



# Market Monitor



No. 101 September 2022

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## Markets at a glance

	FROM PREVIOUS FORECASTS	FROM PREVIOUS SEASON
<b>WHEAT</b>	▲	■
<b>MAIZE</b>	▼	▼
<b>RICE</b>	▼	▼
<b>SOYBEANS</b>	▲	▲

The partial re-opening of Ukraine's Black Sea ports relieved pressure from global food markets before weather-related concerns started dominating market sentiment in the second half of August. Wheat markets, in particular, eased, driven also by improved production prospects in main exporting countries, while abundant global ending stocks helped keep rice prices in check. By contrast, supply expectations dampened for maize. Focus will soon turn to the southern hemisphere where plantings for maize and soybeans will begin amid considerable uncertainty about future commodity and input prices. Fertilizer markets remain particularly volatile, especially in Europe where tight natural gas supplies and high prices caused many producers of urea and ammonia to stop operation. Next season's plantings and fertilizer application rates could thus be adversely affected.

The **Market Monitor** is a product of the Agricultural Market Information System (AMIS). It covers international markets for wheat, maize, rice and soybeans, giving a synopsis of major market developments and the policy and other market drivers behind them. The analysis is a collective assessment of the market situation and outlook by the ten international organizations and entities that form the AMIS Secretariat.



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## Feature article

### Ukraine's Black Sea exports resume; good news, but not quite enough

After nearly six months of record to near-record high global food prices sparked by the abrupt disruption of grain exports from Ukraine, on the heels of tight wheat supplies and high maize demand, Ukraine was finally able to start shipping grains from some of its Black Sea ports again in August, thanks to the Black Sea Initiative orchestrated by the United Nations. With seaborne exports flowing from Ukraine again, this should be the answer to all grain-market prayers, right? Not quite yet.

For Ukraine, the increase in export capacity is certainly a very important development. However, the current pace of shipments is not yet enough to prevent grain storage problems nor will it provide sufficient support to producers for next season's planting. While the Black Sea ports were closed (from late February until August), Ukraine was able to export about 1 to 2 million tonnes (MMT) of grains per month via railway and barge across its European borders. The re-opening of Ukraine's Black Sea ports has so far increased that volume to about 3 MMT per month. However, based on estimates of the International Grains Council, Ukraine needs to export as much as 7 MMT per month in order to free sufficient space for the incoming harvests (ending now for wheat and arriving shortly for maize). Furthermore, official sources have indicated that grain exports from Ukraine would need to double current levels until March in order for Ukrainian farmers to earn enough income to be able to cover production costs to plant next season.

The opening of Ukraine's Black Sea ports also had a significant impact on global grain markets. International prices of wheat and maize fell in July, by 15 and 11 percent, respectively, largely in response to the announcement of the Black Sea Initiative. However, that price drop has already slowed in August for wheat, and completely stopped in the case of maize. Opening Ukraine's Black Sea ports was clearly important for market sentiment, but the current export volumes coming out of Ukraine may not be enough to bring international grain prices down

further, considering that prices are still above last year's already elevated levels.

Ukraine's wheat is typically cheaper than other origins, helping moderate global wheat price levels and offering a more viable option especially for many countries in North Africa, where wheat is an important staple food. If export volumes from Ukraine remain limited and global prices stay elevated, importing wheat may prove difficult or, at least, financially burdensome, for many countries, especially if the US dollar stays strong. Many countries may thus have to rely on their domestic stocks in place of imports. Already, wheat stocks in Africa are forecast to fall by nearly 10 percent from last year.

Increased maize exports from Ukraine will be essential for global maize markets as well, which are currently spread quite thin in view of an expected fall in global production and higher-than-earlier-anticipated import demand from the European Union. With the maize export market concentrated in just four main exporters (Argentina, Brazil, US, Ukraine), global markets are depending on seaborne exports continuing to flow from Ukraine. Any disruption or further reduction in those exports could spell big trouble for maize markets.

The need for more grain exports from Ukraine is clear, both for Ukraine and for the world. The potential for that to happen is however, at this point, still tentative. So far, only vessels that are backed by the UN and Türkiye can ship out of Ukraine's Black Sea ports, and many ship-owners and traders continue to be hesitant in view of the high risks involved. Furthermore, the Initiative could expire on November 18 if one of the parties notifies its intent to terminate the agreement; a potential concern given recent statements of the Russian Federation to review the terms of the deal. While the Black Sea Initiative offers a glimpse of hope, its duration needs to be extended, and its scope broadened to other ports and routes so that export flows can scale up.

## World supply-demand outlook

	Wheat	FAO-AMIS			USDA		IGC		IN MILLION TONNES
		2021/22 est	2022/23 f'cast		2021/22 est	2022/23 f'cast	2021/22 est	2022/23 f'cast	
			7 Jul	8 Sep					
<b>WHEAT</b> 2022 production forecast now only slightly below the 2021 level following upwards revisions for several countries, including Canada, China, Russian Federation, and the US.									
Utilization in 2022/23 lifted m/m and now only marginally lower than the 2021/22 estimated level, underpinned by an expected fall in feed use.	Prod.	778.1	770.3	777.0	779.2	779.6	781.0	778.0	
		641.1	633.4	638.5	642.3	641.6	644.0	640.0	
Trade 2022/23 (July/June) forecast nearly unchanged with greater shipments seen from the Russian Federation and Canada as a result of higher production forecasts offsetting lower export prospects for the EU and India.	Supply	1070.3	1069.9	1074.1	1069.5	1055.9	1059.7	1057.6	
		803.0	798.0	801.8	788.4	776.2	795.5	787.4	
	Utiliz.	773.4	770.6	772.8	793.2	788.6	780.2	782.7	
		630.6	631.9	634.1	645.2	644.6	639.3	641.6	
Stocks (ending in 2023) unchanged m/m and forecast to rise above opening levels, with much of the increase concentrated in China and the Russian Federation, as well as Canada and Ukraine to a lesser extent.	Trade	194.9	190.6	191.3	204.5	208.1	196.7	192.8	
		185.1	182.8	183.5	194.9	198.6	186.8	184.4	
	Stocks	297.1	299.3	299.1	276.3	267.3	279.6	274.9	
		163.3	158.5	157.9	134.6	123.0	146.3	137.4	
<b>MAIZE</b> 2022 production cut largely on sharp downturn in EU harvest prospects, as well as for the US, lowering the global forecast to 2.4 percent below last year's output.									
Utilization in 2022/23 nearly unchanged m/m and still set to decline by 0.3 percent from 2021/22, mostly due to weaker feed use.	Prod.	1211.4	1195.3	1182.1	1218.8	1179.6	1219.5	1178.6	
		938.9	920.3	907.1	946.2	908.6	946.9	905.6	
Trade in 2022/23 (July/June) forecast near 2021/22 level after this month's upward revision on higher import demand expected from the EU and larger shipments from Argentina and Ukraine.	Supply	1498.1	1503.2	1492.0	1511.6	1491.4	1498.1	1461.4	
		1071.4	1069.3	1058.2	1033.4	1010.2	1031.3	1000.2	
	Utiliz.	1196.2	1193.1	1192.6	1199.8	1184.8	1215.4	1196.8	
		904.3	894.7	894.2	908.8	889.8	914.2	891.6	
Stocks (ending in 2023) cut m/m, largely in the EU due to its lower production outlook, and now set to fall below opening levels by 3.3 percent.	Trade	180.5	177.3	180.7	191.4	186.2	179.1	173.3	
		158.4	156.3	160.7	168.4	168.2	156.6	154.3	
	Stocks	309.9	308.0	299.7	311.8	306.7	282.8	264.6	
		151.1	151.6	144.3	101.6	102.5	94.6	89.7	
<b>RICE</b> production in 2022 downscaled primarily on less buoyant output prospects for India, which, coupled with forecast cuts for a few other countries, including Bangladesh and Sri Lanka, outweighed slight upward revisions for Brazil and a few West African countries.									
Utilization in 2022/23 trimmed and seen remaining close to the 2021/22 high, as lingering strong food demand offsets cuts in non-food uses.	Prod.	525.5	520.5	514.5	513.7	512.4	514.9	514.3	
		379.7	374.4	368.4	364.7	363.4	365.8	365.3	
Trade in 2022 and 2023 upgraded slightly, with India forecast to count on ample supplies to keep shipments above 20.0 million tonnes during each year, despite the somewhat more subdued output outlook.	Supply	717.7	713.2	711.2	701.5	697.3	696.8	694.5	
		468.8	466.5	464.5	436.0	435.3	440.5	440.5	
	Utiliz.	521.8	523.1	522.2	516.7	518.7	516.6	517.8	
		370.3	375.4	374.5	360.4	362.1	362.6	364.4	
Stocks (2022/23 carry-out) now seen 2.9 percent below the 2021/22 peak largely owing to drawdowns in the major exporters, which however could still end the season with their second highest aggregate reserve on record.	Trade	54.4	54.2	55.0	54.7	54.7	51.5	51.5	
		49.5	49.7	50.5	48.9	48.7	46.5	46.5	
	Stocks	196.7	191.7	190.9	184.8	178.5	180.2	176.7	
		96.1	90.5	89.7	71.8	69.5	72.9	71.1	
<b>SOYBEAN</b> 2022/23 production raised marginally on higher forecasts mainly for the US and Brazil, more than offsetting a downward revision for India.									
Utilization in 2022/23 lifted fractionally on account of upward adjustments for the US and Egypt, hence confirming a three percent rebound from an exceptional contraction for the 2021/22 season.	Prod.	349.5	387.5	390.0	352.7	392.8	350.8	389.2	
		333.1	368.0	370.5	336.3	374.4	334.4	369.7	
Trade in 2022/23 (Oct/Sep) remained practically unchanged, with the market shares of South American exporters expected to recover after declining for two consecutive seasons.	Supply	400.3	426.5	429.4	452.6	482.5	405.9	431.8	
		360.4	388.0	391.0	405.1	433.4	358.3	382.8	
	Utiliz.	366.1	377.3	378.0	363.0	378.2	363.3	379.5	
		253.8	261.1	261.8	256.3	262.7	254.0	265.3	
Stocks (2022/23 carry-out) scaled up, primarily due to an upward revision for the US. Yet, the global stocks-to-use ratio would remain below the five-year average level.	Trade	155.3	166.8	167.3	153.3	169.1	154.2	165.9	
		63.8	68.3	68.8	63.3	71.1	63.0	69.3	
	Stocks	39.5	48.3	49.5	89.7	101.4	42.6	52.3	
		20.5	27.6	28.8	59.0	70.0	13.1	20.9	

### +i World Balances

Data shown in the second rows refer to world aggregates without China; world trade data refer to exports; and world trade without China excludes exports to China. To review and compare data, by country and commodity, across three main sources, go to <https://app.amis-outlook.org/#/market-database/compare-sources>. Estimates and forecasts may differ across sources for many reasons, including different methodologies. For more information see [Explanatory notes](#) on the last page of this report.

