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Morocco

Grain and Feed Annual

Rains Get Crop Back on Track

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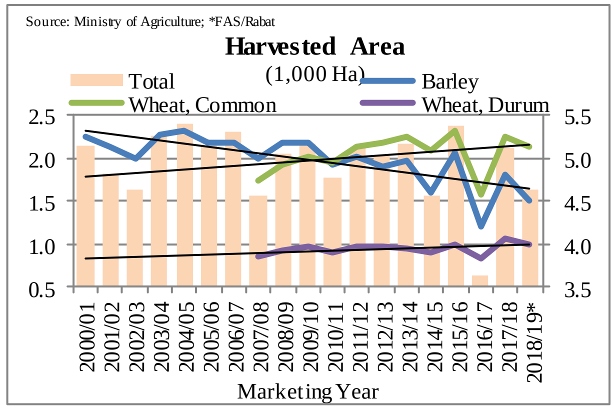
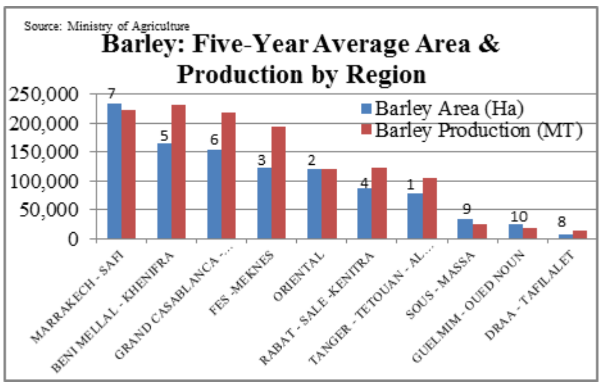
Report Highlights:
Frequent rains throughout 2018 have generally offset the local worries of an initial record delay in sowing and crop development. Post forecasts MY 2018/19 production at 4.28 MMT common wheat, 1.92 MMT durum wheat, and 1.95 MMT barley, resulting in steady import demand of 4.0 MMT total wheat and 0.45 MMT barley.

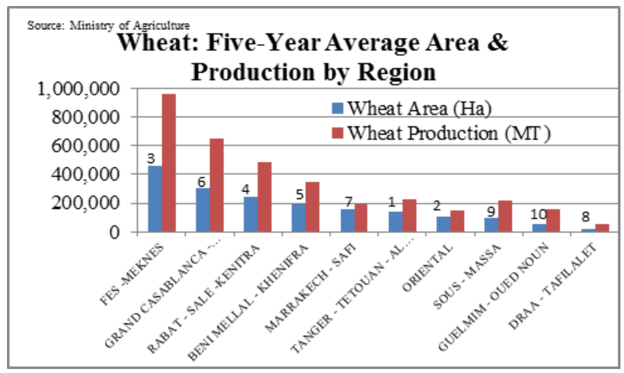
Commodities: Wheat and Barley

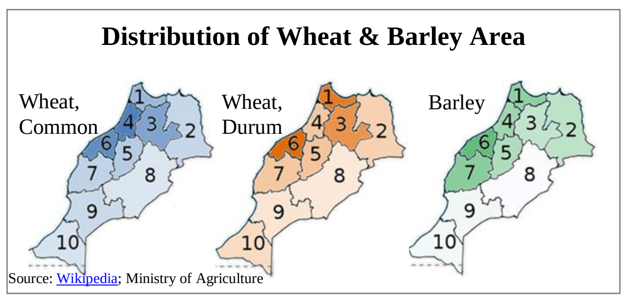
Area

Collectively, Morocco's total area harvested for wheat and barley is forecast to be 4.6 million in 2018, down substantially more for barley than wheat as many farmers delayed sowing until the rains initially arrived in mid-December 2017. Given the choice, farmers prefer wheat over barley, with barley area historically more affected during overall down years as well as on a long-term decline.



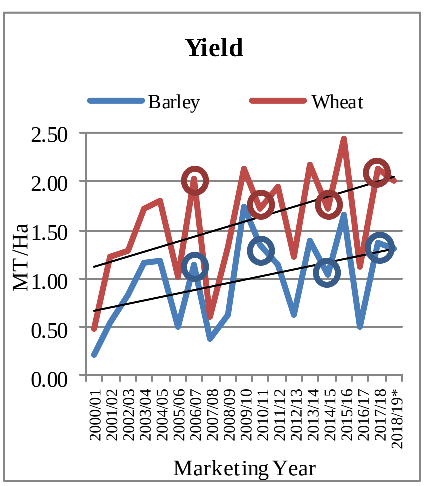






Production

At present, Post expects near trend average wheat and barley yields, resulting in forecast 2018 production estimates down roughly 10% and 20%, respectively, compared to last year.

