



Grain Market Report

27 Feb 2020

Summary

HIGHLIGHTS

Including upward adjustments for wheat, maize and barley, the estimate for world **total grains** (wheat and coarse grains) production in 2019/20 is 2m t higher m/m (month-on-month), at 2,172m. Mainly because of a reduction for wheat feeding, the forecast for consumption is trimmed, and with larger supplies but reduced use, the outlook for total grains stocks is boosted by 4m t, to 604m, a drop of 21m y/y (year-on-year). The figure for trade (Jul/Jun) is raised by 2m t, to 379m, mostly reflecting increased wheat shipments.

With the number for India lifted from the last GMR, the projection for world **wheat** harvested area in 2020/21 is almost 1m ha higher m/m, at 221m, an increase of 2% y/y. Largely reflecting the change for India, some 4m t is added to the outlook for global wheat production in 2020/21, to a new peak of 769m.

Stemming from upgrades for South American producers, world **soyabean** output in 2019/20 is forecast 3m t higher m/m, at 345m, albeit still 5% lower y/y on a heavily reduced US harvest. With consumption seen unchanged from before, stocks are lifted by 3m t, to 39m (-28% y/y); most of the increase is due to the major exporters as an upgrade for Brazil compensates for a reduction in the US owing to a slightly more optimistic export outlook. Trade is pegged 1m t higher m/m, at 153m (+1% y/y).

An improved outlook for India offsets reductions for other Asian producers, including Thailand, leaving global **rice** output in 2019/20 steady m/m, at 499m t, just short of the prior year's peak. Global use is seen little-changed y/y, at 495m t. Together with a slight cut to carry-in stocks, the Council's forecast for aggregate inventories is maintained at 177m t (173m). The trade figure is broadly steady m/m, at 44.2m t (42.5m), well below past peaks.

With declines for all the components other than rice, the **IGC Grains and Oilseeds Index (GOI)** weakened by 3% m/m.

1. World Estimates

	16/17	17/18	18/19 est.	19/20 fcast	
million tons				23.01	27.02
TOTAL GRAINS ^{a)}					
Production	2190	2141	2142	2170	2172
Trade	353	370	364	377	379
Consumption	2127	2153	2166	2194	2193
Carryover stocks	661	649	625	599	604
<i>year/year change</i>	62	-12	-24		-21
Major exporters ^{b)}	179	178	164	154	156
WHEAT					
Production	757	762	733	761	763
Trade	177	176	168	175	176
Consumption	736	739	739	754	753
Carryover stocks	248	271	265	272	275
<i>year/year change</i>	21	22	-6		10
Major exporters ^{b)}	79	83	70	66	67
MAIZE (CORN)					
Production	1134	1092	1130	1111	1112
Trade	137	153	165	168	169
Consumption	1092	1119	1146	1150	1151
Carryover stocks	367	339	323	283	284
<i>year/year change</i>	42	-28	-17		-39
Major exporters ^{c)}	82	73	67	57	58
SOYABEANS					
Production	351	344	362	342	345
Trade	148	153	152	152	153
Consumption	338	347	353	360	360
Carryover stocks	47	45	54	36	39
<i>year/year change</i>	14	-2	9		-15
Major exporters ^{d)}	22	16	30	16	18
million tons (milled basis)					
RICE					
Production	492	494	500	499	499
Trade	47	46	43	44	44
Consumption	483	486	490	495	495
Carryover stocks	154	163	173	177	177
<i>year/year change</i>	9	8	10		4
Major exporters ^{e)}	32	31	39	40	42

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

a) Wheat and coarse grains

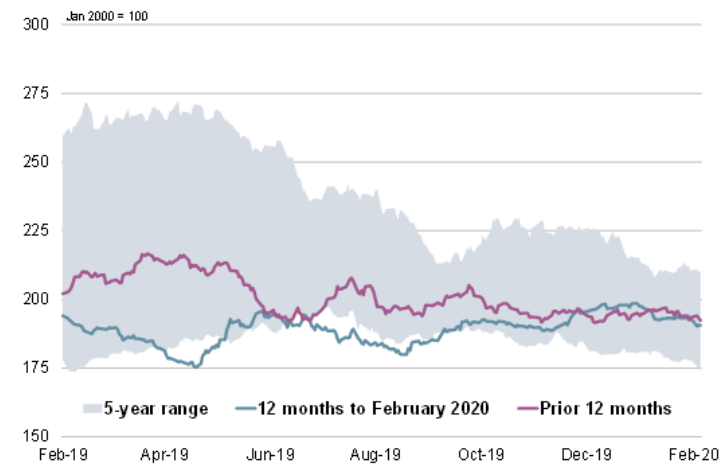
b) Argentina, Australia, Canada, EU (28), Kazakhstan, Russia, Ukraine, USA

