

Feed Grain and Wheat

Market Situation and Outlook

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Where Are We And How Did We Get There?

■ Positive Factors

- Improved Demand During 2003/04 Marketing Year
- Tighter Domestic and World Stock Situations
- Difficulties With Spring Wheat Harvest Creating Quantity and Quality Concerns

■ Negative Factors

- Record Feed Grain Production Both Domestically and Worldwide
- Increased World Wheat Production
- Increased Wheat Export Competition

Feed Grains

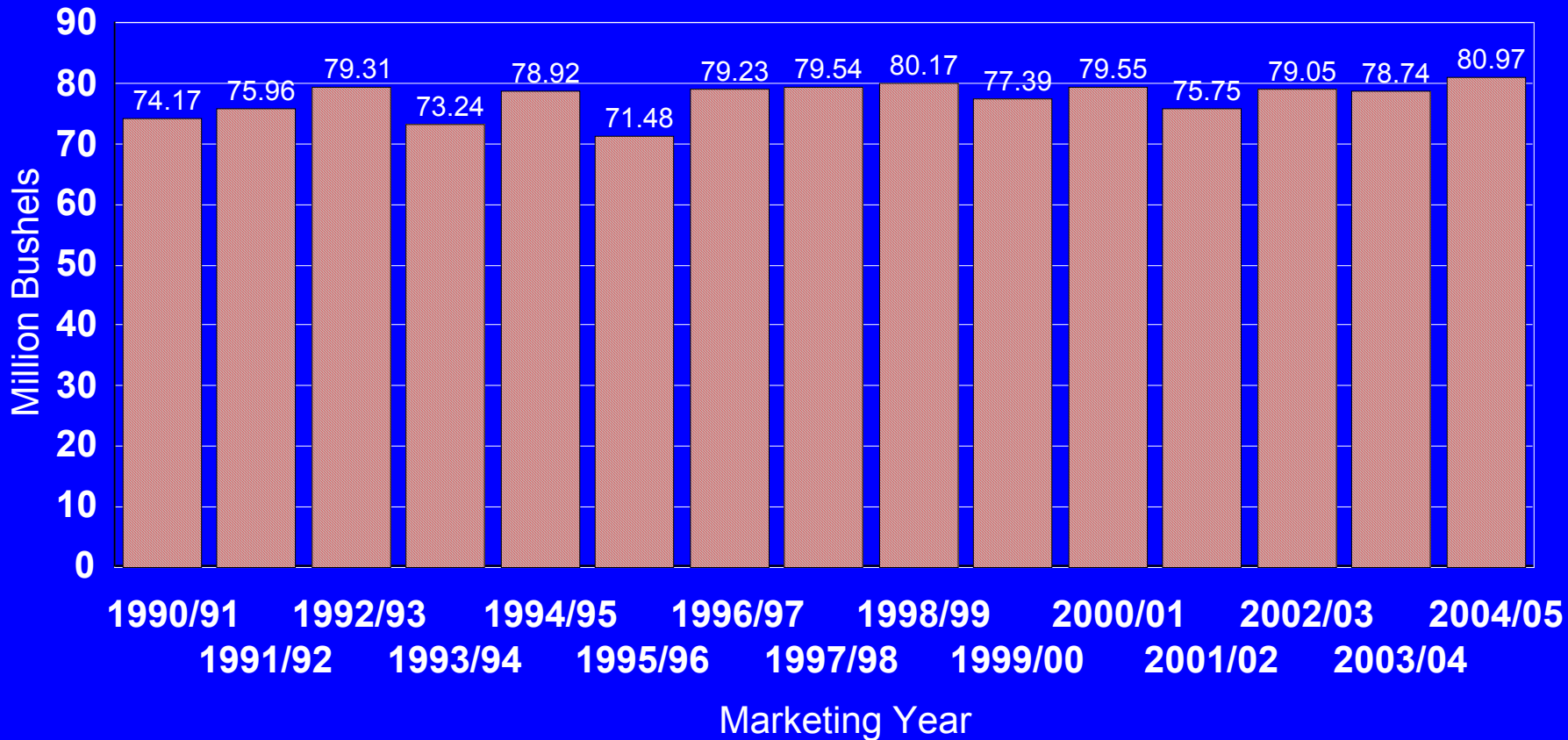
- Supply Side

- Improved Prices At Planting Expanded Acreage

- Near Ideal Growing Conditions Produces Record Production

- World Corn Production Reaches Record Levels

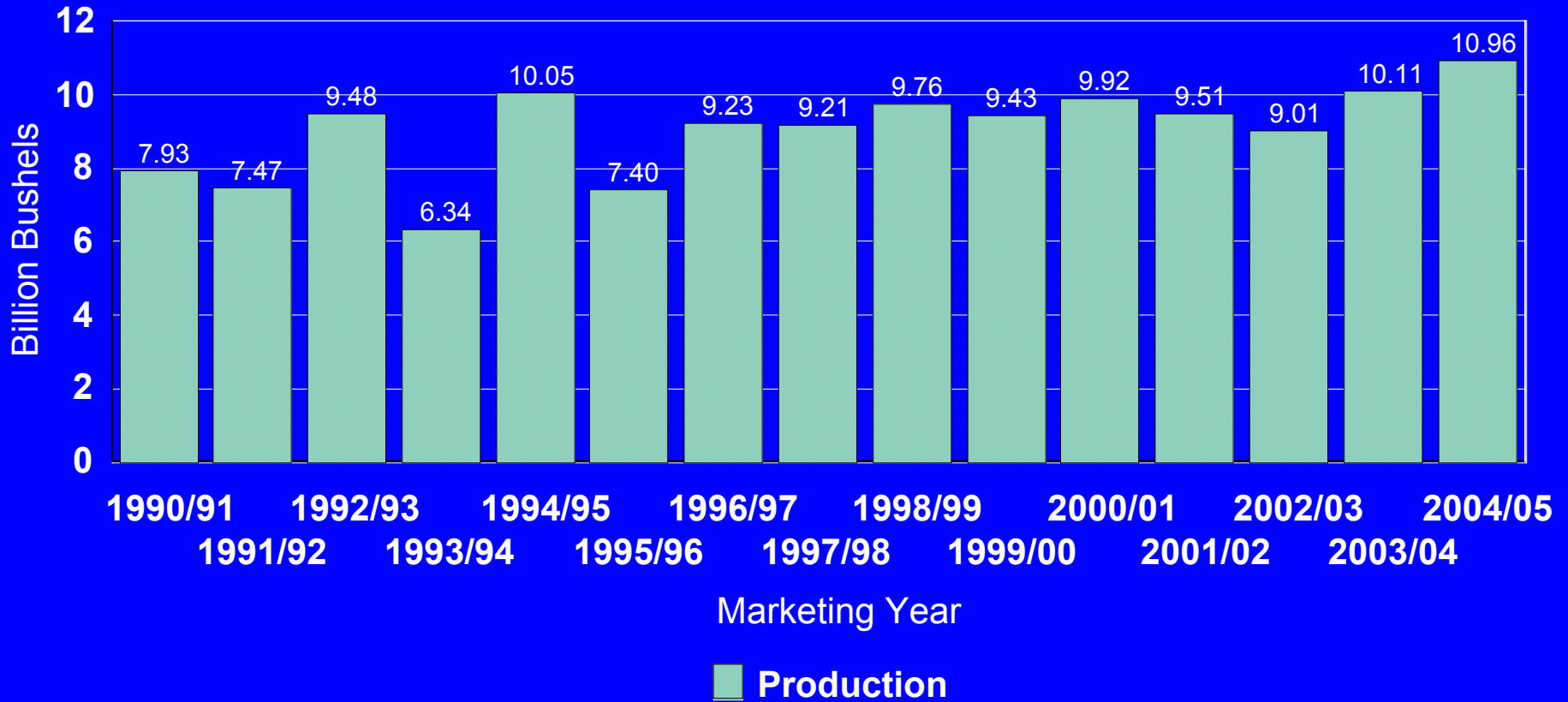
U.S. Corn Acres



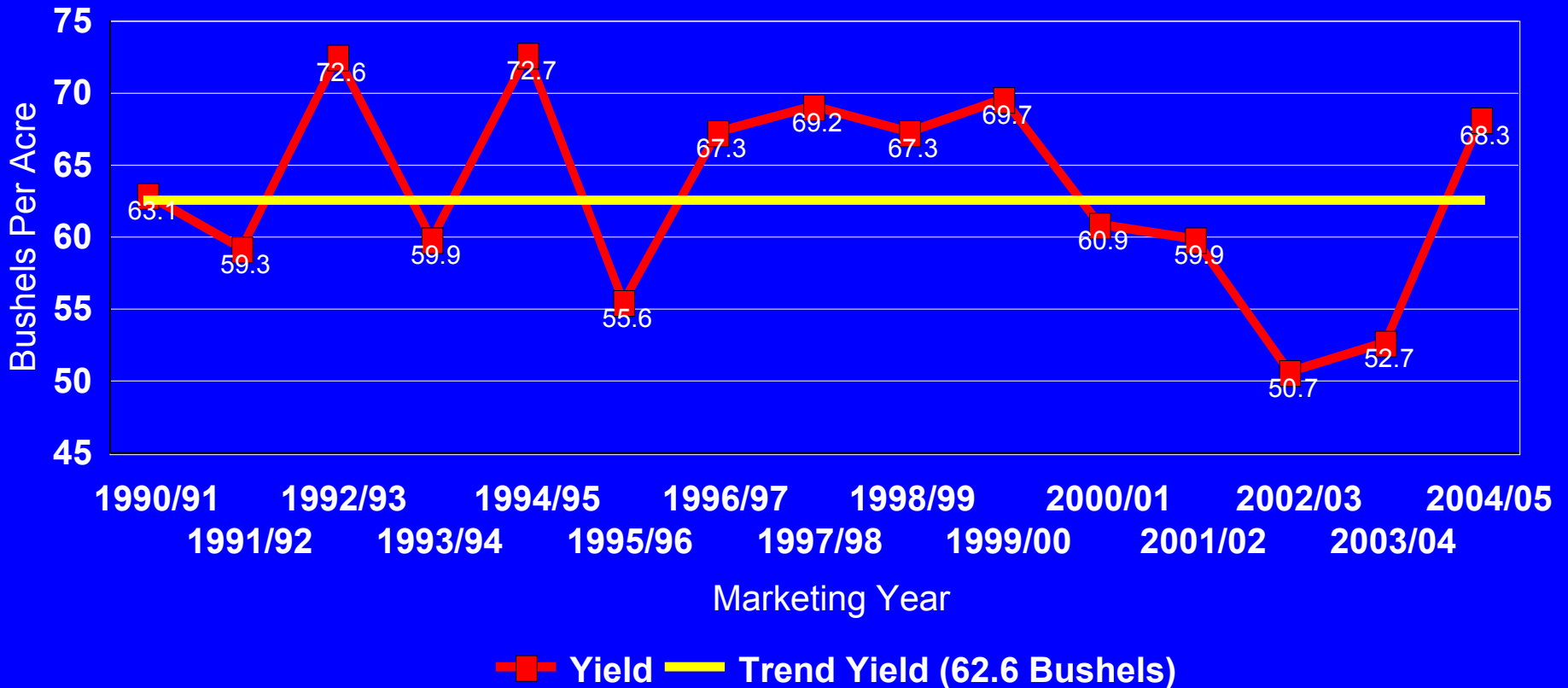
