



Global Markets *and* *the* War in Ukraine

Borlaug Dialogue

Joseph Glauber | 26 October 2023



Energy, fertilizer and grain price evolution

- Price rise had started prior to war (mid-2020)
- Peaked following the Russia invasion in spring 2022
- Since May 2022, prices have fallen back below pre-war levels
- Remain high relative to pre-COVID levels

Energy, fertilizer and food price movements since January 2020

January 2020 = 100

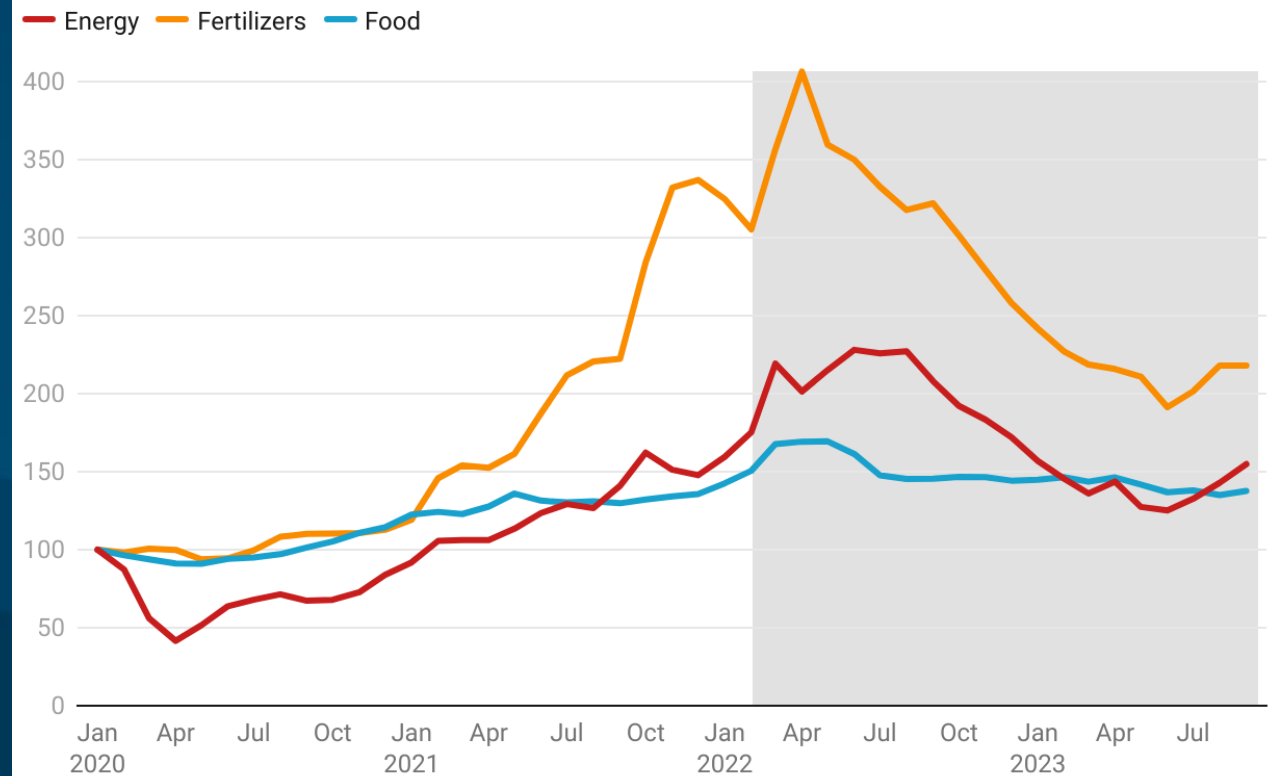


Chart: Joseph Glauber • Source: World Bank "Pink Sheet" data, October 2023



Wheat exports projected to fall 7% in 2023/24

Global wheat exports for 2023/24 projected down 7% over 2022/23 levels, Declines in Western hemisphere, Australia as well as Ukraine.

