



# Grain Market Report

## Summary

### HIGHLIGHTS

Mainly because of adjustments for maize and sorghum in sub-Saharan Africa, the forecast for world **total grains** (wheat and coarse grains) production in 2018/19 is up by 9m t m/m (month-on-month), at 2,138m. With consumption placed only a little higher than before, the outlook for stocks is raised by 6m t, to 617m, a drop of 29m y/y (year-on-year). The trade figure is down by 2m t m/m, including cuts for wheat, barley and sorghum. The projection for total grains production in 2019/20 is modestly lower m/m, at 2,177m t (+2% y/y), as better prospects for wheat and barley are outweighed by cuts for sorghum and maize, including in the USA. The grains consumption number is reduced by 9m t, to 2,192m (+1% y/y), mainly owing to changes for maize in the US (industrial and feed) and in China (feed). The outlook for stocks is 15m t larger m/m, at 602m (-2% y/y), mostly for wheat and maize. Maize accounts for the majority of a 1m t m/m boost to the forecast for global trade, to 369m (+1% y/y).

Reflecting an upgraded estimate for Brazil's harvest, 2018/19 **soyabean** output is raised by 1m t m/m, to 363m, a 6% y/y gain and a new peak. However, due to a smaller figure for carry-ins, ending stocks are trimmed to 54m t, still the largest ever on heavy accumulation in the US. At 358m t, the 2019/20 production outlook is cut by 3m m/m and is 1% lower y/y. The net reduction in supplies is mainly channelled to a smaller figure for carryovers, placed at 53m t, a fractional fall y/y. The projection for trade is downgraded to 152m t, little changed y/y.

Due to the subdued early-season pace of shipments, the forecast for global **rice** trade in 2019 (Jan/Dec) is cut by 0.5m t m/m, to 46.1m, steady y/y. With consumption lifted slightly, stocks are seen fractionally lower m/m, albeit still up 8m t y/y. Tentative supply and demand projections for 2019/20 are little changed from April, with carryovers pegged a little smaller m/m, at 163m t. Traded volumes in 2020 could expand on stronger demand from buyers in Africa.

After weakening in the early part of the month, the IGC **Grains and Oilseeds Index (GOI)** rallied by a net 7% since the last GMR, with much impetus coming from less than ideal conditions for crops in the US.

	16/17	17/18 est.	18/19 f'cast	19/20 proj.	
million tons				25.04	30.05
<b>TOTAL GRAINS <sup>a)</sup></b>					
<b>Production</b>	2187	2141	<b>2138</b>	<b>2178</b>	<b>2177</b>
<b>Trade</b>	353	369	<b>366</b>	<b>368</b>	<b>369</b>
<b>Consumption</b>	2128	2152	<b>2166</b>	<b>2201</b>	<b>2192</b>
<b>Carryover stocks</b>	657	646	<b>617</b>	<b>588</b>	<b>602</b>
<i>year/year change</i>	59	-11	<b>-29</b>		<b>-15</b>
<b>Major exporters <sup>b)</sup></b>	179	178	<b>164</b>	<b>163</b>	<b>167</b>
<b>WHEAT</b>					
<b>Production</b>	757	762	<b>733</b>	<b>762</b>	<b>766</b>
<b>Trade</b>	177	176	<b>171</b>	<b>174</b>	<b>174</b>
<b>Consumption</b>	736	739	<b>741</b>	<b>752</b>	<b>753</b>
<b>Carryover stocks</b>	248	270	<b>263</b>	<b>274</b>	<b>276</b>
<i>year/year change</i>	21	23	<b>-8</b>		<b>13</b>
<b>Major exporters <sup>b)</sup></b>	78	82	<b>68</b>	<b>72</b>	<b>72</b>
<b>MAIZE (CORN)</b>					
<b>Production</b>	1132	1092	<b>1126</b>	<b>1125</b>	<b>1118</b>
<b>Trade</b>	137	152	<b>162</b>	<b>160</b>	<b>161</b>
<b>Consumption</b>	1093	1119	<b>1144</b>	<b>1161</b>	<b>1151</b>
<b>Carryover stocks</b>	364	336	<b>317</b>	<b>275</b>	<b>284</b>
<i>year/year change</i>	39	-27	<b>-19</b>		<b>-33</b>
<b>Major exporters <sup>c)</sup></b>	79	69	<b>72</b>	<b>67</b>	<b>69</b>
<b>SOYABEANS</b>					
<b>Production</b>	352	341	<b>363</b>	<b>361</b>	<b>358</b>
<b>Trade</b>	148	152	<b>151</b>	<b>153</b>	<b>152</b>
<b>Consumption</b>	338	345	<b>352</b>	<b>360</b>	<b>359</b>
<b>Carryover stocks</b>	48	44	<b>54</b>	<b>56</b>	<b>53</b>
<i>year/year change</i>	14	-4	<b>10</b>		<b>-1</b>
<b>Major exporters <sup>d)</sup></b>	22	16	<b>34</b>	<b>33</b>	<b>32</b>
million tons (milled basis)					
<b>RICE</b>					
<b>Production</b>	492	494	<b>500</b>	<b>505</b>	<b>504</b>
<b>Trade</b>	47	46	<b>46</b>	<b>48</b>	<b>48</b>
<b>Consumption</b>	485	487	<b>492</b>	<b>499</b>	<b>499</b>
<b>Carryover stocks</b>	143	150	<b>158</b>	<b>164</b>	<b>163</b>
<i>year/year change</i>	7	8	<b>8</b>		<b>5</b>
<b>Major exporters <sup>e)</sup></b>	32	32	<b>35</b>	<b>38</b>	<b>38</b>

