French grains
and
international market conditions
in 2016/17

October 24th, 2016

London

Volumes VS quality:

market segmentation in 2016/17

- Big picture: huge volumes
- Growing perception: disappointing qualities
- France: from specific set of weather conditions to production incident
- French S&D balances - adjustment variable
- The French grain industry organisation: a valuable asset

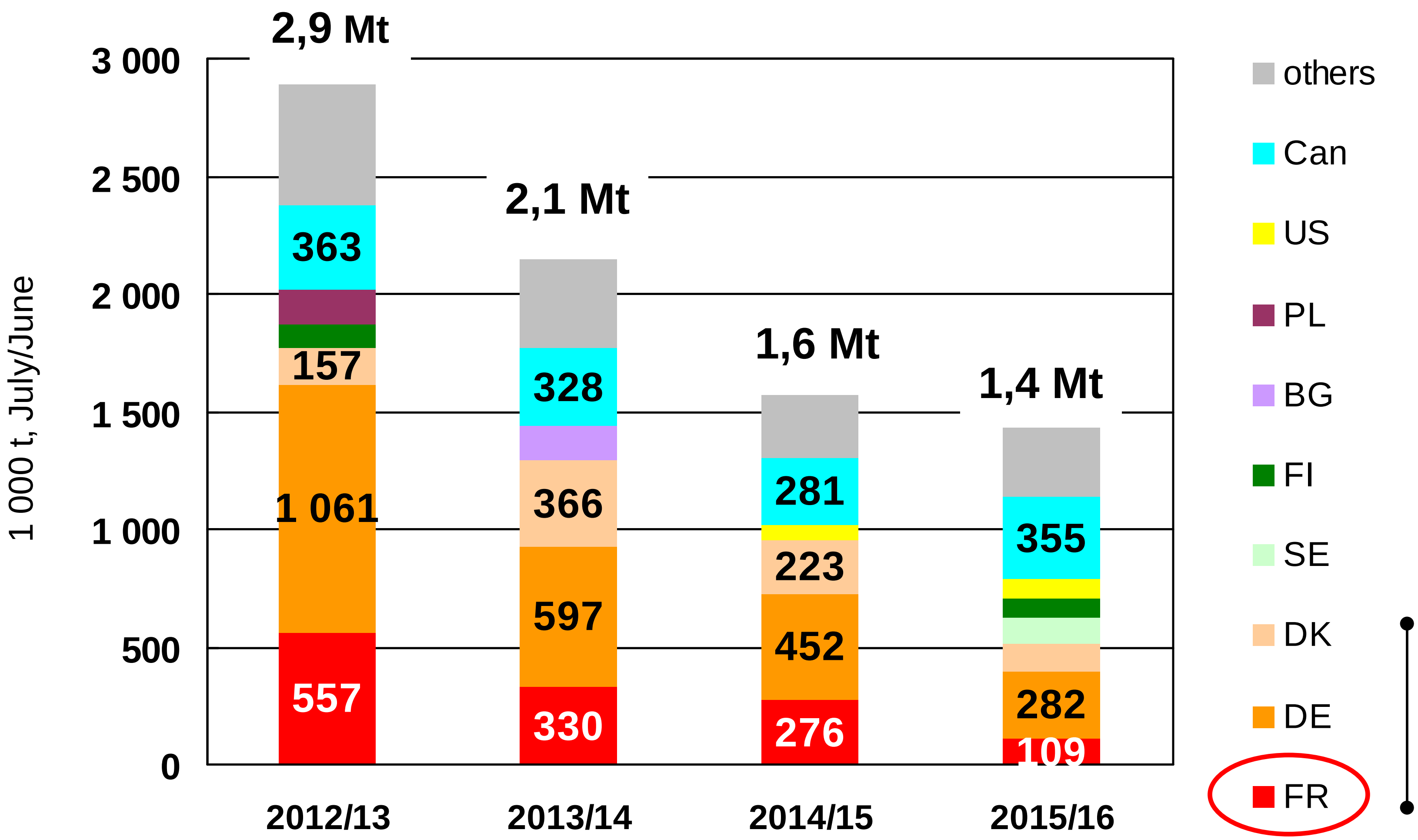
British

cereals import needs

and countries of origin

Common WHEAT imports to the UK – main origins

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

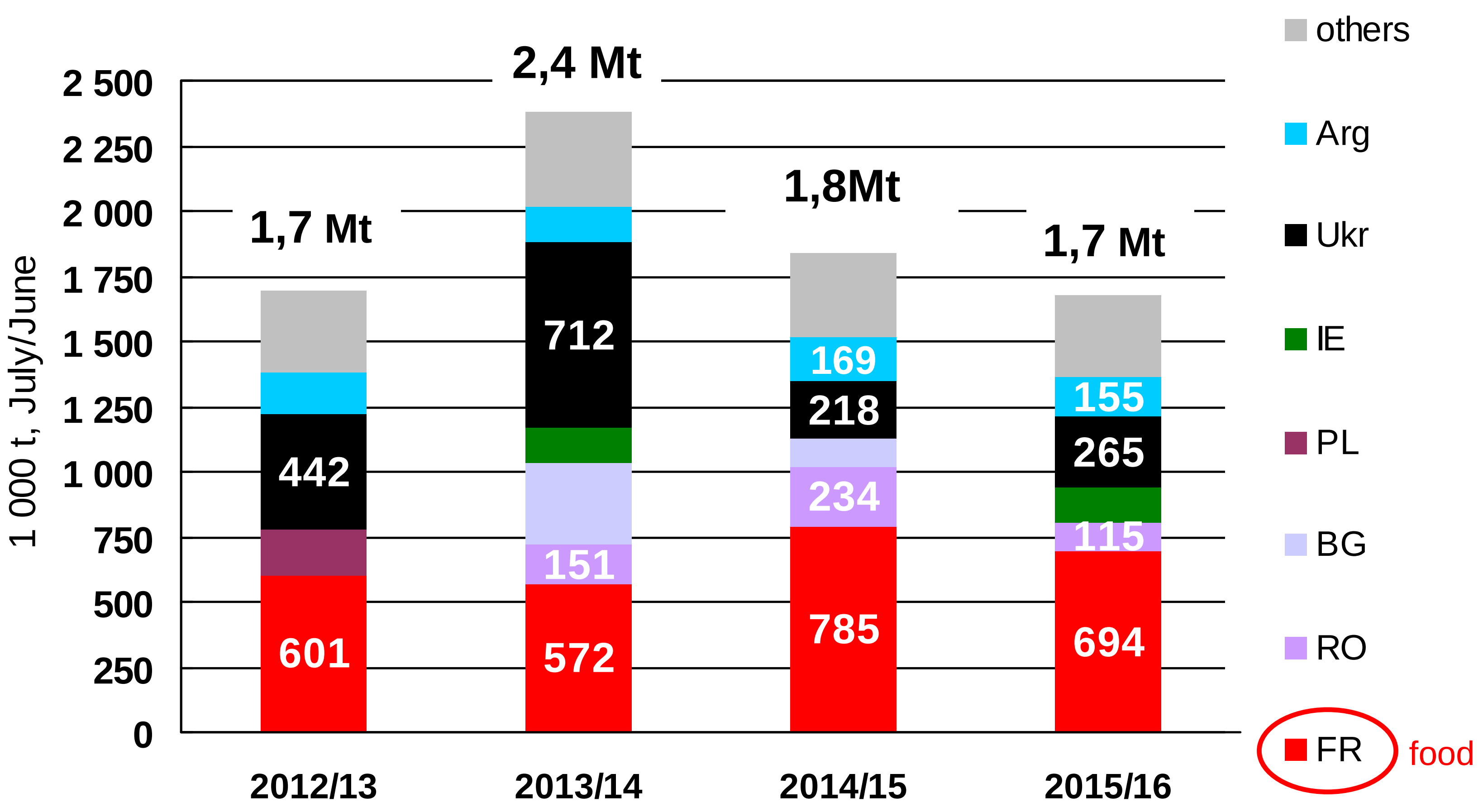


data: Eurostat

MAIZE imports to the UK – main origins

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

« Others » : per mktg year



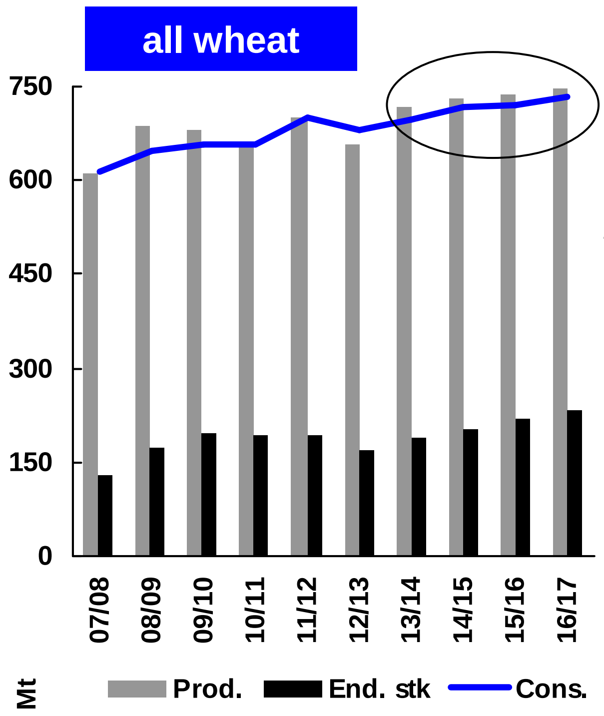
data: Eurostat, French Customs

The 2016/17 marketing year

on the international market

volumes, quality, external factors

World market fundamentals: WHEAT

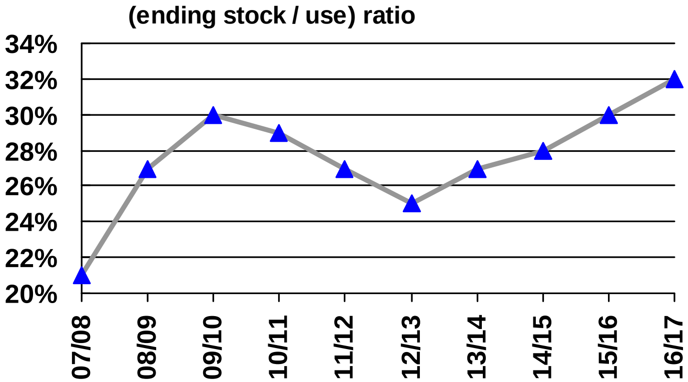


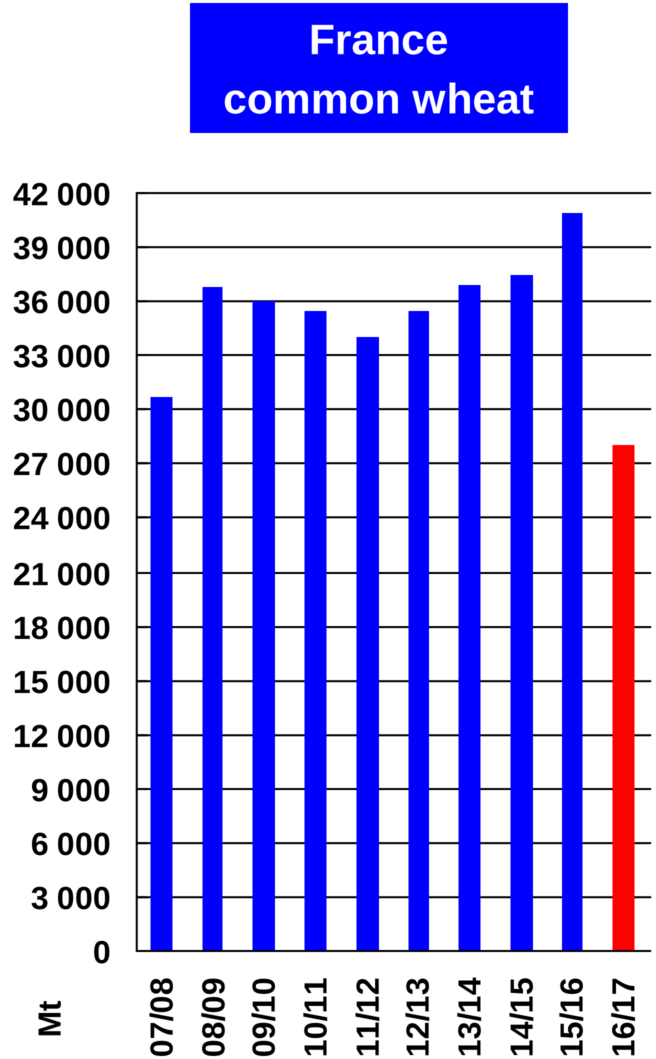
Prod (736) 747
RECORD

Avail. (
begin. stk + prod) 965
RECORD

Cons. (721) 734
RECORD

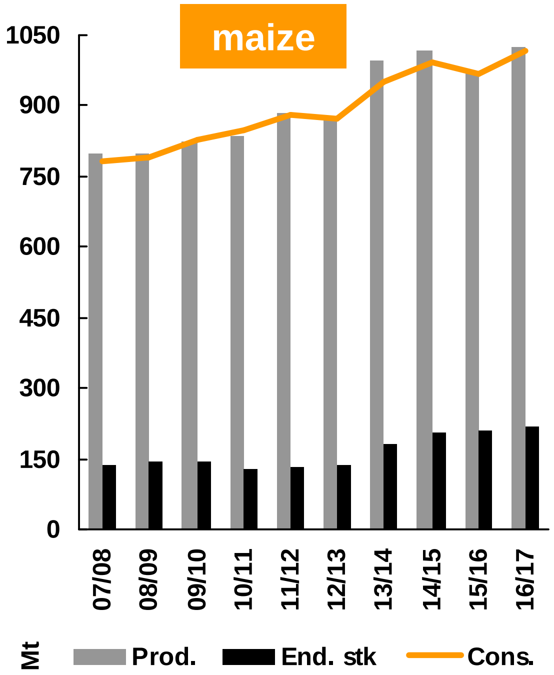
End. stk (218) 231
RECORD





Sources : IGC (29/09/16), SSP (12/10/16)

