

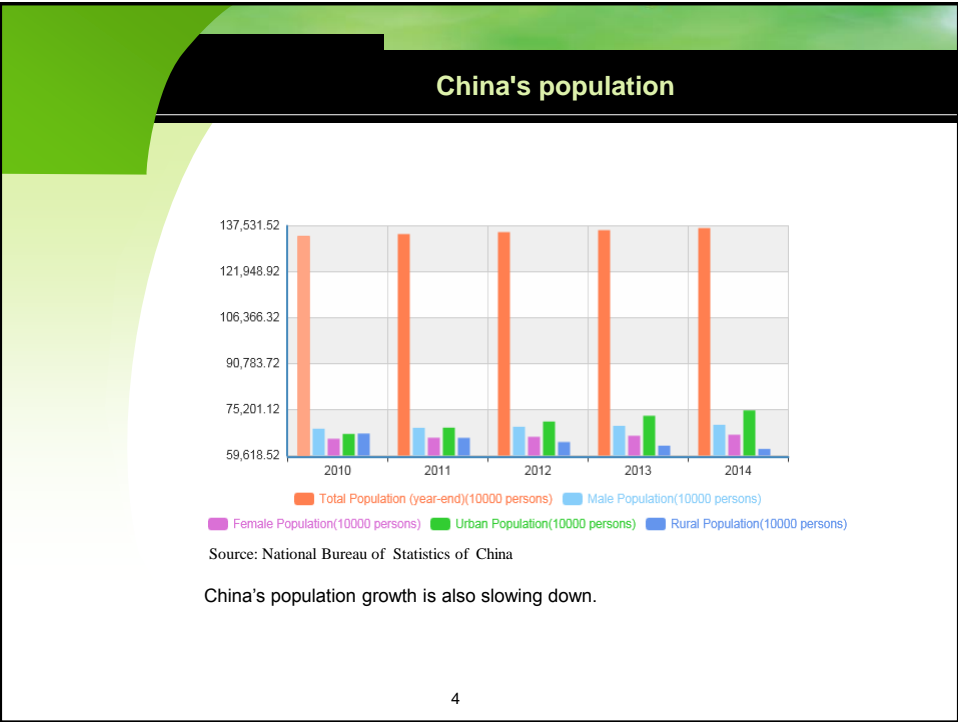
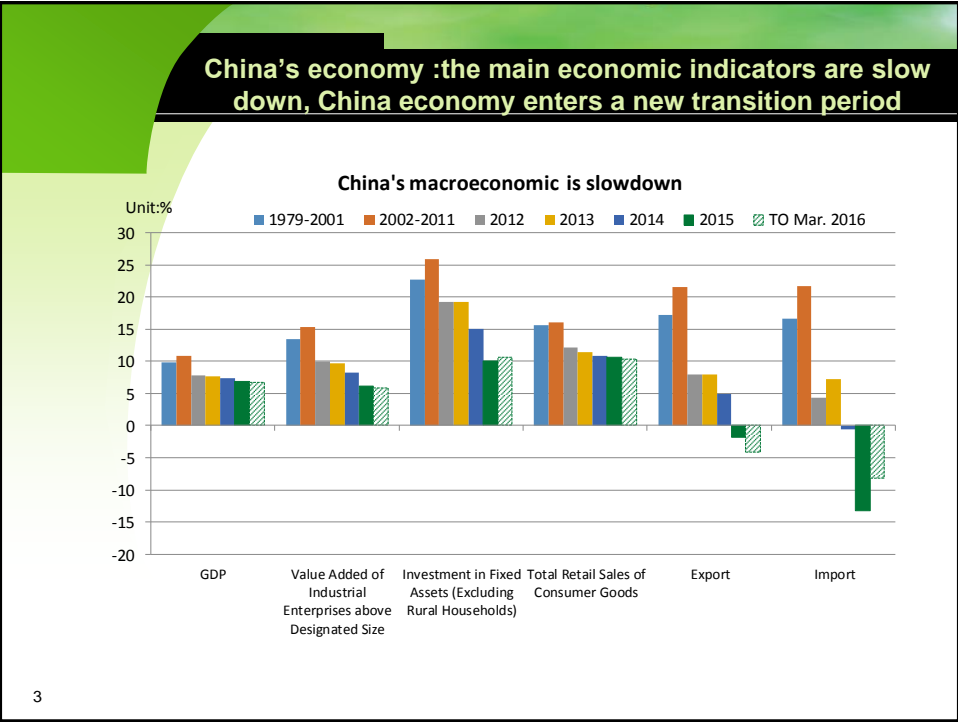
China Grain Supply & Demand and Price

China National Grain & Oils Information Centre
Li Xigui
13 Jun. 2016





Grains



Comprehensive measures to ensure grain production

- ❖ **Agricultural subsidies and high prices promote the enthusiasm of farmers to increase the grain area**
 - ✓ Grain direct subsidies, agricultural means subsidies, seed subsidies
 - ✓ The minimum purchase price system, temporary purchase and storage system and target price subsidies
- ❖ **Technological innovation, disaster prevention and mitigation to promote the improvement of yield**
 - ✓ High yield Experimental field demonstration, green production model research, soil testing Fertilization
 - ✓ Pest control, agricultural flood and drought control
- ❖ **Planting structure is conducive to the improvement of total output**
 - ✓ High yield crop maize and one-season rice areas are growing
 - ✓ Low yield crop soybean area continues to decrease

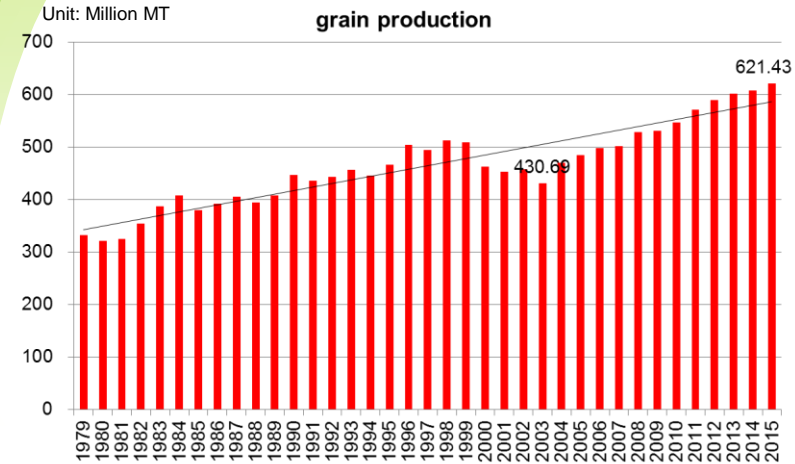
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China grain circulation policies

- ❖ National grain reserve
- ❖ Local grain reserve
- ❖ City or county grain reserve
- ❖ Minimum supporting price purchase system, for wheat, paddy
- ❖ Temporary purchase and storage system, for corn; and new policies will be "Market-based purchase and sale + Subsidy to farmers"
- ❖ Target price policy, for soybean and cotton

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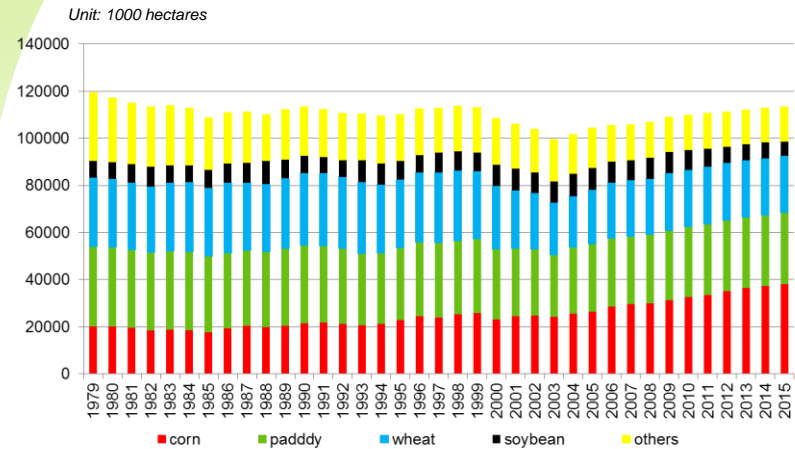
Grain production of China grow 44.3% to 2003 and Annual average growth rate get 3.1%



