



Grain Market Report

Summary

HIGHLIGHTS

Led by downward revisions for wheat, maize and oats, the forecast for world **total grains** (wheat and coarse grains) production in 2019/20 is lowered by 2m t m/m (month-on-month), to 2,157m, up by 1% y/y (year-on-year). Adjustments to wheat output include m/m cuts for Australia and Argentina, but increases for the EU and Russia. Outlooks for maize harvests in the EU and Argentina are reduced from before, while oat crop prospects are trimmed for the EU, Australia and the US. The projection for total consumption is down by 2m t m/m, to 2,184m, mostly for wheat (lower feeding) and maize (lower industrial use). Taking into account smaller than previously estimated opening inventories, the figure for world carryover stocks is reduced by 9m t m/m, to 592m (-27m y/y). The outlook for trade is lifted by 4m t, to 374m (+3% y/y), owing to raised import figures for wheat (including for Turkey and Kazakhstan) and maize (the EU, Japan and South Korea).

Based on early indications from autumn planting in the northern hemisphere, the Council projects world all-wheat harvested area to be little-changed in 2020/21. Seeding has been hampered by overly dry soils in parts of the EU, Russia and Ukraine, and despite some rains recently, more is needed for planting and crop establishment in some areas. Elsewhere in the EU, fieldwork in the UK is being hindered by wet weather. Conditions have also been challenging for rapeseed sowing in the EU and while 2020/21 acreage may expand, it is still expected to remain below average.

With a further downgrade to US crop prospects only partially offset by increases for other producers, world **soyabean** output in 2019/20 is forecast 1m t lower m/m, at 341m, a 5% y/y contraction. Consumption is placed marginally higher than before and, together with a reduced estimate of opening stocks, global inventories are cut by 6m t, to a below-average 32m, down by 18m y/y and the smallest in six seasons. Both the m/m and y/y reduction is linked to the US, where carryovers are seen halving, to 11m t. The projection of trade is lifted by 1m t, to 151m, little changed y/y.

The outlook for global **rice** production in 2019/20 is unchanged m/m and matches the prior season's record of 500m t as smaller crops in some exporters are offset by gains elsewhere. However, due to a higher figure for opening stocks, world carryovers are predicted 1m t higher m/m, at a peak of 179m, including a nominal 114m in China. With the current lull in global import demand likely to continue into early 2020, the projection of trade in that year is cut by 0.6m t, to 45.9m, a 3% y/y increase.

Propelled higher by uncertainty about crop prospects in some regions and, at times, by optimism about a US/China trade agreement, the **IGC Grains and Oilseeds Index (GOI)** increased by 4% since the last GMR.

	16/17	17/18	18/19 est.	19/20 f'cast	20/21
million tons				26.09	24.10
TOTAL GRAINS ^{a)}					
Production	2187	2139	2142	2159	2157
Trade	353	370	365	370	374
Consumption	2125	2151	2171	2186	2184
Carryover stocks	660	648	619	601	592
<i>year/year change</i>	62	-12	-28		-27
Major exporters ^{b)}	179	178	161	165	155
WHEAT					
Production	757	762	733	764	762
Trade	177	176	169	172	173
Consumption	736	739	739	757	756
Carryover stocks	248	271	265	272	271
<i>year/year change</i>	21	22	-6		6
Major exporters ^{b)}	79	83	70	69	69
MAIZE (CORN)					
Production	1132	1090	1130	1099	1098
Trade	137	153	165	165	168
Consumption	1090	1118	1151	1139	1138
Carryover stocks	366	338	318	286	278
<i>year/year change</i>	42	-28	-21		-40
Major exporters ^{c)}	82	72	67	65	56
SOYABEANS					
Production	352	341	359	342	341
Trade	148	153	150	150	151
Consumption	338	345	353	359	360
Carryover stocks	48	44	50	38	32
<i>year/year change</i>	14	-4	6		-18
Major exporters ^{d)}	22	16	31	22	16
	16/17	17/18 est.	18/19 f'cast	19/20 proj.	20/21
million tons (milled basis)				26.09	24.10
RICE					
Production	492	494	500	500	500
Trade	47	46	45	46	46
Consumption	483	485	489	496	496
Carryover stocks	154	163	175	178	179
<i>year/year change</i>	8	10	11		4
Major exporters ^{e)}	32	32	38	38	39

