

# CYCLOPE

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Grains in a « so called commodity supercycle »

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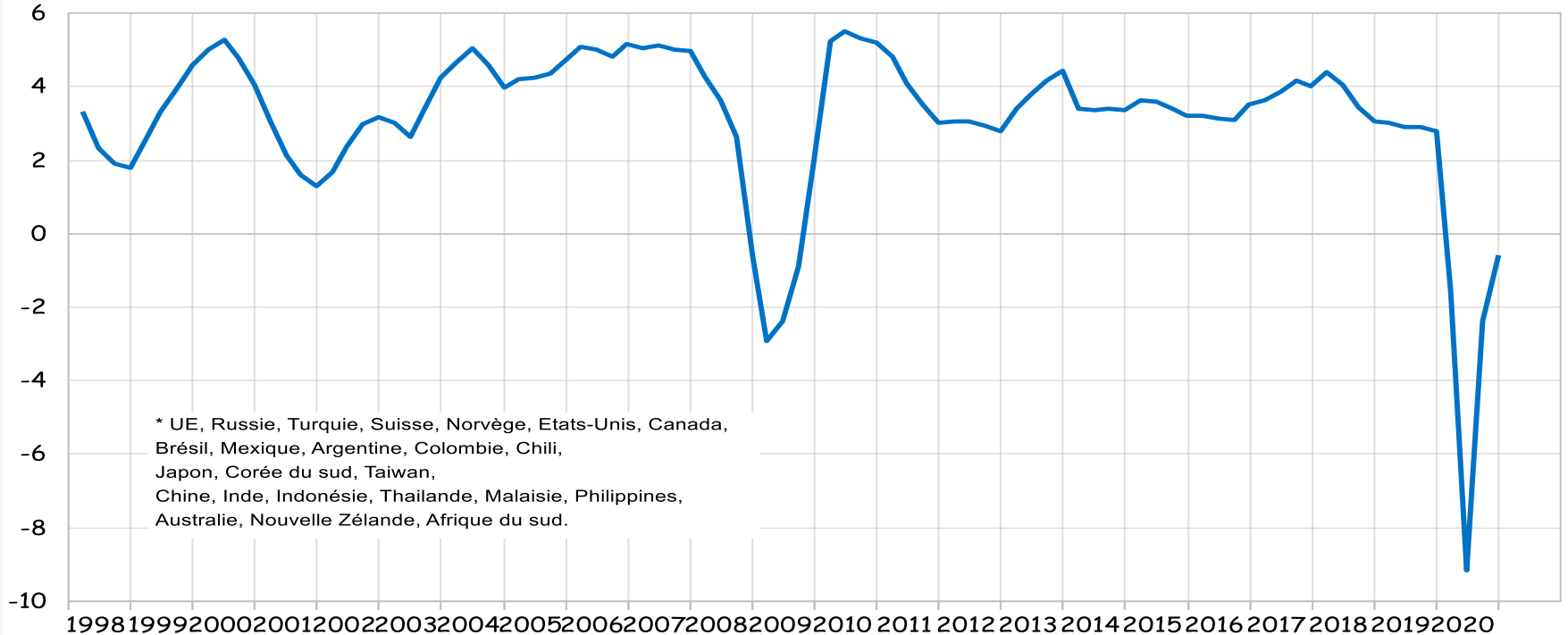
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CYCLOPE

# The worst economic crisis since the thirties

## Croissance du PIB mondial en volume - 51 pays\*

Variations sur un an en %



\* UE, Russie, Turquie, Suisse, Norvège, Etats-Unis, Canada, Brésil, Mexique, Argentine, Colombie, Chili, Japon, Corée du sud, Taiwan, Chine, Inde, Indonésie, Thaïlande, Malaisie, Philippines, Australie, Nouvelle Zélande, Afrique du sud.

