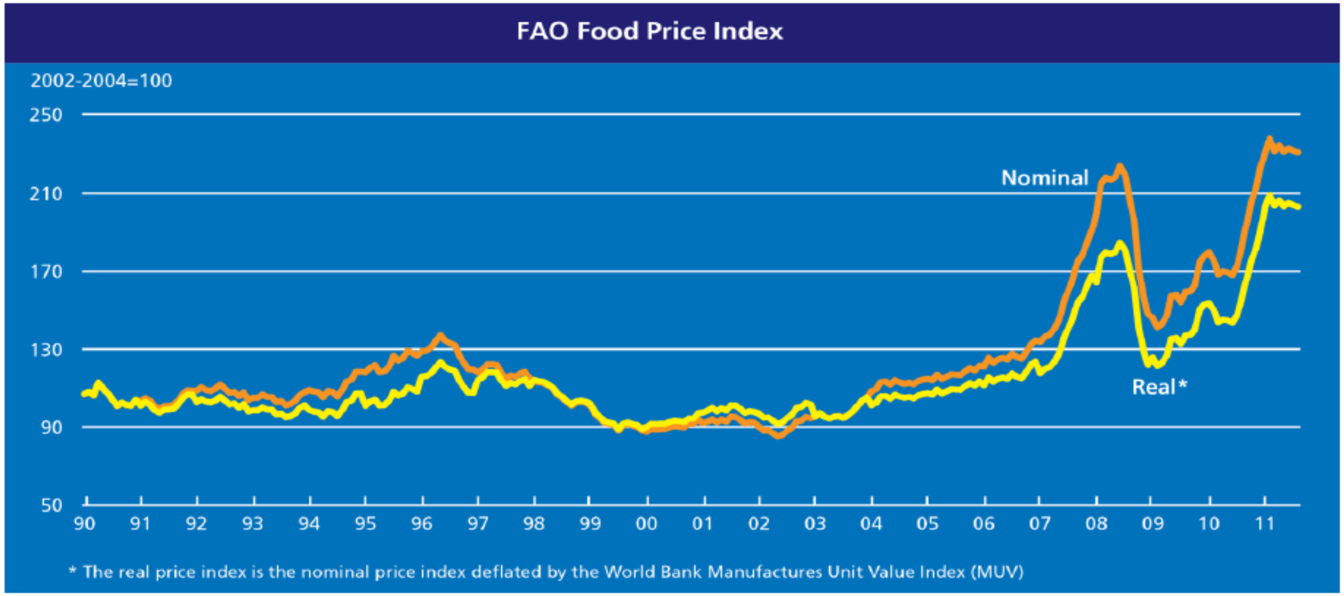
Agricultural commodity trade in the next decade

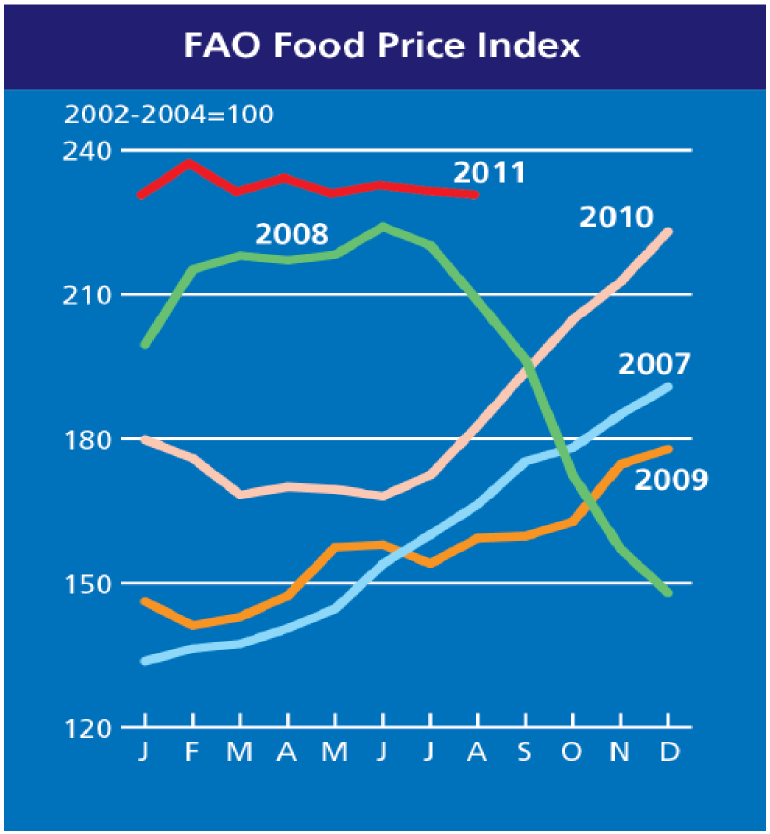
FAO Food Price Index

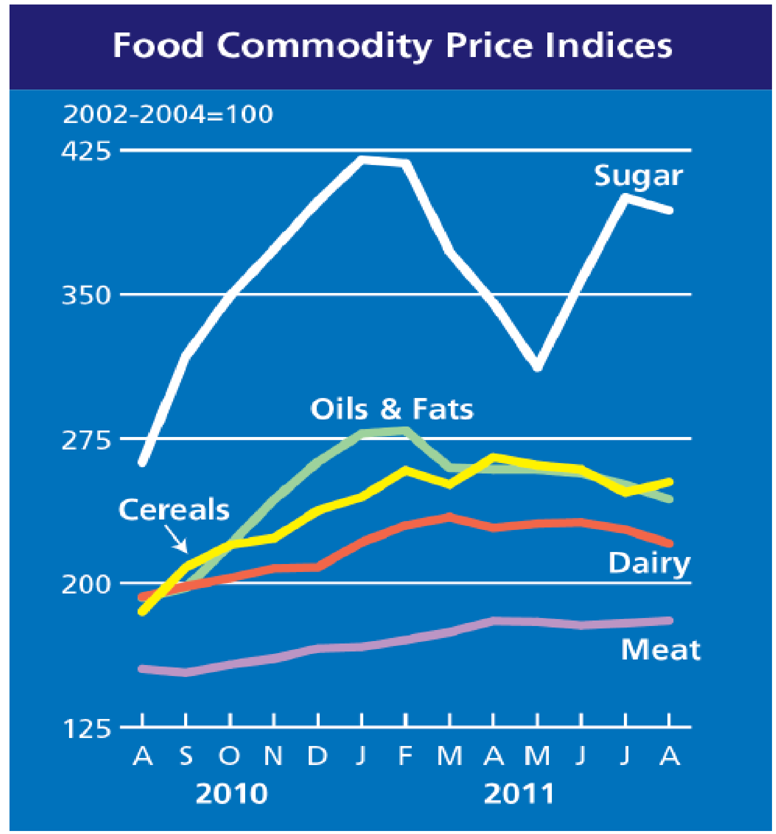
Nominal & Real



http://www.fao.org/worldfoodsituation/wfs-home/en/

World Price Trends





http://www.fao.org/worldfoodsituation/wfs-home/en/

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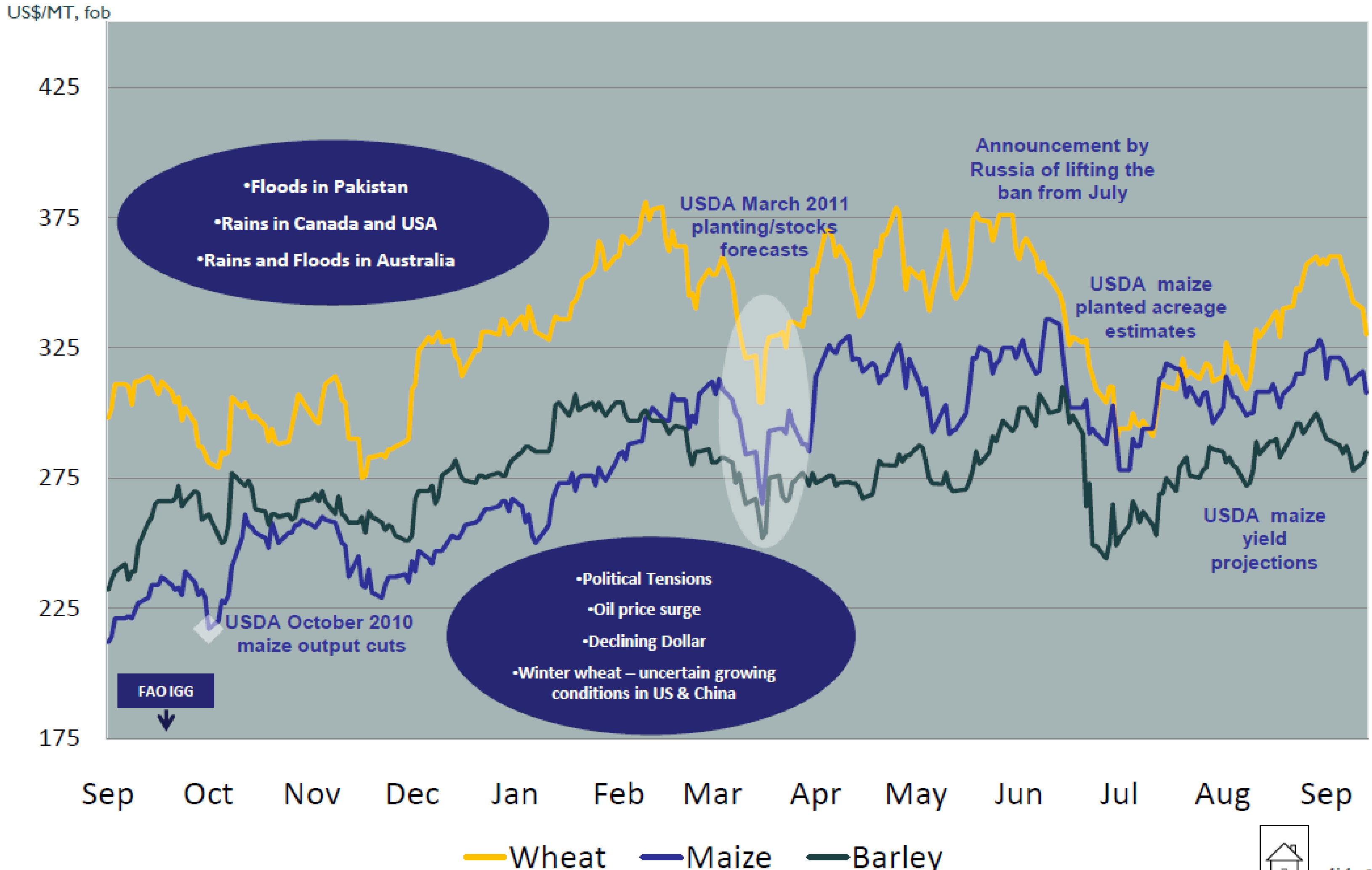
2010/11: A Turbulent Season
2011/12: Calmer?



