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Corn Rises on Speculation That China Will Buy More U.S. Grain
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By Jeff Wilson

May 26 (Bloomberg) -- Corn rose the most in four weeks on speculation that China, the world's second-biggest consumer of the grain, may need more supplies from the U.S. to reduce record domestic prices.

China, the world's biggest pork producer, may have issued more import permits to meet a feed-grain shortage, Shanghai JC Intelligence Co. said today. The country has ordered almost 1 million metric tons of U.S. corn and will probably buy more, Alvaro Cordero, the U.S. Grains Council's manager of international operations-marketing, said on May 24. Total annual purchases would be the biggest in 14 years.

"Rising Chinese demand is a big deal," said Charlie Sernatinger, a vice president for Fortis Clearing Americas LLC in Chicago.

Corn futures for July delivery rose 7.25 cents, or 2 percent, to \$3.715 a bushel on the Chicago Board of Trade, the biggest gain since April 28. The price dropped 1.8 percent yesterday on speculation that a faltering global recovery would reduce food and feed demand. On May 19, the most-active contract touched \$3.535, the lowest level since April 27.

China is allowing private feed and food makers to import as much as 2.8 million tons of corn this year, Zeng Liying, the deputy director of the State Administration of Grain, said earlier this week at a conference in Beijing.

'Large-Scale' Imports

The world's most-populous nation may require "large-scale" imports of U.S. corn if the domestic harvest falls this year after spring planting was delayed, Fei Zhonghai, an assistant to the general manager at Cofco Ltd., said this week.

China has purchased more than 600,000 tons of U.S. corn in the past month, according to the U.S. Department of Agriculture. The last time China was a net importer of corn was 1996, according to USDA data.

Corn is the biggest U.S. crop, valued at \$48.6 billion in 2009, government figures show.

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