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U.S. Wheat Situation

Supply & Demand

2007 Crop Quality

Middle East & Africa District

IAOM Conference

December 10, 2007

John Oades
Vice President
U.S. Wheat Associates

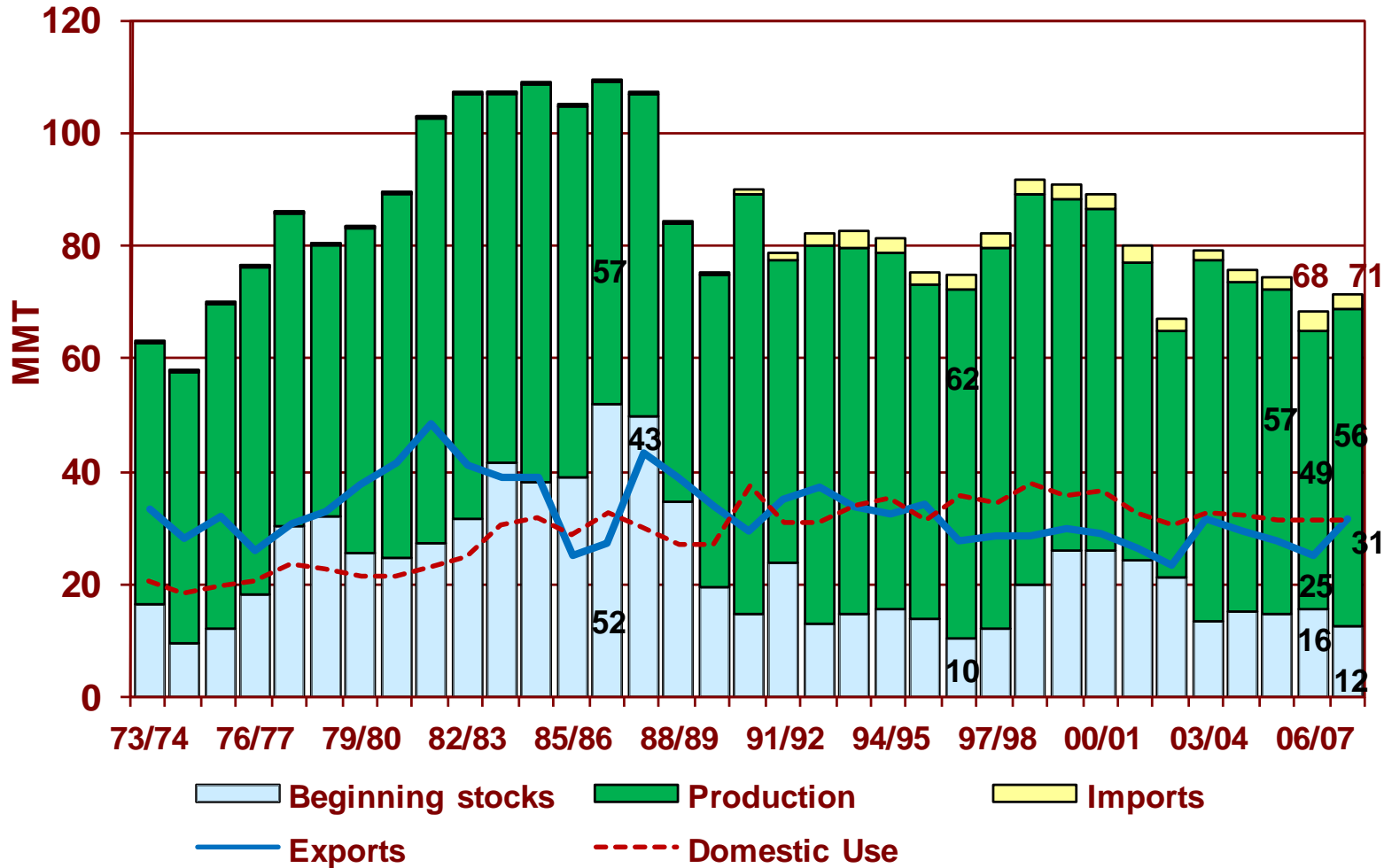


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U.S. Wheat Supply & Demand



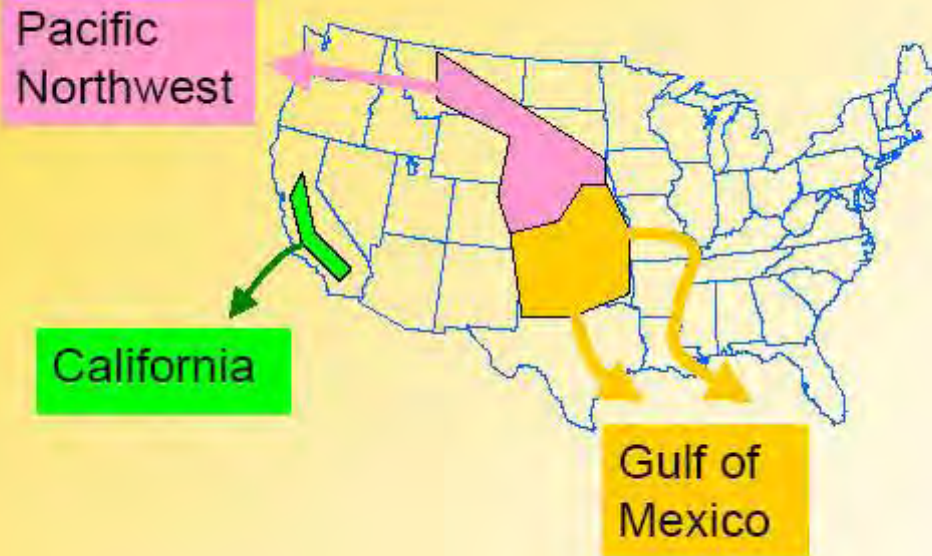


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Hard Red Winter Wheat Growing Regions and Export Points



