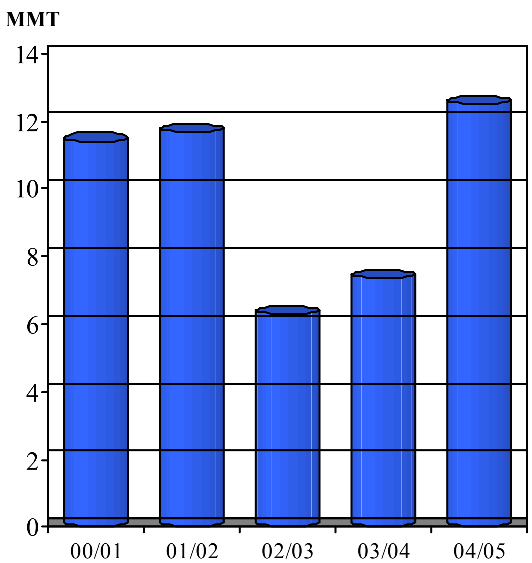
WHEAT: WORLD MARKETS AND TRADE

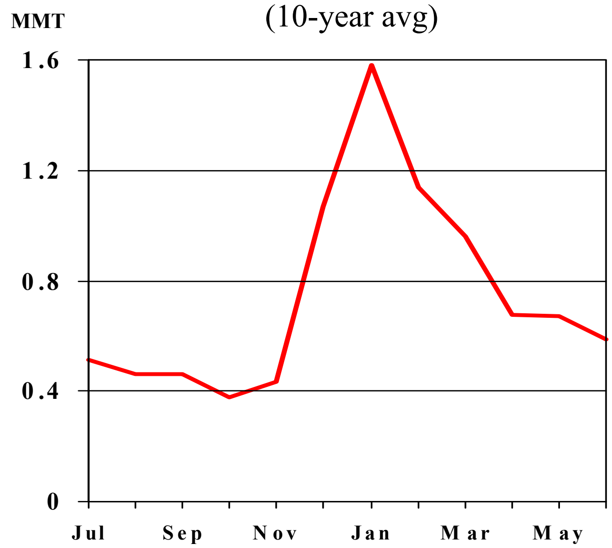
MONTHLY HIGHLIGHTS:

Argentine Exports Jump to Record: With very large sales and shipments in recent months, Argentine exports in 2004/05 are expected to climb to a record. Shipments, however, are very seasonal due to the need to free up storage and transportation space before soybean and corn harvests. As a result, much of the available exportable surplus was sold quickly after the harvest in November and December, and prices have now climbed. Other than continued sales to Brazil, it is unlikely that much wheat will be available for sale to other markets for the next 7 months until the new harvest approaches.

Argentine Exports Climb



Shipments Are Highly Seasonal
(10-year avg)

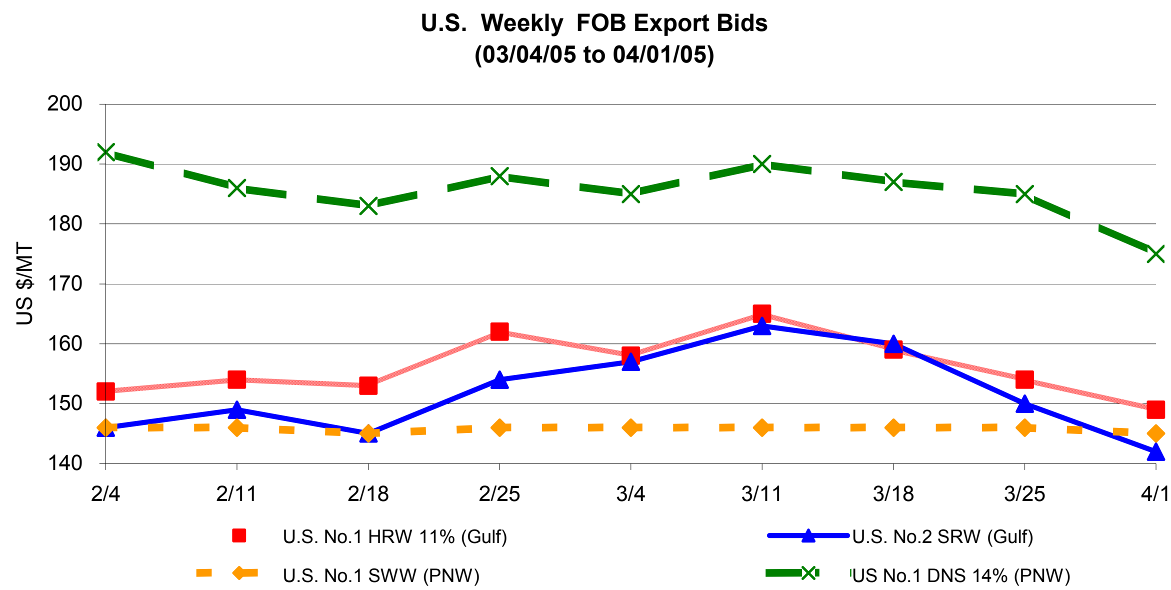


EU Export Subsidies Drop: During March, EU subsidies fell below 4 euros per ton (from 10) on licenses of less than 350,000 tons (compared to 1.2 million the previous month). With limited late-season demand in key Mediterranean markets, more wheat will likely go into intervention, with ending stocks expected to more than double from last year.

PRICES:

Domestic: Wheat prices rallied initially in March, but trended downward for the rest of the month as the dollar gained strength and crop conditions for winter wheat remained rather good. Falling basis premiums added to the downward pressure for DNS.

For the week ending April 1, and compared to a month earlier, average HRW prices were $9 a ton lower, while SRW were $15 a ton lower. HRS prices dropped $10 a ton, while SWW lost only a $1 a ton.



TRADE CHANGES IN 2004/2005

Selected Exporters

- **Argentina** up 500,000 tons to a record 12.0 million due to strong shipments and robust sales.

- **EU-25** down 1.0 million tons to 13.5 million with limited late-season demand in Mediterranean markets and smaller export subsidies.

- **Romania** down by half to 100,000 because of slow sales and competition from nearby suppliers.

Selected Importers

- **Saudi Arabia** down 350,000 tons to 50,000 due to lack of purchases to date.

- **South Korea** down 200,000 tons to 3.8 million due to slower than expected early season purchases of feed-quality wheat from the Black Sea region. Imports of wheat for feeding from Canada, however, have begun to grow in recent months.

- **Nigeria** up 200,000 tons to a record 2.6 million as expanding consumption drives larger imports, almost entirely from the United States.

- **Philippines** down 300,000 tons to 2.8 million, the lowest in 6 years. A record corn crop has dampened import demand for wheat for feed.

- **Turkey** down 200,000 tons to 600,000 as ample domestic supplies have reduced the need for imports.

- **United States** up 100,000 to 1.9 million due to larger than expected late-season imports of soft wheat from Canada.