

U.S. Wheat Associates World and U.S. Wheat Supply and Demand

United States Department of Agriculture
April 2004

World Agricultural Supply and Demand Estimates
Grains: World Markets and Trade

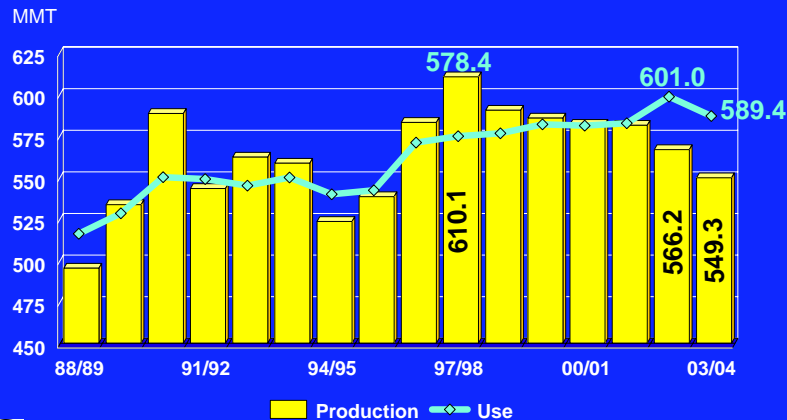


World Wheat Outlook Highlights

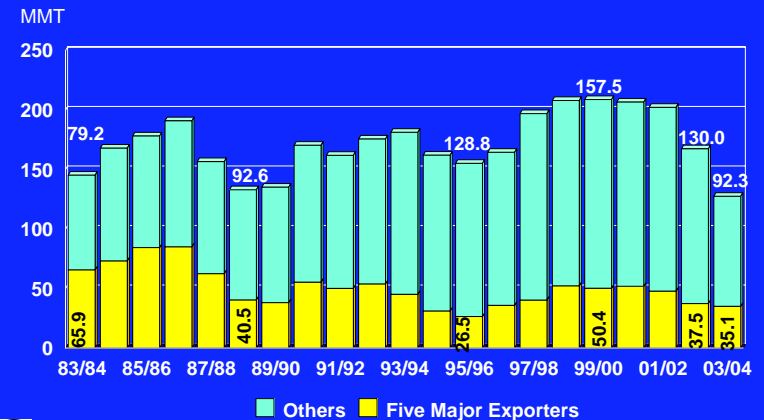
- Major production changes for 2003/04 versus 2002/03:
 - ▶ U.S. up 20 MMT or 45%, increased yield and area.
 - ▶ Other four major exporters up over 152 MMT from 142 MMT in 2002/03.
 - ▶ World consumption exceeds production by 40 MMT.
- Five major exporters expected to increase share of world wheat trade to 76% from 60% in 2002/03.
- World ending stocks down to 127 MMT, lowest since 1981/82.
- China becomes major factor in world trade with large purchases from U.S., Canada and Australia.
- Early predictions that U.S. wheat production will be down 5-6 MMT in 2004/05.



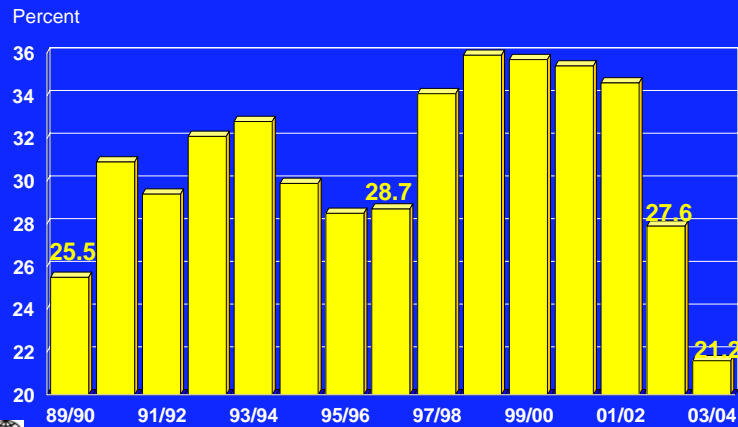
World Utilization Outpaces Production



World Ending Stocks Down



Global Stocks-to-Use Ratio Falls



World Wheat Supply and Demand

	01/02	02/03	03/04
SUPPLY:			
Beginning Stocks	206.7	202.3	167.5
Production	580.8	566.2	549.4
Supply Total	787.5	768.5	716.8
TRADE:			
Exports / Imports	108.2	107.8	105.2
DEMAND:			
Food & Seed	477.5	488.6	487.8
Feed & Residual	107.6	112.5	101.6
Use Total	585.1	601.0	589.4
ENDING STOCKS:			
	202.3	167.5	127.5



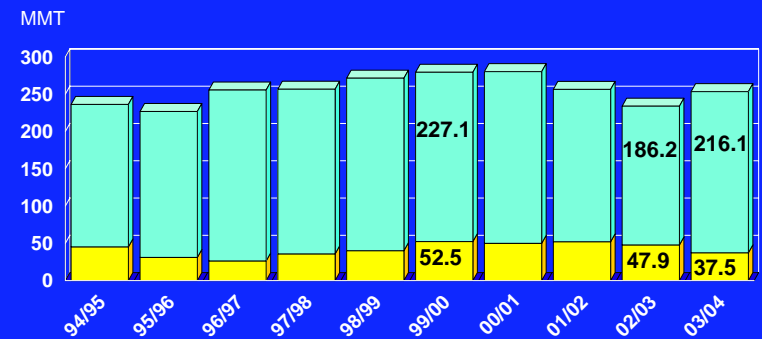
World and U.S. Wheat Supply and Demand

► Major Exporters

- Nontraditional Exporters
- Import Demand
- U.S. Situation by Class



Supplies Up in Major Exporting Countries*

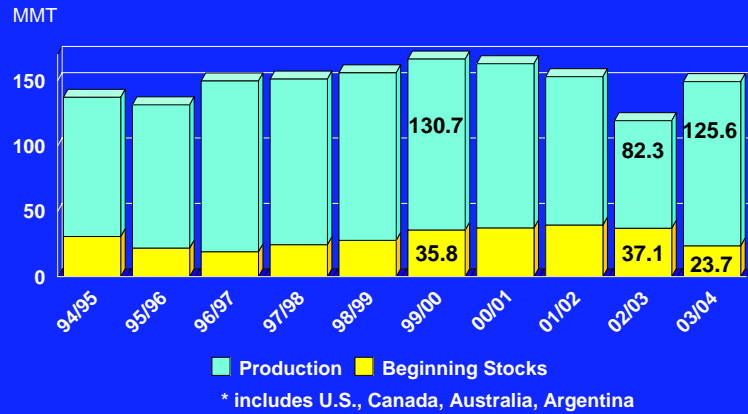


■ Production ■ Beginning Stocks

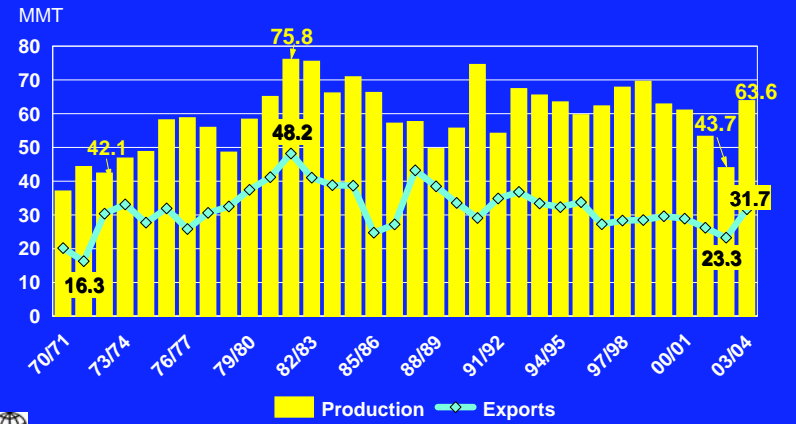
* includes U.S., Canada, Australia, Argentina, EU-15



