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## COARSE GRAINS: WORLD MARKETS AND TRADE

### MONTHLY HIGHLIGHTS:

**China's Corn Balance Sheet Changes:** Production for 2005/06 and 2006/07 has been revised upward by a combined 8.4 million tons, most of which raised domestic use (feed and industrial). Last month, a private Chinese corn processor signed a contract for the purchase of 52,000 tons of U.S. corn.

### PRICES:

**Domestic:** May export bids for #2 yellow corn were up \$3 per ton to \$111. Bids for #2 yellow sorghum (Texas Gulf) were up \$5 to \$114 per ton.

Corn prices continue their nearly 2-year ascent and are currently supported by strong export sales and record domestic demand, especially for ethanol.

Sorghum prices have returned to a premium to corn and are underpinned by food aid business and by the corn market.

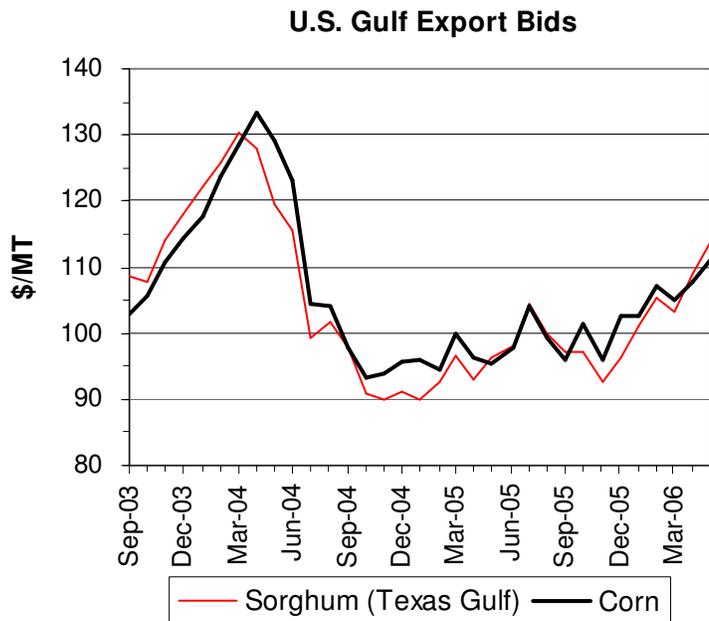
### TRADE CHANGES IN 2006/2007

#### Selected Exporters

- **Russian barley** is raised 500,000 tons to 2.0 million on a larger expected crop.

#### Selected Importers

- **Tunisia barley** is raised 300,000 tons to 500,000 and **Morocco barley** is raised 150,000 tons to 400,000 as a result of smaller expected production in these markets.
- **Indonesia corn** is doubled to 800,000 tons based on lower production.
- **Russia rye** is doubled to 100,000 tons as production is forecast at the lowest level on record.



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## **TRADE CHANGES IN 2005/2006**

### **Selected Exporters**

- **United States corn** is up by 1.5 million tons to 53.5 million, the highest in 11 years, with a continuing rapid pace of sales and shipments while competition from China and Argentina remains muted.
- **Russia barley** is raised by 300,000 tons to 1.6 million as late-season exports have been stronger than anticipated.
- **China corn** is down by 1.0 million tons to 4.0 million, the lowest in 7 years, because of the absence of significant new sales.
- **EU-25 corn** is cut by 200,000 tons to 100,000 in the absence of transportation subsidies.
- **EU-25 barley** is lowered by 400,000 tons to 2.9 million on the slow issuance of export licenses or sales of intervention supplies for export.
- **EU-25 rye** is raised by 150,000 tons to 450,000 as a result of large recent sales of intervention supplies for export.

### **Selected Importers**

- **Indonesia corn** is up 200,000 tons to 1.0 million based on lower production and purchases to date.
- **Japan rye** is up 100,000 tons to 350,000 on expected continued strong shipments from the European Union.