



# Grain Market Report

## Summary

27 Aug 2020

### HIGHLIGHTS

At a record 2,230m t (2,181m year before), the forecast for world total grains (wheat and coarse grains) production in 2020/21 is up by 6m m/m (month-on-month), including upward revisions for wheat, maize, sorghum and rye. Larger feed use figures for maize and sorghum are mainly behind a 4m t upgrade for projected total consumption, to 2,222m (2,181m). The forecast for global grains stocks at the end of 2020/21 is boosted by 5m t m/m (mainly wheat), to 630m, an accumulation of 8m y/y (year-on-year). Adjustments for wheat, maize and sorghum lift the world trade (Jul/Jun) forecast by 4m t m/m, to 395m, an increase of 1% y/y.

Tied to continued heavy shipments from South America, chiefly Brazil, the Council's forecast for global soyabean trade in 2019/20 is lifted to a peak of 163m t, the 7% y/y gain primarily stemming from bigger dispatches to China. Largely on an upgraded outlook for the US, world production in 2020/21 is projected 8m t higher m/m, at a record of 373m, up by 10% y/y. The m/m increase in total supplies results in an upward revision to consumption, seen climbing to a new high, and stocks. Trade is predicted 3m t higher than before, at a peak of 164m, a marginal y/y advance.

Reflecting a slow pace of shipments, mainly by Thai exporters, the forecast for world rice trade in 2020 is cut by 0.7m t, to a multi-year low of 42m (43m), the third successive y/y decline. Production in 2020/21 is projected to rebound by 2% y/y, to a peak of 505m t, on bigger crops in leading exporters. Carryovers are trimmed from before, to 181m t (177m), albeit still a new high, including gains in key exporters. Trade in 2021 is predicted unchanged m/m, at 45m t, a 6% y/y gain.

The IGC Grains and Oilseeds Index (GOI) increased by 3% m/m, to the highest in nearly two years.

|                                   | 17/18 | 18/19         | 19/20<br>est.   | 20/21<br>f'cast |       |
|-----------------------------------|-------|---------------|-----------------|-----------------|-------|
| million tons                      |       |               |                 | 23.07           | 27.08 |
| <b>TOTAL GRAINS <sup>a)</sup></b> |       |               |                 |                 |       |
| Production                        | 2138  | 2139          | 2181            | 2225            | 2230  |
| Trade                             | 370   | 364           | 391             | 391             | 395   |
| Consumption                       | 2152  | 2166          | 2181            | 2218            | 2222  |
| Carryover stocks                  | 650   | 622           | 622             | 625             | 630   |
| year/year change                  | -14   | -27           | 0               |                 | 8     |
| Major exporters <sup>b)</sup>     | 179   | 165           | 164             | 171             | 176   |
| <b>WHEAT</b>                      |       |               |                 |                 |       |
| Production                        | 762   | 732           | 762             | 762             | 763   |
| Trade                             | 176   | 168           | 183             | 180             | 181   |
| Consumption                       | 742   | 738           | 745             | 750             | 749   |
| Carryover stocks                  | 288   | 262           | 279             | 288             | 294   |
| year/year change                  | 20    | -7            | 18              |                 | 14    |
| Major exporters <sup>b)</sup>     | 83    | 71            | 67              | 62              | 66    |
| <b>MAIZE (CORN)</b>               |       |               |                 |                 |       |
| Production                        | 1091  | 1129          | 1121            | 1164            | 1166  |
| Trade                             | 153   | 165           | 172             | 176             | 177   |
| Consumption                       | 1118  | 1148          | 1145            | 1176            | 1178  |
| Carryover stocks                  | 343   | 324           | 300             | 288             | 288   |
| year/year change                  | -27   | -18           | -24             |                 | -12   |
| Major exporters <sup>c)</sup>     | 75    | 68            | 68              | 75              | 78    |
|                                   | 17/18 | 18/19<br>est. | 19/20<br>f'cast | 20/21<br>proj.  |       |
| million tons                      |       |               |                 | 23.07           | 27.08 |
| <b>SOYABEANS</b>                  |       |               |                 |                 |       |
| Production                        | 344   | 363           | 339             | 365             | 373   |
| Trade                             | 153   | 152           | 163             | 161             | 164   |
| Consumption                       | 344   | 349           | 354             | 364             | 368   |
| Carryover stocks                  | 48    | 62            | 47              | 48              | 52    |
| year/year change                  | 0     | 14            | -14             |                 | 5     |
| Major exporters <sup>d)</sup>     | 17    | 32            | 20              | 16              | 19    |
| <b>RICE</b>                       |       |               |                 |                 |       |
| Production                        | 494   | 498           | 497             | 505             | 505   |
| Trade                             | 46    | 43            | 42              | 45              | 45    |
| Consumption                       | 485   | 487           | 495             | 500             | 500   |
| Carryover stocks                  | 165   | 175           | 177             | 182             | 181   |
| year/year change                  | 9     | 10            | 2               |                 | 4     |
| Major exporters <sup>e)</sup>     | 32    | 39            | 44              | 47              | 47    |

