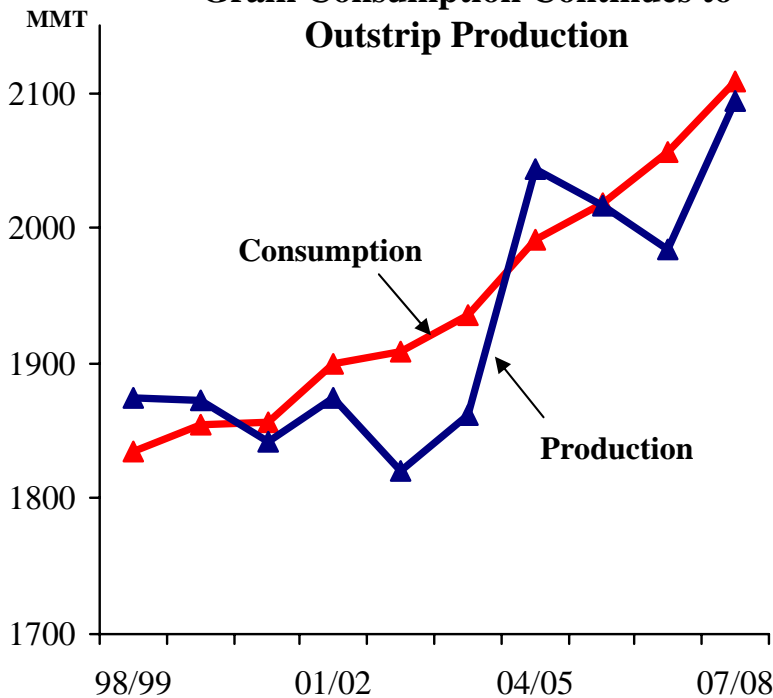




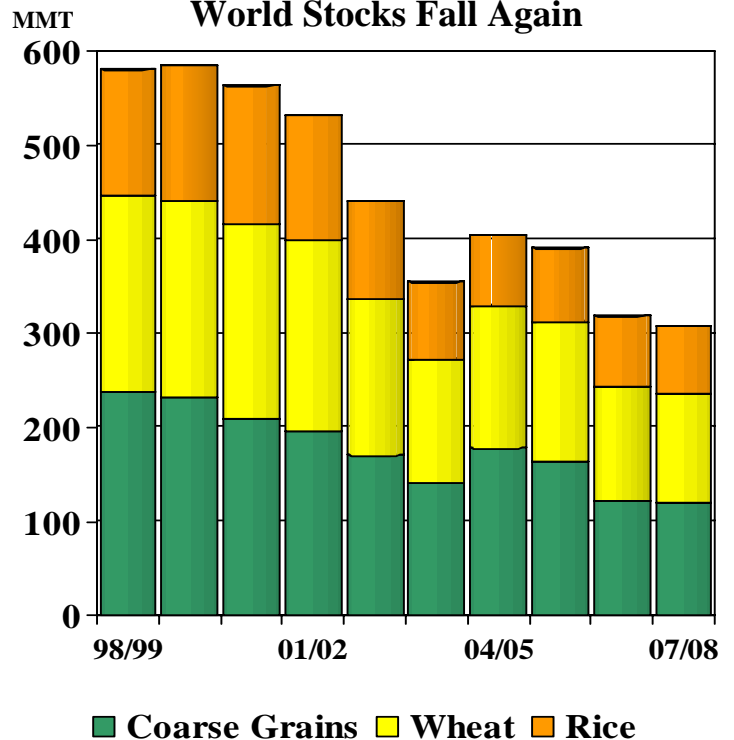
# Grain: World Markets and Trade

## Despite A Record Global Grain Crop Forecast, Stocks Are Still Expected To Shrink In 2007/08

### Grain Consumption Continues to Outstrip Production



### World Stocks Fall Again



The global grain market is expected to remain tight in 2007/08, as rapidly expanding consumption once again outstrips production. Consequently, world stocks are expected to be drawn down for the third straight year, falling to the lowest level in more than 25 years. As a result, grain prices are expected to be sustained at relatively high levels. With stocks already expected to come down in some key exporters, any further reduction in crop prospects could raise prices even more.

The global tightness in corn is driven by use in the United States where, despite sharply larger acreage and forecast record production, the rapid expansion of use for ethanol will continue to cause tight stocks. For wheat, global consumption growth is more modest, and production is expected to recover in the United States, Australia, and the Black Sea region. However, smaller exportable supplies in other traditional exporters (Canada, EU-27, Argentina) mean that the international market remains tight. For rice, consumption is forecast to exceed record production, causing global stocks to continue to shrink.





















































































































































