

Required Report: Required - Public Distribution

Date: September 29, 2023

Report Number: AG2023-0012

Report Name: Grain and Feed Update

Country: Algeria

Post: Algiers

Report Category: Grain and Feed

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Report Highlights:

Post maintains its estimate of Algeria's wheat plated area at just over 2 million hectares for the entire country. For the MY 2024/25, Post projects production for wheat and barley to remain in line with the current MY of 2.7 million MT of wheat and 1.02 million MT of barley. Farmers will begin to sow MY 2024/25 wheat and barely fields at the end of September. So far, cumulative precipitation for this coming season is at the same level as in 2022. However, soil moisture charts, show moisture levels dipping to almost at the limit of the Min/Max level for Mediterranean coast. As such the onset of rains is crucial to help farmers start their plantings. Post maintains wheat imports estimate at 8.7 million metric tons for MY2023/24 based on lower harvest and increased import demand.

Executive Summary

Post maintains its estimate of Algeria's wheat area at just over 2 million hectares (ha) for the entire country for both the current and the forecast marketing years (MY). For the MY 2024/25, Post projects production for wheat and barley to remain in line with the current MY of 2.7 million MT of wheat and 1.02 million MT of barley.

Farmers will begin to sow MY 2024/25 wheat and barely fields at the end of September. So far, cumulative precipitation for this coming season is at the same level as in 2022, on normal average for both the Mediterranean coast and high plateaus regions. However, soil moisture in the Mediterranean zones is well below average, and first rains have yet to arrive.

Algeria continues to purchase a large quantity of wheat to bolster domestic reserves. According to trade reports, the Algerian Office of Cereals (OAIC) continued purchases on the international market, mostly optional milling wheat (bread wheat), sourced from Russia as well as its traditional supplier base from Europe and Mercosur. Given the government's import purchasing strategy and lower domestic crop production, Post maintains its wheat imports raise at 8.7 million MT and barley imports at 700,000 MT in MY 2023/24.

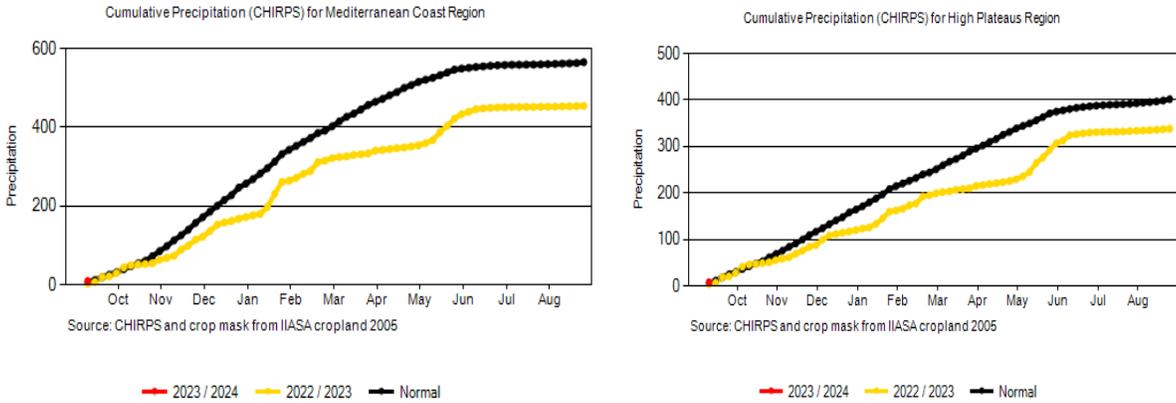
Crop Update

Post maintains its estimate of Algeria's wheat area at just over 2 million hectares (ha) for the entire country for both the current and the forecast marketing years (MY). For the MY 2024/25, farmers are expected to begin sowing wheat at the end of September. Currently, Post forecasts production for wheat and barley to remain in line with the current MY given that weather and soil conditions are similar to what has been recorded for the 2023/24 season. However, if September rains do not materialize, production forecast may be revised downward.

For MY 2023/24, Post maintains wheat production estimate of 2.7 million MT and barley production estimate of 1.02 million MT. Current season's harvest in southern, arid regions of Algeria was completed in early May; according to anecdotal reports, farmers saw adequate yields given that they typically use irrigation and do not rely on rainwater. Notably, less than 10 percent of Algeria's crop production originates from the south, albeit Post believes that the area devoted to crop production in this part of the country is growing. In the northern areas of Algeria harvest occurs from May through August; anecdotal accounts indicate that this year harvest activity was delayed or did not occur at all in some northern regions due to unseasonable rain in late Spring and early summer. As such, Algeria's wheat production is estimated to be 600,000 MT less than in the 2022/23 season.

