



中粮国际
COFCO INTL

Feed & Feed Ingredients Conference

Global & India Grains Scenario

Overview

Global Scenario

- ✓ Global Corn S&D
- ✓ Global Wheat S&D

Indian Scenario

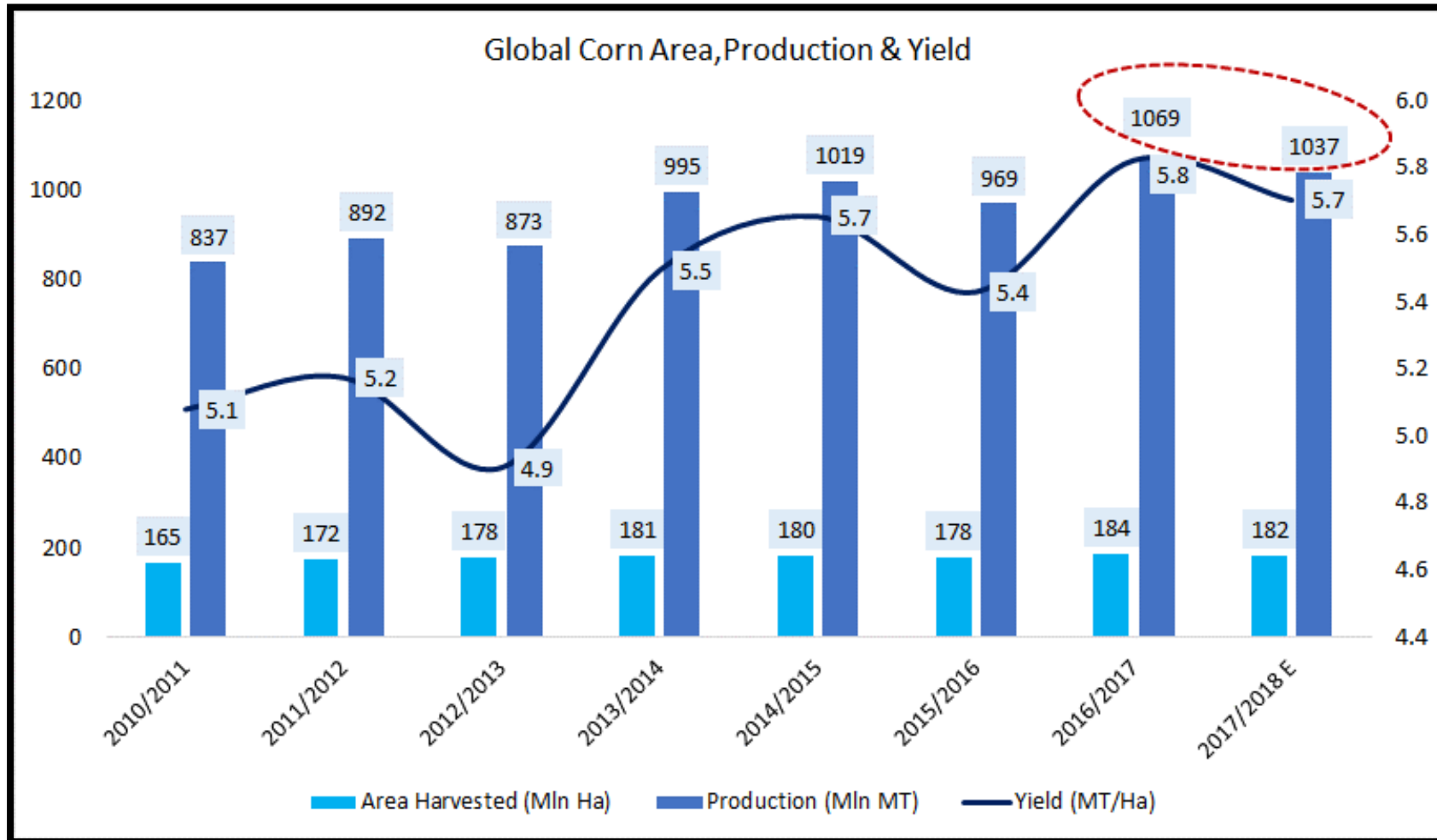
- ✓ India Wheat S&D
- ✓ India Corn S&D



A photograph of a cornfield with ripe yellow corn cobs on the stalks. The corn is in the foreground, and the field extends into the background under a clear blue sky. The text "Global Corn Scenario" is overlaid in the center of the image.

