

WHEAT SITUATION AND OUTLOOK

AAEA Crops Outlook Symposium 2006

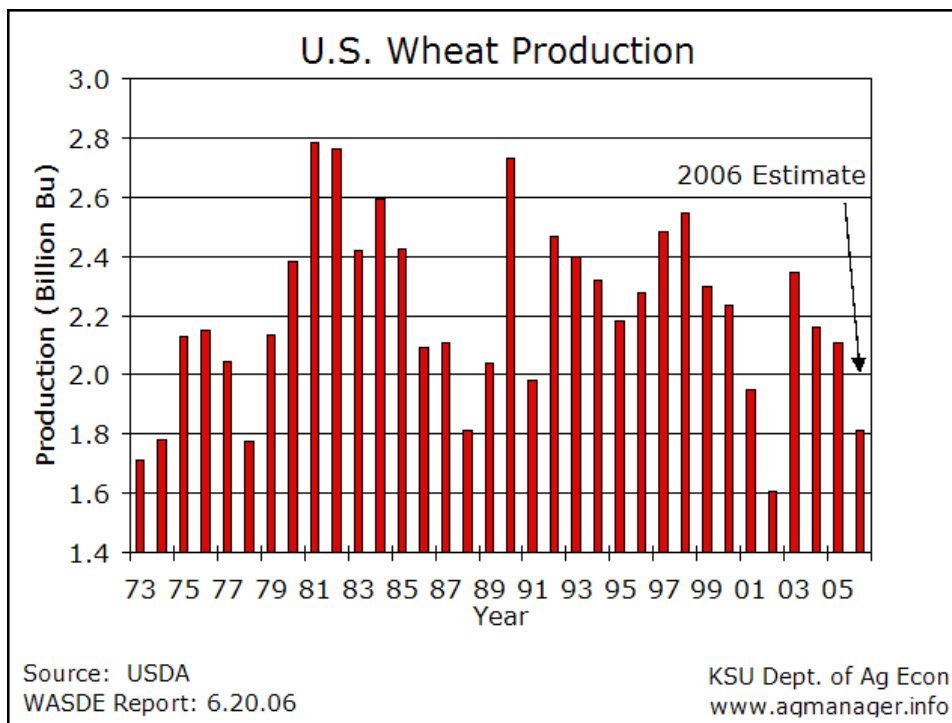
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Current Market Influences

- Deterioration of U.S. Spring Wheat Crop (33% vs. 73%)
- Australian Drought (-12%)
- U.S. HRW Quality
- Low Carryover

PRODUCTION PROJECTIONS, U.S., 2006/07

- All Wheat – 1.806 bil. Bu. – down 14%
- Hard Winter – 660 mil. Bu. – down 29%
- Hard Spring – 425 mil. Bu. – down 9%
- Soft Red – 375 mil. Bu. – up 21%
- White – 285 mil. Bu. – down 4%
- Durum – 60 mil. Bu. - down 41%



