



# Grain Market Report

## Summary

### HIGHLIGHTS

The forecast for **total grains** (wheat and coarse grains) production in 2018/19 is raised by 5m t m/m (month-on-month), to 2,142m, mostly due to upward revisions for maize harvests in South America and South Africa. As consumption is boosted a little from before, the outlook for ending stocks is raised by around 2m t, to 619m, a drawdown of 26m y/y (year-on-year). The figure for trade is 2m t higher than last time, at 368m (369m previous year), mainly linked to larger than predicted maize imports by Canada, the EU, Turkey and China.

The projection for total grains production in 2019/20 is cut by 21m t m/m, to 2,156m (+1% y/y), largely owing to a difficult start to the growing season for US maize. Because of revisions for India, the EU and Ukraine, the forecast for wheat output is 3m t higher m/m, at a record 769m (+5% y/y). With smaller supplies and a cut in demand (-5m t, mostly feed/residual), total grains stocks at the end of 2019/20 are placed 14m smaller m/m, at 588m (-5% y/y). Most of the m/m change is linked to a tighter outlook for US maize inventories. Trade is 1m t up m/m as increased forecasts for wheat and maize shipments are partly offset by a reduced outlook for sorghum.

The 2018/19 world **soyabean** production estimate is pegged at a record of 363m t. Since total use is trimmed m/m, stocks are forecast marginally higher, at a peak of 54m t, a one-quarter y/y rise. Predicted broadly steady from May, trade is set to fall by 1% y/y. Mainly on a downgrade for the US, where crop weather has been very challenging, global output in 2019/20 is tentatively seen 9m t lower m/m, at 349m, down by 4% y/y. The m/m drop in supplies is largely channelled to a reduced outlook for inventories; at 45m t, carryovers are projected to contract by one-fifth y/y, albeit still slightly above average. Trade is placed at 152m t, up slightly y/y.

The Council's forecasts for **rice** supply and demand in 2018/19 are little-changed from before. Trade is seen at 46m t, with reductions for key exporters contrasting with an upgrade for China's shipments, which are being underpinned by African demand for long-grain varieties. The projection of global trade in 2020 is down slightly m/m, at 47m t (+1m y/y), on lower expectations for China's purchases.

Bolstered by uncertainties about production prospects in some regions, the IGC **Grains and Oilseeds Index** (GOI) increased by 2% since the last GMR, mainly on gains in average export prices for maize (+6%) and wheat (+2%).

	16/17	17/18 est.	18/19 fcast	19/20 proj.	
million tons				30.05	27.06
<b>TOTAL GRAINS <sup>a)</sup></b>					
Production	2187	2141	2142	2177	2156
Trade	353	369	368	369	370
Consumption	2127	2151	2169	2192	2187
Carryover stocks	656	645	619	602	588
<i>year/year change</i>	60	-11	-26		-31
Major exporters <sup>b)</sup>	178	177	166	167	154
<b>WHEAT</b>					
Production	757	762	733	766	769
Trade	177	176	171	174	174
Consumption	736	739	741	753	756
Carryover stocks	248	270	263	276	275
<i>year/year change</i>	21	22	-7		12
Major exporters <sup>b)</sup>	78	82	67	72	70
<b>MAIZE (CORN)</b>					
Production	1132	1092	1130	1118	1095
Trade	137	152	164	161	162
Consumption	1092	1118	1147	1151	1143
Carryover stocks	362	336	319	284	271
<i>year/year change</i>	40	-26	-17		-48
Major exporters <sup>c)</sup>	78	69	74	69	56
<b>SOYABEANS</b>					
Production	352	341	363	358	349
Trade	148	152	151	152	152
Consumption	338	344	352	359	358
Carryover stocks	48	44	54	53	45
<i>year/year change</i>	14	-3	10		-9
Major exporters <sup>d)</sup>	22	16	35	32	27
million tons (milled basis)					
<b>RICE</b>					
Production	492	494	499	504	503
Trade	47	46	46	48	47
Consumption	485	487	492	499	499
Carryover stocks	143	150	157	163	162
<i>year/year change</i>	7	8	7		5
Major exporters <sup>e)</sup>	32	32	35	38	38

