

# World grain report

By the International Grains Council

The improving outlook for global harvests initially weighed on grain and oilseed prices in August, but a renewed bout of speculative buying, not always linked to market fundamentals, took values higher before, once again, retreating. The US market continued to be volatile, reflecting remaining uncertainties about the final outcome of maize and soybean crops as well as day-to-day developments in other commodities, including crude oil, and in currencies.

While big wheat crops were being harvested in the northern hemisphere these had largely been priced into markets. Instead, attention was focused on the sizeable amounts of wheat downgraded to feed quality, boosting milling premiums.

Black Sea export prices steadied after recent heavy falls. In the EU, domestic values for milling grades strengthened but a weakening euro trimmed dollar-denominated export quotations. US maize

prices continued to fall as crop prospects improved. But after futures in Chicago dipped below \$5 per bushel for the first

time in six months, an oversold market saw fund buyers return and prices stage a

...30▷

## IGC global grain estimates (million tonnes) – August 29, 2008

World total grains	06–07	07–08 est	08–09 projected
Production	1585	1687	1749
Trade	221	237	230
Consumption	1629	1684	1731
Total grain stocks	279	282	300
(Stocks in 5 major exporting countries)	100	91	95
<b>World wheat</b>			
Production	598	609	672
Trade	110	109	115
Consumption	612	612	643
Total wheat stocks	125	122	151
(Stocks in 5 major exporting countries)	39	28	41
<b>World maize</b>			
Production	708	785	774
Trade	87	100	88
Consumption	724	774	789
Total maize stocks	115	127	112



**FarmCentral**

FARMER CONTRACTOR

**AT LAST** there is an easy cost efficient way for farmers and contractors to find each other without the need for costly advertising or time consuming phone calls. Once your details are entered the system will automatically search and will update you daily with results by email or SMS. FarmCentral links farmers and contractors in the Cotton, Grain, Earthworks and Transport Industries

**FarmCentral**

- Integrated management tool
- Links farmers and contractors
- Let the system do the work

For more information visit: [www.farmcentral.com.au](http://www.farmcentral.com.au)  
[info@farmcentral.com.au](mailto:info@farmcentral.com.au)

## <29...WORLD GRAIN REPORT

partial recovery. A new set of official figures lifted the estimate of the crop but still envisaged a sharp fall in stocks.

Oilseed markets posted net losses over August. US soybean price movements were broadly similar to those of maize, while canola values in Canada were pressured by a higher than expected official crop forecast and declines in crude oil.

There was a further sharp fall in ocean freight rates but this was mainly in the larger (non-grain) Capesize category, following a slowdown in China's demand for minerals.

### PRODUCTION OUTLOOK 08-09

The grains production outlook improved further in August, several northern hemisphere countries achieving record yields. The forecast is increased by 31 million tonnes to 1749 mt. Easier supplies and lower prices will boost consumption, particularly of lowergrade wheat for feed and maize for fuel ethanol, and end-season stocks will also be higher than previously forecast, at 300 mt – 18 mt more than a year earlier.

The forecast of grains trade is unchanged at 230 mt. Imports of maize and sorghum

will be lower than last year, partly offset by increased trade in wheat for feed.

### Wheat

Improved prospects, particularly in the EU, Russia and Ukraine, raise the wheat production forecast by 10 mt to a record 672 mt – 63 mt more than in 2007.

Rains in much of the EU delayed harvesting and affected wheat quality. Most of Ukraine's large crop will be graded as feed. In Argentina, where sowings are sharply lower than last year, dry weather slowed crop development, but rains improved prospects in Australia.

The wheat consumption forecast is increased by 4 mt to 643 mt with feed use expected to reach a 17-year high of 111 mt. There will be a significant recovery in stocks in the five major exporters to a projected 41 mt – 13 mt more than at the end of 2007-08. At 151 mt, world wheat stocks will be the highest since 2002-03.

The total trade forecast is increased to 115 mt compared with 109 mt in 2007-08. Milling wheat purchases are picking up because of poor crops in some countries (notably Iran and Pakistan) and re-stocking in others. Lower-grade wheat, in ample supply in Europe and the Black Sea region, will compete strongly in feed markets.

Compared with last year, shipments by the US will be lower, but those from Australia, the EU and Ukraine are expected to be much higher.

### Maize

Maize production is forecast at 774 mt. Cool, damp weather in the US maintained higher than average crop ratings and its harvest is now projected at 305 mt. Prospects also improved in China and Mexico, but farmers in Argentina may switch to soybeans because of low domestic maize prices and high input costs.

The improved supply forecasts are reflected in an increase in projected world maize consumption to a record 789 mt.

Feed use in the US will be restricted by smaller livestock numbers and the greater availability of wheat and other competitively-priced substitutes, but more maize will be used to make ethanol. While the forecast of world end-season stocks is increased they will still, at 112 mt, be at a 5-year low.

The world maize trade forecast has been reduced to 88 mt – 12 mt less than last season. Larger crops in some countries, and greater competition from low-grade wheat and other feeds, will limit imports, although rising meat consumption in Latin America may increase maize demand there. ■



Walk it,  
Ride it,  
Bike it,  
Ski it...

Dinner Plain  
Enjoy it!



At Dinner Plain the  
pace is easy going.

Dinner Plain is the place where the family can be together by the fireside or miles apart exploring the cross-country trail network. Where you stroll the snow-lined streets simply for the sights or to meet friends for a restaurant dinner or drinks at the bar. The village itself helps set the community atmosphere, natural building materials and earthy tones blur the line between man made and alpine environment. With over 200 lodges and chalets all the convenience of a modern resort.

Dinner Plain is the place for your holiday.

For more information explore our website at  
[www.dinnerplain.com](http://www.dinnerplain.com)

or call our toll free number  
**1800 - 670019**

