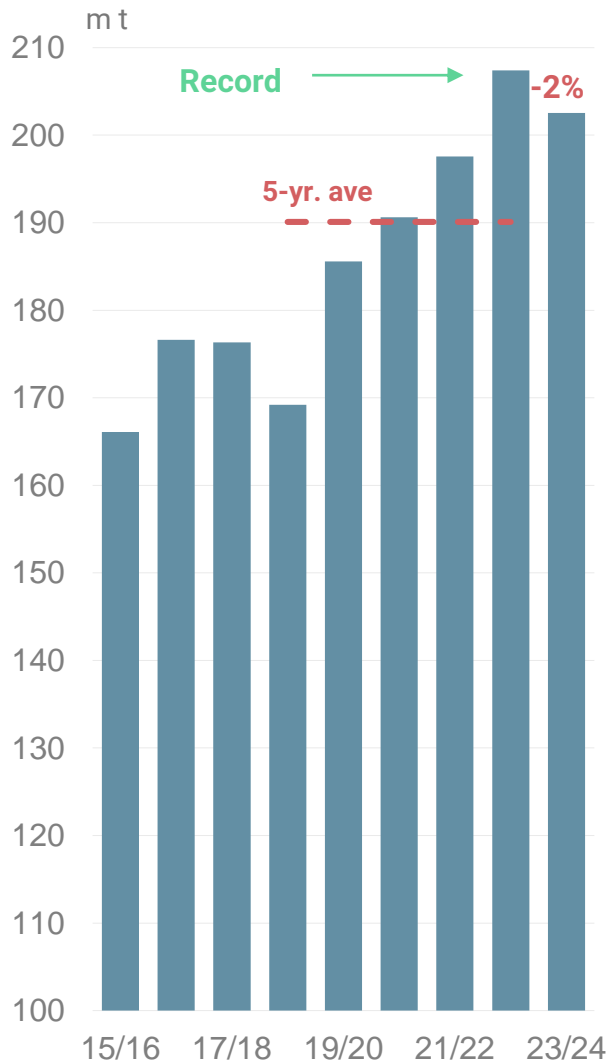
## Key exporters' end-season stocks



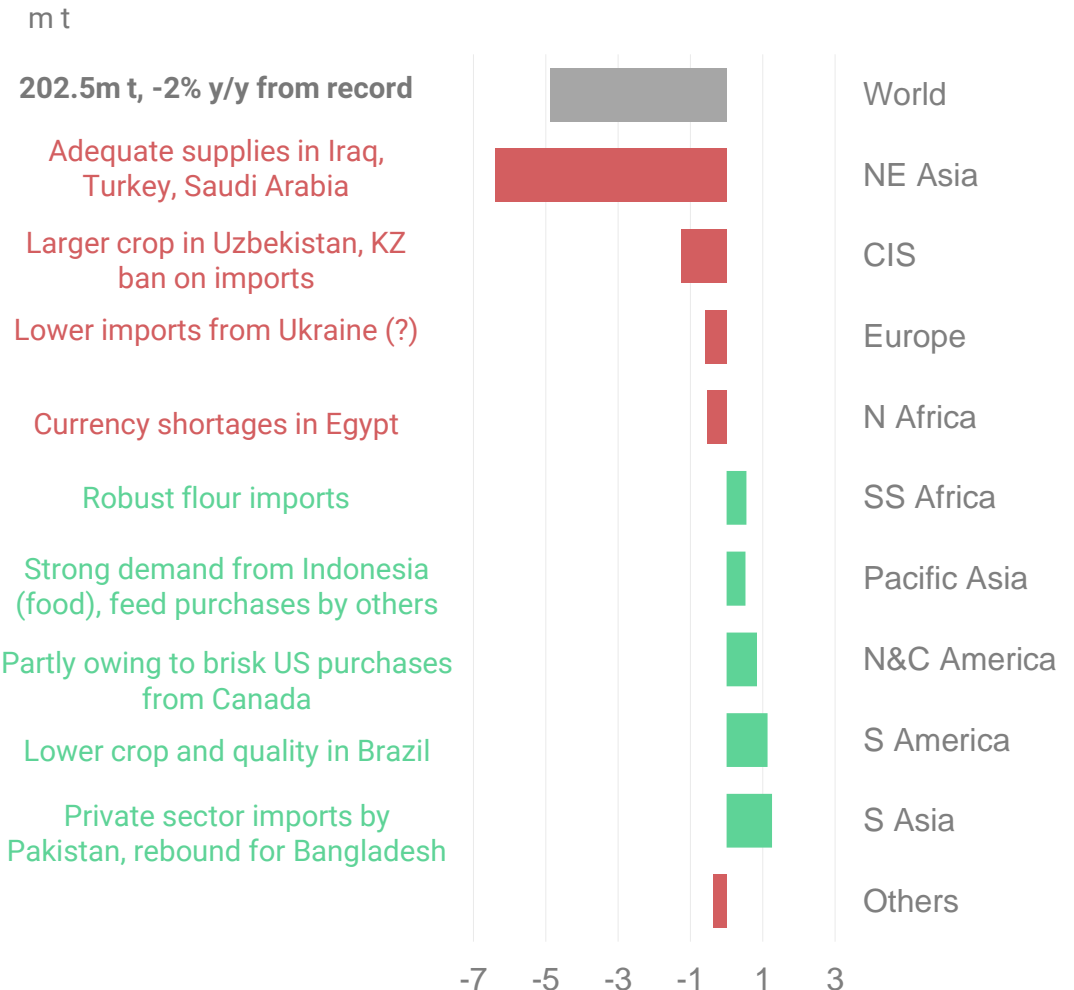


# Trade to contract by 2% form a peak in 2023/24, led by lower import needs to Europe and Near East Asia

## Global imports (Jul/Jun)



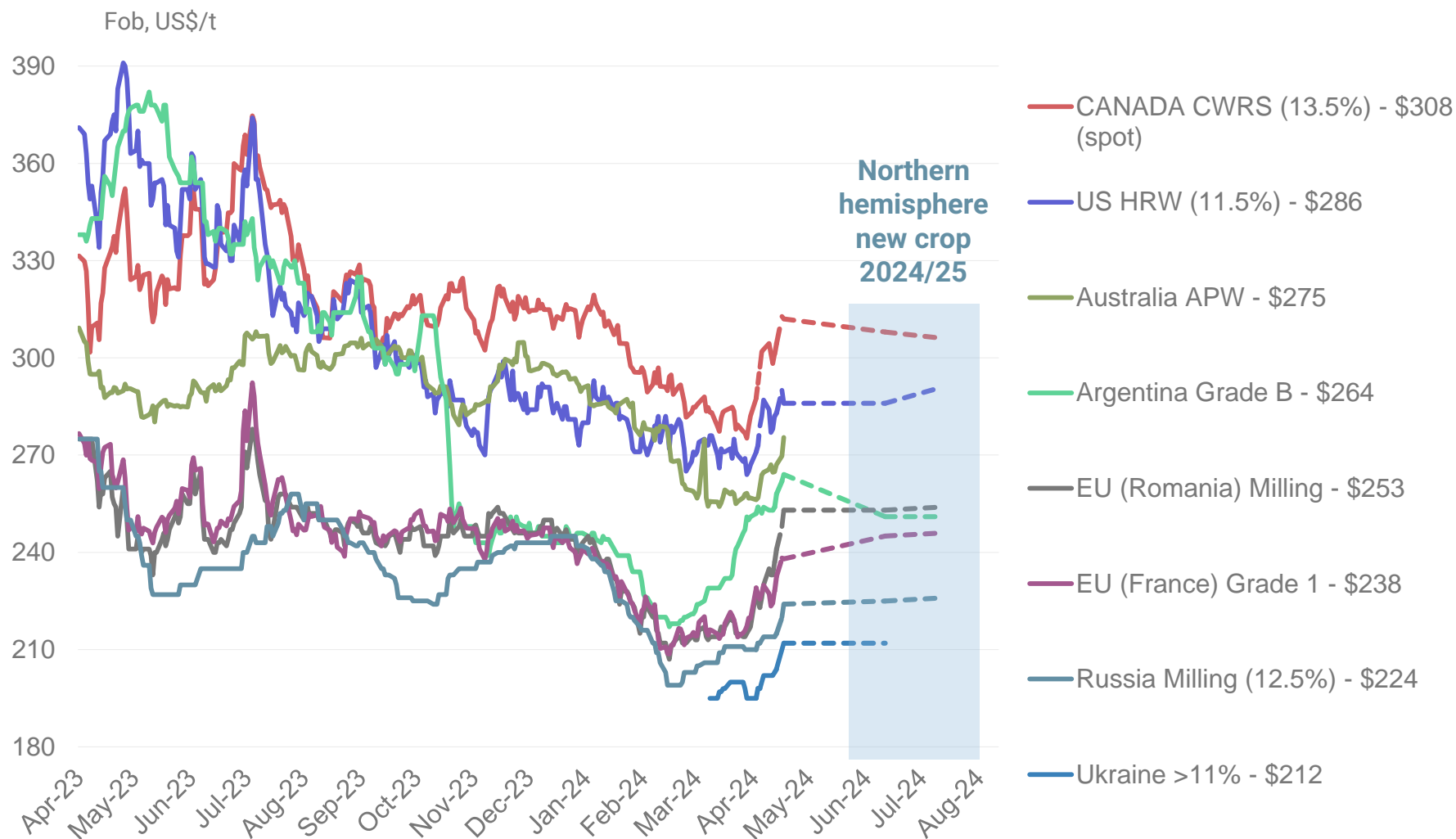
## Annual (y/y) changes in imports in 2023/24 (Jul/Jun)





Export prices in Russia/Ukraine (both old and new crop) remain at a discount to other origins, despite the recent broad-based rally, but Romania is losing competitiveness.

### Nominal fob quotations for selected wheat classes and origins



Note: Nominal new crop (Jul/Aug) fob export prices as of 7 May 2024. Values may not be directly comparable due to different specifications.





# Russia to cement its leading exporter position in 2023/24. Argentina to rebound. Surging flour / durum deliveries form Turkey.

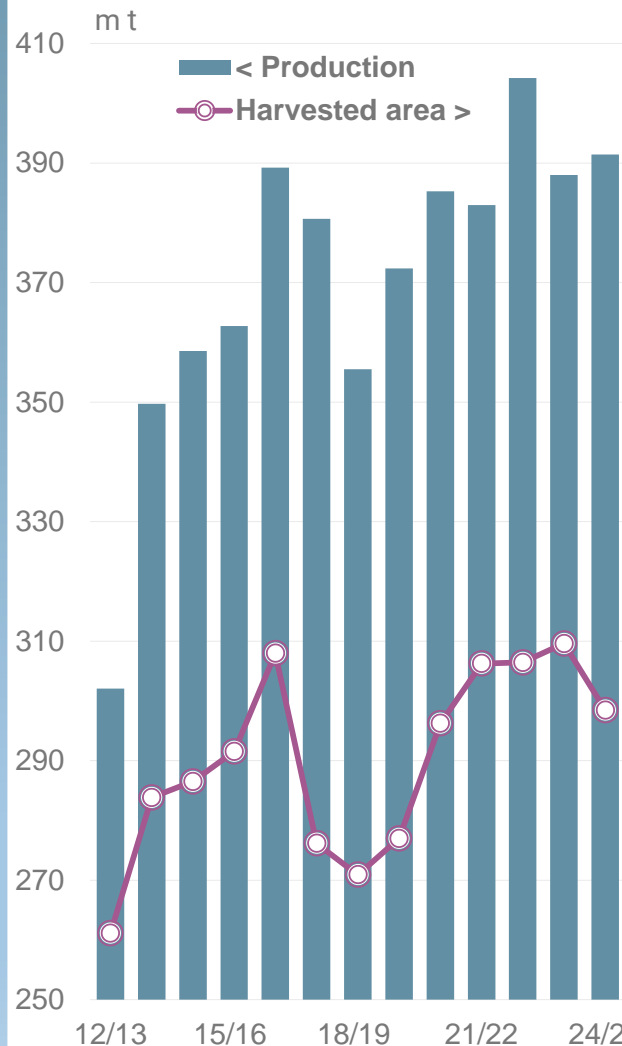
Exports (Jul/Jun)





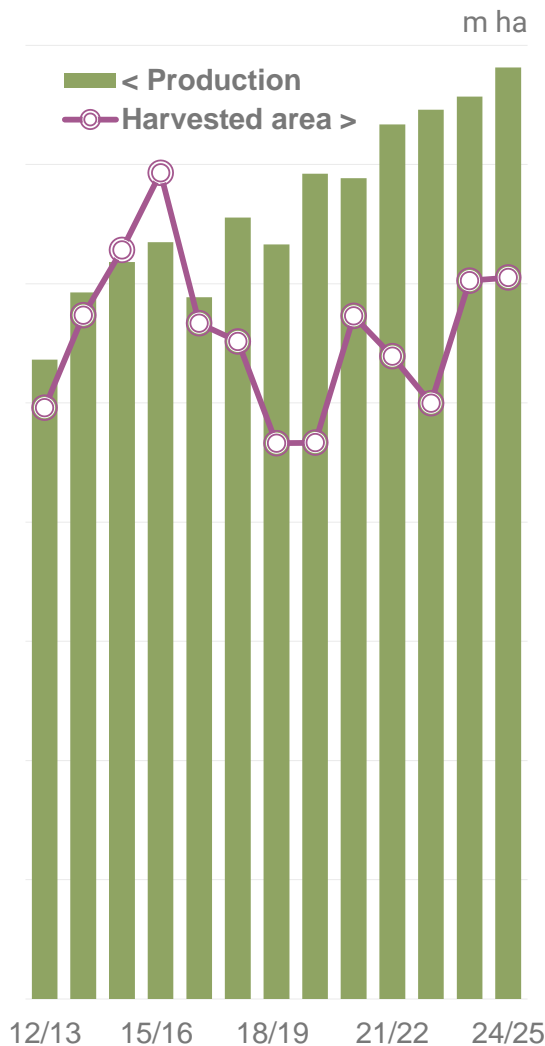
# 2024/25 global wheat production forecast at 798m t (+1% y/y), the second largest crop ever