Wheat exports

Metric tons

2020/2021 2021/2022 2022/2023 2023/2024

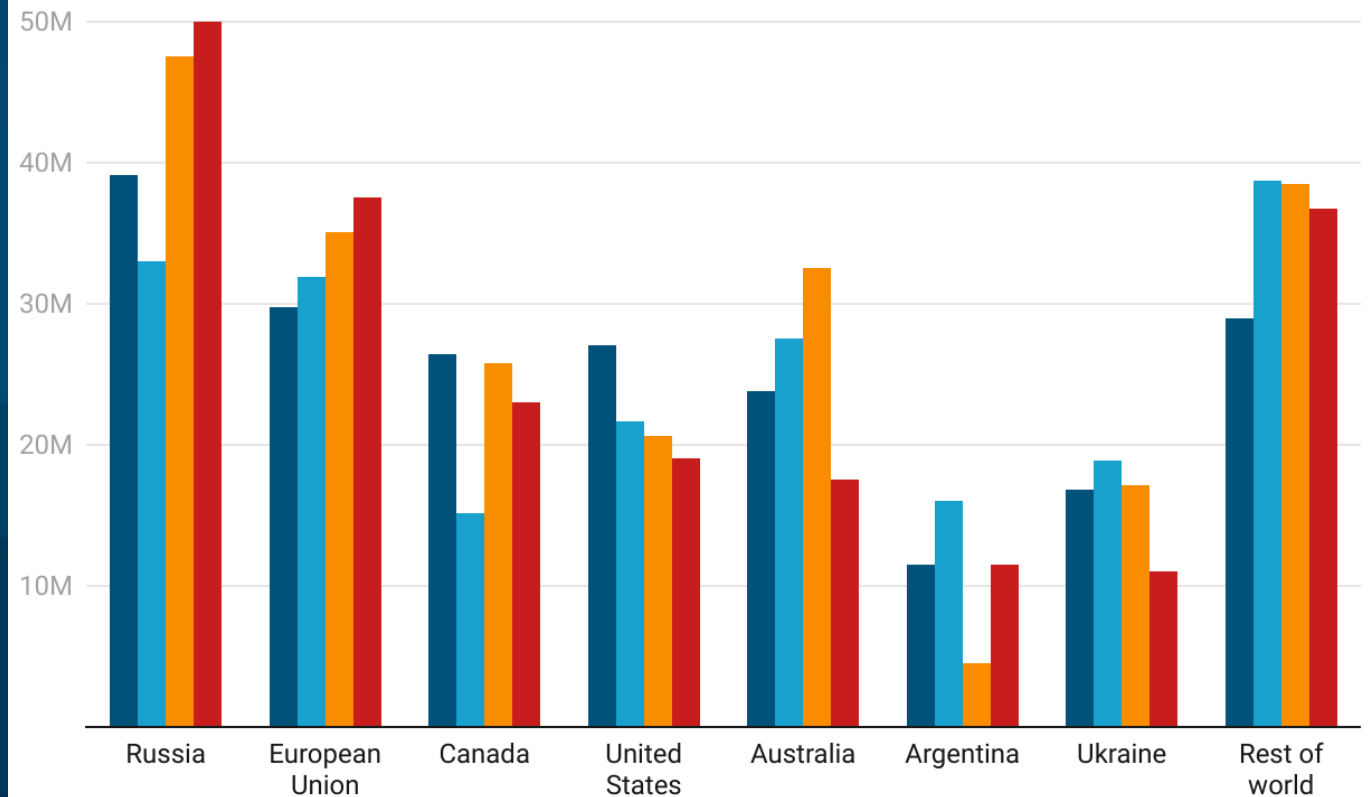


Chart: Joseph Glauber • Source: USDA PSD database, 12 October 2023



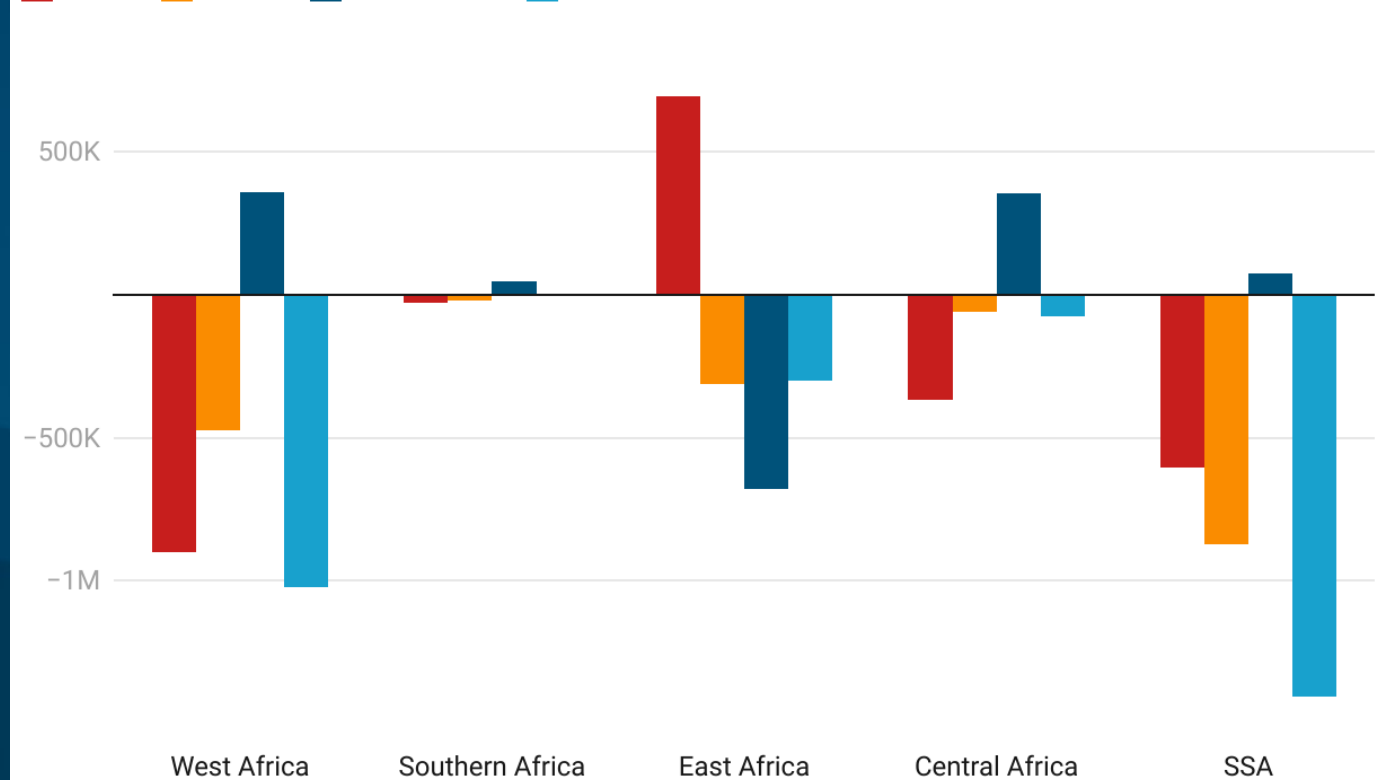
Impact of war on sub-Saharan Africa wheat imports

Shipment data show 7% decline in wheat exports to SSA in 2022/23:
Russia -13%
Ukraine -55%
Exports from ROW up, but not enough to offset decline from Black Sea.

