Wheat Outlook

February 2006

World Wheat Production

July-June *(Million metric tonnes)*

	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07
MAJOR EXPORTERS:									
U.S.	69.3	62.5	60.6	53.3	43.7	63.8	58.7	57.3	57.7
Argentina	13.3	16.4	16.2	15.5	12.3	14.5	16.0	12.1	13.5
Australia	21.5	24.8	22.1	24.3	10.1	26.1	22.6	24.0	23.0
Canada	24.1	26.9	26.5	20.6	16.2	23.6	25.9	26.8	26.8
EU-25		114.7	124.2	113.6	124.8	106.9	136.8	122.9	128.0
SUB-TOTAL	128.2	245.3	249.7	227.2	207.2	234.9	260.0	243.1	249.0
MAJOR IMPORTERS:									
Brazil	2.2	2.4	1.7	3.3	2.9	5.9	5.9	4.6	5.0
China	109.7	113.9	99.6	93.9	90.3	86.5	92.0	97.0	94.0
Other Europe	14.5	11.9	12.1	14.7	12.7	7.5	15.4	13.3	13.0
North Africa	14.2	11.5	9.9	12.7	11.7	16.3	16.6	12.9	14.0
FSU-12	56.0	64.8	63.0	91.3	96.9	60.9	86.5	91.7	85.0
SUB-TOTAL	126.1	204.5	186.4	215.8	214.5	177.0	216.4	219.5	211.0
OTHER FOREIGN:									
India	66.4	70.8	76.4	69.7	71.8	65.1	72.1	72.0	74.0
Mexico	3.2	3.1	3.4	3.3	2.9	2.7	2.3	3.0	3.0
Pakistan	18.7	17.9	21.1	19.0	18.2	19.2	19.0	21.0	21.0
Turkey	18.0	16.5	18.0	15.5	16.8	16.8	18.5	18.0	17.5
Others	229.4	27.8	26.6	30.7	36.3	38.9	38.5	39.6	40.0
SUB-TOTAL	335.7	136.0	145.4	138.2	146.0	142.7	150.4	153.6	155.5
GRAND TOTAL	**590.0**	**585.8**	**581.5**	**581.1**	**567.7**	**554.6**	**626.7**	**616.2**	**615.5**

World Wheat Supply/Demand Balance

July-June *(Million metric tonnes)*

	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Beginning Stocks	197.1	208.1	208.9	206.5	202.5	166.1	132.1	149.6	141.5
Production	590.0	585.8	581.5	581.1	567.7	554.6	626.7	616.2	615.5
Total Supply	787.1	793.9	790.4	787.7	770.1	720.7	758.8	765.8	756.9
World Trade	**102.0**	**112.7**	**104.0**	**110.7**	**109.9**	**104.5**	**113.0**	**110.2**	**110.0**
Domestic Consumption	477.0	472.3	479.8	474.4	494.1	484.1	496.3	513.6	515.9
Total Disappearance	579.0	585.0	583.8	585.2	604.0	588.6	609.2	623.8	625.9
END STOCKS	**208.1**	**208.9**	**206.5**	**202.5**	**166.1**	**132.1**	**149.6**	**142.0**	**131.0**
Stocks as % of Utilization	**35.9**	**35.7**	**35.4**	**34.6**	**27.5**	**22.4**	**24.6**	**22.8**	**20.9**

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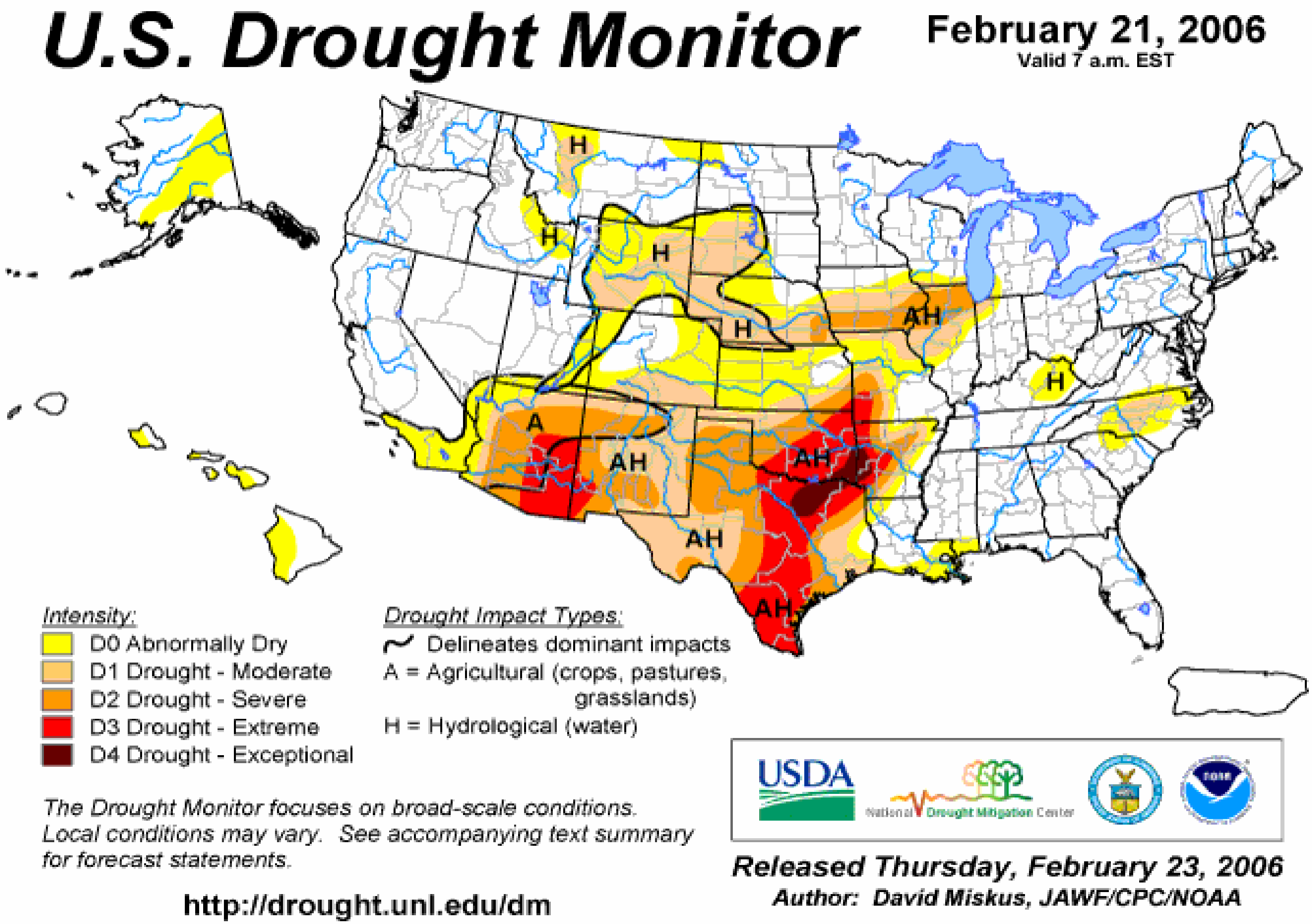
U.S. All Wheat: Acreage, Yield and Production