## Major exporters



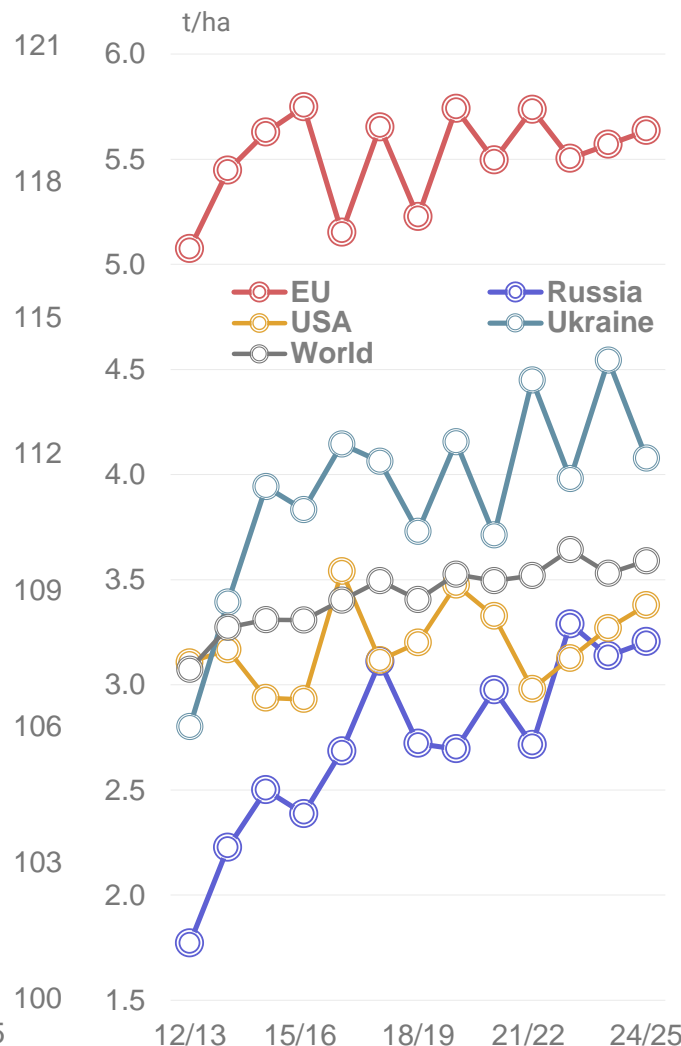
**391m t (+1% y/y / +3m)\_**

## Other producers



**406m t (+1% y/y / +5m)**

## Average yields, selected

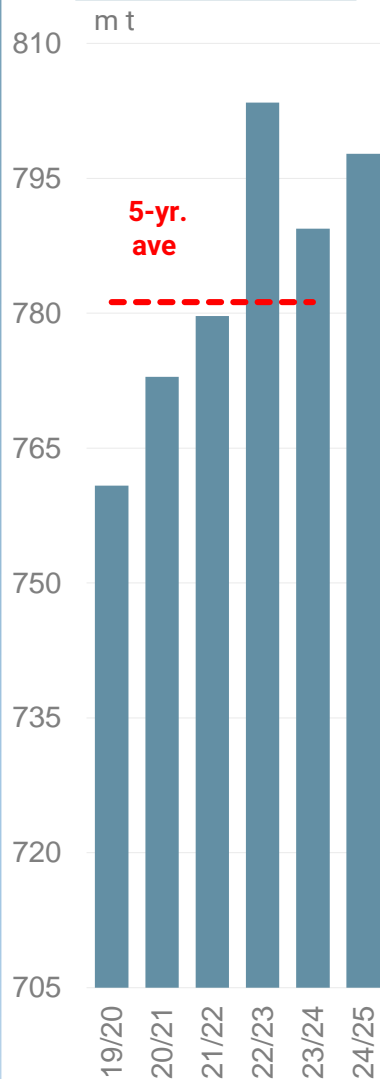


**World: 3.6 t/ha (+2% y/y)**

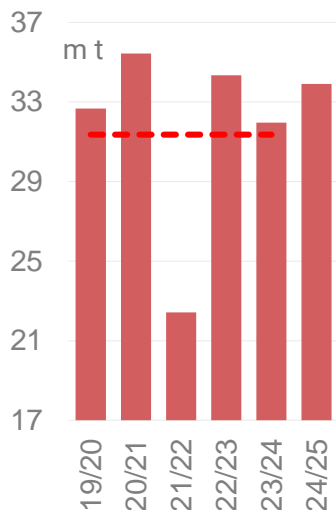


# Mixed 2024/25 wheat prospects in the main growers

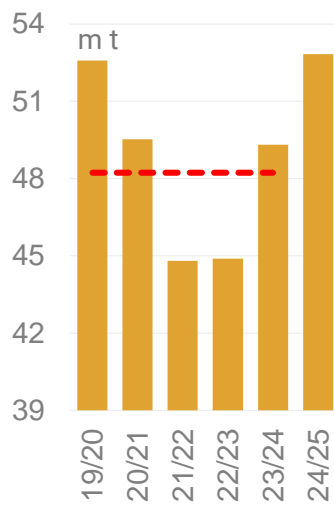
## WORLD PRODUCTION



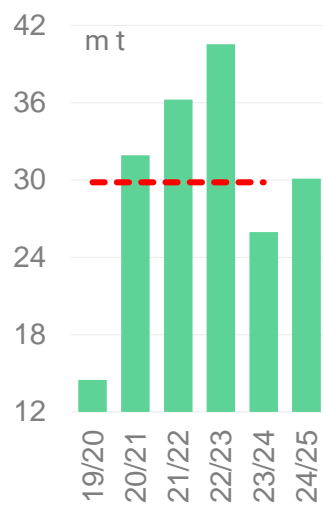
## Canada



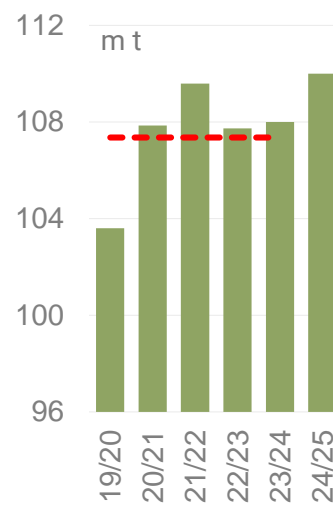
## USA



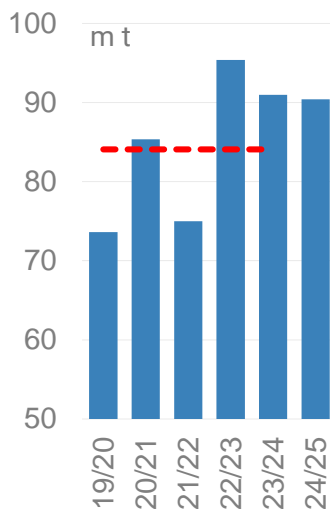
## Australia



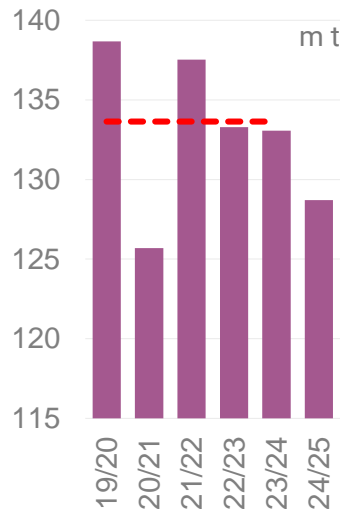
## India



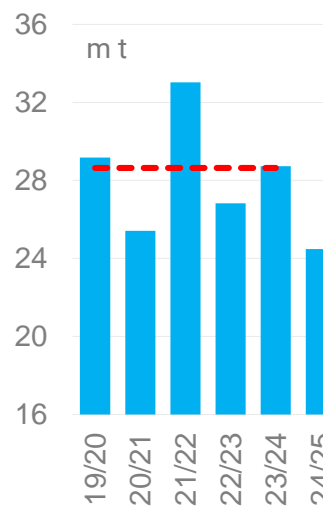
## Russia



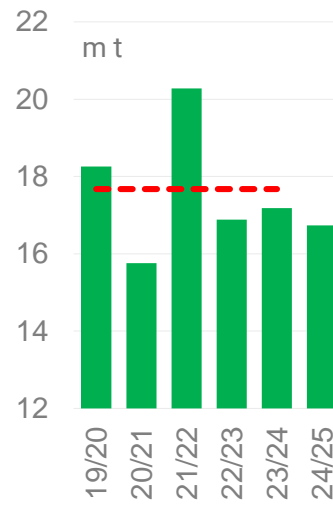
## EU



## Ukraine

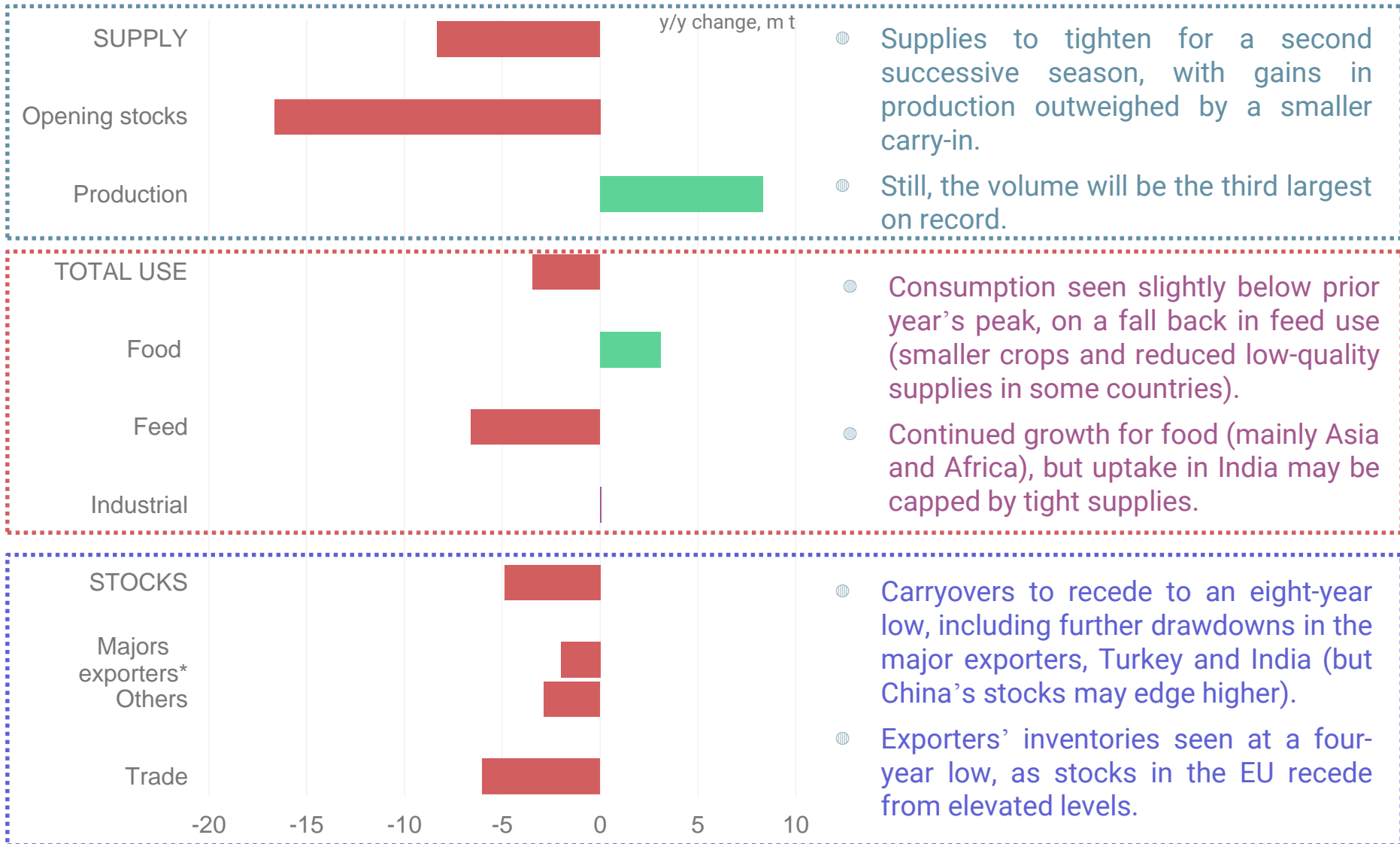


## N Africa





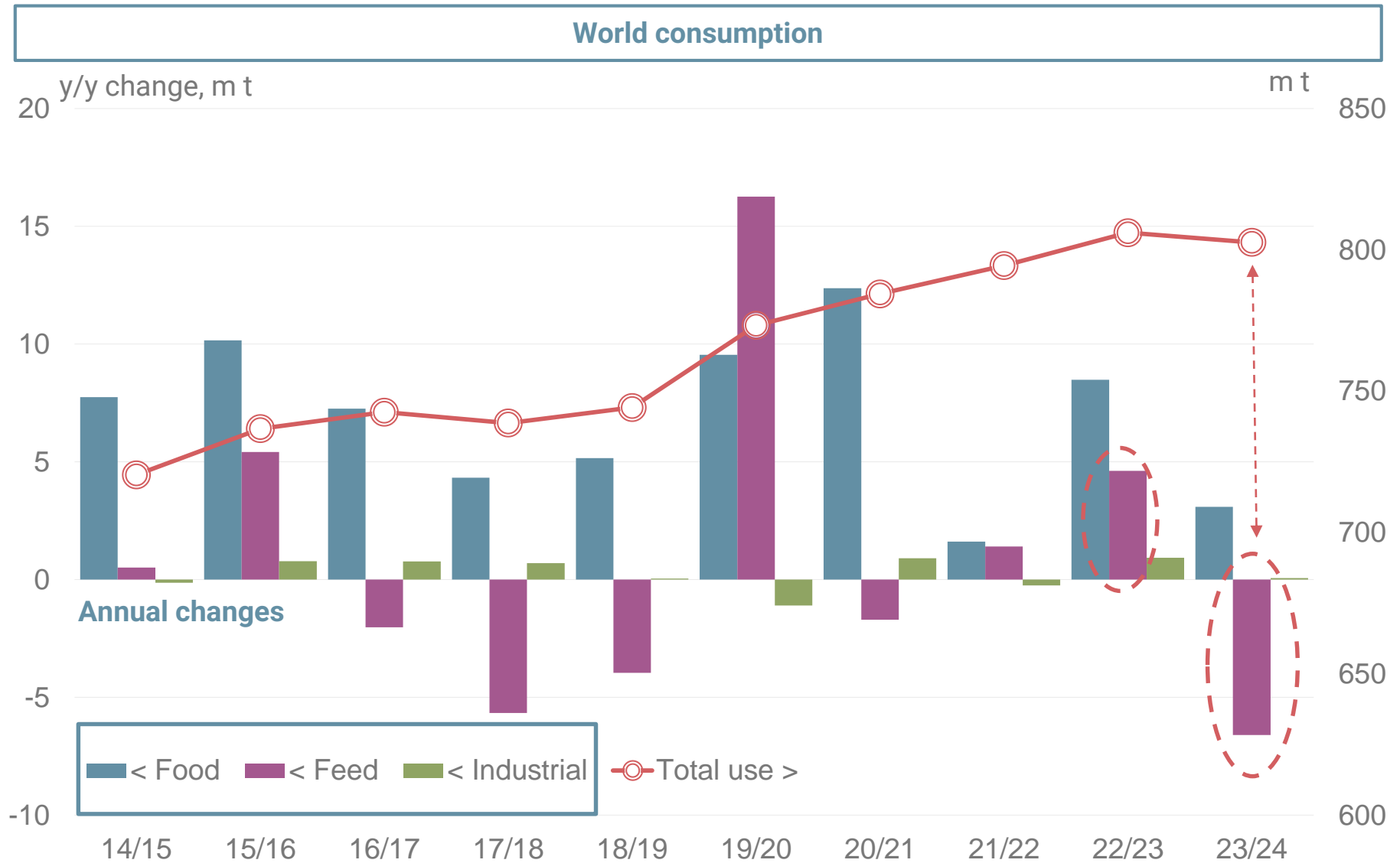
# Consumption may retreat in 2024/25 amid tighter supply, but will likely exceed output, leading to further drawdowns in stocks



