



Grain Market Report

GMR 444 – 29 May 2014

HIGHLIGHTS

The IGC **Grains and Oilseeds Index (GOI)** fell by 2% over the last month, led by declines in export quotations for wheat, on generally good global crop prospects for 2014/15, and maize, on improving weather conditions in the US. The soyabean sub-Index was broadly unchanged, as modest gains on harvest delays in Argentina exceeded small declines elsewhere, while rice edged higher as some weakness in Thailand was offset by modest increases for other Asian exporters.

The projection for 2014/15 **total grains** output has been lifted slightly to 1,937m t this month, including an upward revision for maize. While this would constitute a 2% annual decline it would still be the second highest crop on record and exceed forecast demand, which is seen rising by 1% to 1,935m t. With ample supplies, end-season stocks are consequently likely to edge higher. Trade volumes are expected to retreat from this season's peak, mainly as China's wheat needs should be lower, but remain substantial at 288m t.

A *Market Focus* on the progress of Thailand's **rice** exports this year indicates that the country's exporters have had some success in regaining market share, particularly in Africa, but also elsewhere in Asia. Nevertheless, 2013/14 global rice inventories are expected to be virtually unchanged, with a fractional increase anticipated in major exporters, as gains in Thailand and elsewhere offset a decline in India.

The 2013/14 **soyabean** production forecasts for both Brazil and Argentina are lifted marginally this month on higher than previously anticipated yields. While the results are lower than forecast at the beginning of the season, crops are still seen at record levels in both countries. China's import demand has remained strong, despite reports of weak soyameal consumption and an erosion of processing margins (see *Market Focus*), and is set to drive a projected 13% increase in global trade to a new record in 2013/14. US sales for the Sep/Aug marketing year are now forecast to rise by 20% y/y to 43.5m t, as sales cancellations have so far fallen short of expectations.

WORLD ESTIMATES

million tons	11/12	12/13 est	13/14 forecast	14/15 projection													
				25.04	29.05												
TOTAL GRAINS ^{a)}																	
Production	1851	1790	1977	1935	1937												
Trade	270	265	296	286	288												
Consumption	1856	1813	1919	1936	1935												
Carryover stocks	361	338	396	390	398												
year/year change	-5	-23	58		2												
Major exporters ^{b)}	124	96	122	132	127												
WHEAT																	
Production	695	655	709	697	694												
Trade	145	140	151	144	145												
Consumption	698	675	690	701	698												
Carryover stocks	192	172	191	187	187												
year/year change	-3	-21	19		-4												
Major exporters ^{b)}	68	48	55	53	52												
MAIZE (CORN)																	
Production	877	861	970	950	955												
Trade	98	96	116	112	114												
Consumption	876	859	938	945	947												
Carryover stocks	130	132	164	163	172												
year/year change	1	2	32		8												
Major exporters ^{c)}	32	34	45	56	53												
<table border="0" style="width:100%; text-align:right;"> <tr> <td></td> <td>10/11</td> <td>11/12</td> <td>12/13</td> <td colspan="2">13/14 forecast</td> </tr> <tr> <td>million tons (milled basis)</td> <td></td> <td></td> <td></td> <td>25.04</td> <td>29.05</td> </tr> </table>							10/11	11/12	12/13	13/14 forecast		million tons (milled basis)				25.04	29.05
	10/11	11/12	12/13	13/14 forecast													
million tons (milled basis)				25.04	29.05												
RICE																	
Production	449	467	472	475	475												
Trade	36	39	38	39	39												
Consumption	445	459	469	475	475												
Carryover stocks	100	108	110	111	110												
year/year change	4	8	3		0												
Major exporters ^{d)}	31	37	40	41	40												
million tons																	
SOYABEANS																	
Production	267	241	272	282	284												
Trade	91	94	96	108	108												
Consumption	258	254	269	281	282												
Carryover stocks	36	23	26	27	28												
year/year change	9	-13	3		2												
Major exporters ^{e)}	13	6	9	10	11												

Figures may not add due to rounding

- a) Wheat and coarse grains
- b) Argentina, Australia, Canada, EU, Kazakhstan, Russia, Ukraine, US
- c) Argentina, Brazil, Ukraine, US
- d) India, Pakistan, Thailand, US, Vietnam
- e) Argentina, Brazil, US

