

Grain Market Report

Summary

HIGHLIGHTS

At 2,226m t, the forecast for world **total grains** (wheat and coarse grains) production in 2020/21 is cut by 1m m/m (month-on-month), as reduced maize output prospects (mainly in the EU, Ukraine and the USA) is partly offset by bigger estimates for other grains. Although the outlook for maize demand is a little lower than before, this is outweighed by increases for wheat, sorghum and rye, to lift the forecast for total grains consumption by 3m t m/m, to 2,223m. With smaller than previously estimated opening stocks, reduced production and higher use, the projection for global ending stocks is down by 10m t m/m, to 619m, only a modest increase y/y (year-on-year). Adjustments to old and new crop maize inventories in the USA and for wheat in the major exporters, account for much of the m/m change in projected world stocks. The forecast for world trade in 2020/21 is raised by 4m t m/m, to 403m, mainly on higher figures for wheat (including larger imports by China and Pakistan) and maize (the EU and China).

Tied to crop downgrades for the US, Argentina, India and Ukraine, the Council's 2020/21 global **soyabean** production forecast is trimmed to 370m t, 9% higher y/y. With consumption seen marginally up from before at a new peak, end-season carryovers are cut slightly, to 46m t, marginally lower y/y. Partly reflecting an increase for the prior year, the forecast for global import demand is lifted by 2m t, to 167m, fractionally down y/y; consistent with upgraded expectations for trade, the projection for US shipments is raised to a record of about 60m t.

Global **rice** supply and demand in 2019/20 is seen broadly steady m/m, with trade pegged at around 42m t. A higher forecast for India's exports is countered by reductions for other Asian suppliers. The 2020/21 world rice production projection is maintained at a record of 504m t but, due to an increased figure for total use, carryovers are lowered slightly, to 178m. Global import demand is predicted to rebound by 7% y/y, to 45m t.

The IGC **Grains and Oilseeds Index (GOI)** saw another strong rally in October, rising by 8% m/m. The gain was led by maize, but with sizeable increases for all the other components, except rice.

(Chart 1)

(Chart 2)

OVERVIEW

World **total grains** (wheat and coarse grains) production in 2020/21 is forecast to increase by 40m t y/y, to an all-time high of 2,226m. The expansion is largely driven by record maize output (+32m t y/y), but with bigger harvests of wheat, sorghum, oats and rye as well. For maize, the USA and Brazil are seen having notably bigger crops, while smaller outturns are predicted for the EU, Ukraine, Argentina, South Africa and China. Grains consumption is seen at a new high of 2,223m t, a rise of 29m y/y, including gains for food (+10m), feed (+9m), industrial (+8m) and other uses (+2m). Despite anticipated sizeable inventory expansions of wheat, barley, sorghum, oats and rye, global total grains carryover stocks at the end of 2020/21 are projected to post only a modest rise of 3m t y/y, to 619m, due to a further contraction for maize (-18m y/y). The drop in maize stocks is mainly tied to a

1. World Estimates

	17/18	18/19	19/20 est.	20/21 f'cast	20/21 24.09	29.10
million tons						
TOTAL GRAINS^{a)}						
Production	2138	2139	2185	2227	2226	2226
Trade	370	363	394	398	403	403
Consumption	2150	2165	2194	2220	2223	2223
Carryover stocks	651	625	616	629	619	619
year/year change	-12	-26	-9		3	3
Major exporters ^{b)}	179	165	155	174	162	162
WHEAT						
Production	762	732	763	763	764	764
Trade	176	168	185	183	185	185
Consumption	742	738	746	749	751	751
Carryover stocks	268	262	278	294	291	291
year/year change	20	-7	17		13	13
Major exporters ^{b)}	83	71	64	65	61	61
MAIZE (CORN)						
Production	1091	1129	1124	1160	1156	1156
Trade	153	165	173	178	180	180
Consumption	1116	1147	1154	1176	1173	1173
Carryover stocks	344	327	296	285	279	279
year/year change	-25	-18	-30		-18	-18
Major exporters ^{c)}	77	71	64	79	70	70
SOYABEANS						
Production	344	363	338	373	370	370
Trade	153	152	168	165	167	167
Consumption	344	348	353	369	370	370
Carryover stocks	48	62	47	50	46	46
year/year change	0	15	-15		0	0
Major exporters ^{d)}	17	32	19	17	14	14
million tons (milled basis)						
RICE						
Production	494	498	497	504	504	504
Trade	46	43	42	45	45	45
Consumption	485	487	497	500	501	501
Carryover stocks	165	175	175	180	178	178
year/year change	9	11	0		3	3
Major exporters ^{e)}	32	39	41	45	44	44