\* Argentina, Australia, Canada, EU, Kazakhstan, Russia, Ukraine, USA



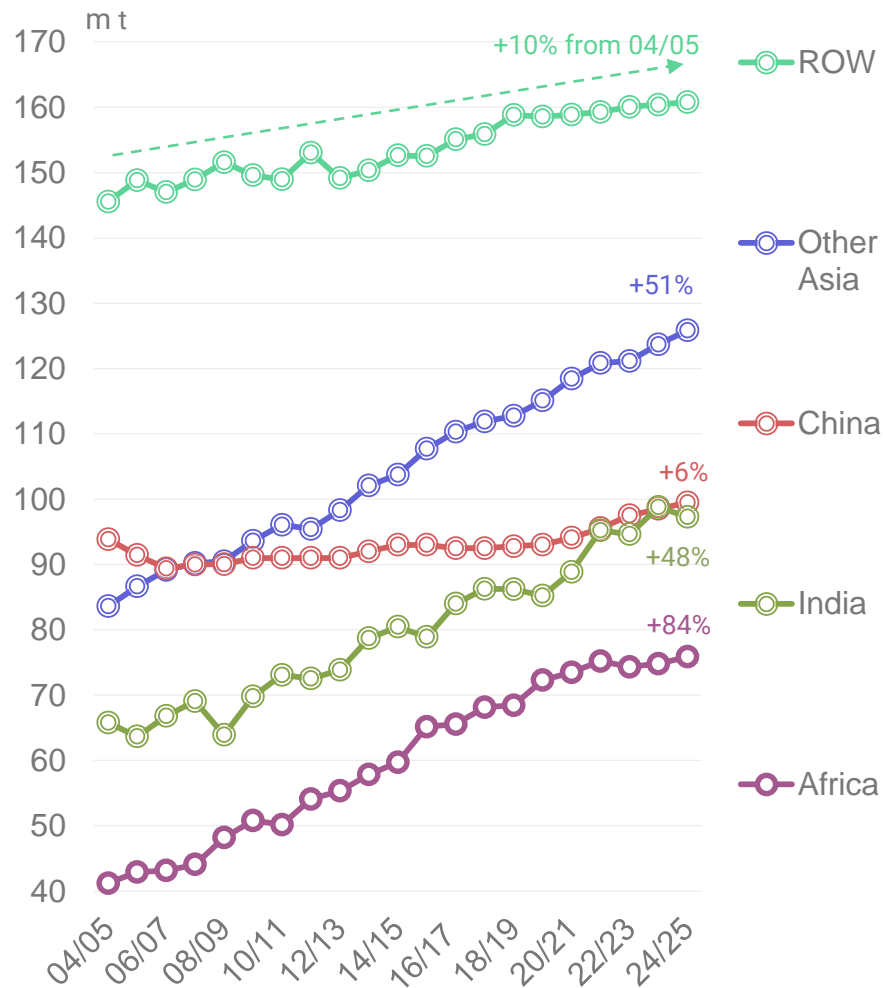
Consumption in 2023/24 is seen at a new peak, but demand could pull back next season amid reduced feed uptake and slower growth for food



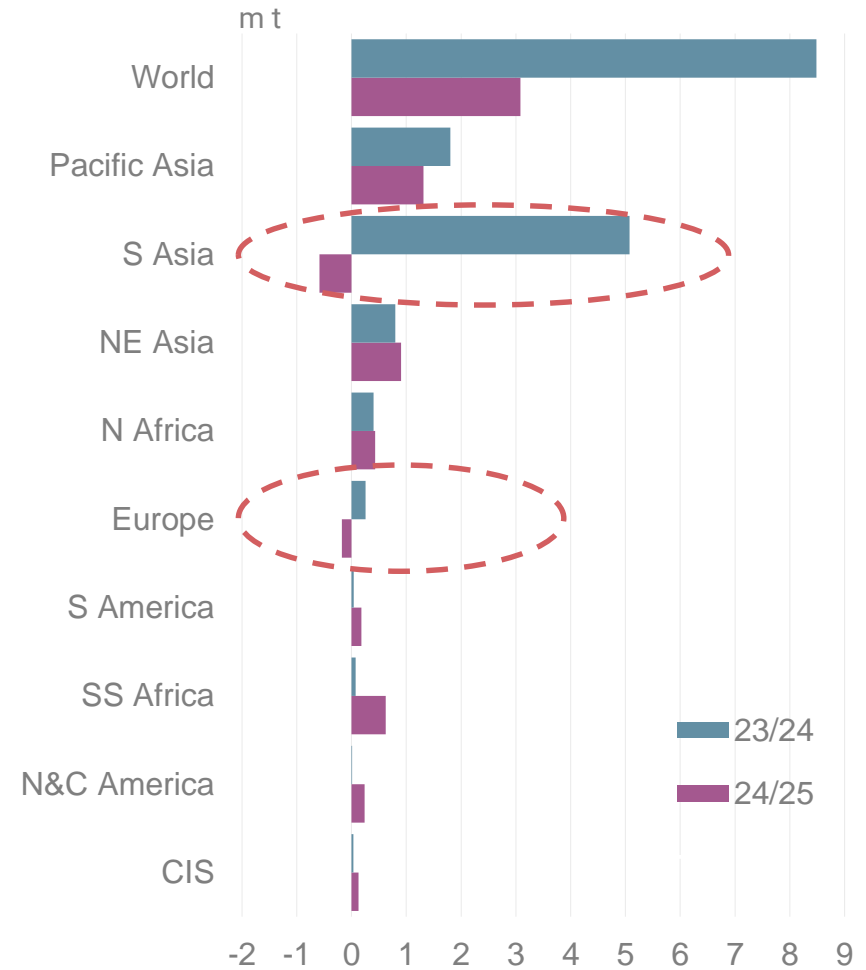


## Food: Long-term gains led by Asia and Africa, but the latter faced headwinds in recent years. A retreat in India to add to slower growth in 2024/25?

### Food consumption



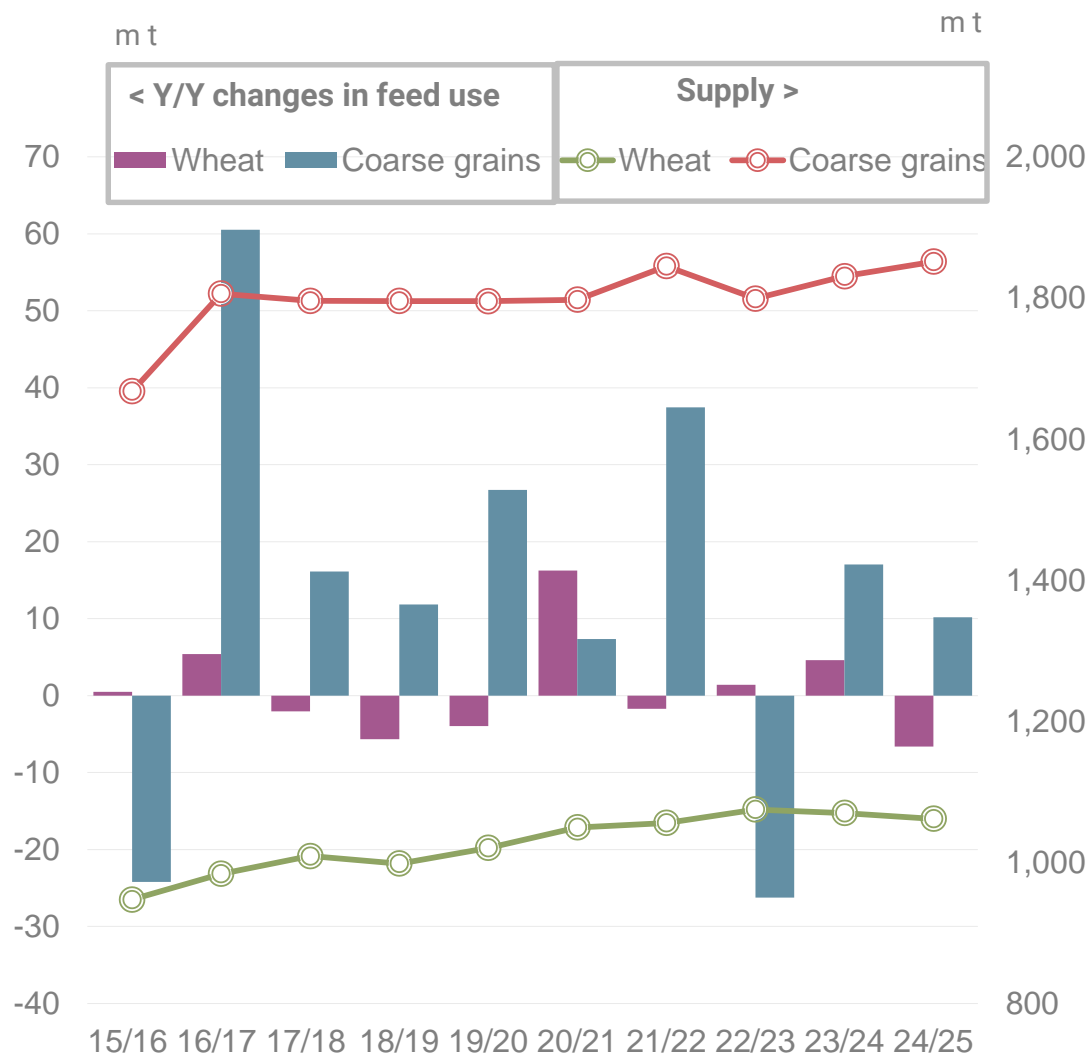
### Changes in food use in 23/24 and 24/25



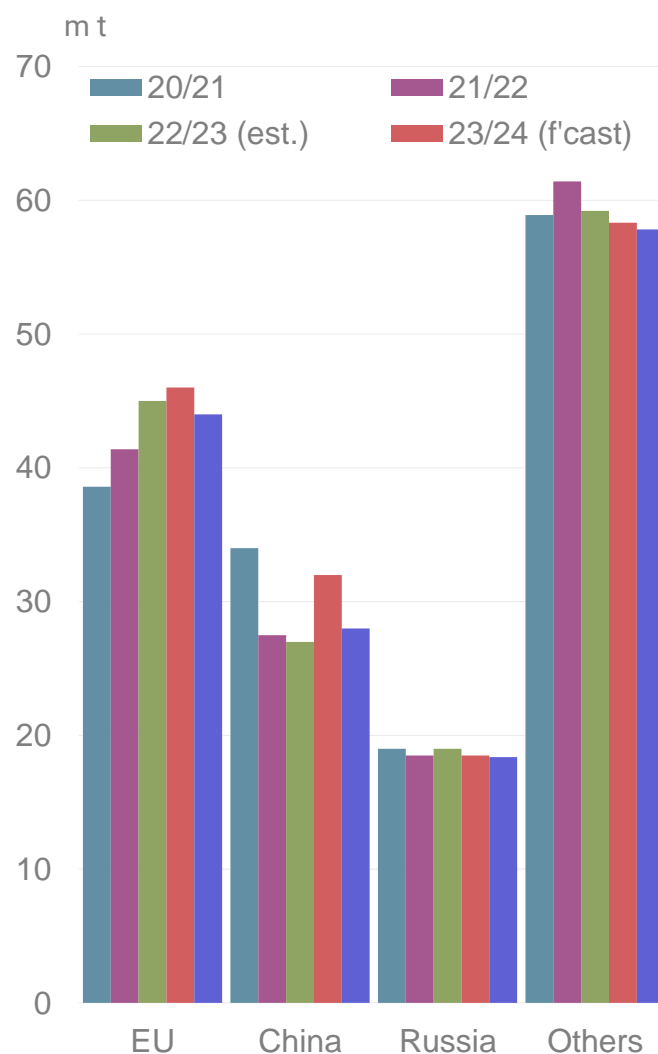


**Feed: Ample low quality supplies added to record wheat feeding in 2023/24.**  
**2024/25 may see a retreat amid normal quality / competition from alternatives.**

