



Grain Market Report

Summary 26 Nov 2020

HIGHLIGHTS

The forecast for world **total grains** (wheat and coarse grains) production in 2020/21 is cut by 7m t m/m (month-on-month), to 2,219m, with a 10m downward adjustment for maize only partly offset by upgrades for other grains. The reduced outlook for global maize production is mainly linked to cuts for the EU, Ukraine and the USA. At 2,221m t, the world consumption forecast is down by 2m m/m; increased feed use of other grains compensate for a lower projection for maize feeding, but global industrial and other/residual uses of grains are each trimmed from before. Following a 3m t m/m reduction, to 616m, world stocks are now seen posting their fourth consecutive y/y (year-on-year) decline, as another drawdown for maize outweighs accumulations of other grains. Largely because of higher than previously projected maize shipments, the forecast for world grains trade (Jul/Jun) is boosted by 6m t m/m, to a record 409m. The forecast for maize imports by China is lifted sharply, but there are decreases for the EU and Mexico. US maize exports are revised upward to a new all-time high, while shipments by Ukraine are cut to a three-year low.

Stemming from downgrades for the US and Argentina, the forecast for global **soyabean** production in 2020/21 is cut by a further 5m t m/m, to 365m, still representing an 8% y/y gain and a new high. The net m/m fall in total supplies is channelled to reduced outlooks for consumption and stocks, with much of the reduction in inventories on a m/m and y/y basis tied to a contraction in the US. Partly linked to an increased estimate for the prior year, the figure for trade is raised to 168m t, down marginally y/y.

At 503m t, the Council's forecast for global **rice** output in 2020/21 is trimmed from before, but would still be up 1% y/y and a new peak, mostly on gains in leading exporters. The production cut is offset by a higher figure for carry-in stocks, leaving supplies, consumption and carryovers broadly unchanged m/m. The projection for world trade in 2021 is maintained at 45m t, up 3m y/y on potentially bigger deliveries to markets in Africa.

The IGC **Grains and Oilseeds Index (GOI)** strengthened by 4% m/m, with gains for all the components other than wheat, with these showing only a fractional decline. Average export prices for soyabeans were strongly higher.

	17/18	18/19	19/20 est.	20/21 f'cast	
million tons				29.10	26.11
TOTAL GRAINS ^{a)}					
Production	2138	2139	2186	2226	2219
Trade	370	363	394	403	409
Consumption	2150	2165	2193	2223	2221
Carryover stocks	651	625	618	619	616
<i>year/year change</i>	-12	-26	-6		-2
Major exporters ^{b)}	179	165	157	162	151
WHEAT					
Production	762	732	763	764	765
Trade	176	168	184	185	186
Consumption	742	739	746	751	752
Carryover stocks	268	262	279	291	292
<i>year/year change</i>	20	-7	17		13
Major exporters ^{b)}	83	71	64	61	61
MAIZE (CORN)					
Production	1091	1129	1124	1156	1146
Trade	153	165	174	180	185
Consumption	1116	1147	1153	1173	1169
Carryover stocks	344	327	298	279	275
<i>year/year change</i>	-25	-18	-29		-23
Major exporters ^{c)}	77	71	64	70	58
SOYABEANS					
Production	344	363	338	370	365
Trade	153	152	170	167	168
Consumption	344	348	352	370	369
Carryover stocks	48	62	49	46	45
<i>year/year change</i>	0	15	-13		-4
Major exporters ^{d)}	17	32	20	14	12
	17/18	18/19 est.	19/20 f'cast	20/21 proj.	
million tons (milled basis)				29.10	26.11
RICE					
Production	494	498	497	504	503
Trade	46	43	42	45	45
Consumption	485	487	497	501	501
Carryover stocks	165	175	176	178	178
<i>year/year change</i>	10	11	0		3
Major exporters ^{e)}	32	39	41	44	43