Source: National Bureau of Statistics of China, including soybean

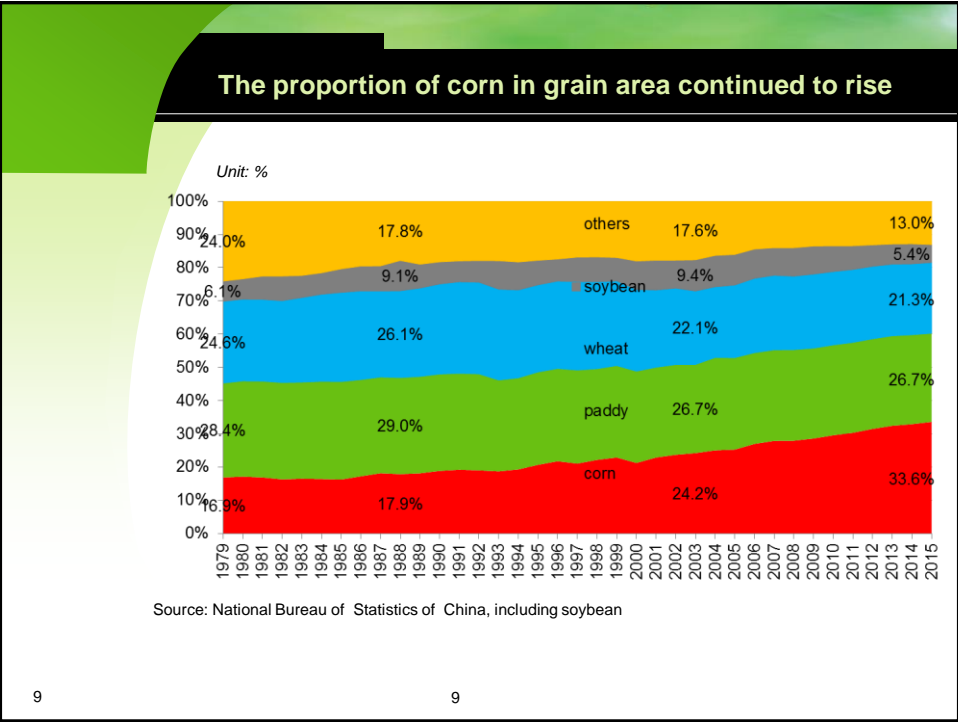
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Grain area remain rise but still lower than last ten years



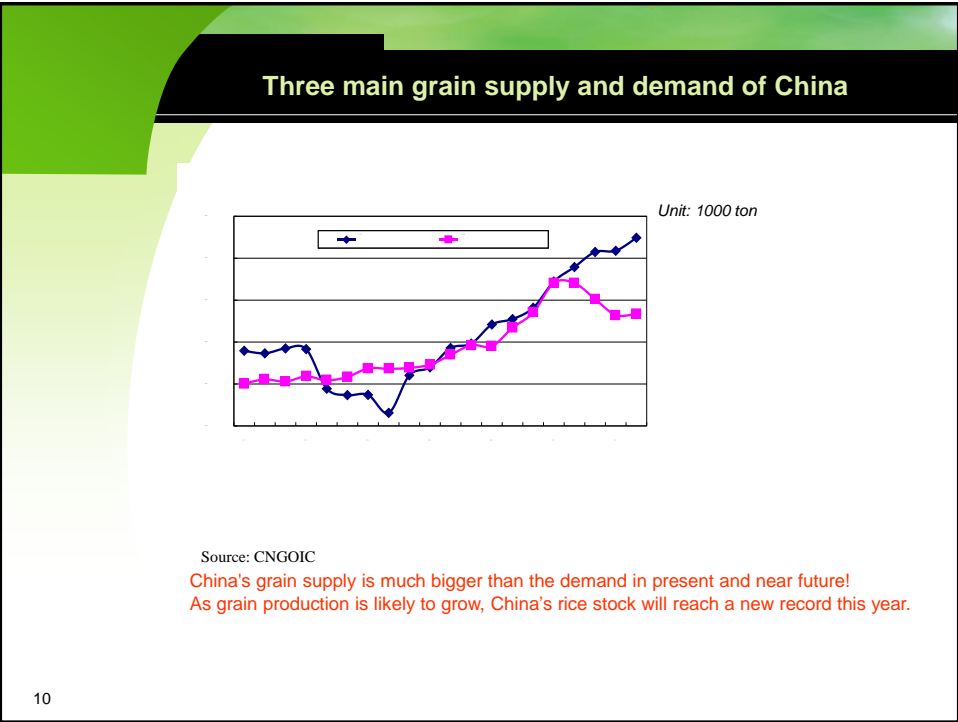
Source: National Bureau of Statistics of China, including soybean

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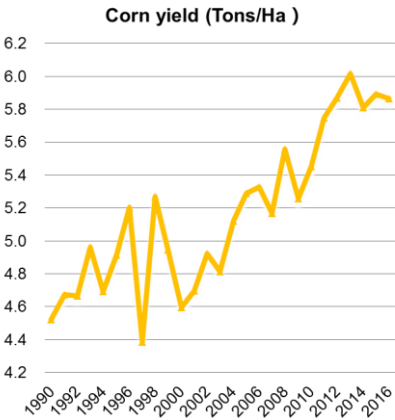
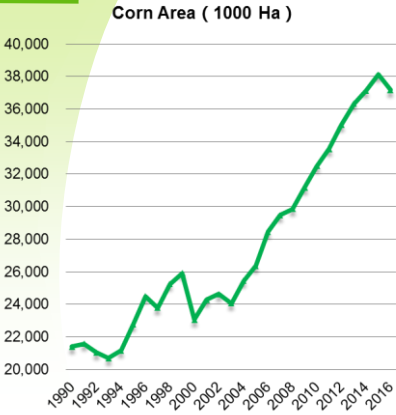
Grain import tariff quota

	Import tariff quota (Million MT)	The percent of non state trade
Corn	7.2	40%
Wheat	9.636	10%
Paddy	5.32(Including 2.66 long rice and 2.66 short rice)	50%

Driven by high import profit, import of grains with no quota limit will enter China to replace corn for feed use. This will lead to high stock-to-use ratio of china grain.

Corn

Corn area reduce 2.6% and yield is forecasted down 0.5%



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China's corn supply & demand

Unit: Unit:1,000 Hectares , Ton/Hectare, 1,000 Tons

Item	2012/13	2013/14	2014/15	2015/16	2016/17
				May- For.	Pre- For.
Planted Areas	35,030	36,318	37,123	38,117	37,170
Yield	5.870	6.016	5.809	5.892	5.865
Production	205,614	218,489	215,646	224,580	218,000
Imports	2,702	3,277	5,516	2,700	2,000
Total Supply	208,316	221,766	221,162	227,280	220,000
Food Use	17,400	18,000	18,000	18,160	18,160
Feed Use	112,500	111,500	100,000	110,400	126,500
Industrial Use	52,000	49,000	50,500	55,400	60,700
Seed Use	1,450	1,480	1,500	1,440	1,385
Domestic Use	183,350	179,980	170,000	185,400	206,745
Exports	79	22	12	30	30
Total Demand	183,429	180,002	170,012	185,430	206,775
Surplus	24,887	41,763	51,150	41,850	13,225

Market Year : October/September. Source: CNGOIC
Surplus : difference between current year total supply and demand , not ending stocks.

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The sorghum supply & demand balance

Unit: 1,000 Tons

	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
					May- For.	Pre- For.
Production	2,051	2,556	2,892	2,885	3,060	3,140
Imports	50	650	4,160	10,162	7,000	3,000
Total Supply	2,101	3,206	7,051	13,047	10,060	6,140
Food Use	500	550	600	650	700	700
Feed Use	200	500	4,200	9,700	7,000	3,000
Industrial Use	1,300	2,000	2,100	2,200	2,200	2,200
Seed Use	55	60	60	60	60	60
Waste	10	10	10	10	10	10
Domestic Use	2,065	3,120	6,970	12,620	9,970	5,970
Exports	45	50	50	50	50	50
Total Demand	2,110	3,170	7,020	12,670	10,020	6,020
Surplus	-9	36	31	377	40	120

Market Year : October/September.