U.S. Corn Yields



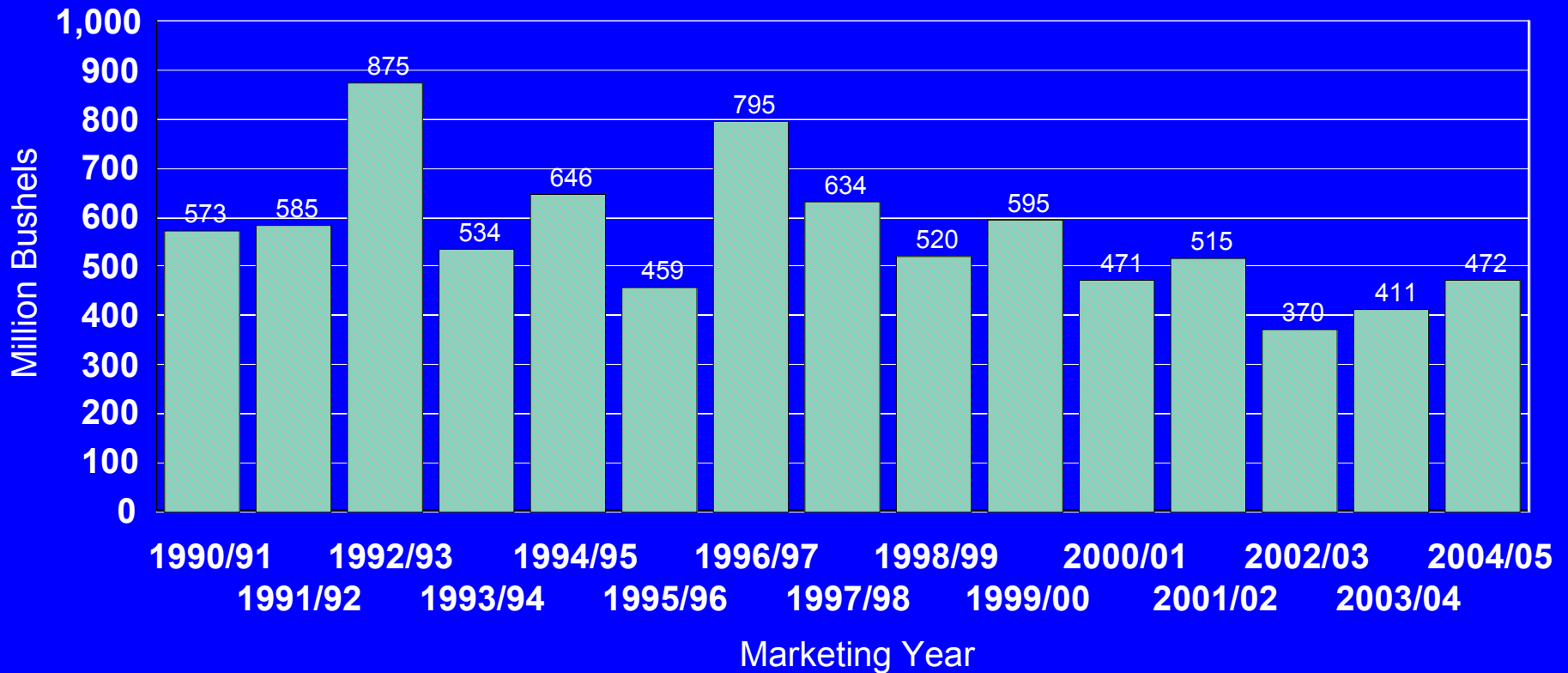
U.S. Corn Production



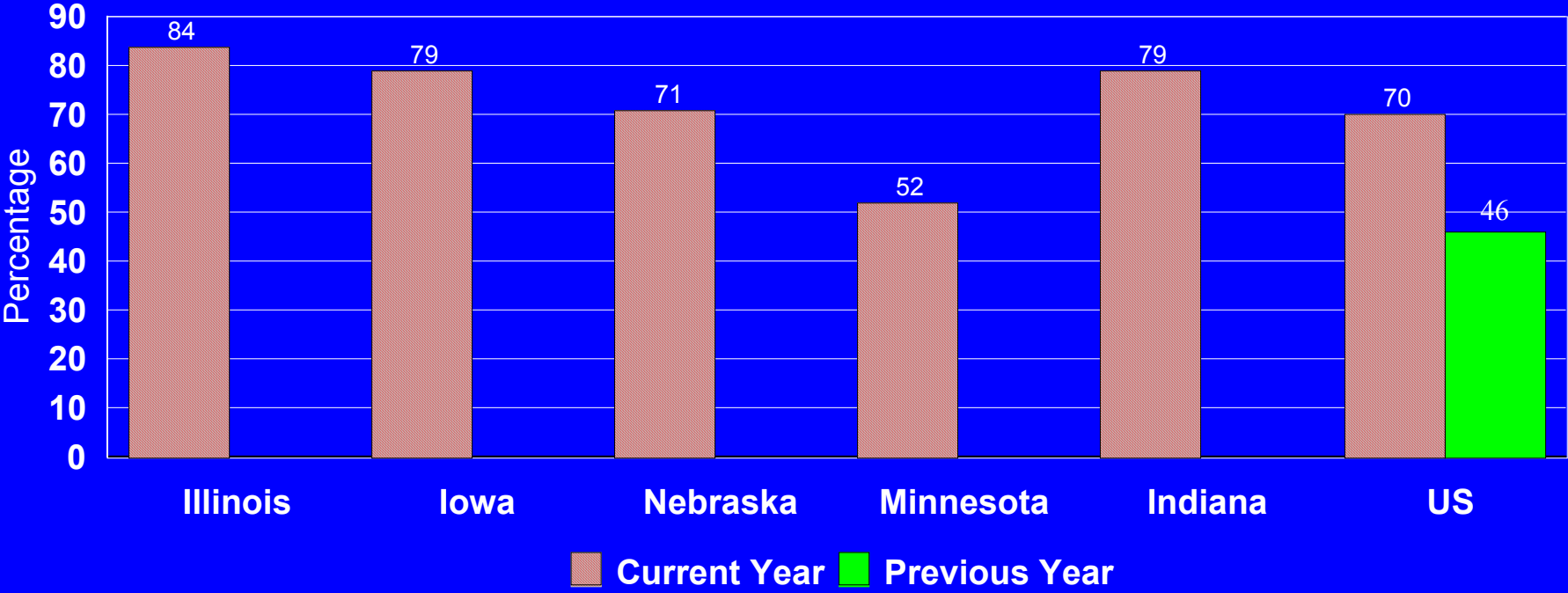
U.S. Grain Sorghum Yields



U.S. Grain Sorghum Production

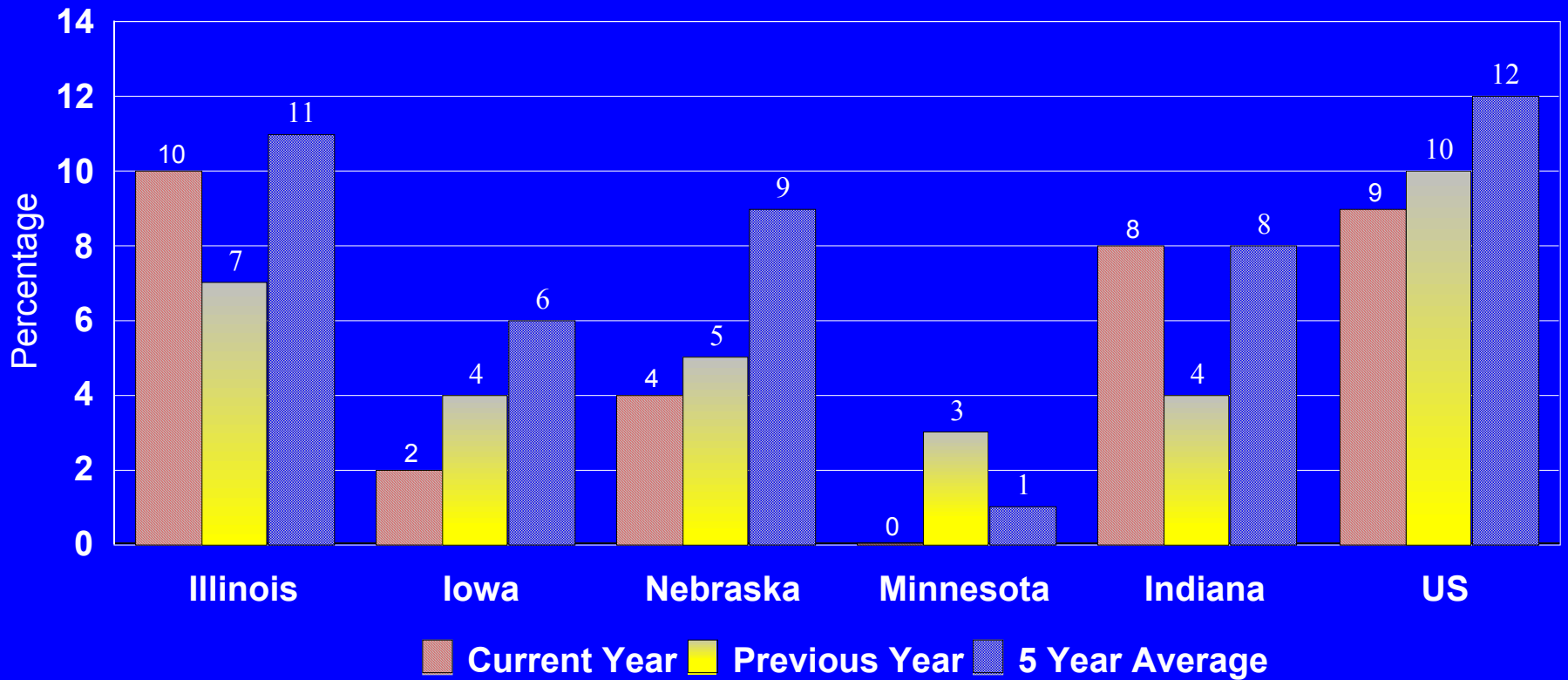


U.S. Corn Crop Rated Good To Excellent

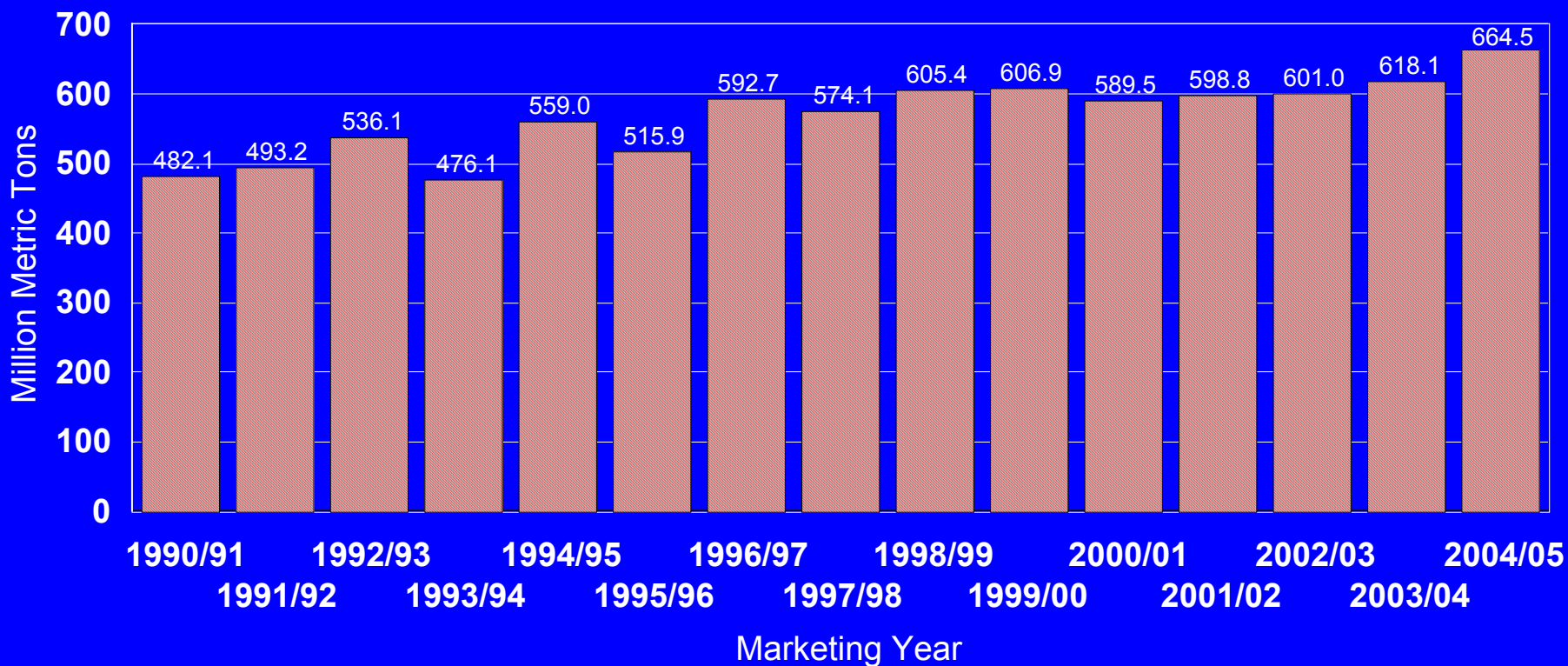


Five states represent 57% of total acres

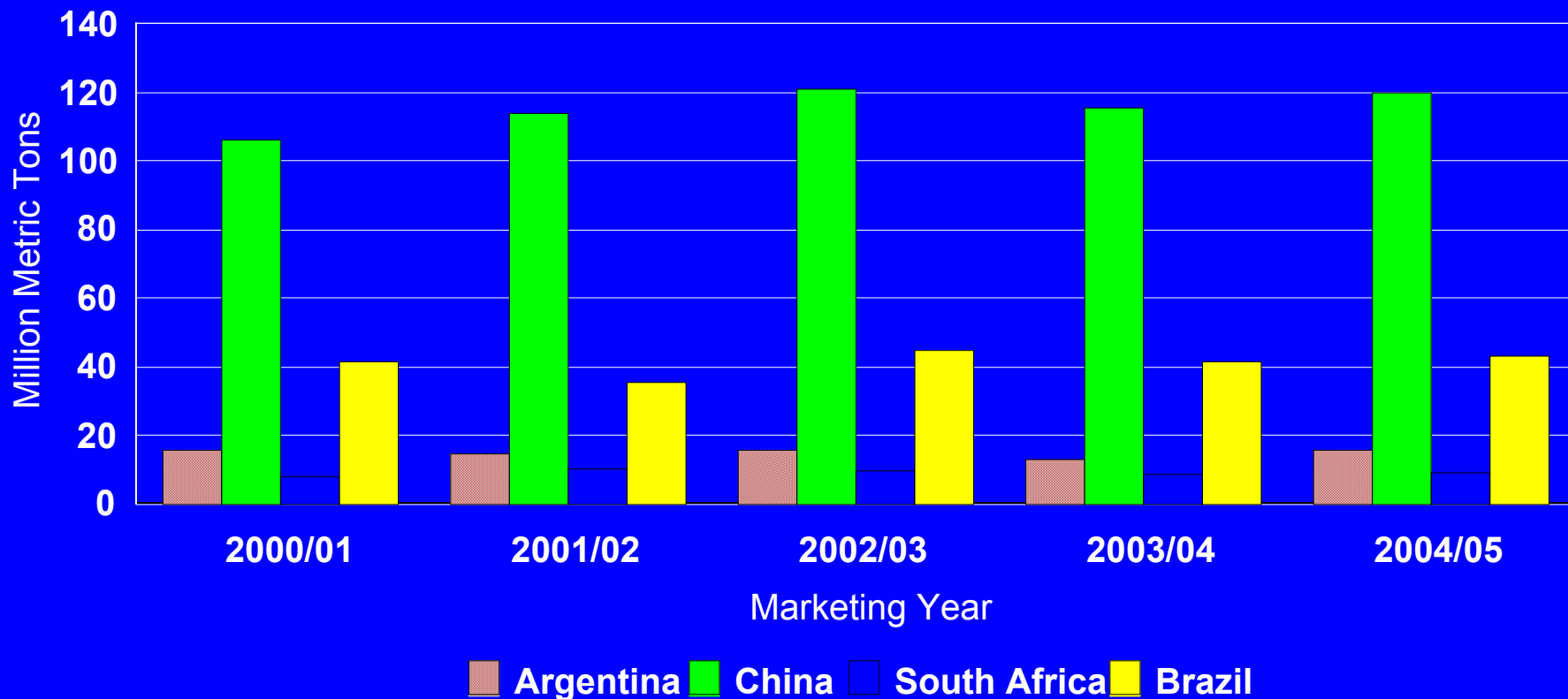
U.S. Corn Crop - Percent Harvested



World Corn Production



Corn Production - Selected Countries

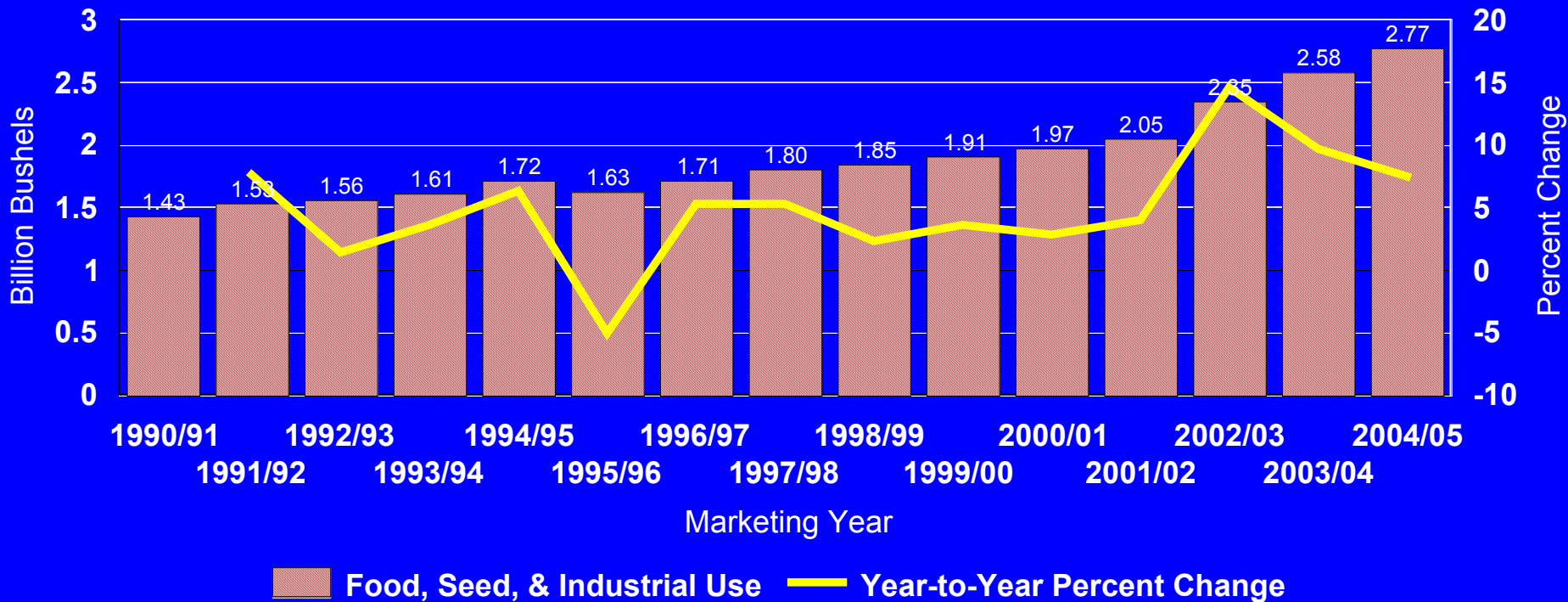


Feed Grains

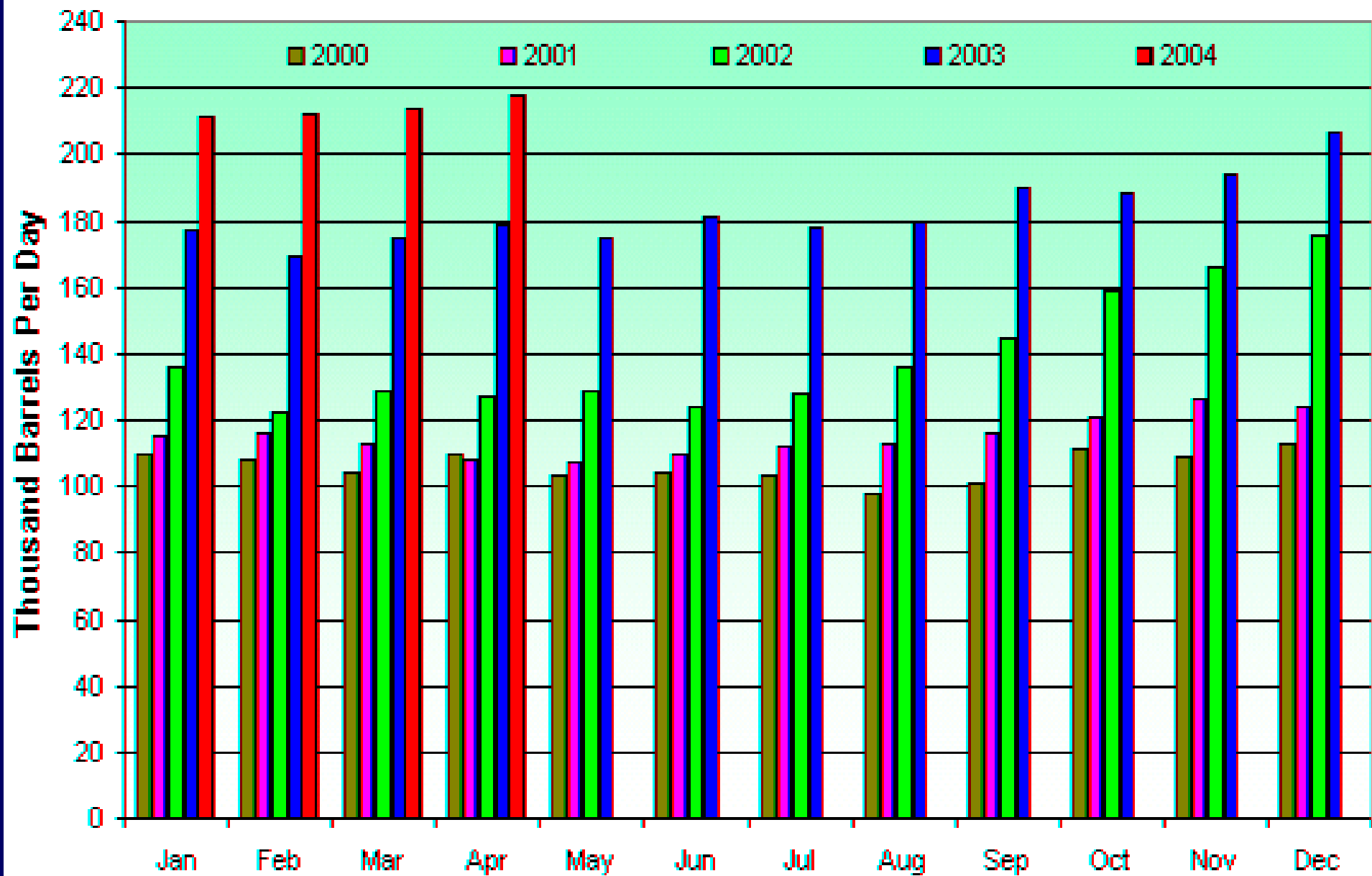
- Demand Side

- Continued Strong Domestic Demand Led By Ethanol
- Strong Fundamentals In Livestock Expected To Maintain Feed Demand
- Despite Increased World Production, Export Demand Expected To Increase

