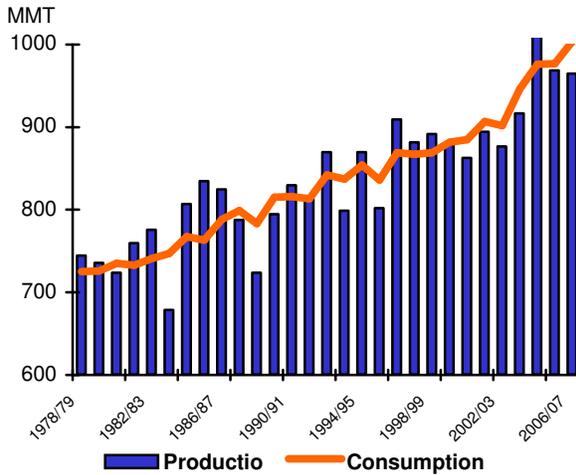
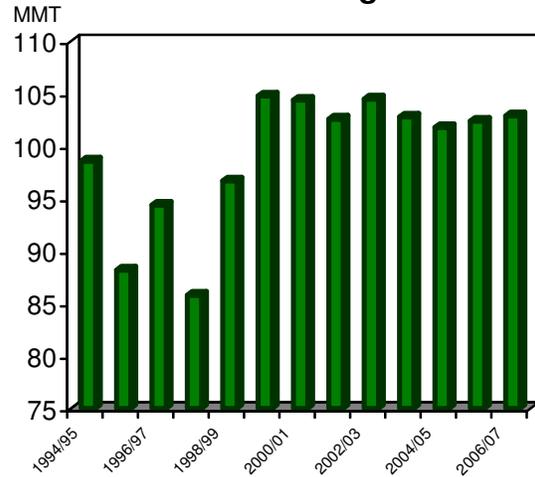


COARSE GRAINS: WORLD MARKETS AND TRADE

**Coarse Grain Production
Below Use Again**



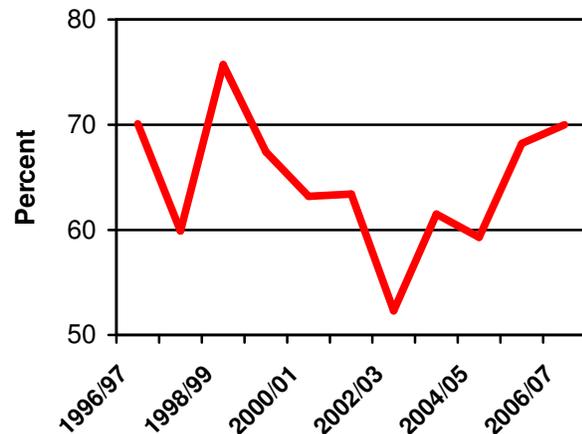
**Coarse Grain Trade
Little Changed**



World **coarse grain** production in 2006/07 is forecast to be marginally smaller yet still remain the third-largest ever. With global consumption expanding by over 25 million tons, ending stocks and the stocks-to-use ratio are forecast to drop to their lowest levels in over 30 years, resulting in higher prices. World trade remains relatively flat, although tighter supplies of feed-quality wheat could cause a shift to more corn import demand.

Global **corn** production is forecast at 680 million tons, down slightly from 2005/06 but still the third highest in history. Consumption is projected to climb sharply to a record 717 million tons. This gain is led by growth in corn used for ethanol in the United States; however, higher foreign consumption will account for over half of the expansion. World corn trade is expected to be up slightly due to a continued recovery in poultry as well as reduced supplies of feed-quality wheat. U.S. exports are forecast to climb and market share to expand, due to reduced competition from Ukraine, Eastern Europe, and China, as well as stronger demand from Canada on lower production and resolution of the trade case with the United States.

U.S. Corn Market Share Climbs



Global **barley** trade is projected to drop nearly a million tons as a result of reduced demand in North African markets. Barley and forage crops in Morocco, Tunisia, and Algeria are expected to be very large, and imports are consequently forecast to fall by nearly two-thirds. For exporters, Canada is expected to reduce shipments as production is forecast to be the smallest in

4 years. Meanwhile, supplies in Australia and EU-25 are expected to be large and exports steady. For the Black Sea region, although barley crops are expected to be up slightly in Russia and Ukraine, higher feeding in the face of smaller wheat crops will likely constrain any growth in exports.

Global **sorghum** trade patterns are largely unchanged year to year, with static demand from Mexico and Japan and some reduced need from food aid recipients.

Global **oat** trade continues to be dominated by U.S. demand. Canadian supplies are forecast to be the largest in 25 years as a result of sharply higher plantings, but much of this increased supply will likely go into feed channels. Scandinavian oat production is also forecast slightly higher, and, as a result, EU-25 exports are expected to be up as well.

Global **rye** trade is expected to be unchanged from last year, and continues to be driven by the EU Commission's decisions on liquidating intervention stocks, which have fallen by more than two-thirds (from 5.1 million) in the past few years. A large amount of intervention rye has been transported internally to drought-ravaged Spain, but in 2006/07 a larger amount will likely have to be exported to non-EU markets. Rye production in the former Soviet Union is expected to fall to very low levels, and Russia and Ukraine are expected to become net importers.

HIGHLIGHTS FOR 2005/06

Selected Exporters

United States corn exports are forecast up 1.5 million tons to 52.0 million, the highest in 7 years, based on the pace of sales and shipments.

Argentina corn exports are up 500,000 tons to 10.5 million based on higher imports by Chile.

Brazil corn exports are raised 200,000 tons to 1.0 million because of larger-than-expected sales.

Selected Importers

Chile corn is up 300,000 tons to a record 1.4 million because of increased hog and poultry production.

Mexico corn is raised 800,000 tons to a record 7.5 million on reduced production and higher feed demand.

South Africa corn is up 400,000 tons to 650,000 tons because of a greater need for yellow corn for feed.