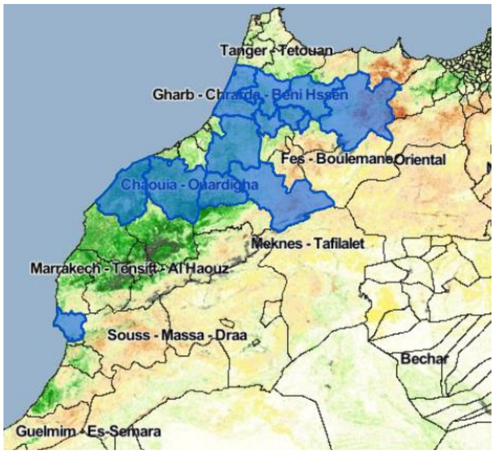


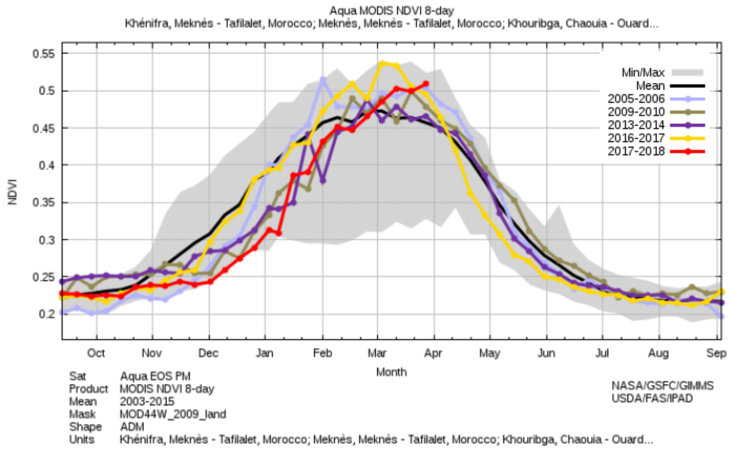
Morocco Area, Yield, Production (Year of Harvest)

		2014	2015	2016	2017	2018*	% Δ
Area	Wheat, Total	2,986	3,307	2,413	3,321	3,100	-6.6%
	- Durum	904	998	837	1,073	1,000	-6.7%
	- Common	2,081	2,309	1,575	2,248	2,100	-6.8%
	Barley	1,585	2,064	1,208	1,800	1,500	-16.7%
	TOTAL	4,571	5,371	3,621	5,121	4,600	-9.7%
Yield	Wheat, Total	1.71	2.44	1.13	2.14	2.00	-6.5%
	- Durum	1.56	2.41	1.04	2.05	1.92	-6.5%
	- Common	1.78	2.45	1.18	2.18	2.04	-6.5%
	Barley	1.03	1.64	0.51	1.37	1.30	-5.1%
Production	Wheat, Total	5,115	8,064	2,731	7,092	6,200	-12.6%
	- Durum	1,410	2,406	874	2,199	1,916	-12.9%
	- Common	3,705	5,658	1,856	4,892	4,279	-12.5%
	Barley	1,638	3,393	620	2,467	1,950	-21.0%
	TOTAL	6,753	11,457	3,351	9,559	8,150	-14.7%

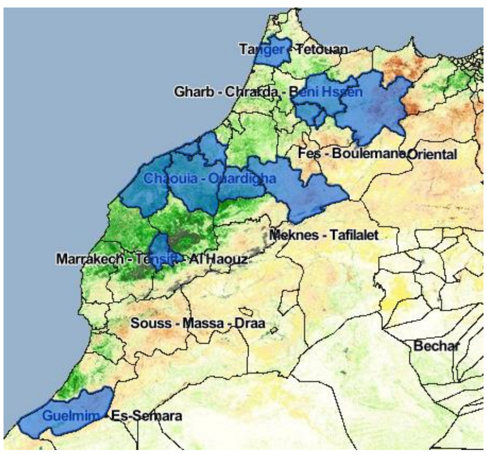
Source: Ministry of Agriculture; *FAS/Rabat