Figures may not add due to rounding. All calculations are based on unrounded figures.

a) Wheat and coarse grains

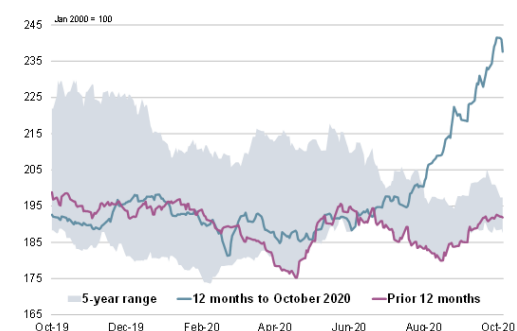
b) Argentina, Australia, Canada, EU*, Kazakhstan, Russia, Ukraine, USA

c) Argentina, Brazil, Ukraine, USA

d) Argentina, Brazil, USA

e) India, Pakistan, Thailand, USA, Vietnam

2. IGC Grains & Oilseeds Index (GOI)



further drawdown in China, but with those in the EU also seen at an unusually low level. In contrast, following larger harvests, accumulations are foreseen in the USA and Brazil. At a new peak of 403m t, global grains trade is predicted to climb by 8m y/y, led by larger shipments of maize and sorghum.

(Chart 3)

Underpinned by a rebound in US output, coupled with potentially bigger harvests in southern hemisphere majors, world **soyabean** production is seen increasing strongly in 2020/21, by 9% y/y, to a peak of 370m t. While a continued recovery in Chinese feed demand is expected to underpin record uptake, gains are likely across a range of smaller consumers; in some regions, this reflects prospects for reduced availabilities of alternatives, notably rapeseed/canola and sunflowerseed. Global carryovers are projected broadly unchanged y/y, but with major exporters' inventories likely to tighten on a reduction in the US. After the prior year's exceptionally solid increase, world trade may edge lower, including a fractional fall in China's arrivals. Nevertheless, US exports are seen at a new high.

(Chart 4)

World **rice** trade is forecast to be little-changed y/y in 2020 as stronger demand in the second half of the year potentially compensates for weak buying interest in earlier months. Amid ample and competitively priced supplies, India's dispatches are anticipated to increase by more than 30% y/y as shipments by other leading suppliers – principally Thailand – decline. India will also account for the bulk of global growth in uptake in 2019/20, while world inventories are seen little-changed y/y, with falls in some importers offset by gains in the five leading exporters. Output in 2020/21 could reach a peak of 504m t (497m), while population growth may underpin record uptake. Trade in 2021 is predicted to expand by 7% y/y on firmer African demand.

(Chart 5)

MARKET SUMMARY

The IGC GOI rallied by 8% m/m, to a more than six-year peak, with grains and oilseeds markets bolstered by uncertain production prospects and a tightening supply outlook. Gains in maize prices were particularly pronounced, rising by 18% compared to late-September.

(Chart 6)

(Chart 7)

Amid worries about dry weather, including for 2021/22 winter crops in Russia and the US, the IGC GOI **wheat** sub-Index rose by 7%, touching its highest since January 2015.

(Chart 8)

The IGC GOI **maize** sub-Index surged by 18% over the past five weeks, with average prices up by 37% y/y. The rally was linked to declining crop prospects in Ukraine, tighter than expected 2019/20 US stocks and concerns about difficult sowing conditions in South America.

(Chart 9)

With near-offsetting movements in the main exporters, the IGC GOI **rice** sub-Index declined by 1% m/m.

(Chart 10)

The IGC GOI **soyabeans** sub-Index spiked by 8% since the September GMR. Price support stemmed from dwindling old crop supplies and planting delays in Brazil, as well as solid demand for US exports, mainly from China.

