MARKET MONITOR

No. 89 – June 2021

Contents

Despite an overall favourable production outlook, global supplies of AMIS crops could still prove vulnerable in 2021/22, in particular because of uncertainties relating to demand from the feed and industrial sectors. The month of May registered yet another increase in international prices of most food commodities, underpinned by brisk trade and a weaker dollar. The coming months will be critical for how food markets evolve. Global grain and soybean inventories could prove barely sufficient in case of a major production shortfall, while a speedier recovery in global economic activity could spur demand for these crops at a much faster rate than currently anticipated.

Markets at a glance

	From previous forecast	From previous season
Wheat	▲	▲
Maize	n/a	▼
Rice	n/a	▲
Soybeans	n/a	▲

▲ Easing ▬ Neutral ▼ Tightening

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.

Food and Agriculture Organization of the United Nations · IFAD · IFPRI · IGC · OECD · UNCTAD · WORLD BANK GROUP · World Food Programme · World Trade Organization · GEOGLAM Global Agricultural Monitoring

Feature article

Technical Signals – An Interpretive Lens to Price Formation

Higher prices year-on-year across a broad spectrum of goods and services have raised concerns about inflationary pressures within the agricultural sector. The May FAO Food Price Index revealed a steep appreciation, reporting a 30.8 percent rise compared to last year. US futures markets, the global benchmarks for primary commodities, also confirmed outsized gains since last year, with wheat, maize and soybean prices in May reaching their highest levels in 8 years. Similar increases were also observed to varying degrees in sectors such as energy, metals, raw materials, equities, housing, and the more recent phenomenon of crypto currencies, precipitating a debate on whether high prices were transitory or presaged a more lasting development.

The COVID-19 pandemic caused an abrupt fall in economic activity in 2020, marshalling unprecedented fiscal and monetary responses across the globe. The US government, for example, issued direct payments to citizens and loans to small businesses, among other measures, to counteract the plunge in wage earnings, while the US Federal Reserve signaled a continuation of loose monetary policies. Not surprisingly, equities trading volumes doubled in this period. The flood of investment into this sector, including exuberant valuations in certain equity shares culminated in Congressional hearings, while also raising the specter of a stock market bubble and asset class inflation.

Although inflationary tendencies might appear to be driving commodity food prices higher, the evidence points more to the unique supply and demand conditions that unfolded over the past year. Projections for a sharp decline in demand and a slump in trade due to the pandemic proved wrong as US trade expanded in grains/oilseeds by 150 percent year-on-year, with a resurgent China dominating the maize and soybeans import markets. Additionally, markets fell into an over-supply trap, tumbling to multi-year lows as the USDA projected initial crop sizes (May 2020) at record levels, subsequently slashing numbers throughout the crop year – in the case of maize by 46 million tonnes.

Moreover, certain futures markets indicators also suggest fundamentals to be behind the gravity-defying price ascension. Throughout the year of steady price rises, futures volumes failed to break into record territory, undermining claims of speculative fervor. Implied volatility also remained fairly tame on a monthly average basis between levels of 20 and 30. The brief upward spike exhibited in May, along with expanded options trading were both signifiers of routine, near-term market tops rather than signs of speculative excess. Finally, forward curves displayed extreme backwardation for wheat, maize and soybeans as spot demand, indicated by high basis levels, outstripped available supplies, encouraging both the rationing and deferring of demand.

In sum, the current high-price food environment appears to be mostly driven by fundamentals and will probably persist to some degree owing to the tight carryout situation projected through 2021/22. Going forward, AMIS will continue to monitor technical indicators which can help identify the underlying constituents of price formation and provide an interpretive lens to unfolding price environments.

World supply-demand outlook

- **Wheat** production forecast for 2021 lifted m/m, reflecting better crop prospects in Australia, China, the EU, Morocco, and the Russian Federation offsetting lower expectations than earlier anticipated for Canada and the US.
- Utilization in 2021/22 raised mostly on expectation of higher feed use, especially in China, driving up total wheat utilization by 2.5 percent above the 2020/21 estimated level.
- Trade in 2021/22 (July/June) scaled up m/m, now pointing to a small increase from 2020/21 supported by higher import expectations in Algeria, China, Iran, and Iraq.
- Stocks (ending in 2022) now seen bigger than earlier anticipated with higher forecasts especially for Australia, India, Pakistan and Turkey, outweighing a smaller buildup of stocks in China than initially expected.

- **Maize*** production in 2021 is set to reach a new record, up 3.7 percent y/y, largely on increased outputs in China, the EU, Ukraine, and especially the US.
- Utilization in 2021/22 could grow by around 2 percent, supported by stronger demand for both industrial and animal feed applications.
- Trade is forecast to expand marginally in 2021/22 (July/June), with higher import demand from China still a leading driver, along with likely increase in purchases by the EU, Mexico, and Turkey.
- Stocks (ending 2021) are forecast to contract for the fourth consecutive season, down 2.7 percent y/y, with the bulk of the drawdown again occurring in China and more than offsetting likely increases in the EU, South Africa and the US.

- **Rice** production in 2021 to rise by 1.0 percent, as gains in Asia and, to a lesser extent, in West Africa and Australia overshadow cuts or stagnations elsewhere.
- Utilization in 2021/22 to expand by 1.4 percent primarily on rising food use, although another expansion in feed uptake is also expected.
- Trade in 2021 (January-December) still seen expanding, notwithstanding somewhat less buoyant import expectations for various African buyers. In 2022, growth in global exchanges tentatively seen stalling.
- Stocks (2021/22 carry-outs) seen marginally above their opening levels, as continued drawdowns in China are largely offset by expected accumulations elsewhere.

- **Soybean** 2021/22 production could rise to a record-high, primarily tied to expectations of higher plantings in the US and Brazil, as well as a sizeable output recovery in Argentina.
- Utilization in 2021/22 anticipated to expand by an about average rate of 2.6 percent year-on-year, mostly driven by steady consumption growth in China – linked to further expansion in livestock production.
- Trade in 2021/22 (Oct/Sep) forecast to expand at a subdued rate, reflecting modest import growth from China, while South American exports would expand, in part at the expense of shipments by the US.
- Stocks (2021/22 carry-out) could recover partially from multi-year lows in 2020/21, but global stock-to-use ratios remain well below the level recorded in recent years.

Wheat

	FAO-AMIS 2020/21 est	FAO-AMIS 2021/22 f'cast 6 May	FAO-AMIS 2021/22 f'cast 3 Jun	USDA 2020/21 est	USDA 2021/22 f'cast 12 May	IGC 2020/21 est	IGC 2021/22 f' cast 27 May
Prod.	774.8	778.8	785.8	776.1	789.0	773.8	790.1
	640.6	643.3	649.4	641.9	653.0	639.5	654.1
Supply	1,052.5	1,063.6	1,076.8	1,075.5	1,083.7	1,051.2	1,074.9
	901.5	797.3	810.5	789.6	802.2	788.2	810.3
Utiliz.	759.5	770.0	778.6	780.9	788.7	766.4	787.0
	618.6	634.5	635.8	630.9	640.7	622.0	643.9
Trade	186.2	184.5	187.2	153.0	154.3	190.8	187.6
	176.2	175.5	176.2	58.7	66.2	179.6	178.4
Stocks	291.0	293.5	298.7	294.7	295.0	284.8	287.9
	161.2	153.9	164.5	149.2	152.5	155.0	157.3

Maize

	FAO-AMIS 2020/21 est	FAO-AMIS 2021/22 f'cast 3 Jun	USDA 2020/21 est	USDA 2021/22 f'cast 12 May	IGC 2020/21 est	IGC 2021/22 f'cast 27 May
Prod.	1,156.0	1,199.0	1,128.5	1,189.9	1,134.1	1,193.9
	895.3	929.0	867.8	921.9	873.4	926.6
Supply	1,456.4	1,471.4	1,432.9	1,473.4	1,431.5	1,460.8
	1,048.5	1,062.7	971.7	1,007.2	979.0	1,007.0
Utiliz.	1,184.0	1,209.0	1,149.4	1,181.1	1,164.7	1,199.8
	888.7	905.6	860.4	887.1	871.8	900.9
Trade	187.5	188.6	147.1	168.2	187.2	182.4
	165.5	164.6	143.6	163.1	160.2	163.4
Stocks	272.4	265.2	283.5	292.3	266.9	261.0
	133.8	136.9	85.4	94.2	80.3	87.1