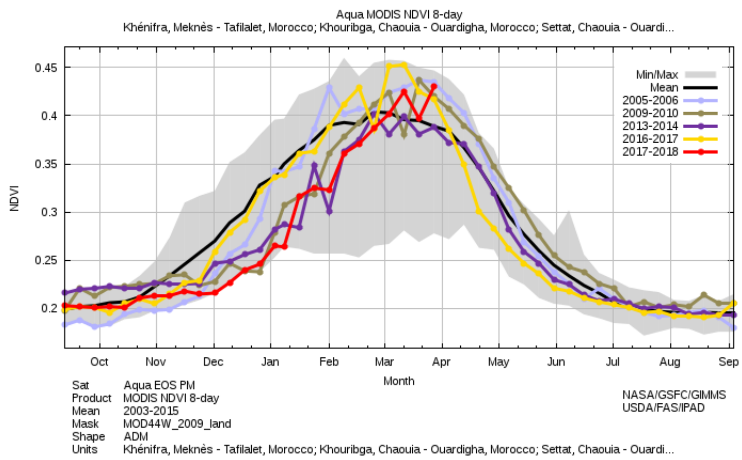
Common Wheat



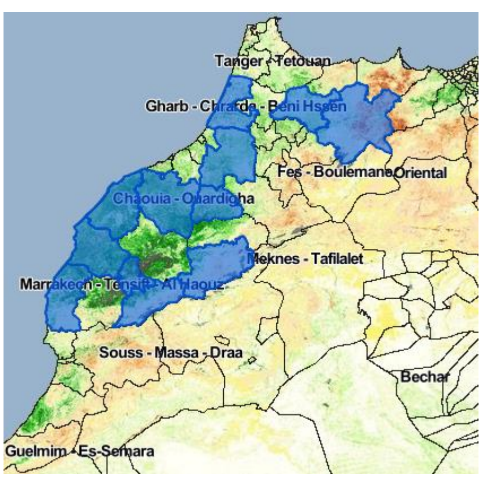


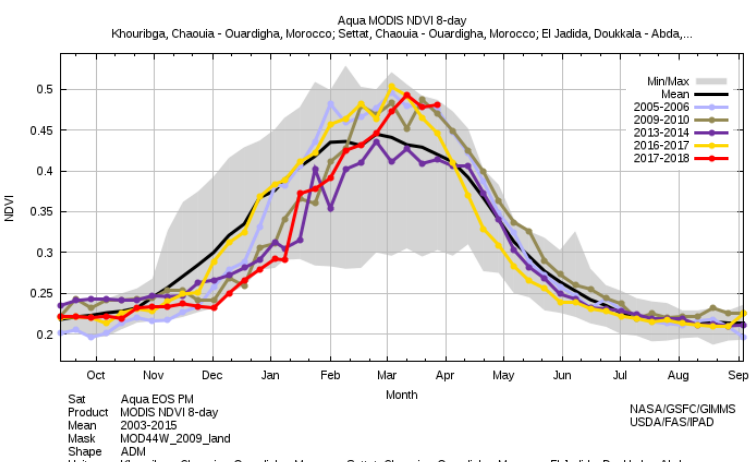
Durum Wheat





Barley





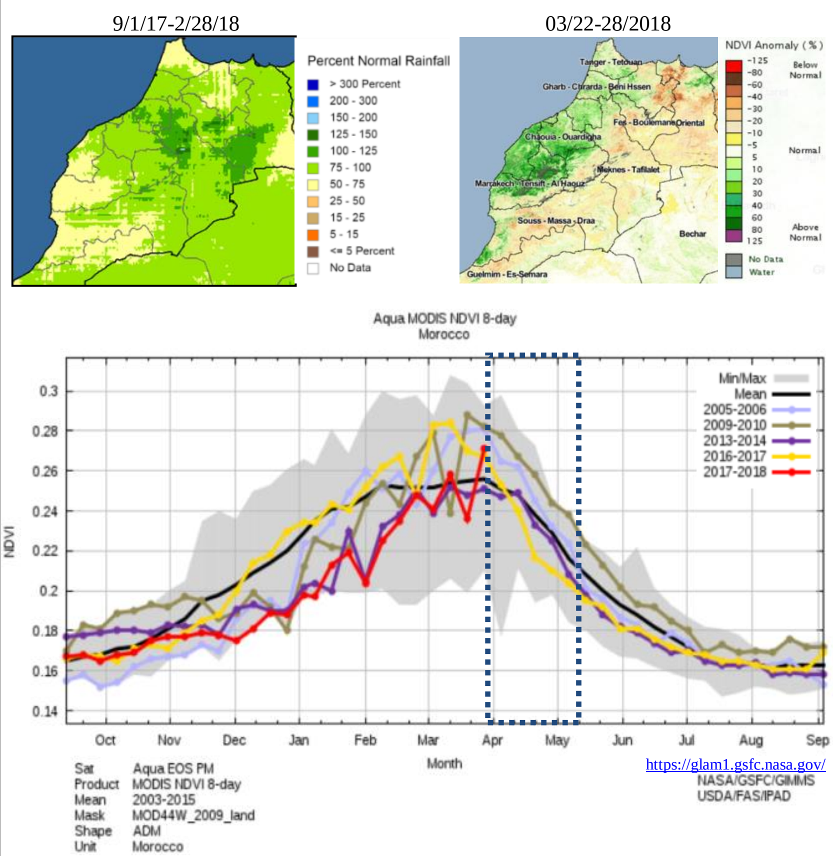
The current 2017/18 growing season, featuring a one-month delay followed by steady rainfall, appears to be tracking most closely to the 2009/10 growing season in the major production areas for durum, common wheat.

The current season was also tracking closely to the 2013/14 season overall but shot ahead in late March.

Both 2009/10 and 2013/14 growing seasons resulted in near trend yield averages for wheat and barley.

Yields for the current growing season are unlikely to match those of the previous campaign, which started better but started suffering from drought like conditions in March last year. That said, for MY 2017/18, Post accepts MinAg's final production estimates, which settled between their initial estimates and Post's forecasts.

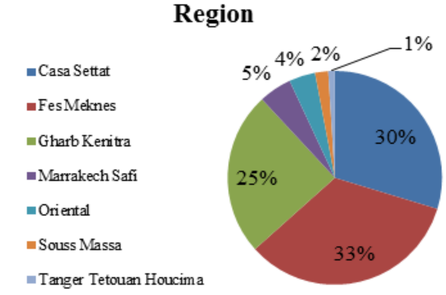
Morocco's Green South Favors Barley Yields



Given the late start this campaign, April and early May will remain critical to the delayed crop's chances for grain fill. Meanwhile, the main production zones show limited chances for precipitation over the 30-day weather forecast.