World market fundamentals: MAIZE & BARLEY

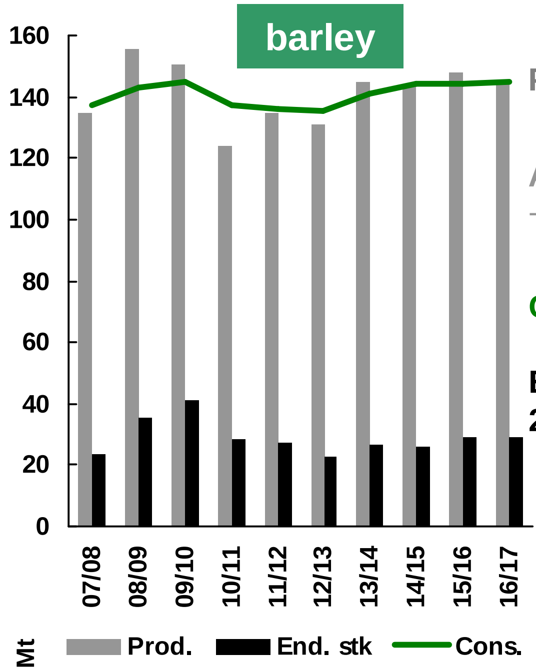


Prod (970) **1,027 Md RECORD**

Avail. (begin. stk + prod) **1,235 Md RECORD**

Cons. (968) **1,019 Md RECORD**

End. stk (208) **216 RECORD**

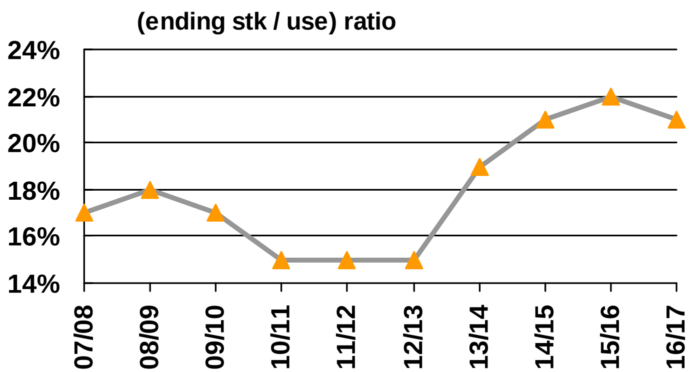


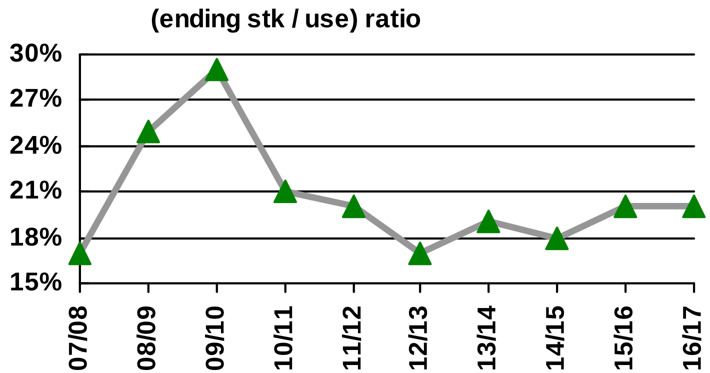
Prod (148) **145**

Avail. (begin. stk + prod) **174** (=)

Cons. (144) **145**

End. stk (29) **29**

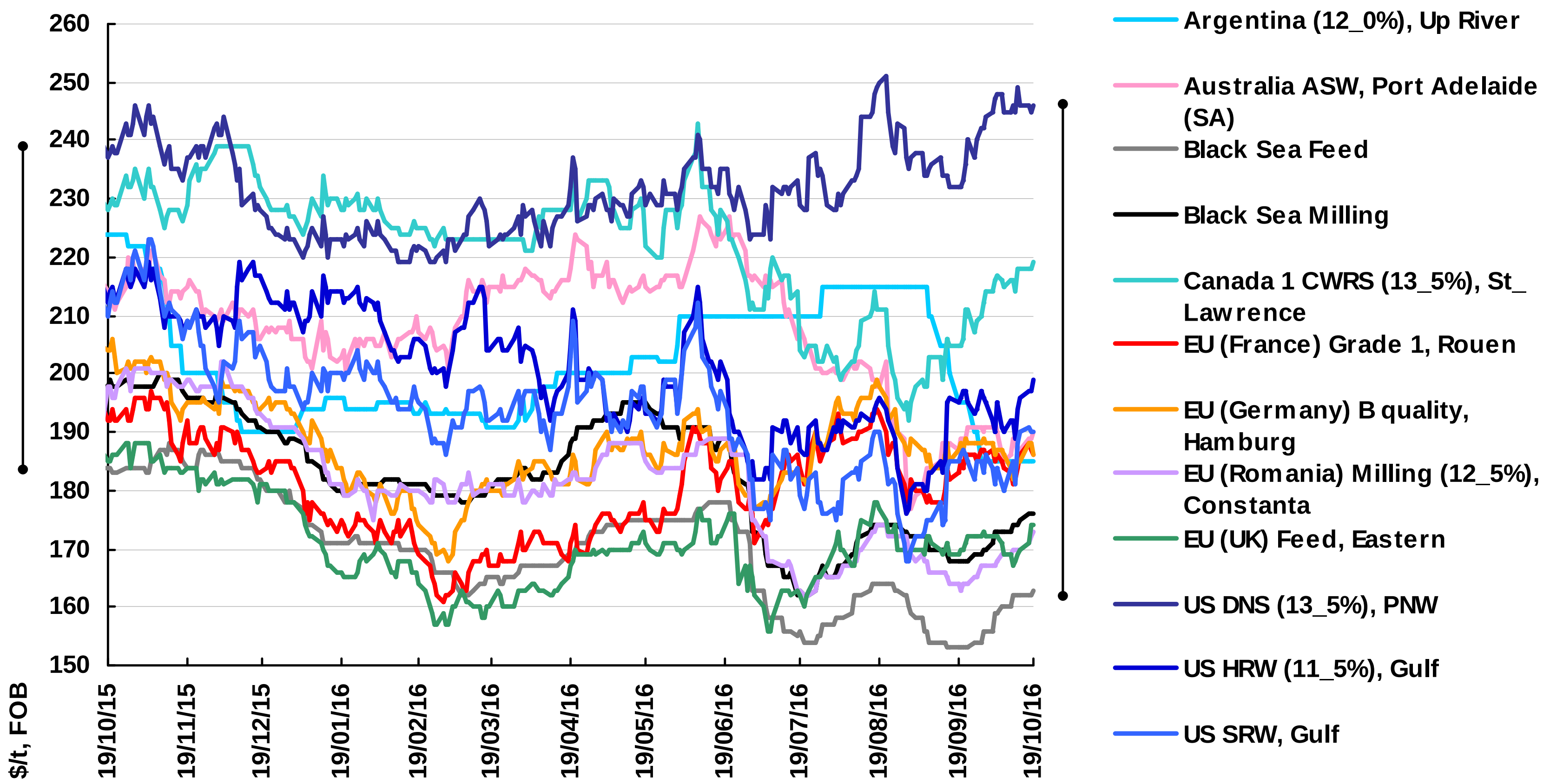




Source : IGC (29/09/16)

World WHEAT export prices

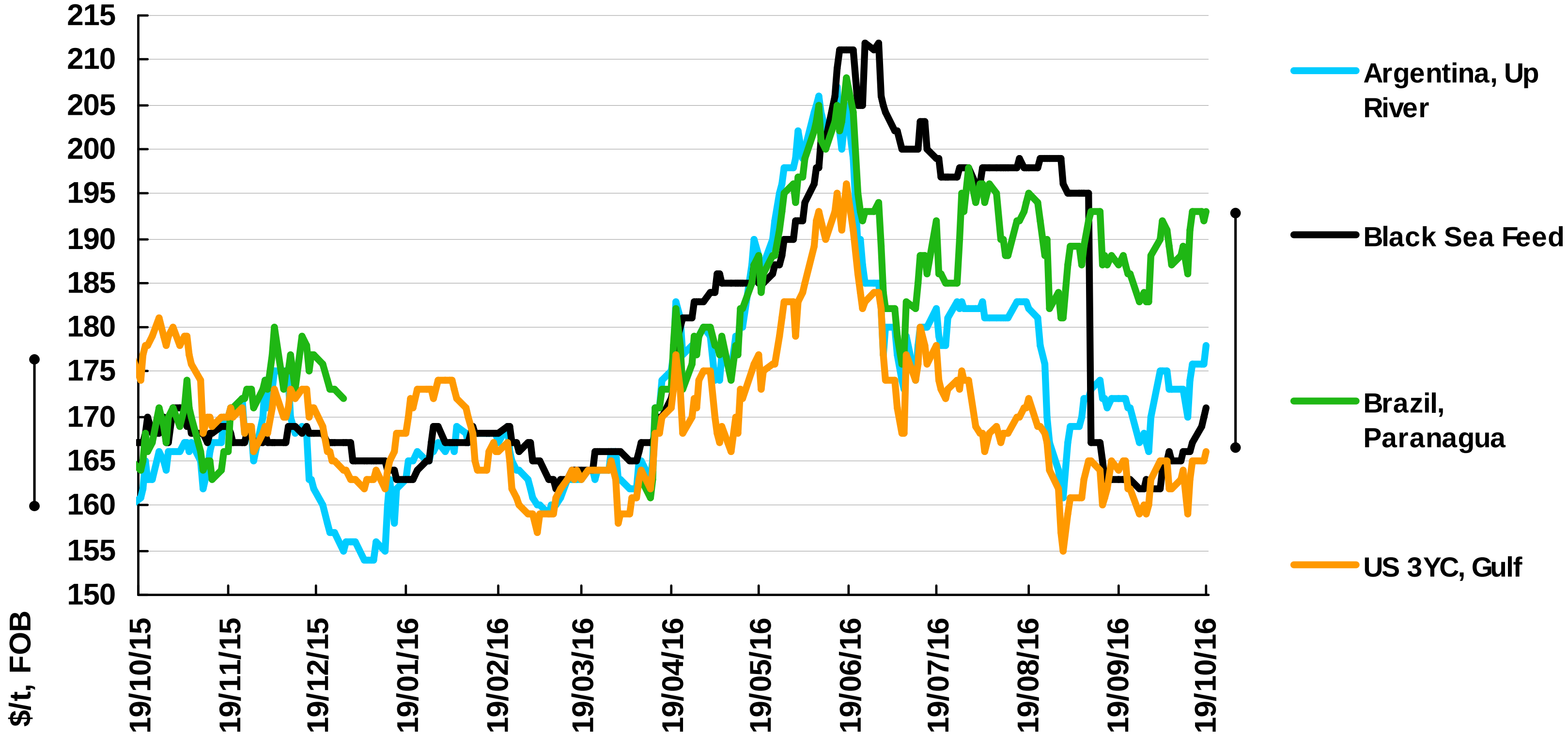
- ✓ *Record world prod >>> from low to lower prices*
- ✓ *Quality concerns: widening premium*
- ✓ *Relative prices <<< French tight surplus* ***>>> FR 16/17 wheat S&D balance***