All Wheat	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	USDA 2005	FIMAT 2006
Planted Acres (million acres)	69.0	75.1	70.4	65.8	62.7	62.6	59.6	60.3	62.1	59.7	57.2	58.0
Harvested Acres (million acres)	61.0	62.8	62.8	59.0	53.8	53.1	48.6	45.9	53.1	50.0	50.1	49.9
% abandoned	11.7	16.4	10.8	10.4	14.2	15.2	18.4	23.9	14.6	16.2	12.4	14.0
Average yield	35.8	36.3	39.5	43.2	42.7	41.9	40.3	35.3	44.2	43.2	42.0	42.5
Production (mil. bushels)	2183	2277	2481	2547	2296	2228	1958	1619	2345	2158	2105	2118
Winter Wheat												
Planted Acres (million acres)	48.6	51.4	48.0	46.4	43.3	43.4	41.1	41.8	45.4	43.4	40.3	41.4
Harvested Acres (million acres)	41.0	39.6	41.3	40.1	35.5	35.1	31.3	29.7	36.8	34.5	33.8	34.1
% abandoned	15.6	23.1	13.8	13.6	18.1	19.2	23.8	28.8	19.0	20.5	16.2	17.7
Average yield	37.7	37.1	44.6	46.9	47.8	44.7	43.5	38.2	46.7	43.5	44.4	44.1
Production (mil. bushels)	1544	1470	1846	1881	1697	1566	1361	1137	1717	1499	1499	1501
Other Spring												
Planted Acres (million acres)	17.0	20.0	19.1	15.6	15.3	15.3	15.6	15.6	13.8	13.8	14.0	14.0
Harvested Acres (million acres)	16.6	19.7	18.3	15.1	14.8	14.5	14.5	13.4	13.4	13.2	13.6	13.3
% abandoned	2.3	1.7	4.2	2.7	3.8	5.3	6.8	14.5	2.9	4.3	3.0	5.0
Average yield	32.2	35.1	29.9	34.9	34.1	38.4	35.2	29.1	39.5	43.2	37.1	39.8
Production (mil. bushels)	535	692	548	528	503	557	512	389	531	569	504	530

U.S. Wheat Supply/Demand Balance

June-May *(Million bushels)*

	98-99	99-00	00-01	01-02	02-03	03-04	04-05	USDA 05-06	FIMAT 05-06	USDA 06-07	FIMAT 06-07
Planted Acres	65.9	62.7	62.6	59.6	60.3	62.1	59.7	57.2	57.2	58.0	58.0
Harvested Acres	59.2	53.8	53.1	48.6	45.8	53.1	50.0	50.1	50.1	48.7	49.9
% Abandoned	10.1	14.2	15.2	18.4	24.0	14.6	16.2	12.4	12.4	16.0	14.0
Yield	43.0	42.6	41.9	40.3	35.0	44.2	43.2	42.0	42.0	42.6	42.5
June 1 Stocks	722	946	950	876	777	491	546	540	540	542	519
Production	**2547**	**2296**	**2228**	**1958**	**1606**	**2345**	**2158**	**2105**	**2105**	**2075**	**2118**
Imports	103	95	90	108	77	63	71	85	77	95	85
TOTAL SUPPLY	**3373**	**3336**	**3268**	**2941**	**2460**	**2899**	**2775**	**2730**	**2722**	**2712**	**2723**
Food	910	929	950	926	919	912	905	910	910	915	915
Seed	81	92	79	83	85	79	79	78	78	79	80
Feed	390	275	301	181	115	203	189	200	190	200	200
Exports	1046	1090	1062	964	850	1159	1063	1000	1025	975	1025
TOTAL USAGE	**2427**	**2386**	**2392**	**2164**	**1969**	**2353**	**2235**	**2188**	**2203**	**2169**	**2220**
CARRY - OUT	**946**	**950**	**876**	**777**	**491**	**546**	**540**	**542**	**519**	**543**	**503**
Govt Stocks											
Farmer Owned	0	0	0	0	0	0	0	0	0	NA	0
TTL CCC Inv.	128	104	97	99	66	61	54	40	40	NA	45
Outstanding Loans	140	62	42	82	51	37	58	45	50	NA	50
Total Govt Stocks	268	166	139	181	117	98	112	85	90	NA	95
Free Carry-Out	**678**	**784**	**737**	**596**	**374**	**448**	**428**	**457**	**429**	**NA**	**408**
CARRY-OUT / USE	39.0%	39.8%	36.6%	35.9%	25.0%	23.2%	24.2%	24.8%	23.6%	25.0%	22.6%
Wheat Price, on-farm $/bushel	2.65	2.48	2.62	2.78	3.56	3.40	3.40	3.40	3.35	3.40	3.50