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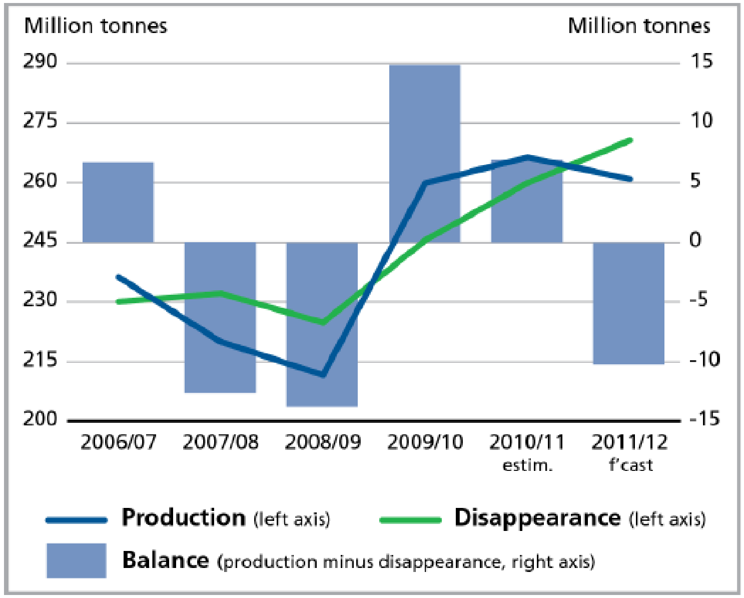
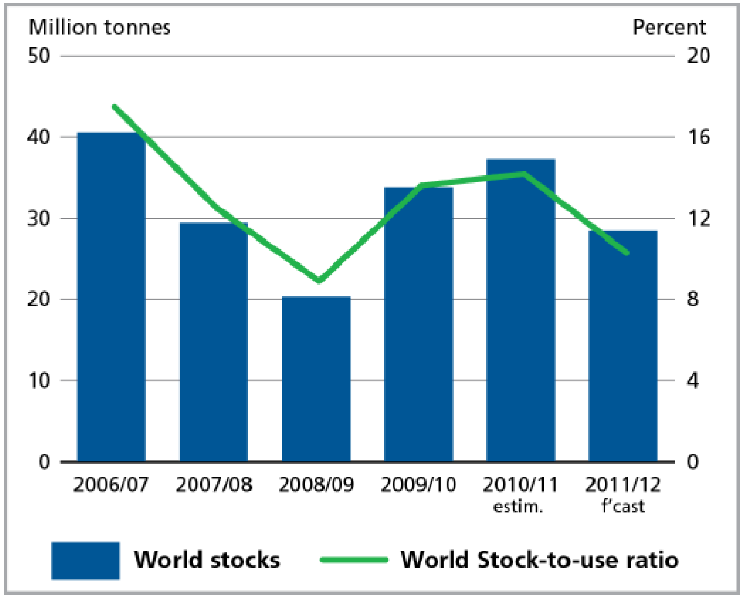
Soybean markets possibly tightening in 2011/12

Global production and disappearance



Global stocks and stock-to-use ratio



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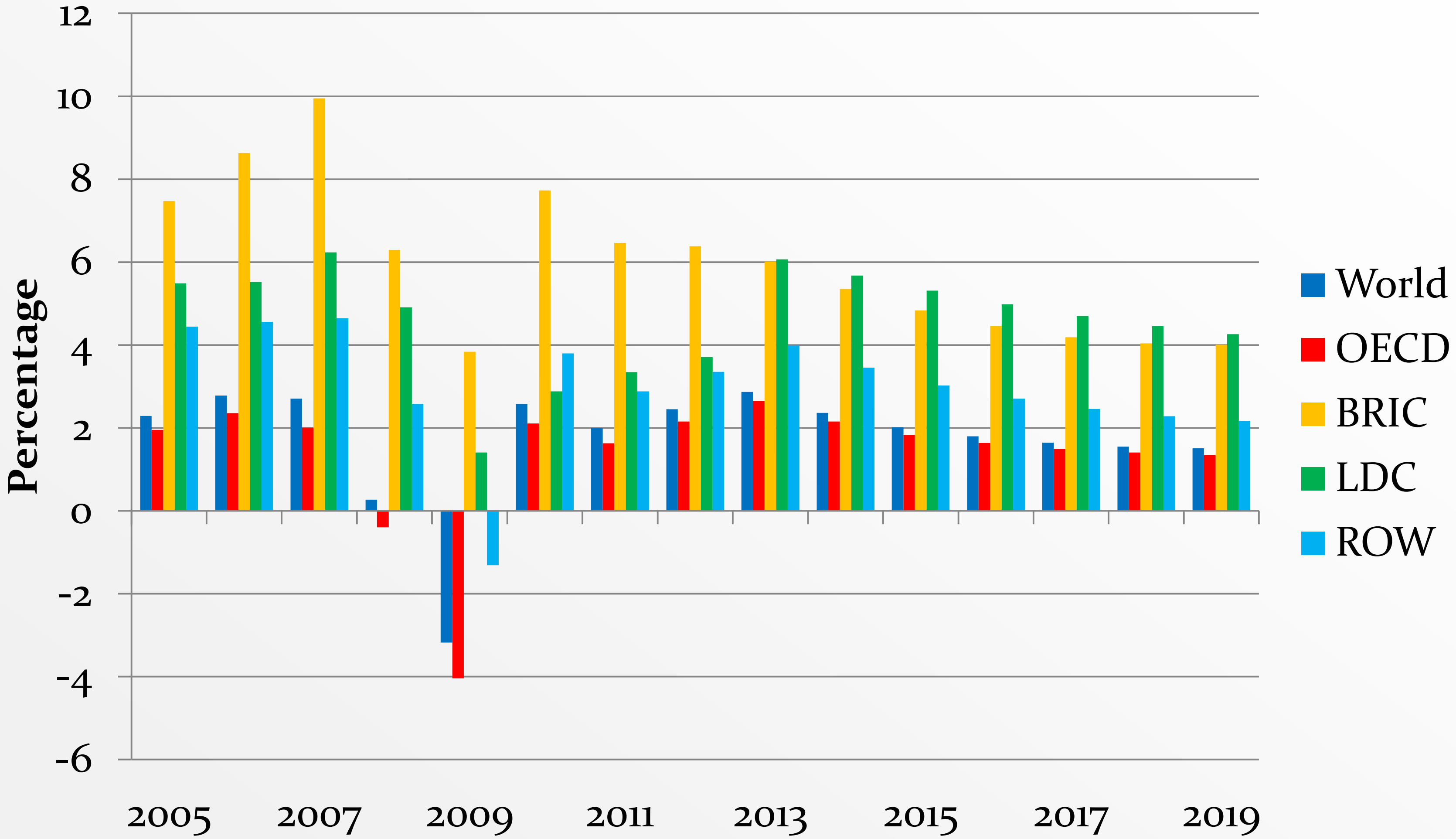
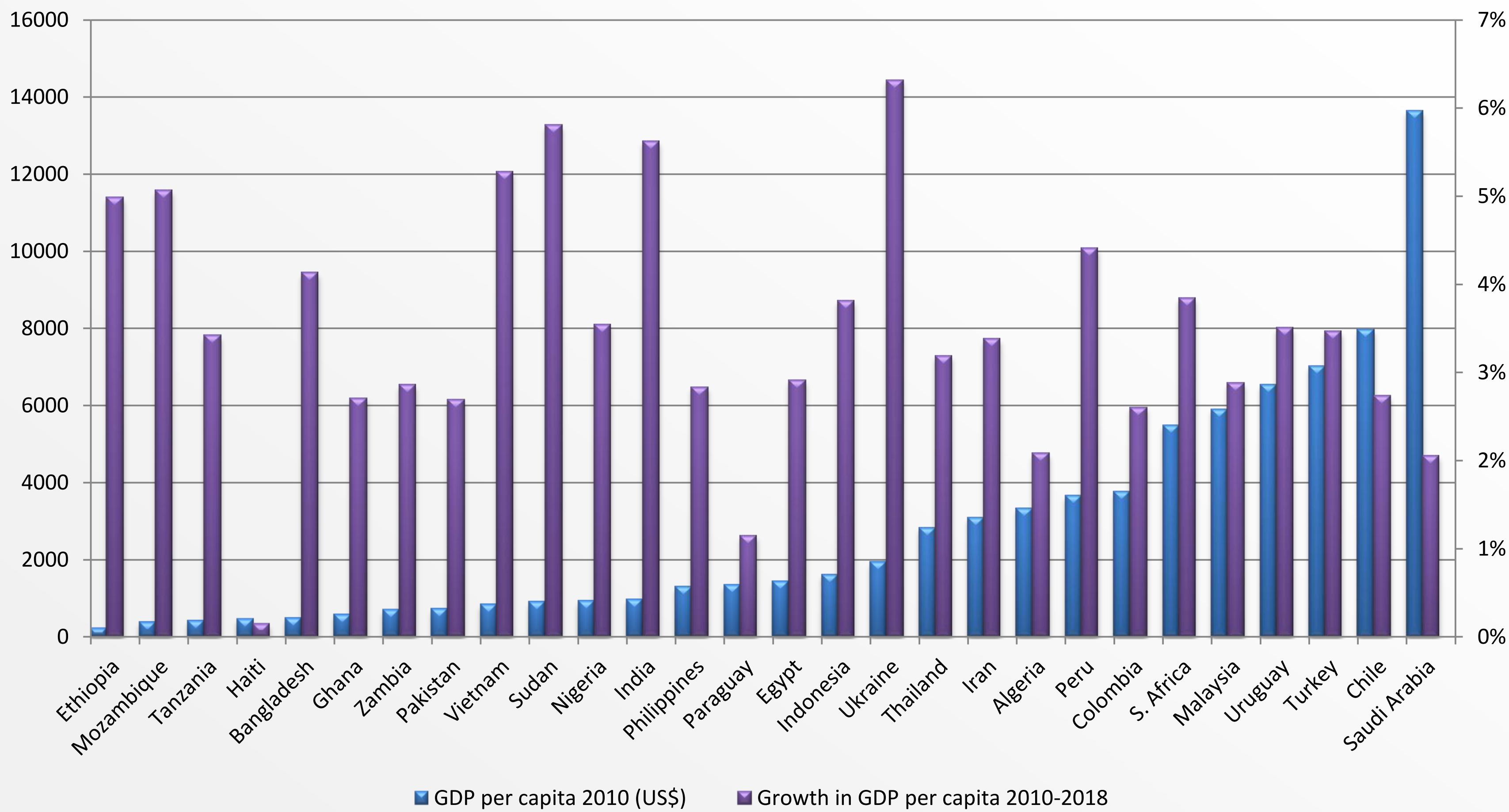
Trade Issues in the next decade

- What does the next decade look like?
  - What's going on? – drivers of high prices/ volatility
  - Production/trade /consumption trends
- Is "demand" outstripping "supply"?
  - Emerging markets growth, but for how long?
  - Slowing agricultural productivity/yield growth?
  - Environmental/water constraints/climate change, coupled with rising labor costs in many countries
- How are these forces affecting trade in commodities?
  - How are trade patterns shifting?
  - Is or why is primary commodity trade slowing?

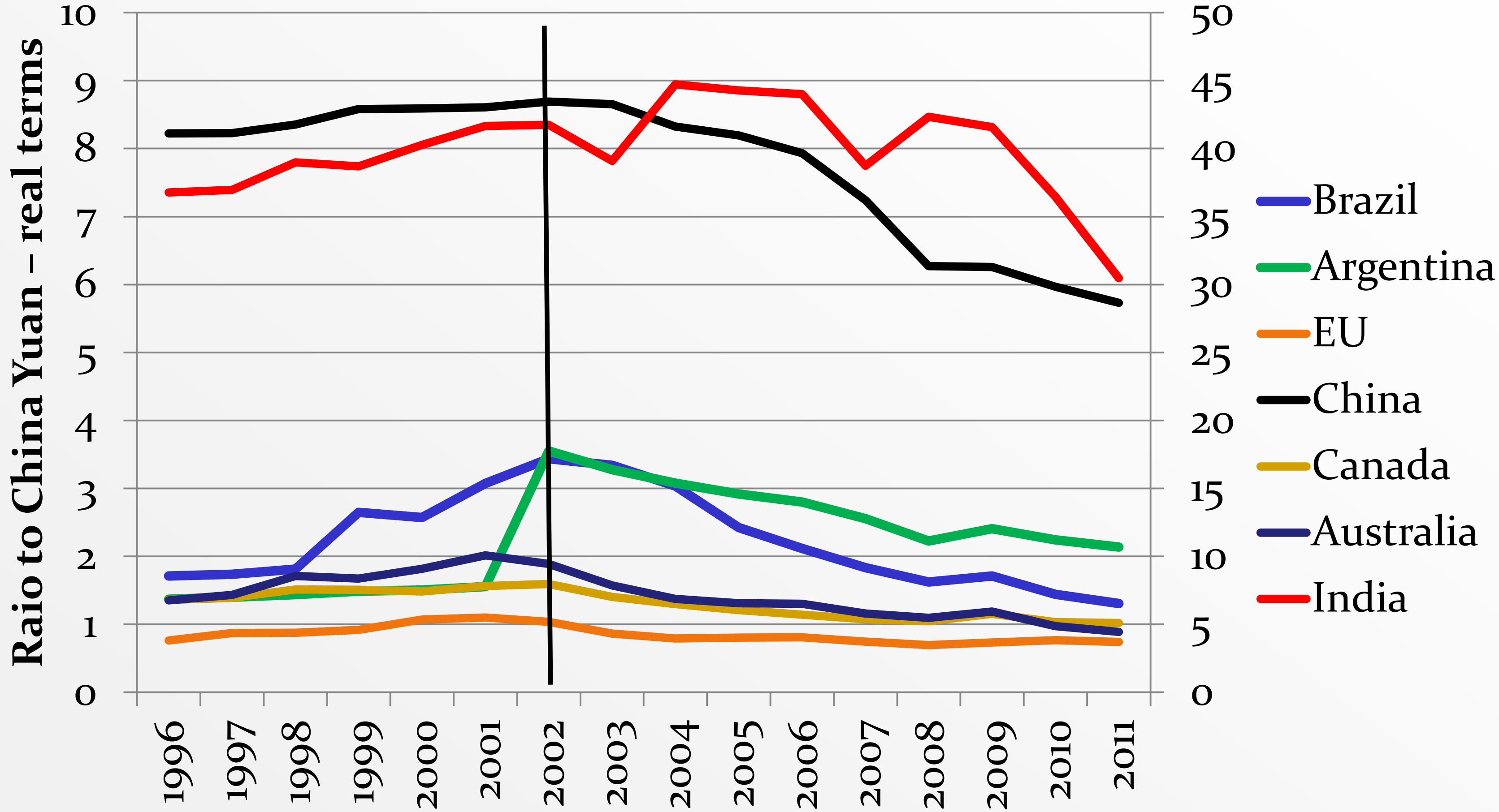
Per capita GDP Growth – how strong?



