

**India Pulses and Grains
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**Global Agriculture Market Drivers and
Outlook 2014**

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The Hindu Business Line

Global Agri-markets . . . so far

- After 3 years of adverse weather-effects, markets turned benign in 2013
- Normal weather; rebound in major crops output – rice, wheat, corn, oilcrops, cotton
- World agri markets in modest surplus
- Speculative capital stayed in the sidelines
- Liquidity-driven commodity boom ‘tapering’

What to expect in 2014?

- Markets are looking generally bearish!!!!
- Decent harvests, replenished stocks are key drivers across grains & oilseeds in 2014
- High prices in 2010-2012 incentivized production expansion, rationed demand;
- Softer prices in H2 2013 will encourage stock building;

Outlook for 2014

- **Corn:** market looking bearish due to over-supplies; US plantings may surprise to the upside; if weather holds, further build up in stocks possible;
- **Wheat:** prices will follow corn lower; especially post-July harvests; but winterkill issues and Argentina's lower exports can tighten US stocks;

Outlook 2014

- **Cotton:** constructive short-term due to tight ex-China supplies and stronger demand for US exports;
- **Sugar:** bearish short-term due to higher than expected surplus for the current season; needs to be worked off; prices may turn bullish from late 2014 on poor supply incentive; tiny deficit in 2014-15

Outlook 2014

- **Soybean:** tighter fundamentals than grains; SouthAm crop + potentially higher US plantings in spring will see prices ease gently over 2014-15; but strong Chinese demand and tight US stocks remain supportive factors;
- **Soyoil:** changes in US biofuel mandate have created a bearish market; large soy crush program means more oil;
- **Soymeal:** supplies should improve, depending on Argentina, easing price pressure

In sum

- 2014 expect benign global weather (although we may be only one El Nino away from a disaster)
- US Fed ‘Tapering’ to reduce liquidity; US dollar to get stronger; Geopolitical situation not volatile, so crude to remain soft;
- Limited price appreciation potential means speculative capital will stay away;

Softer prices now may impact 2015

- FAO Food Price Index fell in January for first time in 3 months on lower prices of cereals, sugar, oils, meat;
- Lower prices stimulating demand; Asian demand rising;
- But, softer prices may impact plantings and production in 2015

World Market for Pulses

- 2013-14 global pulses output ~ 70 million tons (up 4%);
- Field Pea: record 11.2 ml.t (up 10%), mainly dry green pea; growers responded to 2012-13 high prices; yellow pea up too
- Chickpea: 13 ml.t (up from 11.1 ml.t)
- Dry bean 22.6 ml.t.
- Trade in field pea and dry bean 4.5 ml.t each; chickpea 2 ml.t.

World Pulses Trade

- Exporters target South Asia - India and neighbours; Canada, USA, Australia, Myanmar
- China emerging as major importer of peas after India; food use growing;
- **As world agri-prices turn softer, will pulses defy gravity?**

India – the mover and shaker

- Record harvest in 2013-14 (19.8 ml.t) v/s target 19.0 ml.t and 2012-13 (18.4 ml.t)
- Government policies and research inputs working
- **Marked slow down in import** (2.7 ml.t. projected for 2013-14 fiscal v/s 3.8 ml.t. in 2012-13)

Thank You

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