



Grain Market Report

GMR 446 – 31 July 2014

HIGHLIGHTS

In the past month, global grains and oilseeds markets came under further pressure from expectations for large 2014/15 supplies and likely strong competition for exports. The IGC **Grains and Oilseeds Index (GOI)** weakened by 6% m/m (month-on-month). The steepest falls were for maize (corn) and soyabeans. Wheat and barley were also notably weaker, but tightening old crop supplies continued to underpin rice.

The forecast for **total grains** (wheat and coarse grains) production in 2014/15 is 10m t higher m/m, at 1,959m, mainly due to better maize prospects in the US and wheat in Russia. The global outturn is now expected to be only slightly lower y/y (year-on-year). An increased forecast for world consumption from last time includes higher feed use of wheat. This is mostly in the EU, where harvest quality has suffered from untimely rains. Growing demand will absorb much of the increase in grains supply, but the projection for world carryover stocks is raised by 7m t m/m, mainly for maize, to a 15-year high of 419m. The grains trade forecast is marginally above last month's figure, but at 291m t is still 14m short of the previous season's record.

Reflecting brighter prospects in the northern hemisphere, projected world **soyabean** output in 2014/15 is lifted by 4m t, to an all-time peak of 304m. The 8% y/y increase also assumes that attractive prices will encourage larger plantings and bumper crops in South America. In addition to boosting availabilities for domestic use and exports, the increased production forecast results in a higher projection of world ending stocks, including for the major exporters, with US carryovers placed at an eight-year high. Global trade is forecast to rise further, albeit at a more moderate rate of 4%, shaped by China's needs. With a record EU crop set to partly compensate for declines elsewhere, notably Canada, the 2014/15 global **rapeseed/canola** outturn is still expected to be the second largest of all time.

Stronger buying interest from key Asian importers, including the Philippines, is expected to boost world **rice** trade by around 5%, to a record high in 2014, with competitively-priced availabilities set to ensure another year of above-average shipments to Africa.

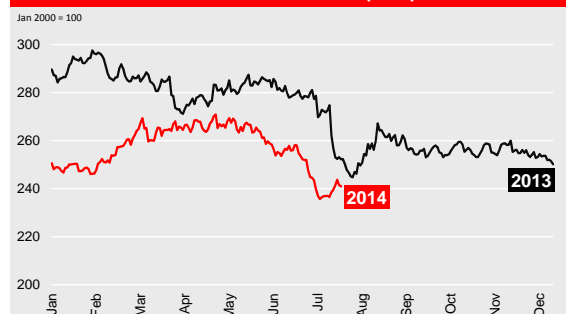
WORLD ESTIMATES

	11/12	12/13 est	13/14 forecast	14/15 projection	
million tons				26.06	31.07
TOTAL GRAINS ^{a)}					
Production	1851	1790	1982	1949	1959
Trade	271	269	305	290	291
Consumption	1855	1813	1918	1937	1941
Carryover stocks	361	337	401	412	419
year/year change	-5	-24	64		18
Major exporters ^{b)}	124	96	122	132	137
WHEAT					
Production	695	655	710	699	702
Trade	145	141	153	144	145
Consumption	698	676	691	697	699
Carryover stocks	192	171	190	194	193
year/year change	-2	-21	19		3
Major exporters ^{b)}	68	48	54	57	56
MAIZE (CORN)					
Production	877	861	974	963	969
Trade	98	99	120	115	116
Consumption	876	859	937	950	951
Carryover stocks	130	132	169	180	187
year/year change	1	2	37		18
Major exporters ^{c)}	32	33	49	54	60
SOYABEANS					
Production	241	272	282	300	304
Trade	94	99	109	111	113
Consumption	254	267	281	293	296
Carryover stocks	23	27	29	35	37
year/year change	-13	5	2		8
Major exporters ^{d)}	6	9	11	18	20
	10/11	11/12	12/13 est	13/14 forecast	
million tons (milled basis)				26.06	31.07
RICE					
Production	449	467	472	476	476
Trade	36	39	38	40	40
Consumption	445	459	469	476	476
Carryover stocks	100	107	110	109	109
year/year change	4	7	3		0
Major exporters ^{e)}	31	37	40	39	39

