

# International Grain Market Trends & Factors

2020 KSU Virtual Risk & Profit Conference

GUY ALLEN & DANIEL O'BRIEN - AGRICULTURAL ECONOMISTS



**KANSAS STATE**  
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## Wheat Markets



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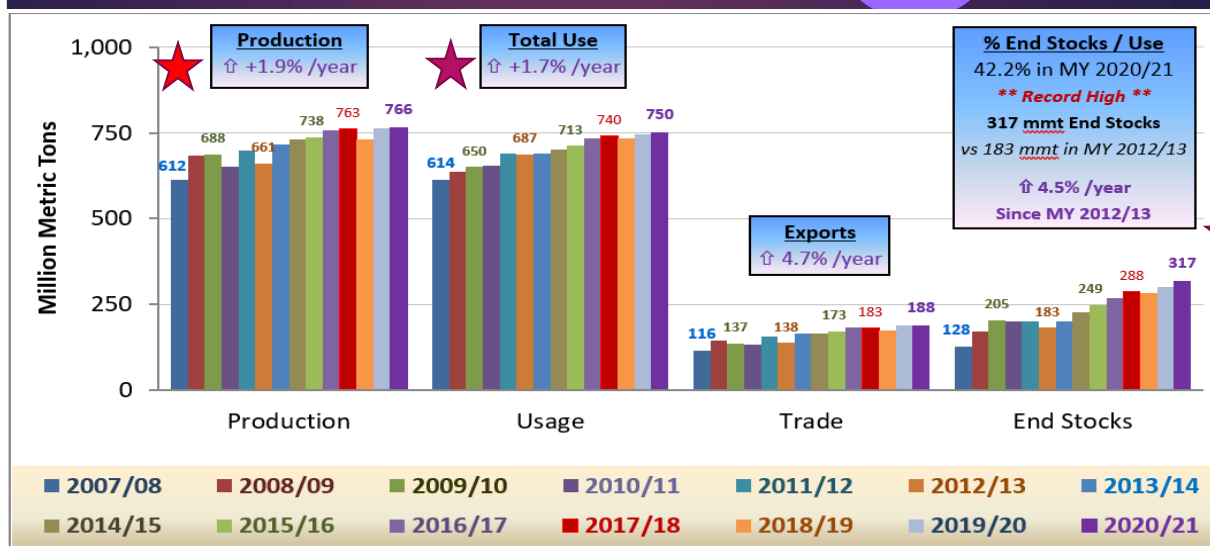
# Wheat Market Trends in 2020-2021

## WHEAT

### OVERVIEW FOR 2020/21

Global production is lowered this month as reductions for the European Union, Kazakhstan, and Turkey more than offset a larger crop in Russia. Global consumption is lowered mainly on feed and residual use for the European Union. Global trade is up, driven by stronger imports for Pakistan. Exports are raised for Russia, Ukraine, and the United States, more than offsetting lower exports for the European Union. The projected U.S. season-average farm price is lowered to \$4.50 per bushel.

## World Wheat Supply, Use & Stocks



## TRADE CHANGES IN 2020/21 (1,000 MT)

Country	Attribute	Previous	Current	Change	Reason
Argentina	Exports	14,500	14,000	-500	Smaller crop
European Union	Exports	27,000	25,500	-1,500	Reduced crop <sup>1</sup>
Russia	Exports	36,000	37,500	1,500	Larger crop and competitive prices
Ukraine	Exports	17,500	18,000	500	Larger crop
United States	Exports	26,000	27,000	1,000	Strong pace of sales to date and expanded opportunity due to reduced EU competition

## World Wheat Production

Country or Region	2019/2020 estimate	2020/2021 forecast	Change from July 10	Change from 2019/2020
----- Million Tons -----				
World	764.1	766.0	-3.3	1.9
United States	52.3	50.0	0.4	-2.2
Foreign	711.9	716.0	-3.7	4.2
Argentina	19.7	20.5	-0.5	0.8
Canada	32.3	34.0	--	1.7
Australia	15.2	26.0	--	10.8
European Union	154.9	135.5	-4.0	-19.4
Turkey	17.5	18.5	-1.0	1.0
Russia	73.6	78.0	1.5	4.4
Ukraine	29.2	27.0	0.5	-2.2
Kazakhstan	11.5	12.5	-1.0	1.0
China	133.6	136.0	--	2.4
India	103.6	107.2	--	3.6
Northwest Africa	9.4	7.7	--	-1.8

## World Wheat Supply and Use

Item	2019/2020 estimate	2020/2021 forecast	Change from July 10	Change from 2019/2020
----- Million Tons -----				
Beginning stocks	283.9	300.9	3.8	17.0
Production	764.1	766.0	-3.3	1.9
Total Supply	1,048.1	1,066.9	0.5	18.9
Feed use	139.3	133.8	-1.3	-5.4
Total use	747.1	750.1	-1.5	3.0
Trade	190.0	188.0	**	-2.0
Ending Stocks	300.9	316.8	2.0	15.9

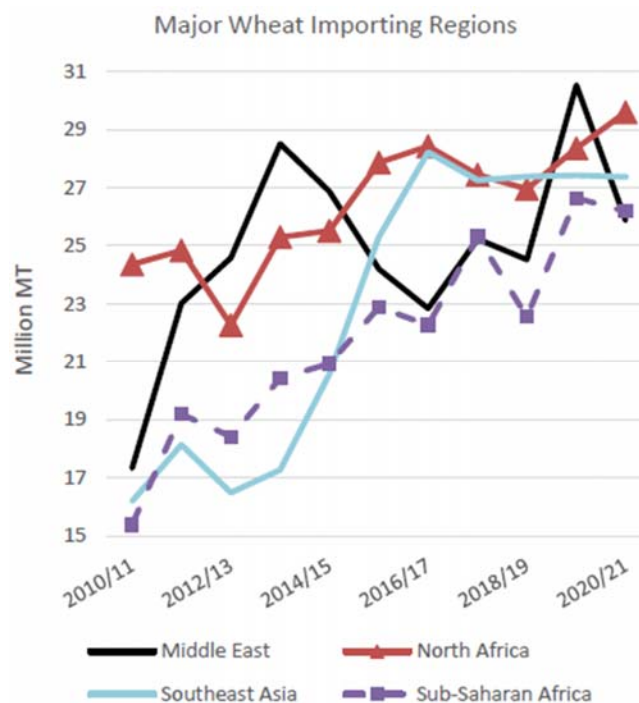
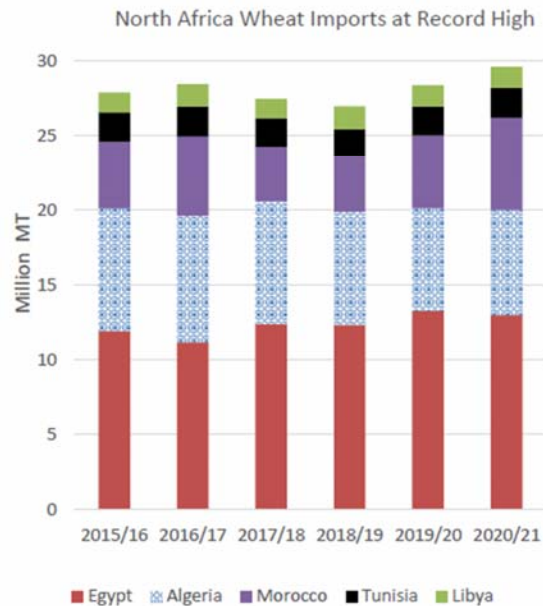
### TRADE CHANGES IN 2020/21 (1,000 MT)