**There are quality differences for
the three growing regions**



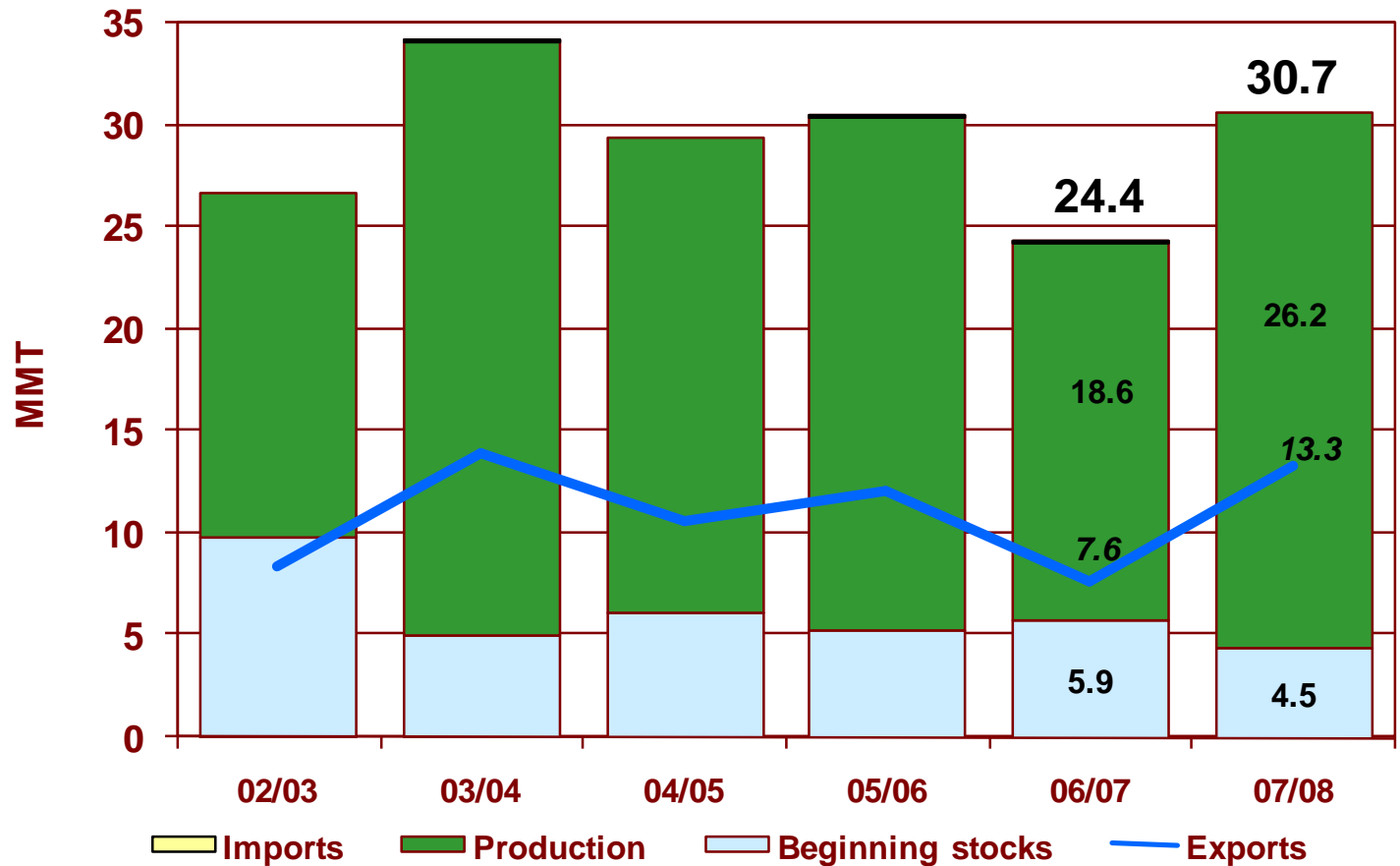


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U.S. Hard Red Winter S&D





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Hard Red Winter (HRW) Quality 2007 Crop Average

Quality	2007	2006	5 Yr. Avg.
U.S. Grade (1-5)	2HRW	1HRW	2HRW
-Test Weight (kg/hl)	78.5	79.6	78.6
Protein (12% mb)	11.6	13.7	12.8
Protein (0% mb)	13.3	15.6	14.5
Moisture (%)	11.4	11.0	11.3
Dockage (%)	0.7	0.5	0.6
Falling Number (sec)	417	392	402
Wet Gluten (%)	29.1	33.9	31.2
Gluten Index	94.3	93.4	93.8
Loaf Volume (cc)	855	871	853



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Hard Red Spring Wheat Growing Regions and Export Points