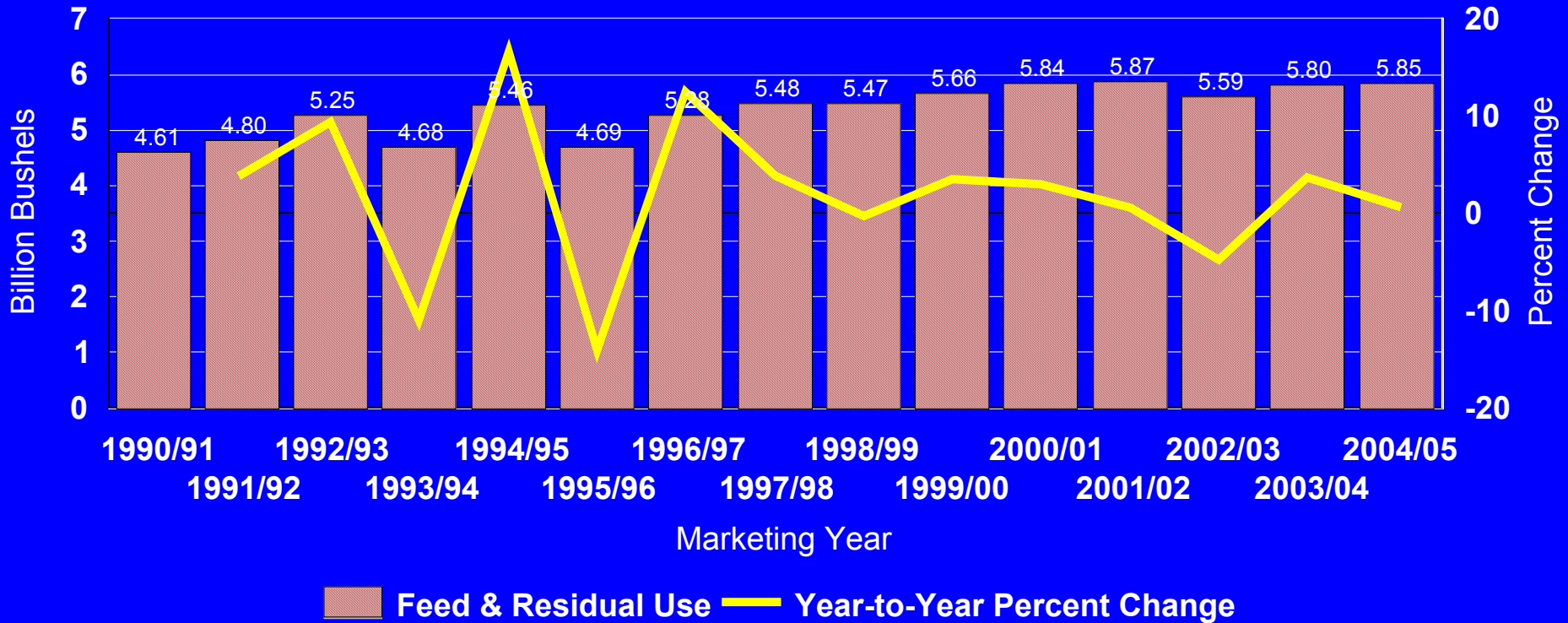
U.S. Corn Food, Seed, & Industrial Use



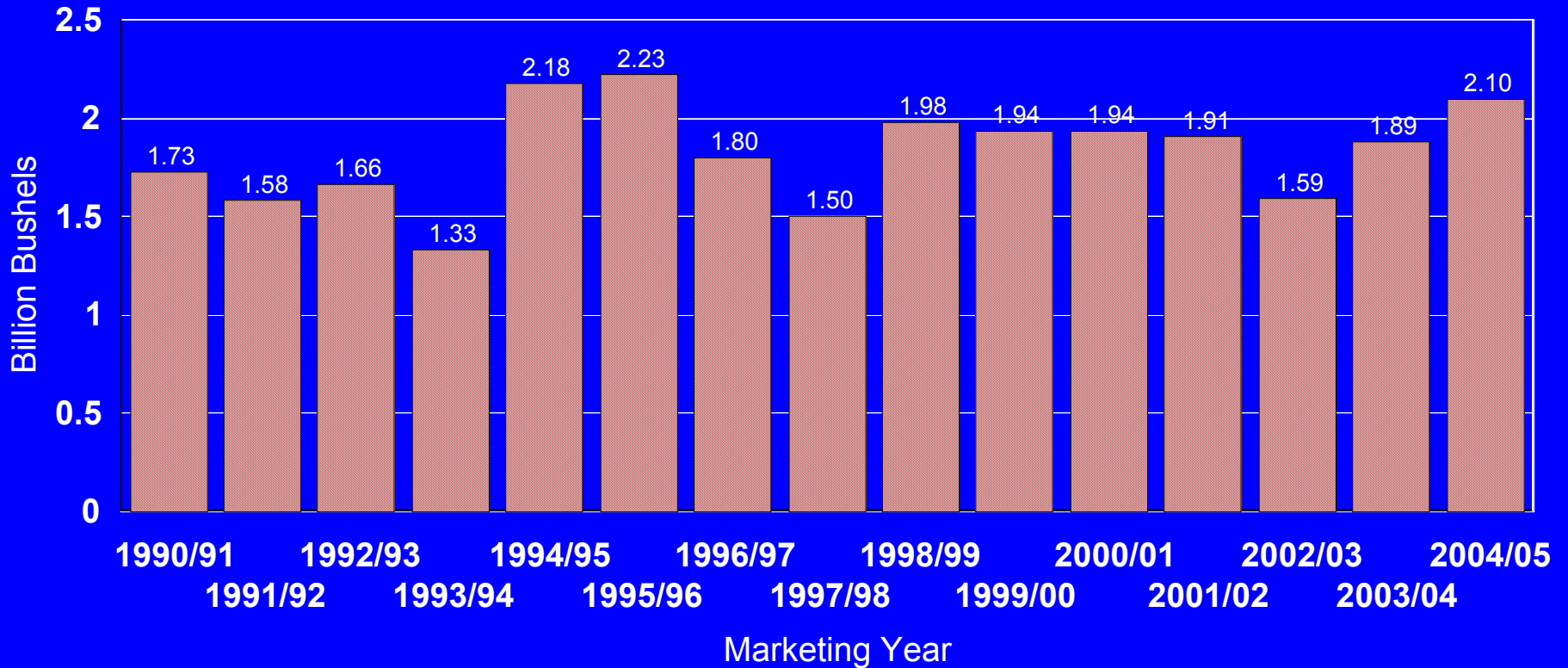
U.S. Ethanol Production



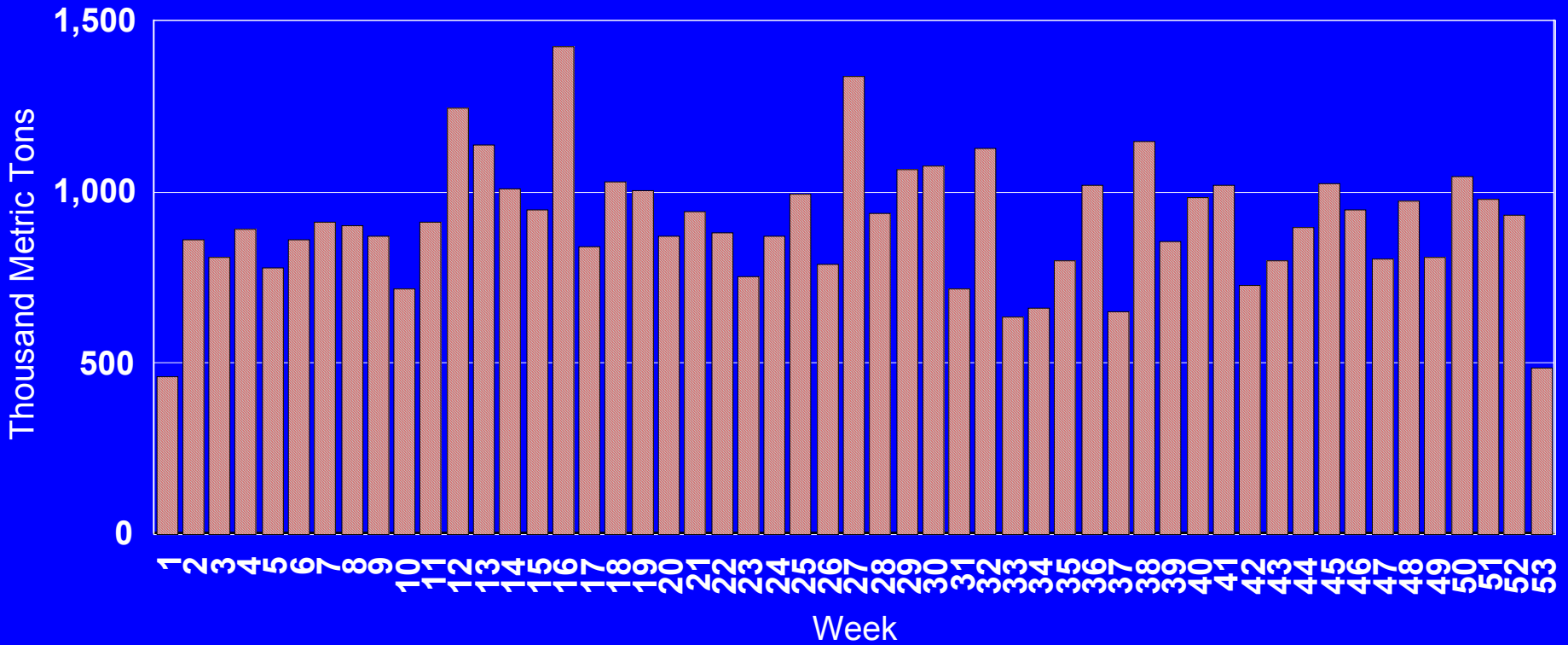
U.S. Corn Feed & Residual Use



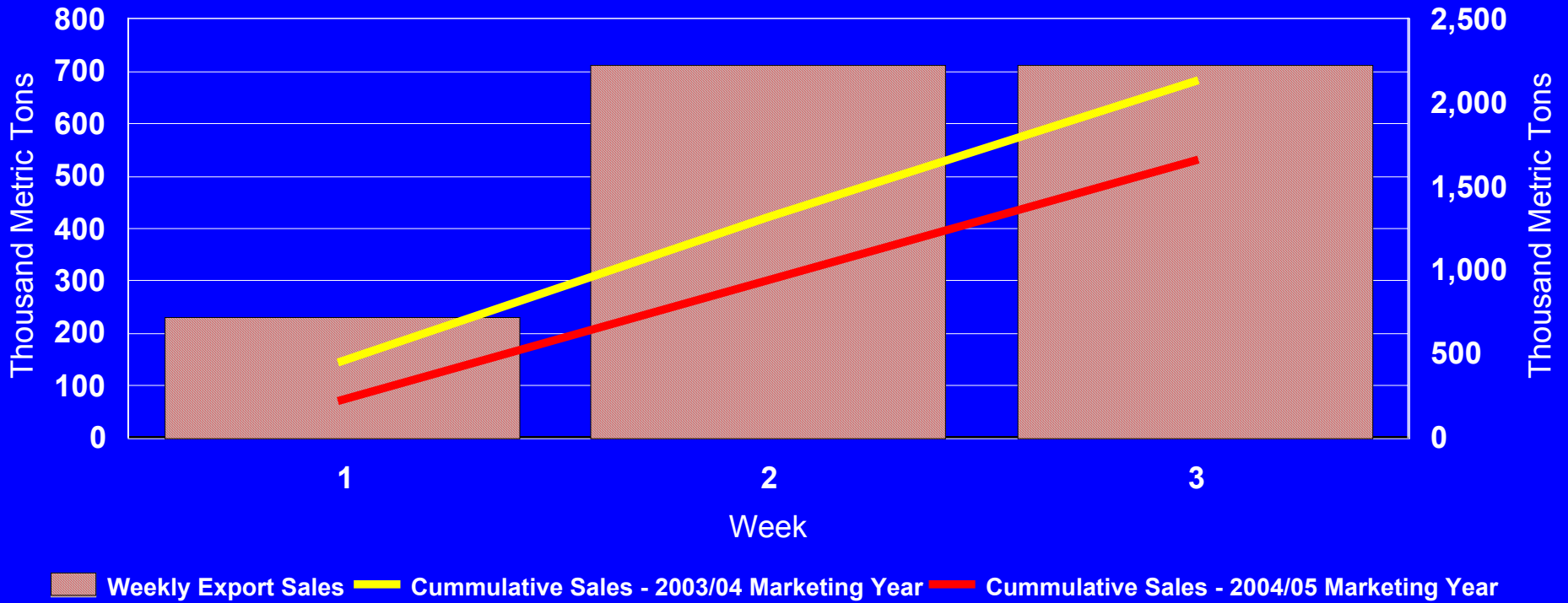
U.S. Corn Exports



U.S. Corn Exports - 2003/04 Marketing Year



U.S. Corn Exports



Feed Grains

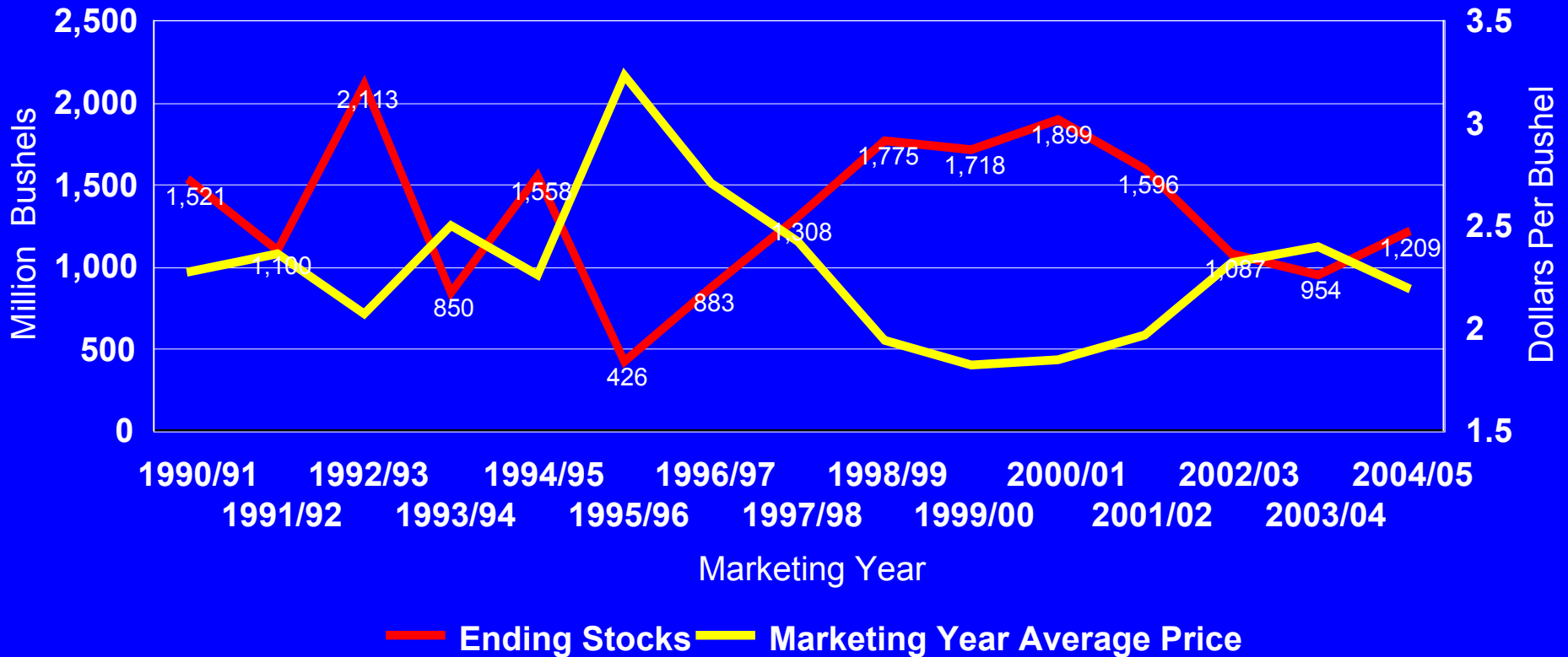
- Short Term

- Harvest Pressure Likely To Continue To Pressure Prices
- Market Waiting For Expected Improved Export Demand

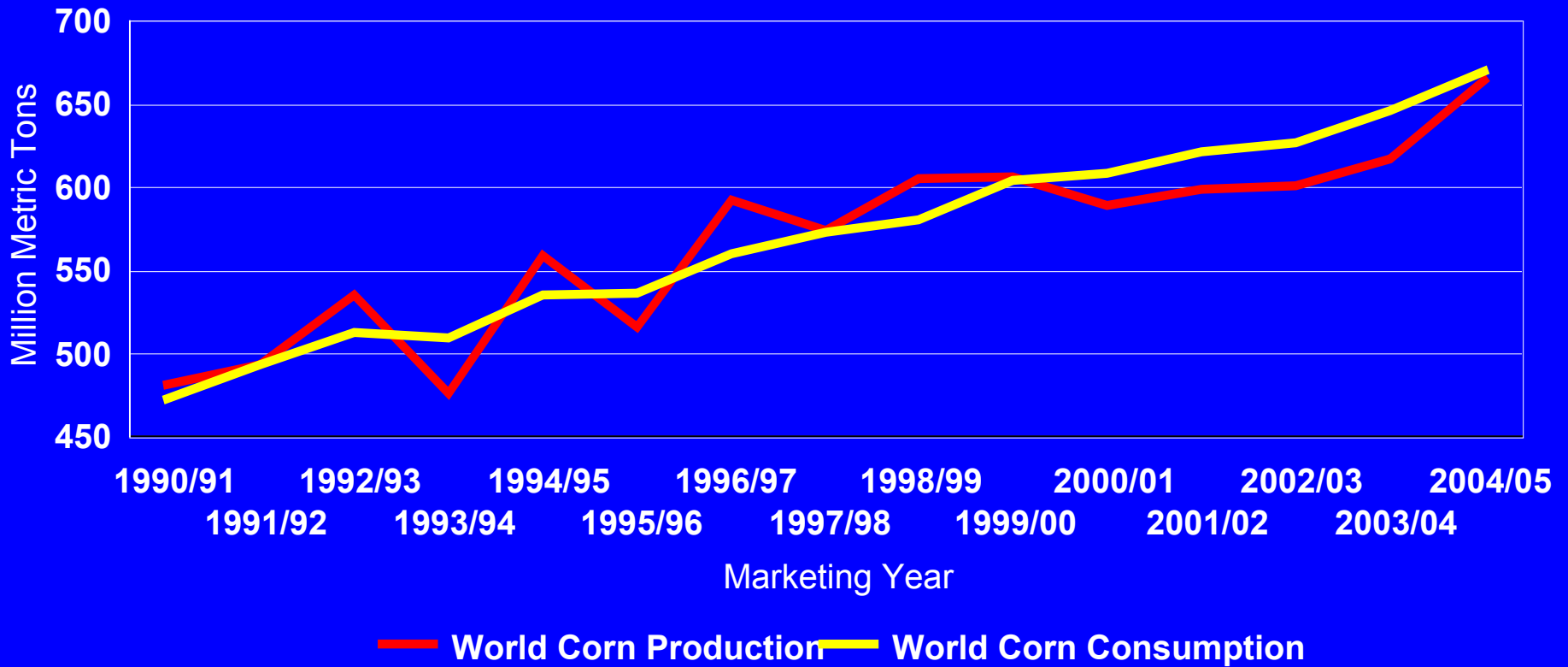
- Long Term

- Stronger Demand Through First Two Quarters Of Marketing Year
- Despite Increased Production, World Stocks Still Relatively Tight