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

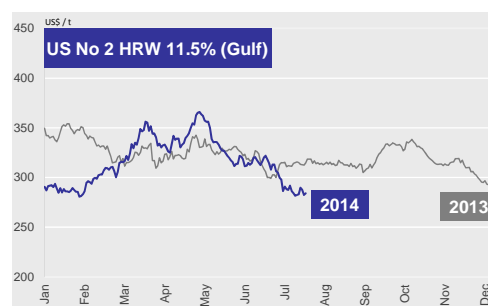
IGC GRAINS & OILSEEDS INDEX (GOI)



SUMMARY OUTLOOK FOR KEY GRAINS AND OILSEEDS

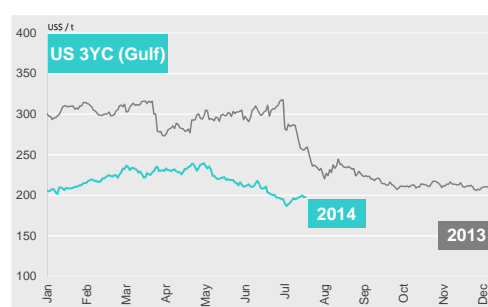
WHEAT

- Due mainly to an expected drop in North American output, world production is forecast down 1% y/y. The outlook is 3m t higher than in June, primarily reflecting better than expected results from winter harvests in Russia and Ukraine.
- Growth in demand will be mainly driven by expanding food use, with slightly higher forecasts for South Asia and Africa than last time. Led by gains in the EU, world feed use is also seen higher than before.
- With overall supplies expected to be comfortable, export quotations were mostly lower, the IGC GOI wheat sub-Index falling by 6%. However, top-grade milling quotations were underpinned by reports of quality problems in some areas.



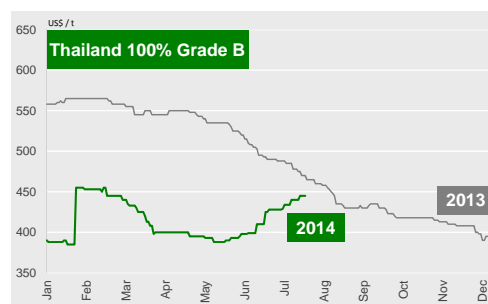
MAIZE

- Amid favourable conditions for developing northern hemisphere crops, most notably in the US, the 2014/15 world production forecast is lifted by 6m t, down very slightly from last year.
- Strong underlying meat and starch demand, combined with low prices and heavy supplies, should see feed and industrial consumption at new records. Large crops will also boost direct human food use.
- World export prices were weak in July, falling to their lowest levels in almost four years as supply and demand fundamentals turned increasingly bearish. With broad-based losses across all origins, the IGC GOI maize sub-Index was down by 9% m/m.



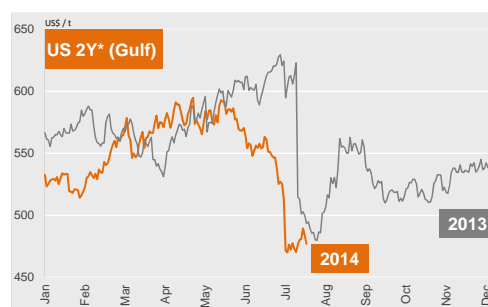
RICE

- There are few changes to the Council's 2013/14 forecasts. While overall stocks are expected to show an unusual y/y decline, exporter inventories remain comparatively high.
- For a second consecutive month, prices in the major exporters in Asia were underpinned by tightening availabilities and good demand. Owing to relatively steep gains in both Vietnam and Thailand, the IGC GOI rice sub-Index was up by 3% m/m.
- Concerns remain about deficient monsoon rains in India which, despite some recent improvement, have contributed to delays in seeding the 2014/15 kharif crop.



OILSEEDS

- With US **soybean** production on track to surpass all previous records and, with South American crops also tentatively projected to be very large, the world market is likely to be well supplied in 2014/15.
- The heavy supply outlook weighed on world prices during the past month, resulting in a 7% net decline in the IGC GOI soyabeans sub-Index.
- The 2014/15 **rapeseed/canola** supply and demand outlook is little changed compared to last month's forecasts. Production is expected to decline and, with gains in use, closing stocks are likely to tighten, especially in the major exporters.



* Soyabeans