



# EU Wheat Outlook



## Antalya

October 2009



# Agenda: EU-27 Overview



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1. Total grains & oilseeds production in Europe
  2. Wheat Supply and Demand
  3. Prices
  4. 2010/11 Outlook
  5. Conclusions



# Production



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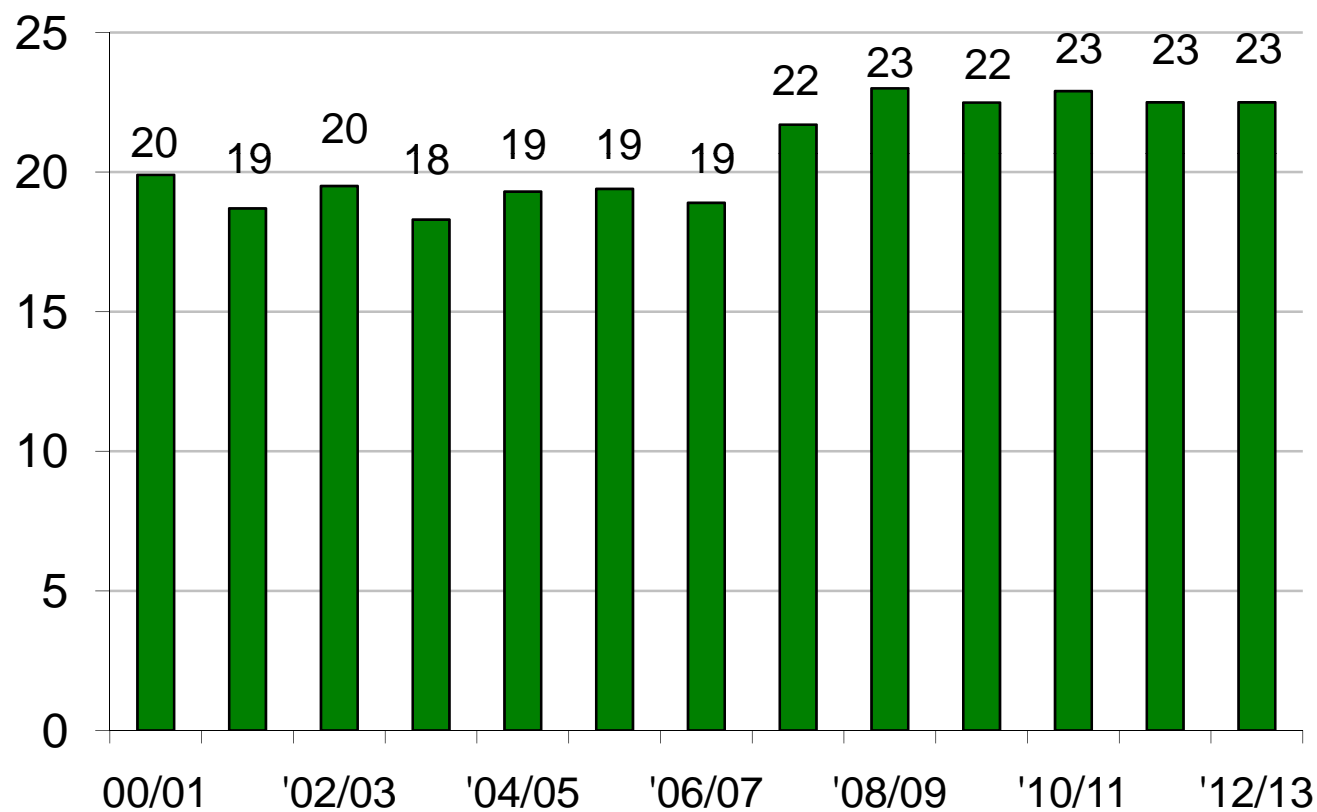


# EU-27 total planted area

(including outlook to 2013)



Million Ha.