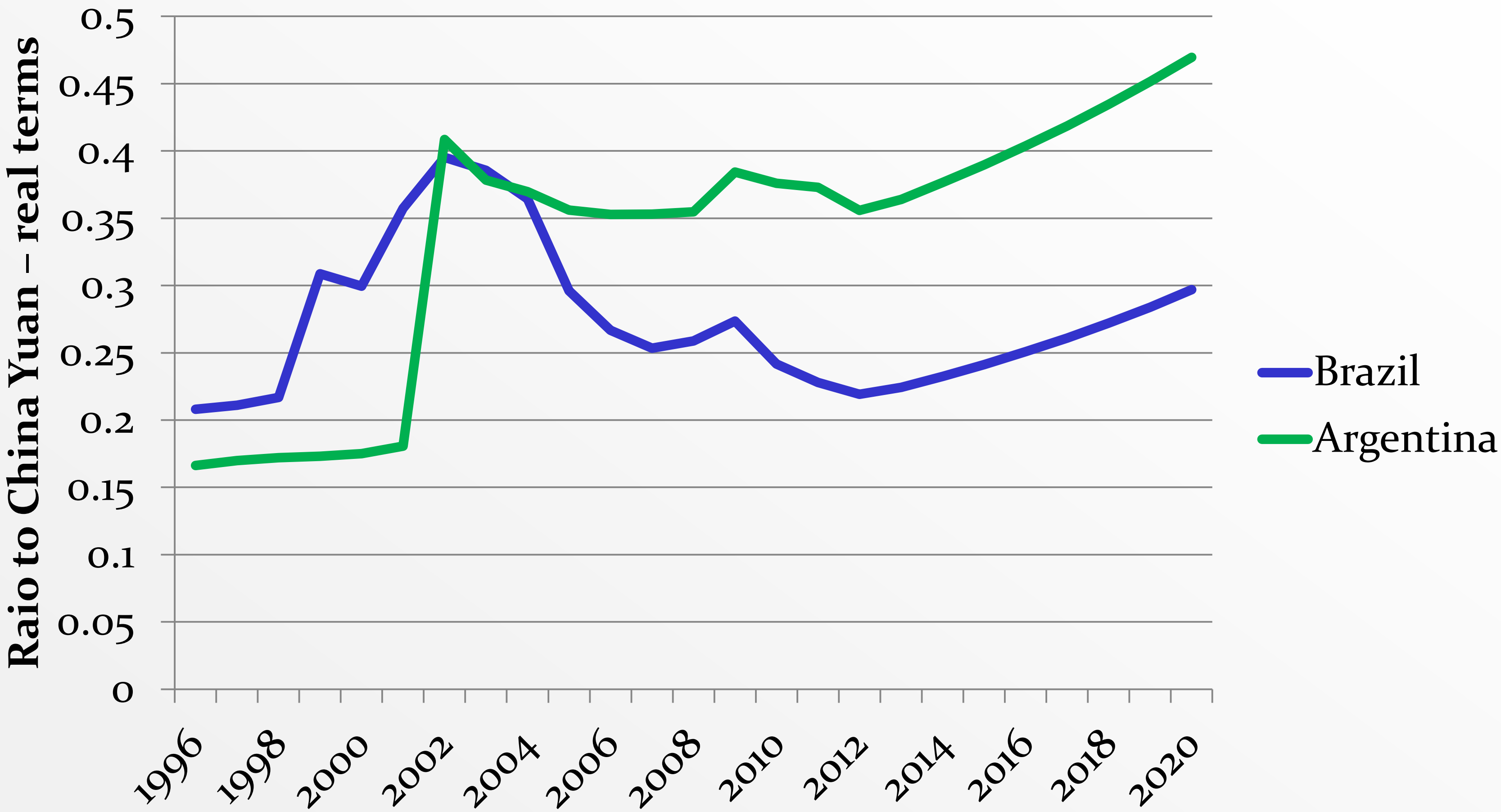
GDP in developing countries – some poor countries growing strongly



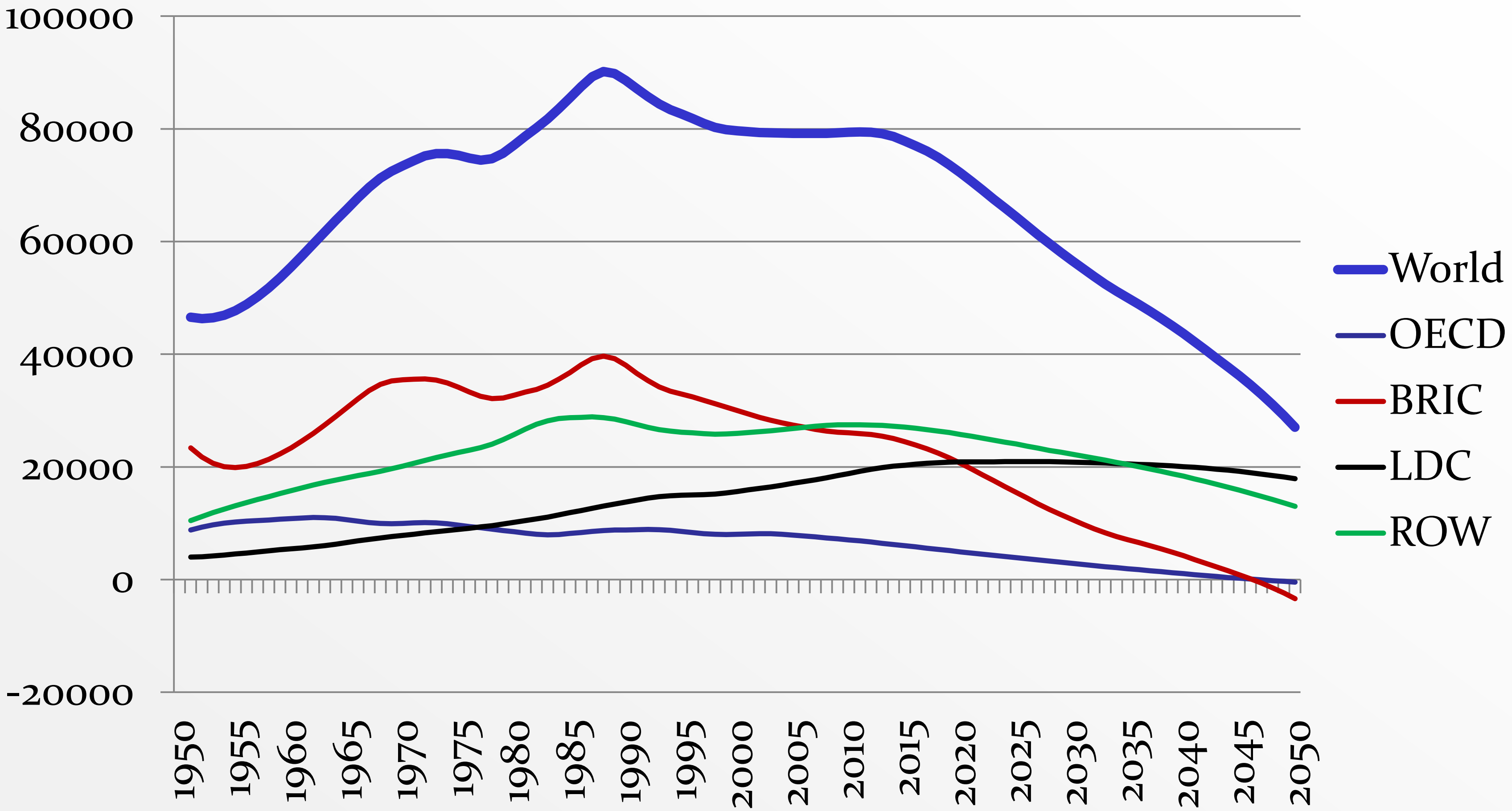
Real exchange rates relative to US dollar: virtually all have depreciated significantly



Brazil/Argentina real exchange rates relative to China: competitiveness returning?

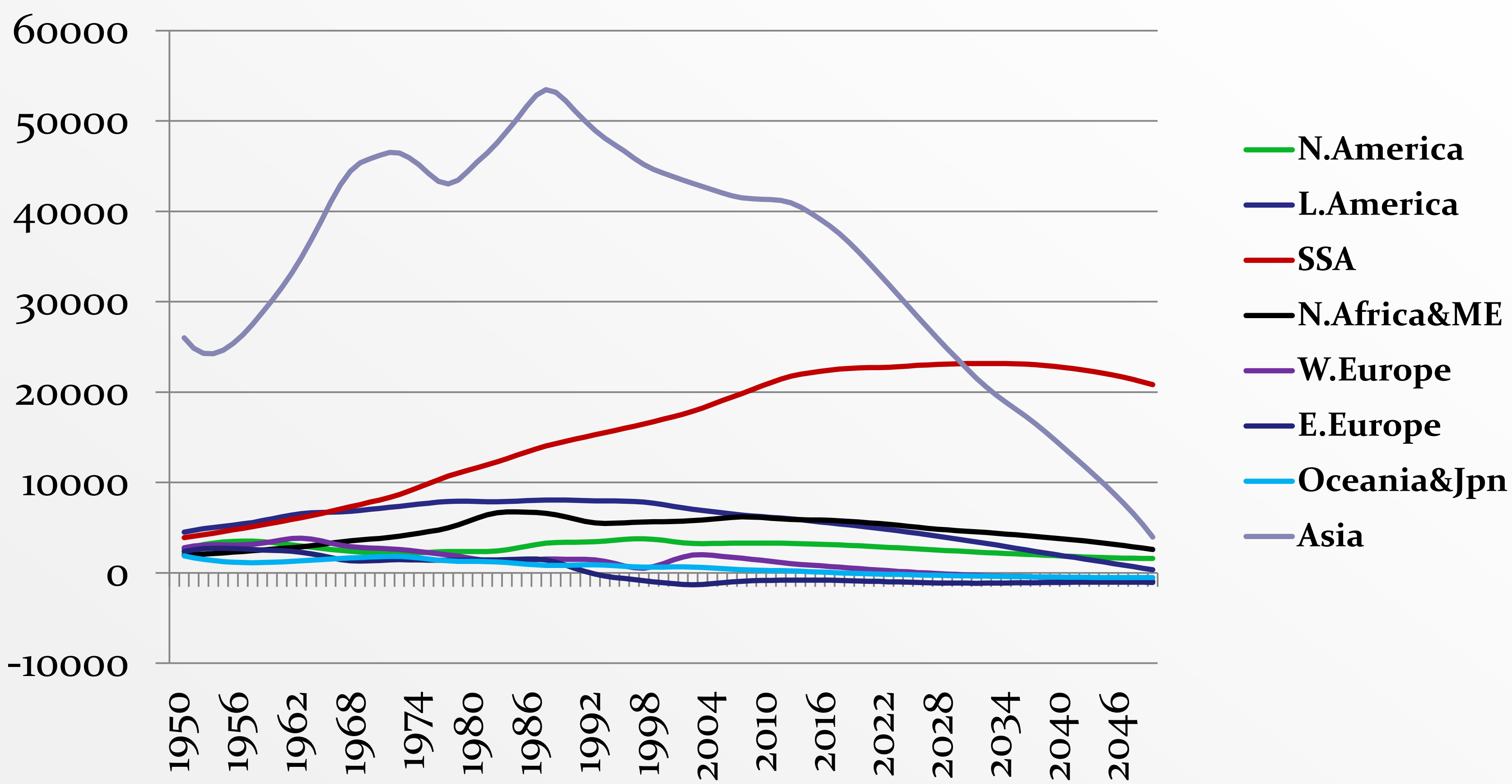


Net Addition to population starting to fall quickly during the next decade and beyond



