



INTERNATIONAL GRAINS COUNCIL

[www.igc.int](http://www.igc.int)

# Grain Market Report

GMR 455 – 28 May 2015

## HIGHLIGHTS

Despite some market uncertainties in the past month about crop outlooks in certain regions, especially in North America, world **total grains** (wheat and coarse grains) output prospects remained generally favourable. Amid mostly good weather, upward revisions in the EU, the CIS, Brazil, North Africa and China boost the projection for global production by 21m t m/m (month-on-month), to 1,968m, only 2% short of the previous year's record.

About half of the increase in supply since last time is absorbed by greater projected use, mainly for feed, with consumption now seen marginally higher y/y (year-on-year), at 1,981m t. The forecast for carryover stocks is lifted to 426m t, only a small contraction y/y. At 308m t, grains trade is placed 2m higher m/m, and only modestly down y/y.

In the Council's first projections for 2015/16, world **rice** output is seen increasing to a record of 482m t on larger outturns in key Asian producers. With food demand expected to boost total consumption to a peak of 489m t, aggregate end-season carryovers are set to contract by 7%, to a six-year low, including another steep drop in major exporters' inventories. Traded volumes in 2016 are anticipated to be only fractionally below the forecast for the current year as competitively priced supplies likely stimulate above-average shipments to Africa and Asia.

With yields in key producers unlikely to match the current season's exceptional results, world **soyabean** output in 2015/16 is projected to fall slightly. Nevertheless, with the anticipated increase in total supplies set to exceed that of uptake, world carryovers are seen rising by 9% y/y, to a peak of 52m t, including an increase of more than one-fifth in the major exporters, led by the US. Prospects for trade will again be shaped by China's needs, with global volumes expected to expand by around 4% y/y, to a record of 123m t.

World export prices remained weak during May, pressured by prospects for continued ample supplies in the year ahead. The IGC **Grains and Oilseeds Index (GOI)** fell by 4% m/m, including declines for all of the sub-Indices.

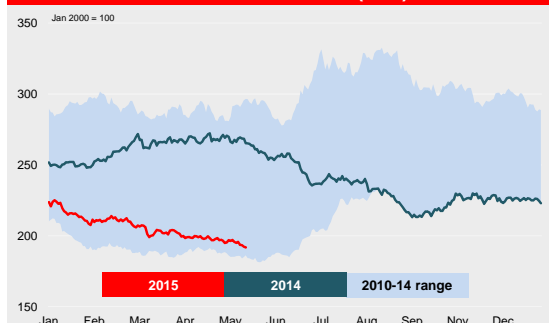
## WORLD ESTIMATES

	12/13	13/14 est.	14/15 f'cast	15/16 proj.	
million tons					23.04 28.05
<b>TOTAL GRAINS <sup>a)</sup></b>					
Production	1795	2003	2011	1947	1968
Trade	271	310	317	306	308
Consumption	1818	1935	1977	1970	1981
Carryover stocks	337	405	440	415	426
year/year change	-23	69	34		-13
Major exporters <sup>b)</sup>	99	122	148	133	136
<b>WHEAT</b>					
Production	655	713	721	705	715
Trade	142	156	153	151	149
Consumption	677	696	710	711	715
Carryover stocks	171	189	200	194	200
year/year change	-21	18	11		0
Major exporters <sup>b)</sup>	51	56	67	65	67
<b>MAIZE (CORN)</b>					
Production	866	993	997	951	961
Trade	100	122	119	119	120
Consumption	863	947	973	969	974
Carryover stocks	131	177	201	181	187
year/year change	3	45	24		-13
Major exporters <sup>c)</sup>	33	51	69	53	57
million tons (milled basis)					
<b>RICE</b>					
Production	473	477	476	...	482
Trade	38	43	42	...	42
Consumption	469	479	484	...	489
Carryover stocks	113	112	103	...	97
year/year change	4	-2	-8		-7
Major exporters <sup>d)</sup>	40	37	29	...	21
million tons					
<b>SOYABEANS</b>					
Production	272	285	320	...	316
Trade	99	113	118	...	123
Consumption	267	282	303	...	312
Carryover stocks	28	31	48	...	52
year/year change	5	3	17		4
Major exporters <sup>e)</sup>	9	12	29	...	35

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)



See: [http://www.igc.int/grainsupdate/igc\\_goi.xlsb](http://www.igc.int/grainsupdate/igc_goi.xlsb)

## OVERVIEW

- **At 1,968m t, world total grains production in 2015/16 is projected to be 2% lower y/y.**
- **A fractional y/y increase in grains consumption is expected and while carryover stocks are forecast to fall, they are seen remaining at a high level.**
- **A 3% drop in world grains trade is forecast in 2015/16, but still the third largest volume ever.**
- **Global rice stocks are expected to tighten further in 2015/16, on a steep drop in major exporters' inventories to an eight-year low.**
- **World soyabean carryovers in 2015/16 are anticipated to rise by 9% to a fresh high, led by accumulation in the US. Trade is seen at a new peak, underpinned by China's growing needs.**

