



# Grain Market Report

## Summary

### HIGHLIGHTS

Mainly because of adjustments for minor grains, the forecast for world **total grains** (wheat and coarse grains) production in 2019/20 is 1m t higher m/m (month-on-month), at 2,177m, an increase of 2% y/y (year-on-year). A further cut for industrial use, mostly for maize-based ethanol in the USA, is outweighed by upgrades for food and feed, lifting global consumption by 1m t m/m. Including downward adjustments for the EU, Russia and Turkey, the outlook for world stocks is reduced by 6m t m/m. The forecast for trade is trimmed by 1m t from before on smaller maize and barley shipments.

Led by higher maize crop prospects (including in the USA and China), the projection for global total grains production in 2020/21 is up by 12m t m/m, to 2,230m (+2% y/y). The consumption number is lowered owing to a weaker outlook for the industrial sector. Increases for wheat, maize and rye raise the world stocks forecast by 10m t m/m, with the first rise in all-grains inventories in four years anticipated (+13m t). Higher than previously projected shipments of wheat, maize and sorghum boost the 2020/21 (Jul/Jun) trade number by 3m t m/m.

Downward revisions for Argentina and India lower the global 2019/20 **soyabean** production estimate by 2m t, to 336m, a drop of 7% y/y. However, this is more than offset by a higher figure for carry-ins and, with consumption trimmed, stocks are raised by 3m t, to 41m, significantly tighter y/y. With an upgrade for Brazil outweighed by reductions for minor producers, world output in 2020/21 is pegged marginally lower m/m, at 363m t, a 27m y/y gain. Total use is unchanged m/m, at a record of 363m t, up by 2% y/y, with stocks lifted on an updated outlook for accumulation in China. Traded volumes are forecast 2m t higher m/m, at a peak of 159m (+6m y/y), on increased expectations for Asian demand.

With a cut to production and total supplies matched by an equivalent reduction in consumption, global **rice** inventories in 2019/20 are forecast unchanged m/m, at a record of 176m t. With upward revisions for India and China outweighed by downgrades for other Asian countries, the 2020/21 world output projection is lowered marginally, to 506m t, still up by 9m y/y and a record. With the outlook for consumption trimmed slightly, carryovers are raised to a peak of 182m t, a 3% y/y increase. Trade in 2021 is predicted steady from before, at 44m t, moderately higher y/y.

The IGC **Grains and Oilseeds Index (GOI)** gained 1% m/m, as weaker export prices for wheat, rice and barley were offset by increases for maize and soyabeans.

	17/18	18/19 est.	19/20 f'cast	20/21 proj.	
million tons				30.04	28.05
<b>TOTAL GRAINS <sup>a)</sup></b>					
Production	2137	2137	2177	2218	2230
Trade	370	364	380	384	387
Consumption	2150	2166	2182	2222	2218
Carryover stocks	648	619	614	617	627
<i>year/year change</i>	-13	-29	-5		13
Major exporters <sup>b)</sup>	179	163	162	174	181
<b>WHEAT</b>					
Production	762	731	762	764	766
Trade	176	169	178	177	178
Consumption	740	740	748	755	750
Carryover stocks	269	260	274	289	290
<i>year/year change</i>	22	-8	14		16
Major exporters <sup>b)</sup>	83	69	66	64	68
<b>MAIZE (CORN)</b>					
Production	1090	1129	1118	1158	1169
Trade	153	165	168	173	175
Consumption	1118	1147	1144	1173	1177
Carryover stocks	341	323	297	281	288
<i>year/year change</i>	-28	-18	-26		-9
Major exporters <sup>c)</sup>	74	67	65	78	80
<b>SOYABEANS</b>					
Production	345	362	336	364	363
Trade	153	152	153	157	159
Consumption	344	350	354	363	363
Carryover stocks	47	60	41	40	42
<i>year/year change</i>	0	12	-18		1
Major exporters <sup>d)</sup>	17	31	18	17	16
million tons (milled basis)					
<b>RICE</b>					
Production	494	497	497	507	506
Trade	46	43	43	44	44
Consumption	485	488	494	502	500
Carryover stocks	164	174	176	181	182
<i>year/year change</i>	9	9	3		5
Major exporters <sup>e)</sup>	31	39	42	45	46

Figures may not add due to rounding. All calculations are based on unrounded figures.