U.S. Drought Monitor
February 21, 2006
Valid 7 a.m. EST
H
H
H
H
AH
H
A
AH
AH
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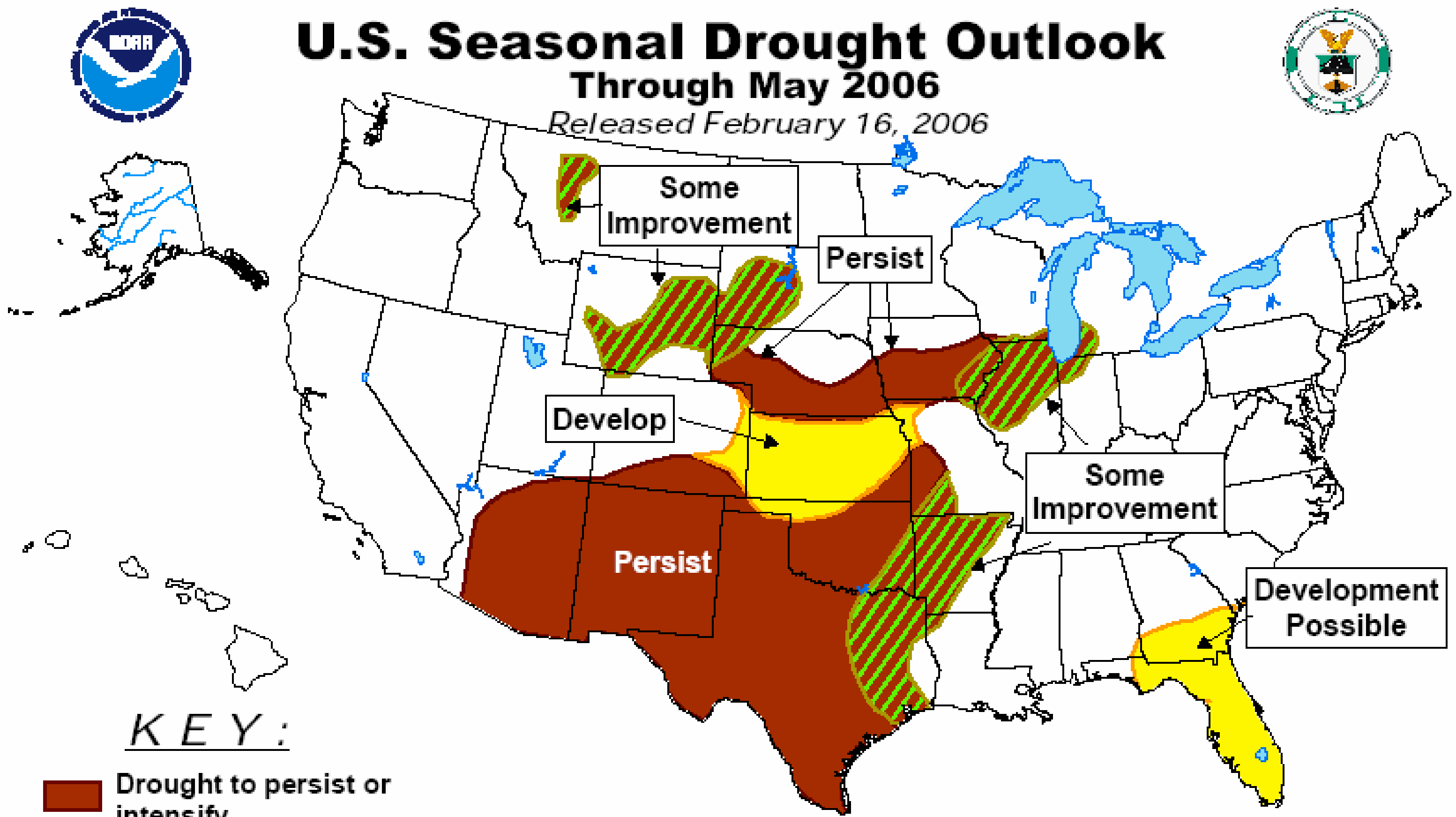
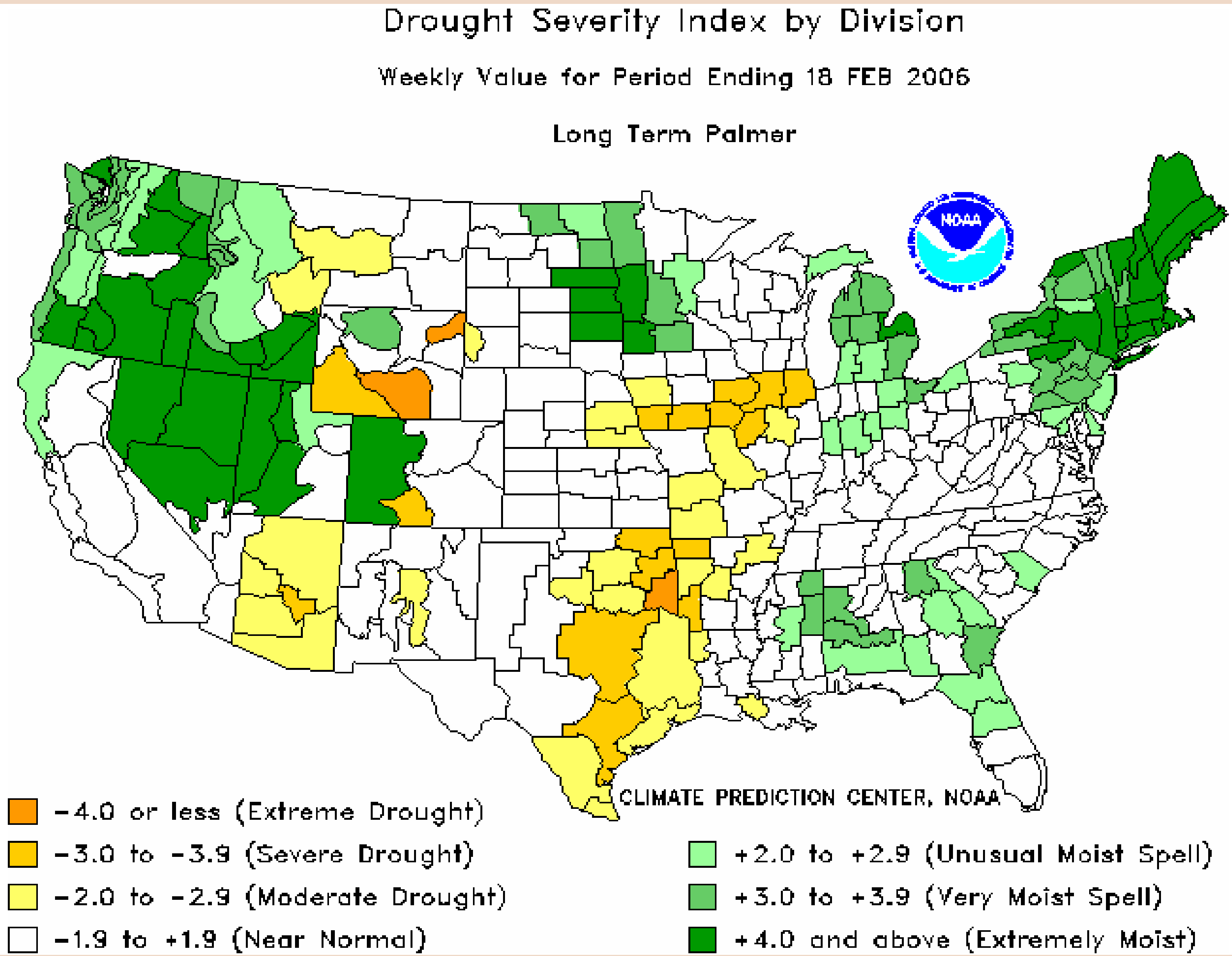
AH
Intensity:
D0 Abnormally Dry
D1 Drought - Moderate
D2 Drought - Severe
D3 Drought - Extreme
D4 Drought - Exceptional
Drought Impact Types:
Delineates dominant impacts
A = Agricultural (crops, pastures, grasslands)
H = Hydrological (water)
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.
http://drought.unl.edu/dm
USDA
National Drought Mitigation Center
Released Thursday, February 23, 2006
Author: David Miskus, JAWF/CPC/NOAA