### Supply and feed use: wheat vs. coarse grains



### World feed use





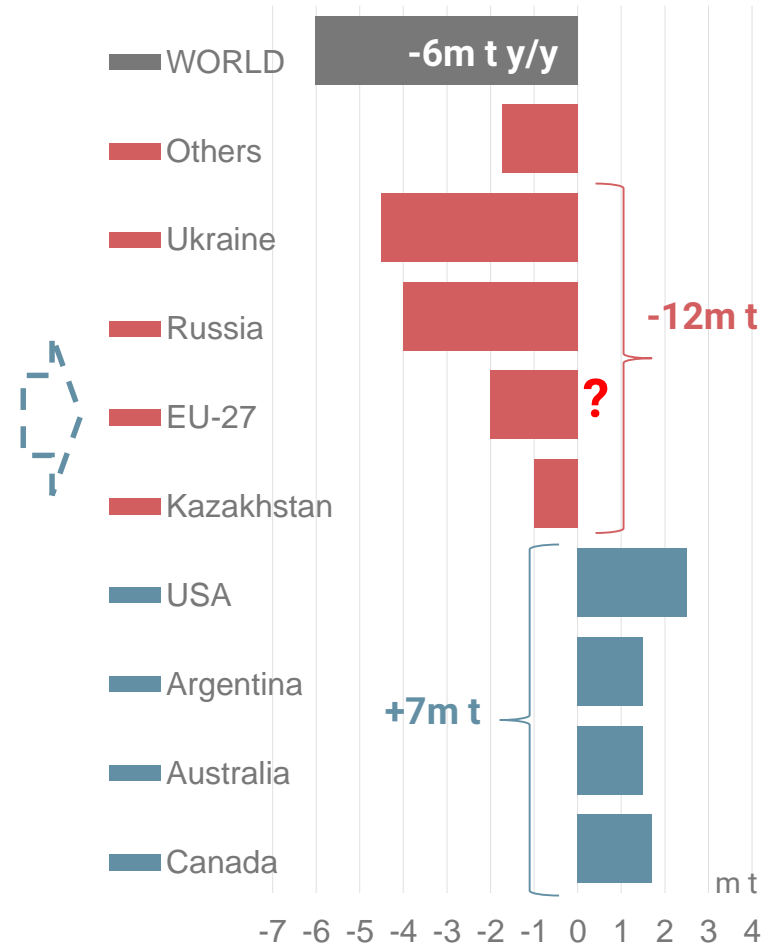


# Supply projections indicate possible shifts in exports in 2024/25, with potentially smaller shipments from the Black Sea region

Key exporters' supplies\* in 23/24/ 24/25 vs. 5-year average



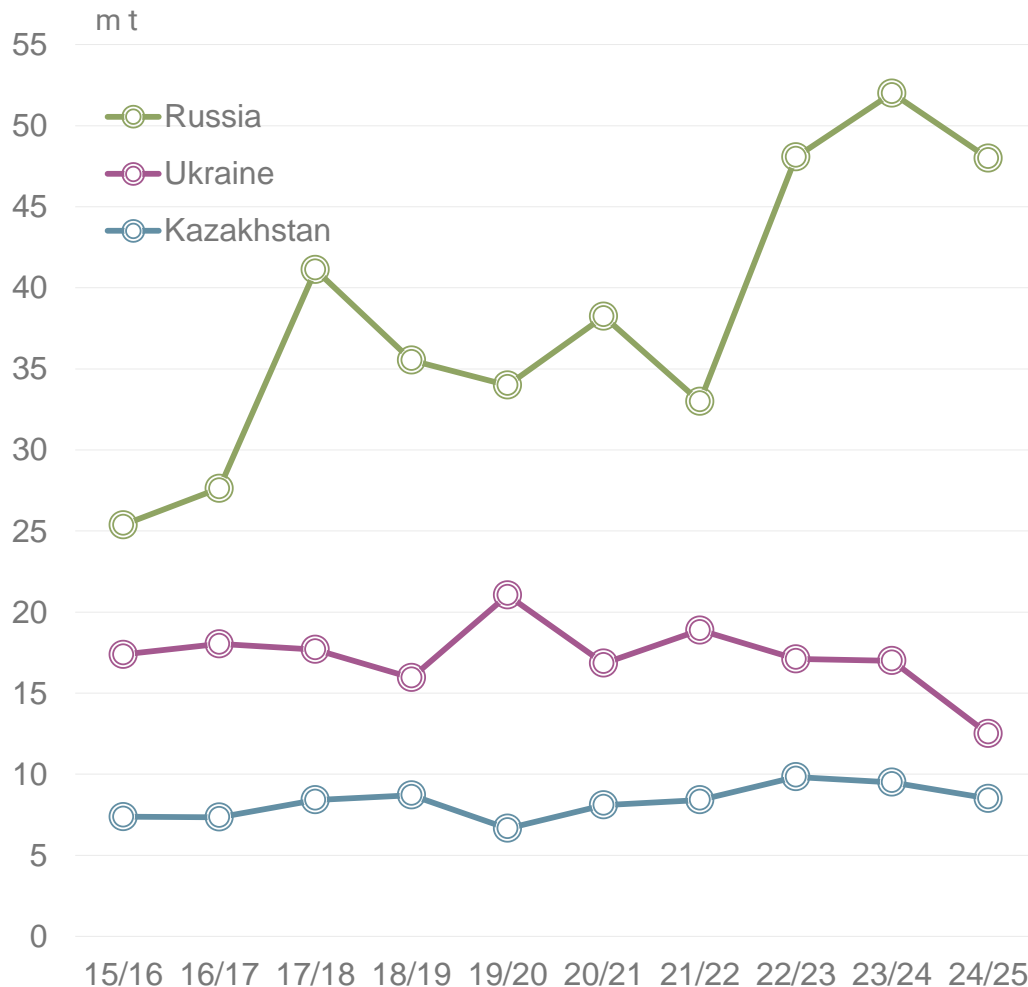
Y/Y change in exports (Jul/Jun) in 24/25



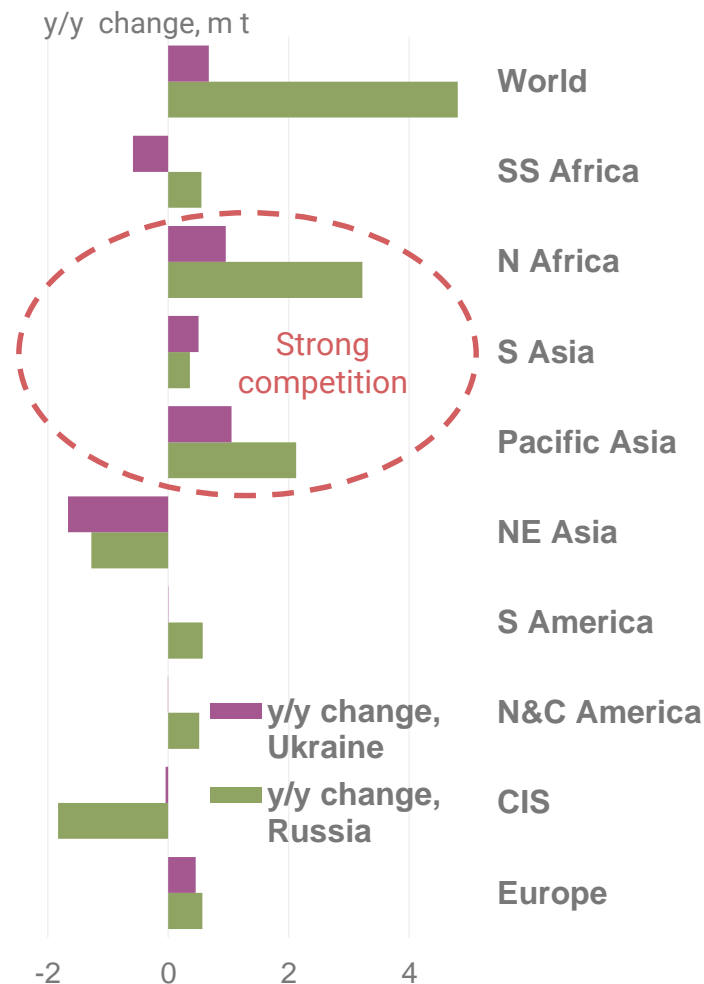


## Despite potentially smaller exports, Russia-Ukraine competition in some African and Asian markets likely to remain strong in the 2024/25 season

### Black Sea exports (Jul/Jun)



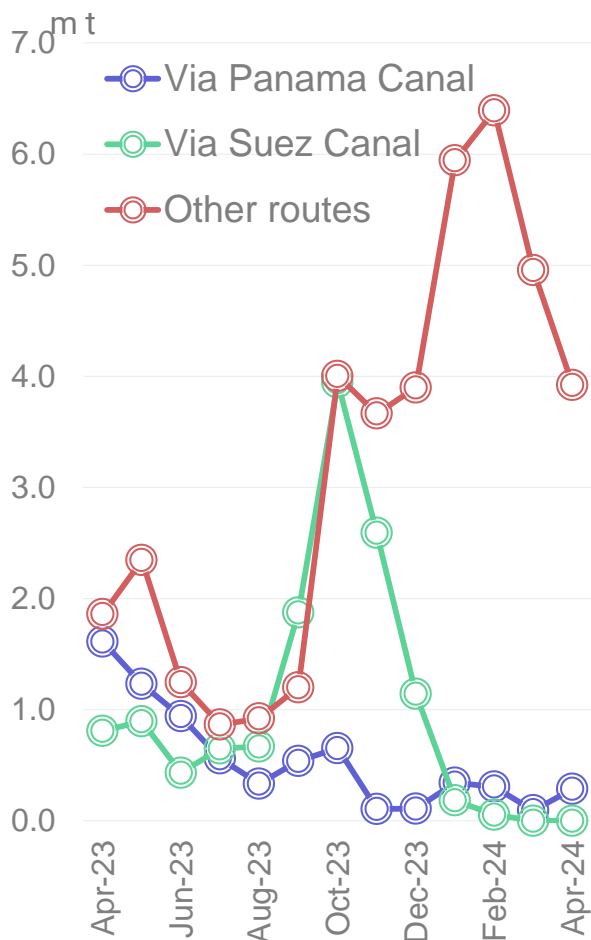
### Annual (y/y) changes in Jul'23-Mar'24 exports from Russia and Ukraine





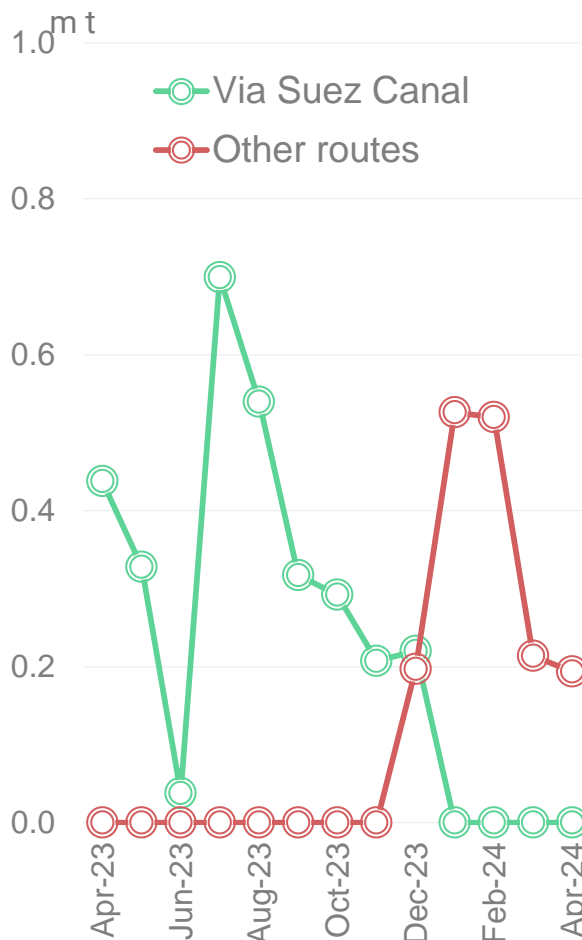
# Grains/oilseeds shipments from the US and Western Europe to Asia are largely avoiding the Suez Canal, but only a slight y/y drop for Black Sea flows

## US - Asia



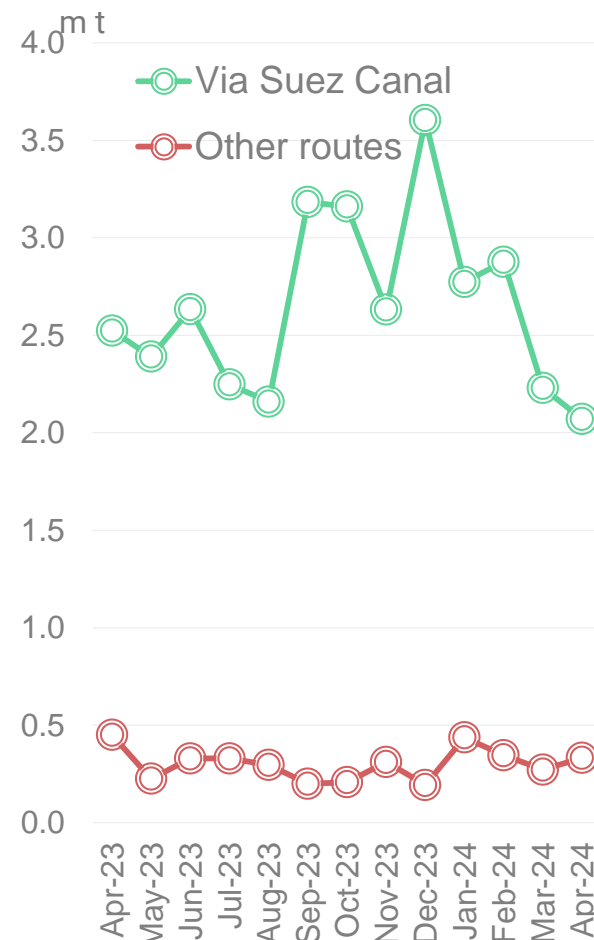
Jan-Apr'24 shipments via Suez:  
0.2m t (-93% y/y)

## Western Europe - Asia



Jan-Apr'24 shipments via Suez:  
0m t (1.7m year before)

