

United Nations Trade and Development (UNCTAD)

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Developments, challenges and opportunities in cereal markets

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The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.



Developments, challenges and opportunities in cereal markets

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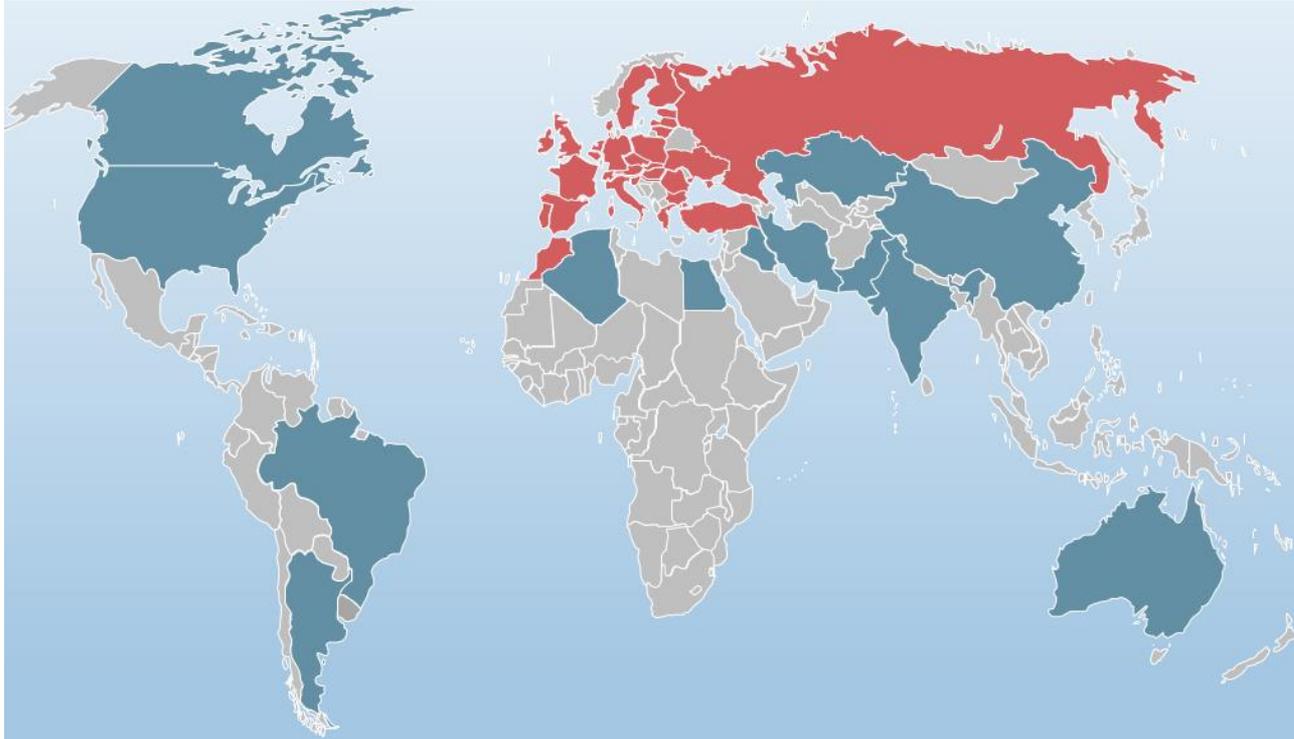
International Grains Council

**Multi-year Expert Meeting on Commodities and Development
15th Session, 14 October**





Wheat: 24/25 global production



	m t	Δ y/y (m t)	Δ y/y
TOTAL	798.0	3.0	0%
Exporters	384.1	-4.6	-1%
Others	413.9	7.6	2%
Morocco	2.5	-1.5	-38%
UK	11.0	-3.0	-21%
Ukraine	25.4	-3.1	-11%
Russia	81.8	-9.2	-10%
EU	122.4	-10.7	-8%
Turkey	21.0	-1.0	-5%
Kazakh.	12.1	3.9	32%
Australia	26.0	5.9	23%
Iraq	5.2	1.1	21%
Argentina	15.9	2.5	16%
Brazil	8.1	1.0	12%
Pakistan	28.2	3.2	11%
USA	49.3	4.6	9%
Algeria	2.7	0.2	7%
Canada	32.9	1.5	4%
Iran	14.0	0.5	4%
China	136.6	3.4	2%
India	110.6	2.4	2%
Egypt	9.9	0.2	2%

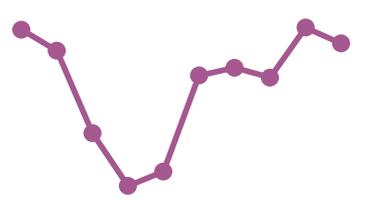
2024/25	Production	
m t	y/y	vs. 5yr ave.
798.0	0%	2%

Area		
m ha	y/y	vs. 5yr ave.
222.9	0%	1%

Yields		
t/ha	y/y	vs. 5yr ave.
3.58	1%	1%



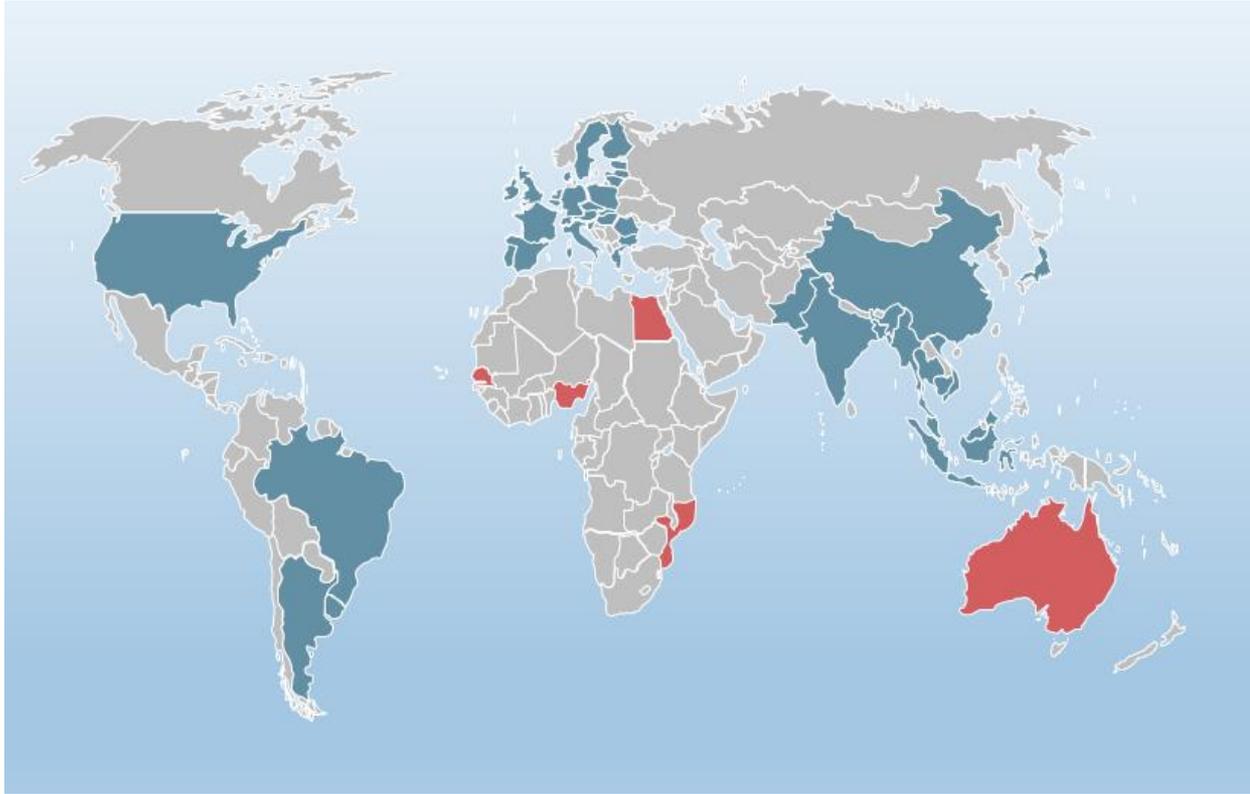
10-years



As at 19 Sep (GMR 558)



Rice: 2024/25 production placed 1% higher y/y, potentially a fresh peak, including a record crop in India.