## World supply-demand outlook

## Revisions (FAO-AMIS) to 2022/23 forecasts since the previous report

	WHEAT					MAIZE					RICE					SOYBEANS				
	Production	Imports	Utilization	Exports	Stocks	Production	Imports	Utilization	Exports	Stocks	Production	Imports	Utilization	Exports	Stocks	Production	Imports	Utilization	Exports	Stocks
<b>WORLD</b>	6661	617	2226	650	-184	-13203	3429	-455	3424	-8340	-5952	830	-822	840	-771	2492	509	670	500	1139
<b>Total AMIS</b>	7260	356	2156	650	-1298	-12940	3300	-788	3400	-8298	-4643	310	-489	325	-861	2392	409	690	480	899
Argentina	-	-	200	-	-	2000	-	300	2500	-	7	-	-13	-	-	300	-200	-200	30	200
Australia	-	-	-	-	-	-	-	-	-	-	-	-	25	-	-5	-	-	-	-	-
Brazil	809	-	-343	700	-100	-532	-	-32	500	-500	138	-	8	25	80	1000	200	200	-50	200
Canada	1413	-	-87	1000	900	90	-	990	-	100	-	-	-	-	-	-50	-	150	-200	-
China Mainland	1560	-	-	-	356	-	-1000	-	-	-1000	-	-	-	-	-	-	-	-	-	-
Egypt	200	-500	-300	-	-526	-	-1000	-800	-	-200	-	-	-	-	-	-	300	380	-	10
EU	-935	800	835	-1000	-2000	-12778	5000	-28	-1000	-6750	-178	250	212	-	20	-113	-	-113	-	-
India	430	-	430	-1000	-	-500	-	-	-700	340	-4237	-	-437	-500	-800	-400	200	-68	-	-350
Indonesia	-	-300	100	-50	-	300	200	290	-	-	-	-	-	-	-	-	-100	-100	-	-
Japan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24	94	-	-50
Kazakhstan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mexico	125	-	125	-	-	-1100	-	-1100	-	-	-	-	-	-	-	-	-	-	-	-
Nigeria	-	-	-	-	-	-	-	-	-	-	-	-	70	-	70	-	-	-	-	-
Philippines	-	200	200	-	-	-	100	100	-	-	-	-	-	-	-	-	-	-	-	-
Rep. of Korea	-	100	100	-	-	-	-	-	-	-	-	-	5	-	-35	-	-	-	-	-
Russian Fed.	1500	-	-	1000	500	-	-	-	-	-	-43	-	-18	-	-15	-	-	-	-	-
Saudi Arabia	-	-	-	-	-	-	-	-	-	-	-	-140	-25	-	-	-	-	-	-	-
South Africa	100	-	-	-	100	154	-	-	100	-	-	-	-	-	-	265	-10	78	-	177
Thailand	-	-	-100	-	-	-	-	-	-	-	-	-	-40	500	-200	-	-	-	-	-
Türkiye	-	-	-	-	-101	-	-	-	-	-	-	-	-	-	-	-	50	20	-	30
Ukraine	-	-	-125	-	-25	2000	-	-	2000	-	-	-	1	-	-	100	-	-250	500	-150
UK	797	-	797	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
US	1261	-	218	-	-452	-2574	-	-508	-	-288	-212	200	-59	-	74	1300	-	540	200	860
Viet Nam	-	56	106	-	50	-	-	-	-	-	-117	-	-217	300	-50	-10	-55	-41	-	-28

In thousand tonnes

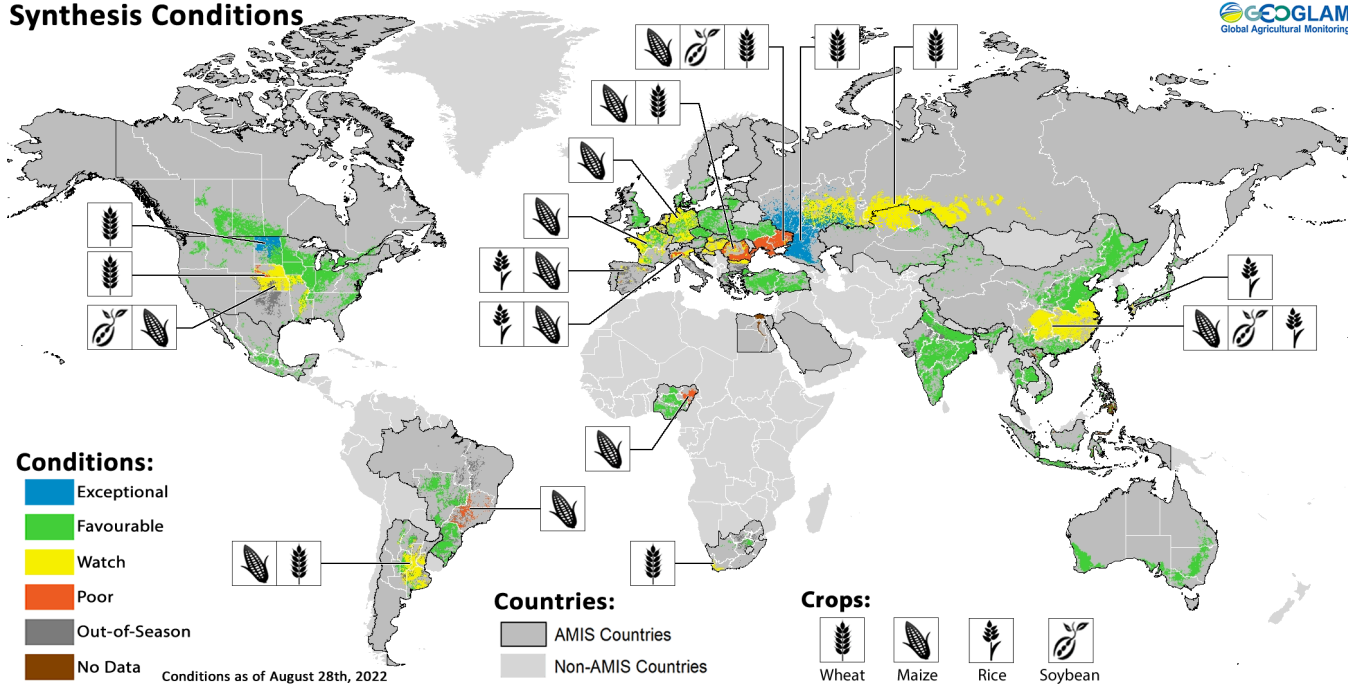
**+i Note**

Only significant changes (of more than 1 000 tonnes) are displayed in the table.

# Crop monitor

## Crop conditions in AMIS countries

### Synthesis Conditions



Crop condition map synthesizing information for all four AMIS crops as of 28 August. Crop conditions over the main growing areas for wheat, maize, rice, and soybean are based on a combination of national and regional crop analyst inputs along with earth observation data. Only crops that are in other-than-favourable conditions are displayed on the map with their crop symbol

### Conditions at a glance

#### Wheat

In the northern hemisphere, winter wheat harvesting is wrapping up while spring wheat harvest begins. In the southern hemisphere, dry conditions continue to impact early development in Argentina, while conditions are favourable in Australia.

#### Maize

In the southern hemisphere, harvesting is ending in Brazil and Argentina. In the northern hemisphere, hot and dry weather is impacting crops in the US, China, and Europe.

#### Rice

In China, there is extreme heat with dry conditions in the Yangtze River basin. In India, Kharif rice transplanting is complete. In Southeast Asia, wet-season rice is growing in the northern countries and dry-season rice in Indonesia.

#### Soybeans

In the northern hemisphere, conditions are generally favourable except for some minor dry conditions in the US and China, as well as disruptions due to the ongoing war in Ukraine.

## La Niña and Negative Indian Ocean Dipole Conditions

The El Niño-Southern Oscillation (ENSO) is currently in the La Niña phase, according to the IRI/CPC. La Niña conditions may continue into early 2023 (80 percent chance for September to November and 60 percent chance for December to February). Negative Indian Ocean Dipole (IOD) conditions are present and will likely continue into December, according to the Australia Bureau of Meteorology forecast (99 percent chance for October and 63 percent chance for December).

During the next several months, there are increased risks of severe drought across the Horn of Africa, and heavy rainfall and flooding in Australia and southeast Asia. Additionally, a third year in a row with La Niña conditions raises concerns about repeat dry conditions in eastern East Africa, southern South America, Central and Southern Asia, and southern North America.

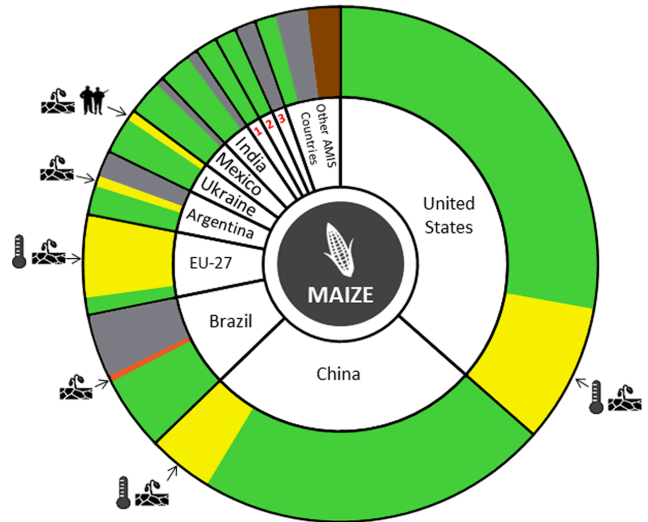
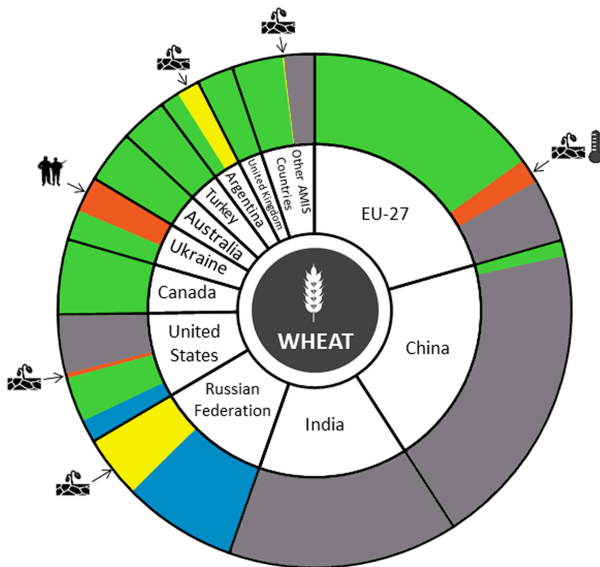
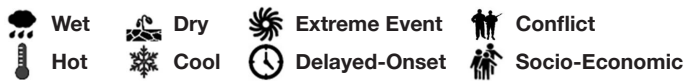
Source: UCSB Climate Hazards Center