Brazil	Imports	7,100	6,600	-500	Larger crop <sup>2</sup>
Iran	Imports	1,200	1,500	300	Expectations of continued strong demand in light of robust 2019/20 imports
Iraq	Imports	2,900	2,500	-400	Weaker expected demand based on slow 2019/20 trade and a large crop
Morocco	Imports	6,000	6,200	200	Expected strong imports amid tight supplies
Pakistan	Imports	100	1,000	900	Eliminated import tariff (previously 60 percent), recent purchases, and recently issued tenders amid tight carryin – if realized, this would be the largest import total since 2008/09
United States	Imports	3,800	3,600	-200	Expectations of reduced imports from Canada based on sufficient domestic supplies of high-protein spring and winter wheat



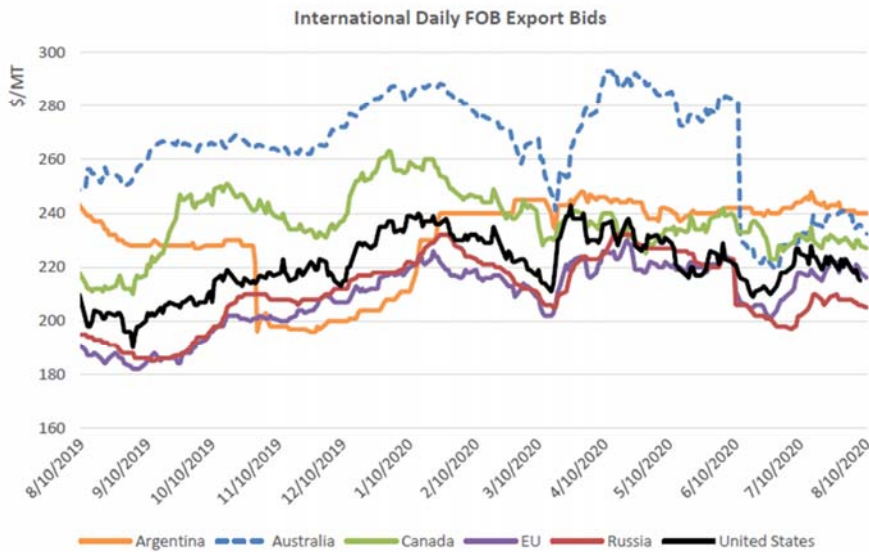
## North Africa Projected to Be Top Wheat Importing Region

North Africa is poised to become the world's leading wheat importing region for the first time in 3 years. Growing demand and reduced production is expected to push imports for the region to a record. Egypt, the world's leading buyer, is projected to import a robust 13.0 million tons in 2020/21, down slightly from 2019/20, which was a record partly due to government stockpiling during the COVID-19 pandemic. Algeria, the world's fourth largest importer, is forecast to import 7.0 million tons with continued growth in demand and flat production. Morocco is projected up significantly to a record 6.2 million tons as its crop has been ravaged by drought and the government is allowing duty-free wheat imports through the end of 2020. It is worth noting that Morocco's imports at the end of 2019/20 were also large in anticipation of tighter new-crop supplies. Imports for Tunisia and Libya are expected to be nearly unchanged.



Argentina	Australia	Canada	EU	Russia	United States
\$240	\$232	\$227	\$216	\$205	\$215

Note: As of August 10th, 2020



\*Note on FOB prices:

Argentina- 12.0%, up river;

Australia- avg of APW; Fremantle, Newcastle, & Port Adelaide;

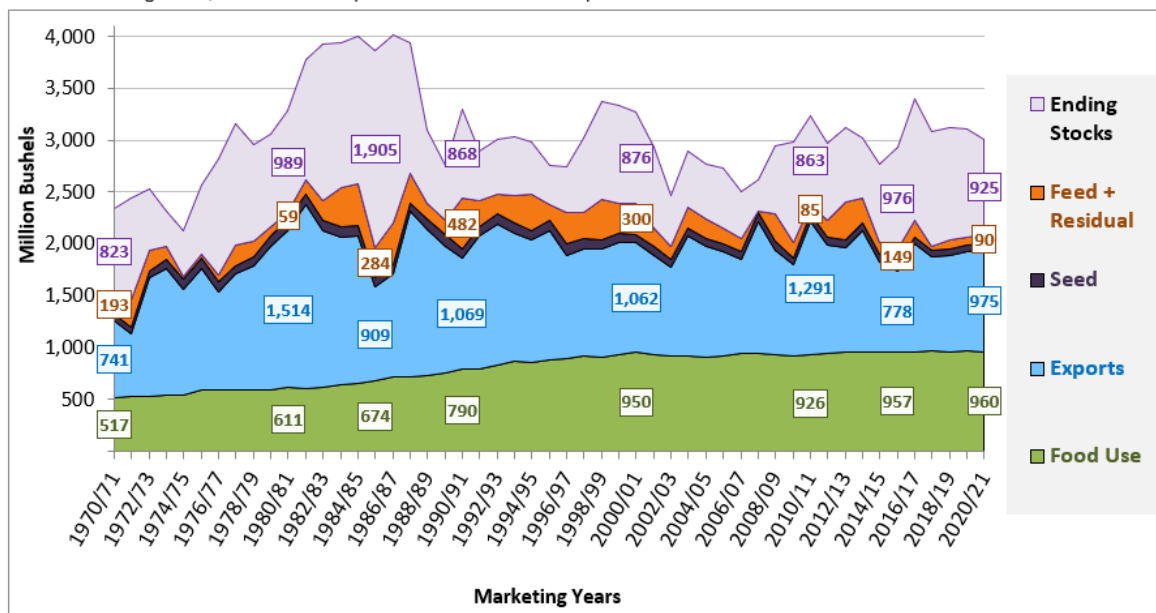
Russia - Black Sea- milling;

EU- France grade 1, Rouen;

