



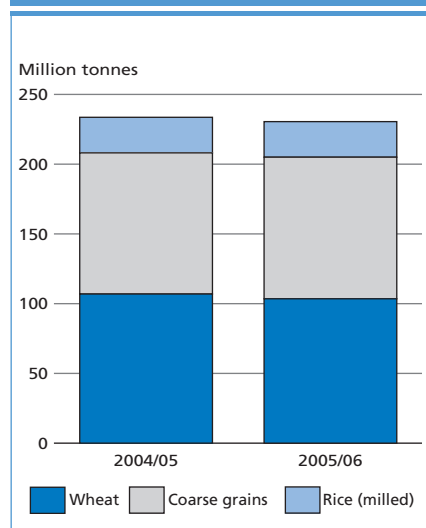
HIGHLIGHTS

- **Prospects for the 2005 global cereal crop remain favourable.** Latest production forecasts indicate a decline from the record output of 2004 but not as large as anticipated earlier.
- **FAO's first forecast of world cereal trade in the 2005/06 marketing season points to a slight decrease** from the revised 2004/05 level, mainly due to lower wheat import demand.
- **Global cereal utilization is expected to increase somewhat in 2005/06**, which coupled with the forecast decrease in production will result in a drawdown in global cereal stocks after a substantial build-up in 2004/05. However, stocks held by major exporting countries are anticipated to increase.
- **Prices of cereals remain well below their levels of a year earlier.** This mainly reflects large exportable supplies of wheat and coarse grains and for rice, seasonal downward pressure from the 2004 secondary crops harvests.
- **World milk output is forecast to grow in 2005, mainly in developing countries**, but prices remain high due to lower supplies from major exporting countries.
- **A record 2004/05 oilcrop harvest is limiting the potential for increases in prices for oilseeds and meals**, while prices for oils and fats are expected to remain firm due to strong demand and below average stock levels.
- **Another good world pulse crop is expected in 2005**, although somewhat lower than last year's bumper harvest.
- **World sugar production is forecast to expand in 2004/05 but to fall short of growing consumption.** As a result, prices of sugar remain at high levels.
- **Coffee prices that started to recover in late 2004 surged in the first quarter of 2005** and by late May were almost 60 percent higher than a year ago.
- **Prices of fertilizers have continued to increase in the past months.** Urea quotations by late May were between 74 and 90 percent above the corresponding period last year.

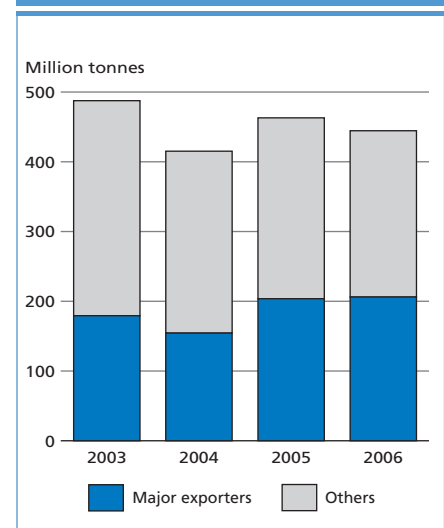
CONTENTS

Roundup	2
Basic food commodities	
Wheat	6
Coarse grains	10
Rice	14
Milk and milk products	20
Oilseeds, oils and oilmeals	22
Pulses	25
Sugar	27
Other relevant agricultural commodities	29
Ocean freight rates	31
Fertilizers	32
Statistical appendix	33
SPECIAL FEATURES	
Southern Africa cereal situation	18

World cereal trade to decrease slightly in 2005/06, mainly wheat



World cereal stocks to decline but those of major exporters should rise



Roundup

CEREALS SUPPLY AND DEMAND

Tighter supply and demand outlook in 2005/06

Latest indications continue to point to a decline in global cereal production in 2005, although the size of the reduction may not be as large as anticipated earlier. With more of the crop seasons well advanced or at least underway in the major producing countries, FAO now forecasts global output in 2005 at 1 996 million tonnes, which would be only 2.8 percent below the record 2004 crop. However, although still a relatively good, above-average crop, this level of output would not meet expected utilization so a drawdown in global cereal stocks is forecast in the new 2005/06 marketing year. Based on these current forecasts, the global cereal stock to utilization ratio, which compares the level of inventories at the close of a season to utilization in the

next¹, would fall from 23 to 22 percent. However, it should be noted that while aggregate global stocks are forecast to fall, the aggregate inventories of the major exporting, developed countries, which provide the main buffer against unexpected shocks in cereal supply or demand, are forecast to increase for the second consecutive year. This reflects their expected good production, coupled with lower domestic utilization and weaker world import demand.

Global cereal production prospects remain mostly favourable, but output will be less than 2004 record

Virtually all the decline in global cereal output in 2005 is expected among major producing (and exporting) developed countries. The bulk of the decrease is expected in coarse grains production in the United States and Europe, where yields are expected to return closer to average after record levels last year.

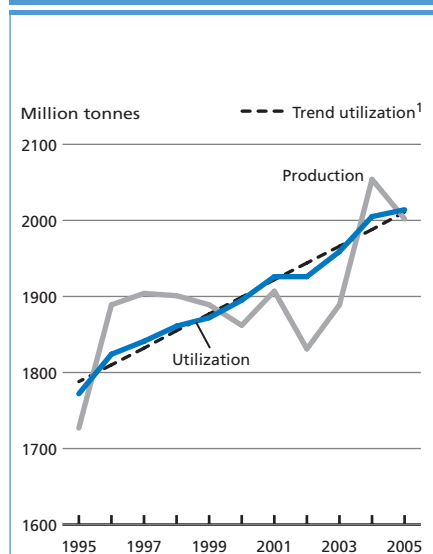
Corrigendum

Please note that in the previous issue of Food Outlook (No.1, April 2005) reference was erroneously made to the Arab Gulf when the intention was to refer to the Persian Gulf. We apologize for this error.

The aggregate world coarse grain crop is forecast at 969 million tonnes, 5.2 percent down from 2004. Wheat output is also expected to drop somewhat, but less sharply, by 2.5 percent to 612 million tonnes. Again, reduced output in Europe, after last year's record crops, will account for a large proportion of this reduction, although a significant drop is forecast also in North Africa because of drought. By contrast, for rice, early forecasts point to a further increase in global production in 2005, by 2.7 percent to 415 million tonnes (in milled terms). However, the main seasons are just starting in some

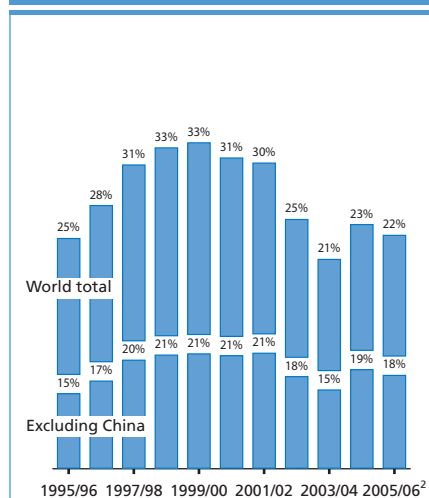
¹Utilization for 2006/07 is a trend value based on extrapolation from the 1995/96-2004/05 period.

Figure 1. World cereal production and utilization (rice in milled terms)



¹ The utilization trend is based on extrapolation from the 1995/96-2004/05 period.

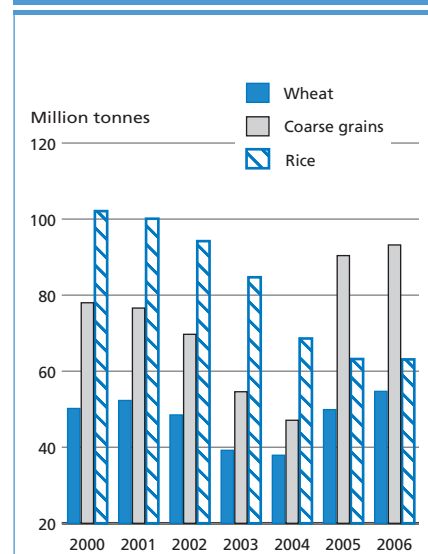
Figure 2. World cereal stocks-to-utilization ratio¹



¹ Compares closing stocks with utilization in the following season.

² Utilization in 2006/07 is a trend value based on extrapolation from the 1995/96-2004/05 period.

Figure 3. Major exporters¹ cereal stocks



¹ For list of major exporters see footnote 2 on appendix table A5.

major producing countries in the northern hemisphere so the outlook is still very tentative.

Among the developing countries, latest information points to a marginal increase in the 2005 aggregate cereal output, mostly on account of better prospects in parts of Asia. Output in Africa may fall for the second consecutive year reflecting drought in the north of the region, which more than offset a slight increase expected in sub-Saharan Africa. In the group of Low-Income Food-Deficit Countries (LIFDCs), the 2005 cereal production is also forecast only marginally up from 2004.

FAO expects a decline in global cereal trade in 2005/06

FAO's first forecast for global cereal trade in 2005/06 points to a decline of just over 3 million tonnes, or 1.3 percent, in exports compared to the upward revised level of the previous year. Although global cereal production is forecast to decline, adequate carryover stocks in several countries where output is expected to drop will reduce their need for larger imports. The decline in trade stems mostly from expectation of lower shipments of wheat as those of coarse grains are anticipated to increase marginally. At this early stage, rice trade in calendar year 2006 is tentatively forecast to remain almost unchanged to the estimate for the current year.

World cereal utilization to grow more slowly in 2005/06 but remain above trend

FAO expects a modest growth of just 0.3 percent in world cereal utilization in 2005/06, compared to 2.3 percent in the previous year. Cereal food usage is foreseen to grow on par with growth in population to keep per caput consumption virtually unchanged in nearly all regions and in both developing and developed countries. In the LIFDCs the volume of cereals used for food consumption is expected to increase

Table 1. Basic facts of the world cereal situation (million tonnes)

	2003/04	2004/05	2005/06	Change: 2005/06 over 2004/05 (%)
PRODUCTION¹	1 888.9	2 054.3	1 995.9	-2.8
Wheat	561.0	627.3	611.5	-2.5
Coarse grains	936.8	1 022.7	969.2	-5.2
Rice, (milled)	391.2	404.3	415.2	2.7
Developing countries	1 050.0	1 078.9	1 086.6	0.7
Developed countries	838.9	975.4	909.3	-6.8
SUPPLY²	2 376.5	2 469.5	2 459.0	-0.4
Wheat	764.8	787.5	779.2	-1.1
Coarse grains	1 100.1	1 173.0	1 167.6	-0.5
Rice, (milled)	511.6	509.0	512.2	0.6
Developing countries	1 392.3	1 371.3	1 367.9	-0.2
Developed countries	984.2	1 098.2	1 091.1	-0.7
UTILIZATION	1 958.9	2 004.8	2 011.6	0.3
Wheat	600.9	618.3	617.9	-0.1
Coarse grains	949.6	973.7	977.0	0.3
Rice, (milled)	408.3	412.8	416.8	1.0
Developing countries	1 192.5	1 200.5	1 217.9	1.5
Developed countries	766.4	804.3	793.7	-1.3
Per caput cereal food use (kg per year)				
Developing countries	159.0	158.5	158.5	0.0
Developed countries	130.6	130.1	129.9	-0.1
TRADE³	237.1	233.6	230.5	-1.3
Wheat	104.8	106.9	103.5	-3.2
Coarse grains	106.0	101.2	101.5	0.3
Rice, (milled)	26.3	25.5	25.5	0.1
Developing countries	75.7	64.7	60.1	-7.1
Developed countries	161.4	169.0	170.4	0.8
STOCKS⁴	415.2	463.1	444.5	-4.0
Wheat	160.3	167.6	159.6	-4.8
Coarse grains	150.3	198.4	189.5	-4.5
Rice, (milled)	104.7	97.1	95.4	-1.8
Developing countries	292.4	281.3	262.7	-6.6
Developed countries	122.8	181.7	181.8	0.1

Low-Income Food-Deficit countries⁵

Cereal production ¹	788.1	818.7	825.4	0.8
excluding China and India	272.7	270.4	272.4	0.7
Cereal imports ⁶	79.0	90.1	85.8	-4.8
of which: food aid deliveries ⁷	6.5	5.2		
Proportion of cereal imports covered by food aid (%)	8.2	5.8		
Per caput cereal food use (kg per yr)	158.8	158.0	157.9	-0.1
Roots and tubers production ¹	440.3	447.5		

¹ Data refer to calendar year of the first year shown. ² Production plus opening stocks. ³ For wheat and coarse grains, trade refers to exports based on July/June marketing season. For rice, trade refers to exports based on the calendar year of the second year shown. Up to 2003/04 includes EU15, 2004/05 includes EU25.

⁴ May not equal the difference between supply and utilization because of differences in individual country marketing years. ⁵ For definition, see country classification note on page 33. ⁶ For wheat and coarse grains, imports based on July/June marketing season. For rice, imports based on the calendar year of the second year shown. ⁷ July/June.

and on a per caput basis consumption will remain close to last year's level of 158 kg per caput. Utilization of cereals for animal feed is expected at the same record level of 2004/05, but that for other uses is envisaged to decline slightly from the high level of last year.

World cereal stocks will drop in 2005/06 but those of major exporters to increase

Given the decline in cereal production forecast this year, and the modest growth in utilization, world cereal output in 2005 would not be sufficient to meet expected utilization in 2005/06 so a reduction of world cereal stocks is anticipated after the substantial build-up in the previous year. Total world cereal inventories by the end of countries' marketing seasons in 2006 are forecast to fall to 445 million tonnes, which would be some 19 million tonnes, or 4 percent, below the revised opening level. The drawdown is expected to occur mostly among the developing countries, particularly in China where the declining trend of the past few years is seen to continue. The aggregate cereal stocks of the developed countries is anticipated virtually unchanged from last year but those held in major exporting countries will increase for the second consecutive year. As a result, their shares of global stocks are now seen to increase to 31 percent for wheat and 49 percent per coarse grains.

Wheat and rice prices under downward pressure and those for coarse grains remain weak

Wheat prices remained well below the previous year's levels in recent weeks under pressure of large exportable supplies and given generally favourable prospects for the 2005 crops against a generally weaker world import demand outlook. The situation is unlikely to change significantly during the new marketing season. Coarse grains export prices strengthened marginally in recent weeks, mostly in response to actual

Table 2. Cereal export prices
(US\$ per tonne)¹

	2005	2004	
	May	March	May
United States			
Wheat	151	157	167
Maize	94	100	130
Sorghum	100	99	126
Argentina			
Wheat	133	128	157
Maize	87	85	118
Thailand			
Rice white	298	295	237
Rice, broken	220	230	215

¹ Prices refer to the monthly average. For sources, see tables A6 and A8 in the Statistical Appendix.

increased import purchases and weather concerns, but May quotations remain well below their levels of a year earlier. International rice prices have come under seasonal downward pressure as new supplies of rice from the secondary 2004 crops have become available on markets.

NON-CEREAL BASIC FOODS

Lower export supplies of dairy products in some major producers keeps prices strong

Although the FAO dairy product price index has dropped slightly since its high level in January, prices for dairy products remain strong and well above the levels a year ago, largely in response to reduced exportable supplies in some major exporting countries. While global milk output is forecast to rise by about 2.8 percent in 2005, the bulk of the growth is expected among developing countries, particularly in Asia and South America, whose global share of production is increasing. In the developed countries, milk output is anticipated to remain stable. Dairy prices may strengthen further in the short term if the lower supplies in Oceania

and EU exporters are not fully offset by increased supplies from the United States and South American exporters, especially in the face of growing international import demand. Consumption of dairy products is rising particularly in several developing country regions where income growth is a key factor.

Record oilseed production in 2004/05 - oilseeds, meals and cakes prices under downward pressure

The prospect of a record global oilseed production in the current 2004/05 season (October/September) has led to weaker prices for oilseeds, meals and cakes compared to a year ago. Aggregate production of oilseeds is now forecast to reach 373 million tonnes, 12 percent up from the previous year's level. The bulk of the increase is expected to come from soybeans, the oilcrop with the highest meal content. As a consequence, oilmeal and cake production is also forecast to increase sharply in 2004/05 while the growth in output of oils and fat will be less pronounced. Regarding utilization, consumption of both oils and meals is forecast to increase in the current year. Increased demand for oils/fats is largely concentrated in southeast Asia - China and India in particular - and stems from increased incomes, but an important factor is also an exceptional rise in non-food use such as oil-crop based biodiesel. For oilmeals/cakes, the increase in demand is mainly a result of higher growth rates in global livestock production and generally depressed prices. Following from the increased oilseed production during the year, and even allowing for the increased utilization expected, inventories of both oils/fats and oilmeals/cakes are expected to rise by the end of the season. Early indications for a reduction in global oilseed production in 2005/06 are not expected to influence markets much, as the inventories accumulated this season should be sufficient to offset any production shortfall.

Another good world pulse crop expected in 2005

Global pulse production in 2005 is forecast virtually unchanged from the previous year at about 61 million tonnes with larger outputs among the developed countries mostly offset by reduced crops in the developing country group. This situation is expected to lead to an increase in global trade, with larger flows of pulses from the exporting developed countries where output is forecast to increase coinciding with increased demand from the traditional importing developing countries where domestic crops are seen to be reduced. This applies particularly to dry beans, prices of which are expected to stay relatively strong in the short-term, and dry peas, prices of which could recover after stagnating at a relatively low level for several months.

Sugar production to increase in 2004/05 but will remain below consumption

World sugar production is forecast to increase by 2 percent in the current 2004/05 season (October/September), to reach almost 144.8 million tonnes

(raw sugar equivalent), and two-thirds of the growth is anticipated among the developing countries particularly in Latin America and the Caribbean. However, continuing growth in consumption, expected at 1.8 percent this year, would lead to a total utilization of over 145 million tonnes, and implies a shortfall in supplies still exists. As a reflection of this, world sugar prices remain relatively high and well above the levels last year, despite weakening slightly in the past few weeks.

OTHER RELEVANT AGRICULTURAL COMMODITIES

International prices of **banana** weakened somewhat in March and April, as production recovered in several Latin American countries after a period of reduced supply while demand remained stable in the main markets. **Coffee** prices in March and April remained well above the low levels a year earlier, sustained by the current market fundamentals of reduced output, growing world

consumption and an anticipated fall in stocks. The early outlook for 2005/06 points to a further output reduction, which could support a continuing upward trend in prices for the rest of the year further increasing export revenues in exporting countries (see box on page 30). International **cocoa** prices fell 10 percent in April, after strengthening in the previous six months against a backdrop of reduced cocoa harvests in major producing countries and an expected increase in grindings, which would imply a drawdown of stocks. Prices are expected to fluctuate in a narrower range until the end of the crop year in September. **Tea** prices increased further in March, largely reflecting firm demand against smaller traded volumes in the major Mombasa and Calcutta markets. In April, prices fell to US\$1.63 per kg slightly higher than the seasonal average for April which was US\$1.59 per kg over the last 6 years. World **cotton** prices continued to strengthen in the past months, largely due to expectations of reduced production in 2005 and prospects of a significant increase in import demand from China.

Basic food commodities

WHEAT

PRODUCTION

The 2005 wheat output slightly down on last year's record

The forecast for **global** wheat output in 2005 has been lowered somewhat since the previous report to 612 million tonnes, some 2.5 percent less than the record crop of 2004 but still above the average of the past five years. The revision mainly reflects adverse dry weather for planting in Australia and for developing crops in Morocco and Spain, as well as yields lower than anticipated in China and India, which more than offset upward adjustments in the United States and countries of South America. At regional level, this year's wheat

production is expected to increase in Asia, following good weather and government support policies, and in Central America, but to decline in all other regions.

In **Far East Asia**, harvest of the 2005 winter wheat crop is well advanced in China (Mainland), prospects are generally good reflecting favourable weather in the major producing areas during the season. Output in China is tentatively forecast at 91.7 million tonnes, slightly up from last year and about the average of the past five years. A significant increase in area, following higher prices and government's seed subsidies, is expected to more than offset some reduction in yields from last year's record levels. In India, the 2005 harvest is virtually complete. Output is estimated to be less than

earlier expectations at about 73 million tonnes because of un-seasonal rains and hailstorms during the flowering season in February and March. Nevertheless, the crop is still about 1 million tonnes more than in the previous year. In Pakistan, the wheat crop is expected to be record at nearly 21.5 million tonnes. The increase comes as a result of improved incentive to producers through increased government minimum support prices, favourable climatic conditions and adequate availability of fertilizers and loans.

In the **Asian CIS** subregion, spring wheat has been planted on more than 11 million hectares, some 2 million hectares up on last year. Favourable weather conditions, improved soil moisture and increased water-flow in the two main rivers feeding the extensive irrigation systems of the region, Syr and Amu Darya, following above average snowfall during winter, are the main factors contributing to higher planted areas. Aggregate wheat production (winter and spring) in the region is tentatively forecast at about 23 million tonnes, some 6 percent up on last year's harvest. Kazakhstan accounts for about 50 percent of the total wheat production in the region.

In **Near East Asia**, the 2005 wheat harvests is underway in several areas. In Afghanistan, a good crop is in prospect following above-average precipitation during the winter and spring. A record wheat output is expected in the Islamic Republic of Iran, reflecting continued government support to the wheat sector in line with its wheat self-sufficiency policy. In Turkey, however, the outlook has deteriorated in view of continuing dry conditions in central and south-eastern areas of the country, where several months without significant rainfall has led to insufficient soil moisture reserves for crop development. Tentative forecasts point to a reduction in output of at least 1 million tonnes compared to last year.

