

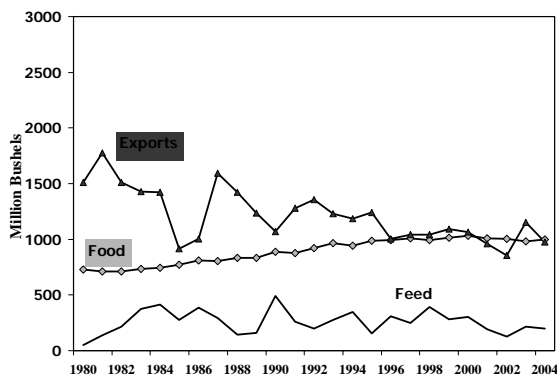
Wheat Outlook

Kevin McNew

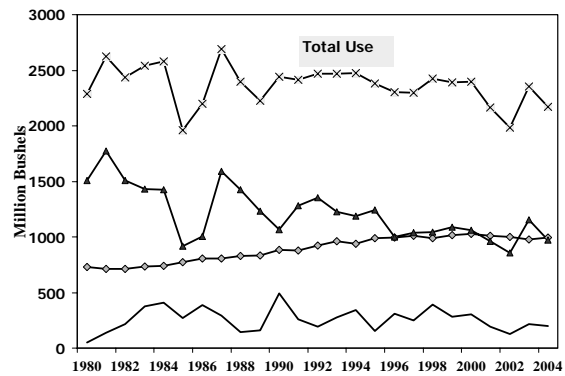
2004 Wheat Overview

- ↑ US Production DOWN 12%
- ↓ World Production UP 9%
- ↓ US Exports DOWN 16%

U.S. Wheat Utilization: 1980-2004



U.S. Wheat Utilization: 1980-2004



U.S. Wheat Supply and Demand

	<u>2003-04</u>	<u>2004-05*</u>
Beg. Stocks (mb)	491	546
Planted Acres (mil)	61.7	59.9
Harv. Acres (mil)	52.8	50.7
Yield (bu/acre)	44.2	40.6
Total Supply (mb)	2,903	2,665
Food (mb)	980	996
Feed (mb)	217	200
Exports (mb)	1,155	975
Total Use (mb)	2,352	2,171
Ending Stocks (mb)	546	494
Stocks-to-Use Ratio	23.2%	22.8%

*Forecast based on USDA-WAOB, July 2004.

Wheat Exports By Class:

2003-04 vs. 2004-05

(Million Bushels)

	<u>2003-04</u>	<u>2004-05*</u>
Hard Red Winter	512	380
Hard Red Spring	265	230
Soft Red Winter	145	150
White Wheat	190	185
Durum	43	30
All Wheat	1,155	975

*Forecast based on USDA-WAOB, July 2004.