KEY:

- Drought to persist or intensify
- Drought ongoing, some improvement
- Drought likely to improve, impacts ease
- Drought development likely

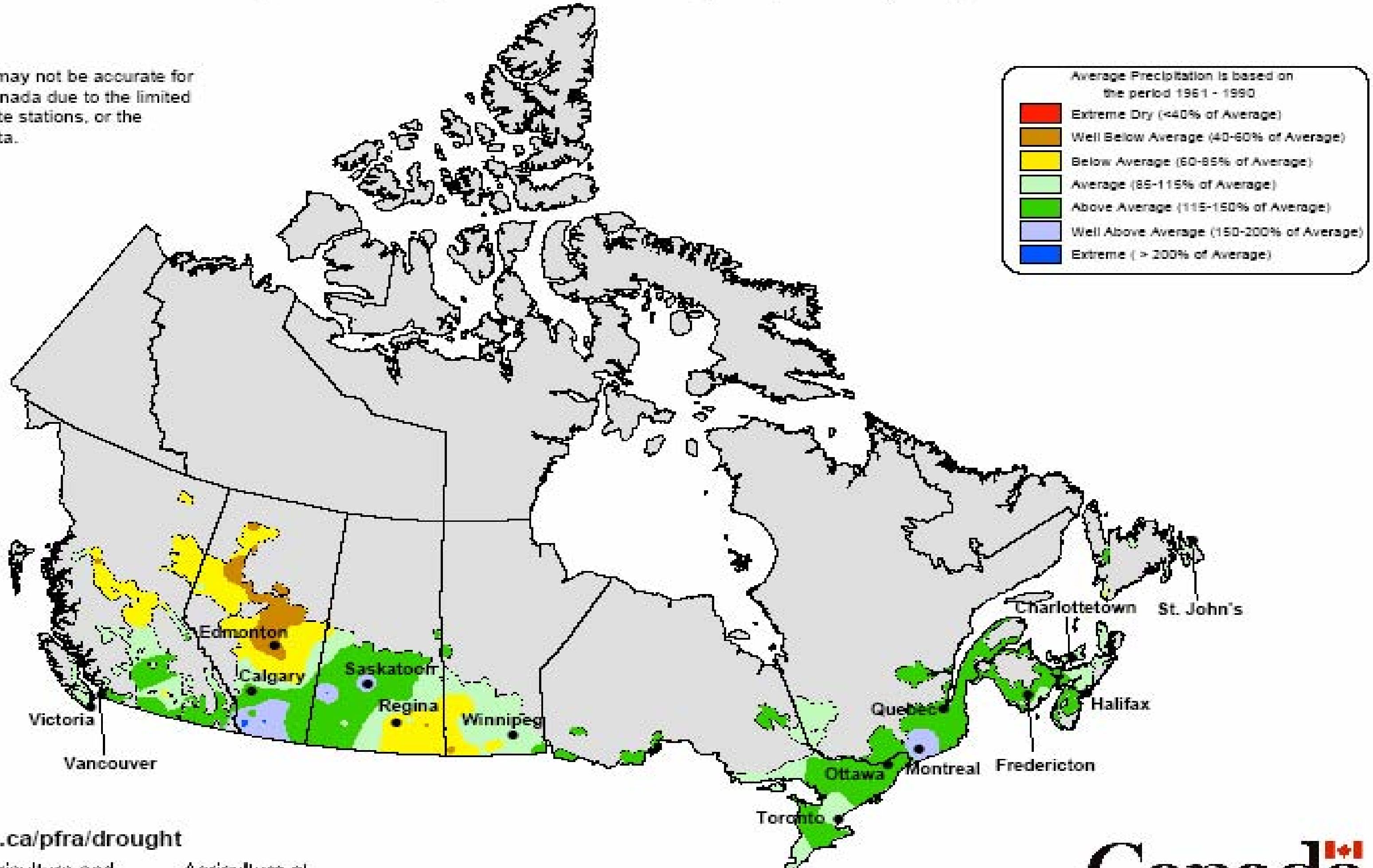
Depicts general, large-scale trends based on subjectively derived probabilities guided by numerous indicators, including short- and long-range statistical and dynamical forecasts. Short-term events -- such as individual storms -- cannot be accurately forecast more that a few days in advance, so use caution if using this outlook for applications -- such as crops -- that can be affected by such events. "Ongoing" drought areas are approximated from the Drought Monitor (D1 to D4). For weekly drought updates, see the latest Drought Monitor map and text. NOTE: the green improvement areas imply at least a 1-category improvement in the Drought Monitor intensity levels, but do not necessarily imply drought elimination.