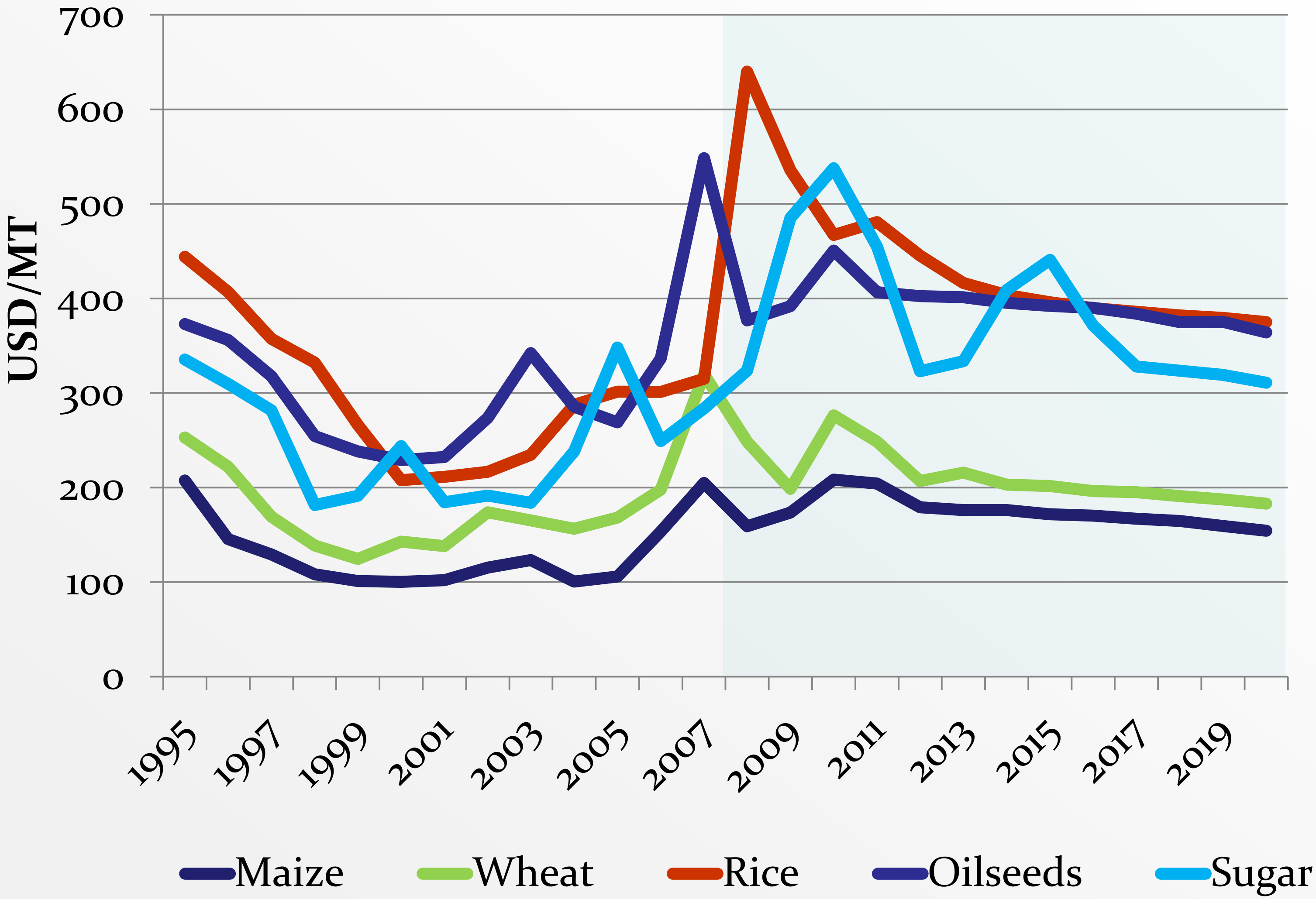
Source: UN-Statistics/population 2008

By region the fall in net addition is highest in Asia region – SSA still rising

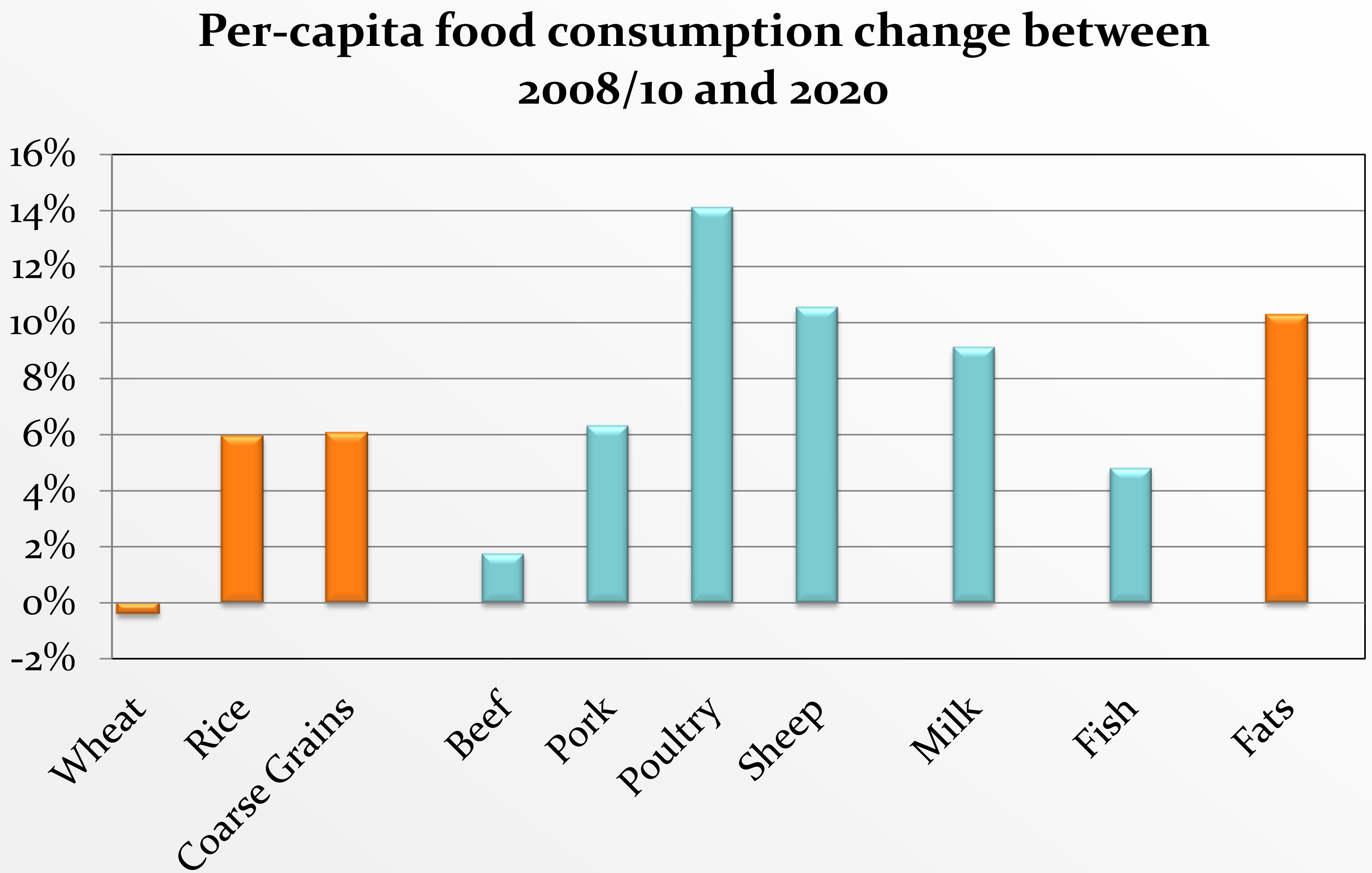


Source: UN-Statistics/population 2008

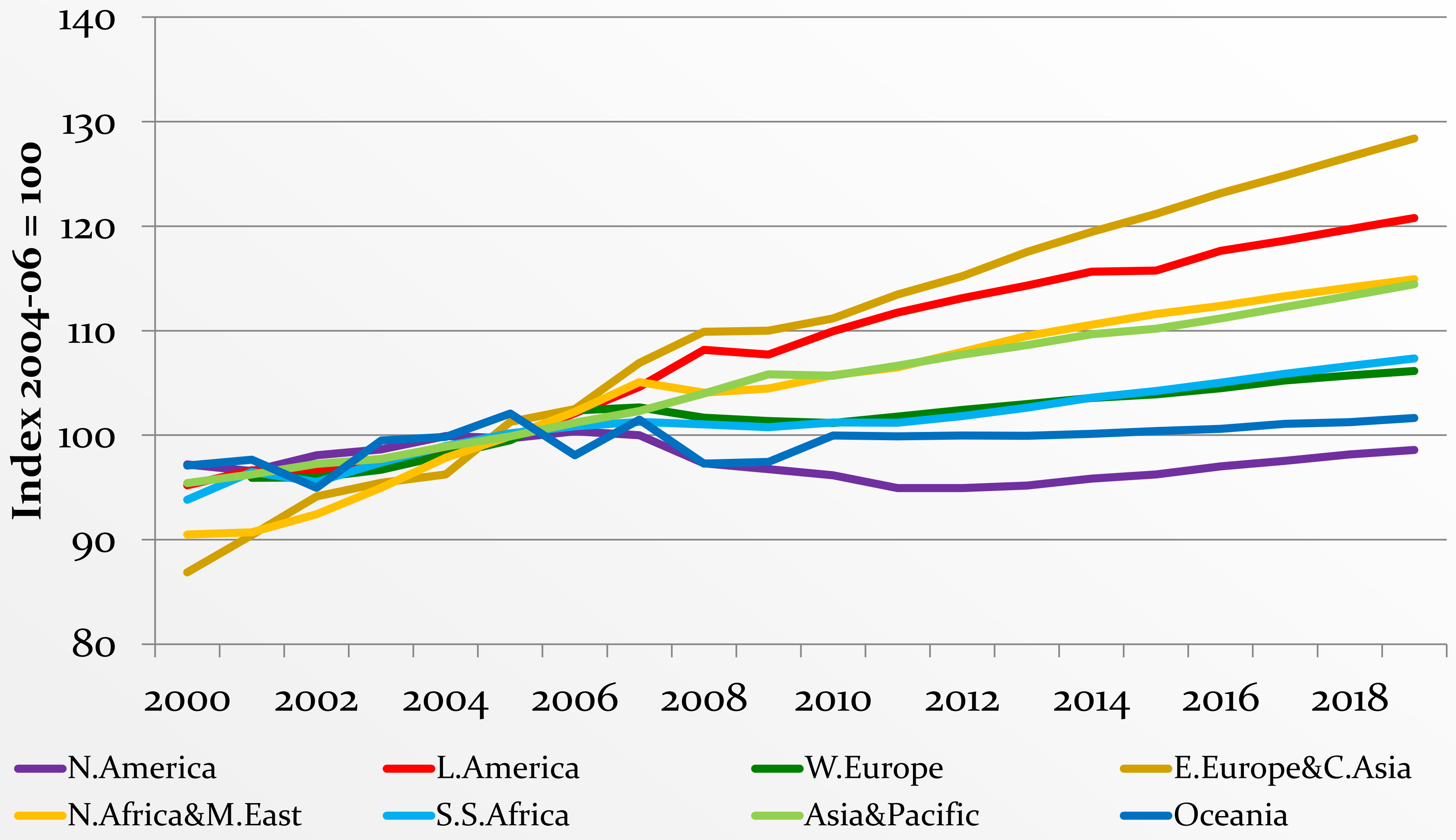
Real crop prices on higher plateau.. mitigates demand pressure and stimulates local production?



