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STATE OF THE MARKETS

DATA AND FORECASTS
DECEMBER 2022



ATLANTE

— FOOD OF THE WORLD —

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GRAINS

MAIZE

Issues:

- Prices are nearing record levels as production drops in the northern hemisphere. (**-8% US, -23% EU, -25% Ukraine**)
- Drought has caused health problems in the 2022 harvest, leading to increased pressure on maize prices in the EU.

Outlook:

- Early sowing is underway in South America with a strong drought risk caused by La Niña.
- From Q2-2023, a phase of **greater price weakness is expected**, provided that the good production forecasts for Brazil and Argentina materialise with increased sowings in USA.
- **Weather developments in all major areas of production will be crucial.**



COMMON WHEAT

Issues:

- Strong declines in Ukraine and slight contraction in Russia with prices still tense following 'wheat corridor' agreement renewal in November.
- **Production declined in all main export areas except Russia**, which could reach record levels thanks to recent drops in FOB prices.
- Europe & USA are facing water shortages as winter sowings come close to completion.

Outlook:

- Possible price drops from Q2-2023 due to lower maize prices/imminent new harvests.
- To see significant price drops, Russia needs to maintain high export levels.
- **Rainfall is crucial for upcoming harvests.**



DURUM WHEAT

Issues:

- 22/23 opened with **extremely low stock levels** in the EU and North Africa, and strong North American production has been generating significant EU imports.
- The Mediterranean area remains highly exposed to risk factors, particularly weather.
- Sowings in the EU and North Africa have been facing persistent water shortages.

Outlook:

- Prices expected to fall slightly via Canadian arrival in EU.
- Market very exposed to weather risk on new crops.
- **In the EU and North Africa, rainfall in the winter months will be crucial.**



MILK, DAIRY PRODUCTS & EGGS

MILK AND DAIRY PRODUCTS

Issues:

- Inflation and shrinking foreign/domestic demand are driving price declines.
- Demand drops are linked to economic slowdown/consequent restrictive monetary policies.
- Average prices for butter and edamer fell by **-10%** and **-15%** respectively from Oct–Nov.
- Milk powder markets also continued to fall: **-15%** on skimmed and **-6%** on whole.
- **Production and supply are still limited** due to high input prices for energy and feed.

Outlook:

- In the short term, **price reductions are expected** in a context of limited supply.
- From Q2 2023's spring production peak, declines are also expected in spot milk prices.
- High input costs and uncertain weather are still risk factors.



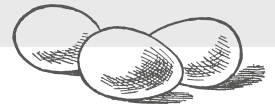
EGGS

Issues:

- **Rising input prices** and **bird flu** outbreaks are maintaining the supply shortfall.
- Demand is tighter for eggs than for dairy products as seasonal consumption increases.
- Between October and November, the CUN average price of M cage eggs increased by **+5%**, **breaking the historical record of 2.1 €/Kg** (thats **+84%** compared to the average price in November 2021).

Outlook:

- In the very short term, **some price increases are expected**.
- From Q1 2023 onwards, the seasonality of consumption and production will start to reverse, leading to declines that bring levels back in line with those from 2022.



COLONIAL GOODS

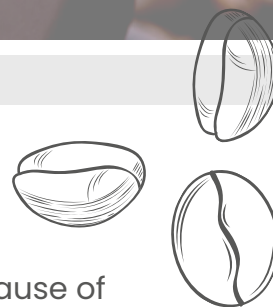
COFFEE

Issues:

- Arabica and Robusta prices have fallen by **-25%** and **-14%** since Oct 2022, reaching their lowest values since summer 2021.
- The premium of arabica over robusta fell from **c\$124 to c\$83/lb** because of expectations of improved Brazilian supply in 23/24 due to favourable weather.
- There is fear that demand for coffee may contract as global economic outlook worsens, possibly bringing restrictive monetary policies for major central banks (the impact is significant in a market with many non-commercial players).

Outlook:

- Arabica and Robusta quotations are already at the forecast values for Q1 and Q2 2023 respectively. Pending the first 2023/24 scenario, we can confirm the potential for a **rebound in prices**.



