

**Please note: there will be no MNR issued in August, the next release will be in September**

MONTHLY NEWS REPORT ON GRAINS  
ISSUE 64 –JULY 2010

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IN THE NEWS:

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30/07/10 – Bloomberg

**WHEAT SURGES, HEADING FOR BIGGEST MONTHLY ADVANCE SINCE 1973, ON DROUGHT**

Wheat rose for a fourth day in Chicago, heading for the biggest monthly gain in more than three decades, on concern that drought in Russia and parts of Europe will crimp global supply. September-delivery wheat gained as much as 1.6 percent to \$6.375 a bushel on the Chicago Board of Trade, the highest price for a most-active contract since June 2009. The contract was at \$6.37 at 12:59 p.m. Paris time, set for a 33 percent monthly jump, the biggest since August 1973.

World wheat stockpiles may slide 2.5 percent to 192 million metric tons by June 2011 as “prolonged dry weather” hurts the outlook for crops in Russia, Kazakhstan, Ukraine and the European Union, the International Grains Council said yesterday, reversing a June forecast for higher inventories. “Russia is spurring on the market,” said Maxime Jouenne, an analyst at Paris-based farm adviser Agritel. “The market is super-nervous, and operators are looking at the Russia situation,” including possible export restrictions, he said.

Russia declared emergencies in 27 crop-producing regions, four more than a week earlier, because of the worst drought in at least a decade. Drought damaged at least 10.3 million hectares (25.5 million acres) of crops, the government said today, up from 10 million hectares a week ago. Milling wheat for November delivery rose as much as 3.5 percent on NYSE Liffe in Paris to 194.50 euros (\$252.56) a ton, the highest since it started trading in March 2009. The contract was last at 192.25 euros, on track for a 32 percent gain this month.

Russia’s Crop

The Russian wheat harvest will fall to 50 million tons in 2010, 7 million tons less than forecast in June, the London-based grains council said yesterday. Russia’s outbound wheat shipments may slump to 9.5 million

tons in the 2010-11 season from 18 million tons a year earlier, the Moscow-based Institute for Agricultural Market Studies, known as IKAR, said yesterday.

The institute “doesn’t exclude” that Russia would impose a restrictive grain export duty in 2011 to curb exports by private producers, Oleg Sukhanov, IKAR’s chief grain-market specialist, said via phone yesterday. “If Russia is not very present in the coming marketing year, it opens the way for U.S. exports,” Agritel’s Jouenne said. “We’ll see the U.S. more present in export markets.”

U.S. exporters sold 919,894 tons of wheat as of the week ended July 22 for delivery in the year ending May 31, more than double a week earlier and up from 575,070 tons a year earlier, the U.S. Department of Agriculture said yesterday.

#### Support for Prices

“Given the weather conditions in the world, I feel more focus will be on the grains,” Jonathan Barratt, managing director at Commodity Broking Services Pty, said in e-mailed comments. “This should support all grain prices.” The United Nations’ Food and Agriculture Organization’s cereal-price index, which tracks prices of wheat, rice and corn, rose to 160.9 points in July from 151.7 a month earlier, the highest level in five months, the agency said on its website yesterday.

December-delivery corn, which competes with wheat as an ingredient for livestock feed, gained 0.8 percent to \$3.9675 a bushel in Chicago. Soybeans for November delivery climbed 0.5 percent to \$9.9275 a bushel. To contact the reporters on this story: Rudy Ruitenberg in Paris at rruitenberg@bloomberg.net; Luzi Ann Javier in Singapore at ljavier@bloomberg.net.