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

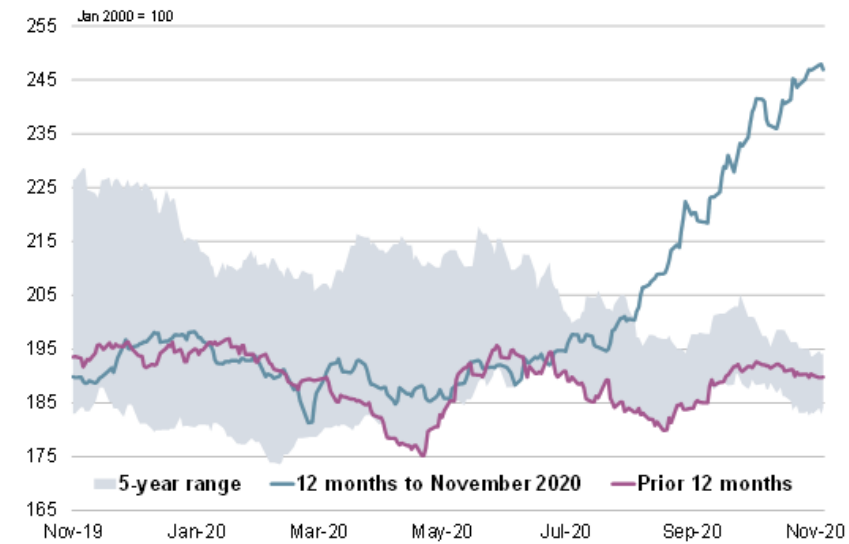
a) Wheat and coarse grains

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 2,219m t, world **total grains** (wheat and coarse grains) production in 2020/21 is seen climbing by 33m y/y. Even though expectations for the global maize harvest have come down in recent months, world maize output is still expected to be an all-time high, at 1,146m t (+22m y/y), with record crops also anticipated for wheat and barley. Total grains consumption is predicted to expand by 28m t y/y, to 2,221m, driven by higher use of maize (+16m), wheat (+6m) and sorghum (+3m). New peaks for world food and feed use of grains are envisaged, while only a partial recovery from the decline of the previous season is foreseen for industrial use, largely linked to subdued demand for maize processing for ethanol. Global grains stocks are projected to be drawn-down for the fourth consecutive year, to a five-season low of 616m t (-2m y/y), entirely because of a reduction for maize (-23m). Most of the y/y contraction in maize stocks is in China and the USA. Stock accumulations are predicted for other grains, including wheat (+13m t, to a record level), barley (+4m) and oats (+2m). World total grains trade is predicted to expand by 15m t y/y, to a fresh high of 409m, including a twelfth consecutive annual increase in maize shipments, record trade in wheat and a four-season peak for sorghum.

m t	17/18	18/19	19/20 (est.)	20/21 (fcast)	y/y change
Opening stocks	663	651	625	618	- 1.0%
Production	2,138	2,139	2,186	2,219	+ 1.5%
Total supply	2,801	2,790	2,811	2,837	+ 0.9%
Total use	2,150	2,165	2,193	2,221	+ 1.3%
<i>of which: Food</i>	708	715	725	735	+ 1.4%
<i>Feed</i>	957	963	992	1,002	+ 1.0%
<i>Industrial</i>	367	368	356	364	+ 2.1%
Closing stocks	651	625	618	616	- 0.4%
<i>Major exporters</i> ^{a)}	179	165	157	151	- 1.1% a)
Trade (Jul/Jun)	370	363	394	409	+ 3.7%

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

EU-28 to 19/20, EU-27 from 20/21. Change on EU-27 basis

World **soyabean** output is forecast to rebound to a record of 365m t (+8% y/y) in 2020/21 on a bigger US harvest, coupled with expectations for improved South American crops. Global consumption is seen rising by 5% y/y on gains in Asia, chiefly in China – where recovering swine numbers and expanding poultry production is seen boosting demand for soyameal – and the Americas, where Argentine processing is tentatively assumed to pick up. With a heavy drawdown in the US only partly offset by gains elsewhere, including in Brazil and China, global carryovers are predicted to tighten. After surging in the prior year, trade could edge lower in 2020/21 as sizeable purchases by China contrast with a potential modest reduction in deliveries to relatively smaller markets owing to better availabilities and high international prices.

m t	17/18	18/19	19/20 (est.)	20/21 (fcast)	y/y change
Opening stocks	47	48	62	49	- 21.2%
Production	344	363	338	365	+ 8.0%
Total supply	392	411	400	414	+ 3.4%
Total use	344	348	352	369	+ 5.1%
<i>of which: Crush</i>	301	305	307	323	+ 5.2%
Closing stocks	48	62	49	45	- 8.6%
<i>Major exporters^{a)}</i>	17	32	20	12	- 41.9%
Trade (Oct/Sep)	153	152	170	168	- 0.9%