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

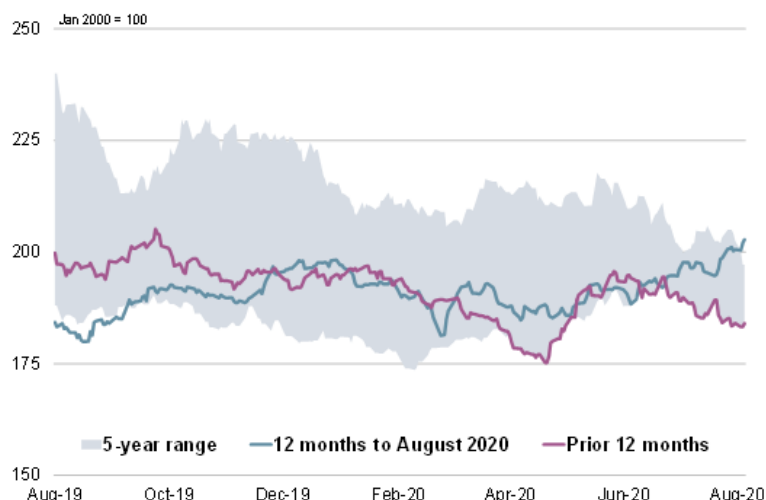
a) Wheat and coarse grains

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

The biggest maize harvest in history is largely behind a projected 50m t jump in world **total grains** (wheat and coarse grains) production in 2020/21, to 2,230m. The world wheat crop is also expected to be a new high, while above-average outturns are predicted for barley, sorghum, oats and rye. Total consumption is seen climbing by 41m t y/y, to 2,222m, led by gains for feed (+18m y/y) and industrial uses (+12m). Amid record supplies, maize demand is seen rising the most, up by 33m t y/y. An 8m t expansion of total grains stocks is foreseen at the end of 2020/21, to 630m t, including accumulations of wheat (+14m) and barley (+3m), but the fourth consecutive contraction of maize inventories (-12m). Trade (Jul/Jun) is seen climbing by 1% y/y, to 395m t, with increased shipments of maize and sorghum, but smaller volumes of wheat and barley.

| m t                                  | 17/18        | 18/19        | 19/20<br>(est.) | 20/21<br>(f'cast) | y/y<br>change         |
|--------------------------------------|--------------|--------------|-----------------|-------------------|-----------------------|
| Opening stocks                       | 663          | 650          | 622             | 622               | - 0.1%                |
| Production                           | 2,138        | 2,139        | 2,181           | 2,230             | + 2.3%                |
| <b>Total supply</b>                  | <b>2,802</b> | <b>2,788</b> | <b>2,803</b>    | <b>2,852</b>      | <b>+ 1.8%</b>         |
| <b>Total use</b>                     | <b>2,152</b> | <b>2,166</b> | <b>2,181</b>    | <b>2,222</b>      | <b>+ 1.9%</b>         |
| of which: <i>Food</i>                | 708          | 714          | 724             | 732               | + 1.1%                |
| <i>Feed</i>                          | 959          | 965          | 984             | 1,002             | + 1.9%                |
| <i>Industrial</i>                    | 367          | 368          | 355             | 367               | + 3.5%                |
| <b>Closing stocks</b>                | <b>650</b>   | <b>622</b>   | <b>622</b>      | <b>630</b>        | <b>+ 1.3%</b>         |
| <i>Major exporters</i> <sup>a)</sup> | 179          | 165          | 164             | 176               | + 10.4% <sup>a)</sup> |
| <b>Trade (Jul/Jun)</b>               | <b>370</b>   | <b>364</b>   | <b>391</b>      | <b>395</b>        | <b>+ 1.1%</b>         |

