Monthly News Report on Grains

MNR Issue 98 - November 2013

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The main purpose of the MNR is to establish a communication vehicle for closer dialogue between the FAO Secretariat and the Members of the Intergovernmental Group (IGG) on Grains as well as the general public.

The MNRs are dispatched electronically on the last working day of the month except in July and December.

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Market News:

GrainCorp: Australia blocks takeover bid from ADM

29 November 2013 BBC News

Australia has blocked US conglomerate Archer Daniels Midland's (ADM) A$3.4bn ($3.1bn; £1.9bn) takeover of GrainCorp - its biggest grain merchant.

Treasurer Joe Hockey said the proposal had attracted "a high level of concern" and an acquisition "would not be in our national interest".

Agricultural firms have become takeover targets amid rising global demand for food, especially from emerging markets.

Australia is one of the world's largest exporters of wheat.

"I consider that now is not the right time for a 100% foreign acquisition of this key Australian business," Mr Hockey was quoted as saying by the Australian Broadcast Corporation.

He added that the industry was "going through transition and now is not the right time to have all the major players foreign owned".

GrainCorp shares fell more than 20% in Sydney on the news.

ADM, the world's biggest processor of corn, already owns around 20% of GrainCorp.

But its bid to fully acquire the firm had been opposed by some farm groups, who raised concerns over the impact of such a move on competition in the sector.

"Many industry participants, particularly growers in eastern Australia, have expressed concern that the proposed acquisition could reduce competition and impede growers' ability to access the grain storage, logistics and distribution network," Mr Hockey said.

However, he said he would allow ADM to increase its shareholding in GrainCorp to 24.9%.

Patricia Woertz, chief executive of ADM, said the firm was "disappointed by this decision".

"We are confident that our acquisition of GrainCorp would have created value for shareholders of ADM and GrainCorp, as well as grain growers and the Australian economy."

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Argentina pegs wheat harvest at lowly 8.5m tonnes

28 November 2013 Agrimoney

Argentina broke its silence on hopes for its wheat harvest by pegging the crop well below estimates from other observers, and provoking fresh speculation of a squeeze on its export supplies.

Carlos Casamiquela, in one of his first acts after being appointed Argentina's agriculture minister last week, told reporters that the country was expecting an 8.5m-tonne wheat crop, up 300,000 tonnes from last year's harvest - on its own estimates - but a historically low figure.

Indeed, the estimate is below the 10.35m tonnes at which the Buenos Aires grains exchange pegged the crop on Thursday, noting the prospect for stronger yields in southern Argentina to offset weak results from the initial harvest in the north.

Separately, the International Grains Council pegged the Argentine wheat crop at 10.5m tonnes.

However, Thursday's official figure is consistent with a forecast released six weeks ago, of 8.8m tonnes, but withdrawn four days later on grounds that it was a "partial" estimate.

This figure - which was released shortly before mid-term elections - had raised concern in international markets that it implied tough constraints on wheat exports by Argentina's government, which has a history of intervention in grain markets.

Such a measure, while potentially keeping domestic flour prices in check, would likely prove unpopular among farmers, in limiting upward wheat price potential.

The failure by the government to produce an updated figure since had puzzled many investors. By this time last year, Argentina had released an initial figure, and issued a downgrade.

Indeed, Agrimoney.com earlier this week urged Argentina to issue an estimate, fast, or risk its estimates being viewed as poorly quantified or the subject of political interference.

Argentina has this year seen its official statistics office, Indec, censured by the IMF for inaccurate data. Thursday's figure revived some concern among investors that Argentina will indeed introduce tough wheat export curbs.

"It is even lower than the last estimate, which got the market worried," a UK grain trader told Agrimoney.com.

"It would be good to hear from Argentina more about what it does or does not intend to do."