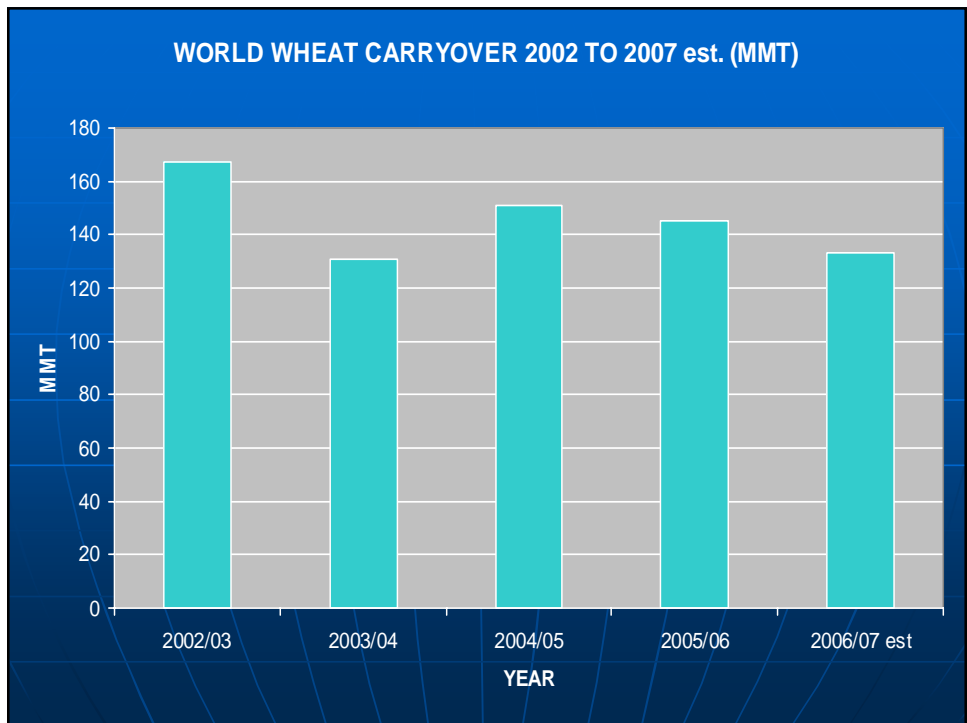
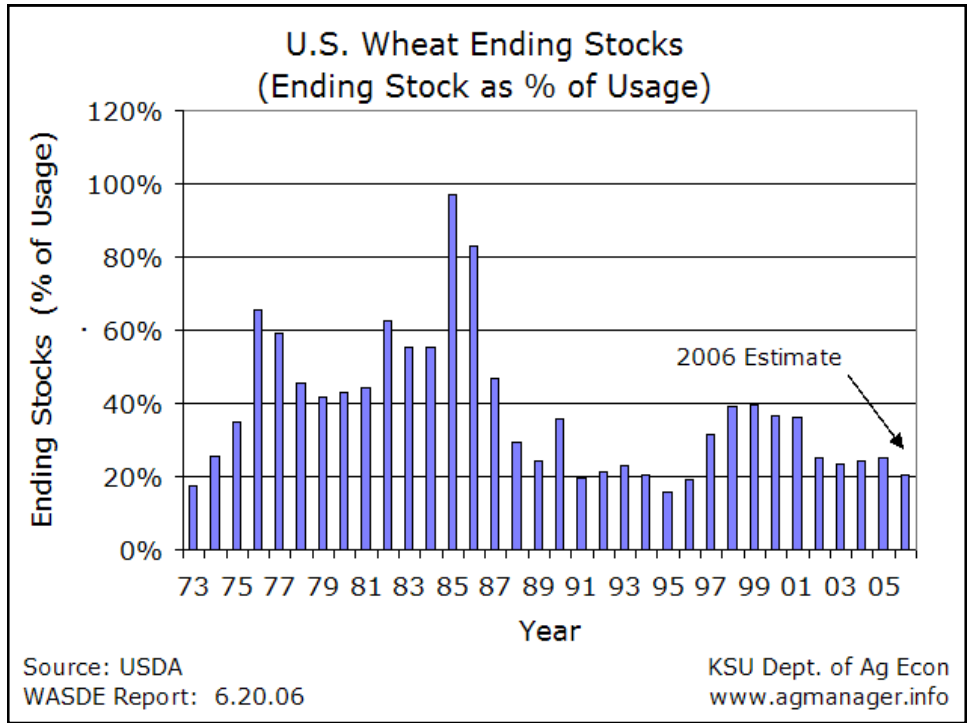
2006 - 2005 HRW Wheat Quality ¹

	<u>2006</u>	<u>2005</u>
Test Weight lbs/bu	60.7	60.0
Wheat Protein %	13.9	12.1
Flour Yield	71.0	69.0
Wet Gluten %	33.8	29.5

¹ Kansas State University harvest survey of Wheat Sheds in Kansas, Oklahoma, and Texas, Summer 2006, preliminary results.

PRODUCTION PROJECTIONS, MAJOR WHEAT EXPORTERS, 2006/07 (MMT)

