

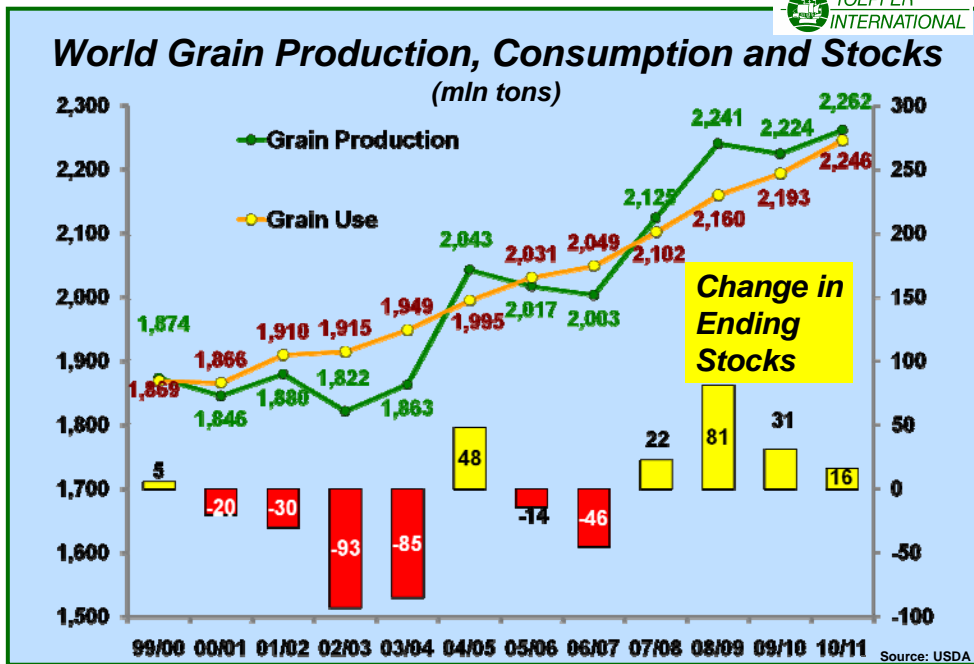
XXV FEFAC Congress Hamburg, 9-11 June 2010

Developments on the markets for grain, oilseeds and feedstuffs

Klaus Schumacher

Market Developments – Factors to Watch

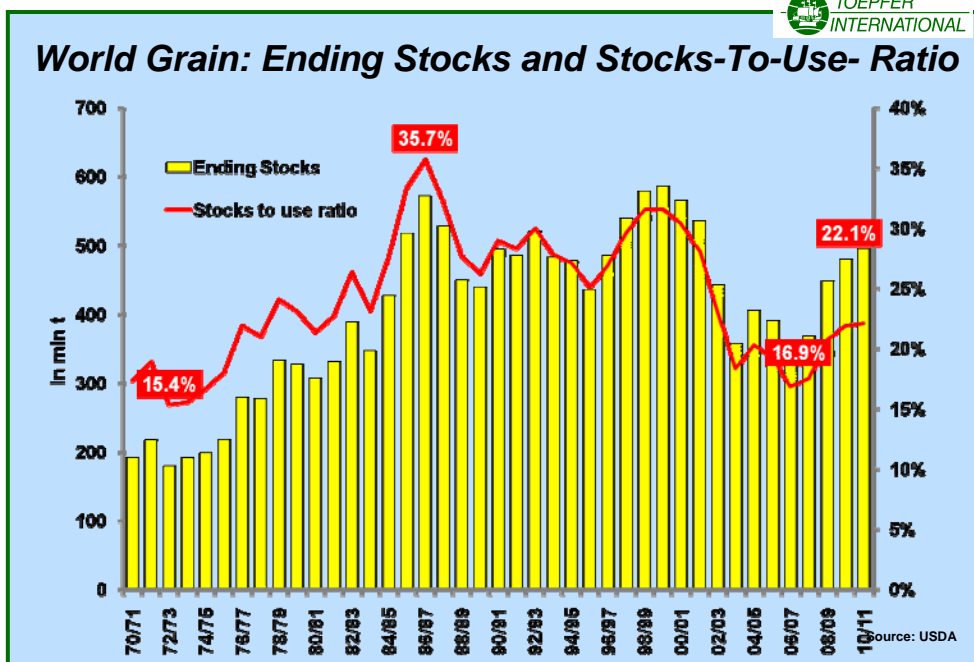
- 1. Agricultural Market Fundamentals**
 - Supply & Demand
 - Stocks and Stocks-to-Use Ratio
 - Weather and growing conditions
- 2. Overall Commodity Market Impact**
 - Crude oil prices and level of biofuels production
 - US-Dollar development
 - Institutional investors / index funds
 - Freight rates
- 3. Macroeconomic Factors**
 - World economy / GDP growth
- 4. Political Factors**
 - Market interventions
 - Biofuel mandates
 - Sustainability certification
 - Food versus fuel debate
 - GMO