Source : CIC

World MAIZE export prices

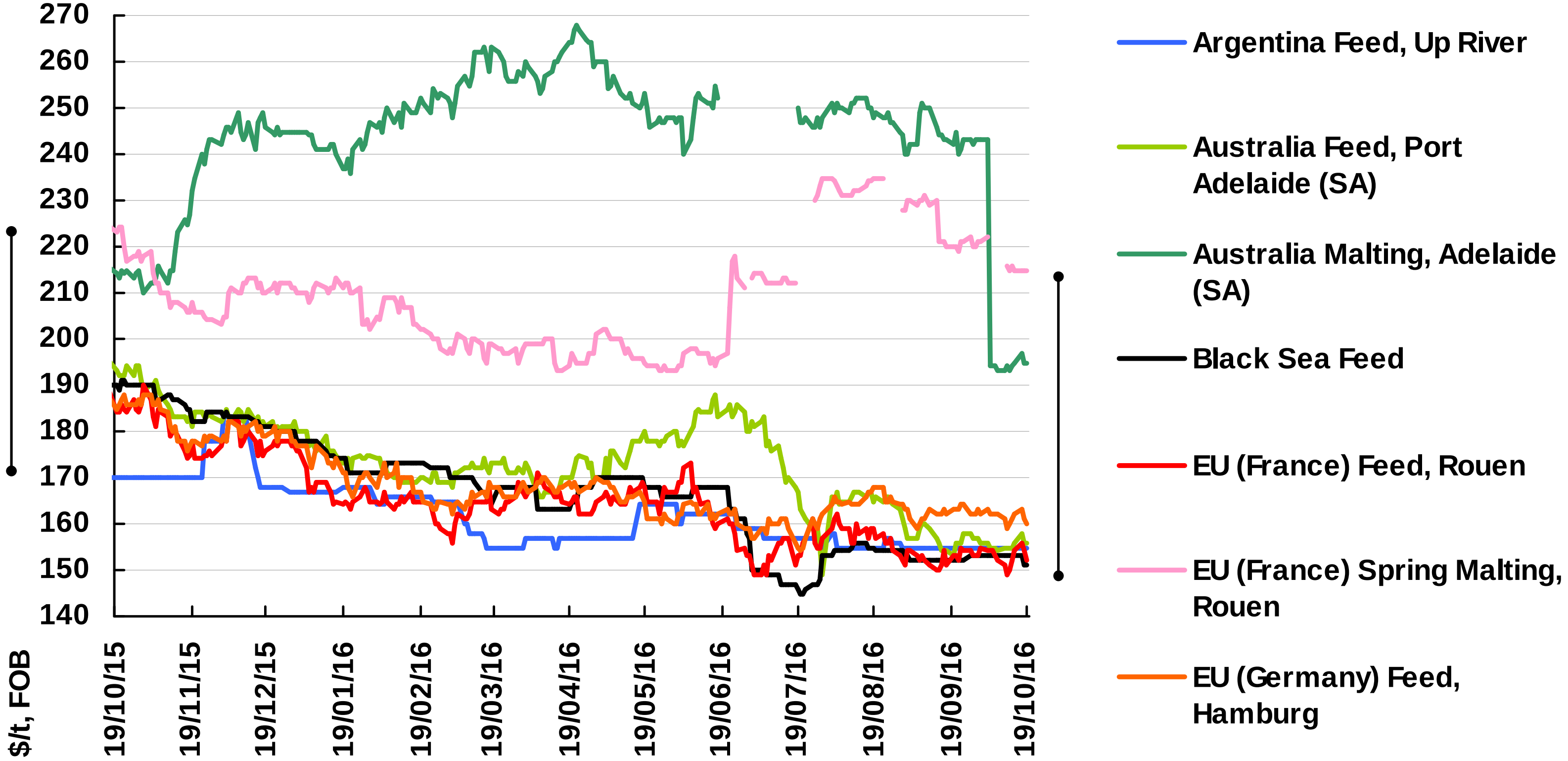
- ✓ *Record world prod. # upward prices*
- ✓ *Crop calendar North hem. / South hem. & tensions in Brazil*
- ✓ *US competitiveness*



Source : CIC

World BARLEY export prices

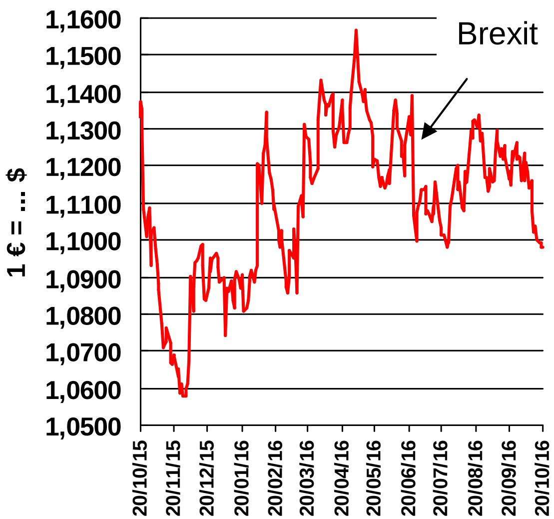
- ✓ World trade (-3,8 Mt at 25,7 Mt) / Austr. export surplus
- ✓ Chinese feed barley demand <<< internal maize policy ***>>> impact on FR barley S&D balance***
- ✓ Saudi state import body
- ✓ Malting quality premium



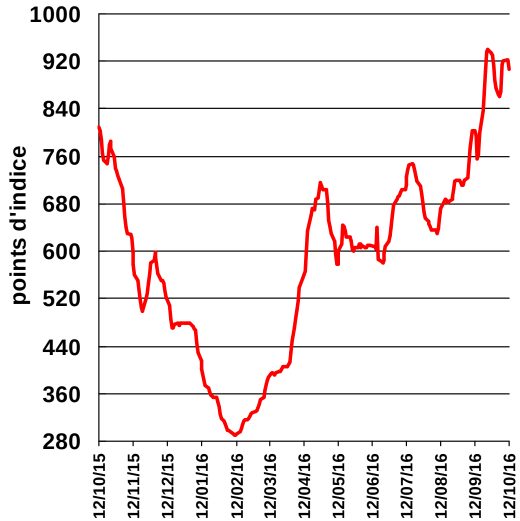
Source : CIC

External factors

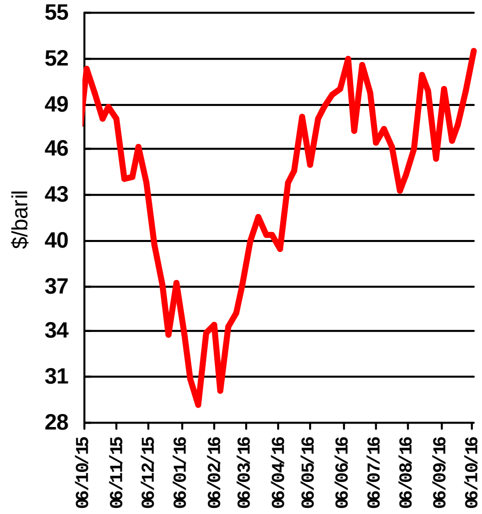
Exchange rate € / $



Baltic Dry Index (BDI)