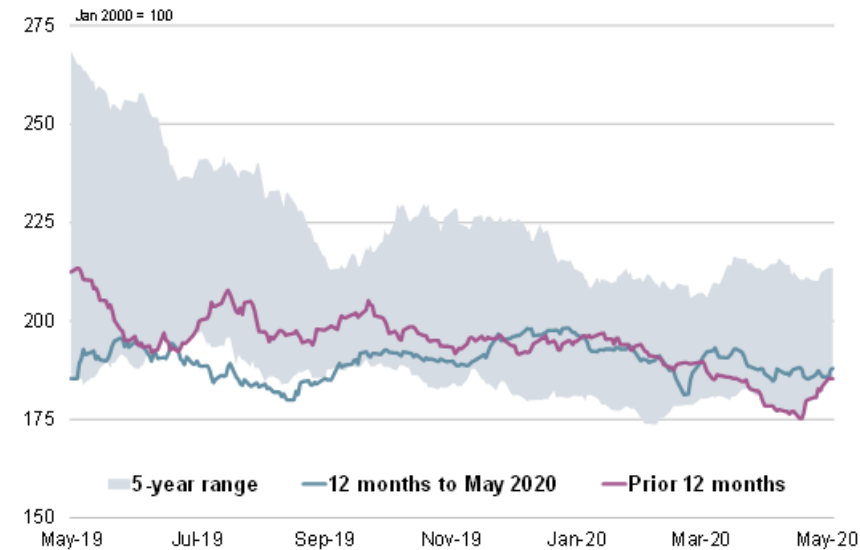
a) Wheat and coarse grains

b) Argentina, Australia, Canada, EU\*, Kazakhstan, Russia, Ukraine, USA

c) Argentina, Brazil, Ukraine, USA

d) Argentina, Brazil, USA

e) India, Pakistan, Thailand, USA, Vietnam



## OVERVIEW

Record harvests of wheat and barley are expected to outweigh a poorer maize crop to lift world **total grains** (wheat and coarse grains) production by 40m t in 2019/20, to 2,177m, only modestly below the all-time peak in 2016/17. Consumption is forecast to climb by 1%, as growth for food and feed more than offset lower industrial usage. Only a small stock drawdown of total grains is envisaged, with accumulations of wheat, barley and rye almost enough to compensate for another sizeable decline of maize inventories. Record trade is forecast, including increased shipments of wheat, maize, barley and sorghum. World total grains production in 2020/21 is projected at an all-time high of 2,230m t (+54m y/y), including record harvests of wheat (+4m) and maize (+50m). Consumption is seen reaching a new peak, with larger food and feed usage as well as a recovery in industrial demand. The first rise in global stocks for four seasons is predicted, to 627m t (+13m y/y), as the fourth successive drop in maize carryovers is outweighed by gains for other grains. A twelfth consecutive annual rise in maize shipments is largely behind projected 2% growth in world grains trade, to a new high of 387m t.

m t	17/18	18/19 (est.)	19/20 (f'cast)	20/21 (proj.)	y/y change
Opening stocks	661	648	619	614	- 0.9%
Production	2,137	2,137	2,177	2,230	+ 2.5%
<b>Total supply</b>	<b>2,798</b>	<b>2,785</b>	<b>2,796</b>	<b>2,844</b>	<b>+ 1.7%</b>
<b>Total use</b>	<b>2,150</b>	<b>2,166</b>	<b>2,182</b>	<b>2,218</b>	<b>+ 1.6%</b>
<i>of which: Food</i>	707	716	724	731	+ 1.0%
<i>Feed</i>	959	965	986	997	+ 1.1%
<i>Industrial</i>	366	366	355	370	+ 4.5%
<b>Closing stocks</b>	<b>648</b>	<b>619</b>	<b>614</b>	<b>627</b>	<b>+ 2.1%</b>
<i>Major exporters</i> <sup>a)</sup>	179	163	162	181	+ 14.2% a)
<b>Trade (Jul/Jun)</b>	<b>370</b>	<b>364</b>	<b>380</b>	<b>387</b>	<b>+ 2.0%</b>

