

COARSE GRAINS: WORLD MARKETS AND TRADE

MONTHLY HIGHLIGHTS:

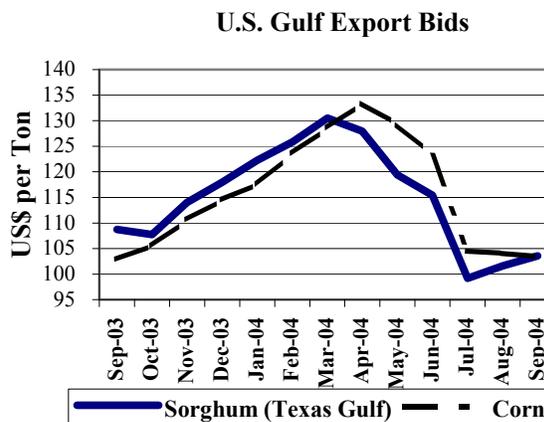
Corn: After a temporary lull in July, Argentina's corn sales and shipments resumed a robust pace in August, and exports are poised to remain strong through September. Brazil's exports had been unexpectedly high in June, propelled by substantial shipments to Iran and the EU-25. Together, these two countries are expected to export 15.5 million tons of corn in 2003/04, an increase of 700,000 tons from last month. U.S. exports, meanwhile, have lagged behind expectations and are estimated to ease by half a million tons to 48.5 million.

However, both Argentine and Brazilian exports are expected to slow significantly in late 2004 and early 2005, as their smaller 2004 crops combined with frontloaded shipments reduce competition with the United States during the months preceding their harvests in early 2005.

PRICES:

Domestic: Early September export bids for #2 yellow corn averaged \$103/MT, down \$1 from August. Prices have vacillated in recent weeks on potential frost concerns, but ultimately settled lower based on prospects for a record crop and less-than-robust new crop sales.

Early September export bids for #2 yellow sorghum (Texas Gulf) averaged over \$103/MT, up over \$4 from July but \$5 below harvest time prices from September 2003. Sorghum is about even with corn at this time but commanded nearly a \$6 premium last September. Seasonal price weakness caused by early harvest and softening corn prices has been offset to a degree by a pick up in shipments to Mexico and food aid tenders.



TRADE CHANGES IN 2004/2005

Selected Exporters

- **Argentina corn** drops by 500,000 tons to 10.0 million as exports are expected to slow down significantly in the coming months following heavier-than-expected 2003/04 shipments. Similarly, **Brazil corn** is lowered by 200,000 tons to 3.0 million.

- **Serbia corn** increases by 200,000 tons based on improved crop prospects.
- **Australia barley** is down 200,000 tons to 4.3 million as a result of increased competition from Ukraine.
- **Canada barley** is down 200,000 tons to 1.9 million due to a diminished crop.
- **Ukraine barley** expands by 500,000 tons to 3.3 million based on a larger crop.
- **Russia rye** falls nearly 100,000 tons to virtually nothing as a very small crop will likely turn Russia into a net importer.
- **Ukraine rye** is up 100,000 tons to 150,000 tons due to higher production.

Selected Importers

- **Algeria corn** is up 200,000 tons to 1.7 million on the expectation of higher consumption.
- **Russia rye** rises to 100,000 tons from 0 with expected imports from Belarus and Ukraine.

TRADE CHANGES IN 2003/2004

Selected Exporters

- **United States corn** falls 500,000 tons to 48.5 million as shipments continue to lag behind expectations.
- **Argentina corn** increases by 500,000 tons to 10.0 million based on robust sales and shipments.
- **Brazil corn** is up 200,000 tons to 5.5 million due to a strong shipment pace in recent months.
- **Australia barley** is up 200,000 tons to 5.0 million based on a strong shipment pace.
- **Russia barley** drops by 400,000 tons to 2.6 million as shipments slowed significantly in recent months.
- **Ukraine barley** increases by 300,000 tons to 1.6 million due to a strong pace and aggressive sales.

Selected Importers

- **Algeria corn** increases by 200,000 tons to 1.7 million based on a strong shipment pace.
- **Mexico corn** drops by 300,000 tons to 5.8 million because of a weak import pace.
- **Peru corn** is up 200,000 tons to 950,000 based on a strong shipment pace.
- **EU corn** increases by 200,000 tons to 5.7 million due to strong shipments from South America in recent months.