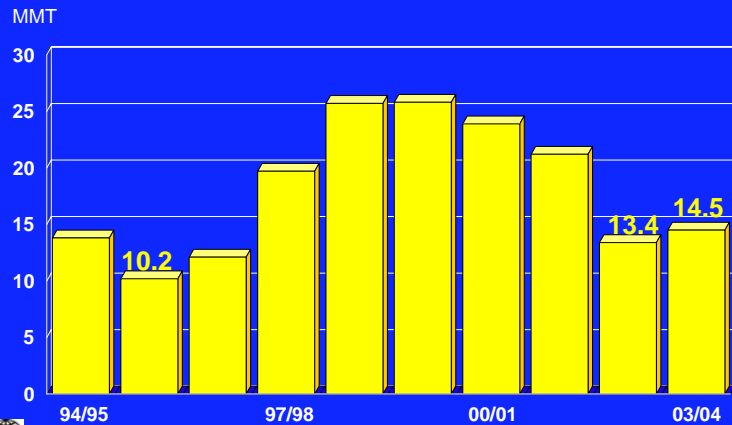
Supplies Up in Top Four* Exporting Countries



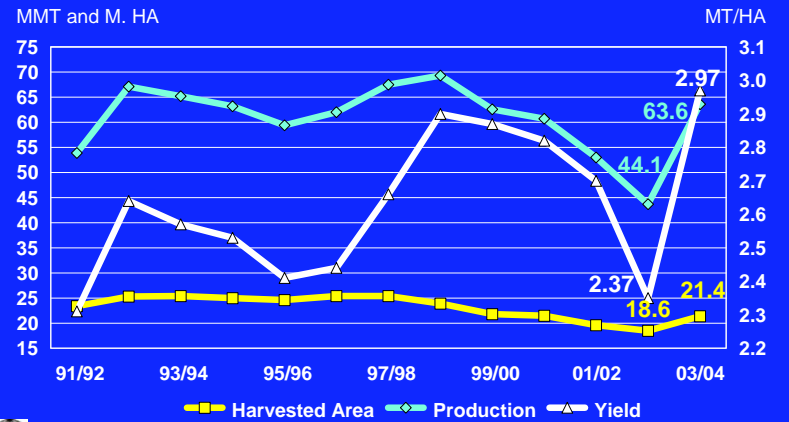
U.S. Production and Exports



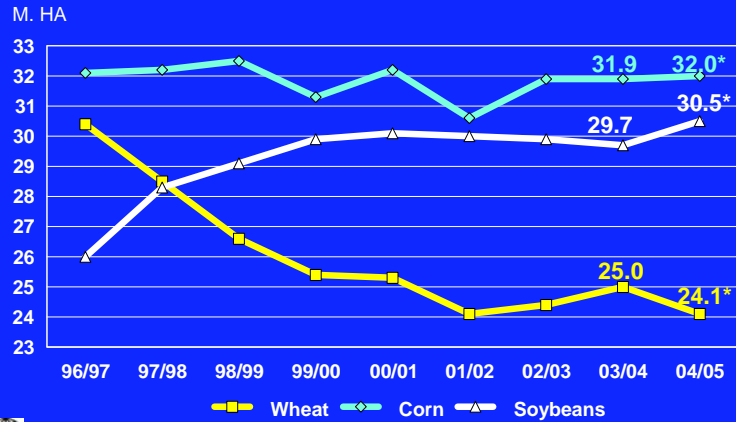
U.S. Ending Stocks



U.S. Wheat Area and Production

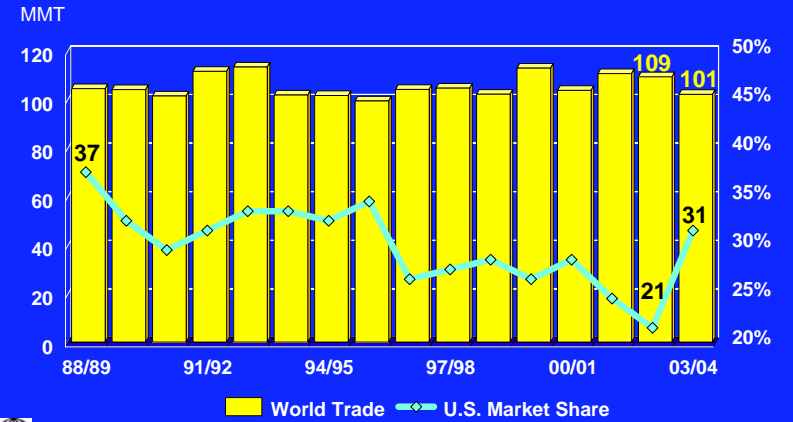


U.S. Wheat Planted Area (projected down 4% in 2004/05)



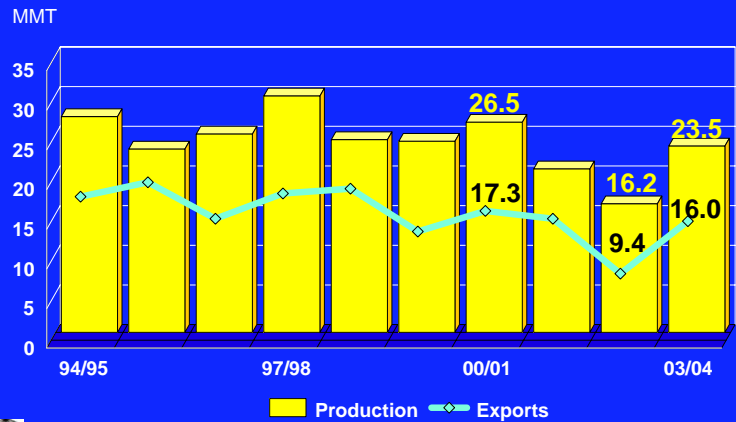
*Source: USDA Prospective Plantings projections for 2004/05.