Change in wheat exports to sub-Saharan Africa, 2022-2023 marketing year compared to 2021-2022

Metric tons

Russia Ukraine Rest of world World



July-June marketing year

Source: WTO Global Trade Data Portal – IGC-WTO Wheat maritime trade & food security dashboard



Maize exports UP 8.4%

Global maize exports for 2023/24 projected up 8.4% over 2022/23 levels. Western hemisphere increase offsetting decline in Ukraine.

Maize exports

Metric tons

2020/2021 2021/2022 2022/2023 2023/2024

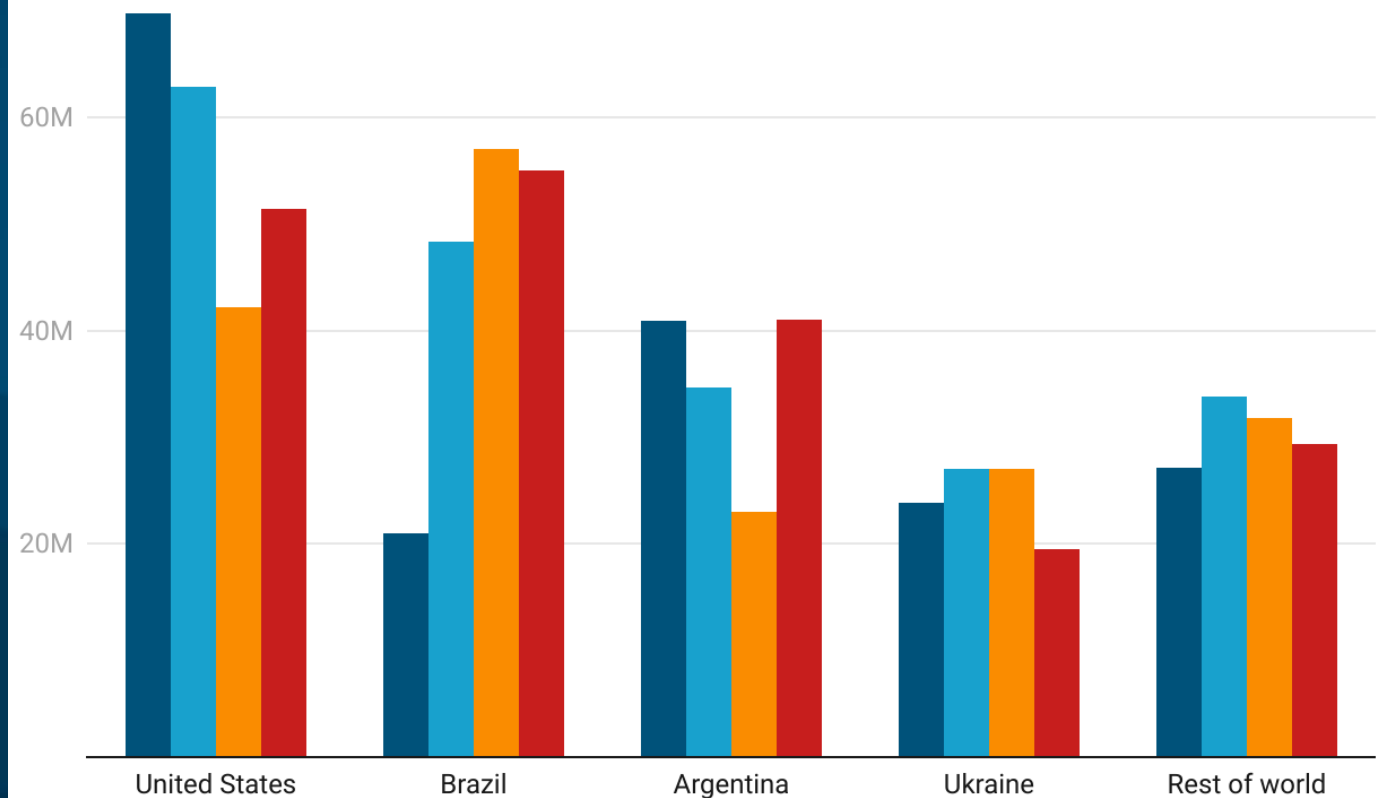


Chart: Joseph Glauber • Source: USDA PSD database, 12 October 2023



Global ending stocks

Global ending stocks (ex China) are projected to increase for maize and soybeans, decline for rice and wheat

Global ending stocks (excluding China)