<sup>a)</sup> Argentina, Australia, Canada, EU, Kazakhstan, Russia, Ukraine, USA

EU28 to 19/20, EU27 from 20/21. Change on EU27 basis

Despite a record Brazilian harvest, global **soyabean** output in 2019/20 is seen down by 7% y/y on a heavily reduced US crop, along with smaller outturns in Argentina, Canada and India. With consumption edging up, stocks are set to tighten sharply, mostly on a sizeable contraction in the US. Trade is seen up by 1% y/y, as bigger shipments to China more than offset reduced demand from other buyers. Given prospects for a much larger US crop, 2020/21 global production is predicted to rise by 8% y/y, to 363m t. While consumption is likely to climb to a new peak, carryovers are seen a fraction higher y/y, at 42m t; nominal accumulation in China is seen offsetting falls elsewhere. With another increase in China's purchases anticipated, world trade is projected to expand by 4% y/y.

m t	17/18	18/19 (est.)	19/20 (f'cast)	20/21 (proj.)	y/y change
Opening stocks	47	47	60	41	- 30.8%
Production	345	362	336	363	+ 8.1%
<b>Total supply</b>	<b>392</b>	<b>410</b>	<b>396</b>	<b>405</b>	<b>+ 2.2%</b>
<b>Total use</b>	<b>344</b>	<b>350</b>	<b>354</b>	<b>363</b>	<b>+ 2.4%</b>
<i>of which: Crush</i>	302	307	311	318	+ 2.0%
<b>Closing stocks</b>	<b>47</b>	<b>60</b>	<b>41</b>	<b>42</b>	<b>+ 1.2%</b>
<i>Major exporters</i> <sup>a)</sup>	17	31	18	16	- 15.8%
<b>Trade (Oct/Sep)</b>	<b>153</b>	<b>152</b>	<b>153</b>	<b>159</b>	<b>+ 3.8%</b>

<sup>a)</sup> Argentina, Brazil, USA

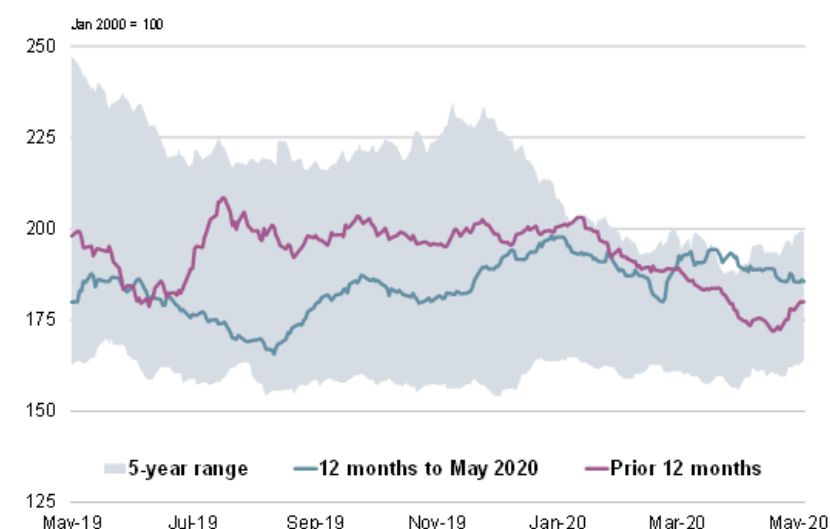
With record production in India contrasting with smaller crops elsewhere, global rice output is estimated steady y/y in 2019/20. While the full impact of COVID-19 on demand patterns remains uncertain, the Council expects total use to rise on population growth. Amid heavy supplies, stocks are forecast to climb to a new high on gains in China and major exporters, while trade in 2020 is seen steady y/y. Tied to anticipated acreage increases in Asia, the 2020/21 world rice outturn is predicted at a peak of 506m t, up 9m y/y, with accumulation in key exporters pushing up global carryovers to a record of 182m. A recovery in African demand could boost trade by 4% y/y in 2021.