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#### 29/07/10 – International Grains Council GRAIN MARKET REPORT SUMMARY

Heightened market concerns about the outcome of this year’s harvests in some key northern hemisphere exporters, especially wheat and barley in the Black Sea region, propelled prices of grains and oilseeds upwards in July. However, rice markets weakened further over the period. Milling wheat export quotations in the EU and the Black Sea region climbed by around \$70 per ton in response to reports of significant drought-induced yield losses in some areas, with markets also speculating about possible export restrictions in Russia and Ukraine. However, substantial new wheat sales were still being recorded from those countries. Wheat futures in the US reached their highest levels in over a year, with considerable speculative activity, but export values nevertheless became increasingly competitive against other origins, with this year’s ample availabilities likely to spur a sharp recovery in foreign sales. US maize futures, having initially slumped to nine-month lows at the end of June, climbed steeply in early July in response to somewhat reduced US supply forecasts and the rally in wheat, but the gains over the period as a whole were quite modest, reflecting the generally favourable crop outlook.

Full summary of report is available at: <http://www.igc.int/en/downloads/gmrsummary/gmrsumme.pdf>

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#### 28/07/10 – Financial Times INDIA STORAGE WOES ADD TO STRAIN ON WHEAT By Amy Kazmin in New Delhi

India is facing an "emergency situation" of a lack of storage for its grain stocks, with about 10m tonnes of wheat and rice at risk of rotting due to exposure to monsoon rains, according to estimates circulating within government. The mountains of food at risk of rotting – equal to a sixth of its stocks – have erupted as a hot political issue, fuelled by televised images of wheat piled carelessly at state warehouses.

The row comes as global wheat prices surge on the back of a drought in Russia, one of the world's largest producers, and heavy rains in Canada. If India is forced to dump the wheat in the market, it could dampen the price rally. But if the stocks are lost, it could fuel the price surge as it would reduce global inventories. European wheat prices on Wednesday hit a 22-month high of €190 a tonne in Paris, up nearly 5 per cent. In Chicago, CBOT September wheat hit a peak of \$6.23¼ a bushel, a 13-month high and up more than 4 per cent on the day. Analysts and industry executives fear prices could rise further in the coming weeks as Russia cuts further its estimate of the size of its wheat crop. India is the world's second-largest wheat producer. The country usually harvests enough wheat to feed itself, but periodic shortages forces New Delhi to tap the international market, impacting global prices. With many poor Indian households reeling from the impact of spiralling food prices, India's Supreme Court has weighed in, demanding the government explain why the surplus food cannot be given to the poor. "In a country where people are starving, wastage of even a single grain is a crime," it said.

The Food Corporation of India, and allied state agencies, have at least 59m tonnes of food grains – including about 33m tonnes of wheat, and 24m tonnes of rice – in its custody, ostensibly to serve as a buffer to ensure affordable food for India's population in case of crop failure or sharp swings in prices. But just 42m tonnes of this national stock are being kept in covered warehouses, while at least 17m tonnes is piling up outdoors under tarpaulins, inadequately protected from the elements. Experts say about 10m tonnes – enough to feed 140m people for a month – risks being totally ruined.

"It's an embarrassing mountain of food grains," said Ashok Gulati, the New Delhi-based Asia director of the International Food Policy Research Institute. "The big question is, what to do with it now?" The grain mountain – nearly three times bigger than what the official buffer stock policy demands – began accumulating during the sharp 2007 surge in global food prices, when India, banned exports of wheat and most rice varieties.

In other commodity markets on Wednesday, crude oil prices fell after the US government reported an unexpectedly huge rise in crude inventories last week. Nymex September West Texas Intermediate fell 51 cents to \$76.99 a barrel after inventories rose by 7.3m barrels last week, against Wall Street's forecasts of a drop of 1.6m barrels. ICE September Brent fell 7 cents to \$76.06 a barrel. In base metals, copper for delivery in three months on the London Metal Exchange hit a three month high of \$7,213 a tonne, up 1 per cent on the day.

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27/07/2010 WAM

#### UKRAINE RANKS THIRD AMONG WORLD GRAIN EXPORTERS

WAM KYIV, July 27th, 2010 (WAM) -- Ukraine has exported 21.2 million tons of grain during the 2009/2010 marketing year (MY, July 2009 through June 2010), secured its positions as the world's third largest grain exporter after the United States and the European Union. Russia, which supplied 19.9 million tons of grain to foreign markets, is fourth, Ukrainian Agrarian Confederation (UAC) reported.