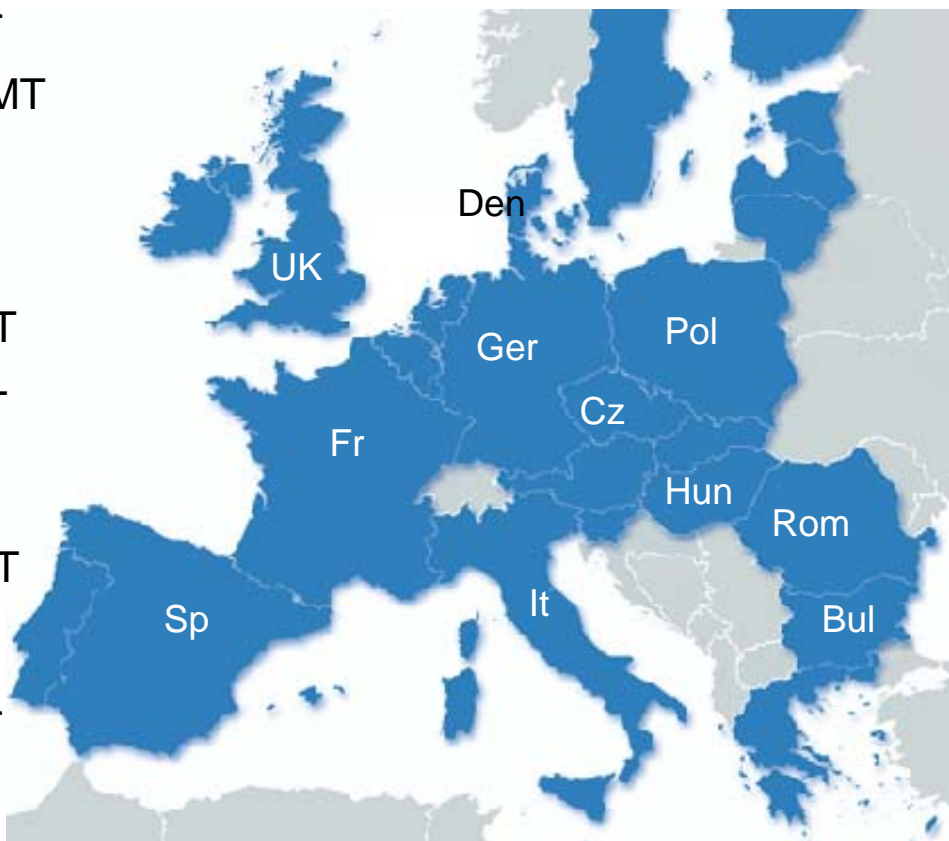


# '08/09 Grains production



## Wheat

France: 37.2 Mln MT  
Germany: 25.9 Mln MT  
UK: 17.2 Mln MT  
Poland: 9.1 Mln MT  
Romania: 6.2 Mln MT  
Hungary: 5.6 Mln MT  
Spain: 5.6 Mln MT  
Denmark: 5.0 Mln MT  
Czech: 4.6 Mln MT  
Bulgaria: 4.3 Mln MT  
Others: 18.5 Mln MT



**Total EU27: 139.2 Mln MT**

## Maize/Bly

France: 28.0 Mln MT  
Germany: 17.1 Mln MT  
Poland: 5.5 Mln MT  
Spain: 14.2 Mln MT  
Italy: 10.9 Mln MT  
Hungary: 10.4 Mln MT  
Romania: 8.9 Mln MT  
UK: 6.1 Mln MT  
Others: 25.3 Mln MT

**Total EU27: 126.4 Mln MT**



# '09/10 Grains production



## Wheat

France: 36.6 Mln MT  
Germany: 25.2 Mln MT  
UK: 14.1 Mln MT  
Poland: 9.3 Mln MT  
Romania: 4.1 Mln MT  
Hungary: 4.2 Mln MT  
Spain: 3.5 Mln MT  
Denmark: 5.6 Mln MT  
Czech: 4.5 Mln MT  
Bulgaria: 3.5 Mln MT  
Others: 18.1 Mln MT