## MARKET SUMMARY

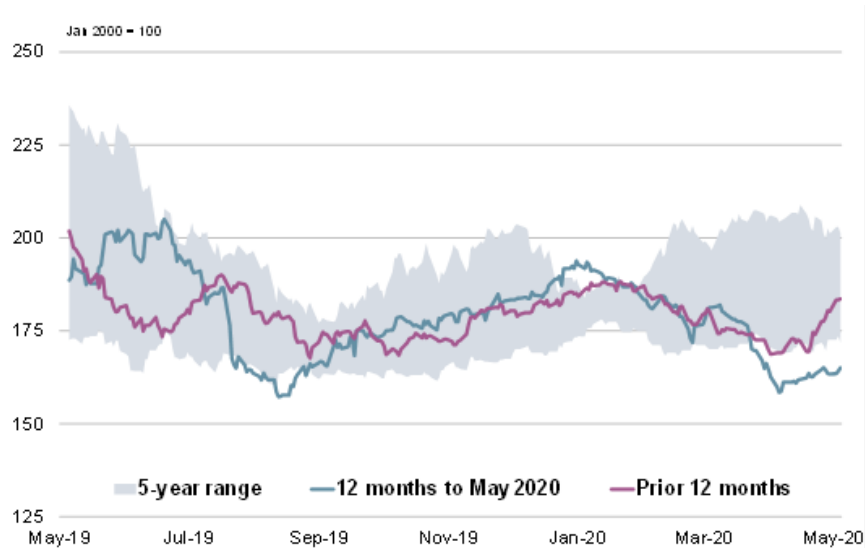
The IGC GOI increased by 1% m/m, with mixed movements across the sub-components.

Jan 2000 = 100	<b>GMR 510</b>	<i>m/m change*</i>	<i>y/y change</i>
<b>IGC GOI</b>	<b>188</b>	<b>+ 1.4%</b>	<b>+ 1.4%</b>
Wheat sub-Index	<b>186</b>	- 1.4%	+ 3.1%
Maize sub-Index	<b>165</b>	+ 4.0%	- 10.1%
Barley sub-Index	<b>187</b>	- 3.0%	- 4.5%
Rice sub-Index	<b>188</b>	- 3.1%	+ 16.9%
Soyabeans sub-Index	<b>172</b>	+ 3.9%	+ 0.9%

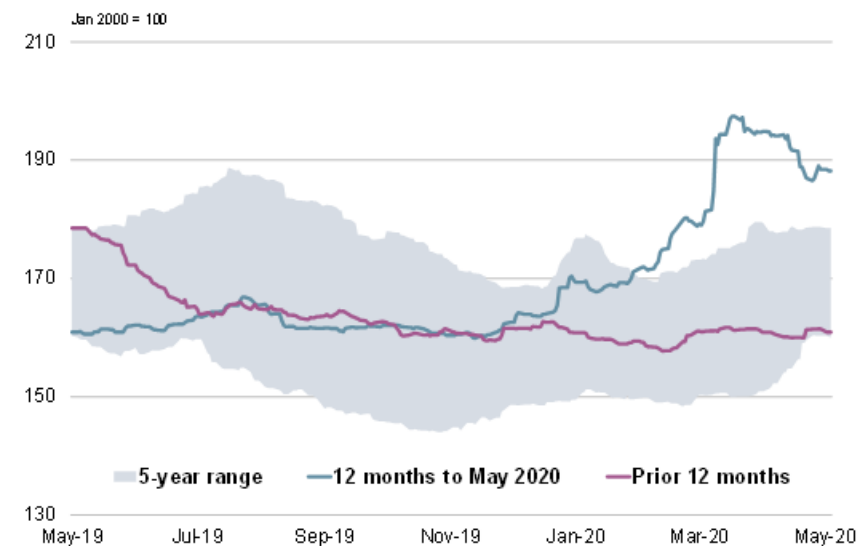
\*Change vs. GMR 509



Weighed partly by ample world supply prospects and worries about coronavirus, the IGC GOI **wheat** sub-Index dipped by 1%. Losses were contained by dry weather in parts of Europe and the Black Sea region.



The IGC GOI **maize** sub-Index gained by 4% since the last GMR, led by a solid rebound in US values, tied to stronger export demand and some flood-related barge restrictions on internal waterways.



After a steep rally in the previous month, the IGC GOI **rice** sub-Index fell by 3% in May, mainly due to losses in Thailand, where subdued buying interest and light seasonal pressure were observed

