



# IGC outlooks for selected grains

Thursday, 31st August 2023





## **The IGC administers two international treaties:**

### **1 – Grains Trade Convention (GTC) objectives:**

- Further international cooperation of trade in grains (food grain situation);
- Enhance market transparency for wheat, coarse grains, rice and oilseeds;
- Promote the expansion of international trade in grains (trade barriers, freight);
- Consultation and dialogue on policies affecting the global grains market.

### **2- Food Assistance Convention (FAC)**

- Donors pledge to provide a minimum amount of food aid to developing countries;
- Around 5 M. tons to 85 countries
- Exchange of experience in food assistance



# Wheat Market situation and outlook

International Grains Council

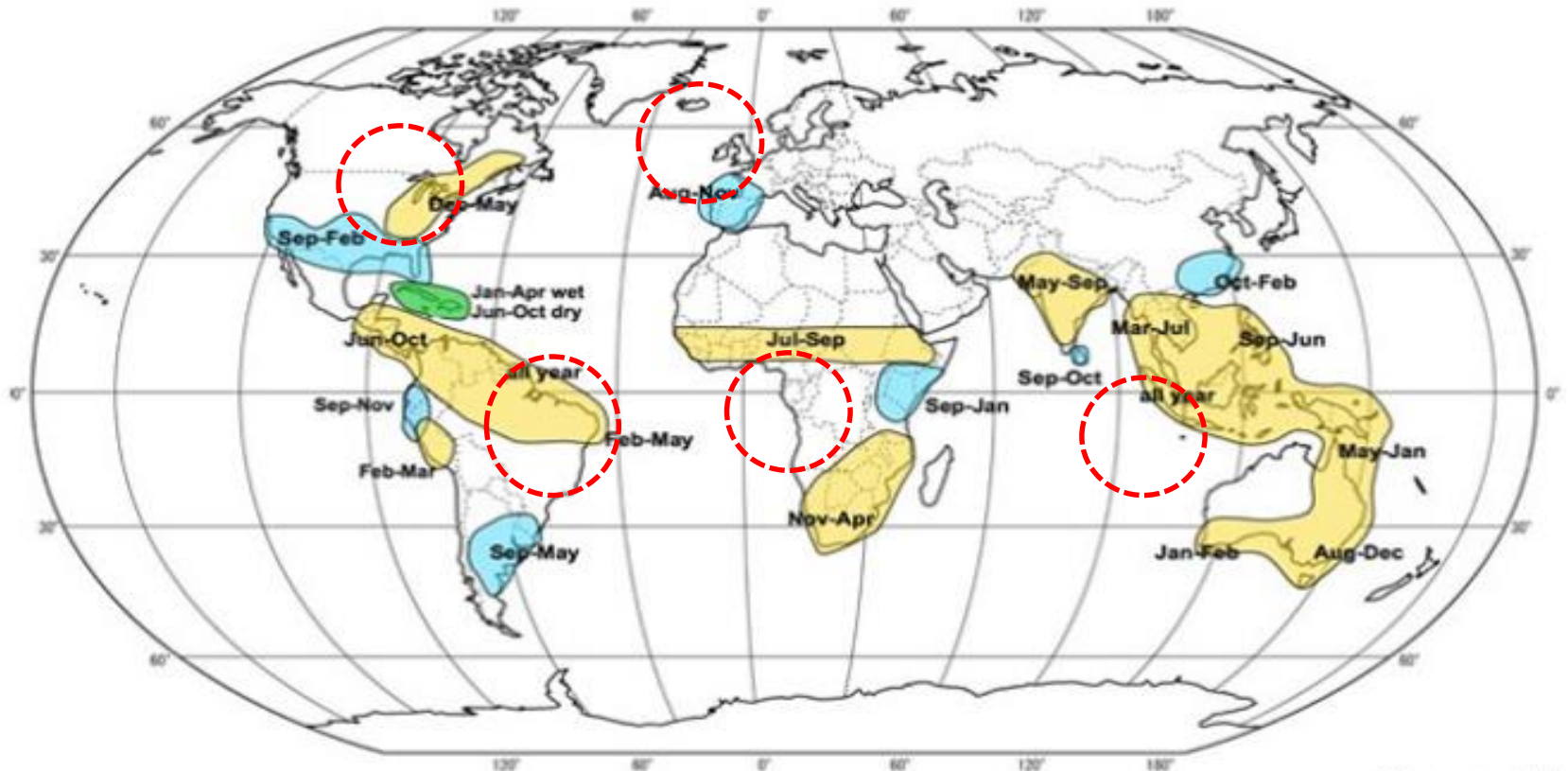
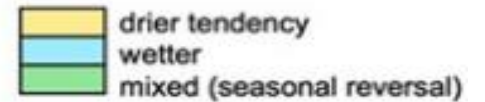




# ENSO: El Niño giveth, El Niño take away...



## El Niño precipitation impact



© Crown copyright



## Wheat: World export prices at around a two-year-low, but remain historically elevated





# Wheat: The multi-month downtrend in wheat prices appears to have halted in May, with attention focused on the Black Sea region amid elevated volatility

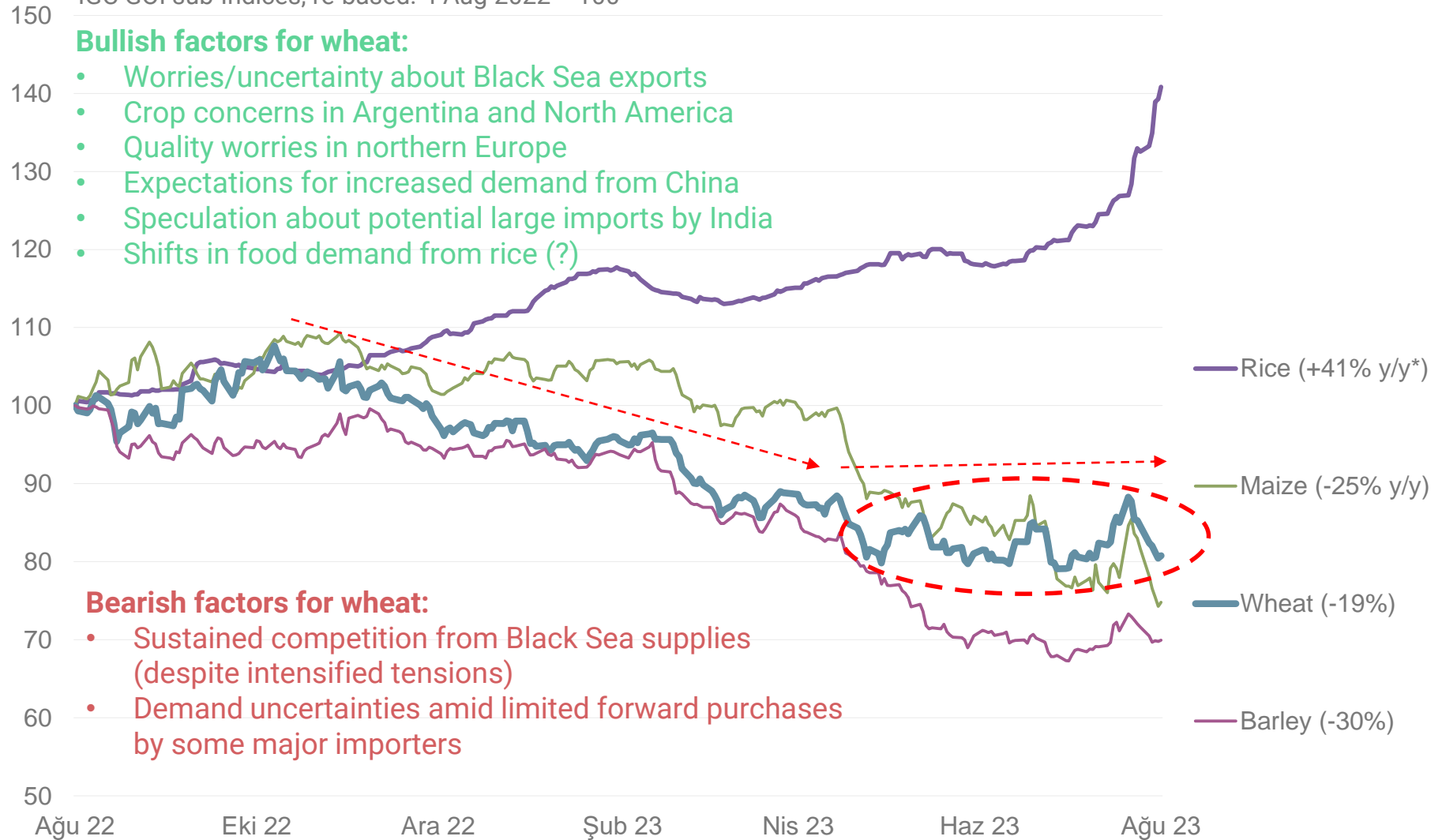
IGC GOI sub-Indices, re-based: 4 Aug 2022 = 100

## Bullish factors for wheat:

- Worries/uncertainty about Black Sea exports
- Crop concerns in Argentina and North America
- Quality worries in northern Europe
- Expectations for increased demand from China
- Speculation about potential large imports by India
- Shifts in food demand from rice (?)