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

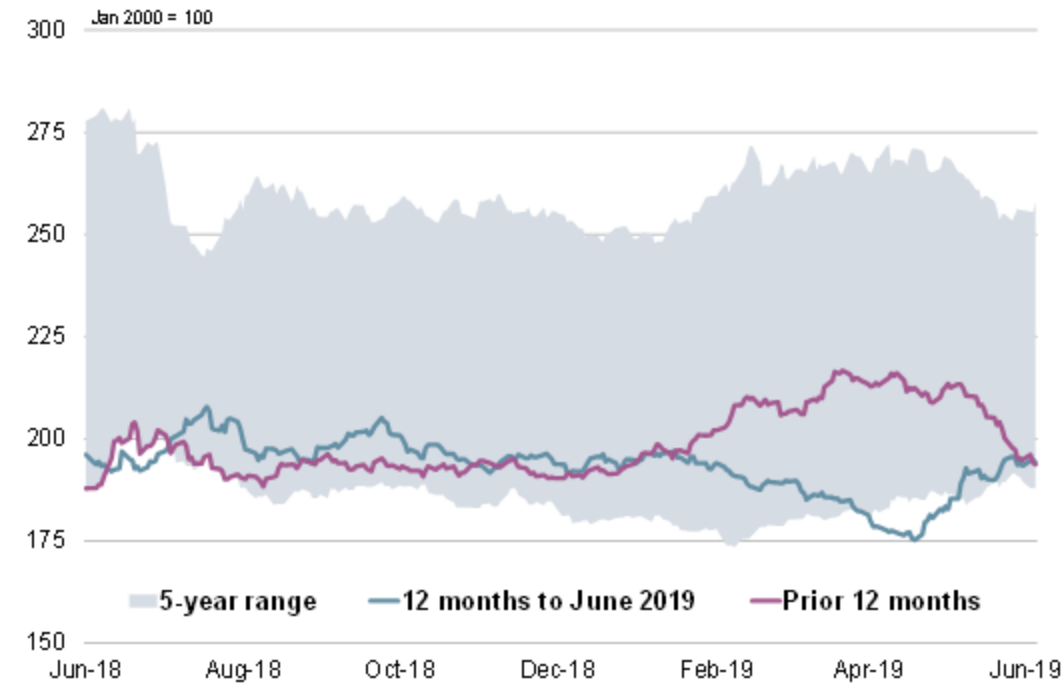
a) Wheat and coarse grains

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

c) Argentina, Brazil, Ukraine, USA

d) Argentina, Brazil, USA

e) India, Pakistan, Thailand, USA, Vietnam



## OVERVIEW

At 2,142m t, world **total grains** (wheat and coarse grains) production in 2018/19 is expected to marginally exceed the outturn of the year before, and despite lower opening stocks, overall supplies are estimated to be only slightly tighter y/y. Nevertheless, as consumption continues to grow, another drawdown of carryover stocks is envisaged, to a three-year low of 619m t. Total grains trade is placed a fraction smaller y/y as reduced shipments of wheat, barley, sorghum and oats outweigh increased volumes of maize and rye.

Global total grains production in 2019/20 is projected to expand by 1%, to 2,156m t. The increased outturn does not compensate for tighter opening stocks and overall supply is projected to be the least in four seasons. At the end of 2019/20, total grains stocks are predicted to contract for a third consecutive season, to a five-year low of 588m t, with the rate of decline accelerating to 31m y/y (26m previous year), wholly owing to a third successive decline for maize (-48m). These are seen dropping to a six-year low, with most of the fall in China (-24m t) and the USA (-18m). Wheat stocks could reach a record level, including build-ups in China and India. Some recovery in wheat carryovers is anticipated in the major exporters, although their aggregate total is forecast to remain below the five-year average. Total grains trade is projected at an all-time high, as increased shipments of wheat and barley offset the first fall in maize trade in 11 years.

