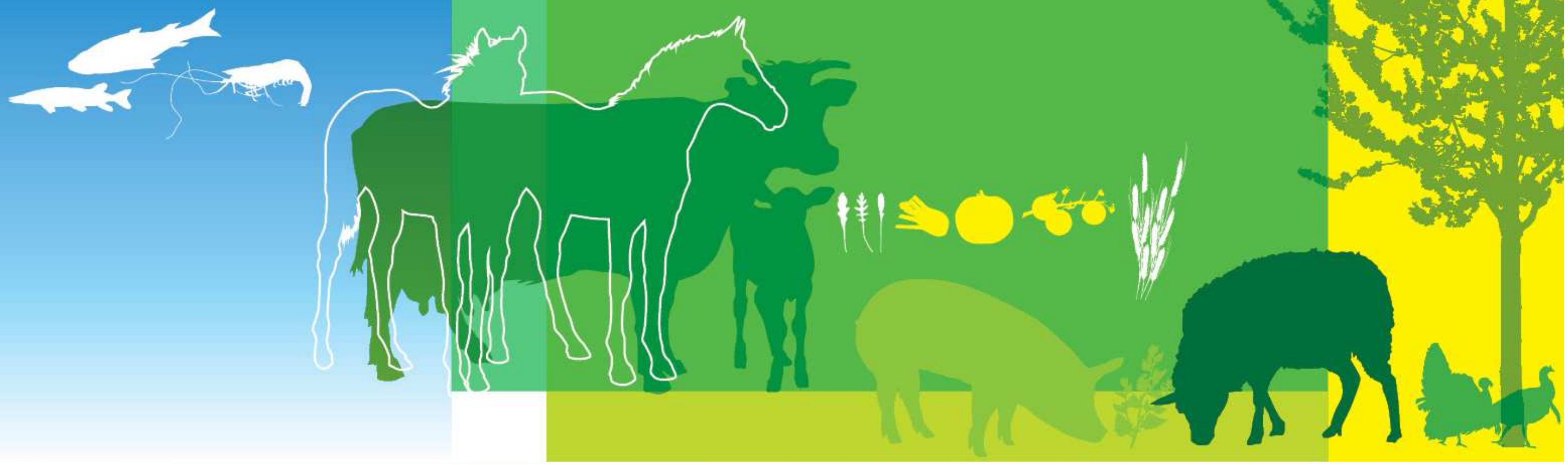
French grains

and

international market conditions

Octobre 23rd, 2015

London



2015/16: a marketing year under maximum pressure

- A dull demand *VS* plentiful availabilities

- EU market: the French production makes an exception

- French balances: a competition-related challenge

- French cereals to the UK: a flow gaining momentum

British

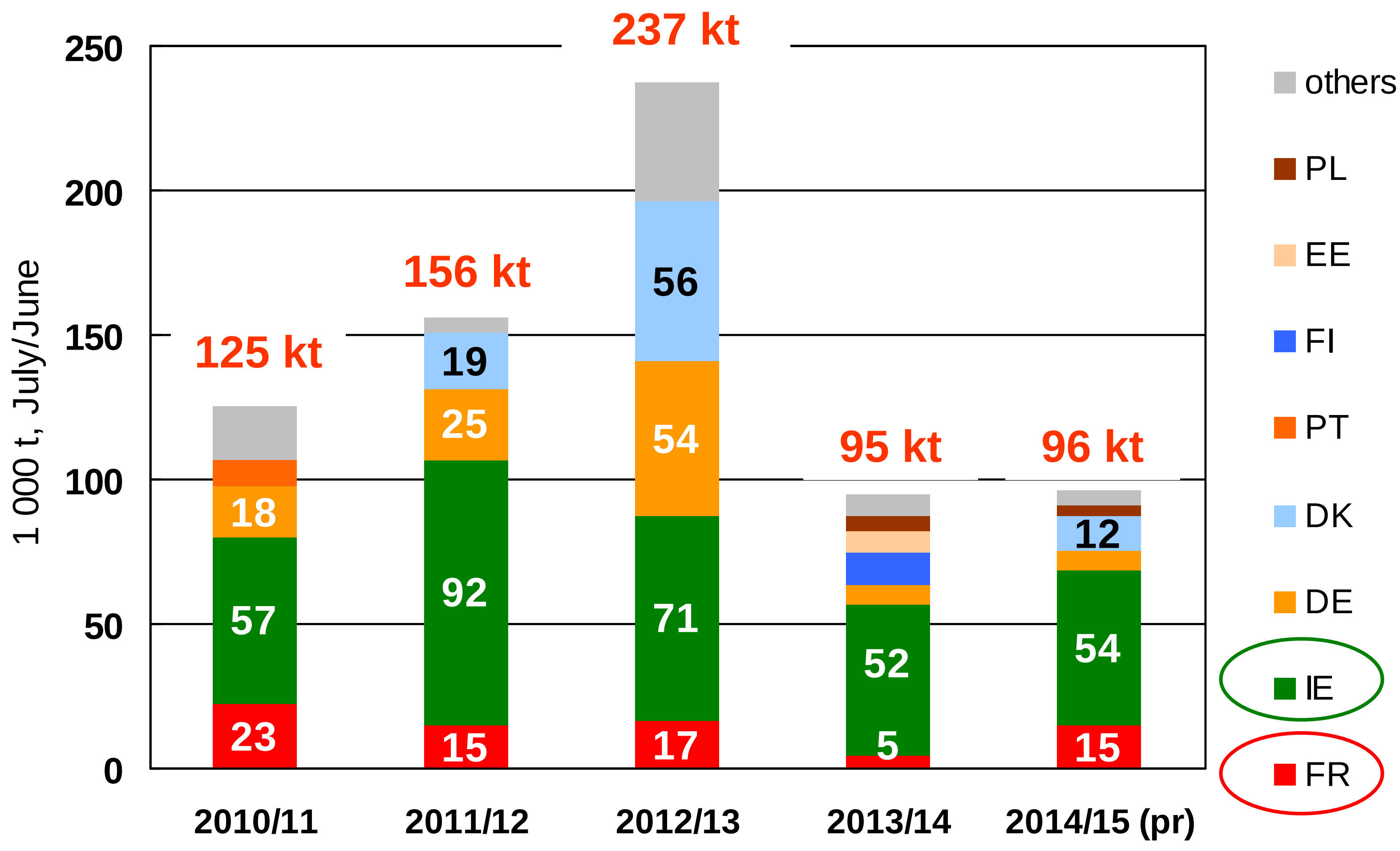
cereals import needs

and countries of origin

BARLEY imports to the UK – main origins

Main origins, adding up to 80% (or over) of total imports

« Others » : per mktg year

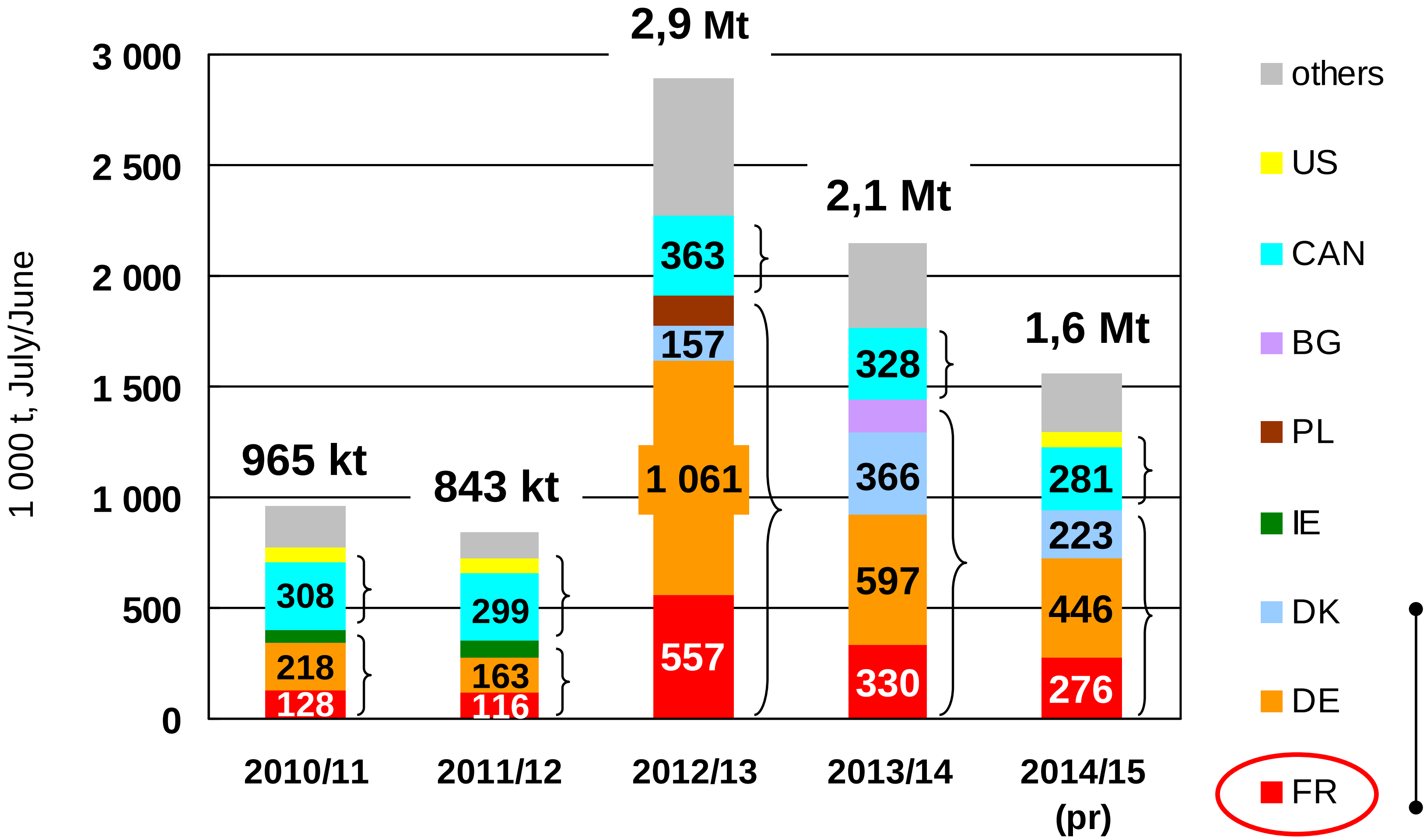


data: Eurostat

Soft WHEAT imports to the UK – main origins

Main origins, adding up to 80% (or over) of total imports

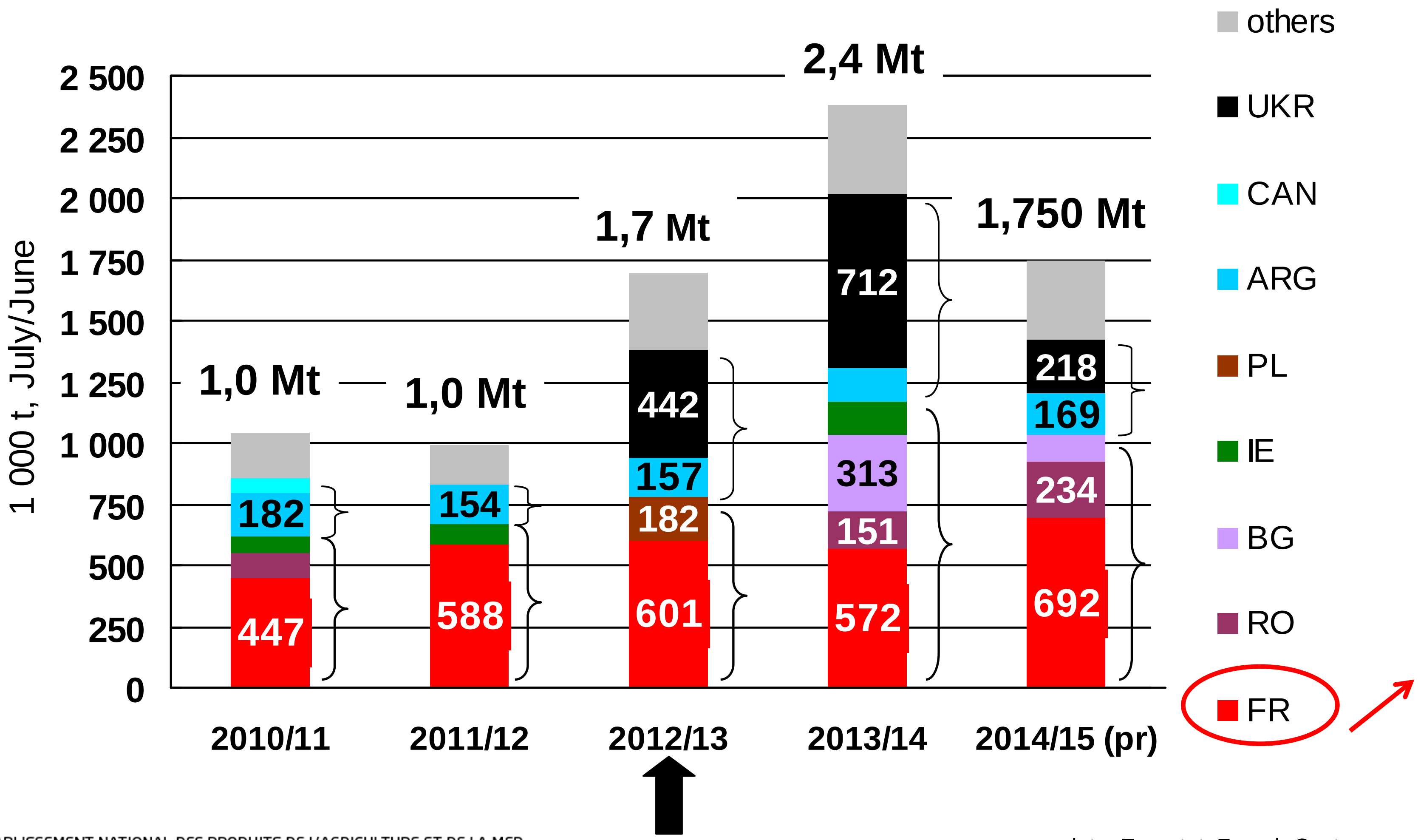
« Others » : per mktg year



data: Eurostat

MAIZE imports to the UK – main origins

Main origins, adding up to 80% (or over) of total imports
« Others » : per mktg year



data: Eurostat, French Customs

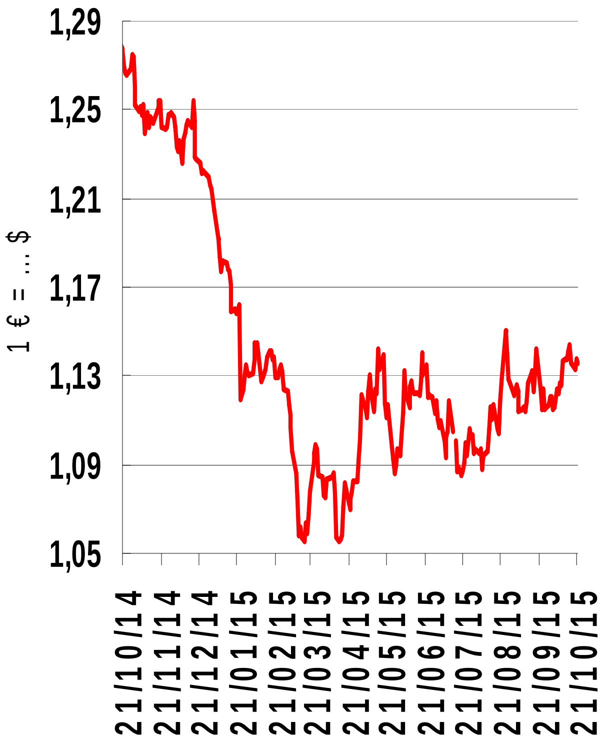
The 2015/16 marketing year

on the international market

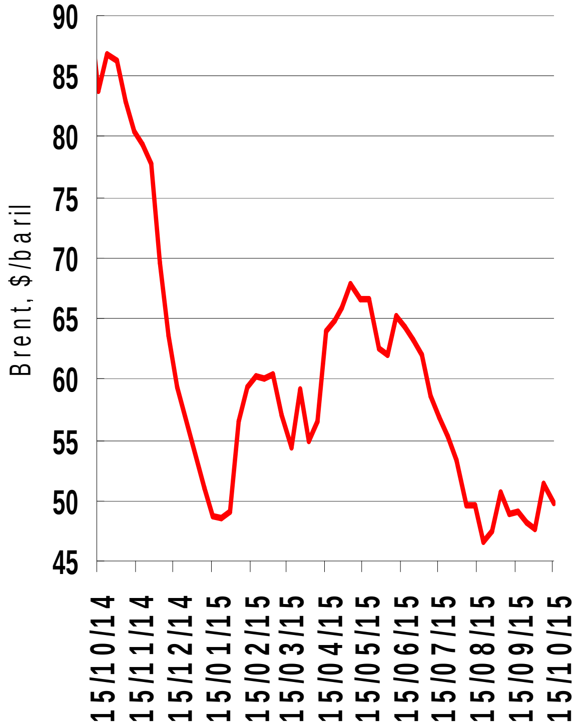
Competition at its highest

External factors… powerful factors

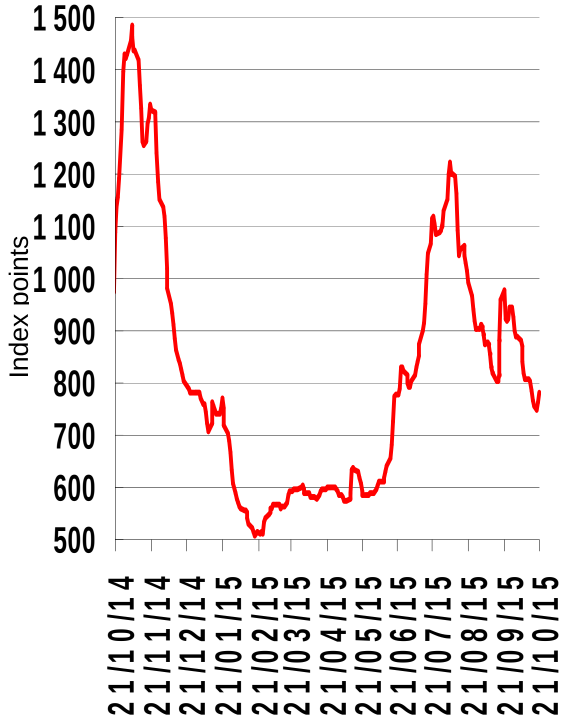
Exchange rate €/$



Crude oil price



Ocean freight rates (BDI)