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Chart 3

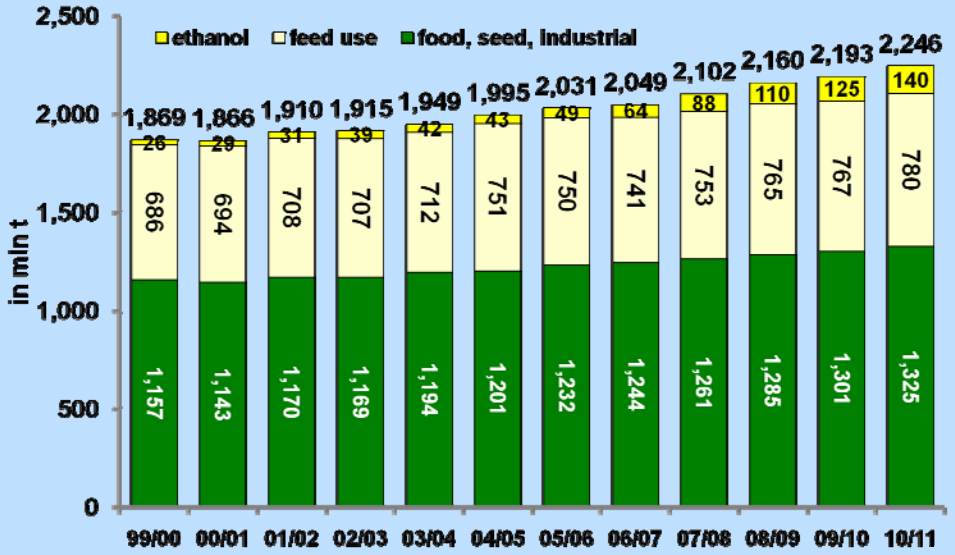


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Chart 4

World: Rising Grain Use in all Sectors (mln tons)