Rice

	FAO-AMIS 2020/21 est	FAO-AMIS 2021/22 f'cast 3 Jun	USDA 2020/21 est	USDA 2021/22 f'cast 12 May	IGC 2020/21 est	IGC 2021/22 f' cast 27 May
Prod.	514.0	519.1	503.5	505.5	502.8	510.7
	368.9	372.5	355.2	356.5	354.5	360.2
Supply	697.0	703.0	681.3	681.4	676.6	679.8
	448.5	453.8	416.5	417.0	418.6	421.7
Utiliz.	513.3	520.6	505.4	513.4	507.5	508.7
	365.3	371.0	355.2	357.4	357.0	358.7
Trade	48.0	47.9	47.1	47.3	46.5	46.7
	44.6	44.9	40.2	40.6	43.7	44.1
Stocks	183.9	184.6	175.9	168.0	169.2	171.2
	81.3	84.5	60.5	59.3	58.8	60.4

Soybeans

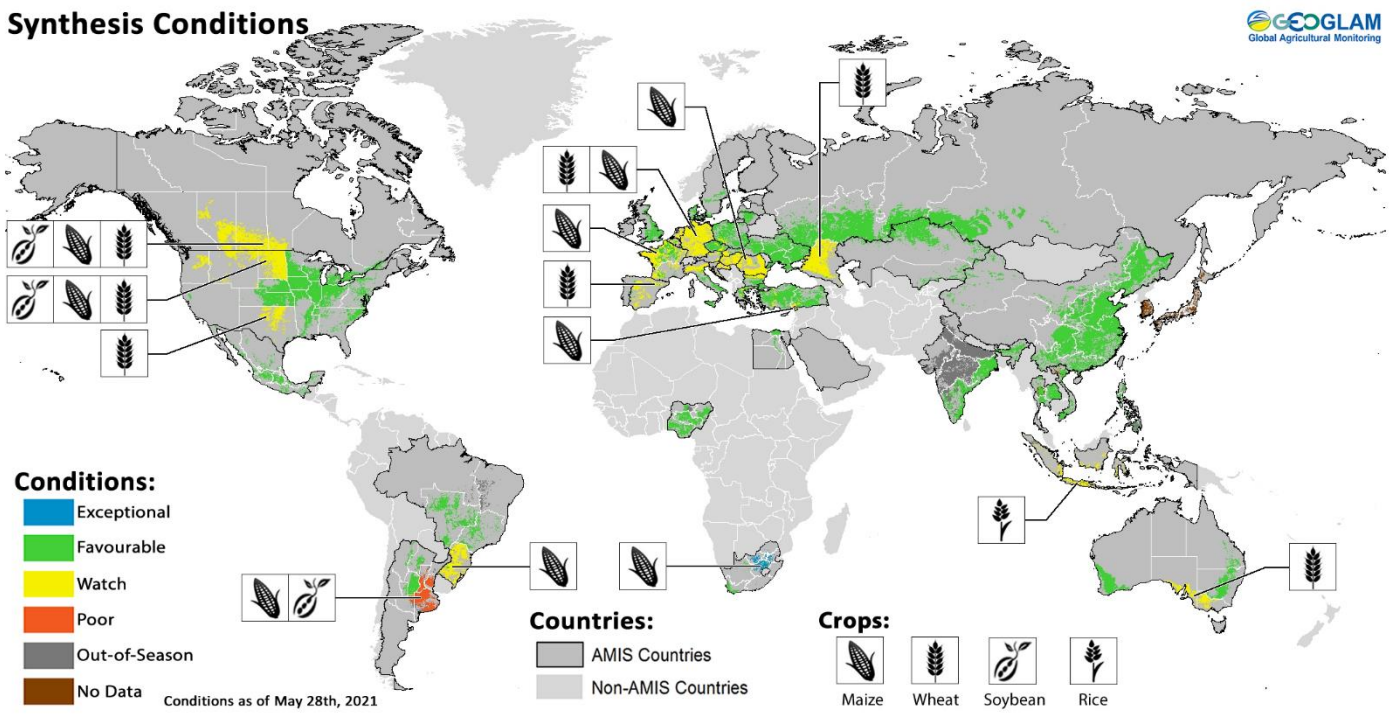
	FAO-AMIS 2020/21 est	FAO-AMIS 2021/22 f'cast 3 Jun	USDA 2020/21 est	USDA 2021/22 f'cast 12 May	IGC 2020/21 est	IGC 2021/22 f' cast 27 May
Prod.	363.4	386.3	363.0	385.5	361.3	383.0
	343.8	367.9	343.4	366.5	341.7	364.3
Supply	418.3	431.6	459.5	472.1	412.5	429.1
	379.3	390.3	413.1	421.3	364.0	376.5
Utiliz.	373.0	382.5	369.3	380.8	366.4	378.5
	257.0	260.8	254.8	261.1	248.9	256.7
Trade	169.7	171.7	171.4	172.9	171.8	174.3
	69.5	68.7	67.8	69.7	68.8	69.8
Stocks	45.3	48.7	86.6	91.1	46.1	50.6
	22.4	26.2	54.8	57.1	12.1	15.3

in million tonnes

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.
**The 2020/21 AMIS-FAO world maize production forecast includes southern hemisphere maize crops harvested in 2020 whereas IGC and USDA include southern hemisphere maize crops to be harvested in 2021 in their 2020/21 world production numbers.*
For more information see Explanatory notes on the last page of this report.

Crop monitor

Crop conditions in AMIS countries (as of 28 May)



Crop condition map synthesizing information for all four AMIS crops as of 28 May. 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, both winter and spring wheat are active with areas of concern in parts of Europe, the Russian Federation, the US, and Canada. In the southern hemisphere, sowing of winter wheat is ongoing under generally favourable conditions.

Maize - In the southern hemisphere, harvesting is continuing in Argentina. In the northern hemisphere, sowing is complete with some developmental delays in Europe and dry weather along the US/Canada border.

Rice – Harvesting of Rabi rice is wrapping up in India. In China, single season rice sowing is ongoing. In Southeast Asia, harvesting is continuing for wet-season rice in Indonesia and dry-season rice in the northern countries.

Soybeans - In the southern hemisphere, harvesting is continuing in Argentina. In the northern hemisphere, sowing is wrapping up in the US, Canada, and Ukraine, while continuing in China.

Climate Influences: Neutral ENSO

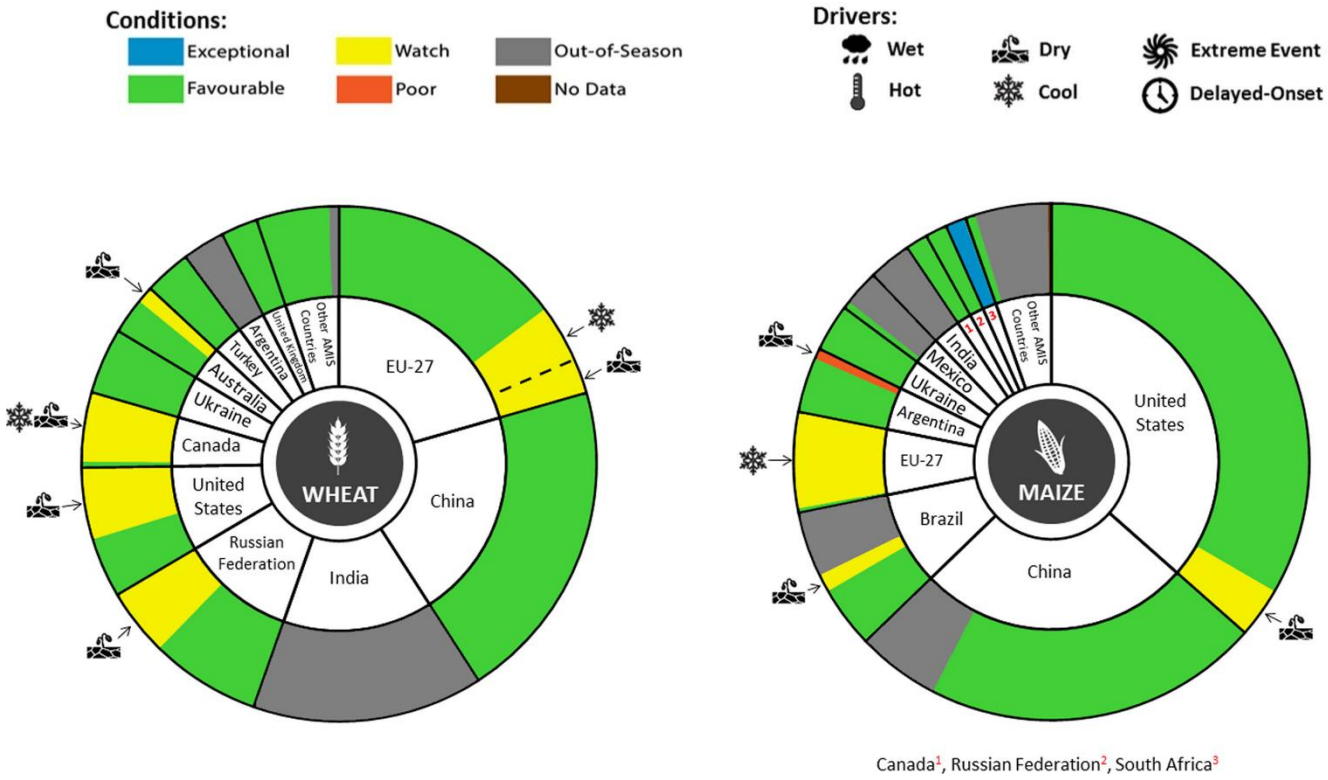
Neutral El Niño-Southern Oscillation (ENSO) conditions are present and are expected to continue during June through August (67 percent chance).