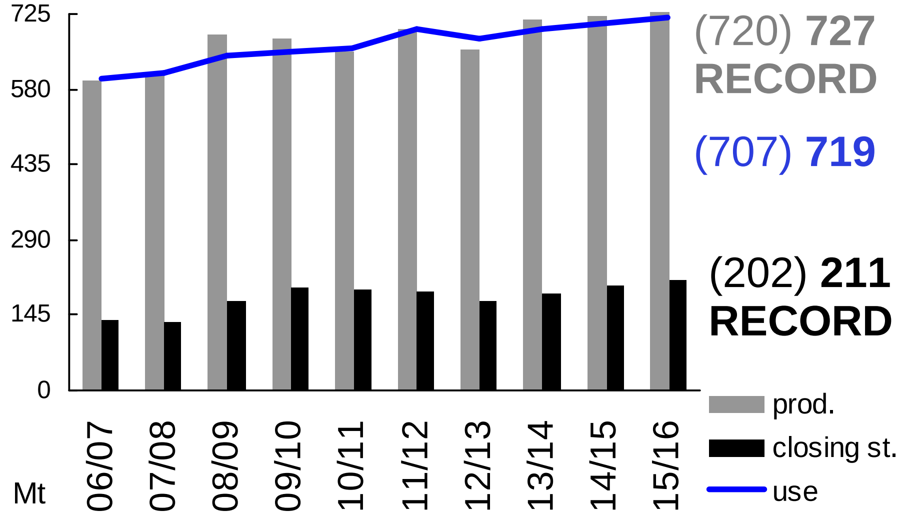
>>> -11 % / Y-1
+ 1 % / m-1

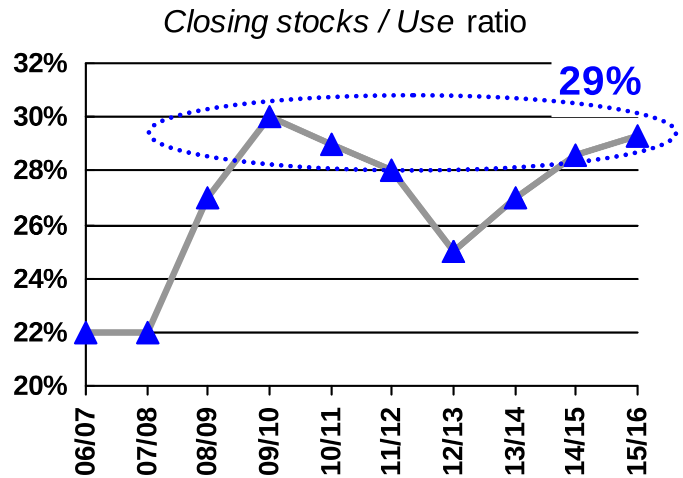
>>> inputs & freight costs
>>> biofuels profitability
>>> oil exporting countries revenue

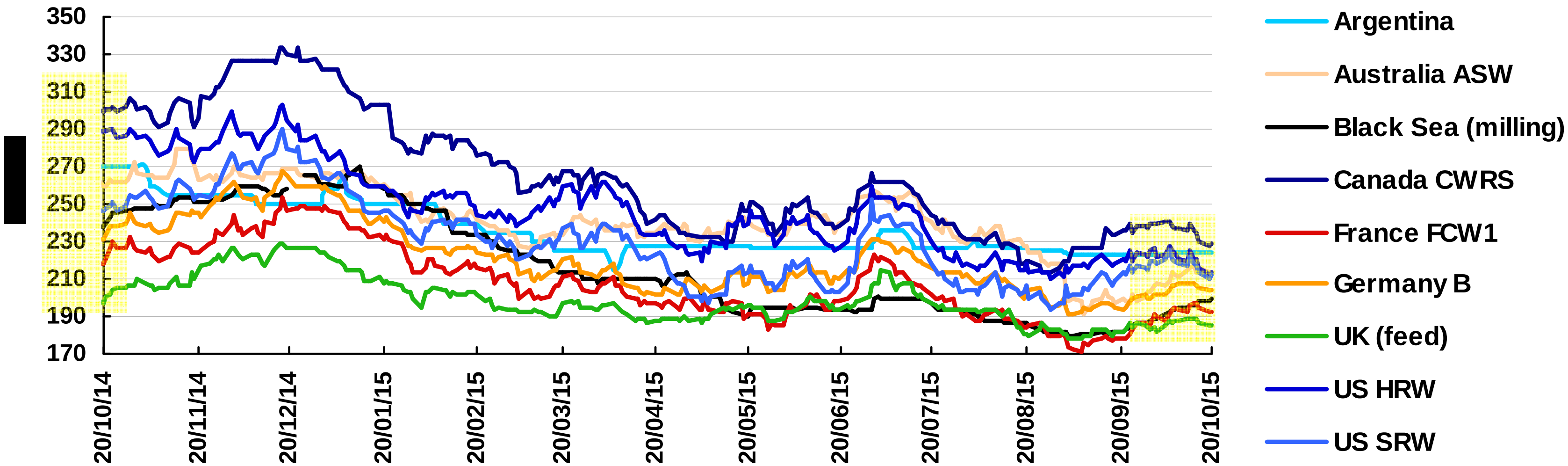
>>> distant places become « nearer »

data: ECB / La Dépêche / IGC

World WHEAT fundamentals & prices

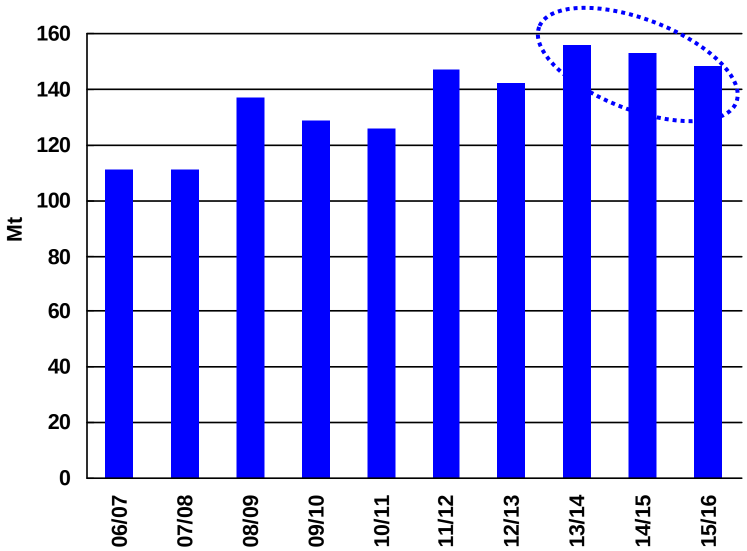






data: IGC

WHEAT world trade



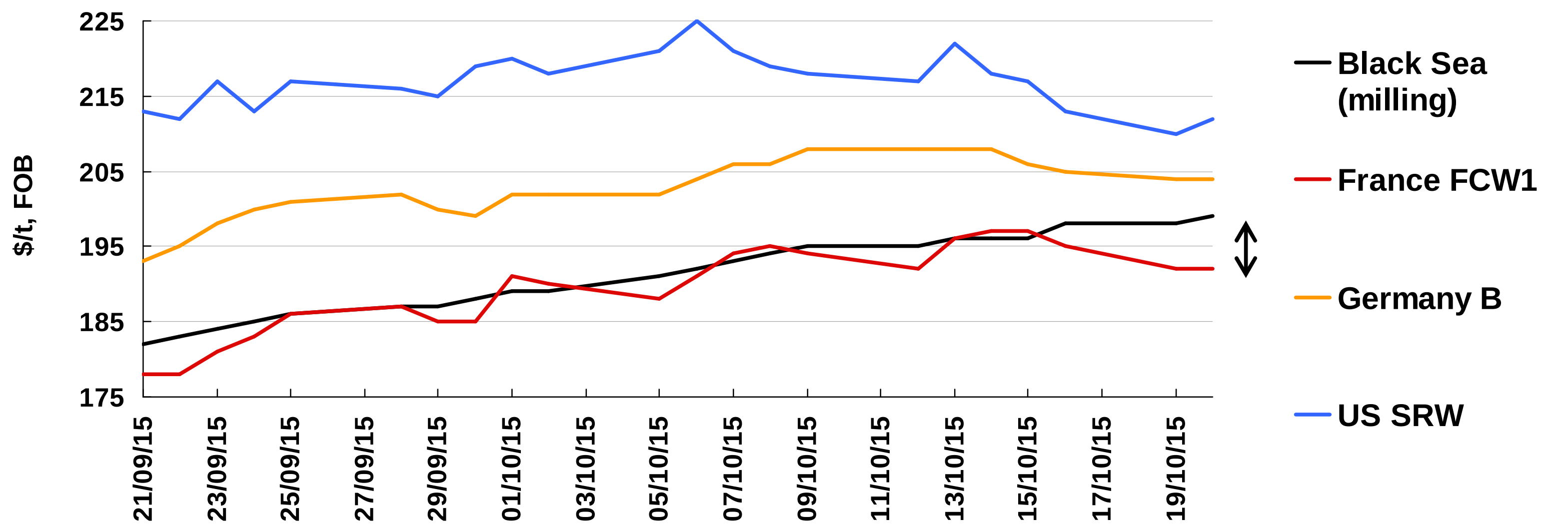
•Ukrainian crop: 60 % feed (x2 / p.y.)

• Brasilian feed wheat (rain at harvest): very competitive offers

	2014/15	**2015/16**	change
Total wheat	153,4	**148,8**	- 4,6
Milling wheat	118,9	**115,3**	**- 3,6**
<> Crops (+) Middle East & North Africa			
Feed wheat	11,3	**12,0**	**+ 0,7**
<> Availabilities in low & medium quality wheat, feed interest in Asia (CIF price)			
Durum	9,3	**8,1**	- 1,2
<> Crops (+) in the EU & North Africa			
Flour	13,9	**13,5**	- 0,4

data: IGC, 24/09/15

World wheat: the price war is raging



• Rising Ukr. feed wheat prices (exporters covering sales to Asian compouders)

Data: UAC Exports, 1 000 t	2015/16	Mktg year to date	shipped / forecast
July	1 076	1 076	8%
August	2 201	3 277	25%
Septembre	2 330	5 607	43%
Forecast		**13 000**	
(Prod.		24 200)	

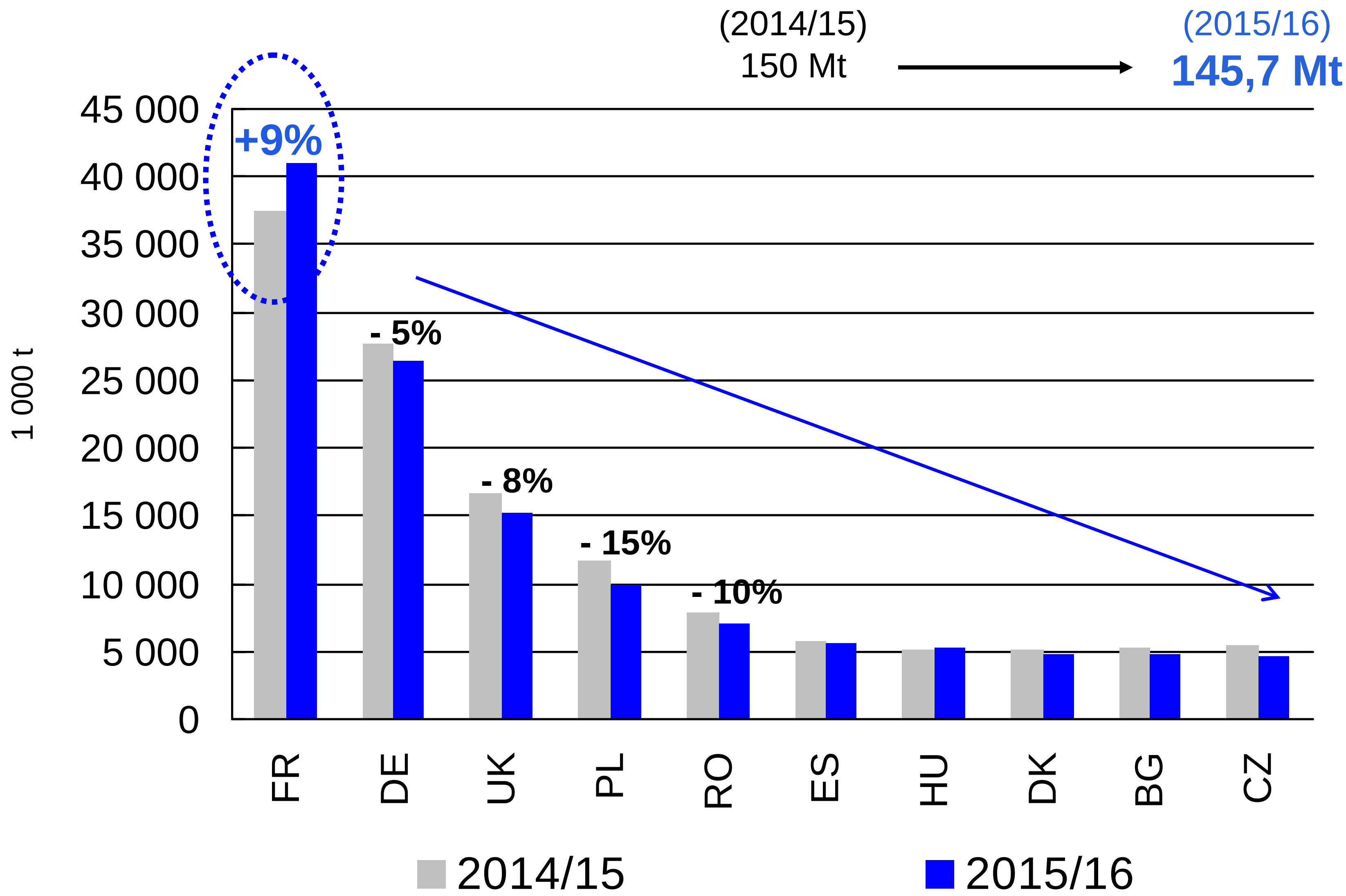
• Rising Russian prices (firm RUB, intervention price increase)