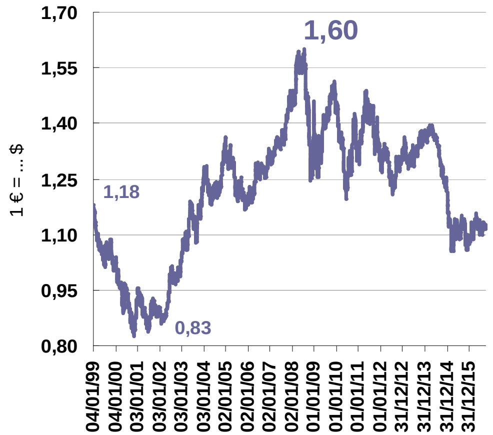
Brent price

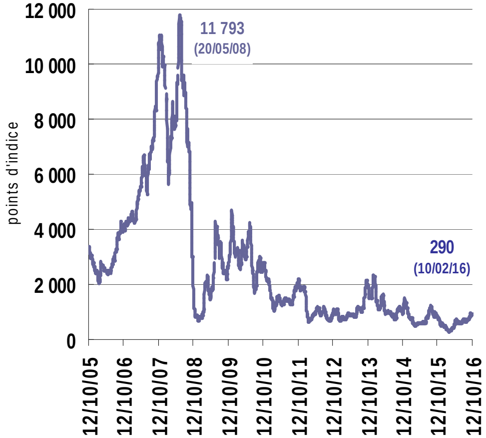


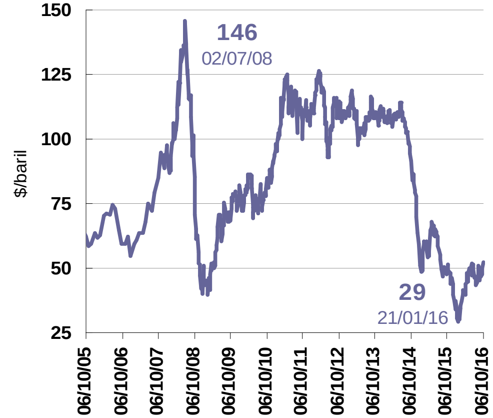
€ & export competitiveness

CIF prices: more expensive

OPEC, 28/09/16 : prod. cap
>>> summit on Nov 30th

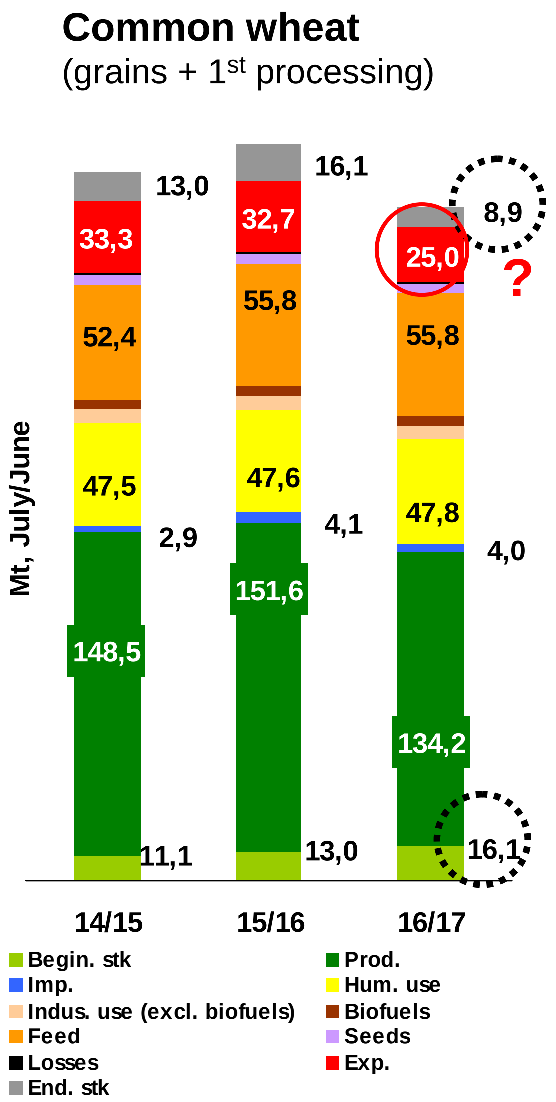


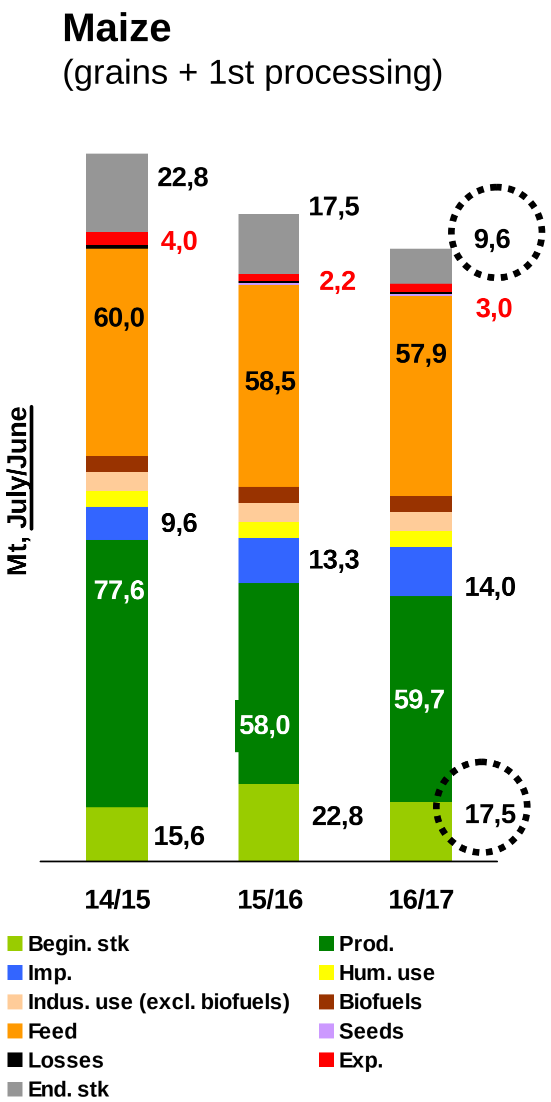


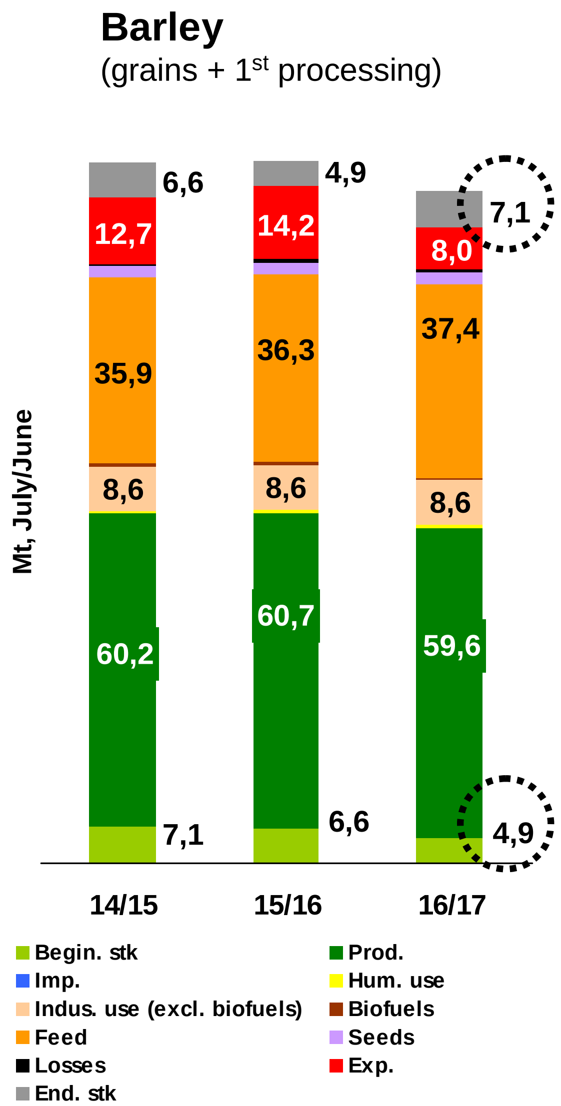


Sources : ECB, IGC, La Dépêche

European S&D balances - 16/17 forecast







Source : EC (29/09/16)

The French grains S&D situation

2016 French cereals PRODUCTION

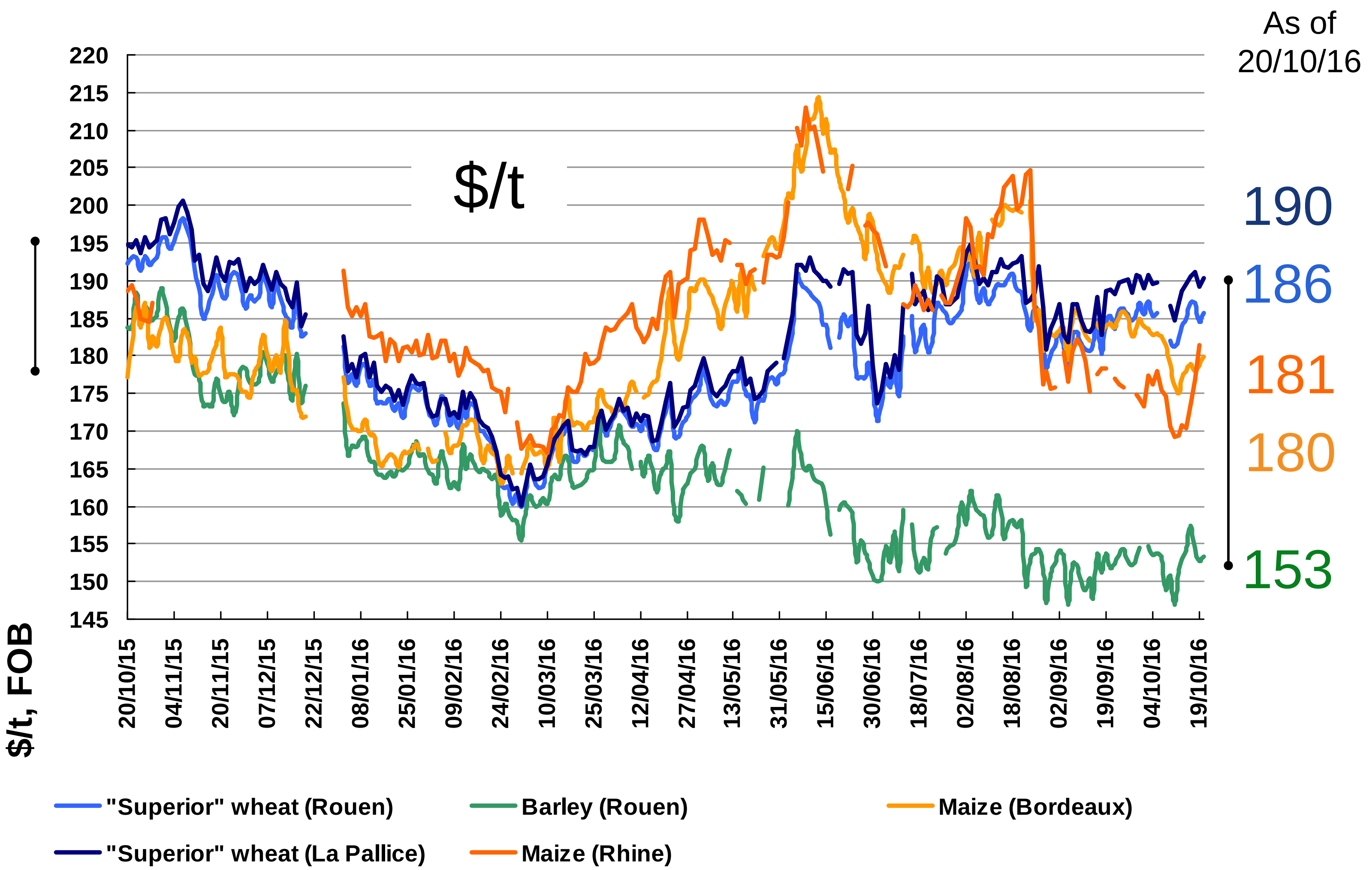
Unprecedented set of wheather conditions,

Unprecedented impact on production

Estimates or forecasts	2015/16	2016/17	**change**
Common wheat	40,9 Mt	28,0 Mt	- 12,9 Mt
Barley	13,0 Mt	10,0 Mt	- 3,0 Mt
Durum wheat	1,81 Mt	1,56 Mt	- 0,25 Mt
subtotal	*55,7 Mt*	*39,6 Mt*	
Maize (grain, fully-ripe stage)	13,1 Mt	12,2 Mt	- 0,9 Mt
Total cereals	**72,1 Mt**	**54,5 Mt**	**- 17,6 Mt**

Source : SSP (October 2016)

French cereals: export prices

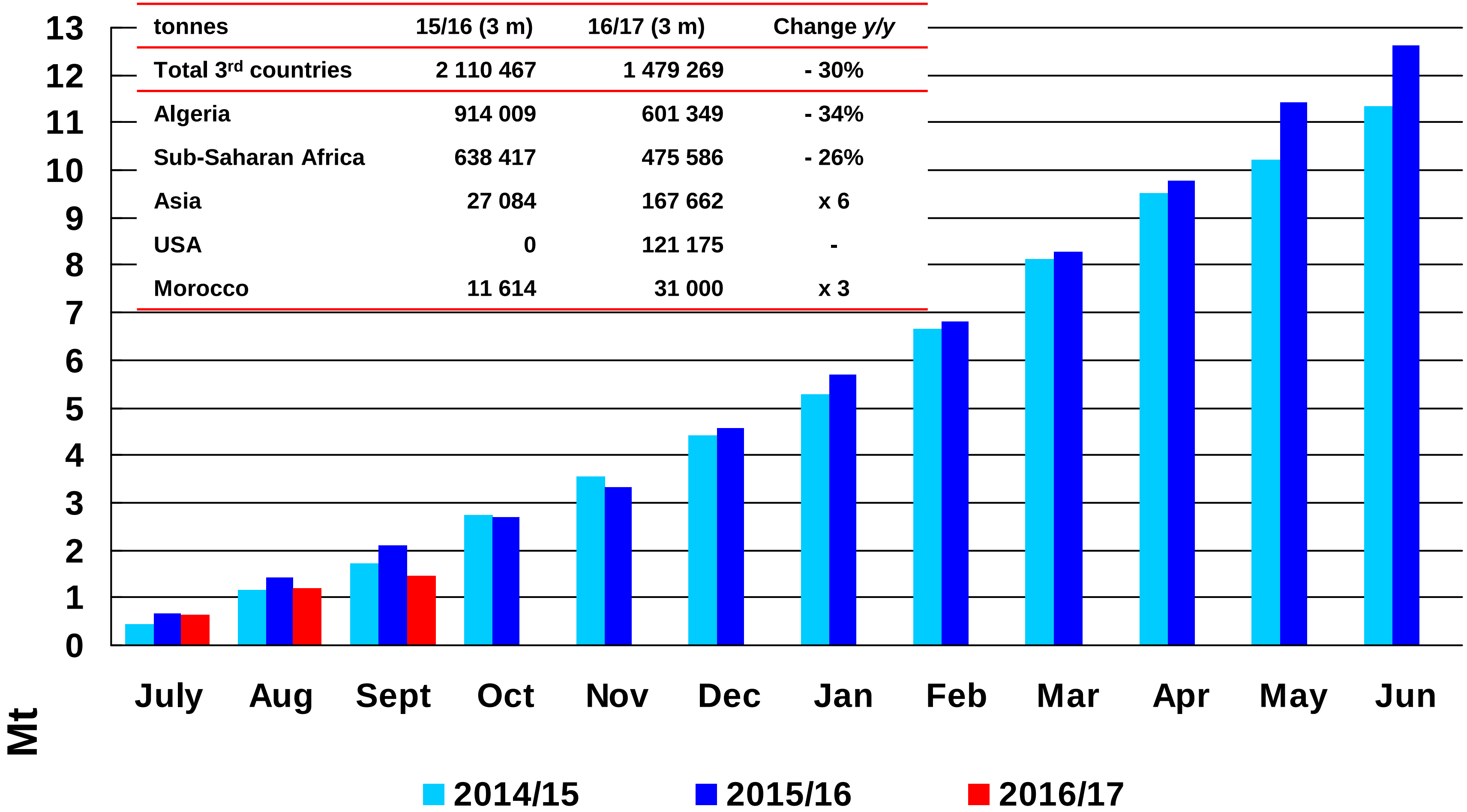


Source : FranceAgriMer

French COMMON WHEAT exports to third-countries

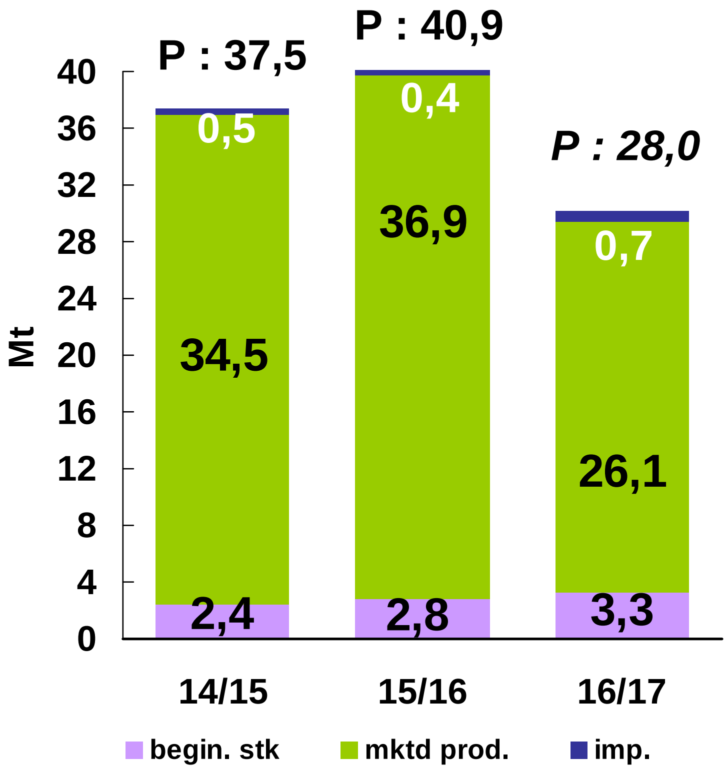
Cumulative 2016/17 (3 months): 1,5 Mt (- 30 % y/y)