Crop monitor

Conditions



Drivers



Canada<sup>1</sup>, Russian Federation<sup>2</sup>, South Africa<sup>3</sup>

Summaries by crop

Wheat

In the **EU**, recent hot and dry conditions benefited final harvesting across northern Europe. In the **United Kingdom**, harvest is wrapping up under favourable conditions. In **Ukraine**, harvesting is wrapping up with generally good yields away from the conflict zone and reduced yields near the war zone. In the **Russian Federation**, harvesting of winter wheat is completing with exceptional yields. However, dry conditions have developed over spring wheat areas throughout August. In **Türkiye**, harvesting is wrapping up aided by dry conditions. In **China**, spring wheat harvesting is ongoing. In the **US**, harvesting of winter wheat is wrapping up in the north, while spring wheat harvesting continues with exceptional conditions in the Dakotas. In **Canada**, winter wheat harvesting is wrapping up while spring wheat harvesting is beginning. In **Australia**, conditions are favourable across all states; however, ongoing wet conditions in parts of southern Queensland and northern and central New South Wales may reduce the intended sown area in those regions. In **Argentina**, sowing has finished as ongoing dry conditions continue to be of concern; however, recent rainfall has improved conditions in Buenos Aires.

Maize

In **Argentina**, harvesting of the late-planted crop (smaller season) is wrapping up under generally favourable conditions, but with heterogeneous yields. Sowing of the early-planted crop (larger season) has begun under dry conditions. In **Brazil**, harvesting of the summer-planted crop (larger season) is wrapping up under favourable conditions in the Central-West and South regions, while poor in the Southeast region. In the **US**, conditions are mixed as earlier hot and dry weather, particularly along the western and southern Corn Belt, continues to be of concern. In **Canada**, conditions have improved in Ontario despite recent excess heat. In **Mexico**, conditions are favourable as sowing continues for the spring-summer season (larger season). In the **EU**, exceptionally hot and/or dry weather conditions in large parts of Europe continue to substantially reduce yield outlooks. In **Ukraine**, conditions remain mixed in the south and east due to the ongoing war and recent hot and dry weather. In the **Russian Federation**, conditions are favourable. In **China**, conditions are generally favourable except for in the Yangtze River basin where drought has impacted crops. There is a slight reduction in the total sown area compared to last year. In **India**, sowing of Kharif crops is complete with a total sown area similar to last year.

+i Pie chart description

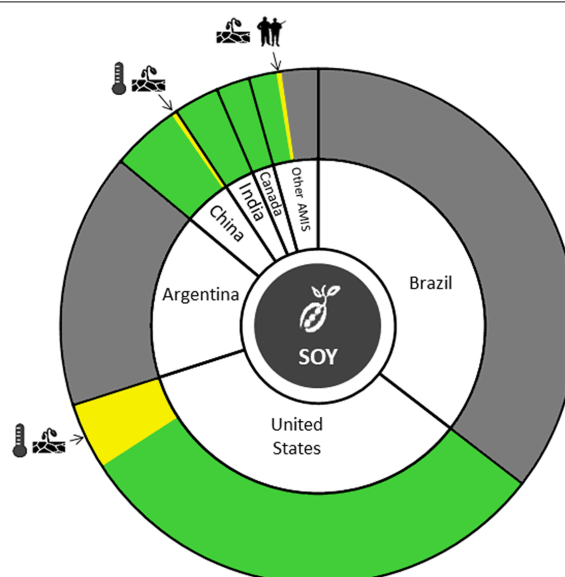
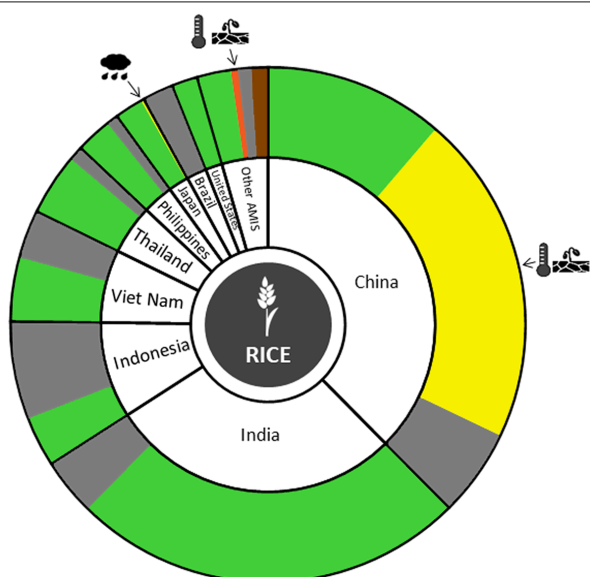
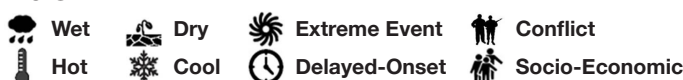
Each slice represents a country's share of total AMIS production (5-year average), with the main producing countries (95 percent of production) shown individually and the remaining 5 percent grouped into the "Other AMIS Countries" category. Sections within each country are weighted by the sub-national production statistics (5-year average) of the respective country and account for multiple cropping seasons (i.e. spring and winter wheat). The late vegetative to reproductive crop growth stages are generally the most sensitive periods for crop development.

Crop monitor

Conditions



Drivers



Rice

In **China**, persistent extreme heat along with dry conditions within the Yangtze River basin has forced the early ripening of single-season rice and also affected late-season rice, reducing yields. Elsewhere conditions are favourable. In **India**, transplanting of Kharif rice is mostly complete with a reduction in the total sown area compared to last year and the average. In **Indonesia**, conditions are favourable as dry-season rice sowing continues into the fifth month, while the harvesting of the earlier sown crops continues. In **Viet Nam**, summer-autumn rice (wet-season) is under favourable conditions across the country with harvesting ongoing in the south. Autumn-winter rice (wet-season) sowing is continuing in the south. In **Thailand**, wet-season rice is in the tillering stage under favourable conditions with an increase in sown area in the Northern and Central regions due to abundant rainfall. In the **Philippines**, wet-season rice is under favourable conditions with earlier sown crops beginning to harvest. Despite the passage of several large storm systems, no major crop damage has occurred. In **Japan**, conditions are generally favourable. In the **US**, harvesting is ongoing in Louisiana and Texas under favourable conditions.

Soybeans

In the **US**, conditions remain generally favourable, however, hot and dry conditions are beginning to impact crops on the western edge of the main growing states. There is an increase in total sown area compared to last year. In **Canada**, conditions have improved across the country. In **China**, conditions are favourable in the vegetative to reproductive stages. There is a large increase in the total sown area as compared to last year. In **India**, conditions are favourable with the majority of the sowing completed. The total sown area is in line with last year. In **Ukraine**, conditions are favourable in the western, central, and northern regions. However, in the southern and eastern regions, conditions are mixed due to recent hot and dry weather coupled with disruptions due to the ongoing war.

Information on crop conditions in non-AMIS countries can be found in the GEOGLAM Early Warning Crop Monitor, published 28 August.

+i Sources and disclaimers

The Crop Monitor assessment is conducted by GEOGLAM with inputs from the following partners (in alphabetical order): Argentina (Buenos Aires Grains Exchange, INTA), Asia Rice Countries (AFSIS, ASEAN+3 & Asia RiCE), Australia (ABARES & CSIRO), Brazil (CONAB & INPE), Canada (AAFC), China (CAS), EU (EC JRC MARS), Indonesia (LAPAN & MOA), International (CIMMYT, FAO, IFPRI & IRRI), Japan (JAXA), Mexico (SIAP), Russian Federation (IKI), South Africa (ARC & GeoTerraImage & SANS), Thailand (GISTDA & OAE), Ukraine (NASU-NSAU & UHMC), USA (NASA, UMD, USGS - FEWS NET, USDA (FAS, NASS)), Viet Nam (VAST & VIMHEMARD). The findings and conclusions in this joint multiagency report are consensual statements from the GEOGLAM experts, and do not necessarily reflect those of the individual agencies represented by these experts.

More detailed information on the GEOGLAM crop assessments is available at <https://cropmonitor.org>.

## Policy developments

### Wheat

- On 6 July, **India** introduced export licensing requirements on wheat flour effective 12 July (Notification No.18/2015-2020). The measure aims to stabilize fluctuations in domestic prices and control the quality of exports as carried out by the Export Inspection Council. Wheat flour had been excluded from the wheat export ban implemented in May (see June 2022 AMIS Market Monitor), but in view of the sudden increase in demand for wheat flour, on 25 August the Cabinet Committee on Economic Affairs also banned exports of wheat or meslin flour (HS code 1101).
- On 18 July, **Nigeria's** National Biosafety Management Agency authorized the importation of the drought tolerant HB4 wheat variety (IND-00412-7) for use in food, animal feed and milling through July 2025. The HB4 drought-tolerance technology patented by Argentina-based Bioceres has been shown to increase yields by 20 percent in dry conditions, which favours double-cropping systems.
- On 2 July, **Saudi Arabia's** State Grain Buyer (SAGO) announced that wheat farmers would be refunded for any price increases should international tenders be awarded at prices exceeding the established procurement price. Amid increasing international prices, SAGO has already revised wheat procurement prices twice during the current procurement season ending in October.
- On 1 July, **Ukraine** lifted the export licensing requirements on wheat and meslin previously imposed on 7 March 2022.

### Maize

- On 13 July, to facilitate food import and diversify sources, **China** signed a phytosanitary requirement protocol for maize imports with Brazil. On 14 July, **Brazil** confirmed that exports to China would not start before 2023, due to remaining concerns such as weeds and fungi in maize crops.

### Rice

- On 25 August, **China** announced a drought assistance package for rice farmers worth CNY 20 billion (USD 1.5 billion), half of which will be allocated to the upcoming harvest season.
- On 14 August, the **Indian** state of Punjab banned the use of 10 pesticides for 60 days to enforce compliance with established maximum residue limits for basmati rice.
- On 31 July, the **Philippines** released subsidies amounting to PHP 8 billion (USD 142 million) to the Department of Agriculture to be distributed to about 1.5 million eligible rice farm-

ers during the 3<sup>rd</sup> and 4<sup>th</sup> quarters of 2022. This support is delivered as part of the Rice Farmers' Financial Assistance programme.