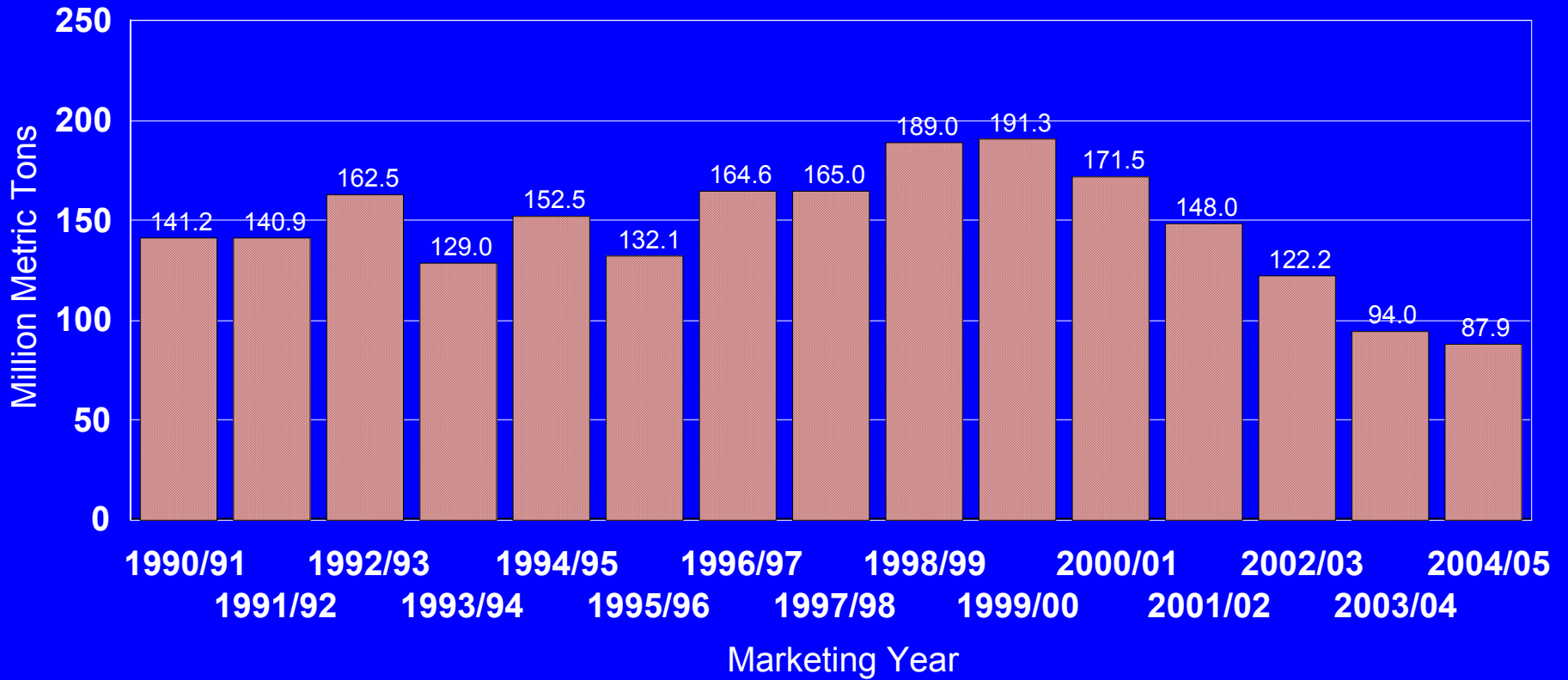
U.S. Corn Stocks Versus Price



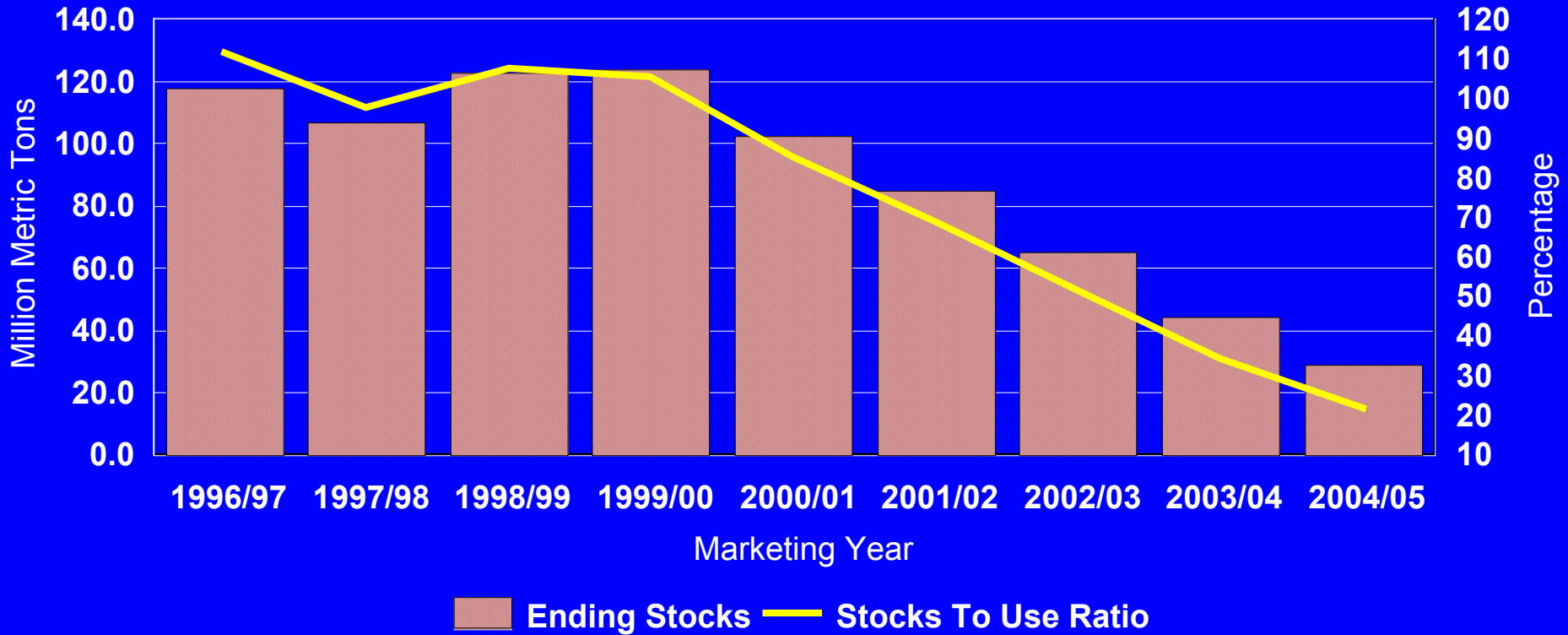
World Corn Production and Consumption



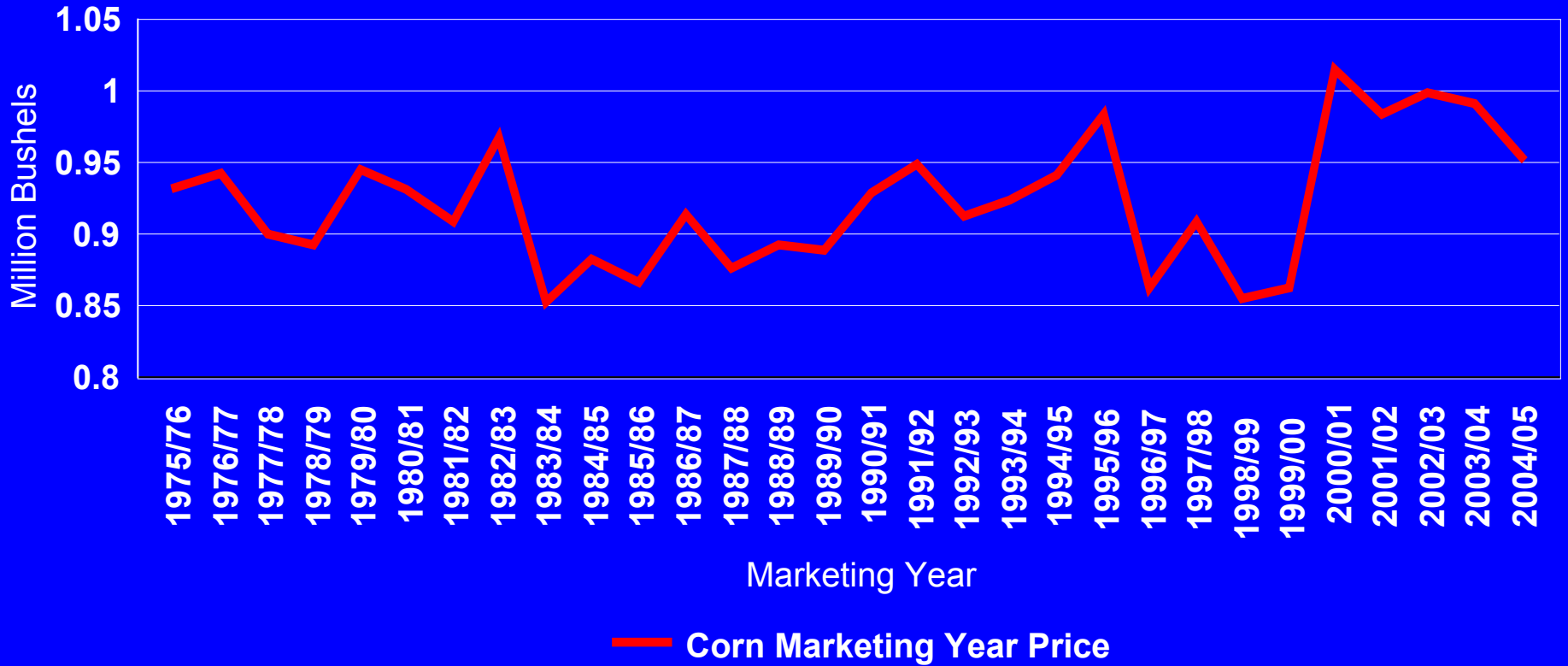
World Corn Ending Stocks



China Corn Ending Stocks



U.S. Grain Sorghum Versus Corn Price Ratio



Corn Futures - September 24, 2004

Contract	Open	High	Low	Last	Change
DEC 04	2074	2074	2050	2052*	-24
MAR 05	2176	2176	2160	2162*	-20
MAY 05	2242	2244	2224	2226*	-22
JUL 05	2304	2304	2286	2290*	-20
SEP 05	2364	2366	2350	2350*	-16
DEC 05	2430	2430	2420	2422*	-14

Wheat

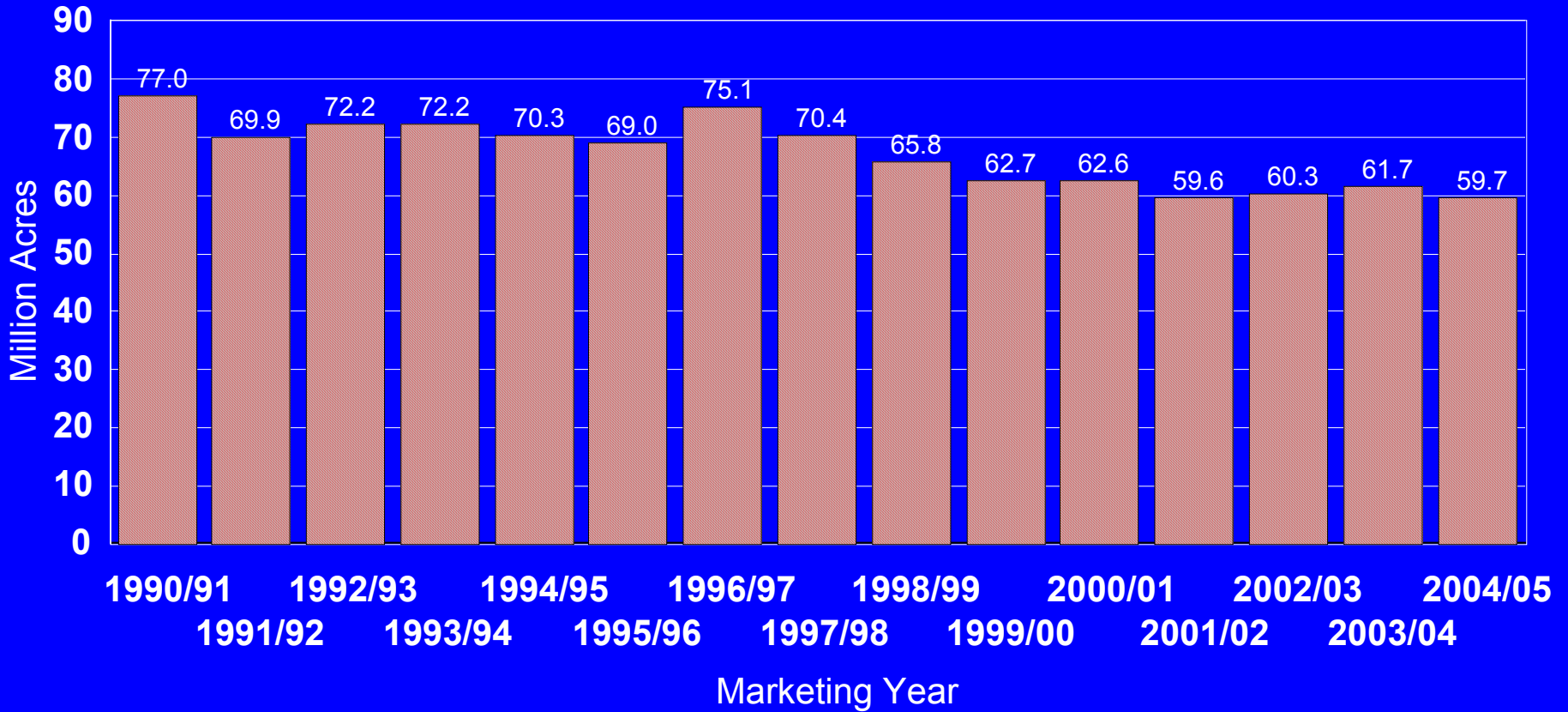
- Supply Side

- Smaller Acreage In 2004 Helps Ease Supply Pressure

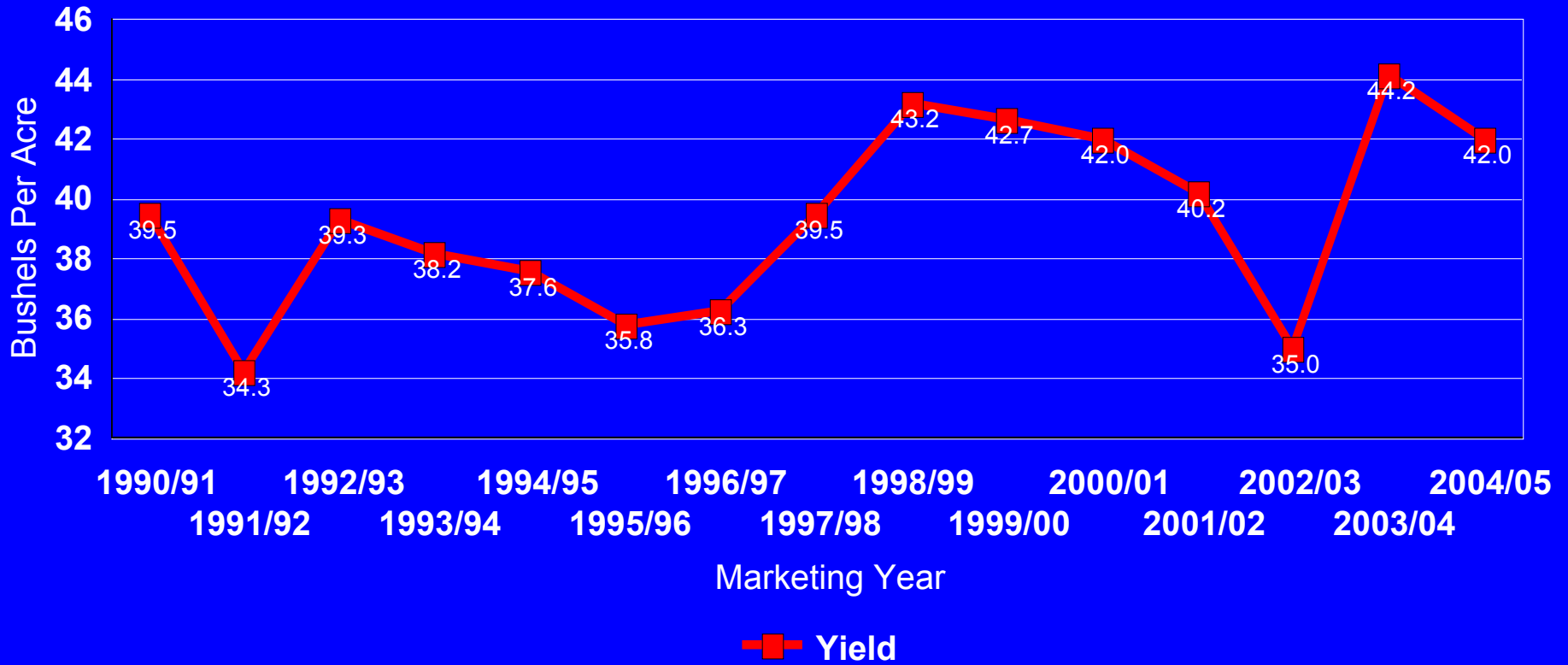
- Concerns Over Spring Wheat Crop Supporting Prices

