



Quarterly International Trade Report

May 2005
Public Distribution

Coarse Grains

World Situation and Outlook

Global PS&D: The world coarse grain situation in 2004/05 is continuing the trend from the previous quarter (February). Total production, already a record, increased by a further 12 million tons since February. Notable increases in Argentina, China, India, and South Africa more than offset declines in Brazil. Total consumption is little changed, leaving ending stocks higher by more than 14 million tons.

For 2005/06, world production is forecast to drop by 54 million tons from the current year to 955 million, but would still be the second highest crop on record. Consumption is forecast to ease slightly. Ending stocks are projected to be lowered by 12 million tons.

Global Trade: World coarse grain trade for 2004/05 is little changed from the last quarter. Declines in **corn** exports from Brazil and the United States are offset by increases for Argentina, China, and South Africa.

For 2005/06, world corn trade is expected to remain flat due to stagnant demand in developed countries in East Asia and continued competition from feed quality wheat. The United States will capture a larger portion of the market, as Argentina and China are both expected to retreat somewhat because of smaller crops.

Global **barley** trade has dropped slightly since the last quarter. Saudi Arabia, the world's largest importer, has been slow in buying due to good pasture conditions. As a result, its imports are reduced by half a million tons to 6 million. On the exporter side, Canada's poor quality and the EU Commission's reluctance to issue subsidies have diminished these countries' export prospect by a collective 900,000 tons, partially made up by an increase of 500,000 tons from Ukraine.

SUMMARY POINTS

- Production expected to slide in 2005/06
- World feed grain supplies still plentiful
- U.S. corn exports to rebound

For 2005/06, Canada's exports will likely recover as its crop returns to normal quality. The EU-25 is expected to benefit from less competition from Russia and Ukraine, because of reduced production there.

Sorghum: Since the February 2005 report, Australia's exports have been raised by 200,000 tons because of a record crop. At the same time, Argentina's exports are down by 100,000 tons to the lowest level in 10 years despite reports of new trade to Brazil (100,000 tons, the highest in 4 years) due to its poor corn crop. Also, EU-25 is up by 125,000 tons, as sorghum was competitive with other feed grains.

For 2005/06, trade patterns are expected to remain largely unchanged year to year. In particular, static demand from Mexico and Japan will likely continue, given the huge global supplies of other feed grains. Another good sorghum crop in Argentina is expected to return exports to a more normal 300,000 tons. At the same time, Australia's exports will be limited to 500,000 tons (down 200,000 tons) by a drop in production. Mexico's corn imports are forecast to increase but sorghum imports are expected to stay level at 3.5 million tons in light of competitive U.S. corn prices.

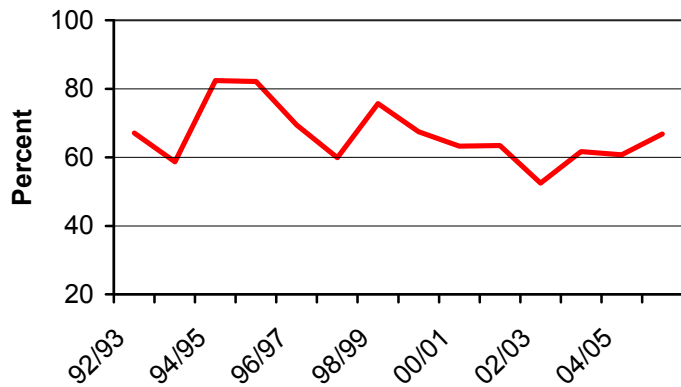
U.S. Situation and Outlook

Corn: Since February, U.S. exports have been lowered by 2.5 million tons to 45.5 million. Argentina's record crop started to reach market in March. Around the same time China's government announced the year's first set of export quotas for 3 million tons, boosting shipments after months of lull.

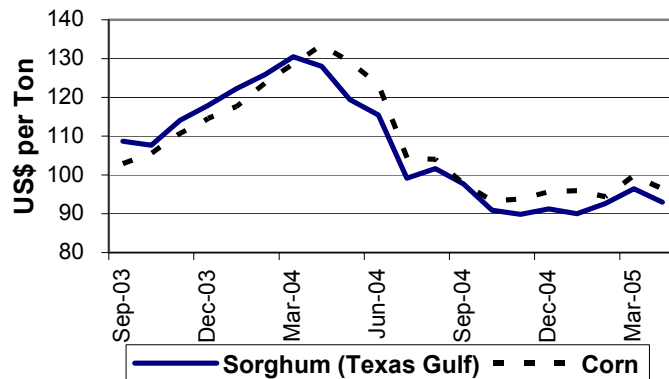
The strong competition from Argentina and China is not expected to be sustained in 2005/06, as both countries' crops return to more normal levels. The United States should be able to capture a larger share of the world market.

Sorghum: The U.S. export forecast is unchanged since February 2005 at 4.5 million tons. For 2005/06, U.S. sorghum exports are forecast to remain at 4.5 million tons due to static demand

U.S. Corn Global Market Share



U.S. Gulf Export Bids



from the two key importers, Mexico and Japan.

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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	914	1009	955	-54	-5%
Consumption	946	970	967	-3	0%
Trade (Oct/Sep)	103	98	98	0	0%
Ending Stocks	136	174	162	-12	-7%
U.S. COARSE GRAIN SITUATION					
Production	275	319	296	-23	-7%
Consumption	226	238	236	-2	-1%
Exports (Oct/Sep)	54	50	55	5	10%
Ending Stocks	29	62	70	8	13%