^{a)} Argentina, Brazil, USA

Despite weak demand and disruptions to export flows earlier in the year owing to the impact of the COVID-19 pandemic, world **rice** trade in 2020 (Jan/Dec) is expected to be only fractionally lower y/y. This is linked to larger than anticipated shipments in the second half of the season, principally by India. Consumption in 2019/20 is seen reaching a new peak, with gains led by enlarged government food assistance programmes in India, while end-season inventories may be broadly unchanged y/y. Production in 2020/21 is forecast to expand by 6m t y/y, to a high of 503m, including larger outturns in major exporters. World uptake may continue to expand on population growth, while stocks could increase further. Trade in 2021 is anticipated to rebound by 6% y/y, to 45m t, on tentative expectations of stronger demand from importers in sub-Saharan Africa.

m t (milled basis)	17/18	18/19 (est.)	19/20 (fcast)	20/21 (proj.)	y/y change
Opening stocks	155	165	175	176	+ 0.2%
Production	494	498	497	503	+ 1.3%
Total supply	649	663	672	679	+ 1.0%
Total use	485	487	497	501	+ 0.8%
Closing stocks	165	175	176	178	+ 1.5%
<i>Major exporters^{a)}</i>	32	39	41	43	+ 5.7%
Trade (Jan/Dec)	46	43	42	45	+ 6.1%

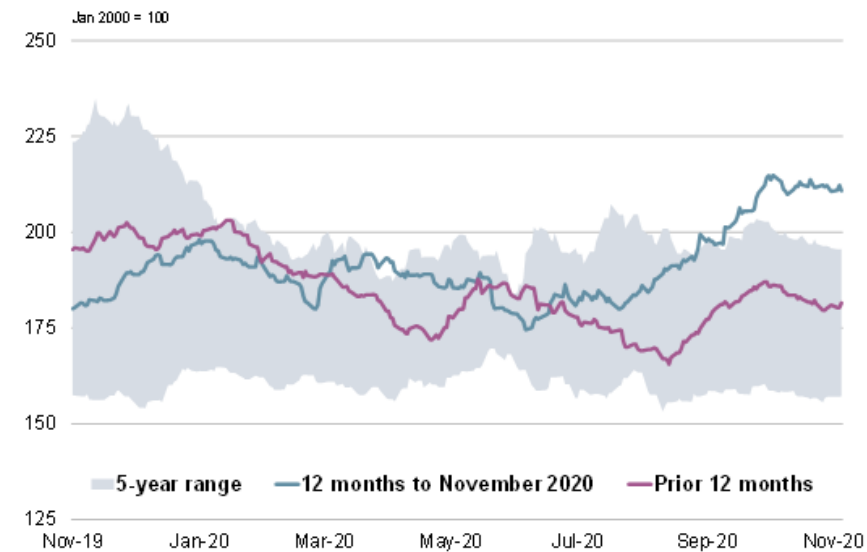
^{a)} India, Pakistan, Thailand, USA, Vietnam

MARKET SUMMARY

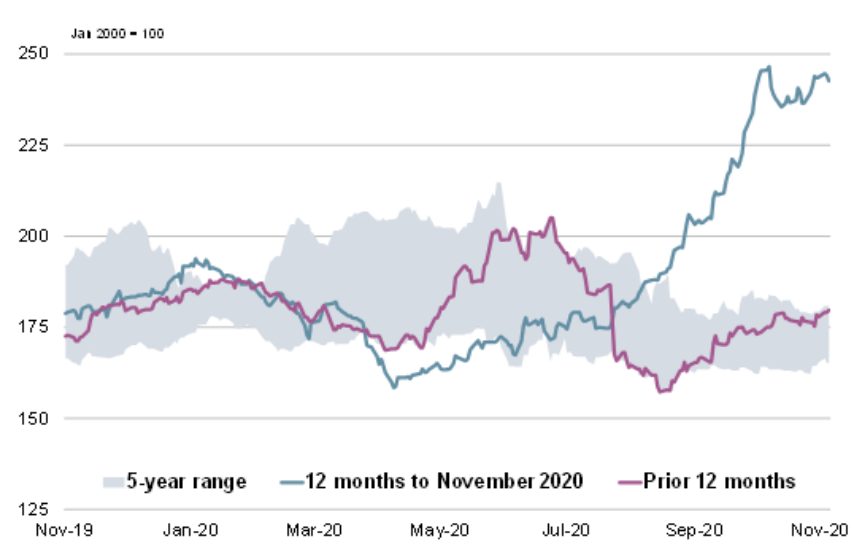
Led by a rally in soyabeans, the IGC GOI climbed by 4% m/m, to a six-season high.