Drought Severity Index by Division
Weekly Value for Period Ending 18 FEB 2006
Long Term Palmer
NOAA
CLIMATE PREDICTION CENTER, NOAA
−4.0 or less (Extreme Drought)
−3.0 to −3.9 (Severe Drought)
−2.0 to −2.9 (Moderate Drought)
−1.9 to +1.9 (Near Normal)
+2.0 to +2.9 (Unusual Moist Spell)
+3.0 to +3.9 (Very Moist Spell)
+4.0 and above (Extremely Moist)

Percent of Average Precipitation in Agricultural Areas

September 1, 2005 to January 31, 2006 (AM)

This illustration may not be accurate for all regions of Canada due to the limited number of climate stations, or the availability of data.



www.agr.gc.ca/pfra/drought

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Chicago Daily Continuation Wheat Chart with Open Interest Totals

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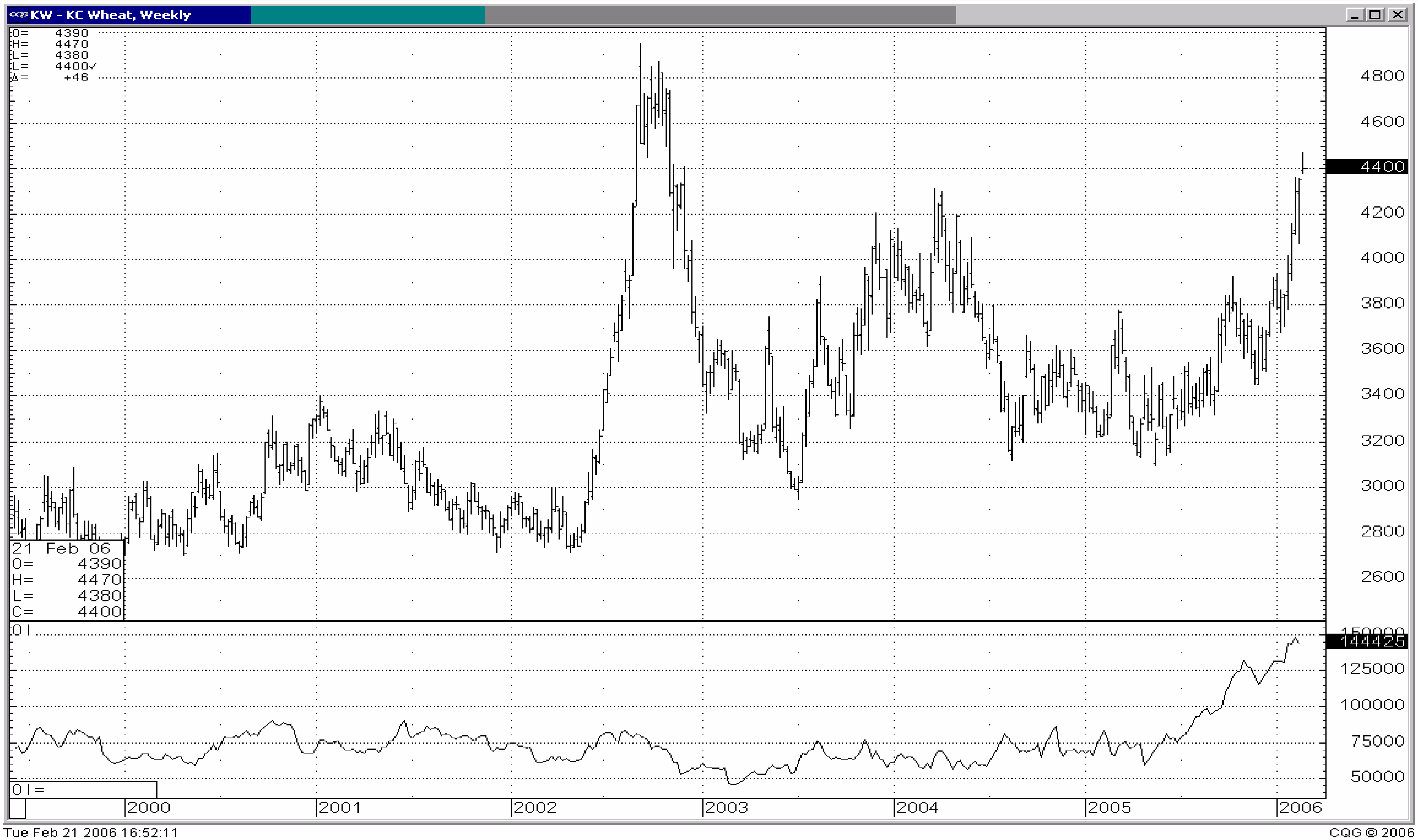
Kansas City Daily Continuation Wheat Chart with Open Interest Totals