Long-range forecasts made at this time of year have a high level of uncertainty. However, IRI/CPC forecasts in May indicated increased chances for La Niña (53 percent chance) or neutral ENSO conditions (39 percent chance) during October to December 2021.

In Memoriam: Dr. Shibendu Shankar Ray (July 2, 1963 – May 4, 2021)

An outstanding leader and scientist, Dr. Shibendu Shankar Ray sadly passed away due to COVID-19 on May 4th, 2021. The GEOGLAM and Crop Monitor community mourns his untimely death. He was an active member of the GEOGLAM Community and participated in the Crop Monitors, JECAM program, and Asia-Rice. He was instrumental in developing international relations for the Indian remote sensing society with GEOGLAM, JECAM, Asia-Rice, NASA Harvest, China Crop-Watch, JAXA, FAO, ESA, and many more.

The full obituary can be found here.



Canada[1], Russian Federation[2], South Africa[3]

Wheat

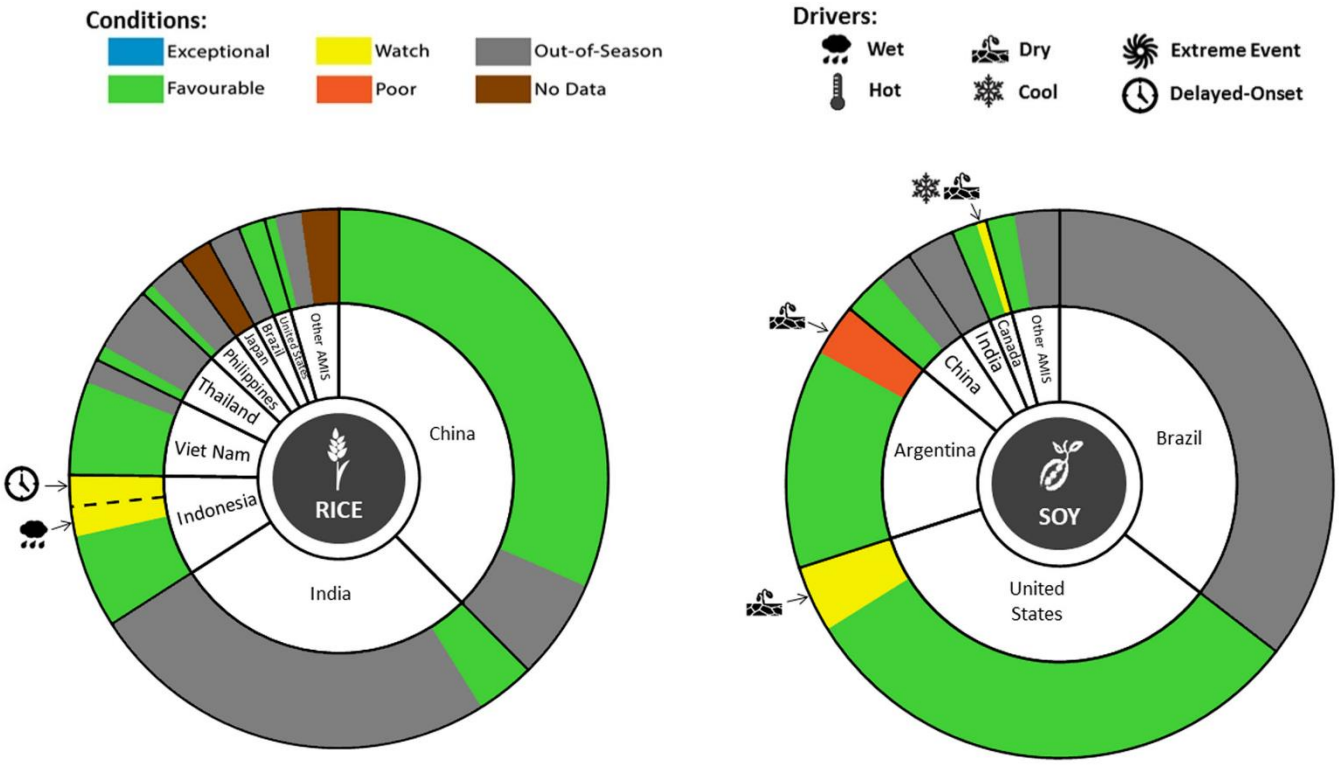
In the **EU**, conditions are generally favourable for winter wheat despite the recent colder-than-usual temperatures. In the **UK**, winter wheat conditions are favourable. In **Ukraine**, conditions are favourable with ample rainfall supporting crop development. In the **Russian Federation**, winter wheat conditions are mixed with earlier dryness in the southern Caucasus remaining a concern, while the situation in other regions is favourable. Spring wheat sowing is wrapping up under favourable conditions. In **Turkey**, winter wheat conditions are favourable. In **China**, harvesting is ongoing for winter wheat under favourable conditions. Spring wheat is under favourable conditions. In the **US**, winter wheat remains under watch conditions in the far northern and southern extents of the Great Plains due to dryness. Spring wheat is also under watch conditions due to dryness, particularly in the Dakotas. In **Canada**, dryness is impacting both winter wheat and spring wheat in the Prairies, particularly in southern Saskatchewan and Manitoba. In **Australia**, conditions are favourable in Queensland, New South Wales, and Western Australia. However, parts of Victoria and South Australia have yet to receive opening season rains and will need rain soon to assist crops development.

Maize

In **Brazil**, the summer-planted (larger season) crop is mainly in the vegetative to reproductive stages under mixed conditions due to irregular distribution of rainfall. The south region is most affected, while conditions in the Center-West and Southeast regions are favourable. In **Argentina**, conditions are mixed as harvesting of the early-planted crop (usually larger season) and the late-planted crop (usually smaller season) continues. Conditions are poor in the eastern and southern regions due to a lack of rainfall during the growing season. In **South Africa**, harvesting is wrapping up under exceptional conditions and an increase in total sown area compared to last year. In **Mexico**, the autumn-winter crop (smaller season) is harvesting under generally favourable conditions. In the **US**, sowing is complete with most of the crop emerging under favourable conditions. In **Canada**, sowing is ongoing under generally favourable conditions. In **China**, conditions are favourable for the spring-planted crop in the early vegetative to stages. Sowing of the summer-planted crop is beginning under favourable conditions. In the **EU**, conditions are under watch as recent colder than average temperatures have delayed crop germination across a large part of Europe. In **Ukraine**, conditions are favourable. In the **Russian Federation**, sowing is wrapping up under favourable conditions.

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 accounts for multiple cropping seasons (i.e. spring and winter wheat).*

The late vegetative through to reproductive crop growth stages are generally the most sensitive periods for crop development.



Rice

In **China**, early-season rice is under favourable conditions with a decrease in total sown area compared to last year. Sowing of single-season rice continues under favourable conditions. In **India**, Rabi rice harvest is wrapping up under favourable conditions and an increase in total sown area compared to last year. In **Indonesia**, harvesting of wet-season rice is wrapping up under generally favourable conditions. Sowing of dry-season rice is beginning, albeit delayed compared to normal. In **Viet Nam**, conditions are favourable across the country for the winter-spring (dry-season) crop as harvesting progresses in the Mekong River Delta. Sowing of the summer-autumn (wet-season) crop in the Mekong River Delta is continuing under favourable conditions. In **Thailand**, harvesting is wrapping up for dry-season rice under generally favourable conditions. Yields are slightly reduced due to a shortage of irrigation waters, however, there was an increase in total sown area this season compared to last year. In the **Philippines**, harvesting of dry-season rice is wrapping up under favourable conditions. In the **US**, conditions are favourable as sowing wraps up.