c) Argentina, Brazil, Ukraine, USA

d) Argentina, Brazil, USA

e) India, Pakistan, Thailand, USA, Vietnam

2. IGC Grains & Oilseeds Index (GOI)



OVERVIEW

Record harvests of wheat and barley more than compensated for a smaller maize crop to take world **total grains** (wheat and coarse grains) production in 2019/20 1% higher y/y, to 2,172m t, the second biggest in history. However, because of the lowest opening stocks in three seasons, total supply was only a fraction larger y/y, and as consumption continues to grow, a further drawdown of grains stocks is envisaged at the end of 2019/20, led by maize. Trade (Jul/Jun) is expected to expand by 4%, including larger shipments of wheat, maize and barley.

Preliminary supply and demand projections for wheat in 2020/21 point to an all-time high for production and a further build-up of stocks, but with inventory growth again concentrated in China and India. World maize harvested area in 2020/21 is tentatively seen growing by 1%, mainly on a rebound in the US, but global barley area could be down by 1% owing to potentially weaker returns.

3. Total grains: Supply and demand summary

m t	16/17	17/18	18/19 (est.)	19/20 (fcast)	y/y change
Opening stocks	599	661	649	625	- 3.8%
Production	2,190	2,141	2,142	2,172	+ 1.4%
Total supply	2,788	2,802	2,791	2,797	+ 0.2%
Total use	2,127	2,153	2,166	2,193	+ 1.3%
of which: <i>Food</i>	700	708	717	724	+ 0.9%
<i>Feed</i>	946	961	965	980	+ 1.5%
<i>Industrial</i>	357	366	366	372	+ 1.7%
Closing stocks	661	649	625	604	- 3.4%
<i>Major exporters</i> ^{a)}	179	178	164	156	- 4.4%
Trade (Jul/Jun)	353	370	364	379	+ 4.2%

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

Despite prospects for heavy crops in South America, world **soyabean** production is forecast to fall by 5% y/y in 2019/20 on a plunge in US output – down by almost 24m t. While consumption is predicted at a new peak, the y/y expansion of 2% is below trend and reflects expectations for marginal growth in China. Mostly on account of a sharp contraction in US inventories, global stocks are seen dropping by almost 30% y/y, to a below-average 39m. Trade may edge up in 2019/20 on bigger shipments to Asia in particular. Mainly on a rebound in the US, the 2020/21 global soyabean area for harvesting is projected to be up by 4% y/y.

4. Soya beans: Supply and demand summary

m t	16/17	17/18	18/19 (est.)	19/20 (f'cast)	y/y change
Opening stocks	34	47	45	54	+ 20.6%
Production	351	344	362	345	- 4.6%
Total supply	385	392	407	400	- 1.8%
Total use	338	347	353	360	+ 2.1%
<i>of which: Crush</i>	295	304	311	317	+ 1.7%
Closing stocks	47	45	54	39	- 27.5%
<i>Major exporters^{a)}</i>	22	16	30	18	- 38.6%
Trade (Oct/Sep)	148	153	152	153	+ 0.7%

^{a)} Argentina, Brazil, USA

Despite expectations for record output in India, where ample rains supported winter (rabi) plantings, global **rice** production in 2019/20 is seen edging lower y/y on reduced outturns elsewhere, notably in China and Thailand. Population gains are anticipated to push up consumption to a record, while carryovers may increase – including in the major exporters as larger stocks in India more than offset declines elsewhere. Trade in 2020 is seen recovering, to 44.2m t (42.5m), on bigger shipments to Africa. Global acreage is projected to expand by 1% y/y in 2020/21 on gains in Asia.