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

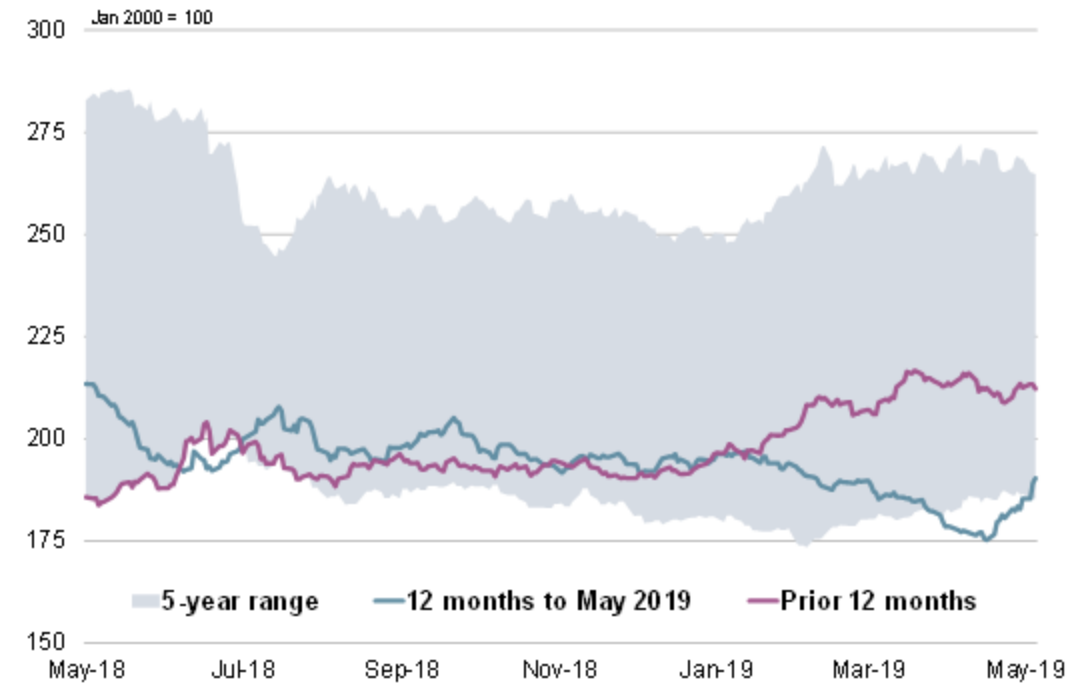
a) Wheat and coarse grains

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

Following this month's changes, world **total grains** production in 2018/19 is expected to be only modestly lower y/y, at 2,138m t, as a larger maize harvest (+34m) nearly offsets poorer outturns of other grains, including a 29m slump in wheat output. With smaller supplies and a sustained rise in consumption, grains stocks are forecast to tighten by 29m t, to a three-year low of 617m, with approximately half the drop in the major exporters and half in China. An overall fall in grains trade is anticipated (-3m t y/y), as the tenth successive climb in maize shipments (+10m t) is outweighed by declines for wheat (-5m), barley (-4m) and sorghum (-4m).