Soybeans

In **Argentina**, harvesting for both the early-planted crop (larger season) and the late-planted crop (smaller season) is progressing under mixed conditions. Uneven rainfall throughout the growing season has resulted in highly variable yields, with the worst affected areas in the eastern and southern regions. In the **US**, sowing is wrapping up under mostly favourable conditions except for dryness in the Dakotas. In **Canada**, sowing of soybeans is proceeding under favourable conditions in the main producing province of Ontario, however, dry and cool conditions in Manitoba and Saskatchewan are slowing crop emergence. In **China**, sowing is ongoing in the north and northeast under favourable conditions. In **Ukraine**, conditions are favourable with ample soil moisture.

Information on crop conditions in non-AMIS countries can be found in the GEOGLAM Early Warning Crop Monitor, published 3 June 2021

Policy developments

Wheat

- On 18 May, **Canada's** Pest Management Regulatory Agency (PMRA) notified the WTO of new proposed Maximum Residue Limits (MRLs) for glyphosate, which is used on wheat (G/SPS/N/CAN/1387; deadline for comments: 20 July.

Rice

• On 3 May, **Brazil's** Ministry of Agriculture, Livestock and Food Supply announced the entry into force of new SPS certification and origin requirements for the importation of polished rice grains (Oryza sativa) originating in non-MERCOSUR countries (Ordinance No. 280).
• On 15 May, the **Philippines** reduced the Most Favoured Nation tariffs on rice from 40 percent to 35 percent for in-quota imports, and from 50 percent to 35 percent for out-of-quota imports. The measures are to be implemented for one year to contain inflation and ensure food security.

Biofuel

• On 28 May, a WTO panel on the **European Union** measures on palm oil and oil palm crop-based biofuels was established to review measures adopted by the EU as well as certain EU member States, which allegedly confer unfair benefits to EU domestic producers of certain biofuel feedstocks, such as rapeseed, sunflower, and soybeans, and to the biofuels produced therefrom. (WT/DS600/6).

Across the board

• On 10 May, **Brazil** notified the WTO of the adoption of new technical regulations for the purpose of harmonization and trade facilitation within MERCOSUR countries. The regulations cover the registration of oilseed, grain and seed varieties in the Plant Variety Protection Registry and in the National Plant Variety Registry and establish the criteria for the approval of each variety denomination (*G/TBT/N/BRA/1173)*.
• On 7 May, the **Canadian** Food Inspection Agency notified the WTO of the implementation of new safety requirements for selected feed ingredients imported from countries identified as being high risk for African Swine Fever. To mitigate the risk of contamination, the identified products will be subject to import permit requirements and, as the case may be, certification of origin and proof of heat treatment and/or hold times *(G/SPS/N/CAN/1244/Add.12)*.
• On 25 May, **China's** National Development and Reform Commission launched an Action Plan to reform commodity price review and control mechanisms. The Plan aims at curbing abnormal price fluctuations and ensure price stabilization. The minimum purchase and target price policies for rice, wheat and maize will be maintained and improved.
• On 7 May, the **European Union** notified the WTO of the adoption of MRLs for *acequinocyl, cycloxydim, diclofop, fluopyram, ipconazole and terbuthylazine,* which are used on wheat, maize and rice *(G/SPS/N/EU/397/Rev.1);* as well as MRLs for *chlordecone,* which is used on wheat, maize, rice and soybeans, and are expected to enter into force on 13 November *(EU/398/Rev.1/Add.1)*.
• On 18 May, **India** extended the deadline for wheat procurement by 15 days so that a maximum number of national farmers can benefit from the minimum support price. The new deadline is set on 15 June 2021.
• On 19 May, **India** increased its subsidy for di-ammonium phosphate by 140 percent: from INR 500 (USD 6.8) to INR 1 200 (USD 16.4) per bag.

Trade Junctures and Logistics

• On 19 May, **Argentina's** tugboat captains and other port workers went on strike to protest the lack of COVID-19 vaccinations for port workers. The strike took place at the port of Rosario, from where around 80 percent of Argentina's agricultural commodities are shipped. The strike ended after 48 hours, but due to low water levels in the Parana River, six of the seven stranded grain ships were not able to leave ports.
• On 11 May, **Egypt's** Suez Canal Authority announced plans to expand and deepen the southern passage of the canal following the March blockage caused by a large container ship.
• On 11 May, a COVID-19 surge in **India** has led to multiple seaports closing to shipments to and from the country. In addition, lockdown measures resulted in labour shortages in port operations, leading to delays in the movement of goods within the country.
• On 13 May, all traffic on the Mississippi River in the **US** was stopped due to a crack in a bridge. The Mississippi River is the biggest route for US agricultural exports, including grain and soybeans.

Stop Press

• On 29 April, **Brazil**'s National Monetary Council approved new credit and marketing support mechanisms

to encourage the expansion of maize and sorghum production. In the case of maize, the funding limit per producer was increased from BRL 3 million (USD 565 000) to BRL 4 million (USD 753 000). Additional support measures under the Financing for Guarantee of Prices to the Producer (FGPP) for the acquisition of maize are capped at BRL 65 million (USD 12.5 million) per beneficiary. These measures shall enter into force on 1 July.

International prices

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

	May 2021 Average*	Change	
		M/M	Y/Y
GOI	287	+ 6.1 %	+ 53.5 %
Wheat	240	+ 6.5 %	+ 28.1 %
Maize	308	+ 8.4 %	+ 88.7 %
Rice	188	- 0.4 %	- 0.7 %
Soybeans	292	+ 6.1 %	+ 72.8 %

*Jan 2000=100, derived from daily export quotations

Wheat

While world wheat export prices were higher on average during May, markets had a much softer tone as the month progressed. To some extent this reflected a mid-month downturn in other commodities, especially maize. Few perceived threats to the new crop supply outlook for wheat added to the weaker sentiment. Supply and demand projections from the USDA contributed to expectations for a relatively comfortable outlook for wheat, including the potential for record global production in 2021/22. Although unfavourable dryness for North American spring wheats remained of some concern, the annual crop tour of US winter wheat areas pointed to excellent yield prospects for the hard-red winter crop, adding to downward price pressure in the second half of the month.

Maize

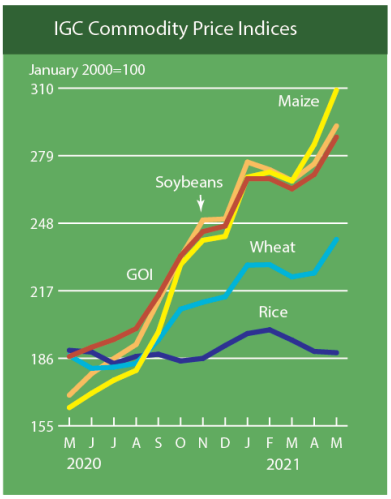
Although the IGC maize sub-Index moved strongly higher in May, market movements were two-sided, with prices retreating from an early-month rally. Linked to expectations for a tighter exportable surplus in Brazil and buoyant Chinese buying interest, US values initially spiked higher, reaching an eight-and-a-half year peak. Gains were subsequently reversed, as traders focused on quick Midwest plantings and a generally favourable production outlook. A similar pattern was observed at other origins, including in Argentina, where fob quotations became increasingly competitive. Despite slow harvesting and disruptions to river logistics, exporters there were extremely keen to generate sales.

Rice

Amid offsetting movements amongst the major exporters, average international rice prices were little changed m/m, with fresh demand curtailed by high freight rates. Thai white rice offers were weighed by subdued buying interest, while Indian offers were pressured by ample local supplies, albeit as market activity was disrupted by a COVID-19 outbreak which caused labour shortages. In contrast, tighter supplies ahead of summer/autumn crop harvesting mildly supported values in Vietnam, with gains pared by weak demand. Prospects for a much reduced 2021/22 crop underpinned US values.