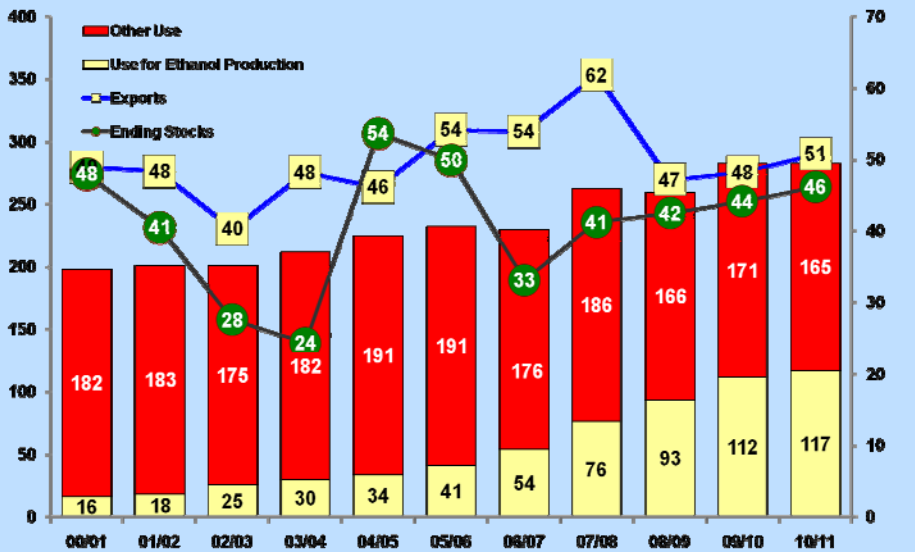


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Chart 5

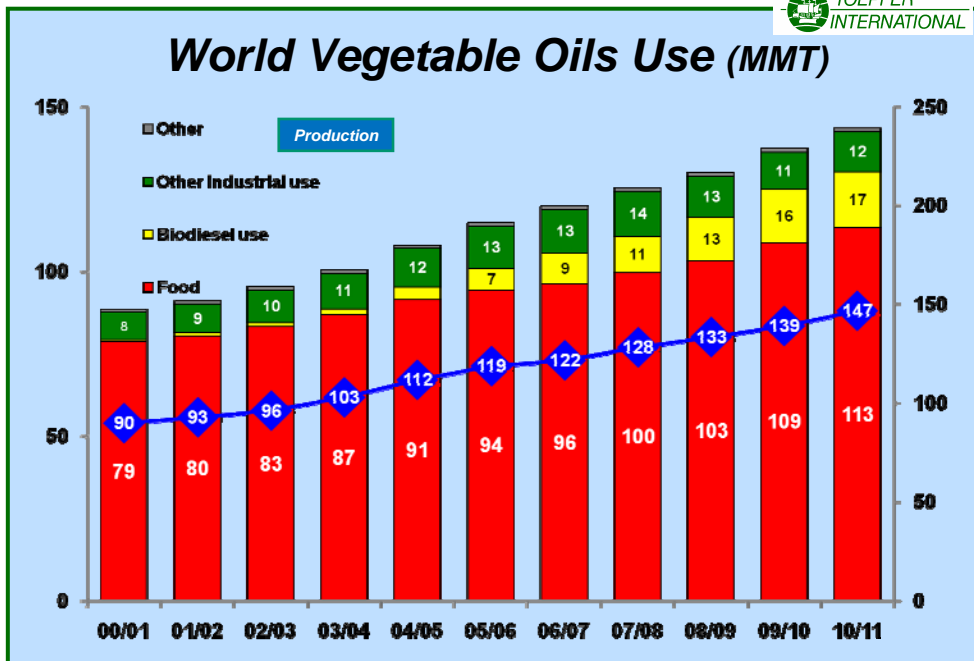
Use of Corn in the USA – Ethanol takes the Lead (mln t)



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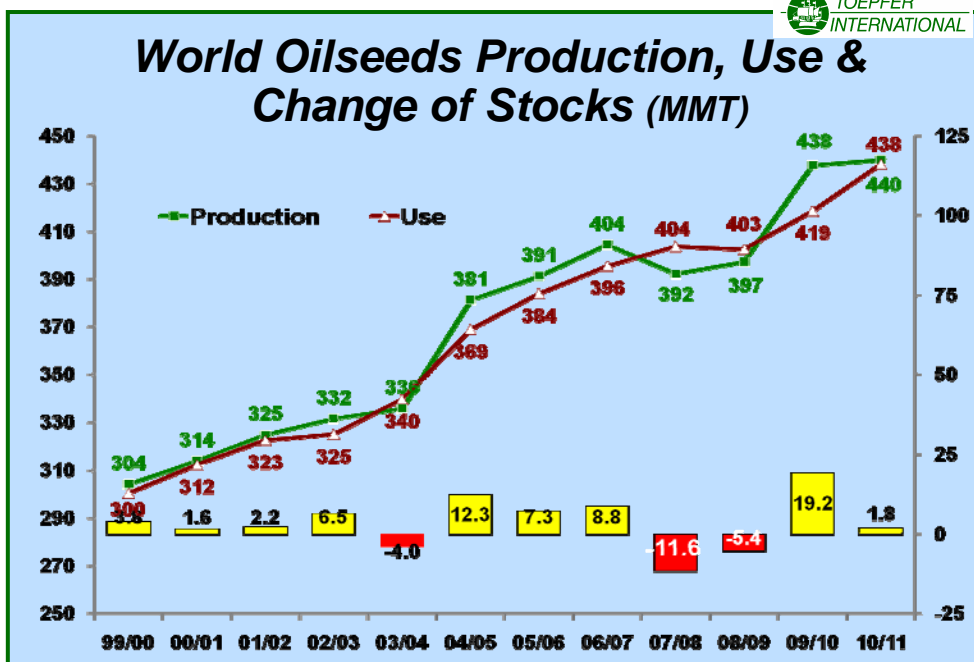
Chart 6