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Dry bulk market driven by the US Gulf trades

28 November 2013 Hellenic Shipping News

The stabilization of the dry bulk market to the levels of 1,500 points (BDI), as well as the rally it witnessed back in the beginning of fall, is mainly attributed to seasonal demand, but among the usual "stars", such as China's demand for iron ore, one shone ever more. According to shipbroker Intermodal's latest weekly report, it's been the US Gulf routes which have stolen the show, since as the grain season kicked in, fixing activity for dry bulk carriers, especially for Supra, Handymax and Handysizes shot through the roof.

According to Intermodal's Research Analyst, Eva Tzima, this year round, it seems that the usual seasonality was coupled with a few more factors, thus creating the perfect conditions for specific voyages ex-USG to heat up as US grain exports started to jump. "Partly responsible for this increase, was the foreign demand for wheat, with the biggest chunk of it originating from Brazil. Brazil, the climate of which is known not to be very suitable for growing wheat, is one of the major importers of the commodity around the world. Traditionally, the biggest portion of the country’s imports is prioritized to be satisfied by Mercosul countries (the trading block comprised of Argentina, Bolivia, Brazil, Chile, Paraguay, and Uruguay). Amongst them, Argentina has historically been the main grains power house accommodating Brazil’s wheat demand, but it seems that this year this wasn’t the case. In fact, supply from Argentina dropped heavily due to adverse weather conditions in the country, which weighed down on the 2012/2013 harvest", Tzima said.

She added that "as a result, in the beginning of 2013, the government of Argentina stepped in to set a cap on wheat exports for the remaining of the year, to avoid domestic shortages until the November/December 2013 crop would be made available. By restricting exports, the Argentinians have rendered necessary for Brazil to turn to other countries for their imports. In doing so, the Brazilian government, has also completely eliminated the Common External Tariff, a tax typically imposed on imports from non-Mercosul countries".

According to Tzima, "with no added tax, the U.S. produced wheat was for the first time in a while priced quite attractively, which resulted in Brazil turning to North America to cover not only for the absence of shipments from Argentina but also for what was a very poor year of Brazilian domestic production, estimated by the USDA (U. S. Department of Agriculture) to be around 24% lower than the 2011/2012 harvest. The effect of this trade shift, was a surge in U.S. wheat imports to Brazil, which reached a 35-year high, accounting for well over 90% of the country’s total imported quantity year to date. The positive effect in freight rates has been evident and there are already signs that this trend could last longer than what some anticipate.

The 2013/2014 Argentinian harvest, which mainly takes place in December and is already slightly delayed, is expected to be much lower than expected. The figure the Rosario Grains Exchange released late last week came in at 9.1MT, which is well below the 11MT the USDA was expecting and less than a million above last year’s crop. This means that restrictions on Argentinian exports could well extend their duration, as a limited crop for a second year in a row would probably only allow for a small portion to be exported once again. Additionally, big traders, in the likes of Cargill, Bunge, ADM and Louis Dreyfus, are still dealing with approval requirements to export Argentinian grains, with issues of tax due to the local producers still pending and hindering any possible trading from the world’s leading grain exporters, while at the same time, the Brazilian Wheat Millers Association is pushing for the Common External Tariff to be kept at zero throughout 2014 as well", Intermodal's analyst noted.

Concluding her analysis, Tzima stated that "if the no-tax policy to non-Mercosul imports is extended by the Brazilian government, then, together with weak Argentinian production, it should sustain the attractiveness of the U.S. wheat well in place, together with the strength of the geared sizes in the USG , freight rates for which should find further support in the region".

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Agriculture: Small Steps Forward on Farm Trade?

28 November 2013 International Centre for Trade and Sustainable Development

Despite lack of agreement among negotiators on the “small package” of measures for the WTO’s Ninth Ministerial Conference in Bali, draft texts on farm trade are being sent on to ministers. Director-General Roberto Azevêdo, however, has clarified that these measures would not be presented as “agreed.”