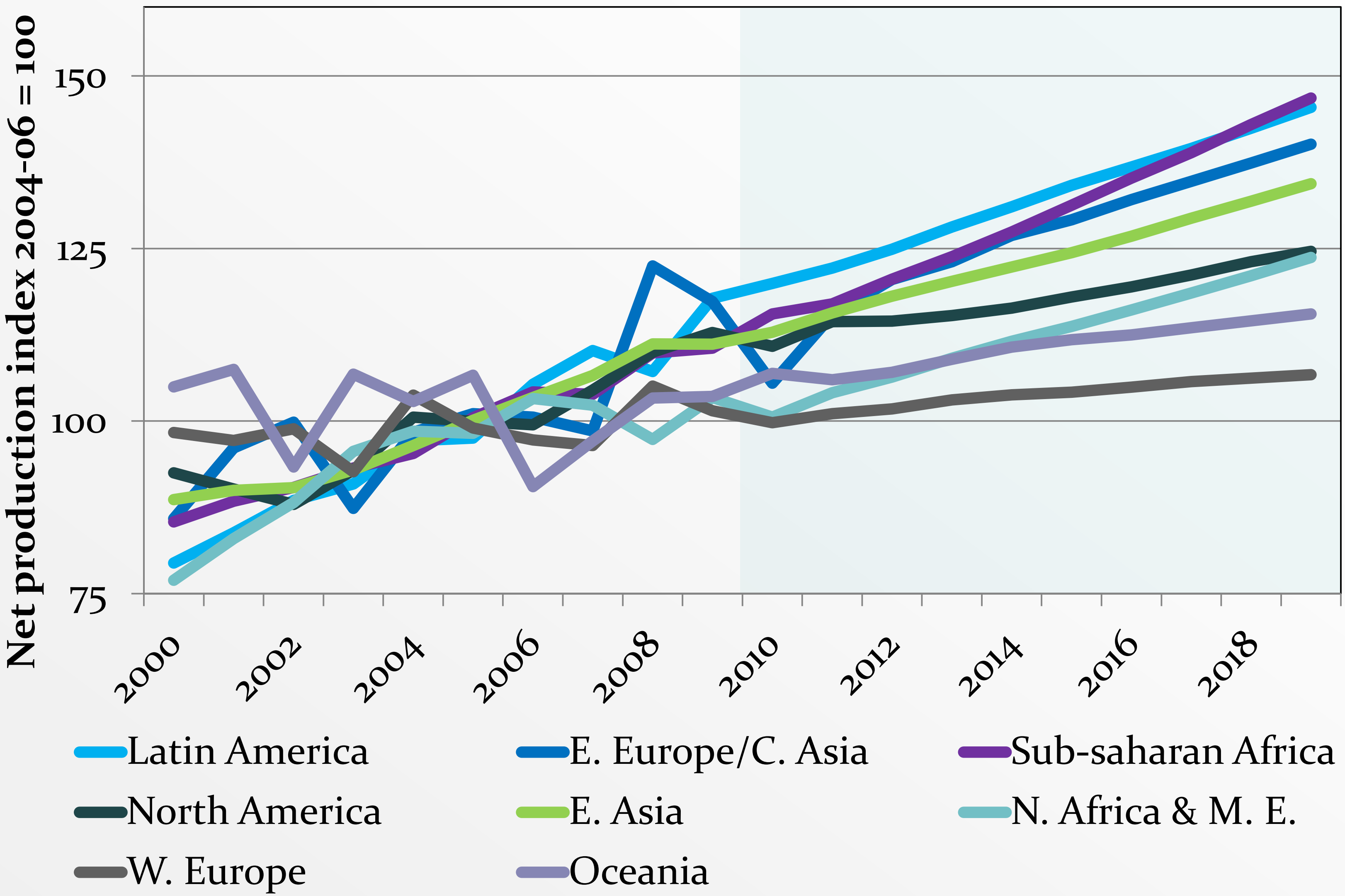
Shift from staple foods to value-added products continues



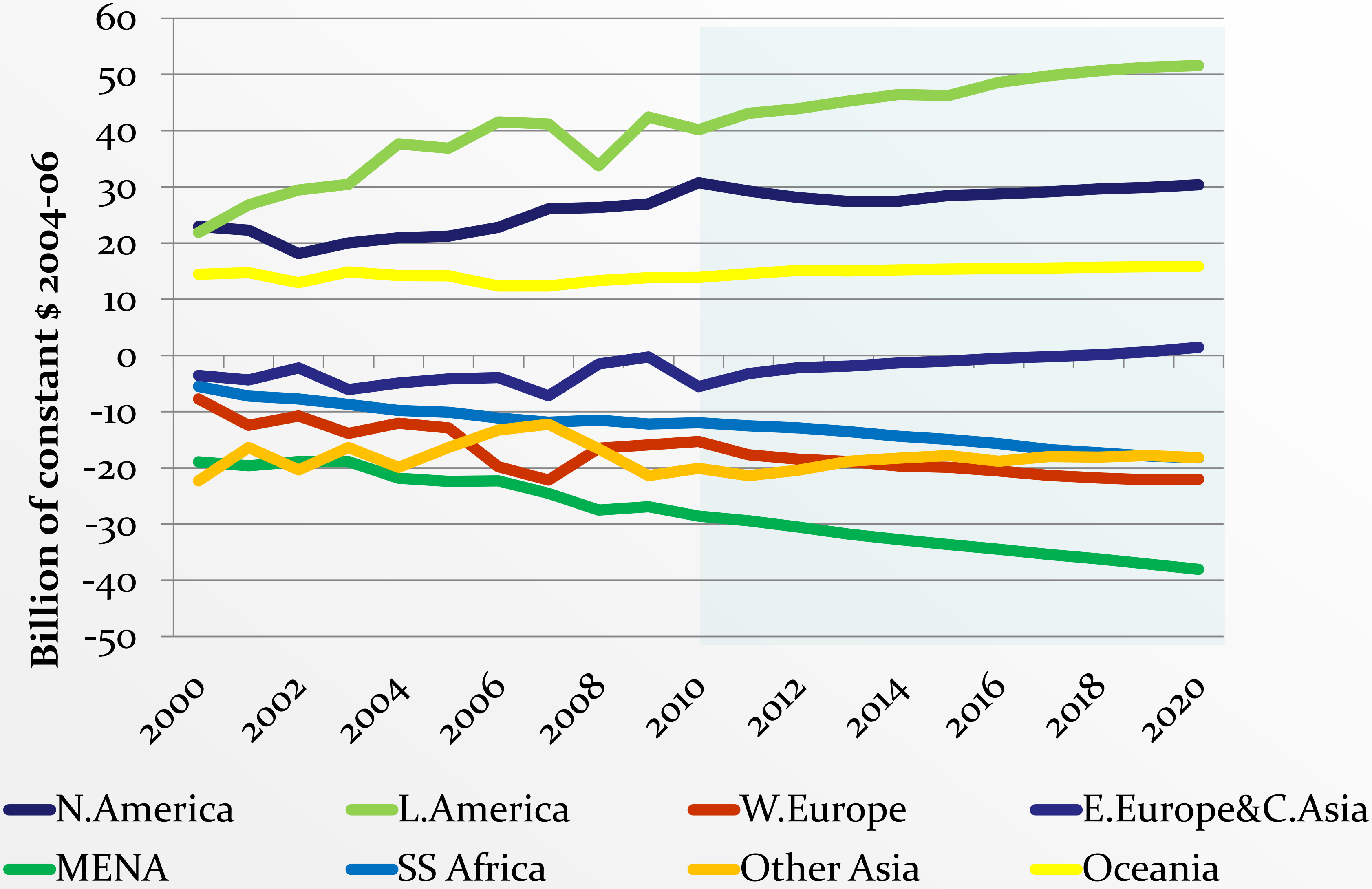
Latin America among the strongest growing regions in food consumption/person



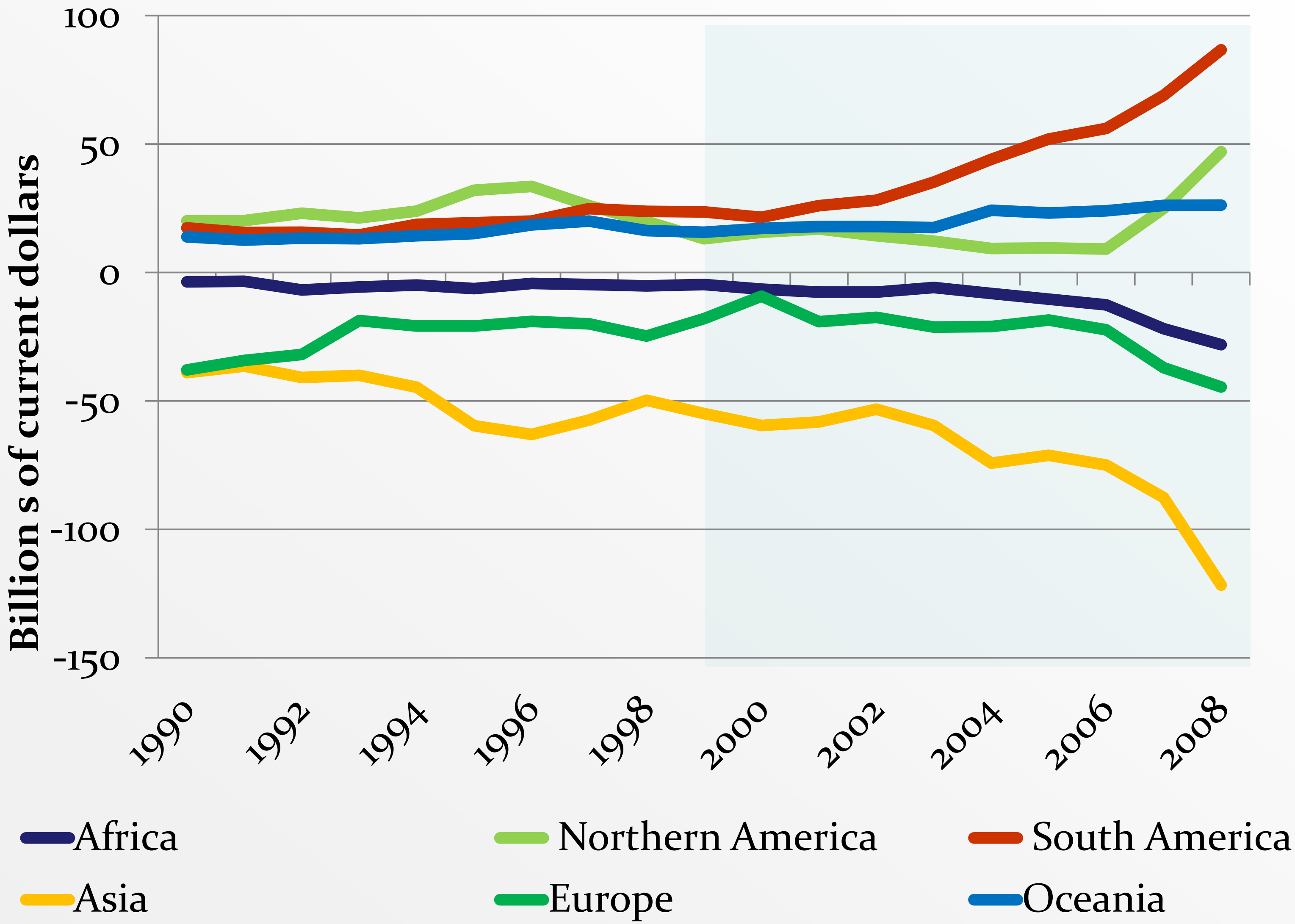
Agricultural supply increase – Latin America is growing strongly, but not traditional suppliers



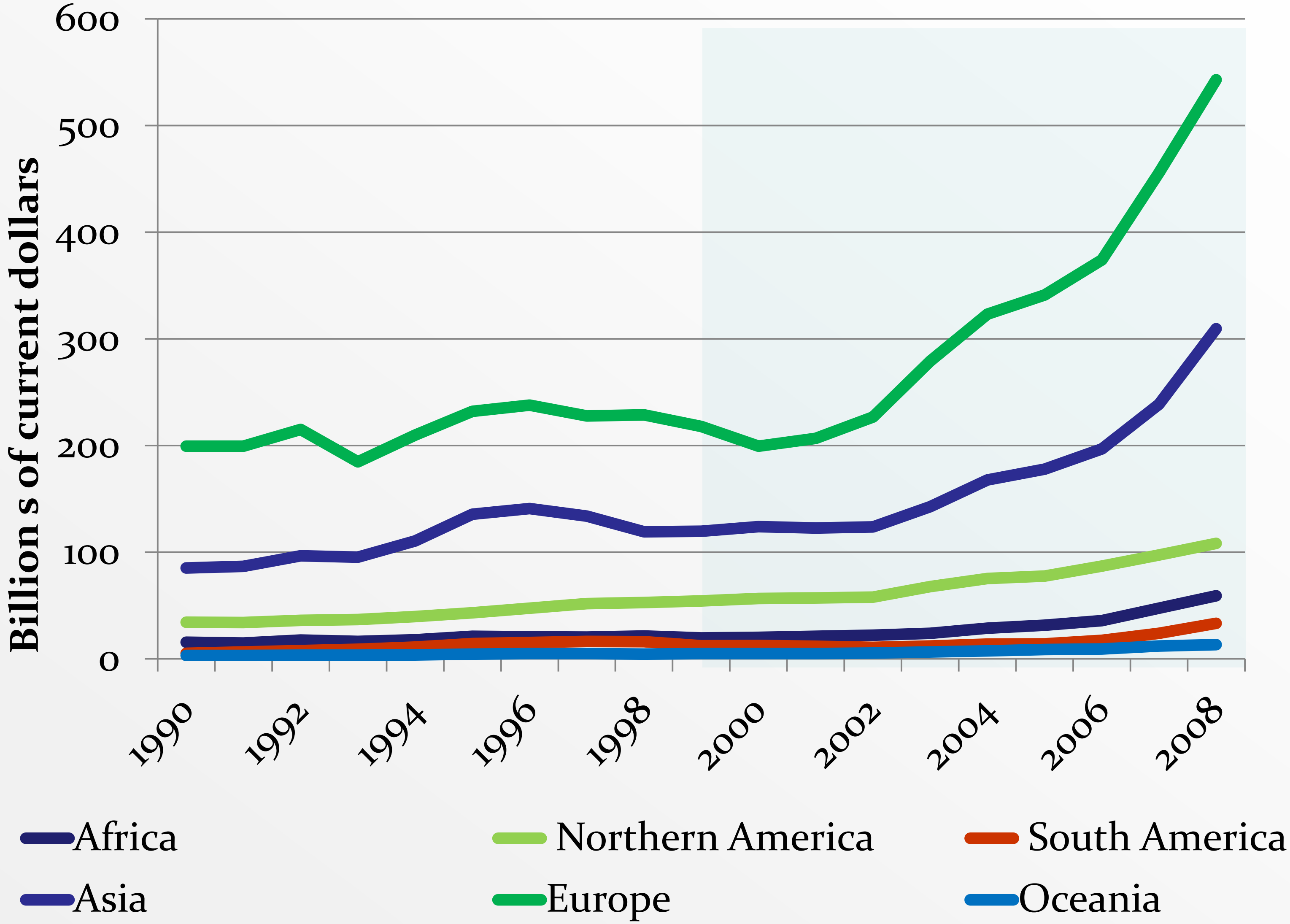
Latin America is largest net exporter of primary agricultural goods – MENA largest importer



