

# Grain market update

Ben Harfield

## 2020 in review

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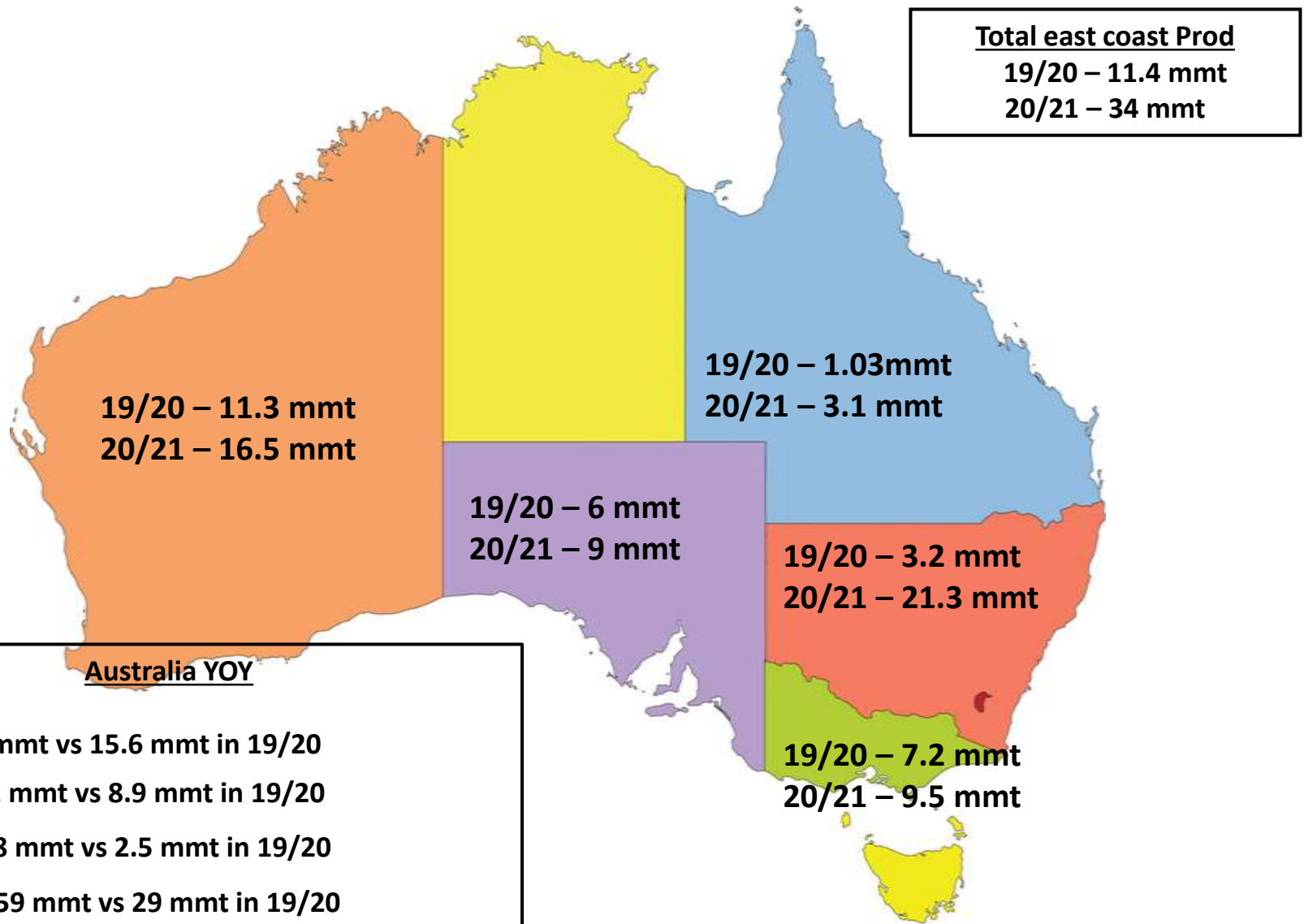
- Bush fires
- Floods
- Covid-19
- China barley tariff
- Heavy domestic shipping and rail programme
- Timely rain