The current package had been put forward as a down-payment on a bigger set of issues under negotiation as part of the Doha Round of trade talks, which were declared at an impasse in 2011. Prospects of a deal on trade facilitation reinvigorated talks on agriculture this year, which developing countries in particular have argued must be part of any Doha “early harvest.”

The G-20 group of developing countries that favour reform in developed country farm trade policies have tabled proposals on export subsidies and similar measures, and on easing administrative processes that affect their farm exports. At the same time, the G-33 coalition of developing countries - which are home to sizeable populations of small farmers - have rallied around a proposal from India on public food stockholding schemes.

A separate proposal from West African countries on cotton is being considered as part of a set of “development” issues, including those affecting least-developed countries.

Agriculture talks under the Doha Round were meant to build on governments’ commitment to move toward a “fair and market-oriented agricultural trading system.” The overall aim was to achieve substantial reductions in trade-distorting domestic support for farm goods, substantial improvements in market access, and export subsidy reductions, with a view to phasing them out completely. Trade ministers also agreed that special and differential treatment for developing countries was to be an integral part of all elements of the negotiations.

Despite missing the original 2005 deadline for wrapping up the talks, negotiators made gradual progress in agreeing on a broad outline of a possible deal - prompting a bid in July 2008 to finalise a deal at a high-level meeting in Geneva. When talks broke down at the so-called Mini-Ministerial Conference, momentum was only sluggish until ministers acknowledged the round was at an “impasse” three years later. Farm trade issues have since been at the forefront of efforts to agree on small steps toward a bigger deal in the run-up to the Bali Ministerial.

Countries that are efficient farm exporters have traditionally pushed for agricultural trade liberalisation, with the Cairns Group uniting developed countries like Australia with developing countries such as Brazil and Argentina. In contrast, countries with heavily-protected farm sectors have argued against steep tariff and subsidy cuts: the G-10 group defending this stance again brings together developed countries, such as Japan and Switzerland, with those classing themselves as developing, such as South Korea.

The US and EU - both major farm trading powers - have sought to open markets for farm goods, while defending their current farm subsidy ceilings. The G-20 developing country group has been seeking to reform trade-distorting farm policies across the developed world since 2003, when China and India joined forces with farm-exporting nations such as Brazil. Finally, the G-33 developing country group has argued for special treatment for their smallholder farmers; this coalition brings together large countries such as China and India with far smaller ones such as Barbados and Saint Lucia.

India has spearheaded a push by the G-33 coalition for WTO rules to be updated in order to grant developing countries greater flexibility for food purchased at administered prices when building public stocks for food security purposes. Under current rules, purchases made at market prices can be included without limits under the WTO’s “green box,” for farm subsidies that cause only minimal trade distortion. However, the group contends that price inflation has eroded countries’ scope to make purchases at government-set prices since WTO members first agreed on a methodology for calculating farm subsidies - potentially curtailing India’s scope to roll out an ambitious new food security scheme without being challenged under the global trade body’s dispute procedure.

Developed countries and also some developing countries argue that allowing unlimited amounts of market price support to be included in the green box could distort trade, and even undermine food security elsewhere. As a possible compromise, countries have negotiated the outlines of a possible “peace clause” that would commit all countries to refraining from initiating legal action on these schemes under the WTO’s agriculture agreement, in exchange for greater information and transparency on how they operate. Countries are expected to agree to work towards a permanent solution in the meantime.

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Record harvest plugs up system

27 November 2013 Winnipeg Free Press

Western Canada's record grain harvest has completely plugged the country elevator system, forcing some companies to store mountains of grain outdoors and putting international grain sales at risk.

Farmers have a glut of grain to sell from this year's record crop, estimated at 59 million tonnes but could be as large as 70 million tonnes, say some industry analysts. The previous record was 54.34 million tonnes set in 2008.

Grain elevators across the Prairies are 92 per cent full, which is virtually 100 per cent capacity because there are different classes of grain that can't be mixed.

