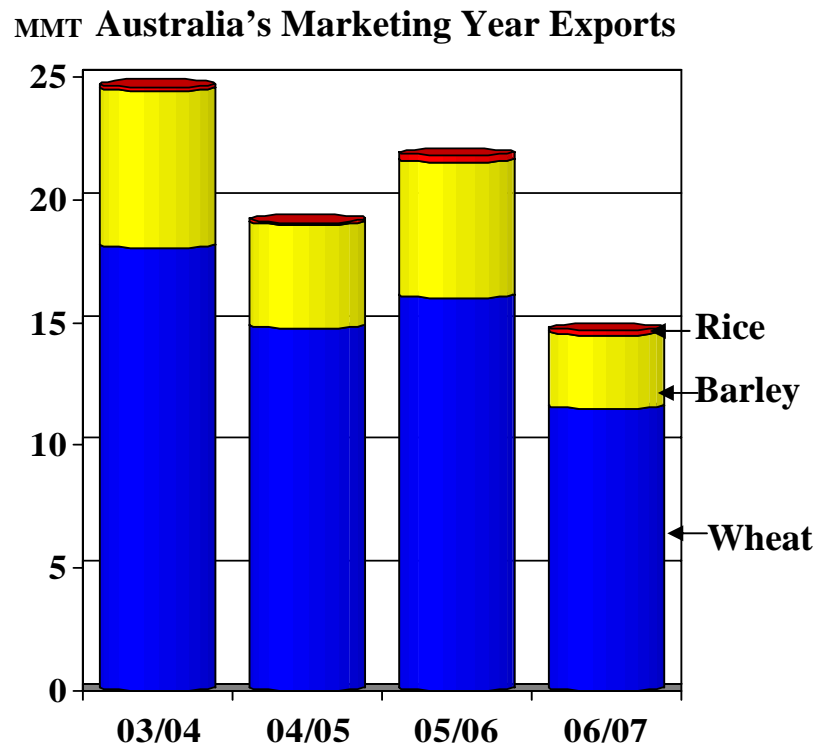
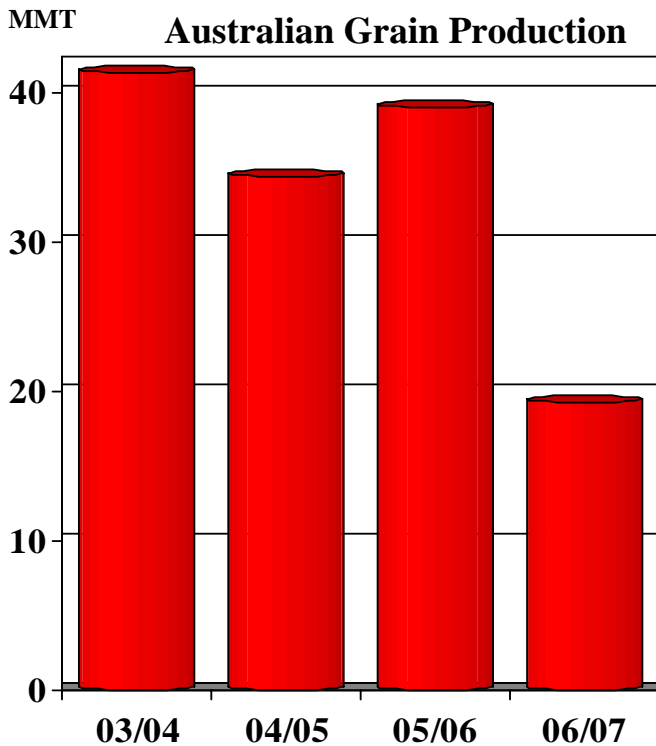




# Grain: World Markets and Trade

## Drought Slashes Australia's Exportable Supplies



Severe drought in Australia this year is decimating grain crops, curtailing exports and causing major price and trade impacts on global grain markets. For wheat, Australia is one of the world's largest suppliers but exports are now forecast to drop by a third. This will likely mean sharply reduced shipments to Mediterranean markets such as Egypt and a greater focus on traditional Asian destinations. A dearth of Australian supplies will exacerbate an already very tight global situation and result in even further drawdowns in exporters' stocks (which typically impact world prices). This has already caused prices to soar to the highest levels in a decade. As the world's largest barley exporter for the past 3 years, sharply lower exportable supplies will support higher prices and cause demand to shift to European and Black Sea region suppliers. For rice, Australia had returned as a significant player in the medium-grain market. However, with production forecast to plunge nearly two-thirds, importers will have to source more medium-grain rice from the United States, Egypt, and China.

















































































































