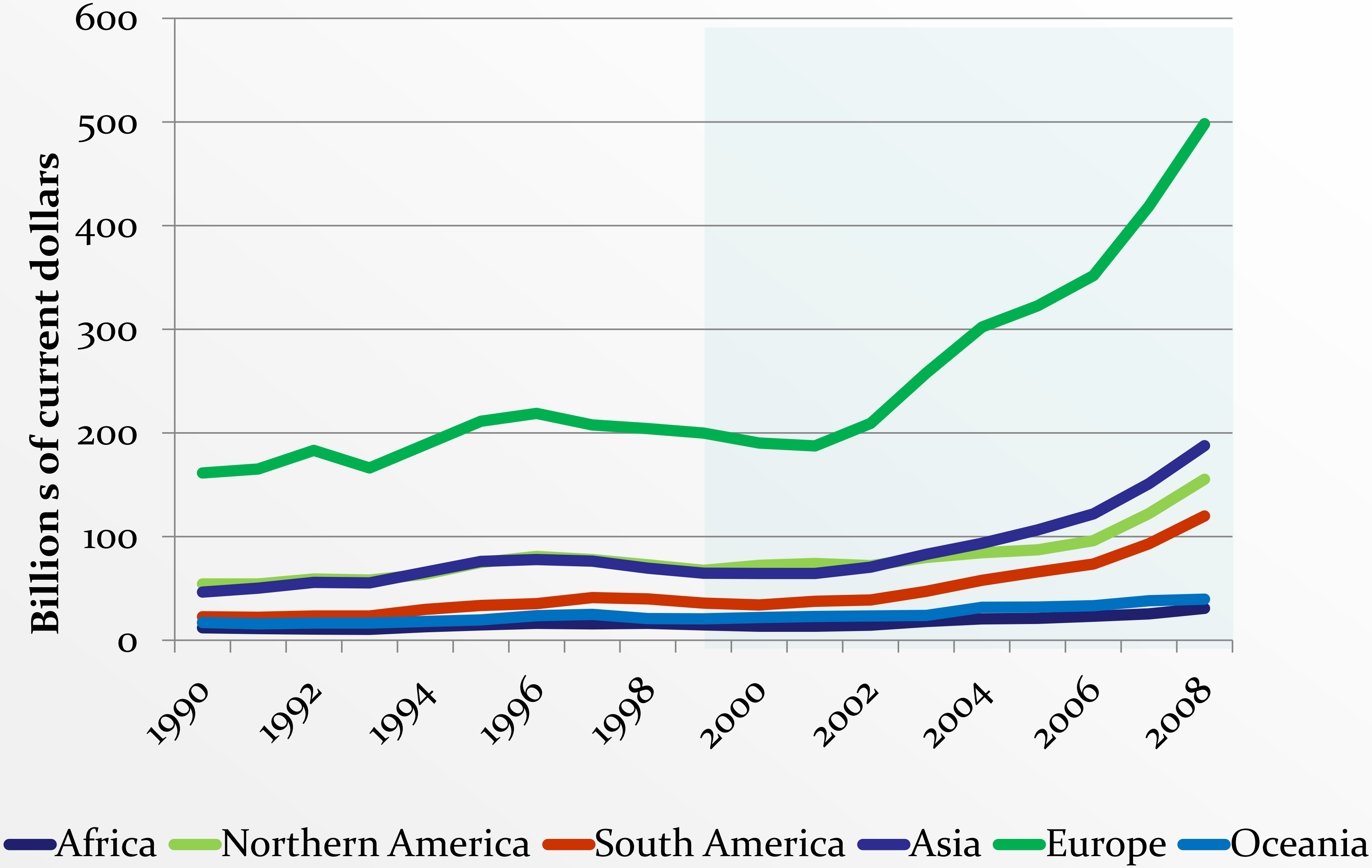
Agriculture and food net exports



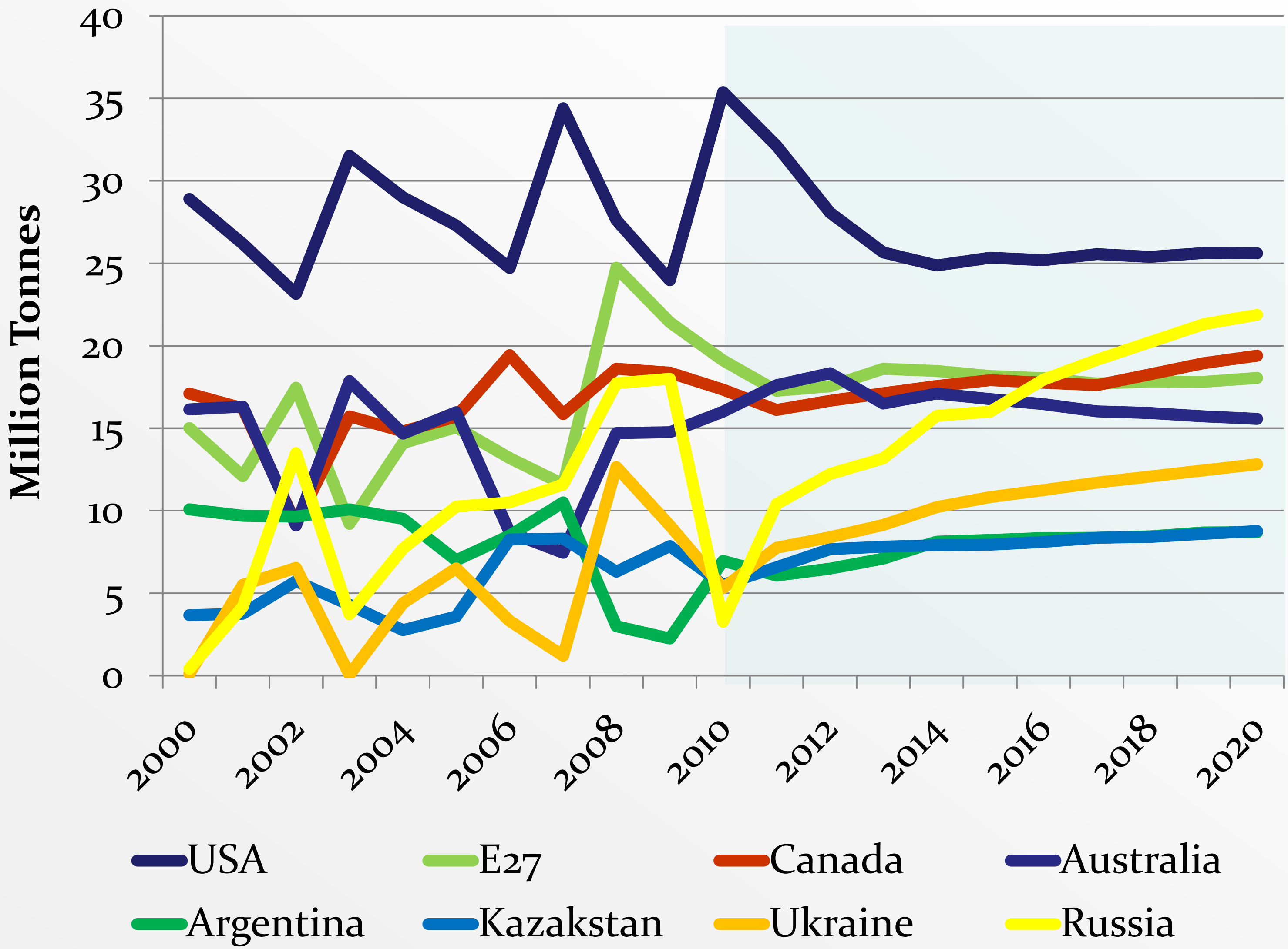
Agriculture and food imports



Agriculture and food exports

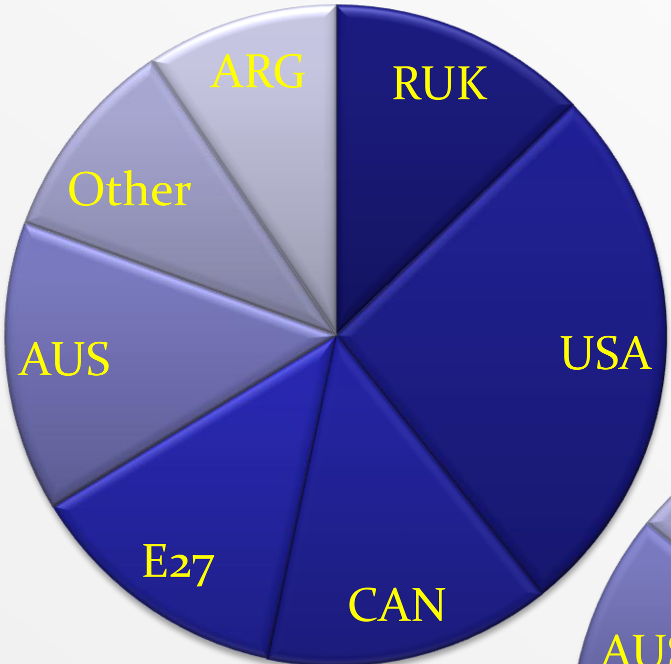


Key exporters of wheat are changing – more from Russia, Ukraine and Kazakstan



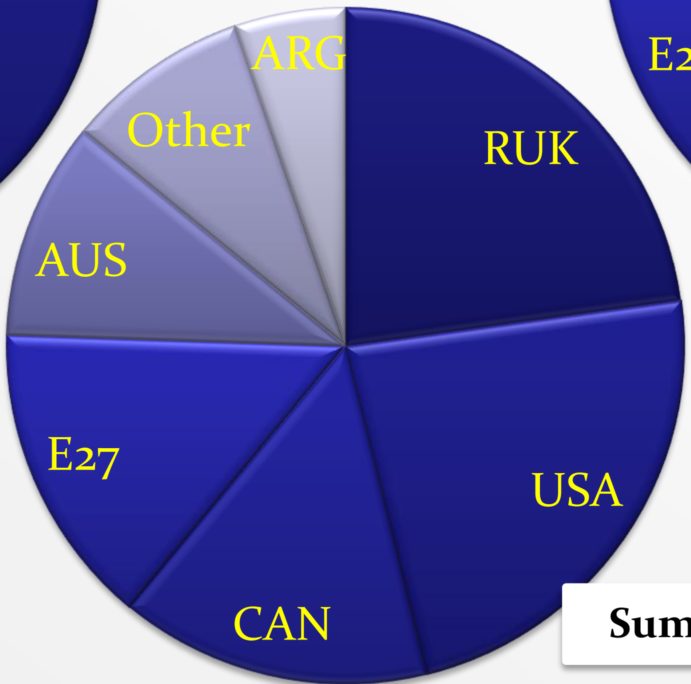
Eastern Europe takes over the lead in world wheat exports

