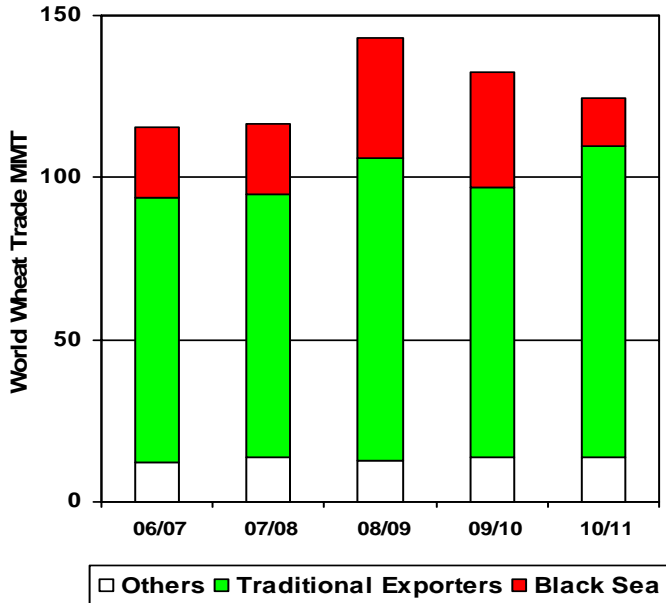


Grain: World Markets and Trade

No Global Shortage of Food Grains

Traditional Wheat Exporters Compensate for Black Sea Shortfall

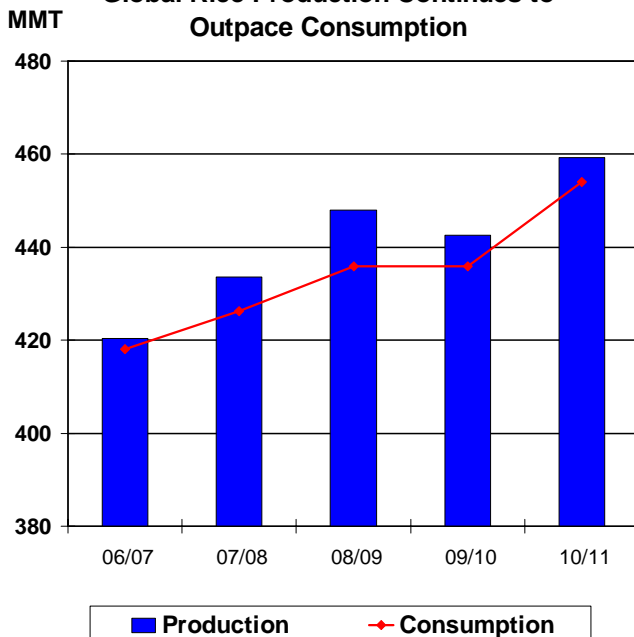


Black Sea is Russia, Ukraine, and Kazakhstan

Traditional Exporters are Argentina, Australia, Canada, EU, and United States

Expectations that prices in the next few months will hit the record levels of 2007/08 levels are not substantiated by the reality of the global supply situation. Black Sea (Russia, Ukraine, Kazakhstan) wheat exports are expected to plummet 60 percent (21 MMT) on drought-reduced crops. However, traditional exporters, particularly the United States, are holding large supplies that are more than sufficient to compensate for the Black Sea shortfall. In fact, U.S. ending stocks at 26 million tons are three times larger than just a few years ago.

Global Rice Production Continues to Outpace Consumption



Rice production growth continues to outpace consumption. Record production is expected in major exporting countries such as Thailand, Vietnam, and the United States. Record crops are also expected in large erratic importers such as Indonesia, the Philippines, and Bangladesh. With the bulging government stocks that Thailand is planning to release and large stocks in India, we are looking at ample global rice supplies and stiff competition for export markets.