According to UKRINFORM, the figure is above average, but not a record one. In the 2008/2009 season, Ukraine supplied 24.7 million tons of grain to foreign markets.

Wheat, barley and corn remained main crops exported by Ukraine. According to the UAC in the season 2009/10 Ukraine exported 9.3 million tons of wheat, barley - 6.2 million tons, corn - 5.3 million tons, peas and buckwheat - by 0.4 million tons. During the past season, Ukraine exported 9.3 million tons of wheat. Bangladesh and South Korea became the largest customers of this grain. Ukraine firmly maintains the leadership in the world in the export of barley. With the volume of world trade in barley at 17 million tons, Ukraine supplied 6.2 million tons of barley to foreign markets, nearly half ahead of the closest pursuer - Australia. The country exported 5.3 million tons of corn, approximately the same amount exported last season. Egypt was the main buyer of corn. Export of peas and buckwheat from Ukraine in the season 2009/10 was 0.4 million tons.

The UAC predicts the 2010 harvest of early crops along with cereals will be some 30.5 million tons,

including 17.5 million tons of wheat, 11 million tons of barley, 600,000 tons of rye, 500,000 tons of peas, buckwheat, millet, oats and rice - 900,000 tons, according to UAC director general Serhiy Stoyanov. "With corn, which, as we expect, will be about 14 million tons, the total grain harvest in Ukraine in 2010 could reach 44.5 million tons," Stoyanov said.

An agrarian sector analyst Andriy Tovstopyat predicts that grain production in Ukraine will exceed 45 million tons in the 2010-2011 marketing year. Meanwhile, the Ministry of Agrarian Policy of Ukraine has lowered the forecast of grain exports from 21 million tons to 16 million tons in the 2010/11 marketing year (July 2010 through June 2011), including about 6.7 million tons of wheat, of which bread wheat makes 3 million tons, about 4 million tons of barley, and more than 5 million tons of corn.

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20/07/2010 Interfax

**KAZAKH GRAIN HARVEST TO BE UP TO 40% LESS THAN IN 2009**

ASTANA. July 20 (Interfax) - Kazakhstan's grain harvest this year will weigh in at an expected 13.5-14.5 million tonnes, 36%-40.5% smaller than last year's 20.6 million clean-weight tonnes, Agriculture Minister Akykbek Kurishbayev said during a Tuesday government meeting in Astana. "The gross grain harvest, according to our forecasts, will be 13.5-14.5 million tonnes this year," Kurishbayev said.

The country has just roughly 7 million tonnes of grain left over from last year's harvest, he said. "So, this amount of grain is enough to fully meet domestic market needs and maintain the country's high export potential," he said. Kazakhstan's grain-export potential this year is estimated at 12.5-13 million tonnes.

Despite this year's drought, Kazakhstan will be able to harvest a rather good crop thanks to the active introduction of moisture-saving technology, as well as a successful battle with locusts, Kurishbayev said. At the beginning of July, Deputy Agriculture Minister Arman Yevniyev said Kazakhstan planned to harvest 14.5-15.5 million tonnes of grain this year. However, the last few months have brought rainless weather to the country's main grain-growing regions.

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19/07/2010 - Macquarie

**MACQUARIE AGRI-VIEW: WEATHER MARKET STAMPEDE**

In this report we provide a recap of developments in the grain markets last week. An exhausted market walked away from last week stunned by the massive rally in world wheat prices. European (MATIF) milling wheat prices led the charge rallying 7% or 11.50 EUR/t on the week in a weather rally induced, short-squeeze panic. In short, last week we saw the market stampede out of short wheat positions. Until now the market has been heavily short due to bearish carryover supplies and (previously) generally good growing conditions (excluding Canada).

However, with a constant stream of production estimate downgrades trickling in from observers in Russia and Europe, the feeling that the world is losing significant amounts of wheat supply fuelled a massive short-covering rally across both the US and EU futures markets. Corn and soybeans prices were carried along for the ride but both respectively have more-bullish/less-bearish fundamentals building up as well. China's soybean buying appetite continues to surprise while hot weather on the horizon for the US Midwest has both markets extremely nervous about potential yield losses. Corn in particular can ill-afford production downgrades based on the current fundamental outlook.

