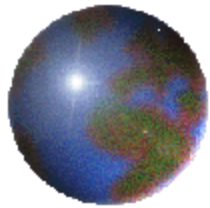


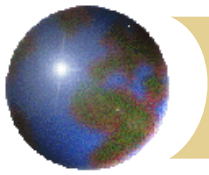
World Grain Situation



Trends, Conditions and Outlook

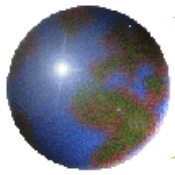
Parr Rosson
Professor & Director
Center for North American Studies
Department of Agricultural Economics
Texas A&M University





Overview

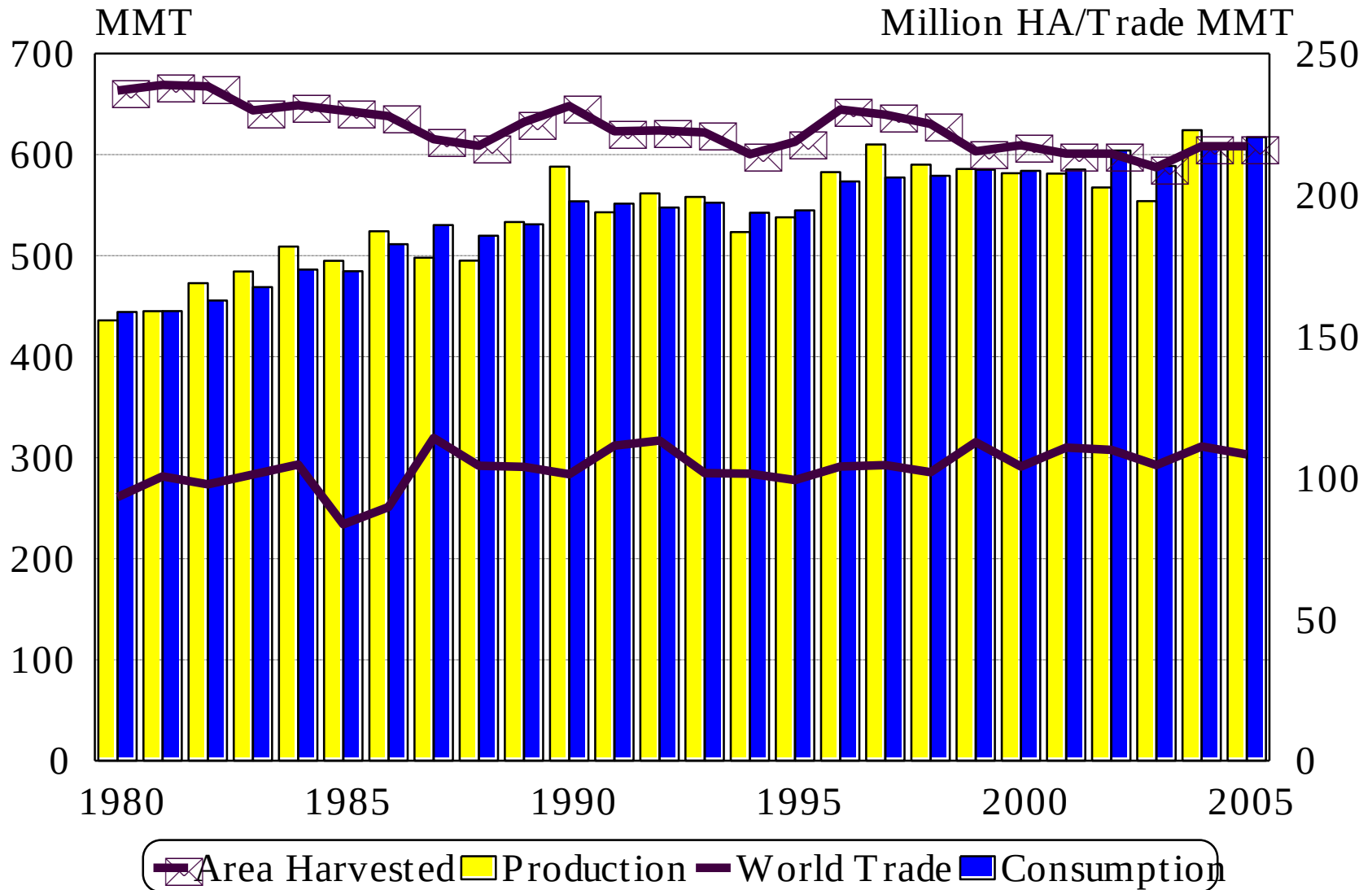
- ✚ World Supply/Demand Balance
- ✚ Major Producers & Consumers
- ✚ Market Conditions Affecting the Major Grain Traders
- ✚ Prices



World Macroeconomic Conditions

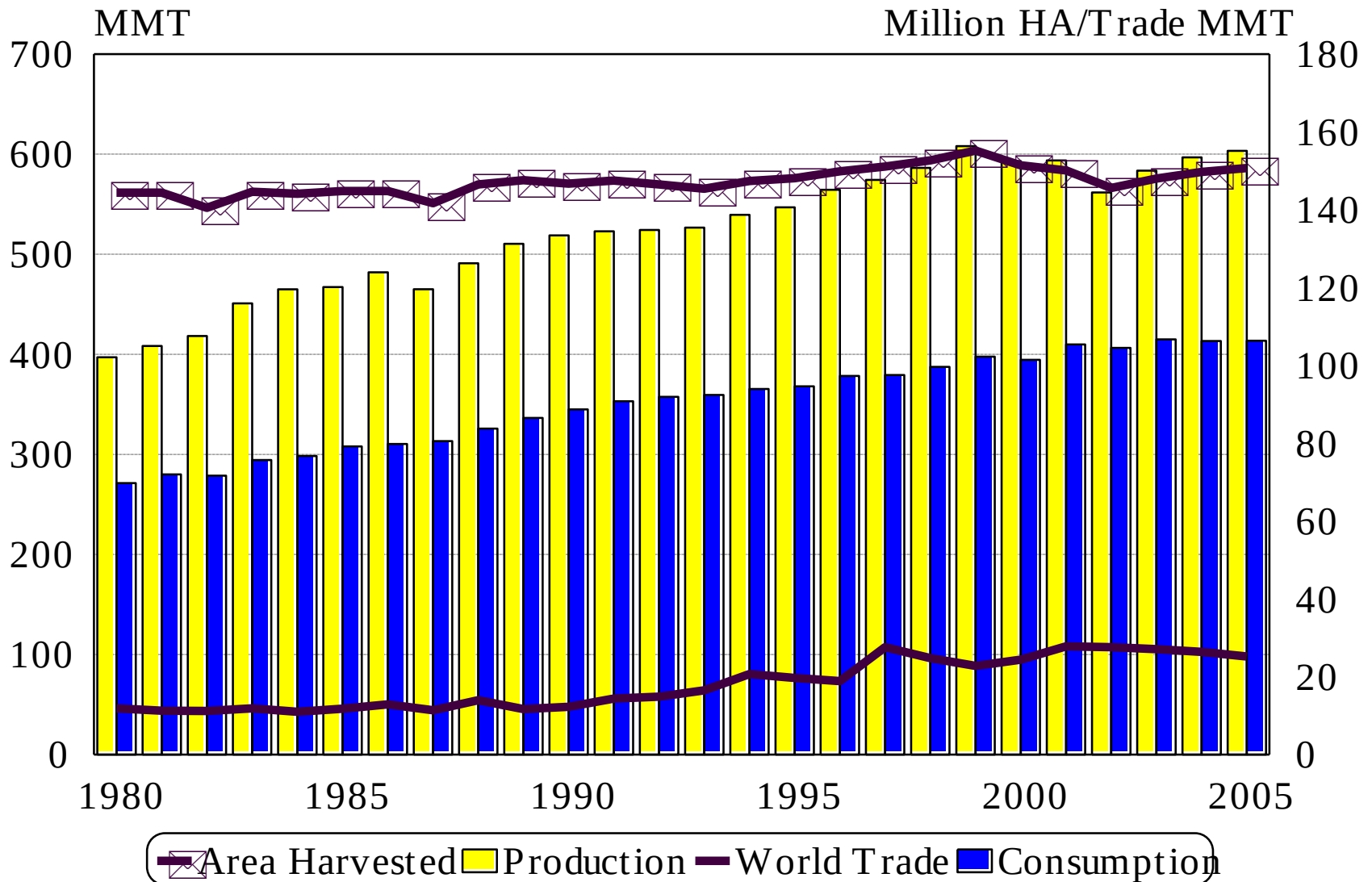
Indicator	2003	2004	2005	2006
Real Growth (% CH)				
World	2.4	3.8	3.0	3.1
Asia/NIC/Emerging *	6.4	7.4	6.6	6.4
Latin America	1.3	5.8	4.3	4.4
Eurozone	0.5	1.9	1.3	1.8
Countries				
United States	3.0	4.4	3.6	3.0
Canada	2.0	2.8	2.6	3.0
United Kingdom	2.2	3.1	2.5	2.3
Japan	1.4	2.6	1.0	2.0
China	9.1	9.5	9.0	8.3
India	7.3	7.1	7.2	6.5

