



## KEY MESSAGES

### Animal feed use

stable in 2020/21 and expected to increase in 2021/22

**+2.5%**

EU cereals production expected to increase in 2021/22

**+10.5%**

EU oilseeds production expected to increase in 2021/22

### EU sugar price

supported by world price development

## ARABLE CROPS

### HIGHLIGHTS

Prices for the main arable crops have been rising in recent months driven by high demand and uncertainty around declining global stock-to-use ratios for certain commodities. According to the Agricultural Market Information System's latest data, 2020/21 global ending stock-to-use ratio for maize and soya beans could decline by 10% and 25% respectively. Concerning wheat, the ratio is keeping up with a 2pp increase year-on-year (39%). For sugar, the stock-to-use ratio is at a 9-year low (38%).

EU trade flows are expected to decline in 2020/21. Wheat exports could fall by 27% year-on-year while maize and soya beans imports could go down to 16.5 million t and 14.6 million t respectively. Sugar exports could decline to a historic low of 0.8 million t. Instead, rapeseed imports are estimated to remain high due to the limited recovery of the EU domestic production and a firm demand, particularly for vegetable oils.

The 2021/22 marketing year could see a rebound of EU cereals production, easing the pressure on prices. Given the latest data on winter crops sowing and assumed average yields, EU domestic production could reach 292.5 million t. EU oilseeds production is projected to reach 30.4 million t, after two consecutive years with low levels, despite a timid recovery of the rapeseed production. EU vegetable oil demand could increase by 1.5% year-on-year, assuming the economic recovery continues.

# CEREALS

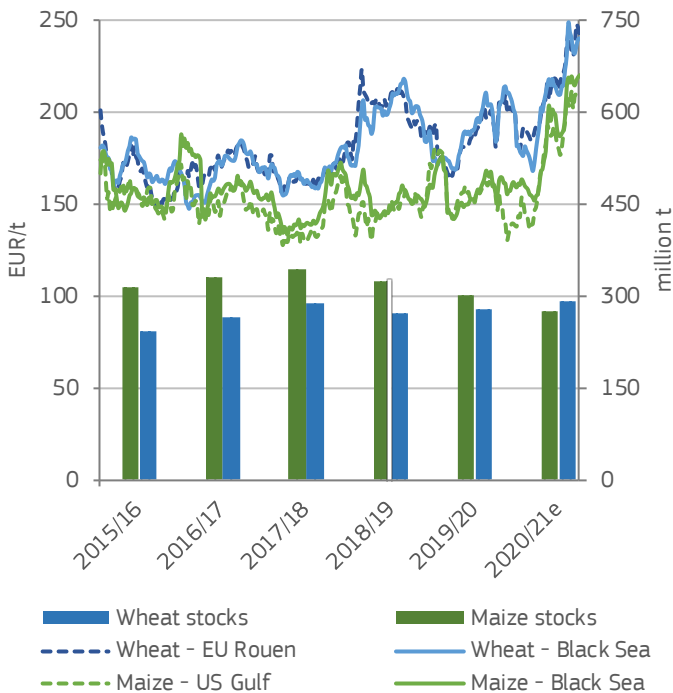
## EU PRICES DRIVEN BY A RISE OF GLOBAL PRICES

Prices for all main cereals have gone up significantly in recent months. Despite record levels of cereals production in 2020/21, global consumption is estimated to increase significantly and to weigh on ending stocks. This is largely driven by a significant rise in animal feed demand in China. Weather disruptions and concentration of global wheat and maize stocks in India and China contributed to the price rise. Following the surge in energy prices, fertilizers prices increased substantially and put pressure on farmers' margins.