Pacific
Northwest

Great Lakes



Gulf of Mexico

**There are quality differences for the two
growing regions**



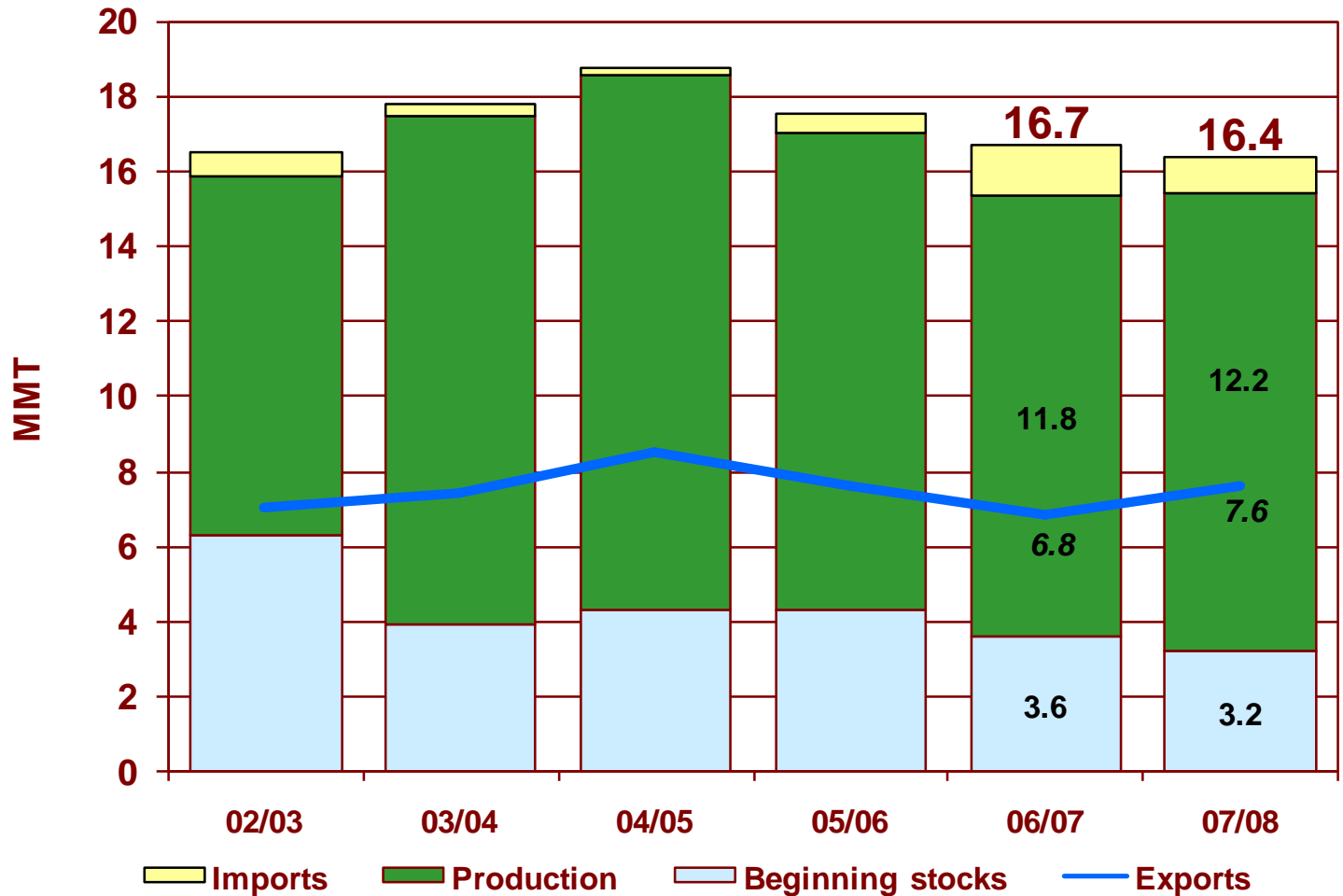


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U. S Hard Red Spring S&D





Hard Red Spring (HRS) Quality 2007 Crop Average

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Quality	2007	2006	5 Yr. Avg.
U.S. Grade (1-5)	1DNS	1DNS	1DNS
-Test Weight (kg/hl)	80.3	79.5	79.4
Vitreous Kernels (%)	79.4	83.2	76.2
Protein (12% mb)	14.3	15.2	14.6
Protein (0% mb)	16.3	17.3	16.6
Moisture (%)	11.9	11.5	12.0
Dockage (%)	1.0	0.7	1.0
Falling Number (sec)	432	431	382
Wet Gluten (%)	36.5	37.8	35.7
Gluten Index	93.4	85.3	88.7
Loaf Volume (cc)	960	1066	1064



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Soft Red Winter Wheat Growing Region



Some soft red winter is exported from the Great Lakes and from the Atlantic, but most is shipped from the Mississippi River ports.