U.S. Market Share

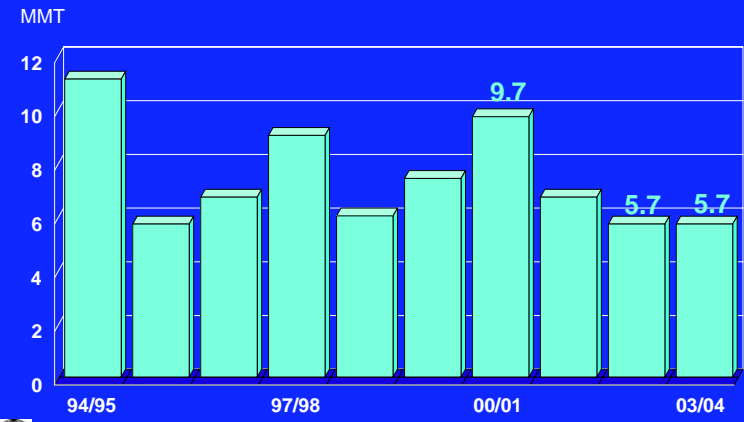


Source: Grains: World Market and Trade Report (Jul-Jun Trade Yr)

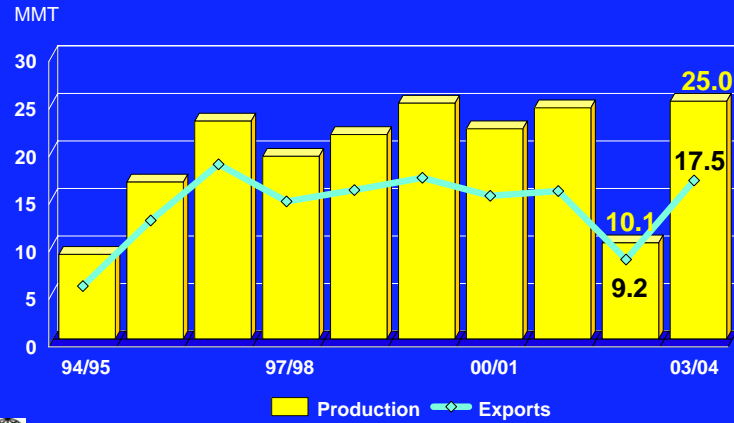
Canada Production and Exports



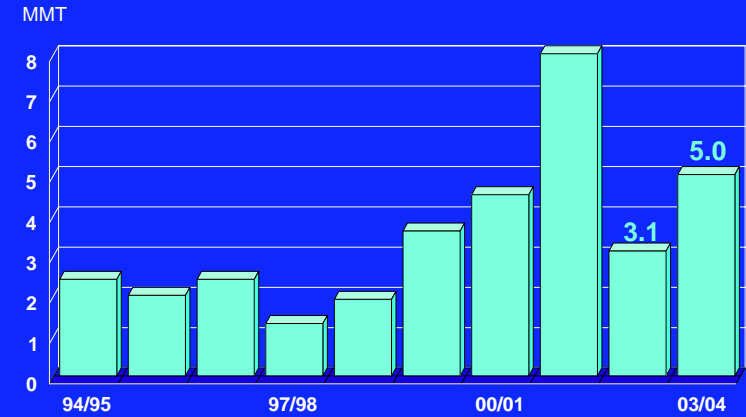
Canada Ending Stocks



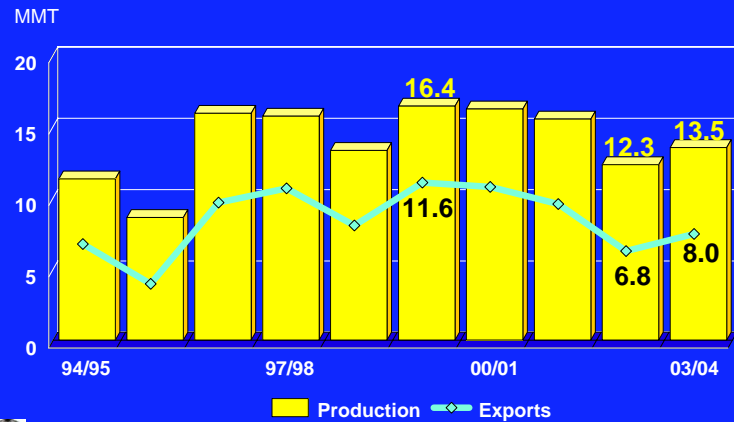
Australia Production and Exports



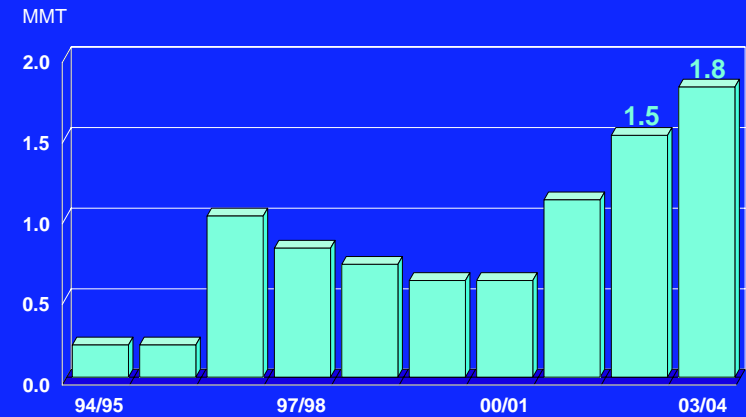
Australia Ending Stocks



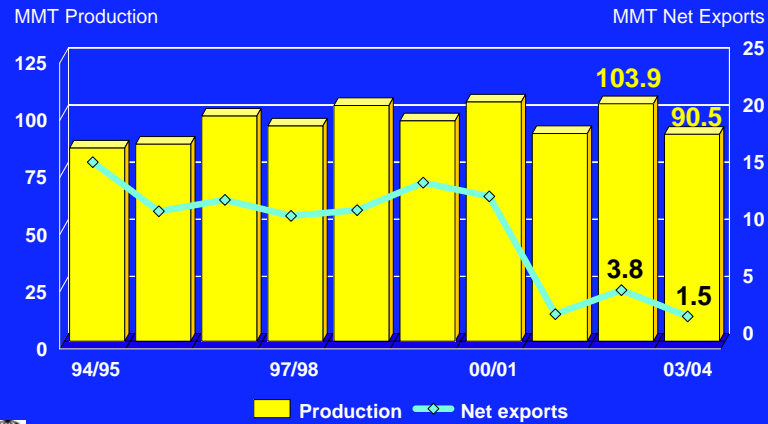
Argentina Production and Exports



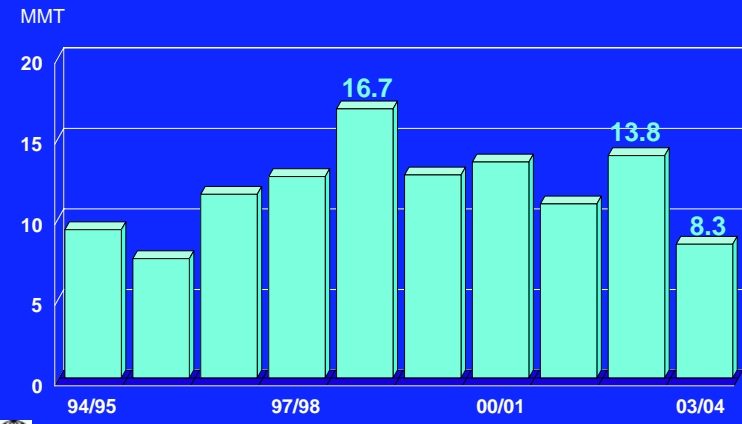
Argentina Ending Stocks



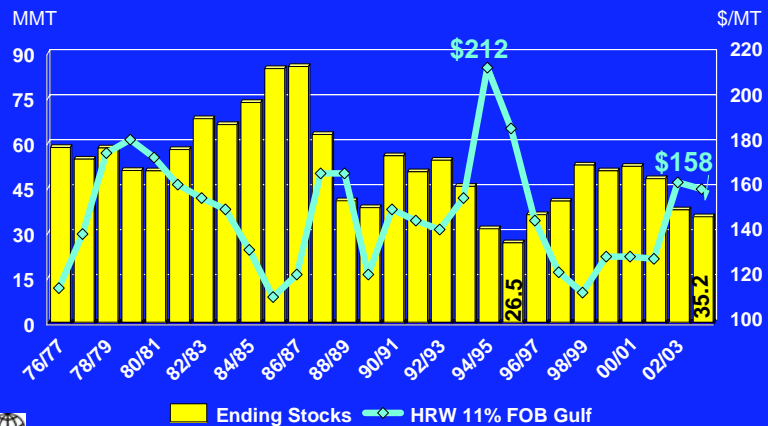
EU Production and Net Exports



EU Ending Stocks



Top Five* Exporter Stocks and Price



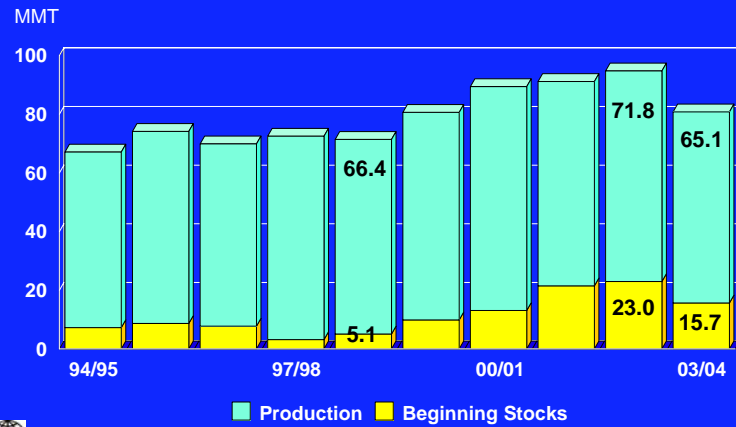
* includes U.S., Canada, Australia, Argentina and EU-15

World and U.S. Wheat Supply and Demand

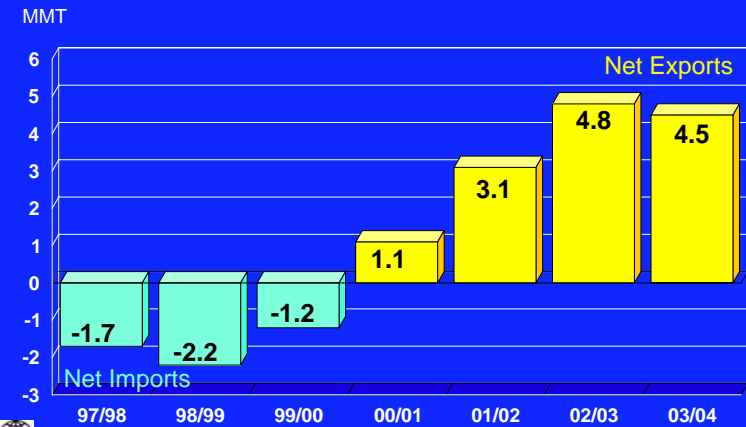
- Major Exporters
- ▶ Nontraditional Exporters
- Import Demand
- U.S. Situation by Class