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

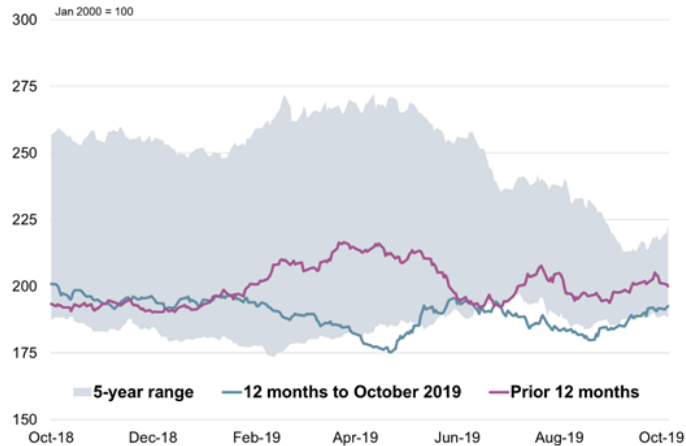
a) Wheat and coarse grains

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

World **total grains** (wheat and coarse grains) production is expected to climb by 1% y/y in 2019/20, to 2,157m t, the third largest on record. Bumper harvests of wheat (+29m t y/y) and barley (+14m) are seen being partially offset by a smaller maize outturn (-32m). In spite of the overall increase in grains output, global total supply is seen slightly decreasing y/y because of the smallest opening stocks in three seasons. All-grains consumption is forecast to edge higher, to a new peak of 2,184m t, with y/y increases for wheat and barley, but a decline for maize. A third successive y/y drawdown of world grains stocks is predicted, to a five-year low of 592m t (-27m y/y), entirely because of a contraction of maize inventories to their least in six seasons; this is largely linked to reductions in the US and China. The wheat carryover could grow to a record level, but with accumulation concentrated in China and India, while stocks in the major exporters are seen showing little change. World trade (Jul/Jun) is projected to expand by 3% y/y, to 374m t (+9m), including larger shipments of wheat (+4m), barley (+2m) and maize (+3m), the latter to an all-time high.

m t	16/17	17/18	18/19 (est.)	19/20 (fcast)	y/y change
Opening stocks	598	660	648	619	- 4.4%
Production	2,187	2,139	2,142	2,157	+ 0.7%
Total supply	2,785	2,799	2,790	2,776	- 0.5%
Total use	2,125	2,151	2,171	2,184	+ 0.6%
<i>of which: Food</i>	699	707	717	723	+ 0.8%
<i>Feed</i>	945	961	971	972	+ 0.1%
<i>Industrial</i>	356	366	365	371	+ 1.8%
Closing stocks	660	648	619	592	- 4.3%
<i>Major exporters</i> ^{a)}	179	178	161	155	- 3.6%
Trade (Jul/Jun)	353	370	365	374	+ 2.6%

^{a)} Argentina, Australia, Canada, EU, Kazakhstan, Russia, Ukraine, USA

Global **soybean** production in 2019/20 is seen falling by 18m t y/y, to 341m, as a plunge in US output is only partly offset by gains elsewhere. However, prospects for South American producers

remain tentative given that seeding has been underway for only a few weeks, with Brazilian fieldwork progressing slowly. Tied to modest gains in local use in Asia and the three majors in particular, world uptake is expected to rise by 2% y/y, to a peak of 360m t. Consequently, global inventories may contract by nearly 40% y/y, to a six-year low, with a sizeably reduced harvest resulting in a heavy drawdown in US carryovers. As potentially larger deliveries to markets in Asia, Africa and North and Central America compensate for a scaling back of Argentine imports, trade could edge up to 151m t.

m t	16/17	17/18	18/19 (est.)	19/20 (f'cast)	y/y change
Opening stocks	34	48	44	50	+ 13.7%
Production	352	341	359	341	- 5.1%
Total supply	386	389	404	391	- 3.0%
Total use	338	345	353	360	+ 1.7%
<i>of which: Crush</i>	295	302	311	316	+ 1.5%
Closing stocks	48	44	50	32	- 36.4%
<i>Major exporters^{a)}</i>	22	16	31	16	- 48.3%
Trade (Oct/Sep)	148	153	150	151	+ 0.3%

^{a)} Argentina, Brazil, USA

Reflecting prospects for reduced shipments to Asia, world **rice** trade in 2019 (Jan/Dec) is set to fall to 44.5m t (46.4m). While combined dispatches by the five majors may contract by 2m t y/y, China's exports are seen rising strongly, to more than 3m, on bigger deliveries to sub-Saharan Africa. Despite tentative prospects for smaller harvests in the largest producers, gains elsewhere should compensate as world output matches the previous year's peak of 500m t. Led by accumulation in China and key exporters, global stocks are predicted at a record of 179m t, up 4m y/y. Trade is anticipated to recover in 2020 on firmer African demand.

m t (milled basis)	16/17	17/18 (est.)	18/19 (f'cast)	19/20 (proj.)	y/y change
Opening stocks	146	154	163	175	+ 6.9%
Production	492	494	500	500	- 0.0%
Total supply	637	648	664	675	+ 1.7%
Total use	483	485	489	496	+ 1.4%
Closing stocks	154	163	175	179	+ 2.4%
<i>Major exporters^{a)}</i>	32	32	38	39	+ 2.4%
Trade (Jan/Dec)	47	46	45	46	+ 3.0%