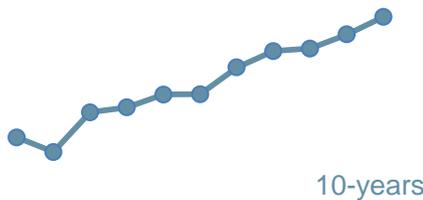


	m t	Δ y/y (m t)	Δ y/y
TOTAL	528.3	6.5	1%
Egypt	3.6	-0.2	-5%
Uruguay	0.9	1.1	15%
Argentina	0.9	0.1	9%
EU-27	1.4	0.1	5%
Indonesia	34.0	1.0	3%
Philippines	13.2	0.4	3%
Cambodia	7.7	0.2	3%
Vietnam	28.6	0.6	1%
Japan	7.3	0.1	2%
Brazil	7.3	0.1	2%
India	139.0	2.3	2%
Myanmar	12.1	0.1	1%
Pakistan	10.0	0.1	1%
Bangladesh	37.3	0.3	1%
USA	7.0	0.0	1%
Thailand	20.1	0.1	1%
China	145.0	0.4	0%

2024/25	Production	
m t	y/y	vs. 5yr ave.
528.3	1%	3%

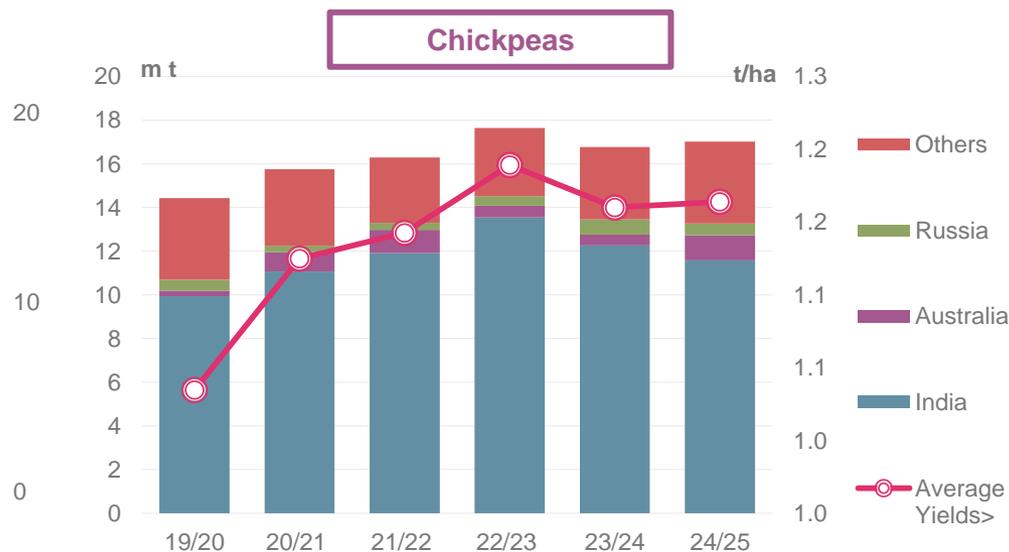
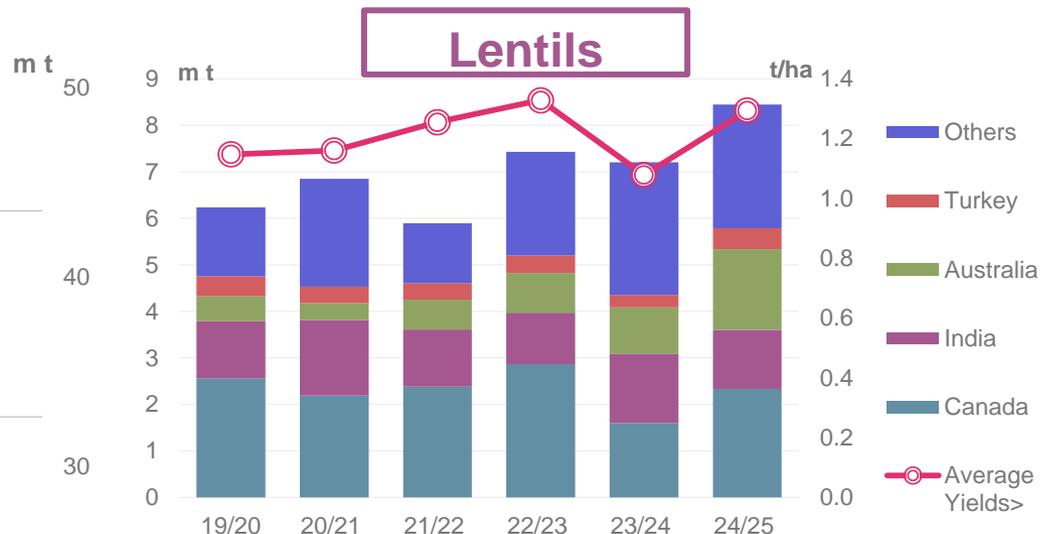
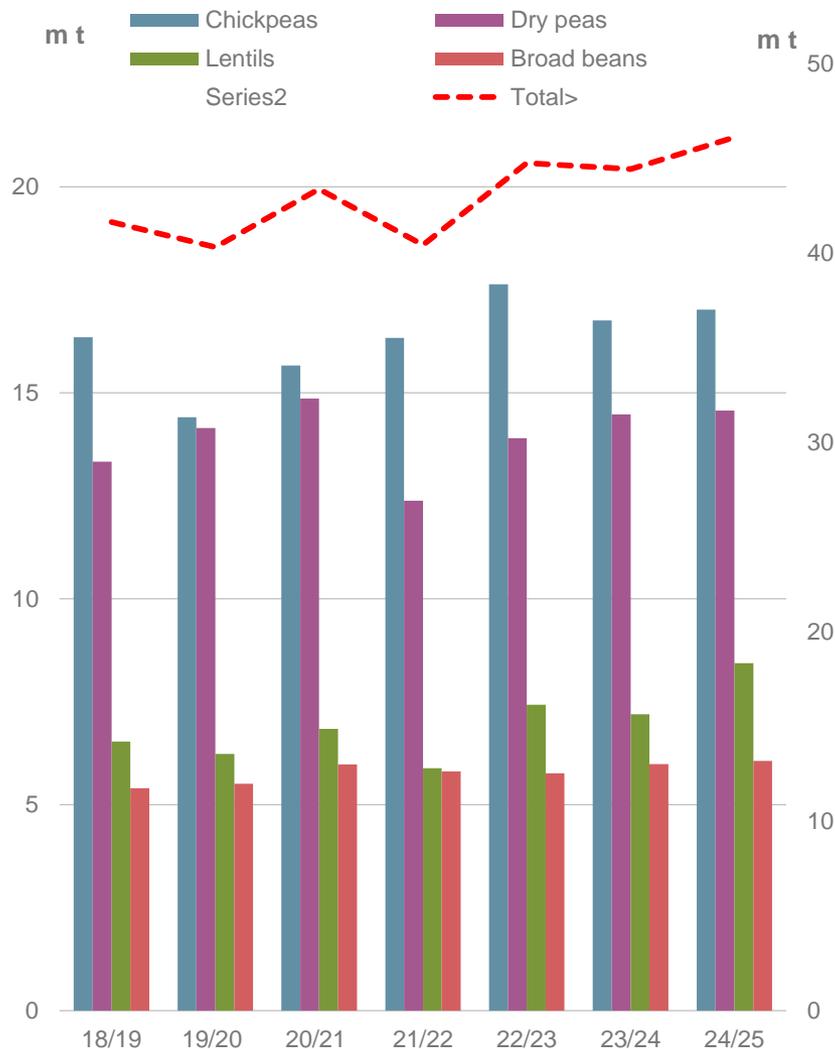
Area		
m ha	y/y	vs. 5yr ave.
167.2	1%	2%