## Bearish factors for wheat:

- Sustained competition from Black Sea supplies (despite intensified tensions)
- Demand uncertainties amid limited forward purchases by some major importers



\* y/y changes as at 4 August 2023



# Wheat: Competition from Black Sea supplies weighs on markets, but price trends have been divergent amid variable supply prospects

Nominal fob quotations for selected wheat classes and origins



\* as at 4 August 2023



## Wheat: Despite slower than average growth in demand, supply could tighten markedly, underscored by a sizable drawdown in major exporter' stocks

Record carry-in stocks will only partially compensate for potentially lower production, leading to a slight reduction in availabilities. With consumption exceeding production, stocks could recede to a multi-year low.

### Supply & demand summary

m t	20/21	21/22	22/23 (est.)	23/24 (f'cast)	y/y change
Opening stocks	276	277	274	282	+ 2.9%
Production	774	780	803	784	- 2.4%
<b>Total supply</b>	<b>1,050</b>	<b>1,057</b>	<b>1,077</b>	<b>1,066</b>	<b>- 1.0%</b>
<b>Total use</b>	<b>773</b>	<b>784</b>	<b>795</b>	<b>805</b>	<b>+ 1.2%</b>
<i>of which: Food</i>	534	546	549	555	+ 1.2%
<i>Feed</i>	150	148	151	154	+ 2.1%
<i>Industrial</i>	23	24	24	25	+ 4.8%
<b>Closing stocks</b>	<b>277</b>	<b>274</b>	<b>282</b>	<b>261</b>	<b>- 7.3%</b>
<i>Major exporters</i> <sup>a)</sup>	59	61	66	52	- 21.1%
<b>Trade (Jul/Jun)</b>	<b>191</b>	<b>198</b>	<b>207</b>	<b>197</b>	<b>- 4.5%</b>

<sup>a)</sup> Argentina, Australia, Canada, EU, Kazakhstan, Russia, Ukraine, USA

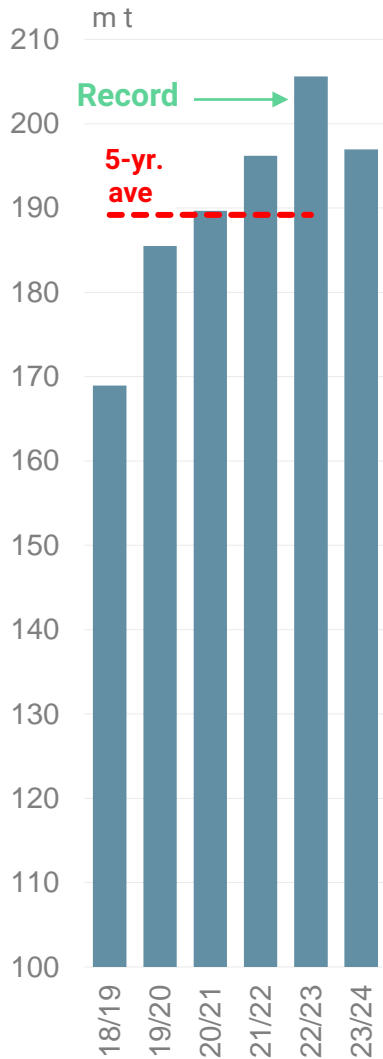
- **Production** is set to dip (-2%) for the first time in five years, mainly on smaller outturns in Australia, Canada and the main CIS producers, but will still be the second largest on record. **Supply** will be supported by a record carry-in.
- **Consumption** potentially a new high on expanding food, feed and industrial uses, but with growth slightly slower than average. Potential upside for food amid elevated rice prices, and for feed – owing to potential quality issues (EU, Russia, Ukraine, China).
- **Stocks** to fall back (-7%) from the peak to a five-year low on drawdowns in India, China and the key exporters. The latter potentially at a 16-year low.
- **Trade** to retreat to the 21/22 level (-5%), on moderating flows to the CIS, the EU and slower imports by Asia. Russian exports close to prior season's record. Argentina, Brazil and the EU partly compensating for reduced deliveries by other majors.



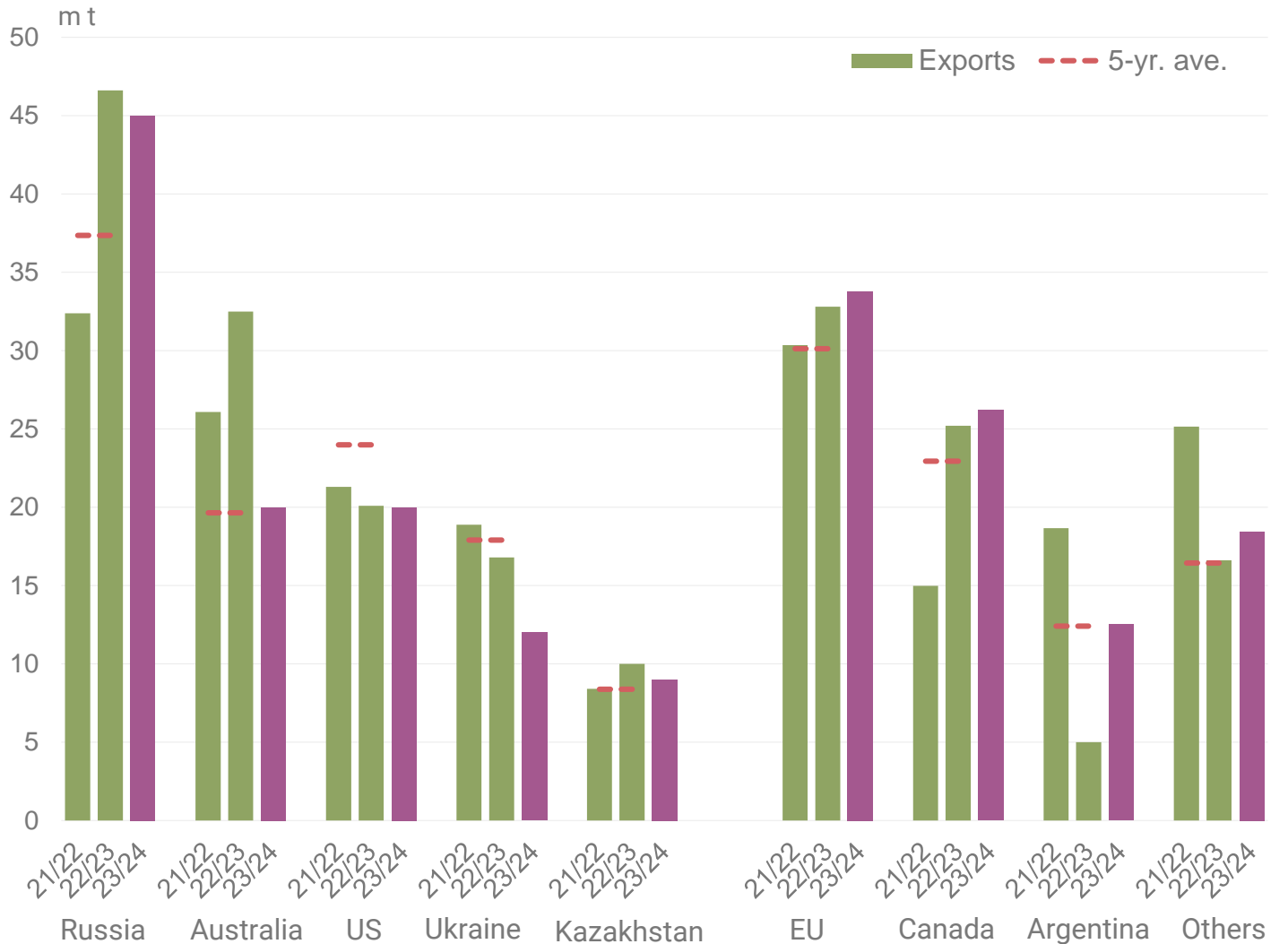


# Wheat: Reduced exports by BS, Australia and the US to be partly only countered by others, as trade is set to contract by 3% y/y in 2023/24