**Total EU27: 128.7 Mln MT**

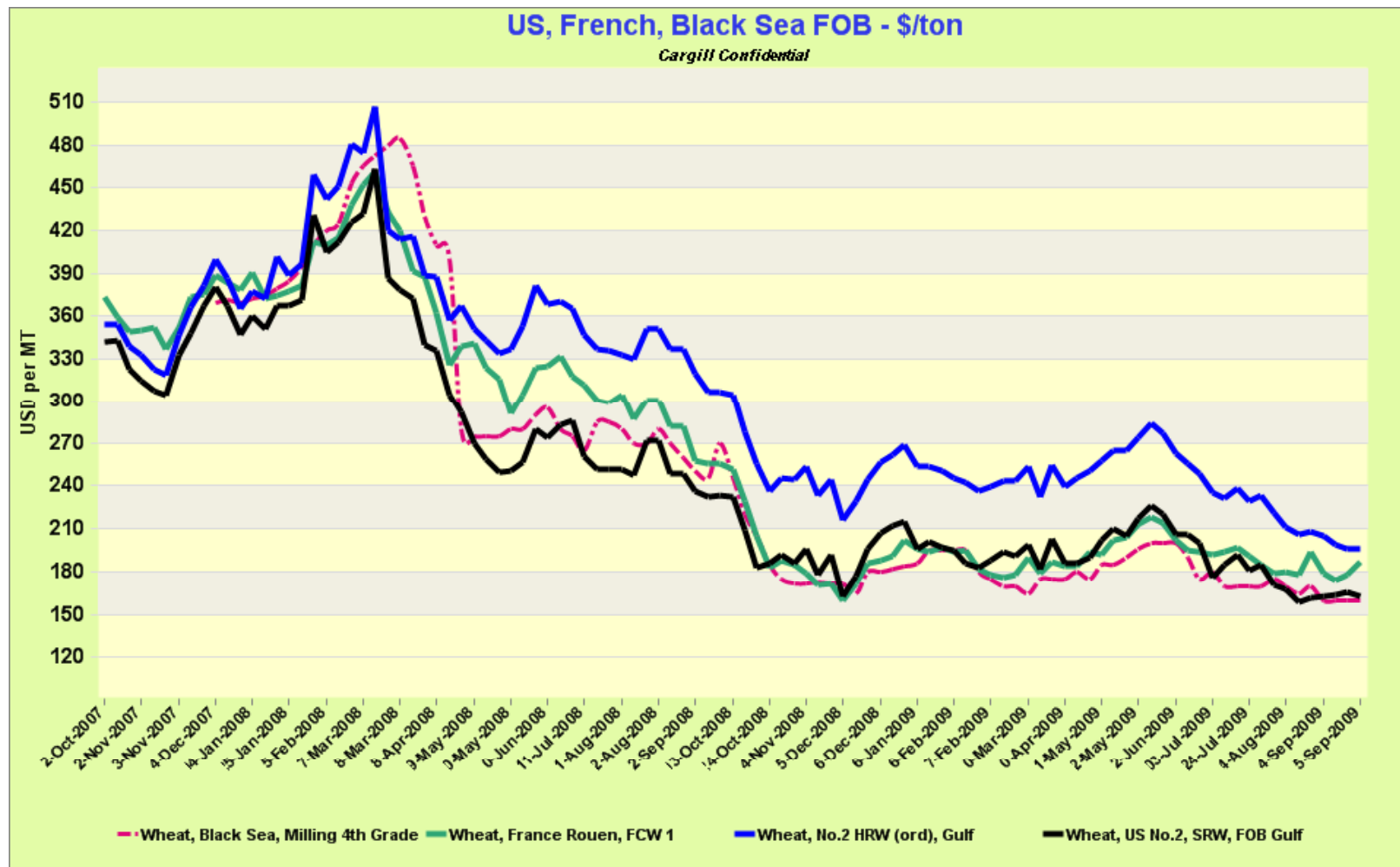
## Maize/Bly

France: 27.7 Mln MT  
Germany: 16.7 Mln MT  
Poland: 5.6 Mln MT  
Spain: 10.3 Mln MT  
Italy: 9.2 Mln MT  
Hungary: 8.5 Mln MT  
Romania: 8.7 Mln MT  
UK: 6.7 Mln MT  
Others: 23.5 Mln MT

**Total EU27: 116.9 Mln MT**



# Consequently, prices dropped !!!





# Wheat SND



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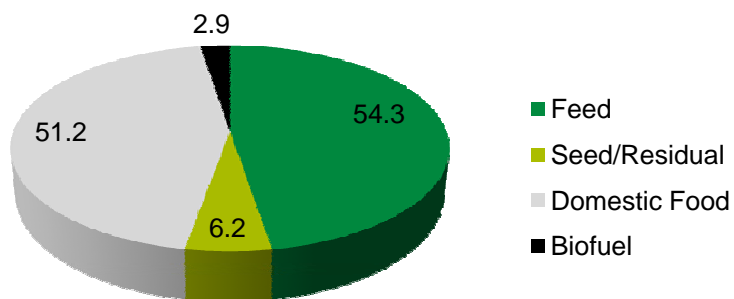




