



# Grain Market Report

GMR 461 – 19 November 2015

## HIGHLIGHTS

The projection for world **total grains** (wheat and coarse grains) production in 2015/16 is 3m t lower m/m (month-on-month), at 1,996m, about 2% below last season's record. Nearly all the m/m decrease is for maize (corn), with a higher estimate in the US offset by drought-related reductions in Ethiopia, South Africa and China.

Consumption is expected to show a fractional y/y (year-on-year) gain to 1,992m t, mainly on a sustained rise in food demand. The feed use figure is slightly lower than before owing to likely reduced uptake of imported sorghum in China. The anticipated cut in sorghum shipments to that country is reflected in a downward revision to total grains trade, to 314m t. With US exports of sorghum likely to be curtailed, more is expected to be used locally in place of maize, including for ethanol and feed. The global grains stocks forecast is unchanged m/m, at a 29-year high of 454m t.

The projection of world **soyabean** production in 2015/16 is lifted by 2m t, to 321m, matching last year's all-time peak. However, reflecting a reduced figure for opening stocks, coupled with an upward revision to total use, the forecast of aggregate carryovers is down slightly from October, with most of the adjustment due to the major exporters. Nevertheless, at 46.7m t, inventories would still be up by 4% y/y at a fresh high. The outlook for trade is upgraded to about 129m t, with China's needs accounting for the modest y/y rise. Brazil is seen as the largest exporter in 2015/16, its shipments significantly exceeding those by the US.

Global **rice** output in 2015/16 is forecast broadly unchanged from October, at around 474m t, a marginal fall from the previous year's record. Owing to smaller opening stocks and with consumption likely to expand to a new peak, global end-season reserves are anticipated to tighten markedly, by 12%, to 94m t – mostly on steep declines in the major exporters. Projected trade is maintained at 41.5m t, down fractionally y/y, but well above average on firm demand from buyers in Asia in particular.

Bearish fundamentals pressured export values in November, with the IGC **Grains and Oilseeds Index (GOI)** weakening by 3%.

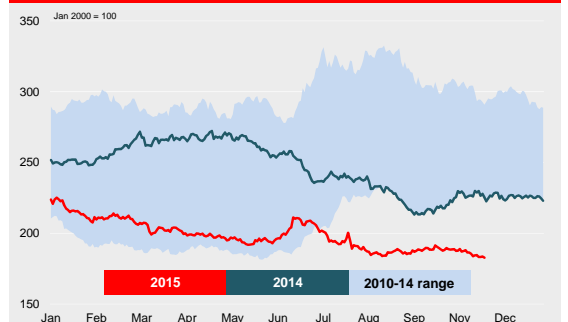
## WORLD ESTIMATES

	12/13	13/14	14/15 est.	15/16 f'cast	
million tons				29.10	19.11
<b>TOTAL GRAINS <sup>a)</sup></b>					
Production	1797	2006	2030	1999	1996
Trade	271	310	322	315	314
Consumption	1820	1932	1989	1991	1992
Carryover stocks	336	409	450	454	454
year/year change	-23	74	40		4
Major exporters <sup>b)</sup>	98	120	145	142	149
<b>WHEAT</b>					
Production	655	714	723	726	726
Trade	142	156	153	150	151
Consumption	677	696	710	718	720
Carryover stocks	170	188	201	209	208
year/year change	-21	18	14		7
Major exporters <sup>b)</sup>	50	54	63	67	69
<b>MAIZE (CORN)</b>					
Production	869	997	1013	970	967
Trade	100	122	125	125	125
Consumption	866	947	987	974	974
Carryover stocks	132	181	207	200	200
year/year change	3	50	26		-7
Major exporters <sup>c)</sup>	33	51	63	59	60
<b>SOYABEANS</b>					
Production	272	285	321	319	321
Trade	99	113	127	126	129
Consumption	266	281	308	317	319
Carryover stocks	28	32	45	49	47
year/year change	6	4	13		2
Major exporters <sup>d)</sup>	11	14	25	33	30
	12/13	13/14 est.	14/15 f'cast	15/16 proj.	
million tons (milled basis)				29.10	19.11
<b>RICE</b>					
Production	473	478	478	474	474
Trade	38	43	42	42	42
Consumption	469	479	483	487	486
Carryover stocks	113	112	107	94	94
year/year change	4	-2	-5		-13
Major exporters <sup>e)</sup>	40	38	31	21	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.xlsx](http://www.igc.int/grainsupdate/igc_goi.xlsx)

## OVERVIEW

- **Grains production in 2015/16 to be down 2% y/y, mainly on lower maize output.**
- **Despite strong demand, a further rise in stocks is forecast, to their highest in 29 years, but with an increased share in China.**
- **World wheat harvested area in 2016/17 seen falling by less than 1%.**
- **Global soyabean output is projected to match the previous year's record, with end-season stocks likely to edge higher, to a fresh peak.**
- **Rice trade to remain historically high in 2016 on sales to key buyers in Asia.**