World Wheat Supply and Demand



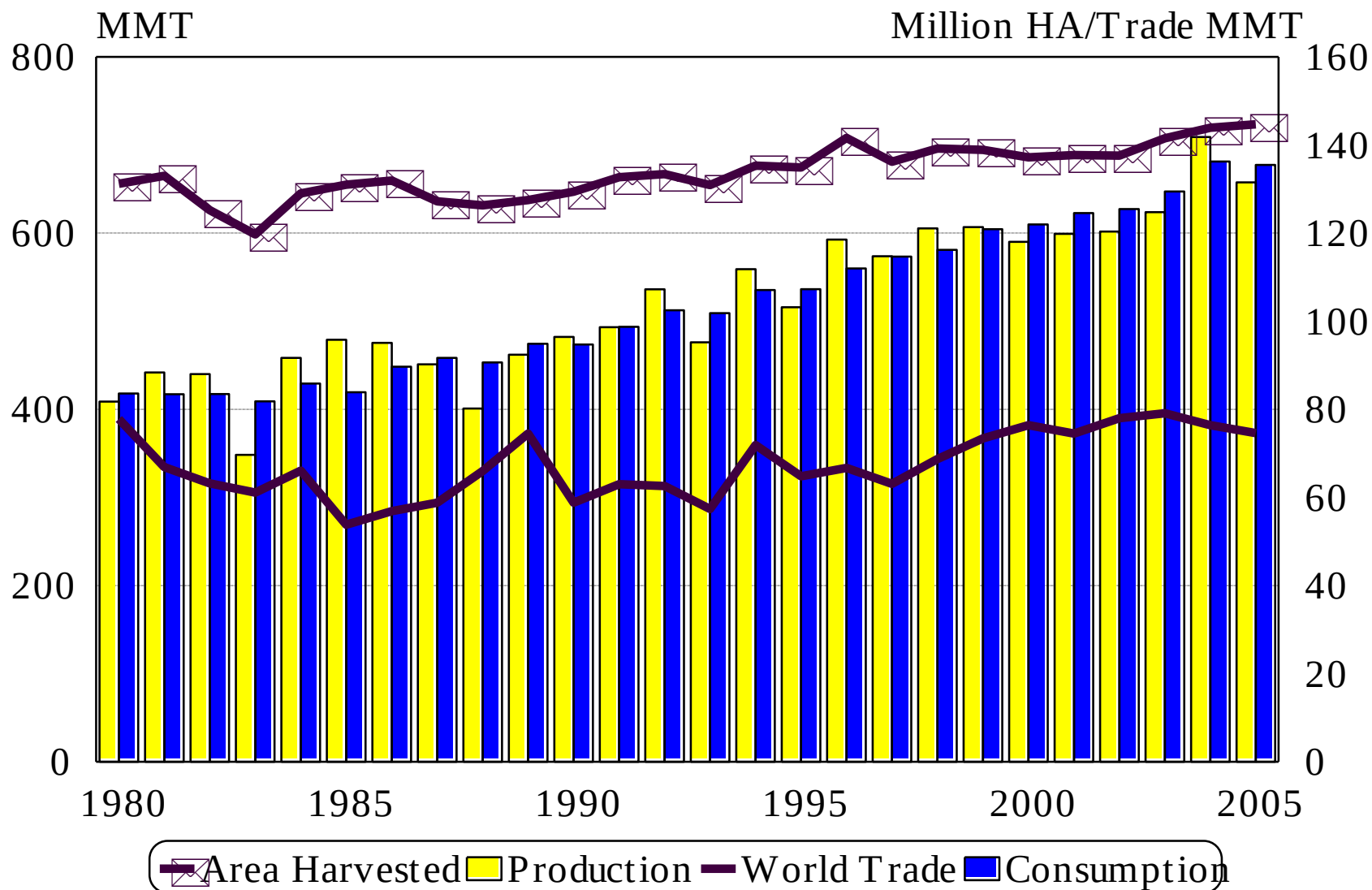
Source: Grain: World Markets and Trade, FAS/USDA

World Rice Supply and Demand



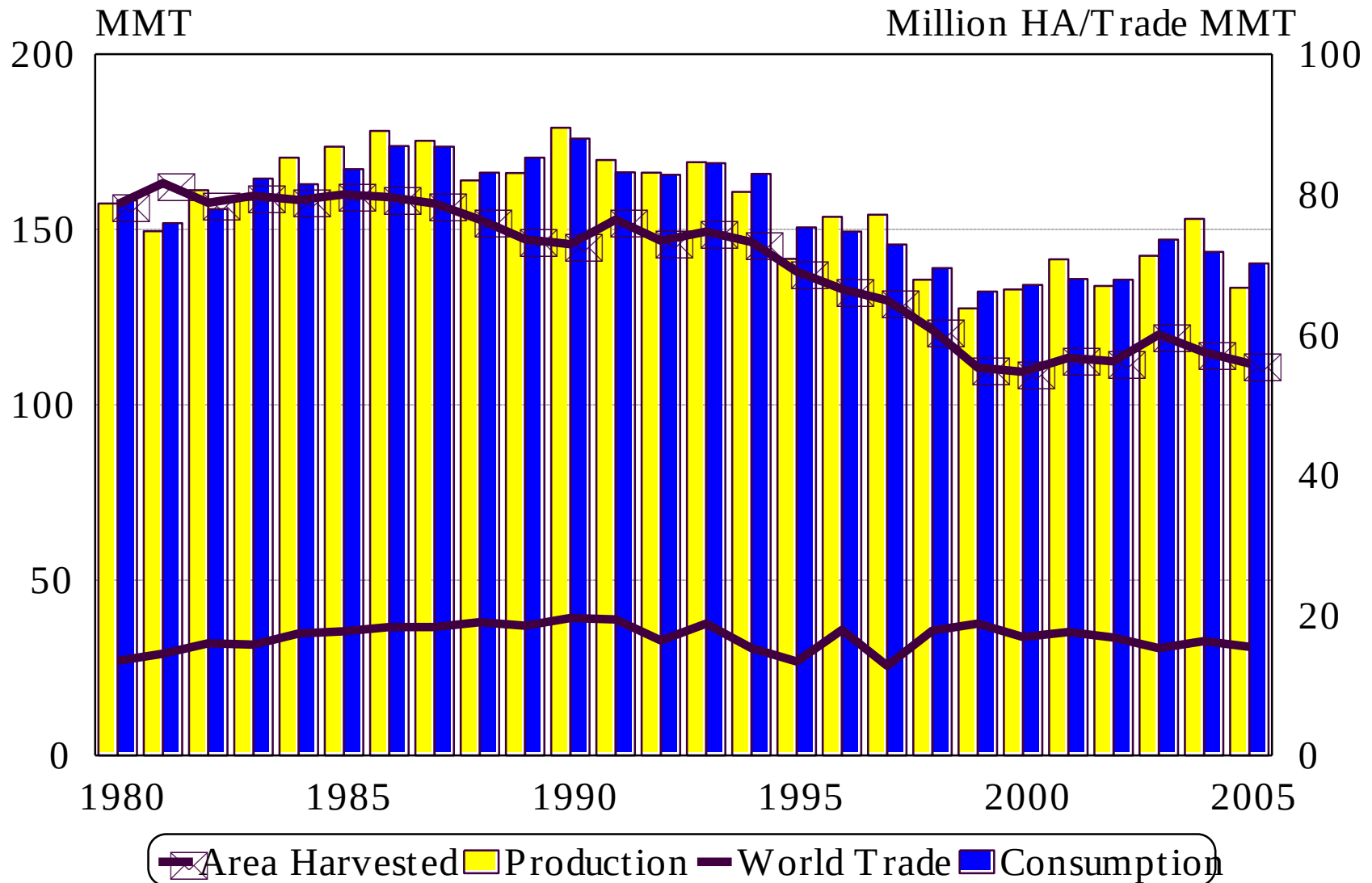
Source: Grain: World Markets and Trade, FAS/USDA