3. Total grains: Supply and demand summary

m t	17/18	18/19	19/20 (est.)	20/21 (fcast)	y/y change
Opening stocks	663	651	625	616	-1.4%
Production	2,138	2,139	2,185	2,226	+1.8%
Total supply	2,801	2,790	2,810	2,842	+1.1%
Total use	2,150	2,165	2,194	2,223	+1.3%
of which: Food	708	714	726	735	+1.3%
Feed	957	963	993	1,002	+0.9%
Industrial	367	368	356	365	+2.3%
Closing stocks	651	625	616	619	+0.4%
Major exporters ^{a)}	179	165	155	162	+7.2%
Trade (Jul/Jun)	370	363	394	403	+2.1%

^{a)} Argentina, Australia, Canada, EU, Kazakhstan, Russia, Ukraine, USA

EU-28 to 19/20, EU-27 from 20/21. Change on EU-27 basis

4. Soyabeans: Supply and demand summary

m t	17/18	18/19	19/20 (est.)	20/21 (fcast)	y/y change
Opening stocks	47	48	62	47	-24.4%
Production	344	363	338	370	+9.4%
Total supply	392	411	400	417	+4.1%
Total use	344	348	353	370	+4.8%
of which: Crush	301	305	309	325	+5.2%
Closing stocks	48	62	47	46	-1.0%
Major exporters ^{a)}	17	32	19	14	-30.3%
Trade (Oct/Sep)	153	152	168	167	-0.7%

^{a)} Argentina, Brazil, USA

5. Rice: Supply and demand summary

m t (milled basis)	17/18	18/19 (est.)	19/20 (fcast)	20/21 (proj.)	y/y change
Opening stocks	155	165	175	175	+0.1%
Production	494	498	497	504	+1.4%
Total supply	649	662	672	679	+1.1%
Total use	485	487	497	501	+0.9%
Closing stocks	165	175	175	178	+1.5%
Major exporters ^{a)}	32	39	41	44	+6.4%
Trade (Jan/Dec)	46	43	42	45	+6.6%

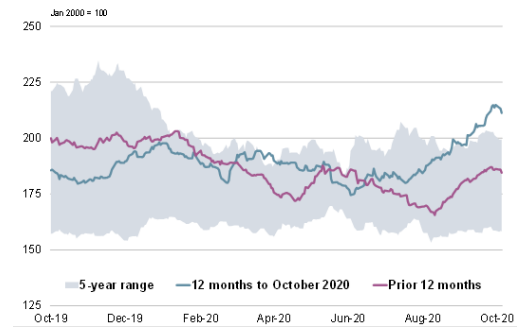
^{a)} India, Pakistan, Thailand, USA, Vietnam

6. IGC Grains & Oilseeds Prices Index (GOI)

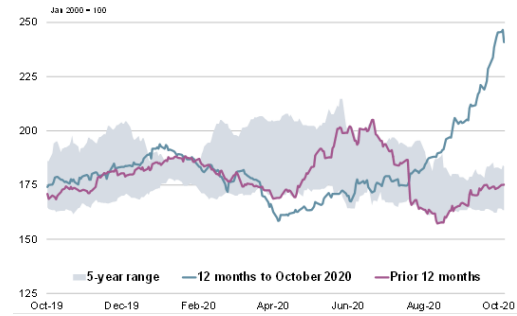
Jan 2000 = 100	GMR 515	m/m change*	y/y change
IGC GOI	238	+7.8%	+23.8%
Wheat sub-Index	211	+6.9%	+14.6%
Maize sub-Index	241	+17.8%	+36.6%
Barley sub-Index	224	+9.9%	+15.7%
Rice sub-Index	184	-1.3%	+13.7%
Soyabeans sub-Index	237	+7.6%	+28.7%

*Change vs. GMR 514

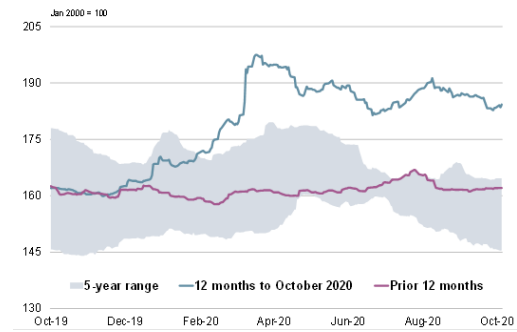
7. Wheat: GOI sub-Index



8. Maize: GOI sub-Index



9. Rice: GOI sub-Index



10. Soyabbeans: GOI sub-Index