- Increased World Production and Stocks Likely To Pressure Export Demand

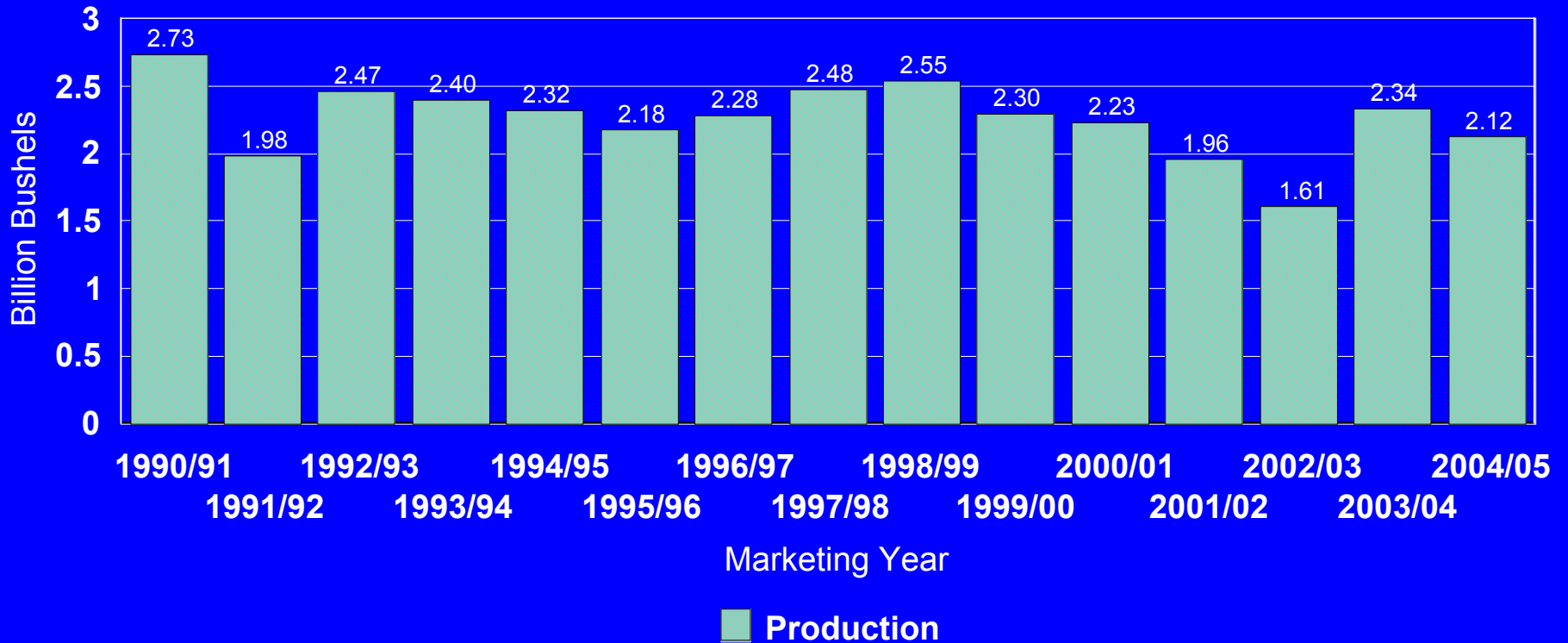
U.S. Wheat Acres



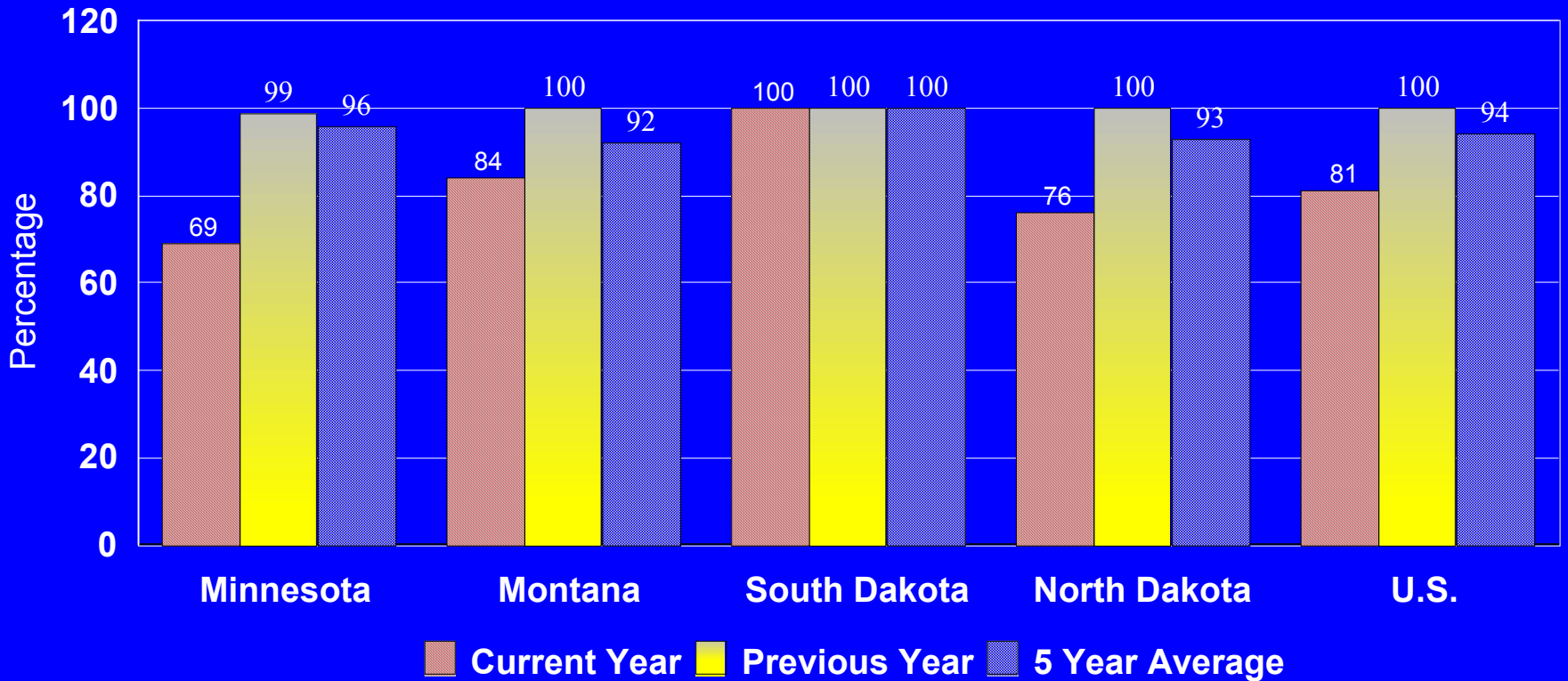
U.S. Wheat Yields



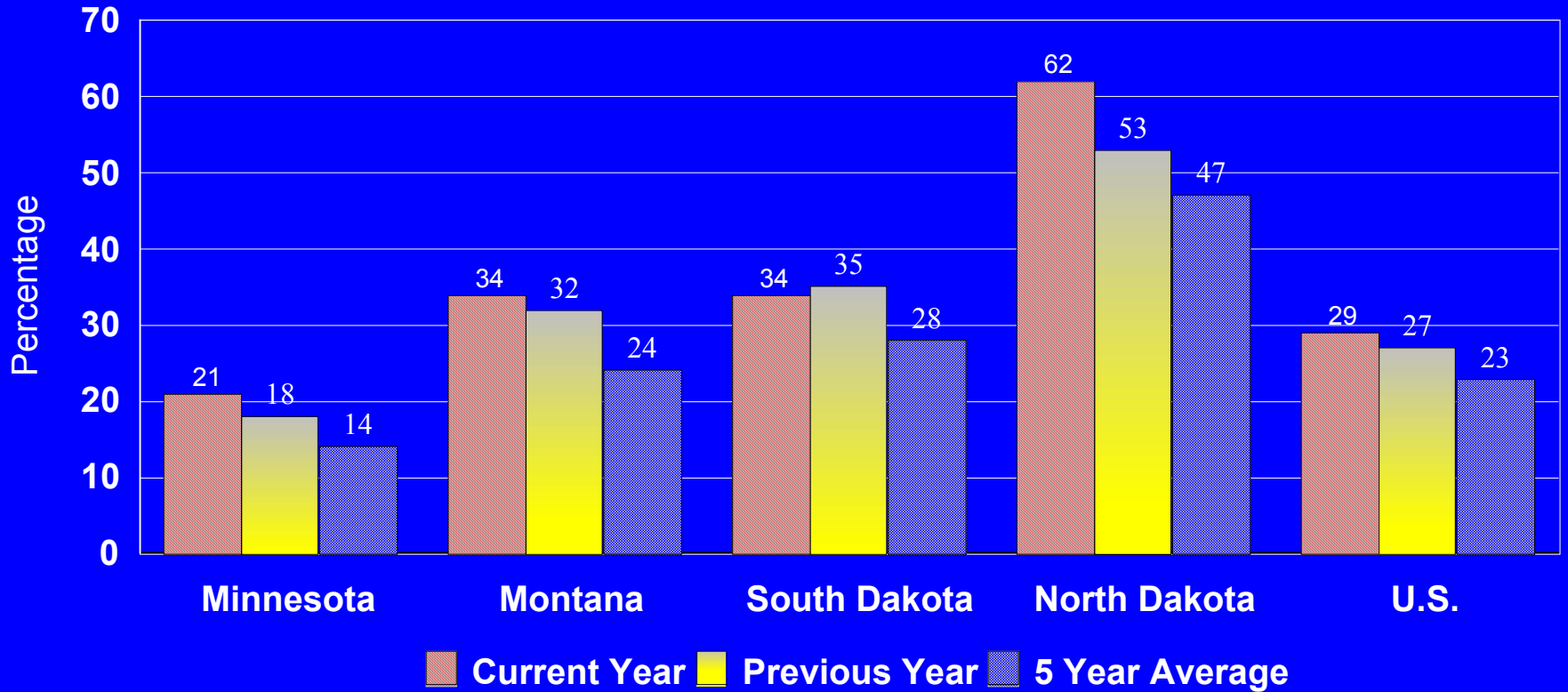
U.S. Wheat Production



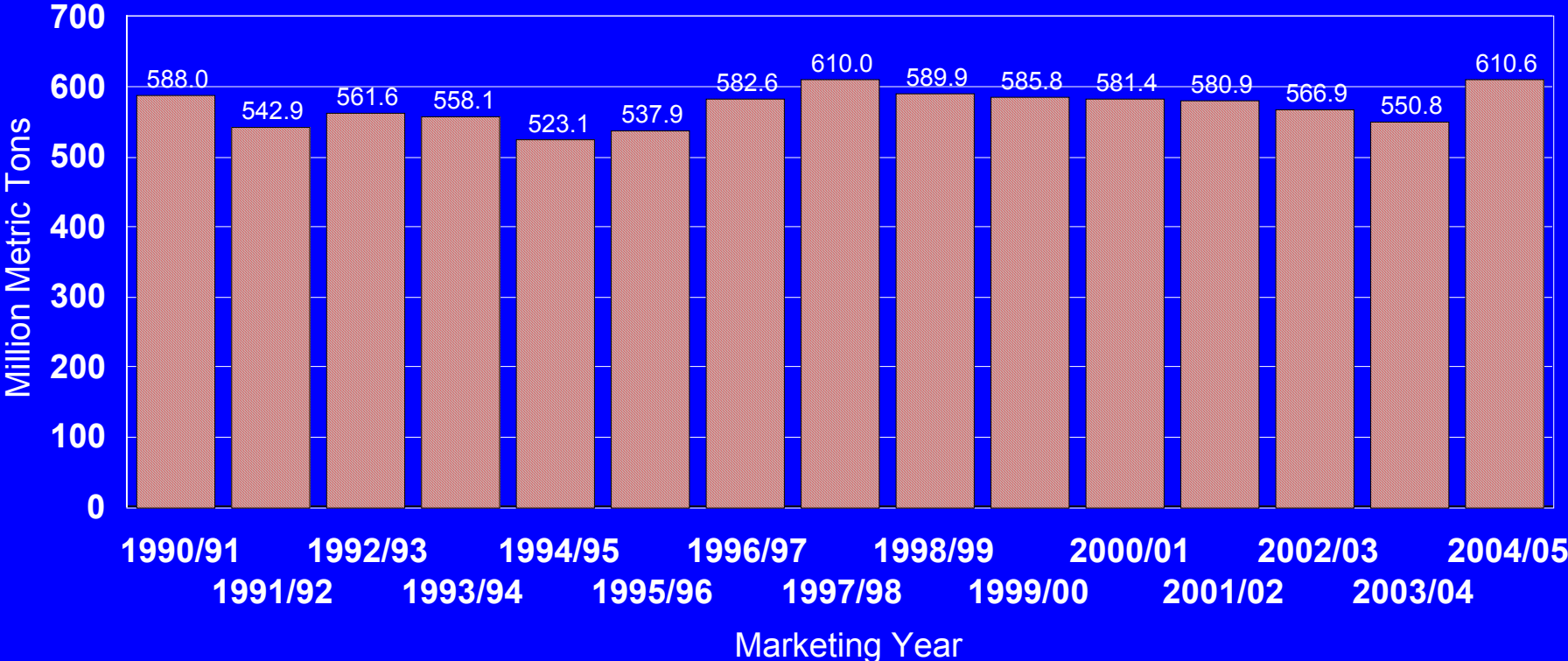
U.S. Spring Wheat Crop - Percent Harvested



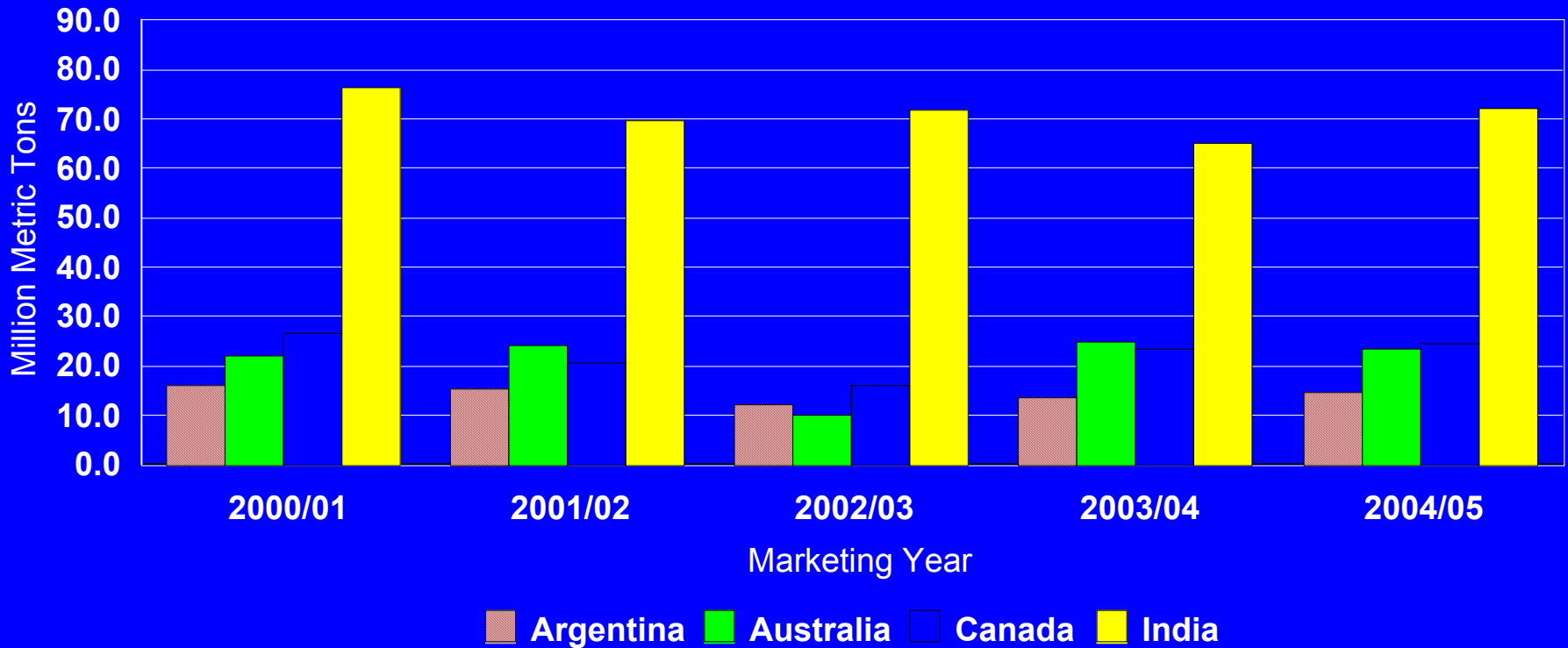
U.S. Winter Wheat Crop - Percent Planted