Jan 2000 = 100	GMR 516	<i>m/m change*</i>	<i>y/y change</i>
IGC GOI	247	+ 3.9%	+ 30.9%
Wheat sub-Index	211	- 0.2%	+ 16.6%
Maize sub-Index	243	+ 0.7%	+ 36.7%
Barley sub-Index	229	+ 2.2%	+ 18.6%
Rice sub-Index	187	+ 1.2%	+ 16.2%
Soyabeans sub-Index	254	+ 7.4%	+ 41.9%

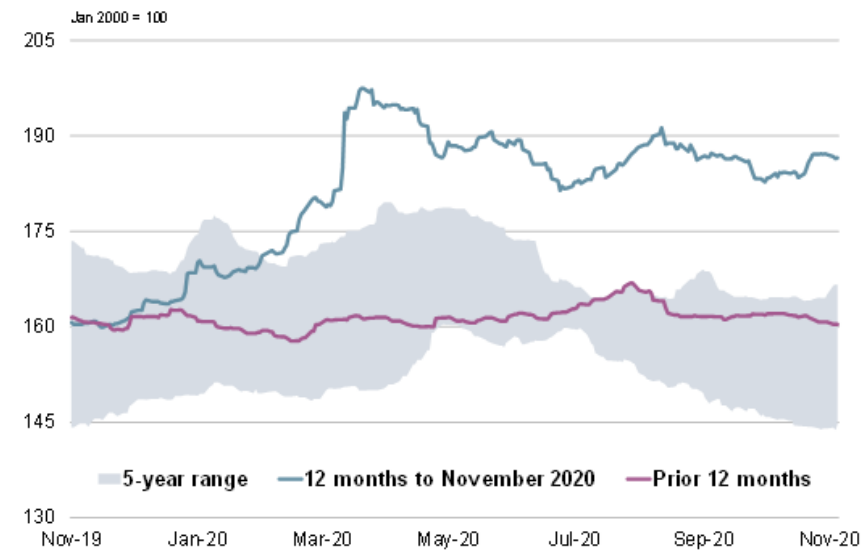
*Change vs. GMR 515



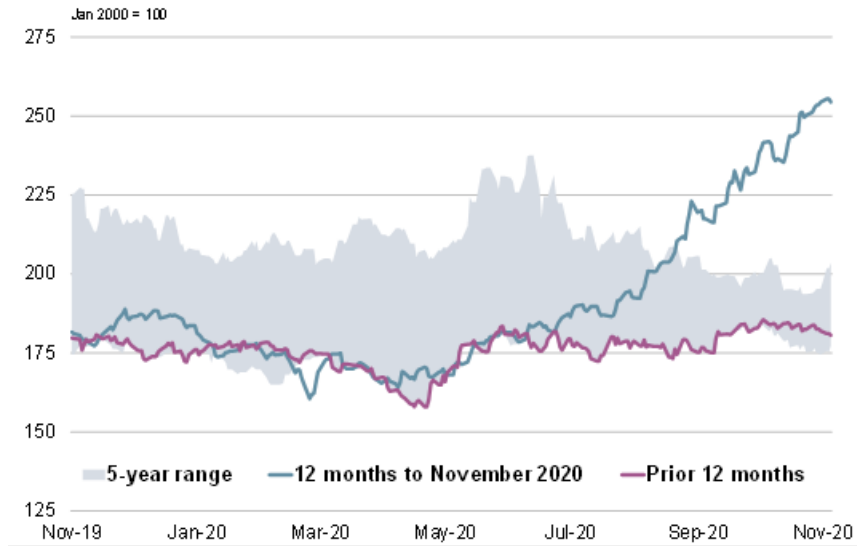
The IGC GOI **wheat** sub-Index was little-changed m/m. Underpinned by spillover from rowcrops and uncertain 2021/22 production prospects, average export prices stayed close to a more than five-year peak.



Boosted by a tightening supply and demand outlook, the IGC GOI **maize** sub-Index was up slightly over the past four weeks, with some consolidation after the previous month's very steep gains.



The IGC GOI rice sub-Index firmed in November, lightly supported by Thai currency strength and rain delays to the harvest in Vietnam.



With sentiment buoyed by solid export interest and underlying worries about South American crop weather, the IGC GOI **soybeans** sub-Index surged by 7%, to its highest since mid-2014.