Days of use

2020/2021 2021/2022 2022/2023 2023/2024

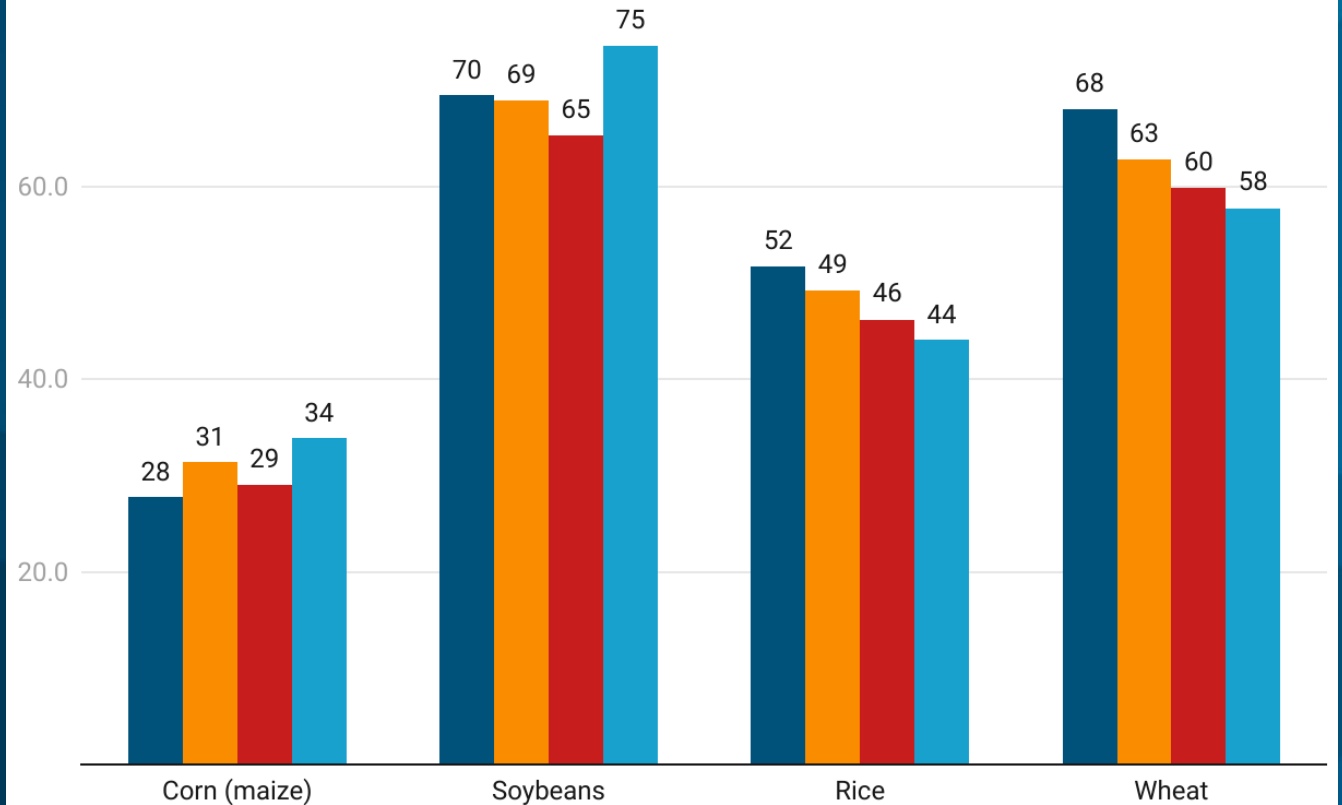


Chart: Joseph Glauber • Source: USDA/FAS PSD online (October 12, 2023)



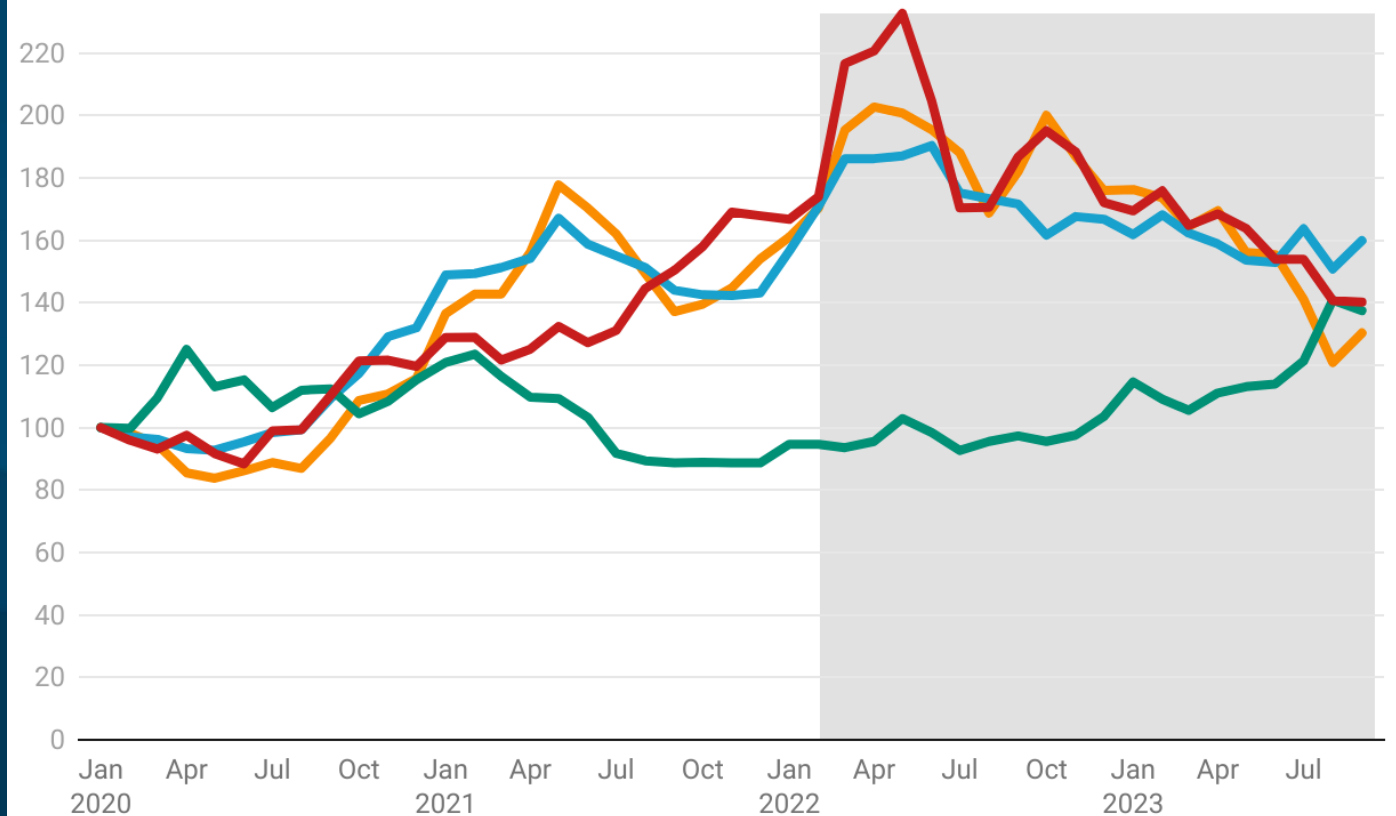
Prices below pre-war levels

Prices for most grains and oilseeds are below pre-war levels (but may remain high in local currencies). Rice is the exception (El Nino, export restrictions)