m t	16/17	17/18 (est.)	18/19 (fcast)	19/20 (proj.)	y/y change
Opening stocks	596	656	645	619	- 4.1%
Production	2,187	2,141	2,142	2,156	+ 0.6%
<b>Total supply</b>	<b>2,783</b>	<b>2,797</b>	<b>2,788</b>	<b>2,775</b>	<b>- 0.4%</b>
<b>Total use</b>	<b>2,127</b>	<b>2,151</b>	<b>2,169</b>	<b>2,187</b>	<b>+ 0.8%</b>
<i>of which: Food</i>	698	706	718	723	+ 0.8%
<i>Feed</i>	948	962	969	974	+ 0.5%
<i>Industrial</i>	356	365	366	371	+ 1.4%
<b>Closing stocks</b>	<b>656</b>	<b>645</b>	<b>619</b>	<b>588</b>	<b>- 5.0%</b>
<i>Major exporters</i> <sup>a)</sup>	178	177	166	154	- 6.7%
<b>Trade (Jul/Jun)</b>	<b>353</b>	<b>369</b>	<b>368</b>	<b>370</b>	<b>+ 0.5%</b>

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

With key producers threshing bumper crops, global **soyabean** output is pegged at a peak of 363m t in 2018/19, a 6% y/y gain. However, only marginal growth in uptake is likely as firmer demand in some markets is mostly outweighed by a contraction in China – stemming from the dual effects of African swine fever and a prolonged trade dispute with the US. Consequently, stocks are set to accumulate to a record of 54m t, including a more than doubling in the US. The 2019/20 supply and demand outlook is tentative. Nevertheless, world output is seen declining by 4% y/y as a difficult growing season results in a significantly reduced US outturn. Accordingly, inventories are predicted to tighten, mainly on a contraction in the major exporters, albeit remaining above average. Trade is projected to edge up, but prospects surrounding China's needs remain uncertain.

m t	16/17	17/18 (est.)	18/19 (f'cast)	19/20 (proj.)	y/y change
Opening stocks	34	48	44	54	+ 22.9%
Production	352	341	363	349	- 3.8%
<b>Total supply</b>	<b>386</b>	<b>389</b>	<b>407</b>	<b>403</b>	<b>- 0.9%</b>
<b>Total use</b>	<b>338</b>	<b>344</b>	<b>352</b>	<b>358</b>	<b>+ 1.7%</b>
<i>of which: Crush</i>	295	302	310	314	+ 1.4%
<b>Closing stocks</b>	<b>48</b>	<b>44</b>	<b>54</b>	<b>45</b>	<b>- 17.1%</b>
<i>Major exporters<sup>a)</sup></i>	22	16	35	27	- 23.5%
<b>Trade (Oct/Sep)</b>	<b>148</b>	<b>152</b>	<b>151</b>	<b>152</b>	<b>+ 0.6%</b>

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

Gains in key exporters, particularly in India where a record main crop was cut, underpinned 2018/19 rice production at a new peak of 499m t. Despite expanded total use, global stocks are likely to accumulate, including nominal growth in China. In 2019/20, further gains in Asia may see output rise to a fresh high, while ample availabilities and expanding populations could boost consumption. World trade in 2020 is predicted to rise as stronger demand from sub-Saharan Africa offsets smaller purchases by Asian importers, such as China.

m t (milled basis)	16/17	17/18 (est.)	18/19 (f'cast)	19/20 (proj.)	y/y change
Opening stocks	136	143	150	157	+ 4.7%
Production	492	494	499	503	+ 0.8%
<b>Total supply</b>	<b>627</b>	<b>637</b>	<b>650</b>	<b>661</b>	<b>+ 1.7%</b>
<b>Total use</b>	<b>485</b>	<b>487</b>	<b>492</b>	<b>499</b>	<b>+ 1.3%</b>
<b>Closing stocks</b>	<b>143</b>	<b>150</b>	<b>157</b>	<b>162</b>	<b>+ 3.0%</b>
<i>Major exporters<sup>a)</sup></i>	32	32	35	38	+ 8.1%
<b>Trade (Jan/Dec)</b>	<b>47</b>	<b>46</b>	<b>46</b>	<b>47</b>	<b>+ 2.4%</b>