Global Corn Scenario

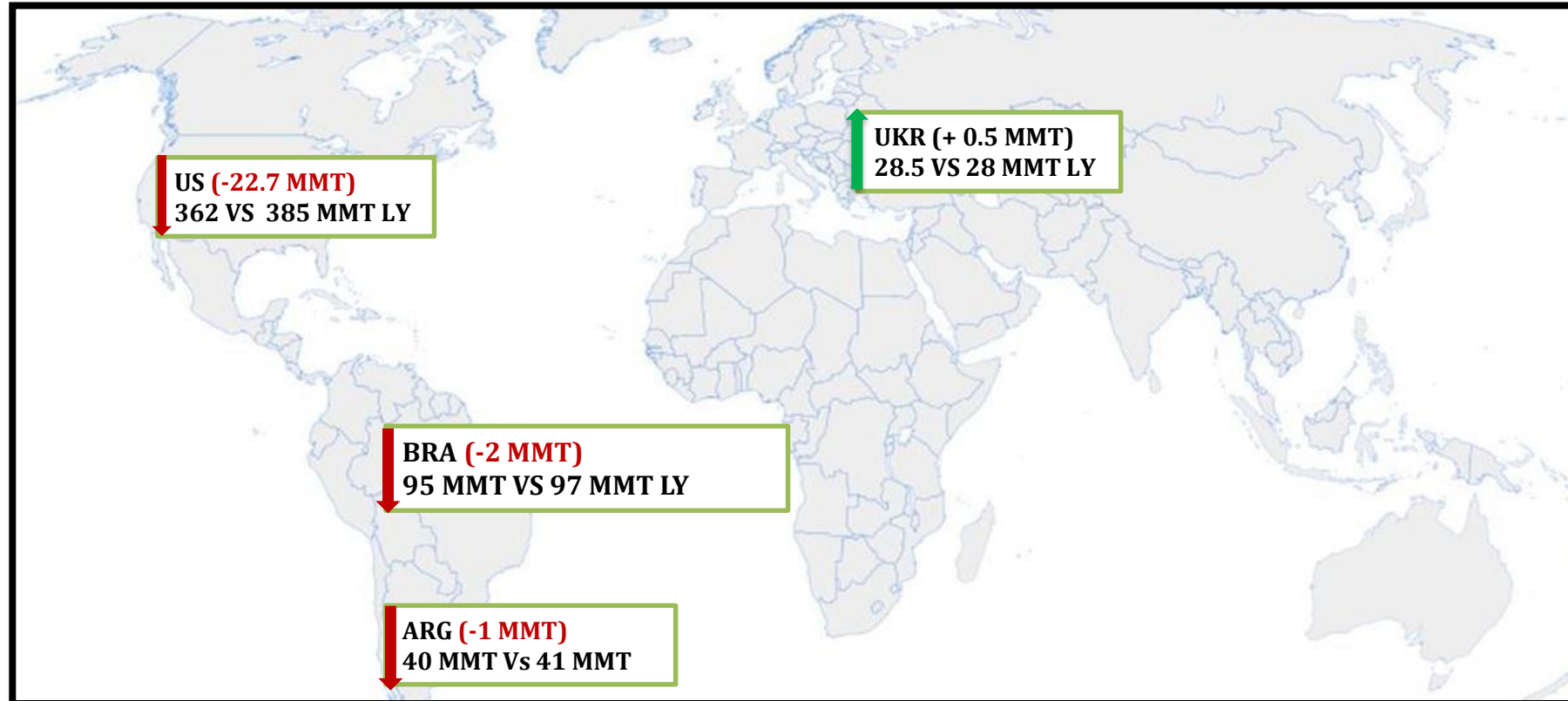
Global Corn - Area, Production & Yields



- 32 MMT

- Major decline: US, China, Brazil & Argentina
- Reason: Unfavorable weather

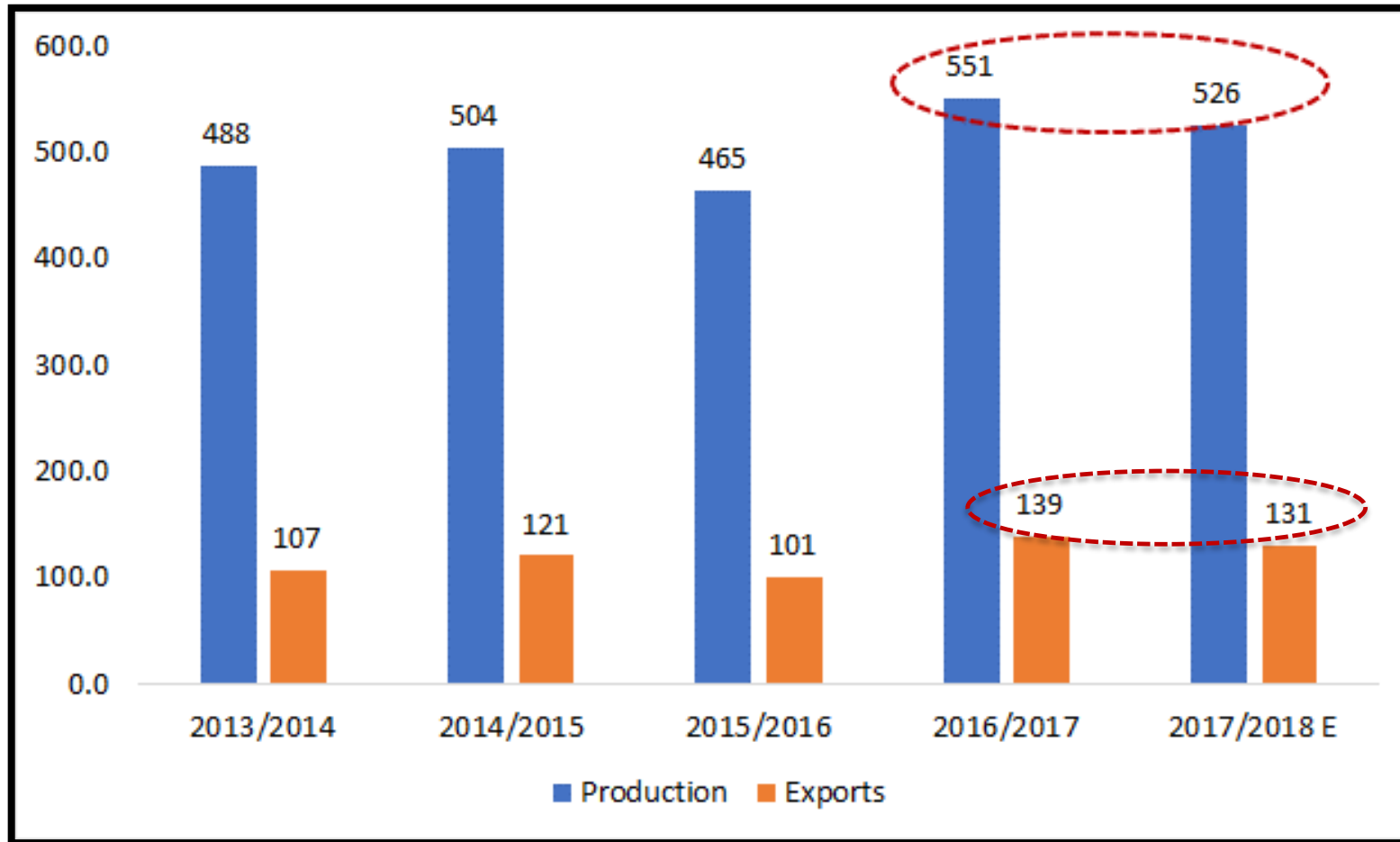
Major Corn Exporters Production – 17/18 vs. 16/17



Major Exporters Corn Production (MMT)

2016/17	2017/18 E	17/18 vs. 16/17
550.8	525.6	-25

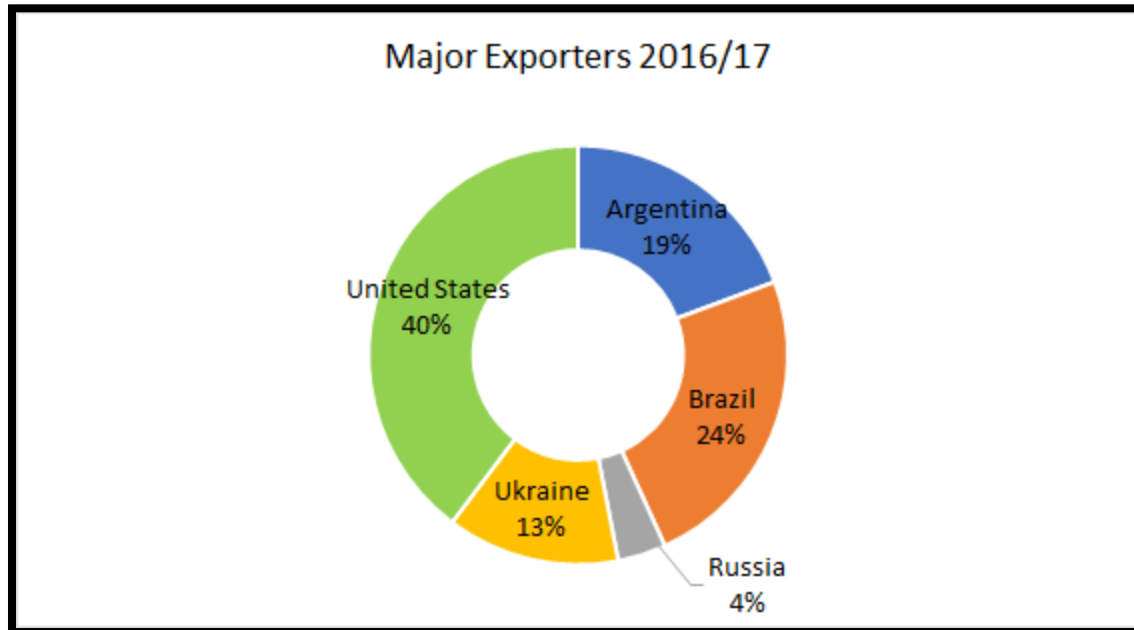
Supply Snapshot of Main Corn exporting countries



PRODUCTION: - 25 MMT
EXPORTS: - 8 MMT

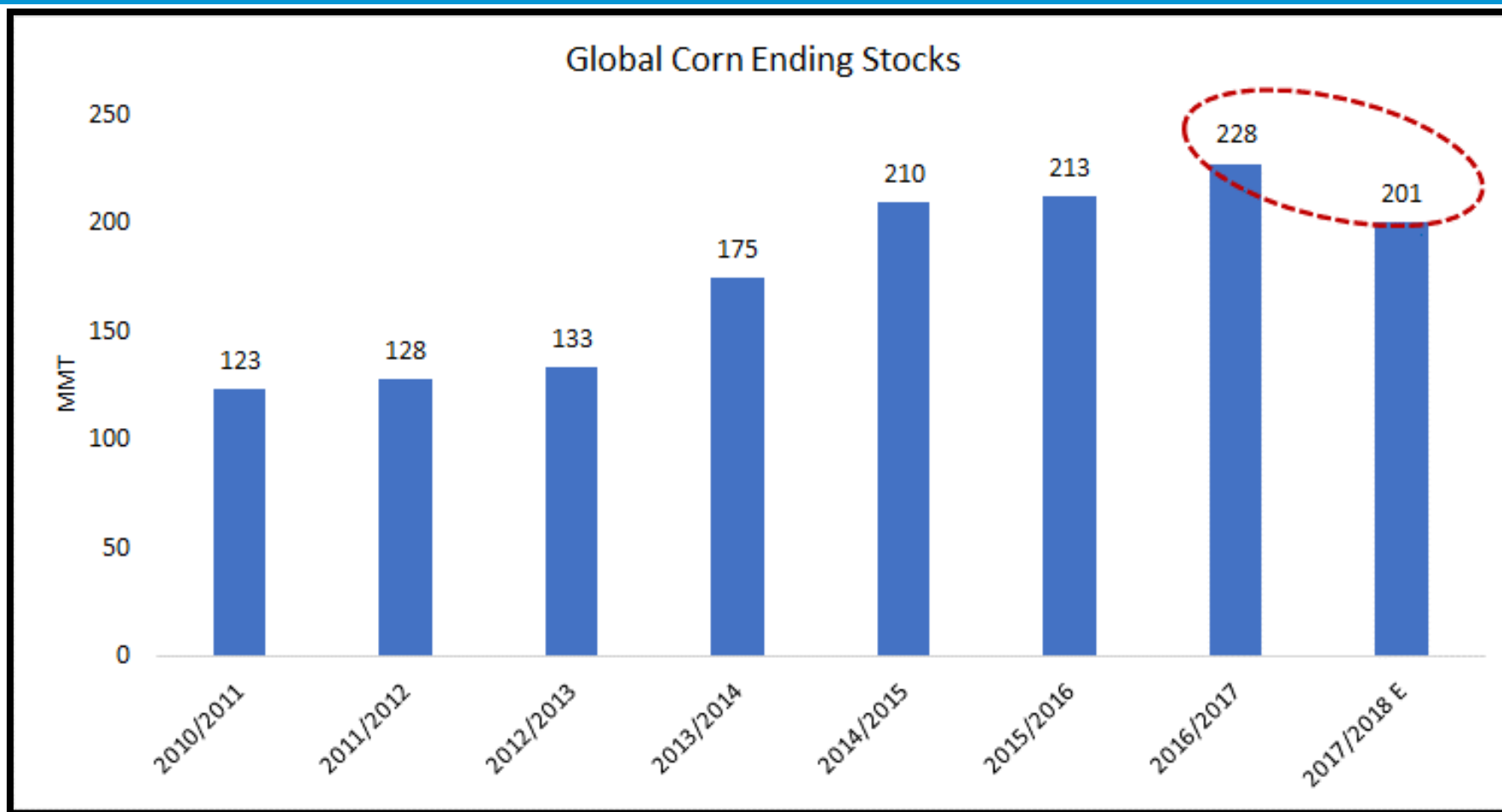
➤ Likely drop in production by 4.6% may lead to 5.7% decline in exports