## WORLD



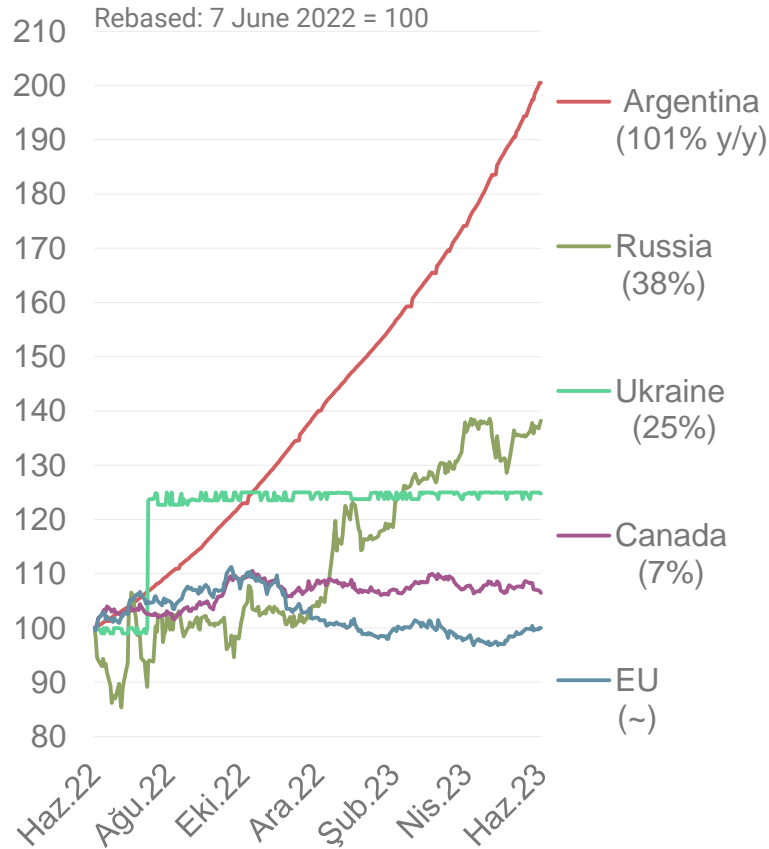
## Exports (Jul/Jun)





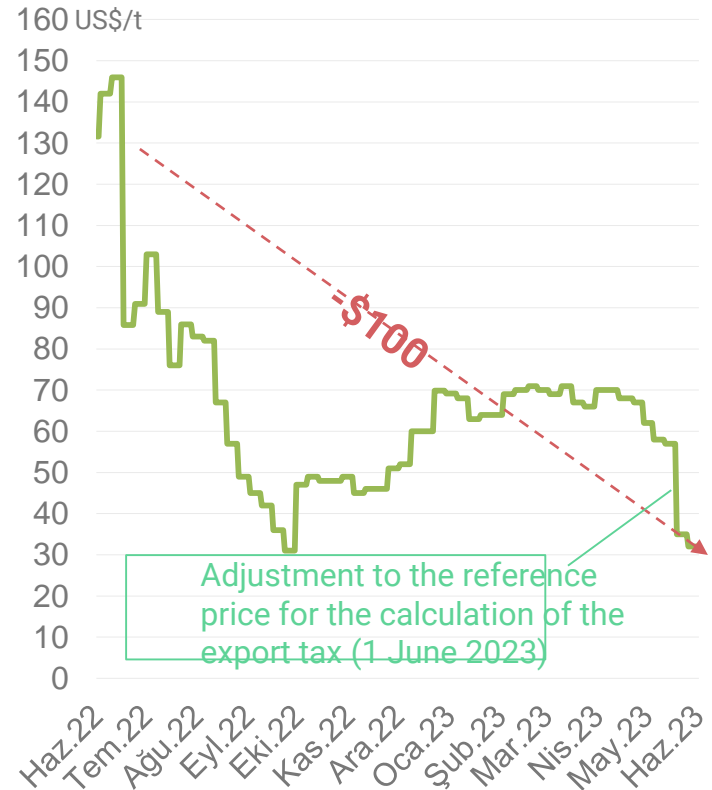
# Wheat: Aside from ample availabilities, competitiveness of Russian supplies supported by a weakening rouble and a falling export tax

## Local currencies vs. US Dollar



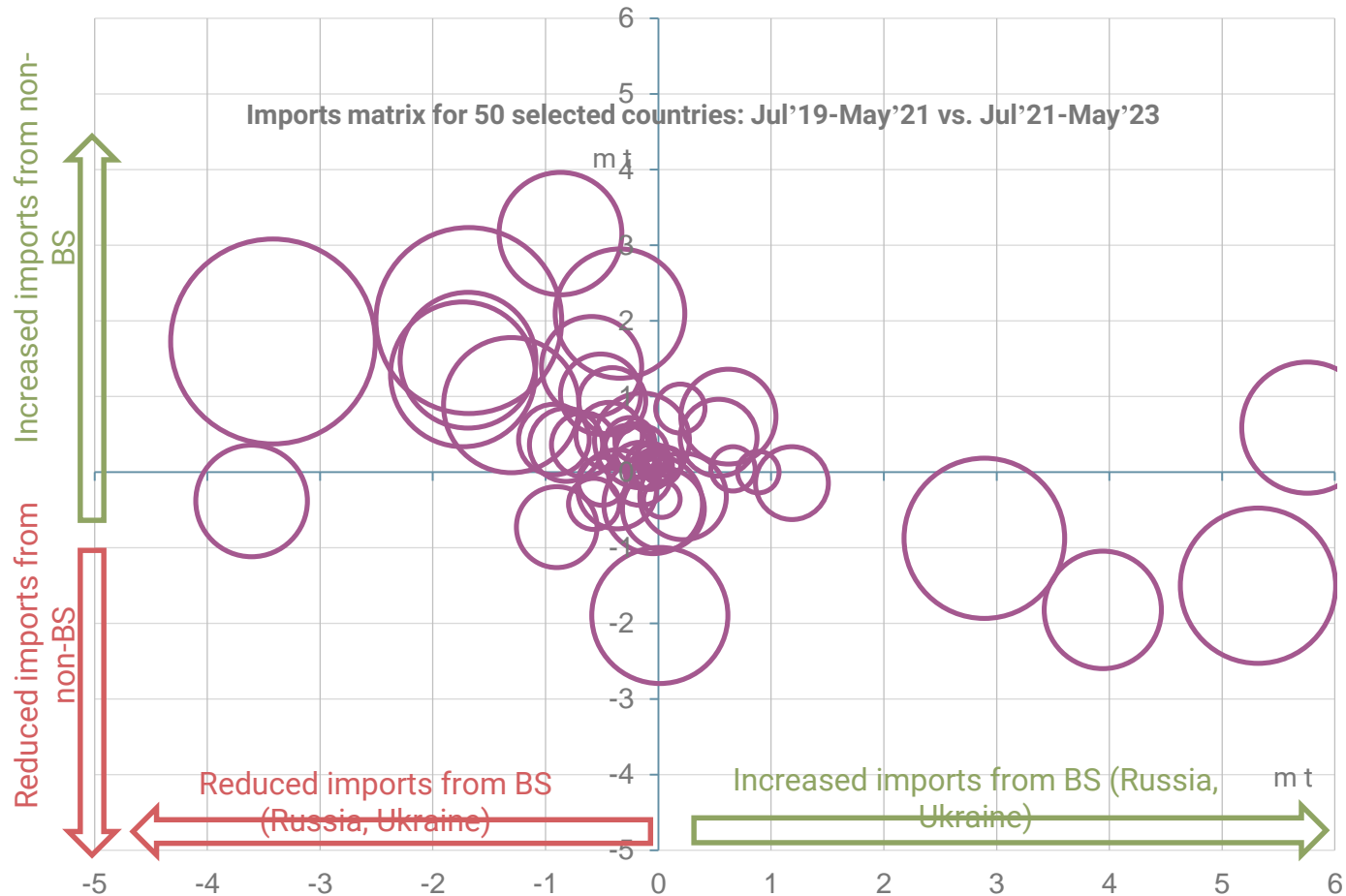
Note: Positive values represent depreciation against the US Dollar

