



Quarterly International Trade Report

June 2004
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Coarse Grains

World Situation and Outlook

Global PS&D The world coarse grain situation in 2003/04 has not changed much since the last quarter (February). World consumption continues to outstrip production. Although the corn stocks series for China has been revised up (for more information see <http://www.fas.usda.gov/grain/circular/2004/05-04/graintoc.htm>), ending stocks for the rest of the world are still estimated to drop by over 20 million tons (20 percent) from last year to record lows.

For 2004/05, this trend is forecast to continue, despite a record production forecast, potentially setting another record low global stocks-to-use ratio. The gap is most acute in China, which accounts for the lion's share of the decline in world ending stocks.

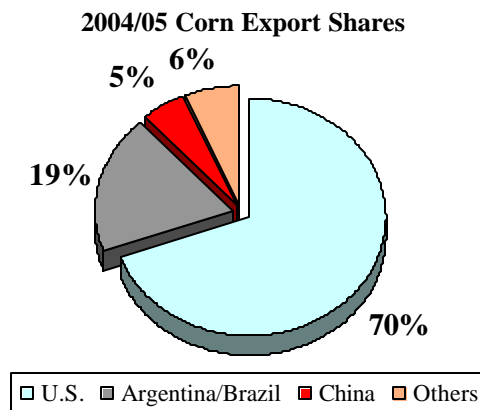
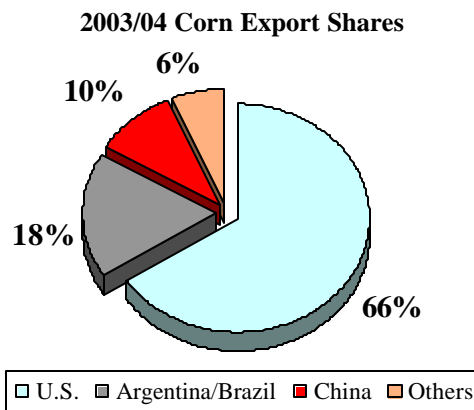
Global Corn Trade Since the last quarter, several events have changed global trade, including: (1) EU enlargement and (2) recovering feed demand by Asian countries from the impact of Avian Influenza.

SUMMARY POINTS

- New record low global coarse grain stocks-to-use ratio in 2004/05
- China's corn exports fold by half in 2004/05
- U.S. corn export market share reaches 6-year high

With the accession of 10 new member countries by the EU on May 1, world trade balances were modified to take out intra-trade between the old 15 and the new 10 countries. The result is estimated to be reduced exports and imports by the EU-25, but greater trade among members.

Asia's outbreak of Avian Influenza proved to be temporary. For example, feed demand is recovering in Thailand, the hardest hit country. Because of this and as a result of heavy exports in recent months, prices have jumped, leaving feed millers scrambling to find supplies. The government has responded by lowering tariffs to allow more imports. But given the overall tightness of supplies in the region due to the shrinking Chinese exports, most of those additional imports would likely come from India. (For more information see <http://www.fas.usda.gov/grain/highlights/2004/05-04/050704thaicornimports.pdf>)



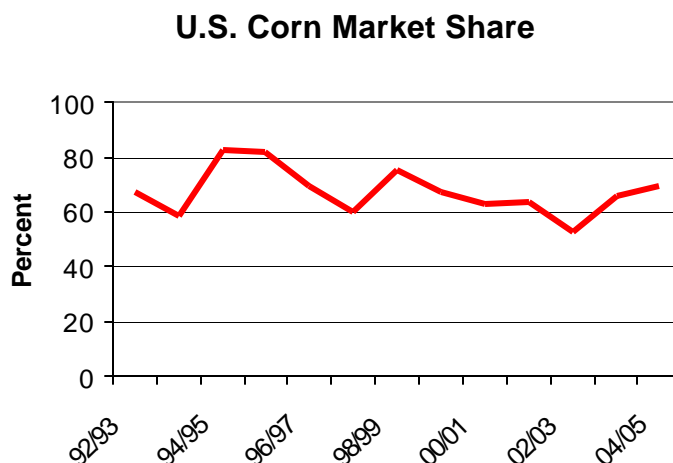
For 2004/05, global trade is forecast down slightly mainly because of better crop prospects and more intra-trade in the EU-25. The main change from this year is China's forecast 50 percent drop in corn exports, as consumption continues to outstrip production. The United States will likely gain from the shortfall.

Global Sorghum Trade Since the February 2004 report, the forecast for Brazil's exports (mostly to EU-25) has increased by 50,000 tons to a record 350,000. Brazil continues to ship to the EU, but U.S. sales have slowed down. These have been principally to Italy, which suggests that the 112,000 tons of reduced-levy purchases by Spain so far this calendar year will be filled by Brazil or imported later in the year.

For 2004/05, global trade patterns are expected to return to normal. Mexico's imports are forecast to jump 45 percent to 4.5 million tons as a result of flat domestic production, expanding use, and lower U.S. prices relative to corn. EU imports are forecast to drop by over 1 million tons and be replaced by other domestic feed grains. Another good crop in Australia is expected to more than double exports to 500,000 tons, largely to Japan. Although Brazil's production continues to expand, less import demand and more competition will constrain exports. Australian competition will limit any trade to Japan.

U.S. Situation and Outlook

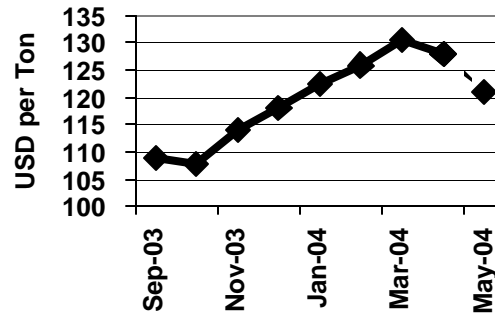
Corn Since the last quarter, U.S. exports have been raised 1.0 million tons based on exceptionally strong outstanding sales, which are almost double the same period last year. For 2004/05, U.S. exports are forecast to reach 53.0 million tons, the highest in a decade. Market share will also be at a 6-



year high.

Sorghum The U.S. export forecast is unchanged since February 2004 at 5.2 million tons. For 2004/05, however, the forecast is up 300,000 tons to 5.5 million tons with improved exportable supplies, favorable prices vis-à-vis corn, and strong demand from Mexico.

**U.S. Sorghum Export Bids
(Texas Gulf)**



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WORLD COARSE GRAIN SITUATION					
	2002/03	2003/04	2004/05	Year to Year Change 2003/04 to 2004/05	
	MMT	MMT	MMT	MMT	Percent
Production	872	897	931	34	4%
Consumption	901	941	949	8	1%
Trade (Oct/Sep)	105	102	101	-1	-1%
Ending Stocks	165	122	104	-18	-15%
U.S. COARSE GRAIN SITUATION					
Production	244	276	284	8	3%
Consumption	215	226	228	2	1%
Exports (Oct/Sep)	47	58	59	1	2%
Ending Stocks	31	25	23	-2	-8%