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

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

Tied to significant growth in China's soyabean arrivals, world import demand in 2019/20 is seen rising by 11m t y/y, to a record of 163m, with most of the increase absorbed by Brazilian exporters.

Based on a rebound in US production, together with potentially bigger outturns in the southern hemisphere, global output in 2020/21 is predicted to advance by 10% y/y, to a peak of 373m t. Underpinned by recovering feed sector demand in China, together with expected gains elsewhere amid improving economic conditions, world uptake is projected to rise by 4% y/y. Inventories are also seen expanding, but remaining short of the 2018/19 peak. Growth in global trade could moderate but, at 164m t, would be a new high, with US exports projected to rebound strongly.

| m t                                 | 17/18      | 18/19<br>(est.) | 19/20<br>(f'cast) | 20/21<br>(proj.) | y/y<br>change  |
|-------------------------------------|------------|-----------------|-------------------|------------------|----------------|
| Opening stocks                      | 47         | 48              | 62                | 47               | - 23.4%        |
| Production                          | 344        | 363             | 339               | 373              | + 10.1%        |
| <b>Total supply</b>                 | <b>392</b> | <b>411</b>      | <b>401</b>        | <b>421</b>       | <b>+ 4.9%</b>  |
| <b>Total use</b>                    | <b>344</b> | <b>349</b>      | <b>354</b>        | <b>368</b>       | <b>+ 4.1%</b>  |
| <i>of which: Crush</i>              | 301        | 305             | 311               | 322              | + 3.6%         |
| <b>Closing stocks</b>               | <b>48</b>  | <b>62</b>       | <b>47</b>         | <b>52</b>        | <b>+ 10.7%</b> |
| <i>Major exporters<sup>a)</sup></i> | 17         | 32              | 20                | 19               | - 3.6%         |
| <b>Trade (Oct/Sep)</b>              | <b>153</b> | <b>152</b>      | <b>163</b>        | <b>164</b>       | <b>+ 1.0%</b>  |

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

Amid weak demand from sub-Saharan Africa, high international prices and a historically slow pace of shipments by Thailand, world **rice** trade in 2020 is forecast to contract for the third successive season, to a multi-year low of 42m t. Consumption in 2019/20 is anticipated to expand on population growth, and as quarantine and food-security measures underpin uptake in Asia, while inventories may increase on accumulation in India. Reflecting acreage gains in Asia, global output in 2020/21 is predicted to rise by 2% y/y, to a record of 505m t, with consumption and stocks also seen reaching new highs. Trade could expand by 6% y/y in 2021 on firmer demand from importers in Africa, but staying below past peaks.

| m t (milled basis)            | 17/18      | 18/19<br>(est.) | 19/20<br>(f'cast) | 20/21<br>(proj.) | y/y<br>change |
|-------------------------------|------------|-----------------|-------------------|------------------|---------------|
| Opening stocks                | 155        | 165             | 175               | 177              | + 1.1%        |
| Production                    | 494        | 498             | 497               | 505              | + 1.6%        |
| <b>Total supply</b>           | <b>649</b> | <b>662</b>      | <b>672</b>        | <b>682</b>       | <b>+ 1.5%</b> |
| <b>Total use</b>              | <b>485</b> | <b>487</b>      | <b>495</b>        | <b>500</b>       | <b>+ 1.1%</b> |
| <b>Closing stocks</b>         | <b>165</b> | <b>175</b>      | <b>177</b>        | <b>181</b>       | <b>+ 2.5%</b> |
| Major exporters <sup>a)</sup> | 32         | 39              | 44                | 47               | + 8.0%        |
| <b>Trade (Jan/Dec)</b>        | <b>46</b>  | <b>43</b>       | <b>42</b>         | <b>45</b>        | <b>+ 6.2%</b> |