Yields		
t/ha	y/y	vs. 5yr ave.
3.16	0%	1%





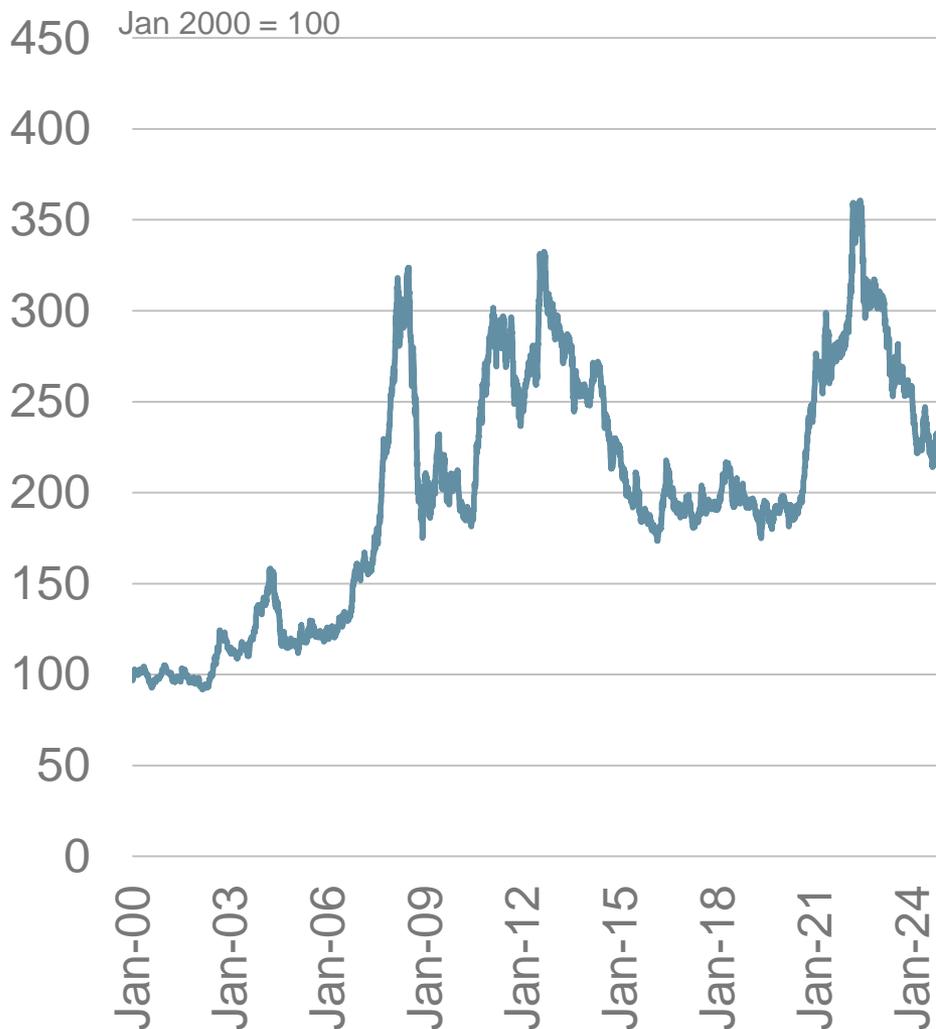
Pulses: Led by growth in lentils, total output to reach a fresh peak in 2024/25.



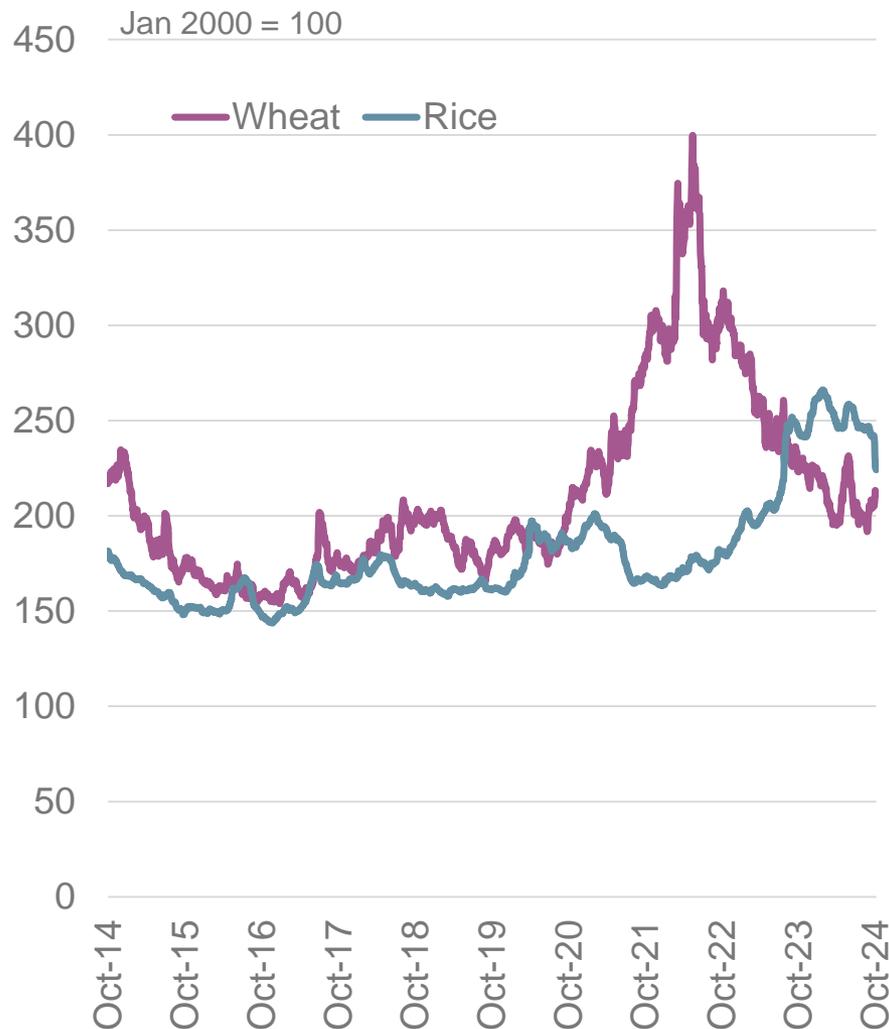


Prices: Rice has remained elevated over the past year, while wheat markets have softened

IGC GOI – long term view



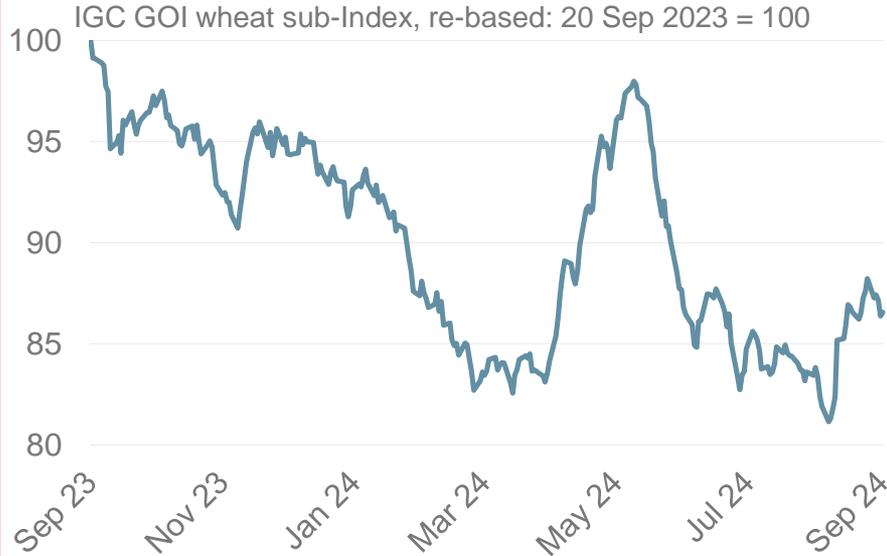
IGC Wheat and Rice GOI sub-indices (Oct 2014 - Oct 2024)





Wheat: With perceived weather risks, prices rebounded from near four-year lows recently, but values remain anchored by Black Sea competition

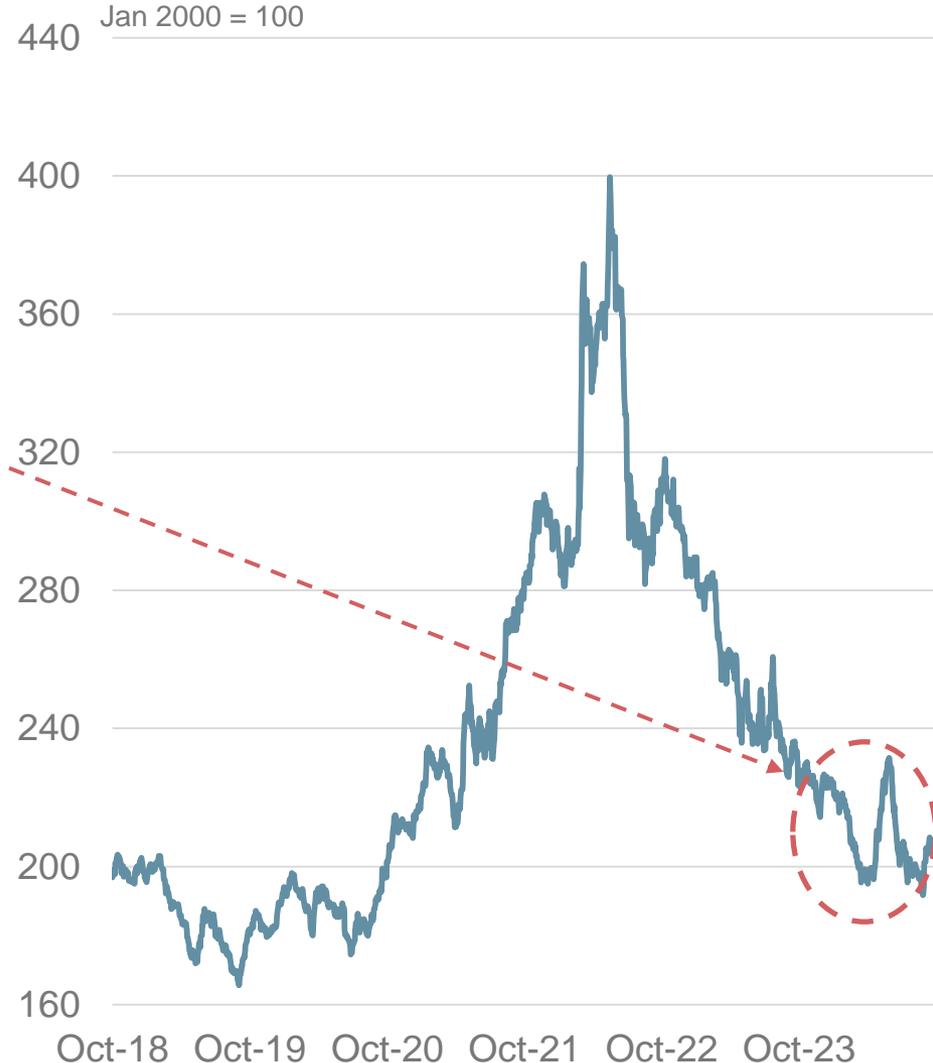
Wheat export prices: one-year view



Recent supportive factors:

- disappointing crop results in Western Europe,
 - spring wheat worries in Russia/the US,
 - drier weather trends in Argentina/Australia,
 - dry Black Sea 2025/26 sowing conditions,
 - renewed geopolitical concerns (BS attacks);
 - macroeconomic factors (US dollar, interest rate),
- but with rallies capped by Black Sea competition**

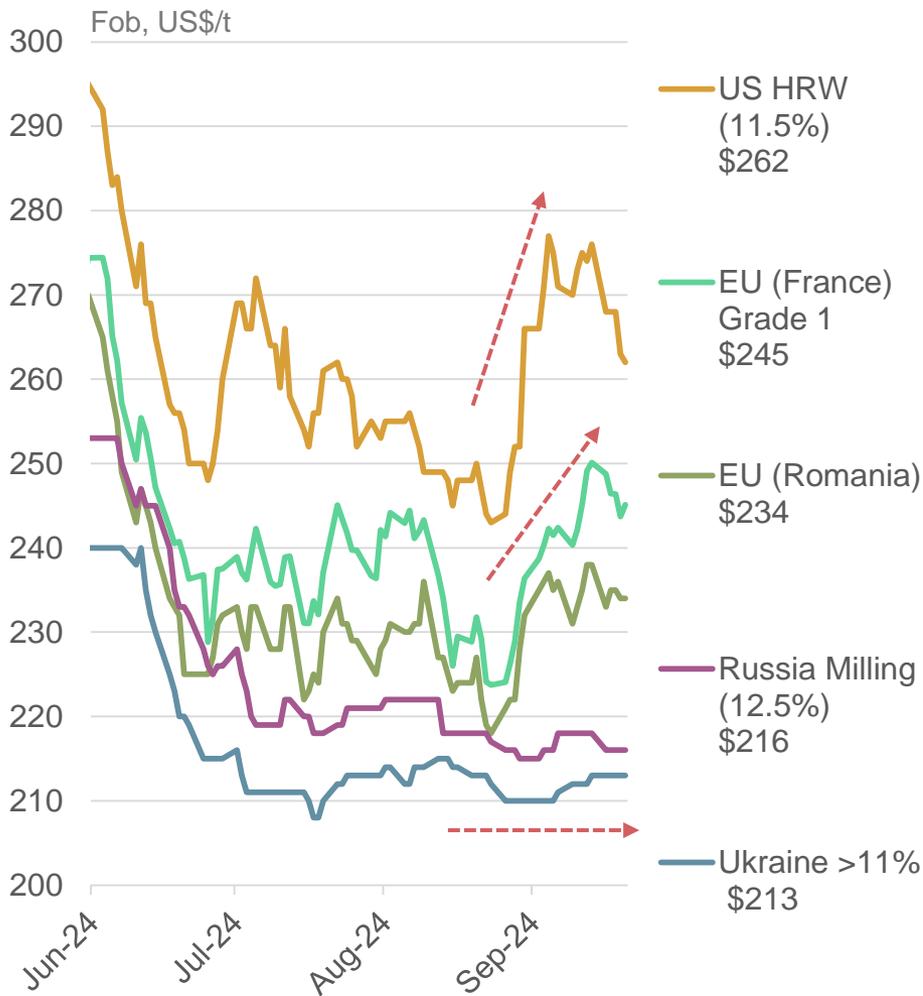
Wheat export prices: long-term view



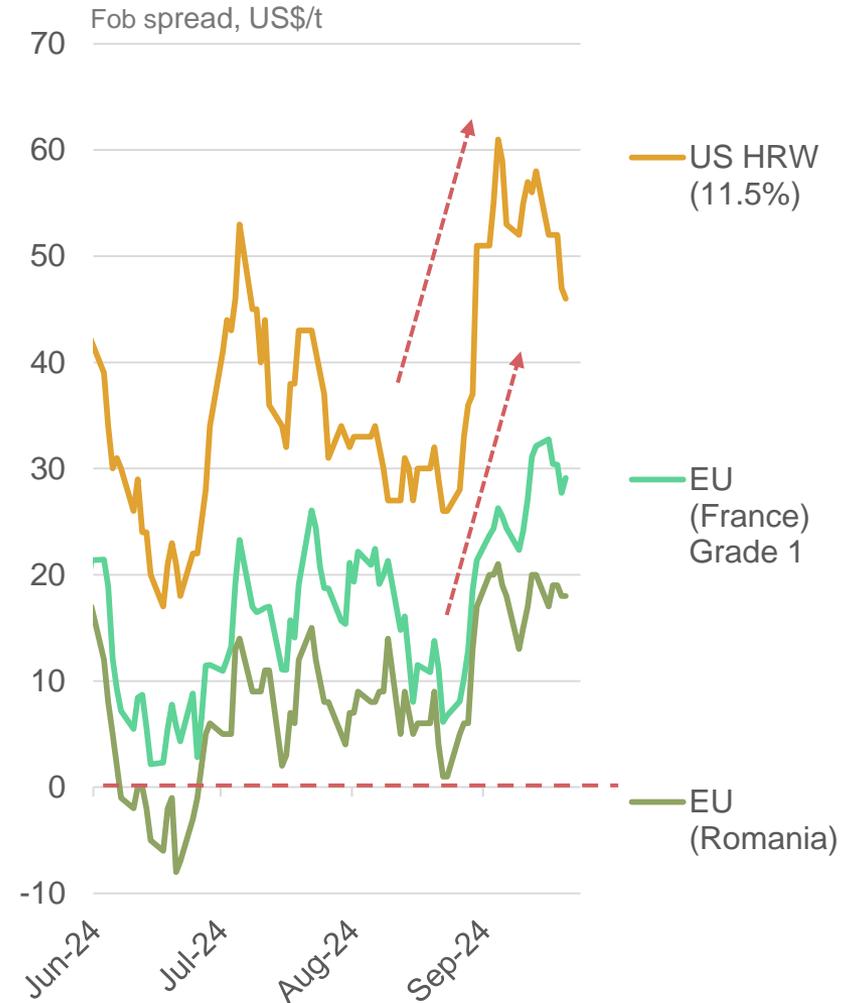


Wheat: Prices in Russia and Ukraine have been bucking the uptrend in global prices, leading to increased discounts to competing origins

Wheat fob quotations (spot)



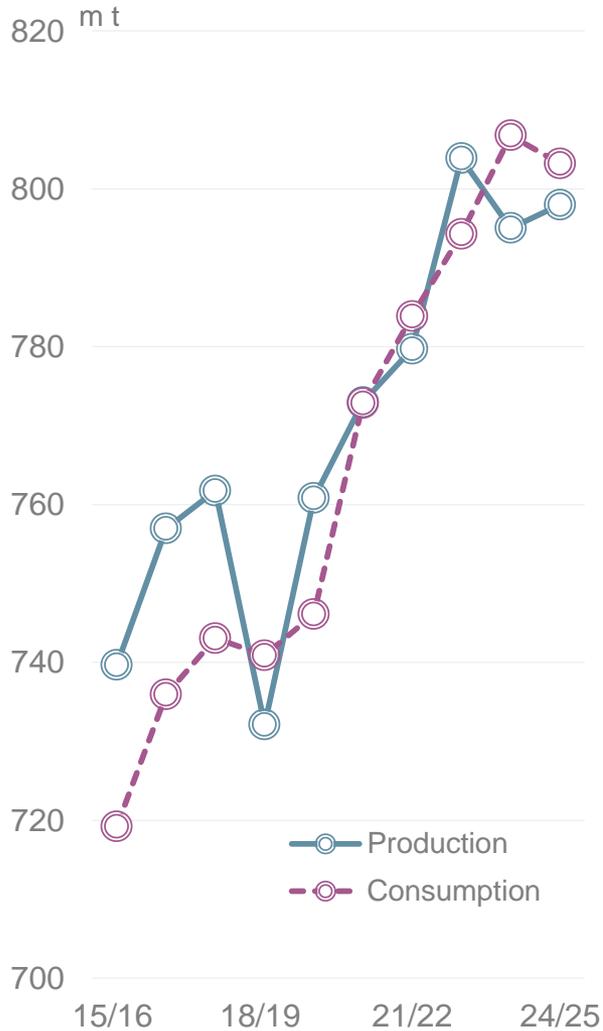
Fob spread vs. Russian 12.5% protein wheat



