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China - Peoples Republic of

Grain and Feed Update

June Update

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Report Highlights:

Wheat production in MY2014/15 is forecast to reach a historic level of 124 MMT, unchanged from the USDA previous estimate, due to record yield. Favorable weather patterns at harvest contributed to both yield and quality gains. Corn production in MY2014/15 is also forecast to reach a record high due to an acreage increase. Wheat imports in MY2014/15 are forecast at 3 MMT, unchanged from USDA's previous estimate, as expectations for record wheat production in MY2014/15 lower import expectations by 4 MMT. Corn imports in MY2014/15 are forecast at 3 MMT, unchanged from USDA's previous estimate, as the potential for biotech-related corn rejections lowers the corn import forecast in MY2014/15 by 1 MMT.

Post:

Beijing

Executive Summary:

Wheat production in MY2014/15 is forecast to top 124 MMT, unchanged from the USDA previous estimate, as favorable weather patterns at harvest contributed to both yield and quality gains. Corn production in MY2014/15 is forecast to reach a record high due to a slight increase in acreage. Wheat imports in MY2014/15 are forecast at 3 MMT, unchanged from USDA's previous estimate, as expectations for record wheat production in MY2014/15 lower import expectations by 4 MMT. Corn imports in MY2014/15 are forecast at 3 MMT, unchanged from USDA's previous estimate, as the potential for biotech-related corn rejections lowers the corn import forecast in MY2014/15 by 1 MMT.

Wheat**Production**

MY2014/15 production is forecast up 2 percent over last year to 124 MMT, unchanged from USDA's estimate, due to forecast record yield gains. Wheat quality graded higher in MY2014/15 than the previous year, according to Post's field survey and industry reports. Rising government price support continues to influence wheat planting, with acreage in MY2014/15 estimated up slightly over last year. Additional gains in wheat acreage expansion, however, may be moderated as rising costs of production, including land, labor and irrigation, may offset the government price support gains.

Imports

Wheat imports in MY2014/15 are forecast at 3 MMT, unchanged from USDA's estimate, but a drop of 4 MMT over the previous year in response to forecast record wheat production in MY2014/15.

Consumption

Total wheat consumption in MY2014/15 is forecast at 122 MMT, unchanged from USDA's estimate. Post forecasts feed wheat consumption at 21 MMT, unchanged from USDA's estimate, but 1 million tons higher than Post's previous estimate. In line with historic perspectives at harvest time, lower wheat prices spur additional substitution of wheat for corn by feed mills in northern China. Nevertheless, the feed wheat consumption in MY2014/15 is forecast to be lower than that in previous years.

Stocks

Wheat stocks in MY2014/15 are estimated at 62 MMT, unchanged from USDA's estimate.

Corn**Production**

Corn production in MY2014/15 is forecast at 220 MMT, unchanged from the USDA's estimate. Corn acreage in MY2014/15 is estimated at 36.5 million ha, unchanged from USDA's estimate. This is one percent higher than the previous year as higher corn profits pull acreage from alternative crops, such as cotton in northern China and soybeans in the northeast.

Following the April planting, the northeast corn growth is reportedly lagging behind last year due to low temperatures in May. In Liaoning, Jilin and Heilongjiang provinces, however, the emergence rate is rated as average.

For the production costs in MY2014/15, Post's field survey showed that the seed cost is estimated to be unchanged from the previous year. The fertilizer cost is estimated to be 15 percent lower than the previous year, due to an oversupply of fertilizer. The land and labor costs are estimated to rise 5-10 percent over the previous year.

Consumption

Feed corn consumption in MY2014/15 is estimated at 158 MMT, 4 MMT lower than USDA's estimate. This estimate is 3 percent higher than the previous year as the growth in feed corn matches the growth in livestock and poultry production. The overall meat production (including pork, poultry and others) is estimated to grow 3 percent in MY2014/15, according to industry sources.

Imports

Corn imports in MY2014/15 are forecast at 3 MMT, unchanged from USDA, or 1 million tons lower than the previous year due to a rise in domestic corn production and drop in expected imports due to concerns of rejection due to China's delay in approving some corn biotech traits which are commonly planted in exporting countries. The Chinese Ministry of Agriculture's (MOA) import approval process for biotech crops has been extremely lengthy. This situation negatively impacts the trade potential for imported corn, which currently has a price difference of about RMB 500/ton over domestic corn in Guangdong, based on trade source estimates.

Stocks

Ending stocks in MY2014/15 are forecast at a historical level of 82 MMT, 5 MMT higher than the previous year.

PSD Tables

Wheat

Wheat China	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jul 2012		Market Year Begin: Jul 2013		Market Year Begin: May 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	24,268	24,268	24,150	24,150	24,200	24,200
Beginning Stocks	55,946	55,946	53,960	53,960	58,180	58,180
Production	121,023	121,023	121,720	121,720	124,000	124,000
MY Imports	2,960	2,960	7,000	7,000	3,000	3,000
TY Imports	2,960	2,960	7,000	7,000	3,000	3,000
TY Imp. from U.S.	1,174	1,174	0		0	
Total Supply	179,929	179,929	182,680	182,680	185,180	185,180
MY Exports	969	969	1,000	1,000	1,000	1,000
TY Exports	969	969	1,000	1,000	1,000	1,000

Feed and Residual	25,000	25,000	23,000	23,000	21,000	21,000
FSI Consumption	100,00 0	100,00 0	100,50 0	100,50 0	101,00 0	101,00 0
Total Consumption	125,00 0	125,00 0	123,50 0	123,50 0	122,00 0	122,00 0
Ending Stocks	53,960	53,960	58,180	58,180	62,180	62,180
Total Distribution	179,92 9	179,92 9	182,68 0	182,68 0	185,18 0	185,18 0

Corn

Corn China	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	35,030	35,030	36,100	36,100	36,500	36,500
Beginning Stocks	59,335	59,335	67,570	67,570	77,200	77,200
Production	205,61 4	205,61 4	217,73 0	217,73 0	220,00 0	220,00 0
MY Imports	2,702	2,702	4,000	4,000	3,000	3,000
TY Imports	2,702	2,702	4,000	4,000	3,000	3,000
TY Imp. from U.S.	2,198	2,198	0		0	
Total Supply	267,65 1	267,65 1	289,30 0	289,30 0	300,20 0	300,20 0
MY Exports	81	81	100	100	100	100
TY Exports	81	81	100	100	100	100
Feed and Residual	144,00 0	144,00 0	154,00 0	154,00 0	162,00 0	158,00 0
FSI Consumption	56,000	56,000	58,000	58,000	60,000	60,000
Total Consumption	200,00 0	200,00 0	212,00 0	212,00 0	222,00 0	218,00 0
Ending Stocks	67,570	67,570	77,200	77,200	78,100	82,100
Total Distribution	267,65 1	267,65 1	289,30 0	289,30 0	300,20 0	300,20 0