### Total grains: Supply and demand summary

	12/13	13/14	14/15	15/16	y/y
		(est.)	(f'cast)	(proj.)	change
Opening stocks	360	337	405	440	+ 8.5%
<b>Production</b>	<b>1,795</b>	<b>2,003</b>	<b>2,011</b>	<b>1,968</b>	- 2.1%
Total supply	2,155	2,340	2,416	2,408	- 0.4%
<b>Total use</b>	<b>1,818</b>	<b>1,935</b>	<b>1,977</b>	<b>1,981</b>	+ 0.2%
of which: Food	631	644	653	660	+ 1.1%
Feed	776	845	877	872	- 0.5%
Industrial	299	316	322	326	+ 1.2%
<b>Closing stocks</b>	<b>337</b>	<b>405</b>	<b>440</b>	<b>426</b>	- 3.0%
major exporters <sup>a)</sup>	99	122	148	136	- 8.6%
Trade (Jul/Jun)	271	310	317	308	- 2.6%

a) Argentina, Australia, Canada, EU, Kazakhstan, Russia, Ukraine, US

Even though the 2015/16 world **total grains** (wheat and coarse grains) harvest is expected to fall slightly short of the previous season's record, overall supplies are seen posting only a small y/y decline, with the high level of stocks at the start of the year mostly compensating for the drop in output.

World consumption is projected to marginally surpass the previous year's all-time peak, to 1,981m t. Population growth will sustain gains in human food use, up by 1% y/y. Solid animal feed demand is also anticipated, seen nearly matching the high level of the year before. Industrial consumption is projected to expand by 1%, mainly driven by gains in the starch and brewing sectors, with use for ethanol almost unchanged y/y amid lacklustre profits.

While carryover stocks are projected to contract, they are expected to remain comfortable, at 426m t, about 12% above the average in the prior five years. Most of the y/y reduction is in the major exporters, including declines in the US (mainly maize), Russia (wheat and barley) and Ukraine (maize), but a slight accumulation in the EU (wheat and oats).

An almost 3% drop in world trade is expected in 2015/16 (Jul/Jun), to 308m t, albeit still the third largest on record. Wheat and barley import needs in some countries, especially in North Africa and Near East Asia, are seen being curtailed by better domestic harvests. However, maize and sorghum trade is forecast to increase.

Boosted by larger crops in Asia, world **rice** production in 2015/16 is tentatively seen expanding to a fresh high of 482m t. However, owing to reduced carry-ins, together with further growth in total use to a new peak, global end-season inventories are seen declining for the third consecutive year, to a six-year low of 97m t. Within the total, major exporters' stocks are projected to tighten markedly, dropping by 26% y/y, to the lowest in eight seasons, on heavy falls in Thailand and India. World trade is set to remain high in 2016 as competitively priced availabilities underpin firm demand for imports.

With projections pointing to another season of above-average crops in key producers, 2015/16 global **soyabean** output is seen only slightly below the previous year's peak, mainly on a mild retreat in yields. World uptake is anticipated to rise further on growing demand from feed and food sectors, while carryovers are expected to increase to a new high, led by a rise in major exporters' stocks. Traded volumes are anticipated to expand by about 4% y/y, almost entirely on China's growing requirements, with Oct/Sep shipments by the US and Brazil broadly comparable. Reflecting expectations for a smaller outturn and tighter supplies, 2015/16 world **rapeseed/canola** carryovers are anticipated to fall by 26% y/y.

## MARKET SUMMARY

Grains and oilseed export prices eased further during the past month, as traders focused on expectations for adequate global availabilities. Despite some occasional worries about adverse weather, 2015/16 northern hemisphere production prospects remained broadly favourable and new crop supplies, especially from Black Sea origins, were very keenly priced.

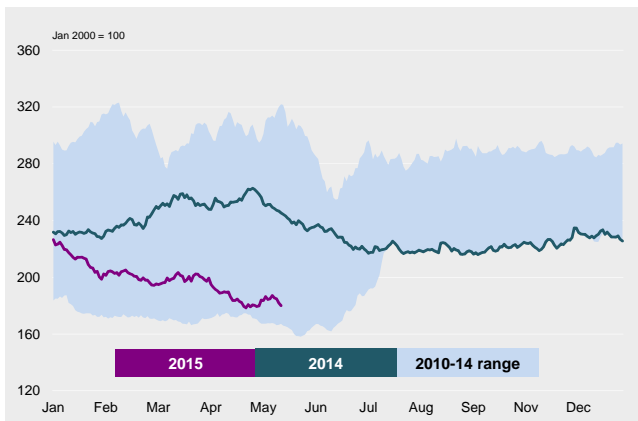
With declines across all of the sub-Indices, the IGC GOI fell by 4% compared to the April report, down by 28% on last year and at its lowest since July 2010. Wheat and soyabean prices recorded the steepest m/m losses.

