



# Grain Market Report

## Summary

### HIGHLIGHTS

The outlook for world **total grains** (wheat and coarse grains) production in 2019/20 is lowered by 8m t m/m (month-on-month), to 2,148m, with downgrades for wheat (including for the EU, Russia and Canada), maize (China) and sorghum (USA). Adjustments to consumption (mostly for wheat, maize and sorghum) take nearly 3m t off projected demand, but use is still projected to climb by 1% y/y (year-on-year) to a fresh peak of 2,184m t. The world stocks forecast (aggregate of respective local marketing years) is down by 3m t m/m, as a reduction for wheat is partly offset by an increase for maize. At 370m t (+1% y/y), the trade projection is little changed m/m; a decreased figure for wheat shipments is broadly balanced by an upgrade for maize.

On the basis of a slower pace of deliveries to China, the Council's forecast for global **soyabean** trade in 2018/19 is cut slightly, to 150m t, a 2% y/y fall. Reflecting an adjustment for the US, the projection of world output in 2019/20 is marginally lower m/m, at 348m t (-4% y/y). And with consumption placed higher than before, stocks are trimmed to 44.0m t (-20% y/y), including major exporters' inventories at 26.7m (-26%). Global import demand is tentatively predicted to edge up to 151m t.

The global **rice** supply and demand situation in 2018/19 is little-changed m/m, with production, use and stocks seen at new peaks. A slightly reduced outlook for India's main (kharif) crop is mostly offset by adjustments elsewhere, leaving the projection of 2019/20 world production broadly steady m/m, at 503m t, up by 4m y/y. With consumption trimmed fractionally, global carryovers are maintained at a high of 162m t (157m), including 99m in China.

Despite some uncertainties about the outlook for global markets, the IGC **Grains and Oilseeds Index** (GOI) weakened by 2% since the last GMR, pressured by seasonally rising supplies.

## 1. World Estimates

|                                   | 16/17 | 17/18 | 18/19<br>est. | 19/20<br>fcast | 20/21 |
|-----------------------------------|-------|-------|---------------|----------------|-------|
| million tons                      |       |       |               |                |       |
| <b>TOTAL GRAINS <sup>a)</sup></b> |       |       |               |                |       |
| Production                        | 2187  | 2139  | 2142          | 2156           | 2148  |
| Trade                             | 353   | 370   | 367           | 370            | 370   |
| Consumption                       | 2127  | 2151  | 2165          | 2187           | 2184  |
| Carryover stocks                  | 656   | 644   | 621           | 588            | 585   |
| <i>year/year change</i>           | 60    | -12   | -23           |                | -36   |
| Major exporters <sup>b)</sup>     | 178   | 177   | 166           | 154            | 153   |

| <b>WHEAT</b>                  |     |     |     |     |     |
|-------------------------------|-----|-----|-----|-----|-----|
| Production                    | 757 | 761 | 733 | 769 | 763 |
| Trade                         | 177 | 176 | 170 | 174 | 173 |
| Consumption                   | 736 | 739 | 741 | 756 | 755 |
| Carryover stocks              | 248 | 270 | 262 | 275 | 270 |
| <i>year/year change</i>       | 21  | 22  | -8  |     | 9   |
| Major exporters <sup>b)</sup> | 78  | 82  | 67  | 70  | 67  |

| <b>MAIZE (CORN)</b>           |      |      |      |      |      |
|-------------------------------|------|------|------|------|------|
| Production                    | 1132 | 1090 | 1130 | 1095 | 1092 |
| Trade                         | 137  | 153  | 164  | 162  | 163  |
| Consumption                   | 1092 | 1118 | 1144 | 1143 | 1141 |
| Carryover stocks              | 363  | 335  | 322  | 271  | 273  |
| <i>year/year change</i>       | 40   | -27  | -13  |      | -50  |
| Major exporters <sup>c)</sup> | 78   | 69   | 75   | 56   | 58   |