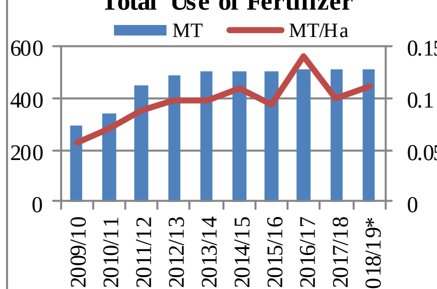
Morocco's green south should provide slight favor to barley yields over wheat in the current campaign.

Use of Certified Seeds by Region



Certified seed usage improved over the previous campaign, while fertilizer use remains relatively unchanged.

Total Use of Fertilizer



Utilization of Certified Seed by Growing Season				
	2015/16 (MY17/18)	2016/17 (MY17/18)	2017/18 (MY18/19)	2020 Target
Wheat				
- Common	135,000 MT	143,000 MT	145,000 MT	140,000 MT (62%)
- Durum	55,000 MT	35,100 MT	95,000 MT	90,000 MT (60%)
Barley	10,000 MT	12,600 MT	60,000 MT	50,000 MT (29%)
Total	200,000 MT	190,700 MT	300,000 MT	280,000 MT (45%)

Source: SONACOS

Consumption

Wheat

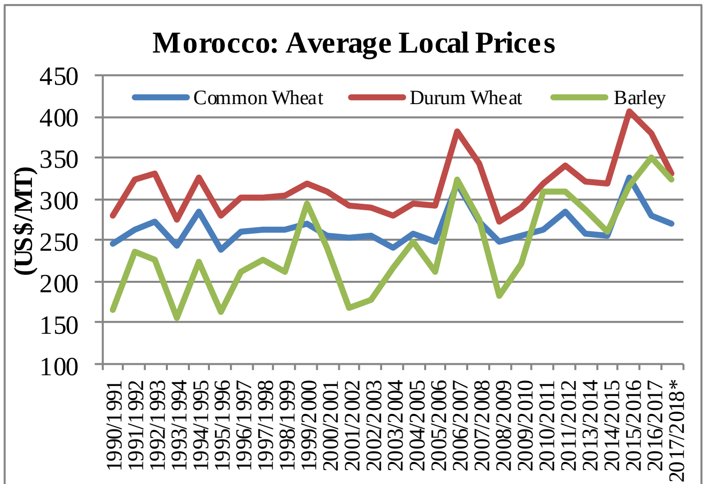
Post holds total domestic consumption steady on a per capita basis at 288 kg in 2018/19, based on a population of 36 million, equivalent to 10.4 MMT. Common wheat represents nearly 70% of the consumption of in urban areas and 66% in rural areas.

Barley

For MY 2018/19, Post forecasts barley consumption at 2.4 MMT, down slightly from 2.45 MMT in the MY 2017/18. Barley is consumed mostly as animal feed with consumption rates somewhat volatile, based on local availability and pasture conditions.

Prices

Moroccan wheat, flour, and bread prices are politically sensitive and thus strictly managed.



Source: Ministry of Agriculture (Exchange rate of 3/15/2018: 1 US$ = 9.17 dirham)

- Morocco's National Inter-Professional Office for Cereals and Legumes (ONICL) attempts to control Morocco's wheat price within a range ($260/MT-$280/MT) through changes to the MFN tariff rates throughout the year. During times of high prices in years past, ONICL has also intervened to subsidize imports in order to bring local prices down.

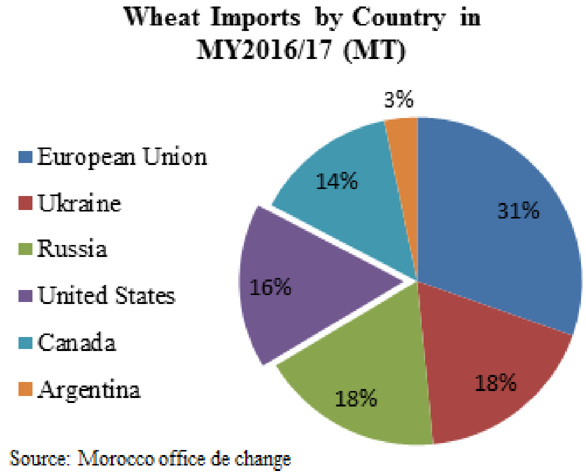
- ONICL subsidizes common wheat flour, known as "National Flour" in an effort to support low-income consumers. In calendar year 2018, the quota was set at the same level as 2017 at 650,000 MT. To administer the program, ONICL launches tenders for subsidized flour every-other month throughout the year until the quota is filled. Before launching the tender, ONICL establishes a regionally-based list of flour allocations. The list is determined after several meetings within the HCP, based on a poverty map. Eligible bidders deposit a performance bond equivalent to $5.44/MT. Successful bidders have 90 days to execute delivery. The flour tendered can be for either domestic or imported wheat.

- Farmers may sell common wheat either to government licensed traders (grain merchants, cooperatives, and mills) at a price 2,800 Dh/MT ≈$286/MT or in the free market. Prices of other grains (e.g., durum wheat and barley) have no guaranteed price.