In **North Africa**, the 2005 winter wheat crop has been harvested. Early forecasts point to a sharply reduced

Table 3. Wheat production (*million tonnes*)

	2004 estimate	2005 forecast	Change: 2005 over 2004 (%)
Asia	253.9	259.9	2.3
Far East	186.3	189.3	1.6
Near East in Asia	44.9	46.6	3.6
CIS in Asia	21.6	23.0	6.3
Africa	22.8	19.8	-13.0
North Africa	17.2	14.9	-13.7
Eastern Africa	3.6	2.7	-23.7
Southern Africa	1.9	2.1	12.4
Central America & Caribbean	2.4	3.0	23.7
South America	25.2	24.3	-3.7
North America	84.6	81.8	-3.3
Europe	217.7	204.5	-6.1
EU 25	136.8	125.0	-8.6
CIS in Europe	63.9	63.5	-0.6
Oceania	20.7	18.3	-11.4
World	627.3	611.5	-2.5
Developing countries	280.0	281.0	0.4
Developed countries	347.3	330.6	-4.8

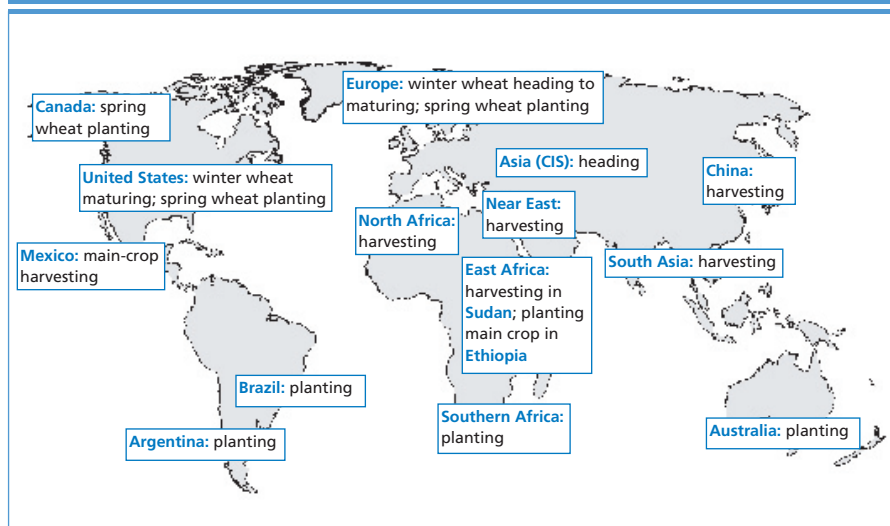
output in Morocco, principally as a result of reduced plantings and low yields – caused by a dry spell, which from March through May seriously affected crops in main producing areas. Prospects are more favourable elsewhere in the subregion despite adverse cold spring temperatures in parts. Above-average outputs are anticipated in Algeria, Egypt and Tunisia. The subregion's aggregate wheat output in 2005 is tentatively forecast at about 14.9 million tonnes, some 15 percent below last year's record level, but still above the average of the past 5 years.

In **Eastern Africa**, harvesting of the 2005 wheat crop has recently been completed in Sudan. Tentative estimates indicate an output of 377 000 tonnes, about 20 percent below the previous year's crop. Elsewhere in the subregion the main 2005 crops are just being planted. In Ethiopia, the largest producer of the subregion, beneficial rains in April and May have improved the outlook for planting of the main season crop. However, the output is preliminarily forecast to decline from last year's exceptional high level.

In **Southern Africa**, planting of the 2005 winter wheat is underway as of May. In South Africa, which accounts for about 90 percent of the subregion's production, farmers' planting intentions point to a 6 percent decrease in area compared to last year. This reflects relatively low domestic prices and low soil moisture levels after a drier than usual main summer season. However, assuming normal weather for the remainder of the season, yields could recover from last year's low level and output may increase from the poor harvest in 2004. The aggregate 2004 wheat output of the subregion is tentatively forecast close to 2.2 million tonnes, higher than in 2004 but still below the average of the past five years.

In **Central America and the Caribbean**, harvesting of the 2005 main irrigated wheat crop is well advanced in Mexico, virtually the only producer in the subregion. Latest forecasts point to an output of 3 million tonnes, a recovery from

Figure 4. World wheat calendar - situation in May



the reduced level of the past two years and about average. The higher production mainly reflects an increase of 17 percent in the area planted.

In **South America**, planting of the 2005 wheat crop is underway. Preliminary forecasts point to a slight decline in production from the good level of 2004 due to a smaller area planted. In Argentina, planting prospects are uncertain as a result of increased production costs and inadequate soil moisture in parts. Early official forecasts indicate a lower area planted. Plantings – and output – are also expected to decrease in Brazil and in Chile, where domestic prices are low. By contrast, in Uruguay, the wheat area could increase as a result of diversion of land from barley.

In **North America**, as of early June, prospects remained generally favourable for the wheat crops at different stages of growth throughout the region. In the United States, spring wheat planting was completed on an area estimated to be 4 percent up from last year and the crop is reported to be in mostly fair to good condition. The winter wheat harvest is already underway in the southern states while further to the north it is maturing. Winter wheat output is forecast at some 42 million tonnes, 5 percent up from last year as the area harvested should increase after much lower abandonment and in

addition, higher yields are expected. Spring wheat output prospects are still uncertain but assuming trend yields and the recent average ratio of planted-to-harvested area, this year's crop could be down somewhat from 2004 despite the larger area planted. The country's aggregate wheat output in 2005 is forecast at 58.2 million tonnes, marginally up from 2004. In Canada, conditions for wheat planting this spring have been generally favourable. A slightly smaller planted area is estimated but expectations for less abandonment this year could result in little change in the final area harvested. However, a reduction in yields could result in a smaller wheat output, currently forecast at 23.5 million tonnes, 9 percent down from 2004.

In **Europe**, prospects for the 2005 wheat crops across the region are mostly favourable except in Portugal and southern Spain where drought persists. Output of the **European Union** is forecast at 125 million tonnes, about 9 percent down from last year's record, reflecting an expected decline in yields after exceptional high levels last year. Nevertheless, apart from Spain and Portugal, yields and outputs are forecast to remain above the five-year average in most countries. In the **Balkan** subregion, latest indications continue to point to another good crop. Output in Romania may be as much as 3 percent up from last year at

8 million tonnes, as plantings increased and growing conditions have remained favourable throughout the season so far. In the **European CIS** countries, (the Russian Federation, Ukraine, Belarus and Moldova), spring wheat planting in the Russian Federation and Belarus is slightly delayed owing to bad weather conditions while planting in Ukraine and Moldova is complete. Heavy rains and cold weather in early spring prevented the Russian Federation and Belarus, and to a certain extent Ukraine, to fully take advantage of the highly favourable soil moisture as a result of heavy snowfall during last winter. Aggregate area planted with spring wheat is now estimated at about 13 million hectares, nearly 3 million hectares down on last year. Total wheat production in the subregion is forecast at some 63 million tonnes, about 1.4 million tonnes down on 2004. Much of the decline in spring wheat area and production is accounted for by the Russian Federation.

In **Australia**, prospects for the 2005 wheat crop are poor in eastern states because of persisting drought during what should have been the main planting period. Although winter wheat planting can still be carried out up until the end of June, and forecasts early in the month pointed to an increased likelihood that some significant planting showers might yet arrive, it is certain that the area sown in the eastern producing states will be considerably less than last year and yield prospects are not as good because of the limited soil moisture reserves for crop growth during the season. By contrast, prospects in Western Australia, which normally accounts for about 30 percent of production, are generally very favourable, reflecting timely planting rains and satisfactory precipitation for developing crops. Based on the good prospects in the west of the country and the renewed hopes in early June that some rainfall may arrive in time for planting in the east, FAO forecasts the country's wheat output at 18 million tonnes, above an official early-June forecast (based on May conditions and

assuming drought to continue throughout the rest of 2005) but down by about 12 percent from the previous year's crop.

TRADE

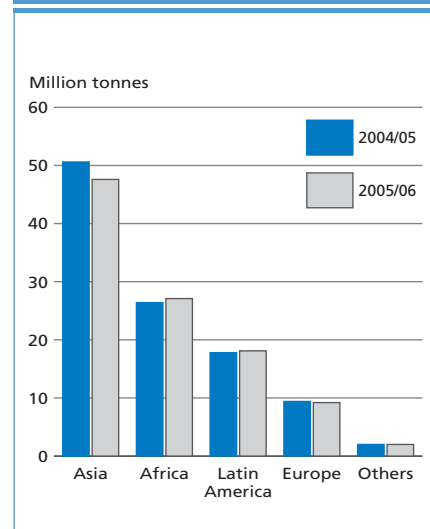
Wheat trade expected to decline in 2005/06

FAO's first forecast for wheat trade¹ in 2005/06 (July/June) stands at 103.5 million tonnes, down 3.4 million tonnes from the 2004/05 level which was revised up since April to reflect strong demand in the second half of the season. The bulk of the expected decline this year stems from an anticipated reduction of wheat purchases by China, which would more than offset possible increases in imports by Brazil and several countries in Europe and northern Africa. Although global wheat production is forecast to decline in 2005, the reduction is not expected to give rise to a larger volume of imports. This is because in several countries where production is expected to decline, carryover stocks are adequate to compensate for lower harvests.

Across regions, total wheat imports in Asia are expected to decline most significantly. Imports by China (Mainland) are forecast to drop sharply, by 2.5 million tonnes, to 5 million tonnes. While wheat production in China is likely to remain close to the previous year's level, the anticipated slight increase in total domestic utilization is more likely to be met by drawing on stocks than by higher purchases from world markets. Afghanistan and Pakistan, two traditional importing countries, may import much less wheat this season because of improved production prospects. Imports by most other countries in Asia are unlikely to change much from 2004/05.

Wheat imports in Africa are seen to increase but most of the anticipated rise is likely to concentrate in northern Africa where production is expected to decline after 2 years of above-average harvests. In

Figure 5. Wheat imports by region



Morocco, where prolonged dry conditions are likely to reduce production sharply this year, imports could increase by 800 000 tonnes to 3 million tonnes, the highest level since 2000/01. Imports by most countries in Sub-Saharan Africa are forecast to remain unchanged or rise only slightly, except in Ethiopia, where growing demand and lower domestic supplies could boost imports this season.

Imports in Latin America are expected to be similar to 2004/05 as a small decrease in deliveries to Mexico could offset higher purchases by Brazil. Total wheat imports in Europe are forecast to decline in 2005/06 with imports by the EU sliding by 600 000 tonnes to 6 million tonnes. Large carryovers, particularly of intervention stocks, are forecast to make up for this year's production shortfalls in the EU drought-hit regions of Spain and Portugal. Smaller imports are also forecast for Romania where a bumper crop is expected to result in higher stocks and exports instead.

Regarding exports, the new season's prospects seem less favourable for most exporters in view of a likely decline in commercial imports. Among the five major wheat exporters, shipments from the United States are forecast to decline the most, by 2.5 million tonnes. Smaller sales are also expected from Argentina and Australia but larger exports are forecast

¹ Including wheat flour in grain equivalent.

for Canada and the EU, both of which are likely to begin the new season with ample carryover stocks. Among other exporters, good crop prospects are likely to boost exports from Romania and several CIS countries, especially Kazakhstan.

UTILIZATION

Food consumption of wheat to keep up with population growth but feed use to decline

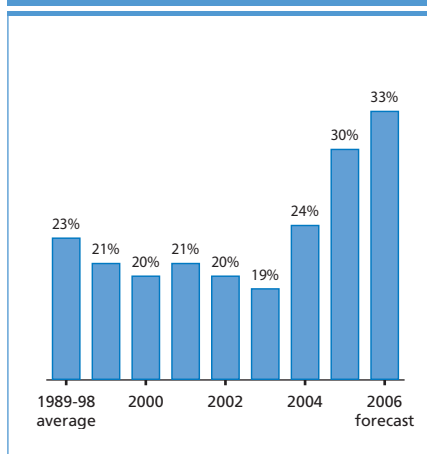
FAO's first forecast for wheat utilization in 2005/06, at 618 million tonnes, is similar to the current season's estimated utilization. At that level, total use would still be slightly below the 10-year trend. The slow growth currently anticipated for the new season mainly concerns feed and other uses than food, which are expected to contract after rising sharply in 2004/05. However, wheat destined for direct human consumption is likely to continue to grow at about the same rate as population, hence resulting in rather stable intakes on per caput basis, which at the global level is forecast at around 68 kg, same as in 2004/05.

STOCKS

Wheat stocks to decline in 2006 after a recovery in 2005

World wheat inventories for crop years ending in 2006 are currently forecast at 160 million tonnes, down 8 million tonnes from their revised opening levels. The forecast for wheat stocks for crop years ending in 2005 has been revised upwards by 4 million tonnes to nearly 168 million tonnes, to reflect adjustments in several countries in Asia as well as in the EU, where lower domestic utilization and a slight upward revision of production would result in bigger carryovers than estimated previously. The anticipated small decline in stocks by the closing of the seasons in 2006 would mostly result from further reductions in stocks held in China and India more than offsetting a relatively large increase in stocks held by

Figure 6. Share of world wheat stocks held by major exporters



the United States where, in spite of a small forecast drop in wheat production, stocks could increase in view of lower anticipated exports for 2005/06. Inventories could rise also in the EU where, despite an anticipated decline in production, total supplies still seem to exceed the projected domestic use and exports. Overall, aggregate wheat stocks held by major exporters are expected to approach 50 million tonnes, representing nearly 31 percent of the world total and up slightly from this year.

PRICES

Downward pressure on wheat prices to continue in the new season

International wheat prices remained well below the previous year's levels for the seventh consecutive month, pressured by large exportable supplies. In May, the U.S. wheat No. 2 (HRW, f.o.b.) averaged US\$151 per tonne, down US\$6 per tonne since March and US\$16 per tonne less than in the corresponding month last year. Argentine prices also remained below the previous year's level although they moved up in recent weeks when export commitments started to approach the total availability. In the EU, large supplies of old crops and storage problems prompted larger exports through subsidies. By early June, the September

wheat futures for soft red winter wheat at the Chicago Board of Trade (CBOT) were quoted at US\$121 per tonne, down US\$16 per tonne from the previous year. With harvests soon getting underway in most wheat producing countries in the northern hemisphere, seasonal factors and weather conditions will begin to influence prices in the coming weeks. However, in view of a generally weaker world demand outlook and a remaining large carryover stocks, wheat prices are likely to remain under downward pressure also during the new marketing season. The recent decline of the Euro against the US Dollar is expected to support wheat sales from the EU which may also add to downward pressure on prices.

Figure 7. Wheat export price (US No. 2 Hard Winter, Gulf)

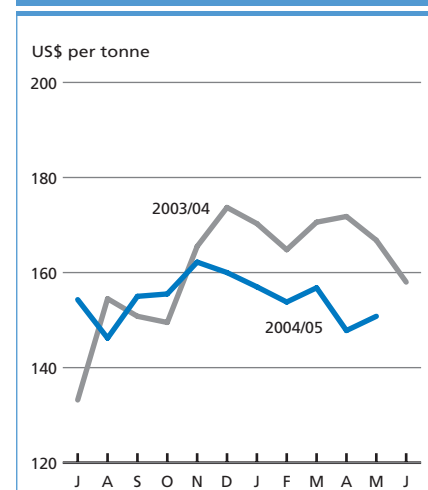
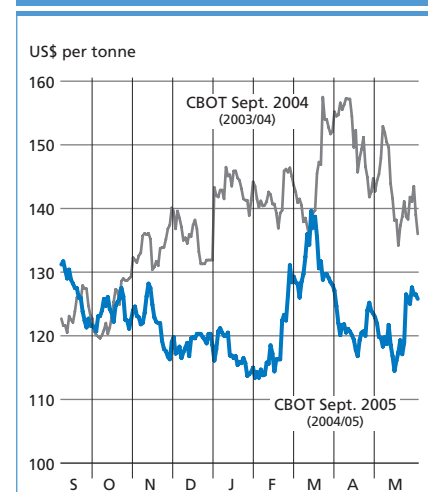


Figure 8. Wheat future prices



COARSE GRAINS

PRODUCTION

Coarse grain crop in 2005 higher than earlier anticipated

With planting of the 2005 coarse grains complete in the main producing countries, the forecast for **global** output has been revised up by 23.8 millions since April to some 969 million tonnes. The increase is mostly on account of very favourable planting conditions in the United States, the world's largest producer, which largely offset downward revisions in other countries, mainly Brazil. At the current forecast level, world production is 5 percent below last year's record but above the average level. Output is anticipated to decline in North America and Europe, because of lower yields expected after the very high levels in 2004, and in Oceania due to dry weather

in Australia. In other regions, production is unlikely to change much from last year, except in Central America where a significant increase is expected.

In **Far East Asia**, planting of 2005 coarse grain crop (mainly maize), is complete in the major producing regions in China and the area is estimated slightly higher than the previous year's reflecting continuing government support policies. However, despite the larger area, output may decline slightly as yields are expected to be lower than last year's exceptionally good levels when growing conditions were almost perfect. In India, assuming normal rainfall during the Kharif season, the output of coarse grains is expected to increase by 1 million tonnes, reflecting larger plantings and yields in response to strong feed demand, higher maize prices and increased use of hybrid seeds. In the Philippines, despite a cut in the 2005 first

quarter production due to drought and typhoons in the latter part of 2004, the country still expects a good aggregate maize output of about 5.5 million tonnes, assuming normal weather for the remainder of the crops during the year.

Spring coarse grains (mainly barley and maize) in the **Asian CIS** countries have been planted on about 2.5 million hectares, slightly up on last year. Aggregate output of coarse grains (winter and spring) is tentatively forecast at 4.6 million tonnes, up by about 7 percent on last year, and this would include 2.6 million tonnes of barley and 1.5 million tonnes of maize. Kazakhstan produces nearly 60 percent of the subregion's aggregate coarse grains.

In **North Africa**, harvesting of the coarse grain crops, mainly barley and maize, is due to start from June. The aggregate output is forecast to decline sharply from last year's level. In Egypt, the subregion's largest producer, the maize crop is expected to be 6.6 million tonnes, similar to last year's about-average level. Elsewhere, however, output is expected to be down significantly from 2004 due to dry weather, especially in worst affected Morocco.

In **Western Africa**, the rainy season started in May in the south of the Sahel countries, allowing land preparation and planting of coarse grains. Desert locusts remain a serious threat in the subregion, although FAO is not expecting a large scale invasion this year. In the coastal countries along the Gulf of Guinea, the first rains were received in March in southern parts and permitted planting of the first maize crop. In the north, recently planted coarse grains are emerging. Crop production should increase further in Sierra Leone and Liberia reflecting an improved security situation. The subregion 2005 aggregate coarse grain output is tentatively forecast slightly up from the good level of 2004.

In **Central Africa**, the rainy season started on time in the south of Cameroon, allowing land preparation and sowing of

Table 4. Coarse grains production (million tonnes)

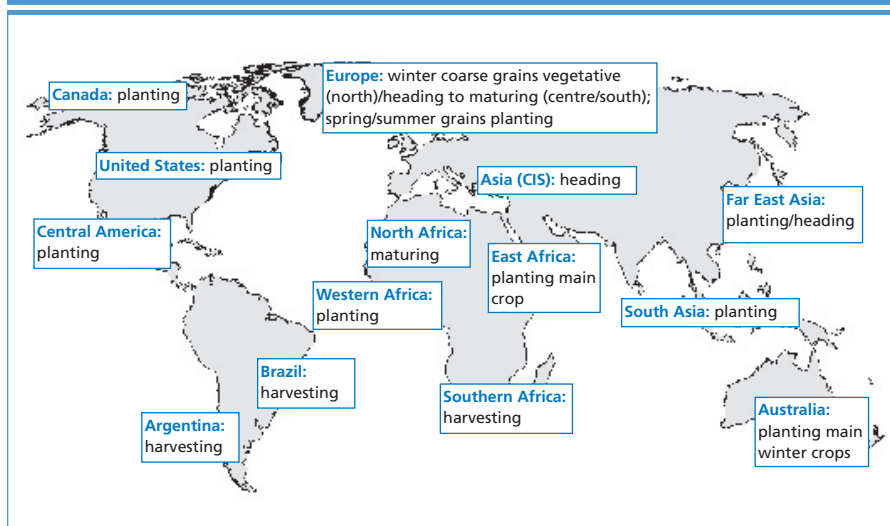
	2004 estimate	2005 forecast	Change: 2005 over 2004 (%)
Asia	231.6	229.5	-0.9
Far East	208.4	205.4	-1.4
Near East in Asia	18.7	19.3	3.1
CIS in Asia	4.3	4.6	6.8
Africa	88.3	87.3	-1.1
North Africa	12.8	10.6	-17.5
Western Africa	34.6	35.0	1.1
Central Africa	2.9	2.9	0
Eastern Africa	20.8	20.8	-0.0
Southern Africa	17.2	18.1	5.1
Central America & Caribbean	33.3	35.1	5.6
South America	74.8	73.5	-1.8
North America	346.6	323.1	-6.8
Europe	237.1	209.7	-11.6
EU 25	150.4	132.2	-30.0
CIS in Europe	55.0	52.2	-5.1
Oceania	11.0	10.1	-8.8
World	1 022.7	969.2	-5.2
Developing countries	413.2	408.3	-1.2
Developed countries	609.6	560.9	-8.0

the first 2005 maize crop, due for harvest from July. However, swarms of desert locusts were reported in the extreme north, raising concerns over the outlook for the important food crops in this part of the country.

In **Eastern Africa**, planting of the 2005 main season coarse grains is underway in several countries while maturing and nearing harvest in others. Early prospects are mixed. In Ethiopia, the outlook for the secondary crops and plantings of the main season has improved with abundant rains in the past two months. In Kenya, recent good rains also improved prospects for crops of the main "long-rains" season. In Uganda and Tanzania, prospects for the 2005 main season coarse grains are generally favourable despite localized dry conditions. In Somalia, prospects for the main season crops in major crop producing areas are unfavourable due to below-normal rains, in spite of severe flooding in northern pastoral areas and the riverine areas in the South. In Sudan and Eritrea, the planting of 2005 main season crops is expected to start towards the end of June.

In **Southern Africa**, harvesting of 2005 coarse grain crops is completed. Latest production estimates point to an aggregate subregional output of some 18.6 million tonnes, almost 10 percent above the average of the past five years, reflecting a favourable rainfall pattern particularly in the northern areas of the subregion and in the maize triangle of South Africa. South Africa, the region's largest producer is expecting a record harvest of maize at 11.8 million tonnes, which will result in large exportable surplus during 2005/06 marketing year (May/April). However, the outcome is mixed in other countries of the subregion. A series of FAO/WFP Crop and Food Supply Assessment Missions to countries of Southern Africa estimated that in Zambia and Malawi the 2005 production of maize, the main staple food, was sharply reduced by dry spells during the growing season. Outputs were estimated

Figure 9. World coarse grain calendar - situation in May



28 percent and 26 percent respectively below last year's levels. By contrast, another good maize crop, although lower than last year, was obtained in Mozambique, despite reduced harvest in southern parts. In Lesotho and Swaziland, maize production recovered from the drought-affected levels of the previous season but remain below average. In Zimbabwe, tentative estimates point to a reduction in maize production from last year's already low level, due to dry weather and shortages of inputs.

In **Central America and the Caribbean**, planting of the 2005 main crop is underway. Early prospects are favourable reflecting satisfactory weather conditions so far in most countries of the subregion. The aggregate output is tentatively forecast to increase from the good level of 2004. This mainly reflects another good crop in Mexico, where larger plantings are anticipated, and a recovery from the drought-affected harvest of last year in other countries of the subregion.