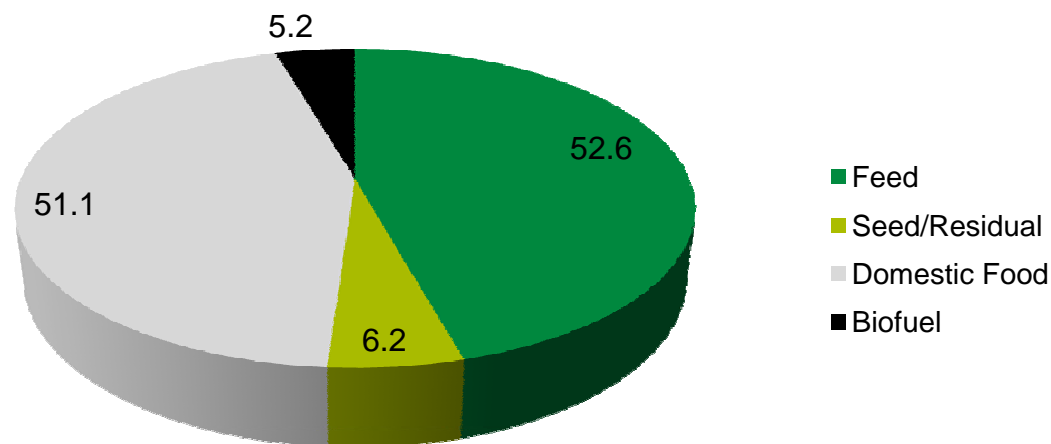
# EU domestic demand



Domestic Demand 08/09 (in Million MT)



Domestic Demand 09/10 (in Million MT)





## EXPORTS by origin out of EU-27



**Estimates**  
**09/10**  
Million Mt

	France	Germany	Others
<b>North Africa</b>	<b>4.6</b>	<b>0.4</b>	<b>0.7</b>
Morocco	1.0	0.0	0.3
Algeria	3.4	0.1	0.3
Tunisia/Libya	0.2	0.3	0.1
<b>Sub-Saharan Africa</b>	<b>1.9</b>	<b>1.1</b>	<b>1.0</b>
<b>Mideast</b>	<b>2.1</b>	<b>1.7</b>	<b>0.6</b>
Egypt	1.8	0.0	0.0
Iran	0.0	0.5	0.1
Other Mideast	0.3	1.1	0.5
<b>Asia</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Other destinations</b>	<b>0.3</b>	<b>0.1</b>	<b>0.8</b>
<b>TOTAL EXPORTS</b>	<b>8.9</b>	<b>3.3</b>	<b>3.1</b>



## EU-27 Supply & Demand Wheat



In Mln MT	03/04	04/05	05/06	06/07	07/08	08/09	09/10
Carry In	15	10	23	18	11	12	19
Production	98	125	115	108	112	139	129
Imports	3	6	5	4	5	6	4
Supply	116	141	143	130	128	157	152
Domestic Dem.	98	106	112	108	107	115	115
Exports	8	12	13	11	10	21	16
Demand	106	118	125	119	117	138	132
Carry Out	10	23	18	11	12	19	19



## The 09/10 crop in EU27



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- The European grains balance remains very heavy.
  - Despite strong wheat exports, intervention entries in barley (3-5 mio mt) and wheat can be expected.
  - Barley surplus in NW EU & Spain; Wheat surplus in France and Central Europe.
  - European wheat (both milling/feed) is not competitively priced today vs alternative origins.
  - Farmer behavior in carry market will be key swing factor – sell or carry?
  - How has demand been impacted by the crisis?