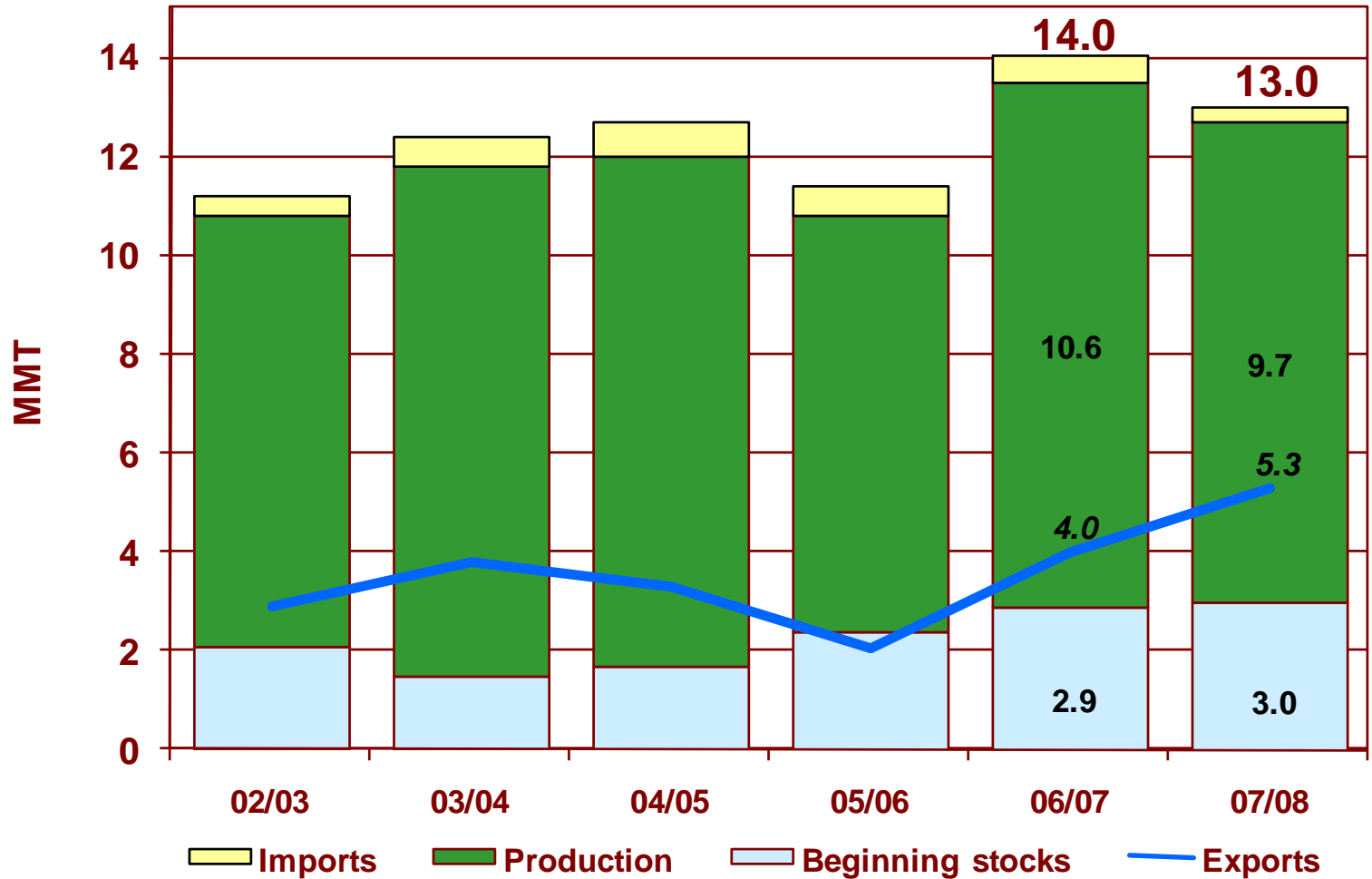


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U.S Soft Red Winter S&D





Soft Red Winter (SRW) Quality 2007 Crop Average

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Quality	2007	2006	5 Yr. Avg.
U.S. Grade (1-5)	1SRW	2SRW	2SRW
-Test Weight (kg/hl)	78.9	78.7	78.0
Protein (12% mb)	10.3	9.9	10.0
Protein (0% mb)	11.7	11.3	11.4
Moisture (%)	13.1	12.8	13.0
Dockage (%)	1.0	0.8	0.8
Falling Number (sec)	343	318	348
Wet Gluten (%)	23.1	21.8	21.7
Gluten Index	78.8	83.6	88.5
Cookie Spread Ratio	8.5	8.4	8.4



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Soft White Wheat

Growing Region



Virtually all exports are from the Pacific Northwest.



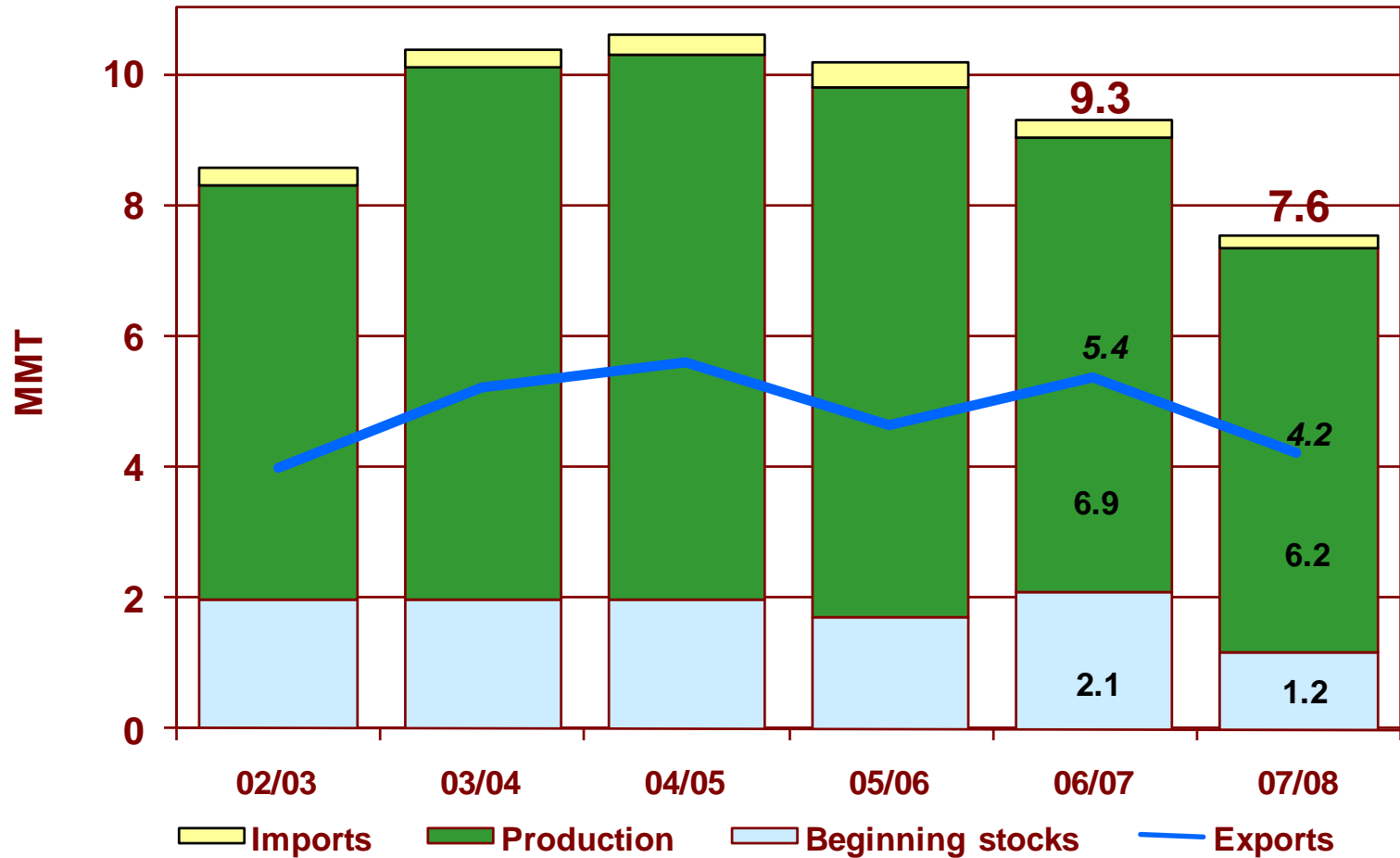


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U.S. White Wheat S&D





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Soft White (SW) Quality 2007 Crop Average

Quality	2007	2006	5 Yr. Avg.
U.S. Grade (1-5)	1SW	1SW	2SW
-Test Weight (kg/hl)	78.9	79.2	78.8
Protein (12% mb)	10.2	10.5	10.3
Protein (0% mb)	11.6	11.9	11.7
Moisture (%)	9.3	8.9	9.1
Dockage (%)	0.6	0.7	0.7
Falling Number (sec)	331	335	348
Wet Gluten (%)	20.6	25.0	22.9
Gluten Index	49.4	65.6	n/a
Cookie Diameter (cm)	8.1	8.0	8.2



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Durum Wheat Growing Regions and Export Points