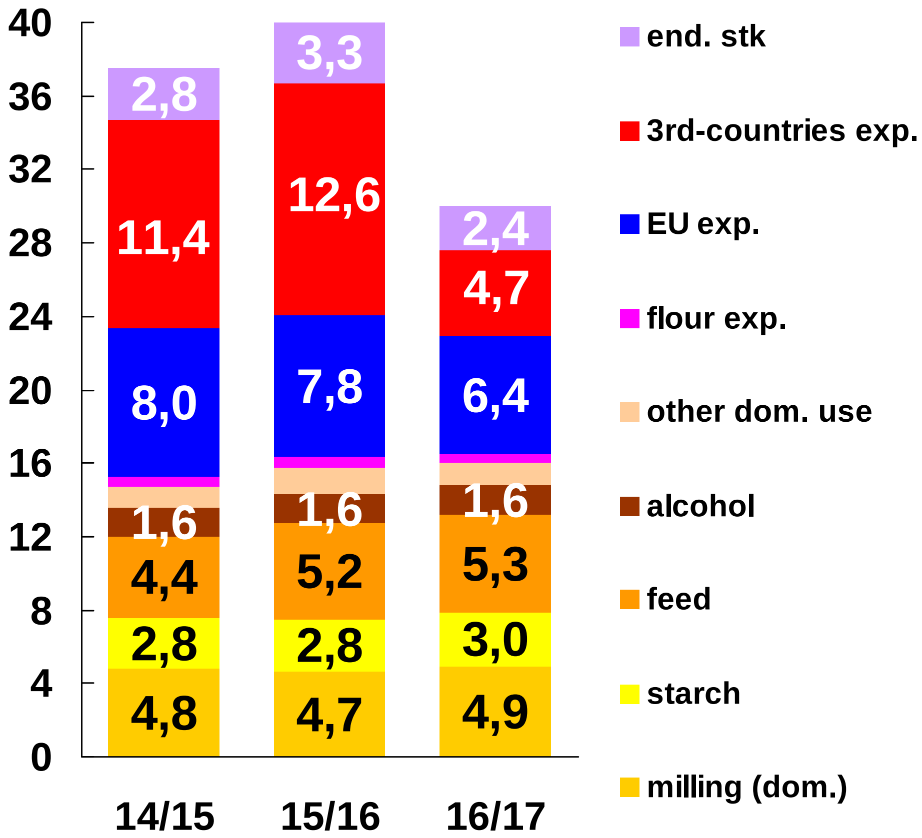
tonnes	15/16 (3 m)	16/17 (3 m)	Change *y/y*
Total 3rd countries	2 110 467	1 479 269	- 30%
Algeria	914 009	601 349	- 34%
Sub-Saharan Africa	638 417	475 586	- 26%
Asia	27 084	167 662	x 6
USA	0	121 175	-
Morocco	11 614	31 000	x 3



Sources : French Customs, Infograin, Reuters

French COMMON WHEAT S&D balance





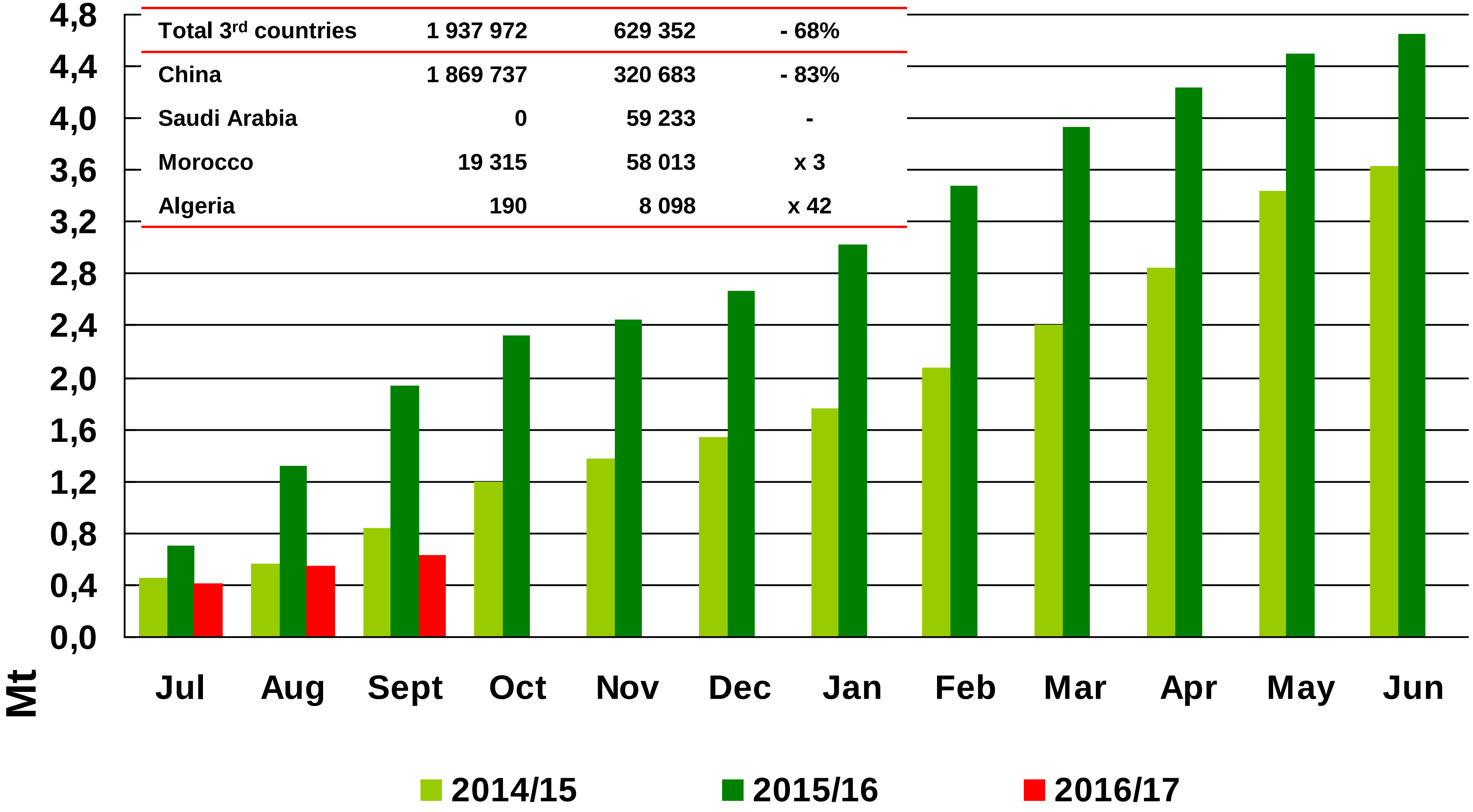
- the 15/16 record, the 16/17 incident
- beginning stock > prev. year
- domestic mkt & intra-EU exports
- lower competitiveness to 3rd-countries

Source : FranceAgriMer

French BARLEY exports to third-countries

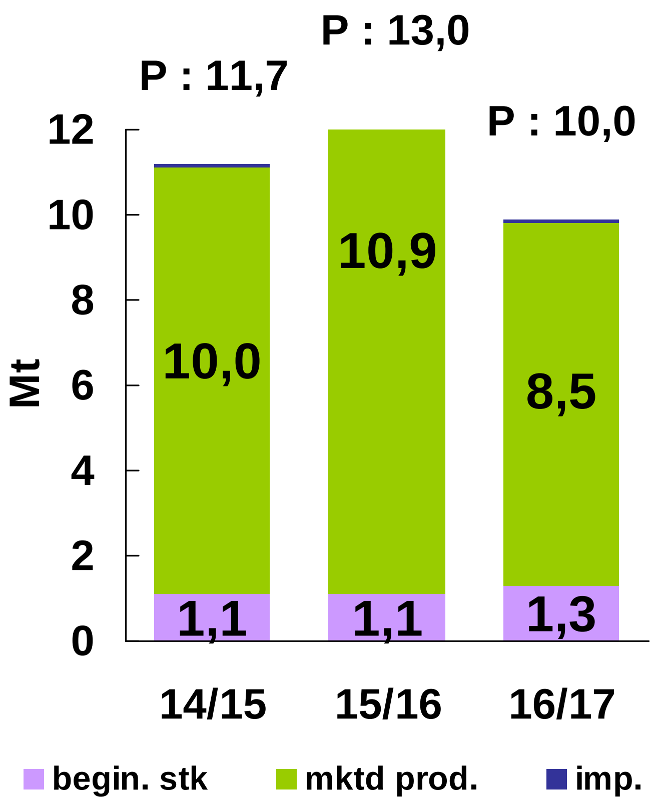
Cumulative 2016/17 (3 months): 0,6 Mt (-68% *y/y*)

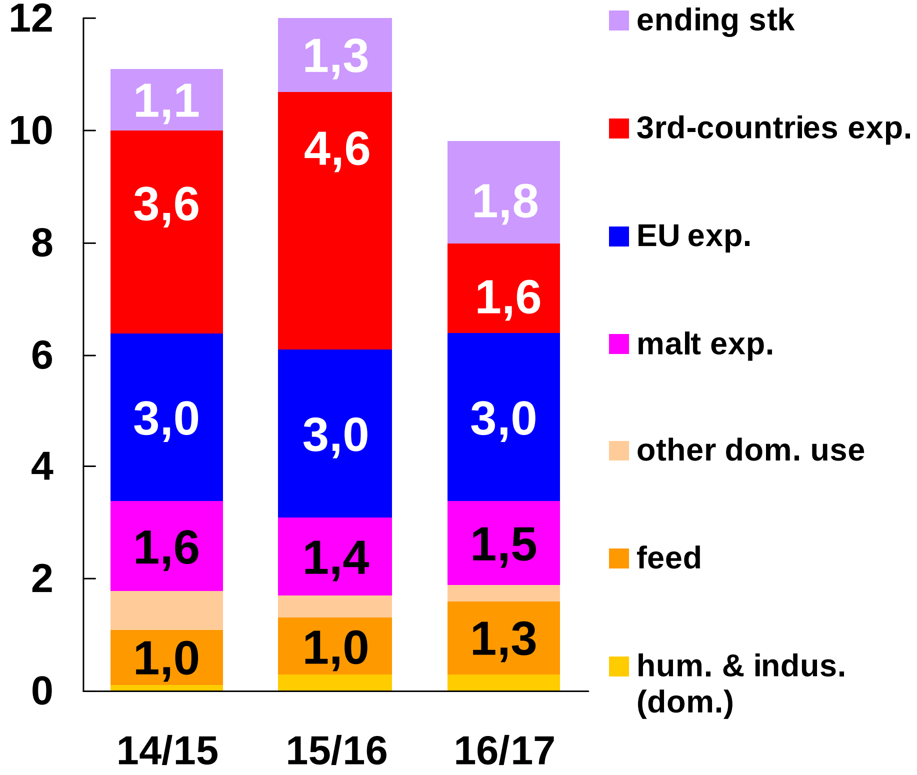
tonnes	15/16 (3 m)	16/17 (3 m)	Change *y/y*
Total 3rd countries	1 937 972	629 352	- 68%
China	1 869 737	320 683	- 83%
Saudi Arabia	0	59 233	-
Morocco	19 315	58 013	x 3
Algeria	190	8 098	x 42