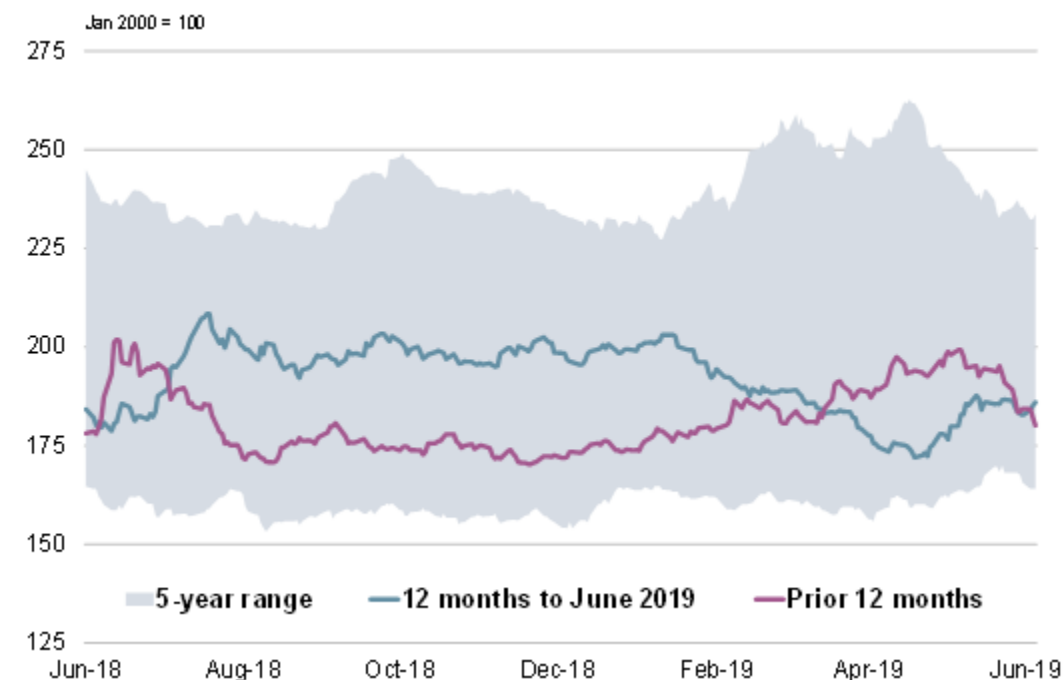
<sup>a)</sup> India, Pakistan, Thailand, US, Vietnam