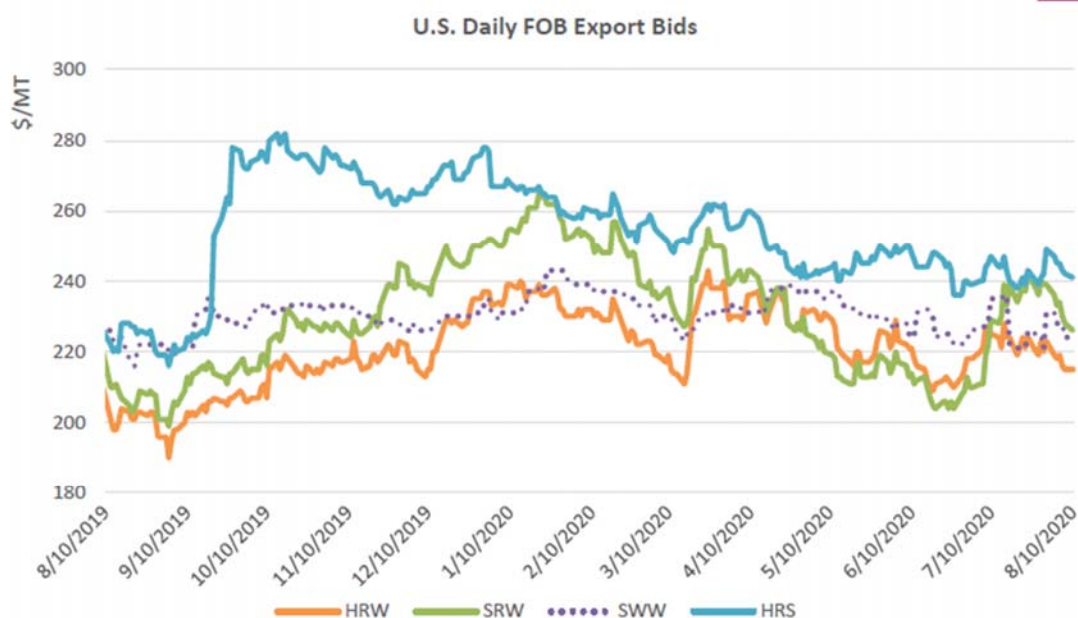
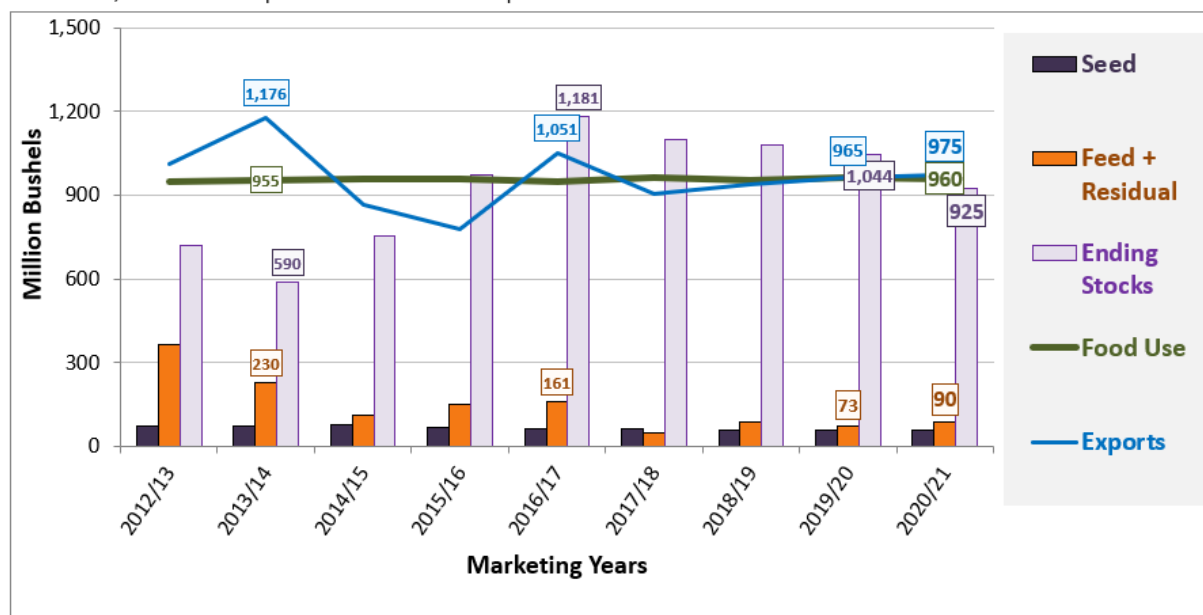
US- HRW 11.5% Gulf;

Canada- CWRS (13.5%), Vancouver

Figure 9. Cumulative Trends in U.S. Wheat Use & Ending Stocks: MY 1970/71 – “New Crop” MY 2020/21 as of the August 12, 2020 USDA Crop Production & WASDE Reports



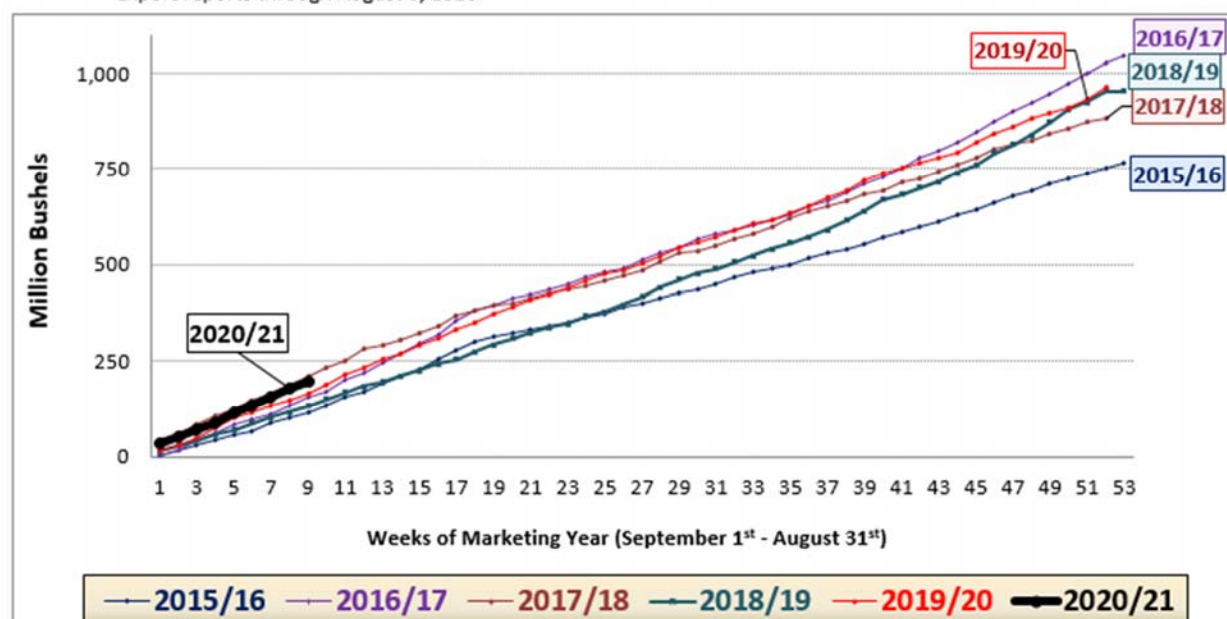
**Figure 9b. Trends in U.S. Wheat Use & Ending Stocks: MY 2006/07 – “New Crop” MY 2019/20** as of the August 12, 2020 USDA Crop Production & WASDE Reports



Source: IGC

\*Note on FOB prices: HRW (Hard Red Winter); SRW (Soft Red Winter); SWW (Soft White Wheat); HRS (Hard Red Spring)

**Figure 10a. U.S. All Wheat Exports for MY 2015/16 thru "Current Crop" MY 2019/20 as of USDA FAS Weekly Export reports through August 6, 2020**



### U.S. All Wheat Exports: "Positive" short-term Export Shipments with "Bullish" prospects for "New Crop" MY 2020/21

- Weekly Export Shipments wk of 8/6/2020 for "New Crop" MY 2020/21 = 17.2 mb (Neutral-Negative) vs 18.8 mb /wk needed to meet USDA's August 12<sup>th</sup> projn of 975 mb exports
- Total shipments through 8/6/2020 for "New Crop" MY 2020/21 = 183.6 mb i.e., 15.2% of 975 mb USDA projn with 19.2% of MY complete (10/52 weeks)
- Total shipments + new sales thru 8/6/2020 for "New Crop" MY 2020/21 = 389.2 mb i.e., 39.9% of 975 mb USDA #'s with 19.2% of MY complete (10/52 weeks) (Bullish)





**U.S. Hard Red Winter (HRW) Wheat Exports: “Bullish” short-term Shipments with “Bullish” long-term prospects for “New Crop” MY 2020/21 total sales**

- **Weekly Export Shipments** wk of 8/6/2020 for “New Crop” MY 2020/21 = 7.1 mb (Neutral-Negative) vs 7.7 mb /wk needed to meet USDA’s August 12<sup>th</sup> projn of 405 mb HRW wheat exports
- **Total shipments** through 8/6/2020 for “New Crop” MY 2020/21 = 83.1 mb i.e., 20.5% of 405 mb KSU Est. HRW wheat exports with 19.2% of MY complete (10/52 weeks)
- **Total shipments + new sales** thru 8/6/2020 for “New Crop” MY 2020/21 = 140.4 mb i.e., 34.7% of 405 mb KSU Est. with 19.2% of MY complete (10/52 weeks) (Bullish)

**Figure 10c. U.S. Hard Red Spring Wheat Exports for MY 2015/16 thru “New Crop” MY 2020/21 as of USDA FAS**  
Weekly Export reports through August 6, 2020