## 2020/21 season

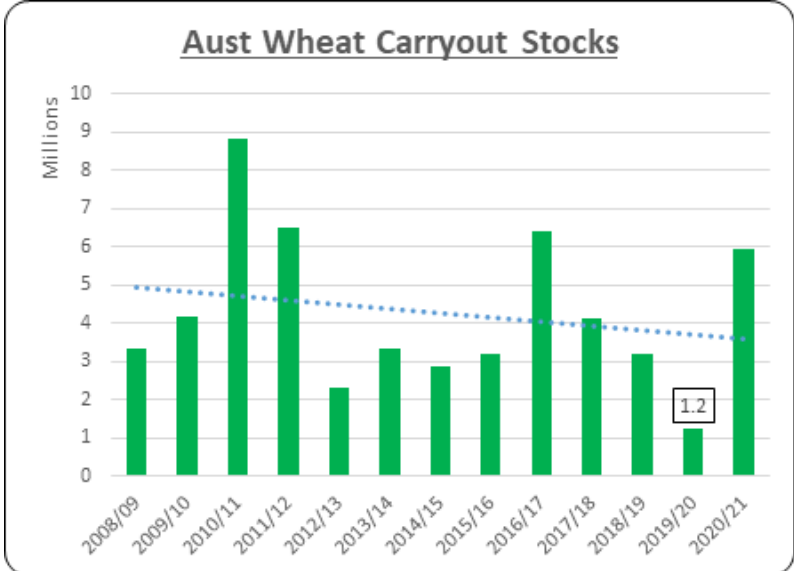
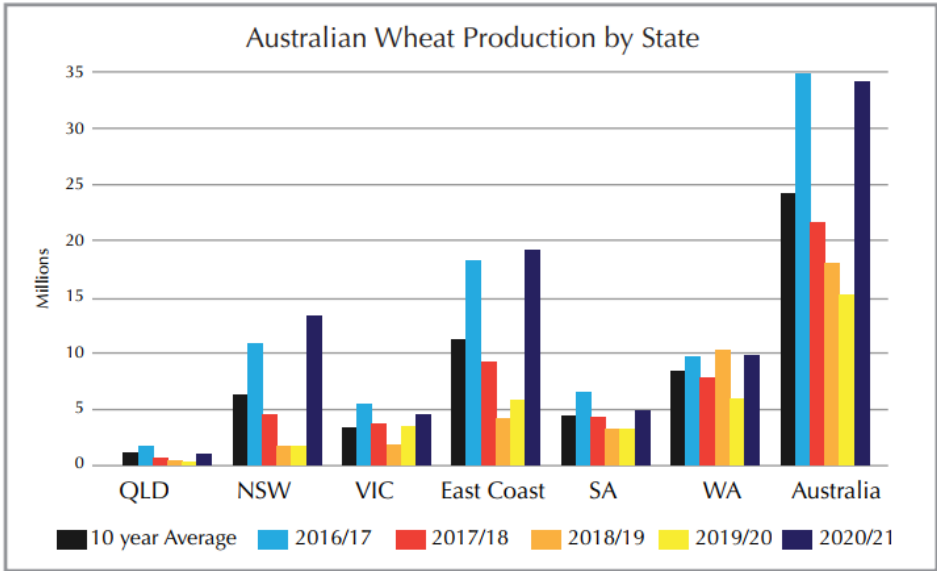
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- Covid-19: created a desire to hold physical grain stocks for security, food demand and processing of grain for food & feed
- China barley ban: impacted prices and changed trade flows
- Food inflation and politics: has seen some countries adopt export tariffs to cap food inflation – Russia placing export tariffs on wheat, corn and barley. Argentina also looking at taxes
- La Nina: affected growing conditions and production in Northern Hemisphere, namely USA and South America, namely Argentina. Opposite effect in Australia with EC receiving good rainfall
- Record Low 2019/20 carry out stocks