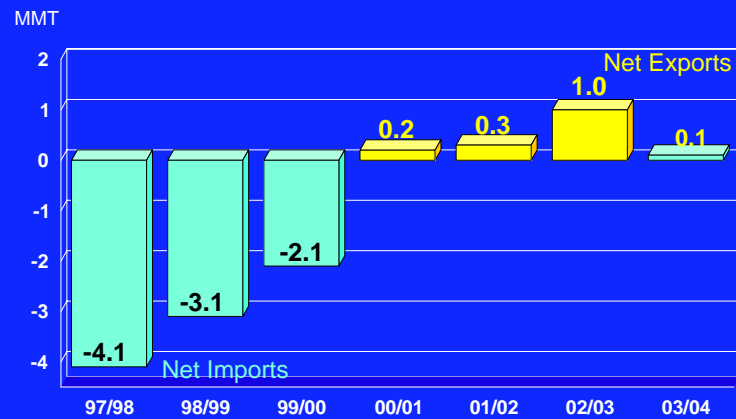
India Beginning Stocks and Production



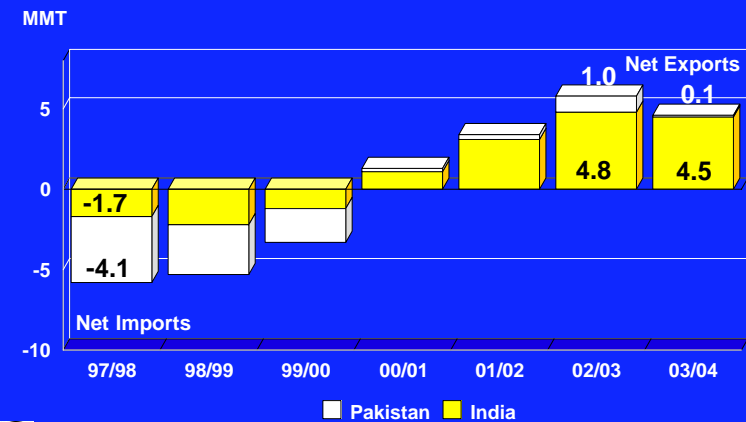
India Net Trade



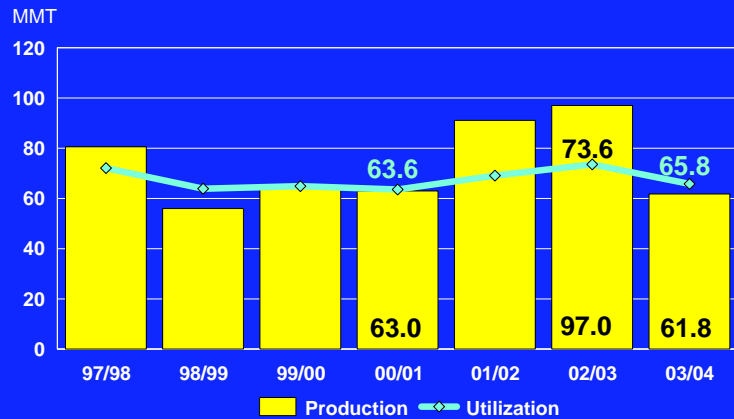
Pakistan Net Trade



India and Pakistan Net Trade

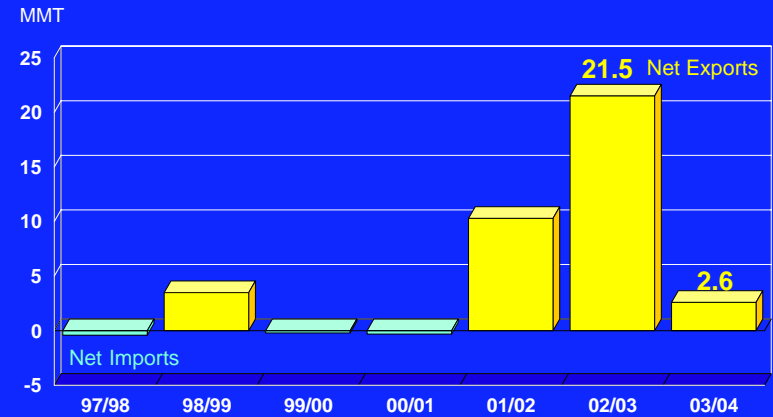


FSU-12* Production and Utilization



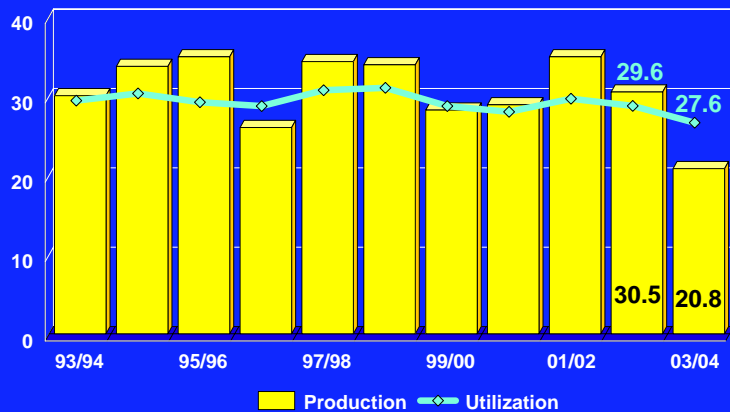
*FSU-12 includes former Soviet Union, excluding Baltic States

FSU-12* Net Trade

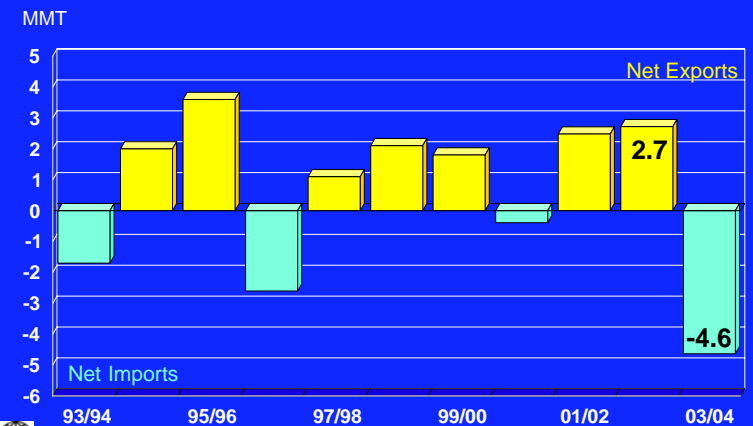


*FSU-12 includes former Soviet Union, excluding Baltic States

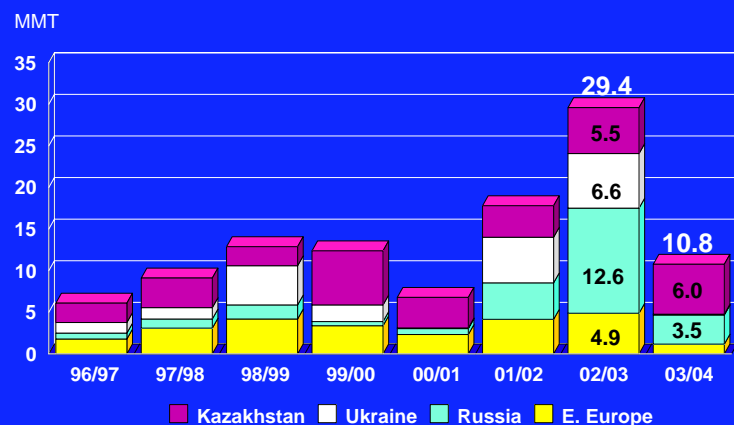
Eastern Europe Production and Utilization



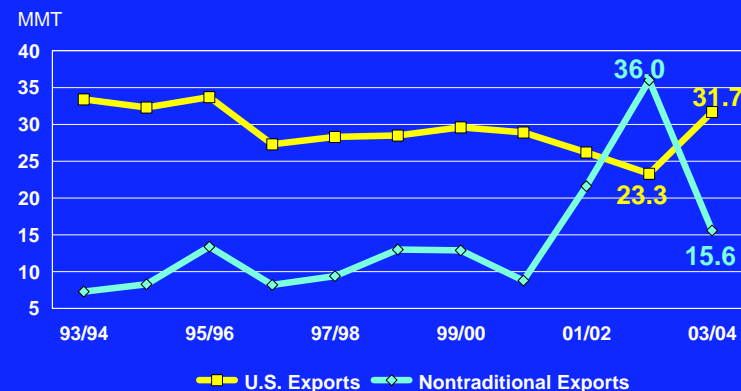
