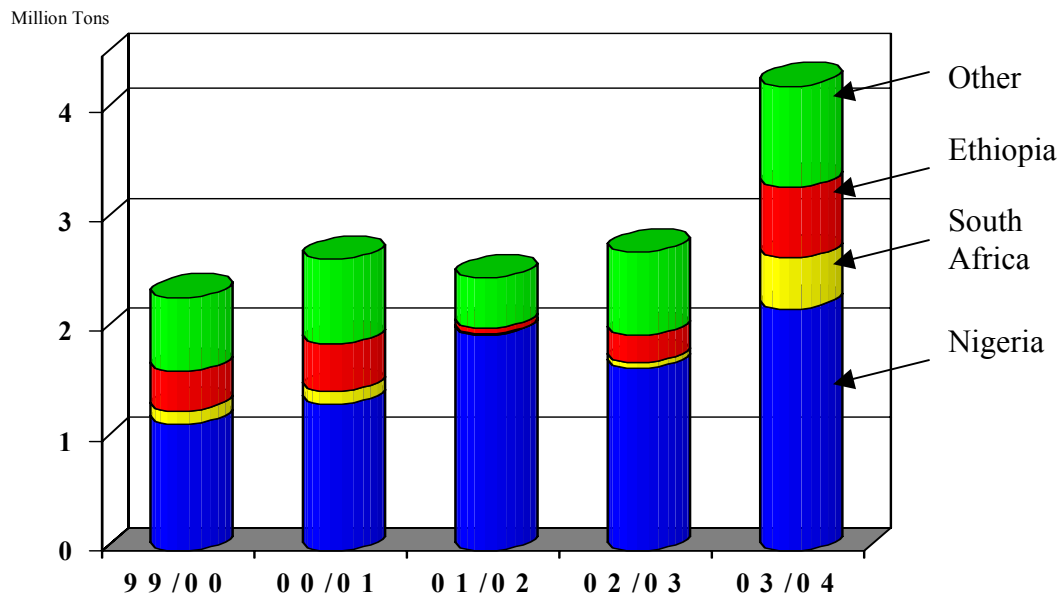

WHEAT: WORLD MARKETS AND TRADE

MONTHLY HIGHLIGHTS:

Record U.S. Wheat Exports to Sub-Saharan Africa: Reduced competition from the EU-25 and Black Sea suppliers helped U.S wheat exports to Sub-Saharan Africa surge in Marketing Year (MY) 2003/04. Exports to Nigeria climbed to a new high, with the United States capturing over 90 percent of this market compared to 75 percent last year. South Africa emerged as an important market, importing almost half a million tons of U.S. wheat, the largest amount in nearly a decade. Additionally, many other small importers purchased larger quantities of U.S wheat. Food aid shipments, primarily to Ethiopia, also expanded this year.

Exports to Sub-Saharan Africa

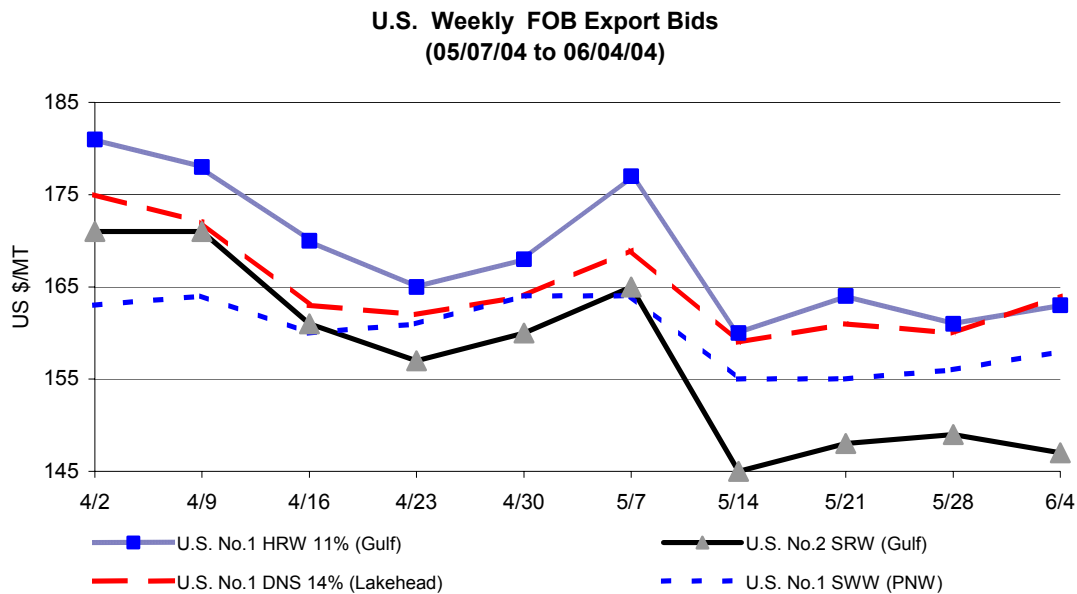


Source: U.S. Census Data (June/May) for 99/00-02/03. June-March Census and April-May Inspections data for 2003/04.

PRICES:

Domestic: Hot dry weather and rumors of purchases by China helped prices to peak during the first week May. However, as the start of the winter wheat harvest gained momentum, prices took a downward slide during the second week. For the rest of May, prices mildly recovered due to continued hot dry weather and expected low harvest yields, but downward pressure from a rapidly progressing early harvest and improving weather in spring wheat regions thwarted the chance of a full recovery back to early May prices.

For the week ending June 4, average HRW and SRW prices were \$14 a ton and \$18 a ton lower, respectively, than those in the first week of May. HRS prices lost \$5 a ton while SWW ended the month with a loss of \$6 a ton.



TRADE CHANGES IN 2004/2005

Selected Exporters

- **India** down 1.0 million tons to 1.0 million. Shrinking stocks and higher expected domestic consumption make government subsidized exports unlikely.
- **Russia** up 1.0 million tons to 4.5 million due to larger production.
- **EU-25** up 1.0 million tons to 15.0 million as a record wheat crop allows greater exports.

Selected Importers

- **Iraq** up 800,000 tons to 3.3 million with large anticipated shipments sliding into the new trade year and imports for the Public Distribution System expected to continue.
- **Pakistan** up 300,000 tons to 500,000 due to the need to re-build stocks.

TRADE CHANGES IN 2003/2004

Selected Exporters

- **China** up 200,000 tons to a record 2.7 million with continued flour and feed-quality wheat shipments to nearby markets.
- **United States** down 500,000 tons to 32.0 million due to weaker than expected late-season shipments.

Selected Importers

- **Egypt** up 300,000 tons to 7.3 million--a 5-year high--due to robust, late-season imports especially from Australia and the United States.
- **Iraq** down 700,000 tons to 1.8 million as a slower than previously anticipated shipment pace delays the rebuilding of stocks until the first few months of the new trade year.