International Grains Council
Conseil international des céréales
Consejo Internacional de Cereales
Международный Совет по Зерну

GEN(23/24)Misc.2
Restricted

18 January 2024

Short-term analysis of global seaborne wheat flows

This note provides information on the recent observed changes in global wheat trade flows, focussing on deliveries via the Suez Canal and alternative routes, and complements the document GEN(23/24)Misc.1 circulated to IGC members on 16 January 2024.
The below analysis is based on real time shipping data compiled by Kpler, which is regularly processed and analysed by the IGC Secretariat for the publicly accessible WTO/IGC Dashboard on wheat maritime trade and food security. The Dashboard offers a tool for monitoring short-term trends in international wheat flows in response to changing market conditions and enables the analysis of longer-term trends.

The Council session on 24 January 2024 will provide an opportunity to update IGC members on the latest market development, including in relation to the situation in the Red Sea and the Gulf of Aden. The Secretariat will continue to closely monitor grains market dynamics based on real-time shipping data – a complimentary source to official customs statistics.

Access to charts on the WTO/IGC Dashboard on wheat maritime trade and food security:

https://globaltradedata.wto.org/real-time-data-based-on-non-wto-data-sources

General points – Exports/Imports

After a relatively strong start to the 2023/24 marketing year (Jul/Jun), world seaborne wheat imports have been consistently falling short of respective last season's volumes since September 2023. With a temporary upturn in export prices and delivery costs in early-December 2023 likely further impacting overall buying interest, cumulative MY deliveries through mid-January 2024 were estimated to be marginally below last season (compared to a 13% year-on-year increase four months ago).

Amid increased security risks, available data points to a surging volume of re-routed vessels to avoid the Suez Canal in the past two weeks, albeit with no major impact on total deliveries (all routes) to Asia or Eastern Africa noted to date.

Situation in the Red Sea/Gulf of Aden and wheat shipments

- In light of recent reported attacks on cargo vessels in the Red Sea and the Gulf of Aden – with the latest incidences involving bulk vessels – shipping data indicates a drop in total grains and oilseeds volumes transiting via the Suez Canal, with companies increasingly re-routing cargoes via southern Africa or other alternative routes.

- Total grains and oilseeds shipments via the Suez Canal declined from 7.2 million tonnes in November 2023 to 5.9 million tonnes in December, mainly because of a drop for US soyabeans. Although the month-on-month fall could be partially explained by seasonal factors and adverse weather conditions at some Black Sea ports, the December volume was also around one-fifth lower year-on-year and 15% below the three-year average. A sharper drop in transits via the Canal was noted in the first half of January, with the total of around 0.9 million tonnes down threefold year-on-year and 63% below the three-year average for that period.

- For wheat, the initial impact was somewhat muted, as the volume of transits via the Suez Canal during December 2023 edged 0.2m higher from the month before, to 2.6 million tonnes, up by 16% from the three-year average. However, the flows plunged in the first half of January, estimated at 0.5 million tonnes, almost 40% lower year-on-year and one-quarter below the average.

- Looking specifically at wheat shipments from the EU, the Russian Federation and Ukraine to selected Asian countries and Eastern Africa, which normally mostly go via the Suez Canal, total shipments (all routes) during December of 2.4 million tonnes broadly matched last season. Out of the total, around 8% was delivered via alternative routes avoiding the Suez Canal, up from a normal share of just 3%. **The share of alternative routes has surged to 42% during the first half of January, with around 0.3 million tonnes transported avoiding the Canal, out of the total of 0.8 million tonnes. Overall, from the start of December to mid-January, around 0.5 million tonnes of wheat from the EU, the Russian Federation and Ukraine to Asia and Eastern Africa was transported via alternative routes, 16% of the total of 3.3 million tonnes. This was up from just 50,000 tonnes one year ago.**

- For individual exporters, shipments via alternative routes from the EU from the start of December to mid-January totalled 330,000 t (50,000 t same period last year), mainly from France, Romania, Lithuania and Latvia. Around 190,000 t have been diverted via alternative routes from the Russian Federation over the same period (zero one year ago). All shipments from Ukraine to the above Asian and Eastern African countries continued to transit via the Suez Canal during December and January.