**There are quality differences for the two
growing regions**



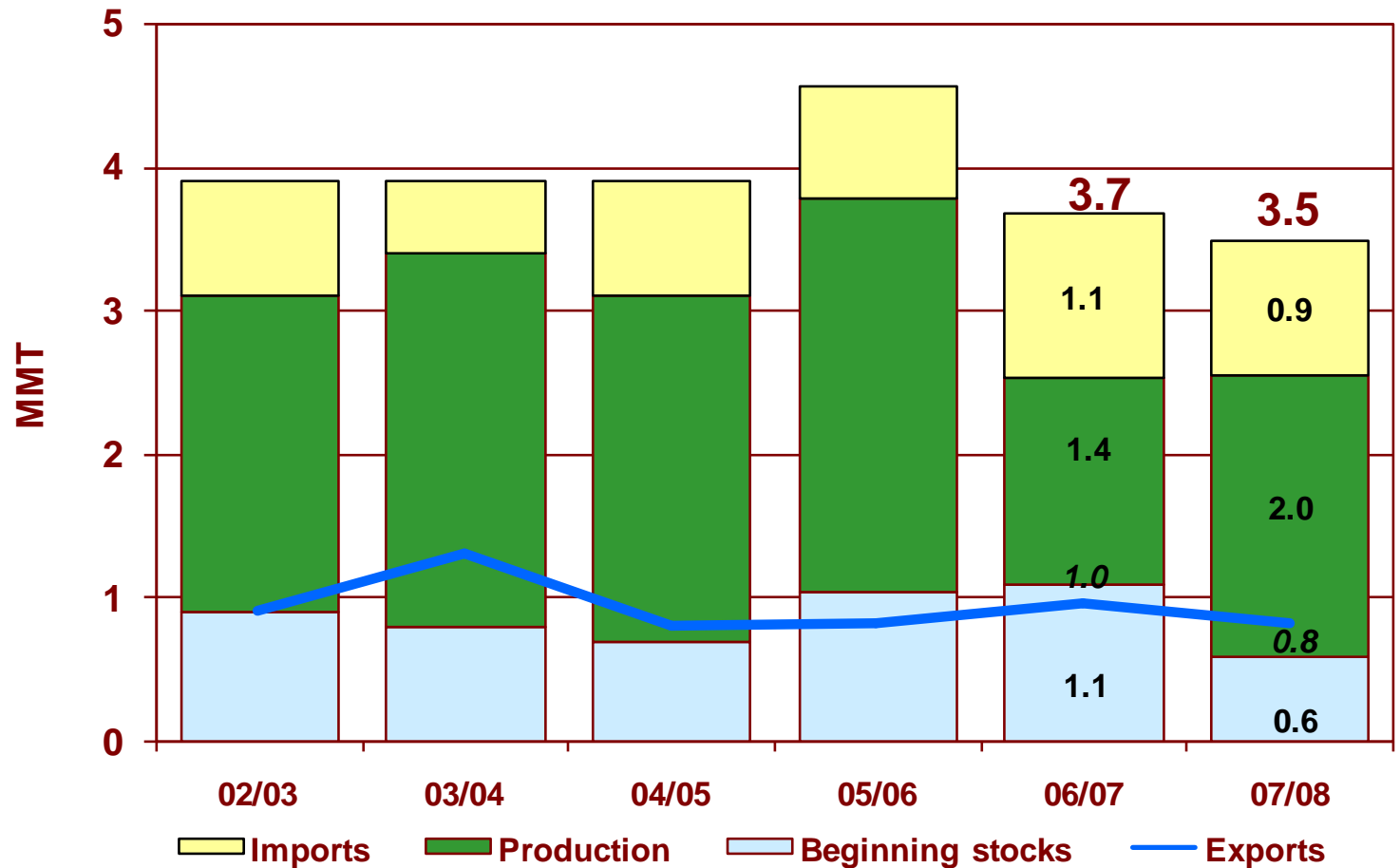


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U.S. Durum S&D





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Durum (DUR) Quality 2007 Crop Average

Quality	2007	2006	5 Yr. Avg.
U.S. Grade (1-5)	2HAD	2HAD	1HAD
-Test Weight (kg/hl)	78.0	78.0	79.0
Vitreous Kernels (%)	95.0	90.0	89.4
Protein (12% mb)	15.1	15.1	14.1
Protein (0% mb)	17.1	17.1	16.0
Moisture (%)	11.8	11.3	11.8
Dockage (%)	1.6	2.3	1.5
Falling Number (sec)	367	385	360
Wet Gluten (%)	39.2	39.5	36.6
Gluten Index	48.0	56.7	45.0
Spaghetti Color Score	9.1	9.0	9.1
Spaghetti Firmness (9cm)	5.6	5.9	5.8