Changes in Corn Exporters Share



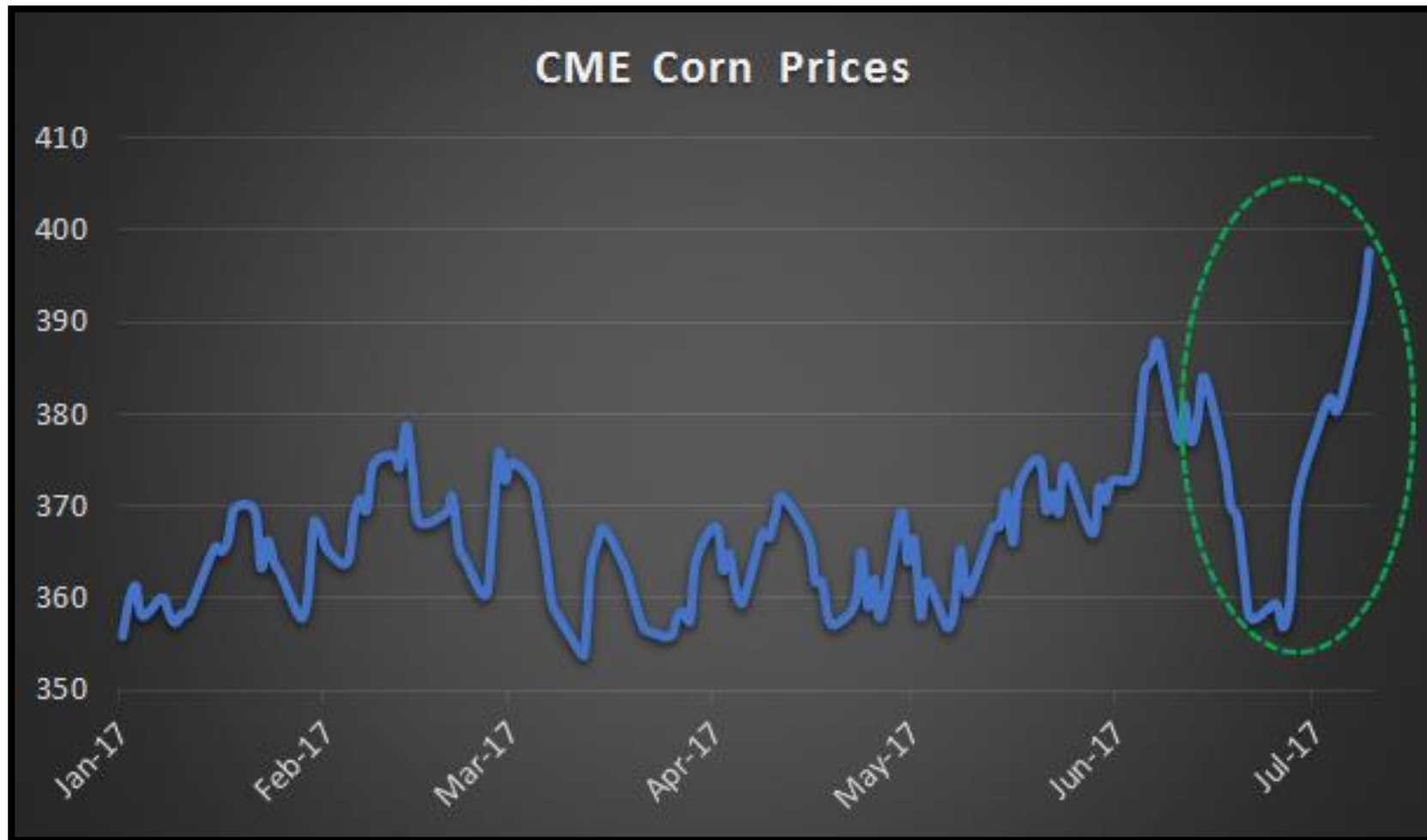
- Decline in US corn production by 6% y-o-y likely to keep exports lower by 15.7%, thus may increase the share of Argentina, Brazil & Ukraine in exports

Global Corn Stocks - Declining






➤ Global corn end stocks likely to decline by 11.7% y-o-y to 201 MMT lowest in last 3 years, thus supporting the prices

Corn Price Movement - CME



Global Corn SND

	2016/17	2017/18 E
Beginning Stocks	212.8	227.5
Production	1068.8	 1036.9
Imports	137.0	 145.8
Supply	1418.5	1410.2
Exports	159.7	152.5
Feed and Residual	631.3	652.2
FSI Consumption	399.9	404.8
Total Consumption	1031.3	1056.9
Demand	1191.0	1209.4
Ending Stocks	227.5	 200.8
S/C Ratio	19.1%	16.6%




Units in MMT

➤ Global corn production is likely to drop by 3% y-o-y owing to fall in acreages & unfavourable weather across core producing nations

Indian Corn Scenario



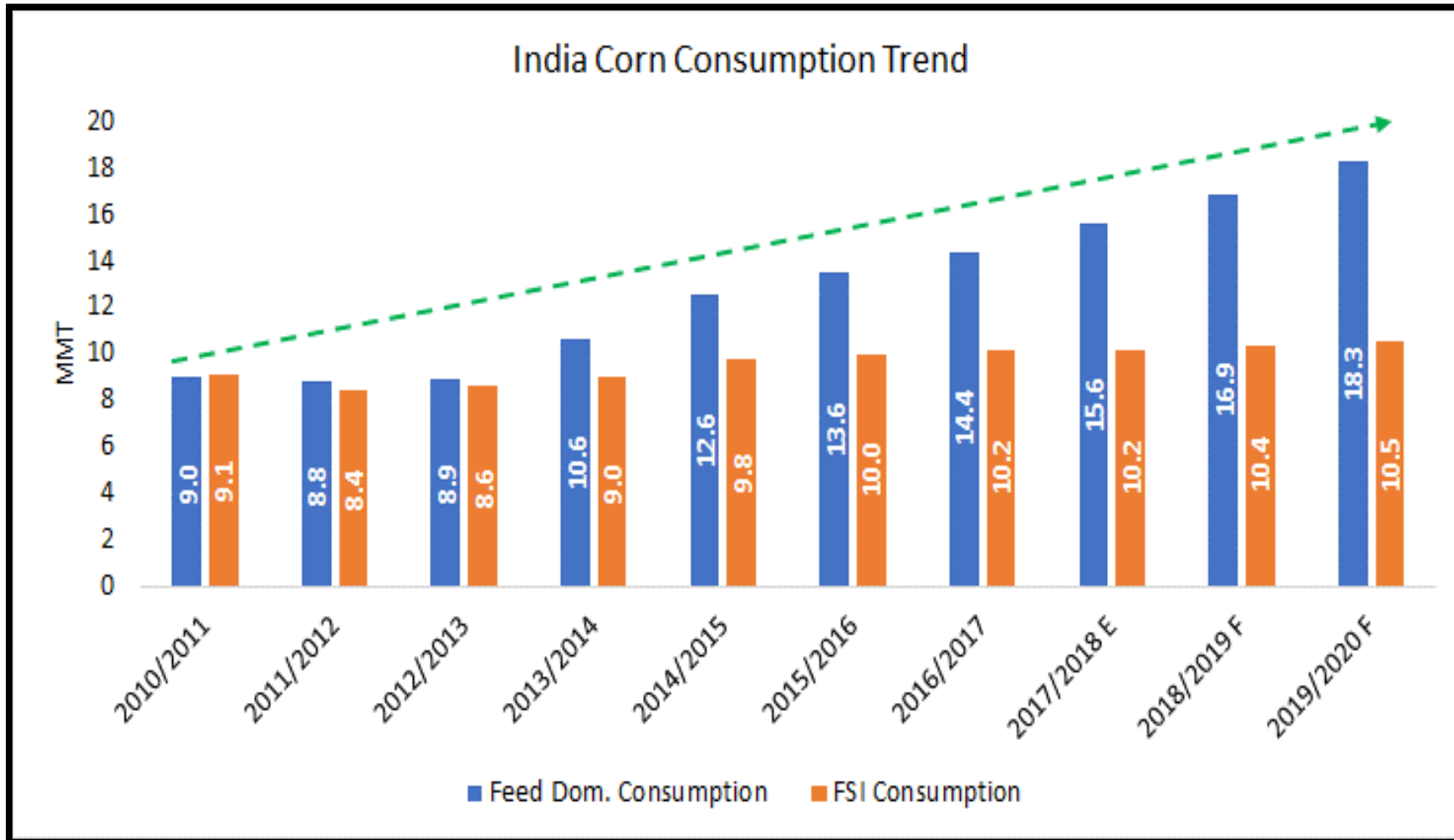
India Corn SND

	2016/17	2017/18 E
Beginning Stocks	0.9	1.8
Production	26.0	 25.0
Imports	0.1	 0.4
Supply	27.0	27.2
Exports	0.6	0.5
Feed and Residual	14.4	15.6
FSI Consumption	10.2	10.2
Total Consumption	24.6	25.8
Demand	25.2	26.3
Ending Stocks	1.8	 0.9
S/C Ratio	7.0%	3.3%

Units in MMT

➤ India corn production is likely to drop by 4% yoy owing to fall in acreage across few core growing regions

India Corn Consumption Trend



- Feed Consumption growing at CAGR of 8%
- FSI Consumption growing at CAGR of 2%

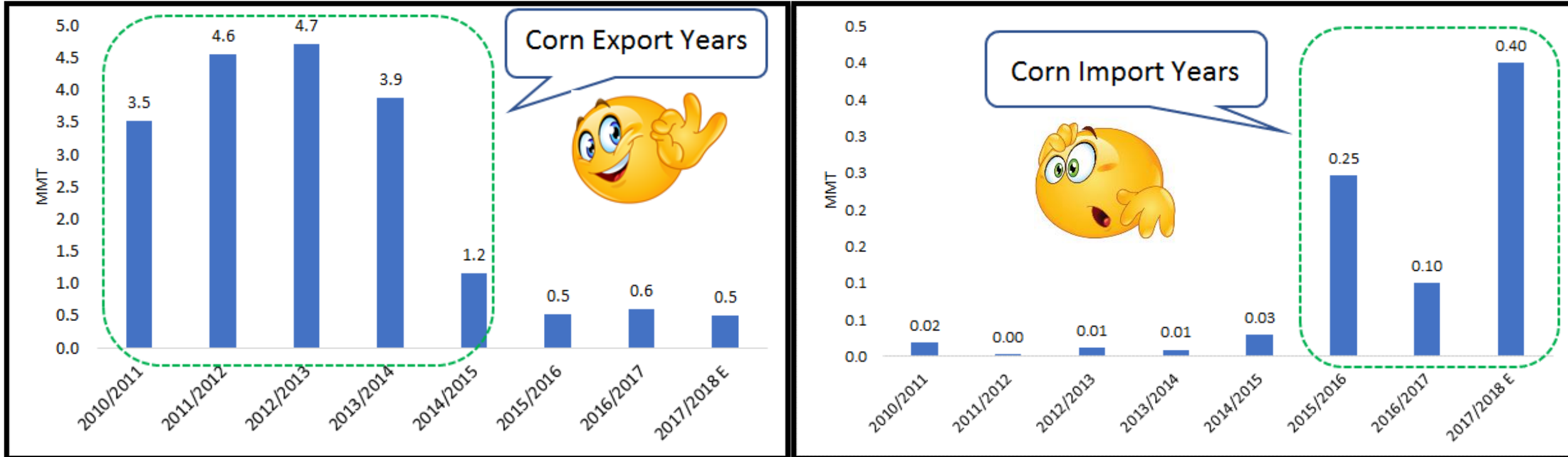
How to fulfill our increasing demand??