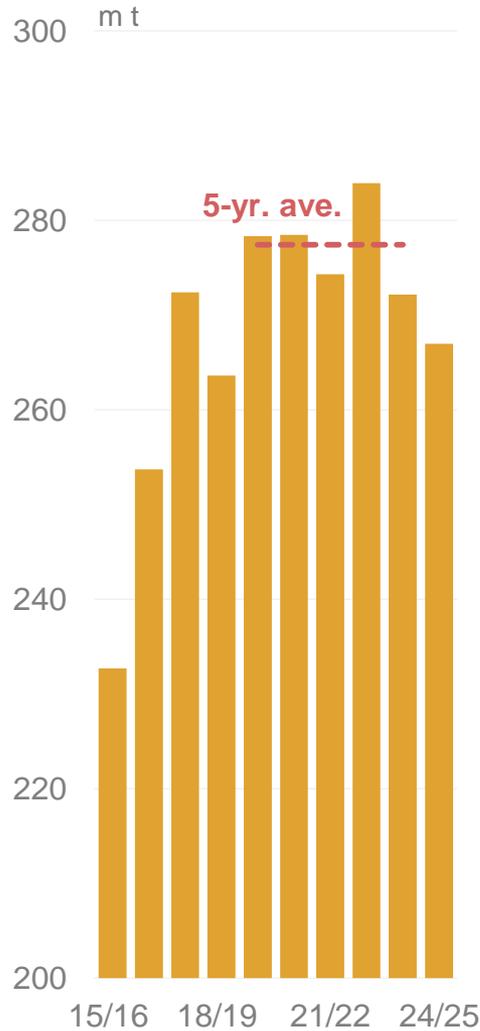


Wheat: The market appears to be well supplied in the nearby, but the outlook points to a further tightening in stocks in 2024/25

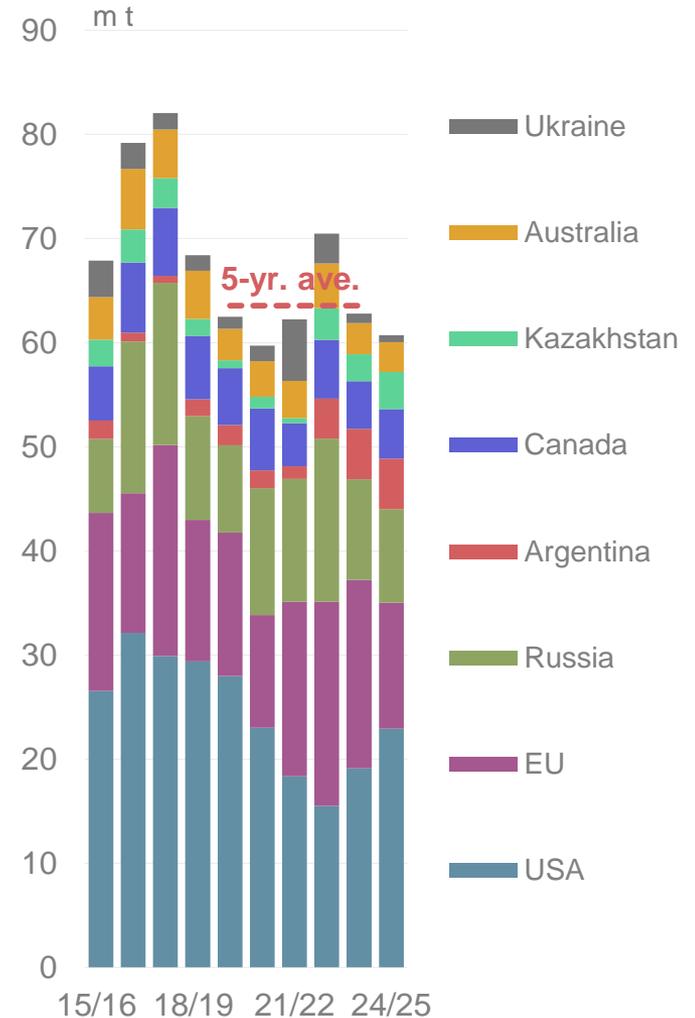
Production & consumption



World stocks



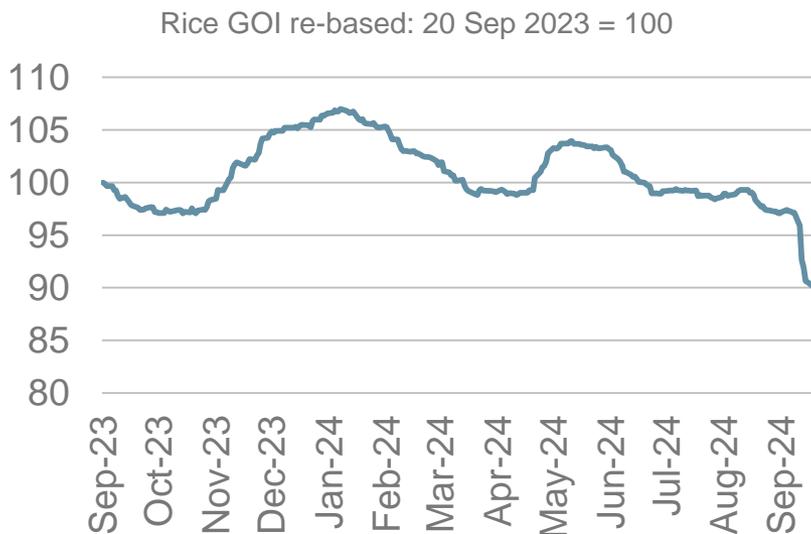
Major exporters' stocks



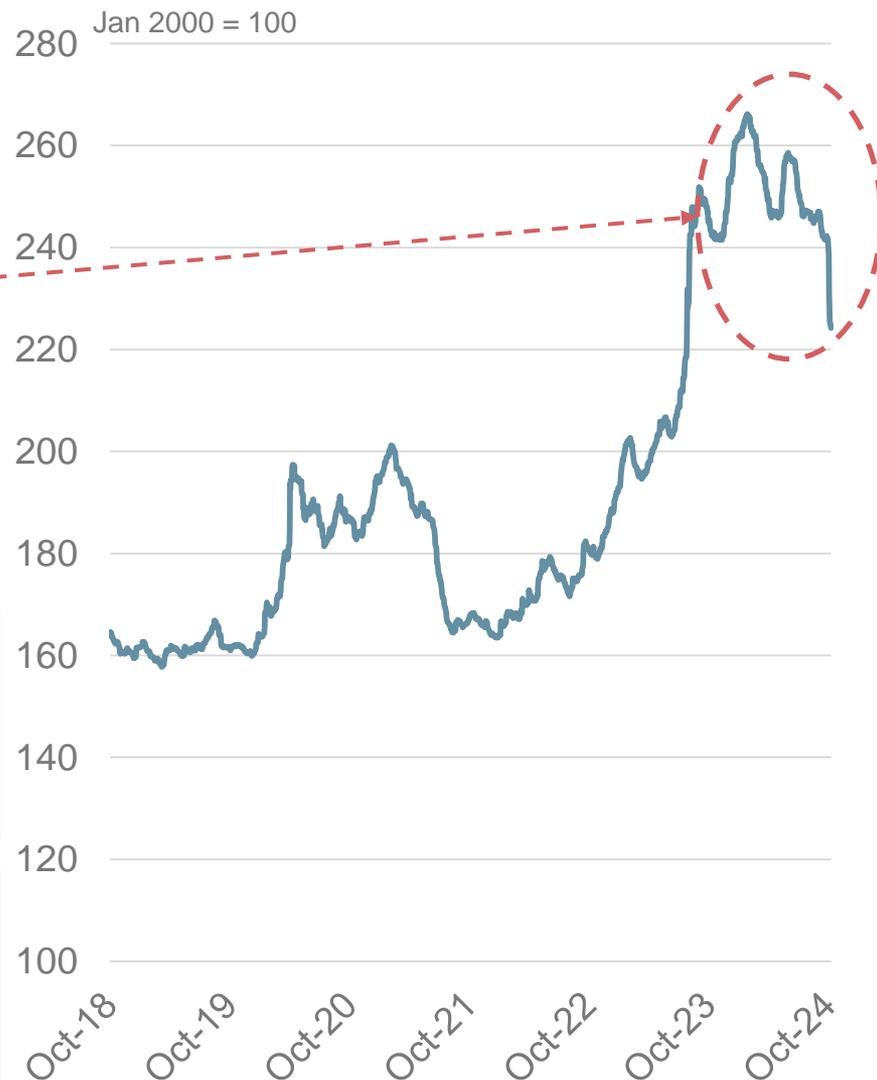


Rice: Prices slide on resumption of non-basmati white rice exports by India

Rice export prices: one-year view



Rice export prices: long-term view



Recent supportive factors:

- India's export ban (up to 30 Sep 2024),
- Strong purchasing by Indonesia's state grains buyer,
- Currency movements

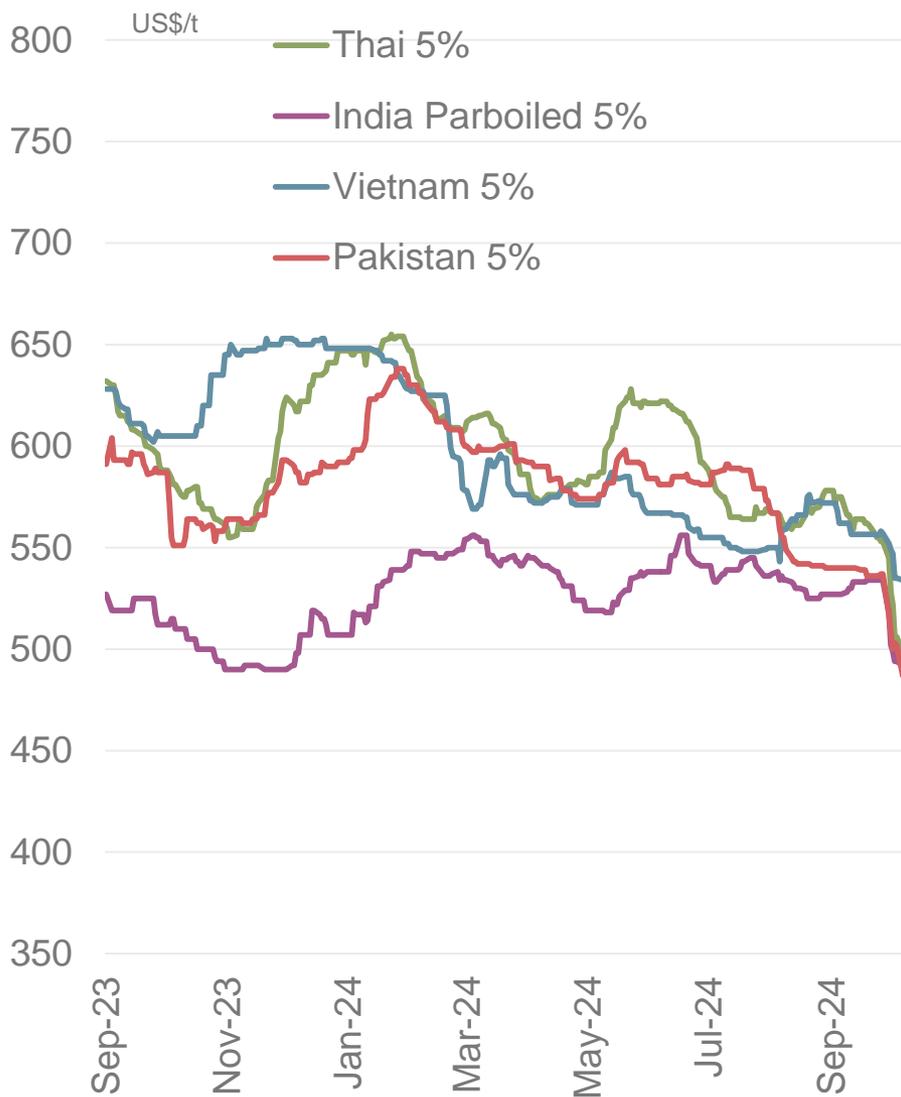
Recent pressuring factors:

- End of India's export ban,
- Prospects for a much improved global crop in 2024/25,
- Weak off-shore demand, notably from Africa

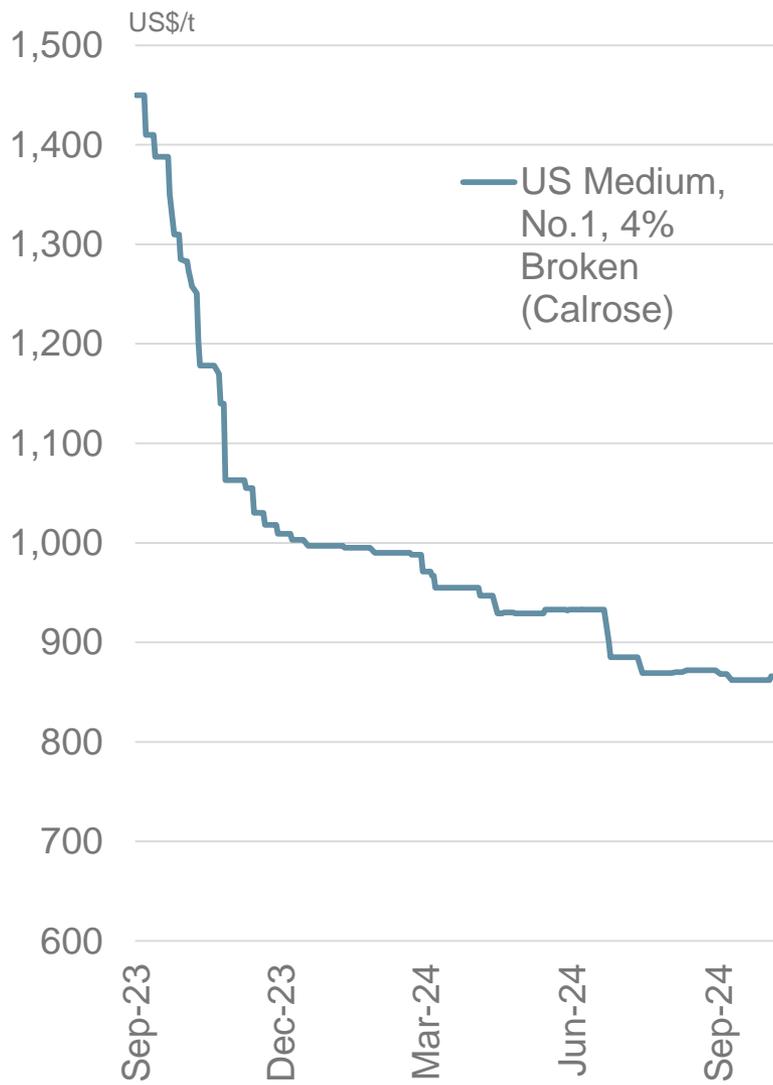


Rice: Long grain prices decline on Indian exports while medium grain values have softened on improved supply

