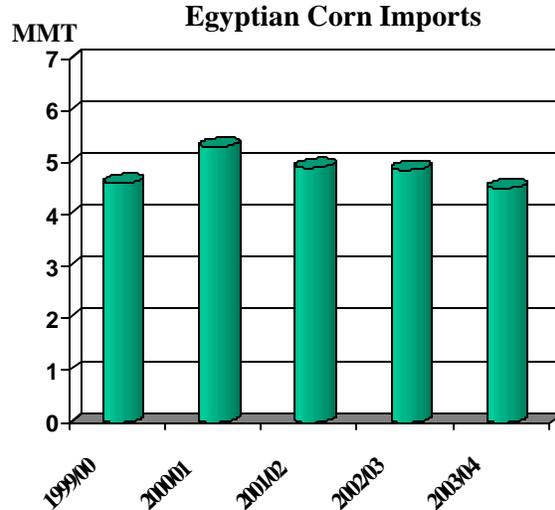


# COARSE GRAINS: WORLD MARKETS AND TRADE

## MONTHLY HIGHLIGHTS:

### **Egyptian Corn Imports Soften:**

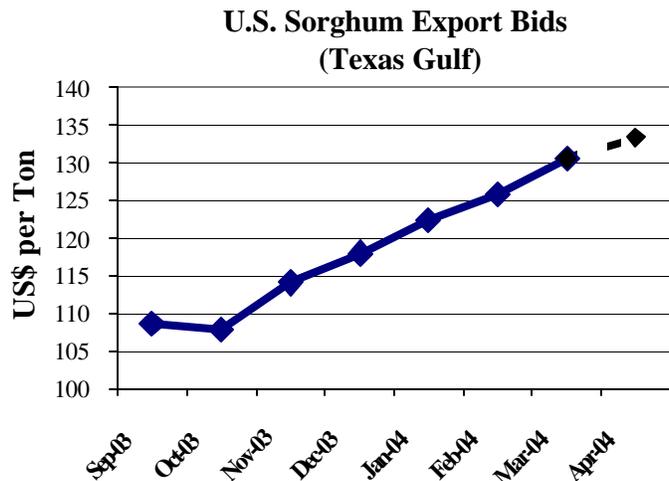
Devaluation of the Egyptian pound, combined with high world prices of corn, has made imports prohibitively expensive for some feed users in Egypt. As a result, some poultry farms have been forced to close down and feed consumption is expected to contract by 2 percent from 2002/03 to 8.9 million tons. Imports are also hampered by foreign exchange limitations for private companies, a chronic problem that has constrained trade over the past few years. Imports in 2003/04 are forecast to shrink by 7 percent to 4.5 million tons, a 5-year low. U.S. commitments to date, however, are at a record high, largely due to reduced competition from Argentina.



## PRICES:

**Domestic:** Early April Gulf export bids for #2 yellow corn averaged \$136/MT, up \$7 from March and \$12 from February. These are the highest since September 1996. While prices are buoyed by continued strong domestic and export demand, the latest spike results from the less-than-expected 2004/05 acreage as indicated in the NASS Prospective Plantings report.

Early April export bids for #2 yellow sorghum (Texas Gulf) averaged about \$133/MT, up \$3 from March and \$25 from September. Sorghum remains at a \$4 premium to corn, down from \$6 in March but gaining \$2 since February. Shipments to the EU tapered off after February, but exports to Mexico were surprisingly strong in March.



The EU import duty on sorghum spiked in mid-January and new export sales dropped dramatically. However, the duty has now dropped nearly \$22 per ton since its high, mostly since April 1.

Import licenses under the *abbatimento* for Spain and by other EU countries totaled 355,000 tons for February through April 1. It is likely that U.S. sorghum had already been shipped and that these licenses were for grain held in bonded warehouses in the southern EU.

## **TRADE CHANGES IN 2003/2004**

### **Selected Exporters**

- **Brazil corn** drops by 500,000 tons to 5.0 million, as logistical constraints from surging soybean exports are expected to slow down corn shipments in the coming months.
- **EU barley** is reduced by 500,000 tons to 1.5 million based on the tight domestic supply situation and the hiatus on most export tenders.

### **Selected Importers**

- **Brazil corn** is up 200,000 tons to 600,000 based on shipments to date.
- **Egypt corn** is lowered by 200,000 tons to 4.5 million because high prices are constraining domestic feed demand.
- **China barley** decreases by 300,000 tons to 1.7 million as a result of a larger crop estimate for last year and a sluggish pace in recent months.