## MARKET SUMMARY

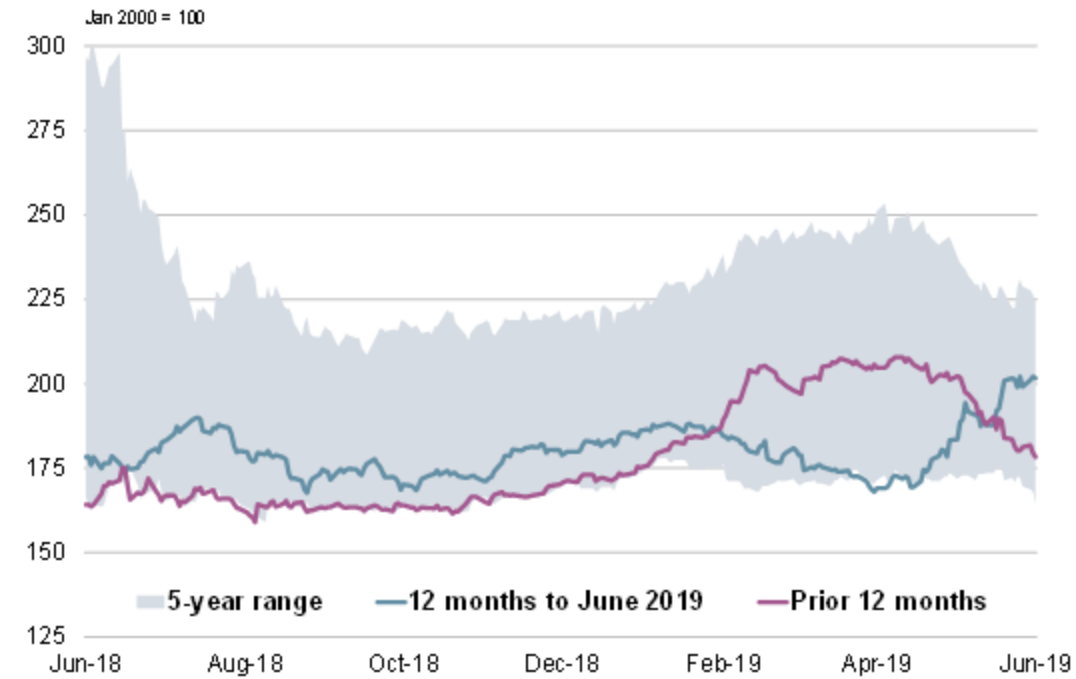
The IGC GOI strengthened for a third successive month, increasing by 2% from the May GMR, as various weather worries contributed to gains in maize, soyabeans, wheat and rice export prices.

Jan 2000 = 100	<b>GMR 500</b>	<i>m/m change*</i>	<i>y/y change</i>
<b>IGC GOI</b>	<b>194</b>	<b>+ 2.0%</b>	<b>+ 0.2%</b>
Wheat sub-Index	<b>186</b>	<b>+ 1.7%</b>	<b>+ 3.3%</b>
Maize sub-Index	<b>202</b>	<b>+ 6.4%</b>	<b>+ 13.1%</b>
Barley sub-Index	<b>200</b>	<b>- 0.7%</b>	<b>- 6.8%</b>
Rice sub-Index	<b>162</b>	<b>+ 0.8%</b>	<b>- 5.2%</b>
Soyabeans sub-Index	<b>180</b>	<b>+ 1.4%</b>	<b>- 2.8%</b>