In **South America**, harvesting of the 2005 coarse grains is well advanced. FAO's forecast of the aggregate output has been revised downwards to some 73 million tonnes. At this level the output is somewhat below last year's good level. In Brazil, the largest producer of the subregion, harvesting of the main

season crop is underway in southern parts, while the secondary crop is about to be harvested in central and northern states. Latest official forecast of the 2005 aggregate maize crop have been cut down to 36.2 million tonnes, 13 percent lower than last year and below average. This mainly reflects lower yields than earlier anticipated of the second season crop following a delayed in planting due to dry weather. By contrast, in Argentina where harvesting is almost completed, estimates of the maize production have been increased to a record level of 19.5 million tonnes as a result of favourable rains, particularly for the late planted crops. Production forecast of sorghum have also been increased and the 2005 aggregate coarse grains output is expected to increase by 28 percent to some 24 million tonnes. In Chile, maize production is also anticipated to be record following higher plantings, in response to high prices at sowing, and yields. However, production of oats is forecast down due to a reduction in the area planted.

In **North America**, the bulk of the main coarse grain crop in the United States was sown by late May, somewhat ahead of the average date after a very favourable planting season. However, despite the good start to the season and early indications that the area for

harvest will be virtually unchanged this year, production of coarse grains is forecast to decrease somewhat because of lower yields expected after very high levels in 2004. Nevertheless, yields could still be above the average of the past five years. As of May, the aggregate output of coarse grains was forecast at 296.6 million tonnes, about 3 percent down from the previous year. Of the total, maize is expected to account for 279 million tonnes. The planting season has also been favourable in Canada and coarse grains output is forecast virtually unchanged from last year at 26.5 million tonnes.

In **Europe**, the aggregate 2005 coarse grain crop is forecast to decline significantly by 12 percent from last year's bumper output. In the **European Union** conditions for crops are mostly favourable, except in drought-struck Spain and Portugal. The area of coarse grains for the 2005 harvest is forecast to fall below the average of the past five year's while yields are expected to return to about average after record highs in 2004. In Spain, reduced area and below-average yields could result in the smallest crop since the severe drought year of 2001. In the **Balkan** countries, prospects for Romania's coarse grain crop are good reflecting mostly favourable weather: output is likely to be above the average of the past five years although it could be about 18 percent down from the bumper 2004 crop. In the **European CIS** countries, area planted with spring coarse grains is slightly down on last year following heavy rains and a cold snap during early spring in the Russian Federation, Belarus and parts of Ukraine. The main coarse grain crops are barley and maize, spring area planted with both crops has steadily increased over the past decade. Aggregate coarse grain production this year (both winter and spring) is forecast at about 52 million tonnes, over 3 million tonnes down on last year. This total includes some 27 million tonnes of barley and 9.6 million

tonnes of maize.

In **Australia**, prospects for the main winter coarse grain crop in the east of the country are poor, reflecting persisting drought throughout the main planting period. Although there is still some hope of planting crops (mostly barley) up until the end of June, sharp area and yield reductions are now inevitable.

TRADE

World coarse grain trade in 2005/06 to remain largely unchanged

Preliminary indications suggest that global trade in 2005/06 (July/June) would remain at 101.5 million tonnes, virtually the same level than the revised estimate for 2004/05. This reflects higher maize purchases from international markets, whereas, for most other coarse grains, imports are likely to decline or remain unchanged. Nonetheless, the current forecasts are extremely preliminary in view of uncertainties about the final outcome of this year's production, the eventual size of feed wheat supplies, and developments in livestock markets, especially those in Asia and North America.

At the current forecast levels, total imports by countries in Asia are put at around 58 million tonnes, also unchanged from the 2004/05 estimated level. Somewhat higher maize purchases by the Republic of Korea are likely to be offset by smaller barley and maize imports by Japan and the Syrian Arab Republic, while little year-on-year variations are expected in imports by other countries.

In Africa, total imports are forecast at about 15.6 million tonnes, close to the 2004/05 high. Imports by several northern African countries are seen to increase because of the expected decline in output. In Morocco, the Government recently suspended import duty and value added tax on barley purchases. However, imports are forecast to remain the same or

even decline slightly in most sub-Saharan countries. The largest decrease over the 2004/05 level is expected in South Africa and Kenya due to an anticipated improvement in domestic supplies. In Zimbabwe, however, despite smaller domestic production, imports may be smaller because of foreign exchange difficulties.

In Europe, imports are likely to remain largely unchanged from 2004/05. The largest importer is expected to be the EU where imports of coarse grains are expected to remain at 3.2 million tonnes.

In Latin America and the Caribbean, Brazil is expected to emerge as a net maize importer for the first time since 2000/01 as a result of the anticipated decline in production resulting from dry weather in some major producing regions. However, predicting the eventual size of imports by Brazil in the new season is proving exceptionally difficult. In March, the Government reauthorized imports of genetically modified maize (GMO) from Argentina (banned since 2000) and this raised expectations for large imports but, more recently, the decision to import GMO maize was again overruled. By contrast, a small decline in imports by Mexico is likely, given this year's anticipated bumper maize crop.

Regarding exports, prospects for major exporters are more favourable in 2005/06 as compared to 2004/05. Lower exportable supplies among smaller exporting countries could result in much larger sales by the five major exporters. Larger exports are forecast especially from Argentina, where a bumper maize crop is expected, and from the United States where, in spite of a likely decline in production, exportable supplies are large. The expected increase in maize exports by Argentina and the United States would largely make up for the anticipated reductions in sales by Brazil, China and Romania. Among other countries, a sharp rebound in maize exports is expected also in South Africa

as a result of higher production, large stocks and strong import demand from the nearby countries.

UTILIZATION

Total coarse grains utilization to remain above trend also in 2005/06

In spite of the anticipated decline in world coarse grains production in 2005 and slack demand in regions fighting animal diseases, world coarse grains utilization in 2005/06 could still rise somewhat in 2005/06, to 977 million tonnes. At this level, world coarse grains utilization would remain above the 10-year trend for the third consecutive season. Total feed use is forecast at 624 million tonnes, up only 3 million tonnes from the estimated level for 2004/05. Reduced supplies of feed wheat in the new season are expected to boost demand for maize and other coarse grains but this expansion in feed usage is likely to be contained by cattle inventory reductions in the United States and animal disease problems in several countries. Industrial use of coarse grains is also forecast to rise in 2005/06,

although the growth would be smaller than in the recent past.

STOCKS

A decline in stock expected in 2006, mostly due to lower production

Assuming current indications of a 5 percent reduction in the world coarse grains crops in 2005 materialize, stocks may decline from this year's relatively large buildup. World coarse grains stocks at the end of countries' marketing seasons in 2006 are tentatively put at 189 million tonnes, which would represent a reduction of around 9 million tonnes compared to their upward revised opening levels of 198 million tonnes. Most of the decrease is expected in China and Brazil where maize inventories are forecast to decline by 2 million tonnes and 3.7 million tonnes respectively with production declining in both countries. Similarly, because of less favourable production prospects, barley inventories are forecast down in several countries in North Africa, especially in Morocco, while maize and sorghum carryovers are likely to decline in Ethiopia from

last year's high levels. However, aggregate coarse grains inventories in major exporters could rise to 93 million tonnes, up 3 million tonnes from 2005. The increase is expected mostly in the United States, where maize inventories are forecast to rise. By contrast, maize and barley stocks may decline sharply in the EU in view of a sharp anticipated fall in production from last year's high level and strong demand for maize, in particular from drought-hit Spain. At the current forecast levels, major exporters are expected to increase their global share of coarse grains inventories to almost one-half of the world total, up slightly from this year and significantly above the past 15 years when the ratio rarely exceeded 35 percent.

PRICES

Coarse grains prices remain weak

Coarse grains export prices made small gains in recent weeks but remained generally weak. The U.S. No. 2 maize (f.o.b.) stood at around US\$98 per tonne in early June, well below the corresponding period last year. Current

Figure 10. Maize exports

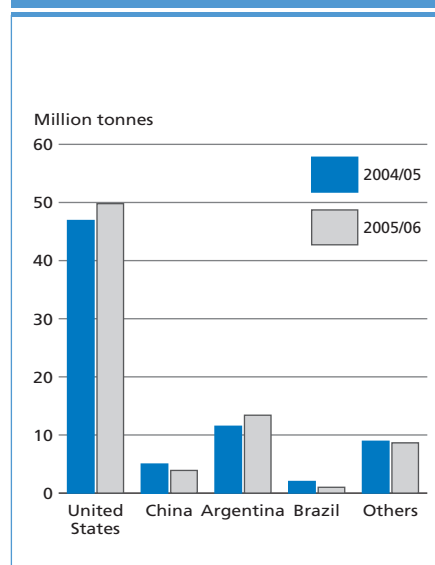


Figure 11. Share of world coarse grain stocks held by major exporters

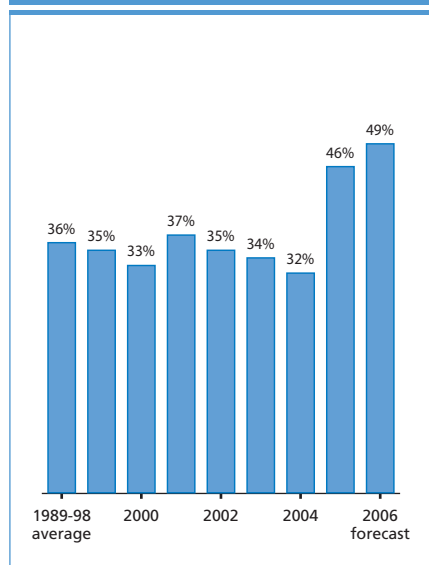
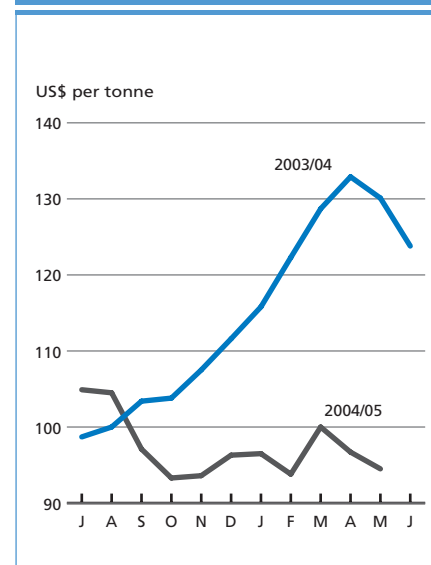


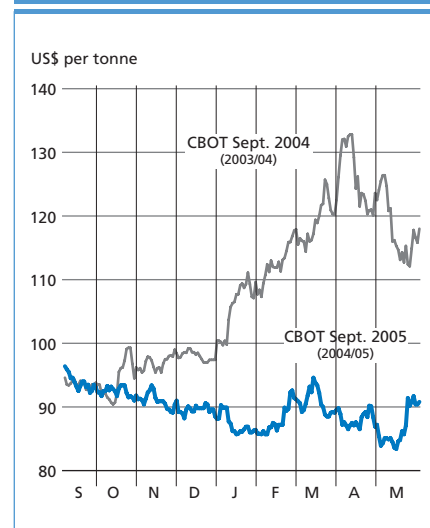
Figure 12. Maize export price (US No. 2 Yellow, Gulf)



large supplies of feed wheat combined with generally good crop prospects kept maize prices well below last year's values. Maize and sorghum prices moved up since the second half of May mainly on weather concerns. A faster pace in import purchases in recent weeks, especially from Argentina and the United States, and stronger demand than earlier anticipated, particularly from Brazil, have also provided some support to prices. Also in South Africa, white and yellow maize prices increased in recent weeks on strong demand from nearby countries. In the first week of June, the Chicago September maize futures rose

to US\$90, up US\$6 since early May, but sharply (US\$36) below the level of the previous year. However, over the coming months several factors may provide further support to prices: world production is forecast to decline from last year's record level, exports are likely to be down from China and Brazil, and feed wheat supplies are expected to be lower than in the current season.

Figure 13. Maize futures price



2005, after reaching last year the lowest level since 1998. The Government has launched the second round of intervention purchases, covering rice from the 2004 secondary dry paddy season. This is helping to keep domestic prices high and could act as an incentive for the main-crop planting underway from June. In Viet Nam, rice production is expected to remain virtually unchanged from the record level in 2004. Production last year was boosted by wider use of certified seeds and this is expected to continue in the current year. By contrast, output of rice in Indonesia is forecast to fall slightly in 2005, as a result of flooding during the planting and early growing period of the main crop. Nevertheless, the country's aggregate output in 2005 could still be the second highest on record, reflecting the increased use of high-yielding hybrid rice, already introduced in some parts as part of the Government's drive towards rice self-sufficiency.

In **Africa**, the paddy production is forecast to reach 19.4 million tonnes in 2005, 1 million tonnes up from the previous year. With the arrival of the rains in April/May, the paddy season is just commencing

RICE

PRODUCTION

Early tentative forecasts put 2005 global paddy output at record high but main seasons are just starting in some major producing countries.

In the northern hemisphere, where the bulk of the world's rice is produced, the 2005 season is just starting in most major producing countries, while in the southern hemisphere and along the equatorial belt the main crop has already been harvested in some countries or the season is well advanced in others. At this early stage, based on planting intentions for the crops still to be sown and the results of the crops already gathered, FAO forecasts **global** paddy production could reach a high level of 621 million tonnes in 2005. If realized, this would be 2.7 percent above the latest estimate of 2004's output, which has been revised downward slightly since April with firmer results available from the last of the 2004 secondary crop season harvests in

the northern hemisphere.

In **Asia**, the preliminary outlook for the 2005 season is generally favourable. Production in the region is forecast to rise by almost 15 million tonnes from 2004, to nearly 562 million tonnes. About 40 percent of this increase is expected to be accounted for by China (Mainland), where rainfall in April broke the drought and favoured the early rice crop, the area of which is reported to have increased significantly, while also ensuring improved moisture supply for the on-going planting of the intermediate/single crop. With the arrival of the monsoon rains in India, planting of the main crop is just starting. Assuming a normal monsoon, the aggregate 2005 output is forecast to increase from last year's depressed level. Also in Bangladesh, aggregate production for the year is expected to recover from the 2004's setback. Based on a preliminary government forecast, paddy output in Pakistan is set to rise this season by 5 percent to a new high. Production in Thailand is anticipated to recover in

in Egypt and in Western African countries, while harvesting is almost complete in Southern Africa. In Egypt, the sector is foreseen to keep responding positively to high prices, although any increase in output would have to come mostly from higher yields, given existing restrictions on area. In Nigeria, output is tentatively forecast to increase 14 percent from last year, as strong government support, especially through the distribution of subsidized fertilizers and seeds is expected to have a positive effect on production. In southern Africa, the season has already finished and a bumper crop was harvested in Madagascar. In Mozambique, by contrast, production of paddy declined by 2 percent, reflecting dry weather in the southern growing areas.

The rainy season just started in large parts of **Central America and the Caribbean**, so countries are now planting their main paddy crop. Aggregate production in the subregion is forecast to rise by 7 percent to 2.5 million tonnes, recovering from the 2004 drought-reduced output. However, among the most affected countries, Cuba is anticipated to see only a partial recovery in production as precipitation continued to be sparse in the major rice producing areas. By contrast, abundant rainfall was reported in April in the Dominican Republic, where a sharp improvement of yields is anticipated to lift production by 10 percent. Prospects are also positive for the irrigated rice crop in Mexico.

The 2005 season is already well advanced in **South America** and output is forecast at 23.9 million tonnes, which would be more than 4 percent above last year. In Brazil, where the harvest is almost complete, a 6 percent increase in plantings is estimated to have led to a record output, notwithstanding less water for irrigation was made available to the crop. Production in Peru is anticipated to recover from the reduced crop in the previous year. Also in Ecuador, although flooding problems were reported in May, output in 2005 is forecast to recover

somewhat from the reduced crop last year. In Argentina, output is estimated at about the same level as last year. In Uruguay, the latest official forecast only indicates a marginal contraction in production compared with last year, despite earlier reports of reduced availability of irrigation water.

Elsewhere, in **North America**, output in the United States is forecast to fall back somewhat from last year's record with yields returning closer to average after the exceptional levels in 2004. In **Oceania**, Australia's rice crop, which is harvested in April-May, has been severely cut by the drought affecting the main producing area in the past few months.

TRADE

International trade in rice is expected to fall for the third consecutive year

Based on actual trade reported in the first months of the year but also on account of firmer 2004 production estimates, the forecast of trade in 2005 has been revised downward slightly since April

and stands at 25.5 million tonnes. This would be 2.7 percent less than in 2004 and the third consecutive decline from the 28 million tonnes record volume traded in 2002.

Tighter export supplies, especially in Thailand

The anticipated contraction in global rice trade this year mostly reflects expectation of a significant reduction in shipments from Thailand, the world's largest exporter, reflecting reduced supplies from the 2004 drought-affected production. In addition, the Government has been procuring significant amounts of domestic rice in recent months, which has kept domestic prices high, reducing the competitiveness of Thai rice on international markets. In the light of the positive 2004 crop performance sales by Viet Nam are foreseen by FAO to remain of the order of 4.1 million tonnes in 2005, which would exceed the Government initial target of 3.8 million tonnes. Contrary to earlier expectations, shipments from China (Mainland), which remain under the sole authority of the Government, are also now expected to fall in 2005, to the lowest level since 1996,

Table 5. Rice production (million tonnes)

	2004 estimate	2005 forecast	Change: 2005 over 2004 (%)
Asia	546.8	561.5	2.7
Africa	18.4	19.4	5.6
North Africa	6.4	6.4	0.2
Western Africa	7.2	7.9	9.8
Southern Africa	3.3	3.7	11.4
Central America & Caribbean	2.4	2.5	6.6
South America	22.9	23.9	4.4
North America	10.5	10.2	-2.5
Europe	3.4	3.4	-2.0
EU 25	2.8	2.8	-3.0
Oceania	0.6	0.4	-18.9
World	604.9	621.3	2.7
Developing countries	578.8	596.1	3.0
Developed countries	26.1	25.3	-3.0

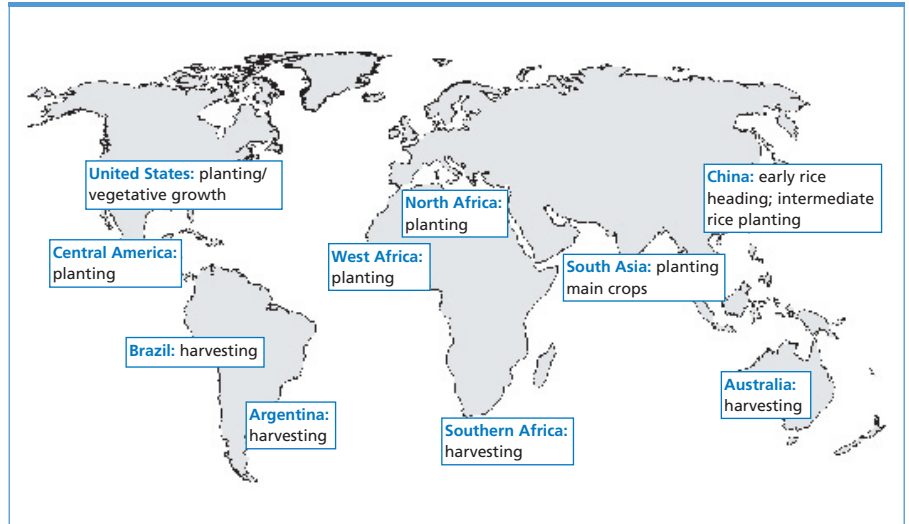
despite increased production in 2004.

By contrast, larger shipments are expected this year in most of the other significant rice exporting countries. Recently revised estimates for India put their sales in 2004 at 3.2 million tonnes considerably higher than earlier reported, and a further increase to 3.4 million tonnes is expected in 2005. Despite the cancellation of subsidized rice sales for export since mid-2003, Indian traders have successfully competed on the parboiled rice markets, assisted by the rise in international prices. Pakistan is also expected to increase its exports in 2005 following the bumper 2004 paddy season. In Myanmar, although sales through the Government agency remained limited, it is reported that private entrepreneurs are being permitted to export their own-grown rice. This development may boost shipments somewhat above the low level of 2004 when exports were restricted to prevent domestic prices from soaring. Exports from the United States are also forecast to increase more than anticipated earlier, with latest forecasts indicating a 15 percent rise to a near-record 3.6 million tonnes. The prospect of more export sales largely reflects low domestic prices as well as the opening of the Iraq market. Larger sales are also expected from Egypt where exports in the first quarter of 2005 were some 60 percent above the corresponding period last year, and from the main rice producers in South America following good crops in 2004.

Smaller rice shipments are expected in 2005 to several main importers in Asia, Africa and South America

At the aggregate level, imports of rice by Asian countries are expected to amount to some 11.6 million tonnes, virtually unchanged from last year. However, at the country level, several major importing countries have increased purchases while others have reduced theirs. Bangladesh is expected to take delivery of 1 million tonnes in 2005, 200 000 tonnes more

Figure 14. World rice calendar - situation in May



than the previous year, in an attempt to keep domestic prices from rising. Latest information for the Philippines now puts their expected imports up by 500 000 tonnes to 1.6 million tonnes, the highest level since 1998. Following drought problems, which affected production in the first half of the year, the National Food Agency, the trading agency responsible for rice trade, has already contracted large purchases. Rice purchases by the Republic of Korea and Turkey are also expected to increase somewhat. Elsewhere in the region, imports are expected to be cut. This would be particularly the case of China (Mainland), which already recorded a 29 percent contraction in deliveries between January and May this year compared to the corresponding period in 2004. Imports by the Islamic Republic of Iran, the Democratic Republic of Korea, Saudi Arabia and Sri Lanka are also foreseen to decrease. Pending the lifting by 30 June of a prevailing ban on rice imports, shipments to Indonesia are forecast at 0.7 million tonnes, unchanged from last year but less than previously anticipated. Should the prohibition be extended, they could still be lower.

Aggregate imports by African countries are now expected at 7.9 million tonnes, 700 000 tonnes less than last year. The contraction reflects an anticipated cut in imports by Nigeria, consistent with the

expansive production policy promoted by the Government, which has targeted 2006 to achieve rice self-sufficiency. However, should the Government confirm plans to ban imports next year, imports might surge towards the end of the year, if traders attempt to pre-empt the move by hoarding rice. Deliveries to Benin, Kenya, Madagascar and South Africa are also foreseen to decrease this year.

Smaller imports are also expected into South America, largely reflecting the good crop in Brazil, the region's largest producer but also importer of rice. By contrast, in Central America and the Caribbean, continued drought problems in Cuba are expected to sustain increased rice flows there this year. Elsewhere, the United States is expected to purchase less, while the implementation of the new tariff structure by the EU might boost imports there to a record 900 000 tonnes.