*“Record global production and consumption of wheat and maize in 2020/21.”*

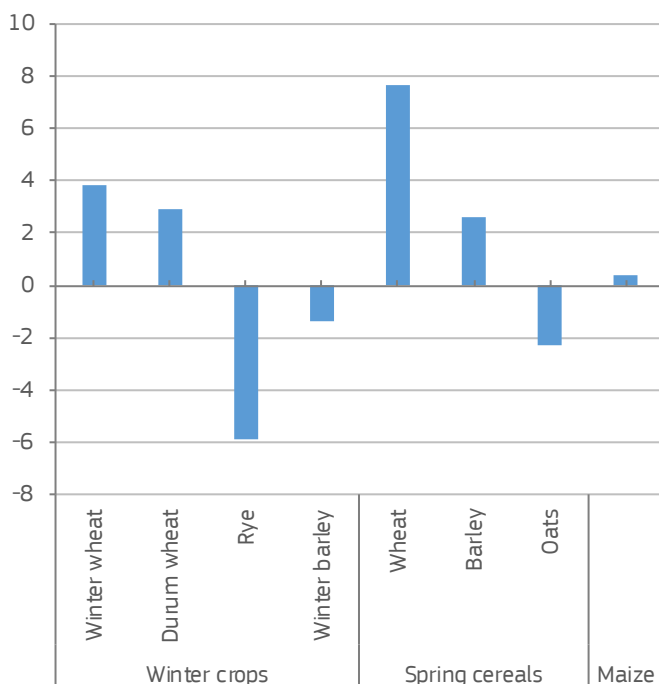
EU cereals trade flows in 2020/21 are forecast at 44.3 million t for exports and 22.6 million t for imports. Compared to the high levels in 2019/20, it represents a drop of -26% and -10% respectively. Still, while EU soft wheat and maize stocks could decline and consumption of other cereals (barley, durum wheat, oats and rye) could increase (+3.8%/5-year average). EU cereals stock-to-use ratio is expected to remain stable at 16.5% year-on-year.

Global wheat and maize prices and stocks



Source: AMIS, International Grains Council, FranceAgriMer.

Annual change in EU cereals sowing areas (% , 2021/2020)



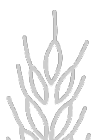
Source: DG Agriculture and Rural Development, based on Eurostat and MS notifications.

## FAIR OUTLOOK FOR EU CEREALS IN 2021/22

Sown areas for winter cereals are estimated slightly above the low area of 2020/21. This should benefit wheat, with winter wheat sown areas increasing by 3.8% year-on-year and durum wheat by 2.9%. Winter wheat sowings should reach 20.1 million ha. Winter barley area is estimated to slightly decline at 4.7 million ha. A reduction in rye and triticale areas is expected as well.

Despite a succession of cold and warm spells during winter, weather conditions have not widely affected winter crops development. Assuming average weather developments during spring and summer, total EU cereals production could reach 292.5 million t (+5.3% year-on-year). Soft wheat production is forecast at 126.7 million t, barley at 56.3 million t and maize at 71.2 million t. Other coarse grains' production could decline at 30.7 million t (-7% year-on-year).

Given the increase foreseen in certain animal productions for 2021, it is expected that the demand for animal feed will increase by 0.7% in 2021/22 compared to 2020/21. EU total feed demand could reach 163.8 million t. Industrial uses of barley (malting barley) could recover to 6.7 million t.



