

**Kim's
wheat market information**



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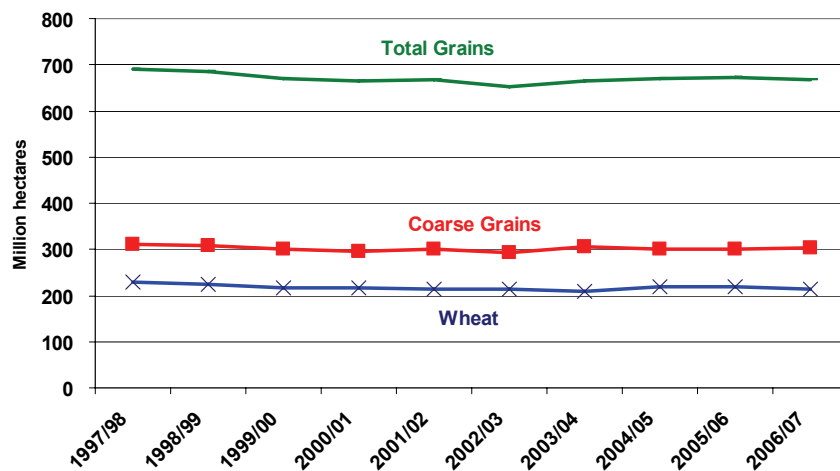
Talking Points

- Funds
- Bio-fuels → ~\$1.25
- Shrinking world grain supplies
- World wheat supplies
- U.S. wheat supplies

Shrinking world grain stocks

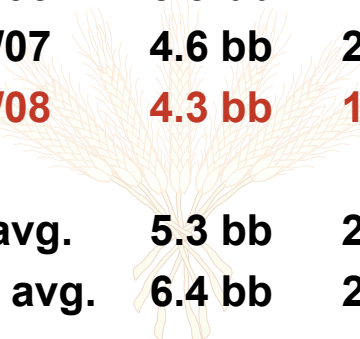
	Ending stocks	Stks/Use
2005/06	164 mmt	16.5%
2006/07	131 mmt	12.2%
2007/08	122 mmt	11.3%
5-yr avg.	170 mmt	
10-yr avg.	187 mmt	

World grains area



Shrinking world wheat stocks

	Ending stocks	Stks/Use
2005/06	5.5 bb	23.9%
2006/07	4.6 bb	20.1%
2007/08	4.3 bb	18.8%
5-yr avg.	5.3 bb	23.8%
10-yr avg.	6.4 bb	29.3%



Countries with declining yields

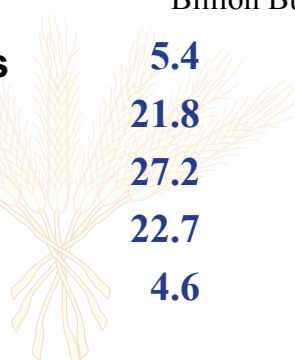
- U.S. → drought, freeze, rain → spring wheat
- Russia → drought → not as bad as expected
- Ukraine → drought – stopped exports 7/1
- Eastern Europe → drought – lower exports
- Western Europe → rain – lower yields/quality
- China → excessive heat, little rain -- lowered
- Australia → drought – better than last year
- Canada → lower planted acres, dry

KCBT Dec wheat contract



World wheat supply and use

	USDA 06/07	USDA 07/08
	Billion Bushels	
Beginning stocks	5.4	4.6
Production	21.8	22.5
Supply, Total	27.2	27.1
Use	22.7	22.8
Ending Stocks	4.6	4.3



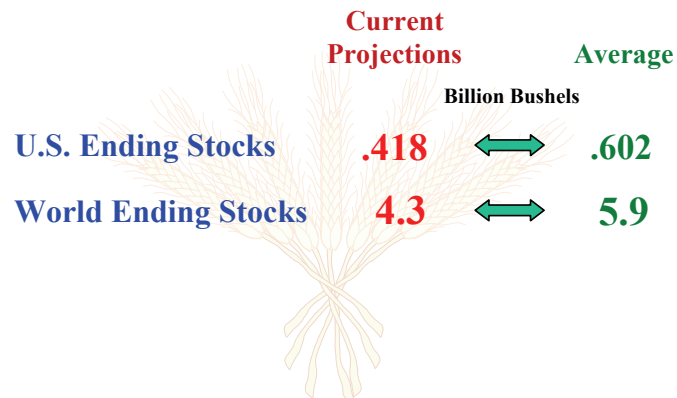
Shrinking U.S. wheat stocks

	Ending stocks	Stks/Use
2005/06	571 mb	26.5%
2006/07	456 mb	22.3%
2007/08	418 mb	18.4%
5-yr avg	510 mb	24.2%
10-yr avg	680 mb	30.4%