Soybeans

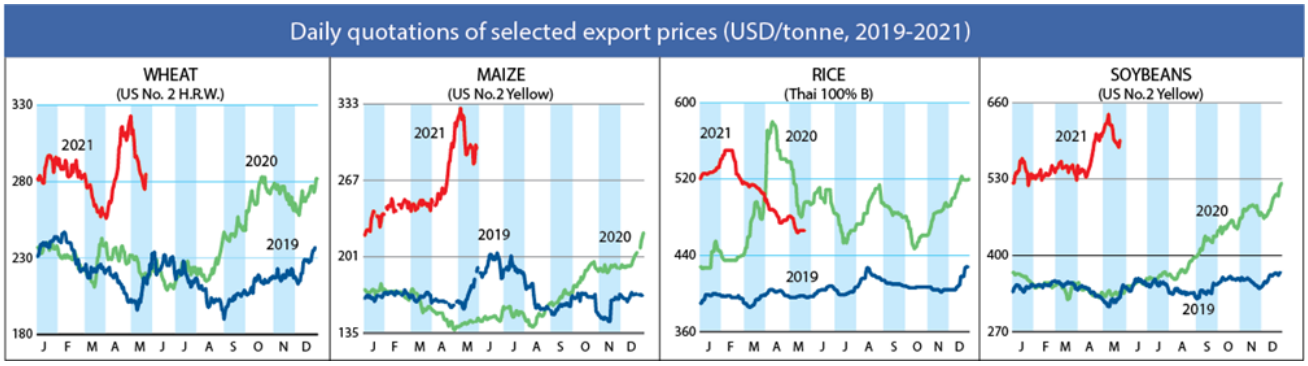
Average soybean prices registered solid gains at all key origins during May. Advances in the US were especially pronounced, underpinned by tightening old crop supplies and strength in soybean oil values, more than offsetting pressure from the progressing Midwest harvest amid mostly beneficial weather. The firmer US market provided support to quotations at South American origins, although softer demand from China lightly weighed in Brazil. In Argentina, offers were also higher m/m. Together with outlooks for a y/y decline in production, heightened concerns about logistical difficulties at ports and along the Parana River offered some support.



IGC commodity price indices

		GOI	Wheat	Maize	Rice	Soybeans
		(. . . . . January 2000 = 100 . . . . .)				
2020	May	**186.9**	187.3	163.4	189.7	169.1
	June	**191.1**	181.4	170.0	188.9	179.0
	July	**194.7**	182.0	176.0	183.6	185.9
	August	**199.7**	183.7	180.5	186.9	192.4
	September	**215.0**	194.5	198.1	187.9	212.3
	October	**233.0**	208.6	229.1	184.8	232.5
	November	**244.2**	211.8	240.2	186.0	249.5
	December	**246.8**	214.3	242.0	191.9	250.0
2021	January	**268.5**	228.8	269.2	197.4	276.1
	February	**268.5**	229.0	271.5	199.1	272.6
	March	**263.8**	223.4	267.4	194.4	267.6
	April	**270.4**	225.2	284.2	189.2	275.3
	May	**287.6**	240.6	309.2	188.6	292.7

Selected export prices, currencies, and indices



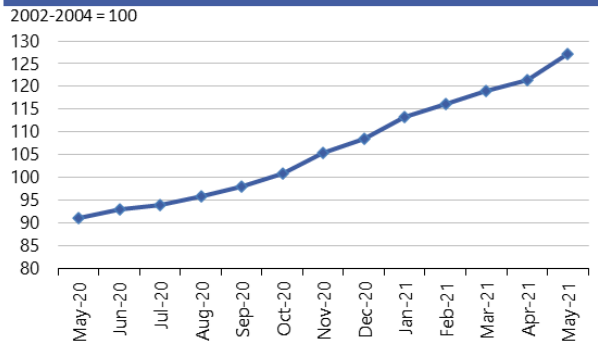
Daily quotations of selected export prices

	Effective Date	Quotation (1)	Month ago (2)	Year ago (3)	% change (1) over (2)	% change (1) over (3)
		USD/tonne				
Wheat (US No. 2, HRW)	27-mag	285	287	226	-0.7%	26.1%
Maize (US No. 2, Yellow)	28-mag	295	249	147	18.4%	99.9%
Rice (Thai 100% B)	27-mag	466	524	493	-11.1%	-5.5%
Soybeans (US No.2, Yellow)	27-mag	596	546	335	9.2%	77.9%

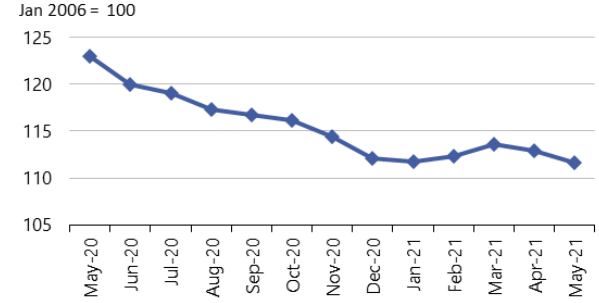
AMIS Countries' Currencies Against US Dollar

AMIS Countries	Currency	May 2021 Average	Monthly Change	Annual Change
Argentina	**ARS**	94.0	-1.4%	-39.1%
Australia	**AUD**	1.3	0.8%	16.0%
Brazil	**BRL**	5.3	4.8%	5.9%
Canada	**CAD**	1.2	3.0%	13.2%
China	**CNY**	6.4	1.4%	9.5%
Egypt	**EGP**	15.6	0.1%	0.7%
EU	**EUR**	0.8	1.5%	10.2%
India	**INR**	73.2	1.8%	3.3%
Indonesia	**IDR**	14,297.9	1.6%	3.4%
Japan	**JPY**	109.1	-0.1%	-1.8%
Kazakhstan	**KZT**	427.6	0.7%	-2.2%
Rep. Korea	**KRW**	1,122.6	-0.4%	8.6%
Mexico	**MXN**	20.0	0.4%	14.9%
Nigeria	**NGN**	397.6	-4.5%	-10.4%
Philippines	**PHP**	47.9	1.2%	5.3%
Russian Fed.	**RUB**	73.8	2.8%	-1.7%
Saudi Arabia	**SAR**	3.8	0.0%	0.1%
South Africa	**ZAR**	14.0	2.6%	22.7%
Thailand	**THB**	31.3	0.2%	2.5%
Turkey	**TRY**	8.4	-2.7%	-21.0%
UK	**GBP**	0.7	1.7%	12.7%
Ukraine	**UAH**	27.6	1.2%	-2.9%
Viet Nam	**VND**	23,051.3	0.1%	1.3%

FAO Food Price Index
May 2020- May 2021



Nominal Broad Dollar Index
May 2020 - May 2021



Source: US Federal Reserve

Futures market (US)

Futures Prices – nearby in USD per tonne

	May-21 Average	Change M/M	Change Y/Y
Wheat	261	9.3%	37.8%
Maize	275	16.6%	119.1%
Rice	298	4.0%	-18.4%
Soybeans	578	9.1%	86.8%

Source: CME

Historical Volatility – 30 Days, nearby

	Monthly Averages May-21	Apr-21	May-20
Wheat	32.8%	25.3%	23.9%
Maize	37.8%	27.5%	21.0%
Rice	21.2%	15.0%	41.0%
Soybeans	21.7%	23.1%	14.4%

Future Prices

Futures prices for wheat, maize and soybeans spiked in mid-May to 8-year highs, continuing their rally from July 2020. Declining US stock levels and unprecedented demand from China continued to be the major drivers in the price run-up combined with the usual weather uncertainties at the start of the summer growing season. At mid-month, prices saw a swift correction as reports of expanded acreage, rapid planting progress and export deferrals gained confirmation. Timely month-end rains across the Midwest growing regions and improved yield prospects for the winter wheat crop in the southern plains also weighed on prices. Rice futures appeared to move somewhat in sympathy with the complex, rising 4.0 percent m/m. In exogenous markets, the US dollar index fell slightly while crude oil prices edged higher m/m. Inflation concerns continued as the core US Consumer Price Index rose 4.2 percent y/y. Prices for wheat, maize, and soybeans were substantially higher y/y by 37.8, 119.1 and 86.8 percent, respectively, while rice was lower by 18.4 percent.

Volumes and volatility

Trade volumes for wheat, maize and soybeans fell sharply m/m and y/y following what appeared to be a near term market top at mid-month. Implied and historical volatility rose for all three commodities m/m and y/y, except for soybeans which registered a small m/m decline in historical volatility. Volatility levels were the highest in years, but substantially below levels attained during the 2007/08 food crisis.

Basis levels and transport

Domestic basis levels in the US were firmer m/m, indicating the continued shrinking of domestic supplies. In Illinois, average quotes to local elevators were plus USD 5.0 per tonne for maize over the July futures, with some elevators bidding double digit levels for spot shipment. Illinois soybean basis levels were also firm at plus USD 5.5 per tonne over the July futures. In Iowa, the US center for the ethanol production, maize bids soared to USD 7.5 over the July, while soybeans were quoted at minus USD 1.5. Soft red wheat bids to flour mills were mostly unchanged, close to par with July futures prices. Maize and soybean bids for gulf delivery were quoted USD 36 and USD 28 per tonne over respective futures m/m. Soft red wheat values, which were quoted around USD 31 per tonne over the July futures, indicated a steep premium to summer month quotes. Barge freight on Illinois River was steady at about USD 18 per tonne. The USDA reported that exports for maize and soybeans continued to outpace previous year, with shipped totals higher by 178 and 165 percent, respectively y/y. Wheat exports approximated last year's totals.

