

# World grain market

By the International Grains Council

Global grain and oilseed markets were pressured by large northern hemisphere crops during August. The European harvest reached its final stages, but progress in North America was slow, the late developing spring wheat, maize and soybean crops keeping final outcomes uncertain. Nonetheless, barring any adverse late-season weather, production prospects for US spring wheat and rowcrops remained mostly favourable through August.

Wheat markets were pressured by better than expected harvest results in the US and EU, further boosting the global crop outlook.

This largely outweighed concerns about dry conditions in parts of Argentina and Australia.

Slow import demand, following better

domestic crops for some of last year's major buyers, contributed to the past month's weakness.

Despite generally competitive export prices, activity in Black Sea markets was quiet. Prices there, and in the EU, were supported by slow farmer selling.

After an initial spike, aided by strong export demand, maize values succumbed to an increased US production outlook. But the slow-to-develop crop was seen as vulnerable to any early frosts ahead of harvesting. Concerns about this were more acute for US soybeans and, with support from tight old crop stocks as export sales to China soared, prices posted net gains.

Global feed and malting barley values were pressured by a large, good quality harvest in the EU and limited export demand.

only 2.5 per cent short of the 2008 record. Southern hemisphere prospects remain uncertain, particularly in Argentina, where rains are needed.

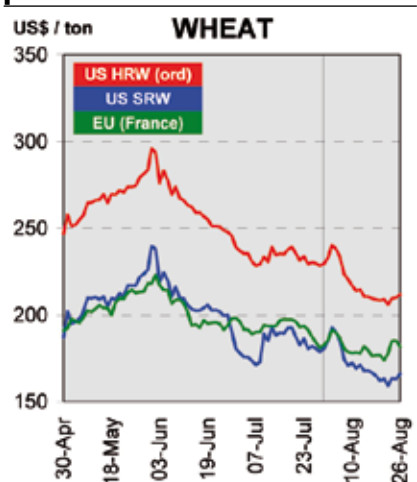
The forecast of global consumption is at a record 1741 mt, mainly because of increasing use of maize to produce ethanol in the US.

World feed use of grains is expected to be lower than in 2008–09 because of less on-farm feeding in some countries and rising use of non-grain ingredients.

Projected global ending stocks are at 361 mt, about seven mt more than last season and the highest for eight years. Combined stocks in the five major exporters are forecast at 113 mt, six mt less than a year before, but carryovers in China and India are higher.

The world grain trade forecast is at 222 mt. This is about 10 per cent less than last year's exceptionally high level – smaller wheat imports by Near East Asia and North Africa, after their good crops, account for much of the drop.

**FIGURE 1: IGC global export prices**



## Outlook for 2009-10

Unexpectedly good yields in the EU and improved prospects for US maize and spring wheat, result in a world grains production forecast of 1748 million tonnes,

IGC global grain estimates (million tonnes) – August 27, 2009					
	2005-06	2006-07	2007-08	2008-09 est	2009-10 forecast August 2009
<b>Wheat</b>					
Production	621	598	609	687	<b>662</b>
Trade	110	111	110	136	<b>113</b>
Consumption	625	611	614	644	<b>642</b>
Stocks	136	123	118	163	<b>183</b>
Year/year change	-4	-13	-5	+45	<b>+20</b>
Five major exporters**	55	39	28	45	<b>46</b>
<b>Maize</b>					
Production	698	709	795	789	<b>787</b>
Trade	79	87	101	83	<b>84</b>
Consumption	701	725	775	778	<b>797</b>
Stocks	132	116	136	146	<b>136</b>
Year/year change	-3	-16	+20	+10	<b>-10</b>
<b>Total grains*</b>					
Production	1607	1588	1697	1792	<b>1748</b>
Trade	215	222	239	248	<b>222</b>
Consumption	1620	1629	1687	1727	<b>1741</b>
Stocks	320	279	289	354	<b>361</b>
Year/year change	-13	-41	+10	+65	<b>+7</b>
Five major exporters**	144	101	93	119	<b>113</b>

\*Wheat and coarse grains

\*\*Argentina, Australia, Canada, EU, United States