- As part of its draft national budget for 2023, on 23 August the **Philippines** increased the rice buffer stock capacity provisions from 9 days to 15 days to help maintain sufficient reserves (PHP 12 billion, around USD 213 million).
- On 30 June, the **Russian Federation** introduced an export ban on rice effective from 1 July until 31 December.

### Soybeans

- On 30 August, the **Russian Federation** extended the export tax on soybeans until 31 August 2024. The applicable export tax is 20 percent but not less than USD 100 per tonne. (A ban on the exportation of rapeseed was also instituted for six months until 1 February 2023, except for shipments departing from Zabaikalsk).

### Biofuels

- On 25 August, **Argentina** extended its 12.5 percent biodiesel blending mandate for an undefined period. The blending requirement had been initially increased from 5 to 12.5 percent in mid-June for a 60-day period to address fuel shortages and reliance on imports.
- On 14 July, **Brazil** approved legislation to reinstate a tax advantage to biofuels compared to fossil fuels. This measure will benefit companies producing ethanol and biodiesel for a period of 20 years. In a related development on 18 July, the governments of São Paulo, Minas Gerais, Goiás and Parana cut local taxes on ethanol, in a bid to boost biofuel demand.

### Fertilizers

- On 15 July, **China** instituted an export quota of 3 million tonnes on phosphates, a key fertilizer ingredient, to help control domestic prices and enhance food security.
- On 16 July, the **EU** regulation on fertilizing products entered into force to enhance the marketing and trade of more organic and waste-based fertilizers within the EU, notably by harmonizing rules amongst its member States. The regulation seeks to reduce the environmental impact of conventional fertilizers and limit risks to human health, while reducing dependency on imported fertilizers. As a result, 30 percent of non-renewable resources in fertilizer production are expected to be replaced by bio alternatives. Organic fertilizers will be granted access to the *Conformité Européenne*



## Policy developments

(CE) marking, which covers safety, quality and labelling requirements.

- On 19 July, the **EU** Commission proposed the suspension of tariffs on inputs used in producing nitrogen fertilizers until the end of 2024. The objective of this proposal is to alleviate costs for EU fertilizer producers and farmers while stabilizing and diversifying supply origins (with the exclusion of the Russian Federation and Belarus).
- On 18 July, the **US** International Trade Commission (ITC) ruled against imposing countervailing duty and antidumping duty orders on nitrogen fertilizers imported from the Russian Federation and Trinidad and Tobago.

## Across the board

### Export restrictions

- On 9 August, **Indonesia** reduced the reference threshold used to trigger the calculation of the incremental export tax on crude palm oil from USD 750 per tonne to USD 680 per tonne. However, under the revised tax structure, the maximum applicable export tax was also reduced from USD 1 430 per tonne down from USD 1 500 per tonne previously.
- To further ease swelling inventories, **Indonesia** waived the export levy (USD 200 per tonne) on palm oil products between 15 July and 31 October 2022. (Export levies are applied to all palm oil products in addition to export taxes to fund the domestic biodiesel and cooking oil sectors).

### Support to food systems

- On 13 July, accounting for increases in market and production costs, **Brazil** released the list of products that fall under the minimum price guarantee income safety net for the current marketing season 2022/2023. Minimum price increases concern in particular those of maize (by 67.7 percent in the states of Mato Grosso and Rondônia; by 107.4 percent in the states of Roraima, Amazonas, Amapá, Acre and Pará); soybeans (by 74.1 percent); and long fine paddy rice (in Rio Grande do Sul, by 44.5 percent).
- On 17 August, **China** set up an emergency fund of CNY 300 million (USD 44.21 million) to support agricultural production in 13 regional provinces affected by floods, droughts, and typhoons in Liaoning, Sichuan and Inner Mongolia. These funds will be used for the restoration of the facilities and the purchase of seeds, pesticides, fertilizers and other materials.
- On 29 August, **China** granted subsidies worth CNY 10 billion (USD 1.46 billion) to grain producers affected by soaring agricultural input prices.

- On 19 July, the **EU** amended its package of sanctions to unblock funding by Russian banks that may be required to ease food supply bottlenecks and enhance food security. The exceptions apply exclusively to the purchase, import or transport of agricultural and food products, including wheat and fertilizers.
- In the **EU**, Hungary imposed a moratorium on 31 July on the repayment of investment and working capital loans for agricultural enterprises from September 2022 until the end of 2023 to alleviate the impacts caused by a major drought wave.
- On 27 July, **Ukraine** adopted a draft law exempting products and equipment for storage, transportation, loading and unloading of grain and/or oilseeds from the application of import duties. This exemption is scheduled to terminate within 30 days of the end of the martial law in Ukraine.

### Sustainable agriculture and climate change

- On 23 July, the federal, provincial, and territorial Ministers of Agriculture in **Canada** reached a 5-year agreement to allocate CAD 500 million (USD 385 million) to the Sustainable Canadian Agricultural Partnership. Ministers pledged to work on reducing emissions from fertilizers and/or other agricultural commodities. At the same time, the AgriStability compensation rate was increased from 70 to 80 percent and support to the tune of CAD 250 million (USD 192 million) was destined to the provision of ecological goods and services under the Resilient Agricultural Landscape scheme.
- On 3 August, **Canada** announced investment of over CAD 1.8 million (USD 1.4 billion) under the AgriAssurance Program to develop research-based quality standards of bio-products and accelerate the growth of the bioeconomy in the agriculture sector. This includes crops grown as alternatives to petroleum-based products, such as maize for ethanol production, or using waste like stems and leaves to create sustainable packaging.
- On 27 July, the **EU** Council approved the European Commission's proposal to postpone new crop rotation and fallow land requirements under the next CAP by one year, i.e. to 2024, in order to enhance food grains production capacity and alleviate global supply shortfalls caused by the war on Ukraine. EU farmers will thus be exempted from basic Good Agriculture and Environmental Conditions for receiving CAP direct payments in 2023 if they produce crops for human consumption (except for maize and soybeans). In line with the EU's decision, on 16 August **Germany** adopted a proposal to suspend mandatory crop rotation and exempt producers from complying with the same environmental requirements.

## Policy developments

- On 22 July, **India** introduced extension and advisory services to farmers on ways to mitigate extreme weather conditions and adverse impacts on agricultural production using climate resilient seed varieties, including rice and maize. This includes the government provision of local weather information including alerts and related agrometeorological advisories using e-services launched by the Ministry of Earth Sciences.
- On 12 August, the **US** adopted the Inflation Reduction Act (IRA) that introduces a package of measures focusing on climate, healthcare and tax policy. Funding of USD 38 billion will be channelled to existing USDA programmes to support climate smart practices, availability of agriculture credit, renewable energy (including investments in higher blend bio-fuel infrastructure to accelerate decarbonization), and forest conservation. Of this funding, close to USD 20 billion will directly support Farm Bill conservation programmes.
- On 22 August, the **US** Department of Agriculture appropriated USD 300 million in a new Organic Transition Initiative to help improve markets and income streams for agricultural producers; offer technical assistance and specific mentoring services; provide direct financial support to conservation and crop insurance; and support market development projects in targeted markets.

### Other

- On 8 August, the **EU** published *Commission Regulation 2022/1370* to modify maximum residue levels (MRLs) of ochratoxin in a range of foodstuffs, including cereals, cereal

products and oilseeds. The new and revised MRLs will start applying as from 1 January 2023.

- On 18 July, **India** added maize and rice to the list of products subject to the 5 percent Goods and Services Tax, a move likely to increase the price of packaged and pre-packaged products as well as the prices of the final products.
- On 22 August, the Ministry of Agriculture and Forestry in **Türkiye** reimposed phytosanitary certificates for grain imports from Ukraine starting 1 September 2022. The measure seeks to clamp down on issues with counterfeiting in the certificates of products to be imported from the Black Sea region.
- On 16 August, the **United Kingdom** launched the Developing Countries Trading Scheme (DCTS) in a bid to improve market access for developing countries to its market, effective early 2023. The Scheme applies to 65 developing countries, including beneficiaries of the current EU Generalized System of Preferences (GSP). Compared to this system, lower tariffs are offered on an additional 156 products and simpler rules of origin apply. Under DCTS, duty-free access is granted to several agri-food products, including wheat, barley, rice flour and rolled or flaked maize grains. However, some products of certain developing countries may be suspended from the preferential rates of duty on imports once they are deemed to no longer need preferences to compete in the UK market.

### +i Note

Only AMIS participants are marked in **bold**.

# International prices

## International Grains Council (IGC) Grains and Oilseeds Index (GOI) and GOI sub-Indices

	Aug 2022 Average*	Change	
		M/M	Y/Y
<b>GOI</b>	309.4	+0.4%	+12.0%
<b>Wheat</b>	292.8	-3.2%	+10.6%
<b>Maize</b>	306.7	+2.3%	+12.8%
<b>Rice</b>	174.1	-0.1%	+5.1%
<b>Soybeans</b>	313.0	+2.2%	+13.9%

\*Jan 2000=100, derived from daily export quotations

### Wheat

Global wheat prices declined in August, with the IGC GOI sub-Index down by 3 percent month-on-month. Values initially touched a seven-month low as accelerating grains shipments from Ukraine's Black Sea ports following the deal to establish safe shipping corridors amplified northern hemisphere seasonal pressure. Rising supply estimates in Russian Federation also weighed on sentiment, while worries about global economic growth remained a headwind for world markets. Nonetheless, prices mostly exhibited a firmer tone in the second half of August amid signs of resurgent international demand, news of increased tensions in the Black Sea region and worries about soil moisture conditions ahead of 2023/24 planting in some regions.

### Maize

Maize export prices firmed during August, with movements in outside markets contributing to market volatility at times. Despite overall light export activity, prices in the US rose on concerns about 2022/23 crop prospects, highlighted by disappointing yield figures from an annual crop tour. Despite seasonally rising supplies, prices in Brazil increased on strong overseas

demand and hopes for an early start to shipments to China. Quotations in Argentina advanced amid firming buying interest, with worries about La Nina potentially persisting into 2023 also noted. The resumption of shipments from Ukraine's Black Sea ports weighed slightly on prices in early August, but exerted little pressure thereafter.

### Rice

Average international rice prices were little changed m/m, with mixed movements in the major exporters. Thai fob offers were mildly higher in August amid tightening supplies on the local market, as exporters covered previously agreed sales including to Iraq. In contrast, Vietnamese quotes softened on Summer/Autumn crop harvesting and weak buying by the Philippines, while Indian values were little changed as slow demand from sub-Saharan Africa was partly offset by worries over 2022/23 kharif crop prospects.