5. Rice: Supply and demand summary

m t (milled basis)	16/17	17/18	18/19 (est.)	19/20 (f'cast)	y/y change
Opening stocks	145	154	163	173	+ 6.0%
Production	492	494	500	499	- 0.1%
Total supply	637	648	663	672	+ 1.4%
Total use	483	486	490	495	+ 1.0%
Closing stocks	154	163	173	177	+ 2.5%
<i>Major exporters^{a)}</i>	32	31	39	42	+ 6.8%
Trade (Jan/Dec)	47	46	43	44	+ 3.9%

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

MARKET SUMMARY

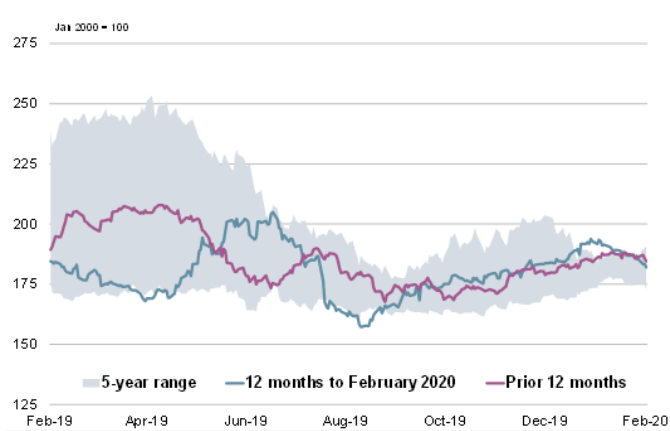
The IGC GOI declined by a net 3% as worries about the spread of coronavirus combined with mostly non-threatening crop outlooks, pressured grain and oilseed export prices lower.

6. IGC Grains & Oilseeds Prices Index (GOI)

Jan 2000 = 100	GMR 507	m/m change*	y/y change
IGC GOI	191	- 3.5%	- 0.9%
Wheat sub-Index	189	- 4.3%	- 2.0%
Maize sub-Index	182	- 5.1%	- 1.4%
Barley sub-Index	195	- 2.8%	- 10.2%
Rice sub-Index	172	+ 0.9%	+ 8.0%
Soyabeans sub-Index	175	- 3.5%	- 1.5%

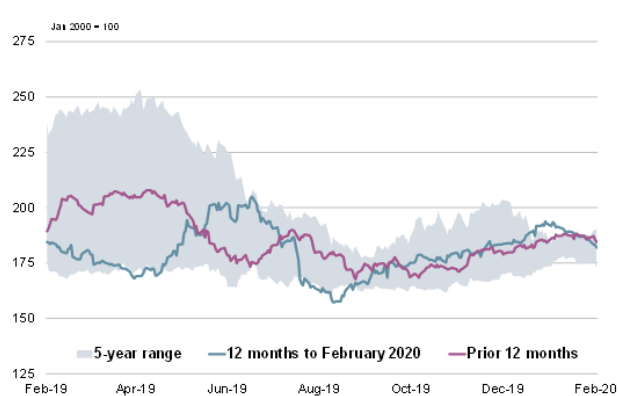
*Change vs. GMR 506

7. Wheat: GOI sub-Index



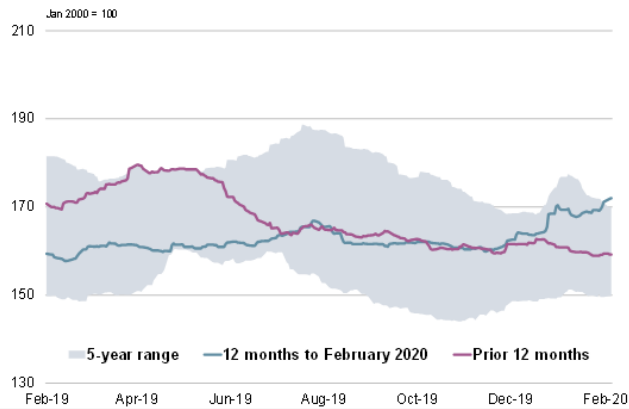
The IGC GOI **wheat** sub-Index fell by 4% m/m on the uncertain impact of the coronavirus on world demand for commodities. Also bearish were growing expectations for comfortable supplies in the season ahead.

8. Maize: GOI sub-Index



Pressured by coronavirus fears and a broadly favorable production outlook in South America, the IGC GOI **maize** sub-Index was 5% lower m/m.

9. Rice: GOI sub-Index



Monthly gains of 1% in the IGC GOI **rice** sub-Index were mostly tied to stronger prices in Vietnam, as availabilities tightened ahead of the main harvest.

10. Soybeans: GOI sub-Index