STOCKS

Rice stocks will fall in 2005 and may decline also in 2006

Largely reflecting the latest upward revision to the estimate of global production in 2004, the forecast of global rice inventories by the close of the seasons ending in 2005 has been raised slightly to 97.1 million tonnes from 96.7 million

tonnes. This would be almost 8 million tonnes down from their opening level and the lowest level of the past decade. About half of the expected reduction would be on account of a further drawdown in China, which, nevertheless, still holds more than half of the world rice reserves. However, rice stocks are also expected to be depleted in India and Indonesia, as well as in Thailand and Nigeria. By contrast, a few countries are expected to raise theirs, in particular Brazil, the Philippines and the United States.

Rice stocks at the close of the seasons ending in 2006 may be further reduced, as rice production is still gauged as insufficient to cover effective consumption at the global level. As a result, stocks may again end lower at 95 million tonnes, some 2 million tonnes below their opening level. However, with crops in some of the major paddy producers still at the planting stage, this figure is very much tentative.

PRICES

World rice prices under seasonal downward pressure

With growing supplies from the secondary rice crops becoming available in several

of the major producing countries, international rice prices have come under some downward pressure since March, with the FAO all Rice Index falling from 107 in February to 106 in March and April, then subsequently to 103 in May. However, the sharper fall in May was partly due to the re-introduction in the computation of the quotation for Indian IRRI rice, 25 percent broken, after having been unavailable for some time – otherwise, the index would have average 105 in May. The incorporation of the Indian rice quotation also depressed the low quality rice price sub-index, which had been showing particular strength since the beginning of the year.

Prices of rice from the United States generally remain under downward pressure, reflecting large supplies still available from the 2004 crop. Sizeable sales to Central America and the Caribbean and to Africa slightly lifted the US long grain milled rice No.2, 4 percent broken quotation to US\$318 per tonne in May. This was US\$12 and US\$6 per tonne respectively below the January and February levels and US\$103 per tonne lower than a year earlier. Thai export prices weakened slightly in May, with the Thai 100 B price falling by US\$2 per

tonne between April and May to US\$298 per tonne, reflecting limited purchasing interest, as Thai prices exceeded those prevailing in competing markets, but also the weakening of the local currency against the US dollar. However, the downward movement was limited as a new phase of Government procurement of rice from the secondary season crop and indications that public stocks would not be released onto the market in the short-term continue to sustain prices.

International prices of lower quality rice have generally weakened in recent weeks, especially in May, reflecting reduced demand by African countries and renewed competition from Indian rice. Low quality Indica rice was mostly quoted lower in May at all origins, including Pakistan, Thailand and Viet Nam. On the Japonica rice market, short export availabilities reinforced Australian Calrose prices, while US medium rice prices remain weak. Prices of Aromatic varieties also weakened.

Despite the recent price weakness, market fundamentals still point to a relative tight supply and demand situation, especially in the light of reduced export supplies in Thailand, China and Australia. By contrast, large crops in key importing markets in South East Asia and South America will have a negative bearing on rice quotations in the coming months. In particular, an extension of the import ban by Indonesia and a weakening of demand by African countries are weighting negatively on the market. Against this backdrop, prices are expected to be particularly sensitive to developments regarding crops, in particular in connection with the monsoon in south Asia or drought conditions in the Pacific, as well as to changes in policies in major importing or exporting countries.

Figure 15. Rice export price (Thai 100% B, f.o.b.)

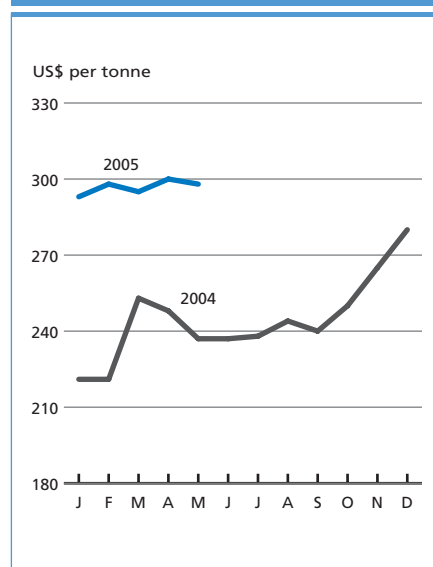
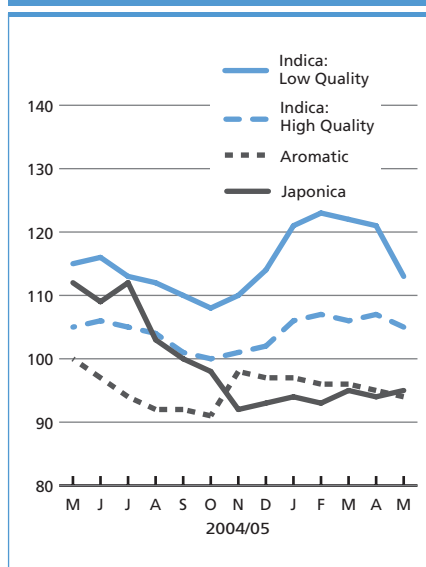


Figure 16. FAO price indices for rice (1990-2000=100)



CEREAL IMPORTS TO INCREASE SHARPLY IN SOUTHERN AFRICA IN 2005/06

Reduced harvests in several countries in 2005

In southern Africa, harvesting of 2005 main agricultural season crops is nearly completed. Although the subregion's aggregate cereal output is estimated at a good level, which reflects the largest crop since 1994 in South Africa, by far the largest producer of the subregion, several countries have had reduced harvests (Figure i). The subregion was affected by erratic rainfall and prolonged dry spells, especially during the critical maize grain development stage in several agricultural areas, reducing yields significantly. FAO/WFP Crop and Food Supply Assessment Missions visited Malawi, Mozambique, Zambia, Lesotho and Swaziland in April-May this year. FAO's early production estimates indicate that the 2005 cereal harvests are sharply reduced by drought in Zambia, Malawi, and Zimbabwe (Table i). Although the Missions calculated some increase in cereal production in Swaziland and Lesotho compared to the previous year, the long term production and per caput consumption in these countries are alarmingly on a

downward trend. Some reduction in total production is also forecast for Angola, Mozambique and Botswana compared to the outputs in 2004. In Mozambique, the satisfactory outturn masks regional differences, with a good production in northern parts and a poor crop in southern provinces where the cereal output is estimated 43 percent lower than last year. On a brighter note, an increase in production of main cereals is forecast in Madagascar and Namibia. Also in South Africa, with maize stocks of 3.85 million tonnes (as 26 April 2005), and a bumper harvest expected, the potential exportable surplus for the current marketing year is forecast to be 4.5 million tonnes, which would be more than enough to cover the subregion's maize import requirements.

Need for international assistance increases as a result of higher cereal import requirements

The total cereal import requirements in the 2005/06 marketing year, generally April/March for the subregion (excluding South Africa) are expected to increase by 24 percent from the previous year and by 32 percent compared to the average of the previous five years (Figure ii). The amount of international assistance required is estimated to triple to 1.24 million tonnes of cereals compared to the needs in 2004/05. The Government of Zimbabwe has recently announced plans to import 1.2 million tonnes of maize, but commercial import capacity of the country is severely constrained by falling foreign exchange reserves. Should the announced volume of imports materialize, FAO's forecast of the 2005/06 commercial cereal import could increase further.

Table i. Southern Africa: cereal production ('000 tonnes)

	Average 2000-04		2004 estimate		2005 forecast		Percent change: All cereals 2005 compared to:	
	Maize	All Cereals	Maize	All cereals	Maize	All cereals	2004	5-yr average
Angola	474	604	577	724	550	695	-4.0	15.1
Botswana	3	19	2	19	3	18	-5.3	-5.3
Lesotho	99	142	81	104	92	118	13.5	-16.9
Madagascar	171	2 897	170	3 211	170	3 581	11.5	23.6
Malawi	1 880	2 024	1 705	1 819	1 253	1 364	-25.0	-32.6
Mozambique	1 216	1 748	1 435	1 995	1 403	1 921	-3.7	9.9
Namibia	36	110	43	136	32	140	2.9	27.3
South Africa	9 496	12 066	9 710	12 000	11 787	14 234	18.6	18.0
Swaziland	86	87	64	65	82	83	27.7	-4.6
Zambia	994	1 164	1 214	1 373	820	993	-27.7	-14.7
Zimbabwe*	1 104	1 418	708	973	550	757	-22.2	-46.6
Total	15 559	22 279	15 709	22 419	16 742	23 904	6.6	7.3
Total excl. South Africa	6 063	10 213	5 999	10 419	4 955	9 670	-7.2	-5.3

* Zimbabwe 2005 maize production estimated by USDA.

Detailed information on vulnerability in the subregion is not yet available, as the national Vulnerability Assessment Committees (VACs) complete their assessments. However, early figures indicate that large numbers of people in the central-eastern part of the subregion including Zimbabwe, Zambia, Malawi and southern Mozambique are at risk of food insecurity due to reduced harvests, lack of purchasing power and the devastating effects of HIV/AIDS. Total food aid deliveries in 2004 to several countries of the region (Angola, Lesotho, Madagascar, Malawi, Mozambique, Namibia, Swaziland, Zambia and Zimbabwe) amounted to 838 412 tonnes. The World Food Programme launched a regional Protracted Relief and Recovery Operation (PRRO) earlier in the year requiring some 704 000 tonnes of food commodities over a three-year period (2005-2007) to assist the food insecure and AIDS affected populations in the region. Although, the average annual requirement of 235 000 tonnes under this operation has already been fully resourced (as of 8 June 2005), further food relief may be required. However, a recently announced debt relief package by G8 countries would drastically reduce the debt service in five of the highly indebted southern African countries (Angola, Madagascar, Malawi, Mozambique and Zambia), and free up resources for improved food security.

Figure i. Southern Africa: cereal production

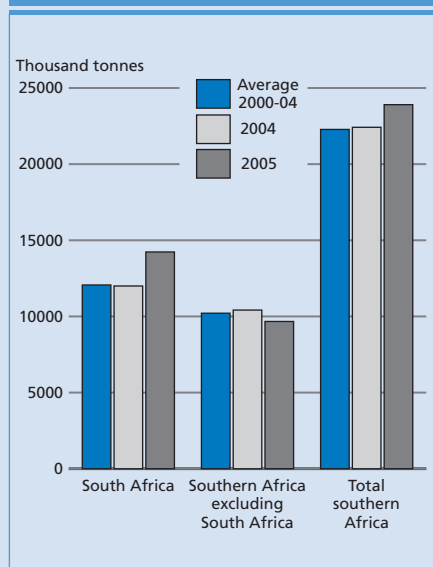
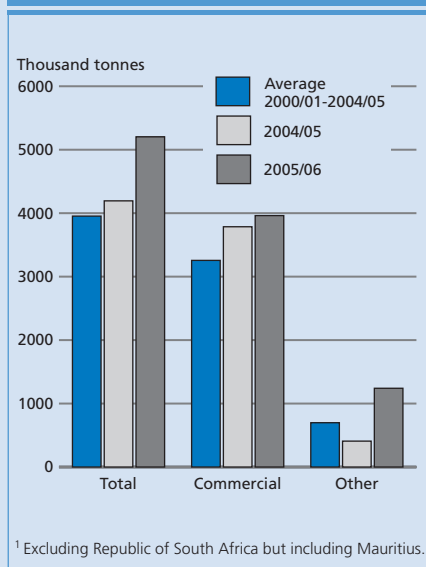


Figure ii. Southern Africa¹: cereal import requirements



MILK AND MILK PRODUCTS

PRICES

Price strength of the past two years has moderated so far in 2005

The FAO international dairy product price index (1990-92=100) has dropped slightly in the past few months, after reaching a 15 year peak in January. The index was 160 in April, two points lower than in January but 18 percent above the level 12 months earlier. Regarding the major milk products individually, export prices from Oceania for butter are up 26 percent from a year ago, milk powder prices are up 19 percent and cheese (Cheddar) is up 11 percent.

The European Union responded to the international price strength by cutting export refunds further in recent months. Despite the reduction, the subsidies remain high, at US\$844 per tonne for whole milk powder, US\$1 654 per tonne for butter and US\$635 per tonne for Gouda cheese, at the end of April.

With the next intervention price cut in July, export subsidies, which are close to the WTO limit, may be further reduced, although much will depend on exchange rate movements. EU intervention stocks are now at their lowest level since the autumn of 2002.

Although still subject to much uncertainty, international dairy prices may regain momentum in the short term, especially if the lower export supplies from Oceania and the EU are not fully compensated by increasing supplies from the United States and South American exporters.

PRODUCTION

Global output growth continues strongly

Global milk output is forecast to rise by about 2.8 percent in 2005, with the bulk of the growth expected among developing countries, particularly in Asia

and South America, whose global share of production is increasing. In the developed countries, milk output is anticipated to remain stable in 2005.

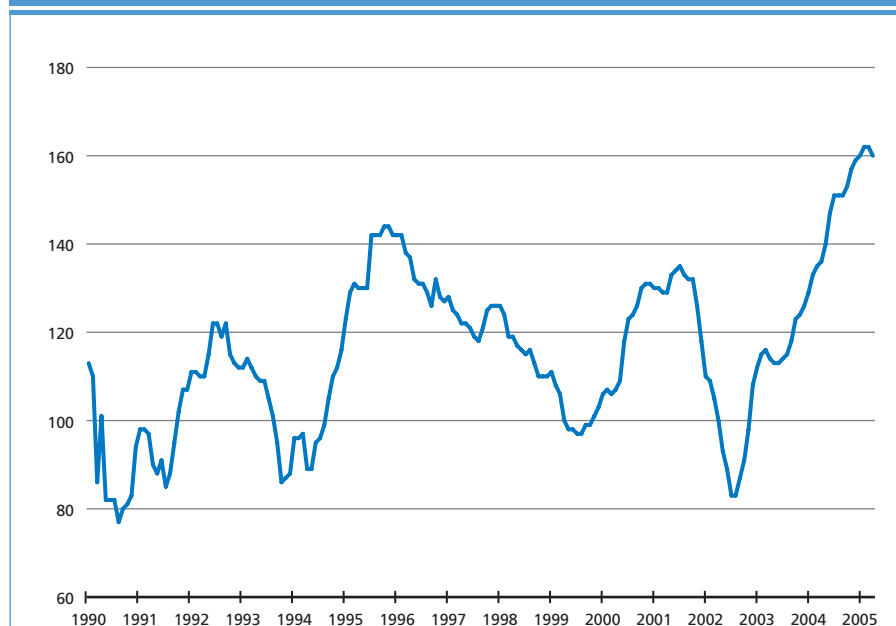
In Oceania, New Zealand's production for the 2004/05 dairy year (ending in May) is anticipated to be 3-4 percent lower than last year due to unfavourable weather conditions in the first half of the year. Also in the case of Australia, output is expected to be 1 percent below last year's level. Milk production in the United States is increasing after two years of stable output, as dairy farmers respond to the second consecutive year of high domestic milk prices. In the first quarter of 2005, milk production was about 2 percent higher compared to the same period last year.

In a number of developed countries, milk production is subject to policies that restrict output according to demand. In the EU, milk output is expected to remain similar to the 2004 level. In Canada, production is estimated to fall by 1.4 percent this year, in response to decreased demand while in Japan output may fall marginally.

In the transition countries, milk production in 2005 is anticipated to remain stable. Production in the Russian Federation is forecast to recover marginally after a decline in 2004. Production in Ukraine may remain stable in 2005 with higher yields offsetting a further reduction in cow herds over the past months.

Among the developing countries, India's output continues to grow by about 5 percent annually. It accounts for half of the total milk output of Asia, and is confirming its position as the world's largest single milk producing country. However, the country with the highest production growth in recent years is China, which has almost doubled its milk output since 2001. In Pakistan, the world's fifth largest milk producing country, output rose 4 percent in 2004, and may increase at its recent trend rate of 3 percent in 2005.

Figure 17. Monthly dairy price index (1990-92=100)¹



¹The index is derived from a trade-weighted average of a selection of representative internationally-traded dairy products.

Table 6. Milk production of major producing countries (million tonnes)¹

	2003	2004 estim.	2005 f'cast.
World	613.3	625.6	643.1
EU-25 ¹	147.6	146.5	146.9
India ²	87.3	91.1	95.4
United States	77.3	77.5	79.0
Russian Fed.	33.3	31.9	32.0
Pakistan	27.8	29.0	29.9
Brazil	23.5	23.9	24.6
China	21.4	26.7	33.3
New Zealand ³	14.4	15.0	14.5
Ukraine	13.7	13.6	13.6
Mexico	9.9	10.0	10.2
Argentina	8.2	9.6	10.4
Turkey	10.6	10.5	10.5
Australia ⁴	10.3	10.0	9.9
Japan	8.4	8.4	8.3
Canada	7.9	8.0	7.9

¹ Production figures for 2003 adjusted to EU-25 area.

² Dairy years ending March of the year shown.

³ Dairy years ending May of the year shown.

⁴ Dairy years ending June of the year shown.

For Latin America and the Caribbean, overall milk output is expected to grow by 4-5 percent in 2005, as low-cost milk producers respond to the high international prices of the past two years. In Argentina, output is expected to expand substantially, although recent heavy rainfalls may lower milk yields and reduce earlier forecasts of a 10 percent increase in production for 2005. Brazil's dairy production may expand another 3 percent on the record output of last year. Elsewhere in the region, early forecasts for 2005 are positive as well. Chile has had a very good start in the first 2 months of 2005 with output almost 6 percent ahead compared to the same period of last year. Peru's milk production is growing at an annual rate of 3-4 percent while in Mexico it is forecast to increase only by about 1 percent compared to 2004.

In Africa, Egypt's milk production is forecast to decline again in 2005 after decreasing already over the past two years because of restrictions on imports

of cattle. Kenya's milk production in 2005 should increase in response to improved prices expected for domestic producers, since the government imposed a 7 percent duty on all imported milk. In South Africa, production is also expected to grow in the current 2004/05 year, by 3 percent, after an increase of over 6 percent already in the 2003/04 marketing year.

TRADE

Export supplies from the key exporters are limited

In Oceania, exports of milk products from the world's leading exporter, New Zealand, are expected to decline in the current marketing season ending in May 2005, given its recent milk production shortfall. Australia's exports of dairy products are expected to recover marginally, after declining last year. Both countries are changing their export pattern, moving away from skimmed milk powder and butter, towards whole milk powder and cheese.

In the EU, smaller shipments of most product categories are expected in 2005 after an increase in 2004. Shipments of butter and skimmed milk powder are expected to decline by about 30 percent, while, by contrast, exports of cheese should continue to grow at a robust pace, reflecting lively foreign demand for these premium products.

In response to high international prices, and a weak US dollar, dairy product exports from the United States

are set to increase further after reaching record levels in 2004. The highest growth in exports is expected for its key export product, skimmed milk powder, which more than doubled in 2004. For some South American countries, exports of dairy products are also forecast to maintain their momentum in 2005, after record growth last year. Argentina, for example, increased its overall dairy exports by almost 80 percent in 2004; the biggest increases were for whole milk powder (65 percent) and cheese (22 percent). Also Chile and Colombia are increasing exports in response to record milk output. The level of Brazil's export in 2005 is uncertain. The country, once a large importer, was a net exporter of milk products in 2004 for the first time.

International demand for dairy products continues to grow

The international demand for dairy products continues to grow, particularly in Asia, North Africa, the Near East, Central America and the Russian Federation in Europe. Income growth is a key factor, and the recent surge in demand in some regions is associated with high oil export revenues. This has been one of the main reasons for the persistent increases in prices over the past two years.

Whole and skimmed **milk powders** now account for about half of total dairy trade, and are almost exclusively imported by the developing and transition countries. The highest growth in milk powder imports in recent years has been registered in South East Asia. In

Table 7. Indicative dairy export prices (US\$/tonne, f.o.b.)

	2004	2005		
	April	February	March	April
Skimmed milk powder	1 850	2 225	2 225	2 207
Whole milk powder	1 863	2 275	2 263	2 232
Cheddar cheese	2 500	2 775	2 800	2 788
Butter	1 675	2 201	2 213	2 122

Source: Mid-point of ranges reported by Farmnet (NZ) and USDA.

China, despite growth in domestic milk production, imports of milk powders have kept rising each year to meet domestic consumption, which has been rising by some 14 percent annually in the past few years. The Philippines, one of the world's major milk powder importers, continues to increase imports by some 10 percent each year.

In Central America, Mexico has long imported large volumes of skimmed milk powder through its parastatal company LICONSA, to be distributed largely to its low income population. These imports are

projected to increase again in 2005. Other significant importers of milk powder are found in North Africa (Algeria, Morocco) where income growth over the past few years has contributed to a higher demand.

The Russian Federation remains a key market for imports of **butter and cheese**. These increased by 5 and 8 percent respectively in 2004, driven largely by the drop in national milk output last year. For 2005, imports of both products are forecast to rise further as strong increases in demand, stemming from vigorous

income growth, will outpace the expected production gains. However, the Russian Federation is now considering restricting imports of cheese to protect domestic producers from subsidized products, which mainly come from the EU. Other key importers of butter are countries in the Near East and North Africa. Japan, the world's leading cheese importer, increased its imports by about 10 percent in 2004. In 2005, the country may record a further 2 percent growth of imports, driven by an expanding demand from the food service industry.

OILSEEDS, OILS AND OILMEALS¹

PRICES

Market fundamentals lend more support to oil prices than to prices for oilseeds and meals²

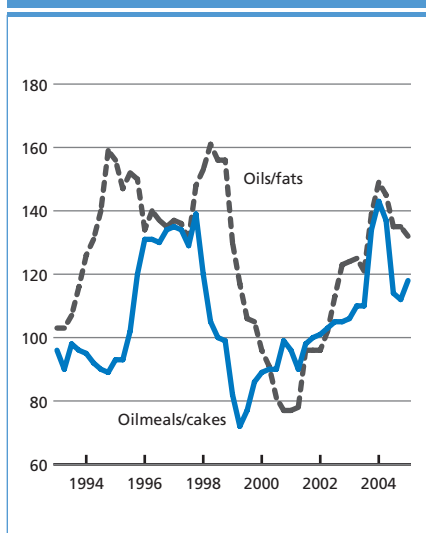
The likely record global oilseed production during the current 2004/05 season³ has led to downward pressure on prices for **oilseeds, meals and cakes**, particularly with respect to soybean, the oilcrop with the highest meal content. The marked fall in prices started in April-May 2004 due to the prospects of ample (soybean) harvests in the northern hemisphere, and continued until the beginning of the current year. Since then a partial recovery in seed and meal prices has been observed, which, however, is not expected to last because it only represents a temporary reaction of markets to the sudden deterioration of production prospects in South America. Instead, overall market fundamentals - i.e. an excess of supplies over demand as firm oil prices continue to drive the crushing of oilseeds - suggest that prices should not strengthen during

the remainder of the season. Also recent reports about a possible slow-down in global oilseed production in the forthcoming 2005/06 season should not alter this picture markedly, because inventories accumulated this season should be sufficient to compensate for possible production falls. However, over

the coming months, price volatility may increase as markets react to weather scares affecting the development of the new crops in northern hemisphere countries.