### Total grains: Supply and demand summary

	12/13	13/14	14/15 (est.)	15/16 (f'cast)	y/y change
Opening stocks	359	336	409	450	+ 9.9%
<b>Production</b>	<b>1,797</b>	<b>2,006</b>	<b>2,030</b>	<b>1,996</b>	- 1.7%
Total supply	2,156	2,342	2,439	2,446	+ 0.3%
<b>Total use</b>	<b>1,820</b>	<b>1,932</b>	<b>1,989</b>	<b>1,992</b>	+ 0.2%
<i>of which: Food</i>	637	651	660	666	+ 1.0%
<i>Feed</i>	772	840	879	877	- 0.2%
<i>Industrial</i>	299	316	323	327	+ 1.2%
<b>Closing stocks</b>	<b>336</b>	<b>409</b>	<b>450</b>	<b>454</b>	+ 0.9%
<i>major exporters<sup>a)</sup></i>	98	120	145	149	+ 3.2%
Trade (Jul/Jun)	271	310	322	314	- 2.3%

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

World **total grains** (wheat and coarse grains) production in 2015/16 is expected to be down only slightly y/y. Bumper outturns of wheat, barley and sorghum were outweighed by a fall for maize, although output of that crop could still be the third largest ever.

Total consumption is placed marginally higher y/y, at 1,992m t. Food use is forecast to expand by 1%, broadly matching population growth. Strong demand for livestock products will underpin feeding, while industrial use is seen climbing by 1%, led by uptake for starch. Global end-2015/16 stocks (aggregate of respective local marketing years) are projected to expand by 4m t, to 454m, the most since the mid-1980s, including a further rise in the major exporters. However, China's share of the world total could be the biggest in 15 years, with inventories there largely inaccessible to the global grains economy. A 7m t fall in world trade is forecast, to 314m, mainly because of smaller wheat and barley imports in Near East Asia and North Africa.

Northern hemisphere 2016/17 winter wheat sowing is almost finished. Conditions are mostly good, but concerns persist about dryness in some parts, especially in Ukraine. Incorporating assumptions for spring wheat plantings and the next southern hemisphere crops, world

harvested area is projected at 221.8m ha, down almost 1% y/y.

Against the backdrop of tentative prospects for a marginal expansion of harvested area, together with above-average yields, global **soyabean** production in 2015/16 could match last season's peak. While growing demand for soyabean products is expected to contribute to a 3% rise in consumption, end-season inventories are still seen edging up to a new high as accumulation in the major exporters compensates for declines elsewhere, primarily in China. A modest increase in deliveries to that market is likely to boost trade to a record of 129m t. **Soyameal** import demand could reach a high of 63m t on heavy sales to feed users in the EU and Far East Asia.

World **rice** output in 2015/16 is seen 1% lower than the previous year's peak as disappointing crops in some producers – including India and Thailand – are only partly offset by improved harvests elsewhere in Asia. With food demand expected to underpin record consumption, aggregate end-season inventories are set to contract markedly – almost entirely tied to a drop of one-third in the major exporters. Trade is anticipated to remain historically high in calendar 2016 on shipments to a number of Asian markets, including Indonesia and the Philippines, amid state efforts to ensure ample domestic supplies. Thailand is seen as the biggest exporter for the first time since 2011.

## MARKET SUMMARY

After gains in the previous two months, most grains and oilseeds export prices have eased since the last GMR. While markets were occasionally underpinned by unfavourable weather, including in parts of the Black Sea region, the Americas and Asia, prices gradually turned lower on a renewed focus on bearish supply and demand fundamentals. The IGC GOI dropped by 3% from late October and is down by 19% y/y.

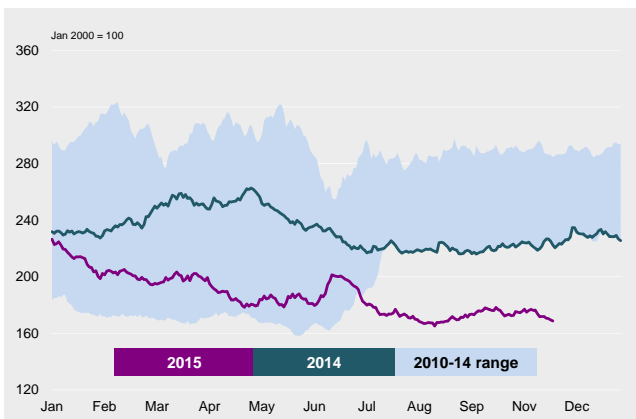
Losses in barley markets were particularly pronounced, with average export prices falling by 4% on currency movements, reduced buying by China and seasonal harvest pressure in Australia. The wheat and soyabean indices both declined by 3%.