MY 2024/25's Weather and Soil Moisture

Chart 1: Algeria USDA Crop Explorer Cumulative Precipitation Chart by month

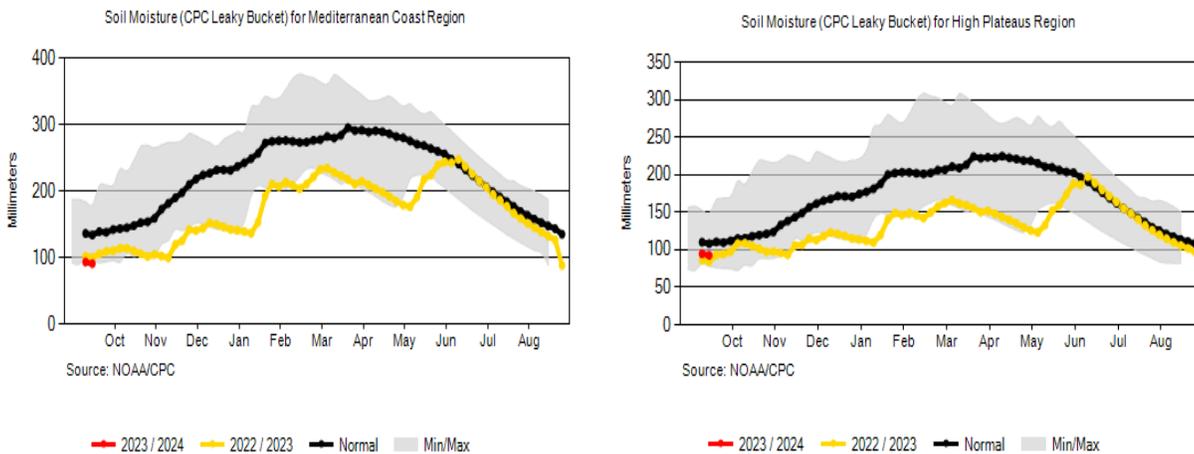


Source: Crop Explorer (<https://ipad.fas.usda.gov/cropexplorer/>) sourced on September 15, 2023.

*Note that the 2023/24 red line refers to the crop planting, growing period, and harvest dates, and not the USDA marketing year. As such, the 2023/2024 redline reflects crop conditions for the 2024/25 MY crop.

The USDA Crop Explorer Cumulative Precipitation charts above shows that the level of cumulative precipitation for 2023-2024 (MY 2024/25) season is at the same time (September) and same level as in 2022 on normal average for both the Mediterranean coast and high plateaus regions. Notably, soil moisture chart below for 2023/24 season, shows levels dipping below the normal average and almost at the limit of the Min/Max level for Mediterranean coast (100 mm) in September. Meanwhile, for the high plateaus crop areas, soil moisture levels are closer to the normal average. The soil moisture data corroborates local press and anecdotal reports that Algeria is suffering through drought. Should the first rains resume by the end of September, this will aid the start of planting season.

Chart 2: Algeria USDA Crop Explorer Soil Moisture Chart



Source: Crop Explorer (<https://ipad.fas.usda.gov/cropexplorer/>) sourced on September 20, 2023.

**Note that the 2023/24 red line refers to the crop planting, growing period, and harvest dates, and not the USDA marketing year. As such, the 2023/2024 redline reflects crop conditions for the 2024/25 MY crop.*

Algeria's Ministry of Agriculture has still not released production estimate for the current MY, nor a production forecast for the 2024/25 season. To recall, the weather situation was worse than the previous year for both regions this year. USDA's World Agricultural Outlook indicated below average levels for Algeria wheat crop as well as all the Maghreb's in MY 2023/24 as a whole. Ongoing drought conditions and heat during important crop development periods led to this downward outlook, particularly in coastal and highland areas.

Consumption Update

Algeria is a leading consumer of wheat in North Africa, with only Egypt eclipsing it for number one spot. Baguettes and flat breads are part of the daily Algerian diet, while couscous is traditionally consumed at least once a week, on a Friday. Given the relatively stable economic growth and accounting for population increase, Post expects wheat consumption to keep pace. Post estimates that for MY 2023/24, wheat consumption will eclipse 11 MMT, and will rise just slightly in MY 2024/25.

Barley consumption is a derivative of demand for animal feed for sheep, cattle, and camels, with small amounts for green fodder. As such consumption is relatively inelastic though the demand curve tends to follow production ups and downs. Post maintains its previous barley FSI consumption estimate for MY 2023/24 and forecast for MY 2024/25, with the expectation that imports will rise to make up for relatively low production forecast for next year.

Trade Update

The Algerian Office of Cereals (OAIC) continued its international purchases over the past months. European traders reported by Reuters, indicated that OAIC purchased between 600,000 to 800,000 MT of wheat via call for tender the end of July. This purchase comes after several others, made beginning of 2023 (1.5 MMT), followed by another purchase in May (between 500,000 and 600,000 MT) and in June (approximately 400,000 MT), according to traders' estimates. Algeria does not release tender results. Reports are based on trade estimates.

Traders reported that most milling wheat was originating from Russia. Algeria is a vital customer for EU wheat, especially from France, but Russia has been aggressively expanding its grain presence in the Algerian market.