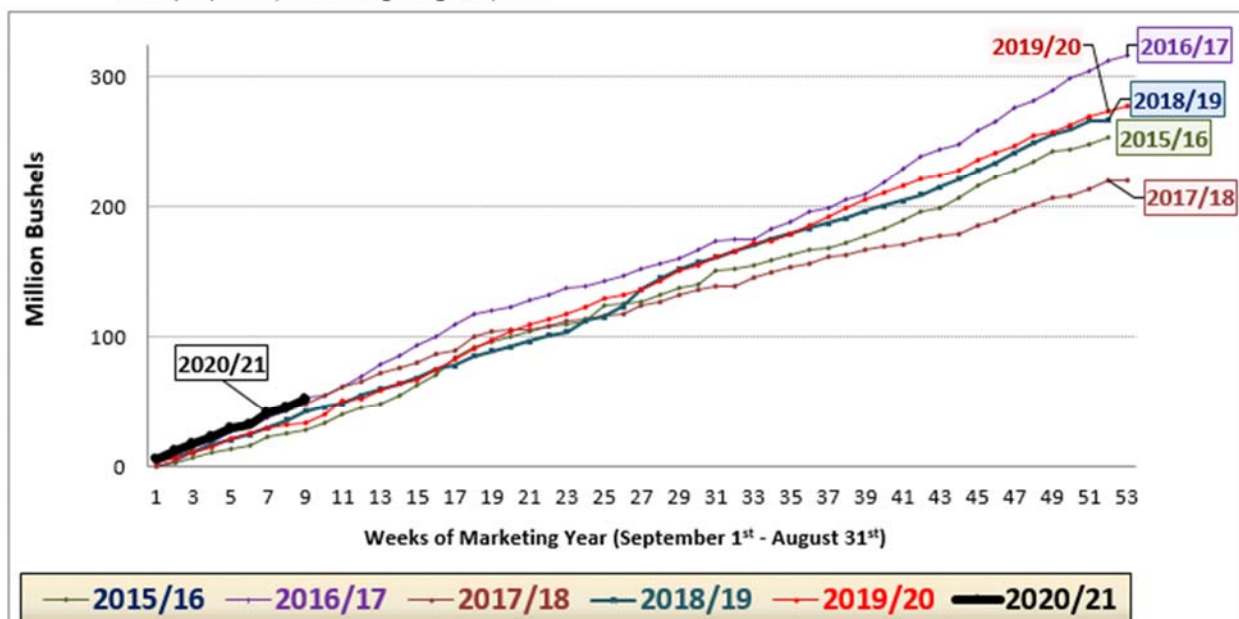


Figure 14a\*. **U.S. Wheat Price** vs **World % Stocks-to-Use**: MY 2007/08 through “New Crop” MY 2020/21 as of the August 12, 2020 USDA WASDE Report

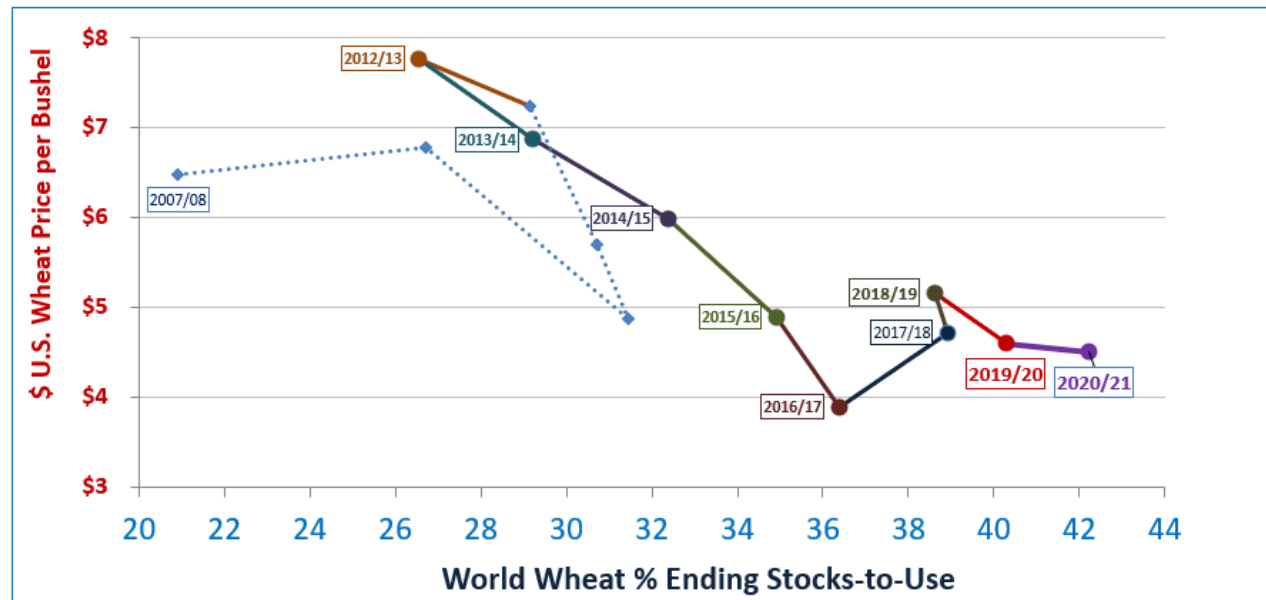


Figure 15b. **U.S. Wheat Price** vs **“World-Less-China” % Stocks-to-Use**: MY 2008/09 through “New Crop” MY 2020/21 as of the August 12, 2020 USDA WASDE report