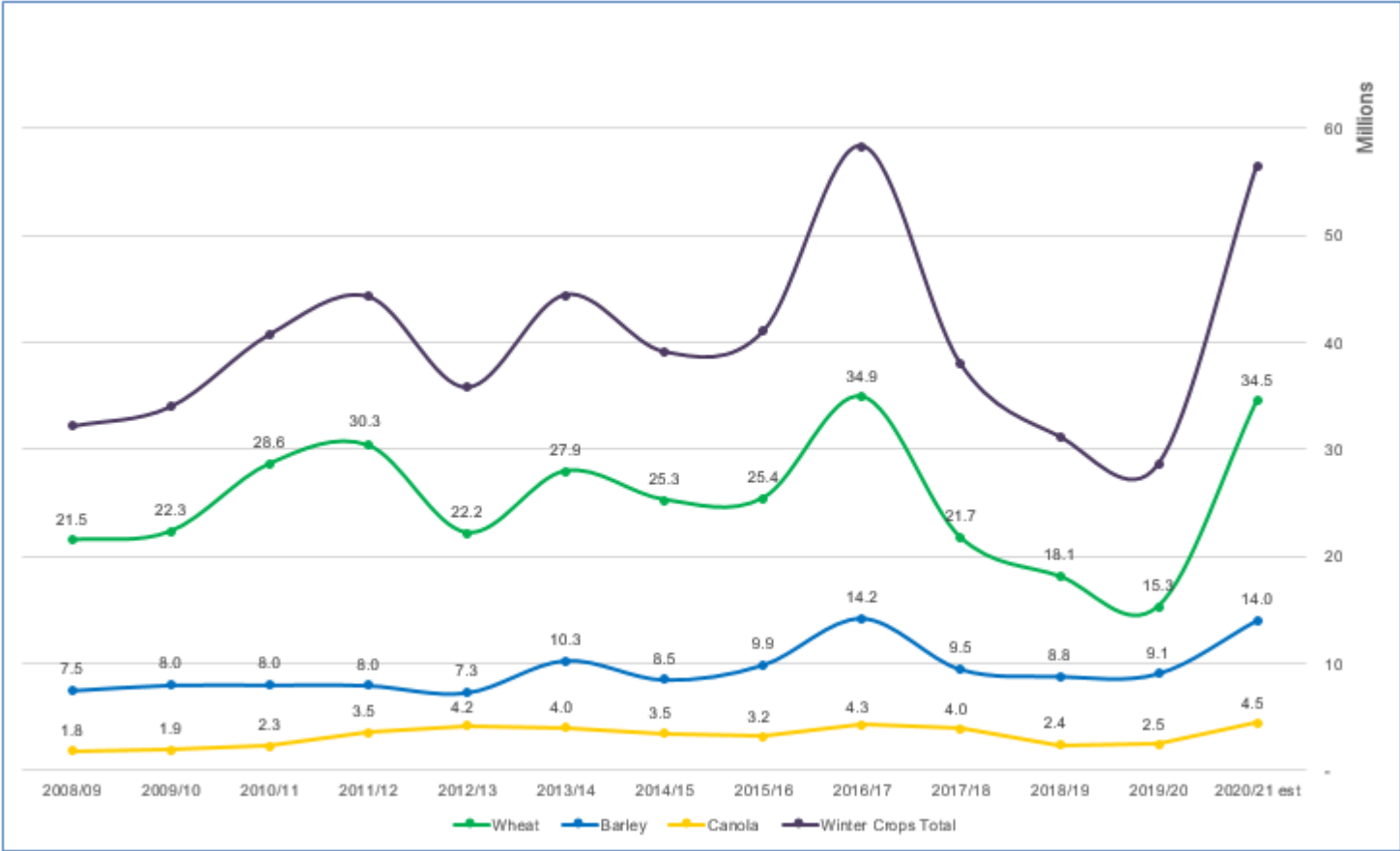
# Australian grain production



# Australian wheat production and carryout



# Australian winter crop production by commodity



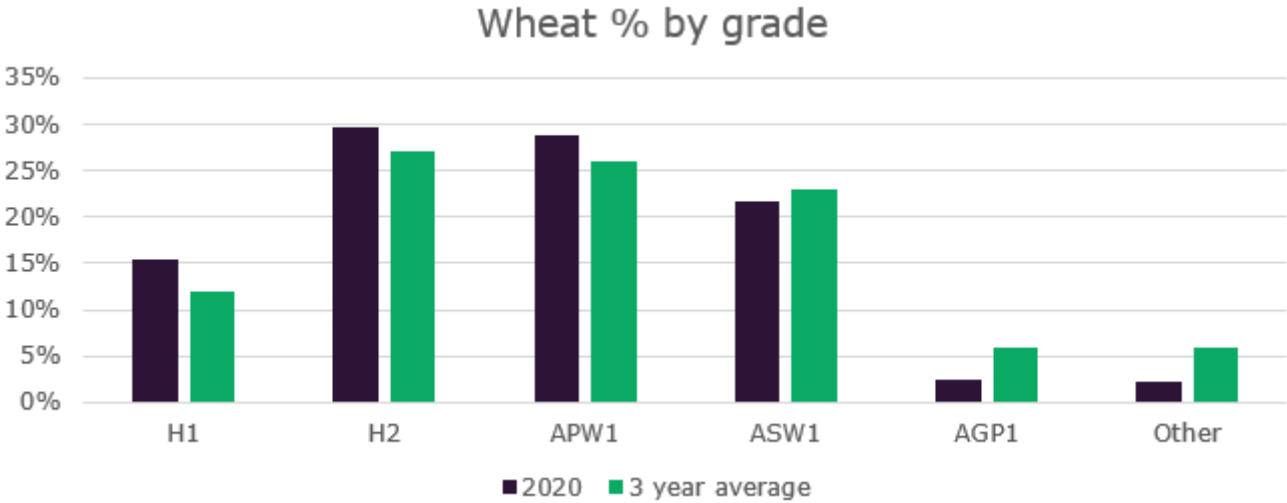
## 2020/21 South Australian season

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- Around 9 million tonnes produced
- Nearly 6 million tonnes received into the Viterra network