India Corn S&D Scenario				
	2016/17	2017/18 E	2018/19 F	2019/20 F
Supply	26.96	27.16	27.57	27.05
Demand	25.20	26.30	27.74	29.29
Surplus/Deficit	1.76	0.86	-0.17	-2.24



- Will India be able to increase our domestic corn supply by increasing yields?
- Will Govt. adopt Non GMO seeds to increase yields?
- Will India become Net importer of corn from 2018/19 onwards?

Indian Corn Trade Scenario



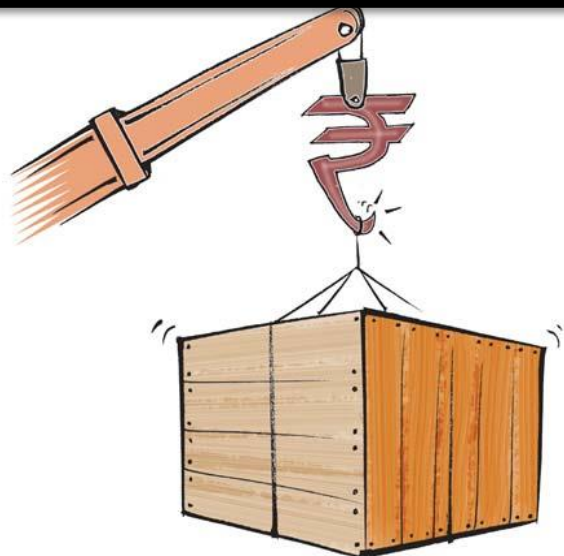
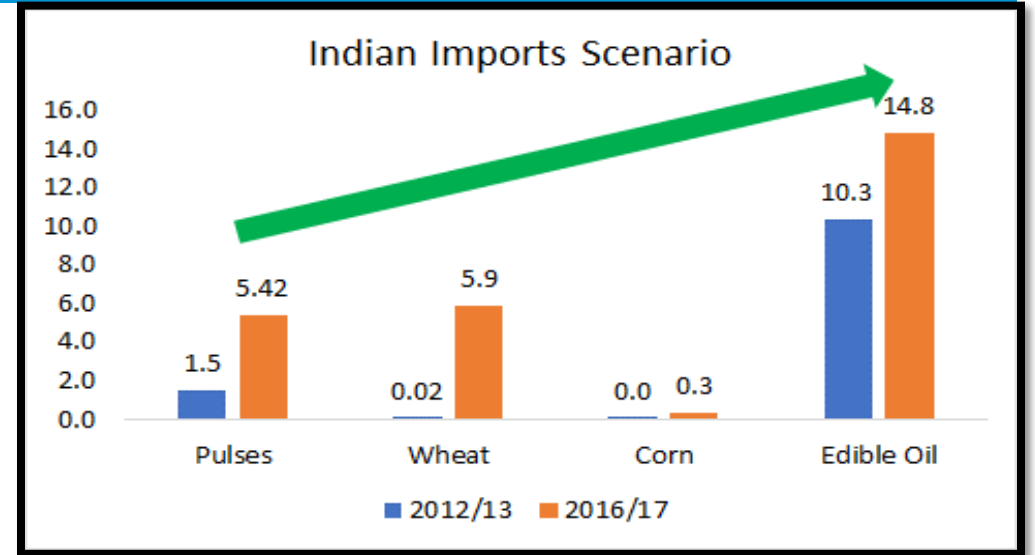
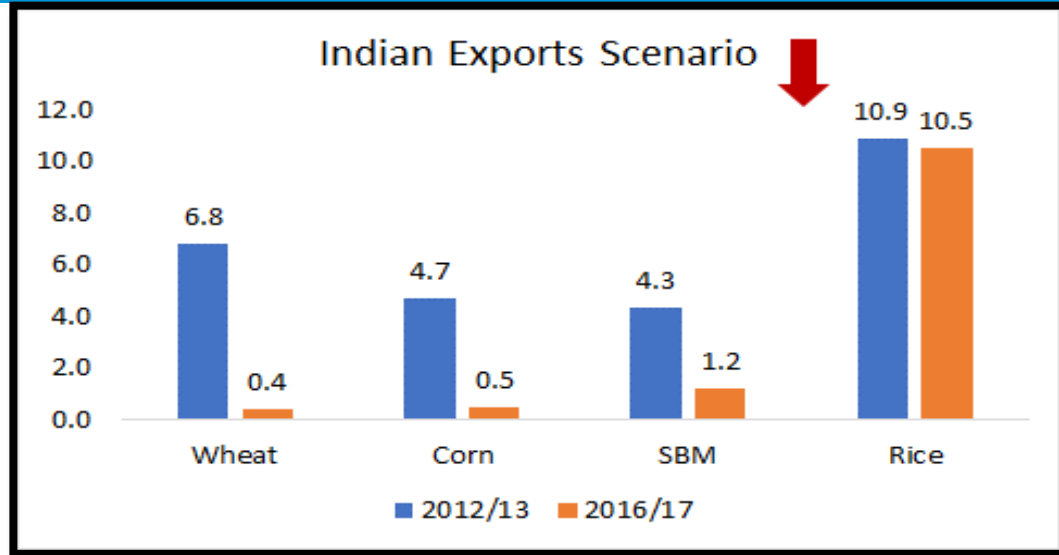
➤ Since, last 3 years we are seeing a shift in the Indian corn trade scenario

Corn Import Margins

- Ukraine remained the only exporter to India LY being Non GMO origin

Corn Import Parity		
Ukraine FOB (Oct)	\$	171
Freight	\$	30
CNF Kandla	\$	201
Landed Kandla	INR	13129
Clearing Charges & Local Freight	INR	1900
Ex-Port Warehouse	INR	15029
Gujarat Corn Prices		14450
Import Margin	\$	-9

Are we heading towards Net Importer?



Challenges in Indian Corn Trade

- Corn Yields: World Average – 5.48 Tons/Ha, India – 2.33 Tons/Ha

- Logistical Challenges
 - Railway Network
 - Port Constraints
 - Supply Chain issues