|                               | 16/17 | 17/18<br>est. | 18/19<br>fcast | 19/20<br>proj. | 20/21 |
|-------------------------------|-------|---------------|----------------|----------------|-------|
| million tons                  |       |               |                |                |       |
| <b>SOYABEANS</b>              |       |               |                |                |       |
| Production                    | 352   | 341           | 363            | 349            | 348   |
| Trade                         | 148   | 153           | 150            | 152            | 151   |
| Consumption                   | 338   | 344           | 352            | 358            | 359   |
| Carryover stocks              | 48    | 45            | 55             | 45             | 44    |
| <i>year/year change</i>       | 14    | -3            | 10             |                | -11   |
| Major exporters <sup>d)</sup> | 22    | 16            | 36             | 27             | 27    |

| million tons (milled basis)   |     |     |     |     |     |
|-------------------------------|-----|-----|-----|-----|-----|
| <b>RICE</b>                   |     |     |     |     |     |
| Production                    | 492 | 494 | 499 | 503 | 503 |
| Trade                         | 47  | 46  | 46  | 47  | 47  |
| Consumption                   | 485 | 487 | 492 | 499 | 498 |
| Carryover stocks              | 143 | 150 | 157 | 162 | 162 |
| <i>year/year change</i>       | 7   | 8   | 7   |     | 5   |
| Major exporters <sup>e)</sup> | 32  | 32  | 36  | 38  | 38  |

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

a) Wheat and coarse grains

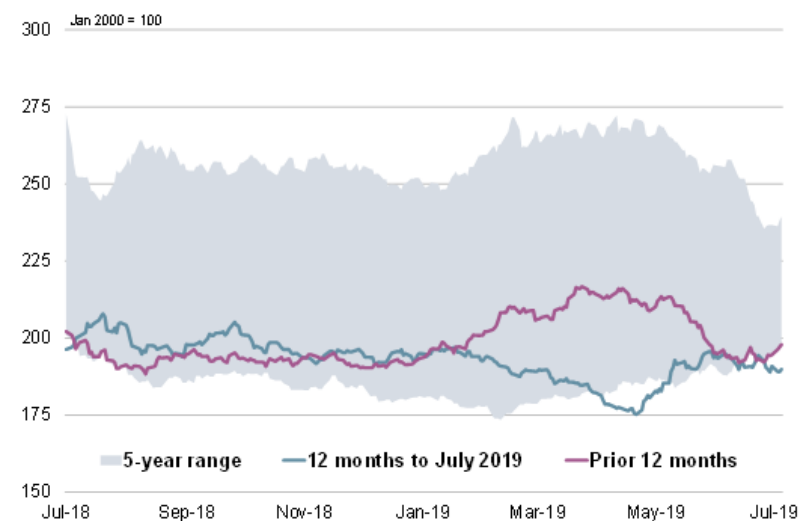
b) Argentina, Australia, Canada, EU, Kazakhstan, Russia, Ukraine, USA

c) Argentina, Brazil, Ukraine, USA

d) Argentina, Brazil, USA

e) India, Pakistan, Thailand, USA, Vietnam

## 2. IGC Grains & Oilseeds Index (GOI)



### OVERVIEW

After this month's downgrade, world **total grains** (wheat and coarse grains) production in 2019/20 is expected to be only modestly bigger y/y at 2,148m t. Nevertheless, the global wheat outturn is seen at a record, while maize is placed at the second largest ever and barley at the highest in a decade. Because of smaller stocks at the start of the season, overall grains supplies are predicted to be a four-year low. Consumption is seen reaching a new high of 2,184m t (+1% y/y), including gains for food, feed and industrial uses. A third successive contraction of global stocks is forecast at the end of 2019/20, with the rate of drawdown accelerating to 36m t. This entirely reflects tightening maize inventories (-50m t y/y), while carryovers of other grains are forecast to expand, including of wheat (+9m) and barley (+3m). The anticipated drop in maize stocks is centred on China (-26m t y/y), for which supply and demand assumptions are highly tentative. Of more note to the global market, the US maize carryover is projected to shrink by 18m t y/y, to a six-year low. World grains trade is projected to climb by 1% y/y; shipments of wheat, barley, sorghum and oats are expected to rise, but the first fall in maize trade in 11 years is foreseen, led by reduced buying by the EU.