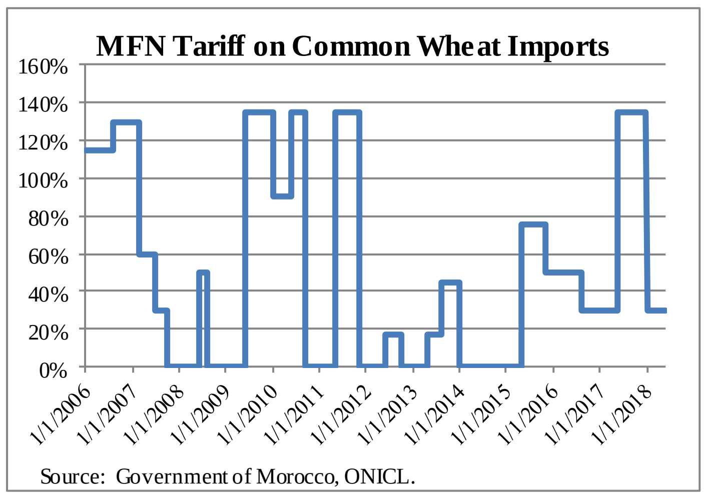
Trade

Wheat

For MY 2018/19, wheat imports are forecast at 4.0 MMT, unchanged from MY 2017/18. However, Post lowers the MY 2017/18 estimate to accommodate the final production estimate.



Morocco maintains low and predictable tariffs to facilitate durum wheat imports throughout the year with the exception of June and July; however, import duties for common wheat remain somewhat unpredictable.
Morocco uses import duties to provide protection to local grain producers during their marketing season, regulate prices, and manage stocks.



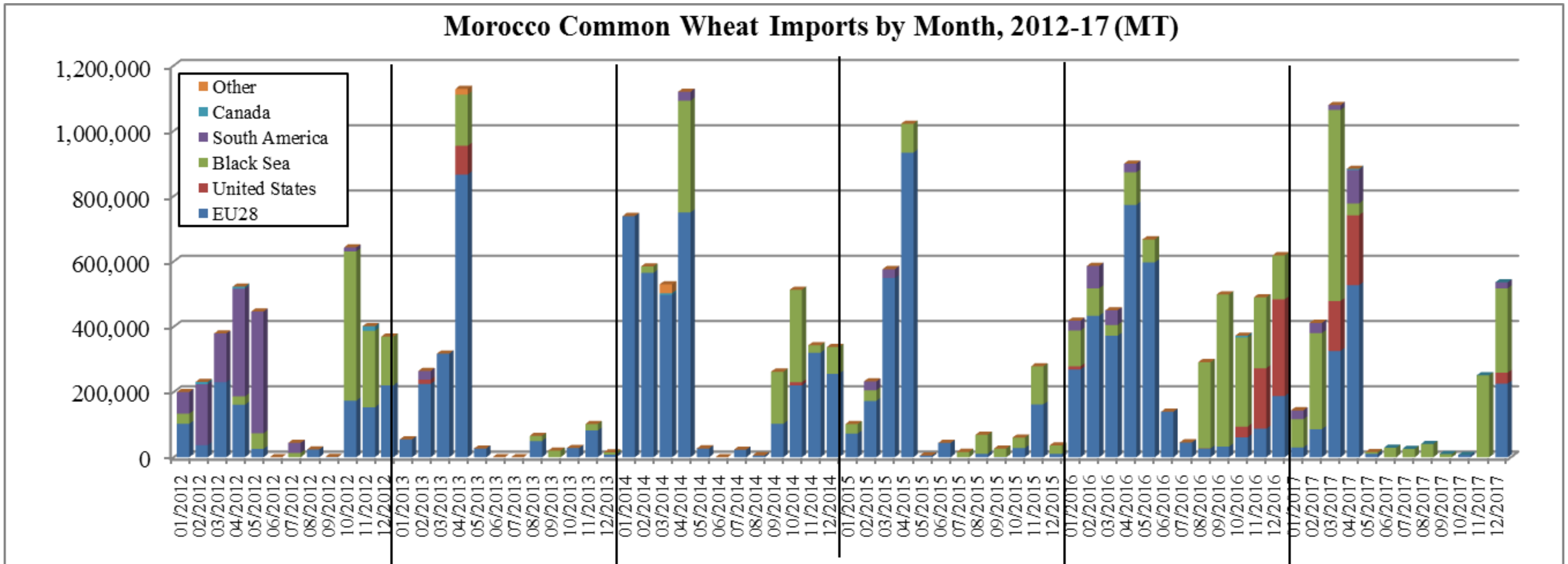
The United States and European Union have preferential wheat quotas, both of which are calculated inversely proportional to local production. Please refer to GAIN report MO1714.