Total grains production in 2019/20 is projected to climb by 2%, to 2,177m t, and will entirely compensate for smaller opening stocks to lift overall supply a fraction higher y/y. Nevertheless, with consumption growth predicted to outstrip the rise in supply, the third successive stock contraction is envisaged, to a four-season low of 602m t. The retreat is entirely because of shrinking maize inventories, to their least in six years. In contrast, after falling in the prior season, wheat stocks could rebound to a record level at the end of 2019/20. Grains trade is placed 1% higher y/y, at 369m t, slightly exceeding the peak of two years ago on anticipated increased shipments of wheat and barley.

m t	16/17	17/18 (est.)	18/19 (f'cast)	19/20 (proj.)	y/y change
Opening stocks	598	657	646	617	- 4.4%
Production	2,187	2,141	2,138	2,177	+ 1.8%
<b>Total supply</b>	<b>2,785</b>	<b>2,798</b>	<b>2,783</b>	<b>2,794</b>	<b>+ 0.4%</b>
<b>Total use</b>	<b>2,128</b>	<b>2,152</b>	<b>2,166</b>	<b>2,192</b>	<b>+ 1.2%</b>
<i>of which: Food</i>	698	706	717	723	+ 0.9%
<i>Feed</i>	949	962	968	977	+ 1.0%
<i>Industrial</i>	356	365	366	371	+ 1.5%
<b>Closing stocks</b>	<b>657</b>	<b>646</b>	<b>617</b>	<b>602</b>	<b>- 2.4%</b>
<i>Major exporters</i> <sup>a)</sup>	179	178	164	167	+ 2.1%
<b>Trade (Jul/Jun)</b>	<b>353</b>	<b>369</b>	<b>366</b>	<b>369</b>	<b>+ 0.8%</b>

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

Including exceptional crops in Argentina and the US, the 2018/19 global **soyabean** outturn is seen at 363m t, up 22m y/y and a fresh high. Owing to the impact of African swine fever on pig inventories and soyameal demand in China, world growth in uptake is set to be slender, at just 2%. Tied to a more than doubling in the US, stocks are forecast to be up by more than one-fifth y/y. Prospects for supply and demand in 2019/20 are uncertain. Nevertheless, assuming larger outturns in the southern hemisphere help to compensate for a fall in the US, output is predicted just 5m t lower y/y and above average. Given the current policy and demand backdrop, outlooks for consumption and trade are highly tentative.

m t	16/17	17/18 (est.)	18/19 (f'cast)	19/20 (proj.)	y/y change
Opening stocks	34	48	44	54	+ 22.5%
Production	352	341	363	358	- 1.3%
<b>Total supply</b>	<b>386</b>	<b>389</b>	<b>407</b>	<b>412</b>	<b>+ 1.2%</b>
<b>Total use</b>	<b>338</b>	<b>345</b>	<b>352</b>	<b>359</b>	<b>+ 1.8%</b>
<i>of which: Crush</i>	295	302	310	314	+ 1.3%
<b>Closing stocks</b>	<b>48</b>	<b>44</b>	<b>54</b>	<b>53</b>	<b>- 1.7%</b>
<i>Major exporters</i> <sup>a)</sup>	22	16	34	32	- 4.4%
<b>Trade (Oct/Sep)</b>	<b>148</b>	<b>152</b>	<b>151</b>	<b>152</b>	<b>+ 0.5%</b>