# OILSEEDS

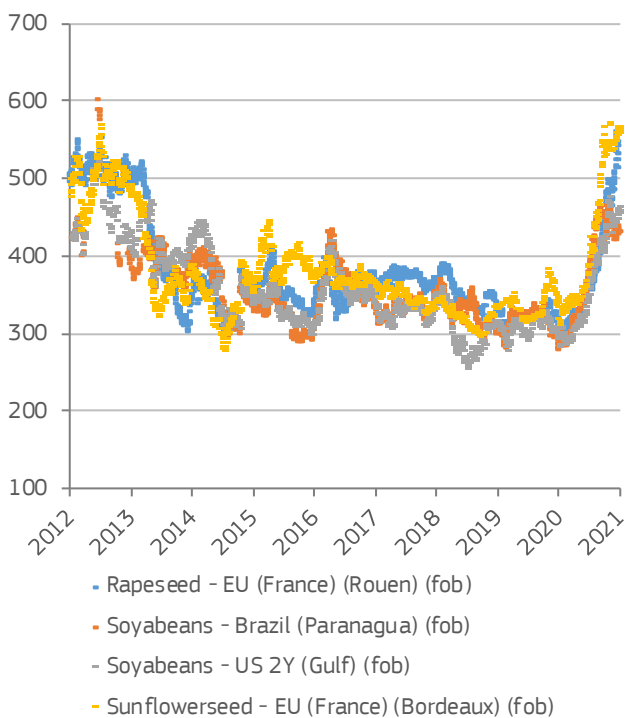
## GLOBAL OUTLOOK DRIVEN BY PRICE HIKES

Like cereals prices, global oilseed prices rose significantly in the last months and reached 2012 levels. Despite an almost record global production of soya beans, stocks are estimated to be 22% lower compared to 2019/20 due to a sharp increase in feed demand. This increase is largely driven by pig herd re-stocking and/or stockpiling in China. Still, Brazil's on going harvest is expected to reach a record (while experiencing delays), and the US one is due to be much larger than last year.

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*“Tight rapeseed market in  
 2020/21.”*  
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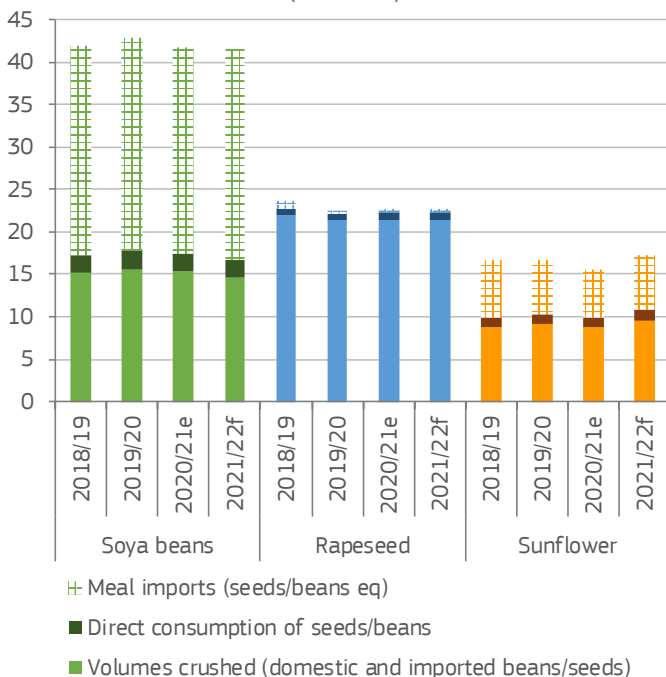
Global rapeseed production should slightly recover in 2020/21 despite a decline in two major exporting countries, Canada and Ukraine. Global consumption could increase by 4%, especially in Asia, and is expected to weigh substantially on global stocks (-39% year-on-year) notably in Canada. According to IGC, crushing global demand is due to rise by 4% for both soya beans and rapeseed in 2020/21. This is the result of an increase of feed demand but also a recovery in vegetable oil demand for food and biofuels.

World oilseeds daily export prices (EUR/t)



Source: International Grains Council.

EU oilseeds and meals consumption (million t)



Source: DG Agriculture and Rural Development, based on Eurostat.

## EU OILSEEDS IMPORTS REMAIN HIGH IN 2020/21

EU oilseeds imports in 2020/21 could remain stable compared to the high level recorded in 2019/20 (+17%/5-year average). Given the low level of domestic sunflower and rapeseed production in the EU in 2020/21, imports of these two commodities should gain the most (+59% and +47%/5-year average). They are estimated at 1 million t and 6.2 million t, respectively. Higher oil prices, particularly for rapeseed oil, drove crushing margins up. EU stocks-to-use ratio for oilseeds is expected to hit a record low at 4.6% (-39%/5-year average).