The backlog has resulted in some companies, such as Winnipeg-based Paterson Grain, storing crop outside under tarps. A Paterson elevator site at the juncture of Highway 6 and the Perimeter Highway has 40,000 tonnes of winter wheat piled outside.

"That's really unprecedented, where a company has used outside storage like that," said Doug Chorney, president of Keystone Agricultural Producers.

Farmers are also reported to be storing grain outside, or in machine sheds, or any building with convertible space. Deterioration to the crop could result, lowering the grade and subsequently the price to the producer.

One of those who has run out of storage space is the Oatway farm just north of Winnipeg. The Oatways are storing their sunflowers in bags and have a large pile of corn outside. "We've had as high a yield as we've ever had in most of our crops," said Kent Oatway. The Oatways grew corn, sunflowers, barley, wheat, canola and soybeans this year.

There's more grain on the ground in Saskatchewan than here, said Chorney. Long white tubes, normally used to store hay, are being stuffed with grain instead.

Meanwhile, more than 20 vessels were waiting last week to load grain at the Port of Vancouver. The penalty for keeping ships waiting, called demurrage, is $7,000 per day. That's charged to grain companies, but it inevitably comes off the prices companies pay farmers, Chorney said.

The KAP president is calling for greater federal oversight of grain movement. A federal bill passed last fall, called the Fair Rail Freight Service Act, was intended to do that but is not working, he said.

Much of the blame is being levelled at the country's two national railways. Farmers have the grain, grain companies have the sales, but the railways don't have the rail cars to move grain into port position fast enough, said Wade Sobkowich, Western Grain Elevators Association executive director.

The companies want CN Rail and CP Rail to provide at least 6,000 cars each per week, instead of the current 5,000 each per week.

"We've been complaining about rail-car capacity over the last five years. We would like to see rail companies take into account the demand for rail-car capacity," said Sobkowich.

Neither is the grain glut likely to be a one-off phenomenon, he said. The Harper government's deregulation of the grain sector now permits production of high-yielding, lower-grade wheat varieties from the United States, which were previously prohibited in Western Canada.

The backlog is also lowering farmers' prices, because companies "put out prices that signal they don't want product right now," Sobkowich said.

"It definitely has impact on the sales program. You'd love to go out and sell more in peak price periods or just to clean out the system, but you don't have confidence that you'll be able to move that grain, so you pull back on sales a bit or significantly."

CP Rail responded in a statement it is already moving grain at a record pace.

"CP has moved more grain in Canada in both September and October of this year than any other September and October on record for our railway," it said in an email to the Free Press.

"We have hit back-to-back record loadings in Canadian grain the past two months. CP's grain loadings are 22 per cent higher than our five-year average and we have delivered sustained performance to the West Coast, with Vancouver volumes up 16 per cent versus a year ago."

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China will gradually let market decide grain prices: Report

26 November 2013 The Economic Times

China will gradually let the market decide grain and other major crop prices instead of the government setting levels that have driven up cheap imports of commodities including cotton, sugar, rice and corn, the China Economic Times reported.

China's agricultural price incentives triggered traders to import in large volumes over the past two years, and in 2012 its cotton and sugar imports hit the highest ever. Its corn and rice imports this year are also likely to hit new record highs. China is the world's largest cotton buyer.

Beijing has since 2004 set floor prices for rice and wheat, and stockpiled corn, soybeans, sugar and cotton at fixed-prices to protect farmers' margins and encourage output.

"Grain prices have come to the stage to be decided by the market," the China Economic Times cited Fang Yan, head of rural department of the National Development and Reform Commission (NDRC), as saying.

"(The existing policy) has supported domestic grain prices to rise only but not fall, which is against the basic rule of value," Fang told a conference, the newspaper reported.

China's leaders pledged to let markets play a "decisive" role in the economy when they unveiled a reform agenda for the next decade earlier this month.