Surplus : difference between current year total supply and demand , not ending stocks.

It is estimated that China imports nearly 10 million MT of sorghum for feed use in 2014/2015, and the amount is likely to less 7 million MT in 2015/2016, mainly to the southern consuming areas. US is the major supplier.

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The barley supply & demand balance

Unit: 1,000 Tons

	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
					May- For.	Pre- For.
Production	1,637	1,625	1,699	1,812	2,000	2,050
Imports	2,541	2,184	4,891	9,859	5,000	2,400
Total Supply	4,178	3,809	6,590	11,671	7,000	4,450
Food Use	120	160	230	240	240	240
Feed Use	180	300	2,500	6,200	2,800	200
Industrial Use	3,730	3,200	3,700	3,700	3,700	3,700
Seed Use	140	140	140	140	140	140
Domestic Use	4,170	3,800	6,570	10,280	6,880	4,280
Exports	4	1	0	0	0	0
Total Demand	4,174	3,801	6,570	10,280	6,880	4,280
Surplus	4	8	20	1391	120	170

Market Year : October/September.

Surplus : difference between current year total supply and demand , not ending stocks.

Import of barley for feed use started to become active in May 2013. It is estimated that over 9 million MT of barley is imported for feed production in 2014/2015, and the amount is likely to be less 5 million MT in 2015/2016. Southern China is the major consuming region. China has approved barley import from Australia, Canada, Denmark, France, Argentina and Ukraine.

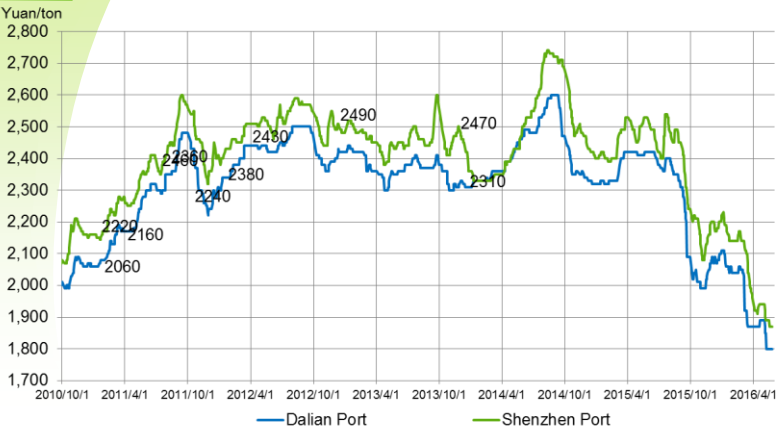
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**Corn temporary purchase price
in Heilongjiang, Jilin, Liaoning, Neimenggu**

Year	Yuan/kg
	Price
2008	1.50
2009	1.50
2010	1.90
2011	1.94-1.98
2012	2.1-2.14
2013	2.22-2.26
2014	2.22-2.26
2015	2.00
2016	Not available

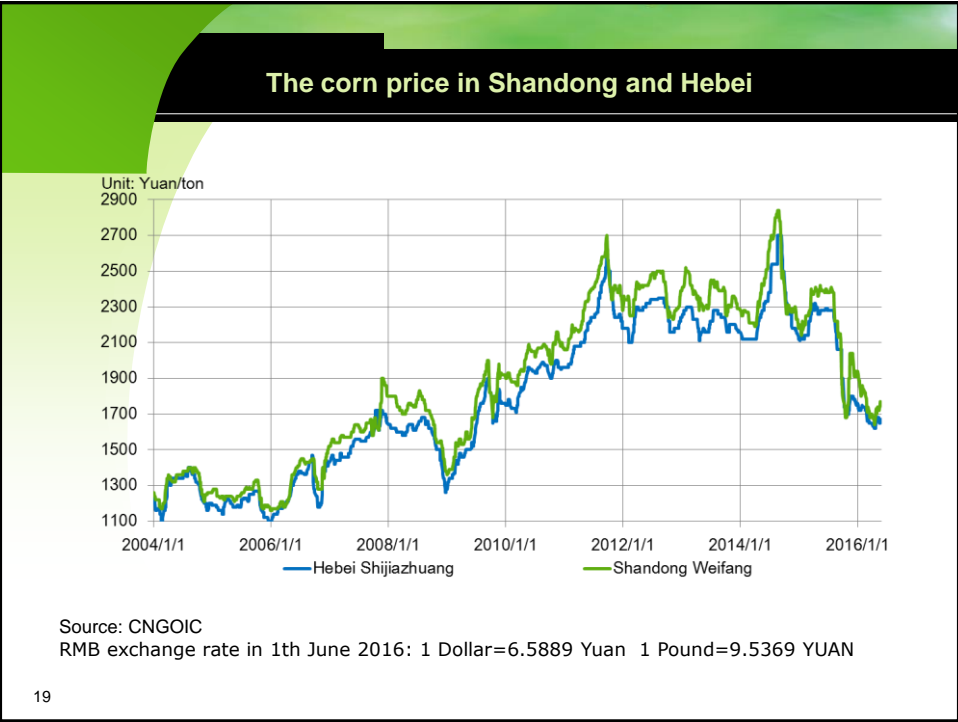
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China corn price in northeast region port