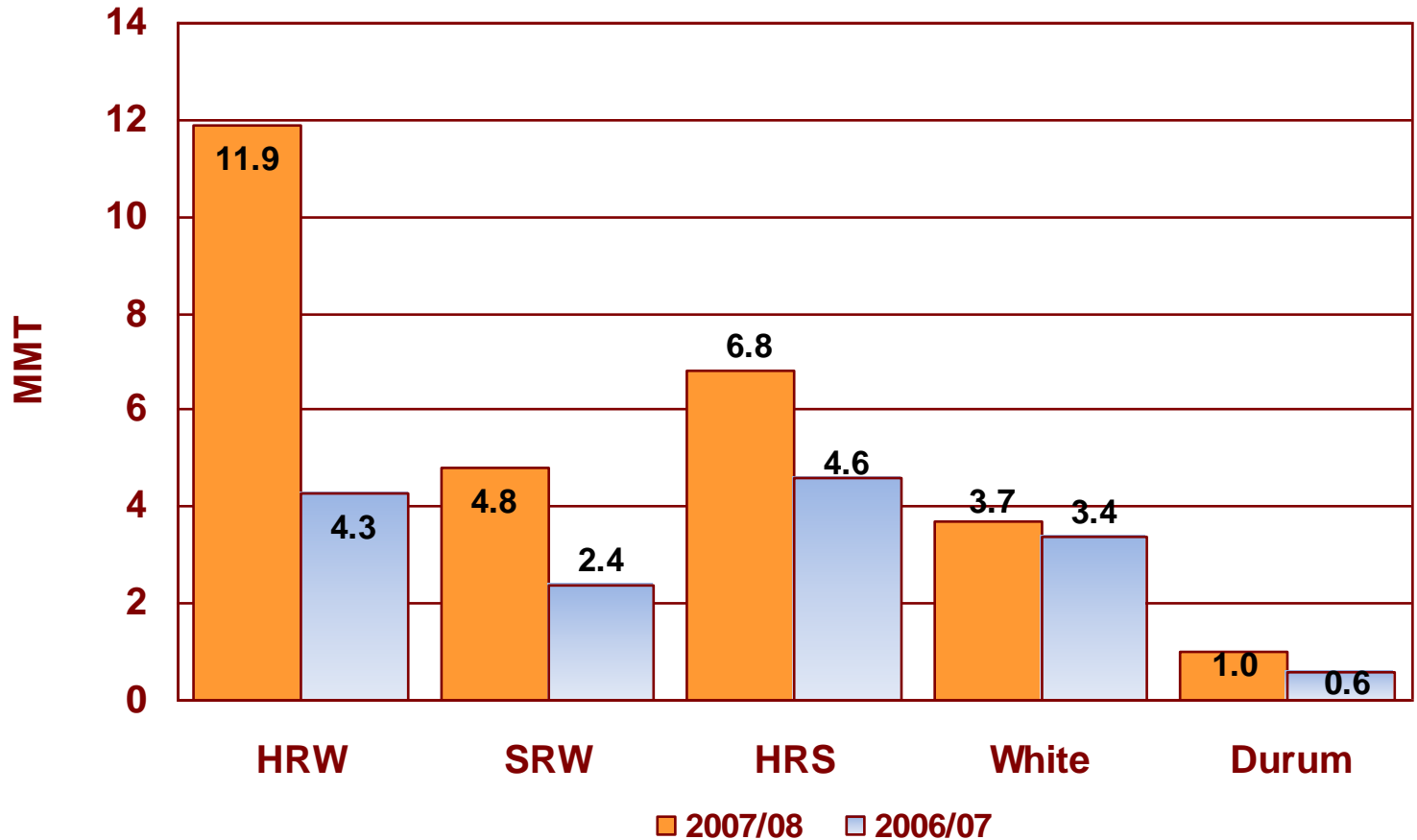


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U.S. Wheat Sales by Class (year-to-date)



Source: USDA FAS export sales report November 29, 2007

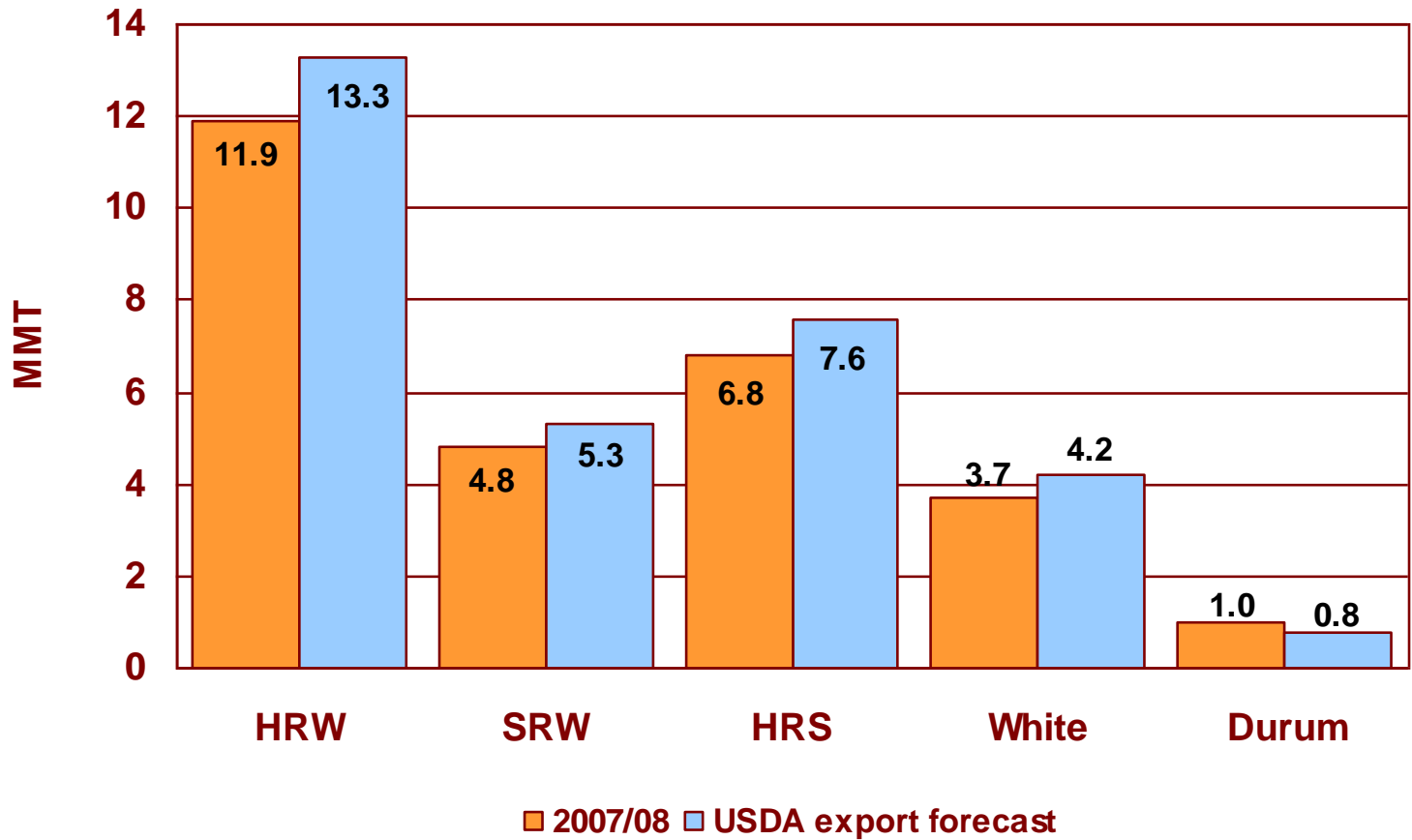


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U.S Year to Date Sales vs. USDA Export Forecast



Sales to November 29, 2007 – Marketing year is June 1 to May 31
HRW 89% of forecast, SRW 91%, HRS 89%, SW 88%, durum 125%, total 90%