Eastern Europe Net Trade



Black Sea Exports

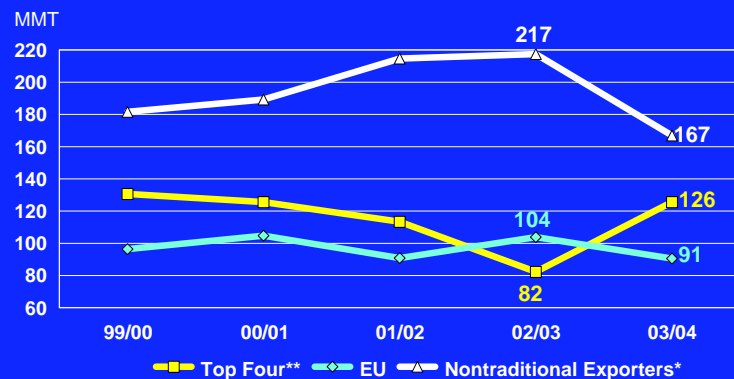


U.S. and Nontraditional Exports



*Nontraditional exporters include FSU-12, Eastern Europe, India and Pakistan

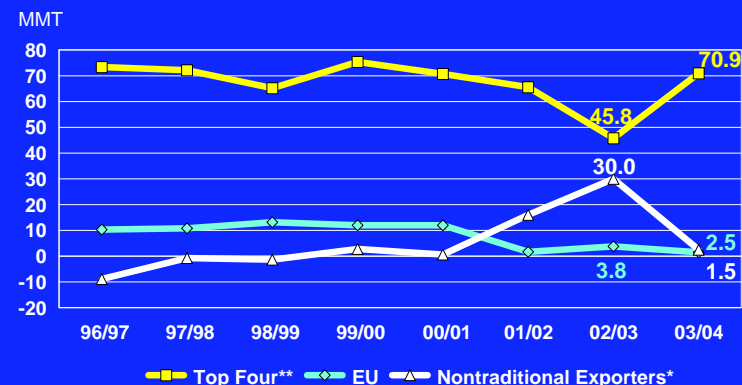
Production in Top Exporters Recovers



*Nontraditional exporters include FSU-12, Eastern Europe, India and Pakistan

**Top four exporters include U.S., Canada, Australia and Argentina

Net Exports of Leading Suppliers



*Nontraditional exporters include FSU-12, Eastern Europe, India and Pakistan

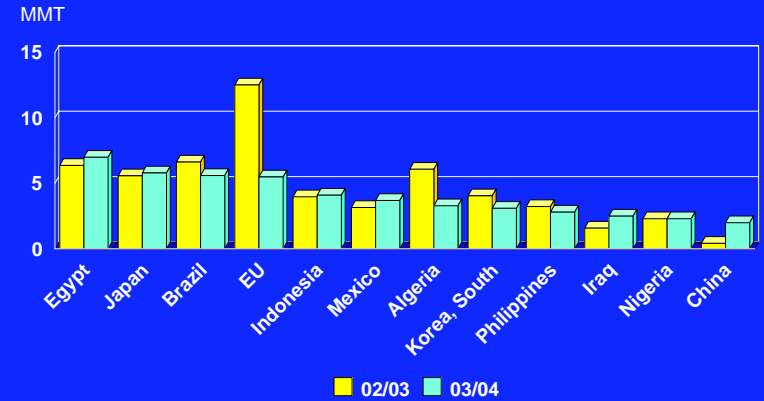
**Top four exporters include U.S., Canada, Australia and Argentina

