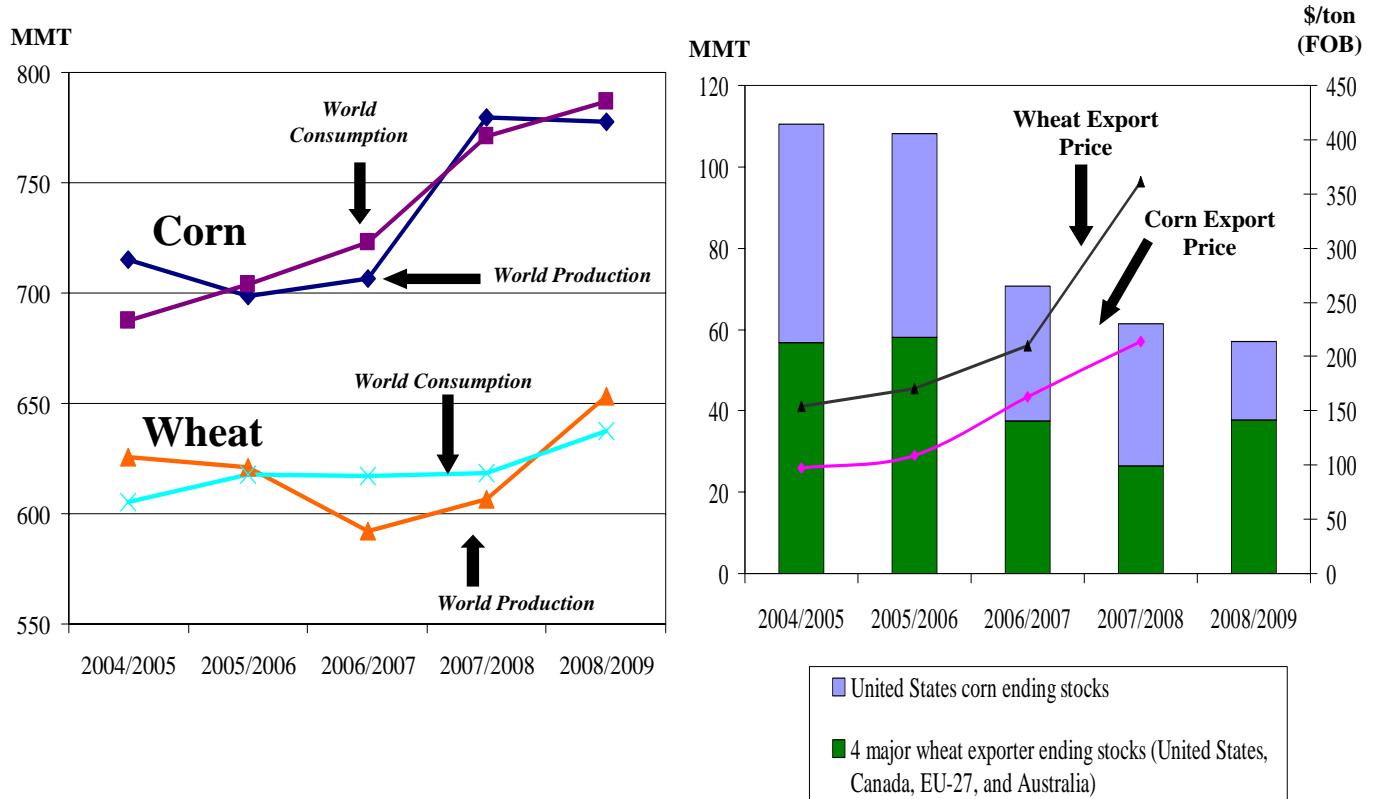




Grain: World Markets and Trade

2008/09 Grain Outlook Provides Small Cushion



Higher world production and trade will not necessarily promise a reduction in price. For wheat, larger exportable supplies (relative to last year) should be available in upcoming months, which will exceed import demand. However, even with a greater surplus, some major exporting countries will only be able to partially rebuild their stocks as import demand is expected to be at a historic high. Exporter stock buildup will not be near levels held a few years ago, thereby, providing a small buffer.

Global corn production is forecast lower than consumption. With tighter supplies, some buyers are expected to purchase other feed stuffs, especially feed-quality wheat and world trade is forecast to decline for the first time in 4 years. In contrast to wheat, U.S. corn stocks are projected to shrink 50 percent from last year because of lower production and continued strong domestic use.