Sources : French Customs, Infograin, Reuters

French BARLEY S&D balance

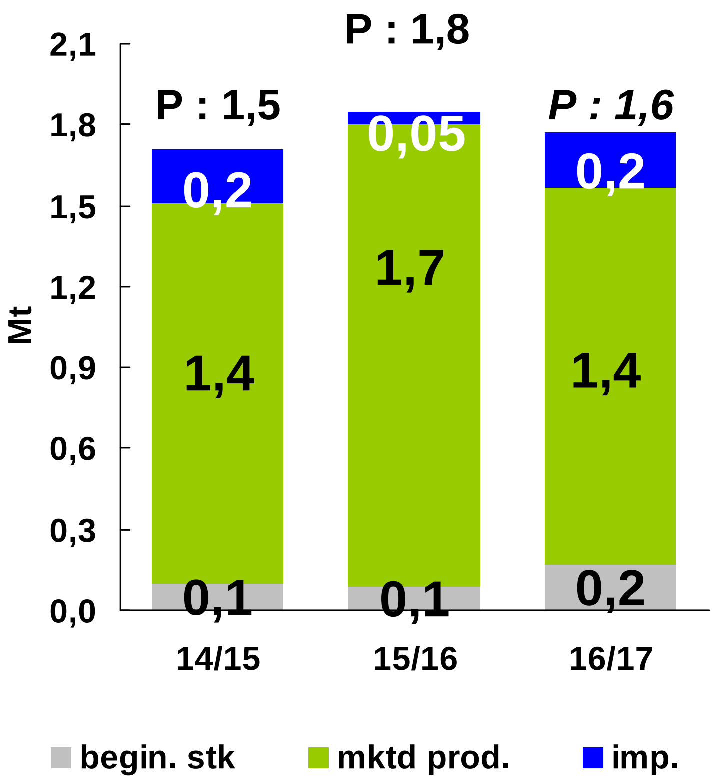


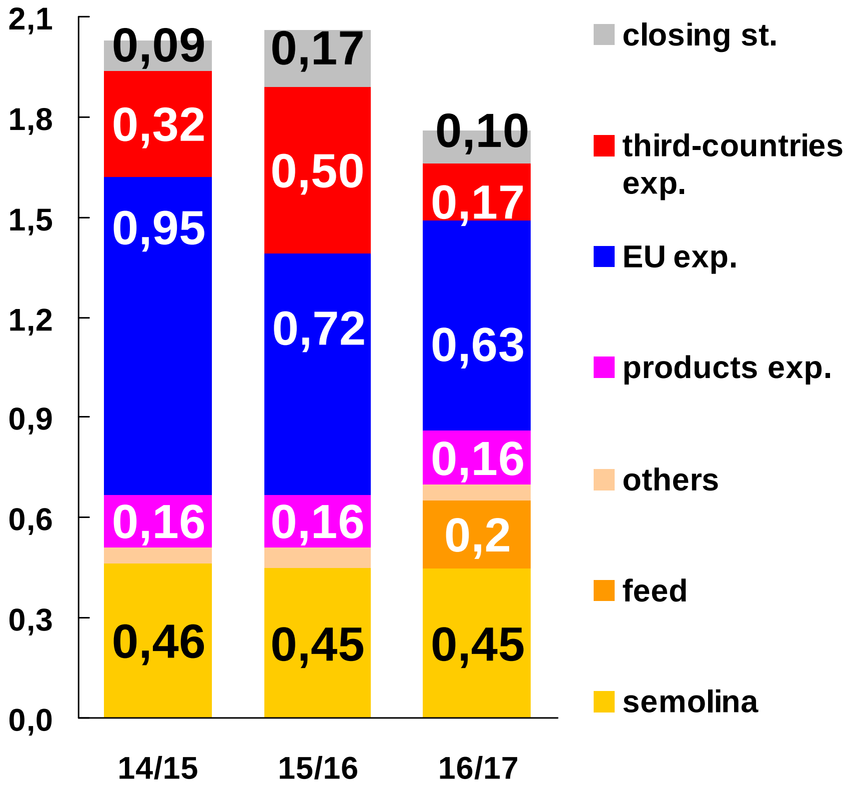


- better priced in compound feed
- Chinese feed demand: (14/15 & 15/16) VS 16/17
- intra-EU exports: unaffected
- potential +

Source : FranceAgriMer

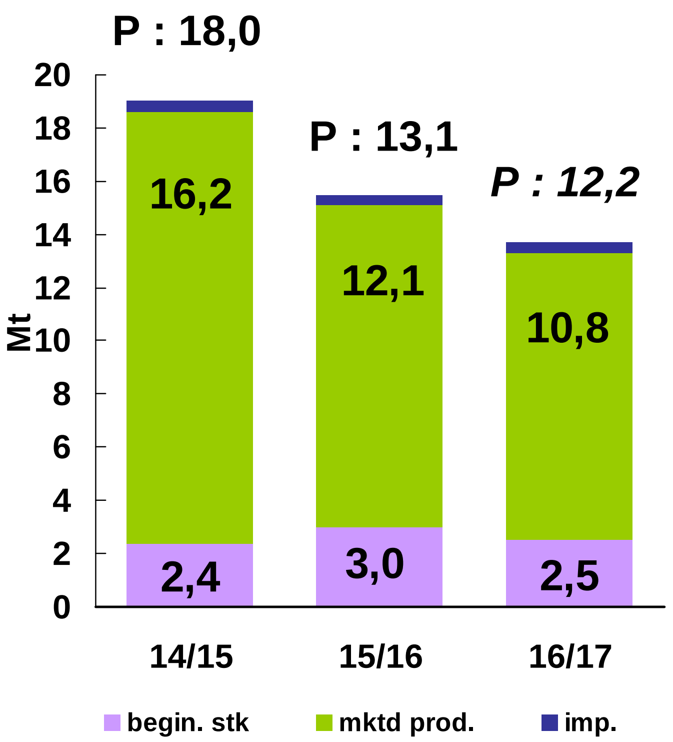
French DURUM WHEAT S&D balance

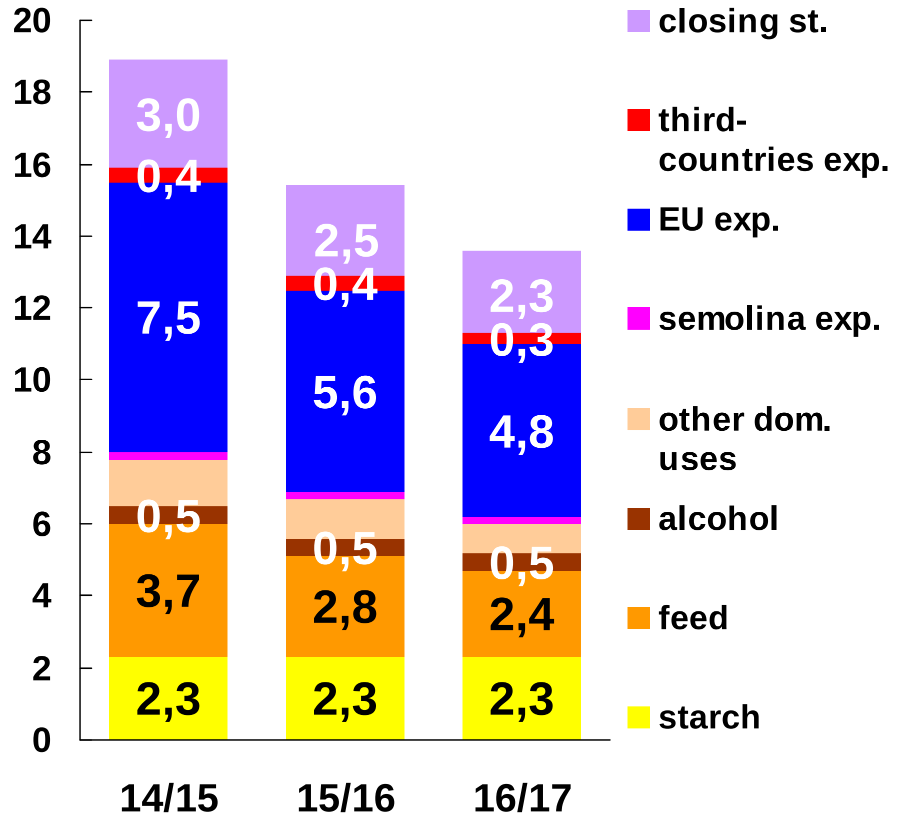




- potential mkt prod +
- durum wheat use in compound feed
- breakdown 3rd-countries exports / intra-EU
- Canadian quality
- « durum wheat recovery plan »: continuing the effort

French MAIZE S&D balance





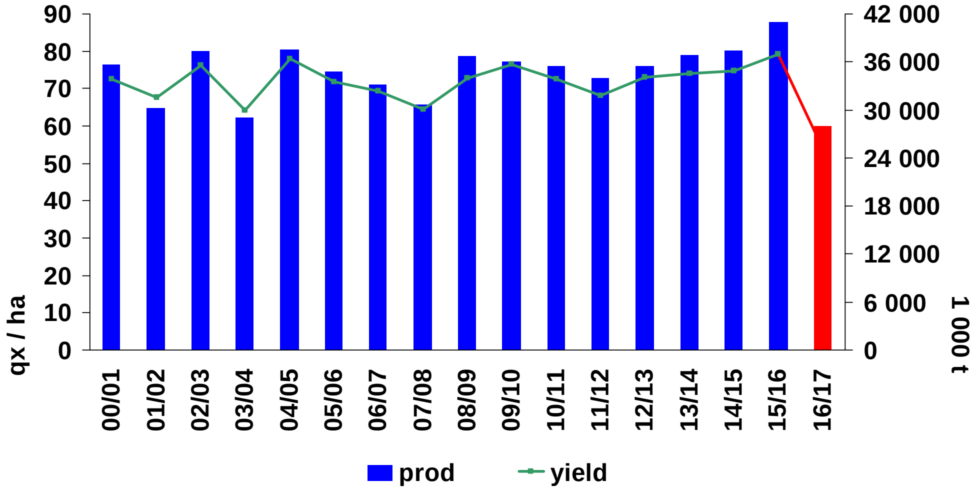
- grain, fully-ripe stage maize only
- production forecast
- relatively expensive in compound feed
- EU exports: as much as available

Source : FranceAgriMer

French grains harvest:

the 2016 incident

French 2016 harvest: a yield story



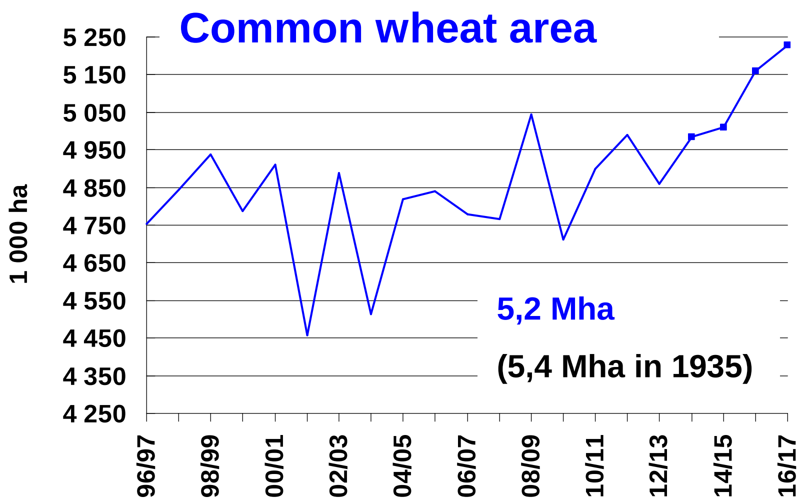
Common wheat

Production

40,9 Mt (2015) >>> 28,0 Mt (2016)

Yield

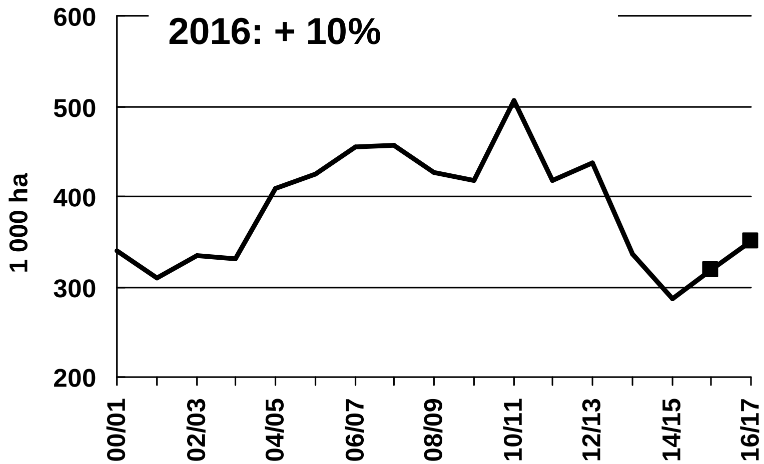
7,9 t/ha (2015) >>> 5,4 t/ha (2016)