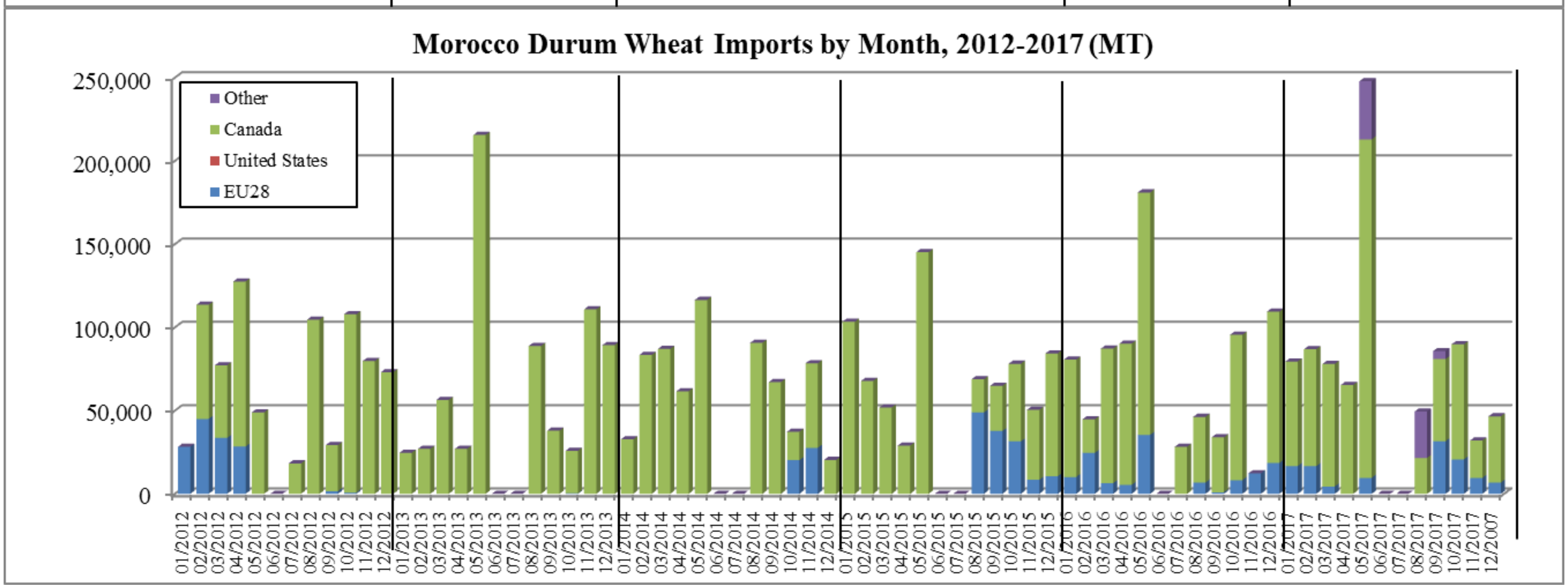
Market access for wheat products is tightly controlled through tariffs and tariff-rate quotas with trade being minimal.

Morocco Wheat Imports (MT Wheat Equivalent)

HS	Description	Marketing Year			Year To Date		
		2014/15	2015/16	2016/17	06/16 - 12/16	06/17 - 12/17	% Change
1001	Wheat And Meslin	4,113,707	4,383,586	5,462,855	2,782,501	950,164	-65.9%
1101*	Wheat Or Meslin Flour	323	331	484	264	259	-2.1%
190219*	Pasta, Uncooked, Not Stuffed Etc., Nesoi	10,252	13,374	12,859	6,480	7,836	20.9%
190230*	Pasta, Prepared Nesoi	2,056	3,034	2,632	1,572	945	-39.9%
190240*	Couscous	26	4	3	0	4	
Total		**4,126,364**	**4,400,329**	**5,478,833**	**2,790,817**	**959,208**	**-65.6%**

Source: Morocco office de change, *applied converting factor: 1.368, MY used for wheat June-May


Morocco Common Wheat Imports by Month, 2012-17 (MT)
1,200,000
1,000,000
800,000
600,000
400,000
200,000
0
Other
Canada
South America
Black Sea
United States
EU28


Morocco Durum Wheat Imports by Month, 2012-2017 (MT)
250,000
200,000
150,000
100,000
50,000
0
Other
Canada
United States
EU28

Morocco's wheat exports are primarily in processed form. Trade results from Morocco's excess milling capacity and relative regional competitiveness. Exports primarily target African countries.

Morocco Wheat Exports (MT Wheat Equivalent)

HS	Description	Marketing Year			Year to Date		
		2014/15	2015/16	2016/17	06/16 - 12/16	06/17 - 12/17	% Change
1001	Wheat And Meslin	174	40	415	160	20	-88%
1101*	Wheat Or Meslin Flour	202,196	76,757	16,441	13,528	6,903	-49%
190219*	Pasta, Uncooked, Not Stuffed Etc., Nesoi	1,326	4,577	6,260	3,646	5,395	48%
190230*	Pasta, Prepared Nesoi	6,085	5,222	3,350	2,096	2,491	19%
190240*	Couscous	28,459	31,004	32,004	16,594	18,241	-
Total		**238,239**	**118,248**	**58,470**	**36,023**	**33,050**	**-8%**

Source: Morocco office de change, *applied converting factor: 1.368, MY used for wheat June-May

Barley

Morocco's barley imports are heavily influenced by weather. Better weather not only means higher local barley production but also lower consumption in relation to good pasture conditions, both of which decrease import demand.