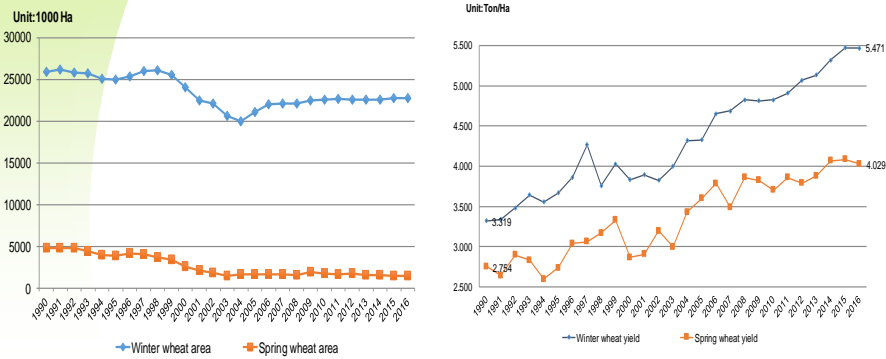
Source: CNGOIC

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Wheat

Wheat area and yield remain stable

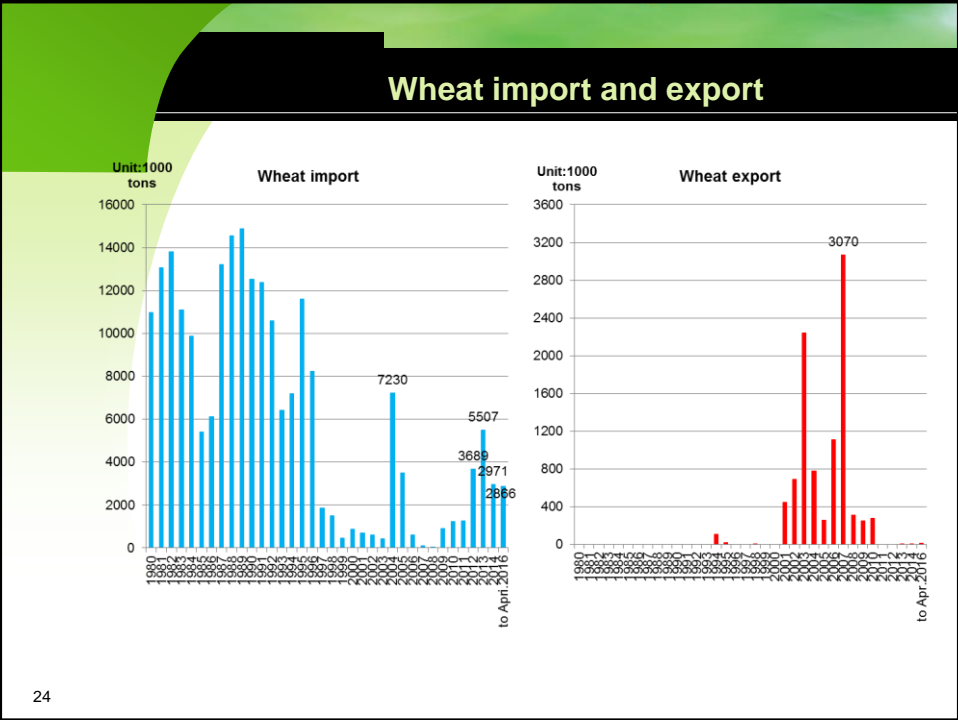
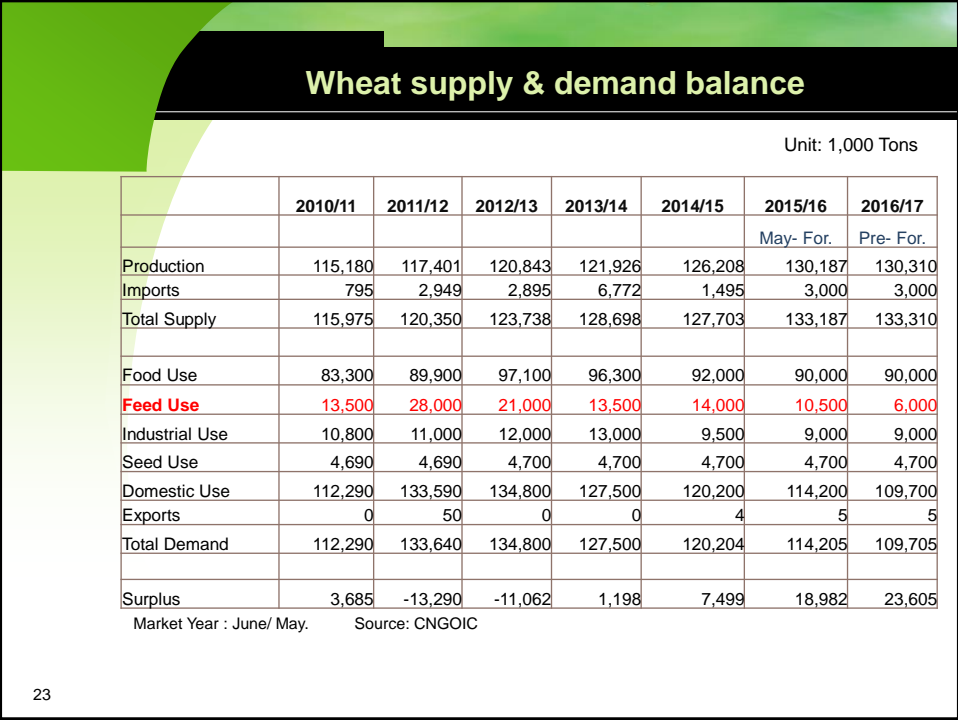


Source: CNGOIC

Wheat production remains growing



Source: CNGOIC

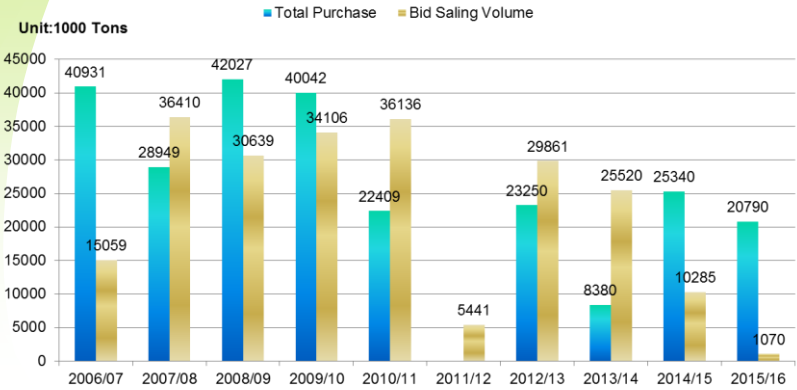


Wheat Minimum Purchase Price, 2004-2015

Year	Yuan/kg		
	White wheat	Red wheat	Mixed wheat
2006	1.44	1.38	1.38
2007	1.44	1.38	1.38
2008	1.54	1.44	1.44
2009	1.74	1.66	1.66
2010	1.80	1.72	1.72
2011	1.90	1.86	1.86
2012	2.04	2.04	2.04
2013	2.24	2.24	2.24
2014	2.36	2.36	2.36
2015	2.36	2.36	2.36
2016	2.36	2.36	2.36

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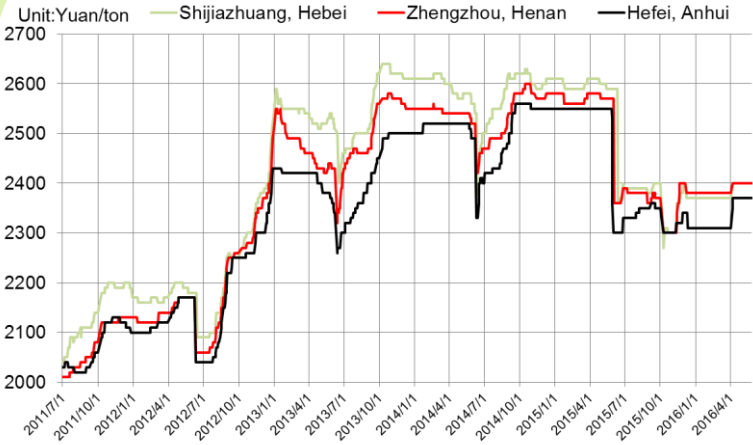
Wheat: Minimum price purchase



Source: CNGOIC

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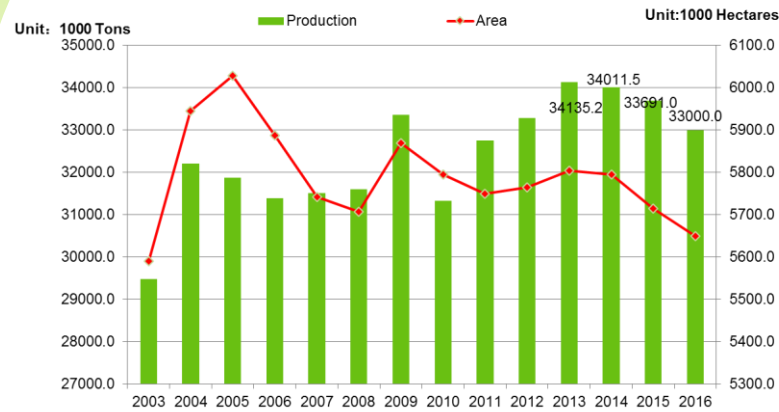
Wheat prices are showing a downward trend



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Rice

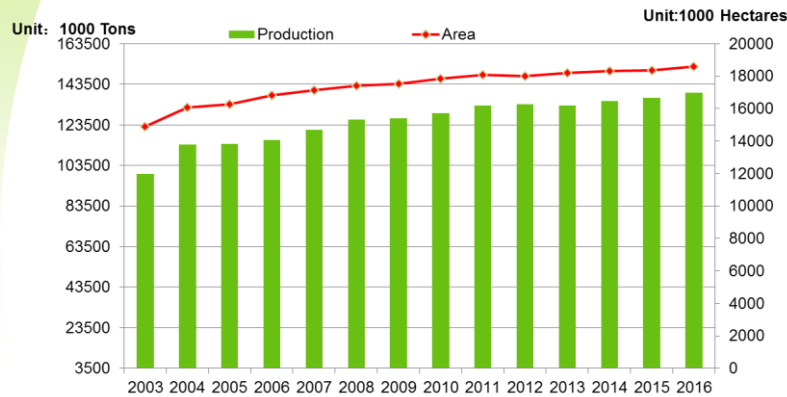
Reduction of output early paddy in 2015



Source: CNGOIC

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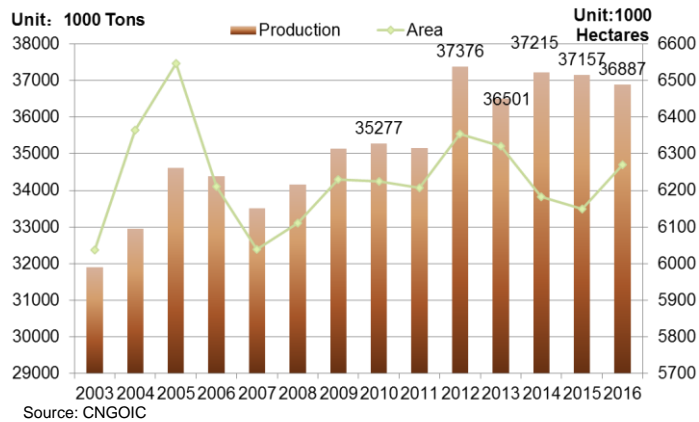
Increasing of one-season paddy in 2015



Source: CNGOIC

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Reduction of output late paddy in 2015



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2 types: Indica & Japonica

- ❖ In 2014, the production of japonica is 66.97 million, 30% of the total production.
- ❖ In 2014, the production of indica is 139.54 million, 70% of the total production.
- ❖ Japonica production has been increasing for the past 10 years.
- ❖ Beside prices, Chinese people is paying more attention on the quality and safety of food.