Full Report: <http://macq.wir.jp/e.ut?e=wf2FsqCyTsdPDWdzhtvMx1pL5w>

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16/07/2010 - Interfax

**RUSSIA TO REMAIN TOP-5 GRAIN EXPORTER DESPITE DROUGHT – GRAIN UNION**

MOSCOW. July 16 (Interfax) - Despite the drought plaguing certain parts of the country, Russia will remain among the five leading grain exporters this season, Vice President at the Russian Grain Union Alexander Korbut said.

"Grain export volume in the season just arrived [July 2010 to June 2011] will be less than last year's, but we'll stay among the five leaders," he told Interfax. As of July 15, crops - mainly grain - had been destroyed by drought over 9.6 of 48 million hectares. Grain exports could drop to 17 million tonnes this season from 21.5 million tonnes the previous one, Korbut said.

"Even with the most unfavorable analyst forecasts and the recently lowered forecasts for the future harvest, the market will maintain a sufficiently large volume of grain," he said. "It will have to be removed to ensure agricultural producers are profitable, which is one of the main tasks of the Russian Grain Union."

Carry-over grain stocks weigh in at 24 million tonnes, including 9.5 million tonnes of Intervention Fund grain. Estimates for the harvest vary from 80 to 85 million tonnes. Russia requires 75 million tonnes per year, so there could develop grain resources of 104-109 million tonnes, Korbut said.

"If export dynamics keep up, it's possible to predict rather stable price growth for grain, which will support the domestic producer," he said. Home-market prices {domestic prices} rose 200-250 rubles per tonne last week, and "deep-water" prices for grain shipped out of the port at Novorossiysk rose \$16-\$18 per tonne. "Competition between exporters is beginning to heat up, and agricultural producers are also benefiting, as they're able to sell grain at a higher price," he said. Home-market price increases could pose an obstruction to exports, but will make it possible make effective use of Intervention Fund resources, Korbut said.

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13/07/2010 - All Africa

#### AFRICA: VIRULENT FUNGUS THREATENS BREADBASKETS AROUND THE WORLD

By Tamar Kahn, 13 July 2010 Johannesburg — LOCAL scientists have found two new strains of a deadly wheat fungus, once thought to be confined to Uganda, here in SA, suggesting crops in many more parts of the world may be vulnerable to the devastating pathogen.

The spread of this fungus would have dramatic consequences for SA, which already does not grow enough wheat to meet demand. On a global level, if wheat crops failed, it would drive up the price of the grain and increase the price of staples, such as bread. The fungus is stem rust, the polio of wheat. It leaves tell-tale red pustules on the wheat stems, and has destroyed crops since Roman times: a healthy crop close to harvest can be reduced to a shrivelled black mass within weeks. It damages the plant's vascular tissue, robbing it of its capacity to transport nutrients. The last major rust epidemic occurred in the 1950s and spurred a global initiative led by Nobel laureate Norman Borlaug to develop varieties that could resist the wind-borne fungus *Puccinia graminis*.

Scientists have hunted for genes that defend wheat against rust and bred them into new varieties, a painstaking process that can take years to come to fruition. One of the key resistance gene clusters identified is called Sr31, which until very recently guaranteed protection against stem rust. It offered an added bonus, as it increased yields, and seeds with Sr31 were rapidly adopted by farmers around the world. But like all pathogens, stem rust mutates. In 1999, a new and extremely virulent strain was discovered in Uganda that was immune to Sr31. It decimated local crops. Wheat rust, once regarded as under control, was back on the global agenda. This strain, dubbed Ug99, quickly spread to Kenya, Ethiopia, Sudan, Yemen and Iran - and has now arrived in SA.

