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## COARSE GRAINS: WORLD MARKETS AND TRADE

### MONTHLY HIGHLIGHTS:

**China Corn Export Forecast Doubled This Month:** According to numerous sources, the Chinese Government has issued a 4 million ton corn export quota to be used by the end of February. Such quotas are normally announced 2 or 3 times per year, giving exporters the go-ahead to execute sales. Trade sources indicate that export quotas, as well as transportation and storage subsidies for exporters, are being used to facilitate exports and to help limit price declines due larger-than-expected corn production. Based on past practice and prevailing surplus market conditions, China might be expected to issue additional quotas sometime in the first half of 2006.

### PRICES:

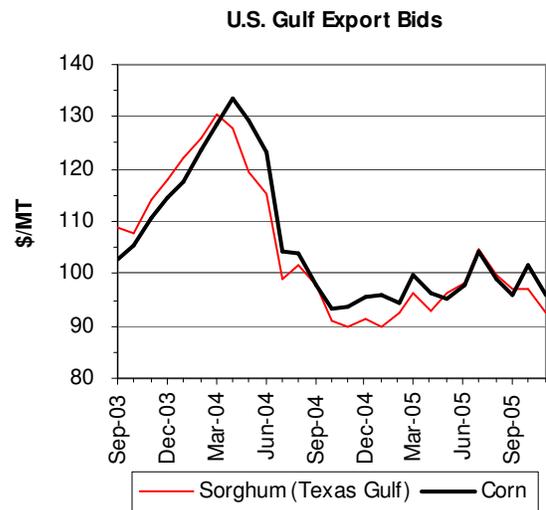
**Domestic:** November export bids for #2 yellow corn dropped to about \$96/MT, down almost \$6 from last month. November export bids for #2 yellow sorghum (Texas Gulf) were down \$4 to \$93/MT.

Prices have weakened in the face of ample feed grain supplies and weak export demand.

### TRADE CHANGES IN 2005/2006

#### Selected Exporters

- **United States corn** is down sharply by 3.0 million tons to 48.5 million because of renewed competition from China and slow foreign demand.
- **China corn** is doubled to 6.0 million tons based on indications of aggressive sales to South Korea and elsewhere and the announcement of a significant new export quota to be used within a short timeframe.
- **Ukraine corn** is raised by 200,000 tons to 2.3 million based on higher production and heavy sales to North Africa and the Middle East.
- **Australia barley** is raised by 1.2 million tons to 5.5 million based on higher production and anticipated heavy sales to Asia and the Middle East.
- **Kazakhstan barley** is cut in half to 200,000 tons on lower production.



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- **United States sorghum** is down 200,000 tons to 4.5 million because of slow sales and shipments. This is the lowest export level in 19 years.

#### **Selected Importers**

- **Canada corn** is cut by 500,000 tons to 2.0 million based on slow purchases and ample feed grain supplies (including a substantial increase in the corn crop).
- **Iran barley** is up by 200,000 to 800,000 tons on expectations of continued strong purchases from Australia.
- **Morocco barley** is up by 200,000 tons to 800,000 to offset lower production.
- **Saudi Arabia barley** is up 500,000 tons to 6.5 million, given continued strong demand.
- **Mexico sorghum** is down by 200,000 tons to 3.5 million tons. Corn and cracked corn imports are currently reducing the demand for sorghum.

#### **TRADE CHANGES IN 2004/2005**

##### **Selected Exporters**

- **India corn** is up 100,000 tons to 400,000 because of stronger shipments to nearby countries.
- **Romania barley** is raised 108,000 tons to 308,000 with final trade data.

##### **Selected Importers**

- **Canada corn** is down 163,000 tons to 2.2 million per final trade data.
- **Iran barley** is up 275,000 tons to 1.125 million due to strong late-season imports from the Black Sea region.
- **Syria barley** is cut by 200,000 tons to 500,000 due to slower than anticipated purchases.