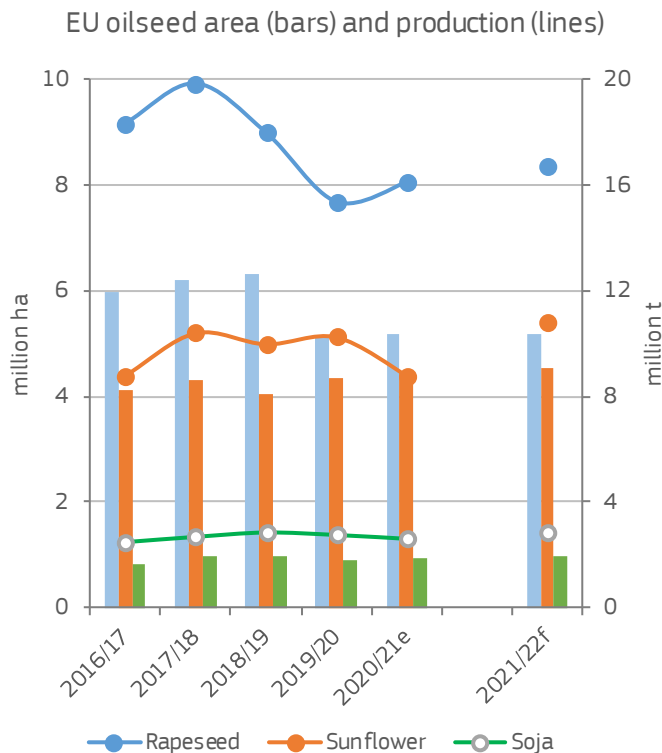
Year on year, EU crushing of rapeseed is due to slightly increase at 21.5 million t. The consumption of rapeseed meal is estimated to remain stable and could translate into a minor decrease in rapeseed meal imports. Both EU soya beans and meals imports are expected to decline in 2020/21 due to their lower relative competitiveness compared to rapeseed and sunflower. The demand for rapeseed oil is strong mainly due to an important demand from China.

EU 2020/21 vegetable oil consumption could reach 23 million t despite relative tightness of supply driving a surge in vegetable oil prices. The EU consumption of all three vegetable oils and palm oil is expected to increase nonetheless compared to the 5-year average.



# OILSEEDS

## EU OILSEEDS PRODUCTION COULD RECOVER IN 2021/22



Source: DG Agriculture and Rural Development, based on Eurostat and MS notifications.

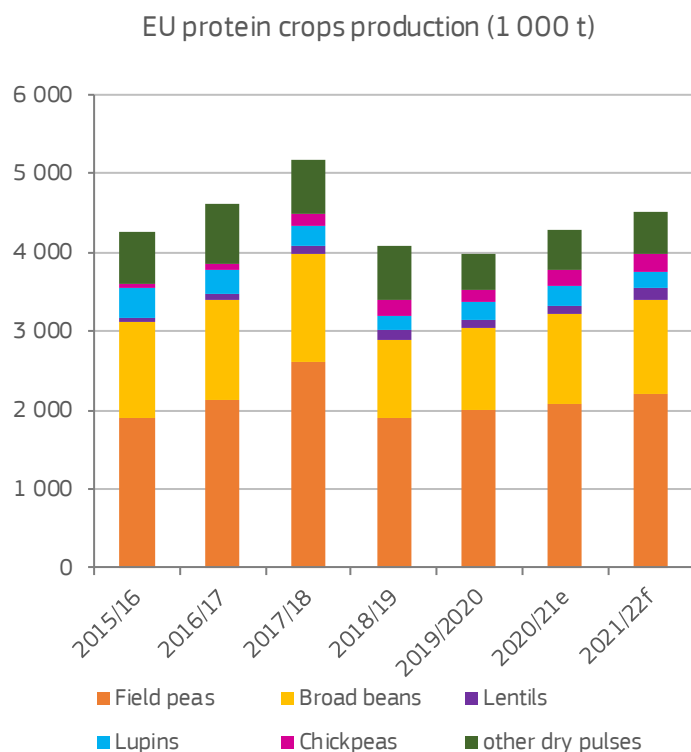
The EU winter rapeseed area is estimated at 5.0 million ha (-14%/5-year average). The sowing period has been hampered by difficult conditions. Some countries experienced particularly cold weather that affected crop development. Despite that, total EU production is expected to increase by 600 000 t (+3.4% year-on-year) and reach 16.7 million t.