Prices for edible/soap **oils and fats** have been relatively firm over the last one and a half years. After reaching a peak in early 2004, they have stabilized at a level above that prevailing prior to the recent surge. During the second half of the current season the relative firmness of oil and fats prices is expected to persist as the observed above-average rise in the demand for vegetable oils - for food as well as non-food uses - is expected to absorb the bulk of this season's increase

Figure 18. FAO quarterly price indices for oils/fats and oilmeals/cakes (1990-92=100)



¹ Almost the entire volume of oilcrops harvested world-wide is crushed in order to obtain oils and fats for human nutrition or industrial purposes and cakes and meals used as feed ingredients. Therefore, rather than referring to oilseeds, the analysis of the market situation is mainly undertaken in terms of oils/fats and cakes/meals. Hence, production data for oils (cakes) derived from oilseeds refer to the oil (cake) equivalent of the current production of the relevant oilseeds, while the data on trade in and stocks of oils (cakes) refer to the sum of trade in and stocks of oils and cakes plus the oil (cake) equivalent of oilseed trade and stocks.

² For full detail on price indices and prices see annex table A9.

³ The market season referred to is October to September.

in oil output. Any remaining excess supplies will be small and should only allow a partial recovery in global oil inventories. The resulting, persistently below-average stocks-to-utilization ratio translates into an upward pressure on prices.

PRODUCTION

Marked rise in 2004/05 seed production despite reduced yields in parts of South America

Crop output in the southern hemisphere, where harvesting is about to be completed, is estimated to be considerably lower than originally expected. In South America, where close to one third of the world's oilseeds are produced, production has fallen short of expectations due to unfavourable weather conditions. Notwithstanding, global oilseed production for the entire 2004/05 season is estimated to increase by 12 percent. The bulk of this increase is expected to come from soybeans. Out of the world's four leading soybean producers, record crops are reported from

the United States, Argentina and China, primarily reflecting good or record yield levels. Only in Brazil, where the expansion in cultivated area has continued, yields have fallen well below the average of recent years, causing production to drop for the second consecutive season. Marked increases in output are also reported for rape and cottonseed, reflecting both good yields and expansion in area in all major producing countries. The only crop experiencing a marked decline is sunflowerseed, mainly a result of Ukraine's reduced harvest following poor weather conditions.

Growth in meal production to exceed that of oil¹

Based on latest estimates, after last season's drop, global output of **oilmeals/cakes** is forecast to increase sharply in 2004/05, i.e. 13 percent compared to an average of 3 percent during the past four seasons. As in most past years, this mainly reflects the sharp rise in world soybean production. The latter, together with the estimated rise in rape and cottonseed meal output, will easily offset the expected fall in sunflower meal production. A new record is expected for global oilmeal supplies (i.e. 2003/04 ending stocks plus 2004/05 production), which are estimated to increase about 10 percent this season, somewhat less than production because of last season's exceptionally low level of carry-out stocks.

Regarding **oil/fats**, global output is anticipated to grow by 6 percent, reaching a new record; the rate of expansion exceeds that of the three preceding seasons but remains well below the growth expected in oilseed production because the latter is mainly due to low oil-yielding soybeans. The main drivers behind the estimated increase in production are soybean and rapeseed oil. By contrast, global palm oil output, although increasing further, is anticipated to grow at a below average rate mainly reflecting yield reductions and reduced availability of labour force on plantations in Malaysia. In volume terms,

soybean oil is expected to resume the lead in global oil production, a position it had lost to palm oil for the first time last season. With regard to global supplies, the increase over last season is estimated not to exceed 5 percent as a result of this season's low level of carry-in stocks.

UTILIZATION

Demand for both oils and meals to accelerate

In 2004/05, growth in global consumption of **oils/fats** is forecast to exceed 4 percent, compared to less than 3 percent in the last two seasons. Utilization of palm oil is anticipated to increase the most, closely followed by soybean and rapeseed oil, and the estimate for global palm oil utilization is now very close to that for soybean oil, the traditional leader among the oils. Several factors contribute to the expansion in global consumption. While the slight easing of prices relative to last year has stimulated demand, the main motor continues to be sustained income increase in China, India and other countries in South and Southeast Asia. In addition, this season is characterized by an exceptional rise in the share of non-food uses in total demand. With vegetable oils being attractively priced compared to fossil oils, the production of oilcrop-based biodiesel is expanding worldwide. Several countries, including the EU and the United States, contributed to this development by implementing policies that stimulate production and consumption of biofuel. According to private sector estimates, in the EU, the biodiesel industry will absorb more than one third of the Community's 2004/05 rapeseed oil output or up to 15 percent of total vegetable oil production.

Table 8. World production of major oilseeds (million tonnes)

	2002/03	2003/04 estim.	2004/05 f'cast.
Soybeans	195.9	184.1	211.1
Cottonseed	33.6	35.9	43.0
Rapeseed	33.3	39.0	45.9
Groundnuts (unshelled)	32.5	34.2	35.2
Sunflowerseed	23.5	26.2	24.7
Palm kernels	7.7	8.0	8.4
Copra	5.3	4.8	4.9
Total	331.8	332.2	373.2

Note: The split years bring together northern hemisphere annual crops harvested in the latter part of the first year shown, with southern hemisphere annual crops harvested in the early part of the second year shown. For tree crop, which are produced throughout the year, calendar year production for the second year shown is used.

¹ This section discusses expected developments in the production of oils and meals from all origins, which – in addition to products derived from the oil crops discussed in the previous section – include palm oil, marine oils and meals as well as animal fats.

Global consumption of **oilmeals/cakes** is anticipated to rise 6 percent in 2004/05, exceeding the growth pace of the last two seasons. The increase in demand is mainly driven by higher growth rates in global livestock production and by price developments.

International meal prices are expected to be depressed in 2004/05 because, in order to satisfy the rapidly growing demand for oils/fats and in view of the limited supplies of sunflower, groundnut and palm oil, the industry is crushing soybeans and other high meal-yielding oilcrops, which is leading to a surplus of meal supplies over demand.

Country-wise, consumption growth is expected to concentrate in the EU, the United States and China, the world's leading consumers of meals. In China, strong and sustained economic growth

is driving demand for livestock and aquaculture products, and hence also for feeds such as oilmeals. The EU is raising in particular its consumption of rapeseed meal, supplies of which are abundant as the surge in demand for rapeseed oil has stimulated crushing.

Global consumption levels in 2004/05 remain, however, subject to uncertainty as the animal disease status of many countries and related food safety concerns continue to influence the market, and new disease outbreaks could curb demand for feedstuffs.

The role of China in global consumption of both oils and meals is particularly noteworthy: in 2004/05, the country's share in global demand of both oils as well as meals is estimated to climb further to 19 percent (from about 10 percent ten years ago).

remaining below historic levels. As a result, international prices for oils/fats should remain relatively firm during 2004/05, whereas quotations for meals are expected to remain under downward pressure.

TRADE

Trade in both oils and meals to resume growing

After stagnating last season, international trade in **oils/fats** (including the oil contained in seeds traded) is anticipated to resume its growth in 2004/05. The anticipated 5 percent expansion is expected to be largely in shipments of soybean and palm oil, while those of sunflower seed oil are expected to fall. The share of palm oil in total oil shipments is estimated to climb further, reaching 38 percent. The world's six leading exporters of oils and fats, Malaysia, Indonesia, the United States, Brazil, Argentina and Canada are anticipated to satisfy almost 80 percent of global import requirements, which further raises the level of concentration in the export market. In Malaysia and Indonesia, export volumes are expected to climb to record levels, whereas shipments by the United States, although recovering from last season, shall remain below past records. Asia is expected to remain the main import market, followed, at considerable distance, by the EU. With imports estimated at a record 11.6 million tonnes, China's share in global imports is expected to rise further, approaching 20 percent. With the addition of new crushing capacity in the country, the proportion of oil imported in the form of to-be-crushed seeds is increasing further. Foreign purchases are also estimated to rise in the EU, where import demand for cooking oil has grown following the unprecedented intake of domestic rapeseed oil by the biodiesel industry. In India, where imports dropped considerably during 2003/04, foreign

Table 9. Oilseeds and products: global supplies, trade and utilization (million tonnes)

	2002/03	2003/04 estim.	2004/05 f'cast.
Total oilseeds			
Production	341	342	383
Oils and fats¹			
Production	126	130	139
Supply ²	143	147	154
Utilization ³	127	131	137
Trade ⁴	61	63	65
<i>Stock/Util. Ratio (%)</i>	<i>12.7</i>	<i>12.0</i>	<i>12.7</i>
Oilmeals and cakes⁵			
Production	88	87	98
Supply ²	97	97	107
Utilization ³	86	88	93
Trade ⁴	48	48	52
<i>Stock/Util. Ratio (%)</i>	<i>12.3</i>	<i>10.2</i>	<i>13.5</i>

¹ Includes oils and fats of vegetable and animal origin.

² Production plus opening stocks.

³ Residual of the balance.

⁴ Trade data refer to exports based on a common October/September marketing season.

⁵ All meal figures are expressed in protein equivalent. Meals include all meals and cakes derived from oilcrops as well as fish meal.

Note: Refer to footnote 1 in the text for further explanations regarding definitions and coverage.

STOCKS

Meal inventories to increase markedly while those of oil/fats remain below average

The level of 2004/05 global opening stocks of both oils/fats and oilmeals/cakes (including the oil and meal contained in seeds stored) was well below the average of the last five seasons. During the course of this season, inventories are expected to recover. Especially oilmeal stocks are anticipated to experience a sharp increase (notably in the United States) due to the substantial rise in global soybean production, combined with a possible excess of supplies over demand in particular in Europe and some Southeast Asian countries. A replenishment of global stocks is also foreseen for oils and fats, though at a more moderate rate. The comparison with anticipated consumption levels suggests that the stock-to-utilization ratio is bound to rise substantially for oilmeals. Although an improvement is foreseen also for oils/fats, that ratio is expected to recover less strongly, thus

purchases are anticipated to rise again as domestic oil production may fail to increase this season.

After last season's zero growth, expansion in global trade of **oilmeals/cakes** (including the meal contained in oilseeds traded) is expected to resume in 2004/05. The estimated 7 percent increase takes into account the

depressed level of international prices for meals which should stimulate import demand. Once again, Asian countries are expected to account for most of the expansion in global imports, chief amongst them China, where imports are estimated to reach a record 19 million tonnes. By contrast, the EU's import demand for meals remains unchanged

due to increased supplies of rapeseed meal from domestic origin and the availability of competitively priced feed grains. Regarding exports, the United States and Argentina are expected to satisfy most of the anticipated increase in global demand.

PULSES¹

PRODUCTION

Another good world production of pulses expected in 2005

FAO's preliminary forecast for 2005 global pulse production stands at 60.7 million tonnes, somewhat lower than last year, but still 4 percent above the average of the last three years. Compared with 2004, output in the developing countries is forecast to contract by 2 percent, more than offsetting a marginal expansion foreseen in the developed countries.

In Asia, total pulse production in 2005 is forecast to drop by 3 percent from last year to 28.9 million tonnes, mostly reflecting an expected decline in India, the world's leading producer. Total pulse output in this country is anticipated to decrease by 8 percent (1.3 million tonnes) to just below 14 million tonnes, reflecting smaller plantings and unfavourable weather during the recently-completed "Rabi" season. All pulse types are likely to register some output reduction, with the exception of chickpeas, production of which is expected to increase to almost 6 million tonnes. In China and Myanmar, production is anticipated to rise slightly, to roughly 6 million tonnes and 3 million

tonnes, respectively, due to increased areas. The expansion of pulse production in both countries continues to be driven by the strong export market. By contrast, Thailand's pulse production, consisting mostly of dry beans, could fall, in view of a smaller area and also lower yield prospects due to drought. Elsewhere, Pakistan's pulse output is expected to increase, especially for chickpeas, while in Turkey and Syria, good crop prospects point to an increase in both chickpea and lentil outputs.

In Africa, aggregate pulse production is forecast to contract slightly in 2005 to 9.5 million tonnes. In Ethiopia, output is anticipated to be about the same as in 2004, based on favourable rainfall so far this year. In Mozambique, the recently-harvested bean crop is provisionally estimated 4 percent higher than 2004's, reflecting the generally satisfactory growth

conditions in the north and centre regions. By contrast, in Burundi and Rwanda, two countries with high per caput pulse consumption, production of dry beans is likely to be reduced by adverse weather conditions in both the first season, harvested early in the year and the main season still in the ground. In North Africa, current pulse crop prospects are uncertain following a recent dry spell, particularly in Morocco.

In the Latin America and Caribbean region, total pulse production in 2005 is forecast to fall to 6.2 million tonnes, 5 percent below last year's level. Output is expected to rise in both Argentina and Mexico, as a result of increased areas planted, but not enough to offset decreases in some other countries. In particular, Brazil's production of dry beans is forecast to decline by 10 percent, due to a reduction in plantings. In countries of Central America, where beans are an important food staple in local diets, planting of the 2005 first crop season is

Table 10. World production of pulses (million tonnes)

	2002	2003	2004	2005
Asia	27.1	27.0	29.7	28.9
Africa	9.3	9.5	9.6	9.5
Latin America & Caribbean	6.6	6.8	6.5	6.2
Europe	8.1	7.8	8.2	8.1
North America	4.0	4.5	6.1	6.2
Oceania	1.3	2.2	1.3	1.9
World	56.5	57.7	61.4	60.7
Developing countries	42.7	43.0	45.0	44.2
Developed countries	13.8	14.7	16.4	16.5

¹ Pulses include dry beans, dry peas, chickpeas, dry broad beans, lentils, pigeon peas, cowpeas, lupins, vetches and other minor pulses.

underway under favourable conditions. The 2004 output was reduced in several countries of the subregion reflecting lower plantings and yields. In Nicaragua, the 2004 bean production (first, second and third seasons) was estimated at 175 000 tonnes, a drop of 22 percent or 50 000 tonnes from the previous year's record crop. Production was also reduced in Honduras.

Among the developed countries, early indications for Australia pointed to a significant expansion in pulse production in 2005, to about 1.8 million tonnes, reflecting favourable price prospects compared to competing crops. However, planting in eastern producing areas has been hampered by lack of rainfall, which will have an impact on the choice of crops grown and on yields also. Thus, as of early June, the final outcome is still very uncertain and will absolutely depend on rain. In North America, while Canada's total pulse output could drop by 10 percent to 4.1 million tonnes, production in the United States is anticipated to increase by 30 percent to over 2 million tonnes. Relatively high dry bean prices are forecast to boost area by about 25 percent, while in the case of dry peas and lentils, the support provided by the marketing loan programme is expected to sustain the cultivation of these crops beyond the traditional growing regions. In Europe, pulse production in the EU is forecast at 5 million tonnes, down slightly from last year, as an anticipated fall in dry pea output is expected to more than offset an increase in broad beans. In Ukraine, dry pea output is forecast unchanged from last year, as an expansion in area in response to strong export prices could be offset by lower yields. In the Russian Federation, production could decline as a result of land diversion to grains following high prices in 2004. In South Africa, the estimate for the 2005 bean output is down by nearly 15 percent, as lower prices in the 2004 marketing season caused seeded area to contract.

In Japan, the 2005 bean output is forecast at some 7 percent lower than last year.

TRADE

Global trade in pulses in 2005 is forecast to increase

World trade in pulses is forecast to approach 10 million tonnes in 2005, up some 5 percent from the previous year because of the anticipated decline in production in several importing countries and prospects of larger crops in a number of exporting countries.

India is forecast to increase its pulse purchases to about 2 million tonnes in 2005, to compensate for the domestic production shortfall. China's imports of dry peas are also expected to rise to meet the growing local demand. In Thailand, dry bean inflows are surging in anticipation of a drop in domestic output. Pulse imports by countries in the Near East and North Africa might grow in 2005, especially if the dry weather persists in North African countries, sustained by a dynamic demand for chickpeas, lentils and broad beans for human consumption. In South Africa, the fall in domestic dry bean production should result in increased purchases this year, mostly of Chinese origin beans. Within the Latin America and Caribbean region, dry bean imports are likely to rise in Brazil, to cover for the decreased local production, but they are forecast to decline in Mexico, given positive crop prospects.

Regarding exporters, in Australia, the strong rebound in production should lead to increased pulse sales; in particular, lentil and broad bean exports are forecast to expand, mostly to the Middle East and South Asia. In the EU, dry pea exports are likely to decline, whereas those of dry broad beans are seen increasing on account of larger production. In the United States, exports are anticipated to increase for all pulse types. In Canada, dry bean and lentil exports are forecast

to grow whereas sales of dry peas could drop and those of chickpeas likely to remain stable, in line with domestic supplies.

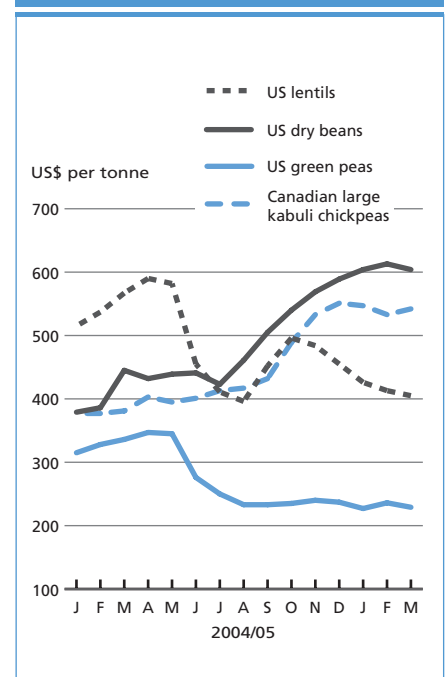
Myanmar's dry bean sales could expand considering the positive production outlook and the strong expected demand by India, its main export market. China's dry bean and broad bean exports are also anticipated to register some growth. Other countries where gains in pulse production are anticipated to boost shipments this year include Pakistan (chickpeas), Turkey and Syria (chickpeas and lentils) and Argentina (dry beans).

PRICES

Favourable production prospects point to weakening prices later in the year

In recent months, pulse prices moved in different directions depending on type and origin. In the United States, dry bean prices have trended upward since last July, while prices of dry peas have

Figure 19. International export prices of selected pulses



remained stagnant and those of lentils have continued to slide since September. In Canada, prices of the Kabuli type chickpeas have strengthened, but those of the desi type have weakened.

Based on current crop conditions and assuming normal weather throughout the rest of the growing seasons, dry bean prices are expected to stay strong at least for a few months. Indeed, export availabilities

in some major exporting countries, in particular the United States and Canada, appear limited, which, in the face of poor crop prospects in several major importing countries, like Brazil and India, will tend to underpin world quotations. However, this situation may be reversed toward the end of the year with the arrival of new crops in North America. Chickpea prices are likely to come under some downward

pressure due to increased production in Australia, India, Mexico, Pakistan, Turkey and Syria. Similarly, larger crop forecasts in the United States and Australia, along with ample carryover stocks in Canada, should also keep the pressure on lentils prices. By contrast, prices of dry peas could recover in view of the anticipated fall in global output, especially if import demand proves to be strong during the remainder of the year.

SUGAR

PRODUCTION

World sugar production is revised upwards for 2004/05

FAO forecasts **world** sugar production in 2004/05 (October/September) at 144.8 million tonnes (raw sugar equivalent), some 2 percent up from the previous year. Two-thirds of the growth will be accounted for by developing countries, where aggregated production is forecast at 101.6 million tonnes. This is mainly due to an increase of 3.8 million tonnes in Latin America and the Caribbean, mostly in Brazil, which would more than offset a decline of 6 percent in the Far East, reflecting a substantial decrease in production in Thailand. Aggregate production of the developed countries is now forecast at 43.2 million tonnes, about 3 percent up from 2003/04 due to increased production in Europe and Australia.

Among the **Latin American and Caribbean** countries, a record production of 30.5 million tonnes is forecast for Brazil, more than 12 percent higher than 2003/04. Although the crushing season was delayed by rains, prevailing high prices for both alcohol and sugar, combined with larger areas and improved crop management techniques, is expected to result in a cane harvest of more than 380 million tonnes, when provisional

figures are confirmed. Higher output is also expected in Mexico, following favourable weather conditions, and despite disruption to the sector because of delays in the privatization of sugar mills and the implementation of a new legal framework to regulate the relationships between cane producers and the milling industry. By contrast, a continued decline in sugarcane area, drought conditions and reduced milling capacity have led to a further reduction in Cuba's output. Production there is expected to reach 1.4 million tonnes, a contraction of almost 40 percent compared to 2003/04 and the lowest output since the early 1900s.

Sugar production in **Africa** is forecast to expand by 4.6 percent in 2004/05 to reach 5.3 million tonnes. Tanzania is rapidly approaching an annual production level of about 300 000 tonnes, as a result of capital investments in the rehabilitation of sugar factories, while output in Swaziland, Mauritius and Kenya are forecast to remain relatively unchanged.

Production in the **Far East** is now forecast at 39.1 million tonnes, substantially below earlier expectations and 6 percent below the 2003/04 level. The latest downward revision mostly reflects the severe impact of drought in Thailand, which could reduce the country's output by up to 20 percent this year to 5.6 million tonnes. The 2004/05 production in India is forecast to remain at 13 million tonnes,

Table 11. World production and consumption of sugar (*million tonnes, raw value*)

	Production		Consumption	
	2003/04	2004/05	2004	2005
WORLD	141.6	144.8	142.5	145.1
Developing countries	99.6	101.6	95.2	97.3
Latin America & Caribbean	47.0	50.8	25.9	26.5
Africa	5.1	5.3	7.8	8.1
Near East	5.6	6.0	10.8	11.1
Far East	41.6	39.1	50.6	51.6
Oceania	0.4	0.4	0.1	0.1
Developed countries	42.0	43.2	47.3	47.8
Europe	25.0	26.9	29.6	29.9
EU	20.1	21.2	17.9	18.1
CIS in Europe	4.1	4.9	9.7	9.8
North America	8.2	7.4	10.3	10.4
Oceania	5.3	5.6	1.4	1.4
Others	3.5	3.3	6.0	6.1

Figure 20. ISA Sugar price



despite higher sugar prices. However, early indications for the 2005/06 season indicate a substantial increase in plantings is planned in response to improved prices, which could result in output growing by more than 4 million tonnes in the current season. In China, the effect of drought in the Guangxi region should be offset by improved milling recovery rates, resulting in an outturn of 11 million tonnes.