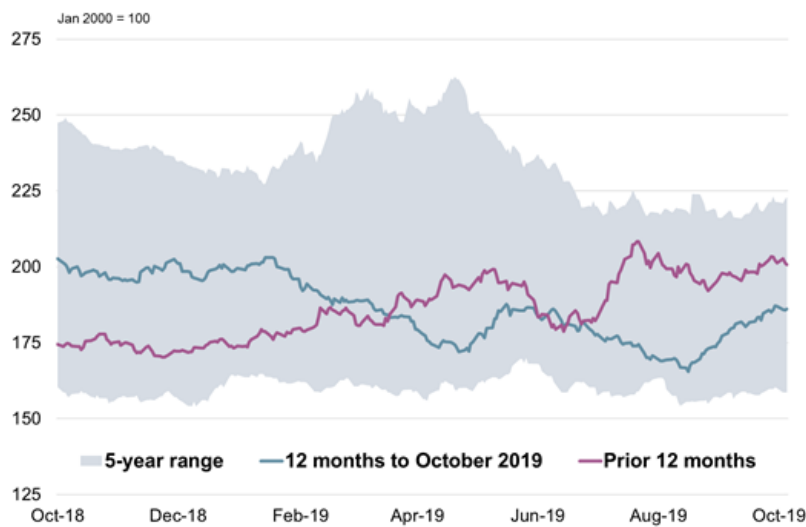
^{a)} India, Pakistan, Thailand, US, Vietnam

MARKET SUMMARY

Including solid gains in average export prices of maize, soyabeans and wheat, the IGC GOI strengthened by a net 4%, to around a three-month high.

Jan 2000 = 100	GMR 504	<i>m/m</i> <i>change*</i>	<i>y/y</i> <i>change</i>
IGC GOI	193	+ 4.1%	- 3.7%
Wheat sub-Index	186	+ 3.5%	- 7.3%
Maize sub-Index	174	+ 4.3%	+ 1.0%
Barley sub-Index	194	+ 4.2%	- 23.0%
Rice sub-Index	162	+ 0.3%	- 0.4%
Soyabeans sub-Index	186	+ 5.6%	- 2.4%

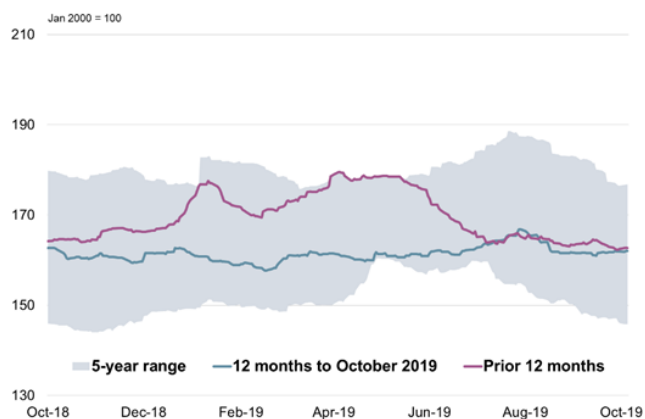
*Change vs. GM R 503



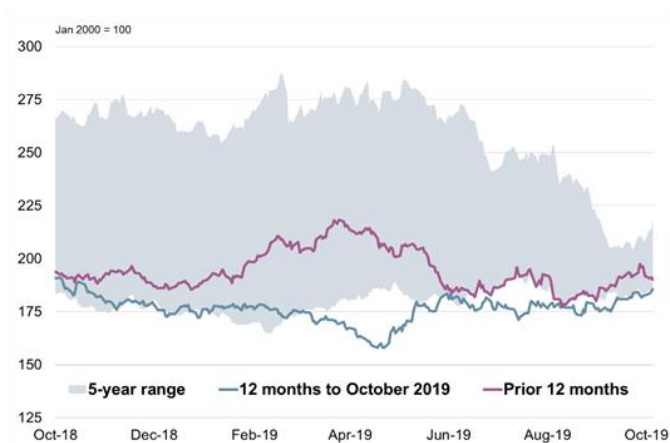
Underpinned by solid export demand and deteriorating crop prospects in some major producers, the IGC GOI **wheat** sub-Index gained 4% m/m.



The IGC GOI **maize** sub-Index rose by 4% m/m, supported by much tighter than anticipated US stocks and uncertainties about the size of this year's Midwest harvest.



The IGC GOI **rice** sub-Index was broadly unchanged m/m. Declines in Thailand and India, linked to weak demand, were broadly offset by firmer values in Vietnam, where availabilities tightened.



Tied primarily to a resurgent US market, which strengthened on a dwindling production outlook and positive developments in trade talks with China, the IGC GOI **soybeans** sub-Index posted a net m/m gain of 6%.