## Russia calculated floating export tax





# Wheat: Shipping data shows that many countries have shifted from BS (Russia, Ukraine) origins to other sources, but some big importers did the opposite.

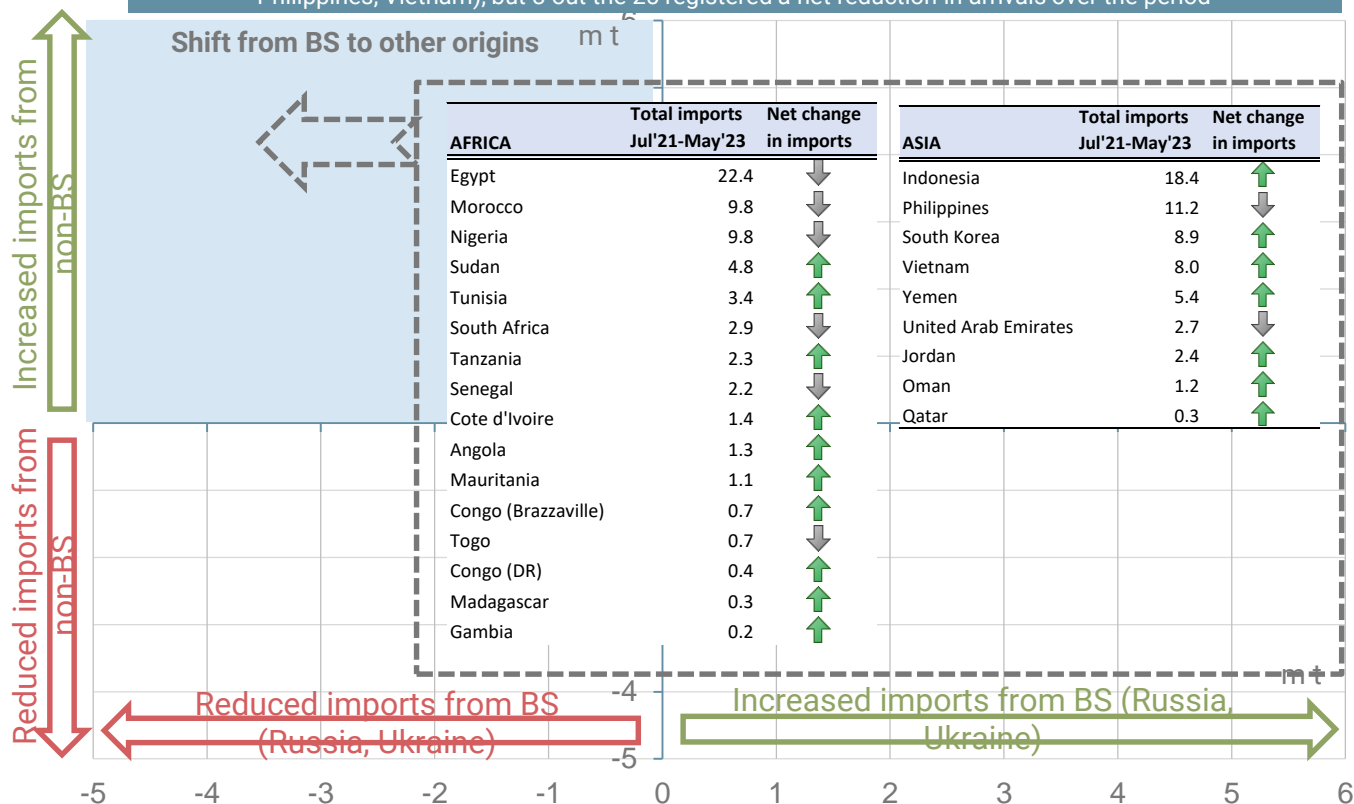


Based on real-time shipping data compiled by Kpler. Data cover seaborne dry bulk deliveries only (partially include coaster vessels) and show only the first port of destination. Data is subject to revisions. The size of the bubble represents reported arrivals during Jul'21-May'23, in m t. BS origins imply Russia and Ukraine.



# Wheat: Partial shift from BS origins (Russia, Ukraine) to other sources

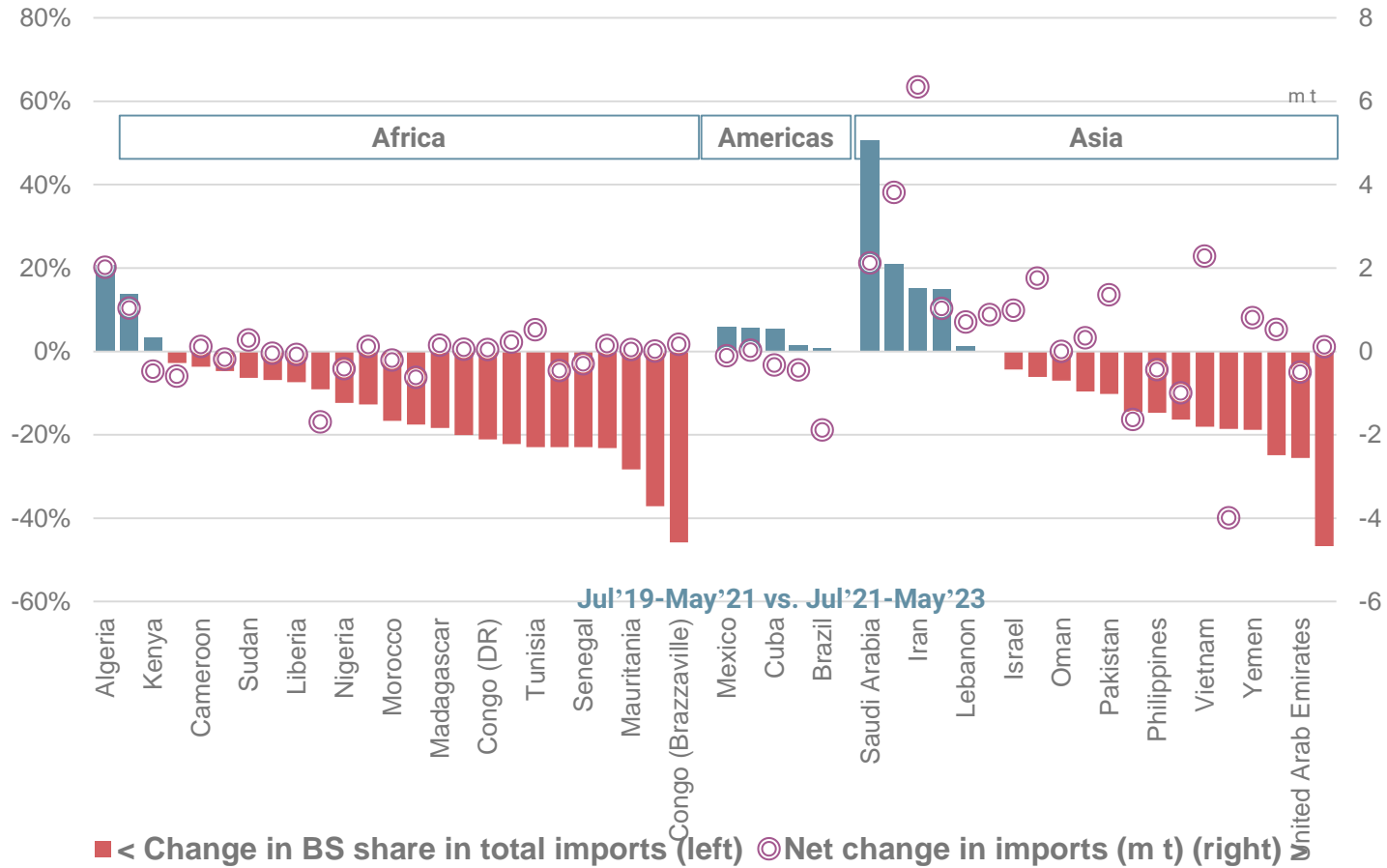
Jul'19-May'21 vs. Jul'21-May'23: Out of 50 selected countries, 25 saw a reduction of arrivals from Russia and Ukraine (combined) and an increase in non-BS imports (notably Egypt, Morocco, Nigeria, Indonesia, the Philippines, Vietnam), but 8 out the 25 registered a net reduction in arrivals over the period



