

WORLD COARSE GRAINS SITUATION AND OUTLOOK

MONTHLY HIGHLIGHTS:

China's Corn Supplies Tighten: Rising corn prices during harvest, when seasonally they should be falling, indicate a tightening supply situation. Prices at Dalian, one of the major exporting ports, rose \$15 to \$145 per ton in one month. A significantly smaller crop with quality concerns, combined with 4 years of strong exports, has greatly reduced the country's stocks. In addition, soaring soybean prices and dwindling wheat supplies should lead to a higher demand for corn used in domestic feed rations, further whittling down exportable supplies. China's corn exports will shrink substantially following a record year.

U.S. Sorghum Exports to EU and Israel Strong: Israel has been an active buyer of U.S. sorghum over the past couple of months, far ahead of last year. Shortages of feed wheat from Ukraine and Russia have forced Israeli feed millers to shift mainly to sorghum and white corn. Because of consumer preferences for lighter colored poultry, use of yellow corn in rations is limited.

With tightening feed grain supplies and rising prices, EU feed compounders are turning more to imported grains such as U.S. sorghum. Import licenses have already reached 357,000 tons over the past few months, compared with only 3,000 tons by this time last year. Most will go to Spain, which has a preferential tariff structure for imported sorghum and corn, but even other EU countries are buying sorghum as domestic feed grain prices rise.

PRICES:

Domestic: Early November Gulf export bids for #2 yellow corn averaged \$111/MT, up \$5 from last month (\$8 from September). Expectations of higher export demand were largely behind the price rise.

Early November export bids for #2 yellow sorghum (Texas Gulf) averaged over \$112/MT, up nearly \$5 from last month (nearly \$4 from September), and maintained a premium to corn. Sorghum for export has been priced at a premium to corn since mid-2000.

TRADE CHANGES IN 2003/2004

Selected Exporters

- **United States corn** jumps 1.5 million tons to 47.5 million aided by a record crop and shrinking competition.
- **Argentina corn** drops 1.0 million tons to 10.5 million in light of a smaller crop.

- **Hungary corn** is down 200,000 tons to 500,000 due to a reduced crop.
- **EU barley** is cut by 500,000 tons to 3.5 million on account of continued suspension of export tenders and tight domestic feed grain situation.
- **Brazil sorghum** is forecast at 100,000 tons--the highest ever in USDA's database--because of strong EU demand.

Selected Importers

- **Indonesia corn** drops 300,000 tons to 1.1 million, led by increased domestic supplies and less available Chinese exports.
- **Japan corn** rises 500,000 tons to 16.5 million based on higher-than-expected feed demand.
- **Russia corn** is halved to 300,000 tons due to higher domestic production.
- **Taiwan corn** is up 300,000 tons to 4.8 million because of strong demand.
- **China barley** drops 200,000 tons to 2.0 million as the growth in its demand for malting barley is less robust than anticipated.
- **Saudi Arabia barley** shrinks by 500,000 tons to 5.5 million as a result of slow early-season purchases.
- **EU sorghum** expands by 100,000 tons to 300,000 tons as tight feed grain supplies and soaring prices have made U.S. sorghum competitive in Southern Europe.

TRADE CHANGES IN 2002/2003

Selected Exporters

- **Argentina corn** is cut by 1.0 million tons to 12.5 million as a result of a reduced pace in recent months.
- **Brazil corn** is down 300,000 tons to 3.2 million due to a slower-than-expected pace.
- **China corn** is up 744,000 tons to 15.244 million (a record) per final trade data.
- **South Africa corn** increases 240,000 tons to 1.14 million per final trade data.

- **United States sorghum** rises by 150,000 tons again this month to 4.9 million because of strong, late-season shipments, especially to the EU.
- **Canada oats** are up 200,000 tons to 1.0 million on increased exports to the United States, partially offset by a drop in **EU** exports from 1.0 million tons to 900,000.

Selected Importers

- **South Africa corn** drops 183,000 tons to 617,000 per final trade data.
- **Taiwan corn** climbs 300,000 tons to 4.8 million led by strong late-season pace.
- **EU sorghum** is up 100,000 tons again this month to 400,000, elicited by late-season shipments.

Download the coarse grain tables in:

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