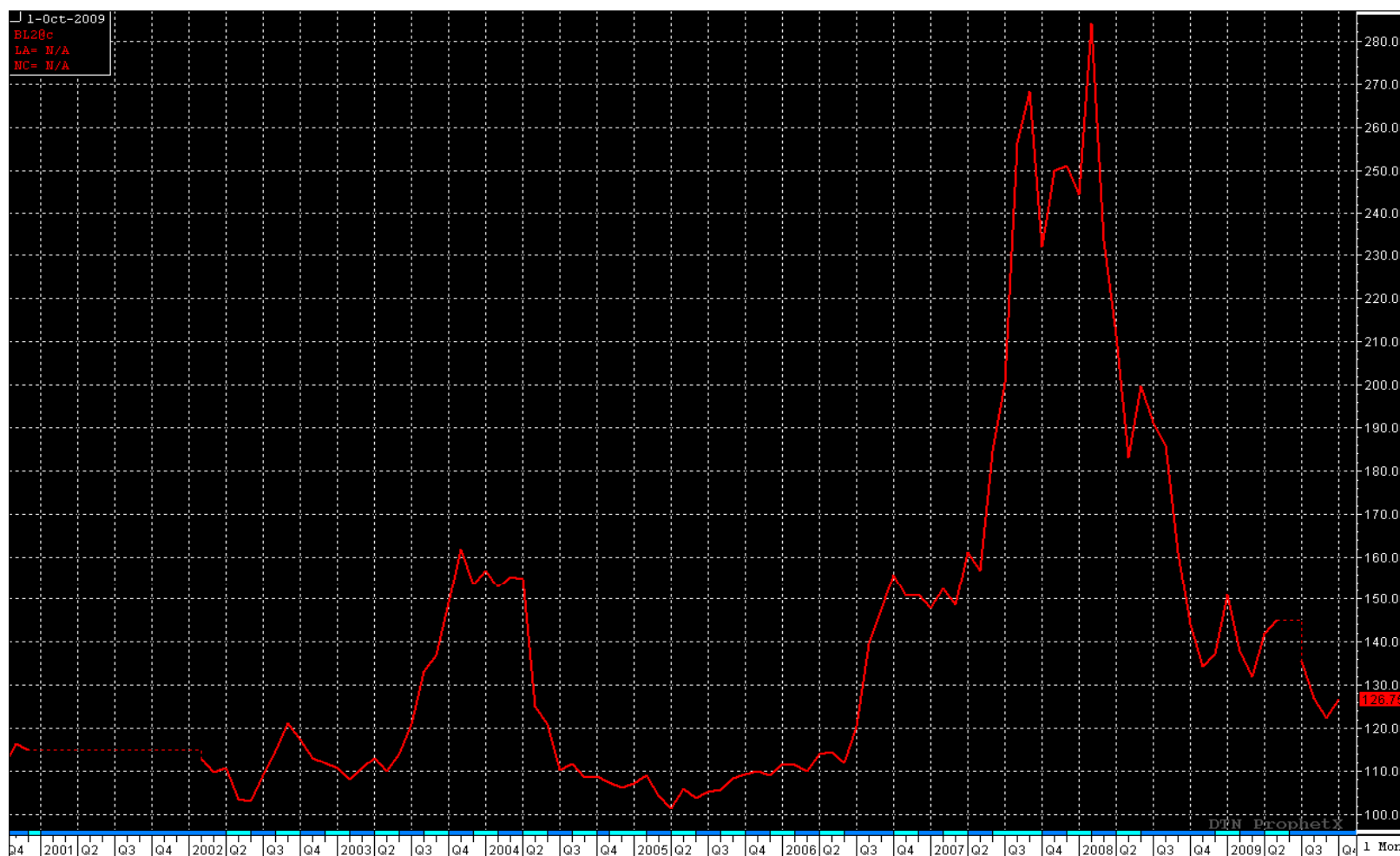
# Prices



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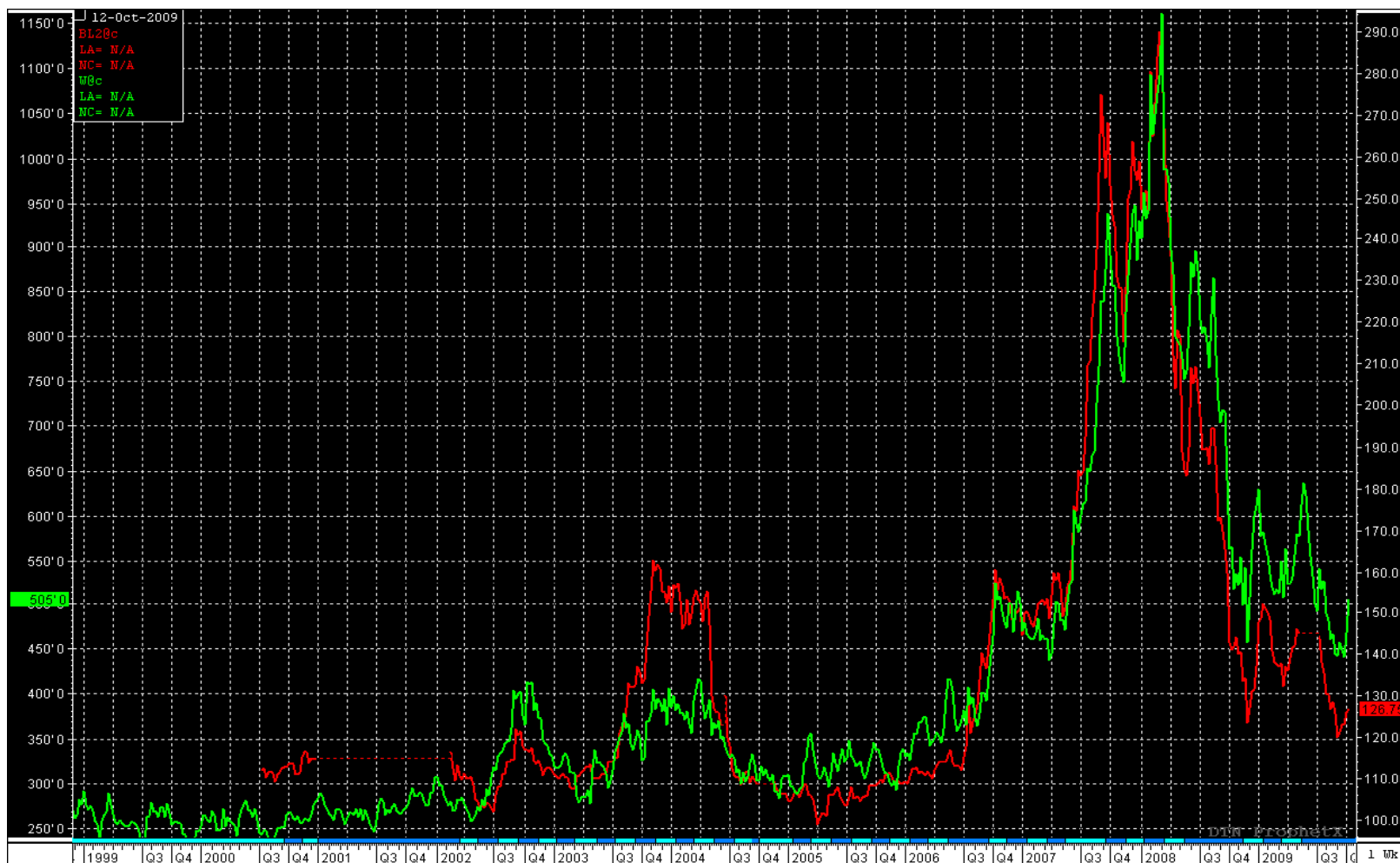


# MATIF Futures





# MATIF/CBOT Futures





# 10/11 Outlook



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## EU: 10/11



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- Intervention will play a much smaller role: purchases will be limited to 3 MMT for entire EU at 101 euro. Any incremental volume will be considered on an auction basis and will be fully discretionary.
  - Expect wheat production will be unchanged/higher in 2010/11 on back of improving cost of production (lower input costs) and attractive spreads versus other grains: range today 125-135 MMT.



# CONCLUSIONS



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## Where do we go from here?



- Trading ranges will come in considerably as we work through a heavy regional/global grid and relative spreads continue to favor competing origins: we expect the Matif front-end contract will struggle to break out of a 115 – 135 range over the next 6 months.
- European lineups will underperform as Black Sea wheat marketability continues to improve across Middle East and N. Africa.

### Flags:

- EUR/USD needs to be monitored closely.
- US convergence dilemma (CME/CFTC) and fund positions remain pivotal issues for global wheat px action.



## Conclusion : key takeaway...



...diminished volatility on back of abundant supplies will lead to price stabilization in the short term, but we are still at the whim of outside markets and fund-induced order flow!





# Thankyou



## Questions?

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