The annual growth rate of sugar production in the developed countries is forecast at about 2.8 percent, resulting in an overall expansion of 1.2 million tonnes. A closer look at the regional figures highlights the substantial contribution of the **CIS** countries in Europe, where production increased by almost 800 000 tonnes, reaching a total output of 4.9

million tonnes. Output in the largest producing countries, the Russian Federation and Ukraine, expanded by more than 300 000 tonnes each. Higher yields and improved processing efficiency, as well as the implementation of safeguard measures to tighten control on imports were contributing factors. Favourable weather and higher sugar content underpinned the expansion in the **EU** where output increased to 21.2 million tonnes, despite a 3 percent reduction in area.

UTILIZATION

World sugar consumption boosted by developing countries

Global sugar consumption in 2005 is forecast to reach 145.1 million tonnes, 1.8 percent up from 2004, mainly due to expected growth in consumption in major developing countries in the Far East and Latin America. Globally, utilization in developing countries is now estimated to reach 97.4 million tonnes, driven by GDP and population growth. Among the developed countries, where previously demand has been relatively stable, the growth, of about 500 000 tonnes, is mainly attributed to the transition countries.

In India, the largest consuming country in the world, consumption is expected to remain substantially unchanged at 19.5 million tonnes. Two consecutive years of

reduced production resulted in higher domestic prices and depressed demand, which eventually led to increased diversion of sugarcane for the production of gur and khandsari. Sugar consumption in China is forecast to increase by 4 percent to reach 12.4 million tonnes, following increased use in processed foods and soft drinks, combined with declining production of artificial sweeteners. Growing availability in Latin America and the Caribbean should result in consumption reaching 26.5 million tonnes, mostly occurring in Brazil and Mexico where utilization is estimated at 10.9 million tonnes and 5.3 million tonnes, respectively.

PRICES

Prices to remain relatively stable pending firmer new-crop forecasts

The strengthening in world sugar prices in 2004 continued until February 2005, when the International Sugar Agreement (ISA) daily price averaged US cents 9.10 per lb., an increase of more than 50 percent over the monthly average of US cents 5.84 per lb. in February 2004. Prices have declined since March 2005, to an average of US cents 8.59 per lb. at the end of April. However, given the substantial shortfall in production, prices are expected to continue to fluctuate around current levels for the next few months, until firmer crop forecasts for 2005/06 are known.

Other relevant agricultural commodities

COFFEE

Coffee prices reached 101.44 US cents per pound in March 2005, a 67 percent increase compared to the level of 60.80 US cents per pound the corresponding month last year. In April 2005, the average daily price fell to 98.2 US cents per pound, following some profit taking by investment funds. Rising coffee prices were underpinned by stronger market fundamentals: reduction in output, growing world consumption, and an anticipated fall in stocks of green coffee worldwide. World coffee production in 2005/06 (October/September) is expected to reach 6.3 million tonnes, a decrease of 6.2 percent over 2004/05. In the main producer countries, Brazil and Viet Nam, the 2005/06 outputs are expected to decline by 18 percent and 11 percent respectively, which could lead to a continued upward trend in world prices for the rest of the year. Provisional returns indicate a 27 percent increase in global

export earnings in 2004, suggesting that exporting countries might be recovering from the coffee crisis of the past five years (see Box on page 30).

COCOA

World cocoa production is estimated to reach 3.2 million tonnes in 2004/05 (October/September), down from 3.4 million tonnes in 2003/04, mainly as a result of lower than expected harvest in major producing countries including Côte d'Ivoire, Ghana and Indonesia. However, world cocoa grinding is forecast to grow by about 1 percent to reach 3.2 million tonnes in 2004/05, resulting in a 3.5 percent fall in stocks and a stock to grindings ratio of 42.3 percent, compared to 44.2 percent back in 2003/04. Against this anticipated market development, and concerns over continued unrest in Côte d'Ivoire, world cocoa prices increased from 67.35 US cents per pound in October 2004 to 79.72 US cents per pound in March 2005, before

declining to 71.94 US cents per pound in April 2005. World cocoa prices should consolidate around 68-73 US cents per pound for the rest of the crop year.

BANANA

Banana import prices increased in Europe and North America in the first months of 2005 compared to the same period of 2004. The main reasons for this rise were reduced supply in several Latin American countries due to bad weather, high freight rates, firm demand in consuming countries

Important agricultural export commodities for developing countries

Forty three developing countries depend on exports of a single agricultural commodity for more than 20 percent of their total revenues from merchandise exports. Most of them suffer from widespread poverty, with more than three-quarters classified as least developed countries. Most common among the commodities they depend on are coffee, cocoa, cotton, sugar and bananas¹. For non oil-exporting countries, agricultural exports represent the mainstay of foreign exchange earnings. Nearly all of Malawi's agricultural exports, for example, come from tobacco and tea. Benin depends on cotton for over 80 percent of its merchandise export earnings. Ethiopia relies on coffee for over 70 percent of agricultural exports. Cuba's agricultural exports are about one-third from sugar, while bananas make up 30 percent of Ecuador's agricultural export earnings. This section of Food Outlook provides a brief overview of price trends and other developments for these commodities.

¹ The State of Agricultural Commodity Markets, FAO, 2004.

Figure 21. Coffee¹ & cocoa prices²

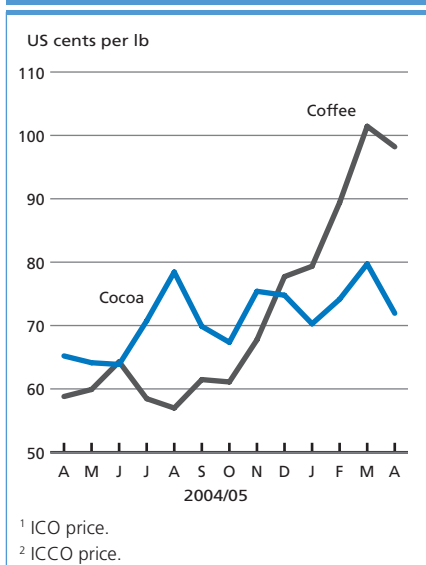
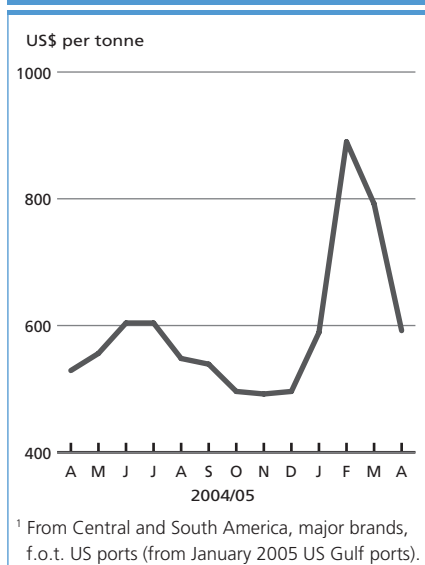


Figure 22. US Banana import price¹



and, in the specific case of the EU's new-member countries, the application since May 2004 of a banana import quota that is lower than their historical imports. However, import and export prices began

to fall in March/April 2005, as production and exports rose in Costa Rica, Guatemala, Ecuador and Colombia, while demand remained stable in the main markets. Industry sources report that farm-gate

prices in Ecuador decreased below the official minimum price of US\$3 per box, and in some cases, fell to less than US\$1 per box.

Recovery in coffee prices

According to the International Coffee Organisation's most recent market report, the 'coffee crisis' which saw prices fall between 1998 and 2001 to the lowest levels ever recorded, has ended. The implications of this for the 20-25 million poor households dependent upon coffee production were in many cases catastrophic in terms of unemployment and income loss, compromising food security and curtailing expenditures on health and education. In El Salvador, Nicaragua, Guatemala and Honduras the WFP distributed emergency food assistance to thousands of coffee producing families. A number of countries, mainly in Africa and Central America remain highly dependent on

coffee for a significant share of their export earnings, and in these cases the price collapse inflicted generalised macroeconomic damage.

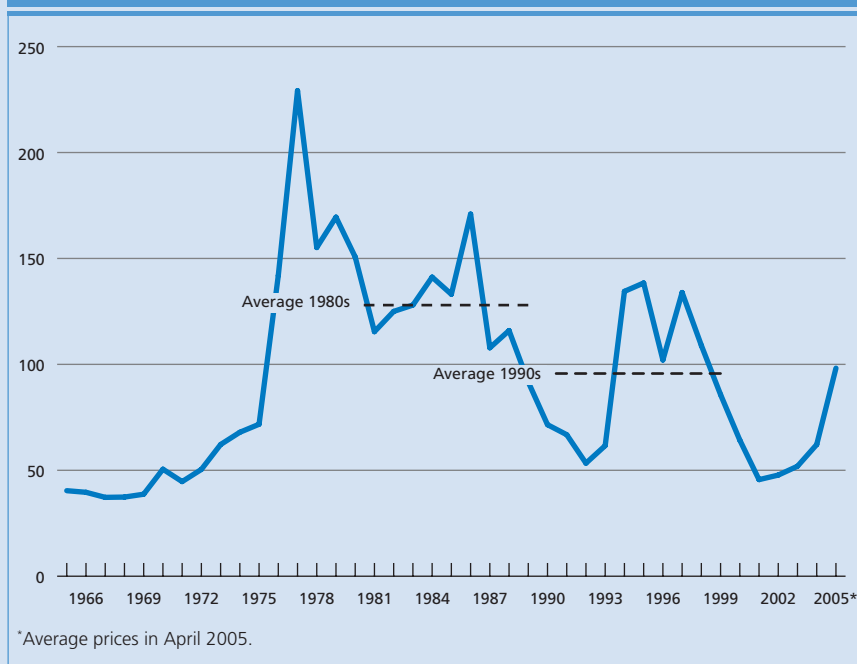
Coffee prices began to stabilise in 2001 and made a hesitant recovery through to the last quarter of 2004. Since then the recovery accelerated. Prices are now up to around 100 US cents per pound compared to 60 US cents per pound a year ago and have increased by more than 80 percent since the beginning of 2004. Average prices on the New York futures market reached more than 125 US cents per pound. Export earnings have increased correspondingly.

The coffee crisis provoked extensive discussion of alternative approaches to

slow or reverse the long-run fall and short-run variability in prices, including supply controls, demand promotion, quality improvement. However, the recovery in prices has its origin in the same market fundamentals of supply and demand as did the price collapse. Just as the collapse reflected rapid growth in supplies against sluggish demand, so the recovery reflects the more favourable situation of lower supplies against strengthening demand. Total supply in 2005 is expected to be around 135 million bags compared to 151 million in 2004. This reflects reduced production – partly in response to the prolonged price slump – to an expected 106 million bags in 2005, down from 113 million bags in 2004. The Brazilian crop is critical to the overall global supply situation and is expected to be down this year to around 32 million bags from around 39 million bags in 2004. However, reductions in production are expected to be widespread, including in other major producers such as Colombia and Viet Nam. Given this improvement in market balance prices should continue firm.

However, while the recovery in prices is obviously good news for coffee producers it does need to be set in perspective. Prices have only just reached the average level for the 1990s and they are 25 percent lower than the average in the 1980s. Sustainability of the world coffee economy remains an issue, and the need for efforts such as quality improvement, product differentiation, diversification, and demand expansion to secure that sustainability remains.

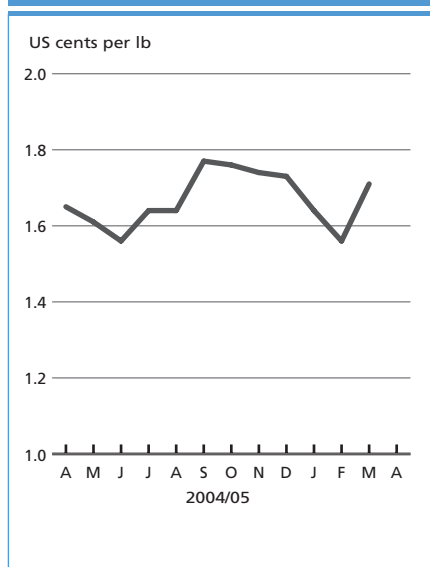
Annual averages of ICO indicator prices in US cents per pound



TEA

World tea production in 2004 (January/December) reached 3.2 million tonnes, about 2 percent higher than 2003, largely as a result of favourable weather conditions. Increased output in major producer Sri Lanka, Kenya and China more than offset declines in India and Bangladesh. The FAO Composite price averaged US\$1.65 per

Figure 23. Mombasa total tea price



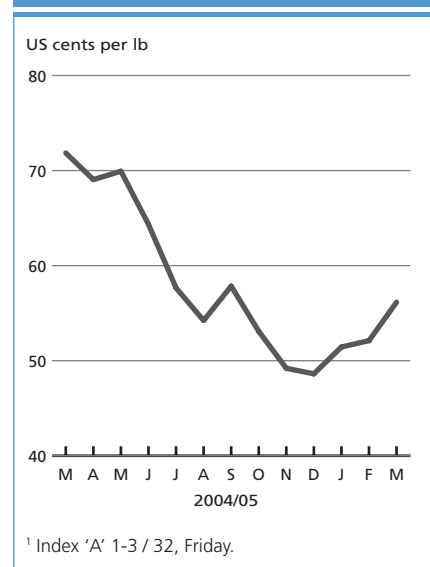
kg in 2004, about 9 percent higher than 2003. Prices were supported by rising tea quotations in Sri Lanka, which more than offset the depreciation of the Sri Lankan Rupee against the US dollar, and by the decline in the averaged tea prices at the Mombasa auction. The FAO composite Price in March 2005 averaged US\$1.71 per kg, a 9.6 percent increase over the price reached in February, largely due to firm demand against smaller traded volumes in Mombasa and Calcutta auction markets. In April, the FAO composite price fell to US\$1.63 per kg, slightly higher than the seasonal average for April which was US\$1.59 per kg over the last 6 years.

COTTON

The Cotlook 'A' Index, an indicator of world cotton prices, has recovered gradually from its low of US\$1.12 per kg at the end of 2004 when record output was reported in the major cotton producing countries including Brazil, China, India, Pakistan and the United States. The world cotton price increased to US\$1.25 per kg in early May 2005 largely due to the expectations of

lower world cotton production in 2005, following reduced plantings in response to low prices in 2004 and of moderate increase in demand. The prediction that China would import nearly 3 million tonnes of cotton in 2005/06, a 60 percent increase from its actual imports in 2003/04 because of projected lower domestic production and higher mill consumption also provided support to the world price recovery over the past few months.

Figure 24. Cotlook cotton price index¹



¹ Index 'A' 1-3 / 32, Friday.

Ocean freight rates

(Contributed by the International Grains Council)

Dry bulk freight rates have weakened in the period since March, with the Baltic Dry Index falling by 23 percent (to 16 May 2005). Nearly all of the fall occurred in the second half of April. China's demand for minerals, recently the major driving force in the freight market, declined due to an increase in iron ore prices and the introduction of import quotas. Continuing port congestion in China and Australia due to a shortage in railway capacity, early-May holidays in Europe and Asia, surplus tonnage in the Pacific and weaker crude oil prices also contributed to lower rates.

In the Atlantic, **Panamax** rates were

supported by active shipments of grain and oilseeds from South America. In March, tonnage in prompt positions was in short supply, especially in the US Gulf, and the major grain rate from the US Gulf to Japan increased by US\$3.00 to US\$63.00 per tonne. However, by the end of April, the rate had fallen to US\$58.00 per tonne, following the relocation of some idle vessels from the Pacific. In early March, period Panamax rates from Europe to East Asia went up from US\$43 000 to US\$46 000 per day, but by the end of April they had dropped to US\$38 000 daily. Period rates in the Pacific decreased

to US\$20 000 - 25 000 (US\$40 000) daily due to a surplus of ships in the area and port delays.

Rates in the **Capesize** market declined in the Pacific, following a slowdown in China's iron ore imports, which were affected by a new licence system, introduced on 1 March. In the Atlantic, however, reduced tonnage availability kept rates steady.

The **Handysize** market was under downward pressure from other sectors, with the exception of Handymax rates from the US Gulf, which remained strong. The grain rate from Brazil to the EU (Antwerp-Hamburg) fell to US\$49.50 per tonne by early May, from US\$58.50 in March.

Fertilizers

UREA

- Urea prices have continued to increase in the past months. As of late May, quotations were between 74 and 90 percent higher than one year ago and the upward price trend is expected to continue in the near future. This mainly reflects reduction of exports from China.
- China has imposed a new 30 percent export tax on f.o.b. prices of urea, replacing the existing US\$31 per tonne export tariff.
- Demand in Latin America is increasing, particularly in Brazil where, as well as normal large imports, the country is expected to restrict exports. The timing of Brazil's imports is significant for price developments in the CIS from where the country purchases. Lack of rain for planting in Mexico delayed the start of the normal seasonal rise in demand.
- Pakistan tenders for 190 000 tonnes have been awarded to suppliers in Indonesia, the CIS, the Persian Gulf and Bangladesh.
- Imports into the United States and Canada are scheduled from eastern European and Persian Gulf producers.

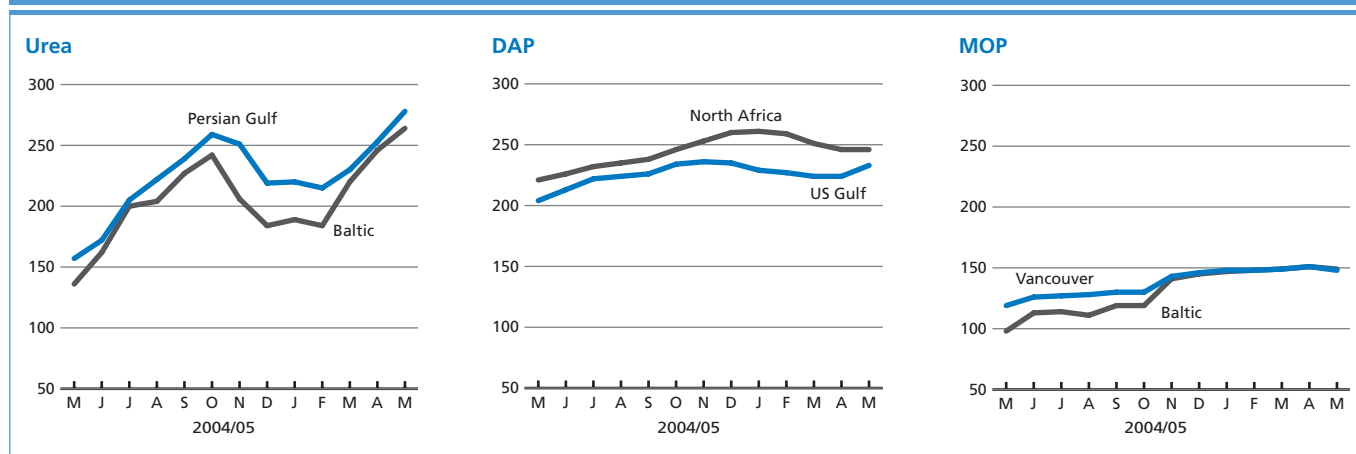
DIAMMONIUM PHOSPHATE (DAP)

- DAP prices increased slightly in April and May after falling in the first quarter of the year. As of late-May prices were some 10 percent higher than a year ago. Further price increases are likely in response to expected large demand from India and Pakistan at the same time as reduced production from Morocco. Indian DAP production is below the target and a significant amount may need to be imported to meet demand for the Khariff season crops now being planted.
- China is importing from the United States, where DAP prices increased by US\$10 per tonne in less than a month.
- The normal import season in Central America is nearing its end; however, some demand is still expected as a result of planting delays in Mexico.
- Turkey is importing from the Russian Federation and North Africa.

MURIATE OF POTASH (MOP)

- As of late-May, MOP prices were 25-50 percent higher than a year ago. Markets are supported by decreasing freight rates due to a combination of fewer cargos, quieter market conditions, and greater tonnage availability.
- Demand in Latin America and South East Asia is increasing. Viet Nam, Thailand and Pakistan arranged supplies from Canada, the Russian Federation, and the Persian Gulf. Demand in parts of Thailand, Viet Nam and southern China is adversely affected by drought and in Europe by late planting and drought in Spain and Portugal. China imports large quantities from the Russian Federation, Israel, Jordan, Germany and Canada. Brazil's imports are from Israel, the Russian Federation and Spain.
- The EU antidumping measures on MOP imports from the Ukraine expired mid-May 2005.
- India is importing large quantities of MOP to meet strong demand in southern and eastern parts of the country.
- Potash producers in Canada and the CIS are scheduling supply capacity expansions.

Figure 25. Fertilizer spot prices (US\$ per tonne, bulk, f.o.b.)



Statistical appendix

Table A1	World cereal production	34
Table A2	World imports of cereals.....	36
Table A3	World exports of cereals	38
Table A4	Cereal supply and utilization in main exporting countries.....	40
Table A5	World cereal stocks.....	41
Table A6	Selected export prices of cereals and soybeans.....	42
Table A7	Selected wheat and maize price indices	42
Table A8	Price indices and selected export prices for rice	43
Table A9	Price indices and selected international prices for oilcrop products.....	43
Table A10	Wheat and maize futures prices.....	44
Table A11	Ocean freight rates for wheat.....	44
Table A12	Selected international commodity prices.....	45
Table A13	Fertilizer spot price ranges.....	45

STATISTICAL NOTE

Data are obtained from official and unofficial sources. For cereals, production data refer to the calendar year in which the whole harvest or bulk of harvest takes place. For sugar, production data relate to the October/September season. For vegetable oils and oil meals derived from oilseeds, production data refer to the year in which the bulk of the seeds concerned are crushed. For trade in wheat and coarse grains, the time reference period is normally the July/June marketing year unless otherwise stated. Trade data for rice and other commodities refer to

the calendar year. Coarse grains refer to all other cereals except wheat and rice. Quantities are in metric tonnes unless otherwise stated. '-' means nil or negligible.

COUNTRY CLASSIFICATION

In the presentation and analysis of statistical material, countries are sub-divided, where appropriate, into the following two main economic groupings: "Developed countries" (including the developed market economies and the transition markets) and "Developing countries" (including the developing market

economies and the Asia centrally planned countries). The designation "Developed" and "Developing" economies is intended for statistical convenience and does not necessarily express a judgement about the stage reached by a particular country or area in the development process.

References are also made to special country groupings: Low-Income Food-Deficit Countries (LIFDCs), Least Developed Countries (LDCs) and Net Food-Importing Developing Countries (NFIDCs). The LIFDCs currently includes 84 countries that are net importers of cereals with per caput income below the level used by the World Bank to determine eligibility for IDA assistance (i.e. US\$1 415 in 2002). The LDCs and NIFDCs groups include a list of countries agreed by the World Trade Organization (WTO) to qualify as beneficiaries under the Marrakech Decision on the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries. The LDCs group currently includes 49 countries with low income as well as weak human resources and low level of economic diversification. The list is reviewed every three years by the Economic and Social Council of the United Nations. The NIFDCs group includes 22 developing country WTO Members which notified their request to be listed as NFIDCs and have submitted relevant statistical data concerning their status as net importers of basic foodstuffs during a representative period. This list is reviewed annually by the WTO Committee on Agriculture.