World Corn Supply and Demand



Source: Grain: World Markets and Trade, FAS/USDA

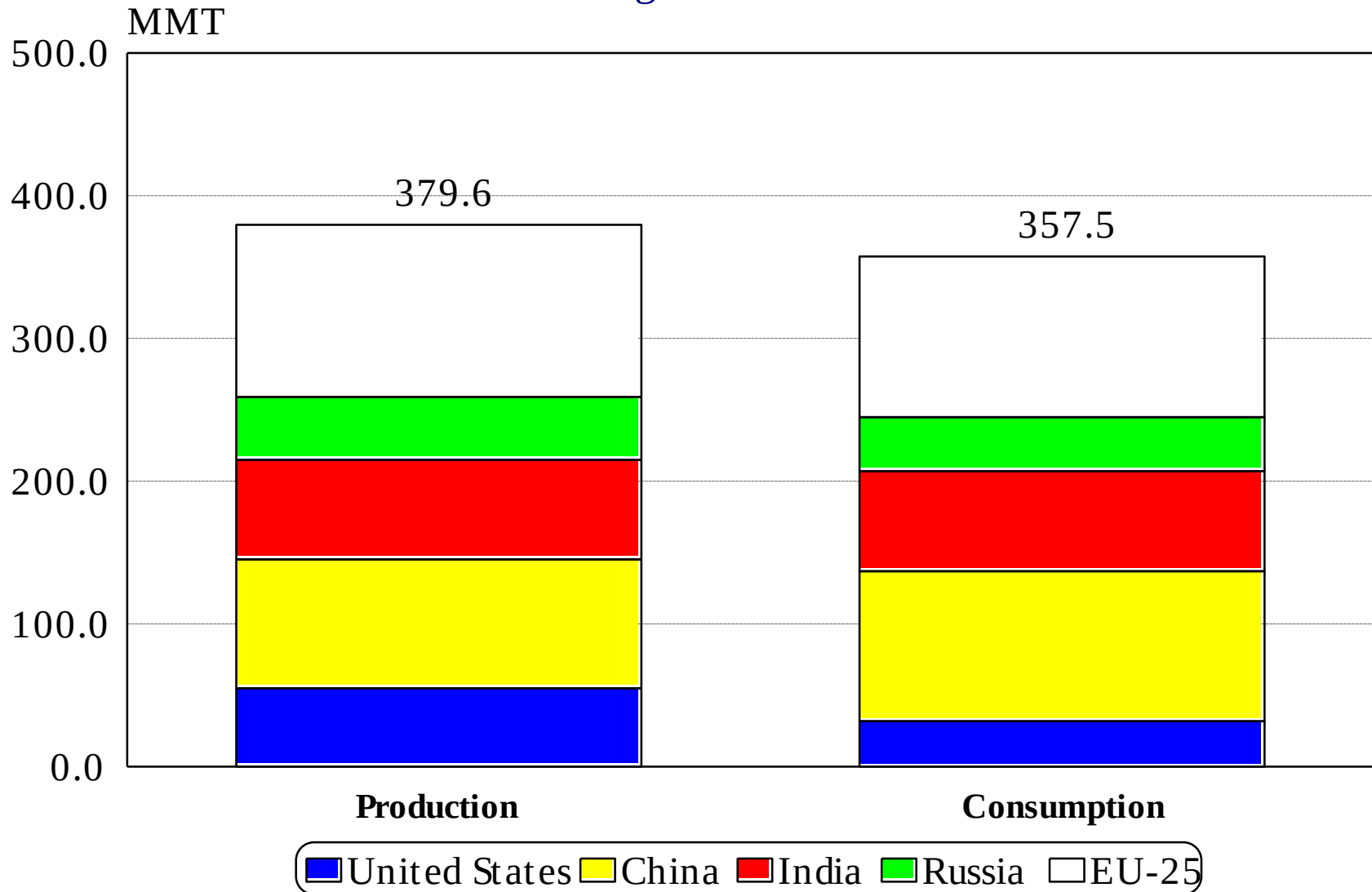
World Barley Supply and Demand



Source: Grain: World Markets and Trade, FAS/USDA

Wheat Production & Consumption

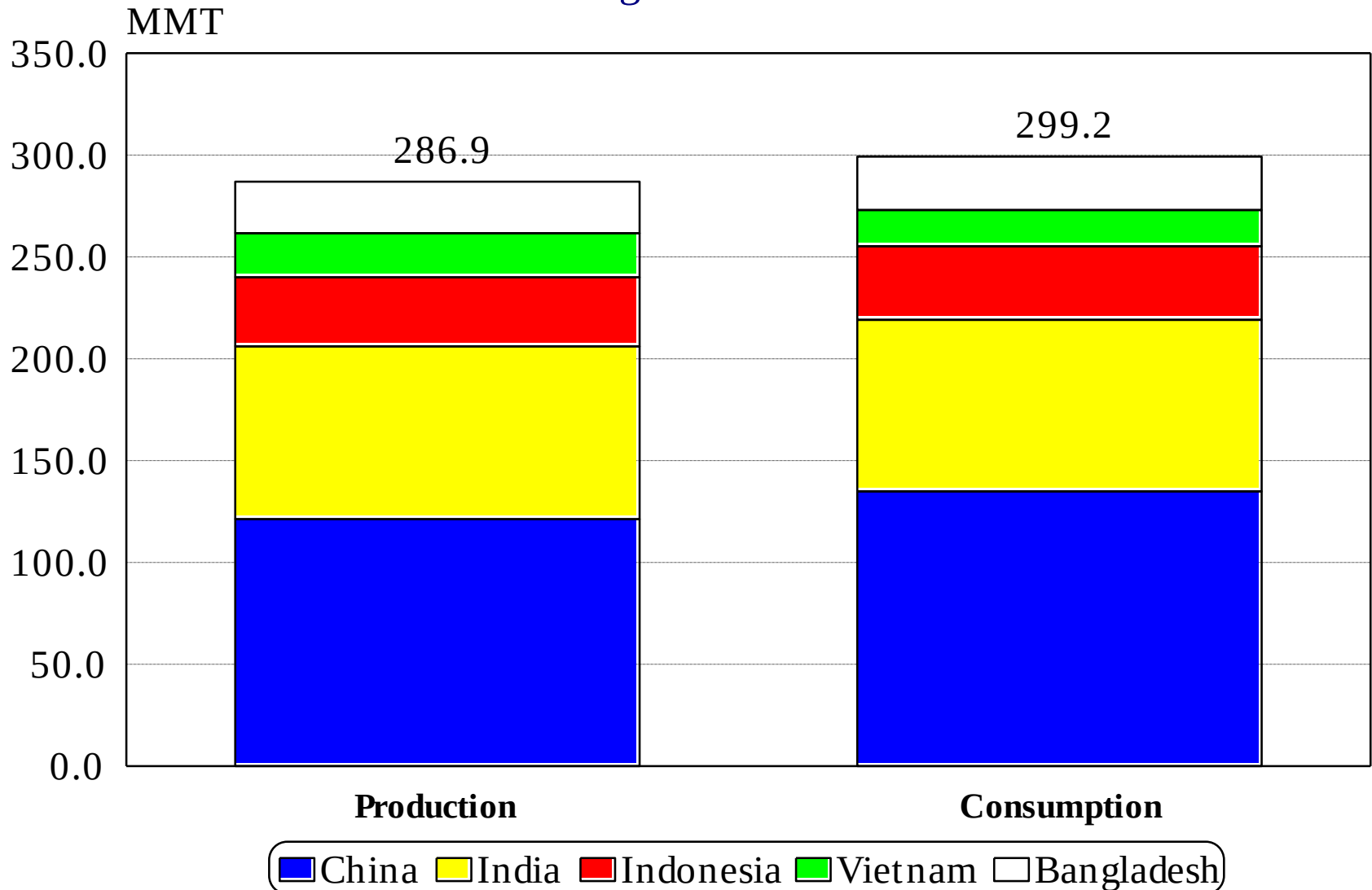
Average: 2001 - 2005



Source: Grain: World Markets and Trade, FAS/USDA

Rice Production & Consumption

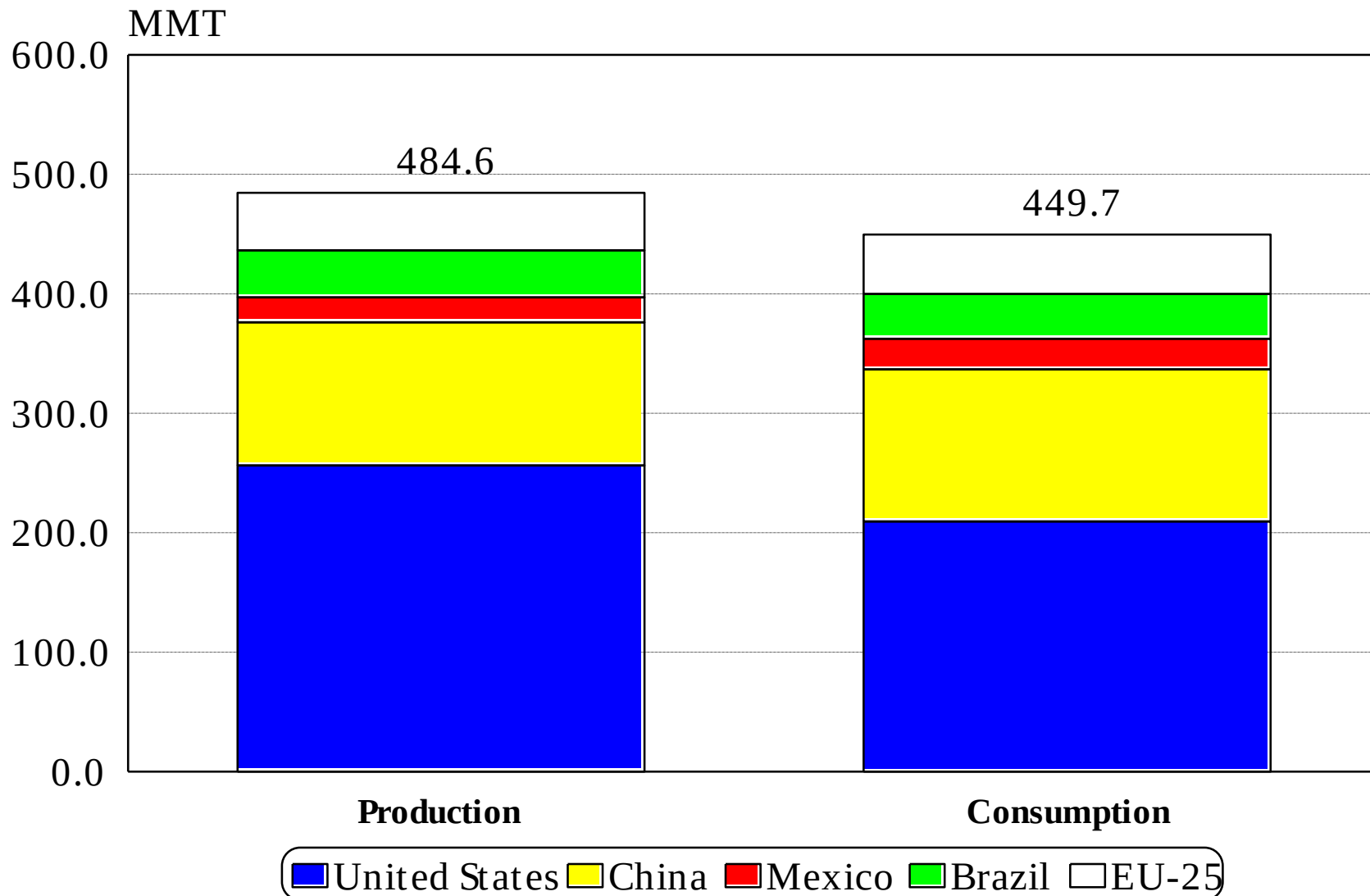
Average: 2001 - 2005



Source: Grain: World Markets and Trade, FAS/USDA

Corn Production & Consumption

Average: 2001 - 2005



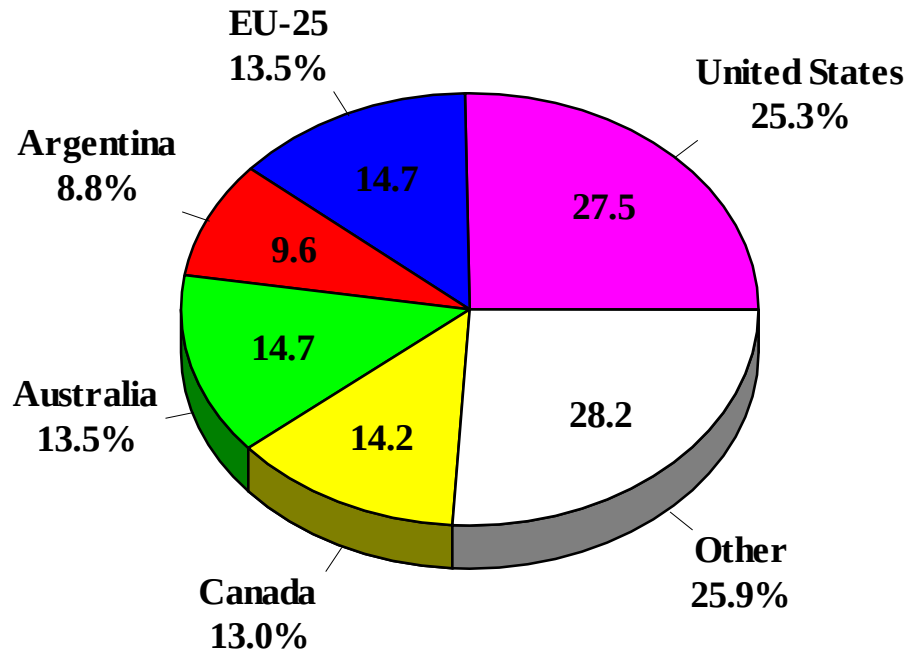
Source: Grain: World Markets and Trade, FAS/USDA