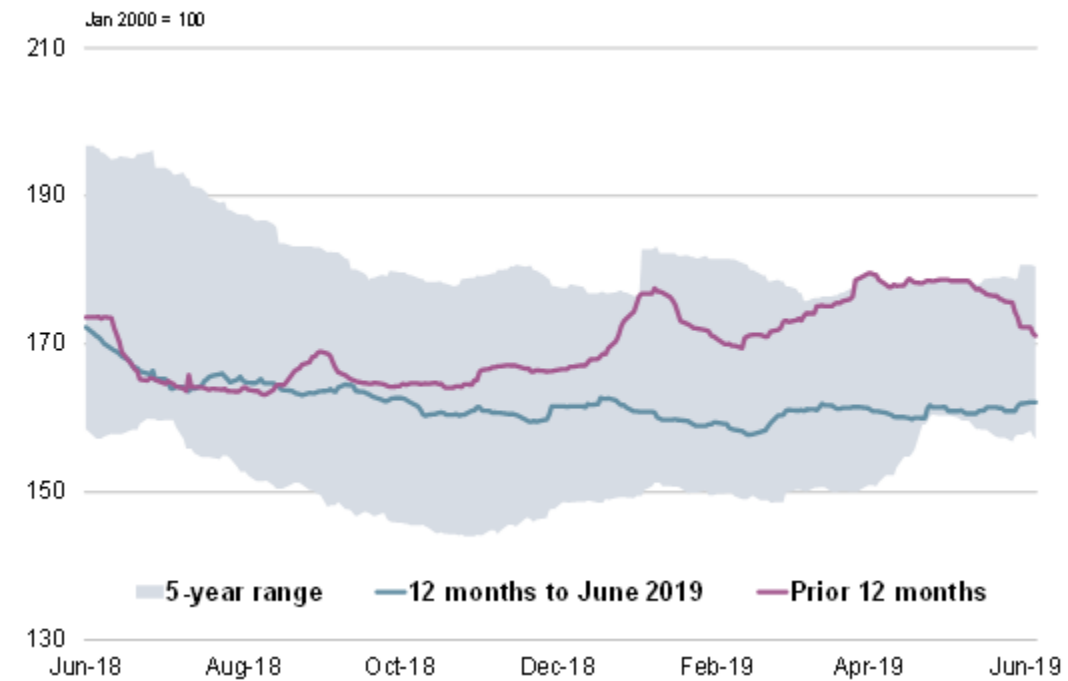
\*Change vs. GMR 499



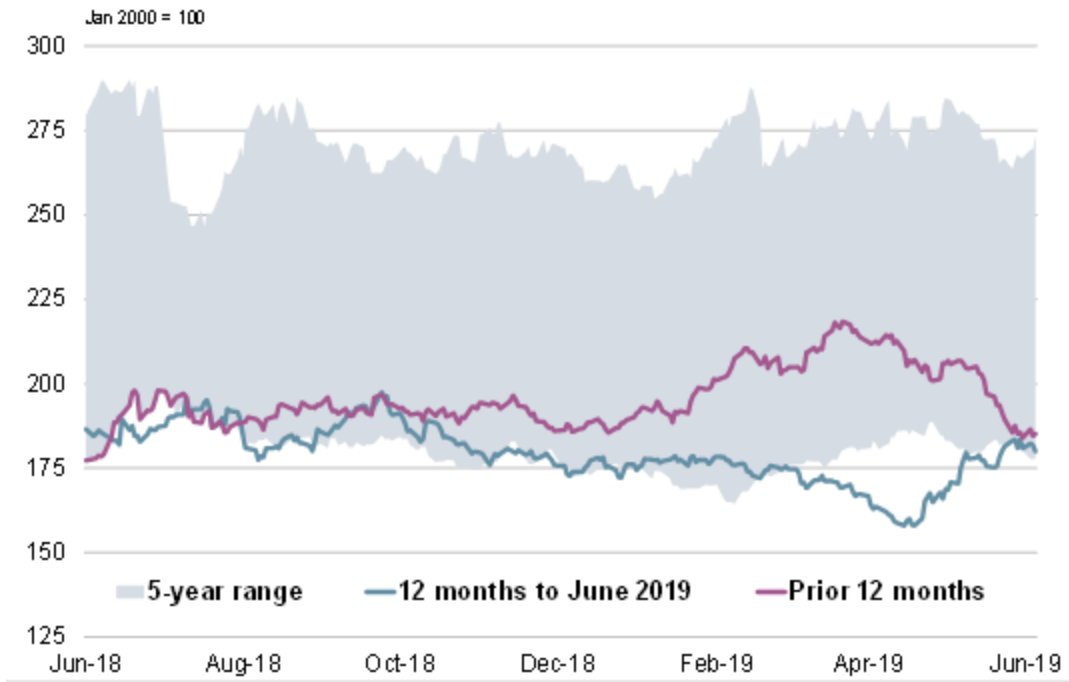
Underpinned mainly by weather threats to crops in North America, the EU and the Black Sea region, the IGC GOI **wheat** sub-Index rose by a net 2% m/m.



Amid deepening worries about US production prospects, the IGC GOI **maize** sub-Index raced to a 13-month high, up by 6% compared to late-May.



The IGC GOI **rice** sub-Index firmed by 1% on concerns about unfavourable conditions for crops in Thailand and the USA.



With support stemming from excessively wet US planting weather, the IGC GOI **soyabean** sub-Index gained by 1% over the past month.