World Wheat Supply and Demand

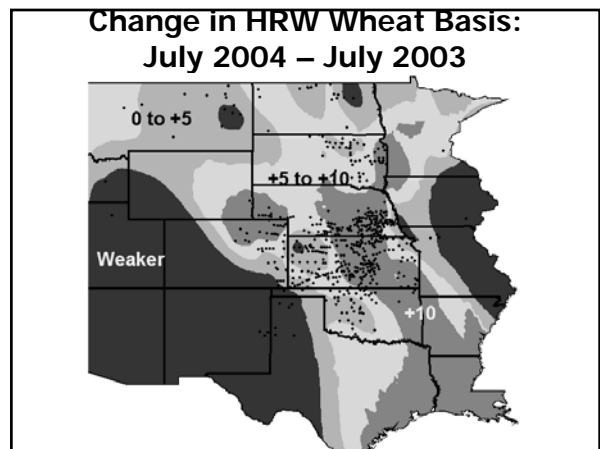
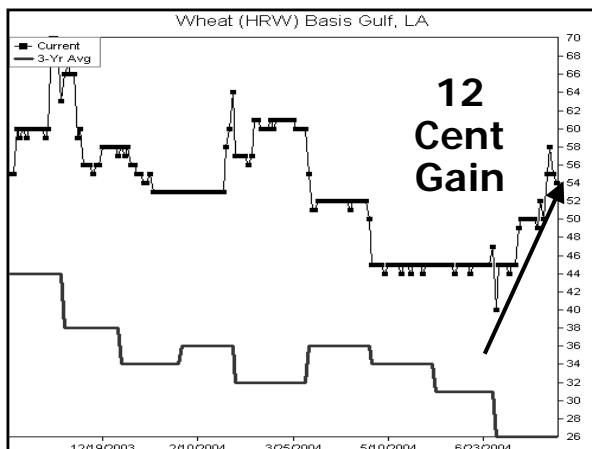
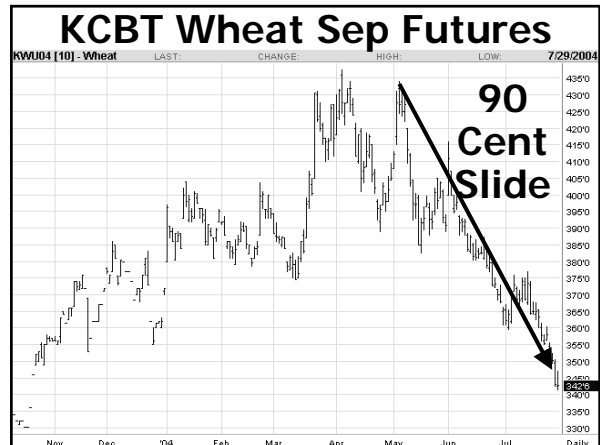
	2002-03	2003-04	2004-05*
Beg. Stocks (mmt)	201	166	130
Production (mmt)	567	551	598
Total Supply (mmt)	768	717	728
Food (mmt)	489	488	491
Feed (mmt)	113	99	105
Total Use (mmt)	602	587	596
Ending Stocks (mmt)	166	130	132

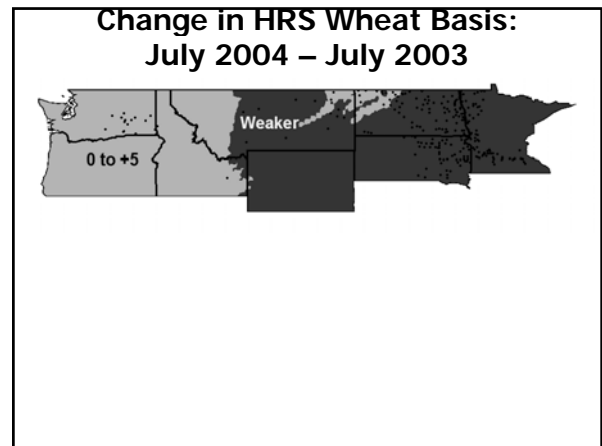
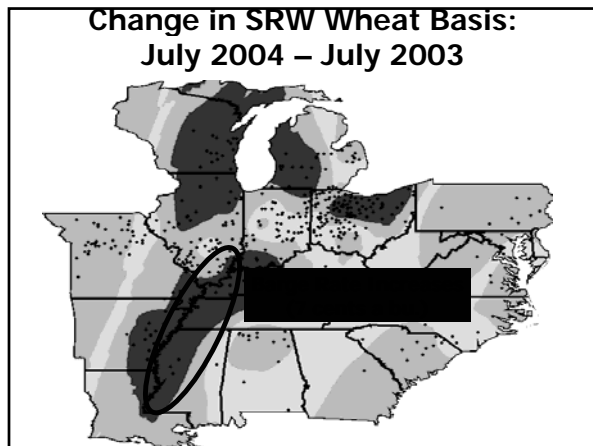
**Forecast based on USDA-WAOB, July 2004.*

World Wheat Production

	2003	2004	Change
WORLD	550	598	+48
U.S.	64	56	-8
Canada	24	24	0
Australia	25	24	-1
Argentina	14	14	0
EU	107	128	+21
India	65	72	+7
China	86	85	-1
FSU	61	81	+20

Price Trends





- Wheat Factors to Watch**
1. Market focused on corn/bean crop.
 2. USDA cuts in U.S. Wheat Production?
 3. Good exports so far.
 4. China imports are critical
 1. 2003: 0.8 mmt (net imports)
 2. 2004F: 7.0 mmt (net imports).
 5. 2004/05 U.S avg prices mostly unchanged from 2003.

Questions?