
COARSE GRAINS: WORLD MARKETS AND TRADE

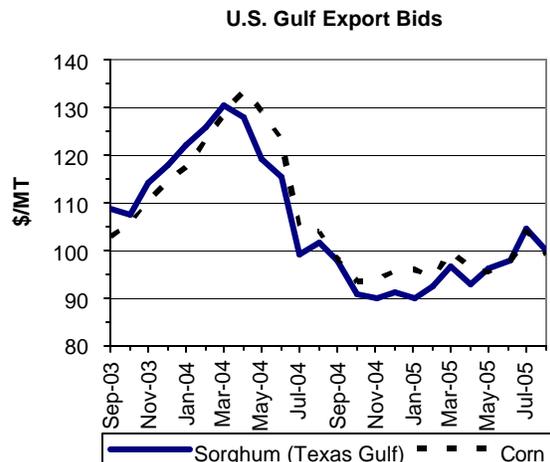
MONTHLY HIGHLIGHTS:

Katrina's Impact on Gulf Corn Shipments: Hurricane Katrina's damage to the lower Mississippi River and Gulf export facilities is causing a significant setback to U.S. corn shipments in the short run. About 70 percent of U.S. corn exports are shipped through the Mississippi River Gulf ports. Japan, the world's largest importer, imports on average 950,000 metric tons a month from that area. According to some industry sources, however, the impact may be tempered by the diversion of some shipments to the West Coast. If most of the loading capacity can be restored in the next few weeks, the impact on U.S. exports should be fairly modest. Although the 2004/05 U.S. export estimate is cut by 1.5 million tons this month, largely on account of Katrina, the 2005/06 forecast is raised by 1.5 million tons. This is partly in anticipation of a compensatory surge over the next few months, as well as increased shipments to Mexico and Egypt.

PRICES:

Domestic: August export bids for #2 yellow corn averaged just over \$99/MT, down more than \$5 from July. Improved crop prospects, together with late-month disruptions caused by the hurricane, have affected prices.

August export bids for #2 yellow sorghum (Texas Gulf) dropped nearly \$5 to average nearly \$100/MT. Sorghum export values have slumped as new crop bids are in the market and disruptions are anticipated from the hurricane. Sorghum and corn remain at similar values.



TRADE CHANGES IN 2005/2006

Selected Exporters

- **United States corn** is up 1.5 million tons to 51.5 million due to larger demand from Mexico and Egypt and an expected compensatory surge in exports after the Gulf facilities are restored.
- **United States sorghum** is raised by 200,000 tons to 4.7 million based on prospects for increased trade with Mexico.
- **Australia barley** is increased by 500,000 tons to 4.3 million based on higher-than-expected production and strong China demand.

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- **Turkey barley** is up from zero to 100,000 tons due to recent sales.

Selected Importers

- **Egypt corn** is raised by 500,000 tons to 5.3 million because of increasing feed demand.
- **Iran corn** is up 300,000 tons to 2.3 million based on a burgeoning demand as indicated by rapid purchases.
- **Mexico corn** is raised by 500,000 tons to 6.7 million on account of reduced domestic production.
- **China barley** is increased by 300,000 tons to 2.1 million, the highest in 5 years, due to strong growth in malting barley consumption.
- **Mexico sorghum** is up 200,000 tons to 3.7 million, the highest in 4 years, due to tight feed grain supplies.

TRADE CHANGES IN 2004/2005

Selected Exporters

- **United States corn** is cut by 1.5 million tons to 44.5 million because of Hurricane Katrina and a sluggish pace in the past 2 months.
- **Ukraine corn** is up 200,000 tons to 2.3 million based on accumulated shipments.
- **Australia sorghum** is down 100,000 tons to 400,000 because of a slow export pace.
- **United States sorghum** is down 100,000 tons to 4.6 million as a result of the slowdown in shipments caused by Hurricane Katrina.

Selected Importers

- **Iran corn** is up 200,000 tons to 2.5 million on the basis of strong demand from the poultry sector.
- **Japan corn** is lowered by 300,000 tons to 16.5 million due to Hurricane Katrina's impact on U.S. Gulf exports.
- **Taiwan corn** is lowered by 200,000 tons to 4.5 million based on a slower-than-expected pace in recent months.
- **Mexico sorghum** is down by 300,000 tons to 3.1 million. A slow import pace is exacerbated by expected disruption from the hurricane.