Grain and soybean price movements since January 2020

January 2020 = 100

— Wheat — Corn (maize) — Soybeans — Rice



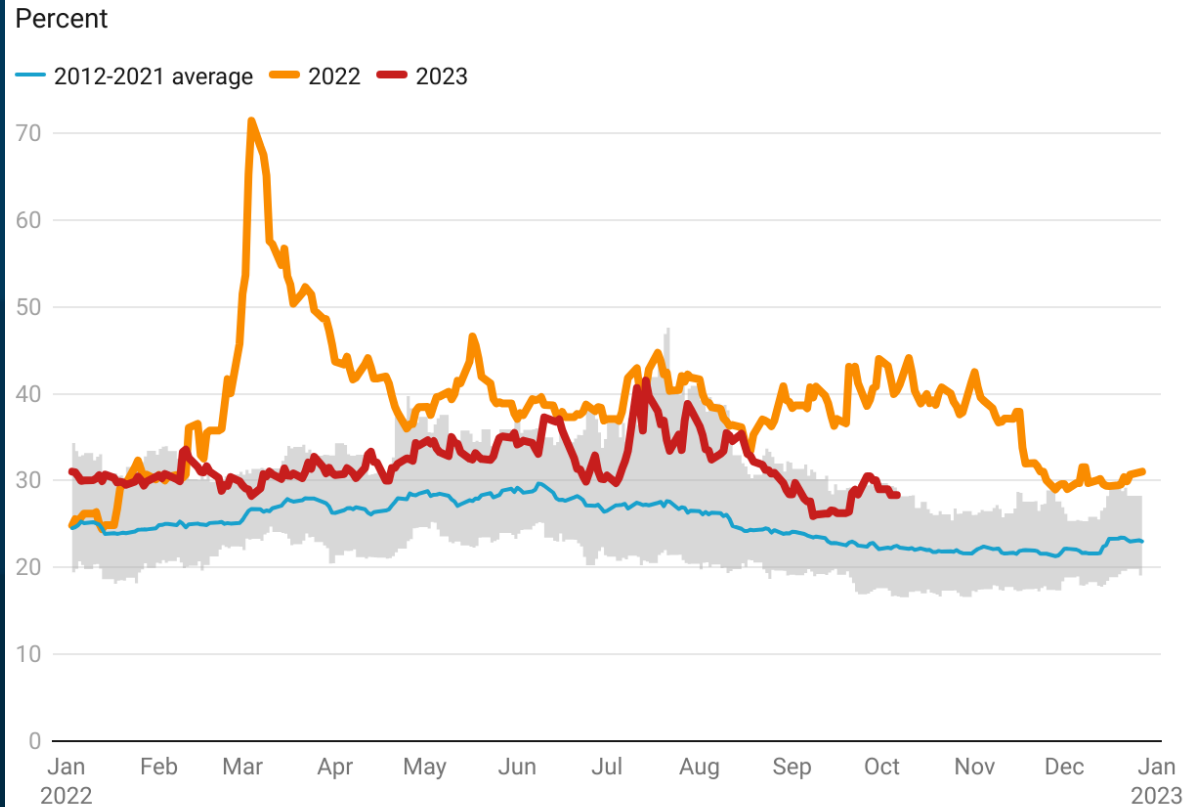
US HRW wheat, US yellow corn, US soybeans, Thai rice (5% broken)

Chart: Joseph Glauber • Source: World Bank "Pink Sheet" data, October 2023

Wheat price volatility remains high reflecting tight stocks; corn volatility low relative to 10-year average