### Soybeans

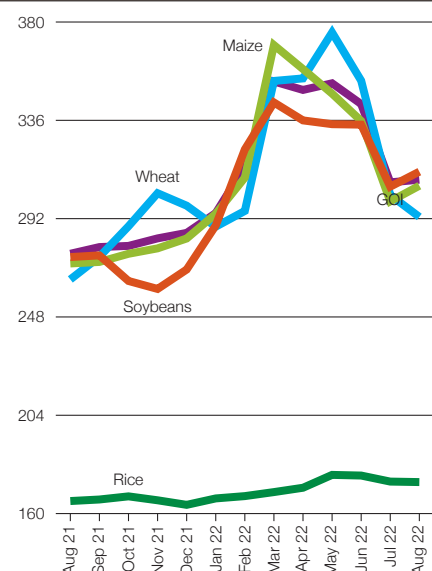
Average international soybean values strengthened during August, the IGC GOI sub-Index advancing modestly m/m, to take y/y gains to 14 percent. Gulf quotations were initially underpinned by tightening old crop availabilities and worries about the impact of hot, dry weather on yield potential, while firmer markets for soya products were supportive at times. More recently, sentiment was dampened by an improved Midwest weather backdrop, coupled with a downturn in external markets, including energy and equities, amid heightened worries about a potentially protracted global economic slowdown. Also reflecting broad-based sentiment, offers in South America were nominally firmer over the period. Thin sales by growers were a supportive influence at times, countering pressure from generally weak export interest.

## IGC commodity price indices

		GOI	Wheat	Maize	Rice	Soybeans
2021	August	<b>276.3</b>	264.8	271.9	165.6	274.8
	September	<b>279.3</b>	274.9	272.6	166.3	275.6
	October	<b>279.8</b>	288.6	276.3	167.7	264.1
	November	<b>283.2</b>	303.4	278.7	165.9	260.5
	December	<b>285.6</b>	297.8	283.1	163.9	269.2
2022	January	<b>294.5</b>	288.4	294.2	166.8	288.9
	February	<b>315.4</b>	295.4	310.4	167.8	323.0
	March	<b>353.4</b>	353.6	369.7	169.6	344.0
	April	<b>349.6</b>	354.8	358.9	171.6	336.0
	May	<b>352.6</b>	375.3	347.9	177.3	334.3
	June	<b>343.3</b>	353.8	335.7	177.0	334.1
	July	<b>308.2</b>	302.5	299.7	174.3	306.3
	August	<b>309.4</b>	292.8	306.7	174.1	313.0

(..... January 2000 = 100 .....)

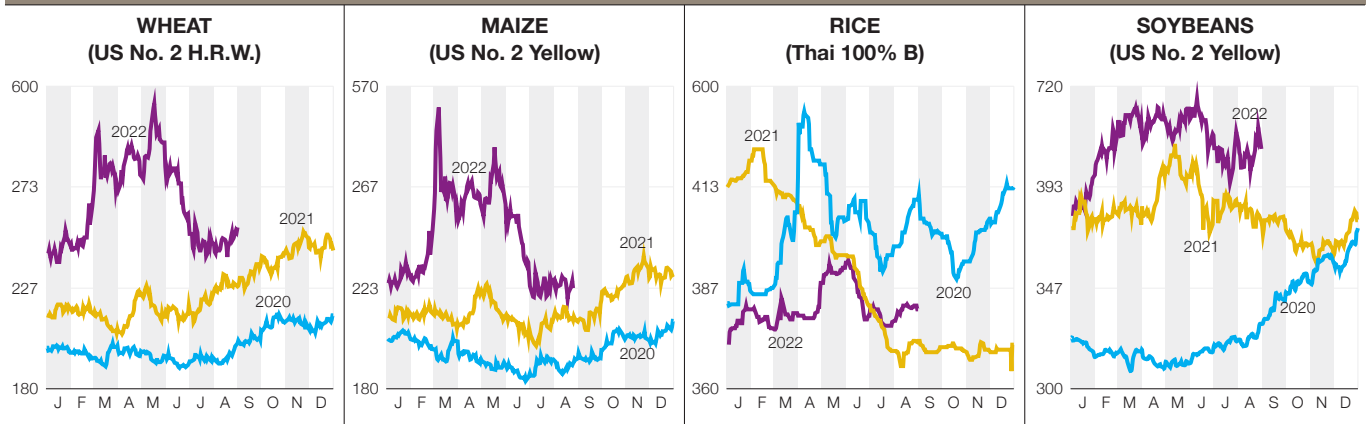
## IGC commodity price indices



## International prices

## Selected export prices, currencies and indices

Daily quotations of selected export prices (USD/tonnes, 2020-2022)



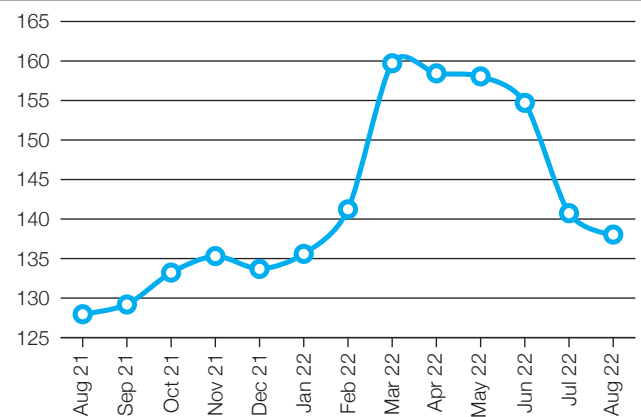
Daily quotations of selected export prices

	Effective date	Quotation	Month ago	Year ago	% change M/M	% change Y/Y
	USD/tonne					
Wheat (US No. 2, HRW)	31-Aug	404	384	322	+5.2%	+25.5%
Maize (US No. 2, Yellow)	25-Aug	310	317	266	-2.3%	+16.3%
Rice (Thai 100% B)	31-Aug	423	413	398	+2.4%	+6.3%
Soybeans (US No. 2, Yellow)	30-Aug	633	657	526	-3.7%	+20.3%

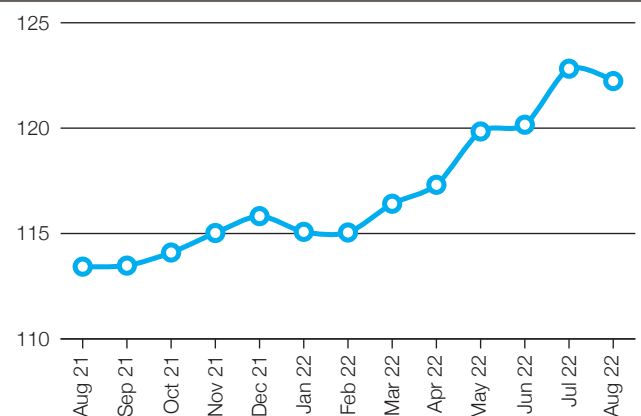
AMIS countries' currencies against US Dollar

AMIS Countries	Currency	Aug 2022 Average	Monthly Change	Annual Change
Argentina	ARS	135.2	-5.1%	-28.2%
Australia	AUD	1.4	1.4%	-4.7%
Brazil	BRL	5.1	4.4%	2.1%
Canada	CAD	1.3	0.1%	-2.5%
China	CNY	6.8	-1.0%	-4.8%
Egypt	EGP	19.1	-1.4%	-18.1%
EU	EUR	1.0	-0.6%	-14.0%
India	INR	79.5	0.0%	-6.8%
Indonesia	IDR	14836.0	1.0%	-3.1%
Japan	JPY	135.3	1.0%	-18.8%
Kazakhstan	KZT	474.5	0.3%	-10.3%
Rep. of Korea	KRW	1320.6	-1.1%	-12.1%
Mexico	MXN	20.1	2.0%	-0.3%
Nigeria	NGN	419.2	-1.0%	-1.9%
Philippines	PHP	55.8	0.1%	-10.1%
Russian Fed.	RUB	59.6	-3.4%	23.3%
Saudi Arabia	SAR	3.8	0.0%	-0.2%
South Africa	ZAR	16.7	0.9%	-11.5%
Thailand	THB	35.8	1.4%	-7.7%
Türkiye	TRY	18.0	-3.1%	-53.0%
UK	GBP	0.8	-0.2%	-13.2%
Ukraine	UAH	36.4	-12.7%	-26.6%
Viet Nam	VND	23400.9	-0.1%	-2.4%

FAO Food Price Index Aug 2021 - Aug 2022



Nominal Broad Dollar Index Aug 2021 - Aug 2022



## Futures markets

### Overall market sentiment

- Futures prices for both CBOT and Euronext commodities declined to their lowest level since the start of the conflict in Ukraine although they still remain high compared to previous years
- Volumes in Euronext have decreased while they have increased in the CBOT
- In the context of overall reduced trading activity during the summer period, the grains and oilseeds markets remained highly volatile
- CBOT contracts reached the lowest level of open interest since several years

### MONTHLY PRICE TREND



### Futures prices

Futures prices for both CBOT and Euronext commodities declined to their lowest level since the start of the conflict in Ukraine, although they remain high compared to previous years. For wheat markets, a main driver has been the re-opening of some of Ukraine's Black Sea ports. However, grain shipments from Ukraine remain constrained in view of high insurance premiums and the limited number of ship owners willing to send vessels into the conflict zone. There are also few financial institutions providing financing.

By contrast, the maize and soybean futures markets were mostly driven by weather, with dry and hot conditions in Europe and the United States deteriorating yields. A twenty year high in the US dollar index helped temper prices although soaring natural gas prices, which raise the costs of fertilizer production, will need close monitoring.

### Volumes & volatility

With Euronext futures being the benchmark contract for Black Sea markets, the resumption of seaborne exports from Ukraine translated into lower volumes on the European exchange and a shift of liquidity back to the CBOT. Compared to July, volumes on Euronext in August decreased by 21 percent for wheat and 23 percent for maize, respectively. Conversely, volumes on the CBOT increased by 16 percent for wheat futures and 4 percent for maize futures. Despite these increased trading volumes, the level of open interest on the CBOT remains close to a multiyear low for wheat, maize and soybeans.

In the context of an overall reduced trading activity during the summer period, the grains and oilseeds markets registered acute intra-day amplitudes of price variation, especially on the maize and soybean futures, suggesting that the current price equilibrium is highly unstable.

### Forward curves

CBOT wheat and maize curves slipped further into contango m/m indicating a "normal" market situation in which far out contracts reflect storage costs and are thus higher than spot prices. By contrast, Euronext wheat and maize displayed a steeper backwardation m/m, with the higher prices on the front months reflecting the brisk demand in the short run for EU grains that had replaced limited export availabilities from Ukraine earlier this season.