- Timely rainfalls resulted in good yields and quality in most areas
- Strong, early demand for grain exported through the Viterra network, solid shipping from start of season through to May and beyond
- Majority of wheat grown in South Australia ASW, APW and AH

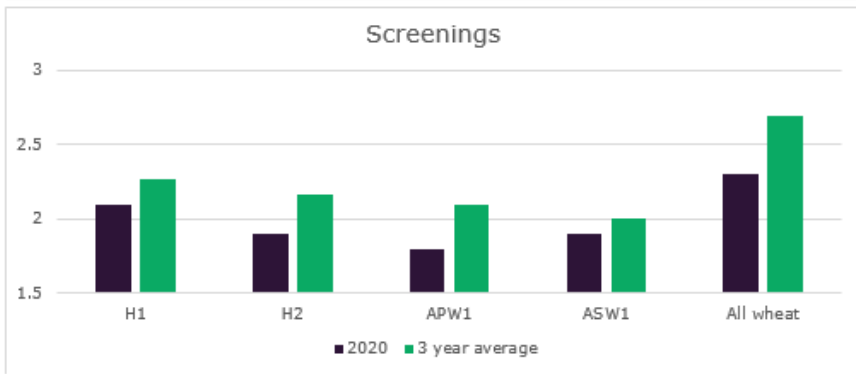
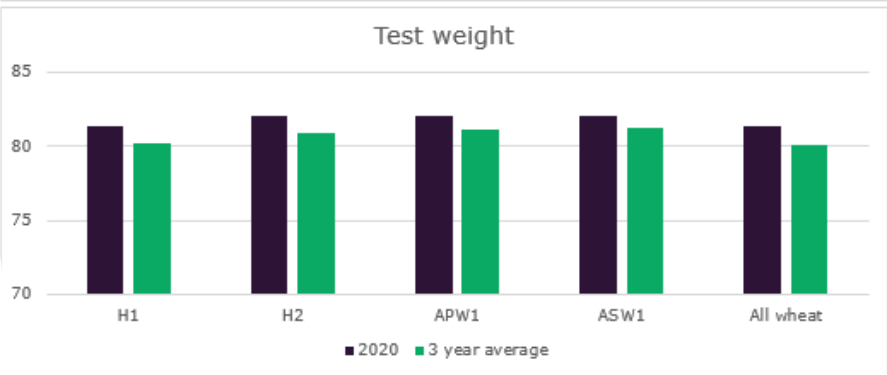
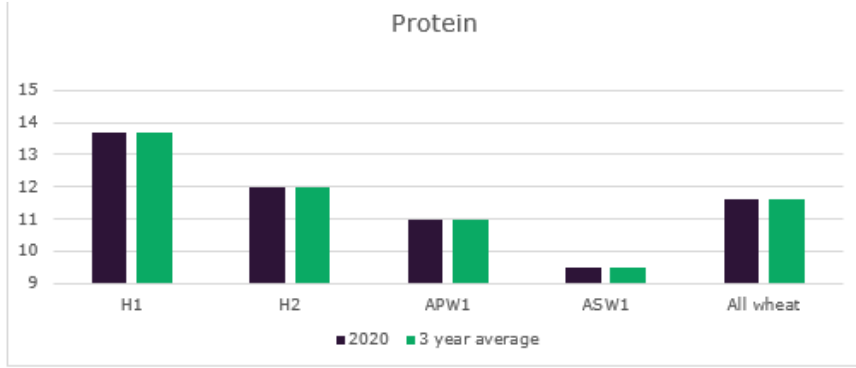
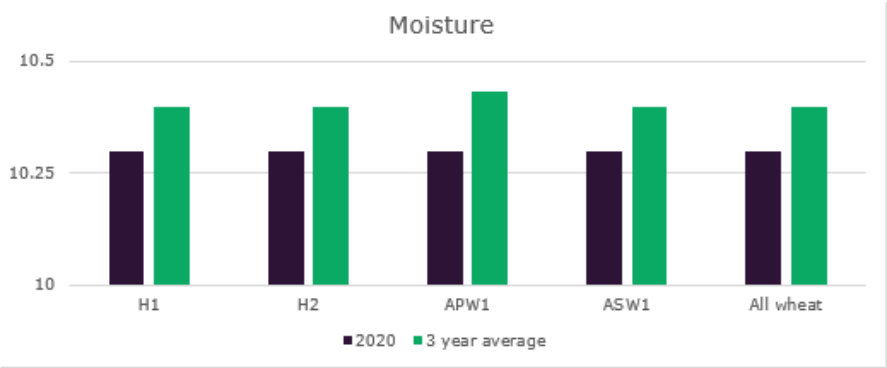
# 2020/21 South Australian season

