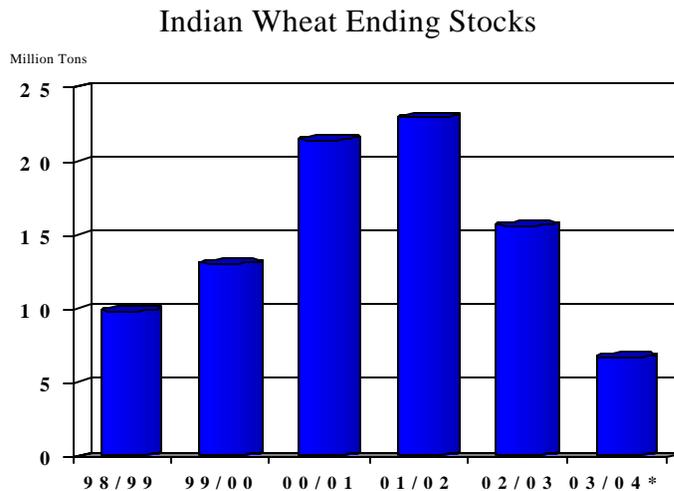

WHEAT: WORLD MARKETS AND TRADE

MONTHLY HIGHLIGHTS:

Indian Wheat Stocks Continue to Shrink: Declining production and strong exports have caused Indian wheat ending stocks to plummet from 23 million tons just 2 years ago to an expected level of less than 7 million tons by the end of this year. 2003/04 production was revised downward this month to 65 million tons, making it the smallest crop in 7 years. Notwithstanding smaller production and higher prices, exports have continued to be strong as shipments have continued against outstanding sales. The export estimate for India has been raised this month to 4 million tons. The declining stock situation will likely be a key factor in the determination of government support for wheat exports in the upcoming year. Without government subsidies, India's presence in the global wheat market would diminish drastically.

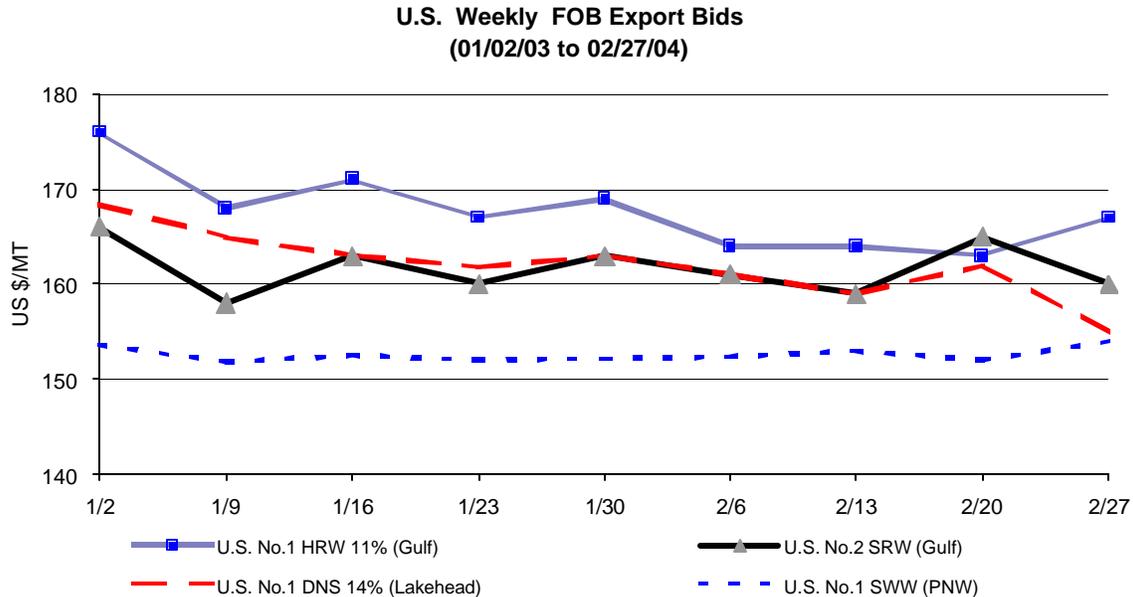


*Estimate

China's COFCO Goes On Shopping Spree For U.S. Wheat: During a February visit to the United States, officials from China's National Cereals, Oils, and Foodstuffs Import & Export Corp. (COFCO) purchased 855,000 tons of U.S. wheat. Then, during an early March visit to South Dakota, COFCO signed a Memorandum of Understanding (MOU) to purchase at least 3.0 million tons of U.S. wheat during 2004/05. COFCO's recent purchases raise total export commitments of U.S. wheat to China to 1,375,300 tons for 2003/04 and to 1,575,000 tons for 2004/05. A significant portion of China's purchases are for wheat from Pacific Northwest ports; China previously made only small purchases of PNW wheat due to its longstanding concern over the presence of TCK smut in White wheat. In recent years, China has purchased a total of about 150,000 tons annually from the United States. Note: as of February 29, 2004, only 200,300 tons—or less than 15 percent of China's purchases—have been shipped.

PRICES:

Domestic:



During the first week of February, speculation over the likelihood of China's postponing existing purchases of U.S. wheat, increased competition from Australia, and better weather in the HRW belt caused FOB prices to move downward. However, towards the middle of February, a visit from COFCO yielded new purchases, which helped some prices to briefly recover from their early February slump. HRW saw a slight recovery at the tail end of the month as unfavorable weather conditions arose in the HRW belt. The average HRW and SRW prices for the last week of February were \$5 a ton below the same period in January 2004. HRS and SWW posted gains for the same time period with HRS up \$4 a ton and SWW \$1 a ton.

TRADE CHANGES IN 2003/2004

Selected Exporters

- **India** up 500,000 tons to 4.0 million due to strong pace of shipments to date.
- **Syria** up 300,000 tons to a record 1.5 million tons. After harvesting its largest crop ever, Syria has stepped up exports in order to keep stocks at a reasonable level.

Selected Importers

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- **Bangladesh** up 200,000 tons to 1.5 million due to tight domestic supplies and strong imports to date.
 - **Pakistan** down 300,000 tons to 200,000. Import tenders were recently cancelled as stocks were deemed sufficient to last until the upcoming harvest.
 - **Romania** up 300,000 tons to 2.3 million with continued strong imports and purchases, including more than 500,000 tons from the United States.
 - **European Union** up 500,000 tons to 5.5 million due to the pace of high-quality imports from Canada and the United States.

Note: Significant revisions to production as well as new stock data have resulted in a revision to the wheat stock series for Australia. Minor changes to the consumption series were also made.