But Beijing may take a slow approach for staple grains such as rice and wheat, and "will gradually allow the market to decide prices of major agricultural prices," Fang said.

During the shift, government authorities will still be looking into target prices on major crops plus more subsidies and insurance incentives to help boost farmers' income, she said, without elaborating.

Industrial officials had earlier expected Beijing to scrap a controversial scheme to stockpile cotton as early as next year, but concern over grain and food security could drag on grain price reform.

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Corn farmers brace for lower fuel demand

23 November 2013 Star Tribune

Talk about bad timing. Corn prices were at three-year lows when the Obama administration on Nov. 15 proposed cutting the corn-ethanol fuel mandate for the first time.

Some corn farmers are already nearing break-even points, and a drop in ethanol use could just make matters worse. The proposal “is creating a drag on the market right now, and it will continue to be a drag on the market,” said Greg Schwarz, a corn farmer near Le Sueur, in southern Minnesota.

Despite corn growers’ angst, agricultural economists say they don’t expect a big fallout on corn prices. Even if less ethanol is blended into the nation’s fuel supply, market economics for the biofuel are still favorable. “We’re going to use a lot of corn for ethanol, and I don’t think that changes with this new rule,” said Darrel Good, an agricultural economist at the University of Illinois.

For example, lower corn prices are sparking increased U.S. corn exports, and they’re likely to spur livestock producers to expand, too, since corn-based feed has become less expensive. The reduced mandate “does not affect the demand for corn very much,” Good said.

Corn is Minnesota’s biggest crop, and the state is one of the nation’s top five corn producers, along with Iowa, Illinois, Nebraska and Indiana. Twenty-one corn ethanol plants dot the Minnesota landscape, even though two are closed. And corn is crucial — as a feed ingredient — to two large Minnesota livestock industries, hogs and turkeys.

The federal mandate for ethanol in gasoline has been a key driver of rising corn prices over the past six years. So has the growing global demand for meat — and thus corn-based animal feed — as a middle class evolves in such booming countries as China and India.

But demand is half the equation, as has been only too apparent to U.S. farmers this year. Supply — courtesy of a record U.S. corn harvest — is ample, after drought toasted last year's crop. Corn prices have sunk from 2012's heady $7-plus per bushel to about $4.25 in futures markets.

And some analysts are predicting the price will fall further. "At $4 corn, we are at break-even for a lot of people," said Tom Haag, president of the state Corn Growers Association, who farms near Eden Valley, in central Minnesota. The reduction in government-mandated corn-ethanol use only makes the price picture murkier, said Haag and fellow farmer Schwarz.

"It's creating uncertainty not only in the corn market, but in the ethanol world," said Schwarz, who like Haag is a shareholder in an ethanol plant, both turning over part of their crops to biofuel production.
Agriculture economists agree with farmers that the government's ethanol shift is a damper on corn markets. But other factors are at work to offset it.

Relatively low oil prices and corn prices bode well for ethanol production, regardless of the cut in the corn ethanol mandate.

"Right now, ethanol margins are really good and overall, ethanol production is as high as it's been for quite some time," said Mark Greenwood, senior vice president at Mankato-based AgStar Financial Services, an agricultural lender.

Lower corn prices also will likely increase corn consumption by livestock producers, which has a stabilizing effect on corn markets. Already, broiler chicken production is up 3 percent to 4 percent this year, Greenwood said. Chickens have lifecycles of about 40-some days, so the broiler business can quickly take advantage of lower feed costs.

The hog production cycle is measured in months, but the University of Illinois' Good said he expects a similar scenario to play out in the pork market. "You will begin to see some expansion there."

"What will be most interesting to me is the behavior of foreign buyers," said Douglas Tiffany, an agricultural business management educator at University of Minnesota Extension. "I expect there will be quite a bit of corn moving this fall."