The production proportion of indica and japonica

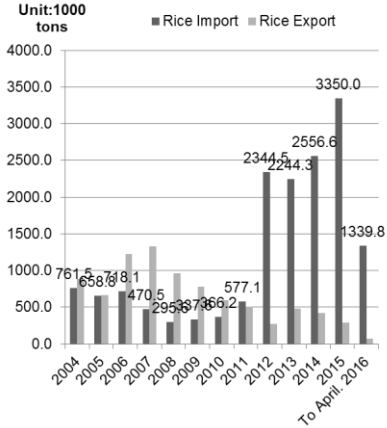
year	2004	2005	2010	2011	2012	2013	2014
japonica proportion	25%	25%	29%	30%	30%	30%	30%
indica proportion	75%	75%	71%	70%	70%	70%	70%

Source: CNGOIC

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Rice import increases from 2012 Year

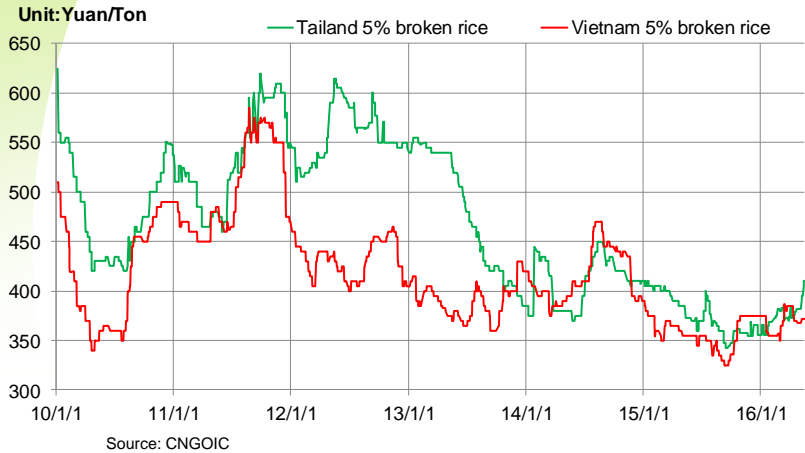
Rice monthly Import(1000 tons)					
	2012Y	2013Y	2014Y	2015Y	2016Y
Jan.	36.49	303.96	199.73	122.41	287.17
Feb.	65.05	120.36	138.95	67.67	175.35
Mar.	137.67	267.91	152.25	143.78	430.04
Apr.	299.05	301.08	321.73	330.24	447.26
May.	427.52	160.55	270.98	347.38	
Jun.	212.57	163.00	235.52	404.78	
Jul.	224.16	141.33	182.56	325.23	
Aug.	238.64	113.96	145.47	214.97	
Sep.	233.84	142.66	180.00	357.74	
Oct.	107.93	140.88	179.81	322.60	
Nov.	146.25	180.54	228.68	317.66	
Dec.	215.32	208.07	321.57	395.53	



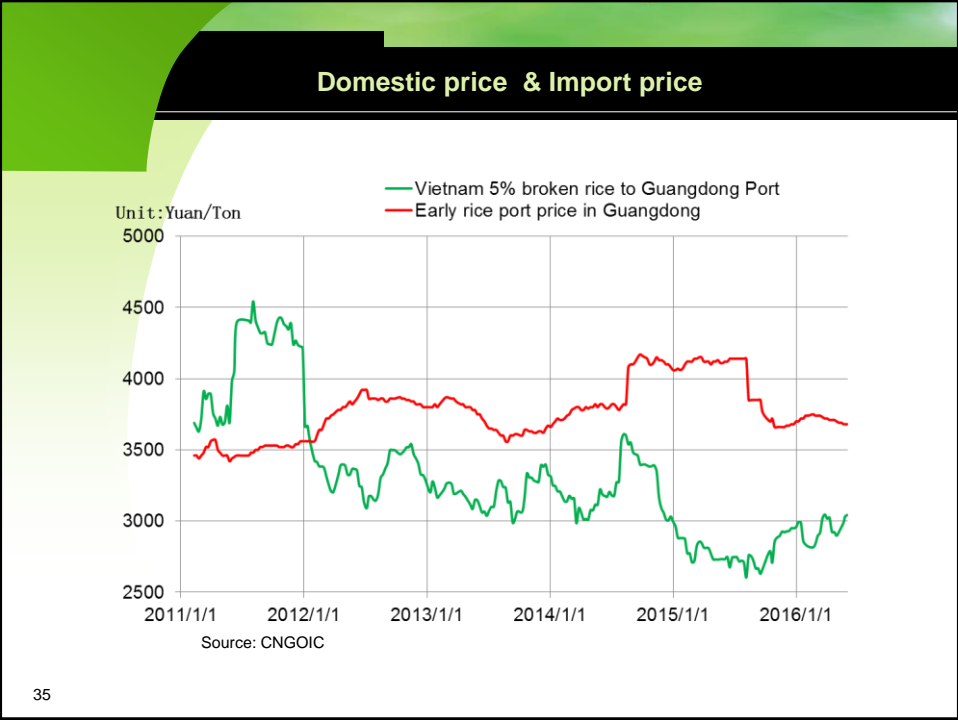
- ❖ Add the border trade and smuggling, the real rice imports reached 500-600 million tons in 2012 and 2013 and the decline in non-normal trade in 2014 and 2015 for customs against.
- ❖ In accordance with the ASEAN trade agreements, short grain rice or broken rice import tariffs reduced to 20% from 2015 and most rice import tariffs will be reduced to 5% to 2018.
- ❖ it's projected to be a bigger import of rice in 2015 because price of imported rice is still much cheaper.

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Rice Price in South East Asian Keep Decline in three Years



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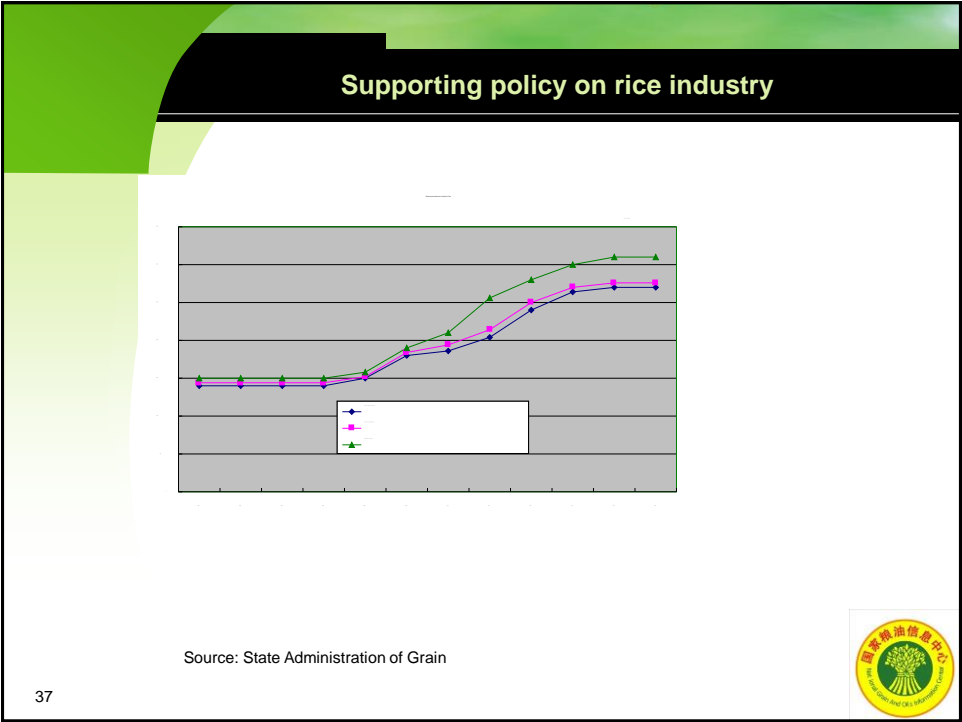


