

World grain report

By the International Grains Council

April saw further steep increases in international rice prices but wheat values fell back on a generally favourable outlook for the next crop. Current high rice prices are adding considerably to the burdens of those countries relying heavily on this key food crop, especially low-income developing countries with substantial import needs.

Global rice production and consumption are estimated to be broadly in balance in 2008, but carry-over stocks remain relatively small. While trade in rice only accounts for around seven per cent of world consumption of this cereal, market unease about nearby market availabilities – after some exporters imposed temporary border measures – have added to price pressures.

In contrast, wheat export quotations declined sharply as northern hemisphere harvests began, with India's outturn now likely to match last year's record.

Maize prices set new highs in mid-April due to planting concerns in the US but subsequently drifted lower.

Despite prospects for a large crop, soybean prices remained volatile, deriving recent strength from heavy demand by China and ongoing disruptions to export loadings in South America.

In its first grain supply and demand forecasts for 2008–09, the IGC sees a modest upturn in global wheat stocks but demand for maize is expected to exceed output.

Outlook for 2008–09

With favourable crop conditions in most major producers, total grain production in 2008 is forecast at 1706 million tonnes (mt), 37 mt above last year's record.

High prices stimulated wheat sowings but some farmers are turning from coarse grains to oilseeds because of mounting input costs.

World consumption is projected up by 1.7 per cent at 1710 mt compared with last year's 3.5 per cent increase, reflecting a slow-down in the expansion of the US ethanol industry and a slight decline in grain feed use. Despite high prices, food use of grains may increase slightly.

World stocks are expected to remain very low, especially in the US. A small decrease in world grain trade is likely, falls in maize and sorghum more than offsetting a rise in wheat.

Wheat outlook

Forecast wheat production is down one mt from last month but still 41 mt more than in 2007. Crops in Europe, the CIS and China are developing well but parts of the US and Canada need more rain. Hot weather is stressing crops in Near East Asia and North Africa.

Rain in Argentina and Australia is boosting their prospects.

As prices ease food consumption growth in developing countries should recover and feed use will rise – the total is forecast at

630 mt, 19 mt more than last year. Wheat stocks are expected to go up 14 mt to 128 mt with a significant increase in the US.

World wheat trade is projected to increase by seven mt to 110 mt as wheat becomes more competitive with feed grains and some importing countries replenish stocks. Crop problems could lead to increased imports by Pakistan and countries in Near East Asia.

Maize and barley

Maize production is forecast at 762 mt, 13 mt less than last year. Rains delayed planting in the US, but conditions are mostly good in the EU.

Consumption is expected to increase by 10 mt to 784 mt – a much slower rate of growth than in recent years.

While world feed demand is still strong, high maize prices will lead to substitution by other grains and high-protein feeds. Increased production capacity in the US will result in 20 mt more maize being used to make ethanol, but this is less than the rise seen in 2007–08.

Maize stocks are forecast to fall sharply, from 114 mt to 93 mt and will be particularly low in the US. World maize trade is forecast at 89 mt, 10 mt less than in 2007–08, mainly because of reduced imports by the EU.

Barley production is projected to increase by 10 per cent to 149 mt with big rises in the EU, Ukraine and Australia but a smaller crop in Canada.

With lower prices relative to other feed ingredients total consumption is expected to increase by six mt to 146 mt. Stocks will recover slightly from the previous year's very low level and trade may rise by about one mt, to 16 mt. ■

IGC global grain estimates (million tonnes) – April 24, 2008

World total grains	2006–07	2007–08 f†	2008–09 projected
Production	1575	1669	1706
Trade	221	229	223
Consumption	1625	1681	1710
Total grain stocks	273	261	258
(Stocks in 5 major exporting countries)	99	83	81
World wheat			
Production	593	604	645
Trade	110	103	110
Consumption	610	611	630
Total wheat stocks	121	114	128
(Stocks in 5 major exporting countries)	39	27	37
World maize			
Production	702	775	762
Trade	87	99	89
Consumption	721	774	784
Total maize stocks	114	114	93