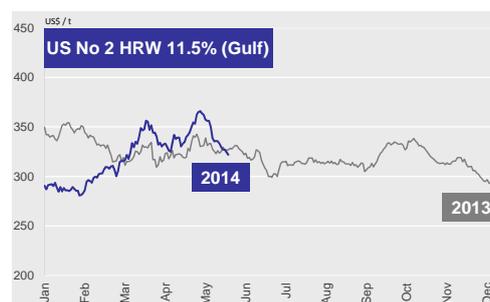
IGC GRAINS & OILSEEDS INDEX (GOI)



SUMMARY OUTLOOK FOR KEY GRAINS AND OILSEEDS

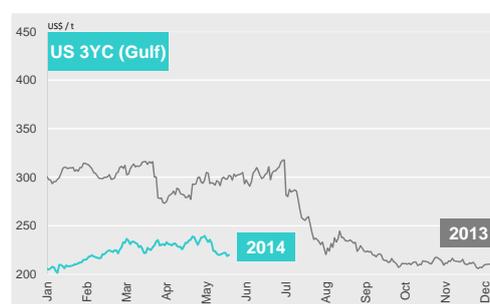
WHEAT

- The IGC GOI wheat sub-Index fell by 4% m/m, pressured by prospects for ample global supplies in 2014/15.
- World production is projected to fall by 2% to 694m t in 2014/15 with average yields retreating from last season's unusually high levels.
- Gains in food and feed use are forecast to lift consumption by 1% and the world carryover is likely to decline slightly, led by the major exporters.
- Trade is seen lower y/y, at 145m t as, assuming a better quality domestic harvest, China's purchases are expected to fall.



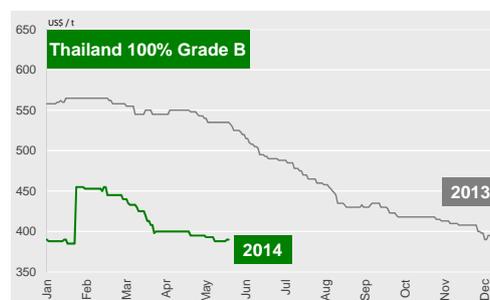
MAIZE

- The IGC GOI maize sub-Index is down 5% m/m, pressured by generally favourable northern hemisphere crop prospects and expectations for ample exportable supplies.
- Global output is projected at 955m t in 2014/15, down 1% y/y on lower yields.
- While world demand is seen expanding further in 2014/15, growth in feed and industrial uses will be much slower compared to last year.
- Led by the US, total exporter stocks are expected to rise by 17% to a seven-year high in 2014/15; following recent bumper crops and a slower demand, China's reserves appear large.



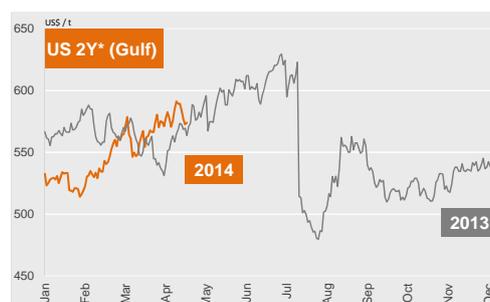
RICE

- Modest declines in Thailand's export prices were offset by some strength elsewhere in Asia, and the IGC GOI rice sub-Index edged higher m/m.
- Global rice output is seen at a new record in 2013/14 on larger crops in Far East Asia, and world use is also expected to reach an all-time high.
- Major exporter stocks are set to show little y/y change, with increases in Thailand, Vietnam and Pakistan set to compensate for a fall in India.
- The forecast 4% recovery in world trade in 2014 should be led by firmer import demand from Asian buyers.



OILSEEDS

- The IGC GOI soyabean sub-Index was broadly unchanged m/m as modest gains in Argentina, underpinned by harvest delays, contrasted with steady prices or slight declines at other origins.
- World soyabean production is forecast up 4% y/y at a record 284m t in 2013/14 and aggregate end-season stocks are still seen rising for the second consecutive year.
- China's import needs are expected to drive a projected 13% annual increase in global trade in 2013/14 (Oct/Sep).
- In 2014/15, world rapeseed/canola output is projected to fall by 4% from this season's forecast record, with sharply lower results expected in Canada.



* Soyabeans