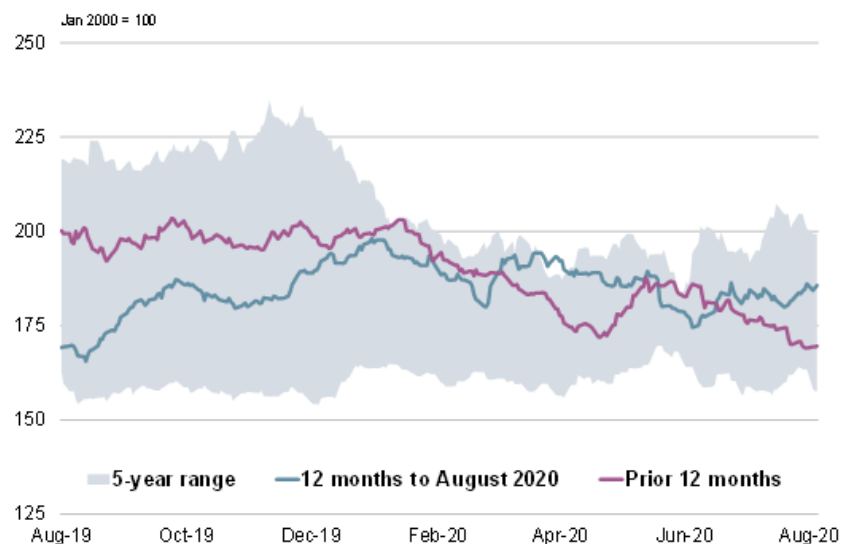
<sup>a)</sup> India, Pakistan, Thailand, USA, Vietnam

## MARKET SUMMARY

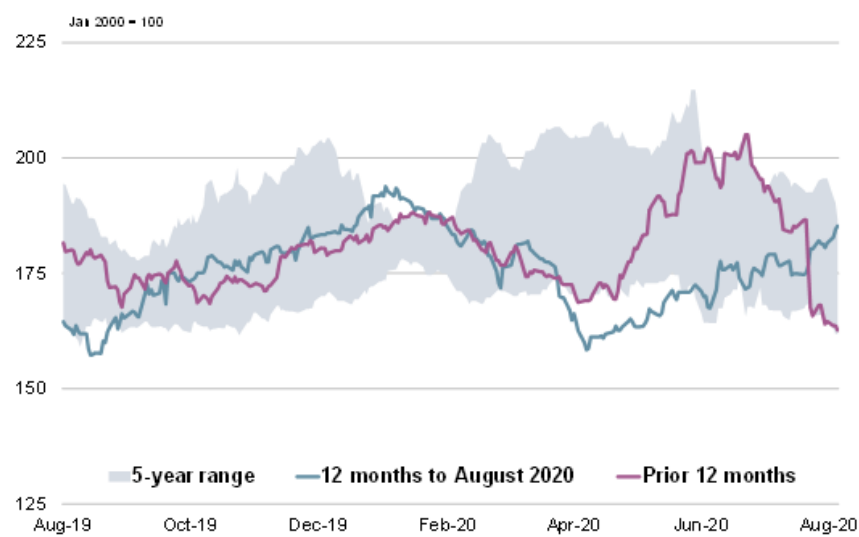
With advances across all sub components, the IGC GOI gained by 3% m/m, to its highest since October 2018.

| Jan 2000 = 100      | GMR 513    | m/m<br>change* | y/y<br>change  |
|---------------------|------------|----------------|----------------|
| <b>IGC GOI</b>      | <b>203</b> | <b>+ 3.4%</b>  | <b>+ 10.2%</b> |
| Wheat sub-Index     | 186        | + 1.5%         | + 9.5%         |
| Maize sub-Index     | 185        | + 4.9%         | + 13.9%        |
| Barley sub-Index    | 195        | + 2.7%         | + 3.6%         |
| Rice sub-Index      | 189        | + 3.4%         | + 14.0%        |
| Soyabeans sub-Index | 196        | + 3.9%         | + 9.2%         |