Export prices for key grades at major origins



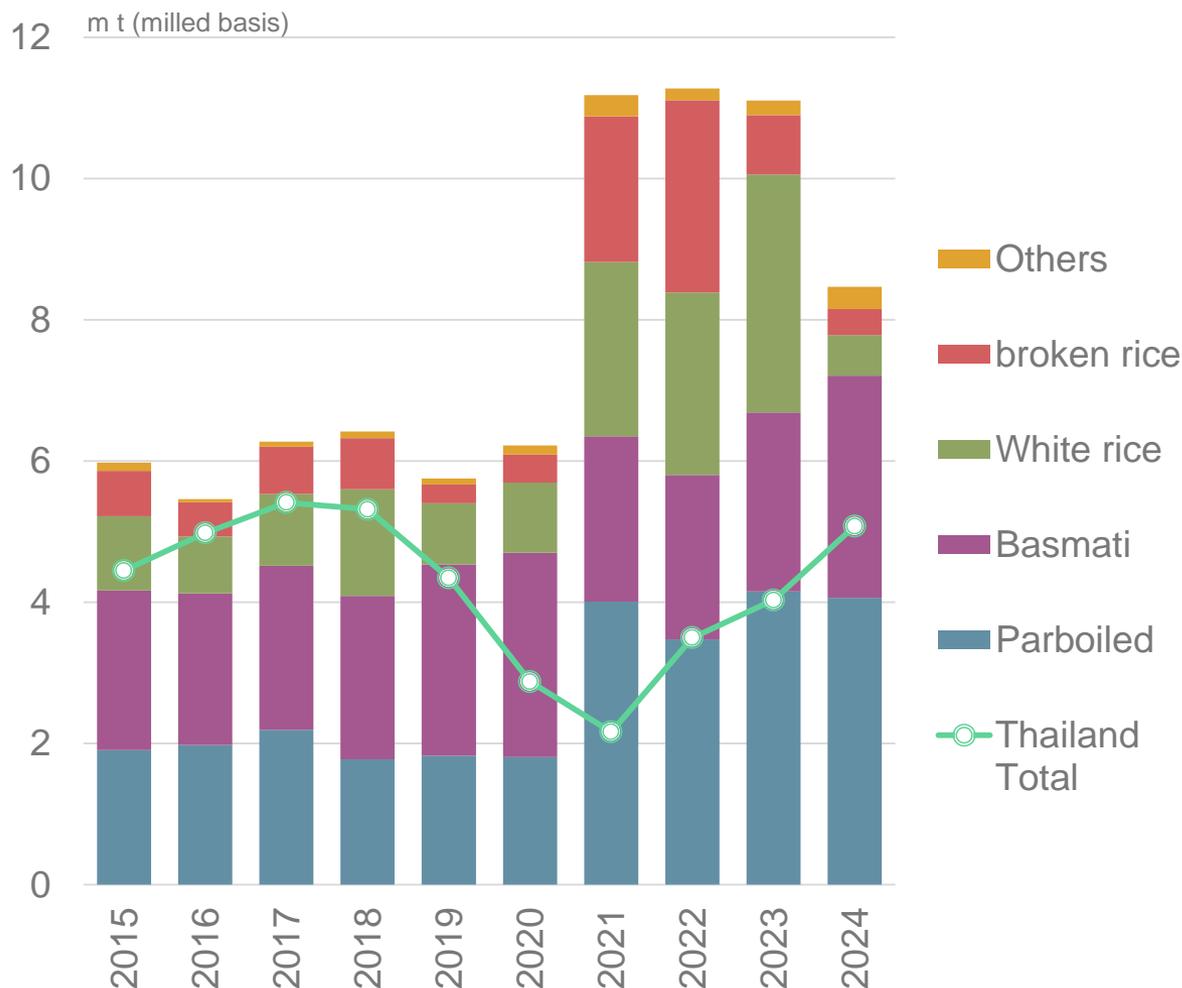
Japonica (medium grain) price





India: Despite export restrictions, remained the world's largest rice supplier

Rice: Jan-Jun Indian exports by type, vs Jan-Jun Thai exports

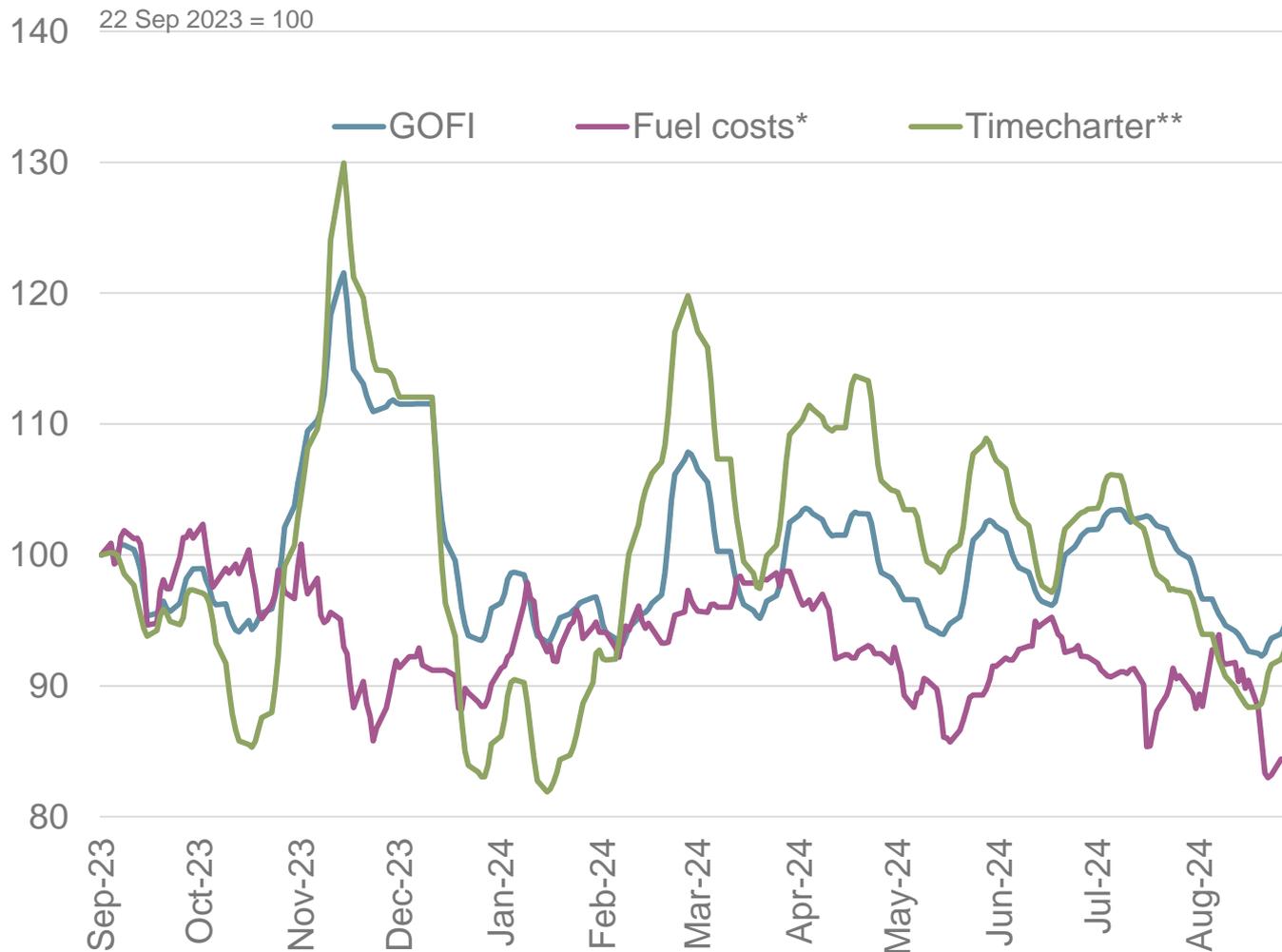


- Despite restrictions, India remained the world's largest rice exporter in the first six months of 2024 on robust deliveries of parboiled and basmati.
- Over Jan-Jun, India's rice exports were more than 60% higher than deliveries from Thailand, the world's second largest exporter.
- On 16 Sep, amid adequate domestic availability of rice, removed the \$950/t minimum export price (MEP) on basmati rice exports.
- On 27 Sep, the Indian government relaxed the ban on non-basmati white rice exports, with shipments subject to a Minimum Export Price of \$490/t. Moreover, export duties on parboiled rice were cut to 10% (from 20%)



IGC Grains and Oilseeds Freight Index pressured by falling timecharter rates and marine fuel costs

IGC Grains and Oilseeds Freight Index (GOFI)



- As at mid-September, average vessel rent (timecharter) prices were around 4% lower y/y, albeit with an uptick noted in recent weeks on improving grains and mineral demand in the Atlantic.
- Average marine fuel costs are around 15% lower y/y as at mid-September on a decline in crude oil markets, largely reflecting a weak global demand outlook amid softening prospects for Chinese consumption.
- Amid lower timecharter rates and weaker marine fuel costs, the IGC's GOFI is slightly lower y/y as at mid-September.

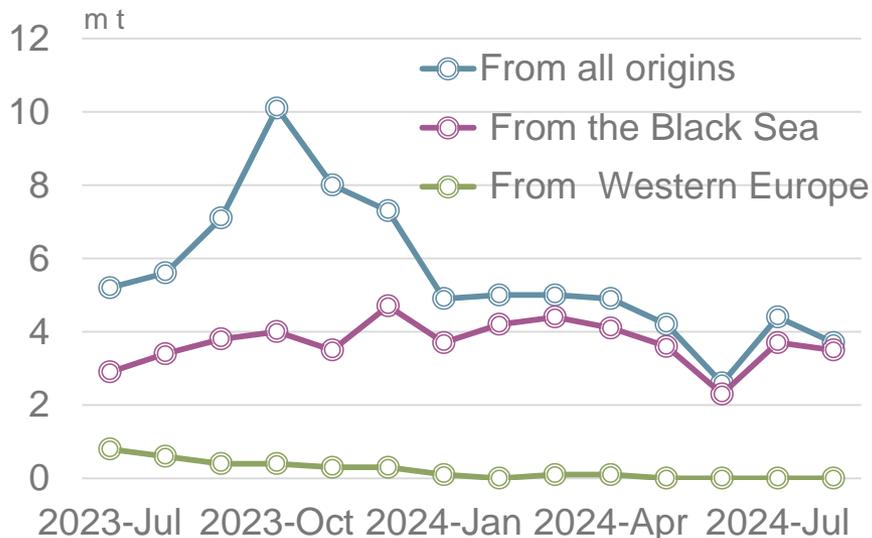
* Average LSFO prices at 16 main fuelling destinations

** Average of daily timecharter rates on key selected grains/oilseeds routes



Logistical and security disruptions continue to shape freight markets

Grains & oilseeds shipments via the Suez Canal



- Transits peaks in October 2023 owing to shipments from the US diverting from the Panama Canal, before declining as shippers from the US and EU avoided the Red Sea.
- July saw a m/m upturn in shipments following winter wheat harvests in the Black Sea regions shipped to Asian markets.
- Transits dropped again in August and were one-third lower y/y, with still no shipments seen from Western Europe.