World Wheat Trade

Average: 2001 - 2005

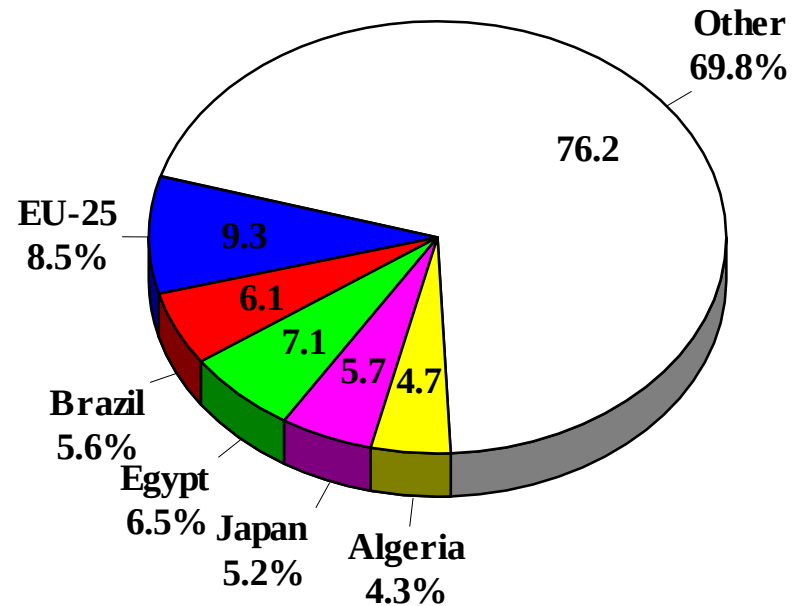
Exports

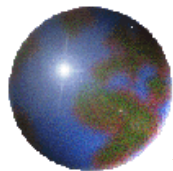
108.7 MMT



Imports

108.7 MMT



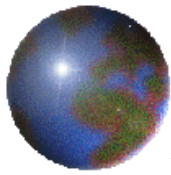


Iraq Wheat Supply and Demand

1,000 MT

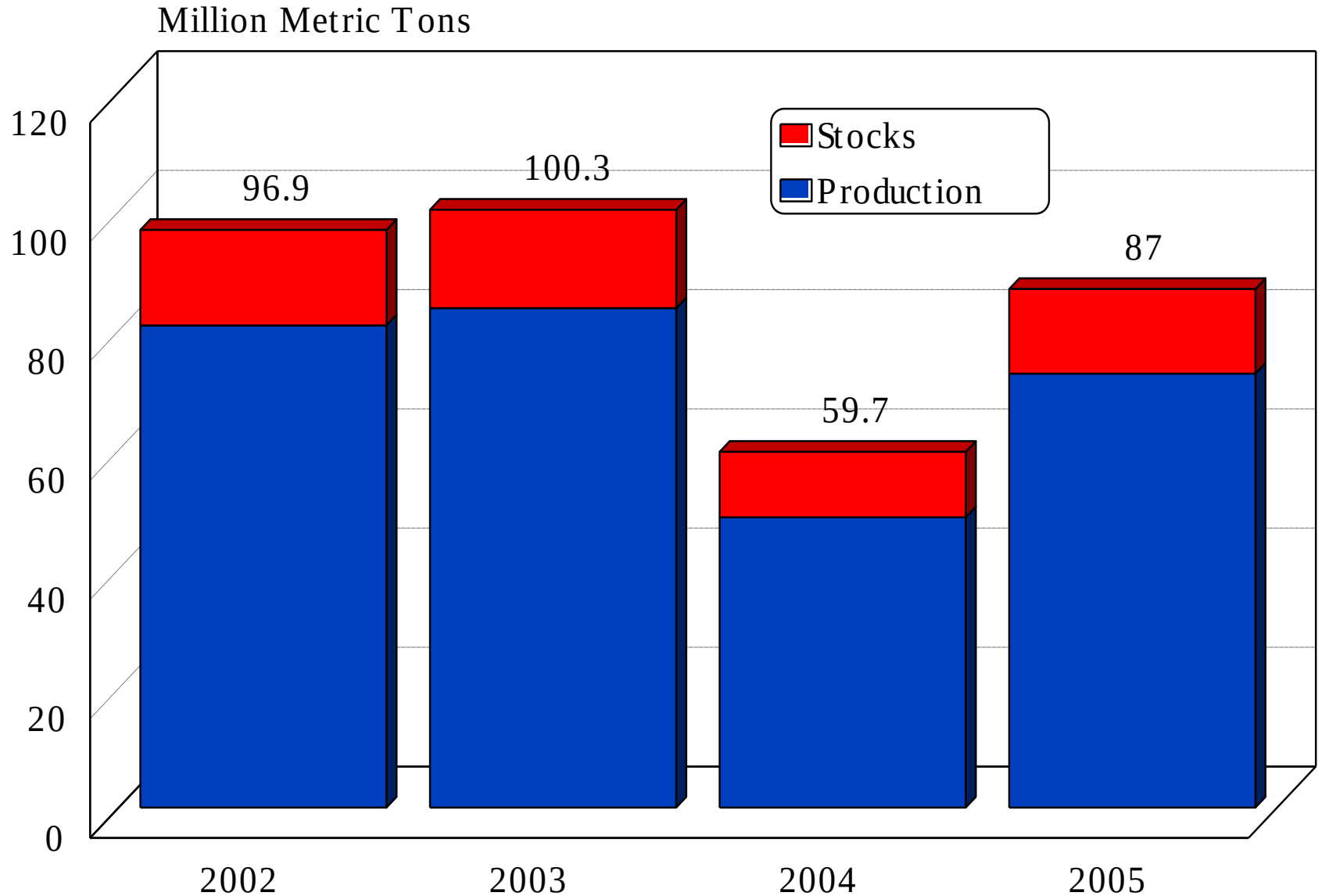
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
Area Harvested (1000 HA)	1220	1800	1800	1800	1800
Production	650	1800	2000	2200	2200
Imports	2801	1579	1925	2800	3300
Beginning Stocks	2200	2000	1500	300	0
Supply	5651	5379	5425	5300	5500
Feed Consumption	0	200	750	800	700
Non-Feed Consumption	3651	3679	3975	4500	4500
Exports	0	0	400	0	0
Demand	3652	3879	5125	5300	5200
Ending Stocks	2000	1500	300	0	300

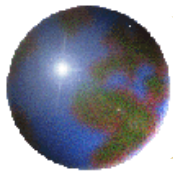
Source: Production, Supply and Demand, www.fas.usda.gov/psd/



Former Soviet Union Wheat Situation

(Russia, Kazakhstan, Ukraine)

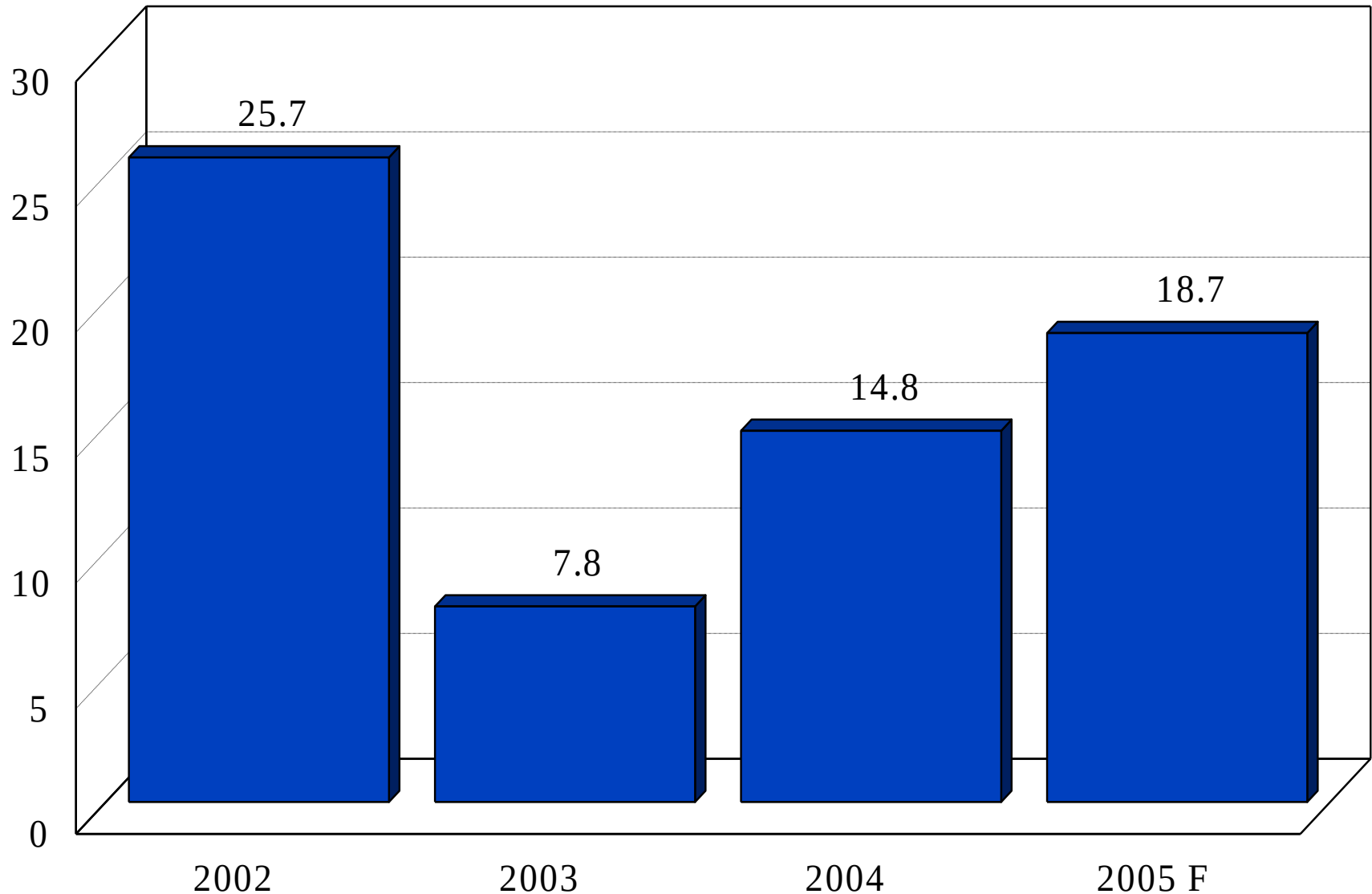


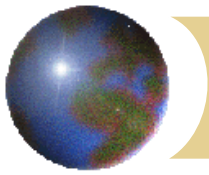


Former Soviet Union Wheat Exports

(Russia, Kazakhstan, Ukraine)