Durum wheat area

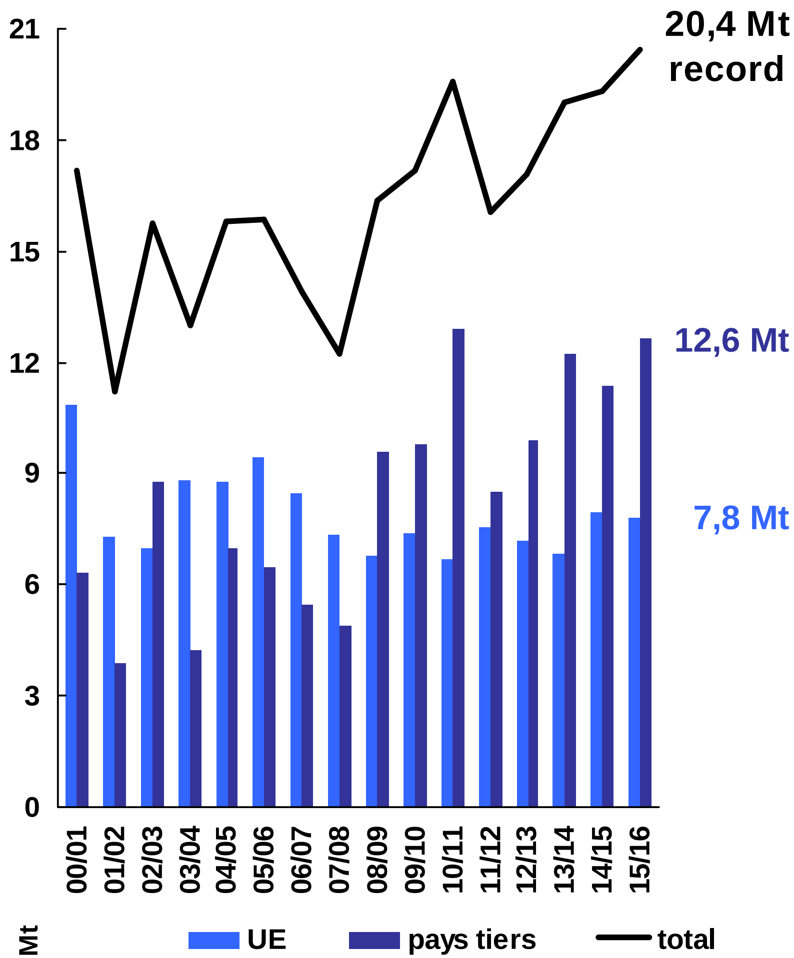
2015: + 11%

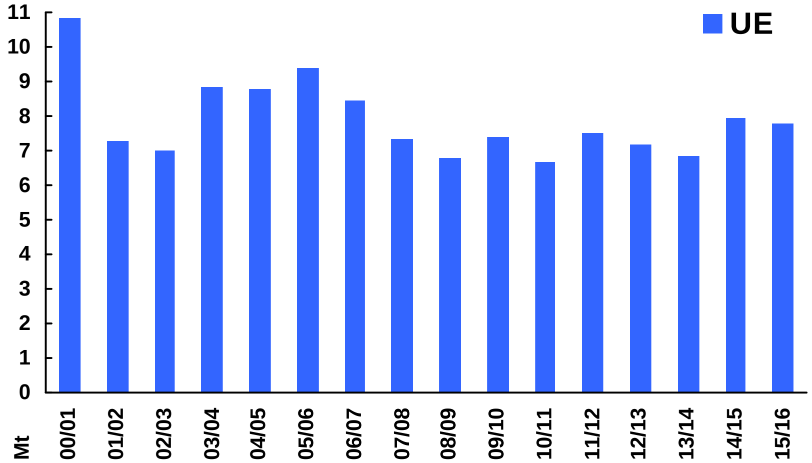
2016: + 10%

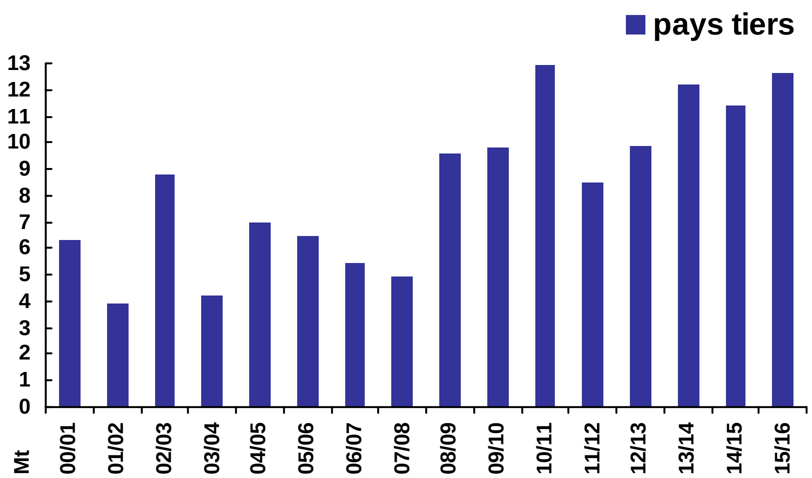


Source : FranceAgriMer, SSP

French COMMON WHEAT exports – sustained demand

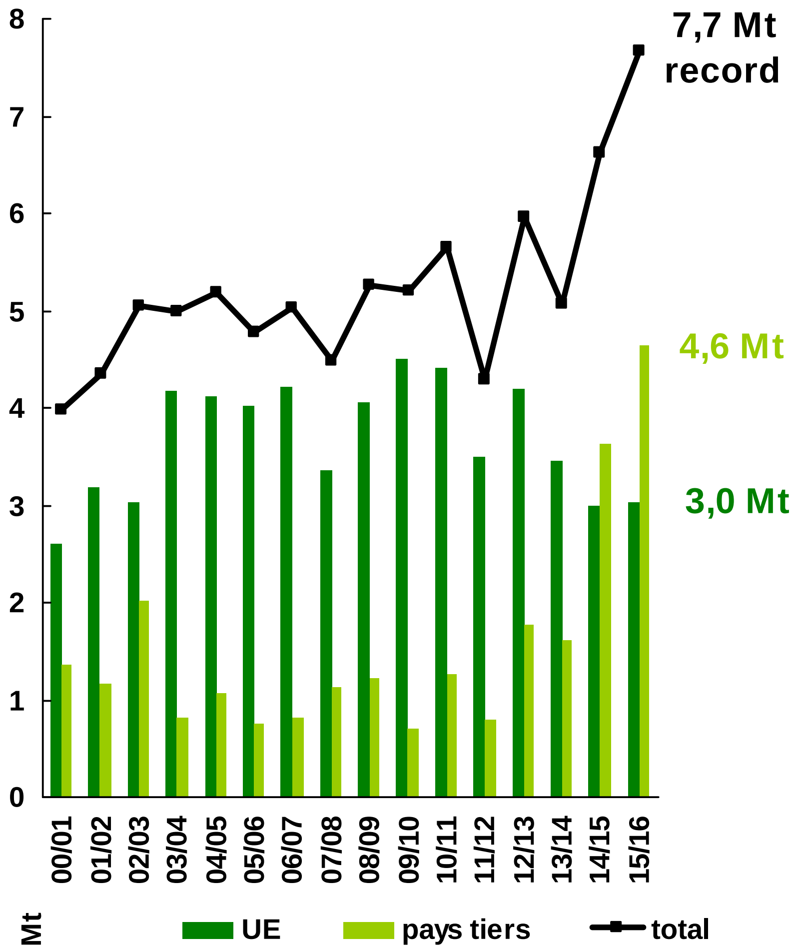


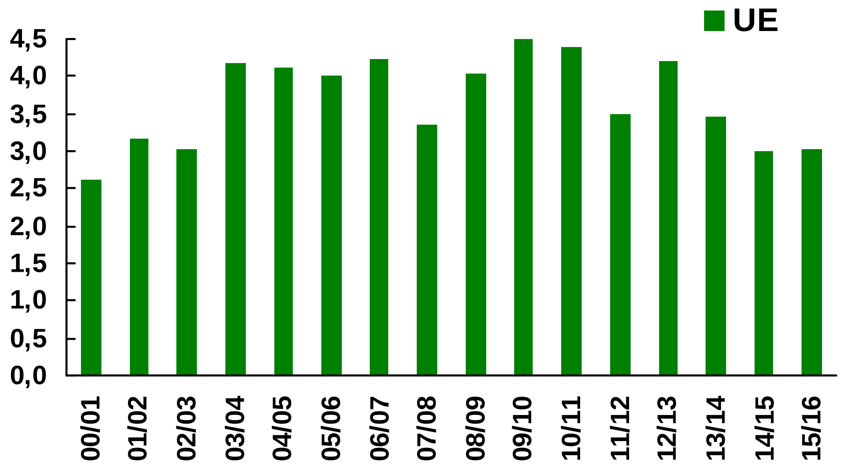


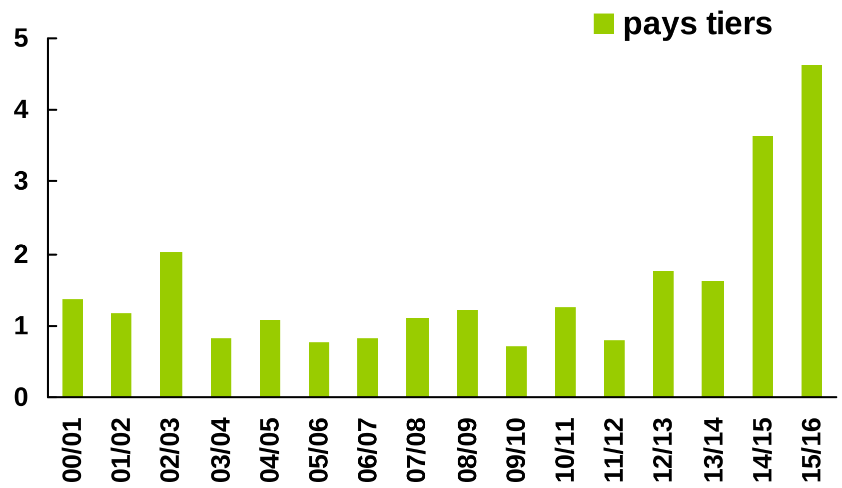


Source : FranceAgriMer d'après Douanes françaises

French BARLEY exports – ability to adjust

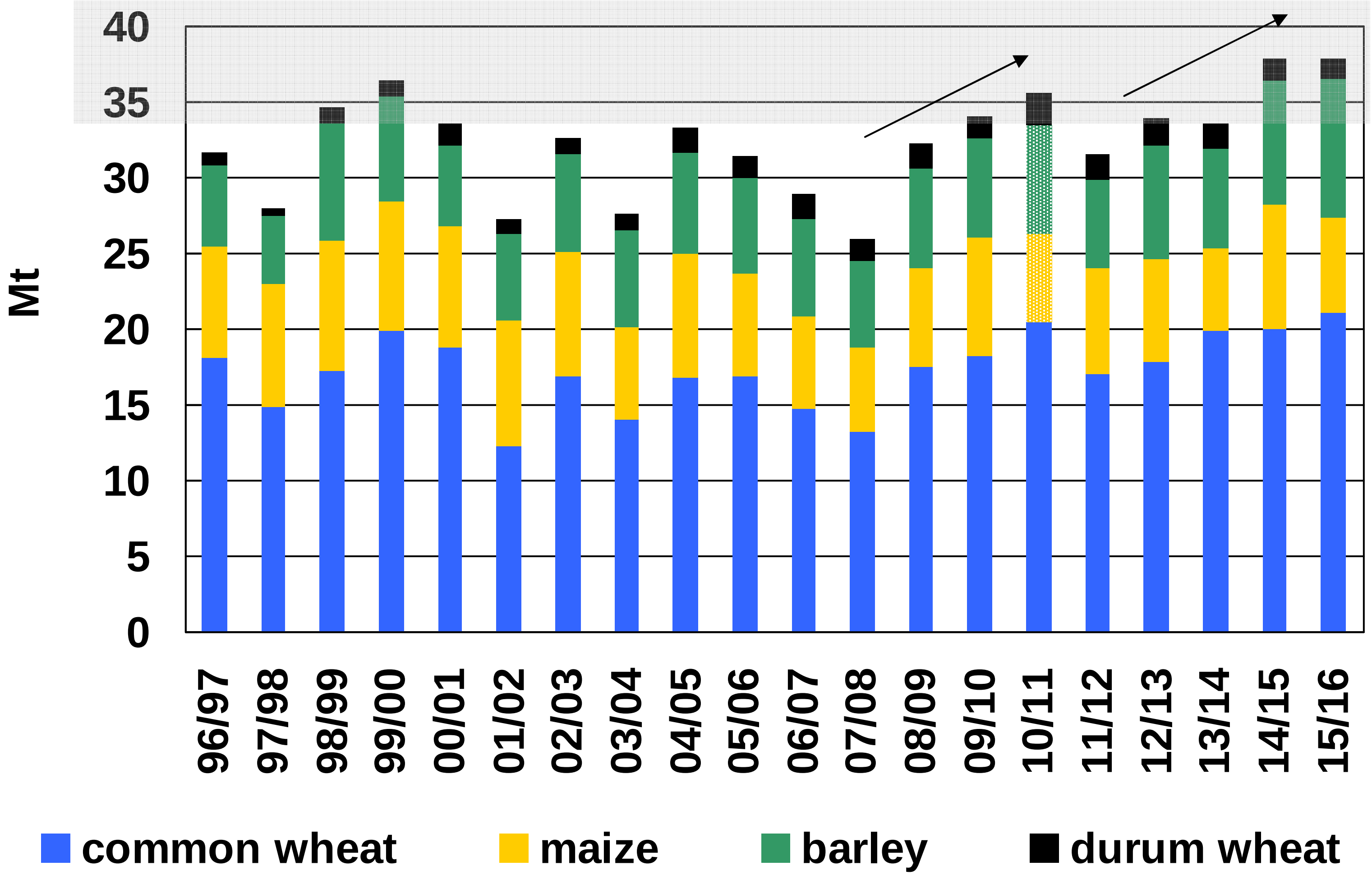






Source : FranceAgriMer d'après Douanes françaises

French cereals exports (grains & 1st processing)