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Chart 7

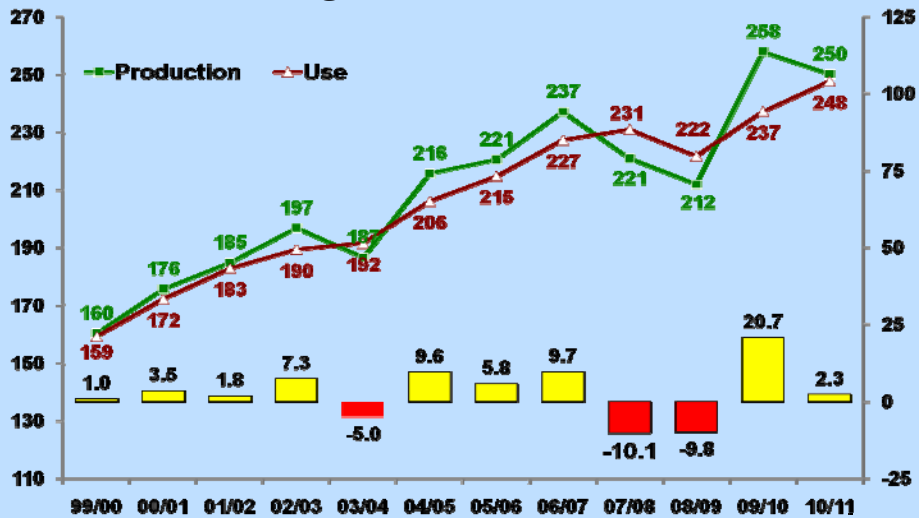


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Chart 8

World Soybean Production, Use & Change of Stocks (MMT)

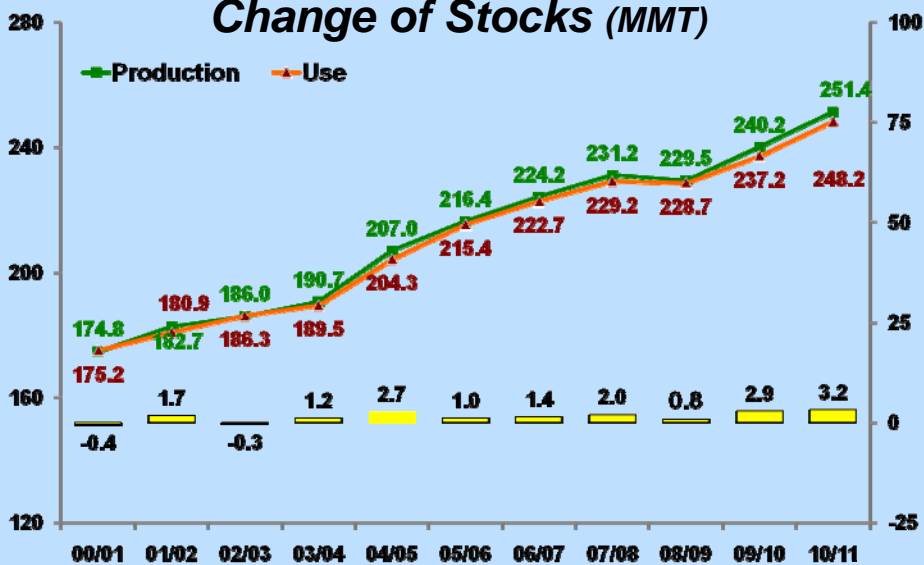


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Chart 9

World Oilmeals Production, Use & Change of Stocks (MMT)

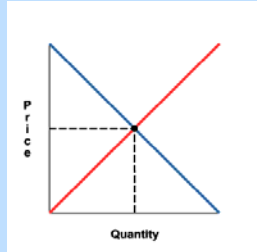


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Chart 10

Overall Commodity Market Impact on Grains & Oilseeds Markets



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Chart 11

Freight Rates – Increasing Volatility (USD per day / Baltic Exchange Panmax)



