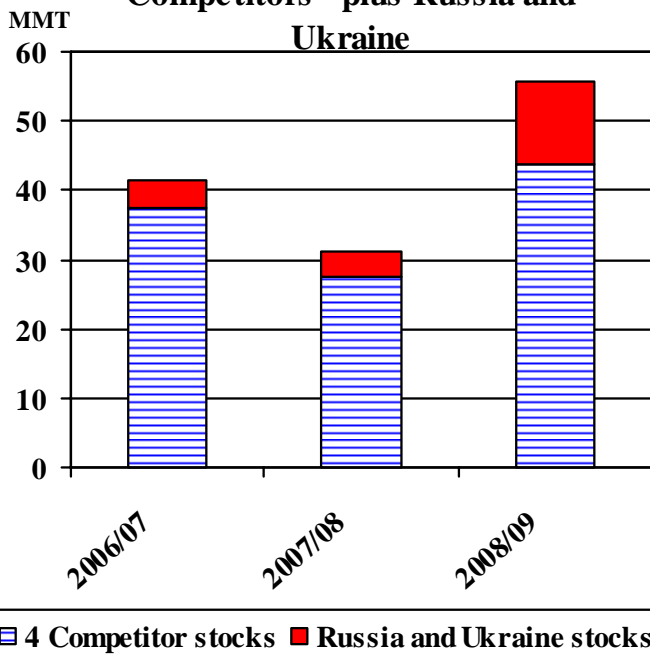




Grain: World Markets and Trade

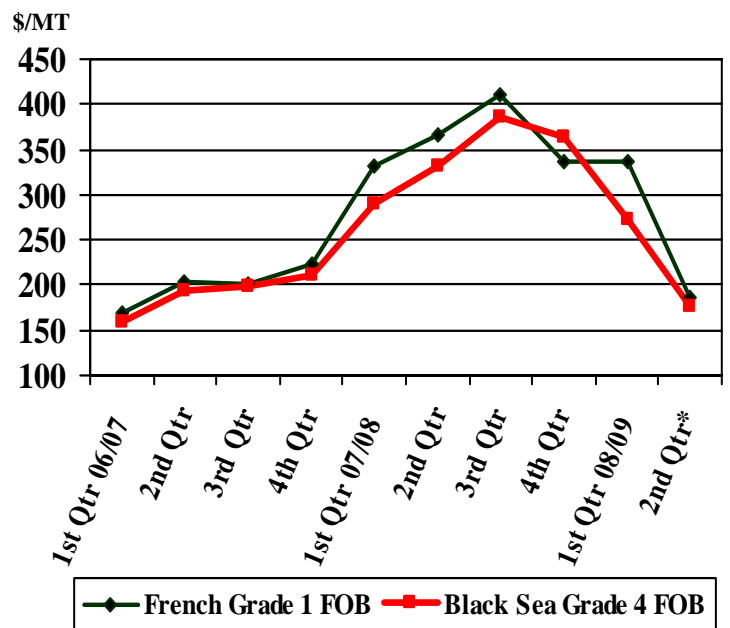
Russia and Ukraine Exportable Wheat Supplies Exacerbate Price Decline

Ending Stocks of Major Competitors* plus Russia and Ukraine



*U.S., EU, Australia, Canada

Quarterly Wheat Prices 06/07-08/09



*to-date

Record exportable supplies of wheat in Ukraine and Russia have helped fuel a decline in world prices, while causing their own domestic prices to drop. The Russian government has started purchasing wheat for intervention stocks and is reportedly considering implementing transportation subsidies and perhaps direct export subsidies to improve Russia's competitiveness and help solve its surplus disposal problem.

These actions are likely to intensify competition between Russia and the EU, its main competitor in the North African and Middle Eastern regions. Uncertainty over Russia's export policies and infrastructural limitations could constrain its export sales. However, private industry has improved port infrastructure, which is expected to handle record exports.