Based on real-time shipping data compiled by Kpler. Data cover grain wheat seaborne dry bulk deliveries only (partially include coaster vessels) and show only the first port of destination. Data is subject to revisions. BS origins imply Russia and Ukraine.



# Wheat: Highlighting changes in the share of BS origins (Russia, Ukraine) in total arrivals

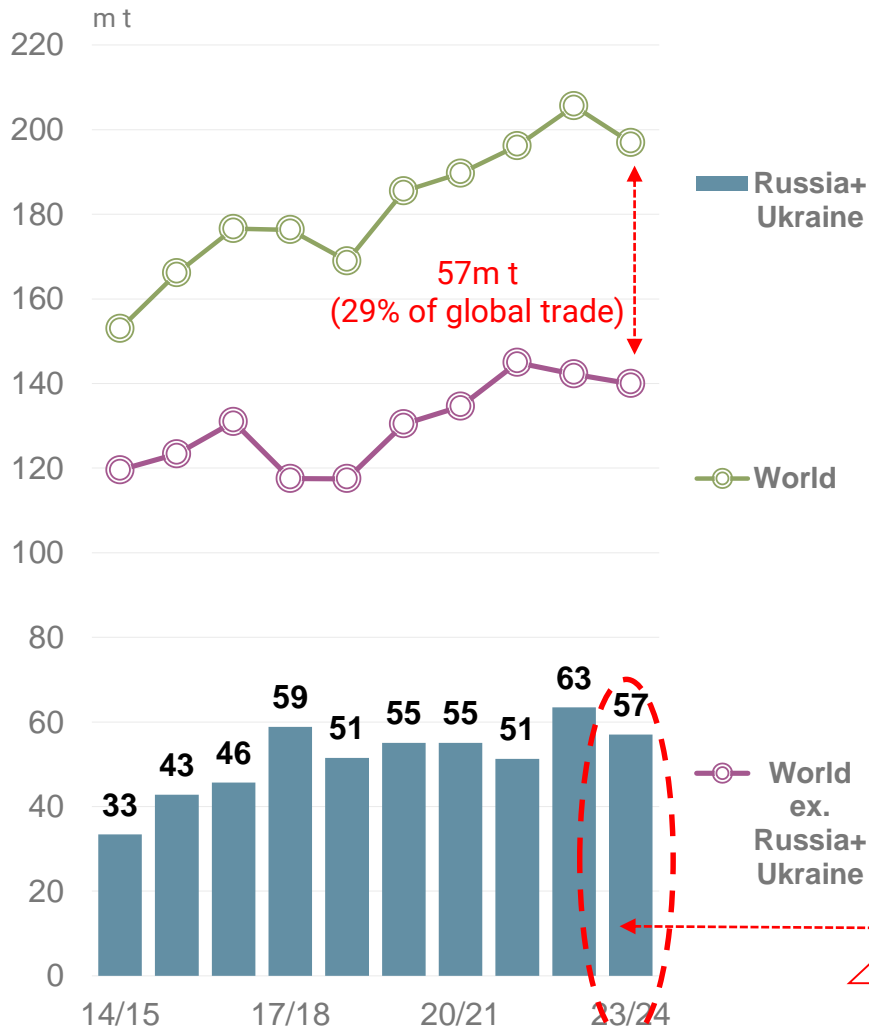


Based on real-time shipping data compiled by Kpler. Data cover grain wheat seaborne dry bulk deliveries only (partially include coaster vessels) and show only the first port of destination. Data is subject to revisions. BS origins imply Russia and Ukraine

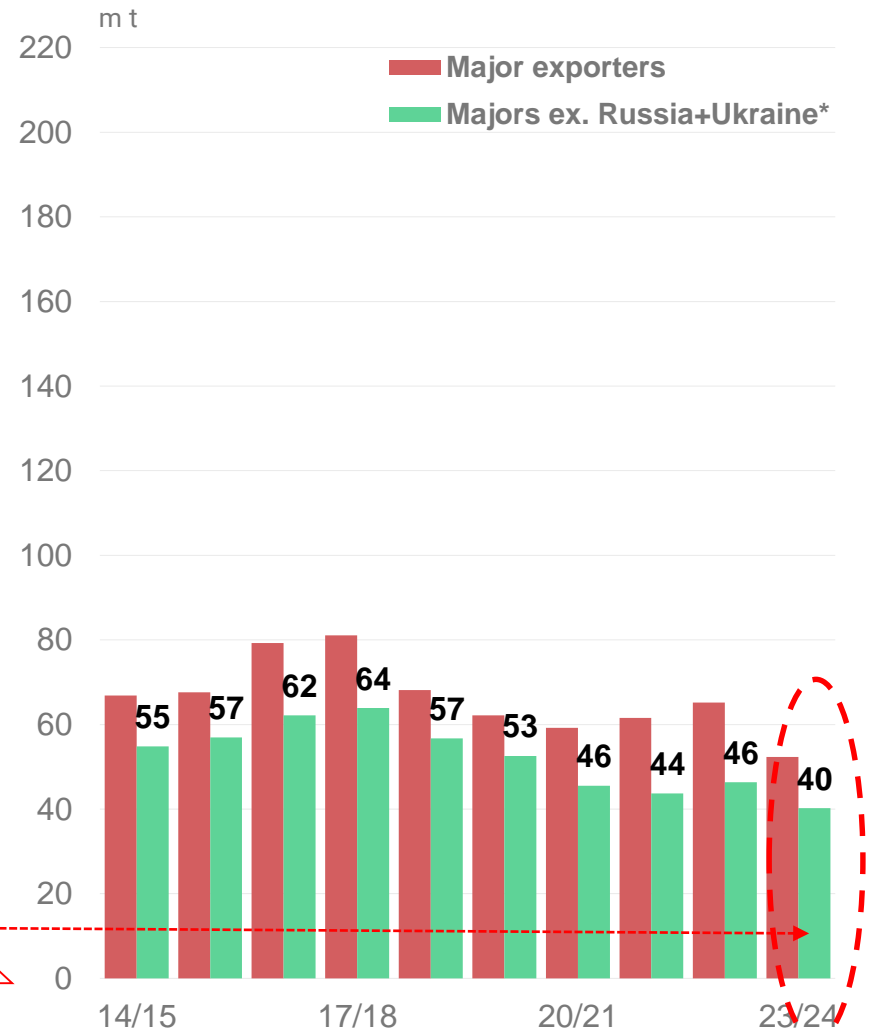


# Wheat: Stocks at other major exporters may not be sufficient to compensate for any major disruption to Black Sea exports