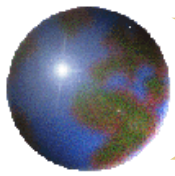
Million Metric Tons





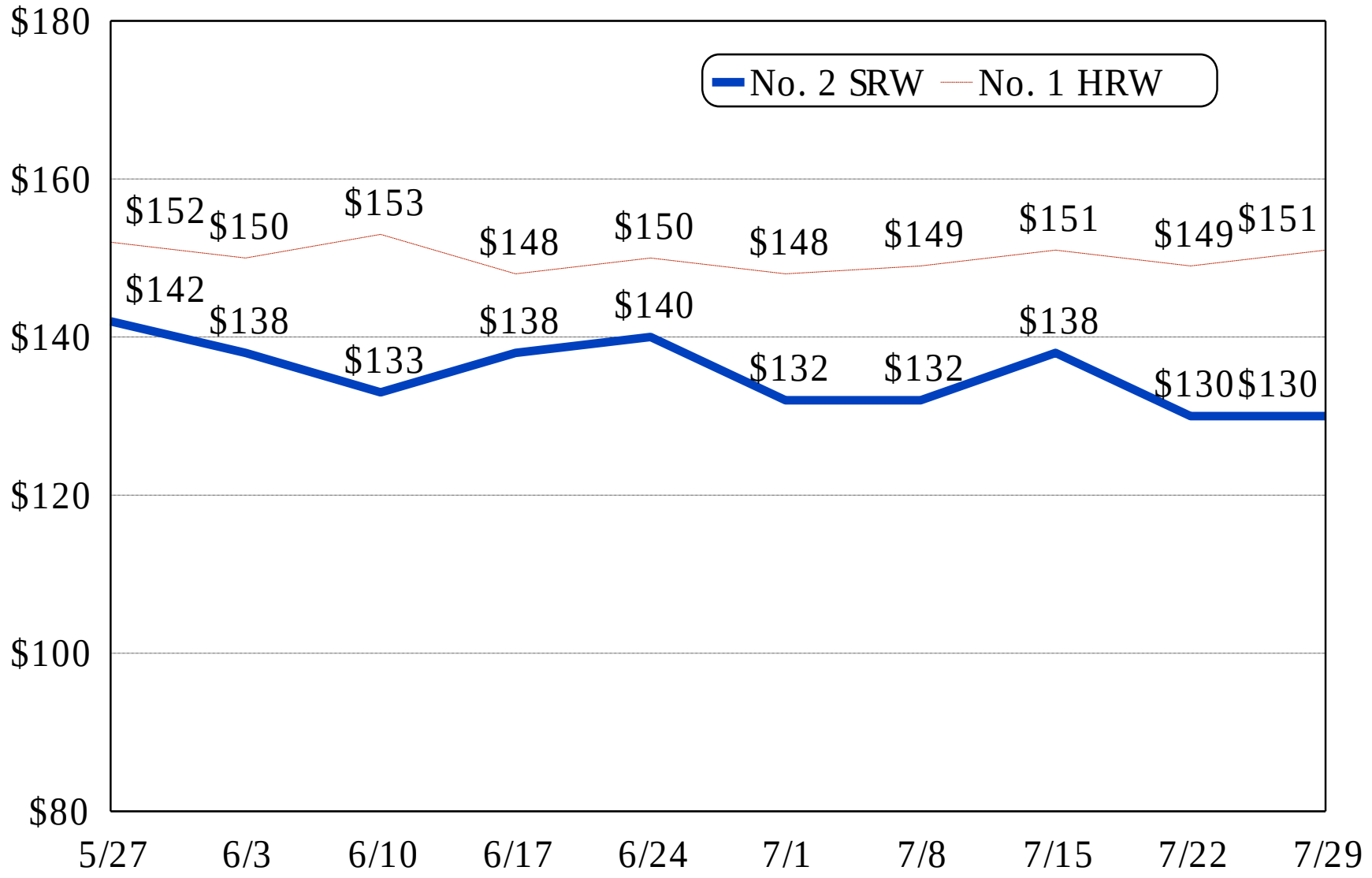
Wheat Market Overview

- ✚ Former Soviet Union Re-emerging As Wheat Exporter
- ✚ Improved Rail & Port Infrastructure in Kazakhstan Stimulate Exports
- ✚ Argentine Exports Expected to Decline Due to Short Crop from Dry Weather
- ✚ China's Imports Drop Due to Excellent Crop



U.S. Weekly Wheat Export Prices (Gulf Ports)

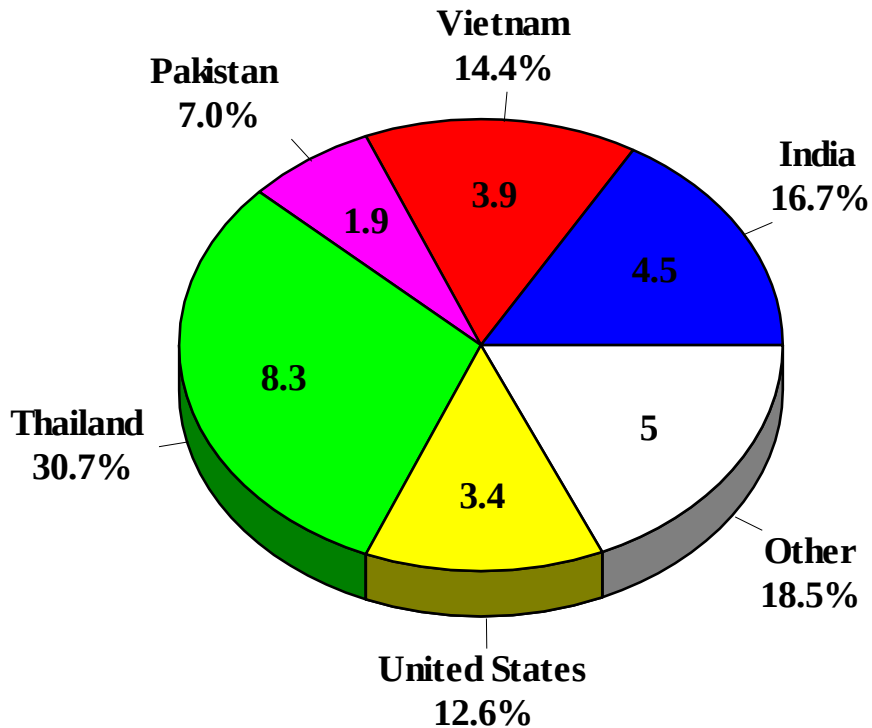
\$/Metric Ton



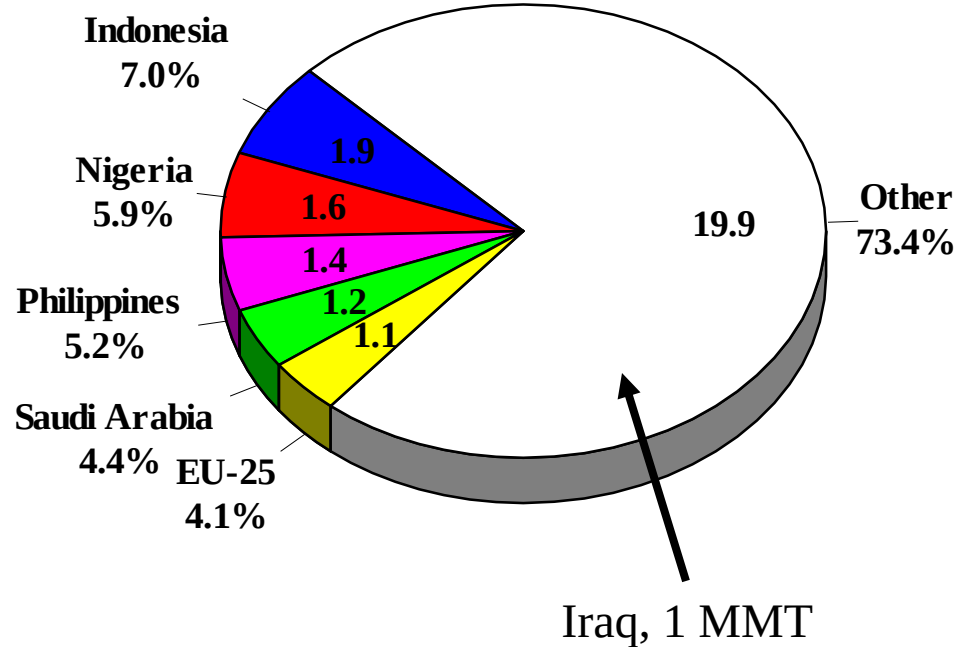
World Rice Trade

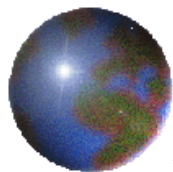
Average: 2001 - 2005

Exports
27.1 MMT



Imports
27.1 MMT



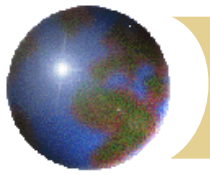


Iraq Rice Supply and Demand

1,000 MT

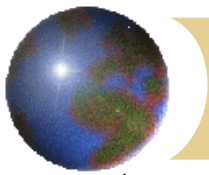
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
Area Harvested (1000 HA)	3	12	28	50	50
Production	26	26	50	101	101
Imports	1178	672	889	1000	1200
Beginning Stocks	-	-	-	-	-
Supply	1645	1239	1022	1067	1317
Consumption	1095	1139	1022	1017	1067
Exports	0	0	0	0	0
Demand	1095	1139	1022	1017	1067
Ending Stocks	550	100	0	50	250