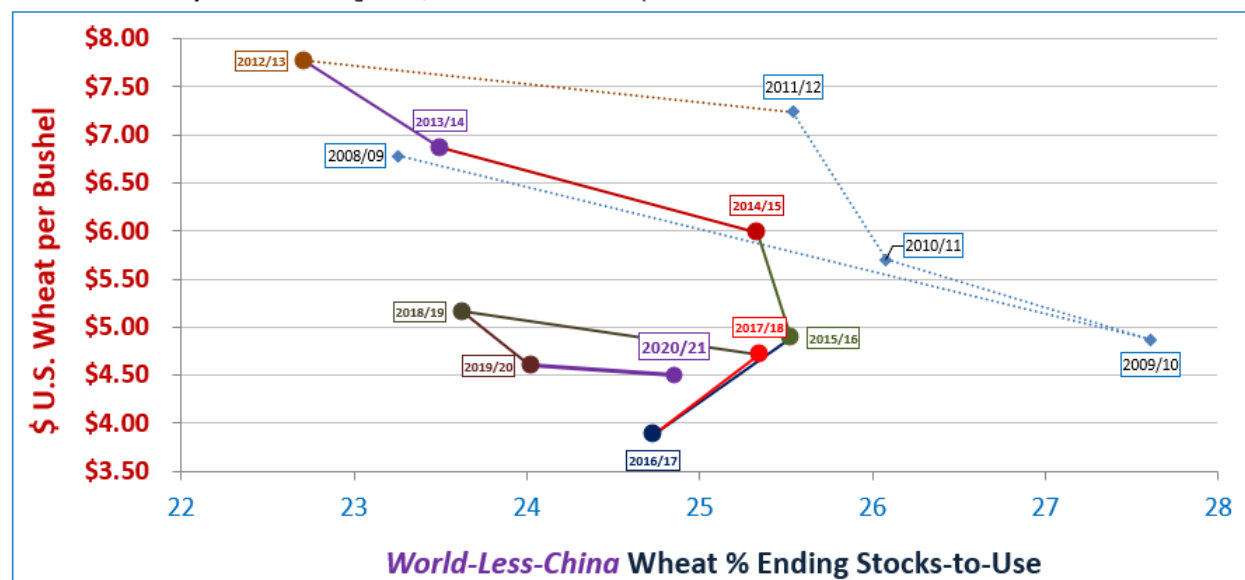
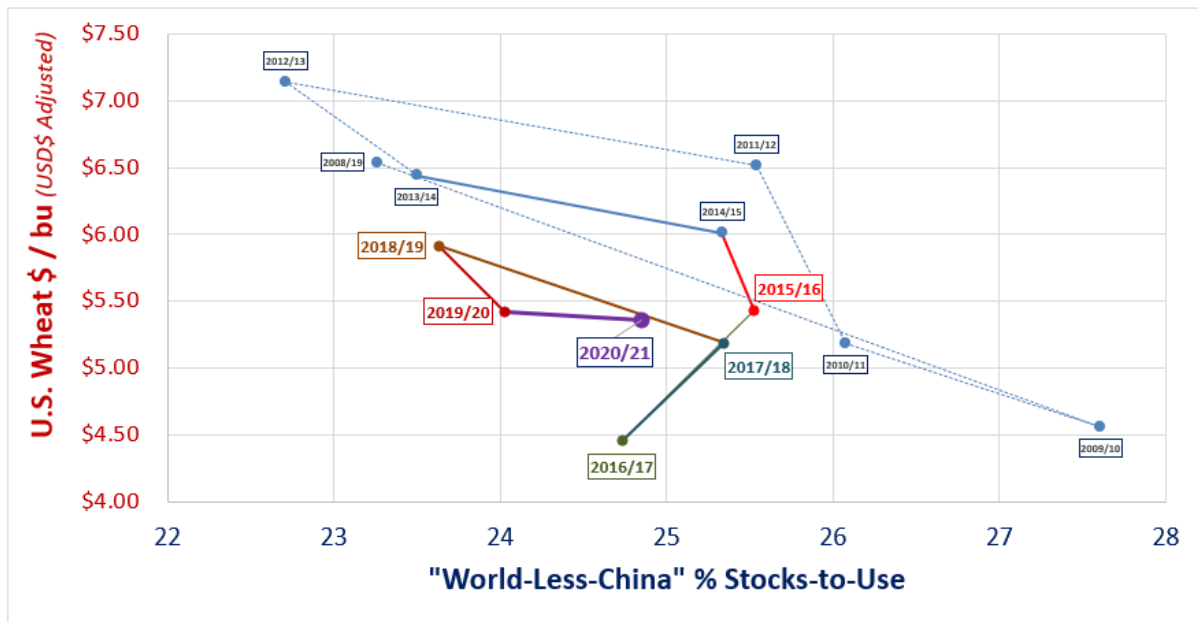
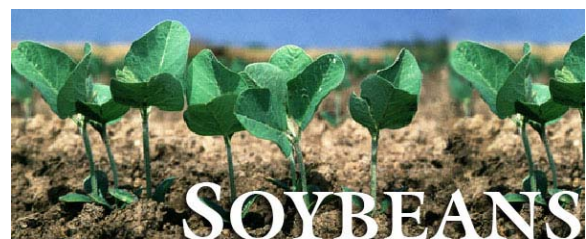


Figure 16a. **U.S. Wheat Price (Adjusted by Trade Weighted U.S. Dollar)** vs **"World-Less-China" % Stocks-to-Use**  
 Use: MY 2008/09 through "New Crop" MY 2020/21 as of the August 12, 2020 USDA WASDE report



# Soybean Markets



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# Key Grain Market Issues in 2020-2021

## ❑ World Soybean Demand & Export Prospects

- **China Flood Impact of Soybean Trade?**
  - Potential for China to be forced to VERY aggressive buyers
- **Likely large 2020 U.S. Crop** ➡ “However”
  - Generally Good Conditions ➡ Dry in Iowa, Indiana, Ohio
    - Likely to be more Iowa crop damage for Corn than Soybeans – but still presents uncertainty



## Oilseeds: World Markets and Trade

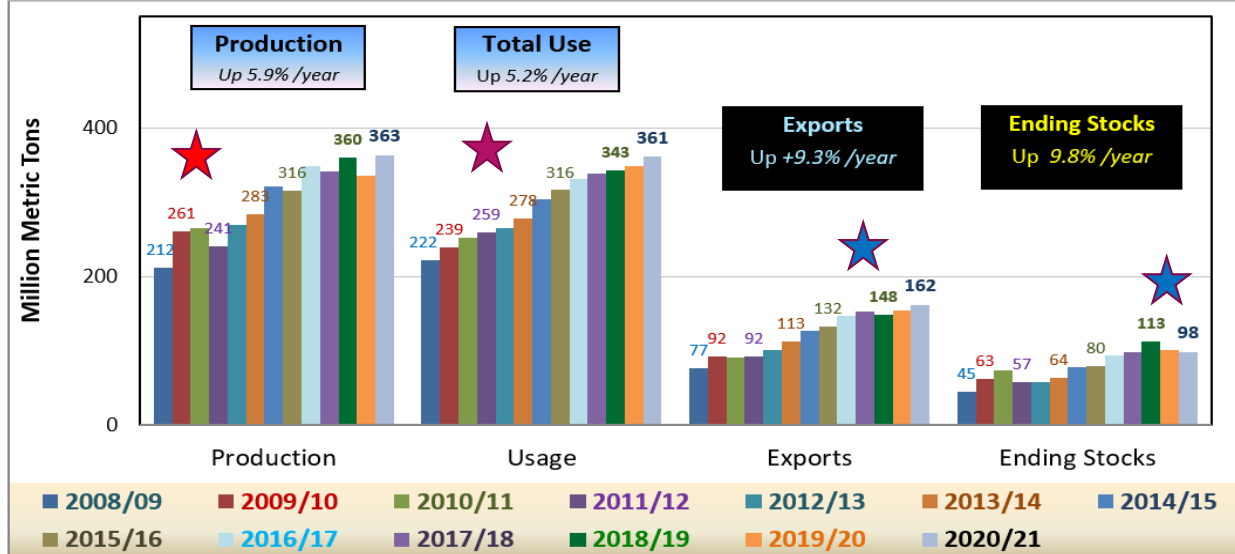
### PROJECTION FOR 2020/21

Global 2020/21 oilseed production is forecast at 610 million tons, up 6 million from July due to a larger soybean crop in the United States offsetting lower sunflowerseed production in Russia and smaller a rapeseed crop in Ukraine. Oilseed trade volumes are up 3 million to 189 million on higher Argentina, Brazil and U.S. soybean exports. China is the main driver for increased exports with imports also raised for India, Egypt and Thailand. Crush is up 3 million on higher China soybean meal consumption. Global ending stocks are down 1 million on lower forecasts for Canada rapeseed in response to stronger export demand in the face of declining competition.

Protein meal production is up 3 million mostly due to higher China soybean crush. Oil production is up 1 million on increased China soybean crush and higher Indonesia palm oil production. Global trade in meal and oils is marginally higher. The projected U.S. season-average farm price for soybeans is reduced to \$8.35 per bushel in response to record supplies following the near record August production forecast.



# World Soybean Supply, Use & Stocks



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## 2020/21 OUTLOOK CHANGES

Note: All figures are in thousand metric tons.

Country	Commodity	Attribute	Current	Previous	Change	Reason
United States	Oilseed, Soybean	Export	57,833	55,792	2,041	Record supplies and growing China demand
		Imports	4,000	3,600	400	Reflects strong imports on reduced farmer selling
Argentina	Oilseed, Soybean	Exports	7,500	6,500	1,000	Expected larger sales to China
		Imports				
Brazil	Oilseed, Soybean	Exports	84,000	83,000	1,000	Strong China demand
China	Meal, Sunflowerseed	Imports	1,400	900	500	Reflecting 2019/20 trade pace
	Oil, Palm	Imports	6,700	6,400	300	Increased domestic demand
	Oilseed, Soybean	Imports	99,000	96,000	3,000	Increased crush demand and rising U.S. supplies
Egypt	Oilseed, Soybean	Imports	4,000	3,700	300	Growing demand and trade trend

## 2020/21 OUTLOOK CHANGES

Note: All figures are in thousand metric tons.

