Quarterly International Trade Report

August 2005
Public Distribution

Coarse Grains

World Situation and Outlook

Global PS&D: Since the previous quarter (May), the main development in the world coarse grain situation in 2004/05 has been a rise in both consumption and trade (see Global Trade). The most notable consumption growth occurs in the United States and Egypt, where corn feed use is greater than previously expected.

For 2005/06, world production is forecast to drop by 24 million tons from the previous projection, but would still be the second highest crop on record. The largest cuts occurred in the United States, the EU-25, Canada, Ukraine, and Russia. Compared to the last quarter, consumption is forecast to slide by 7 million tons. Ending stocks are projected to be lowered by 19 million tons.

SUMMARY POINTS

- After a respite in 2004/05, world coarse grain production is expected to once again fall under consumption in 2005/06.
- World coarse grain stocks to drop by 17 percent from 2004/05.
- U.S. corn exports highest in 7 years.

Global Trade: World coarse grain trade for 2004/05 is up slightly since May. Increased **corn** import demand from Canada, Egypt, Iran, and Mexico more than offset drops in Brazil, Indonesia, and Turkey. On the exporters' side, the United States and China are the main countries whose exports have picked up.

For 2005/06, the forecast for world corn trade, while slightly below the past couple of years, is little changed from the previous quarter. Import expansion in Brazil, Canada, Egypt, and Mexico is offset by decline in Indonesia, Korea, and Turkey. In the case of Brazil and Canada, poorer crops necessitate higher imports, whereas in Egypt and Mexico the impetus comes from growing feed consumption. By contrast, Avian Influenza-reduced poultry production in Indonesia and stagnant demand in Korea account for these countries' lower imports. Turkey's bumper crop, large stocks, and protectionist policies will limit its imports to the lowest level in 12 years.

The estimate for global **barley** trade in the current year has increased 9 percent (1.4 million tons) since the last quarter. China's purchases of malting barley quickened in the spring. Although its main suppliers remain Australia and Canada, China also resumed importing from the EU-25 for the first time in over a year, as freight rates began to drop. Morocco and Tunisia both stepped up their purchases in the spring as well, primarily from the EU-25. Consequently, exports from the EU-25 and Australia are both raised. U.S. exports are also higher due to recent spikes in sales to the Middle East and North Africa.

For 2005/06, Canada's and Ukraine's exports are increased collectively by 400,000 tons on the basis of better crops.

Sorghum: Since the May 2005 report, Australia's 2004/05 export estimate has been lowered by 200,000 tons. Shipments are sluggish despite a record crop. U.S. exports are expected to pick up the slack.

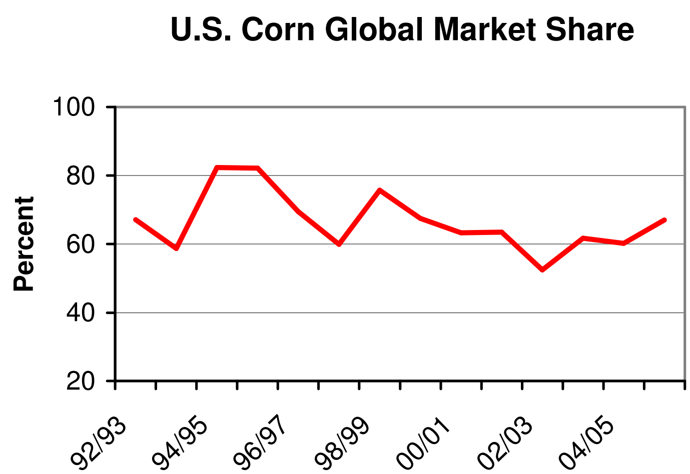
For 2005/06, trade forecasts are unchanged from May, when global trade was projected slightly below 2004/05.

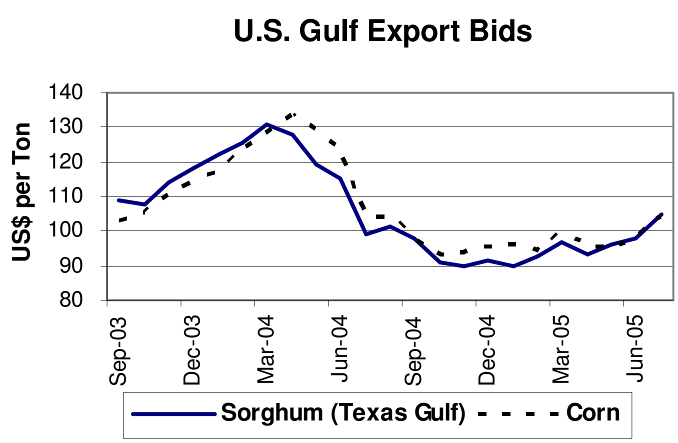
U.S. Situation and Outlook

Corn: Since May, U.S. exports for 2004/05 have been raised by 0.5 million tons to 46 million. Strong import demand from Canada, Mexico, and Egypt has fueled this increase.

Although U.S. crop prospects for 2005/06 have slipped since the last quarter, U.S. exports are still expected to reach 50 million tons, the highest level in 7 years, despite a projected slight decline in global import demand.

Sorghum: The U.S. export forecast for 2004/05 is up 200,000 tons since last quarter to 4.7 million. Shipments to Mexico and Japan, together with food aid, have been stronger than expected.





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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	1010	931	-79	-8%
Consumption	946	973	960	-13	-1%
Trade (Oct/Sep)	103	101	98	-3	-3%
Ending Stocks	136	173	144	-29	-17%
U.S. COARSE GRAIN SITUATION					
Production	275	319	280	-39	-12%
Consumption	226	240	233	-7	-3%
Exports (Oct/Sep)	54	51	55	4	8%
Ending Stocks	29	58	53	-5	-9%