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Govt plans more wheat export tenders

22 November 2013 India Business Standard

Buoyed by the strong response to its attempt to sell wheat from state-run warehouses, the government is planning to launch a series of export tenders in January, February and March to sell a total of about two million tonnes (mt) in foreign markets.

Food ministry officials said the next tender, for the export of 210,000 tonnes, would be floated on December 12. The wheat would be exported from the Kandla, Visakhapatnam and Pipavav ports, through tenders floated by PEC and MMTC.

Earlier, the government had to reduce the base price for export from $300 a tonne to $260 a tonne, after its attempt to export 0.15 mt was cancelled, as the bids received were much lower than the base price.

On Tuesday, state-owned trading firms State Trading Corporation, MMTC and PEC received bids in the range of $284.7-289.9 a tonne for the export of 0.34 mt from Food Corporation of India (FCI) godowns. The highest quotations received by the three trading firms were higher than the government's floor price of $260 a tonne for the export of FCI-procured wheat.

"We expect to get a good price in the coming months, too," said a senior government official. "We were hoping to get a price of $270-275 a tonne, but the price quoted (about $290 a tonne) was unexpected, which showed Indian wheat had started commanding a premium in international markets." He said the price received was even more than that quoted for Black Sea wheat, one of the most valuable wheat brands in the world.

"In the coming months too, the trend is expected to be maintained because according to information, the Australian wheat crop is not as good as expected. This will enable us to sell more in foreign markets," he said. Exporting wheat was more profitable for the government than selling it domestically, as at an average price of $285 a tonne, the government was expected to earn about Rs 18,000 a tonne, while in India, it had to sell at Rs 16,000 a tonne, he added.

In 2012-13, the government had earned $1.4 billion by exporting 4.2 mt of wheat through public sector undertakings. Last financial year, Indian wheat had fetched an average price of $311.38 a tonne.

India is exporting wheat from state-run warehouses, as consecutive years of bumper harvests have filled these godowns to the brim. According to Food Corporation of India, wheat stocks in state godowns were estimated at 34 mt as on November 1, against the requirement of just 14 mt.

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In a first, EPA cuts ethanol standard

15 November 2013 Washington Times

In a move likely to anger corn farmers and their congressional representatives, the Obama administration Friday proposed the first-ever cut in the amount of corn-based ethanol and other biofuels that must be mixed into the nation's gasoline.

The Environmental Protection Agency concluded that the mandate set by Congress just six years ago is proving difficult and perhaps impossible for gas producers to meet.

The move could spark a fight from corn growers and those who have argued the ethanol mix was key to reducing the nation's dependence on foreign oil suppliers.

The EPA proposal would require refiners to blend about 15.2 billion gallons of renewable fuels such as ethanol into the nation's gasoline supply — a decline of nearly 17 percent from the level set in the 2007 law. That law gave regulators the flexibility to cut the standard if market or production conditions dictated a change.

With ethanol by far the leading biofuel, it will be hurt the most by the renewable fuels mandate reduction. Ethanol producers and lawmakers from major corn-producing states have lobbied the EPA not to lower the mandate, but the agency was responding to growing pressure from oil companies and refiners who argued that the mandate levels were too high and increasingly uneconomic. Opponents also argued that the gasoline blended with the mandated 15 percent ethanol was being rejected by consumers because of potential damage to engines. Standard gasoline stocks contain around 10 percent or less ethanol.

Major shifts in the U.S. and global energy markets — including soaring U.S. energy production based partly on natural gas fracking, and falling demand overall for transportation fuel — also have made the ethanol mandate less attractive to producers.

EPA officials said they were still committed to alternative fuels as part of a comprehensive energy strategy. If the EPA stuck to the volumes mandated by law, the amount of biofuel required would generate more ethanol than many engines can safely handle, officials said.

“Biofuels are a key part of the Obama administration’s ‘all of the above’ energy strategy, helping to reduce our dependence on foreign oil, cut carbon pollution and create jobs,” said EPA Administrator Gina McCarthy.