CBOT soybean also displayed a backwardation, suggesting that the heat wave in the United States raised concerns of tighter stocks. By sending signals of high prices on front months and lower prices on further out months, stockholding is deterred so that additional volumes might be released in the short run.

### Investment flows

On Euronext markets, financials started to increase their net long position again while commercials increased their short positions, as the lower price level makes it less risky to hold positions. On the CBOT, financials increased their net short position in wheat and reinforced their longs in maize and soybean, indicating that market participants seem less bullish about the wheat market than the maize and soybean markets.

#### Euronext futures volumes and price evolution

Average daily volume (1000 tonnes)	Aug 2022	M/M	Y/Y
Wheat	2 797.2	-21.3%	-20.4%
Maize	105.1	-23.7%	+58.4%

Prices (USD/t)	Aug 2022	M/M	Y/Y
Wheat	337.4	-2.3%	+16.5%
Maize	330.4	+0.8%	+22.5%

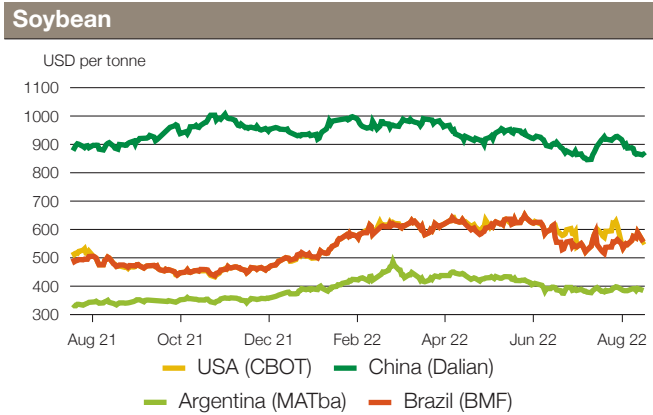
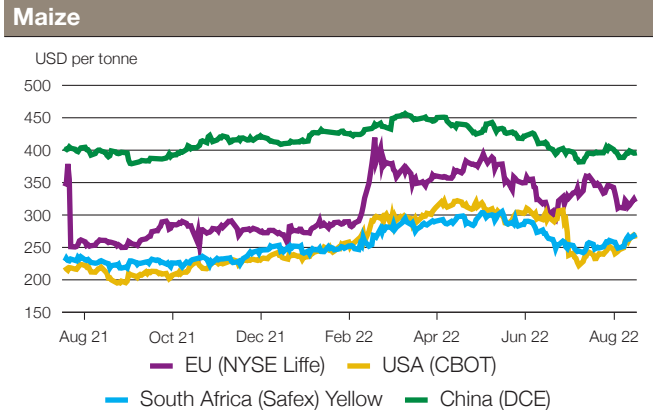
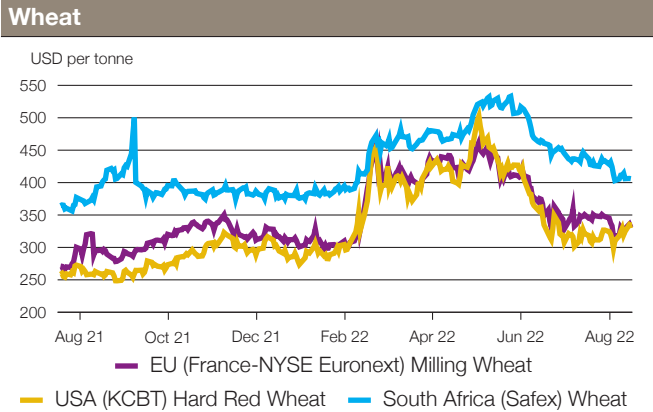
#### CME futures volumes and prices evolution

Average daily volume (1000 tonnes)	Aug 2022	M/M	Y/Y
Wheat	14 193.1	+15.2%	-20.6%
Maize	39 138.0	+3.7%	+0.3%
Soybean	21 375.4	-7.4%	+9.2%

Prices (USD/t)	Aug 2022	M/M	Y/Y
Wheat	292.5	-1.7%	+8.2%
Maize	248.2	+5.4%	+13.9%
Soybean	522.1	+4.0%	+6.8%

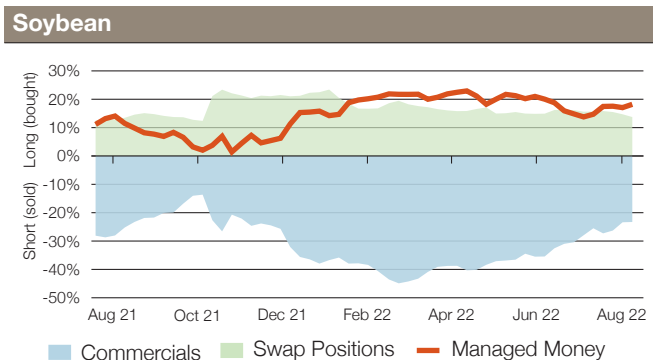
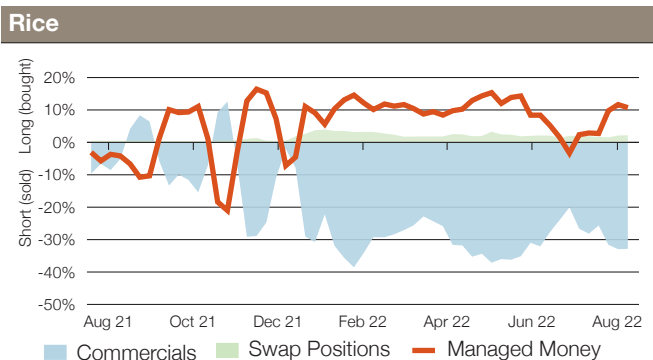
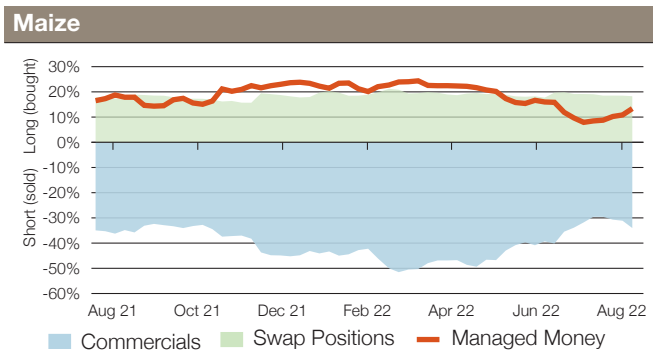
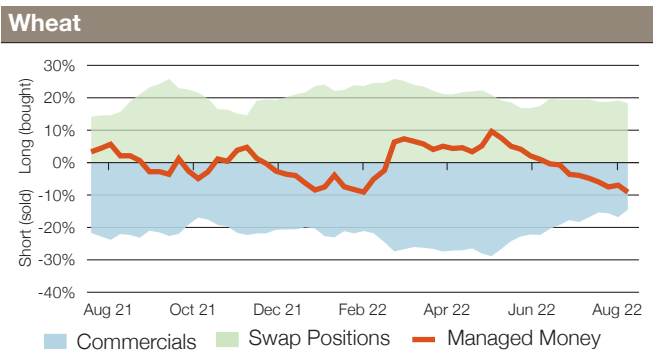
# Market indicators

## Daily quotations from leading exchanges - nearby futures



## CFTC commitments of traders

Major categories net length as percentage of open interest\*

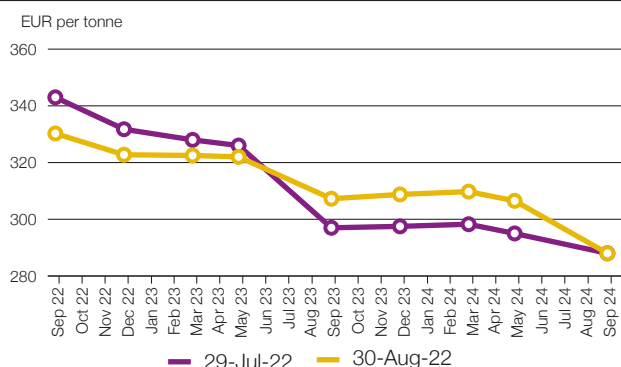


\*Disaggregated futures only. Though not all positions are reflected in the charts, total long positions always equal total short positions.

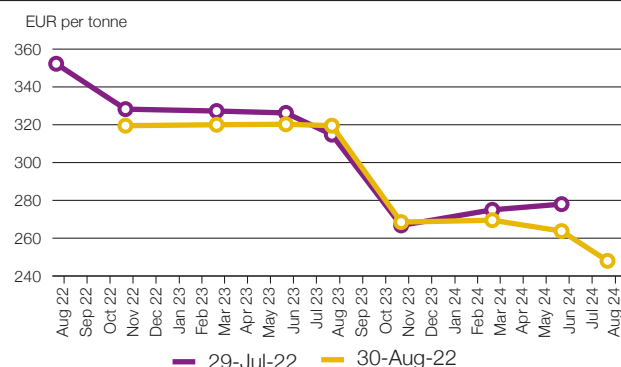
Market indicators

Forward curves

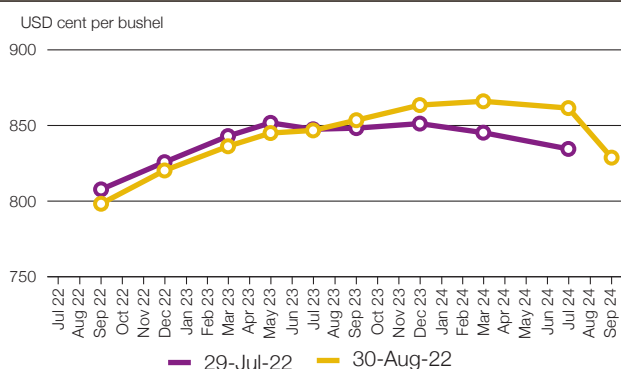
Euronext wheat (EBM)



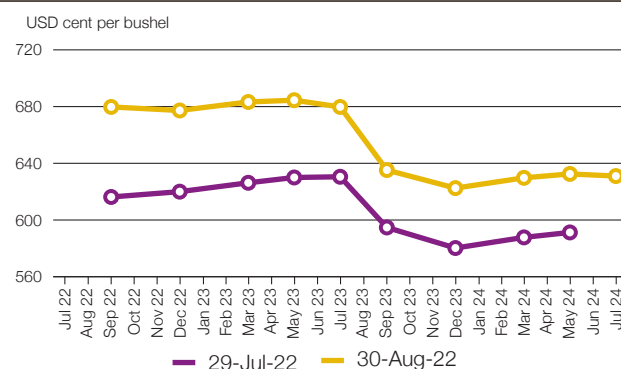
Euronext maize (EMA)