New and more virulent races are emerging all the time, as recent research by Prof Zak Pretorius, a plant pathologist from the University of the Free State, has shown. Prof Pretorius regularly surveys the rust susceptibility of commercial wheat varieties and the most advanced breeding lines under development by seed companies. In 2007, he found a strain of rust that was impervious to the resistance gene Sr24. Last year he found a variant that knocked out both Sr24 and Sr31. Both restrict the rust's growth by triggering the death of cells around the site where the pathogen has invaded the plant.

Prof Pretorius found that half the South African wheat cultivars he surveyed were susceptible to rust in the seedling stage, but cautions this is not likely to be the case with adult plants as many resistance genes only take effect once plants are mature. Work is under way to assess the vulnerability of adult wheat strains, and results are expected in November. South African farmers do not grow wheat containing Sr31 so scientists are not particularly worried about harvests.

But Prof Pretorius's discovery that Ug99 is evolving with virulence for new combinations of genes is causing concern. "It shows the pathogen is mutating and adapting," he says. Scientists around the world are racing to identify and isolate new resistance genes, hoping to develop new wheat varieties and get them to farmers faster than Ug99 can spread. Ironically, it is the bread industry that is partly responsible for SA's relative protection from Ug99, says Dr Cobus le Roux, research institute manager for the Small Grains Institute in Bethlehem.

Wheat containing Sr31, a cluster of genes that originally come from rye, yields a dough that is too sticky for local millers and bakers, he says. Nevertheless, consumers could be affected by the potential spread of Ug99 to other wheat-producing regions, such as the Middle East and south Asia, where farmers grow varieties that will be open to attack unless scientists develop new cultivars impervious to attack before it blows there on the wind. If their crops fail, global wheat prices will rise - with a consummate increase in the price of staples such as bread.

At present SA cannot grow enough wheat to meet its needs, and imports about 1-million tons of the 2,8-million tons it consumes each year, according to Dr le Roux. Seed companies are keeping a close eye on developments too. Says Pannar's wheat breeder, Dr Willem Boshoff: "No one wants to release susceptible cultivars."

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08/07/2010 - U.S. Wheat Associates

#### THE BATTLE FOR ACRES CONTINUES. WHY CORN AND OILSEEDS ARE WINNING

by Chad Weigand, USW Market Analyst - Wheat Letter

According to USDA's June 30 acreage report, U.S. wheat planted acreage in 2010 fell by 4.8 million acres (ma) from last year. Lower prices and poor planting conditions caused a 13 percent reduction in winter wheat planted area to 37.7 ma. USDA estimates this year's total wheat acreage at 54.3 ma, the lowest since 1971.

The largest acreage declines came in the top three HRW-producing states of Kansas, Texas, and Oklahoma due to the wet fall and lower farmer revenue potential. Kansas and Texas each showed 700,000-acre drops, while Oklahoma lost 500,000 acres. USDA estimates Kansas wheat plantings at 8.6 ma, the lowest total acreage since 1957. Texas acreage, at 5.7 ma, is five percent below the 10-year average, while Oklahoma's 5.2 ma is the lowest since 1971. Estimated total 2010 HRW seeded area is 28.5ma, 10 percent less than last year. Despite the reduced acreage, improved yields should increase total production.

Soft red winter (SRW) acres showed a 30 percent decline from last year, dropping to 5.8 ma, the lowest in recorded history. The extremely wet fall in the Corn Belt delayed row crop harvests, leading to record low acreage in the top two SRW-producing states, Ohio and Illinois. Acreage fell by 21 percent in Ohio, to 800,000 acres, while Illinois' 350,000 acres is 59 percent below last year and 44 percent below the previous low of 630,000 acres in 2005.

Hard red spring (HRS) acreage increased by five percent from last year, with increased acreage reported in North Dakota, Minnesota, and Montana. The promise of higher protein premiums provided incentives, and HRS planting in North Dakota and Montana offset reduced winter wheat acreage. Estimated total HRS acreage is 13.3 ma, on par with the five-year average.