Forward curves

The forward curves for maize and soybeans continued to signal tight carryout situations by remaining strongly inverted on the front end. Wheat curves were mostly flat. The inverse in soybeans reportedly prompted US imports of Brazilian soybeans, while the maize inverse forced some deferral of shipments from 2020/21 into the next crop year, especially by China.

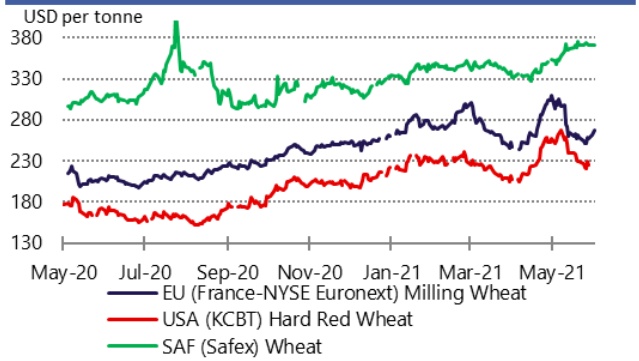
Investment flows

Managed money maintained its neutral stance in wheat m/m, added to its large net long positions in soybeans while trimming its near record net long in maize. Commercials remained large net short m/m in all three commodities, despite the alarm sounded by rising cash basis levels, while swaps dealers showed slight changes m/m.

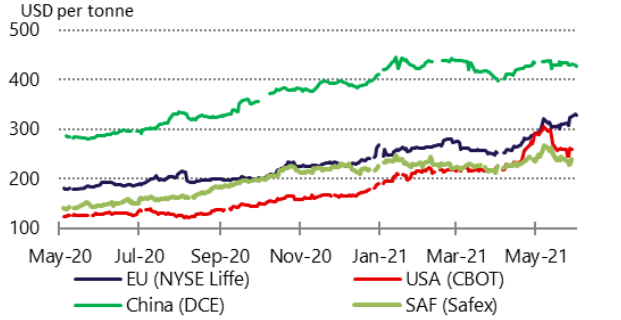
Market indicators

Daily quotations from leading exchanges - nearby futures

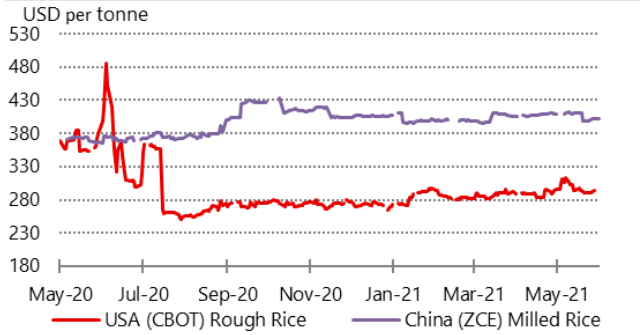
Wheat



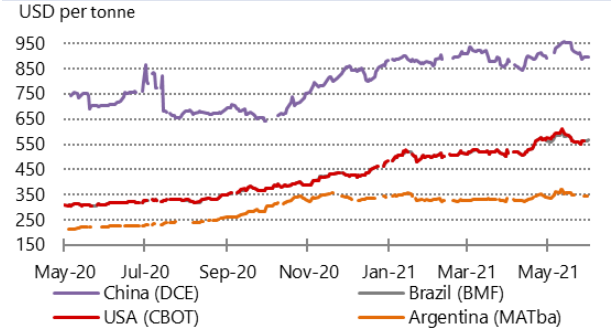
Maize



Rice

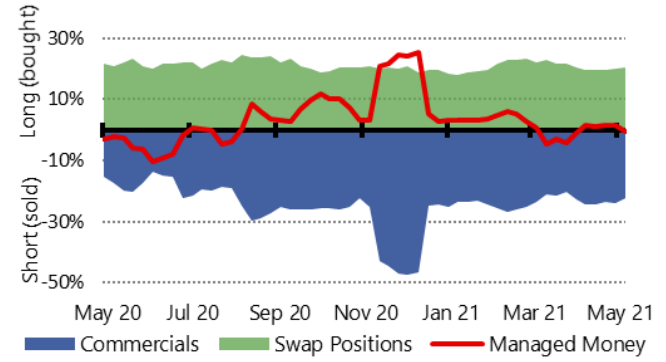


Soybeans

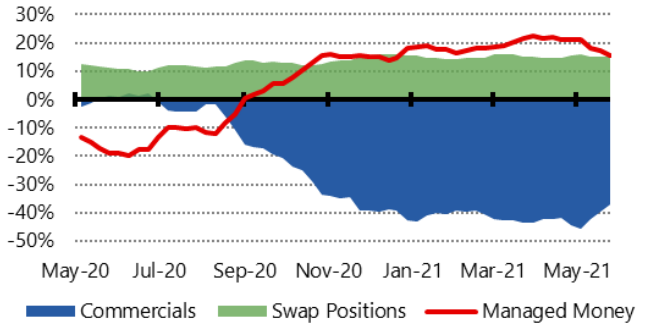


CFTC Commitments of Traders - Major Categories Net Length as percentage of Open Interest*