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# 2020/21 South Australian season



## 2020/21 wheat market drivers

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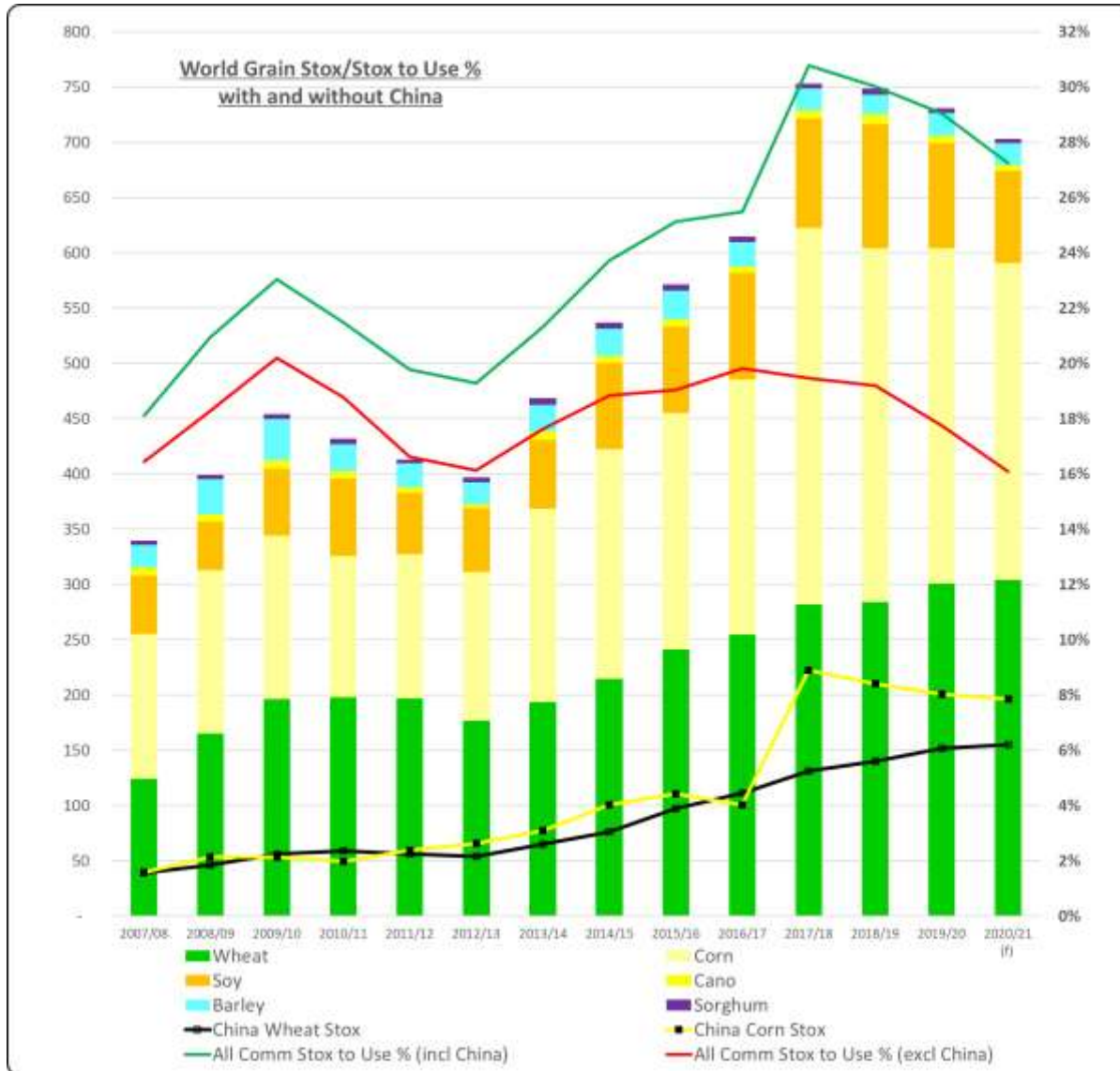
- Global feed grain demand (corn – China)
- Food security and trade flow effects of Covid-19
- Export tariffs/taxes (Russia & Argentina)
- Global pricing
- Global 2020/21 production – record 773 mmt
- Planted area – competition from soybeans and corn in US
- Carryout stock: USDA est. 2021/22 US wheat c/o @ 698mbu = tightest in 8 yrs
- The flow of managed money