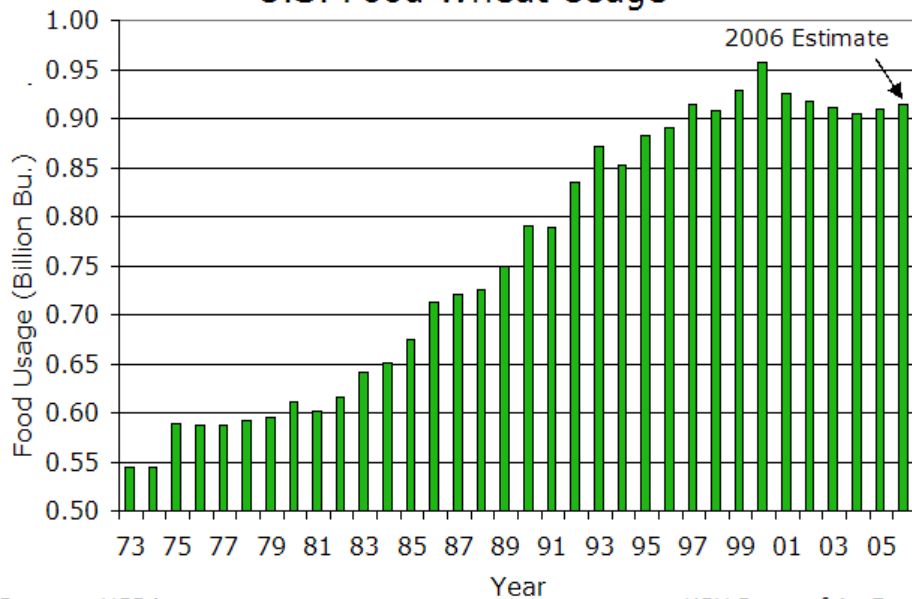
	<u>2006/07</u>	<u>2005/06</u>
■ EU-25	126.10	122.59
■ United States	49.14	57.28
■ Canada	26.5	25.98
■ Australia	21.5	24.5
■ Argentina	<u>14.3</u>	<u>12.5</u>
Total Exporters	237.54	242.85
Total World Prod.	605.21	621.86



Wheat Balance Sheet

	04-05	05-06	06-07
Plant A. (mil.)	59.7	57.2	57.9
Harvest A. (mil.)	50.0	50.1	47.1
Bu./A.	43.2	42.0	38.3
Production	2,158	2,150	1,806
Imports	71	85	105
Carryover	546	540	568
Total Supply	2,775	2,730	2,478
Utilization:			
Feed and Residual	201	200	145
Food	895	910	915
Seed	79	78	
Exports	1,060	1,000	
Total Utilization	2,235	2,188	
Carryover	540 ^(12.6)	542 ^(12.9)	
U.S. Farm Price	\$3.40	\$3.35-\$3.45	

U.S. Food Wheat Usage

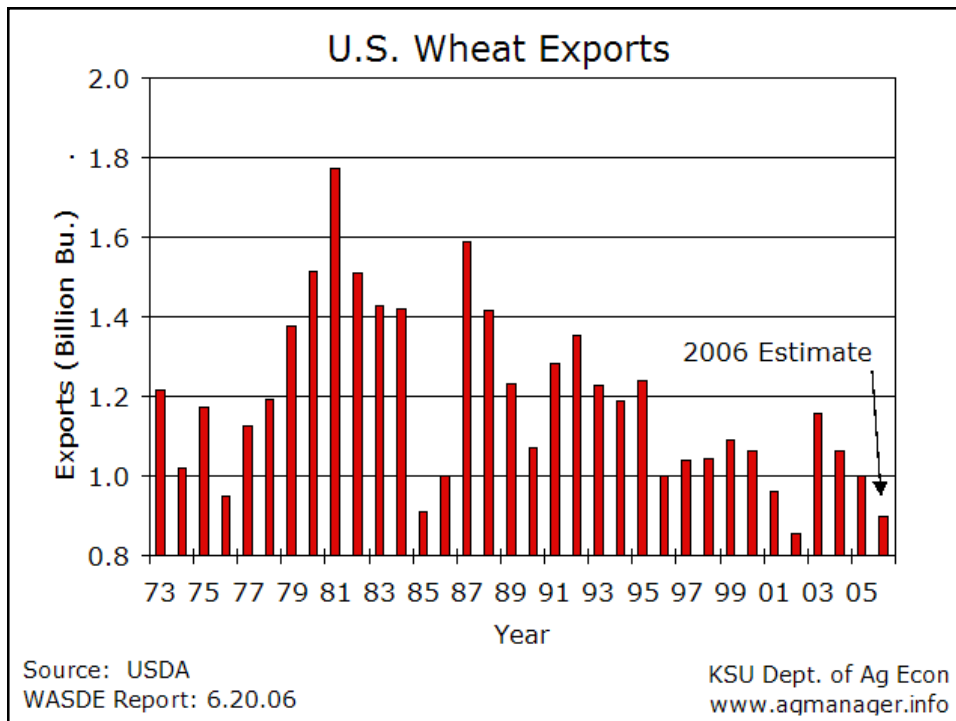


Source: USDA
WASDE Report: 6.20.06

KSU Dept. of Ag Econ
www.agmanager.info

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Food	895	910	915
Seed	79	78	80
Exports	1,060	1,004	900
Total Utilization	2,235	2,157	2,040
Carryover	540 ⁽²⁴⁾	568 ⁽²⁶⁾	438 ⁽²¹⁾
U.S. Farm Price	\$3.40	\$3.42	\$3.70-\$4.30