Morocco Barley Imports (MT)

	Marketing Year			Year to Date		
	2014/15	2015/16	2016/17	07/16-12/16	07/17-12/17	% Change
EU	209,288	744,835	239,236	169,443	176,303	**4.0%**
Ukraine	0	25,288	147,874	106,953	43,458	**-59.4%**
Russia	10,577	16,390	36,748	36,748	19,658	**-46.5%**
Argentina	162,189	21,449	55,357	0	9,900	
United States	27,499	13,820	0	0	0	
Uruguay	27,491	0	0	0	0	
Total	**437,044**	**821,784**	**479,216**	**313,145**	**249,320**	**-20.4%**

Source: Morocco office de change

Stocks

Industry indicates that Morocco's wheat reserve as of March 15, 2018 totaled 1.1 million MT which equals three months of wheat consumption. Stocks held by agents licensed by ONICL, including grain merchants, cooperatives, processors and government managed port silos, are generally known. These agents are paid a storage premium based on wheat stored and declared to ONICL, which calculates the storage premium every 15 days at a rate of roughly $2/MT. In MY2017/18, the subsidy started on June 15, 2017 and ended on December 15, 2017.

Policy

No updates. Please refer to GAIN report MO1802, published on January 10, 2018.

Production, Supply, and Distribution

Wheat

	2016/2017		2017/2018		2018/2019	
Market Begin Year	Jun 2016		Jun 2017		Jun 2018	
Morocco	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2,413	2,413	3,321	3,321	0	3,100
Beginning Stocks	6,856	6,856	4,544	4,808	0	5,550
Production	2,731	2,731	6,250	7,092	0	6,200
MY Imports	5,215	5,479	4,800	4,000	0	4,000
TY Imports	5,191	5,344	4,800	4,000	0	4,000
TY Imp. from U.S.	910	882	345	345	0	400
Total Supply	14,802	15,066	15,594	15,900	0	15,750
MY Exports	58	58	100	50	0	60
TY Exports	57	57	100	50	0	60
Feed and Residual	800	800	800	800	0	800
FSI Consumption	9,400	9,400	9,500	9,500	0	9,600
Total Consumption	10,200	10,200	10,300	10,300	0	10,400
Ending Stocks	4,544	4,808	5,194	5,550	0	5,290
Total Distribution	14,802	15,066	15,594	15,900	0	15,750
Yield	1.1318	1.1318	1.882	2.136	0	2.000
Stocks/Use Ratio	0.445	0.471	0.504	0.539		0.509
(1000 HA) ,(1000 MT) ,(MT/HA)						

Barley

	2016/2017		2017/2018		2018/2019	
Market Begin Year	Jul 2016		Jul 2017		Jul 2018	
Morocco	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,208	1,208	1,800	1,800	0	1,500
Beginning Stocks	1,259	1,259	147	158	0	614
Production	620	620	2,000	2,467	0	1,950
MY Imports	468	476	500	450	0	450
TY Imports	358	407	500	450	0	450
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	2,347	2,358	2,647	3,064	0	3,014
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	1,450	1,450	1,650	1,650	0	1,650
FSI Consumption	750	750	800	800	0	750
Total Consumption	2,200	2,200	2,450	2,450	0	2,400
Ending Stocks	147	158	197	614	0	614
Total Distribution	2,347	2,358	2,647	3,064	0	3,014
Yield	0.5132	0.5132	1.1111	1.3706	0	1.3000
Stocks/Use Ratio	0.067	0.071	0.080	0.250		0.256
(1000 HA) ,(1000 MT) ,(MT/HA)						

Commodities: Rice, Milled

Area and Production

Rice production is negligible compared to wheat and barley yet still accounts for 85 percent of total consumption. Post forecasts harvested area for MY 2018/19 to remain steady at around 8,250 hectares, while production is forecast at 41,580 MT based on the preceding five-year average yield.

Morocco Rice Area and Production

Year	Area	Yield	Production (MT)	
	(Ha)	(MT/Ha)	Rough	Milled
2008/09	6,360	7.00	44,520	31,164
2009/10	7,800	6.42	50,040	35,028
2010/11	7,430	6.80	50,520	35,364
2011/12	2,550	7.00	17,840	12,488
2012/13	9,154	7.60	69,554	48,688
2013/14	5,000	7.54	37,716	26,401
2014/15	4,407	7.50	33,051	23,136
2015/16	8,310	7.62	63,298	44,308
2016/17	7,527	7.09	53,354	37,348
2017/18	8,050	7.07	56,914	39,840
2018/19*	8,250	7.20	59,400	41,580

Source: Ministry of Agriculture; *FAS/Rabat forecast

Consumption

Rice is not consumed daily by Moroccans, but its consumption has been on the rise in the past few years, especially with shifting consumer behavior towards easier-to-prepare, lighter, and healthier meals. It is also increasingly featured in a growing number of international restaurants in Casablanca, Rabat, and Marrakesh.