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Daily Continuation Kansas City/Chicago Intermarket Spread

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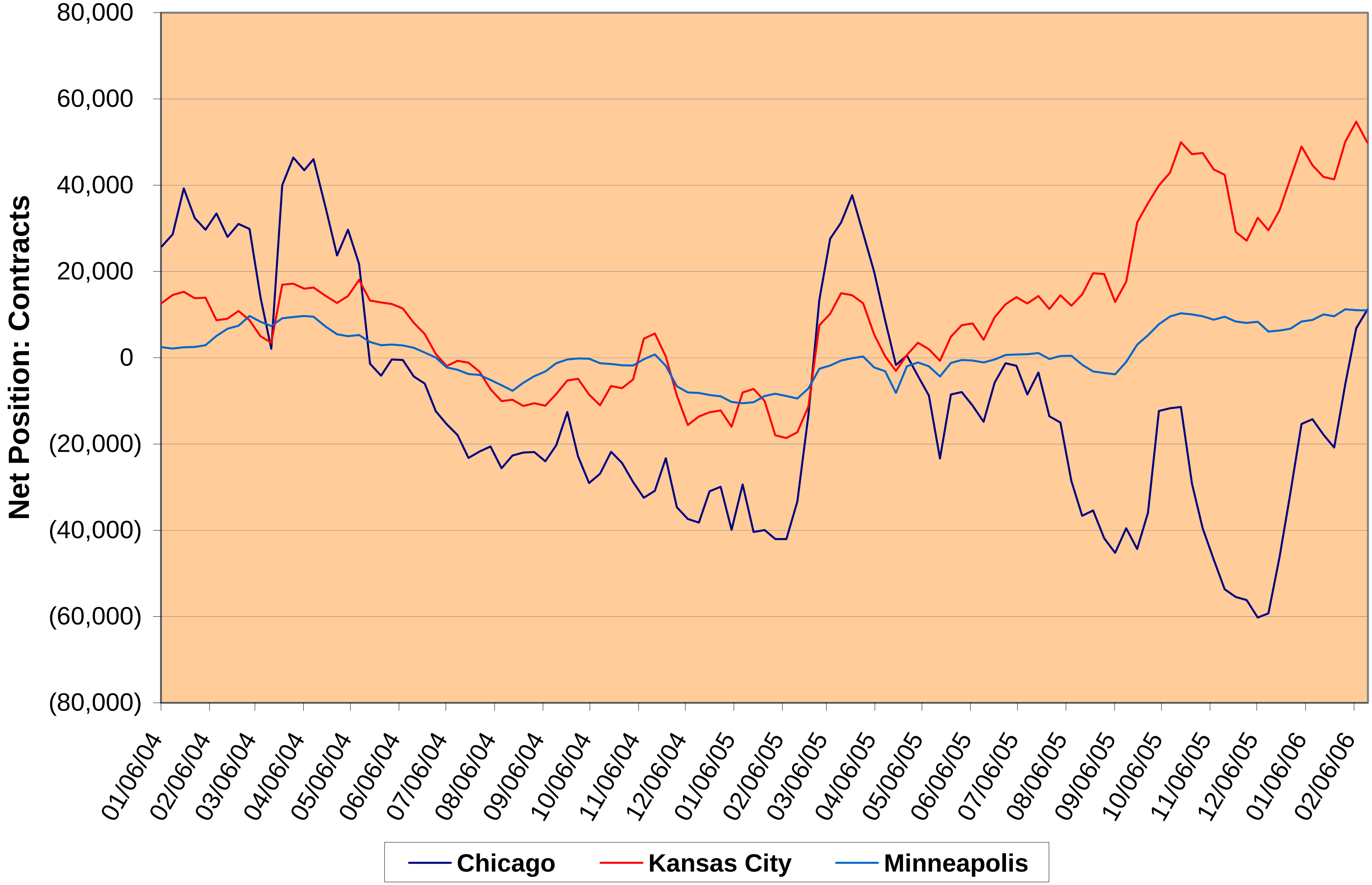
CFTC Net Large Spec Futures/Options Commitment of Traders Positions by Exchange