## Black Sea - Asia

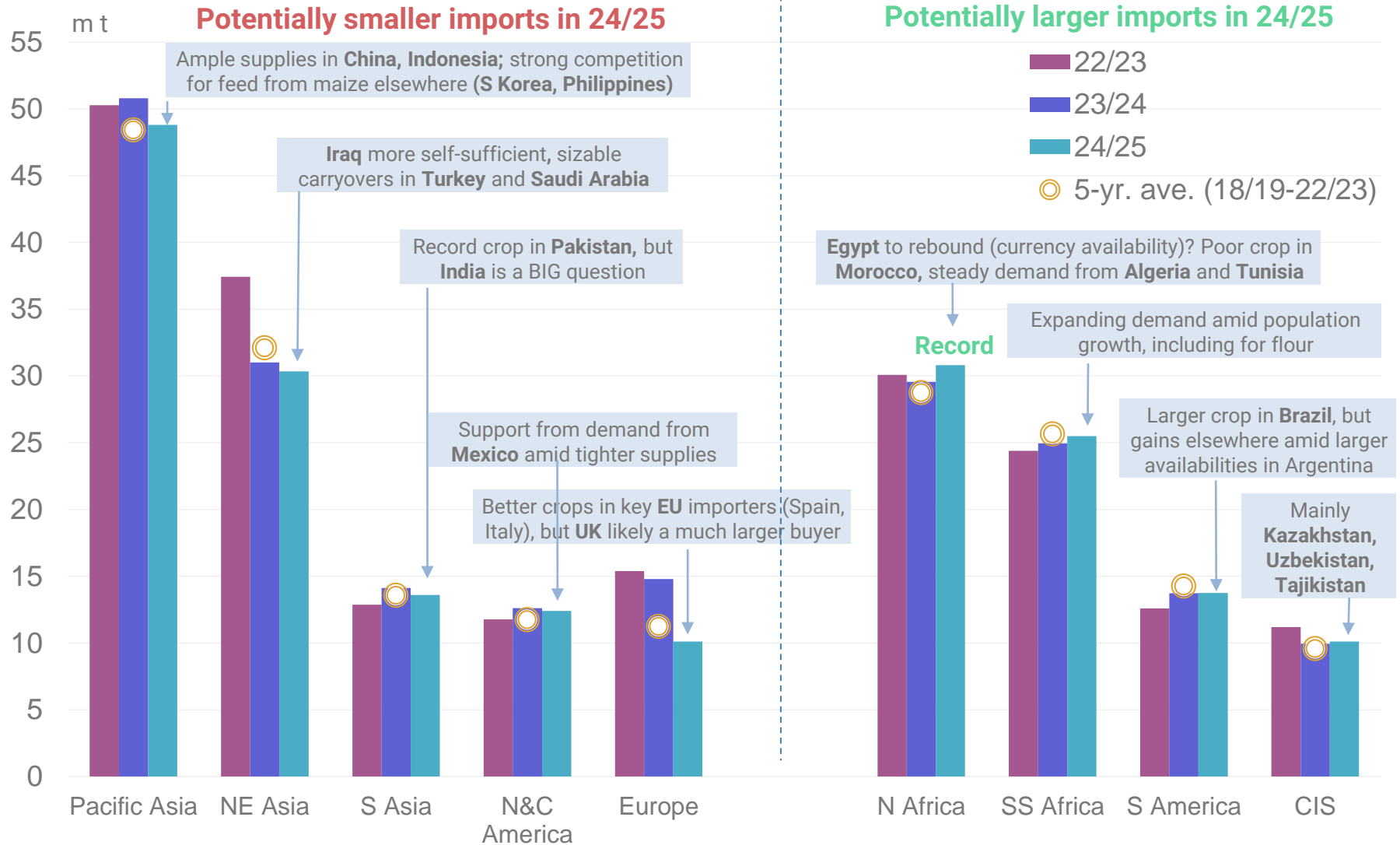


Jan-Apr'24 shipments via Suez:  
10.0m t (-6% y/y)



Better crops/adequate carryovers may cap imports by the EU and parts of Asia, but North African needs could be record high. India's imports a big uncertainty.

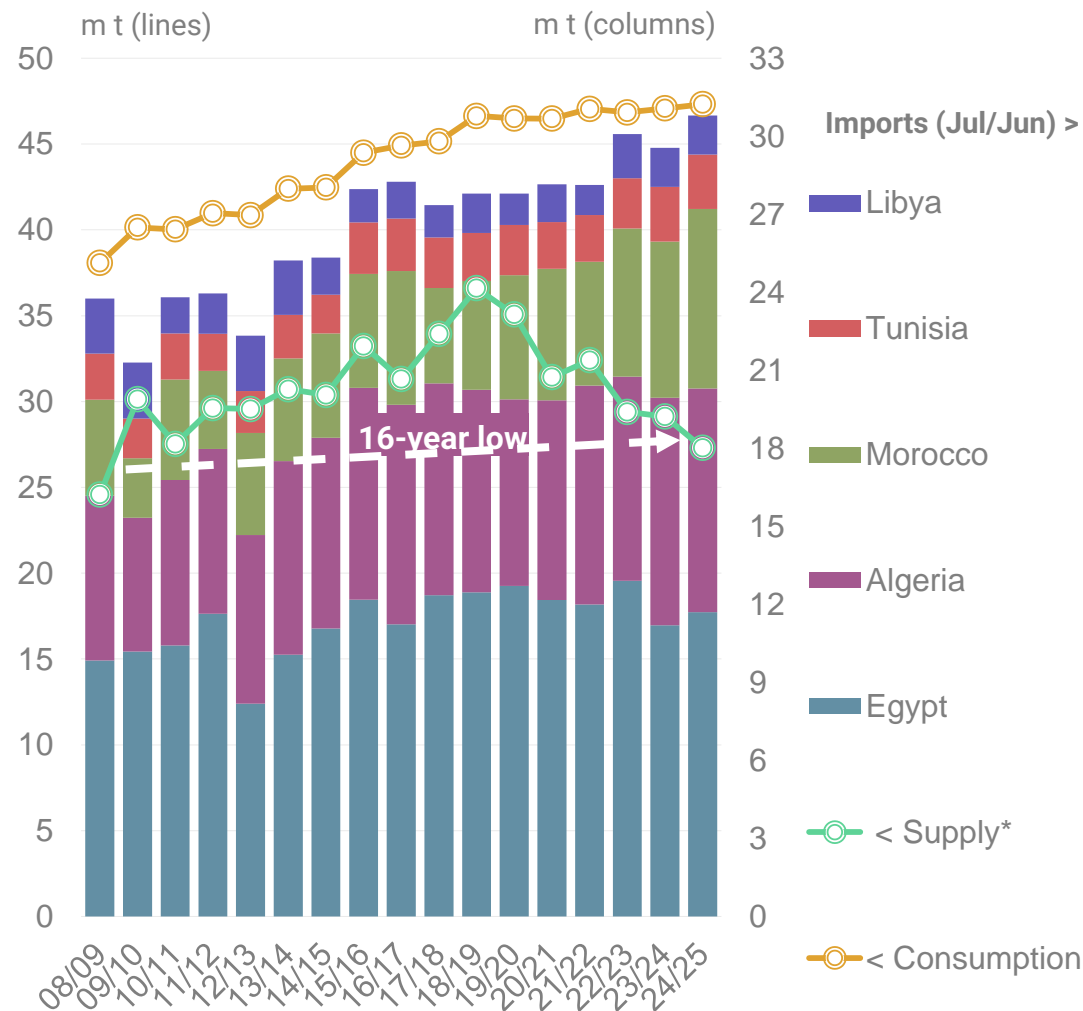
### Global imports (Jul/Jun)





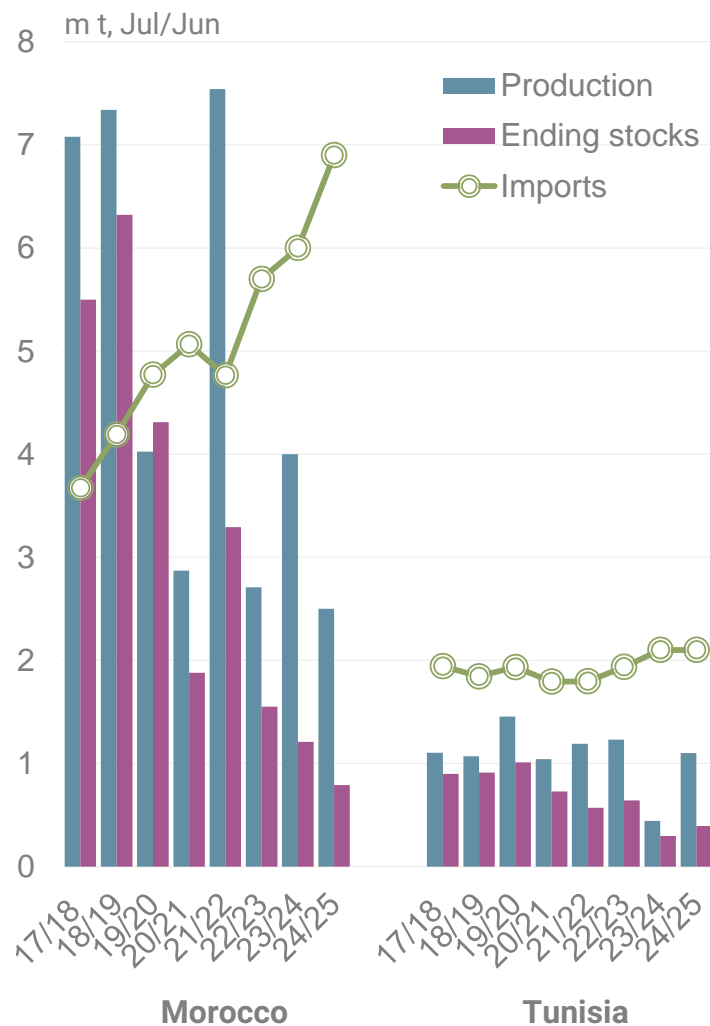
With supply seen at a 16-year low, and an uptrend in consumption, North Africa imports may reach a new peak in 24/25, led by Morocco

### North Africa supply and demand



\* opening stocks plus production

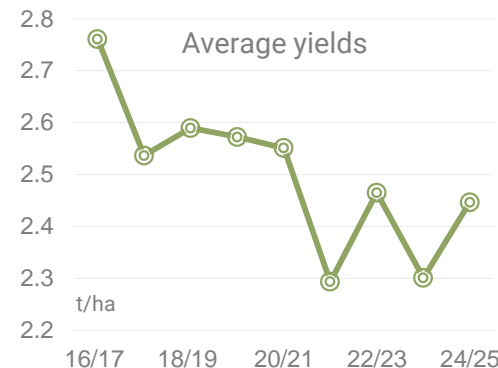
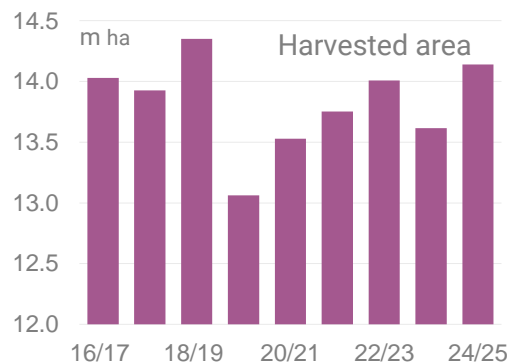
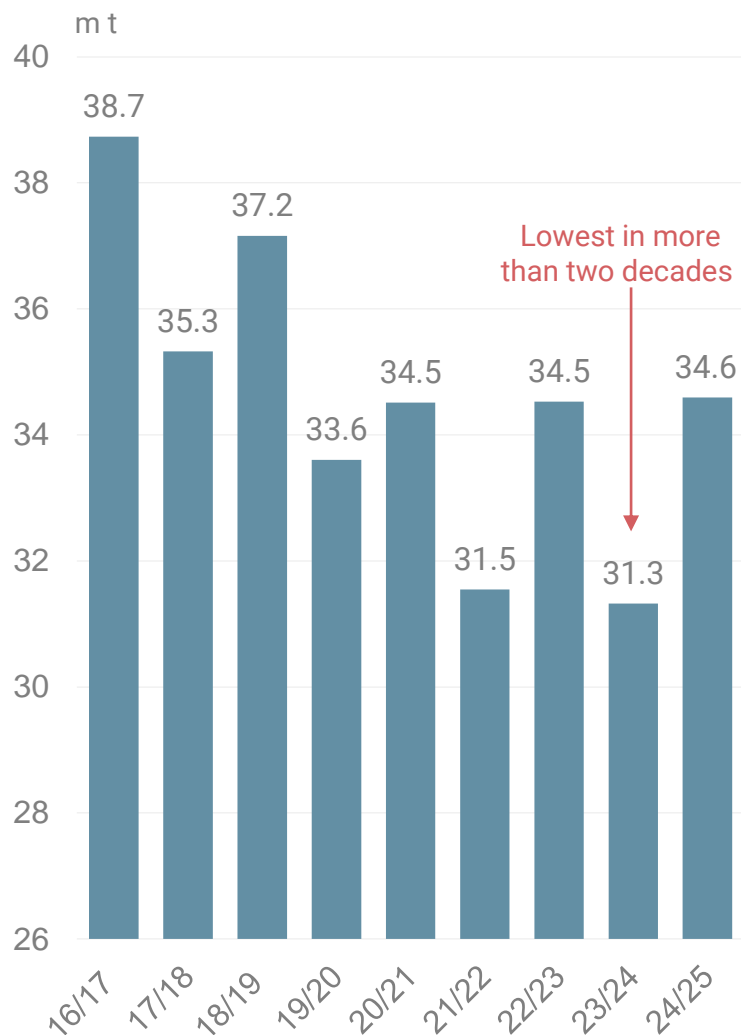
### Morocco/Tunisia supply and imports





**Durum: Production expected to rebound from a multi-decade low in 24/25 on a recovery in North America. Mixed prospects for North Africa.**

### World durum production

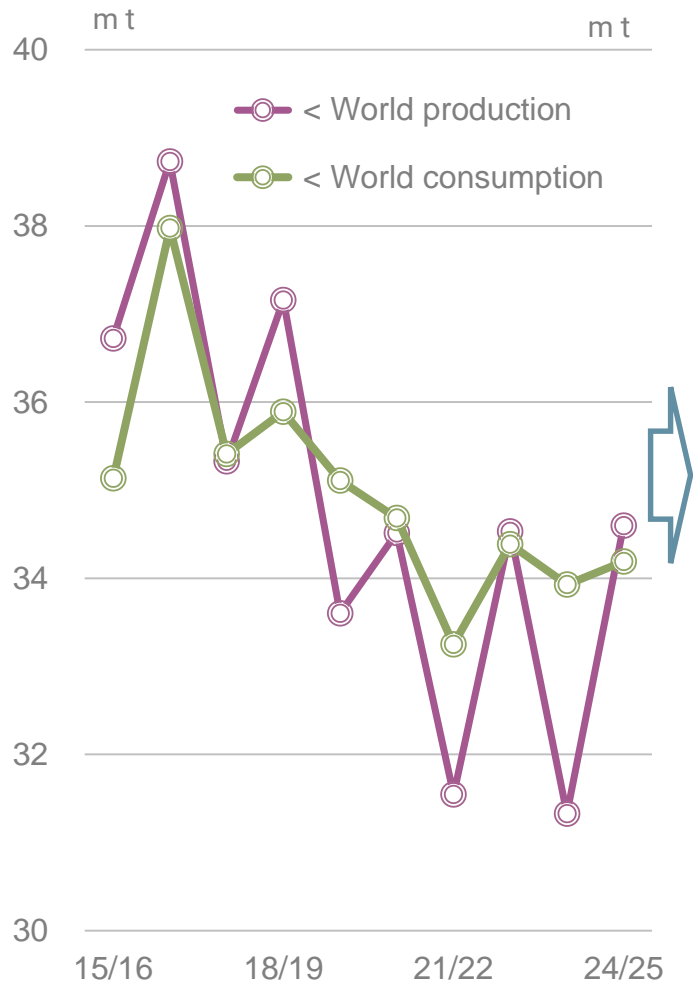


mt	21/22	22/23 (est.)	23/24 (f'cast)	24/25 (proj.)	y/y change
<b>Major exporters</b>					
EU	8.0	7.5	7.0	6.9	- 1.4%
Canada	3.0	5.8	4.0	5.5	+ 36.0%
USA	1.0	1.7	1.6	2.0	+ 23.9%
Mexico	1.8	2.1	2.0	1.8	- 8.6%
<b>Selected others</b>					
Turkey	3.2	3.8	4.3	4.5	+ 4.7%
Algeria	1.9	2.2	2.0	2.1	+ 7.3%
Tunisia	1.1	1.0	0.4	1.0	+ 134.2%
Morocco	2.5	0.8	1.2	0.7	- 37.3%
<b>World total</b>	<b>31.5</b>	<b>34.5</b>	<b>31.3</b>	<b>34.6</b>	<b>+ 10.4%</b>