- Quality Issues

- Government Policies

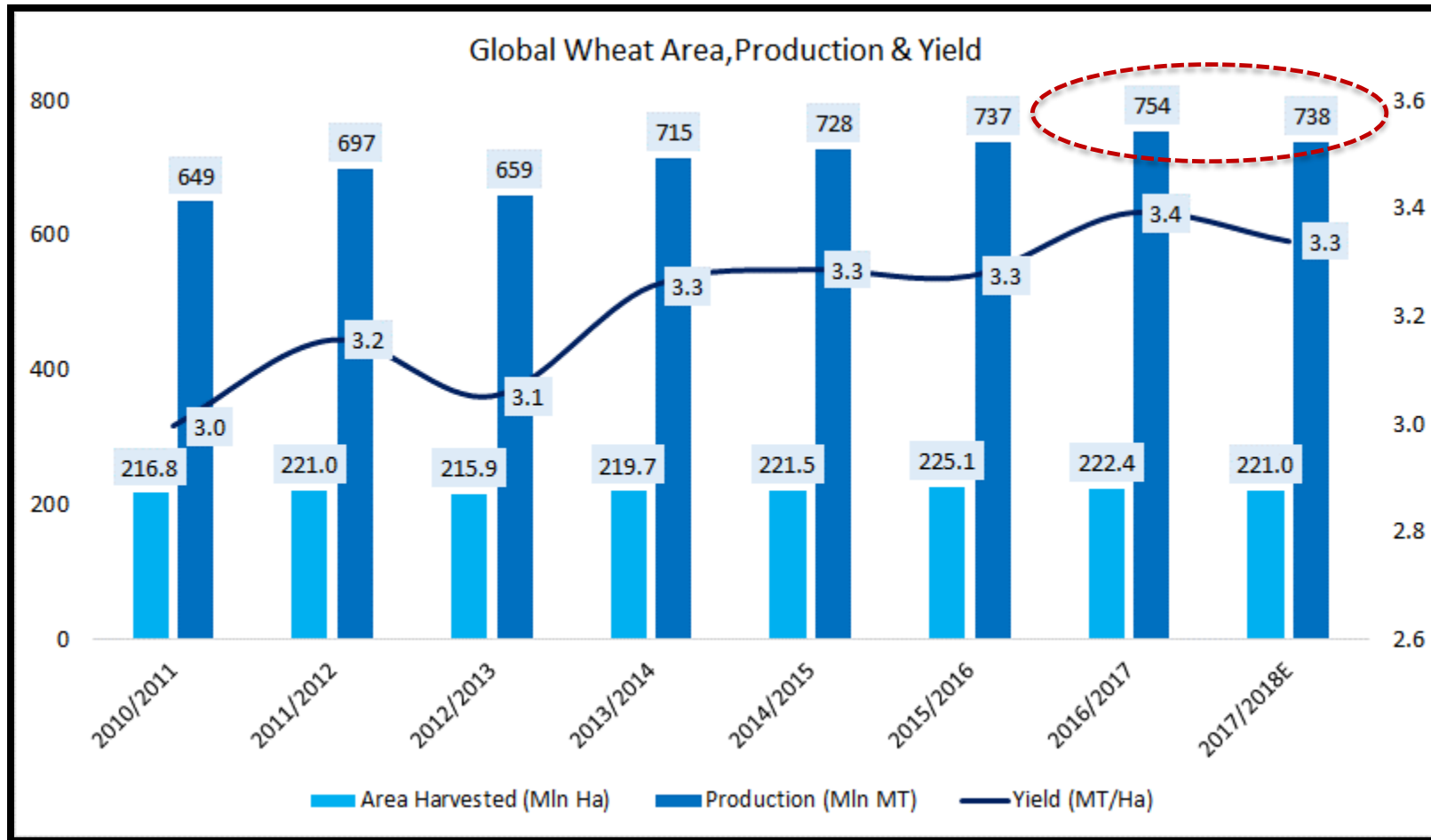
- Price discovery



Global Wheat Scenario



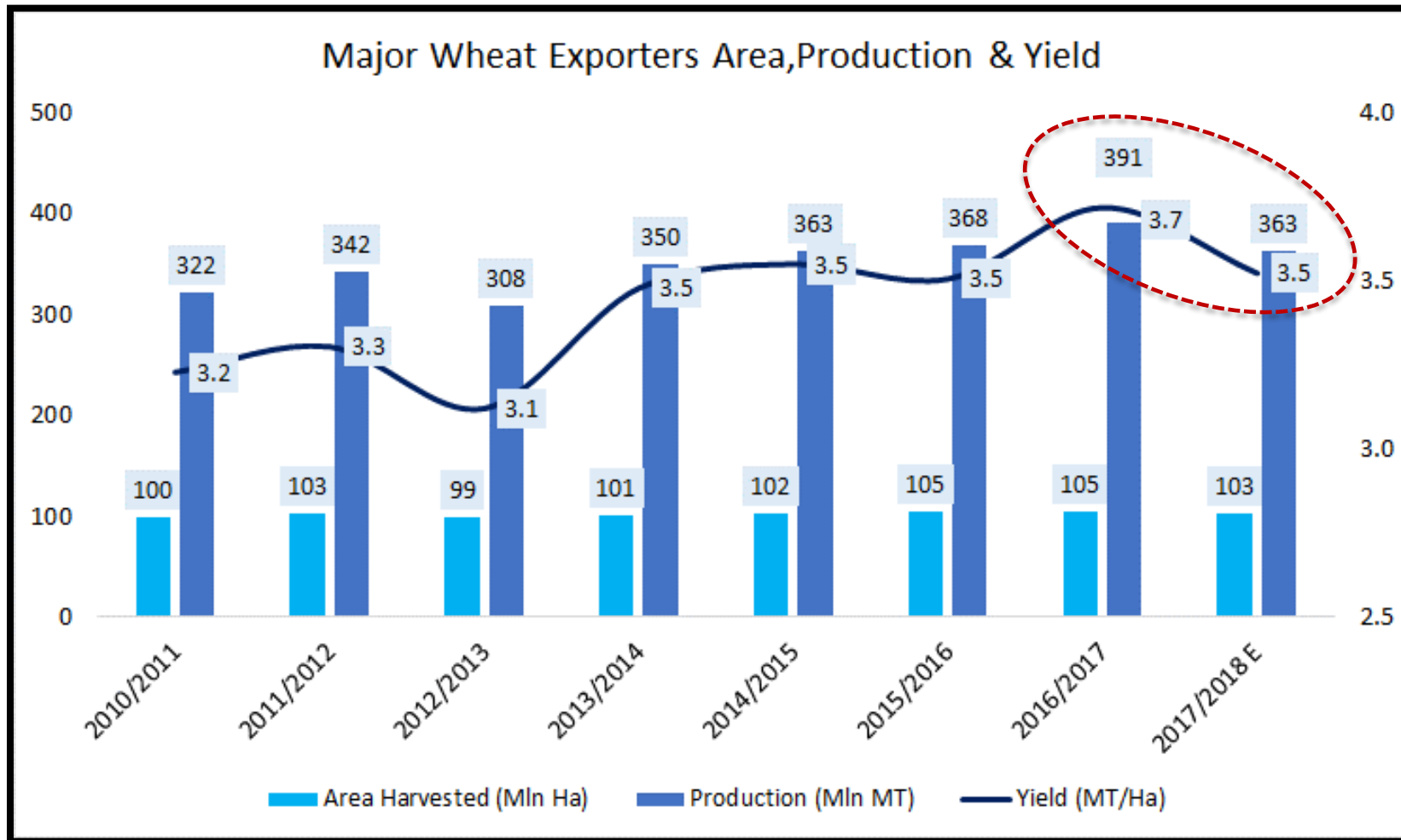
Global Wheat - Area, Production & Yields



- 16.5 MMT

- Major decline: US & Australia
- Reason: Dry spell

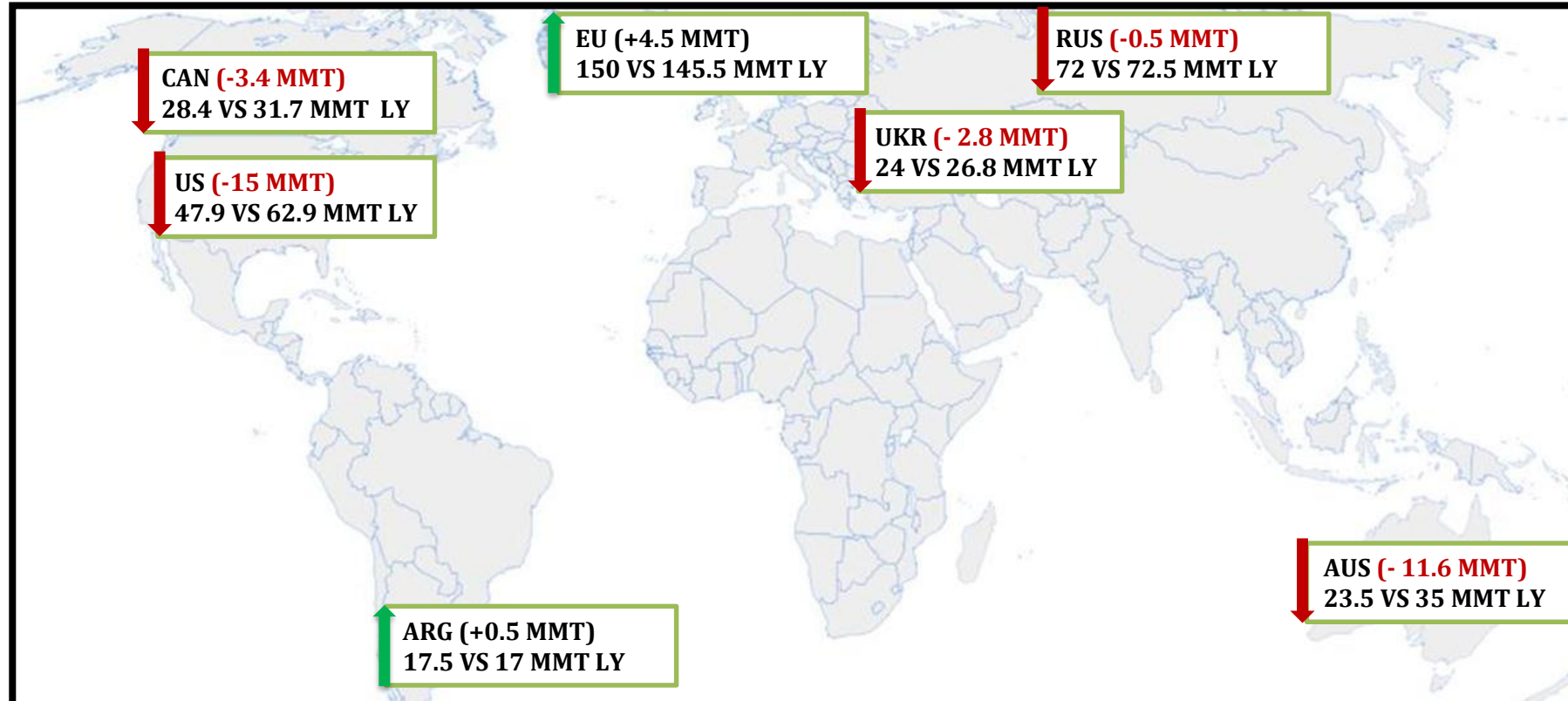
Major Wheat Exporters - Area, Production, Yields



- 28.2 MMT

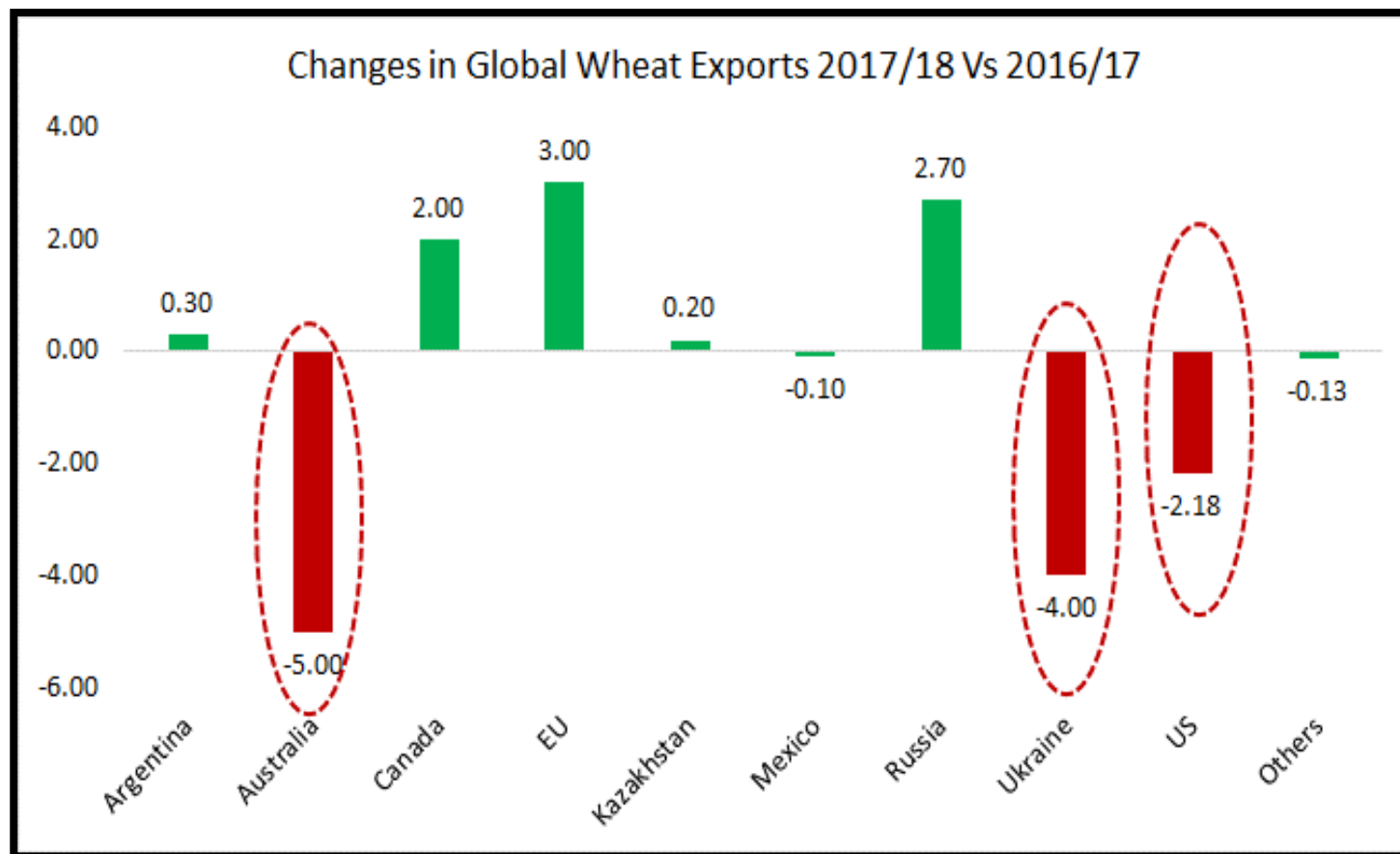
- Major decline: US, Australia, Canada & Ukraine
- Reason: Dry spell