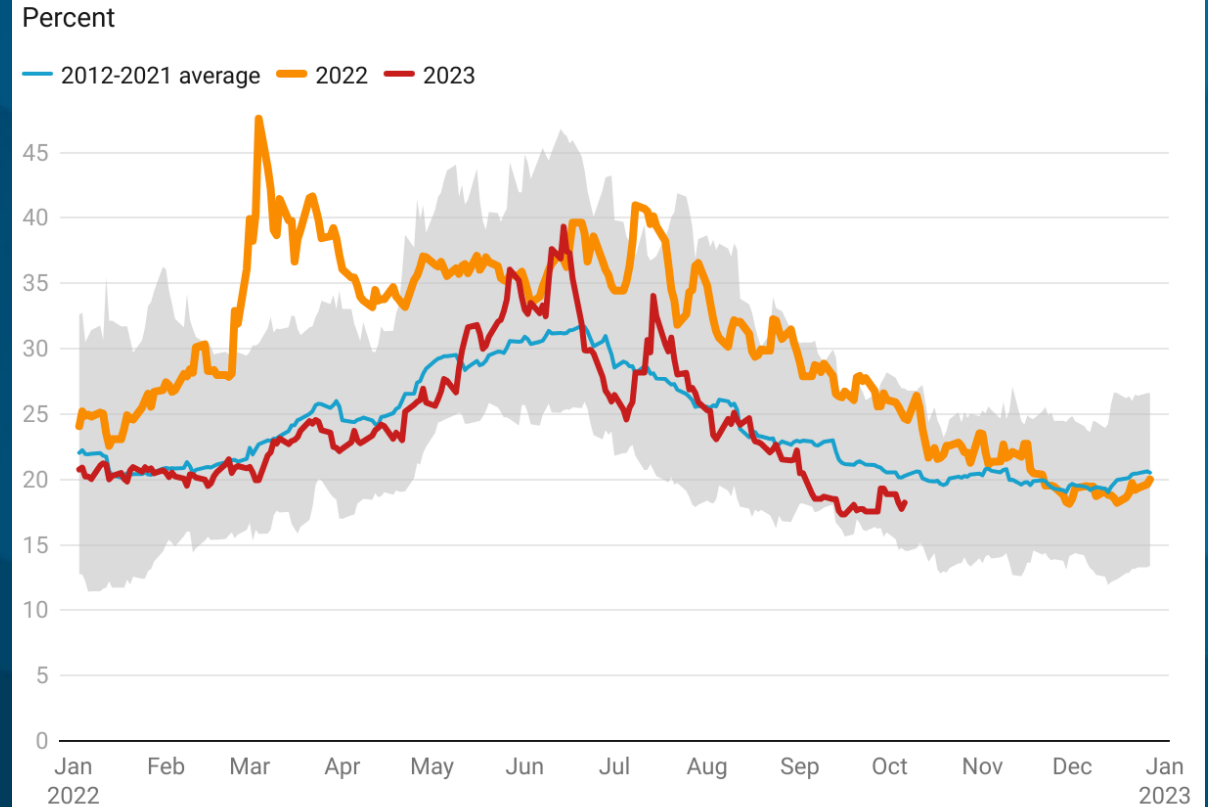
Wheat implied price volatility



Range reflects maximum and minimum values over 2012-2021

Chart: Joseph Glauber • Source: Bloomberg

Corn implied price volatility



Range reflects maximum and minimum values over 2012-2021

Chart: Joseph Glauber • Source: Bloomberg



Markets have proved to be resilient. Grain was available though not necessarily affordable. Non-traditional suppliers (Brazil, India) helped offset reduced export capacity of Ukraine.

However, in case of wheat, no rebuilding in global stocks. Markets remain vulnerable to a major disruption in one of the key exporting regions (Russia, EU, N. America). Market remains highly volatile.

Maize and soybean stocks have increased based on strong western hemisphere production.

Summary

Please visit:

<https://www.ifpri.org/landing/war-ukraine-blog-landing-page>



Fertilizer trade

- Russia exports affected by war (ammonia)
- Sanctions (Russia and Belarus)
- China export restrictions on P, N
- Demand impacts due to record high prices