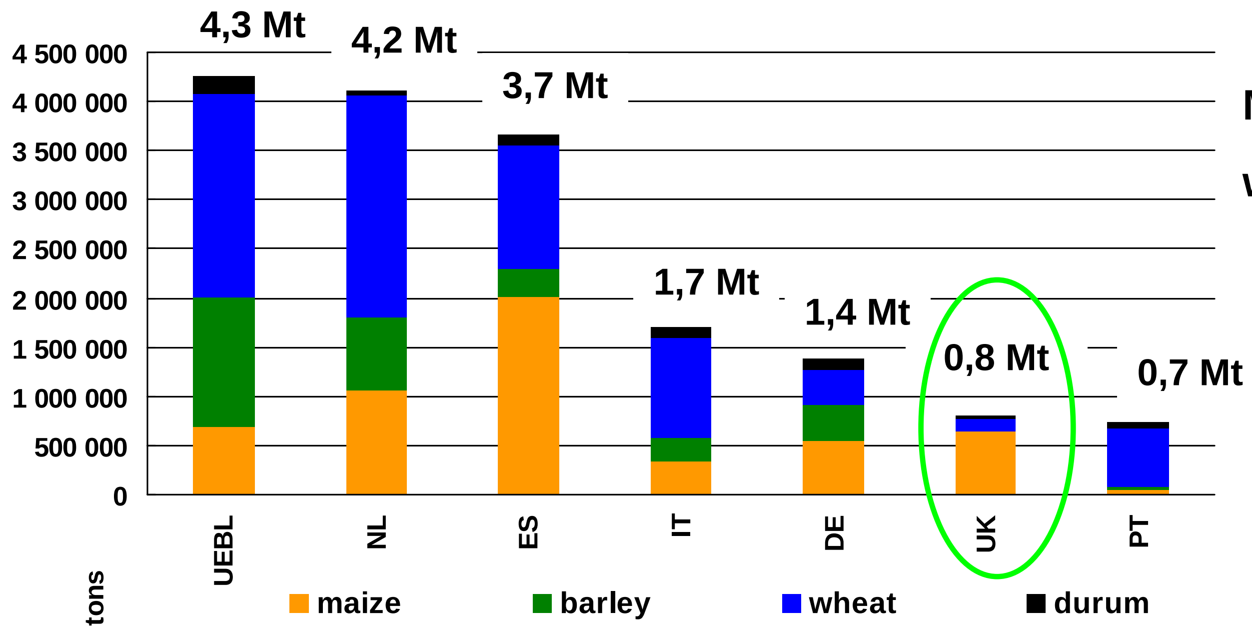


Source : FranceAgriMer from French Customs

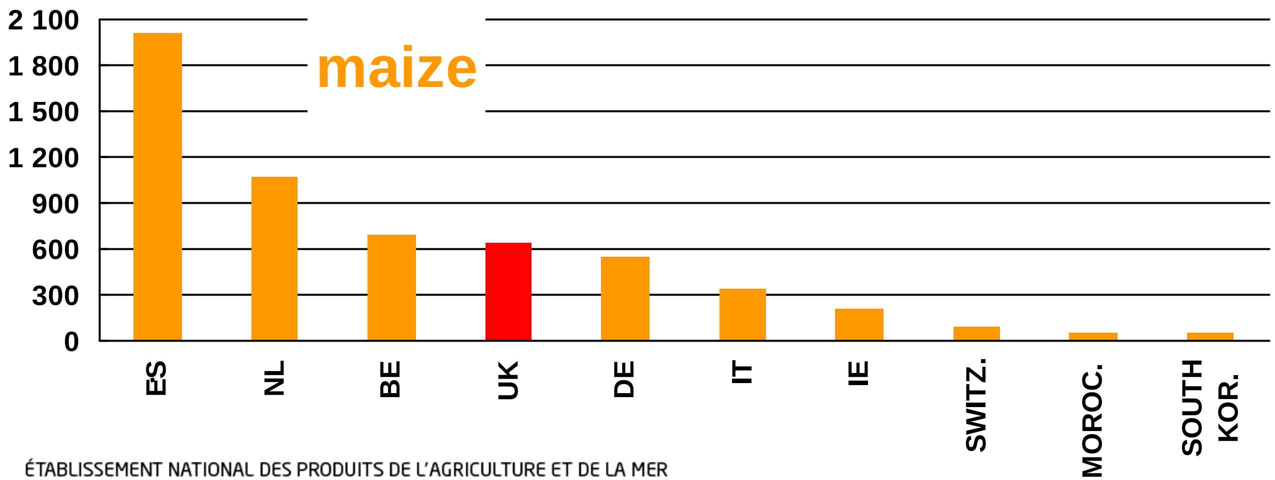
France / UK:

Interdependent markets

The importance of the UK market for French cereals



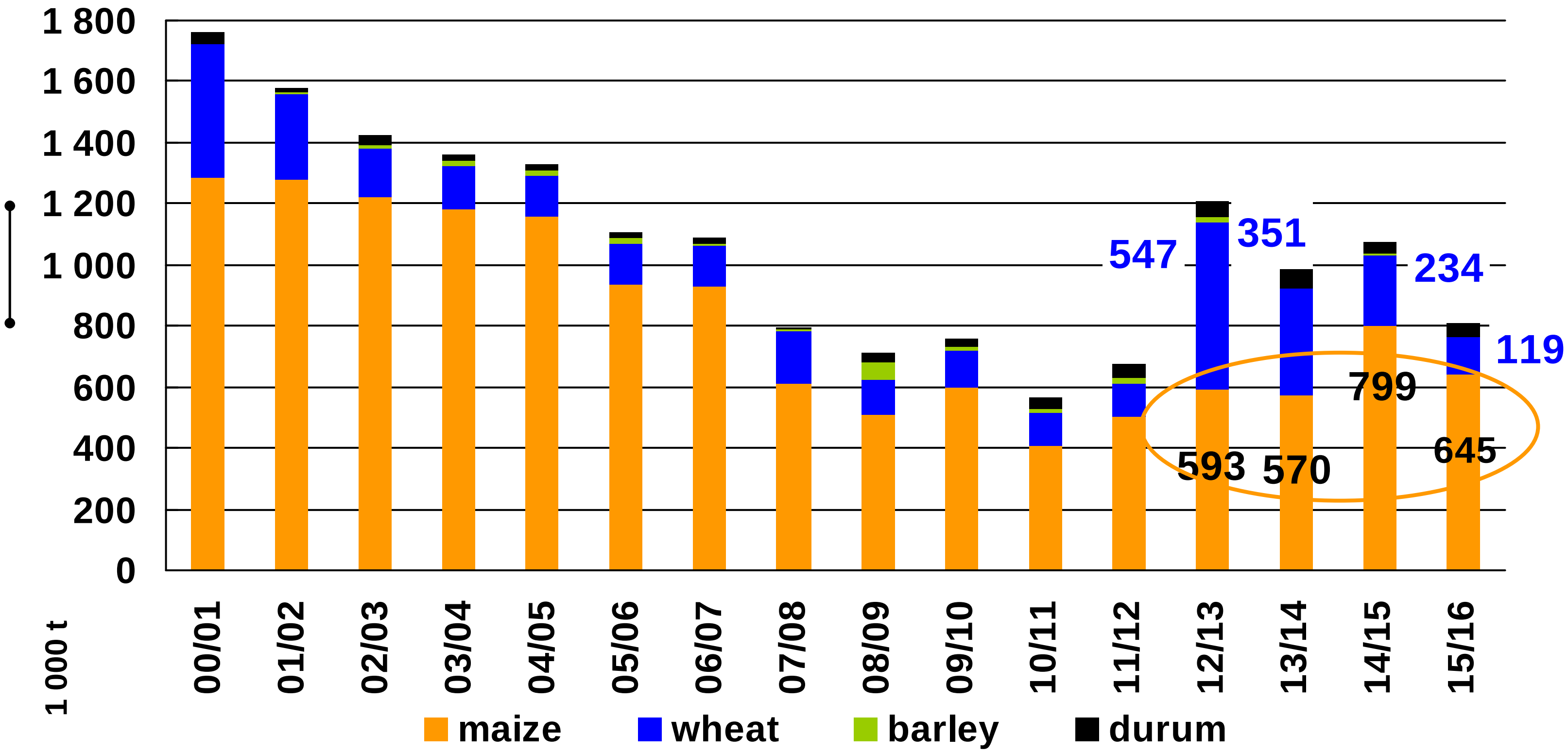
Main cereals markets within the EU



Main maize markets (all countries)

data: French customs

Exports of French grains to the UK



- **5 y av.** Maize: 622 kt
  Wheat: 270 kt
  Barley: 8 ky
  Durum: 49 kt
- **2016/17 (fcst)** 575 kt
  100 kt

French maize: crop condition

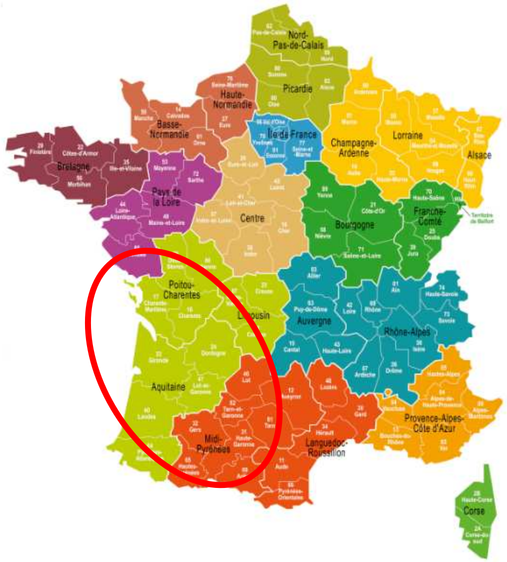
yield prospects

FranceAgriMer Céré Obs

Conditions de culture - maïs grain - France
% de surface - récolte 2016

	semaine 40 se terminant le 10 octobre 2016				
	très mauvaises %	mauvaises %	assez bonnes %	bonnes %	très bonnes %
Auvergne-Rhône-Alpes - Rhône-Alpes	3	6	25	57	9
Bourgogne-Franche-Comté	5	10	29	37	18
Bretagne	7	12	15	62	5
Centre-Val de Loire	15	19	30	32	4
Grand-Est - Alsace	5	14	27	40	14
Grand-Est - Champagne-Ardenne	7	18	31	44	0
Ile-de-France	4	14	34	48	0
Nouvelle-Aquitaine - Aquitaine	11	18	26	37	9
Nouvelle-Aquitaine - Poitou-Charentes	7	14	34	42	3
Occitanie - Midi-Pyrénées	0	11	17	60	12
Pays-de-la-Loire	5	17	26	51	1
moyenne France (1)	**7**	**14**	**26**	**45**	**8**
2016-S39 (2)	7	14	26	45	8
2015-S41 (3)	6	15	23	46	10

(1) : ces 11 régions représentent 89 % de la moyenne nationale des surfaces de maïs grain
(2) : ces 11 régions représentent 89 % de la moyenne nationale des surfaces de maïs grain
(3) : ces 11 régions représentent 89 % de la moyenne nationale des surfaces de maïs grain



New adm. regions

Weekly update

https://cereobs.franceagrimer.fr

French maize: crop progress

Area harvested

Maïs grain - récolte - France
% de surface - récolte 2016

	semaine se terminant le		
	10 octobre 2016 %	3 octobre 2016 %	10 octobre 2015 %
Auvergne-Rhône-Alpes - Rhône-Alpes	17	9	62
Bourgogne-Franche-Comté	4	1	33
Bretagne	26	16	6
Centre-Val de Loire	6	3	30
Grand-Est - Alsace	32	17	58
Grand-Est - Champagne-Ardenne	34	6	57
Ile-de-France	14	1	34
Nouvelle-Aquitaine - Aquitaine	26	12	37
Nouvelle-Aquitaine - Poitou-Charentes	31	15	20
Occitanie - Midi-Pyrénées	24	9	26
Pays-de-la-Loire	24	8	24
moyenne France	**23**	**10**	**33**
nombre de régions prises en compte	*11 (1)*	*11 (2)*	*11 (3)*

(1) : ces 11 régions représentent 89 % de la moyenne nationale des surfaces de maïs grain
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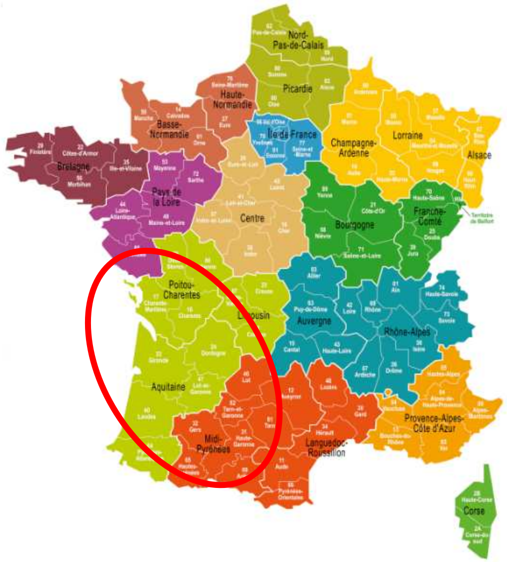

New adm. regions

Weekly update

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