

Grain Market Report

Summary

HIGHLIGHTS

The past month has seen escalating concerns about the global spread of the coronavirus and increasing uncertainty about the longer-term implications for production and consumption. While some commodities have seen a sharp upturn in nearby demand, especially for rice and wheat-based foods, weakening economic conditions could dampen usage in the longer term, particularly for industrial products such as maize-based ethanol and starch. Although import buying of some commodities has accelerated in recent weeks, logistical challenges are being reported as movement constraints and quarantine measures become widespread. Transportation restrictions could also hamper the distribution of farm inputs and disrupt spring fieldwork, however, at this stage, the Council assumes that planting intentions will be fulfilled. Nevertheless, the Council's projections for supply and demand are tentative until the progress and duration of the pandemic become clearer.

The forecast for world **total grains** (wheat and coarse grains) production in 2019/20 is lifted by 3m t m/m (month-on-month) to 2,175m, mainly because of an adjustment for maize output in the EU. With consumption trimmed, the figure for total grains stocks is up by 4m t, but inventories are still seen contracting, by 17m y/y (year-on-year) to a four-season low.

This report includes the first full set of supply and demand projections for 2020/21. Total grains production is projected to reach a new peak of 2,223m t, some 2% higher y/y. Because of tighter carry-in stocks, total world grains supply (production plus opening stocks) is placed 1% larger y/y, and with assumed growth in demand, a further small drop in carryover inventories is envisaged. Trade is expected to be a new high, including increased shipments of wheat, maize and sorghum.

Reflecting downgrades for Brazil and Argentina, the 2019/20 world **soyabean** production forecast is cut by 4m t, to 341m, a 5% y/y fall. The reduction is channelled to lower figures for consumption and carryovers; trimmed by 1m t, to 38m, inventories are seen down by about one-third y/y. Assuming a rebound in US acreage, world output in 2020/21 is predicted to expand by 7% y/y. While stocks may edge up, they are likely to remain tight on low carry-ins and an uptick in demand. Trade is tentatively projected to reach a peak of 157m t, a 3% y/y increase.

The Council's forecasts for global **rice** supply and demand in 2019/20 are broadly unchanged m/m, with carryovers rising to a peak of 177m t on accumulation in China and India. Led by acreage increases in major exporters, world rice production in 2020/21 is projected to rise by 2% y/y, to a high of 509m t, with population growth supporting record uptake. Further gains in inventories are anticipated, mainly in key exporter and China. Trade is seen growing by 3% on bigger deliveries to Africa, with India the leading exporter.

The IGC **Grains and Oilseeds Index (GOI)** showed little overall change m/m, as initial declines for some of the components were reversed as the month progressed.

(Chart 1)

1. World Estimates

	17/18	18/19 est.	19/20 f'cast	20/21 proj.
			27.02	26.03
million tons				
TOTAL GRAINS ^{a)}				
Production	2139	2139	2172	2175
Trade	370	364	379	379
Consumption	2151	2163	2193	2192
Carryover stocks	649	625	604	608
year/year change	-12	-24		-17
Major exporters ^{b)}	178	164	156	159
WHEAT				
Production	762	732	763	763
Trade	176	168	176	176
Consumption	739	738	753	753
Carryover stocks	271	265	275	275
year/year change	22	-6		10
Major exporters ^{b)}	83	70	67	67
MAIZE (CORN)				
Production	1092	1130	1112	1116
Trade	153	165	169	168
Consumption	1119	1146	1151	1150
Carryover stocks	339	323	284	289
year/year change	-28	-16		-34
Major exporters ^{c)}	73	67	58	61
SOYABEANS				
Production	344	362	345	341
Trade	153	152	153	153
Consumption	347	352	360	358
Carryover stocks	44	55	39	38
year/year change	-3	10		-17
Major exporters ^{d)}	16	30	18	16
million tons (milled basis)				
RICE				
Production	494	500	499	499
Trade	46	42	44	44
Consumption	486	490	495	495
Carryover stocks	163	173	177	177
year/year change	8	10		5
Major exporters ^{e)}	31	39	42	42