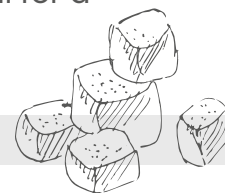
SUGAR

Issues:

- EU **Prices are under severe tension** due to a disconnect from international markets.
- While quotations for white sugar at the international level are **~€540/tonne**, prices for sugar delivered in Europe reached record highs of **over €1,100/€1,200/t**.
- Growing EU import requirements, drought forecasts, Euro weakness and energy prices are likely the cause of this mismatch.

Outlook:

- **EU prices are staying high** for most of the remaining marketing year.
- A downward phase is expected only in conjunction with the 23/24 marketing year.



COCOA

Issues:

- Cocoa bean quotations are at their highest levels since 2016, with demand staying rigid.
- Cocoa butter and cocoa mass quotations also rose **+9%** (the highest since May 2020) and **+6%** (the highest since at least 2011).
- Low rainfall, fertiliser shortages, and African regulators in Côte d'Ivoire and Ghana are the main bullish drivers.

Outlook:

- Prices in 22/23 will stay high due to **pronounced global deficit and sustained demand**.



OILS & OIL PRODUCTS

PALM

Issues:

- The **erosion of record accumulated stocks** in Indonesia was faster than expected.
- After the sudden drop in prices from March to a low at the end of September, the recovery in demand supported prices in the rebound phase.

Outlook:

- Prices expected to remain slightly tighter between now and next summer due to an element of seasonality and expected resumption of imports from China.
- **Possible bearish effect** if a more severe economic recession than expected causes a drop in demand in 2023.



SUNFLOWER

Issues:

- Despite Ukrainian oil industry issues, EU oil supply is high with abundant seed imports.

Outlook:

- Very much linked to what happens in the Black Sea area, but support from palm, below, and soybean oil, limits the possibility of significant price declines.



COCONUT

Issues:

- Prices still very low, slightly above palm prices, due to **weak palm kernel oil quotations**.
- Risk of typhoon season throughout December.

Outlook:

- Possible drop in production in 22/23 due to the stress of the abundant palm oil yields.
- Quotations are **expected to rise** during the course of the campaign, as soon as the accumulated stocks of palm kernel oil in Indonesia have been somewhat eroded.



OLIVE

Issues:

- Simultaneous off-year in Spain, Italy and Portugal have **sharply declined production**.
- Severe spring/summer drought put pressure on every production area besides Turkey.

Outlook:

- Further tension on quotations is possible until next spring.
- Trend reversal is possible, but weather remains risky with low water reserves in the soil.



RICE, NUTS & LEGUMES

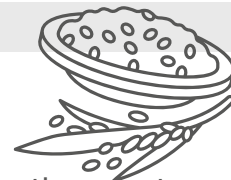
RICE

Issues:

- Record domestic prices on almost all types due to **supply shortfalls**.
- A **drop in sowed areas** mainly affects all Long A varieties which are undergoing the most tension. Long B, Medium and Round are also experienced related price tensions.
- Low production in China, India, Pakistan, USA, and EU have caused international deficits.
- the medium term, prices will continue to be supported by rigid demand, supply shortages, and policy uncertainty (e.g. Indian tariffs). In the short to medium term, prices will continue to be supported by the above factors. The increase would not be enough to bring markets back into balance, however if there is no disruption on the yield side, and with grain prices we expect to fall slightly,

Outlook:

- **-3.8%** drop in sowed areas and drought make us expect production drops of **~-30%**.
- From Q2 onwards, new sowings may lead to a mere 2% rebound with weather risk.
- A drop in price should be visible from Q3/Q4 2023.



NUTS

Issues:

- High carryover stocks have protected prices from rises attributable to negative supply-side shocks.
- In Turkey, the Lira devaluation is continuing to weigh heavily on the prices of exports.
- Lower stocks are expected in the coming months due to unfavourable weather (drought in California, the EU and Iran) and rising input costs, putting upward pressure on prices.

Outlook:

- **Bullish outlook for hazelnuts, almonds, pistachios, cashews** and **sultanas**.
- Peanut prices are to remain high due to disappointing northern hemisphere production and uncertainty oversouthern hemisphere sowings.



LEGUMES

Issues:

- Markets are waiting to feel the bearish effects on prices of increased North American supply (Canada and the USA are important exporters of Lentils, Peas and Chickpeas).

Outlook:

- There is short-term uncertainty over developments in Australian and Indian campaigns.
- In the medium to long term, we confirm a **decline for lentils/moderate decline for peas**.