World Wheat Production



Wheat Production - Selected Countries



Wheat

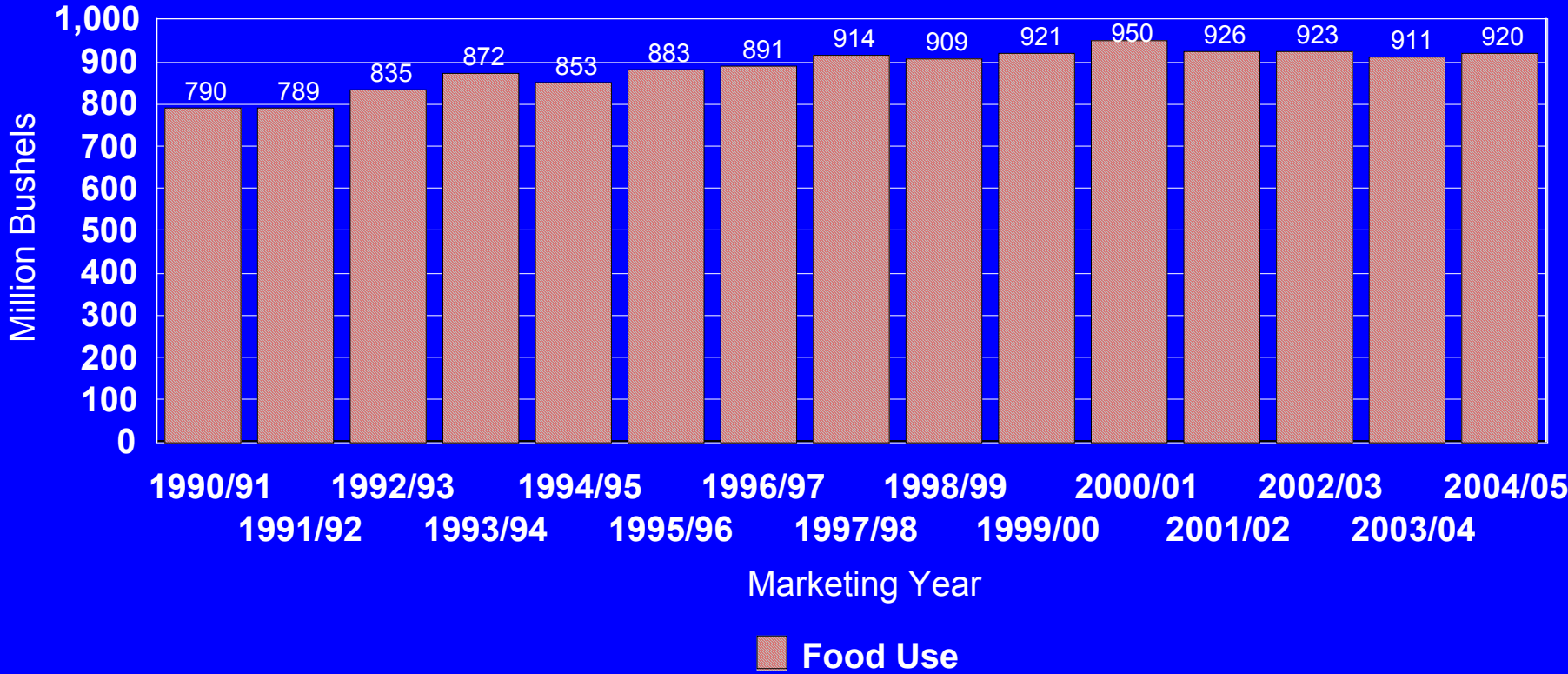
- Demand Side

- Moderate Domestic Growth

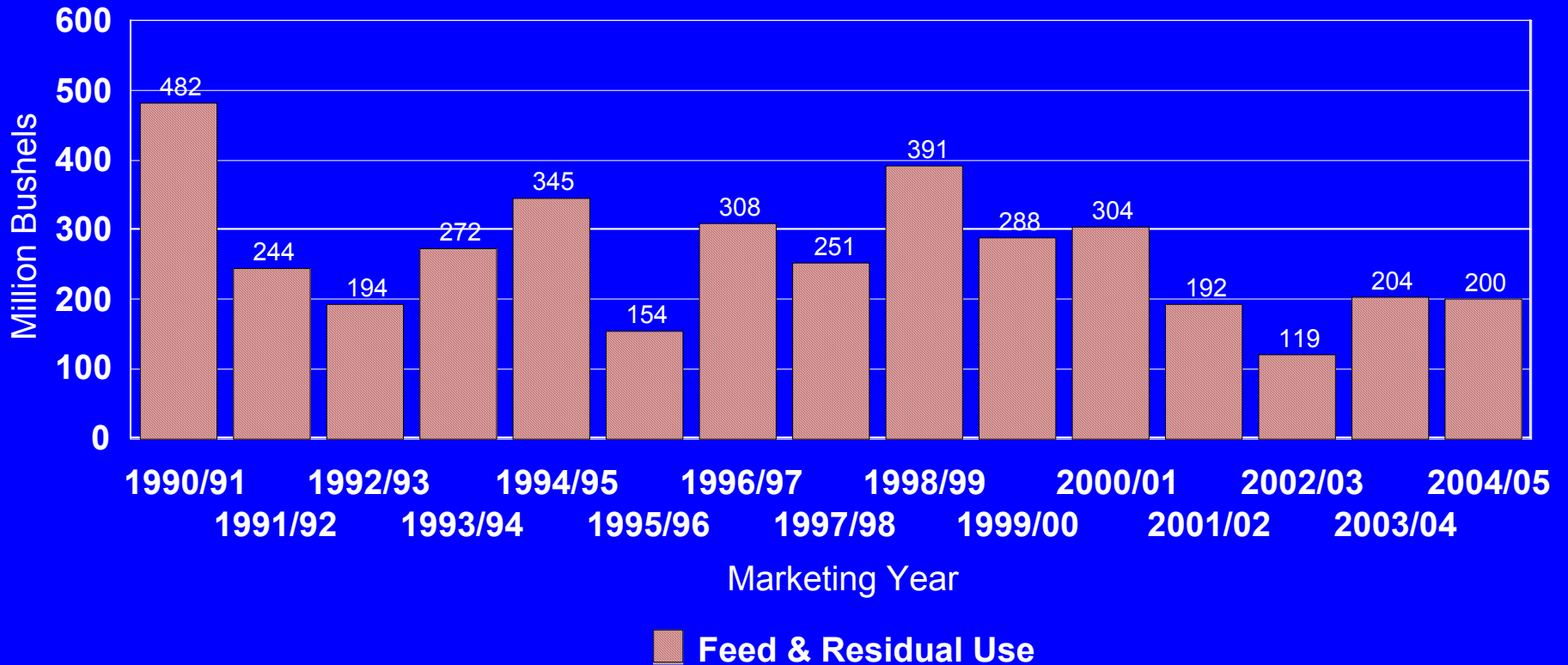
- Lower Export Demand Due To Increased Competition