Paddy Supply and Demand, 2015/16 Market Year

Unit:1000 Tons

	2011/12	2012/13	2013/14	2014/15	2015/16
					May. For
Production	201,001	204,236	203,612	206,507	208,245
Imports	2,806	3,166	3,367	4,349	4,200
Increased Supply	203,807	207,402	206,979	210,856	212,445
Food Use	169,000	172,000	170,000	169,200	169,000
Feed Use	16,180	15,260	11,300	10,200	9,000
Industrial Use	12,000	13,000	10,800	10,600	10,200
Seed Use	1,220	1,240	1,250	1,280	1,300
Domestic Consumption	198,400	201,500	193,350	191,280	189,500
Exports	636	587	420	636	500
Total Consumption	199,036	202,087	193,770	191,916	190,000
Surplus	4,771	5,315	13,208	18,940	22,445

36 Market Year : October/September. Source: CNGOIC

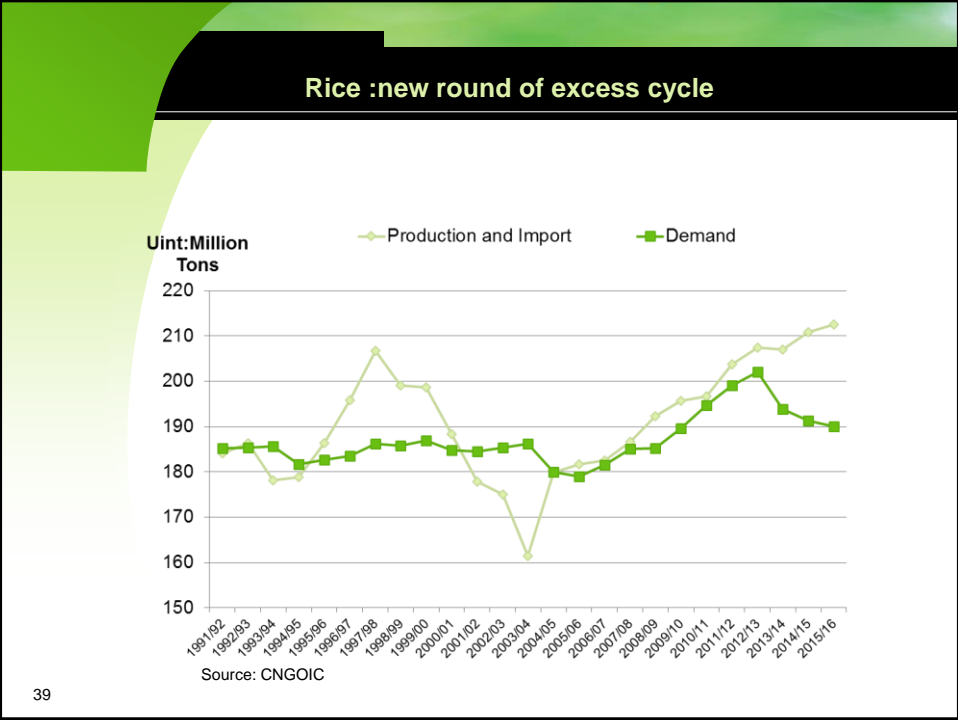


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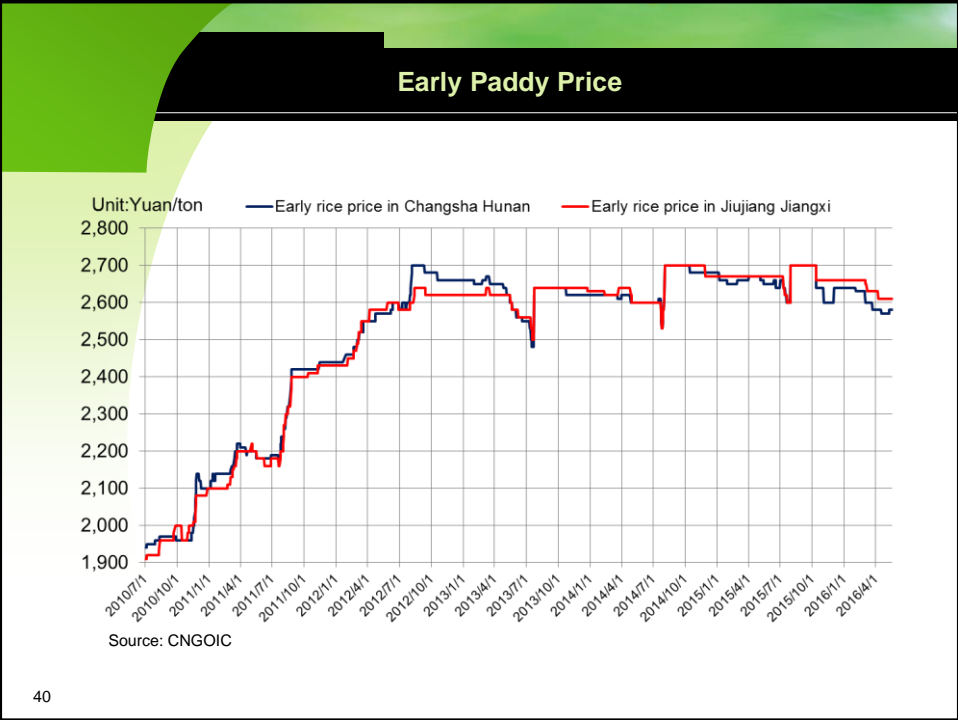
Paddy Minimum Purchase Price, 2004-2016

Year		Yuan/kg		
		Early Paddy	Middle-season & Late-Indica Paddy	Japonica Paddy
2004		1.40	1.44	1.50
2005		1.40	1.44	1.50
2006		1.40	1.44	1.50
2007	First Time	1.40	1.44	1.50
	Second Time	0.00	0.00	1.54
2008	First Time	1.50	1.52	1.58
	Second Time	1.54	1.58	1.64
2009		1.80	1.84	1.90
2010		1.86	1.94	2.10
2011		2.04	2.14	2.56
2012		2.40	2.50	2.80
2013		2.64	2.70	3.00
2014		2.70	2.76	3.10
2015		2.70	2.76	3.10
2016		2.66	2.76	3.1