World and U.S. Wheat Supply and Demand

- Major Exporters
- Nontraditional Exporters
- ▶ **Import Demand**
- U.S. Situation by Class



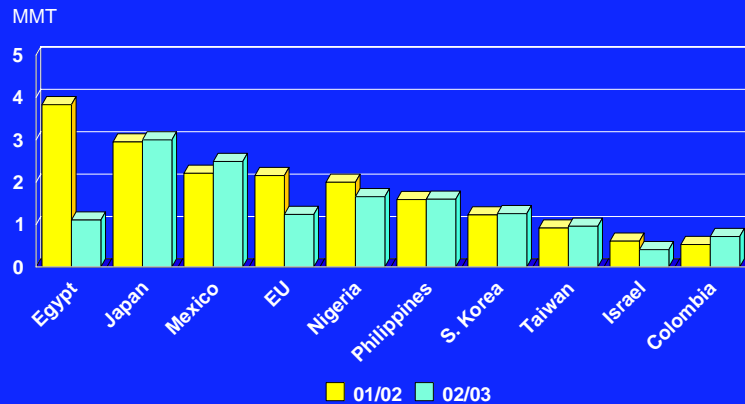
Major World Wheat Importers



Source: Grains: World Market and Trade Report (Jul-Jun Trade Yr)
U.S. Wheat Associates

Top 10 Customers for U.S. Wheat

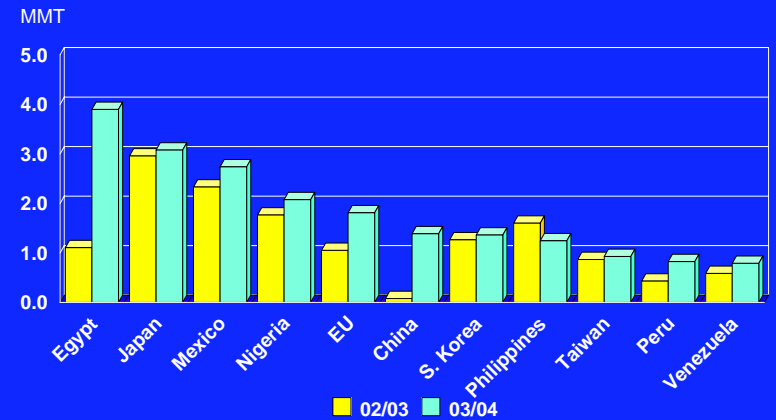
Prior Years: 2001/02 and 2002/03



Source: USDA FAS Export Sales Report market year-end statement (5/31/03)
U.S. Wheat Associates

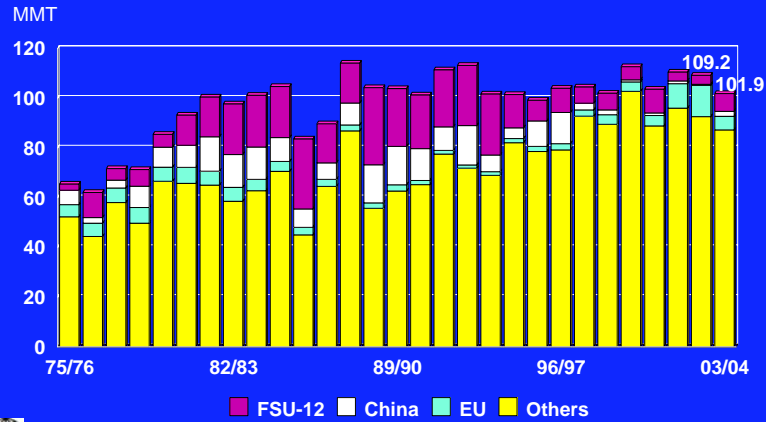
Top Customers for U.S. Wheat

2002/03 vs. 2003/04



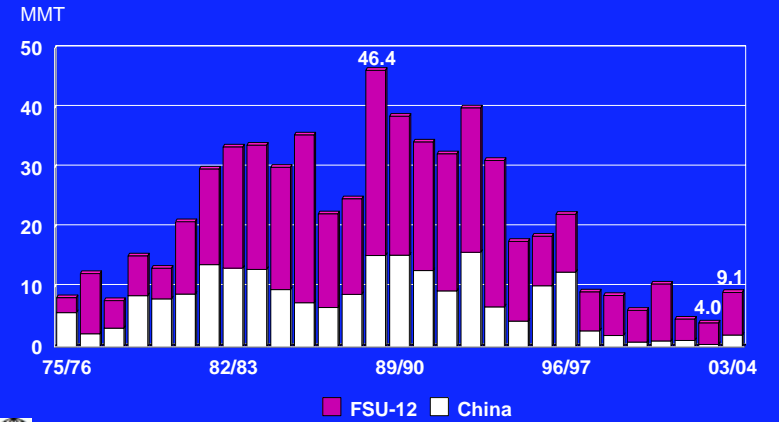
Source: USDA, FAS, Export Sales-to-Date for Marketing Years 02/03 and 03/04 (as of 3/25/04)
U.S. Wheat Associates

World Wheat Import Demand



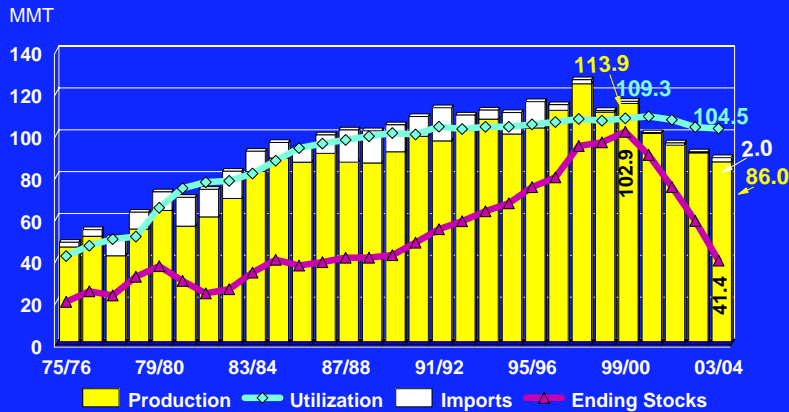
Source: Grains: World Market and Trade Report (Jul-Jun Trade Yr)

FSU, China Imports Up

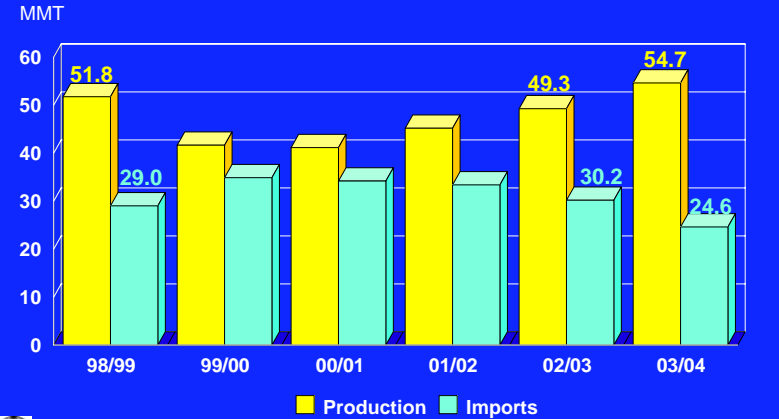


Source: Grains: World Market and Trade Report (Jul-Jun Trade Yr)