Source : Calcul Rexecode PIB ppa \$ 2011

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# 2020 at à glance

(% growth of GDP)

The world	- 3,8	
China	+ 2,3	
Brazil	- 4,1	
Russia	- 4,3	
India	- 9	
USA	- 3,5	
Japan	- 4,8	
Eurozone	- 7,2	
		France - 8,3
		Germany - 5
		Italy - 9,3
		Spain - 11
United Kingdom	- 10,8	

Meanwhile equity markets have been bullish

## Indice boursier mondial en dollar

Base 100 au 30 décembre 2005

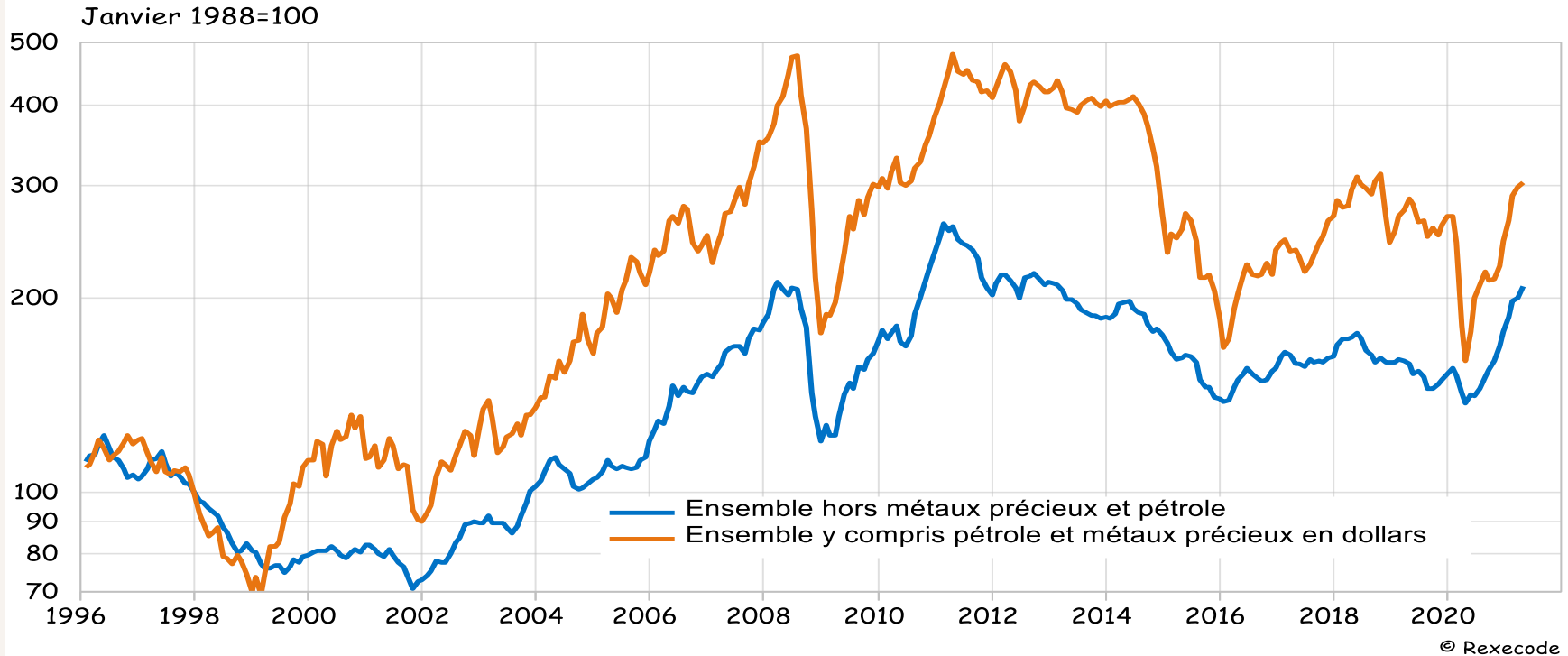


Source : MSCI Emerging Markets

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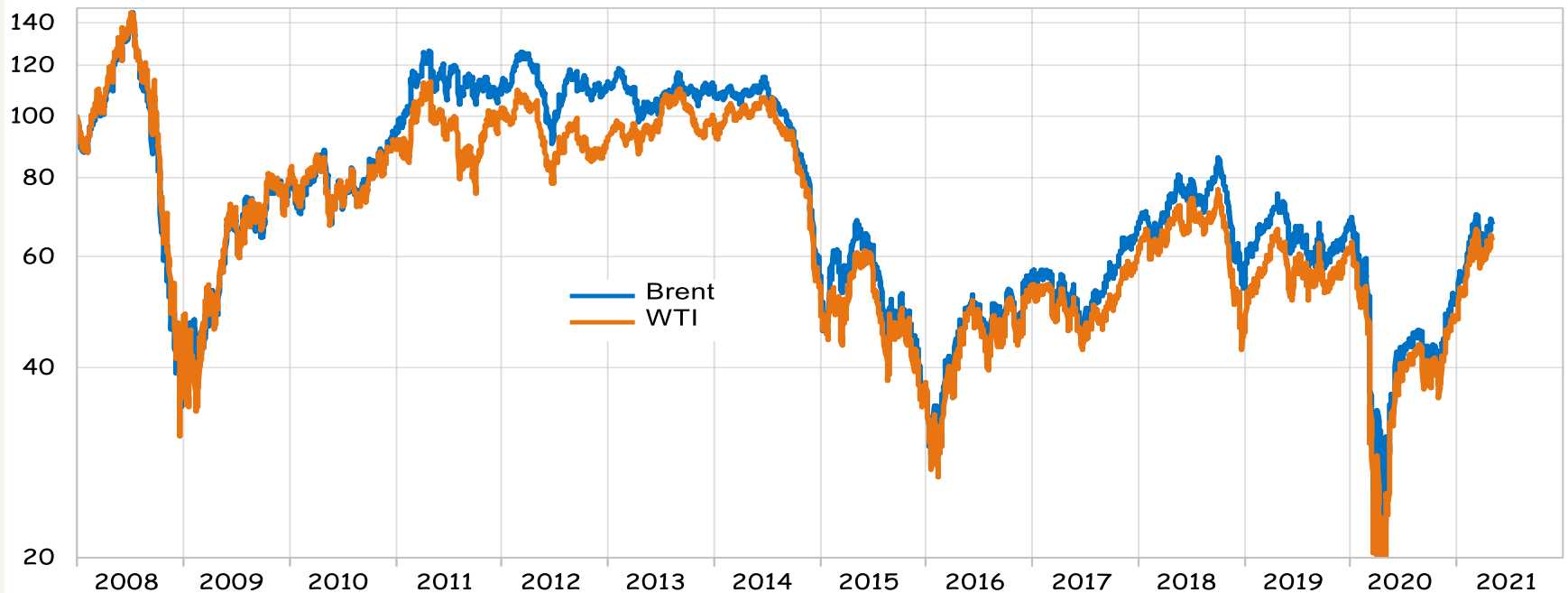
## And commodities are up again