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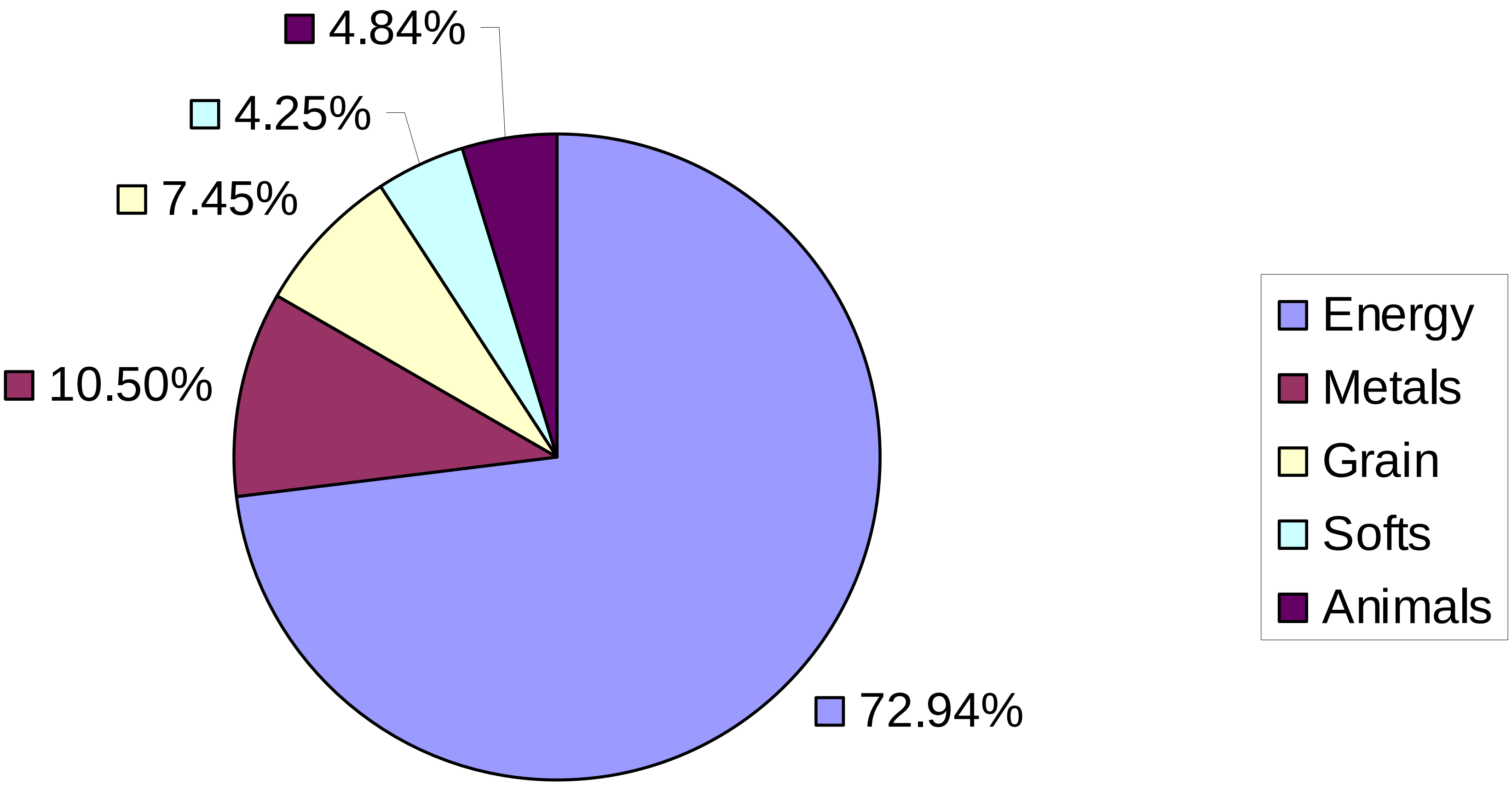
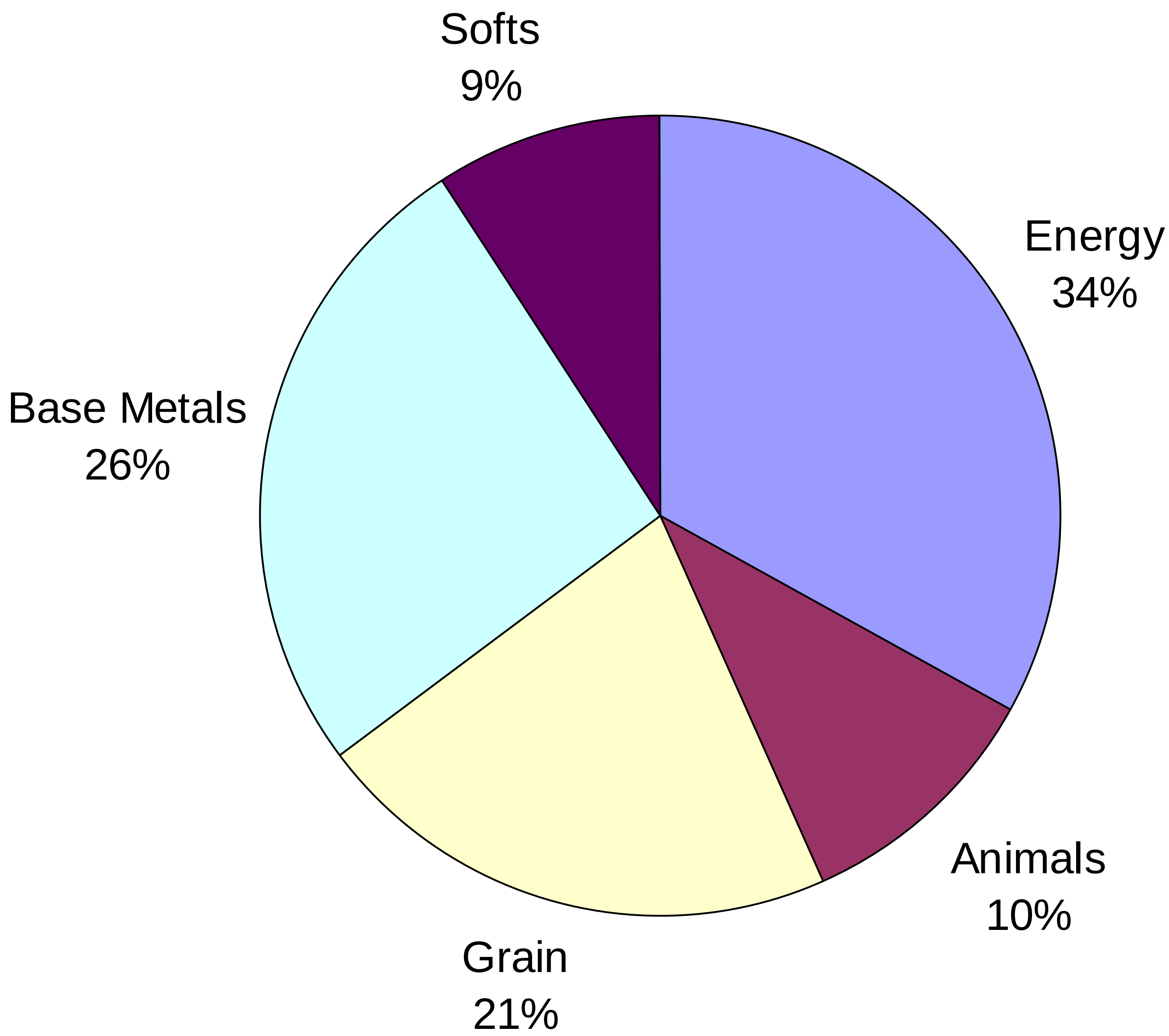
Goldman Sachs Commodity Index 2006 Weightings

