



Quarterly International Trade Report

December 2005
Public Distribution

Coarse Grains 2005/06

World Situation and Outlook

Global PS&D: Dominated by U.S. corn, the global situation is characterized by large supplies, flat consumption and trade, falling stocks, and the second lowest stocks-to-use ratio on record.

World production, while down over 50 million tons from last year, is still the second highest crop on record.

Global Trade: Global corn demand remains flat since last year; Mexico is about the only country showing growth.

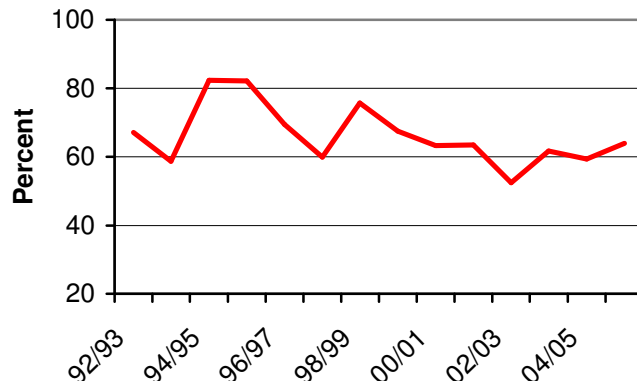
On the supply side, there are recent indications that China's export program will be larger than earlier expected. That would help explain sluggish U.S. sales and justify only a small (3 million ton) increase in U.S. exports, despite smaller exportable supplies from Argentina and Brazil.

In November, according to numerous sources, the Chinese Government issued a 4 million ton corn export quota to be used by the end of February. Trade sources indicated that export quotas, as well as transportation and storage subsidies for exporters, were being used to facilitate exports and to help support domestic prices given larger-than-expected corn production. Past practice and prevailing surplus

SUMMARY POINTS

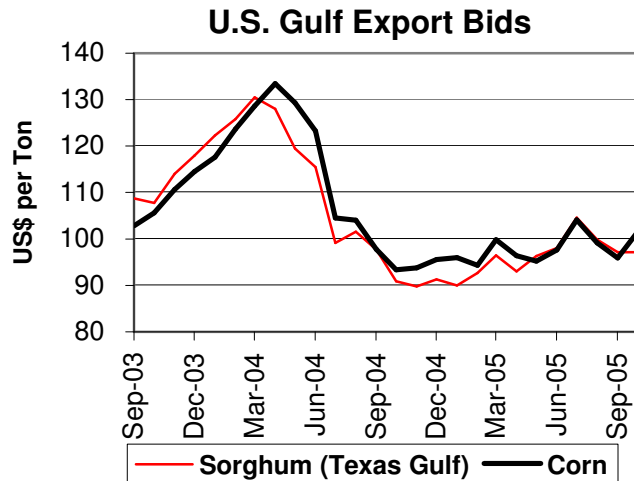
- World coarse grain production again will not meet consumption.
- World coarse grain stocks to drop with consumption at record levels.
- U.S. corn export prospects limited by competition from China.

U.S. Corn Global Market Share



market conditions suggest that China might issue additional quotas sometime in the first half of 2006.

Global **barley** trade is unchanged over the prior year. Australia's exports are forecast up 1.0 million tons, and, with Ukraine, will again account for at least half of world trade at the expense of subsidized EU exports. China's imports of malting barley are forecast to be the highest in 5 years.



Morocco is forecast to import 800,000 tons of barley, the highest in 7 years.

Sorghum: With Japan's import demand trending down and Mexico's demand replaced with whole and cracked corn, U.S. exports have reached their lowest level in 19 years.

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WORLD COARSE GRAIN SITUATION					
	2003/04	2004/05	2005/06	Year to Year Change 2004/05 to 2005/06	
	MMT	MMT	MMT	MMT	Percent
Production	913	1,008	954	-55	-5%
Consumption	945	971	972	1	0%
Trade (Oct/Sep)	103	102	101	-1	-1%
Ending Stocks	135	173	155	-18	-10%
U.S. COARSE GRAIN SITUATION					
Production	275	319	297	-22	-7%
Consumption	226	240	238	-2	-1%
Exports (Oct/Sep)	54	51	53	3	6%
Ending Stocks	29	59	66	7	12%