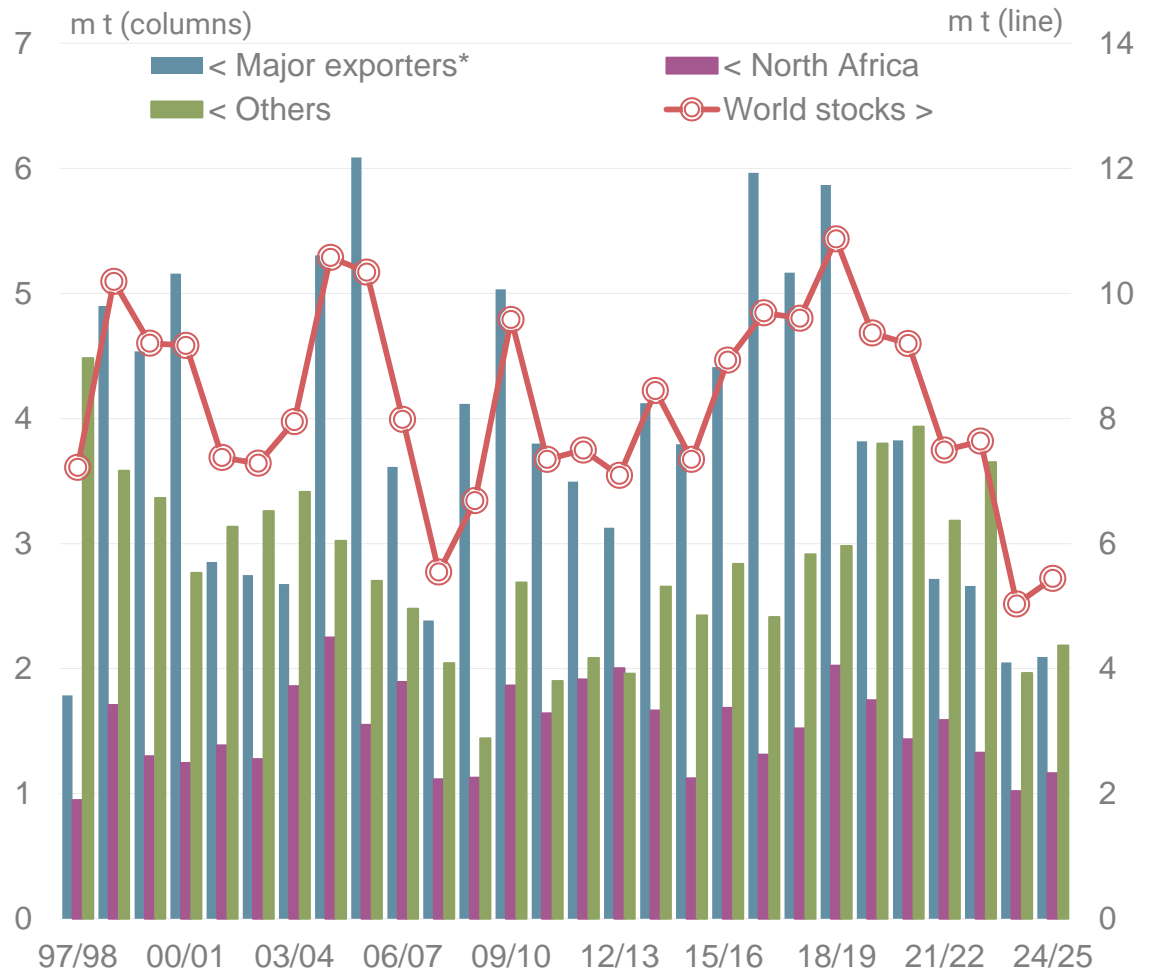


**Durum: With demand mostly exceeding output in recent years, stocks to fall to a more than three-decade low in 2023/24, and to remain tight in 2024/25**

### World production and consumption



### Global end-season stocks



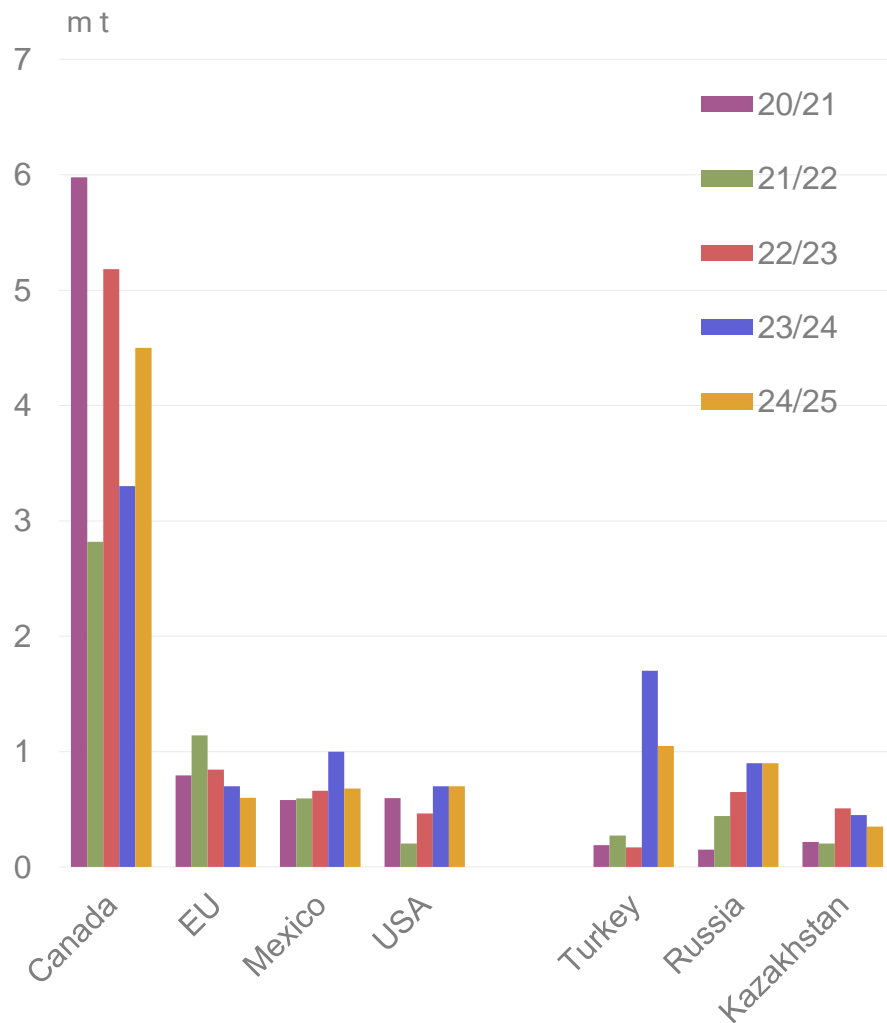
Note: Major exporters include Canada, the EU, Mexico and the US. EU-28 to 19/20, EU-27 from 20/21



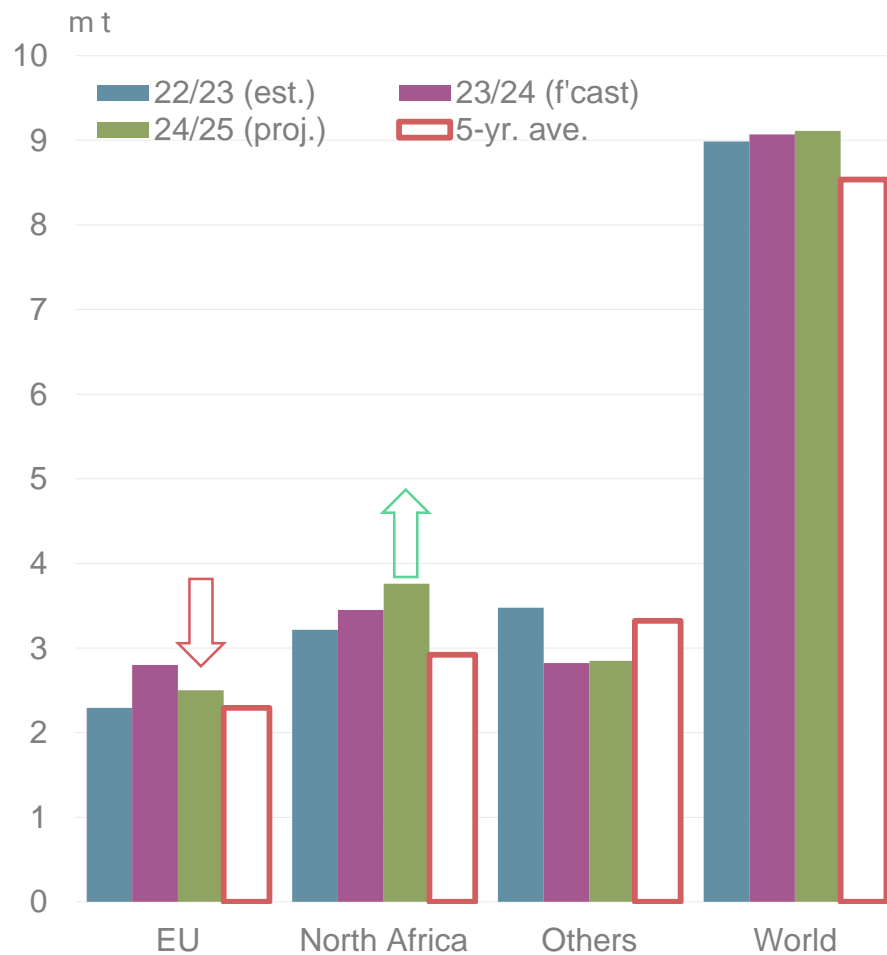


**Durum:** Trade held up well in 2023/24, as Turkey (as well as the US, Mexico and Russia) compensated for Canada's lower shipments. Rising needs in North Africa to support trade in 2024/25.

World exports (Jul/Jun)



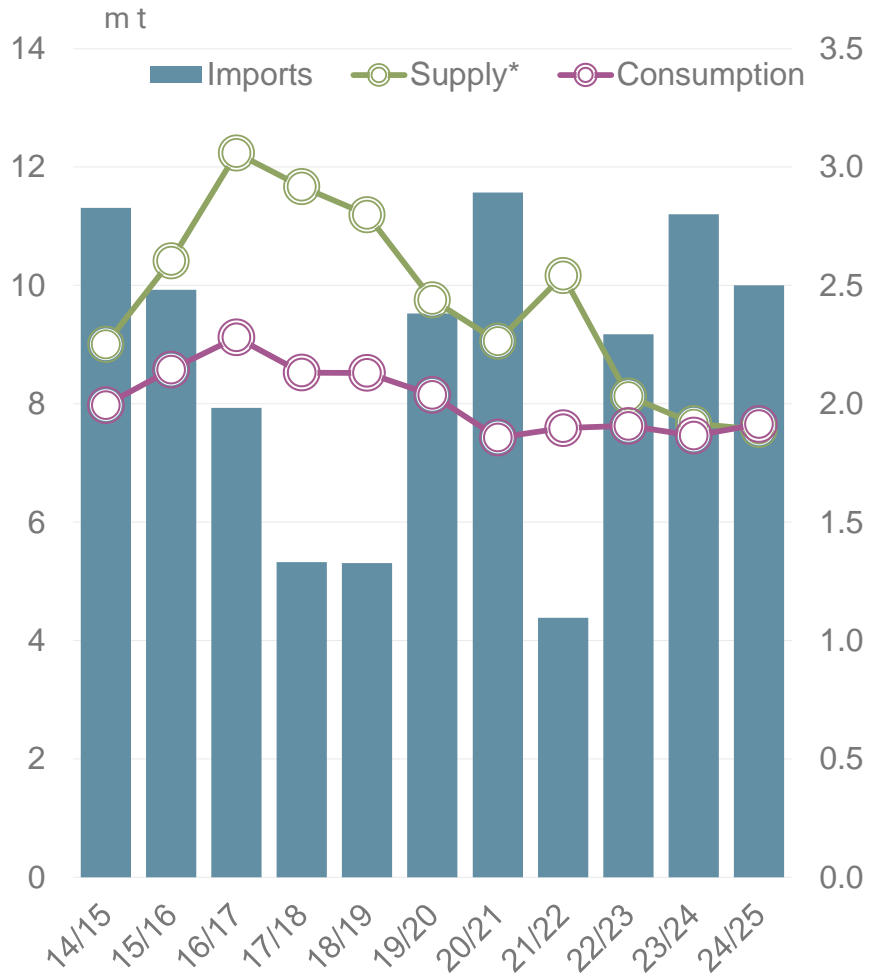
World imports (Jul/Jun)





