

Current Global Grain Market Outlook, Nov. 2011

- World barley production up 7% (U.S. crop down 14%), usage up 1% (U.S. down 9%) and carryover down 13% (U.S. down 38%). Consumption will outpace production for the second consecutive year.
- World wheat production up 5% (U.S. crop down 10%), usage up 4% (U.S. up 4%) and carryover up 3% (U.S. down 4%).
- World corn production up 4% (U.S. crop down 1%), usage up 3% (U.S. down 2%) and carryover down 6% (U.S. down 25%).

Key Drivers to Watch -

- **U.S. beer demand remains stagnant** (down 1.5% overall in 2010 and down 1.1% in first half of 2011, but craft beer segment was up 9% in 2010 and up 14% in 1H2011).
- **How much corn will China need to import to meet its expanding livestock feed demand?** China purchased at 1.2 MMT of U.S. corn in MY 2010 and an estimated 3.2 MMT so far in MY 2011, although only 1.9 MMT has been confirmed. Many analysts believe China may need to **import as much as 5 MMT of new crop corn to replenish depleted government stocks**. USDA is projecting China will draw down its corn ending stocks another 5% in MY 2011/12 due to record livestock consumption.
- **Future of U.S. ethanol subsidies** – it now appears that current ethanol excise tax incentive and import tariffs will sunset at the end of this year, while the RFS2 blending mandate is expected to remain in place, although some legislative proposals are lurking in the wings to make adjustments when U.S. corn stocks to use levels fall below a certain trigger level.
- **Outside market influences / investor attitudes** – investment money flow continues to be highly erratic due to prolonged uncertainties about Europe's worsening debt crisis and faltering economic growth in the U.S., Europe and other developed markets. Volatility is likely to remain high as a result.

MY 2011-12 U.S. Grain Supply & Demand						
USDA, Nov. 9, 2011 (million bu)						
	BARLEY		CORN		WHEAT	
	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12
Harvested Acres (mln)	2.5	2.2	81.4	83.9	47.6	45.7
Carryin	115	89	1,708	1,128	976	862
Production	180	156	12,447	12,310	2,207	1,999
Imports	9	10	28	15	97	120
Total Supply	305	255	14,182	13,453	3,279	2,982
Food, seed & industrial	159	160	6,428	6,410	997	1,018
Ethanol			5,021	5,000		
Feed	50	30	4,792	4,600	132	160
Exports	8	10	1,835	1,600	1,289	975

Total usage	216	200	13,054	12,610	2,417	2,153
Ending stocks	89	55	1,128	843	862	828
Stocks-to-use	41%	27%	8.6%	6.7%	35.7%	38.5%

MY 2011/12 World Grain Supply & Demand						
USDA, Nov. 9, 2011 (million metric tons, MMT)						
	BARLEY		CORN		WHEAT	
	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12
Carryin	37.4	26.2	144.0	129.0	200.9	196.1
Production	124.1	133.2	828.7	859.0	648.7	683.3
Total Supply	161.5	160.4	972.7	988.0	849.6	879.4
Export trade	15.2	15.9	91.2	94.4	132.3	136.6
Total Usage	135.2	136.5	843.7	866.5	653.5	676.8
Carryout	26.2	22.9	129.0	121.6	196.1	202.6
Stocks / Use	19.4%	16.8%	15.2%	14.0%	30%	29.9%