

# INTERNATIONAL GRAINS COUNCIL

# GRAIN MARKET REPORT

GMR No. 396

21 January 2010

## SUMMARY

### WORLD ESTIMATES

	05/06	06/07	07/08	08/09 est	09/10 forecast	
					26.11	21.01
					million tons	
<b>WHEAT</b>						
Production	621	598	609	686	668	674
Trade	110	111	110	136	118	119
Consumption	625	610	614	639	643	642
Stocks	136	123	118	165	191	197
year/year change	-4	-13	-5	+47		+32
5 majors**	55	39	29	46	51	55

	05/06	06/07	07/08	08/09 est	09/10 forecast	
					26.11	21.01
					million tons	
<b>MAIZE</b>						
Production	698	709	795	791	787	791
Trade	79	87	101	84	84	84
Consumption	701	725	775	779	800	803
Stocks	132	117	136	148	134	137
year/year change	-4	-15	+19	+12		-11

	05/06	06/07	07/08	08/09 est	09/10 forecast	
					26.11	21.01
					million tons	
<b>TOTAL GRAINS*</b>						
Production	1606	1588	1697	1793	1759	1768
Trade	215	222	239	248	228	229
Consumption	1619	1629	1686	1722	1746	1744
Stocks	320	279	291	361	373	385
year/year change	-13	-41	+12	+70		+24
5 majors**	144	101	95	122	125	136

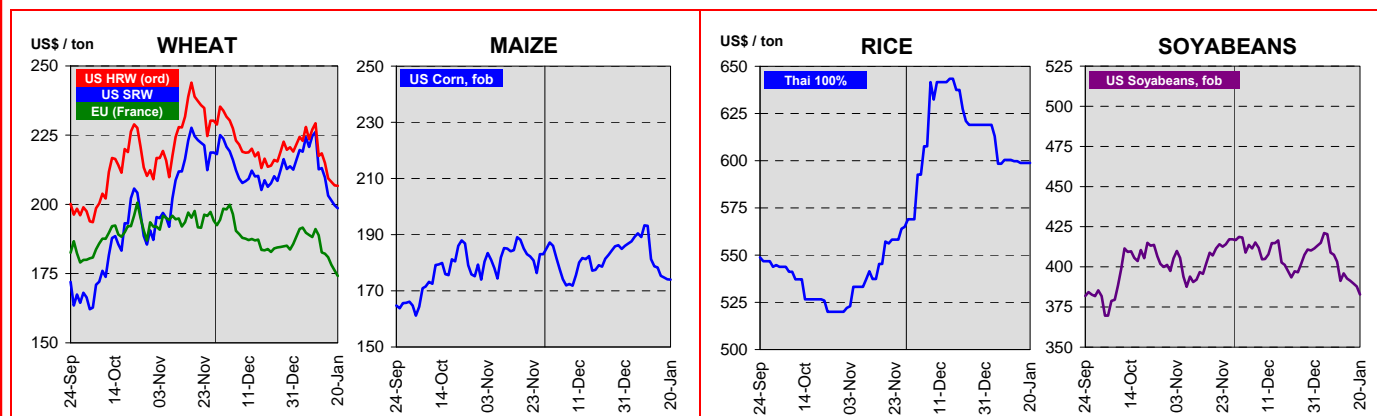
\* Wheat and coarse grains

\*\* Argentina, Australia, Canada, EU, United States

### MARKET COMMENTARY

World grain and oilseed export prices mostly posted net declines over the past two months, but rice values rose sharply. Market activity was frequently light during the holiday period and technical trading and movements in currencies influenced prices. Occasional support was linked to unfavourable weather that caused transportation difficulties and some crop concerns in Europe, the CIS and North America, including delays completing the US maize harvest. However, in mid-January, grain values were pressed sharply lower by bearish official crop reports in the US. Weaker currencies and slowing exports saw **wheat** prices in Europe and the Black Sea region ease during the first part of December, but values were supported by technical gains in the US later in the month. Market sentiment turned more bearish in mid-January following updated US S&D projections: these included a 22-year high in the country's projected wheat stocks. Harvest delays, concerns about crop damage and improved export demand helped to underpin US **maize** values at first, but January's increase in the official US production forecast, to a new record, sent prices sharply lower. World **oilseed** markets were supported by firm US soyabean prices during early December, these underpinned by continued strong export demand. However US values fell steeply in the New Year amid waning export prospects, with big crops in South America expected to increase competition. Asian **rice** prices were buoyed by large import tenders by the Philippines, with particularly steep increases in Vietnam, that country securing much of the business. In the **Ocean Freight** market, grain shipments helped to support the Handysize sector, but slow minerals demand weighed on Panamax and Capesize rates.