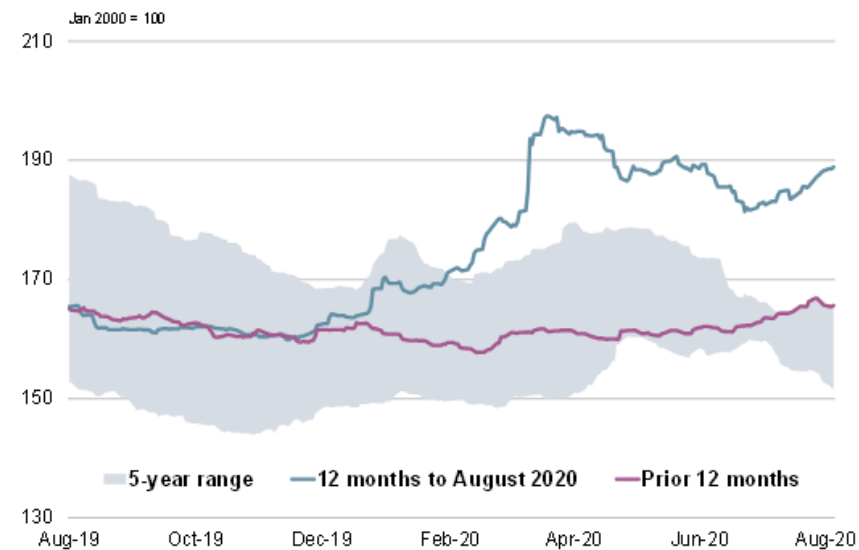
\*Change vs. GMR 512



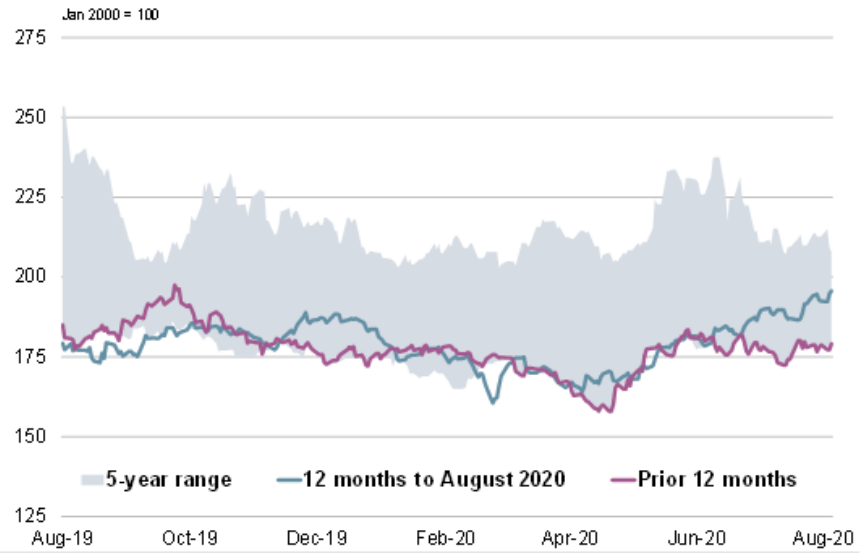
Increases in US and EU fob values, linked partly to crop concerns and talk of fresh Chinese buying interest, contributed to a 1% m/m rise in the IGC GOI **wheat** sub-Index.



The IGC GOI **maize** sub-Index touched a six-month peak, up by 5% from the last GMR. Quotations in South America moved higher on busy exports, while the US market was underpinned by worries about adverse weather.



Amid rain-related harvest delays in Thailand and robust domestic demand in Vietnam, the IGC GOI **rice** sub-Index gained by 3% m/m.



The IGC GOI **soybeans** sub-Index rose by 4% m/m. While values were firmer at all key origins, advances in South America were especially pronounced, partly reflecting currency movements.