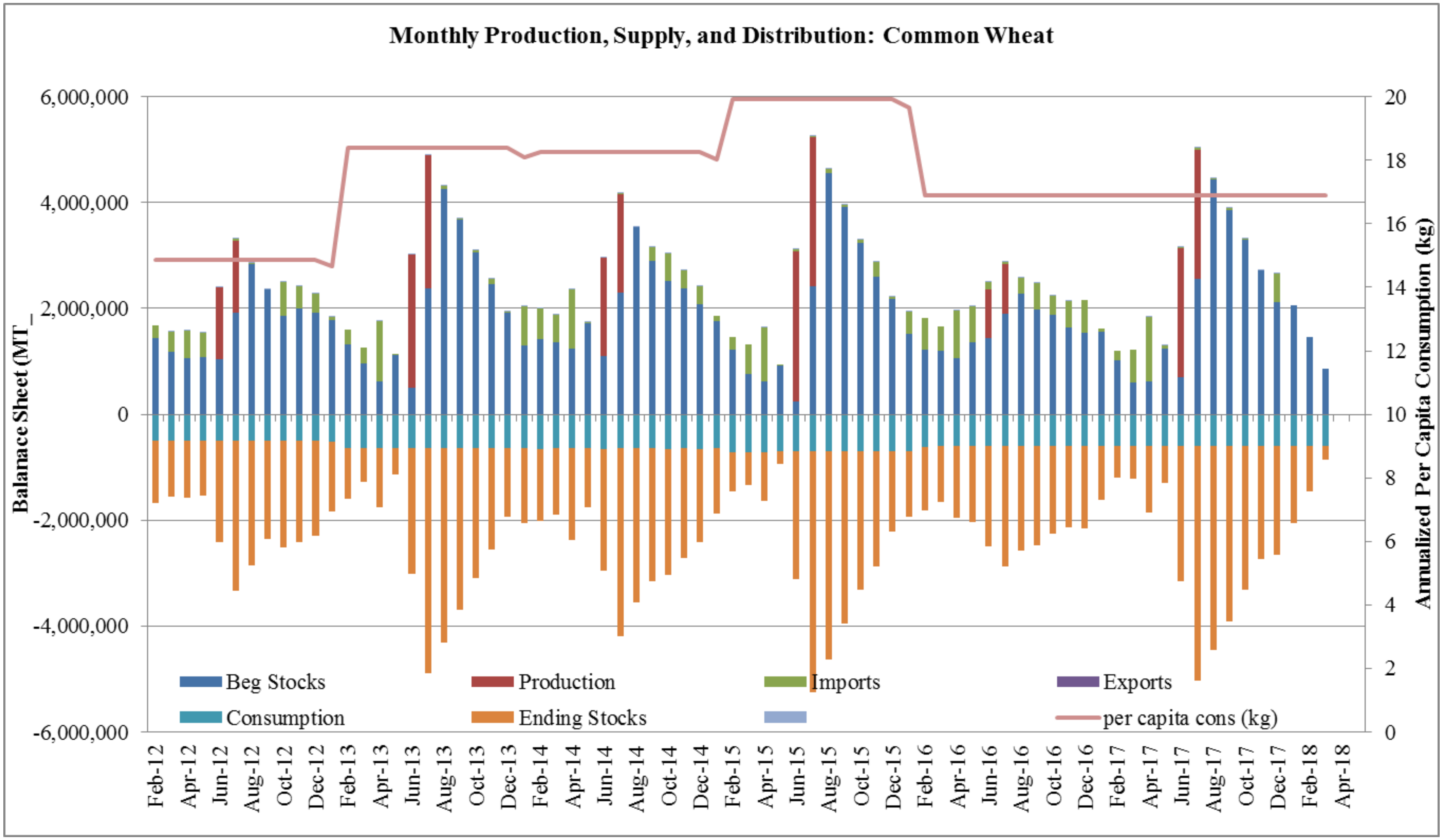
Trade

Local traders estimate imports surpassed 25,000 MT mainly due to unofficial trade coming from Melilla and Ceuta, Spain. U.S. rice was last imported at significant levels in MY 2013/14 when the tariff paid was 40% and comprised of long grain and medium grain rice. The tariff on U.S. rice has since been eliminated.

Production, Supply, and Distribution

	2016/2017		2017/2018		2018/2019	
Market Begin Year	Oct 2016		Oct 2017		Oct 2018	
Morocco	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	8	8	8	8	0	8
Beginning Stocks	0	0	0	0	0	0
Milled Production	37	37	40	40	0	41
Rough Production	57	57	62	62	0	63
Milling Rate (.9999)	6,500	6,500	6,500	6,500	0	6,500
MY Imports	15	15	15	15	0	15
TY Imports	15	15	15	15	0	15
TY Imp. from U.S.	1	1	0	0	0	0
Total Supply	52	52	55	55	0	56
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Consumption and Residual	52	52	55	55	0	56
Ending Stocks	0	0	0	0	0	0
Total Distribution	52	52	55	55	0	56
Yield (Rough)	7.125	7.125	7.75	7.75	0	7.875
Stocks/Use Ratio	0	0	0	0	0	0
(1000 HA) ,(1000 MT) ,(MT/HA)						

Annex



Source: Government of Morocco, ONICL, and Morocco office de change official statistics intepreted by FAS/Rabat