

DRUM COMMODITIES LIMITED (DCL)**REPORT ON CEREALS****EXECUTIVE SUMMARY****1. INTRODUCTION**

1.1 A cereal is a grass producing edible seed grain that is grown as an agricultural crop. Rice, maize and wheat provide 50% of global calorie consumption. In 2013, 2,500 million tonnes of cereals were produced globally, of which 300 million tonnes were traded. The largest exporters are USA, China, India, Australia and the EU; while the largest importers are Japan, Northern Africa and the Middle East.

2. AIMS OF THE REPORT

2.1 The aim of this report is to provide an elementary analysis of cereal commodities with particular reference to the four major cereal crops and the countries in which DCL has a subsidiary company.

3. RICE

3.1 In 2009, over 700 million tonnes of rice was produced world-wide, 90% of which was in Asia. It provides more than a fifth of the world's global calories consumed. Only 5 to 6% of the world's rice is traded internationally. Most of this trade involves developing economies. Rice is grown for 115 to 120 days before processing. For storage, its moisture level should be 13 to 14%. If not stored correctly, it can absorb moisture and spoil. Rice is short, medium or long grain. It is graded for trade relative to the amount of broken grains. Rice comprises the bulk of grain imports in most African countries. Nigeria and Egypt are the two main African producers.

4. MAIZE

4.1 In 2012, 950 million tonnes of maize was produced world-wide, 40% of which was in the USA. 97 million tonnes of this was traded internationally. After it is harvested, maize has a critical moisture level of 13 to 14% and, if properly stored, can last for over a year. It is best kept in temperatures under 20°C. Maize is categorized by colour and graded by the amount of broken grains and foreign matter within it. Maize is grown in Africa more than any other cereal, with Egypt, Nigeria, Kenya and Mozambique being the largest producers. Relatively small amounts of maize are imported into Africa.

5. WHEAT

5.1 In 2011, 704 million tonnes of wheat was produced. The EU and China are the major producers. The global trade in wheat exceeds trade in all other crops combined. USA is the leading exporter. Wheat takes between 6 to 10 months to grow depending on the variety. It is usually milled for flour. Grains containing between 8 to 10% of moisture are least susceptible to insect damage in storage. The three main types of wheat are soft, hard and durum, each of which is used to produce different foodstuffs. It is graded similarly to maize. Egypt is one of the world's leading producers of wheat but, other than that, very little wheat is grown in Africa. Wheat imports are still not as large as rice imports in most African countries but the levels of imports are rising fast.

6. SORGHUM

6.1 In 2010, 59 million tonnes of sorghum was produced globally. USA, India and Nigeria are the major growers. Only 10% of Sorghum produced is traded internationally. Sorghum cultivation is better suited than other cereals to hot, arid climates. It takes 90 to 120 days to grow. The critical moisture level for storage is around 13.5%. Sorghum is best stored in an aerated area which has humidity levels lower than 65%. Sorghums can either be grain, grass, sweet or broomcorn. It also varies in colour; generally, the lighter the shade of sorghum the sweeter. Nigeria is one of the world's leading producers of sorghum.

7. CONCLUSION

7.1 The global trend for cereal production has shown strong growth up to 2008/09 before a dip in production between 2008 and 2010 caused by the world recession and high commodity prices. Since 2010, production has started to rise again. African countries recovering from civil unrest have seen particular growth. Cereal imports to Africa will rise at a faster rate than production as most countries do not have the infrastructure to increase production significantly enough to match developing economies. Imports of wheat are likely to grow most quickly due to the westernisation of diets and much higher levels of global trade in it.