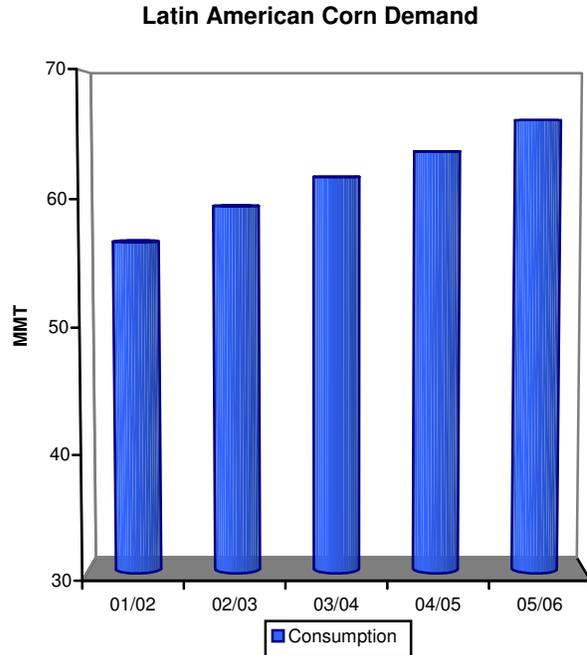

COARSE GRAINS: WORLD MARKETS AND TRADE

MONTHLY HIGHLIGHTS:

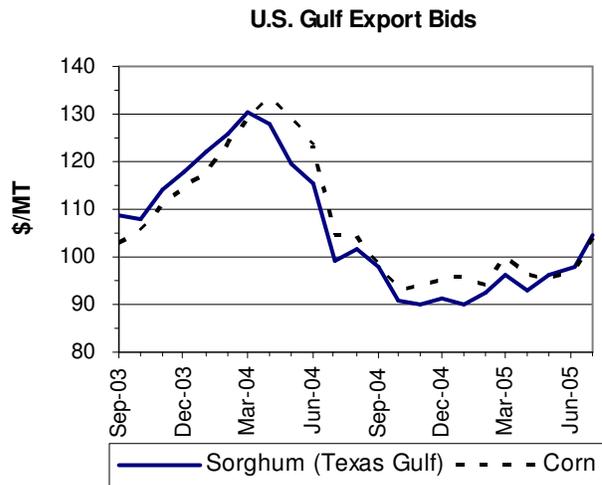
Strong Growth in Latin American Corn Demand: Led by Brazil and Argentina, Latin America's consumption of corn has grown 17 percent over 5 years. Brazil's demand growth comes primarily from its rapidly expanding poultry and pork sectors, which are among the fastest growing in the world. Argentina's consumption has rebounded after the financial crisis of 2001/02. Driven by poultry, cattle, and milk production, the country's corn feed usage is expected to grow by 8.5 percent next year. In addition to Brazil and Argentina, other countries such as Columbia, Peru, El Salvador, and Ecuador are all experiencing significant development in local feed demand. The regional growth trend means less exportable supplies in Argentina and Brazil and higher imports by the others, both helpful to U.S. corn exports.



PRICES:

Domestic: July export bids for #2 yellow corn averaged over \$104/MT, up more than \$6 from June. Although corn export values are about the same as one year ago, they have gained about \$10/MT since the 2004/05 harvest time lows.

July export bids for #2 yellow sorghum (Texas Gulf) jumped over \$6 to average above \$104/MT. Sorghum export values have gained over \$5/MT since one year ago and nearly \$15/MT since the 2004/05 harvest. Sorghum and corn remain at similar values and both have jumped about 9 percent since May. High domestic freight rates, together with concerns over crop conditions, are keeping export bids firm.



TRADE CHANGES IN 2005/2006

Selected Exporters

- **Bulgaria corn** is up 100,000 tons to 250,000 due to a larger expected crop.

Selected Importers

- **Canada corn** is up 500,000 tons to 2.5 million based on smaller crop prospects.
- **Indonesia corn** is lowered by 300,000 tons to 600,000 as continued problems with Avian Influenza are expected to limit feed demand.
- **Tunisia barley** is up 100,000 tons to 200,000 with strong recent purchases.

TRADE CHANGES IN 2004/2005

Selected Exporters

- **China corn** is boosted by 1.0 million tons to 7.0 million on account of a stronger-than-expected shipment pace in recent months.
- **South Africa corn** is up 200,000 tons to 1.7 million, the highest in 10 years, as the export pace quickens.
- **Argentine barley** is increased 100,000 tons to 300,000 (the highest in 40 years) due to strong exports to Brazil and some sales to Middle East markets.
- **Romania barley** is down 100,000 tons to 200,000 with slow exports to date.
- **United States barley** is up 125,000 tons to 700,000 (the highest in 4 years) with strong recent sales, especially to Saudi Arabia.
- **Canada oats** is up 200,000 tons to 1.4 million with stronger than expected shipments to date.
- **EU-25 oats** is down 100,000 to 350,000 with slow exports and few licenses given in recent months.

Selected Importers

- **Egypt corn** is up 300,000 tons to 5.3 million in light of recent purchases.
- **Iran corn** is up 300,000 tons to 2.3 million on the basis of strong demand from the poultry sector.

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- **Zimbabwe corn** is raised by 350,000 tons to 1.0 million as evidenced by a strong shipment pace from South Africa.
 - **China barley** is up 200,000 tons to 2.0 million as the result of stronger than expected imports in recent months.
 - **Jordan and Morocco barley** are both up 100,000 tons to 600,000 and 400,000, respectively, based on strong imports and continued purchases.
 - **United States oats** is up 100,000 to 1.6 million with continued strong late-season shipments from Canada.