2000-2004



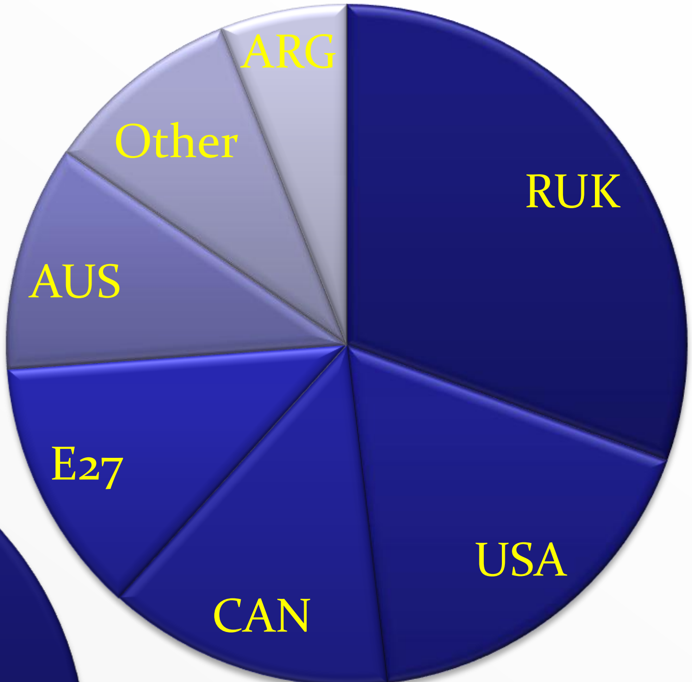
Sum of exports: 522 mt

2005-2009



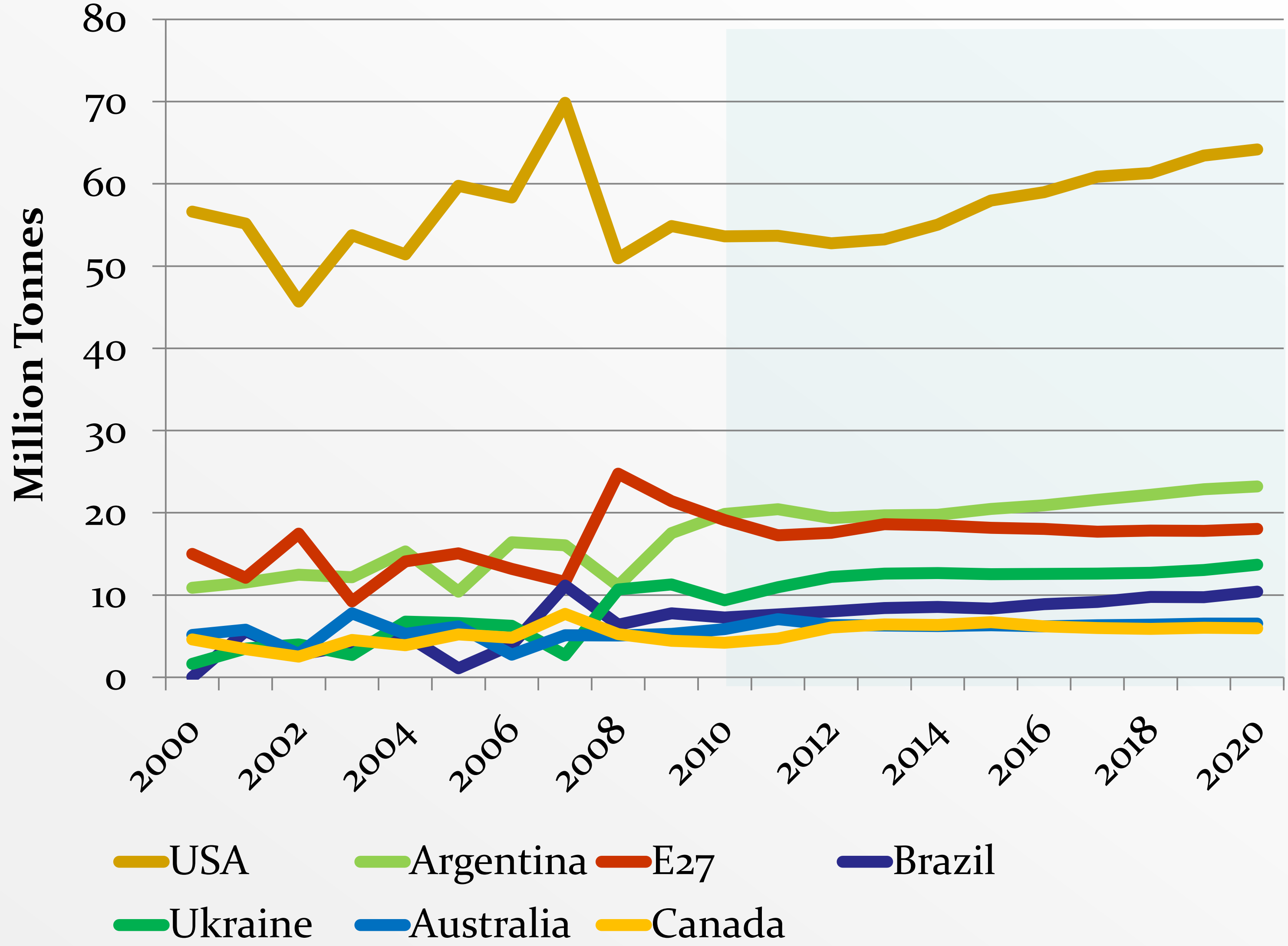
Sum of exports: 532 mt

2020

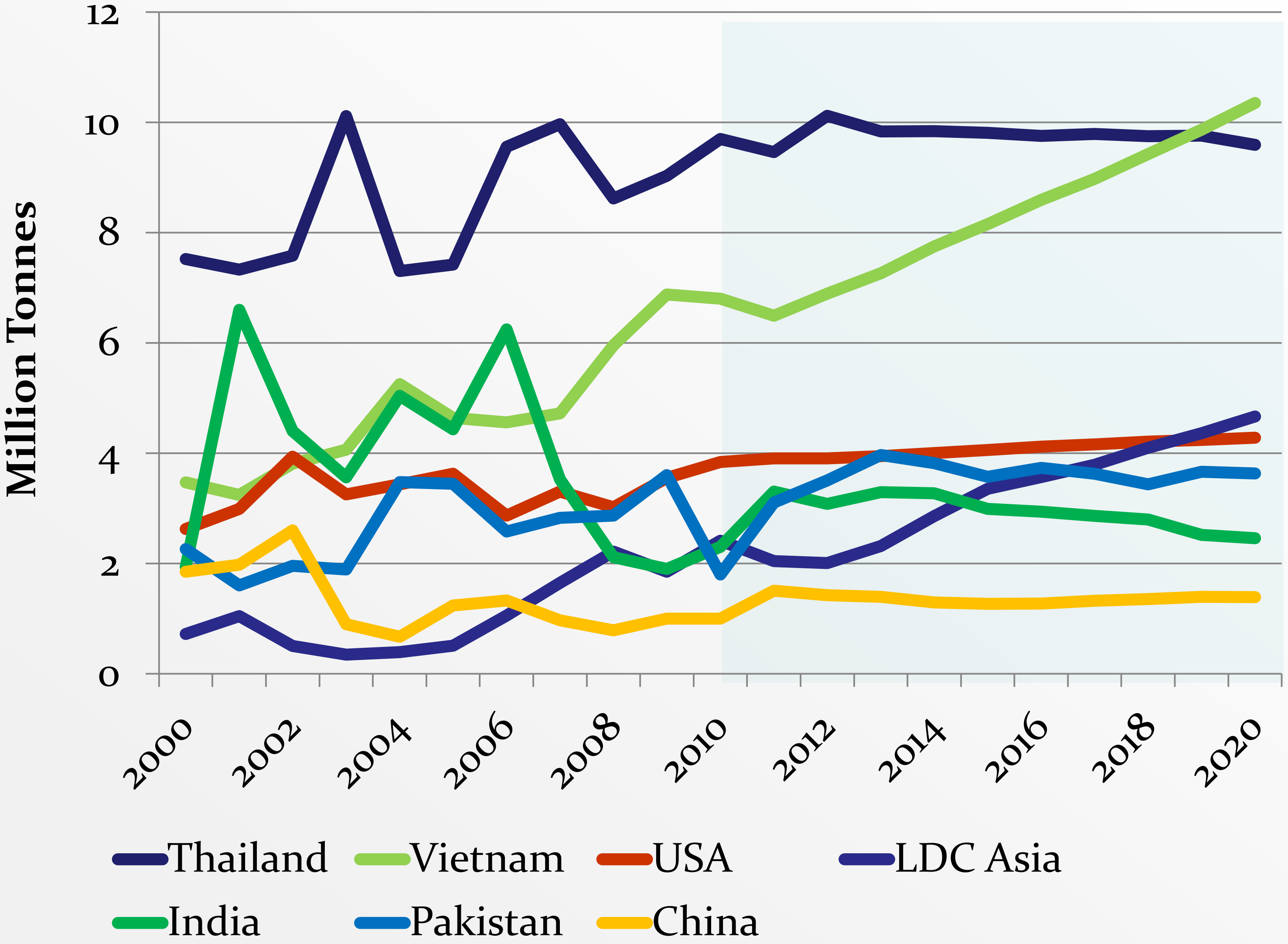


Sum of exports: 535 mt

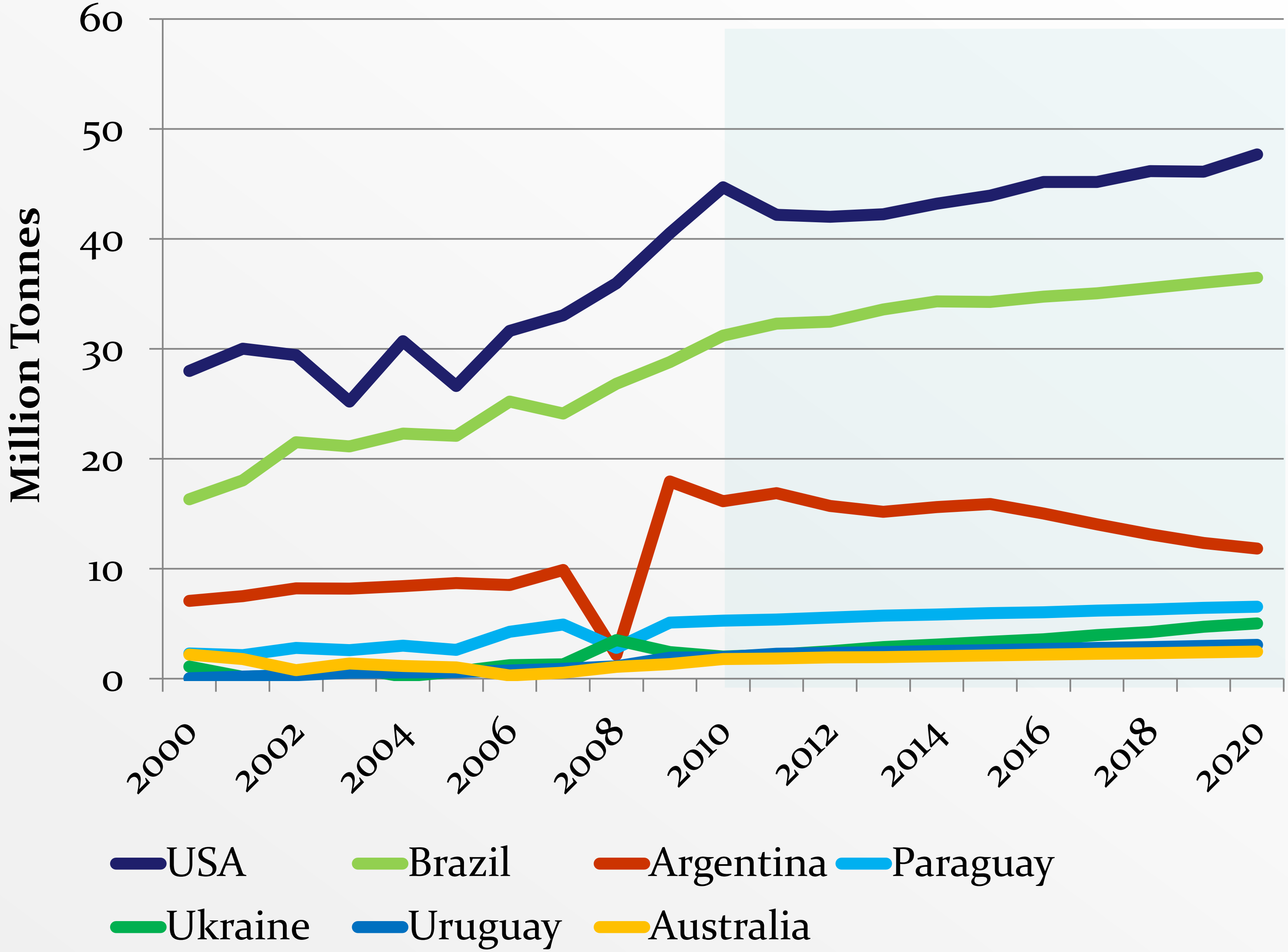
Key exporters of coarse grain remain dominated by United States