Major Wheat Exporters Production – 17/18 vs. 16/17



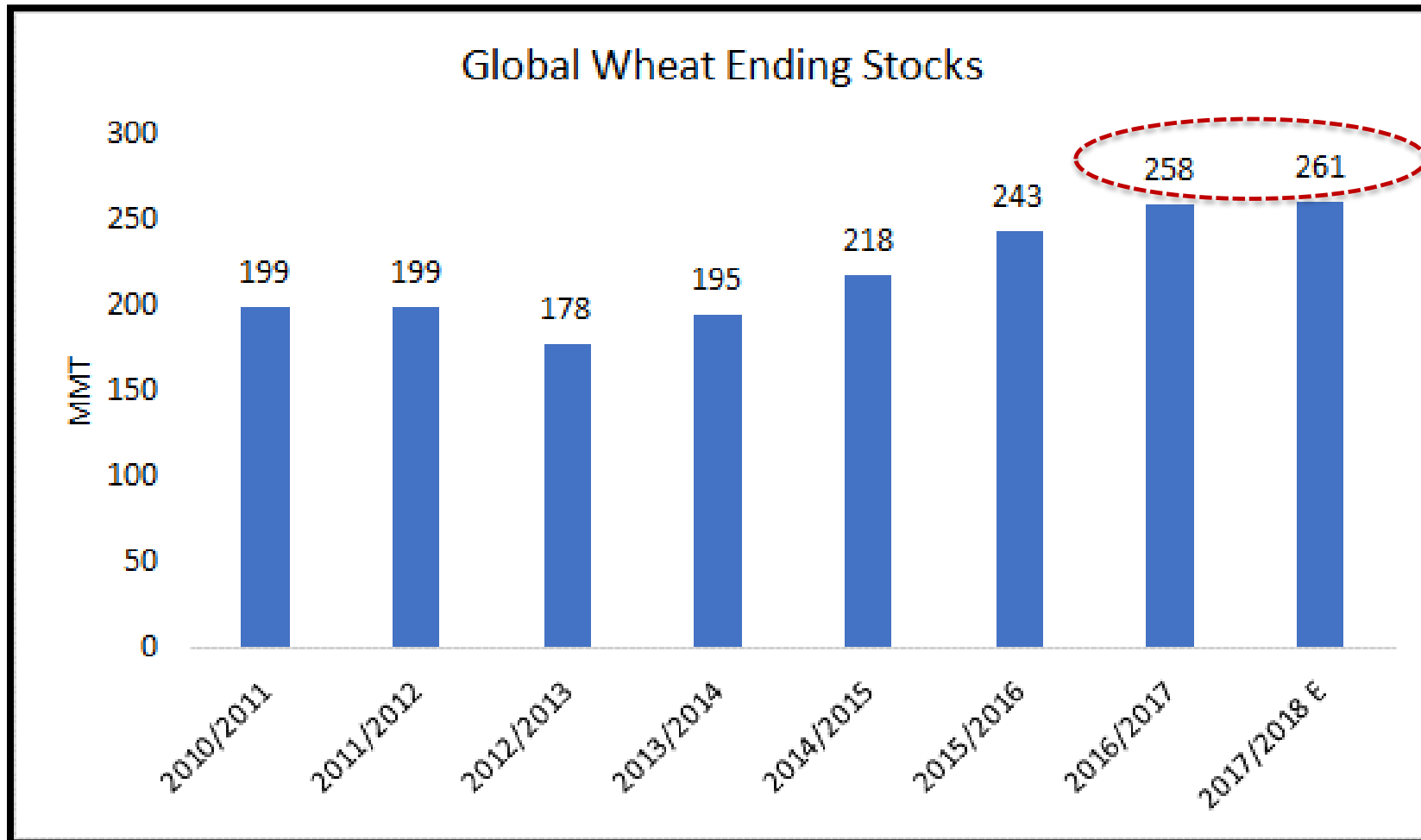
Major Exporters Wheat Production (MMT)		
2016/17	2017/18	17/18 vs. 16/17
391.5	363.2	-28.2

Global Wheat Trade Scenario



Country	2016/2017	2017/2018	Change
Argentina	11.20	11.50	0.30
Australia	24.00	19.00	-5.00
Canada	20.00	22.00	2.00
EU	27.00	30.00	3.00
Kazakhstan	6.80	7.00	0.20
Mexico	1.50	1.40	-0.10
Russia	27.80	30.50	2.70
Ukraine	18.00	14.00	-4.0
US	28.7	26.5	-2.2
Others	16.62	16.49	-0.13
Total	181.64	178.42	-3.21

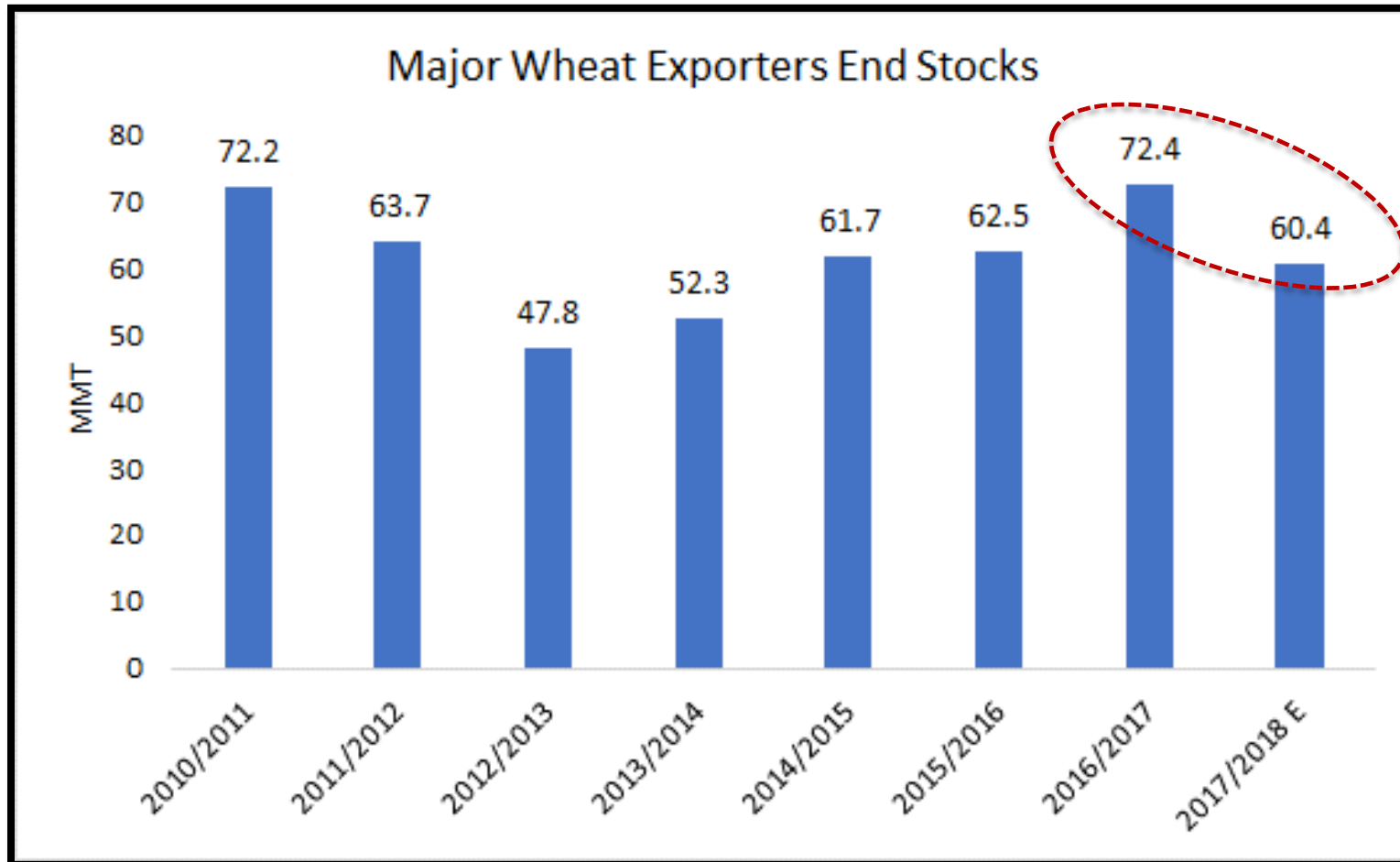
Global Wheat Stocks - Increasing



+2.5 MMT

- Higher carryover stocks (+15.2 MMT) from LY offset the drop in production
- Larger wheat stocks are mostly with nations like China (128 MMT) which exports minuscule quantity
- Even India wheat stocks likely to be around 10 MMT which is hardly exportable