• French price: at parity with Black Sea

• **recent deals: very agressive prices out of the EU**

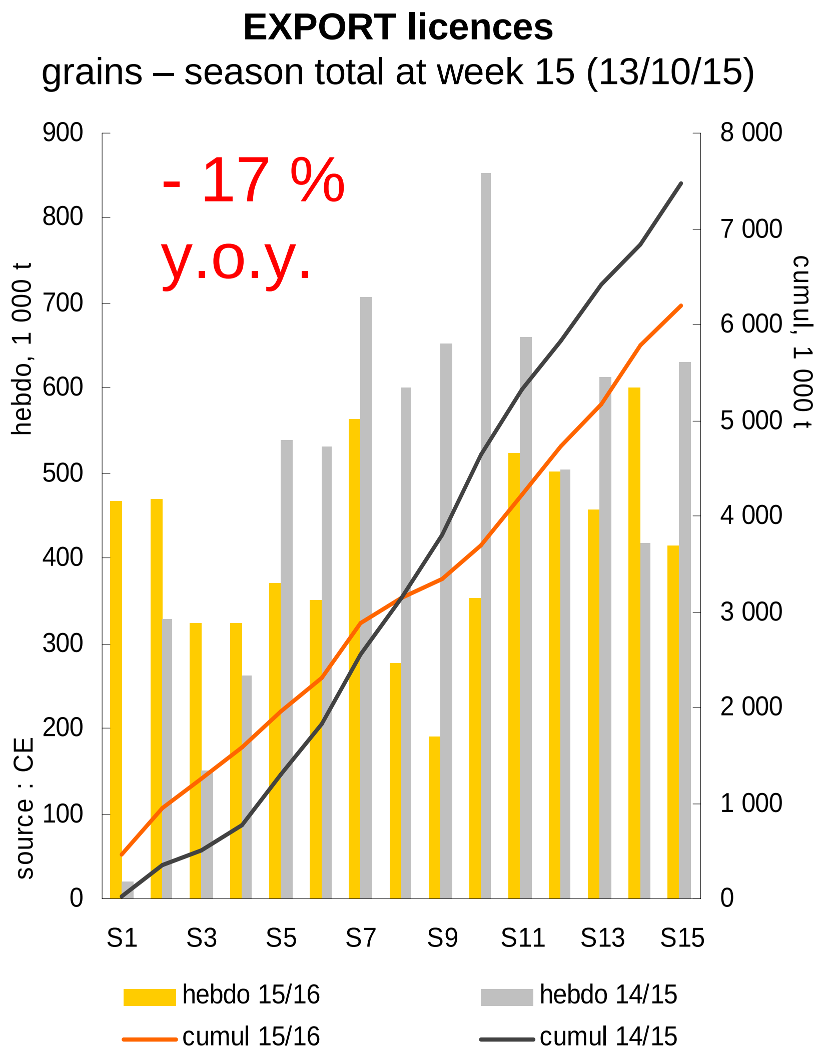
data: CIC ; UAC

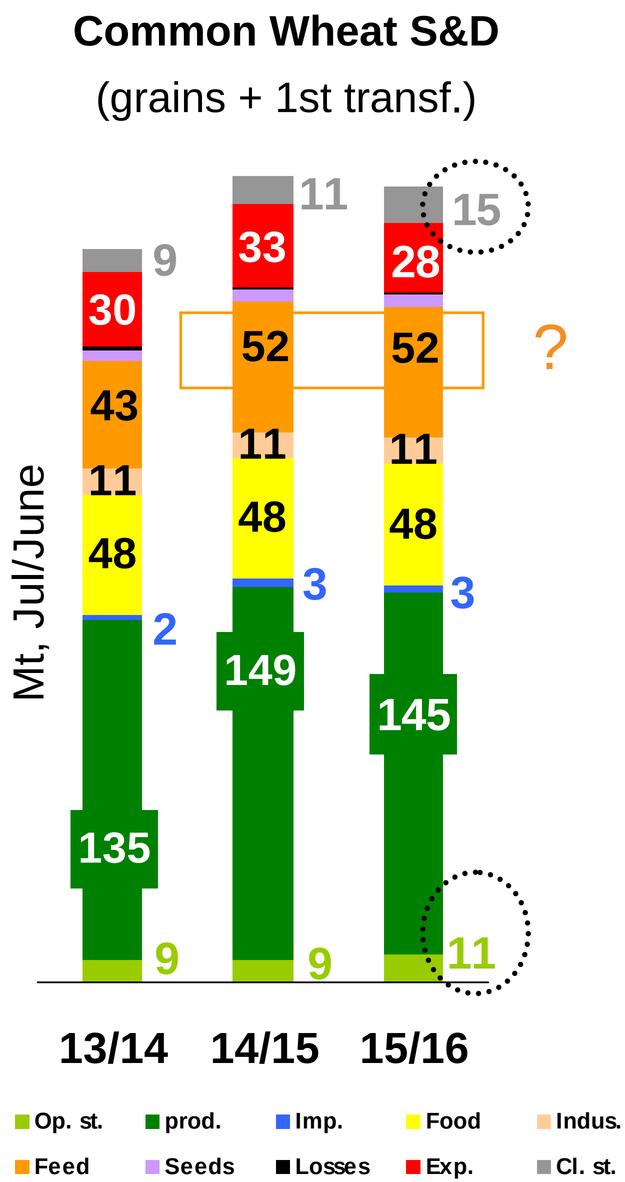
EU – WHEAT production



Data: EC (24/09/15) except FR: FranceAgriMer

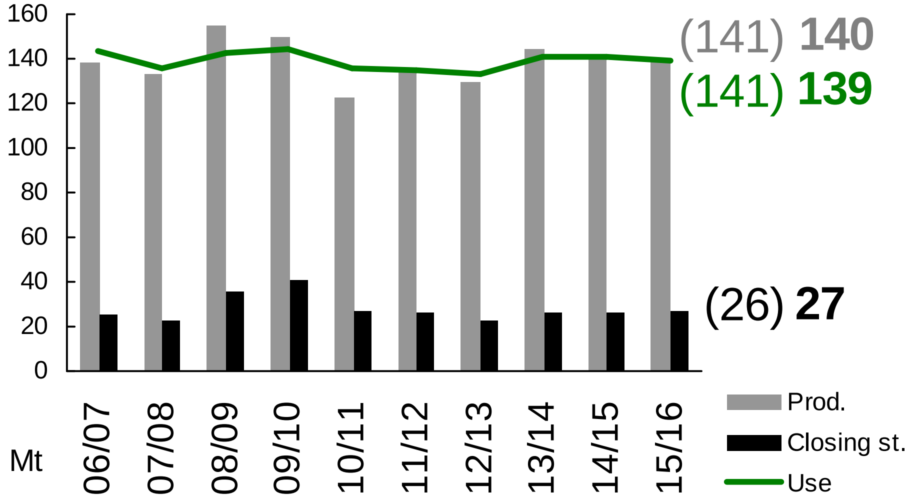
EU – WHEAT S&D estimate

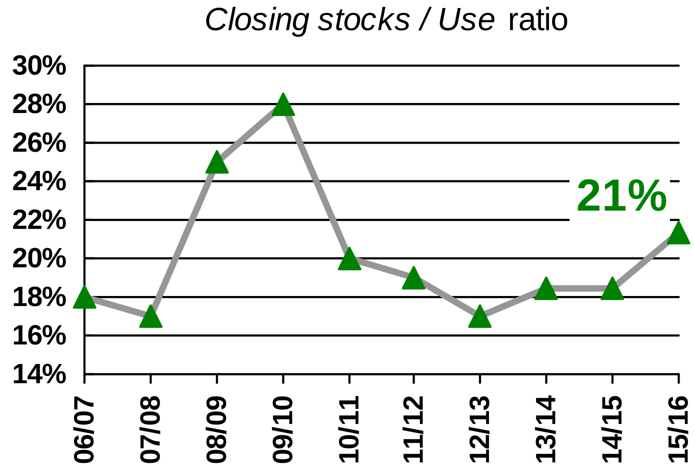


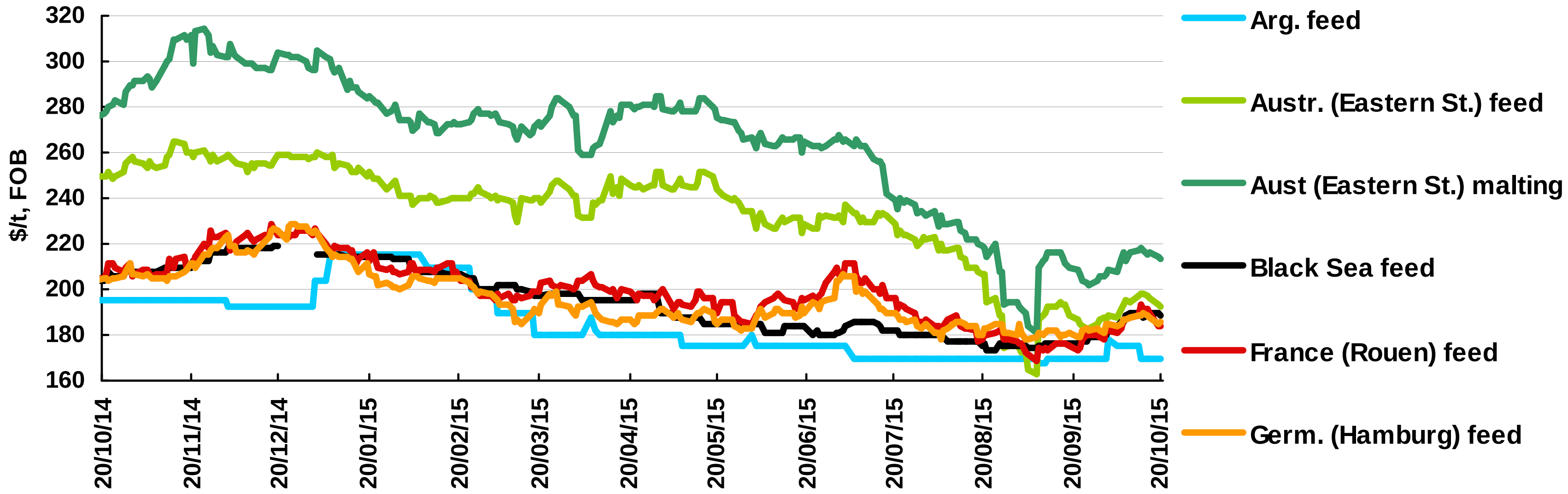


Data: EC

World BARLEY fundamentals & prices







data: CIC

World BARLEY market: what level of competition shall we see?

- **Ukraine : how much is left?**

Data: UAC Exports, 1 000 t	2015/16	Mktg year to date	shipped / forecast
July	974	974	29%
August	1 121	2 095	62%
Septembre	782	**2 877**	85%
Forecast		**3 400**	
(Prod.		8 060	

Ukraine : sold out?

Russia ~ 1/3 done

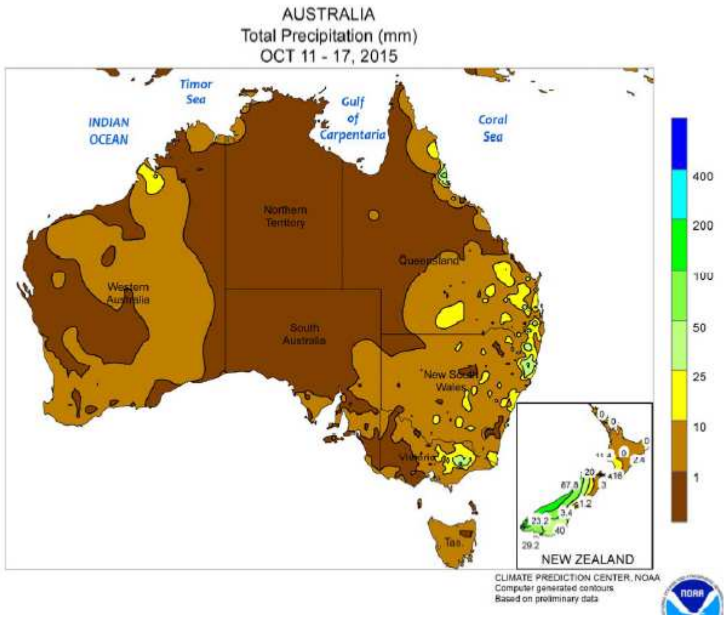
Baltique: almost sold out?

>>> towards a tight world barley S&D situation?

- **Australia : how much will there be?**

Data: ABARES, **15/09/15**	13/14	14/15	15/16
(April/March) barley prod.	9,2	**8,0**	**8,6**

?



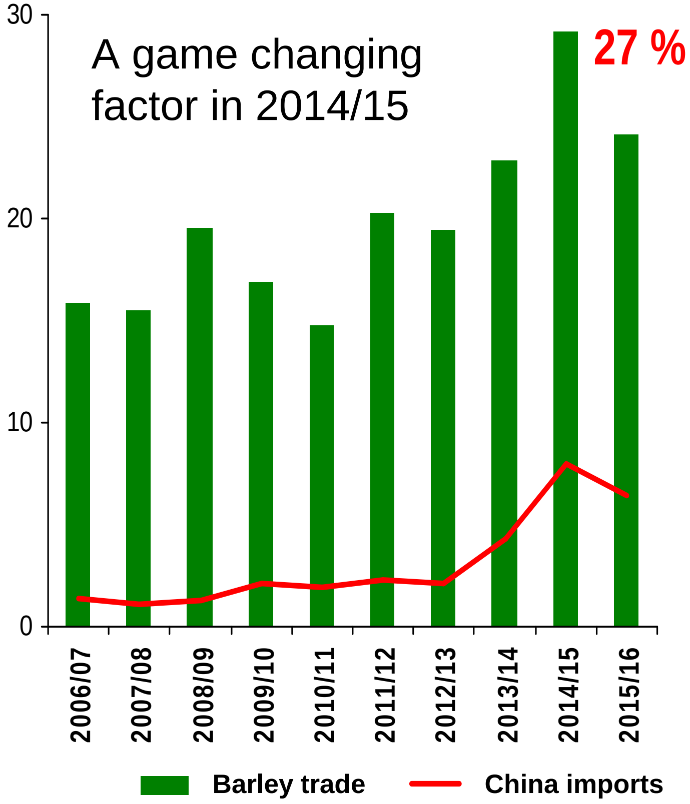
dryness & temperatures should rise by the end of 2015

>>> decrease in grain yields (& grass)?

>>> impact on exportable surplus?

China: what level of support to the feed market in 2015/16 ?

Restrictive import measures & a struggling economy



A burdensome domestic **maize stock to draw down**

- Since January 2015 : Maize import licences subordinate to purchase made out of intervention stock

- 2015/16 : maize support price expected to decrease

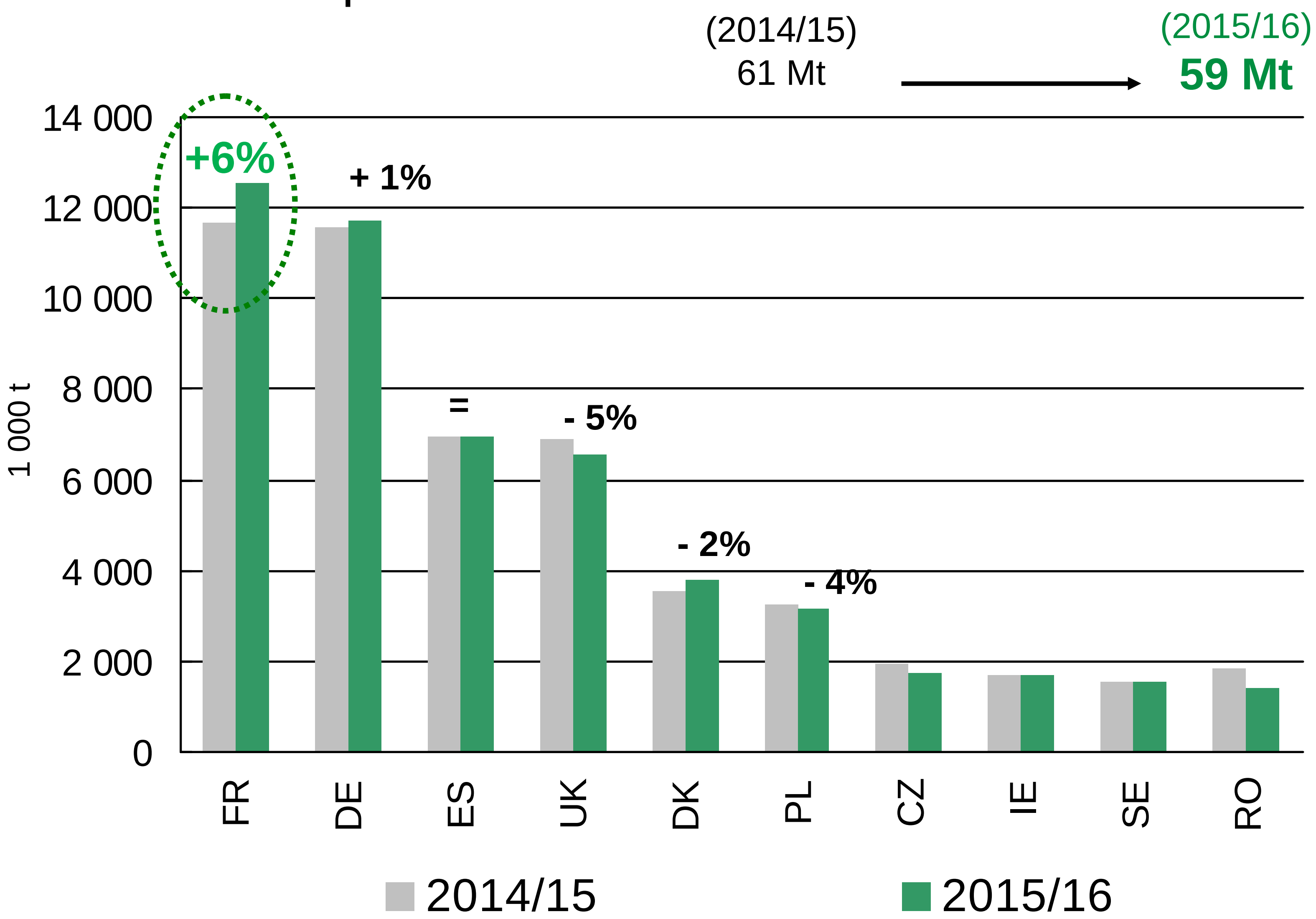
- since September 1st, 2015 : **Barley**, sorghum, distillers' grains import **licences introduced**

- Currently: Quality controls at ports (unloading delays)

Australian prices down, reflecting less Chinese demand

>>> towards a heavy barley S&D situation?

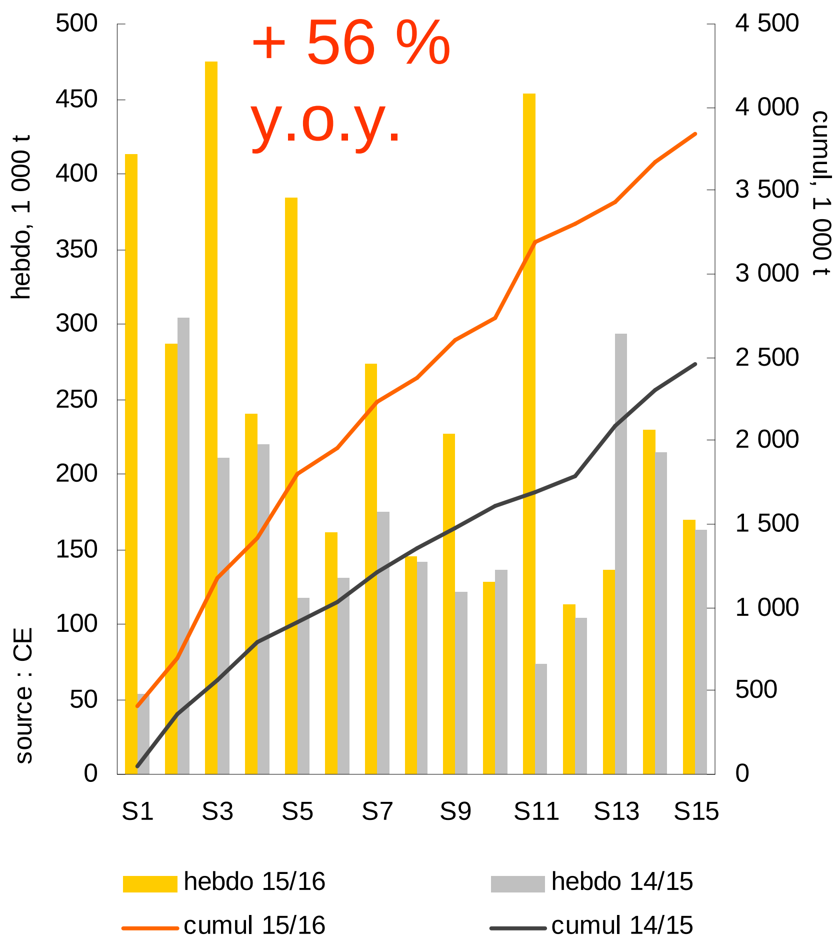
EU – BARLEY production



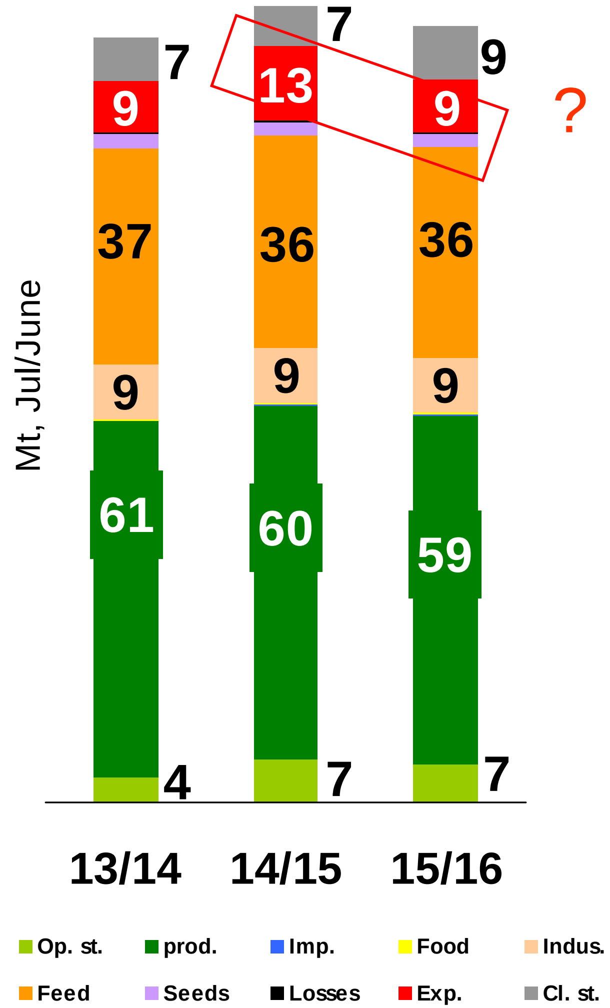
Data: EC (24/09/15) except FR: FranceAgriMer