## EXPORT PRICES



## OUTLOOK FOR 2009/10

Significant increases in wheat, maize and barley, mostly in North America and the CIS, lift estimated world grains **production** by 9m. tons, to 1,768m., 25m. below last year's record. Projected total **consumption** is slightly reduced to 1,744m. tons, 1.3% more than last year. Global industrial use is forecast at 257m. tons, unchanged from last time, including 136m. for ethanol. World grain **stocks** at the end of 2009/10 are projected 12m. tons more than previously, at 385m., an eight-year high. Compared with last season, wheat stocks will rise but there will be a fall in those of maize. World grains **trade** is forecast 1m. tons higher than before, at 229m., but still well below last year's record 248m. due to reduced wheat imports by Near East Asia and North Africa.

**WHEAT:** Sharply higher estimates for the CIS and Canada raise world **production** by 6m. tons, to 674m., only 12m. less than the 2008 record. Rains in Argentina hampered the completion of the harvest and could affect its quality, while wet weather in Brazil led to some of the crop being downgraded. Forecast global **consumption** is reduced by 1m. tons, to 642m., only 3m. more than in 2008/09. Wheat **stocks** in the 5 majors are up by 4m. tons since November, to a four-year high of 55m., half of which are in the US. Large purchases by Near East and Far East Asia raise forecast world wheat **trade** by 1m. tons, to 119m., compared with the record 136m. in 2008/09. US wheat sales continue to make slow progress but Canada's are running ahead of last year. Export forecasts for the EU, Ukraine and Kazakhstan are also increased.

**MAIZE:** The **production** forecast is raised 4m. tons, to 791m., the same as in 2008. Despite poor harvesting conditions the US crop is seen reaching a record 334m. tons, 27m. more than a year ago, but doubts remain about quality. Rains benefited

plantings in Argentina but some farmers in Brazil are turning to soyabeans. Prospects in South Africa remain favourable. Forecast global maize **consumption** is increased by 3m. tons, to 803m., 24m. more than in 2008/09. Feed use is 1.5% up on last year. World **stocks** are projected to total 137m. tons at the end of 2009/10, 3m. more than in November. An increase in the US to a four-year high of 45m. tons outweighs reductions in Brazil and Argentina. The maize **trade** forecast is unchanged at 84m. tons. After drought, Mexico is forecast to buy 9m. tons, mostly from the US, but ample domestic feed availabilities will cut EU imports to only 2.5m. Forecast US exports (September/August) are further reduced, to 52m. tons, while those of Argentina and Ukraine are increased.

## PROSPECTS FOR 2010

Weather conditions in the northern hemisphere were generally favourable for winter grains planting and establishment. World **wheat** harvested areas in 2010 are forecast at 221m. ha., 1% less than in 2009. Assuming trend yields, production is projected at 653m. tons, some 21m. less than in 2009 but the third largest on record. In the EU, where conditions remain favourable for winter wheat, sowings are expected to increase at the expense of barley. In the CIS, some areas have been exposed to frost damage. Winter wheat plantings in the US were exceptionally low, at 15m. ha., due to the late harvesting of maize and soyabeans. Some of Canada's farmers may switch from spring wheat to oilseeds or pulses. India's wheat areas are forecast up by 2% and a small increase is likely in China. Rain improved conditions in Turkey and Iran but delayed planting in North Africa. **Barley** sowings are expected to decline in the EU and North Africa. In the US, **maize** sowings are likely to increase.

## MAIN MARKET EVENTS SINCE 26 NOVEMBER 2009

**3 Dec Canada:** Stats. Can.: 2009 wheat crop lifted by 1.9m t, to 26.5m (-7%). Canola 1.5m t higher, at 11.8m (-6.5%)

**1/8/15 Philippines:** bought 1.6m t broken rice, incl. 1.4m from Vietnam

**4/16/31 Egypt:** GASC bought 840,000 t wheats, incl. 720,000 t from Russia and 120,000 t from the EU (France and Germany)

**8 Australia:** ABARE: lowered 2009 wheat crop f'cast by 0.7m t, to 22.0m (+5%)

**Vietnam:** broken rice prices at 16-mth. highs  
**18 USA:** Informa: 2010 maize area f'cast at 36.2m ha (+3.5%), soyabeans at 31.2m (-0.6%)