## Wheat: Global exports (Jul/Jun)



## Wheat: Global end-season stocks (local MY)



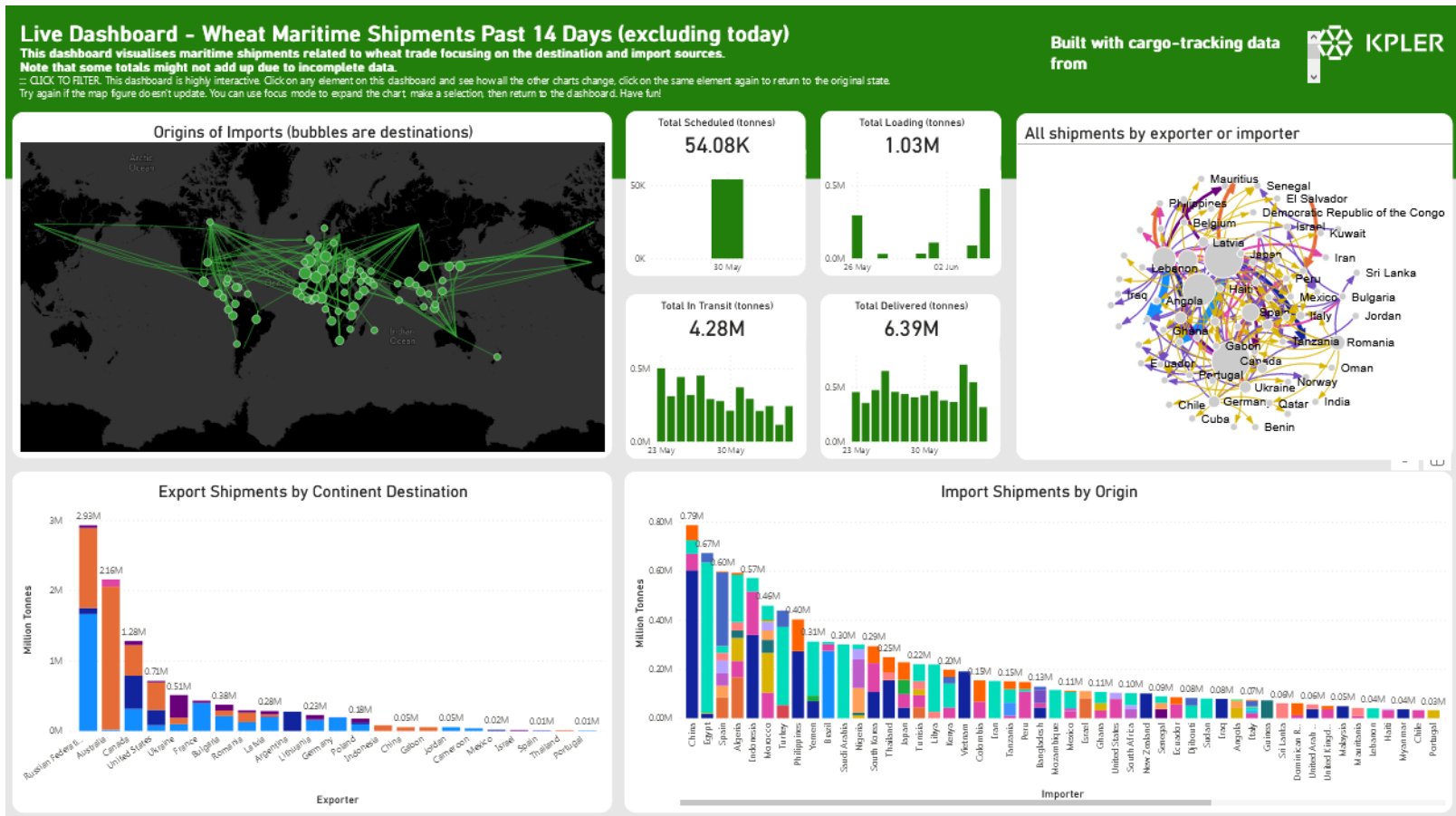
17m t gap (~1/10 of global trade)  
(even assuming a full stock drawdown)

\* Argentina, Australia, Canada, EU, US, Kazakhstan



# Wheat maritime trade Dashboard: More detailed data on commodity flows

## Dashboard for recent wheat shipments



- Visualizes wheat maritime shipments over the prior twelve weeks
- Updated every week

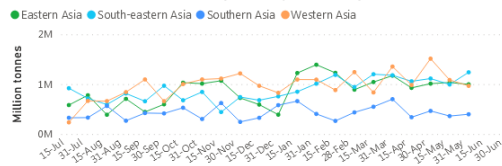
Offers an additional (more dynamic) monitoring tool



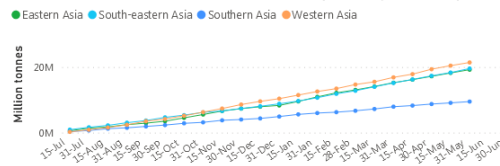
# Wheat maritime trade Dashboard: Data on regional trends in imports

## Section 2. Regional charts

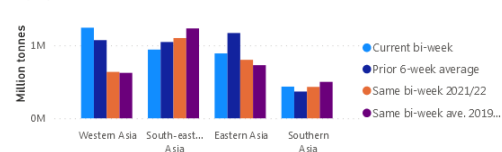
ASIA: 2022/23 (Jul/Jun) Imports by Sub-region



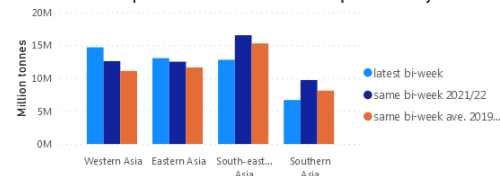
ASIA: 2022/23 (Jul/Jun) Cumulative Imports by Sub-region



Imports vs. historical data for two weeks ending 31 May 2023



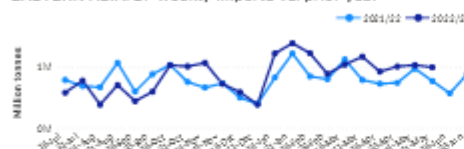
Cumulative imports vs. historical data up to 31 May 2023



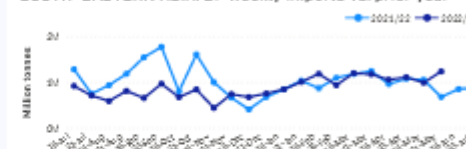
- Includes charts for bi-weekly and cumulative imports for five regions/continents: Africa, Asia, the Americas, Europe and Oceania, broken down into sub-regions (except for Oceania)

- Also provides a comparison of bi-weekly and cumulative sub-regional imports with the prior six-week average and comparable periods one year earlier and over the previous three seasons

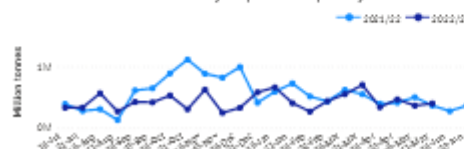
EASTERN ASIA: Bi-weekly imports vs. prior year



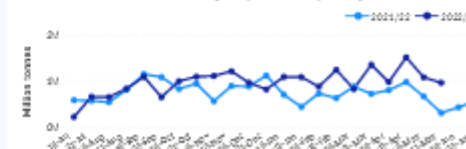
SOUTH-EASTERN ASIA: Bi-weekly imports vs. prior year