Country	Commodity	Attribute	Current	Previous	Change	Reason
India	Oilseed, Soybean	Imports	400	100	300	Strengthened demand
Russia	Meal, Sunflowerseed	Exports	1,500	1,725	-225	Lower crush
	Oilseed, Soybean	Exports	800	1,000	-200	Lower production forecast
	Oilseed, Sunflowerseed	Exports	350	650	-300	Lower production forecast
Thailand	Oilseed, Soybean	Imports	3,590	3,140	450	Higher demand

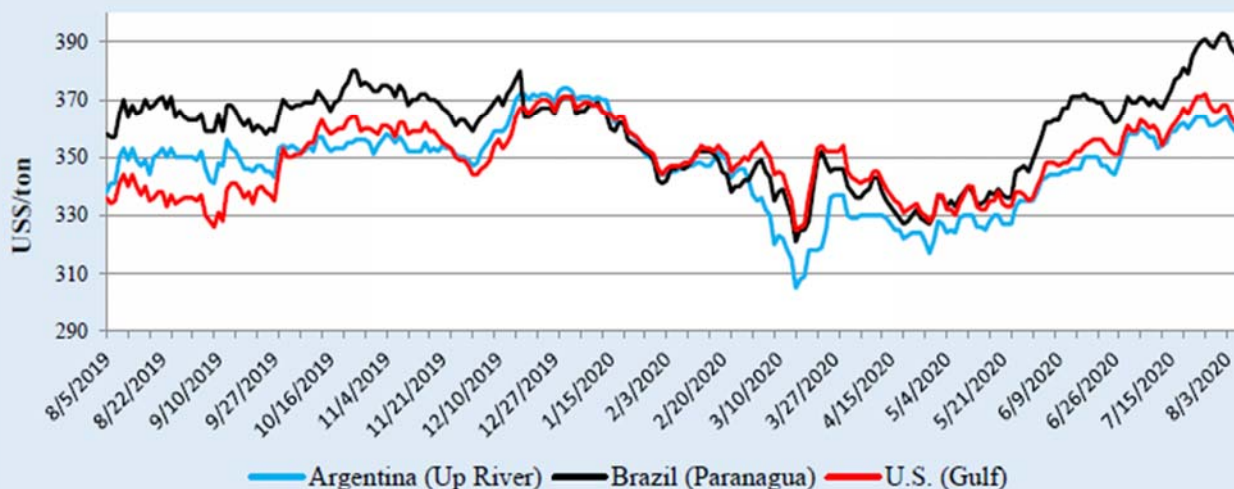
## World Soybean Production

Country or Region	2019/2020 estimate	2020/2021 forecast	Change from July 10	Change from 2019/2020
----- Million Tons -----				
World	337.3	370.4	7.9	33.1
United States	96.7	120.4	7.9	23.7
Foreign	240.6	250.0	**	9.4
Argentina	49.7	53.5	--	3.8
Brazil	126.0	131.0	--	5.0
Paraguay	9.9	10.2	--	0.4
Canada	6.0	5.8	--	-0.2
India	9.3	10.8	0.2	1.5
China	18.1	17.5	--	-0.6

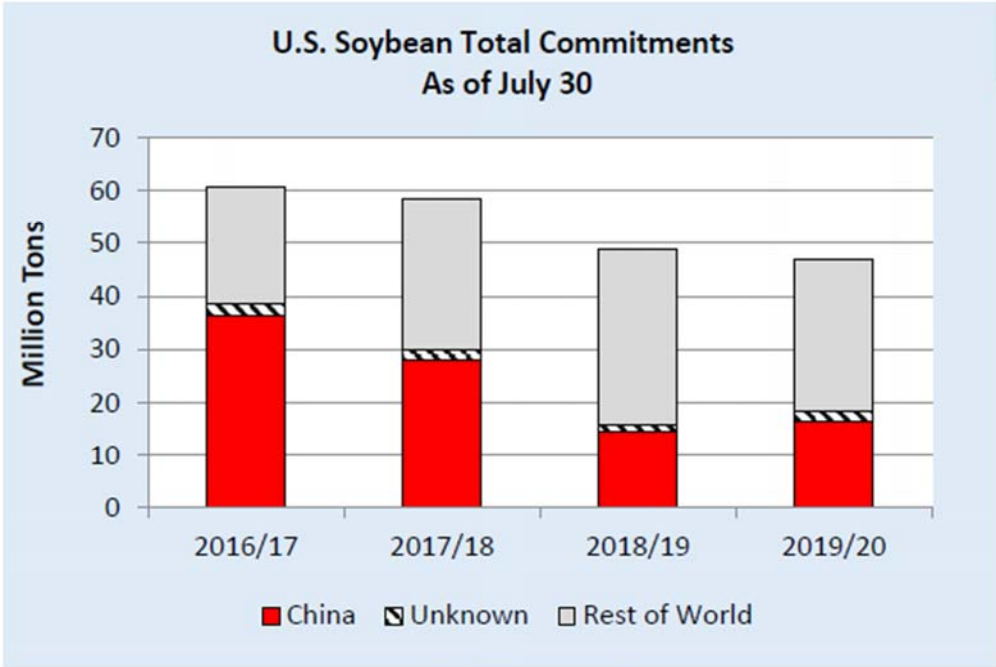
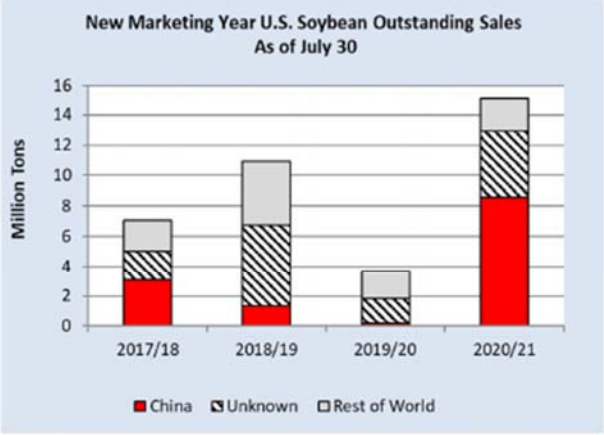
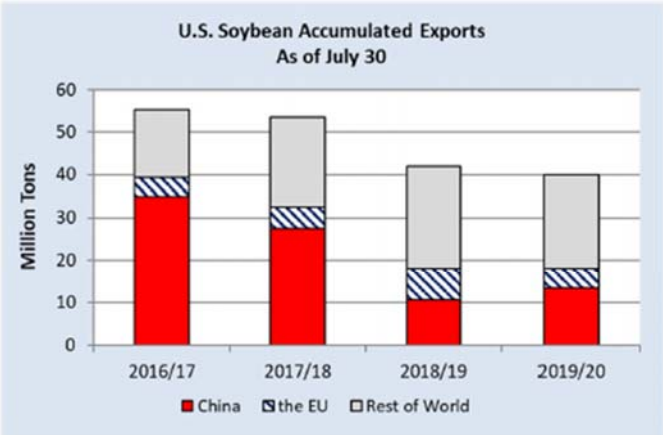
## World Soybean Supply and Use

