INTERNATIONAL GRAINS COUNCIL

www.igc.int

Grain Market Report

GMR 448 – 25 September 2014

HIGHLIGHTS

The forecast of world **total grains** (wheat and coarse grains) production in 2014/15 is raised by 8m t, to 1,983m, now only 10m lower than last year's record. Wheat output is already seen at its highest ever level, while prospects for exceptional yields in the US and EU help to boost the global maize (corn) forecast to within 1% of last season's biggest-ever crop.

World total grains consumption is projected to grow by 2% y/y (year-on-year), with much of the increase for animal feed, particularly maize. However, strong competition is expected from heavy supplies of alternative feeds, including weather-damaged wheat. At 429m t, the global stocks forecast is up by 3m t from before, mostly following revisions for maize and barley. The total grains carryover is expected to be up by 25m t y/y and the biggest since the end of 1999/00. World grains trade is projected at 292m t, unchanged from last time and second only to last year's record. A surge in the US dollar was seen negatively affecting US export prospects.

Owing to reduced official outlooks for China and the US, projected world **rice** output in 2014/15 is cut by 2m t, to match the previous year's record. While the forecast for consumption is also trimmed, it is set to exceed output as global carryovers decline by 5% y/y, to 104m t, about 2m lower than before. Major exporters' inventories are projected to fall by 12%, as heavy declines for India and Thailand are only partly offset by modest increases elsewhere. The forecast for world trade in 2015 is upgraded fractionally to an all-time peak of 41m t, with Thailand expected to be the world's largest exporter.

Reflecting improved outlooks for the US and Brazil, the world **soyabean** production projection is raised by 6m t, to a new high of 310m, some 10% above last year. Much of the upward revision to supply is absorbed through an increase in uptake, while global end-season stocks are placed slightly higher, at 39m t – the annual increase of about one-third centred on expected heavy accumulation in the US. Amid signs that China's import demand growth is set to slow, world trade is projected to rise by about 3% in 2014/15, albeit to a new record.

Expectations for large grains, rice and oilseeds supplies continued to weigh on global export prices. The IGC **Grains and Oilseeds Index** (GOI) weakened by 7% m/m (month-on-month), led by declines for maize and oilseeds.

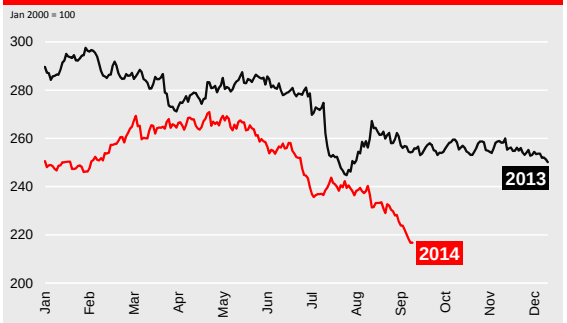
WORLD ESTIMATES

million tons	11/12	12/13	13/14 est.	14/15 f'cast 29.08	14/15 f'cast 25.09
TOTAL GRAINS [a]					
Production	1851	1790	1993	**1976**	**1983**
Trade	271	269	307	**292**	**292**
Consumption	1855	1814	1926	**1952**	**1958**
Carryover stocks	360	336	404	**426**	**429**
year/year change	*-4*	*-24*	*68*		***25***
Major exporters [b]	124	96	120	**142**	**147**
WHEAT					
Production	695	655	713	**713**	**717**
Trade	145	141	155	**146**	**147**
Consumption	698	677	695	**706**	**709**
Carryover stocks	191	170	187	**195**	**195**
year/year change	*-2*	*-22*	*17*		***8***
Major exporters [b]	68	48	53	**59**	**60**
MAIZE (CORN)					
Production	877	861	983	**973**	**974**
Trade	98	99	120	**116**	**115**
Consumption	876	859	940	**955**	**959**
Carryover stocks	130	132	176	**190**	**191**
year/year change	*1*	*2*	*44*		***16***
Major exporters [c]	32	33	50	**63**	**66**

million tons (milled basis)	11/12	12/13 est.	13/14 f'cast	14/15 proj. 29.08	14/15 proj. 25.09
RICE					
Production	467	472	476	**478**	**476**
Trade	39	38	40	**40**	**41**
Consumption	459	469	477	**482**	**481**
Carryover stocks	107	110	109	**105**	**104**
year/year change	*7*	*3*	*-0*		***-5***
Major exporters [e]	37	40	39	**34**	**34**
SOYABEANS					
Production	241	272	282	**304**	**310**
Trade	94	99	111	**113**	**114**
Consumption	254	267	281	**296**	**300**
Carryover stocks	23	27	29	**38**	**39**
year/year change	*-13*	*5*	*1*		***10***
Major exporters [d]	6	9	10	**20**	**21**

