

PRESS RELEASE

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Wheat export: InVivo is mobilised in order to provide solutions to cooperatives and international clients

With a wheat harvest 25 to 30% lower than last year, which means between only 28 and 30 million tonnes, a very difficult context has been presented for all of the sector's stakeholders. The export potential of French wheat will likely drop 40% - 9 million tonnes - in relation to 2015.

Faced with this situation, and the very strong global competition given the better harvests in other major wheat producing countries, InVivo and its cooperatives are mobilising themselves in a search for the best market opportunities, thus promoting France's exportable production.

InVivo's international presence helps ensure that its customers receive a supply of wheat from other origins, therefore preserving France's place in the world market.

France's 2016 harvest down between 25-30% compared to 2015

By 9th August, a third of the potential wheat area has not yet been harvested, notably in major wheat producing regions: Normandy, Champagne, Hauts-de-France, and eastern France.

Until mid-July analysts expected a wheat harvest in France ranging from 35 to 37 million tonnes. From the beginning of the harvest, forecasts were less optimistically revised day by day. France has never experienced the climatic circumstances that occurred in May and June, which affected the Centre, Bourgogne-Franche-Comté, Alsace-Lorraine-Champagne-Ardenne, Ile-de-France and Hauts-de-France regions during the anthesis and grain filling period, which is a crucial period as it determines yield. Currently, the forecast for the French harvest is around 28 to 30 million tonnes.

Very high global harvest - low prices

Internationally we foresee stable demand from countries importing wheat, equivalent to that of previous years. The world production of eight major exporting countries for 2016-2017 is very high, so prices drop automatically.

Wheat production in millions of tonnes			
	Eight largest exporting countries	Europe	France
2016	370	137.6	29.8
2015	363	151.4	40.9
Average for last 5 years	343	138.4	36.9

Common wheat production average for the eight largest exporters over the last 5 years in millions of tonnes							
U.S.	Canada	Europe	Russia	Ukraine	Kazakhstan	Australia	Argentina
55.2	24.2	138.4	53.2	20.8	14.7	25.1	11.4

At present, production decline is also predicted for Germany, Poland, and Benelux, for the same climatic reasons as France. Nevertheless, even if harvests in these countries turn out to be lower than predicted, this would not seem likely to fundamentally change the world market situation and raise prices.

Forecast of French wheat exports down 40%

In this context InVivo foresees a drop of 9 million tonnes in French wheat exports, a 40% decrease compared to last year.

In 2015 France exported nearly 20 million tonnes of wheat, or about 12% of the international export flows of the eight largest exporters (around 165 million tonnes). This year, export volumes will be around 11.5 million tonnes. France would therefore only account for about 7% of international wheat flows (around 163 million tonnes). The exported French volume will be the lowest since 2001 (11.1 million tonnes) and just below 2007 (12.1 million tonnes).

French wheat exports over the last 5 years in millions of tonnes						
Year	2011	2012	2013	2014	2015	Estimation InVivo 2016
Total exports	16	17	19	19	20	11.5
EU exports	7.5	7	6	8	7.5	6.7
Non-EU exports	8.5	10	12	11	12.5	4.8

Cooperatives and InVivo Trading, France's largest wheat exporter, have mobilised to provide solutions

Now, cooperatives, port silos, and InVivo Trading have mobilised to deal with what treatment: segregation, cleaning, and grain grading to make quality wheat batches meeting customer needs.

Traditionally, France is an exporter of milling wheat and if it needed to export wheat as feed wheat, InVivo Trading would be able to find opportunities as it has in previous years: InVivo Trading already exports feed wheat to Spain and Asia, where it has an office in Singapore.

Cooperatives and InVivo Trading prepare to seize market opportunities

InVivo Trading prepares to seize market opportunities when they are present. This is true for both milling and feed wheat. InVivo analysts and traders have the means to understand and analyse markets; the challenge lies in seizing these opportunities.

Unlike in previous years, wheat exports will not occur at a steady pace. Operators must be organised differently to be able to seize any opportunities, for example when countries on the Black Sea (Russia, Ukraine) will be less aggressive with pricing.

Windows of opportunity are likely to be very small: a few days or a week. Logistics will be a vital element: hasty delivery of grain from cooperatives to maritime port silos for export to non-EU countries, and quick boat loading. InVivo and cooperatives with solid logistical expertise will be on hand.

InVivo Trading has prepared for several years to be continuously present on the world market, as it is the only way to retain France's traditional customers: Morocco, Algeria, West Africa, and the Middle East.

InVivo Trading is developing a multi-origin multi-destination model allowing it to meet its customers' demands when French wheat does not meet their specific requirements or requested prices, and to find new outlets for French grain during better harvests, such as last year.

This year, France's traditional customers will be provided with wheat from other origins (Black Sea, Northern Europe, North America, Argentina), and with French wheat when the opportunities arise. This is how InVivo Trading will be able to retain traditional French wheat customers, promote French wheat collection for the coming years, and maintain France's position on the world market.

About InVivo

The InVivo group comprises 216 cooperatives bringing together over 300,000 farmers. The Group employs 8,400 people in 30 countries and works in four main activities: Agriculture (seeds, agricultural supplies, international grain trading), Animal Nutrition and Health, Retail, and Wine. It reported revenue of €5.7 billion in FY 2014-2015. To learn more visit: www.invivo-group.com - www.twitter.com/InVivoGroup

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