- Nonetheless, the surging number of diversions appears to have had a limited impact to date on total deliveries (all routes) from the EU, the Russian Federation and Ukraine to Asia and Eastern Africa. Although the volumes have mostly eased in recent weeks, in part reflecting a seasonal pattern, all-route shipments held up well compared to previous years, with deliveries in the first half of January of 0.8 million tonnes broadly matching the volume over the same period a year ago.

Bi-weekly / cumulative wheat imports/exports

- As highlighted by latest shipping data, the 2024 calendar year has started on a relatively weak note for seaborne trade in wheat, with global arrivals during 1-15 January estimated at 5.7 million tonnes, 16% below the same period a year ago and 10% short of the prior three-year average.
- Incorporating the data for the first half of January, accumulated imports since the start of the 2023/24 July/June marketing year reached 73.4 million tonnes, down 1% from the same date one year ago and 5% below the three-year average. This highlighted a continued slowdown of flows versus the previous year, as the cumulative volume was up by 17% as of end-August 2023 and up by 6% as of end-October.
- Given the time gap between purchases and actual deliveries, the relatively lacklustre volume of imports during the first half of January could be linked to an early-December uptick in global wheat export prices (reflected by the IGC Grains and Oilseeds Index), which was led by the US, where values were underpinned by bumper wheat sales to China. This was coupled with a temporary spike in average freight rates, as demonstrated by movements in the IGC Grains and Oilseeds Freight Index. The Index touched its highest in six months in early December, but retreated thereafter, currently quoted at a four-month low.
- Preliminary data for exports – often subject to subsequent updates – showed dispatches from monitored ports of 4.8 million tonnes during 1-15 January. This included 1.1 million tonnes from each the Russian Federation and the EU (mainly France, Germany, Romania and the Baltic States). The data also indicated a seasonal acceleration in Australia's shipments, with dispatches over the fortnight estimated at 0.8 million tonnes, the highest since the second half of August.
- January wheat dispatches from Ukraine's deep sea ports included cargoes destined for Egypt and Pakistan, with cumulative marketing deliveries to the latter at around 0.3 million tonnes, while there were no reported deliveries to that destination during the previous 2022/23 season.
- The recent modest decline in global imports masked significant mixed changes across monitored sub-regions, as smaller deliveries to Northern and Eastern Africa, as well as to parts of the Americas, contrasted with larger imports by Asia.
- Notably, imports by South-eastern Asia progressed at an unusually strong pace in recent weeks, with 1-15 January arrivals of 1.2 million tonnes a marketing-year high and a 25% increase compared to the second half of December. This took MY23/24 (Jul/Jun) cumulative sub-regional imports through mid-January to 12.3 million

tonnes, one-third higher year-on-year and 13% above the three-year average. The solid year-in-year rise reflects brisk purchases by most regional importers, including Indonesia, the Philippines, Thailand and Vietnam, who have shifted from supplies out of Australia, Argentina and Ukraine to other Black Sea origins and Canada.

- In contrast, seaborne imports by other Asian sub-regions continue to trail last season and the average, with cumulative volumes for Western, Southern and Eastern Asia at 9.2 million tonnes (-18% year-on-year), 5.1 million tonnes (-7%) and 8.5 million tonnes (-6%), respectively. Notably, all countries in Western Asia, barring Bahrain, Georgia and UAE, have been smaller buyers this season compared to last year, with the largest declines noted for Jordan, Turkey and Yemen.