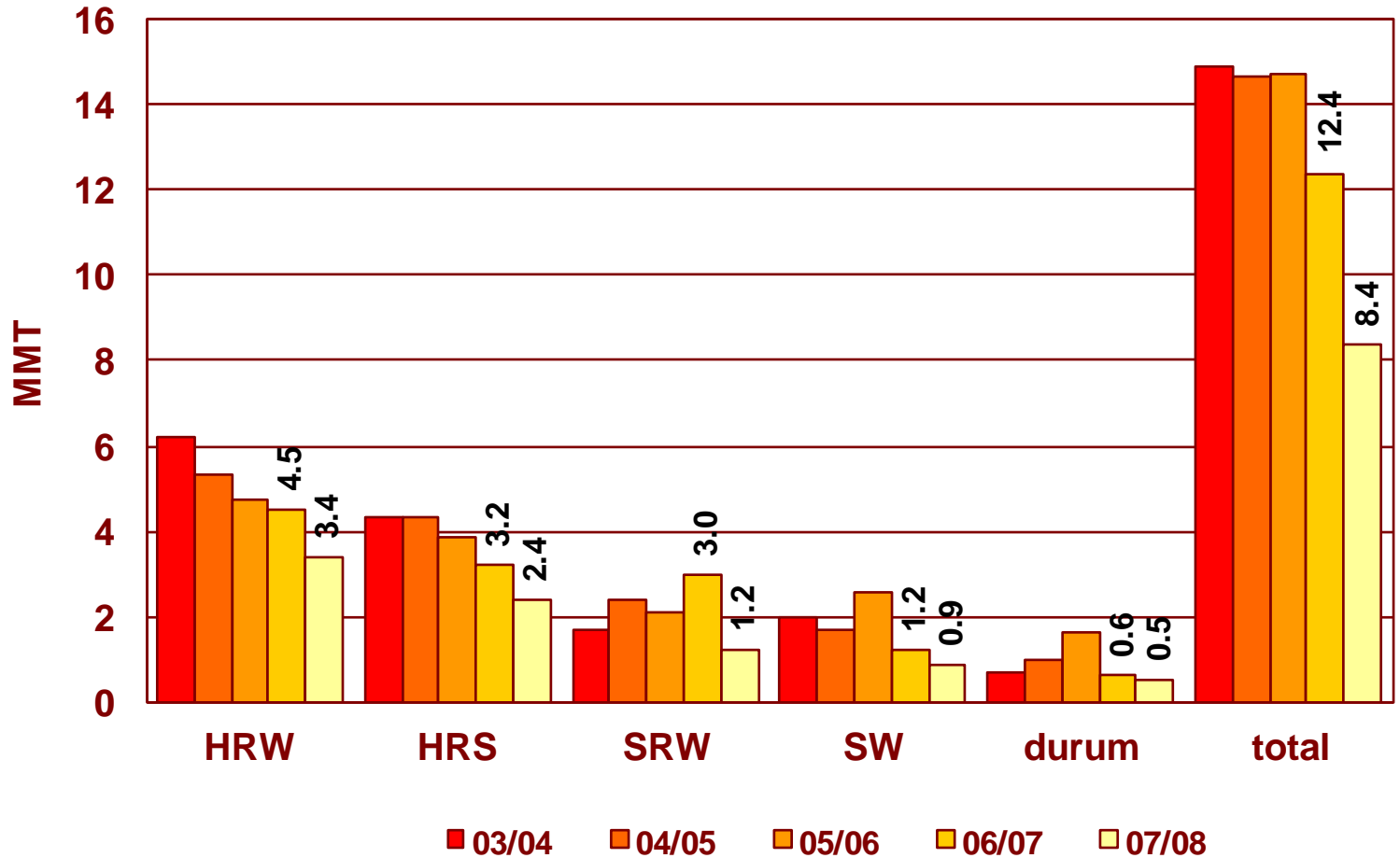


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Projected U.S. Wheat Ending Stocks by Class