EU – BARLEY S&D estimate

EXPORT licences
grains – season total at week 15 (13/10/15)

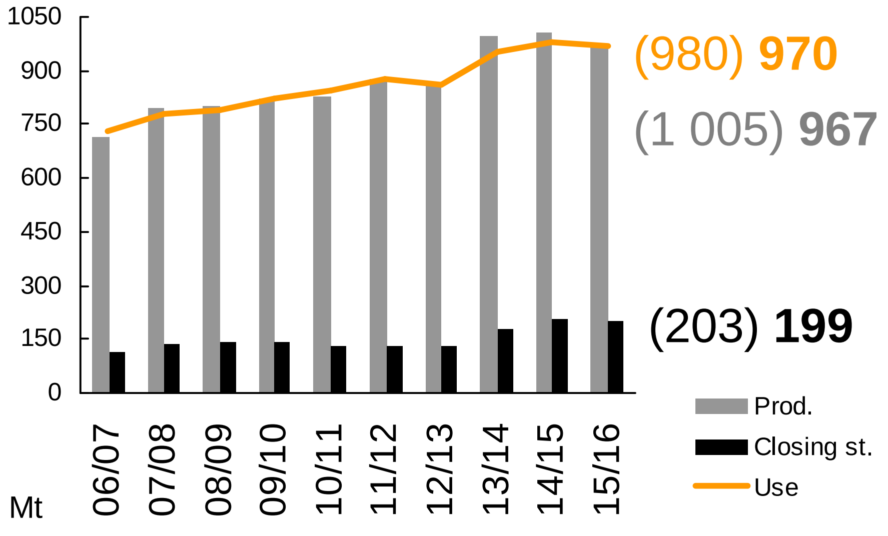


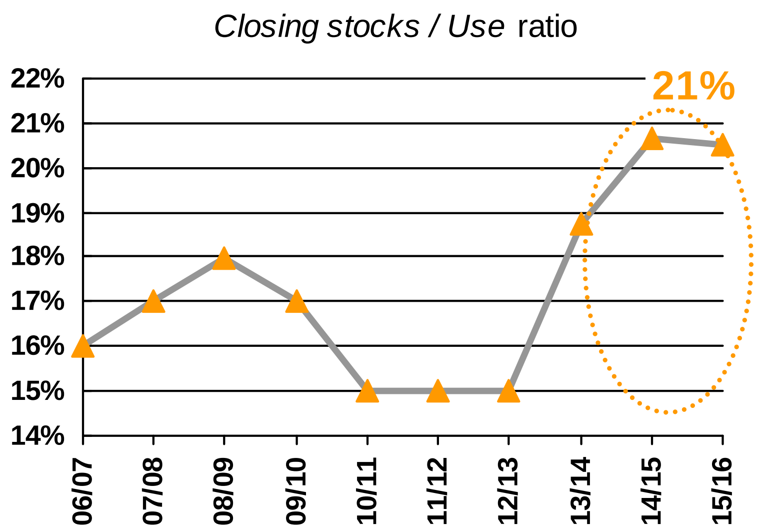
Barley S&D
(grains + 1st transf.)

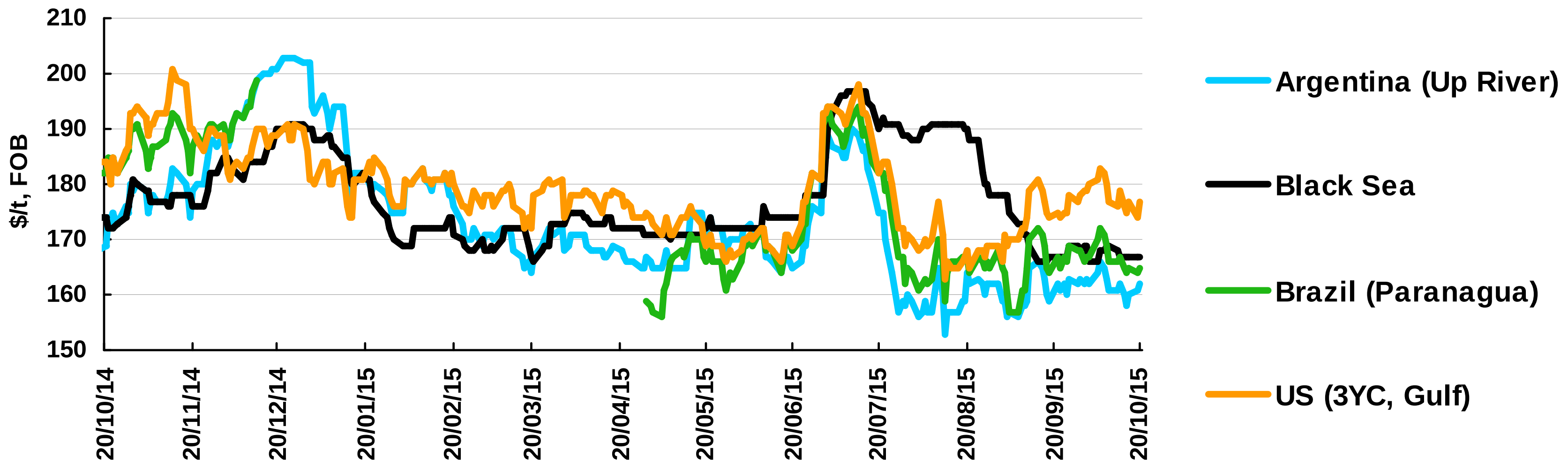


Data: EC

World MAIZE fundamentals & prices

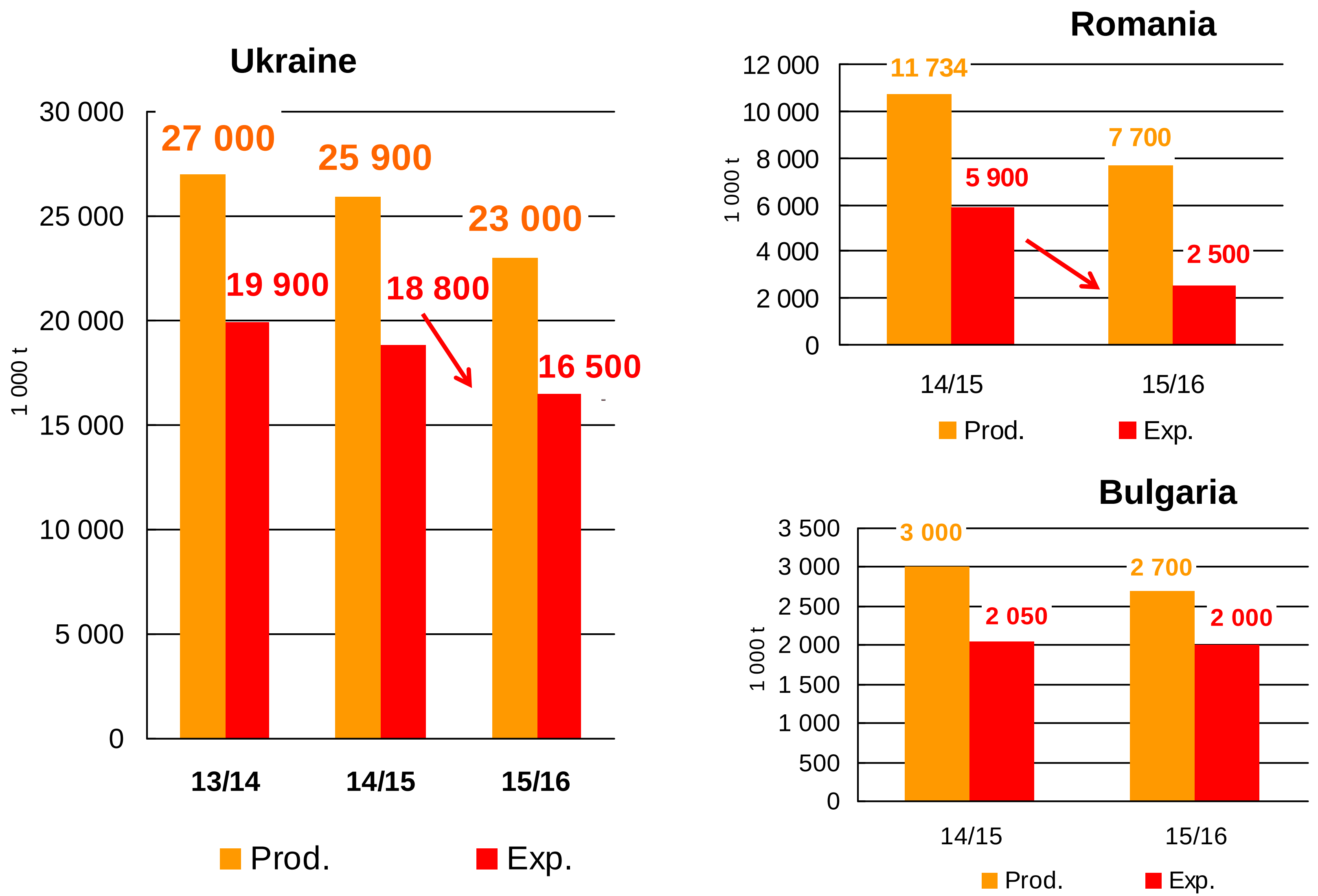






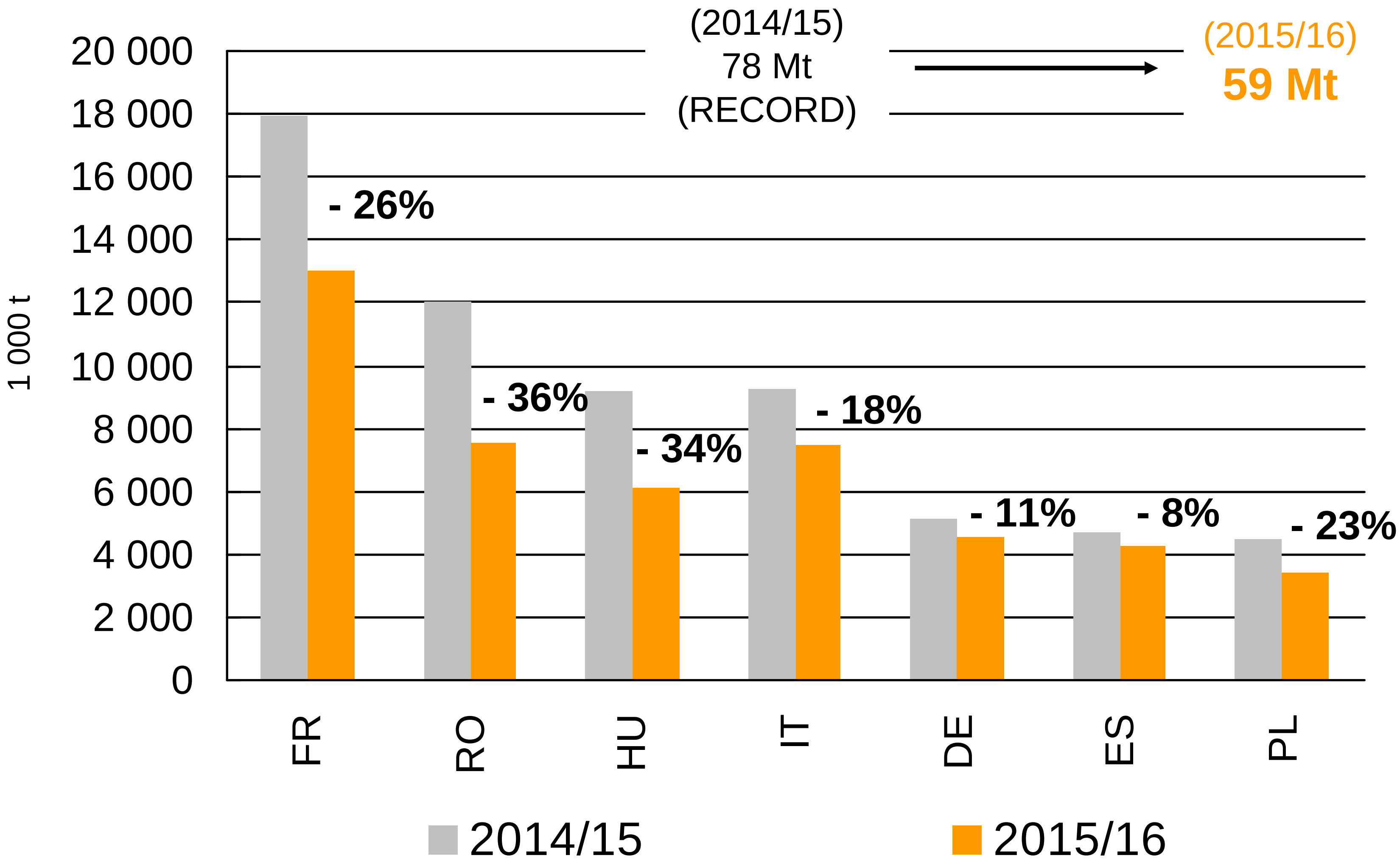
Data: IGC

Black Sea maize: the price of dry conditions



Data: UkrAgroConsult

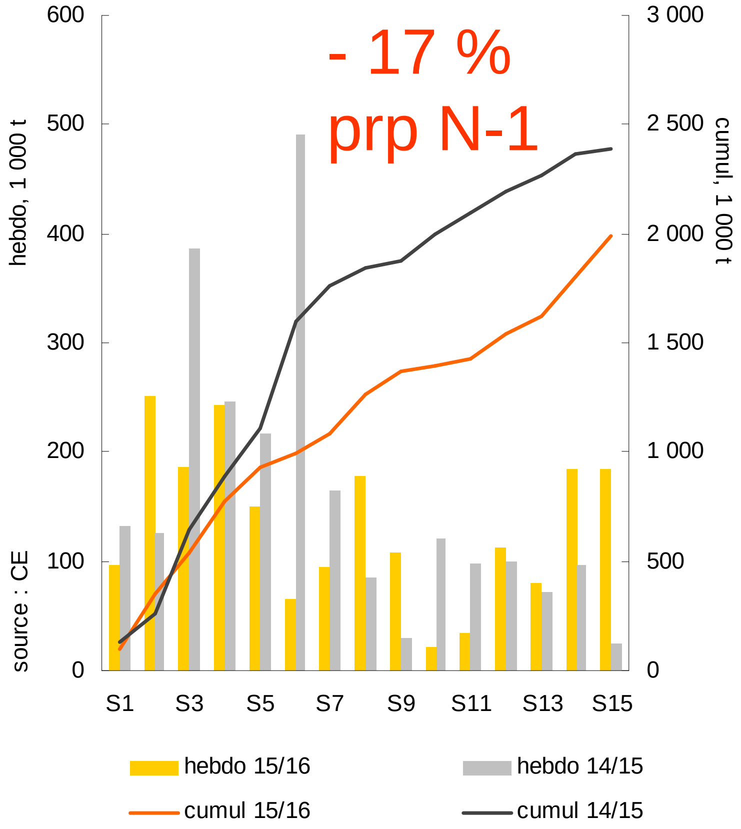
EU – MAIZE production (forecast)



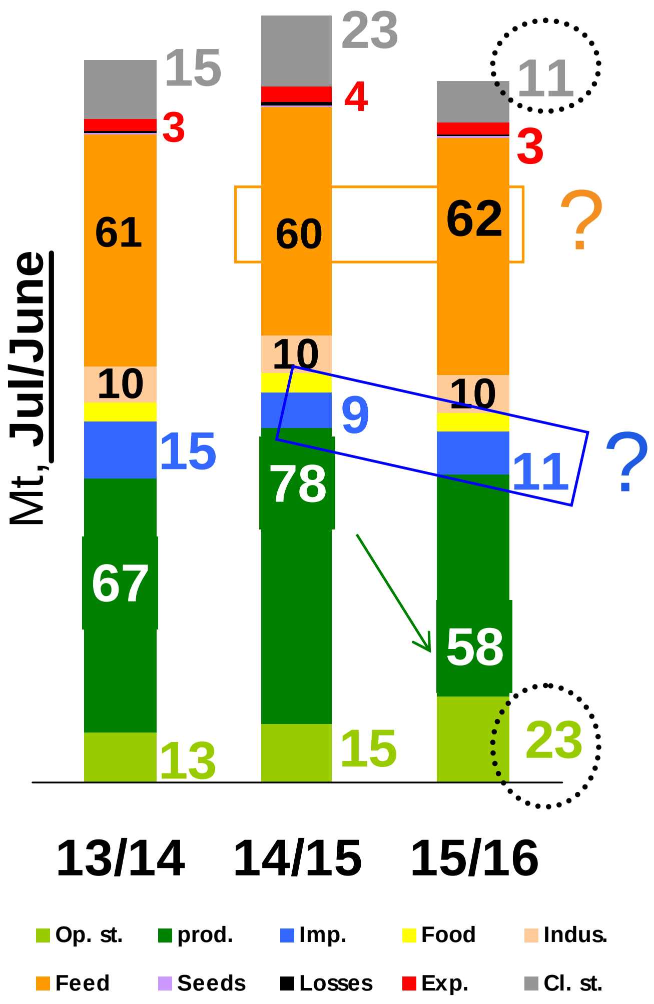
Data: EC (24/09/15) except FR: FranceAgriMer

EU – MAIZE S&D estimate

IMPORT licences
grains – season total at week 15 (13/10/15)



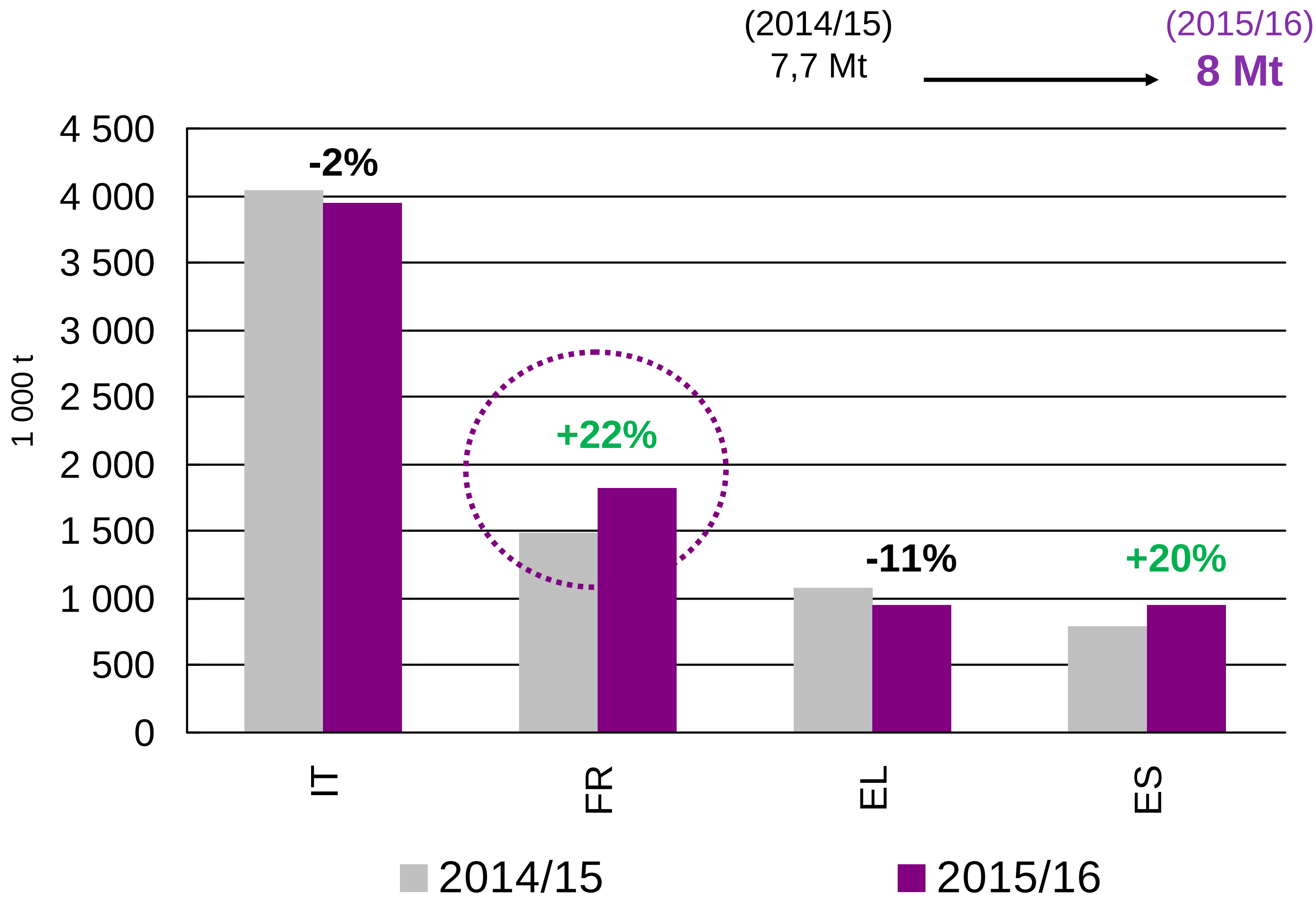
Maize S&D
(grains + 1st transf.)