### IGC Grains & Oilseeds Prices Index (GOI)\*

	GMR 455	Change**	y/y change
<b>IGC GOI</b>	<b>192</b>	- 3.6%	- 27.7%
Wheat sub-Index	<b>180</b>	- 4.9%	- 26.6%
Maize sub-Index	<b>177</b>	- 1.7%	- 25.9%
Barley sub-Index	<b>196</b>	- 3.4%	- 17.4%
Rice sub-Index	<b>160</b>	- 1.7%	- 9.7%
Soyabeans sub-Index	<b>183</b>	- 4.0%	- 34.4%

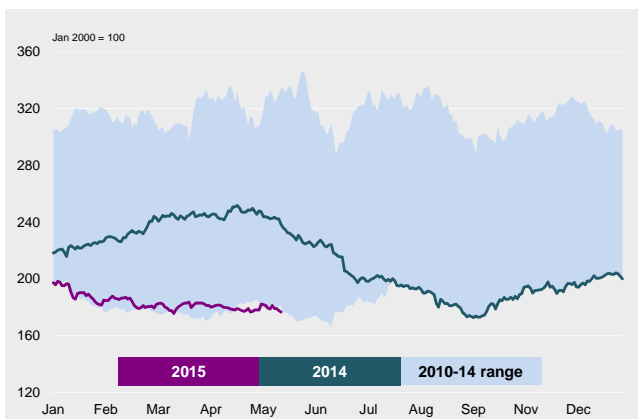
\*Jan 2000=100, \*\*Change vs. GMR 454

**Wheat: GOI sub-Index**



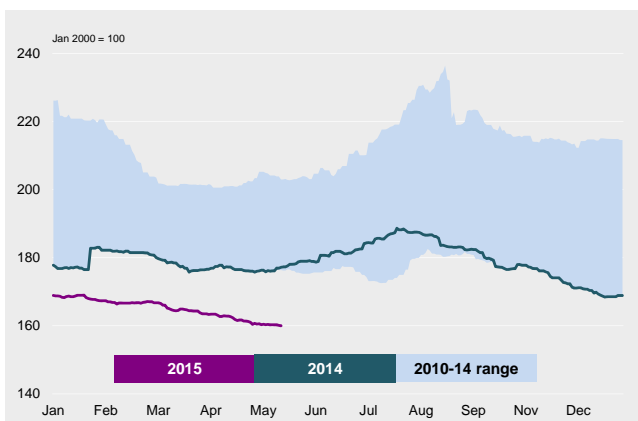
The IGC GOI **wheat** sub-Index dropped by 5% from the last GMR, as prices mostly adjusted lower on slack spot demand and a mostly favourable 2015/16 crop outlook. Spells of detrimental weather provided some mid-month underpinning in the US, but overall gains were pared by a renewed rally in the dollar.

**Maize: GOI sub-Index**



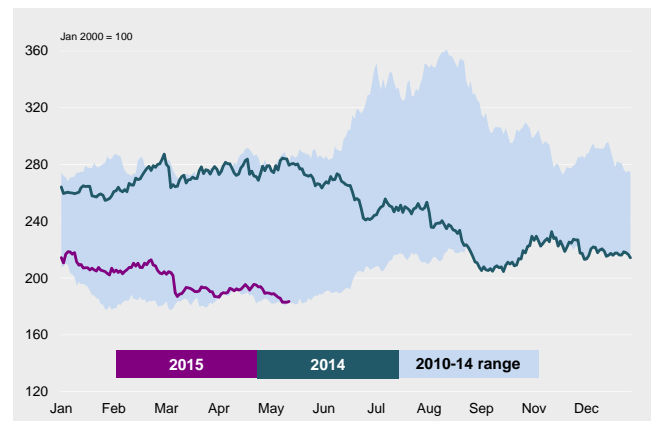
While **maize** prices in the major exporters exhibited mixed trends, a mostly bearish tone prevailed and the IGC GOI sub-Index finished down 2% m/m. Declines in US values were especially pronounced.

**Rice: GOI sub-Index**



Amid routine export demand and with some new crop supplies coming to market, Asian white and parboiled **rice** prices mostly weakened. With US milled rice quotations also lower, the IGC sub-Index fell by almost 2% m/m.

**Soyabeans: GOI sub-Index**



Average **soybean** export prices slumped by 4% during May, with the IGC GOI sub-Index at a near-five year low, weighed by an increasingly heavy outlook for world supplies. Owing to better than expected yields from the final stages of the harvest, South American 2014/15 crop estimates edged even higher, while the 2015/16 US growing season also started favourably.

*More detailed analysis, including US dollar fob export prices and commentary on other grains and oilseeds markets is included within the report.*

**GMR CONTENTS**

- Wheat** .....
- Durum.....
- Maize**.....
- Barley**.....
- Other coarse grains.....
- Rice**.....
- Oilseeds**.....
- Ocean Freight Market** .....
- National Policy & Other Developments**.....
- Market Focus / Special Features**
- Maize: Brazil safrinha yields and area .....
- Maize: China out-of-quota imports .....
- Quarterly Updates (pdf version only)**
- Industrial use of grains
- World trade in wheat flour
- Tables**.....