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

Reflecting gains in key exporters, notably India, as well as in sub-Saharan Africa, world **rice** output in 2018/19 is seen at a record 500m t. Ample availabilities and population growth should push up consumption, while stocks are likely to accumulate on increases in China and India. Prospects for 2019/20 are tentative, but assumed growth in acreage in parts of Asia could boost production to a high of 504m t. A modest gain in food demand is expected to underpin record consumption, with inventories rising by 5m t y/y. Anticipated growth of global trade in 2020 rests 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	136	143	150	158	+ 5.0%
Production	492	494	500	504	+ 0.8%
<b>Total supply</b>	<b>627</b>	<b>637</b>	<b>650</b>	<b>662</b>	<b>+ 1.8%</b>
<b>Total use</b>	<b>485</b>	<b>487</b>	<b>492</b>	<b>499</b>	<b>+ 1.4%</b>
<b>Closing stocks</b>	<b>143</b>	<b>150</b>	<b>158</b>	<b>163</b>	<b>+ 3.2%</b>
<i>Major exporters</i> <sup>a)</sup>	32	32	35	38	+ 8.6%
<b>Trade (Jan/Dec)</b>	<b>47</b>	<b>46</b>	<b>46</b>	<b>48</b>	<b>+ 3.6%</b>

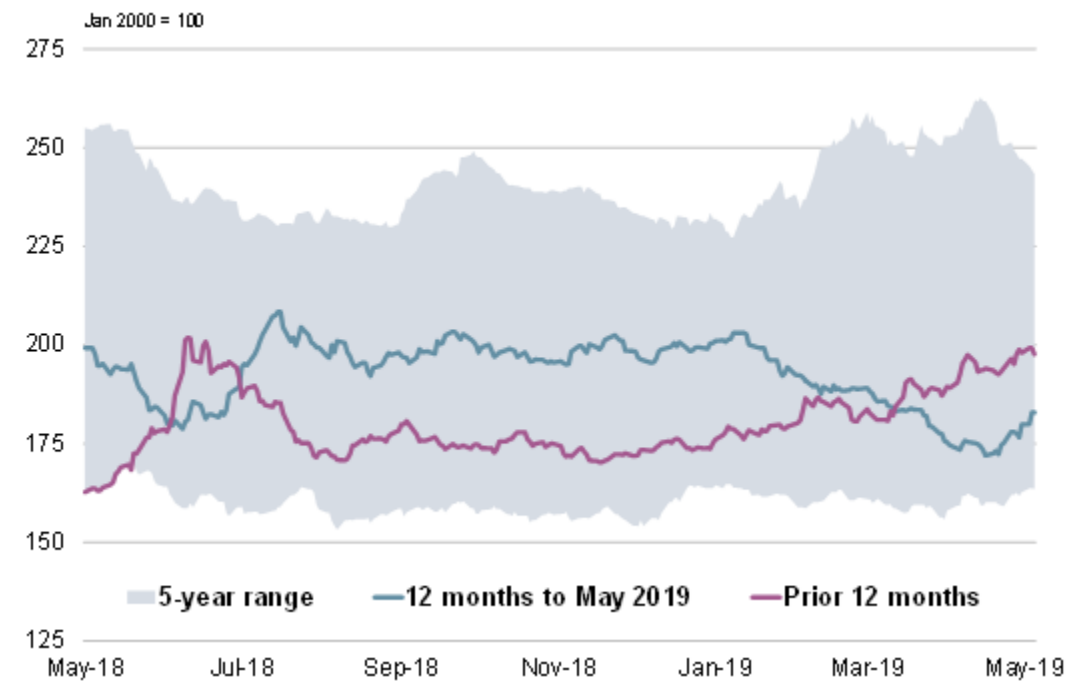
<sup>a)</sup> India, Pakistan, Thailand, US, Vietnam