## 2020/21 barley market drivers

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- No China for Australian origin – where to now?
- Strong global feed demand
- Corn
- Changing trade flows
- Alternative markets
- Malt barley alternative markets

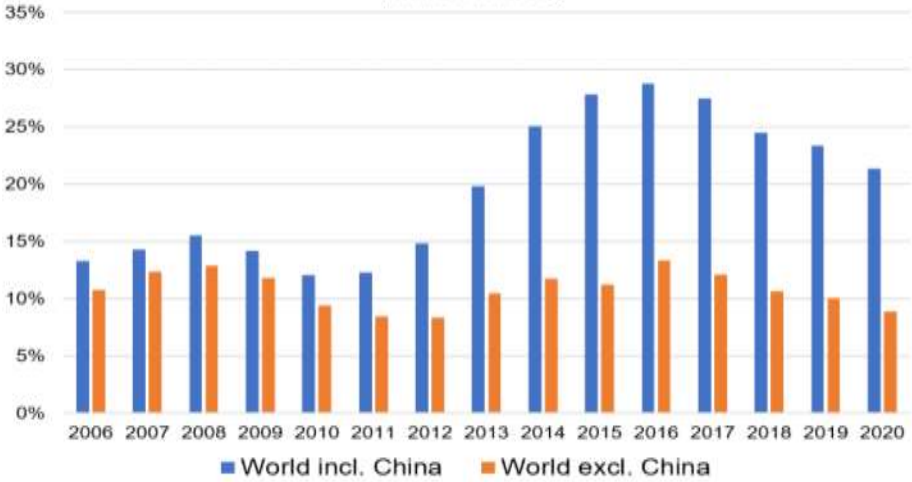
# World grain stocks and stock to use % with and without China



# World corn stocks-to-use

## Corn Stocks-to-Use: World vs. China

(million tonnes)



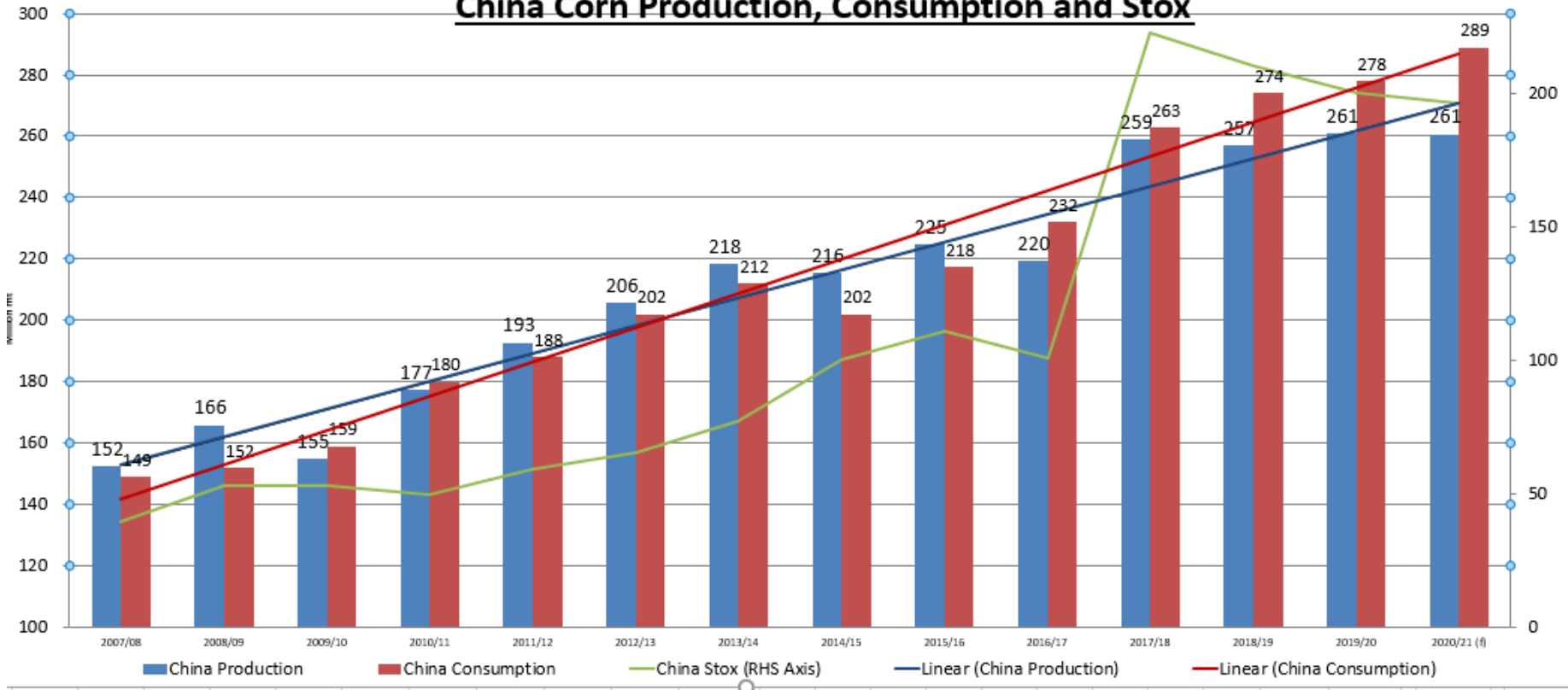
Note: 2020 refers to the 2020/21 marketing year.