- African sub-regions also exhibit divergent trends in seaborne imports. Cumulative deliveries to Northern Africa, the world's largest importing sub-region, totalled 16.3 million tonnes as at mid-January, down by 15% year-on-year (-8% as at end-September, -13% by end-November). To a large extent, the annual drop is attributed to lagging purchases by Egypt, amid tight currency availability, but with smaller arrivals also reported to Libya, Sudan, Tunisia and Algeria. Nonetheless, supplies in the latter are expected to be boosted in the coming months, following recent large tender purchases of milling wheat and durum.

- Imports to date by other African sub-regions, namely Eastern, Western, Middle and Southern Africa, are steady or higher year-on-year. Driven by stronger purchases by Nigeria, cumulative imports by Western Africa through mid-January were up by 13% year-on-year, at 5.0 million tonnes. However, in that sub-region, Senegal has sourced markedly smaller volumes to date compared to last year (0.6m million tonnes, -20% year-on-year), as reduced deliveries from France have not been compensated by alternative origins.

- For Eastern Africa, which typically sources a major portion of its wheat supplies from the Black Sea region and the EU, the recent shipping data indicated no disruption in deliveries. Although the volume during 1-15 January dropped slightly from the previous fortnight, to around 0.3 million tonnes, the amount broadly matched the average for the prior three months, while earlier deliveries during December of 0.7 million tonnes were 63% higher than in the month before and broadly matched the same month last season.

Expected arrivals (wheat)

- As at mid-January, the total volume of transiting wheat cargoes around the world was estimated at 10.6 million tonnes, up from 9.9 million tonnes as at the end of December. This included 8.2 million tonnes with specified destinations.

- The line-ups continued to be dominated by South-eastern and Eastern Asia, with respective expected arrivals of 1.6 million tonnes and 1.5 million tonnes, originating from a wide range of suppliers, including Australia, Canada, the EU, Ukraine and the

US. Around 0.3 million tonnes was also destined from Brazil to the Philippines and Vietnam, likely mostly comprised of feed quality supplies.

- A relatively large volume of 1.4 million tonnes was destined to Northern Africa, with increasing line-ups noted for Egypt and Morocco, which might help to narrow the existing gap with previous year's purchases.
- The data pointed to declining volumes in-transit to Eastern Africa. As at mid-January, around 0.4 million tonnes was in transit to that sub-region, down from 0.7 million tonnes as at the end of November. The latest line-up included around 180,000 tonnes transiting from the Russian Federation and the EU (Latvia) to Kenya, with most of the volume (122,000 t) transported via alternative routes avoiding the Suez Canal.

Exporter line ups (wheat)

- Reported current loadings as at mid-January included around 160,000 t in Australia, destined for South-eastern Asia, notably for China, South Korea, Indonesia and Vietnam.
- Data for the Russian Federation showed continued loadings for Indonesia (around 50,000 t), Pakistan (120,000 t) and Turkey (50,000 t).

Delivery times

- Calculated journey times (from dispatch to unloading) show that the average delivery period for global wheat shipments over the past three seasons (Jul/Jun) was close to one month (27 days).
- Among net importing sub-regions, Southern Asia, Sothern Africa and Middle Africa have the longest delivery periods, averaging 40, 34 and 32 days over the past three seasons, respectively. The shortest delivery times are noted for such net importers as the Caribbean and Central America, totalling 19 days, on average.
- At around 27 days, the global average delivery period during July-November 2023 was similar to the average for the prior three years. However, longer than normal deliveries were reported for Southern Africa, averaging 45 days (three-year average at 34 days), which was mostly linked to relatively longer journeys from the EU (Romania) to South Africa. In contrast, delivery times for Southern Asia have receded to more normal levels in recent months after spiking during the first half of 2023, when unloading delays were reported at Iranian ports.
- An upturn in average delivery periods was noted for Western Asia during the past five months, to around 33 days (prior three-year average at 27 days). This was largely tied to longer than normal deliveries from the Russian Federation's ports of Kavkaz and Novorossiysk.