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Chart 12

Value of the US-Dollar – the weaker, the higher commodity prices move



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Chart 13

Price Relationship Crude Oil & US Maize

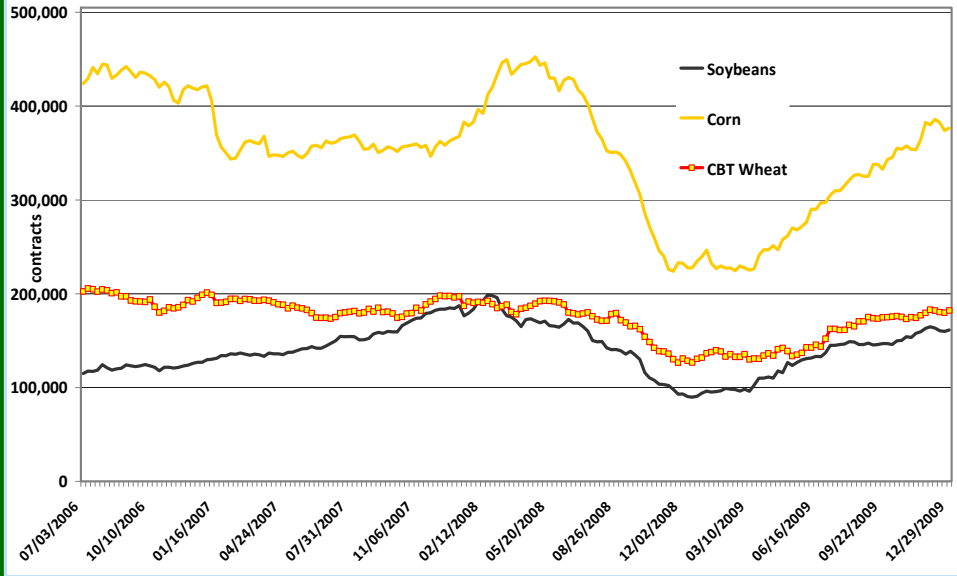


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Chart 14

Position of Index Funds - contracts



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Chart 15

GMO Issues – EU Regulations and their Impact on the EU Food and Feed Markets

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International FEFAC Congress Meeting

Chart 16

EU Food & Feed Chain Dependent on Imported Raw Materials

- **The EU's Self-Sufficiency:**
 - Soybeans 5 %
 - Soybean meal 32%
 - Protein-rich feedstuffs 49 %
 - Vegetable oils 67 % (incl. imported oilseeds)
 - Vegetable oils 35 % (excl. imported oilseeds)

- **EU captures 20 % of world trade in soybeans**

What is at Stake for Farming and Food & Feed Industries in the EU?

- **Guaranteeing a sufficient supply of raw materials that need to be imported**

- **Competitiveness of EU farming, food & feed processing industries both on domestic and international markets**

“The European Commission should work towards tackling the issues of asynchronous authorization of GMOs already authorized in third countries and not yet authorized in the EU”
(High Level Group on Competitiveness of EU Agro-Food Industry)

- **Food security / degree of self-sufficiency**

EU Food & Feed Chain Urgently Needs Lasting Solutions

- **Timely, science-based approvals**
- **Member states that respect existing legislation**
- **A workable risk assessment & risk management for stacked events**
- **A more synchronized approval process in country of cultivation/export and country of import**
- **A low-level presence (LLP) policy for food & feed**
- **Legal certainty**

Long-term Outlook for Agricultural Markets

- **Recent FAO estimate for World Food Summit:**
 - **World population to reach over 9 bln by 2050**
 - **World food production needs to grow by 70 pct until 2050**
 - **Impact of biofuels on food security to be monitored closely**
- **Sufficient availability of agricultural products for food, feed, fibre and fuel only possible through a combination of**
 - **higher yields,**
 - **higher acreage planted, and,**
 - **reduced losses.**

Policy Messages for CAP Beyond 2013

- **Potential gains in productivity to be fully utilized;**
- **Unused arable land in southern Africa, South America, the FSU has to be brought into cultivation (FAO estimate: 70 mln hectares needed);**
- **Sustainability certification has to be done in a responsible, practical, manageable way;**
- **Markets and prices to allocate available resources in the most efficient way.**

Thank You for Your Attention !