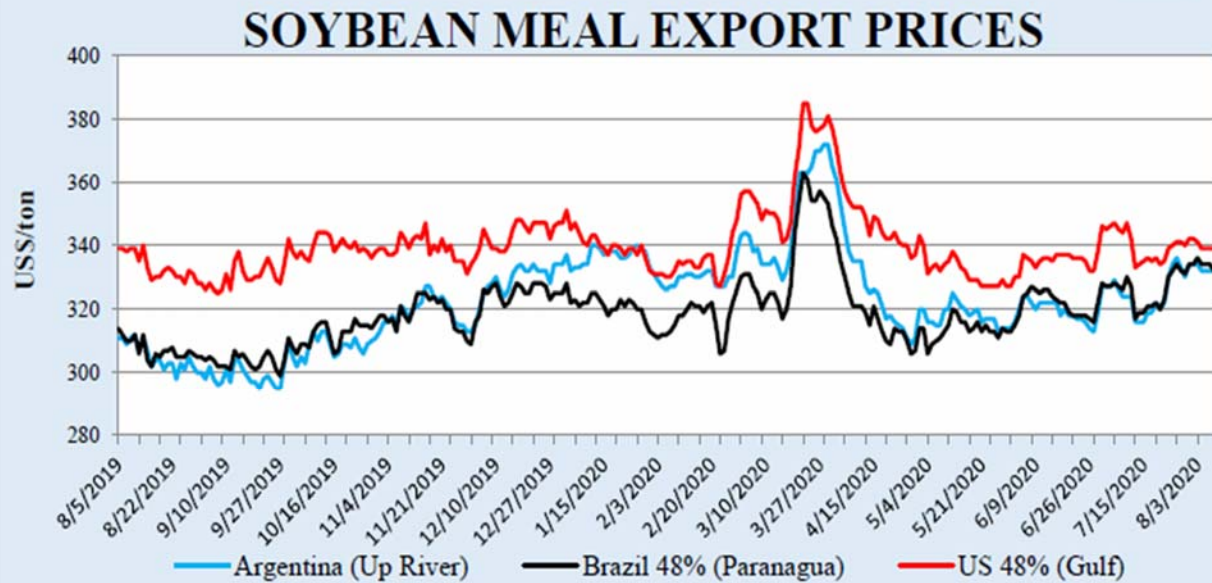
Item	2019/2020		2020/2021		
	Estimate	Change from July 10	Forecast	Change from July 10	Change from 2019/2020
----- Million Tons -----					
Beginning stocks	112.9	0.1	95.9	-3.8	-17.0
Production	337.3	0.1	370.4	7.9	33.1
Total Supply	450.1	0.3	466.2	4.1	16.1
Crush	308.0	3.8	320.1	4.5	12.1
Total use	351.9	3.5	367.9	4.3	16.0
Trade	164.6	5.2	165.5	3.9	0.9
Ending Stocks	95.9	-3.8	95.4	0.3	-0.5
Addendum					
Beginning stocks					
Argentina plus Brazil	61.6	0.3	44.8	-4.0	-16.8
Imports*					
China	98.0	2.0	99.0	3.0	1.0

## SOYBEAN EXPORT PRICES

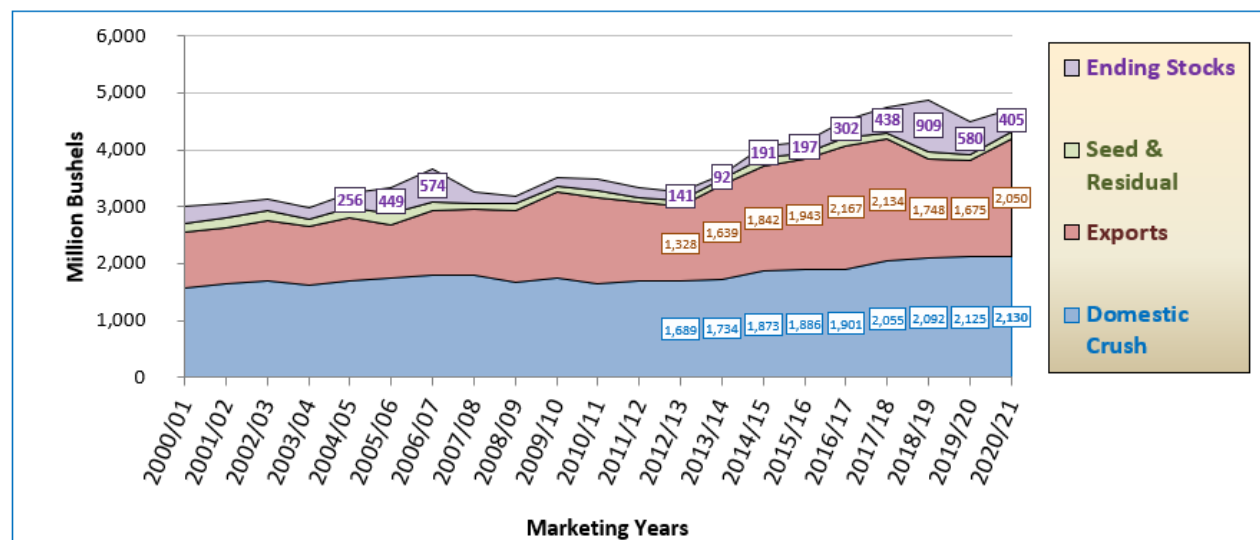


EXPORT SALES



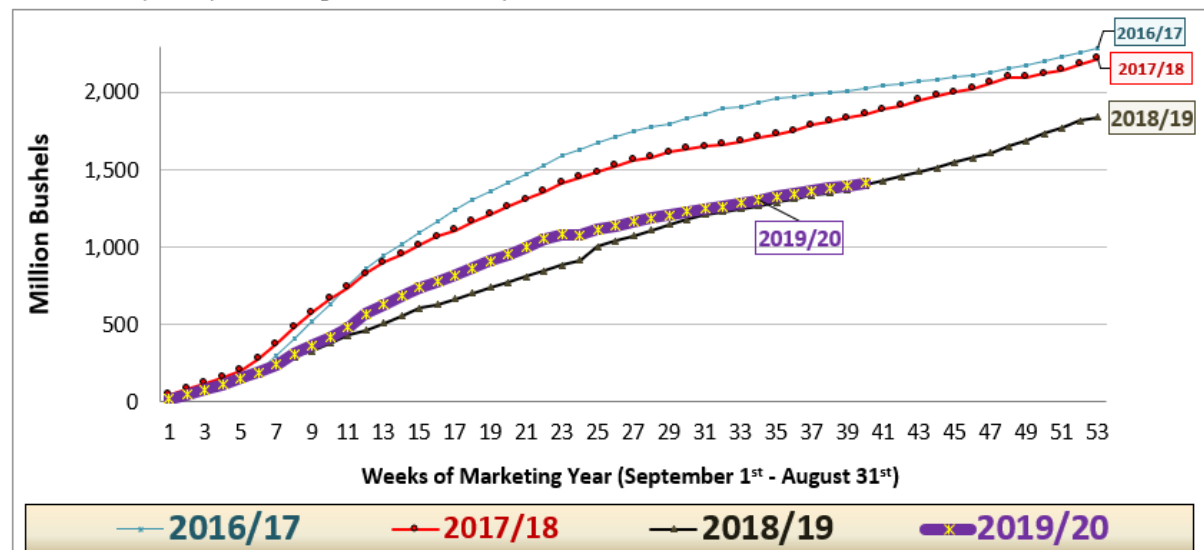


**Figure 10b. U.S. Soybean Use & Ending Stocks: MY 2000/01 – “New Crop” MY 2020/21 as of the May 12, 2020**  
USDA WASDE





**Figure 9b. U.S. Soybean Exports for MY 2016/16 through “Old Crop” MY 2019/20** as of recent USDA FAS Weekly Export reports through the week of May 28, 2020



❖ **U.S. Soybean Exports: “Bearish” short-term export shipments in “Old Crop” MY 2019/20 and “Positive” long-term total sales**