### Cours des matières premières Indices globaux



# Oil of course but prices are boosted by OPEC + quotas

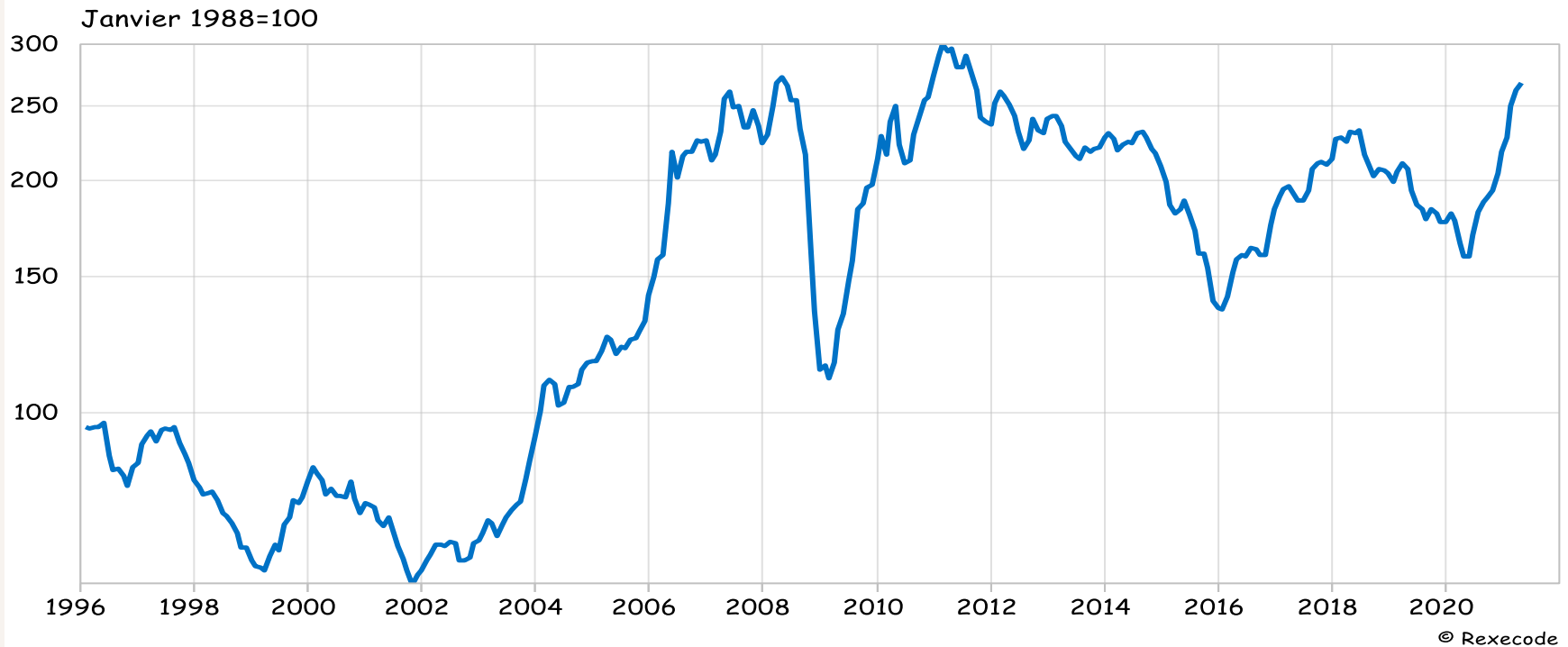
Cours des matières premières  
**Pétrole brut (dollars / baril)**



© Rexecode

But aren't we in a metals « supercycle » ?

### Cours des matières premières **Métaux communs**



## With copper as the keynote « star »

### Cours des matières premières **Métaux communs : cuivre**

en \$ par tonne (LME au comptant)



