



Grain Market Report

GMR 434 – 1 July 2013

HIGHLIGHTS

Prospects for bumper crops in 2013/14 have weighed on grains and oilseeds prices over the last month, although tightening old crop supplies have provided some support to spot export quotations and near-term futures. The **IGC Grains and Oilseeds Index (GOI)** fell by 2% m/m, as a 7% decline for wheat and a 3% fall for rice were more than offset by small increases in maize and soyabeans.

Total grains (wheat and coarse grains, excluding rice) output is set to rise by 8% y/y in 2013/14, and end-season stocks are expected to increase by 11%, just exceeding 2011/12 levels.

The forecast for world 2013/14 **wheat** production has been raised slightly this month, by 1m t to 683m, but the 4% y/y increase is still expected to be largely absorbed by demand. End-year stocks are forecast up by just 2m t y/y.

Projected **maize** output for 2013/14 has also been raised by 1m t since the last GMR, on higher expected output in the Black Sea region. Despite strong demand growth, stocks are likely to rise sharply, by an estimated 25% to a 13-year high.

This month's report includes tentative 2013/14 projections for rice and oilseeds. World **rice** production is expected to expand slightly, to 476m t, underpinned by increases in Asia. Aggregate end-season stocks are set to rise for the ninth consecutive year, led by 8% growth in major exporters' inventories to a fresh record, mainly reflecting expectations for further increases in Thailand. At around 44m t they would again exceed annual traded volumes.

Global **soyabean** production is expected to rise to a new record of 284m t in 2013/14, up 6% y/y on bumper crops in leading producers. Aggregate end-season inventories are consequently set to increase by 28% y/y to a three-year high, while global trade could expand by as much as 8% on larger deliveries to Far East Asia, predominately China.

In contrast, the **rapeseed/canola** market is likely to remain extremely tight in 2013/14, with world carryovers seen declining marginally, including a fall in key exporters.

WORLD ESTIMATES

million tons

	10/11	11/12	12/13 est	13/14 forecast	31.05 01.07
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TOTAL GRAINS ^{a)}					
Production	1750	1850	1784	1916	1919
Trade	243	269	262	262	263
Consumption	1783	1850	1818	1883	1883
Carryover stocks	367	367	332	367	368
year/year change	-33	0	-35		36
Major exporters ^{b)}	140	127	94	134	133

WHEAT

Production	653	695	655	682	683
Trade	126	145	138	137	138
Consumption	657	692	673	680	682
Carryover stocks	194	198	179	180	181
year/year change	-4	3	-18		2
Major exporters ^{b)}	74	70	51	56	53

MAIZE (CORN)

Production	830	876	854	945	946
Trade	93	97	95	98	97
Consumption	843	876	866	917	916
Carryover stocks	131	131	119	149	149
year/year change	-14	0	-12		30
Major exporters ^{c)}	40	33	30	55	58

million tons (milled basis)

RICE

Production	449	465	470	..	476
Trade	36	39	37	..	37
Consumption	445	458	469	..	474
Carryover stocks	99	107	107	..	109
year/year change	3	7	1		2
Major exporters ^{d)}	30	37	41	..	44

million tons

SOYABEANS

Production	266	240	267	..	284
Trade	91	94	95	..	104
Consumption	258	253	264	..	277
Carryover stocks	36	23	26	..	33
year/year change	11	-13	3		7
Major exporters ^{e)}	13	6	9	..	15

Figures may not add due to rounding

a) Wheat and coarse grains

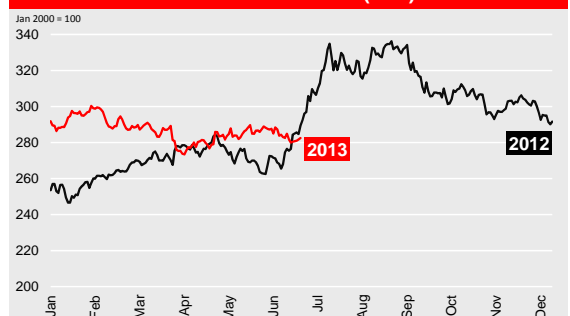
b) Argentina, Australia, Canada, EU, Kazakhstan, Russia, Ukraine, US

c) Argentina, Brazil, Ukraine, US

d) India, Pakistan, Thailand, US, Vietnam

e) Argentina, Brazil, US

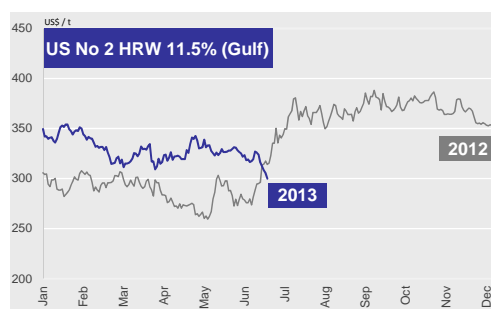
IGC GRAINS & OILSEEDS INDEX (GOI)