Sown areas for soya beans and sunflower seeds are due to increase given the current high profitability of the crops. Soya beans acreage could increase by 3.2% year-on-year and reach 965 000 ha. Estimated sown areas of sunflower could reach 4.5 million ha (+1.8% year-on-year).

EU oilseeds market could ease in 2021/22 with an increase in total production reaching 30.4 million t (+10.5% year-on-year). The consumption is also expected to increase due to higher feed demand and a recovery in oils demand for both food and biofuel production. EU vegetable oil consumption is due to grow by 1.5% at 23.3 million t. EU vegetable oils production is expected to increase (+1.5% year-on-year) given crushing margins and could reach 15.8 million t. Oils imports could remain stable compared to 2020/21 at 9.9 million t.

# PROTEIN CROPS

## EU PROTEIN CROPS PRODUCTION IS EXPECTED TO RISE IN 2020/21 AND 2021/22



Source: DG Agriculture and Rural Development, based on Eurostat.

The total EU protein crops production reached 4.3 million t in 2020/21 (+7.9% year-on-year). Nevertheless, EU imports are expected to grow by 22% to sustain the demand. Indeed, the demand for all protein crops could increase by 12% year-on-year, particularly for field peas (+18%), lentils (+13%) and chickpeas (+17%). This growth is due to a combination of increasing demand for feed (field peas) as well as food products (lentils and chickpeas).

*“EU 2021/22 protein crops production expected to reach 4.5 million t.”*

The EU protein crops production could continue to increase in 2021/22. Sown areas are due to increase for the second consecutive year and reach 1.5 million ha (+1.2%/5-year average). With no major weather events, the total EU production could increase by 5.2% year-on-year. Domestic demand should continue to increase mainly driven by food demand. Feed demand could increase at a slower pace due to the expected recovery of the domestic cereals production.



# SUGAR

## WORLD SUGAR PRICES ON A SHARP RISE AS SUPPLIES TIGHTEN

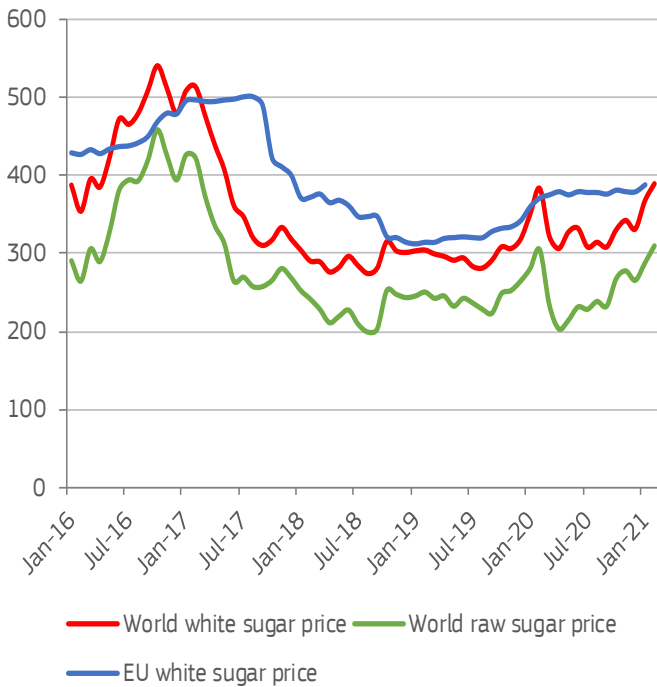
2020/21 EU sugar production is estimated at a 5-year low of 14.4 million t (12% below 2019/20) mainly due to a widespread yellowing disease in FR and the ensuing steep reduction of sugar beet harvest.