Projected for May 31, 2008

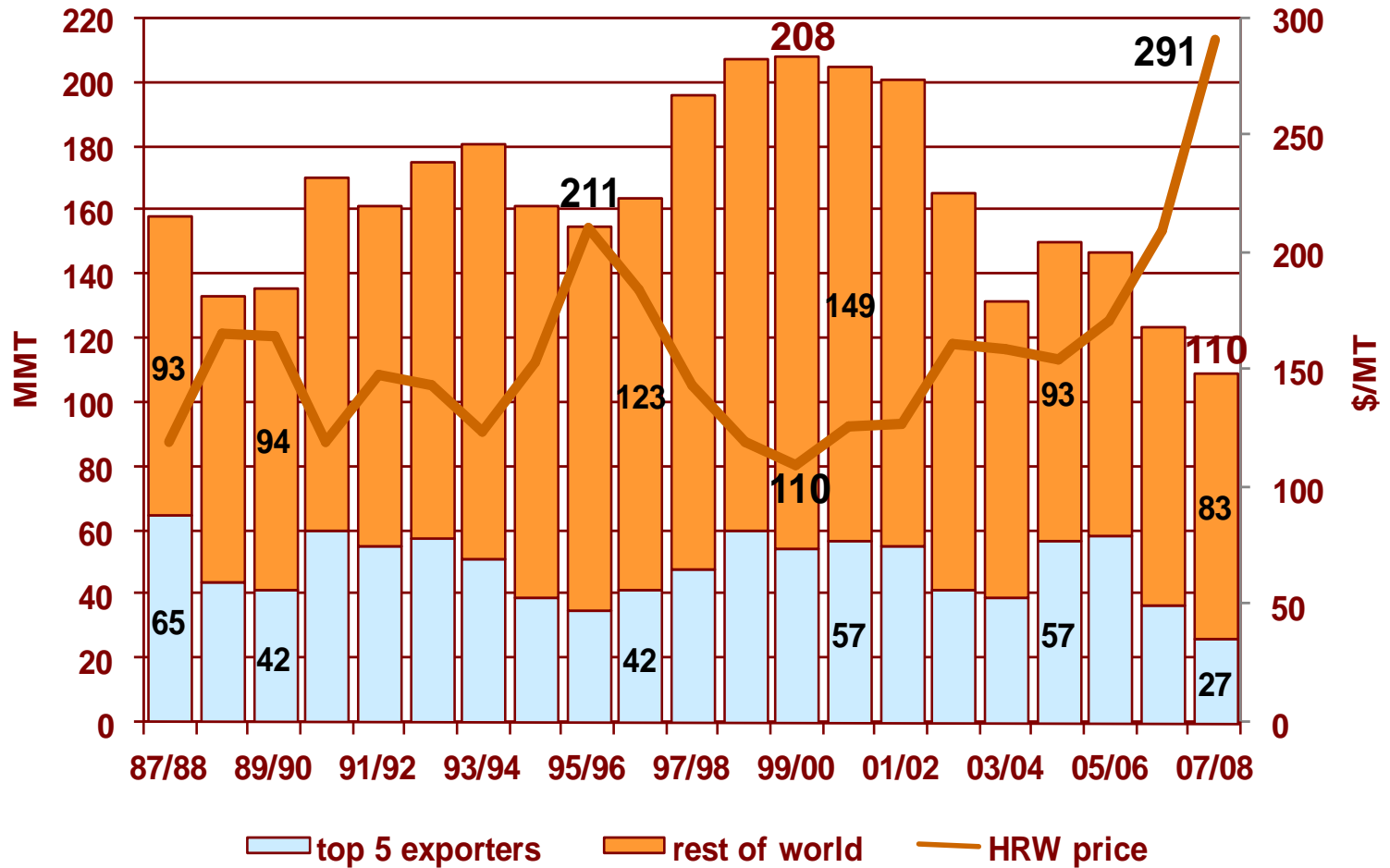


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World Ending Stocks and Price



Price: Market year average for US Gulf HRW/11.5

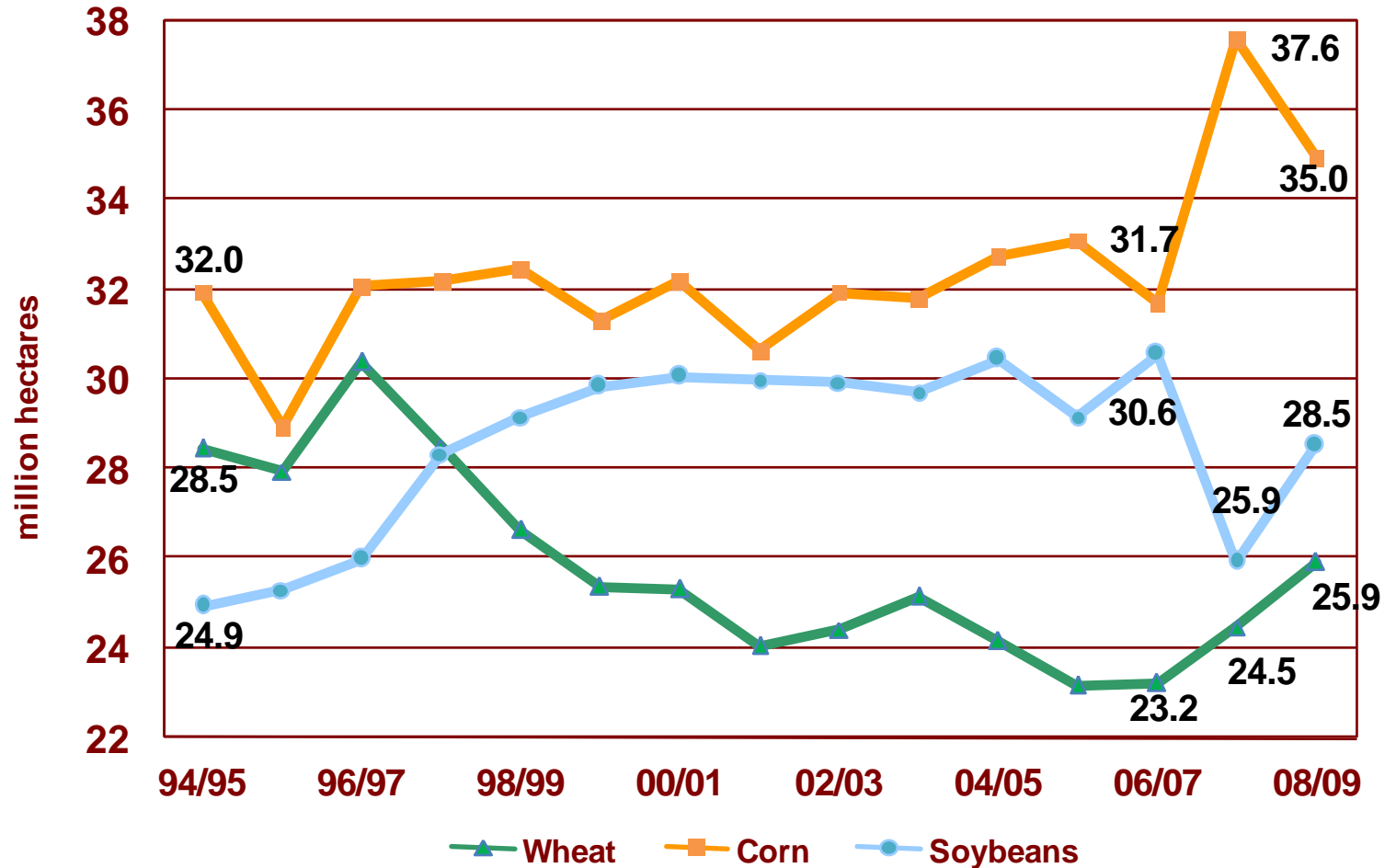


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U.S. Crop Planted Area Comparison



2008/09 forecast: USDA Chief Economist October 19, 2007



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Looking Forward

- **Southern Hemisphere harvest prospects**
 - **Watch harvest progress & weather**
- **Export Limitations**
 - **Ukraine, Russia, Argentina**
- **Non-traditional exporters**
 - **China will carry 35% of world ending stocks (5/31/08)**
 - **Sell now – buy later?**
- **Northern Hemisphere Plantings**
 - **U.S. up 3% to 7% after rising 6% last year**
 - **5 to 8 MMT production increase**
 - **January 11: USDA winter wheat plantings report**
 - **EU ended 10% set-aside requirement**
 - **1.5 to 3 million hectares (12%) + 7 to 15 MMT**
- **Price spreads**
 - **New crop/old crop wheat at \$0.50- \$1.00 (\$18-37/MT)**
 - **Wheat/corn/sorghum/soybean (new crop)**
 - **Will effect spring wheat plantings**
- **Northern Hemisphere Winter Weather**
 - **U.S. winter wheat 44% good to excellent condition**
 - **Down from 55% six weeks ago**



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U.S. Wheat On It's Way To You



Thank You For Your Business!

www.uswheat.org