Shall we see a higher import interest than last year?

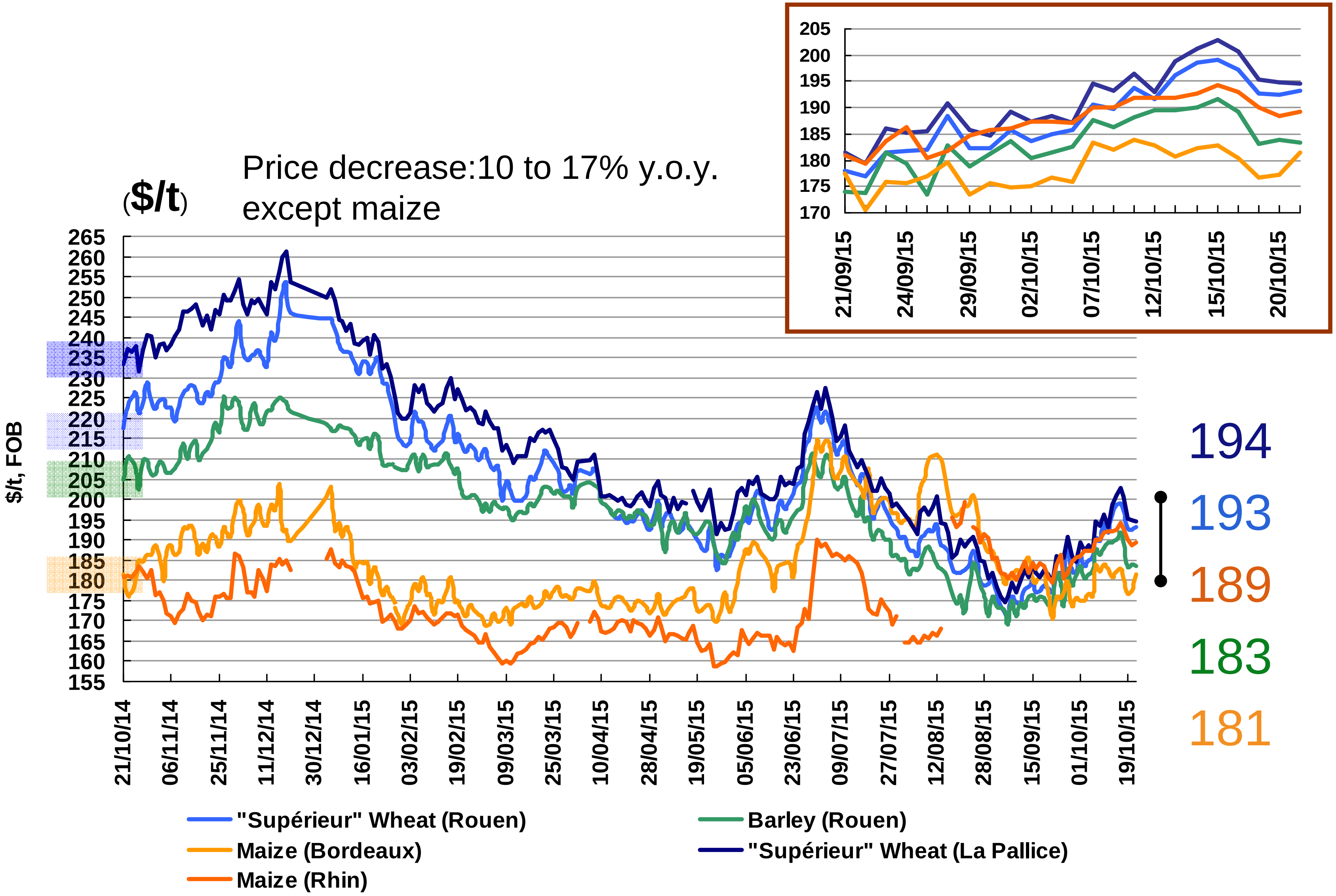
Data: EC

EU – DURUM production



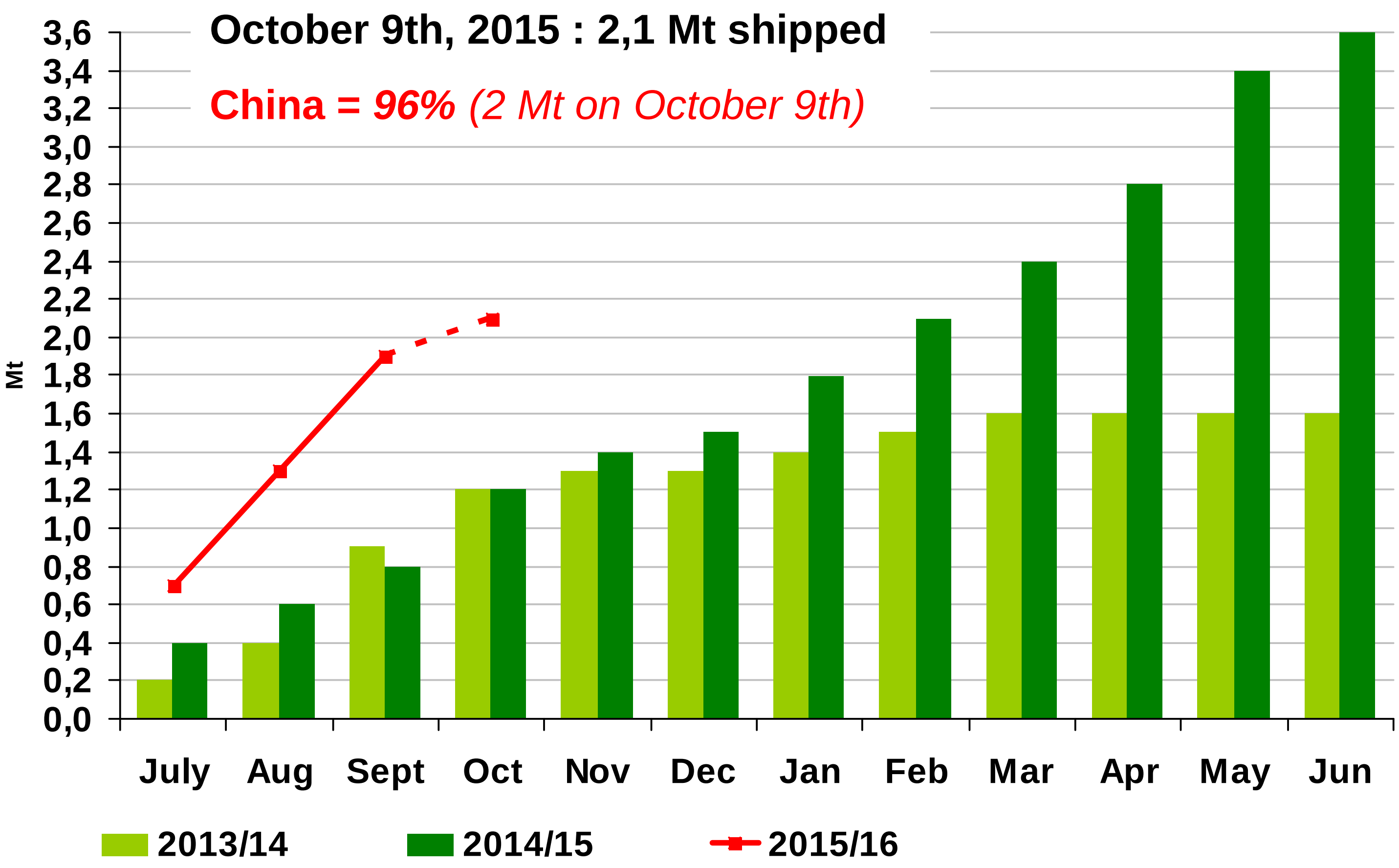
Data: EC (24/09/15) except FR: FranceAgriMer

French cereals – export prices



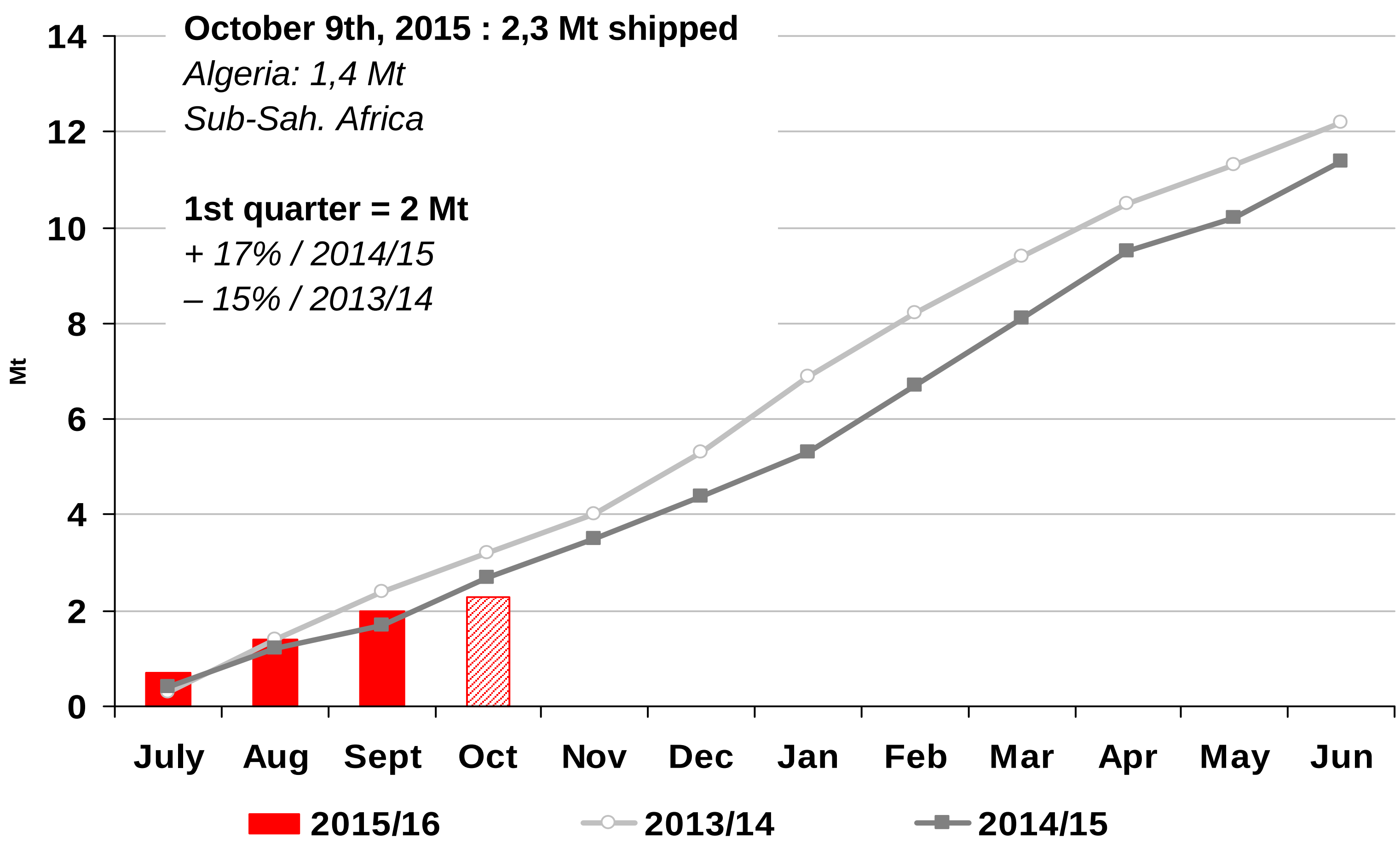
data: FranceAgriMer

BARLEY: shipments from French ports to third-countries (season total)



Data: French Customs, Infograin, Reuter's

Common WHEAT: shipments from French ports to third-countries (season total)

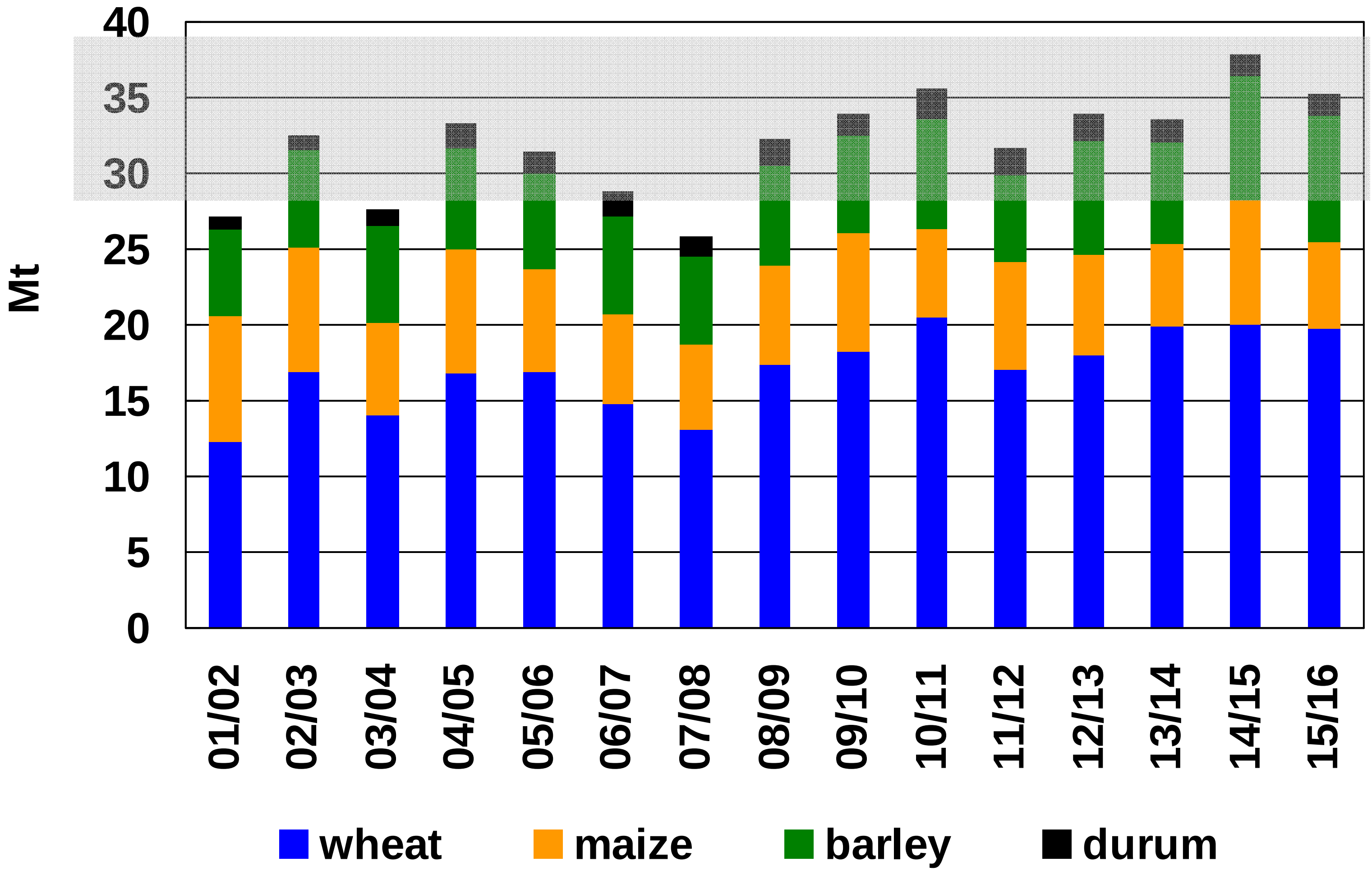


Data: French Customs, Infograin, Reuter's

The French grain balances

in the international context

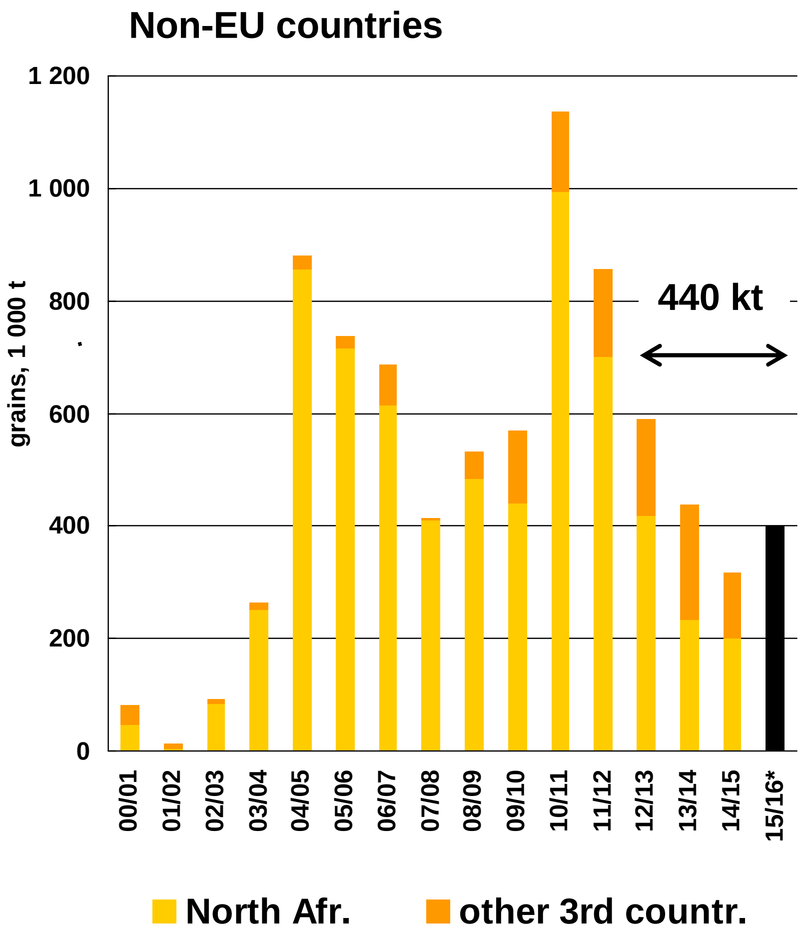
French cereals exports (grains and 1st transf. products)