U.S. Farm Program incentives helped increase durum plantings in 2010. The safety net in the USDA durum loan rate jumped to over \$6.00/bu from approximately \$4.50/bu and, as a result, durum acreage increased

by five percent, to 2.7 ma. A nine percent increase in North Dakota durum plantings, to 1.8 ma, helped the state surpass Kansas for most planted wheat acres for only the fourth time on record.

The top three white wheat-producing states (Washington, Oregon, and Idaho) all reported increased wheat plantings. These three states combined for 89 percent of all soft white production in 2009, and all wheat acreage increased by a combined 145,000 acres in 2010 for these three states. Stronger export demand, higher premiums for club wheat, and lower prices for grass seed all persuaded PNW producers to increase wheat plantings.

**Corn and Oilseed Crops Surge.** At USW's recent Latin American Buyer's Conference, USW Vice President of Overseas Operations Vince Peterson and the Money Farm's Mike Krueger discussed crop competition for acreage in the U.S. and the world. Both Peterson and Krueger indicate that the geography of crop production is changing as the opportunity cost to produce crops lagging in technology increases. USDA's June 30 acreage report and the large overall decline in wheat plantings reinforce the long-term trend of growing corn, oilseeds, and other crops at the expense of wheat.

USDA estimates 2010 corn acreage at 87.9 ma, a two percent increase from last year and the second largest planted area since 1946. With wheat acres falling eight percent to 54.3 ma, the difference between corn and wheat acreage (33.6 ma) is the largest since 1943. Estimated soybean plantings are a record high 78.9 ma, creating the largest acreage gap in recorded history (24.6 ma) between soybeans and wheat.

The largest increases in 2010 corn plantings came in Kansas and Illinois, with both states planting 600,000 more corn acres. USDA estimates Kansas corn acreage at 4.7 ma, the largest since 1936. Corn acreage in Illinois grew to 12.6ma, second only to 13.2ma in 2007.

Both Kansas and Oklahoma planted record soybean crops this year, with Kansas soybean acreage growing by 11 percent from the previous year, to a 4.1 ma. Oklahoma increased soybean plantings by 19 percent, matching the previous record set in 1999 of 480,000 acres.

While North Dakota wheat acreage increased this year, canola acreage grew by 85 percent, to 1.4 ma. Corn acreage also increased in the state by 100,000 acres to 2.0 ma. At the Buyer's Conference, Krueger offered one explanation: North Dakota's yield index indicates that corn yields have grown by 82 percent since 1992, while HRS yields have only grown by seven percent – mainly attributed to advantages from biotechnology traits in corn. Wheat area planted, as a percentage of total acreage for North Dakota's top four crops (wheat, soybeans, corn, and canola) sank to an all-time low of 55 percent in 2010. This is down from 71 percent in 2000 and 89 percent in 1990.

The trend for wheat planted area losing to other crops is not isolated to the United States. While drought hurt Argentina's 2009/10 wheat crop, its soybean crop reached an all-time high of 54 MMT. Since Brazilian farmers started planting soybeans with biotechnology traits, production is up 35 percent, from 51 MMT in 2003/04 to a record 69 MMT of soybeans in 2009/10. Both Peterson and Krueger suggest the crop shift to corn and oilseeds may reach the Black Sea region. While small grains are still the major crops there, harvested area for soybeans has grown by 135 percent in Russia since 2002, compared to only seven percent for wheat.

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02/07/2010 - Dow Jones Newswires

KCBT SETS MONTHLY VOLUME RECORD IN JUNE; MGE NEARS RECORD

By Tom Polansek, Dow Jones Newswires

CHICAGO (Dow Jones)--The Kansas City Board of Trade in June set a new record for monthly volume, while the Minneapolis Grain Exchange fell just shy of its all-time monthly record, according to data from the exchanges.

Total volume at the KCBT was 620,982 contracts, above the previous monthly volume record of 612,113 contracts, set in August 2006, the exchange said. The KCBT trades futures and options of hard red winter wheat, which is grown in the central and southern Plains and used to make bread.

Trading was very active in intramarket and intermarket wheat spreads in June, the KCBT said. A number of fundamental factors--including the start of HRW wheat harvest, improving demand and crop concerns in Canada--attracted people to the market, according to the exchange.