**21 Turkey:** sold 150,000 t milling wheats and 50,000 t durum in export tender

**23 Algeria:** bought 300,000 t milling wheat

**7 Jan Argentina:** Buenos Aires Grains Exchange: 09/10 maize crop f'cast at 16.5m t (+20%)

**8 USA:** CME corn closes at an 8-mth. high

**12 USA:** USDA: 2010 winter wheat plantings at 15.0m ha (-14%), incl. HRW at 11.3m (-12%) and SRW at 2.4m (-29%)

**USA:** USDA 09/10 f'casts: maize crop raised to record 334.1m t (+9%). Wheat exports cut by 1.3m t, to 22.5m (-18%). Soyabeans crop up 1.2m t, to 91.5m (+13%)

**13 Egypt:** GASC bought 180,000 t wheats, incl. 120,000 t Russia, 60,000 t Kazakhstan

**14 Jordan:** bought 100,000 t Black Sea wheat

**S Korea:** bought up to 540,000 t US maize

**18 Saudi Arabia:** bought 440,000 t opt-origin milling wheats

**20 Jordan:** bought 100,000 t Black Sea barley

**USA:** nearby CME wheat and soyabeans close at 10-week lows, maize 6-week low, rice 12-week low

**21 EU:** Stratégie Grains: 2010 common wheat crop f'cast at 133.7m t (+3%), barley 58.2m (-6%), maize 57.8m (+2%)

**CONTENTS AND WEBSITE MENU**

(N.B: Text and tables highlighted in red are available in electronic version only )

**GMR COMMENTARY**

	<i>Page no.</i>
<b>Supply and demand in 2009/10</b>	
General	4
Wheat	4
Durum	5
Coarse grains	5
Maize (corn)	5
Barley	7
Sorghum	7
Oats	8
Rye	8
<b>Outlook for production in 2010/11</b>	8
<b>World trade in oilseeds</b>	9
Soyabeans	10
Soyameal	10
Rapeseed/canola	10
<b>World trade in rice</b>	11
<b>Recent market developments</b>	12
Wheat	12
Durum	13
Coarse grains	13
Maize (corn)	13
Barley	14
Other coarse grains (sorghum, oats, rye)	14
Oilseeds	14
Rice	15
<b>Ocean freight rates</b>	16
<b>National policy and other developments</b>	16
Latest national trade-related measures	16
Other national policy developments	17
Other developments	17
<i>Cross-border farmland investment</i>	
<b>Market focus</b>	
Recent trends in meat trade and impact on grains	18
Rice supply and demand prospects in South Asia	19
Industrial use of grains:update	20

**TABLES**

	<i>Table no.</i>
<b>PRODUCTION</b>	
Total grains (wheat and coarse grains)	1
All wheat	2
Maize (corn)	3
Barley	4
Sorghum	5
Oats	6
Rye	7
Totals by grain	8
<b>TRADE</b>	
Total grains (wheat and coarse grains)	9
All wheat	10
Maize (corn)	11
Barley	12
Sorghum	13
Oats	14
Rye	15
<b>Shipments &amp; sales</b>	
Recent reported sales (wheat & coarse grains)	16
Wheat: main exporters' progress reports	17A
Maize (corn): main exporters' progress reports	17B
Barley: main exporters' progress reports	17C
<i>Monthly &amp; quarterly shipments</i>	<i>A</i>
<i>Monthly shipments by destination</i>	
<i>Wheat</i>	<i>B1</i>
<i>Durum wheat</i>	<i>B2</i>
<i>Maize (corn)</i>	<i>B3</i>
<i>Barley</i>	<i>B4</i>
<i>Malt</i>	<i>B5</i>
<i>Sorghum</i>	<i>B6</i>
<i>Oats</i>	<i>B7</i>
<i>EU: licences, import duties and export refunds</i>	
<i>Export/import licences</i>	<i>C1</i>
<i>Import duties</i>	<i>C2</i>
<i>TRQ import licences</i>	<i>C3</i>
<i>CHINA</i>	
<i>Production</i>	<i>D1</i>
<i>Trade forecasts</i>	<i>D2</i>
<i>Trade progress report</i>	<i>D3</i>
<i>Official trade data</i>	<i>D4</i>
<b>SUPPLY AND DEMAND</b>	
All wheat	18
Durum wheat: Supply/demand	19A
Production	19B
Trade	19C
Coarse grains (maize, barley, sorghum, oats, rye)	20
Total grains (wheat and coarse grains)	21
<b>OILSEEDS</b>	
Soyabeans: trade	22
Soyameal: trade	23
Rapeseed/canola: trade	24
<b>RICE</b>	
Trade	25
<b>PRICES</b>	
Weekly export quotations	26
Futures prices	27
<i>IGC wheat price index</i>	<i>E</i>
<b>OCEAN FREIGHT RATES</b>	
Selected grain routes	28