Data source: U.S. Department of Agriculture

@kannbwx

# China corn production, consumption and stocks

**China Corn Production, Consumption and Stox**



# Canola

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- Production deficit (EU & Canada) vs consumption in EU
- Low soybean stocks,
- South American soybean harvest
- Increased Canadian planting
- Global crop size 2021

# Pulses

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- Container supply issues

- Lentils

Above average production in Australia

Largest bulk export year in SA

Canadian crop looks similar to last year however its still early in their season

- Faba beans

Above average production in Australia

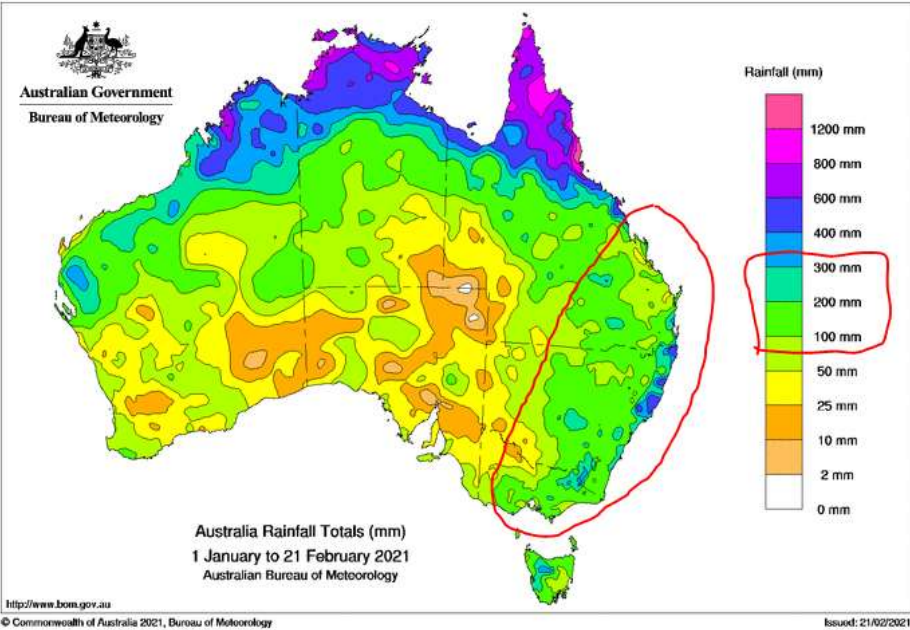
SA & Vic best quality in Australia

Largest bulk export year

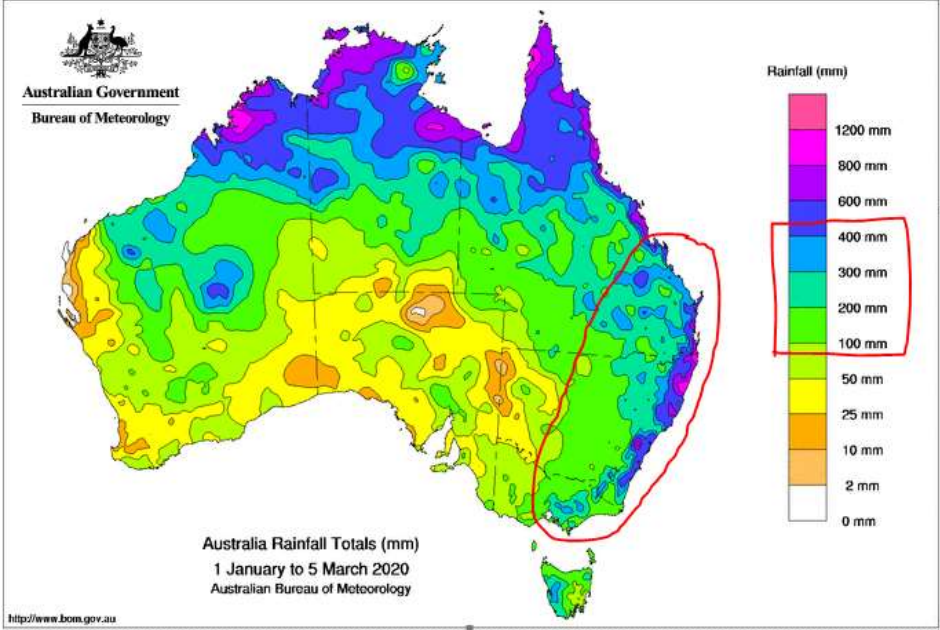


# YOY rainfall totals – another good east coast crop?

## 2021 YTD



## 2020 YTD



BOM's Australian seasonal outlook for the next 3 months is wetter than average.

## What to watch for in 2021

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- China's purchasing  