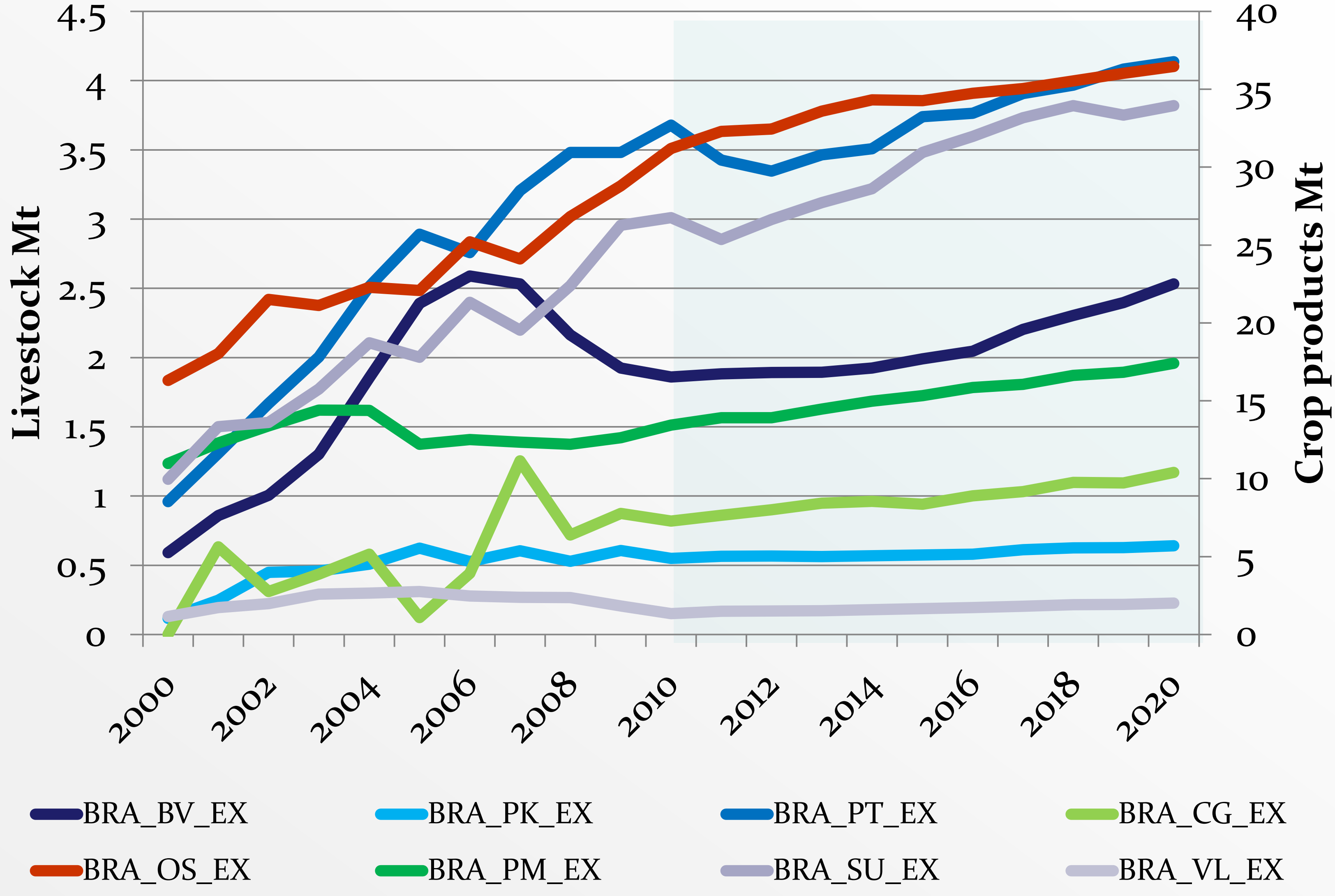
Key exporters of rice – growth by Vietnam and other LDC Asia



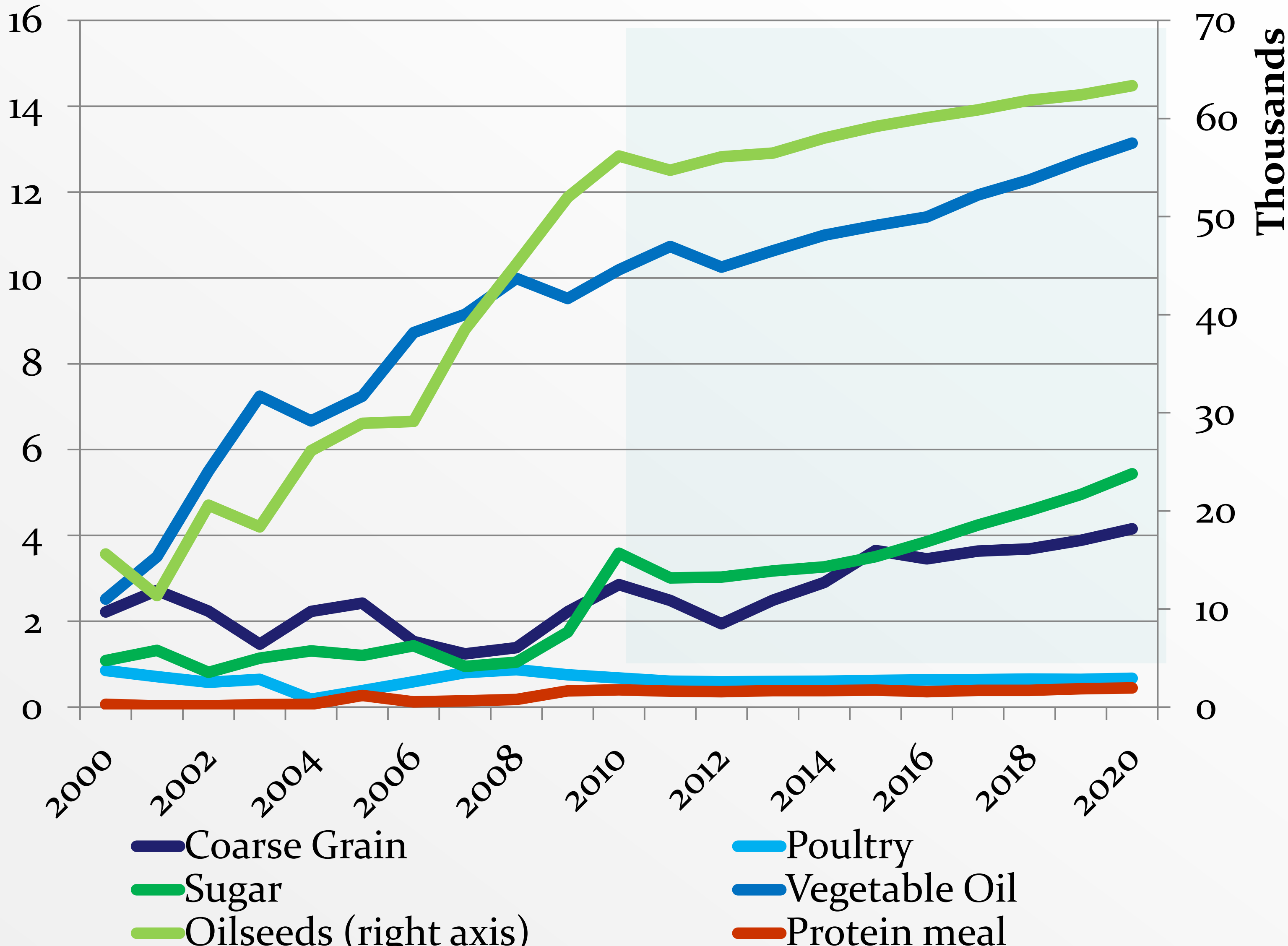
Key exporters of oilseeds remain led by US and Brazil: Argentina exports fall with higher biodiesel production



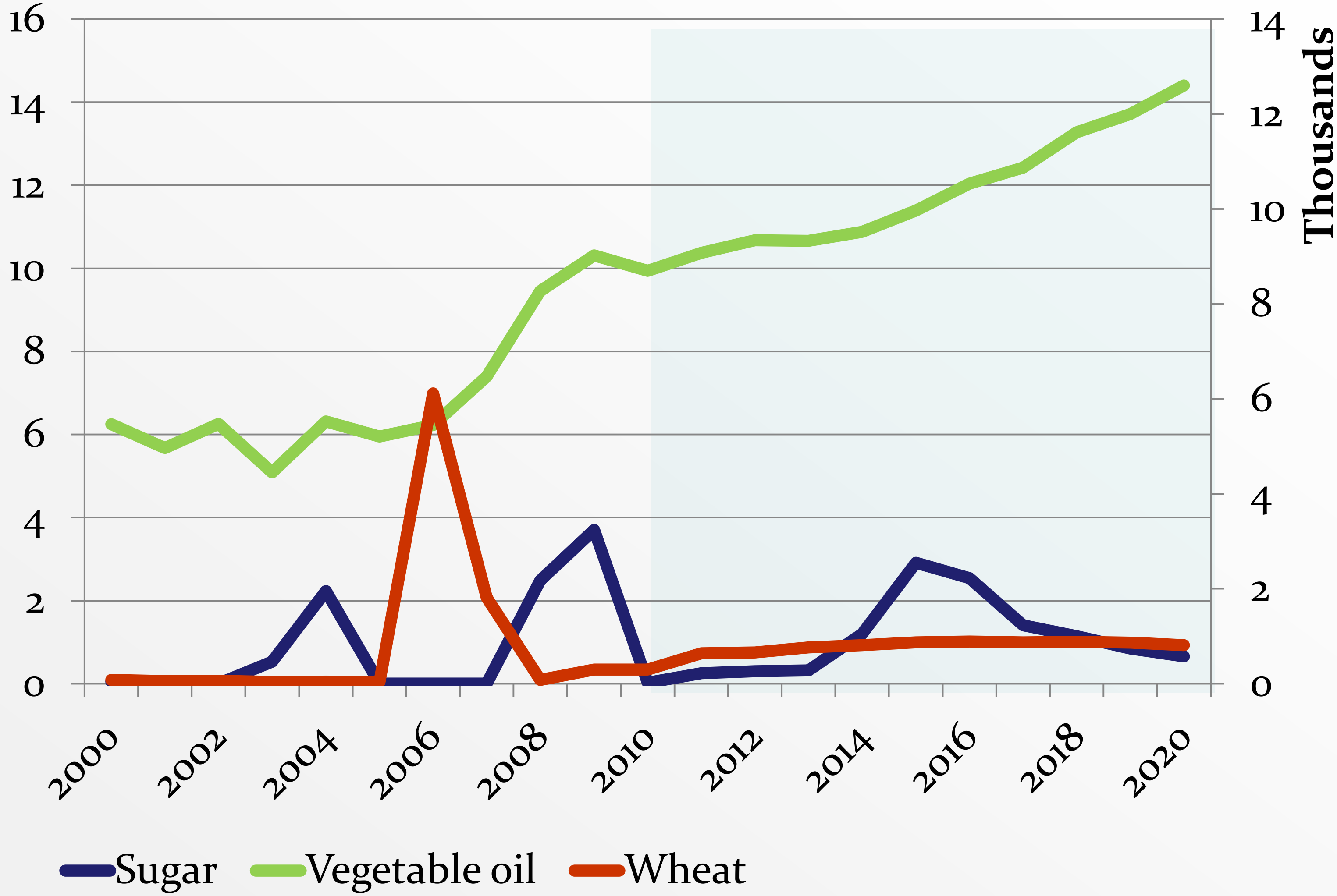
Brazil's export profile – a major exporter of key agricultural commodities



China's import profile – mainly oilseeds products, sugar and course grain



India's import profile – will likely remain a minor importer of most primary commodities



Conclusions

- Demand is firm and growing, supply is growing more slowly, with prices rising to signal need for more investment
- Commodity prices remain high in nominal and real terms- high uncertainty continues
- Global trade growth in primary commodities has slowed down recently, and may remain sluggish
- Key supplying region is Latin America, main growth in imports is MENA and Asia