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

a) Wheat and coarse grains

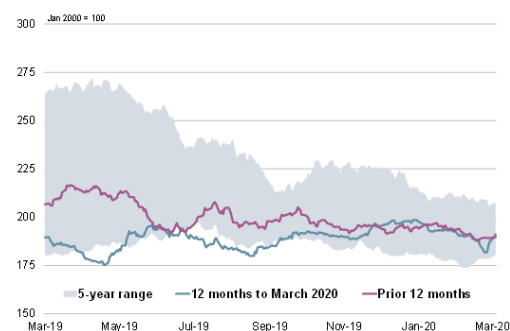
b) Argentina, Australia, Canada, EU*, Kazakhstan, Russia, Ukraine, USA

c) Argentina, Brazil, Ukraine, USA

d) Argentina, Brazil, USA

e) India, Pakistan, Thailand, USA, Vietnam

2. IGC Grains & Oilseeds Index (GOI)



(Chart 2)

OVERVIEW

At 2,799m t, global **total grains** (wheat and coarse grains) supplies in 2019/20 are forecast to be slightly higher y/y and only fractionally short of the all-time peak two seasons ago, as increased production more than compensates for tighter carry-in stocks. With demand placed at a record level and outstripping the small supply gain, ending stocks are seen shrinking to a four-year low, almost entirely because of a drawdown of maize, particularly in China. Trade is pegged at a new high, including bigger shipments of wheat, maize, barley and sorghum.

In 2020/21, global total grains production is projected to expand to 2,223m t, up by 2% y/y and an all-time high. At this level, overall supply would be a fresh peak, but with assumed growth in consumption, another modest decline in ending stocks is foreseen. Once again, this is mainly linked to a drop in maize inventories in China, which more than offsets an accumulation of that grain in the USA. Wheat stocks are predicted at an all-time high, led by expansions in China and India. Growth of 2% is envisaged for total grains trade, with shipments of maize, wheat and sorghum accelerating.

(Chart 3)

Centred on a plunge in US output, global **soyabean** production in 2019/20 is seen falling by 21m t y/y, to 341m. With consumption anticipated at a new peak, stocks are set to tighten sharply as US inventories more than halve. Bigger deliveries to Asia could underpin a 1% y/y gain in global trade. Linked to a potential rebound in the US, world output in 2020/21 is projected at a record of 366m t, up by 7% y/y. With a modest increase in consumption expected, inventories are likely to remain below the recent average. World import demand is tentatively predicted to advance to a high of 157m t.

(Chart 4)

With record production in India mostly offsetting declines elsewhere, including in China, Thailand and the US, global **rice** output in 2019/20 is seen little-changed y/y, at 499m t. Consumption is assumed to expand on population growth, with trade rising on buying by importers in Africa. In 2020/21, area gains in Asia are seen underpinning a 2% production increase to 509m t, with total use at a new high. Inventories are projected to expand to a record of 185m t on accumulation in China and India. World trade could rise to a three-year peak on African needs.

(Chart 5)

MARKET SUMMARY

With broadly offsetting movements across the main components, the IGC GOI was almost unchanged compared to the February GMR.

(Chart 6)

(Chart 7)

The IGC GOI **wheat** sub-Index gained by 2% m/m, as an uptick in export demand and a spike in consumer buying reversed earlier losses.

(Chart 8)

With pressure stemming mainly from steep declines in crude oil prices and worsening ethanol production margins, the IGC GOI **maize** sub-Index fell by 1% compared to late-February.

(Chart 9)

3. Total grains: Supply and demand summary

m t	17/18	18/19 (est.)	19/20 (f'cast)	20/21 (proj.)	y/y change
Opening stocks	661	649	625	608	- 2.7%
Production	2,139	2,139	2,175	2,223	+ 2.2%
Total supply	2,800	2,788	2,799	2,831	+ 1.1%
Total use	2,151	2,163	2,192	2,226	+ 1.6%
of which: Food	708	717	725	733	+ 1.2%
Feed	960	964	980	997	+ 1.7%
Industrial	365	366	369	380	+ 2.9%
Closing stocks	649	625	608	605	- 0.5%
Major exporters ^{a)}	178	164	159	168	+ 8.7%
Trade (Jul/Jun)	370	364	379	385	+ 1.7%

