



CONTEXT

Global Seed Sector
2020 Outlook
Major Field Crops

Multi-client Study

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About this Report

Dear Subscriber:

We are pleased to provide you with this report and analysis for the Global Seed Sector 2020 Outlook: Major Field Crops. It provides a unique perspective of a complex global sector of agriculture with significant growth opportunities.

This report is Context's 2nd edition of the **Global Seed Sector 2020 Outlook for Major Field Crops**. As with our 1st edition, our approach is to combine (i) Context's trait commercialization expertise with (ii) both economic and institutional sector fundamentals that have been inherent to the seed genetics sector since its inception.

Key to our 2020 projection is a close look at the factors that drive expected growth. As with our companion Global Seed Sector Outlook study on vegetable crops, we have performed a very thorough analysis of driving forces that we believe will shape the future of the sector. Analytics¹ performed to describe major impacts are clearly summarized as either, (i) biotech trait, (ii) seed price, (iii) commercial transitions (such as increases to bought seed, most notably higher value hybrids), (iv) and seed volume (changes in crop area and planting rates). We offer transparency in articulating these forecast assumptions, so that these results can serve as areas of discussion to cross-check and challenge your internal assumptions

Market Expansion Drivers

- Increase in both acres planted with traits and traits planted per acres
- Slowing of seed price increases, as commodity prices decline from high in 2008/9, albeit to higher than historical levels
- Comparative impacts of continued commercial developments, such as increase use of higher value hybrids in maize, cotton and rice

2008/9 was a special year with commodity prices reaching unprecedented peak and decline after

¹ Further definition on the Market Driver Analytics, including definitions and modeling techniques is provided in the Appendix

many moderate decades in world agricultural commodities. Looking forward to 2020, questions remain on how long the current recession will last and what effect it have on agricultural commodity will demand.

Context believes that the current economic downturn will persist through 2009, with a slow recovery beginning thereafter. Key production agriculture demand fundamentals, such as increasing food security concerns and stabilized biofuel production will keep grain/oilseed inventories tight through the forecast period resulting in expected higher than historically price levels and increased likelihood of commodity prices spikes whenever supply disruptions occur. In result, seed prices increases (excluding trait premiums) are expected to continue, albeit at a slower pace than recently realized.

That said, significant growth in price mix is expected, promoted by dramatic increase of traits within seed product portfolios in the Americas as well as commercial transition towards higher value hybrid seeds being purchased in Asia. In the years leading up to 2020, the waves of technology penetration are likely to compress, as (i) seed companies accelerate trait enhanced seed share of product portfolio and (ii) the number of commercial releases of novel traits increase and the number technology providers expands.

Study Report Contents:

- 1) Key Findings - Global, Regional and Crop Opportunity Evaluations
- 2) Seed and Trait Projections
- 3) Global Macro-Economic and Commodity Outlook

We are pleased to share our findings with you and look forward to your feedback and questions. Your input is valuable to our continuing efforts to enhance and improve the products and services we provide.

Sincerely,

Tray Thomas
Founding Partner

Mark Nelson
Associate