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## And steel in China

### LME Steel HRC FOB China (Argus)

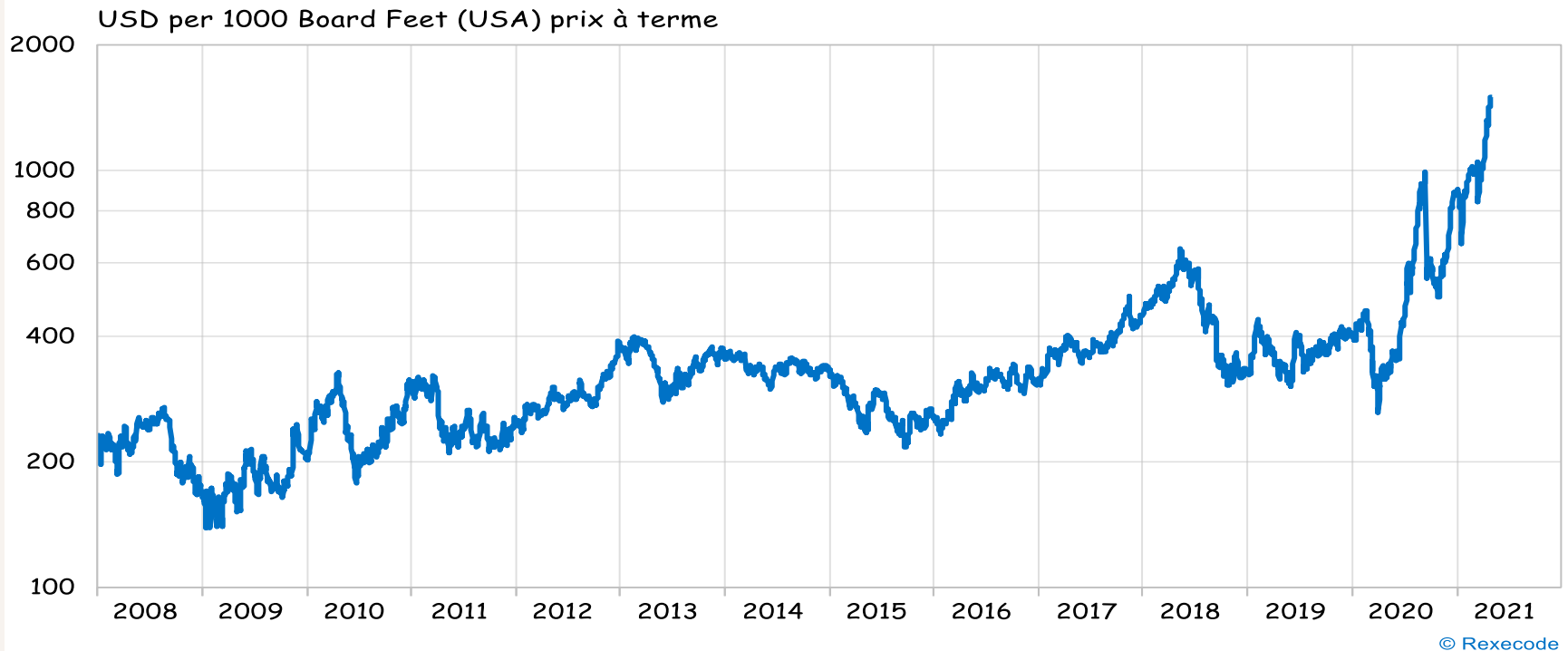


Source : London Metal Exchange

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# Lumber in the US

## Cours des matières premières Bois de construction



Food products are part of the rally especially grains  
(in April FAO Food Price Index had risen by 30,8 % yoy, 66,7 % for cereals)