Asia urea imports, 2022 versus 2021

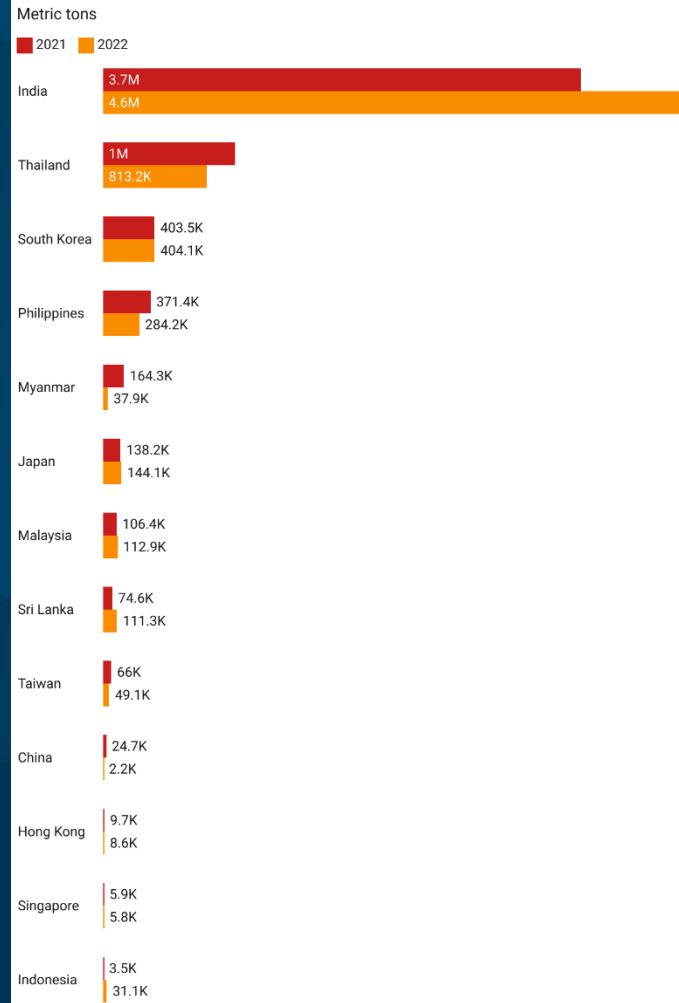


Chart: Joseph Glauber • Source: TDM

Asia potash imports, 2022 versus 2021

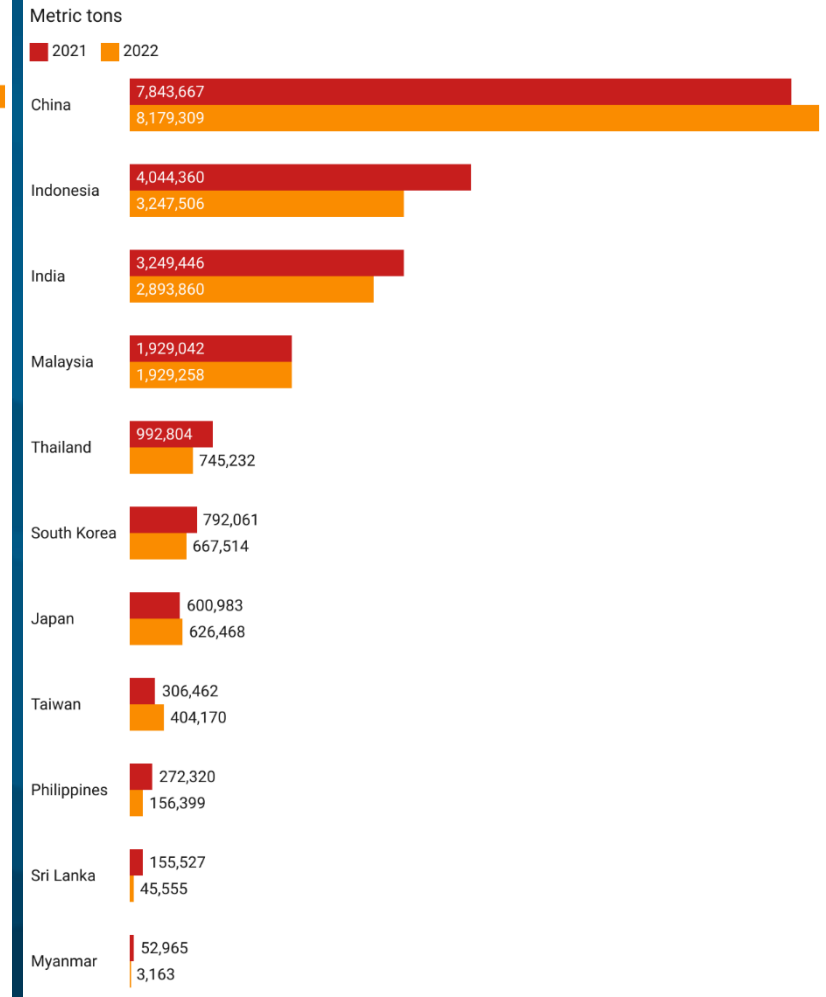


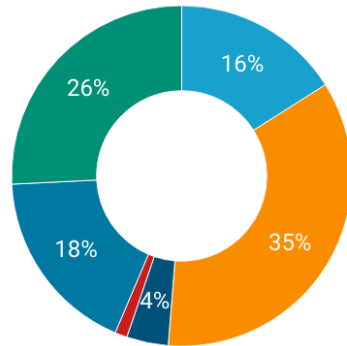
Chart: Joseph Glauber • Source: TDM



Disruptions cause realignment of suppliers

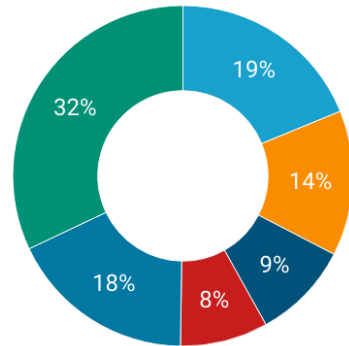
India urea imports

Metric tons



2021

Total:
8,112,989



2022

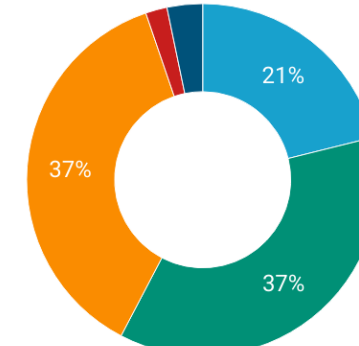
Total:
10,101,039

HS 3104

Chart: Joseph Glauber • Source: COMTRADE

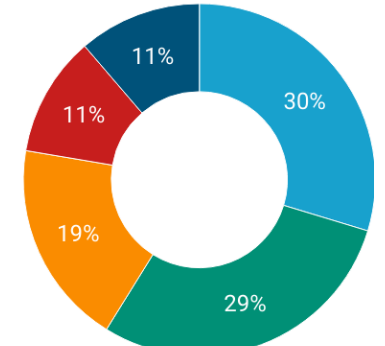
