

COARSE GRAINS: WORLD MARKETS AND TRADE

MONTHLY HIGHLIGHTS:

U.S. Corn Exports Surge As Competition Continues to Shrink: The United States is expecting the largest exports in 5 years as competition from Argentina and China continues to wane. Sales from Argentina have stalled compared to the same time last year, and the country is facing the prospect of the smallest crop in 8 years. China will be absent from the export market until the government unveils its new export policy. Meanwhile its traditional customers such as Malaysia, Indonesia, and South Korea are scrambling to cover the shortfall. As of early January, U.S. commitments to Malaysia stand at 369,000 tons, 15 percent of Malaysia's annual import total, compared to less than 1 percent in the previous 4 years. The United States is also expected to recover a sizable portion of the South Korean market.

PRICES:

Domestic: Early January Gulf export bids for #2 yellow corn averaged \$115/MT, unchanged from December. Strong exports have sustained prices.

Early January export bids (where quotes were available) for #2 yellow sorghum (Texas Gulf) averaged about \$118/MT, unchanged from December. This is up nearly \$10 from September and continues to be a premium to corn. Strong shipments to the EU have kept prices firm.

TRADE CHANGES IN 2003/2004

Selected Exporters

- **United States corn** expands 1.5 million tons to 50.0 million on account of diminished competition.
- **Argentina corn** drops 1.0 million tons to 9.0 million with smaller crop prospects.
- **Brazil corn** is up 500,000 tons to 5.5 million based on a larger prospective crop.
- **China corn** down 500,000 tons to 8.0 million amidst mounting evidence that it is withdrawing from the export market for the time being.
- **Russia barley** climbs 800,000 tons to 2.8 million as a result of a larger-than-expected crop and shrinking competition from the EU.
- **EU barley** is cut by 500,000 tons to 2.5 million as the Commission continues to suspend most export tenders.

- **United States sorghum** up 200,000 tons to 5.2 million due to higher production and strong EU demand.
- **Brazil sorghum** is up 75,000 tons to 175,000 tons--a record--because of surprisingly strong shipments to the EU in October and November.
- **Canada oats** are down 200,000 tons to 1.3 million due to lagging demand in the United States.

Selected Importers

- **Israel corn** is raised by 250,000 tons to 1.0 million based on robust purchases.
- **Russia corn** is up by 200,000 tons to 500,000 due to increased demand from the poultry sector.
- **EU sorghum** increases by 400,000 tons to 1.1 million--second highest in 22 years--as low-duty imports effectively compete with high-priced domestic feed grains.
- **Mexico sorghum** is down 200,000 tons again this month to 3.1 million, the lowest in 7 years. It is being replaced by comparatively cheaper U.S. corn and corn products.
- **South Korea rye** is up from zero to 100,000 tons due to recent shipments; South Korea has been seeking alternative supplies to meet its feed needs.