### Cours des matières premières Produits alimentaires

Janvier 1988=100



© Rexecode

# When you look at wheat in Chicago

## Cours des matières premières **Blé**

\$ US par boisseau



© Rexecode

# And in Europe

## Cours des matières premières Blé de meunerie à Paris

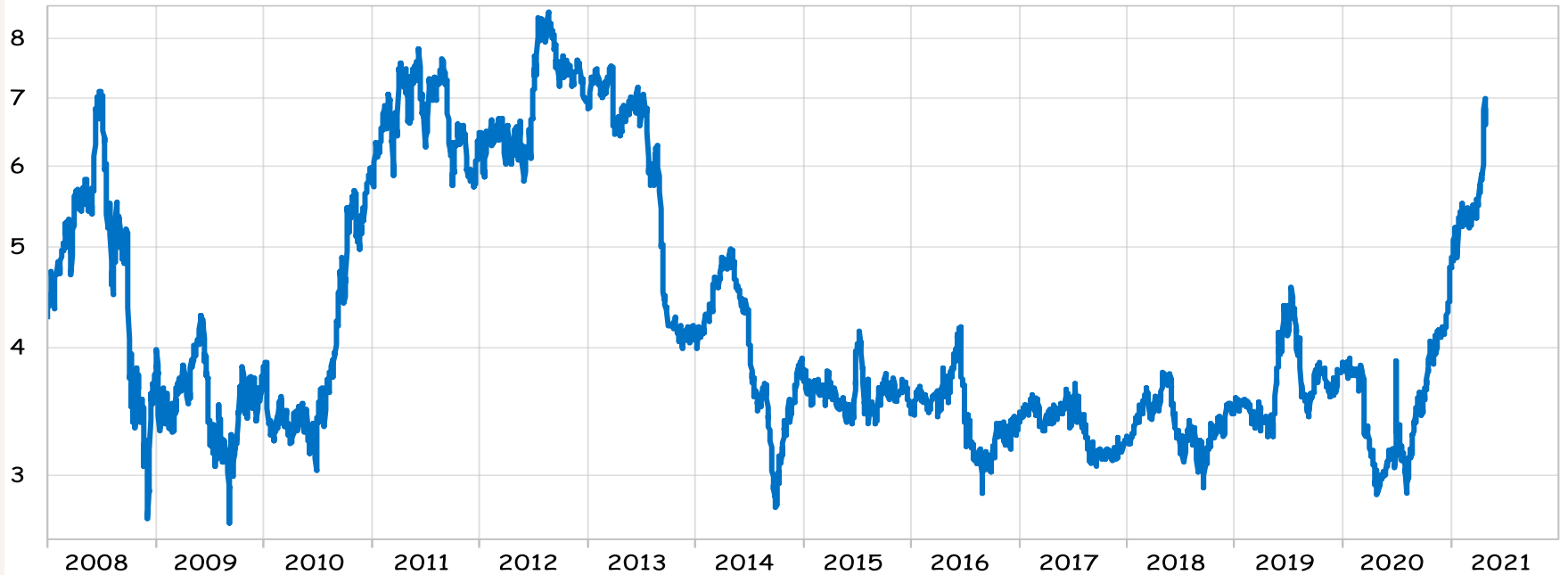


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# Prices of corn have more than doubled