India DAP imports

Metric tons



2021

Total:
4,680,665



2022

Total:
6,779,303

HS 3104

Chart: Joseph Glauber • Source: COMTRADE

Fertilizer imports—selected African countries, 2022 versus 2021



Urea imports--selected African countries

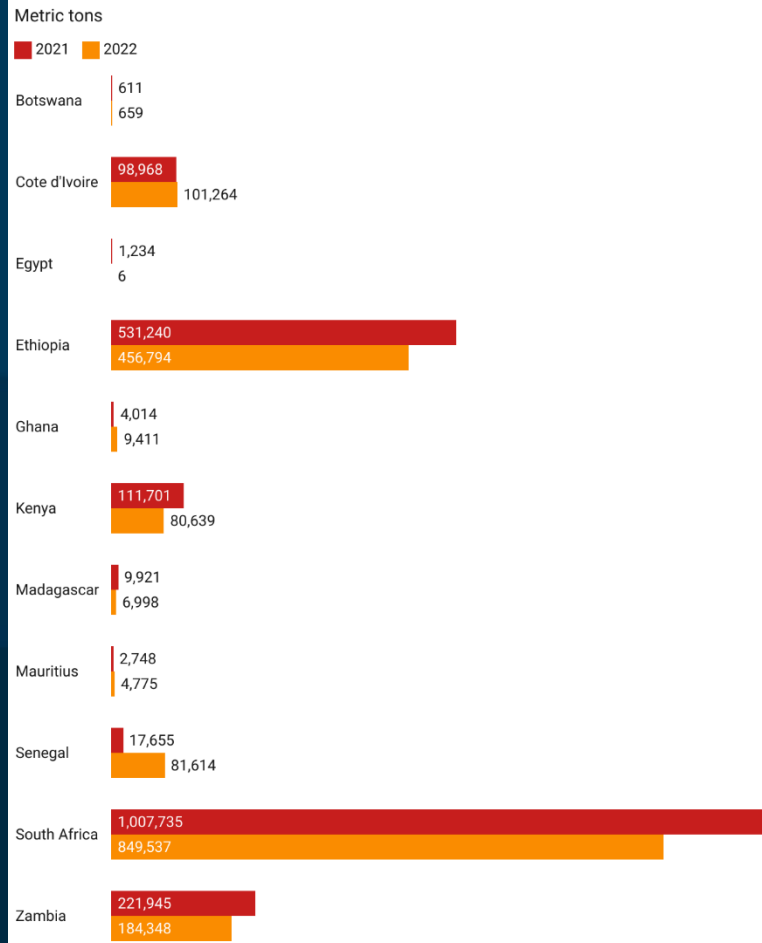


Chart: Joseph Glauber • Source: COMTRADE

DAP imports--selected African countries

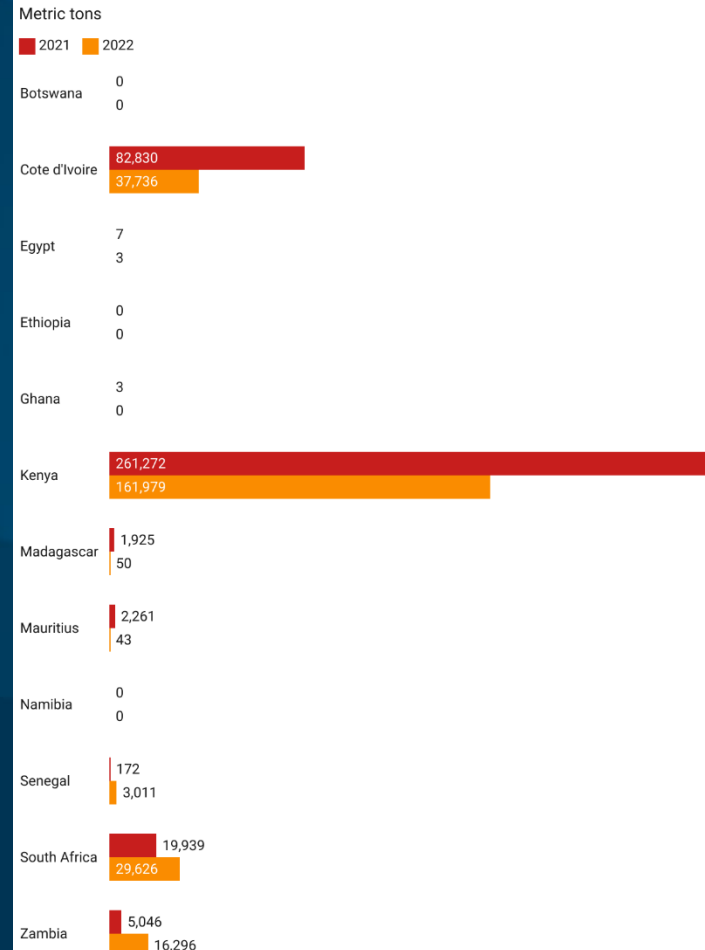


Chart: Joseph Glauber • Source: COMTRADE

Potash imports--selected African countries

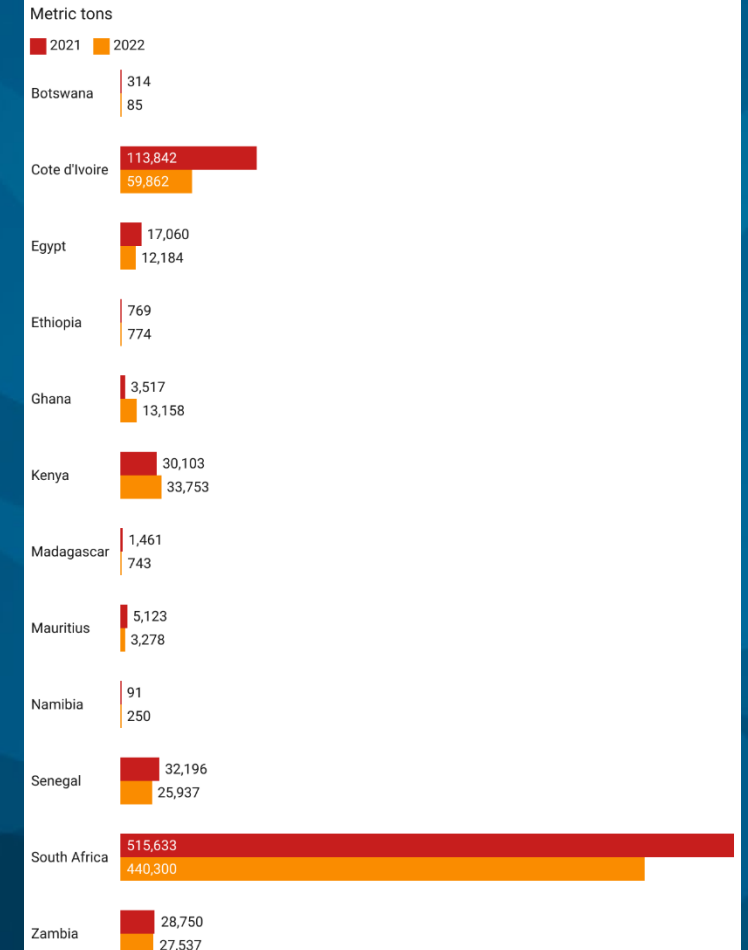


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