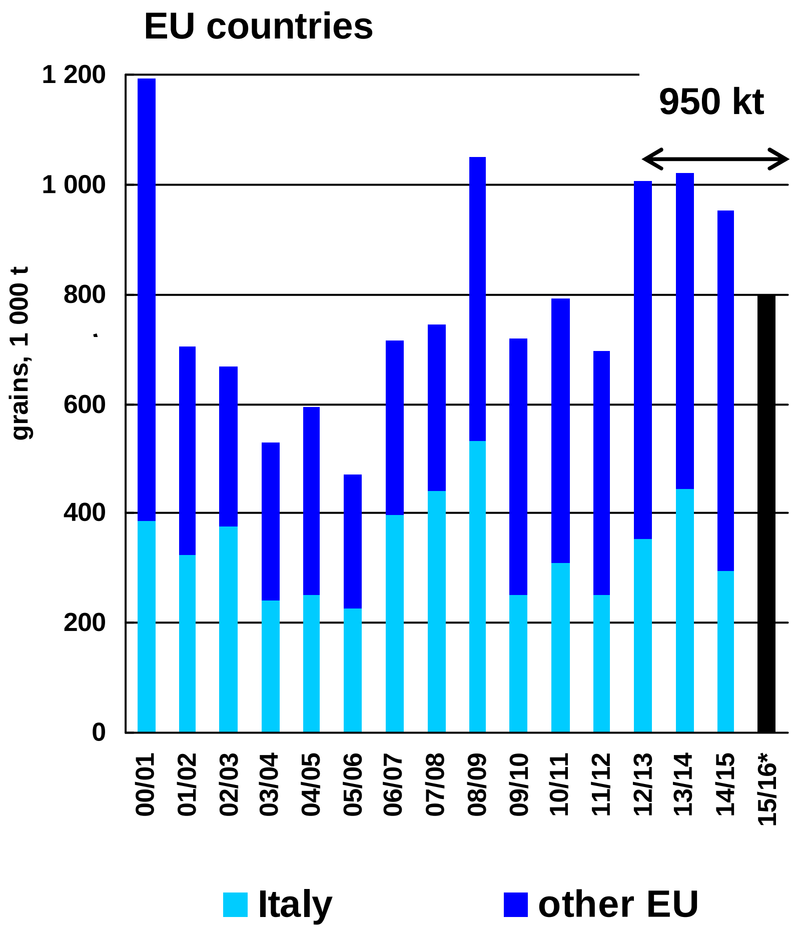


Source : FranceAgriMer

French DURUM exports

- 5 y. av: 1,5 Mt
- 13/14 & 14/15: decrease in durum area

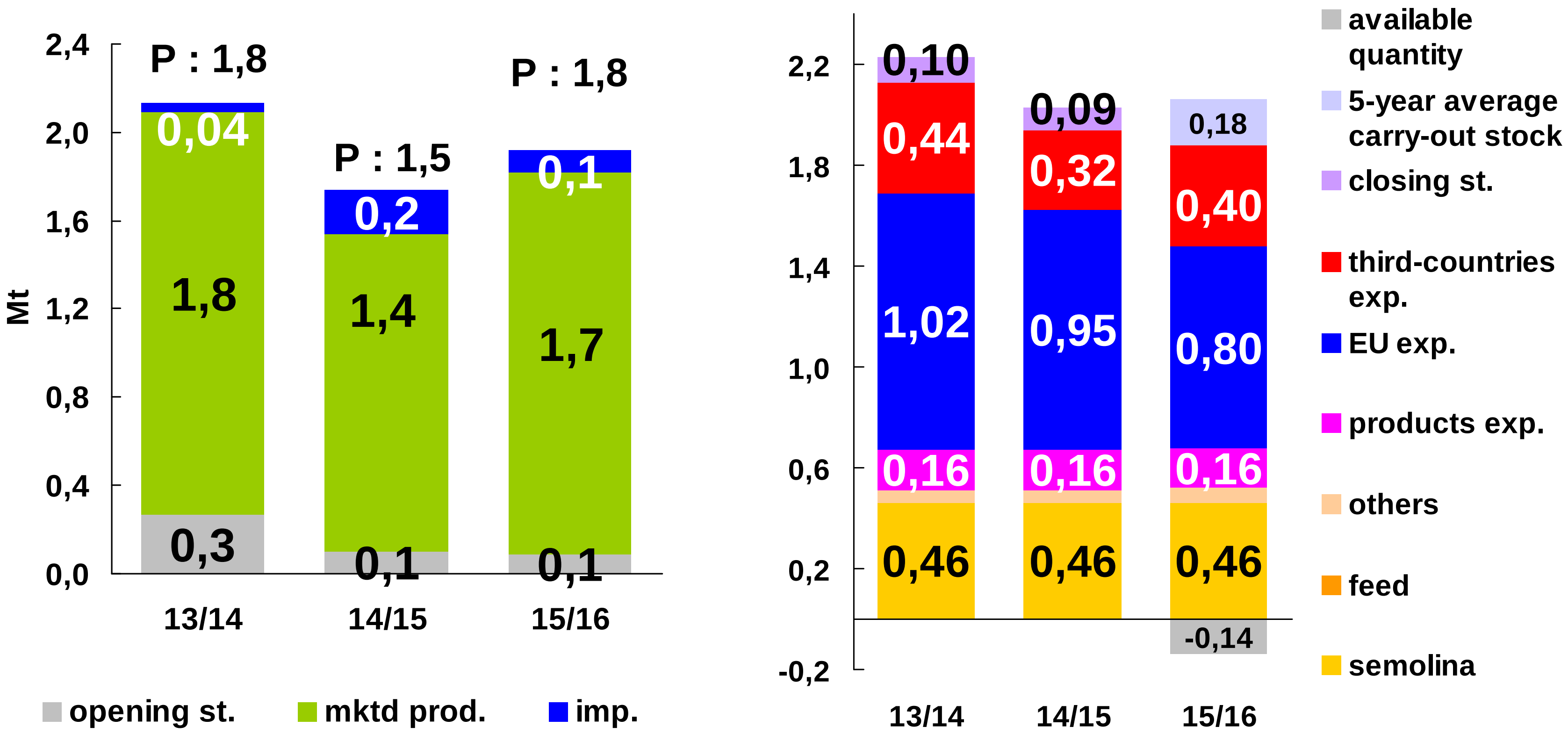




15/16: Oct. 2015 forecast

data: French customs

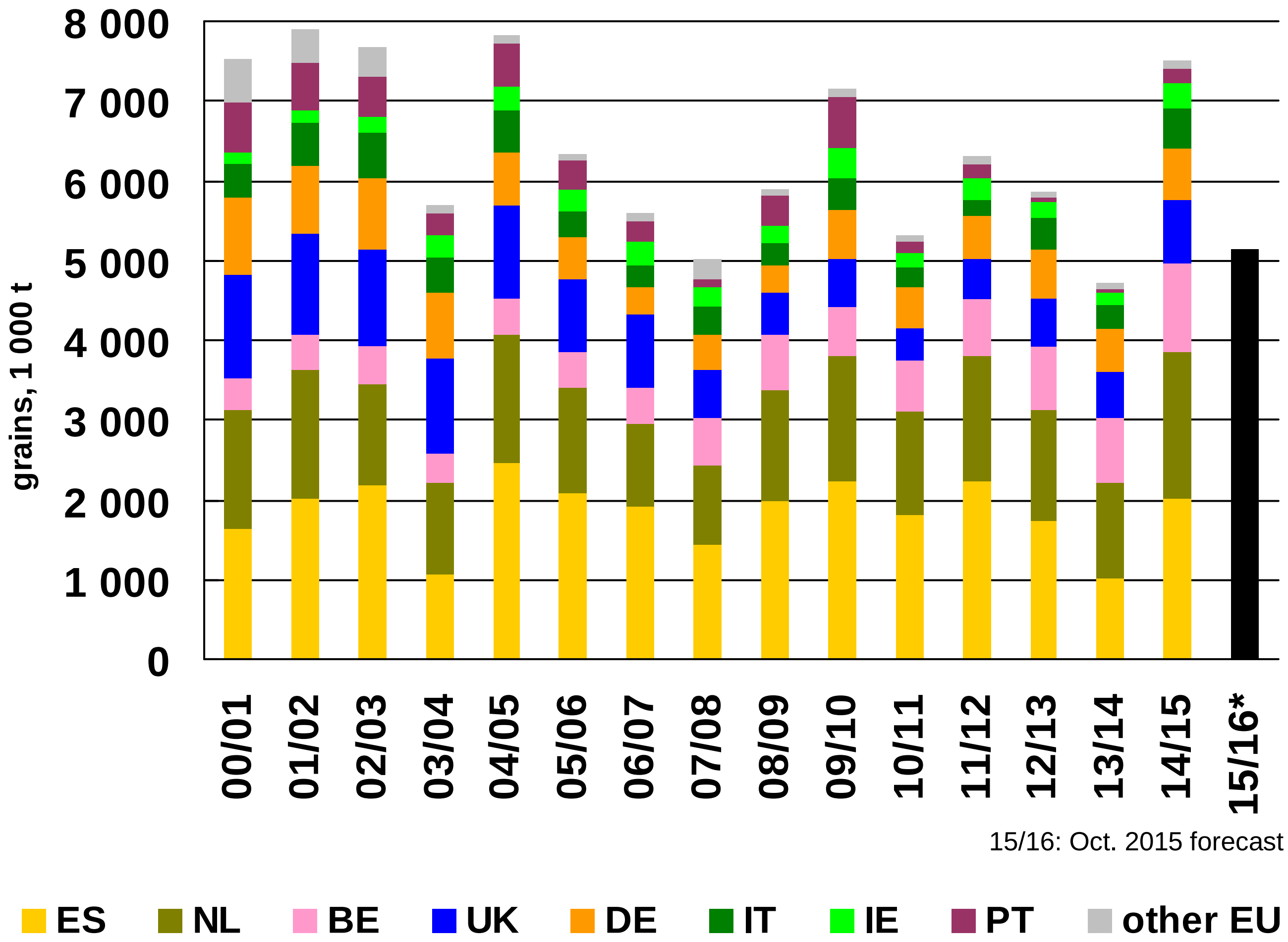
French DURUM balance



- Decrease in area: -1/3 within 2 years
- 2015/16, plan to boost durum production: on our way

Data: FranceAgriMer

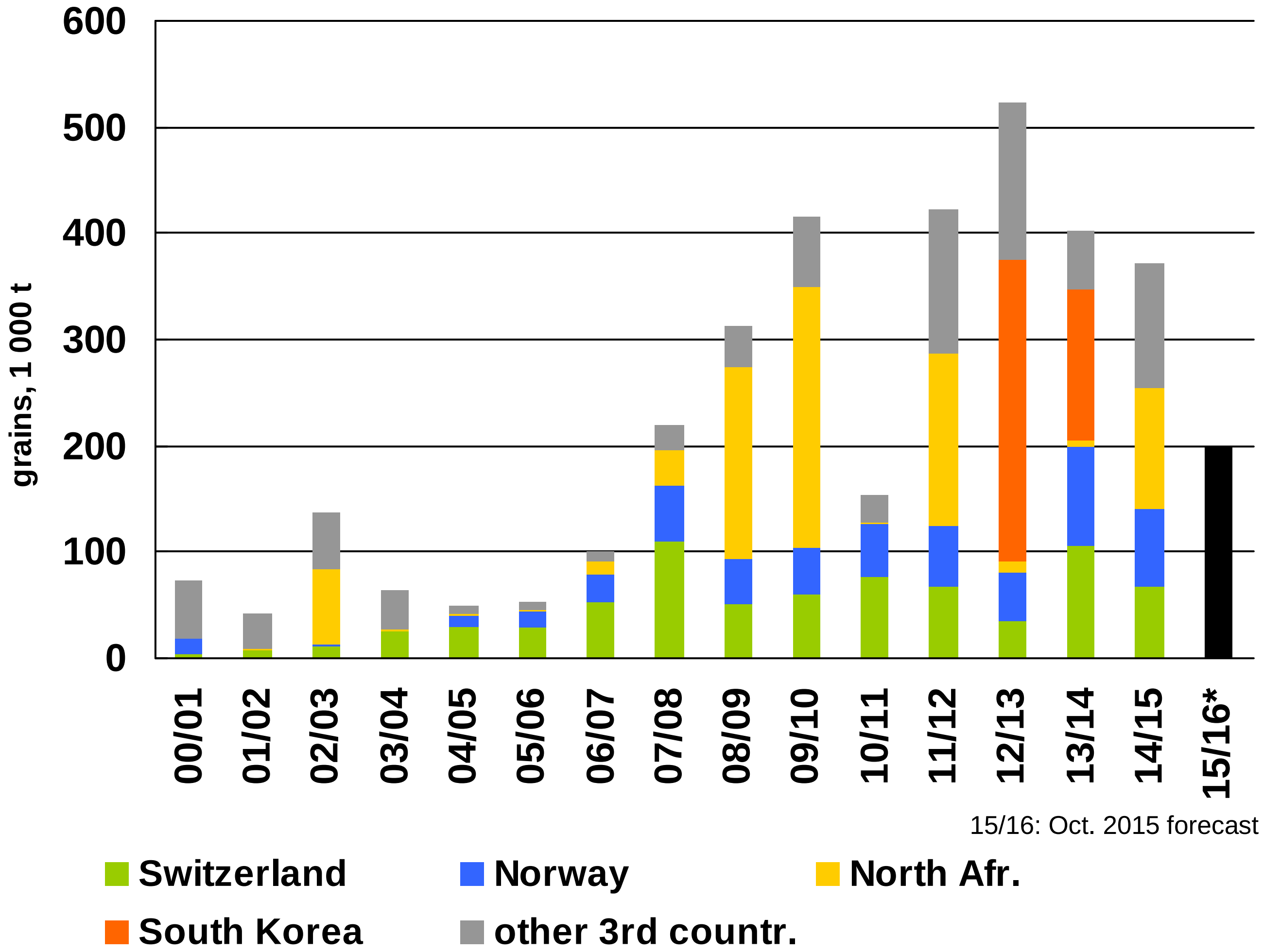
French MAIZE exports to EU countries



- + Spain, Northern EU
- Competition from the Ukraine (South EU)
- 14/15: availabilities, import duty in the EU, Ukr maize to China
- 15/16: feed wheat availabilities # maize availabilities

data: French customs

French MAIZE exports to non-EU countries

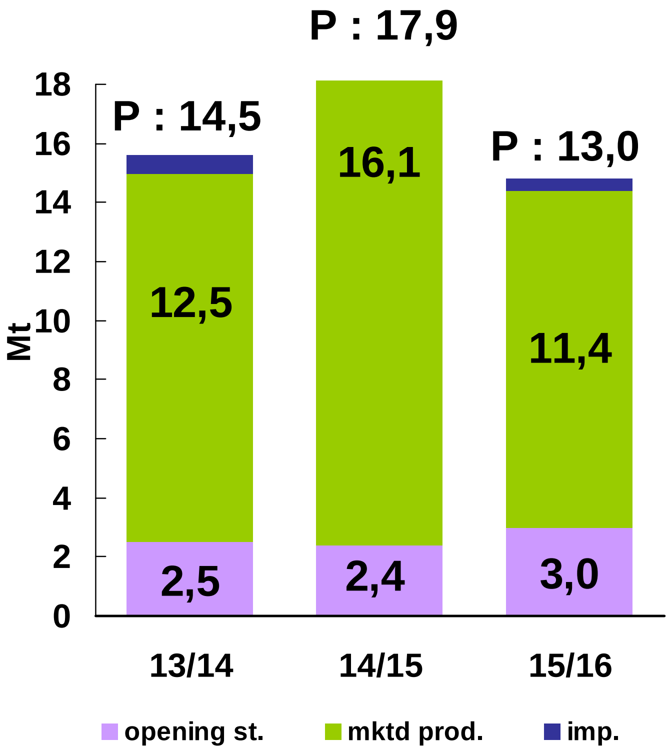


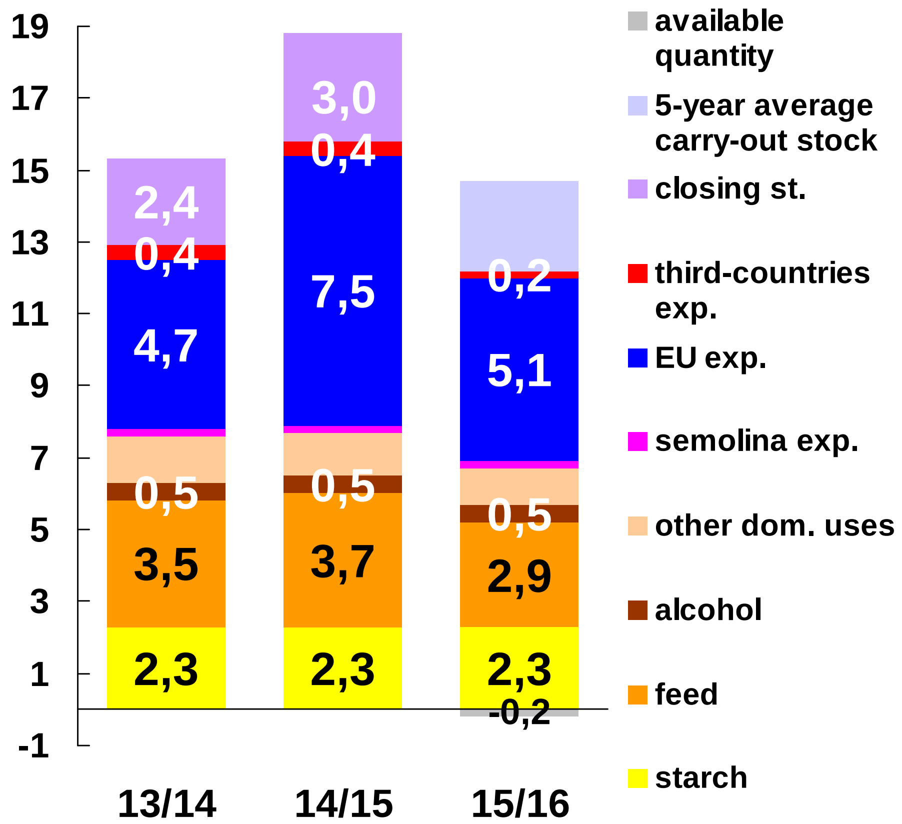
- European non-EU countries
- North Africa
- Asia

data: French customs

French MAIZE balance

🔔 grain maize (silage maize excluded)