## MARKET SUMMARY

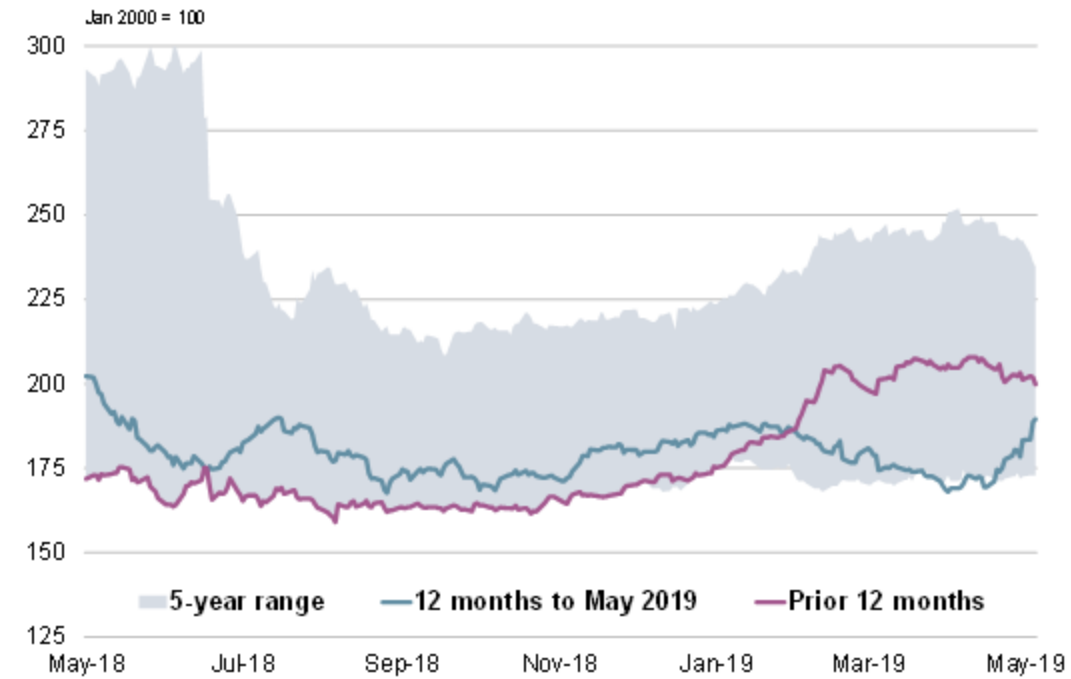
The IGC GOI recovered a portion of its recent losses, surging by 7% m/m, as unseasonably wet weather persisted across key US cropping areas, severely impeding rowcrop planting progress and possibly impacting winter wheat yield and quality.

Jan 2000 = 100	<b>GMR 499</b>	<i>m/m change*</i>	<i>y/y change</i>
<b>IGC GOI</b>	<b>190</b>	<b>+ 6.7%</b>	<b>- 10.3%</b>
Wheat sub-Index	<b>183</b>	<b>+ 4.1%</b>	<b>- 7.5%</b>
Maize sub-Index	<b>190</b>	<b>+ 12.3%</b>	<b>- 5.1%</b>
Barley sub-Index	<b>201</b>	<b>- 1.2%</b>	<b>- 9.4%</b>
Rice sub-Index	<b>161</b>	<b>- 0.0%</b>	<b>- 9.9%</b>
Soyabeans sub-Index	<b>177</b>	<b>+ 8.9%</b>	<b>- 13.9%</b>

