# INTERNATIONAL MILLING DIRECTORY 2006

## OVERVIEW - SORGHUM

### *Smaller crop to shrink usage in 2005/06*

World sorghum consumption in 2004/05 extended the recovery that began in the previous season, hitting a 7-year peak as buyers responded to good supplies and higher prices for maize, its principle competitor.

Prior to 2003/04, world sorghum consumption had been in long-term decline, reaching only 53.5m tonnes in 2002/03 compared with 68m in the late nineties. Most of this lost usage was in the USA, where supply declined sharply as farmers switched sorghum land into maize and soyabeans. Usage also fell sharply in some developing countries where its use as a staple food has declined as diets have been upgraded to include more wheat-based foods and livestock products. In India, for example, where demand approached 11m tonnes in 1996/97, it has shrunk to less then 7.5m in recent years.

The improvement in world offtake in the last two seasons has been largely down to rising demand in the Mexican poultry industry which remains not only the world's largest consumer but its largest importer of sorghum too. This has more than offset a drop in consumption by second-largest importer Japan, due to less favourable prices for sorghum versus maize and a contraction in its domestic meat producing industry. Fluctuations in demand in some of the other big producer countries like Nigeria and Sudan have been largely linked to swings in local crop production.

World sorghum area fell by about 3% last season but this was more or less offset by good yields, leaving production close to the 59m tonne level of the previous year. The main factor in higher productivity was good weather and record yields in the USA - an average 4.38 tonnes/ha and up by almost one third from the 2003/04 level, adding 1m tonnes to output. Good yields were also seen in Argentina, China, Europe and Ethiopia but a poor result was seen in Sudan, where output fell from 5.2m to 2.6m tonnes, reducing availability from this sometimes significant exporting country.

A smaller world sorghum crop is expected in 2005/06, partly down to a further drop in plantings, partly to less favourable weather. The biggest shift is in the top supplying country, the USA, where heatwaves and droughts are expected to reduce output by about 10% and production by almost 2m tonnes. With good supplies of maize and relatively firm price for less nutritionally valuable sorghum, US domestic demand for the latter grain is expected to drop too, by about 1m tonnes in 2005/06. A smaller crop in Nigeria is also expected to reduce consumption by a similar amount while lower Australian output is also forecast to lead to a 200,000 tonne decline in consumption there.

Import demand for sorghum is expected to stay level in 2005/06, due to fairly stable Mexican and Japanese requirements, which make up about 85% of total world trade in this grain. Some analysts suggest Japanese demand could revive somewhat if competition from cheap Chinese maize supplies declines as expected (see maize outlook).

The expanding US demand for coarse grains in ethanol production could also include more sorghum although at this stage, the relatively unattractive price ratio of sorghum versus maize appears to be a barrier to expansion in this sector.