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) Argentina, Brazil, US
e) India, Pakistan, Thailand, US, Vietnam

IGC GRAINS & OILSEEDS INDEX (GOI)

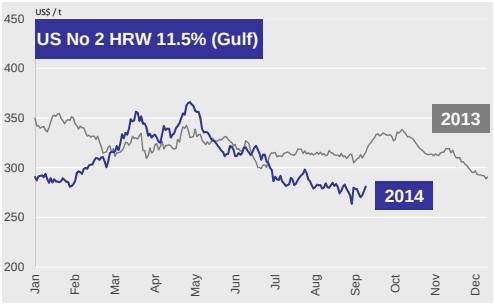


See: http://www.igc.int/grainsupdate/igc_goi.xlsb

SUMMARY OUTLOOK FOR KEY GRAINS AND OILSEEDS

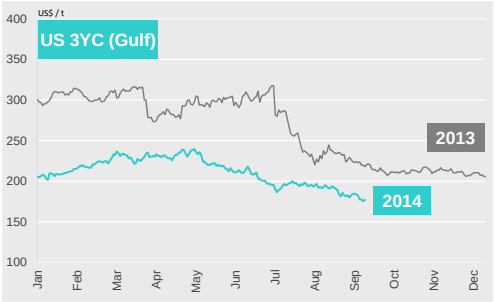
WHEAT

- Despite smaller crops in North America, Australia and Near East Asia, larger outturns are expected across Europe, the CIS and in China, with production now forecast at a record 717m t.
- The world carryover is placed at a five-year high and, with gains in the EU, US and the Black Sea region, major exporters' stocks are expected to increase for a second successive season.
- Seeding of the 2015/16 northern hemisphere winter crop is underway. Total world area is tentatively projected to increase slightly y/y.
- Amid plentiful availabilities and limited demand, low/medium grade wheat prices moved mostly lower in September. In contrast, durum and North American spring milling wheat quotations firmed on continued quality concerns.



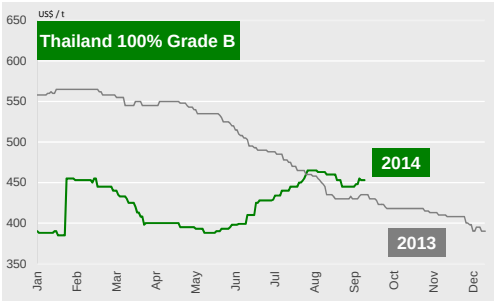
MAIZE

- Fundamentals are broadly unchanged compared to the August GMR, with record-high supplies forecast and a below average increase in consumption.
- Production forecasts for the US, EU and Russia are raised due to good yield potential. Because of drought damage, China's crop is expected to show its first contraction in five years.
- With old crop southern hemisphere supplies still being marketed and, with 2014/15 harvesting now underway in the US and Black Sea region, export competition is expected to strengthen.
- Export prices weakened for a fifth consecutive month, with the IGC GOI maize sub-Index at its lowest since June 2010.



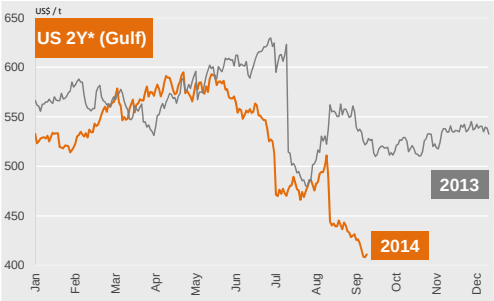
RICE

- World production, consumption and trade are forecast to reach new highs in 2013/14. While end-season stocks may decline slightly, supplies will remain comfortable.
- For 2014/15, a smaller crop in India is projected to offset rises elsewhere, with global output seen unchanged from last year.
- Reflecting continued demand growth in parts of South Asia and sub-Saharan Africa, world inventories will likely be drawn down for a second year in a row.
- Pressured by good availabilities, global prices dropped to two month lows in September. Weaker prices attracted some additional demand in the second half of the month.



OILSEEDS

- Although **soyabean** planting has only just started in parts of Brazil, and is still some weeks away in Argentina, a sharp rise in 2014/15 world production is expected. Led by sharp gains in the US, total output is forecast at 310m t, up 10% y/y.
- Global markets were pressured by the bearish supply and demand outlook, including prospects for a steep rise in exporters' stocks.
- World 2014/15 **rapeseed/canola** production is forecast to drop by 2% y/y, with a record EU crop only partly offsetting a sharp fall in Canada. Due to smaller purchases by the EU and China, world trade is expected to contract by 14% y/y.



*Soyabeans

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