Source: Production, Supply and Demand, www.fas.usda.gov/psd/



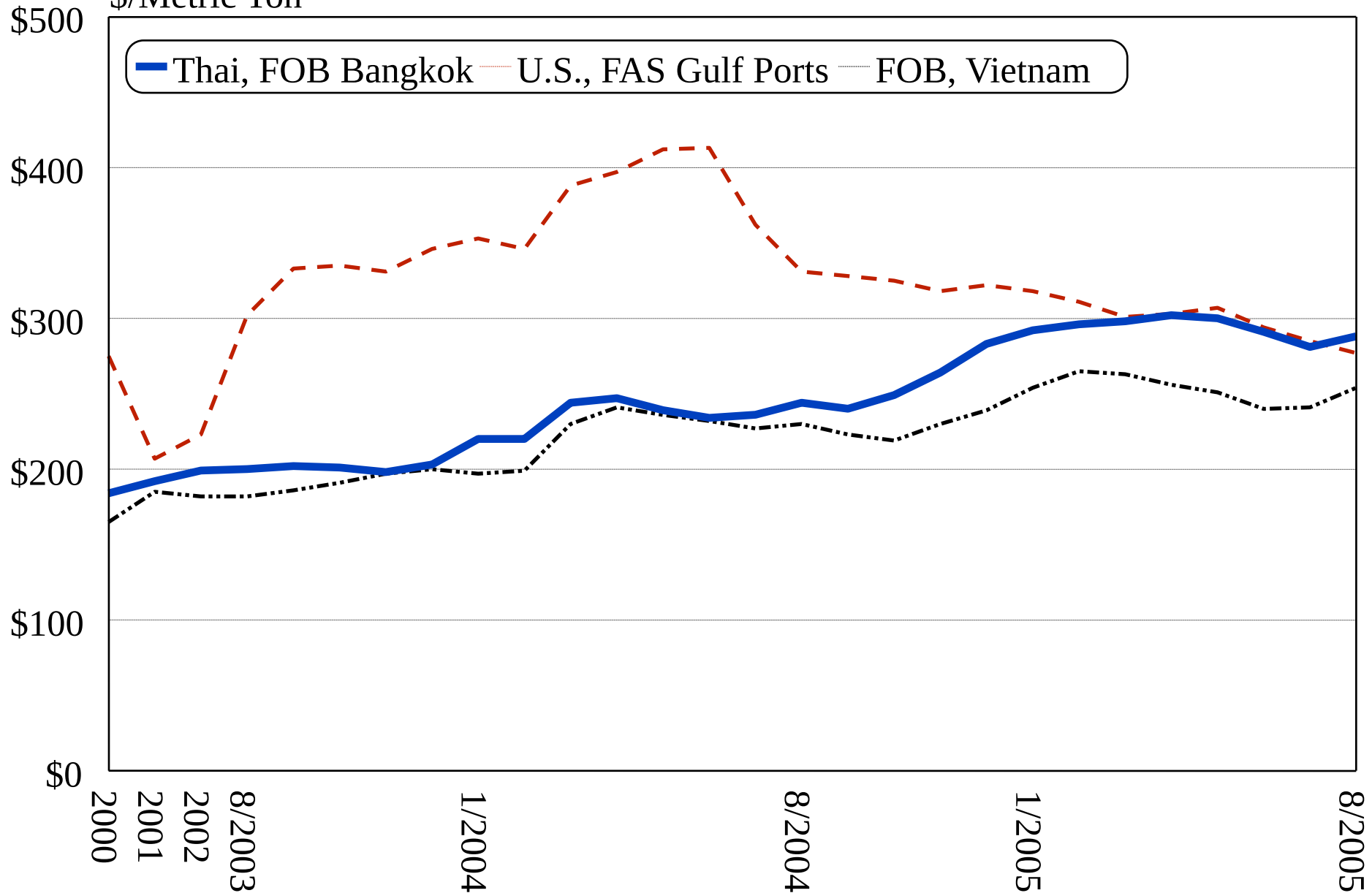
Rice Market Overview

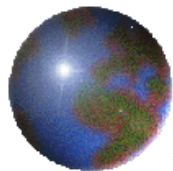
- ✚ Thailand is the World's Leading Exporter
- ✚ More Competition from Vietnam & India
Growing in Importance
- ✚ Indonesia a Major Importer
- ✚ Growing Demand in Cuba, Nigeria & Saudi Arabia
- ✚ China Currency Strengthening Likely to
Increase Asian Rice Prices



World Rice Prices

\$/Metric Ton





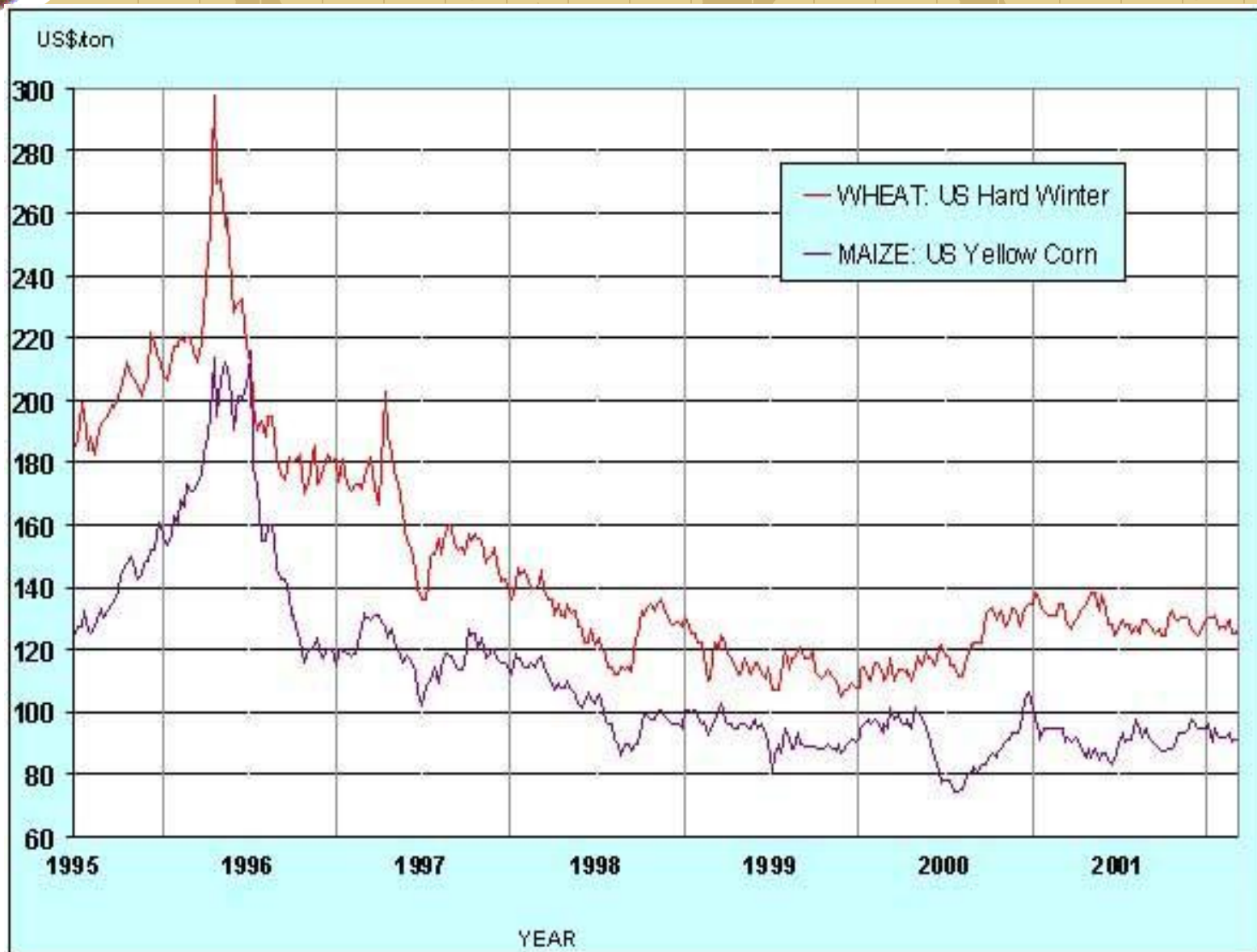
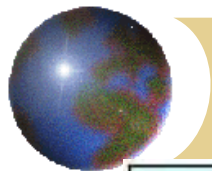
Global Rice Trade and Price Index

million tonnes, milled eq.