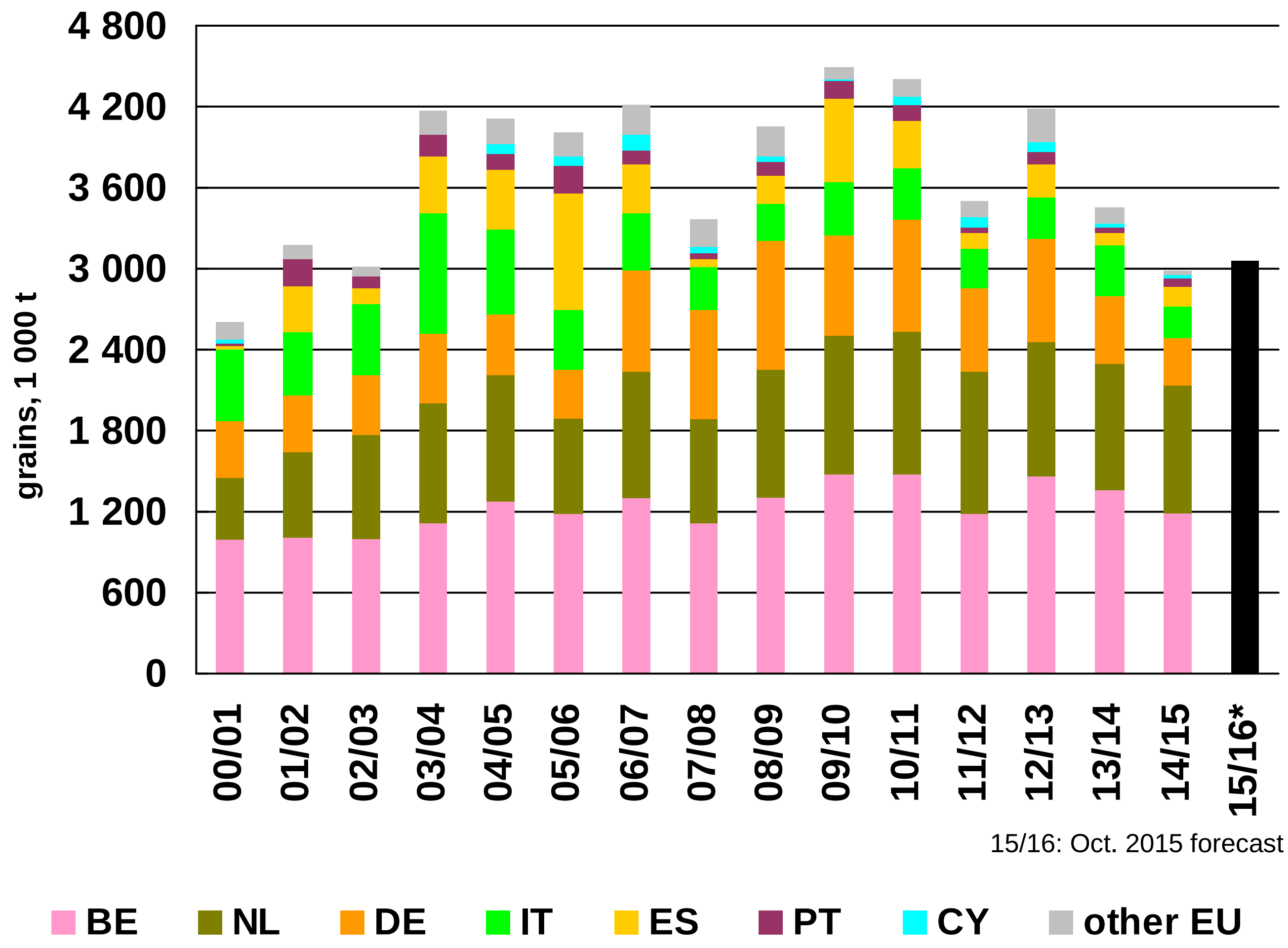




- Area & yield down
- 2014/15: an absolute record
- Opening st.: total supply near 2013/14
- Feed: relative prices with wheat
- Estimated export consistent with estimated availabilities (updates to come)

Data: FranceAgriMer

French BARLEY exports to EU countries

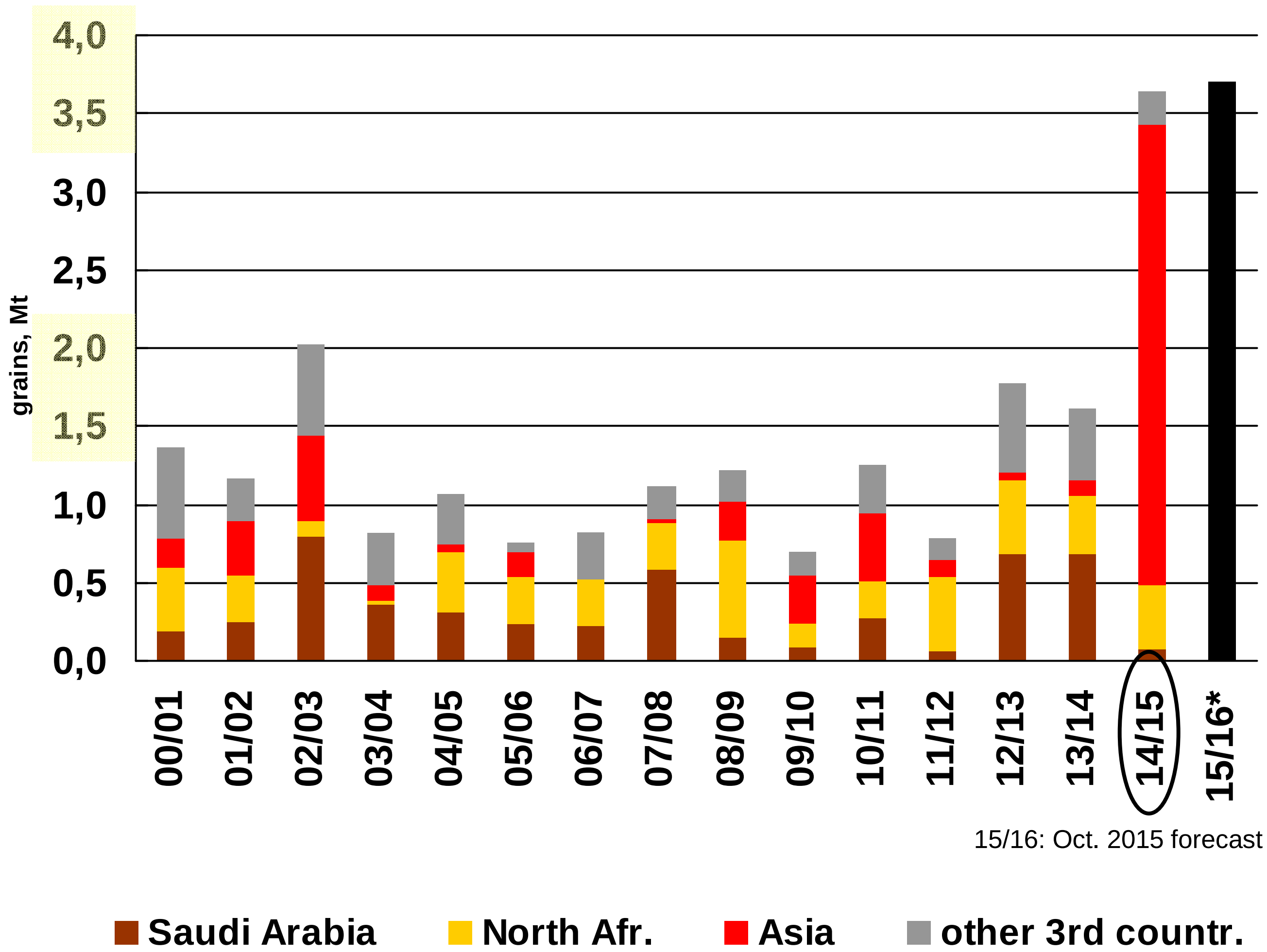


- + Northern EU
- dynamic exports, less competitive in feed rations
- 14/15:

Non-EU exports > EU exports

data: French customs

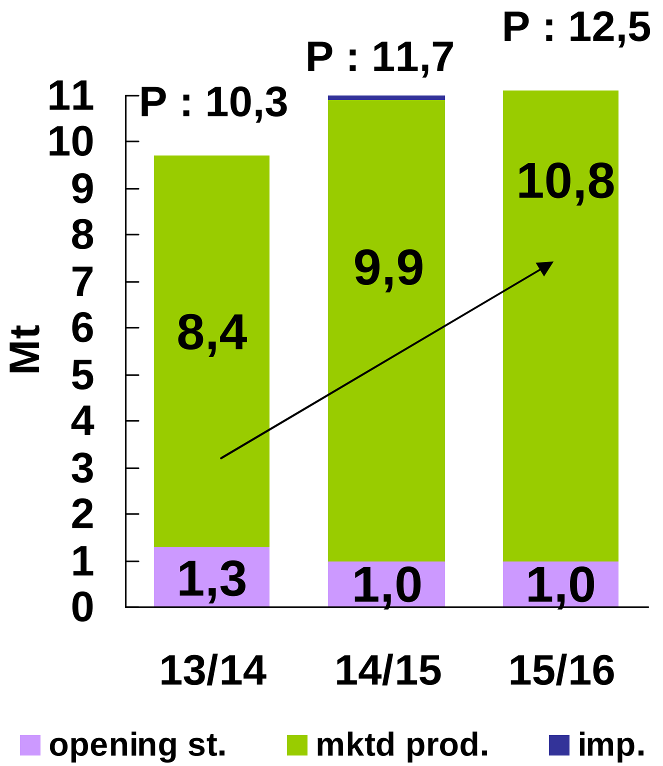
French BARLEY exports to non-EU countries: a dramatic change from 2014/15

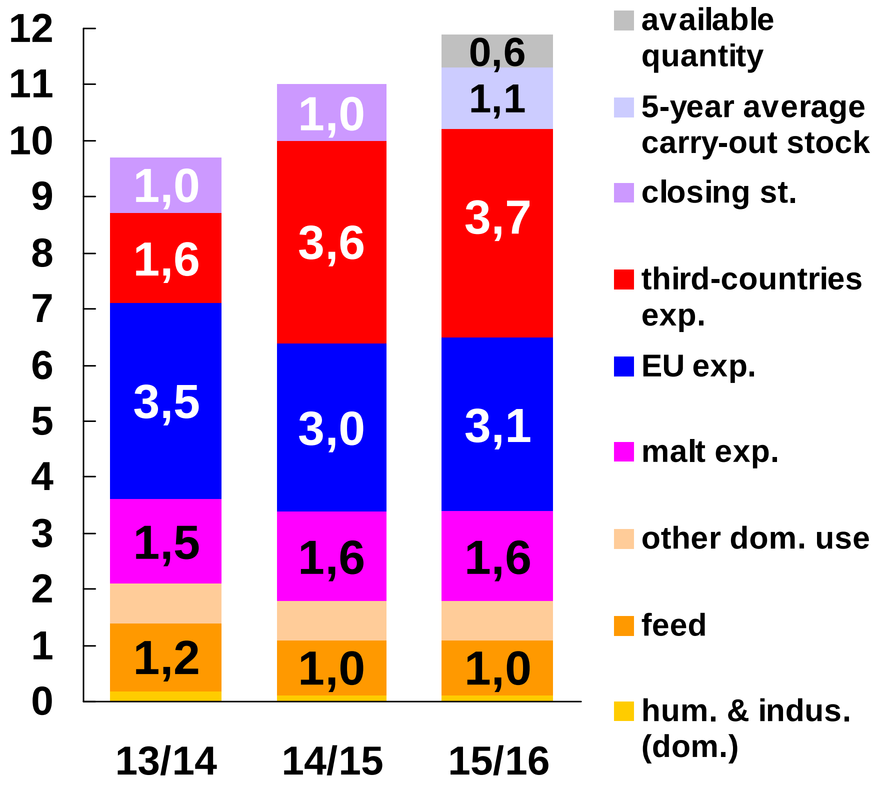


- Asia ~ China
- a traditional malting barley market for France
- the 2014/15 new deal: all about Chinese feed grains imports
- a series of restrictive measures

data: French customs

French BARLEY balance

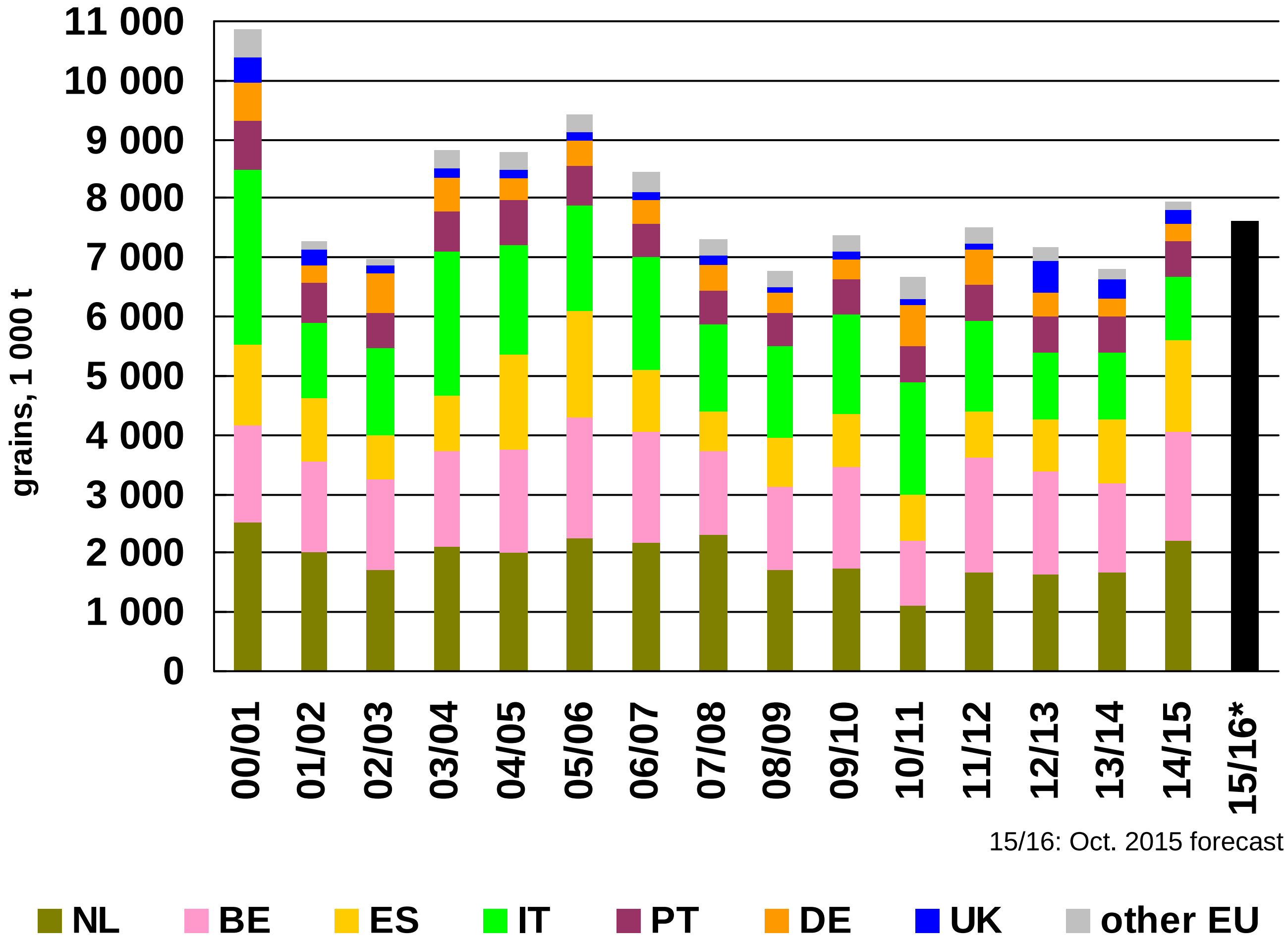




- Very high level of prod.
- Feed: at a technical minimum
- Chinese demand since 2014/15
- available quantities to respond to additional demand