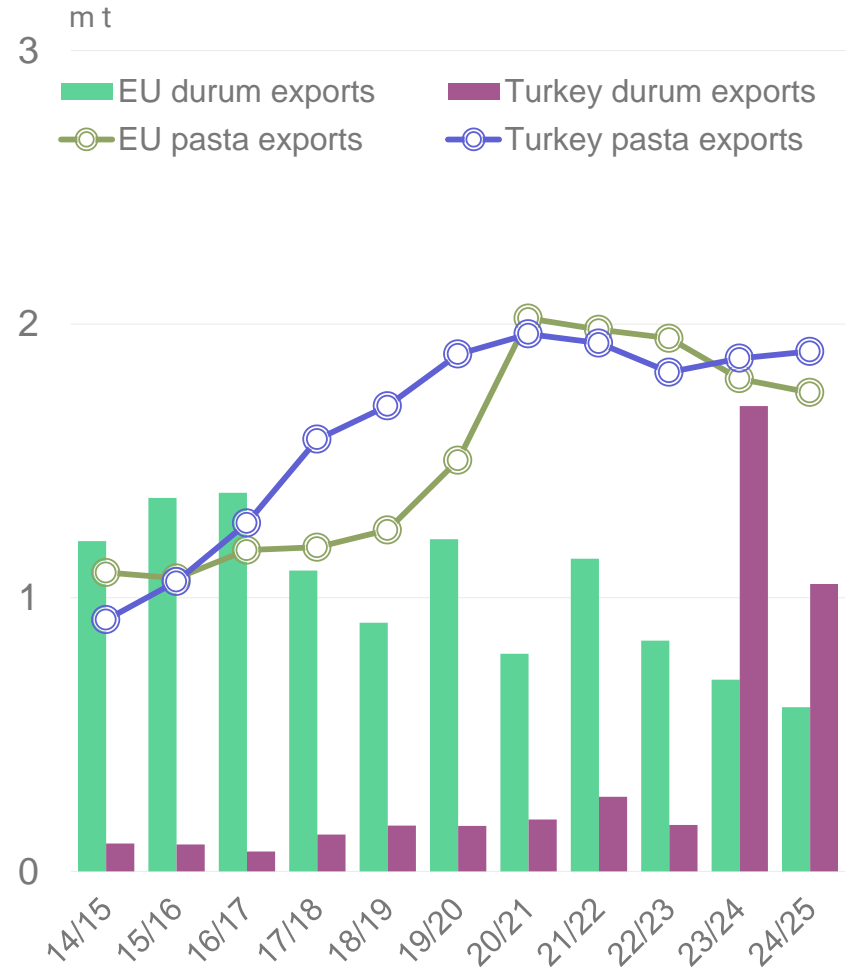
**Durum: Robust domestic demand amid tightening supplies underpins EU imports. However, EU durum/pasta exports face headwinds.**

### EU durum supply and demand



Note: EU-28 to 19/20, EU-27 from 20/21. \*Opening stocks and production

### Durum/pasta exports by EU and Turkey





**Durum: Prices have mostly declined in recent months amid increased exports by Turkey and losses in wheat. Values down y/y, despite the recent upturn.**

### Nominal fob quotations for selected origins



Sources: US Wheat Associates, AgriCensus, FranceAgriMer, Sitagri

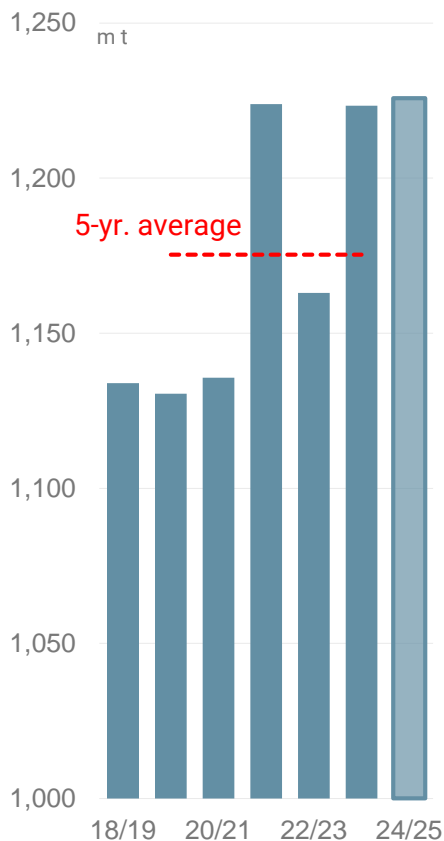


**Maize**

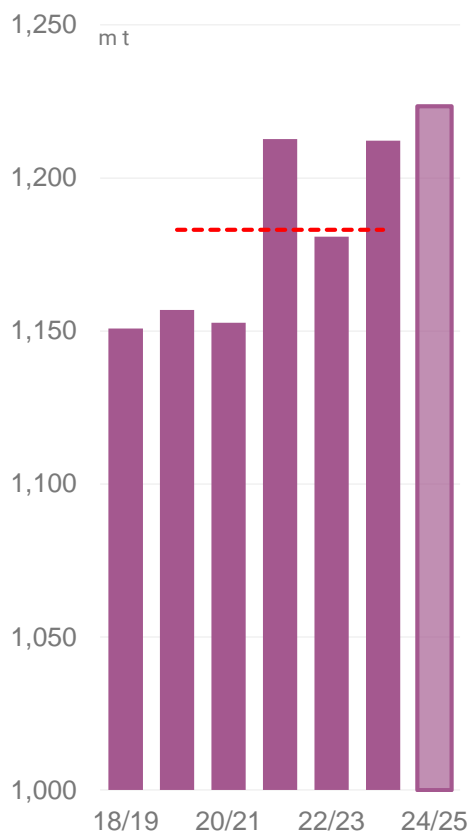


# Output is tentatively seen above consumption for a second successive year, with above-average stocks. Trade to retreat.

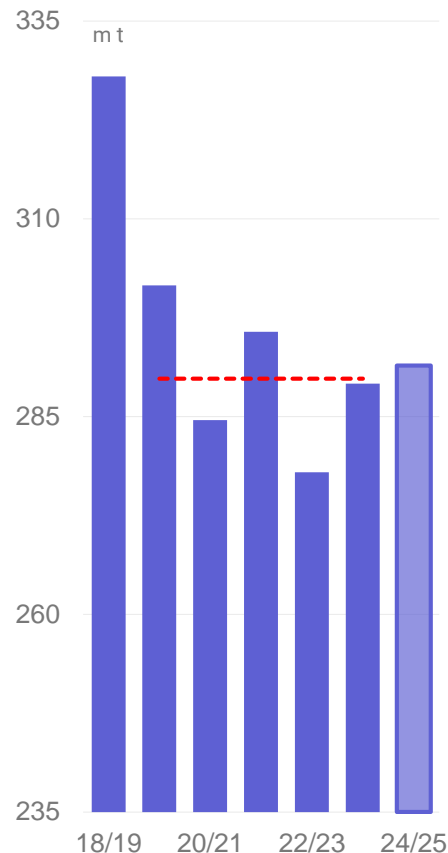
### Production



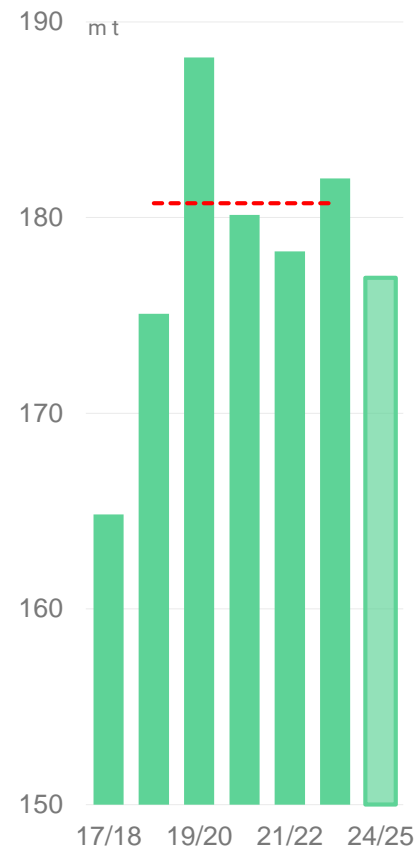
### Total use



### Closing stocks



### Trade



Annual increase tied to projected area gains. Yields seen similar to long term trend. Still a long way to go.

Total demand forecast to rise to a new peak, led by a further upswing in feeding. Growth in industrial use seen slower.

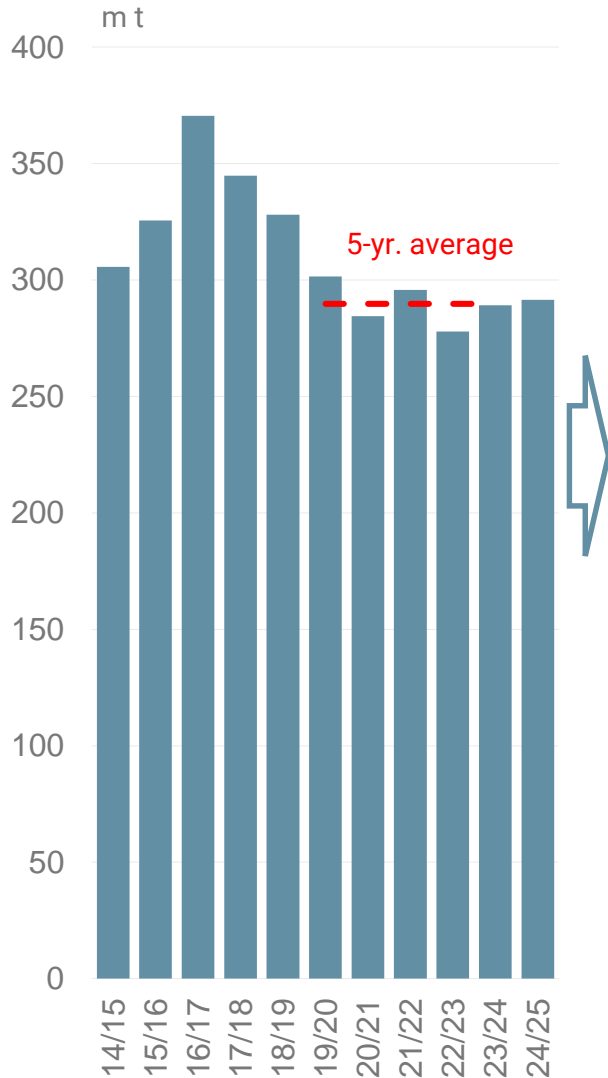
Forecast to increase for a second successive year. Further gains in the major exporters, mainly in the US.

Amid firmer feed uptake, imports to stay at historically high level, albeit down y/y.



# An accumulation in the US leads a rebound in global stocks. China's stockpiles appear to have stabilised, but remain notional.

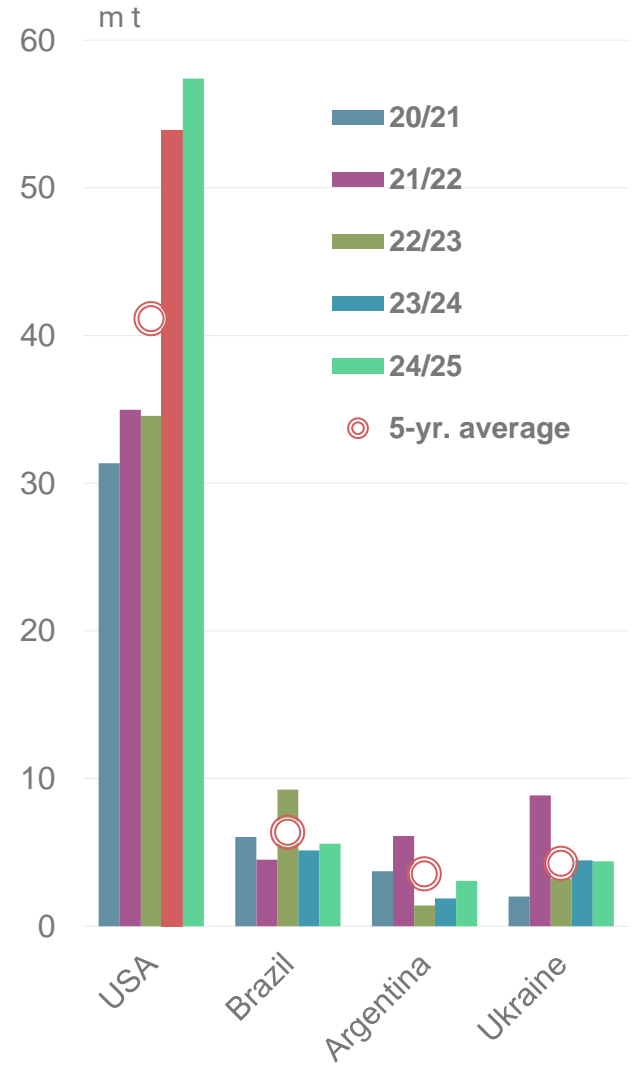
## Global ending stocks



## Global ending stocks



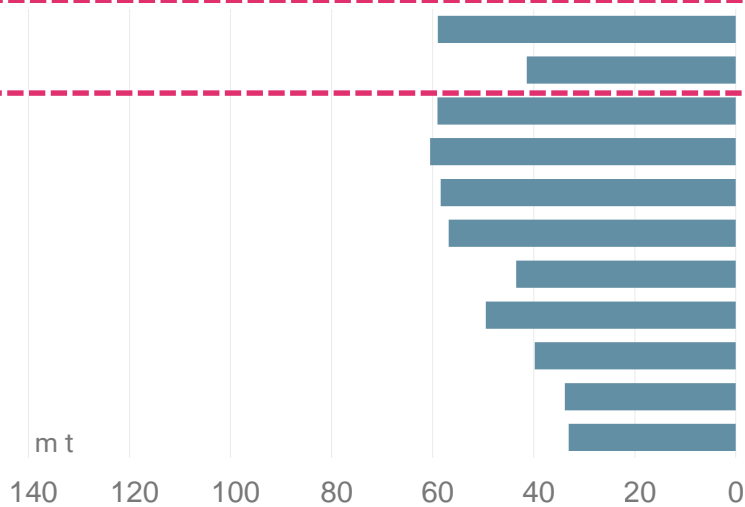
## Major exporters' stocks



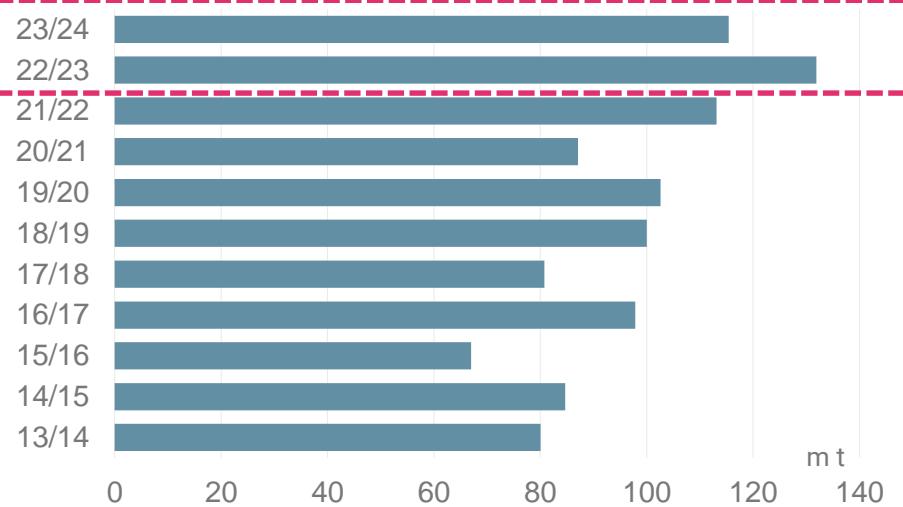


# A role reversal for Brazil and Argentina, shaped by domestic crops

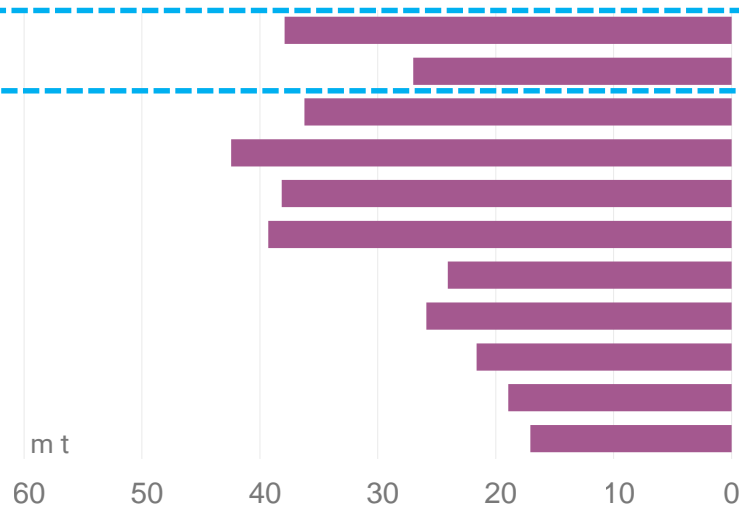
## ARGENTINA PRODUCTION (incl. for on-farm use)