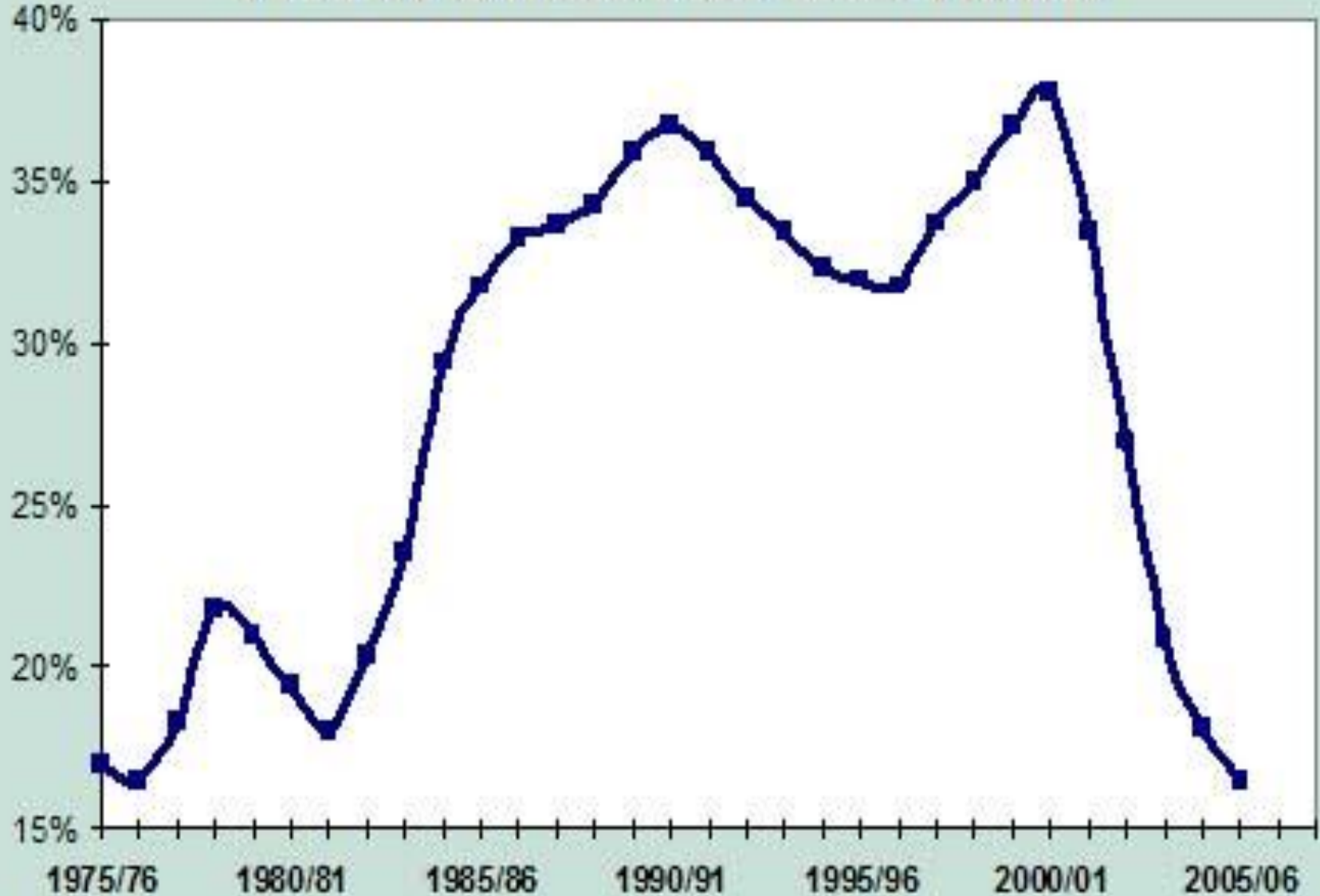
1998-2000=100



f= forecast



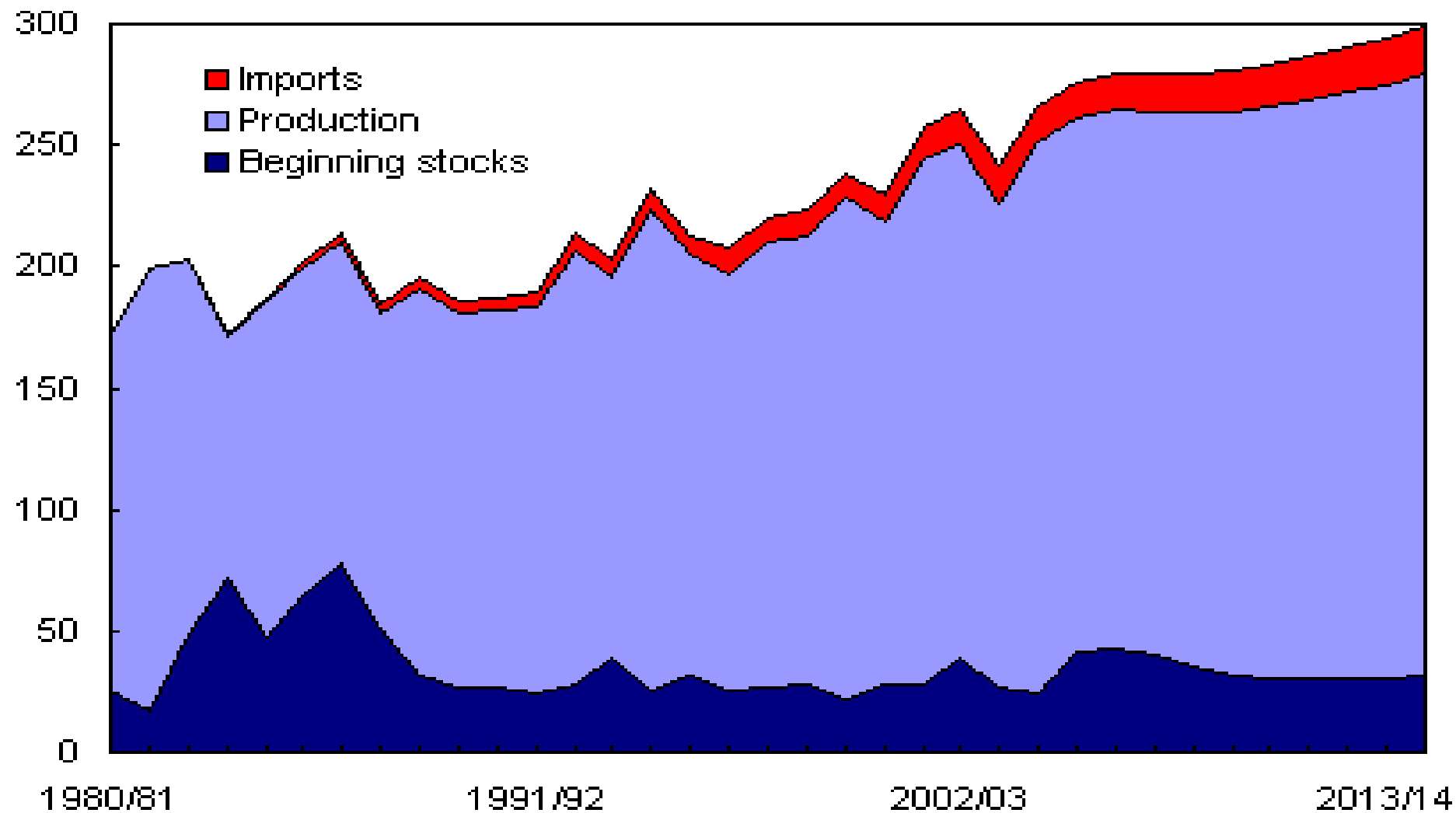
World Stocks to Use Ratio



Source: Producers Rice Mill (producersrice.com)

U.S. rice supply

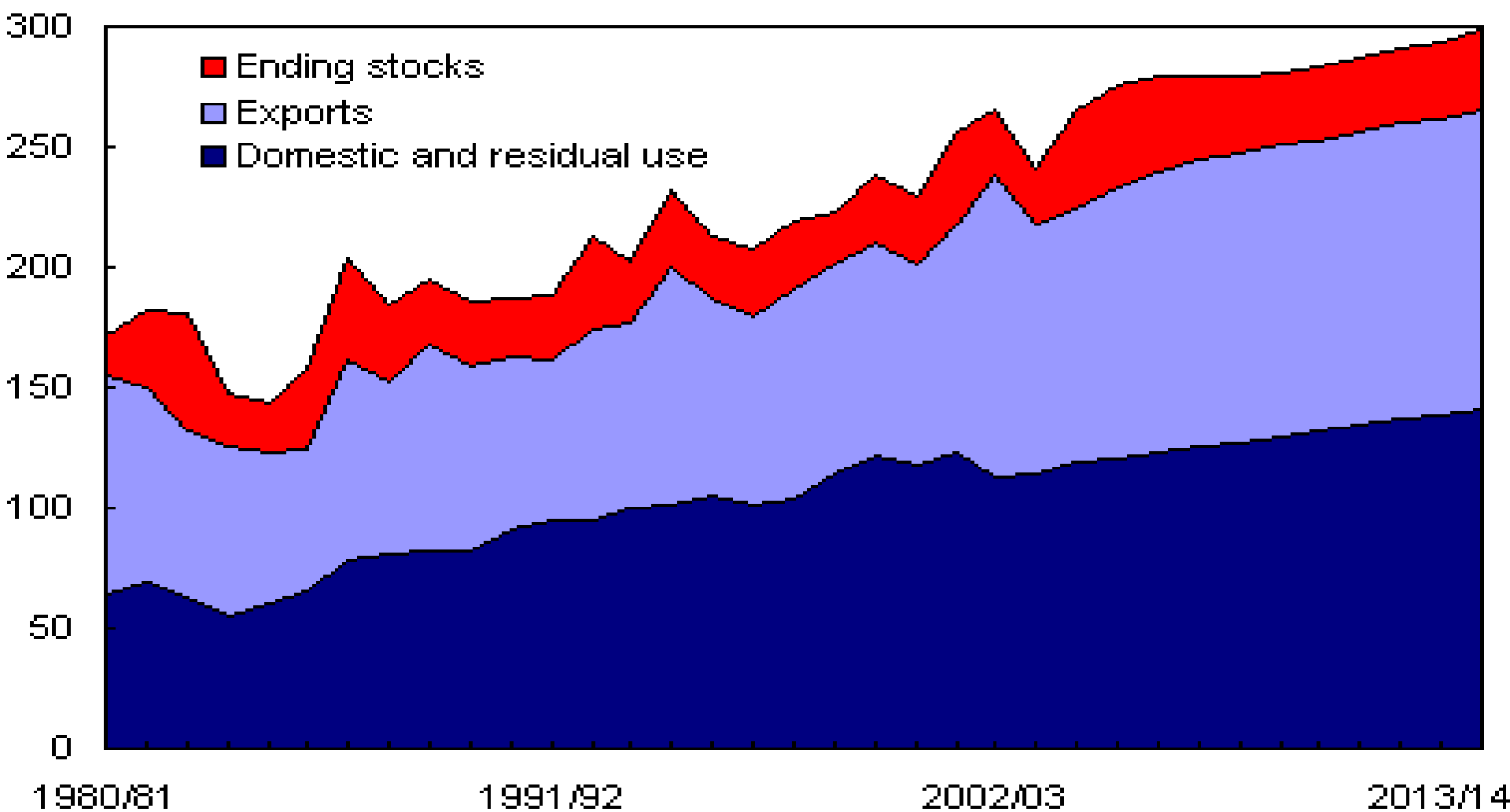
Million hundredweight (rough basis)



Source: *USDA Agricultural Baseline Projections to 2014*, February 2005.
Economic Research Service, USDA.