- Quality Issues Domestically and Worldwide Could Lead To Increased Feed Use

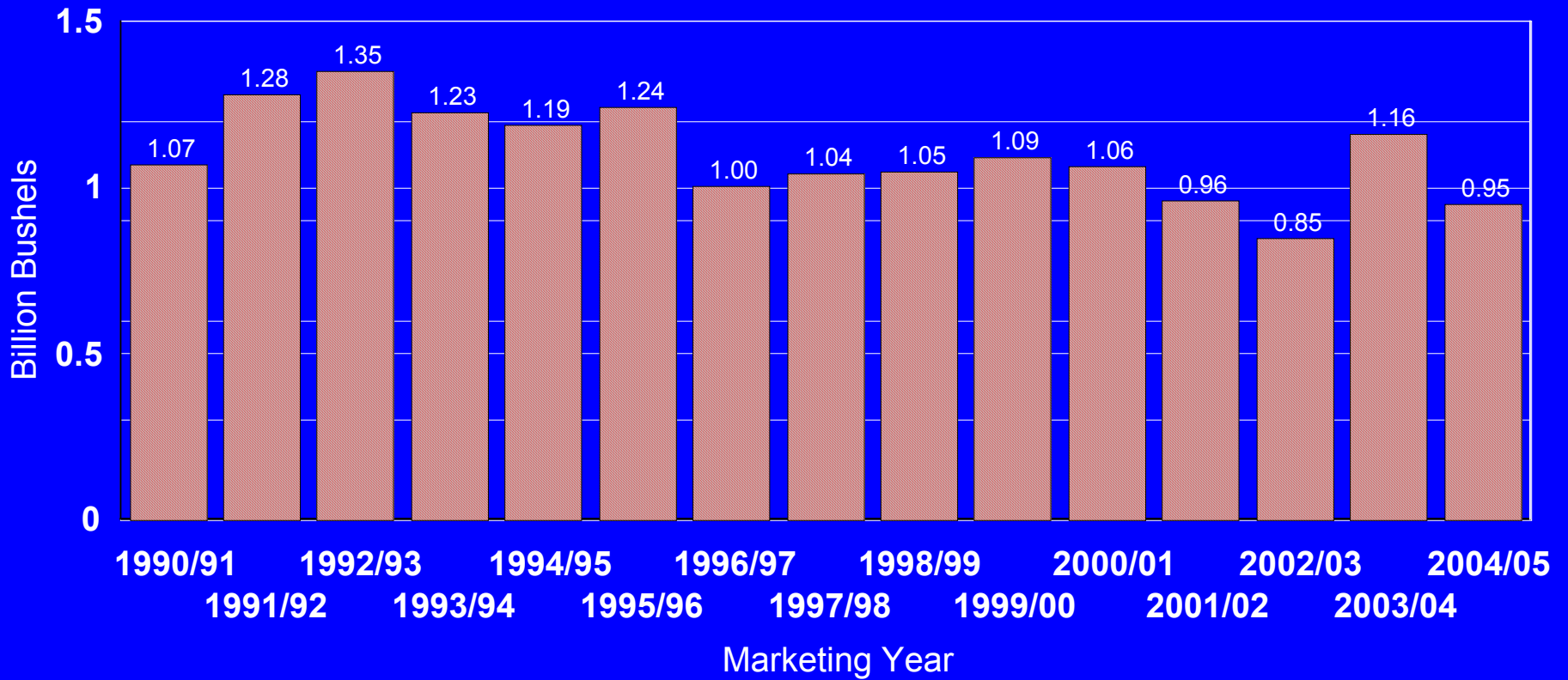
U.S. Wheat Food Use



U.S. Wheat Feed & Residual Use



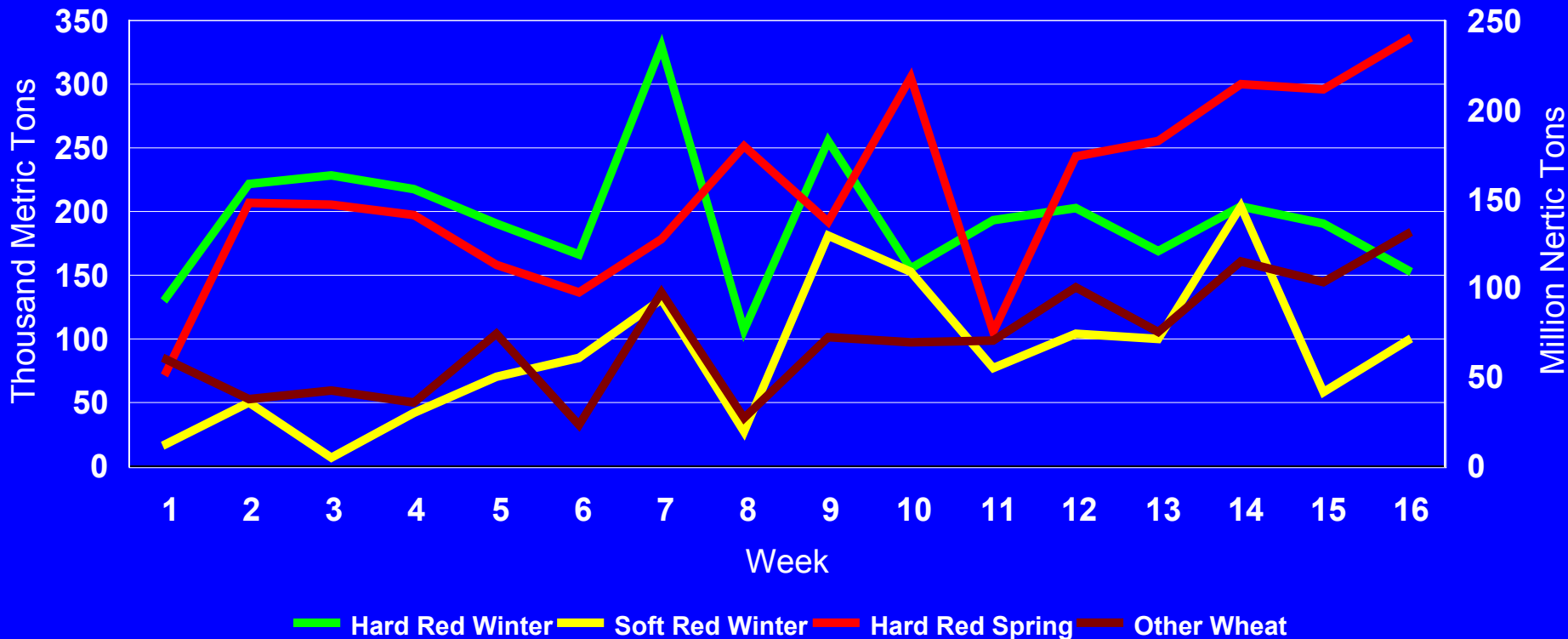
U.S. Wheat Exports



U.S. Wheat Exports



U.S. Wheat Exports



Wheat

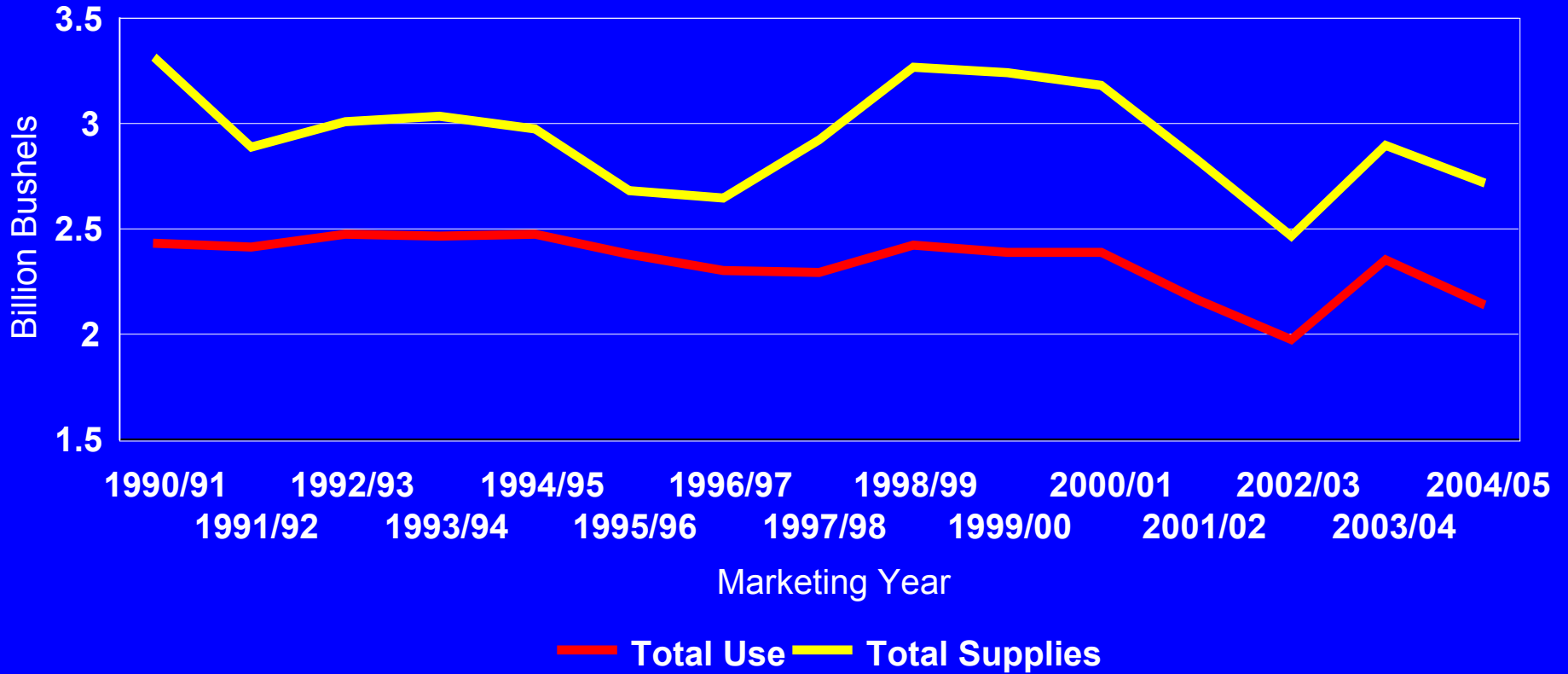
- Short Term

- Spring Wheat Difficulties Providing Support
- Relatively Strong Export Demand

- Long Term

- Increased World Competition Likely To Soften Export Demand
- Fast Pace To Winter Wheat Plantings With Only Minor Weather Concerns
- Increased Global Production And Higher World Stocks

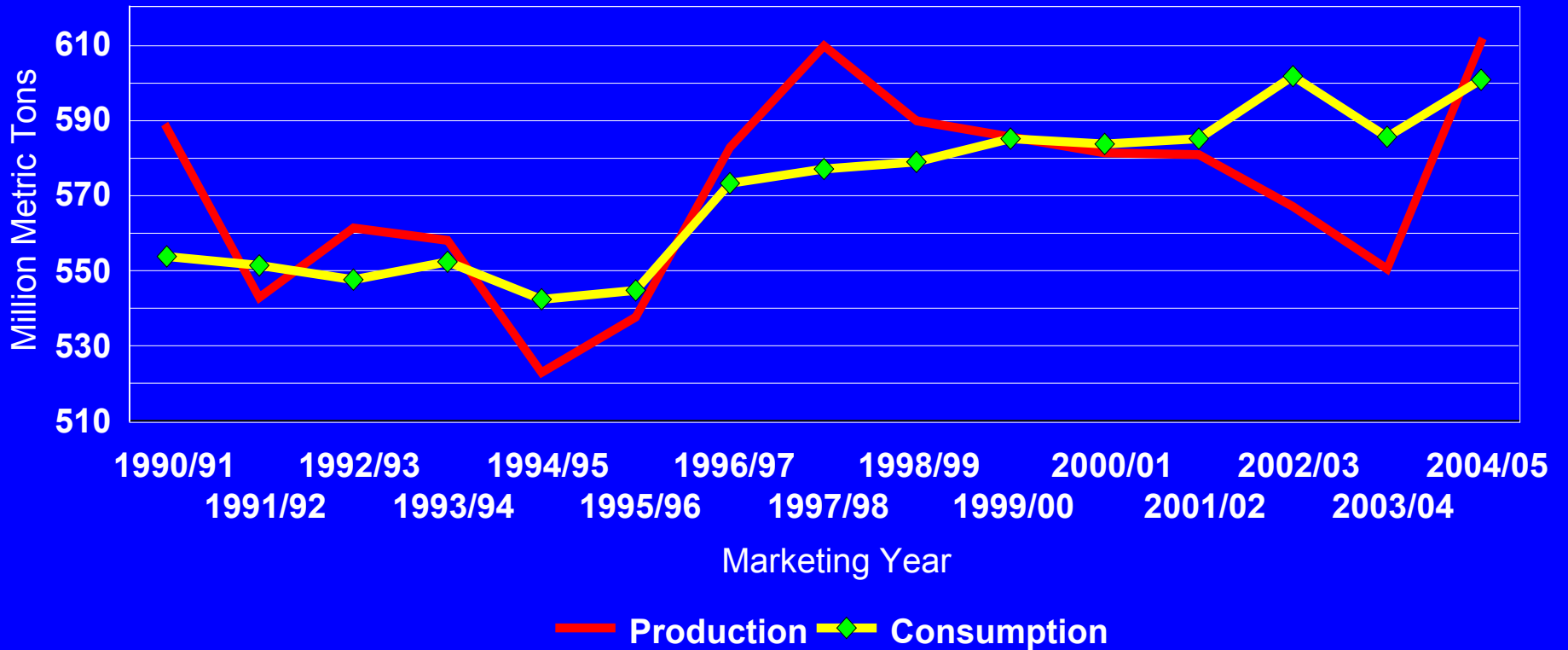
U.S. Wheat Supplies Versus Use



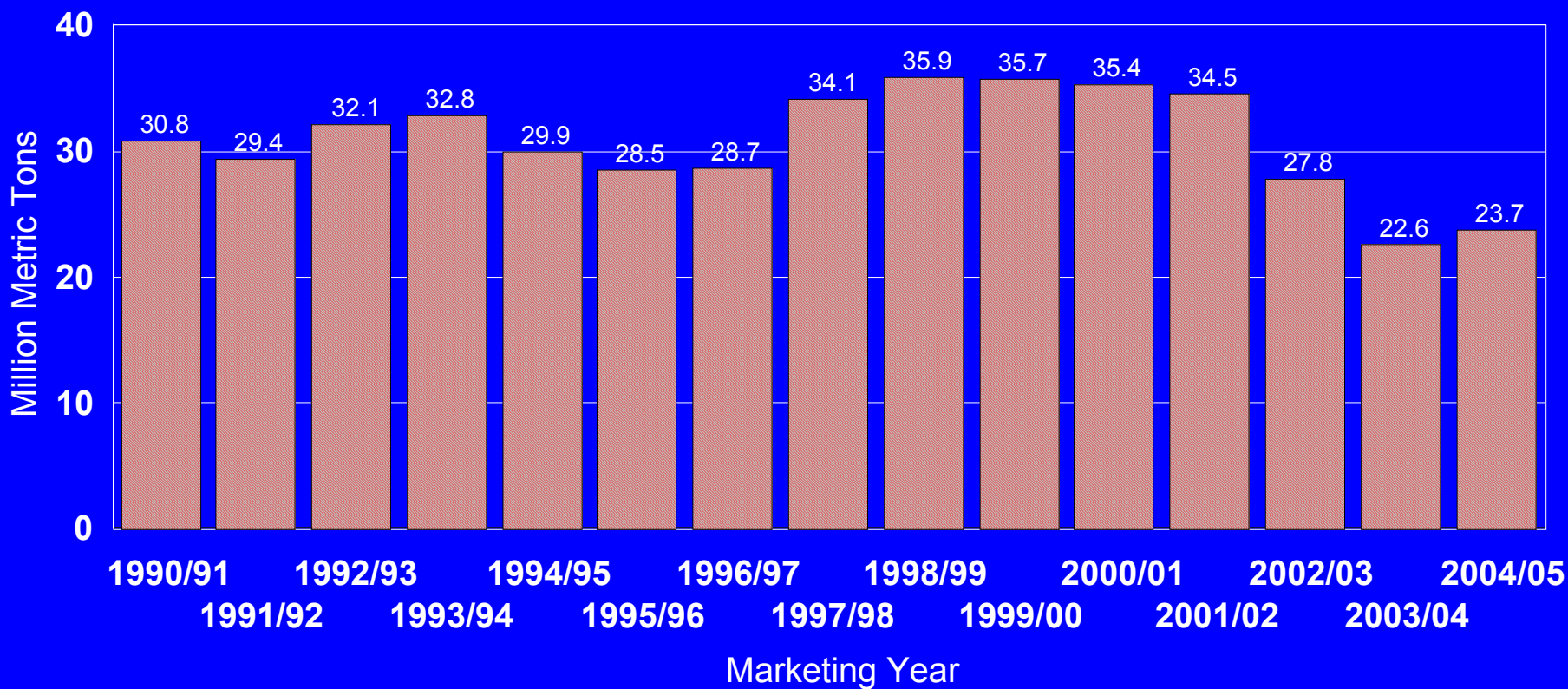