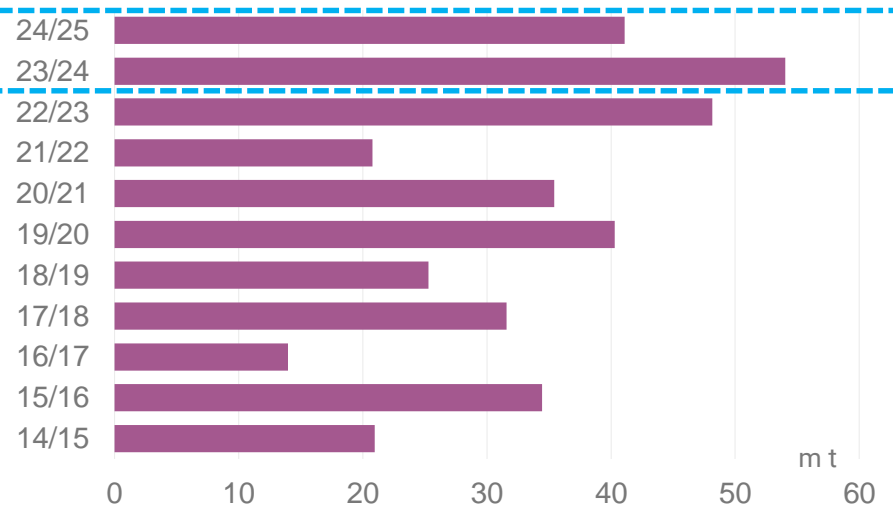
## BRAZIL PRODUCTION



## ARGENTINA MY (Mar/Feb) EXPORTS



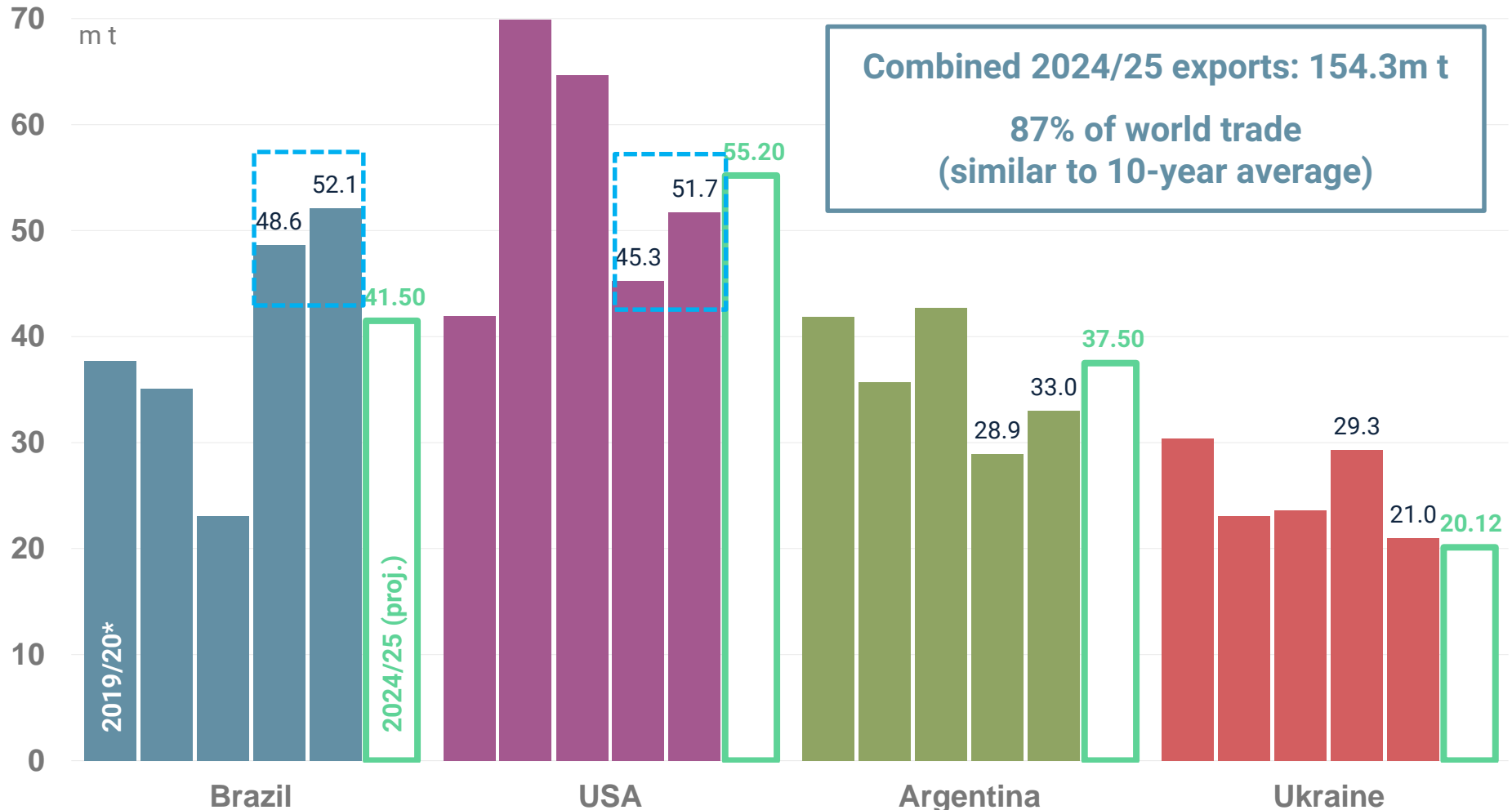
## BRAZIL MY (Mar/Feb) EXPORTS







# Export competition remains strong. Brazil has overtaken the US as the world top supplier in 2022/23 (a reversal in store?)



## 2024/25 export prospects

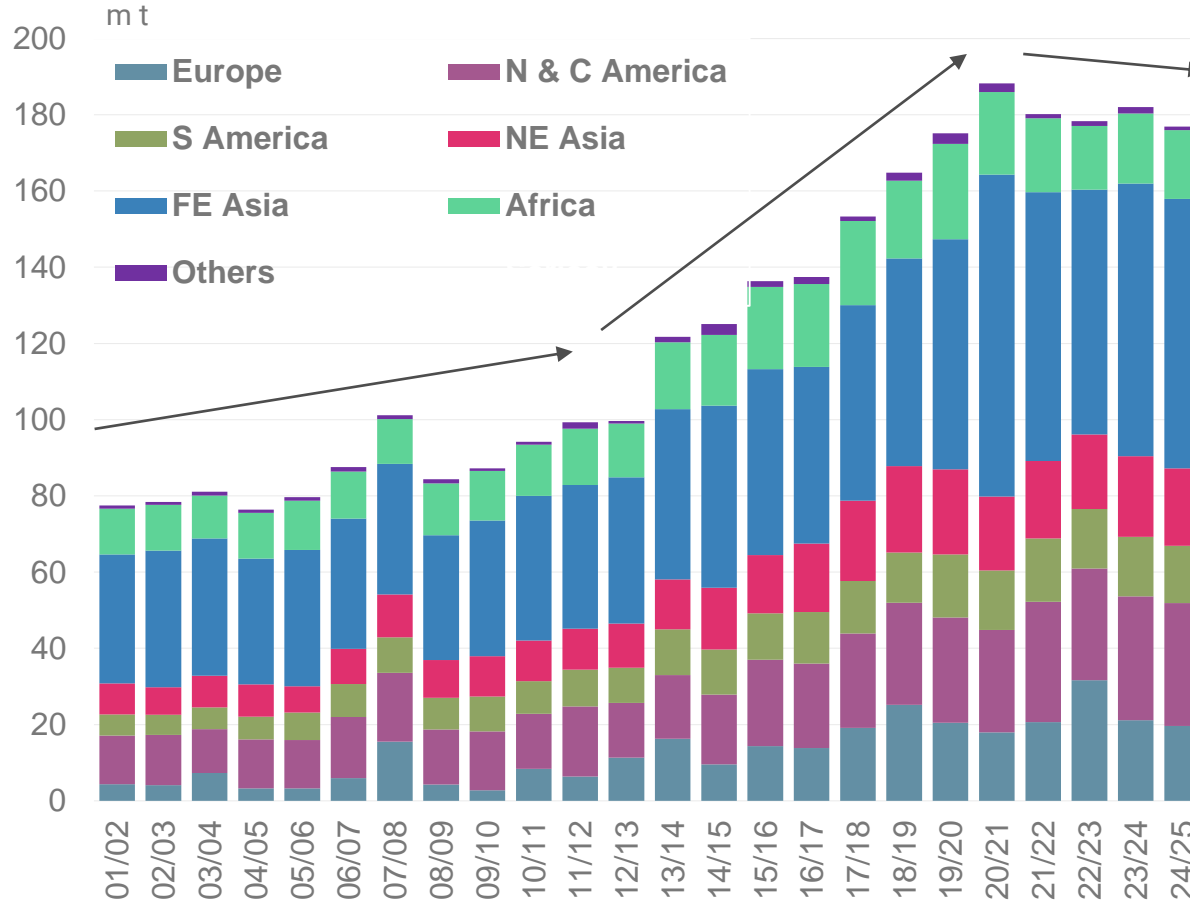
- China likely to remain a key buyer
- Freight advantage vs. US, but...
- Safrinha crop size?
- Expanding domestic uses
- Ample exportable supplies
- Limited demand growth, but...
- Midwest river logistics?
- Demand from China?
- Likely larger crop, but...
- Crop size still uncertain
- Strong export competition
- Farmer sales?
- Competitive prices
- Shipments via Red Sea but...
- Potentially smaller crop
- Logistics / security risks
- Demand from China?

\*July/June

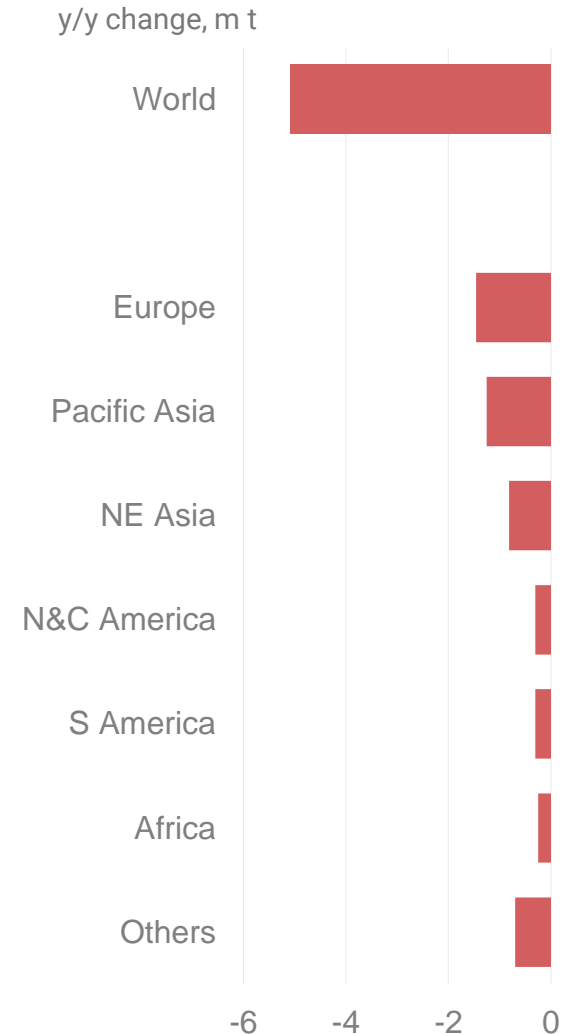


# A flatter import profile, despite sustained Chinese purchases. Larger crops to cap needs in some importers in 2024/25.

Global imports (Jul/Jun)



Annual changes in imports in 24/25 (Jul/Jun)



77m t

177m t



## To conclude...

- Grain markets well supplied in the nearby, but next season's availabilities are far from certain (wheat: Russia/US/EU; maize: S America) + long-term tightening trend in stocks
- A large (better quality) wheat crop is expected next season, but still short of projected consumption (even assuming modest growth) => further stock drawdowns
- 2024/25 outlook for maize looks more comfortable, with some stock accumulation envisaged, including in the main exporters
- Export prices below earlier peaks, but remain historically elevated and sensitive to geopolitical developments/news
- In the nearby, market sentiment to be shaped by crop weather, with attention shifting to demand thereafter (inflation, currency availability, animal diseases, dietary shifts)
- Export competition to remain stiff, especially as improving domestic production caps needs in some importers (but not in North Africa).



# Thank you

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