

Executive summary

Introduction

This publication discusses the market developments of the most important agricultural commodities in 2019, mainly by presenting price trends. Further, based on preliminary quantitative information from 2019, it describes the fundamental changes in supply and demand. In addition, it gives short forecasts on next year's prospective trends.

Methodology

The analysis is based on the price information and data of the Market Price Information System managed by the NARIC Research Institute of Agricultural Economics, from various Hungarian and international sources, and from the production, industrial statistics and external trade reports of the Hungarian Statistical Office (KSH). The publications of the Organisation for Economic Co-operation and Development (OECD), of the Food and Agricultural Organization of the United Nations (FAO), of the United States Department of Agriculture (USDA) and of the European Commission (EC) were used to present the prospective supply and demand trends in Europe and worldwide. The demonstration of the market processes was carried out according to the following structure:

- Global and European market trends.
- Market trends in Hungary:
 - supply, domestic production, imports and stocks;
 - demand, domestic sales, exports.
- Market price trends: worldwide, in the European Union (EU) and in Hungary.

Results

According to preliminary data, world cereals production (excluding rice) increased by 2 per cent, and the level of utilisation by 1 per cent in the 2019/2020 marketing year compared to the previous season. The stocks may ease by 2 per cent since this season's cereals output (excluding rice) is lagging demand by 0.5 per cent. Owing to the 1 per cent decline in the harvested area (1.02 million hectares) and the 3 per cent gain in average yields (5.3 tonnes per hectare), 5.37 million

tonnes of wheat were harvested in Hungary in 2019, 2 per cent more than last year's figure. The weather conditions in 2019 were favourable for maize production, which was reflected in the results. Despite the shrinking average yield (by 5 per cent to 8.05 tonnes per hectare), production in 2019 grew to 8.271 million tonnes (+4 per cent) because of a 9 per cent increase in the area of maize (to 1.03 million hectares). The producer price of milling wheat increased by 3 per cent to HUF 52.4 thousand per tonne, and for feed wheat it went up by 1 per cent to HUF 47.8 thousand per tonne in 2019, while for feed maize it decreased by 8 per cent to HUF 42.9 thousand per tonne.

World production of the seven most important oilseeds (soybean, cottonseed, groundnut, sunflower seed, rapeseed/canola, palm kernel and copra) was estimated to be 556.0 million tonnes in 2019/2020, 3 per cent lower than the previous marketing year's level. In Hungary, the harvested area of sunflower seed was 567 thousand hectares in 2019, 8 per cent below last year's area. Despite the high average yield of 3.0 tonnes per hectare, the decrease in area resulted in 7 per cent lower production compared to 2018 (1.7 million tonnes). The area of rapeseed was 302 thousand hectares in 2019, 9 per cent below last year's area. The average yield of 3.0 tonnes per hectare was similar to the level in 2018; thus 0.9 million tonnes of rapeseed were harvested in 2019. The producer price of sunflower seed (including high oleic sunflower seed) was 6 per cent higher (HUF 97.2 thousand per tonne) in 2019 than in 2018, while for rapeseed it increased by 7 per cent to HUF 115.3 thousand per tonne.

The relevant market analyst workshops forecast a decrease in the global production of sugar in the 2019/2020 marketing year: ABARES: 180 million tonnes, USDA: 166 million tonnes and ISO: 170 million tonnes. Sugar production in the EU decreased by almost 2 per cent to 17.4 million tonnes in 2019/2020 marketing year, mainly due to the decline in the sown area. In Hungary, 821 thousand tonnes of sugar beet were harvested in 2019, 14 per cent lower than in 2018.

Global pork production was 101.97 million tonnes in 2019, almost 10 per cent lower than in the previous year. Despite the decrease in output, world pork trade picked up in 2019 compared to the previous year, mainly due to strong demand for pork from China, which is plagued by African swine fever. Global pork exports rose by 13 per cent and imports by 12 per cent. As in previous years, Hungarian pork prices in 2019 followed the trends of prices in the EU. The pig producer price was HUF 552 per kilogramme warm car-

cass weight in 2019, having decreased by 22.4 per cent in one year.

Global chicken meat production rose by 4.2 per cent to 99.5 million tonnes in 2019 compared to the previous year. World chicken meat exports rose by 6.1 per cent year-on-year to 11.9 million tonnes, almost three quarters of the turnover was from Brazil, the USA and the EU. In Hungary, the producer price of slaughter chickens increased by 2.7 per cent to HUF 260 per kilogramme in 2019 compared to 2018. In the EU, egg production was 7.1 million tonnes in 2019, not significantly changed compared the previous year. In Hungary, the sales prices of eggs were 1.7 per cent lower in 2019 than a year earlier.

Global beef production was 61.68 million tonnes in 2019, 1.6 per cent higher than in the previous year. World beef and veal trade picked up in 2019; global exports went up by 7.6 per cent and global imports by 8.8 per cent compared to the previous year. In the EU, the price of 'R3' class young bulls was EUR 3.60 per kilogramme cold carcass weight, a decrease of 5 per cent compared to the previous year, while in Hungary cattle producer prices increased by 1.3 per cent in 2019.

Global sheep meat production was 15.4 million tonnes in 2019, up by 1 per cent from the previous year. Sheep and goat meat production in the EU increased by 1 per cent to 908 thousand tonnes in 2019, while Hungary sold 1 per cent less lamb on the international market than one year earlier. The price of lambs in HUF rose by 7.5 per cent.

Among the key players in the global dairy market, milk production in the EU and in the USA did not change, while in New Zealand it increased by 1 per cent, and in Australia by 7 per cent in 2019 compared to the previous year. The raw milk price increased in the USA by 14 per cent, in Hungary by 6 per cent

and in the EU by 1 per cent, while in New Zealand it decreased by 1 per cent. The wholesale price of dairy products in Hungary was 6 per cent higher in 2019 compared to 2018.

Vegetable production in Hungary was around 1.5 million tonnes in 2019, similar to the 2018 production. Hungary's foreign trade balance in vegetables (fresh, frozen, melons included) was negative in 2019; imports decreased by 4 per cent and exports by 14 per cent. At the Budapest Wholesale Market, the producer price index of vegetables did not change significantly from 2018 to 2019.

After the abundant harvest in the previous year, fruit production in Hungary decreased by 30 per cent to 650 thousand tonnes in 2019 due to the unfavourable weather. Hungary's foreign trade balance in fruits (fresh, frozen, tropical fruits included) remained negative, but worsened in 2019 because imports increased by 18 per cent while exports decreased by 3 per cent. At the Budapest Wholesale Market, the producer price index of fruits grew by 15 per cent in 2019 compared to the previous year.

World wine production (excluding juice and musts) was 260 million hectolitres in 2019, a decrease of 11.5 per cent compared to 2018. EU wine production (excluding juice and musts) was 156 million hectolitres in 2019, almost 15 per cent lower than in 2018. The National Council of Wine Communities recorded that 391 thousand tonnes of grapes were harvested in Hungary in 2019 from 59.4 thousand hectares of vineyards, from which 2.74 million hectolitres of new wine were made. The processors' sale prices of wines without geographical indication and wines with protected geographical indication (PGI) decreased by 11 per cent in 2019 compared to the previous year.