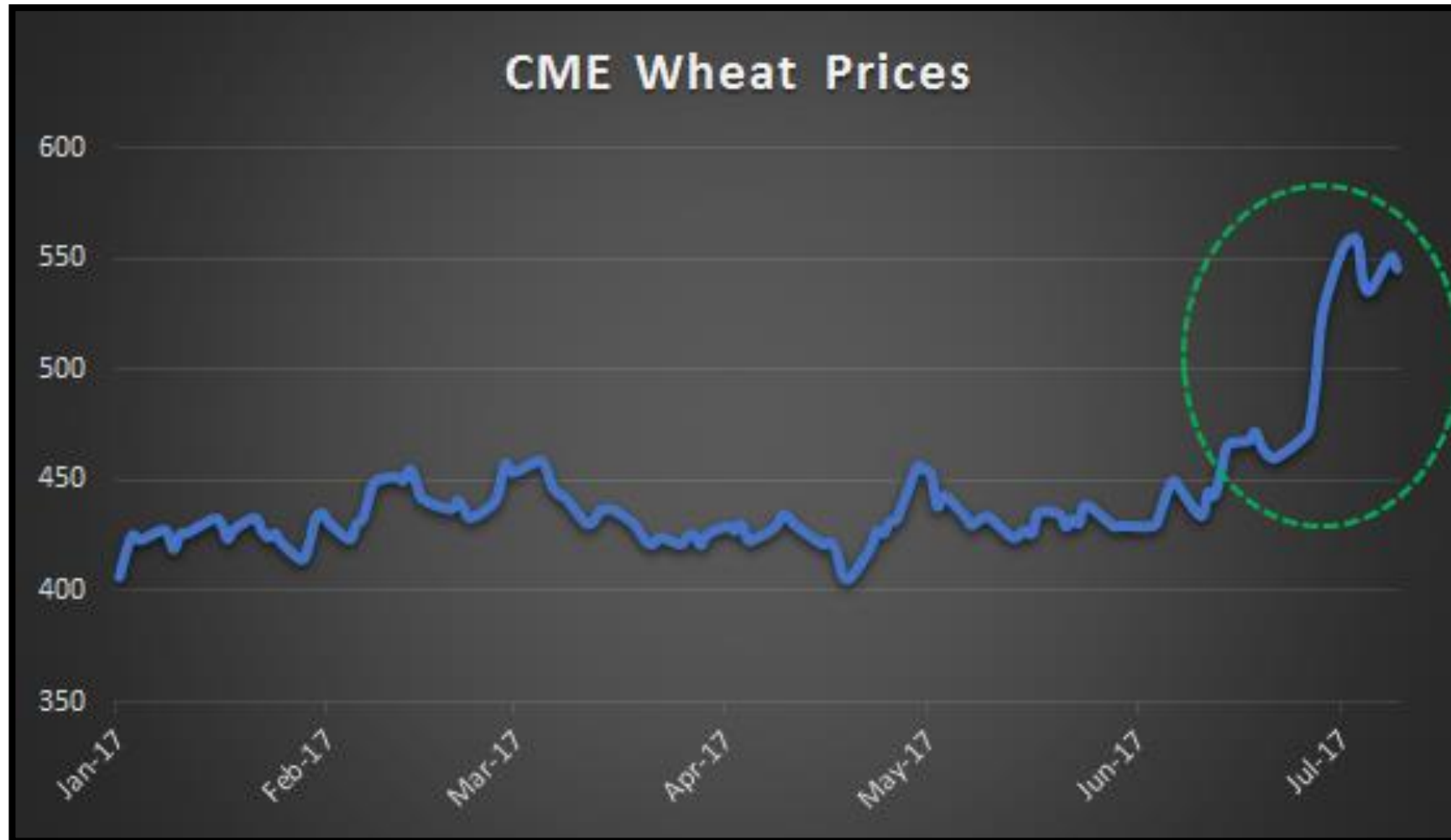
Major Exporters Wheat Stocks - Declining







- 12 MMT

Country	2017/18 Vs 2016/17
Australia	-3.4
Ukraine	-0.2
EU	-0.8
Argentina	0.0
US	-6.7
Canada	-2.0
Russia	1.0
Total	-12

Wheat Price Movement - CME



Global Wheat SND

	2016/17	2017/18 E
Beginning Stocks	242.8	 258.0
Production	754.3	 737.8
Imports	177.3	178.0
Supply	1174.4	1173.9
Exports	181.6	 178.4
Feed and Residual	146.2	139.3
FSI Consumption	588.6	595.6
Total Consumption	734.7	734.9
Demand	916.4	913.3
Ending Stocks	258.0	 260.6
S/C Ratio	28.2%	28.5%

Units in MMT

Factors to Watch




- **Weather Market:** How the weather in US & Australia unfolds further? How the Indian monsoon shape up?
- **Macro Factors:** Any hike in fed interest rates going ahead?





India Wheat Scenario





India Wheat SND

	2016/17	2017/18 E
Beginning Stocks	14.54	9.54
Production	87.00	 96.00
Imports	5.90	 4.00
Supply	107.44	109.54
Exports	0.40	0.50
Feed and Residual	4.70	5.00
FSI Consumption	92.80	94.00
Total Consumption	97.50	99.00
Demand	97.9	99.5
Ending Stocks	9.54	 10.04
S/C Ratio	9.7%	10.1%

Units in MMT

➤ Indian Wheat Production for 2017/18 is estimated at 96 MMT Vs 87 MMT LY

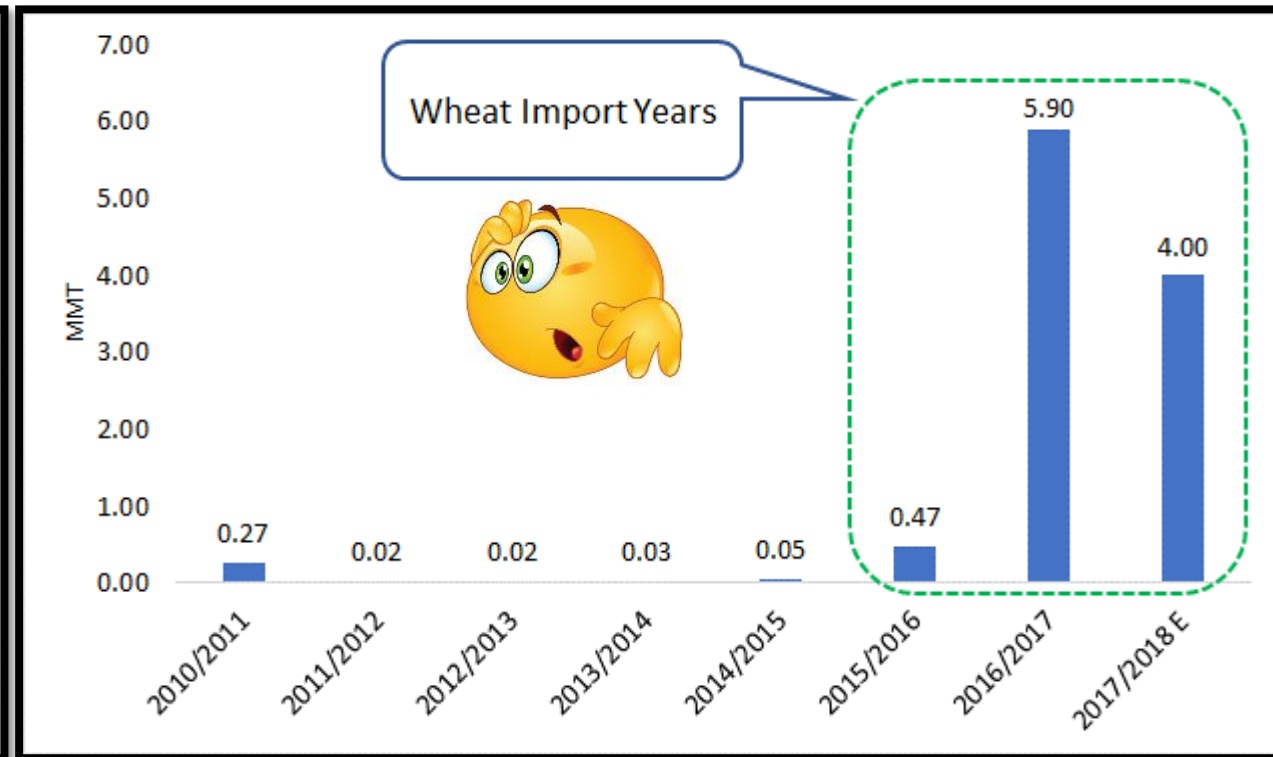
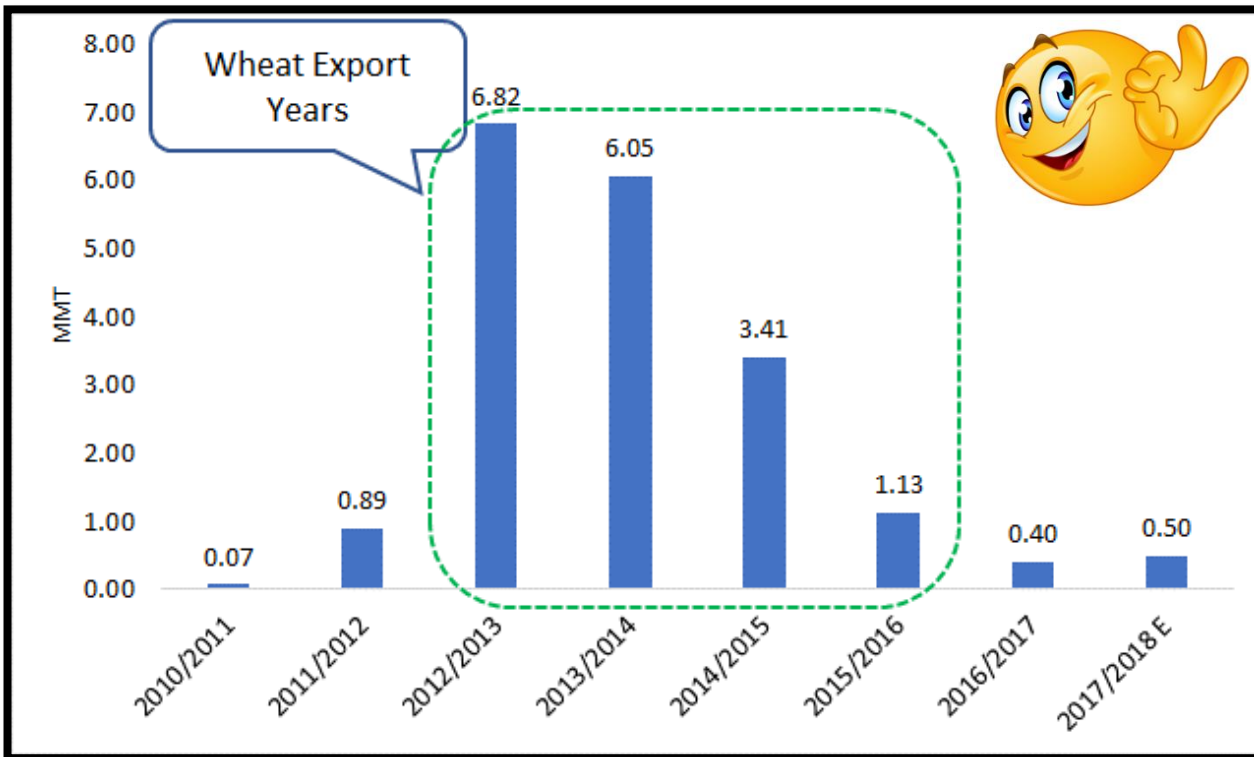
Govt. Wheat SND