Demand for feed grains – will it continue at current pace?  
Another outbreak of ASF, Covid-19 or something else?  
Trade disputes – banning other Australian grains in other countries?
- Northern Hemisphere weather, crops, planted area and harvest effect on supply  
South American crop harvest and subsequent plantings – delays and tonnes?  
US spring crop plantings and conditions – acres battle
- Impact of export tariffs/taxes – Russia and Argentina
- \$ AUD higher than last year – will it keep pushing up?
- Price competitiveness east coast prod, stocks and shipping
- Covid-19 – vaccines

# Freight market

- **General**

Rebound from 2020 lows

Strong China demand for commodities

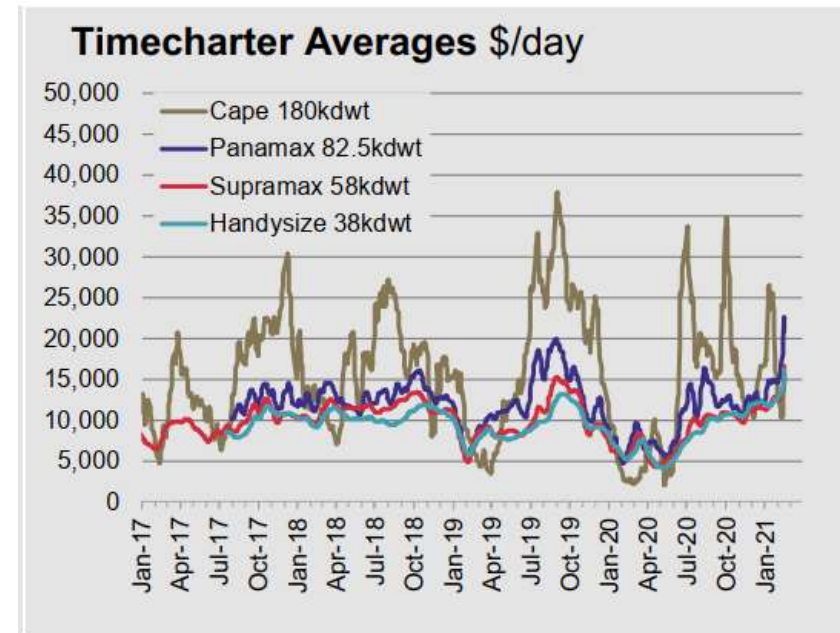
US and SAM to China/SE Asia (100 – 130 day voyage)

- **Implications for Australian grain**

Altering trade flows

End users seeing higher prices

May impact Australian new crop pricing



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AGRICULTURE  
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Thank you