The National Biodiesel Board, an industry trade group, immediately issued a statement slamming the EPA plan.

“This proposal, if it becomes final, would create a shrinking market, eliminate thousands of jobs and likely cause biodiesel plants to close across the country,” said Anne Steckel, NBB vice president of federal affairs said in a statement. “It also sends a terrible signal to investors and entrepreneurs that jeopardizes the future development of biodiesel and other advanced biofuels in the United States.”

The Obama administrationEPA is “putting the nation’s renewable energy policy in the hands of the oil companies,” added Bob Dinneen, head of the Renewable Fuels Association, another major ethanol industry group.

Sen. Chuck Grassley, Iowa Republican and a leading supporter of ethanol in Congress, angrily denounced the EPA proposal, signaling the administration move may face flak on Capitol Hill.

“It’s disappointing that a president who claimed to be a supporter of renewable energy has allowed his administration to take us a step back in lessening our reliance on foreign sources of oil,” Mr. Grassley said.

American Petroleum Institute President Jack Gerard, in a conference call with reporters Friday, praised the EPA move for heading off looming production problems in the coming year, but said the proposal did not go far enough.

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Australia to revert to Asia to sell big wheat crop

13 November 2013 The Western Producer

Lower expected protein in a large Australian wheat crop will encourage a shift in the country’s exports back towards nearby Asian buyers after unusually high sales to the Middle East last season, grain handler CBH Group said.

CBH nudged up its estimate of the country’s 2013/14 wheat harvest to 26 million tonnes, from 25.9 million two weeks ago, and sees potential for more upward revisions, Sean Cowman, the group’s marketing manager for the Middle East and Africa, said.

Like others in the market, cooperative CBH increased its outlook for the ongoing Australian wheat harvest due to favourable conditions in western and southern belts that have offset frost and drought damage in the east.

Last season, the Australian crop was 22.1 million tonnes.

High protein levels at a time of short supply from Black Sea exporters such as Russia fuelled Australian sales to the Middle East in 2012/13, but the new marketing campaign should see Asian destinations come back to the fore, Cowman said.

“It will be a more traditional year with Asia,” he told Reuters ahead of a presentation on Wednesday at the Global Grain conference in Geneva.

“The thing the Australian farmer will be looking at, apart from the weather, will be Chinese demand.”

A burst of buying by China in 2013, after weather damage to its own wheat crop, has already brought large sales for Australia, but Cowman said Australian exporters would be watching for competition from India after the authorities there moved to cut the floor price for selling state reserves.

The Middle East and Africa claimed 43 percent of Australian wheat exports in 2012/13, against 20-30 percent in previous years, led by strong sales to Iraq, a major buyer of high-protein wheat, he said.

“Indications are that the (new) Australian crop will be a mid-to-low-protein crop,” he said, estimating that two-thirds of the harvest would show 11.5 percent protein or lower, assuming 11 percent moisture.

Another feature of the 2013/14 marketing campaign would be a tailing off in exports from eastern Australia, as the drought-hit harvest would be absorbed more by domestic needs, he said.

This could lead to lower volumes of wheat exported in containers, a shipping method that has grown rapidly in eastern Australia in recent years, he added.

CBH expects bulk exports of Australian wheat, which are centred in CBH’s heartland of Western Australia, to be stable this season at around 17 million tonnes, with container volumes possibly falling back from some 2 million tonnes last season.

CBH raised its crop outlook for Western Australia to 9.2 million tonnes from 8.7 million, offsetting in its national forecast the weather-affected prospects in the east.

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Food Outlook

November 2013 FAO

Food Outlook is a biannual publication focusing on developments affecting global food and feed markets. The sub-title "Global Market Analysis" reflects this focus on developments in international markets, with comprehensive assessments and forecasts on a commodity by commodity basis.

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Global Food Price Monitor

November 2013 FAO

This short report describes current food prices at world, regional and country level with focusing on developing countries.

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