U.S. Wheat Stocks Versus Price



World Wheat Production Versus Consumption



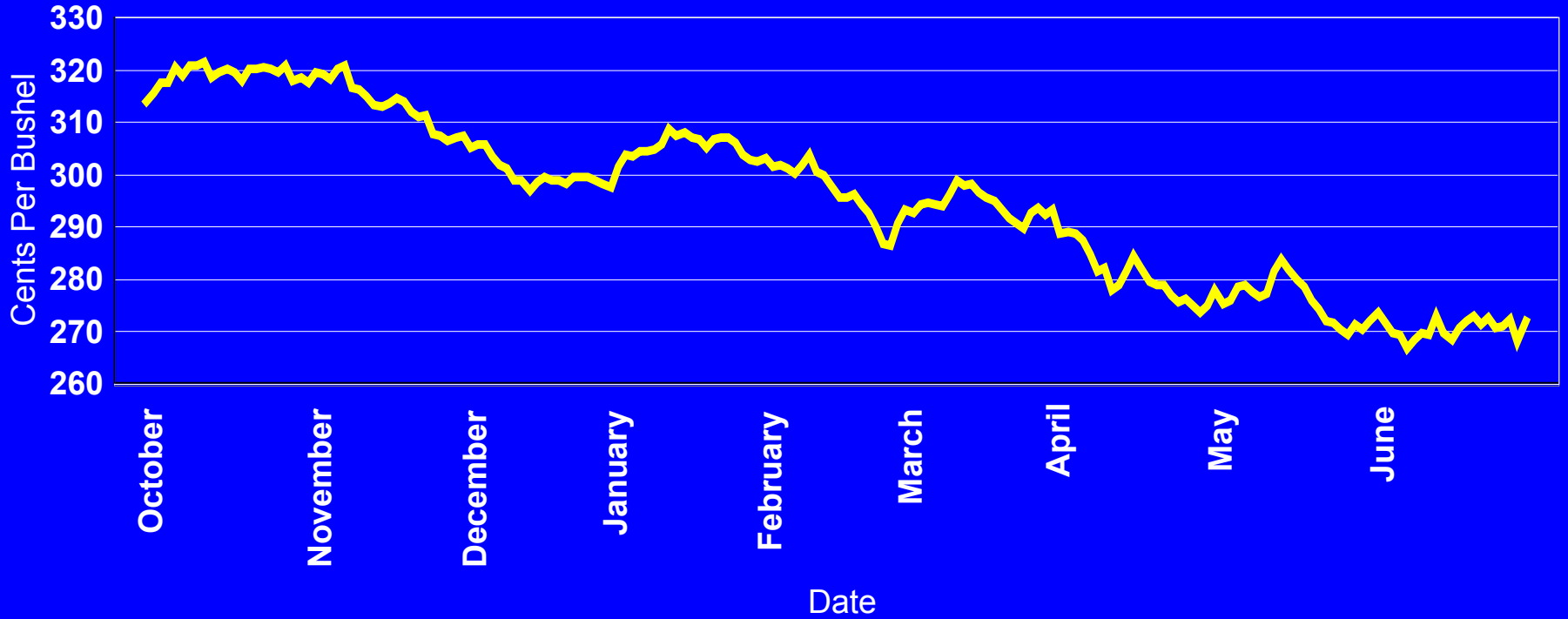
World Wheat Ending Stocks



Wheat Futures - September 24, 2004

Contract	Open	High	Low	Last	Change
DEC 04	3264	3274	3210	3216*	-34
MAR 05	3380	3380	3324	3340*	-24
MAY 05	3412	3414	3374	3380*	-22
JUL 05	3454	3454	3410	3412*	-22
SEP 05	3500	3500	3460	3470*	-20

Wheat July Futures Contract Prices - 5 Year Average



Conclusions

- Feed Grain

- Short Term Pressure From Harvest
- Strengthening Demand And Tight World Stocks
- Improved Prices and A Lack Of Attractive Alternatives In 2005 ?

- Wheat

- Short Term Support From Spring Wheat and Strong Early Demand
 - Increased World Competition
- Record Feed Grain and Soybean Production