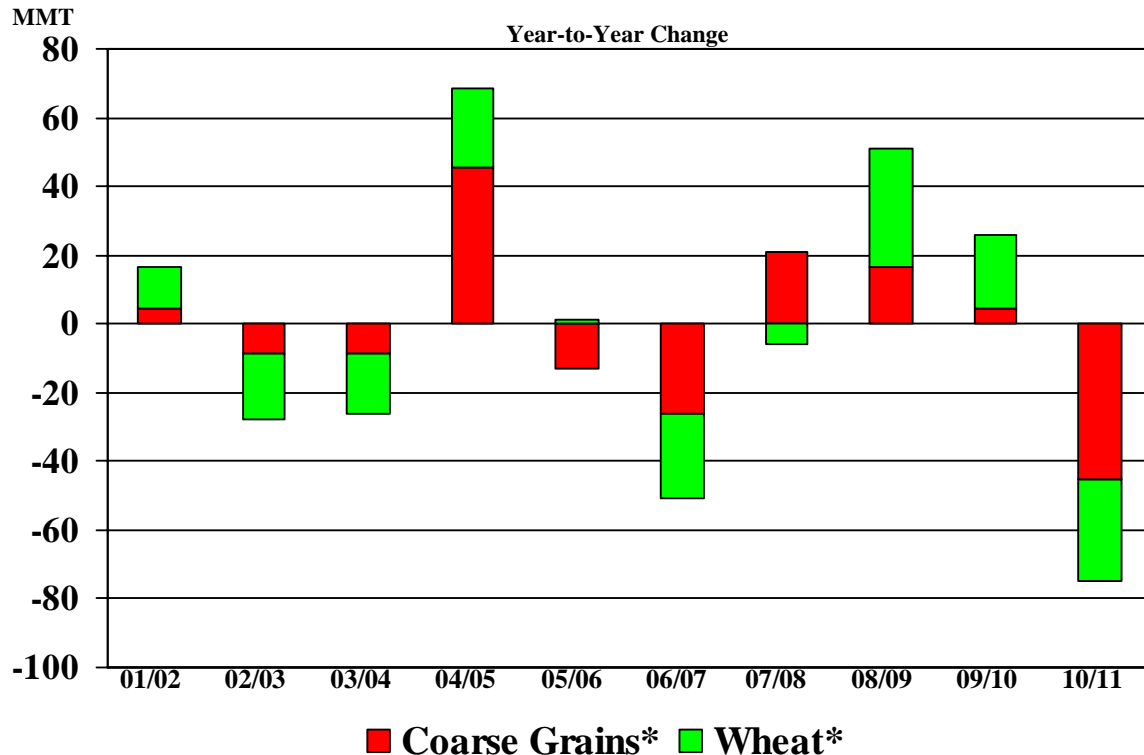




Grain: World Markets and Trade

Global Wheat and Coarse Grain Ending Stocks Drop



Coarse Grains: Corn, Barley, Sorghum, Oats, Rye, Millet & Mixed Grains

**Global ending stocks except China*

In the short-run, prices react to crop shortfalls, but in the long-run, prices will tend to reflect changes in ending stocks as the grain is marketed and utilized. Global wheat and coarse grain stocks (excluding China) are currently forecast to drop significantly, wiping out nearly all the stocks build-up of the past several years. Most of the expected stocks reductions are in key exporter countries. Falling U.S. corn and EU barley account for 80 percent of the global coarse grains stocks decline. Conversely, 60 percent of the reduction in wheat stocks is shared among Russia, Kazakhstan, the EU, and Canada.

The combined production shortfalls and dramatic potential stock drawdowns mean a much tighter supply picture than just a few months ago. Consequently, global wheat and corn prices have surged. Some countries have already shifted from higher priced corn to feed-quality wheat in livestock rations. Early season reports of good crop prospects in Argentina (barley, corn, sorghum, and wheat) and Australia (sorghum, wheat) have the potential to improve the year-to-year drop in global stocks outlook.