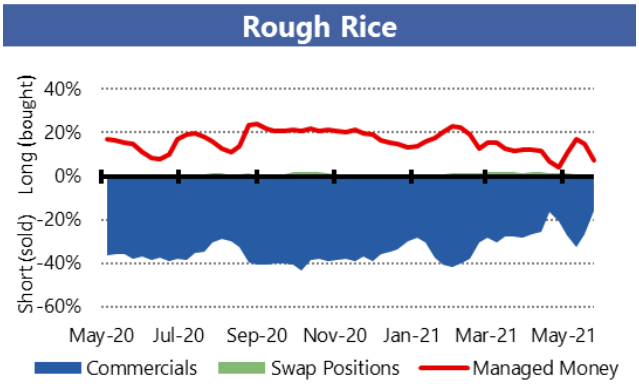
Wheat



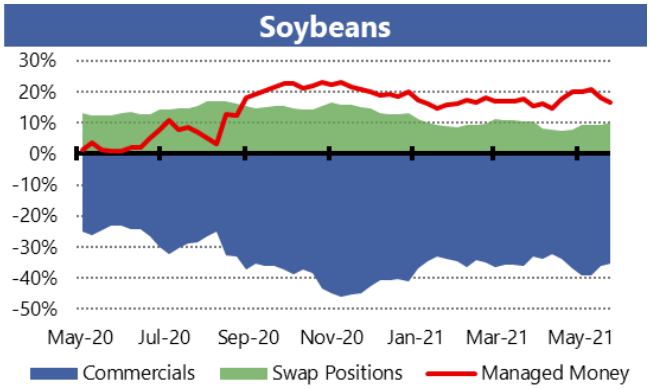
Maize



Rough Rice

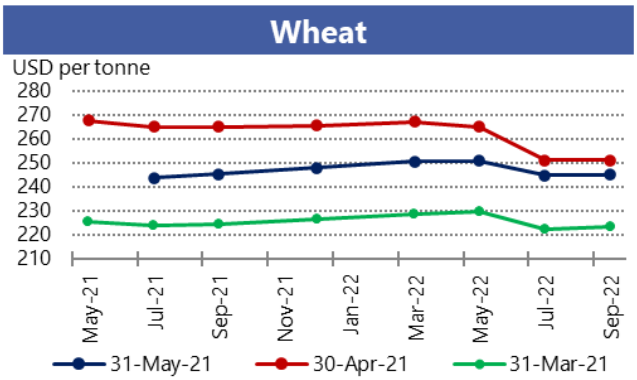


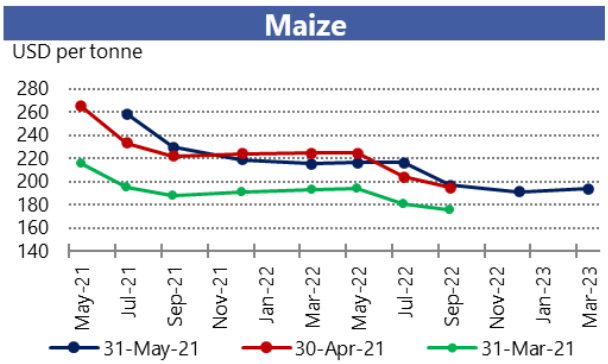
Soybeans

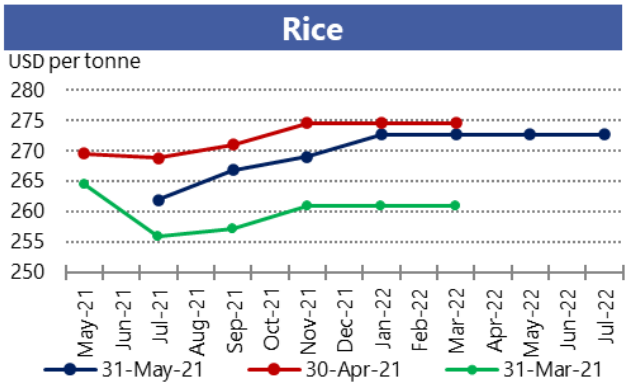


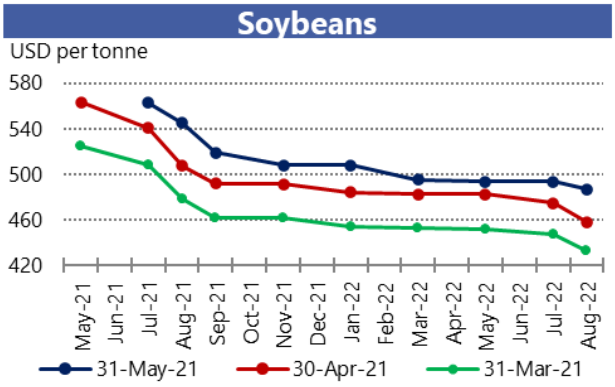
Disaggregated Futures Only. Though not all positions are reflected in the charts, total long positions always equal total short positions.

Forward Curves

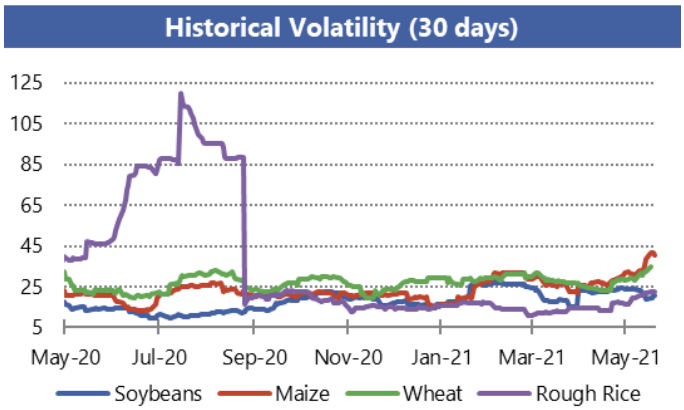


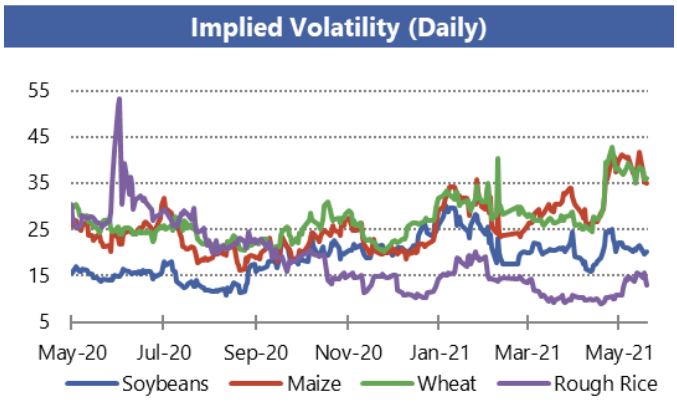






Historical and Implied Volatilities



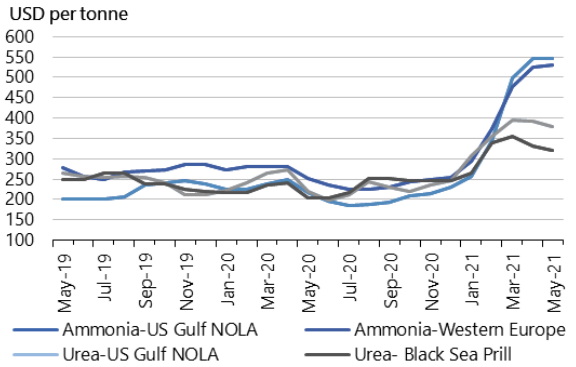


AMIS Market indicators

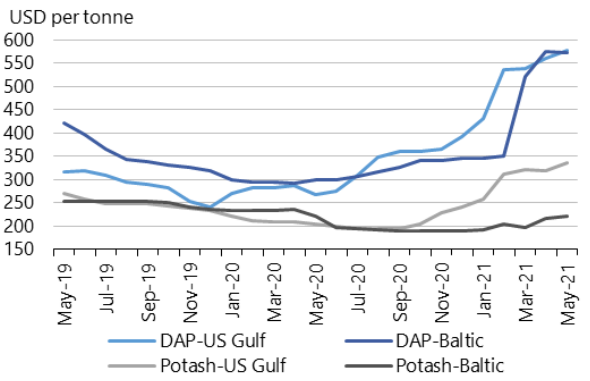
Some of the indicators covered in this report are updated regularly on the AMIS website. These, as well as other market indicators, can be found at:
http://www.amis-outlook.org/amis-monitoring/indicators/
**For more information about Forward Curves see the feature article in No. 75 February AMIS Market Monitor 2020.*

Fertilizer outlook

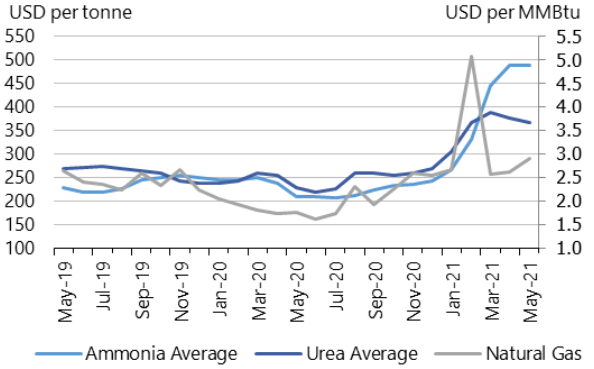
Ammonia and Urea
(Spot prices)



Potash and Phosphate
(Spot prices)



Ammonia Average, Urea Average and Natural Gas
(Spot prices)



Note: Natural gas is used as major input to produce nitrogen-based fertilizers.
Own elaboration based on Bloomberg.

- After their sharp drop in March, **natural gas** prices continued their previous upward trend due to temporary supply interruptions in the US.
- Despite the increase in gas prices, fertilizer prices remained relatively unchanged m/m, but several prices are still at their highest levels in the past 12 months.
- **Ammonia** prices remained high but relatively stable given a slowdown in spring demand combined with steady global supplies.
- **Urea** prices slightly decreased due to larger supply from the Russian Federation and countries in the Middle East.
- **DAP** prices remained stable in the Baltic but increased marginally in the US due to restrictions affecting imports from Morocco and the Russian Federation.
- Stronger demand from summer application pushed **potash** prices upwards, especially in the US Gulf.

	May average	May std. dev	% change last month*	% change last year*	12-month high	12-month low
Ammonia-US Gulf NOLA	545.0	-	0.0%	150.7%	545	186
Ammonia-Western Europe	530.0	-	1.1%	111.2%	530	225
Urea-US Gulf	379.0	9.6	-3.3%	73.7%	394.0	199.5
Urea-Black Sea	320.0	-	-3.1%	57.0%	354.5	203.0
DAP-US Gulf	576.7	10.4	3.1%	116.3%	576.7	275
DAP-Baltic	573.3	2.9	-0.1%	91.8%	574	300
Potash-Baltic	220.0	-	1.7%	-0.5%	220.0	190
Potash- US Gulf NOLA	335.0	10.0	5.4%	63.4%	335.0	193
Ammonia	488.8	2.2	0.3%	134.9%	488.8	206.5
Urea	366.6	9.9	-2.6%	61.0%	387.1	217
Natural Gas	2.9	0.1	11.0%	65.4%	5.1	1.6

All prices shown are in US dollars.
Source: Own elaboration based on Bloomberg

Chart and tables description ** Estimated using available weekly data to date.*
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 Phosphate.