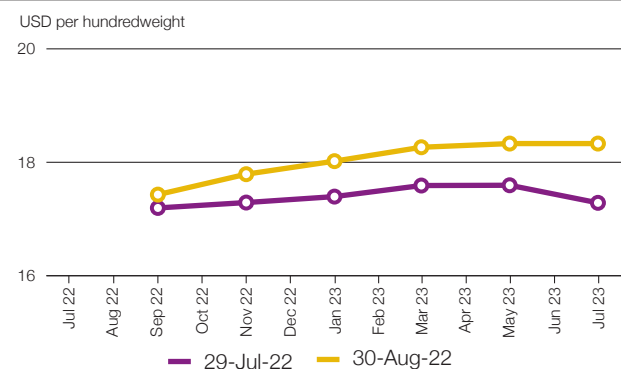
CBOT wheat



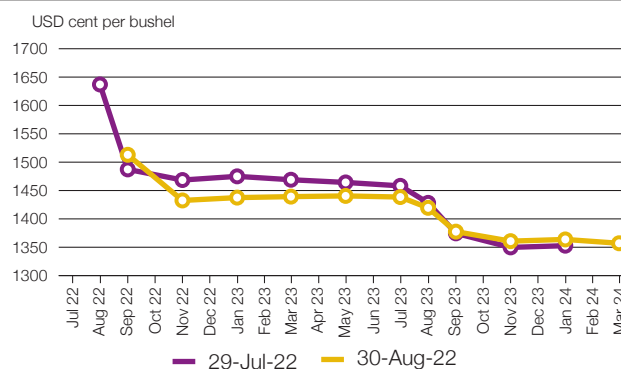
CBOT maize



CBOT rice

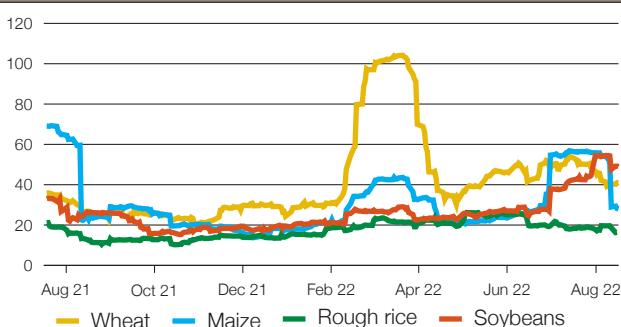


CBOT soybean

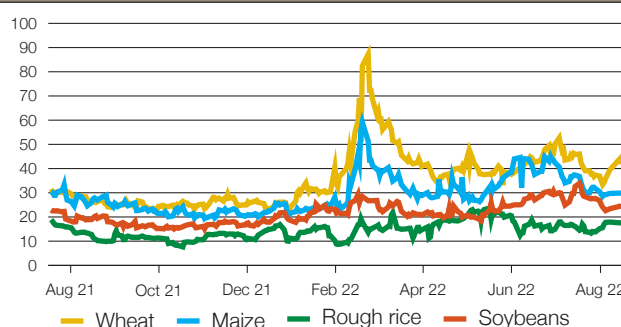


Historical and implied volatilities

Historical Volatility (30 days)



Implied Volatility (Daily)



+i AMIS market indicators

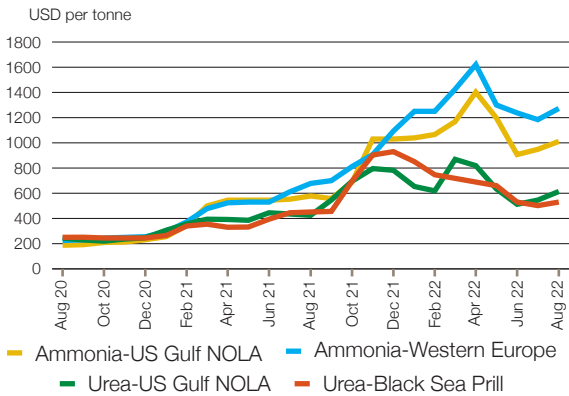
Several of the indicators covered in this report are updated regularly on the AMIS website. These, as well as other market indicators, can be found at:

<http://www.amis-outlook.org/amis-monitoring/indicators/>

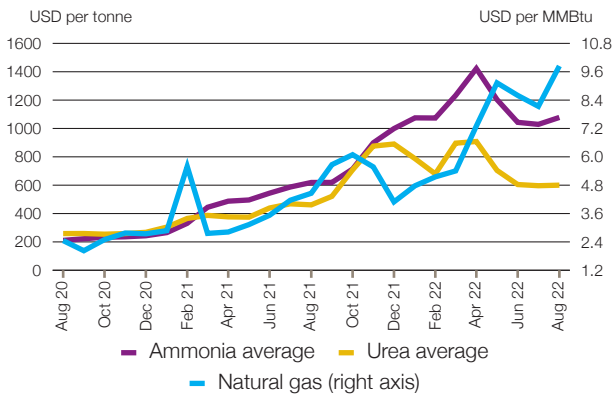
For more information about forward curves see the feature article in No. 75 February AMIS Market Monitor 2020.

# Fertilizer outlook

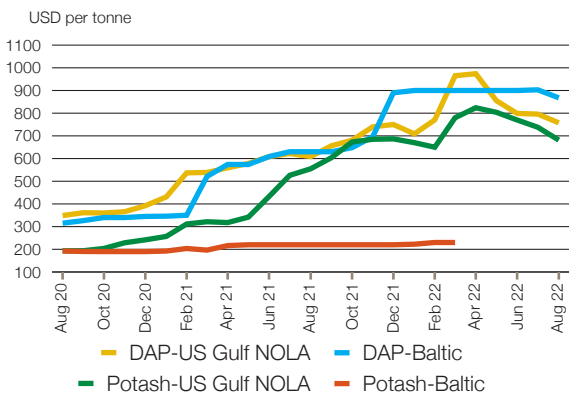
## Ammonia and urea (spot prices)



## Ammonia average, urea average and natural gas (spot prices)



## Potash and phosphate (spot prices)



After recent declines, prices for several fertilizers increased in August. Nitrogen fertilizers that rely on natural gas both as a feedstock and a source of energy were particularly affected as surging natural gas prices forced several producers to curb output, notably in Europe. Prices for other fertilizers were mostly stable or even decreased in August following seasonal low demand, though prices for all fertilizer types remain elevated compared to a year ago. Uncertainties remain due to the Black Sea conflict and its impact on energy supplies.

- **Natural gas** prices increased substantially in August as supply concerns intensified and record heat in the Northern Hemisphere increased cooling demand.
- **Urea** prices increased in August due to supply-related factors. Many European nitrogen plants went offline as natural gas prices continued to climb, and a major plant in Indonesia had to shut down in late July following an explosion. Price increases were limited in view of relatively soft demand for ammonia, as exemplified by lower imports year-on-year by China.
- **Ammonia** prices in August increased, driven mainly by announcements of plant closures in Europe. Increased demand from European buyers has led to high-priced sales out of Egypt and the Arab Gulf and has put upward pressure on prices in other regions as well. Exports from China continue to be limited by the country's export restrictions.
- **DAP** prices were down slightly in August both in the US Gulf and Baltic in line with low seasonal demand, though prices are still considerably higher compared to a year ago. Exports from China remain limited due to measures in place aimed at keeping domestic prices in check.
- **Potash** prices reduced slightly in August following low seasonal demand as well as reportedly more Russian and Belarussian product making its way to international markets.

	Aug-22 average	Aug-22 std. dev.	% change last month*	% change last year*	12 month high	12-month low
Ammonia-US Gulf NOLA	1011.0	22.0	+6.6	+74.8	1402.2	558.0
Ammonia-Western Europe	1272.5	26.3	+7.5	+87.7	1620.0	700.0
Ammonia avg. across regions	1077.8	13.7	+4.8	+74.1	1422.4	619.5
Urea-US Gulf	614.0	59.1	+12.5	+44.5	868.8	512.5
Urea-Black Sea	530.0	65.3	+5.6	+17.5	930.0	456.0
Urea avg. across regions	600.1	25.4	+0.7	+30.1	908.0	521.3
DAP-US Gulf	757.5	10.4	-4.8	+24.4	974.0	656.2
DAP-Baltic	867.5	44.1	-3.9	+37.7	903.0	630.0
Potash-Baltic	-	-	-	-	230.0	220.0
Potash-US Gulf NOLA	681.2	26.3	-7.7	+22.7	824.0	603.8
Natural gas	8.8	0.7	+20.6	+116.3	8.8	3.7

All prices shown are in US dollars  
 Source: Own elaboration based on Bloomberg  
 \*Estimated using available weekly data to date.

### +i Chart and tables description

**Ammonia and urea:** Overview of nitrogen-based fertilizer prices in the US Gulf, Western Europe and Black Sea. Prices are weekly prices averaged by month.

**Potash and phosphate:** Overview of phosphate and potassium-based fertilizer prices in the US Gulf, Baltic and Vancouver. Prices are weekly prices averaged by month.

**Ammonia average and urea average:** Monthly average prices from ammonia's US Gulf NOLA, Middle East, Black Sea and Western Europe were averaged to obtain ammonia average prices; monthly average prices from urea's US Gulf NOLA, US Gulf Prill, Middle East Prill, Black Sea Prill and Mediterranean were averaged to obtain Urea Average prices.

**Natural gas:** Henry Hub Natural Gas Spot Price from ICE up to December 2017 and from Bloomberg (BGAP) from January 2018 onwards. Prices are intraday prices averaged by month. Natural gas is used as major input to produce nitrogen-based fertilizers.