Grains & oilseeds shipments via the Panama Canal



- The volume of transits dropped sharply in November as low water levels led to restrictions on vessels, but gradually recovered to more normal levels thereafter.
- With consistent improvement since Mar'24, the volume reached 1.7m t in Jul, only 6% below the prior year's level.
- Despite a 10% m/m retreat in Aug'24, the volume of transits was broadly in line with the prior season (-1% y/y).

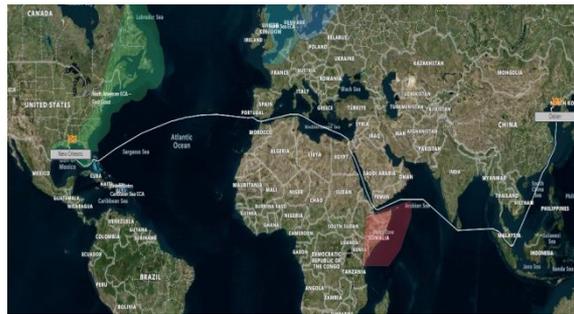


... which added to freight costs and delivery times

US Gulf to China



Via Panama
Canal:
32 Days
~ \$51/t



Via Suez
Canal:
45 Days
~ \$54/t



Via Cape of
Good Hope
(COGH):
48 Days
~ \$55/t

EU (France) to China



via Suez: 34 Days ~ \$44/t

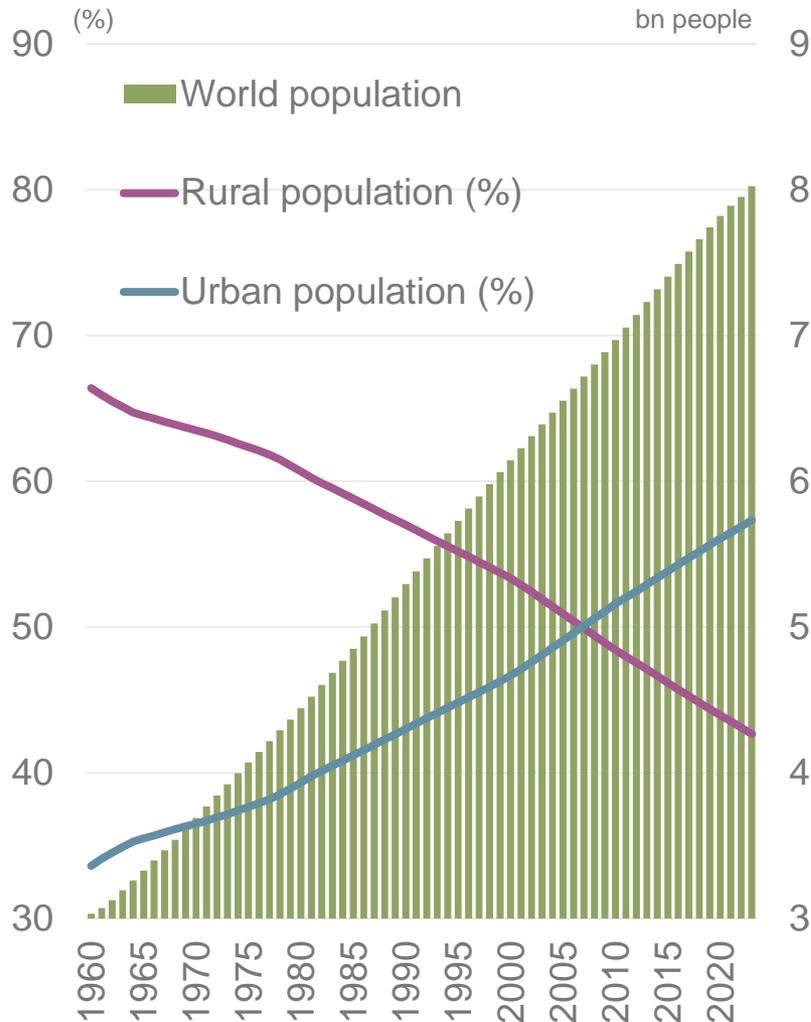


via COGH: 42 Days ~ \$46/t



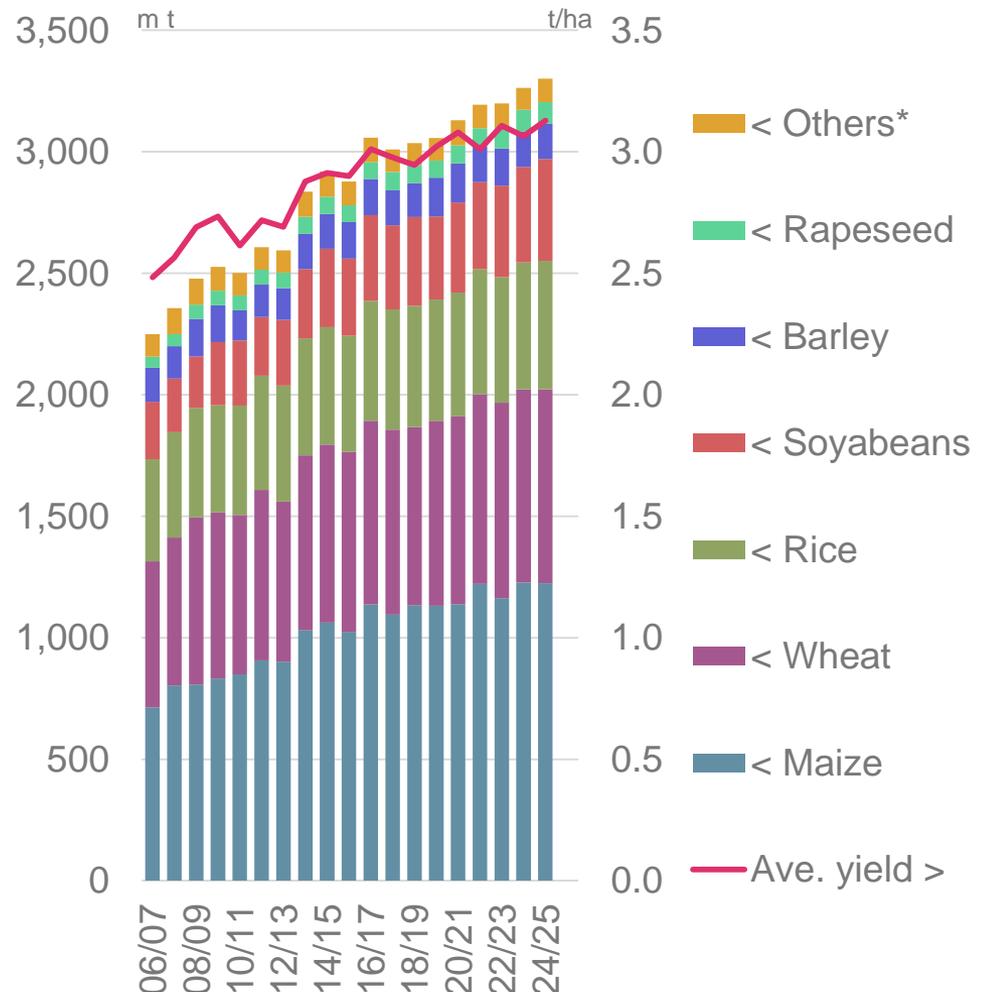
Challenge: Keeping the world fed!

World: Total population vs share (%) living in rural vs urban areas



Source: World Bank

World: Production of major grains and oilseeds vs average yields



*Others = oats, sorghum and rye



Challenge: Shaping the conversation on trade, sustainability and food security

Trade is vital for global food security

- Recent disruptions and volatility in world markets have increased concerns on the impact of trade on national food security.
- National policies that disrupt global markets should be minimised and information sharing should be expanded.

Improved crop yields are vital for global food security

- Sustainability will be driven by environmental concerns.
- Systems must be profitable, and improved yields must remain central.



Opportunities: improving transparency and promoting innovation

Market transparency remains vital for efficient markets

- Information gaps remain, for example on stocks.
- IGC's shipping dashboard will improve market transparency.
- Price transparency and knowledge of national policies remain central, yet may be improved (e.g. through regional discussions).

Digitisation, IT, AI and innovation

- Electronic certificate exchanges help boost trade efficiency.
- Investment tools needed to accelerate technology adoption at the farm level.
- New IT and AI tools have great potential throughout the global grains value chain.