Ocean freight markets

Dry bulk freight market developments

	May-21 average	Change m/m	Change y/y
Baltic Dry Index (BDI)*	**3006.1**	**+21.5%**	**+514.6%**
sub-Indices:			
Capesize	*4432.8*	*+23.4%*	*+1692.0%*
Panamax	*2889.4*	*+20.6%*	*+340.1%*
Supramax	*2289.2*	*+18.7%*	*+403.4%*
Baltic Handysize Index (BHSI)**	*1250.1*	+17.0%	+419.7%

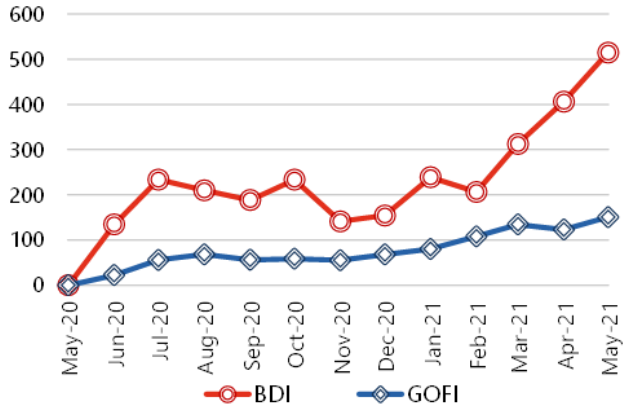
Sources: Baltic Exchange, IGC.

*4 January 1985 = 1000. **23 May 2006 = 1000.

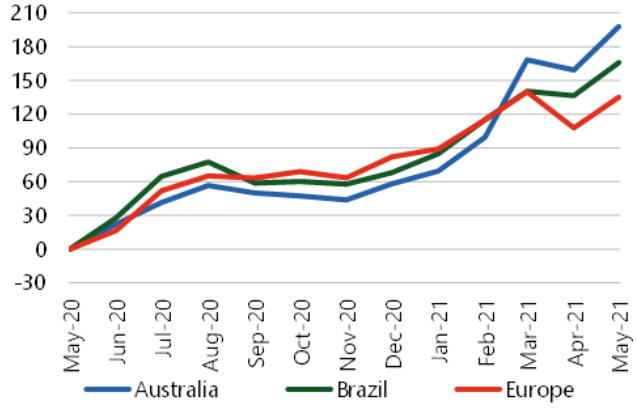
***1 January 2013 = 100.

	May-21 average	Change m/m	Change y/y
IGC Grains and Oilseeds Freight Index (GOFI)***	**183.1**	**+12.4%**	**+150.8%**
sub-Indices:			
Argentina	*229.7*	*+12.1%*	*+141.7%*
Australia	*149.7*	*+14.9%*	*+198.1%*
Brazil	*247.2*	*+12.4%*	*+165.9%*
Black Sea	*181.7*	*+10.9%*	*+155.9%*
Canada	*127.8*	*+6.6%*	*+124.6%*
Europe	*145.6*	*+13.1%*	*+135.2%*
US	*146.2*	*+11.3%*	*+127.4%*

BDI and IGC GOFI*



Selected IGC GOFI sub-Indices*



*percentage change based on monthly average values

- The dry bulk freight complex witnessed variable demand for larger-sized carriers during May, but demand for smaller bulkers was generally strong. The **Baltic Dry Index** (BDI) touched an 11-year high in early-May and averaged 22 percent higher m/m. Reflecting a strong rebound from last year's COVID-related downturn, average values were up more than sixfold y/y.
- Average **Capesize** rates climbed to more than a decade-high in early May, with exporters reportedly keen to generate business amid record high iron ore prices. Due to a holiday-related slowdown in trade, a subsequent reversal was triggered by increasing tonnage availability in the Atlantic. A retreat in iron ore prices amid China's plans to strengthen commodity price controls contributed to recent losses. Average sub-Index values were up by 23 percent m/m and 18 times higher y/y.
- The **Panamax** market firmed moderately over the month. Initial gains were driven by Asia, where mineral inquiries out of Indonesia and Australia were prominent features. Demand was also robust for minerals and grains from the US Gulf, but a generally weaker tone prevailed in the latter half of the month, partly linked to public holidays in some regions and plummeting Capesize rates.
- Average **Supramax** and **Handysize** earnings were similarly stronger, with gains in the former segment driven by the Pacific, where coal demand from China was robust. Additionally, logistical disruptions in South America due to low river levels and port worker strikes in Argentina limited the flow of vessels to that Basin, contributing to strong fundamentals. Handysize earnings saw steady gains across all major loading areas, including Europe and the Mediterranean, where grain enquiries picked up on resurgent tender activity.
- Voyage costs on key grains and oilseeds routes (including fuel) have recovered from the April slump, as reflected by average **IGC Grains and Oilseeds Freight Index** (GOFI) values, which rose by 12 percent m/m.

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 notes

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.

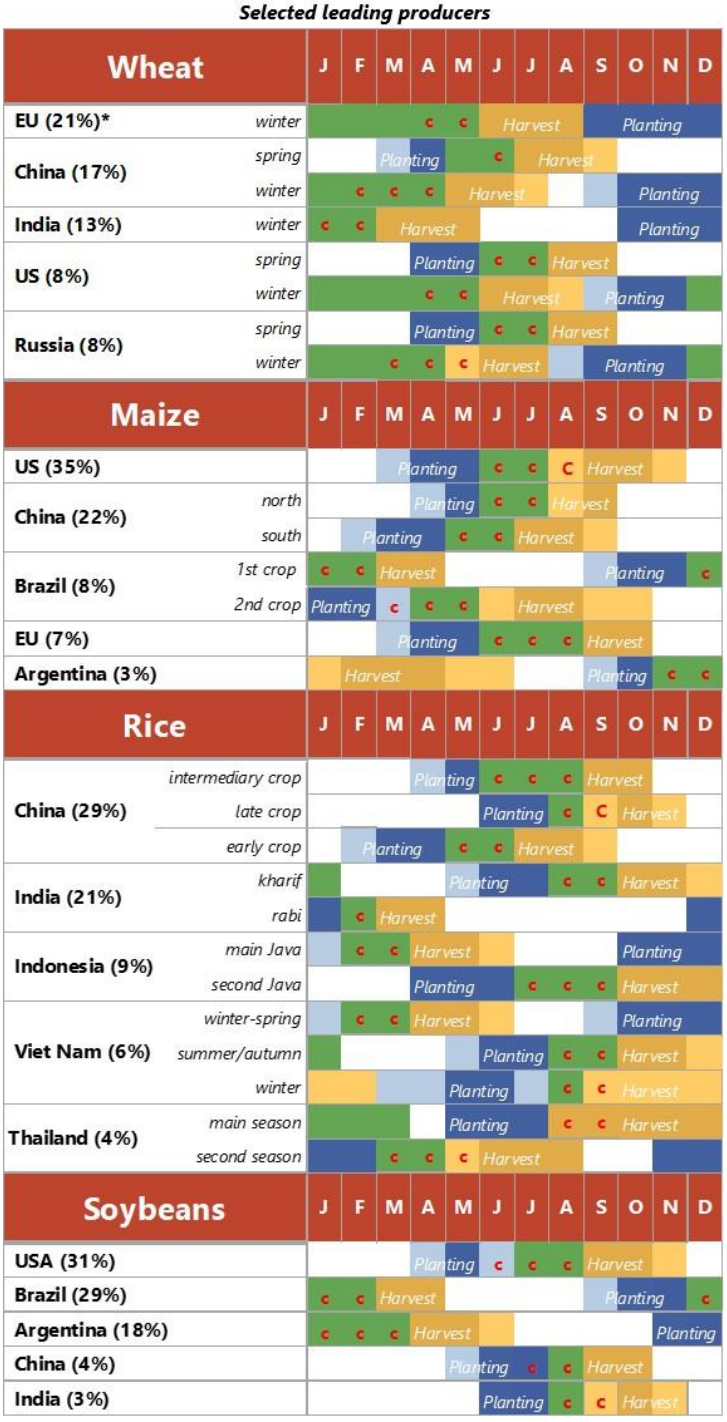
Trade: Data refer to exports. For wheat and maize, trade is reported on a July/June basis, except for USDA maize trade estimates, which are reported on an October/September basis. Wheat trade data from all three sources includes wheat flour in wheat grain equivalent, while the USDA also considers wheat 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



** Percentages refer to the global share of production (average 2013-15).*

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

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

2021 AMIS Market Monitor Release Dates
February 4, March 4, April 8, May 6, June 3, July 8, September 2, October 7, November 4, December 2

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