China's Ending Stocks Fall



North Africa and Middle East



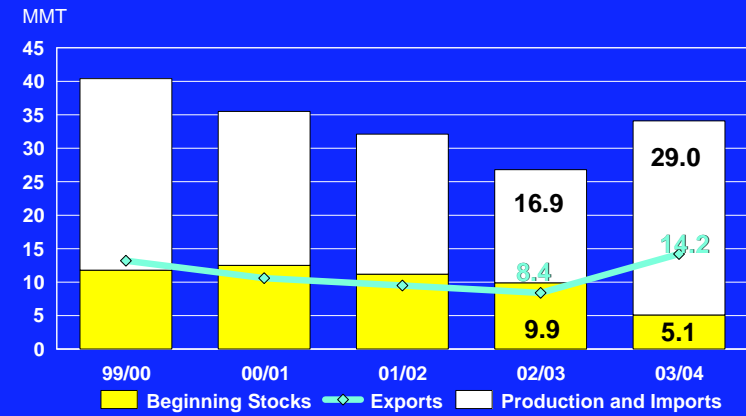
Source: Grains: World Market and Trade Report (Jul-Jun Trade Yr)

World and U.S. Wheat Supply and Demand

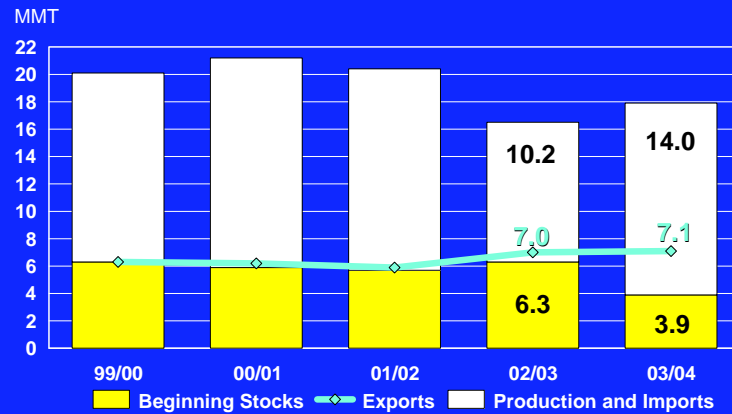
- Major Exporters
- Nontraditional Exporters
- Import Demand
- ▶ **U.S. Situation by Class**