See: http://www.igc.int/grainsupdate/igc_goi.xlsb

SUMMARY OUTLOOK FOR KEY GRAINS AND OILSEEDS

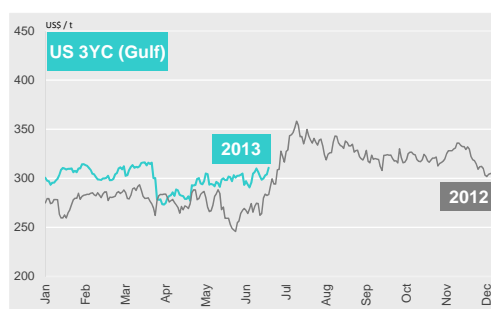
WHEAT

- The IGC GOI wheat sub-Index fell by 7% m/m on prospects for a large world wheat harvest, and a large maize harvest that could potentially limit feed demand for wheat in some countries.
- The forecast for world wheat production in 2013/14 is lifted by 1m t this month, to 683m, up 4% y/y.
- Higher than previously forecast feed and industrial use boosts world consumption and only a modest 2m t rise in end 2013/14 carryover stocks is expected.
- World trade is forecast to show little y/y change, at 137.7m t; since last month, import forecasts for China and Iran are raised, while India's projected exports are cut.



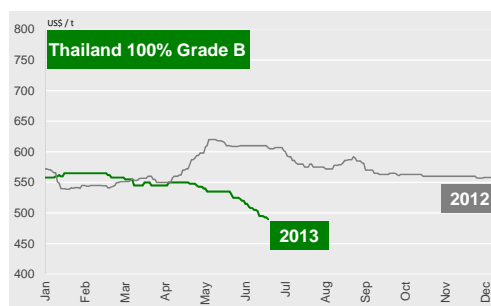
MAIZE

- The IGC GOI maize sub-Index is up 3% m/m, underpinned by tight spot availabilities, but new crop futures were pressured lower by the prospect of a sharp increase in supplies.
- Maize production is expected to rise by 11% y/y in 2013/14, to 946m t; the forecast is raised by 1m this month on higher projected output in the Black Sea region.
- Year-end stocks are projected to rise quite sharply, by 25% to 149m t, a 13-year high.
- Larger harvests in some countries will restrict gains in 2013/14 trade, but China is expected to be a much larger buyer.



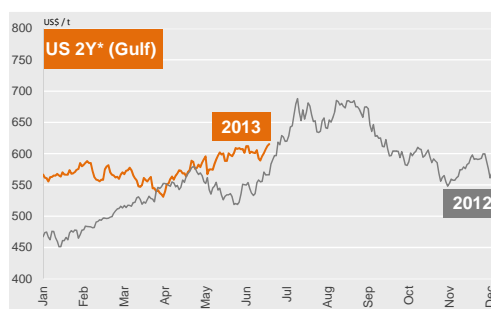
RICE

- The IGC GOI rice sub-Index fell by 3% m/m to a 17-month low, led by declines in Thailand.
- The world 2012/13 carryover is expected to be broadly unchanged y/y, but is seen at a record of 41m t for the major exporters, exceeding global trade.
- Global 2013/14 output is tentatively projected to expand slightly to 476m t, with end-season stocks increasing for the ninth consecutive year, including an 8% rise in the major exporters.
- World trade is projected to increase marginally in calendar 2014, including larger deliveries to markets in Near East Asia and Africa.



OILSEEDS

- The IGC GOI soybeans sub-Index rose by 1% m/m as gains in the US, on tight old crop availabilities, and Brazil, more than offset declines in Argentina.
- World output in 2013/14 is tentatively projected to expand by 6% y/y to 284m t, led by the major producers.
- 2013/14 world carryovers are tentatively expected to increase by 28% y/y to a three-year high, with much of the rise in the major exporters, while trade is expected to rise by 8%.
- The global rapeseed/canola market is set to remain extremely tight in 2013/14 with a further marginal fall in end-season stocks, following a forecast 22% decline in 2012/13.



* Soybeans