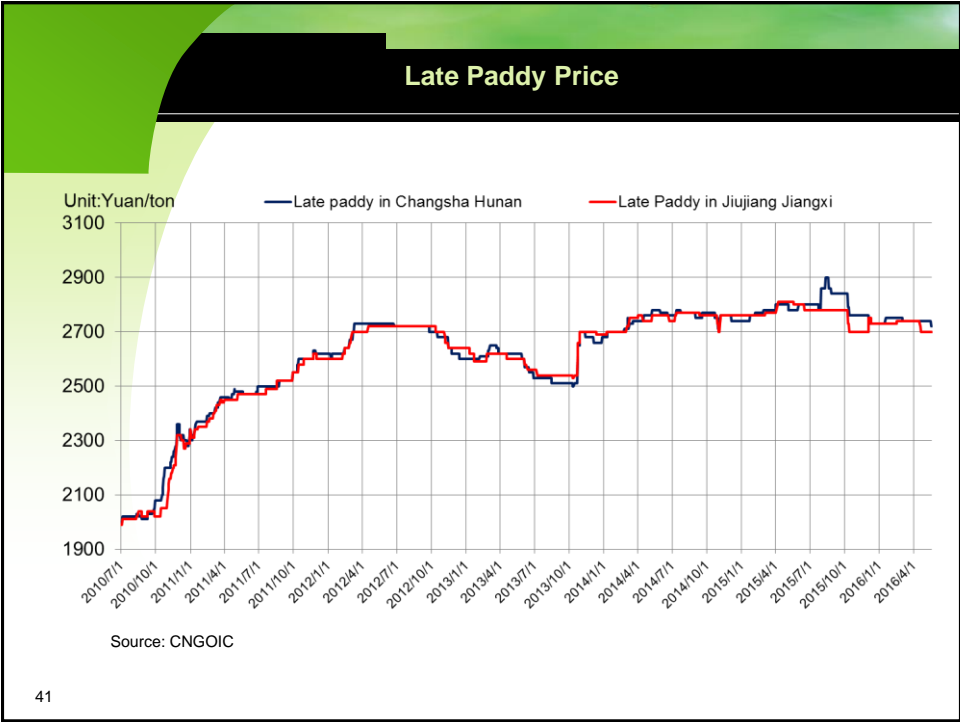
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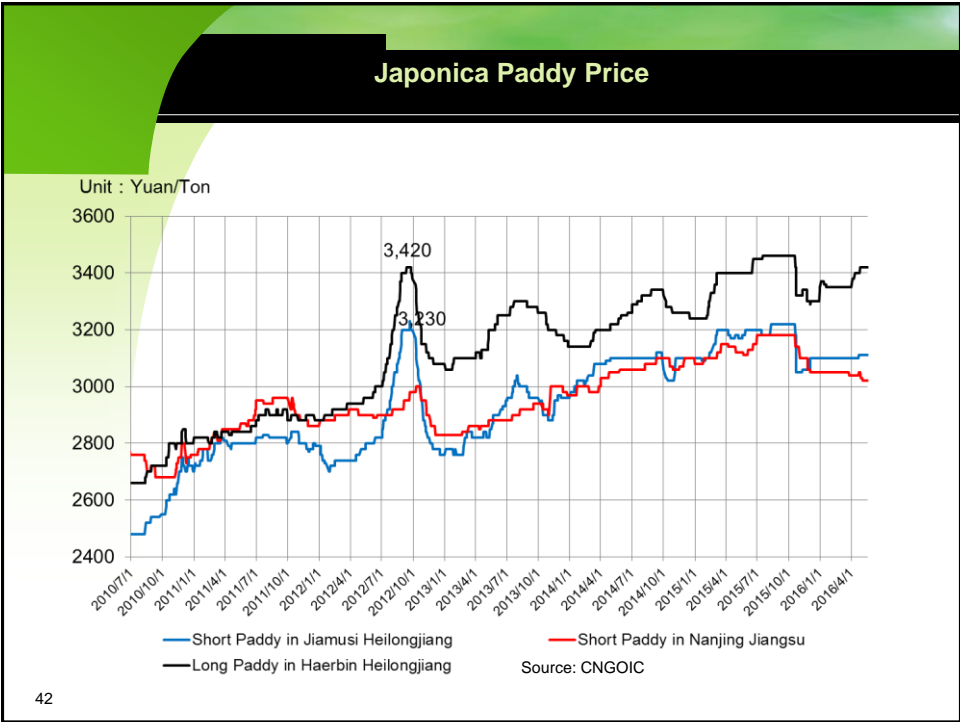
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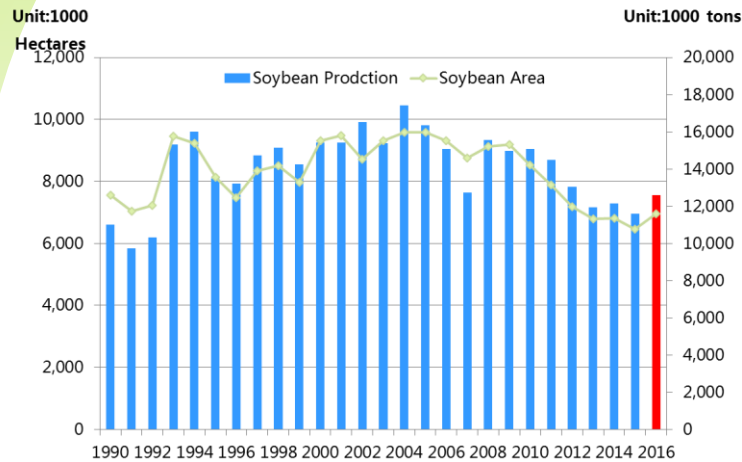
Soybean

China's soybean supply & demand

China Soybean Supply and Demand				
Unit:1,000 Hectares , Ton/Hectare, 1,000 Tons				
Item	2012/13	2013/14	2014/15	2015/16
			May- For.	May- For.
Planted Areas	7,172	6,791	6,800	6,450
Yield	1.820	1.760	1.787	1.798
Production	13,050	11,951	12,154	11,600
Imports	59,834	70,364	78,355	82,000
Total Supply	72,884	82,315	90,509	93,600
Seed and Residual Use	500	480	480	450
Food and Industrial Use	10,000	10,500	11,000	11,500
Crushings Use	63,000	67,000	72,000	77,000
Domestic soybean	4,000	3,000	2,500	2,000
Imported soybean	59,000	64,000	69,500	75,000
Feed Use	1,500	2,000	3,000	3,500
Domestic Use	75,000	79,980	86,480	92,450
Exports	266	215	143	150
Total Demand	75,266	80,195	86,623	92,600
Surplus	-2,382	2,120	3,886	1000

Market Year : October/September.
Surplus : difference between current year total supply and demand , not ending stocks.

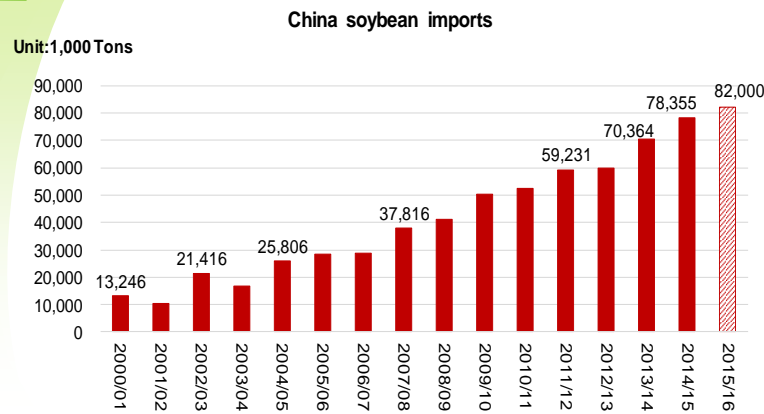
China's soybean area and production end reducing



Source: CNGOIC

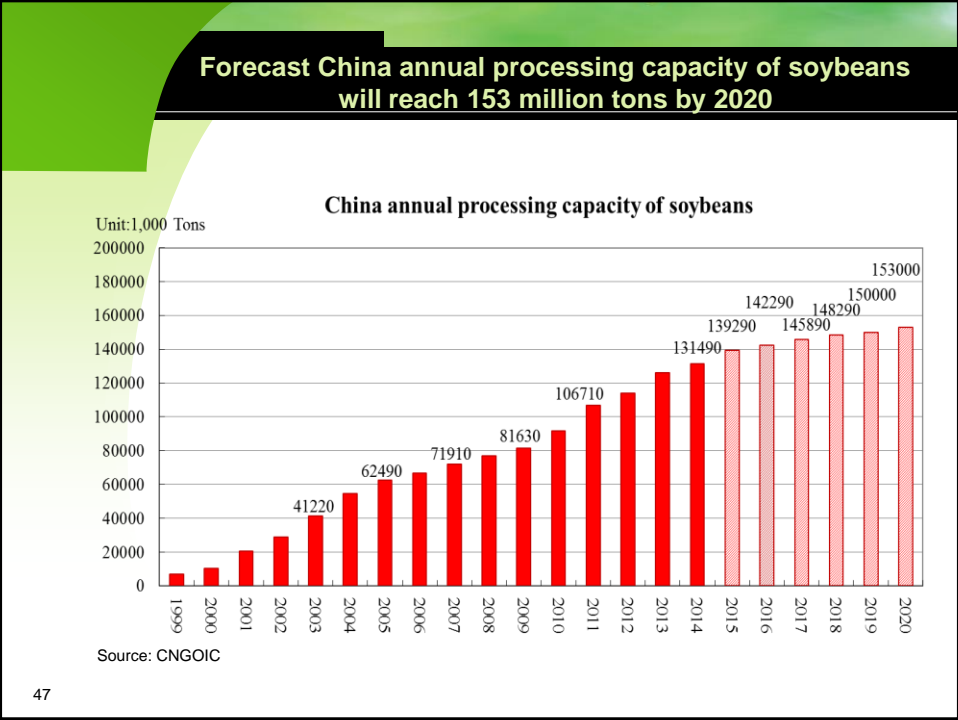
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China's soybean imports continue to create a record high



Source: CNGOIC

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The soybean policies

- In 2008, China first time to start the temporary purchase and storage policy on soybean. Total purchase 19 million tons of soybean during 2008-2013. the purchase supporting price raised annually, about 24.32% from 2008 to 2013.

