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### Grains Outlook

The outlook for the coming season for supply of grains is good, but the projected surplus depends strongly on the US corn output. However, considering the worldwide level and the distribution of stocks, the situation remains fragile, despite the recent price declines.

Australia wheat and canola areas have a mixed outlook for the key spring months from August to October..

In Europe, The wetter than normal outlook for Europe shows no sign of changing and continues to make it likely that the wheat harvest, especially France and Germany, could see notable quality declines and outright losses.

### Dairy

Brazilian dairy imports have fallen sharply this year - despite drastically reduced domestic milk supplies.

EU has decided to stop Milk Quotas in 2015. Production quotas will pass definitively into European Union history with effect from April 1 2015, following confirmation that the Common Agricultural Policy will not feature any kind of supply management once the quota regime expires in two years' time.

Russia's struggling dairy sector is ripe for investment. Russian agricultural businesses, including dairy enterprises, are being squeezed by high levels of debt, in addition to the new burdens of WTO accession. This makes them ripe for foreign investment.

Australia's Murray Goulburn has upgraded its opening base milk price which is already at a record AU\$ 5.60/kg to AU\$ 5.73/kg, a massive 27% increase on the 2012/13 opening level.

### Edible Nuts

Hong Kong and mainland China have become the leading export markets for US walnuts in recent years. Turkey is another prominent market and was the top buyer of US in-shell

walnuts in the first four months of 2009, acquiring 7,699 tonnes. Meanwhile, Hong Kong had raised its off-take to 6,757 tonnes in the 2009 period from a mere four tonnes in 2008, while mainland China was purchasing 2,596 tonnes against only two tonnes in the January to April 2008 period.

European edible nut dealers have reported a slight upturn in cashew buying interest of late. Demand for the raw seeds is limited and traders are discounting their prices to generate interest as quality is deteriorating.

### Food Companies

General Mills Inc reported an increase of 18% in the group's income during fiscal year ended May 26 2013, as all of the company's three operating segments posted a growth in profits. Earnings were reported to be USD 1.85 billion, and cash flow from operating activities increased by 22%.

Scenic Fruit Company of Gresham, Oregon, said it was issuing a voluntary recall of more than 61,000 8-ounce bags of Woodstock Frozen Organic Pomegranate Kernels in the wake of the ongoing outbreak of Hepatitis A that has so far caused over 120 people to fall ill with the virus in the US.

Nestlé has announced it will invest USD52 million, in a program of research and development for its frozen and chilled products at the company's facilities in Solon, Ohio, US. The focus of the investment will be in creating new products with different and healthier nutritional profiles.

### Coffee

Vietnam - Coffee exports fall 29% in June 2013.

Vietnam exported 100,000 tonnes, or 1.67 mln 60-kg bags, of coffee in June 2013, down 29% from 140,900 tonnes in the same month a year earlier. This brought total coffee exports in the first nine months of 2012/13 (Oct/Sep) to 1.191 mln tonnes (19.855 mln bags), down from 1.255 mln tonnes (20.915 mln bags) shipped in the same period a year ago.

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### GLOBAL AGRI NEWS

The soft nature of the reference prices of the London robusta coffee market continues to encourage internal market price resistance and to impact upon the asking differentials for new business out of Vietnam, India and Indonesia and most particularly from the latter Indonesia, where the internal market price demands is strangling the supply to short sold exporters. This is resulting in many exporters having to absorb losses in fulfilling some of their forward contracts and further inflating their asking differentials for new business, in a bid to add value to cover for the losses incurred with existing business.

The early weather conditions for the development of the next crop in India have been very favorable, with the start of the June to September summer monsoon rain season having been up to 104% above average over the coffee districts in the south central regions of the country. However, there are concerns with the relatively low price levels that farmers have been gaining for their new coffee crop which shall impact upon their ability to invest in the full inputs that shall be required to maximize the potential for the next crop that is due to come into play from the end of this year.

With the main coffee districts of Brazil exceeding their monthly average rainfall, ground water retention levels have been built up in the south central Arabica coffee districts which are presently in full harvest.

### Oilseeds

First indications of the supply & demand outlook for 2013/14 have a bearish tone for oilseeds and products. It is estimated that world supplies of 10 oilseeds is to increase by 27.4 Mn T.. Also for most of the 17 oils & fats the price prospects are bearish. This is primarily based on the forecast of a significant increase in world production by 6.5 Mn T next season.

After a slow start, Brazil's monthly soybean exports reached a record 8 million tons in May. Strong demand, as evidenced by record number of ships awaiting loading, and round-the-clock loading contributed to the extraordinary exports over the past two months. For 2013/14, global

soybean production and trade are reduced slightly with a smaller crop and exports from Ukraine. The season average U.S. farm price is up reflecting strong futures prices.

Ukraine's soybean exports are cut 100,000 tons to 1.9 million on a reduced crop.

EU sunflower seed exports are reduced 150,000 tons to 350,000 on a smaller crop. Russia's sunflower seed exports are doubled to 200,000 tons with near record supplies.

Total Palm oil production in June 2013/14 from major palm oil producing countries stands at 58,077 thousand metric tons. The ending stocks for this month stood at 9,548 thousand metric tons.

Total world Oilseed, Rapeseed production for June 2013/14 stood at 63,094 thousand metric tons with ending stocks at 2,589 thousand metric tons.

Total world Oil, sunflower seed production for June 2013/14 stands at 14,984 thousand metric tons while the ending stocks for the same period remains at 2,706 thousand metric tons.

Minor vegetable Oil Supply and Distribution that includes peanut oil, cotton seed oil, and olive oil production (June 2013/14) stands at 5,291, 5,254 and 3,275 thousand metric tons respectively with ending stocks at 83, 166 and 409 thousand metric tons respectively.

## Vegetables

Weather impacted production of fresh vegetables in U.S. desert-growing regions, Mexico and Florida in early 2013 and February shipments of fresh-market vegetables were 14 percent below comparable levels from the previous year. The first-quarter 2013 grower price index for all vegetables is up 83 percent compared with the first quarter of 2012 and up almost 60 percent above fourth-quarter 2012.

California tomato processors intend to contract 2.8 percent more processing tomatoes in 2013 than the previous year. A record yield of 49.8 tons per acre is expected— up 2.5 percent from last year.



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