SOUTHERN ASIA: Bi-weekly imports vs. prior year



WESTERN ASIA: Bi-weekly imports vs. prior year



Helps to gauge cross-regional trends in imports and dynamics by sub-region

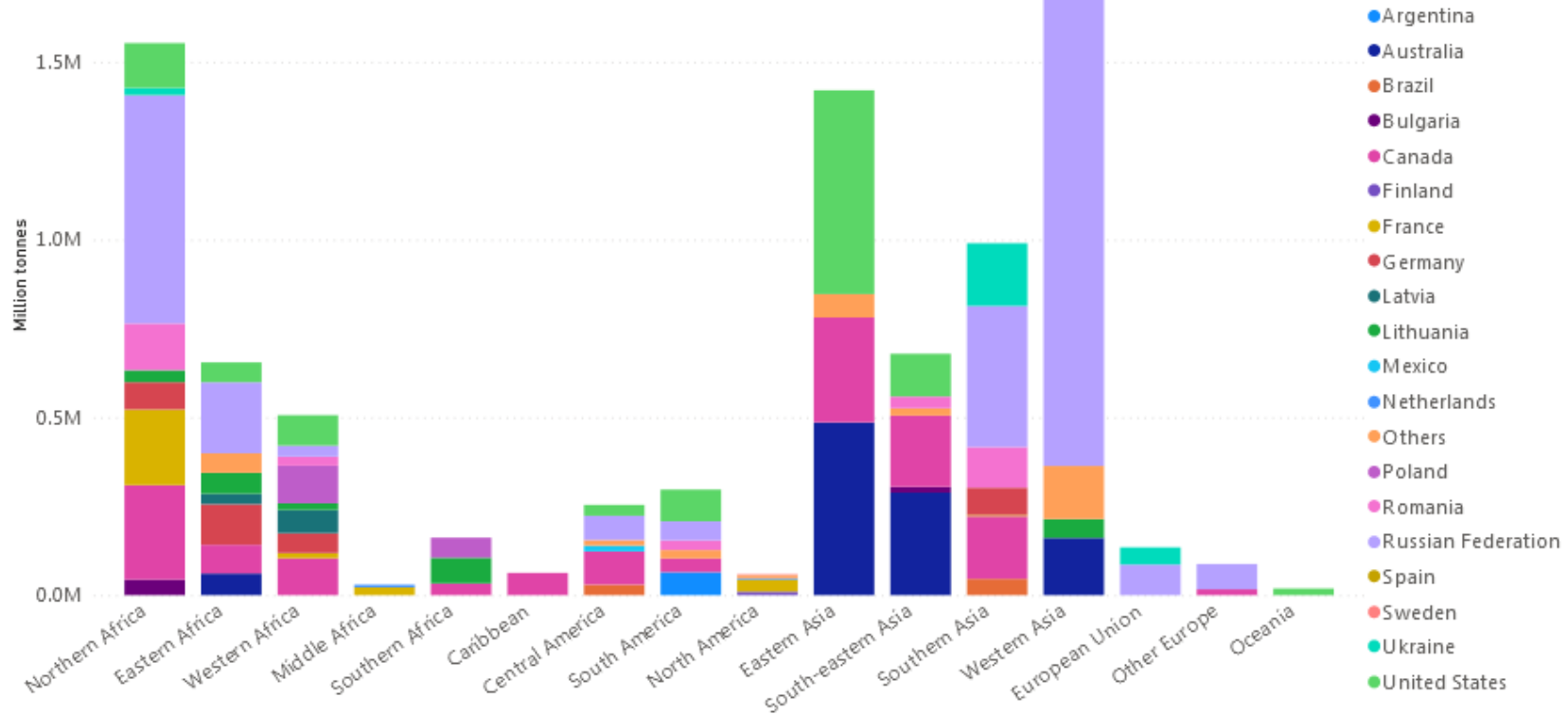




# Wheat maritime trade Dashboard: Data on expected imports

## Section 3. Expected arrivals at monitored ports

Expected arrivals as of 2023-05-31 by importing destination and exporting origin



- Shows volumes in transit as at the time of the latest data snapshot, by origin and destination sub-region
- Visualises shipments with available estimated time of arrival and reported destinations (unspecified destinations are not included)

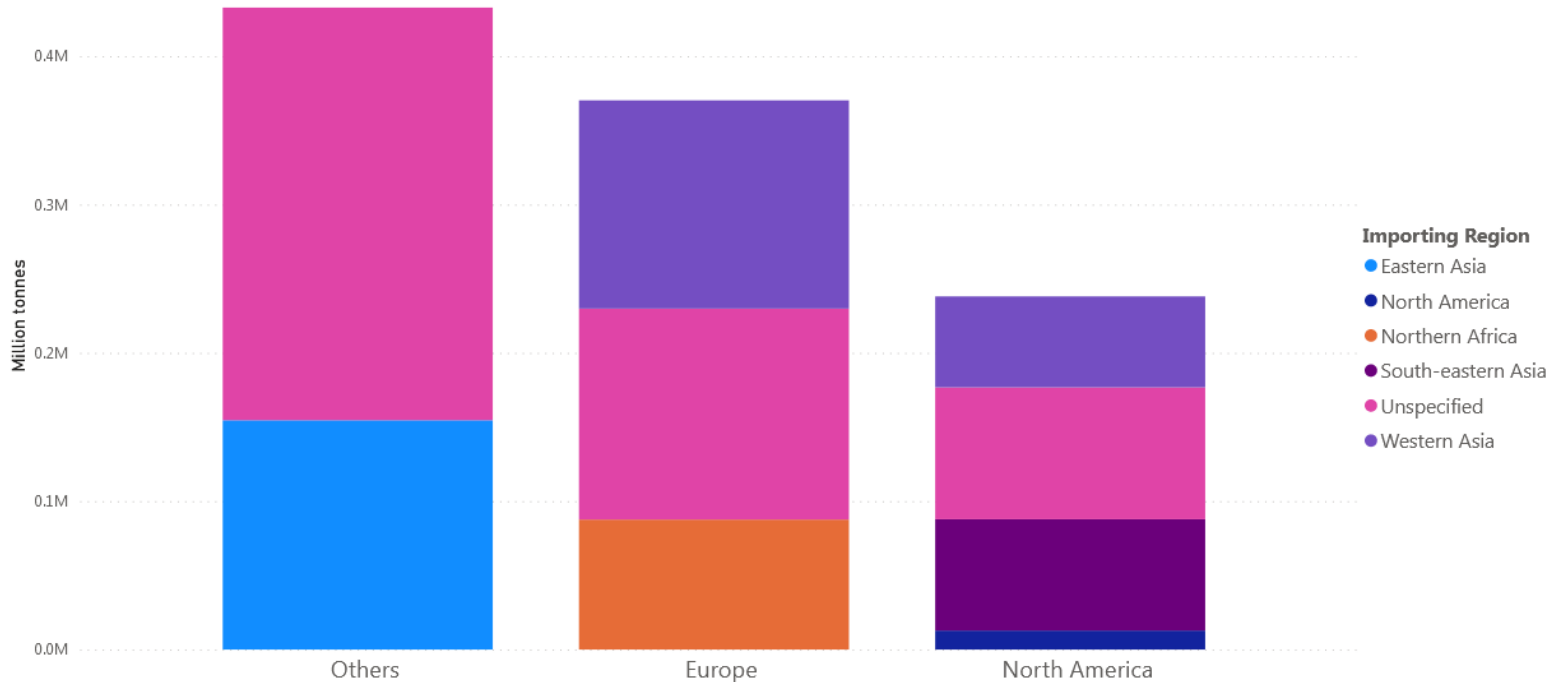
**Provides a short-term outlook for seaborne imports (next 1-2 months)**



# Wheat maritime trade Dashboard: Data on expected exports

## Section 4. Exporter line-ups

Line-ups (current loadings) as of 30-06-2023 grouped by importing destination and exporting region (main exporters\*)



**Built with cargo-tracking data from Kpler, processed by IGC and WTO, updated every mid and end of month.**

Exporting regions include: North America (Canada, Mexico, USA), South America (Argentina, Brazil), Europe (European Union, Russian Federation, Ukraine).