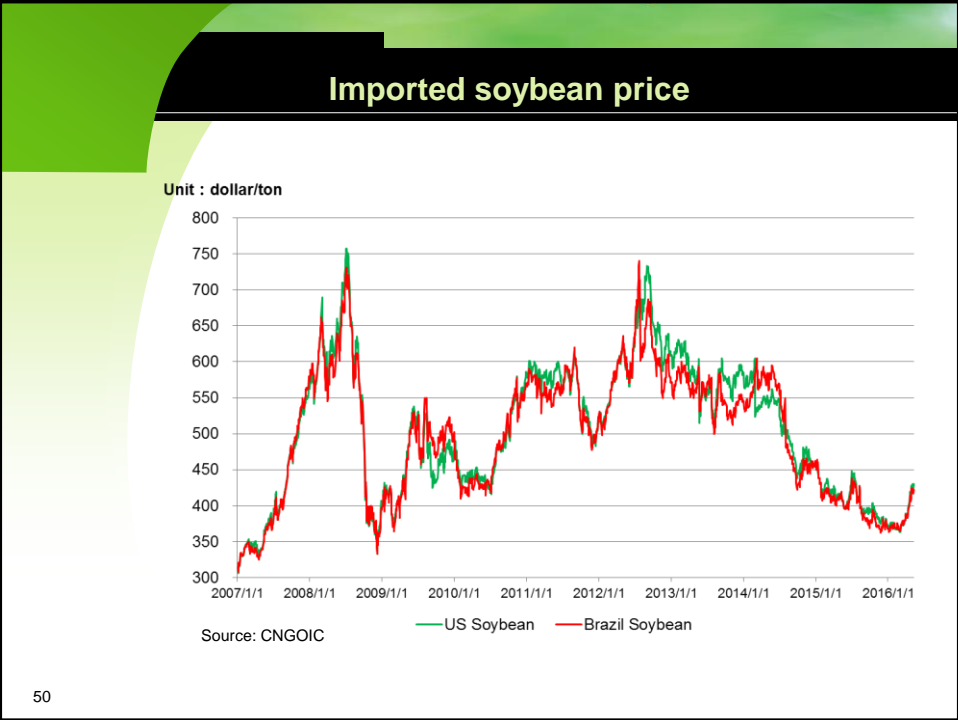
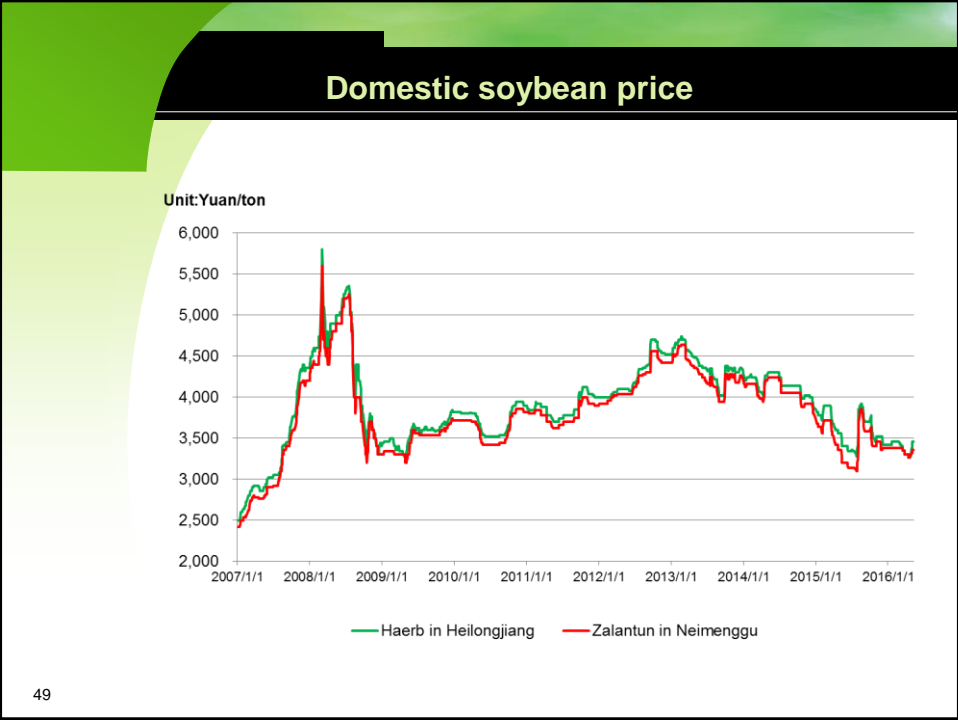
YEAR	2008	2009	2010	2011	2012	2013
Support price (Yuan/ton)	3700	3740	3800	4000	4600	4600

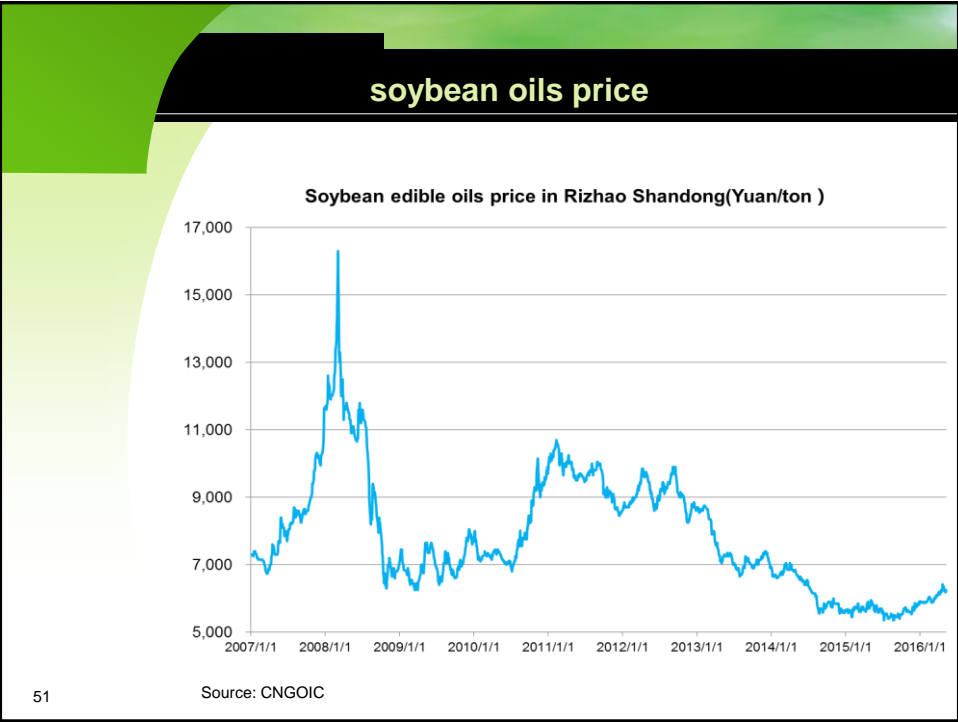
- In 2014, china Start implementation of the soybean target price pilot, and the target price remain 4800 Yuan/ton in 2015 and 2016.

YEAR	2014	2015	2016
Target price (Yuan/ton)	4800	4800	4800

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THANK YOU !

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