### 3. Total grains: Supply and demand summary

| m t                                  | 16/17        | 17/18        | 18/19<br>(est.) | 19/20<br>(fcast) | y/y<br>change |
|--------------------------------------|--------------|--------------|-----------------|------------------|---------------|
| Opening stocks                       | 596          | 656          | 644             | 621              | - 3.6%        |
| Production                           | 2,187        | 2,139        | 2,142           | 2,148            | + 0.3%        |
| <b>Total supply</b>                  | <b>2,783</b> | <b>2,795</b> | <b>2,787</b>    | <b>2,769</b>     | <b>- 0.6%</b> |
| <b>Total use</b>                     | <b>2,127</b> | <b>2,151</b> | <b>2,165</b>    | <b>2,184</b>     | <b>+ 0.9%</b> |
| <i>of which: Food</i>                | 698          | 707          | 717             | 722              | + 0.8%        |
| <i>Feed</i>                          | 948          | 962          | 966             | 972              | + 0.6%        |
| <i>Industrial</i>                    | 356          | 365          | 365             | 370              | + 1.6%        |
| <b>Closing stocks</b>                | <b>656</b>   | <b>644</b>   | <b>621</b>      | <b>585</b>       | <b>- 5.8%</b> |
| <i>Major exporters</i> <sup>a)</sup> | 178          | 177          | 166             | 153              | - 8.1%        |
| <b>Trade (Jul/Jun)</b>               | <b>353</b>   | <b>370</b>   | <b>367</b>      | <b>370</b>       | <b>+ 0.8%</b> |

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

With heavier crops in Argentina and the US in particular, world **soyabean** production reached a record of 363m t in 2018/19, a y/y gain of 22m. Despite reduced use in China, increases elsewhere should propel consumption to a new high, while stocks are seen rising sharply, to a peak of 55m t, as depressed export demand results in sizeable accumulation in the US. Global trade is anticipated to fall to 150m t (-2%) as a drop in dispatches to China outweighs bigger purchases by others. Mostly on expectations for a smaller US harvest, world output is tentatively seen down by 4% y/y in 2019/20, at 348m t. With uptake likely to increase further, albeit at a below-trend rate, carryovers could fall markedly, to 44m t (-20%), mainly on a contraction in the major exporters. Trade is predicted to increase marginally y/y, to 151m t.

### 4. Soyabeans: Supply and demand summary

| m t                                  | 16/17      | 17/18<br>(est.) | 18/19<br>(fcast) | 19/20<br>(proj.) | y/y<br>change  |
|--------------------------------------|------------|-----------------|------------------|------------------|----------------|
| Opening stocks                       | 34         | 48              | 45               | 55               | + 23.3%        |
| Production                           | 352        | 341             | 363              | 348              | - 4.2%         |
| <b>Total supply</b>                  | <b>386</b> | <b>389</b>      | <b>408</b>       | <b>403</b>       | <b>- 1.2%</b>  |
| <b>Total use</b>                     | <b>338</b> | <b>344</b>      | <b>352</b>       | <b>359</b>       | <b>+ 1.8%</b>  |
| <i>of which: Crush</i>               | 295        | 302             | 309              | 315              | + 2.0%         |
| <b>Closing stocks</b>                | <b>48</b>  | <b>45</b>       | <b>55</b>        | <b>44</b>        | <b>- 19.8%</b> |
| <i>Major exporters</i> <sup>a)</sup> | 22         | 16              | 36               | 27               | - 26.1%        |
| <b>Trade (Oct/Sep)</b>               | <b>148</b> | <b>153</b>      | <b>150</b>       | <b>151</b>       | <b>+ 0.9%</b>  |

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

Tied to gains in Asia, the 2018/19 global **rice** outturn is estimated at a peak of 499m t, a 4m y/y increase, with consumption advancing amid plentiful supplies and population growth. However, trade is expected to fall in 2019 as buyers in Asia secure less, with China's arrivals potentially contracting by 20% y/y, to a six-year low. Output is provisionally placed at a high of 503m t in 2019/20 on expanded acreage in Asia, with the increase in supplies channelled to record use and stocks. Traded volumes may recover in 2020 on growth in shipments to Africa.