	2016-17		2017-18 E
Beginning Stocks	14.54		8.06
Procurement	22.94		30.8
Supply	37.48		38.86
PDS & OWS	24.57		25
OMSS	4.57		3.5
Demand	29.14		28.5
Residual	0.28		0.62
Stock as on 1st April	8.06		9.74

Units in MMT

➤ Increase in Govt. procurement numbers by 7.8 MMT and likely lower release in OMSS may keep the end stocks slightly higher than LY

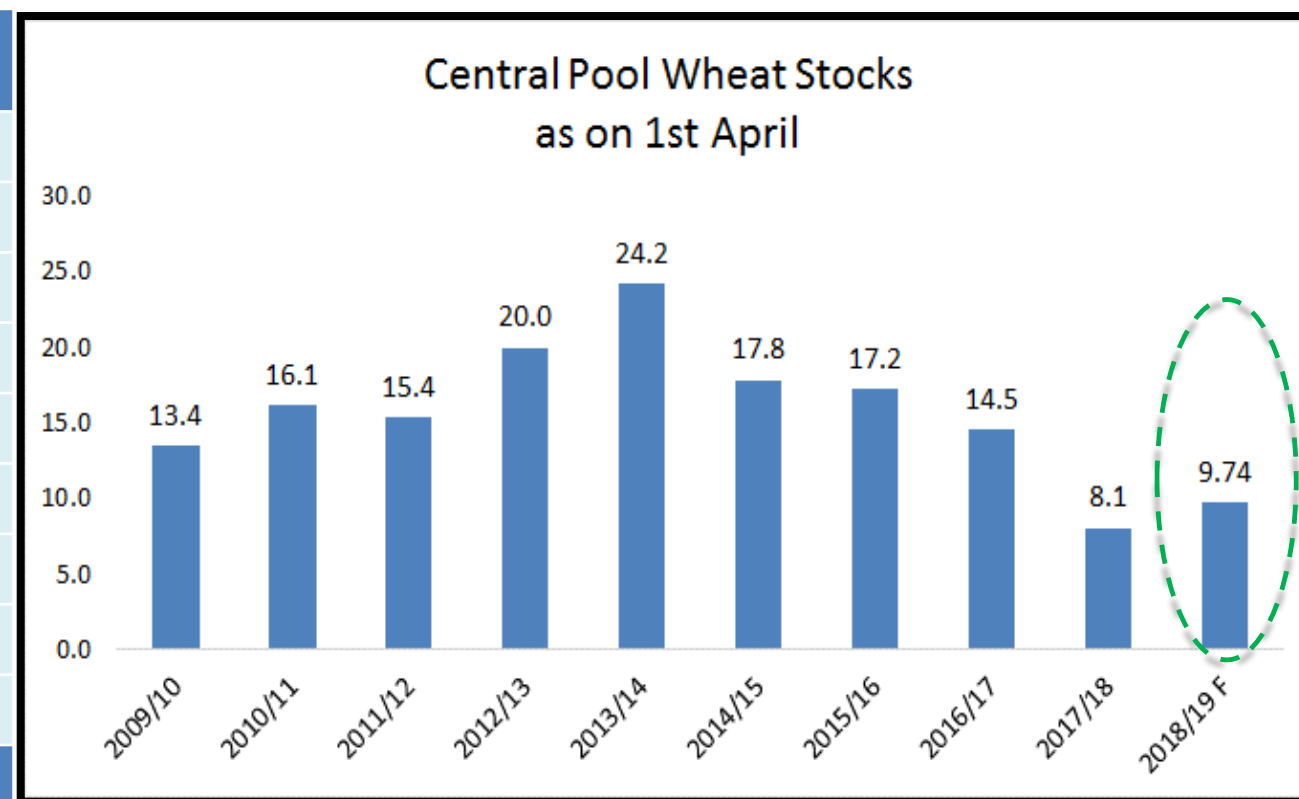
Indian Wheat Trade Scenario



➤ Indian trade scenario is changing in the recent years – a shift from exporter to importer of wheat

Central Pool Wheat Stocks & Buffer Norms

Year	April	July	Oct	Jan
2010/2011	16.1	33.6	27.8	21.5
2011/2012	15.4	37.1	31.4	25.7
2012/2013	20.0	49.8	43.2	34.4
2013/2014	24.2	42.4	36.1	28.0
2014/2015	17.8	39.8	32.3	25.1
2015/2016	17.2	38.7	32.5	23.8
2016/2017	14.5	30.2	21.3	13.7
2017/2018	8.1	32.3	26.8	19.2
Buffer Norm	6.46	27.58	19.52	12.8



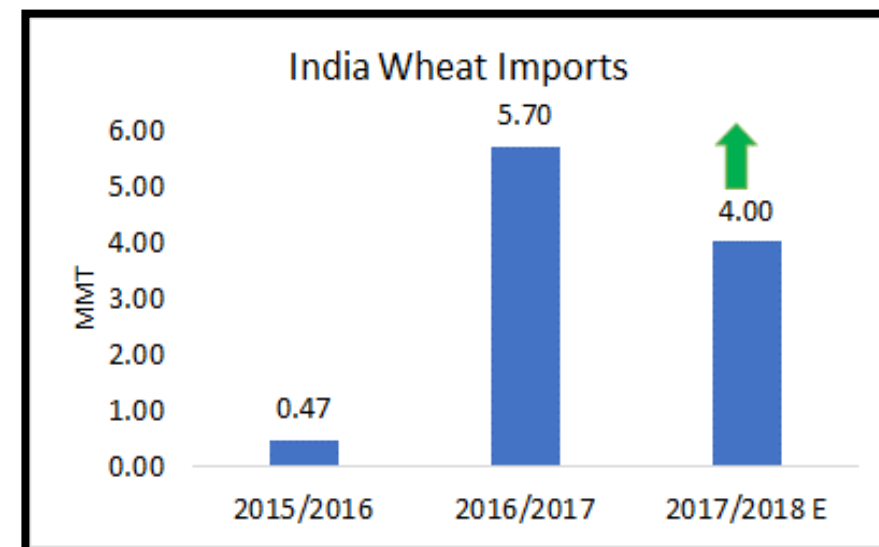
➤ Central Pool wheat stocks will remain at comfortable position than LY, however it remain still lower than previous years

Why Imports will happen??

Govt Wheat Supply (MMT)			
2016/17		2017/18	
Govt Carry in Stocks	14.54	Govt Carry in Stocks	8.06
Procurement	22.94	Procurement	30.80
Govt. Supply	37.48	Govt. Supply	38.86

Millers Buying Choice - Domestic Wheat			
Govt OMSS sales		Private Trade Wheat Sales	
Ex-Ludhiana Price	17900	Ex- Rajasthan/MP	16600
Rail Freight & other charges	3600	Rail Freight & others	3500
Total Price	21500	Total Price	20100

Wheat Import Parity Calculation				
	10% Duty			
		Ukr	APW	ASW
CNF	\$	223	280	270
Landed Tuticorin (@ 10% Import Duty)	\$	245	308	297
Charges incurred	INR	1775	1400	1400
Ex-Port Warehouse	INR	17700	21396	20682
Domestic Wheat price (Imported Price)	INR	18100	19000	18500
Import Parity	\$	6	-37	-34



Conclusion

- Bullishness in corn prices expected : Lows of INR 1250/Qtl in Bihar expected to test INR 1400/Qtl levels ex-Bihar
- India might have to import 400 – 500 KMT to cool off the domestic prices going ahead
- Huge price differential between domestic & imported wheat likely to pull imports up to 3 to 4 MMT
- First time reduction in global stock levels of corn in last 5 years can support the International markets
- Weather concerns across major producing/exporting nations can add fuel to the price rally

➤ *End consumers should cover their supplies well in time to manage price risk and quality risk*



Thank
you!!