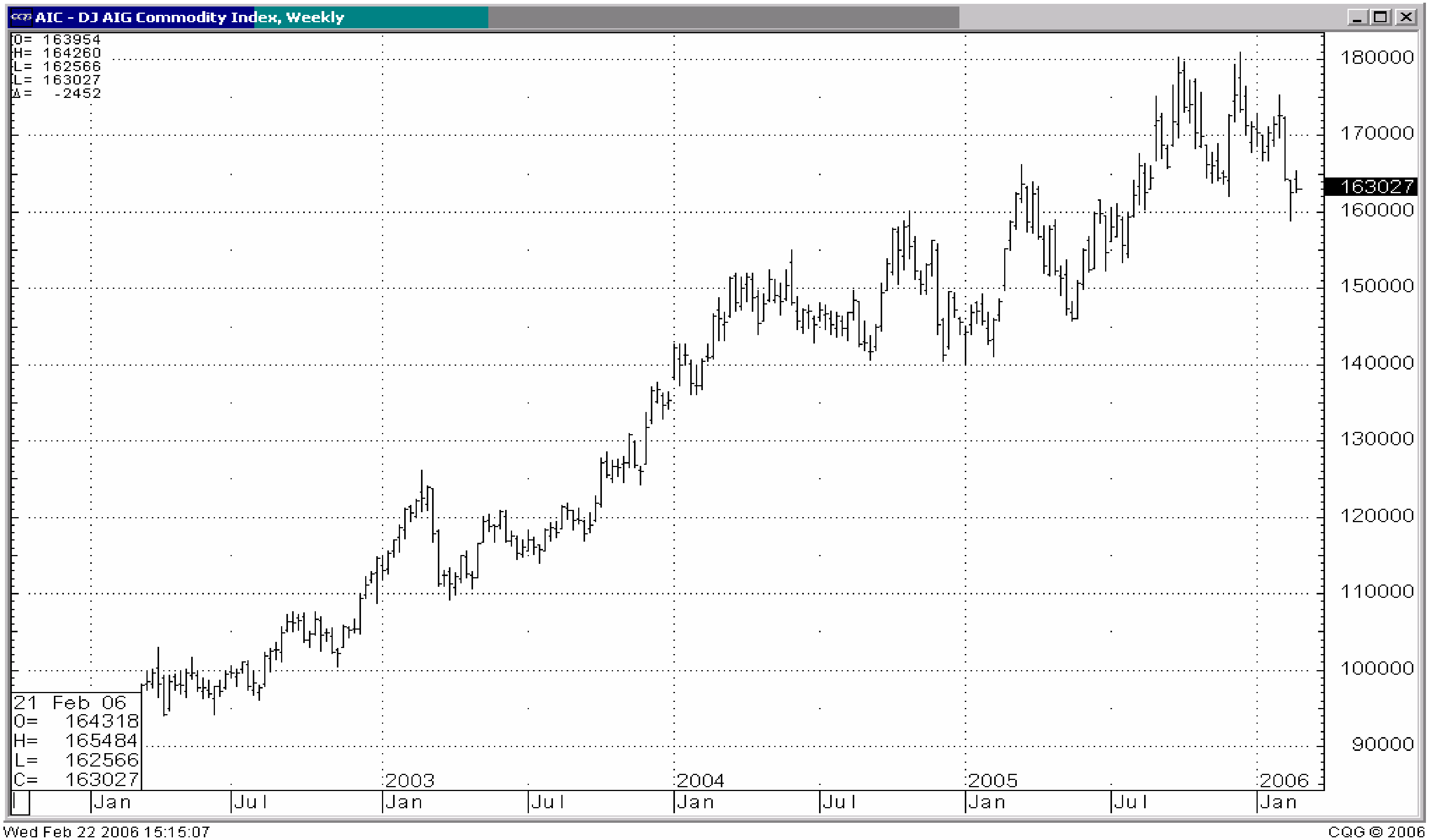


Goldman Sachs Commodity Index Weekly Continuation Chart

Dow Jones-AIG Commodity Index 2006 Weightings



Dow Jones-AIG Commodity Index
Weekly Continuation Chart



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NYMEX Light Crude Oil
Weekly Continuation Chart

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Market Factors to Monitor in 2006

- Condition of US HRW wheat crop and weather patterns affecting maturity
- Drought situation in the FSU
- Indian wheat production, considering low domestic stocks level
- Chinese production, usage and possible imports
- The forward book of US wheat exports, and whether the absolute high prices being currently experienced ration demand
- The aggressiveness of EU-25 subsidy programs
- The strength of the $US
- The willingness of the spec to stay long record amounts of Kansas City wheat futures