

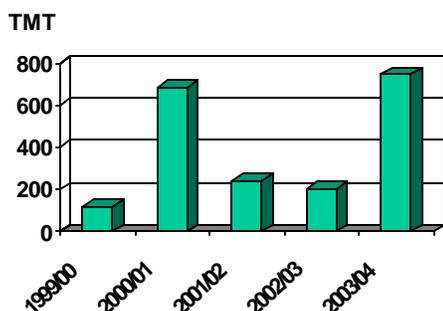
COARSE GRAINS: WORLD MARKETS AND TRADE

MONTHLY HIGHLIGHTS:

China's Absence from the Corn Market Allows Minor Exporters to Emerge in Asia:

The slow pace of China's corn exports in recent months has prompted its traditional customers in Asia to seek alternative suppliers, often from nearby sources. Concurrently, high trans-Pacific freight rates limit the United States and South America from capturing an even larger share of this market.

Corn Exports: India, Indonesia, Thailand, Vietnam



As a result, minor players such as Thailand, India, Indonesia, and even Vietnam are emerging with larger exports to the region. All combined, exports from these countries are expected to more than triple from last year to 750,000 tons.

Canadian Oats Revisions: USDA has revised its data series back to 1995/96. Principal changes, mostly offsetting, were between feed and food/seed/industrial. There were also

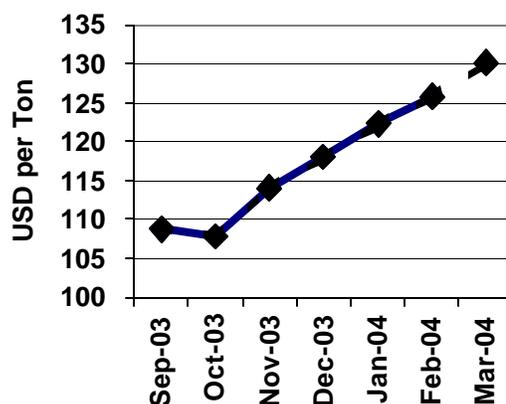
some changes to exports and stocks.

PRICES:

Domestic: Early March Gulf export bids for #2 yellow corn averaged \$128/MT, up \$4 from February. Strong domestic and export demand, combined with ending stocks at an expected 7-year low, supported the price climb.

Early March export bids for #2 yellow sorghum (Texas Gulf) averaged about \$130/MT, up \$4 from February and up \$21 from September. Although sorghum remains at a premium to corn, the premium has shrunk from \$6 in September to \$2 in February. Continued strong shipments to the EU through February have kept export prices rising. However, the high EU import levy has reduced the price competitiveness of sorghum versus corn, and for nearly 3 months, outstanding U.S. export sales of sorghum to the EU have been steadily declining.

U.S. Sorghum Export Bids (Texas Gulf)



TRADE CHANGES IN 2003/2004

Selected Exporters

- **South Africa corn** drops by 100,000 tons to 900,000 based on a slower-than-expected pace in recent months.
- **Ukraine corn** is cut by 500,000 tons to 1.0 million because of higher domestic prices, quality concerns, and the suspension of export tax refund incentives.
- **Indonesia corn** is up by 100,000 tons and **Vietnam corn** is up by 50,000 tons. Both were previously zero, but surplus supplies resulting from reduced domestic demand are finding their way to other Southeast Asian countries.
- **Australia barley** increases by 300,000 tons to 4.6 million in light of ample exportable supplies.
- **Turkey barley** is halved to 150,000 tons based on a tight domestic situation.

Selected Importers

- **Egypt corn** is lowered by 300,000 tons to 4.7 million because of larger domestic supplies.
- **Iran corn** decreases by 200,000 tons to 1.5 million as purchases slow down because of ample stocks.
- **Mexico corn** drops by 200,000 tons to 6.3 million tons based on a slower pace and a larger crop.