- Offers data for current loadings aggregated by exporting region (major exporters) and destination area
- Does not cover scheduled arrivals to monitored ports

**Provides info on short-term trends in exports (next month) from some origins**

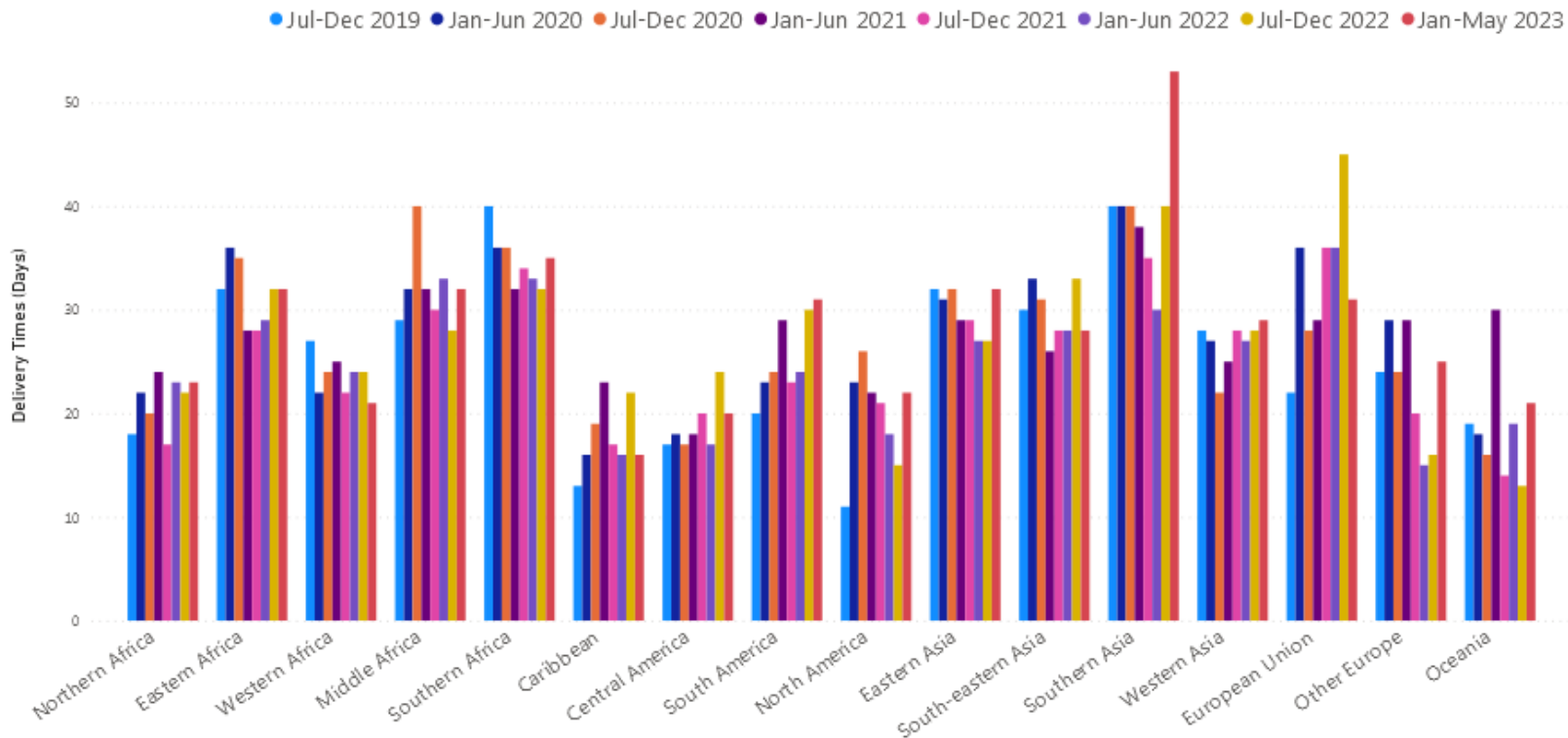


# Wheat maritime trade Dashboard: Logistics-related data

## Section 5. Delivery times

### Comparison of delivery times by importing region

In terms of days (weighted by delivered volumes)



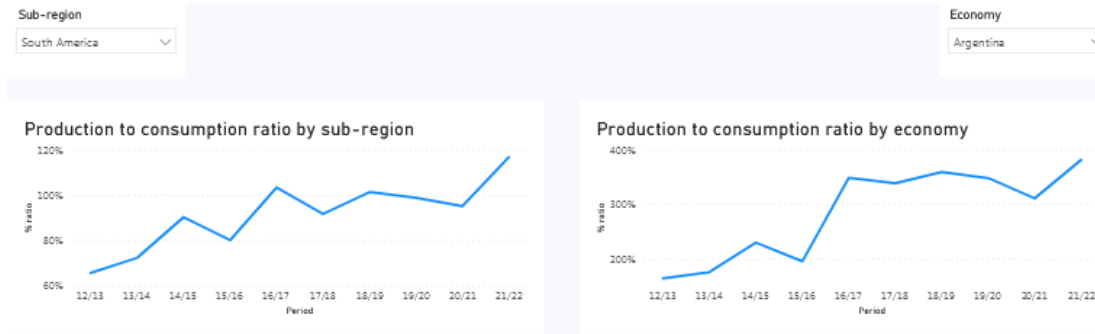
- Includes sub-regional data on average delivery times (from loading to discharge, in days)
- Data weighed by volume of delivered cargo to account for the structure of imports
- Spans six-month periods over the past three years, as well as the latest full-month period

**Helps to identify congestion- or logistics-related issues on some routes**



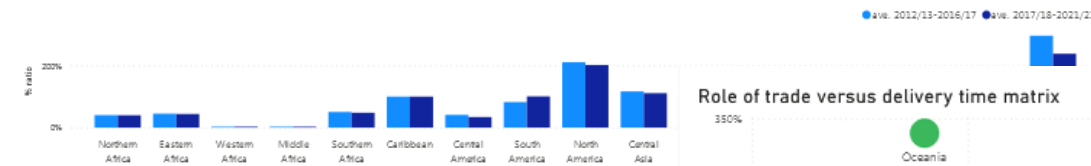
# Wheat maritime trade Dashboard: Supportive production/consumption-related data

## Section 6. Production to consumption ratios



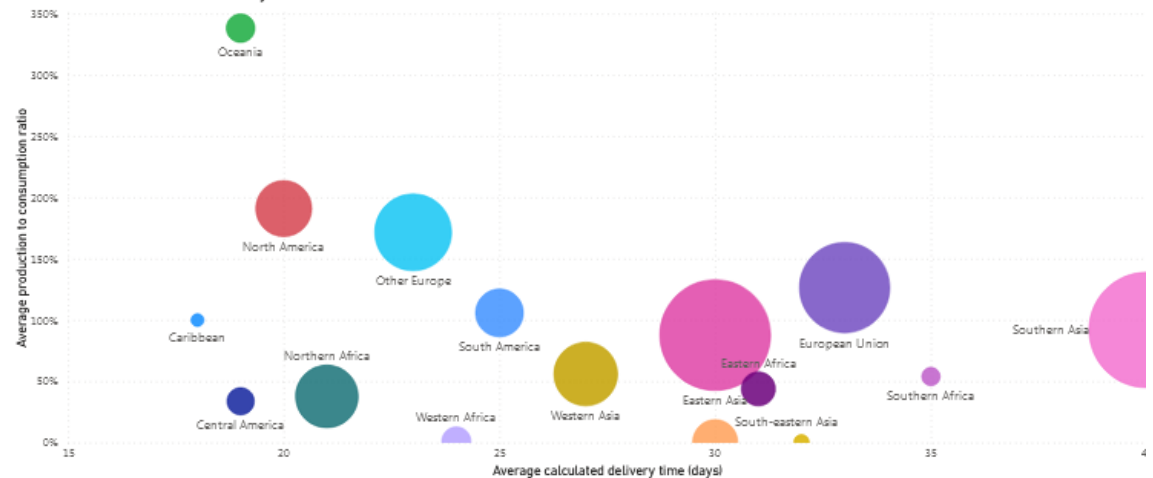
- Provides static indicators for sub-regional and by-country ratios of production to consumption for the prior ten years and five-year averages

Production to consumption ratios: averages for selected regions



- Includes a Matrix which maps average sub-regional production-to-consumption ratios versus delivery times (also shows the volume of consumption)

Role of trade versus delivery time matrix



Highlights the role of wheat trade and logistics for some regions/countries



**Follow the International Grains Council on**

m t

[www.igc.int](http://www.igc.int)

<https://twitter.com/IGCgrains>