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

	GMR 461	Change**	y/y change
<b>IGC GOI</b>	<b>183</b>	- 2.6%	- 18.9%
Wheat sub-Index	<b>169</b>	- 3.3%	- 24.1%
Maize sub-Index	<b>177</b>	- 0.2%	- 8.3%
Barley sub-Index	<b>181</b>	- 3.8%	- 17.9%
Rice sub-Index	<b>152</b>	- 0.2%	- 12.8%
Soyabeans sub-Index	<b>175</b>	- 3.3%	- 21.5%

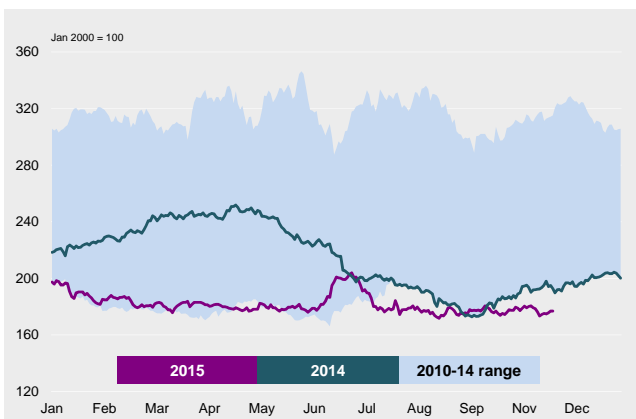
\*Jan 2000=100, \*\*Change vs. GMR 460

**Wheat: GOI sub-Index**



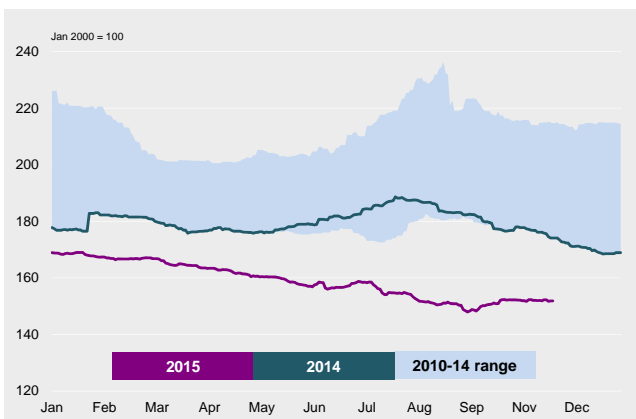
World **wheat** quotations mostly weakened, pressured by large spot availabilities and with exporters competing for limited business. With worries about poor crop weather in some areas also subsiding slightly, the IGC GOI sub-Index dropped by 3% from the last report, down 24% y/y.

**Maize: GOI sub-Index**



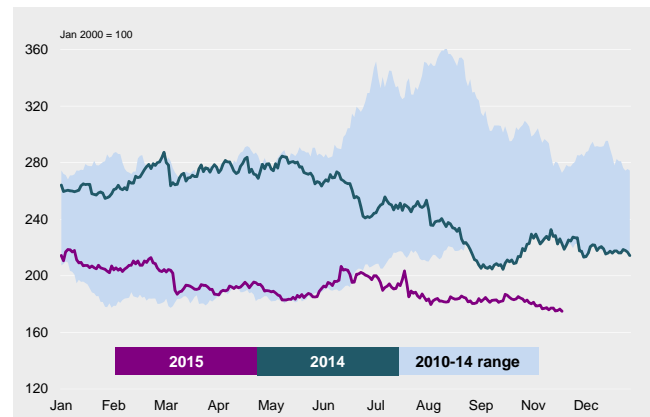
With mixed trends across the main origins, the IGC GOI **maize** sub-Index was broadly unchanged compared to late October. However, US prices have recently declined, resulting in narrower spreads between the leading exporters.

**Rice: GOI sub-Index**



White and parboiled **rice** export prices were narrowly mixed amid few fresh developments. Earlier large purchases by Asian buyers through diplomatic channels mildly underpinned, as did diminishing crop prospects due to the impact of El Niño. However, with some export values weighed by currency movements, the IGC GOI sub-Index was broadly unchanged.

**Soyabeans: GOI sub-Index**



World **soyabean** markets were weaker since the last GMR, the IGC GOI sub-Index falling by around 3%. Despite mild support from firm export demand and technical features, pressure stemmed from prospects for ample global supplies, with better than expected harvest results in the US and an improvement in planting conditions in South America.

*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**
- Wheat: Update on 2016/17 planting prospects.....
- Maize: China's plans to reduce plantings to 2020.....
- Sorghum: Trends in Mexico's imports.....
- Rice: Progress of exports by Thailand and India.....
- Rapeseed: Update on 2016/17 crop prospects.....
- Quarterly Updates (pdf version only)**
- Industrial use of grains
- World trade in wheat flour
- Tables**.....