DISCLAIMER

The designations employed and the presentation of material in this publication do not imply the expression of any opinion whatsoever on the part of the Food and Agriculture Organization of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

TABLE A1. World cereal production (million tonnes)

	Wheat			Coarse Grains		
	2003	2004 estimate	2005 forecast	2003	2004 estimate	2005 forecast
ASIA	244.9	253.9	259.9	220.1	231.6	229.5
Bangladesh	1.3	1.5	1.5	0.1	0.1	0.1
China ¹	86.5	91.3	91.7	126.5	144.2	140.4
India	65.1	72.1	73.0	37.8	31.9	33.0
Indonesia	-	-	-	10.9	11.2	11.5
Iran (Islamic Republic of)	13.5	14.0	14.5	4.8	4.2	4.2
Japan	0.9	0.9	0.9	0.2	0.2	0.2
Kazakhstan	11.5	9.9	10.8	3.3	2.4	2.7
Dem. People's Rep. of Korea	0.2	0.2	0.2	1.9	1.9	1.9
Korea, Republic of	-	-	-	0.4	0.4	0.4
Myanmar	0.1	0.1	0.1	0.9	0.8	0.8
Pakistan	19.3	19.8	21.4	2.1	2.2	2.2
Philippines	-	-	-	4.6	5.5	5.5
Saudi Arabia	2.1	1.6	1.2	0.2	0.2	0.2
Thailand	-	-	-	4.4	4.5	4.5
Turkey	19.5	20.7	19.7	10.7	11.3	11.5
Viet Nam	-	-	-	2.9	3.5	2.9
AFRICA	21.5	22.8	19.8	90.9	88.3	87.3
North Africa	17.1	17.2	14.9	12.7	12.8	10.6
Egypt	6.8	7.2	8.3	7.6	7.8	7.7
Morocco	5.1	5.5	2.5	2.8	2.9	1.2
Sub-Saharan Africa	4.3	5.5	4.9	78.1	75.5	76.8
Western Africa	0.1	0.1	0.1	36.1	34.6	35.0
Nigeria	0.1	0.1	0.1	19.2	19.2	19.5
Central Africa	-	-	-	2.8	2.9	2.9
Eastern Africa	2.4	3.6	2.7	22.3	20.8	20.8
Ethiopia	1.7	2.8	2.0	7.9	8.9	7.6
Sudan	0.4	0.5	0.4	5.6	2.9	4.1
Southern Africa	1.8	1.9	2.1	16.9	17.2	18.1
Madagascar	-	-	-	0.2	0.2	0.2
South Africa	1.5	1.7	1.9	10.2	10.3	12.3
Zimbabwe	0.1	0.1	0.1	0.9	0.9	0.7
CENTRAL AMERICA	2.7	2.4	3.0	32.4	33.3	35.1
Mexico	2.7	2.4	3.0	28.6	29.7	31.4
SOUTH AMERICA	23.6	25.2	24.3	80.4	74.8	73.5
Argentina	14.6	16.0	15.5	19.2	18.7	23.9
Brazil	6.0	5.7	5.7	50.5	44.8	38.6
Colombia	-	-	-	1.5	1.8	1.7
NORTH AMERICA	87.4	84.6	81.8	302.0	346.6	323.1
Canada	23.6	25.9	23.5	26.6	26.7	26.5
United States of America	63.8	58.7	58.2	275.4	319.9	296.6
EUROPE	154.9	217.7	204.5	197.6	237.1	209.7
Bulgaria	2.0	4.0	3.7	1.9	3.2	2.3
European Union ²	91.5	136.8	125.0	95.8	150.4	132.2
Hungary ³	2.9	6.0	5.2	5.8	10.7	8.3
Poland ³	7.9	9.9	9.3	15.6	19.6	17.7
Romania	2.5	7.8	8.0	10.6	16.2	11.4
Russian Federation	34.0	45.3	44.0	30.2	29.6	29.0
Ukraine	4.3	16.5	17.4	15.5	19.1	16.9
OCEANIA	26.0	20.7	18.3	13.4	11.0	10.9
Australia	25.7	20.4	18.0	12.8	10.5	10.4
WORLD	561.0	627.3	611.5	936.8	1 022.7	969.2
Developing countries	267.2	280.0	281.0	408.1	413.2	408.3
Developed countries	293.7	347.3	330.6	528.7	609.6	560.9

¹ Including Taiwan Province.² Up to 2003 15 member countries, from 2004 25 member countries.³ From 2004 included in EU 25.

Note: Totals computed from unrounded data.

TABLE A1. (continued)

	Rice (paddy)			Total Cereals		
	2003	2004 estimate	2005 forecast	2003	2004 estimate	2005 forecast
ASIA	532.8	546.8	561.5	997.9	1 032.3	1 050.9
Bangladesh	39.3	38.0	39.8	40.6	39.5	41.3
China ¹	162.3	177.5	183.6	375.3	413.1	415.8
India	132.4	130.7	133.5	235.3	234.6	239.5
Indonesia	52.1	54.1	53.1	63.0	65.2	64.6
Iran (Islamic Republic of)	3.3	3.4	3.5	21.6	21.6	22.2
Japan	9.7	10.9	10.6	10.8	12.0	11.7
Kazakhstan	0.2	0.2	0.2	15.1	12.6	13.7
Dem. People's Rep. of Korea	2.2	2.4	2.4	4.3	4.4	4.4
Korea, Republic of	6.0	6.8	6.7	6.4	7.2	7.1
Myanmar	23.1	23.4	24.5	24.2	24.3	25.4
Pakistan	7.3	7.5	7.8	28.6	29.5	31.4
Philippines	14.2	14.5	14.6	18.8	20.0	20.1
Saudi Arabia	-	-	-	2.3	1.8	1.4
Thailand	27.2	23.9	27.0	31.7	28.4	31.5
Turkey	0.4	0.4	0.4	30.6	32.4	31.6
Viet Nam	34.5	36.1	36.0	37.4	39.6	38.9
AFRICA	18.0	18.4	19.4	130.3	129.4	126.5
North Africa	6.2	6.4	6.4	36.0	36.4	31.8
Egypt	6.2	6.4	6.4	20.7	21.3	22.4
Morocco	-	-	-	8.0	8.5	3.8
Sub-Saharan Africa	11.8	12.0	13.0	94.3	93.0	94.7
Western Africa	7.4	7.2	7.9	43.6	41.9	43.0
Nigeria	3.4	3.5	4.0	22.6	22.7	23.6
Central Africa	0.4	0.4	0.4	3.2	3.3	3.3
Eastern Africa	0.9	1.0	0.9	25.6	25.3	24.4
Ethiopia	-	-	-	9.6	11.7	9.6
Sudan	-	-	-	5.9	3.4	4.5
Southern Africa	3.1	3.3	3.7	21.9	22.4	23.9
Madagascar	2.8	3.0	3.4	3.0	3.2	3.6
South Africa	-	-	-	11.7	12.0	14.2
Zimbabwe	-	-	-	1.0	1.0	0.8
CENTRAL AMERICA	2.6	2.4	2.5	37.8	38.1	40.7
Mexico	0.3	0.3	0.3	31.6	32.4	34.7
SOUTH AMERICA	19.8	22.9	23.9	123.8	122.9	121.7
Argentina	0.7	1.1	1.1	34.4	35.7	40.5
Brazil	10.4	12.8	13.2	66.9	63.4	57.4
Colombia	2.5	2.7	2.7	4.1	4.5	4.4
NORTH AMERICA	9.1	10.5	10.2	398.4	441.7	415.1
Canada	-	-	-	50.1	52.6	50.0
United States of America	9.1	10.5	10.2	348.3	389.1	365.1
EUROPE	3.3	3.4	3.4	355.7	458.3	417.6
Bulgaria	-	-	-	3.9	7.2	6.0
European Union ²	2.7	2.8	2.8	190.0	290.1	260.0
Hungary ³	-	-	-	8.8	16.7	13.5
Poland ³	-	-	-	23.4	29.5	26.9
Romania	-	-	-	13.1	23.9	19.4
Russian Federation	0.5	0.5	0.5	64.6	75.4	73.4
Ukraine	0.1	0.1	0.1	19.9	35.7	34.4
OCEANIA	0.4	0.6	0.4	39.8	32.2	29.6
Australia	0.4	0.5	0.3	38.9	31.4	28.7
WORLD	586.0	604.9	621.3	2 083.7	2 254.9	2 202.0
Developing countries	562.8	578.8	596.1	1 238.1	1 272.0	1 285.3
Developed countries	23.2	26.1	25.3	845.6	982.9	916.7

¹ Including Taiwan Province.² Up to 2003 15 member countries, from 2004 25 member countries³ From 2004 included in EU 25.

Note: Totals computed from unrounded data.

TABLE A2. World imports of cereals (million tonnes)

	Wheat (July/June) ¹			Coarse Grains (July/June)		
	2003/04	2004/05 estimate	2005/06 forecast	2003/04	2004/05 estimate	2005/06 forecast
ASIA	41.2	50.6	46.9	59.4	58.0	57.8
Bangladesh	2.0	2.3	2.1	0.2	0.2	0.2
China	4.0	8.6	6.0	6.4	7.3	7.6
Taiwan Province	1.0	1.1	1.0	5.0	4.9	4.9
Georgia	0.6	0.8	0.8	-	-	-
India	-	0.1	0.1	0.2	0.1	0.1
Indonesia	4.4	4.4	4.4	1.4	1.2	1.0
Iran (Islamic Republic of)	0.5	0.2	0.2	1.7	2.4	2.4
Iraq	2.0	2.9	3.0	0.3	0.2	0.2
Israel	1.0	1.5	1.5	2.0	1.5	1.4
Japan	5.6	5.6	5.6	20.3	19.8	19.5
Dem. People's Rep. of Korea	0.4	0.4	0.4	0.1	0.2	0.2
Korea, Republic of	3.3	3.9	3.8	9.6	9.0	9.5
Malaysia	1.4	1.4	1.4	2.4	2.5	2.5
Pakistan	0.2	1.4	1.0	0.2	0.2	0.2
Philippines	3.0	3.0	3.1	0.1	0.1	0.1
Saudi Arabia	0.1	0.4	0.6	8.0	7.7	7.7
Singapore	0.3	0.3	0.3	-	-	-
Sri Lanka	1.0	1.0	1.0	0.1	0.1	0.1
Syria	0.2	0.2	0.2	1.8	2.0	1.7
Thailand	1.1	1.0	1.1	0.1	0.1	0.1
Yemen	1.9	1.8	1.9	0.3	0.2	0.2
AFRICA	25.2	26.4	27.1	14.1	15.4	15.6
North Africa	14.6	15.1	16.0	8.8	9.6	9.7
Algeria	3.1	3.4	4.0	2.1	1.8	1.9
Egypt	6.9	7.3	6.3	4.1	4.6	4.5
Morocco	2.4	2.2	3.0	1.0	1.5	1.6
Tunisia	0.7	0.8	1.3	0.8	1.0	1.0
Sub-Saharan Africa	10.6	11.3	11.1	5.3	5.8	5.8
Côte d'Ivoire	0.3	0.3	0.3	-	-	-
Ethiopia	0.5	0.2	0.7	0.1	-	-
Kenya	0.4	0.6	0.6	0.6	1.2	1.0
Nigeria	2.4	2.8	2.8	0.1	0.1	0.1
Senegal	0.3	0.3	0.3	-	-	-
Sudan	1.1	1.2	1.1	0.1	0.1	0.1
South Africa	1.0	1.3	1.2	0.7	0.6	0.3
CENTRAL AMERICA	7.2	7.5	7.3	12.3	12.6	11.8
Cuba	1.0	1.0	1.1	0.3	0.3	0.3
Dominican Rep.	0.3	0.3	0.3	0.8	0.8	0.9
Mexico	3.6	3.8	3.6	8.7	9.0	8.0
SOUTH AMERICA	10.9	10.3	10.9	5.7	6.3	6.5
Brazil	5.6	5.0	5.5	0.7	1.0	1.2
Chile	0.4	0.3	0.5	0.9	0.8	0.8
Colombia	1.2	1.3	1.2	2.1	2.4	2.2
Peru	1.4	1.4	1.5	0.9	1.0	1.1
Venezuela	1.4	1.5	1.5	0.6	0.6	0.7
NORTH AMERICA	0.9	1.4	1.5	5.0	3.9	4.4
Canada	0.1	-	-	2.5	1.9	2.6
United States of America	0.9	1.4	1.5	2.4	2.1	1.8
EUROPE	17.6	10.0	9.3	11.3	5.2	5.3
Belarus	0.4	0.2	0.2	0.2	0.3	0.3
European Union ²	5.8	6.6	6.0	6.8	3.2	3.2
Poland ³	0.8	-	-	0.7	-	-
Romania	2.1	0.2	-	0.4	0.1	0.1
Russian Federation	1.1	1.2	1.2	0.9	0.9	0.9
Ukraine	3.6	0.1	0.1	0.3	-	-
OCEANIA	0.5	0.5	0.5	0.1	0.1	0.1
New Zealand	0.2	0.3	0.2	0.1	0.1	0.1
WORLD	103.5	106.6	103.5	107.9	101.4	101.5
Developing countries	75.1	83.9	81.5	68.4	70.1	70.3
Developed countries	28.4	22.8	22.0	39.5	31.3	31.2

¹ Including wheat flour in wheat grain equivalent, but excluding semolina. ² Excluding trade between the EU member countries. Up to 2003/04 15 member countries, from 2004/05 25 member countries. ³ From 2004/05 included in EU 25.

Note: Totals computed from unrounded data.

TABLE A2. (continued)

	Rice (milled)			Total Cereals ¹		
	2003/04	2004/05 estimate	2005/06 forecast	2003/04	2004/05 estimate	2005/06 forecast
ASIA	11.6	11.6		112.2	120.2	
Bangladesh	0.8	1.0		2.9	3.5	
China	0.9	0.7		11.4	16.5	
Taiwan Province	0.2	0.2		6.2	6.1	
Georgia	-	-		0.6	0.8	
India	-	0.1		0.2	0.3	
Indonesia	0.7	0.7		6.5	6.3	
Iran (Islamic Republic of)	0.8	0.6		3.0	3.2	
Iraq	1.2	1.2		3.5	4.3	
Israel	0.1	0.1		3.1	3.1	
Japan	0.7	0.7		26.6	26.1	
Dem. People's Rep. of Korea	0.6	0.5		1.1	1.1	
Korea, Republic of	0.2	0.2		13.1	13.1	
Malaysia	0.7	0.6		4.5	4.4	
Pakistan	-	-		0.4	1.6	
Philippines	1.0	1.6		4.1	4.7	
Saudi Arabia	0.9	0.8		8.9	8.8	
Singapore	0.3	0.3		0.6	0.7	
Sri Lanka	0.2	-		1.4	1.2	
Syria	0.2	0.2		2.2	2.4	
Thailand	-	-		1.2	1.1	
Yemen	0.3	0.3		2.4	2.3	
AFRICA	8.6	7.9		47.8	49.7	
North Africa	0.2	0.2		23.5	24.9	
Algeria	0.1	0.1		5.2	5.2	
Egypt	-	-		11.0	11.9	
Morocco	-	-		3.5	3.7	
Tunisia	-	-		1.5	1.8	
Sub-Saharan Africa	8.3	7.7		24.3	24.7	
Côte d'Ivoire	0.8	0.8		1.1	1.2	
Ethiopia	-	-		0.6	0.3	
Kenya	0.2	0.2		1.3	1.9	
Nigeria	1.6	1.3		4.1	4.2	
Senegal	0.7	0.7		0.9	1.0	
Sudan	-	-		1.3	1.3	
South Africa	1.0	0.9		2.7	2.8	
CENTRAL AMERICA	2.1	2.1		21.6	22.1	
Cuba	0.7	0.7		2.0	2.0	
Dominican Rep.	0.1	0.1		1.2	1.2	
Mexico	0.5	0.5		12.8	13.4	
SOUTH AMERICA	1.1	1.0		17.8	17.5	
Brazil	0.9	0.8		7.1	6.8	
Chile	0.1	0.1		1.5	1.2	
Colombia	0.1	0.1		3.4	3.7	
Peru	0.1	-		2.4	2.4	
Venezuela	-	-		2.0	2.1	
NORTH AMERICA	0.8	0.8		6.7	6.1	
Canada	0.3	0.3		2.9	2.1	
United States of America	0.5	0.5		3.8	3.9	
EUROPE	1.8	1.8		30.6	16.9	
Belarus	-	-		0.6	0.6	
European Union ²	0.7	0.9		13.3	10.7	
Poland ³	0.1	-		1.5	-	
Romania	0.1	0.1		2.6	0.3	
Russian Federation	0.5	0.5		2.5	2.5	
Ukraine	0.1	0.1		3.9	0.2	
OCEANIA	0.4	0.4		0.9	1.0	
New Zealand	-	-		0.3	0.4	
WORLD	26.3	25.5	25.5⁴	237.7	233.6	230.5
Developing countries	21.7	21.1	21.0	165.2	175.0	172.8
Developed countries	4.6	4.5	4.5	72.5	58.5	57.7

¹ Trade in rice refers to the calendar year of the second year shown. ² Excluding trade between the EU member countries. Up to 2003/04 15 member countries, from 2004/05 25 member countries. ³ From 2004/05 included in EU 25. ⁴ Highly tentative.
Note: Totals computed from unrounded data.

TABLE A3. World exports of cereals (million tonnes)

	Wheat (July/June) ¹			Coarse Grains (July/June)		
	2003/04	2004/05 estimate	2005/06 forecast	2003/04	2004/05 estimate	2005/06 forecast
ASIA	16.6	9.1	9.7	15.1	7.4	6.8
China ²	2.1	0.4	0.4	11.3	5.1	4.5
India	5.0	1.5	1.0	0.8	0.3	0.3
Indonesia	-	-	-	0.1	0.3	0.3
Japan	0.4	0.4	0.4	-	-	-
Kazakhstan	5.4	2.7	4.0	0.5	0.3	0.3
Myanmar	-	-	-	0.1	0.1	0.1
Pakistan	0.2	0.1	0.2	-	-	-
Syria	1.0	1.0	1.0	0.3	0.1	0.1
Thailand	-	-	-	0.7	0.5	0.3
Turkey	0.8	1.2	1.0	0.5	0.1	0.1
Viet Nam	-	-	-	-	-	-
AFRICA	0.5	0.5	0.4	2.2	2.2	2.7
Egypt	-	-	-	-	-	-
Ethiopia	-	-	-	-	0.1	-
Nigeria	-	-	-	0.1	0.1	0.1
South Africa	0.2	0.2	0.2	1.2	0.9	1.9
Sudan	-	-	-	0.2	0.1	0.1
Uganda	-	-	-	0.1	0.2	0.1
CENTRAL AMERICA	0.5	0.5	0.4	0.2	0.1	0.2
SOUTH AMERICA	8.9	12.8	10.4	17.2	15.6	15.6
Argentina	7.5	12.0	10.0	10.1	12.2	14.0
Brazil	1.2	0.5	0.2	6.2	2.5	0.9
Paraguay	0.2	0.2	0.1	0.6	0.6	0.4
Uruguay	-	0.1	0.1	0.1	0.1	0.1
NORTH AMERICA	47.6	42.5	41.0	54.6	55.2	59.1
Canada	15.3	14.5	15.5	3.5	4.1	4.5
United States of America	32.3	28.0	25.5	51.1	51.1	54.6
EUROPE	13.6	25.1	27.6	11.7	15.3	12.7
Bulgaria	0.2	0.9	0.5	0.1	1.0	0.6
Czech Rep. ³	-	-	-	0.3	-	-
European Union ⁴	8.8	13.5	15.0	3.8	4.5	4.5
Hungary ³	0.5	-	-	0.4	-	-
Romania	-	0.1	0.8	0.2	1.8	1.3
Russian Federation	4.0	6.0	6.8	3.3	1.2	0.8
Ukraine	0.1	4.1	4.0	2.8	6.3	4.6
OCEANIA	17.0	16.3	14.0	5.0	5.4	4.5
Australia	17.0	16.3	14.0	5.0	5.3	4.5
WORLD	104.8	106.9	103.5	106.0	101.2	101.5
Developing countries	20.1	19.2	15.8	32.9	24.0	23.0
Developed countries	84.7	87.8	87.7	73.1	77.2	78.4

¹ Including wheat flour in wheat grain equivalent, but excluding semolina.

² Including Taiwan Province.

³ From 2004/05 included in EU 25.

⁴ Excluding trade between the EU member countries. Up to 2003/04 15 member countries, from 2004/05 25 member countries.

Note: Totals computed from unrounded data.

TABLE A3. (cont.)

	Rice (milled)			Total Cereals ¹		
	2003/04	2004/05 estimate	2005/06 forecast	2003/04	2004/05 estimate	2005/06 forecast
ASIA	20.8	19.3		52.5	35.9	
China ²	1.0	0.8		14.4	6.2	
India	3.2	3.4		9.0	5.2	
Indonesia	-	-		0.1	0.3	
Japan	0.2	0.2		0.6	0.6	
Kazakhstan	-	-		5.9	3.1	
Myanmar	0.1	0.2		0.3	0.3	
Pakistan	1.9	2.2		2.1	2.3	
Syria	-	-		1.3	1.1	
Thailand	10.1	8.2		10.8	8.7	
Turkey	-	-		1.3	1.3	
Viet Nam	4.1	4.1		4.1	4.1	
AFRICA	0.8	0.9		3.5	3.6	
Egypt	0.8	0.9		0.8	0.9	
Ethiopia	-	-		-	0.1	
Nigeria	-	-		0.1	0.1	
South Africa	-	-		1.4	1.1	
Sudan	-	-		0.2	0.1	
Uganda	-	-		0.1	0.2	
CENTRAL AMERICA	0.1	-		0.8	0.6	
SOUTH AMERICA	1.2	1.5		27.3	29.9	
Argentina	0.2	0.4		17.9	24.6	
Brazil	-	0.1		7.4	3.1	
Paraguay	-	-		0.7	0.8	
Uruguay	0.6	0.7		0.7	0.9	
NORTH AMERICA	3.1	3.6		105.3	101.2	
Canada	-	-		18.7	18.6	
United States of America	3.1	3.6		86.5	82.7	
EUROPE	0.3	0.2		25.6	40.7	
Bulgaria	-	-		0.3	1.9	
Czech Rep. ³	-	-		0.3	-	
European Union ⁴	0.3	0.2		12.9	18.2	
Hungary ³	-	-		0.9	-	
Romania	-	-		0.2	1.9	
Russian Federation	-	-		7.3	7.2	
Ukraine	-	-		2.9	10.4	
OCEANIA	0.1	0.1		22.1	21.7	
Australia	0.1	0.1		22.1	21.7	
WORLD	26.3	25.5	25.5⁵	237.1	233.6	230.5
Developing countries	22.7	21.5	21.3	75.7	64.7	60.1
Developed countries	3.6	4.1	4.3	161.4	169.0	170.4

¹ Trade in rice refers to the calendar year of the second year shown.