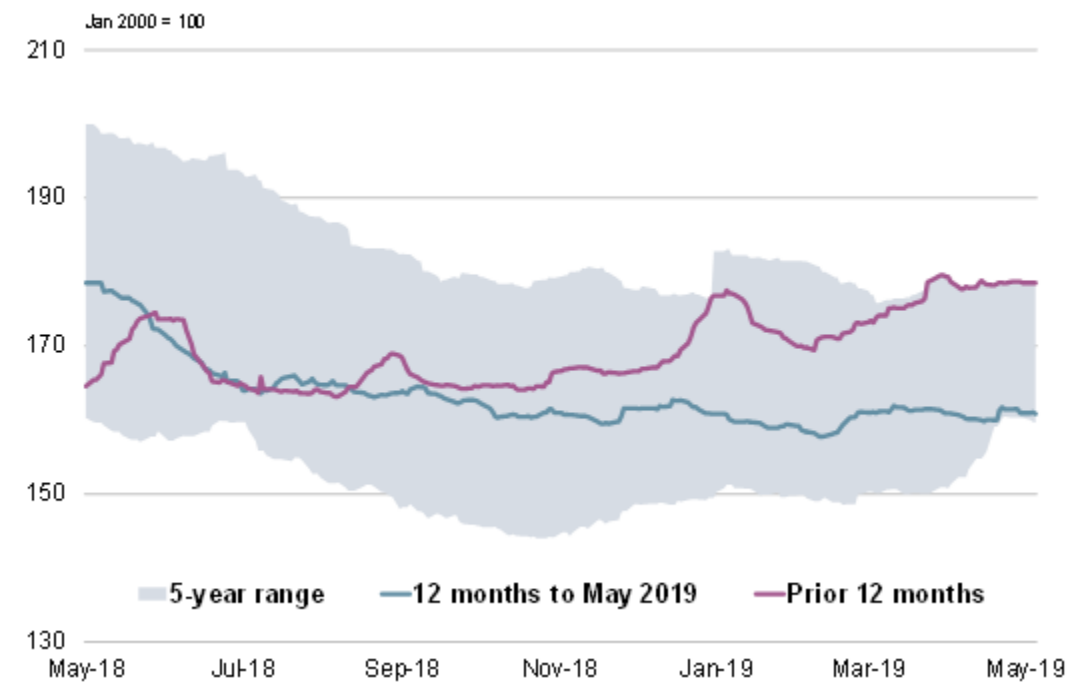
\*Change vs. GMR 498



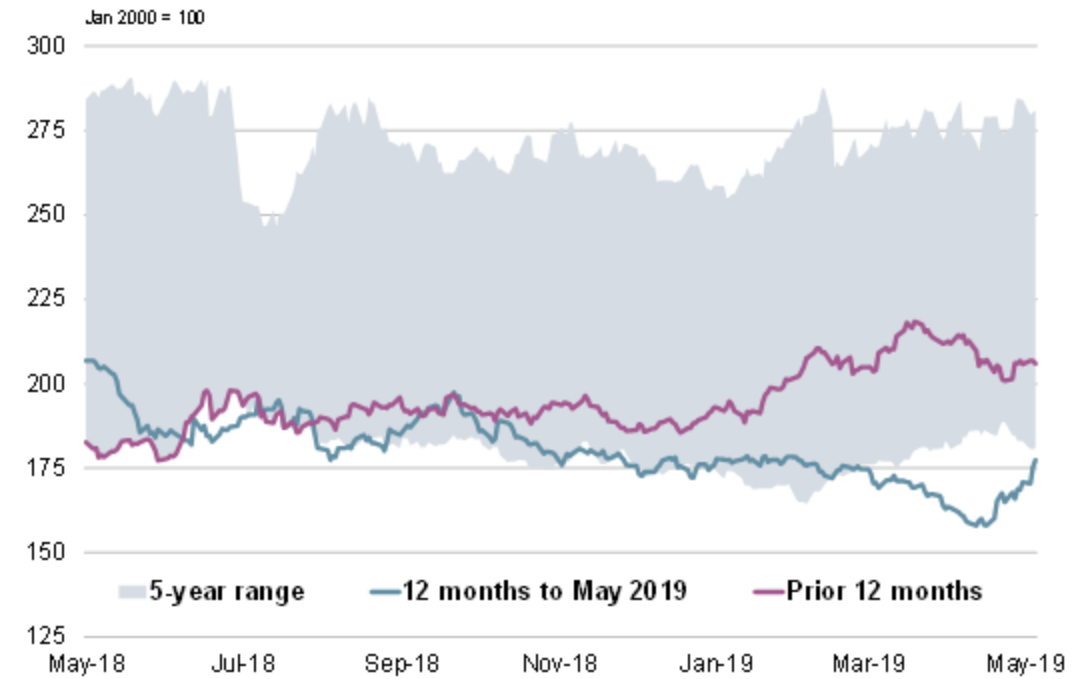
The IGC GOI **wheat** sub-Index spiked higher in late-May, gaining by 4% overall, mainly on escalating worries about overly wet US conditions.



Amid extremely difficult US planting weather, the IGC GOI **maize** sub-Index soared by 12% to a nine-month peak, fully reversing the recent downtrend.



With few changes across the major origins, the IGC GOI **rice** sub-Index held broadly steady during May.



The IGC GOI **soyabean** sub-Index rose by a net 9% over the past five weeks. Strength in South American values partly reflected a pickup in buying by China, while advances in US prices were tied to lengthy sowing delays.