### 5. Rice: Supply and demand summary

| m t (milled basis)                  | 16/17      | 17/18<br>(est.) | 18/19<br>(f'cast) | 19/20<br>(proj.) | y/y<br>change |
|-------------------------------------|------------|-----------------|-------------------|------------------|---------------|
| Opening stocks                      | 136        | 143             | 150               | 157              | + 4.7%        |
| Production                          | 492        | 494             | 499               | 503              | + 0.7%        |
| <b>Total supply</b>                 | <b>627</b> | <b>637</b>      | <b>650</b>        | <b>660</b>       | <b>+ 1.6%</b> |
| <b>Total use</b>                    | <b>485</b> | <b>487</b>      | <b>492</b>        | <b>498</b>       | <b>+ 1.2%</b> |
| <b>Closing stocks</b>               | <b>143</b> | <b>150</b>      | <b>157</b>        | <b>162</b>       | <b>+ 3.1%</b> |
| <i>Major exporters<sup>a)</sup></i> | 32         | 32              | 36                | 38               | + 7.9%        |
| <b>Trade (Jan/Dec)</b>              | <b>47</b>  | <b>46</b>       | <b>46</b>         | <b>47</b>        | <b>+ 3.1%</b> |

<sup>a)</sup> India, Pakistan, Thailand, US, Vietnam

## MARKET SUMMARY

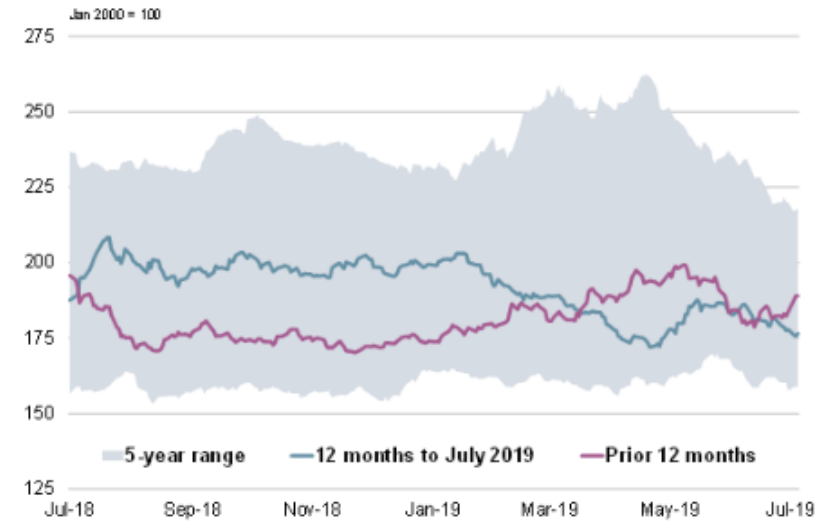
After three successive monthly gains, the IGC GOI dipped by 2% in July, pressured by a seasonal increase in supplies and strong competition for exports.

### 6. IGC Grains & Oilseeds Prices Index (GOI)

| Jan 2000 = 100      | GMR 501    | m/m<br>change* | y/y<br>change |
|---------------------|------------|----------------|---------------|
| <b>IGC GOI</b>      | <b>190</b> | - 2.2%         | - 4.1%        |
| Wheat sub-Index     | 177        | - 5.1%         | - 6.6%        |
| Maize sub-Index     | 194        | - 3.8%         | + 7.9%        |
| Barley sub-Index    | 194        | - 2.5%         | - 16.5%       |
| Rice sub-Index      | 164        | + 0.9%         | - 0.7%        |
| Soyabeans sub-Index | 178        | - 0.9%         | - 6.1%        |