² Including Taiwan Province.

³ From 2004/05 included in EU 25.

⁴ Excluding trade between the EU member countries. Up to 2003/04 15 member countries, from 2004/05 25 member countries.

⁵ Highly tentative.

Note: Totals computed from unrounded data.

TABLE A4. Cereal supply and utilization in main exporting countries (million tonnes)

	Wheat ¹			Coarse Grains ²			Rice (milled basis)		
	2003/04	2004/05 estimate	2005/06 forecast	2003/04	2004/05 estimate	2005/06 forecast	2003/04	2004/05 estimate	2005/06 forecast
	UNITED STATES (June/May)			UNITED STATES			UNITED STATES (Aug./July)		
Opening stocks	13.4	14.9	14.3	31.0	28.8	61.7	0.8	0.8	1.3
Production	63.8	58.7	58.2	275.4	319.9	296.6	6.4	7.4	7.1
Imports	1.7	1.9	1.9	2.2	1.9	1.9	0.5	0.5	0.5
Total Supply	78.9	75.5	74.5	308.6	350.6	360.2	7.7	8.6	8.9
Domestic use	32.5	32.3	31.8	226.0	238.2	234.4	3.7	4.0	4.0
Exports	31.6	28.8	25.9	53.8	50.7	56.0	3.3	3.4	3.8
Closing stocks	14.9	14.3	16.8	28.8	61.7	69.8	0.8	1.3	1.0
	CANADA (August/July)			CANADA			THAILAND (Nov./Oct.) ³		
Opening stocks	5.7	6.1	7.8	3.2	4.2	5.5	4.9	3.3	
Production	23.6	25.9	23.5	26.6	26.7	26.6	18.0	15.8	
Imports	0.0	0.0	0.0	2.2	2.2	2.5	0.0	0.0	
Total Supply	29.3	32.0	31.4	31.9	33.1	34.5	22.9	19.1	
Domestic use	7.5	9.3	8.2	23.0	23.4	24.3	9.5	9.4	
Exports	15.7	14.9	16.0	4.7	4.2	4.8	10.1	8.2	
Closing stocks	6.1	7.8	7.2	4.2	5.5	5.4	3.3	1.5	
	ARGENTINA (Dec./Nov.)			ARGENTINA			CHINA (Jan./Dec.) ^{3,4}		
Opening stocks	2.1	2.0	0.7	1.1	1.3	0.8	73.7	59.2	
Production	14.6	16.0	15.5	19.2	18.7	23.9	111.3	121.7	
Imports	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.7	
Total Supply	16.6	18.0	16.2	20.2	20.0	24.8	185.9	181.5	
Domestic use	5.8	5.5	5.4	8.7	7.6	9.3	125.7	125.6	
Exports	8.8	11.8	10.0	10.2	11.6	14.2	1.0	0.8	
Closing stocks	2.0	0.7	0.8	1.3	0.8	1.3	59.2	55.1	
	AUSTRALIA (Oct./Sept.)			AUSTRALIA			PAKISTAN (Nov./Oct.) ³		
Opening stocks	3.1	5.4	4.4	2.1	1.8	0.9	0.3	0.5	
Production	25.7	20.4	18.0	12.8	10.5	10.4	4.8	5.0	
Imports	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Total Supply	28.8	25.8	22.4	14.9	12.2	11.3	5.2	5.5	
Domestic use	5.5	5.6	5.9	6.4	5.8	6.2	2.8	2.9	
Exports	17.9	15.8	14.6	6.7	5.6	4.5	1.9	2.2	
Closing stocks	5.4	4.4	1.9	1.8	0.9	0.6	0.5	0.5	
	EU (July/June) ⁵			EU ⁵			VIET NAM (Nov./Oct.) ³		
Opening stocks	15.0	10.5	22.5	18.0	14.5	21.7	4.9	4.9	
Production	91.5	136.8	125.0	95.8	150.4	132.2	23.0	24.1	
Imports	5.8	6.6	6.0	6.8	3.2	3.2	0.0	0.0	
Total Supply	112.3	153.9	153.5	120.7	168.1	157.1	27.9	29.0	
Domestic use	93.9	117.7	114.8	105.0	141.9	136.9	19.0	19.7	
Exports	8.9	13.7	15.4	3.8	4.5	4.5	4.1	4.1	
Closing stocks	9.5	22.5	23.3	11.8	21.7	15.7	4.9	5.2	
	TOTAL OF ABOVE			TOTAL OF ABOVE			TOTAL OF ABOVE		
Opening stocks	39.2	38.9	49.7	55.4	50.6	90.5	84.7	68.6	
Production	219.1	257.8	240.3	429.7	526.1	489.7	163.6	173.9	
Imports	7.5	8.5	7.9	11.2	7.3	7.6	1.4	1.1	
Total Supply	265.9	305.2	298.0	496.3	584.0	587.9	249.7	243.7	
Domestic use	145.2	170.4	166.1	369.1	416.8	411.1	160.7	161.5	
Exports	82.8	85.0	81.8	79.3	76.6	84.0	20.3	18.6	
Closing stocks	37.9	49.7	50.0	47.9	90.5	92.7	68.6	63.5	

¹ Trade data include wheat flour in wheat grain equivalent. For the EU semolina is also included.

² **Argentina** (December/November) for rye, barley and oats, (March/February) for maize and sorghum; **Australia** (November/October) for rye, barley and oats, (March/February) for maize and sorghum; **Canada** (August/July); **EU** (July/June); **United States** (June/May) for rye, barley and oats, (September/August) for maize and sorghum.

³ Rice trade data refer to the calendar year of the second year shown.

⁴ Including Taiwan province.

⁵ Excluding trade between the EU member countries. Up to 2003/04 15 member countries, from 2004/05 25 member countries.

Note: Totals computed from unrounded data.

TABLE A5. World cereal stocks¹ (million tonnes)

	Crop Years ending in:						
	2000	2001	2002	2003	2004	2005 estimate	2006 forecast
TOTAL CEREALS	632.9	603.4	578.5	487.6	415.2	463.1	444.5
Wheat	247.5	244.7	236.8	203.8	160.3	167.6	159.6
held by:							
- main exporters ²	50.2	52.3	48.5	39.2	37.9	49.7	50.0
- others	197.3	192.4	188.3	164.6	122.4	117.9	109.6
Coarse Grains	234.0	207.8	197.5	163.4	150.3	198.4	189.5
held by:							
- main exporters ²	78.0	77.2	70.4	55.4	47.9	90.5	92.7
- others	156.0	130.6	127.2	108.0	102.3	107.9	96.8
Rice (milled basis)	151.5	150.9	144.1	120.4	104.7	97.1	95.4
held by:							
- main exporters ²	102.1	100.1	94.2	84.7	68.6	63.5	63.5
excl. China ³	8.3	9.5	10.9	11.0	9.5	8.4	8.0
- others	49.4	50.8	49.9	35.7	36.0	33.5	31.9
Developed Countries	166.1	161.9	169.5	145.3	122.8	181.7	181.8
Australia	4.5	5.8	9.9	5.4	7.3	5.4	
European Union ⁴	34.5	32.0	31.1	33.7	22.0	44.9	
Canada	13.5	14.1	10.3	8.9	10.3	13.4	
Hungary ⁵	2.2	1.5	2.0	1.4	1.0	-	
Japan	6.2	6.0	5.7	5.3	4.8	5.0	
Poland ⁵	3.8	2.2	3.0	3.1	2.6	-	
Romania	3.7	0.4	2.5	2.0	1.2	4.8	
Russian Federation	4.9	6.5	13.5	12.5	7.3	9.1	
South Africa	1.8	2.9	1.9	3.8	3.5	3.5	
Ukraine	2.2	2.3	5.2	5.1	2.9	4.1	
United States	75.6	77.4	67.4	45.2	44.4	77.3	
Developing Countries	466.8	441.5	409.0	342.3	292.4	281.3	262.7
Asia	427.4	404.7	368.4	307.9	251.0	238.7	
China ³	311.3	281.1	249.0	209.9	163.8	159.0	
India	57.4	62.3	60.3	40.4	32.0	28.3	
Indonesia	7.0	7.4	5.0	5.7	6.0	5.0	
Iran (Islamic Republic of)	3.8	3.5	4.2	3.5	2.6	1.8	
Korea, Republic of	3.3	3.0	3.2	3.1	2.8	2.7	
Pakistan	8.7	9.4	6.6	2.8	1.9	2.2	
Philippines	1.9	2.2	1.9	2.2	1.9	2.3	
Syria	3.7	3.0	3.8	3.9	4.0	3.6	
Turkey	8.3	8.7	7.9	8.1	7.7	7.7	
Africa	25.1	23.6	24.4	21.4	23.6	24.1	
Algeria	1.8	1.7	2.0	2.7	2.8	2.7	
Egypt	4.3	4.3	4.2	3.4	3.0	3.3	
Ethiopia	1.5	2.3	1.8	0.7	0.5	1.3	
Morocco	3.7	1.9	1.9	1.9	3.2	4.5	
Nigeria	1.7	2.2	2.2	2.1	1.7	1.5	
Tunisia	2.1	2.1	2.3	2.0	2.4	2.4	
Central America	6.7	6.3	6.4	5.0	6.0	7.6	
Mexico	5.0	4.5	4.6	3.3	4.5	6.4	
South America	7.4	6.7	9.5	7.6	11.5	10.6	
Argentina	1.8	1.6	2.3	3.2	3.5	1.7	
Brazil	2.7	1.7	3.7	1.6	5.5	6.1	

¹ Stock data are based on an aggregate of carryovers at the end of national crop years and do not represent world stock levels at any point in time.

² The major **wheat** and **coarse grains** exporters are Argentina, Australia, Canada, the EU and the United States. The major **rice** exporters are China (including Taiwan Province), Pakistan, Thailand, the United States and Viet Nam. See Table A.4 for country details.

³ Including Taiwan Province.

⁴ Up to 2003/04 15 member countries, from 2004/05 25 member countries.

⁵ From 2004/05 included in EU 25.

Note: Based on official and unofficial estimates. Totals computed from unrounded data.

TABLE A6. Selected export prices of cereals and soyabeans (US\$/tonne)

Period	Wheat			Maize		Sorghum	Soybeans
	US No.2 Hard Red Winter Ord. Prot. ¹	US Soft Red Winter No.2 ¹	Argentina Trigo Par ²	US No.2 Yellow ¹	Argentina ²	US No.2 Yellow ¹	US No.1 Yellow ¹
Annual (July/June)							
2000/2001	128	101	124	86	84	93	184
2001/2002	127	113	119	90	89	95	182
2002/2003	161	138	145	107	102	112	222
2003/2004	161	149	154	115	109	118	305
Monthly							
2004 – May	167	150	157	130	118	126	367
2004 – December	160	139	111	96	89	96	224
2005 – January	157	142	107	96	82	96	220
2005 – February	154	143	113	94	80	96	216
2005 – March	157	153	128	100	85	99	246
2005 – April	148	132	129	97	84	95	243
2005 – May	151	135	133	94	87	100	250
Weekly							
2005 – May II	149	135	133	94	85	98	248
2005 – May III	150	130	133	90	86	99	243
2005 – May IV	153	140	134	98	90	105	250
2005 – May V	152	140	134	97	90	105	263
2005 – June I	146	132	132	98	89	105	268

¹ Delivered US Gulf ports.

² Up River f.o.b.

Sources: International Grain Council and USDA.

TABLE A7. Wheat and maize price indices

Period	Wheat ¹	Maize ²
	(1997/98-1999/00=100)	(1997/98-1999/00=100)
Annual (July/June)		
1999/2000	93	92
2000/2001	97	87
2001/2002	99	91
2002/2003	121	108
2003/2004	119	116
Monthly		
2004 – May	123	131
2004 – November	123	94
2004 – December	122	97
2005 – January	123	97
2005 – February	121	95
2005 – March	122	101
2005 – April	114	98
2005 – May	115	95

¹ The wheat price index has been constructed based on the IGC wheat price index, rebased to July/June 1997/98-1999/00 = 100. The IGC wheat price index is composed of a simple average of following price quotations, converted to an index, with base July/December 1986 = 1000:

a Australian Standard White, f.o.b. Eastern States - second position quoted.

b Canadian No.1 CWRS 13.5%, f.o.b. St. Lawrence.

c Canadian No.1 CWRS 12.5%, f.o.b. Vancouver.

d United States No.2 HRW (Ordinary), Gulf.

e United States No.2 SRW, Gulf.

f United States No.2 DNS 14%, f.o.b. Lakes

g United States No.2 Western White, f.o.b. Pacific

² United States Maize No.2 Yellow (delivered Gulf ports) with base July/June, 1997/98-1999/00 = 100.

Sources: FAO, International Grain Council, USDA.

TABLE A8. Price indices and selected export prices for rice

Period	Export Prices (US\$ per tonne)				FAO Indices (1998-2000=100)				
	Thai 100% B ¹	Thai broken ²	US Long grain ³	Pakistani Basmati ⁴	Total	Indica		Japonica	Aromatic
						High quality	Low quality		
Annual (January/December)									
2001	177	135	264	332	74	74	74	76	69
2002	197	151	207	366	72	73	75	67	74
2003	201	151	284	358	82	79	81	82	91
2004	244	207	372	486	104	101	110	104	96
Monthly									
2004 – May	237	215	421	523	109	105	115	112	100
2004 – December	280	220	329	455	103	102	114	93	97
2005 – January	293	230	330	460	106	106	121	94	97
2005 – February	298	234	324	453	107	107	123	93	96
2005 – March	295	230	319	467	106	106	122	95	96
2005 – April	300	226	316	472	106	107	121	93	95
Weekly									
2005 – May I	301	223	319	472)					
2005 – May II	300	222	319	472)	103	105	113	93	94
2005 – May III	295	217	319	472)					
2005 – May IV	294	216	316	472)					

¹ White rice, 100% second grade, f.o.b. Bangkok, indicative traded prices.

² A1 super, f.o.b. Bangkok, indicative traded prices.

³ US No.2, 4% broken f.o.b.

⁴ Basmati: ordinary, f.o.b. Karachi.

Note: The FAO Rice Price Index is based on 16 rice export quotations. 'Quality' is defined by the percentage of broken kernels, with high (low) quality referring to rice with less (equal to or more) than 20 percent broken. The Sub-Index for Aromatic Rice follows movements in prices of Basmati and Fragrant rice.

Sources: FAO for indices. Rice prices: Jackson Son & Co. (London) Ltd. and other public sources.

TABLE A9. Price indices and selected international prices for oilcrop products

Period	FAO Indices (1990-92=100)			International Prices (US\$ per tonne)				
	Oilseeds	Edible/Soap Fats/Oils	Oilcakes/ Meals	Soybeans ¹	Soybean Oil ²	Palm Oil ³	Soybean Cake ⁴	Rapeseed Meal ⁵
Annual								
(October/September)								
1996/97	118	134	133	298	536	545	278	174
1997/98	109	154	116	256	634	641	197	138
1998/99	89	125	82	209	483	514	149	104
1999/00	84	91	89	209	355	337	180	124
2000/01	82	81	96	201	335	272	188	141
2001/02	86	101	102	201	411	357	175	129
Semestral								
2002/03 – Oct.- Mar.	103	124	106	241	543	442	186	133
2002/03 – Apr.- Sep.	104	123	110	246	535	414	197	149
2003/04 – Oct.- Mar.	140	144	138	351	653	512	274	199
2003/04 – Apr.- Sep.	121	140	126	294	612	464	240	157
2004/05 – Oct.- Mar.	111	134	115	264	539	420	205	133
Latest period								
2005 – Apr.- May	117	134	121	284	540	421	222	133

¹ Soybeans (US, No.2 yellow, c.i.f. Rotterdam).

² Soybean oil (Dutch, fob ex-mill).

³ Palm oil (Crude, c.i.f. North West Europe).

⁴ Soybean cake (Pellets, 44/45%, Argentina, c.i.f. Rotterdam).

⁵ Rapeseed meal (34%, Hamburg, f.o.b. ex-mill).

Note: The FAO indices are calculated using the Laspeyres formula; the weights used are the average export values of each commodity for the 1990-92 period. The indices are based on the international prices of five selected seeds, ten selected oils and fats and seven selected cakes and meals.

Sources: FAO and Oil World.

TABLE A10. Wheat and maize futures prices (US\$/tonne)

	July		September		December		March	
	this year	last year	this year	last year	this year	last year	this year	last year
Wheat								
May 3	117	146	120	148	123	151	127	153
May 10	118	142	122	144	125	147	129	150
May 17	114	135	117	137	121	141	125	144
May 24	122	139	126	142	129	146	133	148
May 31	122	143	126	146	129	150	132	152
June 7	117	133	121	137	125	141	129	144
Maize								
May 3	81	128	84	126	88	126	91	127
May 10	82	118	85	116	89	115	92	117
May 17	82	116	85	114	89	113	92	115
May 24	87	117	90	115	94	114	97	116
May 31	87	128	91	126	94	125	97	127
June 7	87	118	90	119	94	119	97	121

Source: Chicago Board of Trade.

TABLE A11. Ocean freight rates for wheat (US\$/tonne)

Period	From US Gulf ports to:			
	EU ¹	CIS Black Sea ^{1,2}	Egypt ¹	Bangladesh ¹
Annual (July/June)				
2000/2001	13.10	40.97	15.00	18.31
2001/2002	11.00	40.97	15.00	18.50
2002/2003	12.50	40.97	16.67	22.50
2003/2004	28.27	41.89	36.96	48.50
Monthly				
2004 – April	42.00	52.00	60.00	70.00
2004 – October	33.00	39.00	44.00	49.00
2004 – November	39.00	45.00	53.00	62.00
2004 – December	40.00	47.00	52.00	86.00
2005 – January	36.00	45.00	50.00	81.00
2005 – February	35.00	42.00	47.00	70.00
2005 – March	38.00	44.00	49.00	80.00
2005 – April	38.00	44.00	48.00	80.00

¹ Size of vessels: EU over 40 000 tonnes; CIS 20 000-40 000 tonnes; Egypt over 30 000 tonnes; Bangladesh over 40 000 tonnes.

² Excludes CIS and the United States flag vessels.

Note: Estimated mid-month rates based on current chartering practices for vessels ready to load three to four weeks ahead.

Source: International Grains Council.

TABLE A12. Selected international commodity prices

	Currency and Unit	Effective Date	Latest Quotation	1 month ago	1 year ago	Average 1989-91
Sugar (I.S.A. daily price)	US cents per lb	24.05.05	8.75	8.55	6.38	11.4
Coffee (I.C.O. daily price)	US cents per lb	26.05.05	101.83	103.47	64.44	76.7
Cocoa (I.C.C.O. daily price)	US cents per lb	26.05.05	66.68	69.61	64.97	56.0
Tea (total tea, Mombasa)	US\$ per kg	29.04.05	1.44	1.51	1.55	1.5
Cotton (COTLOOK, index "A" 1-3/32")	US cents per lb	06.05.05	56.60	56.65	69.5	78.5
Jute "BWD" f.o.b. Mongla at sight	US\$ per Ton	27.05.05	360	360	290	391.2
Wool (64's, London)	Pence per kg	06.05.05	389	390	436	466

¹ EU duty paid, estimated.

² Estimated price for EFTA markets.

TABLE A13. Fertilizer spot price ranges (bulk f.o.b., US\$/tonne)

	April 2005	May 2005 ¹	May 2004	Change from last year ² (percentage)
Urea				
Baltic	243 - 249	254 - 259	135 - 138	87.9
Persian Gulf	249 - 257	269 - 279	156 - 159	74.0
Ammonium Sulphate				
eastern Europe	83 - 87	91 - 95	75 - 79	20.8
Diammonium Phosphate				
North Africa	237 - 255	243 - 255	219 - 223	12.7
US Gulf	223 - 225	232 - 236	204 - 205	14.4
Triple Superphosphate				
North Africa	176 - 184	174 - 180	167 - 172	4.4
US Gulf	201 - 202	201 - 202	176 - 179	13.5
Muriate of Potash				
Baltic	137 - 165	139 - 166	92 - 105	54.8
Vancouver	143 - 160	143 - 161	108 - 130	27.7

¹ Up till 30 May 2005.

² From mid-point of given ranges.

Source: Compiled from Fertilizer Week and Fertilizer Market Bulletin.

Calendar and contents of publication for 2005¹

	No. 1 7 April	No. 2 22 June	No. 3 15 Sept.	No. 4 1 Dec .
Overview	■	■	■	■
Basic food commodities				
Wheat	■	■	■	■
Coarse grains	■	■	■	■
Rice	■	■	■	■
Meat and Meat Products	■		■	
Milk and Milk Products		■		■
Oilseeds, Oils and Oilmeals		■		■
Pulses		■		
Roots and tubers				■
Sugar		■		■
Other relevant agricultural commodities	■	■	■	■
Ocean Freight Rates	■	■	■	■
Fertilizers	■	■	■	■
Statistical appendix	■	■	■	■
SPECIAL FEATURES				
Islamic Republic of Iran wheat trade prospects	■			
Tsunami: update on impact for food supplies in 2005	■			
Southern Africa cereal situation		■		

¹ These dates and contents are tentative. The dates refer to the release of the English version. Food Outlook versions in Arabic, Chinese, French and Spanish are available shortly after the release of the English version.

Food Outlook is issued by FAO under the Global Information and Early Warning System on Food and Agriculture, by collaboration among Services of the Commodities and Trade Division, and other FAO units. The International Grain Council contributes the Ocean Freight Rates section. Food Outlook provides information on latest developments in agricultural markets and sets the global and regional commodity production, utilization, trade and price context for food security. **This issue is based on information available up to 10 June 2005.**

Contributing to this issue:

Basic Foodstuffs Service: Grains Group; Rice Group; Oilseeds and Livestock Group

Global Information and Early Warning Service

Raw Materials, Tropical and Horticultural Products Service: Sugar and Beverages Group;
Horticultural Products Group; Raw Materials Group

Land and Plant Nutrition Management Service

Enquiries should be directed to:

**Henri Josserand, Chief, Global Information and Early Warning Service,
Commodities and Trade Division (ESC), FAO - Rome
Facsimile: +39-06-5705-4495, E-mail: giew1@fao.org**

Food Outlook and other GIEWS reports are available on the Internet as part of the FAO World Wide Web (www.fao.org) at the following URL address: <http://www.fao.org/giew1/>. In addition, some of the GIEWS regular reports can be received by E-mail through automatic mailing lists: subscription information is available at <http://www.fao.org/giew1/english/listserv.htm>.