U.S. wheat supply and use

	USDA 06/07	USDA 07/08
	Million Bushels	
Beginning stocks	571	456
Production	1,812	2,138
Supply, Total	2,503	2,694
Exports	910	1,050
Use, Total	2,087	2,276
Ending Stocks	456	418
Avg. farm price	\$4.26	\$5.25

Wheat Relevant Numbers

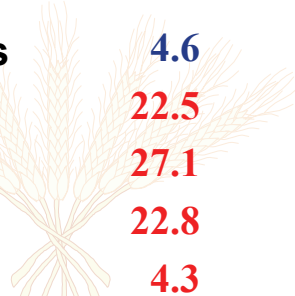


Shrinking U.S. wheat stocks

	Ending stocks	Stks/Use	Price
2005/06	571 mb	26.5%	\$3.42
2006/07	456 mb	22.3%	\$4.26
2007/08	418 mb	18.4%	\$5.10
5-yr avg	510 mb	24.2%	\$3.91
10-yr avg	680 mb	30.4%	\$3.37

World wheat supply and use

	USDA 07/08	USDA 08/09
	Billion Bushels	
Beginning stocks	4.6	4.3
Production	22.5	22.8
Supply, Total	27.1	27.1
Use	22.8	22.8
Ending Stocks	4.3	4.3

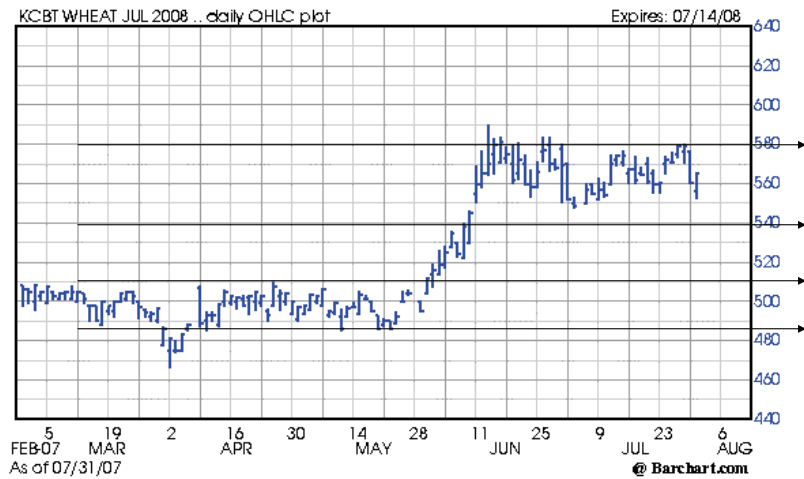


U.S. wheat supply and use

	USDA 07/08	USDA 08/09
	Million Bushels	
Beginning stocks	456	420
Production	2,138	2,250
Supply, Total	2,694	2,670
Exports	1,050	1,000
Use, Total	2,276	2,250
Ending Stocks	418	420
Avg. farm price	\$5.10	\$5.50