**DAP:** Diammonium Phosphat



# Ocean freight markets

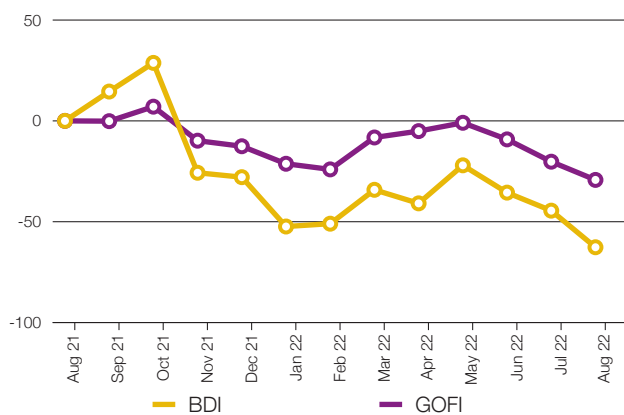
## Dry bulk freight market developments

	Aug-22 average	Change	
		M/M	Y/Y
<b>Baltic Dry Index (BDI)</b>	<b>1397.6</b>	<b>-32.7%</b>	<b>-62.7%</b>
sub-indices:			
Capesize	1095.0	-55.0%	-78.8%
Panamax	1740.9	-18.0%	-52.0%
Supramax	1710.1	-19.0%	-46.3%
<b>Baltic Handysize Index (BHSI)</b>	<b>996.7</b>	<b>-17.2%</b>	<b>-45.6%</b>

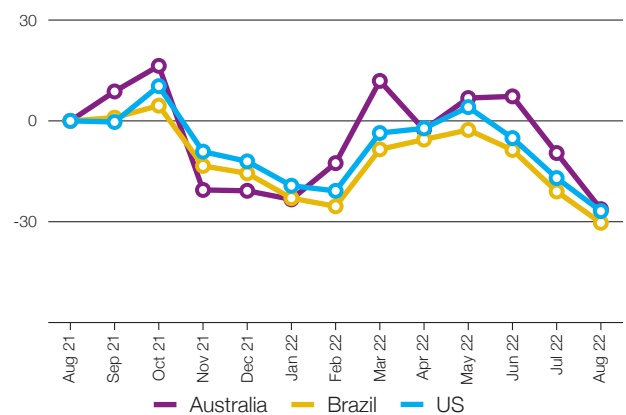
Source: Baltic Exchange, IGC. Base period for BDI: 4 January 1985 = 1000; for BHSI: 23 May 2006 = 1000; for GOFI: 1 January 2013 = 100

	Aug-22 average	Change	
		M/M	Y/Y
<b>IGC Grains and Oilseeds Freight Index (GOFI)</b>	<b>169.2</b>	<b>-11.3%</b>	<b>-29.3%</b>
sub-Indices:			
Argentina	217.9	-11.0%	-26.7%
Australia	120.6	-18.5%	-26.3%
Brazil	221.7	-11.8%	-30.3%
Black Sea	177.5	-9.1%	-33.9%
Canada	125.3	-10.8%	-29.5%
Europe	140.1	-9.5%	-30.1%
US	133.8	-11.9%	-26.8%

**BDI and IGC GOFI**



**Selected IGC GOFI sub-indices**



- Global economic worries, fuelled by concerns about growth prospects in China, coupled with fears of potentially escalating US-China tensions, weighed on timecharter rates in the dry bulk freight complex in August. Reflecting this, average Baltic Dry Index (BDI) values receded by one-third month-on-month, to levels last witnessed in June 2020. Taking account of the latest monthly fall, the BDI averaged almost two-thirds lower year-on-year.
- Nonetheless, the late-July deal to establish safe corridors for seaborne exports from Ukraine, and the subsequent resumption of shipments from some Black Sea ports, had an overall positive market impact, even though many vessel owners remained cautious, while waiting for more regular flows from the region. Highlighting improving logistics, there were reports of price offers for ocean going vessels for the first time since late-February when the conflict began. However, trade sources pointed to significant risk premiums.
- Recent BDI losses were heavily influenced by a plunge in Capesize rates - by more than one-half - specifically tied to

a downturn on transpacific voyages and tepid iron ore demand from China. Indonesia's move to ban some companies from exporting coal for non-compliance with domestic market obligations contributed to downside for larger bulk carriers. On the other hand, a ban by the EU on Russian coal deliveries, which came into effect on 10 August, was expected to underpin a further ramping up of coal imports from alternative origins, including Colombia, Australia and the US, thereby contributing to longer journey times and potentially higher delivery costs.

- Declines in vessel hire rates in the grains and oilseeds carrying sectors, spanning Panamax, Supramax and Handysize vessels, were led by reduced enquiries at the US Gulf and in South America, in part due to softer demand from China.
- The IGC Grains and Oilseeds Freight Index (GOFI), which incorporates changes in fuel costs, fell by 11 percent month-on-month, to a 16-month low.

**+i Source: International Grains Council**

**Baltic Dry Index (BDI):** A benchmark indicator issued daily by the Baltic Exchange, providing assessed costs of moving raw materials on ocean going vessels. Comprises sub-Indices for three segments: Capesize, Panamax and Supramax. The Baltic Handysize Index excluded from the BDI from 1 March 2018.

**IGC Grains and Oilseeds Freight Index (GOFI):** A trade-weighted composite measure of ocean freight costs for grains and oilseeds, issued daily by the International Grains Council. Includes sub-Indices for seven main origins (Argentina, Australia, Brazil, Black Sea, Canada, the EU and the USA). Constructed based on nominal HSS (heavy grains, soybeans, sorghum) voyage rates on selected major routes.

**Capesize:** Vessels with deadweight tonnage (DWT) above 80,000 DWT, primarily transporting coal, iron ore and other heavy raw materials on long-haul routes.

**Panamax:** Carriers with capacity of 60,000-80,000 DWT, mostly geared to transporting coal, grains, oilseeds and other bulks, including sugar and cement.

**Supramax/Handysize:** Ships with capacity below 60,000 DWT, accounting for the majority of the world's ocean-going vessels and able to transport a wide variety of cargos, including grains and oilseeds.

# Explanatory note

The notions of **tightening** and **easing** used in the summary table of "Markets at a glance" reflect judgmental views that take into account market fundamentals, inter-alia price developments and short-term trends in demand and supply, especially changes in stocks.

All totals (aggregates) are computed from unrounded data. World supply and demand estimates/forecasts are based on the latest data published by FAO, IGC and USDA. For the former, they also take into account information provided by AMIS focal points (hence the notion "FAO-AMIS"). World estimates and forecasts produced by the three sources may vary due to several reasons, such as varying release dates and different methodologies used in constructing commodity balances. Specifically:

**PRODUCTION:** Wheat production data from all three sources refer to production occurring in the first year of the marketing season shown (e.g. crops harvested in 2016 are allocated to the 2016/17 marketing season). Maize and rice production data for FAO-AMIS refer to crops harvested during the first year of the marketing season (e.g. 2016 for the 2016/17 marketing season) in both the northern and southern hemisphere. Rice production data for FAO-AMIS also include northern hemisphere production from secondary crops harvested in the second year of the marketing season (e.g. 2017 for the 2016/17 marketing season). By contrast, rice and maize data for USDA and IGC encompass production in the northern hemisphere occurring during the first year of the season (e.g. 2016 for the 2016/17 marketing season), as well as crops harvested in the southern hemisphere during the second year of the season (e.g. 2017 for the 2016/17 marketing season). For soybeans, the latter approach is used by all three sources.

**SUPPLY:** Defined as production plus opening stocks by all three sources.

**UTILIZATION:** For all three sources, wheat, maize and rice utilization includes food, feed and other uses (namely, seeds, industrial uses and post-harvest losses). For soybeans, it comprises crush, food and other uses. However, for all AMIS commodities, the use categories may be grouped differently across sources and may also include residual values.

**TRADE:** Data refer to exports. For wheat and maize, trade is reported on a July/June basis, except for USDA maize trade estimates, which are reported on an October/September basis. Wheat trade data from all three sources includes wheat flour in wheat grain equivalent, while the USDA also considers wheat products. For rice, trade covers shipments from January to December of the second year of the respective marketing season. For soybeans, trade is reported on an October/September basis by FAO-AMIS and the IGC, while USDA data are based on local marketing years except for Argentina and Brazil which are reported on an October/September basis. Trade between European Union member states is excluded.

**STOCKS:** In general, world stocks of AMIS crops refer to the sum of carry-overs at the close of each country's national marketing year. For soybeans, stock levels reported by the USDA are based on local marketing years, except for Argentina and Brazil, which are adjusted to October/September. For maize and rice, global estimates may vary across sources because of differences in the allocation of production in southern hemisphere countries.

For more information on AMIS Supply and Demand, please view AMIS Supply and Demand Balances Manual.

## AMIS - GEOGLAM Crop Calendar Selected leading producers\*

WHEAT		J	F	M	A	M	J	J	A	S	O	N	D
China (18%)	spring			Planting			C		Harvest				
	winter		C	C	C			Harvest				Planting	
EU (17%)	winter				C	C			Harvest			Planting	
India (14%)	winter	C	C		Harvest							Planting	
Russian Fed. (11%)	spring				Planting		C	C		Harvest			
	winter		C	C	C			Harvest				Planting	
US (6%)	spring						C	C		Harvest		Planting	
	winter			C	C				Harvest			Planting	
MAIZE		J	F	M	A	M	J	J	A	S	O	N	D
US (31%)					Planting		C	C	C		Harvest		
China (23%)	north				Planting		C	C		Harvest			
	south			Planting		C	C			Harvest			
Brazil (10%)	1st crop	C	C		Harvest						Planting	C	
	2nd crop		Planting	C	C	C			Harvest				
EU (5%)					Planting		C	C	C		Harvest		
Argentina (5%)					Harvest						Planting	C	C
RICE		J	F	M	A	M	J	J	A	S	O	N	D
China (28%)	intermediary crop					Planting		C	C	C		Harvest	
	late crop							Planting		C	C	Harvest	
	early crop			Planting		C	C			Harvest			
India (24%)	kharif						Planting		C	C		Harvest	
	rabi		C		Harvest								
Indonesia (7%)	main Java		C	C		Harvest						Planting	
	second Java					Planting		C	C	C		Harvest	
Viet Nam (5%)	winter-spring		C	C		Harvest					Planting		
	summer/autumn						Planting		C	C		Harvest	
Thailand (4%)	winter					Planting			C	C		Harvest	
	main season						Planting		C	C		Harvest	
	second season	Planting	C	C	C		Harvest						
SOYBEANS		J	F	M	A	M	J	J	A	S	O	N	D
Brazil (37%)		C	C		Harvest						Planting		C
US (32%)						Planting	C	C	C		Harvest		
Argentina (13%)		C	C	C		Harvest						Planting	
China (5%)							Planting	C	C		Harvest		
India (3%)							Planting		C	C		Harvest	

\*Percentages refer to the global share of production according to the latest AMIS-FAO estimates available for the most recent season

Planting (peak)	Harvest (peak)
Planting	Harvest
Weather conditions in this period are critical for yields	Growing period

For more information on AMIS Supply and Demand, please view AMIS Supply and Demand Balance Manual

### Main sources

Bloomberg, CFTC, CME Group, FAO, GEOGLAM, IFPRI, IGC, OECD, Reuters, USDA, US Federal Reserve, WTO

### 2022 AMIS Market Monitor release dates

February 3, March 3, April 7, May 5, June 2, July 7, September 8, October 6, November 3, December 8