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

EU28 to 19/20, EU27 from 20/21. Change on EU27 basis

4. Soyabeans: Supply and demand summary

m t	17/18	18/19 (est.)	19/20 (f'cast)	20/21 (proj.)	y/y change
Opening stocks	47	44	55	38	- 30.3%
Production	344	362	341	366	+ 7.4%
Total supply	392	407	396	404	+ 2.2%
Total use	347	352	358	365	+ 2.0%
of which: Crush	305	310	314	320	+ 1.8%
Closing stocks	44	55	38	40	+ 4.0%
Major exporters ^{a)}	16	30	16	16	- 3.3%
Trade (Oct/Sep)	153	152	153	157	+ 2.6%

^{a)} Argentina, Brazil, USA

5. Rice: Supply and demand summary

m t (milled basis)	17/18	18/19 (est.)	19/20 (f'cast)	20/21 (proj.)	y/y change
Opening stocks	154	163	173	177	+ 2.7%
Production	494	500	499	509	+ 1.8%
Total supply	648	663	672	686	+ 2.0%
Total use	486	490	495	501	+ 1.2%
Closing stocks	163	173	177	185	+ 4.5%
Major exporters ^{a)}	31	39	42	46	+ 10.0%
Trade (Jan/Dec)	46	42	44	45	+ 2.6%

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

6. IGC Grains & Oilseeds Prices Index (GOI)

Jan 2000 = 100	GMR 508	m/m change*	y/y change
IGC GOI	191	+ 0.3%	+ 0.7%
Wheat sub-Index	193	+ 2.1%	+ 1.8%
Maize sub-Index	181	- 0.8%	- 0.2%
Barley sub-Index	194	- 0.6%	- 9.4%
Rice sub-Index	179	+ 4.1%	+ 11.2%
Soyabeans sub-Index	173	- 0.9%	- 1.0%

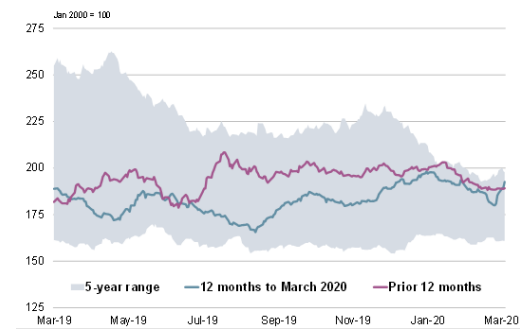
*Change vs. GMR 507

The IGC GOI **rice** sub-Index climbed to a more than five-year peak, rising by 4% m/m, on a coronavirus-related surge in consumer demand.

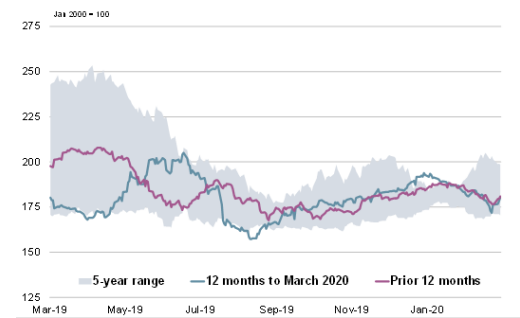
(Chart 10)

Pulled lower mainly by a sharp drop in prices in Argentina, the IGC GOI **soyabeans** sub-Index dipped by a net 1%.

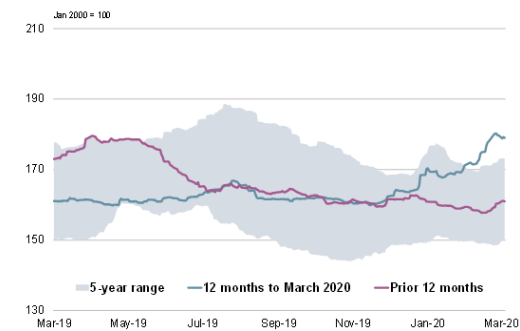
7. Wheat: GOI sub-Index



8. Maize: GOI sub-Index



9. Rice: GOI sub-Index



10. Soyabeans: GOI sub-Index