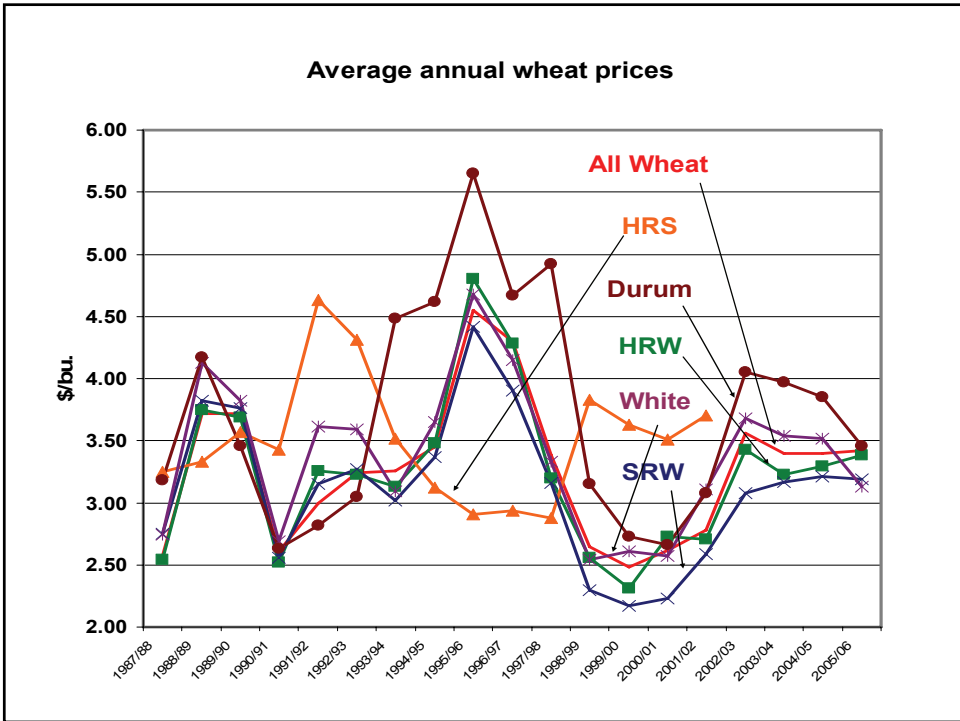


KCBT July wheat contract



Important points

- **US/world wheat & corn stocks remain tight**
- **Foreign crop determine '07/08 mktg yr trend**
- **Ethanol production has changed the market**
- **Weather will determine price**



KCBT Sept wheat contract



Market offerings

Storage: 3¢/bu/mo Interest: 2¢/bu/mo Carry: 5¢/bu/mo

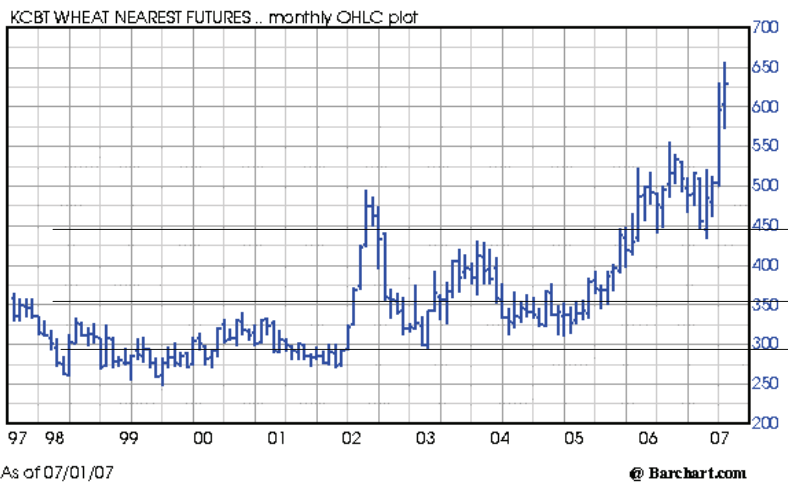
	Price	Basis	Cash
KCBT Sept '07	\$6.44	-45¢	\$6.01
KCBT Dec '07	\$6.59	-30¢	\$6.29
KCBT July '08	\$5.79	-50¢	\$5.29

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Ethanol added ~\$1.25



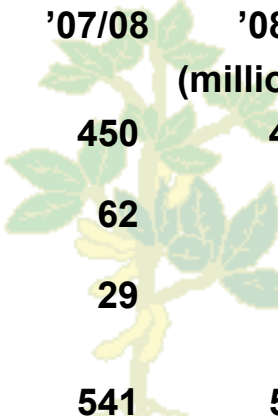
Ethanol added ~\$1.50



Ethanol

	'07/08	'08/09	'09/10
• Ethanol (b. Gal.)	7.1	9.8	11.5
• Corn use (b. Bu.)	3.4	4.0	4.3
• Corn prod. (b. Bu.)	12.8	13.1	13.3
• Acres planted (m.a.)	92.9		

Biodiesel



	'07/08	'08/09	'09/10
	(million gallons)		
• Soy oil	450	467	469
• Canola oil	62	71	76
• Other fats	29	31	33
• Total	541	569	578