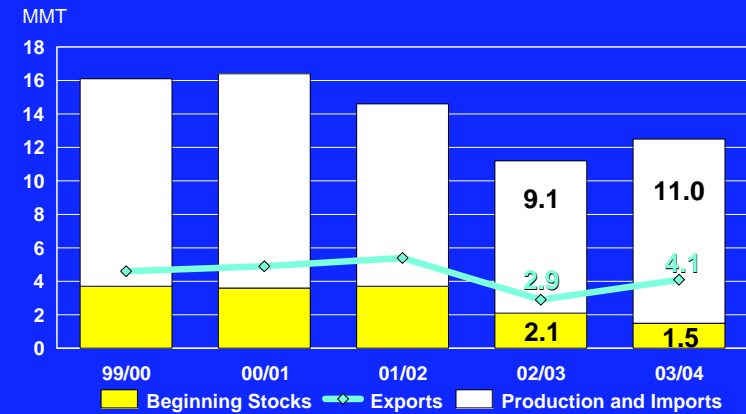
U.S. Hard Red Winter



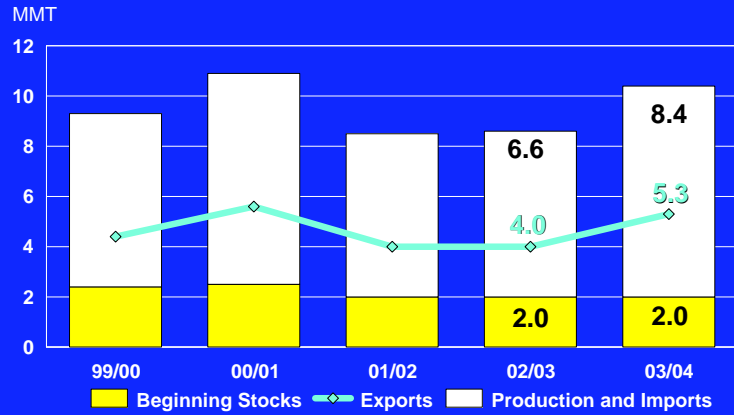
U.S. Hard Red Spring



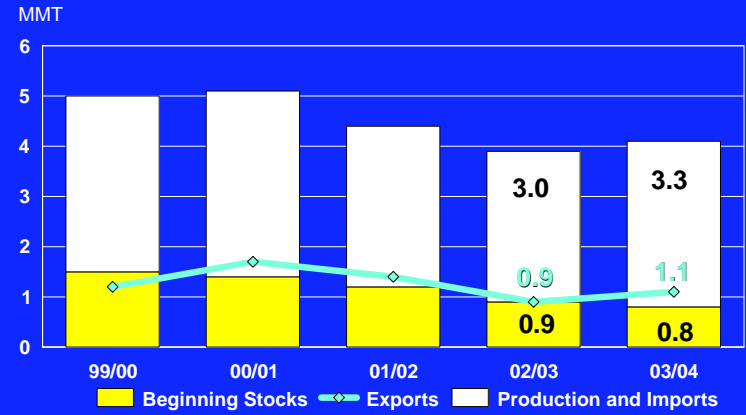
U.S. Soft Red Winter



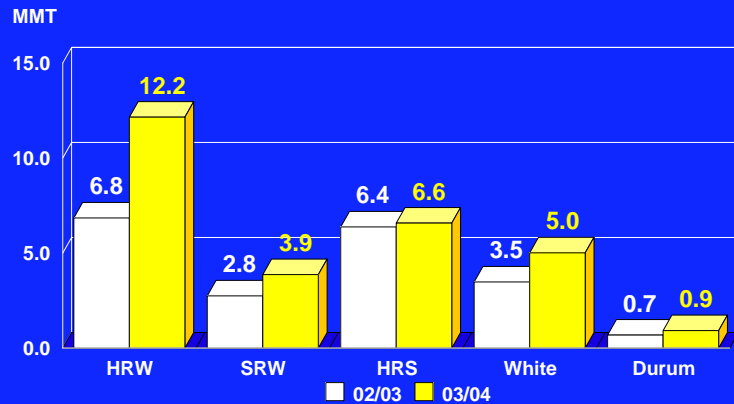
U.S. Soft White



U.S. Durum

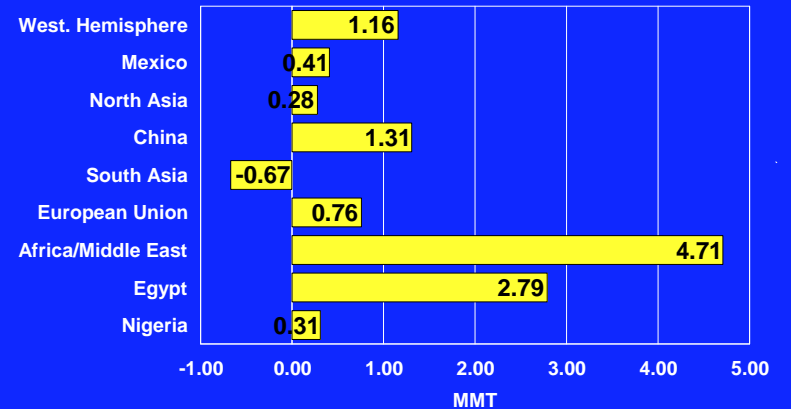


U.S. Wheat Year-to-Date Sales by Class



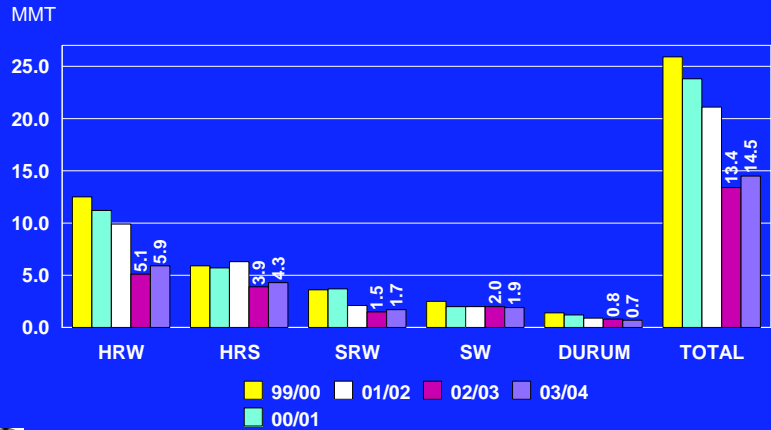
Source: USDA, FAS, Export Sales-to-Date for Marketing Years 02/03 and 03/04 (as of 3/25/04)

Change in U.S. Wheat Sales June-May 2003/04 vs. 2002/03



Source: USDA, FAS, Export Sales-to-Date for Marketing Years 02/03 and 03/04 (as of 3/25/04)

U.S. Wheat Ending Stocks (by Class)



Source: USDA, FAS, Export Sales-to-Date for Marketing Years 02/03 and 03/04 (as of 3/4/04)

U.S. Wheat Supply and Demand

	HRW		HRS		SRW	
	02/03	03/04	02/03	03/04	02/03	03/04
Beginning Stocks	9.9	5.1	6.3	3.9	2.1	1.5
Production	16.9	28.9	9.6	13.6	8.7	10.3
Imports	0.0	0.1	0.7	0.4	0.4	0.7
Supply Total	26.8	34.1	16.5	17.9	11.2	12.5
Domestic Use	13.2	14.1	5.5	6.6	6.9	6.8
Exports	8.4	14.2	7.0	7.1	2.9	4.1
Use Total	21.6	28.3	12.5	13.6	9.7	10.9
Ending Stocks	5.1	5.9	3.9	4.3	1.5	1.7
Stocks-to-use	23.6%	20.8%	31.5%	31.5%	15.4%	15.3%



(in MMT)

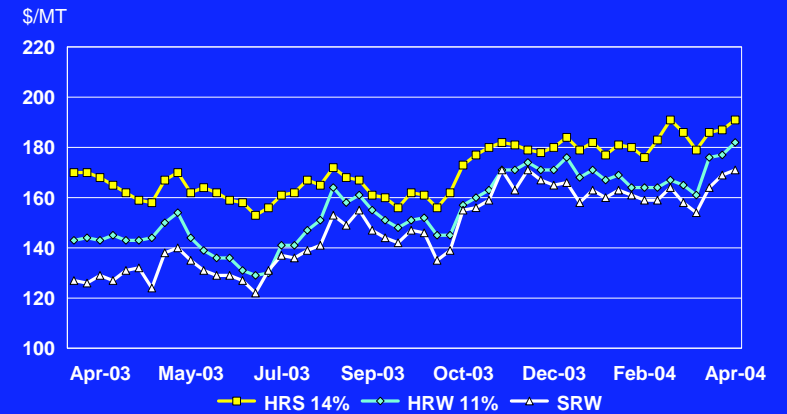
U.S. Wheat Supply and Demand

	Soft White		Durum		Total	
	02/03	03/04	02/03	03/04	02/03	03/04
Beginning Stocks	2.0	2.0	0.9	0.8	21.1	13.4
Production	6.3	8.1	2.2	2.6	43.7	63.6
Imports	0.3	0.2	0.8	0.7	2.1	2.0
Supply Total	8.6	10.4	3.9	4.1	67.0	79.0
Domestic Use	2.6	3.2	2.2	2.2	30.3	32.8
Exports	4.0	5.3	0.9	1.1	23.2	31.7
Use Total	6.6	8.5	3.1	3.3	53.6	64.6
Ending Stocks	2.0	1.9	0.8	0.7	13.4	14.5
Stocks-to-use	31.0%	22.4%	24.3%	21.3%	24.9%	22.4%



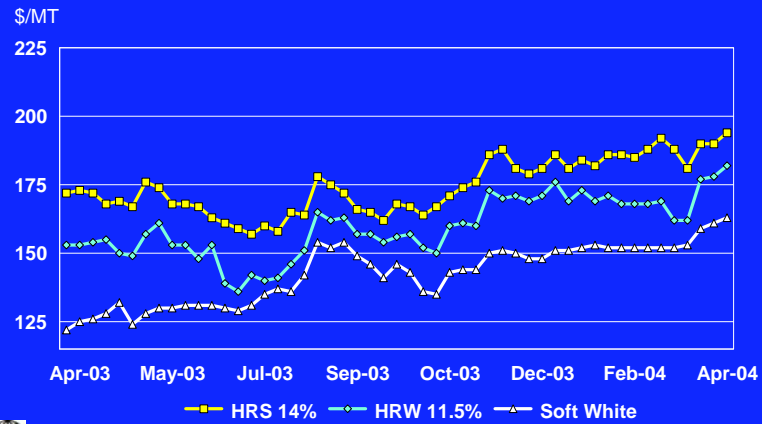
(in MMT)

U.S. Gulf FOB Prices



Source: U.S. Wheat Associates, Weekly Price Report

U.S. PNW FOB Prices



U.S. Wheat
Associates

—■— HRS 14% —◆— HRW 11.5% —▲— Soft White
Source: U.S. Wheat Associates, Weekly Price Report

Summary

- World ending stocks:
 - ▶ Down 35 MMT in 2002/03 to 166 MMT.
 - ▶ Down 40 MMT (again) in 2003/04 to 127 MMT.
- 2003/04 world use down 12 MMT, lower feed usage.
- Export forecast for 2003/04 compared with 2002/03:
 - ▶ Total trade down 2.5 MMT to 105 MMT.
 - ▶ U.S. share up 30% (32 MMT)-largest since 1995/96.
 - ▶ Top five up to 80 MMT; others fall to 25 MMT.
- Intense competition among major suppliers, particularly the U.S., Canada and Australia.
- China's imports a key market factor.



U.S. Wheat
Associates