

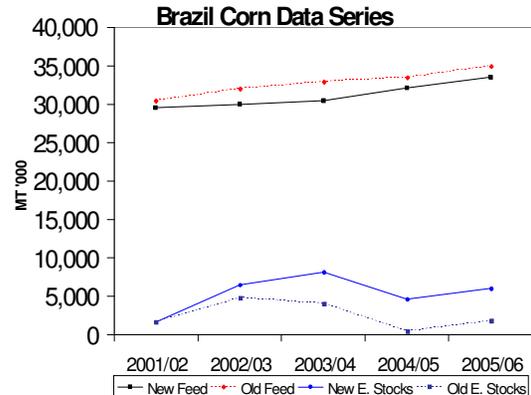
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## COARSE GRAINS: WORLD MARKETS AND TRADE

### MONTHLY HIGHLIGHTS:

**Brazil Corn Series Revised:** USDA has revised down its consumption series and raised its stock series beginning in 2001/02, based on official information released by government agency CONAB (Companhia Nacional de Abastecimento).

Because the 2004/05 harvest fell by 7 million tons to just 35 million tons, and based on the beginning stocks estimate of 4 million tons, government and private forecasters foresaw imports at 4 to 6 million tons and strong domestic prices. However, as the year progressed and prices remained low with very little import activity, it became evident that stocks were much higher than originally thought.



CONAB has explained that the error was in overestimating feed consumption, particularly by the poultry sector. For example, the production cycle for broilers has been shortened by about one-third, leading to reduced feed consumption.

Forecasting stocks in Brazil is a challenge due to the large number of livestock and poultry operations as well as the difficulty in measuring stocks held by small producers. (A spreadsheet showing the changes can be found on the Grain and Feed website at <http://www.fas.usda.gov/grain/circular/2006/01-01/graintoc.htm>.)

### PRICES:

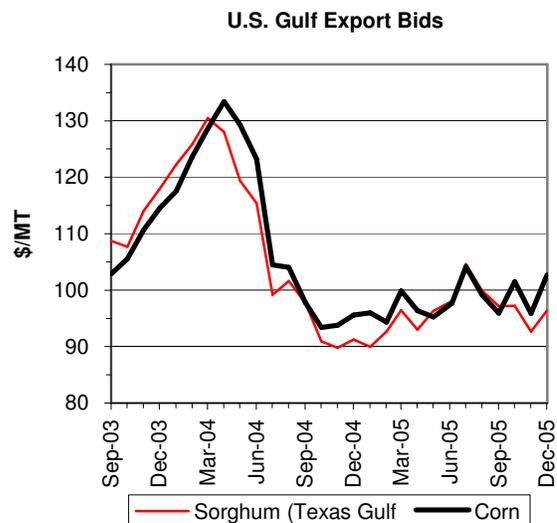
**Domestic:** December export bids for #2 yellow corn were up sharply by \$7 to nearly \$103/MT. December export bids for #2 yellow sorghum (Texas Gulf) were up over \$3 to \$96/MT.

Prices strengthened because of higher barge rates and concerns over weather in South America. However, the increase was tempered by relatively weak export demand.

### TRADE CHANGES IN 2005/2006

#### Selected Exporters

- **United States corn** is down by 1.0 million tons to 47.5 million because of reduced foreign demand.



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- **Argentina corn** is down by 200,000 tons to 12.5 million because of a reduced production forecast.
  - **Brazil corn** is up by 700,000 tons to 1.5 million and imports are reduced by 300,000 tons to 700,000, as a result of lower domestic use and higher stocks.

### **Selected Importers**

- **Canada corn** is cut by 500,000 tons again this month to 1.5 million, the lowest in 6 years, based on slow purchases, ample feed grain supplies, and the additional import duties imposed on U.S. corn last month.
- **EU-25 corn** is up by 500,000 tons to 3.0 million as import licenses are up 75 percent over last year.