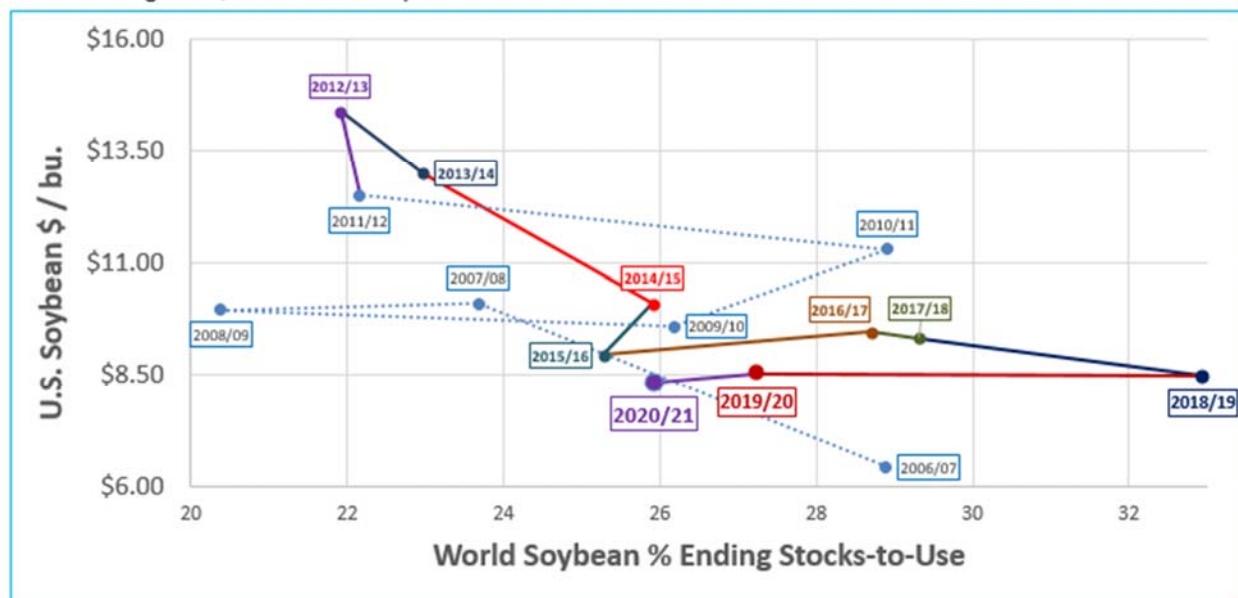
- **Weekly Export Shipments** week of 8/6/2020 for “Old Crop” MY 2019/20 = 40.6 mb (Bearish) vs 47.0 mb/wk needed to meet USDA’s August 13<sup>th</sup> projn of 1.650 bb exports
- **Total shipments** through 8/6/2020 for “Old Crop” MY 2019/20 = 1.509 bb i.e., 91.4% of 1.650 bb USDA projn with 94.2% of MY complete (49/52 weeks)
- **Total sales** through 8/6/2020 for “Old Crop” MY 2019/20 = 1.746 bb (Positive) i.e., 105.8% of 1.650 bb USDA projn w. 94.2% of MY complete (49/52 weeks)
- **Total sales** through 8/6/2020 for “New Crop” MY 2020/21 = 660.5 mb (Positive) i.e., 31.1% of 2.125 bb USDA projn w. 0.0% of MY complete (0/52 weeks)

SOYBEANS		MARKETING YEAR 09/01 - 08/31					
OUTSTANDING EXPORT SALES AND EXPORTS BY COUNTRY, REGION AND MARKETING YEAR		AS OF AUGUST 06, 2020					
1000 METRIC TONS		CURRENT MARKETING YEAR			NEXT MARKETING YEAR		
		OUTSTANDING SALES			ACCUMULATED EXPORTS: OUTSTANDING SALES		
DESTINATION		THIS WEEK:	YR AGO	THIS WEEK:	YR AGO	SECOND YR:	THIRD YR
EUROPEAN UNION - 27		79.5	97.0	4694.0	7637.0	324.5	0.0
GERMANY		0.0	0.0	1187.2	1500.1	0.0	0.0
ITALY		0.0	0.0	313.2	727.6	0.0	0.0
NETHERLANDS		0.0	0.0	1291.5	2110.9	60.0	0.0
PORTUGAL		0.0	40.0	355.1	514.8	49.0	0.0
SPAIN		55.0	57.0	1283.8	1801.2	190.0	0.0
U.K.		20.0	0.0	173.4	268.2	0.0	0.0
JAPAN		313.7	344.7	2152.7	2286.3	160.0	0.0
TAIWAN		264.7	178.7	1693.8	1445.8	315.2	0.0
CHINA		2703.4	2841.5	14152.3	11222.1	10270.0	0.0
OTHER ASIA AND OCEANIA:		488.7	500.3	8567.5	8777.4	244.8	0.0
BANGLADH		0.5	5.1	1566.2	761.6	0.0	0.0
INDONESIA		205.9	189.6	2090.5	2175.2	40.0	0.0
KOR REP		38.1	19.1	646.8	1003.8	2.0	0.0
LEBANON		0.0	0.0	69.8	101.4	0.0	0.0
MALAYSIA		65.0	35.1	563.3	509.7	68.4	0.0
PAKISTAN		70.0	62.5	993.6	1022.2	70.0	0.0
S. ARAB		4	55.0	286.3	271.6	0.0	0.0
THAILAND		41.0	68.9	1153.7	1414.1	34.8	0.0
VIETNAM		45.2	32.8	810.2	605.6	9.8	0.0
AFRICA		304.4	170.0	4142.3	2909.1	185.0	0.0
EGYPT		239.0	170.0	3617.7	2530.1	150.0	0.0
TUNISIA		30.0	0.0	351.1	301.1	0.0	0.0
WESTERN HEMISPHERE		454.5	401.6	5662.2	8620.9	1249.3	0.0
ARGENT		0.0	0.0	0.0	1874.4	0.0	0.0
C. RICA		25.5	23.0	280.2	258.9	38.9	0.0
CANADA		11.8	54.2	94.7	755.1	5.7	0.0
COLOMB		15.0	6.8	534.5	600.2	13.4	0.0
MEXICO		371.0	293.4	4358.2	4658.8	1161.3	0.0
TOTAL KNOWN		4608.9	4533.7	41064.8	42944.3	12748.6	0.0
TOTAL UNKNOWN		1837.1	1114.2	*	0.0	5226.9	0.0
TOTAL KNOWN & UNKNOWN		6445.9	5647.9	41064.8	42944.3	17975.5	0.0
EXPORTS FOR OWN ACCT		-	-	61.6	2.4	-	-

❖ **U.S. Soybean Meal Exports: “Bearish” short-term export shipments in “Current Crop” MY 2019/20 and “Positive” long-term total sales**

- **Export Shipments** for week of 8/6/2020 for “Old Crop” MY 2019/20 = 196,500 mt (Bearish) vs 270,643 mt/wk needed to meet USDA’s August 12<sup>th</sup> projn of 12.200 mmt exports
- **Total shipments** through 8/6/2020 for “Old Crop” MY 2019/20 = 10,305,500 mt i.e., 84.5% of 12,200,000 mt USDA projn with 86.5% of MY complete (45/52 weeks)
- **Total shipments & new sales (8/6/2020)** for “Old Crop” MY 2019/20 = 11,957,500 mt i.e., 98.0% of 12,200,000 mt USDA projn with 86.5% of MY complete (45/52 wks) (Positive)
- **Total shipments & new sales (8/6/2020)** for “New Crop” MY 2020/21 = 1,055,400 mt i.e., 8.6% of 12,247,008 mt USDA projn with 0.0% of MY complete (0/52 wks) (Positive)

**Figure 17a. U.S. Soybean Price vs World % Stocks-to-Use: MY 2007/08 - "New Crop" MY 2020/21 as of the August 12, 2020 WASDE Report**



# Questions?

**Daniel O'Brien – Extension Ag Economist**

Blog: [www.ksugrains.wordpress.com](http://www.ksugrains.wordpress.com)

**KSUGrains** on Twitter & Facebook

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