## Cours des matières premières **Maïs**

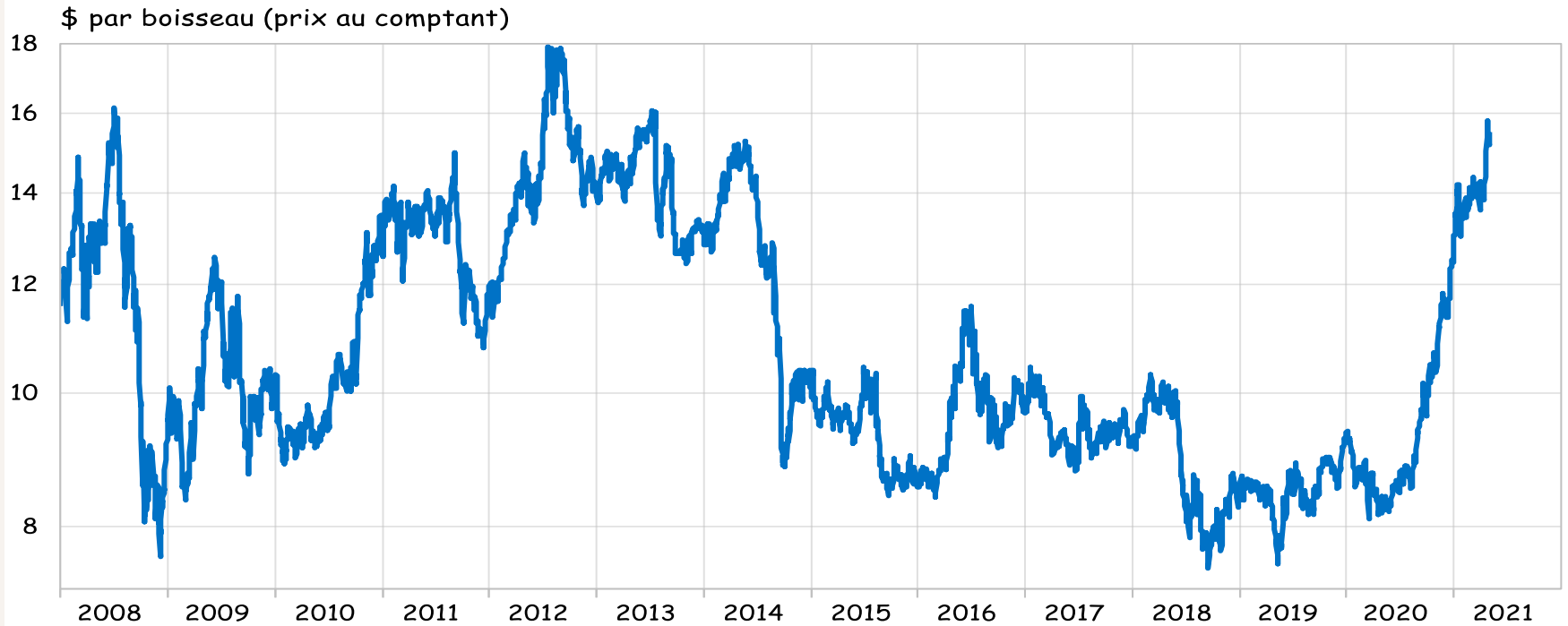
\$ US par boisseau



© Rexecode

## Same story for soybeans

### Cours des matières premières Fèves de soja



© Rexecode

## And even palmoil

### Cours des matières premières Huile de palme de Malaisie



© Rexecode

And all that with rising dry bulk freight rates

## Cours des matières premières Frêts maritimes (cargaisons sèches)



## The rise of export prices (yoy)

April 2021 versus April 2020  
(%)

wheat	+ 17,2
corn	+ 65,7
soybeans	+ 63,1
urea Black Sea	+ 38,1
DAP Baltic	+ 97,4
freight Black Sea	+109,6

and ... milling wheat cheaper than corn !

# What's going on ?

+

- Some climatic problems
  - Europe (- 20 mt)
  - Black Sea
  - drought in Latin America
- Chinese imports
- Export taxes in Russia / Argentina
- « Farm to fork » initiative in EU
- Very tight situation for corn
- China / Australia problems

-

- Weakening La Niña
- Good prospects for 2021/22

?

- China

## Very good prospects for world grain production

	2019/20	2020/21	2021/22
Wheat	762	774	790
Corn	1125	1124	1140

but consumption is still strong

Wheat	743	763	781
Corn	1155	1159	1165

(mt)

Chinese appetite for grains :  
imports

	2019/20	2020/21
wheat	5,4	10,5
corn	7,6	24 / 28
barley	6	8,3
sorghum	5	7
soybeans	98,5	100
rapeseed	2,6	3

if you add sorghum, sunflower ... that makes for 2020/21

50 mt of cereals

110 mt of oilseeds

## And what about Europe ?

- A new CAP in 2023
  - no more market intervention
  - complete decoupling of direct payments with green conditions and a limit by farm (€ 100 000 ?)
  - some kind of renationalisation with « national strategic plans »
- The « green deal » and carbon neutrality in 2050
- « From Farm to Fork » initiative for 2050
  - 25 % of organic farming
  - 10 % set aside for each farm
  - 20 % less fertilizers and Chemicals inputs

(a USDA guesstimate :

EU agricultural production :	- 12 %
with grains	- 48 %
oilseeds	- 60 %
sugar	- 20 %

To sum up :

- Markets should soften with the new crop
- But
  - Climate : a dry summer in the US ?
  - China : what size of imports in the future ?
- Europe looking the other way
- Black Sea : more than ever the grain basket of the world !