U.S. rice utilization

Million hundredweight (rough basis)



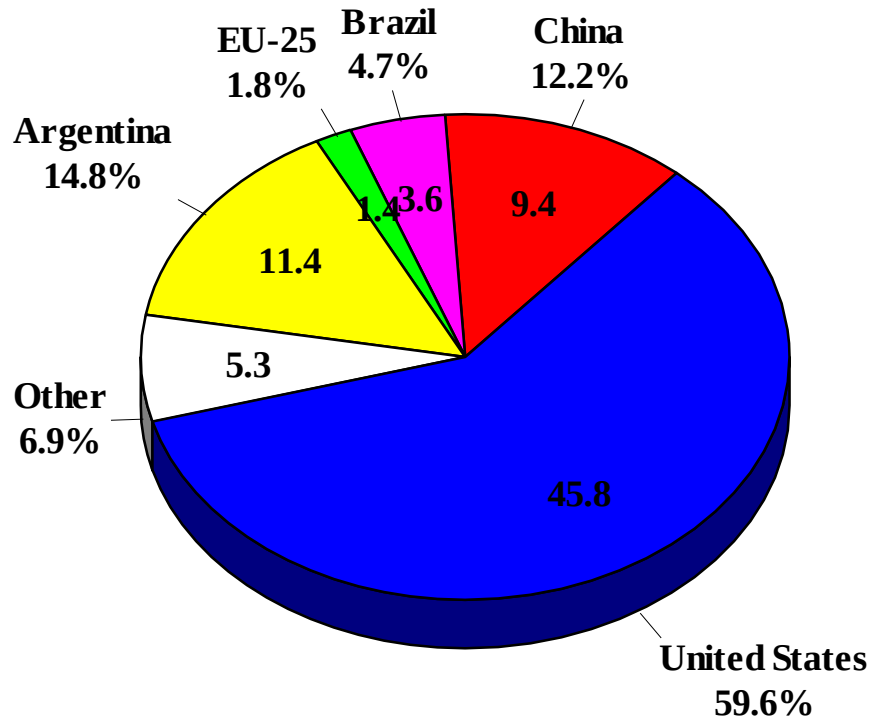
Source: *USDA Agricultural Baseline Projections to 2014*, February 2005.
Economic Research Service, USDA.

World Corn Trade

Average: 2001 - 2005

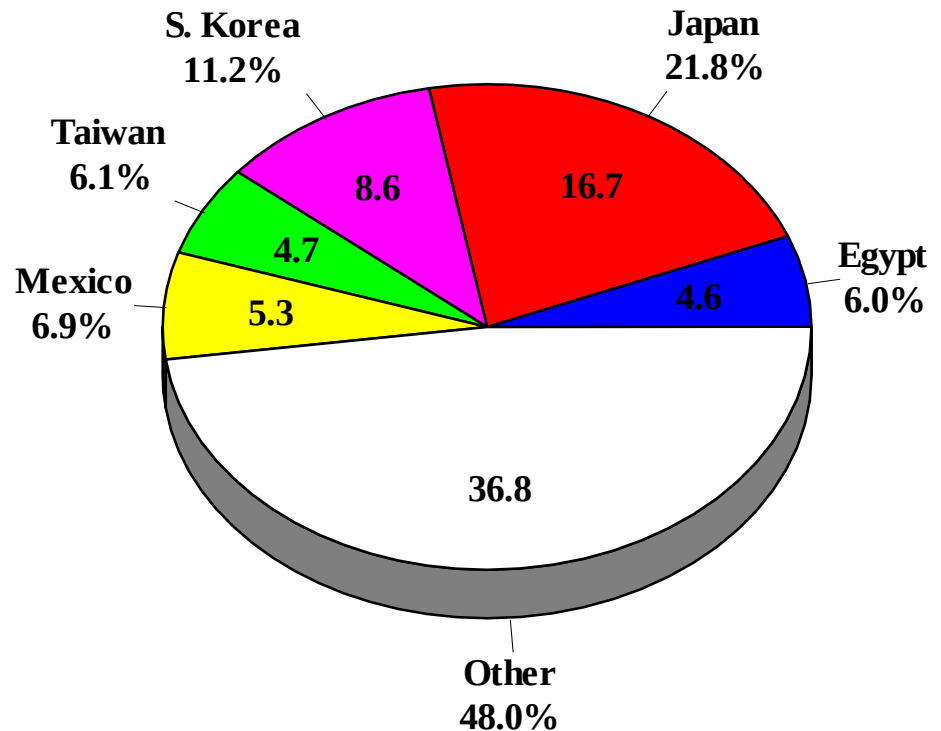
Exports

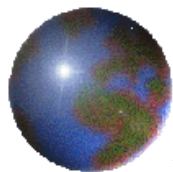
76.7 MMT



Imports

76.7 MMT



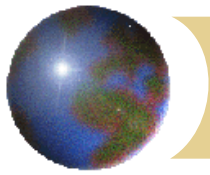


Iraq Corn Supply and Demand

1,000 MT

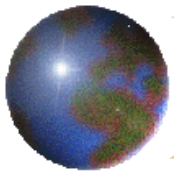
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
Area Harvested (1000 HA)	50	50	50	50	50
Production	50	60	60	60	60
Imports	0	0	35	50	50
Beginning Stocks	0	0	0	0	0
Supply	50	60	95	110	110
Consumption	50	60	95	110	110
Exports	0	0	0	0	0
Demand	50	60	95	110	110
Ending Stocks	0	0	0	0	0

Source: Production, Supply and Demand, www.fas.usda.gov/psd/



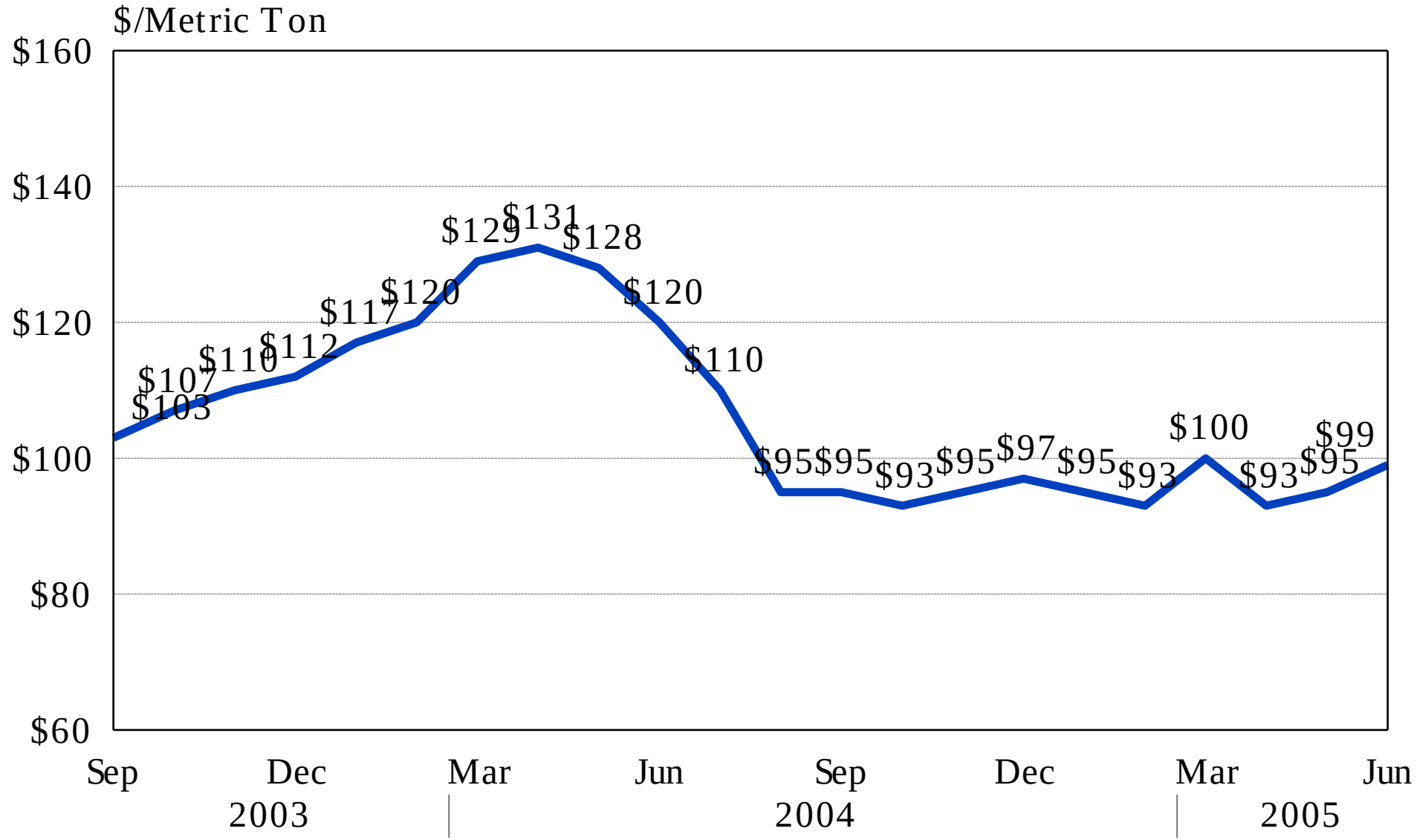
Corn Market Overview

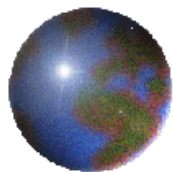
- ✚ Recovering Demand in Latin America
 - ▣ Brazil, Argentina, Colombia, Peru, El Salvador & Ecuador Experience Strong Demand Growth
- ✚ Consumption Has Grown 3.4%/Year for 5 Years
- ✚ Increased Animal Feeding Main Reason for Greater Demand
- ✚ Less Export Competition in Near Term



U.S. Monthly Corn Prices

(No. 2 Yellow, Gulf Ports)



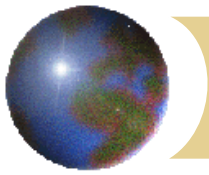


Iraq Barley Supply and Demand

1,000 MT

	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
Area Harvested (1000 HA)	1200	1300	1300	1300	1300
Production	550	1000	1150	1250	1250
Imports	0	0	0	0	0
Beginning Stocks	37	17	82	132	82
Supply	587	1017	1232	1382	1332
Feed Consumption	100	350	400	600	600
Non-Feed Consumption	200	250	300	300	300
Exports	270	335	400	400	300
Demand	587	1017	1232	1382	1332
Ending Stocks	17	82	132	82	132

Source: Production, Supply and Demand, www.fas.usda.gov/psd/



Summary

- ✚ World Grain Markets are Characterized as Highly Dynamic
 - ▣ Wide Swings in Price
 - ▣ Uncertainty About Weather & Other Forces
 - ▣ Impacts of Exchange Rates
 - ▣ Influenced by Policy and Trade Restrictions
- ✚ Except for Rice, World Supply/Demand for Major Grains In Balanced
- ✚ Tight S/D Balance Can Lead to Large Price Increases & Higher Food Costs for Consumers