World sugar production is forecast to decrease slightly in 2020/21. Combined with higher post-COVID-19 consumption, the global sugar market is expected to end in deficit, and in a reduction of stock-to-use of sugar to a 9-year low of about 38%.

As a result of disappointing harvests in the Northern hemisphere (EU, Russia, Thailand) and tightening supplies, world sugar prices increased significantly between September 2020 and February 2021: +26% white, +33% raw. EU prices remained stable in 2020 but did increase to a 3-year high of EUR 388/t in January 2021.

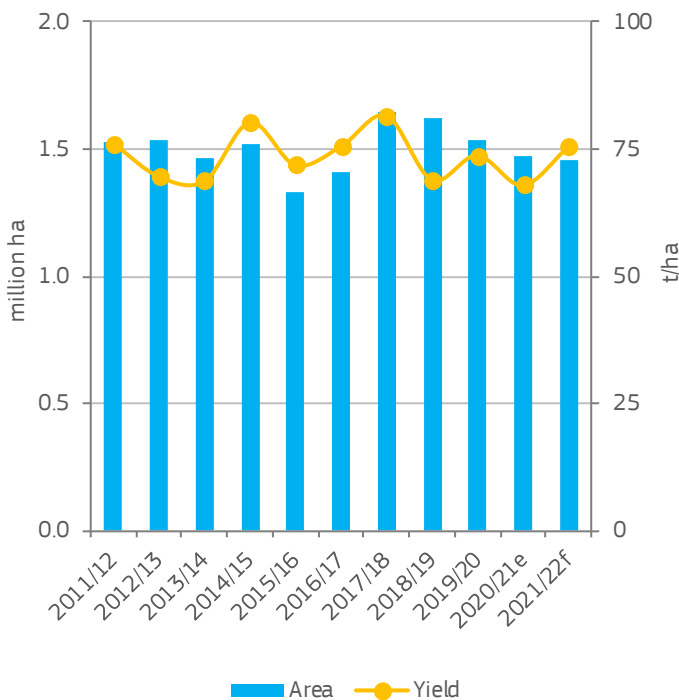
Due to low availabilities, EU exports are now forecast to decrease further to 0.8 million t, 21% less than in 2019/20. Imports are forecast only slightly (-7%) below the previous year, at 1.6 million t.

World and EU sugar prices (EUR/t)



Source: DG Agriculture and Rural Development, based on MS notifications.

EU sugar beet area and yield



Source: DG Agriculture and Rural Development, based on Eurostat.

## REBOUND IN SUGAR BEET YIELDS FORECAST FOR THE NEXT CAMPAIGN

EU human sugar consumption is expected to remain stable in 2020/21 as an increase resulting from the slow recovery of the foodservice sector should be compensated by a return to the long-term consumer preference to use less sugar.

*“Cold spell in February should benefit beet yields by limiting the impact of pests and yellowing disease.”*

As a result, the 2020/21 EU ending stocks are forecast to reach 1.1 million t, compared to 2.2 million t at the beginning of this marketing year.

Sowing for the 2021/22 campaign is accelerating. EU sugar beet area is forecast to approach the 2020/21 total of 1.5 million ha.

Sugar beet yields are expected to rebound in FR as beneficial frosts in February 2021 and emergency authorisations for the use of neonicotinoids should allow limiting the impact of pests and yellowing disease.