Given these volume purchases and the lower domestic wheat crop estimate, Post maintains its alignment with the USDA official estimate increase to 8.7 million MT in MY 2023/24. Post believes that there may be a lag in data reporting from countries shipping wheat to Algeria. Some data may be missing from Russian exports.

Barley crop has also been affected by the drought. Post maintains its barley import estimate to 700,000 MT in MY2023/24. Trade Data Monitor figures are showing only 153,258 MT for 2023. Post believes

that there may be a lag in data reporting from countries shipping barley to Algeria. Some data may be missing from Russian exports of barley to Algeria as well. We note that EU origin barley imports remain dominant compared to other origins. Post maintains barley import figures for MY2021/22 and MY2022/23.

Table 1: Algeria Barley Imports by Origin (MT) (Year Ending)

Reporter	Year Ending (UOM1: T)				
	2019	2020	2021	2022	2023
EU 27 External Trade (Brexit)	205408	282640	550576	600567	150275
Turkey	2233	574	0	444	2983
United Kingdom HMRC	0	11830	147066	0	0
Argentina	0	0	0	88340	0
United States Consumption	0	0	0	0	0
Ukraine	193871	146146	77872	82947	0
Russia	29477	0	47300		

Source: Trade Data Monitor, LLC

Policy Update

Grain Farmers affected by the drought will be compensated.

On [July 23, 2023](#), during a visit to one of OAIC’s grains and pulses cooperatives (CCLS), the Minister of Agriculture, Mohamed Abdelhafid Henni, indicated that grain farmers affected by the drought will be compensated quickly in order to help them prepare for the next planting season. Cereal farmers affected in their production will receive quantities of seeds and fertilizer as compensation. The Minister indicated that other proposals for compensation were addressed to the government for examination in order to support the cereal farmers and help them overcome this difficult period. Other proposals consisted of: funding planting operations, rescheduling loans, and deferrals of debts.

In the same line, the minister also reassured that current stocks of cereal seeds are at a satisfactory level. In addition, he announced the mobilization of more than five million quintals of seeds for the upcoming planting campaign.

Table 2: Wheat, Production, Supply and Distribution (Source: PSD Post)

Wheat	2021/2022		2022/2023		2023/2024	
Market Year Begins	Jul 2021		Jul 2022		Jul 2023	
Algeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	2075	2075	2075	2075	2075	2075
Beginning Stocks (1000 MT)	4992	4992	4406	4411	4775	4700
Production (1000 MT)	2500	2500	3700	3300	2700	2700
MY Imports (1000 MT)	8286	8021	8141	8141	8700	8700
TY Imports (1000 MT)	8286	8021	8141	8141	8700	8700
TY Imp. from U.S. (1000 MT)	34	53	193	140	0	100
Total Supply (1000 MT)	15778	15513	16247	15852	16175	16100
MY Exports (1000 MT)	2	2	2	2	5	2
TY Exports (1000 MT)	2	2	2	2	5	2
Feed and Residual (1000 MT)	70	50	70	50	50	50
FSI Consumption (1000 MT)	11300	11050	11400	11100	11500	11150
Total Consumption (1000 MT)	11370	11100	11470	11150	11550	11200
Ending Stocks (1000 MT)	4406	4411	4775	4700	4620	4898
Total Distribution (1000 MT)	15778	15513	16247	15852	16175	16100
Yield (MT/HA)	1.2048	1.2048	1.7831	1.5904	1.3012	1.3012
(1000 HA) ,(1000 MT) ,(MT/HA)						
MY = Marketing Year, begins with the month listed at the top of each column						
TY = Trade Year, which for Wheat begins in July for all countries. TY 2023/2024 = July 2023 - June 2024						

Table 3: Barley, Production, Supply and Distribution (Source: PSD Post)

Barley	2021/2022		2022/2023		2023/2024	
Market Year Begins	Jul 2021		Jul 2022		Jul 2023	
Algeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1025	1025	1025	1025	1025	1025
Beginning Stocks (1000 MT)	359	359	131	131	181	81
Production (1000 MT)	950	950	1600	1400	1025	1025
MY Imports (1000 MT)	772	772	250	250	700	700
TY Imports (1000 MT)	688	688	300	300	700	700
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	2081	2081	1981	1781	1906	1806
MY Exports (1000 MT)	0	0	0	0	0	0
TY Exports (1000 MT)	0	0	0	0	0	0
Feed and Residual (1000 MT)	1600	1600	1450	1450	1400	1500
FSI Consumption (1000 MT)	350	350	350	250	350	250
Total Consumption (1000 MT)	1950	1950	1800	1700	1750	1750
Ending Stocks (1000 MT)	131	131	181	81	156	56
Total Distribution (1000 MT)	2081	2081	1981	1781	1906	1806
Yield (MT/HA)	0.9268	0.9268	1.561	1.3659	1	1
(1000 HA) ,(1000 MT) ,(MT/HA)						
MY = Marketing Year, begins with the month listed at the top of each column						
TY = Trade Year, which for Barley begins in October for all countries. TY 2023/2024 = October 2023 - September 2024						

Attachments:

No Attachments