Total volume in June was up from 444,503 contracts a year earlier and 308,268 contracts in May, according to the KCBT. Year-to-date volume at the end of the month was 2,277,724 contracts, up from 1,788,891 contracts at the same time last year.

Total open interest at the end of the month was 173,518 contracts, up from 97,501 contracts a year earlier but down from 182,524 contracts at the end of May. Open interest measures the number of open trading positions in a market.

At the MGE, total volume in June was 211,841 contracts, the exchange's second largest monthly volume behind the 216,593 contracts traded in August 2007. Hard red spring wheat, traded at MGE, is grown in the northern Plains, valued for its high protein content and often blended with lower quality varieties.

Worries about heavy rains that prevented planting in Canada helped boost volume at MGE because HRS wheat competes with Canadian wheat on the world export market, MGE spokeswoman Rita Maloney said. Some people also were attracted to MGE as the HRW wheat harvest progressed and revealed disappointing protein levels in some areas, she said.

Volume at MGE in June was up from 135,126 contracts a year earlier and 84,161 contracts in May, the exchange said. It was the highest June volume in the history of the MGE, topping the previous June record of 174,731 contracts, set in 2007.

Year-to-date volume at the end of the month was 716,211 contracts, up from 577,489 contracts a year earlier. Total open interest at the end of the month was 58,104 contracts, up from 38,938 contracts a year earlier and 56,417 contracts at the end of May, according to the exchange.

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**NEW REPORTS:**  
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29 July 2010 - FAO

**FOOD PRICE INDICES FOR JULY**

The FAO Food Price Index in July averaged 165 points, up 3 points from June and the highest since February 2010. The sharp increase in grain prices as well as higher oilseeds and sugar prices were responsible for this increase.

Statistical tables and charts: <http://www.fao.org/worldfoodsituation/wfs-home/en/>

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15 July 2010 – FAO/GIEWS

**FAO/GIEWS: UPDATE OF FOOD SECURITY SITUATION**

International prices of wheat and maize increased by 19 percent and 12 percent in the first two weeks of July reflecting concerns about deterioration of global wheat prospects, particularly in some main exporter countries. By contrast, rice prices continued to decline given abundant supplies. By mid-July export prices of maize are higher than a year ago.



Full Report: <http://www.fao.org/giews/english/shortnews/UFSS100715.pdf>

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July 2010 –ODI

A FUTURE FOOD AID OR FOOD ASSISTANCE CONVENTION? (by Edward J Clay)

ODI Background Paper on Food Aid No. 6, July 2010

The future of the Food Aid Convention became the subject of active ‘informal discussions’ in December 2009 after a hiatus of more than five years. The agenda is widely considered to be open and the outcome unpredictable. The Convention, a free standing agreement to provide minimum levels of food aid, which was first negotiated in 1967 in the era of food surplus disposal and last renegotiated in 1999 (IGC, 1999) might be allowed to lapse. Alternatively it could be radically revised as part of efforts to create a global humanitarian and food security architecture with a role in different and rapidly changing physical environmental, political and economic circumstances.

Full Report: <http://www.odi.org.uk/resources/download/4941.pdf>

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July 2010- WFP

FOOD AID FLOWS 2009 REPORT

Global food aid deliveries of 5.7 million mt in 2009 were the lowest since 1961: programme food aid declined by 25 percent, emergency food aid by 12 percent and project food aid by 6 percent.

The declining trend in food aid contrasts with the rapid increase in recent years in official development assistance, which rose in real terms from US\$107 billion in 2005 – itself an historic high – to US\$119.8 billion in 2008, the highest level ever, and US\$119.6 billion in 2009.

Full Report: <http://www.wfp.org/content/food-aid-flows-2009-report>

OUR WEB SITES:

FAO World Food Situation Portal

<http://www.fao.org/worldfoodsituation/>

FAO Grains Website

<http://www.fao.org/economic/est/commodity-markets-monitoring-and-outlook/grains/en/>

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