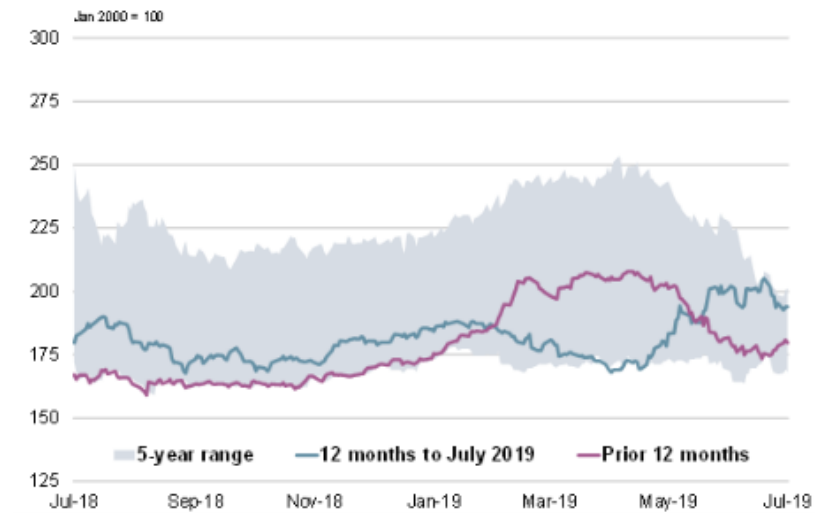
\*Change vs. GMR 500

## 7. Wheat: GOI sub-Index



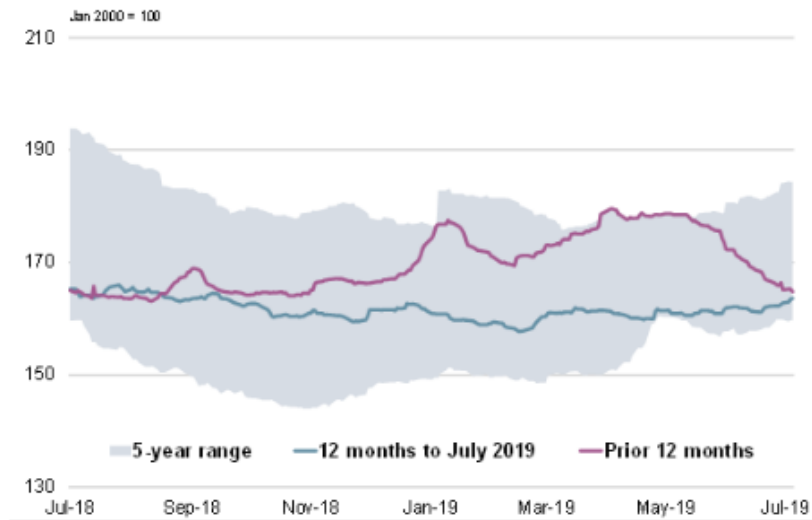
Weighed by seasonal harvest pressure and overall lacklustre demand, the IGC GOI **wheat** sub-Index dropped by 5% since the last GMR.

## 8. Maize: GOI sub-Index



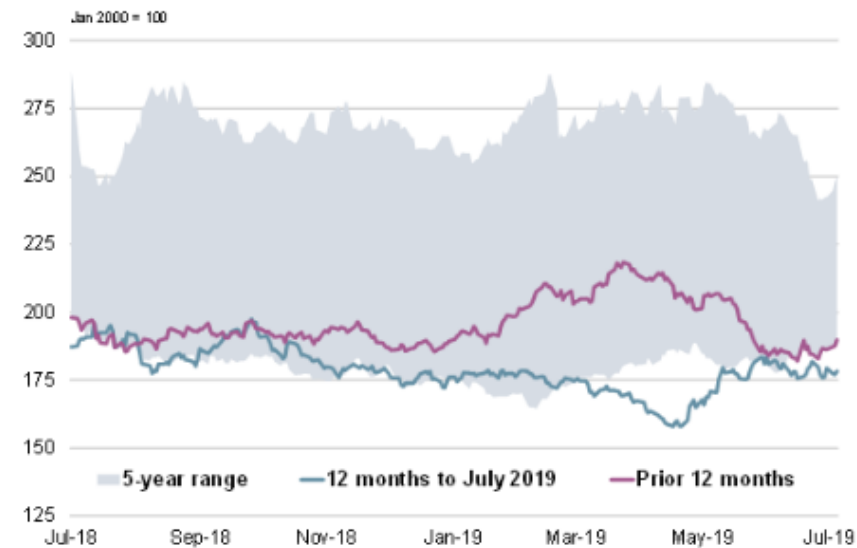
Amid slack overseas buying interest and ample South American spot availabilities, the IGC GOI **maize** sub-Index fell by 4% m/m.

### 9. Rice: GOI sub-Index



The IGC GOI **rice** sub-Index rose by 1% since late-June, with markets in Vietnam and the US lightly buoyed by recent export business.

### 10. Soybeans: GOI sub-Index



The IGC GOI **soybean** sub-Index edged lower on bearish supply and demand fundamentals, led by weakness at South American origins.