Source : FranceAgriMer

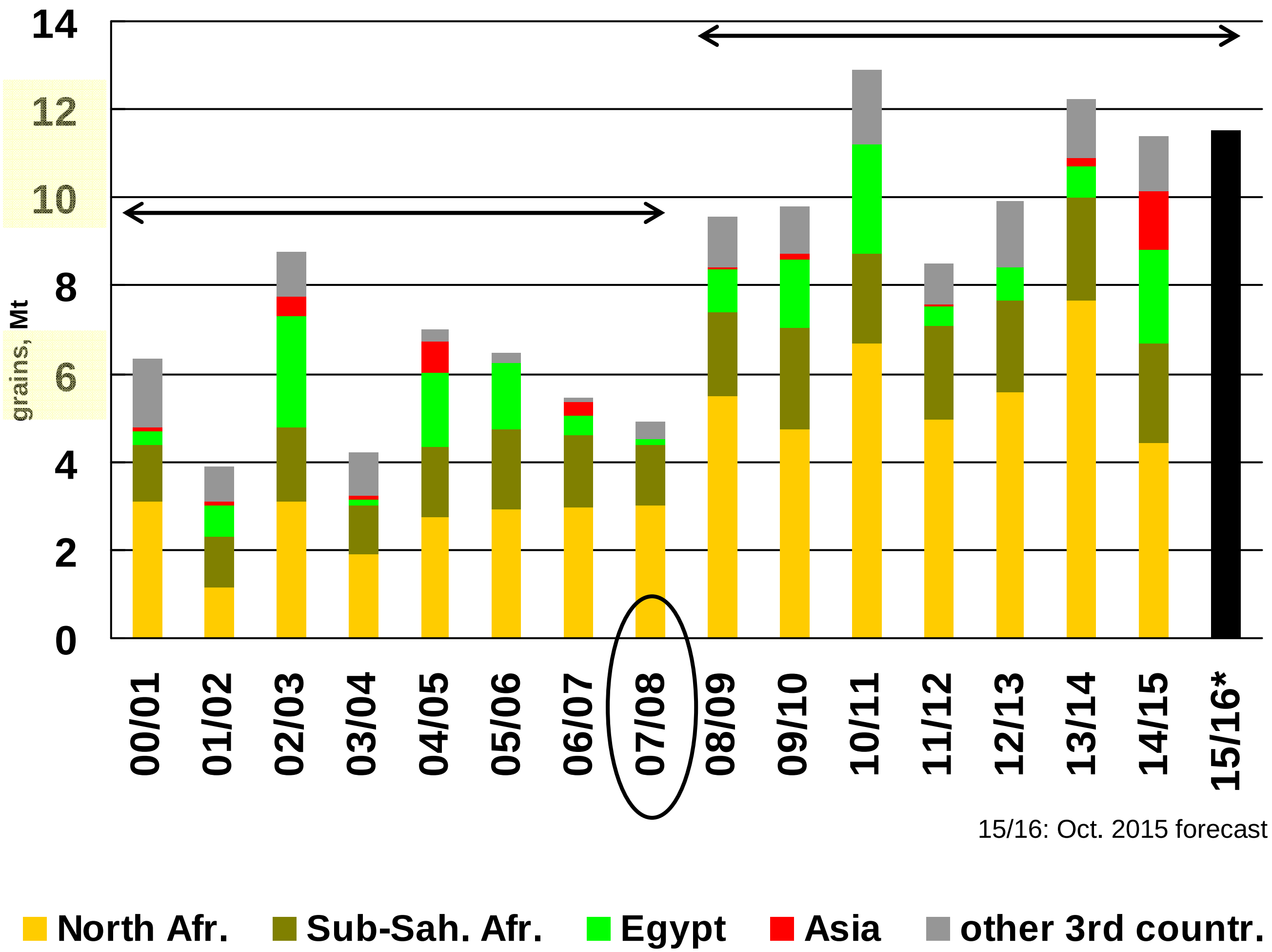
French WHEAT exports to EU countries



- Northern & Southern EU
- Milling & feed usage

data: French customs

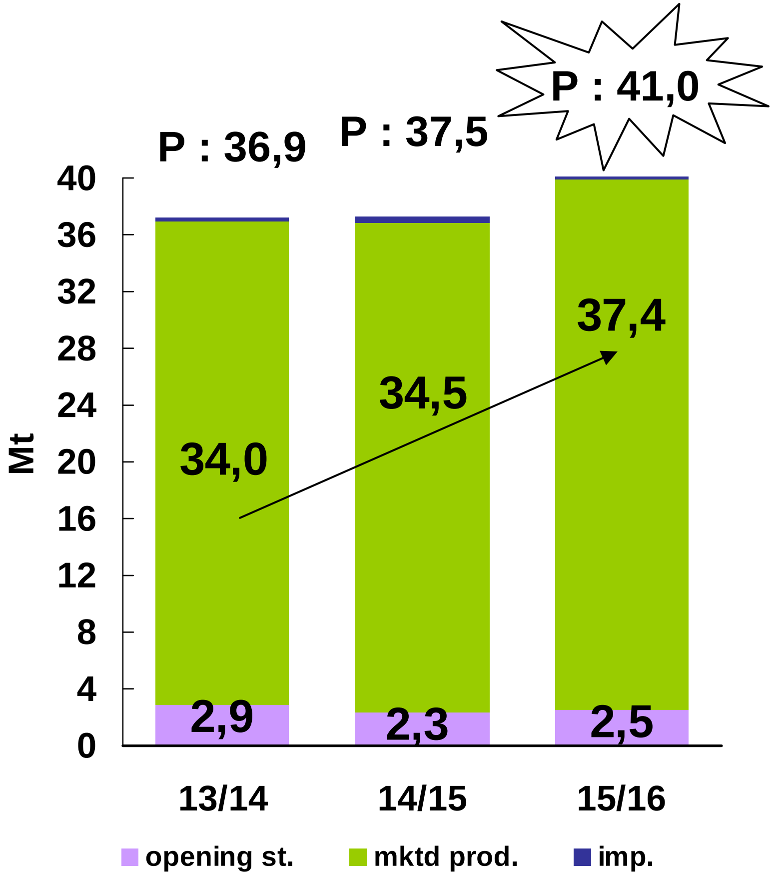
French WHEAT exports to non-EU countries: an ability to adapt



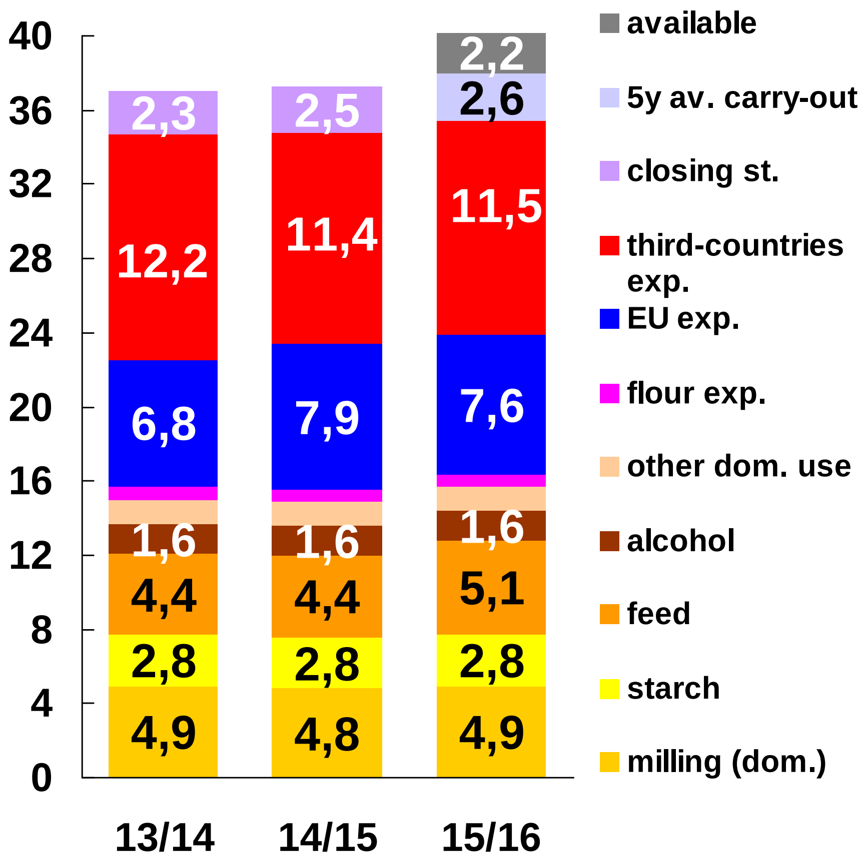
- the 2007/08 crisis: a turning point
- North & Sub-Sah. Africa: a growing demand in Fr. grains
- a non-typical 14/15 season: Algeria, Egypt, Asia

data: French customs

French WHEAT balance

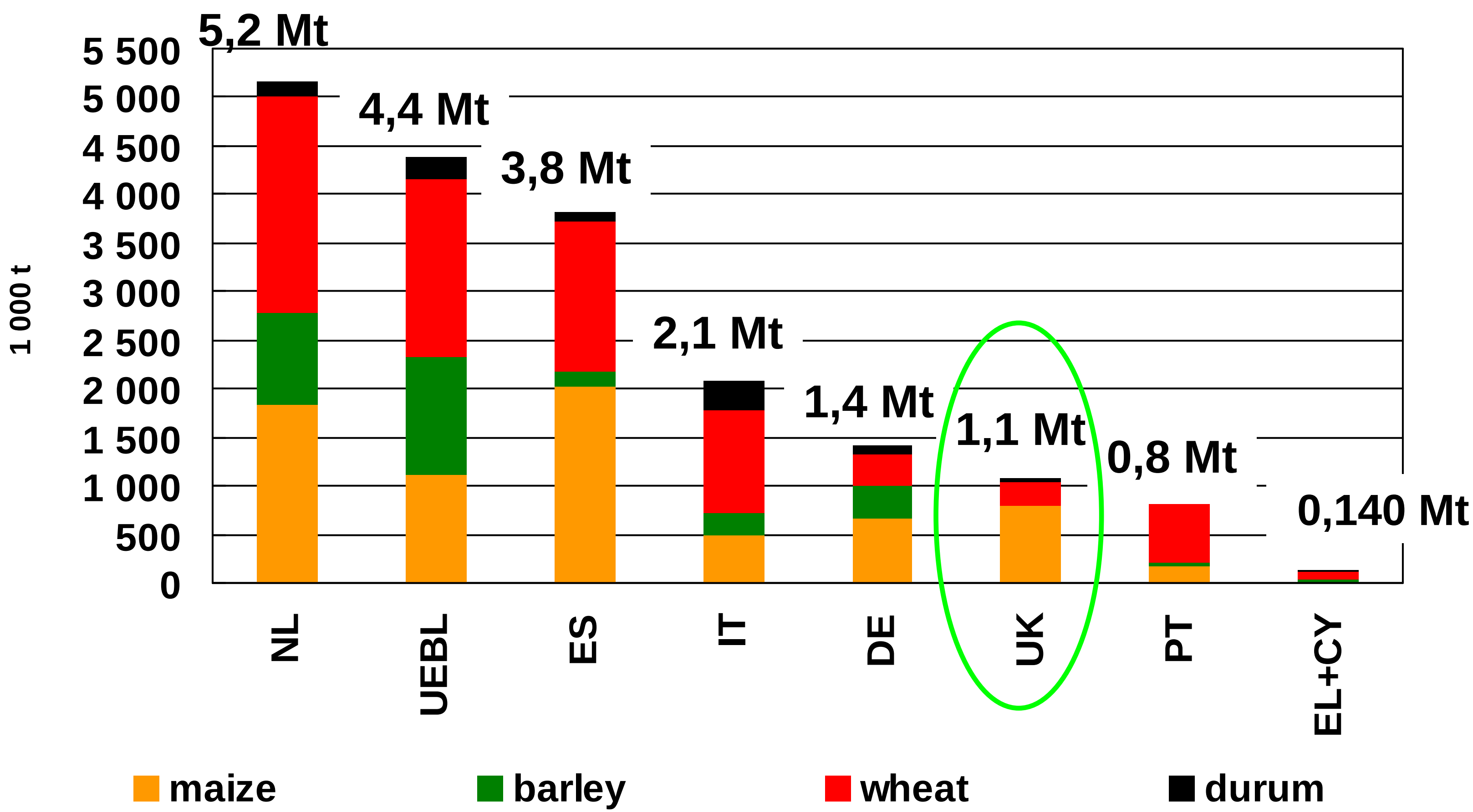


- Unprecedented production level
- Price competitiveness in feed rations
- World competition
- An on-going balancing process



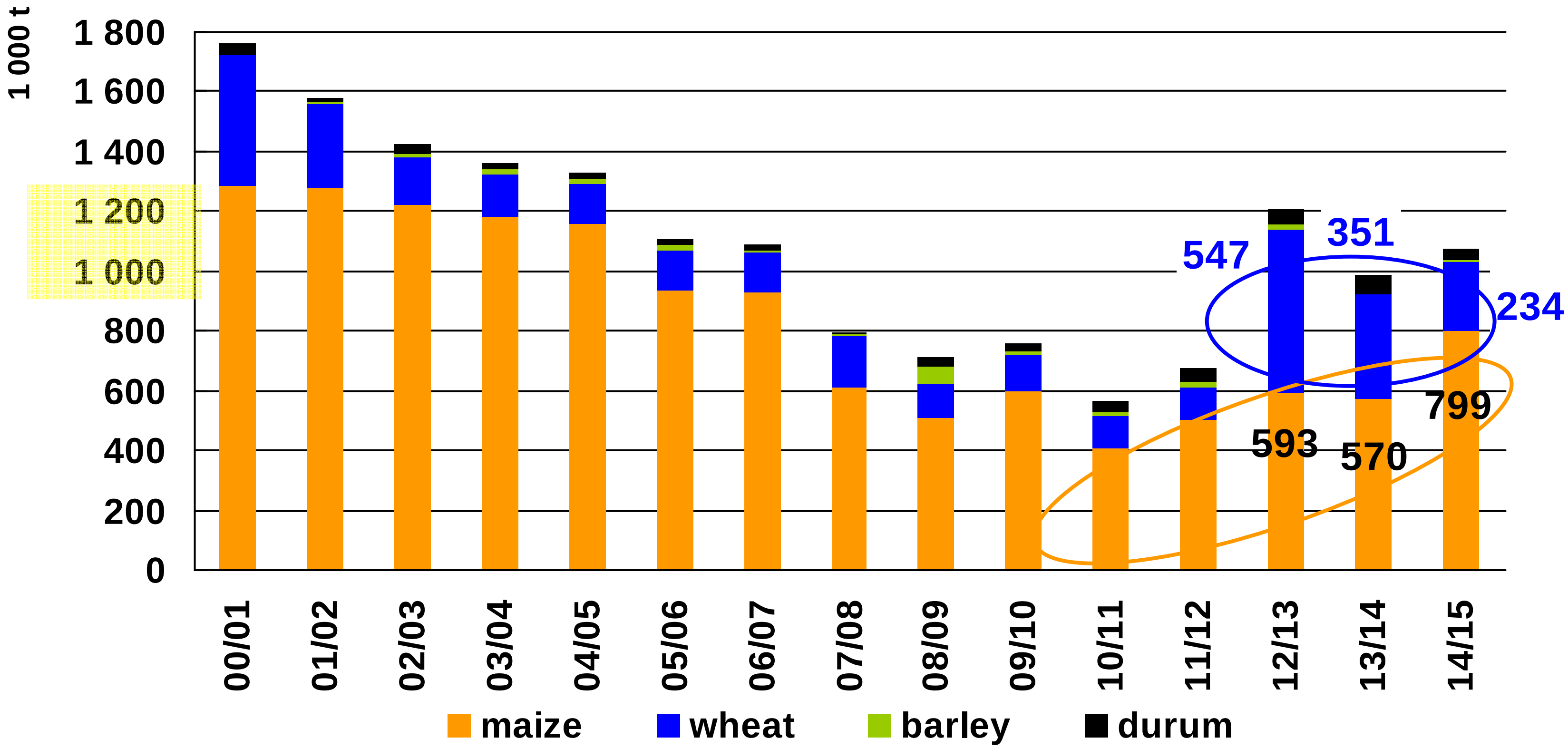
Source : FranceAgriMer

French cereals exports within the EU main destinations in 2014/15



data: French customs

Exports of French grains to the UK



- **Starch industry** 2002-2008 >>> fall in UK maize industrial use

- **5 y av.**

		2015/16 (fcst)
Maize: 573 kt		550 kt
Wheat: 270 kt		225 kt
Barley: 10 ky		5 kt
Durum: 48 kt		

French maize: crop condition

yield prospects

Conditions de culture - maïs grain - France
% de surface - récolte 2015

	semaine 42 se terminant le 19 octobre 2015				
	très mauvaises %	mauvaises %	assez bonnes %	bonnes %	très bonnes %
Alsace	10	21	33	29	7
Aquitaine	2	8	20	53	16
Bourgogne	18	37	27	18	0
Bretagne	0	0	8	77	15
Centre	8	12	23	37	20
Champagne-Ardenne	18	36	27	19	0
Franche-Comté	18	27	37	16	3
Ile-de-France	8	19	28	46	0
Midi-Pyrénées	2	15	18	51	13
Pays-de-la-Loire	0	9	26	59	5
Poitou-Charentes	0	11	22	61	6
Rhône-Alpes	19	30	25	23	4
moyenne France (1)	**6**	**15**	**23**	**46**	**10**
2015-S41 (2)	6	15	23	46	10
2014-S42 (3)	0	2	9	56	33

(1) : ces 12 régions représentent 89 % de la moyenne nationale des surfaces de maïs grain
(2) : ces 12 régions représentent 89 % de la moyenne nationale des surfaces de maïs grain
(3) : ces 12 régions représentent 89 % de la moyenne nationale des surfaces de maïs grain

NB : lorsque le stade récolte pour une région atteint 50 %, les conditions de culture n'évoluent plus.

Just about to be released

French maize: crop progress

Area harvested

FranceAgriMer Céré'Obs

Maïs grain - récolte - France
% de surface - récolte 2015

	semaine se terminant le		
	19 octobre 2015 %	12 octobre 2015 %	19 octobre 2014 %
Alsace	81	66	23
Aquitaine	59	43	53
Bourgogne	59	33	17
Bretagne	15	7	14
Centre	54	35	26
Champagne-Ardenne	85	64	46
Franche-Comté	72	51	19
Ile-de-France	80	43	25
Midi-Pyrénées	52	30	33
Pays-de-la-Loire	51	27	43
Poitou-Charentes	61	25	20
Rhône-Alpes	78	67	24
moyenne France	**58**	**38**	**32**
nombre de régions prises en compte	*12 (1)*	*12 (2)*	*12 (3)*

(1) : ces 12 régions représentent 89 % de la moyenne nationale des surfaces de maïs grain
(2) : ces 12 régions représentent 89 % de la moyenne nationale des surfaces de maïs grain
(3) : ces 12 régions représentent 89 % de la moyenne nationale des surfaces de maïs grain

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